



2026 Economic Baseline

Protecting Your HOA's Budget
in a New Cost Environment

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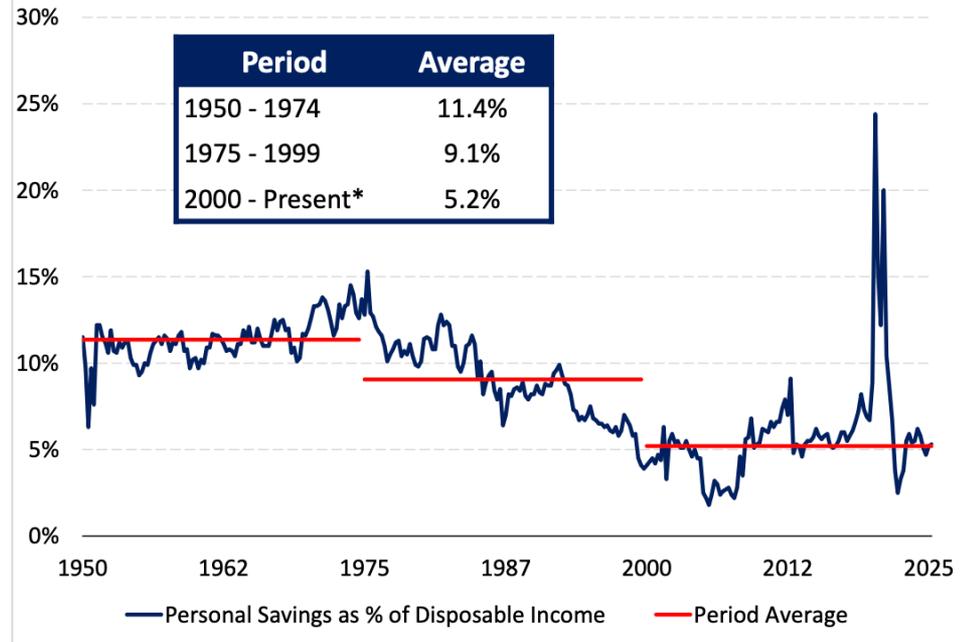


We Know Every Dollar Counts

- Homeowners are under pressure: nationally, savings rates are about half their historical levels, and many households are living paycheck to paycheck with very limited emergency savings.
- We know any increase in what owners pay is difficult. Our role is to protect the community's safety, maintenance, and property values at the lowest sustainable cost.
- We treat HOA funds as if they were our own: rebidding contracts, challenging vendors, and avoiding “nice-to-have” spending that doesn't add real value.
- **The data you'll see is context to help us separate unavoidable cost pressures from areas we can still control.**

Americans now save only about 5% of their income on average

Personal Savings as Percent of Disposable Income (%)



How HOA Simplified Protects Your Budget

1. **Rebid key contracts regularly** instead of letting them auto-renew at higher rates.
2. **Benchmark vendors** so you are not overpaying for the same service.
3. **Plan big projects early** so they are funded and not last-minute emergencies.
4. **Bring the board clear options (good / better / best),** not take-it-or-leave-it proposals.

We can't control the market, but we can control how hard we work for every dollar you spend.

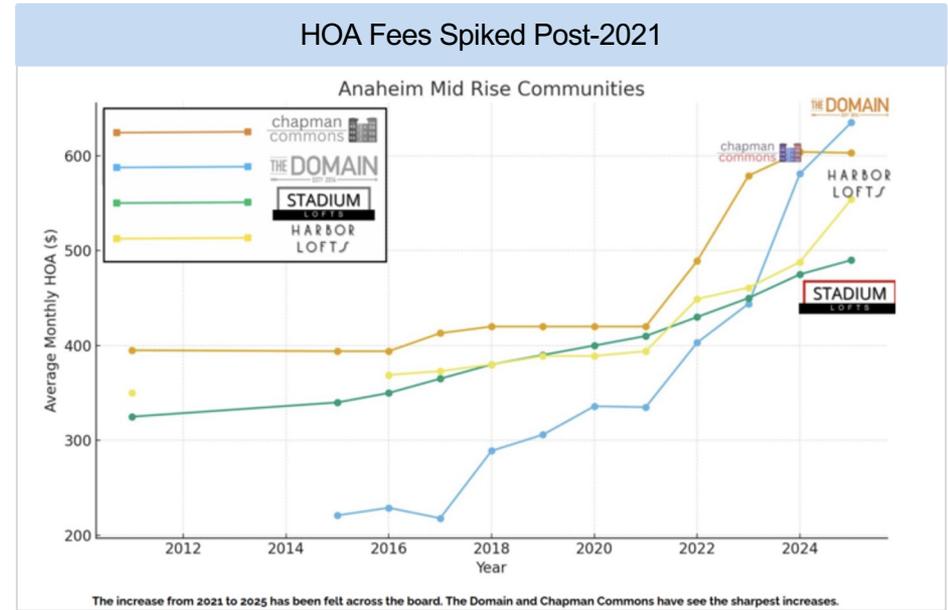


Why Boards Choose HOA Simplified

- We proactively monitor vendor, insurance, and utility trends so you're not caught off guard by renewals.
- We help boards avoid unnecessary scope creep, focusing on what actually protects safety, property values, and homeowner experience.
- We act as a buffer and translator between market conditions and homeowners, helping you explain the "why" behind every major expense.

Today's HOA Costs Reflect a New Baseline

- Vendor and service expenses for HOAs have risen significantly since 2019 and are unlikely to return to pre-pandemic levels.
- Consumer prices are up ~25% overall since 2019, with HOA-specific drivers (labor, materials, insurance, utilities) running even hotter.
- These changes reflect **structural shifts** in wages, contracts, and regulation rather than one-off spikes.
- Boards now have to budget based on today's cost reality, not 2019 benchmarks and we're here to help you do that as efficiently as possible.

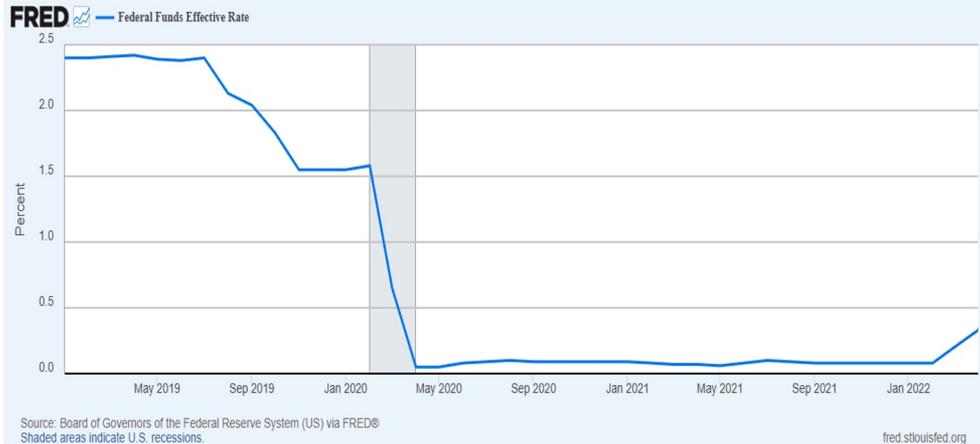


Mid-rise communities in Anaheim saw sharp increases in monthly HOA fees from 2021 to 2025, with The Domain and Chapman Commons rising most steeply.

How We Got Here: COVID Boom to Today

- 2020–2022 brought **historic stimulus, low interest rates, and strong markets**, which boosted wages, home equity, and investment balances.
- That wave of demand ran ahead of supply, pushing up prices for goods, labor, and services across the economy.
- Businesses **raised wages and reset contracts** to reflect higher costs; once those scales moved up, they rarely moved back down.
- Those same forces now show up in **HOA bids, service contracts, and insurance renewals** – even though the peak “COVID chaos” is over.

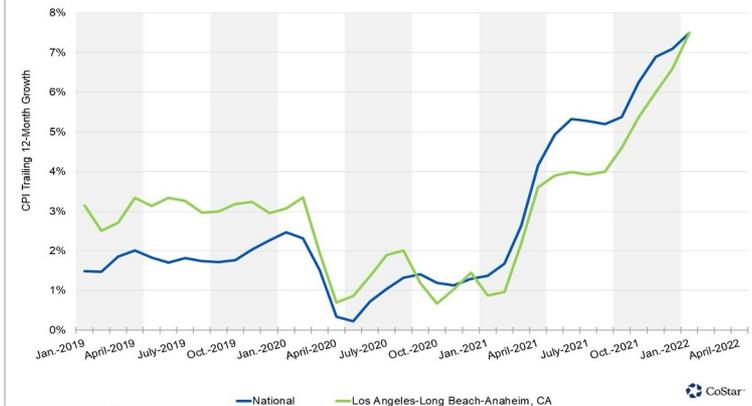
The Fed cut interest rates to near-zero in early 2020, making borrowing cheaper and fueling demand.



The Fed cut interest rates to near-zero in early 2020, fueling demand and inflation by making borrowing cheaper across the economy.

Southern California's inflation spiked above the national average post-2021, intensifying local cost pressures.

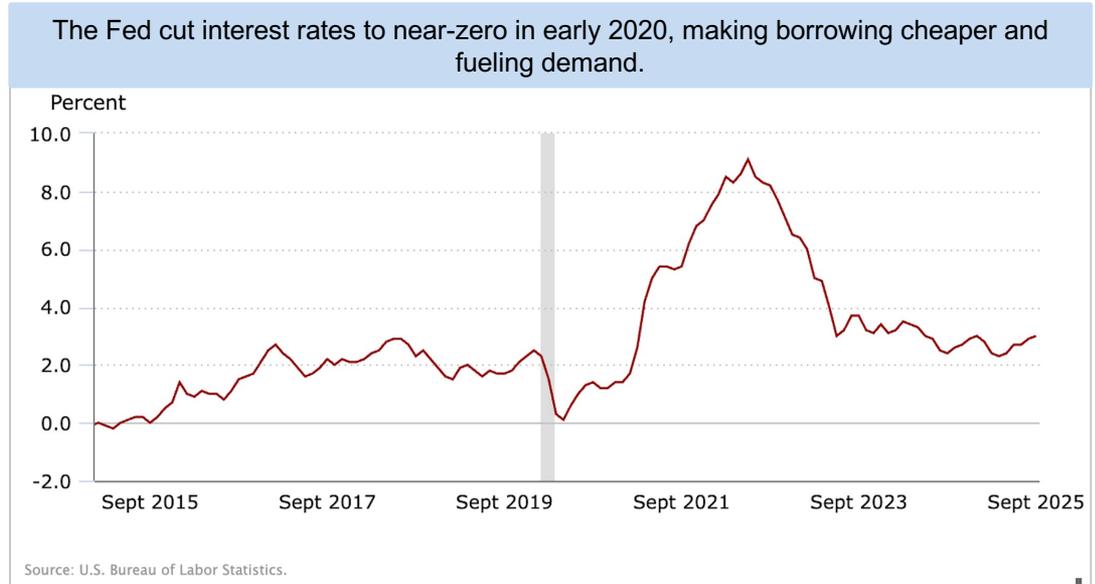
Southern California Inflation Surges in January



Southern California's inflation spiked above the national average post-2021, intensifying cost pressures for HOAs in the region.

How We Got Here: COVID Boom to Today

- Over the last 10 years, **prices in the U.S. are up roughly 36–37%**, so \$100 of expenses in 2015 now costs about **\$137**.
- That works out to about **3.1–3.2% inflation per year on average** (CPI “all items”).
- From 2015–2020, inflation mostly ran between **~1–2%**; then it spiked to **7.0% in 2021** and **6.5% in 2022**, before easing back to around **3%** in 2023–2025.
- Even though the rate has cooled, **today’s prices sit on top of that decade of increases**; they don’t reset lower, which is why 2015 or 2019 quotes no longer work for 2025 projects.



Source: BLS CPI “All items,” Dec-to-Dec percent changes, 2015–2024; latest 12-month figure through Sept 2025.

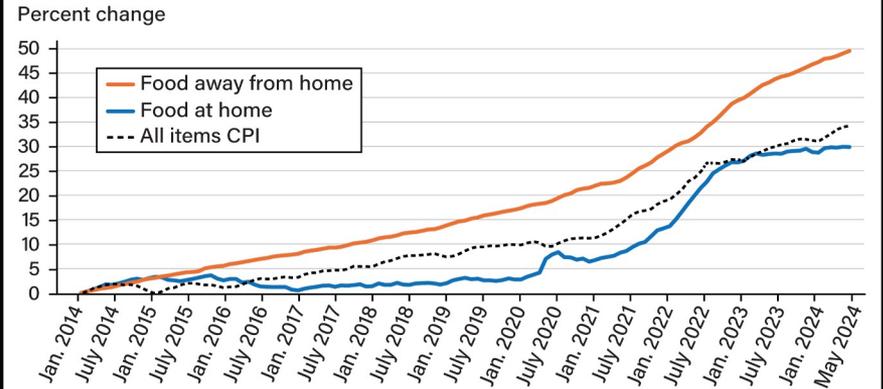
Inflation Shows Up in Everyday Purchases

- CPI surged in 2021–2022 and remains elevated, with local inflation in places like Los Angeles running even higher.
- Food and services have outpaced overall inflation, reflecting broad-based cost increases that affect households and vendors alike.
- These same pressures feed into **fuel, food, and logistics costs** for landscaping, maintenance, and management companies.
- For boards, this explains why “same-scope” bids in 2025–2026 are arriving much higher than 2019 numbers, even when service levels haven’t changed.

Food prices, especially meals away from home, have consistently run ahead of general CPI.

Percent change in the Consumer Price Index for all items and food, 2014–24

USDA Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE



Note: The all-items Consumer Price Index (CPI) measures the overall rate of consumer inflation.

Source: USDA, Economic Research Service using data from the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index.

CHARTS of NOTE

Since 2021, food inflation has consistently exceeded general CPI, especially for meals away from home, straining household and vendor costs.

Labor: Wages and Staffing Drive Vendor Pricing

- Average private-sector wages rose ~25–30% from 2019 to 2025, and construction/maintenance sectors moved in lockstep.
- The labor market remains historically tight: unemployment is low and roughly 80% of contractors report hiring difficulty.
- HOA vendors (landscaping, janitorial, maintenance, management) must pay market wages to attract and retain workers, and those costs flow directly into contract pricing.
- Boards should plan for **continued wage pressure**, not a return to pre-COVID pay scales, when evaluating bids and budgets.

Typical front and backyard landscaping projects can run \$4,000–\$20,000 depending on scope.



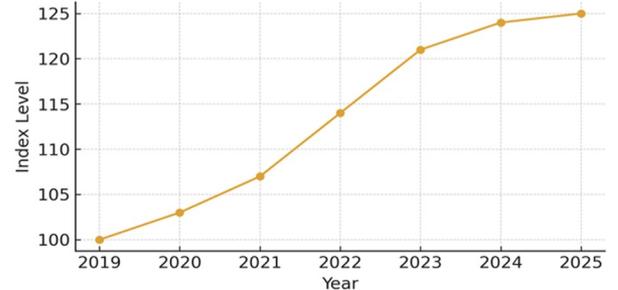
\$ — \$\$\$\$ Average landscaping cost by location

Front and backyard landscaping can cost between \$4,000 and \$20,000 depending on scope, underscoring how outdoor maintenance is a major HOA expense.

FIX

Private-sector wages are up ~25% since 2019.

Exhibit 2 — Employment Cost Index (Private Wage Index, 2019=100)

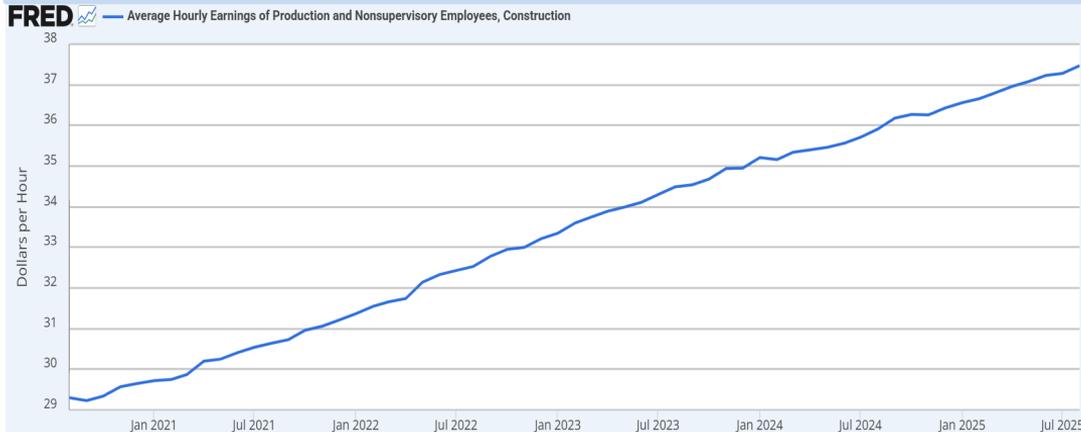


Private-sector wages have increased steadily, rising ~25% from 2019 to 2025—pushing vendor service costs higher for HOAs.

Labor: How Higher Wages Show Up in HOA Bids

- Construction and maintenance wages have increased by nearly 30% since 2020, from roughly \$29 to \$37 per hour.
- Labor-intensive services like lawncare and general maintenance are among the **fastest-rising cost categories** in the entire economy.
- When vendors price roofing, repairs, or recurring maintenance, these wage increases make up a large share of the final number.
- We focus on **rebidding, scope clarity, and vendor comparisons** to make sure you're not paying more than necessary for that labor.

Construction wages rose from ~\$29/hr to ~\$37/hr between 2020 and mid-2025.

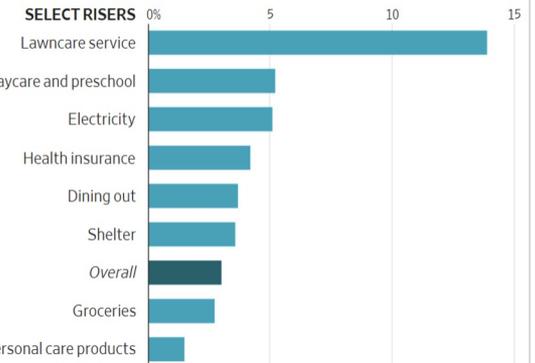


Source: U.S. Bureau of Labor Statistics via FRED®

Construction wages rose steadily since 2020, with average hourly pay reaching \$37 by mid-2025, a 27% increase.

Lawncare Tops Inflation List

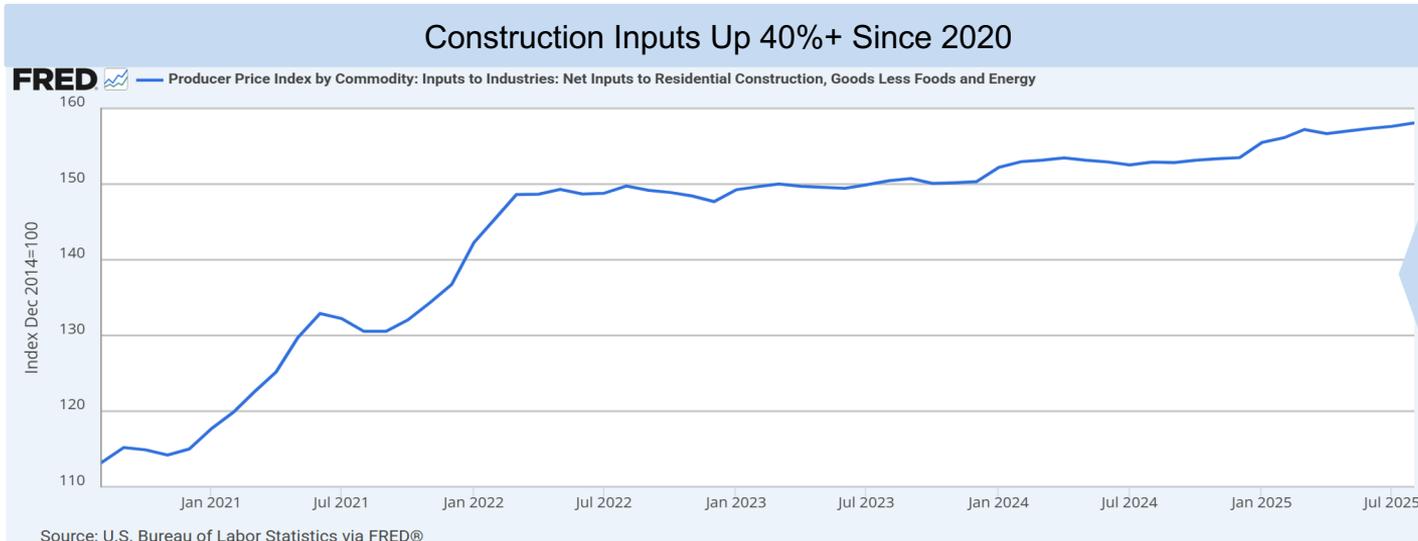
Consumer prices, change from a year earlier



Lawncare services saw the largest year-over-year price increase of any consumer category, up nearly 15%, signaling cost pressure for HOAs.

Materials: Project Costs Are Structurally Higher

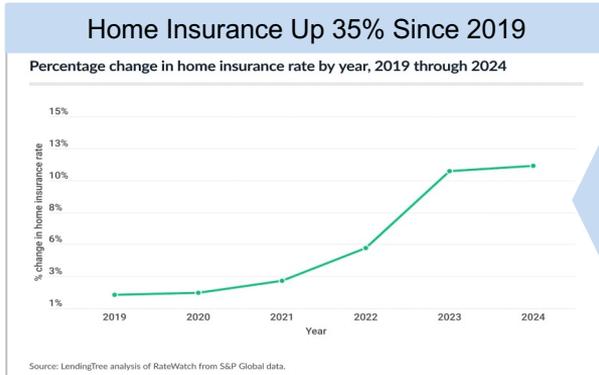
- Prices for key construction materials (lumber, steel, asphalt, roofing) rose 40–50% from pre-2020 levels and remain elevated.
- Even with some recent normalization, most construction inputs are still **20–30% above 2019 pricing**.
- Tariffs, supply-chain changes, and updated codes all contribute to a higher baseline for capital projects and repairs.
- Reserve studies and project plans need to be updated to **modern unit costs** so boards aren't surprised when bids come in.



Producer prices for residential construction inputs surged post-2020 and remain elevated, with costs ~40% higher than pre-pandemic levels, pressuring HOA project and repair budgets.

Insurance: Premiums Have Risen Faster Than Inflation and There's No Plateau in Sight (Yet)

- Average homeowners insurance premiums rose ~40% nationwide from 2019–2024, with some states seeing increases of 70%+.
- Catastrophic events, higher replacement values, and carrier losses have forced insurers to reprice aggressively.
- At the same time, deductibles and exclusions have increased, shifting more risk back to communities.
- We help boards **test coverage structures and deductibles** so you're balancing cost with the level of protection your HOA truly needs.



Rates jumped most sharply in 2023 and 2024, with back-to-back 10%+ increases reflecting rising claims and rebuild costs.

Disasters Drove \$53B in Insured Losses

TOP 5 COSTLIEST ECONOMIC LOSS EVENTS IN H1 2025

Event name	Dates	Region	Economic loss	Insured loss
Palisades Fire	Jan. 7-28	US	\$37B	\$23B
Eaton Fire	Jan. 7-27	US	\$28B	\$17B
Mid-March severe convective storms	Mar. 13-16	US	\$9.5B	\$7.7B
Early April severe convective storm outbreaks and floods	Apr. 1-7	US	\$4.1B	\$3.0B
Mid-May severe convective storms	May 14-17	US	\$3.4B	\$2.8B
GRAND TOTAL			\$82B	\$53.5B

Source: Gallagher Re

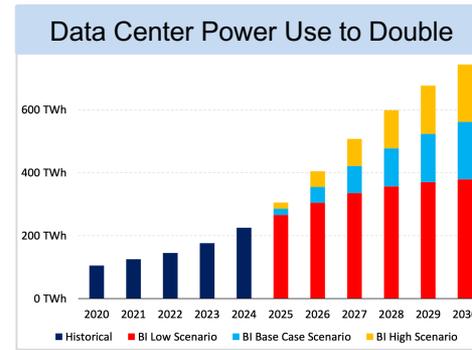
Major fires and storms in early 2025 caused \$82B in total damage, intensifying insurance risk and driving premium hikes across the U.S.



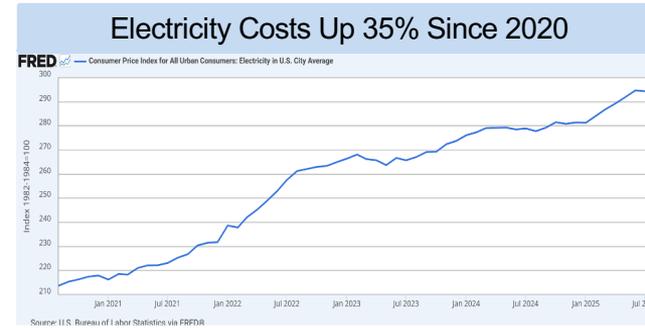
Southern California's median home price reached \$760K in 2024, increasing replacement values and raising insurance coverage costs for HOAs.

Utility Rate Increases Are Built into the System

- Electricity and natural gas prices have risen ~20–30% since 2019, with additional step-ups scheduled through approved rate cases.
- Water and sewer rates are up ~20–25%, driven by infrastructure investment, drought resilience, and regulatory upgrades.
- Utility providers pass along cost increases tied to inflation, labor, fuel, and grid modernization to all ratepayers—including HOAs.
- Energy-efficiency projects can help slow the growth of bills, but the **baseline cost of utilities is unlikely to fall.**



Electricity demand from data centers and AI is projected to more than double over the next few years; in markets where large data centers have been built, local electricity prices have risen by as much as 2.5–3× over five years.



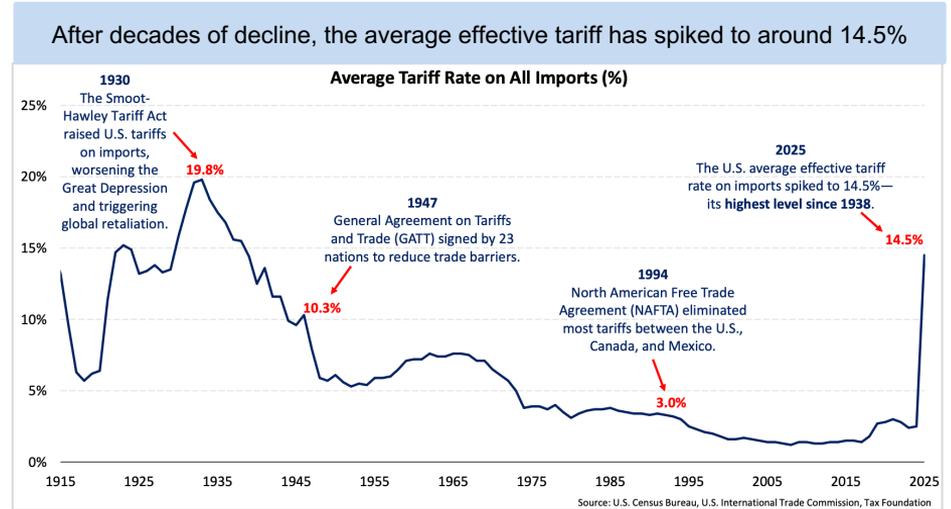
The CPI for electricity has climbed steadily since 2020, rising ~35% through mid-2025 and straining HOA utility budgets.



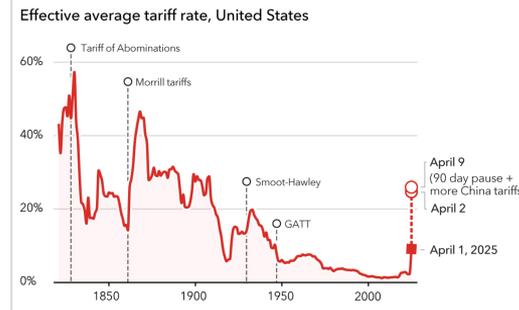
Electricity prices have risen year-over-year with only brief plateaus, reflecting structural increases tied to infrastructure and fuel costs.

Tariffs Add Up; Material Prices Keep Climbing

- Building material costs continue to rise, with many suppliers increasing prices in response to recent tariff activity.
- Surveys of builders and remodelers show average price hikes of **5.5–6.9% from tariffs alone**, on top of general inflation.
- The average U.S. tariff rate is now around **14–15%—the highest since the 1930s—and building inputs like cabinetry, steel, and copper face tariffs of ~30–50%**.
- HOAs should expect these tariff-driven increases to be reflected in vendor pricing for repairs, renovations, and capital projects.

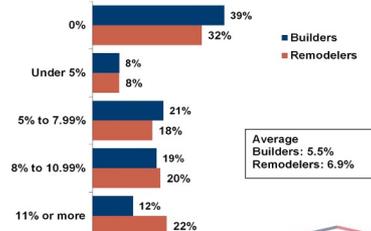


Tariffs At Highest Point in Nearly a Century



Tariffs Drive Up Supplier Pricing

Since January 20, How Much Have Suppliers Increased Their Building Material Prices Due to Impending Tariffs?



Sources: NAHB/Wells Fargo Housing Market Index, March, 2025; NAHB/Westlake Royal Remodeling Market Index, 1st Qtr, 2025.



Over 60% of builders and remodelers saw supplier price hikes since January 2020, with many reporting increases above 8% due to tariff pressure.

The New Cost Environment and How Boards Should Respond

01

HOAs can no longer rely on outdated pricing assumptions; every service category now reflects a new cost baseline.

02

Budget shortfalls and deferred maintenance risks grow if dues and reserves are not adjusted.

03

Boards should proactively rebid contracts, reassess reserves, and communicate budget increases transparently.



At HOA Simplified, We Commit to Keeping Costs Low By:

- Benchmarking local vendors, insurance, and utilities so your community doesn't overpay.
- Helping you plan projects proactively to avoid emergency work and "rush" premiums.
- Bringing clear options (good / better / best) so you can choose the right balance of cost, risk, and homeowner impact.
- Communicating where each dollar goes, so board members can confidently explain decisions to homeowners.

HOA Simplified is excited to help your community thrive.



For any questions, contact
hello@hoasimplified.com