420 ADVISORY MANAGEMENT

CANNABIS LEGALIZATION & ECONOMIC DEVELOPMENT IN THE MILE HIGH CITY

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SOUTH COUNTY EDC
CANNABIS ECONOMIC IMPACT FORUM
FEBRUARY 22, 2018

REVENUE & BUDGET

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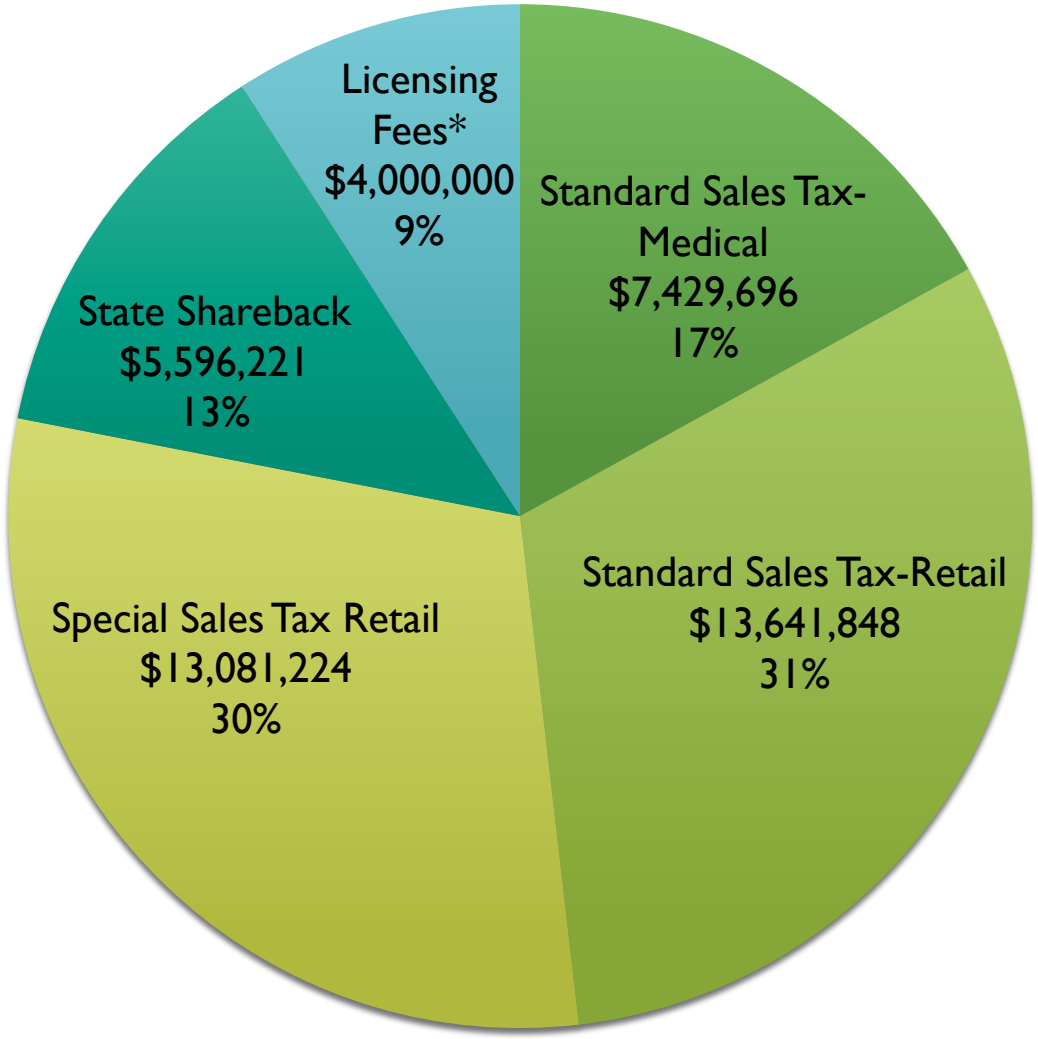


2017 Denver Cannabis-Related Revenue
$43.8M

- Standard Sales Tax-Medical
- Standard Sales Tax-Retail
- Special Sales Tax Retail
- State Shareback
- Licensing Fees*

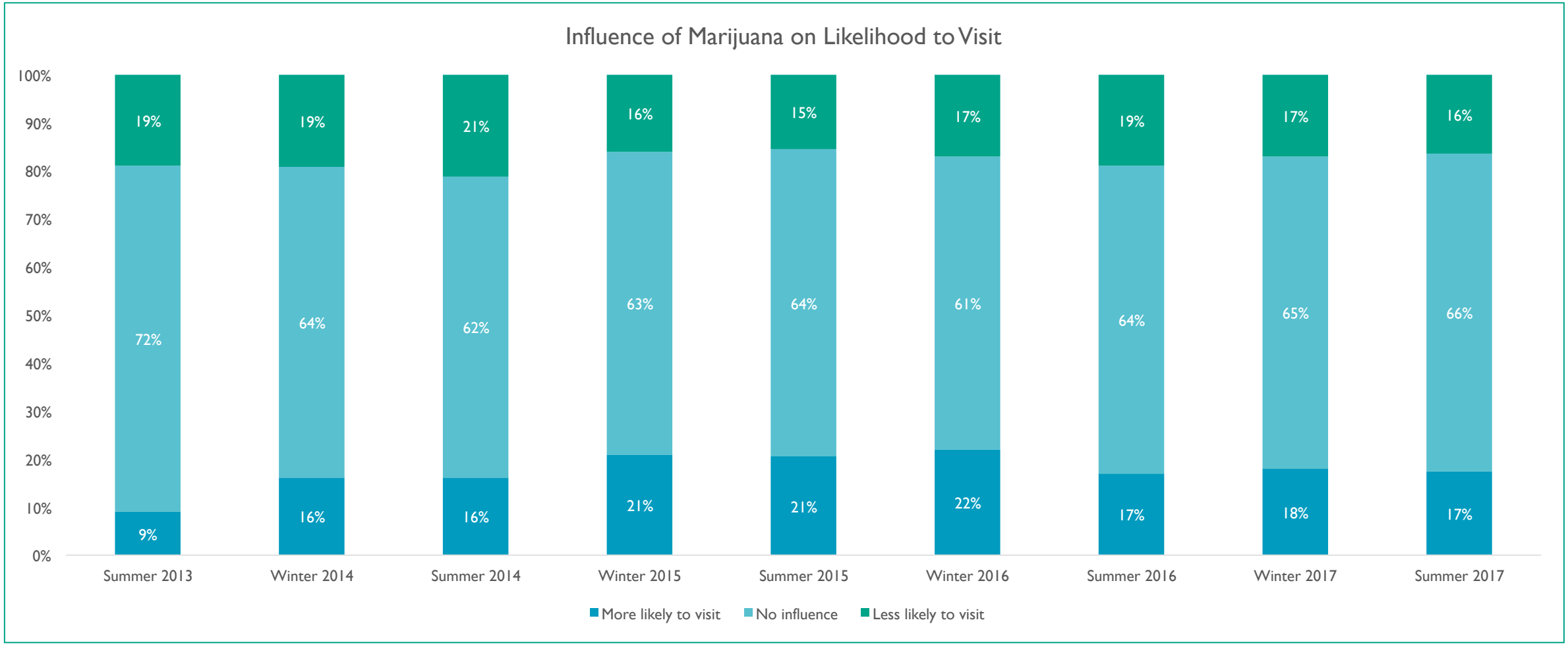
ACTUAL + INDIRECT COSTS OF REGULATION

Description	Regulated Marijuana Costs
FY16 BMO Budgeted Costs	$ 9,055,127
FY16 Actual Costs above Budget	$ 2,184,536
FY16 Actual Costs Related to Additional Depts	$ 2,082,253
FY16 Actual Citywide Indirect Costs	$ 2,621,356
	$ 15,943,272

TOURISM

Source: Colorado Tourism Office

INFLUENCE OF CANNABIS ON FUTURE TRAVEL



INFLUENCE OF CANNABIS ON VISITATION

Impact of Marijuana Availability	Winter 2016	Summer 2016	Winter 2017	Summer 2017
The availability of legal marijuana made me less interested in Colorado but I came anyway	14%	8%	15%	13%
The availability of legal marijuana had no influence in my decision to visit	64%	77%	64%	62%
The availability of legal marijuana was one of many reasons I was interested in visiting Colorado	10%	7%	10%	7%
The availability of legal marijuana made me somewhat more interested in visiting Colorado	8%	5%	8%	14%
The only reason I visited Colorado was the availability of legal marijuana	5%	3%	3%	4%

EMPLOYMENT & REAL ESTATE IMPACTS

DENVER WAGES & STAFFING

- Similar to retail and agriculture sectors

- Production employment
  - About 1,000 jobs
  - Average wage: $18.50/hr.
    - Compare to $24.50/hr. for similar sector employees

- Medical Center / Retail Store employment
  - About 3,000 jobs
  - Average wage: $15.50/hr.
    - Compare to $17.40/hr. for similar sector jobs.

Source: Denver Office of Economic Development

EMPLOYMENT

Employment in Colorado Caused by Legalized Marijuana

2014		2015
9,936 jobs	Direct (FTE) employment created	12,591 jobs
+		+
2,285 jobs	Indirect employment created	2,896 jobs
+		+
1,987 jobs	Induced employment created	2,518 jobs
14,209 jobs	Statewide employment created	18,005 jobs

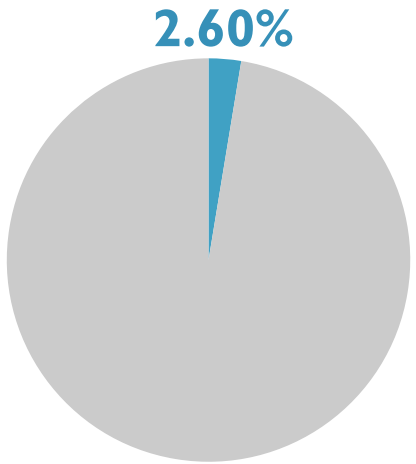
Number of direct employees by industry segment (FTE)

4,407	Retail operations
2,770	Administration
2,015	Manufacturing
1,889	Management
1,511	Agriculture specialists

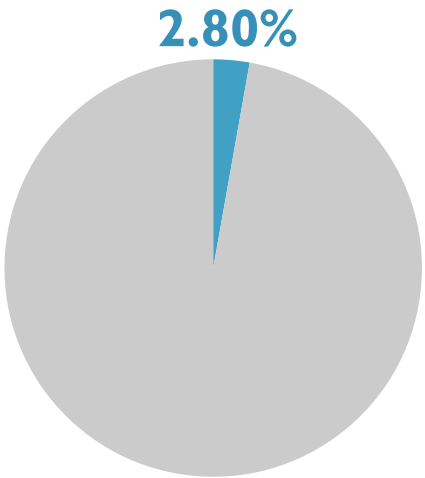
Source: Marijuana Policy Group

COMMERCIAL REAL ESTATE

Warehouse space occupied by cannabis businesses



Retail space occupied by cannabis businesses



Marijuana businesses accounted for 36% of industrial absorption 2009-2014
Source: CBRE 2015

Source: Marijuana Policy Group

COMMERCIAL REAL ESTATE

- Absorption + change in value
  - About 5M sq. ft. of commercial space
  - Values doubled; Leases increased 50% or more
- Other (non-cannabis) contributing factors
  - Recovered economy
  - Reinvestment/revitalization
  - FasTracks and TOD
- Significant share of new commercial leases/space
  - Generally non-institutional owned nor bank financed properties
    - Class B & C retail

Thank You

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