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MANAGERS

Stonelake raises its largest opportunity fund to date

The Texas-based manager has bucked a wider private real estate capital market malaise by hitting the \$746m hard-cap for its latest Sunbelt states logistics-focused vehicle.

Stonelake Capital Partners, the logistics-focused manager operating primarily in the Sun Belt markets of the US, has raised its biggest opportunity fund to date, PERE can reveal.

The Texas-based manager is expected to announce this week it has raised \$746 million for its Stonelake Opportunity Partners VII fund, hitting the vehicle's hard-cap. The original fundraising target was \$700 million.

The fund attracted investment from approximately 50 institutional investors including endowments, hospital systems, foundations, public pensions, insurance companies and family offices. According to PERE data, Maine Public Employees Retirement System is among the investors.

The successful raising sees the firm corral almost \$200 million more than it managed for its predecessor Stonelake VI vehicle, which attracted \$555 million by its final closing in 2021.

It also comes at a difficult time for private real estate capital markets in which little equity is being allocated to the sector. Indeed, according to PERE's Q3 Fundraising Report, there was \$92.8 billion raised across 139 closed-end funds in the first three quarters of the year. This was the lowest Q1-Q3 fundraising amount, both in aggregate and number of funds to



hold a final close, since 2013.

However, within that cohort, higher risk and return strategies prevailed, accounting for 72 percent of the aggregate, reflective of institutional appetite to take advantage of the current market correction.

Stonelake's fundraising success follows strong performance from its investments. According to the firm, it has realized net IRRs of 28 percent and a 2.4x net equity multiple from 35 investments made over 16 years. For Stonelake VII, the firm is aiming to generate net IRRs of 20 percent and a 2x net multiple, a traditional target

for opportunistic real estate funds.

In keeping with the strategy of Stonelake's previous funds, Stonelake VII will be focused on logistics investments across 11 Sun Belt markets. Both standing assets and developments are expected to feature.

The firm currently has approximately \$4.5 billion of real estate assets under management. With this latest closing, it has raised equity from investors totaling \$1.7 billion in the last three years across its opportunistic and core vehicles, and \$2.6 billion since its inception in 2007.