

THE MAINE ECONOMY: TRENDS AND OUTLOOK

Leadership Maine orientation, Damariscotta Class

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Department of Administrative and Financial Services

Overview

- Demographics
- Employment
- Income
- Inflation and Spending
- State Gross Domestic Product (GDP)

DEMOGRAPHICS

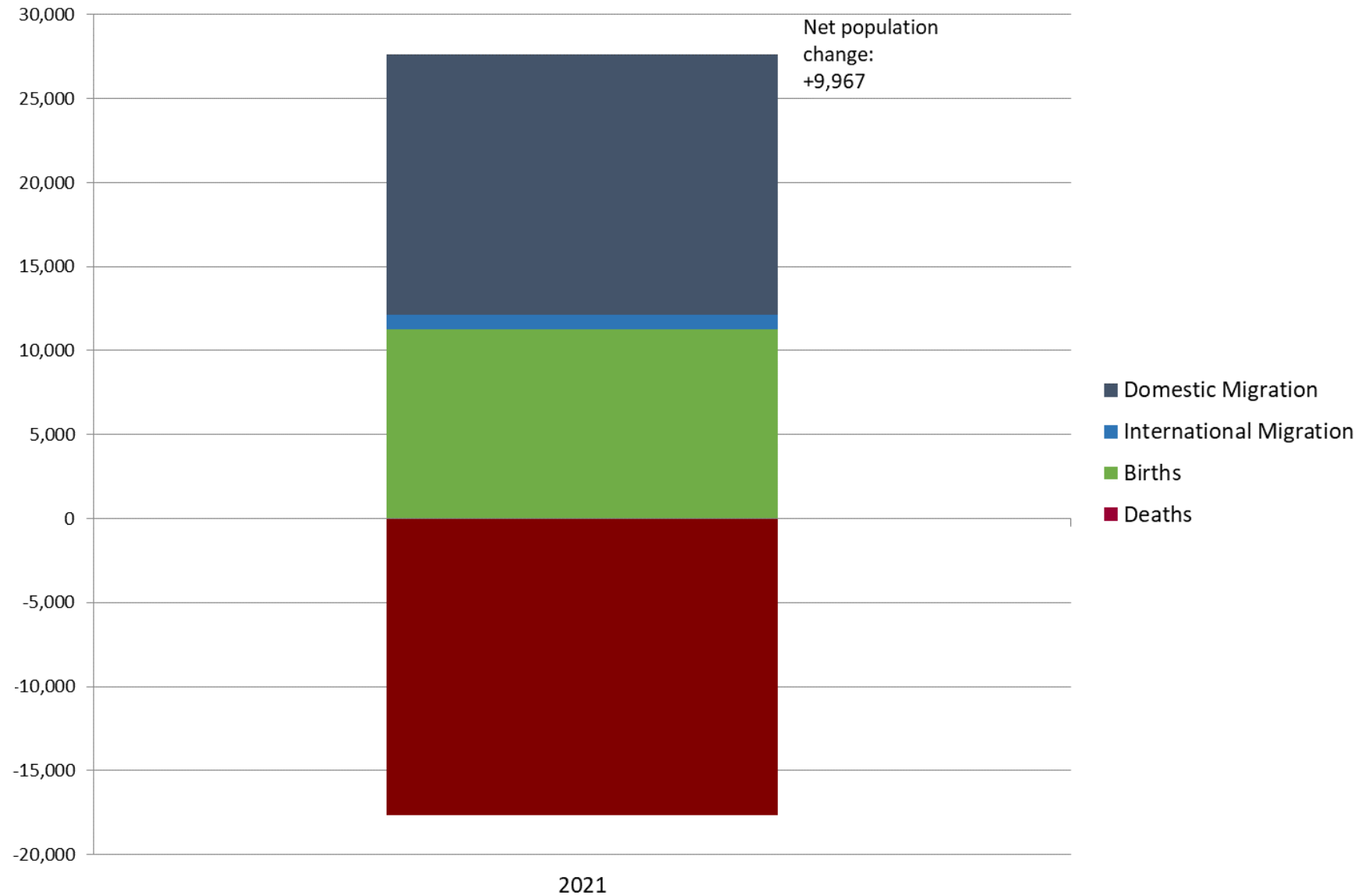
Components of Population Change, Maine

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

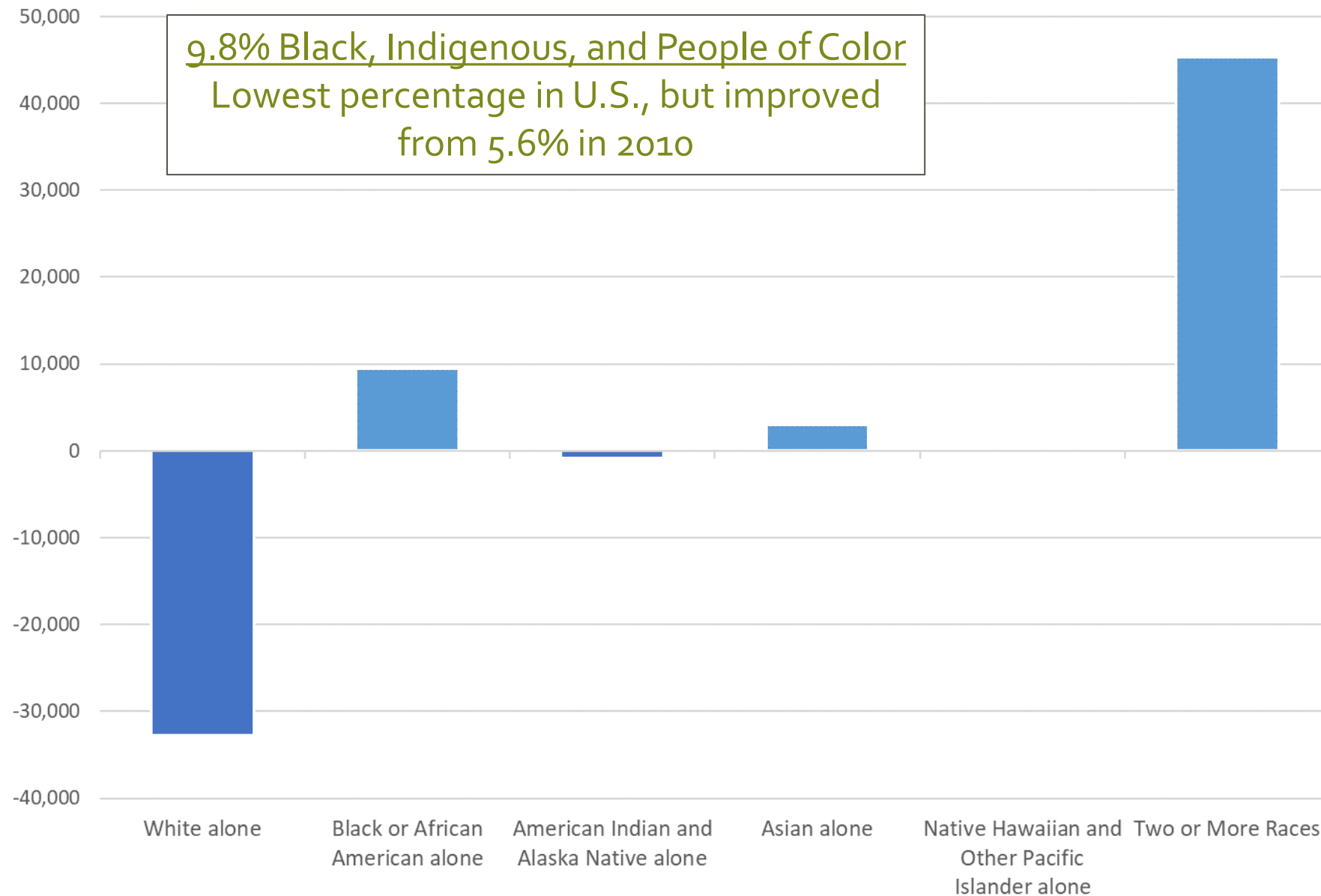
Population increase of 2.6%
from 2010-2020 (42nd in U.S.)

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

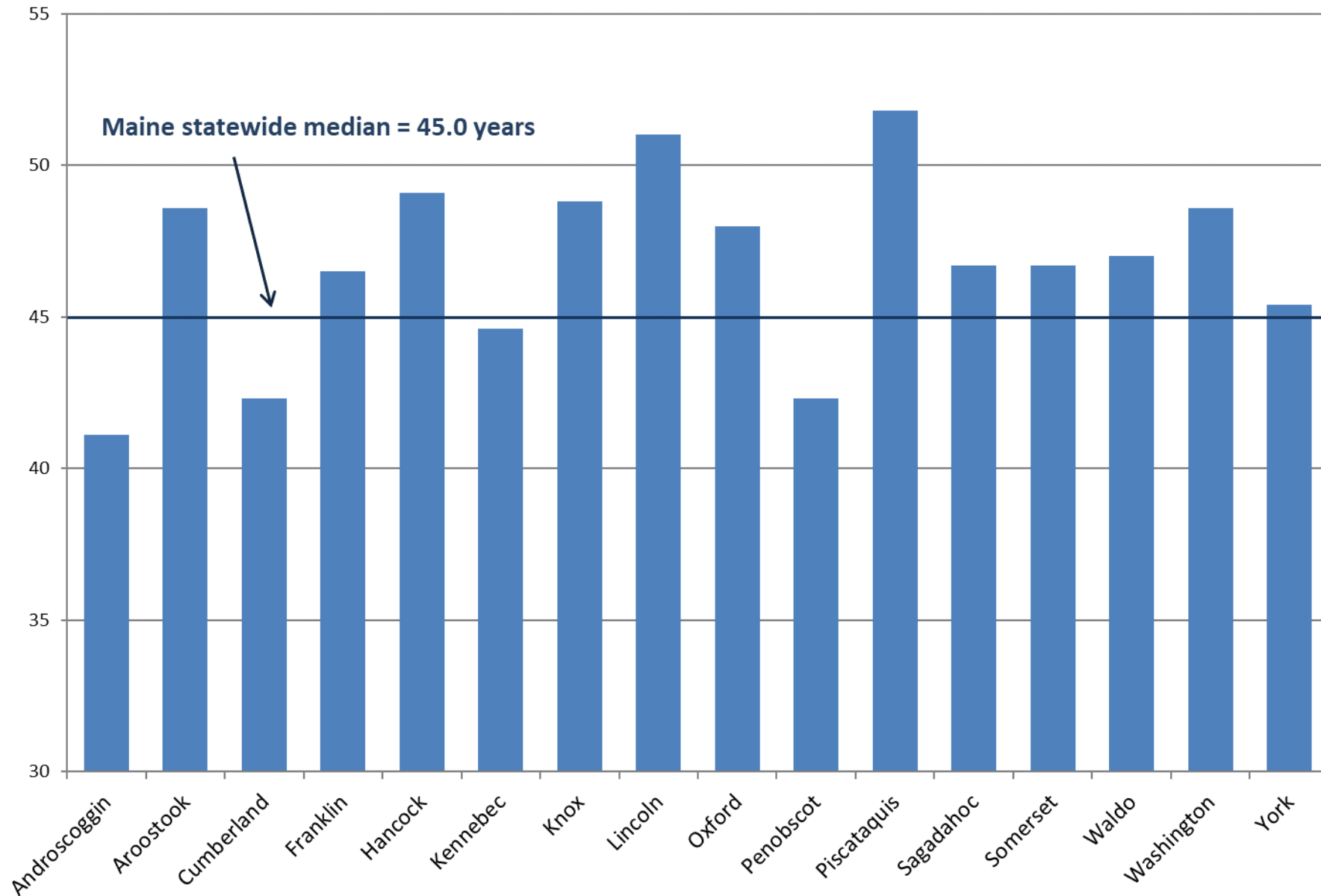
Net migration = 12.0 per
thousand (7th in U.S.)



Change in Maine Population by Race, 2010-2020



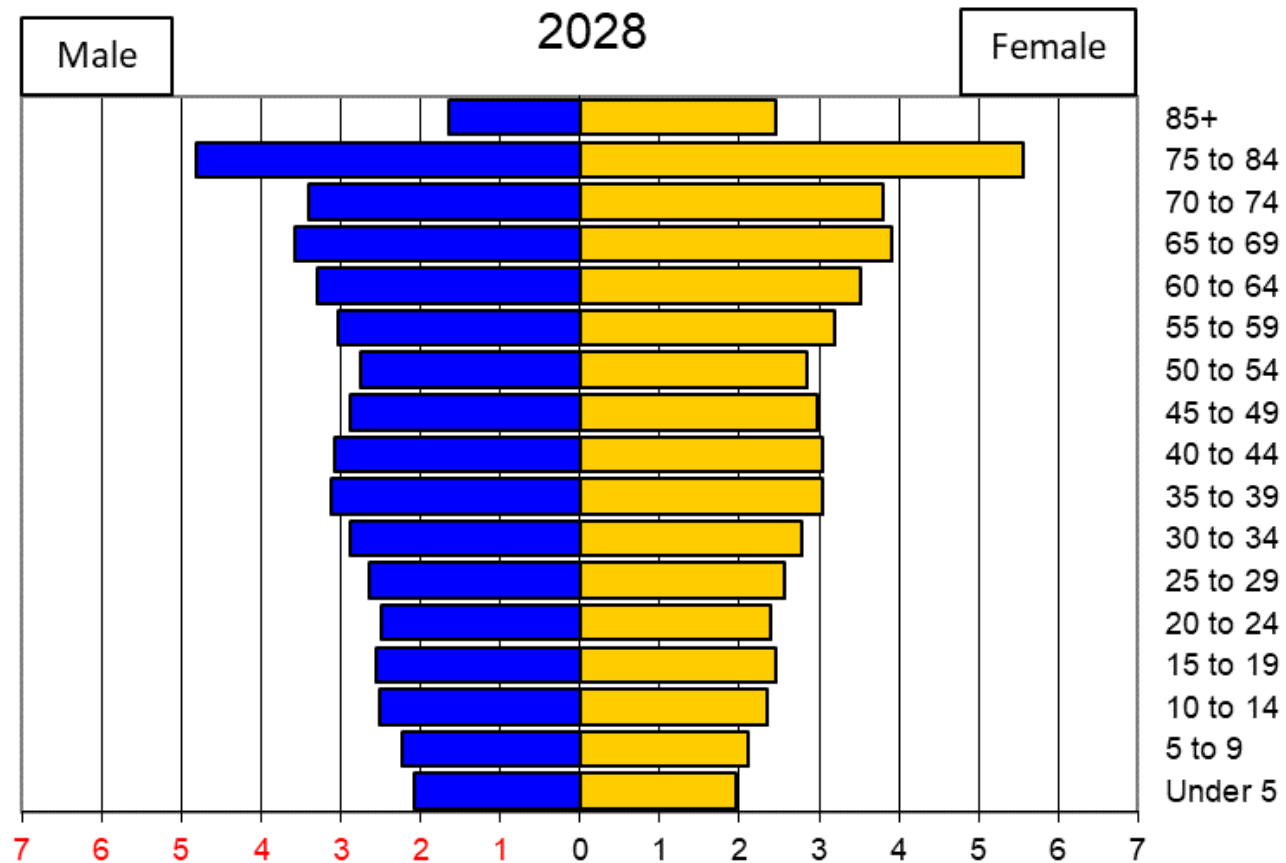
Median Age



Maine has the oldest population...

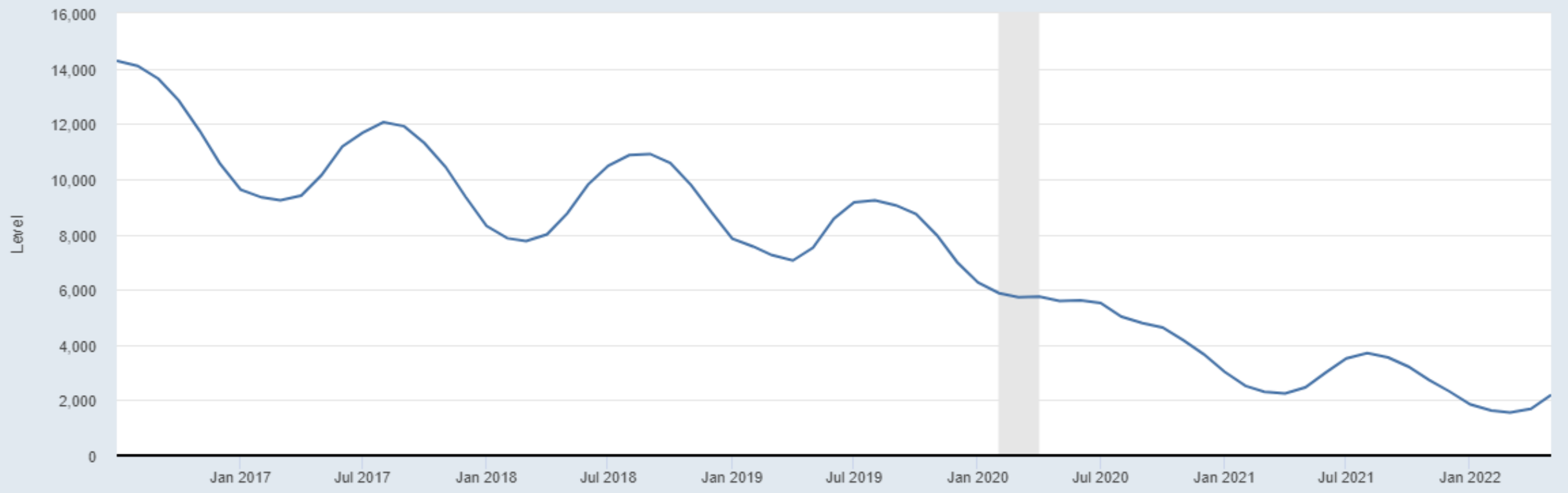
...by median age (45.0 years)

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



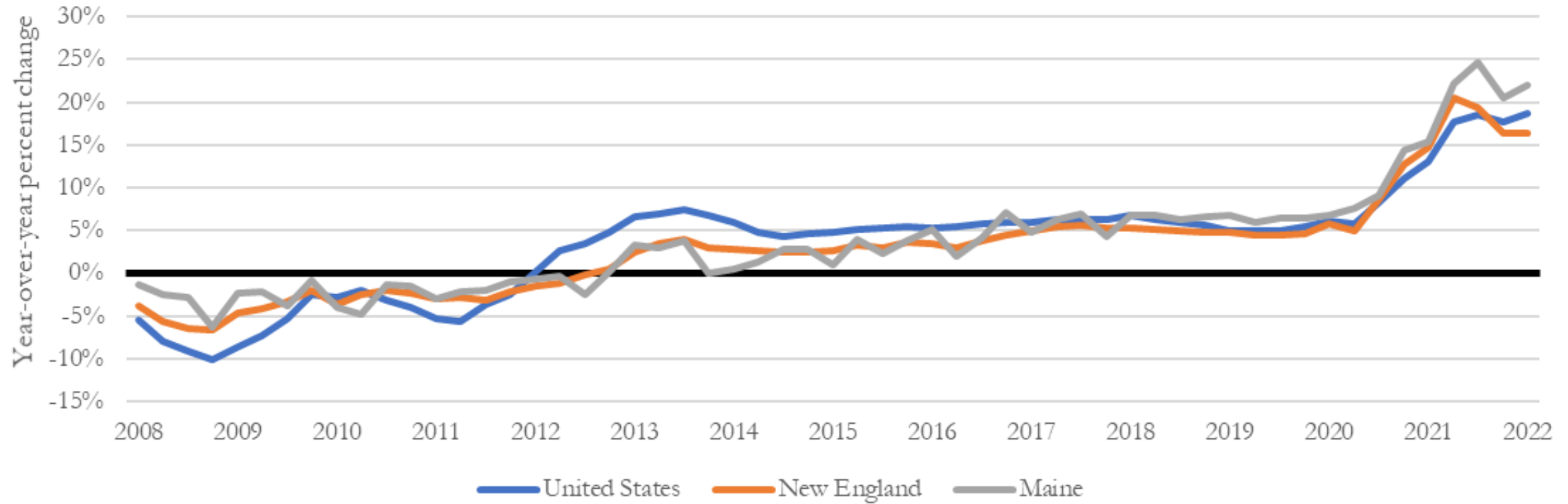


Housing Inventory: Active Listing Count in Maine

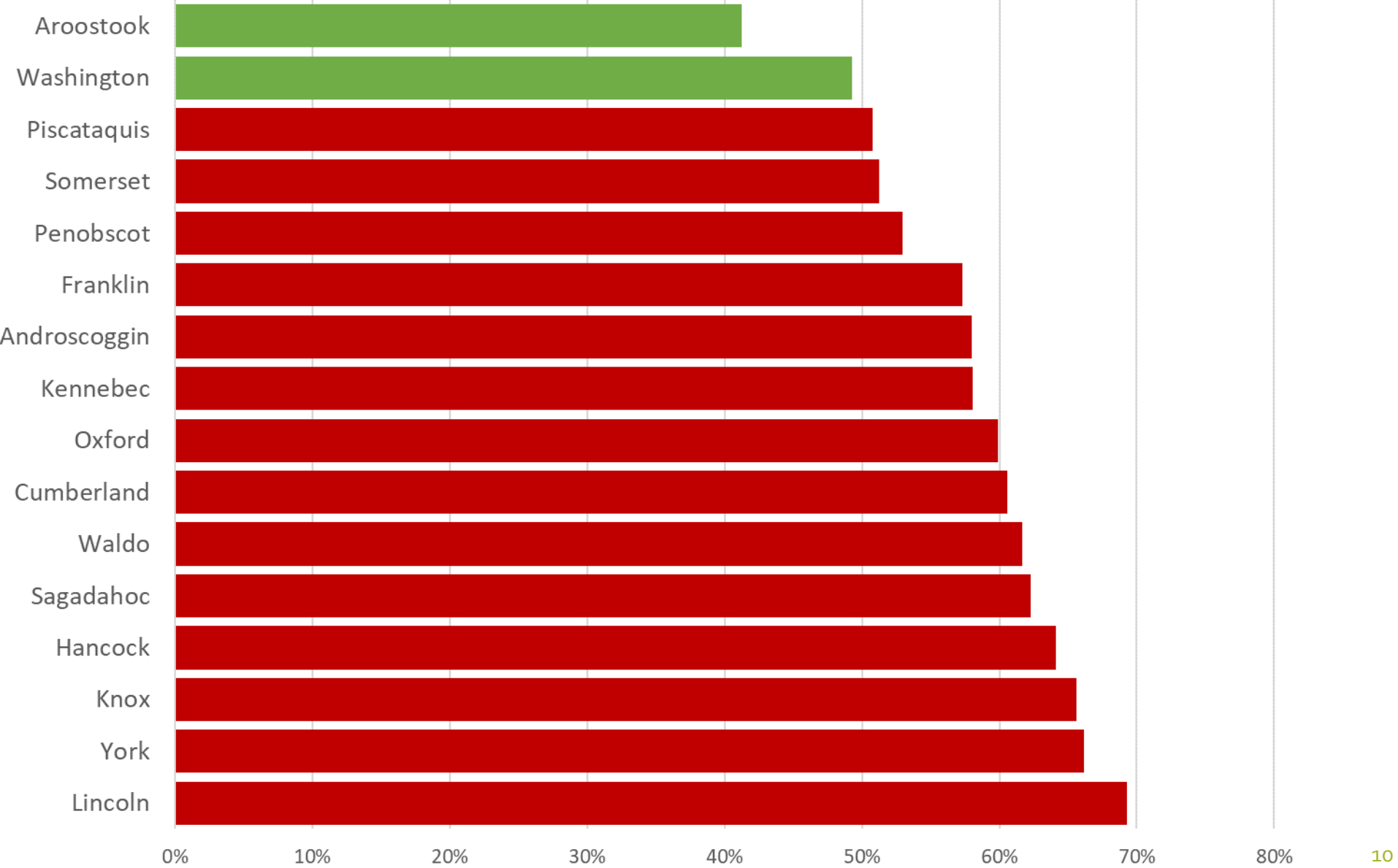


Shaded areas indicate U.S. recessions. Source: Realtor.com fred.stlouisfed.org

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



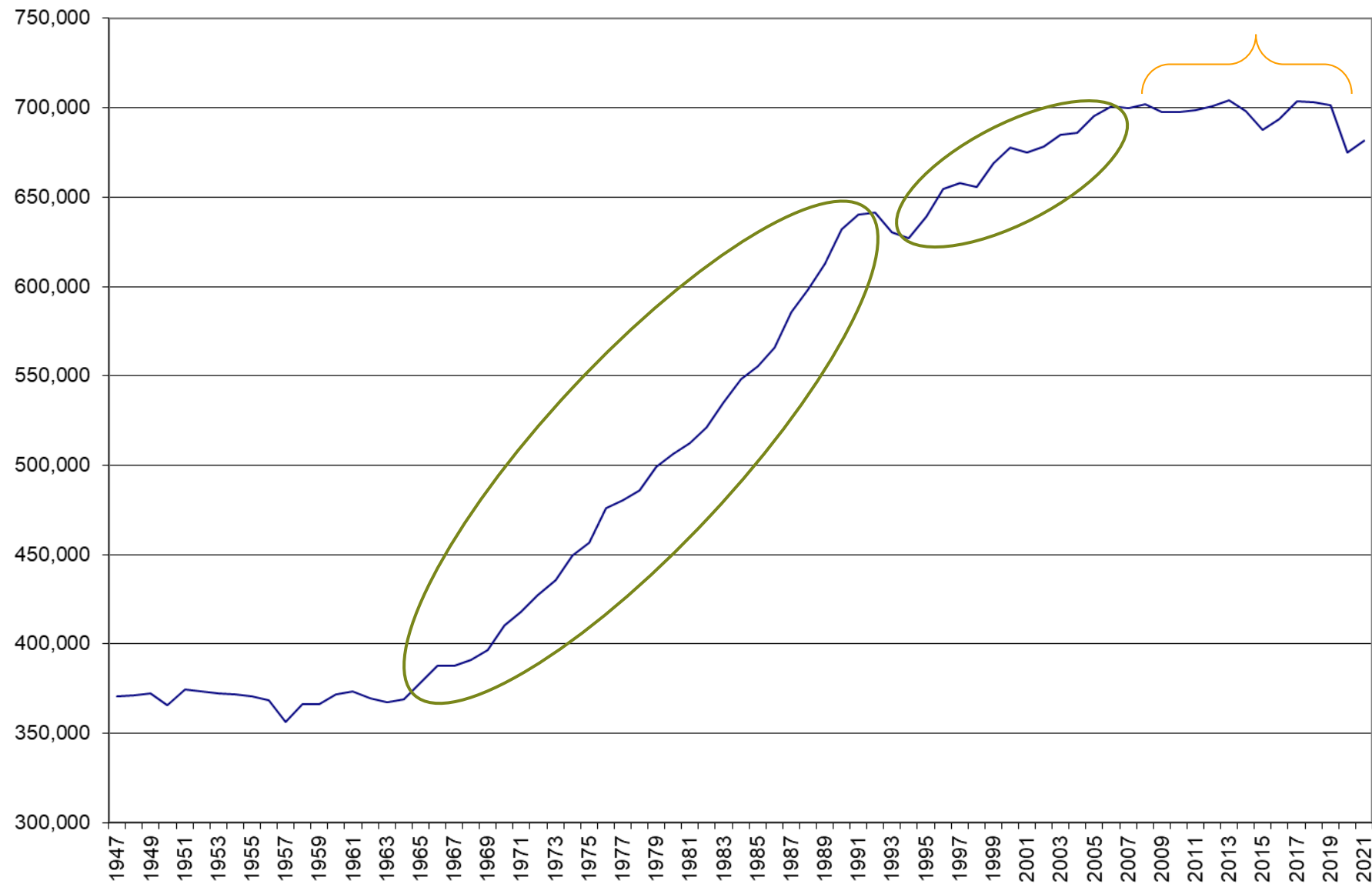
Percent of Households Unable to Afford Median Home, 2021



EMPLOYMENT

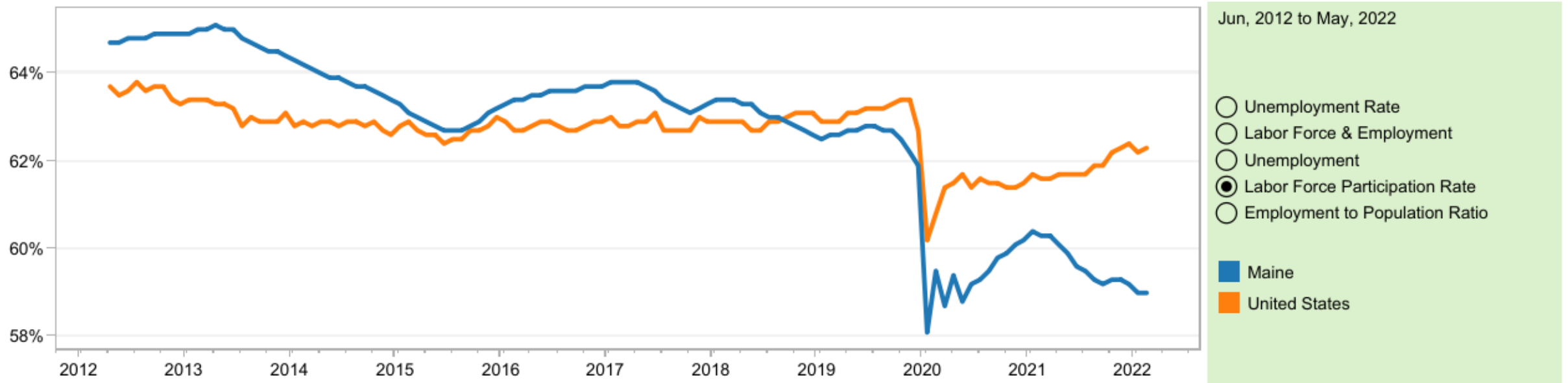
Maine Civilian Labor Force

Labor force has started to trend down

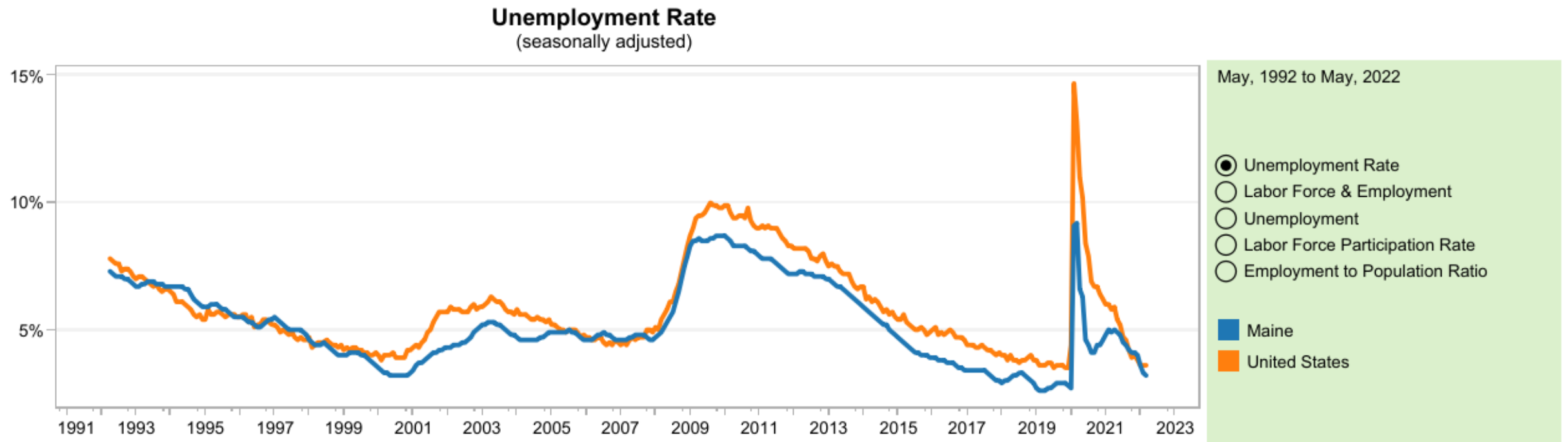


The Maine Department of Labor estimates that around two-thirds of the people who have left the labor force during the pandemic could be retirees

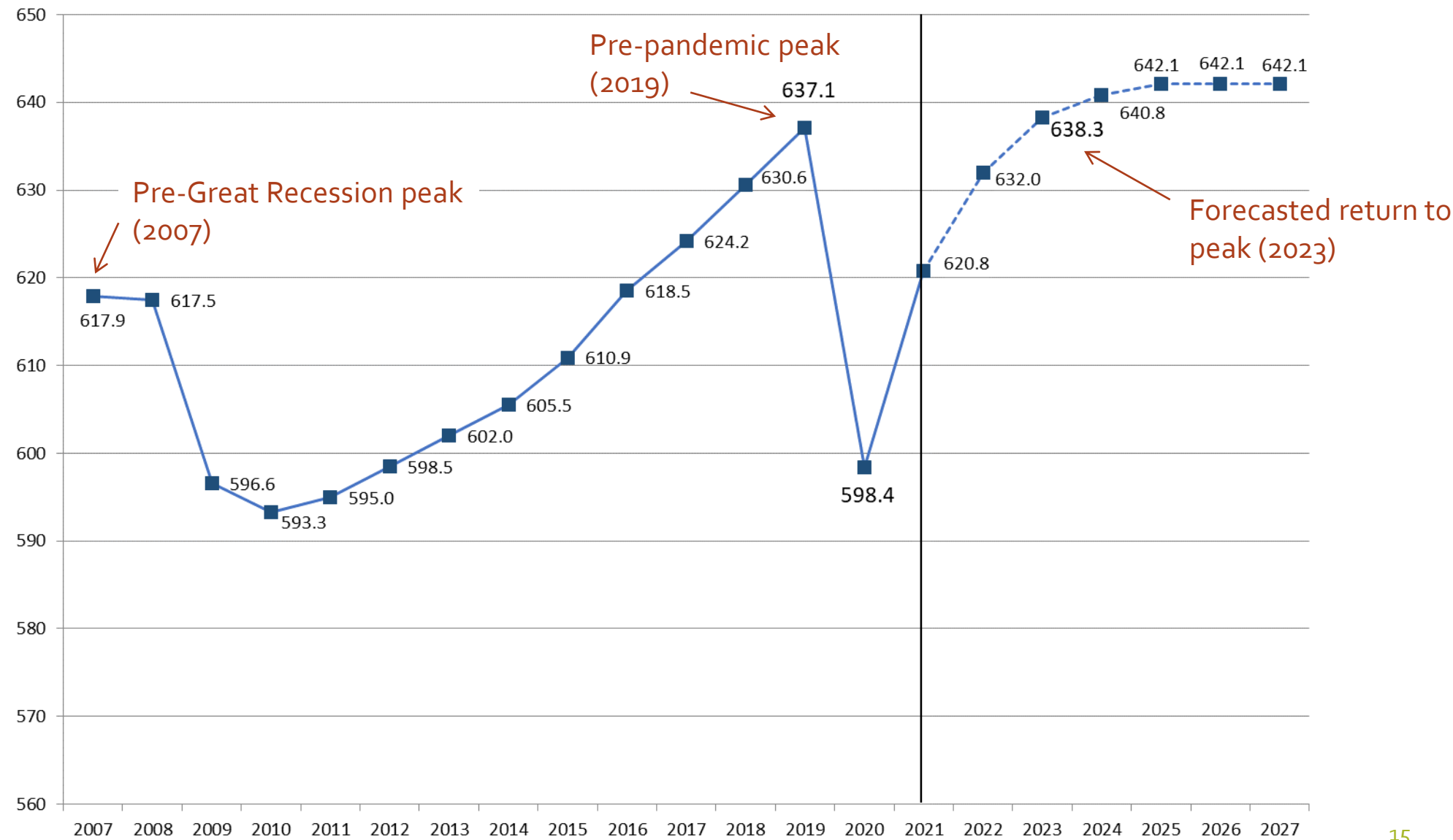
Labor Force Participation Rate
(seasonally adjusted)



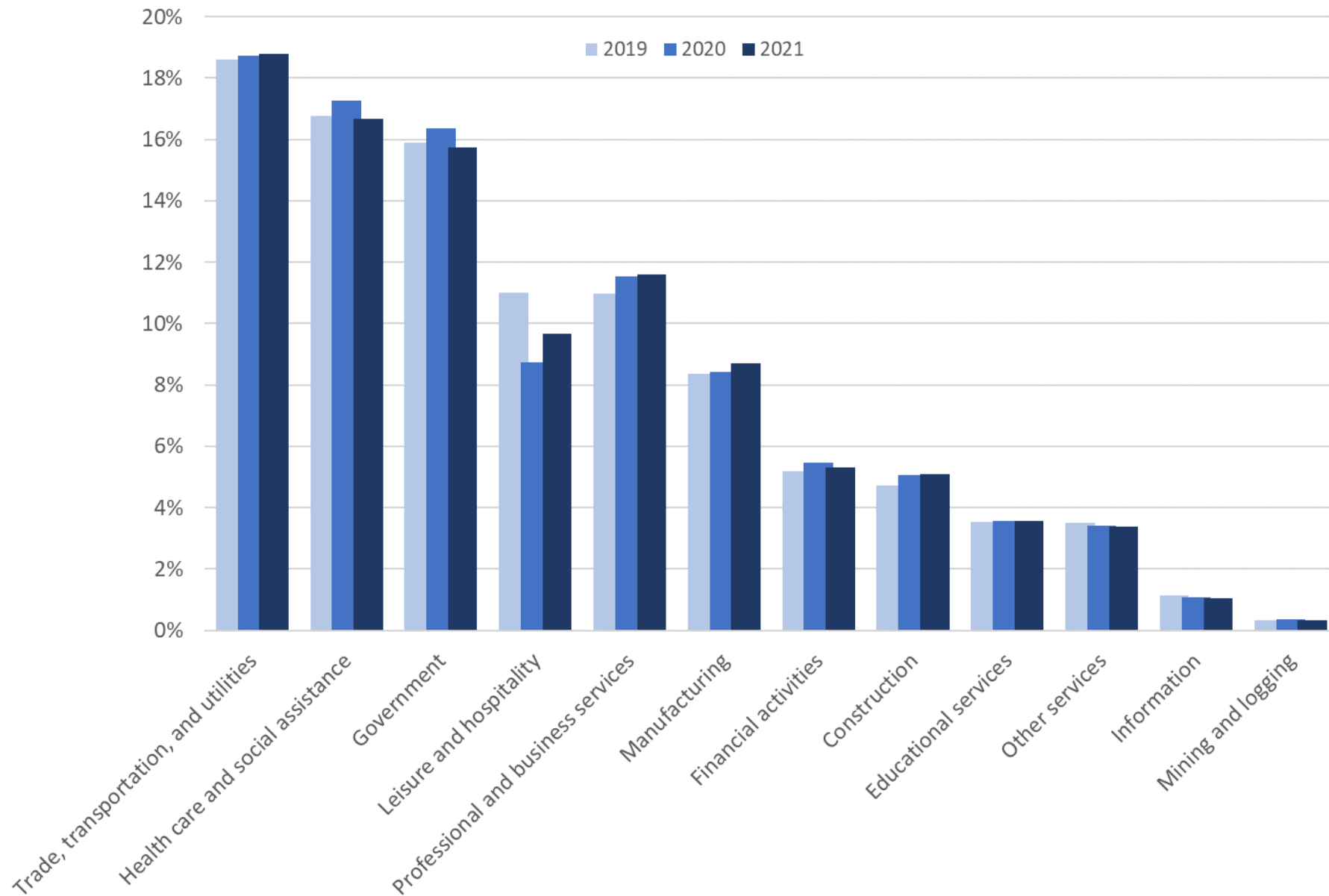
Maine's unemployment rate in May 2022, while somewhat higher than pre-pandemic, is two percentage points lower than the average of the past 70 years



Total Nonfarm Employment (in thousands)
History and CEFC forecast

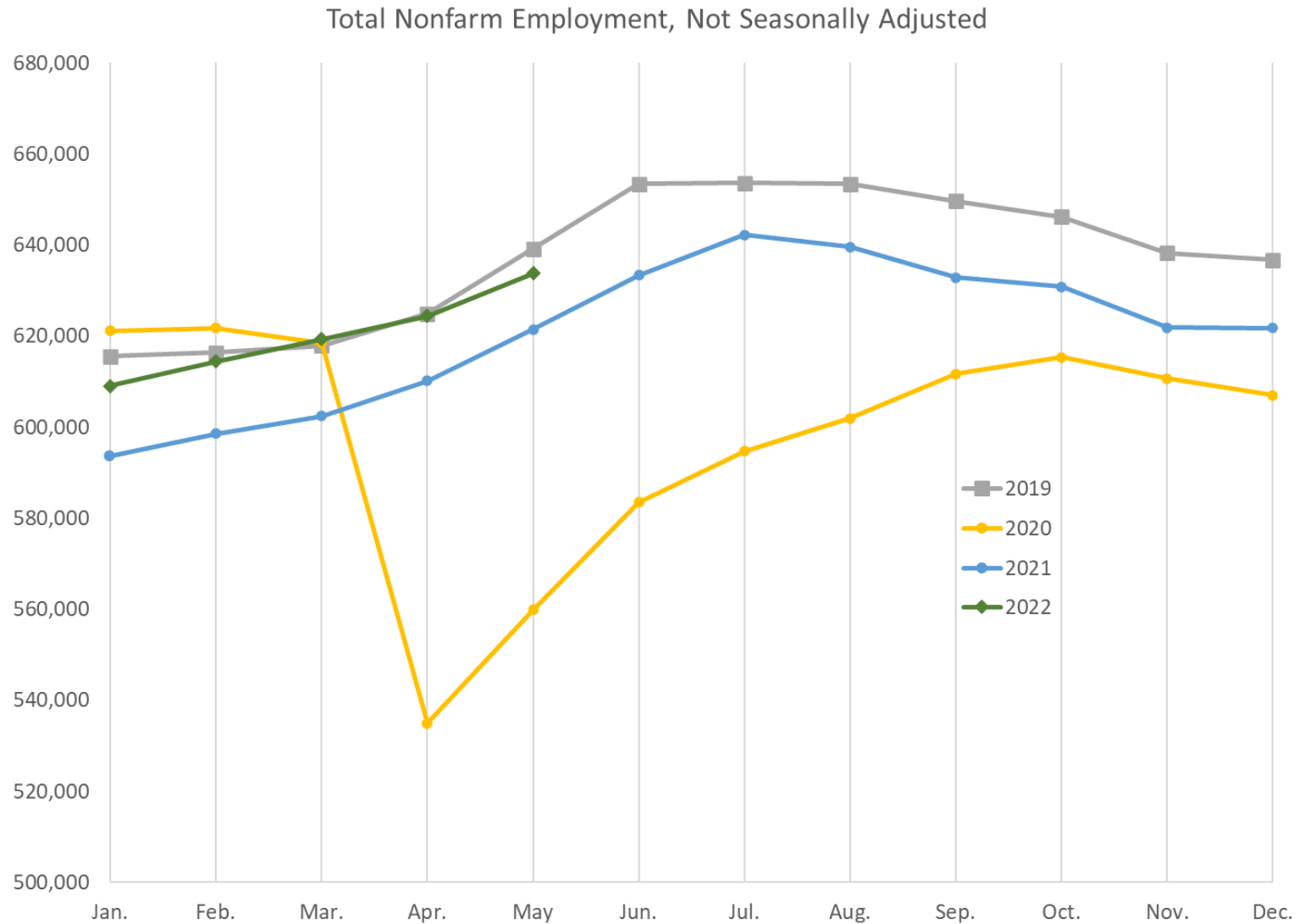


Share of Maine Nonfarm Employment by Industry

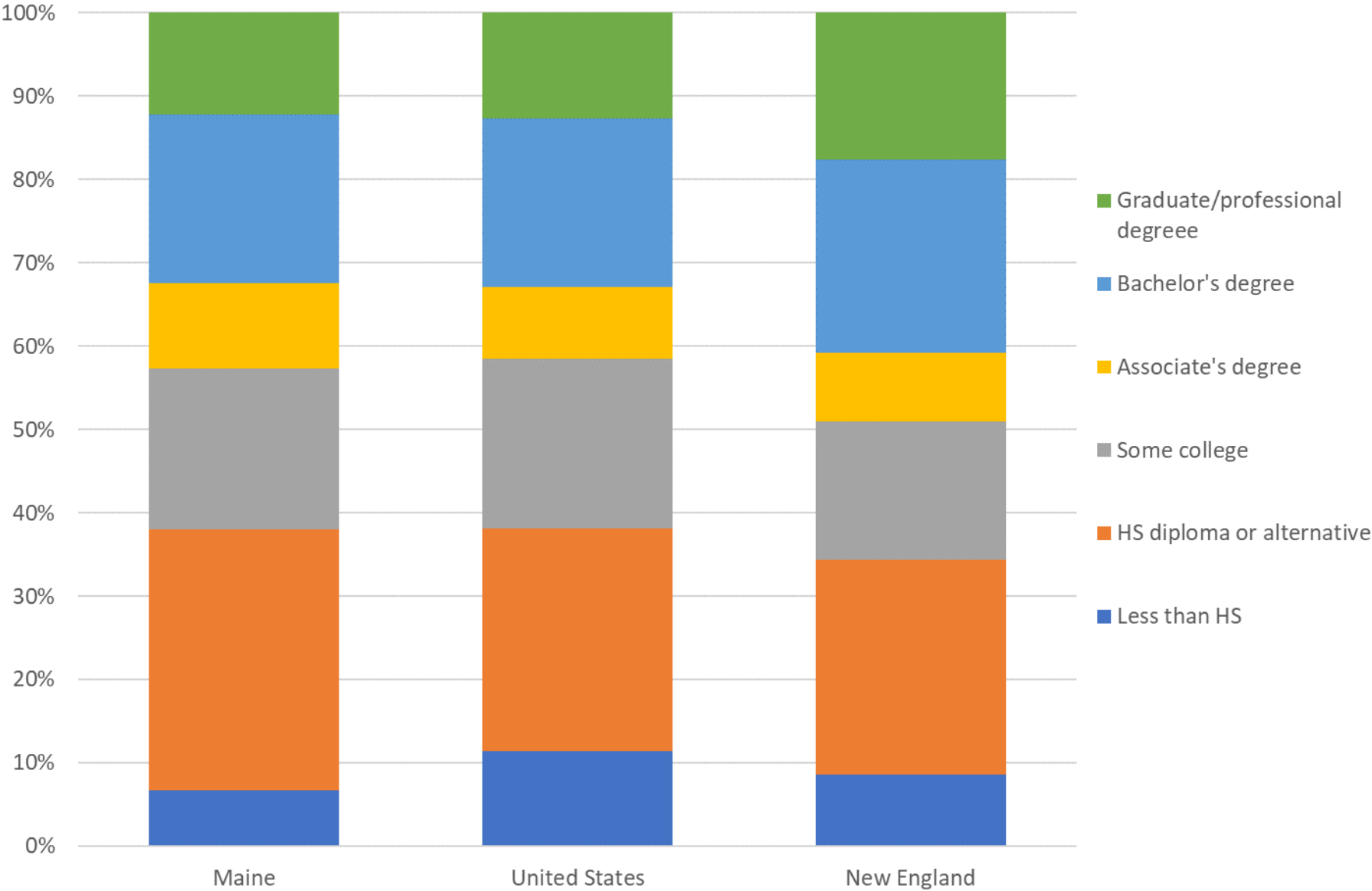


Nearly all sectors are at or above pre-pandemic employment, the exceptions being:

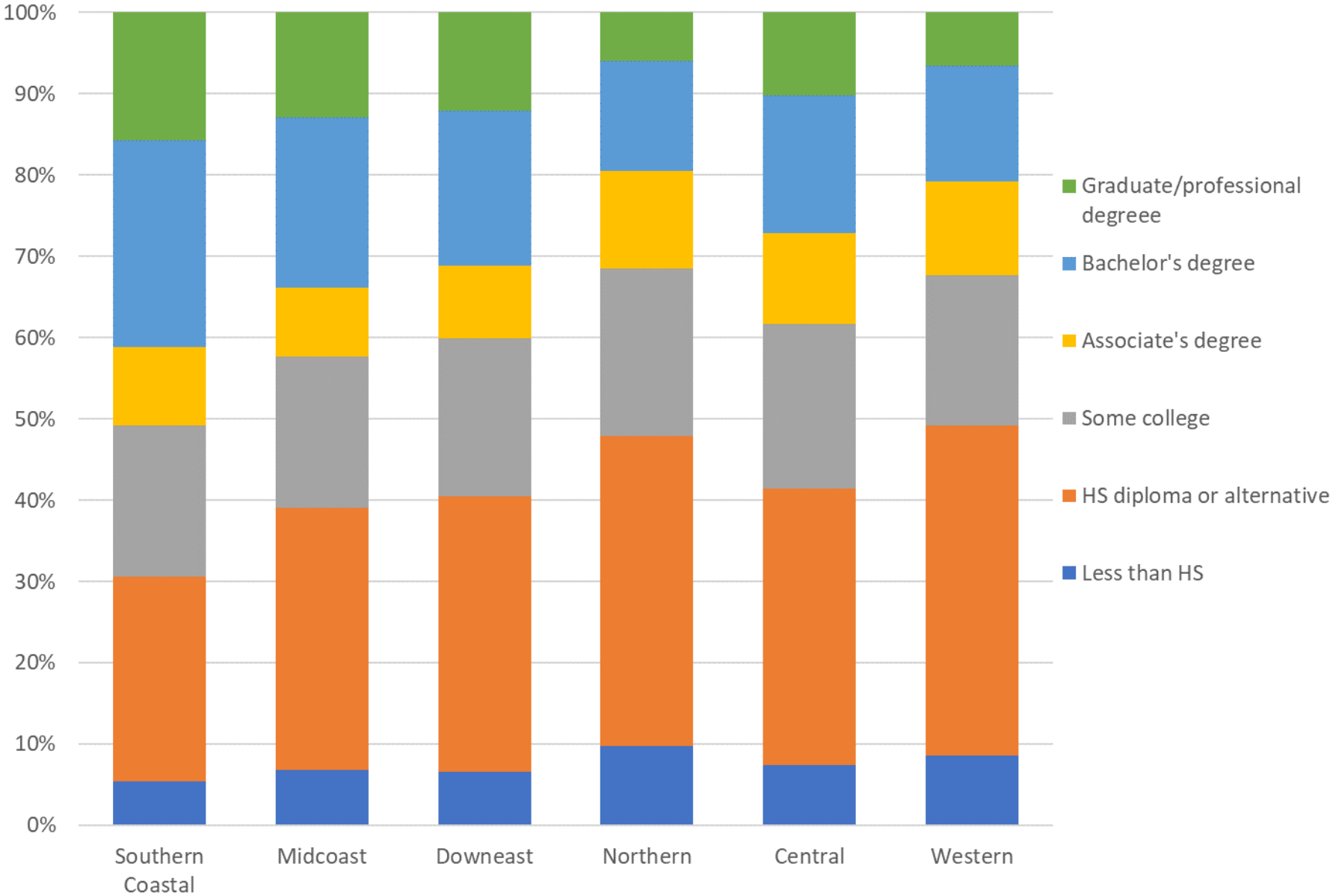
- healthcare and social assistance (mostly long-term care and social assistance)
- state and local government (mostly public education)



Educational Attainment of Population Age 25+

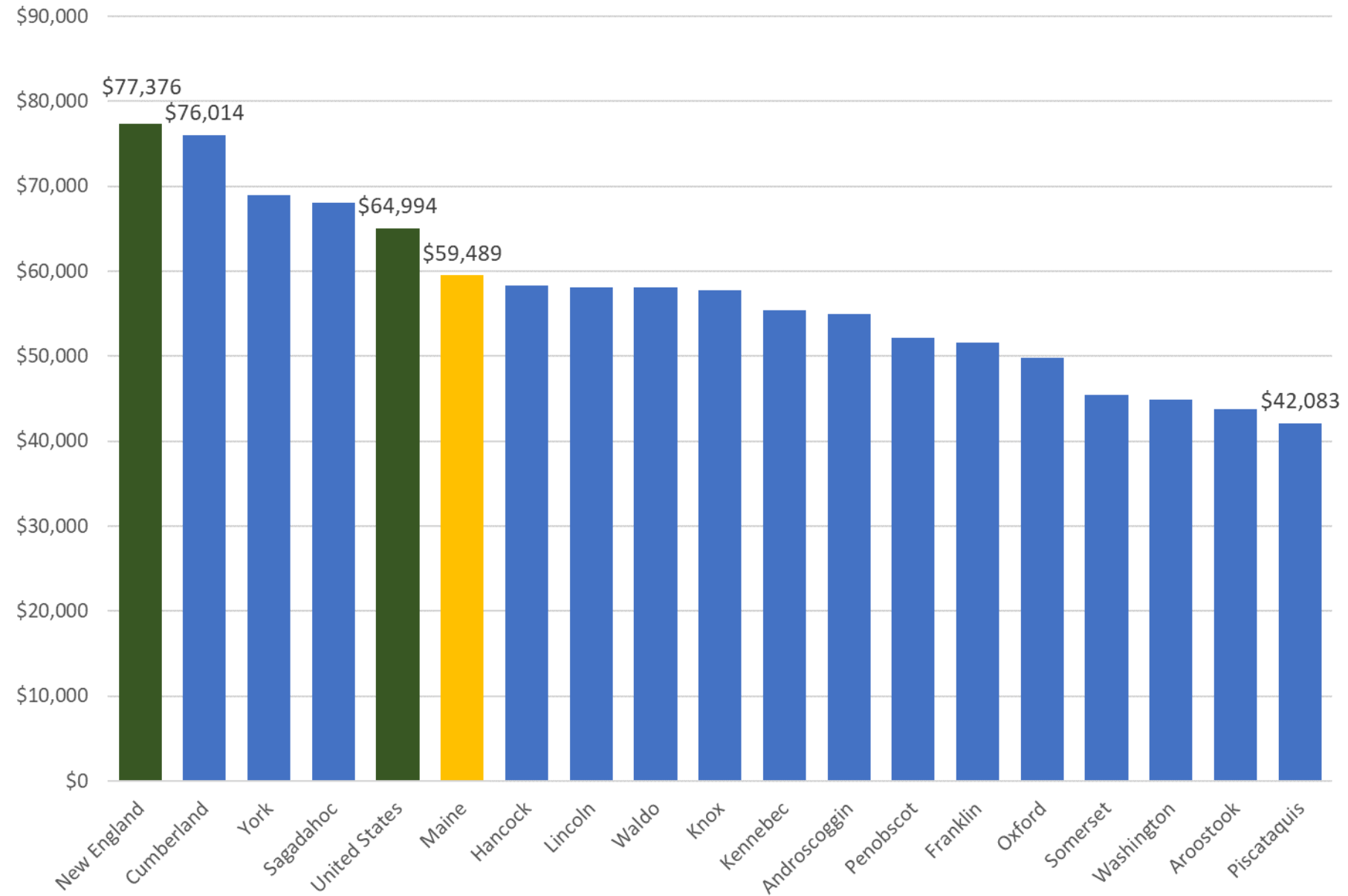


Educational Attainment of Population Age 25+ by Region

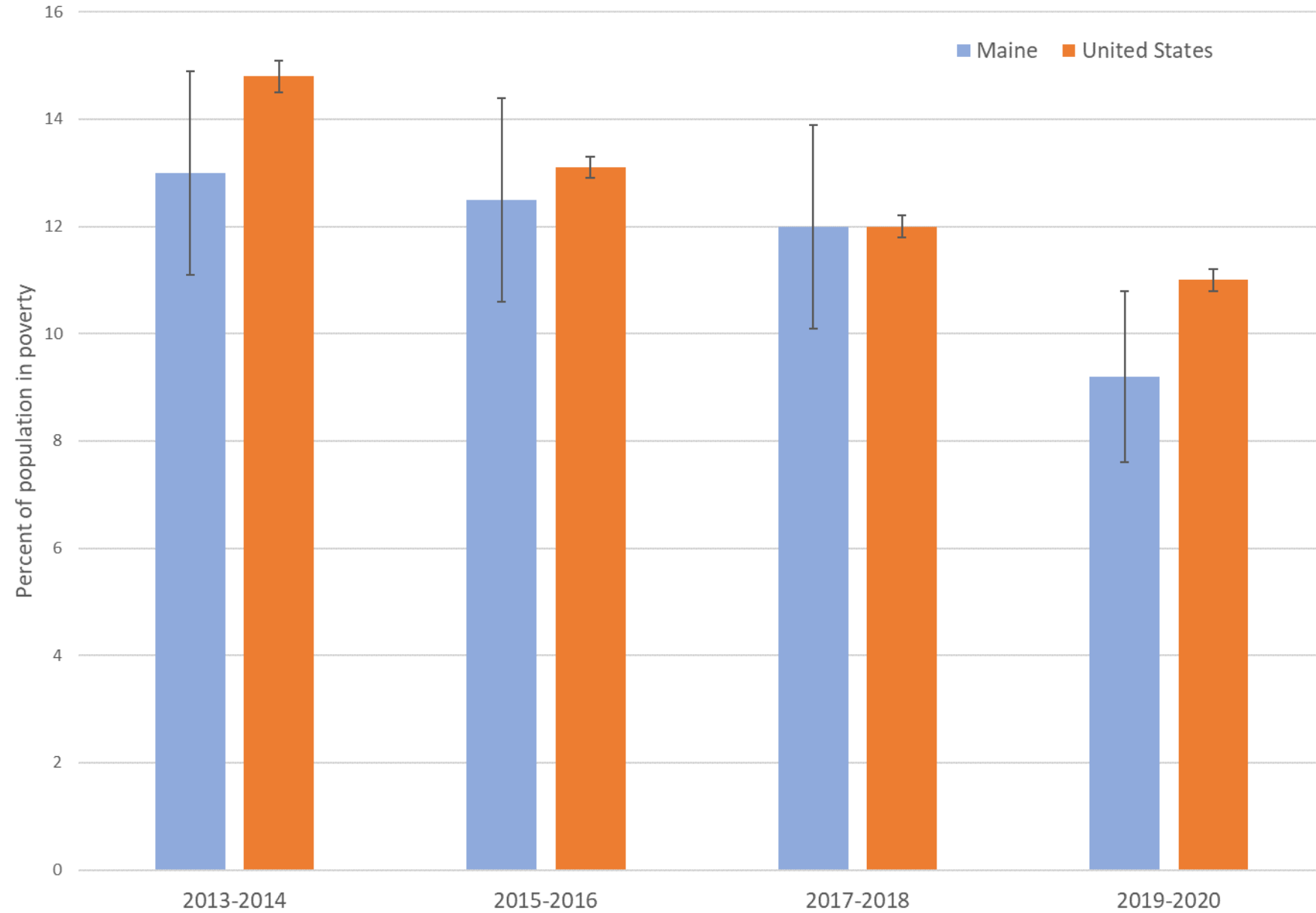


INCOME

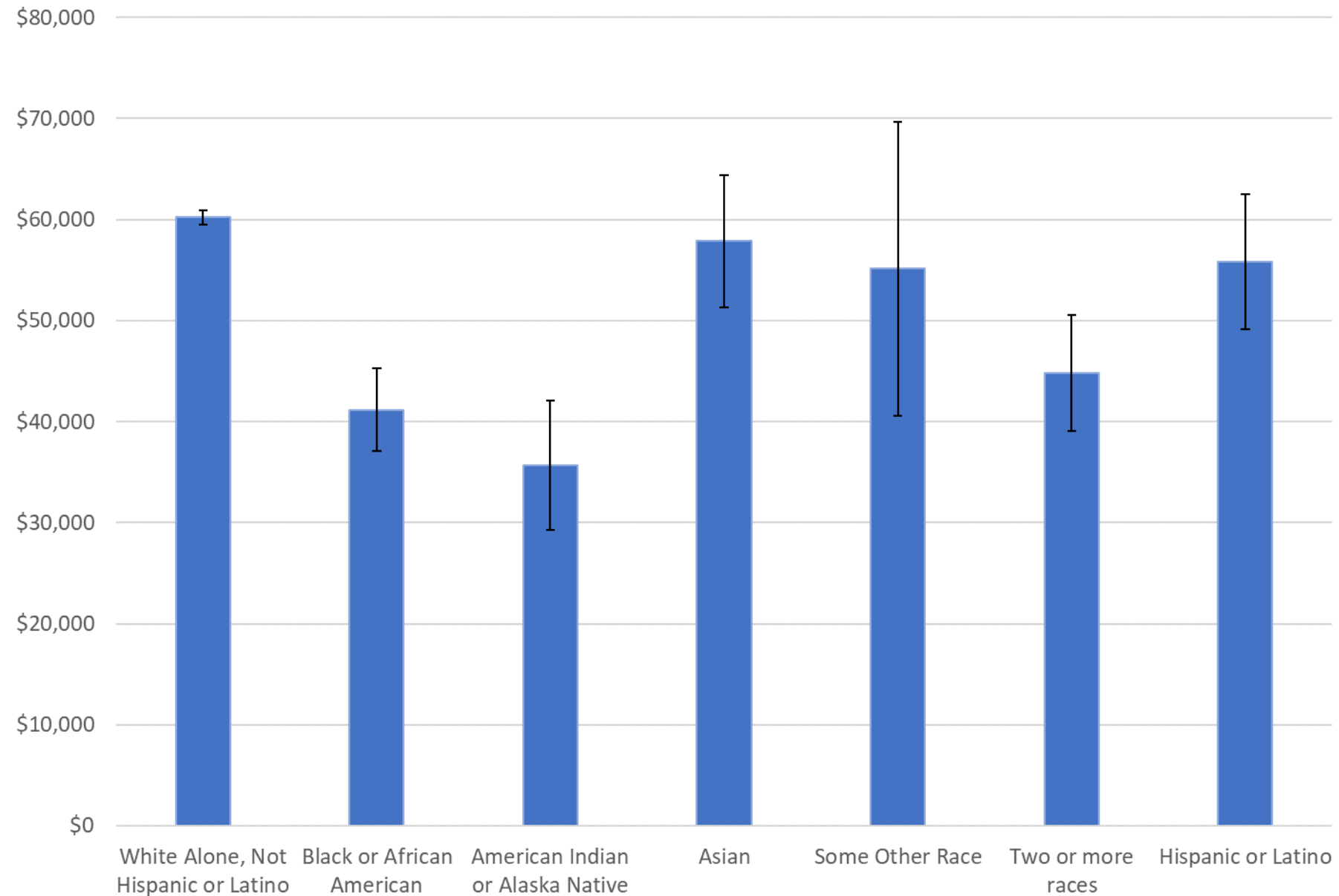
Median Household Income



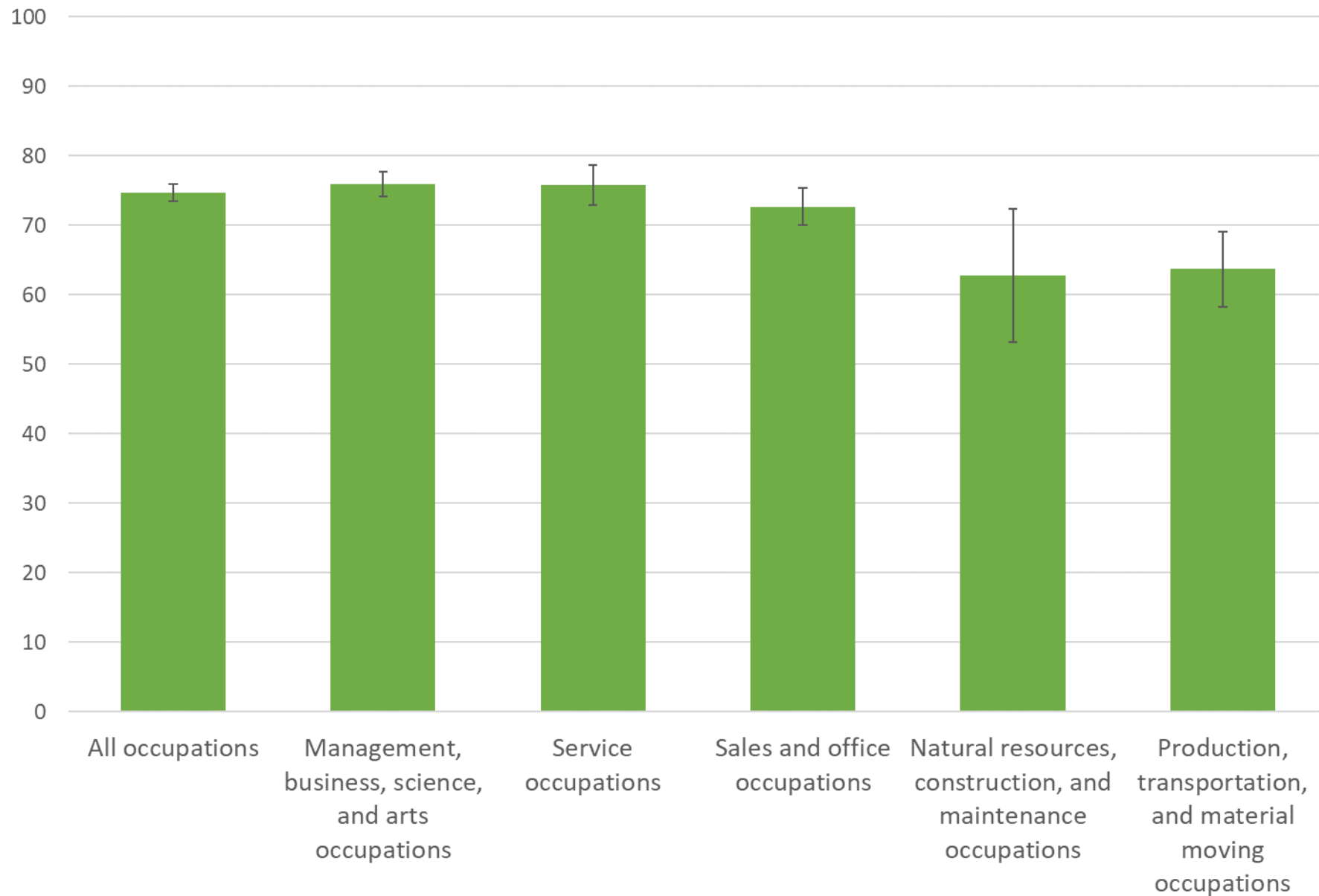
Official Poverty Estimate



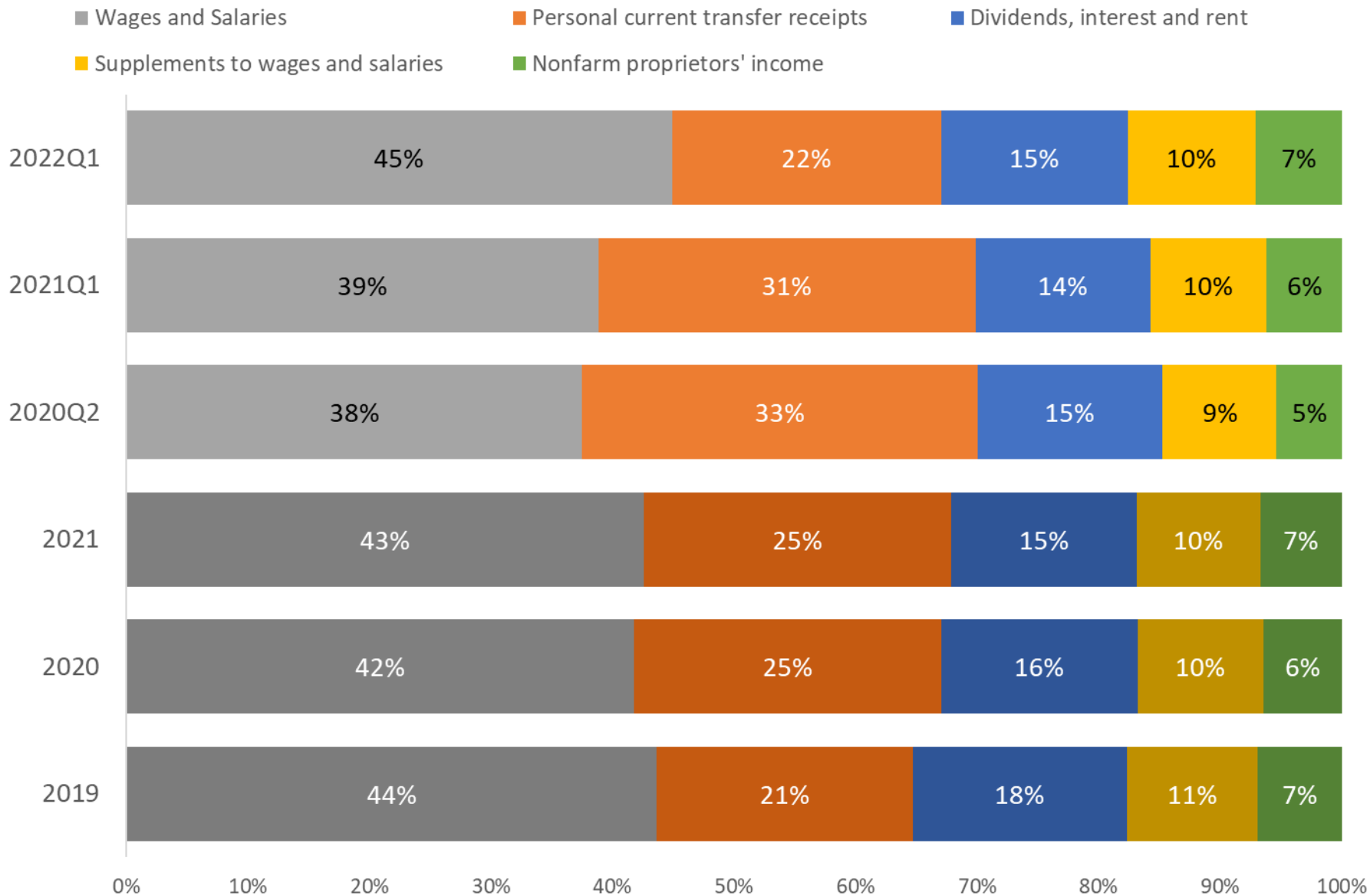
Median Household Income, Maine



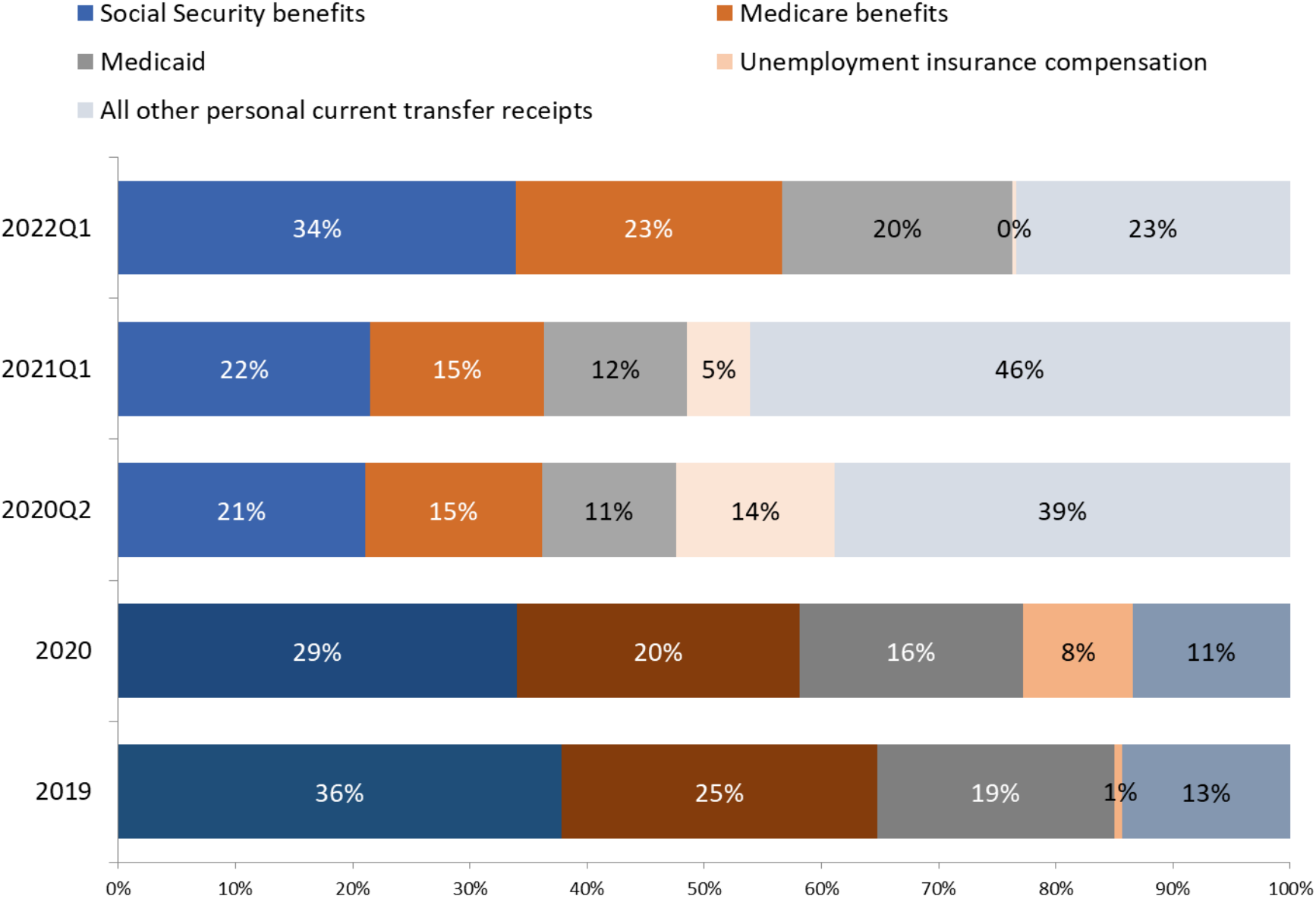
Women's Earnings as a Percent of Men's Earnings by Occupation, Maine



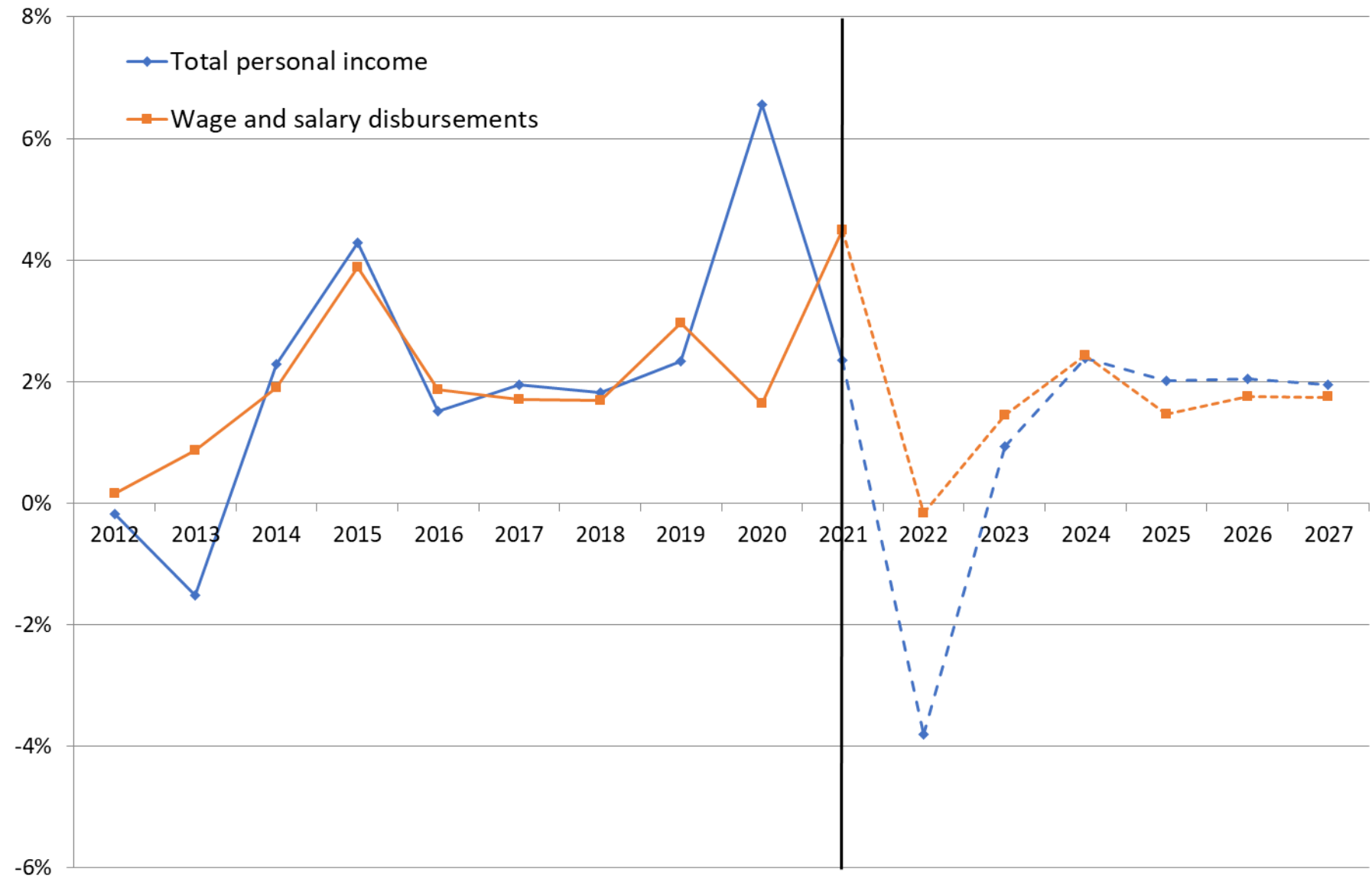
Major Components of Personal Income, Maine



Components of Personal Current Transfer Receipts, Maine



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

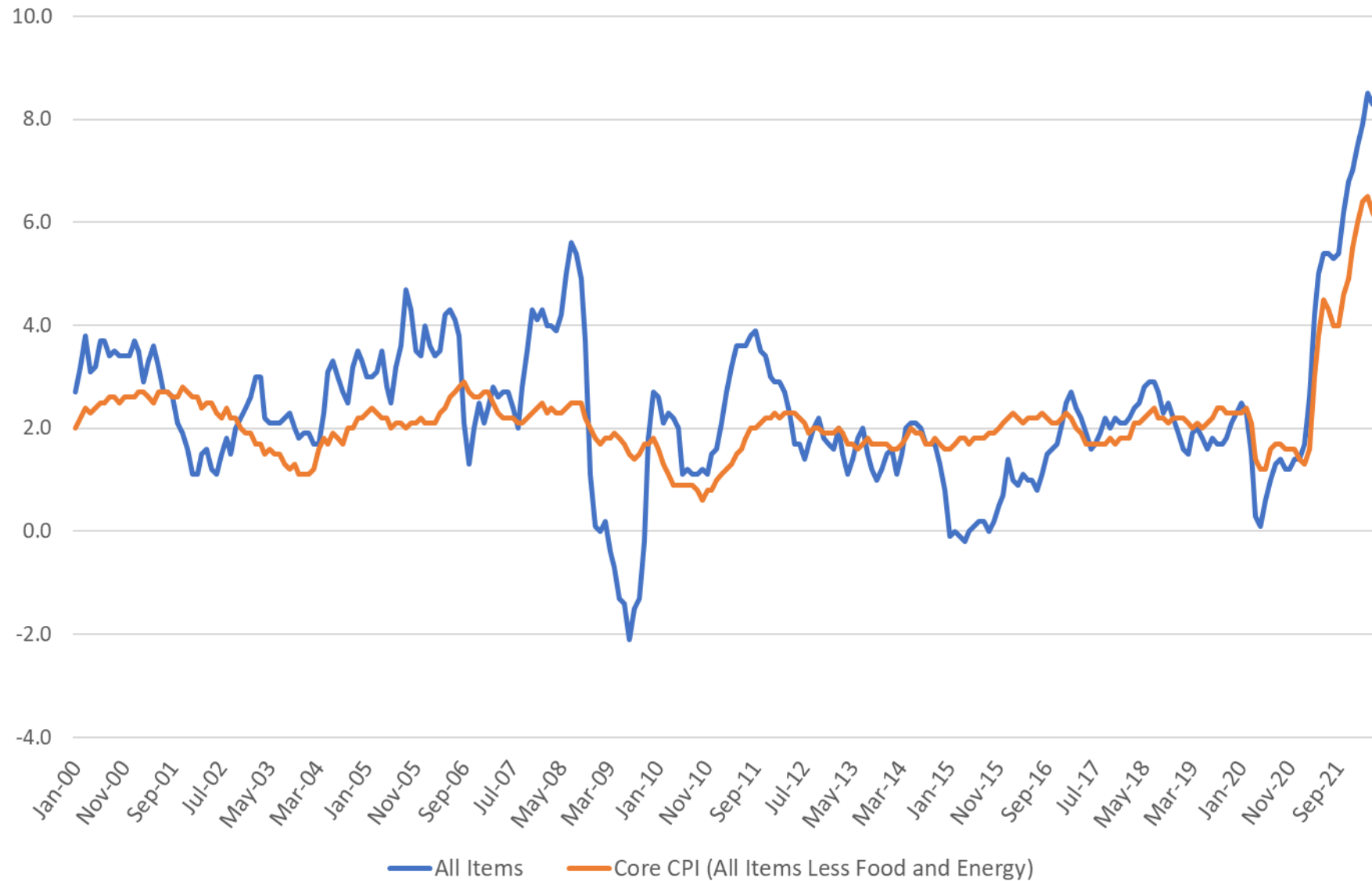


Federal supports including stimulus payments and enhanced UI played a role in reducing poverty in 2020, and Child Tax Credits reduced child poverty in 2021

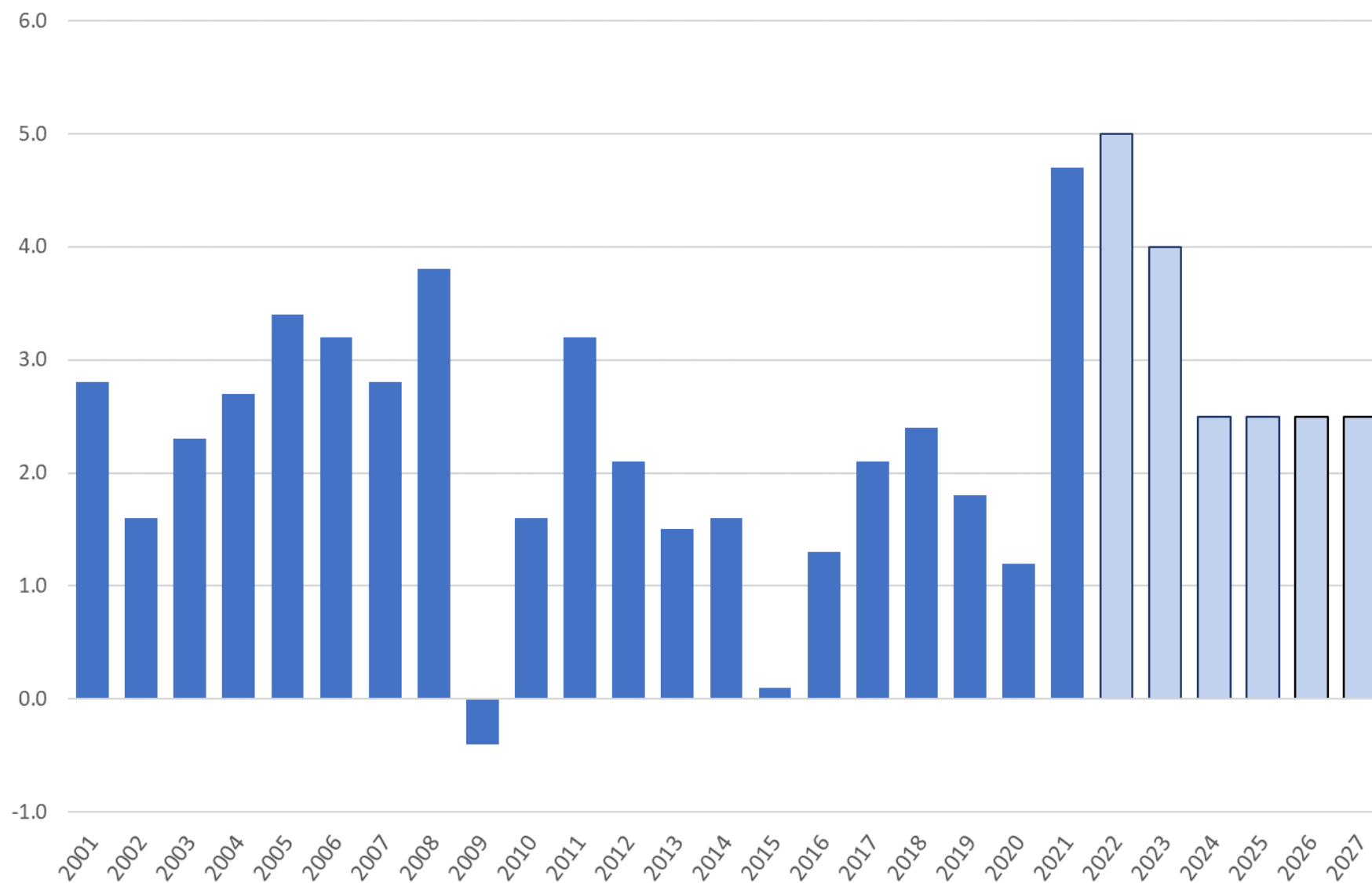
- Official 2020 U.S. poverty rate = 11.4%, 1.0 percentage points higher than 2019
- Supplemental Poverty Measure (SPM) = 9.1%, 2.6 percentage points LOWER than 2019
 - Without stimulus payments, the SPM would have been 12.7%
- Nationally, people moved out of poverty due to federal programs:
 - Social 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

INFLATION AND SPENDING

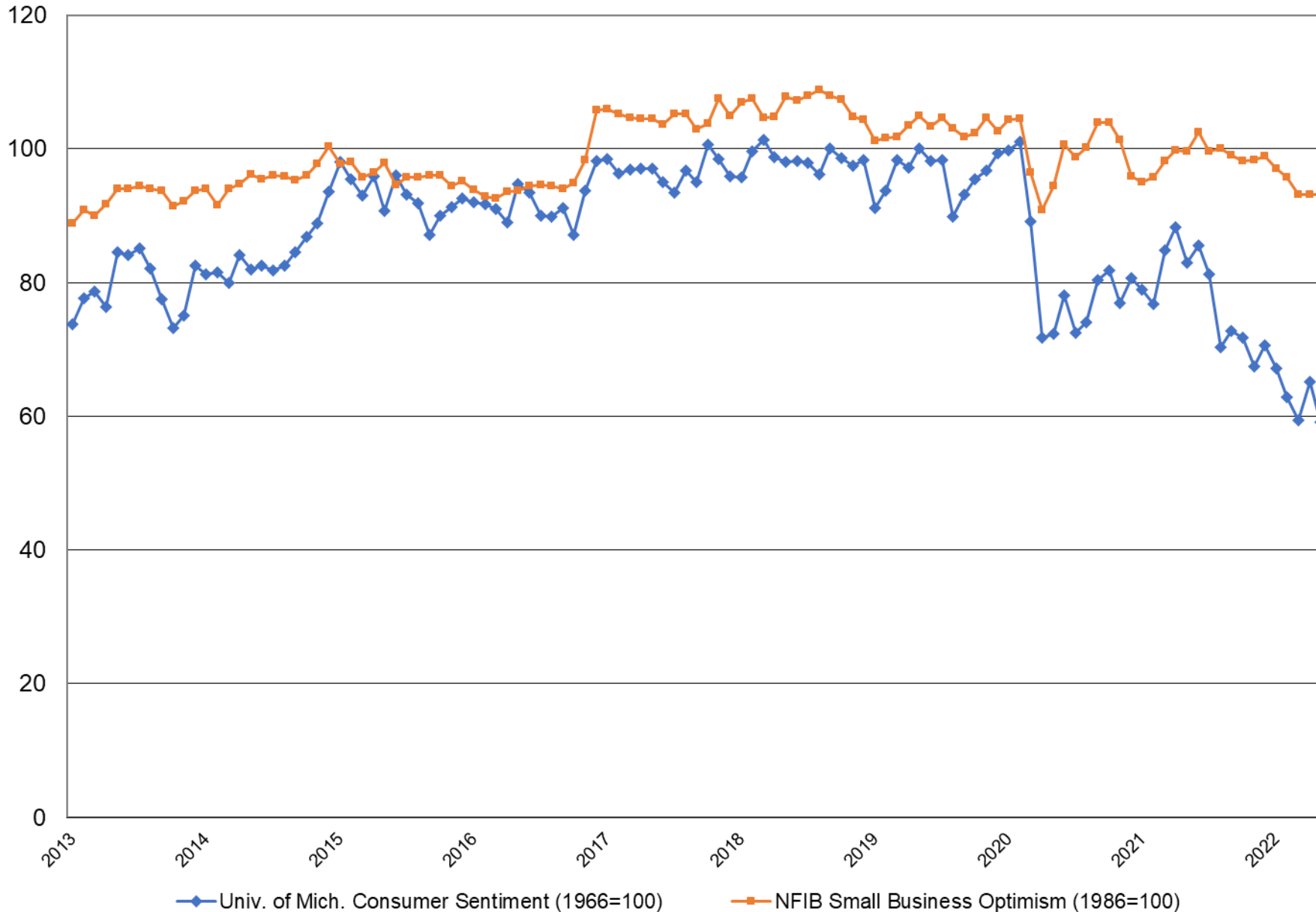
Year-over-year percent change in Consumer Price Index (1982-84=100, not seasonally adjusted)



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



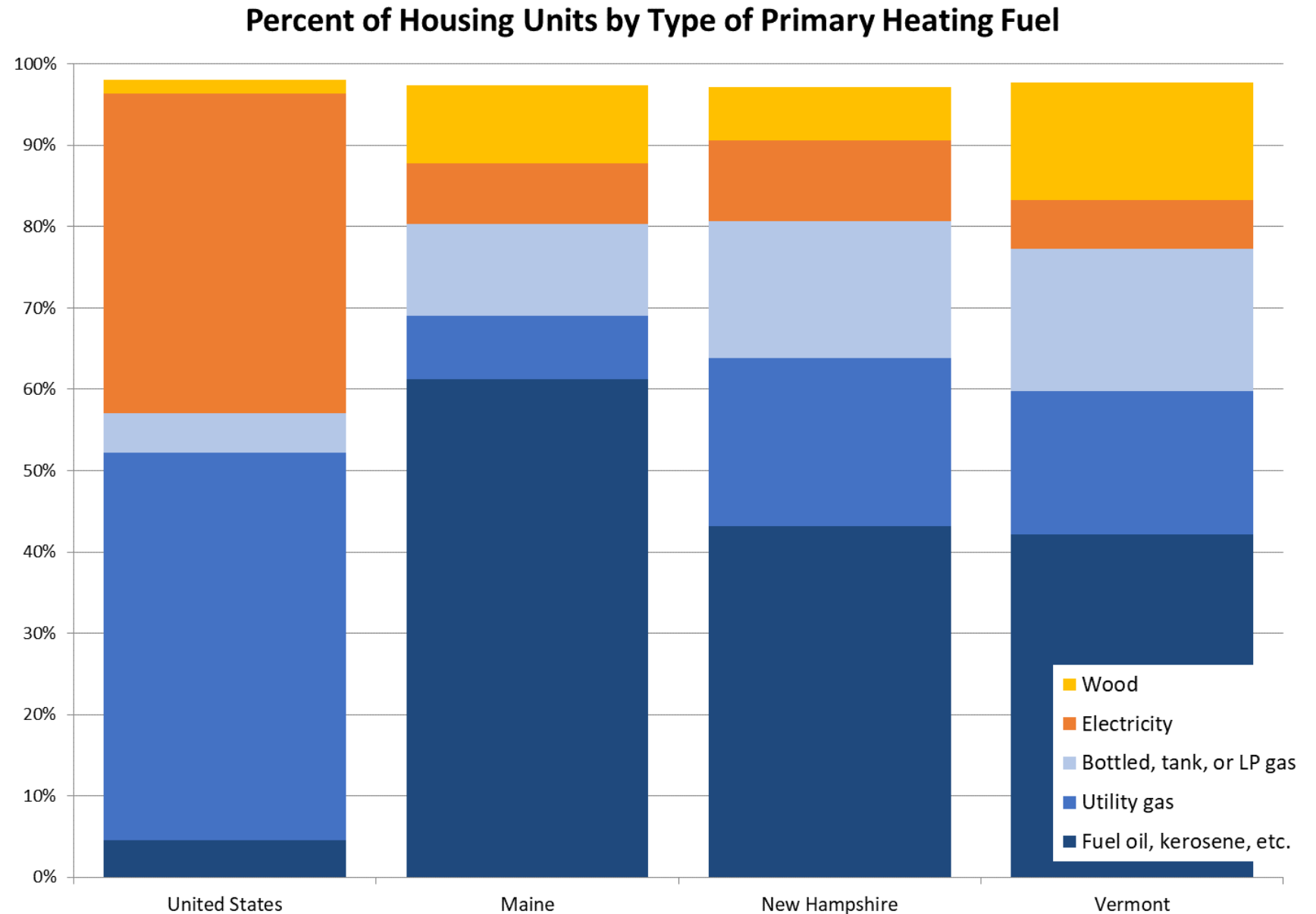
Consumer Sentiment and Small Business Optimism Indexes

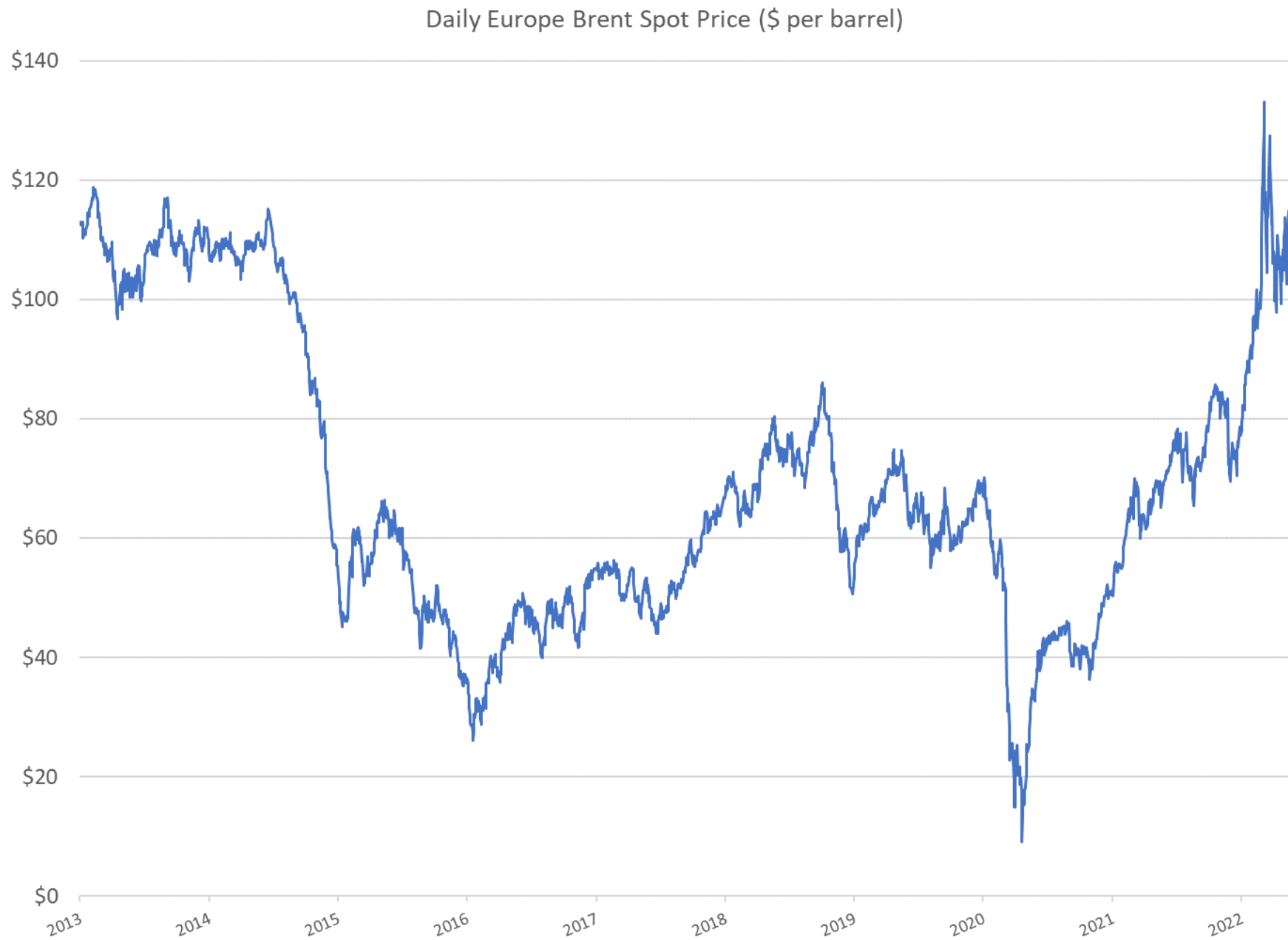


Consumers are particularly concerned about inflation:

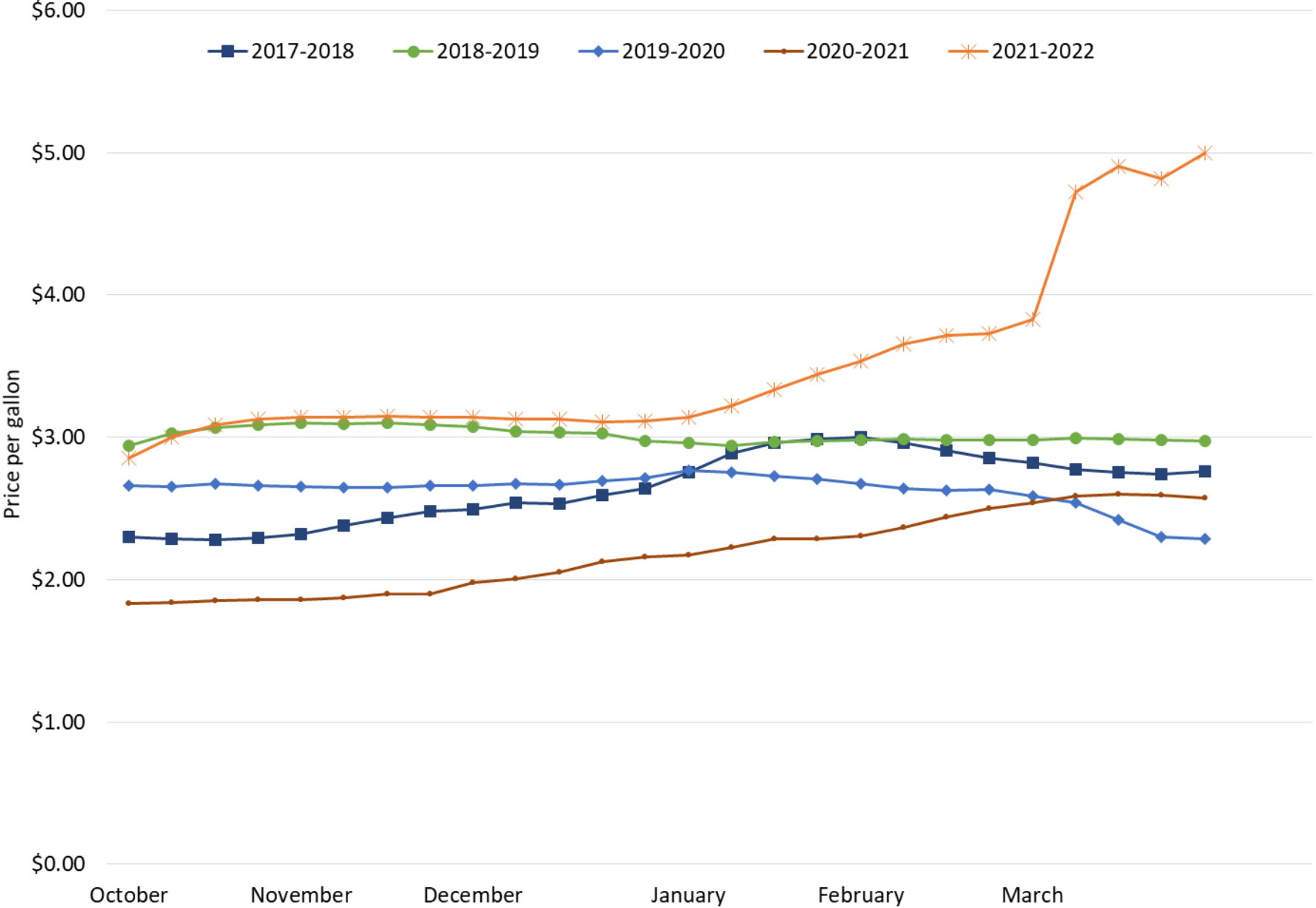
- Inflation expectation of 5.4% in recent months is the highest since November 1981

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

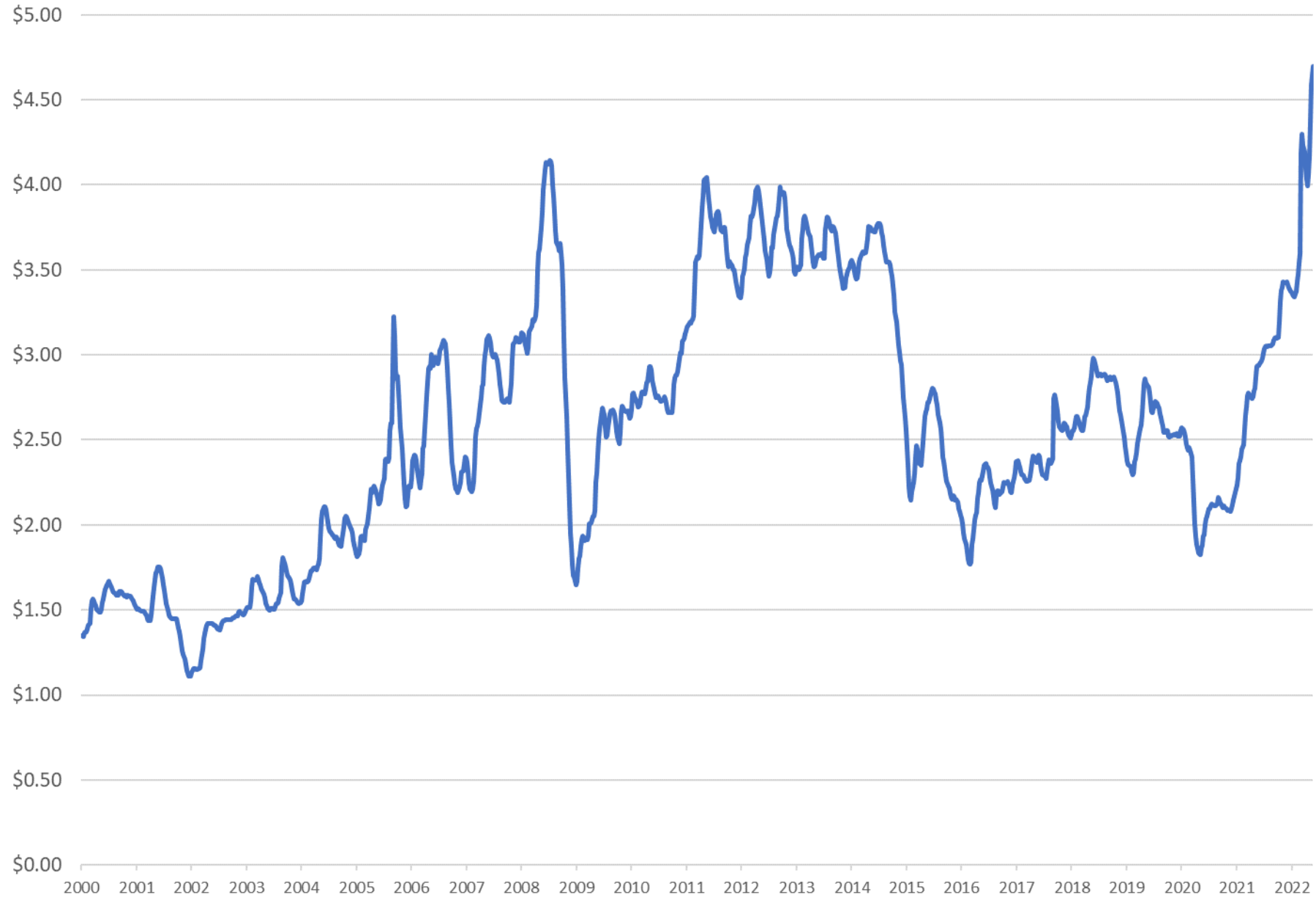


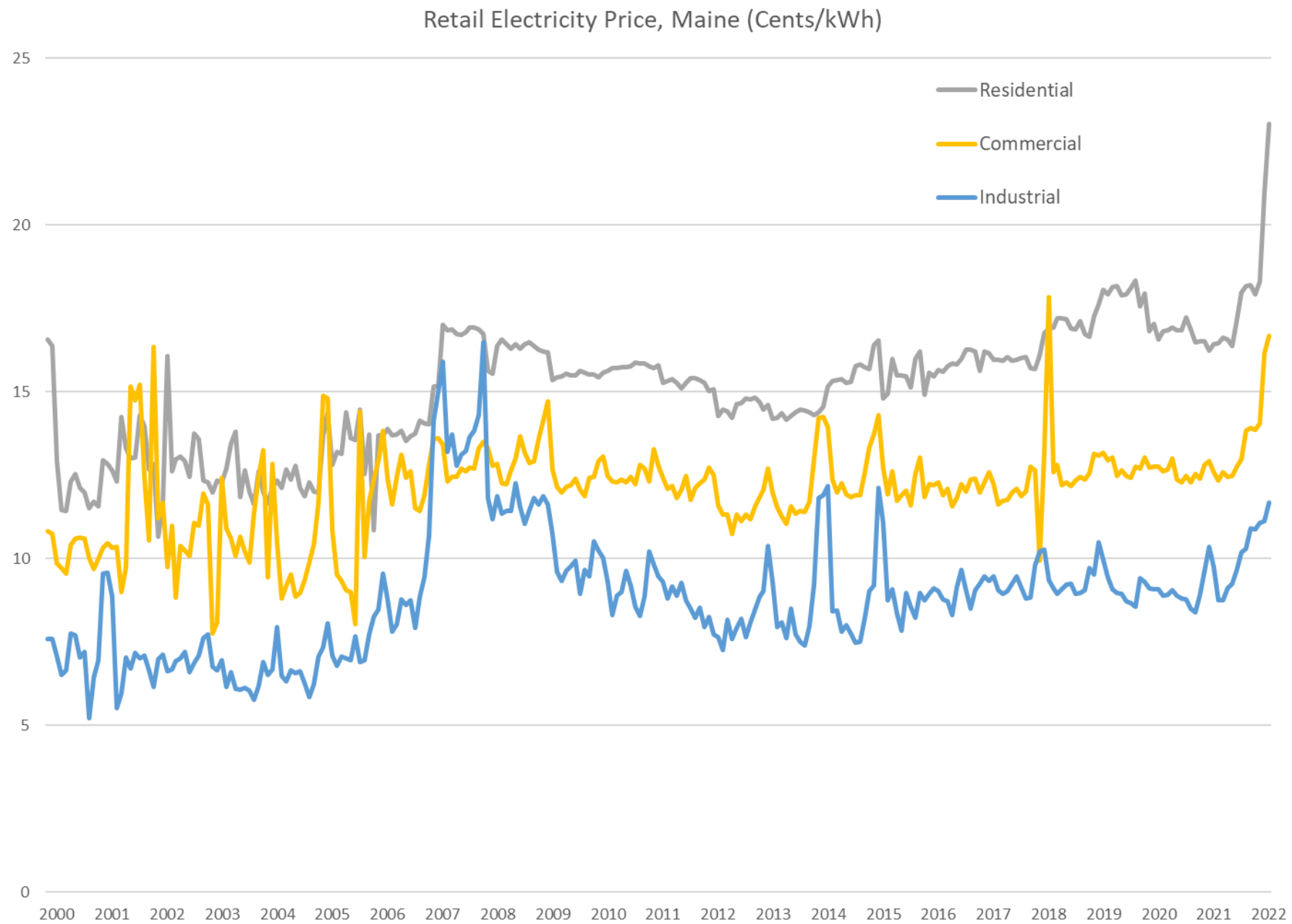


Maine No. 2 Heating Oil Residential Price



New England - Regular All Formulations Retail Gasoline Price Per Gallon

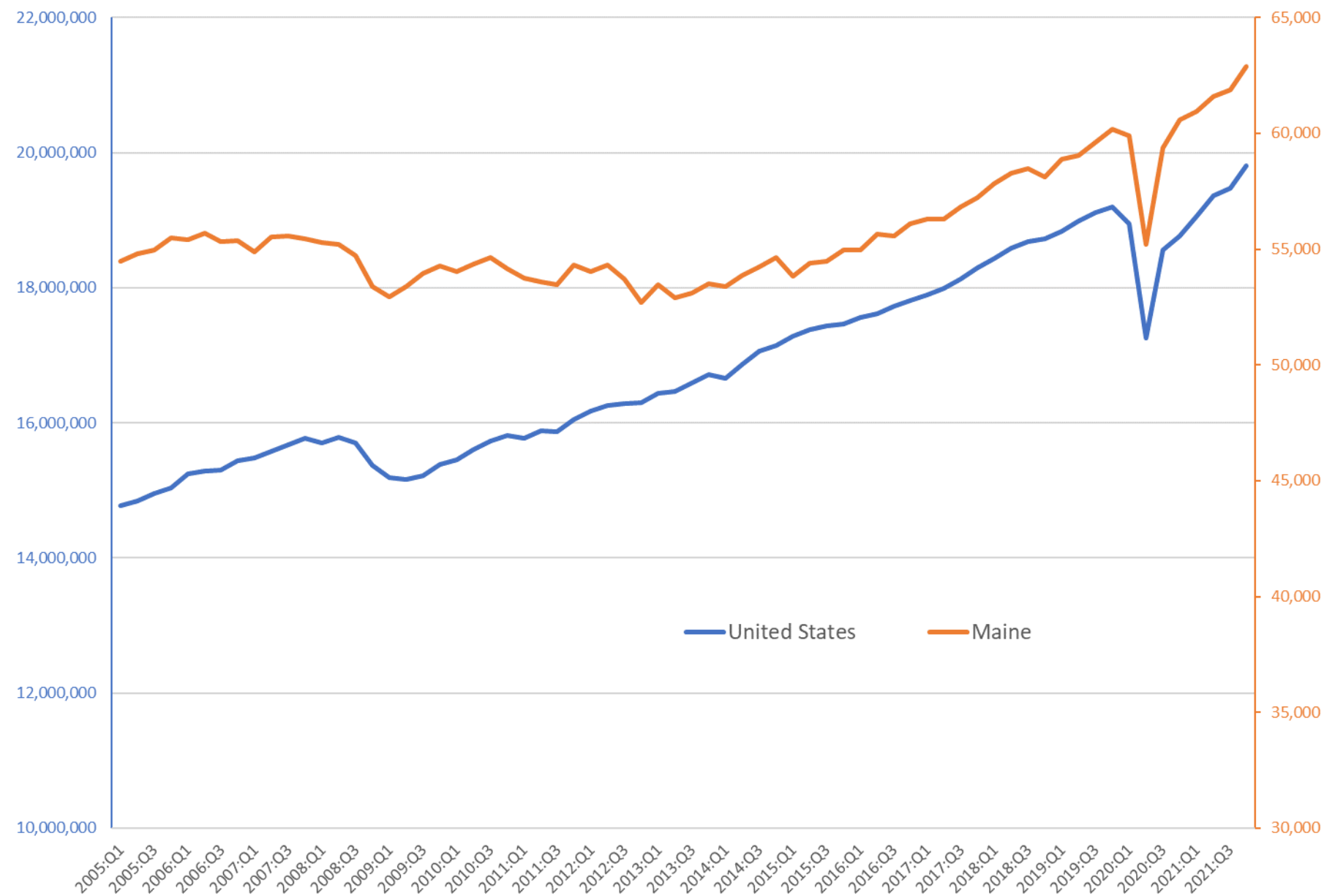




Maine Taxable Retail Sales	% Change from Apr. 2021 to Apr. 2022	% Change from Apr. 2019 to Apr. 2022	% Change last three months / same 3 month period one year ago
Building Supply	0.3%	65.7%	5.9%
Food Store	2.7%	16.3%	2.8%
General Merchandise	2.0%	27.1%	1.7%
Other Retail	-1.8%	102.6%	-0.6%
Restaurant	16.3%	17.5%	19.2%
Lodging	17.3%	55.2%	26.4%
Auto Transportation	-3.7%	32.6%	-0.2%
Total	1.4%	42.9%	4.6%

STATE GDP

Quarterly Real GDP (in millions of chained 2012 dollars)

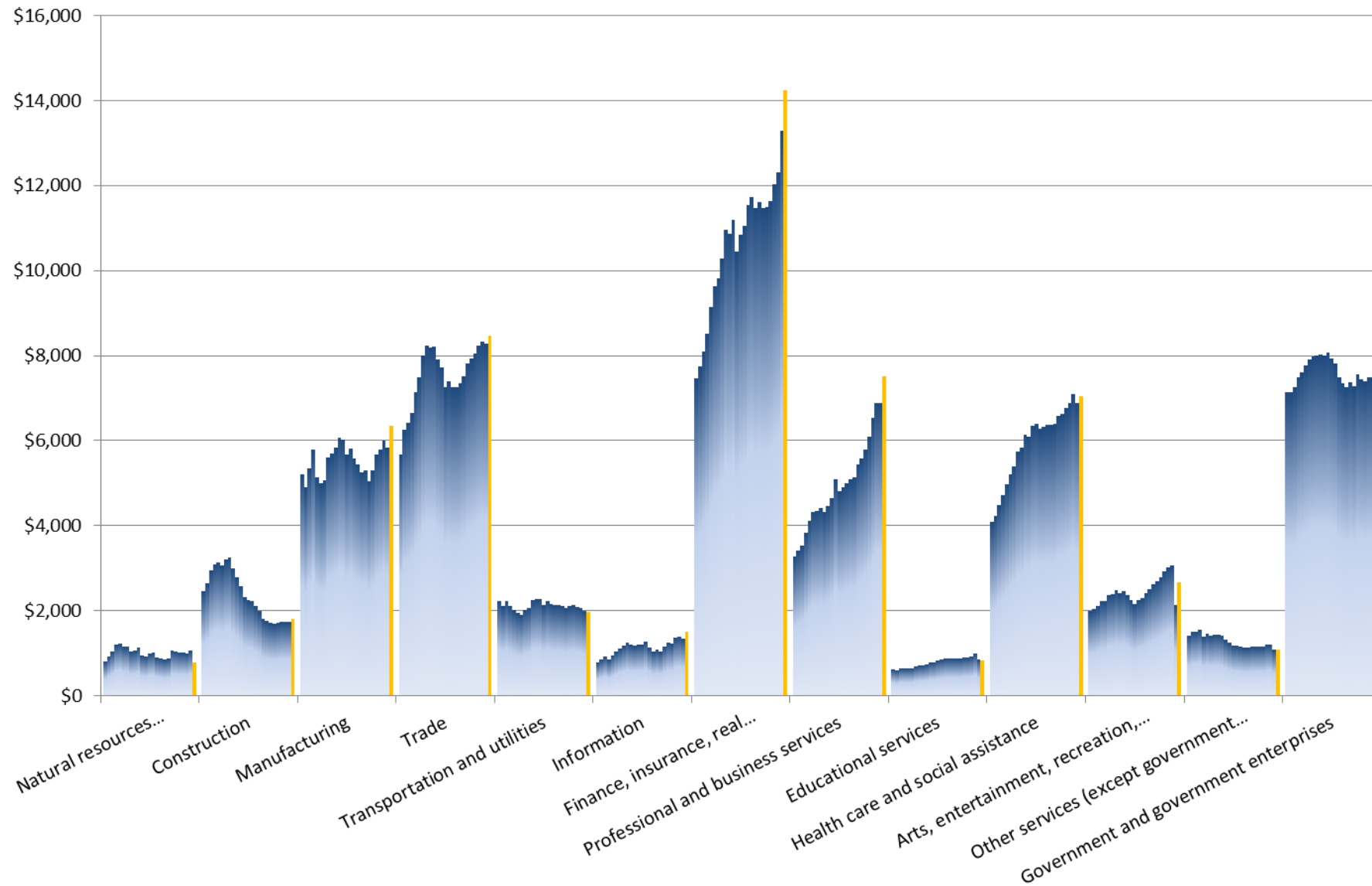


Maine's Value-Added per job trails the U.S.

Maine as % of nation	2017	2018	2019	2020
Maine	75%	75%	75%	77%

Calculated as Real GDP divided by Total Full-Time and Part-Time Employment

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



Looking ahead:

- 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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