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Press Release

Medical Marijuana Market Gains Traction

\$2.2 Billion Market Poised For Strong Growth, Says Marketdata

Tampa FL, October 2, 2013: Marketdata Enterprises, Inc., a leading independent market research publisher of “off-the-shelf” studies about service industries since 1979, has released a new 129-page report entitled: **The U.S. Medical Marijuana Market** . This is a new market study about a growth market that is ready to explode, if the Feds cooperate. The study examines the operations of medical marijuana retail dispensaries, cultivators, lab testing services, hydroponics equipment and other ancillary services.

There are the about 1,700-2,000 medical marijuana retail dispensaries in the United States, operating in a very uncertain but improving environment. 20 states have legalized medical marijuana, but “patients” must meet strict criteria and register with state agencies. There are 28 million Americans that potentially could benefit from using medical marijuana, mostly for chronic pain, chemotherapy-related nausea, and other conditions.

“The industry is fragmented, populated by small competitors and development stage companies hoping to strike it rich, including 11 public penny stock companies. Shifting public opinion and tax revenue-hungry states are fueling optimism about the medical marijuana (cannabis) market, but significant hurdles remain. Until recently, since pot is still considered illegal at the Federal level, marijuana retail dispensaries were subjected to raids, fines, closures and imprisonment.”, according to Research Director, John LaRosa.

Major Findings:

- Marketdata estimates that the U.S. medical marijuana market will reach \$2.25 billion this year, and triple to \$6.8 billion by 2018, as more states legalize it and new facilities come on line. The market is larger than just the sales of retail dispensaries, encompassing: cultivators (growers), testing laboratories, hydroponic equipment, security services, head shops, computer software, legal, accounting, consulting and marketing services.
- A total of 948,000 people nationwide have registered with state agencies to be approved users of medical marijuana. They must meet certain criteria to qualify as “cardholders”. This is a fraction of those who might ultimately sign up.
- There are an estimated 28.7 million Americans suffering from chronic pain, ALS, AIDS, MLS, chemotherapy related to cancer, and other medical conditions for which medical marijuana can provide relief. Pain accounts for the lion’s share of 70% of them. Medical marijuana is seen as a better alternative to addictive painkillers such as Oxcontin that are frequently obtained at “pill mills”, and at a fraction of the cost.
- The laboratory test market is estimated by Marketdata to be worth \$70 million, with 15-20 labs competing nationwide. However, with the expected market growth, this should triple to \$210 million by 2018. Lab testing for THC potency levels and for contaminants such as e-coli and pesticides will be crucial. Patients must be sure that the product is safe and they are getting the proper dosage.
- The hydroponics equipment market segment provides the critical infrastructure needed to grow various strains of medical marijuana. Equipment is sold to both private households and commercial growers. This market is controlled by four large wholesalers and is worth about \$480 million per year.
- This market is populated by small mom & pop companies, especially for edibles and marijuana-infused drinks. Most dispensaries only average \$450,000 in yearly sales, but this will change as the market grows, especially in California and Colorado. We’ll likely see “roll-ups” and major consolidation over the next five years, as successful companies acquire smaller fish.

- The market's potential must be judged on a state-by-state basis, and is dependent upon state, local and city regulations and enforcement actions. There are an estimated 700+ dispensaries in Los Angeles alone, but most don't qualify as bona fide operations. Marketdata expects to see at least 350 of them close by the end of the year, with business shifting to the 134 facilities on the approved list, or locating just outside the city limits.

"The winds of change are fueling new optimism for medical marijuana markets. More states are legalizing it, TV medical correspondent Dr. Sanjay Gupta stated that it has very legitimate applications in medicine, and the states, battered by the recession, are looking at the industry for tax revenues. This, combined with the Justice Department's relaxed stance toward dispensaries and willingness to assist with establishing banking and credit card relationships, adds up to a lot of positives for this market.", according to John LaRosa.

ABOUT THE REPORT:

The U.S. Medical Marijuana Market, published in October 2013, is an independently researched "off-the-shelf" study. The study is 129 pages in length, has 27 tables, and costs \$995. It is also sold by individual chapters at lower cost. This study examines the TOTAL medical cannabis market structure and history (incl. ancillary market segments), federal/state regulation, \$ revenues/growth: 2011-2018 F, market segments (dispensaries, cultivators, lab testing, hydroponic equipment, edibles, head shops, ancillary services), key market trends and issues, state market potentials/outlooks, consumer demand factors/demographics, and operating ratios.

26 pp. Executive Overview available to the general public for \$99.

ABOUT MARKETDATA

Marketdata Enterprises, Inc., is a 34-year old independent market research and consulting firm that publishes market and industry studies covering a wide range of service businesses. John LaRosa is available for interviews (813-907-9090). A free report table of contents is available by mail, Fax., email or the Web. Contact: Marketdata Enterprises, Inc., 8903 Regents Park Drive, Suite 120, Tampa, FL 33647, or see www.marketdataenterprises.com

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