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Colorado's Marijuana Enforcement Division Released 2020 Regulated Marijuana Market Update

DENVER, Colo. December 23, 2021 -- Colorado Department of Revenue's Marijuana Enforcement Division (MED) released its 2020 Regulated Marijuana Market Update today, which includes sought-after data about Colorado's legal marijuana industry operations during the COVID-19 pandemic, specifically COVID-19's effect on daily transaction characteristics, sales volume, and consumer preferences. The report shows that COVID-19 had a notable impact on short-term sales and transactions with flower unexpectedly gaining market share over edibles and concentrates.

"This report is the first to show the impacts of COVID-19 on Colorado's legal commercial marijuana industry using the state's METRC data," said Dominique Mendiola, MED Senior Director. "Colorado saw the most marijuana sales ever in 2020, and it's vital to provide the public with this level of sophisticated analysis to understand the year-over-year trends of this industry."

Some key findings from this year's Regulated Marijuana Market Report include:

- **Saturation and maturity:** Several key market indicators such as prices, potency, and active licenses appear to be consolidating at stabilized levels, with minimal changes through 2020.
- **Pricing:** 2020 marks the first year in which prices reached and sustained higher levels than in previous years. Edibles is the only category in which 2020 prices were lower than 2019; however, the decrease was minimal, and the downward trend appears to be slowing.
- **Adult-use sales compared to medical sales:** Adult-use marijuana sales annual growth was expected; an increase in medical marijuana sales was unexpected. Total Adult-use Marijuana sales continued a rapid growth trend in 2020, reaching a new record of \$1.75 billion (24.1 percent higher than the previous record of \$1.41 billion in 2019). 2020 observed the first significant increase in medical sales since 2016, rising from \$338.5 million in 2019 to \$442.5 million in 2020 (a 30.7 percent gain).
- **Flower reclaimed market share from Concentrates for the first time:** The unexpected shift back toward Flower could be related to reverting preferences, availability, a response to COVID-19 quarantines, or the lingering effects of reports of vape related lung injuries that occurred in late 2019 as a result of illicit market products.
- **Potency:** The average potency of most products has leveled off. The average THC content of Flower increased slightly to 19.2 percent in 2020 from 18.8 percent in 2019 (a 2.1 percent year-over-year increase), reflecting continued improvements in genetics and production processes. The overall average THC content of Concentrate products sold by the gram decreased slightly in 2020 to 67.8 percent from 69.4 percent in 2019, which is negligible.
- **Retail market concentration:** The Top Five entities accounted for 16.7 percent of sales and the top 10 entities accounted for 22.2 percent of sales in 2020.

MED commissioned this study, the fourth edition since 2014, to highlight key aspects of the state's regulated market, improve market transparency and to inform policymakers about the status of Colorado's marketplace. This report was completed under an interagency agreement between the MED and the University of Colorado to provide continued analysis and insights into the State's regulated marijuana market and provides an updated analysis of the regulated marijuana market in Colorado using new data through 2020 from the State's Inventory Tracking System.

To view the entire Regulated Marijuana Market Report, the accompanying fact sheet (and previous editions), please visit: <https://sbg.colorado.gov/med-market-reports>.

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