WSJ PRO PRIVATE EQUITY

THURSDAY, APRIL 30, 2026

INDUSTRY NEWS

Blackstone Adds New Unit to Focus Its AI Momentum

Called BXN1, the new arm will concentrate some of the firm's AI bets as it also underscores Stephen Schwarzman's conviction in the technology

By Luis Garcia

Blackstone took yet another step in extending its massive bet on artificial intelligence by forming a new unit that will integrate some of the private-equity firm's investments in AI technologies.

The New York-based asset manager—which has also poured tens of billions of dollars into data-center development, associated power plants and other AI infrastructure—designated Jas Khaira, a senior managing director, as global head of Blackstone N1, or BXN1, a newly created unit dedicated to investing in AI and other fast-growing technology sectors, according to an internal memo viewed by WSJ Pro Private Equity. The memo was signed by Stephen Schwarzman, chairman and chief executive, and Jonathan Gray, president and chief operating officer.

Blackstone N1 incorporates the growth-investing strategy led by Jon Korngold, Blackstone's global head of growth, who has decided to leave the firm after a transition period, the memo said. Korngold joined Blackstone in 2019 from General Atlantic. Khaira is moving from New York to San Francisco, where the new unit will be based.

"We are establishing BXN1 as Blackstone's unified platform for growth, hybrid and perpetual private-equity investing in the AI ecosystem and high-growth technology sectors," Schwarzman and Gray said in the memo.

The initiative highlights Blackstone's conviction in AI's potential to boost the firm's investment returns as the technology reshapes the world. The firm is investing in AI from several angles, including cloud-computing suppliers and electricity sources as well as large language model developers, and sectors, such as life sciences, that are using AI.

Although many large private-markets investors emphasize their recent bets on AI-related infrastructure, no other firm has centered so much of its strategy on the technology, reflecting Schwarzman's personal support for its development. Among other initiatives, he has pledged more than $500 million of his personal fortune to fund AI education and research at schools including the Massachusetts Institute of Technology and Oxford University.

"At Blackstone, we began thinking about the transformative potential of AI many years ago," Schwarzman said during Blackstone's quarterly earnings call last week. "I personally became active in the field in 2015, spending time with key industry figures that would define the AI revolution."

He pointed to the firm's more than $150 billion in data-center assets, including sites under construction, with an additional $160 billion in potential new projects. Blackstone backs some of the world's largest operators, including QTS Data Centers and CoreWeave.

"We believe Blackstone has become the largest investor in AI-related infrastructure in the world," Schwarzman said. "We've also become one of the largest investors in the modernization and growth of the U.S. electric grid ... Specifically, we are the most active private investor in the utility sector over the past several years."

Last year, Blackstone agreed to acquire New Mexico power utility TXNM Energy in a roughly $11.5 billion deal that is under routine regulatory review.

Schwarzman also cited Blackstone's investment in a vast network of U.S. natural-gas pipelines, which he said would account for about half of the power supplied to the nation's data centers within the next five years.

"We've also invested in several of the leading innovators driving the AI revolution itself, such as [technology developers] Anthropic and OpenAI, primarily through our wealth platform," Schwarzman said. Blackstone also backs SpaceX, Elon Musk's aerospace company, which earlier this year acquired xAI, the billionaire's artificial-intelligence company.

"AI is reshaping every business at the firm, and we need a dedicated, focused team positioned at the center of this critical area to further bolster our current presence on the West Coast, where the most innovative AI and technology companies are being built," the memo said.

Blackstone's new unit will oversee AI investments from its growth and opportunistic strategies, as well as private-equity funds tailored to individual investors, reflecting the firm's integration, according to the memo.

"BXN1 will additionally serve as an important resource for our other businesses for intelligence, networks and sector insights," the memo said.

Bloomberg News reported earlier on the creation of Blackstone's AI unit, citing the memo.

The Blackstone N1 initiative comes as investors increasingly fear AI's disruptions to software businesses, while researchers and industry observers have cautioned against excessive optimism over the developing technology.

Drops in the value of some of Blackstone's software assets lowered its private-equity returns during this year's first quarter, the firm's leaders said during the earnings call. Schwarzman acknowledged that there will be "winners and losers" in software, but added that Blackstone's vast portfolio of physical assets makes the firm both more resilient to AI-driven disruption and less dependent on the expansion of the technology.

Those physical assets "benefit from their own positive tailwinds," Schwarzman said, citing investments in warehouses, transportation, residential property and communications infrastructure, as well as asset-backed credit.

"Overall, we believe Blackstone is extraordinarily well positioned for an AI-enabled future," he said.