

# Trends and Outlooks for the Maine Economy

MAINE ASSOCIATION OF MORTGAGE PROFESSIONALS

JUNE 8, 2022

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AMANDA RECTOR

MAINE STATE ECONOMIST

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



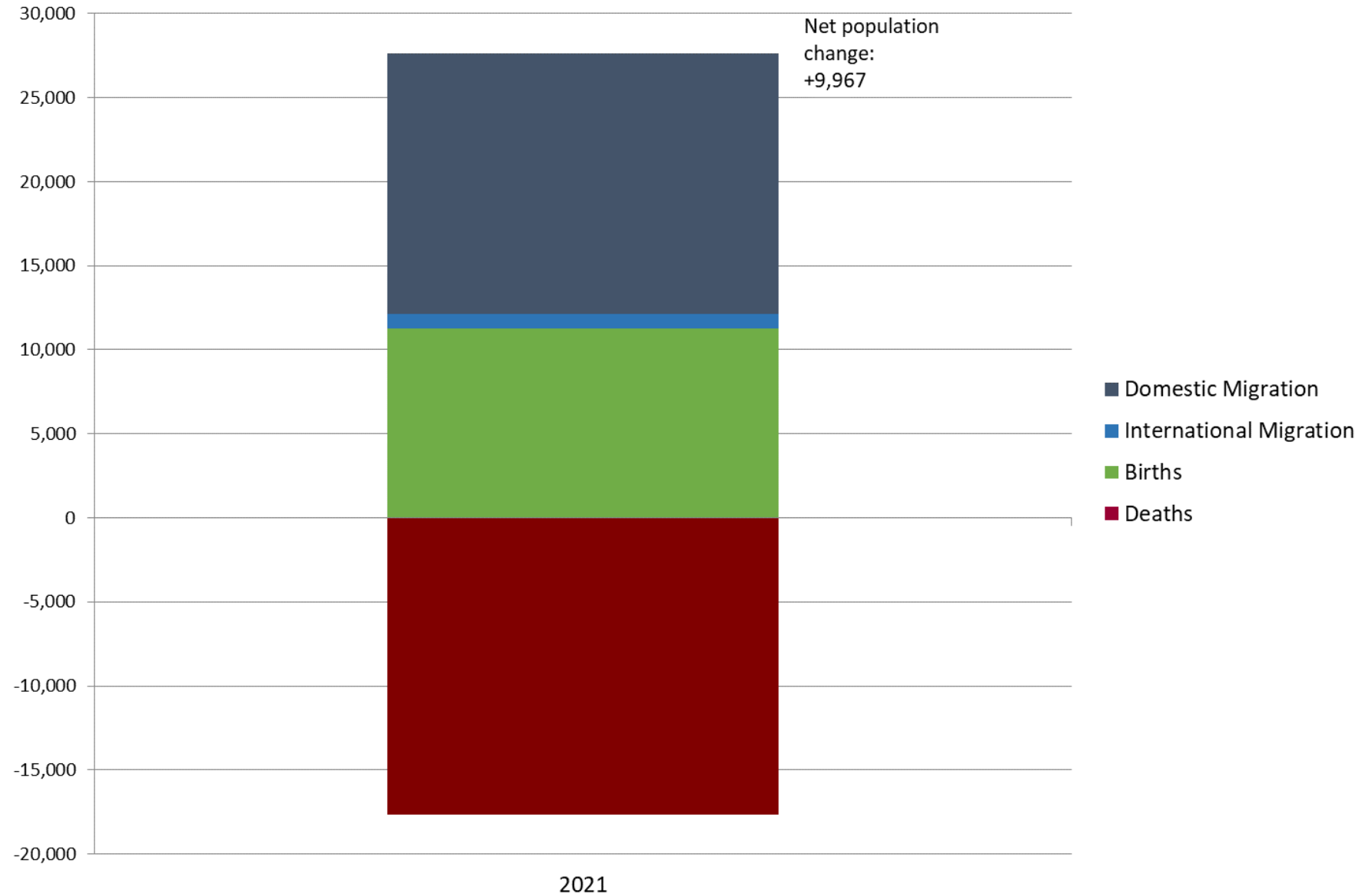
# Components of Population Change, Maine

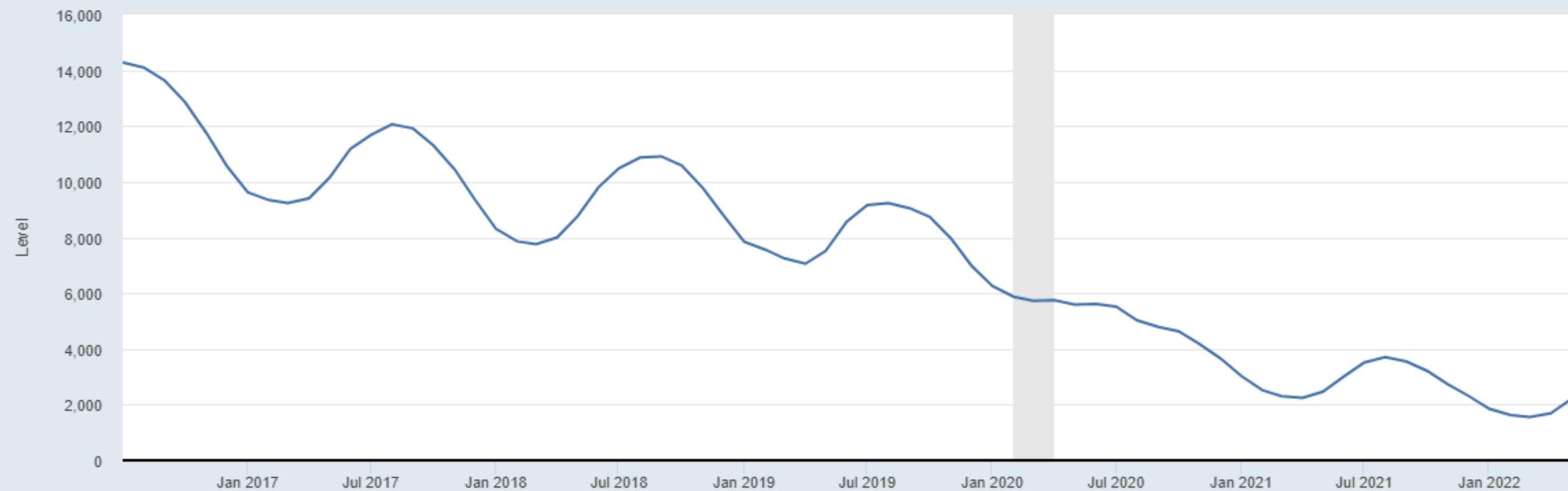
2020 Decennial Population =  
1,362,359 (42<sup>nd</sup> in U.S.)

Population increase of 2.6%  
from 2010-2020 (42<sup>nd</sup> in U.S.)

Population increase of 0.7%  
from 2020-2021 (14<sup>th</sup> in U.S.)

Net migration = 12.0 per  
thousand (7<sup>th</sup> in U.S.)



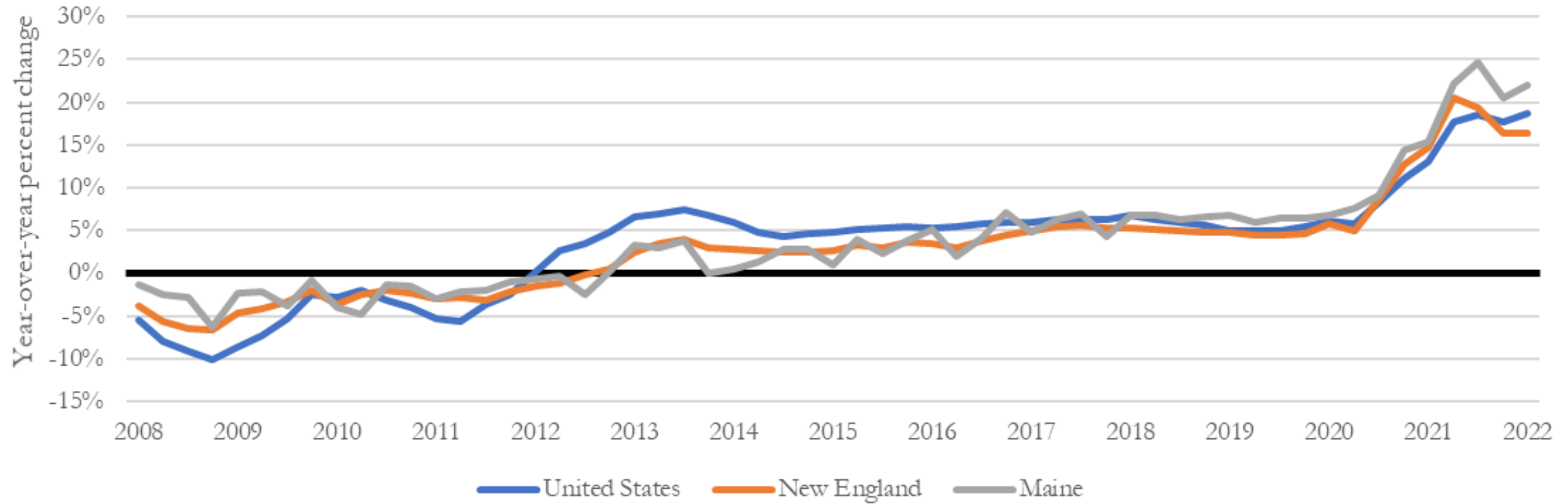


Shaded areas indicate U.S. recessions.

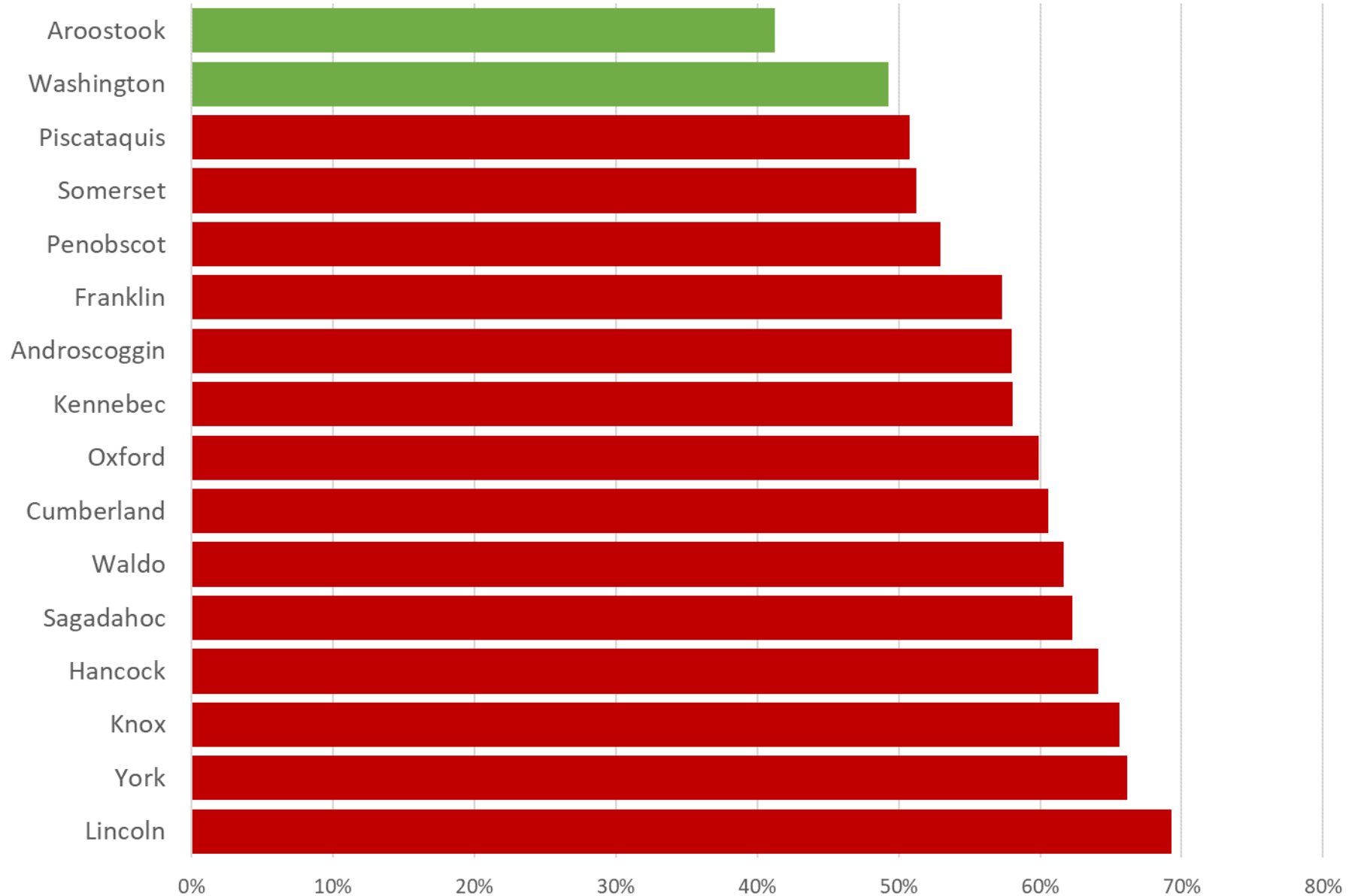
Source: Realtor.com

fred.stlouisfed.org

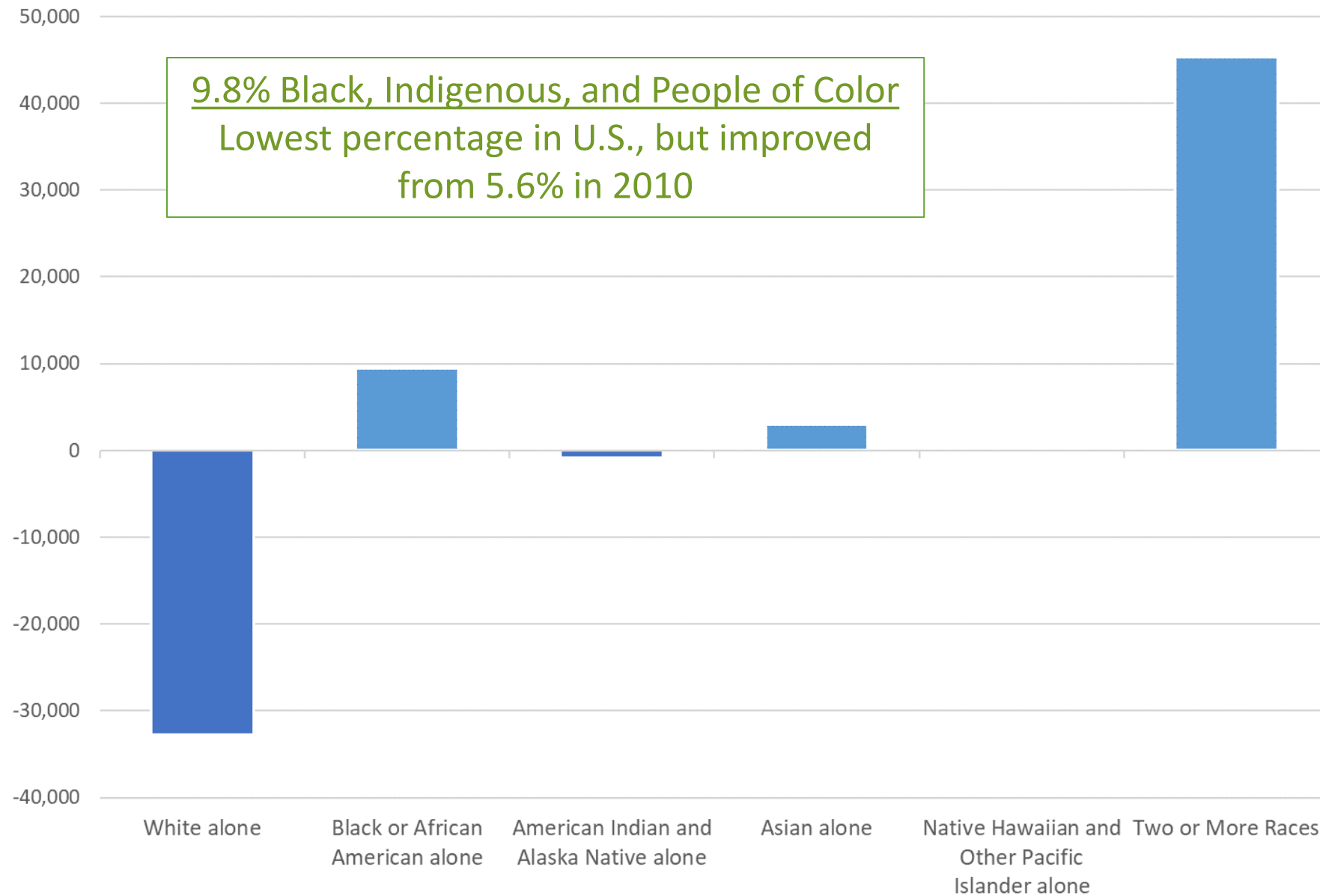
## Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



## Percent of Households Unable to Afford Median Home, 2021



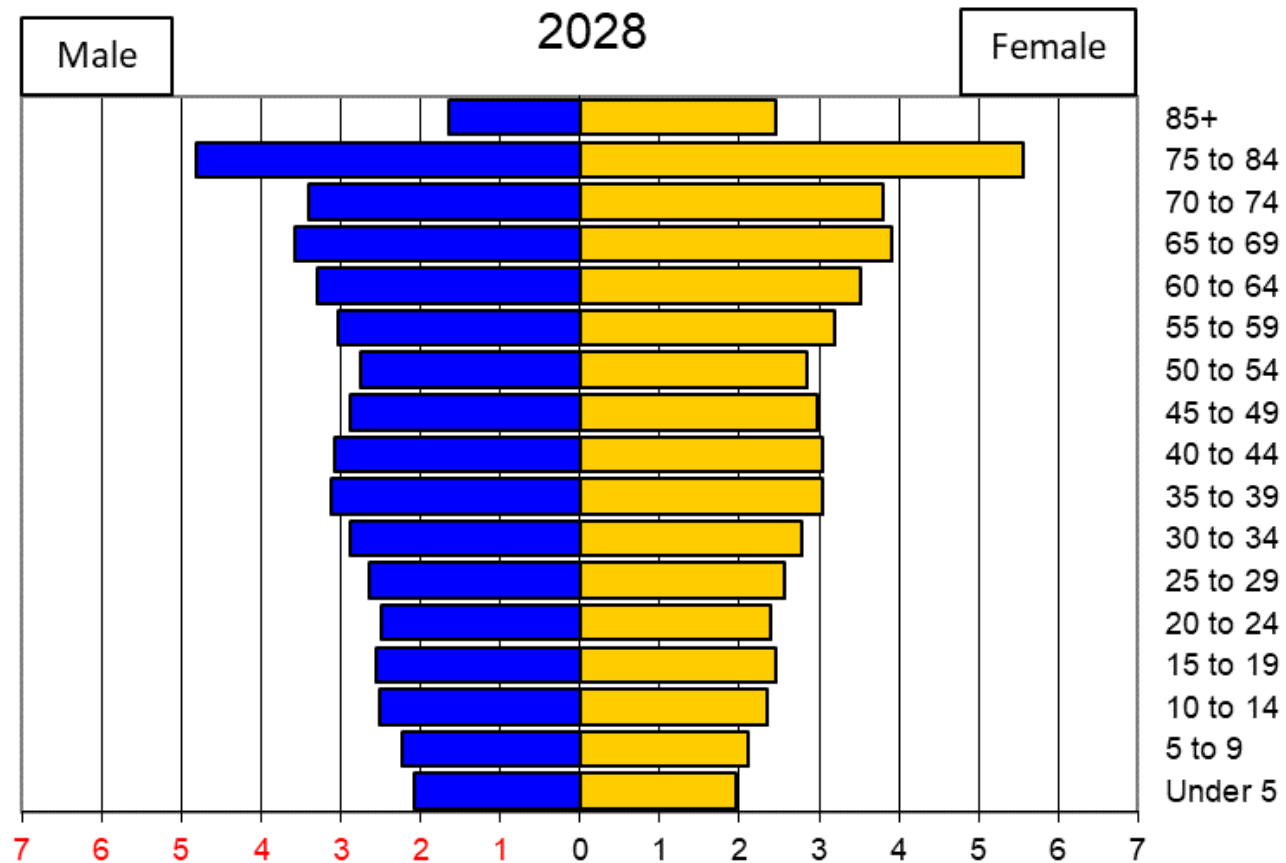
Change in Maine Population by Race, 2010-2020



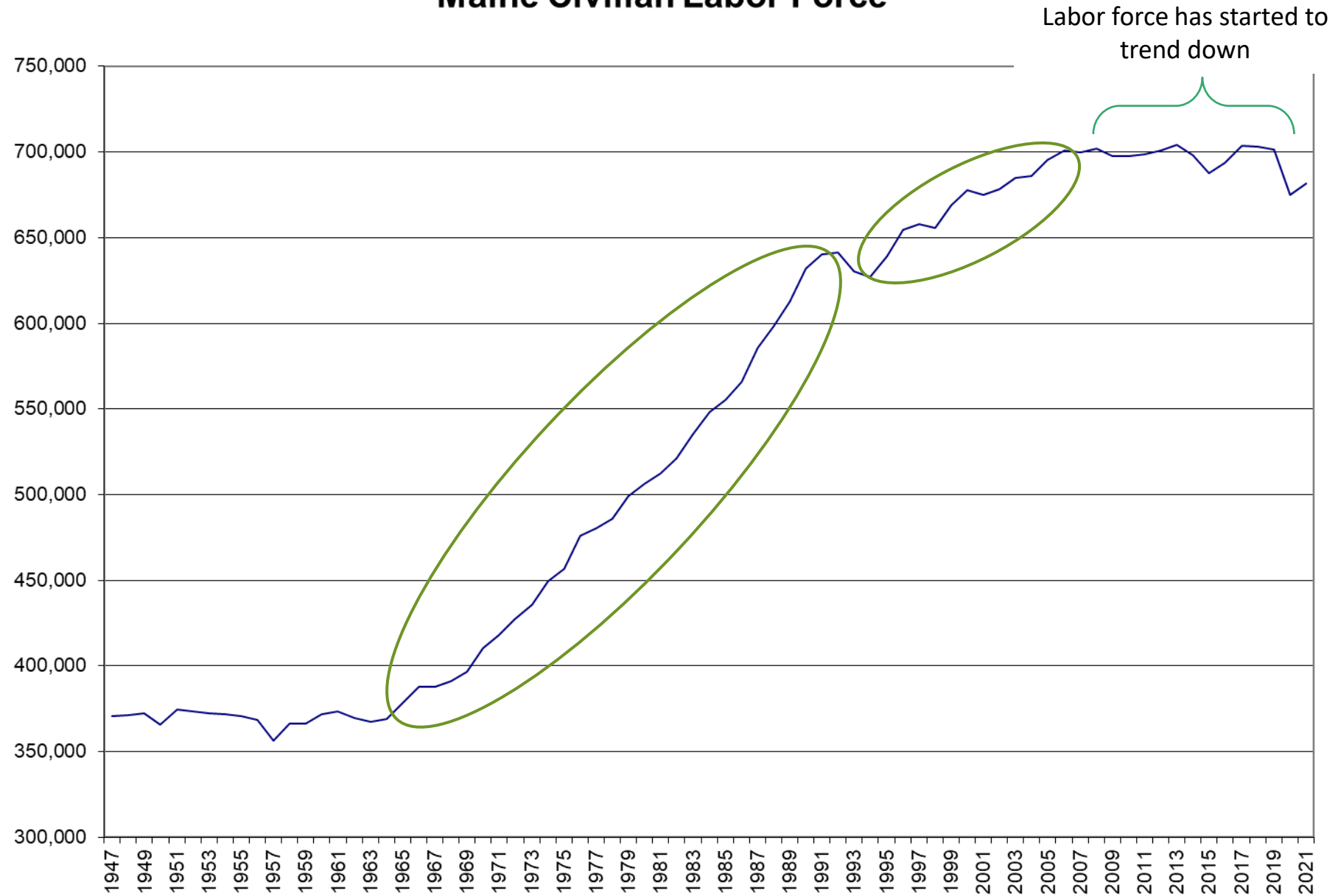
# Maine has the oldest population...

...by median age (45.0 years)

...and by % of population age 65+ (21.3%)

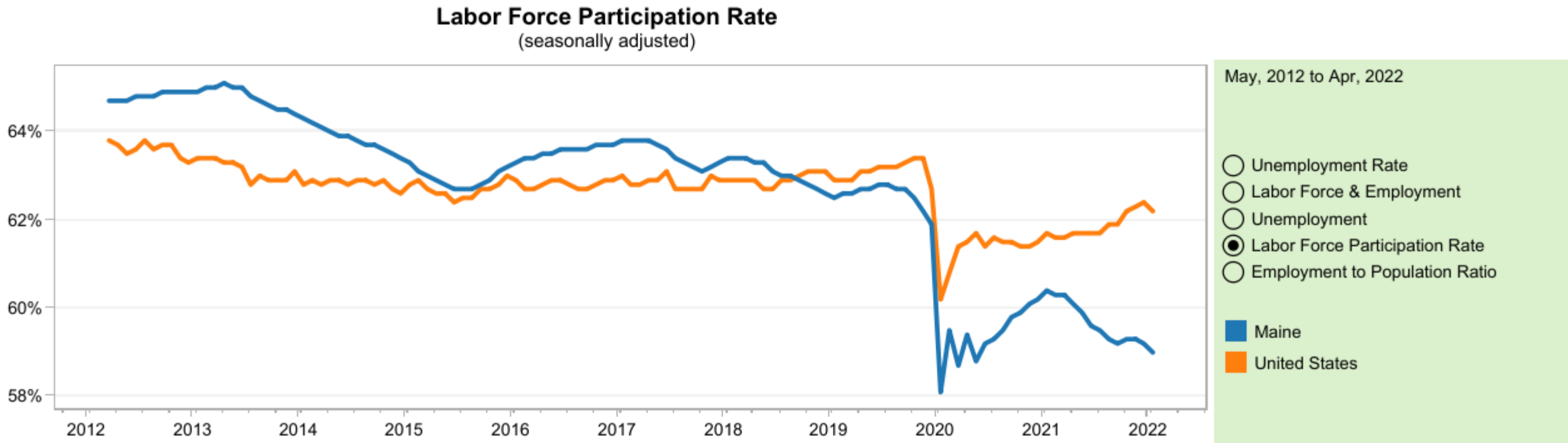


# Maine Civilian Labor Force

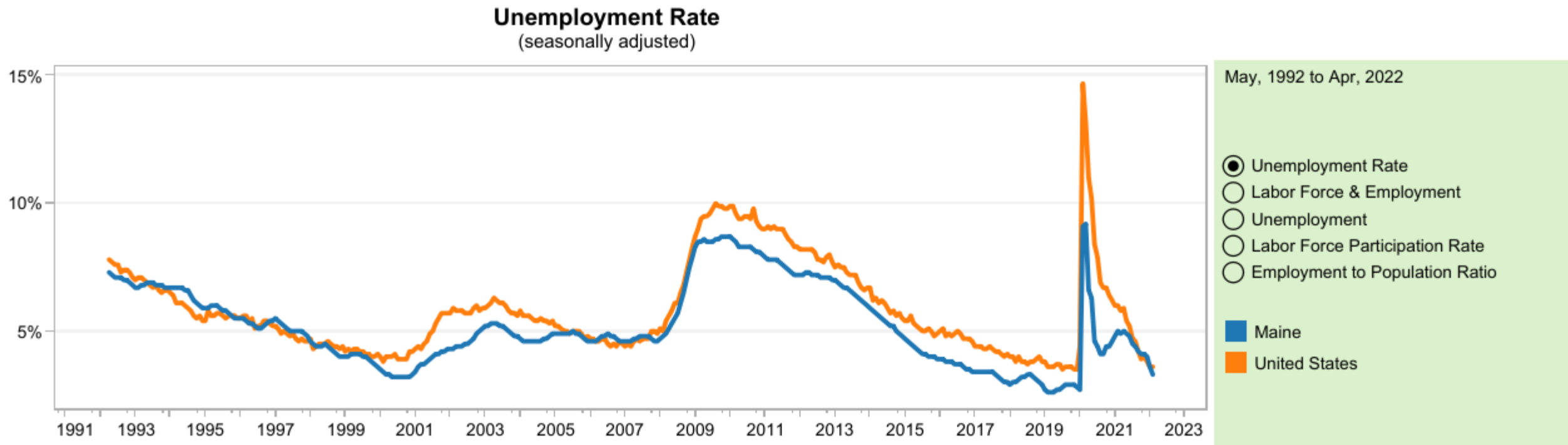




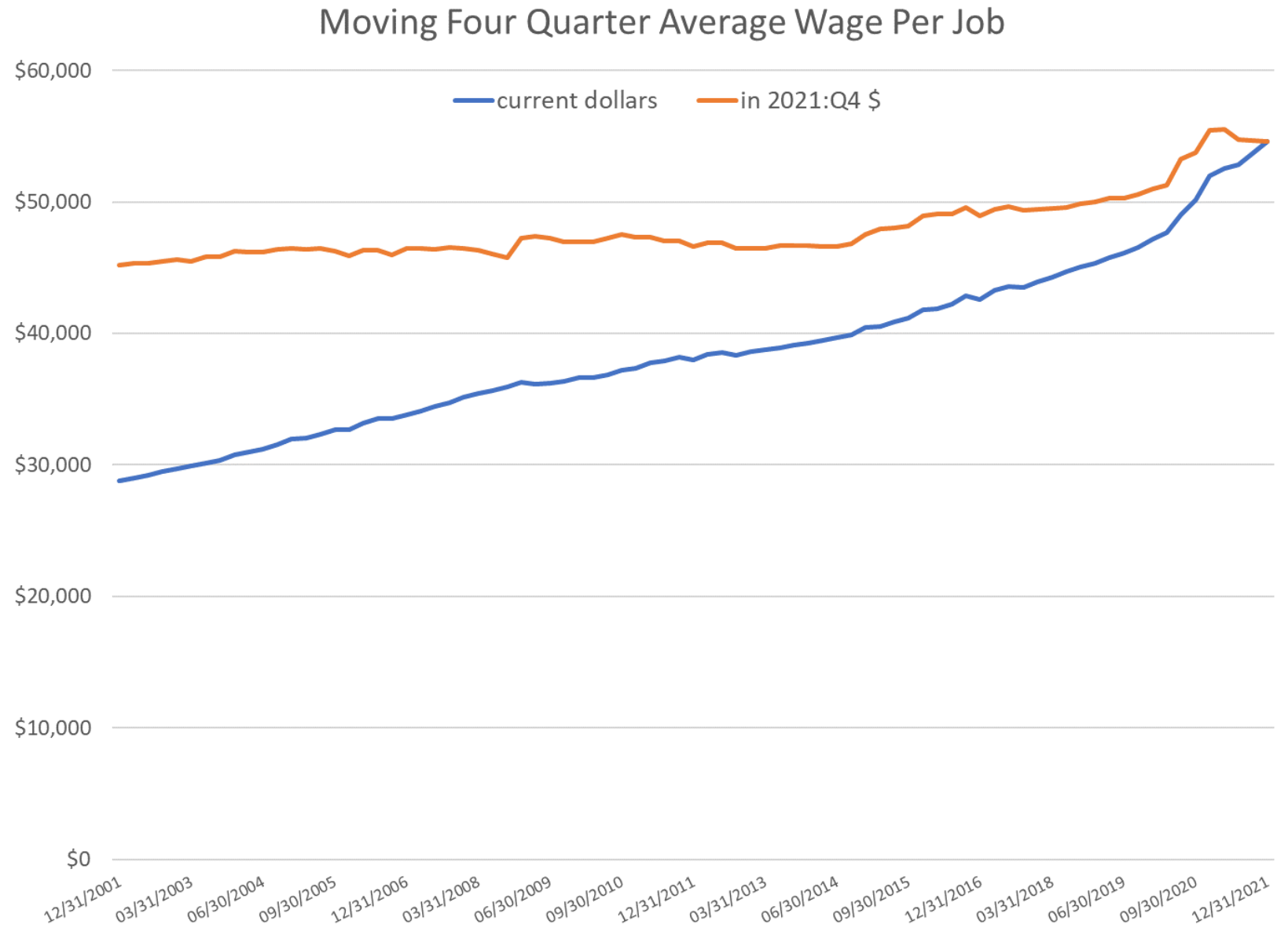
The Maine Department of Labor estimates that around two-thirds of the people who have left the labor force during the pandemic could be retirees



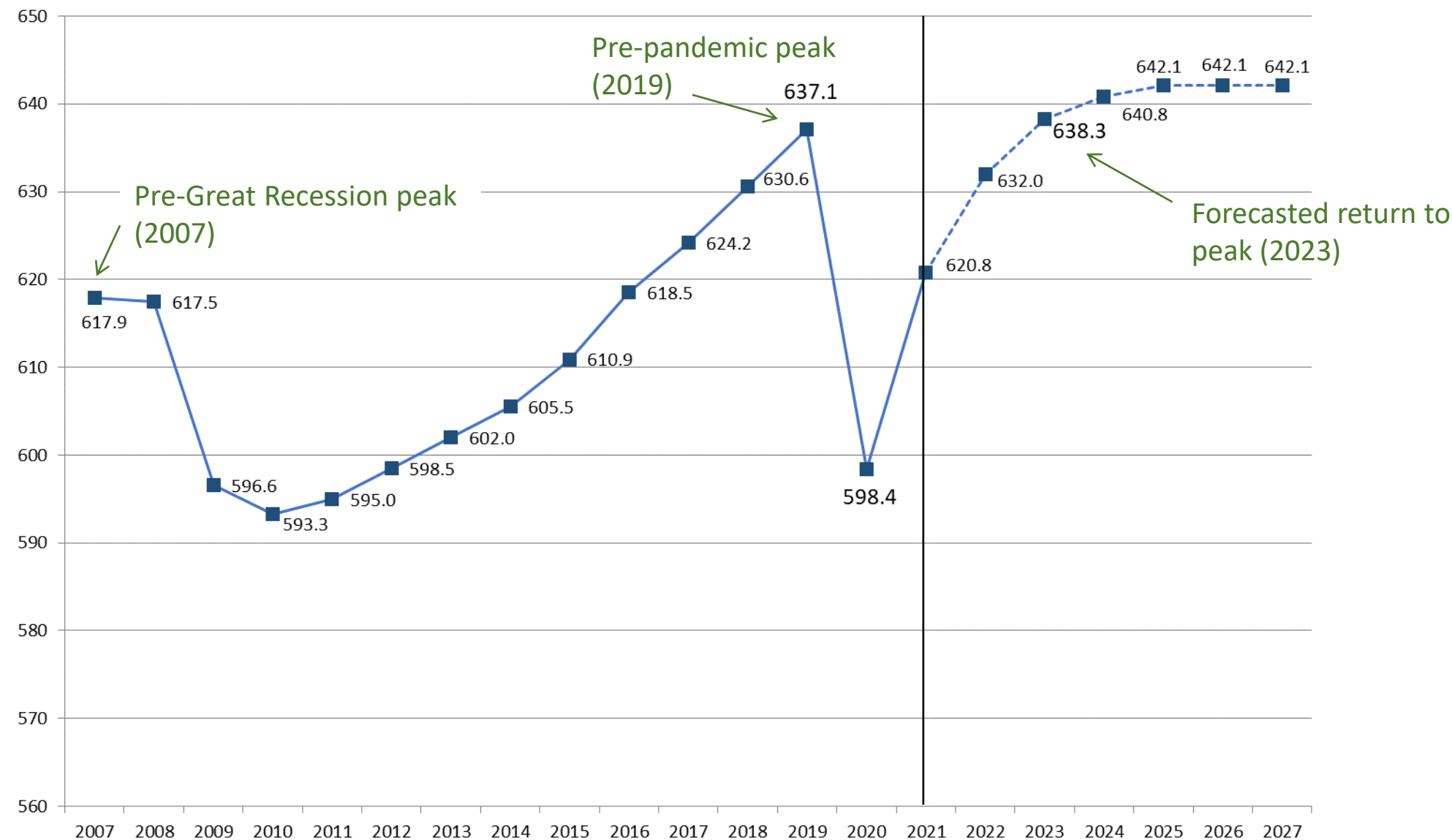
Maine's unemployment rate in April 2022, while somewhat higher than pre-pandemic, is two percentage points lower than the average of the past 70 years



Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era, but inflation is making those gains less meaningful

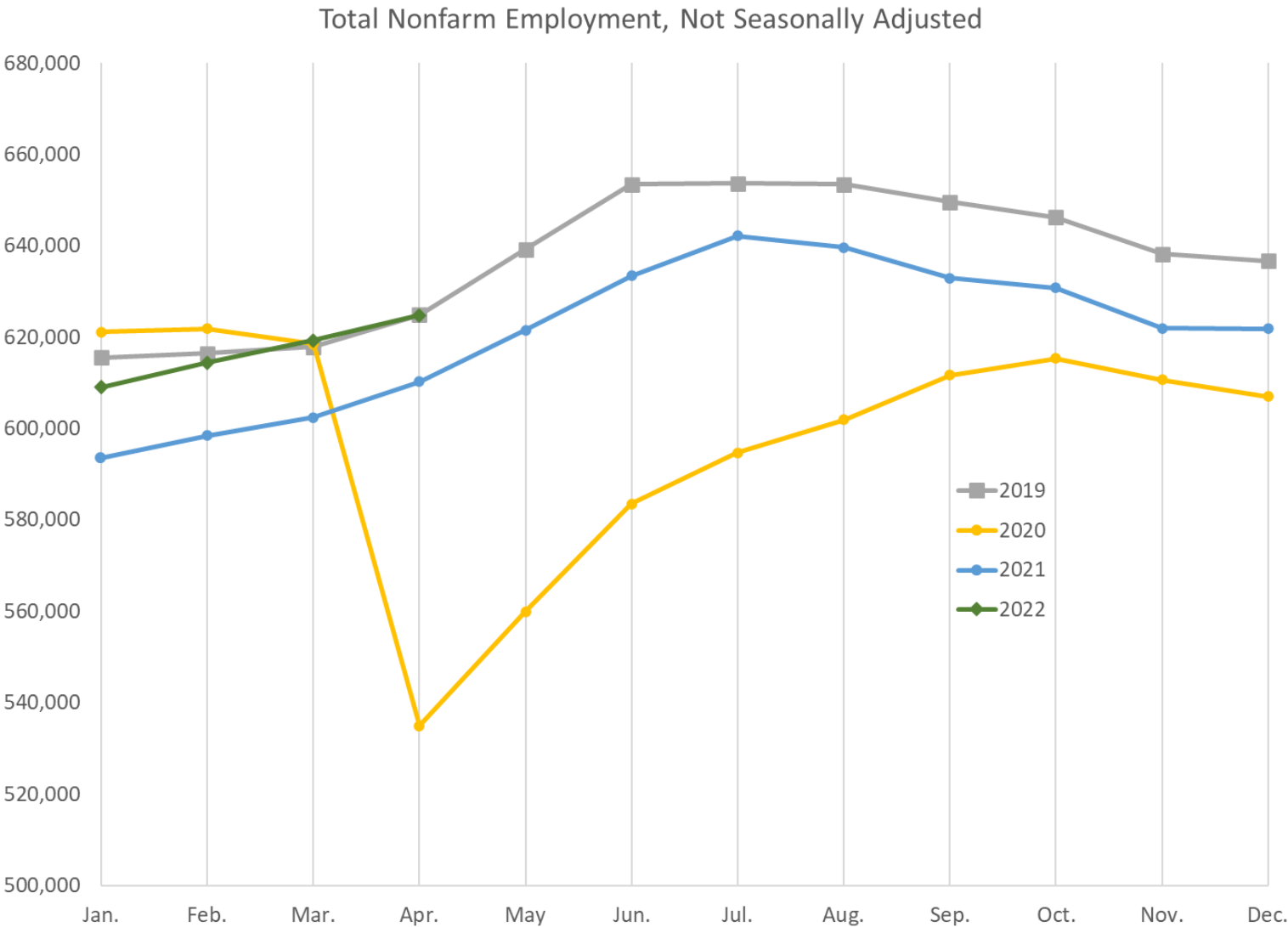


Total Nonfarm Employment (in thousands)  
History and CEFC forecast

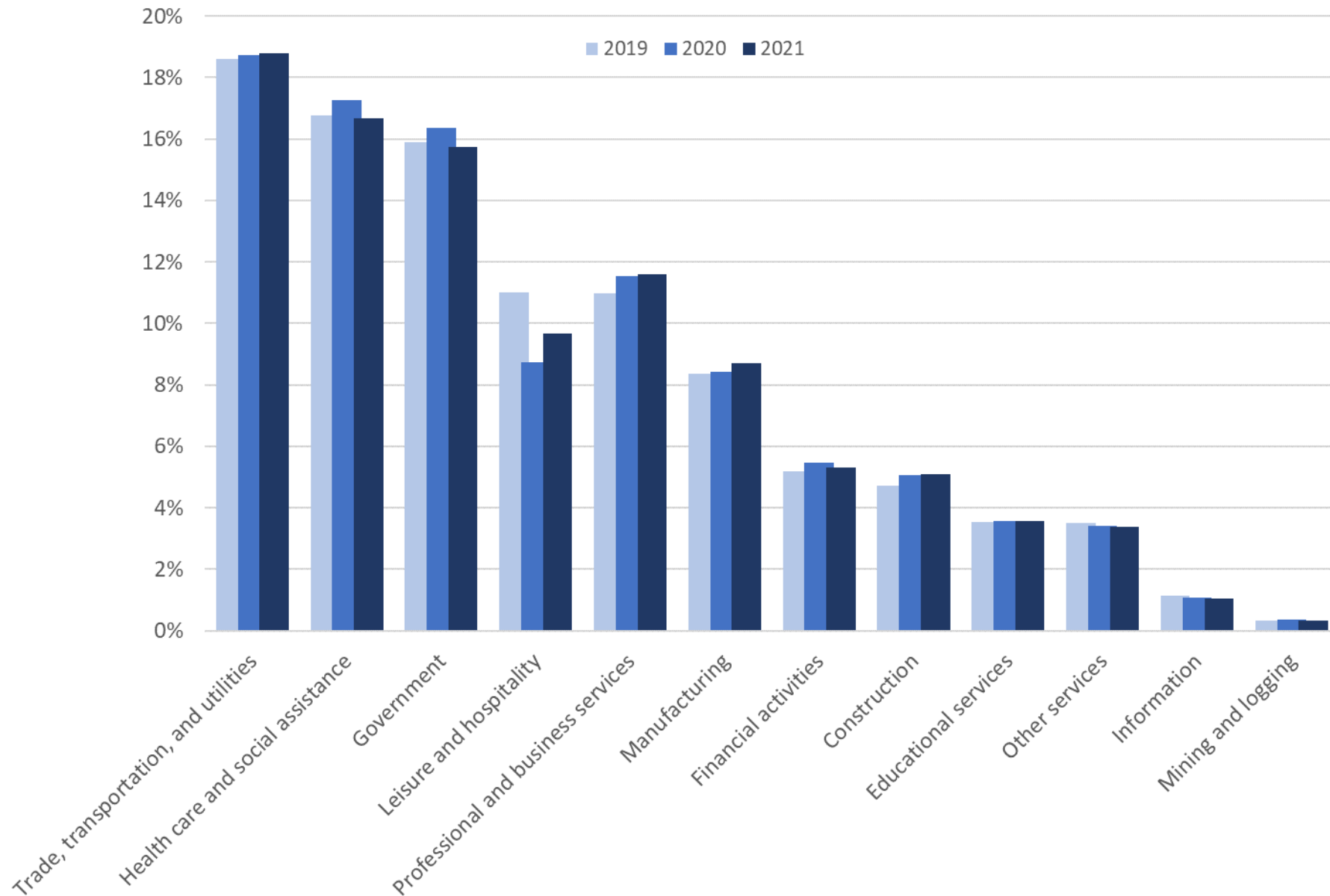


Nearly all sectors are at or above pre-pandemic employment, the exceptions being:

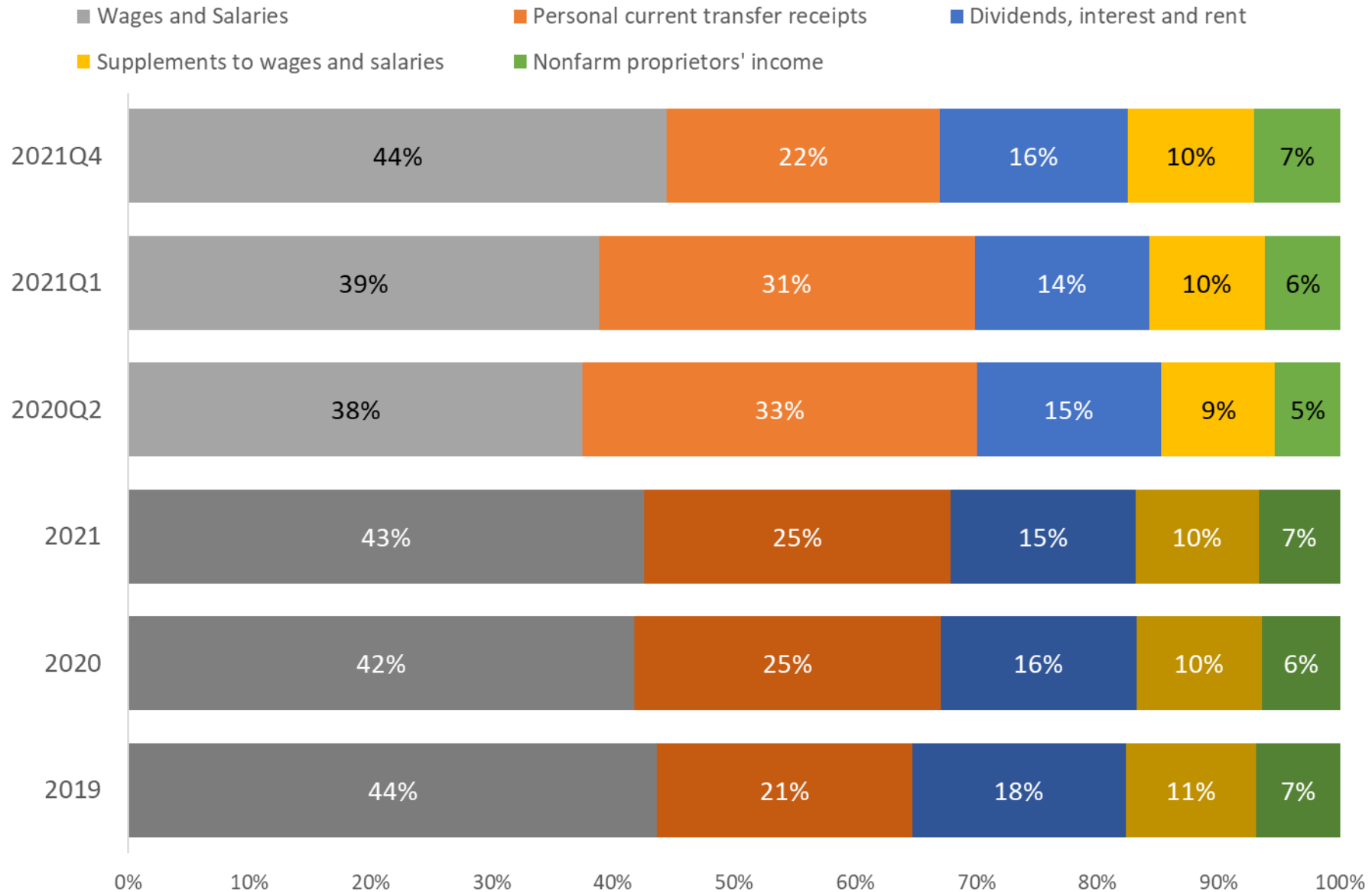
- healthcare and social assistance (mostly long-term care and social assistance)
- state and local government (mostly public education)



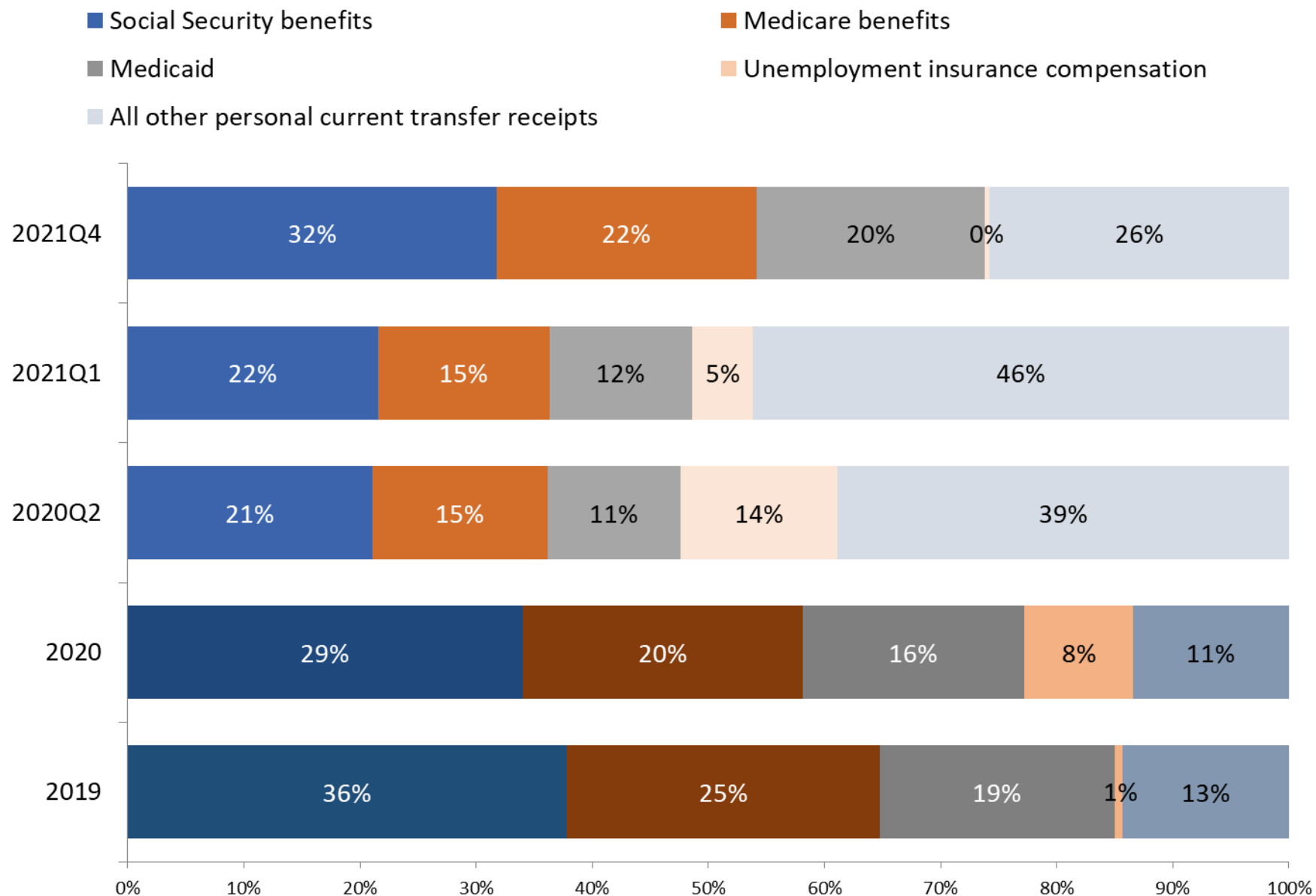
## Share of Maine Nonfarm Employment by Industry



# Major Components of Personal Income, Maine

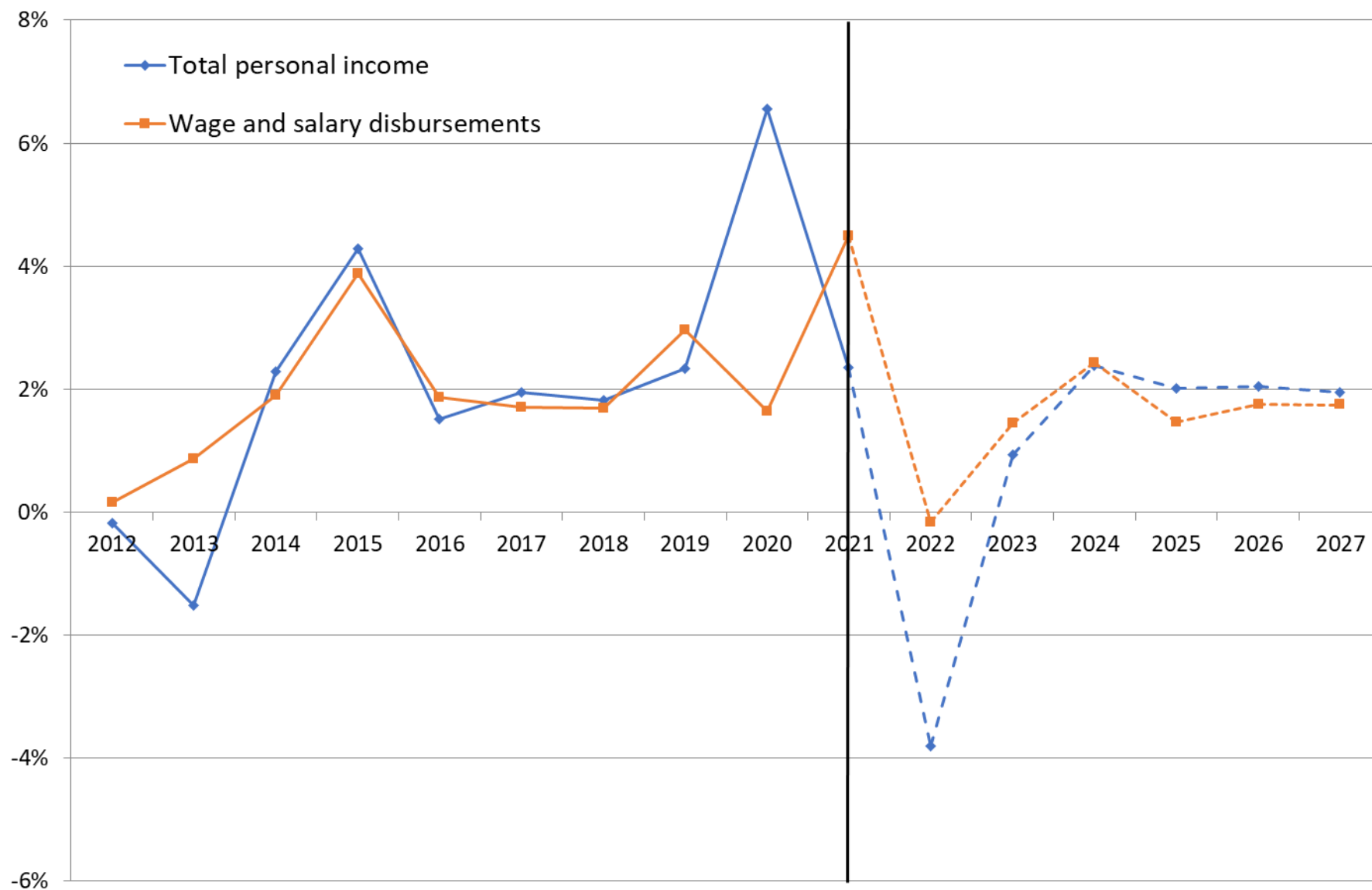


## Components of Personal Current Transfer Receipts, Maine

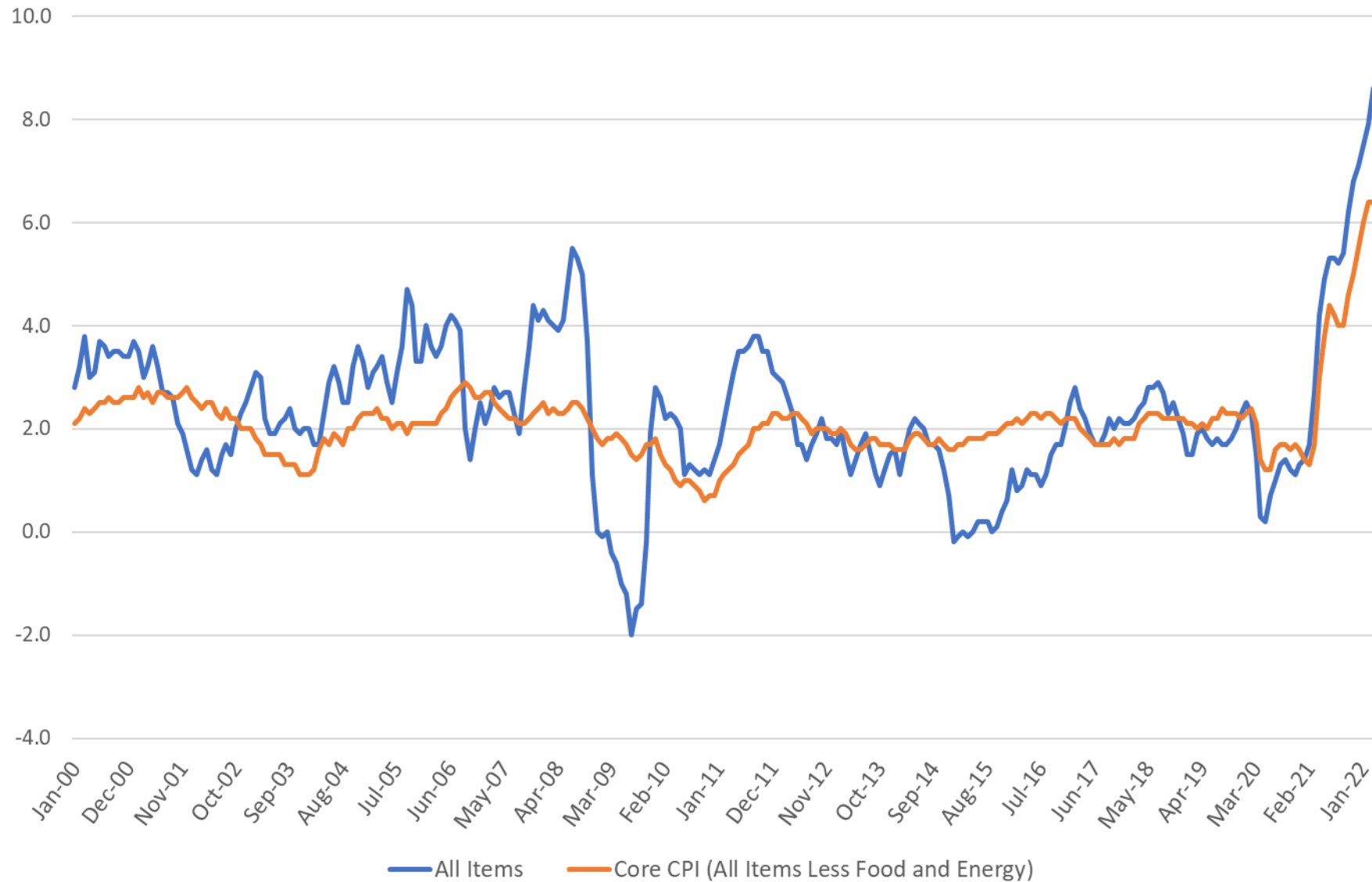




## Percent Change in Real Personal Income, Maine 2012-2021 and forecast to 2027



## Year-over-year percent change in Consumer Price Index (1982-84=100, seasonally adjusted)

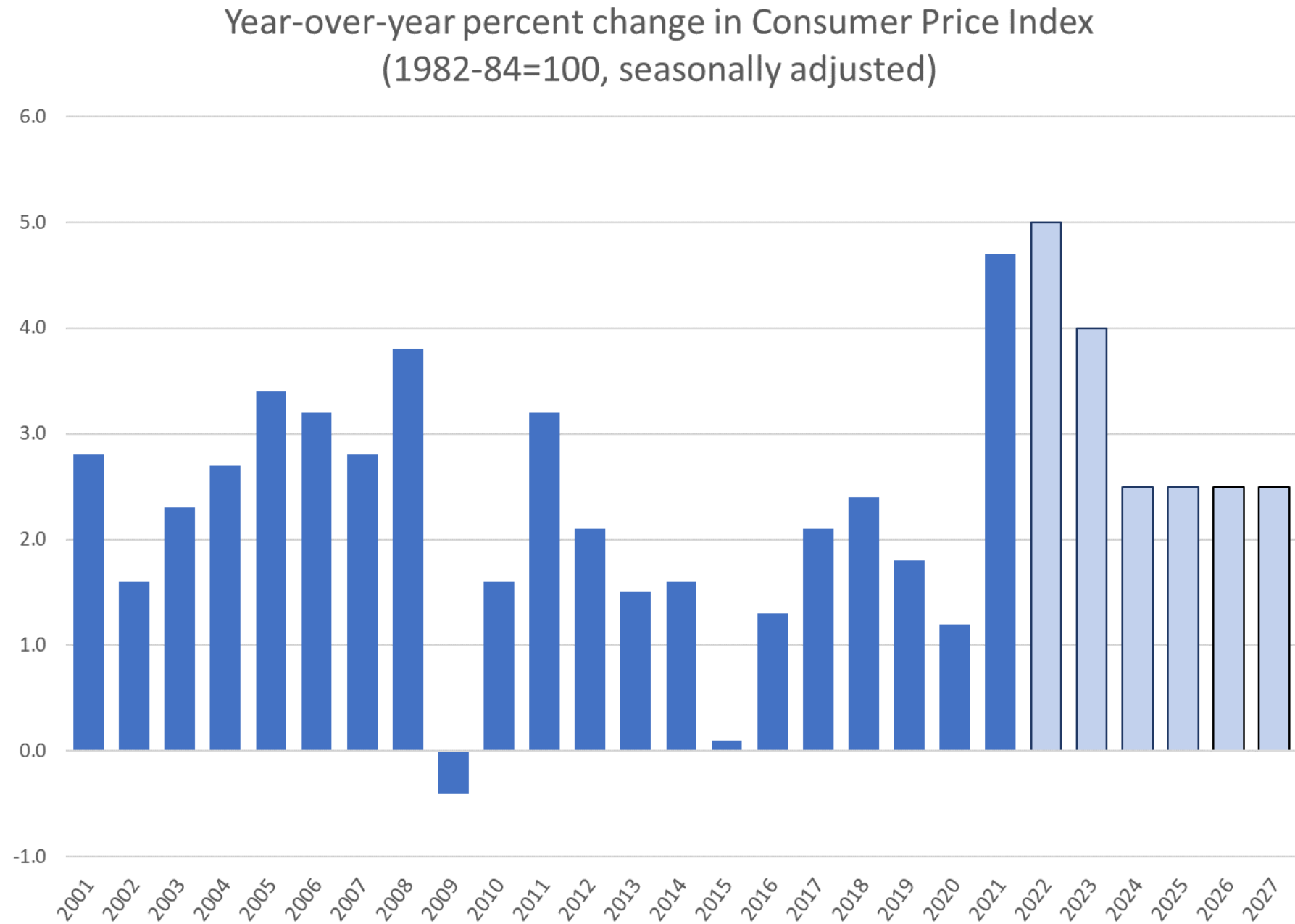


March 2022 inflation expectation from national Survey of Consumers (University of Michigan)

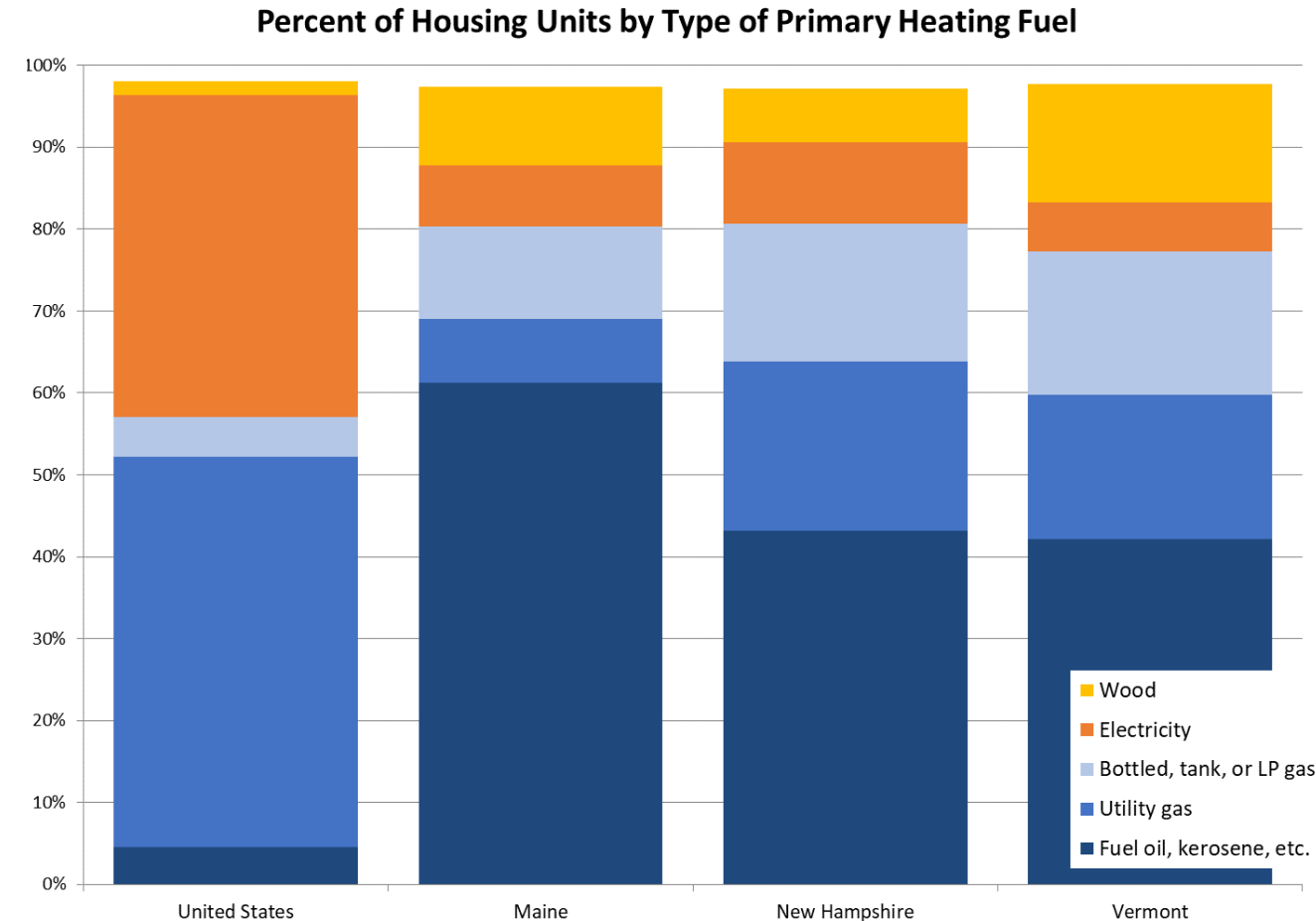
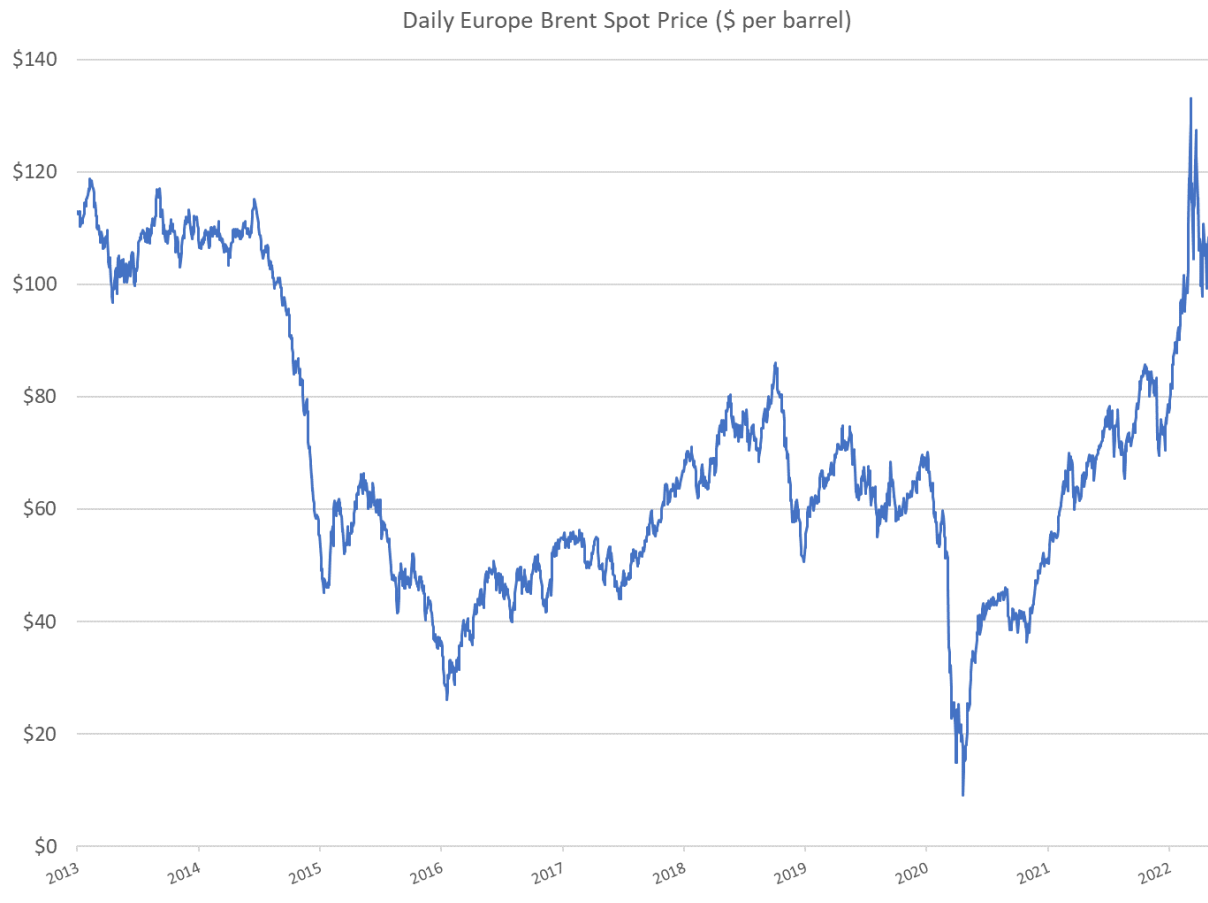
Next year: 5.4%  
(up from 3.1% one year ago)

Next 5 years: 3.0%  
(up from 2.8% one year ago)

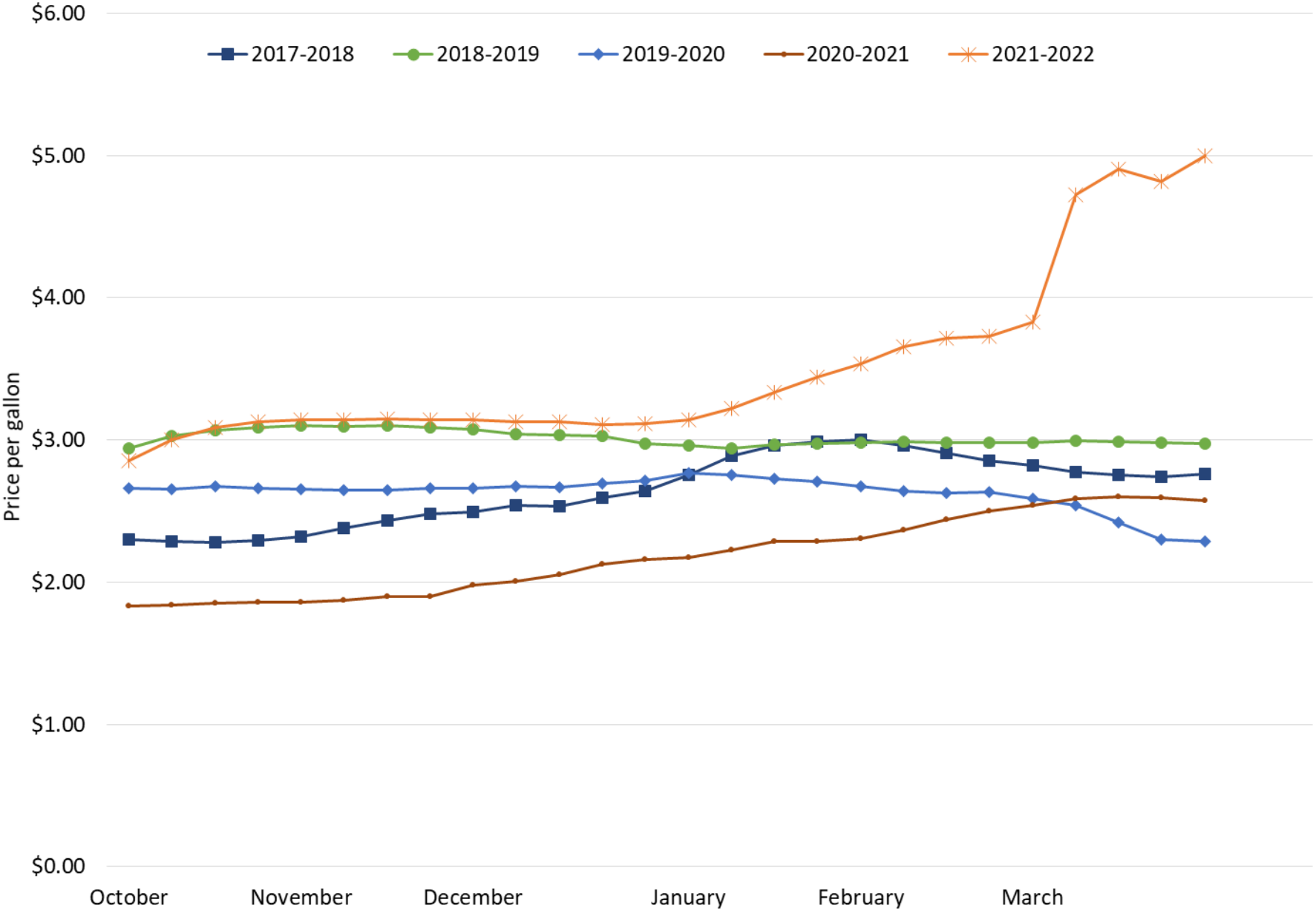
Sources: U.S. Bureau of Labor Statistics; CEFC report, February 1, 2022; University of Michigan Survey of Consumers



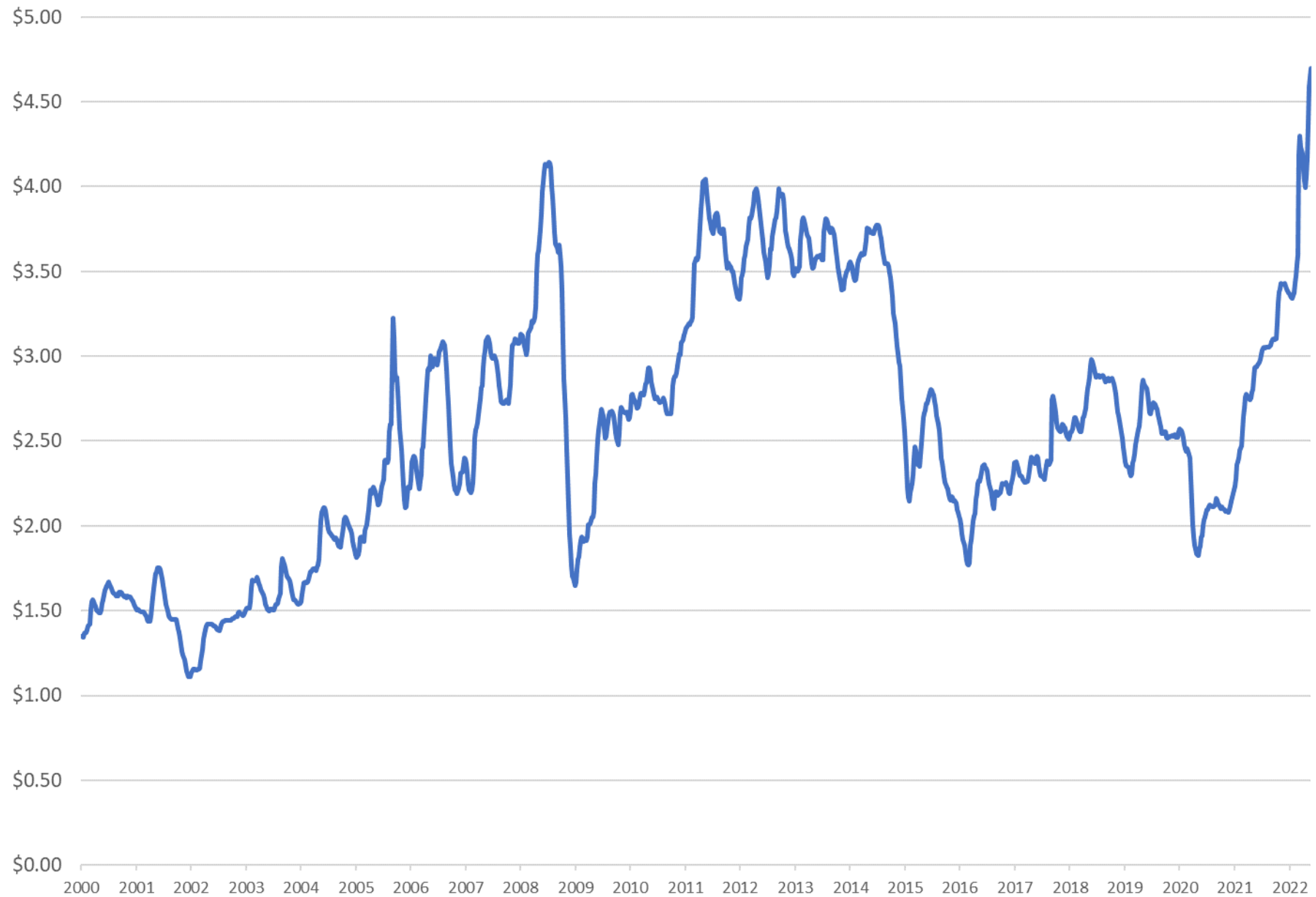
# Maine's heavy reliance on fossil fuels exposes us to price spikes and volatility



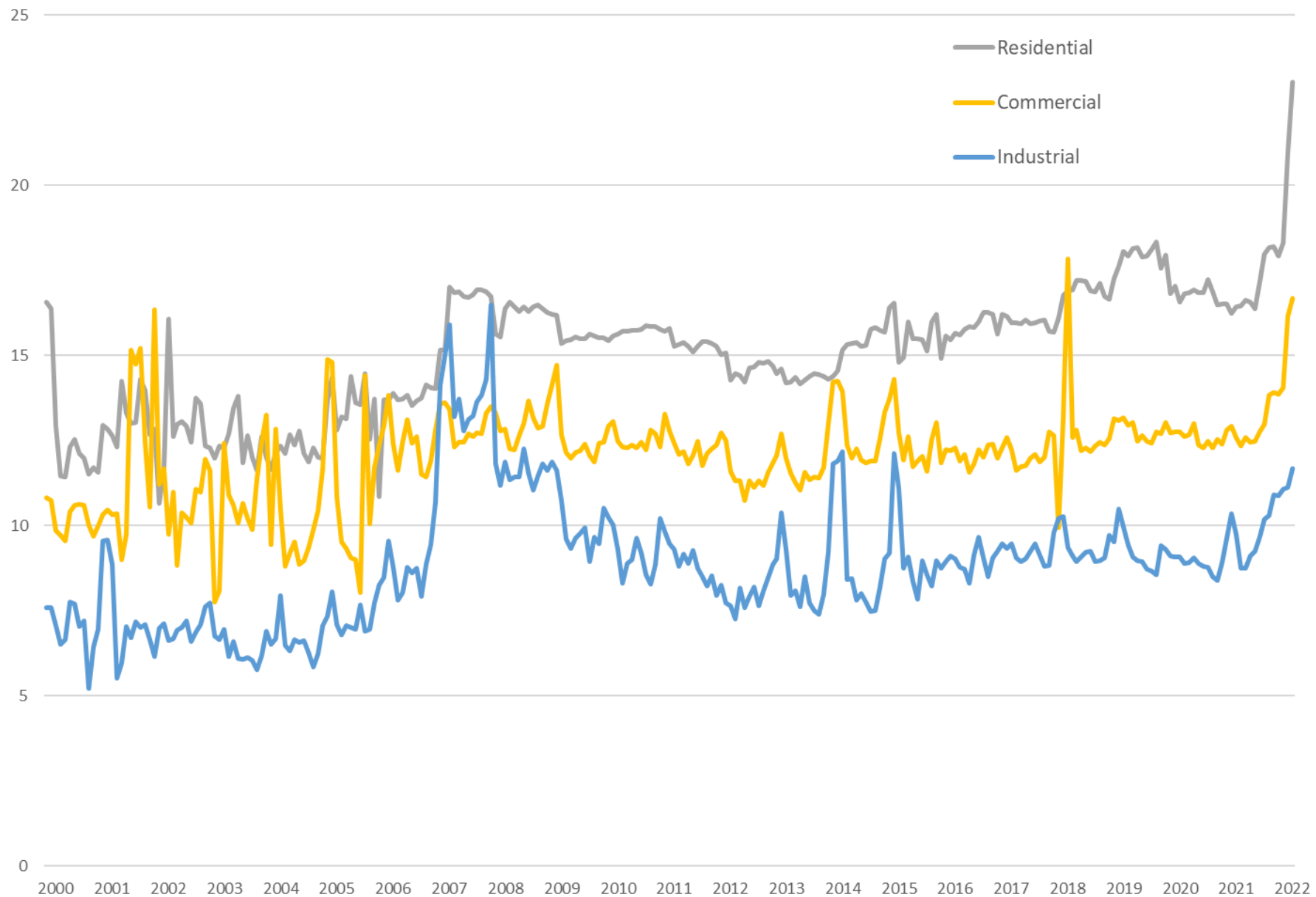
Maine No. 2 Heating Oil Residential Price



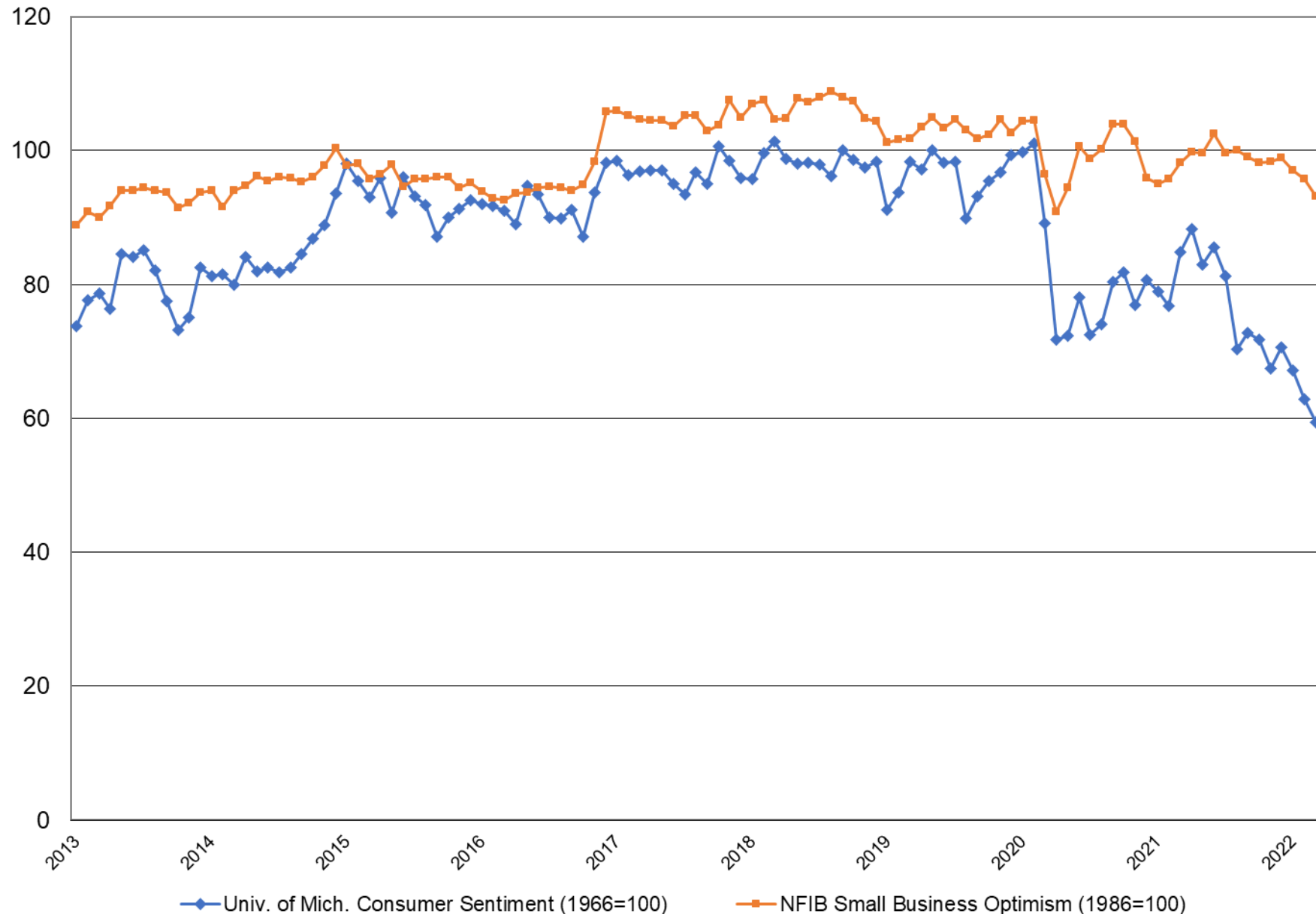
New England - Regular All Formulations Retail Gasoline Price Per Gallon



Retail Electricity Price, Maine (Cents/kWh)



## Consumer Sentiment and Small Business Optimism Indexes



Consumers are particularly concerned about inflation:

- Inflation expectation of 5.4% in March and April is the highest since November 1981



| Maine Taxable<br>Retail Sales | % Change from Mar.<br>2021 to Mar. 2022 | % Change from Mar.<br>2019 to Mar. 2022 | % Change last three<br>months / same 3 month<br>period one year ago |
|-------------------------------|---|---|---|
| Building Supply               | 7.1%                                    | 78.5%                                   | 8.1%  |
| Food Store                    | 0.6%                                    | 14.4%                                   | 2.5%  |
| General Merchandise           | -5.4%                                   | 22.1%                                   | -0.2%   |
| Other Retail                  | -5.1%                                   | 96.8%                                   | 0.6%  |
| Restaurant                    | 14.5%                                   | 6.3%                                    | 17.4%   |
| Lodging                       | 17.7%                                   | 62.1%                                   | 39.6%   |
| Auto Transportation           | -1.5%                                   | 39.5%                                   | 1.5%  |
|                               |   |   |   |
| Total                         | 2.0%                                    | 42.5%                                   | 5.6%  |

# Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020, and Child Tax Credits reduced child poverty in 2021

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Official 2020 U.S. poverty rate = 11.4%, 1.0 percentage points higher than 2019

Supplemental Poverty Measure (SPM) = 9.1%, 2.6 percentage points LOWER than 2019

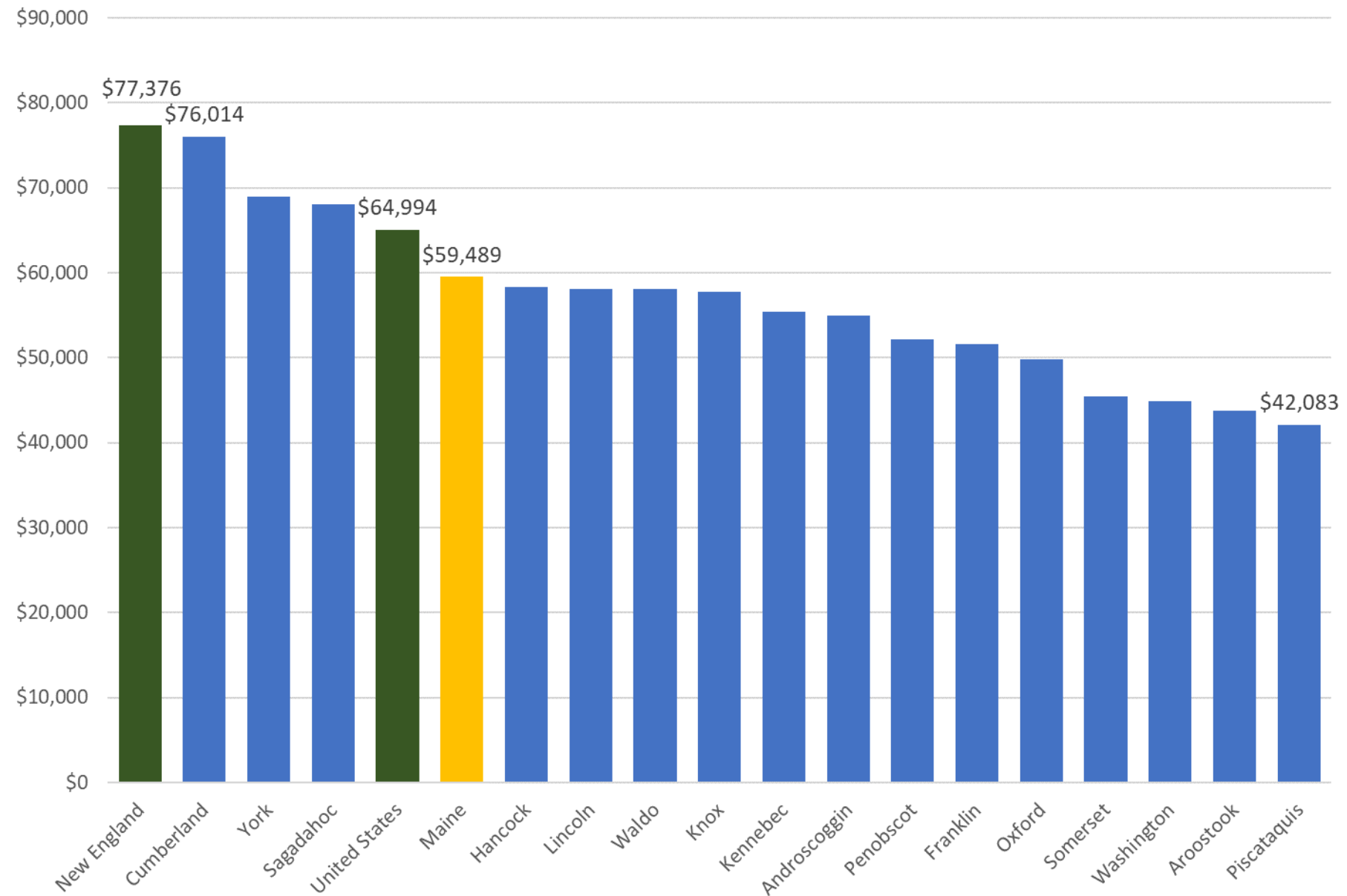
- Without stimulus payments, the SPM would have been 12.7%

Nationally, people moved out of poverty due to federal programs:

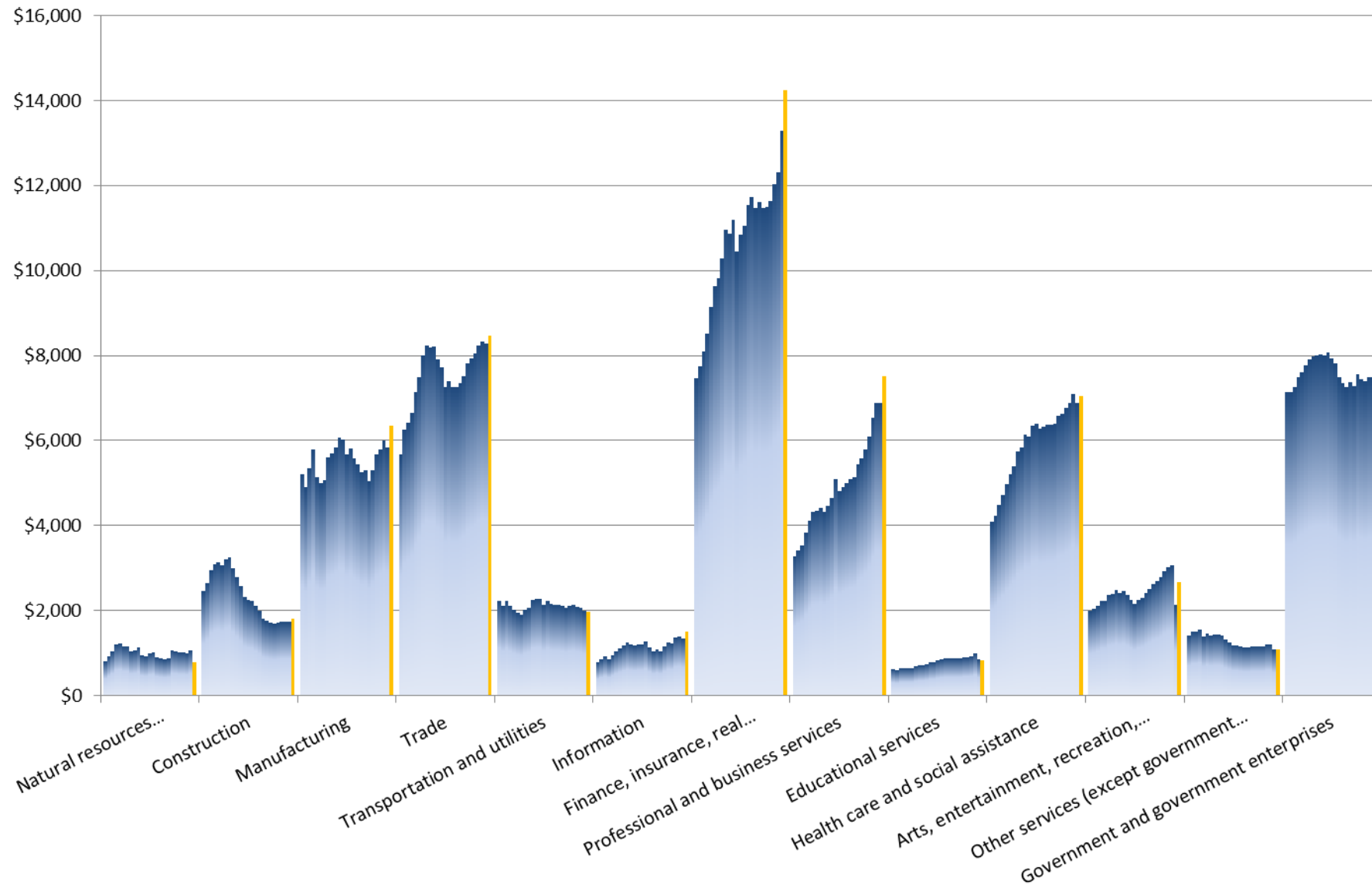
- Social Security moved 26.5 million people out of poverty
- Unemployment benefits = 5.5 million
- Stimulus payments = 11.7 million

The changes to the Child Tax Credit in the second half of 2021 were estimated to reduce monthly child poverty by around 30%; poverty returned to prior levels when the changes ended in January 2022

## Median Household Income



## Maine Real GDP by Industry, 1997-2021 (in millions of chained 2012 dollars)



# Looking ahead:

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- We're moving into an endemic phase of COVID, but widespread global vaccinations are needed to bring the public health crisis fully under control and minimize new variants
- Housing costs have increased sharply as demand far outstrips supply, limiting availability for workforce expansion; interest rate increases may cool some demand, but will make affordability a continuing problem
- Wages have increased, but so has inflation – real gains aren't as robust
- What happens with pandemic-related workforce trends in the long term?
- Near- to medium-term global and national economic conditions are highly uncertain reflecting war in Ukraine, interest rate hikes, and shutdowns in China

# Contact Information

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