

# UPDATE ON THE MAINE ECONOMY

MEGFOA Winter Training Workshop

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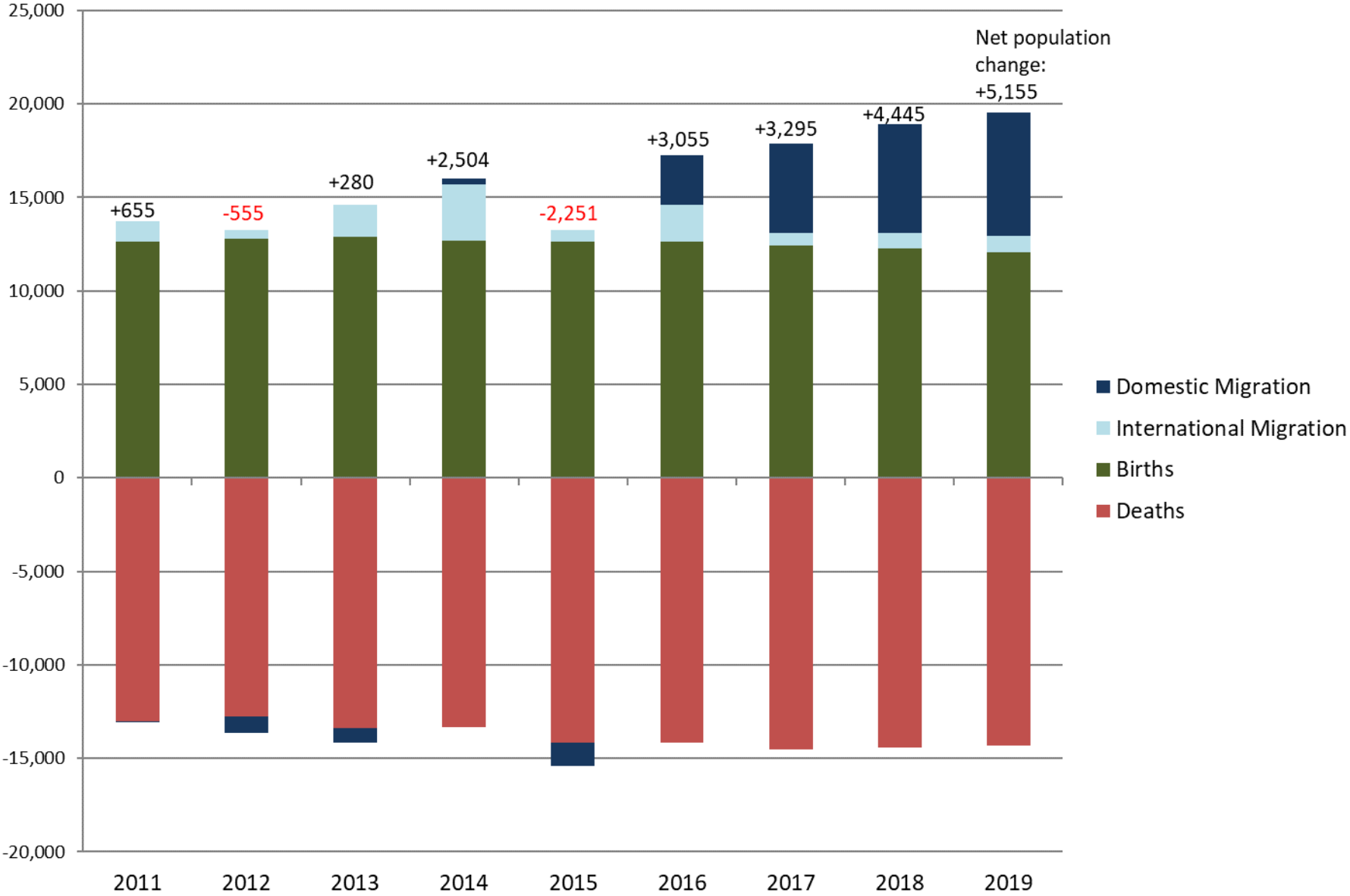
February 25, 2021

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Maine State Economist

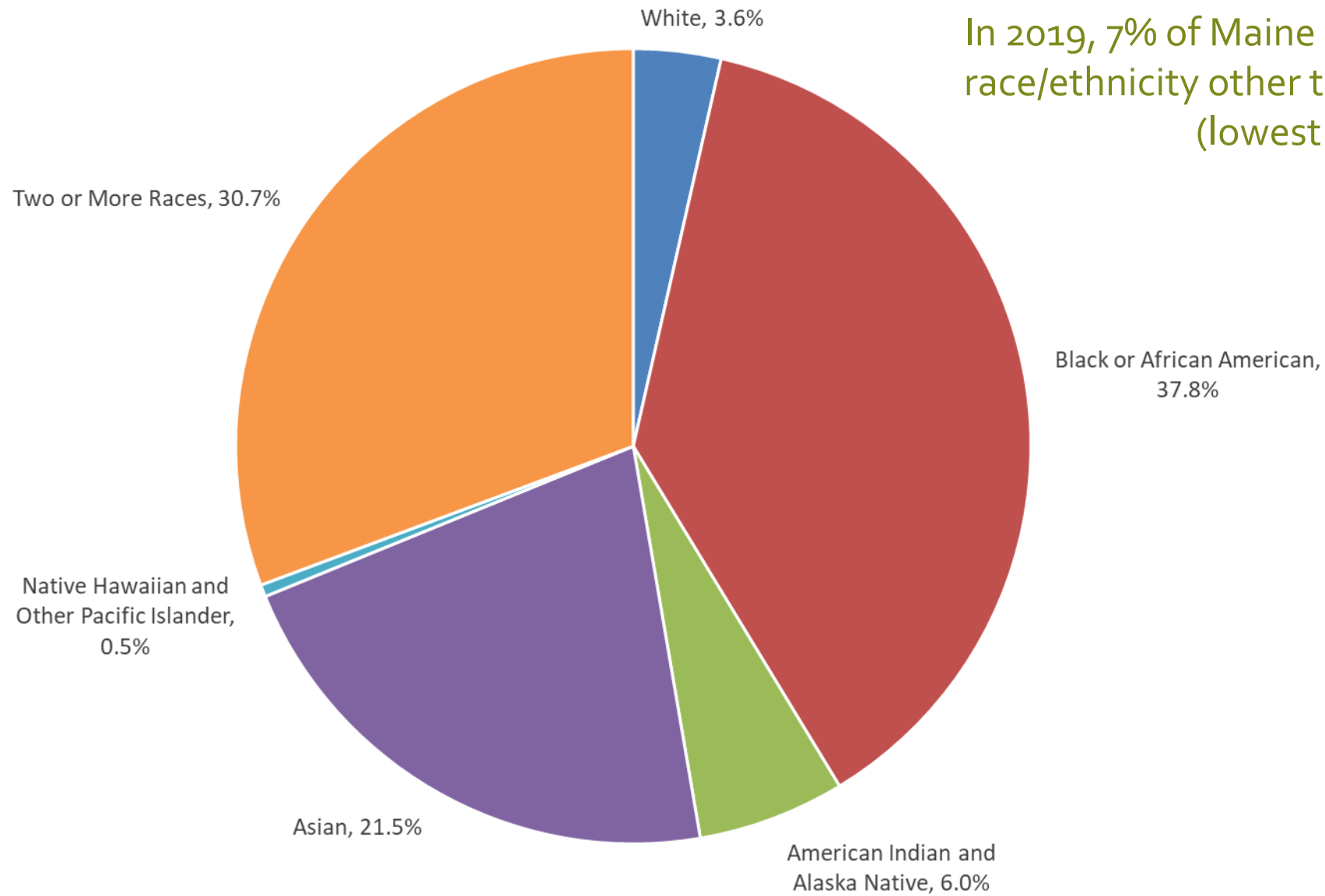
Department of Administrative and Financial Services

# Components of Population Change, Maine



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

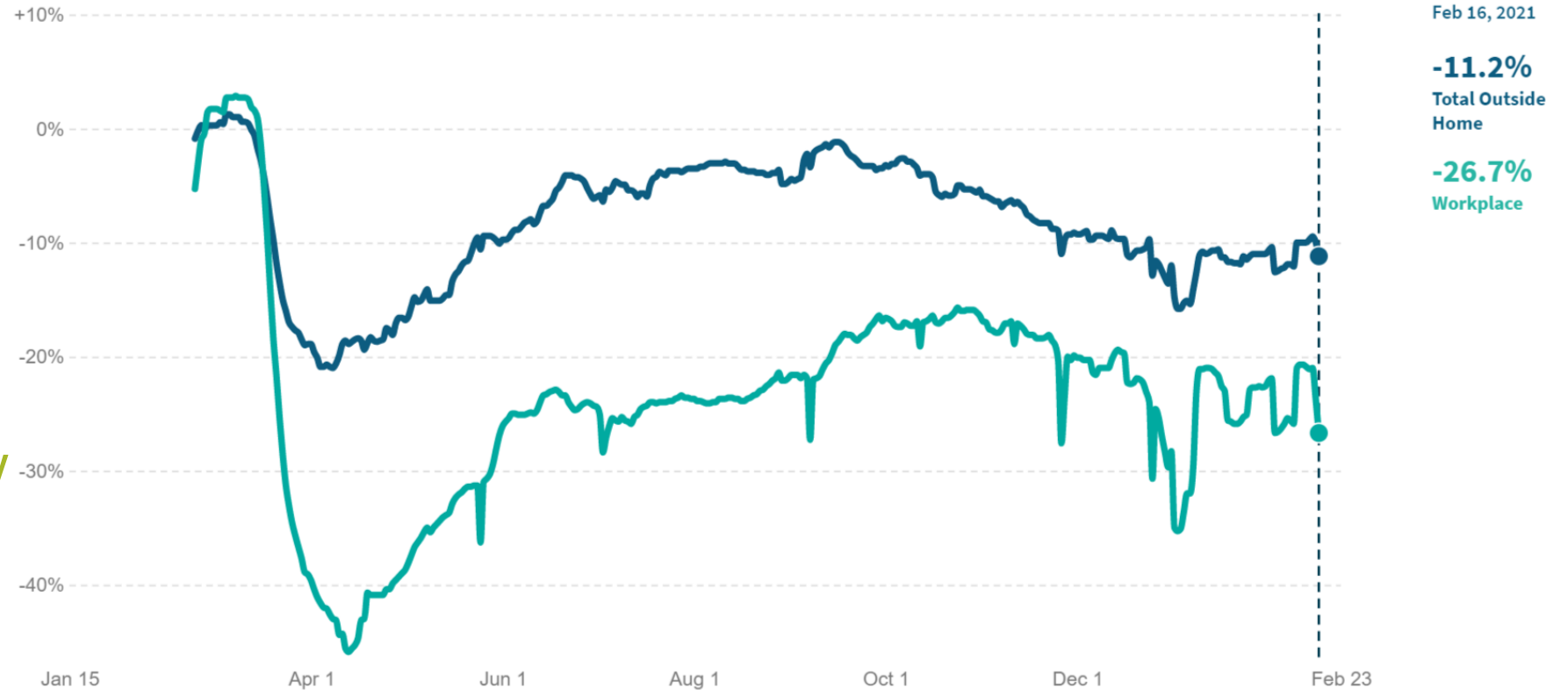
## Contribution to overall population growth in Maine, 2010-2019



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

### 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.



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

\*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.

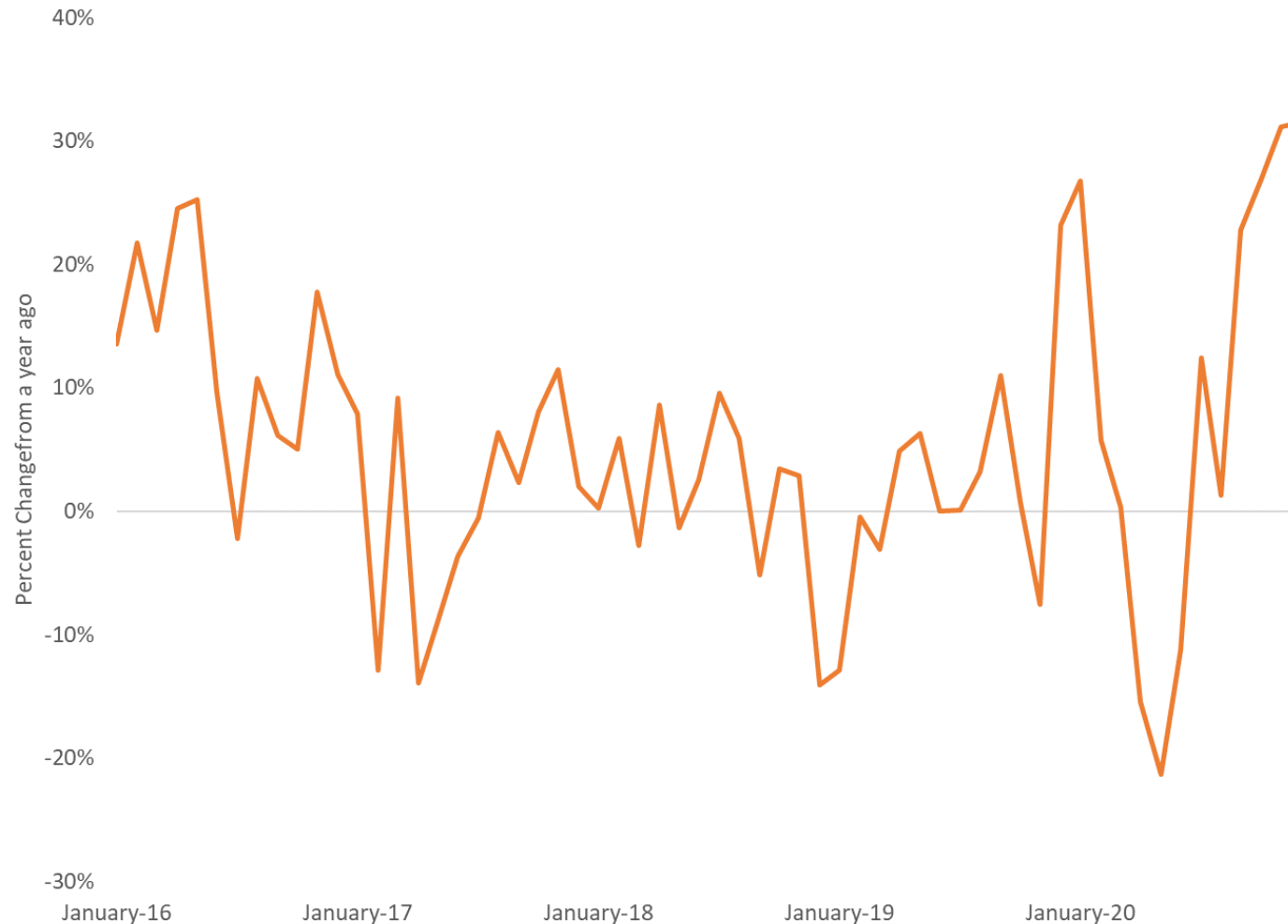
last updated: **February 22, 2021** next update expected: **February 24, 2021**

# 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

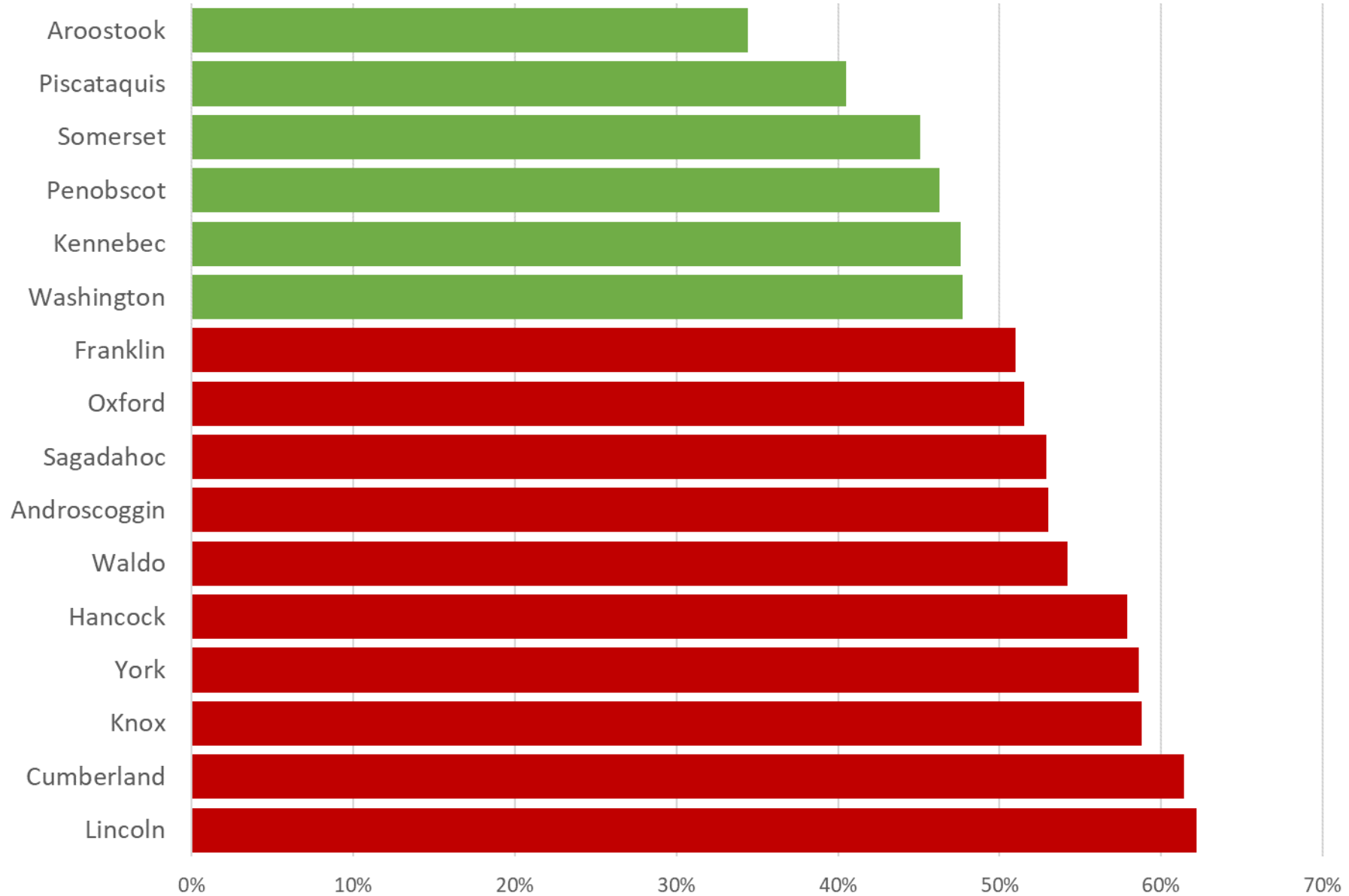
# Maine has already seen an influx of home buyers from out of state (but who are they and how long will they stay?)

Single Family Existing-Home Sales

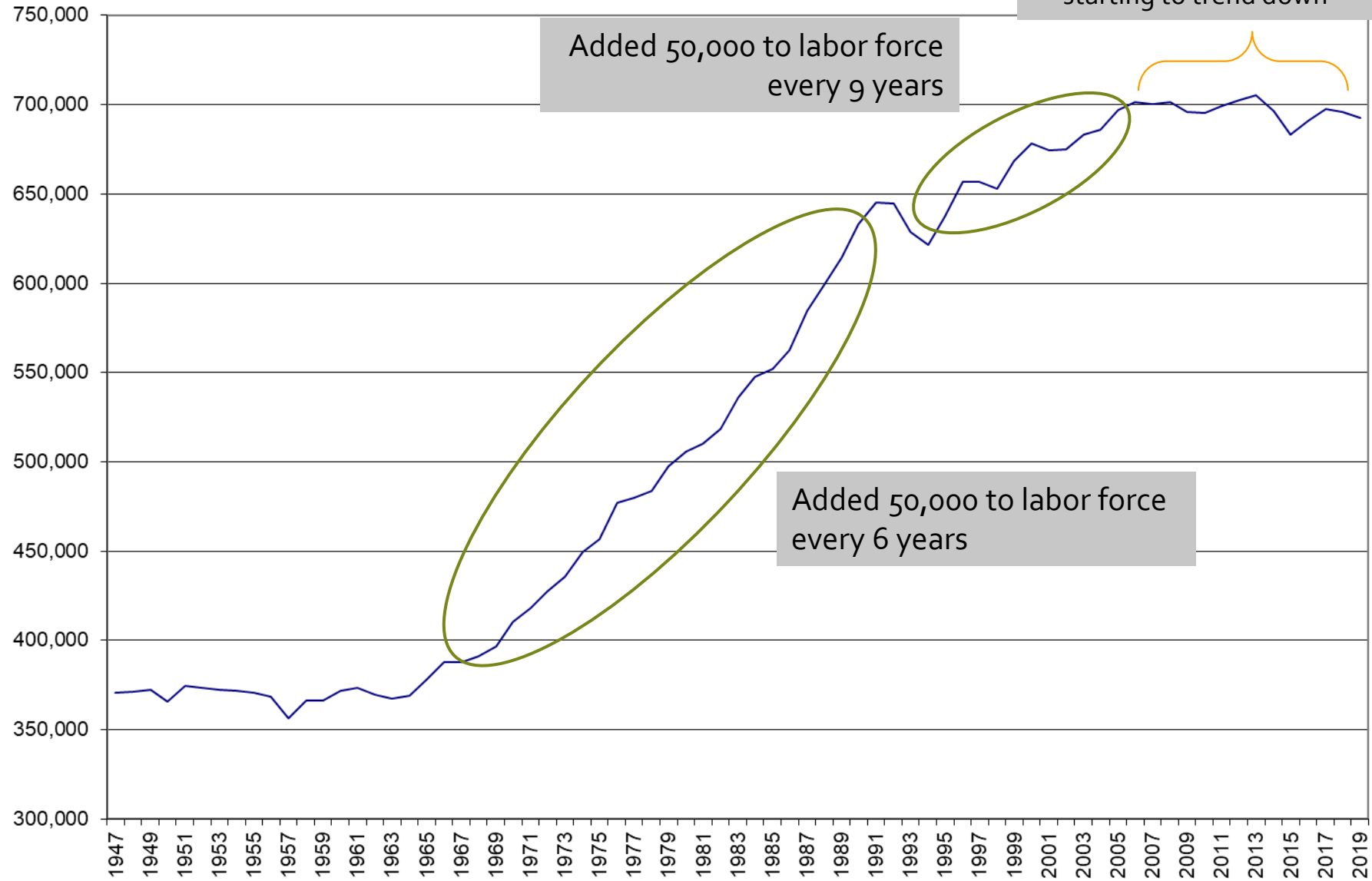


- Maine REALTORS noted in their January 2021 press release a 9.8% increase in home sales in 2020 vs 2019 along with a 13.8% increase in the median sale price
- Out-of-state buyers normally represent about 1/4 of sales; in late 2020 they represented about 1/3 of sales

## Percent of Households Unable to Afford Median Home



# Maine Civilian Labor Force





In Maine, 47.5% of households with children under age 18 present reported a loss of employment income since March 13, 2020, compared to 42.1% of households without children

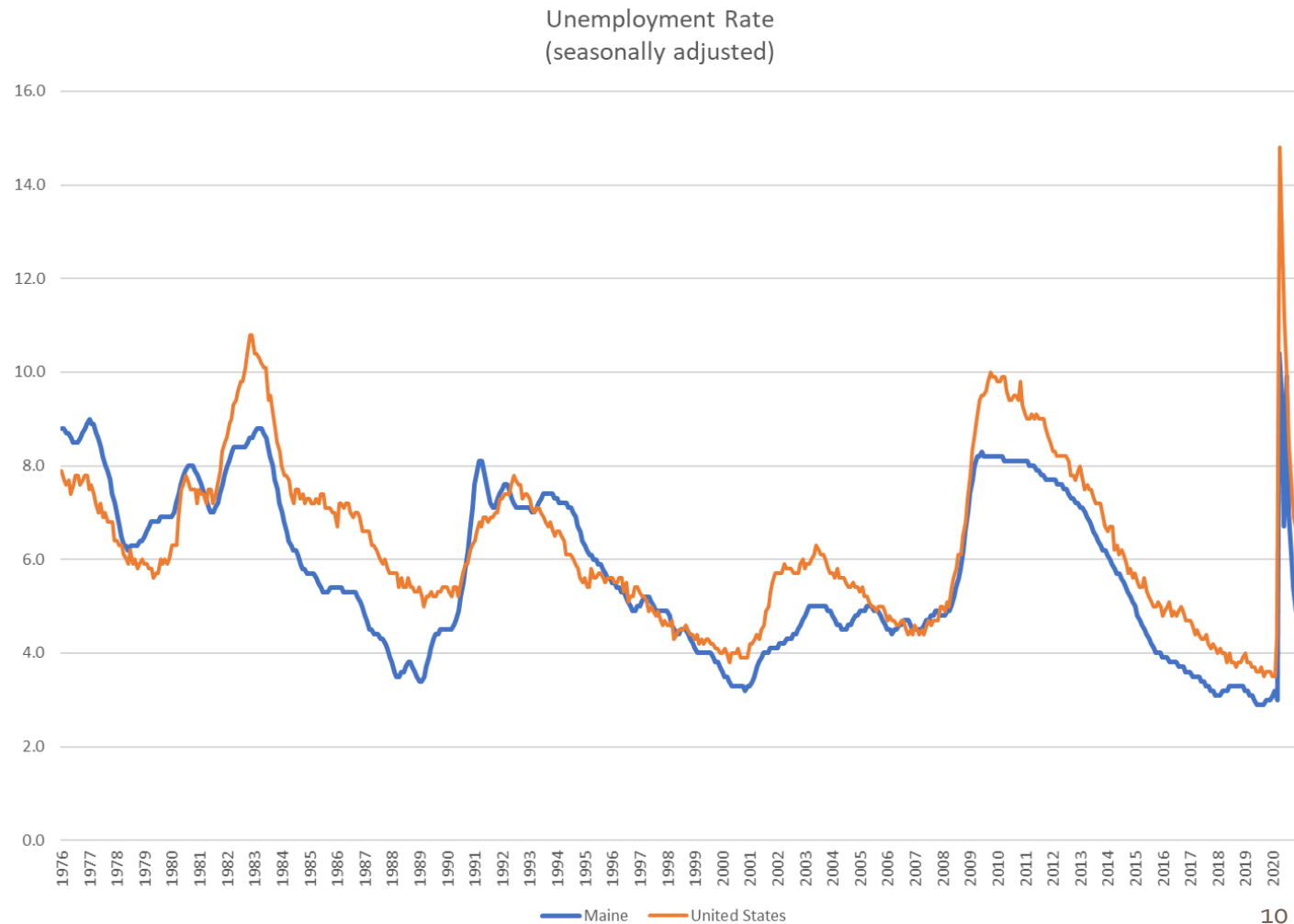
With disruptions to schools and child care, many children were suddenly home all day.

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

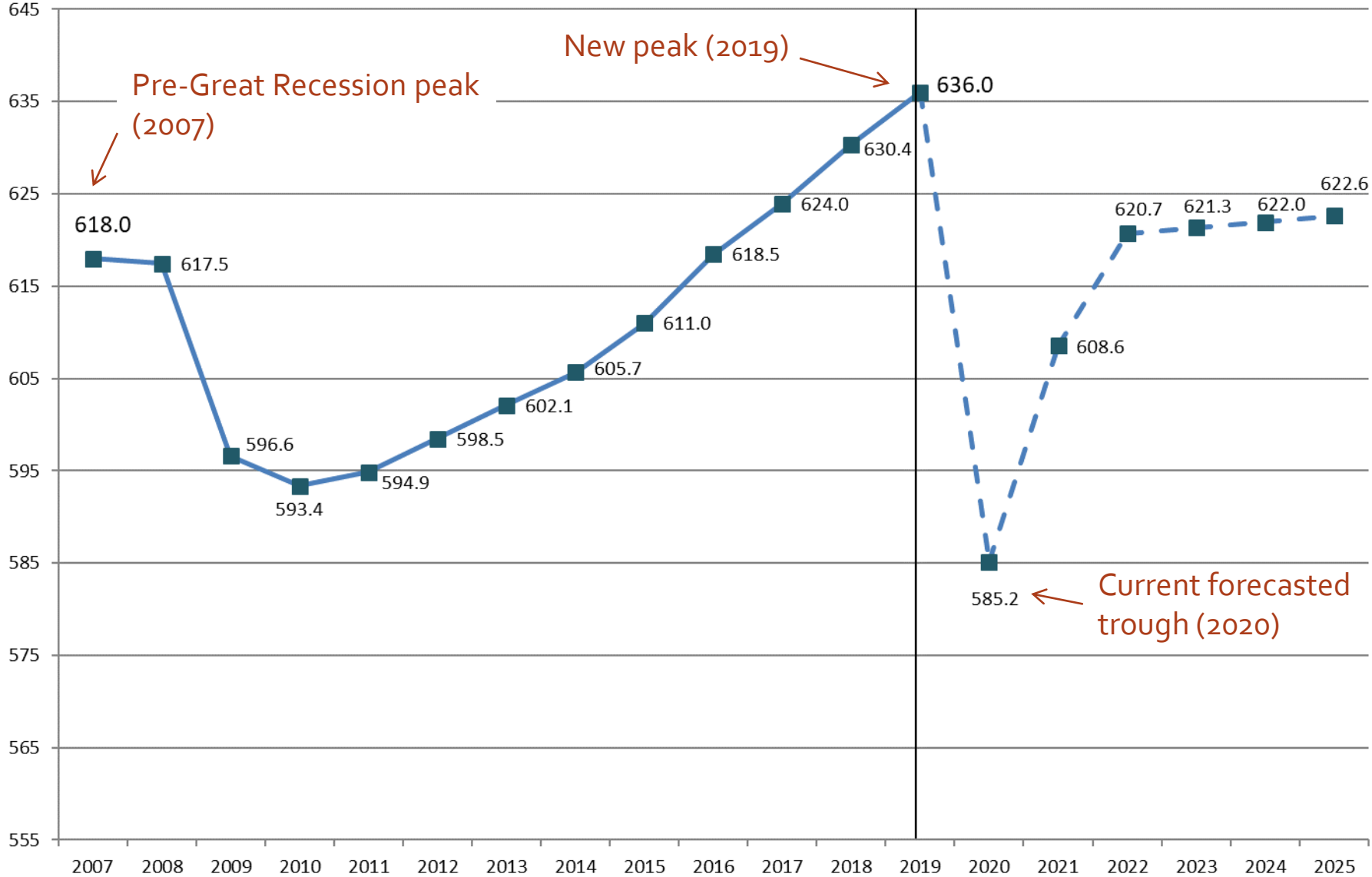
For these people to re-enter the labor force, they not only need a job to return to, they also need safe, reliable, in-person school and/or child care

# 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%



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



Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, November 1, 2020

# Employment impacts and recoveries have been uneven

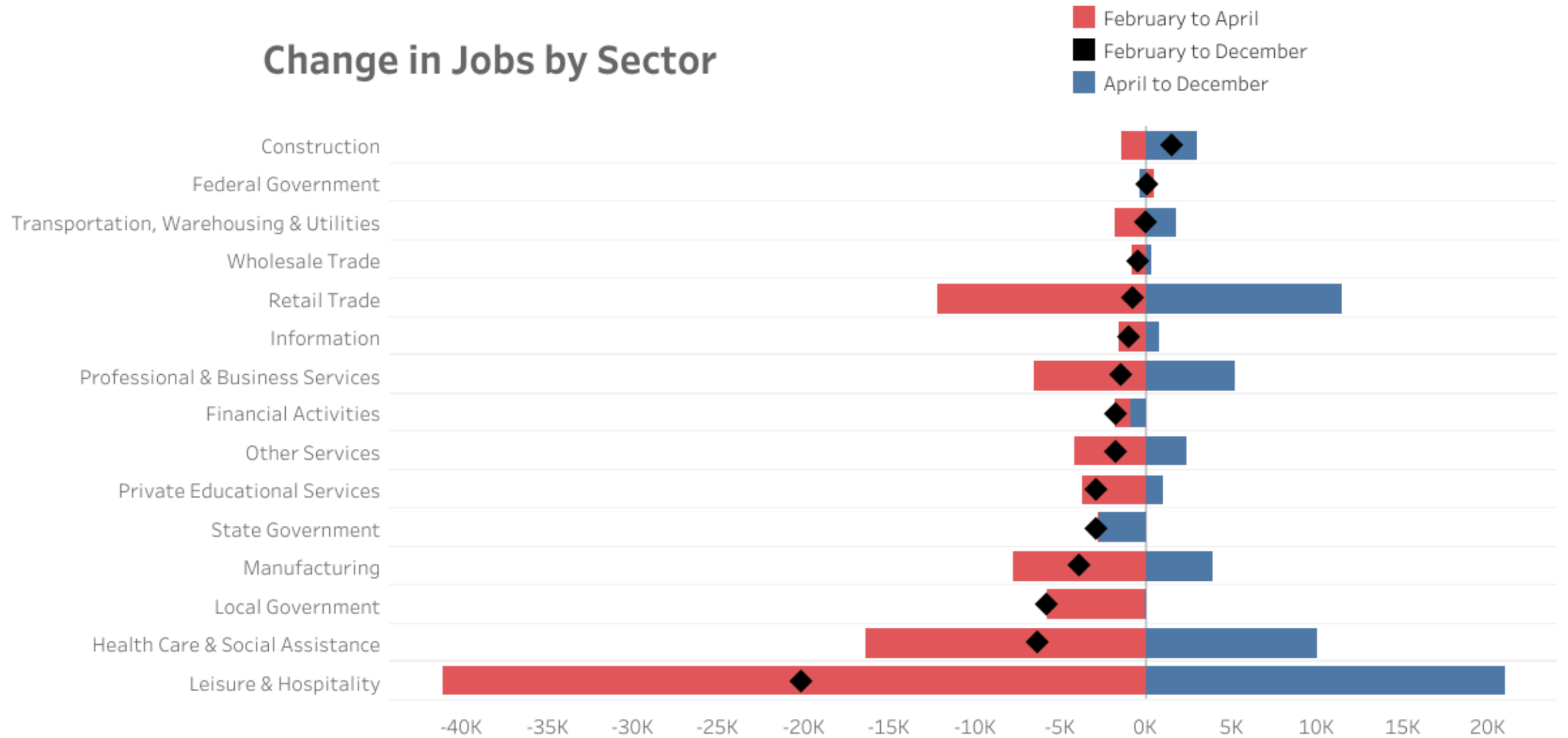
## Less impacted:

- 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

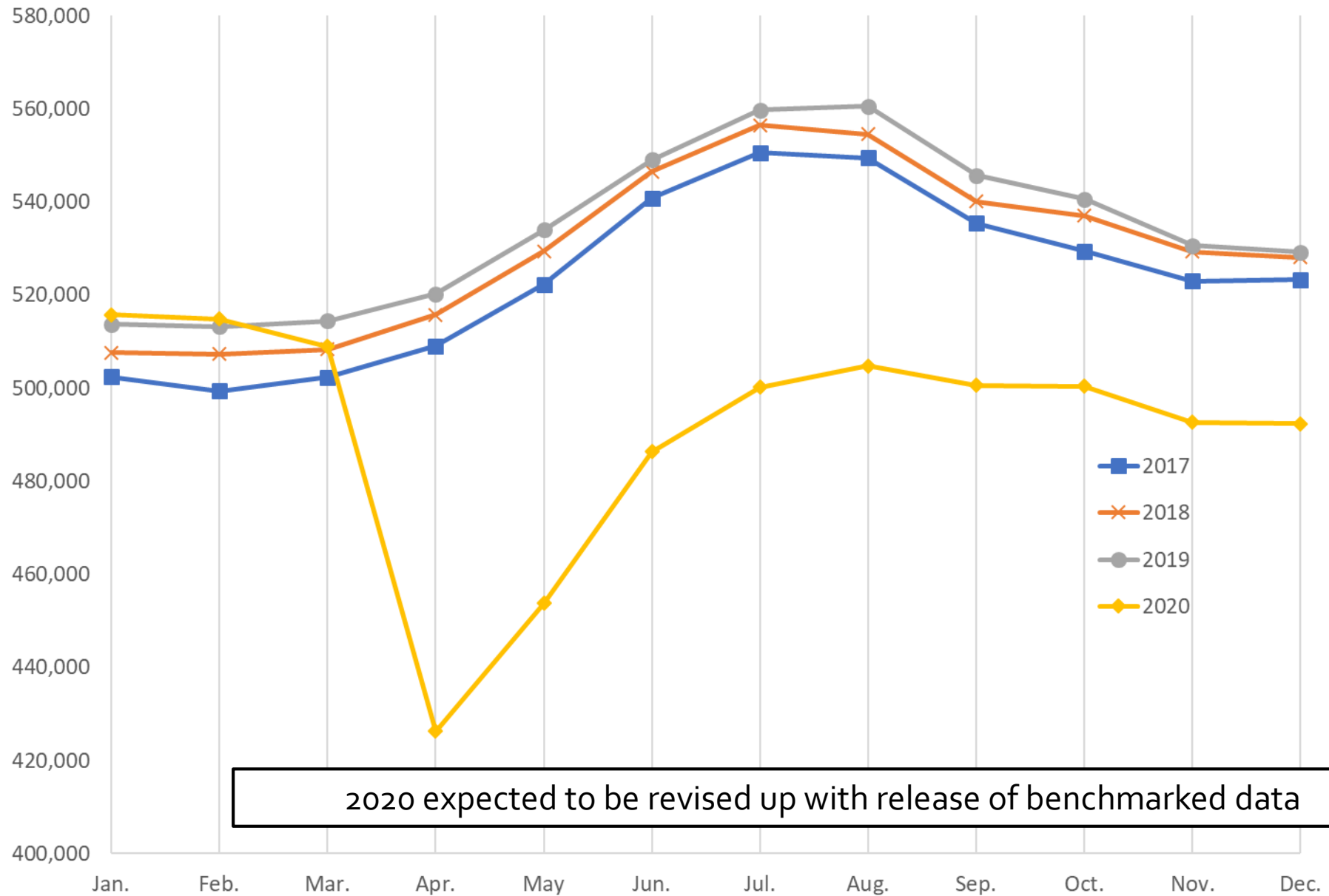
## More impacted:

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

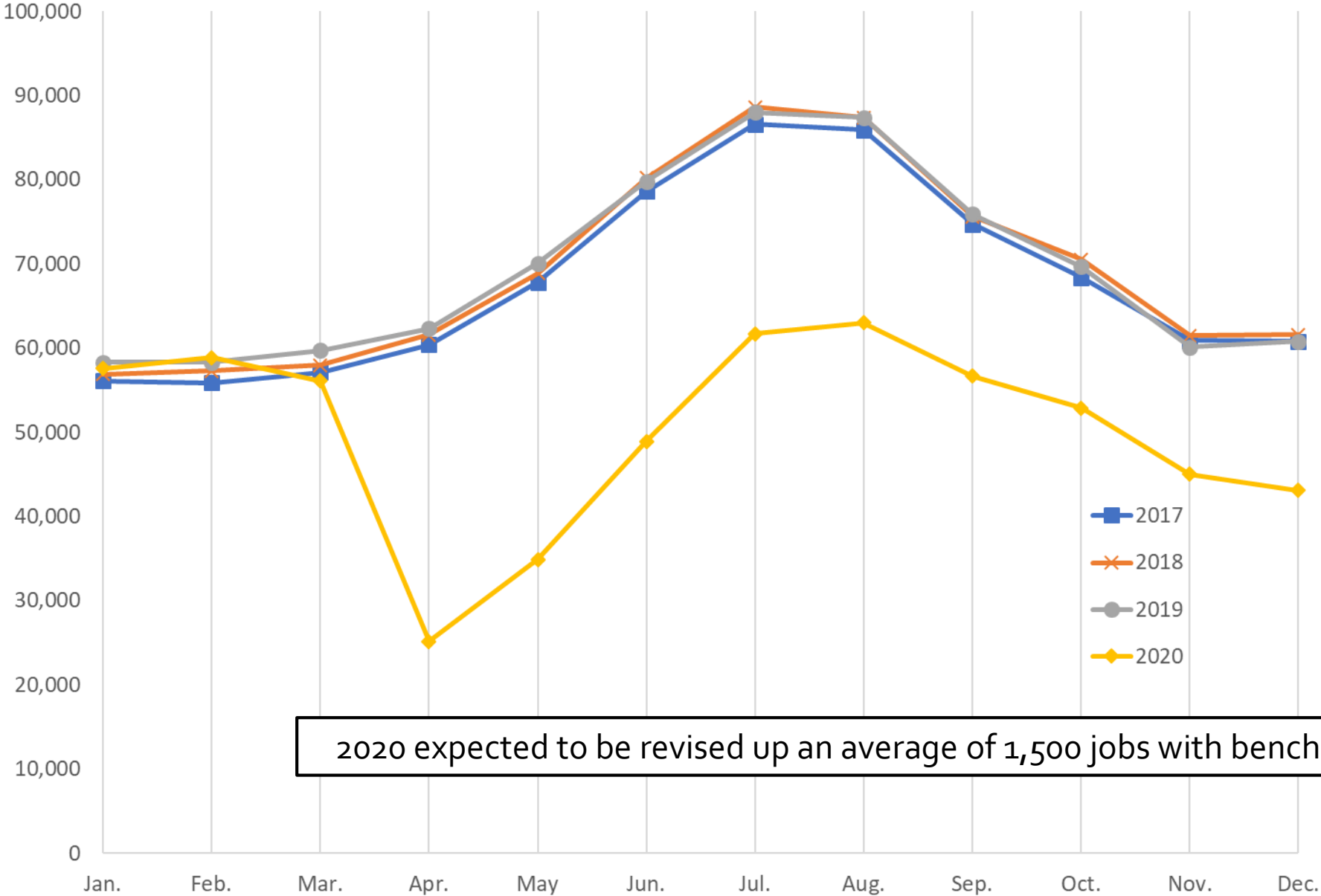
# Change in Jobs by Sector



### Total Private Employment, Not Seasonally Adjusted

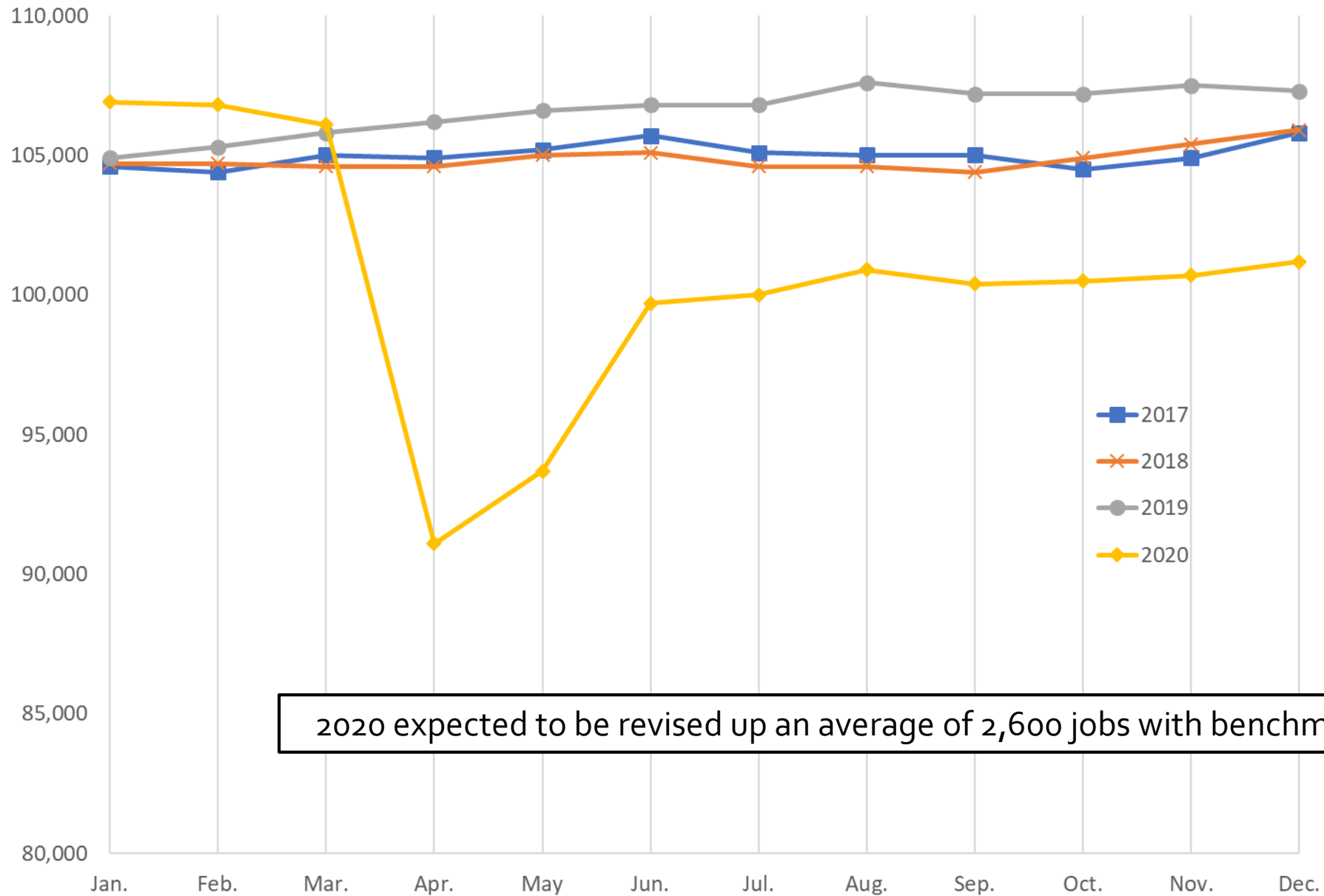


### Leisure and Hospitality Employment, Not Seasonally Adjusted



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

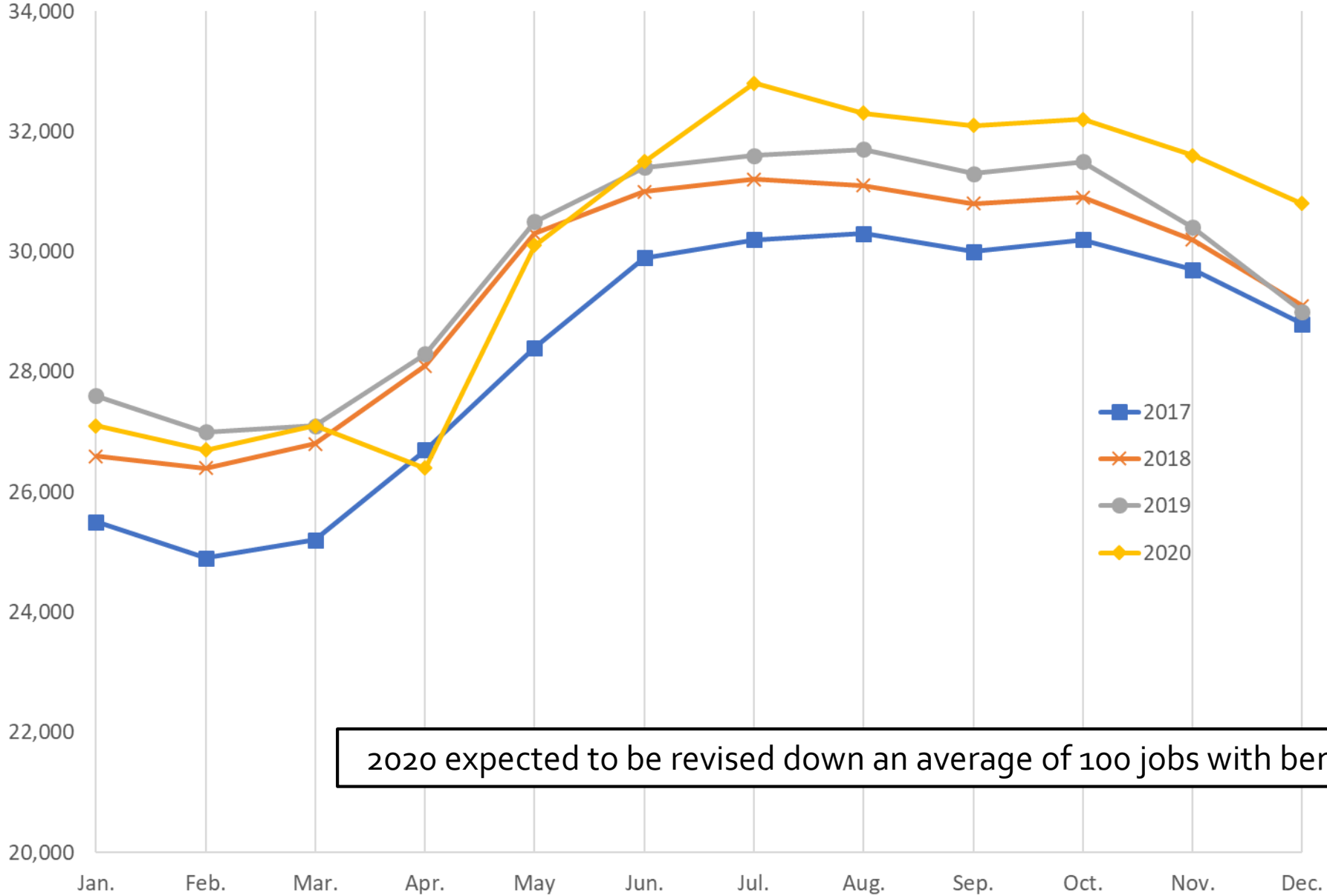
### Health Care and Social Assistance Employment, Not Seasonally Adjusted



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

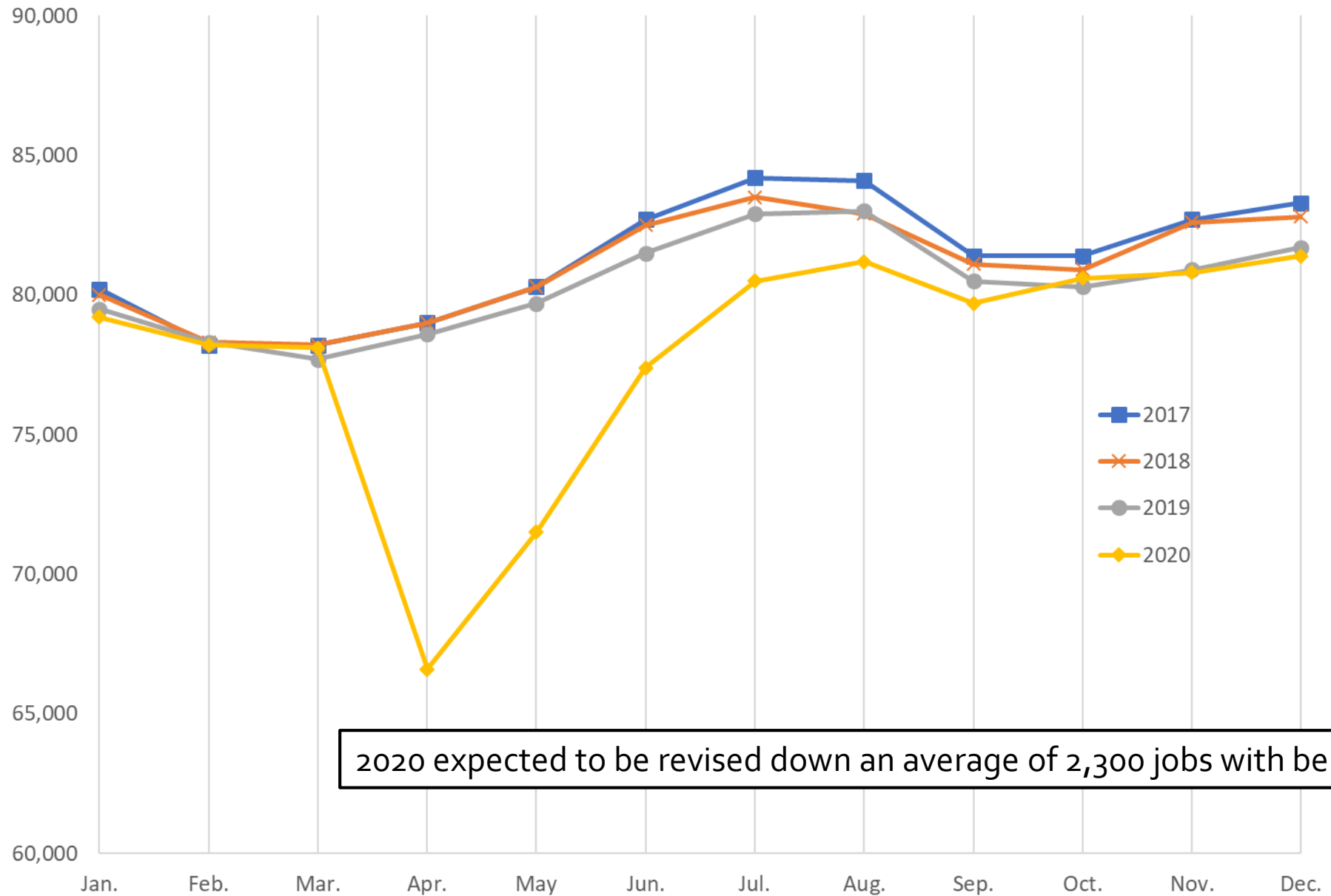


### Construction Employment, Not Seasonally Adjusted



2020 expected to be revised down an average of 100 jobs with benchmarking

### Retail Trade Employment, Not Seasonally Adjusted

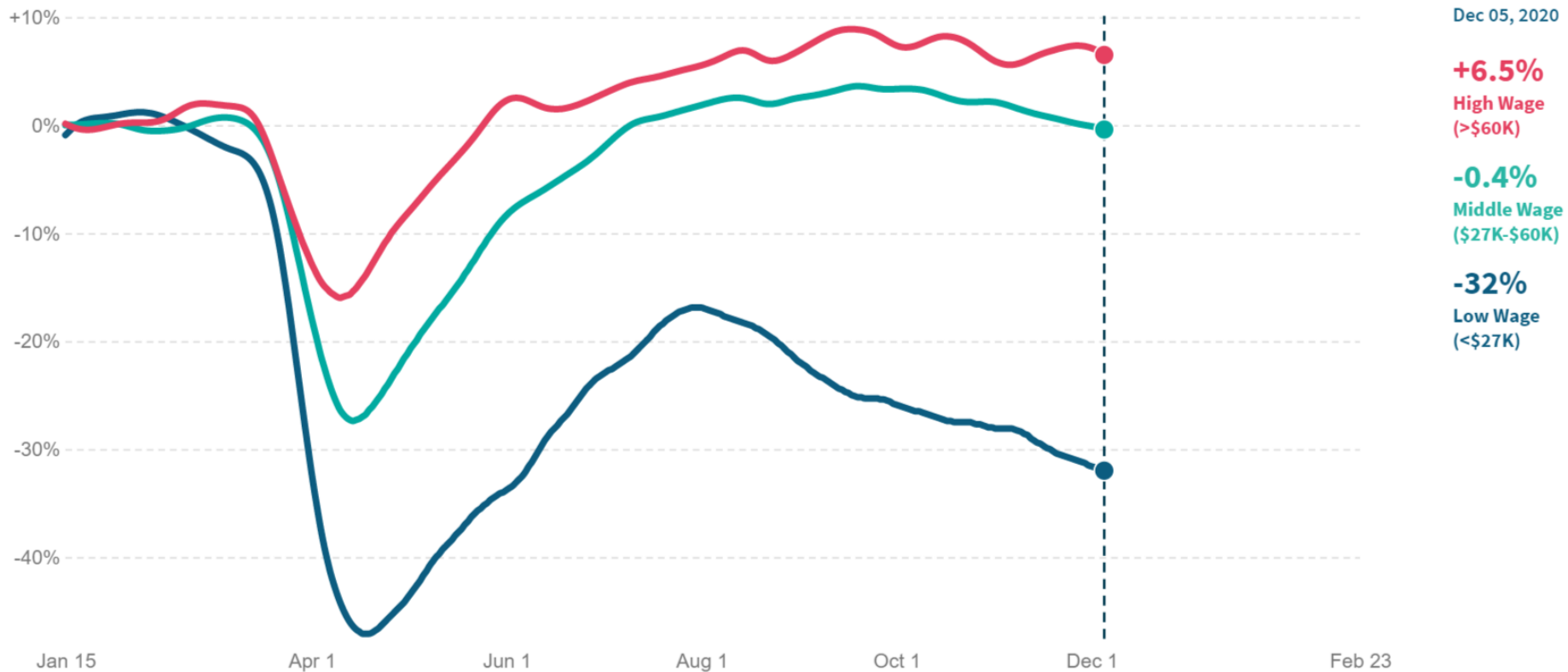


2020 expected to be revised down an average of 2,300 jobs with benchmarking

# Employment is following a “K-shaped” trajectory

## Percent Change in Employment\*

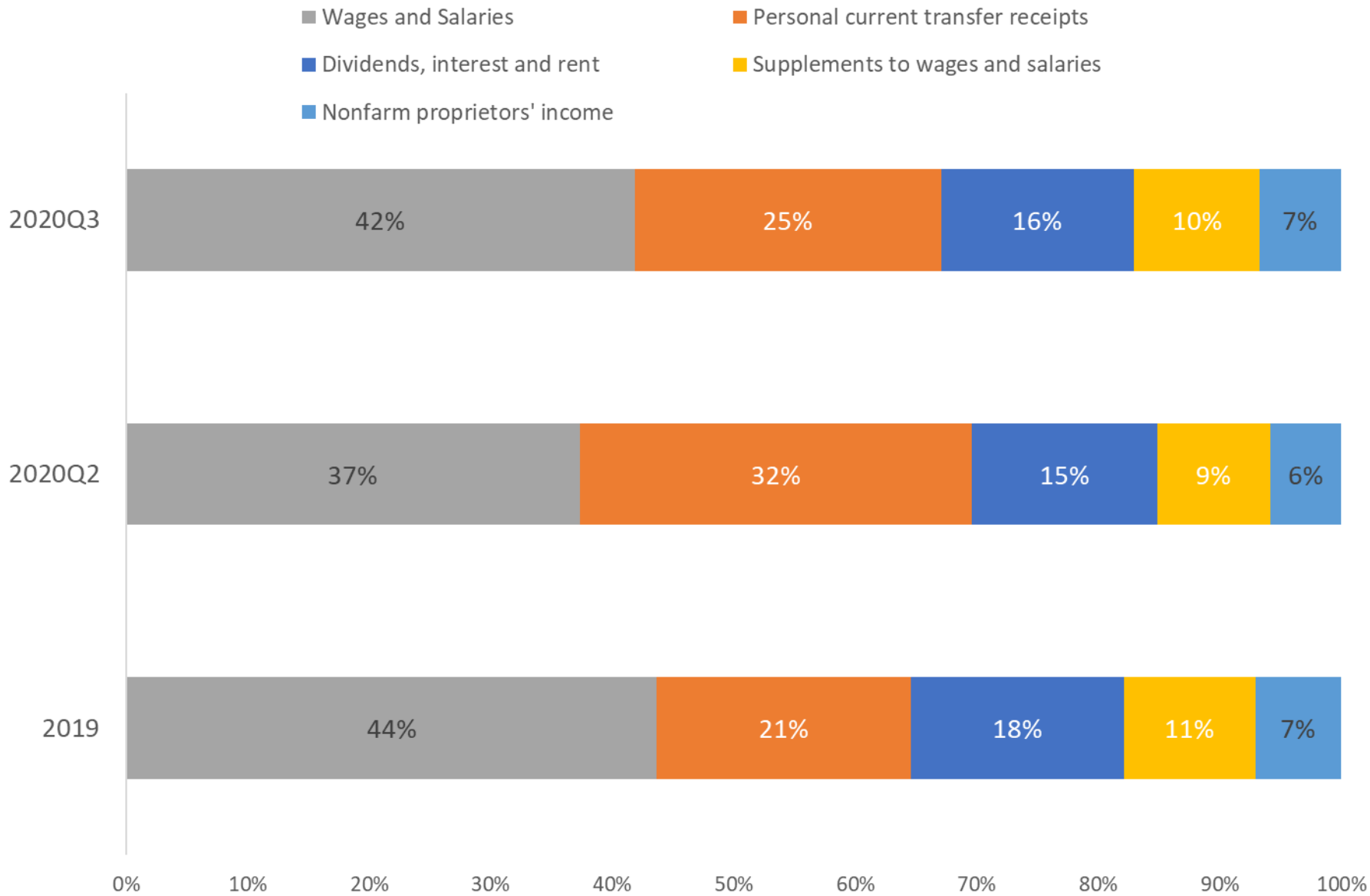
In **Maine**, as of **December 05 2020**, employment rates among workers in the bottom wage quartile **decreased by 32%** compared to January 2020 (not seasonally adjusted).



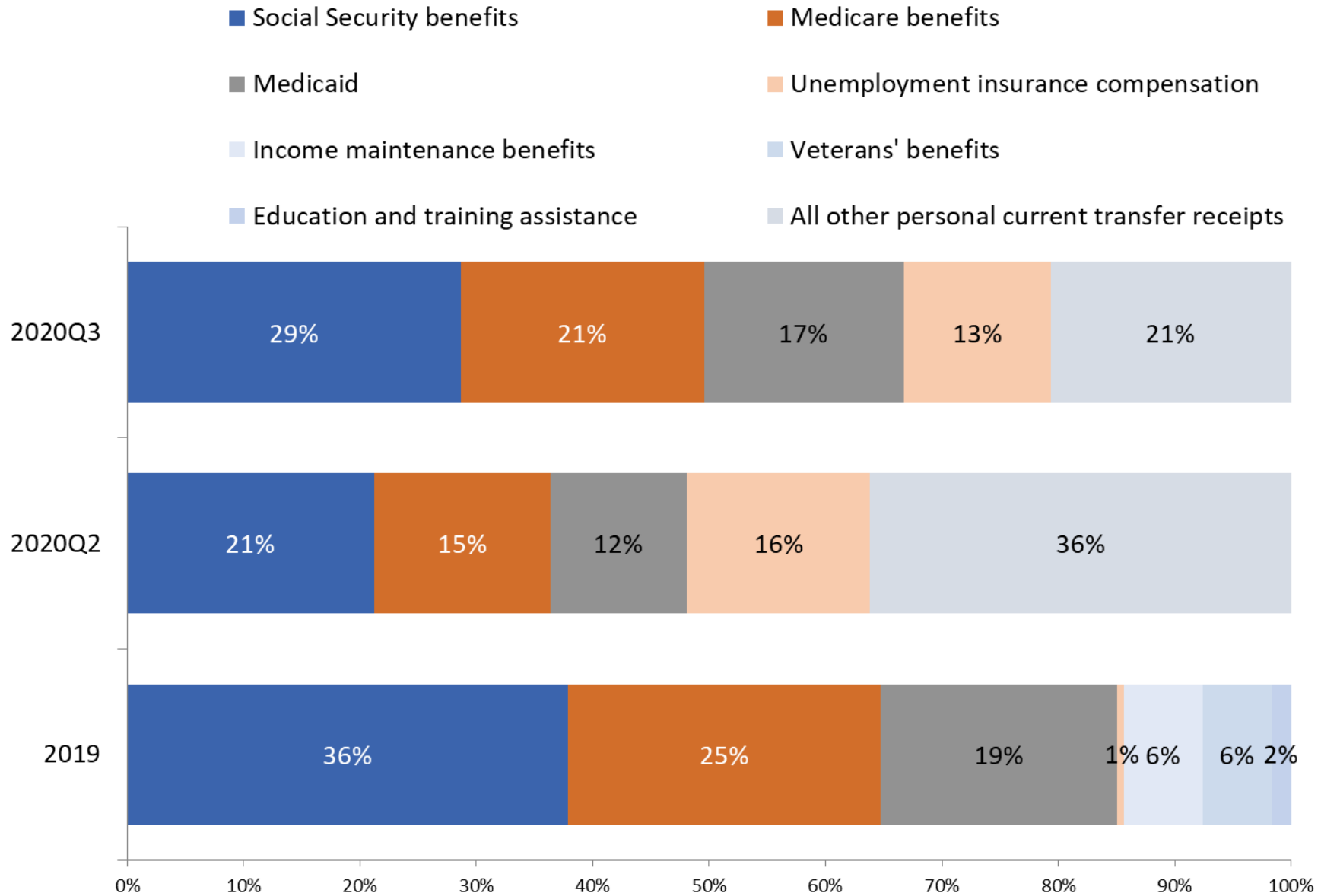
\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line in the low-wage series is a prediction of employment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

last updated: **February 19, 2021** next update expected: **February 26, 2021**

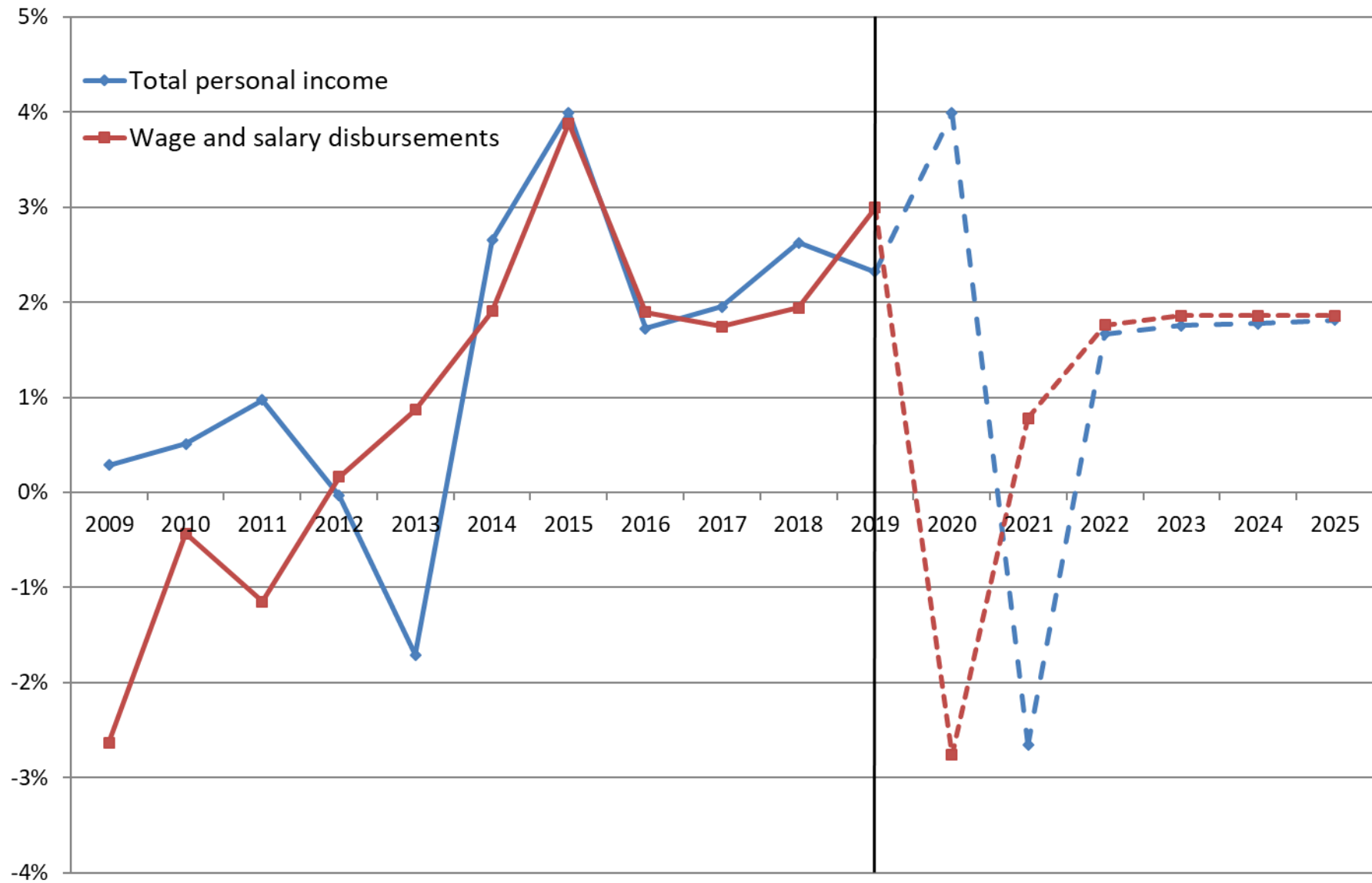
# Major Components of Personal Income, Maine



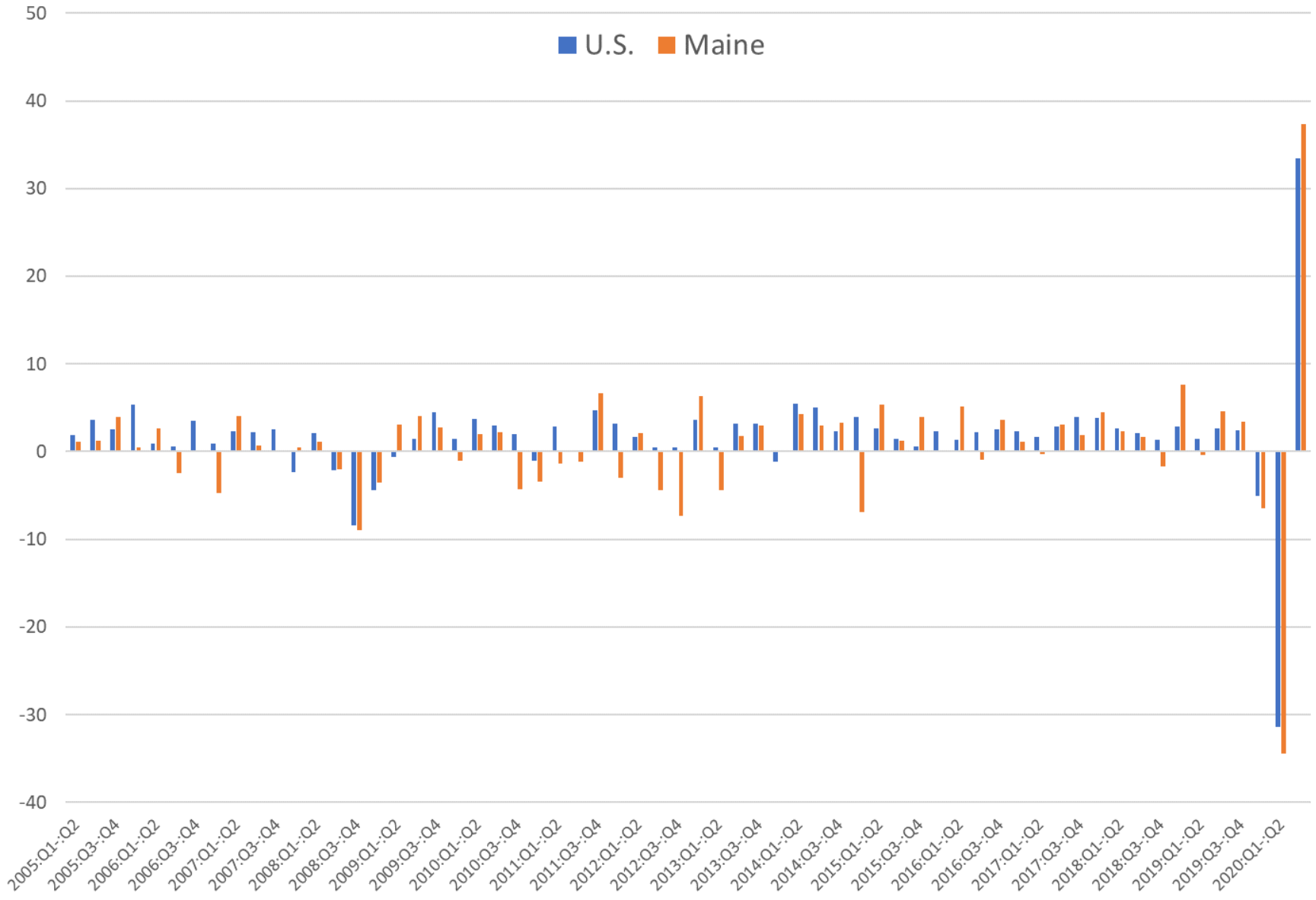
## Components of Personal Current Transfer Receipts, Maine



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

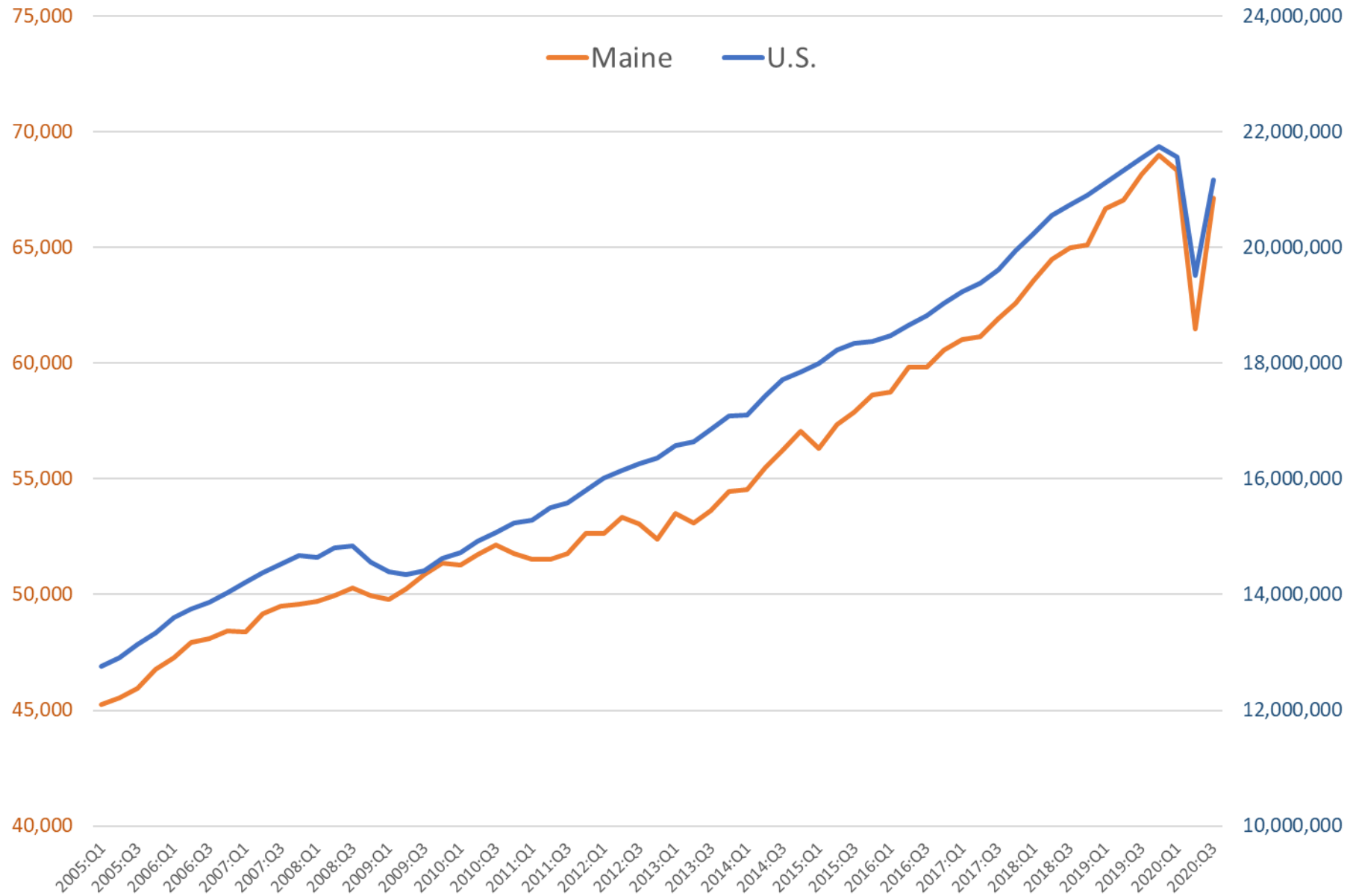


# Quarterly Real GDP, Annualized Percent Change from Previous Quarter



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

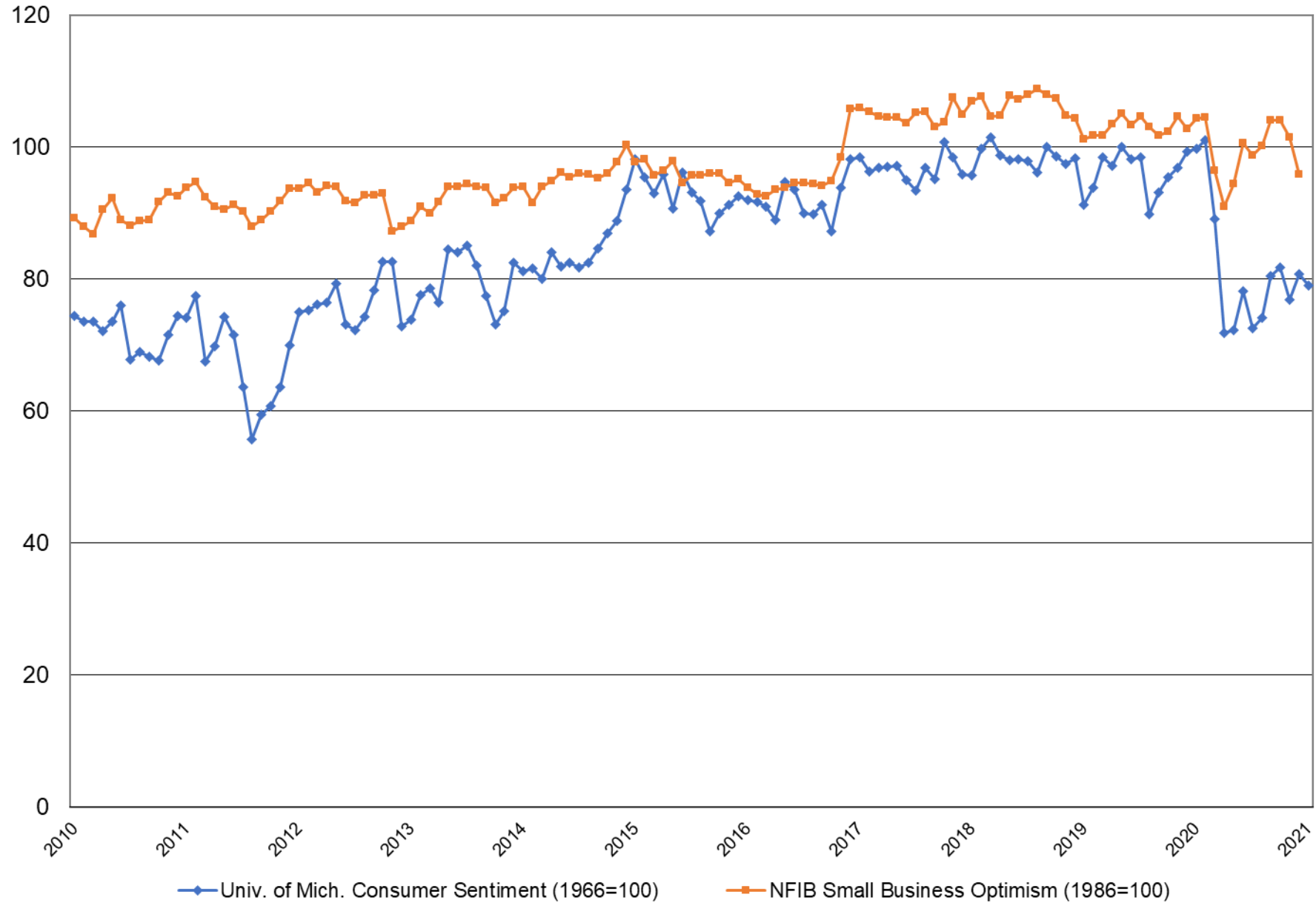
## Bad:

- Restaurant and lodging sales lag well behind normal levels and have 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



# 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

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