Investor Adds to Growing Texas Industrial Portfolio

Stonelake Capital Buys Two Industrial Buildings in the State's Capital

Stonelake Capital Partners, a Texas-based real estate investment firm with offices in Dallas, Houston and Austin, Texas, has added two buildings in the Texas capital city to its growing industrial portfolio in the Lone Star State, with plans to add even more in the future.

The company has recently acquired two buildings totaling nearly 85,000 square feet at 4120 Commercial Center Drive and 9210
Cameron Drive in Austin from Chicago-based Brennan Investment Group. Both buildings are 100% occupied to various tenants, including Stellar Micro Devices, Compass Group USA and Skyline Printing. Terms of the acquisition, which closed in late June, were not disclosed.

The two buildings in Austin are part of the firm's larger industrial strategy in Texas, said Kenneth Aboussie, managing partner of Stonelake Capital.

"Industrial has proven to be resilient and have downside protection in both good and bad economies," Aboussie said in an interview. "In particular, we have been acquiring infill industrial real estate because there's not a lot of opportunity for new supply and we've been doing this through multiple transactions."

In the last five and a half years, Stonelake Capital has acquired 104 industrial buildings in Texas totaling 9.2 million square feet of real estate in 53 separate transactions. The investment firm has acquired property in Austin, Dallas-Fort Worth, El Paso, Houston and San Antonio, with no plans on leaving Texas.

"Having boots on the ground in a market is really important and has benefited our strategy since day one," Aboussie said.

Those "boots on the ground," at Stonelake Capital include business partners Travis Eickenhorst in Austin and Coleman Brown in Dallas, as well as William Peeples, a principal overseeing the Houston office.
The Austin industrial buildings were acquired with the firm's Stonelake Opportunity Partners V LP, a $326 million investment fund. About half of the fund, which was raised in July 2018, has already been committed. In all, Stonelake Capital has raised $1 billion of equity across five private equity funds in the past 12 years.

Aboussie said the firm plans to hold onto its industrial acquisitions for "a long time," with a goal of aggregating, owning and generating cash flow from its growing Texas industrial portfolio. About 40% of its real estate holdings are tied to industrial real estate, with the remainder being in apartments and office space.

Even though Austin's market is fueled by one of the strongest economies in the country, it doesn't have some of the major distribution warehouses seen in bigger logistics markets, such as Dallas. By not being a big U.S. logistics hub, Austin's warehouse and distribution facilities tend to also be smaller making it even more difficult for real estate investors, such as Stonelake Capital, to make a move.

That run on industrial real estate in Austin has recent deals surpassing the average of $100 per square foot in late 2018, according to CoStar data. The price hikes are also caused by more national investors entering the state's capital city seeking opportunities.