



ESSENTIAL CANNABIS INSIGHTS

March 2022 VOL 5, ISSUE 2

BDSA CANNABIS MARKET FORECAST SPRING 2022 UPDATE

With more markets coming online each year, the cannabis industry's bullish rise is not expected to slow down any time soon. Global cannabis sales for 2022 will reach just over \$35 billion, a jump of ~22% over 2021 sales of \$29 billion, according to BDSA's most recent 5-year rolling market forecast update. BDSA forecasts global cannabis sales will grow to \$61 billion in 2026, a compound annual growth rate (CAGR) of more than 16%.

Looking back at 2021, Emerging Markets in the U.S. saw some of the strongest growth, especially in Midwestern markets. Illinois sales grew ~70% in 2021 to total \$1.8 billion, while Missouri's medical-only market reached an unexpectedly high \$210 million. New markets, especially populous Northeastern states, in the U.S. are expected to be among of the largest contributors to forecast sales by 2026. New Jersey and New York alone are expected to contribute ~25% of the expected growth to U.S. legal sales by 2026.

Canadian cannabis markets are seeing strong growth, with Ontario claiming a dominant share of sales. The global cannabinoid market is also expected to massively expand in the coming year, with several massive markets on the verge of launching Adult-Use sales.

United States

Legal cannabis sales across the U.S. saw brisk growth in 2021, growing roughly 30% over the annual legal sales total from 2020. Newly launched Adult-Use markets and markets in the Midwest saw impressive sales growth. Arizona, which started Adult-Use sales in January 2021, saw sales grow ~25% to total \$1.3 billion in 2021. Michigan, Illinois and Missouri markets all saw strong sales, even as other markets slowed in Q4 2021. The booming Adult-Use market in Michigan saw legal sales almost double in 2021.

New markets, especially populous Northeastern states, in the U.S. are expected to be among of the largest contributors to forecast sales by 2026

Legal cannabis sales in the U.S. will surpass \$28 billion in 2022, growth of ~20% over 2021. BDSA forecasts U.S. sales to reach ~\$46 billion in 2026. California, which launched adult-use in 2018, will be the largest contributor to overall U.S. sales growth, adding an expected \$2.8 billion by 2026. Several other markets are expected to be major contributors to total U.S. legal sales by 2026, the top four being New York (+\$2.7 billion), New Jersey (+\$2.0 billion), Florida (+\$1.6 billion) and Michigan (+\$1 billion).

Share of sales by category across the U.S. as a whole are expected to stay relatively stable, with Inhalables, and Flower in particular, expected to remain the dominant category by share of dollar sales out to 2026.

Canada

Legal cannabis sales in Canada reached an estimated \$3.8 billion in 2021, with Ontario bringing in the lion's share of sales due to significant expansions in retail locations. Adult-Use sales made up ~90% of the 2021 sales total, with the Medical channel expected to see a gradual decline to total ~\$255 million by 2026. Cannabis 2.0 products (Edibles, Vapes and Topicals) are gaining share, leading to flower's share of total sales declining in 2021.

Sales are expected to total an estimated \$4.7 billion in 2022 and are forecast to grow to nearly \$6.3 billion in 2026, a CAGR of 10.6% from 2021. The lion's share of this growth is expected to come from Ontario, which is expected to bring over \$1.3 billion in growth by 2026, and British Columbia, which is forecast to contribute \$420 million to total sales by 2026.

By 2026, Canadian category sales are forecast to see a continued shift away from Flower and towards Concentrates and Cannabis 2.0 products. Flower is expected to hold a more dominant share in the shrinking medical channel, with Flower expected to hold ~55% of sales by 2026, compared to just 44% in the Adult-Use channel.

International Markets

Sales of legal cannabis products, including cannabis-derived pharmaceuticals, outside the U.S. and Canada were estimated at ~\$1.5 billion in spending for 2021. Growth in international cannabis markets has been held back partly by limited qualifying conditions for medical programs, product restrictions, and non-reimbursed prescriptions, but increased access with the addition of Adult-Use access in Mexico and possible Germany in the coming year are expected to bring sizable growth to the international sales total.

Cannabis sales are forecast to grow to ~\$2 billion by 2022. BDSA forecasts international sales will exceed ~\$10 billion in 2026. The bulk of that new legal spending will be driven by Germany (contributing ~\$3 billion by 2026) and Mexico (contributing ~\$2 billion by 2026), though France (~\$550 million) and the U.K. will contribute significantly (~\$500 million).

California, which launched adult-use in 2018, will be the largest contributor to overall U.S. sales growth, adding an expected \$2.8 billion by 2026

By 2026, Canadian category sales are forecast to see a continued shift away from Flower and towards Concentrates and Cannabis 2.0 products