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Smartphone and PC prices set to rise as AI boom drains memory chips

Executives at Consumer Electronics Show suggest drive to build infrastructure is reshaping economics of consumer tech



The Samsung AI Beauty Mirror is demonstrated for applying sunscreen and make-up during a company event ahead of the CES © Patrick T Fallon/AFP/Getty Images

Michael Acton in Las Vegas

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The prices of smartphones and PCs are set to rise this year, with consumer products hit by a shortage of memory chips caused by the rapid construction of AI data centres.

Arm, Qualcomm and Samsung warned this week that the global race to build massive [AI](#) infrastructure is squeezing supplies of components needed for mobile devices and other household electronics.

Speaking at the Consumer Electronics Show in Las Vegas, the annual event where manufacturers showcase their latest products, Arm chief executive Rene Haas said the constraints on memory chips were “the most severe I have seen in at least two decades”.

Samsung co-CEO TM Roh also said that the shortage was “unprecedented” and would have an “inevitable” impact on consumers.

Over the past year, groups such as Google, Amazon, Meta and OpenAI have pledged to spend billions of dollars on constructing data centres that can power advanced AI models and products, in the belief the technology will transform industries.

Those huge computing facilities also need vast amounts of the latest high-bandwidth memory, or HBM, technology.

This has **prompted** memory suppliers — a market dominated by South Korea’s Samsung and SK Hynix alongside US group Micron — to allocate more manufacturing resources for advanced HBM and away from consumer-oriented memory needed in smartphones and laptops.



The Samsung Galaxy Z TriFold smartphone. Samsung has a long-term agreement to secure component supplies up to two years in advance © Patrick T Fallon/AFP/Getty Images

Samsung said on Thursday that its fourth-quarter operating profit had **trebled** due largely to HBM sales. Micron said it was winding down its “Crucial” consumer brand in December citing surging AI data centre demand.

Qualcomm chief financial officer Akash Palkhiwala said the memory chip crunch was “pretty dramatic, [and] what’s driving the shortfall is the data centre deployments by five or six companies in the world with an incredible amount of capex”.

The sharp increase in memory costs starting in the final quarter of last year meant that most tech hardware companies would raise product prices “significantly” in the first half of this year, according to Morgan Stanley analysts. This was likely to mean declining sales for Android smartphones and Windows PCs.

An exception is Apple, which did not increase prices for its latest iPhone 17 line-up in spite of the effect of tariffs and supply chain disruptions.

Market intelligence firm the International Data Corporation said in December that, in the smartphone market, Apple and Samsung were better positioned to keep the prices of their mobile products down. Both companies have long-term agreements to secure component supplies up to two years in advance.

Depending on how long the memory shortage lasts, the smartphone market could contract as much as 5.2 per cent in 2026, IDC has estimated. It also said lower-end Chinese smartphone makers were likely to be hardest hit.

US consumers are already coming out of a bruising year marked by the impact of tariffs, inflation and unemployment. The Consumer Technology Association, which organises the CES conference, said in a report this week that consumer confidence in late 2025 hit its lowest level since July 2022.

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