

As Recreational Cannabis Flourishes in California, Investors Put Down Roots

The Golden State's law for recreational cannabis use may be only six months old, but it has already established marijuana as a business for California . . . not only for the here and now, but in terms of the projected growth as well.

A new report by Arcview Market Research and BDS Analytics ("The State of Legal Marijuana Markets") estimates that legal cannabis sales will surpass \$5.1 billion next year. When one considers that the report also projects the country's overall market value to come in at \$23.3 billion by 2022, that early \$5 billion from California is even more noteworthy.

Even before the recreational law took effect, California was home to over one million medical cannabis patients (the state has around 40 million residents overall). So it may be unsurprising to hear that the state's slice of the marijuana market makes up around a third of North America's legal cannabis pie. By the end of this year alone, California is expected to see \$3.7 billion in sales.

Framed another way, and perhaps even more eye-opening, analysis by Cowen & Co. (and reported on by the CFN media group) paints a picture of a \$50 billion national cannabis market by 2026. And California's contribution to that mega-figure is expected to be a cool half . . . \$25 billion.

Federal prohibition may dissuade some investors, but many are stepping right up

When there's the promise of big business, there's the likelihood of investor interest. Despite the fact that marijuana remains a Schedule I drug as classified by the U.S. Drug Enforcement Administration (DEA), and therefore possessing it, using it, or selling it remains illicit at the federal level (which makes things like traditional banking a thorny issue), investors are lining up and forking over some green to secure a place in the California market — and they're not all American companies.

For example, CannaRoyalty Corporation is a Canadian company (and not the only investor hailing from the north) that is back in California's leafy green harvest with fiscal green of its own.

CannaRoyalty recently acquired Alta Supply (a company specializing in medical cannabis), Kaya Management (a company producing vaporizers and edible marijuana products), and RVR (a company that runs a large distribution network of recreational and medical marijuana). And this past spring, CannaRoyalty picked up Flora-Cal Farms, a California company producing "ultra-premium" cannabis products.

High Hampton Holdings poised to be a major figure in CA's canna-landscape

If you're in California's cannabis industry and haven't yet heard of Bravo Distro, give it some time. Bravo Distro is a marijuana distributor here at home, and, like legal cannabis itself, it's growing fast. Recently, the High Hampton Holdings Corporation announced an agreement with Bravo Distro and its parent company, 8 Points Management, to buy up all shares of both companies, thereby opening the key Sacramento distribution door for High Hampton.

In explaining the investment strategy, High Hampton's CEO David E. Argudo had this to say to Marijuana News: "Securing distribution is a crucial, if not the most important, component of a successful business model for the California cannabis market. At 8 Points Management we have found a well-positioned operator that offers a full-service distribution model for our industry that will help us establish access to major distribution hubs in strategic locations throughout California, including a prominent location

West Sacramento.”

Argudo added: “Their team is renowned for already starting and operating another highly successful cannabis distribution outfit and together, we are poised to succeed in building a leading cannabis distributor in California.”

Triple-H breaks ground in Coachella

Additionally, the CoachellaGro Corporation, owned by High Hampton Holdings, is in the process of developing a 10-acre parcel of land with the intent to create a marijuana industrial park. Two months ago, the company received the all-important conditional use permit for the cultivation of marijuana from the City of Coachella’s Planning Commission.

Argudo noted: “With a conditional use permit for CoachellaGro in hand, we have created instant added value for this asset which will remain the cornerstone of our business model and be complemented by the aggressive acquisition process we have begun this spring as we consolidate the California cannabis market.”

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