

Madison Realty Capital, Newbond Holdings Launch Hospitality Lending Platform

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JOSH ZEGEN, MANAGING PRINCIPLE AND CO-FOUNDER OF MADISON REALTY CAPITAL

Madison Realty Capital and **Newbond Holdings** are joining forces in a new joint venture partnership aimed at originating and purchasing hospitality loans across the U.S., *Commercial Observer* can first report.

The two companies announced Monday the launch of **Madison Newbond**, an institutional lending platform that will provide first mortgages, mezzanine loans and preferred equity to hotel owners and developers nationwide. The strategic partnership will begin with roughly \$500 million of initial lending capacity with hopes to expand its scale as a tool to rejuvenate a sector still recovering from the height of the COVID-19 pandemic.

Josh Zegen, managing principle and co-founder of Madison Realty Capital, said the platform would build upon his firm's existing lending network while leveraging the hospitality industry expertise of Newbond co-Founders **Neil Luthra** and **Vann Avedisian**. Prior to founding Newbond in early 2021, Luthra and Avedisian were principals at hospitality management company Highgate for 10 years.

"Hospitality lending has always been part of what we've done during the past 17 years of our business, but we always knew that aligning with a group of operational experts like Neil, Vann and their team at Newbond would enhance our platform," Zegen said. "They really understand the nuances of the hospitality industry."

Zegen added that there are opportunities in the hospitality lending space compared to pre-pandemic times because of the risk premium attached to the sector with the need for more flexible capital because of some distressed deals.

"It's a venture that we've all envisioned, and its also great timing, we think that hospitality is still starved for capital and as a result, there are some very interesting opportunities," Zegen said.

Luthra and Avedisian have completed more than \$15 billion of debt and equity transactions as a team tackling deals in all major property classes with a particular focus on hospitality. Newbond is a vertically integrated real estate private equity firm.

"Due to the COVID pandemic, we are seeing opportunities to deploy significant capital with borrowers who to date have just extended current loans but will need longer term financing solutions to execute on recovery and longer term business plans. In addition, we are also seeing some lenders who have a desire to trade their hospitality debt positions," Luthra said. "We have an active equity business and this was a great way to kick start the debt platform with a partner in Josh, Brian [Shatz] and the Madison team that we trust."

The Madison Newbond Platform will service a wide spectrum of borrowers from upscale resorts to limited-service hotels. The financing programs will target transitional lending and construction loans for ground up developments in major metropolitan markets.

Madison, a vertically integrated real estate private equity firm, has completed more than \$16 billion in financings since its founding in 2004. Some of Madison's recent notable deals include a \$105 million loan to **Fort Partners** for the acquisition and modernization of the **Four Seasons Hotel Miami**. It also supplied a \$210 million loan to **Fort Partners** for the construction of the Four Seasons Hotel and Private Residence Fort Lauderdale.