

Minimum Wage Increases Are Here: What They Mean for Your Bottom Line

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The July 1 minimum wage increases across Los Angeles are already reshaping payroll budgets, and for property managers in budget season, the impact is immediate. With rates now as high as \$17.87/hour in the City of Los Angeles, labor costs are rising faster than many budgets anticipated. For properties with on-site staff, janitorial teams, security, or day porter services, these increases can significantly impact your tenants' and your properties' bottom line if not addressed now.

But local wage hikes aren't the only factor driving labor cost pressure.

A Perfect Storm of Labor Market Forces

Several economic and political developments are intensifying wage pressures across California:

1. [The Fast Food Accountability and Standards Recovery Act \(AB 1228\)](#), effective April 2024, raised the minimum wage for fast food workers to \$20.00/hour, setting a new wage benchmark that's spilling into other sectors, including property services and maintenance.
2. Tariff uncertainty and global economic instability have kept inflation steady and wage expectations high, as workers seek to maintain purchasing power.
3. A shrinking labor pool, driven in part by a tightening political environment around immigration and employment, has made it harder to fill essential service roles, particularly in janitorial, maintenance, and hospitality.
4. Major global events, including the [2026 FIFA World Cup](#) and [2028 Olympic Games](#) in Los Angeles, are already influencing wage expectations

in hospitality and related services, with industry insiders forecasting rates as high as \$30.00/hour for event-related roles.



These combined forces are putting unprecedented pressure on property owners and their managers and contractors to pay more and offer better benefits to attract and retain the skilled workforce that cares for and maintains their properties.

The New Wage Landscape

Here's how the current and upcoming wage changes are shaping up:

- **California Statewide:**
 - \$16.50/hour (as of Jan. 1, 2025)
 - \$16.90/hour (as of Jan. 1, 2026)
- **City of Los Angeles:** \$17.87/hour (effective July 1, 2025)
- **Unincorporated LA County:** \$17.81/hour (effective July 1, 2025)
- **Hotels & Airport Workers:** Conditional \$22.50/hour starting July 2025, pending final approval
- **Hospitality Sector Projections:** Rates may reach \$30.00/hour by 2026-2028 due to major events

Why This Hits Budgets Hard

Labor often accounts for 40-60% of a property's operating expenses. Even small hourly increases add up quickly.

Example: A full-time employee earning \$16.90/hour now earns \$17.87/hour, a \$0.97 increase. Over a year, that's \$2,000+ more per employee before factoring in benefits, overtime, or payroll taxes. Multiply that across several staff members and properties, and the impact on NOI (Net Operating Income) becomes significant.

For property managers juggling multiple properties or navigating owner expectations, this shift demands more than just updating spreadsheets, it calls for strategic labor planning, contract review, and creative cost control.

Strategies for Protecting the Bottom Line This Budget Season

- 1. Review Staffing and Vendor Contracts:** Ensure contracts reflect the correct wage rates and evaluate whether current staffing levels match your budget priorities.
- 2. Incorporate Long-Term Wage and Benefits Growth:** With wage increases tied to CPI and market conditions, plan for annual wage escalations of 3-5%, not just a one-time hike.
- 3. Leverage Vendor Partnerships:** Work with trusted service providers like **CAM Property Services**, who optimize labor allocation, maintain service quality, and ensure compliance. CAM verifies all employees through the federal E-Verify system to confirm work authorization.
- 4. Communicate Early with Owners and Stakeholders:** Set realistic expectations about how labor trends and wage increases will affect service levels and operating budgets.
- 5. Look for Efficiency Gains:** Offset higher labor costs by adjusting schedules, multitasking roles, or integrating technology for better efficiency.

How CAM Property Services Can Help

CAM is your partner in navigating the complex and evolving wage landscape. We

help property managers:

- Adjust service plans to meet both budget and compliance needs
- Provide accurate labor cost forecasting for multi-year planning
- Maintain service quality while managing wage escalation
- Ensure legal compliance with current wage laws and postings
- Hire only work-authorized employees through E-Verify

Bottom Line

The July 1 minimum wage increases are here, and they're only the beginning. The convergence of legislation, inflation, labor shortages, and mega-events like the World Cup and Olympics will continue to raise labor costs across California.

For property managers, this is more than a compliance update, it's a budgetary turning point. Acting now protects your bottom line, ensures uninterrupted service, and prepares your properties for what's next.

CAM Property Services is here to help you stay compliant, competitive, and profitable in a rapidly evolving marketplace.

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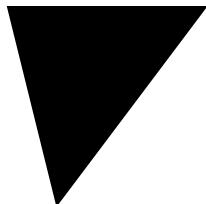
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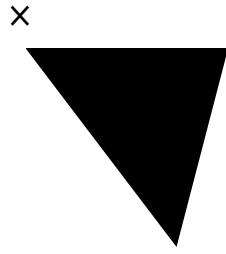
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