



## Brookfield buys more smaller-format industrial buildings in US

Purchase from Stonelake Capital Partners is a bet on domestic supply chains



This industrial facility at 8401 John Carpenter Freeway in Dallas was one of the properties in the 53-property, 3.6 million-square-foot industrial portfolio acquired by Brookfield Asset Management. (CoStar)

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Brookfield Asset Management is boosting its holdings of smaller-format industrial buildings in the U.S. in a bet on the long-term outlook of those types of properties as more companies onshore their supply chains.

The New York City-based global alternative asset manager acquired a 53-property,

3.6 million-square-foot industrial portfolio spanning the Dallas, Houston, Atlanta and Nashville, Tennessee, areas for \$428 million from Austin, Texas-based Stonelake Capital Partners.

The newly closed deal pairs with Brookfield's global investment expectations for goods are made, stored and moved, executives said. The acceleration of onshoring adds to the demand for industrial properties in so-called resilient U.S. markets, the company said.

Brookfield and Stonelake, a real estate private equity firm, declined to share the addresses of most properties in the deal, but disclosed locations of two of the properties to CoStar News: the building at 8401 John Carpenter Freeway in Dallas and 1205 Hayes Industrial Drive in Marietta, Georgia. The entire portfolio is 96% leased to tenants.

"Given the increased market uncertainty and rising replacement costs over the last several years, particularly in the light industrial space, we believe this transaction represents the opportunity to capitalize on strong supply-demand fundamentals for assets in irreplaceable locations in top markets where Brookfield has experience within our existing operating portfolio," said Andy Smith, head of North American investments for logistics for Brookfield Asset Management, in a statement from the company.

Smith said the long-term fundamentals of the logistics space remain strong. The deal comes a year after Brookfield's \$1.3 billion purchase of a national portfolio of similar properties from DRA Advisors.

This acquisition brings Brookfield's total North America logistics footprint to over 75 million square feet, while globally the firm owns, operates or is developing 184 million square feet.

Brookfield intends to integrate the portfolio into its national logistics platform and plans some upgrades. Additional details on those upgrades were also not

immediately available.

## Bigger picture

The trade of the industrial portfolio is part of a much-larger group of deals that Stonelake Capital Partners has done in the past six months. Stonelake Capital Partners sold 91 properties totaling nearly 7.6 million square feet through 13 separate transactions for \$920 million during that time period.

The 91 industrial buildings, located in Atlanta; Austin, Texas; Dallas; El Paso, Texas; Houston; and Nashville, were about 93% leased to about 190 tenants. The portfolio comprised primarily smaller-format buildings averaging 83,500 square feet of space in high-barrier-to-entry submarkets, Stonelake Capital Partners said.

It appears Brookfield's acquisition accounts for a big chunk of Stonelake's deals in the past six months, but Stonelake declined to disclose the properties that sold or the other buyers that are "large pension funds and institutional investment managers," the Texas real estate private equity firm said.

The transactions represent "the culmination of seven years of hard work" by the entire team, said Kenneth Aboussie, Stonelake's managing partner, in a separate statement from the company.

The properties were assembled or built by Stonelake through 49 separate deals between 2018 and 2022, the firm said. The properties were 100% owned through Stonelake Opportunity Partners V LP and Stonelake Opportunity Partners VI LP.

"Stonelake will continue to execute on our investment strategy of both acquiring and developing light industrial warehouses to create portfolios of institutional-size and quality in infill locations in markets experiencing significant population growth," Aboussie said in a statement, declining further comment.