

Demographic and Economic Conditions in Maine

MRS Property Tax School

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Demographics

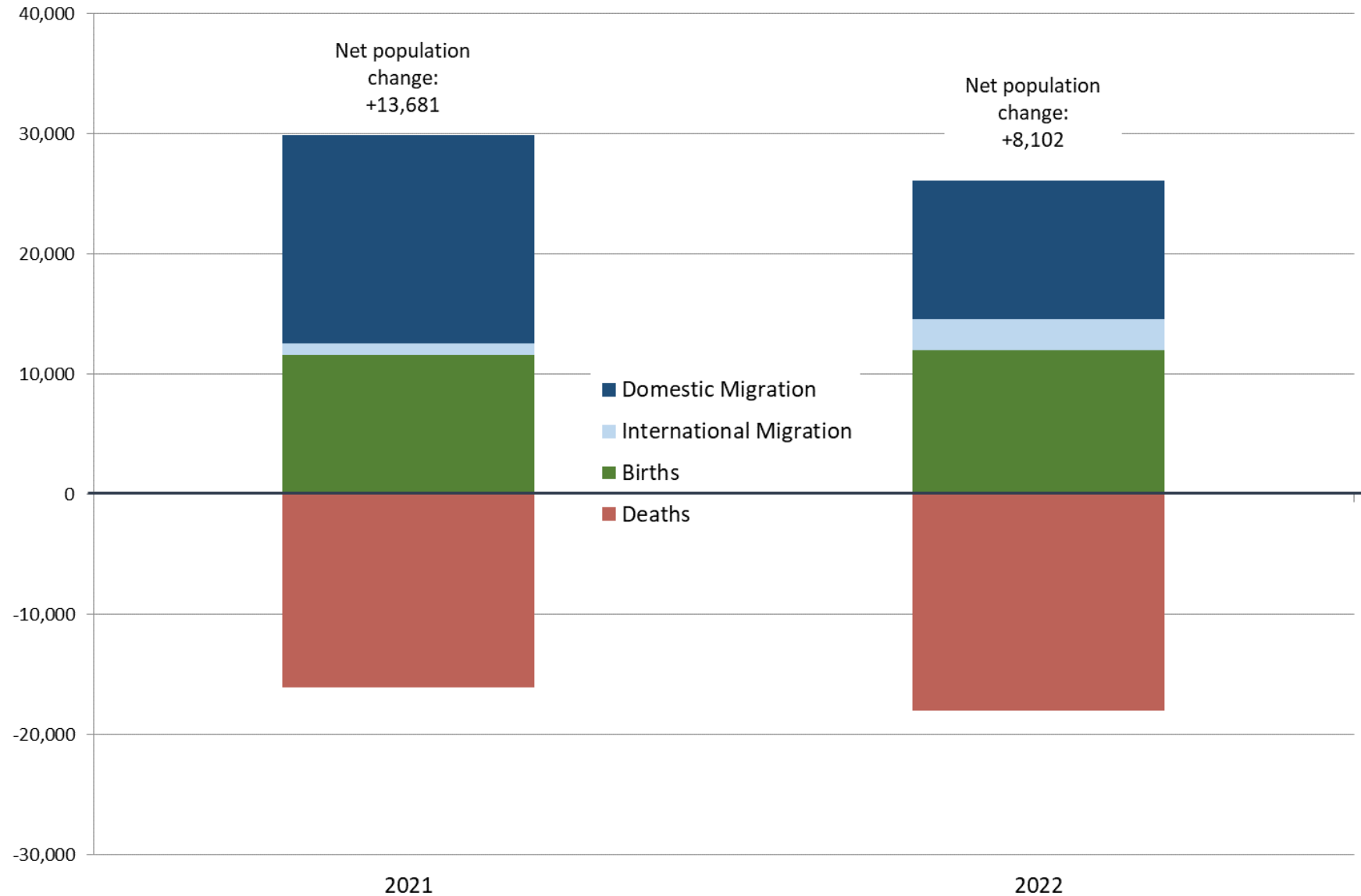
Components of Population Change, Maine

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

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

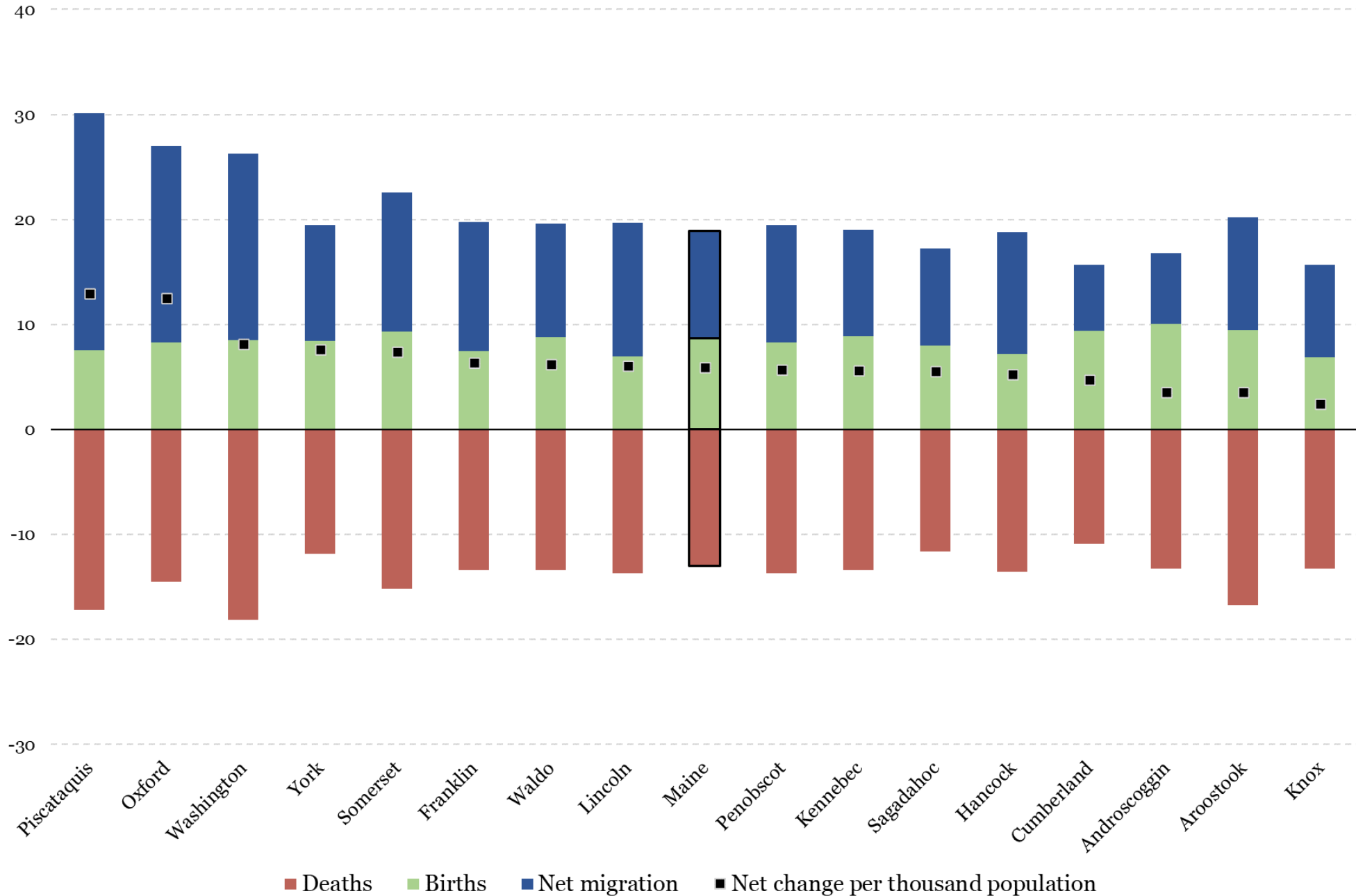
Population increase of
1.7% from 2020-2022
(14th in U.S.)

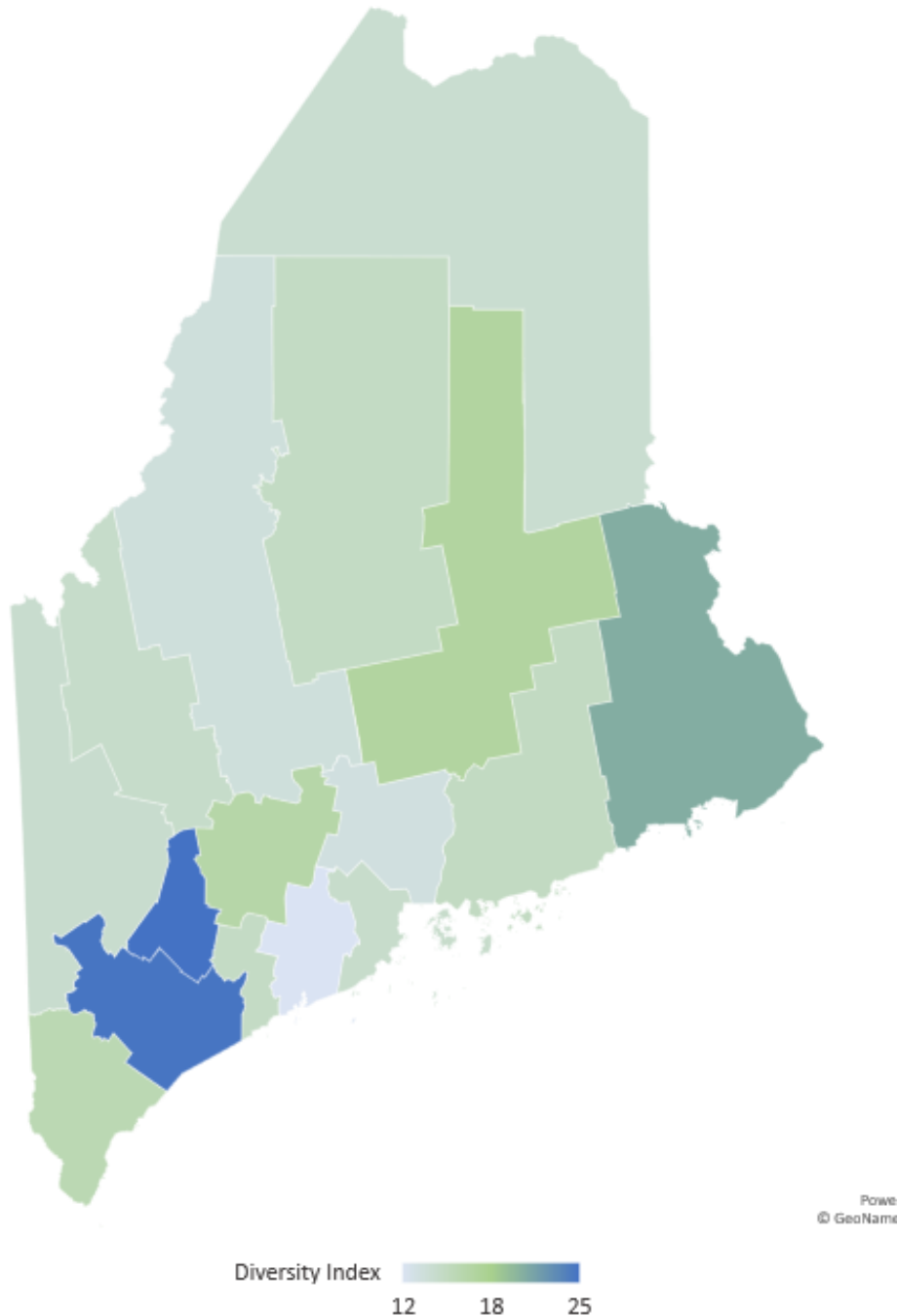
2022 net migration =
10.2 per thousand
(11th in U.S.)



Components of Population Change in Maine, 2022

Rate per thousand population

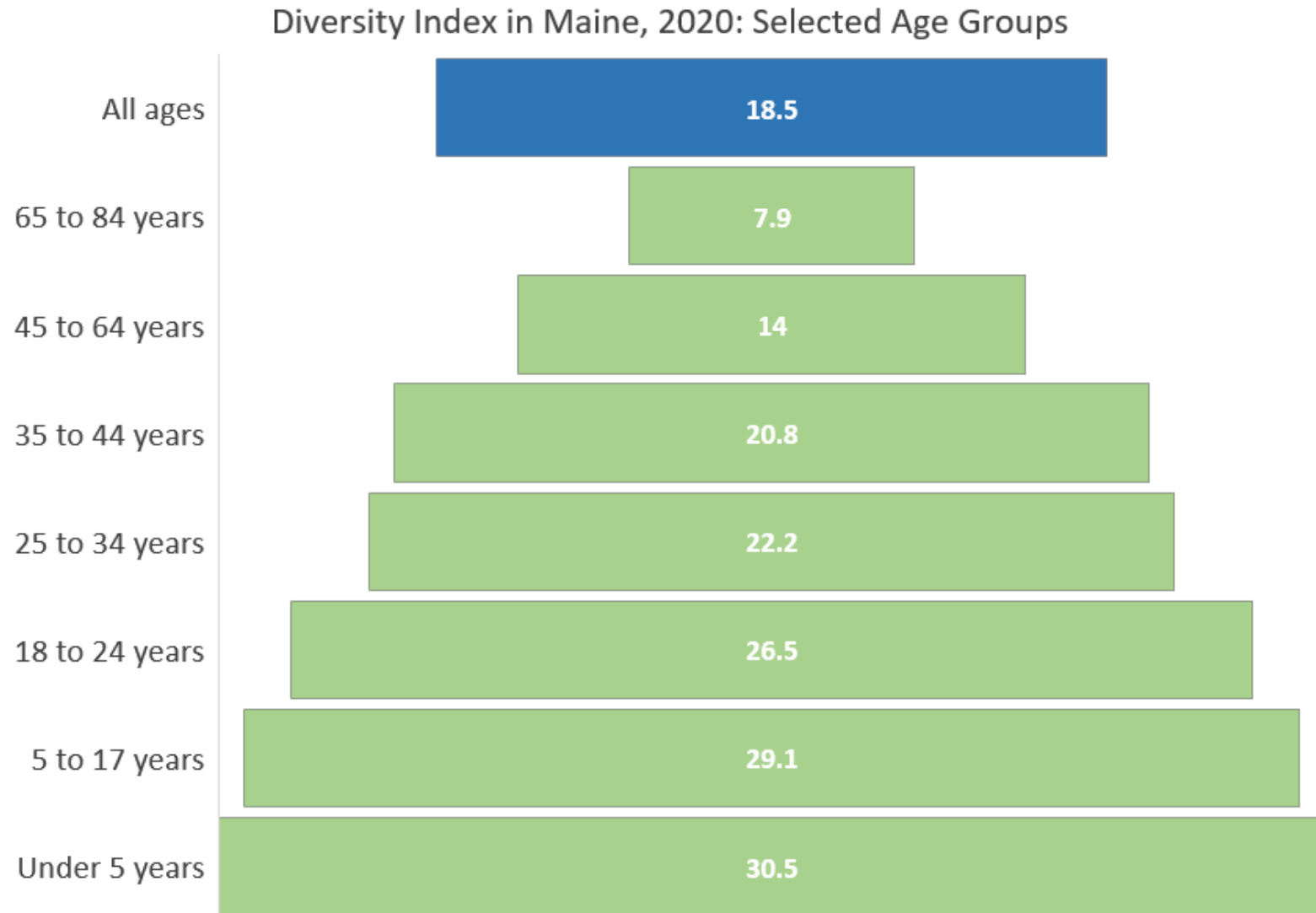




The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

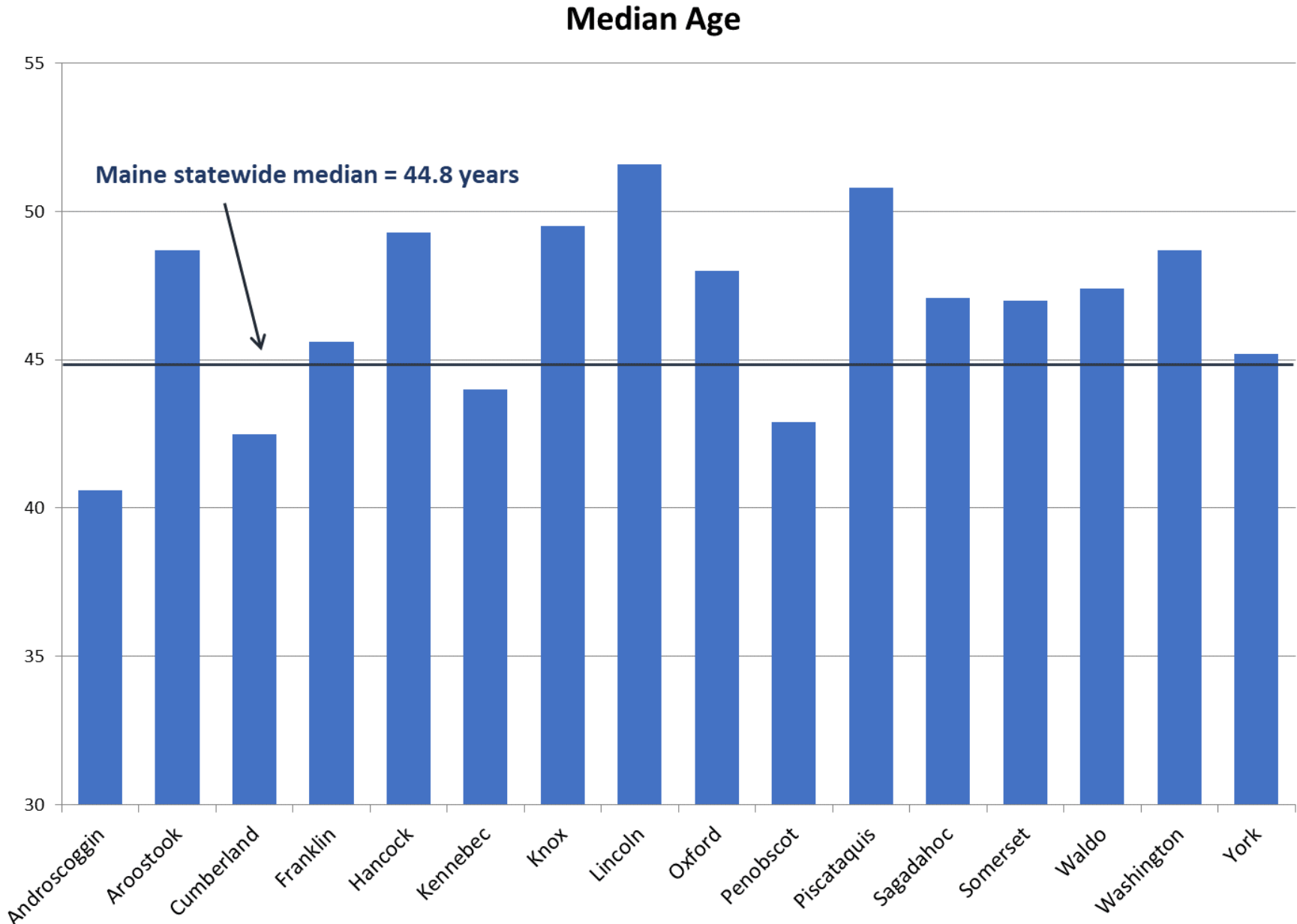
Younger generations in Maine are significantly more diverse than the state as a whole



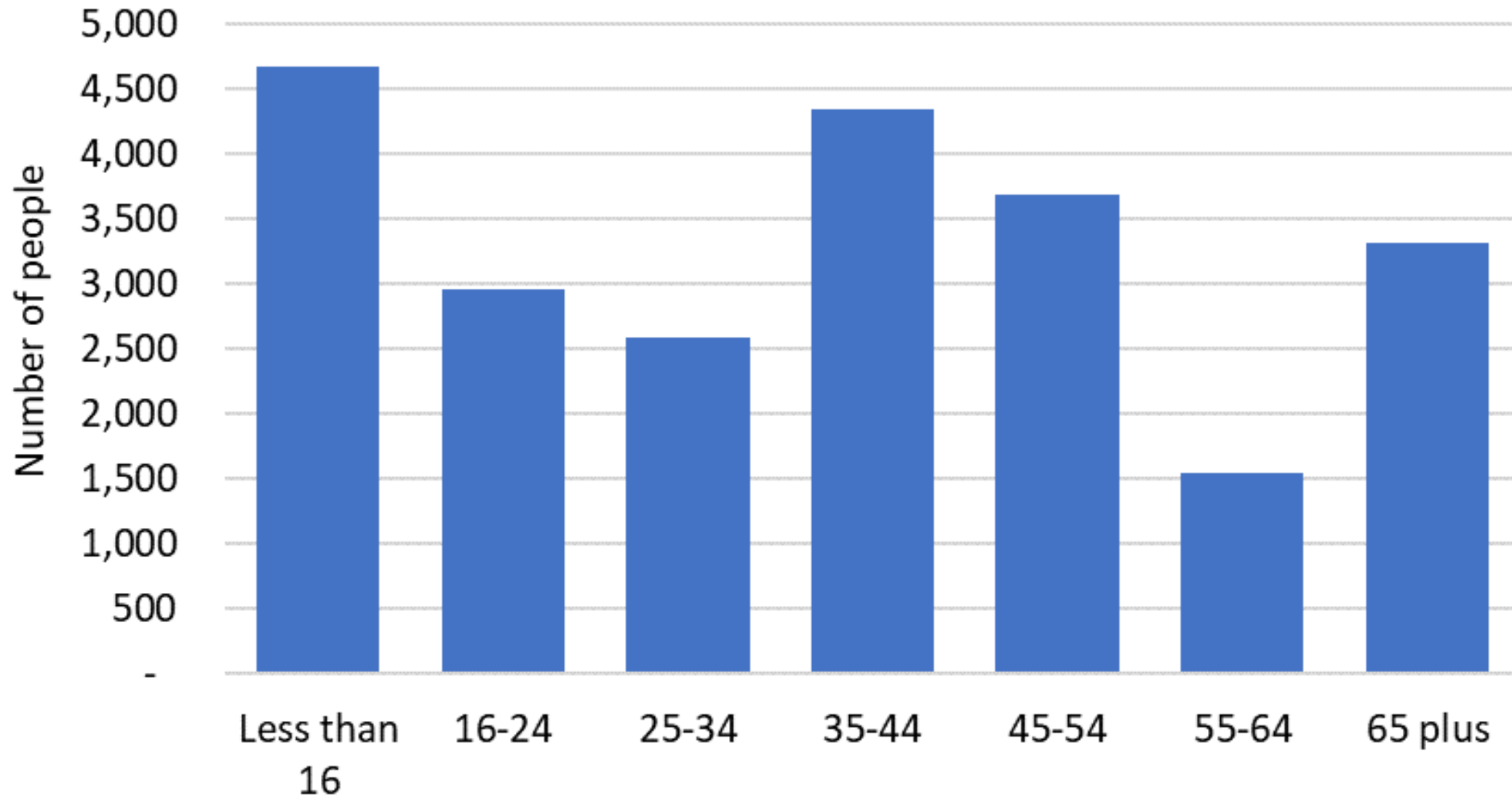
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (22.5%)

BUT!

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



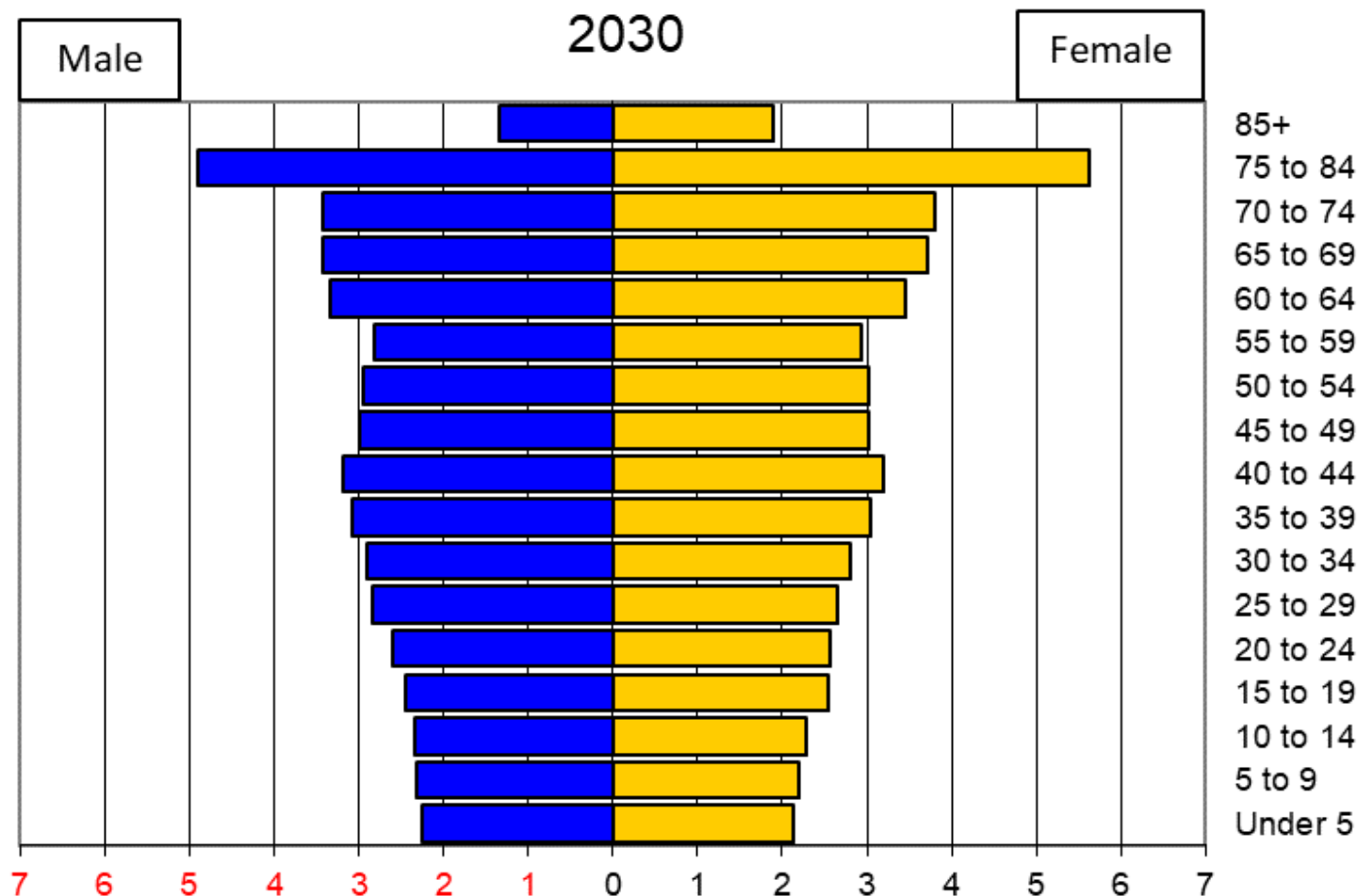
Net Migration by Age Cohort



The Baby Boom: 1946-1964

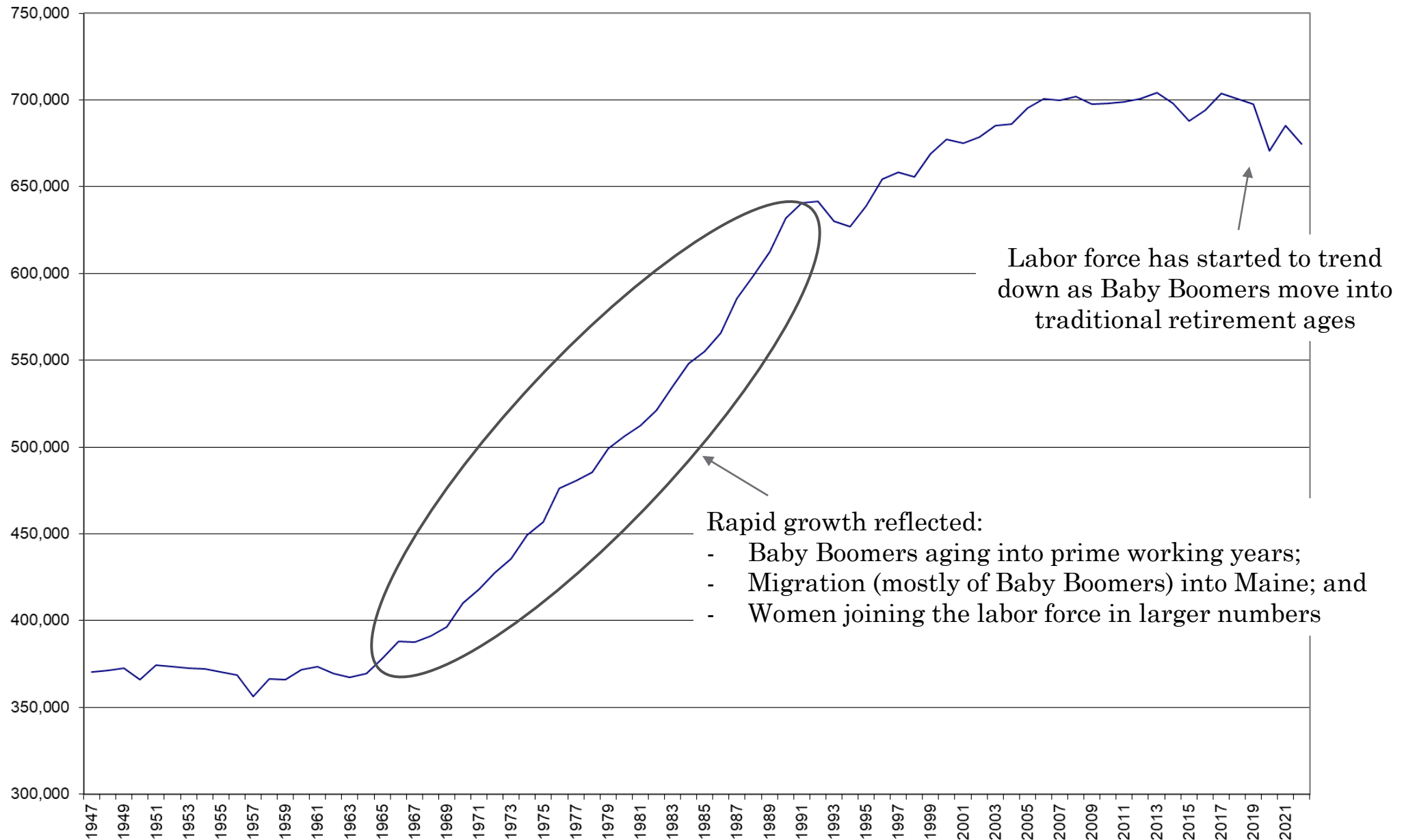
Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2022: age 58-76

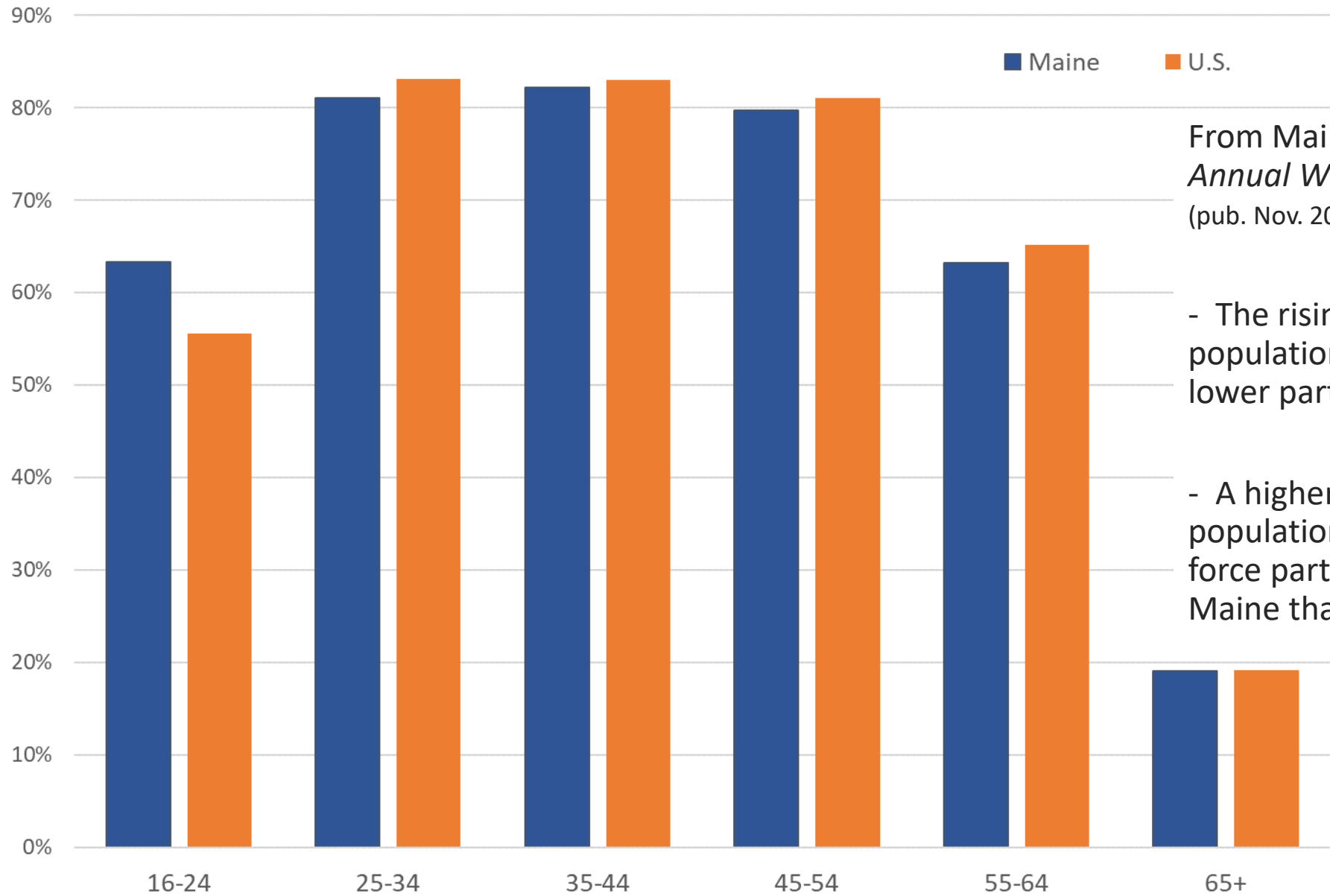


Workforce and Employment

Maine Civilian Labor Force



2022 Labor Force Participation Rate



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 in June 2023 was at a record low of 2.4% for a third consecutive month and is below the U.S. rate of 3.6%

County Rates (not seasonally adjusted)

June, 2023

County	Rate	Year ago	One-yr change	
Maine	2.5%	2.7%	-0.2	↓
Androscoggin	2.7%	2.8%	-0.1	↓
Aroostook	3.7%	4.0%	-0.3	↓
Cumberland	2.2%	2.3%	-0.1	↓
Franklin	3.5%	3.5%	0.0	—
Hancock	2.2%	2.5%	-0.3	↓
Kennebec	2.4%	2.6%	-0.2	↓
Knox	2.2%	2.5%	-0.3	↓
Lincoln	2.2%	2.3%	-0.1	↓
Oxford	2.8%	3.0%	-0.2	↓
Penobscot	2.7%	2.9%	-0.2	↓
Piscataquis	3.4%	3.4%	0.0	—
Sagadahoc	2.0%	2.1%	-0.1	↓
Somerset	3.6%	3.5%	0.1	↑
Waldo	2.5%	2.9%	-0.4	↓
Washington	3.2%	3.6%	-0.4	↓
York	2.1%	2.4%	-0.3	↓

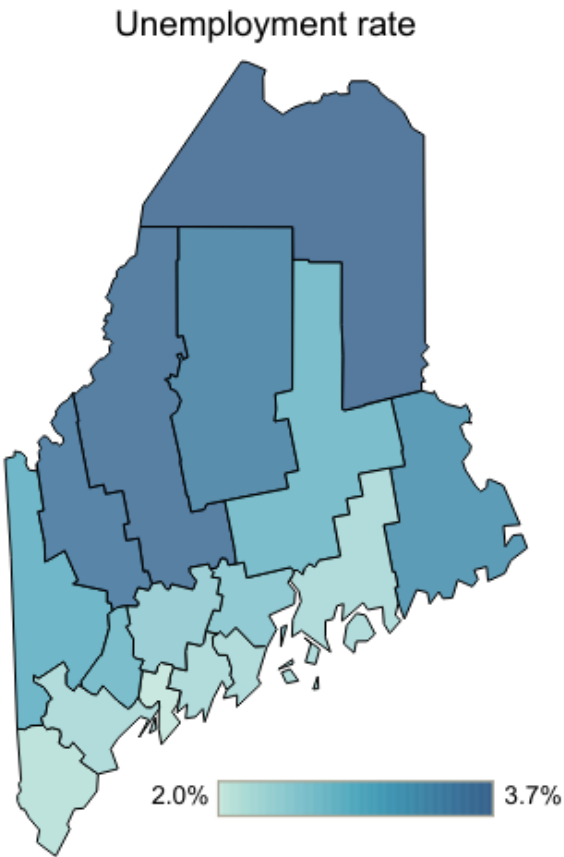
● Table

○ Graph

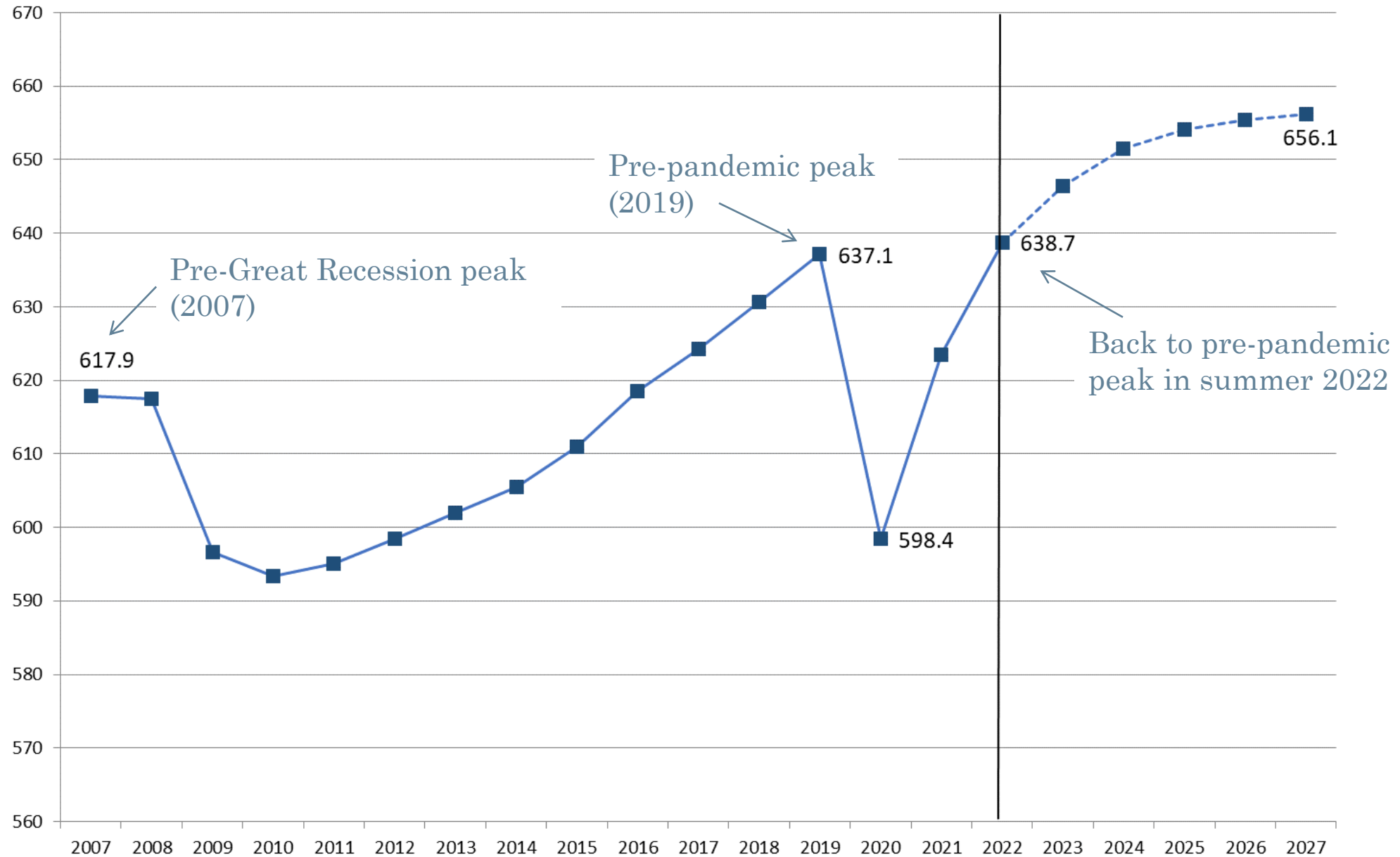
● Map/Graph Display

● Unemployment rate

○ One-year change



Total Nonfarm Employment (in thousands) History and CEFC forecast

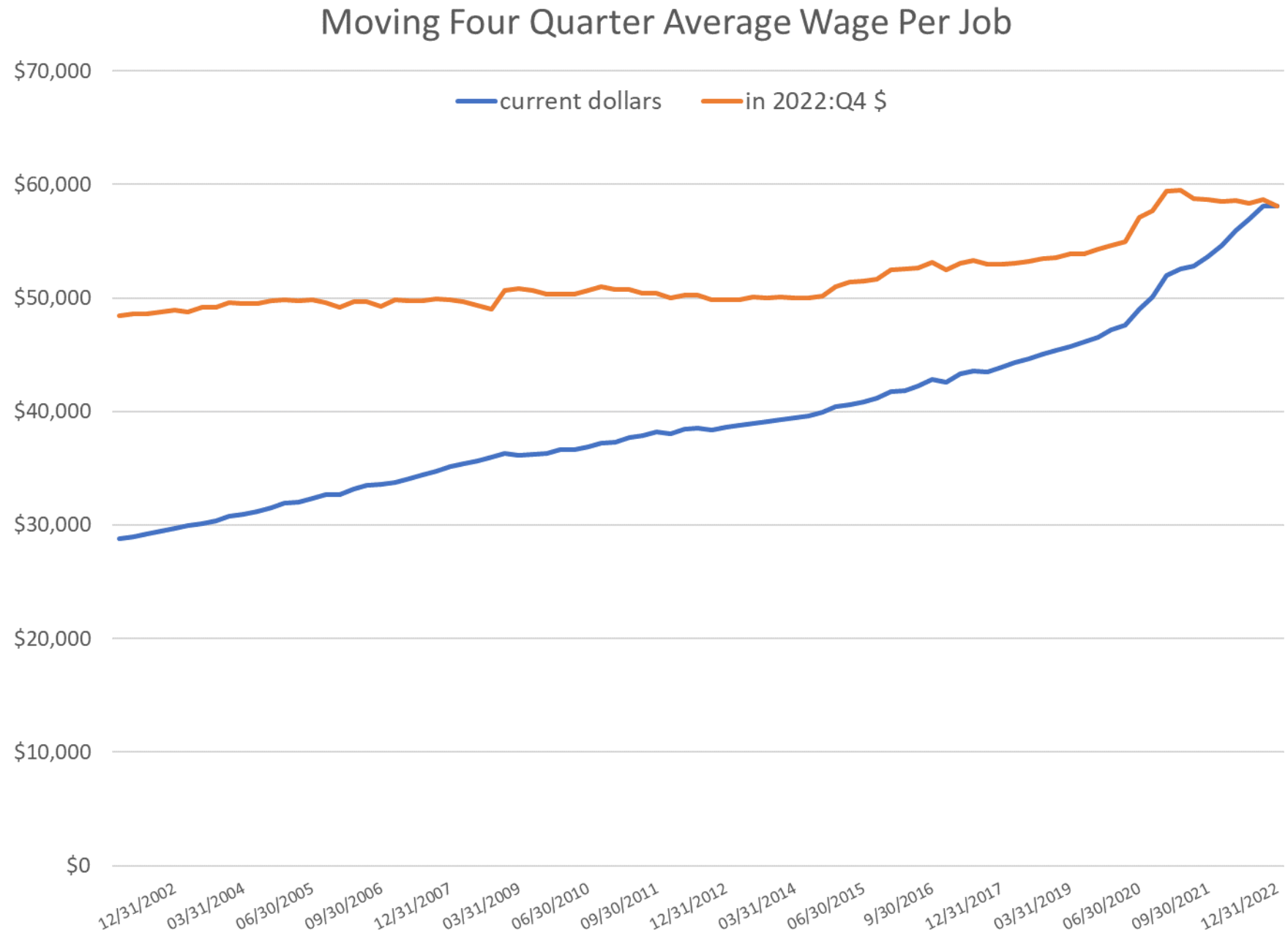


Workforce considerations

- Migration: will the trends continue?
 - *Remote work*: hybrid situations are geographically limiting
 - *Housing*: limited availability and unaffordability
 - *Dependent care*: limited availability and unaffordability
- Retirements: will some retirees rejoin the workforce?
- Wages: will the tight labor market continue to put upward pressure on wages?
- The Great Reshuffle: how does the search for “better” work pan out in the long run?
- Self-employment: will workers who chose self-employment and gig work during the pandemic stick with it?
- Automation: will employers who struggle to find workers substitute with technology?

Wages, Income, and Inflation

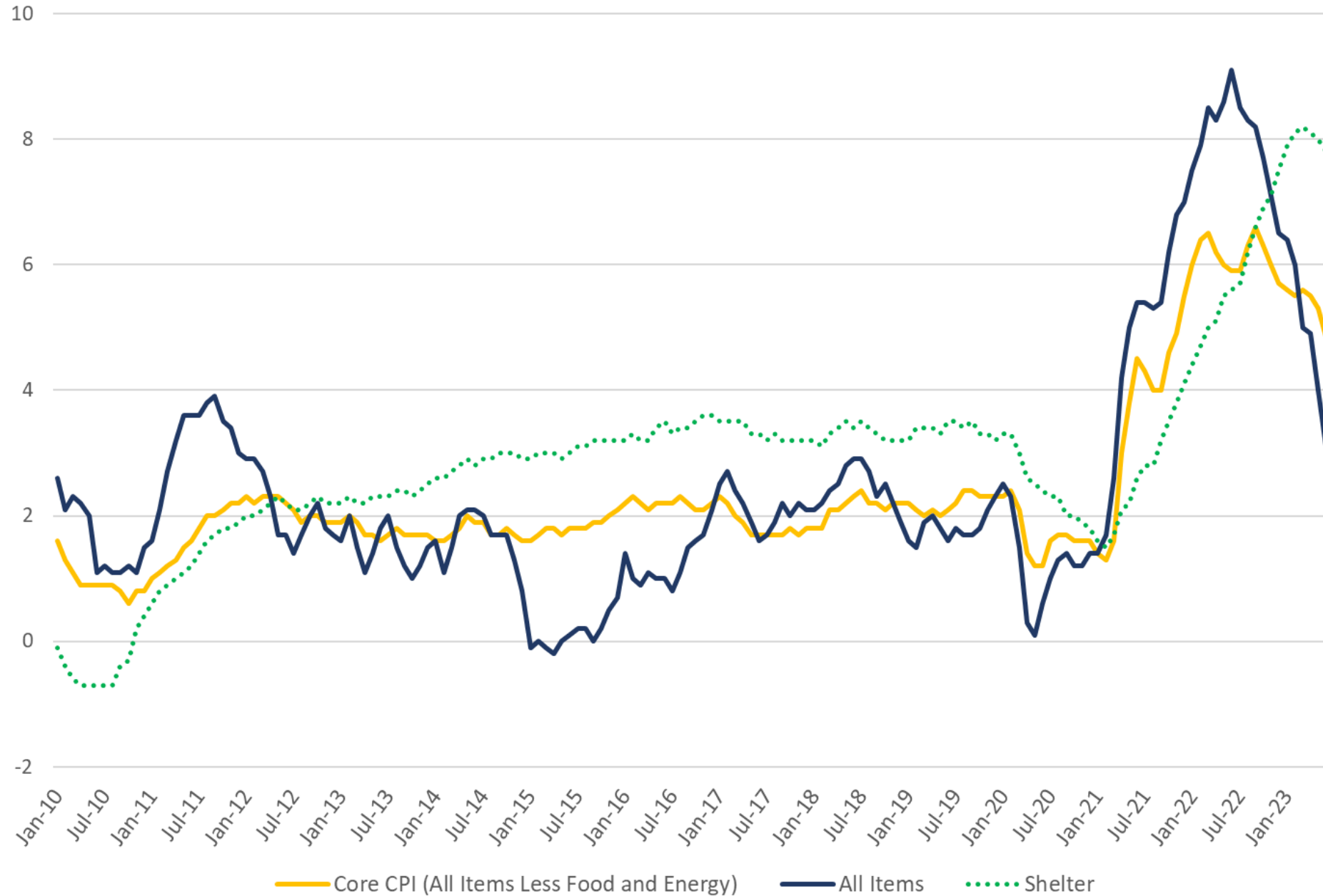
Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains



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

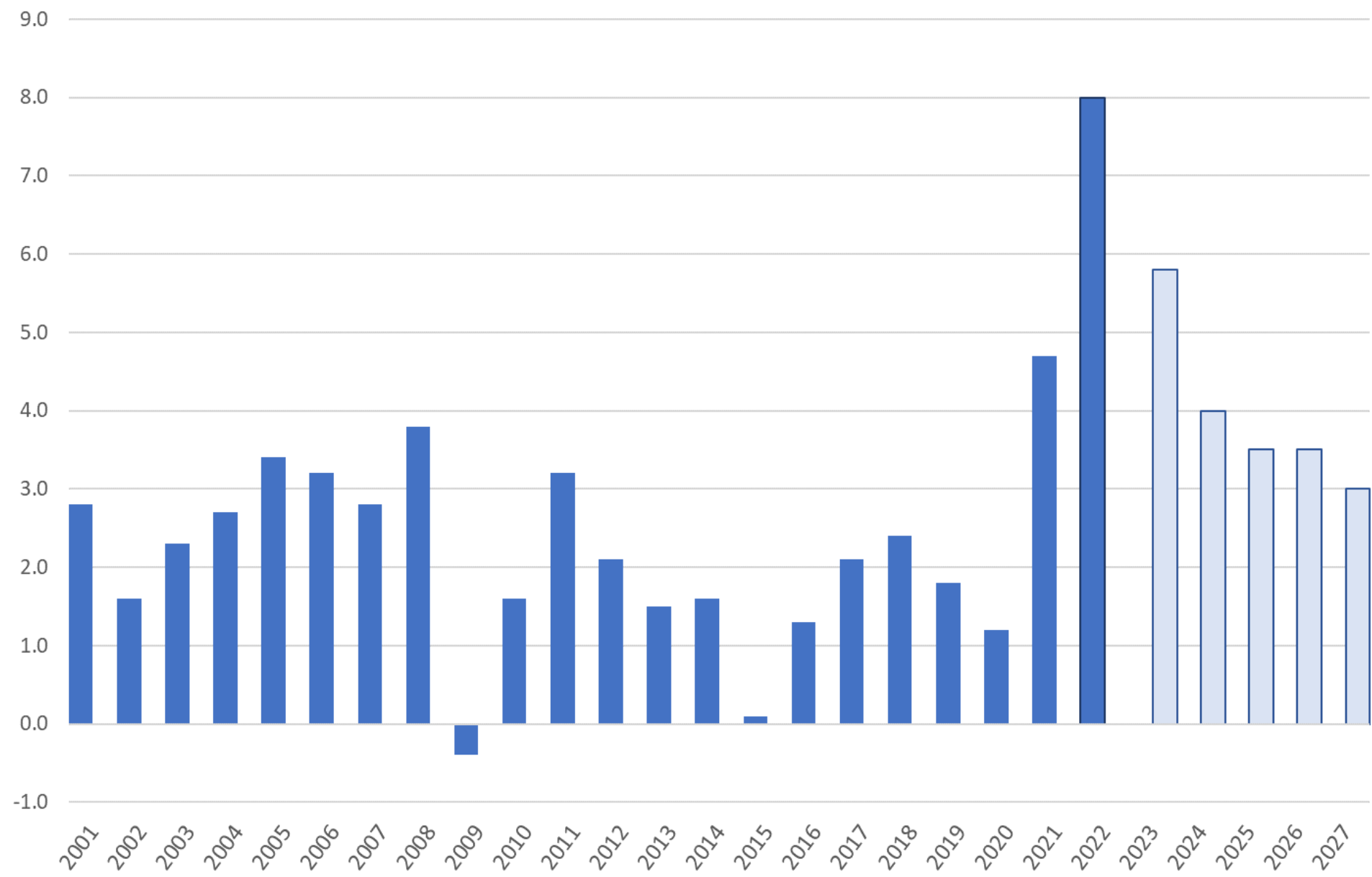


Year-over-year percent change in Consumer Price Index



Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

Year-over-year percent change in Consumer Price Index;
2001-2022 historical and 2023-2027 forecast

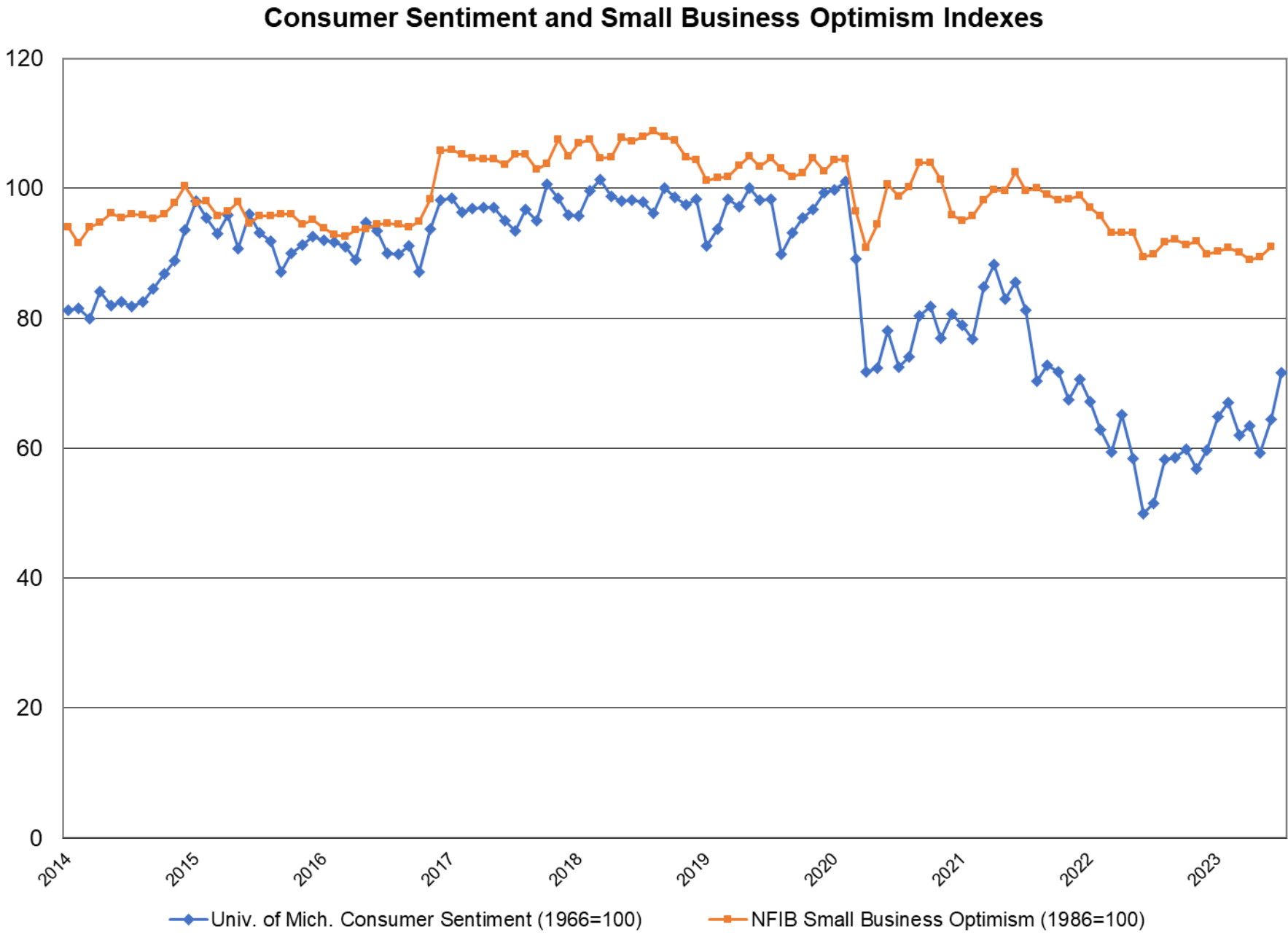


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted);
CEFC report, April 1, 2023

Outlook

Consumer sentiment has been trending up since its all-time-low in June 2022, rising rapidly in July 2023 as inflation cooled and labor markets were stable.

Lower-income consumers saw a drop in sentiment, though, reflecting concerns about inflation and wage outlook.



Select key assumptions from April 2023 CEFC 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.
- High inflation and interest rates have continued into 2023, though there have been improvements in some sectors, notably the energy sector. The Federal Reserve is expected to continue pursuing policies that will constrain inflation, but inflation risks are likely to take several years to fully ease.
- Rising interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market. Home sales are down, while sale prices have continued to increase. Affordability is of particular concern as more potential buyers to be priced out of the market. Higher home prices have contributed to higher rental prices.

Things to keep in mind:

- Housing costs have increased sharply as demand far outstripped supply and then interest rate hikes made mortgages more expensive, locking people into existing lower-rate mortgages – this limits availability for ongoing migration and workforce expansion
- Inflation has started slowing, but not quickly – the Federal Reserve raised interest rates again in July, but will they raise them any further?
- Will we see continued migration into Maine? Telework, housing, and dependent care are three key determinants
- Recession threat seems to have faded, but economic uncertainty remains elevated
- Maine has a robust Budget Stabilization Fund (over \$900 million) and spending from Maine Jobs and Recovery Plan is ongoing, which will help Maine weather a potential slowdown

One more piece of good news:

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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