

# Michigan Cannabis Market Growth and Size

Commissioned by the Michigan Cannabis Manufacturers Association  
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Over two-thirds of all cannabis consumed in 2020 came from sources other than medical provisioning centers and adult-use stores



The Michigan Cannabis Manufacturers Association retained Anderson Economic Group to review the structure of Michigan's cannabis market and determine the size of the cannabis market by segment, including licit and illicit.

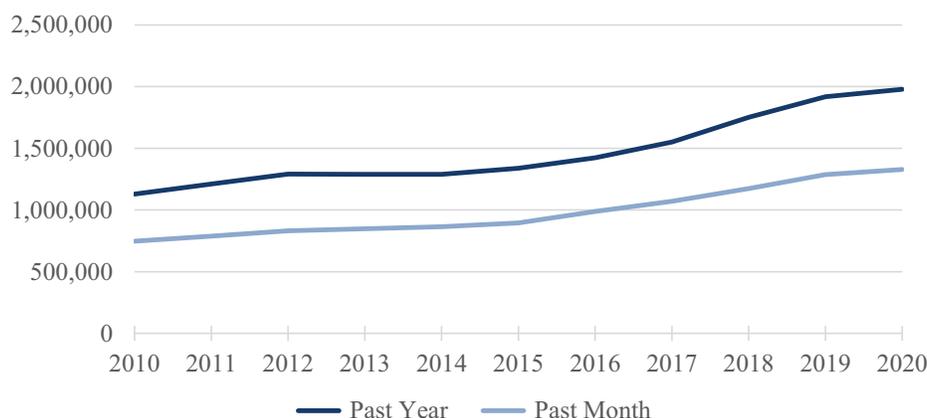
Cannabis is one of the nation's fastest growing cash crops. In Michigan, medical cannabis has been legal for over a dozen years, and the state concluded its first year of adult-use sales in 2020. Legal cannabis has given rise to new businesses and generated new jobs and revenue for the state.

MCMA and others have raised concerns that, despite cannabis' legal status in Michigan, many consumers continue to procure cannabis from the illicit market. Cannabis sold in the illicit market is not subject to the safety and testing requirements of cannabis sold at retail stores (medical provisioning centers and adult-use stores). Illicit transactions also do not produce tax revenues.

## Cannabis Use, Sales, and Tax Revenues

Cannabis is becoming an increasingly popular product among Michigan consumers. In 2020, one in five Michigan residents used cannabis (2.0 million). The count of cannabis users has grown by 75% since 2010.

**FIGURE 1. Michigan Residents Reporting Cannabis Use in Past 12 Months, 2010-2020**



Source: Anderson Economic Group cannabis demand model utilizing base data from the National Survey of Drug Use and Health.

## Retail Sales and Tax Revenues

In 2020, cannabis retail stores sold \$985 million in cannabis products. The commercial cannabis industry also generated \$129 million in taxes and fees. This includes sales and excise tax revenue; grower, processor, and retailer license fees; and registration fees for medical patients.

## Cannabis Availability

Consumers in Michigan can procure cannabis through multiple channels, including home cultivation, acquiring cannabis from a designated medical caregiver, purchasing cannabis from a medical provisioning or adult-use retail store, or purchasing from an illicit seller.

Today, roughly 80% of Michiganders live within a 20-minute drive of a medical provisioning center or adult-use store.

**TABLE 1. Drive-time to Medical Provisioning Centers and Adult-use Cannabis Stores in Michigan**

Establishment Type	Percent of 21+ Population within driving distance		
	20 Minutes	30 Minutes	60 Minutes
Medical Provisioning Centers	81.7%	94.9%	99.1%
Adult-use Stores	79.3%	94.4%	99.1%

*Source: Anderson Economic Group analysis using base data from Esri, Inc., U.S. Census Bureau, HERE Maps drive-time data, Michigan Marijuana Regulatory Agency.*

### Market Size by Segment

Despite the widespread availability of cannabis through retail stores, illicit sales and other “off-the-books” transactions remain the primary way in which Michiganders procure cannabis. In 2020, nearly 70% of all cannabis consumed in Michigan came from non-retail sources, including caregivers, home cultivation, and the illicit market.

**TABLE 2. Michigan Cannabis Market Size by Segment, 2020**

Segment	Total Demand, 2020 (Millions)	Percent of Market Size
Adult-use Stores	\$510.7	15%
Medical Provisioning Centers	\$474.0	16%
Caregiver and Medical Home Cultivation <sup>a</sup>	\$930.1	30%
Illicit and Adult-use Home Cultivation	\$1,241.5	39%
<b>Total:</b>	<b>\$3,156.3</b>	<b>100%</b>

*Source: Anderson Economic Group cannabis demand model utilizing base data from multiple sources.*

*(a) Includes cannabis procured from caregivers. Some purchases made by medical patients may not be for medical use.*

Enacting policies that shift consumption from the illicit market to the licit market will help ensure Michiganders have access to safe cannabis and will ensure that future transactions generate tax revenue for state and local government.

### About the Study’s Author

Founded in 1996, Anderson Economic Group is an economics consulting firm with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have unrivaled expertise in market and industry analysis and extensive experience in the cannabis industry. Our team has produced estimates on the size of cannabis markets in all 50 states since 2015. Our work in the cannabis space was recognized for its rigor and quality in 2019, receiving a Contributed Paper Award from the National Association for Business Economics.

Recent publications from Anderson Economic Group include:

- Patrick L. Anderson, *Blue Smoke and Seers: Measuring Latent Demand for Cannabis Products in a Partially Criminalized Market*, published in 2020.
- *Tax Revenues from Legalizing Recreational Marijuana Under Michigan’s Proposal 18-1*, published in 2018.
- *The Market for Legal Cannabis Products in the 50 United States*, published in 2015 and 2016.

For more information, see [www.AndersonEconomicGroup.com](http://www.AndersonEconomicGroup.com).