



IGNITE IT LOS ANGELES 2026

California Market Overview 2026

Signals From a Shifting Market

A look at California's changing cannabis market — the category trends reshaping the shelf, the headwinds still weighing on growth, and the red flags worth watching.

WHERE CALIFORNIA SITS

Still the largest cannabis market in the country

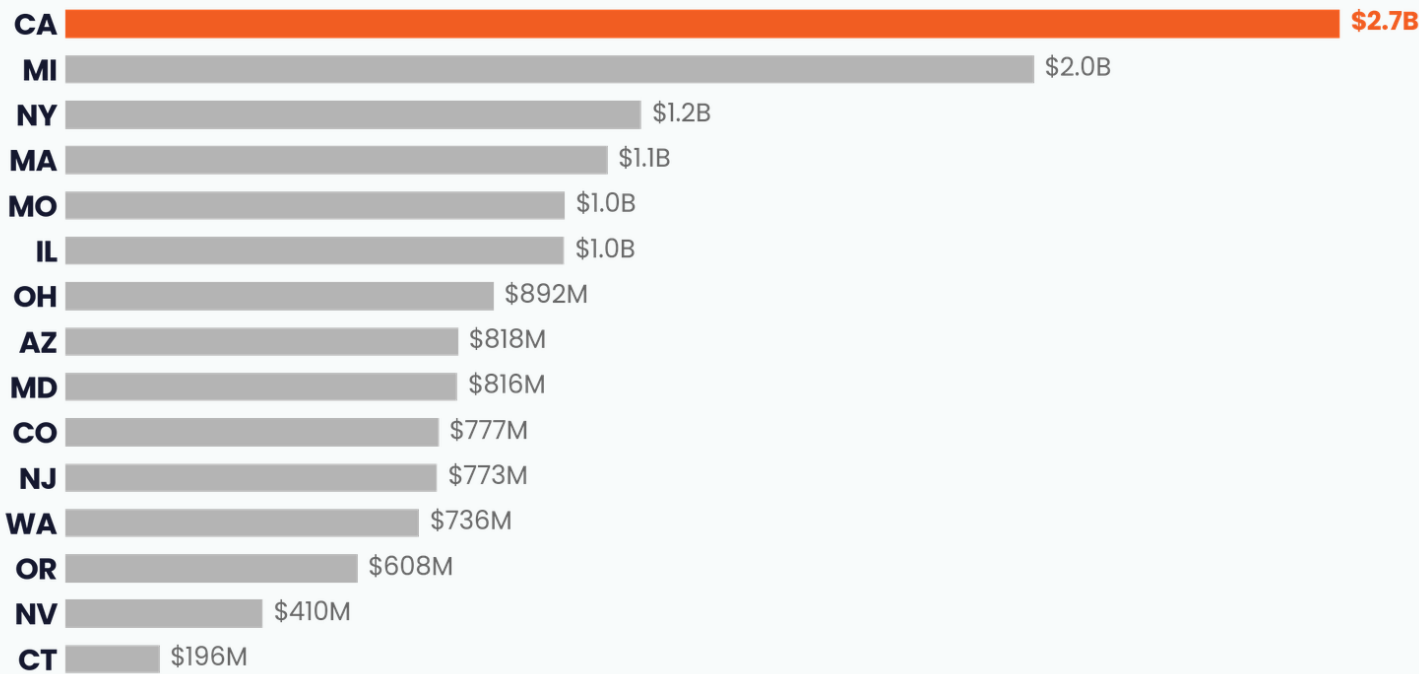
Total sales by state, Jan–Aug 2026

CALIFORNIA, JAN–AUG

\$2.7B

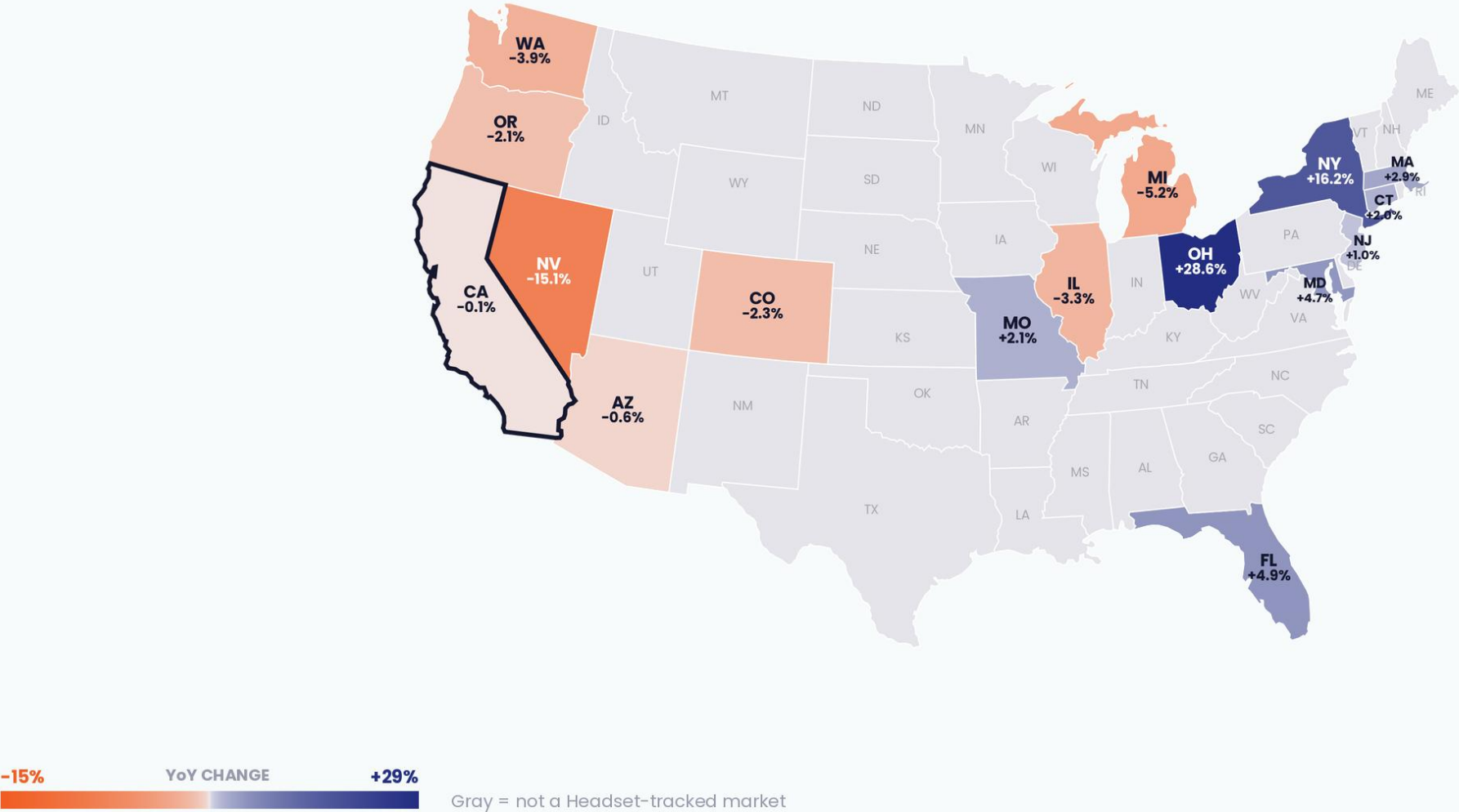
Larger than Michigan and Massachusetts combined. Everything else in this briefing happens inside that number.

Still the biggest prize in the country, by a wide margin.



The country splits almost evenly between growth and decline

YoY dollar sales by state, Jan–Aug 2026 vs 2025



WHERE CALIFORNIA IS NOW

Four years of decline, each one landing within a point

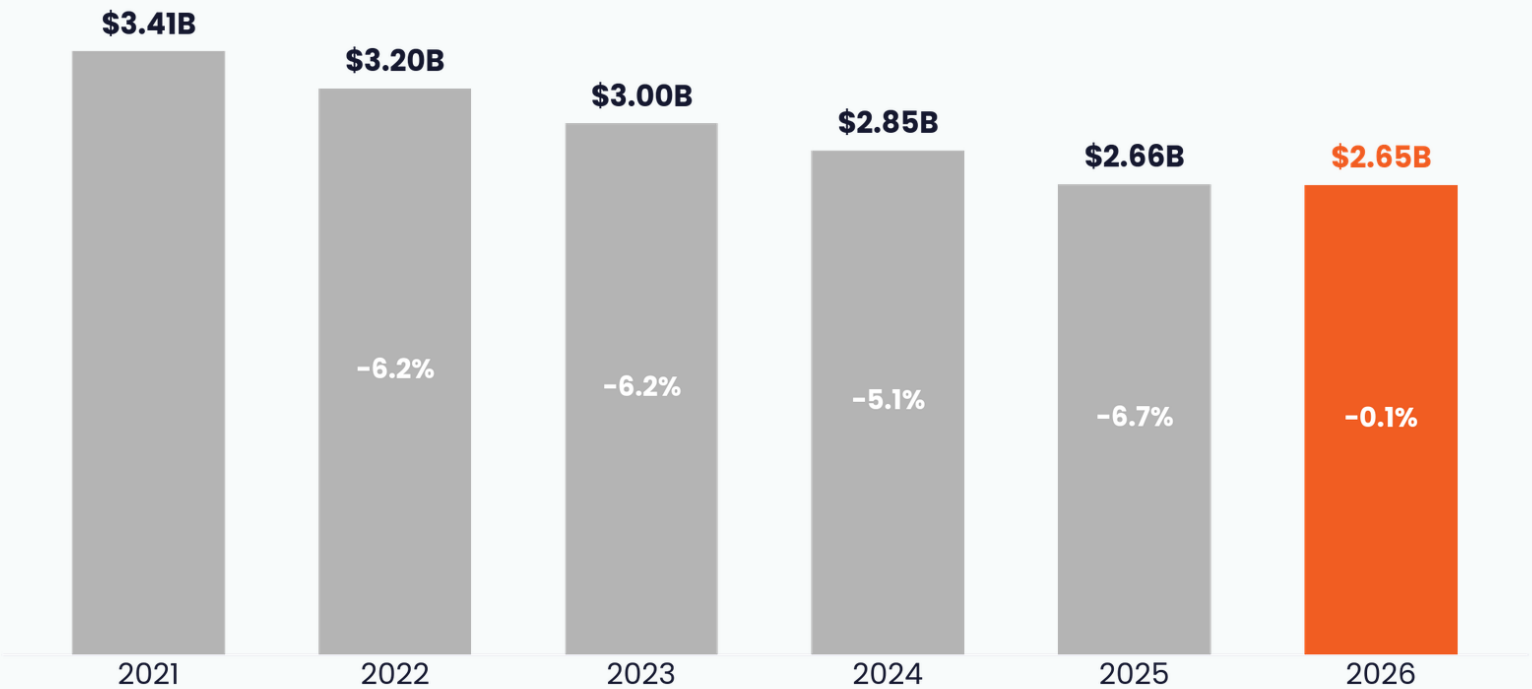
California total sales, Jan–Aug of each year (\$B)

SINCE 2021

-22%

\$753M gone since the 2021 peak. High taxes, illicit competition, and relentless price compression did the damage.

That's the backdrop for everything that follows.



Then, in May, it stopped shrinking

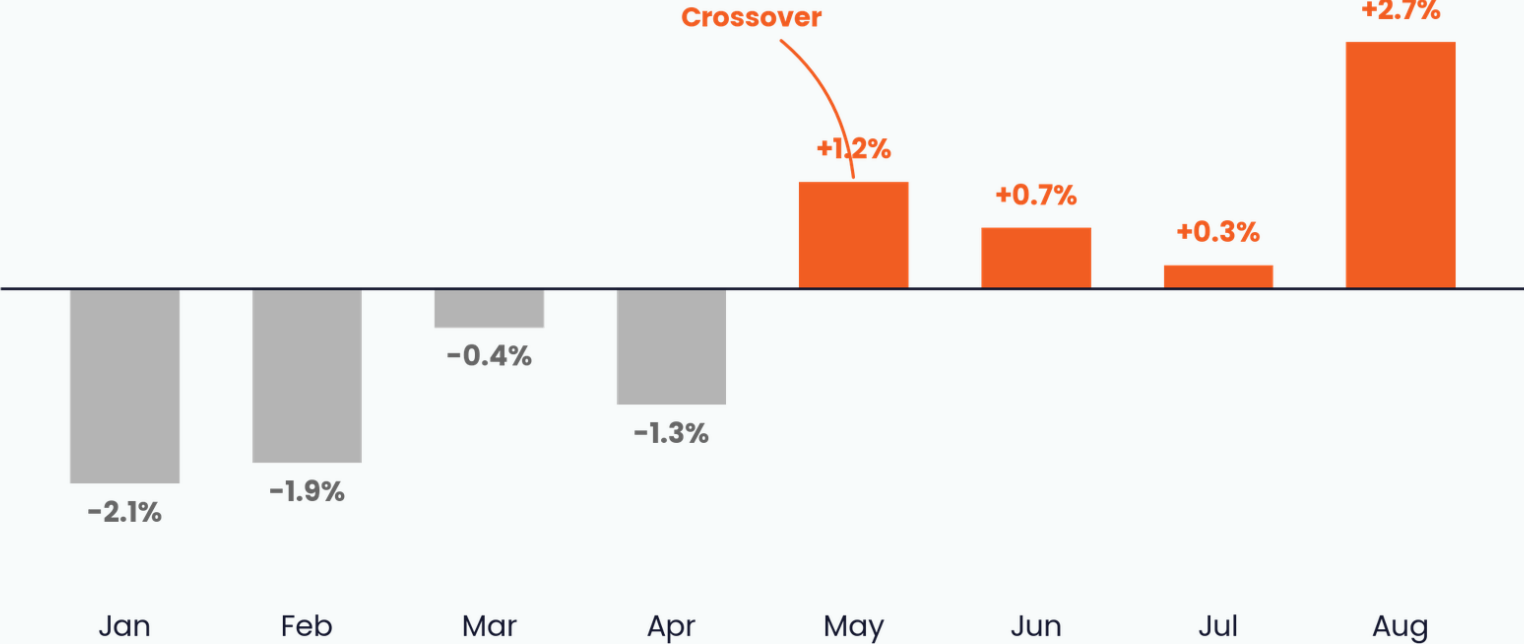
YoY change, each 2026 month vs the same month in 2025

AUGUST 2026

+2.7%

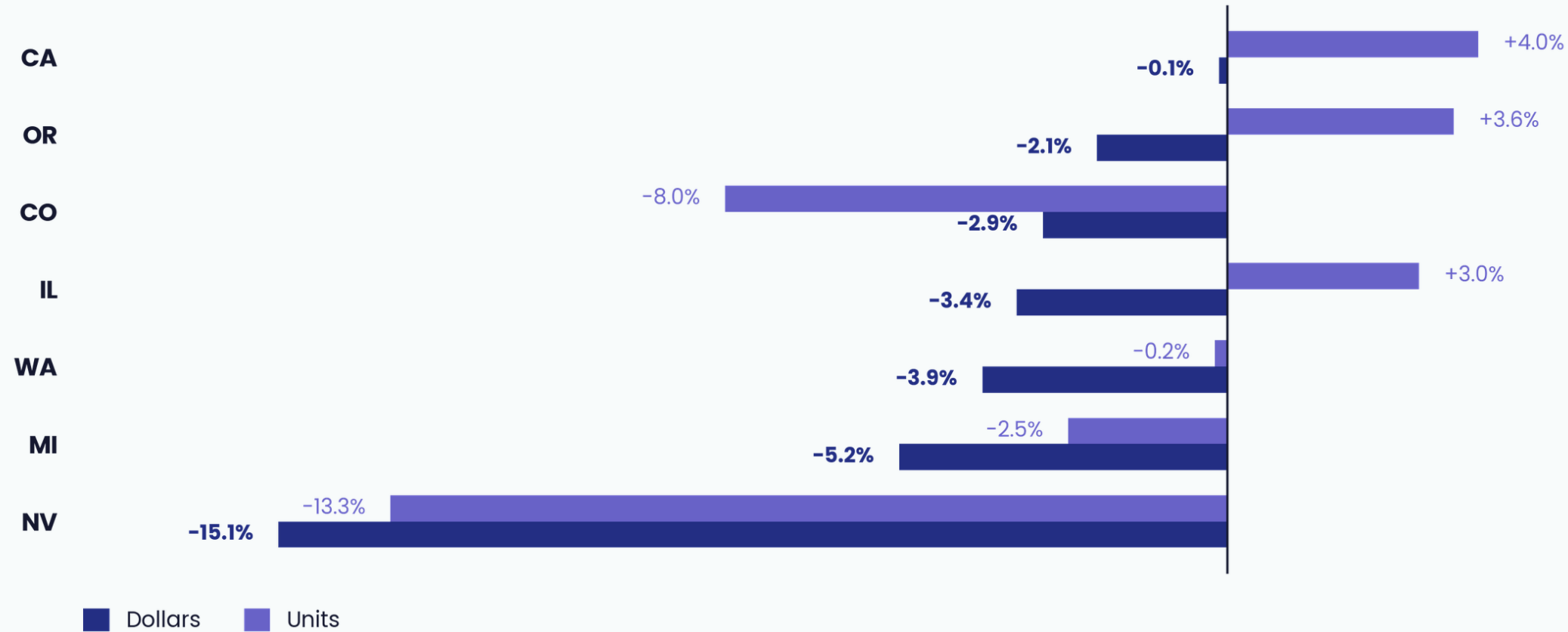
The strongest month of the year, and the fourth straight month of growth after fifty consecutive months of decline.

This isn't an averaging trick. It shows up every month.



Growing unit volume is offsetting the decline in sales?

YoY change in dollars and units, Jan–Aug 2026 vs 2025



Record total unit sales in 2026

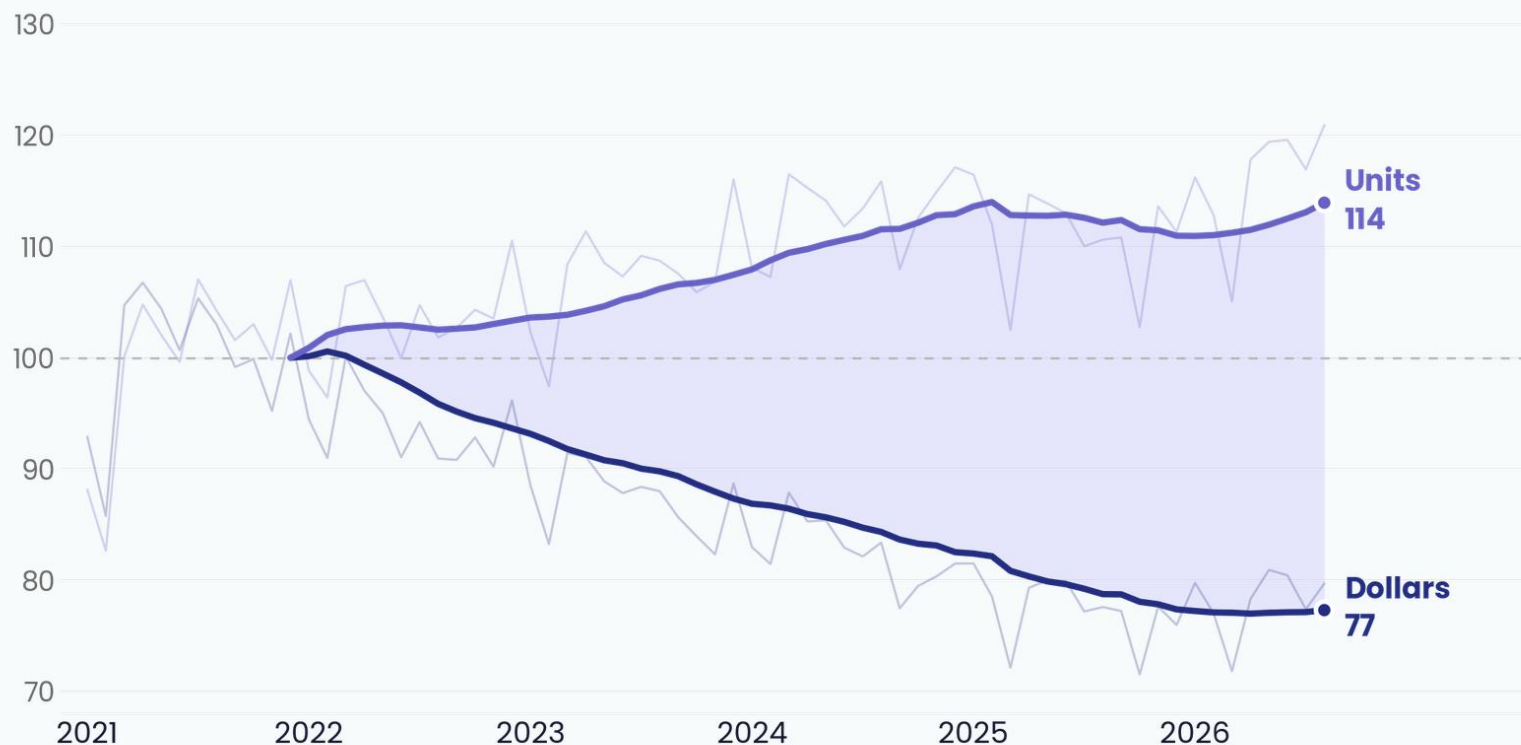
Sales and units indexed to the 2021 monthly average = 100

VS 2021 AVERAGE

+14%

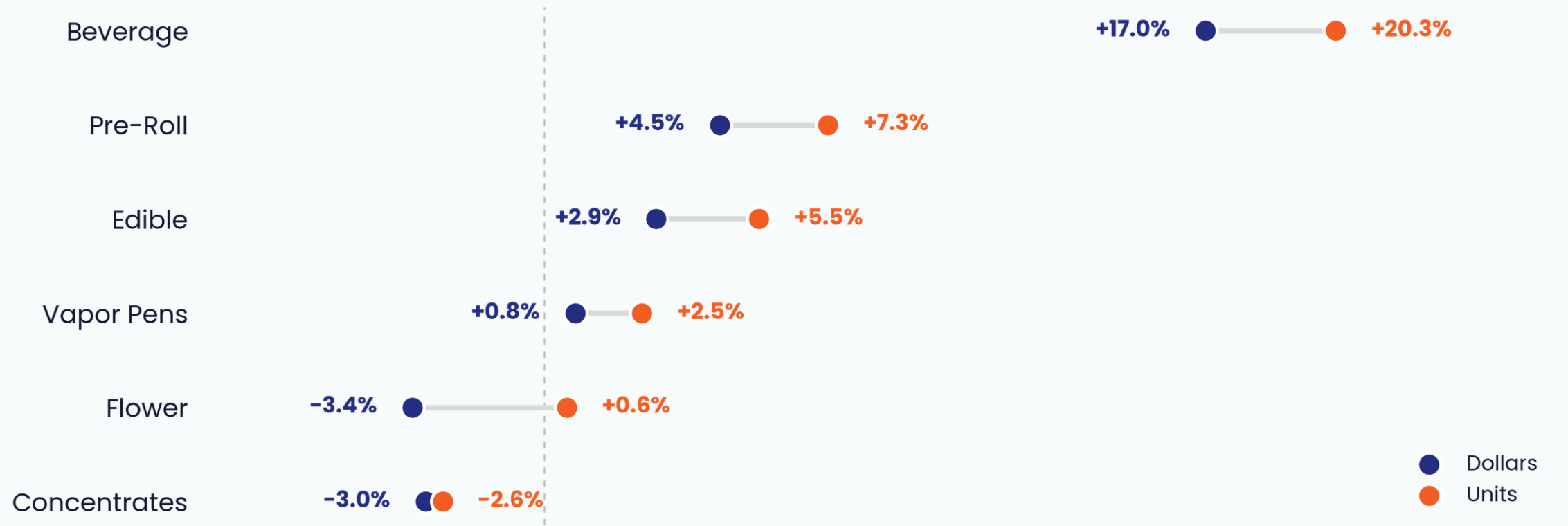
Units are 14% above the 2021 average while dollars sit 23% below it. Cheaper cannabis grew the customer base, it didn't just redistribute spend.

A market with a pricing problem, not a demand problem.



Every major category sold more units than its dollars suggest

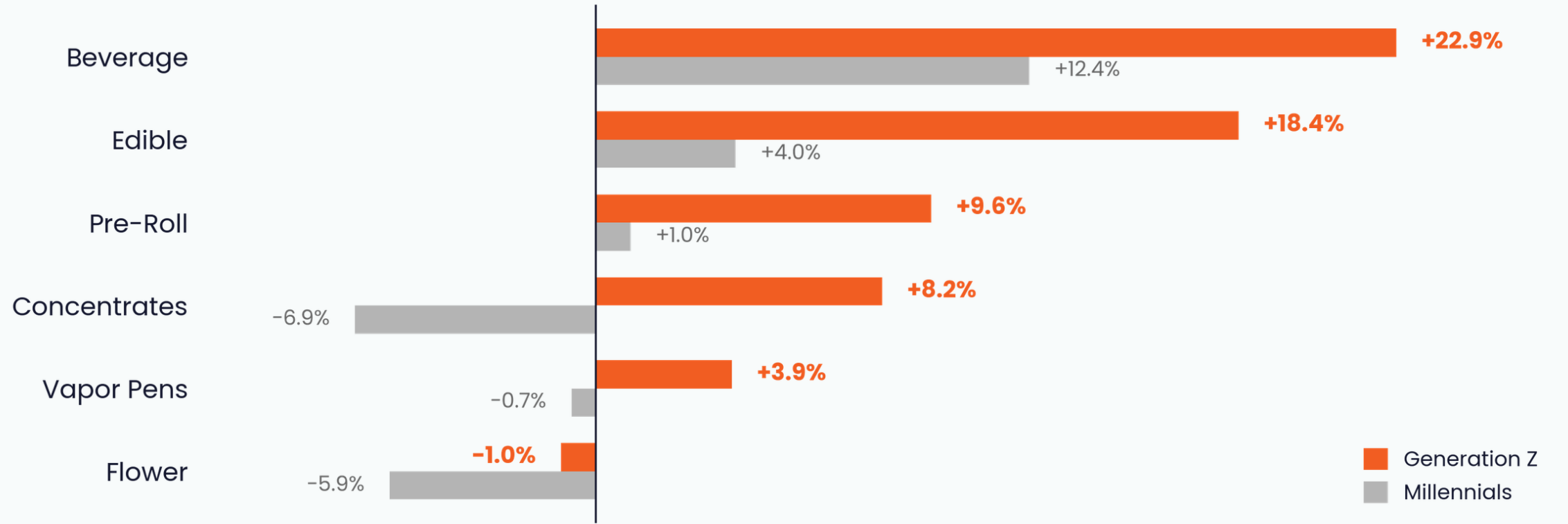
California YoY change, Jan–Aug 2026. The gap between the dots is price



WHO'S DRIVING THE RECOVERY

Gen Z is the only age group growing sales

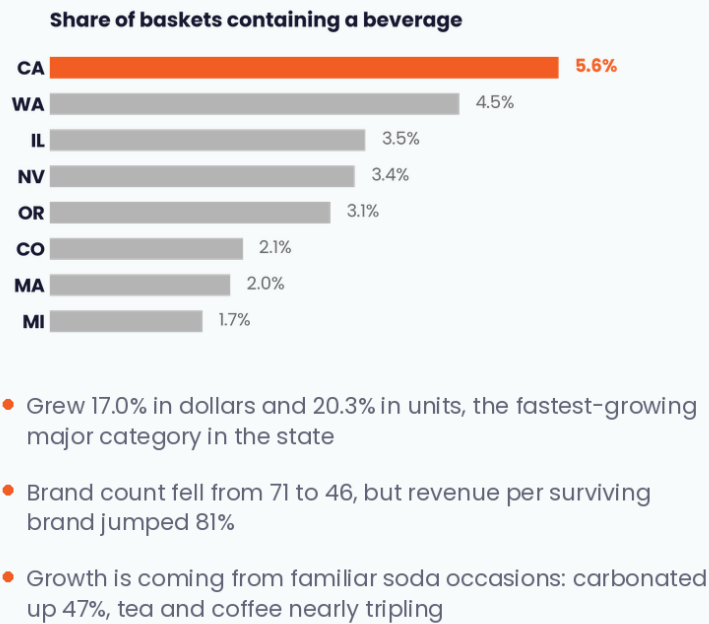
YoY change in category spend by generation, Jan–Aug 2026



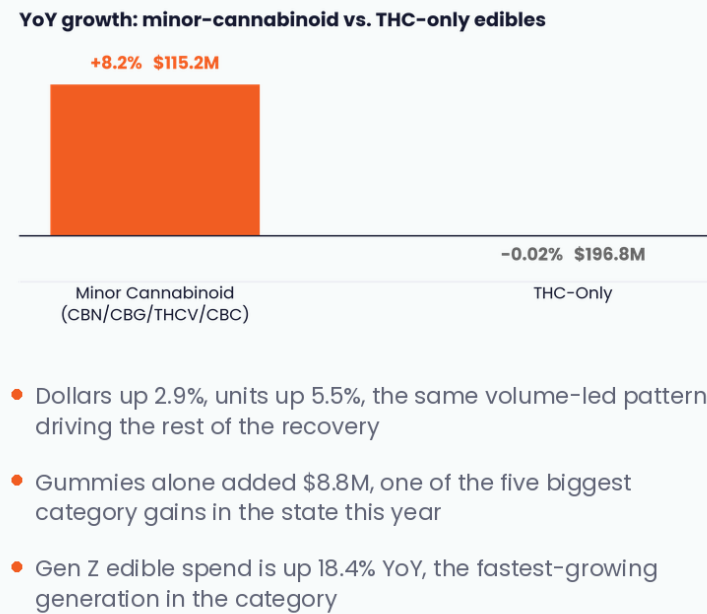
Category Trends

What's growing inside Beverage, Edibles, and Pre-Rolls, Jan–Aug 2026

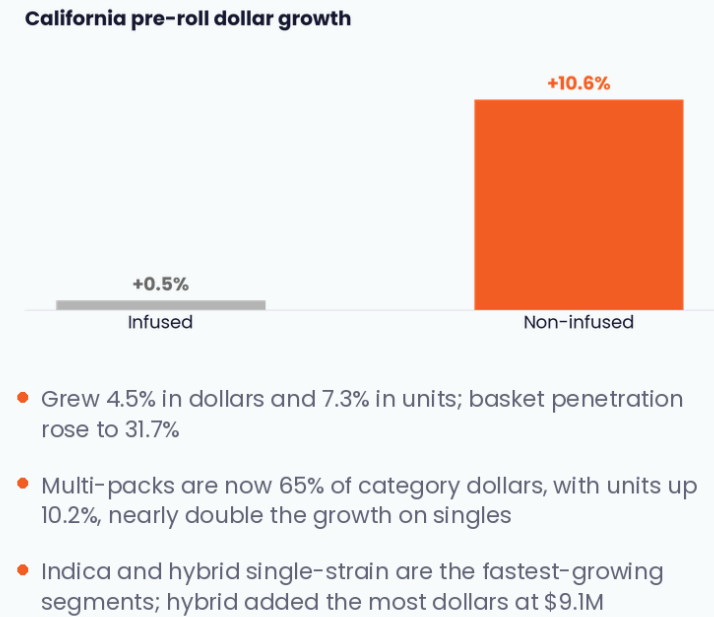
Beverage



Edibles

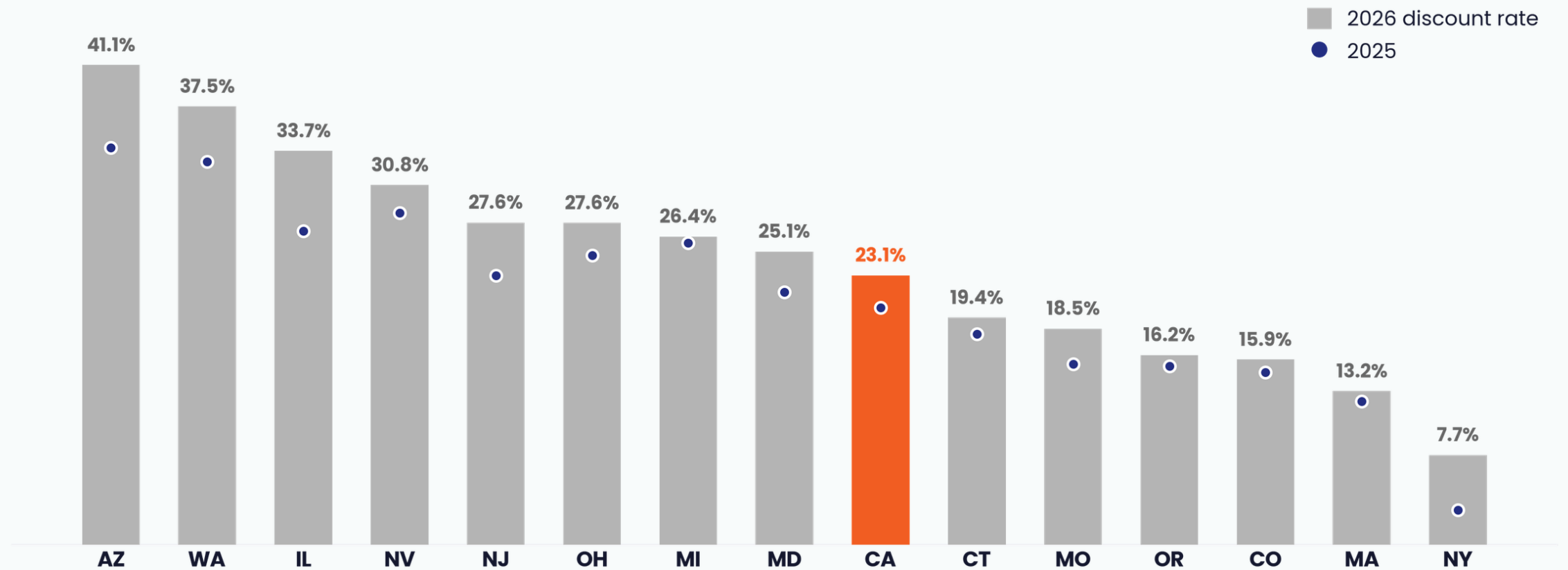


Pre-Rolls



California discounts less than most, but the gap is closing

Discounts as a share of gross sales, Jan–Aug. Dots mark 2025



WHAT TO TAKE FROM THE DATA

Four things to remember

01

California stopped shrinking, and it's real demand.

Fifty straight months of decline ended. Cheaper cannabis pulled in real consumption, units are 14% above the 2021 average.

02

The growth is being financed by discounts.

Gross sales are up 3.5%. Net sales are flat, because the discount rate climbed to 23.1%. That's a ceiling, not a floor.

03

The shelf turned over, so the next year is still open.

Position and format-fit are beating brand size right now. The operators who move on the data first take the share that's opening up.

04

Gen Z is the growth engine, and categories are following their tastes.

They're the only generation adding dollars in California, up over 20% in Beverage and Edible. The fastest-growing categories are the ones they already prefer.