

Component Market Update

Q1 2026

Summary

The global market for DDR4 and DDR5 memory chips is experiencing severe supply constraints and rapid price escalation. Availability is extremely limited, lead times have extended significantly, and pricing has not yet stabilized. As outlined in our prior briefing, AI-driven demand—particularly from hyperscale data centers—continues to absorb a disproportionate share of global semiconductor capacity. These conditions are structural rather than temporary and are expected to persist through 2026, and potentially into 2027.

Details

Pricing

Memory pricing has increased sharply over the past several months, with acceleration in the most recent weeks. In specific instances, VersaLogic has experienced price increases of up to 700% compared to our last purchase. In many cases, costs have doubled during Q4 alone. Supplier quotes are frequently short-lived, and pricing is often subject to change at the time of shipment rather than at order placement. In one example, a supplier imposed a 288% price increase on 10 backordered units due to internal yield loss. As a result, memory now represents a significantly larger portion of our product cost than it did just a few months ago.

Availability & Lead Time

DDR4 and DDR5 components are largely allocation-controlled, with typical lead times now running 32 to 40+ weeks. Order flexibility is limited, cancellations are restricted, and incremental demand is unlikely to be supported for the foreseeable future.

Root Cause

Memory manufacturers have reallocated production capacity toward higher-margin, AI-related products, including high-bandwidth memory (HBM) and server-class DDR5. This shift has reduced available supply of DDR4 and standard DDR5 across all market segments. New factory capacity is not expected to come online until late 2026 at the earliest.

Mitigation Strategies

Historically, VersaLogic managed its supply chain by pipelining components against both forecasted and booked demand, placing orders in advance to support future builds. Given the extreme market conditions described above, memory devices are now being procured only against confirmed customer purchase orders (hard orders). Additionally, all VersaLogic products that include memory are being placed on allocation.

Customers can help mitigate future lead time risk by placing orders as far in advance as possible. A VersaLogic Sales Representative will be in contact to discuss allocation details and to work collaboratively on planning strategies as we navigate this dynamic market environment together.

Conclusion

We value your continued partnership as we work through these unprecedented market conditions together. Proactive communication and advance planning will be essential to managing risk and ensuring supply continuity.

For more information please contact VersaLogic at:

- Call: 503-747-2261 Toll-Free: 800-824-3163 Fax: 971-224-4708
Monday - Friday 8 a.m. - 5 p.m. Pacific Time
- Email: Sales@VersaLogic.com or Info@VersaLogic.com