



2021

**Recreational Marijuana
Supply and Demand
Legislative Report**

Oregon Liquor Control Commission

February 1, 2021

Executive Summary

Pursuant to [ORS 475B.548](#), the Oregon Liquor Control Commission (OLCC) is required by law to report to the Legislature the amount of marijuana produced by Recreational Producers and bought by consumers in Oregon from Recreational Retailers. The 2021 edition of the biennial Supply & Demand Report also includes an analysis of Oregon Medical Marijuana Program (OMMP) demand based on data entered into the Cannabis Tracking System by larger medical grow sites. This report does not analyze personal home grow marijuana nor the illicit market.

This report finds that since the study period of the 2019 Supply & Demand Report, production has increased by 78% while the amount of cannabis sold increased by 150%. This comparatively larger increase in consumption has helped boost demand from 50% of total annual supply to 65%.

The Oregon cannabis market has achieved a more sustainable price level for Producers while consumer prices have remained low. However, aggregate supply continues to exceed annual demand, despite a historic level of sales in Oregon in the months following COVID-19. While the supply of usable marijuana has tightened, the supply of cannabis extracts and concentrates, which are comparatively shelf-stable and have been buoyed by cheap input prices, have remained abundant.

The growth trajectory of cannabis demand in 2021 and beyond is highly uncertain. If not for COVID, growth in demand in 2020 would have almost certainly been flatter. If consumers return to the patterns of consumption they exhibited pre-COVID, demand will almost certainly decline or flatten in 2021. If, however, at least some aspect of COVID-era consumption persists as a “new normal,” demand will likely remain stable or increase. In either case, demand in 2021 is unlikely to exhibit the same levels of growth that 2020 saw.

Supply, on the other hand, will almost certainly grow at higher rates in 2021. Although Senate Bill 218 in the 2019 Legislative Session established a moratorium on Producer licenses, the law only affects applications submitted after June 15, 2018; the OLCC is still processing the final batch of applications received by that deadline. The number of issued Producer licenses increased by only 30 between December 2019 and December 2020 – but due to efforts by the OLCC to clear its application backlog, this number may grow by as much as 100 before April 2021. The amount of cannabis harvested in 2020 increased by 37% compared to 2019, and a growth in Producer licenses will continue this trend of increasing supply.

With the prospect of increasing supply, flattening growth in demand, and a large pre-existing baseline of extract/concentrate inventory, it is unclear how long the market’s healthy balance will continue to play out. If demand flattens or declines at the same time that supply continues to rise, competition among Producers may drive wholesale prices back into the price spiral seen in late 2017.

Oregon cannabis licensees have proven themselves adaptable and resilient, whether in the face of price shocks, historic wildfires, or a once-in-a-century pandemic. Regardless of what happens over the next two years, the current state of the OLCC cannabis market is much improved over early 2019. And as the last two years have shown, licensees are likely to adapt to any challenges that arise.

To obtain a paper copy of this report contact the Oregon Liquor Control Commission’s Recreational Marijuana program at marijuana@oregon.gov. Published online at <https://marijuana.oregon.gov> under the “Legislative Reports” header.