COULTON CREEK CAPITAL

Investors, Partners, and Friends,

In this issue, we cover shifts in urban vs. suburban markets, our latest investments, and new team updates

As we move through the second half of 2025, we're seeing meaningful shifts in the real estate landscape—from early signs of renewed interest in urban infill markets to developing dynamics in high-growth suburban corridors. In this issue, we share how these trends are informing our investment strategy and highlight recent activity across our portfolio. – As always, thank you for your continued partnership.

Back to the City?

Evaluating the Shifting Currents Between Urban Infill and Sunbelt Suburbs

Over the past several years, the Sunbelt has captured the lion's share of multifamily commercial real estate investment, driven by population growth, pro-business policies, and strong rent fundamentals. However, in 2025, the narrative is beginning to shift. Institutional investors are selectively allocating capital to urban infill projects that they view as having strong, long-term growth prospects.

Suburban boom markets experienced record deliveries and rent growth from 2021 to 2024. That surge in new supply is now starting to cool, with multifamily starts projected to drop more than 50% in many of these metros by the end of 2025.[1]

Urban Infill: Scarcity Creates Strategic Opportunity

While once-hot locations are falling out of favor, investors are rediscovering the long-term value of established, walkable, amenity-rich locations. Urban infill housing, particularly in constrained transit-oriented corridors, is regaining attention. Institutional investors cite "supply constraints" and "barriers to entry" as key reasons to re-enter select urban markets.[2]

At Coulton Creek, we believe both strategies hold promise. We continue to pursue investments in well-located sunbelt markets, including El Paso and Oklahoma City. In parallel, we are selectively exploring urban infill opportunities in Miami and New York City that offer pricing realism, limited future competition, and strong fundamentals.

[1] *MMCG Investment Outlook, July 2025; Newmark Research*
[2] *U.S. Real Estate Outlook, 2025; PGIM*

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Tides of Opportunity: NYC Multifamily Outlook

Coulton Creek recently closed its third NYC multifamily development investment. Following prior investments in Harlem and Marble Hill, this latest project is a for-rent multifamily development project in New York City's high-demand Chelsea neighborhood.

Is now the right time to invest in New York City?

Despite political turbulence called out in the headlines, New York City's core real estate fundamentals remain intact—and even more so in sought-after neighborhoods like Chelsea. While a presumed Zohran Mamdani mayoral administration may lean into progressive housing policies, the practical reality is that most large-scale reforms require state approval, blunting any potential impact. Meanwhile, long-term demand for quality rental housing continues to outpace supply.

Chelsea illustrates this structural imbalance clearly with a 3.1% vacancy rate and just 110 new units delivered over the past year versus 350 units absorbed.[1] New construction isn't keeping up. Homeownership remains cost-prohibitive, pushing affluent renters into the luxury rental market. Class A buildings—those with strong design, transit access, and lifestyle amenities—are seeing 95.7%[2] occupancy and steady rent growth (1.8% YoY).[3]

Furthermore, political uncertainty may deter development, creating opportunity for seasoned sponsors by further limiting supply in what is already an extremely high barrier to entry market. At the same time, pro-development programs like the 485-x tax exemption and City of Yes zoning reforms are quietly improving development economics.

Ultimately, NYC's status as a global cultural and economic hub underpins demand. Even amid regulatory shifts, Chelsea's unique fundamentals—limited land, job growth, and high-income tenant appeal—point to continued long-term value in thoughtfully executed multifamily projects.

Coulton Creek recently closed a multifamily development investment in NYC's Chelsea neighborhood. *Contact Scott Brown to learn more about our approach and insights into this market.*

1,3 CoStar, July 2025
2 RealPage, Analytics Blog, June 2025

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Fast Flow: HYVE North Fully Funded

Our latest preferred equity investment, located in Miami, FL, was quickly fully subscribed. We're grateful for the continued trust and enthusiasm from our investor community!

This particular opportunity was brought to us off market by an existing partner and enabled us to help solve a unique need for the sponsor, while delivering an attractive basis and return profile for Coulton Creek Capital. Stay tuned as our investment pipeline is growing and we anticipate additional unique investment opportunities like this in the near future.

Down Stream: Recent Closings

A recent investment exit we would like to highlight is the profitable sale of a new construction luxury home built in tandem with Redeux Developments in Denver's Hilltop neighborhood.

The 4,964-square-foot home was priced below the typical Hilltop entry point for new construction—offering a compelling opportunity in a premium market while generating returns in line with our initial underwriting.

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Creekside Update

We're excited to welcome Doug Hanks to the Coulton Creek team as our new Director of Financial Operations.

- Doug joined us in April, bringing with him over 16 years of finance leadership experience from the Pharmacy Benefit Management industry, most recently with OptumRx.
- Throughout his career, Doug has been known for his strategic mindset and his ability to improve financial performance and operational efficiency.
- Doug will focus on tax, financial, and accounting operations in his new role.

His depth of expertise and thoughtful leadership make him a valuable addition to the team.

Interested in hearing more? Contact:

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To stay up to date with us in real time, email Leigh lhierholzer@ccrcapital.com to join our distribution list.

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