

Four Ohio Cannabis Firms Gain Edge in Dispensary Site Lottery Selections

Selecting a location for a cannabis dispensary is not just about finding a spot—it's a strategic decision that can determine the success or failure of a business. Factors like accessibility, target audience, local competition, and operational costs all play crucial roles in this decision-making process.

Ohio's Competitive Dispensary Site Selection Process

Ohio's cannabis landscape is gearing up for a significant shift with the introduction of adult-use cannabis sales. However, strict regulations, such as the requirement that dispensaries must be at least 1 mile apart, have intensified the competition for prime retail locations in the forthcoming market.

On June 21, Ohio's cannabis regulators conducted a lottery to determine the order in which existing medical cannabis companies could choose new dispensary sites under the 10(B) licensure category. These licenses are distinct from those transitioning existing medical dispensaries to dual-use facilities.

Companies with Potential Advantages

Four companies emerged with apparent advantages following the lottery, potentially influencing their ability to secure desirable locations:

Farmaceutical RX

- **Lottery Draw Balls:** Three 10(B) licenses under Farmaceutical RX, one under Farmaceutical RX 2 LLC, one under FRX Health of Cuyahoga Falls LLC, and one under NMG OH LLC.
- **Total Dispensaries:** Eligible for up to nine dispensaries, combining existing and new licenses.

OPC Cultivation LLC (Firelands Scientific)

- **Lottery Draw Balls:** Three 10(B) licenses under OPC Cultivation, one under Aron OH LLC, and one under Deaver Ohio LLC.
- **Total Dispensaries:** Eligible for up to 10 dispensaries in total.

Parma Wellness Center LLC (Ayr Wellness)

- **Lottery Draw Balls:** Three 10(B) licenses under Parma Wellness, one under Twice the Wellness LLC, one under Daily Relief LLC, and one under Heaven Wellness LLC.
- **Total Dispensaries:** Eligible for up to nine dispensaries, including existing and new licenses.

Hemma LLC (Ascend Wellness Holdings)

- **Lottery Draw Balls:** One 10(B) license under Hemma LLC and three under Ohio Patient Access LLC.
- **Total Dispensaries:** Eligible for up to nine dispensaries in total.

These companies strategically utilized different business entities associated with their dispensaries to maximize their chances in the lottery, ensuring compliance with Ohio's regulatory requirements regarding ownership and control.

Regulatory Challenges and Public Perception

While these companies navigated the lottery process within legal bounds, questions of fairness and competitive advantage have arisen among other stakeholders in Ohio's cannabis industry. The geographic distribution requirement, intended to ensure statewide access to cannabis, poses logistical challenges in urban areas where space is limited.

Next Steps in the Selection Process

Phase one of the site selection process is scheduled for July 8, where companies will choose their initial 10(B) dispensary sites based on their lottery rankings. Subsequent phases will allow for additional site selections, with permits expected to be awarded by September 7.

Market Potential and Challenges

With Ohio poised to potentially host 350 dispensaries—combining existing medical facilities, new 10(B) licenses, and equity-focused licenses—the state's cannabis market is projected to grow significantly. However, the success of each dispensary will heavily depend on its location and ability to attract customers in a competitive landscape.

As the market evolves, location will remain a critical factor in determining which dispensaries thrive, underscoring the importance of strategic site selection in this burgeoning industry.

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