

Canadian Cannabis Industry Adds CA\$9.1B to Nation's GDP

Canadian Cannabis Industry Boosts National Economy by Adding 9.1 Billion Canadian Dollars to GDP in First Quarter of 2025

Licensed Cannabis Production Sees Double-Digit Growth While Sales Climb Despite Minor Month-to-Month Dip

The Canadian cannabis industry continued its upward trajectory in early 2025, contributing a substantial 9.1 billion Canadian dollars (approximately \$6.7 billion USD) to the nation's gross domestic product during the first quarter. This figure marks a notable increase from the CA\$8.3 billion added in the same quarter of 2024, underscoring the sector's growing economic significance.

Licensed marijuana producers ramped up output substantially over the course of the year, with production increasing 10.6% from March 2024 to March 2025. Even in the short term, production showed steady momentum, rising 1.2% between February and March 2025. These gains highlight the expanding capacity and operational efficiency of Canada's regulated cannabis producers.

Retail Sales at Licensed Cannabis Stores Experience Year-Over-Year Growth, Though Monthly Sales Show Slight Decline

In parallel with production gains, sales at licensed cannabis retailers saw a 4.7% increase compared to the first quarter of 2024. Despite this annual growth, there was a marginal decline of 0.2% in sales from February to March 2025, indicating a possible seasonal or market adjustment effect.

The sustained year-over-year growth in retail sales suggests strong consumer demand and increased market penetration for legal cannabis products across the country. Licensed retailers continue to consolidate their foothold as the primary source for recreational cannabis purchases in Canada.

Unlicensed Cannabis Production and Retail Operations Experience Declines Reflecting a Shrinking Black Market

While the licensed market expands, unlicensed cannabis producers and retailers faced declines during the same periods. Unlicensed production fell 4.5% year-over-year and decreased by 0.1% between February and March 2025. Similarly, unlicensed cannabis stores reported a 4.4% drop in sales compared to the previous year and a slight 0.1% decline month-over-month.

This trend points toward ongoing erosion of the illicit cannabis market, likely driven by stricter enforcement, increased consumer confidence in regulated outlets, and broader availability of legal products.

Household Spending on Recreational Cannabis Remains Robust Despite Slight Quarterly Fluctuations

Data from Statistics Canada further reveals that Canadian households collectively spent approximately CA\$11.7 billion on recreational cannabis during the first quarter of 2025. Although this figure represents a slight decrease from the fourth quarter of 2024, it remains higher on a year-over-year basis, indicating steady growth in consumer expenditure over the longer term.

Overall household spending across all categories held steady at around CA\$116 billion in the first quarter, mirroring figures from the previous quarter and edging up compared to the same period in 2024. The consistent level of consumer spending provides a favorable backdrop for continued growth in the cannabis sector and other industries.

Canada's Cannabis Market Growth Signals Increasing Economic Importance Amid Regulatory and Market Dynamics

The expanding contributions of licensed cannabis production and retail to Canada's GDP reflect the maturation of a market that has rapidly evolved since legalization. As legal operators continue to increase production and capture a larger share of consumer spending, the economic footprint of the cannabis industry is becoming increasingly prominent.

The concurrent decline in unlicensed market activity suggests that regulated businesses are effectively drawing consumers away from illicit sources, enhancing tax revenues and regulatory oversight. However, minor month-to-month fluctuations in sales emphasize the need for continued market monitoring and adaptive business strategies.

Looking ahead, the Canadian cannabis industry is poised to play an even more vital role in the national economy, driven by ongoing investment, product innovation, and shifting consumer preferences within a regulated framework.

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved