

DC Medical Cannabis Sales Rise, But Dispensaries Face Challenges

Medical Cannabis Sales Nearly Double in Washington, D.C. but Dispensaries Struggle to Stay Afloat

Washington, D.C.'s medical cannabis industry is at a crossroads. While sales figures are rising—nearly doubling in the first five months of 2025—many dispensaries are facing severe operational and financial challenges. The transition from unregulated “gifting” shops to licensed medical marijuana retailers, prompted by recent regulatory crackdowns, has sparked both opportunity and instability in the District’s cannabis economy.

Cannabis Sales Surge to Nearly \$9 Million but Profitability Remains Elusive

According to the Alcoholic Beverage and Cannabis Administration (ABCA), D.C.’s medical marijuana sales jumped from \$4.6 million in January to nearly \$9 million in May 2025, following regulatory efforts to eliminate unlicensed “gifting” operations. These shops previously exploited a loophole in Initiative 71, which allowed cannabis gifting with non-cannabis purchases, while technically prohibiting outright sales.

With a March 31 deadline to transition to fully licensed medical cannabis dispensaries or shut down, many gifting shops rushed to legitimize their businesses. Approximately 250 stores once operated in this gray market—but after enforcement measures kicked in, that number dropped dramatically. Today, there are about 60 licensed dispensaries, up from just 10 earlier this year.

Transitioning from Gifting Shops to Licensed Dispensaries Brings Unexpected Challenges

For entrepreneurs like Terrence White, CEO of Monko, the shift from gifting to legal retail has been more painful than profitable. Despite spending six months and considerable capital to comply with regulations, Monko has seen a 250% decline in monthly sales—from about \$300,000 to under \$100,000.

“The first 90 days have been a tarantula,” White said, describing the rocky transition. He points to sluggish patient demand, estimating only 53,000 transactions spread across all 60 dispensaries, as a sign of market stagnation.

Linda Greene, CEO of Anacostia Organics, echoed similar concerns. She believes the influx of new dispensaries has cannibalized existing businesses and warns that many will not survive under current conditions. “They have to buy from licensed cultivators, who don’t have product yet,” she explained. “It takes time to grow. Some are still using old suppliers outside the regulated track.”

High Competition, Low Prices, and Nearby Legal Markets Undermine Local Dispensaries

Adding pressure to D.C.'s fragile cannabis market is the proximity of Maryland, where recreational cannabis is fully legal. With minimal regulation and no patient registration required, Maryland's dispensaries offer a more convenient and cost-effective alternative for many consumers.

Despite D.C.'s self-certification program, which makes it easier for residents to become medical patients, high prices, limited product selection, and the discomfort of joining a patient registry have kept many buyers away.

National Cannabis Brands Bring Hope and Legitimacy to a Struggling Market

Amid the turbulence, national brands are beginning to show interest in Washington, D.C.'s maturing cannabis industry. Robbie Martin, president of the DC Cannabis Business Association, noted that the recent crackdown has legitimized the market in the eyes of mainstream operators.

One of the biggest signs of change is the arrival of Cookies, a globally recognized cannabis brand. Cookies DC is slated to open July 11, led by James Kahn, co-founder of Takoma Wellness Center. "It has legitimized the current cannabis market for all these new consumers," Kahn said.

Crystal Millican, Cookies' Senior Vice President of Retail and Marketing, sees strategic value in the capital. "D.C. is our country's history—but also our country's future," she said.

Without More Brands and Government Support, Local Dispensaries Face a Grim Outlook

Despite Cookies' arrival, entrepreneurs like Terrence White warn that one brand is not enough to reverse the trend. "Until we get other national brands in, we're going to be stuck in a bad place," he said. "It's not that we don't have the people to market to. We don't have the brands to market to the people."

Both White and Greene agree that D.C. lawmakers need to step up. Without policy changes that address taxation, supply shortages, and compliance costs, many businesses—especially small, local dispensaries—will struggle to survive in what should be a booming market.

As D.C.'s Cannabis Market Evolves, Success Will Depend on Investment, Leadership, and Consumer Confidence

The numbers suggest growth, but the reality on the ground tells a different story. While sales are surging, dispensaries are closing, and investors are wary. For Washington, D.C.'s cannabis market to fulfill its potential, stakeholders say it will take more than regulation—it will take leadership, innovation, and national attention.

Whether or not more brands follow Cookies' lead, the coming months will determine whether D.C. becomes a model of responsible cannabis reform—or another cautionary tale of overregulation and missed opportunity.

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