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# DESERT HOT SPRINGS INDUSTRIAL PARK: CANNABIS CULTIVATION OPPORTUNITY

122,000 SF | Little Morongo Rd | MEP & Cannabis Entitlements Included

**Buy it. Build It. Exit.**

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# Disclaimer

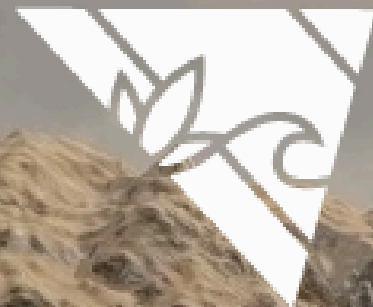


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# Introduction

The **Desert Hot Springs Cannabis Cultivation Campus** presents a unique, shovel-ready investment opportunity for cannabis industry operators and investors. Priced at **\$900,000** for **raw land with entitlements**, this 8+ acre property offers over **122,000 square feet** of customizable space dedicated to cannabis operations. Although not turnkey, the facility is shovel-ready (ready for construction, not fully built) and designed with **MEP systems** (Mechanical, Electrical, Plumbing) for maximum operational efficiency and to meet compliance standards.

Located within a **cannabis-friendly zone**, the property includes **Cannabis Entitlements**, streamlining the process to begin cultivation operations and significantly reducing startup time. Strategically positioned for high-yield productivity, the campus supports **bi-weekly harvest cycles**, enabling operators to optimize scale and maximize returns on investment.

This cultivation campus provides a scalable solution for cannabis entrepreneurs and investors, combining advanced infrastructure with regulatory benefits in a prime Desert Hot Springs location.



# Property Overview

## Location & Size

- **Total Land Area:** ~ 8.48 Acres
- **Rentable Area:** 122,000 SF
- **Prime Location:** Little Morongo Rd, Desert Hot Springs, CA
- **Parcel APNs:** 665-080-006 & 665-080-008

## Building Design Specifications

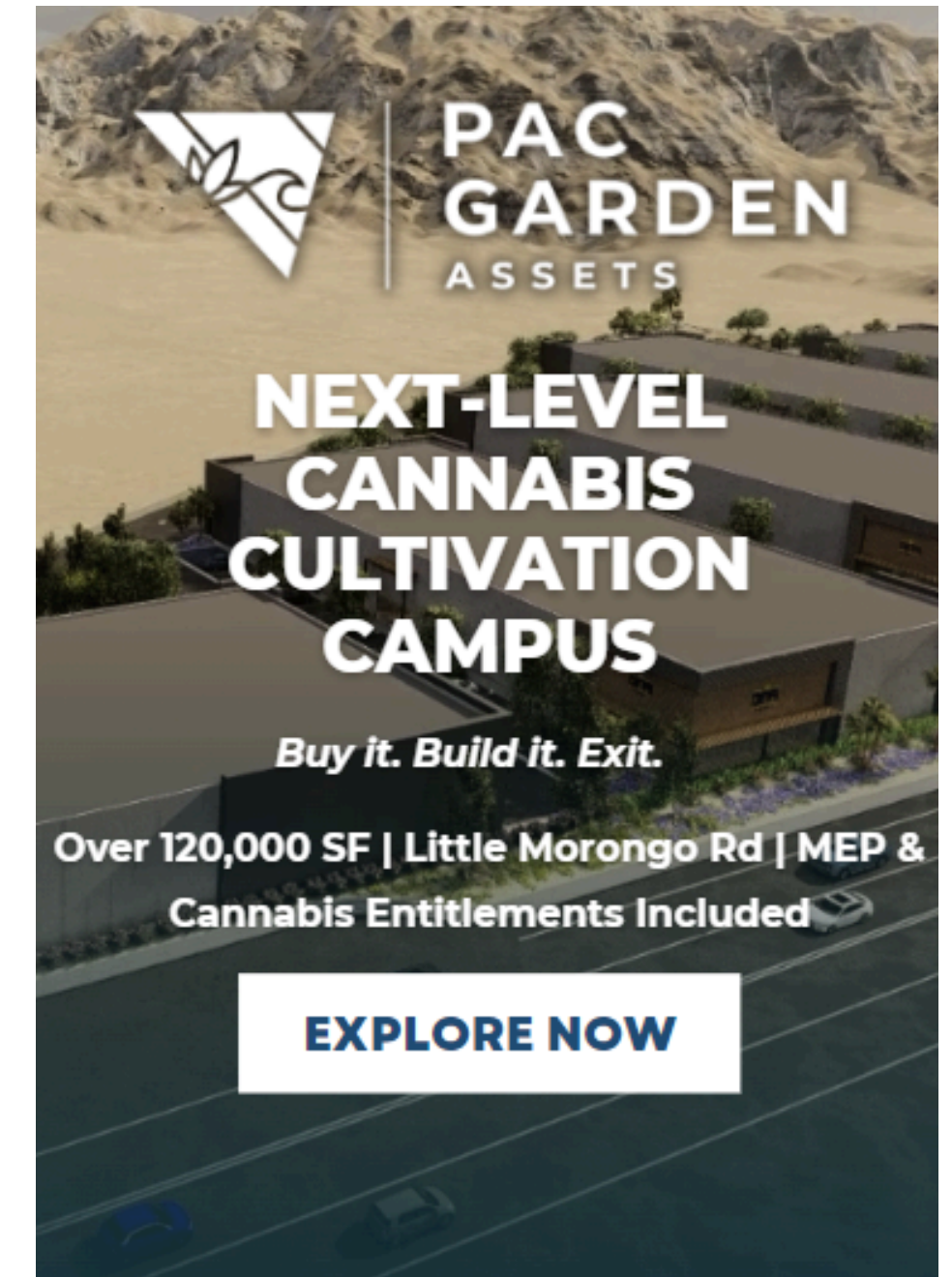
- Each of the five (5) buildings are designed for functionality & efficiency, featuring: dedicated dry rooms, trim rooms, and four (4) flower rooms, with bi-weekly harvesting cycles.
- **Building #1:** 28,100 SF
- **Building #2:** 30,600 SF
- **Building #3:** 24,718 SF
- **Building #4:** 22,440 SF
- **Building #5:** 16,954 SF

## Zoning & Entitlements

- **Cannabis-Compatible Zoning:** Cultivation, manufacturing, & distribution.
- **Significant Tax Incentives:** Competitive tax rates and **Opportunity Zone** status
- **Designed for Cultivation:** MEP specifically designed to support efficient, large-scale cannabis production.

## Utilities & Site Conditions

- **Utilities Ready:** Electricity & water connections are already established; a sewer plant is under construction nearby.
- **Land Topography:** Flat, cleared land.
- **Easy Accessibility:** Situated near the I-10 highway, making logistics straightforward.





# Target Market

This project has major market appeal as the designs are modern and the regulations are beginning to soften. Investors are getting ready for a friendlier (*possibly even legal*) federal cannabis environment.



1

## Cannabis Entrepreneurs & Startups

- Small to mid-sized cannabis businesses looking to establish a footprint in California.
- High-interest in low to medium cost cultivation solutions with supportive local regulations.



2

## Institutional Investors & REITs

- Investment groups interested in high-growth potential properties within the cannabis industry.
- Appeal to those seeking shovel-ready facilities with cannabis entitlements and tax benefits.



3

## Experienced Cultivators and MSOs

- Medium to large cannabis businesses looking to expand or establish a footprint in California.
- High-interest in large scale, highly efficient cultivation spaces for commercial production.



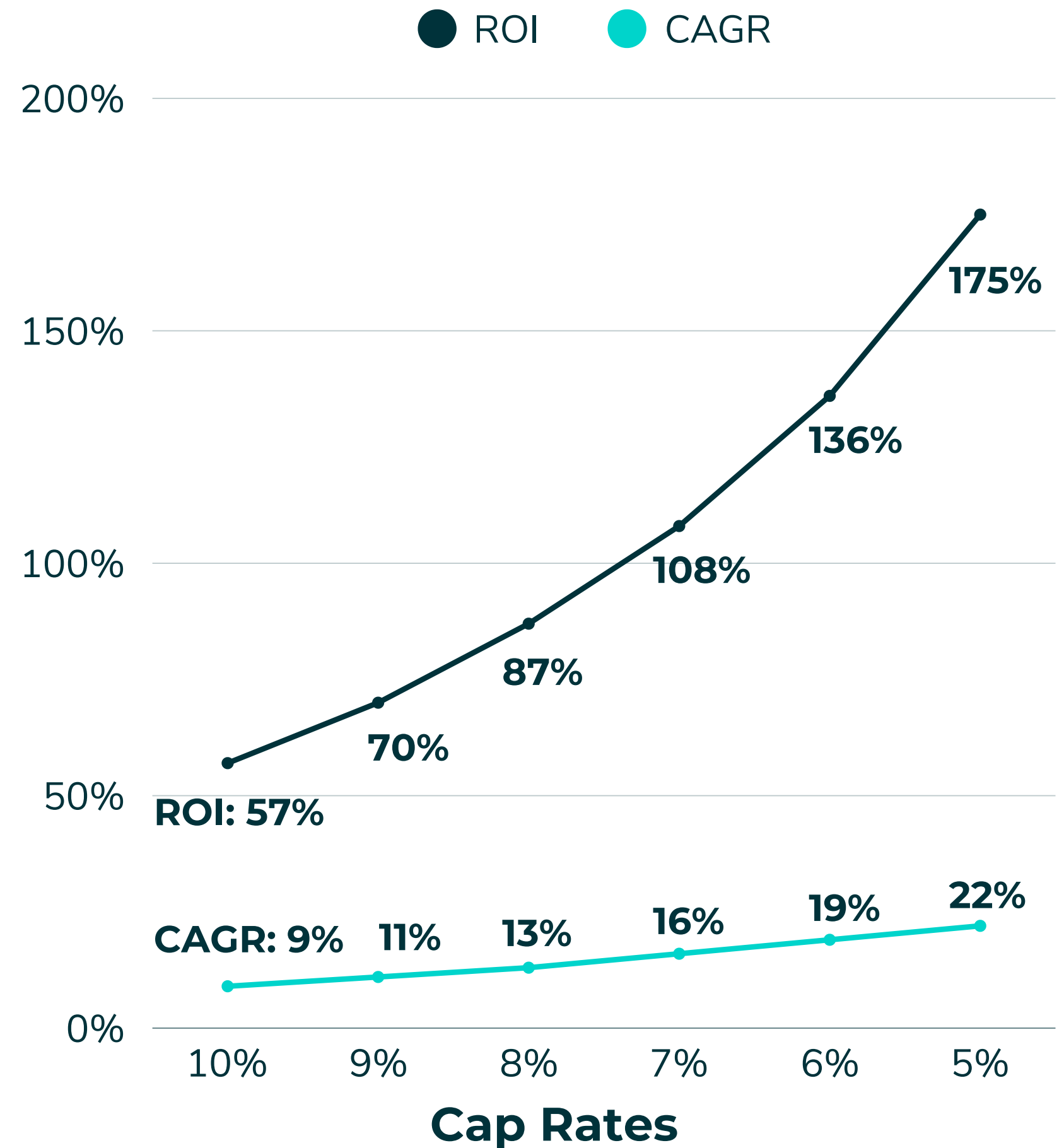


## Cap Rate Analysis (10% - 5%)

Lower cap rates enhance both ROI and CAGR, highlighting the value of a favorable exit in the cannabis industry.

- **Exit Valuation Impact:** A lower cap rate results in a higher exit valuation, enhancing overall returns.
- **Projected Year 5 Exit:** Assuming a 7% cap rate, this investment achieves a **projected ROI of 108%** and a **Compounded Annual Growth Rate (CAGR) of 16%** over five years.
- **Market Positioning:** As cannabis assets become more mainstream and perceived as less risky, they are likely to be valued at lower cap rates, offering a substantial premium over traditional, risk-free investments.

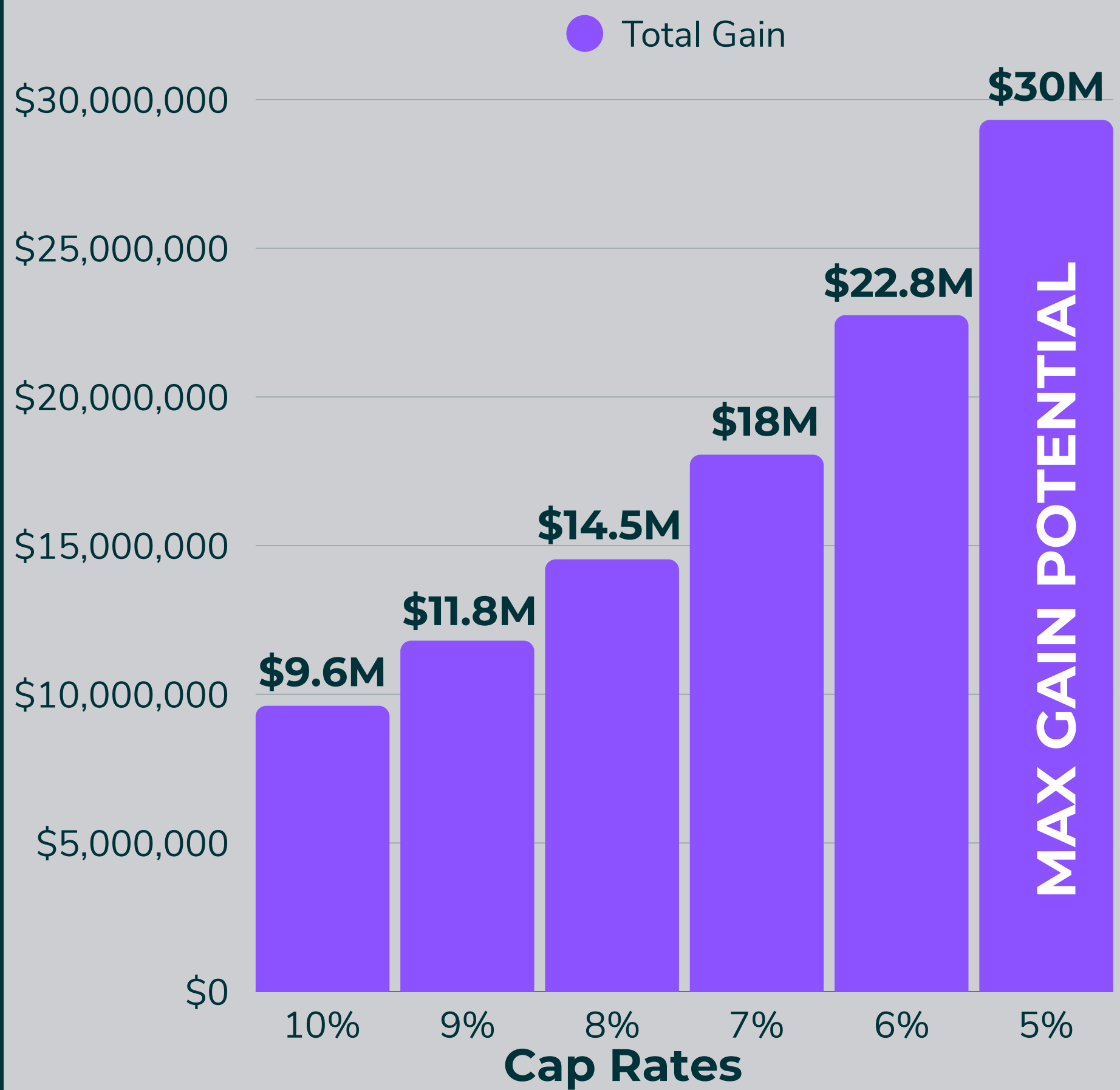
## ROI and CAGR Across Cap Rates







# Projected Total Gain by Cap Rates



## Targeting a 7% Cap Rate for Strong ROI and High Returns



**7% Cap Rate Projected Gain:** At a 7% cap rate, this investment yields a **total gain of \$18M**, reflecting a balanced approach to risk and return.



**Significant Profit Potential:** Achieving a **7% cap rate exit** provides a substantial premium over higher cap rates, making it an attractive target for market conditions.



**Enhanced Investor Appeal:** As cannabis assets mature and gain credibility, a 7% cap rate becomes increasingly achievable, positioning this investment for robust growth and profitability.



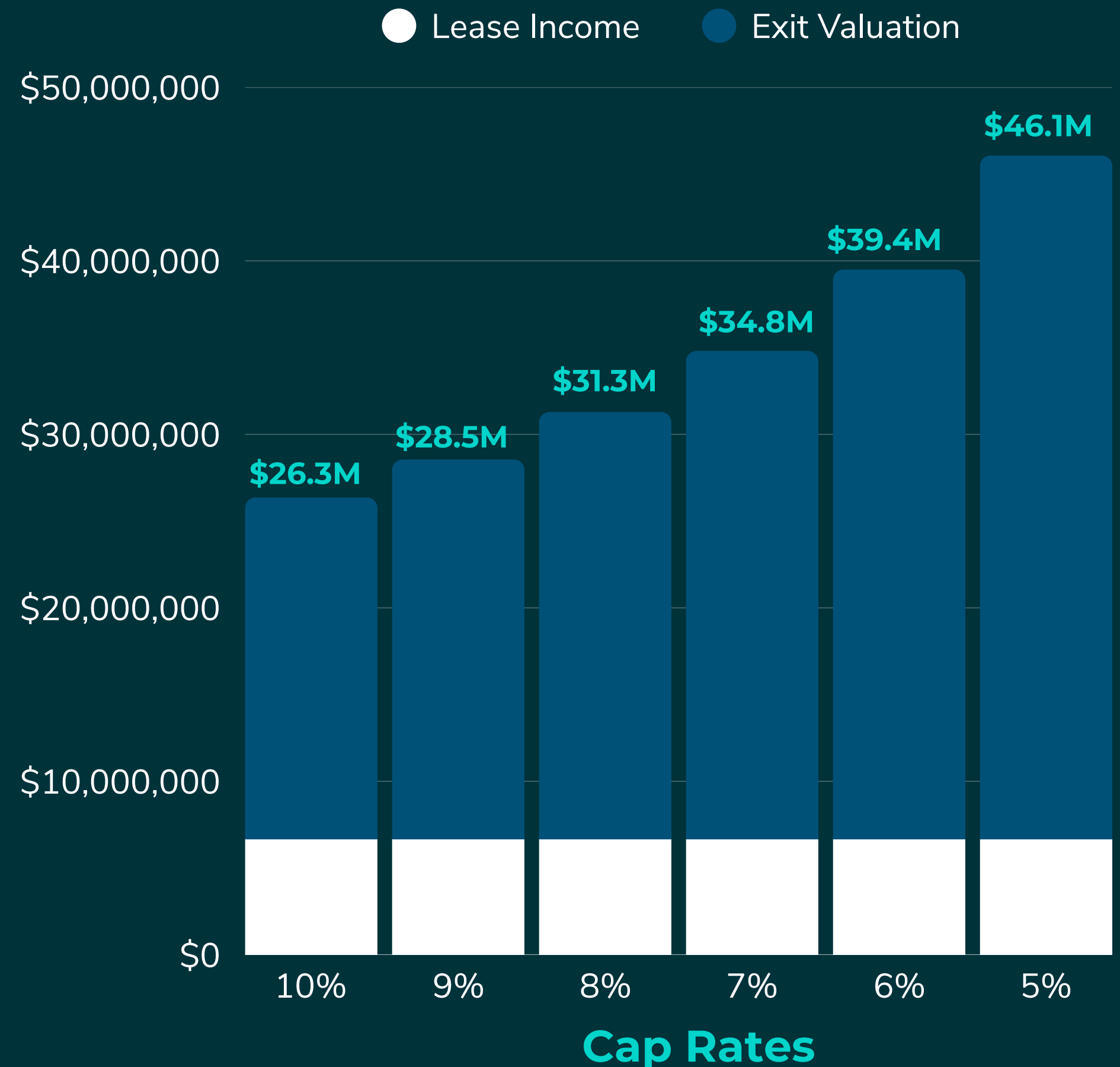
**Strategic Market Positioning:** A 7% exit offers strong ROI while accounting for the potential risks associated with the cannabis market, aligning with industry trends toward reduced risk perception.

## Projected Lease Income & Exit Valuations

- **Projected Lease Income Commencement:** Lease income is anticipated to begin in **month 18**, allowing for completion of the building construction and establishing leases with prospective tenants.
- **Projected Lease Rate Growth:** Starting at an **expected \$1.25 per SF** with a **3% projected annual increase**, lease income is forecasted to grow steadily, driving stable cash flow.
- **Expected Exit Valuation at Favorable Cap Rate:** By targeting a projected **cap rate of 7%**, we maximize exit valuation, benefiting from anticipated market conditions and asset appreciation.

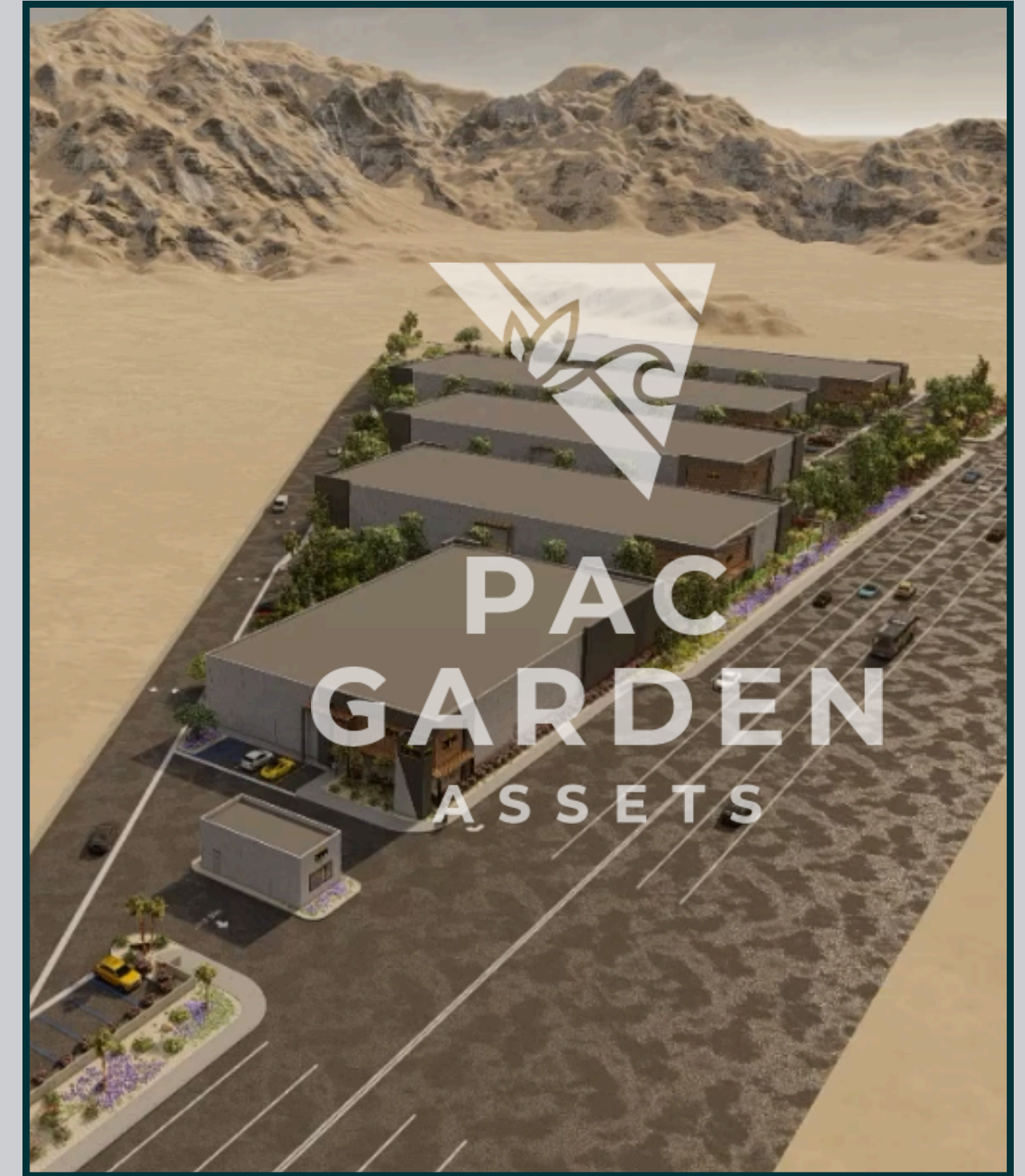
This combined income approach balances ongoing cash flow with capital appreciation, maximizing returns under favorable cap rates.

## Total Proceeds Breakdown Across Cap Rates





# Desert Hot Springs Location



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# THANK YOU!

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# APPENDIX - Links

Will Serve Letter

MEP Plans

Video #1

Video #2

Video #3

Recorded CUP