

# THE CADENCE<sup>®</sup>

## MICHIGAN CANNABIS MARKET UPDATE

Select monthly market information with data through November 30, 2024

Part 1 of 2

Frankenmuth, Michigan

DECEMBER 15, 2024

### MACRO-ECONOMIC REPORT

- EXECUTIVE SUMMARY
- Retail Sales
- Active Plant Counts
- New License Applications

Issue 47-A

For subscriptions go to: [TheCadenceUpdate.com](https://TheCadenceUpdate.com)

MICHIGAN METRICS<sup>®</sup> IN ASSOCIATION WITH

**CENTRAL  
COAST**  
HORTICULTURAL

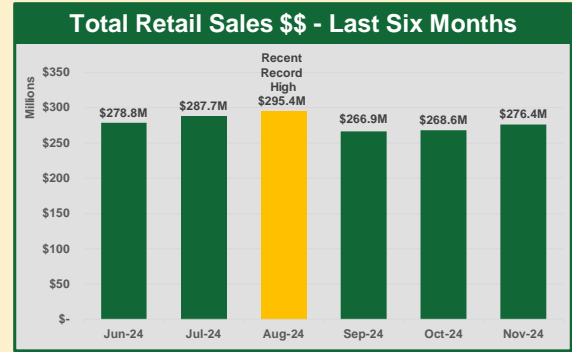


# MICHIGAN CANNABIS MARKET UPDATE

## EXECUTIVE SUMMARY

### Retail Sales – Early Winter Doldrums

**Total Sales:** \$276.4M (up 2.9% for month)  
 A.U. Sales: \$275.5M (up 2.9%)  
 MED Sales: \$0.885M (down 8.0%)



### Plant Counts – Down Another 29% after Outdoor Season Wraps Up

Active Plants: 1.72 million for A.U. and MED combined in November, down 29% from October as outdoor harvests finished. Still up 14% year-over-year. For reference, 2023’s peak in August of that year was 2.6 million plants; 2024’s peak was 3.83 million plants in August.

### License Applications – Still Not Zero!

November’s rate of new license applications – 57 A.U. and 8 MED – continue to represent a slight slowdown from recent months, but if it’s not zero for Cultivators than it’s still too many. On the A.U. side, Retailers (14 including Social Equity), Class C Cultivation (6), Processors (3) and Event Organizers (3) lead the list of applications into a regulated market that is saturated.

### BY THE NUMBERS:

**61.8**

Percent of A.U. cannabis sales in Michigan from just two product categories: flower and vape cartridges

**43**

Percent of A.U. sales from flower alone

**1,398**

Number of Class C cultivation licenses (MED+A.U.) in September 2022 when CRA considered moratorium on new cultivator licenses

**2,681**

Number of Class C cultivation licenses in November 2024 (92% increase since Sept. 2022)

Data sources:  
 Michigan CRA and Michigan Department of Health and Human Services.





# MICHIGAN CANNABIS MARKET UPDATE



## RETAIL SALES

Total retail sales steady, up

**2.9%**

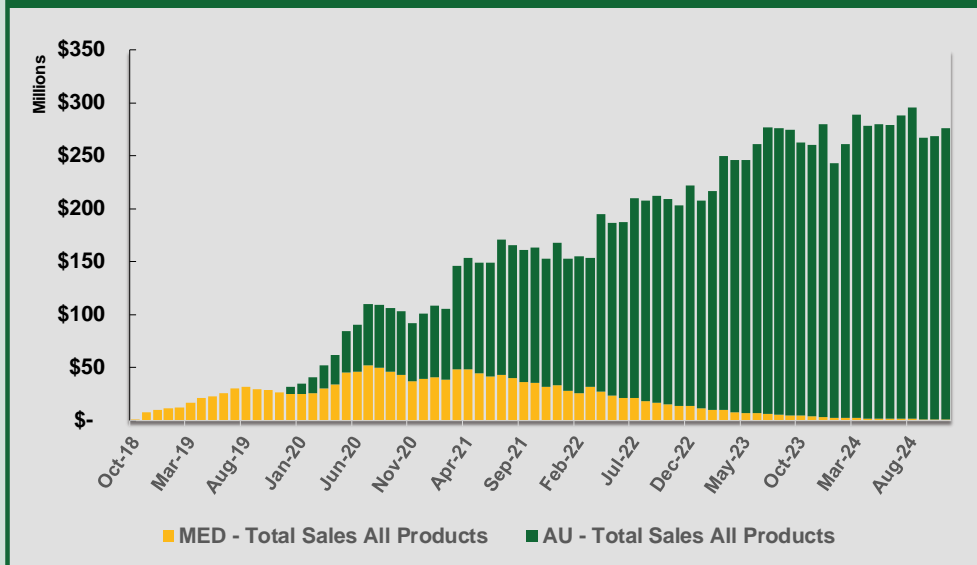
from October to November to

**\$276.4M.**

**STILL 6% BELOW THE AUGUST RECORD.**

- The top line is just fine - it's how we're making it happen that is the problem for licensees.
- Perpetual discounting driven by excess supply can make the top line look great, masking the real problem.
- Consumers are definitely doing their part. But the question of market saturation at the state's current retail locations still looms.

**Total Sales \$\$ All Products - MED and AU**



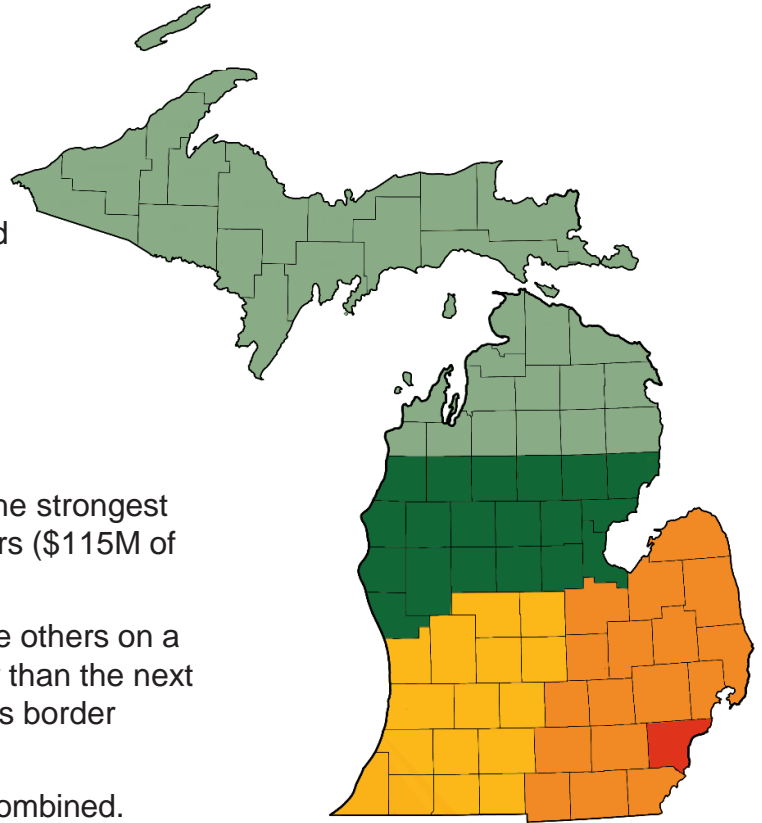
**Monthly % Change in A.U. Retail Sales by Product Category**

Flower	1.7%
Shake/Trim	-3.3%
Concentrate	9.1%
Inhal. Compound Conc.	6.1%
Vape Cartridge	3.9%
Infused-Edible	3.9%
Infused Non-Edible Solid	-0.7%
Infused Liquid	-1.3%
Infused Non-Edible Liquid	-10.8%
Kief	14.2%

# MICHIGAN CANNABIS MARKET UPDATE

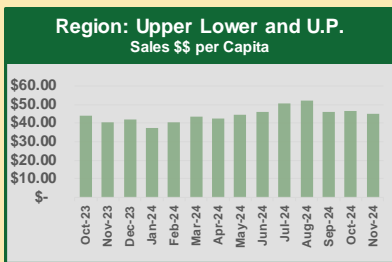
## RETAIL SALES Per Capita, by Region

The five regions of the state reflect varying degrees of cannabis sales per capita due to differences in income, access to retail outlets, and cross border purchasers (esp. Wisconsin). Ohio cross border purchases likely to decline soon with their market now in place.



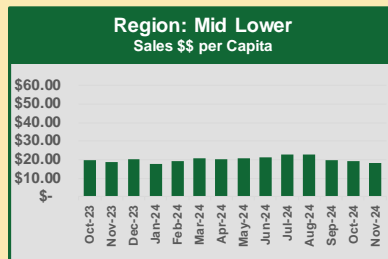
### Notable Changes:

- The East/Southeast Region continues to be the strongest region with the greatest total retail sales dollars (\$115M of the \$276M total).
- However, the Upper Lower and U.P. crush the others on a per capita basis – consistently 20-30% higher than the next highest region (the Southwest), aided by cross border buyers from Wisconsin.
- Dollar figures are for MED + A.U. retail sales combined.



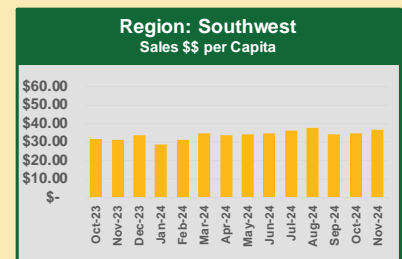
**\$45.14**

recent month change **-2.6%**



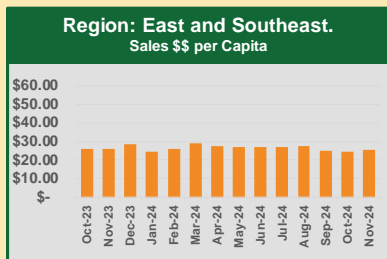
**\$18.03**

recent month change **-6.1%**



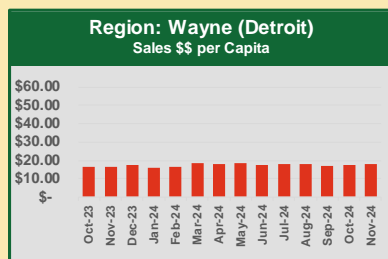
**\$36.37**

recent month change **4.7%**



**\$25.75**

recent month change **4.0%**



**\$17.96**

recent month change **2.5%**

**Sales per Capita  
for the entire  
State of Michigan  
for the month:**

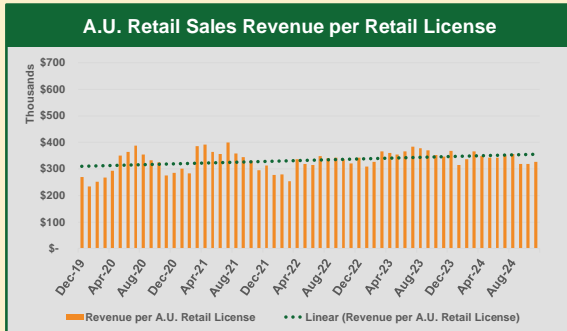
**\$27.48**

# MICHIGAN CANNABIS MARKET UPDATE

## RETAIL SALES

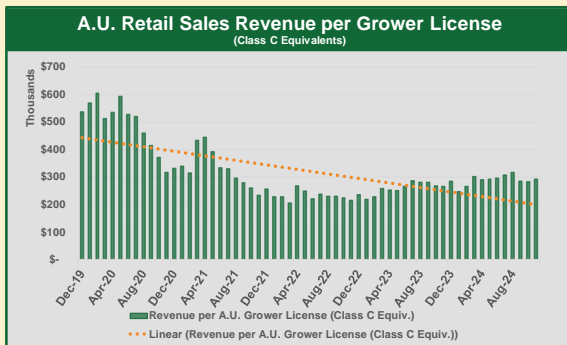
### Per Retailer, Grower, and Active Plant

Retail sales tell different stories depending on your perspective.



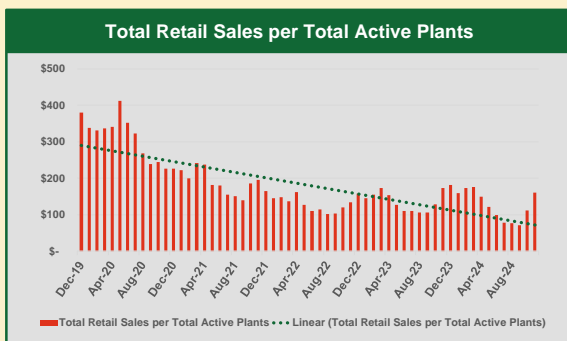
### Retail Revenue Trending Downward

Sales revenue per A.U. Retailer license has recently seen a negative trend, with flat or lower overall sales even with more Retailers coming on line.



### Growers Still Struggling to Retain Value

If we look at A.U. retail sales revenue and spread it across the A.U. Growers licenses that support them, the trend has been negative until recently. (Note – this is not Grower revenue; it is Retail revenue divided by the number of issued Grower licenses.)



### Retail Sales Value per Active Plant Declines

Total retail sales revenue per active plant in the industry has declined steadily since mid-2020 and now reflects seasonal cycles for high numbers of outdoor active plants. Recent extreme jumps in active plant counts for the summer outdoor flex strongly influence this trend.

**Excess plant counts and plant material** depress plant and product values.

# MICHIGAN CANNABIS MARKET UPDATE



## ACTIVE PLANT COUNTS

Active plant counts, (combined totals for MED and A.U.) are a good reflection of the direction of future inventories of finished and semi-finished products.

We can see the upward jump in the graphs as Growers had ramped up for the outdoor season – now reduced to a more “normal” steady state.

Combined with other data, and compared to prior years, plant count data can help suppliers see the volume of plant material eventually heading to market.

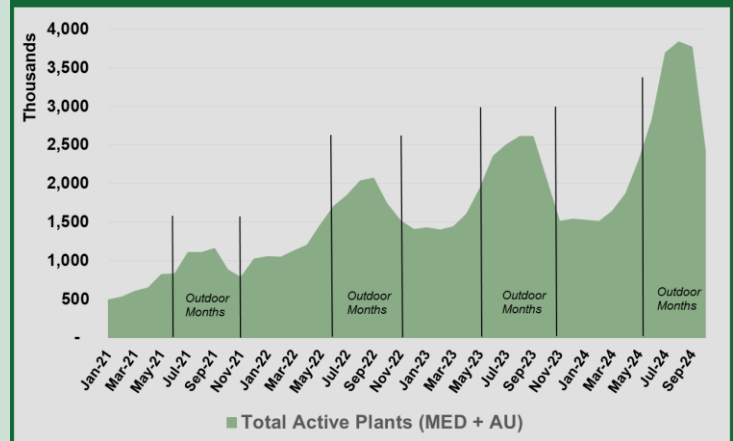
**Total Plant Count Peak Changes 2021 - 2024**

Year	March	August	
2021	603,720	1,102,928	82.7%
2022	1,124,492	2,035,177	81.0%
2023	1,443,915	2,610,018	80.8%
2024	1,643,696	3,834,757	133.3%

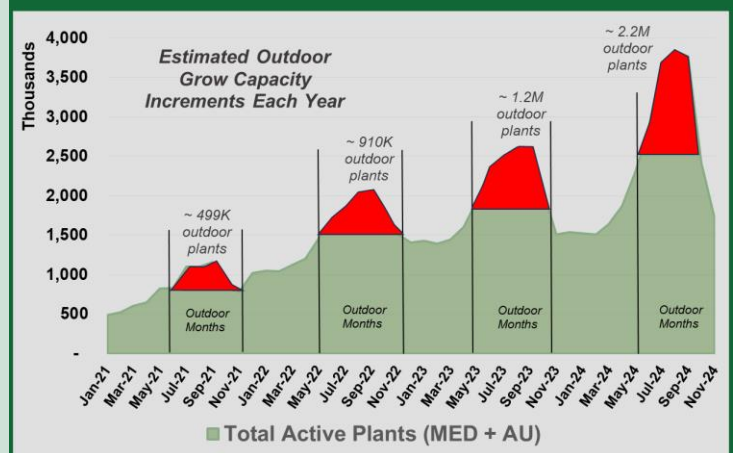
### Plant and license counts

combined reflect continuing over-supply. Active plant count peaked in August at 3.83 million. What’s not known is the ultimate split of outdoor plant material between remediated flower, dried cured material for processing, and fresh frozen.

**Total Active Plants (MED + A.U.)**



**Total Active Plants - Outdoor Increment**



The outdoor peaks shown in red indicate the approximate size of the outdoor crops each year. The 2023 outdoor crop increment was approximately 1.2M plants. The 2024 outdoor crop is approximately 2.2M plants, or a 133% flex upward from March 2024 baseline.





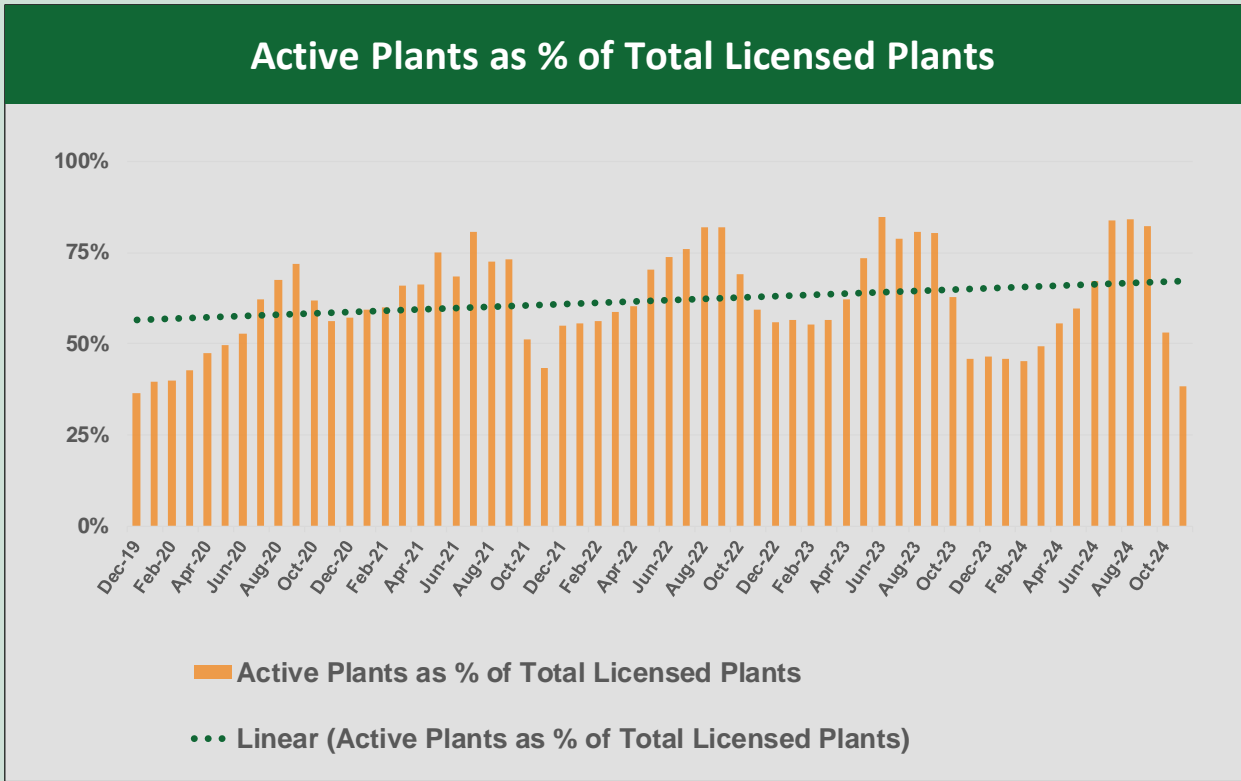
# MICHIGAN CANNABIS MARKET UPDATE

## LICENSED GROWER CAPACITY

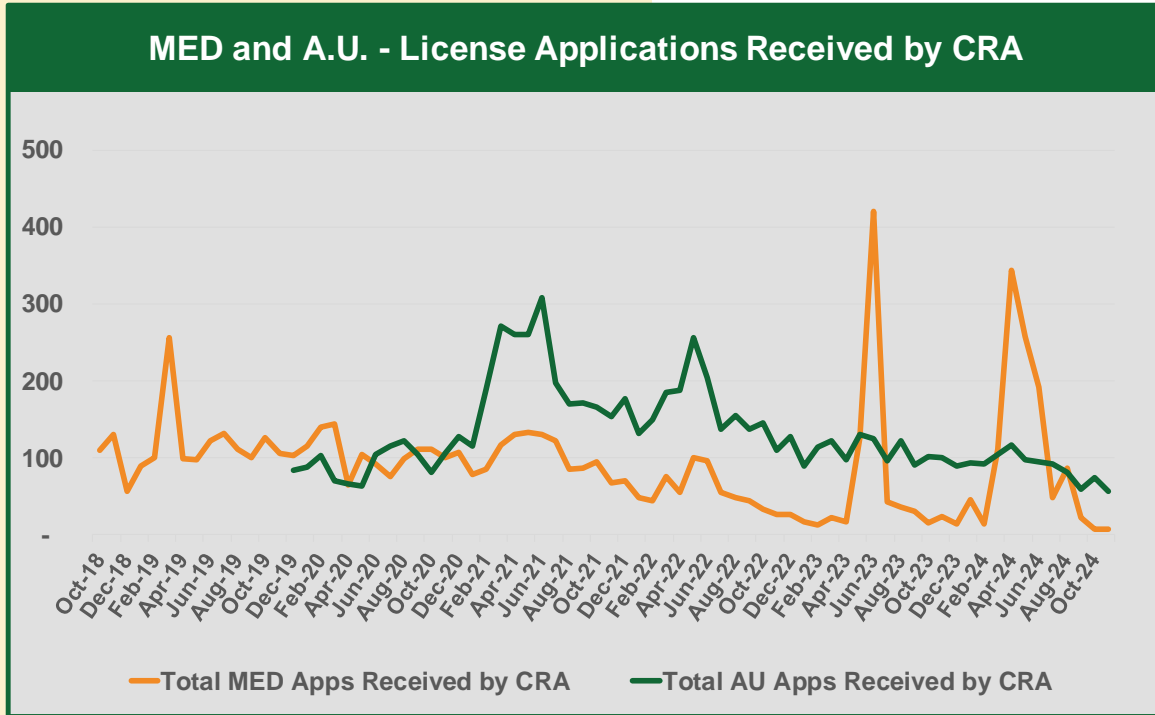
November's data shows that Growers are now using just 38% of the plants available to them by license count, down from the summer's high of 84% in August.

The split looks like this: 69% of available Adult Use plant counts are being used and 16% of available MED plant counts are being used.

**The annual cycles** are now well established as far as percentages of license use goes, but the absolute number of plants has overwhelmed the wholesale and retail markets with product that can only be moved by discounting.



## LICENSE APPLICATION TRENDS



*(The June 2023 spike reflected many licensees taking advantage of rule change in plant transferability between MED and AU and the desirability of lower cost MED licenses.)*

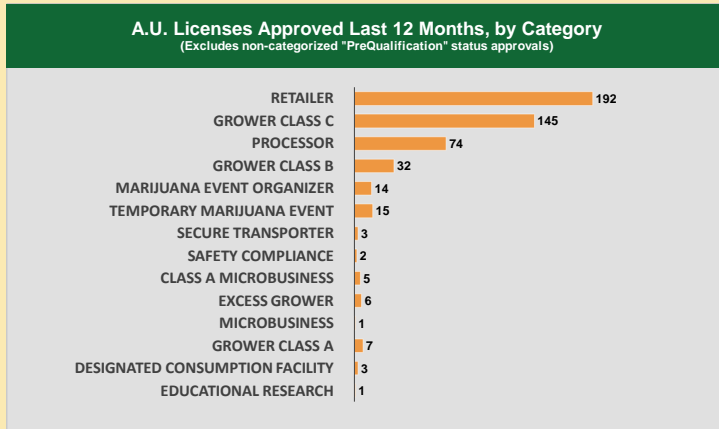
*(CRA reports that the April and May 2024 spikes in MED applications is from just a few entities applying for large numbers of Class C Grower licenses each.)*

*The predominant license category is Class C Grower licenses. More than 60% of all licenses issued are for Class C Grower licenses in A.U. and MED. 23% are for Retailers and Provisioning Centers.*

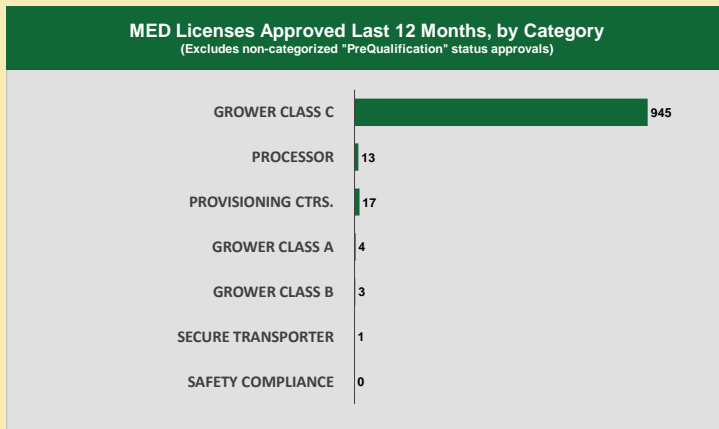
**New license applications** continued at moderate levels in November, but the bulk were for Retailers, Class C Cultivation, and Processors.



## A.U. AND MED LICENSES APPROVED Last 12 Months – New Retail Licenses Lead the Way



**The high number** of new A.U. Retailer licenses added in the last 12 months continues to be good news for an industry looking for some good news.



The profile of newly approved A.U. licenses over the past 12 months now shows Retailer licenses leading the way. In order, they are:

- ***Retailers,***
- ***Class C Growers, and***
- ***Processors.***

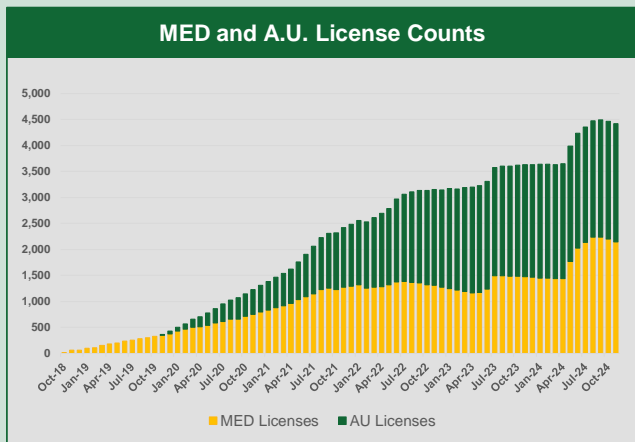


# MICHIGAN CANNABIS MARKET UPDATE

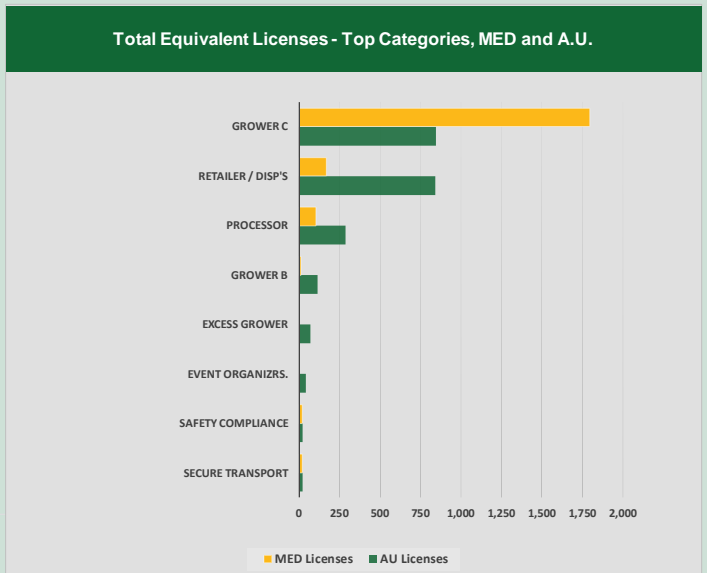
## ACTIVE LICENSES

### By License Category and by Totals for MED vs. A.U.

In the A.U. market, the month-to-month active license changes of significance included four more Processors and two more Retailers. On the MED side, there were 46 fewer Class C Growers and four fewer Provisioning Centers.



*This chart shows the overall wave of new licenses.*



*The surge of MED Cultivators since January 2024.*

### Active Licenses by Category

Medical Marijuana		Adult Use Marijuana	
License Types	Active Licenses	License Types	Active Licenses
Grower C	1,795	Grower C	844
Provisioning Ctrs.	169	Retailer	843
Processor	104	Processor	285
Grower A	26	Grower B	114
Safety Compliance	19	Excess Grower	68
Secure Transport	19	Event Organizrs.	43
Grower B	13	Safety Compliance	21
		Secure Transport	22
<b>totals</b>	<b>2,145</b>	Class A Microbusiness	12
		Grower A	10
		Microbusiness	7
		Temporary Event	-
		Consumption Estab's.	3
		Educational Research	1
		<b>totals</b>	<b>2,273</b>

**60%** of all licensees are Class C Growers in both A.U. and MED. **23%** are Retailers and Provisioning Centers.