

New York's Cannabis Sales Projected to Hit \$520M in 2024

New York's Adult-Use Cannabis Market Shows Significant Growth in 2024

New York's adult-use cannabis market is experiencing a robust resurgence in 2024, showing promising signs of life after a sluggish start. Licensed dispensaries in the state reported \$260.6 million in sales from January through June, translating to an average of \$43.4 million per month, according to the New York Office of Cannabis Management (OCM). This trajectory suggests the state could surpass \$700 million in sales by the end of the year.

Dispensary Expansion and Sales Surge

By June 2024, New York had 113 operational dispensaries, with more opening weekly. As of mid-July, the state boasts 137 dispensaries and eight delivery-only operators serving adult-use customers. Nearly half of these licensed retailers are located in downstate areas, including Manhattan, Brooklyn, Bronx, Queens, and Staten Island.

“We’ve been seeing a lot of velocity in this market from the beginning of the year,” said John Kagia, OCM Policy Director, during the state’s July 10 Cannabis Control Board (CCB) meeting. “Even as we work through all of these initiatives that are intended to grow this market, we are seeing very green shoots in the doors we have open and the folks that are getting open.”

Over 110 of New York’s 145 licensed retailers currently operational launched their businesses this year, with many more poised to open soon.

License Issuance and Market Dynamics

In 2024, OCM officials issued 729 licenses across the cannabis supply chain, including 138 to cultivators, 268 to retailers, and 136 to microbusinesses (56 with retail operations). The CCB approved 109 of these licenses at its July 10 meeting.

The market’s current momentum comes after a challenging rollout in 2023, which saw only one licensed dispensary serving adult-use customers in January and 32 operational stores by year-end. The state reported \$150.9 million in cannabis sales in 2023, a per capita rate of approximately \$7.75, the lowest among adult-use states. In contrast, Michigan’s market saw about \$300 per capita in sales, while Connecticut reported \$40 per capita.

Challenges and Strategic Shifts

New York’s slow initial sales were primarily due to an underfunded, court-challenged social equity-focused rollout, which allowed unlicensed retailers to thrive. In response, the OCM reversed a plan to prevent larger

companies from entering the adult-use market for three years. Instead, they opened the market to all operators by the end of 2023.

As a result, among the 150 original Conditional Adult-Use Retail Dispensary (CAURD) licensees, roughly 20 had operational retail facilities when the OCM opened a license application window for non-social equity operators in October 2023. Many existing medical cannabis companies began adult-use wholesale distributions in December and retail sales in January.

Sales Momentum and Enforcement Impact

The surge in retail operators in early 2024 contributed to rising sales figures. New York's June reporting period saw a weekly record of \$15.1 million in sales, amounting to about \$65 million over 30 days or approximately \$575,000 per store for one month. Kagia described this sales momentum as "absolute gangbuster."

In addition to new dispensaries opening, the state's enforcement efforts against unlicensed cannabis operations have driven increased sales for licensed dispensaries. Retailers in Manhattan, Brooklyn, Bronx, Queens, and Staten Island collectively experienced a 50% revenue increase, amounting to more than \$1.8 million, following heightened enforcement by New York's Enforcement Task Force.

Enforcement Actions and Seizures

As of July 9, the OCM reported that state enforcement officials conducted over 323 inspections, seized 4,800 pounds of unregulated cannabis products valued at nearly \$30 million, and padlocked 164 unlicensed stores. Officials issued 252 violations and conducted 76 hearings as part of these efforts.

Future Outlook

While New York's adult-use cannabis market may take longer than initially expected to reach its projected \$4.2 billion annual revenue, recent trends indicate a positive direction. Governor Kathy Hochul emphasized the state's commitment to building a robust and equitable legal market driving significant economic growth.

New York's adult-use cannabis market is experiencing significant growth in 2024, with increasing dispensary openings and rising sales figures. Despite early challenges, the market's current trajectory suggests a promising future as the state continues to build an equitable and economically impactful cannabis industry.

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