

# Amazon Last-Mile Center Trades Hands in Growing Houston Suburb

Stonelake Capital Partners Buys Facility From Joint Venture, Plans Expansion



A joint venture between Transwestern Development Co. and UBS Realty sold an industrial property in a fast-growing corridor along Interstate 10. The section in red is where Amazon is developing a new parking lot. (Transwestern)

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A Texas investor has snatched up an Amazon last-mile distribution center in the Houston area and plans to build additional speculative space nearby.

Texas investor Stonelake Capital Partners has purchased the 238,000-square-foot distribution center at [28420 West Ten Blvd.](#), located within the master-planned West Ten Business Park. Stonelake bought the 41-acre site from a joint venture between

Transwestern Development Co. and UBS Realty Investors, according to a statement from Transwestern.

The purchase also included a 15-acre surface level parking lot with 1,100 spaces that Amazon uses for delivery staging, as well as a 14-acre tract for future development. Terms of the deal weren't disclosed.

The last-mile center is 4 miles east of Amazon's existing 1 million-square-foot fulfillment center in the Katy-Brookshire area.

"This is a compelling investment opportunity with state-of-the-art construction and a high-credit tenant," said William Peeples, principal at Stonelake, in a statement. The transaction brings Stonelake's industrial footprint in Houston to 3 million square feet, and its total industrial portfolio to 11 million square feet, Peeples said in an email.

Stonelake plans to break ground on a 180,000-square-foot speculative distribution center on the site adjacent to the parking lot, Peeples said. He declined to name the timing but said the firm will release more details in the next week.

The deal's closure during the pandemic represents a positive indicator for Houston's west industrial market. Even as deal volume has slowed in Houston, analysts expect e-commerce related industrial assets to weather the storm of the recession better than many commercial real estate asset classes.

"Given the current market conditions, this sale is even more of a testament to both development quality and tenant creditworthiness. We appreciate Stonelake's motivation to see this transaction through, despite the challenging circumstances," said Will Paton, partner at Transwestern, in a statement.

Transwestern and UBS Realty bought a 74-acre site in the Parkside Capital-developed business park in 2014. Transwestern developed phase one, consisting of two buildings totaling 415,000 square feet, which were both leased and purchased by Bel Furniture. Transwestern then developed a 238,000-square-foot cross dock, tilt-wall warehouse on

speculative basis in 2019. That warehouse was fully leased to Amazon in November 2019.

West Ten Business Park is part of a burgeoning industrial corridor near the Katy-Brookshire area that has attracted large distribution centers as companies seek to locate near strong population growth. Igloo, Costco, Rooms-to-Go, Goya, Medline and Ross Dress for Less are some of the other companies with nearby distribution centers. Also in the corridor, [Stream Realty Partners recently started work](#) on the speculative 300-acre [Empire West Business Park](#) at the corner of Interstate 10 and Woods Road in Brookshire.

Transaction activity in this northwest outliers industrial market has declined during the pandemic as investors paused to reassess pricing, according to CoStar analysts. Prior to this Amazon last-mile deal, the biggest deal in the area so far this year was a 138,000-square-foot building at 9400 Telge Road as part of a three-property portfolio sale-leaseback, with the other two properties located in Missouri and North Carolina, according to CoStar analysts. Lake Worth, Florida-based Eastern Metal Supply Inc. sold the properties to McLean, Virginia-based Gladstone Commercial Corp. in January 2020. While no price was disclosed, CoStar estimates the buyer paid \$10.5 million.

Last year, the area's biggest industrial deal occurred when Dallas' Spirit MTA REIT sold the triple net, fully leased, 1.5-million-square Academy Sports Distribution Center in the Primewest Business Park in Katy to Phoenix-based Tratt Properties LLC for \$94 million.

## **For the Record**

The JLL capital markets team of Rusty Tamlyn, Trent Agnew and Charlie Strauss represented the sellers in the Amazon last-mile building disposition. Transwestern's industrial services team, led by Brian Gammill, executed the sale of the adjacent land parcel.