

GROWERTALKS

GT in Brief

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Van de Wetering Enters Lease Agreement with Cannabis Company

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Van de Wetering Greenhouses announced that it's entered into a long-term, multi-year lease agreement with Columbia Care, Inc., a cultivator, manufacturer and provider of medical and recreational cannabis products. Columbia Care is now the sole owner of the 34-acre property in Riverhead, New York, with Van de Wetering leasing back 90% of the greenhouse space.

President and owner of Van de Wetering Greenhouses Walter Gravagna said with New York state recently legalizing recreational cannabis, they'd been approached during the past year by multiple cannabis companies looking to lease or rent out greenhouse space. There were so many that Walter hired Rubin Capital, an investment banking firm, to manage the inquiries and vet the interested companies, one of which was Columbia Care.

Walter admitted that he and his wife Karin, whose family started the business in 1989, weren't looking to sell, but when they met with Columbia Care, the offer they presented was too tempting not to consider. Columbia Care wanted to buy the entire property and then lease a majority of it back to Van de Wetering. This way, Columbia Care could use a small amount of established greenhouse space to start their cannabis business, while Van de Wetering could continue to operate its ornamentals business as usual in the rest of the space.

"Looking 10, 12 years down the road, I needed a plan," said Walter. "It was a perfect situation for me and for our employees."

Walter said that it presented the best of both worlds—he and Karin had plans to continue their growing operation for many years yet, but the deal also allows them to plan ahead for the future of the property and the business. None of their three children—who are all around college-age—are interested in pursuing a career at Van de Wetering, so this gives the Gravagnas an option once they decide to retire.

Columbia Care will start out with 100,000 sq. ft., which is about 10% of the space, in an isolated rear greenhouse toward the back of the property. The company's plan is to slowly expand as necessary as their business and the New York cannabis marketplace evolves. Columbia Care's medical cannabis program is expected in the fourth quarter of 2021, pending regulatory approvals.

Walter said he and Karin not only liked Columbia Care because they were so open and agreeable to the terms, but because they're a local company. Columbia Care has a dispensary nearby in Riverhead and have been in the community for the last few years. Walter is a member of the New York Farm Bureau and on Riverhead's ag advisory committee, so he was already familiar with them.

In the short-term, not much will change for Van de Wetering and its customers. They're continuing with business as usual as a Gold Supplier for Ball Seed, supplying young plants for the mid-Atlantic and Midwest.

"We're looking to continue to do business as we always have," said Walter. "Will there be some impact on some of our finished crops? Sure. But this will have zero impact on our young plant business, which is 80% of what we do. It's our bread-and-butter, and we want to be the best at that. Our customers are growing and demand is growing, and we want to be able to meet that demand."

Walter said that the partnership with Columbia Care will provide new opportunities for Van de Wetering to expand and focus on its already robust young plant program.

"We're always looking to get better every year, but sometimes when you're in this cycle of always doing everything to please everyone, you kind of compromise in some areas. We're really trying to get to a point where we don't compromise on anything," he said. "This will only make us stronger and more focused. We want our customers to know that the young plants that they've always depended on, they can continue to depend on for years to come."

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