

Madison Newbond Lends \$72M on California Wine Country Hotels

BY ANDREW COEN APRIL 12, 2022 9:27 AM



THE CAMBRIA NAPA VALLEY HOTEL OPENED IN AUGUST 2021

Madison Newbond, a new institutional lending platform launched by **Madison Realty Capital and Newbond Holdings** last November, originated a \$72 million loan for two newly built hotels in California's wine country region, Commercial Observer has learned.

The debt package, provided to **Stratus Development Partners**, will be used to refinance existing construction debt on the 135-key **Cambria Sonoma Wine Country** and the 90-key **Cambria Napa Valley** hotels.

Ackman Ziff's Firas Turkmani and **Evan Linkner** brokered the financing.

The joint venture partnership between Madison Realty Capital and Newbond is aimed at originating and purchasing hospitality loans across the U.S. It began with roughly \$500 million of initial lending capacity.

“California renowned wine producing regions have long been among the top destinations for both leisure and business travelers globally, and these two modern hotels, which are already cashflow positive, are well positioned to thrive as demand continues to rebound,” **Josh Zegen**, managing principle and co-founder of Madison Realty Capital, said in a statement. “We are pleased to continue building on our institutional lending platform and leveraging our deep industry relationships in partnership with Newbond to deliver creative and flexible lending solutions to hospitality owners and operators in attractive markets.”

Located at **5870 Labath Avenue** in Rohnert Park, Cambria Sonoma Wine Country opened in August 2020. The hotel’s amenities include restaurant with bar, barista bar serving specialty coffee and flexible meeting space.

The Cambria Napa Valley at **320 Soscol Avenue** in Napa debuted in August 2021. It features a two-story lobby along with a full-service restaurant and bar.

Both hotels have a franchise agreement with **Choice Hotels International** and are operated by San Diego based **Azul Hospitality Group**.

Napa and Sonoma counties, which welcome more than 14 million annual tourists, have high barriers to local development and approvals and rising construction costs with very few new competitive hotels in the works. Hotel occupancy in both regions have made recent strides through, increasing 32 percent the last 12 months in Sonoma and 70 percent in Napa during the same period.

“We are excited to provide construction takeout financing for Stratus Development Partners, who were able to successfully build new hotels in Sonoma and Napa Valley, two regions with notoriously strict development regulations,” **Neil Luthra**, founding partner at Newbond, said in a statement. “Our partnership with Madison Realty Capital combines their institutional lending platform with our hospitality

experience and we look forward to building the Madison Newbond platform by identifying and executing on new hospitality financing opportunities.”

Officials for Stratus development Partners could not be reached for comment.