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COLORADO CONDOS: IS DEFECTS LIABILITY FIXED? ARE INSURANCE COSTS EASING? ARE CONDOS COMING BACK?

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ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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INTRODUCTION: HAVE CONDO DEFECTS BEEN FIXED? ARE INSURANCE COSTS EASING? ARE CONDOS COMING BACK?

In 2024, CSI published a [report](#) examining one of the reasons for the sharp and prolonged decline in condominium construction in Colorado. **It is the cost of potential litigation for condominium defects.¹ Builders must prepare for potential litigation by either holding money in escrow or purchasing insurance for the prospect of litigation.**

The findings from the 2024 report were clear: while demand for owned housing remained strong, condominium development had nearly vanished, replaced almost entirely by rental unit production. The consequences were not abstract, but visible in lost homeownership opportunities, higher entry prices, constrained household mobility, and a housing continuum where affordable and accessible homeownership opportunities were mostly absent.

These outcomes are reinforced by mortgage-capacity data that showed a growing share of Colorado households retain the ability to finance owned housing, but not at the price points where new supply is being delivered. As CSI's 2023 report, [Colorado's Housing Affordability Mismatch](#), demonstrated, there is now a structural mismatch that condominiums could help bridge.

In the 2025 legislative session, Colorado lawmakers took a meaningful step toward addressing this long-standing imbalance. With the passage of [HB 25-1272](#), the Construction Defects and Middle Market Housing Act, lawmakers acknowledged what data, builders, insurers, and local governments have long understood: that risk, not demand, has been the binding constraint on condominium production in Colorado.

This report update does not seek to overturn the conclusions of the 2024 report. Nor does it pre-judge the effectiveness of the 2025 reforms before they have had time to fully take effect or make an impact. Rather, it situates Colorado's new approach in a broader, comparative context, most notably alongside Nevada, a state that has pursued a different path and has seen materially different outcomes in condominium construction.

¹ As a definition, a construction defect is any element of a structure that fails to: (1) perform as intended, or (2) conform to the contract requirements.

KEY FINDINGS

Colorado's condominium market remains structurally broken, not demand-constrained.

Condominium production in Colorado has failed to recover for nearly two decades despite strong household mortgage capacity and population growth. If condos had merely maintained their early-2000s relationship to population growth, the Front Range would have produced roughly **80,000 additional condominium** units since 2006. Instead, production has collapsed to historic lows, with attached rental units now outpacing condos by about **45 to 1** in 2025.

Litigation risk, and the insurance market response to that risk, remains the binding constraint on condo production.

Condo builder liability insurance in Colorado typically ranges from **4–6% of project hard costs**, roughly **4.5 to 5 times** the cost of insuring comparable multifamily rental home projects, and well above surrounding states. Fewer than five excess-and-surplus carriers are currently willing to underwrite this risk.

The cost of this risk is borne directly by households through higher prices and lost access to homeownership.

At current prices, only **44% of Colorado households** can afford the mortgage on a typical condominium under standard underwriting assumptions. CSI estimates that reducing the insurance costs for condo builders to the level of apartment developers alone would allow **approximately 43,000 additional households** to afford condo ownership statewide. In effect, today's liability regime functions as an implicit tax on first-time and middle-income buyers.

Colorado's limited condo output has increasingly shifted toward higher-income areas.

As overall condo production has declined, the composition of what little is built has skewed upward. The share of new condos delivered in higher-income zip codes has risen from **20% to 28%**, while production in lower-income areas has fallen from **4% to 2%** over the past 15 years.

Nevada demonstrates that certainty restores condominium production.

Nevada confronted a similar collapse in condo construction but pursued a different policy path: directly constraining litigation risk through clearer defect definitions, mandatory notice-and-repair procedures, limits on HOA aggregation, and reduced attorney-fee leverage. The result has been a measurable return of condominium development, most visibly in Las Vegas, which now ranks among the fastest-growing metro areas for condo sales share nationally.

Colorado's 2025 reforms represent a meaningful shift, but one that remains conditional and unproven.

HB 25-1272 introduces a voluntary, verification-based framework that trades enhanced inspections and warranties for a more structured defect-resolution process. While symbolically important, the reform leaves the underlying litigation framework largely intact and places the burden of participation on builders. Early insurer feedback suggests skepticism that the program will materially change underwriting behavior.

The economic costs of continued inaction are large, measurable, and ongoing.

If Colorado were to normalize condo insurance costs and restore production to historical levels, CSI modeling suggests gains of **3,200–6,300 jobs**, **\$4 billion in GDP**, and nearly **\$3 billion in personal income** over five years. Continued stagnation represents a persistent drag on economic growth and household opportunity.

THE BACKDROP: WHERE DID ALL THE CONDOS GO?

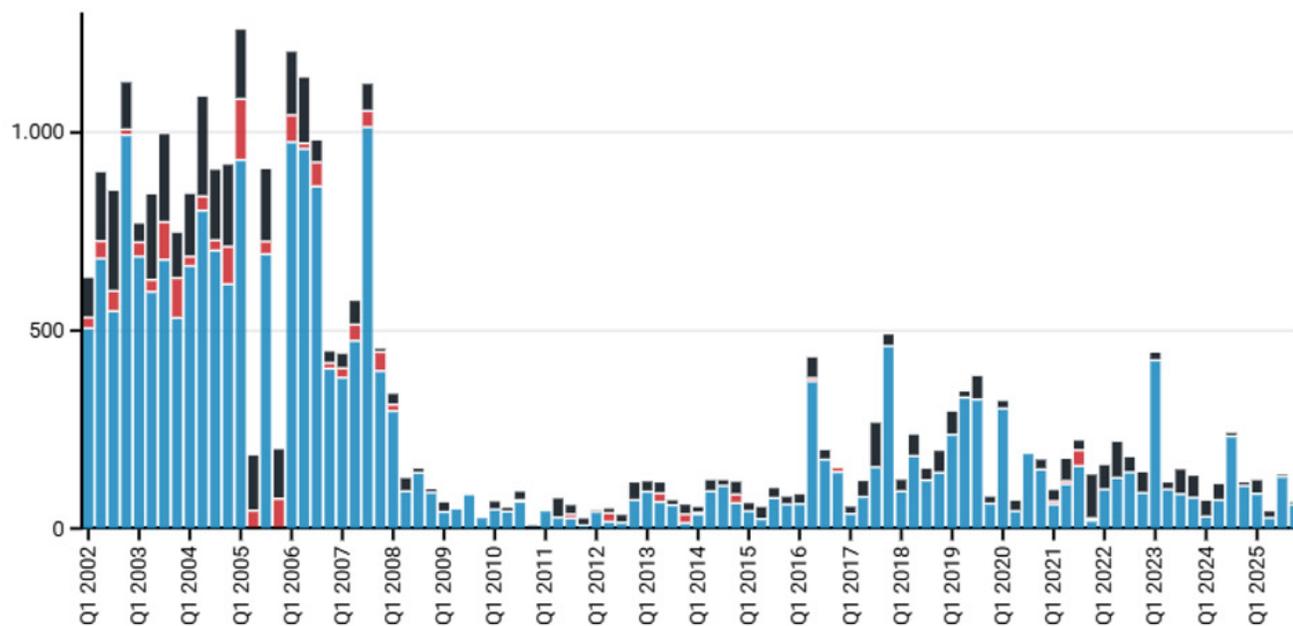
Condos, which have long been considered a steppingstone to the broader goal of homeownership, have had an exceptionally weak 17 years. Since peaking at 1,497 quarterly units in the second quarter (Q2) of 2005 for the 11 largest counties covered by Zonda, condo construction has consistently been less than half that level. The most recent accounting estimated from data published by Zonda found fewer than 400 condo units were built in 2025. Of the estimated 31,995 condo starts from Q1 2002 through Q4 2025 across the Front Range, approximately half were built in the four years between 2002 and 2005 (Figure 1).

FIGURE 1.

Condominium Starts across the Front Range

Quarterly numbers of condo starts across 11 Front Range counties

■ Metro Denver (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert, Jefferson)
 ■ Colorado Springs (El Paso)
 ■ Northern Colorado (Larimer, Weld)



Source Data: Zonda • Q3 and Q4 2025 are estimated.



| 80,000 condo unit deficit since 2006

Why has there been such a precipitous drop in condominium starts? Is there a lack of demand or are costs simply too high compared to competing alternatives?

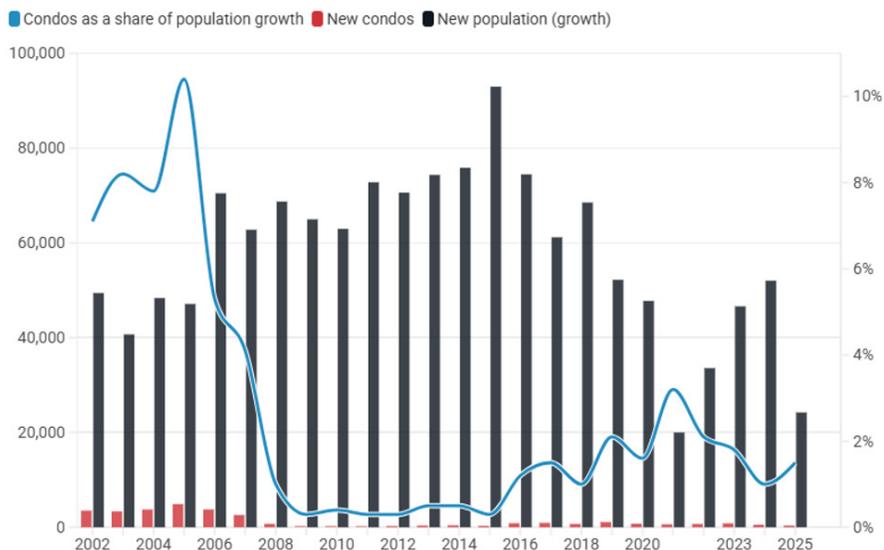
As an estimate of the magnitude of the issue, if condo starts had simply stayed at 8% of population growth as they did from 2002 to 2004, condo starts would have been almost 96,000 since 2006 across the 11 Front Range counties, much larger than the 16,000 that were actually built (Figure 2).

When looking at new condos as a share of the annual population growth for the 11 counties identified above, the comparison is even more stark. The number peaked in 2005 at 10.4% with almost 5,000 condos and just over 47,000 new residents. Since then, it has precipitously declined with CSI estimating a decline to 1.5% in 2025 — 367 condo units compared with more than 24,000 new residents (see Figure 2).

FIGURE 2.

Condos as a Share of Population Growth (right axis, blue line)

New condos as a share of population growth for the 11 counties reported by Zonda (blue line, right axis) and the number of new condos compared with annual population growth (red and black bars, left axis).



Source: Zonda, Colorado Demography Office



STARTS OF ATTACHED HOMES FROM 2002 THROUGH 2025

The decline in condominium units has coincided with a rise in rental units. For a brief period from 2004 through 2008, condo units surpassed attached rental units. Since then, rental units have far exceeded condo units by large magnitudes (Figure 3).

The rise in rental units began after Q4 2011 when the number of attached rental units, at 629, was quite small by today's rental unit permit rates. In contrast to the rise in rental units, condominium production peaked in Q4 2006 at just over 4,000 (an annualized rate above 16,000), a level that condo developers have never come close to reaching again. Through 2025, condo permits across the 8-county Denver metro area shown in Figure 3 were a little over 1,000.

When looking at the annual trends in permitting for attached rental units compared to condo units, the difference is enormous. In 2025, CSI estimates that attached rental units will exceed new condominium units by about 45 fold, meaning that it would take 45 years of the 2025 condo construction level to equal the 2025 attached rental unit construction (Figure 4).

FIGURE 3.

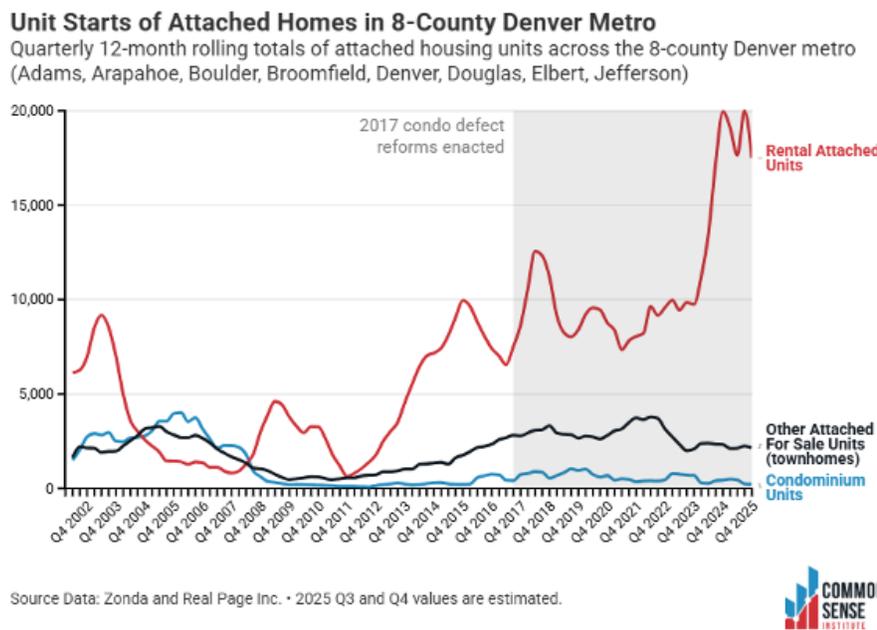
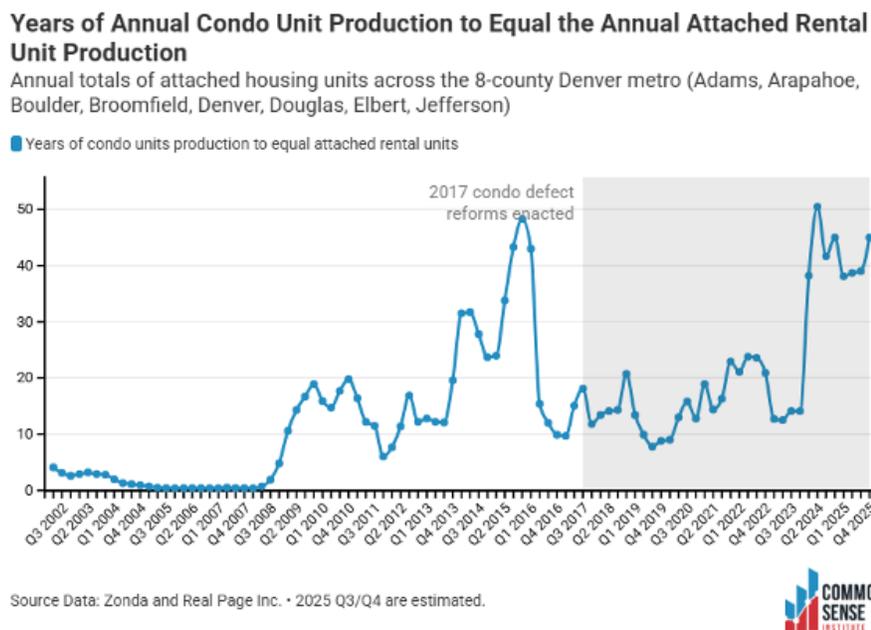


FIGURE 4.



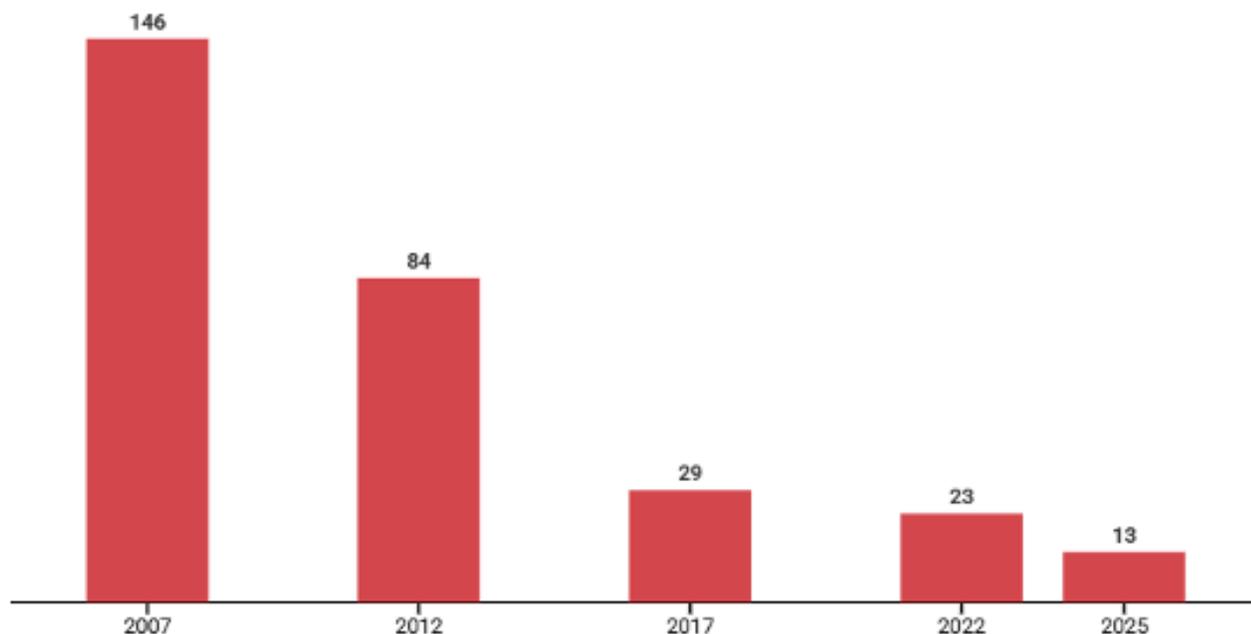
THE NUMBER OF CONDO BUILDERS

The number of condo builders has consistently declined since 2007. In 2007, there were 146 condominium developers in the Metro Denver area. By 2025, the number of condominium developers had dropped to just 13, a drop of 91% over approximately 20 years.

FIGURE 5.

Unique Condo Builders in Metro Denver (2007–2025)

In 2007 there were 146 different Condominium developers in Metro Denver. In 2025 there were just 13.



Source Data: Zonda



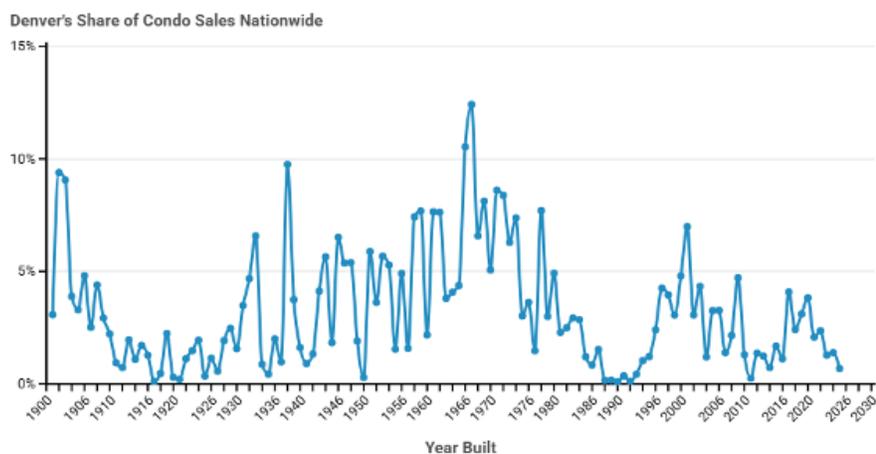
Denver's Share of National Condo Sales

How have Denver condo sales by year built performed relative to the nation as a share of the country as a whole? Figure 7 has that comparison. In total, Denver's share of condos built in 2025 was incredibly low. As of the most recent 2025 data, condo sales in the Denver area accounted for just 0.68% of nationwide 2025 condo sales even though Denver's population accounts for more than 1% of the population for the 466 cities reported by ParclLabs. Other cities saw their share of condo sales rise. As shown in Figure 8, cities that have seen condo sales boom since 2010—relative to other cities—include Jacksonville, Portland (OR), Fort Worth, Boston, Charlotte, Houston, El Paso, San Antonio, Las Vegas, and Dallas.

All of these cities saw their share of condo sales grow by more than 1%. Over the same period, Denver was in the bottom 20 of 466 cities—ranked 448—down from 1.3% to 0.7%. For a timeline picture of recent national trends in condo construction, see Appendix E.

FIGURE 6.

Denver's Share of Nationwide Condo Sales Across 466 U.S. Cities by Year Built



Source Data: ParclLabs



Denver ranks 448 out of 466 cities in the change in share of condo sales since 2010

FIGURE 7.

Share of Nationwide Condo Sales Across 466 Cities

Ranking	City State	2010	2025	Change in Share of Condo Sales, 2010 to 2025
1	JACKSONVILLE, FL	1.2%	15.5%	14.3%
2	PORTLAND, OR	0.6%	7.9%	7.4%
3	FORT WORTH, TX	0%	4.5%	4.5%
4	BOSTON, MA	1.1%	5.2%	4.1%
5	CHARLOTTE, NC	4.6%	8.4%	3.8%
6	HOUSTON, TX	4.6%	7.4%	2.8%
7	EL PASO, TX	0.8%	2.7%	1.9%
8	SAN ANTONIO, TX	0.8%	2.5%	1.6%
9	LAS VEGAS, NV	0%	1.6%	1.6%
10	DALLAS, TX	0.5%	2%	1.4%
11	BRONX, NY	0.5%	1.1%	0.6%
12	INDIANAPOLIS, IN	0.2%	0.7%	0.5%
13	SEATTLE, WA	3.7%	4.1%	0.4%
14	YUKON, OK	0%	0.4%	0.4%
15	EAST BOSTON, MA	0.1%	0.4%	0.4%
16	ROXBURY, MA	0%	0.4%	0.3%
17	OKLAHOMA CITY, OK	0.1%	0.5%	0.3%
18	WASHINGTON, DC	2.5%	2.7%	0.3%
19	BRIGHTON, MA	0%	0.2%	0.2%
20	DETROIT, MI	0%	0.2%	0.2%

Source: ParclLabs • In order to be included in this list, a city must have had condo sales captured by ParclLabs in 2010 and 2025.



FIGURE 7. (CONT.)

Share of Nationwide Condo Sales Across 466 Cities

Ranking	City State	2010	2025	Change in Share of Condo Sales, 2010 to 2025
447	HARBOR CITY, CA	0.6%	0%	-0.6%
448	DENVER, CO	1.3%	0.7%	-0.6%
449	STATEN ISLAND, NY	0.7%	0%	-0.7%
450	SAN DIEGO, CA	1.4%	0.7%	-0.7%
451	MARINA DEL REY, CA	0.7%		-0.7%
452	SAN JOSE, CA	1.3%	0.4%	-0.8%
453	PHOENIX, AZ	2.7%	1.7%	-0.9%
454	MILWAUKEE, WI	1.2%	0%	-1.2%
455	WESTERVILLE, OH	1.7%	0.3%	-1.4%
456	LONG ISLAND CITY, NY	2%	0.3%	-1.7%
457	DUBLIN, OH	1.7%		-1.7%
458	FLUSHING, NY	3%	1.1%	-1.9%
459	WOODLAND HILLS, CA	2.4%		-2.4%
460	AUSTIN, TX	7.1%	4.2%	-2.9%
461	CHICAGO, IL	6.8%	3.7%	-3.1%
462	COLUMBUS, OH	4.2%	0.7%	-3.5%
463	NEW YORK, NY	5.4%	0.8%	-4.7%
464	SAN FRANCISCO, CA	5.1%	0.2%	-4.9%
465	BROOKLYN, NY	9.1%	2.3%	-6.9%
466	LOS ANGELES, CA	8.5%	1.4%	-7.1%

Source: ParclLabs • In order to be included in this list, a city must have had condo sales captured by ParclLabs in 2010 and 2025.



What is causing the drop in condo sales in Denver relative to the nation?

Among the reasons for the lack of condo construction in Denver are:

- Higher than average per-unit costs^{i,ii}; and
- The litigation/insurance overhang.^{iii,iv}

CONDO BUILDER INSURANCE LIABILITY

Why is condo builder insurance so important? **Condo builder liability insurance matters because it prices (and sometimes enables) the risk that a builder, general contractor, or subcontractor will be pulled into construction-defect litigation years after completion—often via HOA claims over building-envelope, water-intrusion, and common-element issues.** When that risk environment is high or unpredictable, carriers respond with higher premiums, larger deductibles/self-insured retentions, narrower coverage, tougher underwriting, and “wrap”/project-specific policies that can be multiples of standard general-liability coverage. These costs get baked into the condo pro forma and ultimately the unit sale price.² In Colorado’s case, liability insurance can make it so that the project doesn’t pencil and makes apartments a more attractive, financially feasible alternative instead. **In other words, insurance isn’t just another line item increasing the cost of the project; it can be a gating constraint on financing, subcontractor participation, and whether a developer will attempt an attached-for-sale product at all,** because lenders and equity typically require evidence that the project’s liability tail is insurable on acceptable terms.

States that want more condo supply have generally tried to keep consumer protections while making claims more specific, more pre-litigation/resolution-oriented, and less “all-or-nothing.” Washington, for example, has repeatedly revised its condo warranty/liability framework starting with 2019 changes (SB 5334) aimed at dialing back overly broad implied-warranty exposure and related litigation dynamics. Other states have leaned on governance/process reforms: Minnesota added requirements like enhanced owner notice before an association brings a suit (and related procedural guardrails), and Nevada has used Chapter 40 reforms (including pre-litigation steps and limits around association claims) to steer disputes toward earlier resolution and narrower, better-defined scopes.

Condo liability risk increases the risk of future claims and the direct cost of condo construction by 4-6%, pushing 43,000 out of homeownership

² A pro forma contains descriptions and financial projections for potential investors in projects, herein condo projects.

The Colorado Insurance Market for Condo Builders

To gauge the condo builder insurance market in the state, CSI reached out to providers of insurance for condo builders. The comments CSI received back illuminate exactly how concentrated and extremely risk-averse Colorado’s condominium liability market remains. A January 2026 market update from IMA, an insurance advisory firm active in the construction sector, noted that⁴:

- **Fewer than five excess-and-surplus carriers for condo builders are currently willing to underwrite condominium liability** risk in the state.
- They typically insure through Owner Controlled Insurance Programs (OCIPs). **Premiums for those policies range from 4-6% of project hard costs.**
- Increasingly, defense expenses are an important driver of high insurance costs, especially under policies where defense costs erode the policy limit. For example, if a builder has a \$10 million liability limit and incurs \$4 million in defense costs, only \$6 million remains available to pay claimants. As defense costs continue to rise, the likelihood increases that a condo builder will face out-of-pocket exposure for plaintiffs’ claims that exceed the remaining policy limits.
- The same update reflected widespread insurer skepticism that HB 25-1272 will materially alter underwriting behavior absent demonstrated loss reduction over time.

Condo Builder Insurance Rates Across Surrounding States

As mentioned, the high cost of condo builder insurance liability not only increases the cost to purchase a condo in the state but is also acting as an incentive not to build condos. As a comparison, the following figures compare the insurance rates faced by condo builders in surrounding states. Overall, Colorado and Arizona condo

builders face the highest costs for condo projects. Colorado’s is typically the highest at 5%-5.5%, followed by Arizona’s at between 2%-4%. Other surrounding states—Utah, Wyoming, Nebraska, Kansas, New Mexico—face rates substantially lower in the typical 1%-2% range.

FIGURE 8.

Estimated Insurance Costs for Condo Projects

% of Hard Costs

State	Current Premium Rate (% of hard costs)	Notes (Approximate Averages)
Colorado	~4.0–6.0% (5.5% typical) (survey)	Highest in region. ~3x higher than comparable apartment projects.
Utah	~1–3% (estimated)	Moderate. Recent legal reforms aim to stop rates from rising.
Wyoming	~1–2% (estimated)	Low. Limited condo litigation; rates near typical baseline.
Nebraska	~1–2% (estimated)	Low. Short defect claim periods and few lawsuits keep costs low.
Kansas	~1–2% (estimated)	Low. Longstanding “right to repair” laws help contain insurance costs.
New Mexico	~1–2% (estimated)	Low-Moderate. Recent right-to-repair law expected to curb rising costs.
Arizona	~2–4% (estimated)	Elevated. Historically high defect claims; some reforms tempered costs.

Source: IMA, Urban Institute, Omaha Daily Record, Long & Robinson, LLC, JD Supra, University of Arizona, IRMI, CSI Research and inference from research/discussions • These estimates are for within policy limits, meaning they cover up to the amount stated in the policy, which includes defense and claimant payouts. Amounts beyond the limits represent additional financial risk to builders. With the exception of Colorado, these estimates should be considered inferential. Further information could change the information presented here.



HOW DO HIGH INSURANCE COSTS AND MISSING CONDOS IMPACT THE BROADER ECONOMY?

As CSI previously noted, condo builders face high insurance costs for condo development, with the typical cost of 4%-6% of the project's hard cost.^{vi} This cost shows up in a higher final price to the new owner and/or missing condos, contributing to the difficulty in offering affordable condos.

To model the economic impact, CSI employed REMI Tax PI+ to estimate the dynamic economic impact of higher developer insurance costs of 3% in the state (5.5% for Colorado minus 2.5% for an assumed average across states^{vii}).³ By bringing condo costs down, Colorado would likely see condos make a comeback, particularly of the less expensive type. The boost to the economy overall is reported in the following Figure 10. Appendix B has more detail on the modeling methodology.

Overall, if Colorado were able to lower the condo developer insurance costs to the national average and create greater certainty in long-term legal liability akin to other states, the economy benefits. By having high condo developer insurance and long-term risk of claims, the state is missing out on jobs and economic growth by discouraging the development of condos. The economic benefits of long-term reliability in liability risk and non-high insurance costs are broad, including:

- Between 3,200 and 6,300 jobs from 2026 to 2030—equal to 21% of Colorado's job growth last year.^{viii}
- \$4 billion in GDP—almost enough to cover the entire General Fund portion of the education budget.^{ix}
- \$7 billion in business sales—or more than virtually all private companies in the state.^x
 - Almost \$3 billion in personal income—enough to send each household in the state a \$1,000.

³ Since Colorado already has higher condo builder insurance costs, the 2.5% differential was entered as a negative in REMI—meaning that if Colorado were able to reduce the insurance liability costs for builders by 2.5%, it would be a reduction in overall cost of building condos. By modeling the impact this way, the economic impact result is essentially the situation down to the estimated national average, which makes it more likely for Colorado condos to make a comeback and for less expensive condos to be built.

FIGURE 9.

Economic Impact of Much Higher-Than-Average Condo Insurance Costs

Looking forward to 2026 through 2030, as of today the state is set to forgo employment of between 3,200 and 6,300 and business sales of almost \$7 billion due to prohibitive condo insurance rates.

Year	Total Employment	Gross Domestic Product (cumulative)	Output (cumulative)	Personal Income (cumulative)	Disposable Personal Income (cumulative)
2026	6,256	\$852,750,822	\$1,482,006,740	\$555,230,423	\$478,735,347
2027	6,080	\$1,803,609,468	\$3,119,634,735	\$1,171,017,021	\$1,009,168,315
2028	5,390	\$2,691,576,511	\$4,645,241,908	\$1,779,118,626	\$1,535,501,235
2029	4,366	\$3,446,513,382	\$5,938,895,479	\$2,326,197,910	\$2,011,349,213
2030	3,275	\$4,037,779,283	\$6,948,538,250	\$2,783,529,216	\$2,410,926,315

Source: REMI, Census Bureau, ParclLabs, CSI modeling of economic impact



EXPENSIVE CONDO INSURANCE IS PUSHING HOUSEHOLDS OUT OF HOMEOWNERSHIP

With the median sale price of a Denver condo at \$395,000, condos are no longer an entry-level option for wealth generation.^{xi,xii} **Question: How many people are missing out on condo ownership because of higher than average builder insurance liability?**

Using the 28% rule, which states that no more than 28% of a household’s gross income should be spent on housing, the share of households that can afford the typical mortgage payment for a condo is 44%, or around 1.1 million households.^{xiii,4} This deficit leaves approximately 1.4 million households unable to make the monthly mortgage payments for a condo without going over the 28% rule.

How many additional households would be able to afford a condo using the 28% rule if the builder risk insurance were reduced to the level of apartments (e.g., dropping 4%)? Lowering this risk would lower the monthly mortgage payment from \$2,540 to \$2,439. CSI estimates that shift would result in an additional 43,000 households being able to afford the average mortgage payment, bringing the total households able to afford this cost from 1,090,000 households to 1,133,000 households. As the old adage goes—every little bit matters—and in the case of condo builder liability insurance, that little bit equates to 43,000 fewer homeowners in the state.

FIGURE 10.

Households Able to Afford a Median Priced Condo

In the situation where builders liability insurance dropped by 4% to the level of apartments, an additional 43,000 households would be able to afford the median priced condo.

Current households able to afford the median priced condo mortgage	Number of households able to afford a median priced condo mortgage with condo builders liability insurance equal to apartments	Difference
1,089,456	1,132,435	42,979

Source: CSI Modeling of Census, CAR, and Freddie Mac information



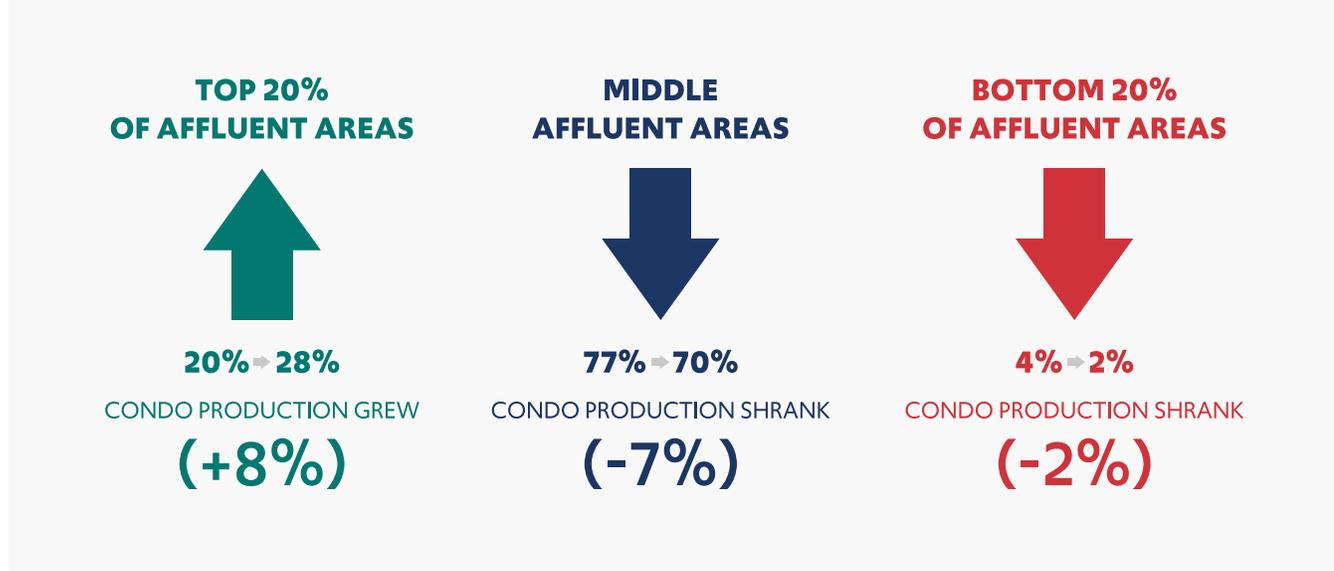
⁴ This calculation assumes a 20% downpayment at a 6.1% 30-year mortgage rate with additional costs for PMI, property tax, and home insurance.

MAPPING CONDO SALES AND THE LACK OF AFFORDABLE CONDOS

To further gauge the state of the condo market—in particular what type of condos are being built in the state—CSI reviewed data captured by real estate intelligence firm ParclLabs and connected it with median household income for the area, as defined by zip code boundaries. Appendix C has a map of all the condo sales considered. Appendix D has information on how the sales of condos have changed across time.

The bottom line is this: **Over the past 15 years, the Denver area condo market—be it greatly diminished in building activity—has shifted. The shift has been away from condos in less affluent areas (lower and mid-range income areas) to more affluent areas.**

FIGURE 11.



A CASE STUDY IN COMPARISON: COLORADO AND NEVADA

Colorado and Nevada confronted a similar challenge: condominium construction stalled under the weight of litigation risk, insurance withdrawal, and escalating uncertainty. Where they diverged was not in diagnosis, but in treatment. The treatment, of course, affected the availability and viability of condominium homeownership for buyers.

Nevada: Certainty First

Nevada's construction defect reforms, adopted primarily between 2015 and 2019, were designed to directly constrain litigation risk. The state narrowed the statutory definition of a construction defect, strengthened mandatory notice-and-repair procedures, limited the aggregation of claims through homeowners associations, and removed automatic entitlements to attorney fees. In doing so, Nevada shifted the system decisively toward early resolution and repair, while reducing the leverage that had previously driven large, association-wide lawsuits.

The result has been a measurable return of condominium development, particularly in the Las Vegas market. Builders re-entered the space, insurers adjusted pricing and availability, and capital followed. For prospective buyers, this movement translated into a concrete outcome: condominiums that could once again be financed, insured, built, and sold.

As evidence for the effect Nevada's reforms had, consider the following comparison of the growth or decline in the share of condos built nationwide. Shown in Figure 12 is the top 10 cities for growth in their share of condo sales of 466 covered by real estate data aggregator ParclLabs. Coming in ninth highest is Las Vegas, Nevada, with its share up to 1.6% in 2025 from virtually nothing in 2010. Nevada's approach to limiting potential liability for condo builders had an effect on the rise of Las Vegas.

Notably, Nevada's reforms did not eliminate disputes, but narrowed and stabilized them. That predictability is what housing markets require for builders to re-enter the condominium segment, particularly at price points the median Coloradan can afford.

Nevada’s framework places higher thresholds on claims and narrows the circumstances under which homeowners and associations can litigate. It prioritizes production and certainty. That choice was deliberate, and it has produced results in the form of renewed access to condominium homeownership for Nevadans.

FIGURE 12.

Top 10 Cities for the Growth in Their Share of Condo Sales from 2010 Through 2025

Ranking	City State	2010	2025	Change in Share of Condo Sales, 2010 to 2025
1	JACKSONVILLE, FL	1.2%	15.5%	14.3%
2	PORTLAND, OR	0.6%	7.9%	7.4%
3	FORT WORTH, TX	0%	4.5%	4.5%
4	BOSTON, MA	1.1%	5.2%	4.1%
5	CHARLOTTE, NC	4.6%	8.4%	3.8%
6	HOUSTON, TX	4.6%	7.4%	2.8%
7	EL PASO, TX	0.8%	2.7%	1.9%
8	SAN ANTONIO, TX	0.8%	2.5%	1.6%
9	LAS VEGAS, NV	0%	1.6%	1.6%
10	DALLAS, TX	0.5%	2%	1.4%

Source: ParclLabs • In order to be included in this list, a city must have had condo sales captured by ParclLabs in 2010 and 2025.



Colorado: Caution and Verification

Colorado’s 2025 reforms took a different approach. Rather than constraining claims, HB 25-1272 introduced a voluntary pathway, the Multifamily Construction Incentive Program, that exchanged heightened quality assurance for greater predictability in defect resolution.

Builders who opt into this new system must provide minimum warranties, submit to third-party inspections throughout construction, and make those commitments transparent to buyers. In return, participating projects operate under a more structured litigation environment that emphasizes repair, reasonableness, and mitigation. The legislation also raised the threshold for HOA-initiated litigation and reinforced the principle that recoveries should be used first to fix buildings, not simply extract damages.

The tradeoff is time and uncertainty. Because the program is voluntary and prospective, its success will depend on whether insurers, lenders, and builders ultimately treat participation as a meaningful reduction in risk. That determination will not be made in statute, but in underwriting rooms, and its implications will be felt most directly by future condo home buyers. Early feedback from both builders and insurers indicates a high degree of skepticism that the program will materially alter risk pricing or availability, though time will ultimately determine its effectiveness for all stakeholders.

Why Nevada Is Functionally More Condo Home Buyer-Friendly: A Structural Comparison

The following table provides a comparison of Colorado’s and Nevada’s approaches. It focuses not on the interests of builders as an end in themselves, but on how each framework affects the availability, insurability, affordability, and long-term viability of condominium homeownership for buyers. In practice, these outcomes are shaped by how risk is allocated, constrained, or conditioned within each system.

This comparison draws on Nevada’s construction defect reform history and outcomes as documented in the [Nevada Construction Defect Reform \(April 2025\)](#), which summarizes legislative changes to Chapter 40 and associated housing and litigation trends.

TABLE 1.

Dimension	Nevada	Colorado (HB25-1272)
How protections apply	Applies universally to residential construction	Applies only if a builder opts in to the Multifamily Construction Incentive Program
Treatment of defect claims	Narrows what qualifies as a construction defect	Baseline defect framework largely unchanged outside the program
Attorney fee leverage	Removes automatic statutory attorney-fee entitlement	Retains fee leverage; relies on discretionary fee-shifting standards
Litigation posture by default	Constrains claims directly and system-wide	Preserves existing litigation dynamics unless the builder fully participates
Repair pathway	Mandatory, streamlined pre-litigation notice and opportunity to repair	Repair-first structure emphasized, but enhanced predictability applies mainly to program claims
Claim aggregation (HOAs)	Limits aggregation tactics and narrows standing	Raises HOA approval threshold (65%) but preserves aggregation authority
Compliance burden	Relatively lean: notice then inspection and repair; litigation only if needed	Complex: warranties, third-party inspections, certifications, disclosures, tolling, dual regimes
Administrative cost	Lower, more predictable	Higher upfront and ongoing compliance costs
Risk signal to insurers	Clear reduction in downside litigation risk	Conditional and untested; home builders, inspectors and insurers must accept the bargain
Observed market response	Condo production has materially returned	Market response remains uncertain; reforms take effect in 2026

Nevada has reduced downside litigation risk in ways that make condominium homes more likely to be financed, insured, built, and, when necessary, repaired. These conditions ultimately determine whether buyers can access attainable housing offerings. Colorado has offered a more conditional pathway, preserving broader homeowner protections while testing whether verified quality and repair-first processes can achieve similar outcomes over time.

Going Forward: What the Next Three to Five Years Will Tell Us

Nevada's framework has, to date, been generally successful at restoring condominium construction and, by extension, access to condominium homeownership. The evidence is visible in construction starts, condos sold, insurance participation, and market behavior. **Nevada chose greater clarity, the market responded and Nevadan homebuyers are the beneficiaries.**

While not as substantial in its reforms, Colorado's HB 25-1272 represents a historic and symbolic shift. For the first time in many years, lawmakers acknowledged the issue of condo defect risk and missing construction.

At the same time, it would be unrealistic to expect immediate results. Colorado's reforms are incremental by design. They aim to test whether quality verification, warranty coverage, and repair-first processes can substitute for broader litigation constraints. That hypothesis is reasonable, but it remains just a guess, and a riskier one when measured against Nevada's demonstrated outcomes.

Over the next three to five years, the effectiveness of the 2025 reforms will be revealed not by the bill's intent, but by outcomes. Several observable indicators will determine whether HB 25-1272 meaningfully alters the condominium market. Chief among these indicators is **program participation**: whether builders of eligible condominium and townhome projects elect to opt into the Multifamily Construction Incentive Program at meaningful rates. Low participation would suggest the program's compliance costs outweigh its perceived risk-reduction benefits.

Equally important will be **insurer response and pricing behavior**. The success of the program depends on whether insurers materially adjust coverage availability, deductibles, exclusions, or pricing for participating projects. Without a meaningful shift in underwriting terms, downstream impacts on feasibility and pricing are unlikely. Closely related is lender behavior, or whether financial institutions treat program participation as a credible signal of reduced risk by adjusting financing terms, reserve requirements, or their willingness to lend on for-sale multifamily product.

Notably, HB 25-1272 **does not include a statutory reporting or evaluation mandate** to the General Assembly. As a result, there is no automatic mechanism for lawmakers to receive structured, periodic data on program participation, insurer response, litigation trends, or changes in condominium production. In the absence of such a requirement, monitoring the success or limitations of the reforms will depend on externally assembled data, administrative transparency, and voluntary market signals. This accountability gap should be addressed if the state intends to evaluate and refine the framework over time.

Market outcomes will ultimately be reflected in **condominium permits and starts**, particularly relative to rental multifamily construction in Colorado markets where demand for mortgage capacity aligned housing product offerings remains strong. Just as important, however, is whether any reduction in insurance or litigation-related costs is ultimately reflected in **buyer pricing and affordability**, helping to restore condominiums as a viable entry point to homeownership.

Assessing **defect claims frequency and resolution** will be more challenging. Comprehensive and timely data regarding construction defect claims is limited and often lags. As a result, evaluation will necessarily rely on observable proxies rather than litigation counts alone. These proxies include trends in pre-litigation repair activity, warranty utilization, insurer loss experience disclosures where available, and qualitative feedback from insurers, builders, and associations regarding dispute frequency, severity, and resolution pathways for participating versus non-participating projects.

Finally, policymakers should pay attention to **local government administrative behaviors**, particularly where local review processes intersect with third-party inspection and certification regimes, as well as broader **market confidence signals** from builders, insurers, inspectors, and lenders. Often, willingness to re-enter or expand activity in the condominium market appears in qualitative signals before it shows up in construction data.

Colorado lawmakers may want to allow the 2025 reforms time to reveal themselves while committing to clear and consistent evaluation. If participation proves limited, if insurers do not materially adjust pricing or availability, and if condominium production remains stagnant, the appropriate response should be swift acknowledgement, followed by action toward a Colorado-specific evolution of the Nevada paradigm.

BOTTOM LINE

Colorado's construction defect landscape continues to be a discussion point for potential development projects, particularly condos. With the major implementation changes of 2025's HB 25-1272 just taking effect on January 1, 2026, it is too early to tell if those changes will make any material difference in condo construction. Colorado may continue to be viewed as more plaintiff-friendly than many peer states, particularly those states with longer-standing and more restrictive right-to-repair statutes. The ultimate effect of the 2025 reforms will depend on how frequently builders opt into the incentive program and how courts interpret and apply the new procedural requirements. Over time, these changes may modestly improve the feasibility of for-sale condominium development, but they do not fundamentally remove the threat of construction defect litigation from Colorado's housing landscape. Based upon comments received from condo builders and insurers, insurance rates are not likely to come down anytime soon.

APPENDIX A: COMPARISON ACROSS STATES

States differ in the details on how they deal with defects in condominium development. For instance, many other states have adopted more rigid statutory “right-to-repair” regimes that strongly channel disputes into pre-litigation repair processes. For example:

- California’s Right to Repair Act establishes detailed statutory standards and mandatory pre-litigation procedures before homeowners may sue.
- Arizona’s Purchaser Dwelling Act requires formal notice and an opportunity to repair before a dwelling action may proceed.

Colorado has historically relied more on notice requirements combined with judicially developed doctrines, rather than a single comprehensive repair statute. The following table provides a comparison of selected states’ policies. Again, it is difficult to tell from just a simple comparison of the time period for discovery limitation, the limitation on repose, the availability of right-to-repair, the process for an HOA to initiate a case, and the general litigation climate.

TABLE 2.

State	Limitations (Discovery)	Repose (From Completion)	Right-to-Repair / Notice	HOA Litigation Controls	Litigation Climate
Colorado	2 years	6 yrs (up to 8 if discovered late)	Yes (CDARA notice & cure)	65% owner approval (newer law)	Plaintiff-friendly
California	4 yrs (patent) / 10 yrs (latent)	10 years	Very detailed SB 800	HOA board authority	Plaintiff-friendly
Arizona	2 yrs	8 yrs (9 if discovered late)	Yes (Purchaser Dwelling Act)	HOA board authority	Moderate
Nevada	4 yrs	6 yrs	Strict notice & repair	HOA board authority	Moderate
Utah	2 yrs	9 yrs	Limited notice	HOA board authority	Moderate
Texas	2 yrs	10 yrs	Strong right-to-repair	HOA board authority	Builder-friendly
Florida	4 yrs	10 yrs	Yes (Chapter 558)	HOA board authority	Moderate
Washington	2 yrs	6 yrs	Yes	HOA board authority	Plaintiff-friendly
Oregon	2 yrs	10 yrs	Yes	HOA board authority	Plaintiff-friendly
Idaho	2 yrs	10 yrs	Yes	HOA board authority	Builder-friendly
Montana	8 yrs	10 yrs	Limited	HOA board authority	Moderate
Wyoming	10 yrs	10 yrs	Minimal	HOA board authority	Builder-friendly
New York	3 yrs	No true repose (case-law based)	Minimal	HOA board authority	Plaintiff-friendly
Illinois	4 yrs	10 yrs	Limited	HOA board authority	Moderate
Minnesota	2 yrs	10 yrs	Yes	HOA board authority	Moderate
North Carolina	3 yrs	6 yrs	Yes	HOA board authority	Moderate
Georgia	4 yrs	8 yrs	Limited	HOA board authority	Moderate
Virginia	5 yrs	5 yrs	Limited	HOA board authority	Builder-friendly
Pennsylvania	2 yrs	12 yrs	Minimal	HOA board authority	Plaintiff-friendly

APPENDIX B: MODELING METHODOLOGY

To model the economic impact of lower insurance costs and boosted condo production, CSI employed two assumptions within the REMI modeling system.

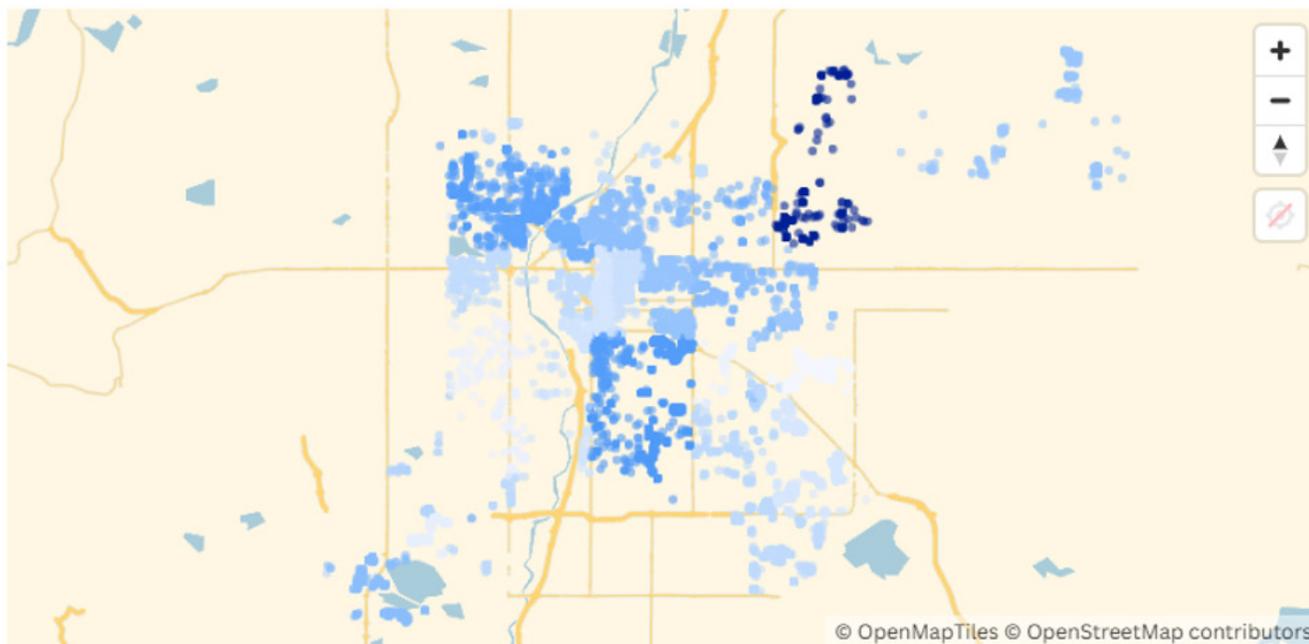
- First, CSI employed a lower cost of construction for condos of 3% over the period 2026 through 2030 using a forecast of expected condo construction for the coming five years for the 11 counties mentioned in the body of the report. REMI treats these lower insurance costs as making the state's housing market more competitive and thereby boosts economic activity. The 3% was modeled as lower taxes for new residential construction for an additional 1,600 annual units at a construction cost of \$350,000.
- Second, in addition to the lower insurance costs for condo developers, the model assumes that a more certain liability environment would boost condo construction to 8% of expected population growth, or \$560 million annually for 1,600 annual new units costing \$350,000 to construct.

APPENDIX C: MAP OF CONDO SALES

The following map depicts the condo sales considered in the analysis on connecting condo sales volume by the median household income for the area, as defined by zip code.

Condo Sales in the Denver Area Overlaid with Median Household Income

The darker the blue, the greater the median household income.



Source: ParclLabs



APPENDIX D: CONDO SALES AND MEDIAN HOUSEHOLD INCOME

The following summary table captures the shift. The share of condos built in upper income areas (zip codes) is up from 20% in the 2010 to 2017 period to 28% today. The share of condos built in lower income areas has gone from 4% (2010 to 2017 period) to 2% (2024 onward).

FIGURE 13.

Share of Condo Sales by an Area's Median Household Income

Year Built Grouping	Upper Income Area (>80th Percentile)	Mid-Range Income Area	Lower Income Area (Less Than 20th Percentile)
2010-2017	20%	77%	4%
2018-2023	26%	74%	0%
2024-	28%	70%	2%

Source: ParclLabs, Census Bureau



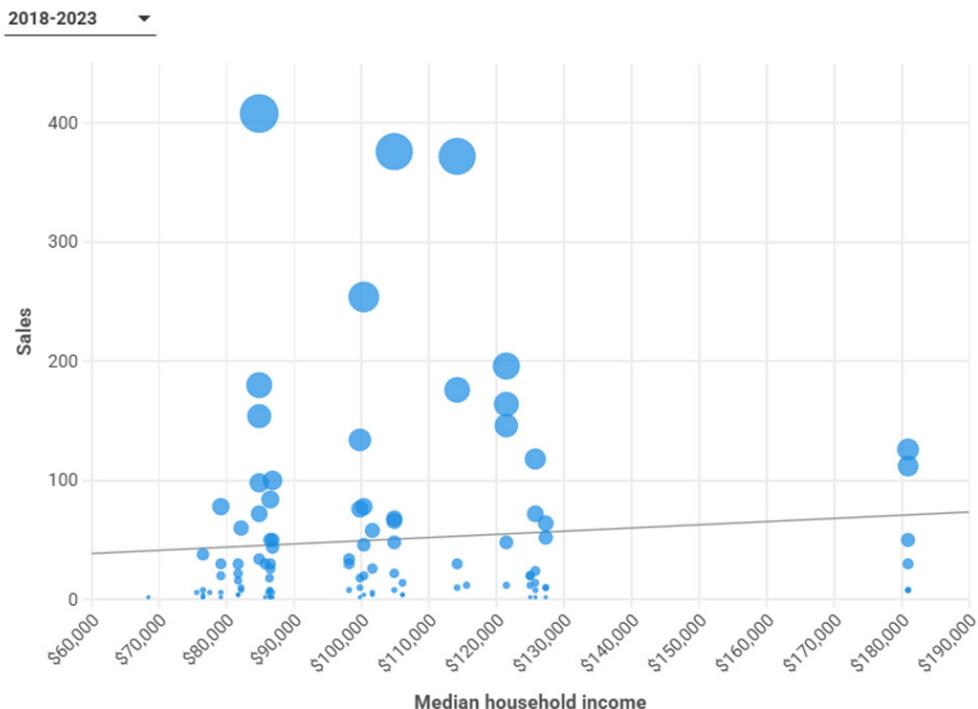
Three scatterplot figures follow. The three figures cover different periods of the year built for condo sales. The first is for condos built between 2010 and 2017. On the horizontal axis is the median household income for the zip code. On the vertical axis is the number of sales captured by ParclLabs. The downward sloping regression line is a way of measuring the relationship. The downward slope means that as one moves to more affluent areas, the likelihood of seeing condo sales declines—essentially meaning that condo sales were more likely to be found in less affluent areas. Remember, this is for the 2010 to 2017 period.

Now, go to the second figure (Figure 15). Notice how the slope of the diagonal line has changed. Instead of sloping downward, the line slopes marginally upwards. What does this mean? It means that an increasing share of new condos were being built in more affluent areas of the Denver area. The desirability of building condos in less affluent areas of the city had declined.

FIGURE 15.

2018-2023: Condo Sales and Median Household Income in the Denver Area

In contrast to the 2010 to 2017 period, from 2018 through 2023, condo sales were more prevalent in more affluent area zip codes of Denver.



Source: ParclLabs, Census Bureau

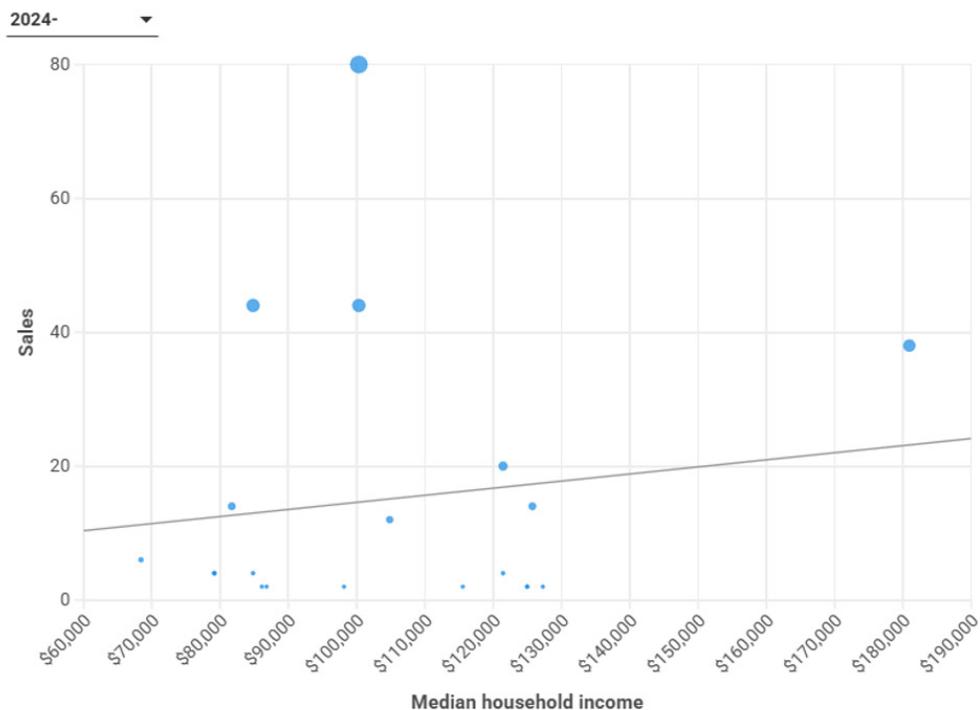


Lastly, fast forward to the third figure (Figure 16), which covers the period from 2024 onward. Notice that the diagonal line has become more upward sloping than in the 2018 to 2023 period. What does this mean? This means that an increasing share of new condo sales were built in more affluent areas.

FIGURE 16.

2024-2025: Condo Sales and Median Household Income in the Denver Area

In contrast to the 2010 to 2017 period, from 2024 onward, condo sales have become even more prevalent in more affluent areas of Denver. The trend of more affluent area condos became stronger from 2024 onward than in the 2018 to 2023 period.



Source: ParclLabs, Census Bureau

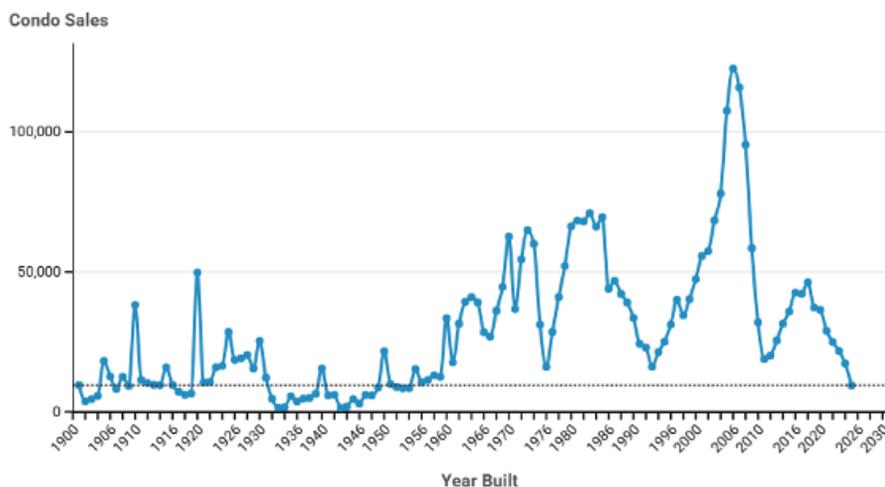


APPENDIX E: CONDO SALES AND MEDIAN HOUSEHOLD INCOME

Condo construction has fallen across the United States. As Figure 6 shows, condo sales peaked nationwide in 2006—right before the housing market-induced global financial crisis, sometimes referred to as the Great Recession. It’s unsurprising that condo sales were booming right before the Great Recession—housing sales—and prices—across all types saw their prices appreciate much more than what income suggests they should have. When the housing market burst, so did condo sales. Condo sales precipitously declined after the peak to a bottom of about 19,000 in 2011. After bottoming, condo sales recovered marginally from 2012 through 2018, after which new condos sales continued to decline to about 10,000 for condos built in 2025.

FIGURE 17.

Condo Sales Across 466 U.S. Cities by Year Built



Source Data: ParclLabs



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