

# MAINE'S ECONOMIC & DEMOGRAPHIC OUTLOOK

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AGA Maine Chapter Meeting

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# Overview

Demographics

Labor force and employment

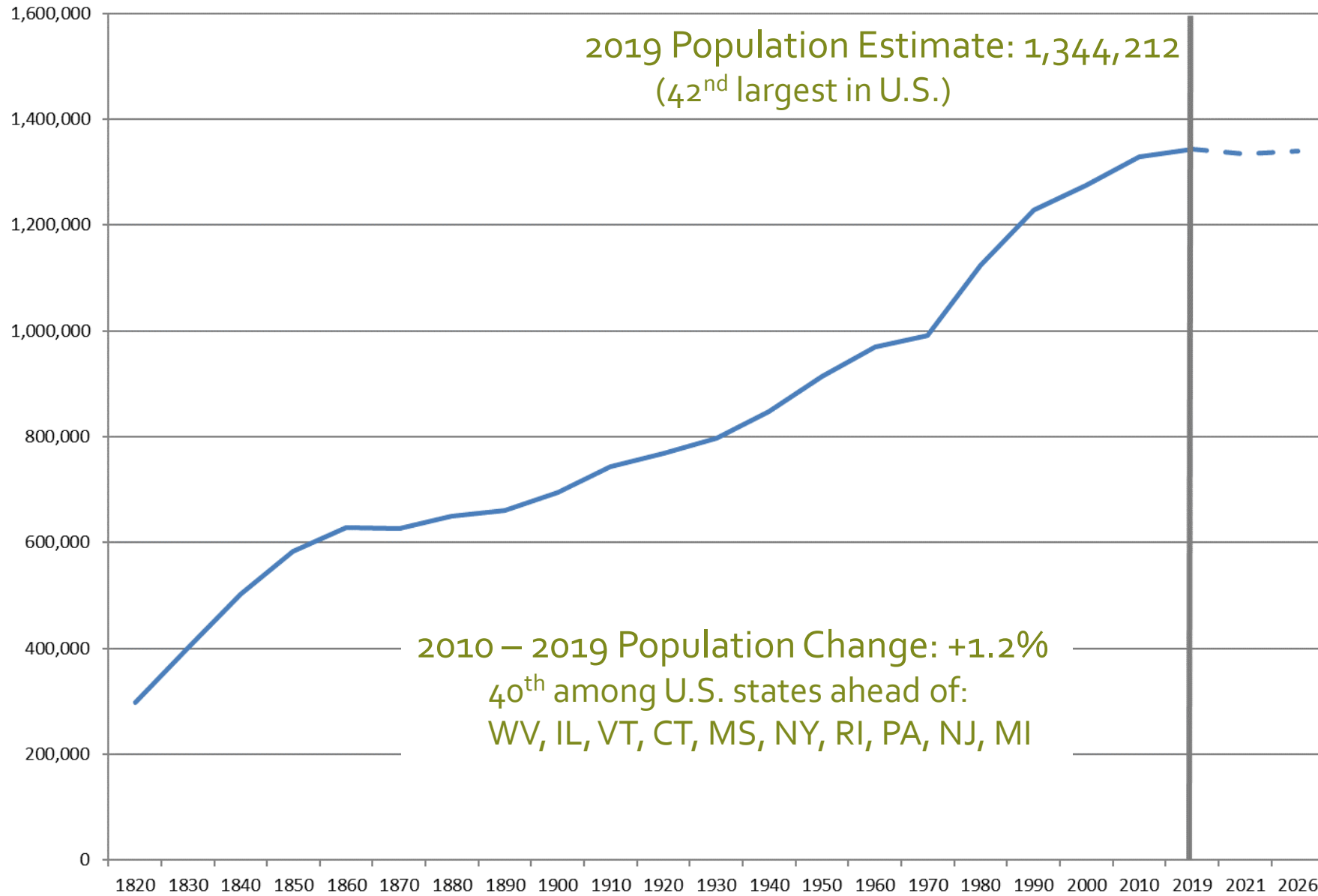
Income and GDP

Challenges of the pandemic recession

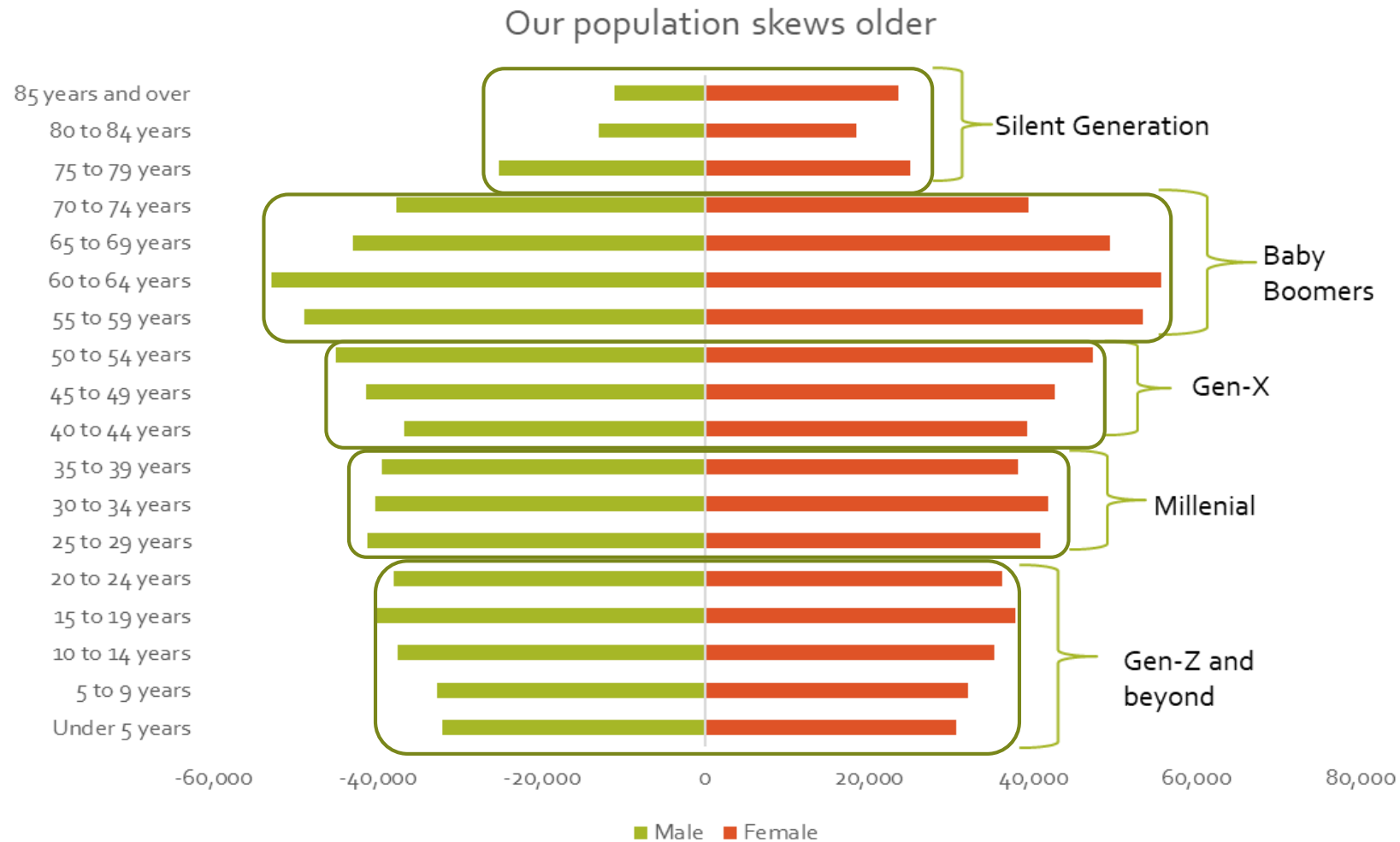
# DEMOGRAPHICS

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## Total Population, Maine

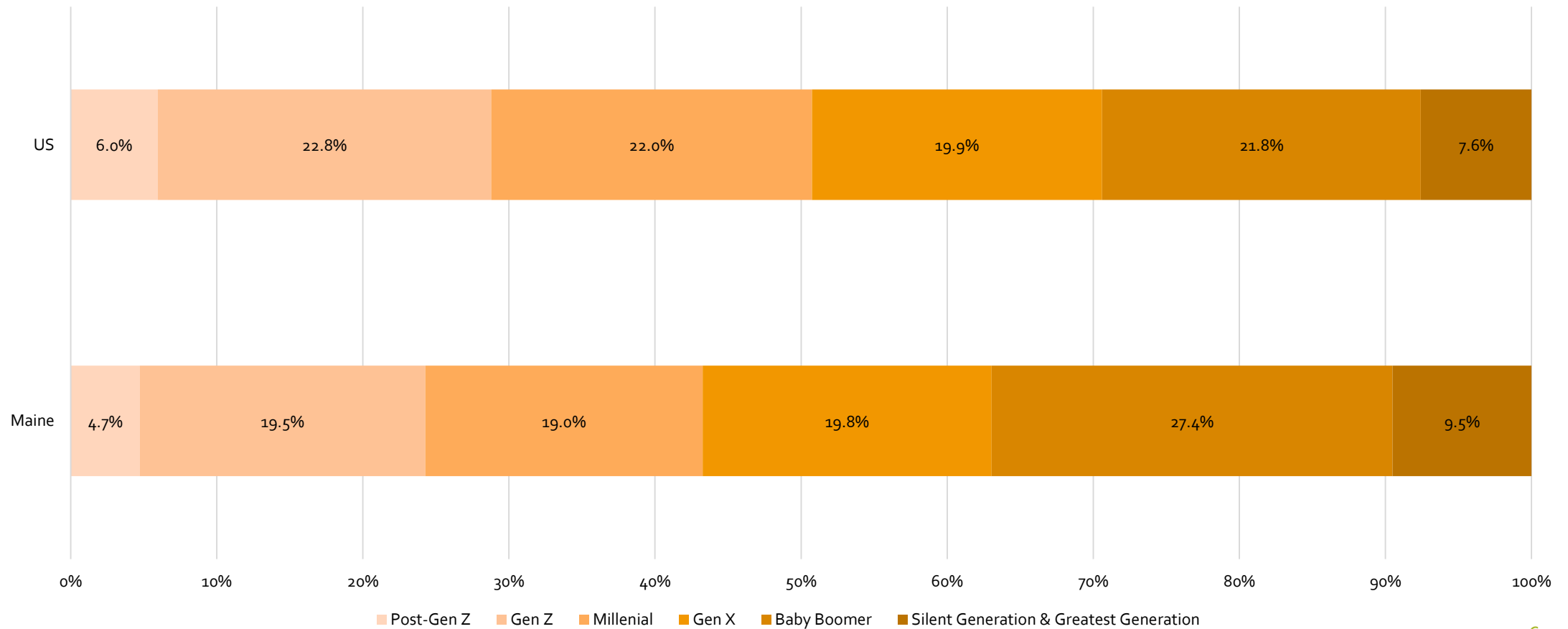


# The Baby Boom Wave

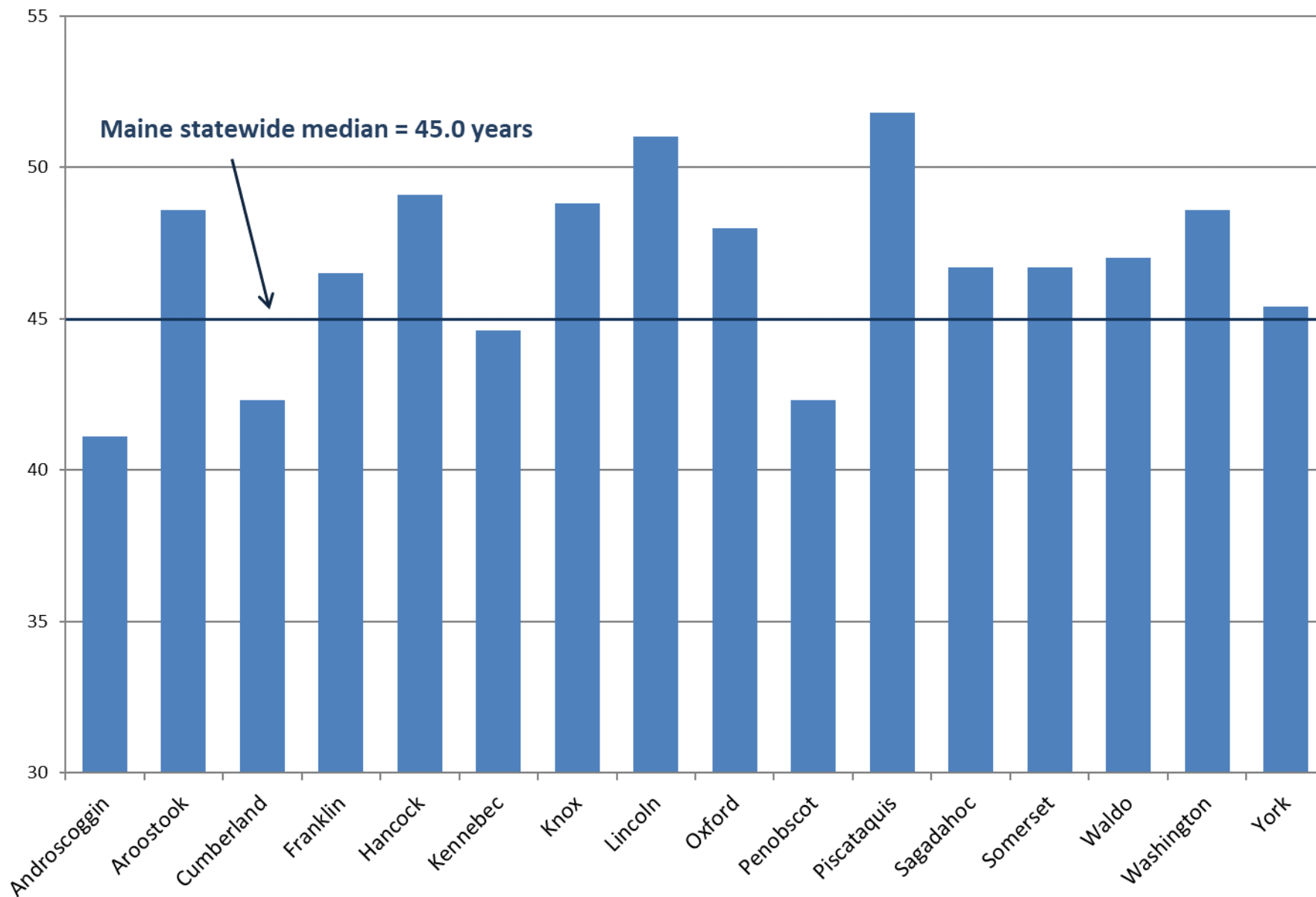


# Younger generations are a smaller portion of Maine's population

Population by Generation, 2019

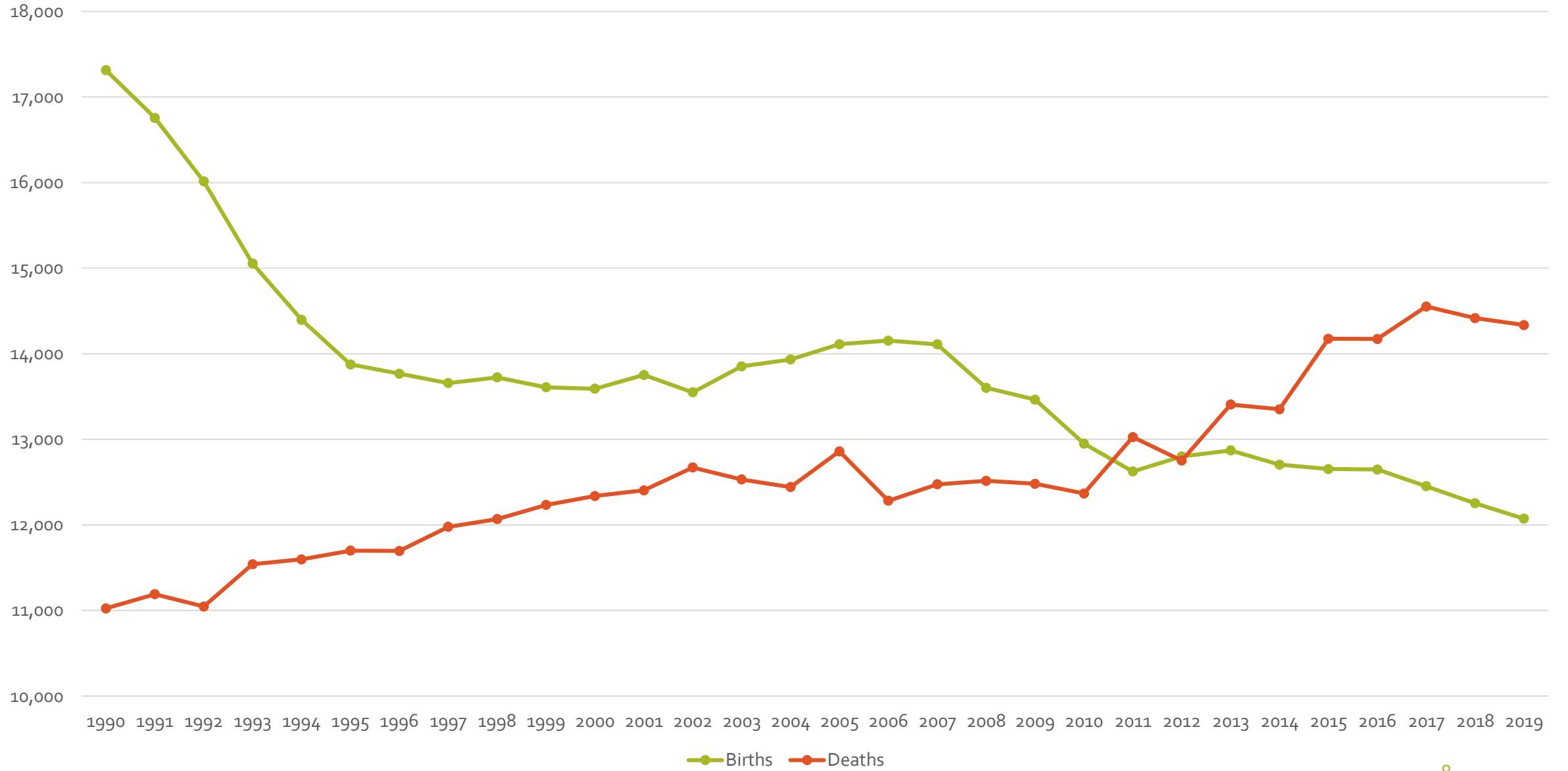


## Median Age



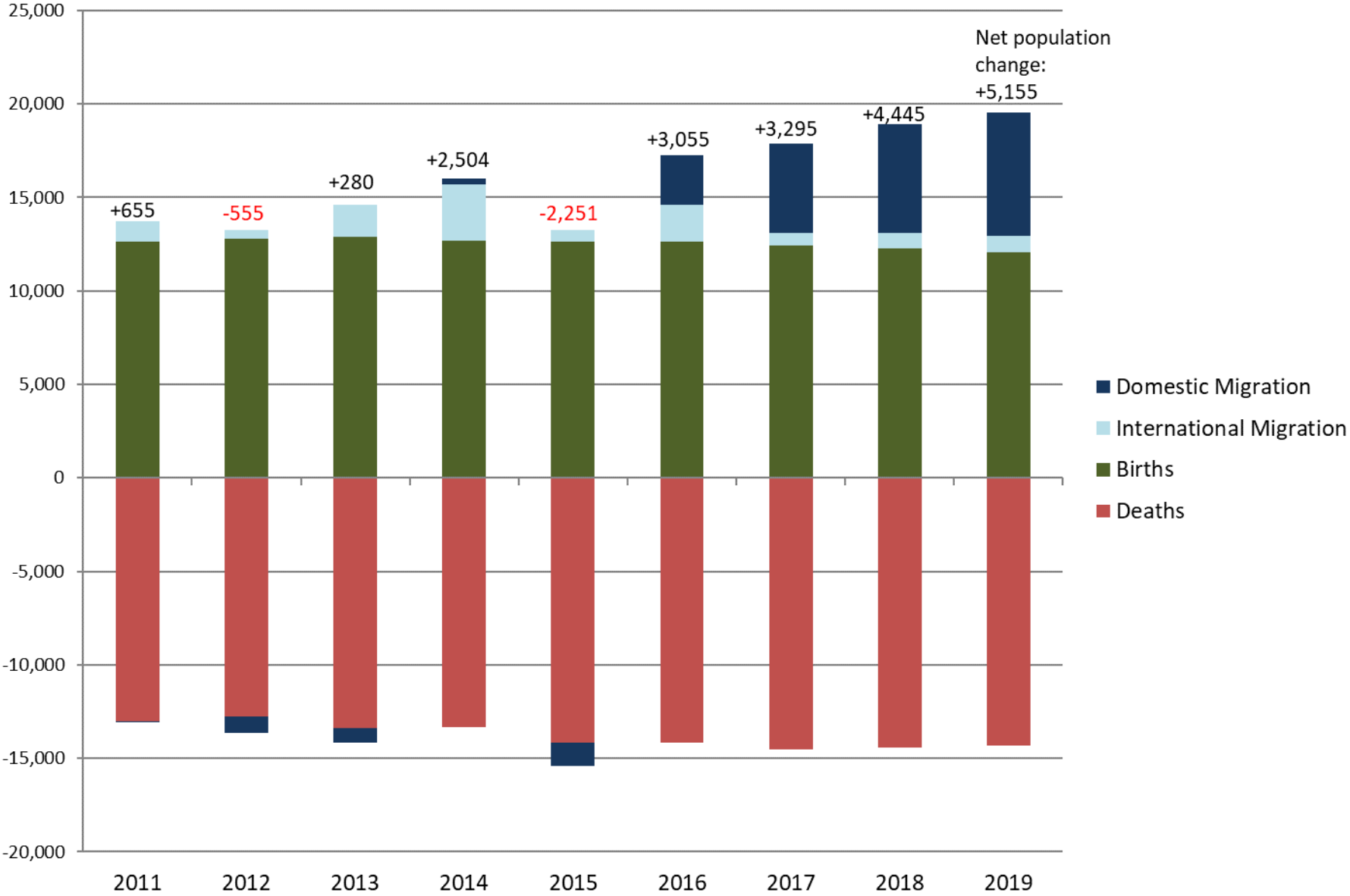
Maine is oldest in the U.S. by two measures: median age and percent of the population age 65+

### Births and deaths per year in Maine





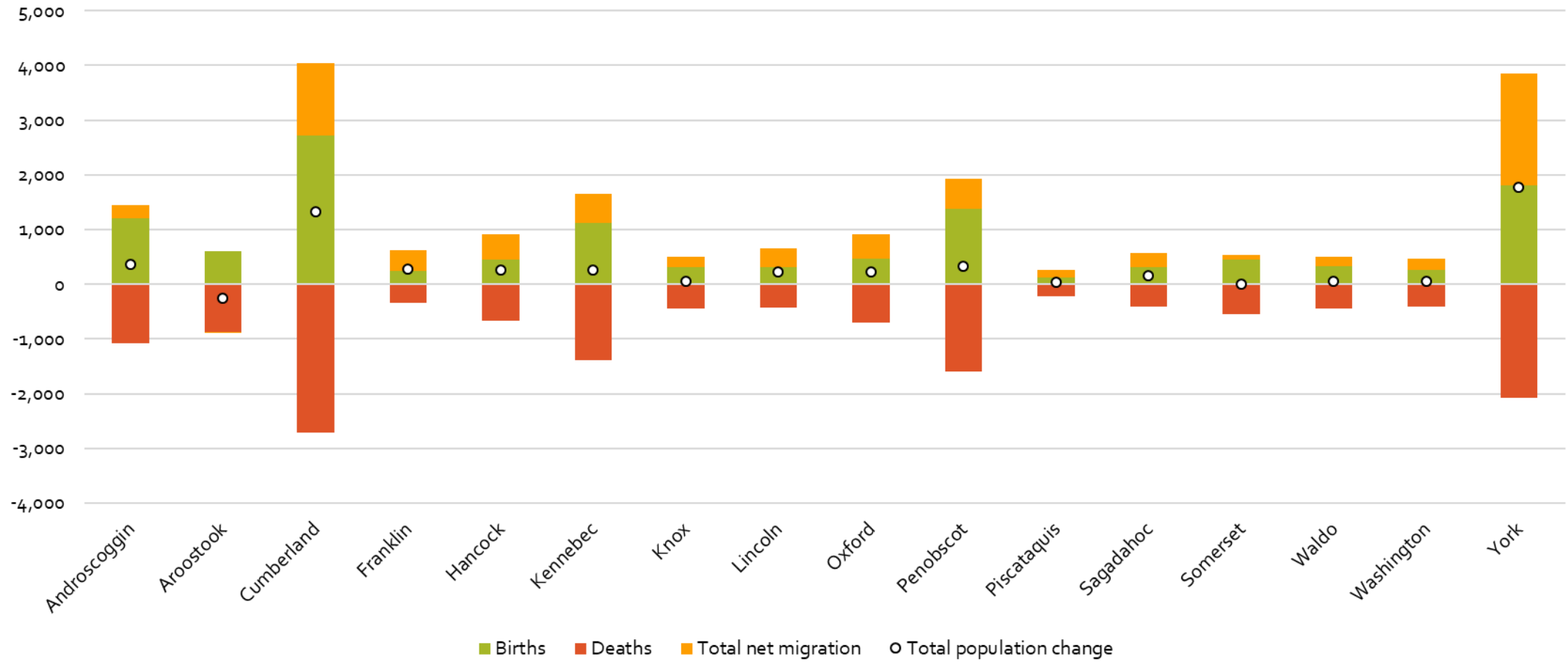
# Components of Population Change, Maine



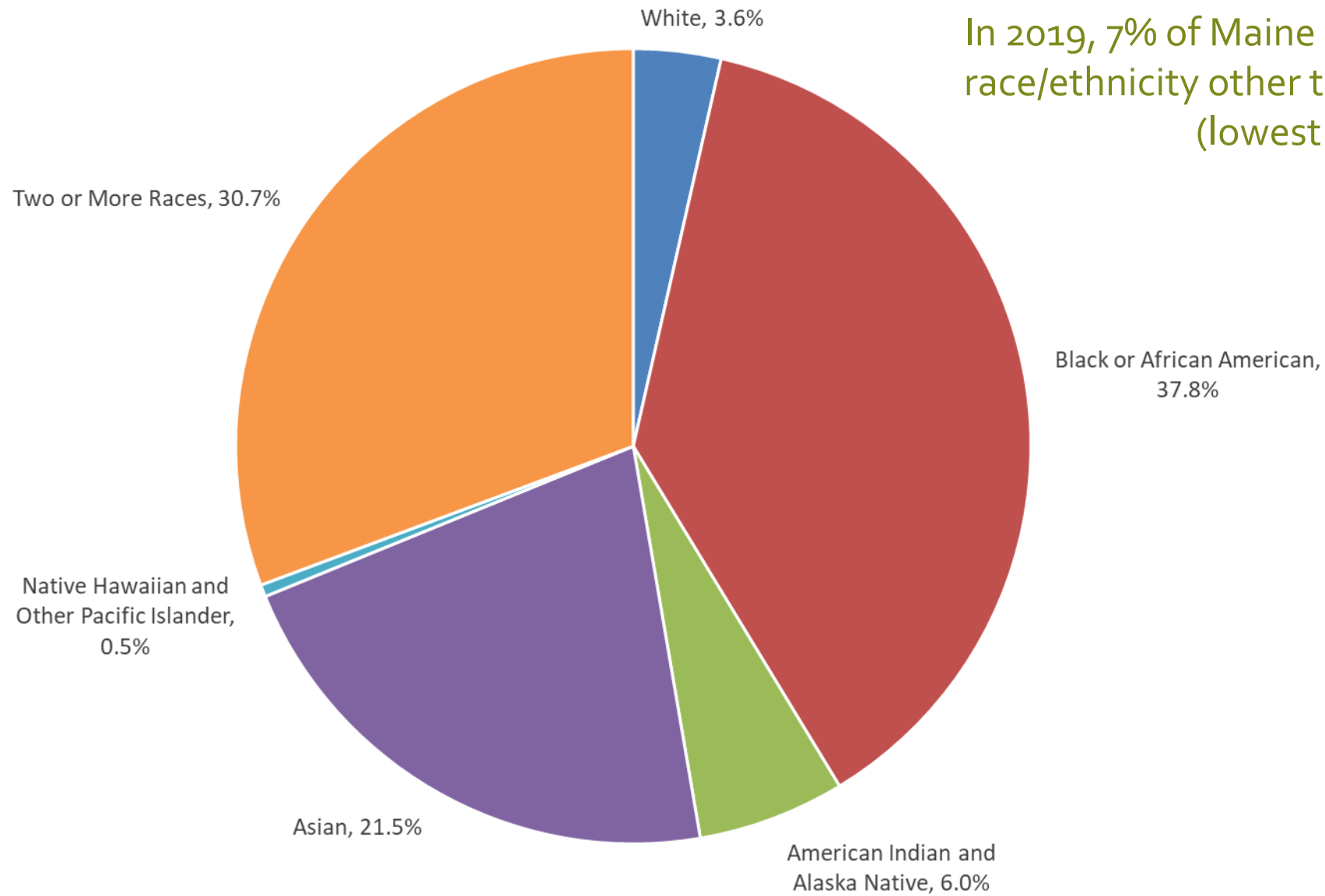
Source: U.S. Census Bureau, 2019 Population Estimates Program

# Migration is the primary driver of population change

Components of population change, 2018-2019



## Contribution to overall population growth in Maine, 2010-2019



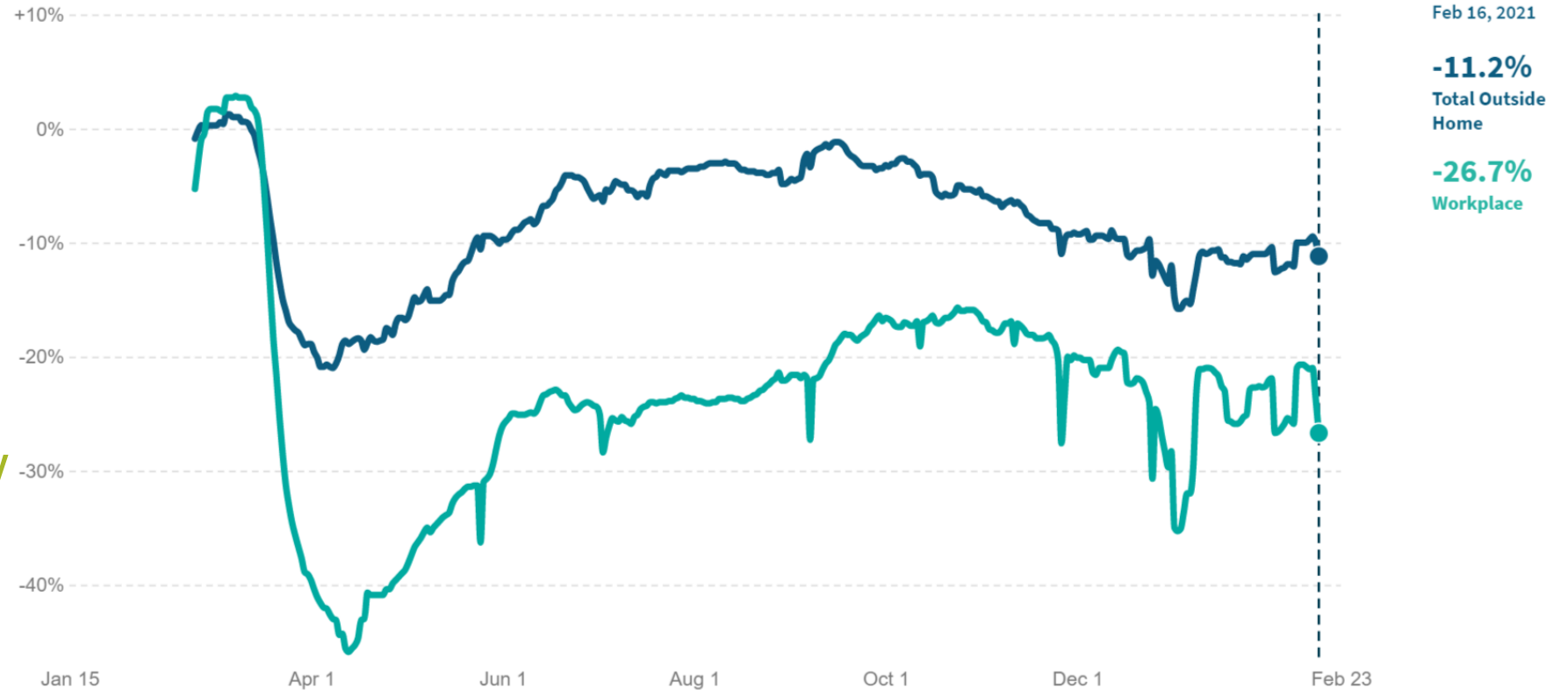
In 2019, 7% of Maine population identifying as race/ethnicity other than White, Non-Hispanic (lowest in the U.S.)

# Migration effects from COVID-19?

- Maine has been seen as a safer place to be during the pandemic due to lower case counts and infection rates
- Maine's lower population density may prove increasingly attractive to people in the coming months and years
- The ability to work remotely is making it easier for people to consider a move to Maine, especially if high speed internet access improves

### Percent Change in Time Spent Outside Home\*

In **Maine**, as of **February 16 2021**, total time spent away from home **decreased** by **11.2%** compared to January 2020.



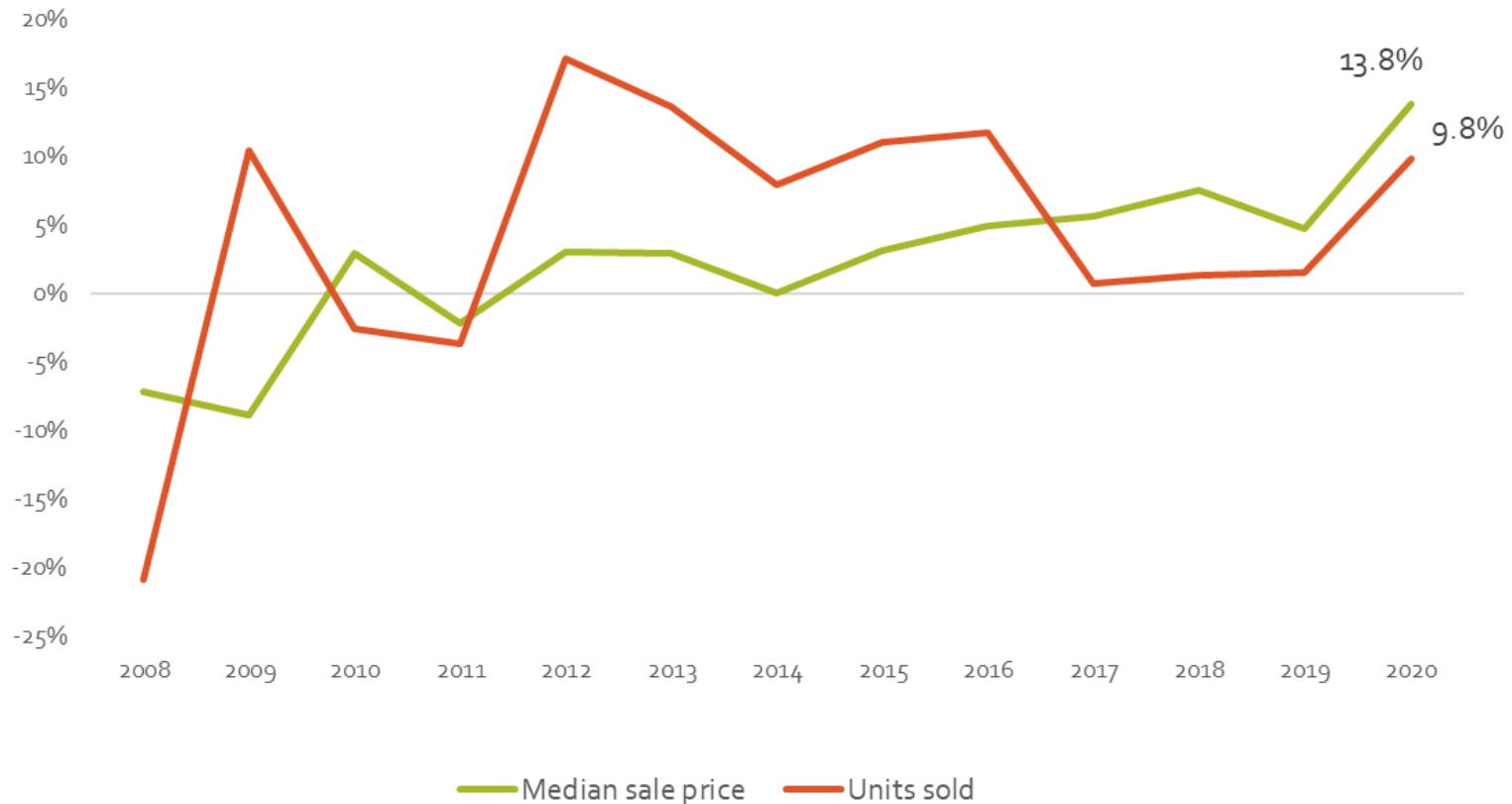
\*Change in the average time spent outside of residential locations indexed to the period between Jan 3-Feb 6 2020. This series uses data from Google's COVID-19 Community Mobility reports.

last updated: **February 22, 2021** next update expected: **February 24, 2021**

Time spent outside the home at the workplace fell sharply in March 2020 and has remained well below January 2020 levels

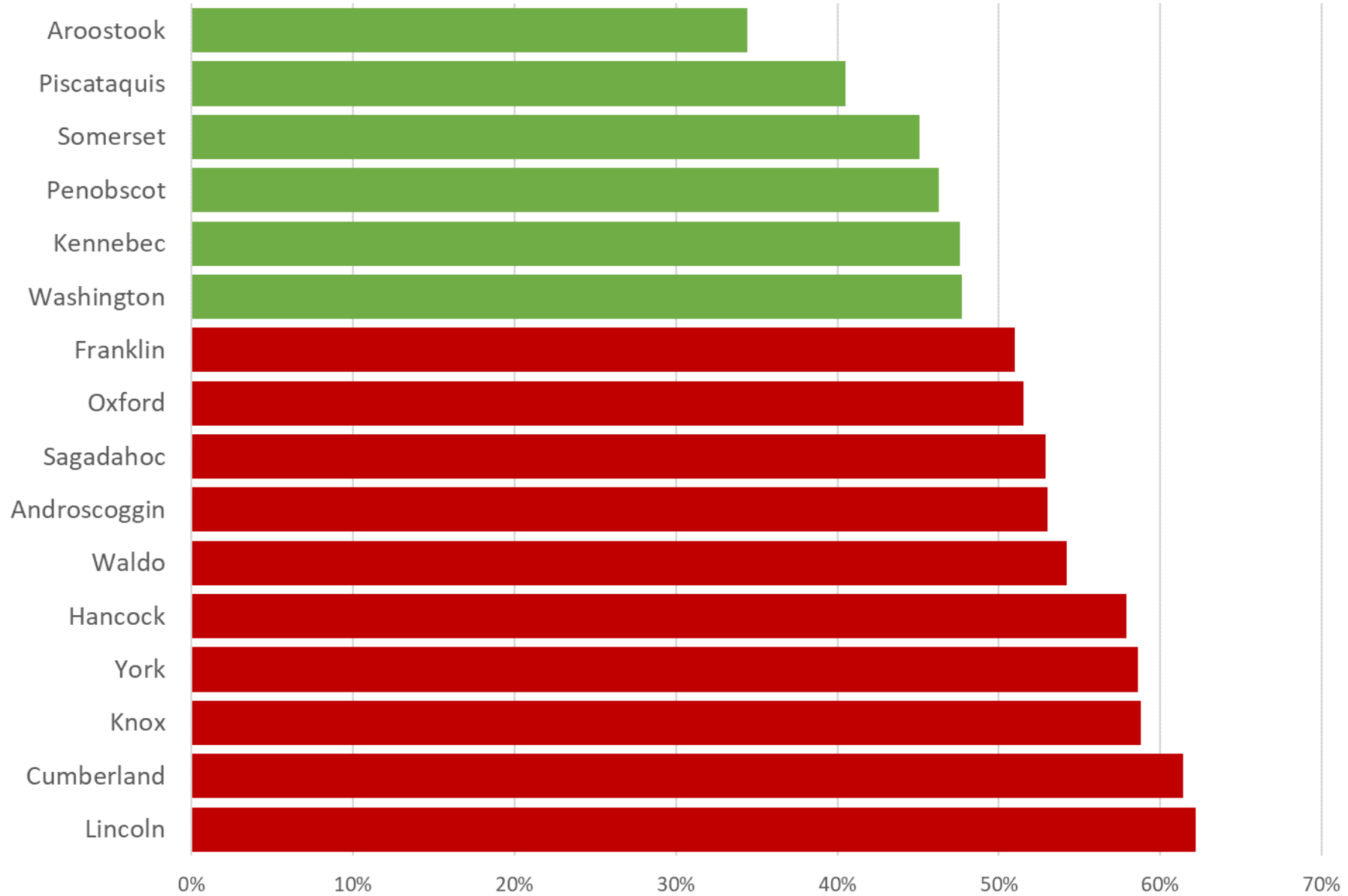
# Maine has already seen an influx of home buyers from out of state (but who are they and how long will they stay?)

Year-Over-Year Growth of Real Estate Transactions, Maine



- Maine REALTORS noted in their January 2021 press release a 9.8% increase in home sales in 2020 vs 2019 along with a 13.8% increase in the median sale price
- Out-of-state buyers normally represent about 1/4 of sales; in late 2020 they represented about 1/3 of sales

## Percent of Households Unable to Afford Median Home

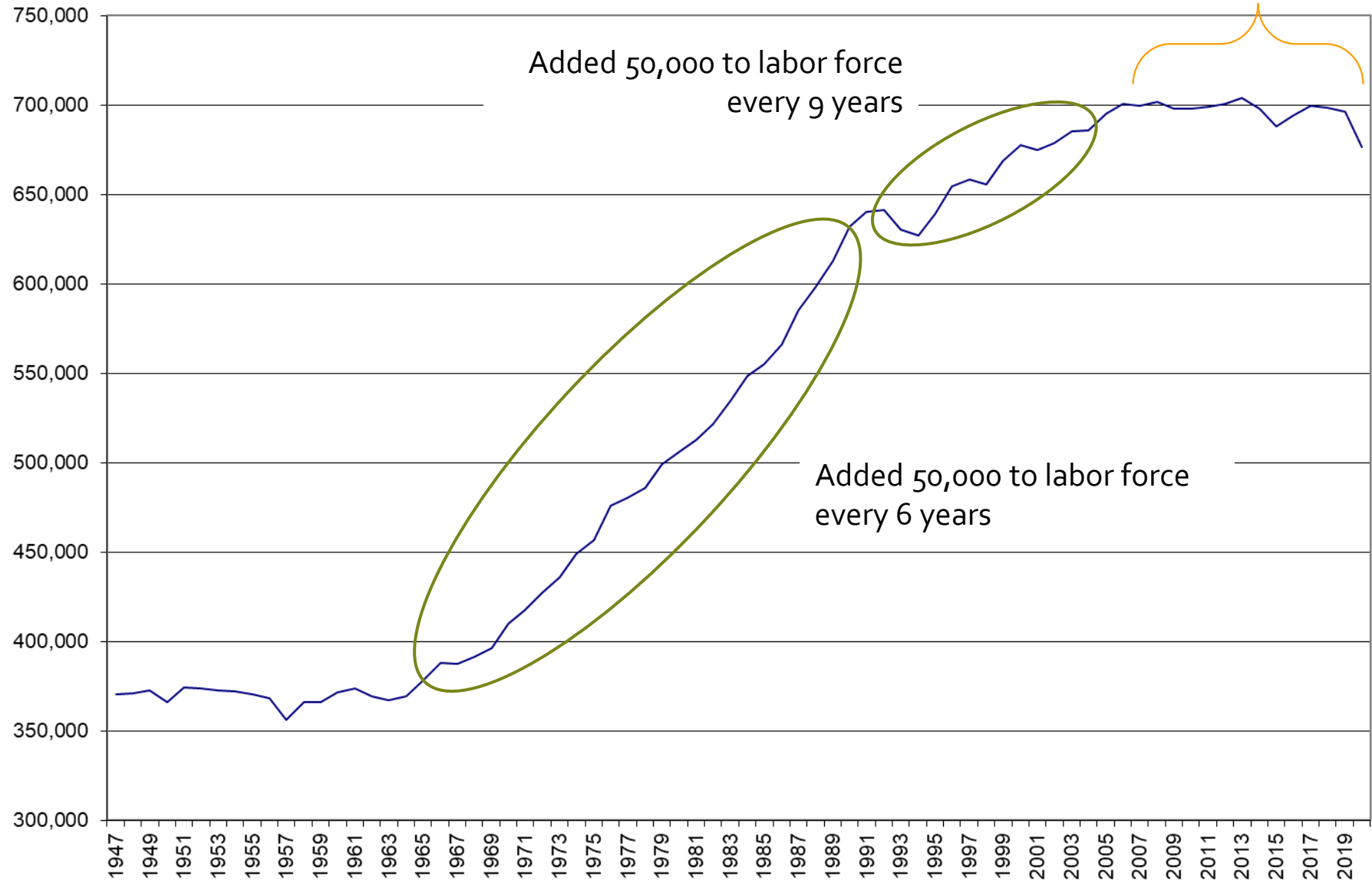


# LABOR FORCE & EMPLOYMENT

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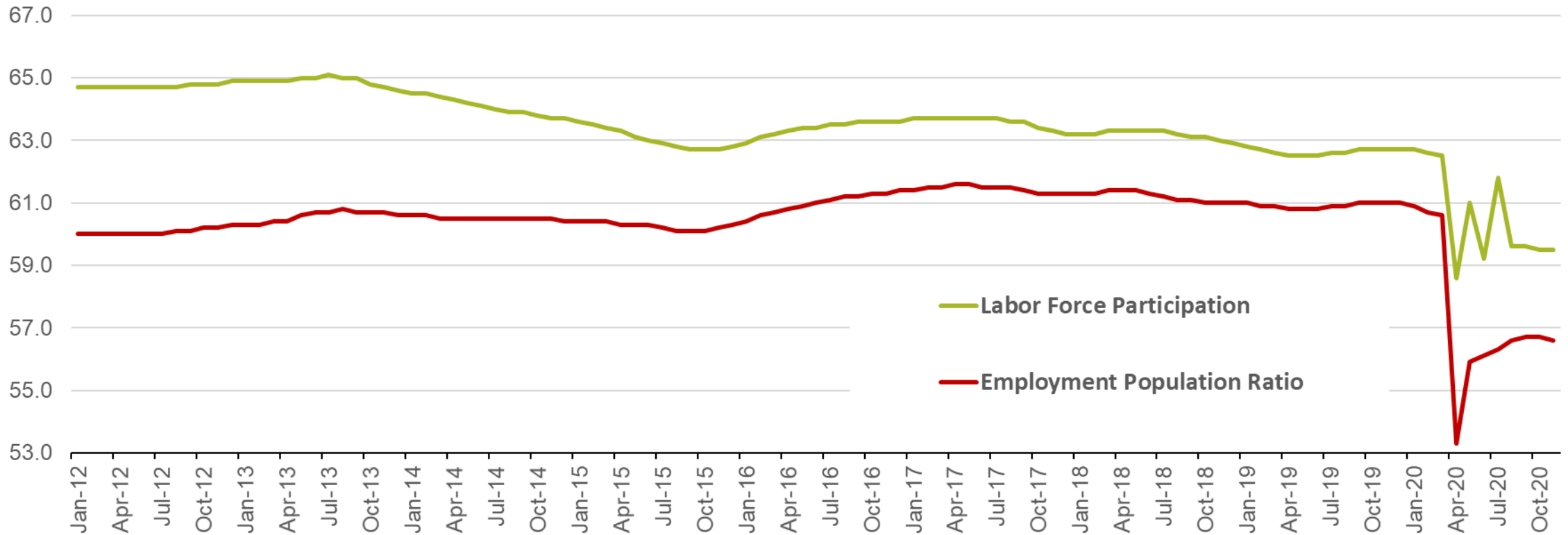


# Maine Civilian Labor Force



# Labor force participation declined precipitously with the onset of COVID-19 and has yet to recover

**Labor Force Participation & Employment Population Ratio**  
(Seasonally Adjusted)

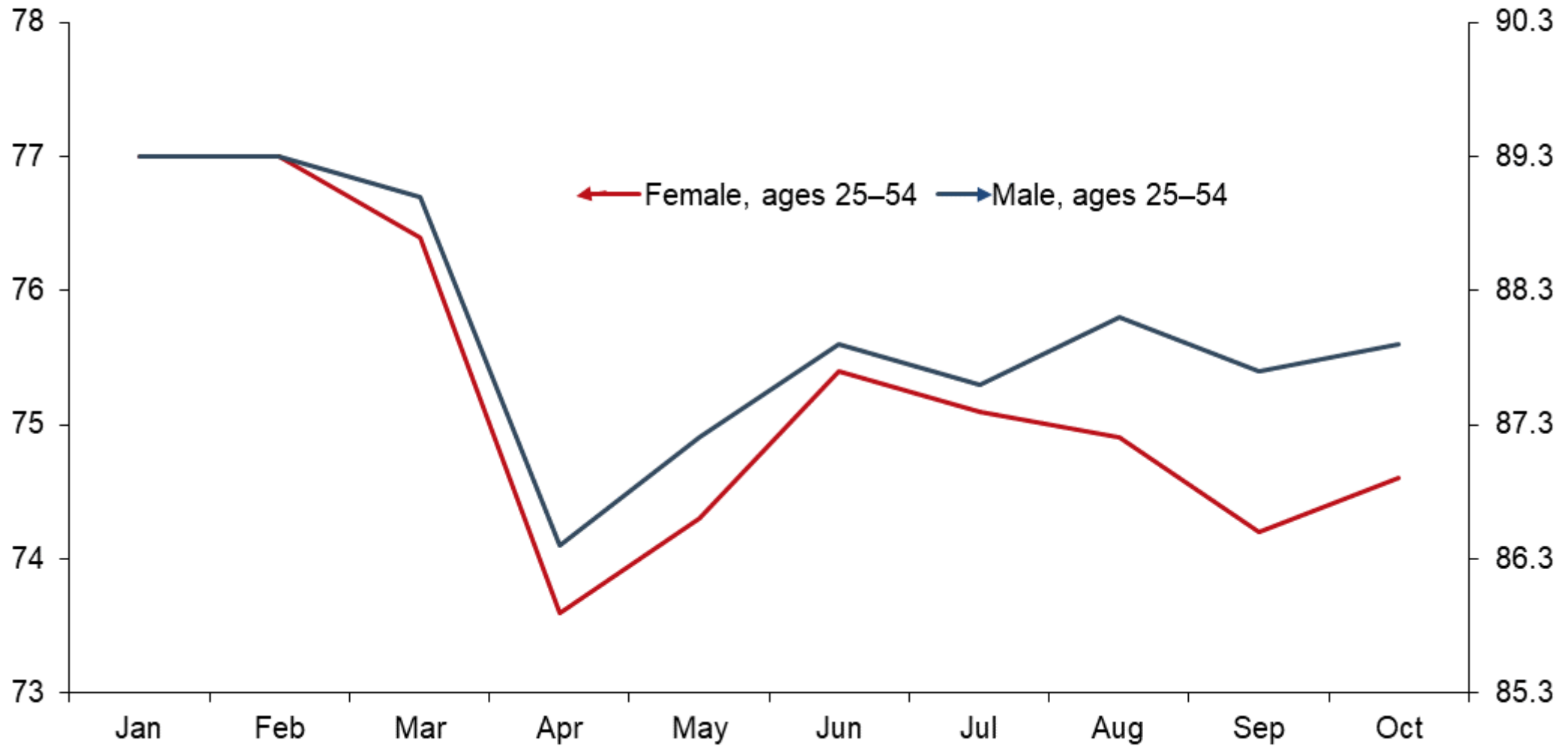


# Chart 1

## Female Prime-Age Labor Force Participation Rates Steadily Decline Since June

Percent, seasonally adjusted

Percent, seasonally adjusted



SOURCE: Bureau of Labor Statistics.

Federal Reserve Bank of Dallas

In Maine, 43.5% of households with children under age 18 present reported a loss of employment income since March 13, 2020, compared to 35.5% of households without children

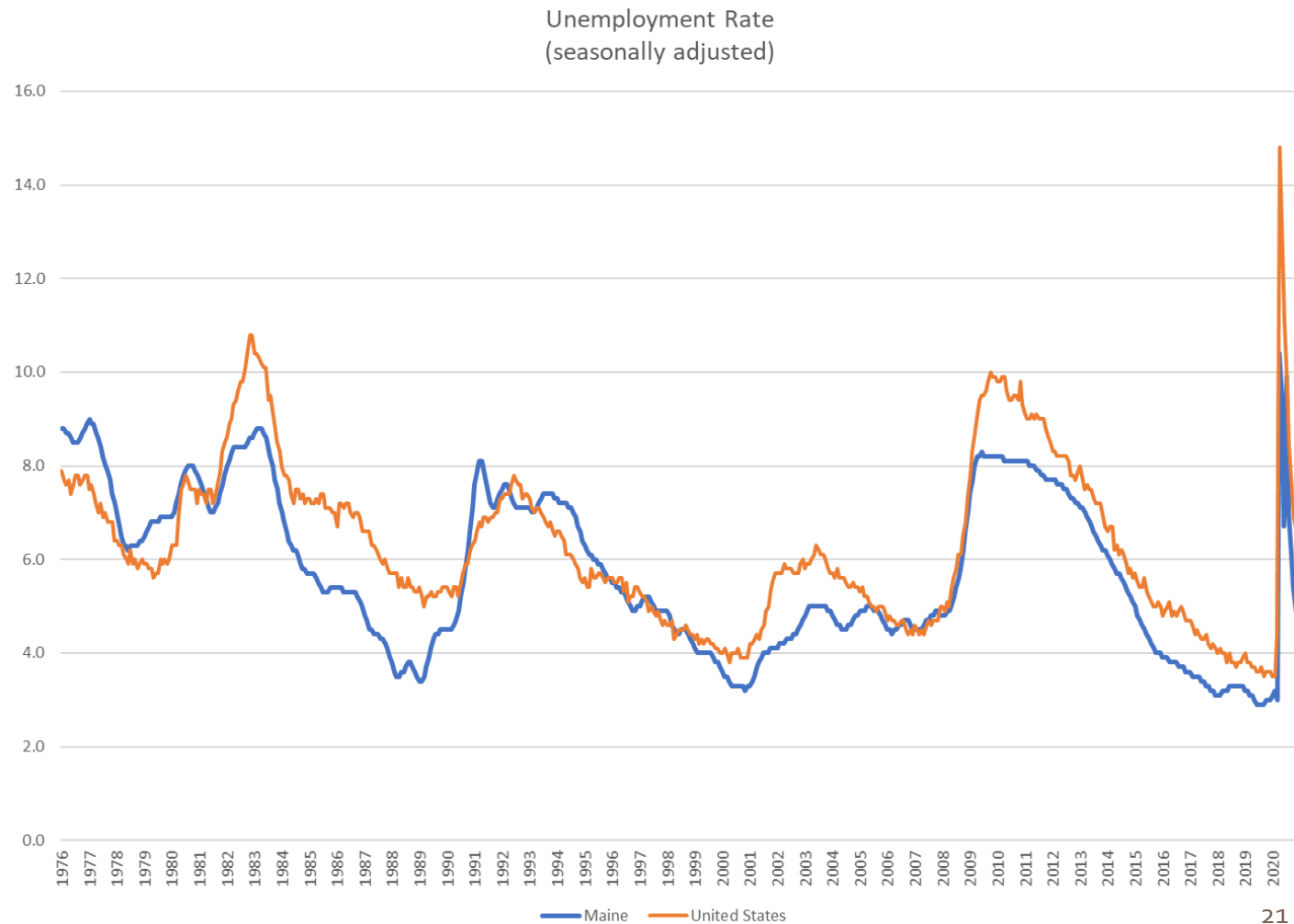
With disruptions to schools and child care, many children were suddenly home all day.

This resulted in people – more women than men – leaving the labor force to care for children.

For these people to re-enter the labor force, they not only need a job to return to, they also need safe, reliable, in-person school and/or child care

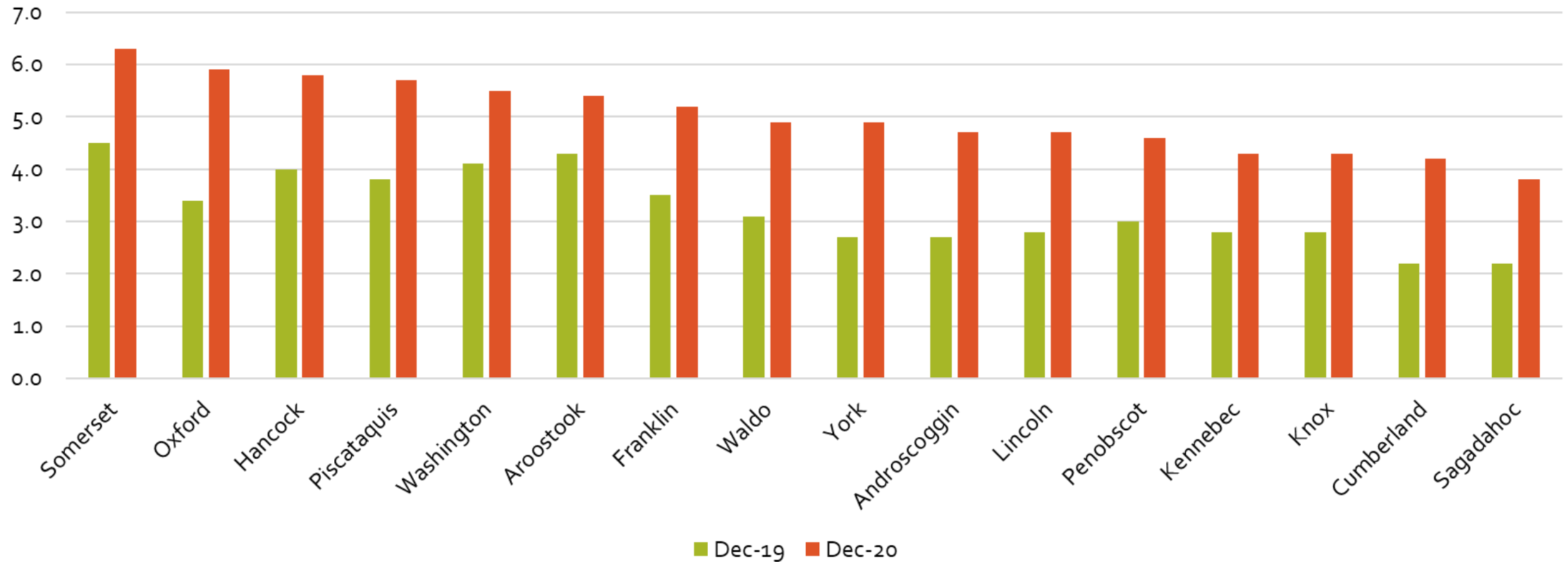
In April 2020, unemployment rates were the highest on record and rose more than in any other month; even so, they underrepresented the true unemployment rate due to technical issues

Maine's official unemployment rate in December 2020 was 4.9%; but the Maine Department of Labor estimates that if labor force participation were at normal levels the unemployment rate would be just over 10%



# All counties have unemployment rates higher than a year ago

Unemployment Rate by County



# Employment impacts and recoveries have been uneven

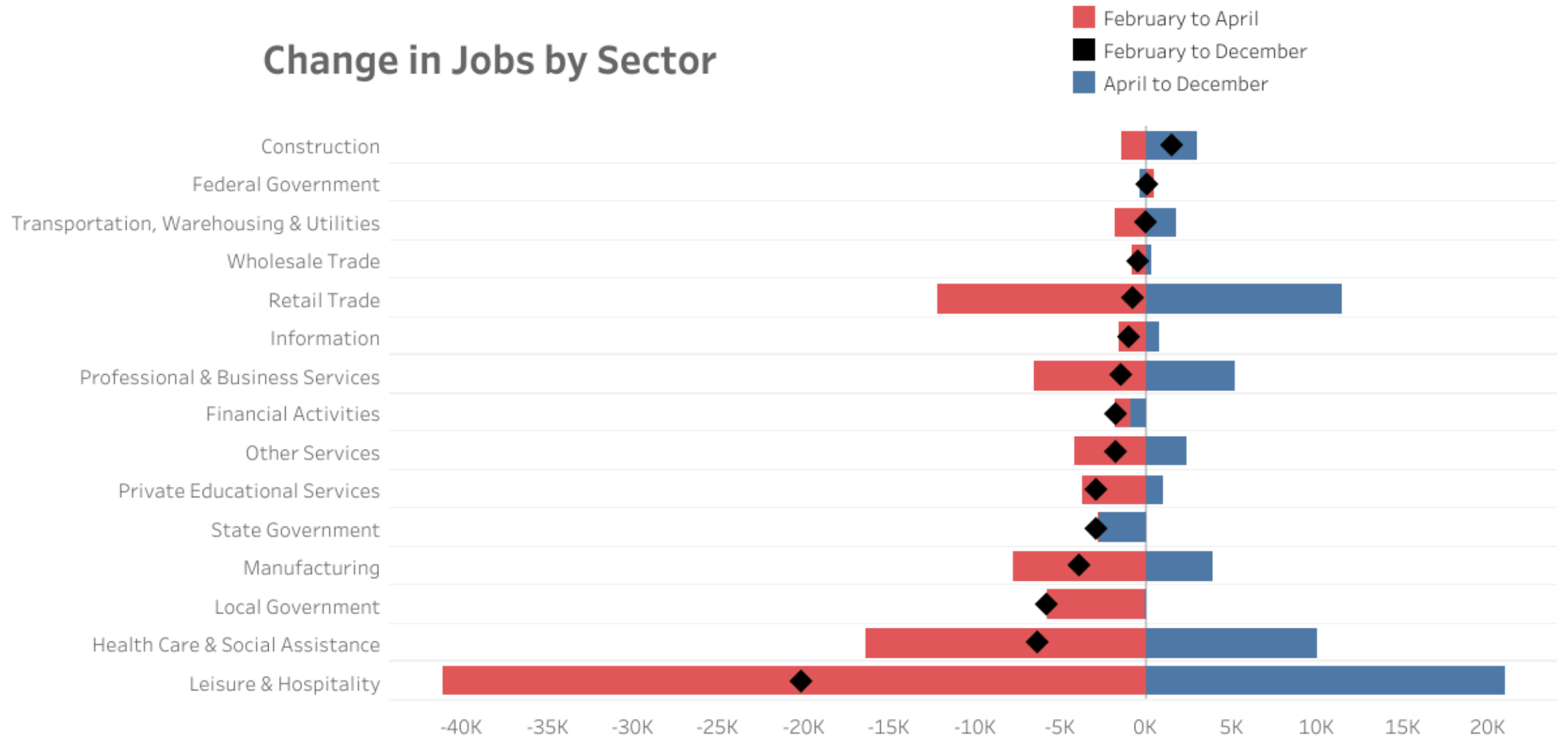
## Less impacted:

- Jobs that could easily transition to remote work
- Sectors related to pandemic response, increased migration, and time spent at home
  - Some components of:
    - Manufacturing
    - Retail
    - Construction
    - Health care

## More impacted:

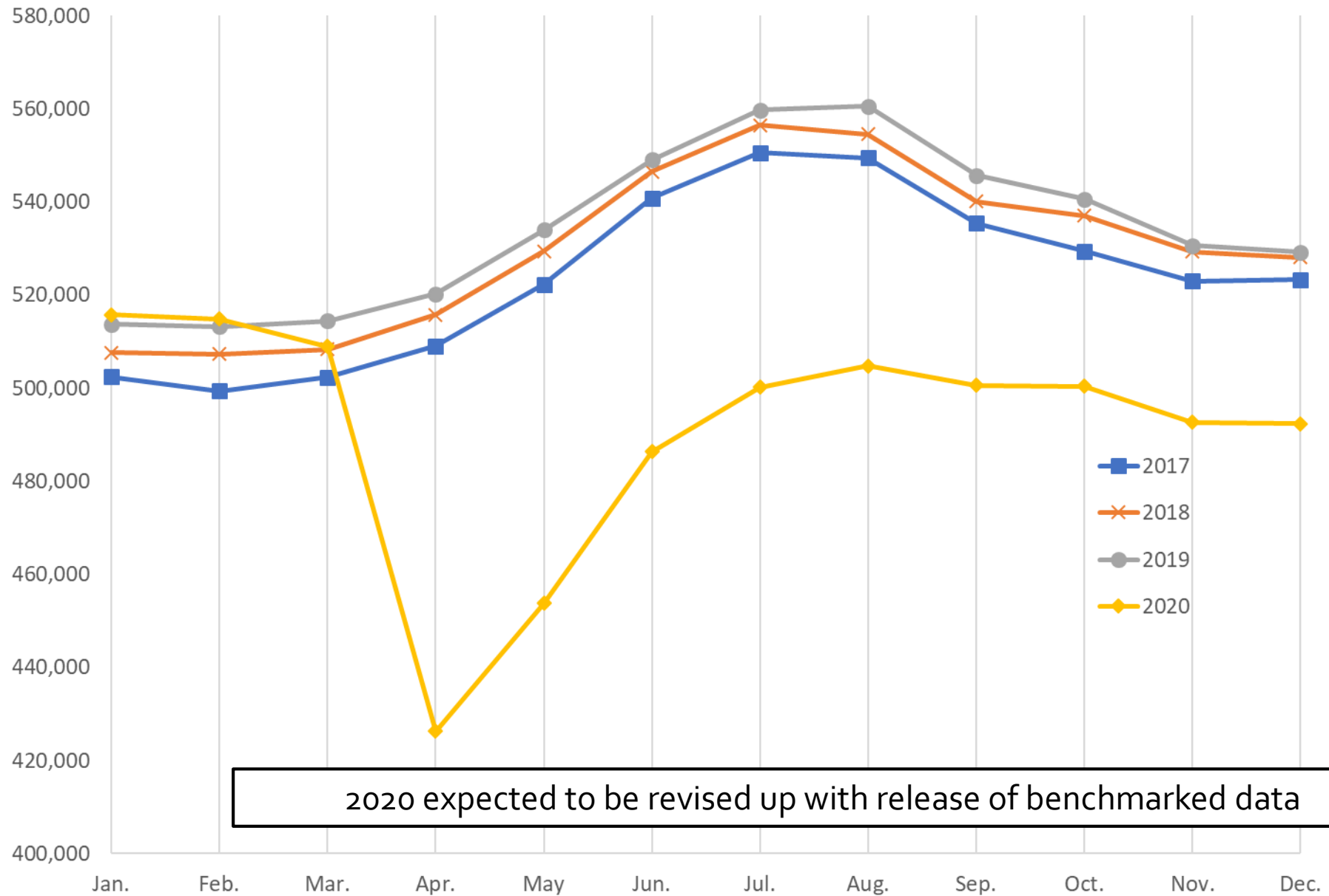
- “High-touch” jobs where face to face interactions are frequent
- Activities reliant on large gatherings (movie theaters, concerts/arts venues)
- Sectors tied to tourism

# Change in Jobs by Sector



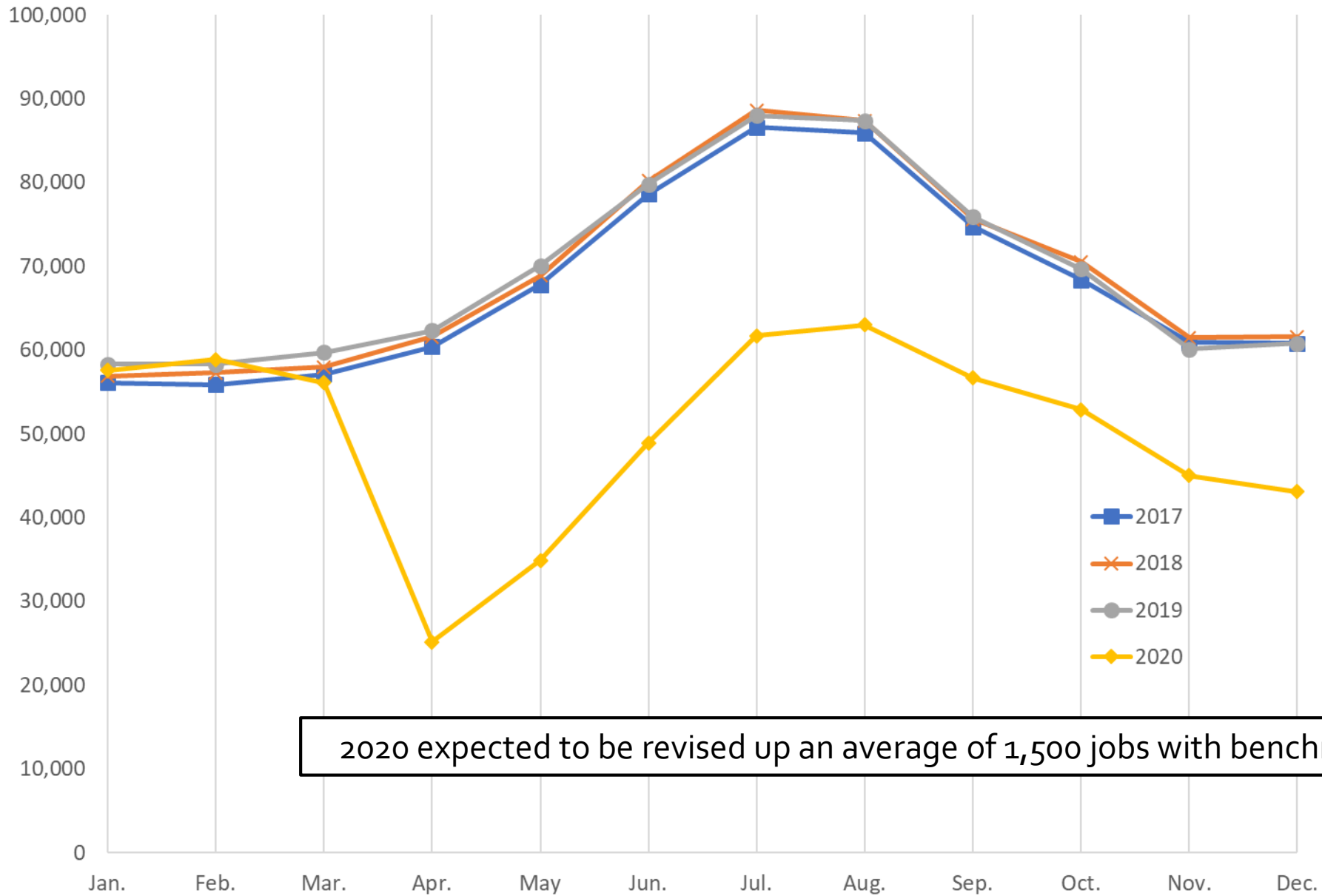


### Total Private Employment, Not Seasonally Adjusted



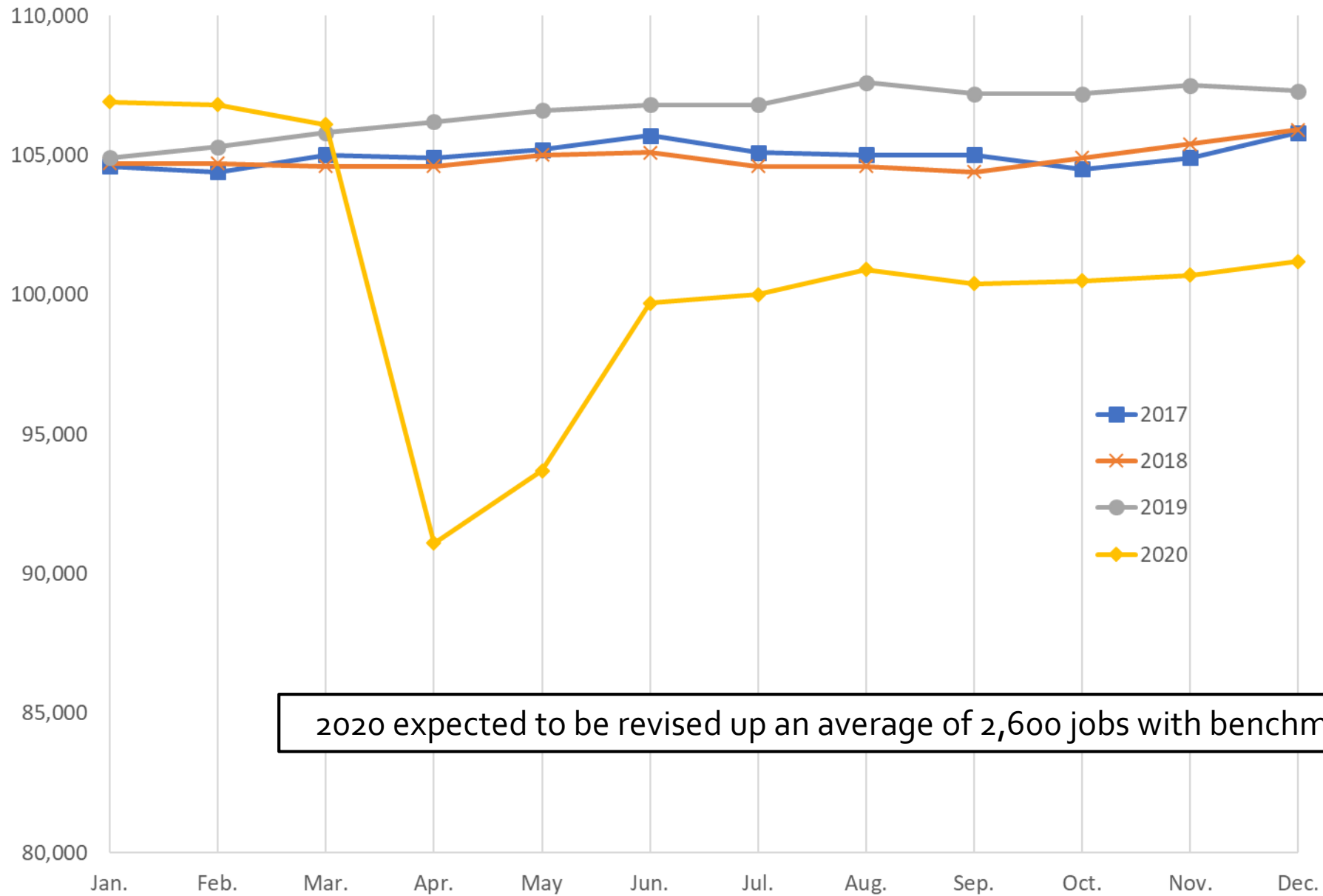
2020 expected to be revised up with release of benchmarked data

### Leisure and Hospitality Employment, Not Seasonally Adjusted



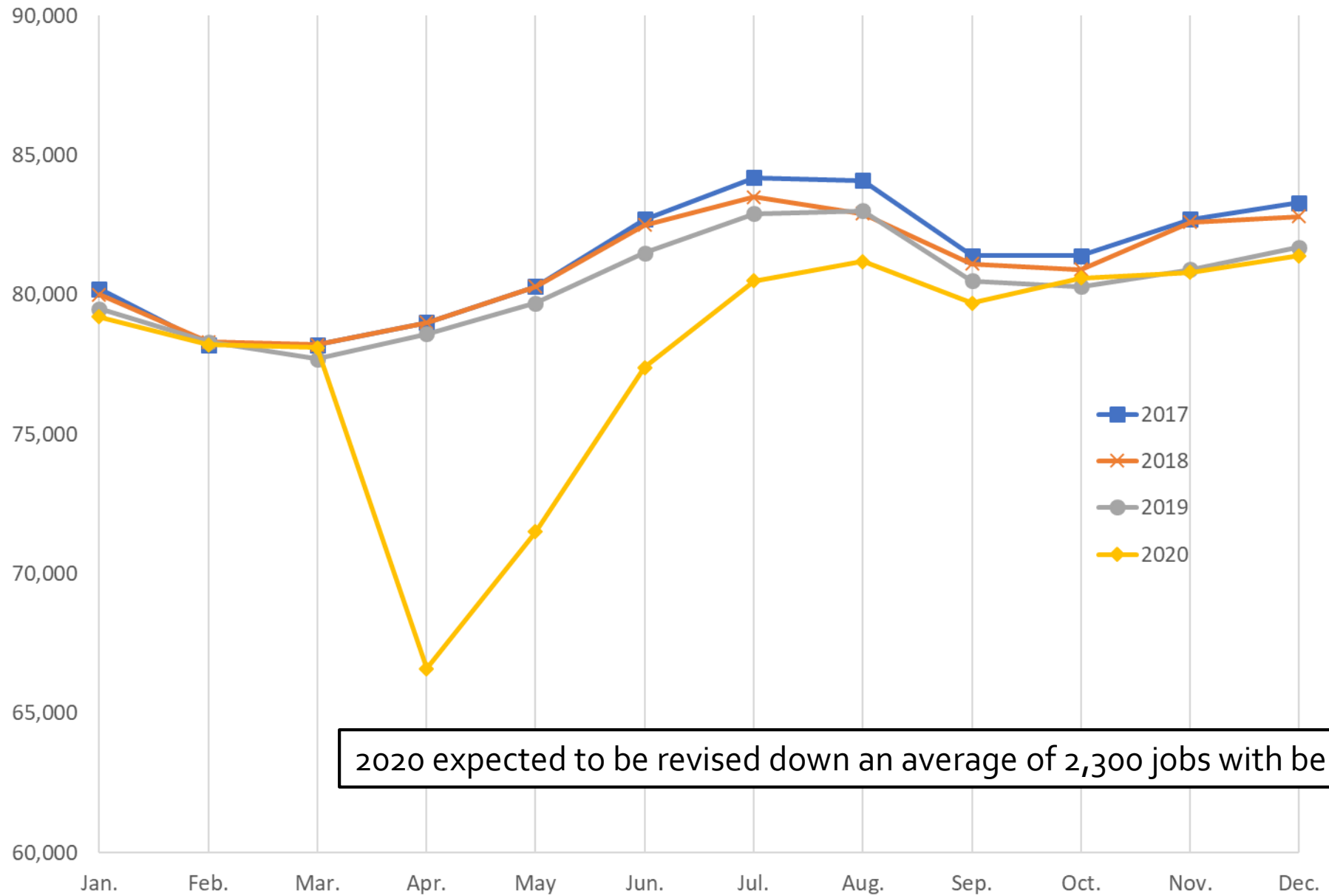
2020 expected to be revised up an average of 1,500 jobs with benchmarking

### Health Care and Social Assistance Employment, Not Seasonally Adjusted



2020 expected to be revised up an average of 2,600 jobs with benchmarking

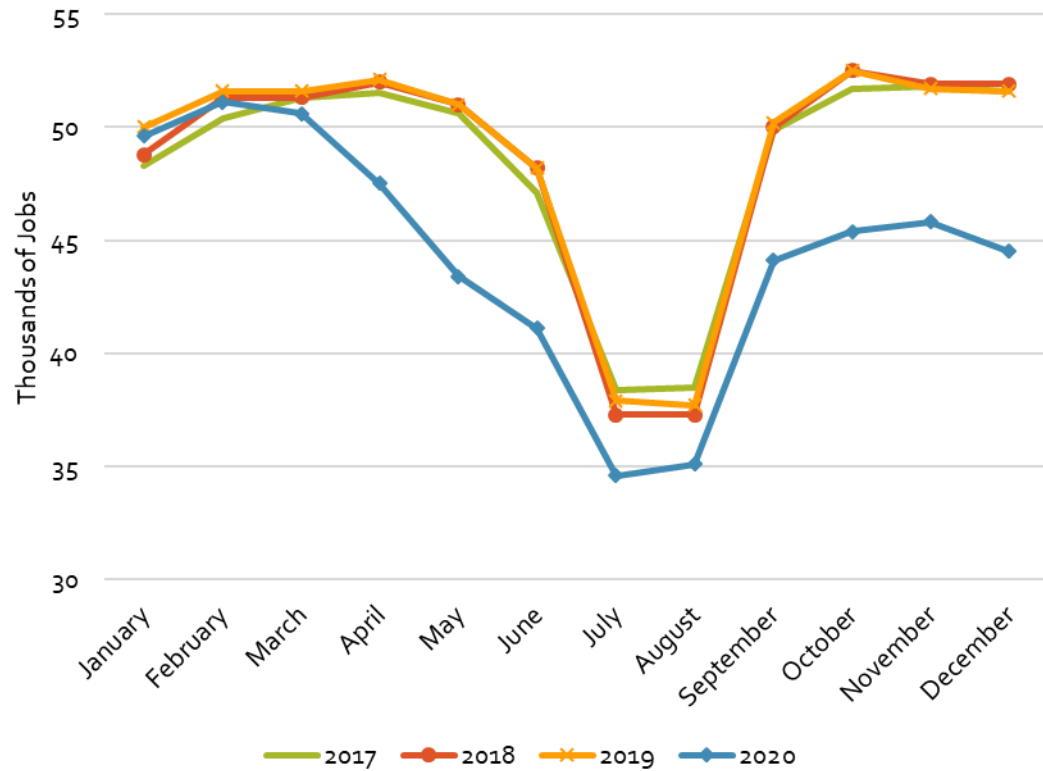
### Retail Trade Employment, Not Seasonally Adjusted



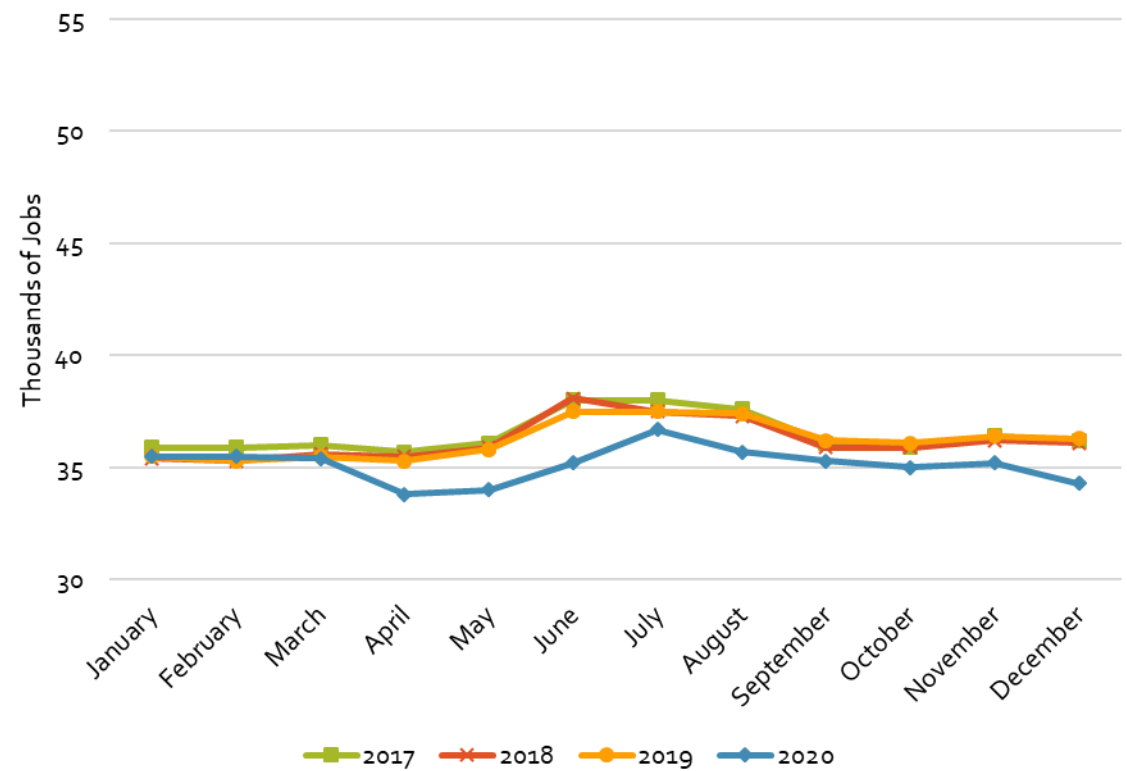
2020 expected to be revised down an average of 2,300 jobs with benchmarking

# Most State and Local Government job losses were in public education

State & Local Government Education -9.1% on average in 2020



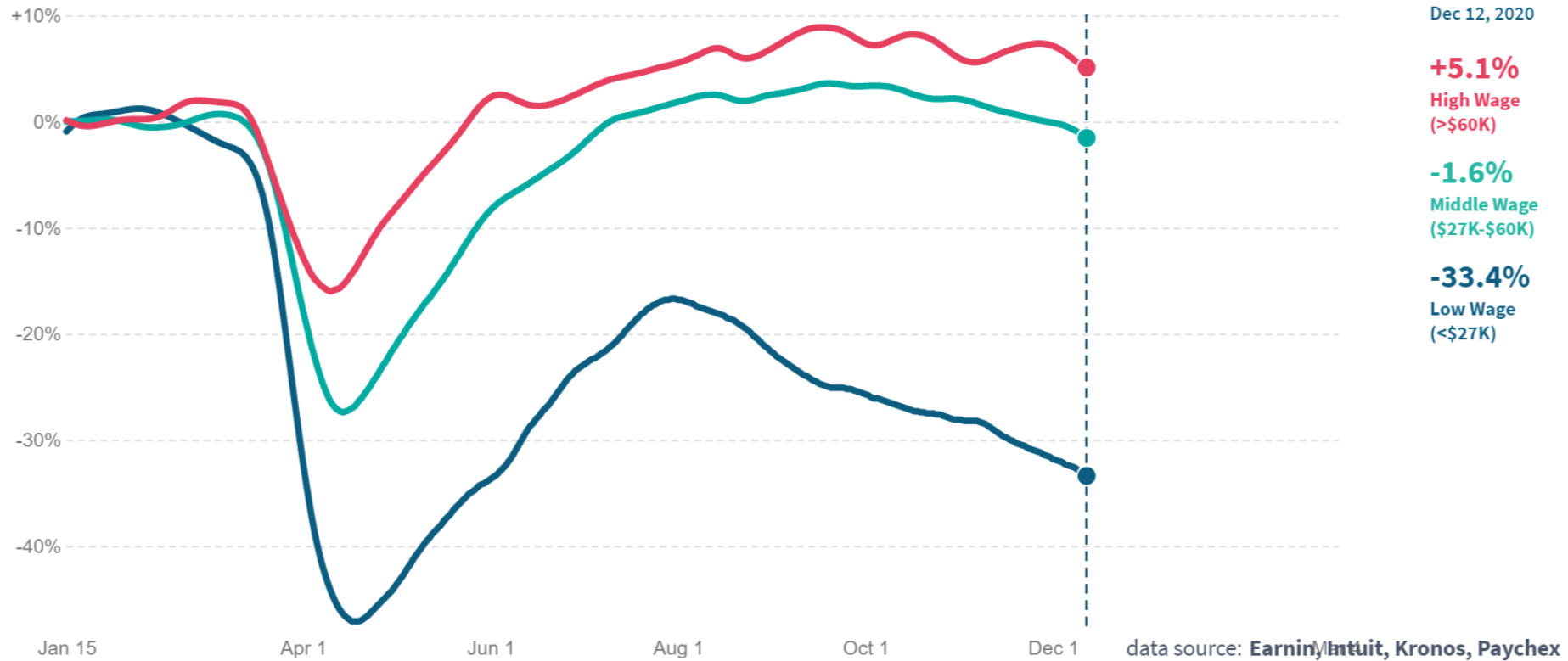
State & Local Government Excluding Education -3.0% on average in 2020



# Employment is following a “K-shaped” trajectory

## Percent Change in Employment\*

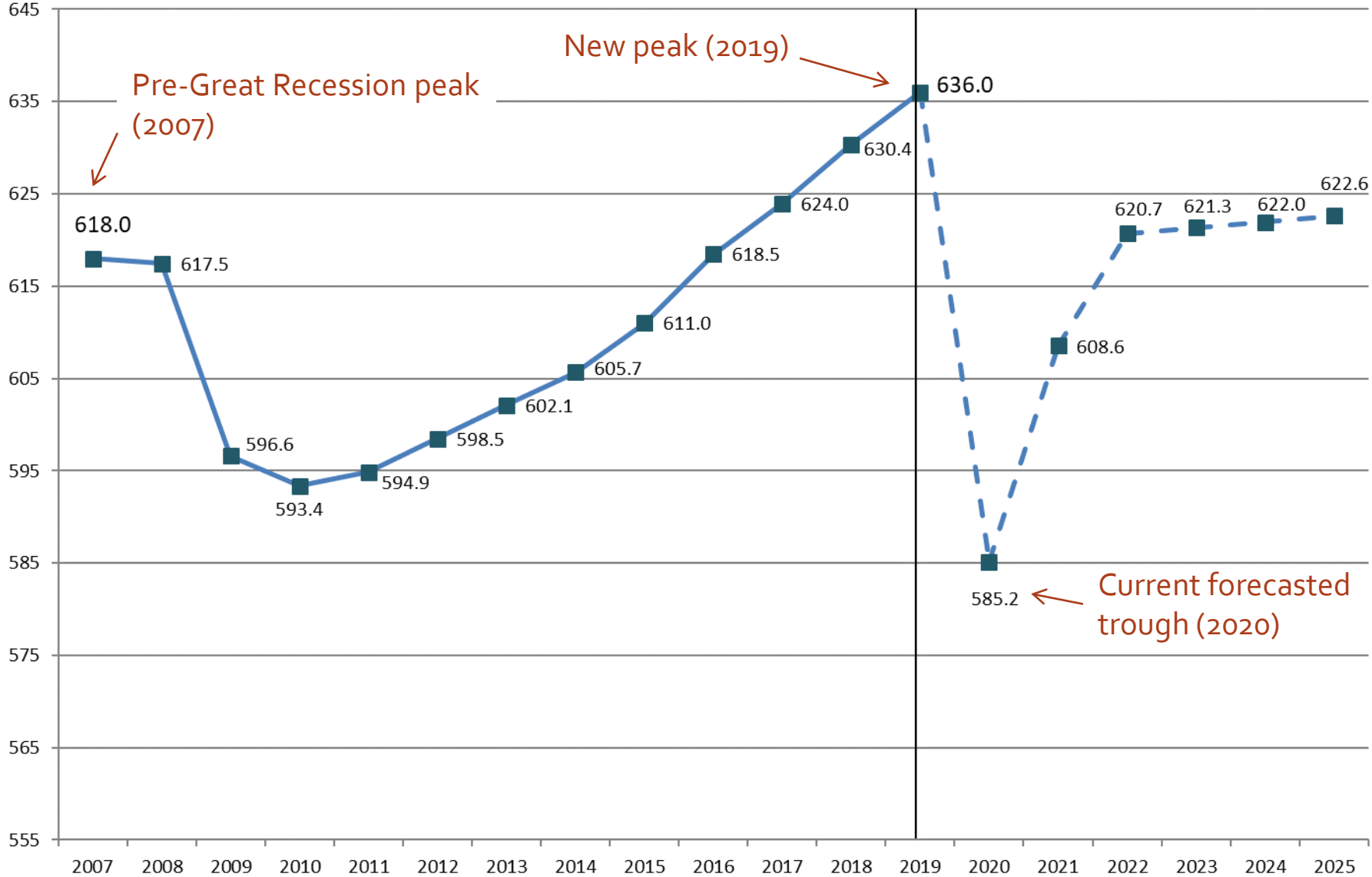
In **Maine**, as of **December 12 2020**, employment rates among workers in the bottom wage quartile **decreased** by **33.4%** compared to January 2020 (not seasonally adjusted).



\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line in the low-wage series is a prediction of employment rates based on Kronos data.

last updated: **March 01, 2021** next update expected: **March 05, 2021**

# Total Nonfarm Employment (in thousands) History and CEFC forecast



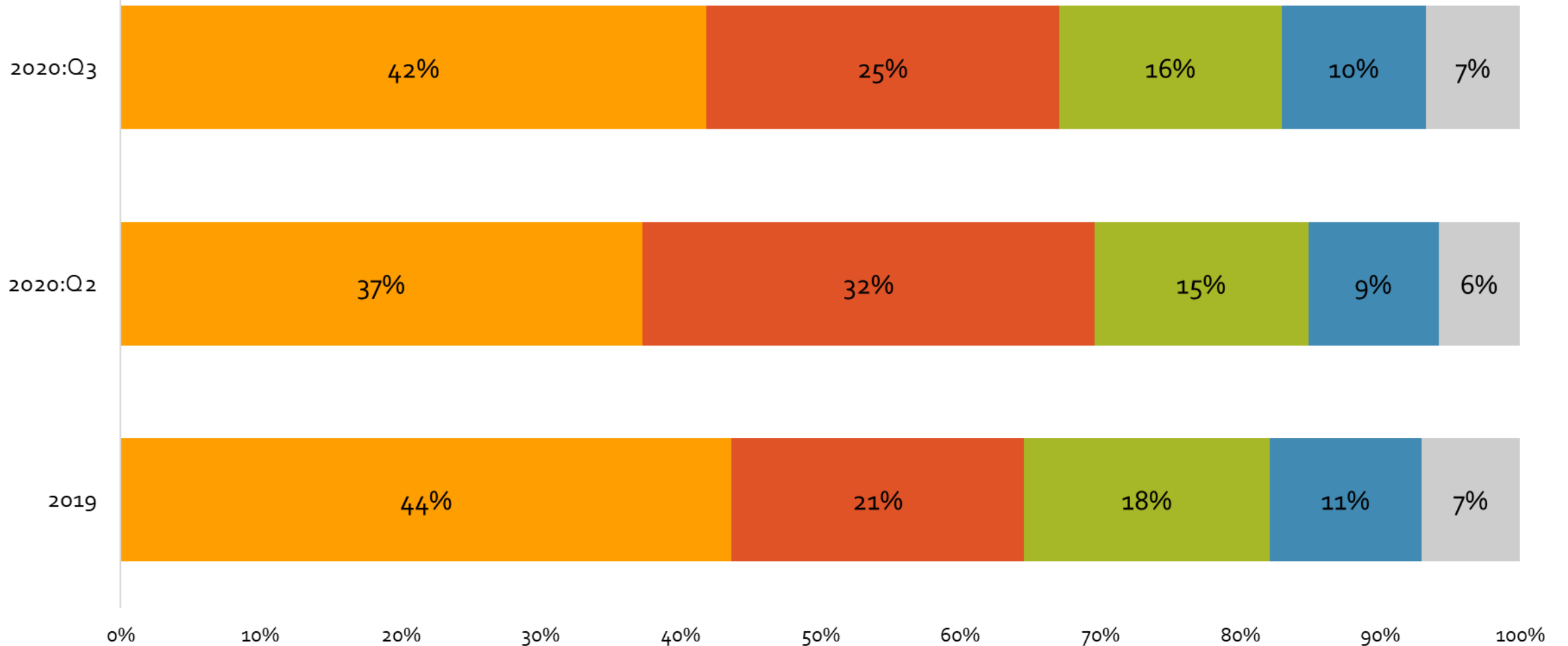
# INCOME AND GDP

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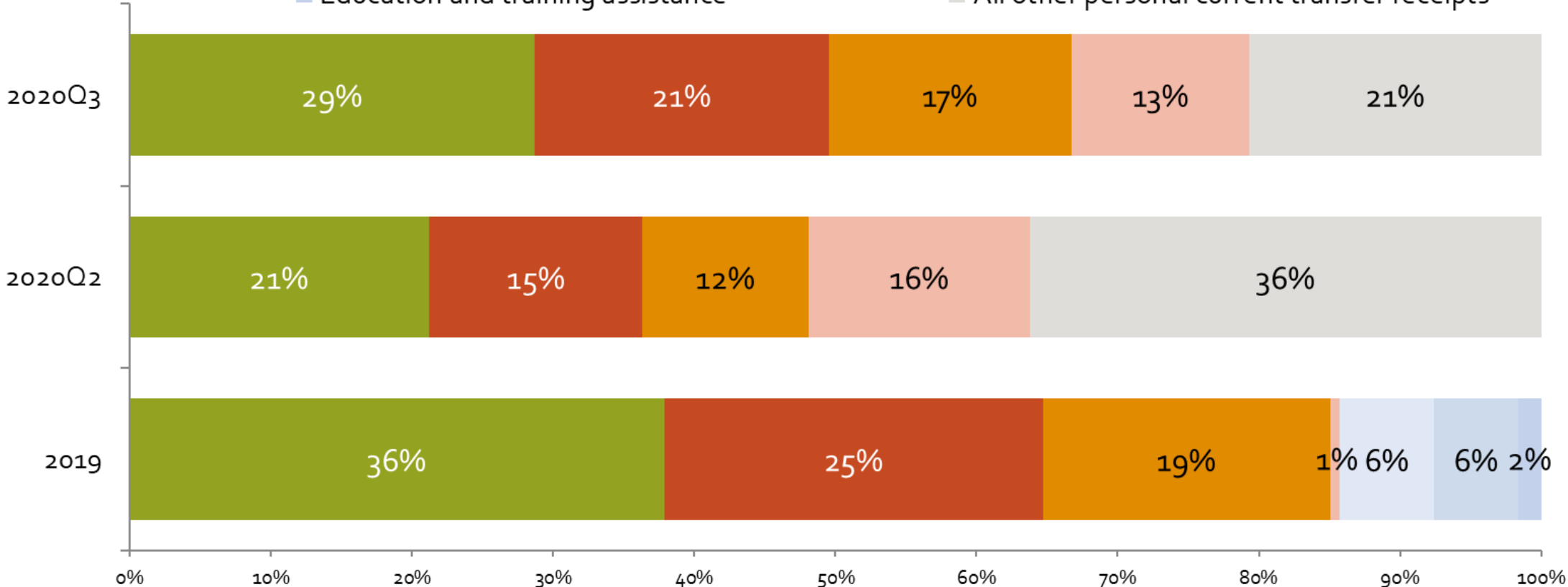
# Major Components of Personal Income, Maine

- Wages and Salaries
- Dividends, interest and rent
- Nonfarm proprietors' income
- Personal current transfer receipts
- Supplements to wages and salaries

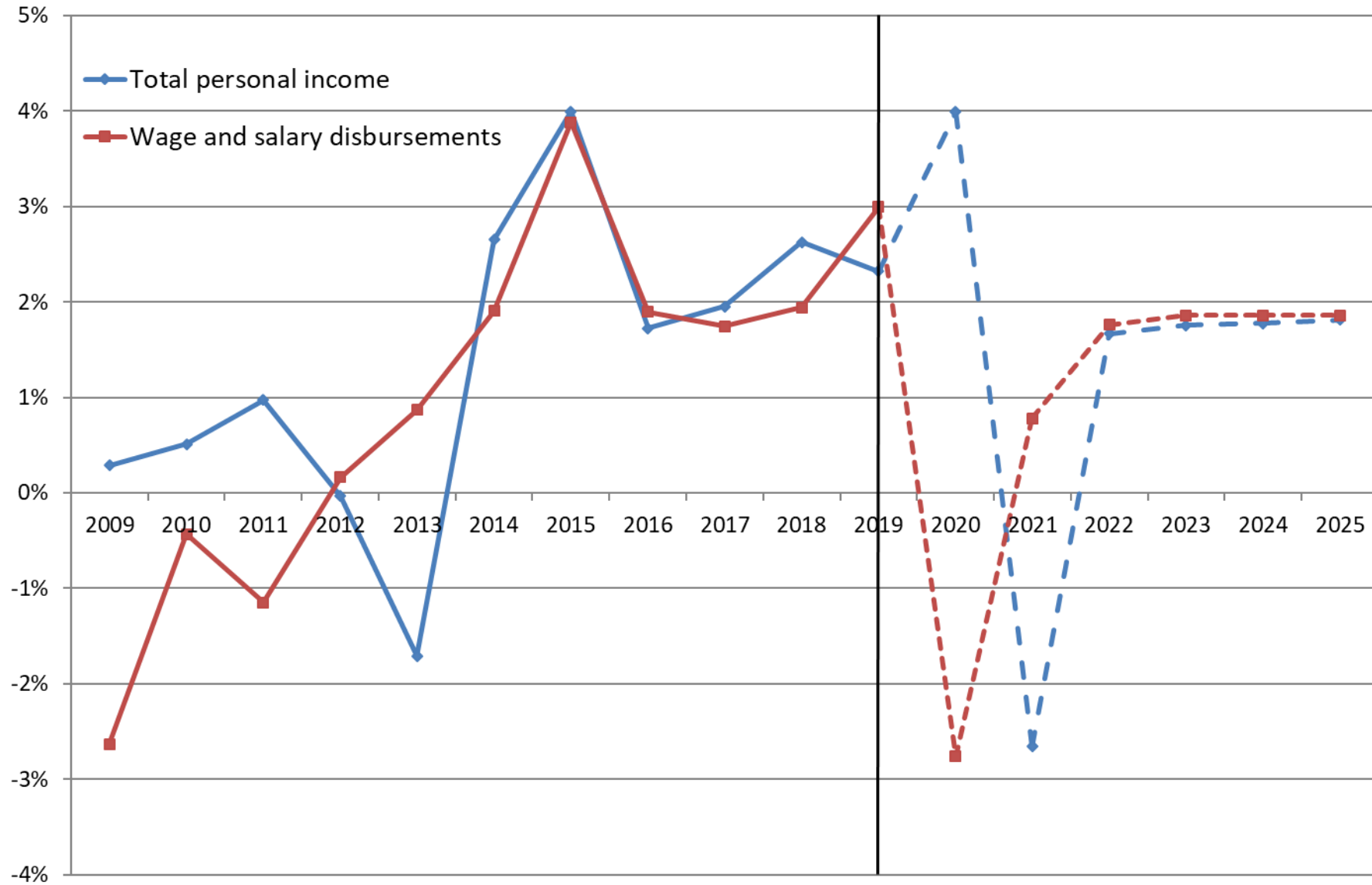


# Components of Personal Current Transfer Receipts, Maine

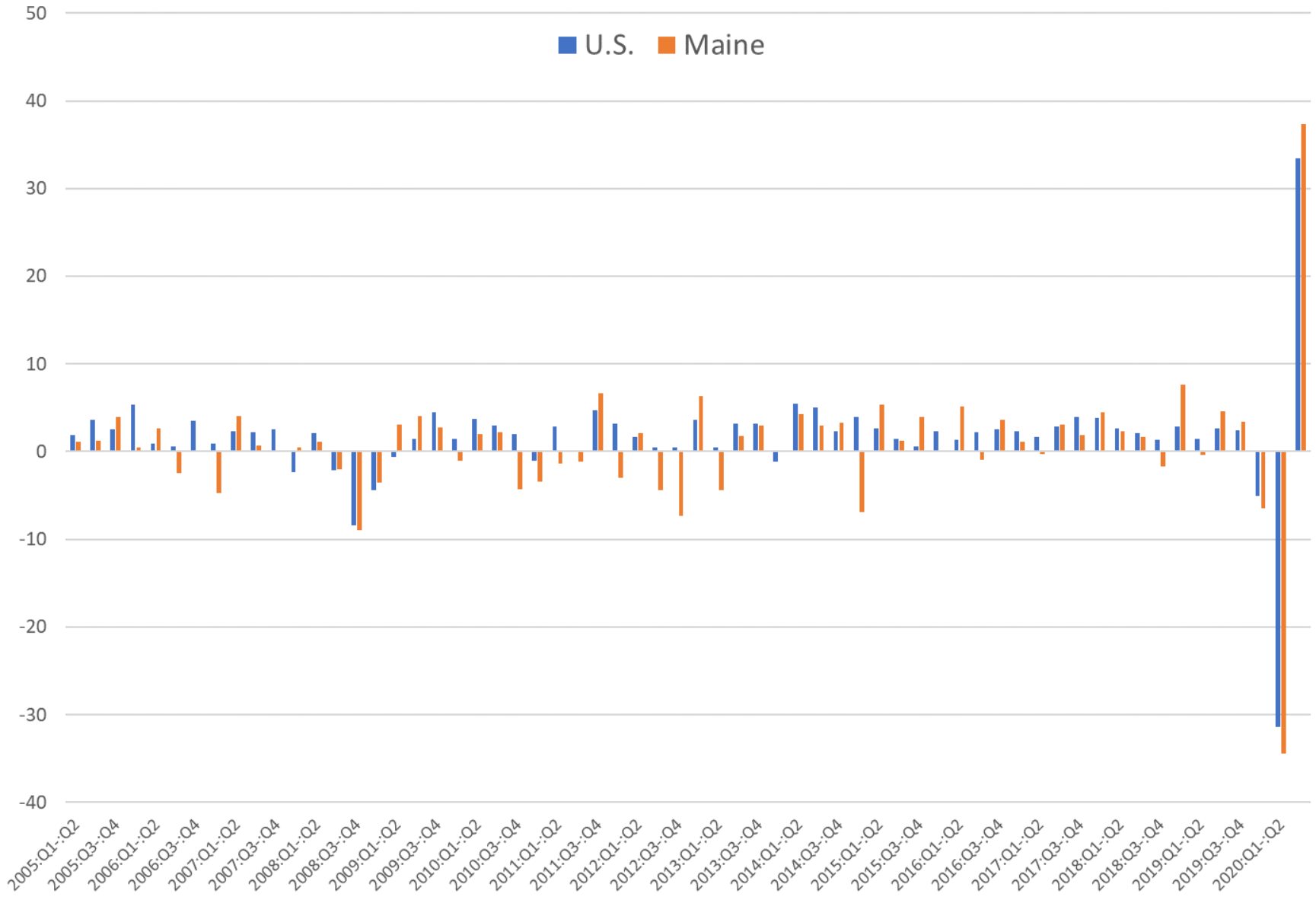
- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- Income maintenance benefits
- Veterans' benefits
- Education and training assistance
- All other personal current transfer receipts



## Percent Change in Real Personal Income, Maine 2009-2019 and forecast to 2025

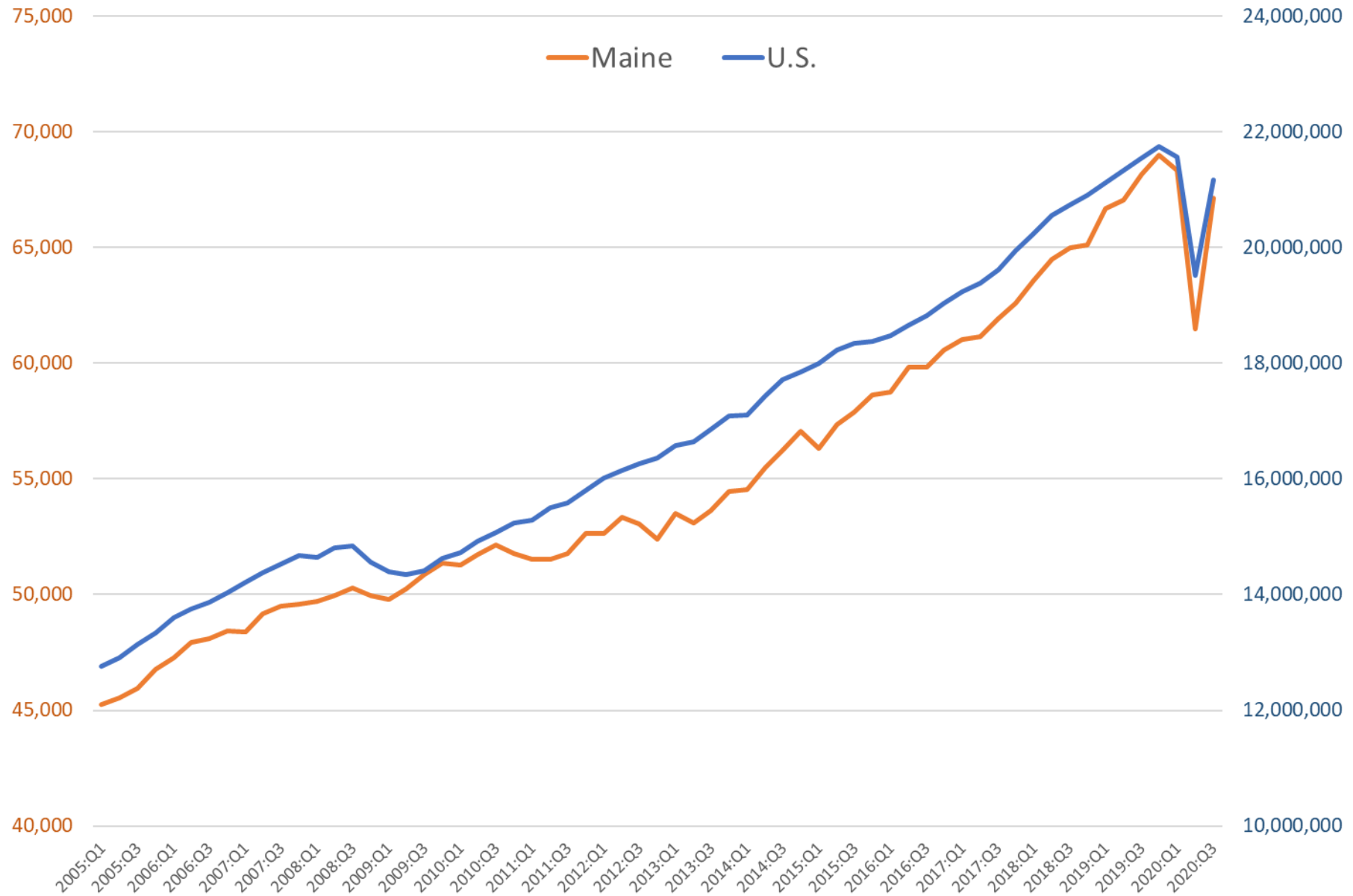


# Quarterly Real GDP, Annualized Percent Change from Previous Quarter



Source: U.S. Bureau of Economic Analysis, December 23, 2020 release

# Quarterly GDP (in millions of current dollars)



Maine Taxable Retail Sales	% Change from December 2019 to December 2020	% Change last three months / same 3 month period one year ago
Building Supply	36.6%	26.3%
Food Store	19.3%	9.1%
General Merchandise	0.6%	2.1%
Other Retail	20.6%	28.8%
Restaurant	-27.1%	-21.7%
Lodging	-27.1%	-23.1%
Auto Transportation	16.3%	10.2%
Total	12.3%	9.7%
Business Operating	19.8%	10.6%
Personal Consumption	11.2%	9.6%

# Taxable retail sales: the good, the bad, and the unusual

## Good:

- Online sales have done very well during the pandemic
- Auto sales have been robust
- Building supply sales have been through the roof

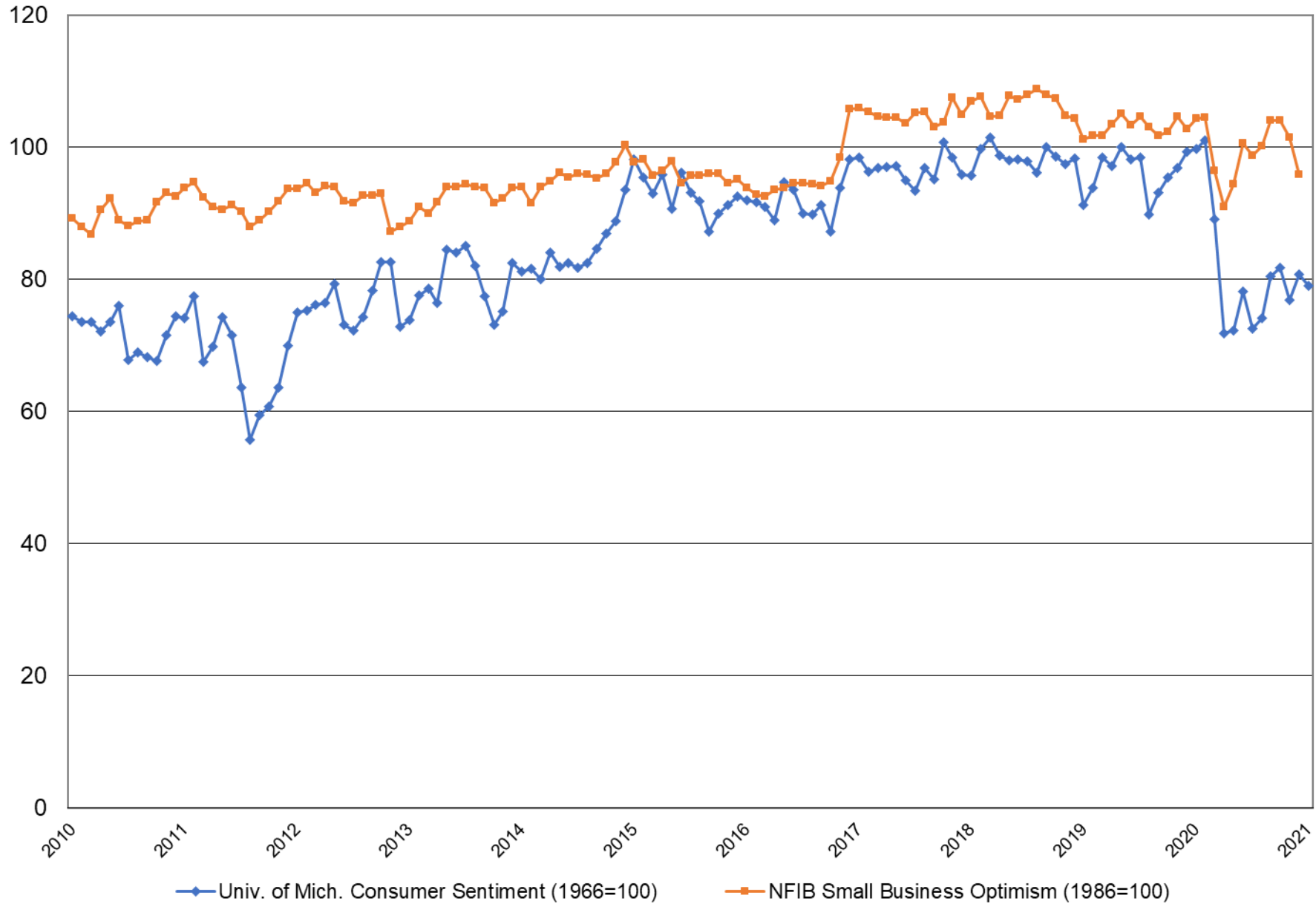
## Bad:

- Restaurant and lodging sales lag well behind normal levels and dropped back again with the colder weather

## Unusual:

- Normally in a recession we see purchases of durable goods and construction drop off quickly while services generally do okay – just the opposite has happened this time

### Consumer Sentiment and Small Business Optimism Indexes





# CHALLENGES OF THE PANDEMIC RECESSION

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# This is not a typical recession

- Normally in a recession, we see:
  - Declines in durable goods consumption
  - Stable services consumption
- In this recession, we're seeing the opposite
  - As of December 2020, 94.8% percent of total pandemic job loss was in service-providing sectors
- Impacts of the pandemic recession are highly disparate and have created even more barriers for low-income households

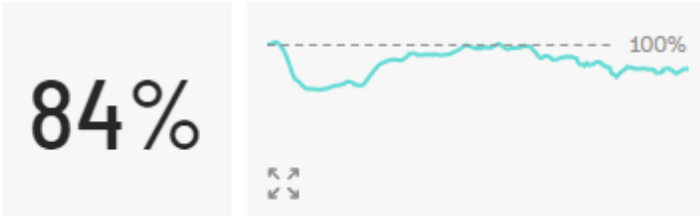
# Hard to find good data

- Early on, very little data was available because traditional data sources have a lag
  - Relied on Vehicle Miles Traveled from Maine DOT as an early proxy of economic activity
- Still hard to parse out true economic effects due to various technical difficulties
  - Data sources just weren't designed with a pandemic in mind
- Forecasting is particularly difficult
  - Much depends on the course of the pandemic itself
  - Policy decisions are a much larger part of assumptions (e.g. federal aid/stimulus)

## The Back-to-Normal Index

The pandemic economy is far from normal. So Moody's Analytics and CNN Business have partnered to create a proprietary Back-to-Normal Index, comprised of 37 national and seven state-level indicators. The index ranges from zero, representing no economic activity, to 100%, representing the economy returning to its pre-pandemic level in March.

### Maine



The economy in Maine is operating at 84% of where it was in early March.

New coronavirus cases in the last 7 days

**963** ▼

Back-to-Normal state rank  
(1 = Best, 50 = Worst)

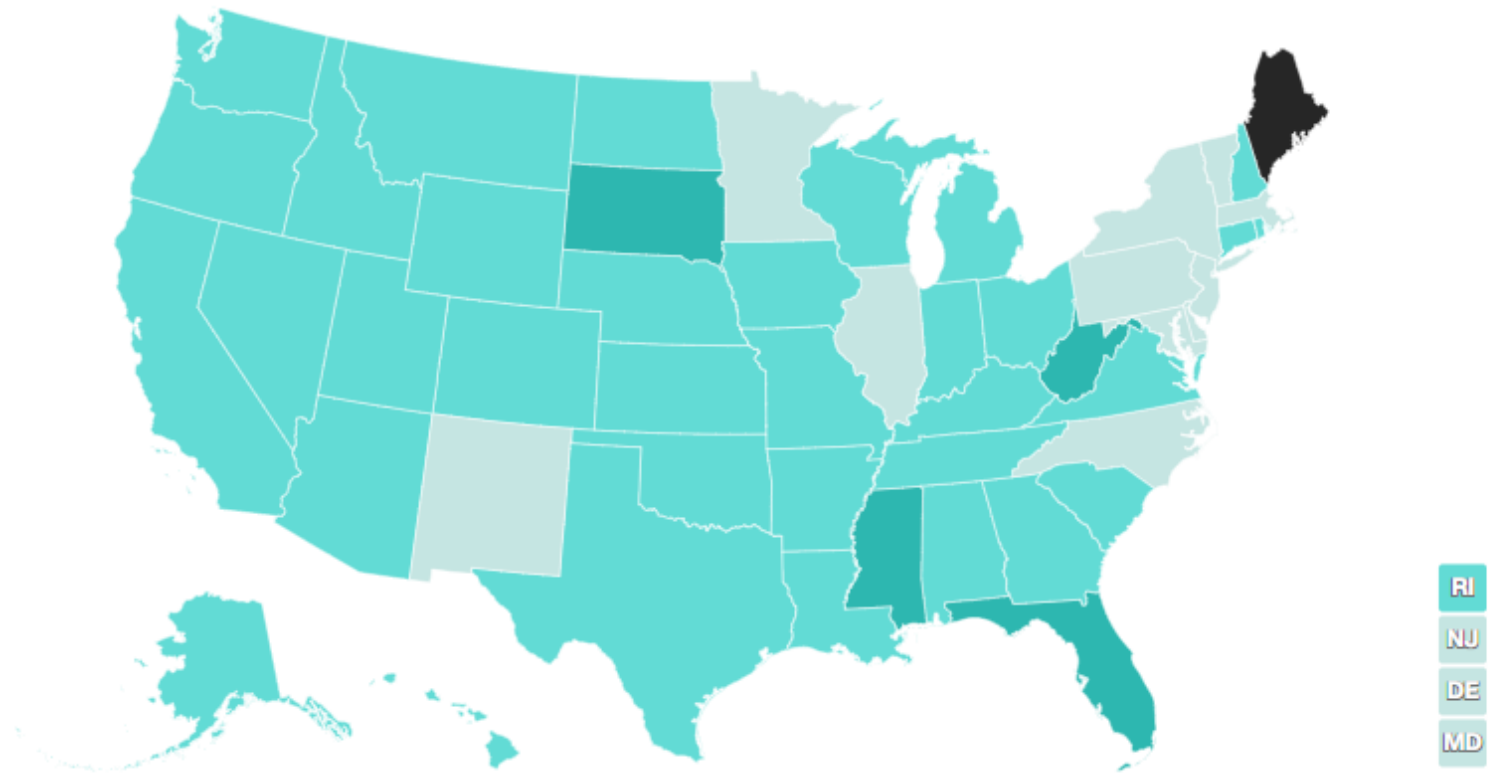
**27** ▲

[Learn how we created the Back-to-Normal Index](#)

Source: [Moody's Analytics](#), [JHU CSSE COVID-19 Data](#)

Percent of the way back to normal (100%=normal):

● Less than 60% ● 60% to 69% ● 70% to 79% ● 80% to 89% ● 90% to 99% ● 100% or more



RI  
NJ  
DE  
MD

Data as of March 05, 2021

# What to look for in the coming days/weeks/months

- Economic health relies on public health: increased vaccinations and decreased infection rates should result in improved economic conditions
- Assuming, of course, that consumer confidence rebounds: people need to feel secure both physically and economically
- Federal stimulus has been critical thus far; additional stimulus will help continue bridging the gap until the pandemic is fully under control
- An early spring would help matters, too

# Contact Information

Office of the State Economist  
Department of Administrative and Financial Services

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