

HVAC Pricing Quick Reference Guide

Essential Costs & Benchmarks for Profitable Job Pricing

KEY COSTS

Labor Costs Include: <ul style="list-style-type: none"> • Base wages + payroll taxes • Workers comp insurance • Benefits & PTO allocation • Training costs • Non-billable time 	Material Costs Include: <ul style="list-style-type: none"> • Equipment & parts • Refrigerant • Consumables (fittings, tape) • Supplier markup • Shipping/delivery fees 	Overhead Costs Include: <ul style="list-style-type: none"> • Rent/office space • Vehicle costs & fuel • Insurance & licensing • Marketing & software • Office staff wages
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KEY CALCULATION FORMULAS

Formula	Calculation	Example
Labor Cost per Hour	Base Wage × 1.20 (burden factor)	\$22/hr × 1.20 = \$26.40/hr
Overhead per Hour	Monthly Overhead ÷ Billable Hours	\$8,000 ÷ 200 hrs = \$40/hr
Price for 25% Margin	Total Cost ÷ (1 – Margin %)	\$5,300 ÷ 0.75 = \$7,067

PRICING MODELS AT A GLANCE

Model	Best For	Pros	Cons
Flat Rate	Tune-ups, common repairs, standard installs	Customer clarity, fast approvals, rewards efficiency	Risk losing non-performing technicians and needing to rehire
Hourly	Diagnostics, troubleshooting, custom work, emergencies	Protects profit on complex jobs	Customers may hesitate
Hybrid	Most HVAC businesses (recommended)	Flexibility, best of both approaches	Requires clear guidelines

TARGET PROFIT MARGINS & MARKUP RANGES

Healthy Net Profit Margin: 20–25%	Labor Markup: 30%	Materials Markup: 25–30%	Service Fee \$79-\$129
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PRICING BEST PRACTICES

1. **Always calculate your true labor burden** – Base wage is just the start. Add taxes, insurance, and benefits.
2. **Review and update prices regularly** – At minimum annually, or immediately when supplier costs increase.
3. **Use a standardized price book** – Ensures consistent quoting regardless of which technician is in the field.
4. **Present options** – Good/Better/Best pricing gives customers choice and increases average ticket size.
5. **Track job profitability** – If margins are shrinking, your prices need adjustment.

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