



INSIGHTS INTO

The State of the U.S. Cannabis Industry

SUMMER 2025

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SECTION ONE

Introduction and Methodology



The U.S. cannabis industry continues to evolve beneath the surface. While total sales volumes have appeared relatively stable over the last four years, key performance indicators suggest a quiet but powerful transformation is underway. Daily unit volumes have more than doubled. Profitability among leading operators has improved. And supply imbalances in mature markets have largely stabilized ahead of the year's major harvest.

This momentum isn't headline-grabbing—but it is meaningful. These foundational shifts are reshaping the industry's trajectory, creating the conditions for sustainable growth. This report explores the evolving landscape of the U.S. cannabis industry through the lens of LeafLink's most recent platform data and state-reported sales figures. It dives into the operational challenges of inventory management, emerging market performance, wholesale sales trends, and long-term growth projections—equipping brands and retailers with actionable insights to navigate a dynamic and competitive environment.

Data is sourced from state-level sales reports through May 2025, LeafLink internal data, and extensive analysis of over 332,000 on-platform SKUs and more than 1 million annual orders.*

**The information provided in this material is for informational purposes only and does not constitute legal or financial advice.*

Cannabis Industry Insights: Key Growth Drivers and Trends



FAST FACTS



Concentrated Growth: Wholesale volume remains relatively consistent, +2% YoY, but growth is concentrated primarily in New York and Ohio due to new licenses and adult-use roll-out.



Select Market Recovery: Arizona, Massachusetts, and Pennsylvania have seen modest price recovery which has helped to stabilize the national outlook over more mature markets.

Retail sales exiting May reflect an annualized run rate of ~\$32 billion, while B2B wholesale sales are tracking at ~\$11 billion, up ~2% year-over-year. Most of that growth is being driven by a handful of early-stage markets: New York has added \$842M in annualized sales growth following license expansions, while Ohio has contributed \$565M of annualized sales growth since launching adult-use sales in late 2024. Modest pricing recoveries in states like Arizona, Massachusetts, and Pennsylvania have helped offset volume declines in larger, more mature markets such as California, Michigan, and Illinois.

Looking ahead, new license issuance across key growth states like New York, New Jersey, Illinois, Maryland, Ohio, and Minnesota, could add over 5,000 dispensary locations to the national footprint.

Spotlight on Inventory Management: The Industry's \$10B Problem



Inventory remains the cannabis industry's most urgent operational challenge. Brands and retailers lose an estimated \$10 billion annually due to poor assortment management, split between two major drivers:

1 Overstocking

Retailers are carrying an average of 100 days' worth of inventory. That is over three times the 30-day target seen in adjacent industries like convenience or tobacco. With average annual sales of ~\$3M per store, the 70 day surplus locks up an extra \$600K+ in working capital per location. Across the ~11,000 stores nationally, that adds up to nearly \$7B in tied-up capital and rising financing costs for operators.

To offload the excess, retailers lean on aggressive discounting. Our data shows an average markdown of 13% at the point of sale—translating to \$4B+ in lost margins across the industry each year.

2 Stock-outs

On the flip side, being out of a customer's preferred brand drives churn and results in valuable lost customers. Based on case studies with LeafLink partners, stock-outs are responsible for ~6% in lost sales, equating to roughly \$2B annually in direct sales.

The impact is most acute among power users: just 1% of cannabis consumers drive 20% of baskets, and daily users (15% of all buyers) account for over 90% of industry volume. Being out of stock of consumers' go-to products doesn't just hurt today's revenue, it risks long-term customer loyalty and lifetime value.

WHAT IT ALL MEANS

When you put it together, retailers are losing around \$6B per year due to inventory inefficiencies. Brands, meanwhile, absorb another \$3B in upstream impacts. The cost of poor inventory management now exceeds that of 280E taxation or the gains expected from federal rescheduling.

But change is underway.

Operators adopting real-time sell-through data, automated reordering, and data-driven assortment strategies are seeing clear returns: stronger margins, faster cash conversion, and more consistent customer loyalty.

At LeafLink, we're doubling down on tools that support this transition:

- ✓ **Sell-Through Visibility** to monitor product velocity by SKU.
- ✓ **Auto Reorder** to keep top-sellers in stock with minimal effort.
- ✓ **Inventory Financing** to unlock working capital.
- ✓ **Predictive Assortment Tools** to remove the guesswork from purchasing.

As the industry matures and the next chapter of cannabis is written, the operators at the top of the charts won't be defined by scale alone, but also efficiency. The operators that move the fastest to fix foundational issues will rise to the top, and optimizing inventory and purchasing is where execution starts.

SECTION FOUR

US Cannabis Market Performance



MARKET PERFORMANCE INSIGHTS

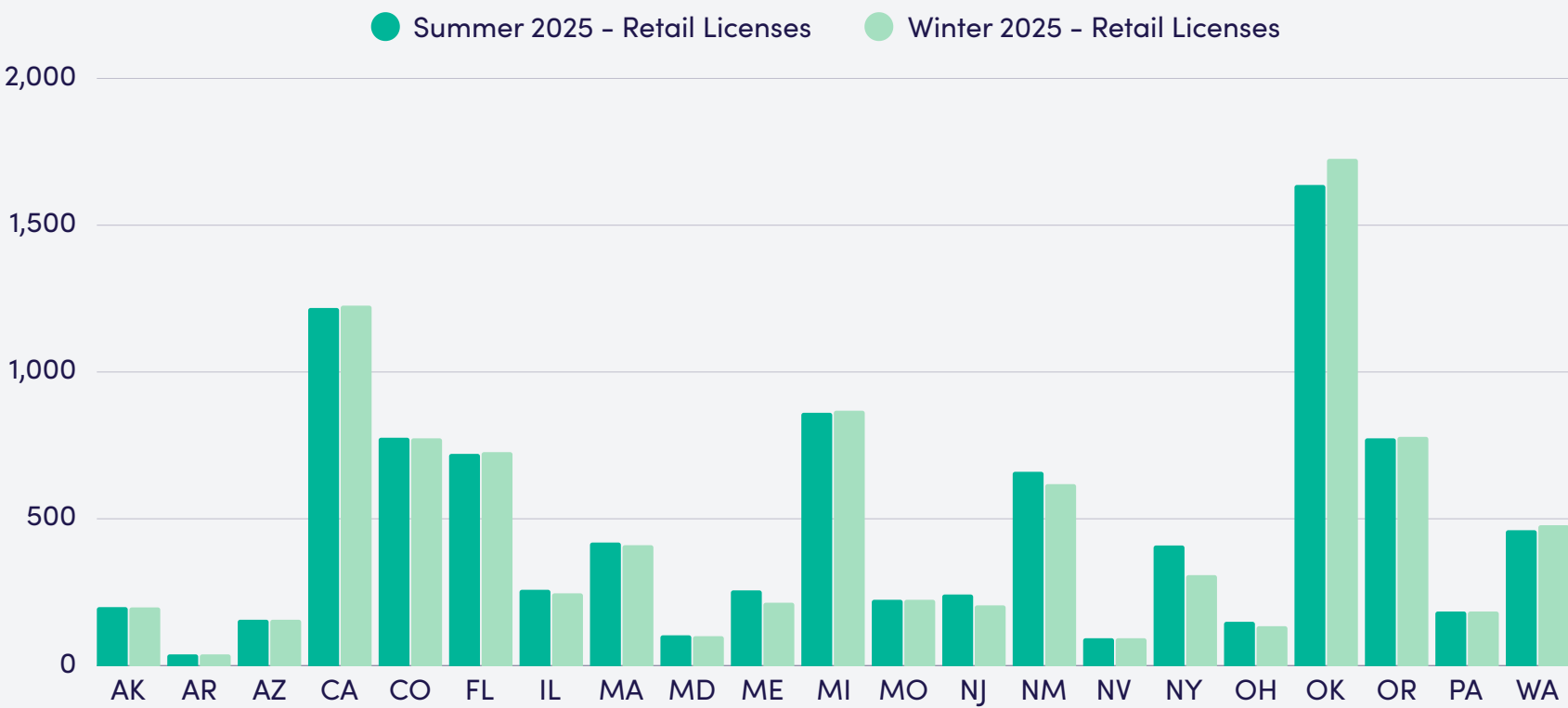
The U.S. cannabis industry continues to grow, with both retail and wholesale sales reaching new heights and state-level policies shaping regional dynamics.

- ✓ **Retail and wholesale sales growth:** Retail sales exiting May are maintaining an annual run rate of ~\$32 billion, with U.S. B2B wholesale volume consistent at ~\$11 billion, up ~2% year-over-year.
- ✓ **Pricing Trends:** Aggregated platform flower prices hit ~\$1,020/lb through the end of May, down ~\$100/lb since last summer driven by outdoor flower harvests causing oversupply in several of core states (i.e. Michigan and Arizona). However, monthly avg prices are on a slight upward trajectory vs. Q1 of 2025.
- ✓ **Key Growth Drivers:** Most incremental sales have come from New York (\$842M of annualized sales growth) with new store license issuance, and Ohio (\$565M of annualized sales growth) on the state's adult-use rollout late last summer.

LEAFLINK MARKET METER

The LeafLink Market Meter provides insights into retail sales per resident, sales per dispensary, and wholesale activity, helping compare consumer adoption, retail density, and average operator revenues.

RETAIL LICENSES PER STATE SUMMER VS. WINTER



KEY TAKEAWAYS

✓ **Emerging Markets:** Ohio (OH) and New York (NY) continue to grow as adult use sales gain traction and licenses expand, increasing the average sales / resident.



✓ **Broad stability:** most markets outside of OH and NY remained stable in terms of license count. Only Oklahoma (OK) had a noticeable decline (-5%) since our last report.



RETAIL SALES PER RESIDENT



KEY TAKEAWAYS



Market Leaders

California (CA) is leading for total 12-month retail sales but **Michigan (MI)** tops the charts for sales / resident by a healthy margin. They are followed by **Nevada (NV)** and **New Mexico (NM)**.



Market Growth

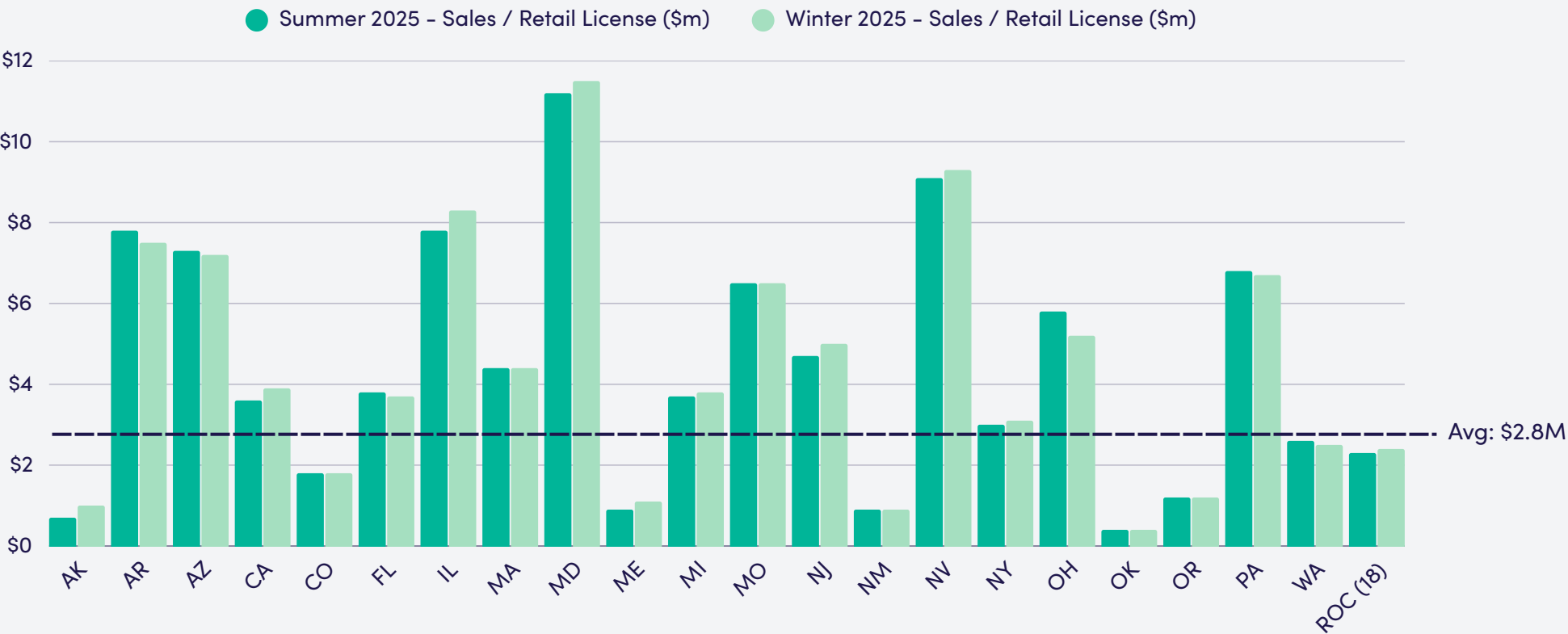
The strongest growth on a per resident sales basis since our last Winter edition is at the bottom of the table with markets like **New York (NY)** and **Ohio (OH)** seeing the biggest jump, up over 30% and 24% respectively, thanks to the continued rollout of adult-use. **New Jersey (NJ)** also saw an increase, but more modest at +10%.



National Trends

The national average sales per resident has remained stable at \$97, but a wide gap persists between the top markets (**MI**, **NM**) and newer markets like **OH** and **NY** which still have some growing to do (and are doing so quickly!).

RETAIL SALES PER DISPENSARY



KEY TAKEAWAYS



Top Performers

Maryland (MD) continues to lead the nation with the highest retail sales per dispensary at \$11.2M, although the market is down slightly since our last report (\$11.5M).

Nevada (NV) also remains towards the top of the table at \$9.1M with limited licenses and a strong tourism industry.



Market Balance and Stability

Arizona (AZ), Arkansas (AR), Missouri (MO), Pennsylvania (PA) and others all have seen sales remain relatively stable with license counts that align with demand.



Emerging Hotspots

Ohio (OH), newer to adult-use, has continued to show strong growth since our last report, increasing from \$5.2 to \$5.8M per dispensary, even with increased licenses in the market.

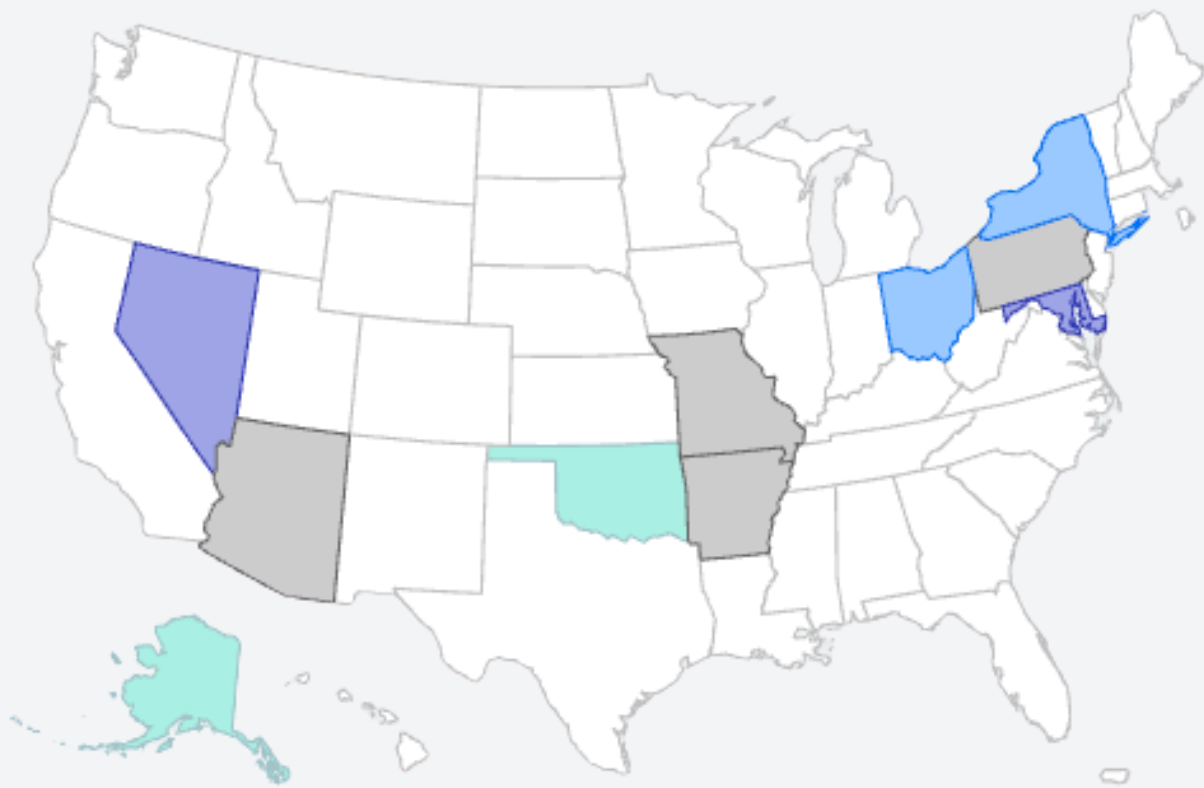
New York (NY), despite the number of licenses increasing by 33%, sales per dispensary have remained relatively stable (-1% since our last report), indicating there is more demand to be met.



Room for Growth

Alaska (AK) saw the steepest decline since our last report dropping by nearly a quarter to \$0.7M indicating increased competition.

Oklahoma (OK) has seen some license consolidations with the number of licenses dropping from 1,726 in our last report to 1,637 and resulting in a slight uptick in average sales / dispensary. However, they remain at the bottom of the table, indicating that more operational efficiencies and consolidation could help increase per store profitability.



- Top Performer
- Emerging Hotspot
- Market Balance & Stability
- Room for Growth

SECTION FIVE Cannabis Sales Trends and Impact



Based on LeafLink platform data, the national average wholesale pricing sits at ~\$1,020 per pound. This reflects a balancing act: reduced cultivation capacity in legacy states has lifted pricing power, even as late-stage limited-license markets see price compression from added competition.

In May:

- **Wholesale sales** reached ~\$979M (~\$11.7B annualized wholesale runrate), a 2.2% increase month-over-month and 4.6% year-over-year.
- **Retail sales** landed at ~\$2.73B (~\$32.8B annualized runrate), up 0.3% from April and 4.0% higher than May 2024.
- **Flower pricing** fell to ~\$1,020/lb, down ~\$100 from last summer, largely due to oversupply from outdoor harvests in Michigan and Arizona.

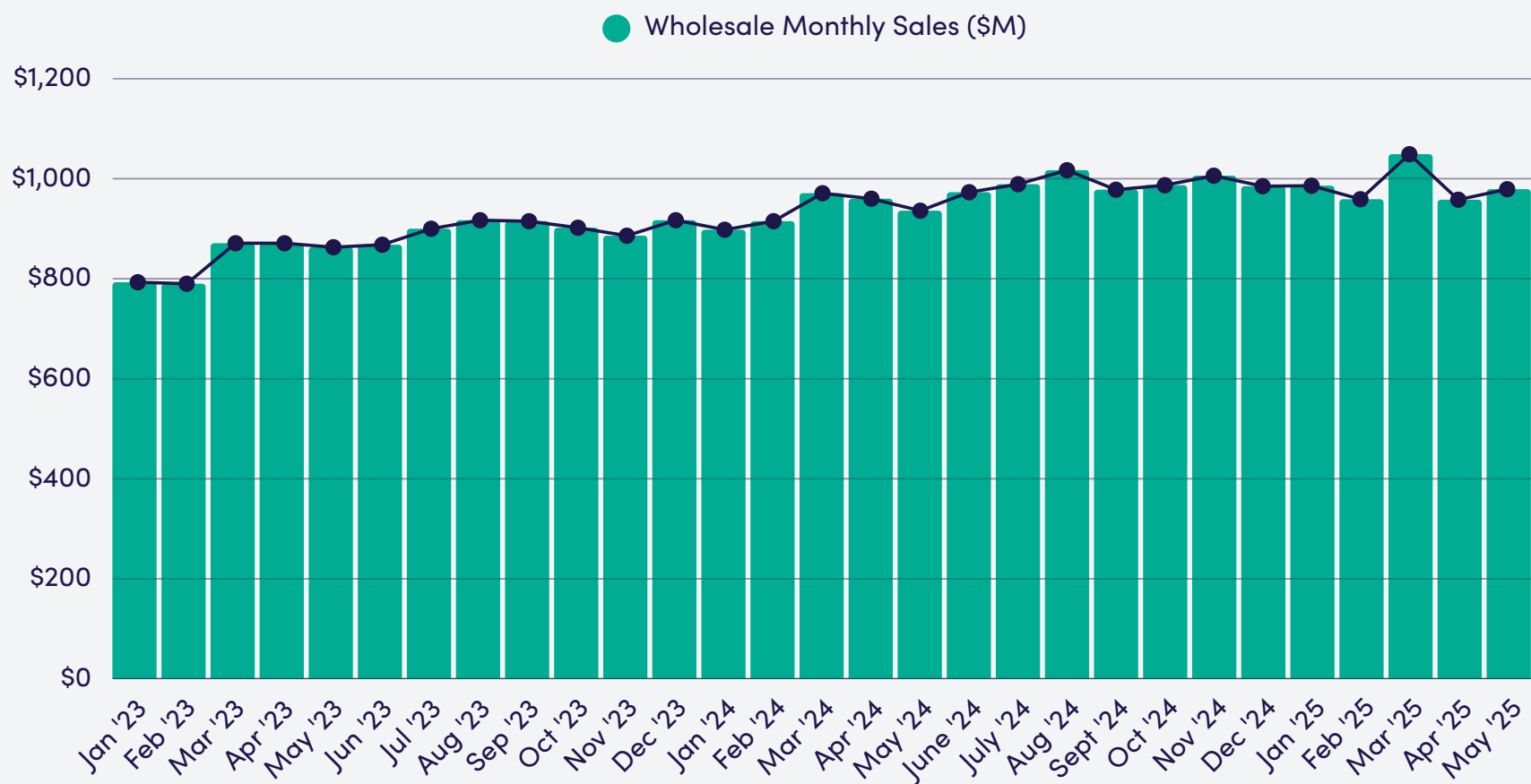
WHOLESALE SALES TRENDS



We expect wholesale prices to remain under pressure in the coming months as bulk flower is processed into packaged units.

However, production cutbacks in California (CA), Oregon (OR), and Colorado (CO) are starting to firm up prices in mature markets.

US NATIONAL MONTHLY SALES (\$M): WHOLESALE



KEY TAKEAWAYS



Growth remains steady, especially in the Northeast and Midwest, where licensing is unlocking fresh demand.



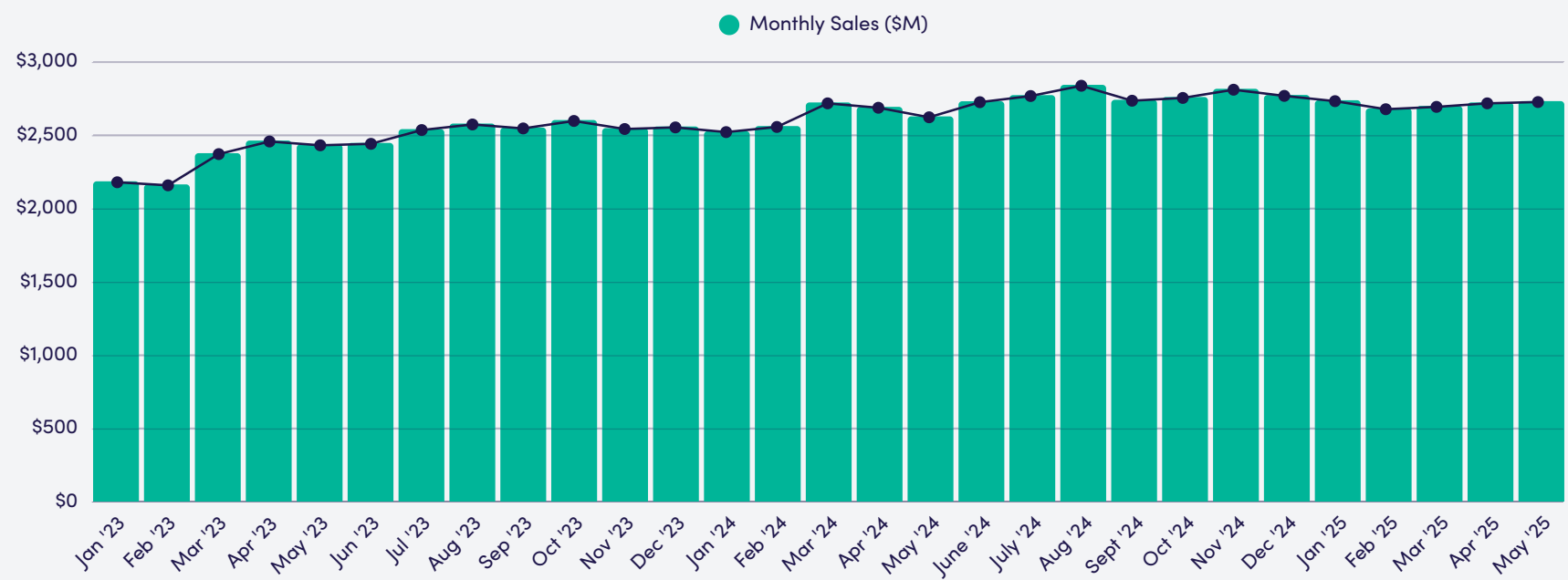
For the Spring months, March was the clear leader in total sales as businesses prepped for 4/20 which landed on a prominent religious holiday. Businesses are learning to tap data for more informed decisions and being prepped for major purchasing holidays.



In contrast, April saw wholesale declines across most markets analyzed for this report as retailers look to offload products stocked up on for 4/20.

RETAIL SALES TRENDS

US NATIONAL MONTHLY SALES (\$M): RETAIL



KEY TAKEAWAYS



Seasonal sales trends hold: In line with prior years, we’ve seen retail sales soften post summer and winter holiday but are on a slight upward trend, recently surpassing the \$2.7B mark again.



Sustained Year over Year Growth: U.S. retail sales in May were up 4.0% YoY to ~\$2.73 billion (~\$32.8B annualized retail run rate). 2024 total cannabis retail sales ended at ~\$32.7B, up 10.9% from 2023.

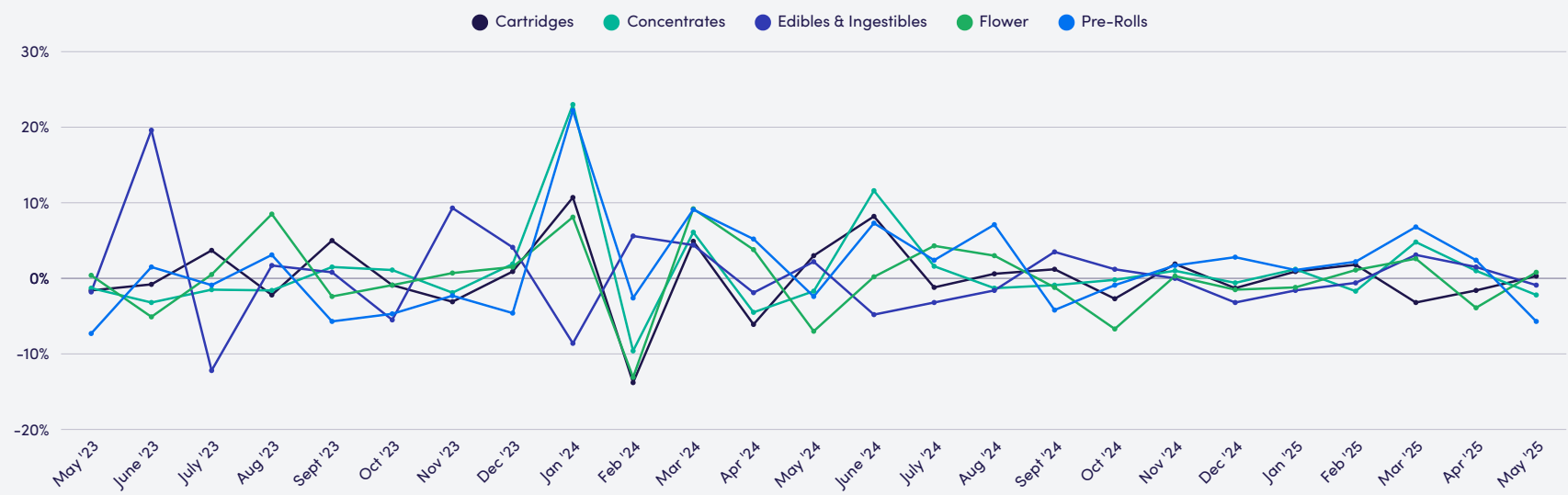
PRODUCT TREND TRACKER

Flower remains the top-selling product in cannabis, making up approximately 40% of retail sales and 39% of wholesale sales. Following flower, the most popular categories are cartridges (~21% of wholesale sales), edibles (14%), pre-rolls (14%), and concentrates (12%).

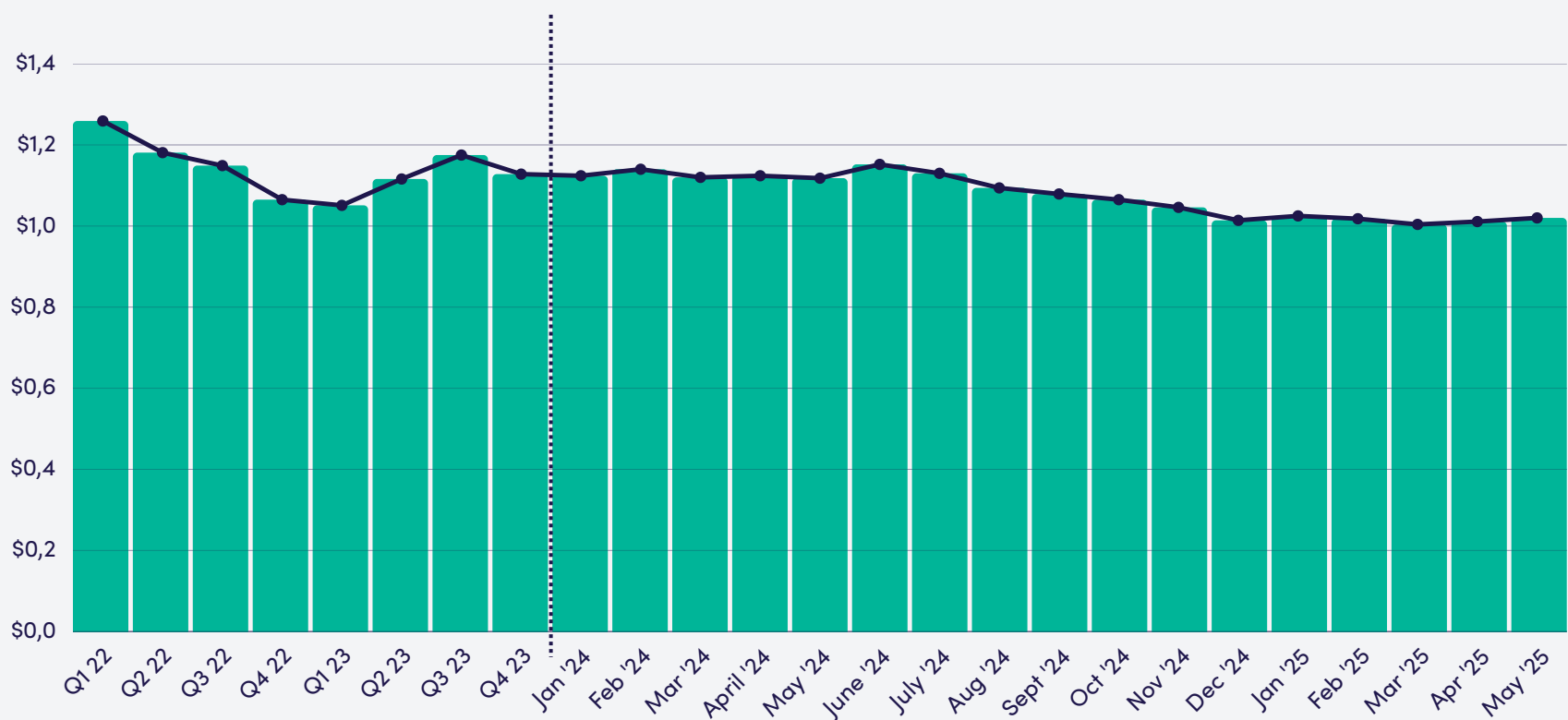
US WHOLESALE CATEGORY SHARE

CATEGORY	2024 WHOLESALE SHARE (%)
CARTRIDGES	21%
CONCENTRATES	12%
EDIBLES AND INGESTIBLES	14%
FLOWER	39%
PRE-ROLLS	14%

US WHOLESALE SHARE MONTH-OVER-MONTH GROWTH



US NATIONAL AGGREGATED FLOWER PRICING (\$/LB)



Aggregated platform flower prices hit ~\$1,020/lb through the end of May, down ~\$100/lb since last summer driven by outdoor flower harvests causing oversupply in several of core states (i.e. Michigan and Arizona). Pricing will likely continue to decline over the next six months as bulk flower is harvested and processed into packaged product units, although declines in cultivation capacity in California, Oregon, and Colorado should continue to improve pricing in mature markets.

KEY TAKEAWAYS



Impact of Pricing on Sellers

The gradual decline in the national aggregated flower prices will continue to challenge sellers as margins are compressed. As packaged product hits the market following harvests, sellers should keep a close eye on their market’s capacity so they can adjust strategies quickly as needed.

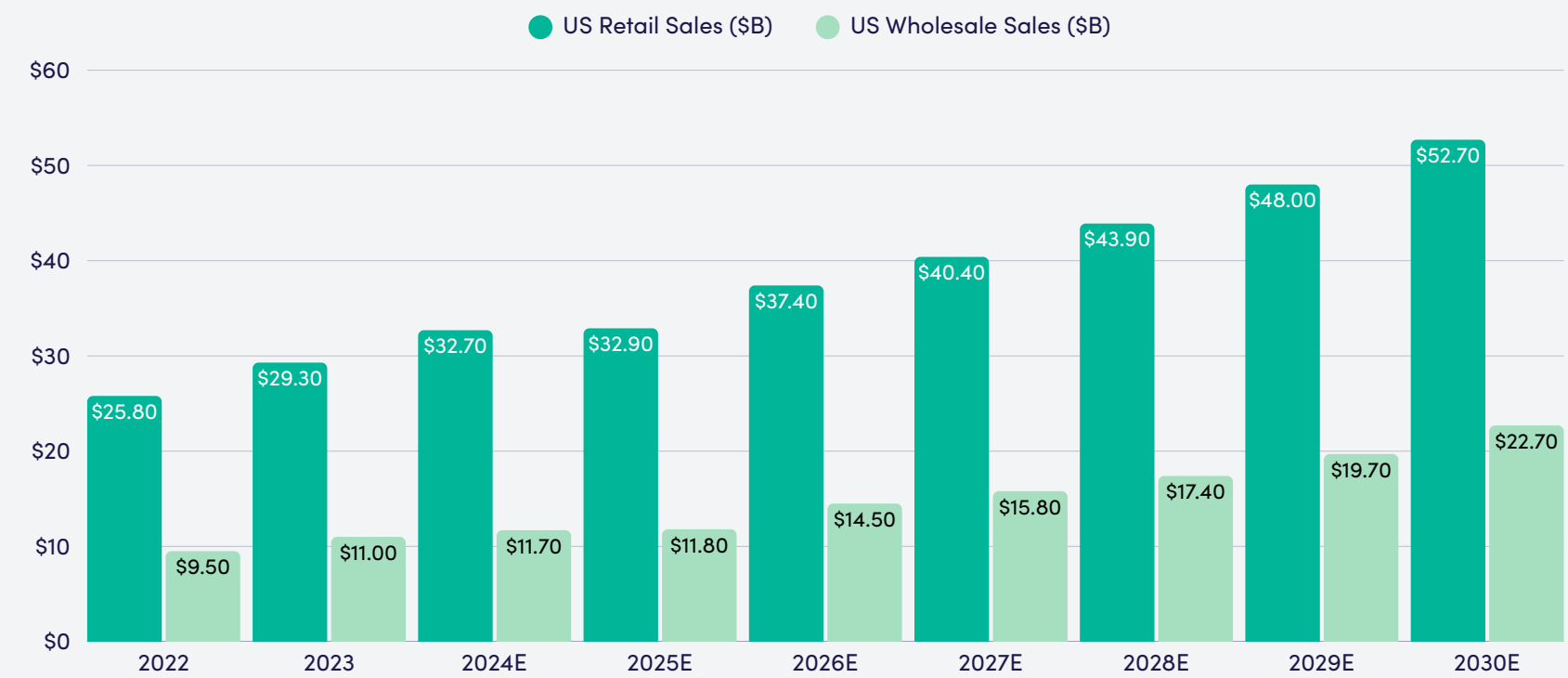


Category Ordering Trends

Unsurprisingly, one of the most critical wholesale ordering times of the year is March, leading up to 4/20. This year we saw cartridges drop compared to last year (-3%) but Flower and Flower derived products like Pre-Rolls saw the biggest gain with a 3% and 7% boost.

LEAFLINK LONG-TERM NATIONAL RETAIL AND WHOLESALE SALES FORECAST

By 2030, we expect U.S. cannabis to be a \$50-55 billion market, growing at a Compound Annual Growth Rate (CAGR) of ~9%. We forecast most incremental sales in 2025, 2026, and 2027 to be driven by new license issuance in key states adding net new retail capacity (NY, NJ, MD, OH, IL, MN). Long-term, we anticipate growth to come from large population centers yet to legalize and approve robust market structures.



*E indicates estimation

SECTION SIX

Conclusion



The U.S. cannabis industry is entering a new chapter. One defined not by headline-grabbing sales spikes, but by foundational progress. While overall market growth appears modest on the surface, the data tells a more nuanced story. Retail and wholesale sales remain resilient, powered by expansion in states like New York and Ohio and underpinned by improving supply-demand dynamics across mature markets. Inventory missteps, whether through overstocking or stockouts, continue to drain billions in value from the ecosystem, but forward-thinking operators are already correcting course by leaning into real-time data and smarter purchasing strategies.

What's clear is this: scale alone is no longer a sufficient advantage. In today's environment, operators who move quickly to optimize margins, unlock working capital, and build loyalty through operational consistency are the ones gaining ground. At LeafLink, we're here to support that shift, equipping brands and retailers with the tools and insights they need to thrive. From sell-through tracking and automated reordering to financial services and predictive assortment, LeafLink remains committed to being a trusted partner at every step, helping brands and retailers stay ahead of change and in control of their success.