

# IS THE MAINE ECONOMY HOT – OR WHAT?

Maine Municipal Association  
Annual Convention

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Amanda Rector  
Maine State Economist  
Department of Administrative and Financial Services

# Maine: a demographic snapshot

2

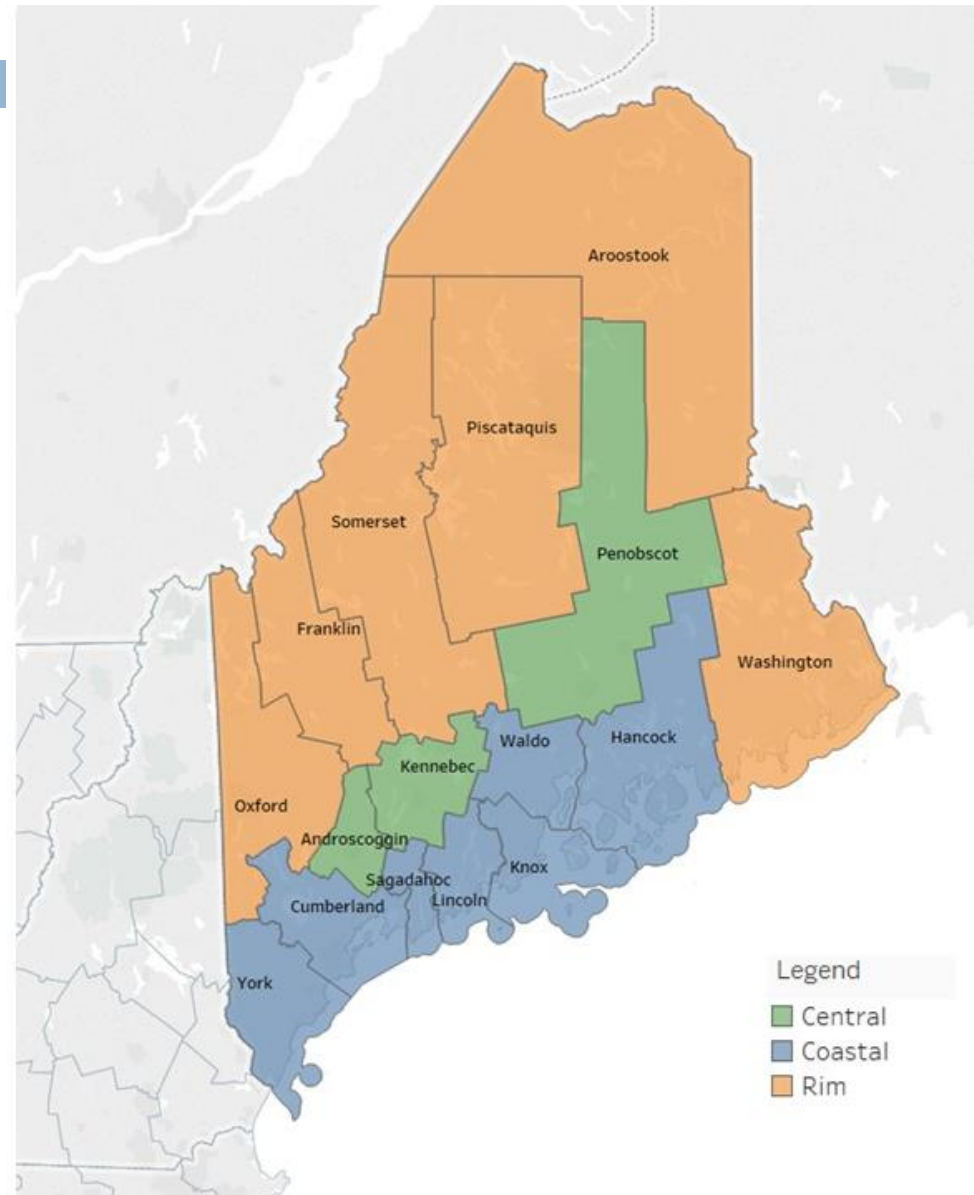
- 2020 Decennial Population: 1,362,359
  - ▣ 42<sup>nd</sup> largest in U.S.
  
- 2010 – 2020 Population Change: +2.6%
  - ▣ 42<sup>nd</sup> among U.S. states (ahead of WV, MS, IL, CT, MI, OH, WY, PA)
  
- 2019 Median age: 45.0 years
  - ▣ Oldest in U.S.
  
- 9.8% Black, Indigenous, and People of Color
  - ▣ Lowest percentage in U.S., but improved from 5.6% in 2010



# Regions of Maine

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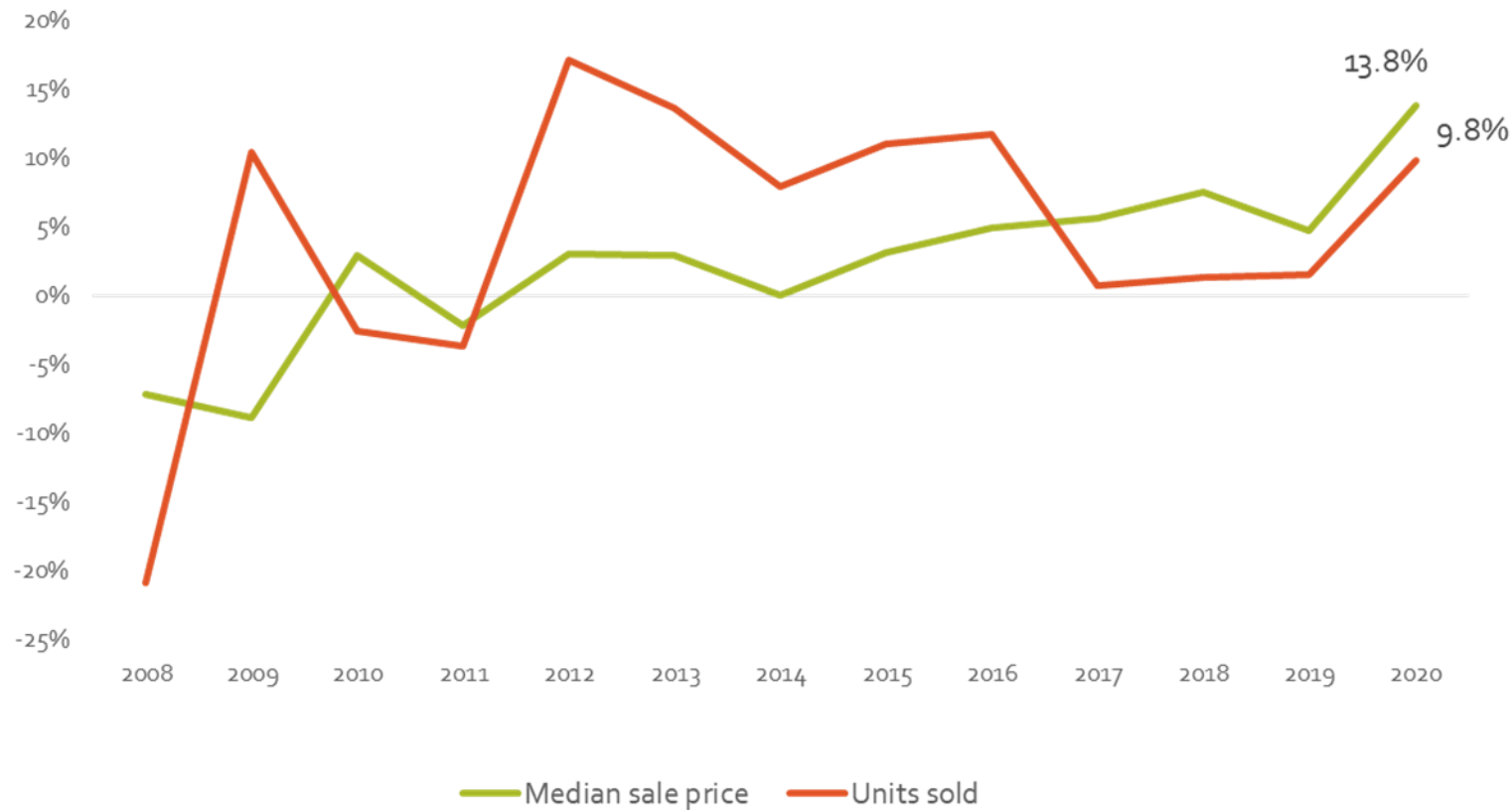
- All six “rim” counties plus Penobscot had their highest decennial population count in a year other than 2020:
  - Aroostook: 1960
  - Franklin: 2010
  - Oxford: 2010
  - Penobscot: 2010
  - Piscataquis: 1920
  - Somerset: 2010
  - Washington: 1900



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

4

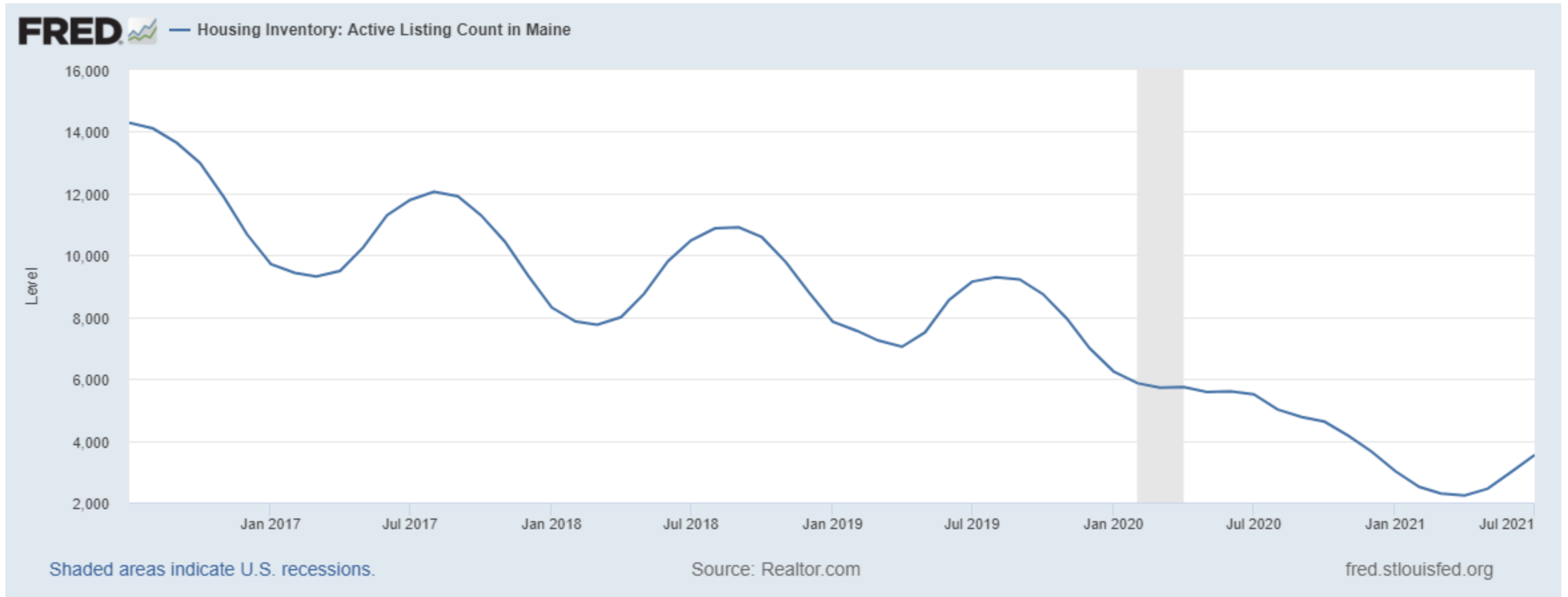
Year-Over-Year Growth of Real Estate Transactions, Maine



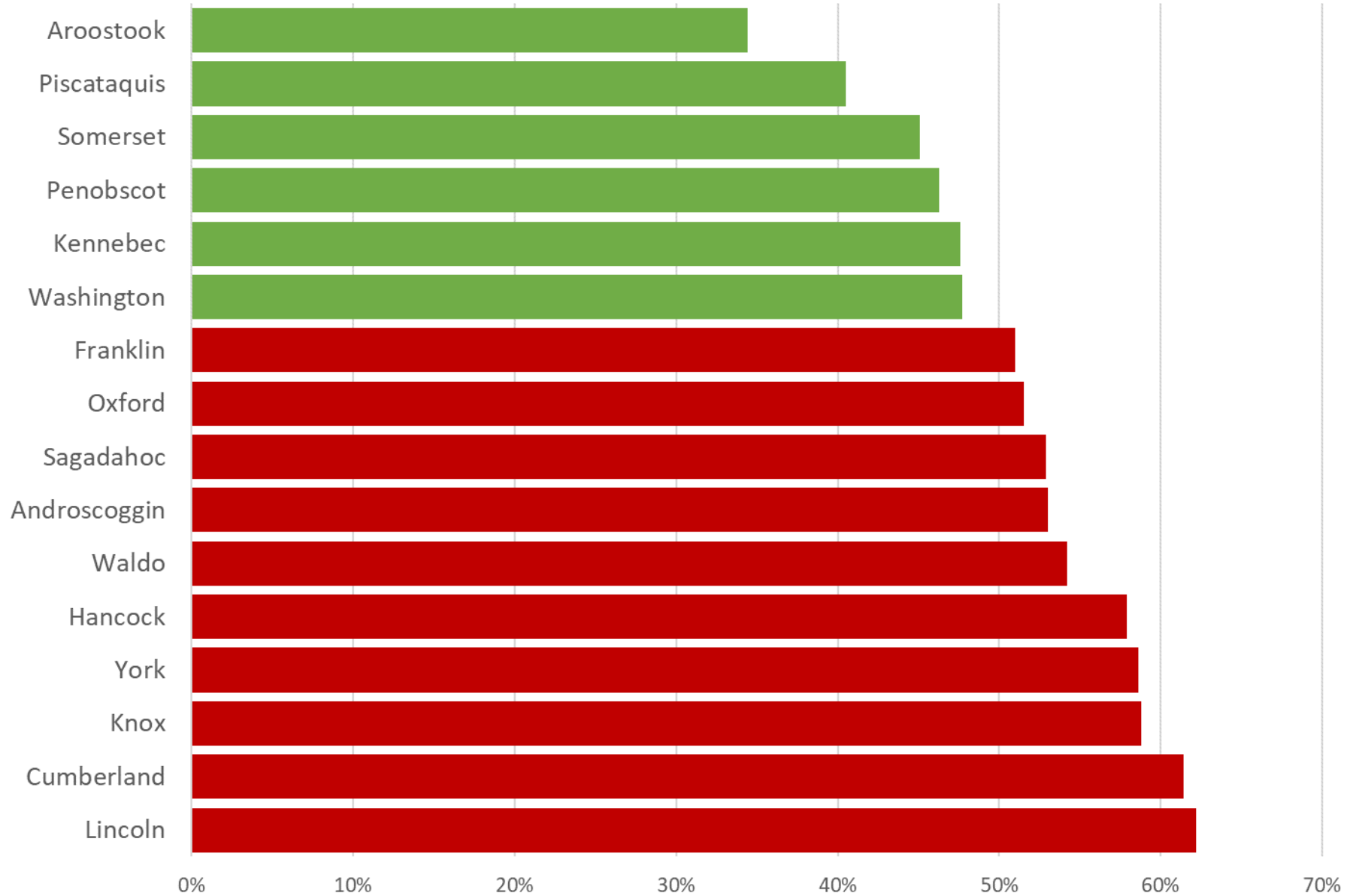
- Maine REALTORS noted in their September 2021 press release a 12% increase in single-family home sales in Jan.-Aug. 2021 vs Jan.-Aug. 2020 along with a 14.8% increase in the median sales price in August 2021 compared to August 2020
- Out-of-state buyers normally represent about 1/4 of sales; in late 2020 they represented about 1/3 of sales

# In June 2021, listings were 6 Days on Market statewide, compared to 14 days in 2020 and 13 days in 2019

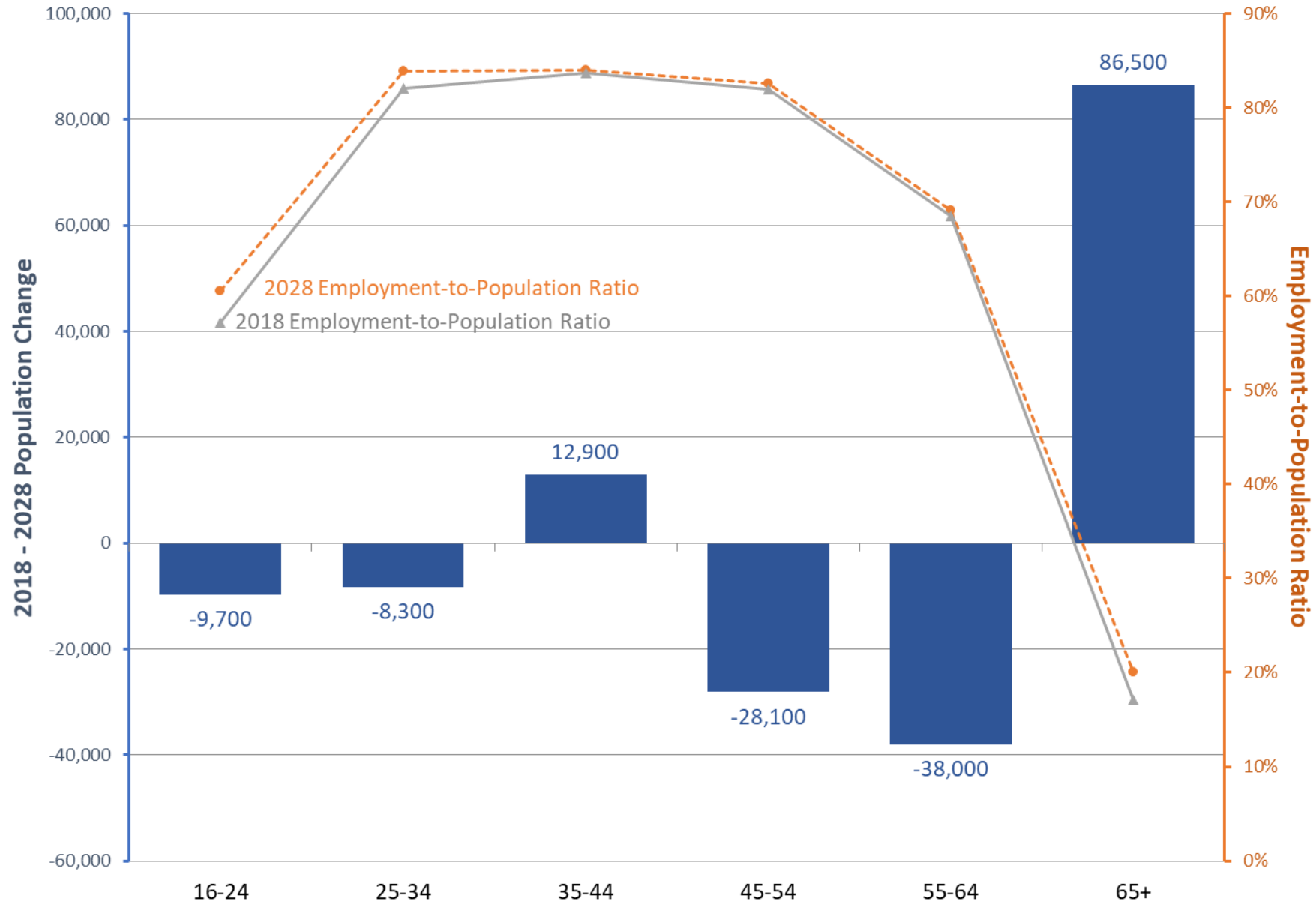
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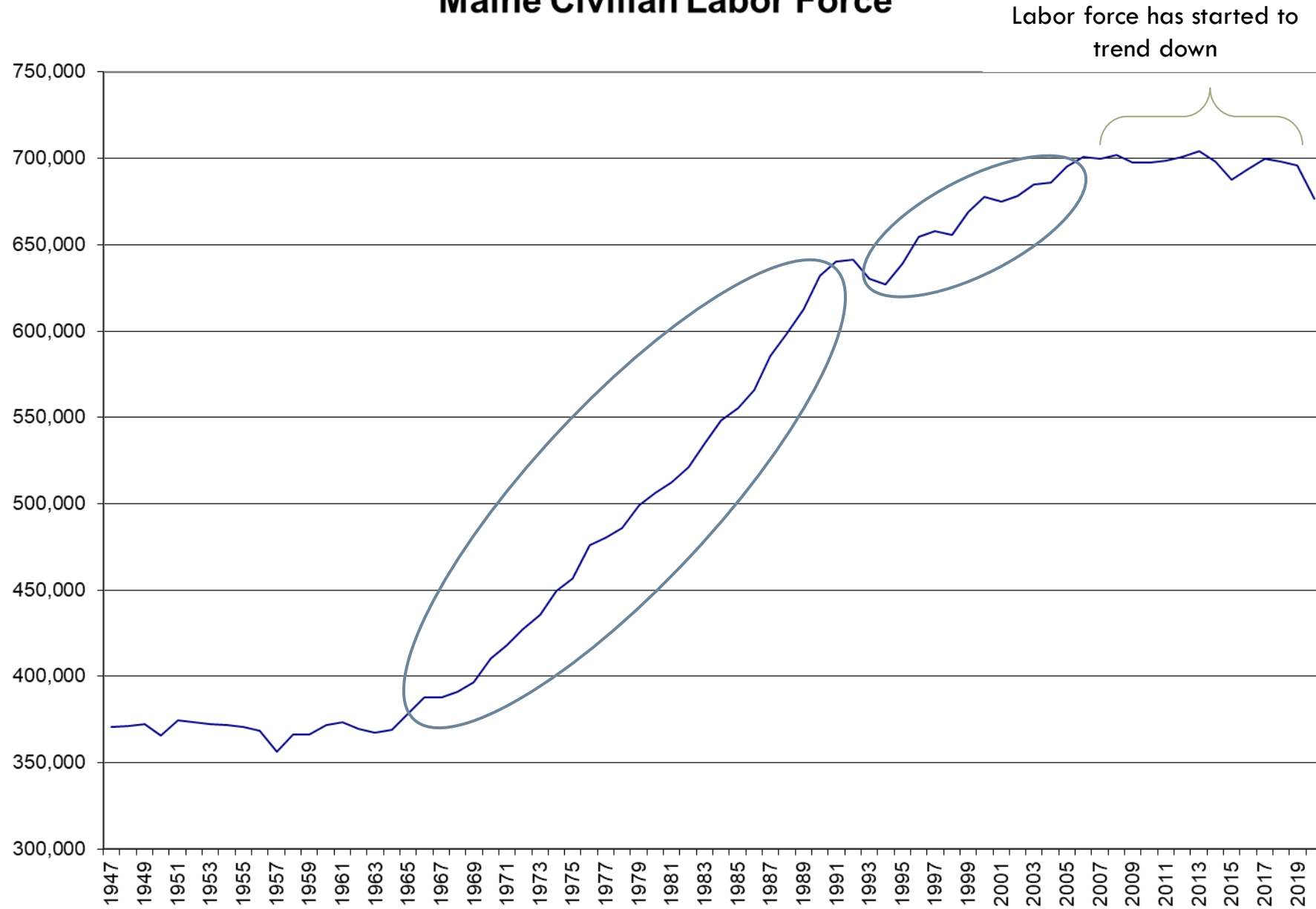
## Percent of Households Unable to Afford Median Home



## Population and Employment-to-Population Ratio Outlook by Age

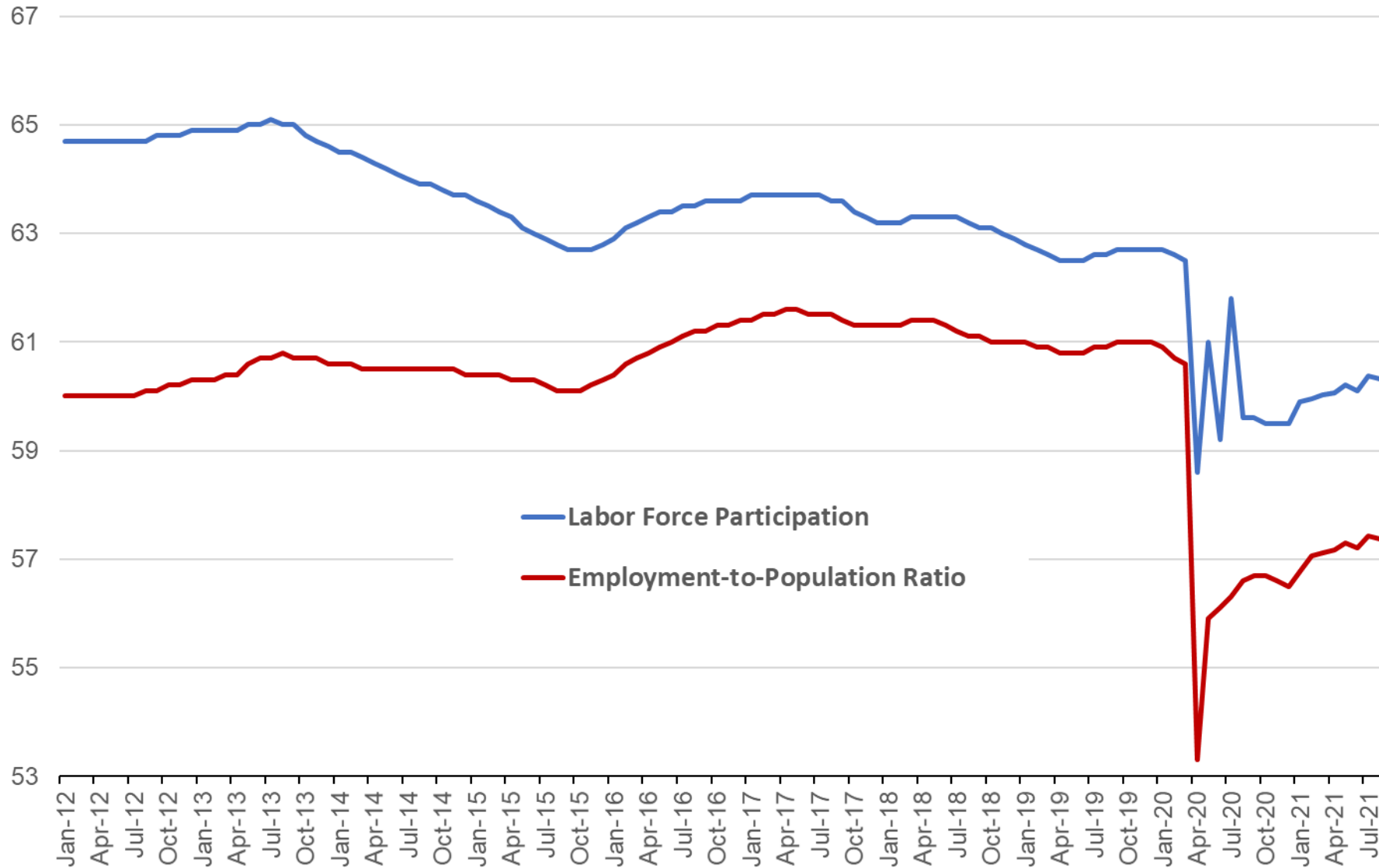


# Maine Civilian Labor Force

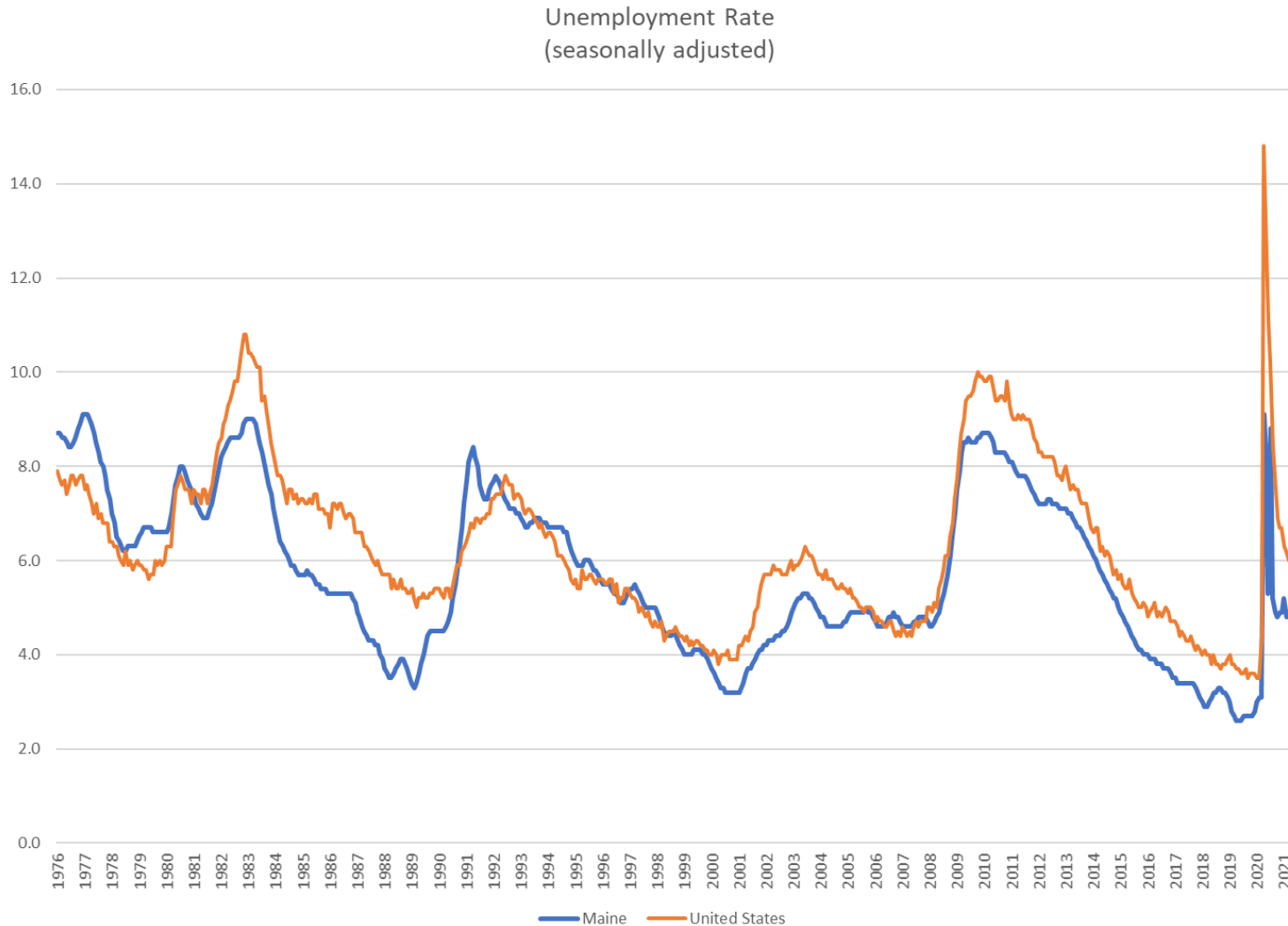




## Labor Force Participation & Employment-to-Population Ratio (Seasonally Adjusted)



In April 2020, Maine's official unemployment rate was 9.1% - the highest since February 1977. Even so, it underrepresented the true unemployment rate due to technical issues.



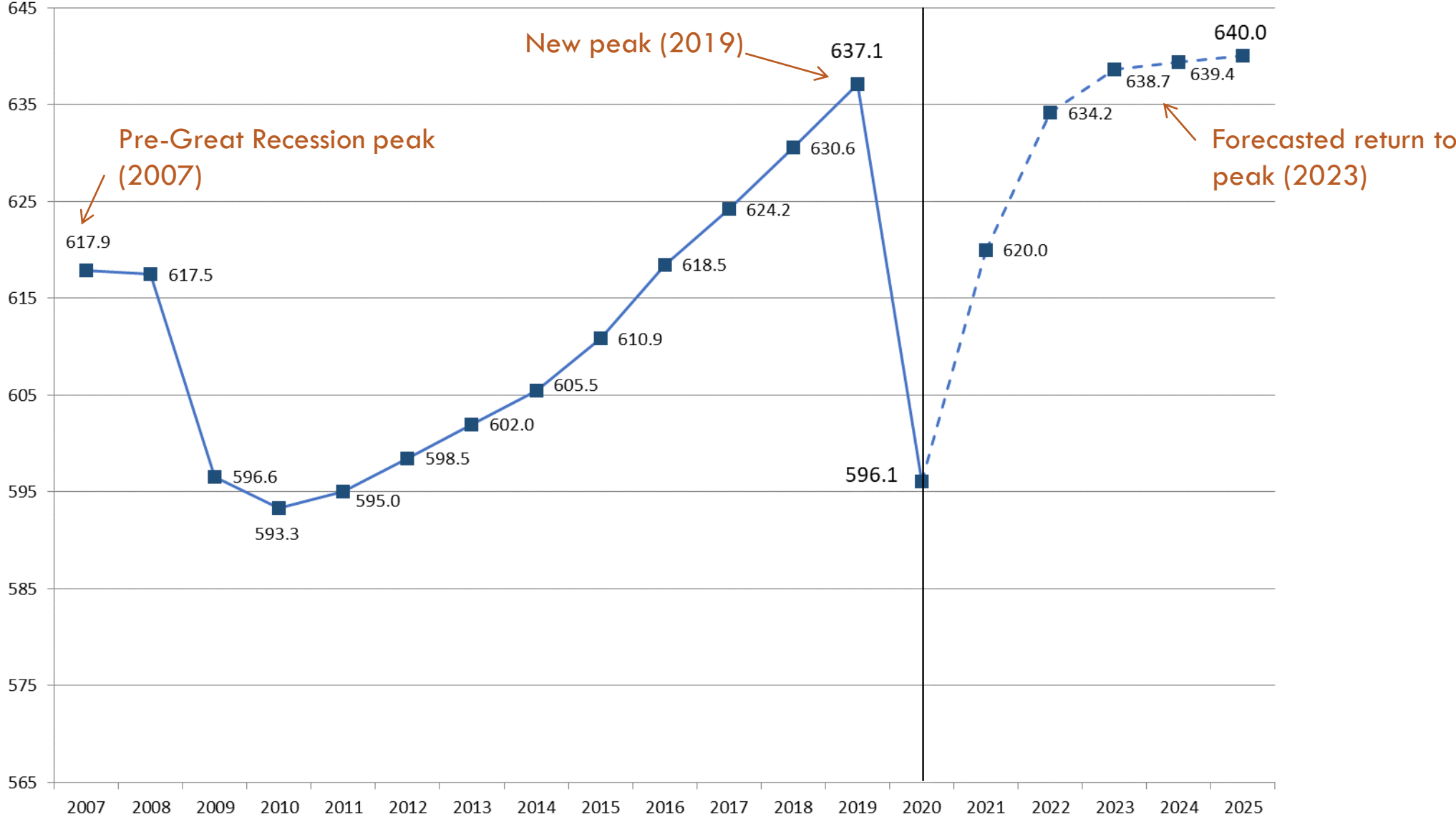
Maine's official unemployment rate in August 2021 was 4.9%, but the Maine Department of Labor estimates that if labor force participation were at Feb. 2020 levels the unemployment rate would be 8.4%

# Maine DOL surveyed unemployment claimants and active job seekers on barriers to return to work

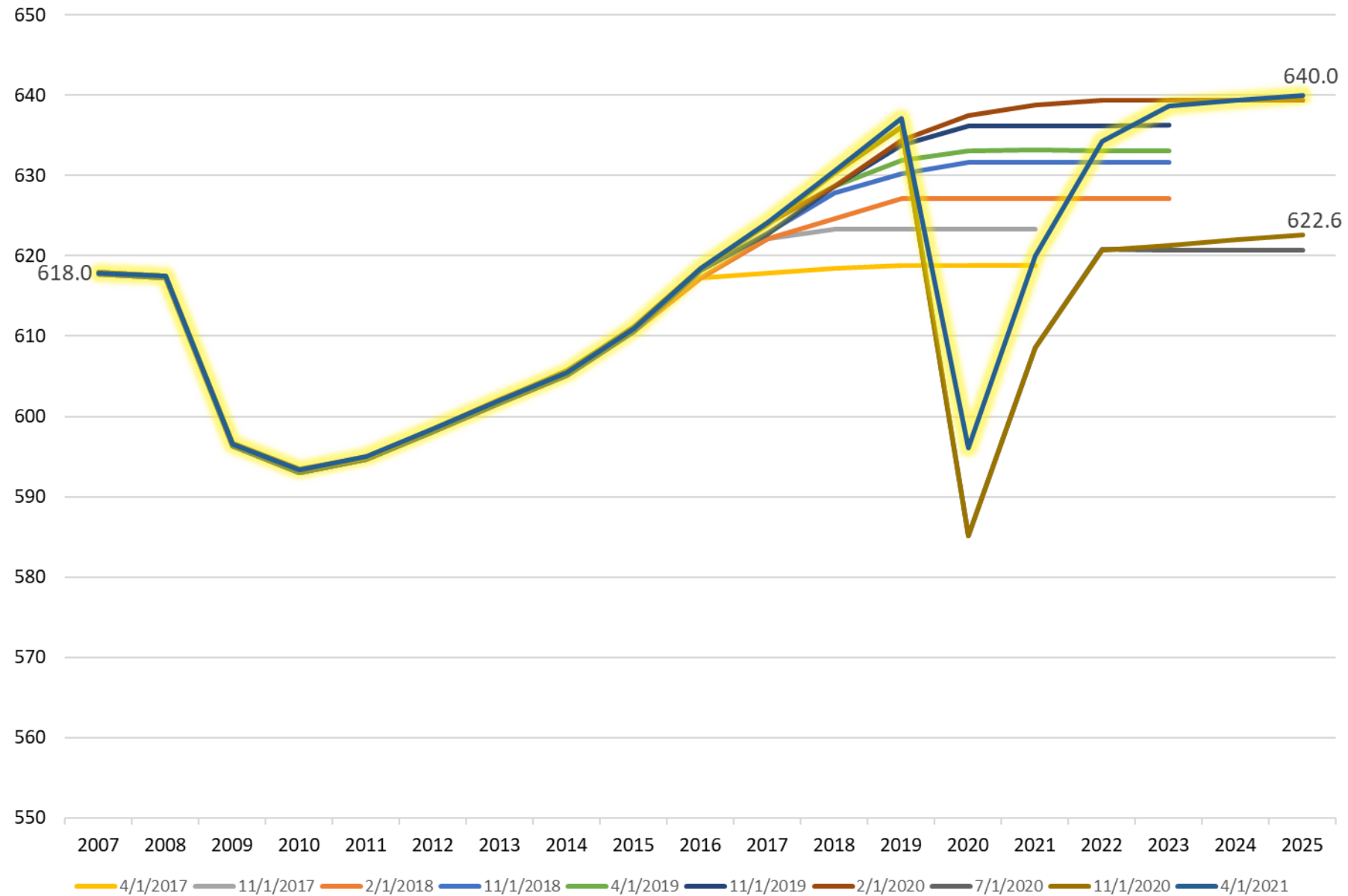
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- The most commonly cited barriers were “lack of opportunities that match my skill set” and “COVID health risks or concerns”
- Other reasons preventing return to work were concerns about job quality, inaccessibility of opportunities, and lack of social supports such as childcare or transportation
- Of those who did return to work, the most commonly cited enabling factors were that their previous employer rehired them (38%) and finding a job that matched their skillset (26%)

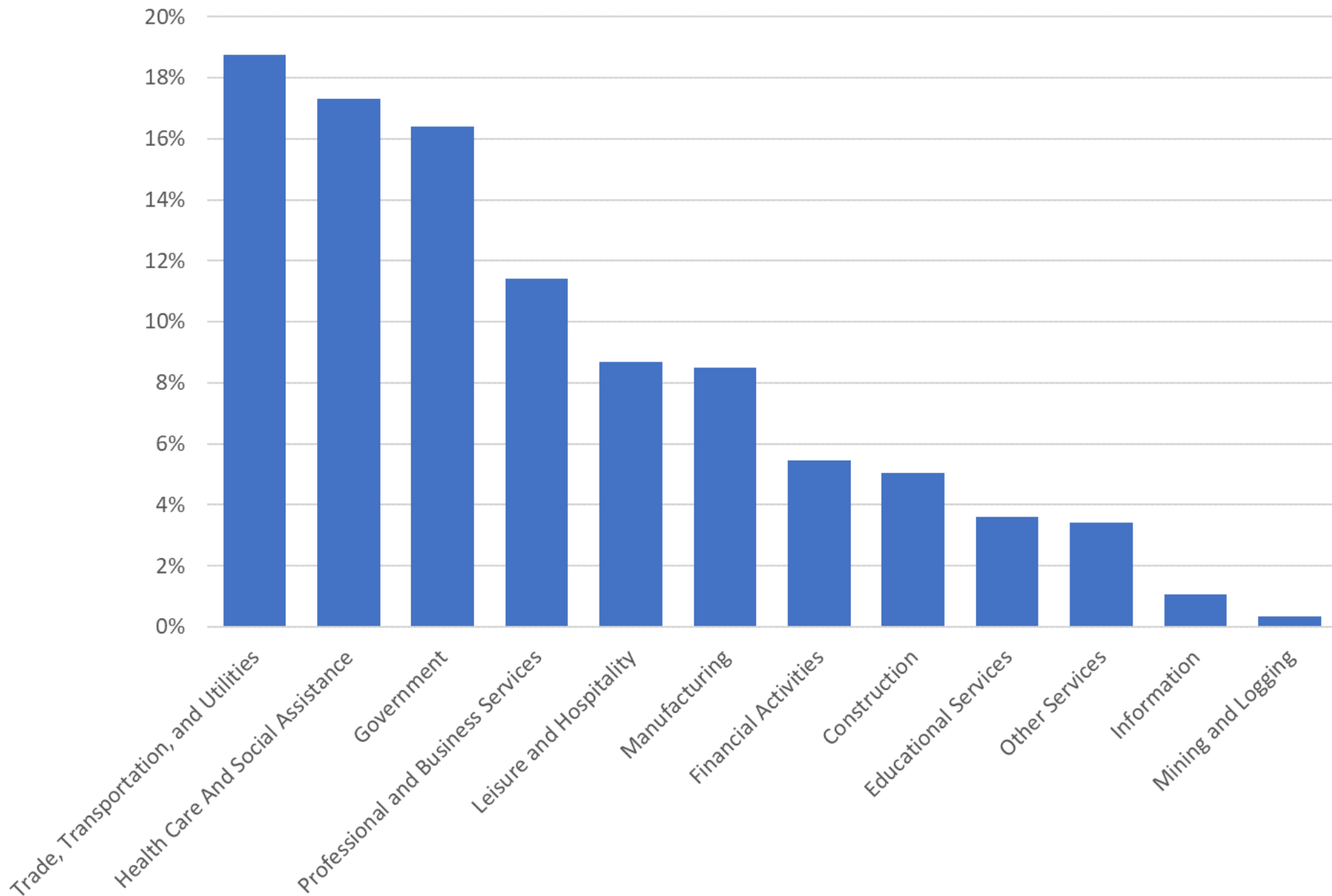
# Total Nonfarm Employment (in thousands) History and CEFC forecast



## Revisions to CEFC Forecast of Total Nonfarm Employment (in thousands)



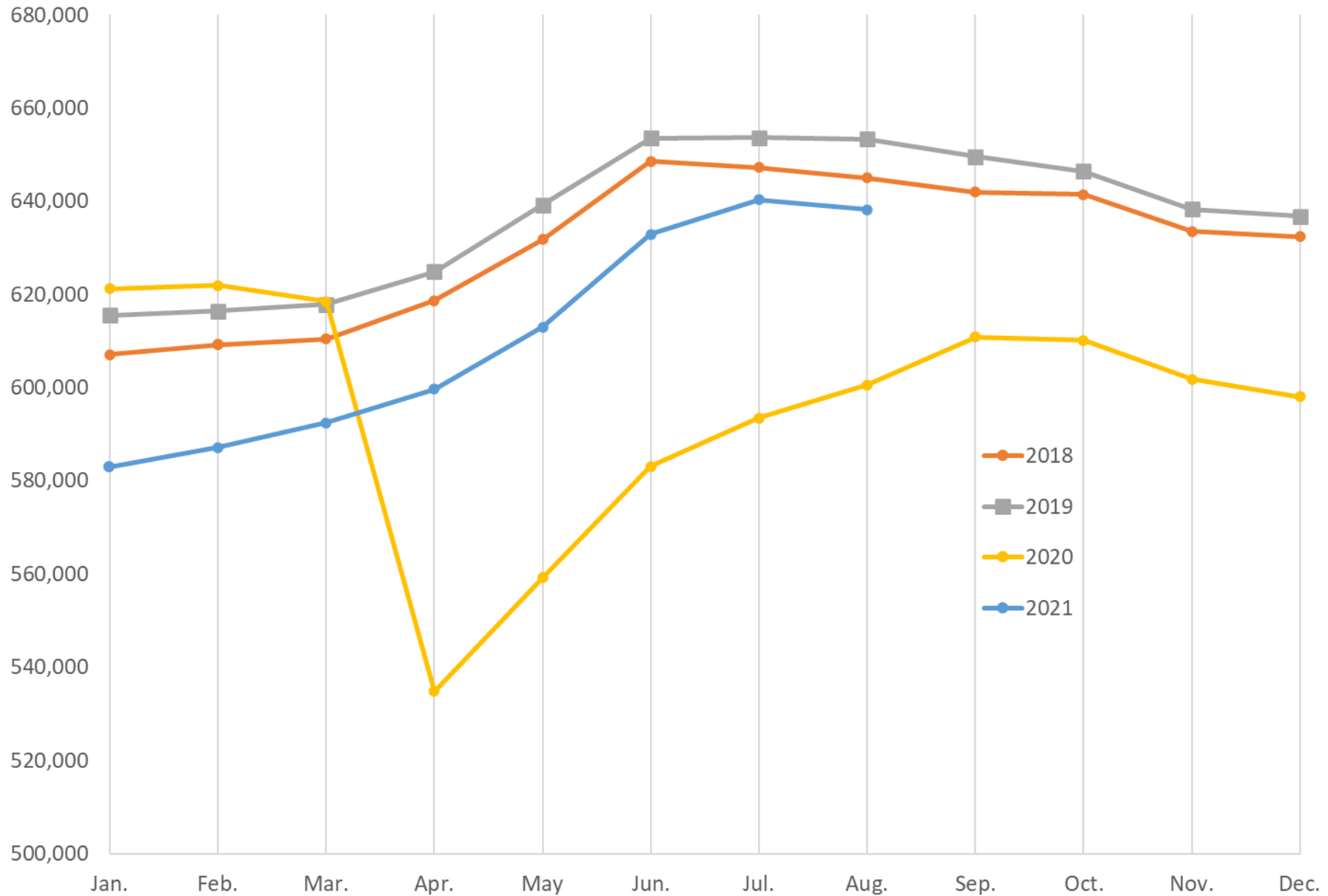
## Share of Maine Nonfarm Employment by Industry, 2020



# The net decrease in jobs is concentrated in low-wage sectors

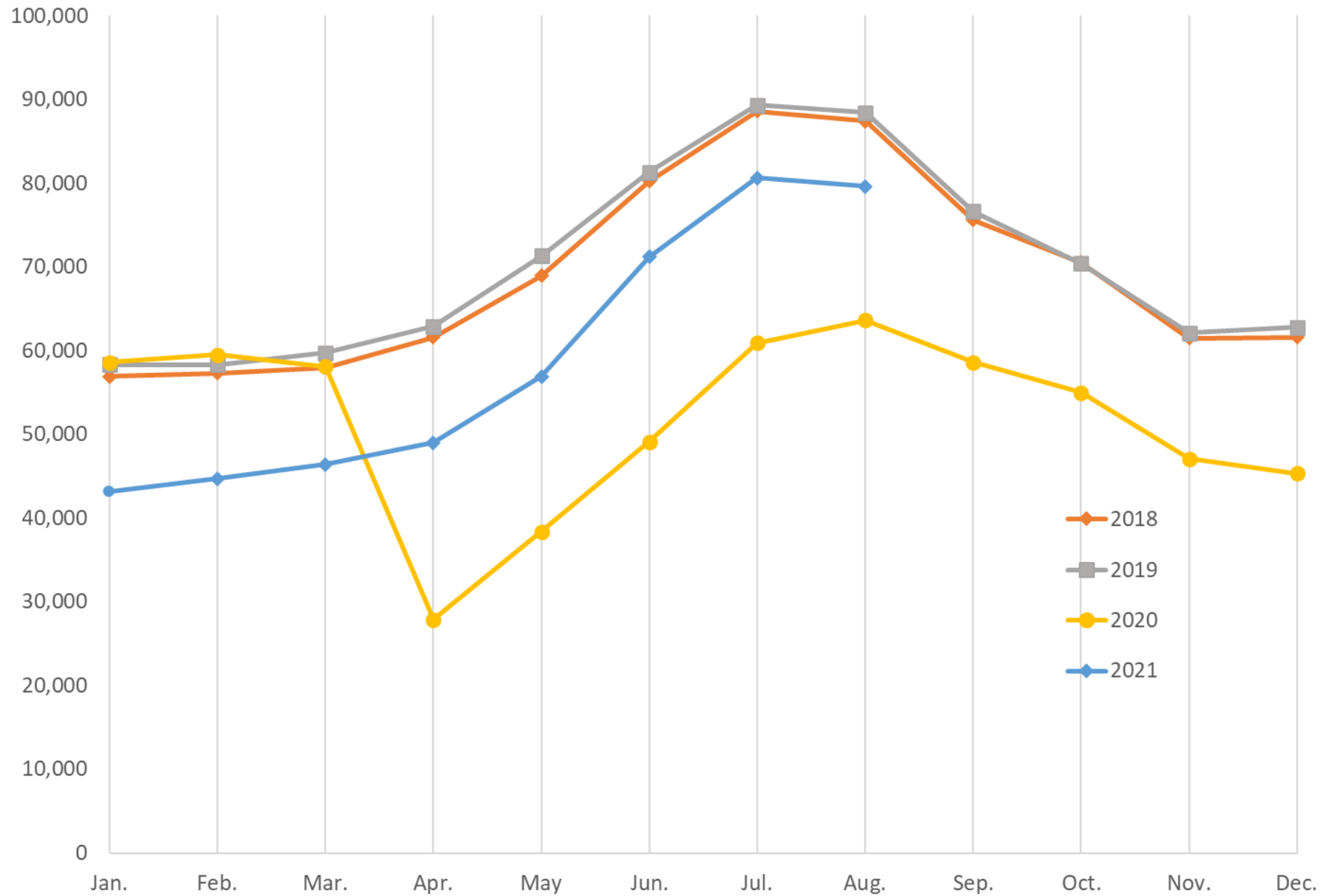
	Net Change in Jobs February 2020 to August 2021				Average Weekly Wage	
					2019	2020
Professional & Business Services				600	\$1,180	\$1,270
Wholesale Trade				300	\$1,320	\$1,400
Federal Government				200	\$1,480	\$1,490
Private Educational Services				0	\$890	\$970
Other Services				0	\$680	\$760
Transportation, Warehousing & Utilities				-200	\$840	\$910
Manufacturing				-400	\$1,100	\$1,190
Information				-400	\$1,100	\$1,230
Construction				-700	\$990	\$1,070
Financial Activities				-1,100	\$1,150	\$1,460
Retail Trade				-1,100	\$580	\$650
State Government				-2,000	\$960	\$1,010
Healthcare & Social Assistance				-2,500	\$960	\$1,040
Local Government				-3,200	\$800	\$870
Leisure & Hospitality				-12,400	\$450	\$480

### Total Nonfarm Employment, Not Seasonally Adjusted

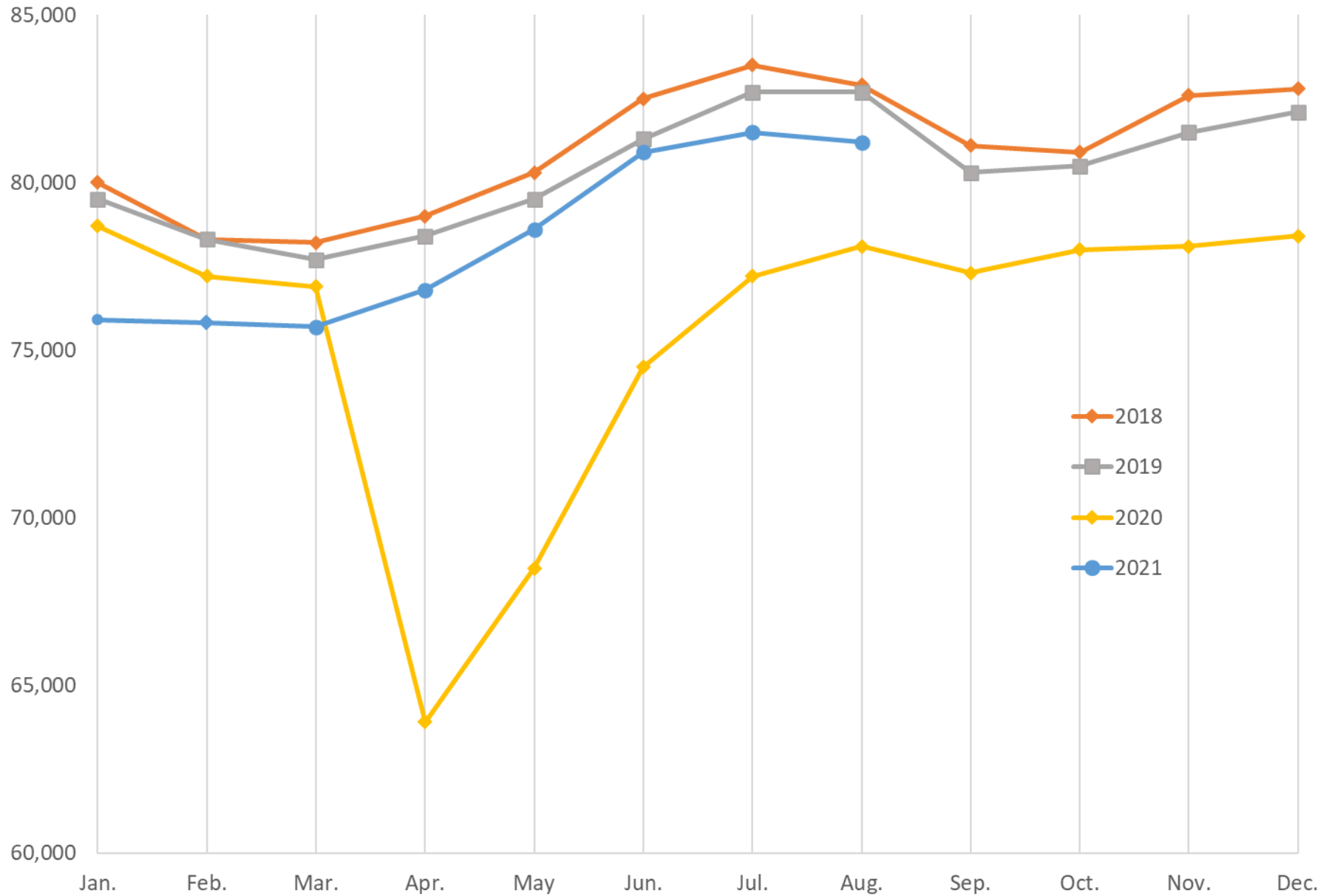




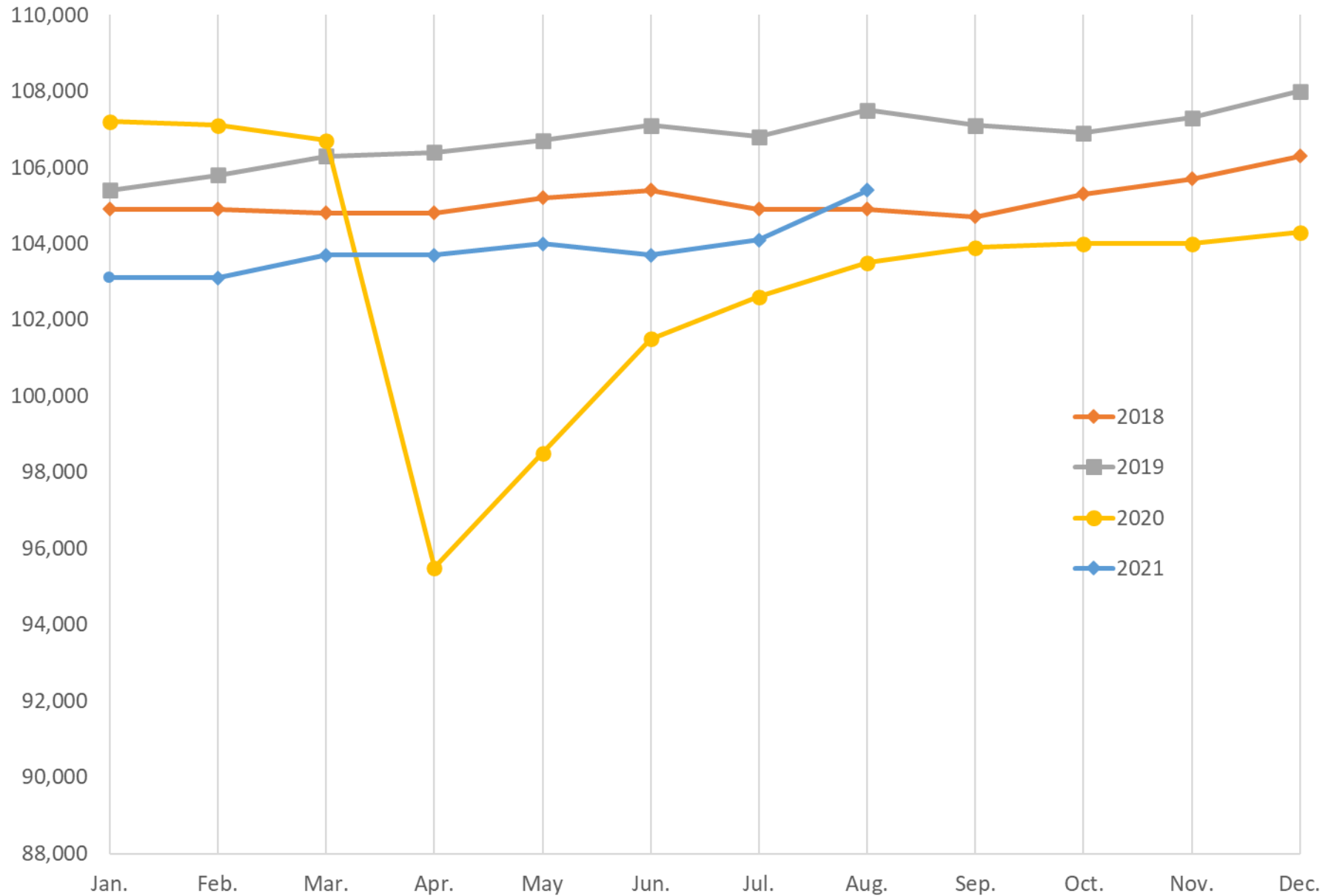
### Leisure and Hospitality Employment, Not Seasonally Adjusted



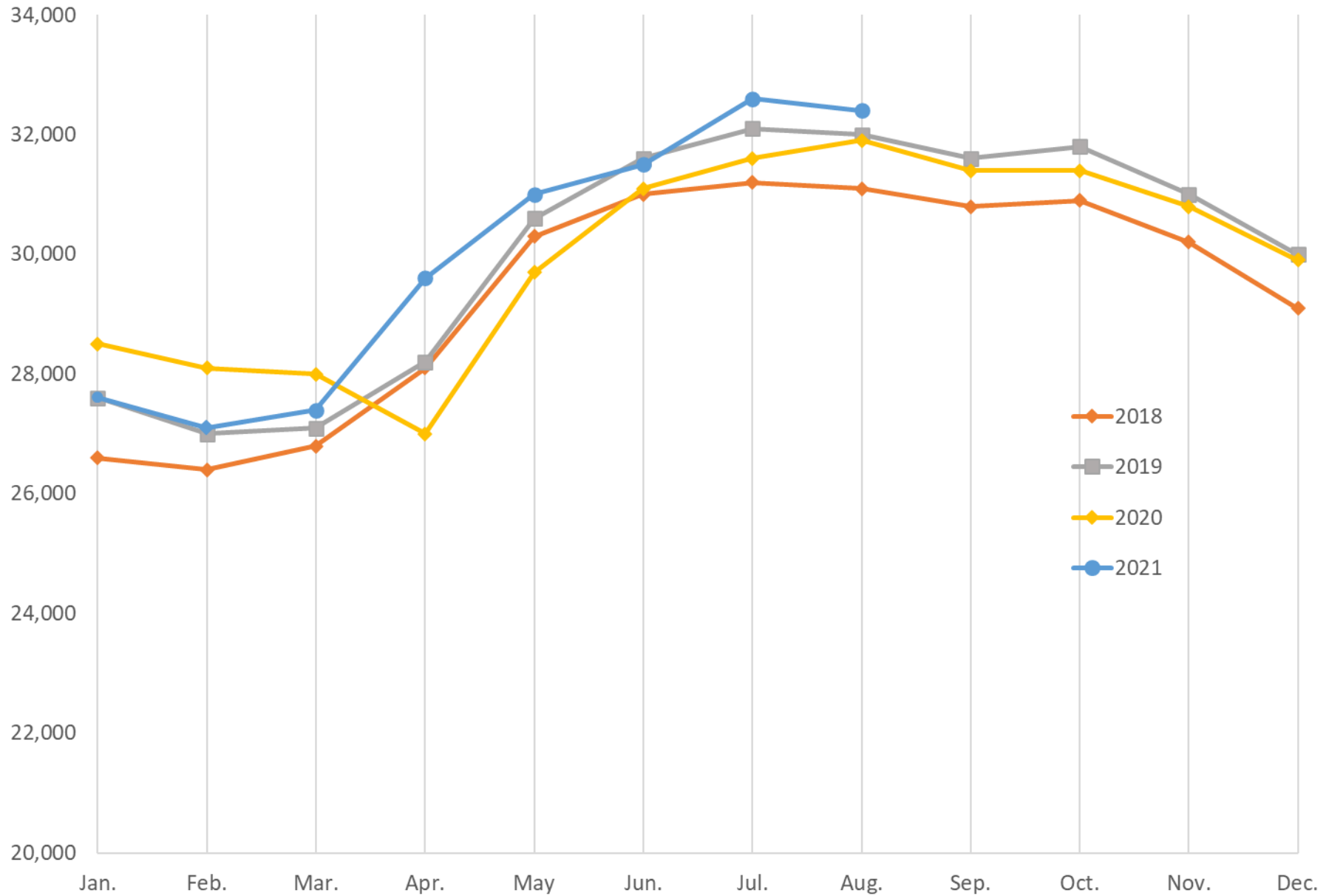
### Retail Trade Employment, Not Seasonally Adjusted



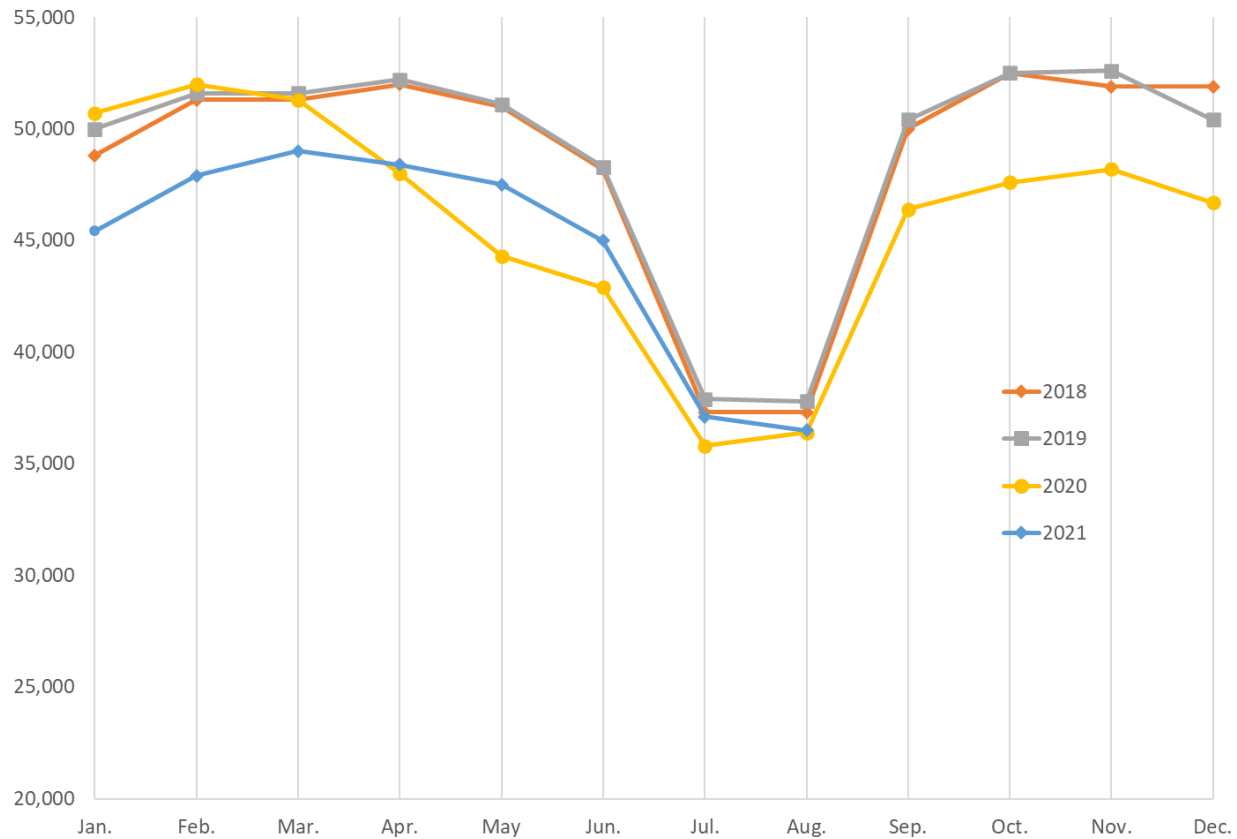
### Health Care and Social Assistance Employment, Not Seasonally Adjusted



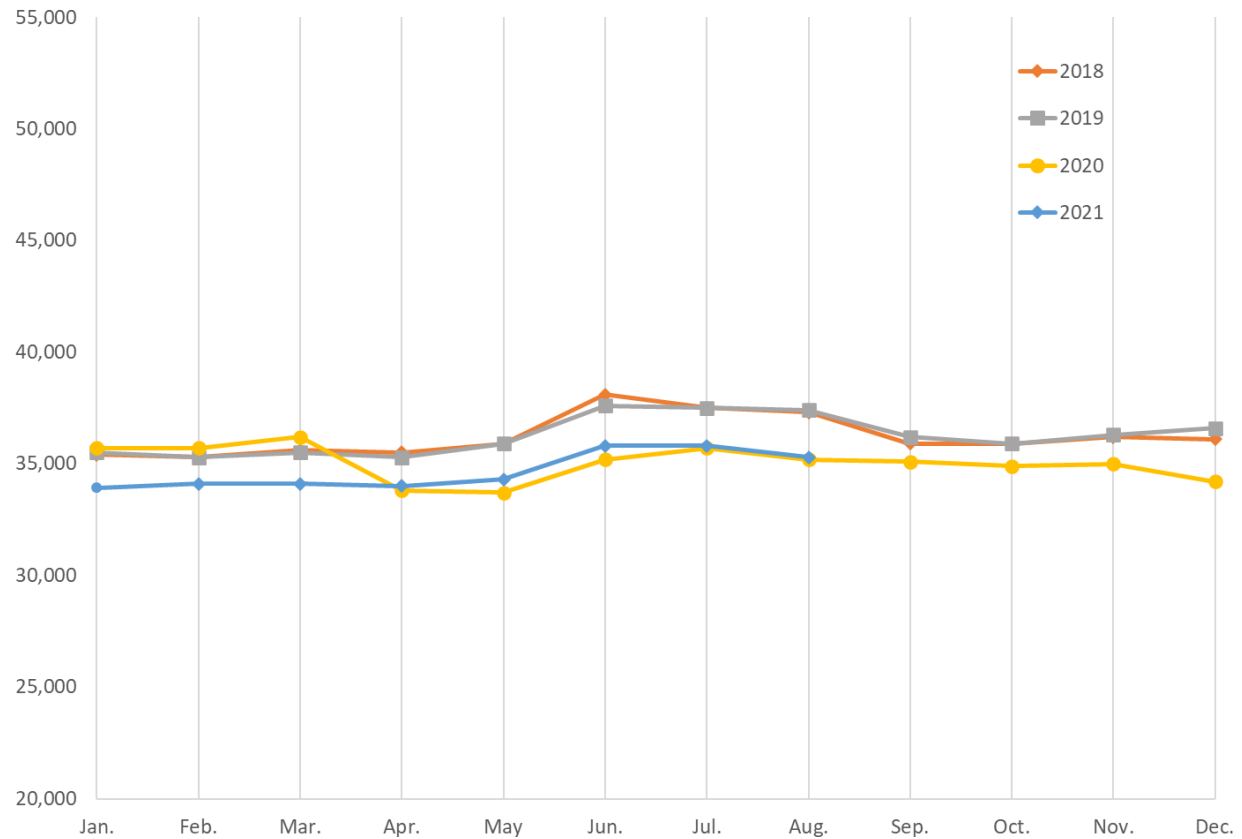
### Construction Employment, Not Seasonally Adjusted



State & Local Government Education, Not Seasonally Adjusted



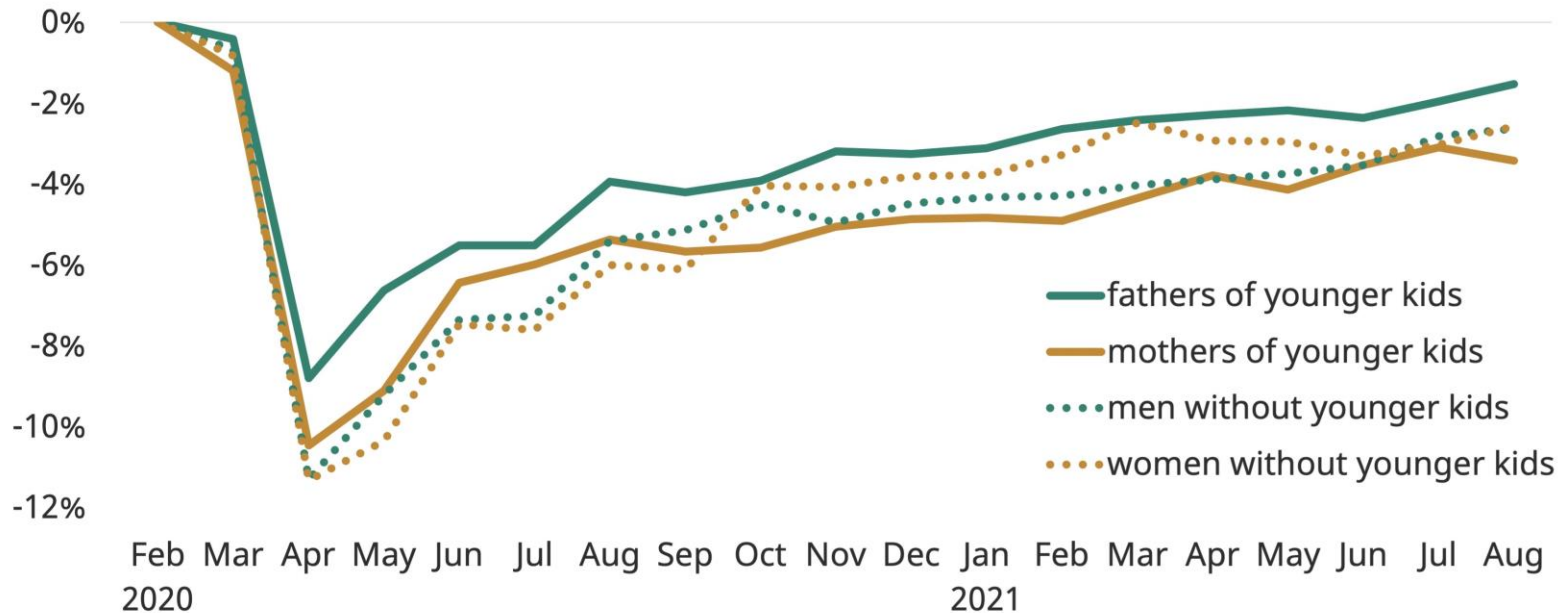
State & Local Government, Excluding Education, Not Seasonally Adjusted



# Delta variant continues disparate impacts on mothers

## Mothers' employment fell in August

%pt change in prime-age employment-population ratio vs Feb 2020

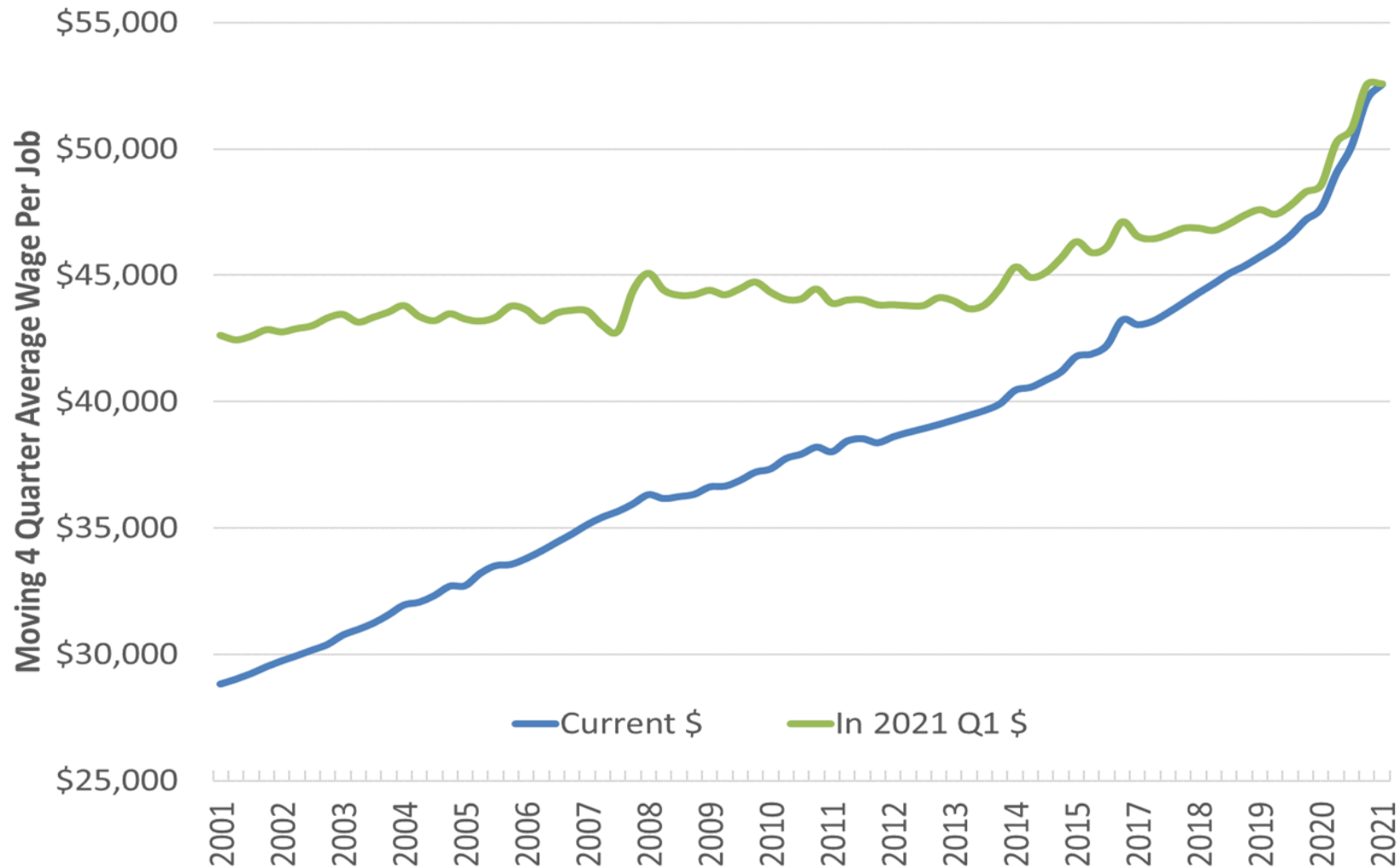


Source: CPS microdata, seasonally adjusted  
Adults age 25-54; kids = any 13 or younger



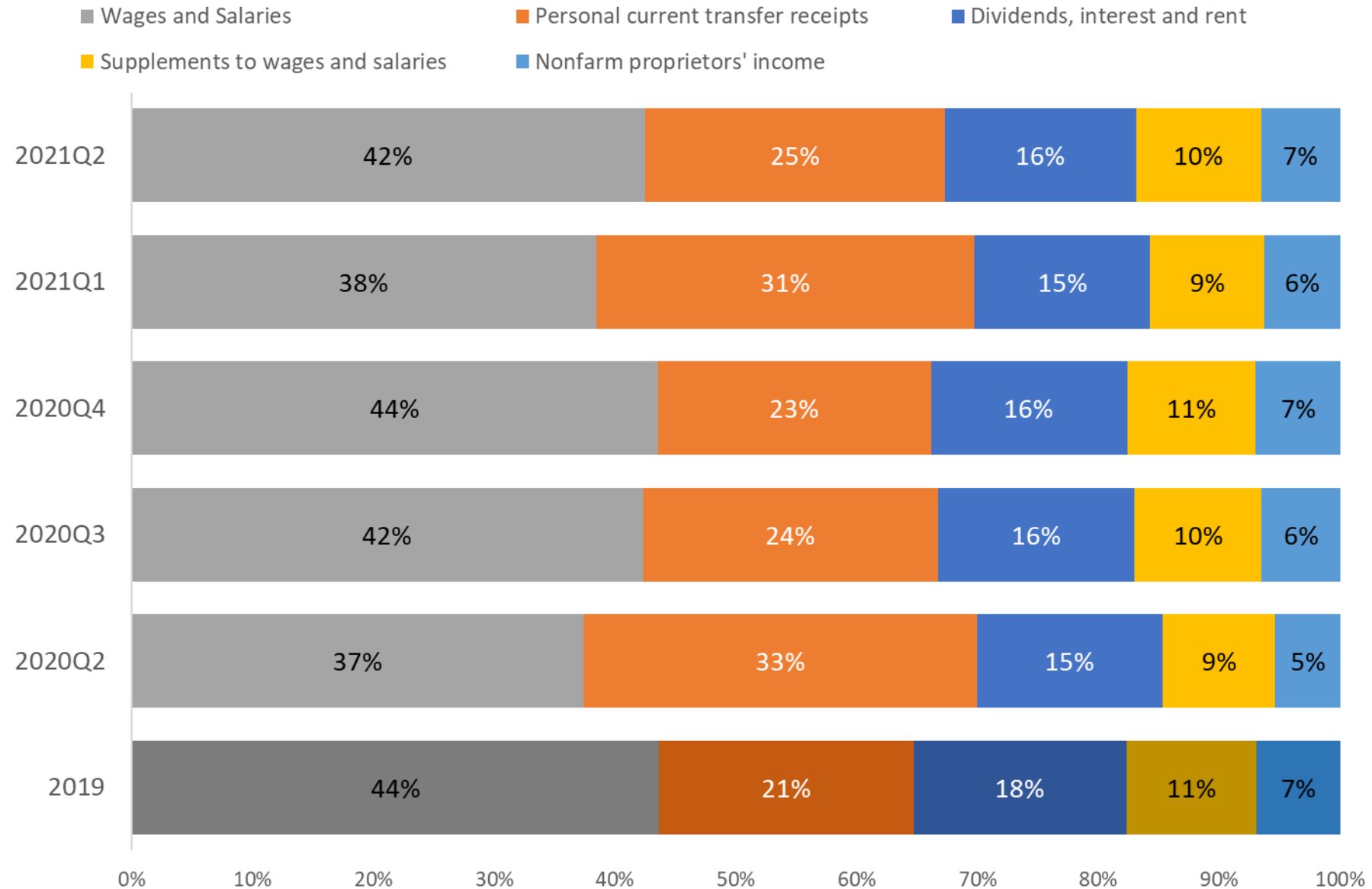
- Slow reopening of school and daycare centers have affected mothers of young children
- The change in August 2021 is similar to that seen in Fall 2020
- This impact is greater for mothers of young (<13 years old) children than for mothers of older children
- In MDOL survey, 20% of women cited childcare as a barrier vs 8% of men

# Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era



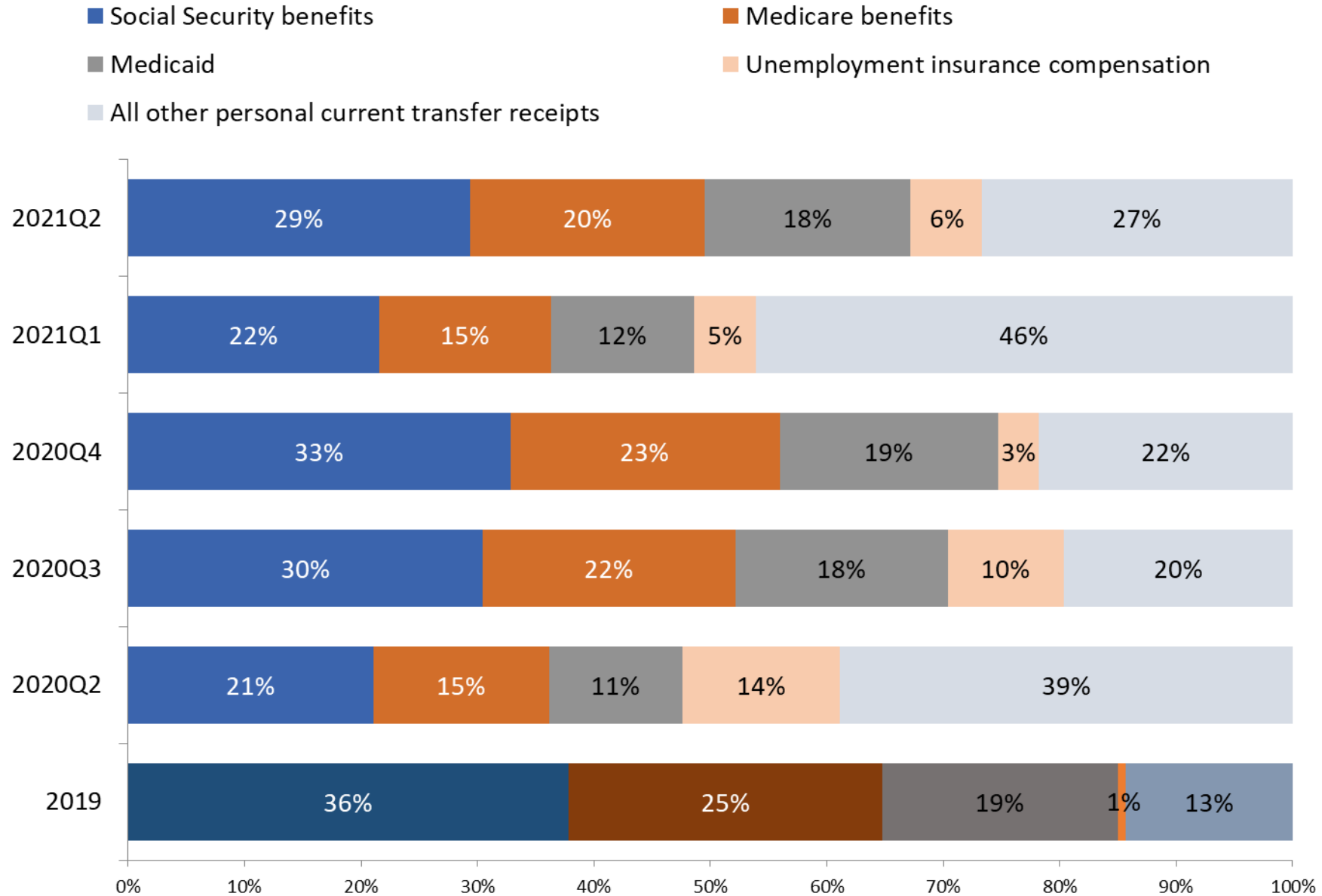
Source: Maine Department of Labor, Center for Workforce Research and Information,  
<https://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/labor%20update.pdf>

# Major Components of Personal Income, Maine





## Components of Personal Current Transfer Receipts, Maine



## Percent Change in Real Personal Income, Maine 2010-2020 and forecast to 2025



# Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

27

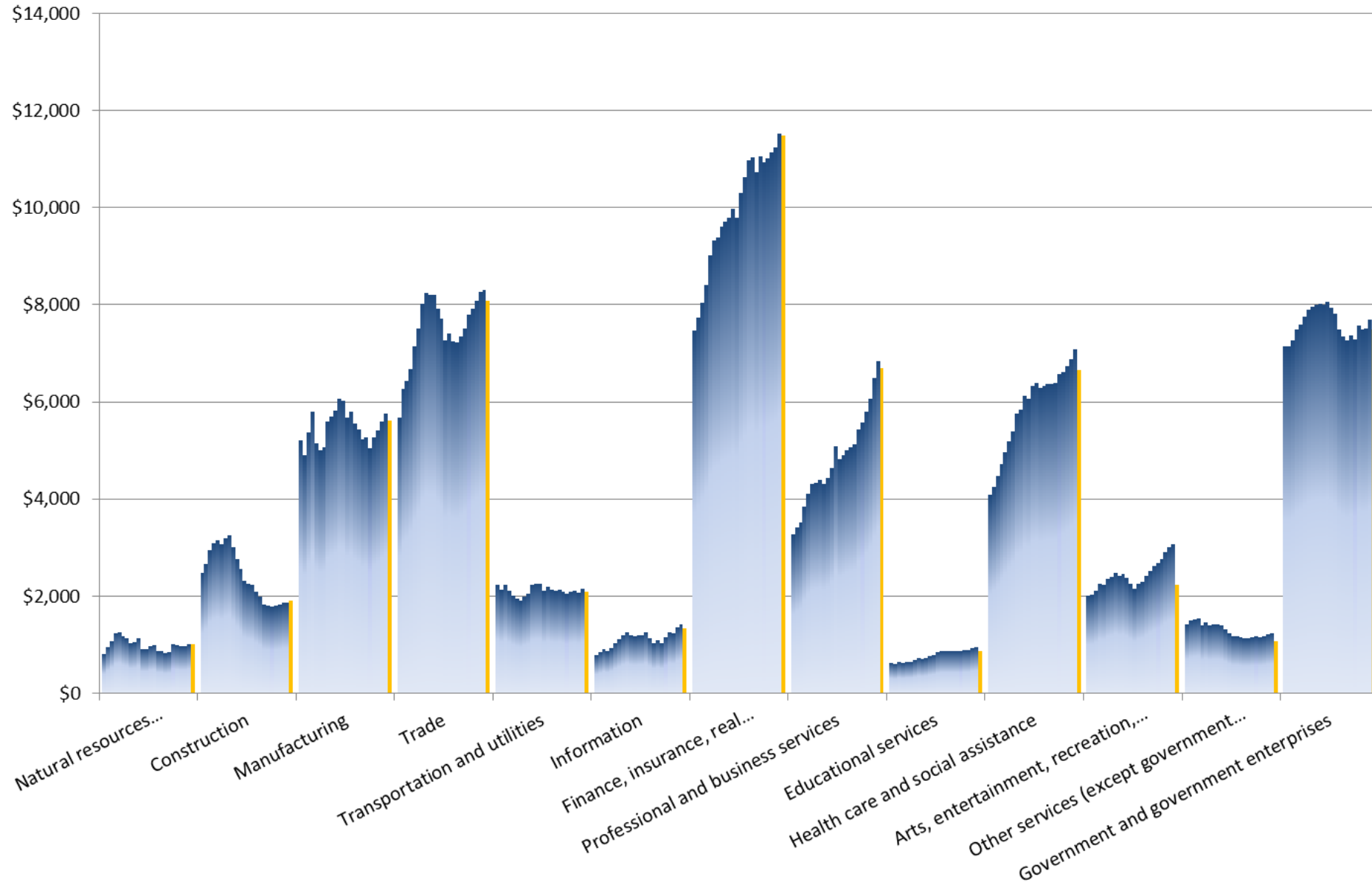
- While the official poverty rate was 11.4% in the U.S. in 2020, 1.0 percentage points higher than 2019, the Supplemental Poverty Measure (SPM) was 9.1% nationally, 2.6 percentage points LOWER than 2019
- This was the first time in history the SPM was lower than the official poverty rate in the U.S.
- Maine was one of 30 states where the 2018-2020 SPM (7.3%) was lower than the official measure (10.0%)

# Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020

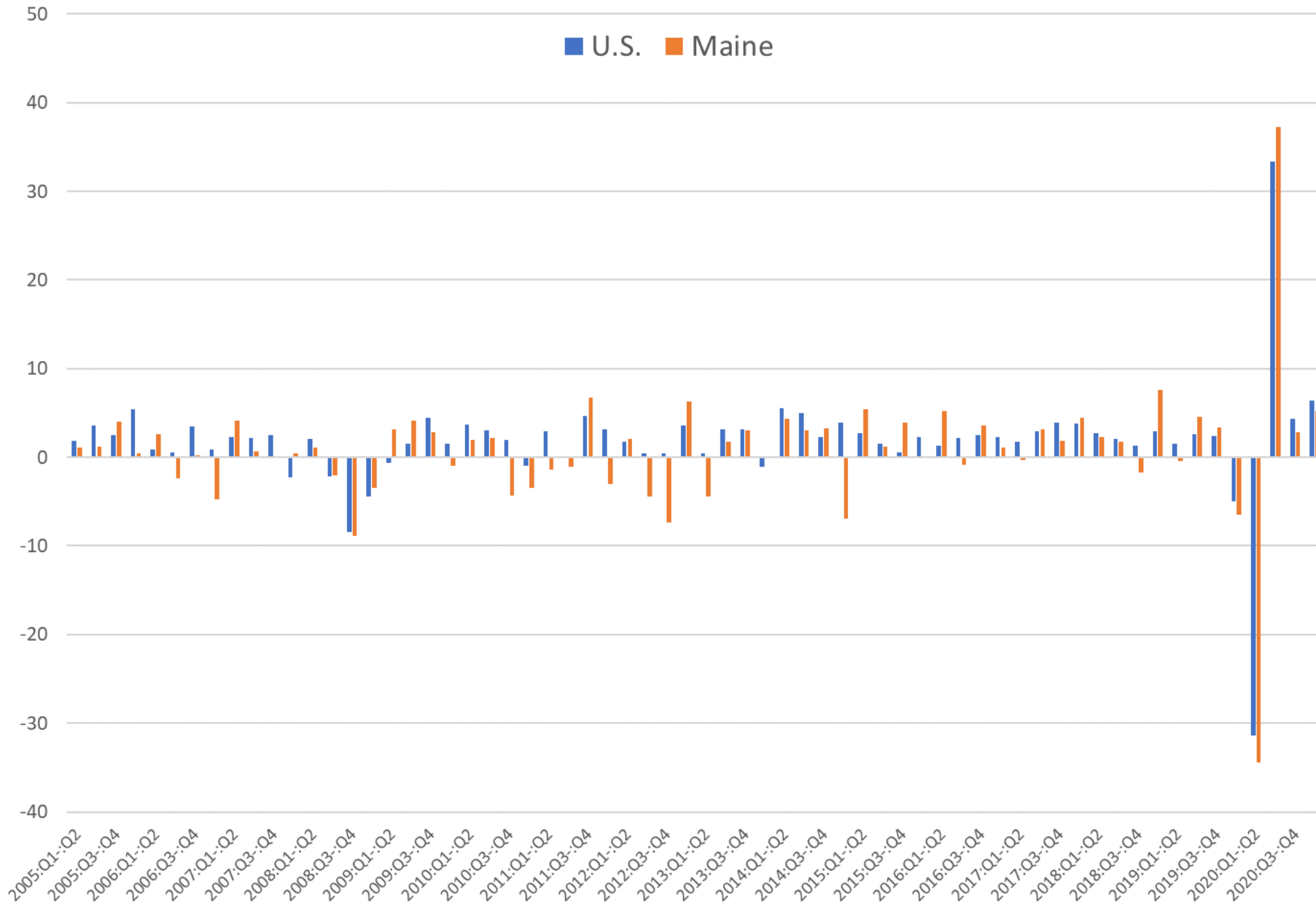
28

- Nationally, people moved out of poverty due to federal programs:
  - ▣ Social Security moved 26.5 million people out of poverty
  - ▣ Unemployment benefits = 5.5 million
  - ▣ Stimulus payments = 11.7 million
  
- Without stimulus payments, the SPM would have been 12.7% rather than 9.1%

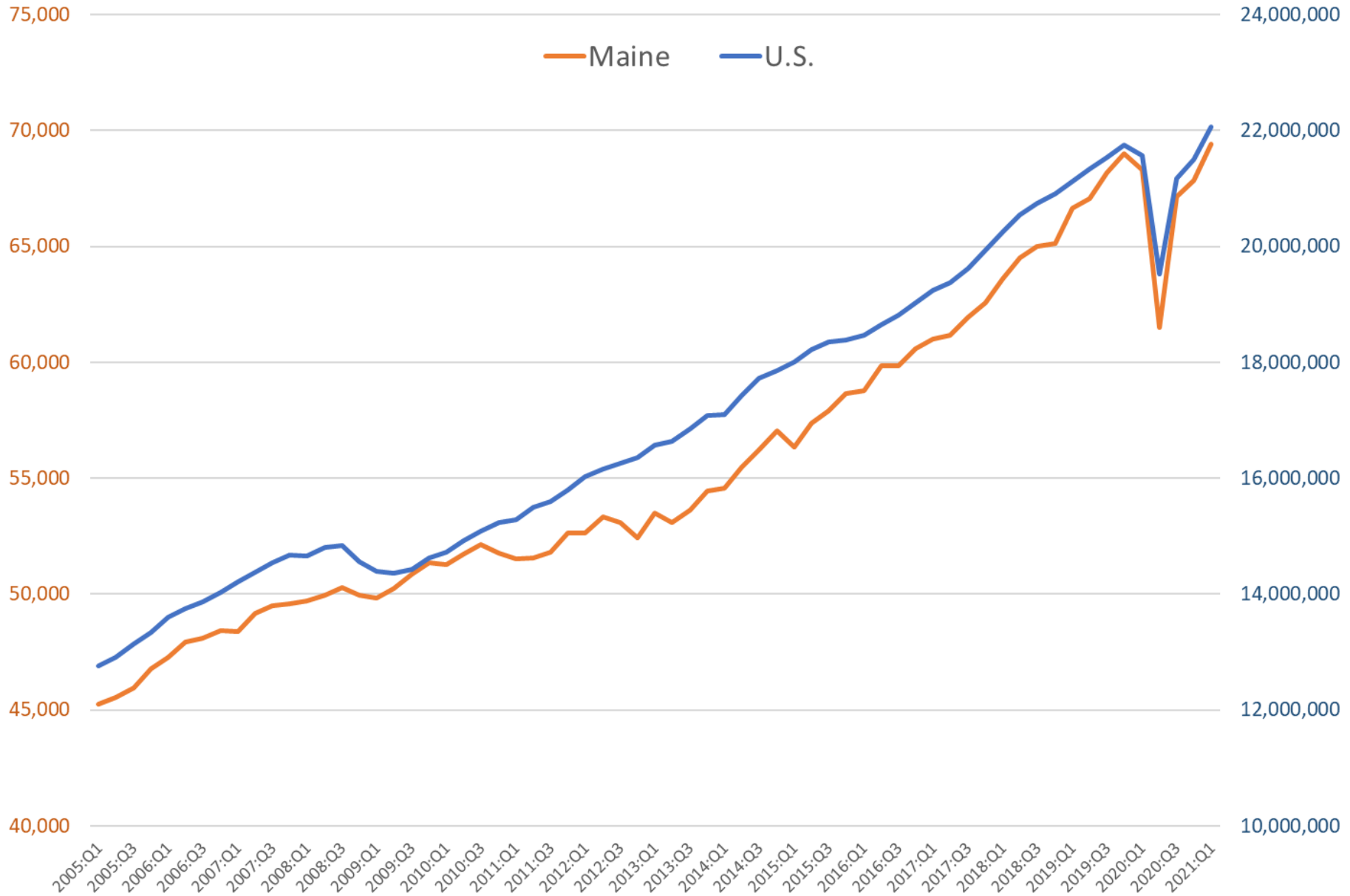
## Maine Real GDP by Industry, 1997-2020 (in millions of chained 2012 dollars)



# Quarterly Real GDP, Annualized Percent Change from Previous Quarter



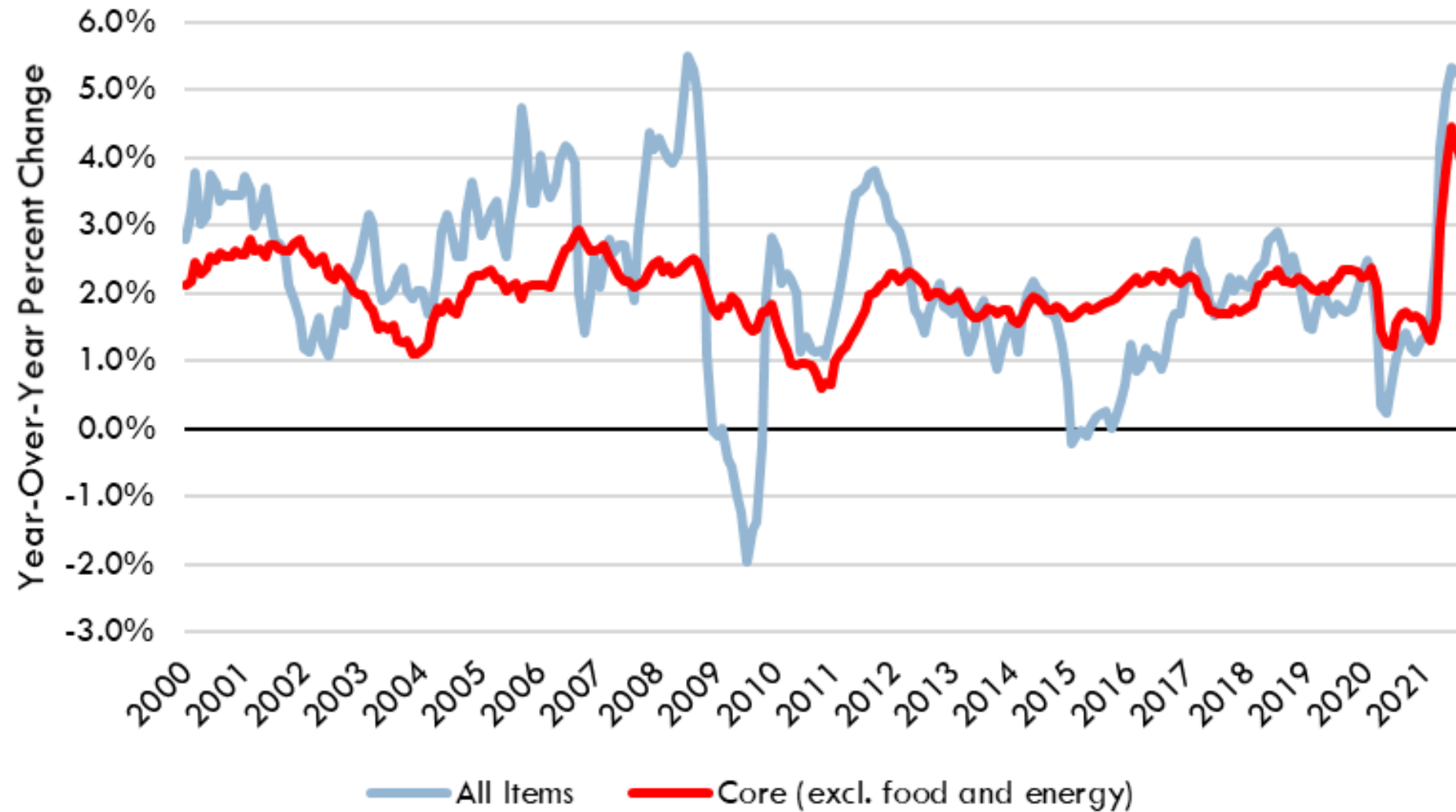
# Quarterly GDP (in millions of current dollars)



Maine Taxable Retail Sales	% Change from July 2020 to July 2021	% Change from July 2019 to July 2021	% Change last three months / same 3 month period one year ago
Building Supply	9.6%	24.7%	15.9%
Food Store	6.6%	5.8%	8.2%
General Merchandise	18.4%	14.1%	26.8%
Other Retail	16.4%	66.9%	17.9%
Restaurant	57.3%	11.3%	71.5%
Lodging	108.9%	26.0%	171.1%
Auto Transportation	4.6%	19.9%	15.3%
Total	21.2%	23.5%	26.1%
Business Operating	12.7%	22.8%	15.8%
Personal Consumption	22.1%	23.6%	27.2%

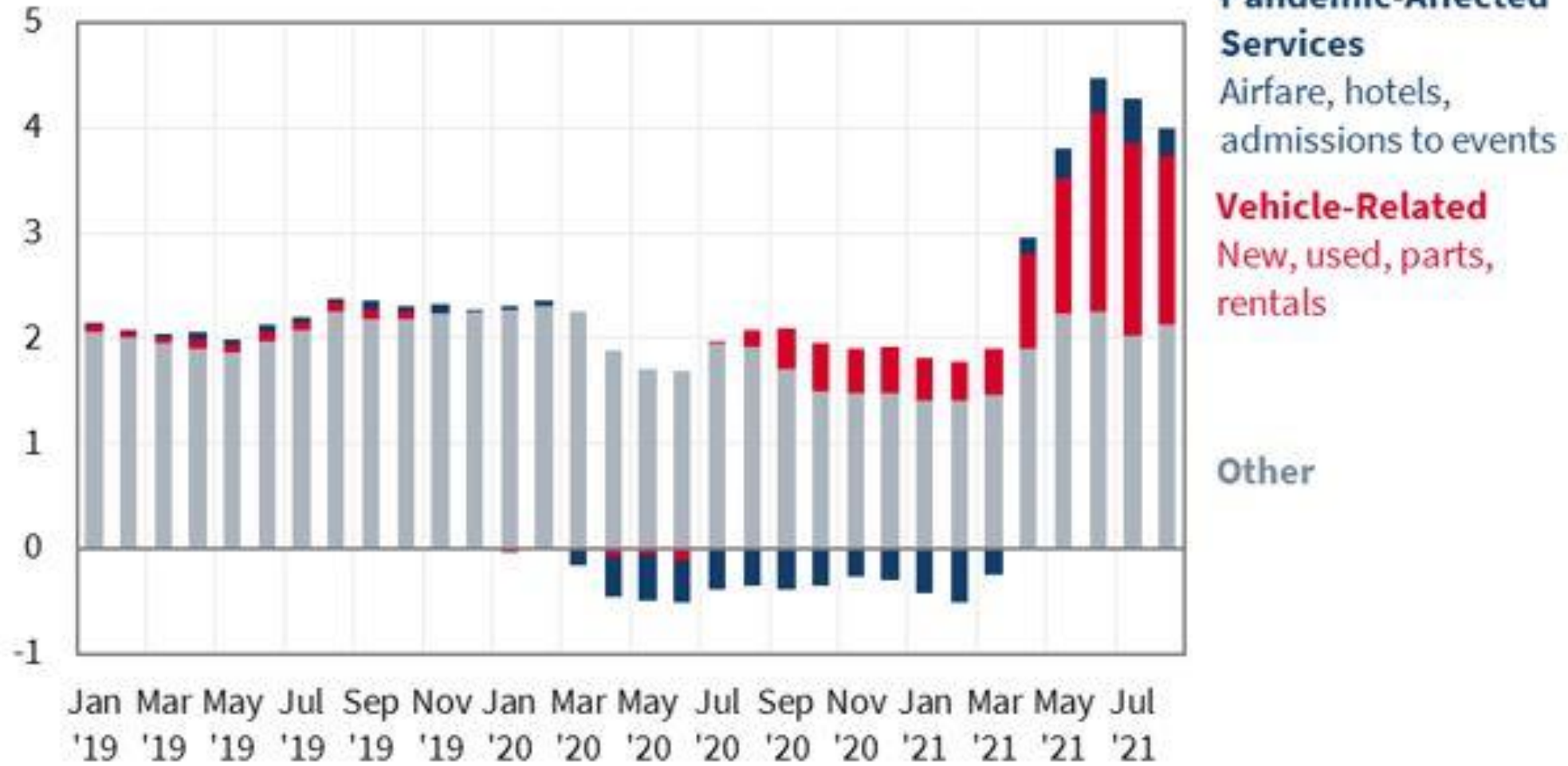


## Consumer Price Index (1982-84=100, seasonally adjusted)



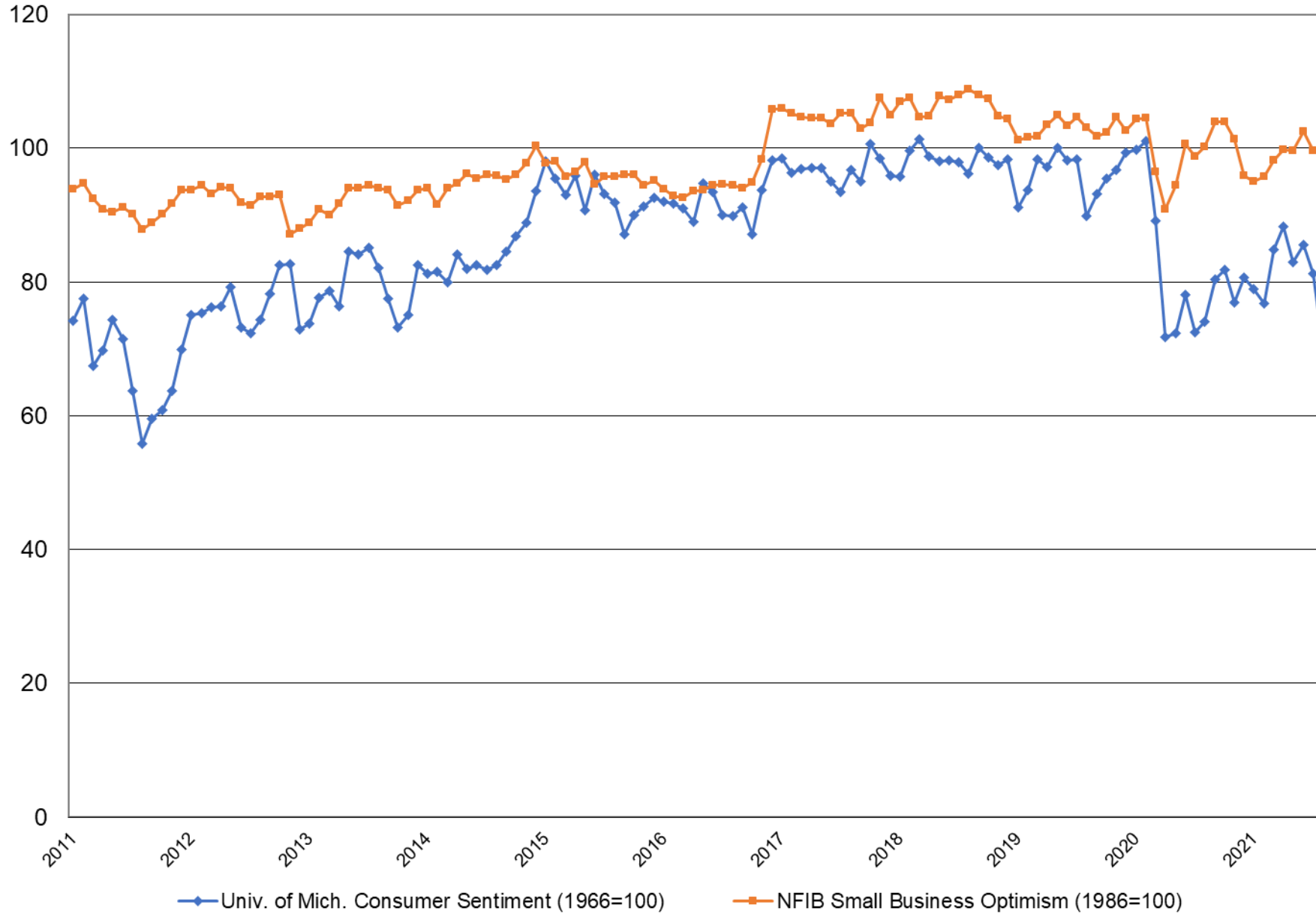
# Contributions to Y-Y Core CPI Inflation

Percentage points, year-on-year



Source: BLS, CEA analysis.

### Consumer Sentiment and Small Business Optimism Indexes



# NFIB COVID-19 Small Business Survey

36

- Half of respondents in Sept. 2021 reported a significant impact from supply chain issues
  - ▣ 86% expect the disruptions to continue for at least 5 more months
  
- 45% of respondents reported moderate to significant staffing shortages
  - ▣ 52% of those are reporting loss of sales opportunities due to staffing
  - ▣ 77% of respondents reported increasing wages to attract applicants

# This was not a typical recession (as much as there is such a thing as a “typical” recession)

37

Both the deepest and the shortest on record

Normally in a recession, we see more losses in goods-producing sectors while services hold up, but this time around, we've seen the opposite

- ▣ Leisure and hospitality plus state and local government (mostly public education) accounted for 77% of net job loss Feb. 2020 – Aug. 2021
- ▣ Auto sales (up 5.6%) and building supply sales (up 19.9%) did very well in 2020, but restaurant (down 25.5%) and lodging sales (down 35.2%) were well below normal levels

Impacts have been highly disparate, with women, BIPOC, low-income households, households with children, and younger workers more affected (share of employment in hard hit sectors is one of the contributing factors)

- ▣ This is exacerbating existing inequities and is somewhat disguised by top-level indicators

# What to look for in the coming weeks/months

38

- Economic health relies on public health, especially in key sectors of *Maine's* economy
- Supply chain issues have become a significant problem, contributing to increased inflation, and an extended period of supply chain disruptions could slow the recovery
- Federal support has been crucial, staving off what could have been far worse economic consequences

# Contact Information

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Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

[amanda.rector@maine.gov](mailto:amanda.rector@maine.gov)

(207) 215-6095