

REAL ESTATE

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WEEKLY



Sagamore Hotel in South Beach

HKS arranges \$45M hotel loan

HKS Capital Partners, a New York based capital advisory firm, arranged a \$45 million refinance loan from Bank Hapoalim B.M. for The Ben Josef Group in the purchase the famous Sagamore Hotel, located in the heart of the South Beach's historic Art Deco District.

The Ben Josef Group is the predominant money investor in the acquisition of the hotel, along with a partner on the deal, the Insite Group, a South Florida based development firm.

The borrowers paid \$63 million cash for the hotel in March 2016.

John Harrington, one of the founding partners of HKS Capital Partners, secured the five year \$45 million loan from one of Israel's largest banks, with 30 month interest only during the renovation period.

The interest rate during renovation is at 30 day libor + 2.8 float, three percent min, and the roll into the mini perm is the same.

"Our client partnered with Insite Group for their model reputation and experience with hospitality ownership and operational management in the South Florida market," said Harrington, who pointed out that InSite

Group owns hotels and multi-family projects, including the Sheraton Tampa Riverwalk, the Coco Key Resort in Orlando, and the former Clarion Suites in New Orleans, all purchased last year in a bulk deal.

The five-story Sagamore Hotel presently has 94 suites. According to Harrington, the new owners plan to renovate and reposition a portion of the floor plan to yield an additional 48 guest rooms, which will result in 142 guest suites, including oceanfront penthouses and two story oceanfront bungalows.

"The new ownership is strongly committed to the preservation and development of the Sagamor's Art legacy," added Harrington. "The hotel has a robust carefully curated art program which features the best upcoming and established artists."

The Sagamore has partnerships with art institutions such as the PAMM Museum.

The Ben Josef Group is led by family Patriarch Edeed Ben-Josef and managed by his children. The family has been in the garment industry for decades, and also has a commercial real estate portfolio which includes major New York City and Miami trophy assets.