

U.S. Cannabis Industry Sees Job Decline Amid Rising Sales

Cannabis Industry Jobs Decline 3.4% in 2024 Despite 4.5% Growth in Retail Sales, Reveals New Report

The U.S. cannabis sector is witnessing a significant shift in employment dynamics as the industry matures. According to the 2025 Cannabis Jobs Report, jointly released by cannabis hiring platform Vangst and consulting firm Whitney Economics, the number of people employed in the legal cannabis industry fell by 3.4% in 2024, even as retail sales climbed 4.5%. This divergence signals a strategic change in how cannabis companies are approaching staffing — favoring efficiency and sustainability over rapid expansion.

U.S. Cannabis Employment Numbers Dip Amid Growing Market Revenues and Expansion in Retail Sales

By early 2025, total cannabis-related employment in the United States stood at approximately 425,002 workers, down from the previous year. The decline comes during a period when legal cannabis sales reached \$30.1 billion in 2024, marking a healthy 4.5% increase over 2023 and projecting growth to around \$34 billion in 2025. While the market is expanding in revenue terms, this growth is not translating into more jobs, indicating a deeper shift in operational priorities within the industry.

The report ties this employment decrease to several key factors: tightening regulations, challenging market conditions, reductions in licensing in certain states, and significant consolidation activity in mature cannabis markets. This consolidation is reshaping the industry landscape and impacting employment prospects as companies merge and streamline operations.

Cannabis Industry Adopts More Strategic and Efficient Staffing Approaches Amid Market Pressures

One of the central findings of the report is that cannabis companies are moving away from a growth-at-any-cost mindset that characterized the industry's early years. Initially, many cannabis businesses aggressively hired to establish market share and capitalize on rapidly expanding demand. However, with profit margins tightening due to regulatory costs, market unpredictability, and increased competition, the focus has shifted toward leaner operations and strategic hiring.

The new approach favors smaller, more skilled teams where employees often take on multiple roles. This strategy not only controls labor costs but also promotes productivity and agility. Cannabis operators are increasingly prioritizing operational efficiency and workforce stability over sheer headcount increases, reflecting the sector's maturing phase.

Additionally, the report highlights an increase in temporary and seasonal hiring, especially in cultivation, processing, and manufacturing roles. Companies are turning to temp-to-hire arrangements to better match labor supply with fluctuating demand, reducing long-term staffing risks while maintaining operational flexibility. This shift benefits workers seeking entry into the cannabis industry and offers employers a buffer against market volatility.

Cannabis Job Growth Varies Widely Across States with New Markets Driving Expansion and Mature Markets Facing Declines

At the state level, employment trends differ sharply. Emerging cannabis markets such as New York, Ohio, New Jersey, and Missouri have seen job gains driven by an uptick in license issuance and new retail store openings. These new markets have offset employment losses in established states like California, Colorado, Oregon, and Washington, where oversupply, price declines, and high taxes have constrained growth and forced workforce reductions.

California remains the largest cannabis employer with 74,623 jobs in 2024, followed by Michigan with around 45,000. These states continue to grow their workforces not only because of large sales volumes but also due to more permissive licensing regimes that encourage new business entry and expansion.

However, the report underscores that states with high cannabis tax rates — including California, Illinois, and Washington — experienced some of the largest employment declines. Heavy tax burdens combined with oversupply issues have squeezed profit margins and led operators to cut labor costs.

The report further notes that states with relatively open licensing policies tend to generate more cannabis jobs but also experience greater market churn and volatility due to oversaturation and falling prices. This pattern reflects the natural lifecycle of cannabis markets evolving from high-growth phases to more stable, competitive environments.

Regulatory Challenges and Federal Uncertainty Continue to Cloud Cannabis Employment Outlook

Beyond state-level factors, the cannabis industry faces significant challenges at the federal level that complicate hiring and investment decisions. The lack of comprehensive federal reforms, including the failure to reschedule cannabis under the Controlled Substances Act and ongoing banking restrictions, creates an uncertain business environment.

This uncertainty has prompted many cannabis operators to adopt cautious hiring practices, deferring large workforce expansions until federal regulations become clearer. The report warns that without meaningful federal legislative or regulatory changes — such as tax relief or improved banking access — conservative staffing strategies will likely persist in the near term.

Furthermore, market conditions such as price compression caused by oversupply continue to pressure cannabis businesses, forcing further cost-cutting measures that often include workforce reductions. Companies must balance maintaining quality and compliance with managing expenses in a challenging economic climate.

Cannabis Industry Enters a New Phase Focused on Efficiency, Flexibility, and Strategic Growth

The 2025 Cannabis Jobs Report paints a picture of an industry transitioning from rapid early-stage expansion to a more measured and strategic phase. Although sales continue to grow, cannabis companies are

emphasizing operational efficiency, workforce flexibility, and profitability rather than headcount growth.

The evolution of state markets — with new regions creating jobs and mature markets contracting — underscores the complexity and dynamism of the cannabis landscape. At the same time, unresolved federal issues and economic pressures are shaping employer behavior and labor market outcomes.

As cannabis moves toward greater maturity and integration within the broader economy, workforce strategies will continue to adapt. Companies that successfully balance flexibility with stability and invest in skilled, cross-functional employees will be best positioned to thrive in this evolving market.

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