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Real estate private equity firm Stonelake Capital raises \$555M fund

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

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Stonelake Capital Partners LLC has closed fundraising on its sixth opportunistic real estate fund, it was announced July 13. The fund – Stonelake Opportunity Partners VI LP – raised \$555 million, exceeding its \$500 million target.

Most of the fund, \$545 million, came from institutional investors. Stonelake covered the remaining \$10 million as the general partner.

The fund will pay for new projects across Texas, including developments in Austin. One of those projects would alter the downtown Austin skyline: a 47-story mixed-use high-rise project at the corner of Fifth and Colorado streets. The high-rise was originally proposed as 50 stories.

Stonelake's Managing Partner Kenneth Aboussie Jr. confirmed the updated high-rise plans, adding the mixed-used development would bring 328 residential units and 110,000 square feet of class A office space to Colorado Street.



“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 added.

A soon-to-be-announced 300-unit residential property in South Austin is also on Stonelake's docket.

Stonelake's previous fund, Stonelake Opportunity Partners V LP, closed in July 2018 with \$326 million in equity.

The Dallas-based company has raised \$1.6 bil-

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lion in equity commitments from institutional investors since 2007. Investors have included large college endowments, hospital systems, pension funds and private foundations.

The firm also announced plans to develop 1.1 million square feet of industrial buildings in El Paso.

Stonelake is known in Austin 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 rising there, as well as a 19-story apartment tower called The Bowen. Stonelake developed Domain Tower, fully leased by Indeed, and in 2019 finished the Flatiron Domain apartment building, before selling it in March to New York-based Sterling Equities.

“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,” Aboussie stated.

Stonelake also owns the old home of Carmelo’s Italian restaurant in downtown Austin, which it purchased in December at a foreclosure auction. The previous owner, World Class Holdings, disputes the results of the auction, although a recent legal ruling favored Stonelake.

Austin is not the only market where the \$555 million will be invested. Other Texas and Sunbelt cities are also being targeted, with a focus on industrial warehouse, class A apartments and class A offices space.

Boston-based Goodwin Procter LLP served as counsel for the fund’s formation. JPMorgan Chase, Truist Bank, Comerica and Citizens Bank provided Stonelake VI with a \$200 million subscription secured credit facility.

Like previous funds, Stonelake did not use a placement agent to raise money for the sixth fund.

Stonelake has offices in Austin, Atlanta, Dallas and Houston. The company owns more than \$3.5 billion of commercial real estate in Atlanta, Austin, Dallas, Houston, Nashville, Orlando, Phoenix and Tampa.