



Medical Marijuana Tenants Present a Unique Risk to Commercial Property Owners, Bloomberg Law

With an anemic economy, and currently 17 states, plus the District of Columbia, having various laws authorizing medical marijuana, it can be very tempting for a commercial or industrial property owner to lease property to a medical marijuana dispensary or even a “grow.”

In particular, in today's weak leasing market it is typical for a retail or industrial tenant to demand several months free rent and substantial tenant improvements. Ten years ago these tenant demands were unheard of. But today, many property owners are upside down on their properties; commercial and industrial vacancy rates are sky high, credit for refinancing is difficult or impossible to obtain, and with owners determining that some rent is better than no rent, tenants are in a position of making substantial demands. Not so with medical marijuana tenants.