



I N S I G H T S I N T O

The State of the U.S. Cannabis Industry

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SECTION ONE

Introduction and Methodology



The long-term outlook for U.S. cannabis has never been more promising, even as ongoing challenges persist, including price declines, margin compression, and operational inefficiencies. National sales have rebounded to all-time records, mature markets are righting supply imbalances, and a surge in license issuance is fueling growth in emerging states. Negative headlines aside—operators are capitalizing on clear, promising trends.

This report dives into late 2024 and early 2025 winter industry shifts and growth indicators, leveraging LeafLink data, state-level reports, and analysis of over 1 million orders to bring you a comprehensive view of market dynamics and trends.

Data is sourced from state-level sales reports from November 2024–January 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.*

SECTION TWO

Cannabis Industry Insights: Market Trends and Fast Market Growth



FAST FACTS

Continued Record-Breaking Sales: National cannabis sales closed last year at record levels, setting the stage for sustained momentum.

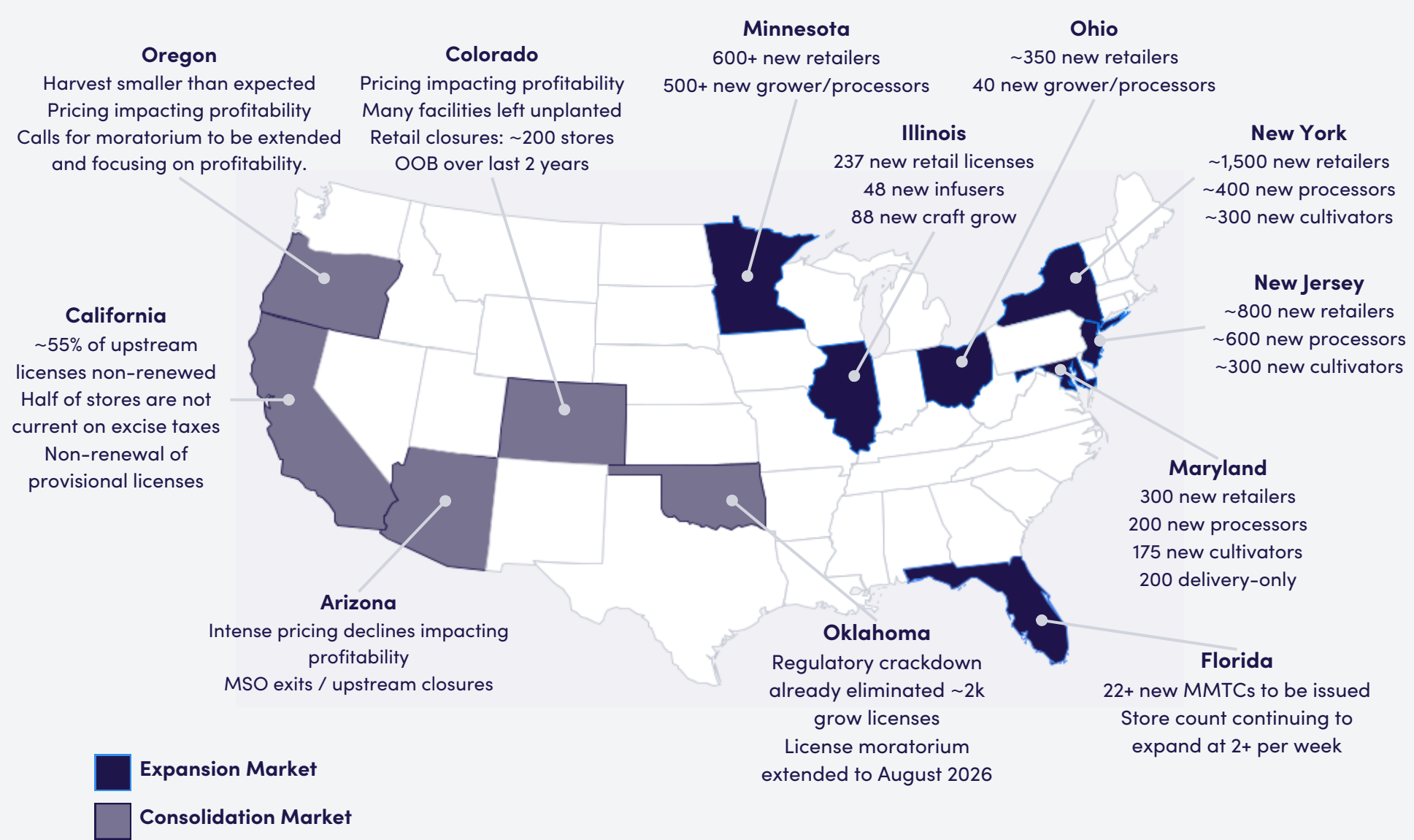
Balanced Supply Chains: Mature, legacy markets are witnessing a correction in supply imbalances, paving the way for stability.

Accelerating License Issuance: New growth states are rapidly issuing licenses, expanding market capacity and opportunities.

Record sales and stable supply chains have set the stage for growth. Accelerated licensing in key states is not just adding new retail spots—it's sparking strong market momentum. With untapped regions going live and new regulations opening fresh opportunities, the U.S. cannabis market is positioned for lasting growth and better profits.

MARKET TRENDS

Some markets are fueling growth with new licenses, more capital, and strong demand. Others are consolidating in response to pricing pressures, margin compression, and market exits. Expansion markets reflect robust licensing activity and rising retail capacity, creating opportunities for new brands and broader consumer reach. Consolidation markets are scaling back, rebalancing supply chains, and focusing on profitability.



Consolidation Markets: Oversupply, price compression, and regulatory hurdles are forcing many operators to close facilities, consolidate licenses, or focus on core products. Buyers may enjoy lower prices but face fewer supplier options, while sellers must streamline operations to maintain stable margins.

Expansion Markets: Rapid licensing is fueling rising retail demand and a broader product selection, allowing sellers to scale up. However, increased competition and price-sensitive consumers mean that strategic partnerships and consistent quality are key.

FAST MARKET GROWTH

In the next three years, six key state markets will drive more than 75% of U.S. cannabis retail growth—about \$6.5 billion out of an \$8.5 billion boost by 2027. New licenses will add over 5,000 dispensary locations, increasing the U.S. store count (*excluding Oklahoma*) by more than 70%.



NEW YORK

Projection by 2027: \$2.5B market

- ✓ Rapid store expansion with 2–3 new dispensaries opening weekly.
- ✓ Retail sales surged from ~\$20M/month at the start of 2024 to ~\$110M in January 2025.
- ✓ Future growth fueled by plans to issue 1,500+ retail licenses, supported by a strong network of processors and growers.



NEW JERSEY

Projection by 2027: \$2.0B market

- ✓ Recreational market scaling quickly as new retail locations come online.
- ✓ State regulators are targeting 1,500+ independent companies across the supply chain by mid-next year.
- ✓ A highly fragmented landscape with planned licenses including 270 cultivators, 200+ manufacturers, 600+ dispensaries, and 400+ integrated microbusinesses.



ILLINOIS

Projection by 2027: \$2.8B market

- ✓ As the fourth largest market by retail sales, Illinois benefits from a high population, robust unit prices, and dense retail clusters.
- ✓ Expected growth from ~140 new social equity retail licenses, plus new craft grower and infuser licenses.



MARYLAND

Projection by 2027: \$2.1B market

- ✓ A strong recreational market on track to exceed \$1.3B in total sales.
- ✓ Currently issuing 925 new licenses across the supply chain, with a fragmented mix of retail, cultivation, processing, and consumption licenses.



MINNESOTA

Projection by 2027: \$0.8B market

- ✓ With licensing for its forthcoming adult-use market underway, the state plans to license at least one store per 12,000 residents—translating to a minimum of 512 new dispensaries.



OHIO

Projection by 2027: \$2.0B market

- ✓ Following last year's adult-use rollout, monthly sales doubled as established players received new licenses.
- ✓ Over 350 new retailers and 40 new grower/processors are set to triple retail access as existing licenses expand their footprint.

These key state markets are set to fuel major growth in the U.S. cannabis industry. Aggressive licensing will add over 5,000 dispensary locations and drive billions in retail sales. From New York's rapid expansion to Minnesota's emerging adult-use market, operators have a tremendous opportunity to capitalize on an expanding landscape.

U.S. Cannabis Market Performance: Sales Trends, Pricing Dynamics, and State-Specific Developments



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:** At the end of January, U.S. retail sales hit an annual run rate of over \$33 billion—up about 8% year-over-year. U.S. wholesale sales are near \$12 billion annually, showing roughly a 10% year-over-year increase.
- ✓ **Key Growth Drivers:** New store licenses in New York added about \$550 million in sales. Ohio's adult-use rollout contributed roughly \$540 million, while Michigan's expansion in Detroit and the Southwest added around \$520 million.
- ✓ **Pricing and Volume Trends:** Q4 unit sales increased by 26% year-over-year and 3% quarter over quarter. Flower prices averaged \$1,025 per pound through January—down about \$160 since summer—as reduced cultivation in California, Oregon, and Colorado starts to balance prices.

LEAFLINK MARKET METER

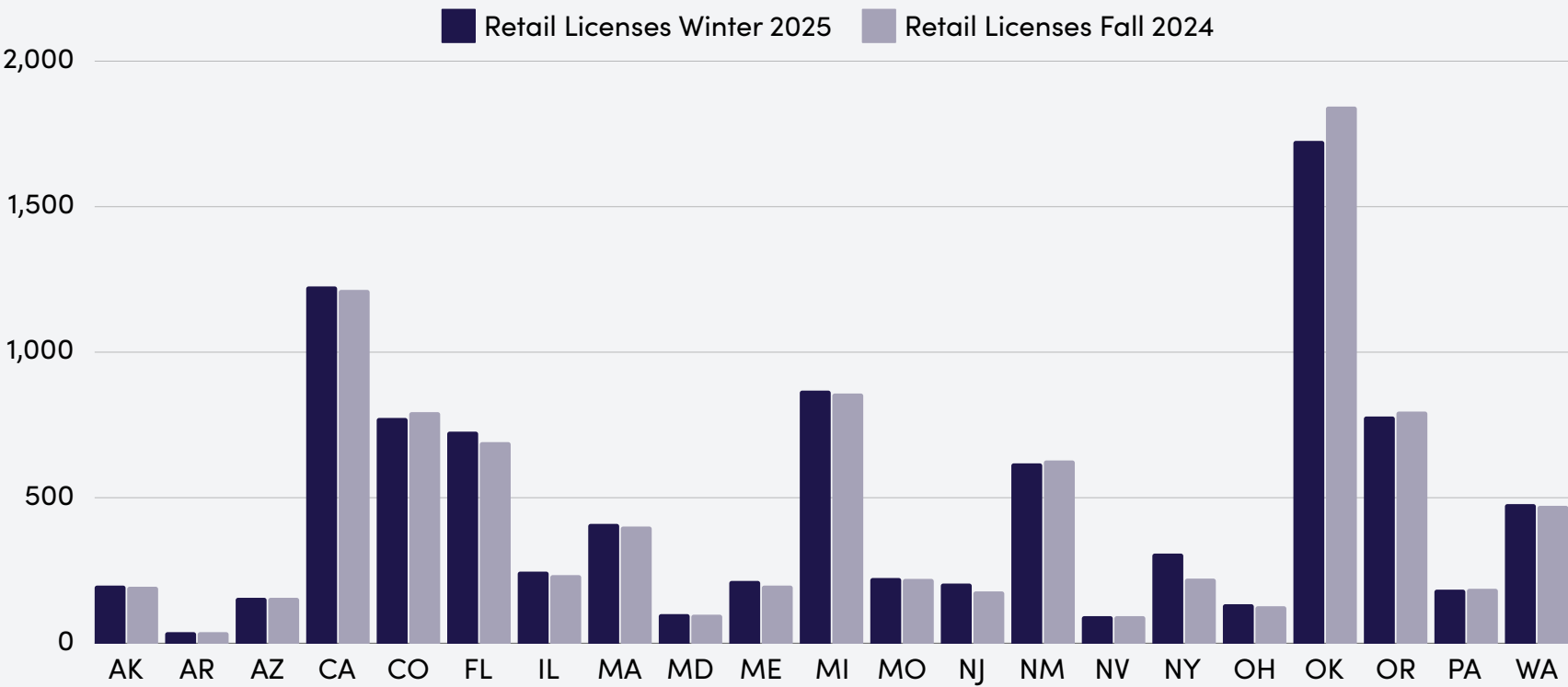
The LeafLink Market Meter provides insights into retail sales per resident, sales per dispensary, and wholesale activity, helping compare consumer adoption, retail density, and average operator revenues.

Top Performer: Michigan is the nation’s largest market by units sold and is expanding rapidly. Growth in metro Detroit and Southwest Michigan is driving the highest sales per resident nationwide.

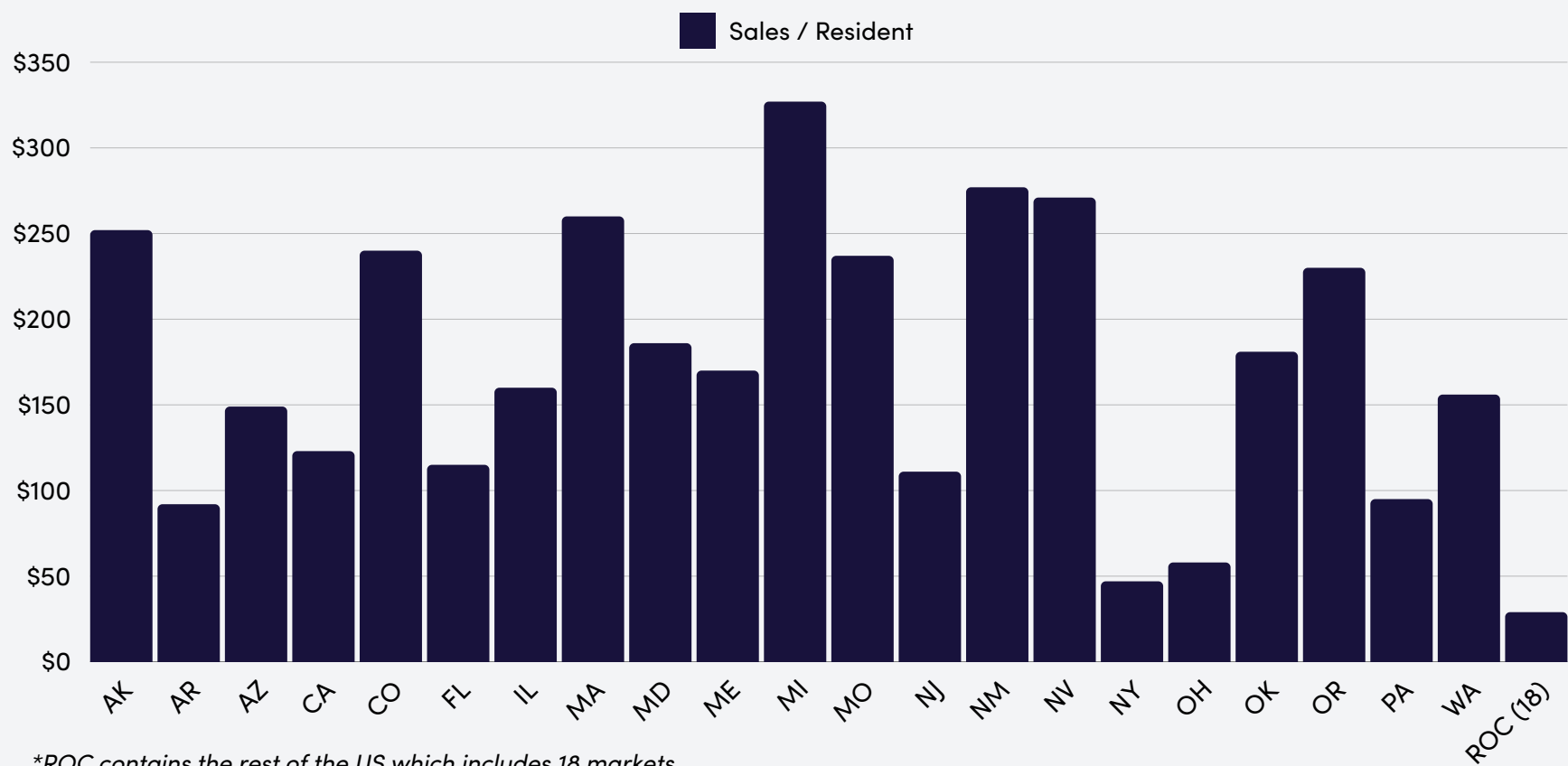


Emerging Markets: Newly legal markets such as New York, Ohio, and Illinois are rapidly expanding, positioning operators for high revenues per location.

RETAIL LICENSES PER STATE
WINTER 2025 VS. FALL 2024



RETAIL SALES PER RESIDENT



KEY TAKEAWAYS

Market Leader



Michigan leads in retail spend: At ~\$327 per resident, Michigan tops the market, fueled by strong retail access and competitive pricing.

Market Growth



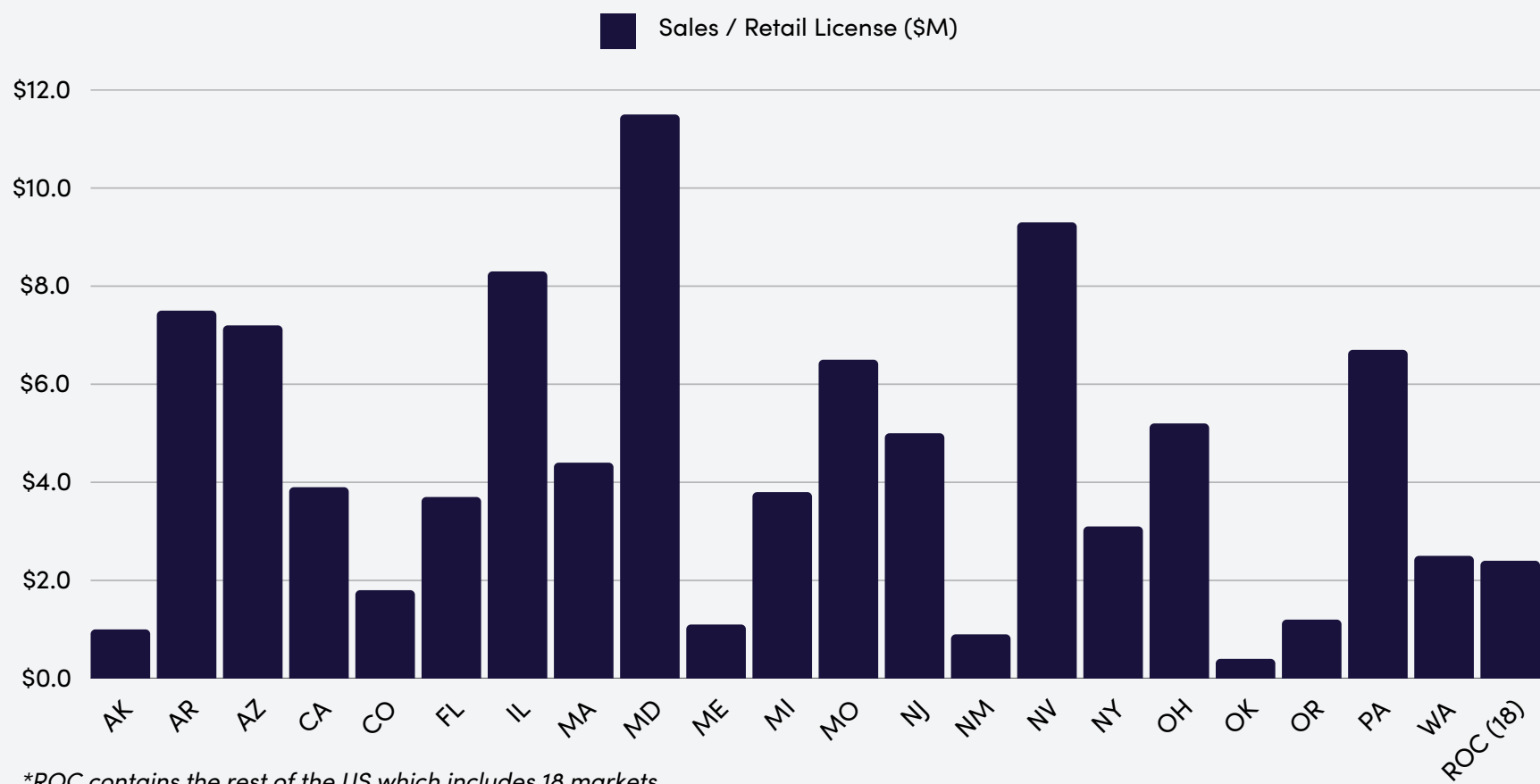
New Mexico sales continue to grow: New Mexico reflects strong demand and market growth with retail sales per resident reaching around \$277.

National Trends



Retail Sales per Resident vary widely: The national average sales per resident is ~\$97, but there's a wide gap between high and low performing states. Markets like Michigan (\$327) and Nevada (\$271) lead in per capita sales, benefiting from strong local demand and tourism, while growing markets like New York (\$47) and Ohio (\$58) lag behind, signaling untapped potential as retail access expands.

RETAIL SALES PER DISPENSARY



KEY TAKEAWAYS

Top Performing Markets



Maryland leads in sales per dispensary: Maryland dispensaries generate an industry-high retail sales per resident, showing strong market growth with high demand.

Nevada sees a tourism boost: Las Vegas tourism continues to play a significant role in driving sales.

Emerging Hotspot



Illinois boasts market efficiency: Illinois dispensaries average ~\$8.3M in sales per location, reinforcing that there is high retail demand with a controlled number of retail licenses.

National Trends



Room for Growth in Emerging Markets: Illinois (\$8.3M) and Missouri (\$6.5M) show strong per-store sales, high demand, and room for additional retail expansion. Meanwhile, emerging markets like New York (\$3.1M) and Ohio (\$5.2M) are still ramping up, and developing their retail footprint. Newer markets have an opportunity to optimize retail density, ensuring sustainable growth without over-saturation.

SECTION FOUR

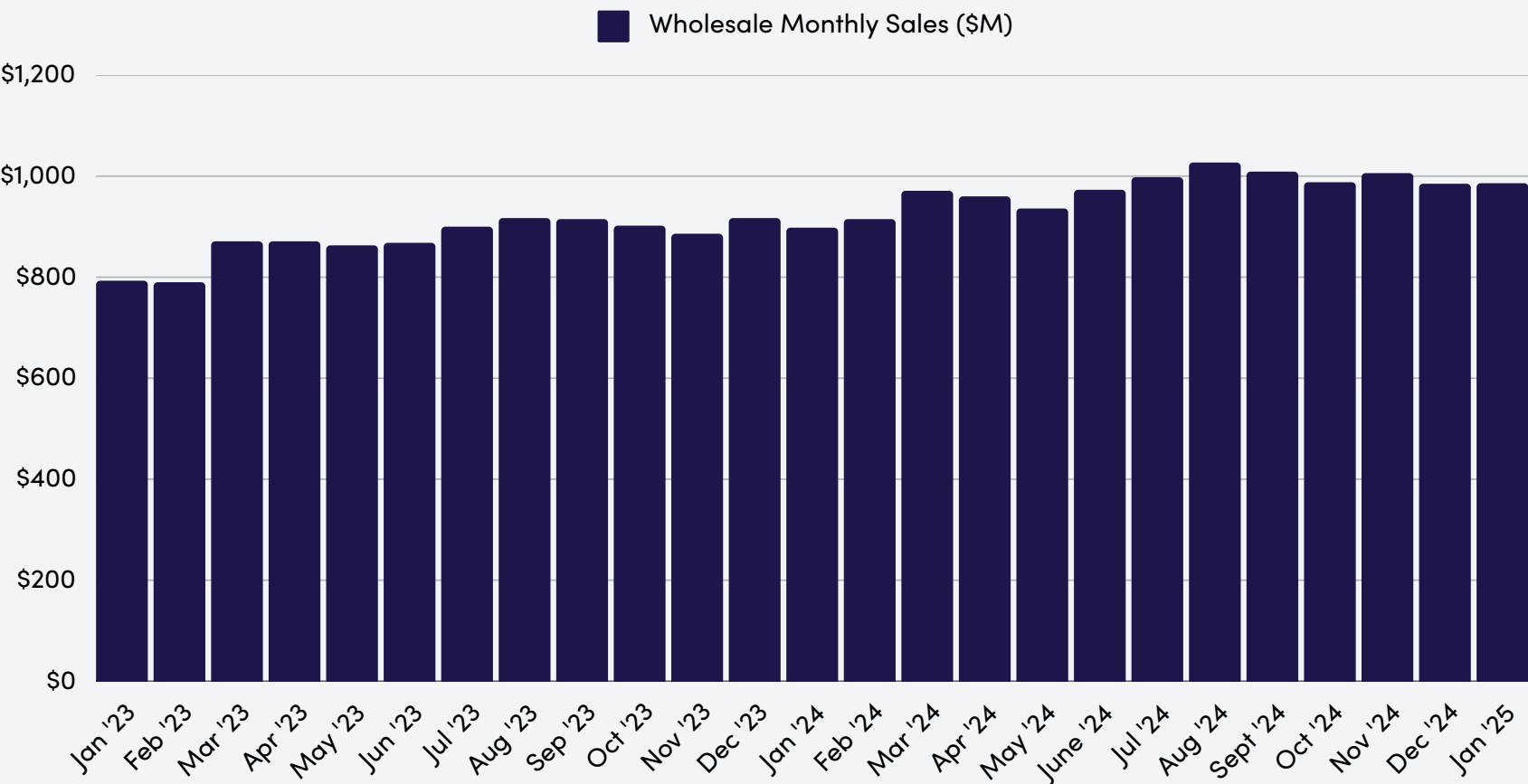
Impact of Wholesale Cannabis Sales on Buyers and Sellers



IMPACT OF NATIONAL CANNABIS WHOLESALE SALES

The U.S. wholesale cannabis industry kicked off 2025 with strong momentum, showing 9.8% year-over-year growth in wholesale sales and 8.4% year-over-year growth in retail sales. However, flower prices continue to trend downward, driven by seasonal harvest cycles and state-specific oversupply.

US NATIONAL MONTHLY WHOLESALE SALES (\$M)



KEY TAKEAWAYS

Wholesale Sales Growth Holds Steady



The cannabis wholesale market saw steady growth in 2024, ending the year at ~\$985M in January 2025, reflecting a 9.8% YoY increase. This sustained growth signals a healthy demand environment for wholesale sellers.

Market Stability with Seasonal Variability



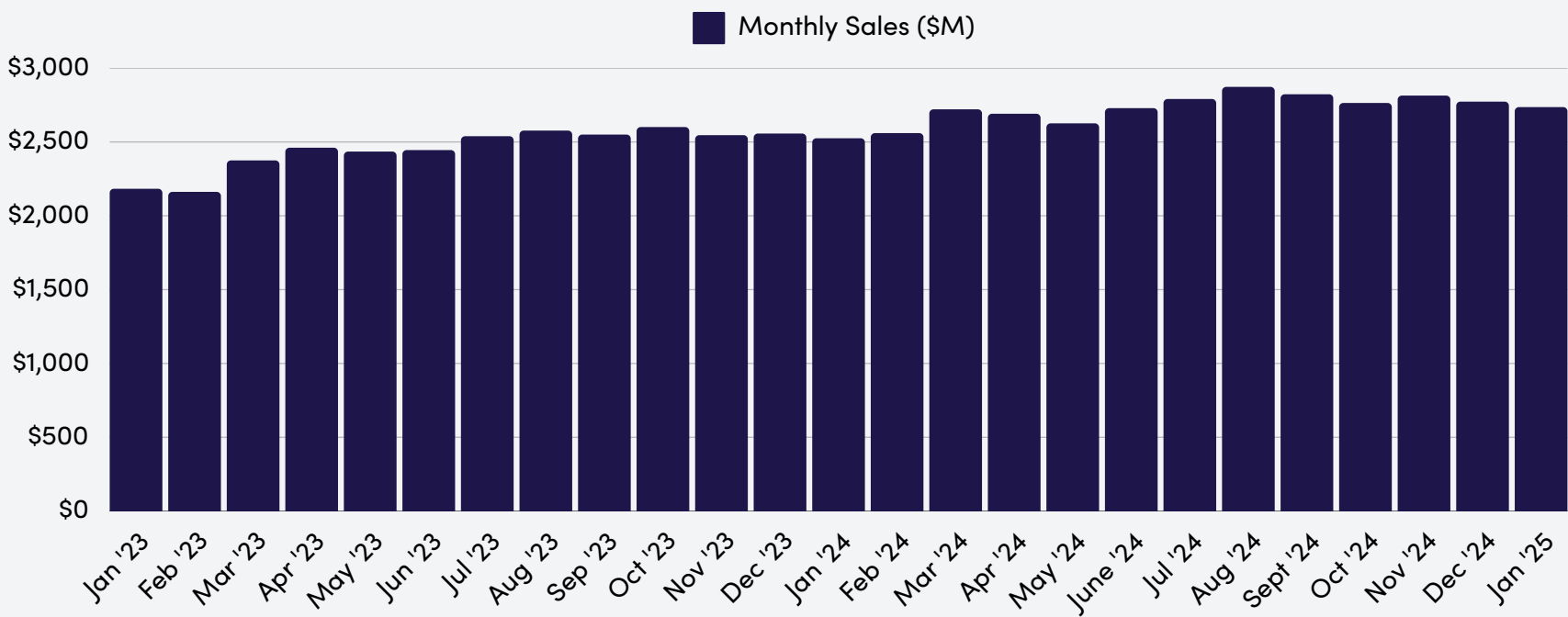
While monthly sales fluctuate, the overall trend remains positive. Peaks in mid-to-late 2024 align with seasonal purchasing trends, likely driven by holiday promotions and year-end inventory replenishment.

Annualized Run Rate Approaches \$12B



The current wholesale sales trajectory puts the U.S. market on track for an estimated \$11.9B in annualized sales, highlighting consistent industry expansion. Wholesale buyers should plan ahead for expected demand shifts in high-growth states.

US NATIONAL MONTHLY RETAIL SALES (\$M)



KEY TAKEAWAYS

Post-Holiday Dip, but Sales Stay Strong



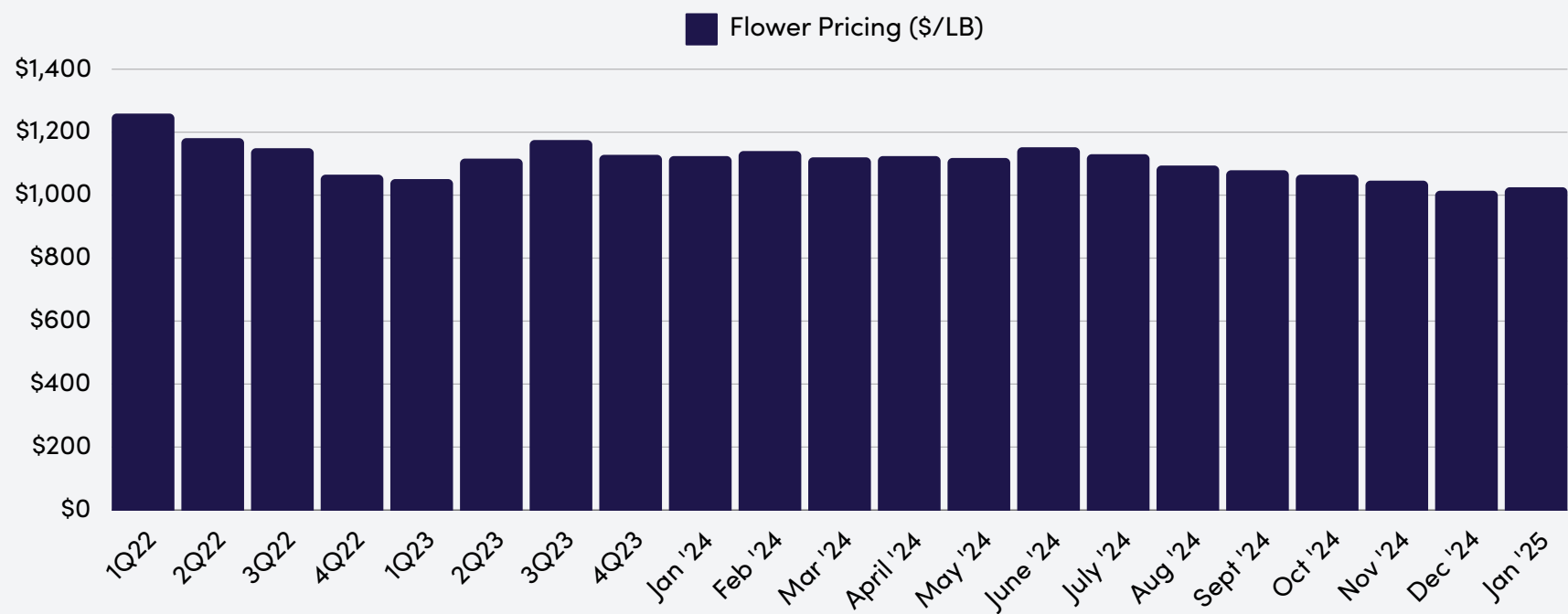
After reaching one of the highest monthly sales totals in Q4 2024, retail sales softened slightly in December and January, aligning with post-holiday demand normalization.

Retail Demand Remains High



Even with a small seasonal decline, monthly sales stayed above \$2.7B, keeping the market on track for \$33.1B in 2025.

US NATIONAL AGGREGATED FLOWER PRICING (\$/LB)



By January 2025, average flower prices on LeafLink’s platform hit ~\$1,025 per pound, continuing their downward trend from November’s ~\$1,046. This \$120 drop from June’s peak of \$1,152 was driven by outdoor harvest oversupply in key states like Michigan and Arizona. Prices are expected to remain soft in early 2025 as bulk flower is processed into packaged units, but reduced cultivation in mature markets like California and Oregon could help stabilize pricing.

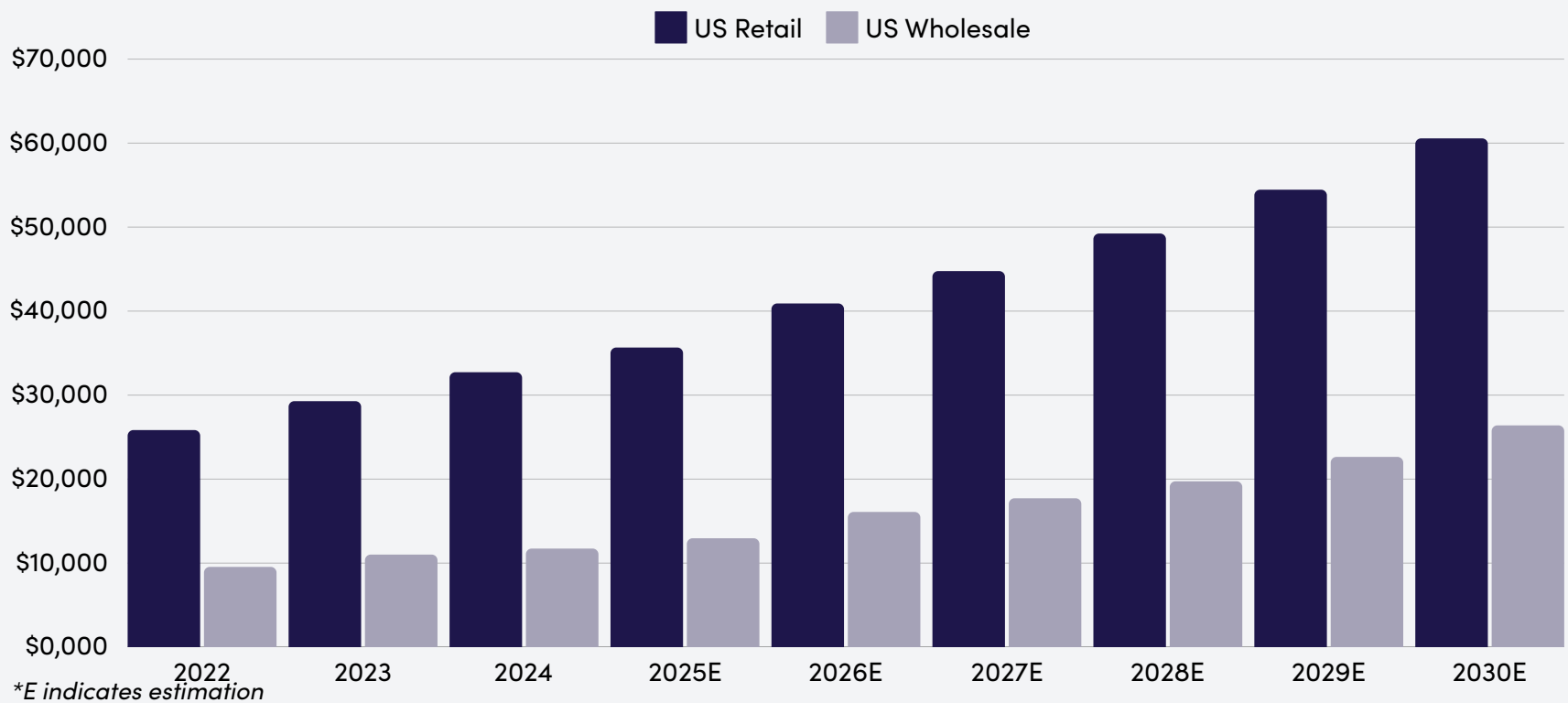
PRODUCT TREND TRACKER

US WHOLESALE CATEGORY SHARE

CATEGORY	2024 WHOLESALE SHARE (%)
CARTRIDGES	22%
CONCENTRATES	12%
EDIBLES AND INGESTIBLES	14%
FLOWER	39%
PRE-ROLLS	13%

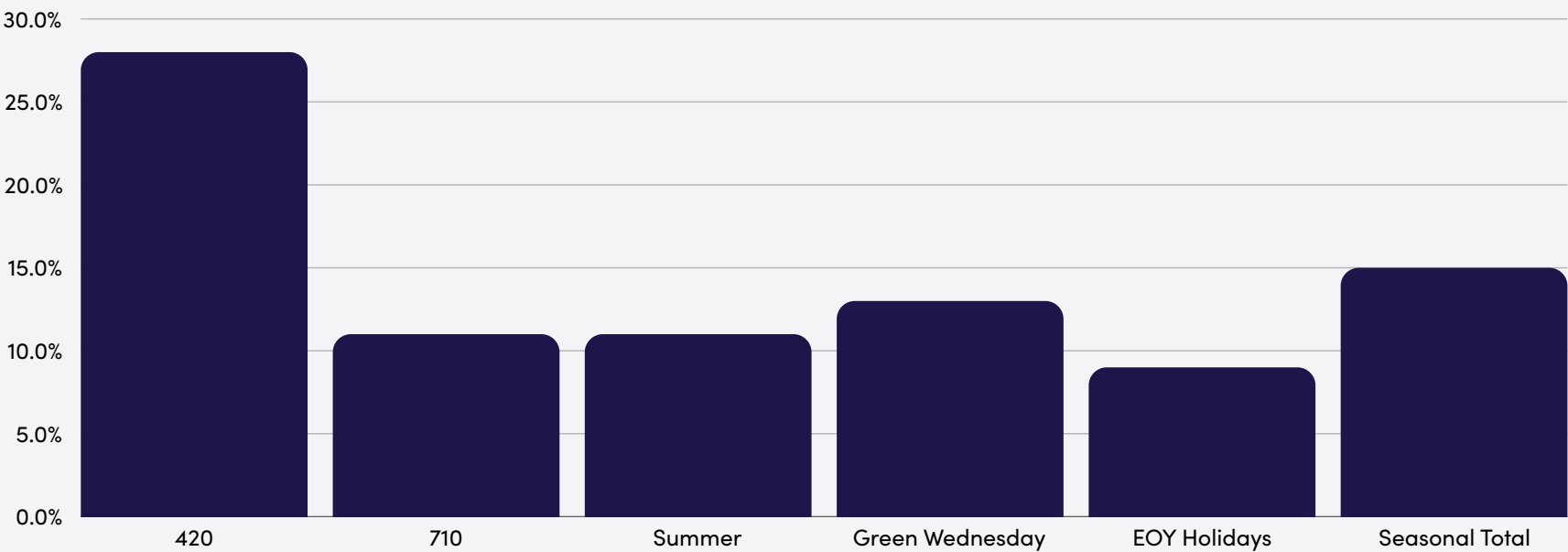
LEAFLINK LONG-TERM NATIONAL RETAIL AND WHOLESALE SALES FORECAST

By 2030, the U.S. cannabis market is expected to reach ~\$60 billion, growing ~11% annually. Near-term growth (2025-2027) will be driven by new dispensary openings in key states like New York, New Jersey, Maryland, Ohio, Illinois, and Minnesota. Long-term expansion will come from large markets that have yet to legalize or scale retail access.



This 4.20 is going to be the highest sales day in US cannabis history. This year, more than ever, brands and retailers need to be prepared for the cannabis holiday calendar. LeafLink platform data shows that wholesale sales are 28% higher during the weeks prior to 4.20 vs. the remainder of the year. For upstream cultivators and manufacturers, around half of total revenue comes from seasonal sales periods, a large portion of which is driven by 4.20 sales.

WHOLESALE GMV UPLIFT: SEASONAL WEEKS VS. REST OF YEAR



To best prepare for the highest volume times of the year, brands and retailers must effectively manage inventory to avoid stockouts, offer the right assortment of products, and fine-tune discounting and promotional activities.

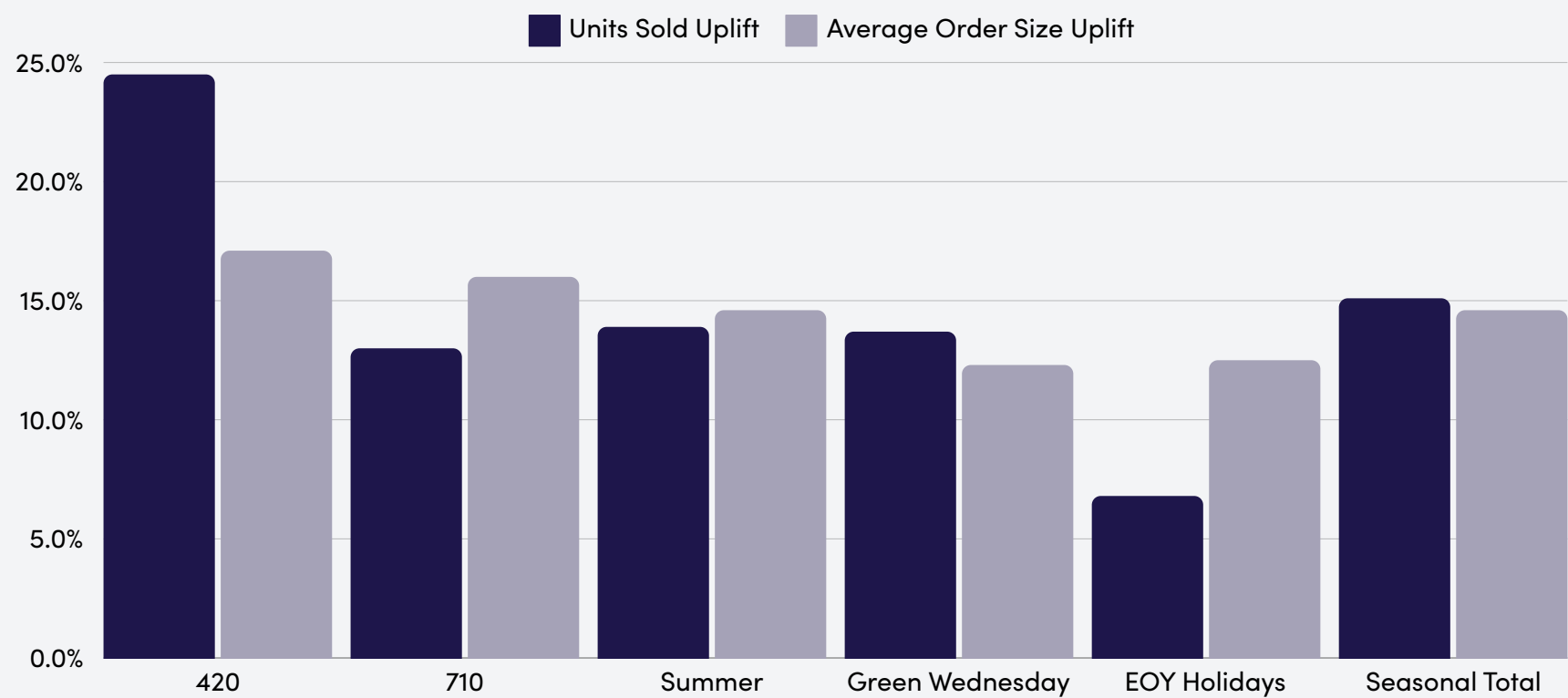
4.20 TIPS

1. Optimize Inventory Levels

Like any CPG business, cannabis retailers need to stock up before high-volume seasonal periods. Higher transaction counts and lower basket sizes at retail, largely a result of aggressive discounting, result in much higher than normal inventory requirements.

For instance, during the weeks leading up to 4.20 last year, brands on LeafLink’s platform sold ~25% more units than in the month prior. That’s a lot of storage space and working capital most cannabis businesses don’t have readily available today.

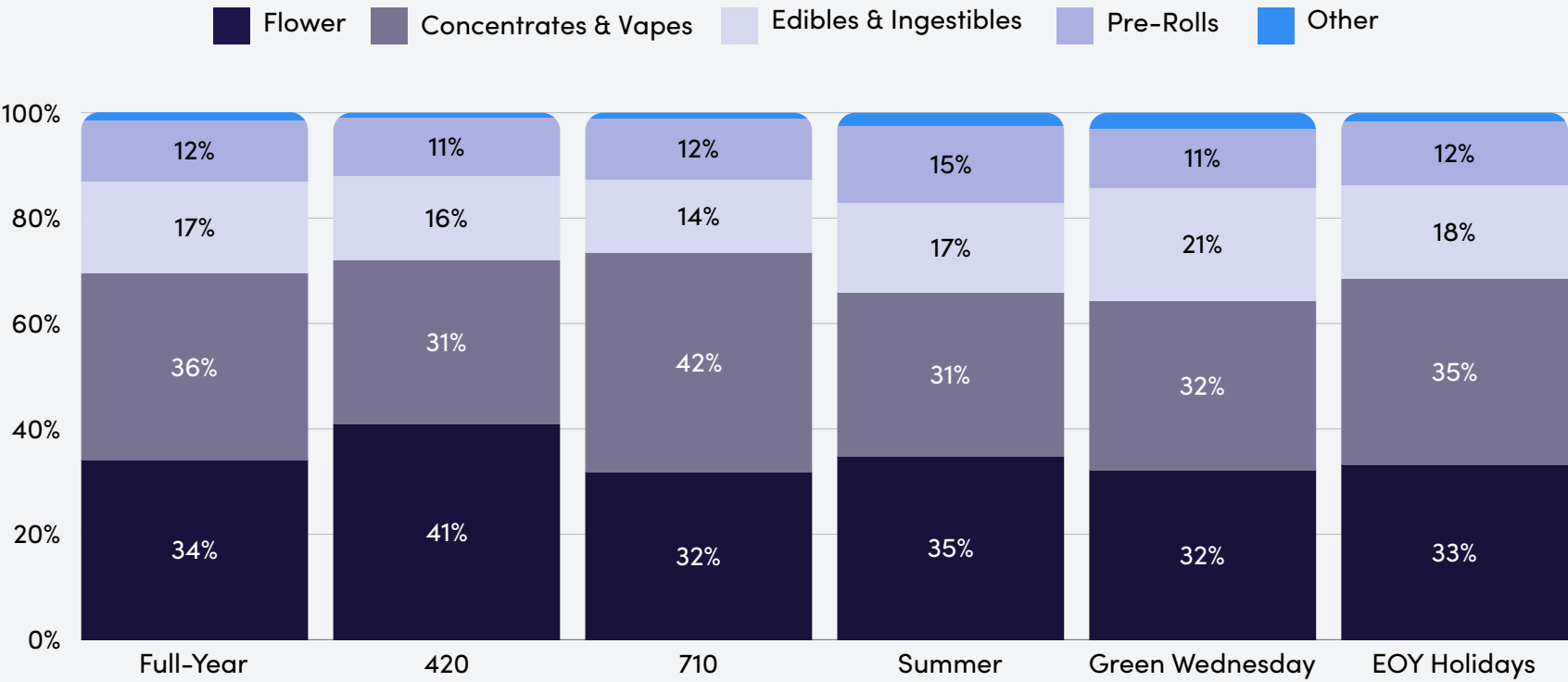
WHOLESALE UNITS SOLD AND ORDER SIZE: SEASONAL WEEKS VS. REST OF YEAR



2. Find the Right Product Assortment

Category share changes significantly depending on the time of the year, making it important for stores to stock the right assortment of products. For instance, on 4.20, the flower category share increases to 41% of sales compared to the rest of the year which averages 34%.

PRODUCT CATEGORY WHOLESALE GMV SHARES



For retailers, choosing the right kind of inventory is the only way to properly allocate shelf space and maximize basket sizes. For brands, it’s essential to allocate flower and biomass throughout the post-harvest season to meet retailer demand.

3. Fine-tune Promotional Activities

Discounts drive sales during holiday periods. Last 4.20, 7,400+ retailers bought discounted products on LeafLink, and ~90% of baskets included a holiday special. Both B2B and B2C buyers expect seasonal deals.

✓ BRAND RECOMMENDATIONS

Offering pre-4.20 deals is key—wholesalers see higher volumes, and brands on LeafLink saw a 31% sales boost with promotions. Sample requests more than doubled. With dispensaries stocking up, volume-based discounts help brands drive sales while protecting margins.

✓ RETAILER RECOMMENDATIONS

Promotions should boost transactions and basket sizes, not just discount for volume. In Western markets, aggressive discounting is squeezing margins. To counter retail softness, brands should tailor deals by customer segment, using targeted marketing to drive higher ROI and larger basket sizes.

With industry challenges, nailing 4.20 is crucial. Avoid stock-outs, offer the right products, and use value-add discounts to maximize sales during the biggest volume period of the year.