

FACT SHEET:

ILLINOIS LEGALIZATION DEMAND AND SOURCES OF SUPPLY

Authors: John Hudak, Andrew Freedman, and Lewis Koski

- Illinois is considering joining 10 states and DC in passing legal reform around adult-use (recreational) cannabis.
- Illinois would become the second largest state (California) to legalize adult-use cannabis and become the third largest jurisdiction in the world (California and Canada) to do so.
- Demand for cannabis depends on a variety of factors including usage rates among residents, tourists/visitors, and work commuters from other states.
- Demand is likely to be between approximately 350,000–550,000 lbs. of dried cannabis (or equivalent) per year for a fully mature market in which consumers are broadly aware of and accessing the program.
- Illinois can expect the existing medical cannabis market to have the capacity to supply between 35 percent and 54 percent of the mature, adult-use market, subject to a set of caveats and assumptions.
- The state should expect initial demand in the adult-use cannabis market to be significantly lower than the demand of a fully mature market.
- As consumers adjust to a new policy reality, demand will ramp up to the “mature market size,” as has been seen in previously legalizing states.
- The state should expect initial market dynamics to keep legal prices above illicit market prices, and subsequently some consumers will prefer the criminal market.
- Within the first few years, initial regulatory costs will decrease; economies of scale will push prices down; and the regulated market will capture or displace portions of the criminal market.
- Varying market dynamics must be taken into account when considering tax rates and limitations on product variety.
- If existing medical cannabis companies are used as the first entrants into the adult-use cannabis industry, the state cannot ignore the needs of medical cannabis patients
- The medical cannabis program is still growing in Illinois (and will be over several years), and that growth must be considered when designing any adult-use program.

FACT SHEET: ILLINOIS LEGALIZATION DEMAND AND SOURCES OF SUPPLY

THE SPACE TO SERVE THE ILLINOIS CANNABIS MARKET

	Lower Estimate	Upper Estimate
Pounds of Cannabis	352,135	536,890
Plants Per Pound		1.33
Plants Needed	468,340	714,063
Square Feet Per Plant		2.44
Square Feet Needed	1,142,750	1,742,314

GROWTH IN SALES IN COLORADO'S ADULT-USE CANNABIS MARKET, 2014-2017

	Flower	Edibles
2014-2015	177%	85%
2015-2016	64%	37%
2016-2017	36%	29%

EXISTING CAPACITY TO SUPPLY THE MATURE ADULT-USE CANNABIS MARKET

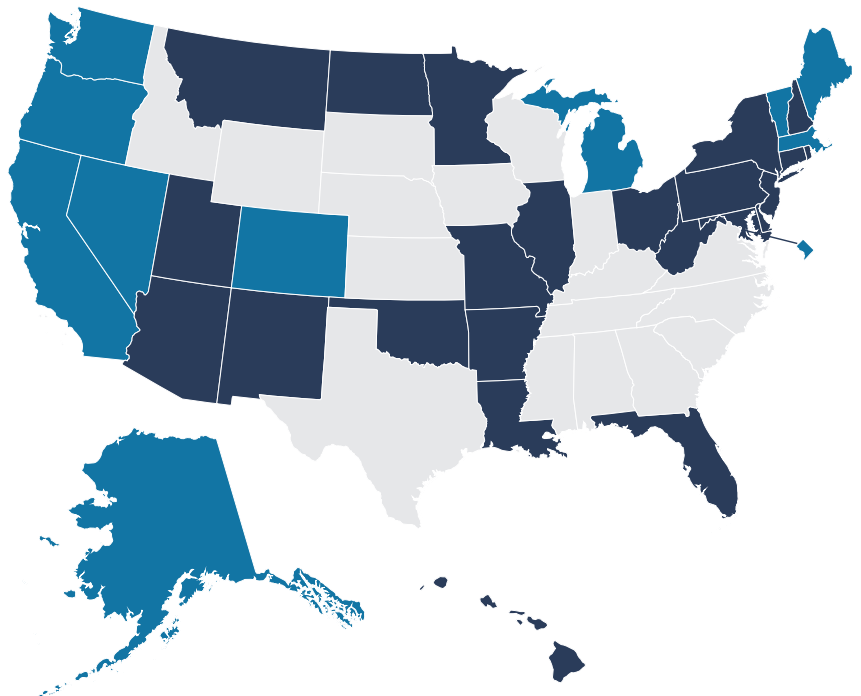
	Lower Estimate	Upper Estimate
Unused Space	9.6%	14.6%
Unused Space and 50% of Approved Space	22.4%	34.2%
Unused Space and 100% of Approved Space	35.2%	53.7%

* Each cell indicates the percentage of demand that can be met by a given type of space, for each estimate

LEGALIZATION IN THE UNITED STATES (MARCH 2019)

 ADULT-USE CANNABIS:
10 STATES + DC*

 MEDICAL CANNABIS:
33 STATES + DC



* Every adult-use cannabis state has a medical cannabis program