MAY
2025

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions

ICOR™
Investment Community of the Rockies
— COLORADO'S REAL ESTATE INVESTORS ASSOCIATION —
6795 E. Tennessee Avenue
Suite 401
Denver, CO 80224
970-682-4267
icorockies.com

Table of Contents

Breaking Through the Inventory Barrier: ICOR's New Property Listing Solves Colorado's Investment Property Crisis

By Troy Miller, ICOR Executive Director

In today's challenging Colorado real estate landscape, investors face a stark reality: it's incredibly difficult to find investment deals that actually work financially. That's why we're thrilled to announce the launch of the ICOR Property Listing — a game-changing resource designed specifically to solve this problem for our Investment Community of the Rockies members.

Tuesday, May 6th
RE Market Movers Happy Hour

Thursday, May 8th
Co Springs RE Market Drill Down

Friday, May 9th
NoCo RE Market Drill Down

Tuesday, May 20th
ICOR Main Meeting

The Deal Drought: Why Properties Don't Pencil Out

The brutal truth for Colorado investors is that viable investment properties with positive cash flow have virtually disappeared. While headline inventory numbers show modest improvements, with Colorado's overall housing inventory increased by 24% year-over-year in early 2025, the real story is that deals simply don't work with today's combination of high prices and elevated interest rates.

With mortgage rates hovering stubbornly in the 6-7% range and Colorado property values remaining elevated, properties that would have generated positive cash flow in previous cycles now produce negative returns. Even properties priced "reasonably" by general market standards fail to pencil out for investment purposes.

At the heart of this problem is the "rate lock-in effect." With most Colorado homeowners enjoying mortgage rates far below today's prevailing rates, they're holding onto their properties. A recent Federal Housing Finance Agency study found that for every percentage point that current mortgage rates exceed a homeowner's existing rate, their probability of selling decreases by 18.1%.

The Numbers Don't Add Up Anywhere in Colorado

This "deal drought" has created a particularly challenging environment across all of Colorado's most popular investment regions:

In metro Denver, properties simply don't work for cash flow. With median single-family home prices around $626,000 and financing costs substantially higher than in previous years, the investment math is broken. Properties that would have been solid investments in 2019 or 2020 now produce negative returns.

Colorado Springs faces the same challenge. Despite being named Realtor.com's top market for 2025, investors struggle to find properties that generate positive cash flow. The current 3.3-month inventory level may seem improved, but the critical shortage is specifically in investment-grade properties with workable numbers.

Fort Collins and Boulder investors encounter even more challenging math. With year-over-year price increases reaching as high as 26.7% in some communities and already high price-to-income ratios, the numbers simply don't work for most potential investment properties.

The fundamental problem is two-fold: when Colorado homeowners consider selling, they're not just giving up a low interest rate — their money buys

Continued on page 3

MAY @ ICOR

Is Rehabbing in Colorado Dead?: How Two Colorado Investors Continue to Make the Numbers Work & Weather the Storm

While most investors have broken even or lost money in recent months, our experts reveal how they're still scoring profits.

The Colorado rehabbing landscape has changed dramatically. Many investors I've spoken with are breaking even or even losing money on recent projects due to tight margins, high interest rates, and extended holding costs. Yet in this same challenging market, our expert panelists, **Derek Marlin and Paul Sparks**, continue to thrive. Join us to discover how they balance their hits, misses, and home runs through superior budget management and contractor relationships—the critical skills separating profitable rehabbers from those barely surviving in today's market.

What We'll Cover:

- Real-world case studies of recent Colorado rehab projects—successes and failures
- Budget management techniques that prevent cost overruns in today's inflationary environment
- Contractor selection, management, and retention strategies that save time and money
- Calculating accurate profit margins when there's little room for error
- Strategies for reducing holding costs when days on market are increasing
- Creative financing approaches to combat high interest rates
- Property selection criteria that protect your downside in uncertain conditions

Why You Should Attend:

- Learn from experts who are actively succeeding while others are failing
- Get honest insights about which projects to pursue and which to avoid in this market
- Discover the budget and contractor management secrets that maintain profitability
- Network with like-minded investors facing similar challenges
- Gain actionable strategies you can implement immediately
- Avoid the costly mistakes causing other investors to break even or lose money
- Limited seating available — this information is too valuable to miss!

For full details or to register visit www.icorockies.com/events

Breaking Through the Inventory Barrier

Continued from page 1

them less house in today's market. This double financial penalty has severely restricted the flow of properties that make financial sense for investors.

The ICOR Solution: Access to Potential Investment Opportunities

For Colorado investors frustrated by properties that don't seem to pencil out, ICOR has developed a valuable resource. Our new Property Listing provides access to investment opportunities that may not be readily available through traditional channels. The ICOR Property Listing will offer:

- A curated collection of investment opportunities from multiple sources across Colorado
- Off-market and pre-market deals that might not be accessible elsewhere
- Properties from a variety of outlets and sources in one convenient location
- Real-time updates as new opportunities become available

While ICOR provides this platform as a resource, all investors must conduct their own due diligence. ICOR does not guarantee returns, cash flow, or investment performance.

A Market in Transition

There are signs that the market may be gradually shifting. Some housing analysts suggest that 2025 could be the final year of widespread housing inventory shortages, especially if certain factors align favorably. However, most experts predict that inventory will remain constrained in the near term. Colorado's housing market has demonstrated stability and resilience, with factors such as strong demand, limited inventory, and favorable economic conditions contributing to its overall health. Rather than waiting for market conditions to improve, successful investors are adapting their strategies now — and the ICOR Property Listing is designed to be a crucial tool in that adaptation.

Experience the Advantage

The ICOR Property Listing will be available daily on our website, with featured deals highlighted in our Saturday Weekly e-newsletter. If you haven't already joined the ICOR mailing list, now is the perfect time to ensure you're getting these valuable opportunities delivered directly to your inbox.

One of the major reasons we've added this resource is because of the challenges with deal sourcing and lead generation in the current market — which happens to be the topic of our April Main Meeting that you can attend in-person OR virtually.

In a market where finding quality deals can feel like searching for gold, the ICOR Property Listing is your metal detector — helping you uncover hidden opportunities that others might miss.

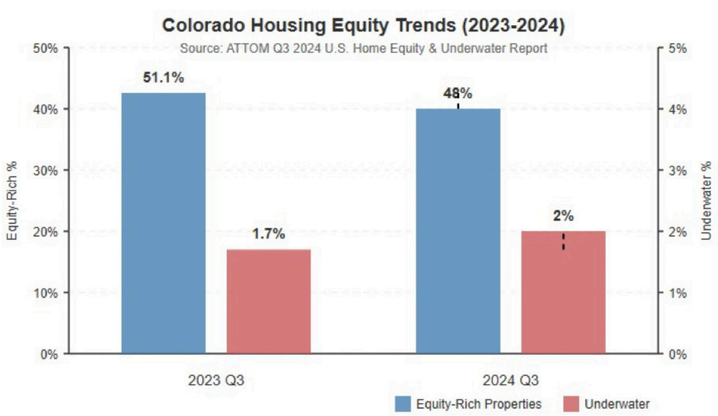
Visit the ICOR website today to access this new resource and gain the competitive edge you need in today's challenging inventory environment.

DISTRESSED PROPERTY EXPERT
TROY MILLER / TROY@ICOROCKIES.COM / ICOROCKIES.COM

Analyzing the Increase in Negative Equity Properties in Colorado's Real Estate Market

Understanding the Current Market Reality

Recent market data reveals a concerning shift in Colorado's real estate landscape. According to ATTOM's Q3 2024 U.S. Home Equity & Underwater Report, Colorado has experienced a notable increase in "seriously underwater" properties—homes where owners owe at least 25% more than the current market value. The percentage of seriously underwater homes in Colorado rose from 1.7% to 2% year-over-year, placing it among the top five states with the largest increases in this category. This trend coincides with a significant decline in equity-rich properties across the state. Colorado's percentage of equity-rich homes (those with at least 50% equity) has fallen from 51.1% to 48% during the same period, one of the most substantial decreases among western states. These simultaneous shifts—fewer equity-rich properties and more underwater mortgages—signal an important inflection point in our market's trajectory.



*Above illustrates Colorado's concerning equity trend—as equity-rich properties decline and underwater mortgages increase, more homeowners are approaching negative equity territory, creating potential distress scenarios for recent buyers with minimal down payments.

Key Insight: While the 3.1% decline in equity-rich properties might appear modest, it represents one of the most substantial decreases among western states and gains significance when paired with the simultaneous 18% relative increase in underwater mortgages year-over-year. Colorado is one of only five states experiencing this concerning directional pattern in both categories.

Understanding the Significance of Colorado's Equity Trends

When analyzing Colorado's shifting equity position, it's important to look beyond just the absolute numbers. The 3.1% decline in equity-rich properties from 51.1% to 48% represents a meaningful trend for several key reasons:

Regional Context and Comparative Performance

Colorado isn't experiencing this trend in isolation. According to ATTOM's data, western states collectively are seeing equity-rich levels decline, with Colorado among the top five states with the largest decreases (ATTOM Q3 2024 U.S. Home Equity & Underwater Report). This places Colorado's performance within a broader regional pattern rather than attributing it to statistical noise or market anomalies.

Directional Consistency Across Metrics

What makes this trend particularly noteworthy is the simultaneous movement in both key metrics—equity-rich properties declining while underwater mortgages increase. These opposing movements occurring in tandem amplify the significance of both shifts and suggest a consistent underlying market dynamic affecting property values.

Rate of Change vs. Absolute Numbers

While the absolute numbers changed by 3.1% and 0.3% respectively for equity-rich and underwater properties, the relative change in underwater mortgages represents an 18% increase year-over-year. In market forecasting, this rate of change indicates a potential acceleration in the trend that warrants attention, particularly as home values adjust to current economic conditions.

Leading Indicator Properties

In housing market analysis, equity position changes often function as leading indicators that precede more significant market shifts. Historical data from previous market downturns shows a correlation between rising underwater mortgages and subsequent foreclosure activity. According to ATTOM's foreclosure reports, there's typically a delay between negative equity increases and corresponding rises in foreclosure filings, as homeowners initially try to maintain payments despite financial pressure.

Economic Indicators Supporting This Trend

Multiple economic factors suggest this negative equity trend is likely to accelerate:

Persistently High Mortgage Rates

Despite Federal Reserve rate cuts, mortgage rates remain stubbornly elevated. Economic forecasts from the Mortgage Bankers Association project 30-year fixed rates will end 2025 at approximately 6.5%. This elevated rate environment creates refinancing obstacles for homeowners facing equity challenges.

Regional Housing Market Slowdown

The Denver metropolitan area, which represents a significant portion of Colorado's housing market, shows particular vulnerability. Current market analysis indicates price weakness with "minor price dips into 2025 before a slight rebound." Meanwhile, Colorado Springs housing inventory has increased by 33% year-over-year according to February 2025 data, creating downward pressure on values in certain neighborhoods.

The "Lock-In" Effect

The Colorado Association of Realtors identifies another concerning dynamic: homeowners with mortgage rates below 5% are reluctant to sell and sacrifice their favorable financing terms. This "lock-in effect" reduces market liquidity precisely when more flexibility would benefit those facing equity challenges.

National Economic Headwinds

Broader economic indicators suggest increased risk factors ahead. The Conference Board Leading Economic Index (LEI) declined by 0.3% in February 2025, with consumer expectations turning more pessimistic. These warning signs of economic headwinds could accelerate negative equity through potential employment disruptions and reduced buyer demand.

The Hidden Complexity of Distressed Property Transactions

What the statistical data doesn't capture is the extraordinary complexity involved in successfully navigating underwater property transactions. Having specialized in this area for years, I've observed that these transactions typically involve:

- Multi-phase lender negotiations spanning 3-6 months
- Comprehensive financial documentation requirements
- Specialized market analysis to justify valuations to lenders
- Coordination between multiple lien holders with competing interests
- Management of precise timeline requirements with minimal margin for error

This complexity explains why most investors—even experienced ones—avoid distressed properties despite their potential. The investment of time and specialized knowledge required creates a significant barrier to entry.

Impact on Colorado Homeowners

For homeowners facing negative equity, the consequences extend beyond the statistical data:

Financial Inflexibility

Underwater homeowners cannot access home equity loans or refinance to lower rates. This restriction creates particularly acute challenges during periods of economic uncertainty or unexpected expenses.

Mobility Constraints

Homeowners with negative equity face significant obstacles when needing to relocate for employment or family reasons. Selling at a loss typically requires bringing cash to closing—a financial impossibility for many.

Foreclosure Vulnerability

Historical patterns confirm that negative equity often precedes foreclosure when homeowners experience income disruption. When a homeowner can't sell for enough to cover the mortgage balance, their options narrow dramatically if financial difficulty arises.

Market Outlook: 2025-2029

Economic forecasts provide important context for understanding the trajectory of underwater properties:

Short-Term Projections (2025-2026)

Multiple analyses from financial institutions and real estate authorities indicate slowing price appreciation ahead. According to Fannie Mae's survey of housing experts, home price growth is expected to decelerate to 3.8% in 2025 and 3.6% in 2026, compared to 5.2% in 2024.

This deceleration, combined with Colorado's already declining equity-rich percentage, suggests more properties will approach or cross into negative equity territory—particularly those purchased near market peaks with minimal down payments.

Long-Term Considerations (2027-2029)

Looking at the five-year horizon, the U.S. News Housing Market Index projects that home prices will rise at approximately "a percentage point or so above the rate of inflation" through 2029. This modest appreciation rate creates a prolonged period where underwater homeowners will struggle to regain positive equity through market forces alone.

Professional Solutions for Distressed Properties

Successfully addressing underwater mortgage situations requires specialized knowledge in several key areas:

Short Sale Expertise

Short sales—where lenders agree to accept less than the full mortgage balance—require detailed understanding of lender-specific requirements and negotiation strategies. Based on my professional experience working directly with major lenders' loss mitigation departments, each institution has unique documentation standards, timeline requirements, and approval thresholds that significantly influence outcomes.

Loan Modification Knowledge

In certain scenarios, loan modifications provide viable alternatives for homeowners with sufficient income but temporary hardships. From my practice in this field, I've found these arrangements typically require precise financial analysis to demonstrate the borrower's ability to maintain the modified payment structure, along with comprehensive documentation of the hardship's nature and expected duration.

Foreclosure Prevention Strategies

For properties approaching foreclosure, several time-sensitive intervention strategies exist that can still preserve homeowner credit and create equitable resolutions. Through years of working with distressed properties, I've developed expertise in identifying which approach—whether short sale, deed in lieu of foreclosure, or other alternatives—best suits each homeowner's specific situation and timeline constraints.

Conclusion: A Resource for Colorado Homeowners and Investors

The increasing prevalence of underwater properties in Colorado creates challenges for homeowners but also opportunities for properly prepared investors. As economic indicators suggest this trend will accelerate, having access to specialized expertise becomes increasingly valuable.

If you've encountered a distressed property situation—whether as a homeowner seeking solutions or an investor who's identified an opportunity—professional guidance can make the difference between a successful outcome and a costly learning experience.

With 15 years of experience on my team, contact me directly to stop any foreclosure date. There are multiple ways to do it effectively and safely.

For a confidential consultation about a specific property or situation, please contact me directly at troy@icorockies.com or schedule a one-on-one discussion at https://calendly.com/icorockies/property-review-w-troy-miller-home-solutions-realty

With years of focused experience navigating these complex transactions, I welcome the opportunity to assist homeowners facing these challenges or collaborate with investors who discover potential opportunities but lack the specialized knowledge or bandwidth to execute these time-intensive projects.

JENNIFER REINHARDT / JENNIFER@REALATLAS.COM / REALATLAS.COM

Don’t Give Up in the Middle: The Sweet Spot of Real Estate Success

There’s a powerful moment just before a breakthrough—when everything feels chaotic, uncertain, and hard. That’s when most people quit. But in real estate, that moment is exactly when you don’t give up.

When pilots first attempted to break the sound barrier, they encountered violent turbulence. The aircraft shook, instruments went haywire, and many pulled back—only to crash. But the ones who pushed harder on the throttle made it through, and the ride on the other side was smooth. That’s the perfect metaphor for value-add real estate investing.

If you’ve ever tackled a renovation or repositioning project, you know that “sweat equity” isn’t just a phrase—it’s a lived experience. It's waking up early, dealing with delays, contractors, surprises behind walls, and permits that never move fast enough. It’s the middle where most people lose steam. But let me ask you—what’s your stress tolerance worth?

For an extra $100K in equity and long-term cash flow, would you work an extra few months? That’s often the difference between buying a clean, turnkey property and a value-add deal. It’s not just about money—it’s about how you react to stress. Do you lean into discomfort and problem-solving? Or do you prefer simplicity and certainty?

Neither path is wrong, but understanding yourself is key. If you crave higher returns and long-term wealth, be ready to embrace the challenges that come with value-add deals. Especially now, in a shifting market like Denver, opportunity is everywhere—but it’s not always pretty on the surface.

There’s a famous Warren Buffett quote: “Be fearful when others are greedy, and greedy when others are fearful.” Right now, uncertainty has many investors on the sidelines. That’s your cue to step in. Yes, the market is different. But within that difference lie incredible deals—especially in the sub-million price point and the condo market. Million-dollar homes and luxury condos carry more risk today. But a well-bought duplex, a small multifamily in a transitioning neighborhood, or a distressed single-family home with upside? That’s where the smart money is going.

I can help you analyze those deals—really break them down—and decide what’s worth your time, energy, and money. Together, we can grow your portfolio the smart way, with a strategy that fits your goals and your life. You can never perfectly time the market. But you can make smart moves consistently and win over the long term.

Don’t give up in the messy middle. That’s where wealth is made.
Join me at my next event at realestateambitions.com, where we’ll dig into real-world fix and flip and fix and hold strategies, and learn how to thrive in today’s Denver market.

You’ll be glad you did!

SYNDICATION EXPERT

BYRON ELLIOTT, ESQ. / BYRON@3PILLARSLAW.COM / 3PILLARSLAW.COM

Unlocking the Tax Benefits of Real Estate Professional Status (REPS)

For individuals actively involved in real estate investing, Real Estate Professional Status (REPS) offers one of the most powerful tax strategies available under the Internal Revenue Code. Yet, it remains one of the most misunderstood and underutilized provisions. If used properly, REPS allows qualifying taxpayers to convert what would normally be passive losses into non-passive, deductible losses—potentially sheltering significant amounts of income from taxation.

What Is Real Estate Professional Status?

REPS is a designation defined by the IRS in IRC §469(c)(7). It applies to individuals who materially participate in real estate trades or businesses. If you qualify, losses from your rental real estate activities can be used to offset other types of active income, such as wages, business income, or investment earnings.

Without REPS, rental real estate is considered a passive activity—and passive losses can generally only be used to offset passive income. With REPS, those same losses become non-passive, unlocking powerful deductions.

How Do You Qualify?

To qualify for REPS, you must meet two tests:

1. More Than 50% of Personal Services

You must spend more than half of your total working time in real property trades or businesses in which you materially participate. This includes:

- Property development
- Construction or reconstruction
- Acquisition
- Conversion
- Rental
- Operation or management
- Leasing or brokerage

2. 750-Hour Test

You must spend at least 750 hours during the tax year in real property trades or businesses. All of this work must be personal services that you perform directly. Both tests must be met each year and documentation is critical. A contemporaneous log or calendar is strongly recommended to track hours.

What Is "Material Participation"?

Even if you qualify under the REPS tests, each rental activity must also meet material participation standards. The most common ways to establish material participation:

- You spend more than 500 hours on the activity.
- You do substantially all of the work on the activity.
- You participate for 100+ hours, and no one else (including contractors) does more.

For those with multiple rental properties, the IRS allows you to make an election to treat all rental activities as one. This election is made by filing a statement with your tax return and can be a strategic move to meet the participation threshold.

Key Benefits of REPS

Here's why investors aim for Real Estate Professional Status:

- Deduct depreciation and other real estate losses against W-2 or business income.
- Accelerated depreciation strategies (e.g., cost segregation) become significantly more impactful.
- Potential to eliminate income tax liability with strategic property acquisitions and timing.

Who Should Consider It?

REPS is ideal for:

- Full-time real estate investors, developers, flippers, or syndicators
- Spouses of high-income earners who manage real estate full time
- Real estate agents or brokers with rental portfolios
- Those seeking to maximize tax efficiency and reinvest savings

Caution: IRS Scrutiny

The IRS heavily scrutinizes REPS claims, especially among high-income earners. Here are some tips:

- Keep detailed time logs showing dates, hours, and descriptions of work.
- Don't include investor-level activities like reading reports or reviewing financials—only active participation counts.
- Be cautious with property managers; if they do most of the work, it's harder to qualify for material participation.

Final Thoughts

Achieving Real Estate Professional Status is not easy, but for those who qualify, it offers a unique opportunity to supercharge tax savings and build wealth faster. As always, this strategy should be pursued in consultation with a qualified CPA or tax attorney familiar with REPS.

If you're actively managing your real estate portfolio or considering expanding your investment activity, REPS might be the key to unlocking a major tax advantage.

EVE HOELZEL / EVE.DSTANSFIELD@FARMERSAGENCY.COM / EVEINSURANCECOLORADO.COM

The Hidden Protection Every Rental Property Needs: Building Ordinance Coverage

If you own a rental property, you likely understand the importance of having a strong insurance policy to protect your investment. One important coverage that often flies under the radar is Building Ordinance or Law coverage—and it can make all the difference when disaster strikes.

What Is Building Ordinance Coverage?

Standard property insurance typically covers repairs to restore your building to its previous condition. But what happens when your city or county requires you to rebuild according to newer, more expensive codes? That's where Building Ordinance coverage comes in. It helps cover the additional costs of complying with current building codes after a covered loss—costs that standard policies often exclude.

Why Is This So Important for Rental Properties?

As a landlord, your rental property is not just a structure because it's also a source of income. If a fire or storm damages your building, you'll want to rebuild quickly and correctly to minimize downtime and meet local requirements. But older buildings, especially those constructed decades ago, often don't meet modern codes. Without ordinance coverage, you may be left to cover significant out-of-pocket expenses.

For example, a fire might damage just part of your building. While your basic policy may pay to fix that portion, the city may require you to upgrade the electrical or plumbing systems throughout the entire structure to meet current code. That upgrade could cost tens of thousands of dollars—and without Building Ordinance coverage, you'd be footing the bill yourself.

What Does It Typically Cover?

There are usually three components to Building Ordinance coverage:

1. **Coverage A** – Loss to the Undamaged Portion of the Building: Pays for the value of the portion that must be demolished, even if it wasn't directly damaged.

2. **Coverage B** – Demolition Costs: Covers the cost to demolish the undamaged parts of the structure.

3. **Coverage C** – Increased Cost of Construction: Pays for the added costs to rebuild in compliance with current laws and codes.

A Small Add-On with Big Value

Building Ordinance coverage is often a relatively low-cost add-on to your existing policy, especially when compared to the potential financial burden of rebuilding without it. However, with rising construction costs and stricter code requirements, it's important to ensure your coverage limits are adequate.

For example, having only $5,000 in Building Ordinance coverage for a duplex may fall far short of what's needed in today's market. Costs associated with demolition, structural upgrades, and code compliance can quickly add up. That's why it's essential to review your policy and consider increasing your limits to better reflect current rebuilding expenses.

Final Thoughts

Don't let outdated building codes become a costly surprise. Take time to review your current insurance policy and talk with your agent about Building Ordinance coverage. It's a smart way to protect your rental income, stay compliant, and rebuild with confidence.

If you have any questions or would like a second opinion regarding reconstruction costs analysis and Building Ordinance coverage, feel free to reach out. I'm licensed in Colorado, Nebraska, and Wyoming, and I'd be happy to help.

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!

Your Investment Insurance Specialist, Eve Hoelzel,
Licensed Agent Producer

970.217.8019
eve.dstansfield@farmersagency.com
www.eveinsurancecolorado.com

DAVID PICKRON / INFO@RENTPERFECT.COM / WWW.RENTPERFECT.COM

Sharing is Caring, Even for Landlords

Hula Hoop. Pet Rock. Rubik's Cube. All fads that had their moment and every once in a while, resurface with a new generation. There is another old/new idea that is becoming a more popular option in an expensive and competitive real estate market, renting by the room.

A look back in history would show that renting by the room is not a new concept, in fact, it has probably existed for thousands of years in one form or another. But today's environment brings challenges that likely never exited before. So, let's take a deeper dive into this scenario and see how it may affect you as an owner and investor.

If you are like other investors, you have enhanced your portfolio with residential real estate, including single-family homes, condos, and apartments. However, as the market has changed, you may find your earnings are falling short of what you wanted or projected. One effective strategy to increase your return on investment is to rent by the room instead of leasing the entire property to a single tenant or family.

Renting out individual rooms can provide you as a landlord with multiple sources of income from several tenants, resulting in more consistent and profitable rental payments. While this approach can be financially beneficial, it does come with a few key things to consider.

Cost Savings for Tenants: No landlord wants an empty property and by providing more affordable options, this becomes less likely. Renting a room can significantly lower living expenses for tenants. For instance, a three-bedroom home that typically rents for $2,000 could be split into three rooms renting at $800 each, making it more affordable for individuals.

Increased Income for Landlords: The potential for increased income is music to every landlord's ears. By renting to multiple tenants, landlords can maximize their rental income. The same three-bedroom home could generate $2,400 monthly if each room is rented separately.

Increased Liability: Having multiple tenants with no connection to one another instantly adds liability and tension into the property. With the sharing of common spaces and bathrooms, there is an increase in opportunities for interactions that could cause discomfort. More than ever, doing proper background screening like that available through Rent Perfect is critical in protecting your interests and your tenants.

Potential for High Tenant Turnover: While renting by the room can yield higher revenue, there is a greater chance that you may experience more frequent tenant changes. As you know, every time a tenant leaves, this creates extra work in finding, screening, ad placing new tenants into the property. And renting by the room may limit your potential tenants as it may not be the perfect fit for everyone.

Increased Communication: More tenants inevitably mean more calls about noise complaints, maintenance issues, and other issues that present themselves when you have unaffiliated individuals sharing a space. Are you ready as a landlord to take on the stress and extra workload that communicating with multiple tenants in the same property will bring?

Hidden Costs: As this is an area which is new to most landlords, there are a lot of unknowns. There will be additional expenses, such as increased utilities and maintenance costs, that you previously haven't experienced. Shared costs, like heating and landscaping, might not be easily passed on to tenants and could impact overall profitability. Shared costs also create one more tension point as tenants compare their "use" to the cost they are paying, opening additional hidden costs related to legal or management fees you weren't expecting. In areas of the country that require separate metering for utilities, this creates another cost that many landlords did not anticipate.

It's not all gloom and doom though. Most landlords typically lease their properties to a single family or individual. However, renting by the room can be a viable option, even in your primary residence. For tenants, especially young professionals or students, sharing a house can be a more affordable option in high-rent parts of the country.

While renting by the room can be an effective strategy for increasing rental income, as we've discussed, it's not without its challenges. Landlords must weigh the benefits against potential conflicts, hidden costs, and the hassles of managing multiple tenants. Whether renting by the room is just the latest fad or the new normal, thorough consideration is key to determining if this approach aligns with your long-term investment goals.

ICOR's Business Member Directory

Service	Contact	Business	Phone	Email
Cleaning/Fencing	Susanna Tabares	Heart & Home Solutions	720.477.8268	heartandhomesolutionsllc@gmail.com
Contractor/Electric	James Hornof	B&W Electric, LLC	303.505.3543	j.hornof@bandwelectric.com
Contractor/Electric	Guy Marquardt	Applied Electric	303.420.1518	gmarquardt@appliedelectric.com
Contractors	Andrew Laverence	Contractors of Colorado	720.422.4600	andrew@businessfoundry.com
Energy Investing	Khris Allen	Eckard Enterprises	800.527.8895	kallen@eckardenterprises.com
Foundation Repair	Drew Rogers	Colorado Foundation Repair & Waterproofing	720.266.9331	diggingcolorado@gmail.com
Insurance	**Eve Hoelzel**	**Farmers Insurance**	**970.970.8019**	**eve.dstansfield@farmersagency.com**
Lender	**Justin Cooper**	**Pine Financial**	**303.916.5366**	**justin@pinefinancialgroup.com**
Lender	David Nielson	COPA Capital	480.244.4698	david@copacapital.com
Lender	Alex Nigh	DIYA Finance	720.850.8459	anigh@diyafinance.com
Lender	Chuck Townsend	Forrest Financial Group	303.877.3221	chuck@forrestfinancial.com
Lender	Greg Osborne	Bridge Capital Resources, LLC	303.475.5873	gregosborne@bridgelending.com
Lender	Tyler Ideker	Indicate Capital, LLC	303.567.6333	tyler@costfund.com
Lender	Drew Jeffers	Phoenix Loans	970.420.6472	drew@phxloans.com
Lender	Vanesa Montoya	Boomerang Capital	480.410.0945	vanessa@boomerangcapital.com
Photography & Video	Kyle McGowan	View Point Visuals	720.454.2211	v.visuals@gmail.com
Property Management	David Walton	My Haven	303.228.7800	hello@myhavengroup.com
Property Management	Lizz Walters	Walters & Company Property Management	720.357.6655	lizz@gowalters.com
Property Management	**Sam Jameson**	**Atlas Real Estate**	**303.242.8980**	**info@realatlas.com**
Property Management	Terry Juvan-Hubert	Integrity Realty Management	303.332.4583	terri@integrityrealtymanagement.com
Property Management	James Brown	Co Living	720.807.8098	james@coloradocoliving.com
Rental Property	Brittany Katalenas	B-Konnected	720.551.7039	getkonnected@b-konnected.org
Roofing & Restoration	Jacob Lightfoot	Apex Restoration & Roofing LLC	303.691.5035	jlightbody@apexdenverroofing.com
Structural	Byron	Colorado Structural Repair	720.266.9331	diggingcolorado@gmail.com
Syndication	**Byron Elliott**	**3 Pillars Law**	**303.284.3850**	**byron@3pillarslaw.com**
Title	**Tonya Stevens**	**Elevated Title**	**720.734.2767**	**tonya@elevatedtitleco.com**