

# Exodus of Cannabis Multistate Operators from Regulated State Markets

Publicly traded marijuana multistate operators have been departing regulated cannabis markets through late **2023**, continuing a trend fueled by increased capital costs, high taxes, and the slow pace of federal reform.

For instance, **The Cannabist Co.**, based in New York, recently exited Missouri and Utah, citing what CEO David Hart referred to as an “**arduous year.**” Similarly, Florida-based Trulieve Cannabis Corp. wound down its presence in Massachusetts.

Factors contributing to these exits include overinvestment in expansion plans, navigating fragmented markets with varying regulations, and the overarching federal illegality of cannabis.

*Matt Karnes*, founder of cannabis finance research company *GreenWave Advisors*, noted, “**Part of the issue is that it’s still, to some extent, the Wild West. They’re still learning as they go.**”

Mature markets with unlimited available licenses pose challenges to many MSOs. California, for instance, stands out due to its educated consumer base and abundant choice from both illicit and regulated suppliers.

Conversely, less mature markets with oversupply issues, such as Massachusetts, witness declining wholesale prices. According to LeafLink, wholesale marijuana prices in Massachusetts have dropped by approximately 25% over the past year to an average of \$1,400 per pound due to oversupply.

Many MSOs are now focusing on increasing wholesale cannabis sales in 2024 to adapt to market dynamics.

Additionally, a study revealed that 93% of tested smokable hemp products contain more than the legal limit of 0.3% THC, as outlined in the 2018 U.S. Farm Bill. This highlights regulatory challenges within the hemp industry.

In **California**, an audit has proposed several recommendations for improving marijuana business licensing processes and policies at the local level, including blind scoring, implementing an appeals process, impartiality agreements for reviewers, and eliminating sole decision-making authority for awarding or denying licenses.

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