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THE OFFICIAL PUBLICATION OF COLORADO RECON
COLORADO'S COMMUNITY FOR REAL ESTATE ENTREPRENEURS & BUSINESS OWNERS



The State of the Colorado Real Estate Market Is...?



6 2026 LEGISLATION EVERY COLORADO LANDLORD SHOULD KNOW ABOUT

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DISTRESSED PROPERTY EXPERT

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COLORADO'S HOUSING MARKET IS FINDING ITS FOOTING

Spring 2026 is showing signs of balance that Colorado has not seen in several years. That story looks different depending on which part of the state you are watching. Here is what the data shows across the Front Range.

Statewide Context

The Colorado Association of Realtors reported modest gains in pending and closed sales, stable median home pricing, and an uptick in inventory across the state during Q1 2026 — describing it as a market that has “found its rhythm.” Mortgage rates have stabilized in the low 6% range as of early April, averaging around 6.1% to 6.3% for a 30-year fixed.

Denver Metro

The seven-county Denver metro posted 5,798 pending contracts in March, up 6.5% year-over-year, alongside 4,540 closed sales, up 2.7%. The median sale price held flat at \$575,000 — in line with Q1 results from 2023, 2024, and 2025.

Denver Metro Association of Realtors data showed a different angle: pending sales jumped 30.69% month-over-month in March, and closed sales rose 28.12% in tandem — the first time in over a year that both metrics meaningfully aligned. The median closed price landed at \$590,000. Despite that activity, year-to-date closed sales remain down 5.04% from 2025, and the median close price is down 1.69% on a year-to-date basis.

The attached market — condos and townhomes — continues to lag. Year-to-date condo and townhome closings are down 13.02%, and median days on market for attached homes increased 42.86% compared to March 2025. One DMAR market trends committee member noted that “properties are taking longer to sell” as the most notable shift in 2026 so far.

On the rental side, Denver's apartment market is navigating an oversupply challenge. According to a multifamily specialist cited in the CAR report, Denver has overbuilt the seven-county metro after a record delivery of new units. The current overall vacancy rate is approximately 7.6%, with projections showing gradual absorption through 2028, when vacancy is expected to reach approximately 5% — the level at which rents typically begin rising again.

If you own multifamily assets in Denver, current vacancy and concession trends may affect your near-term NOI. If you are considering acquiring multifamily, the absorption timeline above is worth factoring into any underwriting.

Colorado Springs

Active listings in the Springs reached 3,057 in March 2026, up 16% year-over-year. The market is adding listings significantly faster than it is closing sales. Average days on market was 61. The region still needs an estimated 60,000 or more additional homes by 2035 to keep pace with projected demand — a figure that supports long-term price stability even as the near-term market softens.

A market with rising inventory and longer days on market may present more negotiating room for buyers than existed in recent years. Verify current conditions in your specific submarket before acting.

Fort Collins and Northern Colorado

Fort Collins is showing up as one of the more stable Front Range markets in early 2026. According to Redfin, the February 2026 median sale price was \$535,000, up 3.2% year-over-year, though homes are averaging 78 days on market compared to 70 days a year ago.

Colorado Biz reporting cited Fort Collins as a “rare bright spot” in early 2026, with closings up 1.8% year-over-year and improved affordability from stabilizing rates. Inventory in the broader Northern Colorado market sits at approximately 2.5 to 3 months of supply — tighter than Denver but giving buyers more room than the sub-one-month levels of 2023.

One Northern Colorado market analyst noted that work-from-anywhere dynamics are moderating, and proximity to I-25 and downtown corridors is mattering again for buyers — a factor that may affect values in outlying areas that commanded premiums in 2021 and 2022.

Fort Collins has a strong rental market underpinned by Colorado State University enrollment and a professional population. If you own or are evaluating buy-and-hold assets in the area, current inventory and rate conditions may be worth a closer look.

Boulder

Boulder's median sale price was \$948,000 as of late 2025 and early 2026, down approximately 0.2% year-over-year. Homes are sitting on the market for 69 days, and inventory supply has grown to 3.3 months — up from 3.2 months a year ago.

One local Compass agent was cited in the CAR report noting that rising HOA dues and insurance premiums are significantly affecting affordability in the Boulder and Broomfield condo market,

contributing to softer demand and longer sales cycles for attached homes compared to single-family detached.

Single-family homes in Boulder average approximately \$1,125,000, while condos average around \$540,000.

Boulder's high price point and relatively small transaction volume make it a distinct market from the rest of the Front Range. Investors active there should verify conditions with a local agent before drawing any conclusions from regional averages.

Sources: Colorado Association of Realtors Monthly Market Statistical Report (April 14, 2026); REcolorado March 2026 Market Watch Report; Denver Metro Association of Realtors March 2026 Market Trends Report, via Colorado Biz and Denver Gazette; Redfin Fort Collins data (February 2026); Houzeo Boulder data; Colorado Biz Housing Report (February 2026). Data reflects conditions at time of publication and is subject to change.

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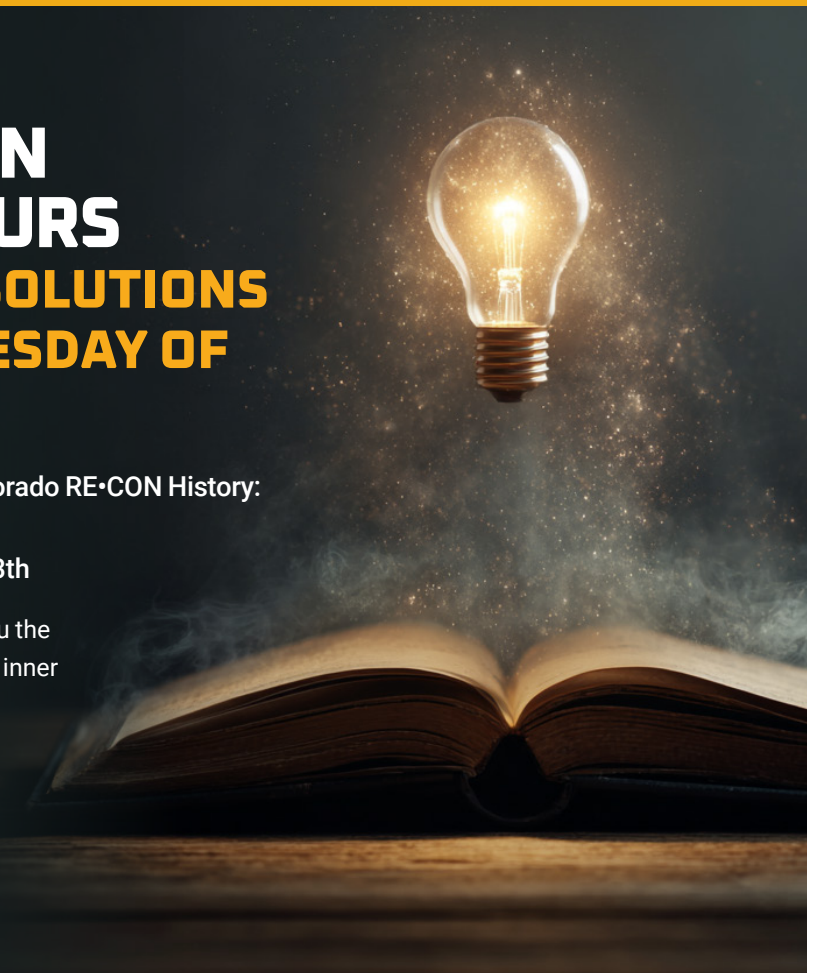
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WHAT'S MOVING AT THE CAPITOL: 2026 LEGISLATION EVERY COLORADO LANDLORD SHOULD KNOW ABOUT

Colorado's 2026 legislative session opened in January and runs through mid-May. Housing has been one of the legislature's stated priorities, and several bills currently moving through the process would directly affect how Colorado landlords operate. None of these bills are law yet. Their status may change before the session ends. This article gives you a factual summary of what is being proposed so you can follow along and, if it matters to your business, engage.

Who Is Watching This on Behalf of Landlords

The Colorado Housing Coalition (CHC) — formerly the Colorado Landlord Legislative Coalition — is the primary advocacy organization representing single-family housing providers and small property managers at the state Capitol. Founded in 2020, the CHC maintains a dedicated lobbyist, a 2026 bill tracker on its website, and provides testimony opportunities for members throughout the session.

The CHC's stated mission is to give independent landlords and small property management companies a unified voice in a legislative environment where, in their own words, "our specific interests were not always at the forefront." If you own rental property in Colorado and are not yet following their work, their bill tracker at coloradohousingcoalition.org is a practical place to stay current.

Colorado RECON is a proud supporter of the Colorado Housing Coalition and encourages rental property owners across the state to stay connected and support the work they are doing through an annual contribution. The CHC's ability to show up at the Capitol with a unified voice depends directly on the size and engagement of its membership. You can learn more and join at coloradohousingcoalition.org.

Bills to Know

The following bills are active in the 2026 session as of publication. All are proposals — not yet law — and final language may change.

HB 26-1047 — Eviction Records: This bill would permanently suppress eviction records from public access, even in cases where the landlord prevails — with a narrow exception for what the bill defines as "substantial lease violations." Under current law, records are suppressed until the landlord wins, after which they become public. Critics of the bill, including property managers, have raised concerns that nonpayment of rent would not qualify as a substantial lease violation, which would effectively remove past evictions from the tenant screening process. The bill also includes

new documentation requirements for landlords before filing an eviction: a copy of the lease and a current rent ledger must be attached to the written notice, or the tenant may have grounds to defeat the eviction on procedural grounds regardless of the underlying facts. The bill was heard by the House Judiciary Committee in late February 2026.

HB 26-1106 — Eviction Scheduling and Process: This bill would limit the number of evictions a county court can schedule in a single day, prohibit naming a minor as a named defendant in an eviction complaint, and require a trial or hearing when a tenant's answer expresses an intent to cure nonpayment. It would also repeal the appeals bond in eviction cases and extend the time to execute a writ of restitution from 48 hours to 30 days. The House Judiciary Committee hearing was scheduled for March 10.

HB 26-1196 — Tenant Screening Disclosure: This bill would require landlords to inform prospective tenants about what information they plan to obtain during the screening process. It would also require landlords who own more than five properties and receive certain financial assistance to offer tenants the option to report positive rent payment history to a credit bureau.

HB 26-1001 — Housing on Underutilized Land: The first bill introduced this session, HB 26-1001 would require certain local governments to allow residential development on qualifying public and nonprofit-owned land through an administrative approval process — bypassing the traditional rezoning process. Governor Polis introduced this bill alongside the Speaker Pro Tempore at a January press conference, framing it around Colorado's shortage of more than 100,000 homes.

Rent Control: Still in the Conversation

Colorado has had a statewide ban on rent control since 1981. Proposals to repeal that ban have appeared in multiple recent legislative sessions and have not passed. The debate continues in 2026.

Governor Polis has publicly opposed rent control on multiple occasions, arguing that it discourages new development and addresses symptoms rather than supply. Housing advocates supporting a repeal argue it is a necessary tool for tenant stability. Bills to repeal the ban have historically failed to get through the legislature.

The ban remains in place. If you are evaluating long-term investment decisions in Colorado, this is a policy area worth monitoring each session.

A Broader Pattern Worth Understanding

Between 2023 and 2026, the Colorado General Assembly has passed a significant number of tenant-favorable laws – on security deposits, junk fees, habitability, eviction process, and victim protections. Each session has added new requirements. Supporters argue these protect renters in a tight housing market. Critics, including the CHC, argue the cumulative regulatory burden is increasing the cost and legal complexity of operating rental housing and may reduce the supply of available units over time.

Both perspectives are represented in the public record. How this legislative direction affects your business depends on your

portfolio, your practices, and how you manage compliance. The session runs through May 13, 2026. Final bill outcomes will be available after adjournment.

Sources: Colorado Politics, Bills in Brief (February 23, 2026); Colorado General Assembly bill summaries for HB26-1047, HB26-1106, HB26-1196, HB26-1001; Bell Policy Center 2026 Housing Bills (March 2026); Colorado Housing Coalition (coloradohousingcoalition.org); DenverPropertyManagement.co (March 4, 2026). Bills cited are proposals as introduced. Final status and language may change before session adjournment on or around May 13, 2026. This article is informational only and does not constitute legal advice.

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REAL ESTATE'S WHY?

I didn't get into real estate for the reason most people do. I got into real estate because I needed time... and I needed money—not for luxury... but to care for my daughter. When Maya was born, everything changed. As a baby, she had open heart surgery. Soon after, she was diagnosed with cystic fibrosis—a life-threatening, lifelong condition.

From that moment on, my life became a constant balance of:

- Doctor appointments
- Treatments
- Hospital stays
- Advocating for her care

And trying to build a life as a single parent that could actually support all of it.

I needed flexibility. I needed financial stability. I needed control over my time. And I thought...Real estate could give me that. But in the beginning? It didn't feel like freedom. It felt like survival. I was working constantly. Selling homes. Managing everything. Solving problems. If I stopped, the income stopped. And I remember thinking: "How am I supposed to do all of this... and still be the mom she needs?" I had built something...but it still wasn't giving me the life I was fighting for.

What Caused the Change.

At some point, I realized something powerful: I didn't just need more income...I needed a completely different strategy. Because working harder wasn't the answer. I needed real estate to actually do what I got into it for: Create time. Create stability. Create options

So I became obsessed with figuring out how to make that happen. Not just as an agent. Not just as someone doing deals. But as an investor building a life. I started studying: How to create income that didn't depend on my time. How to structure deals for long-term freedom. How to build a portfolio that actually supported my life—not consumed it. Because this wasn't optional for me. This was about my family.

And along the way... I saw everything. Numbers that didn't work. Deals that looked good—but weren't. People chasing the wrong things. And yes—I made mistakes too. I bought properties that didn't perform the way I thought they would- before I learned

how to analyze deals. I spent time learning lessons the hard way. Meanwhile, life didn't slow down. Maya still needed me. The stakes were still high. The pressure was real. There were lots of moments where I thought: "I cannot afford to get this wrong."

But I also knew something deep down: If I could figure this out... it would change everything. So I kept going. I leaned into what I had that most people didn't: Access to real deals. Real-time market insight. Experience across thousands of transactions. And a reason bigger than myself. And I started connecting the dots. I stopped chasing random opportunities...and started building a strategy. A strategy built around: Buying right. Creating multiple income streams from one property. Leveraging properties to create the next opportunity. Balancing cash flow and appreciation. Using real estate as a tool for freedom—not just income. And that's when everything shifted.



I Became My Own Hero. Today, real estate finally does what I needed it to do from the beginning. It gives me: Time with my family. Flexibility when kids need me Financial stability to support our lives And the ability to plan for our future. But something else happened too...This journey didn't just change my life. It gave me a mission. Because I realized: So many people are stuck the same way I was. Working hard... doing everything right...but not actually building freedom. Now, I get to help others: Buy their first investment—even when they thought it wasn't possible. Turn one property into multiple streams of income. Build portfolios that support their life—not control it. And beyond that...It allows me to give back. To advocate. To speak. To fight for families like mine in the rare disease community. Because I know what it feels like to sit in a hospital room... wondering how you're going to hold everything together. And now I have the platform—and the freedom—to make an impact. And I Want This for YOU

If you're feeling stuck...If you're working nonstop but not getting the life you want...If you know there has to be a better way...There is. You don't need more noise.You don't need more random strategies. You need a plan that actually works for your life. That's why I built

what I built. Because I've lived this.The pressure. The uncertainty. The need for something more. And I've also lived the other side. More income More time More control More impact

It's time to stop spinning your wheels. Take action. It's time to collapse the timeline. Build the income. Create the freedom. Design the life you actually want. You can feel it. It's your time.

Looking to buy a home? Already own real estate and need advice on how to get the numbers to work? Call or email me for a free introductory call to talk about buying or selling real estate, or to review your portfolio and plan for next steps.



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Property Management By the Numbers

3,200

UNITS CURRENTLY
MANAGED

98%

OCCUPIED &
COLLECTED

10

AVERAGE DAYS
BETWEEN RESIDENTS

4

CONSECUTIVE YEARS
VOTED BEST OF
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SYNDICATION EXPERT

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FOREIGN INVESTORS IN A REAL ESTATE SYNDICATION

Foreign investor participation in U.S. real estate syndications has grown steadily as sponsors seek diversified capital sources and international investors pursue yield, stability, and exposure to U.S. assets. Structuring these investments requires careful navigation of U.S. securities laws—primarily through exemptions from registration under the Securities Act of 1933—as well as tax, regulatory, and operational considerations. Two of the most commonly used exemptions in this context are Regulation S and Regulation D.

Foreign Investment in Real Estate Syndications

A real estate syndication typically involves a sponsor (or manager) pooling capital from multiple investors into a limited liability company or limited partnership that acquires and operates real estate assets. Foreign investors—ranging from high-net-worth individuals to institutional funds—can participate alongside U.S. investors, but their inclusion introduces additional complexity.

Key considerations include:

- Securities law compliance (ensuring proper exemption from registration)
- Tax structuring, including FIRPTA and withholding obligations
- Investor qualification and verification
- Marketing limitations, especially across jurisdictions

To address these issues, sponsors often structure offerings using one or more exemptions that clearly delineate how and where investors may be solicited.

Regulation S Offering (Offshore Tranche)

Regulation S provides a safe harbor from registration for offerings made outside the United States to non-U.S. persons. In a real estate syndication, a sponsor might establish a separate tranche or class of interests specifically for foreign investors under this exemption.

Structure

- The sponsor forms a U.S. LLC to acquire a multifamily property.
- The offering is split into two tranches:
 - o A Regulation D tranche for U.S. investors
 - o A Regulation S tranche for foreign investors
- Foreign investors subscribe through offshore transactions, often via a parallel feeder vehicle organized in a tax-efficient jurisdiction.

Key Requirements

- No “directed selling efforts” in the U.S. for the Reg S tranche
- Investors must be non-U.S. persons

- Securities are subject to distribution compliance periods (typically 40 days to 1 year depending on classification)
- Resales into the U.S. market are restricted during the compliance period

Practical Impact

Using Regulation S allows sponsors to actively raise capital abroad—through foreign placement agents or international networks—without triggering U.S. registration requirements. It also creates a clean separation between domestic and offshore capital raising activities, reducing regulatory risk.

Regulation D Offering (Foreign Investors Participating in U.S. Private Placement)

Regulation D—particularly Rule 506(b) or 506(c)—is the most common exemption used in real estate syndications. Importantly, foreign investors can participate in Regulation D offerings, provided they meet the applicable requirements.

Structure

- The sponsor raises capital under Rule 506(c), allowing general solicitation.
- Both U.S. and foreign investors are admitted into the same LLC.
- All investors must be accredited investors, including foreign individuals or entities meeting equivalent standards.

Key Requirements

- Under Rule 506(c):
 - o Sponsors may engage in general solicitation, including online marketing
 - o Must take reasonable steps to verify accredited investor status

Under Rule 506(b):

- o No general solicitation allowed
- o Up to 35 non-accredited (but sophisticated) investors permitted, though rarely used in practice

Practical Impact

Regulation D is often simpler, operationally, because it allows a single investment vehicle for both domestic and foreign investors. However, it does not permit targeted offshore marketing in the same way Regulation S does, and sponsors must ensure that any foreign investors meet accreditation standards and are properly verified.

Combined Reg S / Reg D Structures

Many sophisticated syndications use a side-by-side Reg S and Reg D structure, creating separate classes of interests (or parallel vehicles) with different resale restrictions and investor eligibility requirements.

This approach allows sponsors to:

- Market freely to U.S. investors under Rule 506(c)
- Simultaneously raise capital offshore under Regulation S
- Maintain compliance by segregating offering activities and investor pools

This structure is particularly common in larger institutional deals or cross-border capital raises.

Tax and Structural Considerations

Foreign participation also raises important tax issues, including:

- FIRPTA (Foreign Investment in Real Property Tax Act) withholding on dispositions

- Use of blocker corporations to mitigate effectively connected income (ECI)
 - U.S. tax reporting obligations (e.g., Forms 8805, 1042-S)
- Sponsors often work with tax counsel to structure investments in a way that balances tax efficiency with investor transparency.

Conclusion

Foreign investors can play an important role in U.S. real estate syndications, but their inclusion requires deliberate structuring under U.S. securities laws. Regulation S enables offshore capital raising with minimal U.S. regulatory burden, while Regulation D provides a flexible framework for including foreign investors in domestic private placements. By carefully combining these exemptions, sponsors can access global capital while maintaining compliance and operational efficiency. For more information or a greater discussion on including foreign investors in an offering, reach out to the author at ben@3pillarslaw.com to schedule an initial consultation.





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TARIFFS ARE RAISING CONSTRUCTION AND RENOVATION COSTS — HERE IS WHAT THE DATA SHOWS

Tariff policy is affecting construction costs nationally and in Colorado specifically. The numbers below are sourced from government and industry reports. How they affect your specific projects will depend on your scope, your suppliers, and your timing.

Colorado-Specific Data

A Colorado Office of State Planning and Budget report found that Colorado's average tariff rate on all imports increased sevenfold between 2024 and 2025, from 3% to 21%.

Before tariffs were implemented, the state had anticipated a 3.9% increase in new housing construction permits in 2025, followed by a 7.7% rebound in 2026. Those projections have since been revised downward to approximately 0.5% growth, with permits now expected to cap near 2024 levels.

National Construction Cost Estimates

The National Association of Home Builders estimates that recent tariff actions could add \$7,500 to \$10,000 or more to the construction cost of an average new single-family home. Aluminum, copper, and steel parts are subject to a 50% tariff. Kitchen cabinets and vanities from some countries face tariffs up to 25%.

Denver Market Outlook

Denver construction costs are expected to remain high in 2026, with tariffs, labor shortages, and material costs continuing to pressure project budgets. Industry observers note that costs may not rise as sharply as in earlier cycles, but are also not expected to come down in a meaningful way. Developers are responding with fewer speculative starts, more phased development, and a greater emphasis on adaptive reuse.

Supply Side Consideration

Some analysts have noted that if construction costs rise too high or economic uncertainty makes builders cautious, fewer new projects may start. Reduced new supply, paired with growing demand, could put upward pressure on rents over time.

However, if higher housing costs continue, some localities may respond with rent control policies as they did following pandemic-era rent increases. That is a factor worth monitoring if you own or are considering multifamily assets.

What to Consider

The tariff landscape is still evolving. Rates, exemptions, and trade agreements are subject to change. If you are budgeting a rehab

or new construction project in 2026, getting current material quotes from your suppliers rather than relying on prior estimates is advisable.

Consult your contractor and a financial advisor before finalizing any project pro forma.

Sources: Colorado Office of State Planning and Budget (September 2025); National Association of Home Builders; J.P. Morgan Commercial Real Estate Report (March 2026); Naked Denver 2026 CRE Outlook.





HISTORIC PRESERVATION EXPERT

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HISTORIC PRESERVATION AS A FINANCIAL TOOL FOR REAL ESTATE INVESTORS IN COLORADO

Part 2: How Historic Tax Credits Work and How Investors Stack Them

In the first article in this series, we explored why historic preservation has become an important redevelopment tool in Colorado and how buildings qualify for these programs. For investors, however, the central question is financial. How do historic tax credits actually work, and how do they improve a project's profitability? Historic tax credits reduce the effective cost of rehabilitation projects. When federal and state programs are combined, developers can recover roughly 40% of qualified rehabilitation expenses up to a certain amount, dramatically improving project feasibility.

Understanding Qualified Rehabilitation Expenses

Tax credits are calculated based on Qualified Rehabilitation Expenditures, often called QREs. These are construction and restoration costs that directly improve the historic structure.

Examples of qualifying expenses often include:

- Structural repairs and masonry restoration
- Roof repair or replacement
- Window and door restoration
- Mechanical, electrical, and plumbing upgrades
- Fire suppression systems
- Accessibility improvements
- Architectural, engineering, and preservation consultant fees

Some infrastructure repairs connected to the building, such as certain sewer improvements, may also qualify depending on how they relate to the historic structure.

Costs that typically do not qualify include land acquisition, site landscaping, parking lots, furniture, or additions unrelated to the historic building.

Because these definitions directly affect project economics, preservation consultants often evaluate potential projects early so investors understand how to structure renovations to maximize incentives.

A Case Study: How Tax Credits Transform a Project

Consider a hypothetical rehabilitation project requiring about \$800,000 in renovations, with roughly \$700,000 of those costs eligible for historic tax credits. If the project qualifies for both federal and Colorado tax credits, the total incentives could reach approximately \$315,000.

In this scenario:

- Colorado tax credits might generate roughly \$140,000 upon project completion
- Federal tax credits could generate about \$175,000, typically received over five years

When incorporated into a financial model, these incentives can significantly improve returns. In one scenario, the project achieved an estimated internal rate of return of roughly 22–24% largely because of the value created by the credits. Without them, the same project might struggle to justify the cost of rehabilitation.

Why Scope Matters

An interesting dynamic in preservation projects is that cutting renovation scope can sometimes reduce profitability. Financial modeling often shows that reducing renovation budgets lowers both rental value and tax credit eligibility. For example, cutting rehabilitation costs from \$800,000 to \$500,000 may reduce both the available credits and the project's long-term return. In some cases, minimal upgrades can even risk losing eligibility for preservation incentives. For investors, this means that fully restoring a historic building can sometimes produce stronger financial results than limited renovations.

Why Early Feasibility Matters

Historic tax credits are powerful tools, but they only work when a property is properly researched and determined to qualify.

Evaluating preservation eligibility early can help investors determine:

- whether a building qualifies for historic designation
- whether it is located in a historic district
- whether the proposed rehabilitation scope aligns with preservation standards
- how much of the project cost might qualify for tax credits

This early analysis can help investors decide whether preservation incentives could make a project financially viable before committing significant capital.

Looking Ahead

In the next article we will explore where historic buildings are most commonly located in Denver and surrounding communities, and where investors are finding preservation-driven redevelopment opportunities.



SENIOR HOUSING EXPERT

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THE NEXT WAVE IN SENIOR HOUSING: TURNING OPERATIONAL INTELLIGENCE INTO INSTITUTIONAL-GRADE RETURNS

A Record-Breaking Market... Hiding a Bigger Opportunity

The senior housing sector is experiencing one of the most aggressive growth cycles in its history. In Q1 2026 alone, the market recorded approximately 230 publicly announced transactions, putting the industry on pace to exceed 920 deals this year—surpassing the prior record of 876.

On the surface, this looks like a classic bull market: strong liquidity, rising valuations, and capital flooding into the space. But here's the part most investors are missing—the real opportunity isn't in chasing stabilized assets. It's in fixing what the current model gets wrong.

Despite all this momentum, only roughly 5% of seniors live in senior housing today.

That gap isn't a weakness—it's the biggest untapped investment thesis in healthcare real estate.

The Core Investment Thesis: Demand Is Not the Risk—Execution Is

Demographics are doing the heavy lifting. The aging population is accelerating, supply remains constrained, and new development is still lagging due to cost and financing barriers.

That creates a rare alignment: demand is predictable, supply is limited, and pricing power exists.

But here's the catch—capital is crowding into the same assets, primarily Class-A stabilized communities. That's driving aggressive bidding (often ten to twenty or more offers per deal), rapid cap rate compression, and a reduced margin for operational error.

In plain terms: the easy money is getting crowded.

KPI Snapshot: What the Smart Money Is Watching

Institutional investors are no longer just buying “beds.” They're underwriting operational performance with precision.

Key Market Indicators

Transaction volume is projected at 920 deals in 2026. Class-A pricing growth has climbed as much as 61% year-over-year, from \$271K to \$436K per unit. Occupancy benchmarks for stabilization typically fall in the 85–95% range. Top-tier EBITDAR margins are running at 30–40% or higher in high-performing assets. Meanwhile, tech-enabled operations are delivering ROI improvements of roughly 2% to 12% uplift.

What This Means

Value is shifting from real estate quality toward operational sophistication. The spread between good operators and great operators is widening. Technology and data are becoming direct drivers of net operating income.

The Structural Problem: The “Luxury Trap”

The industry has quietly drifted into a high-end niche. In major markets, monthly rates have climbed into the \$20,000–\$25,000 range, effectively pricing out the majority of seniors.

That creates a dangerous dynamic: strong short-term cash flow paired with a shrinking long-term addressable market. In other words, the industry is optimizing for margin while ignoring scale. And investors should care—because Total Addressable Market (TAM) is capped by affordability.

The Real Opportunity: Middle-Market Reinvention

This is where the thesis gets interesting. The next wave of returns won't come from buying stabilized luxury assets. It will come from repositioning the operating model to serve the middle market profitably.

1. Tech-Enabled Care Models

These models leverage remote patient monitoring and predictive analytics on resident health, which in turn reduce hospitalizations, lower costs, and drive higher margins.

2. Hub-and-Spoke Networks

By combining a central campus with satellite housing, operators achieve a lower cost structure and expanded geographic reach.

3. Shared Housing Concepts

This approach involves converting traditional homes into multi-resident, tech-enabled environments, achieving roughly 50% lower cost basis compared to conventional models.

4. Healthcare Integration

By monetizing care through reimbursement pathways such as CPT codes and Medicare, operators can turn services into recurring revenue streams.

Competitive Advantage: Data Is the New Rent Roll

Historically, senior housing operators focused on occupancy, rate growth, and expense control. That's no longer enough.

The next generation of winners will track resident health outcomes, cost savings relative to hospital systems, and longevity and wellness metrics. The reason is straightforward: healthcare dollars are shifting toward value-based care.

Operators who can prove outcomes will access new reimbursement streams, increase NOI without raising rents, and attract institutional partnerships. As one industry leader put it: “Data is currency. If you don’t have it, you can’t participate.”

Competitive Landscape: Where Capital Is Moving The Current Focus (A Crowded Trade)

Right now, the bulk of capital is concentrated in Class-A stabilized assets in primary markets, typically held within institutional portfolios.

The Emerging Shift

Capital is beginning to move toward value-add acquisitions, secondary markets with strong demographics, and operational turnarounds. We’re already seeing signs of this shift: increasing interest in Class-B assets as pricing rises, more portfolio acquisitions returning to the market, and new entrants—private equity firms, REITs, and family offices—deploying capital into these opportunities.

The Edge

Investors who combine disciplined acquisition pricing with strong operator alignment and a clear operational transformation strategy are consistently outperforming those simply chasing yield.

Risk Factors: Where Deals Go Sideways

Let’s not pretend this is risk-free. It’s not. The key risks to watch include yield compression, where cap rates fall faster than interest rates; labor volatility, as staffing remains the number-one operational challenge; rate resistance, with residents pushing back on aggressive rent increases; and operator selection, which is the single biggest make-or-break variable.

The blunt truth: bad operations will destroy even a great real estate deal.

The Strategic Shift: From Real Estate to Operating Platform

The smartest investors are no longer thinking like landlords. They’re thinking like healthcare operators, data companies, and platform builders.

Why? Because the asset is no longer just the building—it’s the operating system inside it.

This is exactly why joint ventures with operators are increasing, why RIDEA and hybrid structures are gaining traction, and why capital is aligning closer to operations.

Why This Moment Matters

We are in a temporary window where demand exceeds supply, capital is abundant, and margins are improving. That creates something rare: a margin of safety for innovation.

Operators and investors can experiment with new models, invest in technology, and reposition assets—without immediately sacrificing occupancy.

But that window won’t stay open forever.

Call to Action: Where Sophisticated Capital Should Focus

If you’re serious about this space, here’s the play.

1. Target Mispriced Assets

Look for communities with sub-80% occupancy, inefficient operations, and below-market rents. These are the assets where operational transformation unlocks the greatest value.

2. Partner with Proven Operators

Not just managers—operators who understand labor dynamics, embrace data, and can execute turnarounds.

3. Build for the Middle Market

That’s where the real scale lives. That’s where the industry is broken. And that’s where the upside is.

4. Underwrite Operational Upside, Not Just In-Place Income

If your returns depend only on rent growth, you’re late to the game.

Final Thought: Reinvent or Get Disrupted

The senior housing industry is at an inflection point. We can keep building luxury product for the top 5%—or we can rebuild the model to serve the other 95%.

The capital that understands this shift—and moves early—won’t just participate in this market. It will define it.



INSURANCE EXPERT

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WHAT IS HO-6 INSURANCE AND WHY DO YOU NEED IT?

Condo Unit Owners Insurance, commonly known as an HO-6 policy, is designed to cover the gaps left by your HOA's master insurance policy. More and more Homeowners Associations are requiring unit owners to carry their own HO-6 policy to protect the interior of their unit, upgrades, personal belongings, liability, and even special assessments.

When you pay your monthly HOA dues, a portion goes toward the association's master policy. This policy typically covers the building's exterior and shared common areas, as defined in the association's CC&Rs (Covenants, Conditions, and Restrictions). However, every HOA is different. Some master policies are "all-inclusive" and cover parts of the interior, while others are "walls-out" or "exterior-only," placing more responsibility on the unit owner.

That's where an HO-6 policy becomes essential. It helps ensure you're properly protected where the master policy stops.

What Does an HO-6 Policy Cover?

An HO-6 policy can provide protection for both owner-occupied and rental condos or townhomes, including:

- Interior building coverage: cabinets, flooring, fixtures, and improvements
- Personal property: furniture, clothing, electronics, and appliances
- Liability protection: for both owner-occupants and landlords
- Loss of rents: for rental properties
- Loss assessment: coverage for your share of certain assessments related to covered losses

Why Is Loss Assessment Coverage So Important?

One of the biggest trends in HOA insurance today is higher deductibles on master policies. For example, a policy with \$20 million in coverage and a 5% deductible results in a \$1 million out-of-pocket expense for the association.

Many HOAs do not have sufficient reserves to cover this, which means the cost is often passed down to unit owners.

In Colorado, this scenario commonly occurs after hailstorms. If the HOA assesses each owner for their share of the deductible, your HO-6 policy's loss assessment coverage may help cover some or all of that cost. In other words, it transfers a potentially significant financial burden away from you.

When Does Loss Assessment Not Apply?

It's important to understand that loss assessment coverage only

applies to assessments resulting from a covered insurance loss (such as hail, fire, or wind damage). It typically does not apply to:

- Routine maintenance or repairs, such as sidewalk or pavement upkeep
- Improvements or upgrades to common areas
- Reserve shortfalls or budget deficits
- Assessments not related to a covered claim under the master policy

For example, if the HOA charges unit owners for sidewalk maintenance or general repairs, that cost would not be covered by your HO-6 policy.

How Much Coverage Should You Carry?

It's important to align your loss assessment coverage with your HOA's potential deductible exposure. If your current policy limit is too low, ask your agent about increasing it. Not all carriers offer higher limits, so it may be worth exploring other options to ensure adequate protection.

Final Thoughts

Insurance policies come with limitations, exclusions, and conditions. Relying solely on your HOA's master policy can leave you underinsured and vulnerable to unexpected expenses. An HO-6 policy helps close those gaps, protecting your home, your belongings, and your finances.

The good news is that HO-6 policies are generally very affordable, with average premiums around \$550 per year.

If you have questions about your coverage, your HOA's CC&Rs, or the master policy, I'm happy to help review your options and make sure you're fully protected.

Sure, you have a roof over your head, but do your investments have the right coverage?

How can I help?

Let's set up a time to review your policies!

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