

NY Cannabis Retailers Struggle with High Demand, Low Supply

New York Cannabis Industry Faces Quality Flower Shortage Amid Market Changes

Just over a year ago, New York State was grappling with an oversupply of cannabis flower from the 2021 and 2022 harvests. In a dramatic shift, processors and retailers now report difficulties in sourcing sufficient high-quality, locally grown marijuana. This shortage highlights the ongoing challenges within New York's evolving cannabis market.

Current Shortage and Industry Impact

“The shortage problem is real, and it's going to persist,” said Kate Miller, owner of Peregrine Toke in Sharon Springs. Many licensed cannabis growers have either ceased operations or significantly reduced production due to the flawed dispensary rollouts in 2022 and 2023. Miller noted, “I know at least 10 who have gotten out or seriously cut back,” contributing to the current shortfall.

Legislative Hurdles

The situation worsened when farmer assistance bills, passed by the Assembly and Senate, failed to receive Governor Kathy Hochul's signature. Although new cultivation licenses were issued earlier this year, it was too late in the growing cycle to impact the 2024 cannabis supply.

Impact of Regulatory Decisions

As a board member of the state Cannabis Farmers Alliance, Miller highlighted how the early entry of Registered Organizations (ROs), permitted by the Office of Cannabis Management, further undermined local farmers. This “supply shock is not surprising,” said Matt Leonardo, an attorney and lobbyist with Hinman Straub in Albany.

Surge in Consumer Demand

Consumer demand for flower products, which accounts for about 60 percent of the overall market, has surged as retail stores have finally begun to open. “As retail stores have finally begun to open, there has been a surge in overall demand for high-quality bud,” Leonardo noted.

Farmer Hesitation and Costs

Due to past state missteps, farmers who previously grew excess product are now hesitant to invest more resources into an uncertain market. Miller explained that outdoor growing, where conditional license holders are limited to cultivating, is an expensive endeavor, costing “thousands and thousands” to plant seeds.

Preference for Indoor Cannabis

Some dispensary owners prefer indoor-grown cannabis, typically produced by well-funded Multi-State Operators (MSOs), due to controlled climate conditions that yield higher THC levels. Korey Rowe, owner of DOSHA Farms dispensary in Oneonta, acknowledged the current difficulty in sourcing high-quality cannabis, which now sells quickly due to increased dispensary openings.

Long-Term Market Adjustments

Jonathan Lasser, CEO of Hepworth Pura Farms, stated that while the current shortfall is challenging, it is preferable to a surplus, which would be “devastating” to the market and farmers. Lasser anticipates a balance in the supply-demand equation over time as more farmers are permitted to grow indoors, expand their operations, and possibly receive greater support from the state.

State Monitoring and Optimism

An OCM spokesperson expressed confidence in their ability to ensure an abundant supply, citing the licensing of hundreds of cultivators and microbusinesses to grow cannabis in diverse environments. The agency aims to mitigate the seasonality associated with predominantly outdoor cultivation to date.

Local Growers' Challenges

Steve Halton, owner/operator of Real Life Botanicals near Syracuse, described the difficulties local growers face in competing with ROs' lower-priced indoor cannabis. “It’s kind of a pain to compete with the lower prices of indoor weed,” he said, noting the pressure to reduce prices.

Continued Efforts Despite Challenges

Despite these challenges, Halton remains committed to expanding his cultivation efforts. When asked if he considered scaling back production, he quipped, “I guess I must be the definition of insanity, because I keep growing more plants.”

New York’s cannabis industry is navigating a complex landscape marked by past overproduction, regulatory challenges, and evolving market demands. While the current shortage of high-quality cannabis flower poses significant challenges, industry leaders and state regulators are working towards a more balanced and sustainable market. As the sector continues to grow, the experiences of local farmers and businesses will play a crucial role in shaping the future of cannabis in New York.

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