



Innovative Industrial Properties Expands Long-Term Real Estate Partnership With Goodness Growth Holdings in New York

September 27, 2021

SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP), the first and only real estate company on the New York Stock Exchange (NYSE: IIPR) focused on the regulated U.S. cannabis industry, announced today that it is extending its long-term real estate relationship with Goodness Growth Holdings, Inc. (f/k/a Vireo Health International, Inc., "Goodness Growth") (CSE: GDNS; OTCQX: GDNSF), with the acquisition of approximately 92.3 acres in New York adjacent to one of IIP's properties leased to Goodness Growth, where IIP and Goodness Growth will partner on the development of 324,000 square feet of industrial space.

The purchase price for the land was approximately \$10.23 million (excluding transaction costs). Concurrent with the closing of the land purchase, IIP amended its existing lease at the adjacent property to incorporate this new project, and Goodness Growth intends to operate the consolidated property as a licensed cannabis cultivation and processing facility upon completion of development. IIP is expected to provide reimbursement to Goodness Growth for the construction of the new building of up to approximately \$46.1 million. Including this transaction, IIP leases two properties to Goodness Growth (one in New York and one in Minnesota), representing approximately 453,000 square feet of industrial and greenhouse space (including space under development) and a total commitment (including purchase prices and commitments to fund development, but excluding transaction costs) of approximately \$72.8 million.

As the pioneering real estate investment trust (REIT) for the regulated cannabis industry, IIP partners with experienced, regulated cannabis operators and serves as a source of capital by acquiring and leasing back their real estate assets, in addition to offering other creative real estate-based capital solutions.

"We are excited to expand our long-term real estate partnership with Dr. Kingsley and the Goodness Growth team, as they embark on this new phase of growth in New York," said Paul Smithers, President and Chief Executive Officer of IIP. "New York continues to represent a tremendous market opportunity, and with the signing into law authorizing the establishment of an adult-use cannabis program and the expansion of the existing medical-use cannabis program, we believe this is an opportune time for Goodness Growth to execute on this highly strategic expansion. Our team looks forward to supporting them in the development of this project in the months to come."

Led by Chairman and Chief Executive Officer Kyle Kingsley, M.D., Goodness Growth is a science-focused cannabis company and IP incubator, with over 500 employees and operations spanning five states, including five production facilities and 18 dispensaries. Goodness Growth is one of ten licensed operators in New York's medical cannabis program, a vertically integrated program where each licensed operator may operate one cultivation and processing facility and up to four dispensary locations.

"We are pleased to build on our relationship with IIP in New York and to begin construction on this exciting expansion plan," said Dr. Kingsley. "New York has taken several highly significant steps in its authorization of the establishment of the adult-use program and expansion of its medical cannabis program to provide access to more patients throughout the state, and we look forward to working closely with IIP on the development of this new state-of-the-art facility to meet what we believe will be a dramatically enhanced demand for high quality regulated cannabis products for both patients and consumers."

New York, with approximately 15 million residents over the age of 21, first launched its medical cannabis program in 2016, which has generally been considered restrictive, with fewer qualifying medical conditions and other restrictions which have inhibited growth of the regulated medical cannabis market in the fourth largest state by population. According to the New York Department of Health, there were approximately 151,000 certified patients as of September 21, 2021. At the same time, BDS Analytics estimates New York's illicit cannabis market to reach approximately \$5.0 billion this year, representing a significant opportunity to transition the illicit market to the regulated market by loosening restrictions on the existing medical cannabis program and introducing an adult-use program.

On March 31, 2021, the Marihuana Regulation & Taxation Act (the "MRTA") was signed into law, authorizing a regulated adult-use cannabis program in New York. While establishment of the adult-use program and licensing will take time, the MRTA also will operate to significantly expand the scope of and patient access to the state's existing medical-use cannabis program, including the expansion of qualifying medical conditions, the loosening of requirements for health care professionals that recommend medical cannabis to their patients for treatment, increasing the amount of medical cannabis that a certified patient may purchase, and allowing for whole cannabis flower and smoking of medical cannabis. With the expected introduction of the adult-use cannabis program and loosening of the medical-use cannabis program restrictions, New Frontier Data projects that New York will be the second largest regulated cannabis market in the United States by 2025, behind only California.

As of September 27, 2021, IIP owned 75 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 7.3 million rentable square feet (including approximately 2.9 million rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 16.7 years. As of September 27, 2021, IIP had committed approximately \$1.8 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and tenant improvements at IIP's properties, but excluding an \$18.5 million loan from IIP to a developer for construction of a regulated cannabis cultivation and processing facility in California.

About Innovative Industrial Properties

Innovative Industrial Properties, Inc. is a self-advised Maryland corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated cannabis facilities. Innovative Industrial Properties, Inc. has elected to be taxed as a real estate investment trust, commencing with the year ended December 31, 2017. Additional information is available at www.innovativeindustrialproperties.com.

Innovative Industrial Properties Forward-Looking Statements

This press release contains statements that IIP believes to be "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding the development and lease of the New York property, Goodness Growth and the New York regulated cannabis market, are forward-looking statements. When used in this press release, words such as IIP "expects," "intends," "plans," "estimates," "anticipates," "believes" or "should" or the negative thereof or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Investors should not place undue reliance upon forward-looking statements. IIP disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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