



Innovative Industrial Properties Acquires Massachusetts Property and Enters Into Long-Term Lease with Temescal Wellness

May 27, 2021

SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP), the first and only real estate company on the New York Stock Exchange (NYSE: IIPR) focused on the regulated U.S. cannabis industry, announced today that it closed on the acquisition of a property in North Adams, Massachusetts, comprising approximately 70,000 square feet of industrial space.

The purchase price for the property was \$3.1 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease at the property with Temescal Wellness of Massachusetts, LLC (Temescal) for use as a regulated cannabis cultivation and processing facility upon completion of redevelopment. Temescal is expected to complete additional tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to \$15.0 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property is expected to be \$18.1 million.

As the pioneering real estate investment trust (REIT) for the regulated cannabis industry, IIP partners with experienced, licensed cannabis operators and serves as a source of capital by acquiring and leasing back their real estate assets, in addition to offering other creative real estate-based capital solutions.

"We have been following Temescal's evolution and continued success in Massachusetts for some time, and are thrilled to begin this new long-term real estate partnership with Ted Rebholz and his team," said Paul Smithers, President and Chief Executive Officer of IIP. "The Temescal team's focus and proven success in delivering consistent, high quality cannabis products to their patients and customers over the years, in combination with their well-located dispensaries accessible to a large percentage of Massachusetts residents, have positioned them very well for the future. We look forward to supporting their real estate capital needs for many years to come, including the buildout of this new facility that is expected to dramatically enhance Temescal's production capacity as demand for high quality cannabis products continues for patients and customers throughout the Commonwealth."

Temescal, founded in 2015, is led by Ted Rebholz, Founder and Chief Executive Officer, with a seasoned management team possessing extensive experience in capital-intensive, highly regulated consumer sectors, operational logistics and marketing, large-scale horticulture, information technology and human capital development. In addition to this facility, Temescal operates a cultivation and processing facility in Manchester and three dispensary locations in Framingham, Pittsfield and Hudson, Massachusetts, each of which is licensed for sales of both adult-use and medical-use cannabis. Additional information about Temescal is available at www.temescalwellness.com.

"This new Temescal Wellness facility will bring our existing and future portfolio of products to a broader number of consumers in Massachusetts. At the forefront of this project is our new and larger cultivation space as well as an expanded manufacturing and production facility," said Ted Rebholz, Founder and Chief Executive Officer of Temescal. "We recognize consumers are eager for novel, innovative and functional cannabis products. In addition to expanded flower lineages and offerings, we are looking forward to delivering products like our VSPR cartridges and Subdew low dose mints to more people, in addition to new products we are developing in our product pipeline."

Massachusetts approved cannabis for medical-use by popular vote in 2012, with first sales in 2014. The Commonwealth launched its adult-use cannabis program in 2018, with first sales in November of that year. Notwithstanding a relatively early-stage adult-use cannabis program, Massachusetts was the eighth largest regulated cannabis market by sales in 2020 and is expected to capture 5% of the estimated \$41.5 billion in total U.S. regulated cannabis sales by 2025, according to New Frontier Data. Including this property, IIP owns seven properties in Massachusetts comprising an aggregate of approximately 642,000 square feet, and a total investment of approximately \$203.1 million (including commitments to fund future development, redevelopment and tenant improvements at the properties, but excluding transaction costs).

As of May 27, 2021, IIP owned 72 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 6.6 million rentable square feet (including approximately 2.5 million rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 16.8 years. As of May 27, 2021, IIP had committed approximately \$1.6 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and tenant improvements at IIP's properties.

About Innovative Industrial Properties

Innovative Industrial Properties, Inc. is a self-advised Maryland corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated medical-use cannabis facilities. Innovative Industrial Properties, Inc. has elected to be taxed as a real estate investment trust, commencing with the year ended December 31, 2017. Additional information is available at www.innovativeindustrialproperties.com.

Innovative Industrial Properties Forward-Looking Statements

This press release contains statements that IIP believes to be "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding the lease of the Massachusetts property, Temescal and the Massachusetts regulated cannabis market, are forward-looking statements. When used in this press release, words such as we "expect," "intend," "plan," "estimate," "anticipate," "believe" or "should" or the negative thereof or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Investors should not place undue reliance upon forward-looking statements. IIP disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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