

D.C. Eases Cannabis Licensing, But Few New Growers Emerge

Real Estate Hurdles Stall Medical Cannabis Growth in D.C.

In Washington D.C., the growth of the medical cannabis industry is facing significant real estate challenges. While new dispensary locations are emerging, growers and manufacturers are struggling to find appropriately zoned locations, hampering their ability to open and operate. This disparity highlights the complex landscape of the cannabis industry in the nation's capital.

Dispensaries vs. Growers and Manufacturers

Despite over 120 businesses applying for licenses last year, no new manufacturers or cultivators have opened their doors. In contrast, four new dispensaries have launched, with seven more pending approval. The disparity between dispensaries and the rest of the supply chain underscores the real estate and zoning issues that growers and manufacturers face.

Licensing and Real Estate Challenges

DC XTRACTS LLC became the first new operator to receive a license in June. However, they have yet to open, highlighting the difficulties in finding suitable real estate. Applicants must navigate a challenging landscape of finding locations that meet zoning requirements and are large enough to attract investors. In response, the D.C. Council extended the 12-month conditional license period, and new zoning guidance was issued in May to expand operational zones for Type 1 medical manufacturers and cultivators.

Zoning Policy and Inventory Constraints

Real estate lawyer Meredith Kinner pointed out that the inventory of appropriately zoned properties is extremely limited for licensees. The new policy restricts manufacturers to PDR (Production, Distribution, and Repair) zones, making it even harder to find suitable properties. Although the new guidance has opened more zones, only five new businesses have moved forward since the change.

Applicant Experiences and Frustrations

Applicants like Bryan Jackson have faced numerous obstacles, such as issues with proximity to schools and sudden price hikes. Many, including Jackson, were unaware of the recent zoning changes and extensions. Jackson's attempts to secure property have been thwarted by investors withdrawing due to increased costs, adding to the frustrations of navigating the regulatory landscape.

Market Supply and Future Outlook

Despite the hurdles, District Cannabis founder Andras Kirschner asserts that there is sufficient supply to support new dispensaries. He attributes delays to illegal operators transitioning to the legal market, rather than supply shortages. However, Kinner remains cautious, emphasizing that the cooperation of property owners is crucial for expanding real estate options and supporting the growth of the industry.

Real estate hurdles continue to impede the growth of D.C.'s medical cannabis industry. While new dispensaries are opening, growers and manufacturers face significant challenges in securing appropriately zoned locations. Despite eased licensing barriers and expanded zoning options, the industry's growth remains stymied by real estate constraints and the complex regulatory environment.

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