

# New Mexico's Cannabis Market *Supply & Demand Analysis Report*

**June 2025**

Prepared For:  
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# Executive Summary

## Supply Analysis

Between April 2022 and February 2025, CPPC analyzed over 85 million retail cannabis sales records from BioTrack to assess market trends, prices, and product demand. Across four major product categories, flower, pre-rolls, concentrates, and vapes, the weighted average prices fell dramatically, with concentrates and vapes experiencing over 70% declines. Market share for these products also shifted: demand for flower and pre-rolls decreased by over 11%, while sales of concentrates and infused products grew steadily. These shifts likely reflect increased market efficiency and heightened competition driven by a high volume of licensed operators. Key findings from this supply analysis include:

- Between April 2022 and February 2025, the weighted average price per gram fell significantly across all major product categories: concentrates declined by 77.33%, vapes by 74.26%, flower by 61.92%, and uninfused pre-rolls by 48.17% (note: all prices before sales or excise tax).
- Cannabis flower and uninfused cannabis flower pre-rolls accounted for 58.36% of total all-time sales in dollars. Cannabis concentrates and cannabis vapes accounted for 26.65% of total all-time sales in dollars. In total, the four cannabis product groups accounted for 85.01% of total sales in dollars.
- Overall demand for cannabis flower and uninfused cannabis flower pre-rolls, as a percentage of total sales in dollars, has declined from 63.92% in April of 2022 to 52.81% in February of 2025.
- Overall demand, as a percentage of total sales in dollars, for cannabis concentrates, cannabis vapes, and cannabis infused with concentrates, has increased. Cannabis concentrates and cannabis vapes, as a percentage of total sales in dollars, has risen from 25.19% in April of 2022 to 29.66% in February of 2025. Cannabis infused with concentrates, as a percentage of total sales in dollars, has risen from 0.19% in April of 2022 to 5.07% in February of 2025.
- **The falling price of cannabis products and the shrinking total market share of flower are likely the result of increased competition and improved efficiency in the market.**
- **The price of cannabis products dropping rapidly and the share of flower shrinking as a percentage of total market share are likely a result of competition and efficiency of the market.**

## Demand Analysis

CPPC's demand analysis indicates that New Mexico's legal cannabis market is performing strongly and capturing the majority of consumer demand. Both medical patients and non-medical consumers primarily purchase from legal sources. While gray and illicit markets persist, their role in total market activity is limited. These patterns suggest that New Mexico's cannabis program is operating as intended by shifting demand into the legal market, supporting patient access to safe, regulated cannabis products, and reducing total purchases from unregulated sources. Key findings from the demand analysis include:

- Most cannabis purchases, by both medical patients and non-patients, occur in the regulated licit market, which remains the dominant source of cannabis products. **Non-patients source 88.9% of their cannabis expenditures from either the regulated or gray markets, with 61.10% coming from the regulated market alone.**

- Medical cannabis patients consume higher quantities of cannabis across all product types and spend significantly more per month (\$310.44) than non-medical consumers (\$205.79).
- Across all product categories, patients consistently report greater consumption and spending, particularly for flower, pre-rolls, and vapes.
- Flower and pre-rolls remain the most widely consumed and purchased product types across all market types.
- Gray and illicit markets still play a non-negligible role in consumer behavior, particularly for unregulated product access, affordability, and availability.

## Competition Analysis

New Mexico's cannabis market remains broadly competitive across both production and retail sectors. Recent trends suggest growing consolidation in the producer market, potentially signaling business closures or dominance by larger firms. In contrast, retail market competition has stabilized, which may reflect specialization in product sales or location, or could be indicative of fast turnover as new businesses replace those exiting the market.

- The Herfindahl-Hirschman Index (HHI) analysis of New Mexico's cannabis industry, which measures the degree of competition within a market, shows that both the producer and retail markets remain highly competitive. However, the HHI does not account for product or regional distinctions, and therefore, it does not provide a complete picture for those specializing within the broader market.
- The producer market is showing signs of increasing concentration, suggesting possible business closures, consolidation, or larger firms capturing a higher market share.
- Following declines in the retail market, competition among retailers has roughly stabilized. This could indicate that businesses across the supply chain have found a well-defined specialization in product sales, geographical specialization, or, alternatively, that businesses are replacing failing businesses as quickly as they are failing.
- Based on the time-trend analysis of track-and-trace data and supported by the HHI and demand analysis, **the regulated adult-use cannabis market is likely headed toward a market correction wherein licensing consolidation will occur in all areas of the supply chain.** The degree of this will be dependent on the capture of the regulated sales compared to illicit capture.

## Policy Considerations

Based on the totality of the evidence presented in this study, CPPC has prepared the following considerations for New Mexico CCD.

### Cultivator License Plant Count as Required by Statute

- There is limited justification for raising the plant count cap under § 26-2C-40 NMSA 1978. Most cultivation licensees are operating well below the 20,000-plant limit. Given that the market was intentionally designed to promote competition by capping plant counts rather than the number of licenses, increasing the limit would primarily benefit a small number of highly capitalized businesses, undermining the state's goal of supporting diverse and small-scale operators while potentially accelerating market consolidation.
- To avoid further price distortion, the total cannabis supply cap should remain slightly above what supply is needed under the market's equilibrium price. Placing the supply cap significantly below demand would push

businesses to sacrifice product quality or other features to compete, leading to price distortions. This situation should be avoided as prices continue to fall and cannabis flower becomes less desirable among both patient and non-patient consumers.

### **Market Competition**

- A license moratorium could temporarily stabilize New Mexico's competitive cannabis market by halting new entrants and providing relief to existing operators. However, it would not prevent consolidation, could further entrench existing dominant players, reduce consumer choice, and ultimately drive prices up for consumers.
- Allowing the market to self-correct would preserve competitiveness and encourage stabilization over time. Yet, without intervention, small businesses remain especially vulnerable to exiting the market or consolidation, potentially undermining goals of broad market participation by small and diverse businesses.

## I. Study Overview and Research Design

New Mexico legalized cannabis for adults aged 21 and older in April 2021, with the first regulated retail sales beginning in April 2022. The state's regulatory model, marked by low barriers to entry for businesses and uncapped licenses, has fostered a competitive environment for operators and low prices for consumers. To assess these evolving market dynamics and provide data-informed recommendations to the state of New Mexico, Cannabis Public Policy Consulting (CPPC) conducted the following cannabis supply and demand analysis and policy evaluation on behalf of the New Mexico Cannabis Control Division (CCD). This work builds upon CPPC's previous demand assessments from 2021, 2022 and 2023, supporting the CCD in meeting its statutory mandate to monitor supply and demand through plant count limitations and better understand the changing New Mexico cannabis market. Notably, the past three-year efforts in analyzing the supply and demand of New Mexico did not include a robust analysis of track-and-trace data due to limitations in the traceability system implementation, as well as limitations in data transfer. As such, this study includes the first investigation of track-and-trace data across three years since implementation, as opposed to just the past year. This allows for a deeper examination into the trends of the adult-use market since the beginning of sales, providing additional context into current and evolving market dynamics.

The objectives of this study were to:

- Assess trends of New Mexico's adult-use cannabis market in terms of both supply and demand.
- Project future cannabis supply needs as consumer preferences shift toward regulated products over illicit sources.
- Evaluate key changes in the state's cannabis market, including signs of market saturation and declining retail prices.
- Analyze the impact of broader economic and policy factors on New Mexico's cannabis market and provide the CCD with considerations for improvement.

### Methodology and Survey Recruitment

CPPC administers the Regulatory Determinants of Cannabis Outcomes Survey (RDCOS), among the largest and most frequently issued cannabis surveys in the nation. Using applied behavioral analysis methodology in the proprietary survey logic to quantify consumer behaviors, we capture demand and evaluate the success of policies on over 200 market, public health, and economic outcomes. The RDCOS is one of the only surveys available on the market issued in all 50 states and collects real-time data collection that:

- Uses a behavioral science approach to understand cannabis consumption behaviors and patterns
- Evaluates the efficacy of individual policies
- Identifies and tailors key performance indicators for state-specific markets
- Measures outcomes at the locality, state, and national level for appropriate benchmarking, trend analysis, and predictions.

The RDCOS and its many customized iterations for populations of interest in New Mexico are hosted on Qualtrics, a leading platform with customizable logic to ensure validity and accuracy in participant reporting. Recruitment for the surveys uses Cint's Lucid Community Research Panels to recruit participants in New Mexico, as well as nationally. Cint, a reputable vendor whom our researchers have historically worked with, facilitates diverse, large-scale, and rapid recruitment of participants by offering incentives provided by participating panel vendors, confirming representative samples and quick response turnaround times.

Using Qualtrics to host all surveys issued, the CPPC research team ensures total anonymity of respondents,

compliance with IRB protocols, and NIST standards by providing Lucid staff with the Qualtrics hyperlink to the survey, which is then only shared through their secure vendor portals for dissemination to participants. As some surveys contain questions that prompt responses of sensitive information, CPPC ensures compliance with all confidentiality protocols, data security and management procedures, and requires all staff analyzing data to hold valid certifications in confidentiality and human subject research from the U.S. Department of Health and Human Services. This study provided exempt approval status BRANY IRB.<sup>1</sup>

The CPPC research team derived marginal proportional percentages on medical cannabis patient status, age, income, sex, race/ethnicity, and past month cannabis use days from the 2023 New Mexico Behavioral Risk Factor Surveillance System (BRFSS) and the New Mexico Center for Medical Cannabis and Psychedelics program statistics, January 2025. The marginal proportional percentages were then "raked" (iterative proportional fitting) to design calibration weights that made our sample of cannabis consumers representative of our target population, past-month cannabis consumers above the age of 21 in New Mexico. For purposes of this report, the data modeled was collected no later than January 19, 2025. The total n=198 past-month cannabis consumers, spanning medical cannabis patients and nonpatients.

## Limitations

**Demand data.** This study has some limitations. To begin with, our sample size for the state was lower than desired due to timeline considerations. As described, we used raking procedures, weighting the non-probability-based sample with probability-based data from the Behavioral Risk Factor Surveillance System (BRFSS) provided by New Mexico's Department of Health to reach state representativeness and enable confidence in our results. However, even with these careful weighting procedures, our confidence intervals were still wider than desired and therefore suggest greater variability in the data. As such, our demand analysis lacks precision, but findings are generalizable. Our demand estimates are higher than what would likely be achieved by a larger sample. Furthermore, our study recruitment period covered the holiday season. We are unable to determine what impact this has on our estimates. It is likely that this resulted in larger than normal purchasing patterns.

**Supply data.** The data provided by BioTrack for our supply analysis was aggregated and did not disclose any confidential licensee information. While thoughtful efforts are made in the collection and cleaning of the data, CPPC is unable to certify its accuracy and makes no claims regarding the accuracy, completeness, or adequacy of the data. As such, analysis in this document is dependent on the data quality of BioTrack, which can only be verified by an auditor.

Additionally, given that the provided BioTrack data does not differentiate between medical and adult-use cannabis, inferences about the impact of the adult-use market on the future of the medical cannabis market are considered out of scope for this study. However, we did disaggregate our demand findings by patients and non-patient consumers (adults) to enable inferences on medical cannabis market performance, generally.

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<sup>1</sup> <https://www.brany.com/irb-services/>

### III. Demand Patterns Among Past-Month Cannabis Consumers in New Mexico by Market

Cannabis markets are split by three competing markets. First, the legal/regulated retail cannabis market, which includes licensed adult-use and medical cannabis sales. The legal/regulated market is composed of five source types: adult-use cannabis stores, online delivery of adult-use cannabis, medical cannabis stores, online delivery of medical cannabis, and caregivers. Second, the “gray” cannabis market, which includes supplies of cannabis that are legal but not technically regulated. The gray market is composed of two sources: homegrown cannabis products and free or gifted cannabis products from friends or family. Finally, the “illicit” cannabis market is where cannabis comes exclusively from illegal sources, even if the product originates from a legal source. The illicit cannabis market includes three sources: purchased from a dealer, purchased cannabis products from friends or family, and other.

We asked participants purchasing questions about nine cannabis product types from a total of ten different sources for each of these markets. In the table below, we grouped these ten sources into the three markets listed above and stratified the results by whether the participant is a medical cannabis patient or not. In the following tables, we asked participants to report the total number of units (grams, packages, units) of cannabis products they purchased within the past month and report the total they spent on specific cannabis product types from each source within the past month. The data on the following pages in Tables 1 and 2 represent responses only from past-month consumers, as this was our survey’s inclusion criteria when considering that past-month consumers drive market outcomes.

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Table 1. Past-Month New Mexico Cannabis Consumer Average Units Across All Market Sources. Data Source: RDCOS

	Flower	Pre-Rolls	Concentrates	Vapes	Edibles	Beverages	Tinctures	Topicals	Capsules
<b>Total Past-Month Cannabis Consumer Average Units Across All Market Sources</b>									
<b>Patient</b>	<b>33.75 g</b>	<b>15.96 g</b>	<b>2.63 g</b>	<b>7.97 g</b>	<b>6.07 pkgs</b>	<b>0.57 unit</b>	<b>0.14 unit</b>	<b>1.35 units</b>	<b>0.12 pkgs</b>
<b>Non-Patient</b>	<b>31.79 g</b>	<b>11.95 g</b>	<b>1.47 g</b>	<b>6.12 g</b>	<b>3.05 pkgs</b>	<b>0.5 unit</b>	<b>0.12 unit</b>	<b>0.11 unit</b>	<b>0 pkg</b>
<b>Legal/Regulated Market Past-Month Cannabis Consumer Average Units</b>									
<b>Patient</b>	20.9 g	10.34 g	1.98 g	5.17 g	4.96 pkgs	0.41 unit	0.08 unit	0.77 unit	0.08 pkg
<b>Non-Patient</b>	17.71 g	7.64 g	1.34 g	3.5 g	2 pkgs	0.5 unit	0.11 unit	0.09 unit	0 pkg
<b>Gray Market Past-Month Cannabis Consumer Average Units</b>									
<b>Patient</b>	7.99 g	2.73 g	0.11 g	1.09 g	0.82 pkgs	0.06 unit	0.03 unit	0.25 unit	0.02 pkg
<b>Non-Patient</b>	7.28 g	2.29 g	0.1 g	1.38 g	0.64 pkgs	0 unit	0.01 unit	0.03 unit	0 pkg
<b>Illicit Market Past-Month Cannabis Consumer Average Units</b>									
<b>Patient</b>	4.86 g	2.89 g	0.54 g	1.7 g	0.28 pkgs	0.1 unit	0.03 unit	0.33 unit	0.02 pkg
<b>Non-Patient</b>	6.8 g	2.02 g	0.03 g	1.24 g	0.42 pkgs	0 unit	0 unit	0 unit	0 pkg

Table 2. Total Past-Month New Mexico Consumer Averages Expenditures Across All Market. Data Source: RDCOS

	Flower	Pre-Rolls	Concentrates	Vapes	Edibles	Beverages	Tinctures	Topicals	Capsules
<b>Total Past-Month Cannabis Consumer Average Expenditures Across All Market Sources</b>									
<b>Patient</b>	<b>\$131.85</b>	<b>\$39.28</b>	<b>\$18.18</b>	<b>\$61.77</b>	<b>\$49.60</b>	<b>\$6.48</b>	<b>\$1.34</b>	<b>\$0.53</b>	<b>\$1.41</b>
<b>Non-Patient</b>	<b>\$105.94</b>	<b>\$30.64</b>	<b>\$6.83</b>	<b>\$32.75</b>	<b>\$22.46</b>	<b>\$5.05</b>	<b>\$1.30</b>	<b>\$0.82</b>	<b>\$-</b>
<b>Legal/Regulated Market Past-Month Cannabis Consumer Average Expenditures</b>									
<b>Patient</b>	\$91.09	\$29.14	\$14.93	\$42.35	\$44.02	\$4.84	\$1.02	\$0.33	\$0.96
<b>Non-Patient</b>	\$75.66	\$24.12	\$6.80	\$15.51	\$19.33	\$5.05	\$1.30	\$0.82	\$-
<b>Gray Market Past-Month Cannabis Consumer Average Expenditures</b>									
<b>Patient</b>	\$15.10	\$4.85	\$-	\$7.12	\$3.63	\$0.13	\$0.19	\$0.12	\$0.09
<b>Non-Patient</b>	\$19.29	\$3.37	\$0.04	\$8.80	\$2.79	\$-	\$-	\$-	\$-
<b>Illicit Market Past-Month Cannabis Consumer Average Expenditures</b>									
<b>Patient</b>	\$25.66	\$5.30	\$3.24	\$12.30	\$1.95	\$1.51	\$0.13	\$0.08	\$0.38
<b>Non-Patient</b>	\$10.99	\$3.14	\$-	\$8.44	\$0.33	\$-	\$-	\$-	\$-



For medical cannabis patients and non-medical cannabis consumers alike, the primary source of cannabis products is the legal/regulated cannabis market. Medical cannabis patients consume more cannabis products on average and spend more dollars per month, for an average of \$310.44, whereas non-medical cannabis consumers spend \$205.79 on cannabis products per month. This finding is consistent across most states with both medical and adult-use cannabis markets.

Importantly, when examining market sums and percent capture for each market in grams and expenditures, the legal/regulated market is evidenced to be successful. For non-medical cannabis consumers, 61.10% of all dollars spent on cannabis products are sourced from the regulated cannabis market, exclusively. Together, the legal/regulated market and gray market account for the vast majority of dollars spent on cannabis products by adults in New Mexico.

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***Roughly 90% (88.9%) of all dollars spent on cannabis products by non-medical patients comes from legal/regulated and gray sources when combining markets sums.***

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Medical cannabis patients have a slightly lower percentage, with only 83.71% of all dollars spent on cannabis products being sourced from the legal/regulated cannabis market or the gray market. For medical cannabis patients, a slightly lower percentage of 57.37% of all dollars spent on cannabis products is sourced from the regulated cannabis market, exclusively. However, it should be noted that these figures are still high rates of capture and similar to what we have found in other markets with comparable maturation.

## **IV. Supply Trends Across 3-Years by Product Category**

To conduct an analysis of cannabis supply in New Mexico, CPPC was provided with retail sales data from the state's seed-to-sale software provider, BioTrack. The dataset comprised 85M (85,232,803) observations spanning April 2022 through February 2025, covering a total of 35 months of regulated retail cannabis sales. These data include cannabis product sales in both the medical and adult-use cannabis markets.

Two separate analyses were performed. First, a broad analysis of all cannabis products sold over the given period, including what percentage each product group contributed to total sales in dollars, by month, and across the entire period of analysis. Second, an average price per unit analysis over time, in grams, by month, of the four largest categories of products: cannabis flower, cannabis flower pre-rolls, cannabis vapes, and cannabis concentrates. These latter analyses include the approximate average price per unit for 85% of all products sold in New Mexico during the period of analysis. To our knowledge, this study is among the first external analyses of BioTrack retail seed-to-sale data in the United States.

BioTrack product categories are specific to its tracking system. For simplicity, we grouped these category types into broader cannabis product categories. The table below defines how each term in the dataset was assigned to one of these broader groups. The third column shows the percentage of total sales each product group contributed over the entire observation period. Broad categories, such as cannabis flower and pre-rolls, or cannabis concentrates and vapes, do not distinguish between different product types within those groups. To remedy this in our average price analyses, we used natural language processing (NLP) to identify cannabis products whose names included the number of grams in the product. This number was then cross-compared with the quantity sold. To ensure data quality, only products with a listed number of grams and a different numerical value from the quantity sold were included in the analyses. The resulting average price per unit figures are not a comprehensive census but rather represent a sample of 23,680,802 observations collected over 35 months.

Table 3. New Mexico Product Categories and All Time % of Sales

Broad Cannabis Product Categories	BioTrack Cannabis Categories in New Mexico	All Time % of Sales [April 2022 – February 2025]
Cannabis Flower and Pre-Rolls	"Usable Cannabis" "Flower Lot" "Cannabis Mix Packaged" "Cannabis Mix" "Flower"	58.36%
Cannabis Concentrates and Vapes	"Cannabis Extract for Inhalation "	26.65%
Cannabis Edibles	"Solid Cannabis Infused Edible"	10.15%
Cannabis Flower Infused with Concentrate	"Cannabis Mix Infused"	2.73%
Cannabis Tinctures and Beverages	"Liquid Cannabis Infused Edible"	1.50%
Cannabis Infused Topicals	"Cannabis Infused Topicals"	0.53%
Other Cannabis Products	"Clone" "Food Grade Solvent Extract" "Infused Cooking Oil" "Infused Dairy Butter or Fat in Solid Form" "Mature Plant" "Other Material Lot" "Sample Jar" "Seed"	0.04%
Other Cannabis Concentrates	"Bubble Hash" "Hydrocarbon Wax" "CO2 Hash Oil"	0.03%
Cannabis Kief and Hash	"Hash" "Kief"	0.01%
		100.00%

Across 35 months, a total of approximately \$1.6B (\$1,598,218,040) worth of cannabis products were sold between the medical and adult-use cannabis markets, contributing to an **average monthly figure of \$45,663,372.60**. Between both markets across all months, cannabis flower and pre-rolls accounted for a majority (58.36%) of total product sales in dollars. Next, cannabis concentrates and vapes accounted for 26.65% of total product sales in dollars. These two product categories accounted for 85.01% of all cannabis product sales in dollars. All other cannabis products accounted for a combined 14.99% of sales. These findings are fairly consistent with what has been observed in other states with comparable maturation.

Table 4. Total All Time Sales (\$). Data Source: BioTrack

<b>Total Sales in Dollars (\$) from April 2022 – February 2025</b>	\$1,598,218,040
<b>Monthly Average in Dollars (\$)</b>	\$45,663,372.60

## Cannabis Flower and Pre-Rolls

Cannabis product consumption in New Mexico is shifting away from cannabis flower and pre-rolls. As a percentage of total sales in dollars, cannabis flower products, including pre-rolls, have declined over the 35 months analyzed. Cannabis flower and pre-rolls reached their maximum market share in May of 2022, making up 63.29% of total sales in dollars. In February of 2025, cannabis flower and uninfused pre-rolls reached their lowest market share

during the months analyzed, constituting 52.81% of total sales in dollars. **While flower still makes up a majority of the current cannabis market in the state, this steep decline is worth noting.**

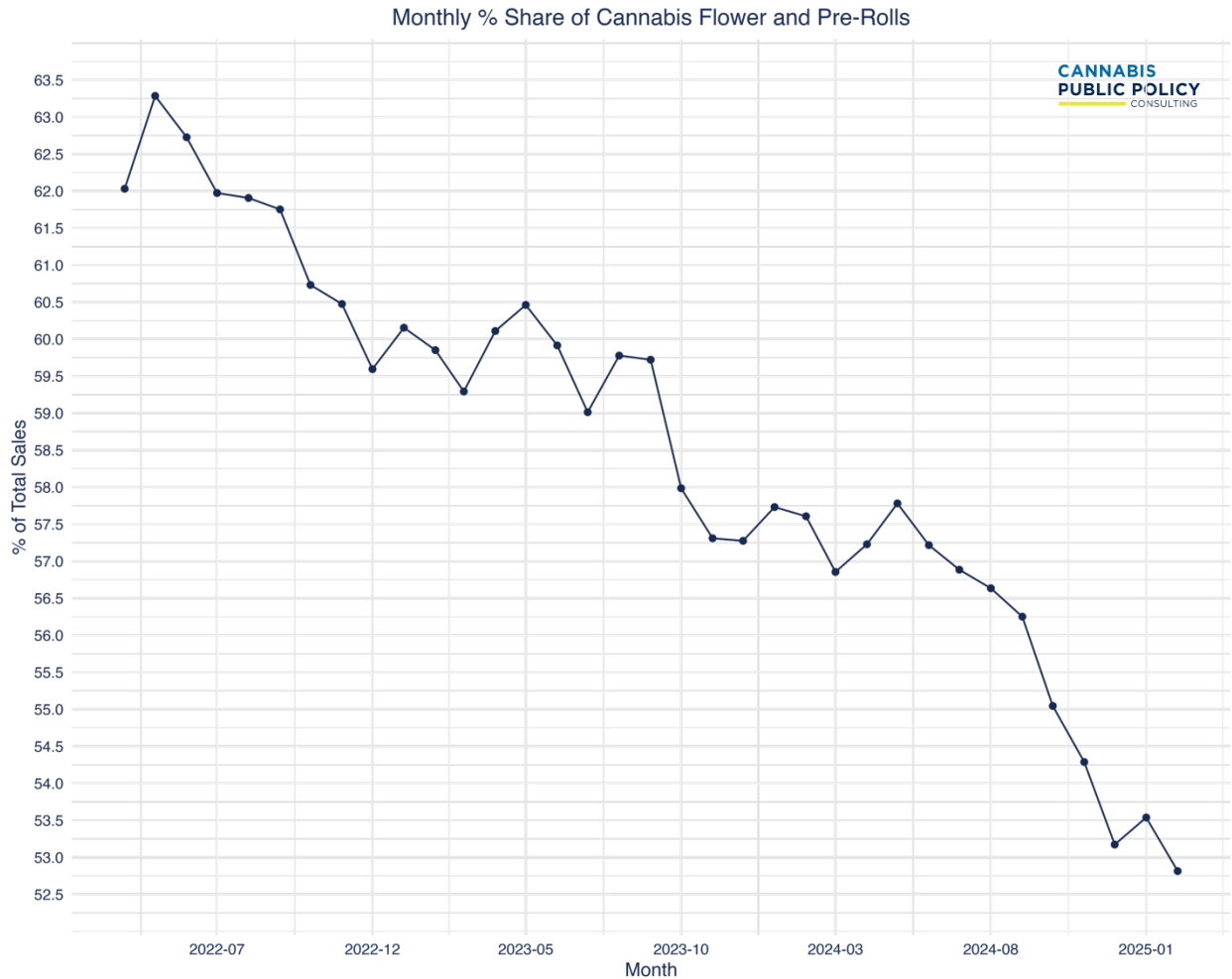


Figure 1. New Mexico Cannabis Market Monthly % Share of Cannabis Flower and Pre-Rolls. Data Source: BioTrack

The decline in demand for cannabis flower and pre-rolls has coincided with a notable decrease in the average price for these products, which is atypical. In April 2022, the weighted average price per gram of cannabis flower was \$10.61 a gram, before sales tax or excise tax. In February of 2025, the weighted average price per gram of cannabis flower was \$4.04 a gram, before sales tax or excise tax. **This represents a 61.92% percent decline in the weighted average price per gram of cannabis flower since the beginning of adult-use cannabis sales.**

Similarly, the weighted average price per gram of cannabis flower pre-rolls is declining. In April 2022, the weighted average price per gram of a cannabis flower pre-roll was \$10.38 a gram, before sales tax or excise tax. In February of 2025, the weighted average price per gram of cannabis flower pre-roll was \$5.38, before sales tax or excise tax. This is up from a low of \$5.24 in August of 2024. **From the first month to the most recent month in the provided BioTrack dataset, there is a 48.17% decline in the weighted average price per gram of cannabis flower pre-rolls.**

There is one notable pattern when examining the price trends of cannabis flower and pre-rolls. While both are declining, cannabis flower unsurprisingly is a price leader among the two. Contractions of cannabis flower prices per gram are followed by sharp contractions in pre-roll prices per gram in later months to compete with cannabis flower products. This cycle visibly occurs at least three times during the observed period before stabilizing, followed by the beginning of another cycle in August of 2024, continuing to the end of our observed

period in February of 2025. It is our expectation that these trends continue into the present day.

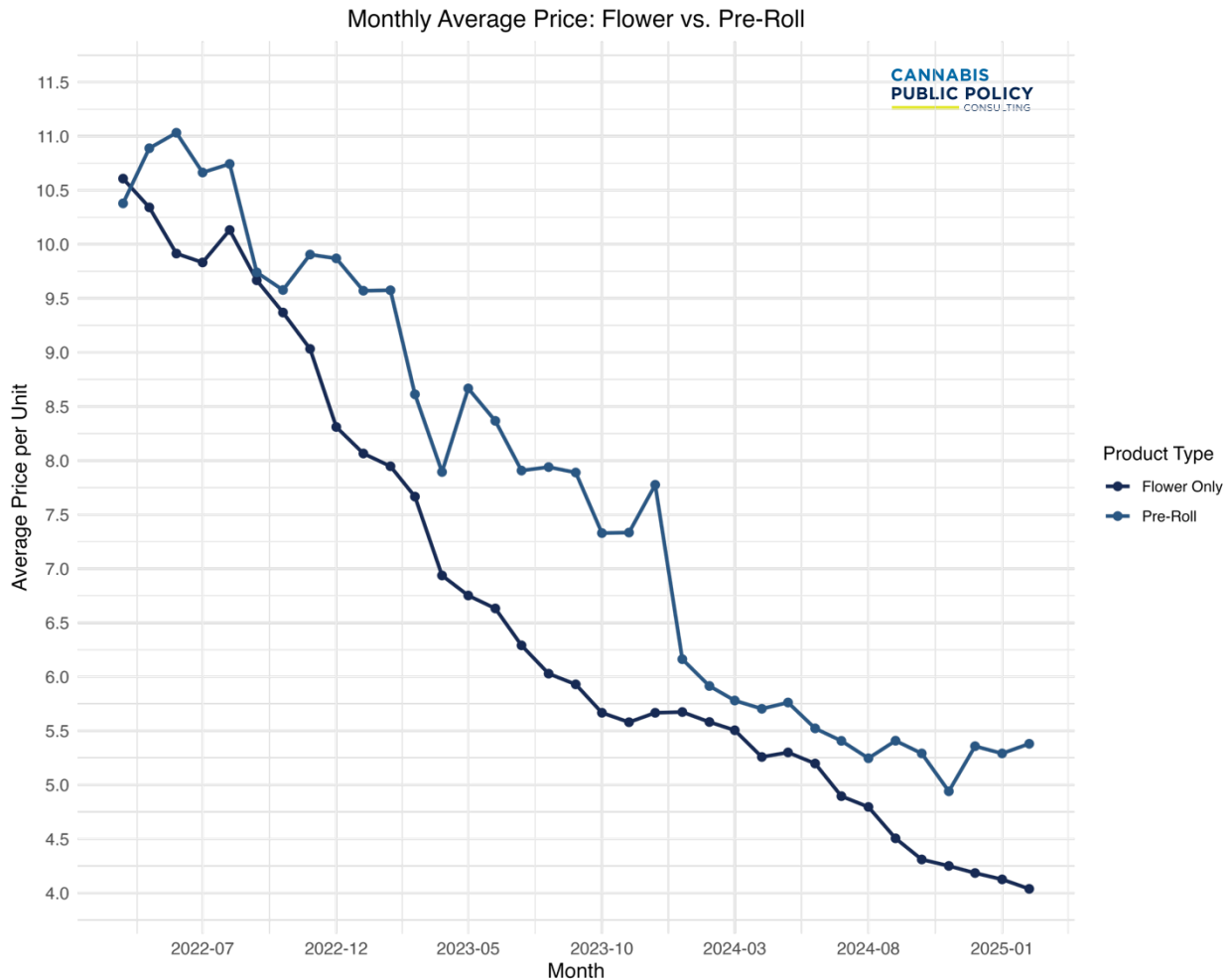


Figure 2. New Mexico Cannabis Market Monthly Average Price of Flower vs. Pre-Roll. Data Source: BioTrack

## Concentrates, Vapes, and Flower Infused with Concentrates

Cannabis concentrates, vapes, and cannabis flower infused with concentrates are undergoing trends opposite to that of cannabis flower and uninfused cannabis flower pre-rolls. The percentage of total sales captured by these products climbed over the period of observation. In May 2022, cannabis concentrates and vapes constituted 24.08% of total sales in dollars, the minimum over our observed period. That month, cannabis vapes experienced the height of their weighted average price per gram at \$76.94. Nine months later, in January of 2023, cannabis concentrates would reach their maximum weighted average price per gram at \$61.84. **Both peaks were likely driven by excessive demand and a lack of capacity to quickly replenish supply in the early months of cannabis legalization in New Mexico.** In February of 2025, cannabis concentrates and vapes compose 29.66% of total sales. Similarly, cannabis flower products infused with concentrates rose from 0.19% of total sales in dollars in April of 2022 to 5.07% of total sales in dollars in February of 2025.

Cannabis concentrates and vapes have experienced a dramatic decline in their respective weighted average prices over the 35 months observed. From April 2022 to February 2025, the weighted average price per gram of cannabis vapes declined from \$72.57 to \$18.68, before sales tax or excise tax. **This price change represents a 74.26% decline in the weighted average price per gram of cannabis vapes.** Over the same period, cannabis concentrates experienced a larger relative percentage decline in the weighted average price per gram. From April 2022 to February 2025, the weighted average price per gram of cannabis concentrates declined from \$54.82 to \$12.43, before sales tax or excise tax. **This price change represents a 77.33% decline in the weighted average price per gram of cannabis concentrates.** Like cannabis flower and uninfused cannabis flower pre-rolls, the price

of cannabis concentrates appears to be leading that of cannabis vapes. Due to similar processes of production, these values are more closely tied over the time series, but periods of price divergence by cannabis concentrates are followed by responses in cannabis vapes. Near the end of our period of observation, price movements in both products appear closely correlated and likely represent the difference in production inputs to produce both products.

As mentioned above, cannabis flower infused with concentrates is rising as a percentage in overall total sales in dollars. This is likely due to three concurrent trends. First, the price of cannabis flower and cannabis concentrates is declining over time. Second, consumer preferences are likely shifting to concentrated products, generally. Finally, cannabis consumers who prefer flower over traditional concentrate products can now obtain a higher potency cannabis flower, infused with concentrates, relative to their past use of uninfused cannabis flower.

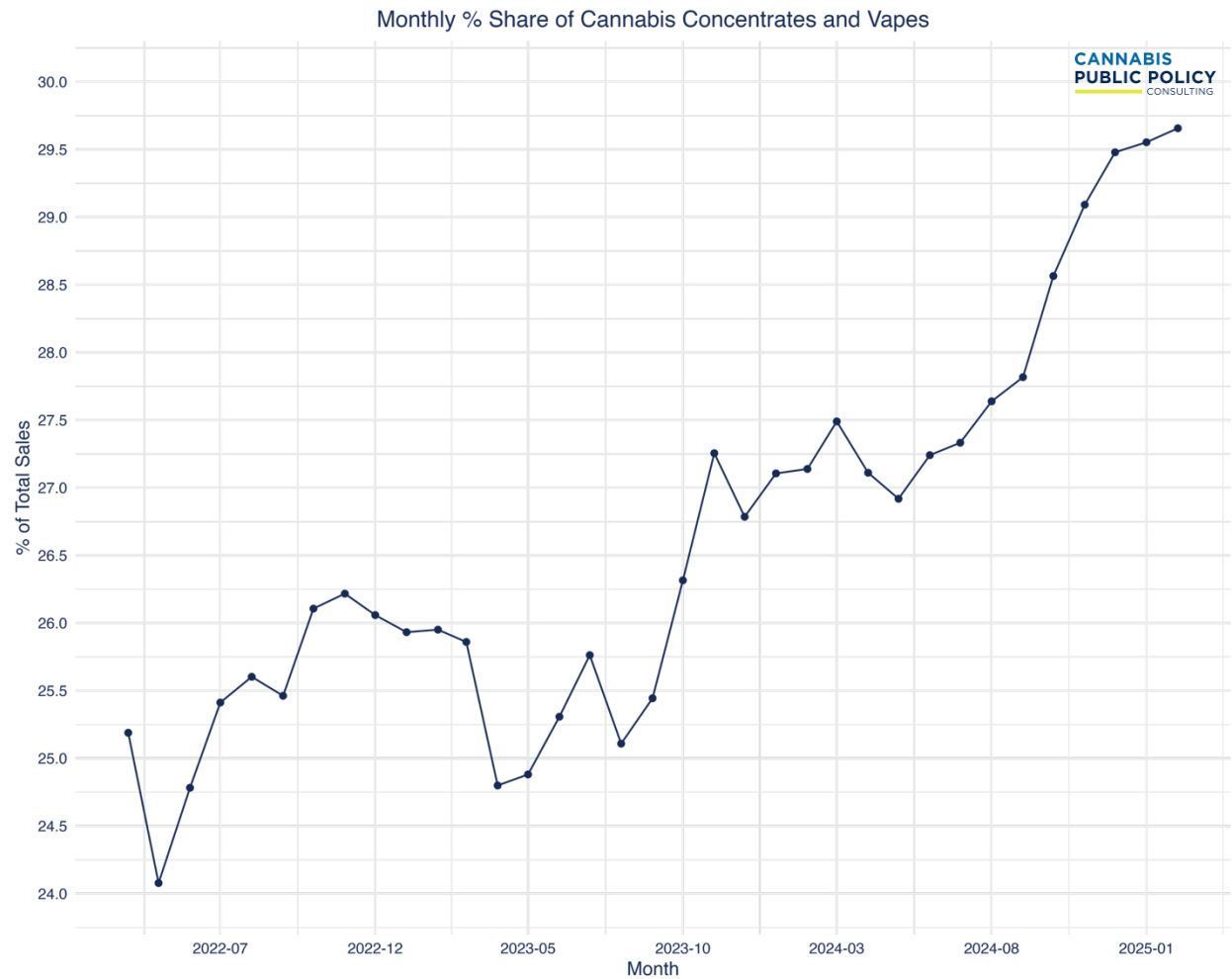


Figure 3. New Mexico Cannabis Market Monthly % Share of Cannabis Concentrates and Vapes. Data Source: BioTrack

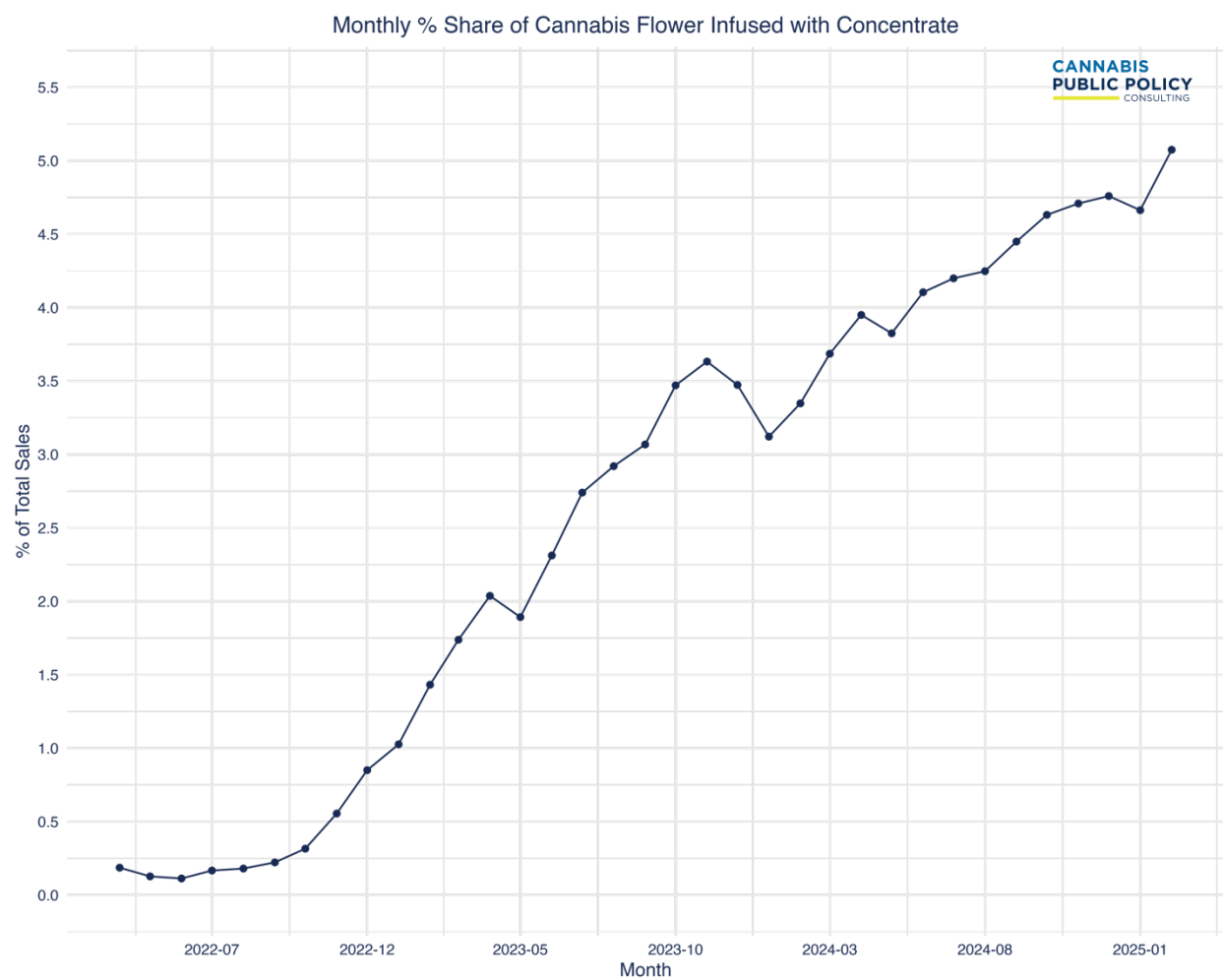


Figure 4. New Mexico Cannabis Market Monthly % Share of Cannabis Flower Infused with Concentrate. Data Source: BioTrack

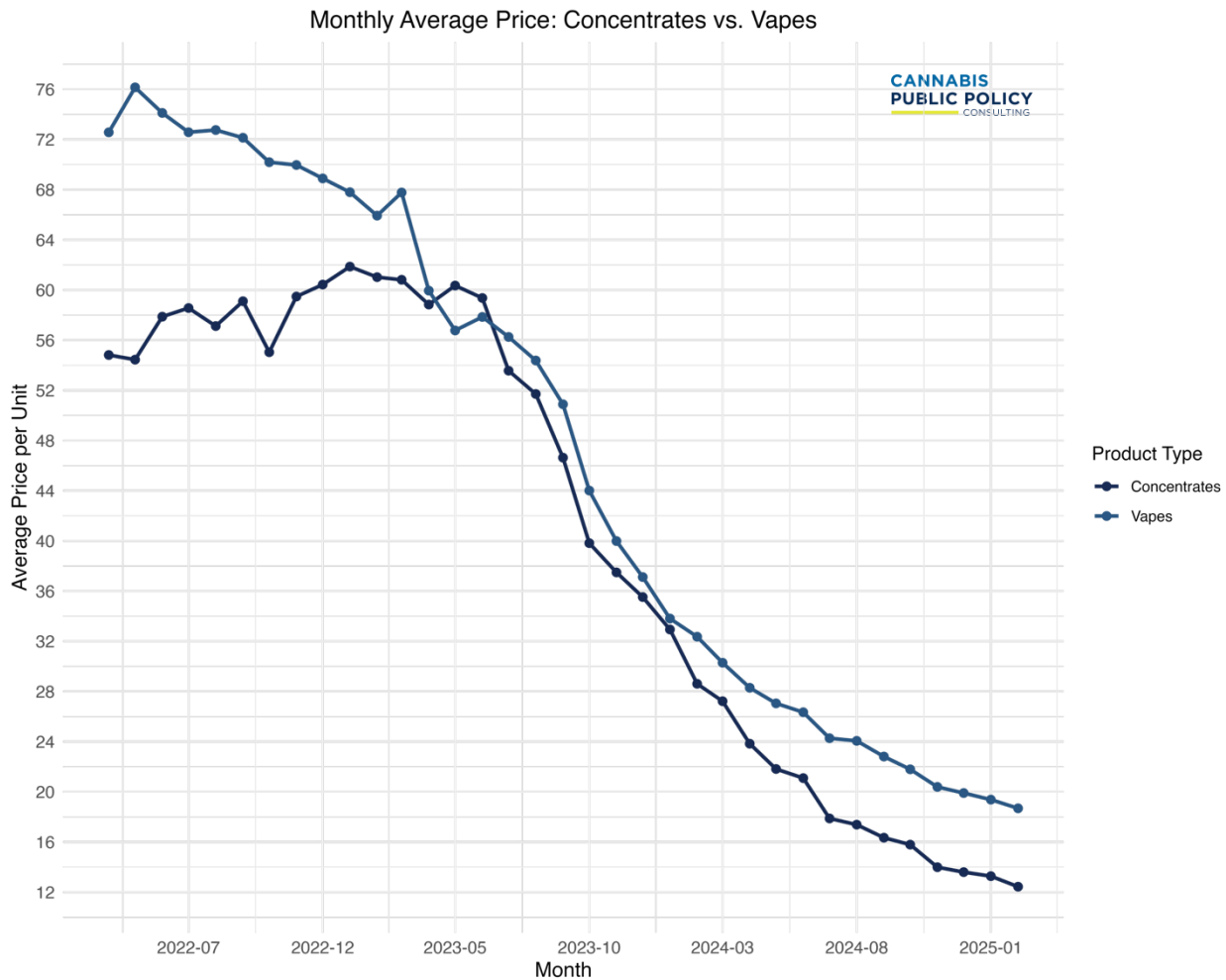


Figure 5. New Mexico Cannabis Market Monthly Average Price of Concentrates vs. Vapes. Data Source: BioTrack

### Edibles and Cannabis Infused Topicals

Cannabis edibles and cannabis infused topicals have remained roughly consistent in their percentage of total sales since April of 2022. Fluctuations in cannabis edible demand are likely due to cross-price demand responses to price movements in other cannabis products, but roughly hover around the same percentage distribution. On the other hand, cannabis infused topicals have seen less movement overall across time and roughly remain at the same percentage they began at in April of 2022. Both data points represent that these time-series trends are likely due to a consistency in purchasing patterns by consumers. Cannabis consumers have preferences for cannabis products, and this shows up in consistent purchasing patterns across time.

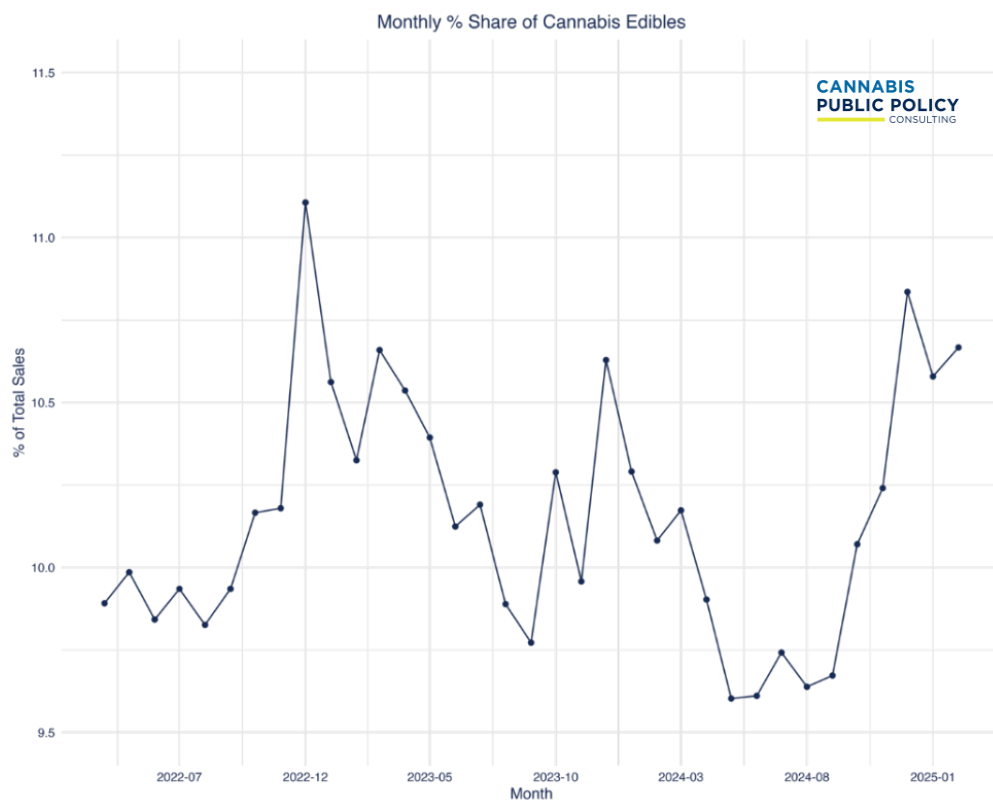


Figure 6. New Mexico Cannabis Market Monthly % Share of Cannabis Edibles. Data Source: BioTrack

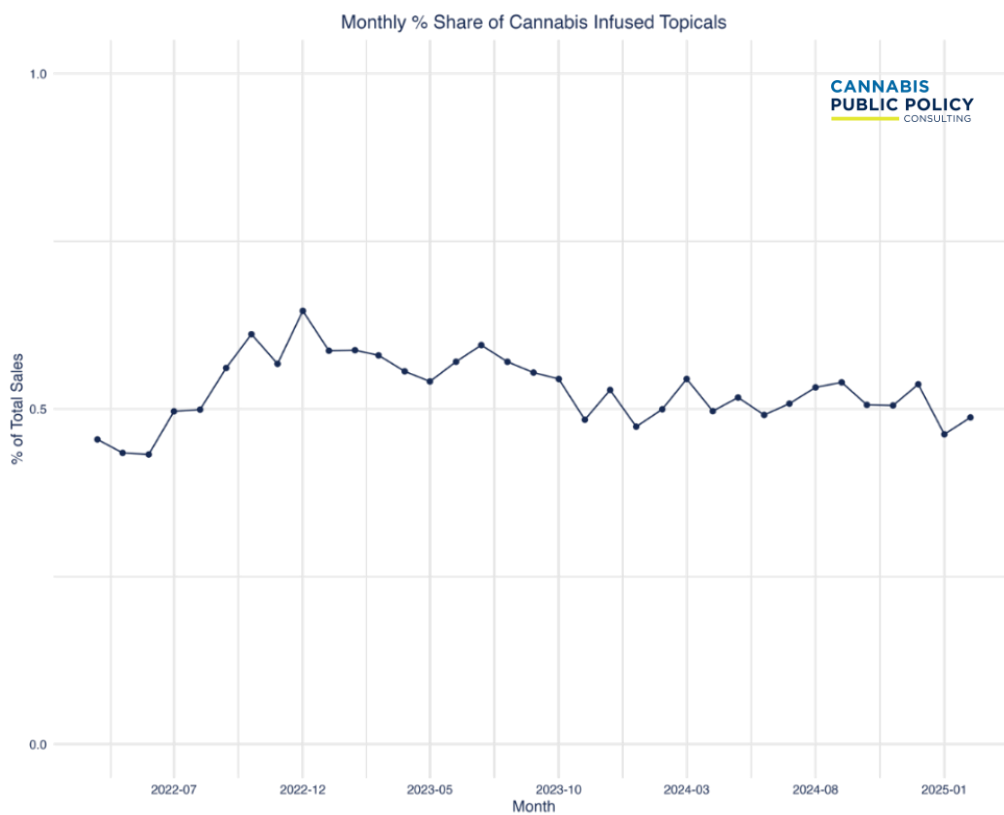


Figure 6. Figure 7. New Mexico Cannabis Market Monthly % Share of Cannabis Infused Topicals. Data Source: BioTrack



# Tinctures and Beverages

The monthly percentage share of cannabis tinctures and beverages has declined but appears to have stabilized. Again, this stabilization, like that of cannabis edibles and cannabis infused edibles, is likely due to consistent consumer preferences for cannabis products. The novelty of the cannabis product in the early months of adult-use cannabis legalization likely led to higher initial percentages. The maturing of the cannabis market over later months reveals that the percentage of total sales will likely remain consistent over time due to cannabis consumer preferences, as seen with other cannabis markets.

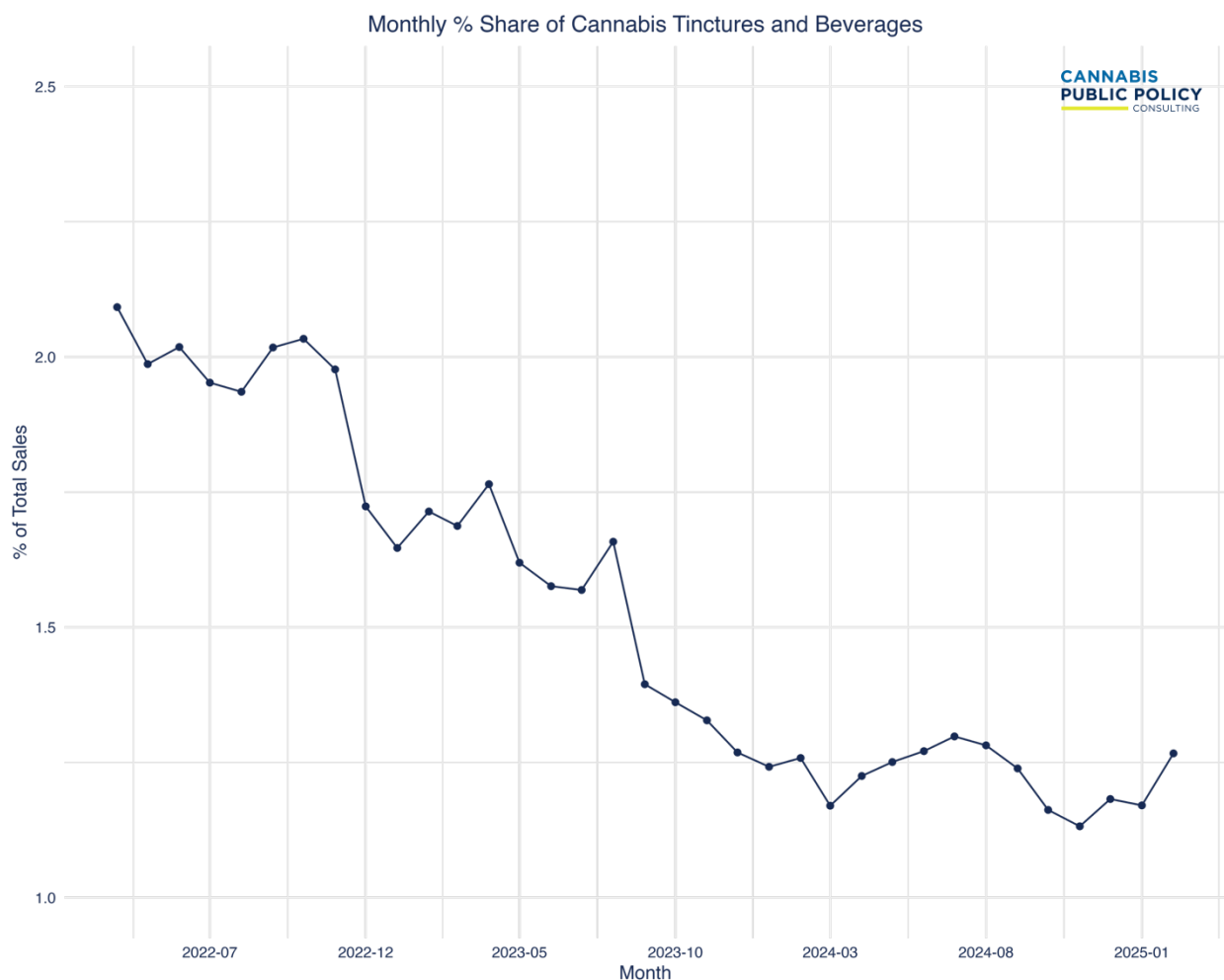


Figure 7. New Mexico Cannabis Market Monthly % Share of Cannabis Infused Topicals. Data Source: BioTrack

## V. Competition Analysis

To obtain a more holistic picture of the regulated cannabis market in New Mexico and its licensed businesses, we analyzed market concentration over time with the Herfindahl-Hirschman Index (HHI). The HHI measures the degree of competition within a market, based on a defined variable (e.g., products sold, dollars, etc.). The score ranges from 1-10,000. A score of 1 represents perfect competition, wherein each firm is allocated an equal market share. A score of 10,000 represents a complete monopoly, wherein one firm holds the entirety of the market share. The HHI does not make product distinction (e.g., specialization within product types, high THC plants vs. low THC plants, or concentrates vs. flower when examining sales in dollars). As such, it does not provide a complete picture for those specializing within broader markets. Similarly, it does not account for regional distinctions within defined geography. For example, a producer or retail location can capture the entirety of a market within a smaller sub-geographical region, but still only capture a small percentage of the overall market.

We analyze the time-trends of market concentration in two interconnected markets, producers (cultivators) and retail sales (in dollars), using BioTrack data provided by New Mexico CCD. For the following figures, the size of the circles represents the volume of businesses, as does the color. The larger and darker the circle, the more businesses are in the market for that time period.

Locations in both markets are grouped together to better represent companies that have multiple retail or producer locations. For producers, we utilize the number of plants growing across each month. In BioTrack data, these data represent the beginning of the supply chain. We chose this metric over cured weight or other weight produced because curing periods may be lagged across months, dependent on businesses practices. This distorts well-defined time-trends if a business logs a disproportionate amount of weight in one month. For retailers, we utilize dollars in sales. We chose this metric over product type because consumers have a budget each month that they allocate to different product types. Dollars represent a standardized metric. Businesses in the retail market may specialize in selling different product types. The HHI across time does not capture these differences.

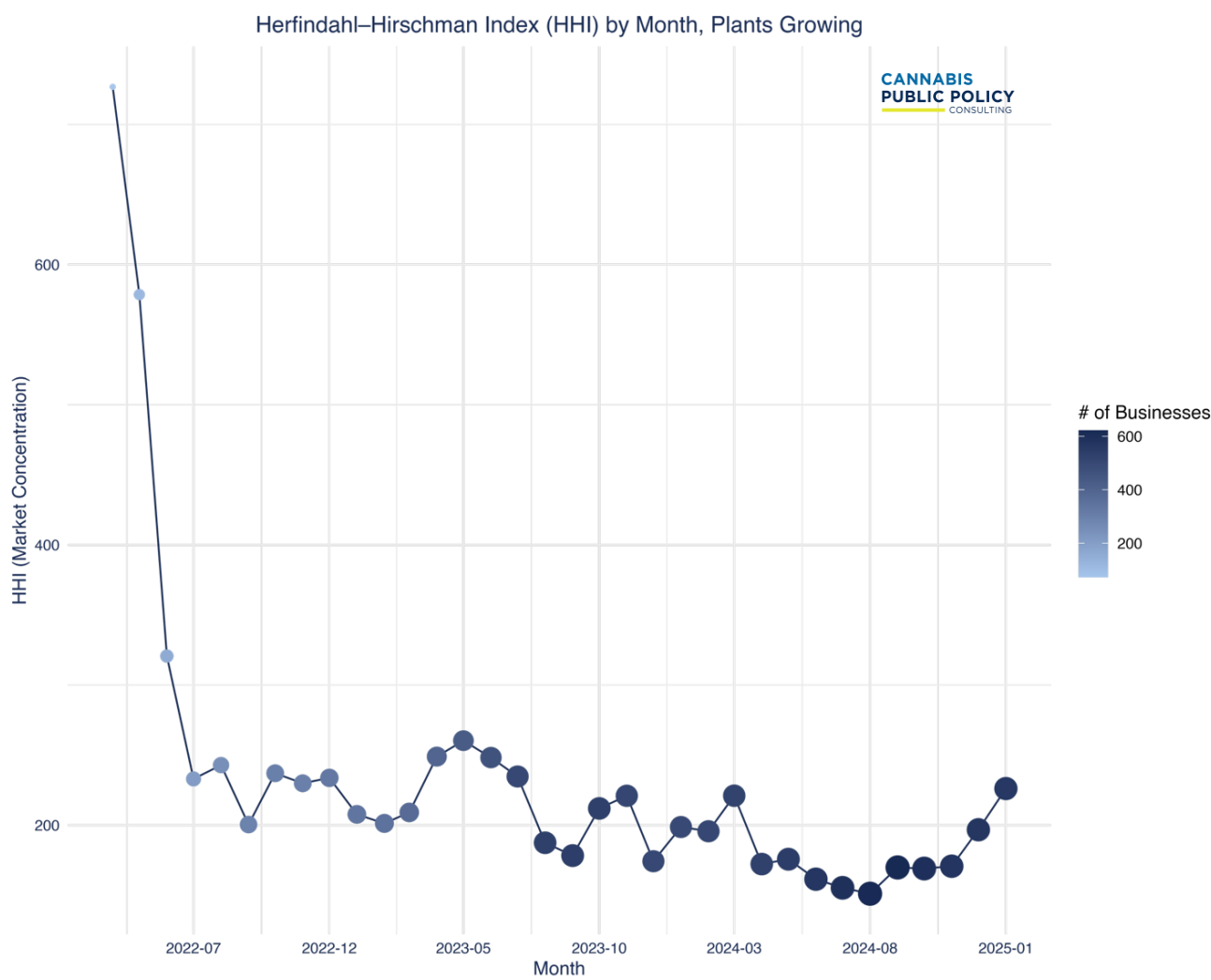


Figure 8. HHI of New Mexico Cannabis Market - Plant Count. Data Source: BioTrack

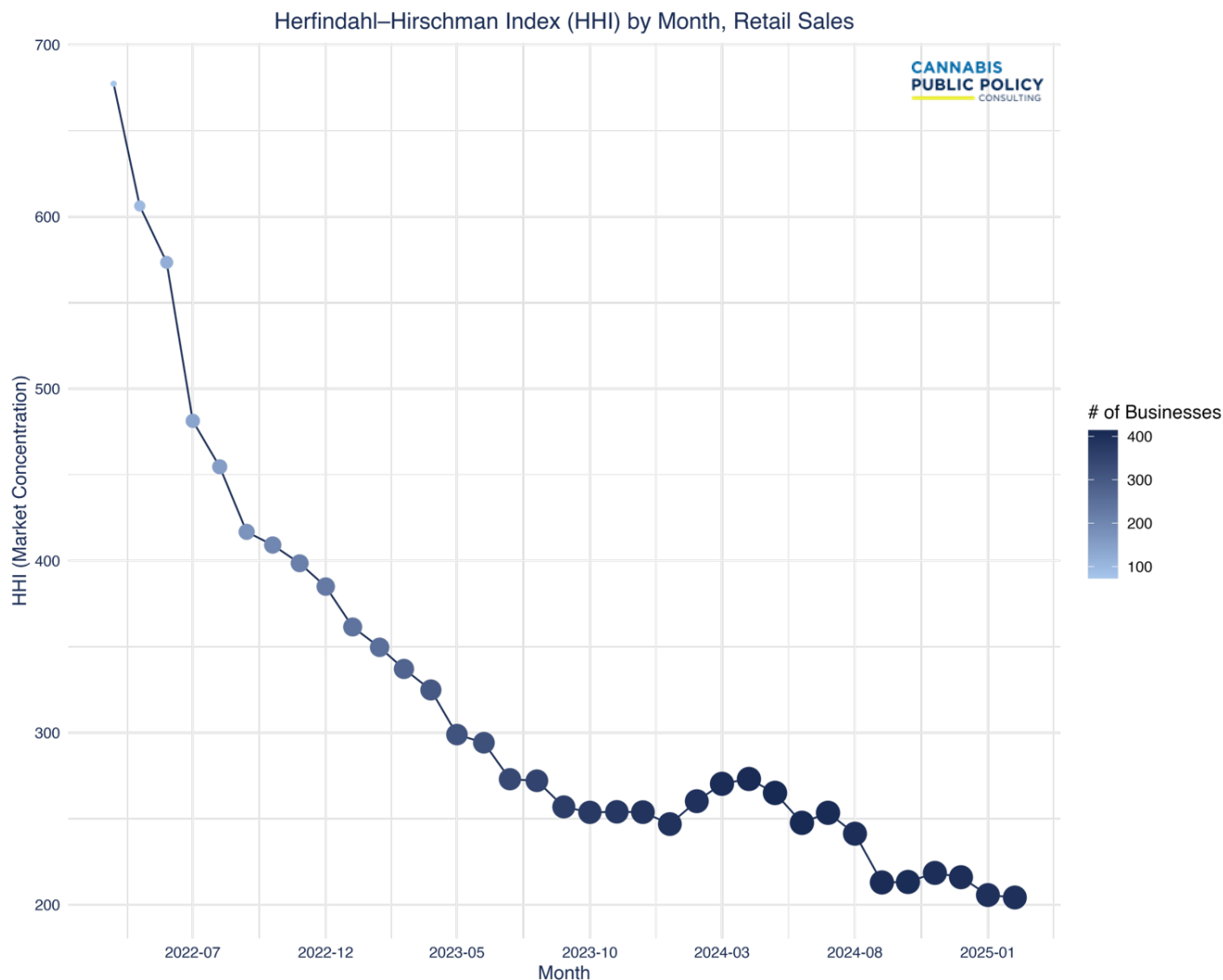


Figure 10. HHI of New Mexico Cannabis Market - Retail Sales. Data Source: BioTrack

Figure 9 and Figure 10, the size of the point at each month and the color gradient represent the number of firms competing in each month. Both the producer market and retail sales market in New Mexico are highly competitive. Generally, a HHI index value under 1,000 or 1,500 is considered competitive, depending on the criteria established by those examining HHI index values. In both markets, the HHI index values are orders of magnitude below these thresholds. As competition increases, the rate of profit declines as competition pushes the price of goods lower. After a period of decline in the producer market, the HHI value is rising near the end of the months we observed. **This could indicate that producing businesses are failing, larger firms are capturing a higher market share, or businesses are consolidating in the producer market, in turn making the market less competitive.** After significant declines in the retail market, competition in the retail market has roughly stabilized. **This could indicate that businesses across the supply chain have found a well-defined specialization in product sales, geographical specialization, or, alternatively, that businesses are replacing failing businesses as quickly as they are failing**

## VI. Time-Trends of Number of Plants/Pounds per Producer

The data provided by BioTrack contains three plant stages: growing plants, harvested plants, and cured plants.

Similarly, weights derived from these plants are categorized into multiple variables: harvested weight (wet weight), cured weight (can be used for flower or processed products), other weight (can be used for processed products only) and waste weight. However, the system does not distinguish between mature and immature plants.

In the figures below, the number of plants growing at any stage of growth, the amount of cured weight in pounds, and the other weight, are provided across the 34 months of data we analyzed. The following graphs show time-trends of the plants produced across the cannabis market. Figure 11 shows seasonality in the total sum of plants being grown (i.e., immature and mature) by producers with peaks in September, as expected. This trend may further be explained by outdoor cultivation, which typically peaks in October (commonly referred to as Cromptober).

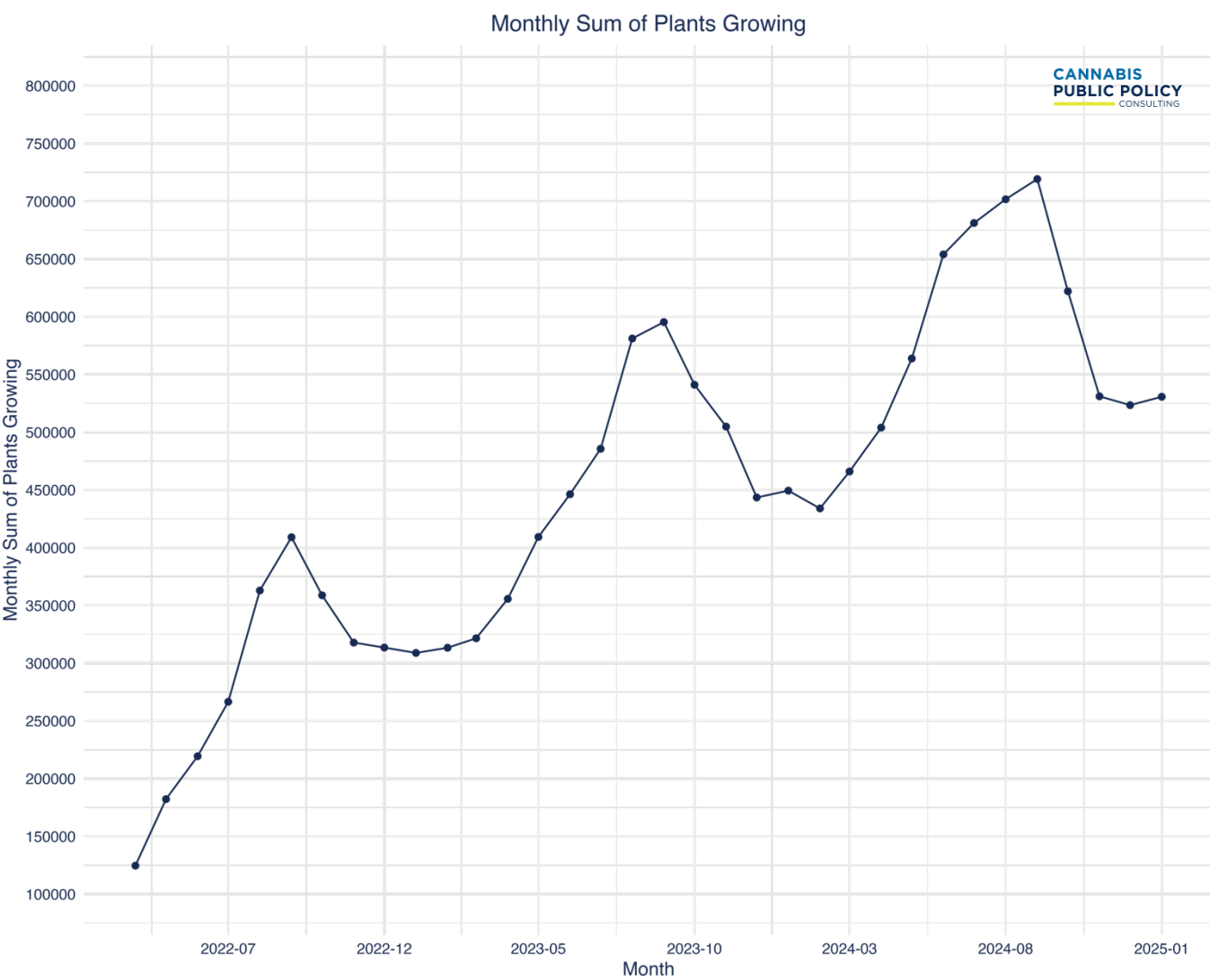


Figure 11. New Mexico Cannabis Market Sum of Monthly Plants Growing. Data Source: BioTrack

Table 5. New Mexico Cannabis Market Cannabis for Oct-Nov in LBS.

Cultivation Type	October and November, 2022	October and November, 2023	October and November, 2024
Cured Pounds	74,230.57 lbs.	148,968.10 lbs.	188,481.80 lbs.
Other Pounds	18,905.34 lbs.	33,299.63 lbs.	81,764.19 lbs.

The number of pounds produced by plants is growing over time in the cured pounds category and the other pounds

category. A notable finding from these analyses is that pounds allocated to the “other” category are increasing at a higher rate compared to the cured pounds category. This is likely due to changes in consumer preferences over time. As discussed above, concentrates, vapes, and flower infused with concentrates are growing as a percentage of total sales over time. Prices in concentrates and vapes are declining, too. Due to this, a greater number of plants and weight produced from plants will be necessary to meet demand over time. If these trends continue into the following harvest season, it is likely that the increase in pounds produced will continue to meet demand. This comparison can be observed by looking at the change in pounds produced between categories over growing seasons in Table 5. The greatest number of pounds logged occurs in October and November for both categories. An important and notable caveat to this is that other weight saw an even higher amount of pounds logged in December over November in 2024. This was not the case in the two prior harvest seasons (2022, 2023). In this case, this would indicate an even greater shift towards weight allocated for concentrate products than is assessed in the table above.

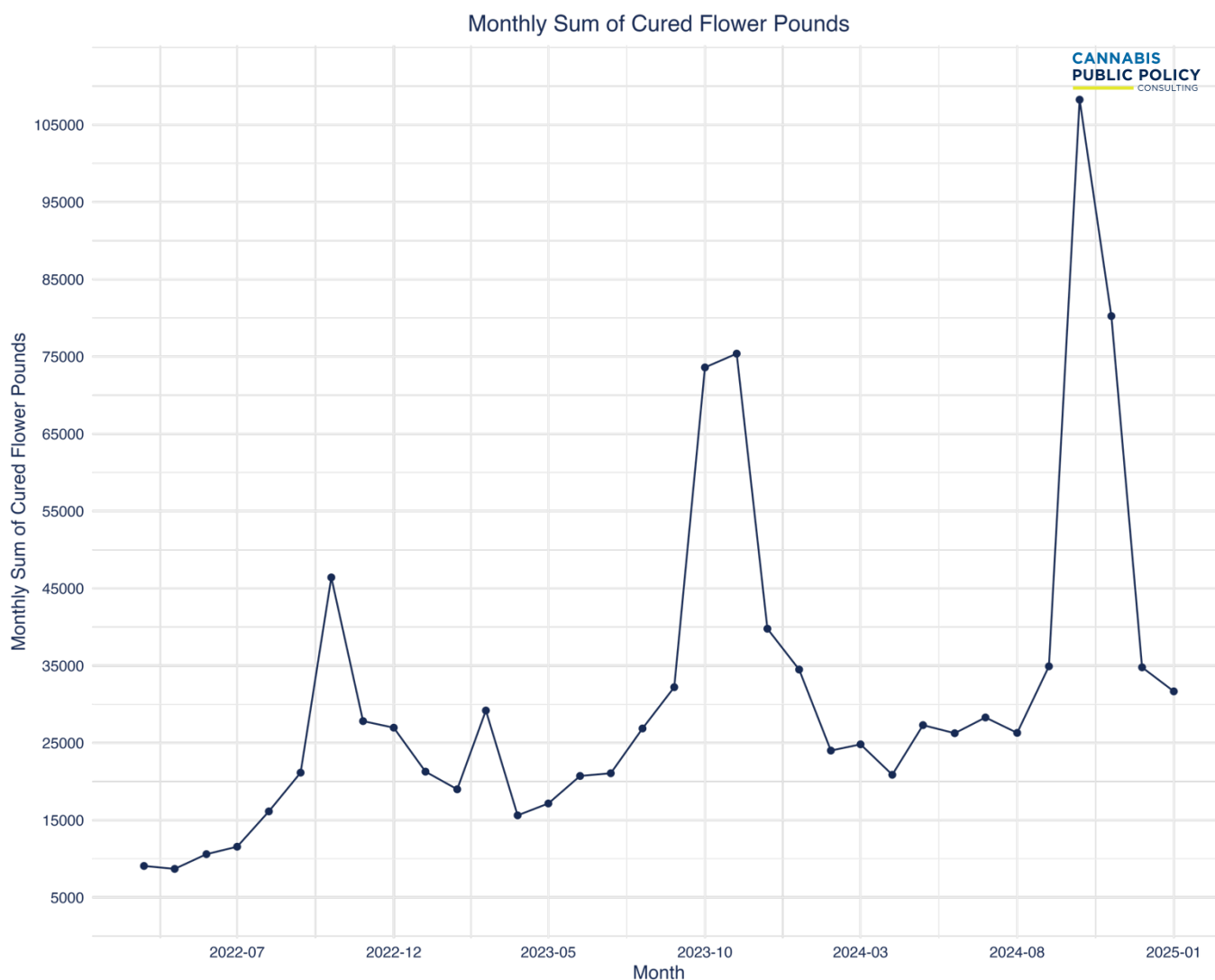


Figure 9. New Mexico Cannabis Market Monthly Sum of Cured Flower in LBS. Data Source: BioTrack

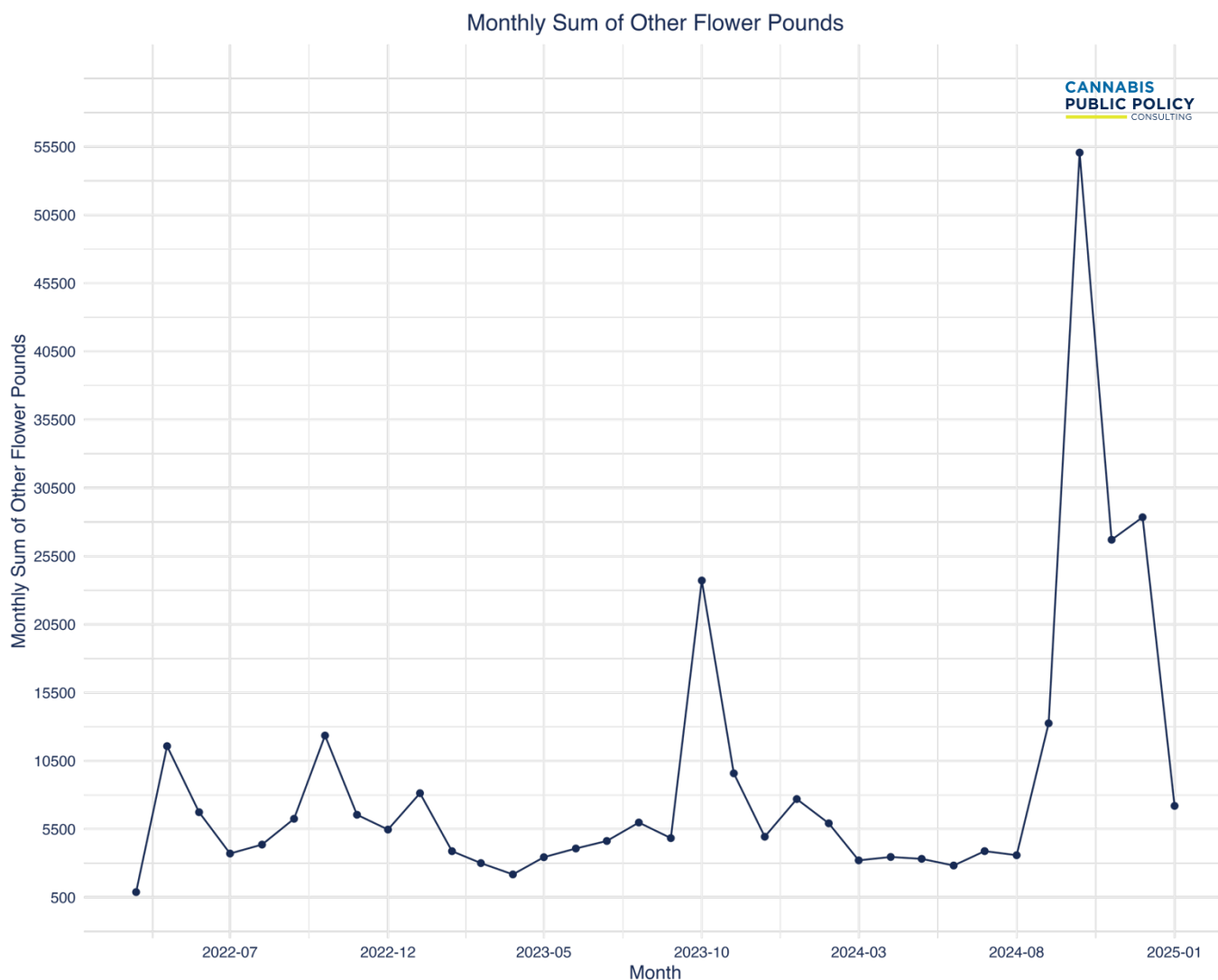


Figure 10. New Mexico Cannabis Market Monthly Sum of Other Flower in LBS. Data Source: BioTrack

## VII. Policy and Program Implications and Considerations

New Mexico's cannabis industry is successfully capturing a majority of consumer demand through the legal market, a clear indication that the state's legalization framework is meeting its primary goals, particularly in reducing the size of the illicit market. As the industry matures, however, changing market dynamics are beginning to take shape. In a market as open and competitive as New Mexico's, sharp price declines across product categories likely reflect improved operational efficiency and increased competition. At the same time, consumer preferences are shifting. While flower remains the most commonly purchased product, demand for concentrates and vapes is increasing. These evolving trends suggest a forthcoming market correction, leading to both consolidation and attrition among operators across the supply chain.

Based on the totality of the evidence presented in this study, CPPC has prepared the following considerations for New Mexico CCD.

## Cultivator License Plant Count as Required by Statute

Designed to foster competition and enable small businesses to enter the market, New Mexico's cannabis cultivation laws limit the total plant count per licensee instead of capping the number of licenses. Cultivators may grow up to 20,000 mature cannabis plants at one time, but our analysis indicates that the average number of plants grown per licensee falls below this threshold. However, it is worth noting that the BioTrack data does not differentiate between the stages in which plants are grown. That is, there is no way to know what percentage of plants are immature or mature in the current data set. That being said, the vast majority of cultivators are still not reaching the 20,000 max in totality (i.e., across what is assumed immature and mature). This, along with the successful demand capture and high competition identified in our market analysis, indicates that only a few cultivators are currently producing at their maximum allowable capacity for mature plants.

Given this context, there is likely limited justification for raising the maximum plant count under § 26-2C-40 NMSA 1978. An increase would only be economically rational for highly capitalized businesses seeking expansion in an effort to drive market competition in their favor and push out smaller or less lucrative businesses. **For most licensees, especially small and mid-sized cultivators, increasing plant count would not yield meaningful financial gain under the current market conditions.** Expanding the cap is likely to benefit only a narrow segment of the industry and could undermine the Division's interest in promoting broad market participation among diverse and small business owners.

Moreover, increasing the plant count at this time would likely accelerate market consolidation and risk further inflating prices prematurely. By providing a select advantage to those who are already likely to be current market leaders (i.e., selective well-capitalized businesses), raising the plant count would likely accelerate the rate of licenses dropping out of the market and prices rising quickly, as opposed to letting the market self-correct progressively without undue influence.

To prevent further market distortion, total supply should remain only slightly above the market's equilibrium price. This helps avoid a race to the bottom in which operators sacrifice product quality or other features to compete solely on price. This situation should be avoided as prices continue to fall, and cannabis flower becomes less desirable among both patient and non-patient consumers.

## Market Competition

Given New Mexico's highly competitive market across both the production and retail sectors, it is likely that some operators will consolidate or exit the market altogether. However, given New Mexico's relatively low barriers to entering the market, it appears that new businesses are quickly replacing those dropping out of the market.

While these changes are expected within any competitive marketplace, they raise important concerns for policymakers who wish to support diversity and small business ownership. Any future interventions, such as a moratorium on licenses or stricter production management controls, must be carefully considered. A moratorium on licenses would stop the flow of new market entrants to the benefit of the existing operators and could allow the market to stabilize temporarily. However, it would not prevent consolidation and would likely further entrench the market dominance enjoyed by a few large-scale operators. Further, a license moratorium could lead to less consumer choice and higher prices in the long run as the market becomes less competitive.

On the other hand, allowing the market to self-correct without intervention would allow for New Mexico to maintain the competitiveness of the market while stabilizing over time. However, small businesses, or those with limited access to capital or operational inefficiencies, are particularly vulnerable to going under or consolidation, potentially undermining goals of broad market participation by small and diverse businesses.