

Cannabis Market Surges: Wholesale Prices Exceeding Expectations in 2024

In a surprising turn, nitrate prices decreased by 11.5% from \$12.52 to \$11.08. This significant drop caught many industry analysts off guard and could signal shifts in consumer preferences or changes in production costs.

Edibles and Ingestible See Moderate Decrease Average prices for edibles and ingestible experienced a more moderate decrease of 4.8% over the course of the year. This dip, while not as pronounced as nitrate prices, still reflects evolving market trends and consumer behaviors.

Pre-roll Prices Level Off Pre-roll prices, on the other hand, saw a marginal decrease of just 0.12%, marking a leveling off from the 12% average price decrease observed in 2022. This stability could indicate a maturing market segment or shifting consumer demand.

California and Arizona: Battling Price Pressures California and Arizona are both facing challenges in their respective cannabis markets. In California, wholesale flower prices have decreased by more than 10% between March 2023 and March 2024, according to LeafLink. Similarly, Cannabis Benchmarks data shows a 7% drop in prices so far in 2024, following a 5% decrease last year. Brian Dewey, vice president of revenue at Nabis, attributes this pressure to bulk price volatility and competition from the illicit market, compounded by the slow exit of capacity from the market.

In Arizona, wholesale flower prices have plummeted by more than 24% year-over-year, reaching \$1,104 per pound. The state's limited number of licensees combined with unlimited capacity exacerbates the situation, putting pressure on operators to expand retail and leading to predatory tactics by larger companies seeking licenses reserved for social equity applicants.

New Mexico: Declining Prices Wholesale cannabis prices have also seen a decline in New Mexico, dropping by 10% year-over-year in 2024. This can be partially attributed to increased production, particularly driven by outdoor grows.

Price Resurgence in Michigan, Oregon, and Oklahoma In contrast to the downward trends observed in California, Arizona, and New Mexico, wholesale cannabis flower prices have rebounded in Michigan by more than 13% year-over-year. The state's cannabis market, which experienced significant growth in 2022 leading to collapsed prices, is now seeing companies adjust their yields to match demand.

Similarly, oversupplied markets like Oregon and Oklahoma have shown signs of stabilizing, with prices rebounding by 0.2% and 5.9%, respectively, in 2023. However, Oklahoma experienced another 10% drop in prices, reflecting ongoing challenges with overproduction and market saturation.

Future Outlook With moratoriums on new licenses in place in some states, such as Oklahoma, there is hope that these measures will help rightsize oversupplied markets and create more stable conditions for operators. However, navigating the dynamic landscape of the cannabis industry will continue to require adaptability and strategic planning from businesses across the supply chain.

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