Michigan Cannabis Market Growth and Size

Commissioned by the Michigan Cannabis Manufacturers Association
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The Michigan Cannabis Manufacturers Association retained Anderson Economic Group to review the structure of Michigan’s cannabis market and determine the size of the cannabis market by segment.

Cannabis is one of the nation’s fastest growing cash crops. In Michigan, medical cannabis has been legal for over a dozen years. The state concluded its first year of adult-use sales in 2020. Legal cannabis has given rise to new businesses and generated jobs and revenue for the state.

MCMA and others have raised concerns that, despite cannabis’ legal status in Michigan, many consumers continue to procure cannabis from the illicit market. Cannabis sold in the illicit market is not subject to the safety and testing requirements of cannabis sold at retail stores (medical provisioning centers and adult-use stores). Illicit transactions also do not produce tax revenues.

Cannabis Use, Sales, and Tax Revenues
Cannabis is an increasingly popular product among Michigan consumers. In 2020, one in five Michigan residents used cannabis (2.0 million). The count of cannabis users has grown by 75% since 2010.

FIGURE 1. Michigan Residents Reporting Cannabis Use in Past 12 Months, 2010-2020

![Graph showing cannabis use trends from 2010 to 2020.](source)

Retail Sales and Tax Revenues
In 2020, cannabis retail stores sold $985 million in cannabis products. The commercial cannabis industry also generated $169 million in cannabis specific taxes and fees. This includes sales and excise tax revenue; grower, processor, and retailer license fees; and registration fees for medical patients. Cannabis businesses also pay taxes on business income, as well as property taxes, utility taxes, and motor fuel taxes. Cannabis industry employees pay income taxes on their earnings.

Cannabis Availability
Consumers in Michigan can procure cannabis through multiple channels, including home cultivation, acquiring cannabis from a designated medical caregiver, purchasing cannabis from a medical provisioning or adult-use retail store, or purchasing from an illicit seller.
Today, roughly 80% of Michiganders live within a 20-minute drive of a medical provisioning center or adult-use store.

**TABLE 1. Drive-time to Medical Provisioning Centers and Adult-use Cannabis Stores in Michigan**

<table>
<thead>
<tr>
<th>Establishment Type</th>
<th>Percent of 21+ Population within driving distance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20 Minutes</td>
</tr>
<tr>
<td>Medical Provisioning Centers</td>
<td>81.7%</td>
</tr>
<tr>
<td>Adult-use Stores</td>
<td>79.3%</td>
</tr>
</tbody>
</table>


**Market Size by Segment**

Despite the widespread availability of cannabis through retail stores, non-retail transactions remain the primary way in which Michiganders procure cannabis. In 2020, nearly 70% of all cannabis consumed in Michigan came from non-retail sources, including caregivers, home cultivation, and the illicit market.

**TABLE 2. Michigan Cannabis Market Size by Segment, 2020**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Total Demand, 2020 (Millions)</th>
<th>Percent of Market Size</th>
</tr>
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<tbody>
<tr>
<td>Adult-use Stores</td>
<td>$510.7</td>
<td>15%</td>
</tr>
<tr>
<td>Medical Provisioning Centers</td>
<td>$474.0</td>
<td>16%</td>
</tr>
<tr>
<td>Caregiver and Medical Home Cultivation&lt;sup&gt;a&lt;/sup&gt;</td>
<td>$930.1</td>
<td>30%</td>
</tr>
<tr>
<td>Illicit Sales and Adult-use Home Cultivation&lt;sup&gt;b&lt;/sup&gt;</td>
<td>$1,241.5</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$3,156.3</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Anderson Economic Group cannabis demand model utilizing base data from multiple sources.*

<sup>a</sup> Includes cannabis procured from caregivers. Some purchases made by medical patients may not be for medical use.

<sup>b</sup> Adult-use home cultivation and consumption is legal in Michigan. Sale of home-cultivated cannabis by unlicensed persons is not legal.

*Note: Only sales by adult-use retailers and medical provisioning centers are reported by the Marijuana Regulatory Agency.*

**About the Study’s Author**

Founded in 1996, Anderson Economic Group is an economics consulting firm with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have unrivaled expertise in market and industry analysis and extensive experience in the cannabis industry. Our team has produced estimates on the size of cannabis markets in all 50 states since 2015. Our work in the cannabis space was recognized for its rigor and quality in 2019, receiving a Contributed Paper Award from the National Association for Business Economics.

Recent publications from Anderson Economic Group include:


For more information, see www.AndersonEconomicGroup.com.