



April 20, 2018

## MedMen Bets Big On New York Legalization By Opening A Luxury Marijuana Store On Fifth Avenue

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CNBC Photos of MedMen's new medical dispensary on 5th Avenue in New York City.

A company called MedMen is opening its first Manhattan medical marijuana dispensary Friday in the heart of one of the poshest shopping districts in the U.S. The polished retail space on Fifth Avenue sits just blocks from Bryant Park, right across the street from Lord & Taylor.

Even for the marijuana retailer, which claimed in February that its value tops \$1 billion, Fifth Avenue in Manhattan represents some seriously pricey real estate. Especially since New York has very little to offer MadMen right now — the state's registry of medical cardholders is a fraction of the size of California's.

But MedMen looks at the investment as buying front-row seats to recreational marijuana legalization in New York City.

"I am so excited about the state of New York, there has been a lot of chatter nationally lately about legalizing marijuana, there has been a lot of chatter here in the state of New York about legalizing marijuana," CEO Adam Bierman said. "This is impossible unless the laws allow us to do what we do."

MedMen's first Manhattan location, at 433 Fifth Ave., certainly doesn't look like a typical dispensary. The overall aesthetic recalls an Apple Store, even complete with red-clad "geniuses" and iPads everywhere. Conspicuously lacking the jars of sticky, green bud that dot MedMen dispensaries out west, MedMen New York only sells tinctures, gel caps, and vaporizer pens — all color coded, sorted by potency and labeled with neutral names like "Calm" and "Harmony." There's no Maui Wowie here.

A casual windowshopper, unfamiliar with New York state law, which prohibits sale and consumption of marijuana in plant form, might not even know the place sold marijuana.



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That's no accident. MedMen's real goal is to normalize marijuana and target a broader demographic of customer.

"Everyday we go to work and we know what we are doing, we are mainstreaming marijuana — we get everything we want if we can mainstream marijuana," Bierman said. "We get social change, we make the world a better place, we make our business a better business, you know, everybody wins."

Instead of stoner culture's pizza and Cheetos, MedMen offers champagne and avocado toast — in fact, that's exactly what the company served to investors and politicians who attended the store's preopening party on Wednesday.

Among those who attended Wednesday were Sen. Diane Savino, who sponsored the bill legalizing medical marijuana in New York state; NYC Public Advocate Letitia James, who has become an outspoken advocate for legalization; as well as Manhattan Bureau President Gale Brewer.

Full legalization was the hot topic at the party.

"We cannot ignore marijuana in New York," Savino said. "We are going to have to figure out a way to accelerate the time frame...because, if not, New Yorkers will vote with their feet. They are going to drive to New Jersey, they will go to Massachusetts. They will jeopardize our medical program, and we cannot afford to lose the revenue in New York."

Today, New York state offers a relatively tiny market for medical marijuana. The state registry lists just over 50,000 card-holding medical marijuana patients. By comparison, in MedMen's home state of California, there are about 1.2 million registered medical users, according to Marijuana Policy Project. That's not to mention the recreational market that's been growing since California legalized adult use Jan. 1.

From a short-term revenue perspective, the choice makes little sense — especially when considering real estate pricing.

Commercial rentals near MedMen's Manhattan location, run about \$500 to \$1,000 per square foot, according to Faith Consolo, a retail broker at Douglas Elliman. MedMen's store includes about 2,000 square feet, according to the company.

"The key here is it is not just about them making the money it is a statement, it is a brand. They are establishing a footprint on the most famous shopping street in the world," Consolo said. "They are putting down stakes — they are going to be the first and at the forefront."

The Manhattan location is not MedMen's first foray into the New York market. MedMen has two locations upstate and one in Long Island, New York, according to the website. And the company is far from the first medical dispensary in New York City.

New York state regulations authorize 10 registered organizations to manufacture and distribute medical marijuana in the state, which are allowed up to four dispensing facilities each. To date, all licenses have been distributed, but only five organizations have opened for business. According to the New York Department of Health, there will eventually be 10 total dispensaries within New York City limits — and a handful just outside.

That's a lot of competition for New York's patient population. But with recreational marijuana legalization on his mind, MedMen's Bierman isn't too concerned.

MedMen is opening its Fifth Avenue dispensary at 10 a.m. on Friday, which is an infamous calendar date for stoners everywhere: 4/20.

New York state law permits non-cardholders to enter dispensaries, so while MedMen isn't anticipating overwhelming sales, the company is expecting considerable foot traffic.

"We expect that there will be a lot of traffic, but there will be people who are curious," said MedMen spokesman Daniel Yi. "We want that exposure, we want people to be educated. We want people to come here and say, 'Oh, this is a medical marijuana store and I feel right at home.'"