

How Much Does it Cost to Open a Dispensary in Colorado 2022?

Dispensary / By Dr. Diana Rangaves



With the legalization of cannabis in most states like Colorado, the cannabis industry has experienced high peaks in speculation from investments. In the recent past, people did not embrace this industry because of the expenses that came with it and that most countries had termed dispensaries illegal. With the number of newly opened dispensaries increasing daily, customer competition is stiff.

Every business person and investor is struggling to attract more customers. Advertising and attracting more customers challenge every new business venture because they want to compete and generate revenue. Still, securing the correct information and creating a functional business plan is vital to setting up the best dispensary. The following is a breakdown of the costs involved in setting up a dispensary in Colorado.

Capital and Product cost

The moment the idea of setting up a dispensary is your objective, it is critical to put your focus on capital generation. Before you settle on the amount, one must research the prices of buying and selling the products. Stocking high-quality products, in this case, can begin at \$1,500 per pound. In addition, a

dispensary can only be done in the areas approved by the local county and business community.

The startup capital of a dispensary in Colorado ranges between \$150,000 to around \$2,000,000. This amount covers the annual advertising fee, renting fee, license application fees, yearly staffing, and security. When I spoke with the owner of Cannasseur, he said his main goal is to become one of the [best dispensaries in Pueblo, Colorado](#). This is why he has invested so much in their grow facilities. "It's not cheap," he said.

Advertising fees

Just like every other business, the dispensary has to have a concrete marketing and advertising strategy. Proper marketing skills build awareness, create brand loyalty, boost sales, and achieve their dream revenues.

To do this, you will need to employ flyers, online marketing strategies, and the physical branding of the dispensary. Securing the services of a digital marketing service can be an effective way for you to run your business while they run your marketing. The cost of advertising using the various methods can amount to about USD 25,000 annually.

License application

Before opening any business, one must secure a license. A license is a legal permit given to business owners by the government to run their business freely. When conducting this application, one will spend a non-refundable fee of USD 7,000 alone as of 2021. In addition to this fee, the facility will spend between 1,000 to 10,000 USD for the annual license renewal.

On top of these fees, a business owner must pay a premium amount that is an additional cost tied up with the application fee. There is also an employee license renewal and registration fee of \$75 and \$100, respectively.

Annual rent for dispensary

Even though most companies and business owners turn to e-commerce platforms to advertise and sell their products, setting up a dispensary requires a physical storefront. With this in mind, business owners will be required to purchase or rent real estate that will suit their business. On very few occasions does a new dispensary owner purchase real estate to set up a dispensary. So, in this case, one leases a premises to be able to start running a dispensary.

Depending on multiple factors, the monthly rates may vary, but in most cases, it amounts to between 3,500 and 10,000 USD. Renting is usually the best thing to do when setting up a dispensary in Colorado. It allows the business owner to expand and move to larger spaces when the business grows

and scales. One of the essential things to remember is that you will need a location where your customers will easily find you.

Staffing costs

Setting up a dispensary requires having excellent customer-centric employees to work in their business. To fully afford a staffed dispensary, a business owner needs to thoroughly budget for the employees' salaries and benefits before setting up his business.

Remember that these employees are a vital part of the growth of your business. Meaning that if you underpay them, you risk getting nonprofessional individuals working in your dispensary. Consequently, this might affect your service quality, reputation, branding, social media recommendations, and product reviews, thus reducing the profits. You can expect your annual payroll to close at \$250,000 annually to cover your employees' salaries.

Security and surveillance systems.

To successfully run a dispensary, you need to invest in modern security systems and personnel available. The security services offered will ensure that your products are transported to the market and stored safely at the storefront. It also helps in reducing theft cases in the business. Concerning this, an estimate of \$50,000 is to be used.

Professional and legal services.

Every business should have a legal and professional backup. Having counsel or an attorney on retainer is never a bad idea, especially if one wants to set up a dispensary. A skilled attorney is better positioned to secure the appropriate permits and licenses and make sure you fully comply with the governing regulations.

Likewise, hiring a certified public accountant to navigate your finances and investments properly is mandatory. In addition to that, dispensaries also require robust insurance policies should anything occur. Given that this industry is vulnerable due to the legislation laws set by most states, the annual cost for professional and legal services may amount to 50,000 USD.

Wrap up

In conclusion, though this industry is termed expensive, all the business costs incurred are geared towards setting up a cannabis business. One might ask if this expenditure is worth it, the answer is a big yes.

In 2020 alone, the dispensary sales in Colorado shot up to \$2 billion, which is 25% more than the

previous year. This means that as the industry grows, the more revenue generation opportunities and profits. With the rising profit figures, soon, the sector is projected to be one of the most influential and lucrative industries. Yes, it is expensive and tedious, but it is worth it.

Therefore, invest wisely with a proactive business plan in place.

References

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[NORML: A one-stop resource for all information about the fight to legalize marijuana nationwide.](#)

[MJBizDaily.com](#)

[Cure8](#)


[Cannasseur](#)

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