

Demographic and Economic Conditions in Maine

Presented to:
Maine Association of REALTORS®

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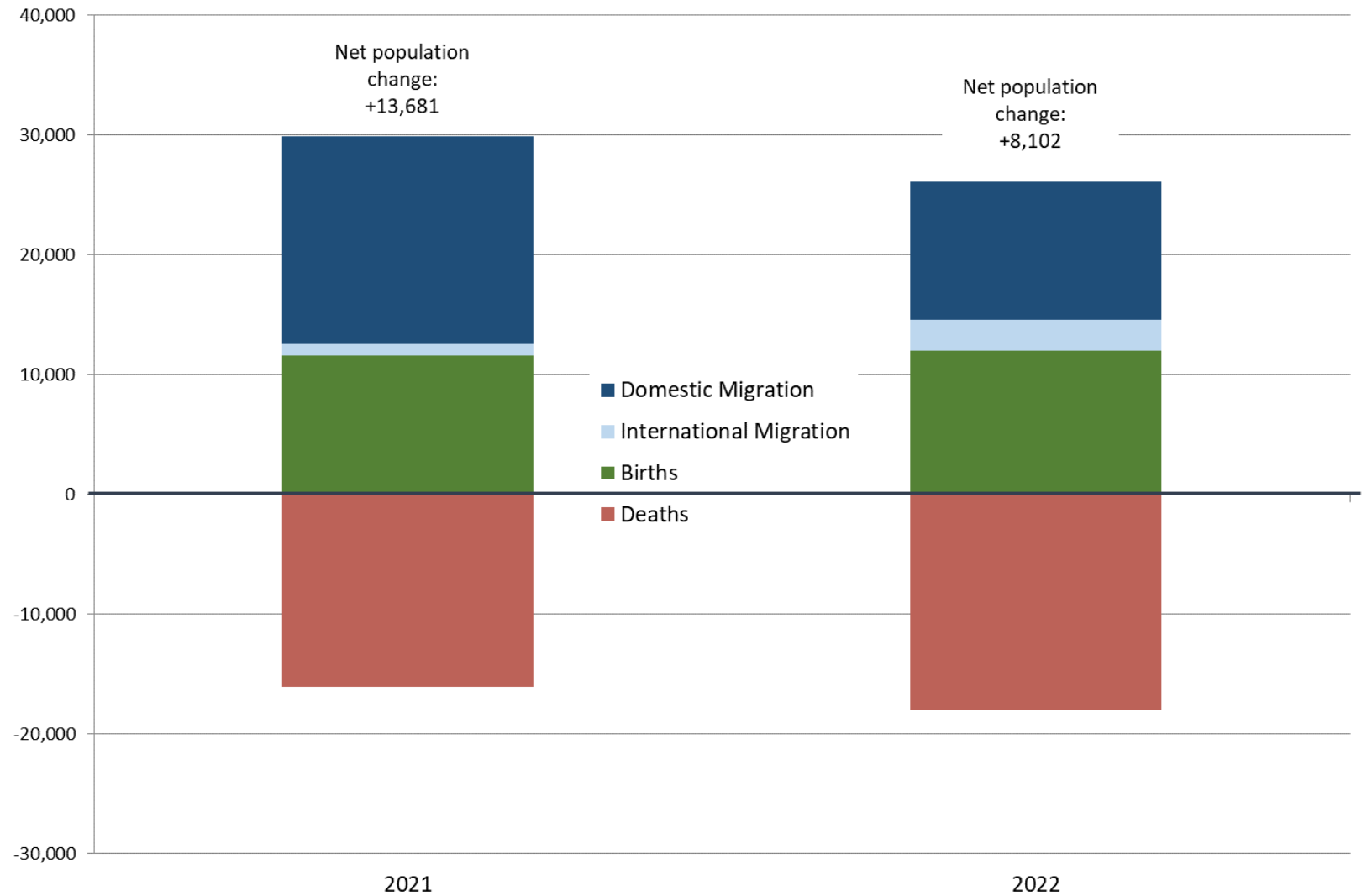
MAINE DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

JULY 24, 2023



Demographics

Components of Population Change, Maine



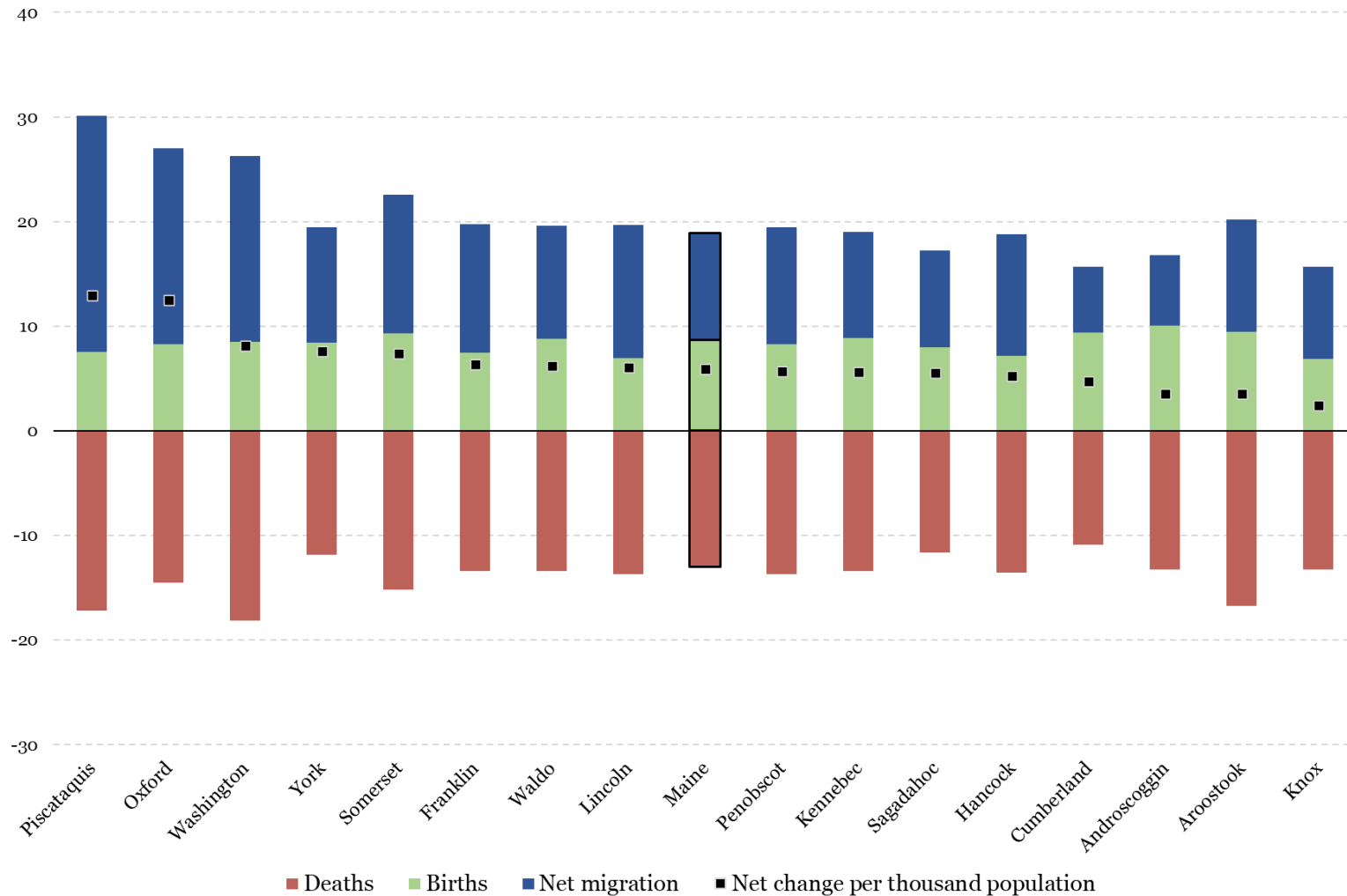
2020 Decennial Population =
1,362,359 (42nd in U.S.)

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

Population increase of 1.7%
from 2020-2022
(14th in U.S.)

2022 net migration = 10.2 per
thousand
(11th in U.S.)

Components of Population Change in Maine, 2022
Rate per thousand population



It's some of
Maine's most
rural counties
that have the
highest rates of
population
growth

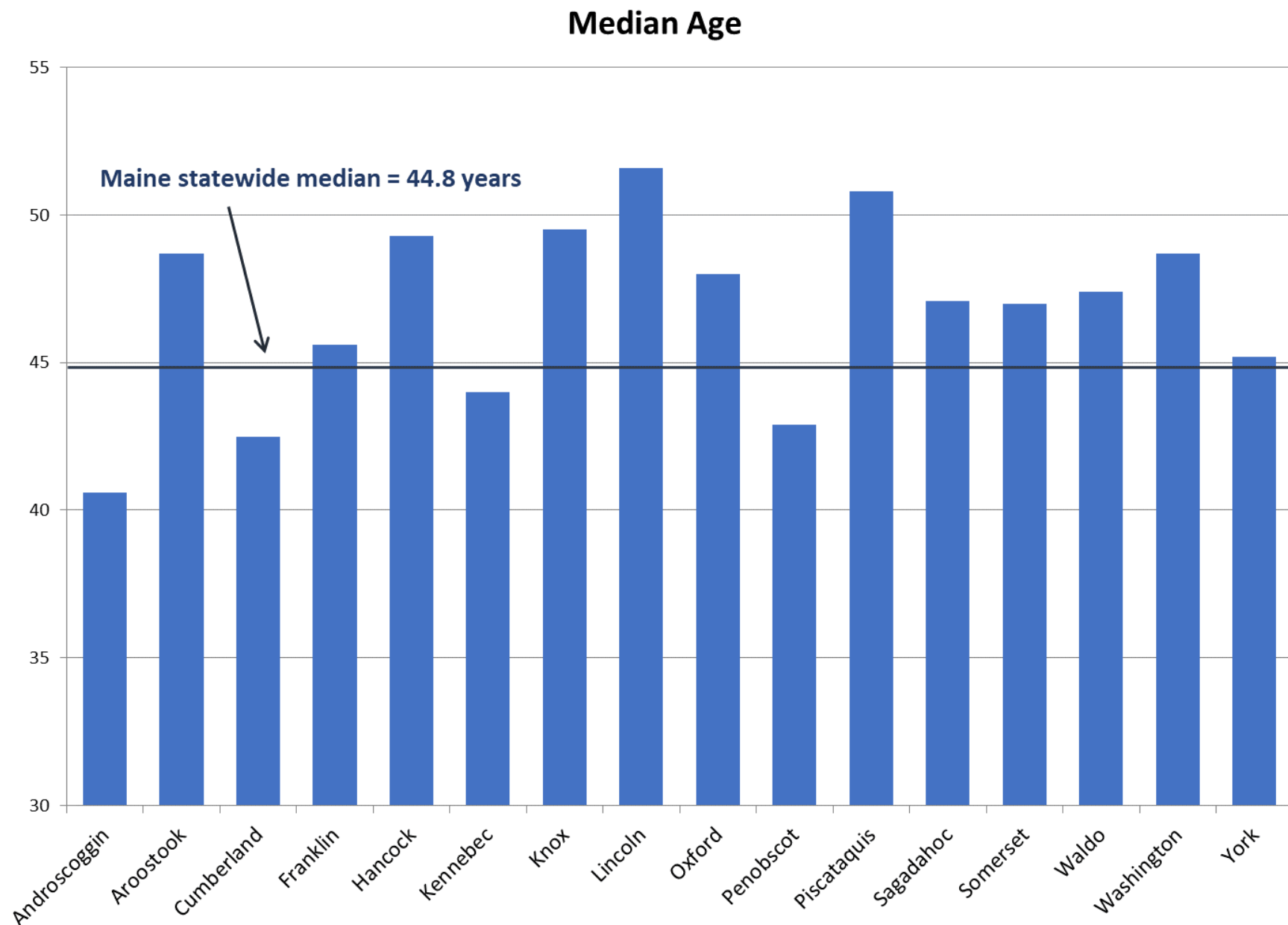
Maine has the oldest population...

...by median age
(44.8 years)

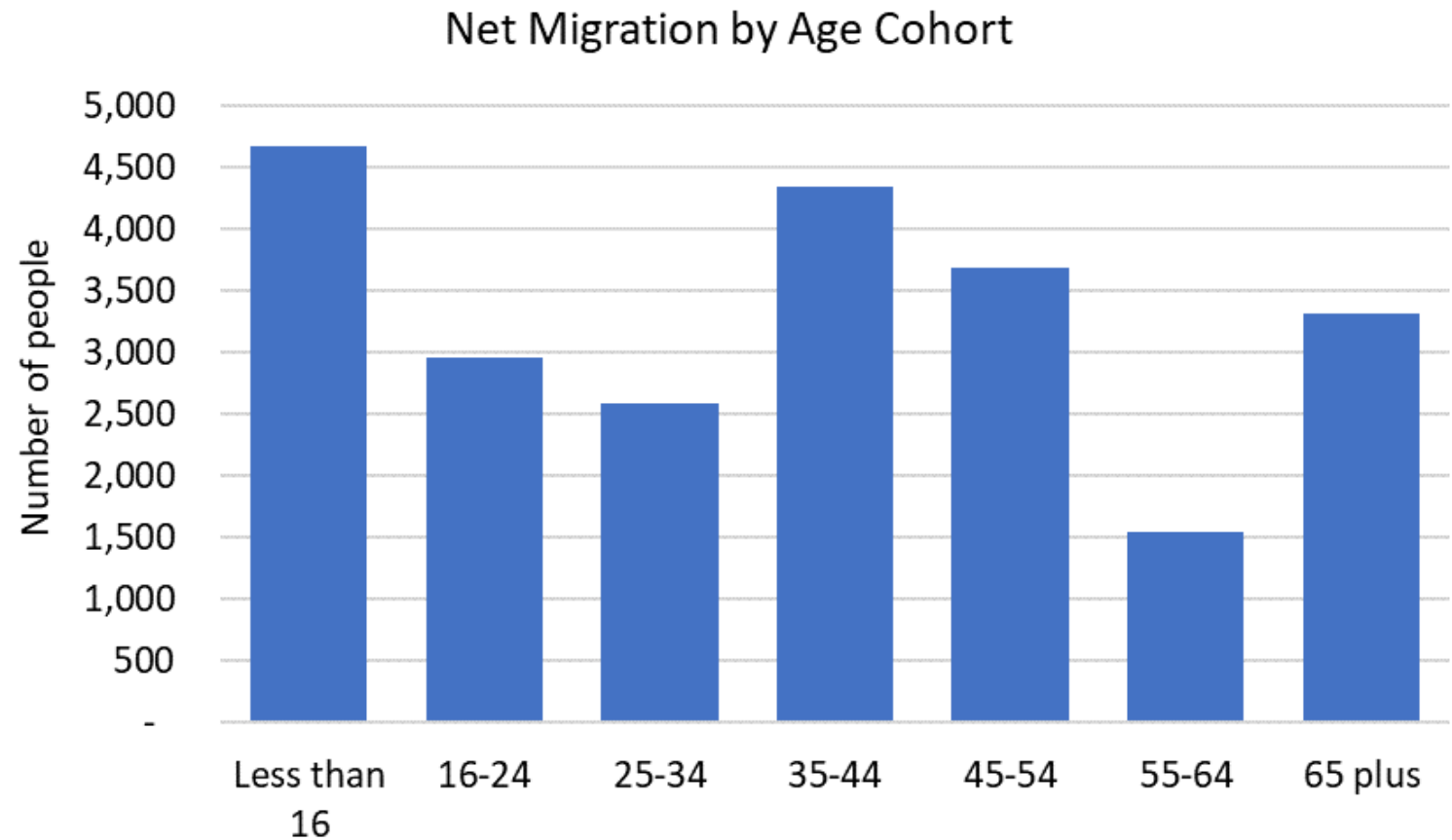
...and by % of population age
65+ (22.5%)

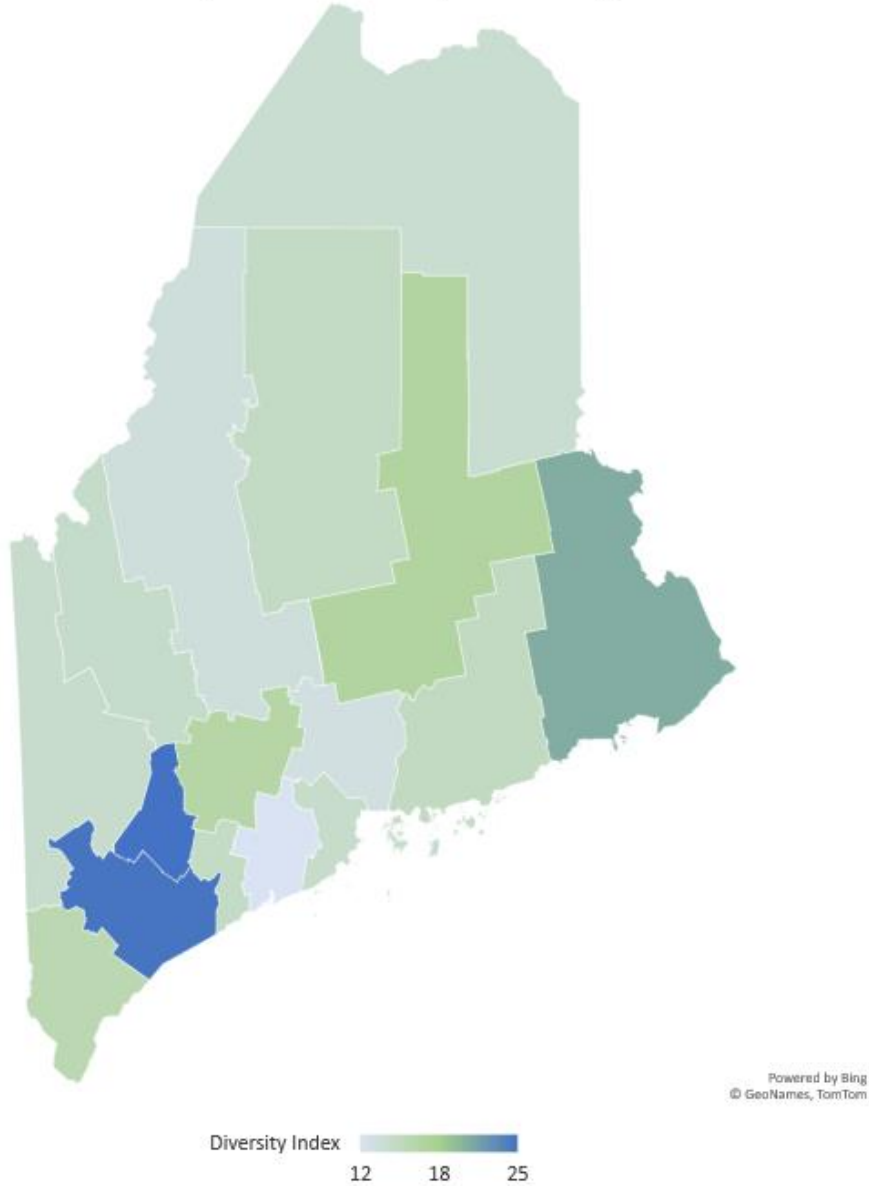
BUT!

- Maine was one of only two states to see a decrease in median age from 2020 to 2021...
- ...and one of only four states to not see an increase in median age from 2021 to 2022



44% of those migrating to Maine in 2021 were under the age of 35

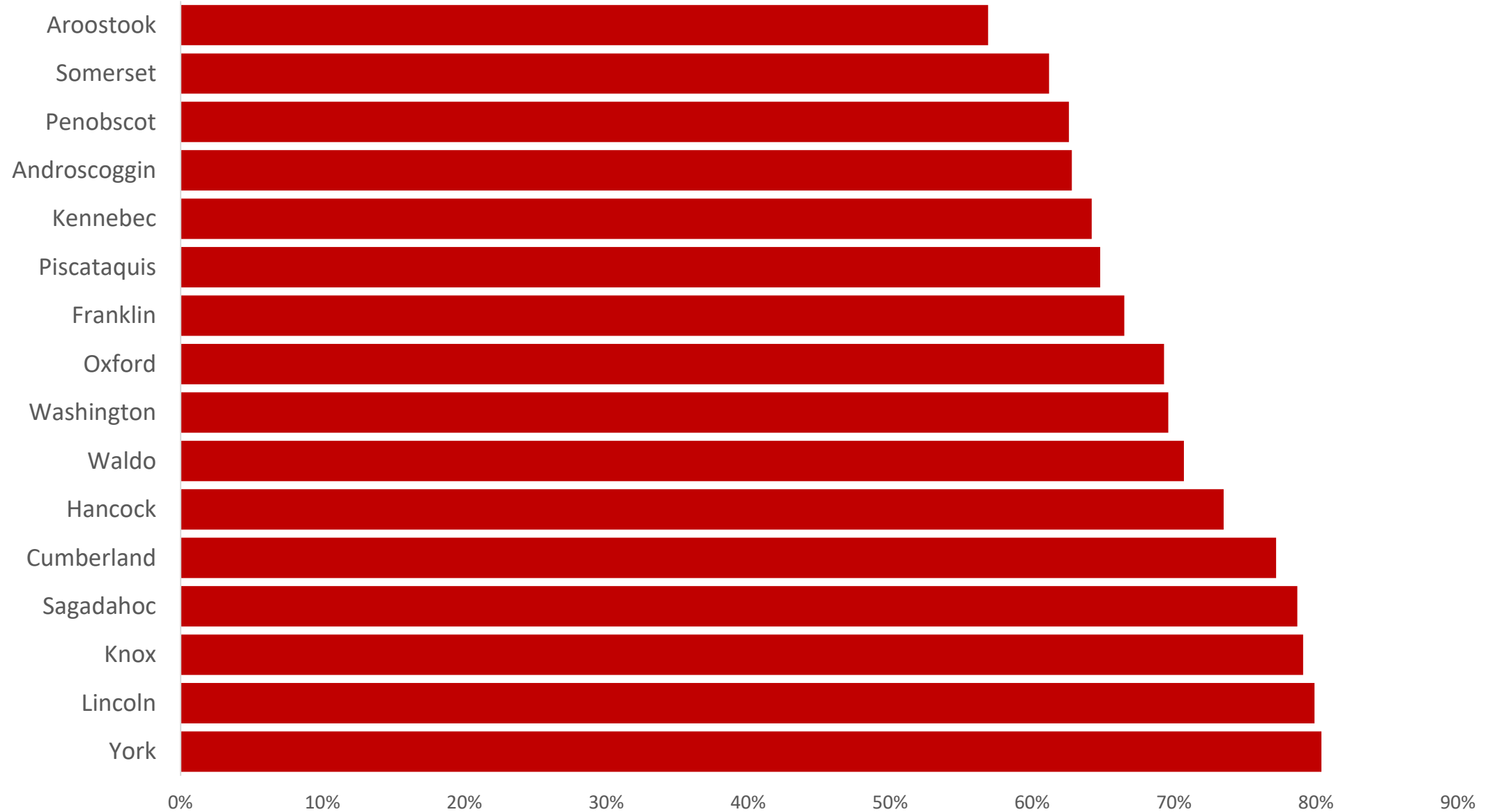




The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

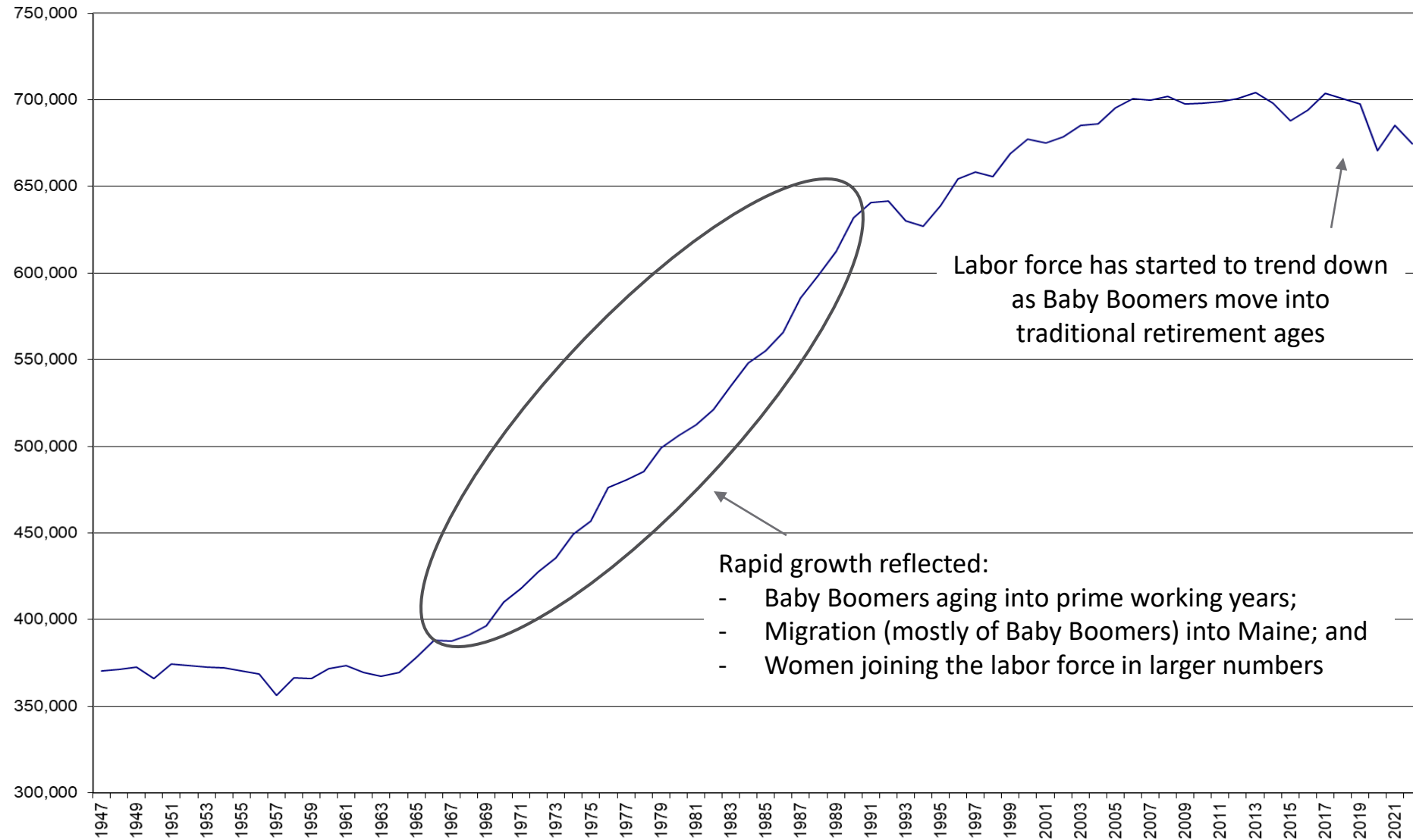
- In 2020, Maine ranked as the least diverse state in the U.S.
 - ME index = 18.5%
 - U.S. index = 61.1%
- But there is regional variation: Cumberland, Androscoggin, and Washington counties are more diverse

Percent of Households Unable to Afford Median Home, 2022



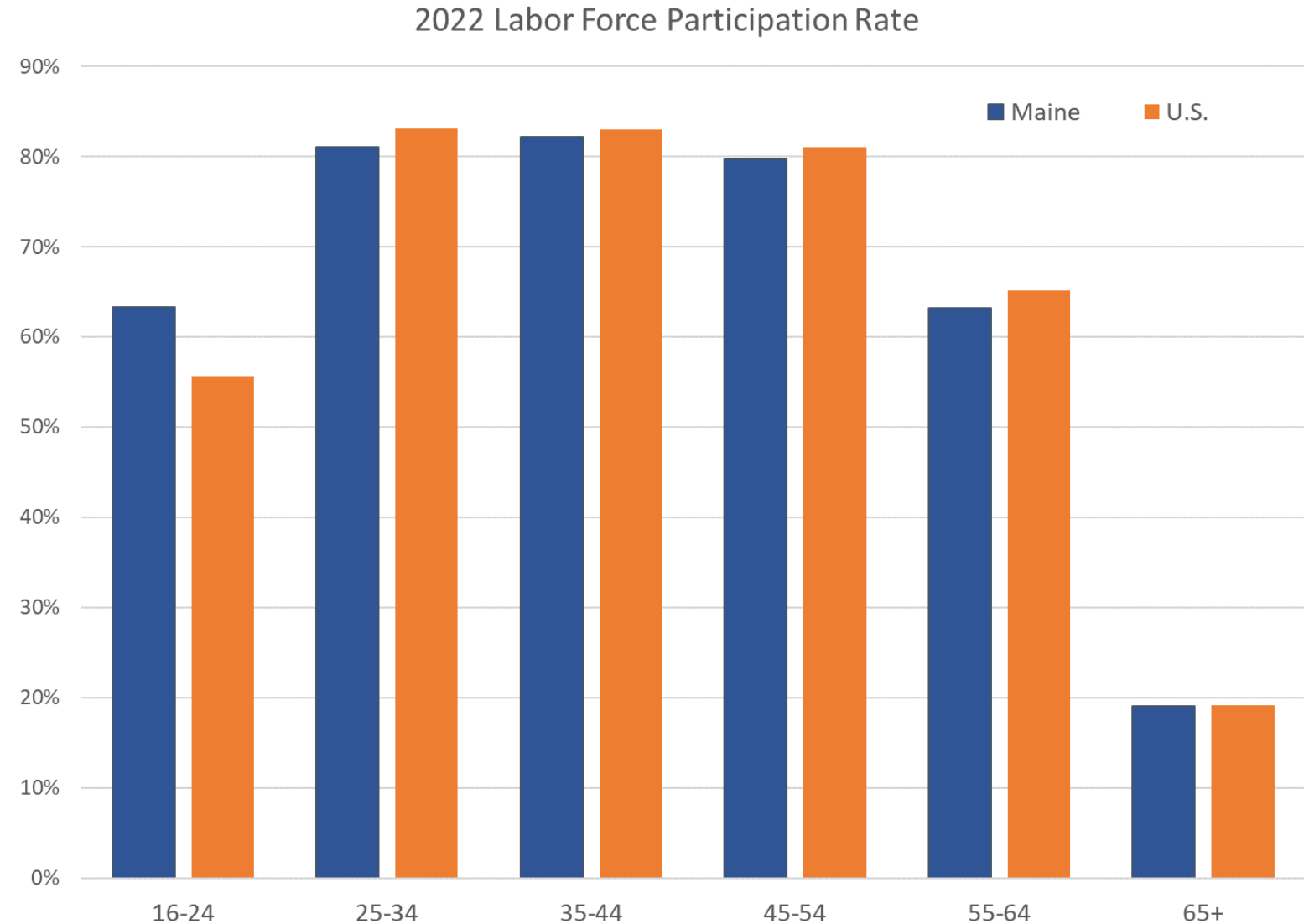
Workforce and Employment

Maine Civilian Labor Force



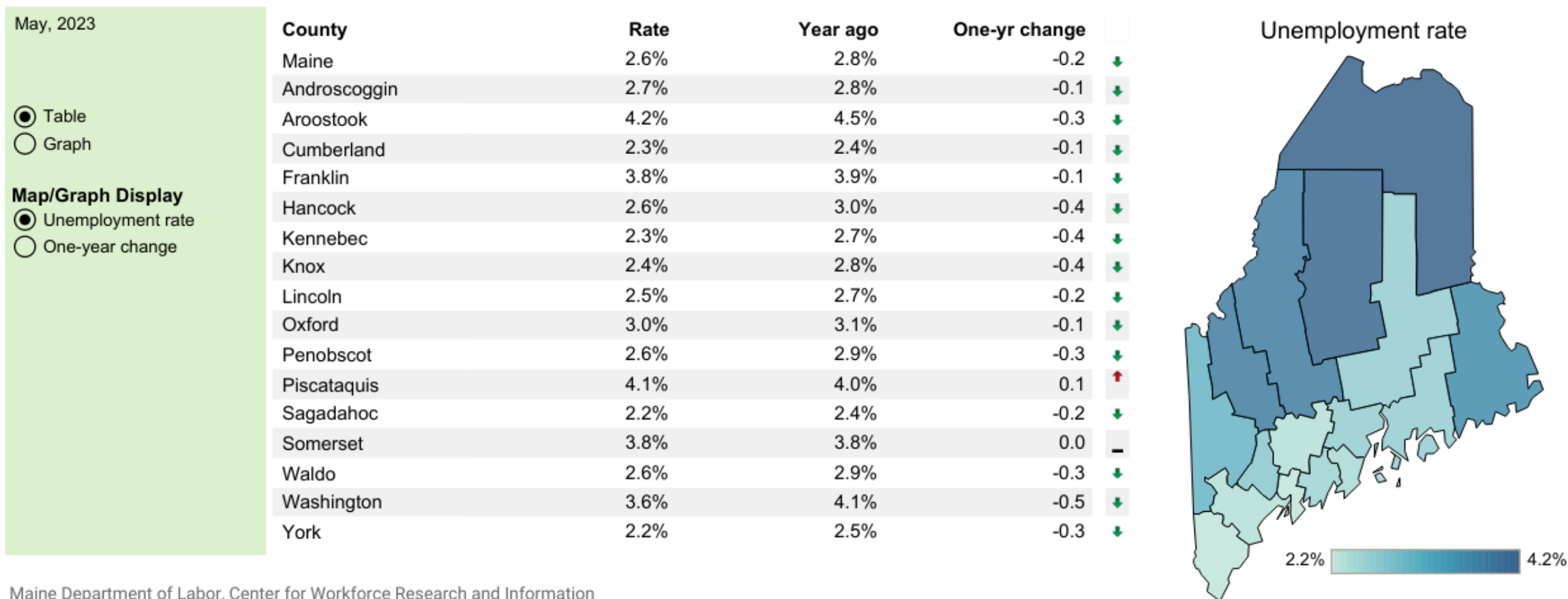
From Maine Dept. of Labor's *Annual Workforce Report for 2021* (pub. Nov. 2022):

- The rising share of retired population is the primary factor in lower participation in the state
- A higher share of retirement age population is the reason total labor force participation is lower in Maine than the nation

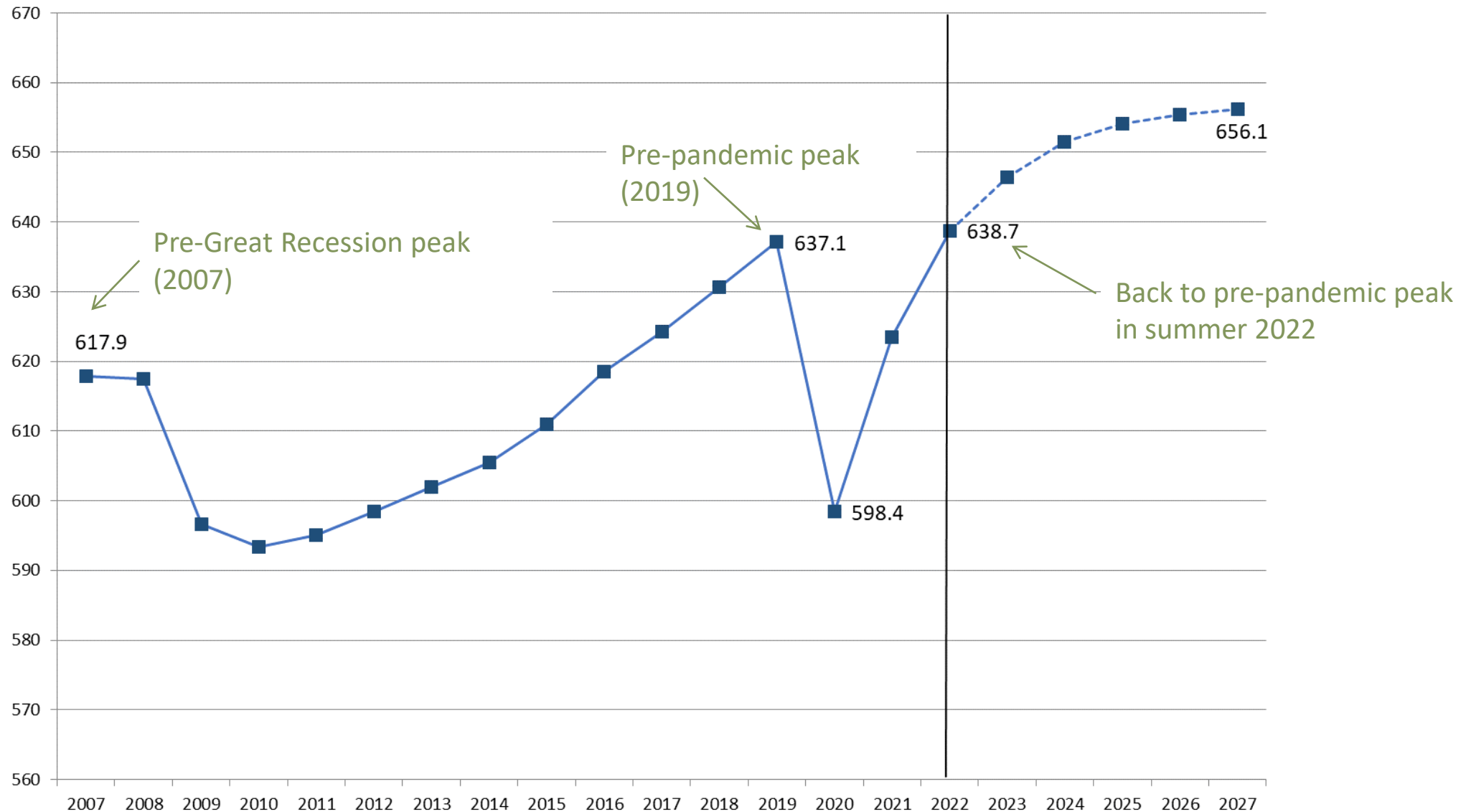


Maine's unemployment rate of 2.4% in May 2023 remains at a record low and is below the U.S. rate of 3.7%

County Rates (not seasonally adjusted)

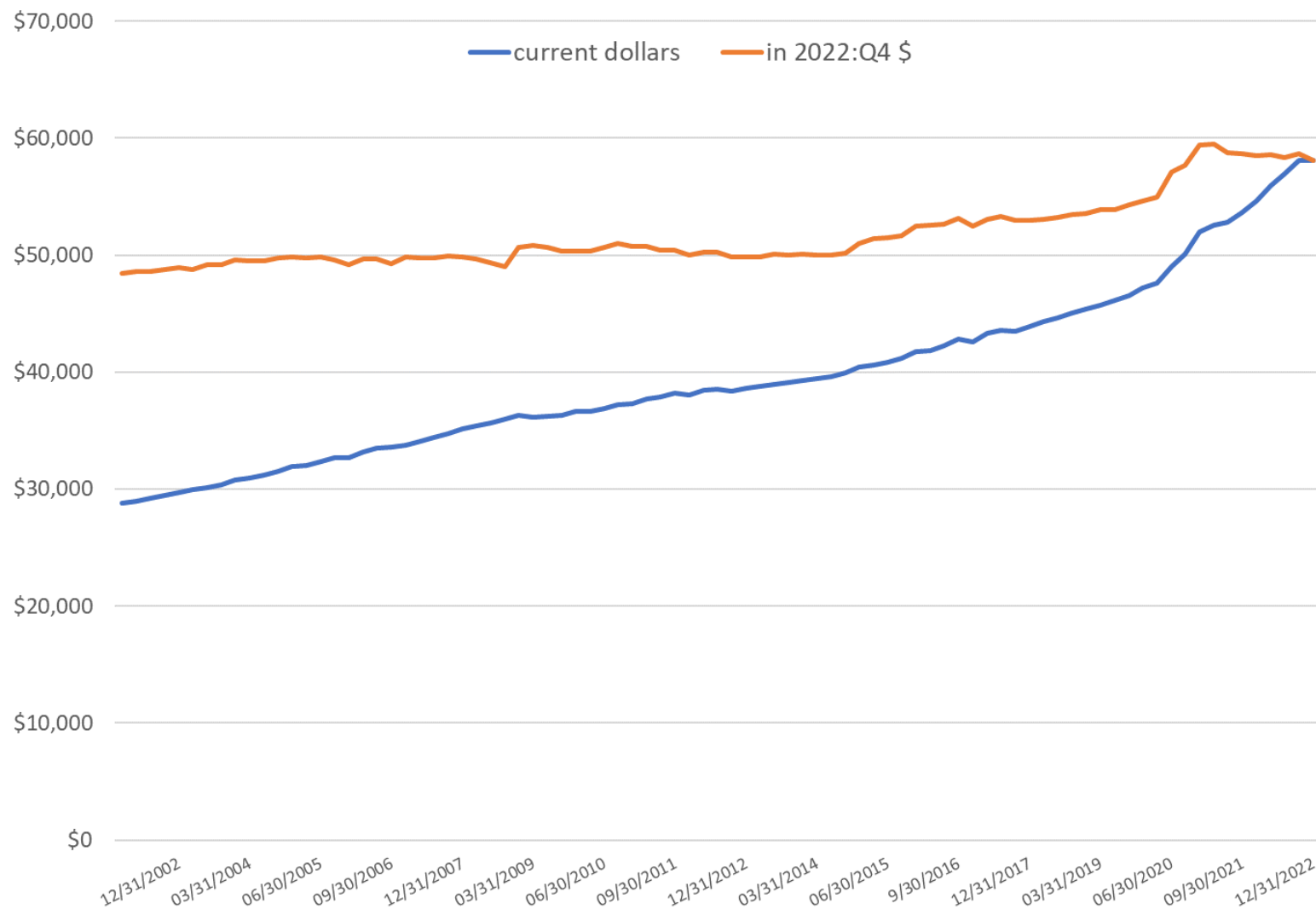


Total Nonfarm Employment (in thousands) History and CEFC forecast



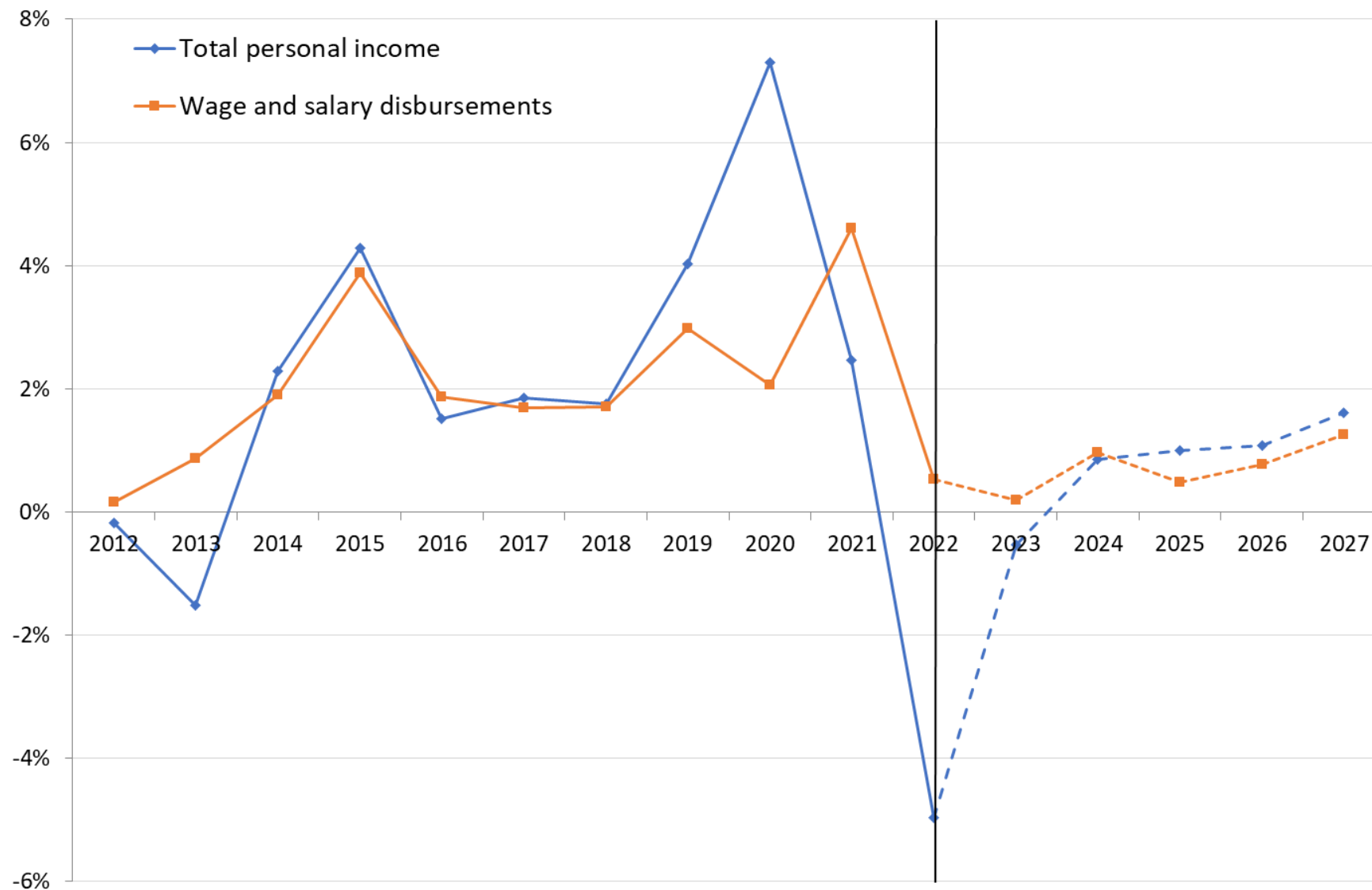
Wages, Income & Inflation

Moving Four Quarter Average Wage Per Job

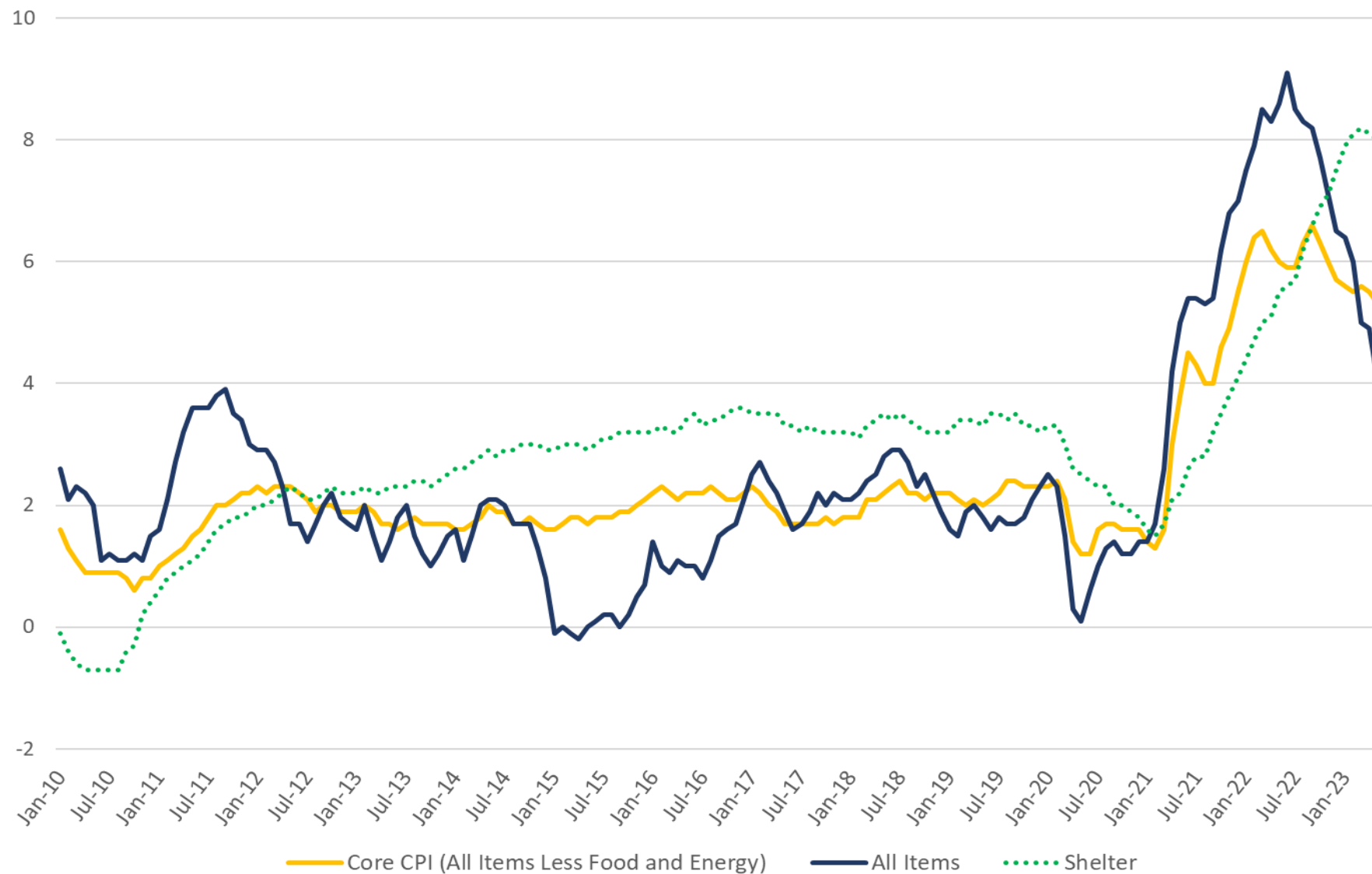


Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains

Percent Change in Real Personal Income (2022 \$), Maine 2012-2022 and forecast to 2027



Year-over-year percent change in Consumer Price Index





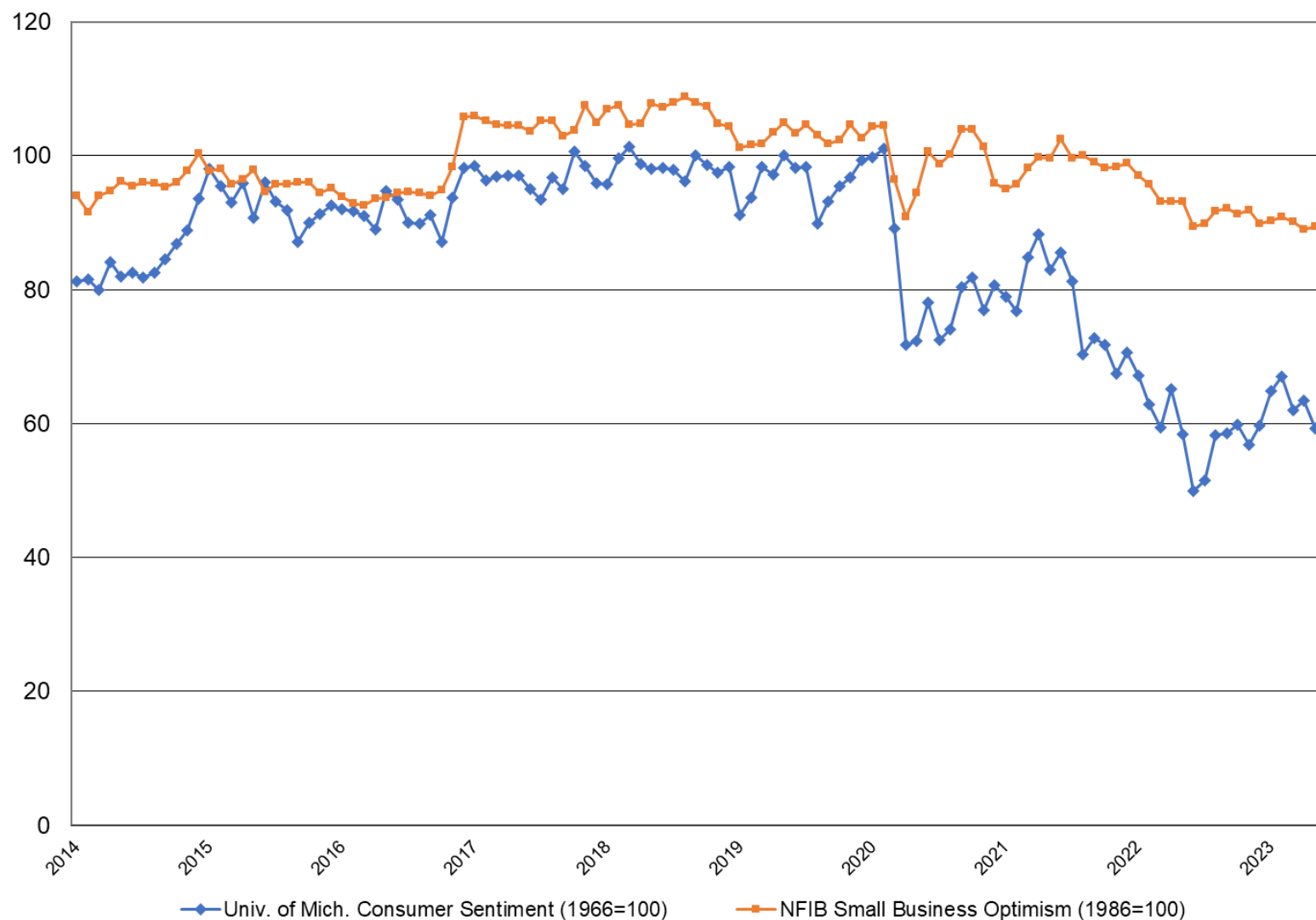
Outlook

Consumer sentiment has been trending up since its all-time-low in June 2022, but has been volatile in recent months.

There were significant declines in short- and long-term economic outlook resulting from the debt ceiling debate.

Inflation and labor quality remain top issues facing small businesses.

Consumer Sentiment and Small Business Optimism Indexes



One key
assumption
from April 2023
Consensus
Economic
Forecasting
Commission
report
(emphasis
added):

There is an unequal distribution of supply and demand in the labor market. **Demand for labor is high, supply is low, and unemployment rates are near historic lows in Maine and nationwide.**

Workers are experiencing higher wage growth, particularly for lower wage jobs. Some demographic trends, including a **growing share of the population reaching retirement age,** will continue to constrain labor supply.

However, the Commission is optimistic that Maine will continue to see **higher in-migration of working-age people** in the coming years that will be more than sufficient to offset retirements in the forecast period.

Things to keep in mind:

- Housing costs have increased sharply as demand far outstripped supply and then interest rate hikes made mortgages more expensive – this limits availability for ongoing migration and workforce expansion
- Inflation has started slowing, but not quickly – the Federal Reserve has paused for now, but likely will continue to raise interest rates in response
- Will we see continued migration into Maine? Telework, housing, and dependent care are three key determinants
- Threat of recession is still out there as uncertainty remains elevated
- Maine has a robust Budget Stabilization Fund (around \$900 million) and spending from Maine Jobs and Recovery Plan is ongoing, which will help Maine weather a potential slowdown

Maine's outlook
upgraded from
'stable' to
'positive' in
recent credit
rating

Moody's attributed its upgrade of Maine to
'positive' because of Maine's "continued GDP
growth at or above the national rate" and
Maine's growing population and employment
rates.

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