

Why Hotels Can't Ignore the Cannabis Boom

Cannabis Sales Expected To Rise to \$55.9 Billion Globally in 2026

By Roger Allen

Jun 16, 2021 | 5:27 AM



Hotels simply can't afford not taking notice of opportunities in the fast-expanding cannabis market. If we take a closer a look at the facts and figures, they certainly don't lie.

Legal [cannabis sales are forecast to rise](#) to a whopping \$55.9 billion globally in 2026 from \$21.3 billion in 2020, expanding at a compound annual growth rate of over 17%, or \$6 billion a year. Sales in the U.S., a key market with an 83% share in the worldwide total, expanded by 45% last year. Global sales of products containing cannabidiol, a cannabis ingredient with no psychoactive effects, [is estimated to grow](#) even faster, expanding at a CAGR of 48.1% to \$165.7 billion in 2027.

Demand for cannabis and cannabis-derived substances is expected to continue rising as they could be beneficial in treating symptoms of various health conditions, including forms of epilepsy, chronic pain or multiple sclerosis. During the pandemic, many people turned to cannabis or CBD products to reduce stress, anxiety or sleep problems.

New Markets To Come

Another factor supporting demand growth is accelerating legalization. New York allowed adult use of cannabis for recreational purposes this spring, which could have a ripple effect among other states



along the East Coast. Mexico is also anticipated to go through with reforms, which may have significant implications for the tourism and hospitality sectors.

Many tourism organizations and companies are working to identify new opportunities related to cannabis tourism. The city of Smith Falls in Canada, where recreational use is permitted only since 2018, is drawing insights from wine tourism for strategic planning and positioning itself to become a future leader in the cannabis tourism industry. It certainly helps that it is also home to Canopy Growth, one of the world's biggest cannabis conglomerates.

Legalization Brings in Revenue

Tourism entities interested in tapping growth in the cannabis business may also look to other markets, where this area is already a recognized market feature. In Colorado, the first US state besides Washington to legalize recreational use in 2012, travelers participating in marijuana activities tend to stay longer than average visitors (4.9 vs. 4.6 nights), while those who are motivated by marijuana-related activities spend more (\$152 vs. \$120 per day per person).

The example of pioneering U.S. states in the west also show that legalization could boost hotel revenues. Colorado and Washington bookings edged up by 1% and 2.5-4%, respectively, after possession was legalized, with growth becoming more prominent at 3.5% and 6%-7.2% once commercial sales were permitted in 2014. Average room rates in Colorado climbed by \$6.31, or 3.8%, and new hotel revenues that year totaled \$130 million in Denver alone.

Cannabis May Ease Hotel Pains

Introducing cannabis or CBD offerings can be a natural fit for many hotels, as the industry continues its transformation to provide hybrid experiences and entertainment. Consumers can't use cannabis at hotels in many U.S. states that already approved legalization, but that could change with a new wave of reforms. In New York, it is now possible to smoke cannabis anywhere that tobacco is permitted, including hotel rooms or outdoor dining areas.

Health and wellness is the primary motivation for travelers to use cannabis at a destination, which also creates opportunities for hotels seeking to emerge from the painful COVID-19 crisis with an authentic well-being profile. Several hotels dipped their toes in offering CBD-infused edibles or oils



ISHC Global Insights is a partnership of Hotel News Now and the International Society of Hospitality Consultants to bring in-depth analysis to the hotel industry.



in recent years, but there are more new areas to consider. In Mexico, cannabis-centric spas or yoga centers could be the next big thing following legalization.

Cannabis and cannabis-derived products for medical use can also open the door to new hotel guests, who are seeking increased medical supervision or a holiday experience that combines treatment. Hawaii recently launched a visiting patient program, allowing out-of-state guests to purchase medical marijuana from local retailers while vacationing.

Further developments that underpin the ever-growing use of both cannabis and psychedelics are visible at retreat properties created to treat a range of stress, addiction and other ailments. “The psychedelic renaissance” is attracting new investments to drug development and therapy companies, with public awareness about potential benefits increasing.

Pass Over and Risk Missing Out

The cannabis sector has a robust outlook, with more than promising implications for the hotel industry. As 57% of Americans desire to take part in a cannabis travel experience, the U.S. could remain a key cannabis tourism market, although newcomers like Canada or Mexico may also carve out a good share in the future.

Integrating cannabis may not be a suitable concept for all types of assets and destinations, but it is a real opportunity for many players, especially as owners and operators are seeking to find new unique selling points for the post-COVID era. The numbers on growth speak for themselves, ignore them at your peril.

Roger Allen is Group CEO of RLA Global and a board director of the International Society of Hospitality Consultants and advisory board member of the International Hospitality Investment Forum.

The opinions expressed in this column do not necessarily reflect the opinions of Hotel News Now or its parent company, STR and its affiliated companies. Columnists published on this site are given the freedom to express views that may be controversial, but our goal is to provoke thoughtful and constructive discussion within our reader community. Please feel free to comment or contact an editor with any questions or concerns.