

Contact: *Brian Peterson* (bpeterson@andersoneconomicgroup.com) or
Andrew Miller (amiller@andersoneconomicgroup.com)



Cannabis sales see short-term COVID-19 spike: How long will it last?

Cannabis demand soars in CO, MI, OR, but pandemic recession remains a threat

Chicago, IL—July 14, 2020—Legal cannabis sales surged to new highs in some states even as COVID-19 caused record unemployment levels and billions in lost income. Experts at Anderson Economic Group, who have tracked legal cannabis demand through the [AndCan® Index](#) since 2015, suspect this short-term spike is unlikely to last, however, as consumer behavior adjusts to the new normal of COVID-19-related restrictions and the virus’s economic damage grows.

Demand spiked as consumers stockpiled cannabis

As AEG experts [previously predicted](#), new data shows that demand surged starting in late March as states began imposing stay-at-home orders. Between February and April, recreational sales were up nearly 20% in Colorado and 40% in Oregon. Medical sales soared as well, increasing 50% in Colorado and Michigan and 25% in Illinois and Maryland. “People were unsure if recreational cannabis dispensaries would be deemed essential businesses, so they purchased more than they typically would,” noted Brian Peterson, the firm’s director of public policy and economic analysis.

One-time factors temporarily shielded demand from the economic downturn

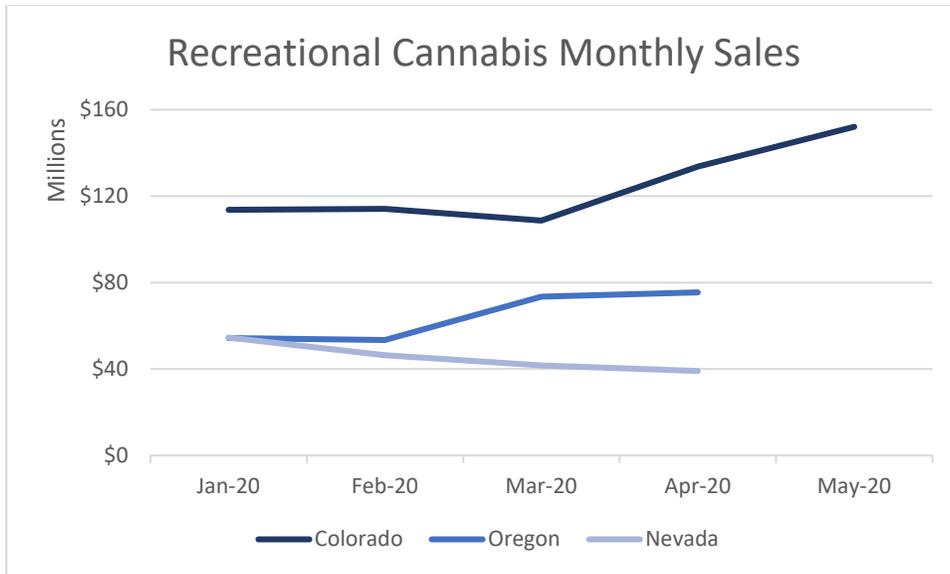
Cannabis demand remains strong despite the downturn, buoyed by several factors that include stimulus checks, supplemental unemployment insurance, bar and restaurant closures, and the 4/20 “holiday.” Andrew Miller, a senior analyst at Anderson Economic Group, explains that “Even as unemployment soared, federal relief programs replaced lost earnings and even put some extra money in consumers’ pockets, but bar and restaurant closures meant they had few places to spend it.” Further, Miller contends that when these factors were combined “with extra leisure time at home...it only makes sense that consumers would start using more cannabis.”

Some markets saw declines

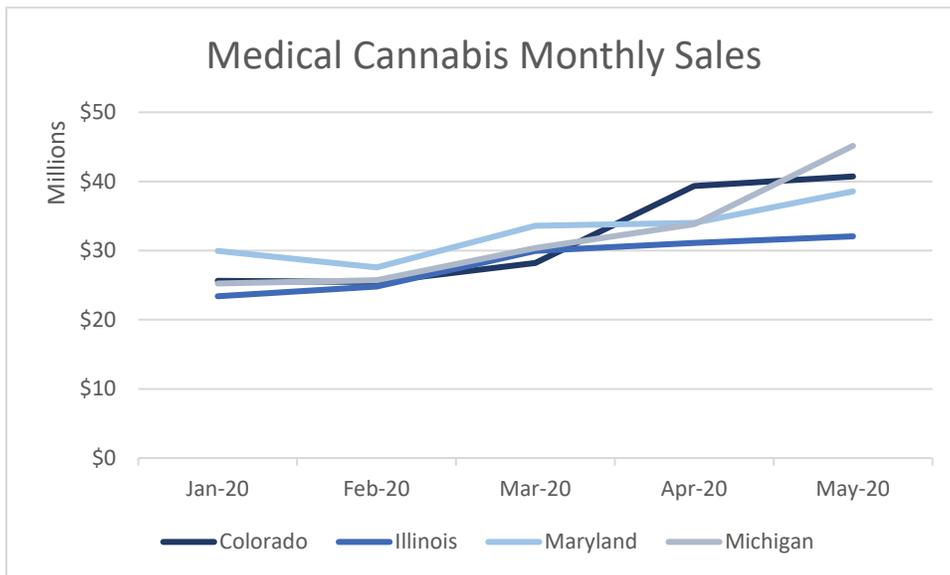
While some states enjoyed record legal cannabis sales, others—particularly those that depend on cannabis tourism—witnessed steep declines. Nevada’s recreational cannabis sales in April were nearly 30% lower than in January. “Nevada’s cannabis market was hit hard as tourism came to a standstill,” Miller said. “Any increase in sales to state residents was clearly not enough to offset lost tourist spending.”

Economic headwinds still strong

Strong cannabis sales this past spring are unlikely to last, as the pandemic’s negative impacts continue to reverberate through the economy. Personal income fell 4.2% in May, and weekly unemployment claims remain at record levels. Federal stimulus programs that have mitigated the impact of lost income will soon expire. Unless these programs are extended, cannabis sales are likely to fall, especially as the rise in new COVID-19 cases threatens the country’s recovery.



Source: AEG analysis of base data from the Colorado Department of Revenue, Nevada Department of Taxation, and Oregon Department of Revenue. Base data for May has not yet been published for Oregon or Nevada.



Source: AEG analysis of base data from the Colorado Department of Revenue, Illinois Medical Cannabis Patient Program, Maryland Medical Cannabis Commission, and Michigan Marijuana Regulatory Agency.

This analysis was prepared by Anderson Economic Group economists Brian Peterson and Andrew Miller in Chicago. For more, see Anderson Economic Group’s [AndCan® Index](#) and [COVID-19 press releases](#).

####

About Brian Peterson

Mr. Peterson is a consultant and director of public policy and economic analysis with Anderson Economic Group. His work focuses on economic and fiscal impact modeling, actuarial analysis, and environmental economics. Prior to joining AEG, Mr. Peterson worked as a policy analyst in regional economic development and transportation planning in the Chicago region.

About Andrew Miller

Mr. Miller is a senior analyst in the public policy and economic analysis practice area at Anderson Economic Group. His work focuses on economic and fiscal impact analysis. Recent projects have included economic impact analyses of Fermi National Accelerator Laboratory, COVID-19-related festival cancellations, and an interactive science learning center. Mr. Miller has also worked as a project coordinator at a higher education and workforce development-focused nonprofit.

About the AndCan® Index

Launched in June 2017, the *AndCan® Index* reflects observed demand from U.S. states that have legalized cannabis and estimates latent demand in states where data on observed demand are unavailable. You can sign up to receive the Index to your inbox each month at <https://mailchi.mp/aeg1/andcan>.

The *AndCan® Index* builds upon:

- Over three years of comprehensive coverage of the U.S. legal cannabis market and assessments of demand by Anderson Economic Group;
- A rigorous methodology that has been presented in award-winning technical papers and at two professional economics conferences; and
- More than two decades of business consulting experience worldwide.

About Anderson Economic Group

Anderson Economic Group, LLC, is a US-based research and consulting firm that specializes in economics, public policy, commercial damages, market analysis, and tax and regulatory policy. The firm, founded in 1996, is one of the most recognized boutique consulting firms in the US. AEG serves both public and private organizations including governments, corporations, nonprofit organizations, trade associations, and small businesses. For more information, see AndersonEconomicGroup.com.