

New York State's First Legal Cannabis Store Opens in Former Gap

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Housing Works Cannabis Co. became the state of New York's first legal cannabis store when it opened on Dec. 29. The 4,400-square-foot space opened last week in a former Gap near Manhattan's Astor Place. Asking rent was about \$200 per square foot per year when the tenant signed its lease.

The state chose Housing Works as one of its first licensees because the nonprofit, which fights AIDS and homelessness, purposefully hires employees who have connections to previous criminal prosecution for illegal marijuana sales. The state's first legal recreational cannabis stores will be opened by business operators who have cannabis convictions or by nonprofits that serve people affected by the "unequal enforcement of cannabis prohibition." To qualify, nonprofits need to have at least one board member who as had interactions with the criminal justice system as a defendant and need to create job opportunities for those with marijuana convictions.

The state has issued 36 legal recreational cannabis retail licenses and had said 20 legal cannabis stores would open statewide by year-end 2022. Housing Works Cannabis, represented by Katz & Associates director Sean Philipps, is the only one that has opened. However, the state has hired CBRE to find 150 sites for marijuana stores and to help negotiate leases for operators. The state also will offer design help to entrepreneurs who have been convicted of marijuana-related offenses or whose relatives have been found guilty of crimes connected to marijuana.

Housing Works also operates a chain of charity thrift stores in New York City and expects to see \$1 million in pretax sales revenue at the Astor Place store in its first year. The nonprofit also plans to train a new generation of marijuana entrepreneurs, offering them the business experience necessary to open their own licensed shops.

New York state will be the largest new market for legal recreational cannabis in 2023, cannabis retail sales tracker BDSA predicts. The firm said 45% of adult residents surveyed in fall 2022 claimed to have consumed cannabis in the previous six months, a 17% increase over fall 2021. An additional 27% of New York adults indicated they're likely to consume in the future.

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