



## ULI Chicago's Front Stoop Series

### “Cannabis in Illinois: Trends, Developments, and Opportunities”

#### A Conversation with:

John Gaines, *Director*, Newmark

Dina Rollman, *Senior Vice President of Government Affairs*, Green Thumb Industries

William Shih, *Policy Advisor*, City of Chicago

Stew Weiss, *Attorney*, Elrod Friedman LLP

On November 4, 2021, ULI Chicago engaged in a virtual discussion on “Cannabis in Illinois: Trends, Developments, and Opportunities” as part of our Front Stoop Series. Legal, policy, cannabis and real estate industry experts discussed how recent cannabis legislation, the issuance of new cannabis business licenses by the State of Illinois, and continued trend toward relaxation of local land use regulations are impacting commercial real estate activity in the region. The following is a summary of the discussion.

#### **Innovation Potential**

An incredible amount of innovation is happening in cannabis right now with new products and land uses being introduced to the marketplace. This innovation will continue as more states and jurisdictions legalize adult use and additional research is done on the plant. Because cannabis remains federally illegal, research and funding has been hampered and the industry still has much to learn. There are multiple categories of users that the industry caters to: the “Canna-curious” who may be trying it for the first time; the loyal base who will continue to purchase their favorite products; and, finally, those looking for something new. Edibles were the most popular product when adult use was first legalized in Colorado, but experienced users are now looking for new products. Innovation can be endless in both medical and recreational use contexts.

#### **Cannabis Litigation, Legislation and Social Equity**

New dispensary licenses are currently being held up by litigation in Cook County and, therefore, approvals from the state are held up as well. The following Chicago Tribune article was referenced in the discussion. [Suits challenging Illinois cannabis licensing process to be consolidated - Chicago Tribune](#)

There has been a large focus in Illinois on legislation to promote more social equity in the cannabis industry. Chicago recently amended the Cannabis Zoning Ordinance to update allowable land uses and reduce Downtown exclusion zones. The goal of the new ordinance was to simplify the process to streamline the entitlement process. The original plan was to add 7 dispensaries in 7 zones for a total of 49. But there are only 13 now in the City of Chicago and plenty of room for the next round of licensures. There is concern that new operators in the cannabis space do not have the same access to real estate knowledge, sources of debt and equity that the large, multi-state operators do. Without capital, it is difficult to get started. Also, existing medical cannabis dispensaries had an advantage once they were permitted under law to open a second site for adult use sales at a different location.

#### **Consumption Lounges**

Green Thumb Industries (GTI) was the first dispensaries to open a consumption lounge in Illinois (an earlier consumption lounge opened downstate but was not connected to a dispensary). The consumption lounge followed from a great partnership between GTI and the City of Mundelein. The consumption lounge provides the opportunity to learn about the product and then walk next door and use it in a social setting with friends.

Asked if the panel thought cannabis delivery would eventually hinder dispensaries and consumption lounges, the panelists responded that they do believe delivery will become more common as the market matures. However, people still want to see the product, ask questions and have that instant access and gratification rather than wait for it to be delivered to their homes. In addition, as the stigma changes and the tax dollars come in, municipalities are more receptive to approving new dispensary and consumption lounge locations.

Summary Written by Robin Rieck, *Project Executive*, Norcon, Inc. and Liz Butler, *Attorney*, Elrod Friedman LLP