

ECONOMIC AND DEMOGRAPHIC TRENDS IN MAINE

Bath Savings Institution
Breakfast with the Bank

April 24, 2018

Amanda Rector
Maine State Economist

OVERVIEW

- Demographics
- Employment and GDP
- Wages and Income
- Sales and Housing
- Energy

DEMOGRAPHICS



MAINE

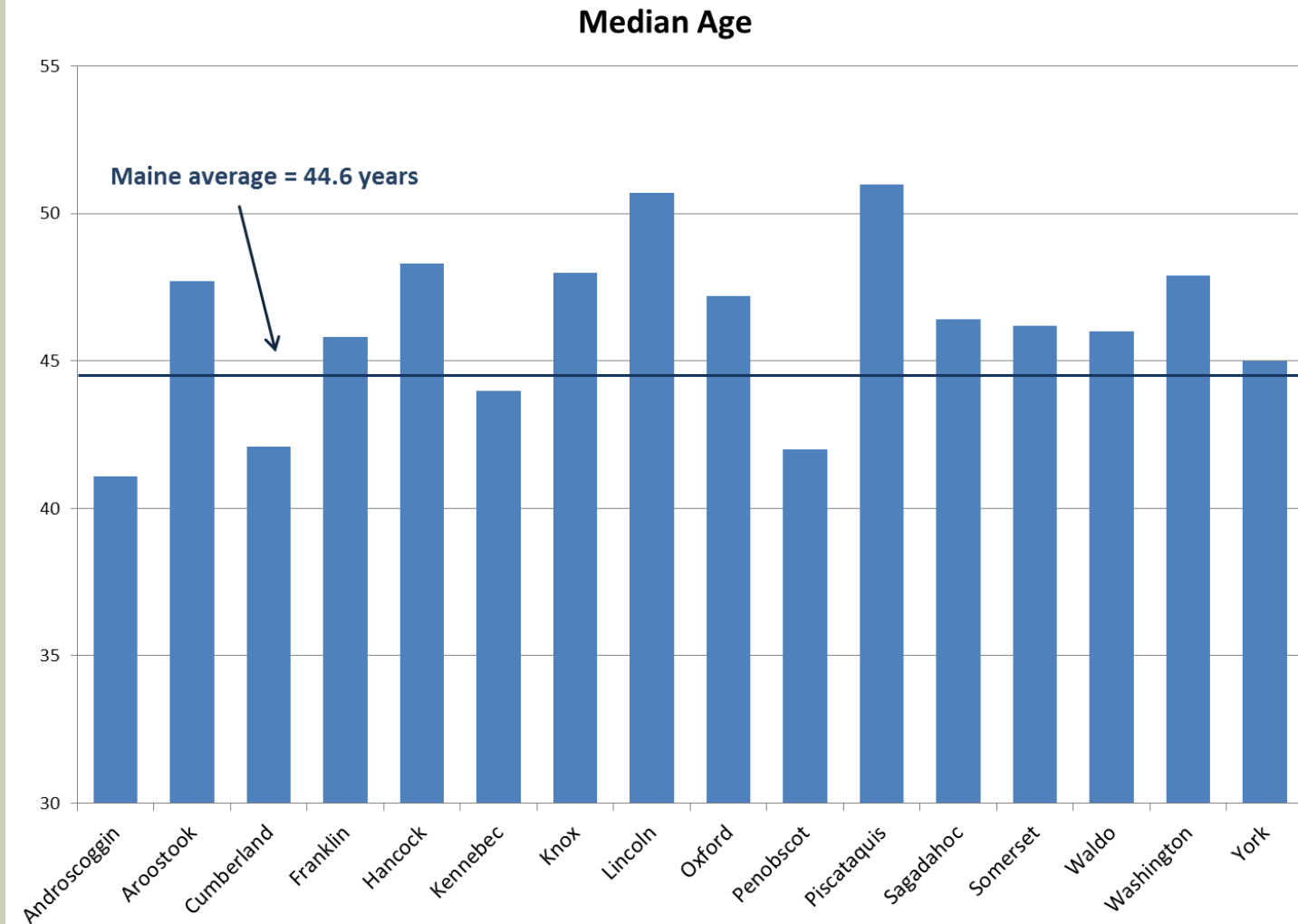
- **2017 Population Estimate: 1,335,907**
 - 42nd largest in US
- **2010 – 2017 Population Change: +0.6%**
 - 45th in US (ahead of WV, VT, IL, CT, and MS)
- **2016 Median age: 44.6**
 - Oldest in US
- **93.5% White, Non-Hispanic**
 - Highest percentage in US



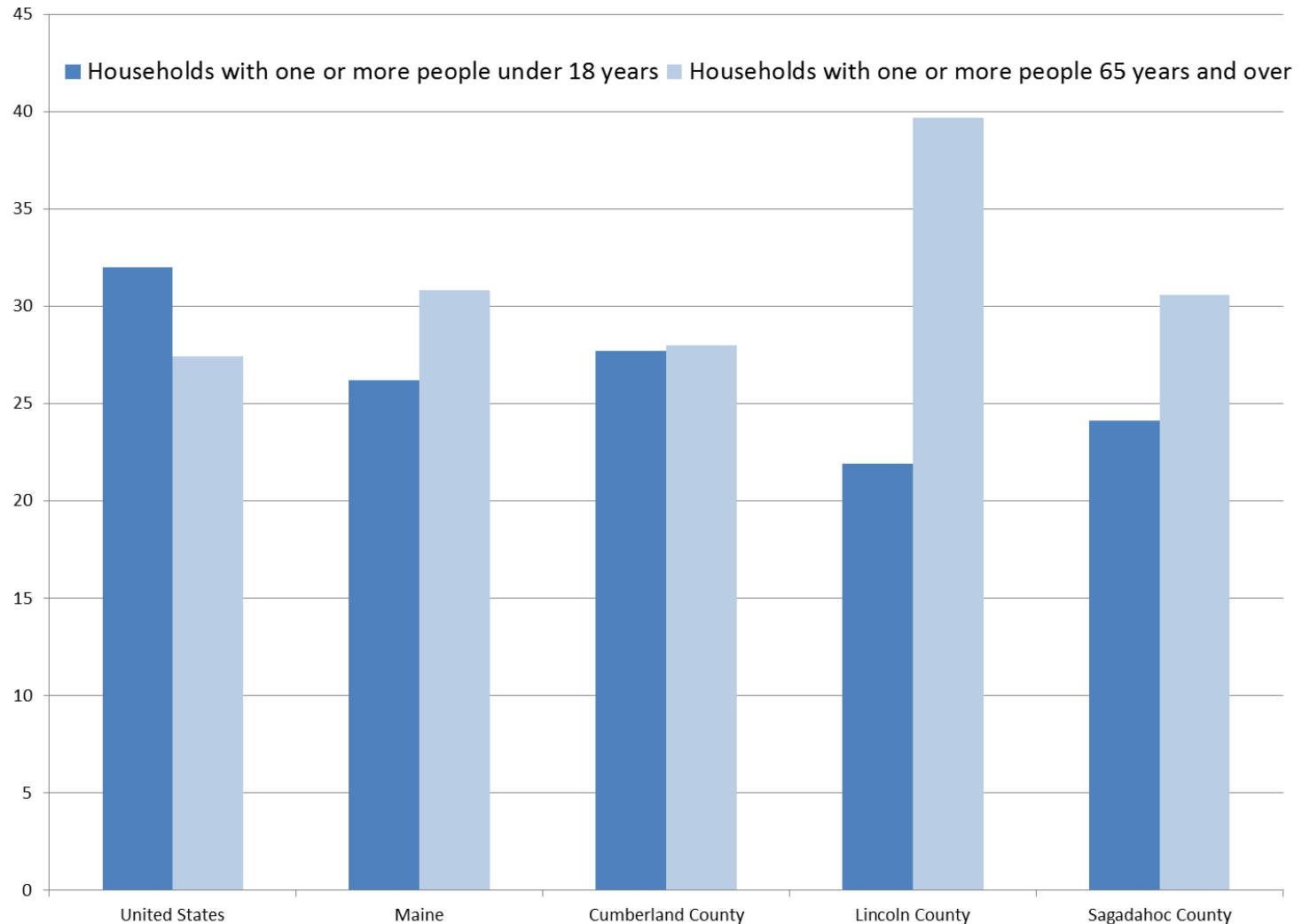
BATH SAVINGS INSTITUTION REGION

- **2017 Population Estimate:**
 - Cumberland: 292,500 (1st in Maine)
 - Lincoln: 34,204 (13th)
 - Sagadahoc: 35,392 (12th)
- **2010 – 2017 Population Change:**
 - Cumberland: +3.8% (1st in Maine)
 - Lincoln: -0.7% (10th)
 - Sagadahoc: +0.3% (4th)
- **2016 – 2017 Population Change:**
 - Cumberland: +0.5% (6th in Maine)
 - Lincoln: +0.6% (4th)
 - Sagadahoc: +0.7% (3rd)

THE FOUR COUNTIES BELOW THE STATEWIDE MEDIAN AGE HAVE SOMETHING IN COMMON

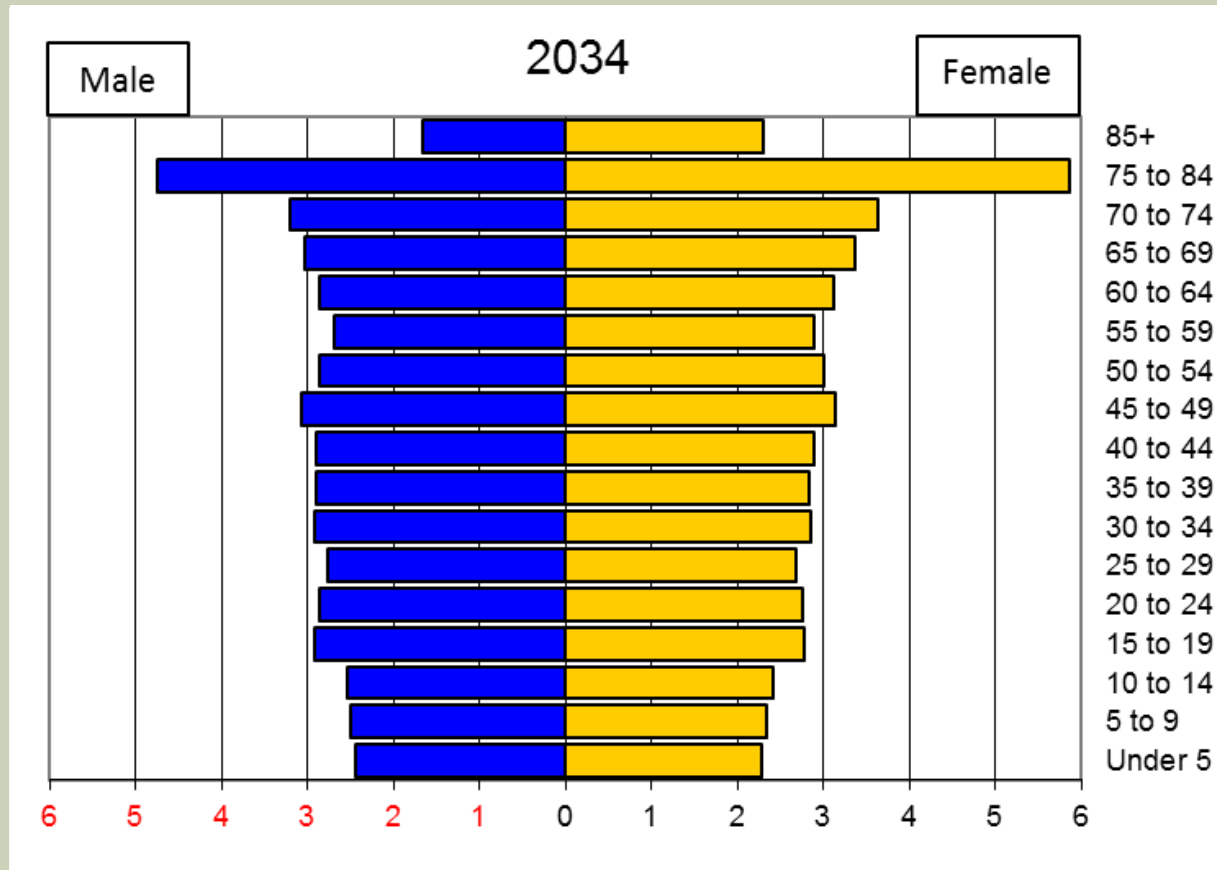


LINCOLN COUNTY HAS MANY MORE HOUSEHOLDS WITH 65+ THAN <18

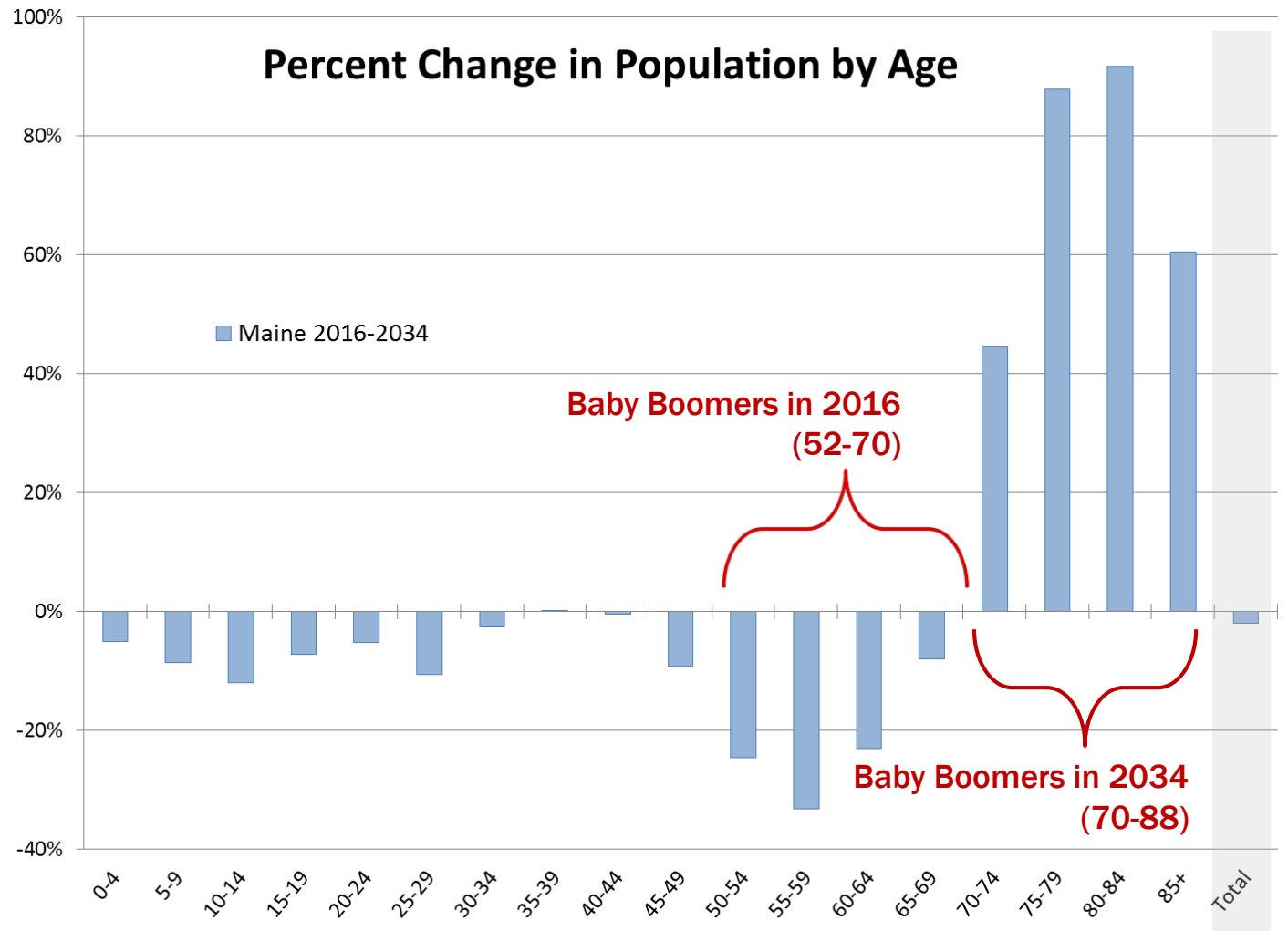


Source: U.S. Census Bureau, 2016 American Community Survey 5-year estimates

THE BABY BOOM WAVE



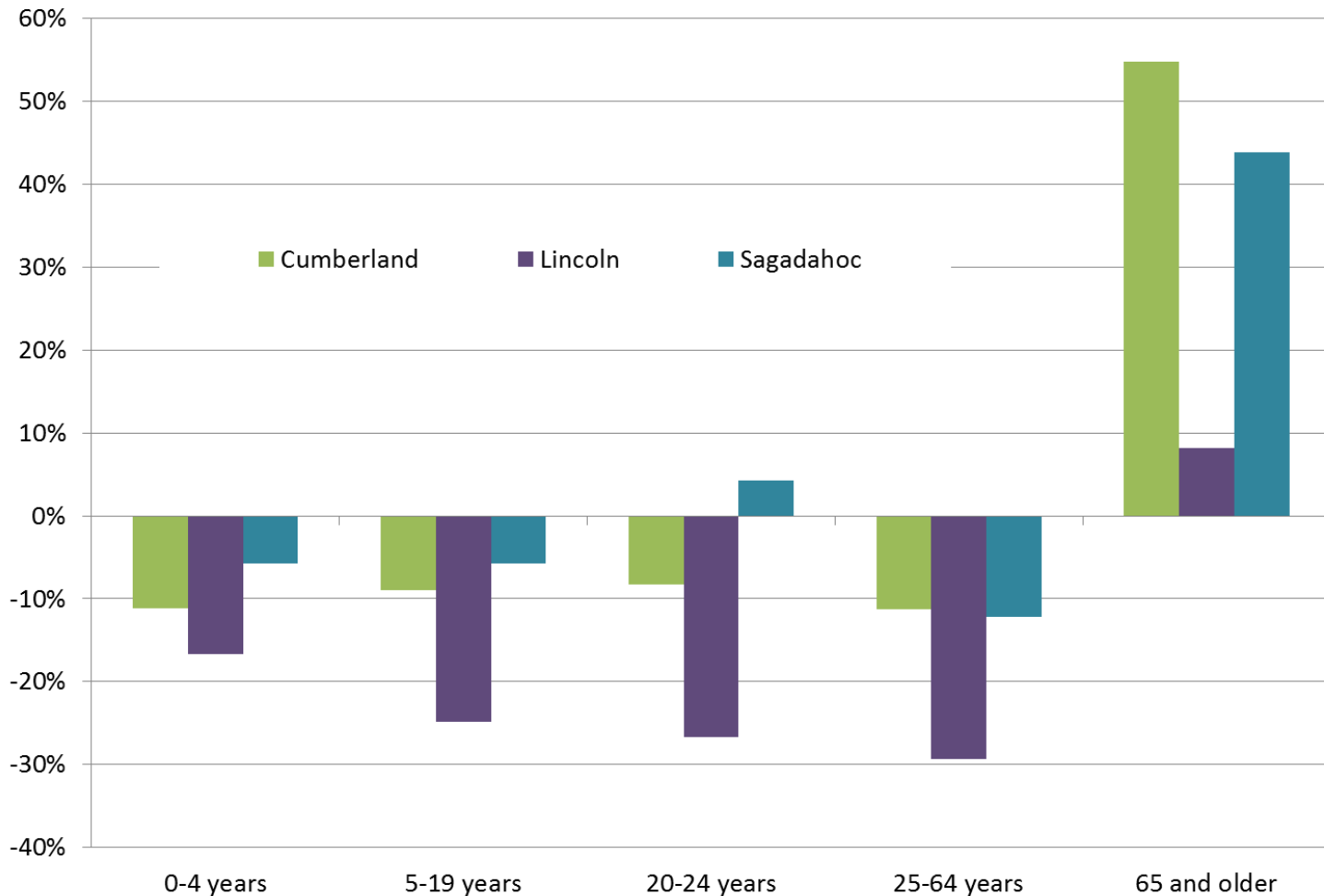
BABY BOOMERS WILL BE AGING INTO POST-RETIREMENT YEARS



Sources: Governor's Office of Policy and Management, *Maine State and County Population Projections to 2034*; U.S. Census Bureau *2016 Population Estimates*

POPULATION LOSS IN KEY WORKING-AGE GROUPS; GAIN IN OLDER COHORTS

Projected Population Change by Age, 2016-2034



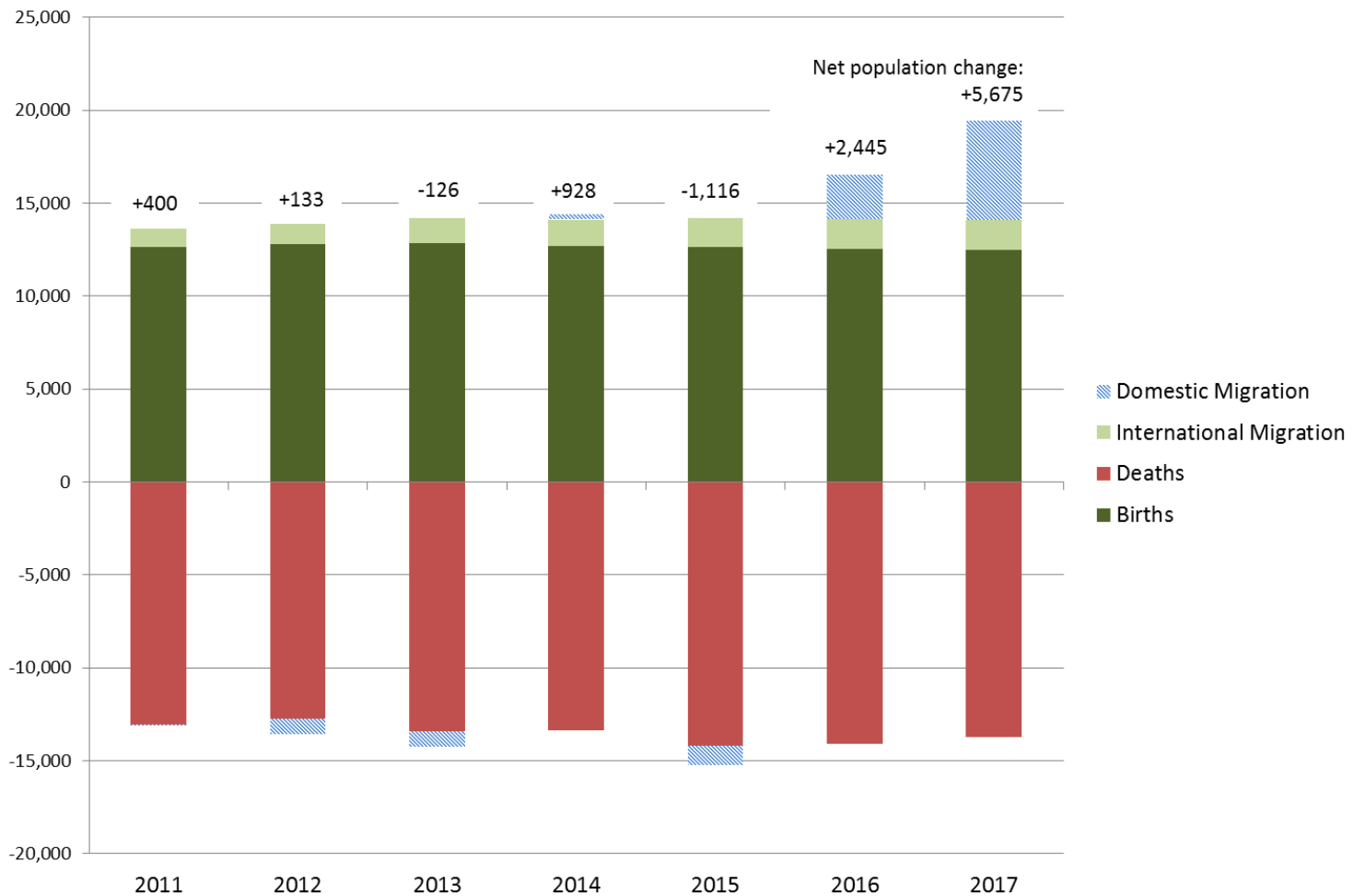
Source: Governor's Office of Policy and Management population projections to 2034

WHAT DOES THIS MEAN?

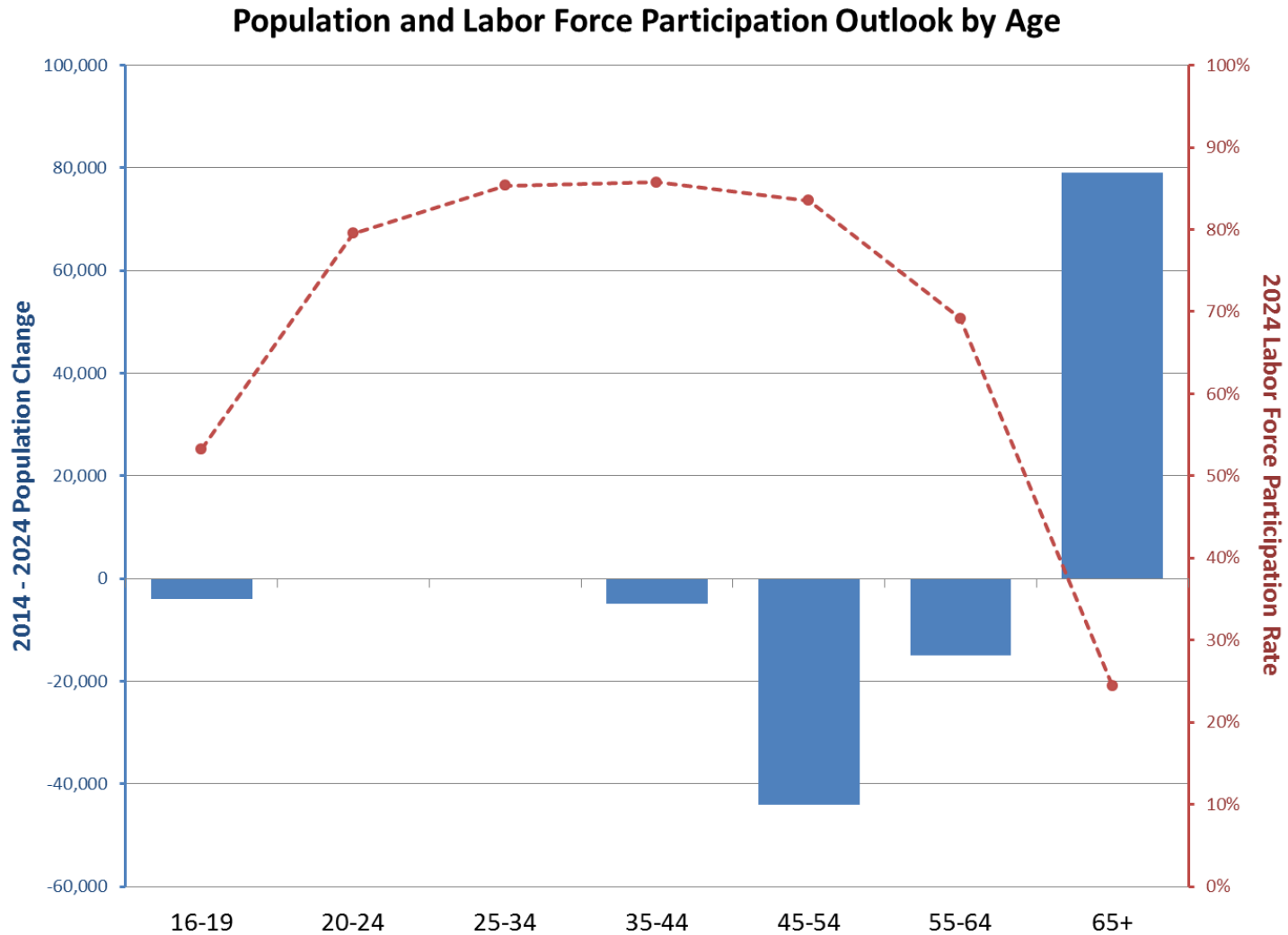
- **Changing demand for goods and services**
- **Fewer available workers**
- **Low birth rates; population growth reliant on in-migration**

SOME GOOD NEWS ON MIGRATION...

Components of Population Change, Maine



ABOUT THOSE WORKERS...



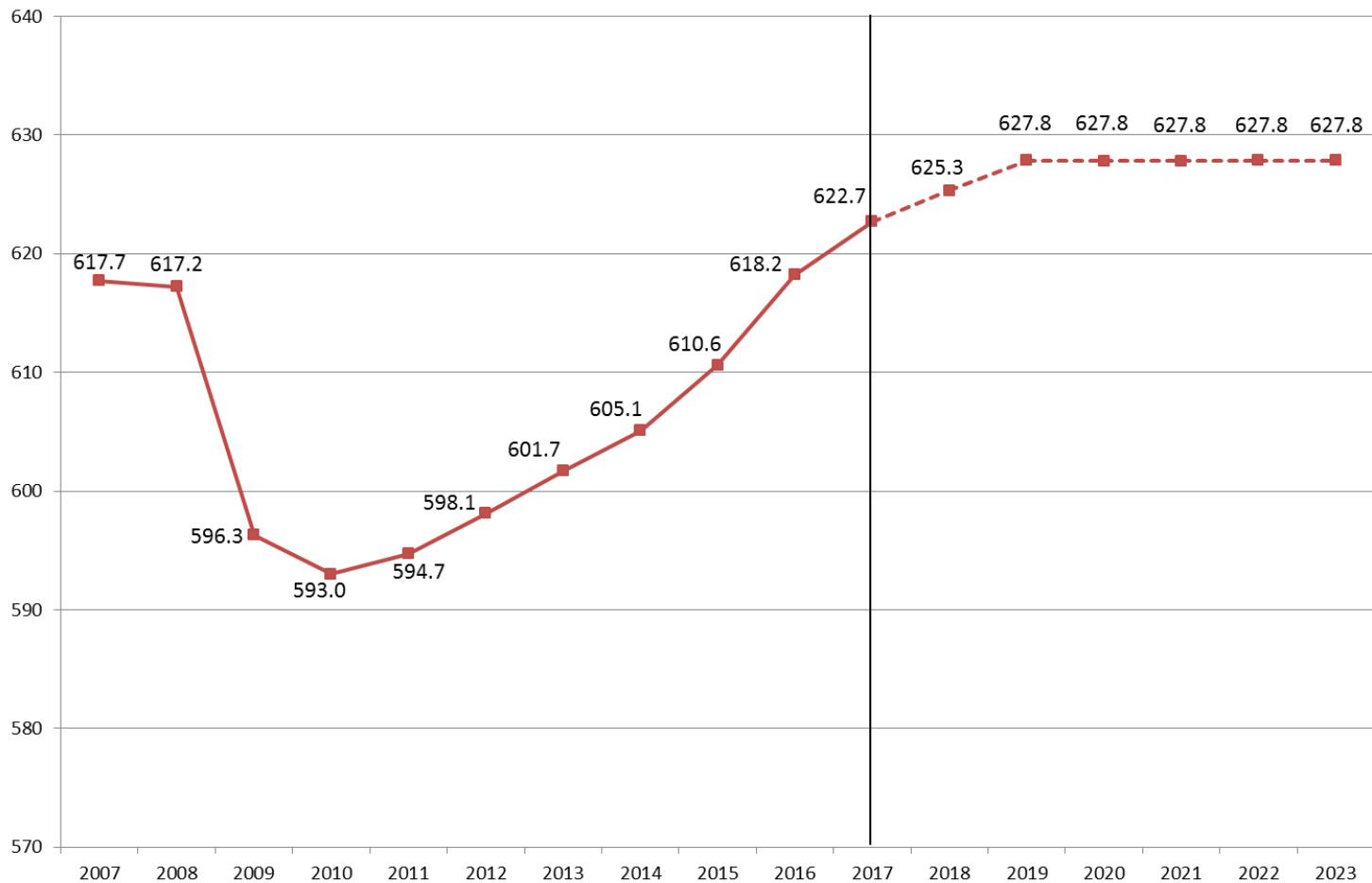
Source: Maine Department of Labor, *Maine Workforce Outlook 2014-2024*

EMPLOYMENT AND GDP



TOTAL EMPLOYMENT HAS SURPASSED PRE-RECESSION PEAK LEVEL

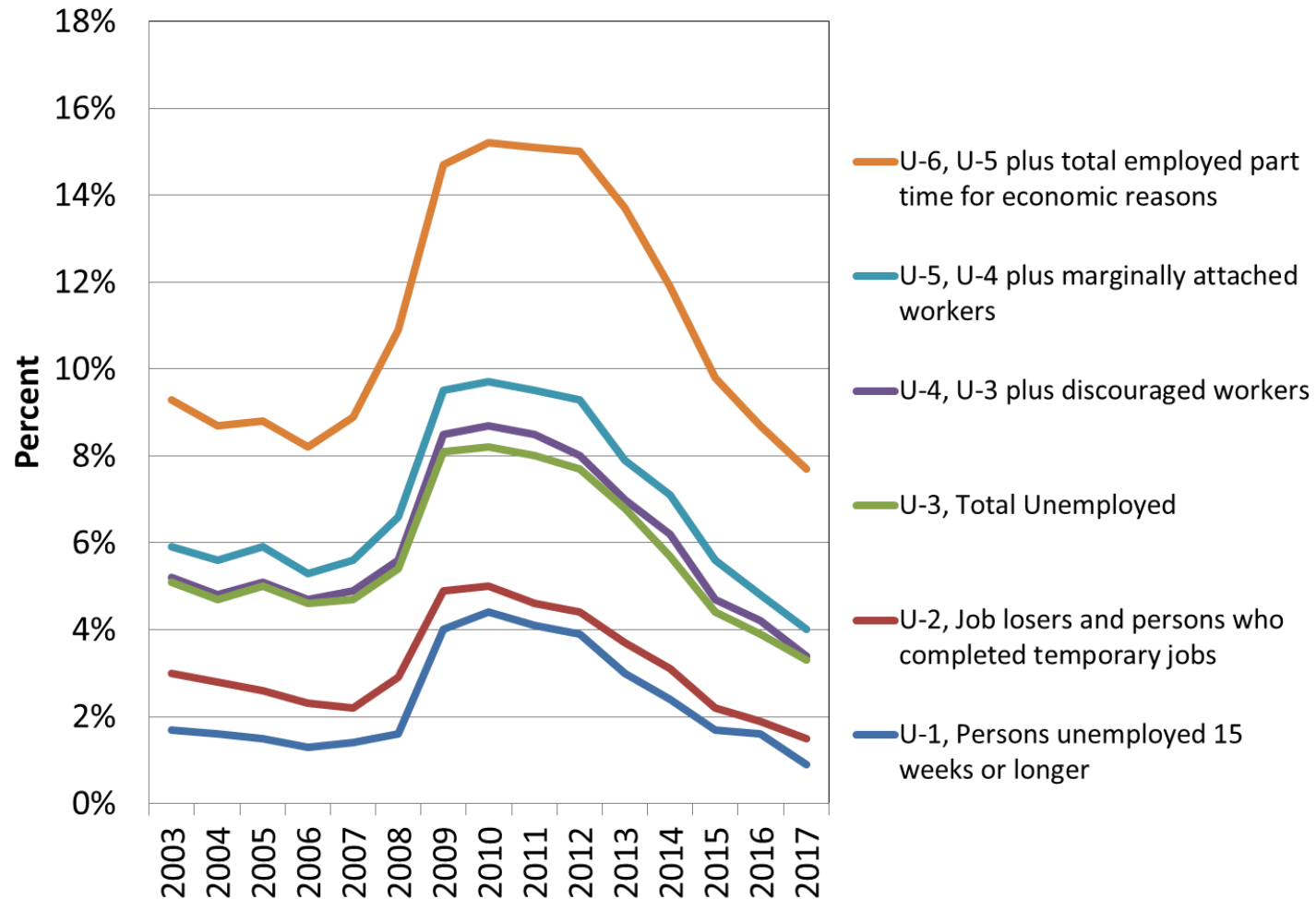
Total Nonfarm Employment (in thousands)
History and CEFC forecast



Sources: U.S. Bureau of Labor Statistics and Maine Consensus Economic Forecasting Commission (Feb. 1, 2018 report)

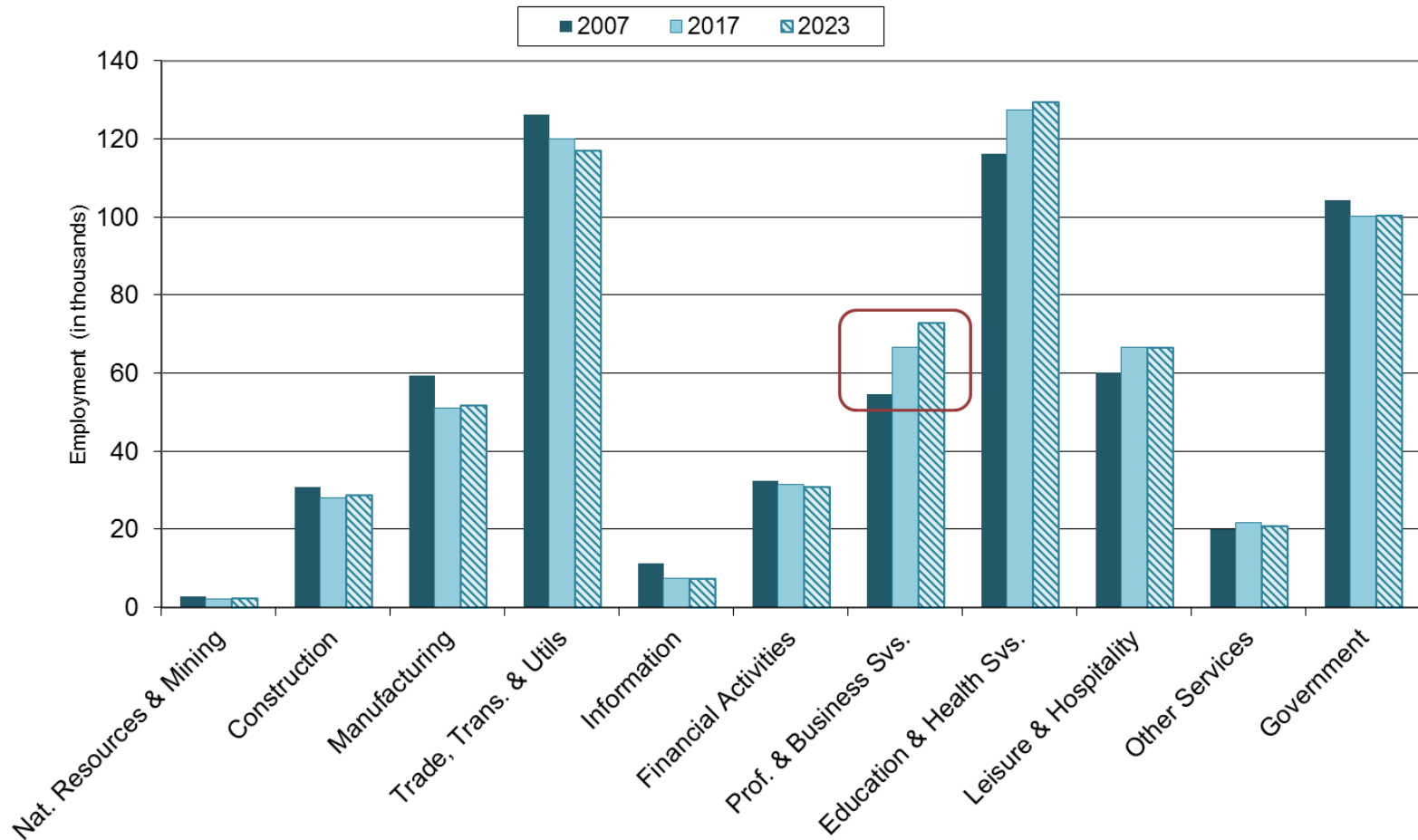
ALL MEASURES OF UNEMPLOYMENT ARE AT RECORD LOWS

Alternative Measures of Labor Underutilization - Maine

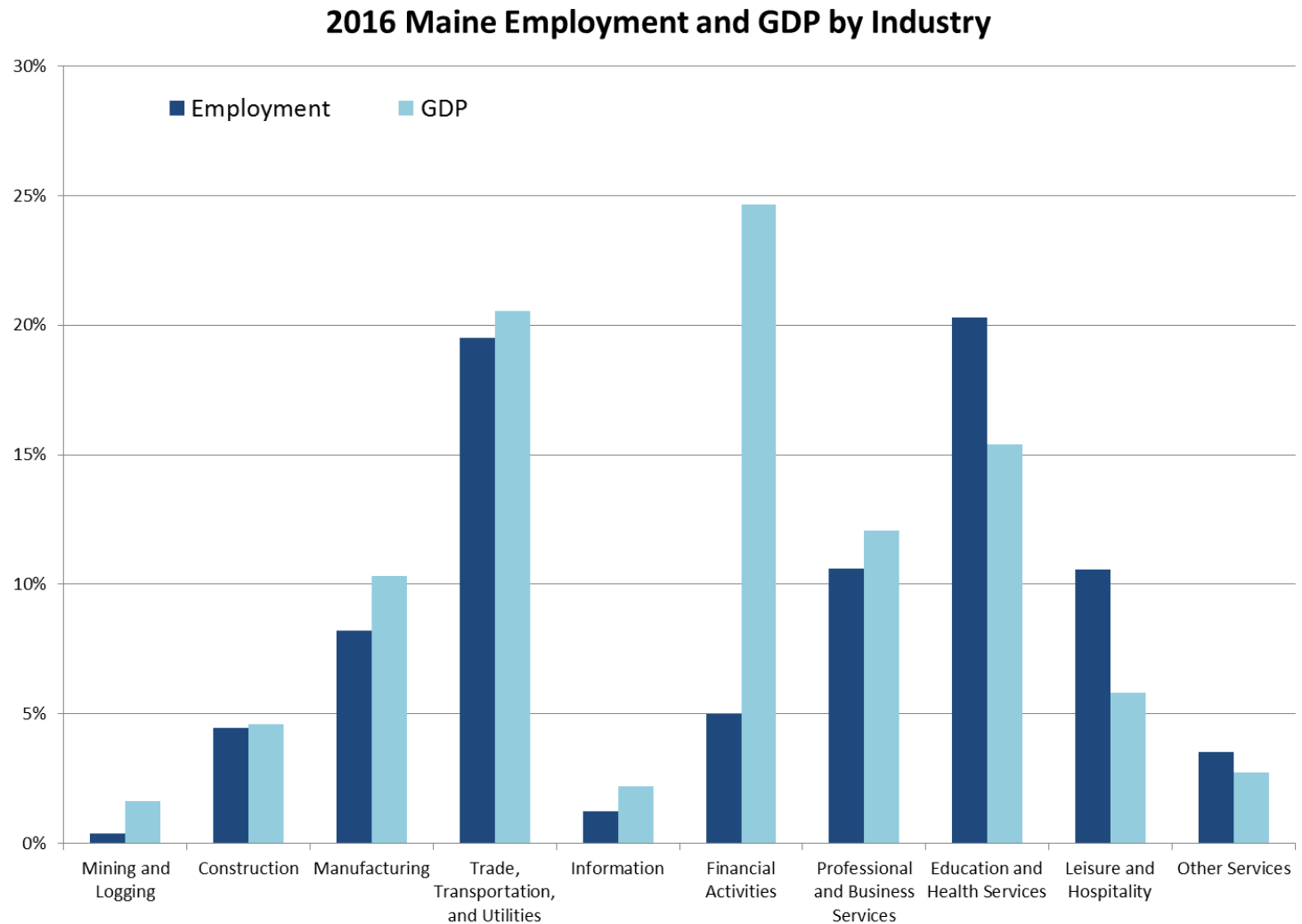


PROFESSIONAL AND BUSINESS SERVICES FORECAST TO CONTRIBUTE MOST GAINS

Maine Industry Sector Employment



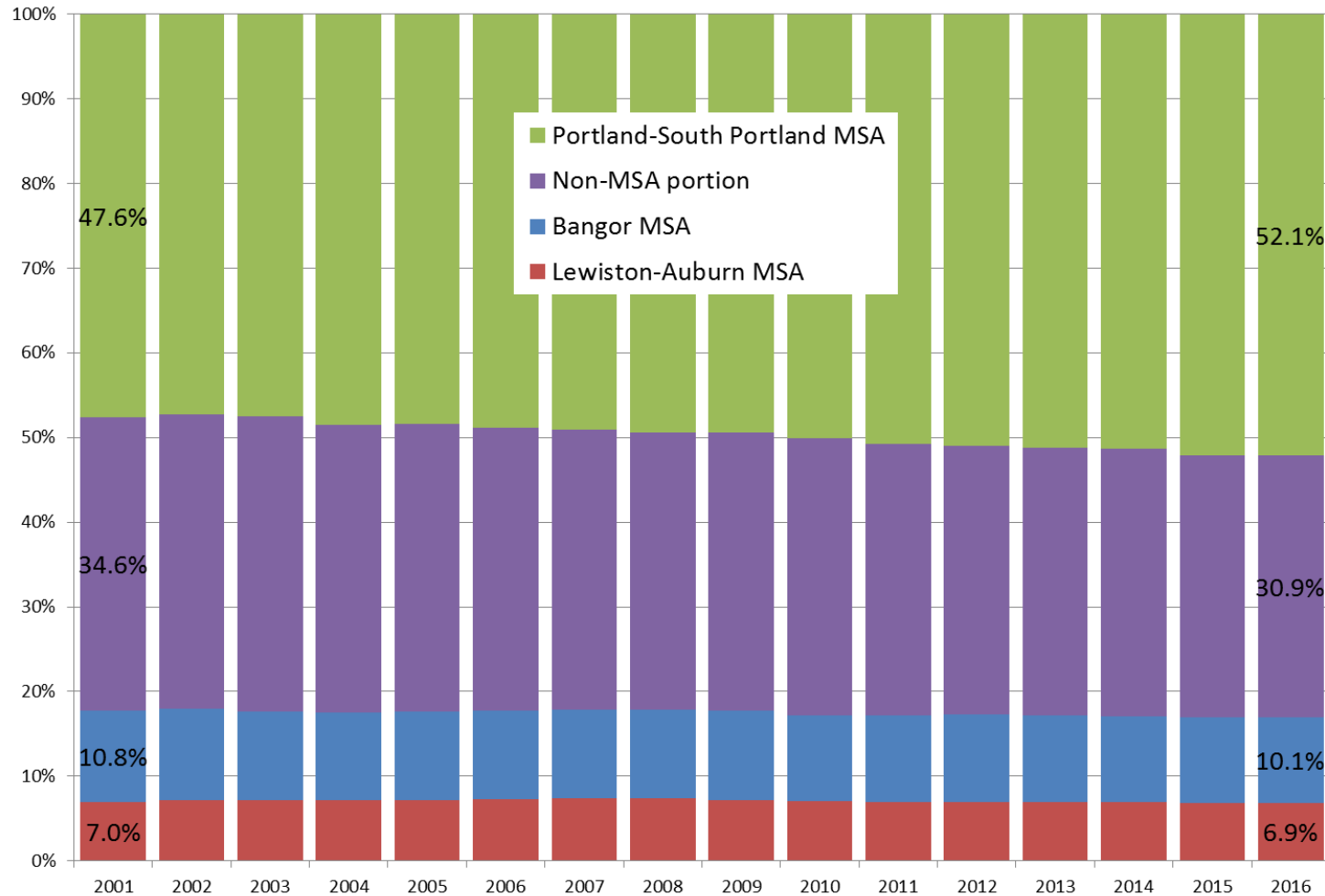
WHAT IS THE LARGEST INDUSTRY IN MAINE?



Sources: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis

PORTLAND-SOUTH PORTLAND MSA HAS AN INCREASING SHARE OF STATE GDP

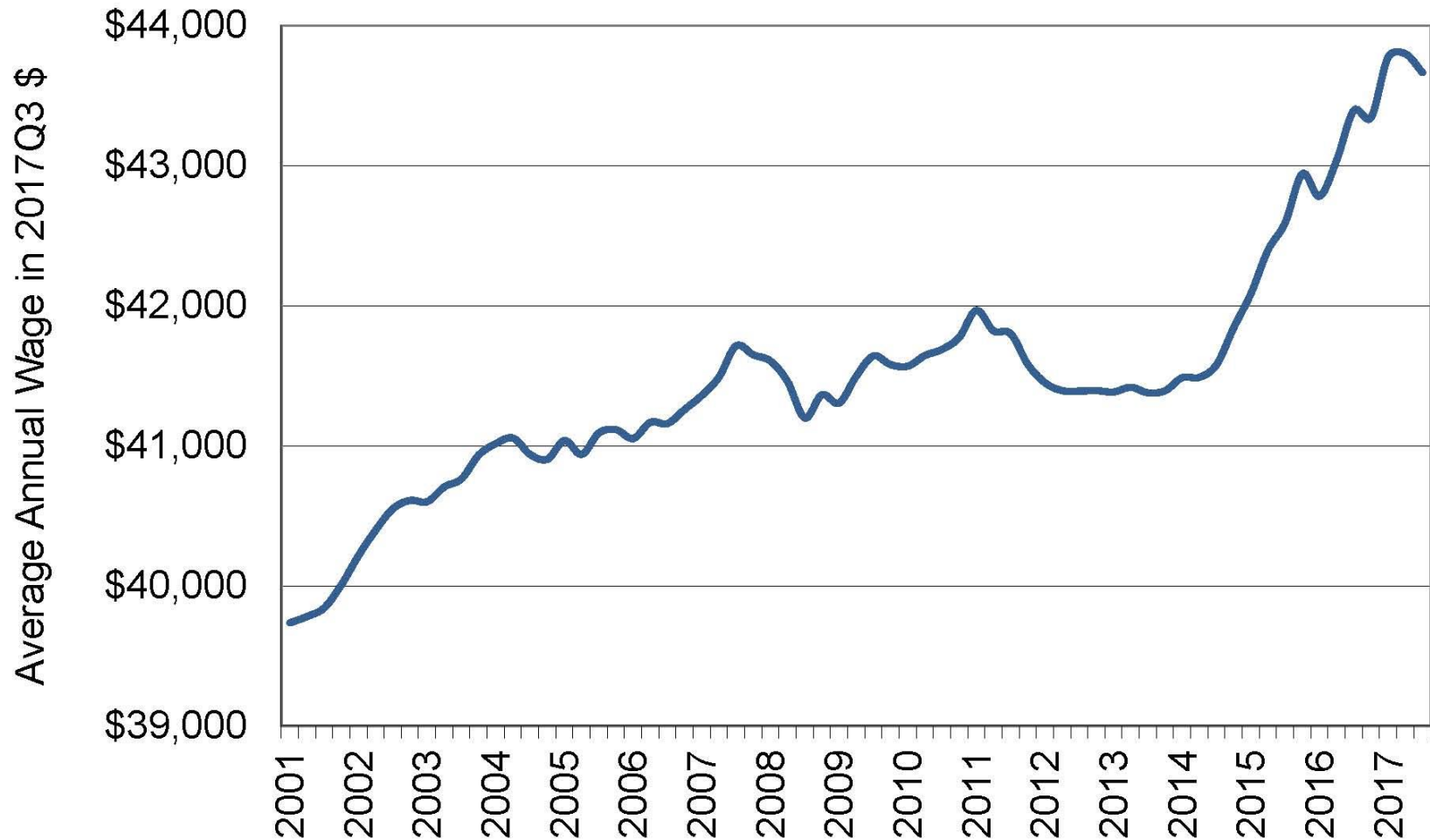
Share of Maine Real GDP by Metropolitan Area



INCOME AND WAGES

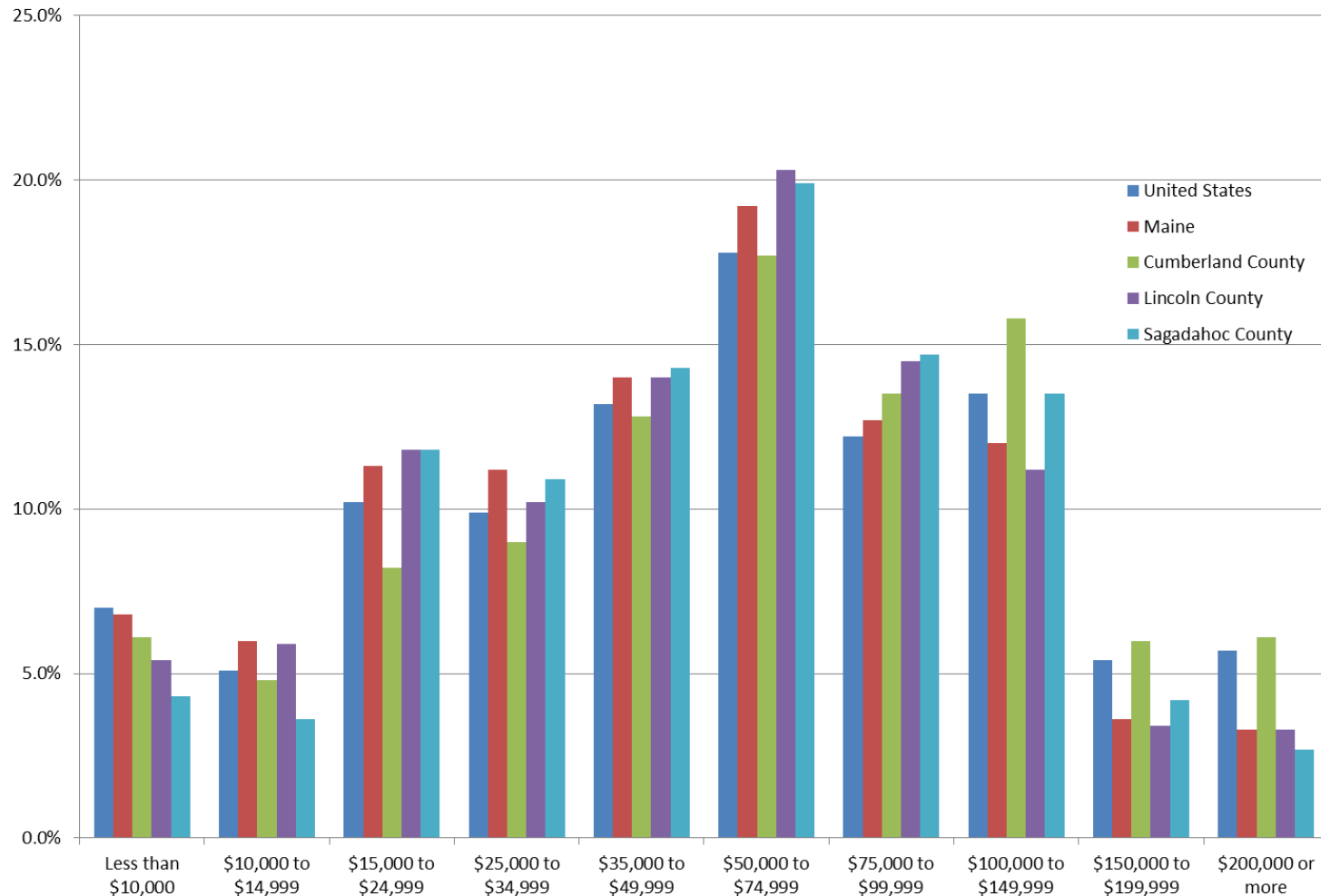


The average wage per job has been rising at the fastest rate in nearly two decades, reflecting the competitive hiring and retention environment *(adjusted for inflation to 2017 Q3 dollars)*



CUMBERLAND HAS HIGHER SHARE OF HOUSEHOLDS AT TOP INCOME LEVELS

Household Income (in 2016 dollars)



Source: U.S. Census Bureau, 2016 American Community Survey 5-year estimates

MEDIAN HOUSEHOLD INCOME

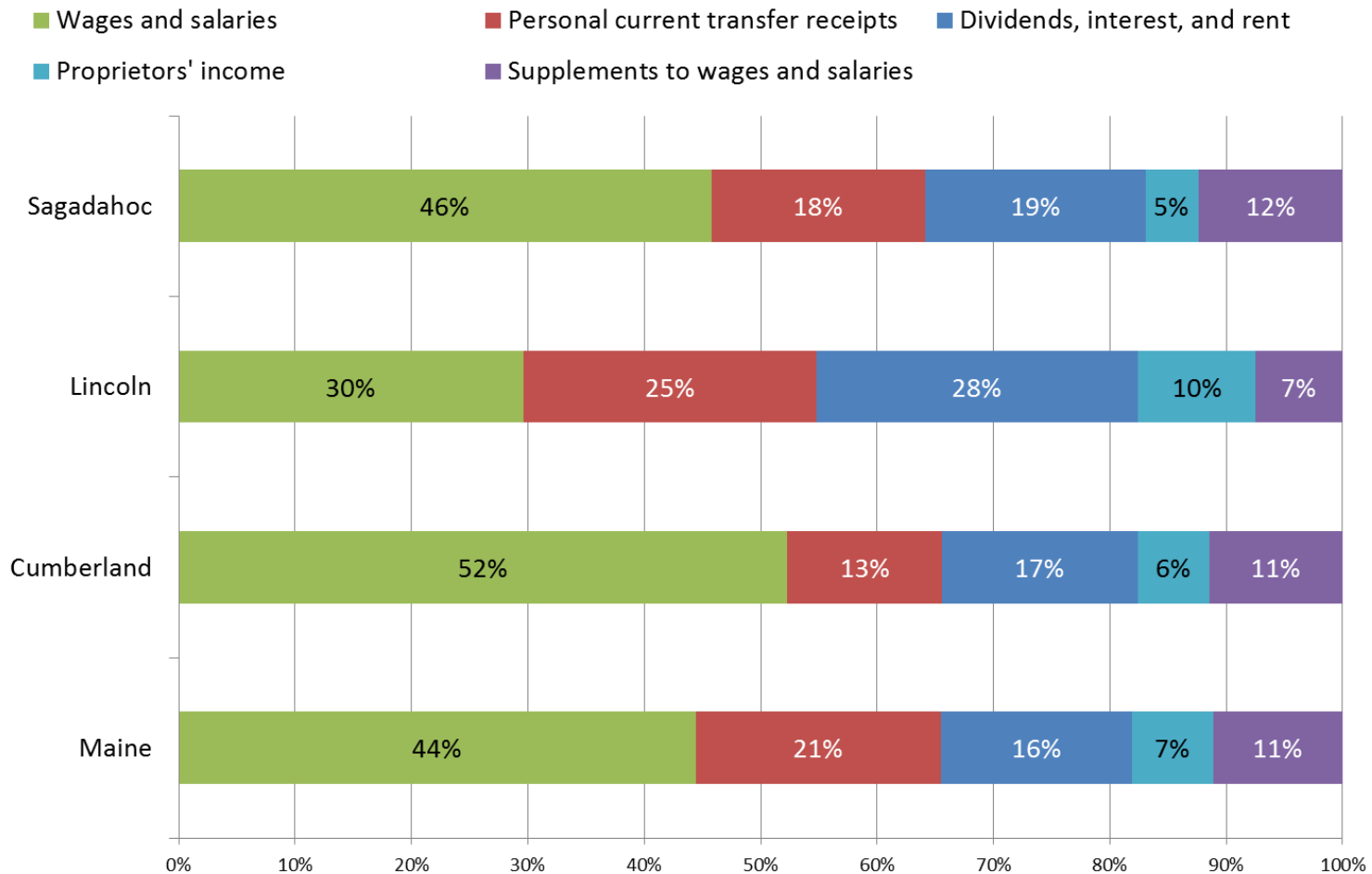
- U.S.: \$55,322
- Maine: \$50,826
- Cumberland County: \$61,902
- Lincoln County: \$53,515
- Sagadahoc County: \$55,766

MEDIAN FAMILY INCOME

- U.S.: \$67,871
- Maine: \$64,294
- Cumberland County: \$80,740
- Lincoln County: \$65,281
- Sagadahoc County: \$69,509

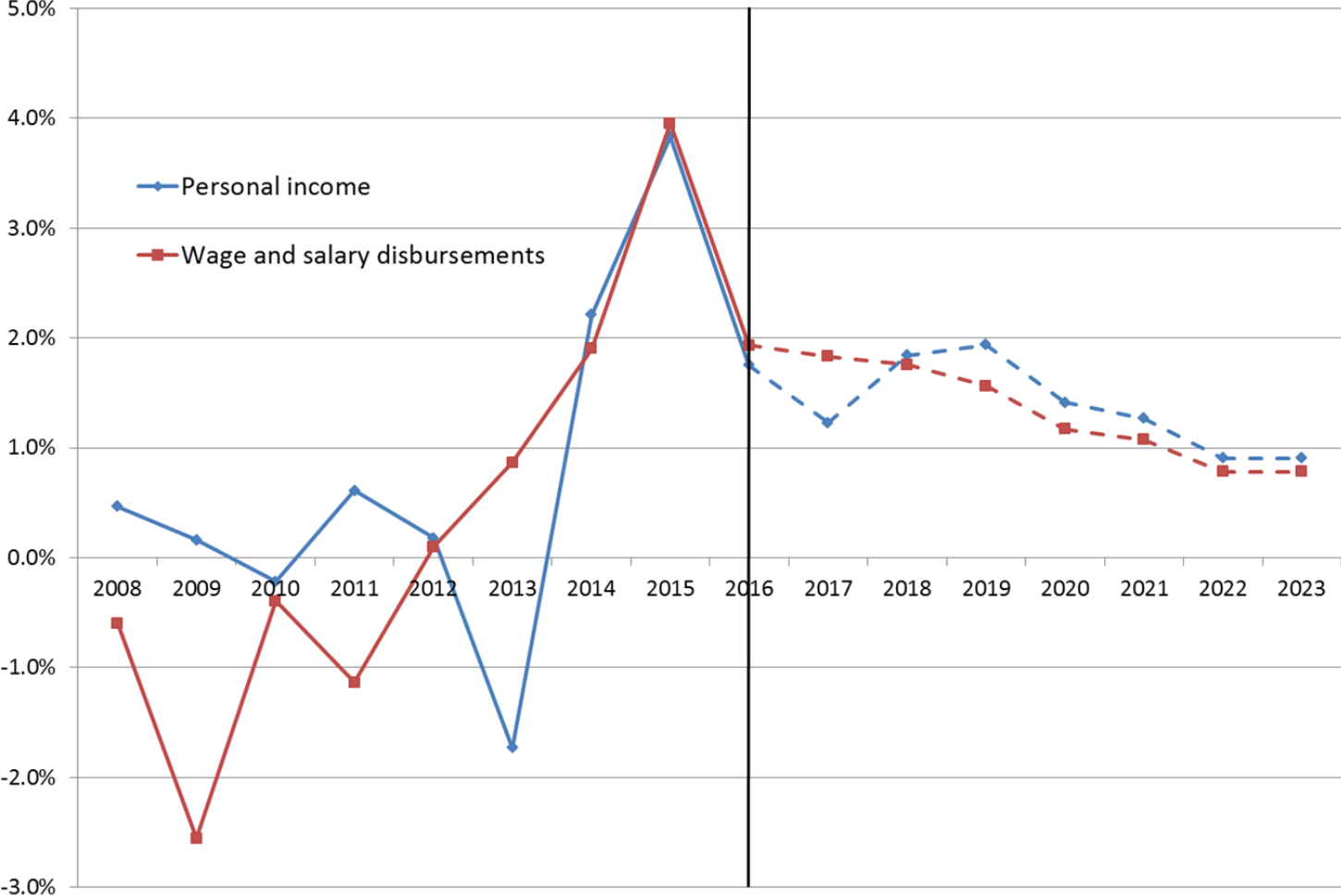
LINCOLN COUNTY IS LESS RELIANT ON WAGE AND SALARY INCOME

Major Components of Personal Income, 2016



REAL PERSONAL INCOME IS FORECAST TO CONTINUE GROWING

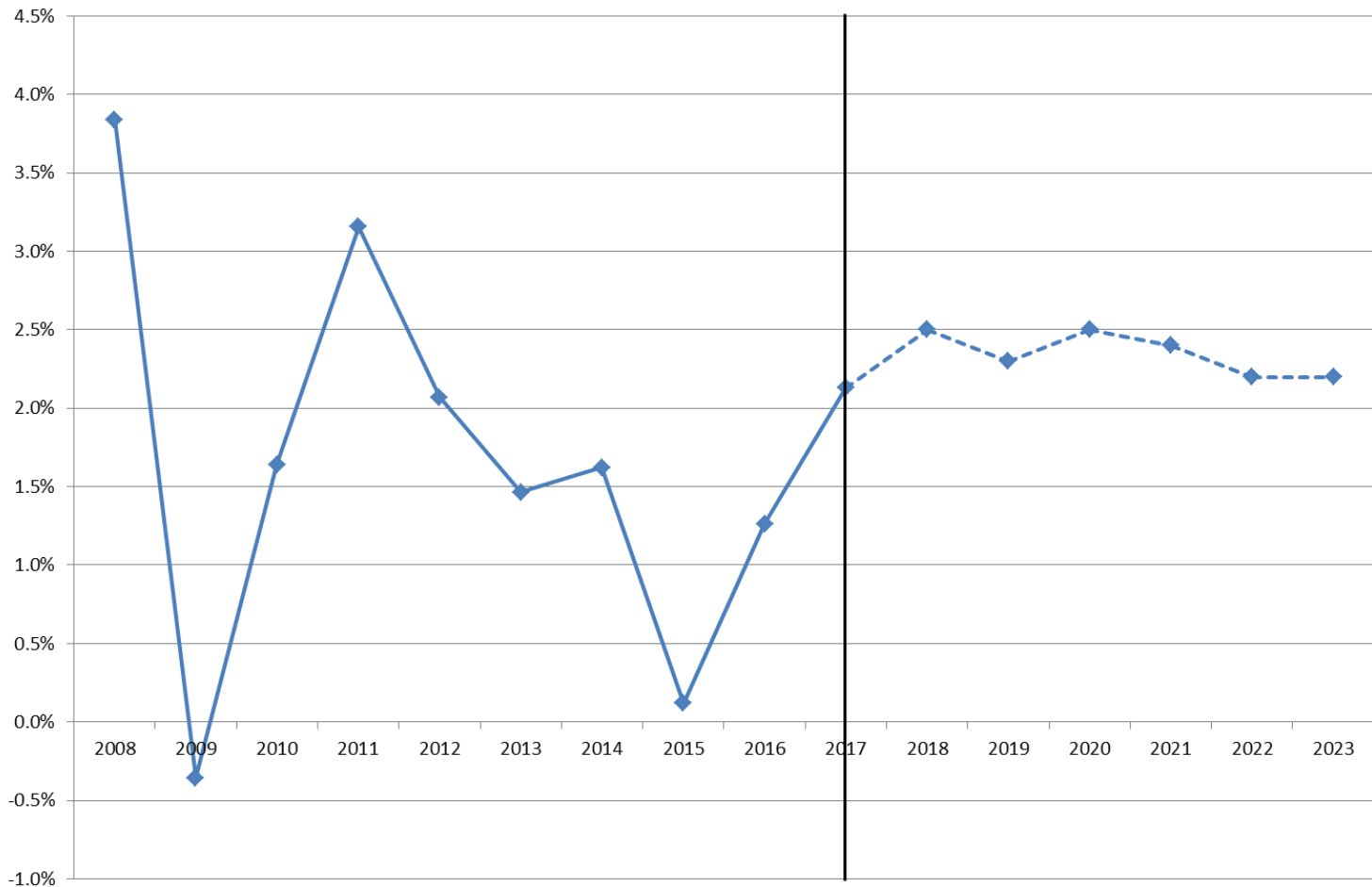
Percent Change in Real Personal Income, Maine



Sources: U.S. Bureau of Economic Analysis and Maine Consensus Economic Forecasting Commission (Feb. 1, 2018 report)

INFLATION IS FORECAST TO REMAIN BETWEEN 2.0% AND 2.5%

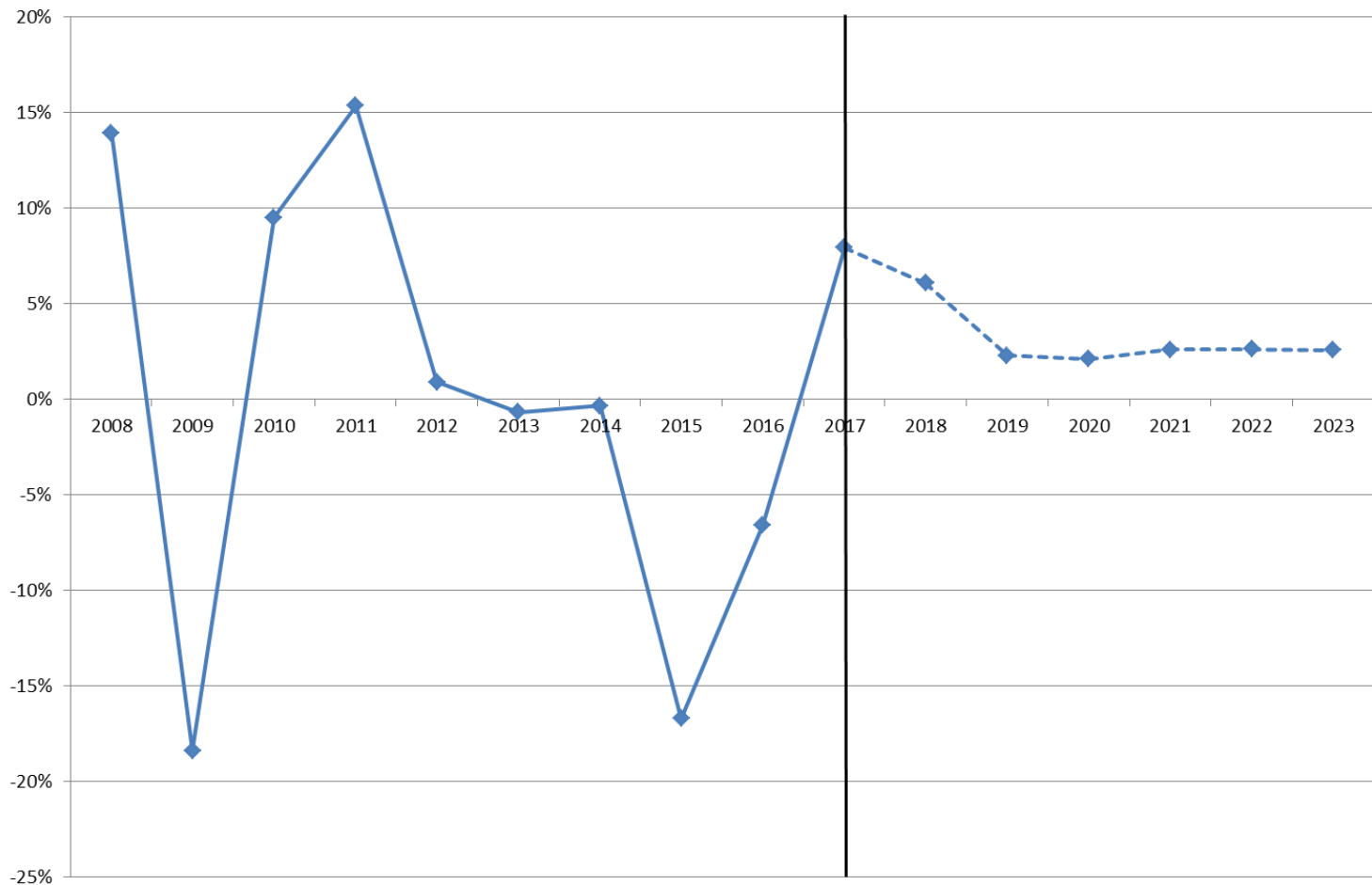
**Consumer Price Index (Annual Percent Change),
2008-2017 and forecast to 2023**



Sources: U.S. Bureau of Labor Statistics and Maine Consensus Economic Forecasting Commission (Feb. 1, 2018 report)

ENERGY PRICES NOT EXPECTED TO SPIKE (BUT VERY DIFFICULT TO FORECAST)

**Consumer Price Index - Energy (Annual Percent Change),
2008-2017 and forecast to 2023**



Sources: U.S. Bureau of Labor Statistics and Maine Consensus Economic Forecasting Commission

SALES AND HOUSING

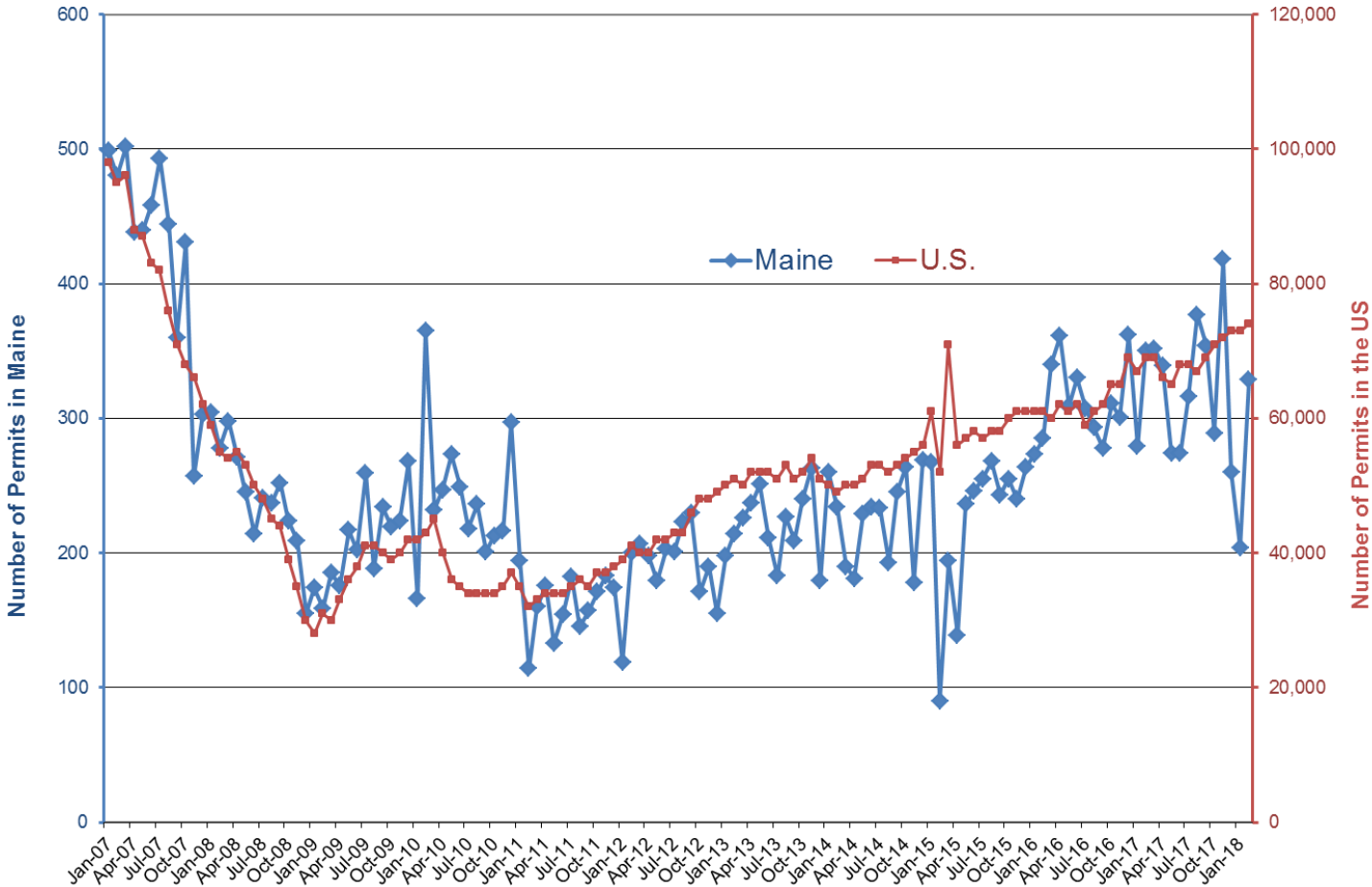


TAXABLE RETAIL SALES SAW STRONG GROWTH IN 2017

Maine Retail Sales	% Change from December 2016 to December 2017	% Change last three months / same 3 month period one year ago
Building Supply	8.5%	10.0%
Food Store	4.1%	4.5%
General Merchandise	8.9%	10.0%
Other Retail	-5.5%	-1.0%
Restaurant	4.1%	5.8%
Lodging	-7.3%	6.5%
Auto Transportation	-1.1%	3.7%
Total	2.2%	5.4%
Business Operating	0.4%	3.7%
Personal Consumption	2.5%	5.6%

HOUSING PERMIT GROWTH TREND HAS LEVELED OFF IN MAINE

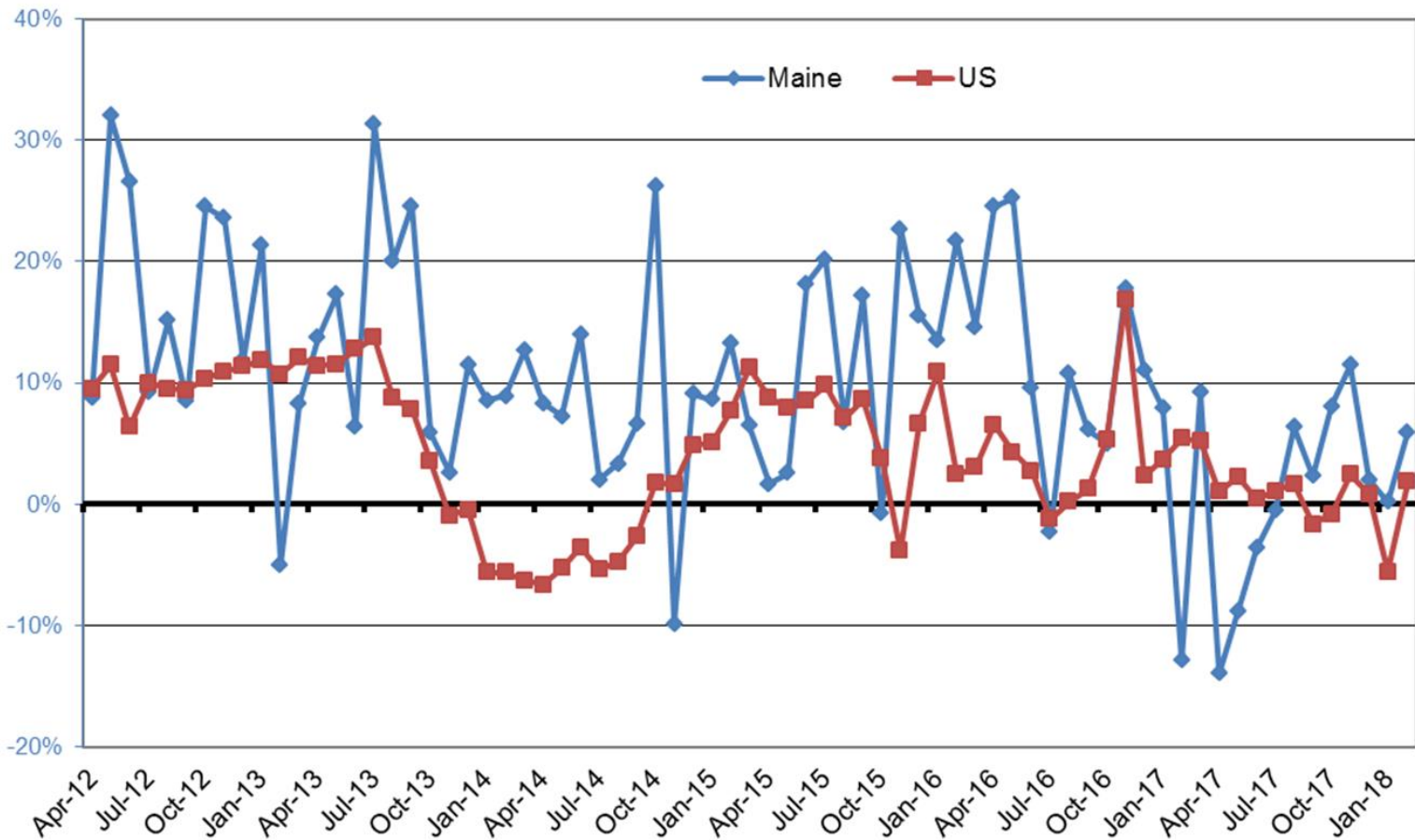
Single Unit Housing Permits Authorized (Monthly, SA)



Sources: U.S. Census Bureau via Federal Reserve Bank of Boston

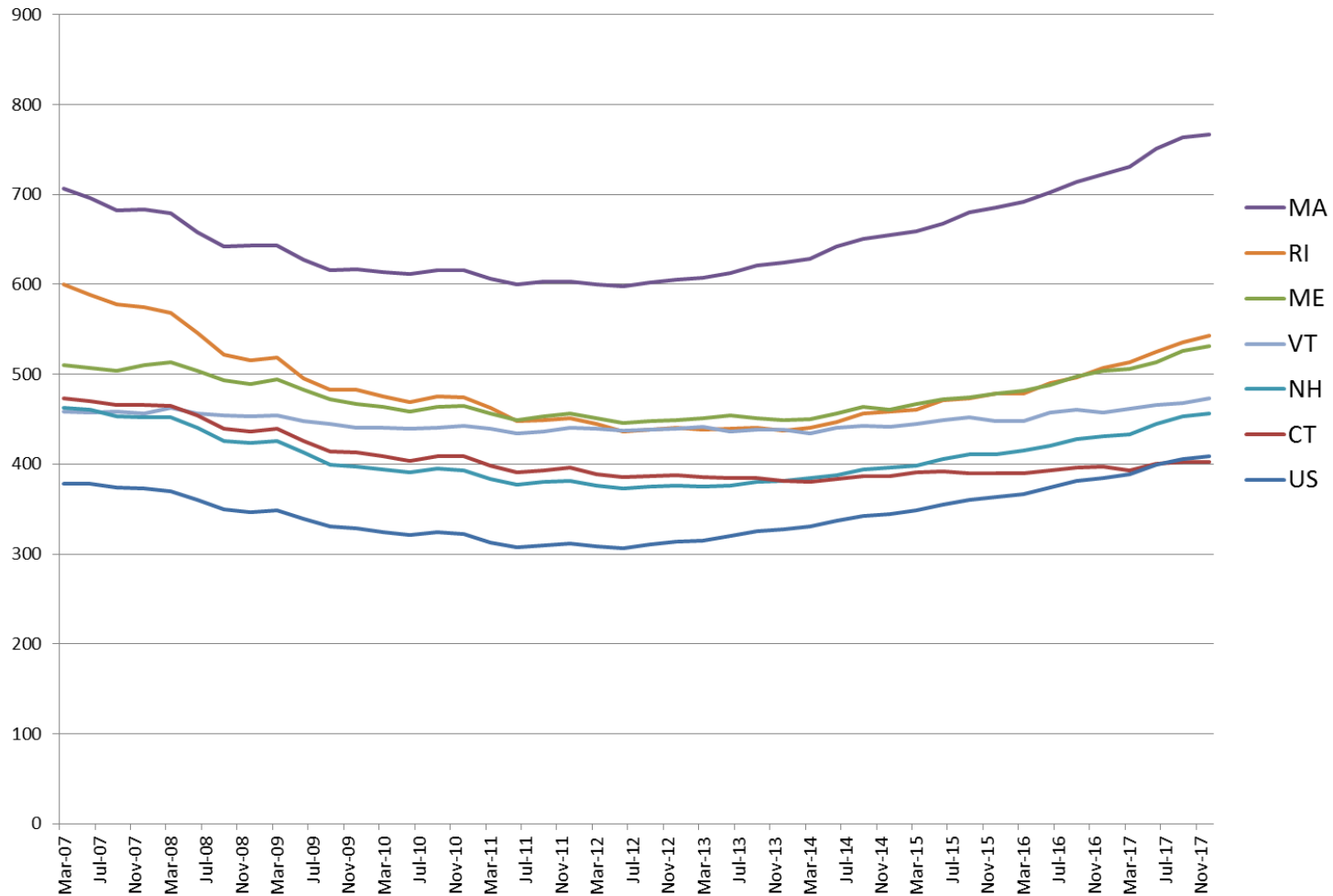
GROWTH IN EXISTING HOME SALES IN MAINE HAS SLOWED

Single Family Existing-Home Sales, Percent Change from Year Ago



HOME PRICES HAVE RISEN ABOVE PRE-RECESSION LEVELS

Home Price Index: Federal Housing Finance Agency (Q1 1980 = 100)

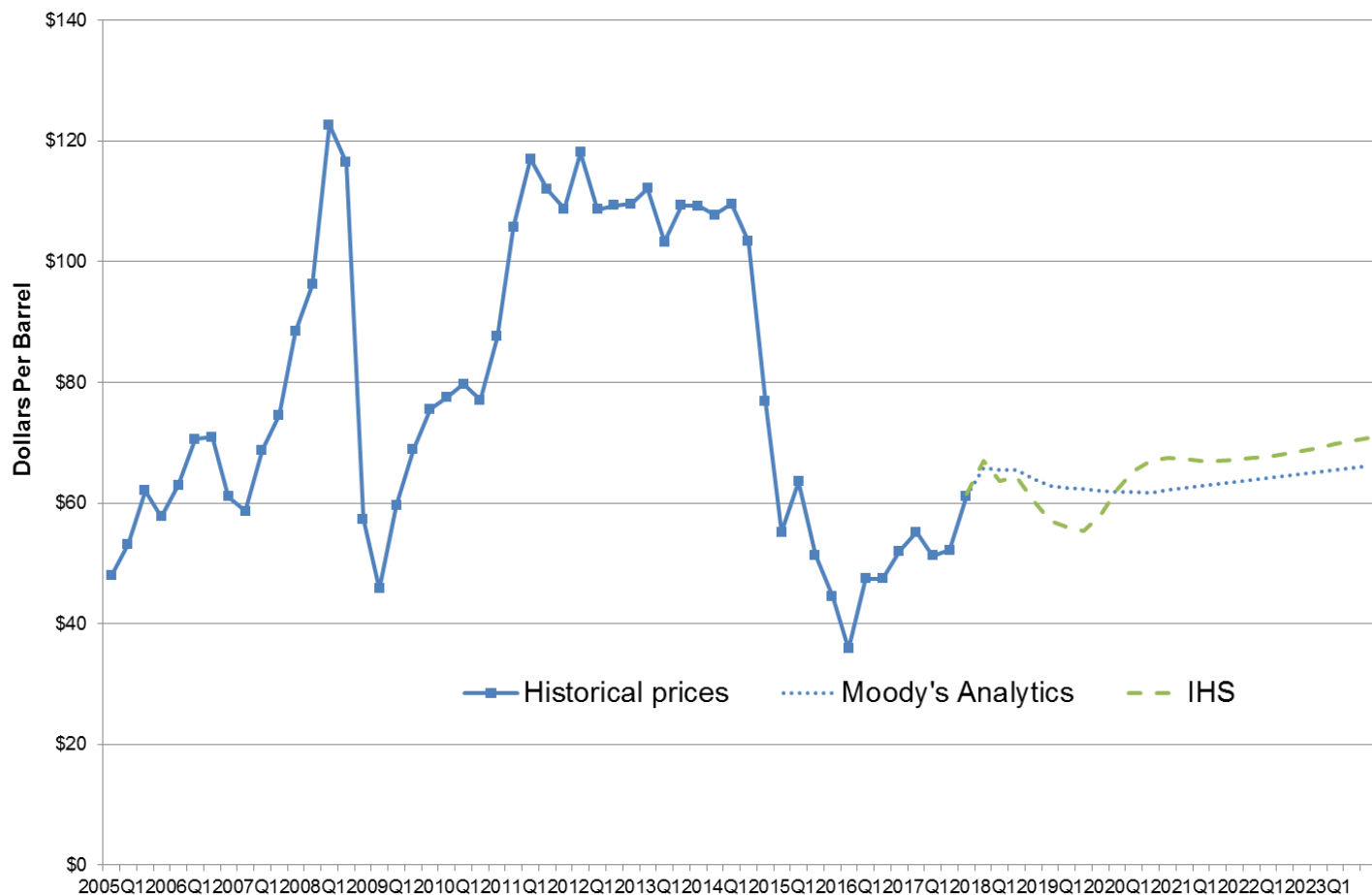


ENERGY PRICES



OIL PRICES INCREASES ARE EXPECTED TO LEVEL OFF THIS YEAR

Petroleum Crude Oil Price: Brent



Sources: U.S. Energy Information Administration and Moody's Analytics

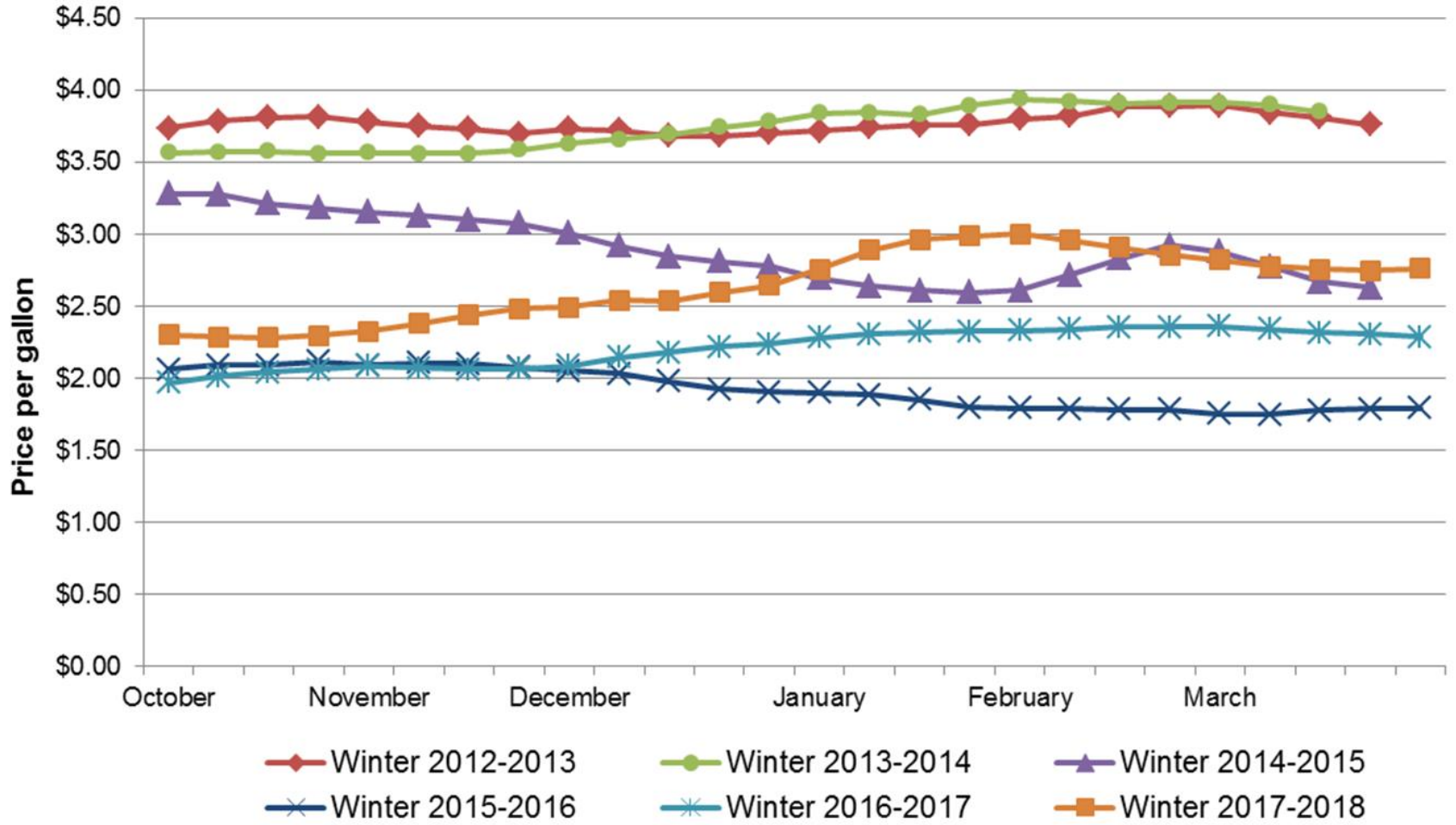
GASOLINE PRICES HAVE BEEN INCREASING GRADUALLY BUT REMAIN RELATIVELY LOW

Weekly New England Retail Gasoline Prices (Dollars per Gallon)



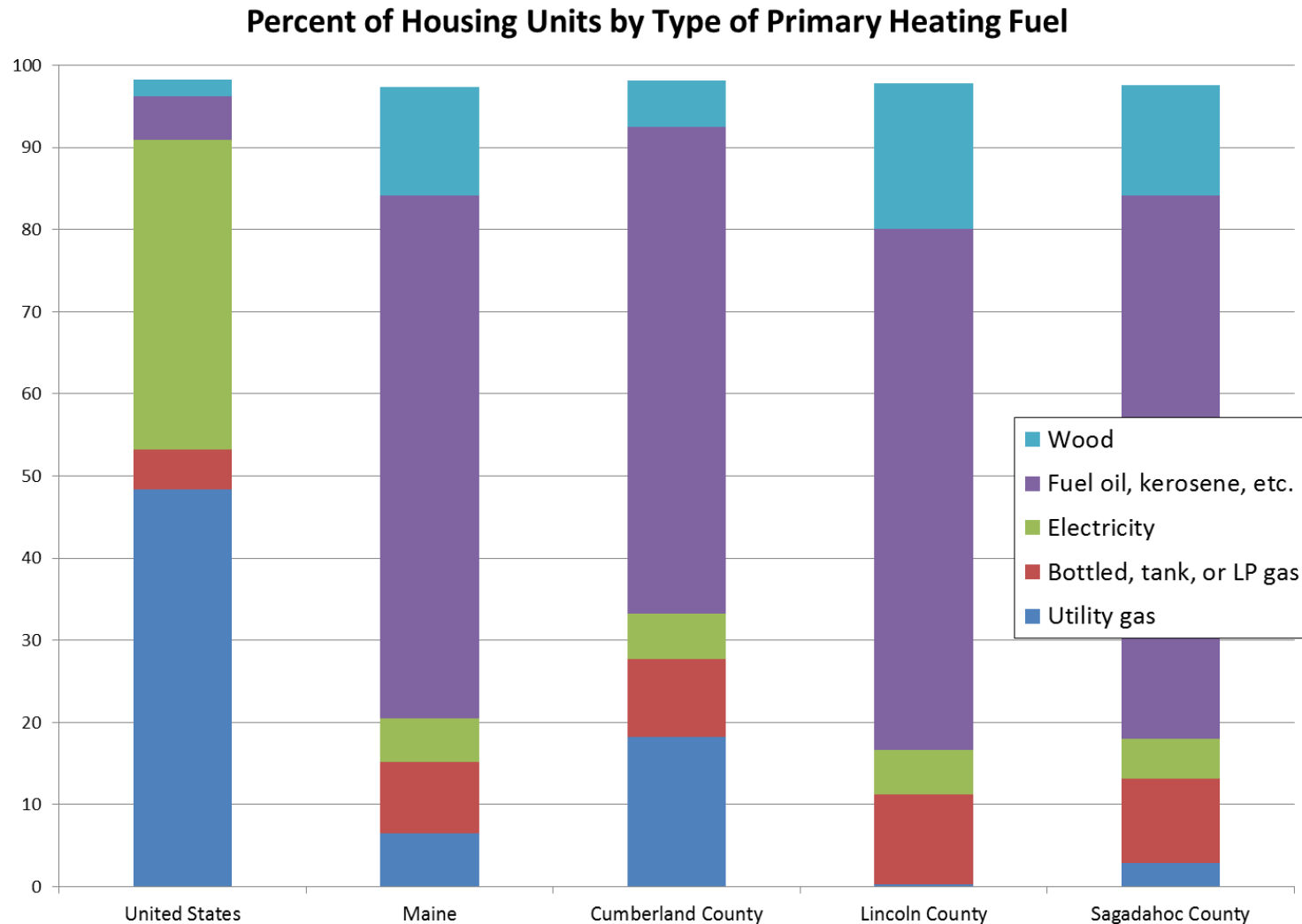
HEATING OIL PRICES ENDED THE SEASON SOMEWHAT HIGHER THAN THEY STARTED

Maine No. 2 Heating Oil Residential Price



Source: U.S. Energy Information Administration

MAINE HAS THE HIGHEST SHARE OF HOMES IN THE U.S. HEATED PRIMARILY WITH FUEL OIL



Source: U.S. Census Bureau, 2016 American Community Survey 5-year estimates

IN SUMMARY

- Maine's demographics are a challenge, but there are some signs of improvement
- Overall, the economy is in a pretty good place
- Region includes areas with strong economic growth as well as older populations
- Maine must continue to work on policies that will help the state compete for workers and businesses

THANK YOU!

Further questions?

Amanda Rector

Maine State Economist

Dept. of Administrative and Financial Services

amanda.rector@maine.gov

(207) 287-2873