DISCLAIMER

These analyses, projections, assumptions, rates of return, and any examples presented herein are for **illustrative** purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis, as results are difficult to predict as a function of market conditions, natural disasters, pandemics, significant economic impacts, legislation and administrative actions.

DEMOGRAPHIC AND MARKET DATA

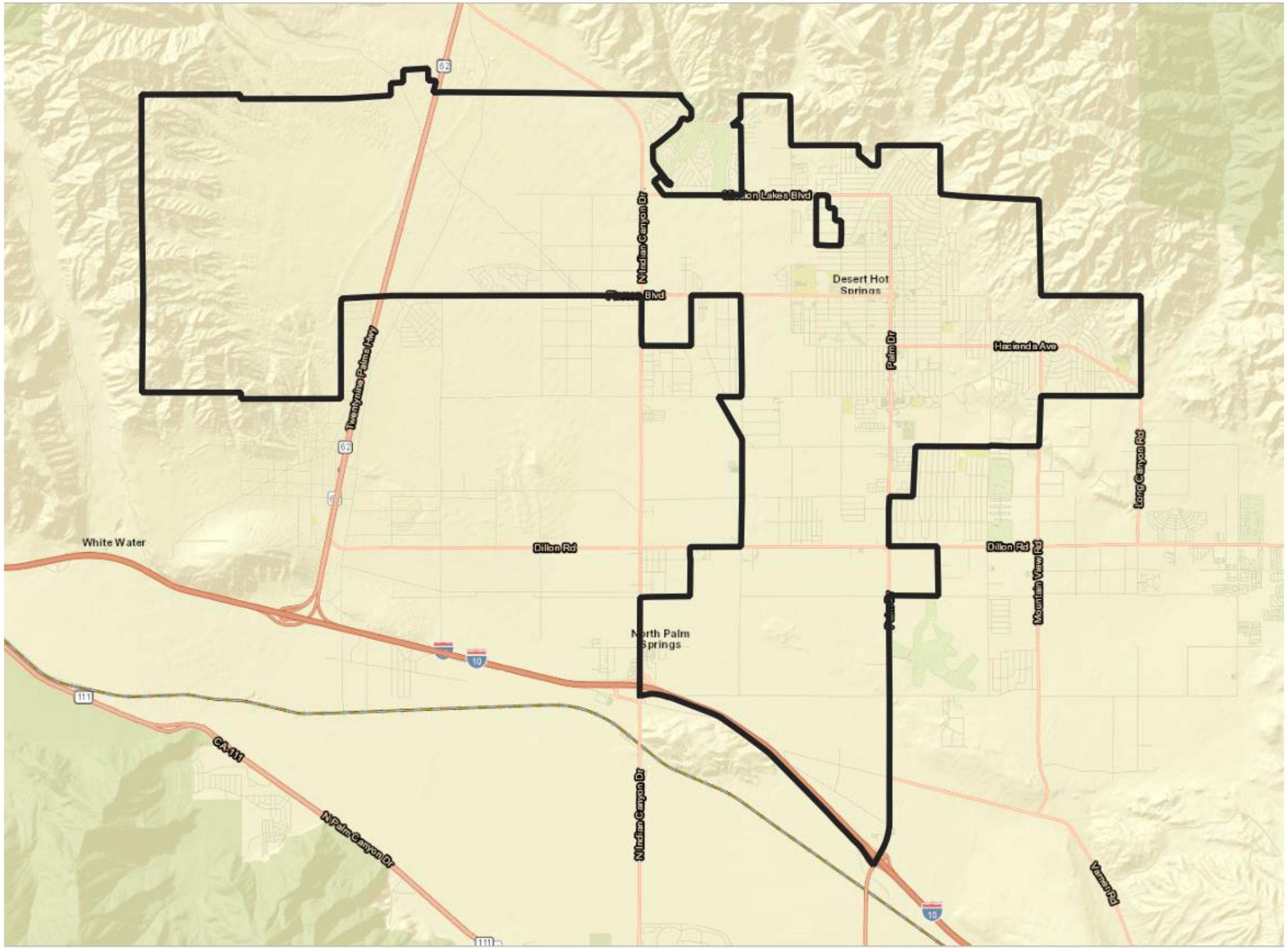
DEMOGRAPHIC DATA SUMMARY

- Desert Hot Springs has a population of ~32,500, with ~96% growth over the past 20 years
- **Average Household Size** is 3.0 persons, the **Median Age** is 33.1 years, and, with ~15% achieved at least a bachelors degree
- City **Average Household Income** is $58,000, lower than County and statewide levels
- Desert Hot Springs sees ~2,600 people coming into City to work with ~10,300 commuting outside for Net **Outflow** of ~7,700 jobs, with many workers going to Palm Springs, Palm Desert, and Rancho Mirage.
- **Jobs in the City** are primarily in the Healthcare / Social Assistance, Accommodation / Food Services, and Educational Services sectors.
- **Residents of the City** are primarily employed in the Accommodation / Food Services, Healthcare / Social Assistance, and Retail Trade sectors.

DESERT HOT SPRINGS REGIONAL CONTEXT

Located in the Coachella Valley between the San Bernardino Mountains and San Jacinto Mountains, Desert Hot Springs is a City of ~33,000 people spread over 30 square miles of land. The City was settled in the early 1900s, and was noted for its natural hot and cold mineral springs.

Starting in the 1950s, the City became a tourist destination due to the small spas and boutique hotels that were built around the springs. The City is located of Palm Springs and south of Joshua Tree National Park.



POPULATION & INCOME OVERVIEW

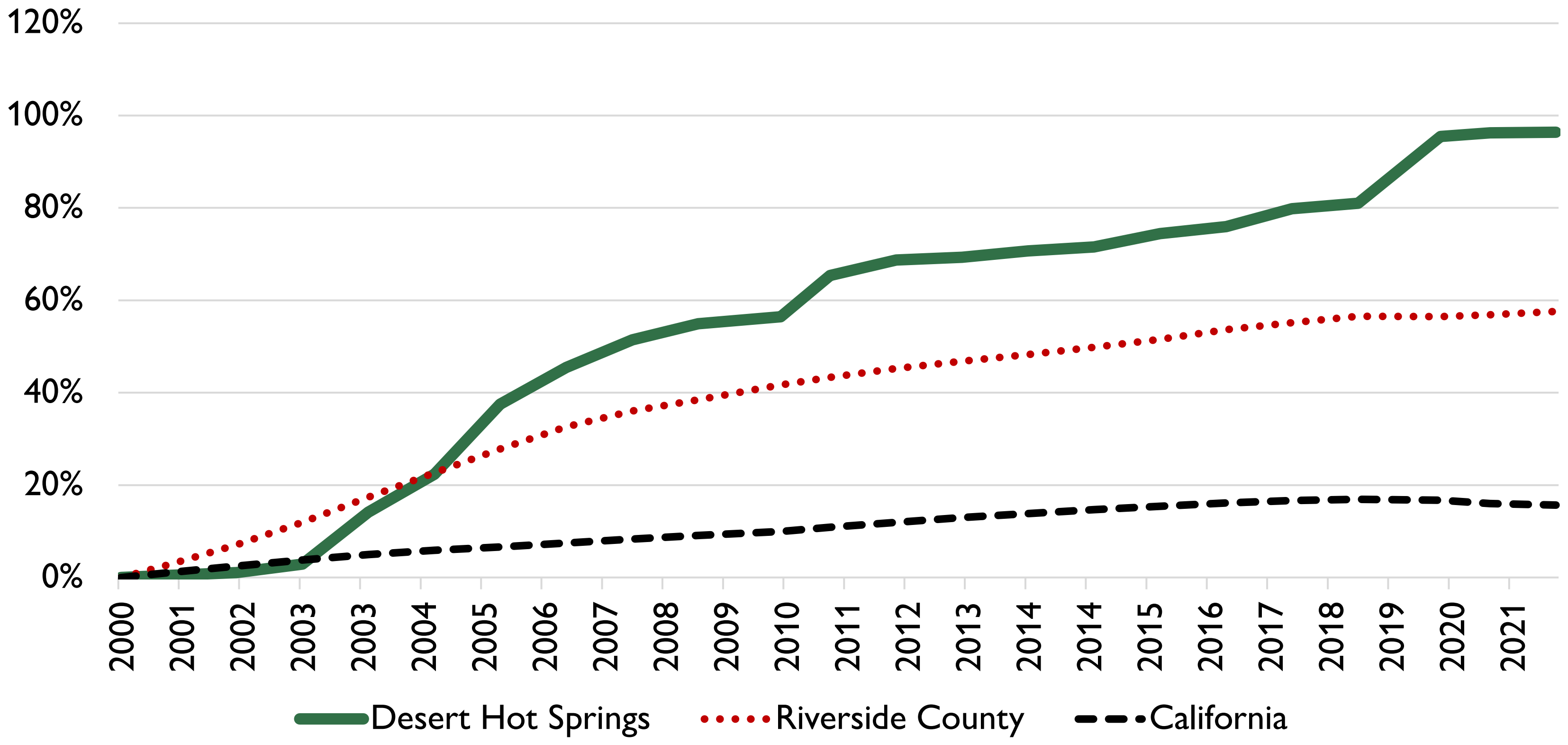
	Desert Hot Springs City	Palm Dr & Hacienda Ave 15 Min Drive	Palm Springs DMA	Riverside County	California State
Population	32,539	87,797	450,775	2,451,199	39,770,476
Households	10,615	32,749	171,515	774,829	13,570,050
Average HH Size	3.0	2.7	2.6	3.1	2.9
Median Age	33.1	39.4	41.8	35.2	36.7
% Bachelor's Degree or Higher	14.5%	24.6%	28.9%	25.7%	37.8%
Hispanic Population	61.9%	53.8%	53.8%	50%	39.4%
Median HH Income	$42,134	$54,110	$64,321	$80,680	$88,930
Average HH Income	$58,033	$81,916	$103,441	$109,516	$129,367
Median Home Value	$267,849	$371,150	$441,534	$434,566	$629,224

Source: ESRI Business Analyst Online

CUMULATIVE POPULATION GROWTH, 2000 – 2022

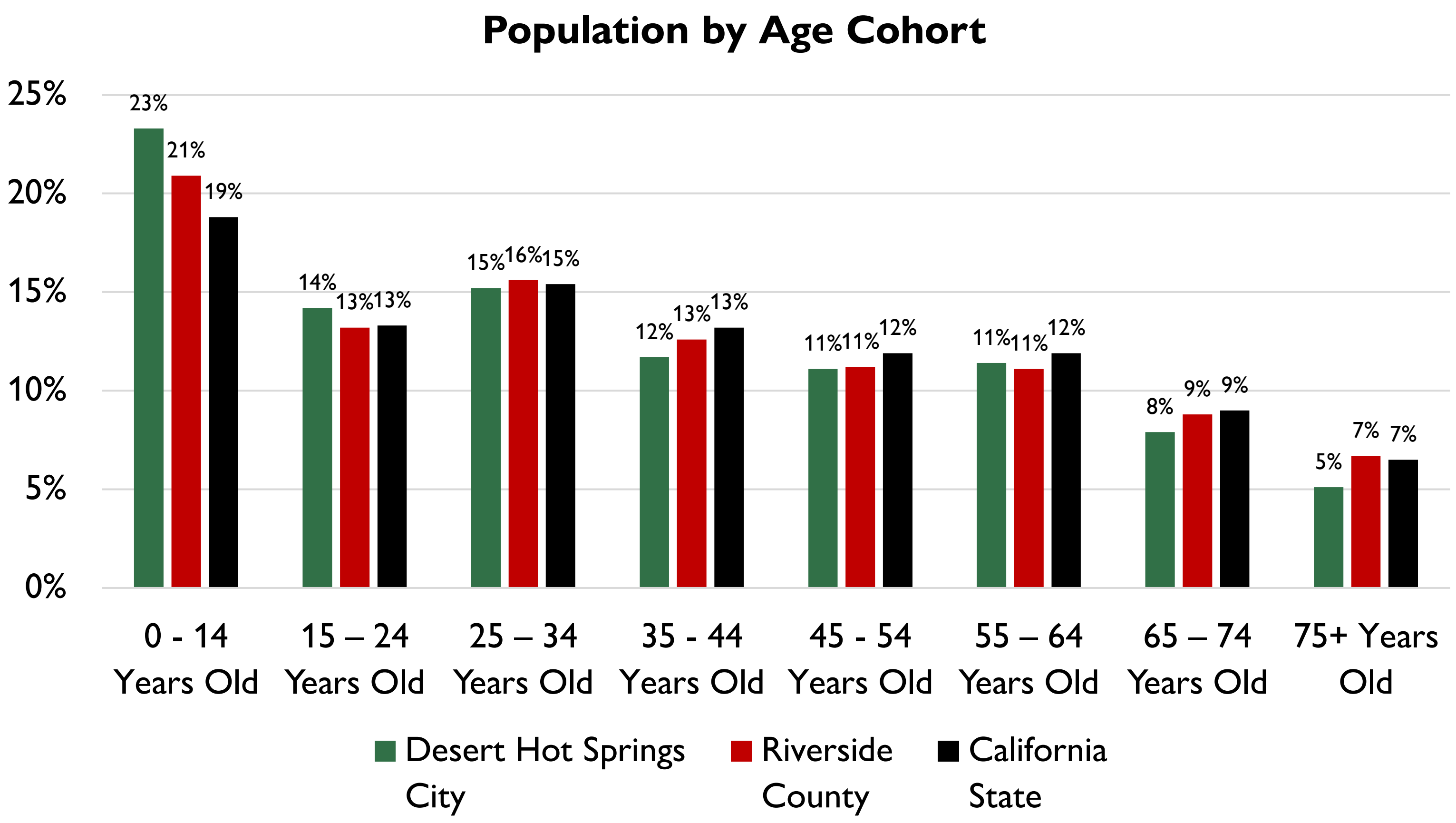
Desert Hot Springs has seen population growth of ~96% since 2000, higher than Riverside County's growth (and significantly higher than the state's population growth) over the same time period. In 2022, the City's population was roughly double the 2000 population.

Population Growth, 2000 – 2022



Source: CA DOF

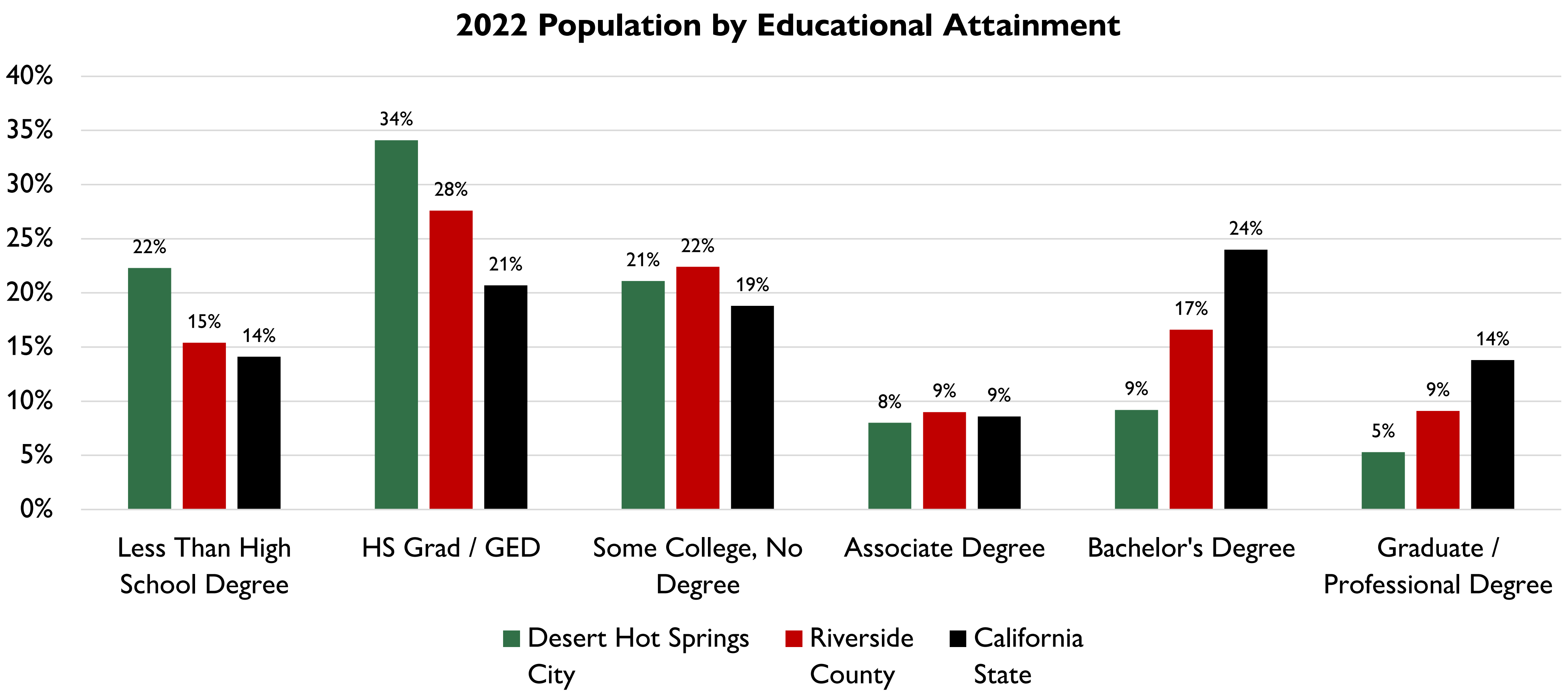
POPULATION BY AGE COHORT



Age Cohort	Population (2022)
0 - 14 Years Old	7,600
15 – 24 Years Old	4,600
25 – 34 Years Old	4,900
35 – 44 Years Old	3,800
45 – 54 Years Old	3,600
55 – 64 Years Old	3,700
65 – 74 Years Old	2,600
75+ Years Old	1,700

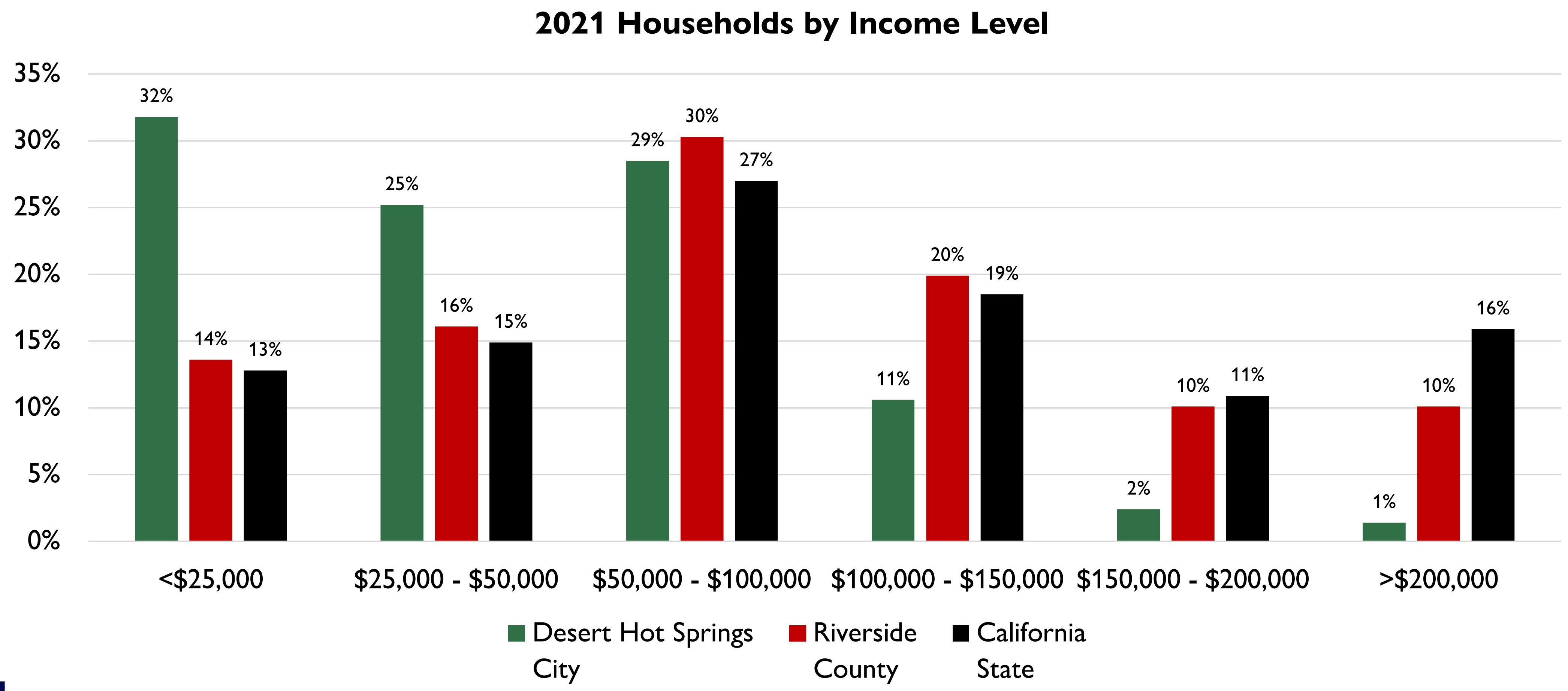
Source: ESRI Business Analyst Online

POPULATION BY EDUCATIONAL ATTAINMENT



Source: ESRI Business Analyst Online

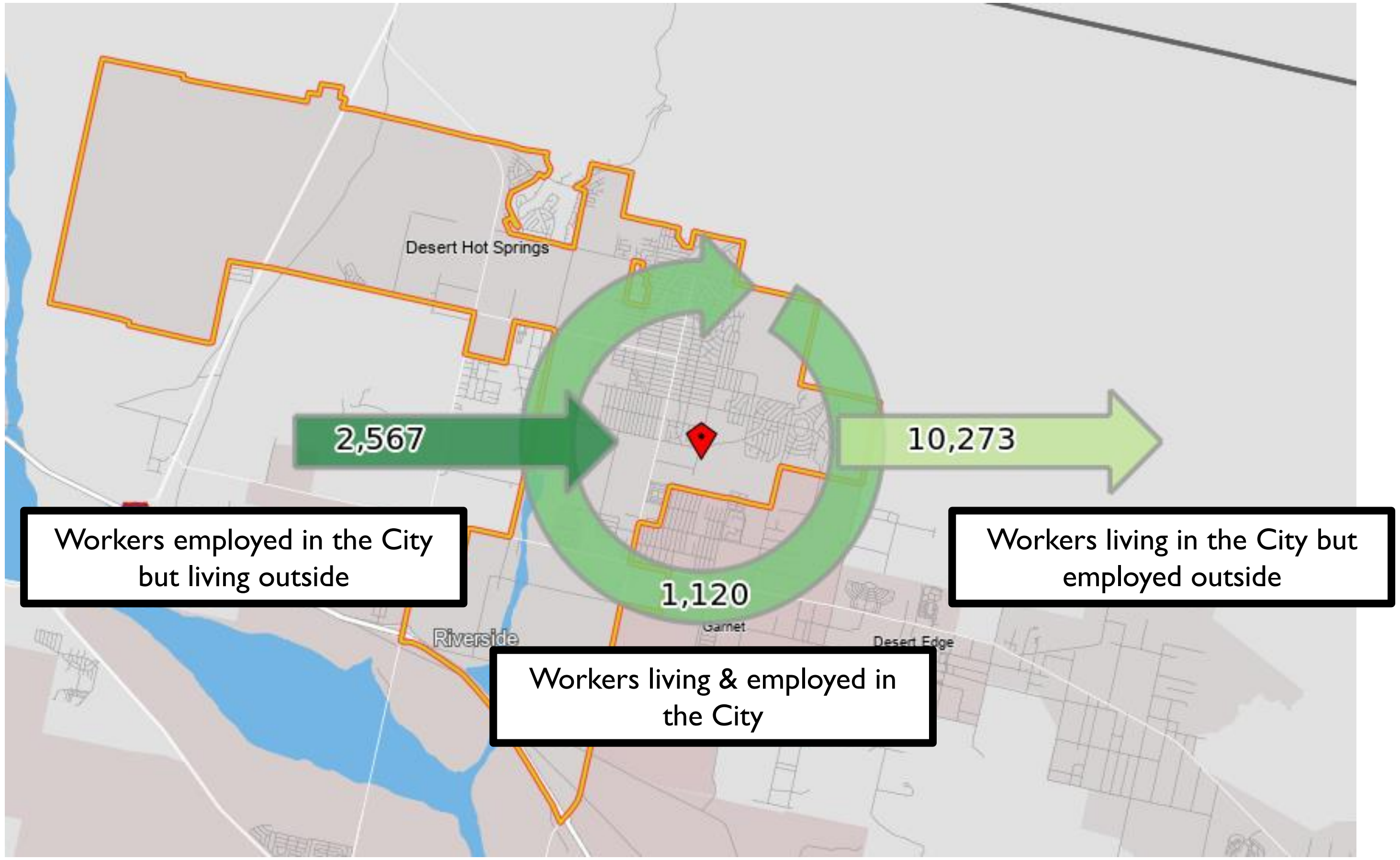
POPULATION BY INCOME



Source: ESRI Business Analyst Online

WORKER INFLOW / OUTFLOW

Worker Inflow/Outflow (2019)	
Workers Living & Working	1,120
Workers Coming (Inflow)	2,567
Workers Going (Outflow)	10,273
Net Inflow/Outflow	**(7,706)**
Employment Ratio*	**0.32**



Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed March 2023)

Notes: *Employment Ratio = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

WORKER DESTINATIONS & ORIGINS
CITY OF DESERT HOT SPRINGS

- Workers who live in the City primarily work in Palm Springs, Desert Hot Springs, Palm Desert, and Rancho Mirage.
- Employees who work in the City primarily come from Desert Hot Springs, Cathedral City, Palm Springs, and Garnet.

Outflow: Where Desert Hot Springs Residents Commute To

City	Count	Percentage
Palm Springs	1,965	17.2%
Desert Hot Springs	1,120	9.8%
Palm Desert	900	7.9%
Rancho Mirage	711	6.2%
Cathedral City	588	5.2%
Indio	375	3.3%
Los Angeles	339	3.0%
Thousand Palms	297	2.6%
San Diego	280	2.5%
La Quinta	209	1.8%
Riverside	173	1.5%
Temecula	126	1.1%
Coachella	116	1.0%
San Bernardino	103	0.9%
Yucca Valley	102	0.9%
Indian Wells	95	0.8%
Irvine	93	0.8%
Hemet	82	0.7%
Garnet	71	0.6%
Anaheim	66	0.6%
Moreno Valley	65	0.6%
Corona	60	0.5%
Ontario	60	0.5%
Murrieta	53	0.5%
Banning	52	0.5%
All Other Locations	3,292	28.9%

Inflow: Where Desert Hot Springs Workers Come From

City	Count	Percentage
Desert Hot Springs	1,120	30.4%
Cathedral City	311	8.4%
Palm Springs	222	6.0%
Garnet	184	5.0%
Indio	145	3.9%
Palm Desert	105	2.8%
Yucca Valley	96	2.6%
Desert Edge	72	2.0%
La Quinta	67	1.8%
Coachella	57	1.5%
Rancho Mirage	46	1.2%
Beaumont	41	1.1%
Hemet	41	1.1%
Los Angeles	39	1.1%
Thousand Palms	37	1.0%
San Jacinto	35	0.9%
Banning	33	0.9%
Morongo Valley	31	0.8%
Sky Valley	30	0.8%
Riverside	29	0.8%
San Diego	29	0.8%
Moreno Valley	22	0.6%
Twentynine Palms	19	0.5%
East Hemet	18	0.5%
Fontana	18	0.5%
All Other Locations	840	22.8%

Source: U.S. Census Bureau Center for Economic Studies, OnTheMap, 2019

EMPLOYMENT BY INDUSTRY

City Resident Employed Population

Sector	Share
Accommodation and Food Services	20.3%
Health Care and Social Assistance	18.3%
Retail Trade	12.3%
Administration & Support, Waste Management and Remediation	7.5%
Construction	6.4%
Educational Services	5.4%
Arts, Entertainment, and Recreation	4.2%
Other Services (excluding Public Administration)	3.4%
Professional, Scientific, and Technical Services	3.3%
Transportation and Warehousing	3.1%
Manufacturing	2.7%
Wholesale Trade	2.6%
Public Administration	2.4%
Agriculture, Forestry, Fishing and Hunting	2.3%
Other	6.0%

"Industries in which City residents work"

Workers Employed Within City

Sector	Share
Health Care and Social Assistance	25.8%
Accommodation and Food Services	21.7%
Educational Services	13.8%
Retail Trade	12.4%
Administration & Support, Waste Management and Remediation	7.0%
Construction	3.9%
Public Administration	3.4%
Agriculture, Forestry, Fishing and Hunting	1.8%
Other Services (excluding Public Administration)	1.8%
Transportation and Warehousing	1.6%
Real Estate and Rental and Leasing	1.5%
Finance and Insurance	1.4%
Utilities	1.4%
Wholesale Trade	0.9%
Other	1.7%

"Jobs in the City"

Source: U.S. Census Bureau Center for Economic Studies, OnTheMap, 2019

GENERAL FUND OVERVIEW FY2022-23 BUDGET

	General Fund %	Estimate		Tax Revenue %
Property Taxes	7%	$ 1,646,000		9%
Triple Flip Motor Vehicle License Fee (MVLF In-Lieu)	12%	$ 2,822,000		16%
Transient Occupancy Taxes	9%	$ 2,116,000		12%
Cannabis Taxes	39%	$ 9,171,000		51%
Sales and Use Taxes	9%	$ 2,116,000		12%
Franchise Fees	9%	$ 2,116,000		
Development and Related Fees	12%	$ 2,822,000		
Miscellaneous	3%	$ 705,000		
Total General Fund Revenues		**$ 23,515,000**		

Note: Desert Hot Springs collects an estimated 16.8% of the 1% Property Tax general levy (includes MVLF)
Source: Desert Hot Springs 2022-23 Proposed Budget

COMMERCIAL REAL ESTATE
COACHELLA VALLEY SUBMARKET OVERVIEW

Retail	Office	Industrial / Flex	Hospitality	Multifamily
Retail market is segmented between general retailers that support the areas older population and high-end retail in the Palm Desert area that caters to visitors. Major shopping centers include El Paseo Shopping District, Indio Fashion Mall, and Westfield Palm Desert. Leasing activity generally limited to spaces occupied by restaurants and general merchandise stores, with grocery stores and gyms actively growing in the area. Most new construction are pads in existing shopping centers. While there are many proposed projects in the area (1.4m SF), only 100,000 SF are actively under construction in the submarket. Vacancies are at 7.2%, down from the Great Recession peak of 15%. Rents have increased to $25 PSF, with annual rent growth of ~5.5%.	Generally a low-demand office market, with businesses serving local consumers (healthcare providers, government agencies). Demand for medical space has suppressed vacancies in recent years, with several new medical buildings developed in the past two years—including the Riverside University Health System medical building and Coachella Valley Community Health Center. Rents are some of the lowest in the Inland Empire, but on average are close to the metro average of $25 PSF; rent growth of ~4.7% over the past year.	The submarket boasts over 16 million SF of industrial product, with a sizable portion of specialized industrial and flex. Much of the inventory straddles the I-10 freeway. Recent major developments have been geared toward cannabis cultivation. ~250,000 SF is under construction, in line with historical averages. Coachella Cann Park is scheduled to deliver 100,000 SF by end of the year, asking rents of $36 PSF. Vacancies have risen to 4.8% as demand has somewhat softened over the past year, with demand somewhat lower than other areas of the Inland Empire with large concentrations of logistics providers. Rents are somewhat higher in the area due to flex/specialized facilities that command higher rents than logistics, and rents have grown by 10.3% over the past year.	The submarket is highly seasonal, and had resiliency during the pandemic by attracting leisure-oriented visitors. Occupancy near full recovery, ADR setting record highs, and RevPAR recovered in early 2022. Hotel performance expected to see slight growth – balancing recession fears, normalization of growth, inventory growth, and sustained demand from evens and attractions. Diverse hotel stock, but characterized by high-end hotels. Substantial development activity: ~1,000 rooms underway in the submarket, expected to open in next two years.	Generally known as a desert resort community, with some workforce housing in larger cities. Only a few market-rate multifamily communities built over past decade, with some new projects in La Quinta and Coachella and others expected in Palm Desert and Indio. Many new projects target seniors via age-restricted units or independent living with services. Tight vacancies have led to high rent growth. Tenant base comprised of many service industry workers – strained during the pandemic but seeing rapid recovery.

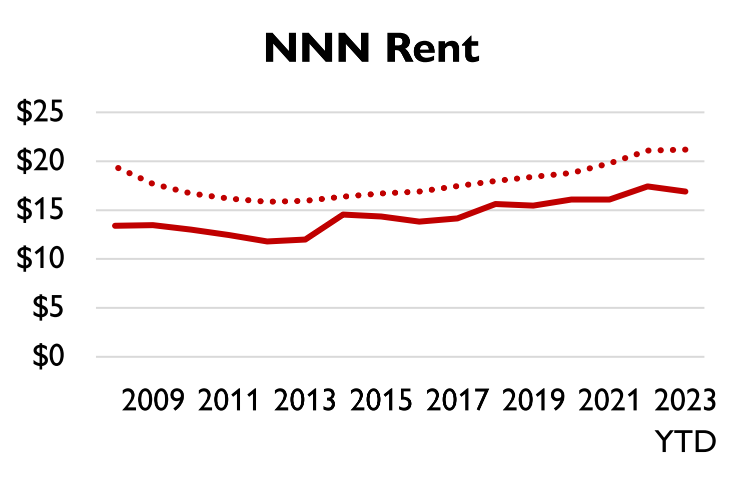
COMMERCIAL REAL ESTATE DESERT HOT SPRINGS AREA

Q1 2023 YTD	Retail	Office	Industrial / Flex	Multifamily Residential	Hospitality*
Inventory	745,000 SF	144,000 SF	1,400,000 SF	1,126 units	780 Rooms
Vacancy Rate	6.8%	7.3%	18.4%	5.4%	62.0% Occ Rate*
Market Rent	$21.19 psf / per mo.	$23.92 psf / per mo.	$26.16 psf / per mo.	$908 per month	$151 12MoADR*
Key Properties	• Desert Hot Springs Towne Center, 117k SF CC (Vons) • Hacienda Palms Center, 84k SF NC (Stater Bros) • Mission Lakes Market Place, 60k SF NC (5-Star Gym)	• Pierson Plaza, 38k SF, County offices	• 64125 19th Ave, 201k SF manufacturing • Royal Emerald Pharmaceuticals, 91k SF R&D • 65000 Two Bunch Palms, 79k SF, warehouse	• 66900 Ironwood Dr, 200 units • 13199 Ocotillo Rd, 88 units • 65568 Acoma Ave, 50 units	• Miracle Springs Resort & Spa, 110 Rooms • Aqua Soleil Hotel & Mineral, 98 Rooms • Hyundae Resort and Spa, 97 rooms

Source: CoStar (Accessed March 2023); Inventory and Market data includes some properties just outside of City boundaries in areas such as Garnet, North Palm Springs, and Desert Edge

CITY RETAIL MARKET HISTORY

Year	Inventory SF	Vacant SF Total	Vacant Percent % Total	Net Absorption SF Total	NNN Rent Overall	Market Rent
2023 YTD	745,173	50,652	6.8%	(7,160)	$16.91	$21.20
2022	745,173	43,492	5.8%	9,208	$17.43	$21.10
2021	833,945	141,472	17.0%	(77,068)	$16.09	$19.78
2020	824,845	55,304	6.7%	12,376	$16.08	$18.80
2019	804,845	47,680	5.9%	34,665	$15.46	$18.41
2018	804,845	82,345	10.2%	(2,053)	$15.62	$17.97
2017	804,845	80,292	10.0%	(1,535)	$14.16	$17.47
2016	804,845	78,757	9.8%	11,042	$13.83	$16.91
2015	807,945	92,899	11.5%	26,044	$14.34	$16.71
2014	807,945	118,943	14.7%	(34,684)	$14.54	$16.38
2013	807,945	84,259	10.4%	11,654	$11.98	$15.96
2012	807,945	69,414	8.6%	27,289	$11.80	$15.86
2011	761,272	50,030	6.6%	(5,349)	$12.45	$16.17
2010	770,372	53,781	7.0%	(2,161)	$13.00	$16.72
2009	760,372	51,620	6.8%	18,246	$13.48	$17.69
2008	760,372	69,866	9.2%	3,887	$13.41	$19.47



Source: CoStar (Accessed March 2023)
Note: Costar defines Triple Net (NNN) as "a lease where the tenant is responsible for all expenses associated with their proportional share of occupancy of the building, except long-lived structural components and management charges."

TAXABLE RETAIL SALES

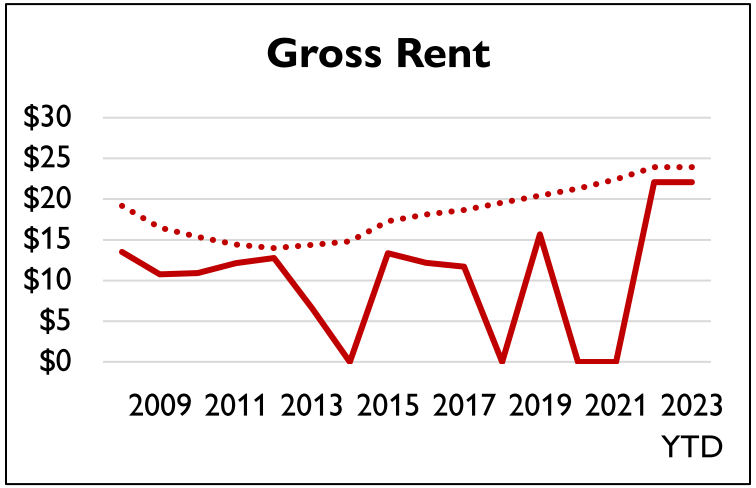
According to data from the California Department of Tax and Fee Administration, the City of Desert Hot Springs saw ~$205 million in taxable sales across all outlets in 2022, with ~90% of those taxable sales from Retail and Food Services Outlets.

	2017	2018	2019	2020	2021	2022	5 Year %
Motor Vehicle and Parts Dealers	$5,754,000	$5,954,000	$8,111,000	$8,640,000	$8,242,000	$8,125,000	41%
Home Furnishings and Appliance Stores	$1,083,000	$1,090,000	$1,176,000	$1,357,000	$2,081,000	$2,152,000	99%
Building Material / Garden Equipment / Supplies Dealers*	$0	$0	$0	$0	$0	$0	
Food and Beverage Stores	$19,645,000	$20,005,000	$21,082,000	$24,941,000	$26,824,000	$28,361,000	44%
Gasoline Stations	$45,385,000	$53,967,000	$59,055,000	$43,955,000	$61,909,000	$74,942,000	65%
Clothing and Clothing Accessories Stores	$268,000	$307,000	$529,000	$773,000	$1,336,000	$1,934,000	622%
General Merchandise Stores	$9,402,000	$9,401,000	$8,185,000	$4,431,000	$4,715,000	$5,533,000	-41%
Food Services and Drinking Places	$22,993,000	$25,229,000	$26,456,000	$27,777,000	$33,497,000	$34,607,000	51%
Other Retail Group	$20,564,000	$26,603,000	$25,762,000	$32,985,000	$39,797,000	$31,329,000	52%
Total Retail and Food Services	**$125,094,000**	**$142,557,000**	**$150,355,000**	**$144,859,000**	**$178,402,000**	**$186,982,000**	49%
All Other Outlets	$13,853,000	$10,899,000	$12,632,000	$20,810,000	$76,119,000	$18,450,000	33%
Total All Outlets	**$138,947,000**	**$153,456,000**	**$162,987,000**	**$165,669,000**	**$254,521,000**	**$205,432,000**	48%

Source: CDTFA; Building Material / Garden Equipment / Supplies Dealers unavailable due to confidentiality

CITY OFFICE MARKET HISTORY

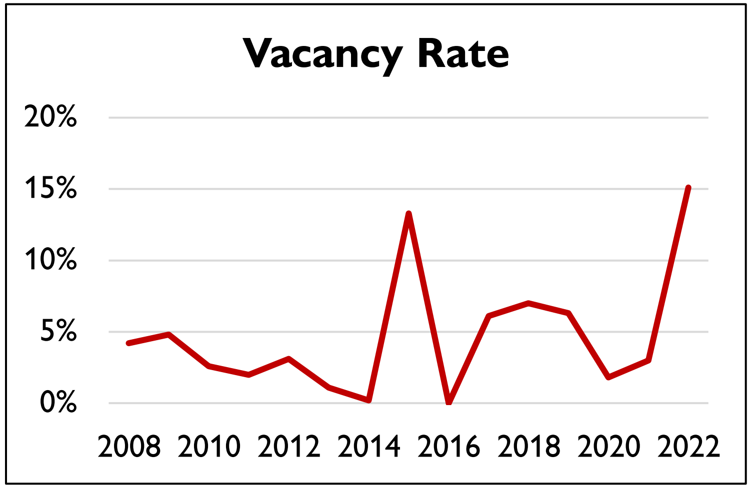
Year	Inventory SF	Vacant SF Total	Vacant Percent % Total	Net Absorption SF Total	Gross Rent Overall	Market Rent
2023 YTD	144,223	-	-	811	$22.09	$23.93
2022	144,223	811	0.6%	2,689	$22.09	$23.92
2021	144,223	3,500	2.4%	(3,500)	-	$22.43
2020	144,223	-	-	3,020	-	$21.28
2019	144,223	3,020	2.1%	(572)	$15.66	$20.42
2018	144,223	2,448	1.7%	(2,448)	-	$19.58
2017	144,223	-	-	43,584	$11.72	$18.64
2016	106,139	5,500	5.2%	10,100	$12.16	$18.09
2015	106,139	15,600	14.7%	(9,600)	$13.34	$17.27
2014	106,139	6,000	5.7%	3,900	-	$14.79
2013	106,139	9,900	9.3%	(7,000)	$6.58	$14.38
2012	103,739	500	0.5%	3,700	$12.78	$13.97
2011	103,739	4,200	4.0%	(5,461)	$12.15	$14.42
2010	110,500	5,500	5.0%	500	$10.90	$15.36
2009	110,500	6,000	5.4%	6,150	$10.77	$16.51
2008	110,500	12,150	11.0%	(650)	$13.50	$19.18

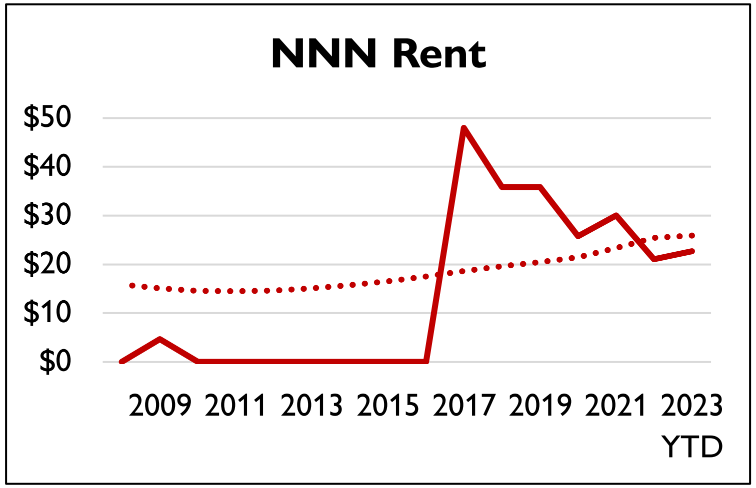


Source: CoStar (Accessed March 2023)
Note: Costar defines Full Service / Gross Rent as "a rental rate that includes normal building standard services which are provided and paid by the landlord."

CITY INDUSTRIAL / FLEX MARKET HISTORY

Year	Inventory SF	Vacant SF Total	Vacant Percent % Total	Net Absorption SF Total	NNN Rent Overall	Market Rent
2023 YTD	1,365,152	251,864	18.4%	40,777	$22.69	$25.90
2022	1,263,020	190,509	15.1%	(32,220)	$21.05	$25.47
2021	1,139,294	34,563	3.0%	42,378	$30.00	$23.38
2020	1,081,616	19,263	1.8%	105,383	$25.79	$21.48
2019	1,021,618	64,648	6.3%	126,940	$35.88	$20.46
2018	892,045	62,015	7.0%	467,243	$35.88	$19.62
2017	386,187	23,400	6.1%	8,600	$48.00	$18.64
2016	354,187	-	-	64,470	-	$17.50
2015	334,187	44,470	13.3%	(43,870)	-	$16.51
2014	334,187	600	0.2%	3,100	-	$15.72
2013	334,187	3,700	1.1%	6,600	-	$15.07
2012	334,187	10,300	3.1%	(3,600)	-	$14.64
2011	334,187	6,700	2.0%	2,100	-	$14.48
2010	334,187	8,800	2.6%	11,862	-	$14.56
2009	329,187	15,662	4.8%	3,036	$4.68	$15.10
2008	324,187	13,698	4.2%	(8,398)	-	$15.89



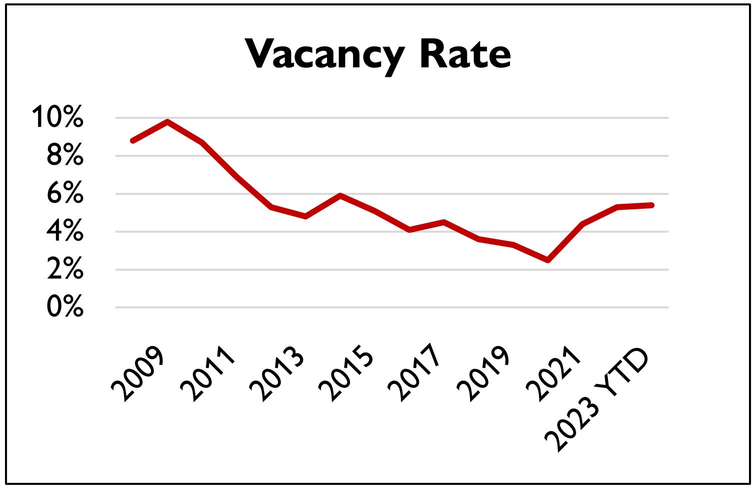


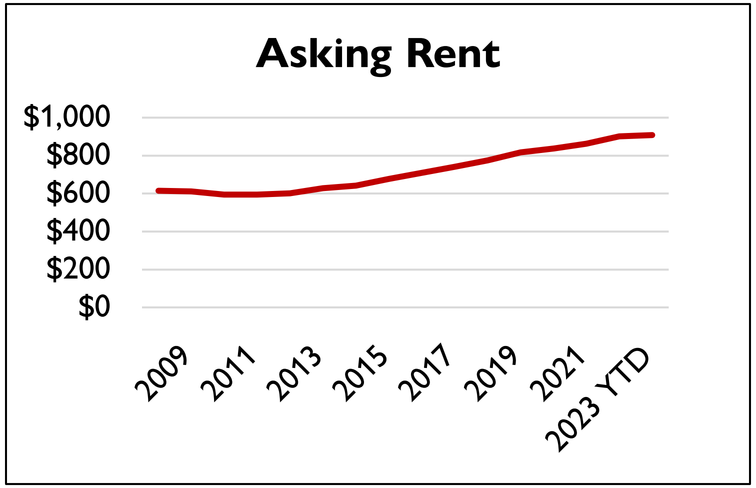
Source: CoStar (Accessed March 2023)

Note: Costar defines Triple Net (NNN) as "a lease where the tenant is responsible for all expenses associated with their proportional share of occupancy of the building, except long-lived structural components and management charges."

CITY MULTIFAMILY MARKET HISTORY

Year	Inventory Units	Vacancy Units	Vacancy Percent	Absorption Units	Asking Rent Per Unit
2023 YTD	1,126	61	5.4%	(2)	$908
2022	1,126	59	5.3%	(11)	$901
2021	1,126	49	4.4%	(21)	$863
2020	1,126	28	2.5%	9	$838
2019	1,126	37	3.3%	3	$817
2018	1,126	40	3.6%	11	$775
2017	1,126	51	4.5%	(5)	$742
2016	1,126	46	4.1%	12	$710
2015	1,126	58	5.1%	8	$678
2014	1,126	66	5.9%	(12)	$642
2013	1,126	54	4.8%	5	$628
2012	1,126	60	5.3%	18	$601
2011	1,126	78	6.9%	20	$594
2010	1,126	98	8.7%	12	$594
2009	1,126	110	9.8%	35	$611
2008	1,076	95	8.8%	(18)	$615





Source: CoStar (Accessed March 2023)

Note: Costar defines Asking Rent as "average monthly amount the lessor is asking for in order to lease their building/space/land." Analytic filters exclude senior / student / military / corporation / vacation housing / co-ops; limit search to buildings with 5+ units; and Market / Market Affordable rent types.

HOTEL STUDY

- In 2022/23, Kallenberger Jones & Co analyzed the hospitality market in Desert Hot Springs, in a report titled "The Market for Hotel Development in Desert Hot Springs, CA." The report focuses on potential market support of lodging development in the City, and is meant to inform the City's efforts at using the TOT rebate program and other incentives to encourage hotel development.
- The Coachella Valley / Palm Springs area is a popular tourist destination due to the warm climate and recreational activities. Tourism in the area peaks from October – May, with a drop occurring during the very hot summers. The area drew 14.1 million visitors in 2019, and is expected to recover to pre-COVID levels by 2023. Approx. 45% of visitors stayed overnight. Most visitors are from Southern California and the United States, with only 1.5% of visitors being international visitors. Palm Springs Airport reached record levels in 2022.
- The hotels in Desert Hot Springs are smaller, independent properties that feature hot springs. The springs are the only mineral springs in the Coachella Valley that are commercially utilized, and are popular due to their warmth, mineral content, and lack of odor, with adherents citing a variety of health benefits.
- An estimated 586 hotel rooms across 22 hotels are open in the City, with seven hotels under renovation and expected to open in the near future; other former-hotel properties may be also be available for repositioning.
- Hotel guests in the City tend to be from Southern California. Peak occupancy is in the winter, and peak days are the weekends. Most stays are 2-3 nights. Special events in the Coachella valley can lead to full hotels. Most customers are drawn by the springs, with many interested in wellness. Most visitors tend to be couples on getaway trips, and attract few meetings / group visitors or business travelers.
- While hotel performance data is not available, the hotels with the highest ADRs appear to be Two Bunch Palms, Sea Mountain, Azure Palm, The Good House, The Spring, and Sagewater Spa. Those with the lowest ADRs appear to include Europa Inn & Suites, Sandpiper, the Getaway, and Aqua Soleil.

HOTELS PROPERTIES
CITY OF DESERT HOT SPRINGS

Property Name	Address	Hotel Class	Star Rating	Rooms	Opened
Two Bunch Palms Resort	67425 Two Bunch Palms Trl	Luxury	5	65	06/01/1930
The Spring Resort & Spa	12699 Reposo Way	Luxury	4	13	01/01/1956
Casa del Maya	12622 Miracle Hill Rd	Luxury	2	4	
Azure Palm Hot Springs Resort & Day Spa	67589 Hacienda Ave	Upper Upscale	3	40	06/01/1986
Miracle Manor Boutique Hotel & Spa	12589 Reposo Way	Upper Upscale	3	9	01/01/1950
Tuscan Springs	68187 Club Circle Dr	Upscale	4	16	03/01/1968
El Morocco Inn & Spa	66810 4th St	Upscale	5	13	06/01/1955
Paradise Hot Springs & Spa	67789 Hacienda Ave	Upscale	4	12	
Lido Palms Resort & Spa	12801 Tamar Dr	Upscale	5	10	05/01/1965
Sagewater Spa	12689-12789 Eliseo Rd	Upscale	2	8	
The Good House	12885 Eliseo Rd	Upscale	2	7	
Dog Spa Resort & Wellness Center	67840 Hacienda Ave	Upscale	4	6	01/01/1957
Miracle Springs Resort & Spa	10625 Palm Dr	Upper Midscale	3	110	10/01/1994
Aqua Soleil Hotel & Mineral Water Spa	14500 Palm Dr	Midscale	3	98	06/01/1985
Desert Hot Springs Spa	10805 Palm Dr	Midscale	3	50	06/01/1972
Desert Palms Spa Motel	67485 Hacienda Ave	Midscale	3	40	06/01/1988
Sahara Spa Motel	66700 5th St	Midscale	3	37	
16480 Palm Dr Motel	16480 Palm Dr	Economy	2	30	
Sandpiper Inn	12800 Foxdale Dr	Economy	3	26	02/01/1965
Onsen Hotel and Spa	12921 Tamar Dr	Economy	2	22	01/01/1960
Vista Ventana	11220 Palm Dr	Economy	2	19	01/01/1961
Hot Springs Spa Retreat	11740 Mesquite Ave	Economy	2	15	01/01/1953
Palmer Lodge	11155 Ocotillo Rd	Economy	2	15	01/01/2006
Sea Mountain Spa	66540 San Marcus Rd	Economy	2	15	
Mi Kasa Hot Springs Clothing Optional Resort	11076 Ocotillo Rd	Economy	2	11	01/01/1954
Hope Springs	68075 Club Circle Dr	Economy	2	10	01/01/1959
The Kymlad	11173 Ocotillo Rd	Economy	2	10	01/01/1986

Source: CoStar (Accessed March 2023)

HOTELS PROPERTIES
CITY OF DESERT HOT SPRINGS

Property Name	Address	Operational Status	Hotel Class	Star Rating	Rooms	Opened
Tropical Motel & Spa	*12962 Palm Dr*	*Demolished*		2	33	
White House Spa-Tel	*11285 Mesquite Ave*	*Abandoned*		2	8	
The Nurturing Nest Spa	11149 Sunset Ave	Existing		2	7	
Bubbling Wells Ranch	14250 Yerxa Rd	Existing		2	7	
Skyliner Spa Hotwell	12840 Inaja St	Existing		2	6	
Starlite Lodge	13105 Palm Dr	Existing		2	6	
Las Brisas Lodge	68250 Club Circle Dr	Existing		2	4	
Hyundae Resort and Spa	11000 Palm Dr	Temporarily Closed	Economy	2	97	06/01/1973
Living Waters Spa	13340 Mountain View Rd	Permanently Closed	Upscale	4	15	06/01/1960
Bella Monte Resort	68111 Calle Las Tiendas	Permanently Closed	Upper Midscale	3	23	
Flamingo Resort Motel	67221 Pierson Blvd	Permanently Closed	Economy	3	32	06/01/1972
Stardust Motel	66634 5th St	Permanently Closed	Economy	2	16	06/01/1973
Emerald Springs Resort	68055 Club Circle Dr	Permanently Closed	Economy	2	16	01/01/1967
Las Primaveras Resort Spa	66659 6th St	Permanently Closed	Economy	2	12	01/01/1948
Swiss Health Resort	66729 8th St	Permanently Closed	Economy	2	11	01/01/1958
Hacienda Riviera Historical Day Spa	67375 Hacienda Ave	Permanently Closed		2	15	06/15/1950
Broadview Lodge	12672 Eliseo Rd	Permanently Closed		2	10	

Source: CoStar (Accessed March 2023)

COMMERCIAL PROPERTY OVERVIEW
DESERT HOT SPRINGS – CITY

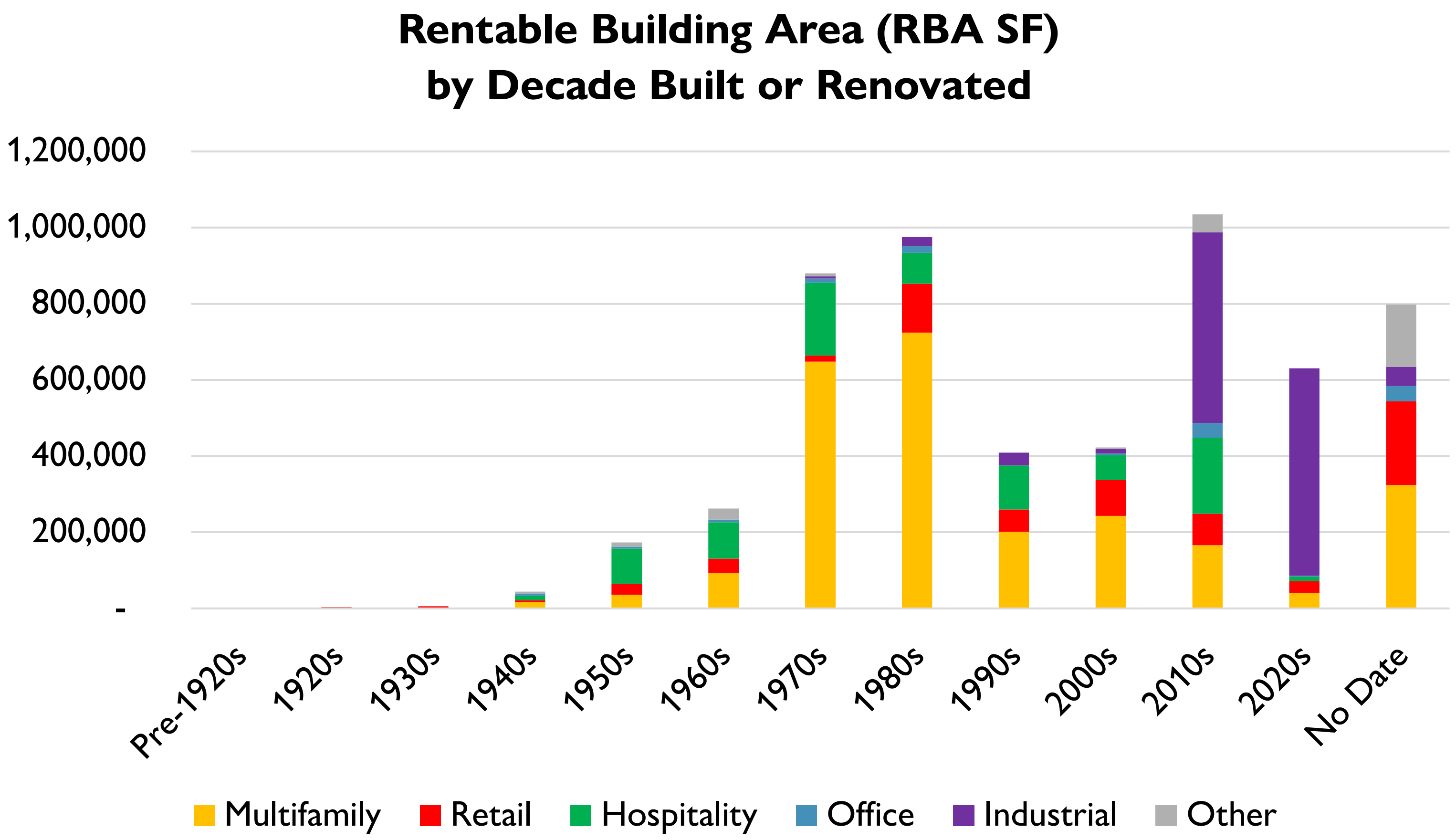
- The City is home to ~2.5m SF of multifamily properties, 1.2m SF of industrial / flex space, ~711k SF of retail, ~863k SF of hospitality, and a small amount of other properties.

Existing Properties	#	Building Area	% Building Area
Multifamily	133	2,492,000	44%
Industrial / Flex	38	1,170,000	21%
Hospitality	41	863,000	15%
Retail (Shopping Center)	34	378,000	7%
Retail (Other)	89	333,000	6%
Office	32	133,000	2%
Healthcare	10	97,000	2%
Specialty / Other	19	172,000	3%
Total	**396**	**5,638,000**	

Source: CoStar (Accessed March / April 2023)

COMMERCIAL PROPERTY OVERVIEW

- Much of the City's multifamily development occurred in the 1970s / 1980s; most of the industrial development occurred in 2010s / 2020s



Source: CoStar (Accessed March / April 2023)

UNDER CONSTRUCTION / PROPOSED PROJECTS

Property Name	Property Address	Building Park	Property Type	Secondary Type	RBA	Year Built
Under Construction						
Morongo Business Park	13310 Little Morongo Rd		Industrial		50,000	2023
Skyborne - Lennar	62718 N Crescent St		Multi-Family	Apartments	20,000	2023
	65097 Two Bunch Palms Trl		Industrial	Warehouse	19,832	2023
Proposed						
	9 Calle De Los Romos		Industrial		1,270,171	
	20th Ave & 1-10 Fwy		Industrial	Warehouse	1,061,090	2024
	8 Calle De Los Romos		Industrial		863,780	
	4 Calle De Los Romos		Industrial	Warehouse	299,916	
	2 Calle De Los Romos		Industrial	Warehouse	240,300	2024
	3 Calle De Los Romos		Industrial	Warehouse	226,476	
	7 Calle De Los Romos		Industrial		150,570	
	6 Calle De Los Romos		Industrial		135,000	
	1 Calle De Los Romos		Industrial	Warehouse	113,600	2024
	16987 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Supermarket	106,500	2024
	5 Calle De Los Romos		Industrial		104,309	
	16840 Little Morongo Rd	Rosewood Cannabis Park	Industrial		34,090	2025
	16860 Little Morongo Rd	Rosewood Cannabis Park	Industrial		34,090	2024
A7	16786 Little Morongo	Rosewood Cannabis Park	Industrial		34,000	2024
A2	16786 Little Morongo	Rosewood Cannabis Park	Industrial		18,000	2024
A1	16786 Little Morongo	Rosewood Cannabis Park	Industrial	Warehouse	18,000	2024
	16870 Little Morongo Rd	Rosewood Cannabis Park	Industrial		17,945	2024
A3	16830 Little Morongo Rd	Rosewood Cannabis Park	Industrial		17,945	2025
	16850 Little Morongo Rd		Industrial		17,945	
Bldg D	16981 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Freestanding	15,000	2024
Bldg F	Dillon Rd	Village at the Springs	Retail (Neighborhood Center)		10,000	2024
Bldg E	16983 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Freestanding	10,000	2024
New Santuary	65241 San Jacinto Ln		Specialty		8,000	
D-101	Little Morongo Rd	D.H.S. Research & Development Park	Industrial	Manufacturing	6,026	2025
Pad B	16977 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Freestanding	5,000	2025
Pad A	16975 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Freestanding	4,000	2023
Pad C	16979 Palm Rd	Village at the Springs	Retail (Neighborhood Center)	Freestanding	1,200	2023

Source: CoStar (Accessed March / April 2023)

UNDER CONSTRUCTION / UPCOMING DEVELOPMENT

Project Name	Category	Description	Stage	Location
Lennar	Residential	Detached Single Family Homes	Under Construction	Pierson Blvd.
Palari- Mighty Buildings	Residential	19 Modular Single Family Homes and ADUs	Under Construction	Panorama Dr. X McCarger Rd.
Agua Soleil	Hospitality	Vintage Trailer Resort	Under Construction	14500 Palm Dr.
Maverik Gas Station	Retail	Gas Station	Under Construction	22745 Palm Dr.
The Spot	Retail	Cannabis Entertainment	Permit Review	Dillon Rd. near Bearce Rd.
Dillon's Circles	Industrial	Logistics Center	Permit Review	Little Morongo Rd. X Dillon Rd.
DHS Fire Station	Public Facility	Fire Station	Permit Review	69111 Hacienda Ave.
DHS Annex	Public Facility	Police Annex	Permit Review	65950 Pierson Blvd.
Rancho Descanso	Residential	76 Single Family Residences in Gated Community	Permit Review	Palm Dr. X Camino Campesino
Almar Management PODS Warehouse	Industrial	62,000 SF warehouse / Logistics Center	Entitled	Calle De Los Ramos X 19th Ave.
Desert Gateway Specific Plan Amendment	Industrial / Hospitality	1 million sq. ft. logistocs center and hotel	Entitled	20th Ave. near I-10
Project Viento (Amazon)	Industrial	5-story Distribution Warehouse	Entitled	19th Ave.
Marbella Villas	Residential	402 Condominiums with clubhouse	Entitled	Palm Drive near Camino Campanero
Dairy Queen	Retail	Restaurant - Dairy Queen Drive Thru	Entitled	Palm Drive X Desert View
Villa D'Luxe	Hospitality	6-room Spa Motel	Entitled	5th St. X Mesquite Ave.
Caloha	Retail	Cannabis Dispensary	Entitled	66201 Pierson Blvd.
Desert Grow, LLC	Industrial	Cannabis Manufacturing	Entitled	65128 Palomar Ln.

Source: City of Desert Hot Springs

LOCATION ANALYTICS

VISITOR / MARKET DATA
PLACER.AI – SUMMARY

Placer.ai is a mobility data provider that tracks movement of over 30 million people in the U.S. via anonymized mobile app data. This information can reveal visitation trends to/from retailers, providing insight into store visit performance, characteristics of consumers, and trade areas.

- **Supply and Demand**: The City of Desert Hot Springs sees retail leakage across all categories, with the largest percentage leakage in Consumer Goods, Food & Drugs, and Home Furnishings / Hardware / Garden.
- **Store Performance**: The major shopping centers and retailers in Desert Hot Springs have seen fairly stable performance since 2019, with a large majority of their visitors coming from residents of the City and other close communities. Several of the grocers and restaurants in the City are local high-performers for their respective brands, suggesting that the retailers that choose to open in Desert Hot Springs can benefit from the loyal captive audience in the City.
- **Void Analysis:** Trade area demographic similarity and store cannibalization estimates suggest that the area has several retailer brands that it can target for outreach
- **Visitor Serving Area**: An additional analysis on the visitor serving area in the Spa Zone of the City shows that the visitors to this area are primarily from Southern California, with some visitors coming from other cities in the Western US. These visitors also visit retailers / restaurants in the City and surrounding communities. These visitors have higher household income levels than the local trade area, and represent an opportunity for the City to pursue.

Sources: Placer.ai (Accessed March / April 2023)

RETAIL LEAKAGE IN DESERT HOT SPRINGS
SELECT RETAIL CATEGORIES

The City of Desert Hot Springs sees retail leakage across all categories, with the largest percentage leakage in Consumer Goods, Food & Drugs, and Home Furnishings / Hardware / Garden.

	Demand	Supply	Surplus/Leakage	% Surplus/Leakage
Auto & Fuel	$168,300,000	$97,500,000	($70,800,000)	-42%
Home Furnishings, Hardware, Garden	$50,900,000	$11,000,000	($39,900,000)	-78%
Food and Drugs	$102,100,000	$46,600,000	($55,500,000)	-54%
E-Commerce	$122,300,000	$0	($122,300,000)	-100%
Consumer Goods	$120,000,000	$28,900,000	($91,100,000)	-76%
Restaurants	$47,300,000	$36,200,000	($11,100,000)	-23%
Other	$16,400,000	$4,100,000	($12,300,000)	-75%
Total	**$627,300,000**	**$224,300,000**	**($403,000,000)**	**-64%**

Source: Placer.ai, STI Market Outlook

		Demand	Supply	Surplus/Leakage
Total	**Overview**	**$627,318,553**	**$224,341,013**	**($402,977,540)**
Auto & Fuel	Automobile Dealers	$104,579,899	$55,864,591	($48,715,308)
Auto & Fuel	Other Motor Vehicle Dealers	$7,272,143	$13,222,601	$5,950,458
Auto & Fuel	Automotive Parts, Accessories, & Tire Stores	$9,962,185	$5,712,126	($4,250,059)
Auto & Fuel	Gasoline Stations	$46,533,485	$22,674,108	($23,859,377)
Home Furnishings, Hardware, Garden	Furniture Stores	$6,391,494	$0	($6,391,494)
Home Furnishings, Hardware, Garden	Home Furnishings Stores	$5,597,256	$0	($5,597,256)
Home Furnishings, Hardware, Garden	Building Material & Supplies Dealers	$35,217,862	$11,045,715	($24,172,147)
Home Furnishings, Hardware, Garden	Lawn & Garden Equipment & Supplies Stores	$3,721,909	$0	($3,721,909)
Food and Drugs	Grocery Stores	$61,255,513	$39,239,845	($22,015,668)
Food and Drugs	Specialty Food Stores	$3,353,465	$411,253	($2,942,212)
Food and Drugs	Beer, Wine, & Liquor Stores	$5,238,989	$3,452,730	($1,786,259)
Food and Drugs	Health & Personal Care Stores	$32,205,198	$3,475,127	($28,730,071)
Restaurants	Full-Service Restaurants	$19,837,486	$22,595,616	$2,758,130
Restaurants	Limited-Service Eating Places	$22,647,880	$11,294,602	($11,353,278)
Restaurants	Special Food Services	$3,873,133	$1,254,967	($2,618,166)
Restaurants	Bars/Drinking Places (Alcoholic Beverages)	$900,314	$1,052,656	$152,342
Consumer Goods	Department Stores	$10,377,134	$2,339,245	($8,037,889)
Consumer Goods	Other General Merchandise Stores	$60,651,169	$22,784,064	($37,867,105)
Consumer Goods	Clothing Stores	$22,299,467	$899,444	($21,400,023)
Consumer Goods	Shoe Stores	$3,219,869	$0	($3,219,869)
Consumer Goods	Jewelry, Luggage, & Leather Goods Stores	$3,114,376	$0	($3,114,376)
Consumer Goods	Electronics & Appliance Stores	$6,431,950	$0	($6,431,950)
Consumer Goods	Sporting Goods, Hobby, & Musical Instrument Stores	$7,376,397	$1,303,527	($6,072,870)
Consumer Goods	Book, Periodical, & Music Stores	$1,404,908	$0	($1,404,908)
Consumer Goods	Florists And Miscellaneous Store Retailers	$918,413	$271,044	($647,369)
Consumer Goods	Office Supplies, Stationery, & Gift Stores	$2,385,781	$402,536	($1,983,245)
Consumer Goods	Used Merchandise Stores	$1,863,616	$939,152	($924,464)
E-Commerce	Electronic Shopping & Mail-Order Houses	$122,272,778	$0	($122,272,778)
Other	Other Miscellaneous Store Retailers	$8,601,815	$3,128,464	($5,473,351)
Other	Vending Machine Operators (Nonstore Retailers)	$4,293,591	$0	($4,293,591)
Other	Direct Selling Establishments	$3,519,078	$977,600	($2,541,478)

Source: Placer.ai, STI Market Outlook

SHOPPING CENTER OVERVIEW

The major shopping centers in Desert Hot Springs have seen fairly stable performance since 2019, with Hacienda Palms Shopping Center (anchored by Stater Bros Markets) and Desert Hot Springs Town Center (anchored by Vons) seeing just over 500,000 visits over the past year.

These shopping centers primarily draw visitors with home locations in Desert Hot Springs (63-76%), with the remainder largely coming from nearby communities.

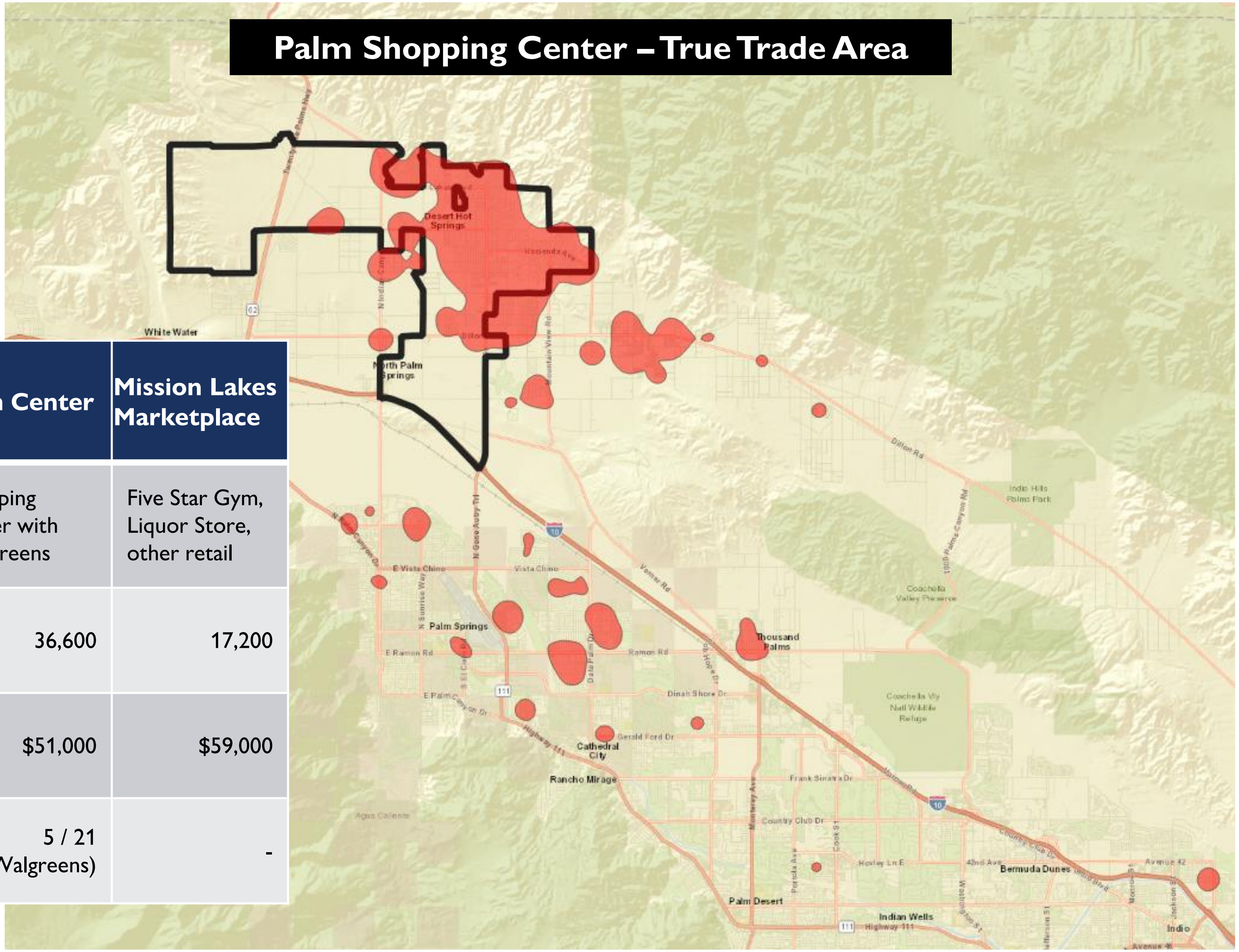
	Est. Total Store Visits	Est. Unique Visitors	Avg Visits Per Customer	Median Length of Stay (min)	Visitor Average Household Income	% Visitors with DHS Home Locations	Category Rank
Hacienda Palms Shopping Center	523,700	98,200	5.33	33	$49,000	76	(7/15)
Desert Hot Springs Town Center	526,300	118,200	4.45	37	$52,000	72	(8/15)
Palm Center	222,900	81,300	2.74	30	$51,000	70	(10/28)
Mission Lakes Marketplace	109,200	25,700	4.26	62	$59,000	63	(20/26)

Source: Placer.ai

SHOPPING CENTER VISIT DATA PLACER.AI SUMMARY

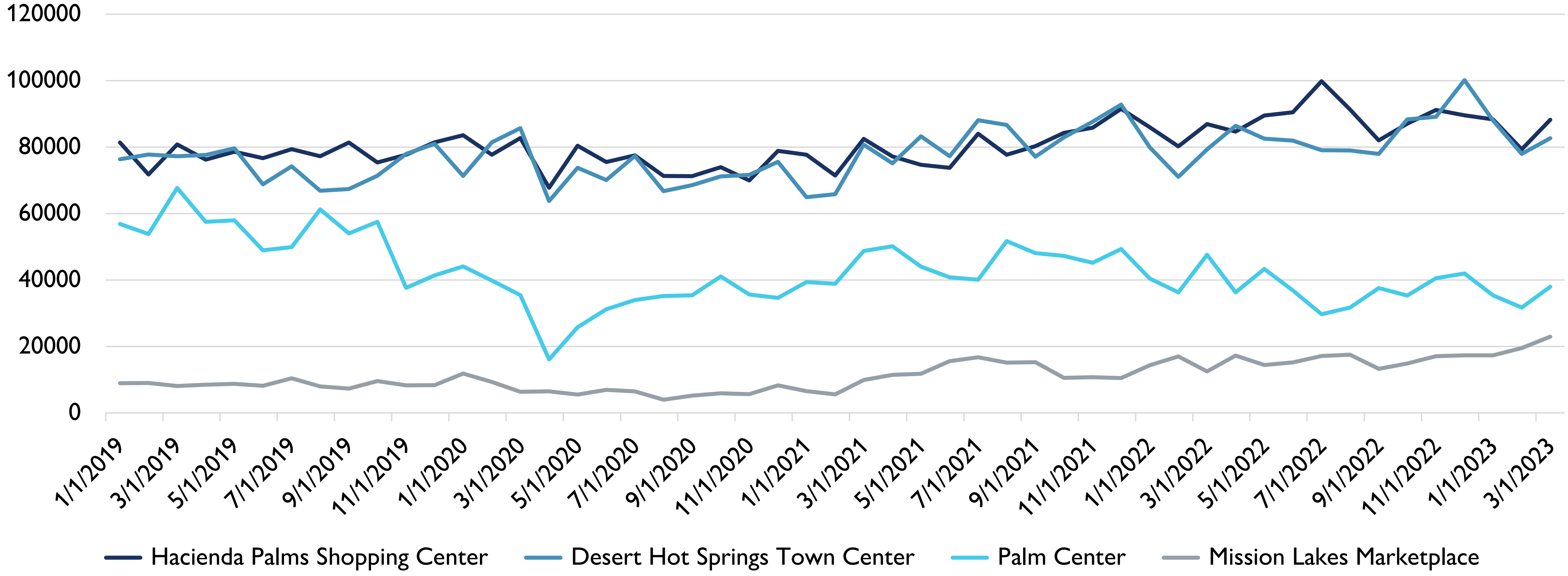
Last 12 Months	Hacienda Palms Shopping Center	Desert Hot Springs Town Center	Palm Center	Mission Lakes Marketplace
Center Description	Neighborhood Center anchored by Stater Bros.	Neighborhood Center anchored by Vons	Shopping center with Walgreens	Five Star Gym, Liquor Store, other retail
Median Monthly Visits	88,900	82,600	36,600	17,200
Visitor Avg. Household Income	$49,000	$52,000	$51,000	$59,000
Anchor Chain Rank (30-miles)	1 / 4 (Stater Bros.)	3 / 16 (Vons)	5 / 21 (Walgreens)	-

Palm Shopping Center – True Trade Area



Source: Placer.ai; representative of True Trade Area for other shopping centers in City

SHOPPING CENTER VISIT DATA PLACER.AI SUMMARY



Source: Placer.ai

DESERT HOT SPRINGS RETAILER OVERVIEW

Approx. 70-80% of visitors to many of the City's major retailers are residents of the City, with some food establishments (such as Starbucks and Jack in the Box) drawing a greater number of visitors from outside of the City.

The VONS and Stater Brothers Markets locations in Desert Hot Springs are the top-ranking locations by number of visits for each of those chains within a 15-mile radius.

Other high-ranking locations include the McDonald's, Walgreens, Rite Aid, Jack in the Box, and Dollar General.

	Est. Total Store Visits	Est. Unique Visitors	Avg Visits Per Customer	Median Length of Stay	Visitor Average Household Income	% Visitors with DHS Home Locations	Category Rank	Chain Rank
VONS	464,300	111,000	4.2	32	$53,000	72	(2/33)	(1/3)
Stater Bros. Markets	410,700	80,200	5.1	28	$50,000	77	(3/33)	(1/6)
Grocery Outlet Bargain Market	65,900	25,000	2.6	30	$51,000	76	(23/33)	(2/4)
McDonald's	443,300	95,100	4.7	28	$50,000	72	(4/69)	(2/8)
Walgreens	194,500	66,500	2.9	26	$49,000	77	(2/14)	(2/7)
Rite Aid	170,400	54,700	3.1	26	$49,000	80	(4/14)	(1/4)
Jack in the Box	153,900	90,500	1.7	29	$64,000	30	(13/81)	(1/8)
Dollar General	116,200	36,300	3.2	25	$45,000	80	(9/14)	(1/4)
Denny's (not in City)	110,200	57,800	1.9	64	$63,000	45	(20/47)	(3/4)
Del Taco	87,300	38,400	2.3	29	$52,000	69	(20/45)	(5/11)
Starbucks	79,000	41,200	1.9	34	$56,000	60	(17/22)	(10/10)

Source: Placer.ai

DESERT HOT SPRINGS RESIDENTS
TOP VISITED PLACES – PLACER.AI

Location	City	%
Shopping Centers		
Hacienda Palms Shopping Center	Desert Hot Springs	71%
Destination Ramon	Palm Springs	69%
Desert Hot Springs Town Center	Desert Hot Springs	67%
The Springs	Palm Springs	64%
Desert Gateway	Palm Desert	61%
Grocery Stores		
Stater Bros. Markets	Desert Hot Springs	64%
VONS	Desert Hot Springs	60%
Rancho Grande Markets	Desert Hot Springs	27%
Cardenas Market	Cathedral City	22%
Grocery Outlet Bargain Market	Desert Hot Springs	18%
Drug Store		
Walgreens	Desert Hot Springs	35%
Rite Aid	Desert Hot Springs	33%
Walgreens	Palm Springs	7%
Rite Aid	Palm Springs	6%
Rite Aid	Cathedral City	5%

Location	City	%
Home Improvement		
The Home Depot	Palm Springs	30%
Bed Bath & Beyond	Palm Springs	17%
Lowe's	Palm Springs	17%
The Home Depot	Rancho Mirage	14%
Builder's Supply	Desert Hot Springs	11%
Shops (Selected Categories)		
Ross Dress for Less	Palm Springs	36%
Burlington	Palm Springs	27%
JCPenney	Palm Desert	15%
Macy's	Palm Desert	14%
Kohl's	Palm Desert	13%
Marshalls	Palm Springs	13%
F21 Red		10%
T.J. Maxx	Palm Desert	9%
dd's DISCOUNTS	Cathedral City	9%
Ross Dress for Less	Palm Desert	8%

Location	City	%
Shops & Services		
Dollar General	Desert Hot Springs	22%
Dollar General	Desert Hot Springs	19%
AutoZone	Desert Hot Springs	19%
99 Cents Only Stores	Palm Desert	14%
99 Cents Only Stores	Cathedral City	13%
PetSmart	Palm Springs	12%
99 Cents Only Stores	Palm Springs	11%
Dollar Tree	Palm Springs	11%
Dollar Tree	Palm Springs	10%
Hobby Lobby	Rancho Mirage	9%
Fitness		
DHS Rotary Community Garden	Desert Hot Springs	12%
Five Star Fitness	Desert Hot Springs	9%
Planet Fitness	Cathedral City	9%
Palm Springs Youth League	Palm Springs	7%
EoS Fitness	Palm Springs	7%

Sources:
Placer.ai (Accessed March / April 2023); Percentage reflects the percentage of City residents who visited each location within the past year

DESERT HOT SPRINGS RESIDENTS
TOP VISITED PLACES – PLACER.AI

Location	City	%
Restaurants		
Zapopan Mexican Food	Desert Hot Springs	23%
Denny's	North Palm Springs	22%
Casa Blanca	Desert Hot Springs	22%
Del Taco	Desert Hot Springs	19%
Applebee's	Cathedral City	15%
Olive Garden	Palm Desert	15%
Yard House	Rancho Mirage	14%
Dickey's Barbecue Pit	Palm Springs	12%
The Cottage Too	Desert Hot Springs	12%
Taqueria El Guero	Desert Hot Springs	12%
Bars & Pubs		
Playoffs Sports Bar	Desert Hot Springs	4%
The Village Palm Springs	Palm Springs	4%
Henry's Sports Bar & Grill	Cathedral City	3%
Hala Hookah Lounge	Beaumont	2%
Escapade Tavern	Desert Hot Springs	2%
AMP Sports Lounge	Cathedral City	1%
Bart Lounge	Cathedral City	1%
Palm Canyon Roadhouse	Palm Springs	1%
American Legion	Palm Springs	1%
Fireside Lounge	Palm Springs	1%

Location	City	%
Fast Food / QSR		
McDonald's	Desert Hot Springs	46%
In-N-Out Burger	Thousand Palms	34%
Carl's Jr.	Desert Hot Springs	26%
Raising Cane's Chicken Fingers	Palm Springs	22%
Taco Bell	Desert Hot Springs	18%
Jack in the Box	Desert Hot Springs	17%
In-N-Out Burger	Rancho Mirage	16%
Chick-fil-A	Palm Desert	15%
McDonald's	Cathedral City	13%
Little Caesars Pizza	Desert Hot Springs	13%
Breakfast / Coffee / Bakery / Dessert		
Starbucks	Desert Hot Springs	13%
IHOP	Rancho Mirage	12%
IHOP	Cathedral City	9%
IHOP	Palm Springs	8%
Panera Bread	Palm Springs	6%
Starbucks	Cathedral City	6%
Starbucks	Palm Springs	6%
Elmer’s Restaurant	Palm Springs	6%
Starbucks	Cathedral City	5%
Cold Stone Creamery	Palm Springs	5%

Location	City	%
Theaters / Music Venues		
Mary Pickford Theatre is D'Place	Cathedral City	20%
Century Theatres	Rancho Mirage	11%
Regal Cinemas	Rancho Mirage	11%
Regal Cinemas	Palm Springs	7%
Century Theatres	La Quinta	5%
Attractions		
Maclin's Open Air Markets	Indio	11%
Palm Springs Lanes	Cathedral City	9%
Chuck E. Cheese	Palm Desert	8%
The Living Desert	Palm Desert	5%
John H. Furbee Aquatics Center	Desert Hot Springs	5%
Mountain Vista Golf Course at Sun City Palm Desert	Palm Desert	4%
Desert Princess Country Club	Cathedral City	3%
Mission Lakes Country Club	Desert Hot Springs	3%
PGA WEST Stadium Course, Nicklaus Tournament Course and Tournament Clubhouse	La Quinta	3%
Desert Springs Golf Club	Palm Desert	3%

Sources:
Placer.ai; Percentage reflects the percentage of City residents who visited each location within the past year

RETAILER VOID & MATCH ANALYSIS PLACER.AI

To identify potential chains that may be a good match for Desert Hot Springs, Placer.ai's Void Analysis Tool analyzed the drive time trade area around Desert Hot Springs and compared it to trade area data for retailer brands.

This analysis determines which chains may be a good fit for the City, based on a variety of demographic metrics and the level of trade area overlap with existing retailer locations.

Score	Description	How to Interpret
Demographic Fit Score	The demographic fit score measures how well a prospective retailer fits the demographic profile of a property. The demographic fit score combines the similarity scores for demographic attributes such as household income distribution, educational attainment, ethnicity, age, household type, and marital status – essentially measuring the shared level between the property and the prospective retailer.	Demographic fit scores and attribute similarity scores that are closer to 100 are a better match. A demographic fit score of 0 would mean there is no demographic similarity between the Desert Hot Springs trade area and the trade areas of the retailer chain.
Cannibalization Score	The cannibalization score measures the estimated overlap between the City trade area and the trade areas of existing retail store locations nearby. This overlap assesses how much a new store for that brand would "cannibalize" consumers that are already served by existing nearby locations of that brand.	Cannibalization scores closer to 0 are a better match. A cannibalization score of 100 would imply full cannibalization – meaning that the trade area for a new store in the City would draw consumers that are already served by the retail brand's existing nearby stores.
Relative Fit Score	The relative fit score combines demographic fit scores, cannibalization score, and other metrics (such as average monthly visits) to arrive at one simplified score.	Relative fit scores that are closer to 100 are a better match. A relative fit score of 100% indicates the chain is the highest-ranked match relative to the list of chains that were examined.

Sources: Placer.ai

VOID ANALYSIS: CLOTHING

Chains	Drive Time (min)	Min Size (SF)	Max Size (SF)	Nearest Location (mi)	# of Venues (State)	Expansion Rate (State)	Avg. Monthly FT	Demographic Fit Score	Cannibalization	Relative Fit Score
dd's DISCOUNTS	8	19,000	32,000	11	118	3.5	16,600	76	48	78
T.J. Maxx	16	22,000	39,000	11	122	0.8	37,900	70	52	75
Marshalls	14	21,000	40,000	9	149	0.7	33,600	65	73	64
Burlington	13	32,000	91,000	9	97	4.3	26,600	68	78	63
Boot Barn	25	8,000	19,000	43	60	1.7	8,600	77	4	92
Vans	20	2,000	4,000	17	117	1.7	11,100	69	1	88
Carters	18	3,000	7,000	18	62	3.3	7,200	75	22	84
Plato's Closet	19	3,000	7,000	16	20	5.3	8,000	74	32	80
Ross Dress for Less	13	22,000	36,000	9	336	0.6	27,800	70	73	67

Source: Placer.ai

VOID ANALYSIS: RESTAURANTS & QSR

Chains	Drive Time (min)	Min Size (SF)	Max Size (SF)	Nearest Location (mi)	# of Venues (State)	Expansion Rate (State)	Avg. Monthly FT	Demographic Fit Score	Cannibalization	Relative Fit Score
Texas Roadhouse	23	7,000	10,000	43	14	7.7	38,500	76	0	97
Black Bear Diner	17	4,000	8,000	42	67	1.5	14,900	73	0	92
Famous Dave’s	21	5,000	10,000	41	15	7.1	9,400	77	5	92
Pizza Factory	16	2,000	7,000	29	70	2.9	4,200	77	0	92
Johnny Rockets	17	1,000	4,000	69	17	13.3	8,900	74	0	91
Godfather's Pizza	18	2,000	6,000	71	5	25.0	2,400	73	0	89
Freddy's Frozen Custard & Steakburgers	20	3,000	5,000	60	5	25.0	11,100	70	0	89
Dutch Bros. Coffee	14	1,000	2,000	20	142	2.9	10,600	69	0	88
Pizza Guys	11	1,000	2,000	47	80	5.3	1,400	68	0	86
Mountain Mike's Pizza	10	2,000	5,000	40	248	1.2	2,600	66	0	85
The Coffee Bean & Tea Leaf	12	1,000	3,000	17	146	0.0	11,400	63	0	84
Smashburger	14	2,000	4,000	54	19	11.8	11,300	62	0	83

Source: Placer.ai

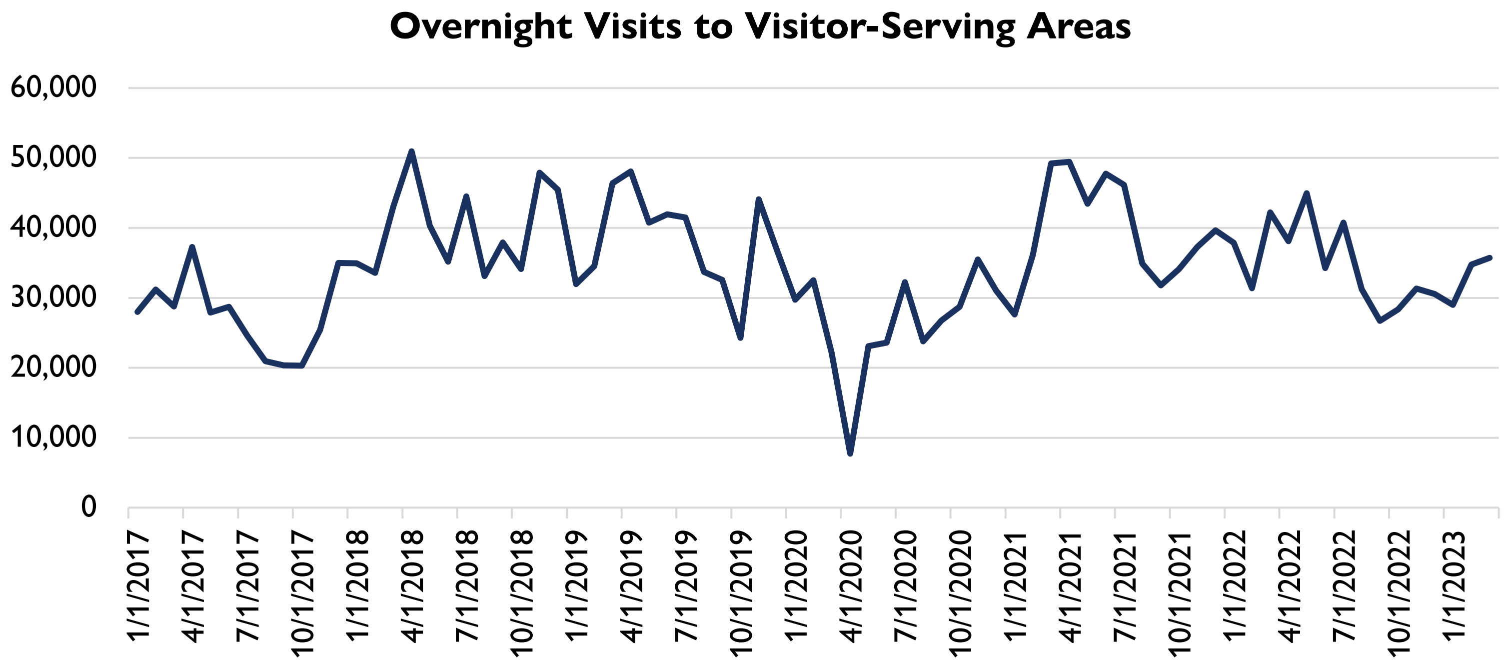
VOID ANALYSIS: GROCERY

Chains	Drive Time (min)	Min Size (SF)	Max Size (SF)	Nearest Location (mi)	# of Venues (State)	Expansion Rate (State)	Avg. Monthly FT	Demographic Fit Score	Cannibalization	Relative Fit Score
El Super	5	32,000	63,000	23	51	0.0	45,200	75	0	98
Vallarta Supermarket	6	20,000	59,000	22	53	0.0	46,200	71	0	94
Northgate Gonzalez Markets	4	21,000	56,000	55	39	-7.1	69,000	66	0	94
Superior Grocers	4	36,000	72,000	43	48	2.1	50,400	67	0	92
Food 4 Less	5	44,000	75,000	11	106	0.0	73,700	68	51	80
Cardenas Market	6	29,000	57,000	9	52	13.0	36,900	73	51	78
Smart & Final	6	18,000	40,000	9	248	0.0	30,100	61	32	74
Aldi	11	15,000	25,000	9	93	2.2	19,600	62	38	71

Source: Placer.ai

VISITOR SERVING AREA TRENDS

- Placer.ai was used to analyze overnight visitors to the Visitor-serving areas near the Spa Zone.
- This data shows that visits to the area peaked in 2018, dropped in 2020 due to the pandemic, and have generally recovered to pre-COVID levels.
- These visitors have household incomes of ~$100,000, higher than City / local trade area incomes.



2017	2018	2019	2020	2021	2022	2023 Q1
328,500	481,000	456,600	316,800	477,500	417,700	99,500

Sources:
Placer.ai
Filtered for Visitors with home locations >30 miles away, overnight visits between 2am – 5am, visit length >2 hours

VISITOR HOME LOCATIONS

- Overnight visitors to the visitor-serving areas of the City are overwhelmingly from the Southern California area. Approximately 76% of visitors have home locations in California.
- Top home-location cities are Los Angeles, Blythe, San Diego, Glendale, Reseda, Long Beach, La Mesa, and San Francisco.
- Out-of-state visitors are commonly from Oregon (Glide, Portland, Forest Grove), Arizona (Phoenix, Mesa, Chandler, Scottsdale), Washington (Seattle, Clinton, Vancouver), Nevada (Los Vegas), and New York.

Top California Cities	% of Visits	Top non-CA Cities	% of Visits
Los Angeles	11.4	Glide, OR	2.9
Blythe	4.2	Phoenix, AZ	1.7
San Diego	2.5	Las Vegas, NV	1.0
Glendale	2.5	Marinette, WI	0.9
Reseda	2.3	Portland, OR	0.8
Long Beach	1.4	New York, NY	0.4
La Mesa	1.3	Seattle, WA	0.3
San Francisco	1.3	Austin, TX	0.3
Moreno Valley	1.0	Fort Bragg, NC	0.3
Woodland Hills	1.0	Mesa, AZ	0.2
Torrance	0.9	Brooklyn, NY	0.2
Irvine	0.9	Albuquerque, NM	0.2
Fullerton	0.8	Salt Lake City, UT	0.2
Sacramento	0.7	Chicago, IL	0.2
San Bernardino	0.7	Miami, FL	0.2
Riverside	0.7	Denver, CO	0.2
Yucaipa	0.7	Chandler, AZ	0.2
Santa Monica	0.7	Minneapolis, MI	0.2
North Hollywood	0.7	Scottsdale, AZ	0.2
Lake Elsinore	0.6	Peoria, AZ	0.2
Van Nuys	0.6	Tucson, AZ	0.2
Rancho Cucamonga	0.6	Clinton, WA	0.1
Montebello	0.5	Waynesville, MO	0.1
Morro Bay	0.5	Vancouver, WA	0.1
Fountain Valley	0.5	Boise, ID	0.1

kosmont companies

Source: Placer.ai

DESERT HOT SPRINGS OVERNIGHT VISITORS

TOP VISITED PLACES – PLACER.AI

Location	City	%
Local Restaurants and Bars		
The Capri Restaurant at Miracle Springs Resort	Desert Hot Springs	6%
Casa Blanca	Desert Hot Springs	5%
Zapopan Mexican Food	Desert Hot Springs	4%
Las Casuelas Terazza	Palm Springs	3%
Lulu California Bistro	Palm Springs	3%
South of The Border	Desert Hot Springs	3%
Sidewinder	Desert Hot Springs	3%
Joshua Tree Saloon	Joshua Tree	3%
LG's Prime Steakhouse	Palm Springs	2%
Denny's	North Palm Springs	2%
Frontier Café	Yucca Valley	2%
Local QSR & Breakfast		
McDonald's	Desert Hot Springs	7%
Starbucks	Desert Hot Springs	3%
In-N-Out Burger	Thousand Palms	3%
Elmer’s Restaurant	Palm Springs	2%
Taco Bell	Desert Hot Springs	2%
Carl's Jr.	Desert Hot Springs	2%
Raising Cane's Chicken Fingers	Palm Springs	2%
Starbucks	Palm Springs	1%

Source: Placer.ai

Location	City	%
Local Shopping Centers		
Desert Hills Premium Outlets	Cabazon	20%
Desert Hot Springs Town Center	Desert Hot Springs	13%
Hacienda Palms Shopping Center	Desert Hot Springs	11%
Palm Center	Desert Hot Springs	8%
Mercado Plaza	Palm Springs	8%
The Vineyard at Palm Springs	Palm Springs	5%
Cabazon Outlets	Cabazon	5%
The Springs	Palm Springs	5%
Hotels & Casinos		
Miracle Springs Resort & Spa	Desert Hot Springs	35%
Desert Hot Springs Spa Hotel	Desert Hot Springs	11%
Two Bunch Palms	Desert Hot Springs	10%
Morongo Casino	Cabazon	10%
Azure Palm Hot Springs Resort & Day Spa Oasis	Desert Hot Springs	9%
Agua Caliente Resort Casino Spa Rancho Mirage	Rancho Mirage	4%
Hotel Zoso	Palm Springs	4%
Kimpton Hotels & Restaurants	Palm Springs	3%
El Morocco Inn and Spa	Desert Hot Springs	3%
Spa Resort Casino	Palm Springs	3%
Sea Mountain Inn	Desert Hot Springs	2%

Location	City	%
Local Attractions		
Mount San Jacinto State Park	Idyllwild	8%
The Living Desert	Palm Desert	3%
Joshua Tree Saloon	Joshua Tree	3%
General Patton Field	Indio	3%
Big Bear Lake	Big Bear Lake	2%
Keys View, Joshua Tree National Park	Twentynine Palms	2%
Mt. San Jacinto State Park & Wilderness	Palm Springs	2%
Cabot's Pueblo Museum	Desert Hot Springs	2%
Cabazon Dinosaurs	Cabazon	1%
Desert Springs Golf Club	Palm Desert	1%
Grocery Stores		
VONS	Desert Hot Springs	11%
Stater Bros. Markets	Desert Hot Springs	9%
Hadley Fruit Orchards	Cabazon	2%
Stater Bros. Markets	Yucca Valley	1%
Albertsons	Palm Springs	1%

OPPORTUNITY AREAS

FREEWAY HOTEL / RETAIL OPPORTUNITIES

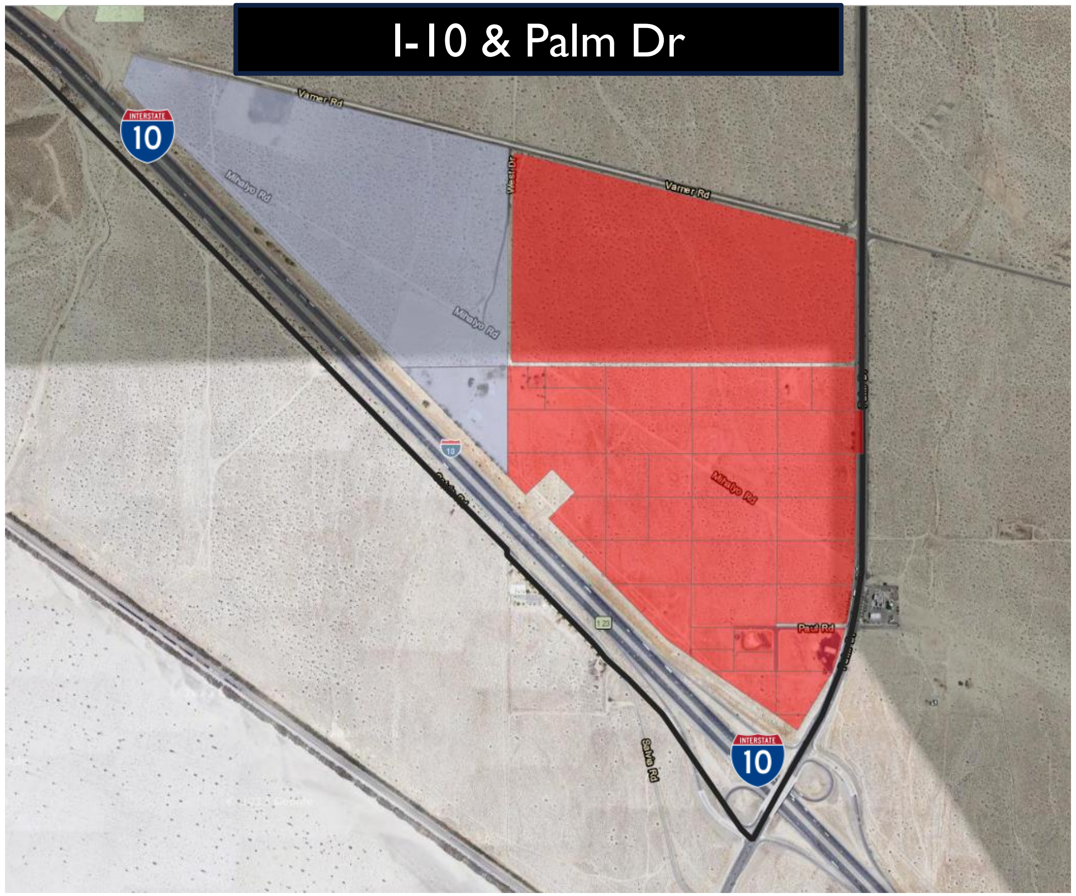
The City is well-situated on the I-10 corridor, which sees ~90,000 cars per day passing the City. Desert Hot Springs is the first City in the Coachella Valley for travelers driving from the west.

The freeway commercial opportunity areas include sites with good freeway frontage / access. The sites are a short 10-15 drive from downtown Palm Springs and the Palm Springs International Airport.

While the sites are not located on hot spring aquifers, the freeway accessibility could make them well-positioned to capture customers such as long-haul motorists, construction workers, as well as some business travelers / attendees at special events in the Coachella Valley.

Site	Description
NEC I-10 & Canyon Drive	Located near gas stations, industrial development, cannabis cultivation building; Coachillin' business park is planned on 160 AC, approved specific plan, over 3m SF of industrial and commercial (*focused on cannabis*)
NWC I-10 & Palm Drive	Located near gas station, fast food, cannabis dispensary

FREEWAY HOTEL / RETAIL OPPORTUNITIES MAP



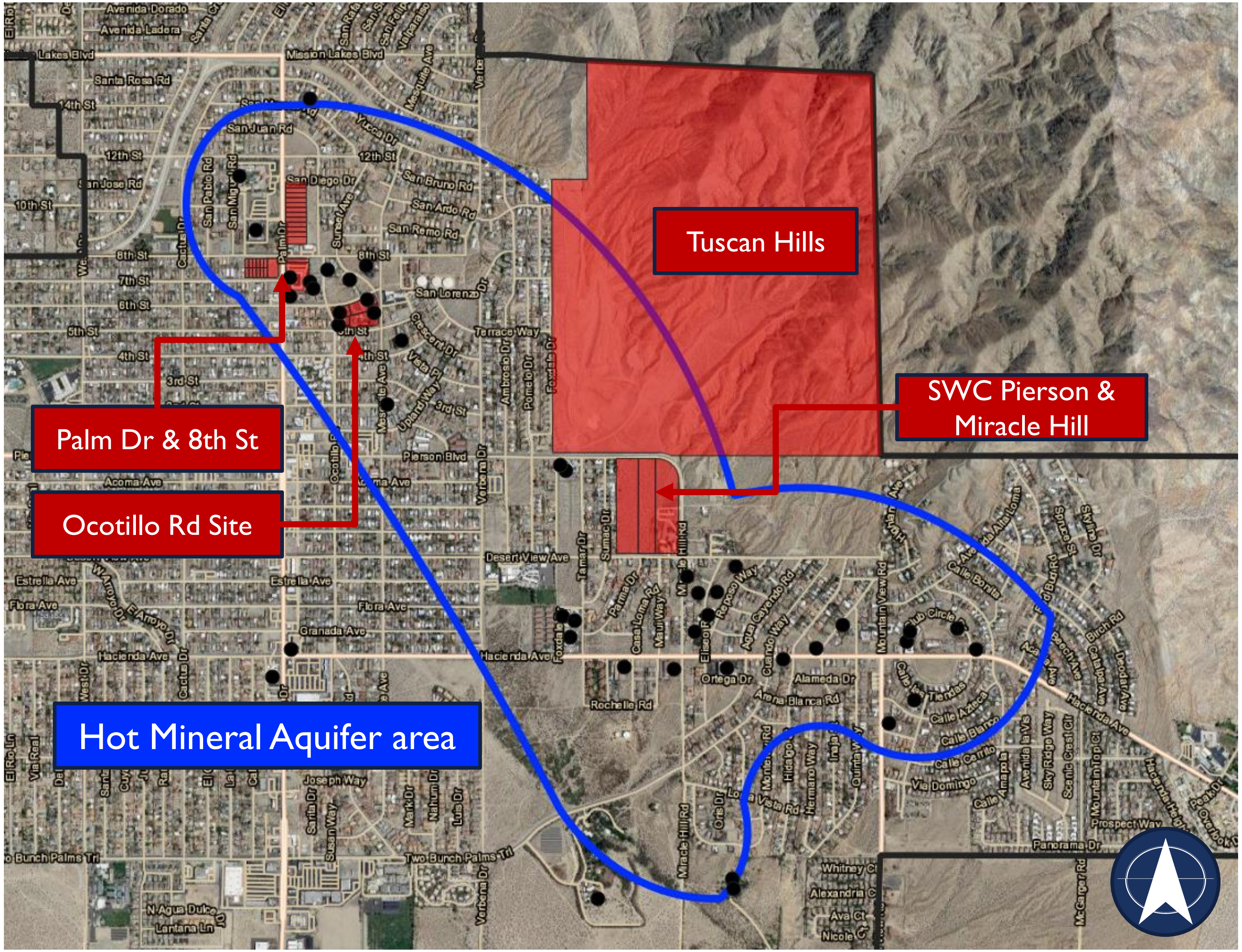
SPA ZONE HOSPITALITY OPPORTUNITIES

- The Spa Zone in Desert Hot Springs features a number of small, independent hotels that utilize the hot springs in the area.
- The Spa Zone opportunity areas can build upon the interest in the hot springs, health / wellness / nature tourism, and cannabis tourism.
- These sites can be good opportunities for hotel development, but several sites have infrastructure challenges and development restrictions (height, FAR, setbacks, etc) could limit the feasibility of hotel development on the sites.

Site	Description
Tuscan Hills	Mixed-use project is planned on 500+ acres in the area, with approvals for 1,800+ residential units, a 334-room hotel and spa, and open space.
SWC Pierson & Miracle Hill	15.5 AC site available for sale; site's elevation can provide excellent views of the Coachella Valley.
Sites near Palm Drive and 8th Street	Located near two of the larger hotel properties in the City, further hotel development in this area would help to create a spa hotel corridor
Ocotillo Road Site	This site is home to several former hotels (currently closed)

SPA ZONE MAP

The Spa Zone in Desert Hot Springs is oriented around the approximate location of the Hot Mineral Aquifer; according to CoStar property data, there are 42 hospitality properties in this area (*black dots on map*).

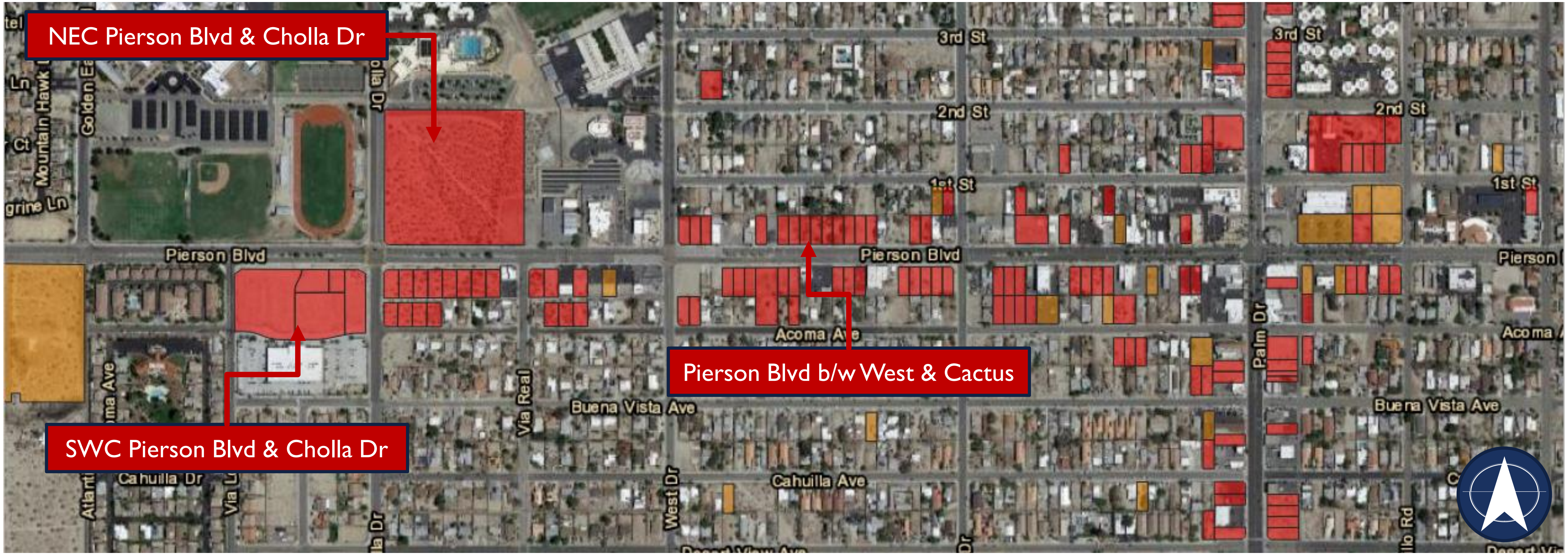


PIERSON CORRIDOR RETAIL OPPORTUNITIES

- The Pierson Blvd corridor is one of the main commercial corridors in the City.
- Major anchors include Desert Hot Springs High School, community facilities (City Hall, community center, police / fire station, county offices); commercial development includes small restaurants, shops, and offices.
- Downtown revitalization underway to attract businesses (bars / restaurants), improve streetscape / beautification / landscaping, and organize events. City is working on new branding / marketing, as well as a neighborhood plan to guide revitalization.
- This area has a number of vacant / underutilized sites that may have development potential.
- Challenges include small parcels (may require assemblage), utilities / infrastructure

Site	Description
NEC Pierson Blvd & Cholla Drive	8.9 AC commercial site, well-located near high school, community center, other public offices. Potential opportunity for commercial development with engaging outdoor component
SWC Pierson Blvd & Cholla Drive	4.1 AC commercial site, well-located near high school, community center, other public offices. Potential opportunity for retail and commercial uses
Pierson Blvd b/w West & Cactus	Opportunity / interest in food truck / container park / cannabis entertainment use

PIERSON CORRIDOR MAP

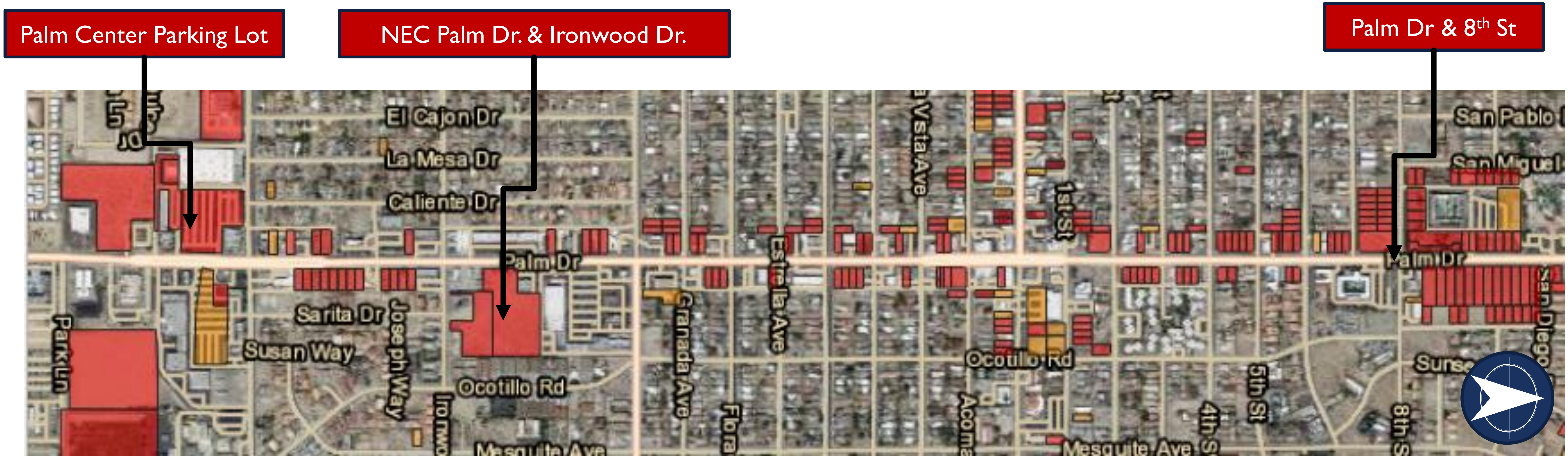


PALM DRIVE CORRIDOR RETAIL OPPORTUNITIES

- The Palm Drive Corridor is the main commercial corridor in the City.
- Major anchors include community shopping centers (Palm Center, Towne Center, Hacienda Palms Center), hotels (Miracle Springs Resort & Spa, Aqua Soleil Hotel, Desert Hot Springs Spa); commercial development includes small restaurants, shops, and offices.
- There are numerous vacant / underutilized sites along the Palm Drive corridor that are potential opportunities for infill and redevelopment

Site	Description
Palm Center Parking Lot	3.5 AC parking lot is currently underutilized and could be redeveloped as retail / restaurant; opportunity for drive thru QSR
NEC Palm Drive & Ironwood Drive	~6.0 AC site. Portion of site along Palm Drive currently being marketed for quick-serve restaurant; Dutch Brothers coffee expected, other pads available. Rear of property available for other commercial uses.
Palm Drive & 8th St	Multiple vacant sites could be well-suited for hotel development, improving hotel district in that area

PALM DRIVE CORRIDOR MAP



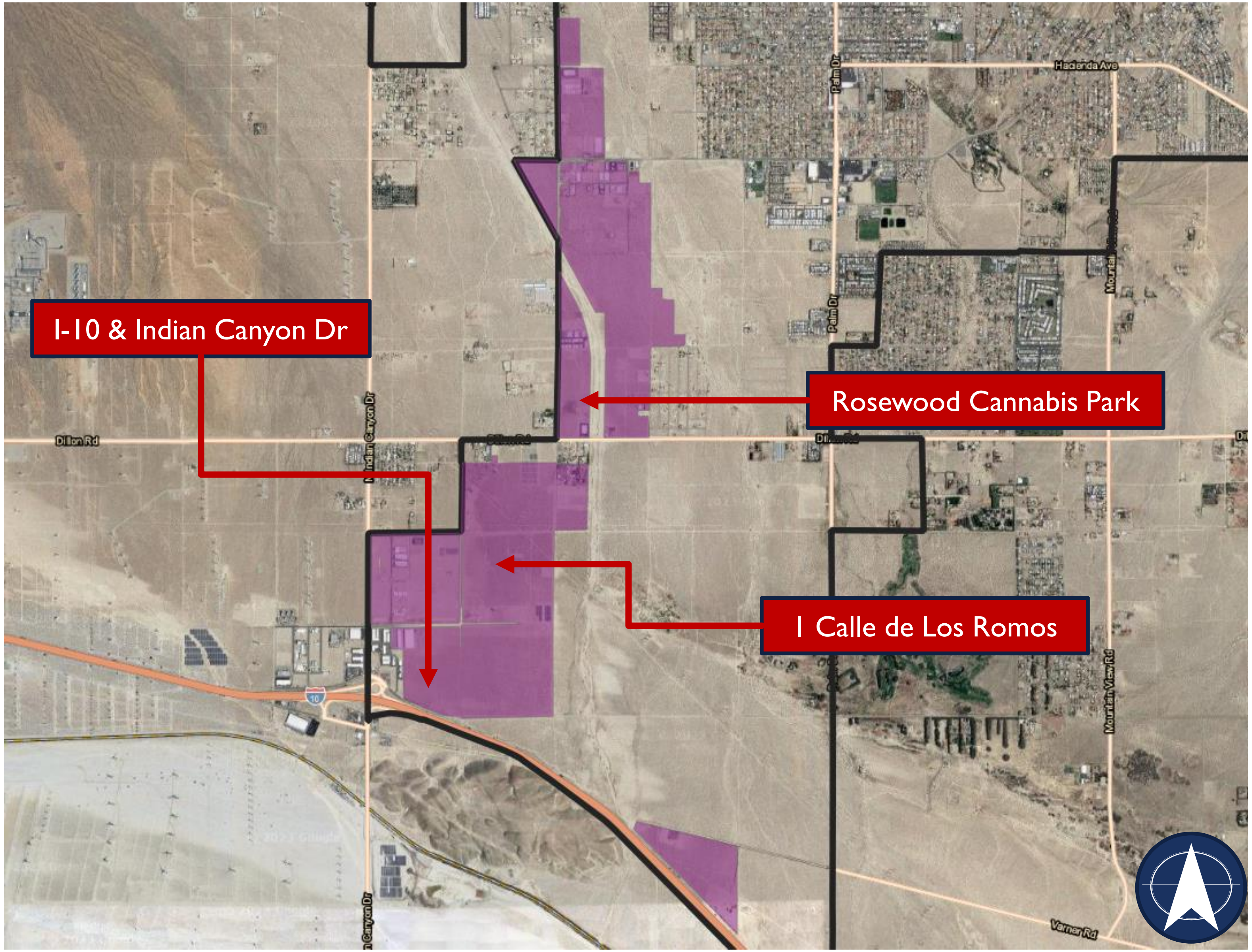
INDUSTRIAL OPPORTUNITIES

- Industrial development in the City is primarily located in two areas: the area near the I-10 offramp at Indian Canyon Drive, and the area along Little Morongo Road.
- With large vacant parcels with good access to I-10, the City may be well-positioned to attract industrial distribution / logistics projects.
- The City is also home to a cluster of cannabis cultivation / manufacturing industrial users, and further development activity could bolster this economic cluster in the City.

Site	Description
I-10 & Indian Canyon Drive (19th & 20th Ave)	Entitled for 1m SF logistics center / hotel and a 5-story 3.4m SF distribution center.
1 Calle de Los Romos	65 AC proposed master planned project with I-10 access; 6 warehouse buildings could total over 1m SF
Rosewood Cannabis Park	~36,000 SF industrial buildings proposed for lease / sale, targeted toward cannabis businesses

INDUSTRIAL OPPORTUNITIES MAP

The industrial opportunity areas of the City are generally located near I-10 / Indian Canyon Drive and along the Little Morongo Road corridor.



Desert Hot Springs Economic Development Strategy

	Strengths	Weaknesses	Opportunities	Threats
Pierson Corridor	One of the main commercial corridors, strong anchor institutions (City Hall complex, high school, community center)	Existing retail activity relatively low compared to Palm Corridor; businesses spread geographically, with small vacant parcels separating; parcel assemblage may be a challenge	Downtown revitalization effort (underway) can help to catalyze investment; retail uses can serve both resident demand and visitor-serving (restaurant, cannabis tourism, etc)	Competition from nearby cities with opportunity sites – some with higher populations / visitors, stronger demographics, and better attractions – may limit additional demand for development in City Slow down in economy due to inflation and high interest / construction costs
Palm Corridor	Main commercial corridor in city, with strong local retail attractors (grocery-anchored centers, restaurants / QSR)	Coordination with property owners / parcel assemblage may be a challenge	Key vacant / underutilized sites may be well-suited for infill retail development	
Freeway Hospitality / Retail	Well located / good access to I-10, some large sites available	Lack of existing development means these areas are not established "destinations"	Freeway commercial development could capture freeway-oriented consumers, visitors to the Coachella Valley	
Spa Zone Hospitality	Only hot water aquifer in area; existing cluster of hospitality properties	Small / independent properties; some need improvements / renovations, separation from commercial corridors challenges capturing activity; infrastructure costs / development restrictions can impact feasibility	Existing / renovated / new hotels can be well-positioned to capture health / wellness / nature / cannabis tourism	
Industrial	Well located / good access to I-10, some large sites available. City has some existing industrial activity (warehouse, cannabis)	Infrastructure needs can add cost to development	City can pursue logistics / warehouse developments as well as further growth in Cannabis cluster	