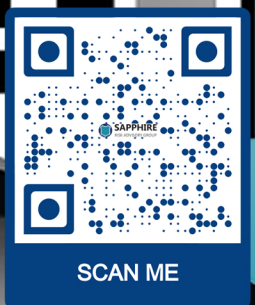


# CHOOSING<sup>and</sup> SECURING<sup>a</sup> COMMERCIAL REALESTATE to LEASE for a CANNABIS BUSINESS



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# INTRODUCTION

Many of our clients call us wondering how to choose a lease property for a cannabis business. What may look like the perfect property, may turn out to be a crime magnet. It isn't always obvious how to secure a lease property for cannabis businesses, so it's important to hire security experts. You should always research the property before you lease. This way, you can begin the process of creating your Security Plan. Proactively protecting your growth and preventing losses.

You'll want to implement layers of security to deter any potential burglars and robbers. While your business should be welcoming and approachable to customers, your lease property should also be secure; But going overboard with security equipment, personnel, and protocols can make your employees and customers feel invaded or distrusted.

It is an important and effective investment of your time and money to carefully consider what it would take to secure the property. The right property should already have some features that will work to your advantage when implementing your Security Plan.

Before you lease property for a cannabis business, there are three key security considerations to remember:



*SapphireRisk.com*



# LOCATION

Not everyone is onboard with cannabis quite yet, and some landlords are opposed to leasing real estate to a cannabis business. Also, it's not uncommon for state or city governments to legislate or require a presentation to obtain zoning approval and other necessary building permits.



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States who allow for recreational cannabis or medicinal marijuana may mandate dispensaries not be located within a certain radius from certain public entities, typically between 300-1000 feet away. These entities may include schools, parks, day care centers, or youth centers.

Local jurisdictions may modify this distance to be larger or smaller and may designate additional "sensitive uses" for buildings that trigger the distance requirement. You're likely to face opposition from these groups if they feel you are encroaching on their space.

## Community Concerns about Cannabis Businesses

When it comes to legalizing cannabis, particularly for adult-use, local residents are concerned about the resulting rising crime rates, unsightly grow facilities, and a decline in property values. You should expect some opposition from those who do not understand the impact of a cannabis business. While it may be intuitive that low-crime areas have higher property values and high-crime areas have lower values, a study from Florida State University determined it's actually a little more complicated. The study concluded one of the only crimes that actually has a significant impact on property values is robberies.

*Designed by Alfadanz / iStock*





Cannabis businesses are not immune to robberies. It's possible, due to the valuable products and large amounts of cash on-hand, these businesses could make desirable targets for robberies. Fortunately, there are laws in place which mandate premises management and security to prevent robberies and other crimes from occurring. In fact, cannabis businesses today have some of the most advanced security measures of any business!

## Cannabis Impact on Property Values

According to the Cato Institute, homes within 0.1 miles of dispensaries increased in value by 8.4%. Since 2014, 180 dispensaries have been licensed in Denver and the city saw over a 67% increase in property values compared to the national average of 30%. Denver is not the only area which has benefited from rising property values. The State of Washington has also seen an increase of 57% in the five years following the opening of the first dispensaries. In addition to increasing property values, recreational cannabis markets also create more economic activity. Legal recreational cannabis businesses attract more entrepreneurs, job seekers, and home buyers to the area, thereby further driving up the housing market.

It generally takes several months to a few years for cannabis businesses to obtain permits, build their facility, and begin operation after legislation passes. Interestingly, the impact of cannabis on real estate values can sometimes be seen right away. Data shows recreational states see an immediate rise in home values following legalization. Redding, CA is an excellent example where property values increased by over 7% following the passing of cannabis legislation between 2016 and 2017.



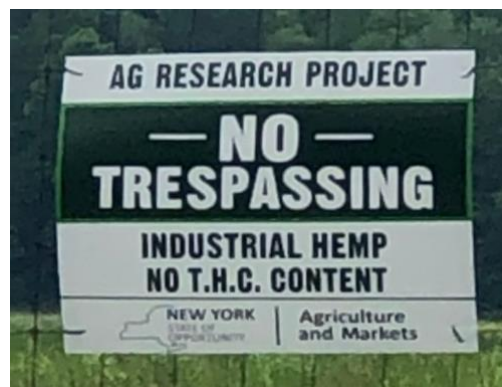
## The Area and Zoning

An address within close proximity to police stations, fire departments, and hospitals may impact your choice in the perfect property. Choosing a location near police and first responders is advantageous because it will reduce response times if your business were to experience an emergency. Nearby highways and the design of neighborhood roads are also things to consider. Proximity to highways increases both general



accessibility for potential customers and property value in commercial areas. However, it can provide a strategic getaway path for criminals. Still, with all the traffic and people constantly passing by your business, potential thieves could decide it's not worth the risk of getting caught. Commercial and industrial areas are viable options for your business's location.

In a commercial area, you will likely be surrounded by other businesses armed with their own security measures or security staff. The combined security efforts by businesses can discourage crime and loitering for the entire commercial area. Less foot traffic means anyone passing through the area, especially after hours, is automatically suspicious. The architecture of commercial area buildings can also work to your advantage. It is typically very plain and similar, meaning your business will be less likely to stand out against the others.



*Photo by Tony Gallo*

## Cannabis Businesses in High-Crime Areas

If you are intentionally entering a high-crime area, e.g., for social equity eligibility or bonus application points, a professional risk assessment or local crime data may prove useful. Crime statistics offer more information than simply knowing whether a neighborhood is “good” or “bad.”

*Designed by Vecteezy / icons-for-free*



They arm you with the foresight to understand what crimes are most prevalent. If a neighborhood catalogues prolific mugging and shooting incidents, you would likely find it prudent to tailor your Security Plan to focus on implementing bullet proof glass and safety measures for incoming and exiting customers and employees. With the rise of public protests and acts of social unrest, it may also be beneficial to research if the property you are scoping has been near a hot spot for such events. There are resources for finding detailed reports of

crime activity by address, such as [Cap Index's CRIMECAST](#). These statistical risk assessments are clearly organized into index scores and color-coded maps based on location, radius, and



proximity data. They make it easy for you to understand and create a Security Plan against crime in the area.

## PERIMETER & SURROUNDINGS

While good security starts at the perimeter, for a cannabis business real estate property, your perimeter will need to be both aesthetic and purposeful. You want your property to appear safeguarded and well taken care of, but not off-limits for its designated purposes. A gated fence could be practical, yet odd or even intimidating for a retail dispensary. To mitigate this, the gate could remain inconspicuous and open during all business hours, and later locked and secured when the business is closed. Your trees, bushes, and shrubbery may also be a part of your property's perimeter. Though these can create an attractive and inviting look for your property, these aspects must be maintained. Some states and cities even mandate trees and shrubbery be tamed to not block the security camera angles or street view. No matter how you design your perimeter, nothing should allow potential criminals to conceal themselves from the security system.



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### Exterior Security for Lease Cannabis Businesses

Best case scenario, your business should have its own exclusive parking lot onsite or have one very nearby. This is vital for a couple reasons.



Minimize the distance delivery workers must travel when carrying your product directly to secure storage from their transportation vehicles. Ideally, you will be able to record the entire process on your security cameras.





# 2

Assure your employees and customers are safe walking to and from the parking lot, especially during periods of limited lighting. Without security measures in place, parking lots can easily cultivate property theft and violent crimes since they are typically dimly lit, intermittently surveilled, and shielded from public view.

Perimeter lighting can help your customers and employees feel safe, especially walking to and from the parking lot and building. Not only will they feel secure, but a well-lit perimeter can also eliminate any public uneasiness about your business. Sufficient lighting will enable your security personnel and surveillance cameras to better identify individuals, vehicles, and other movement on the property. Potential criminals are less likely to commit a crime in an area that is well-lit and highly visible.

## Crime Prevention Through Environmental Design (CPTED)

CPTED uses architectural design and property management strategies to deter criminals by eliminating opportunities, reducing the number of potential victims, and developing a sense of safety and control within the community. CPTED reinforces the idea that a sufficient Security Plan must be multifaceted and varied. Should one measure fail, another would act as a safety net. The more layers of security you can maintain, the better. The key factors in CPTED strategy are natural surveillance, natural access control, and natural territorial reinforcement.

When implementing this strategy into choosing a property, you should pick one where the area and design facilitate visibility and control over access.





## Natural Surveillance

Natural surveillance refers to your property's visibility. Though the principle sounds basic, this can be affected by a wide variety of factors, including trees or landscaping, lighting (on property and street), shadows caused by lighting or buildings, foot and street traffic, view from neighboring businesses, range of view on all sides of property, range of view down all street entrances, non-obstructive decor and security elements, etc. CPTED upholds community efforts and working as a collective to deter neighborhood crime. Befriending your neighboring businesses and retailers could prove to be symbiotic.

All parties within the network are reassured of the security measures taken by others, and due to heightened awareness, provide a wide scope of natural surveillance -- keeping an eye out for others, and keeping others informed.



*Photo by Thomas Barwick / Getty Images*

## Natural Access Control

Natural access control is the selective design and use of entrances and exits to the property and building to maintain control and surveillance of customer traffic. By minimizing points of entry and building access, it becomes easier to narrow security measures and maintain control of who enters and when.

This focus includes all points of entry, such as front and back doors, emergency exits, windows, and rooftop access. Most of these entry points will likely be restricted to employee access. Parking lots should also be restricted to ensure access is prohibited when the business is closed to prevent loitering. If loitering is not prevented, criminals may scope your building or even tamper with the property.

## Natural Territorial Reinforcement

Natural territorial reinforcement involves showcasing a controlled and occupied environment, and using strategies to clearly display your ownership, the type of property it is (private, commercial, public), its





purpose, and its boundaries. Keeping a property in good shape will demonstrate your space is occupied and well cared for.

To a scoping criminal, this property might not be the most ideal candidate for a crime since it is evident the owner takes pride in their territory, and they will likely opt to commit crimes in an area with less of a risk of being confronted and thwarted.



*Wikihow.com*

## **Broken Windows Theory**

Maintaining your property proves to serve more purpose than simply to entice customers. This theory suggests visible signs of dilapidation and crime encourage further acts of crime to be carried out. A property or neighborhood that is clearly not maintained sends a message the inhabitants do not really care for their community and what goes on in it, therefore, providing an environment lacking in communal ties and supervision. This perspective could be important to consider when looking for property for your business.



SeekPNG.com



Take a look at the surrounding businesses, particularly your prospective next-door neighbors.

- Are their properties well-kept and inviting?
- Is there visible, positive social activity and foot traffic from customers or residents?

Foot traffic and social activity are important signals of a tight knit, healthy, and well-functioning society. The Broken Windows Theory highlights that unkempt and “unsafe” neighborhoods tend to cause good people to either move away or seclude themselves. Secondly, the theory totes the idea that controlling minor crimes can prevent more serious crimes from being carried out. Addressing smaller infractions shows the enforcement of laws and rules, big and small, are taken seriously. Criminals are always looking for an easy target and search for properties with signs of neglect, like litter or graffiti.

If your building has been vandalized with graffiti or window etchings, it would be best to get it fixed within 24-hours of discovery.

In fact, several cities and states require any damage or vandalism be reported and addressed within 24-hours, even going as far as to delay business until it has been taken care of. Failing to address vandalism promptly increases the risk that your business becomes the next stop for a criminal.



# INTERIOR FLOOR PLAN

As you shop around for a property, you should consider how the layout of the interior floor plan will benefit or hinder your security measures. Most of your property options will have already been built and used for other business purposes. Most retail establishments will not have the security infrastructure required for a business as regulated as cannabis. Tailoring should be expected.



*Designed by macrovector / Freepik*

Some building features in particular can prove to be a liability, such as windows and sky lights. Windows can be built or altered with special properties (such as tints, reinforcements, etc.) but are still not as structurally sound as a wall or integrated security door. Not to mention, most dispensaries are required to ensure that no cannabis product is visible from outside at any time.

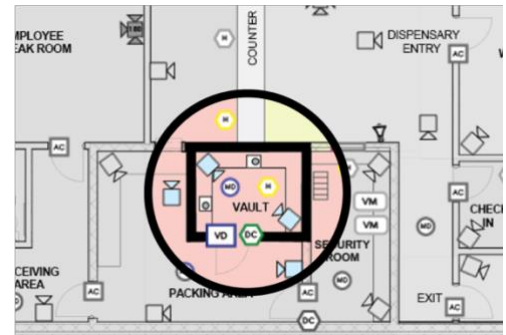
## Cannabis Businesses in Shared Spaces

Shared spaces inherently undermine access control. Think about your first apartment: by sharing the same single building with others, you might have been more vulnerable to certain crimes due to overlooked security weaknesses in other areas of your complex. Likewise, if you are in a strip mall or if your building shares a wall with another business, you will need to account for the possibility of security breaches that could occur via neighboring suites or buildings. If your building sits close enough to another building that a person could use their roof to access yours, it would also be wise to make entrance from the rooftop difficult, if not completely inaccessible.

You'll want to make sure your storage area, if possible, will not be adjacent to a neighbor or located on an exterior wall. If it is, see if you can reinforce the strength of that wall. By default, through state and



federal regulations, vaults and storerooms containing valuable items (cash, cannabis product, records, equipment etc.) must follow strict guidelines concerning the materials and design of rooms and their reinforcing security attributes. Vaults, for instance, must be constructed with specialized, extremely durable security materials. For example, vault panels are composites of steel to deter burglary (blunt force, cutting) and concrete to absorb heat (fires, torches).



*SapphireRisk.com*

## Lease Property Alterations for Cannabis Businesses

Generally, the property floor plan cannot be altered dramatically without severely delaying your grand opening, so a good amount of consideration needs to be given to the property's permanent components. As previously mentioned, it would be ideal for your business to have its own exclusive parking lot as close as possible to the actual building. Your receiving area in particular deserves special attention since this is where your cannabis product and cash transports occur. Several factors should be carefully considered when it comes to your receiving area protocol. The most ideal layout would allow for any delivery vehicles to park as close to the receiving area door as possible.

Additionally, the vehicle should have enough space to allow for an escape route in the event that a criminal should try to block the vehicle. Certain floor plan layouts may present an opportunity to control traffic flow and monitor entrances and exits more tightly. Some examples of architectural features that could deter or trap a criminal are utilizing man traps and storing cannabis on a lower or upper level that is harder to access and even more difficult for a criminal to escape if caught red-handed.



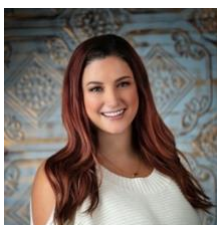
*NicePNG.com*



# CONCLUSION

No matter what kind of cannabis business you choose real estate for, consider the real estate's adjacent entities, its path to all exits, and its potential for a risk-averse layout. Every property has its advantages and disadvantages. Choosing the perfect real estate for a cannabis retail space isn't the easiest decision but securing lease real estate for a cannabis business can be even harder. If you're unsure how to secure your property or want to ensure it's done right the first time, you should hire experts to guarantee your property is secure, functional, and successful.

**Sapphire Risk Advisory Group** is comprised of security experts with extensive expertise implementing loss-prevention controls and processes that mitigate security threats from armed robbery and burglary. Sapphire Risk has designed cannabis security operations in 34 states and counting. With over 100 years of combined experience analyzing crime and the tendencies of those who commit them, Sapphire Risk has gained the knowledge necessary to identify security risks and help you prevent them. We review all aspects of your business to protect you from both internal and external threats. Our job is to provide you with a sustainable security strategy that grows with your business. No matter the real estate space, we can save your cannabis business time and money while securing your property.



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## RESOURCES

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