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Consensus Economic Forecasting Commission Background Materials for the January 28, 2026, Forecasting Meeting

Executive Summary

Maine saw continued population growth in 2024, gaining over 5,300 in population. In 2024, Maine had the 20th highest rate of total migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by growth in net *domestic* migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand).

Total personal income in Maine grew 1.6% at an annualized rate in the third quarter of 2025, ranking 48th in the U.S. (3.3%) and fifth in New England (2.0%). Maine's total seasonally adjusted personal income was \$101.8 billion in the third quarter of 2025. A decline in transfer receipts between the second and third quarters had a considerable impact on Maine's overall personal income growth. Transfer receipts declined in the third quarter, subtracting from Maine's overall personal income growth, while New England and the U.S. saw increases. This largely reflects the timing of one-time retroactive Social Security payments in the second quarter under the Social Security Fairness Act, which had a bigger impact in Maine due to its higher reliance on Social Security income. As a result, Maine's transfer receipts fell modestly after strong growth in the prior quarter.

Inflation has decelerated from the high in June of 2022 but is still above the Federal Reserve's 2% target. The CPI all-items index grew 2.7% year-over-year in December (before seasonal adjustment) and was up 2.6% for 2025 overall. On December 9, the Federal Reserve Federal Open Market Committee (FOMC) lowered rates for the third time in 2025 to 3.5% - 3.75%. The next FOMC meeting is scheduled for January 27-28.

The Index of Consumer Sentiment from the University of Michigan was up 7% in January but is down 21% year-over-year. Inflation, high prices, and the prospects of weakening labor markets remain at the forefront of consumers' minds. The Small Business Optimism Index, as measured by the National Federation of Independent Businesses (NFIB), improved slightly in December, up less than 1% from November. The uncertainty index fell 7 points from November, the lowest reading since June 2024.

The price of a gallon of gasoline in New England was an average of \$2.94 during the week of January 19, about \$0.22 less than a year ago. The statewide average cash price of No. 2 heating oil in Maine was \$3.409/gal in the sixteenth week (January 19) of the 2025-2026 heating oil season, 7% less than the same week last year.

Maine single-family existing-home sales were up 11.8% from 12 months prior in December 2025. Prices were down 3.5% from November and 3.8% from a year ago. In the third quarter of 2025, Maine's year-over-year growth in the house price index was 5.1% (seasonally adjusted), 8th highest in the nation for year-over-year growth and second in New England.

The following presents a picture of the Maine economy, comparing current economic indicators to historical trends.

1. Demographic Trends

As a percentage of the population, the Baby Boom generation is by far the largest in Maine, at 28 percent. In 2022 this generation ranged from 58 to 76 years old, but by the end of 2032 will be 68 to 86 years old as they fully age out of the traditional definition of the working age population (20-64 years old). Nationally, just 22.3 percent of the population is part of the Baby Boom generation, similar to the share of Millennials and slightly higher than Gen X and Gen Z.

In 2024, Maine had the largest percentage of its population aged 65+ of any state in the nation. As this cohort ages, the rate of total deaths per 1,000 population will naturally increase. Conversely, the birth rate per 1,000 population both nationally and in Maine has seen consistent decline in recent decades, though Maine's birth rate has been lower than the nation's for many years. This combination of increasing deaths and decreasing births has led to natural population decline. Maine has had more deaths than births since 2011, with the gap widening over time.

Maine's Births & Deaths

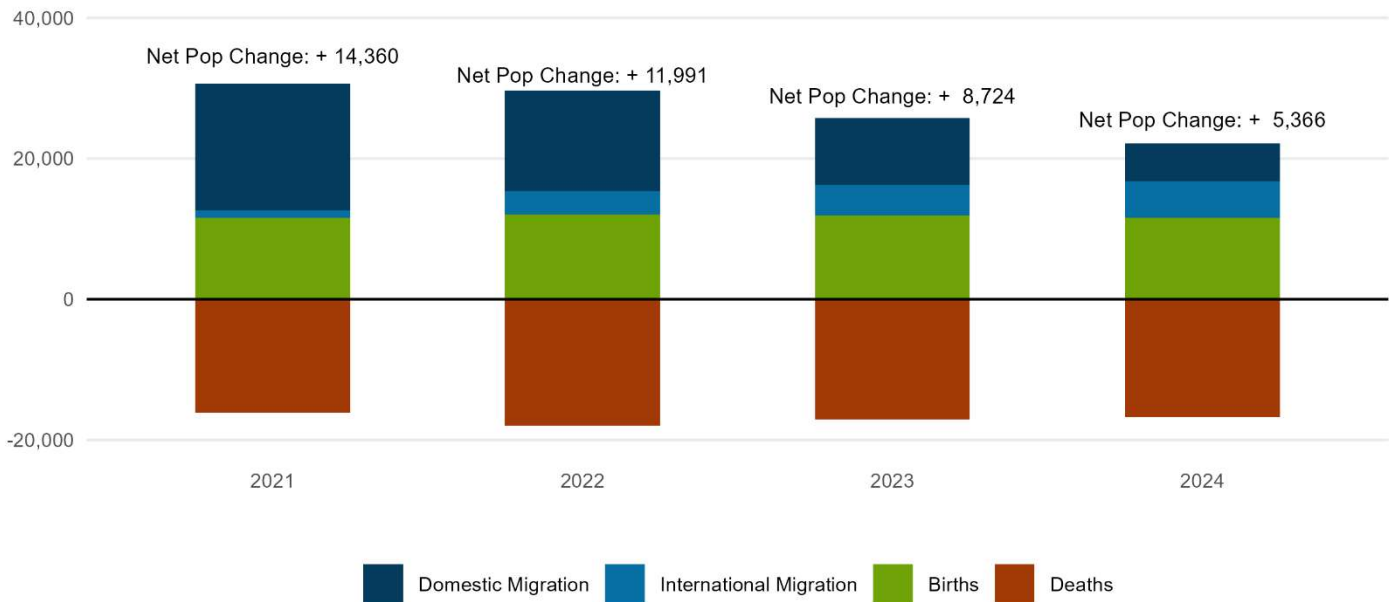


Source: Maine DHHS Data, Research, and Vital Statistics Office

Maine's population has managed to increase over recent years solely due to net migration. Maine's population grew 0.4% from 2023 to 2024, bringing the population total to a new record high of 1,405,012. This ranks Maine 46th for percent growth in 2024 and 42nd for total population nationally, including D.C. Since April 2020, Maine's population has increased 3.1%, which is the 17th fastest in the nation.

From 2021 to 2023, Maine's total net migration rate ranked in the top 11 nationally (5th in 2021, 10th in 2022, and 11th in 2023). In 2024, Maine had the 20th highest rate of total net migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by growth in net *domestic* migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand). Maine's rate of international migration ranked 41st in the U.S. in 2024 while the rate of domestic migration ranked 11th.

Components of Maine's Population Change



Source: US Census Bureau, Population Estimates Program, 2024 Vintage

According to the population projections released by the Office of the State Economist in 2025, Maine’s population is projected to increase 3.5% by 2032.

Maine Statewide Population				
	2022 (historical)	2027	2032	2022-2032
Total Population	1,389,338	1,419,888	1,438,344	
Five-Year Percent Change				
Percent Change		2.2%	1.3%	3.5%

Maine’s prime working-age population (age 20-64) is projected to decrease by 4.6% from 2022 to 2032, including the aging-out of Baby Boomers, who will be 68-86 years old in 2032. Both the younger working-age (20-39) and older working-age (40-64) cohorts are also projected to decline during this period, by 3.3% and 5.4%, respectively. Conversely, Maine’s 65+ population is projected to grow by 35.6% from 2022-2032.

Maine Statewide Population by Age			
	2022 (historical)	2027	2032
0-19 years	284,733	269,372	259,123
20-39 years	331,993	330,491	320,951
40-64 years	461,727	441,346	436,607
65+ years	310,885	378,679	421,663

Percent Change in Population			
	2022-2027	2027-2032	2022-2032
0-19 years	-5.4%	-3.8%	-9.0%
20-39 years	-0.5%	-2.9%	-3.3%
40-64 years	-4.4%	-1.1%	-5.4%
65+ years	21.8%	11.4%	35.6%

2. State Economy

Gross Domestic Product (GDP)

On January 23, the U.S. Bureau of Economic Analysis (BEA) released preliminary estimates of state GDP and state personal income for the third quarter of 2025.

Real GDP

Annualized Percent Change from Previous Period



Source: US Bureau of Economic Analysis

Maine's real GDP grew 3.8% at an annualized rate in the third quarter of 2025, ranking 41st in the U.S. (growth of 4.4%) and fifth in New England (growth of 4.2%). The industry sectors that contributed the most to Maine's third quarter growth were durable goods manufacturing (+0.55 percentage points), health care and social assistance (+0.54 percentage points), and retail trade (+0.50 percentage points). These gains were partially offset by declines in other industries, including construction (-0.13 percentage points), accommodation and food services (-0.13 percentage points), and federal civilian government (-0.10 percentage points).

Total Personal Income

Total personal income in Maine grew 1.6% at an annualized rate in the third quarter of 2025, ranking 48th in the U.S. (3.3%) and fifth in New England (2.0%). Maine's total seasonally adjusted personal income was \$101.8 billion in the third quarter of 2025. A decline in transfer receipts between the second and third quarters had a considerable impact on Maine's overall personal income growth. More information on the transfer receipts component is available below.

Net earnings were up 3.3% and contributed +1.8 percentage points to the total change in personal income. Maine's growth in net earnings was above New England growth of 2.6% but below U.S. growth of 3.6%. By industry, health care and social assistance (+0.45 percentage points); professional, scientific, and technical services (+0.37 percentage points); and state and local government (+0.34 percentage points) contributed the most to earnings.

These increases were partially offset by declines in other industries, including forestry, fishing, and related activities (-0.18 percentage points) and construction (-0.05 percentage points).

Dividends, interest, and rent increased 0.4% and contributed +0.1 percentage points to the change in total personal income. Maine’s growth in this component was below growth in New England (0.7%) and the U.S. (0.6%).

Transfer receipts decreased by 1.2% and contributed -0.3 percentage points to the change in total personal income. Maine saw a decline in this component, while New England and the U.S. had growth of 1.2% and 5.1%, respectively. The difference between Maine and U.S. growth in this component can be partially explained by timing. There were very large increases in transfer receipts in the second quarter of 2025 due to one-time retroactive payments to Social Security beneficiaries from the Social Security Fairness Act (2024). Since Maine has a higher share of transfer receipts from Social Security payments, this is part of the explanation for Maine’s relatively higher transfer receipt growth last quarter and the modest decline this quarter. Maine ranked 7th for percent change in Social Security benefits in the second quarter and 44th in the third quarter.

The BEA also released revised quarterly estimates of personal income by state for the first and second quarters of 2025. This update incorporates new and revised source data that are more complete and more detailed than previously available and aligns the states with the national estimates from the National Income and Product Accounts released on January 22.

Revisions to Maine’s personal income estimates were modest in both quarters and resulted in a slight increase to the previously reported totals. Personal income for the first quarter of 2025 was revised upward by 0.05%, while the second quarter was revised up by 0.1%. These changes were largely driven by small upward revisions to wages and salaries (0.13% in Q1 and 0.3 % in Q2) and to supplements to wages and salaries (0.12% in Q1 and 0.7% in Q2). Partially offsetting these gains were downward revisions to transfer receipts in both quarters (-0.04% in Q1 and -0.2% in Q2), as well as a decline in non-farm proprietors’ income in the second quarter (-0.5%).

Personal Income Compared to Nov 1, 2025, CEFC Forecast

	Q1:Q3 2024 to Q1:Q3 2025 Avg. Growth Rates	CEFC Forecast (Nov 1, 2025)	Q3:Q4 Growth Needed to Hit CEFC Forecast
Total Personal Income	4.9%	5.6%	7.8%
Wages and Salaries	3.9%	4.8%	7.6%
Supplements to W&S	4.4%	4.0%	2.8%
Dividends, Interest, and Rent	2.6%	3.0%	4.1%
Personal Current Transfer Receipts	9.7%	9.9%	10.6%
Non-Farm Proprietor’s Income	2.2%	3.5%	7.4%

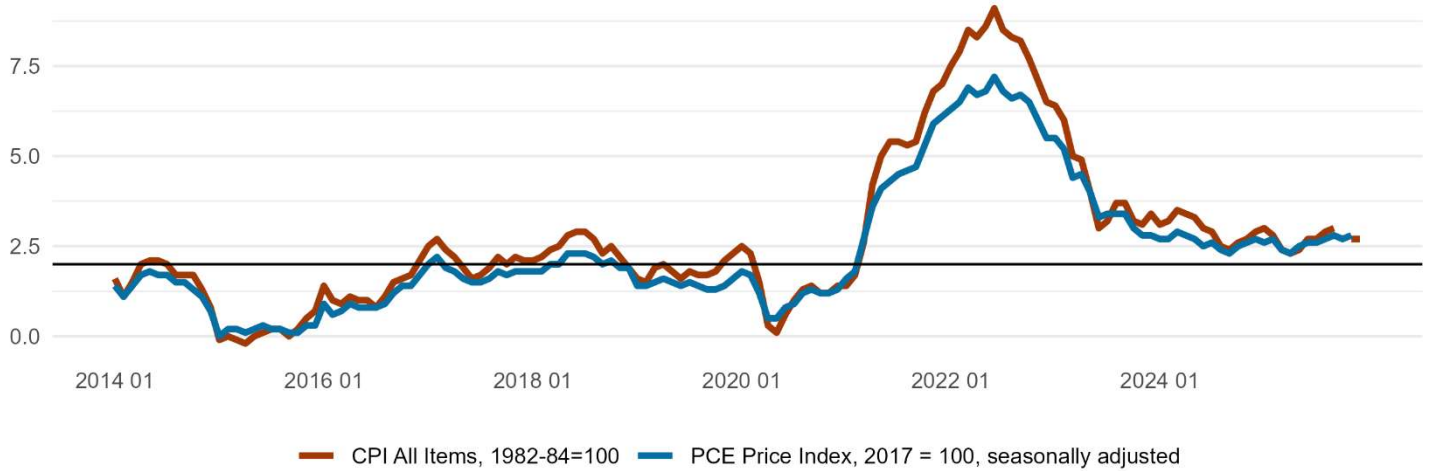
Sources: Nov 1, 2025, CEFC Report, and U.S. Bureau of Economic Analysis

Inflation measures

The CPI all-items index grew 2.7% year-over-year in December (before seasonal adjustment) and was up 2.6% for 2025 overall. In November the PCE price index grew by 2.8% year-over-year.

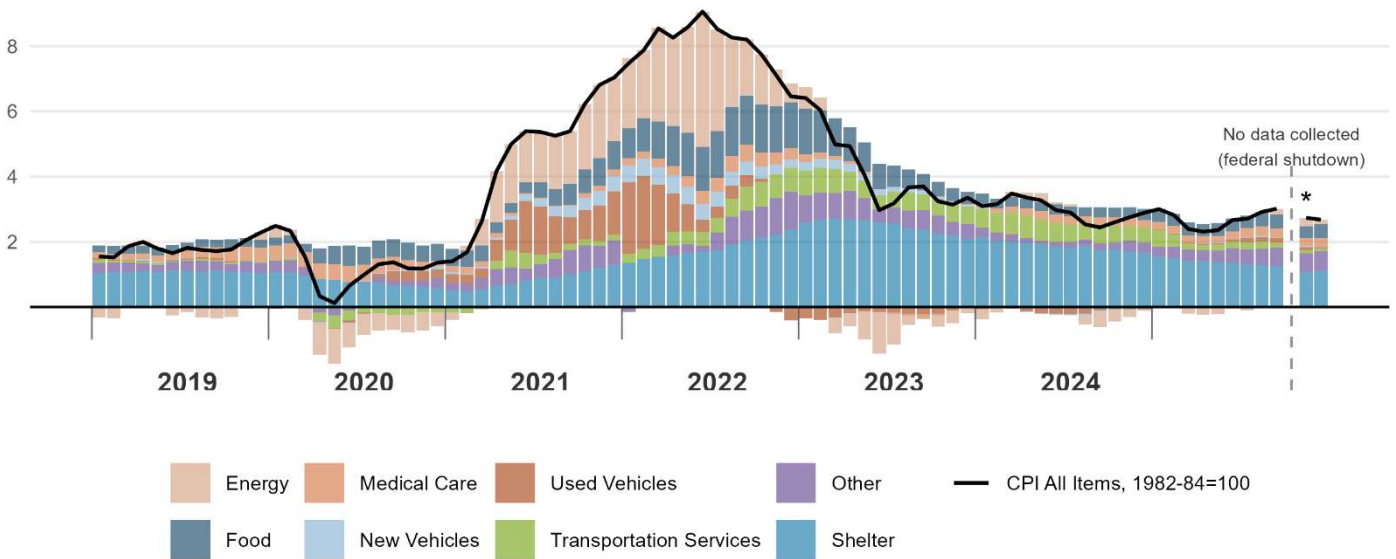
Measures of Inflation

Year-Over-Year Percent Change



Source: US Bureau of Labor Statistics and Bureau of Economic Analysis
 October 2025 CPI: no data were collected due to the federal government shutdown
 November 2025 CPI: Shutdown not resolved until Nov 12; BLS operated on truncated schedule
 Second half of November (Black Friday, holiday shopping) may have distorting effect
 October 2025 PCE: figure is based partly on estimation due to missing CPI data.

Percentage Point Contribution to Year-Over-Year Percent Change in CPI

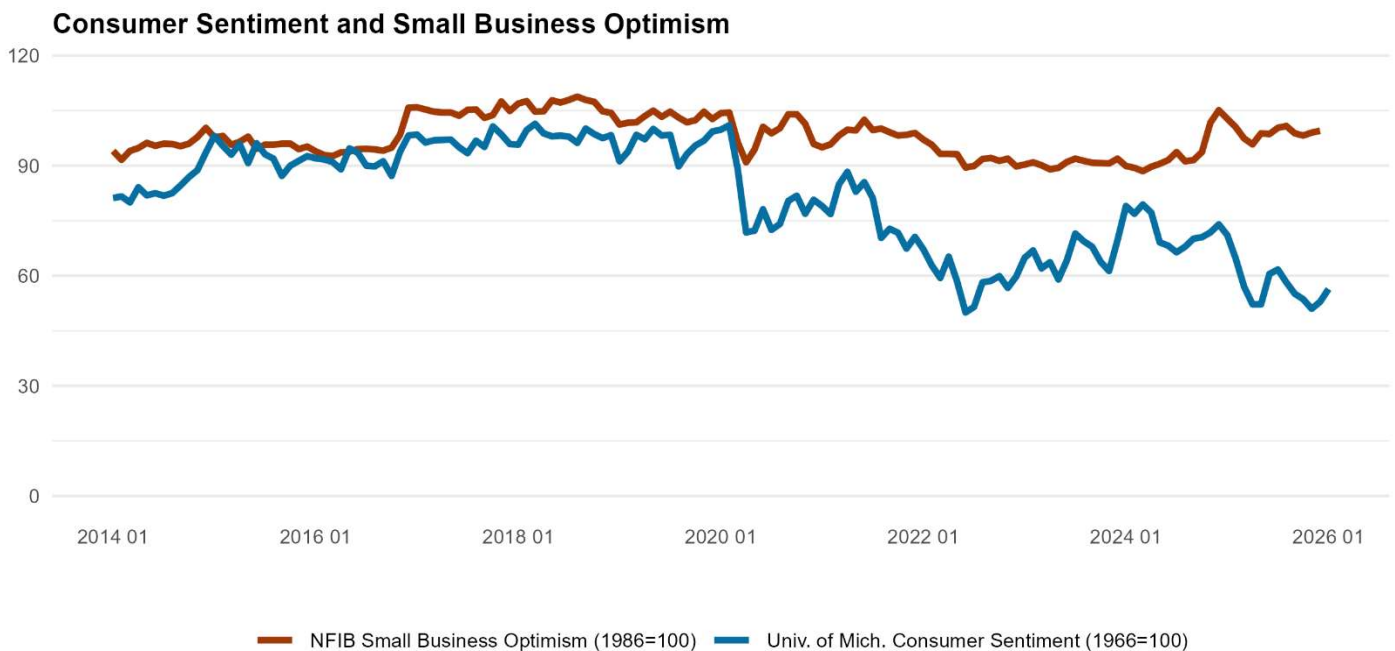


Source: US Bureau of Labor Statistics & Calculations by OSE Staff
 *November 2025: Shutdown not resolved until Nov 12; BLS operated on truncated schedule.
 Second half of November (Black Friday, holiday shopping) may have distorting effect

Consumer Sentiment and Small Business Optimism

The **Index of Consumer Sentiment** from the University of Michigan saw a small increase in January. The index was up 7% from December but is down 21% from a year ago. While the overall improvement was small, it was broad based, seen across the income distribution, educational attainment, age, and political affiliation. Consumers continue to report pressures on their purchasing power stemming from high prices and the prospect of weakening labor markets.

The **Small Business Optimism Index**, as measured by the National Federation of Independent Businesses (NFIB), improved slightly in December, up less than 1% from November. The index was down 5% from a year ago and is just above the 52-year average. An increase in those expecting better business conditions drove the rise in the index. The uncertainty index fell 7 points from November, the lowest reading since June 2024.



Sources: National Federation of Independent Businesses and University of Michigan

3. Energy Sector

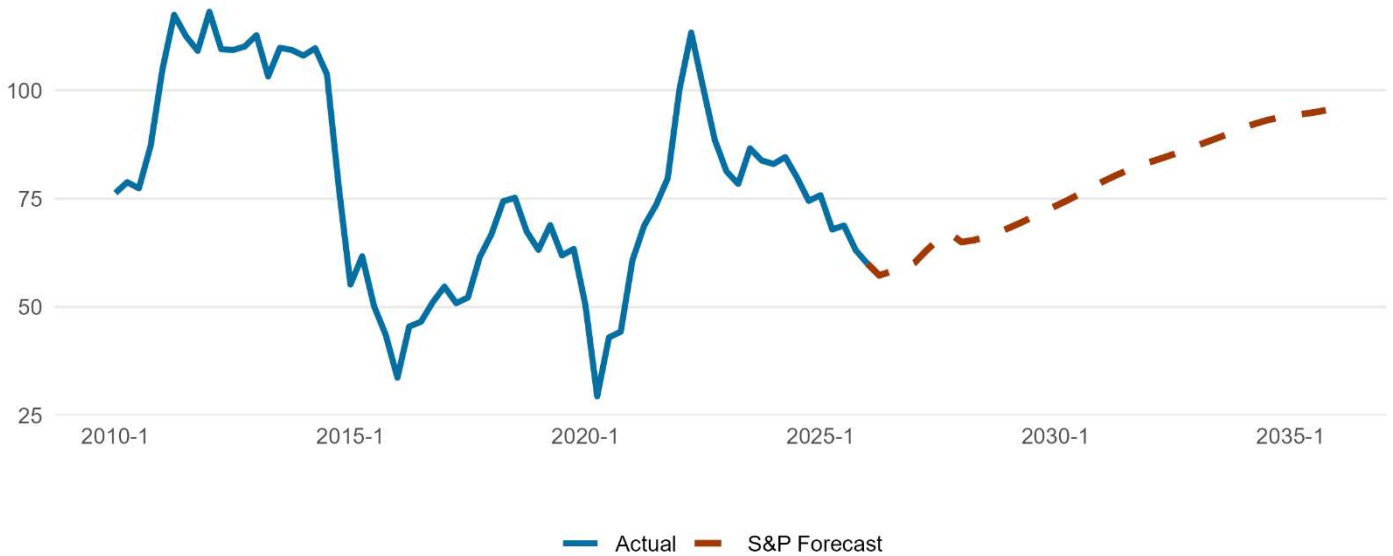
In its January 2026 Short-term Energy Outlook, the Energy Information Administration (EIA) forecasts that Brent crude oil prices will average \$56 per barrel in 2026 (down from \$69 in 2025) before falling to an average of \$54 per barrel in 2027.

Crude Oil

The price of Brent crude oil in the fourth quarter of 2025 was \$63.1, which was 8% lower than the previous quarter and 15% lower than a year prior.

Brent Petroleum Crude Oil Price

Dollars



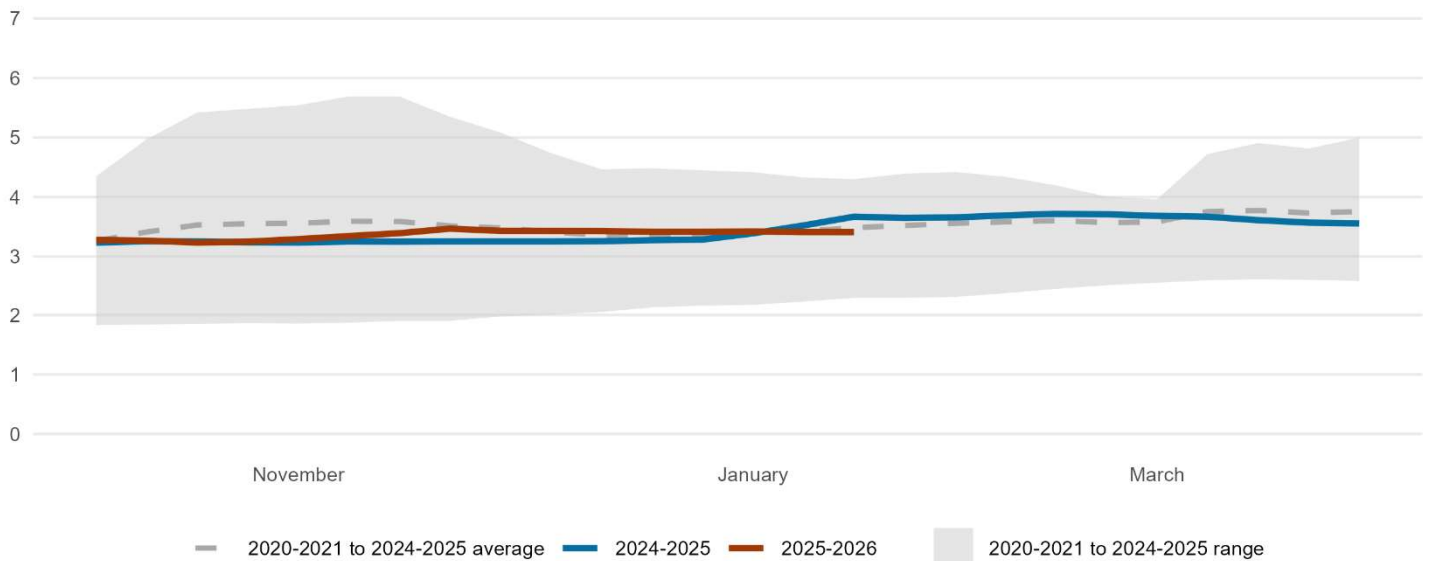
Source: S&P

Heating Oil

The statewide average cash price of No. 2 heating oil in Maine was \$3.409/gal in the sixteenth week (January 19) of the 2025-2026 heating oil season, 7% less than the same week last year.

Maine's Weekly Average Price of Residential Heating Oil

Dollars per Gallon



Source: U.S. Energy Information Agency

Gasoline

The price of a gallon of gasoline in New England was an average of \$2.94 during the week of January 19, about \$0.22 less than a year ago.

New England Gasoline Prices (All Grades and Formulations)

Dollars per Gallon



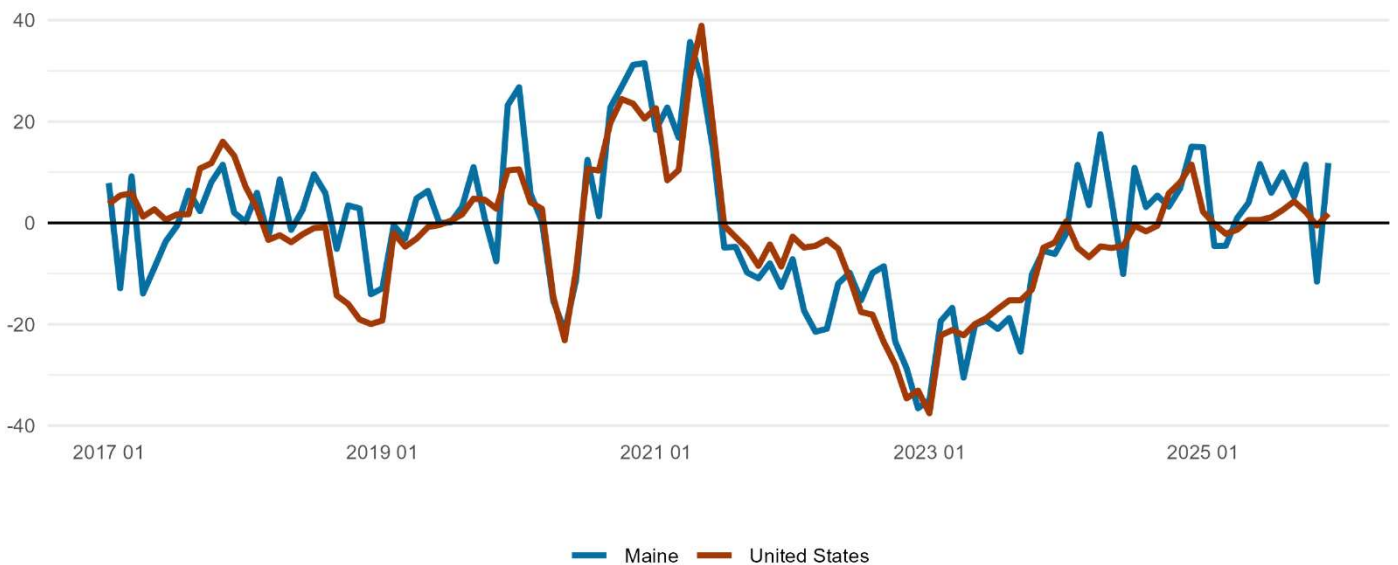
Source: U.S. Energy Information Agency

4. Housing

The number of home sales in Maine increased by 11.8% in December 2025 compared to December 2024. The median sale price in Maine was \$385,000, down 3.5% from November and down 3.8% year-over-year.

Single-Family Existing Home Sales

Annual Percent Change

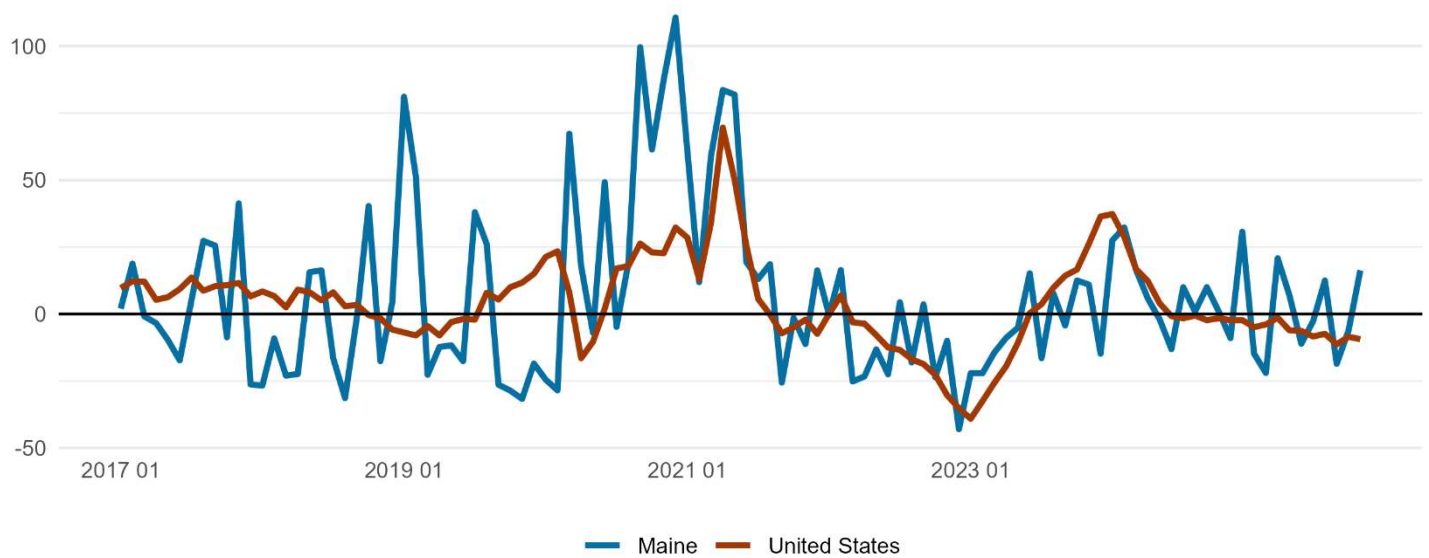


Source: National Association of REALTORS and Maine Association of REALTORS

In the U.S., single-unit housing permits were down 9.4% in October 2025 over the previous year. In Maine, permits were up 16% year-over-year in October.

New Private Single-Unit Housing Permits, Seasonally Adjusted

Annual Percent Change



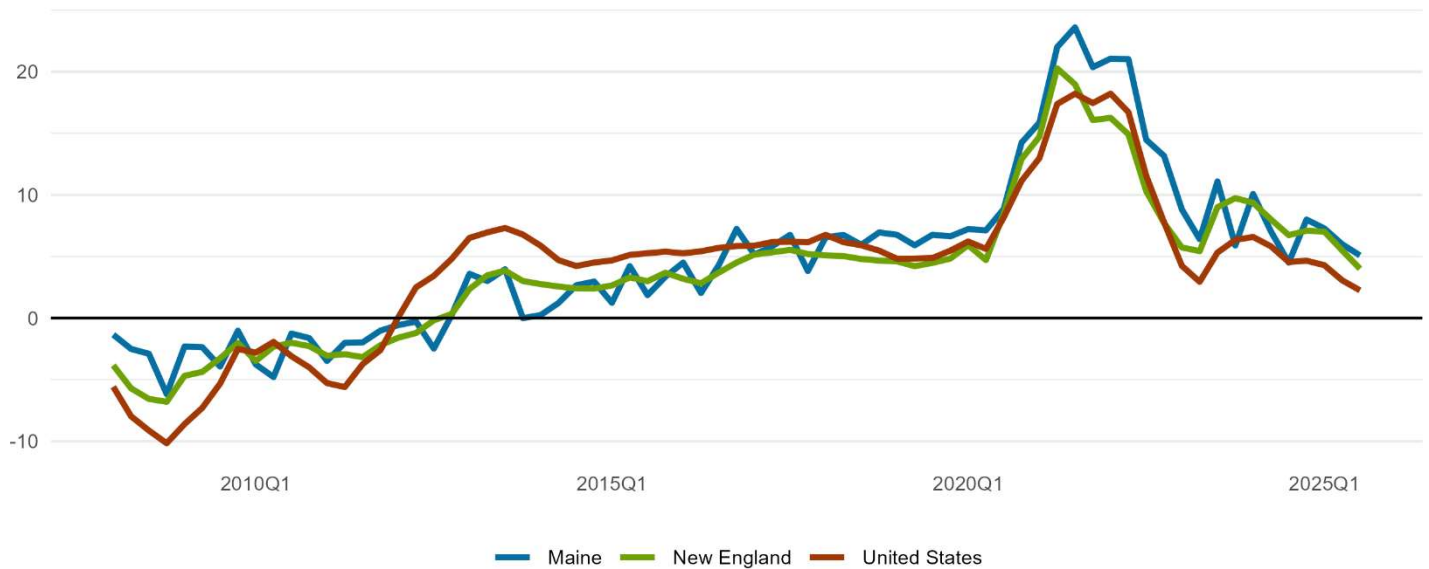
Source: FRED, Federal Reserve Bank of St. Louis

House Price Index

In the third quarter of 2025, Maine's year-over-year growth in the house price index (HPI) was 5.1% (seasonally adjusted), 8th highest in the nation for year-over-year growth and second in New England. Maine's year-over-year growth was above the U.S. (2.2%) and New England (4.0%). On a seasonally adjusted quarterly basis, Maine's HPI increased 0.5% from the second quarter of 2025 compared to growth of 0.4% in New England and 0.2% in the U.S.

FHFA House Price Index (Seasonally Adjusted)

Annual Percent Change



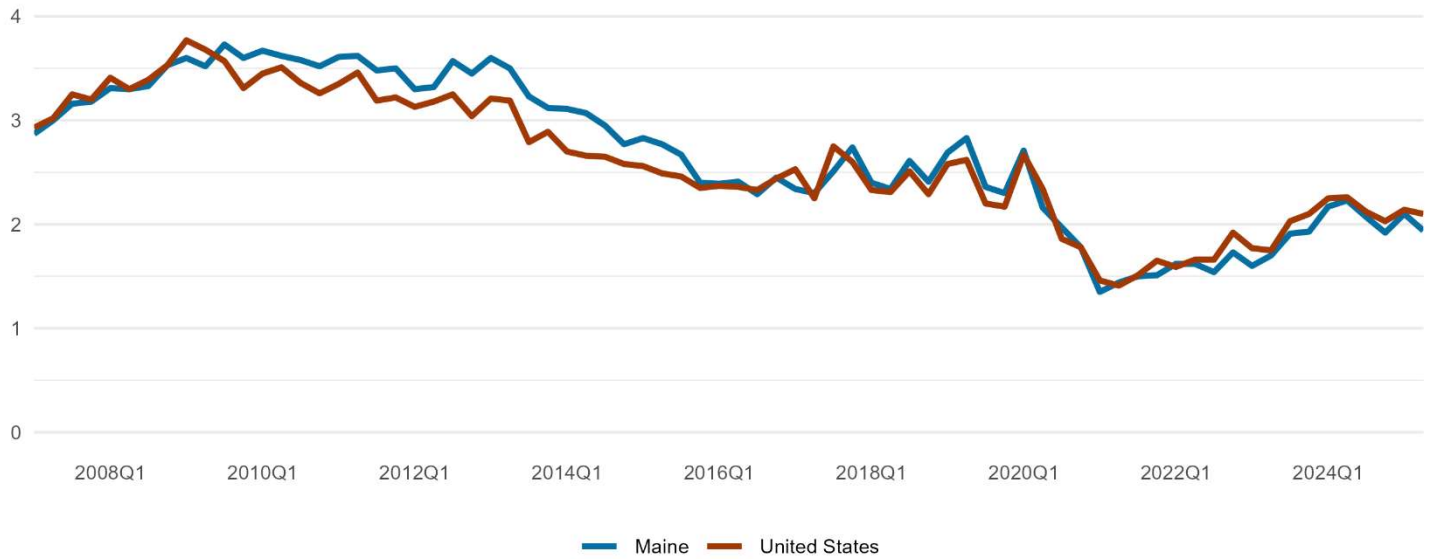
Source: Federal Housing Finance Agency

5. Borrowing

The share of mortgages in Maine that are delinquent 30 days or more was 1.94% in the second quarter of 2025, slightly lower than the U.S. rate of 2.1%. Maine's foreclosure rate was 0.17%, the same as the national rate in the second quarter of 2025. The average debt-to-income ratio in Maine was 22.03 in the last quarter of 2024.

Mortgage Delinquencies

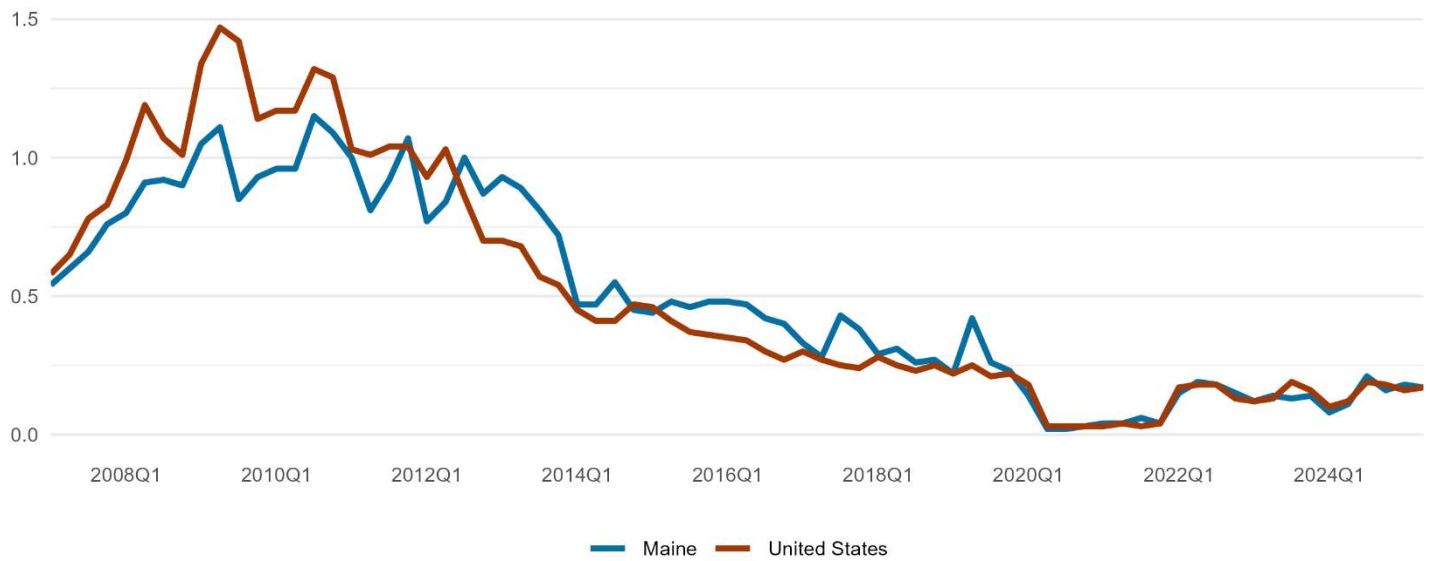
Percent of Loans Past Due at Least 30 Days, Seasonally Adjusted



Source: Mortgage Bankers Association via Moody's Analytics

Foreclosure Starts as a Percent of All Loans

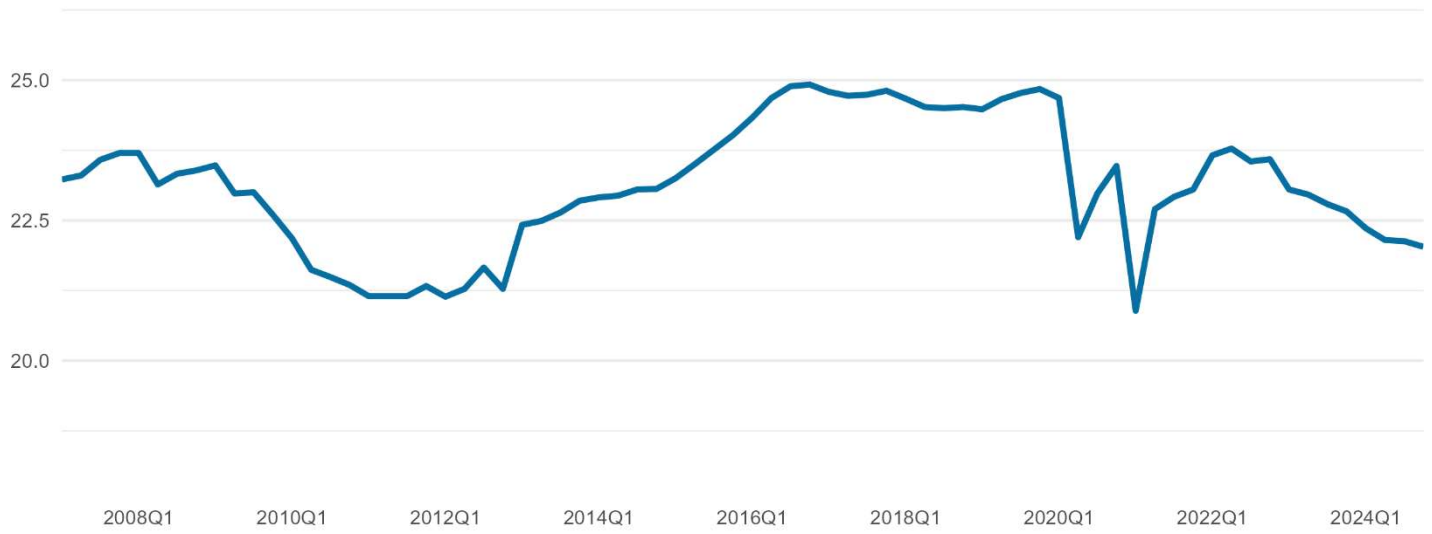
Percent, Seasonally Adjusted



Source: Mortgage Bankers Association via Moody's Analytics

Maine's Debt-to-Income Ratio

Percent



Source: Federal Reserve Board of Governors & US Bureau of Economic Analysis, via Moody's Analytics