



California: Lessons from the World's Largest Cannabis Market

A Cannabis Intelligence Briefing Series Report



A Sampling of Key Report Insights*

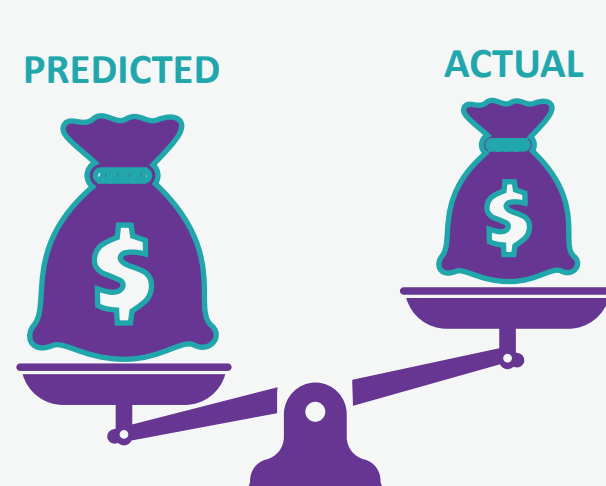
California's legal cannabis market is forecast to surpass its 2017 high-water mark in 2019, generating nearly \$3.1B in spending. The latter half of 2018 and the beginning of 2019 have seen considerable improvement in the state's management of the industry's ever-growing footprint, including expanded availability of retail licenses in growth-critical municipalities.



Legal cannabis sales in California are on track to grow 23% in 2019 to \$3.1B, and forecast to reach \$7.2B in 2024, a 19% CAGR.



California became the first state to experience a Y-O-Y sales decrease as a result of the transition from medical-only to adult-use; dropping from \$3B in 2017 to \$2.5B in 2018.



Former California Governor Jerry Brown predicted that legal cannabis would earn the state \$643M in tax revenue. Actual revenue fell short, totaling just over \$345M.

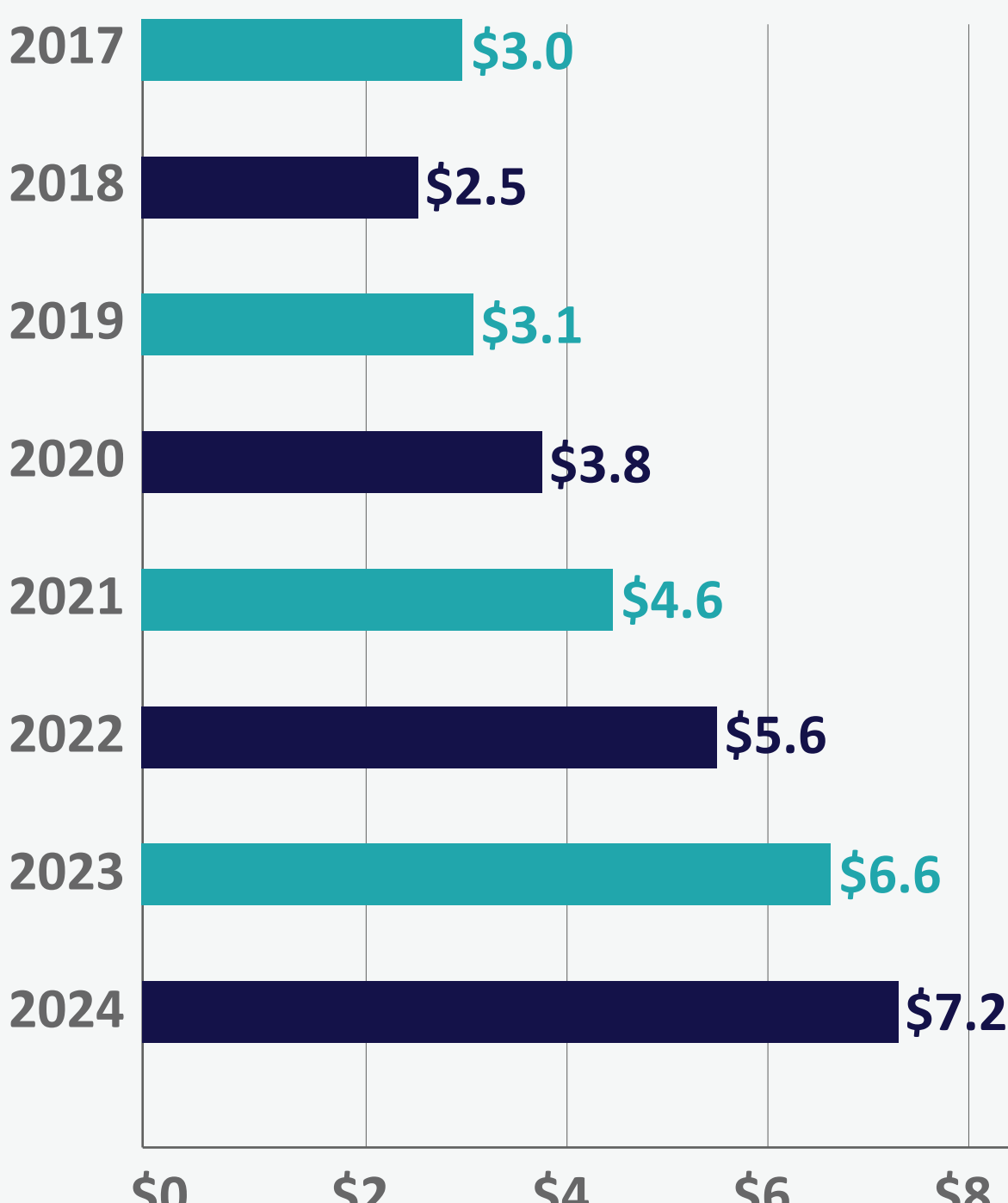


California's illicit market is predicted to make up 53% of all cannabis sales in 2024. States with more supportive regulatory regimes are expecting illicit sales to make up less than 30%.



Younger generations consume with higher frequency; 39% of Millennials and 41% of Gen X report consuming within the past six months, compared to just 20% of Baby Boomers and older generations.

California Legal Cannabis Spending (In Billions)



Regulators need to get past their Prohibition-era prejudices. There would shortly be no more illicit market for cannabis than there is for liquor if regulations for the two products were the same, i.e. testing to keep out harmful chemicals and checking IDs at stores. The rest is regulatory overreach.

– Tom Adams

Editor in Chief, Arcview Market Research
Managing Director of Industry Intelligence, BDS Analytics

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