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Dallas-based Stonelake Capital Partners closes \$555M real estate fund

Sixth fund will continue to focus on industrial, office and residential developments in Texas and Sunbelt markets



BY PARIMAL M. ROHIT AND CATHERINE LEFFERT
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Dallas-based Stonelake Capital Partners has closed on its sixth real estate fund of \$555 million, which it's slated to invest in more than 3 million square feet across North Texas – including more than a dozen buildings and an Uptown office project.

Exceeding its original target of \$500 million, the fund was raised mostly from institutional investors during 2020, though the firm provided \$10 million as a general partner. Managing Partner Kenneth Aboussie said in an email to the Dallas Business Journal that the firm will continue to be an “active investor” in Dallas through this fund, titled Stonelake Opportunity Partners VI LP.

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Stonelake VI is currently under contract on a 1.1-acre site in Uptown where the firm has plans to develop a 310,000 square foot Class A office building, Aboussie said in the email, along with 15 industrial buildings across the metropolitan area totaling 3.1 million square feet of warehouse distribution space. The managing partner added the firm will deploy the capital over the course of two years, which began in Q2 2020 when it started investing.

“We believe Stonelake’s investment track record is a testament to our focused strategy and our dedicated team of professionals,” Aboussie said in a prepared statement. “Over the last 15-months, Stonelake aggressively invested to take advantage of opportunities created from the short-term dislocation in the capital markets created by the pandemic. This has positioned Stonelake VI to generate attractive, risk-adjusted returns to our partners.”

In the release, Stonelake said it has already committed more than 60 percent of the equity from the fund across eight investments. The fund is focused on industrial warehouse, Class A multifamily and Class A office located in walkable environments in Texas and other select Sunbelt markets.

Stonelake recently bought two next-door Dallas warehouse properties near the Design District that it plans to renovate and convert into offices.

The firm has raised \$1.6 billion in equity commitments since 2007 from a range of investors, including college endowments, hospital systems, pension funds and private foundations. The company owns more than \$3.5 billion of commercial real estate in Atlanta, Austin, Dallas, Houston, Nashville, Orlando, Phoenix and Tampa.

Its previous fund – the fifth real estate investment vehicle for Stonelake – closed in July 2018 with \$326 million in equity.

One of the other Texas projects includes a 47-story mixed-use high rise in downtown Austin and 1.1 million square feet of industrial buildings in El Paso. Sister paper, the Austin Business Journal reported that a soon-to-be-announced 300-unit residential property in South Austin is also on Stonelake’s docket.

“Stonelake VI also plans to actively develop industrial warehouses throughout the greater Austin area with a current pipeline of approximately six buildings totaling 1.4 million square feet of Class A warehouse distribution space,” Aboussie told the Austin Business Journal.

The firm is known in the capital city for developing multiple buildings at The Domain, in a section of the community it calls Domain South End. The 24-story, 330,000-square-foot Domain Tower 2 office tower is currently there, as well as a 19-story apartment tower called The Bowen.

Stonelake used Boston-based Goodwin Proctor LLP as fund formation counsel. JPMorgan Chase, along with co-lenders Truist Bank, Comerica and Citizens Bank, provided Stonelake VI with a \$200 million subscription secured credit facility. The firm didn’t use a placement agent.