



2025 Property Owner Annual Update

Dear Grace Property Management Owner,

I hope this letter finds you well. The purpose of this letter is to provide our property owners with an overview of what has transpired in the Colorado rental market during 2025, and a preview of what to expect in 2026.

Looking back on 2025:

Legislative challenges:

2025 was the third year in a row in which the Colorado legislature focused on passing new laws further regulating rental properties in Colorado.

In 2023 there were 9 laws passed impacting rental real estate.

In 2024 there were 13 laws passed impacting rental real estate.

In 2025 the trend continued with 11 impactful real estate related bills passed and over 20 proposed with many possibly returning in the coming years.

The recent bills range from sweeping measures allowing the state to place noncompliant rental properties into receivership ([SB25-020](#)) to highly specific rules such as defining paint's life expectancy for security deposit deductions ([HB25-1249](#)). Rather than list each new law in this letter, we have created a [Legal Compliance Page](#) on our website. This page gives an overview of each bill passed along with highlights and includes a topical search feature.

Although these laws are complex and required significant and often immediate operational changes; through our internal analysis and by working closely with our legal counsel we were able to make all necessary changes. This ensures we keep your rental property legally compliant and still provide you and your property with maximum legal protection.

Renter demand decreases:

Aside from these changes to the legal landscape, the Colorado rental market experienced further decreasing renter demand in 2025. This was due to an increase in the supply of rental properties and a decrease in renter demand at the same time. Overall, Denver rents declined by 4% from 2024 to 2025.

Looking ahead to 2026:

Legislative outlook:

We expect to see additional proposed rental industry bills in 2026, including a proposed bill on rent control.

Rental demand and pricing:

We expect to see both rental demand and rental pricing flat in 2026. Rents for single family homes will have small rent increases, while rents on attached property types (condos, townhomes, apartments) will stay flat to declining.

Good news on property expenses:

After several years of price increases, we expect rental maintenance cost inflation to flatten in 2026.

Overall assessment:

Our overall expectations for 2026 are similar to 2025: Rental supply is up, renter demand is down, rents are flat, expenses are flat, and legal risks have increased.

While this may not be the most attractive rental market for investors, it is important to keep in mind that for the past decade, we have experienced unprecedented rent growth, annual double-digit home price appreciation, and generationally low interest rates. What we are experiencing now is simply the market correcting back to a more moderate position as we come out of a decade long hyper-growth cycle.

Other items of note:

Our [Grace-Gives](#) donations have surpassed \$60,000. This is an internal rental assistance fund into which we donate money for every lease we sign. This money is then used to help responsible residents pay their rent if they encounter an unexpected financial emergency.

We have updated our [website](#) to be more user friendly as well as an update logo. We are proud of serving the Denver community since 1978 and our new look honors that history.

Protecting your property

We do have several strategies in place to ensure you and your property remain protected and financially strong:

Resident Retention:

As the financial costs of resident turnover have always been the most significant expense landlords face, we will continue to focus heavily on resident retention in 2026. In 2025 our lease renewal rate was 78% - meaning more than 8 of every 10 of our tenants renewed their lease and stayed in their property. We are very proud of this number as it represents hundreds of thousands of dollars our owner-

investors saved in unnecessary turnover and vacancy expenses. Although life circumstances will always result in some residents having to move out of their property, we stay focused on resident retention.

Minimizing Vacancy Time During Turnover:

Due to the market challenges, it is very important that vacant properties meet high quality standards. We have updated our [Rent-Ready Standards](#) which you may review online.

Competitive Vendor Pricing:

We regularly requalify our vendors to ensure competitive pricing along with high quality standards.

Our Risk Mitigation Guarantee

We are proud to continue offering our owners our \$1,000 [Risk Mitigation Guarantee](#). This exclusive guarantee provides your property up to \$1,000 in legal fees in the event of an eviction or pet damage at no cost to you.

We do believe the long-term outlook for real estate investors is positive and we remain committed to the principle that when property management is performed with integrity, both the property owner AND the resident benefit. We are committed to serving both our owners and our residents by providing safe and fair priced housing.

If you have questions on any of the above or would like to discuss your property or other real estate investment options, please reach out to us.

On behalf of the entire Grace Property Management team, and on behalf of your resident – thank you. We appreciate your trust as we partner with you in the management of your home.

A handwritten signature in black ink, appearing to read 'Marc Cunningham', with a stylized, flowing script.

Marc Cunningham, President
Grace Property Management