



Relax Hotel & Spa *Desert Hot Springs, Ca*

Palmer Properties

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EXECUTIVE SUMMARY

INVESTMENT OVERVIEW

The subject property consists of a 40 remodeled room resort & spa with spa treatment rooms, plus an owner/managers unit located at 67485 Hacienda Desert Hot Springs. The Relax spa is an intimate, secluded property oriented for relaxation and healthy living along with the most phenomenal views the area has to offer. It features a generous potential pool side areas for quiet relaxation.

The Relax Spa has a large pool, a potential of adding outside spas and a large indoor spa, all which are fed from the properties own hot mineral water well. The Relax Spa rooms are spacious with all 40 rooms a warm modern touch.

Desert Hot Springs has been said to be the world's best source of fresh hot mineral water for drinking and bathing. It is said that drinking as few as four glasses a day will add enough minerals to you diet to aid your nutrition, and that bathing in the pools three or more times per week is the best routine for improving circulation. The Relax Spa with its immaculate appearance, superb condition and excellent location should continue to enjoy increased occupancy and profitability in the future.



PROPERTY DETAILS

Address: 67485 Hacienda,
Desert Hot Springs, CA 92240
County Riverside County
Ownership Interest Fee Simple
of Rooms 40
Franchise Independent Hotel
Facilities & Amenities • Non-
guest rooms include

- Lobby
- Back Office
- Laundry Room
- Storage Rooms
- Spa Rooms with
- Very Popular for Group
Retreats
- Interior Kitchenette
- Front Desk

*Mechanical Systems Individual
HVAC units in each guest room



MARKET OVERVIEW

Nestled in the foothills is Desert Hot Springs, the city is located within Coachella Valley in Riverside County, 12 miles north of Palm Springs, 112 miles southeast of Los Angeles, 140 miles northeast of San Diego. A true spa experience, tranquility of the natural desert environment and therapeutic benefits of the mineral-rich waters are the reasons visitors frequent the spa zone of Desert Hot Springs. Desert Hot Springs lies in the foothills of Joshua Tree National Park in the southeastern part of the state of California. Desert Hot Springs is located within the Coachella Valley in Riverside County and was built over one of the worlds finest natural hot mineral water aquifers. Since the 1950's the city has become a premiere tourist destination for those seeking a true spa experience, the tranquility of the natural desert environment and the therapeutic benefits of its mineral-rich waters.



One of the areas first settlers was Cabot Abram Yerxa, who discovered two separate water aquifers that helped shape the future of Desert Hot Springs. The first was a spring with water temperatures of 110 degrees which gave rise to the areas spa culture. The second was the Mission Springs Aquifer which is considered some of the finest tap water on earth and still provides fresh water to the city.

Named "California's Spa City" Desert Hot Springs is home to approximately 20 spas. According to Encyclopedia Britannica the word Spa means "mineral springs or resort with thermal or mineral water used for bathing or drinking." The word originating from the municipality of Spa in Eastern Belgium where it became popular in the 18th Century when it was visited by European royalty. Although the number of "spas" continue to grow in the United States, very few of them actually offer the true nature of the spa as described above using the healing restorative powers of mineral water. Desert Hot Springs however, is a true spa city and thus attracts tourism from all around the world.

Desert Hot Springs and the greater Palm Springs area has numerous golf courses with breathtaking views of the Santa Rosa Mountains. Desert Dunes Golf Club, located roughly three miles from the property, was crafted by legendary golf course architect Robert Trent Jones Jr., making this course widely considered one of the best tests of golf in the valley.



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied as to the accuracy of the information. References to square footage or age are approximate. Broker has not verified this information. Buyer must verify the information and bears all risk for any inaccuracies.

LOCATION OVERVIEW

Riverside County is one of 58 counties that divides the state of California, covering approximately 7,208 sq. miles. Riverside County lies inland of Los Angeles County and is bordered on the west by Orange County and on the north by San Bernardino County. Riverside and San Bernardino counties form the Inland Empire.

Geographically, the county is made up mostly by desert landforms with Mediterranean climate in the western portion of the county, where the city of Desert Hot Springs is located.

Neighboring resort cities (Palm Springs, Palm Desert, Indian Wells, Rancho Mirage, etc.) are known to attract numerous vacationers annually with consistent warmer climate and social events. These cities are some of the fastest growing regions and according to the 2010 Census approx. 346,518 residents call the Coachella Valley home.

In the peak months the population surges to near 800,000 in January, up to 500,000 in April and declines to 200,000 in July. There are also another 3.5 million annual conventioners and tourists rounding out the mix of annual visitors.



The Miracle Waters

The hot mineral waters in Desert Hot Springs lie in a great aquifer that runs for several miles beneath the City of Desert Hot Springs and can vary in temperature from around 70F to 180F. The Miracle Hill area is the prime area in the City of Desert Hot Springs as it has access to the higher temperatures of the mineral water. Dr. Augustus Broue, an Australian chemist and metallurgist spent many years travelling the world analyzing curative waters. He has said of the waters in Desert Hot Springs: "From the analysis of these waters, I have not found the like of them in any country I have explored. It is pronounced curative agency, as is the air. It could be bottled and shipped anywhere".

Natural Hot Water (ppm)

| | |
|-------------------|-------|
| Iron Oxide | Trace |
| Calcium | 45.1 |
| Aluminum Oxide | Trace |
| Magnesium | 5.1 |
| Sodium | 268.6 |
| Sulfate | 493.6 |
| Chloride | 120.5 |
| Bicarbonate | 129.0 |
| Fluoride | 5.3 |
| Hydrogen-Ion (pH) | 8.3 |
| Conductivity | 388 |

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Pro Forma

40 rooms x \$200 per night = \$8,000 per night

%70 occupancy = \$5,600 x 365
days = Gross yearly income
\$2,044,000

**Currently \$1,800,000 has been invested in the hotel remodel. Pools and spa areas need to be completed by the buyer after close of escrow. Pool bid can be sent upon request. Hotel can be up and running in approximately 3-6 months with it being fully remodeled and potentially the nicest mineral hot springs hotel in the area.



DISCLAIMER

This Confidential Investment Offering Memorandum (“Memorandum”), which is intended solely for your limited use and benefit in determining whether you desire to express any further interest in participating in the acquisition of the The Relax Spa & Hotel “Property/ Hotel” in Desert Hot Springs Springs, CA. By accepting this memorandum, the recipient agrees to comply strictly with the terms and conditions of this Confidentiality Agreement by the Recipient with respect to this memorandum and all information contained herein, and to use this memorandum only for the purpose of evaluating the offering made hereby.

This Memorandum was prepared by Brian Palmer and has been reviewed by the Owner. It contains select information pertaining to the Property and does not purport to be all- inclusive or to contain all of the information , which prospective investors may desire. This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied as to the accuracy of the information. References to square footage, pro formas or age are approximate. Broker has not verified this information. Buyer must verify the information and bears all risk for any inaccuracies.

More detailed information and an opportunity to inspect material related to the Property will be made available to interested and qualified prospective investors.

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The Agent reserves the right to require the return of this Memorandum and any other material provided to the Recipient at any time. Photocopying or other duplication of the Investment Offering Memorandum in part or entirety is not authorized.