



# Department of Cannabis Control

## 2024 Market Report Summary

2024 Cannabis Market Report Briefing

# Topics

- What is going on in the market?
- Supply
- Demand
- Market Outlook
- Headwinds and Opportunities



# WHAT IS GOING ON IN THE MARKET?

# Market Trends

- How big is the market and is it trending downward?

Whitney Economics predicts cannabis to see extreme sales growth over the next few years: 2025: \$35.2 billion in sales, growing 12.1% from 2024. 2030: \$67.2 billion in cannabis sales. 2035: **\$87.0 billion in cannabis sales.**

Flowhub  
<https://flowhub.com/cannabis-industry-statistics>

2025 Marijuana Industry Statistics - Flowhub

Lawrence Carrel Contributor

I'm a journalist

## Michigan surpasses California as the top cannabis market in the U.S. by sales volume



**Adrienne Roberts**

Detroit Free Press

Published 6:06 a.m. ET June 13, 2024 | Updated 11:29 a.m. ET June 14, 2024

by Nicolás Jose Rodriguez Benzinga Staff Writer

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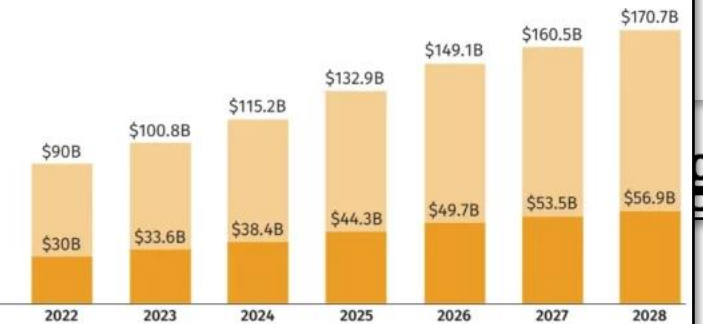


## U.S. Cannabis Economic Impact

For every \$10 consumers and patients spend at marijuana retail locations, an additional \$18 will be injected into the economy, much of it at the local level.

■ Retail sales estimate ■ Additional economic impact

The 2023 MJBizFactbook is available now. Find it at [MJBizDaily.com/factbook](https://mjbizdaily.com/factbook)



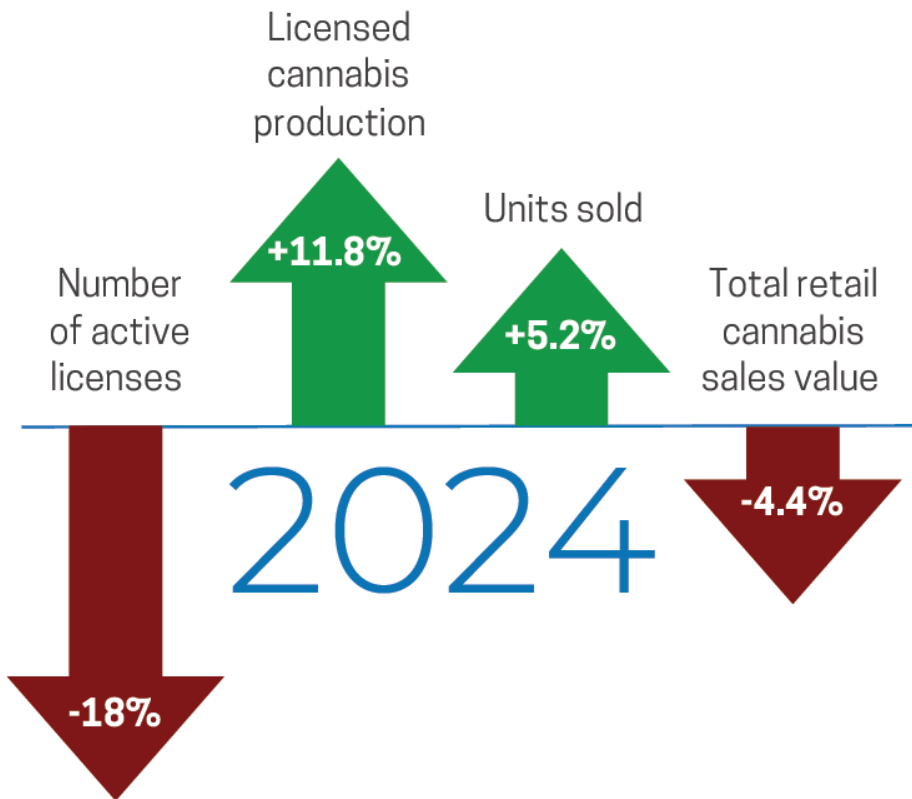
NOTE: Estimates are high end of scale.

Source: MJBizDaily Research

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# What does the data tell us?

## Market Conditions 2024 YoY Change



Cannabis market is maturing

- Retail sales value is decreasing
  - Trend driven by decreasing prices
  - Consumption and production are still increasing
- Consolidation will contribute to more price stability

# Methods and Data Limitations

- **Production (supply)**: Quantify how much cannabis is produced (by weight or value)
  - No comprehensive data for unlicensed production
- **Consumption (demand)**: How much cannabis is consumed by individuals in California
  - Data are not sufficient to definitively differentiate between licensed and unlicensed cannabis consumption



# SUPPLY

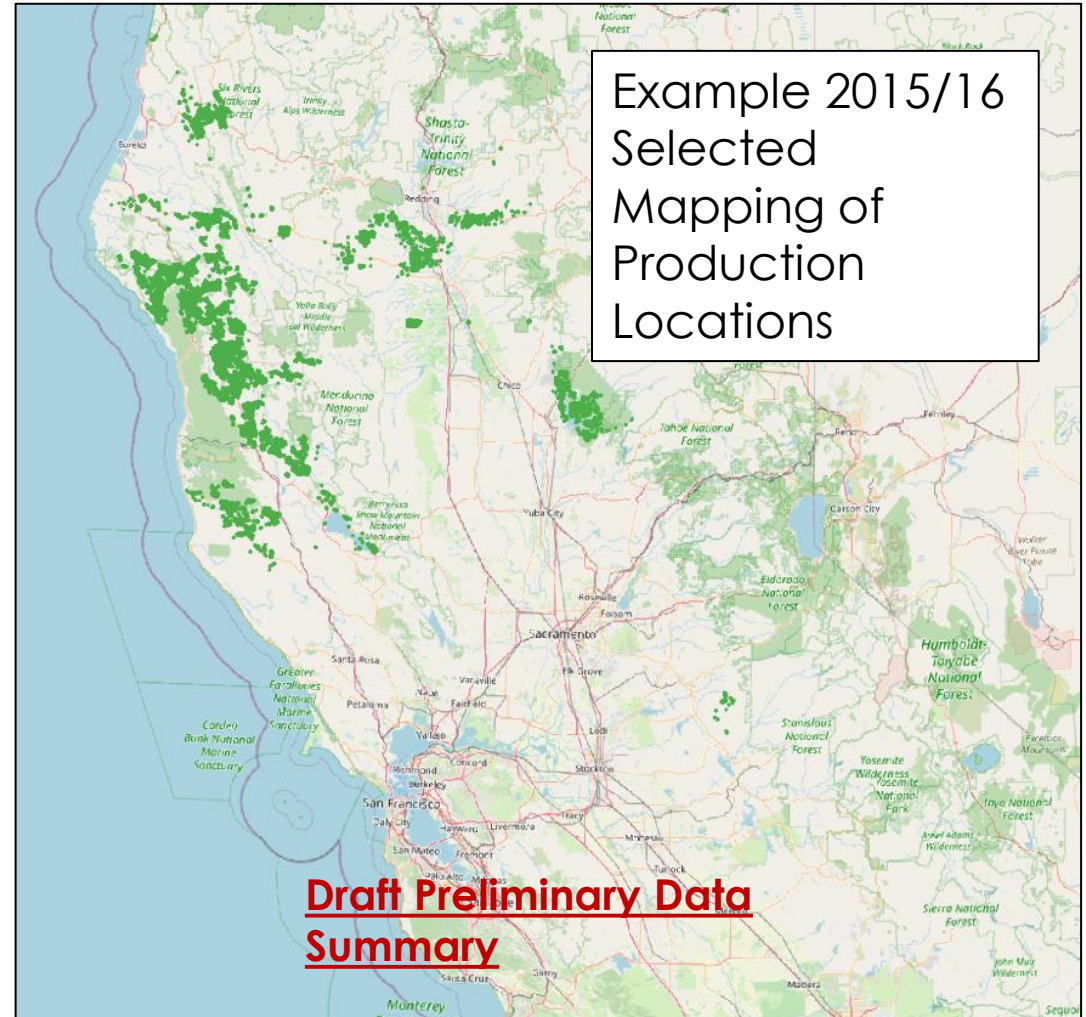
# Market Size and Components

- Metrics
  - Weight: wet vs dry weight
  - Value: supply chain (e.g., value at the farm is different than value at retail)
- Other considerations
  - Exports (i.e., not consumed in CA) and potentially limited imports
  - Enforcement effort can be measured in different ways (e.g., # of plants, expenditures, # raids, etc.)

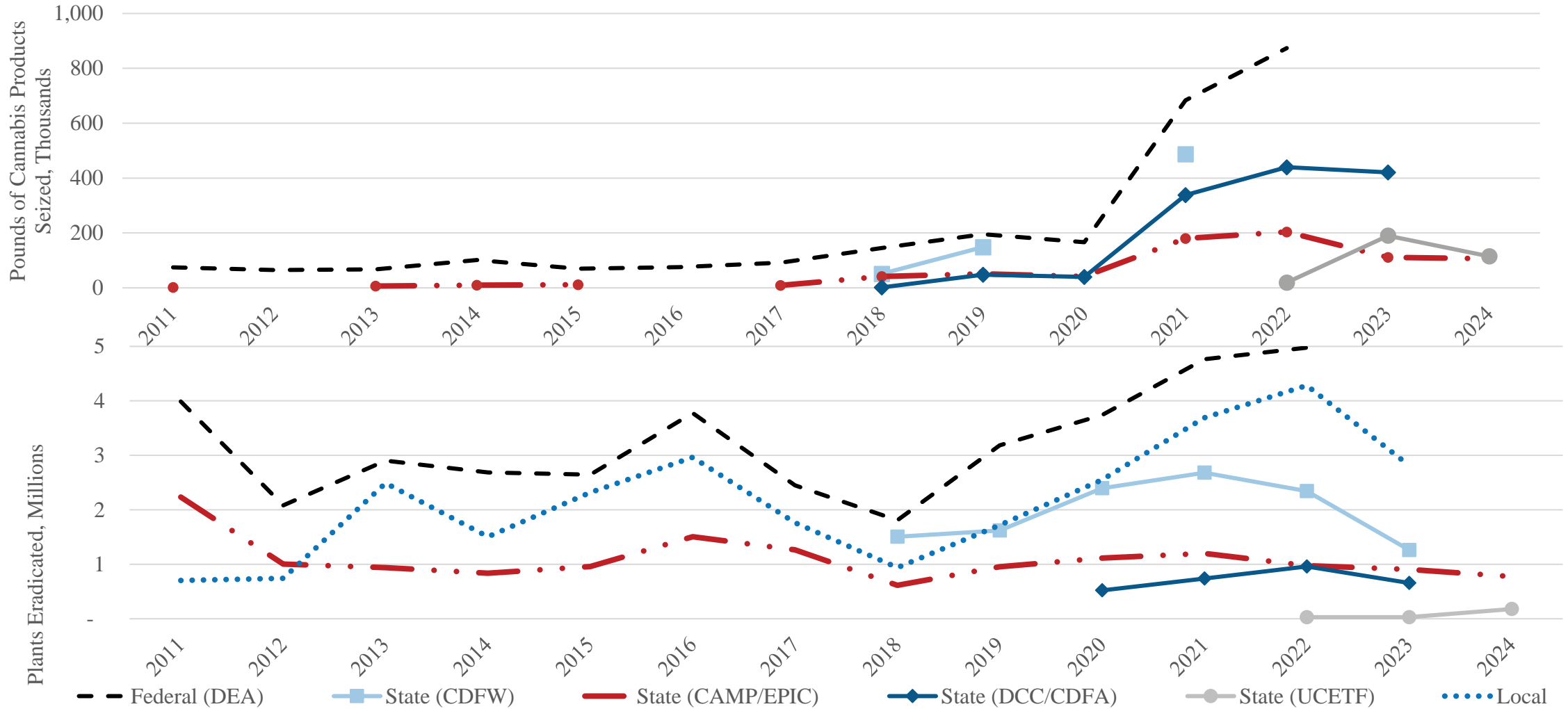


# Estimating Total and Unlicensed Production

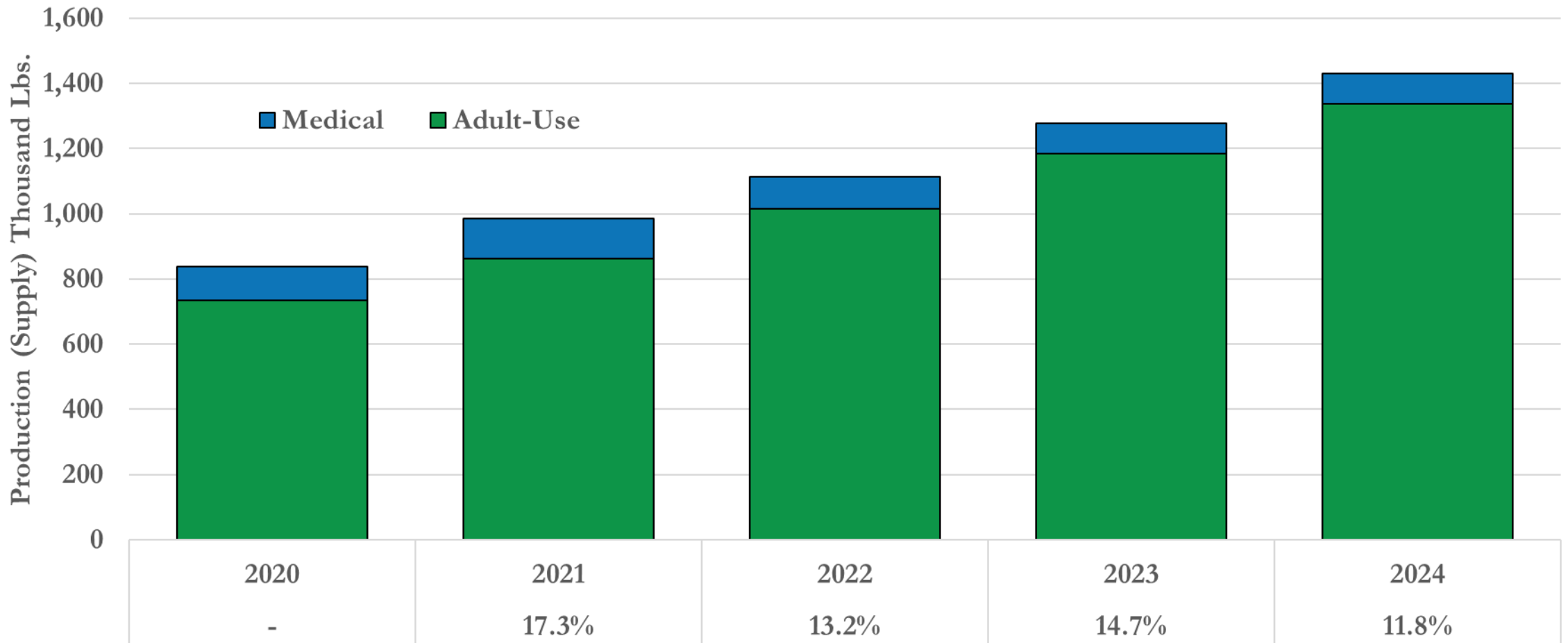
- Geospatial data
  - Limited locations and years
- Other agency data
  - Licensed market
- Eradications
  - Local
  - State
  - Federal



# Trends in Eradications by Agency



# Trends in Licensed Production



# Total CA Cannabis Supply, 2024

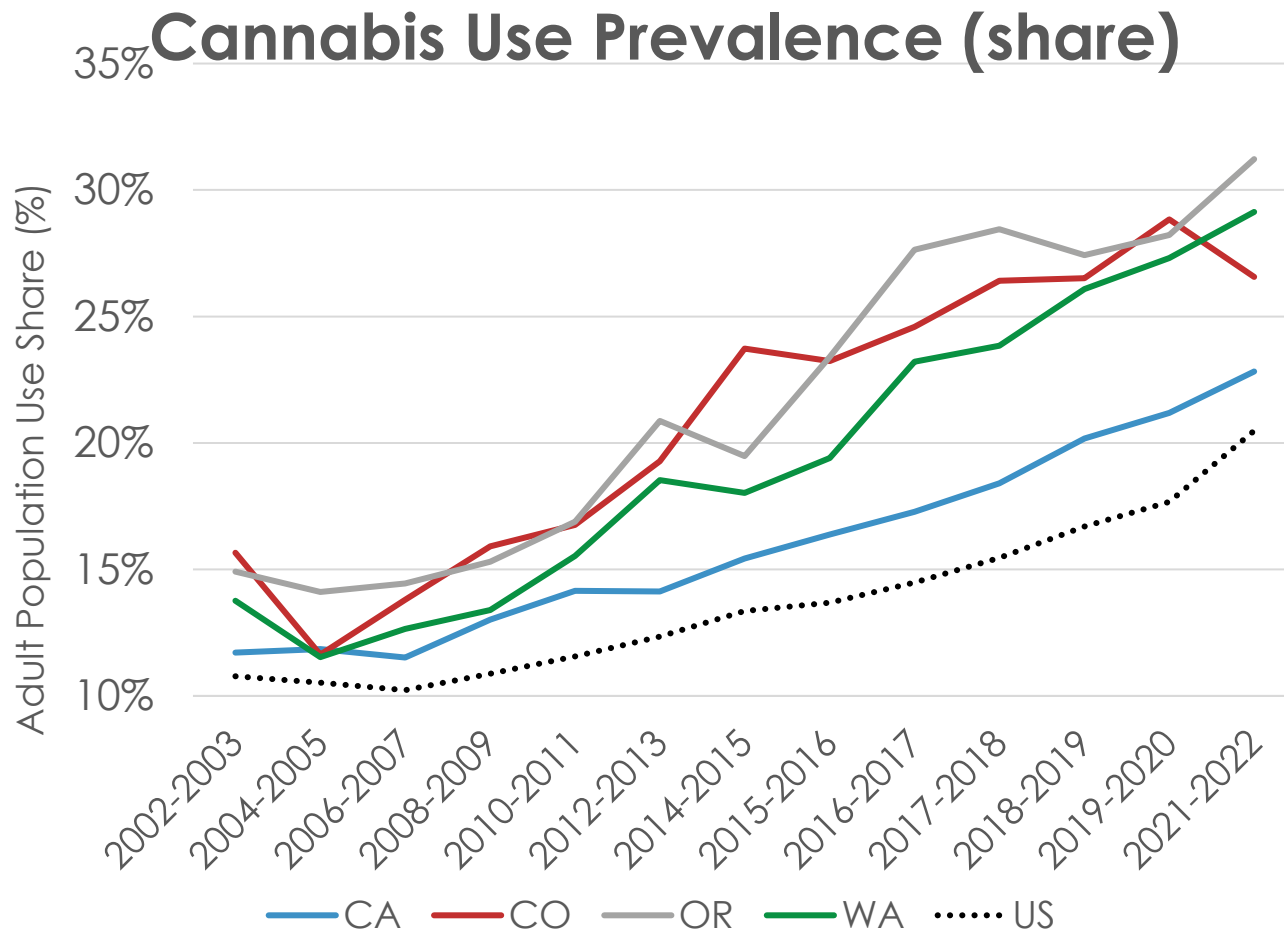
	Cannabis Production (Supply), 2024 million lbs.
<b>Licensed</b> (statistical confidence interval)	<b>1.4</b> (n/a)
<b>Unlicensed</b> (statistical confidence interval)	<b>11.4</b> (7.0 – 16.3)
<b>Total</b> (statistical confidence interval)	<b>12.5</b> (8.4 – 17.7)

Note: Cannabis from licensed production leaked to unlicensed/export markets included in unlicensed supply.



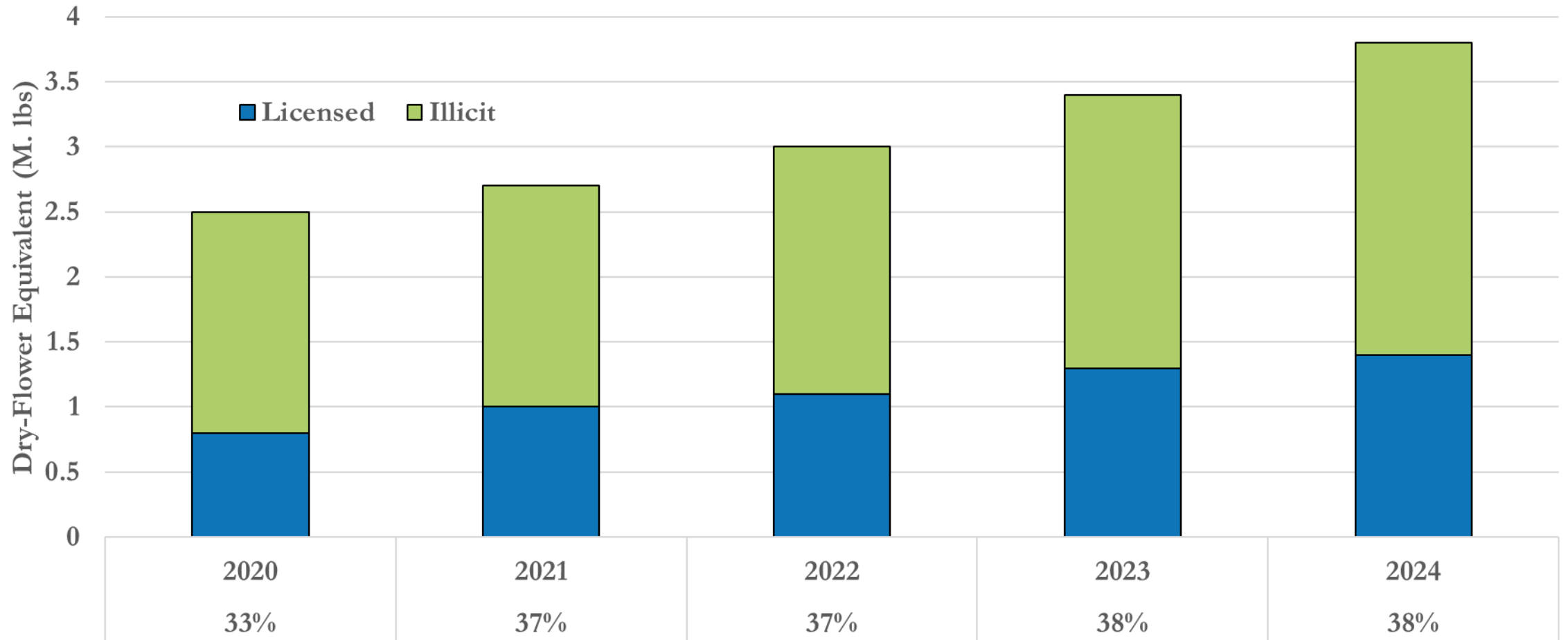
# DEMAND

# Estimating Total Cannabis Demand



- Econometric analysis
  - Prevalence of use
  - Consumption per use-day
  - Underreporting
  - Policy changes

# Trends in California Consumption

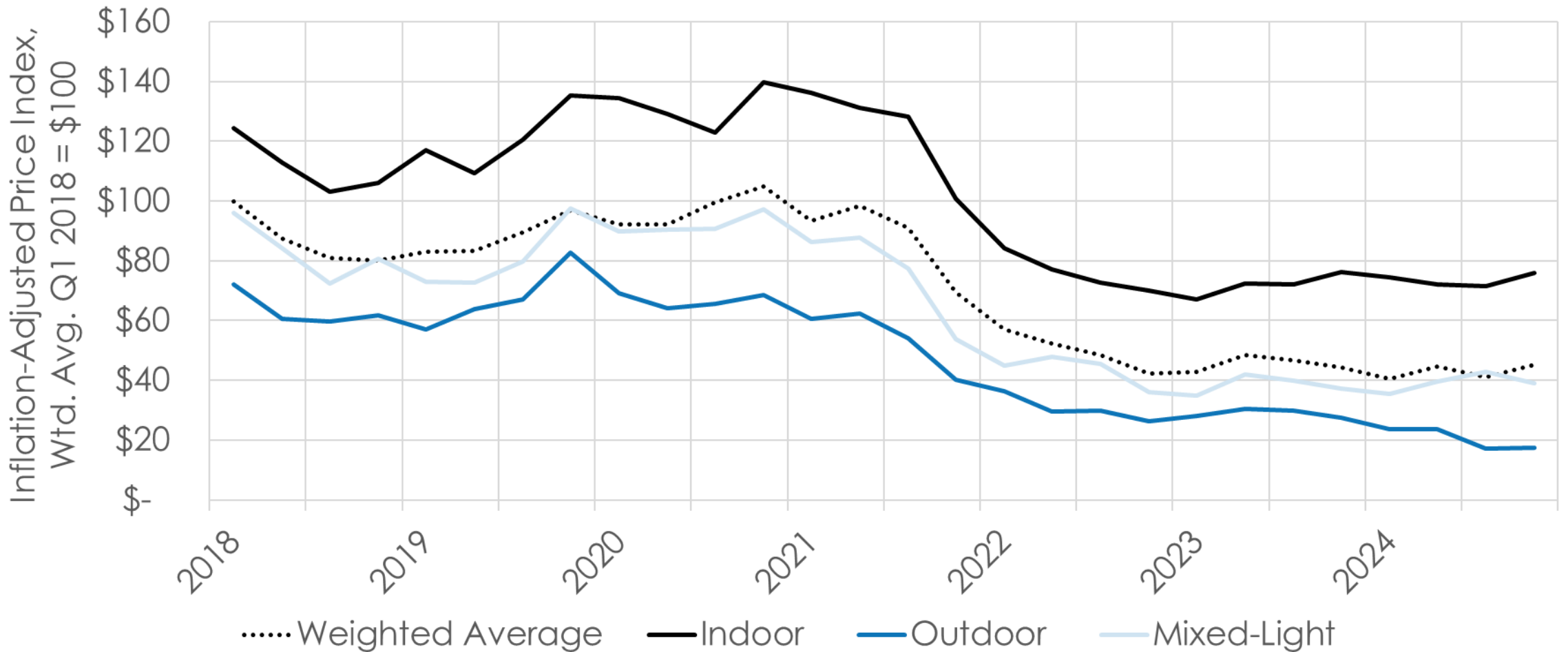




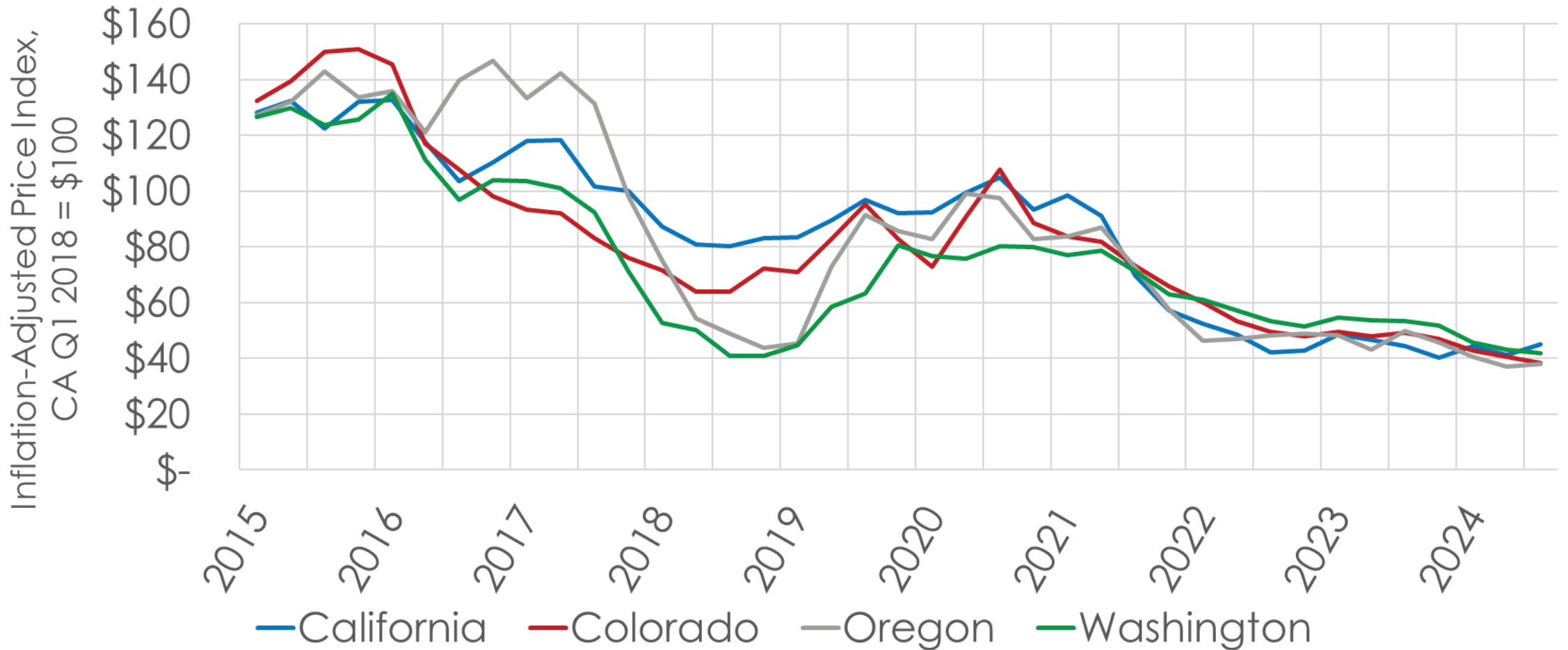
# MARKET OUTLOOK



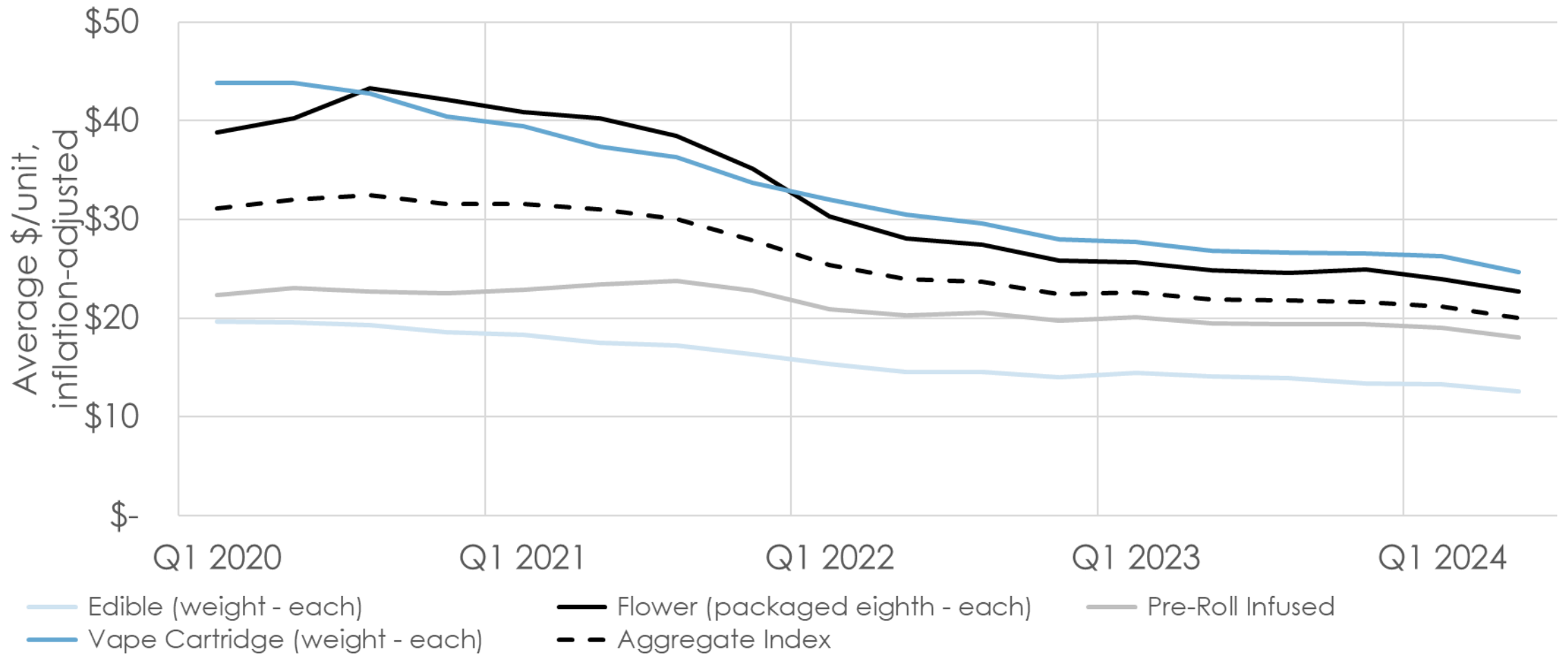
# Wholesale Price Trends



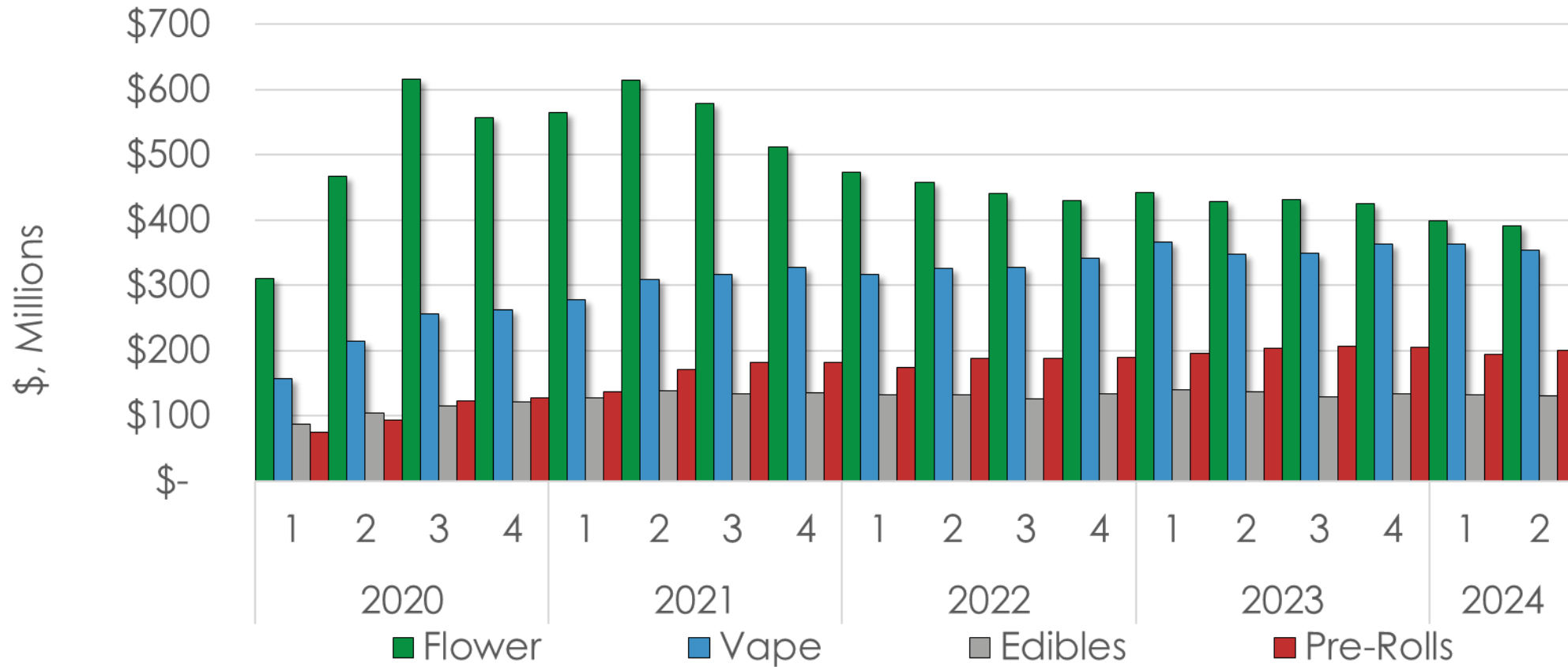
# Market Integration



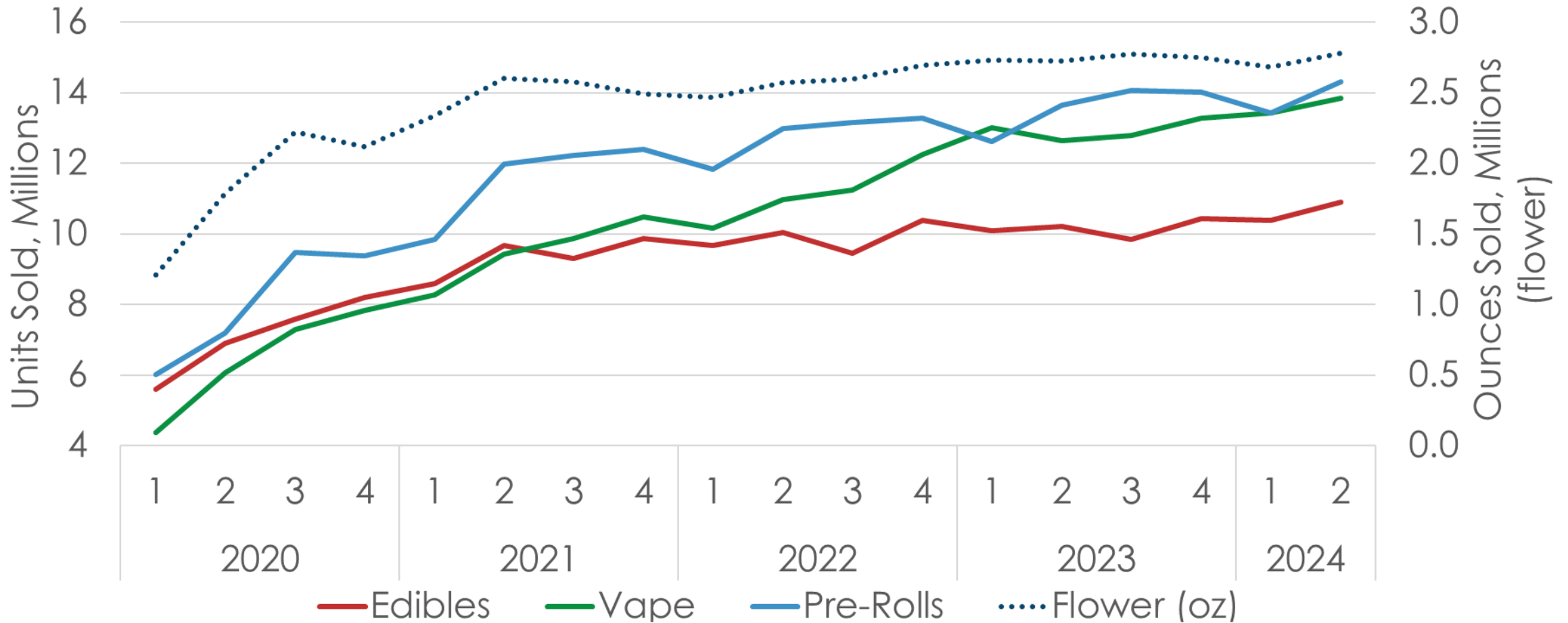
# Retail Price Trends



# Retail Sales Trends



# Retail Quantity Trends





# HEADWINDS AND OPPORTUNITIES

# Opportunities



## Licensed Market Growth

YoY production up 11.8%  
Increased demand for value added products (e.g., vapes and pre-rolls)



## Stabilizing Prices

Q4 2024 wholesale prices up 4.8%  
Higher indoor and mixed-light prices



## Maturing Market

Market exits and consolidation  
Increased efforts to limit illicit market



## Market Expansion

Retail, value-added products  
Product innovation  
Possible hemp market integration?  
Animal products

# Headwinds



## Taxes and Fees

Excise tax increase as of July 1, 2025

Funding changes to sustain enforcement and other DCC expenses

Local taxes and fee changes



## Illicit Market

Lower production costs

Export market advantage

Local prohibitions for licensed businesses

Diversion and inversion



## Policy/Reg Considerations

Expiration of provisional licenses

Regulations (benefits but also some costs), such as CCTT reporting requirements, lab testing requirements, etc.



## Business Environment

Banking, borrowing, taxes

Increasing costs

Stable, but low prices

Cash flow and margins



# Is the Licensed Market Working?

- Data show that the licensed market is growing
  - Demand for vapes, edibles, and other value-added products increasing, leading to overall **increase in demand for licensed cannabis**
  - Production is increasing, and **wholesales prices are stabilizing** for indoor and mixed-light cannabis. **However...**
- We need...
  - Improved enforcement to combat illicit market
  - Local, state, and federal **prohibitions sustain demand for illicit cannabis.** Access to these markets advantages illicit businesses
  - Minimize licensed business costs
  - Better business environment



THANK YOU!