

# Demographic and Economic Conditions in Maine

Pittsfield Business Consortium

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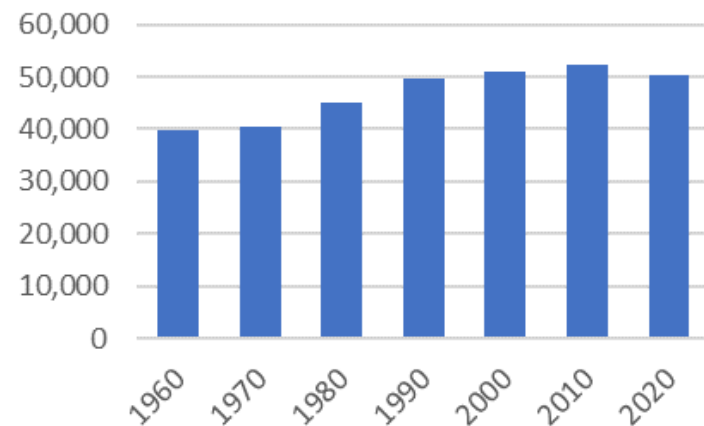
# Demographics

# Maine

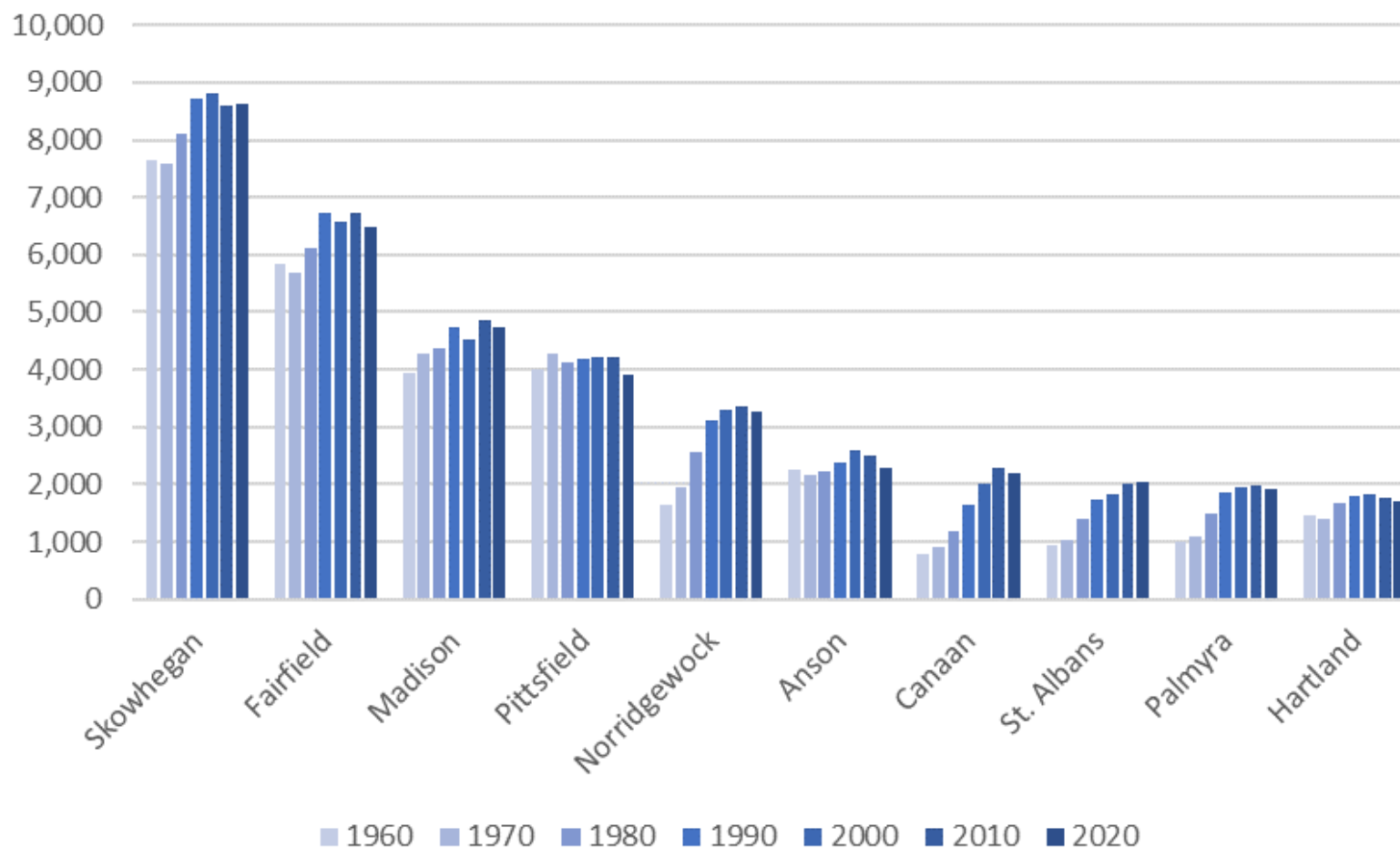
2020 Decennial  
Population = 1,362,359  
(42<sup>nd</sup> in U.S.)

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

## Somerset County

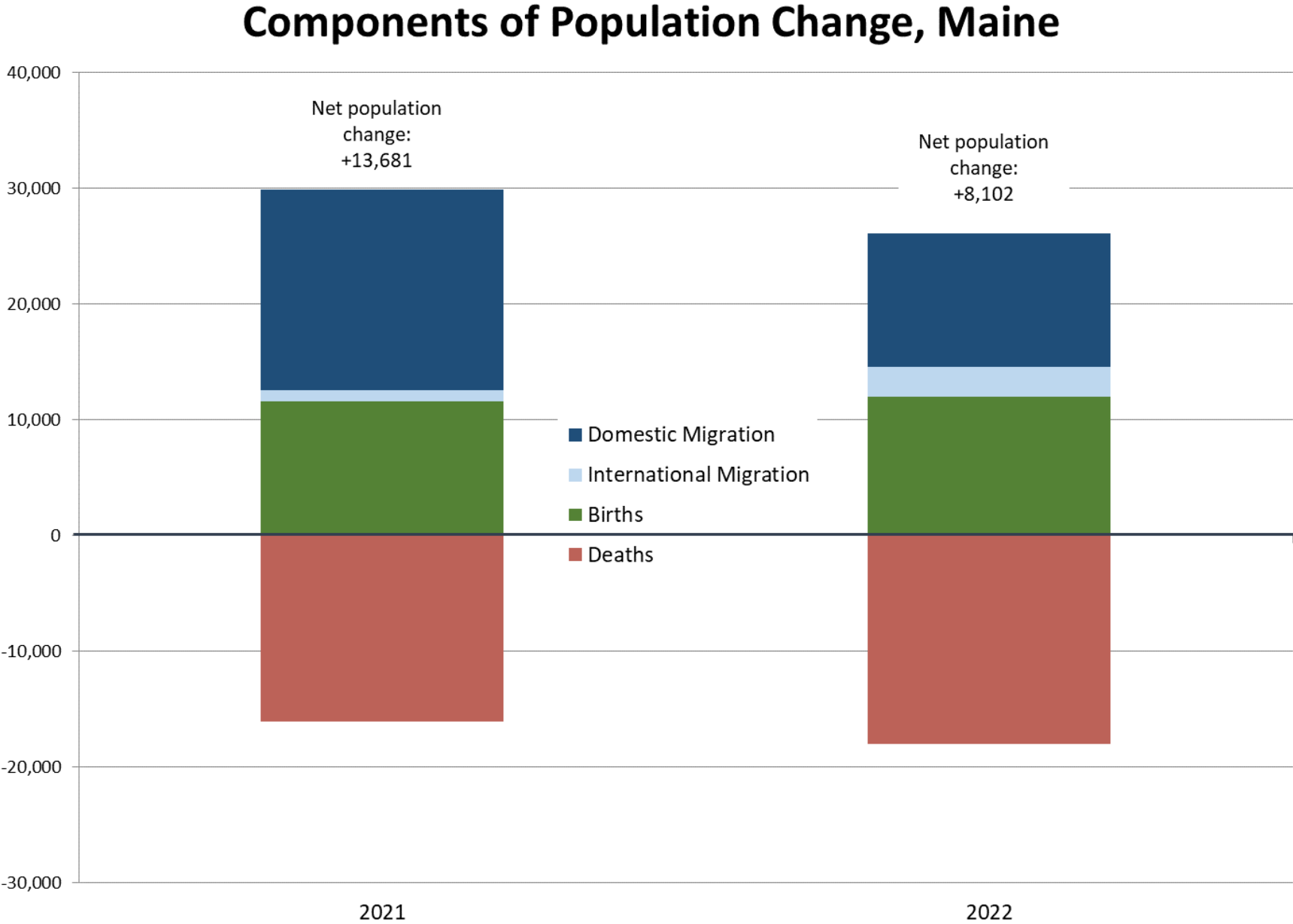


## Decennial Population Largest Municipalities in Somerset County



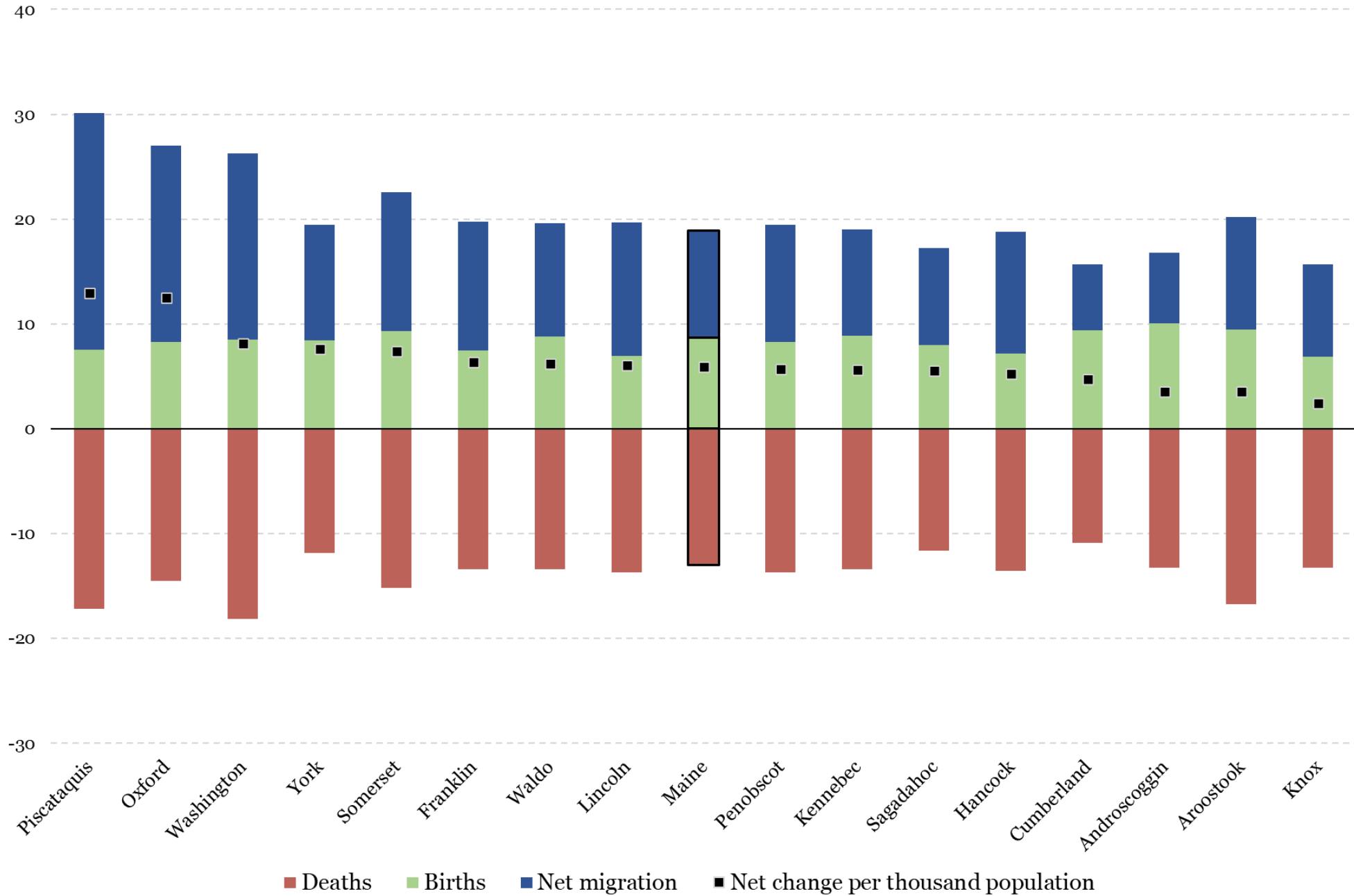
Population increase of  
1.7% from 2020-2022  
(14<sup>th</sup> in U.S.)

2022 net migration =  
10.2 per thousand  
(11<sup>th</sup> in U.S.)



# Components of Population Change in Maine, 2022

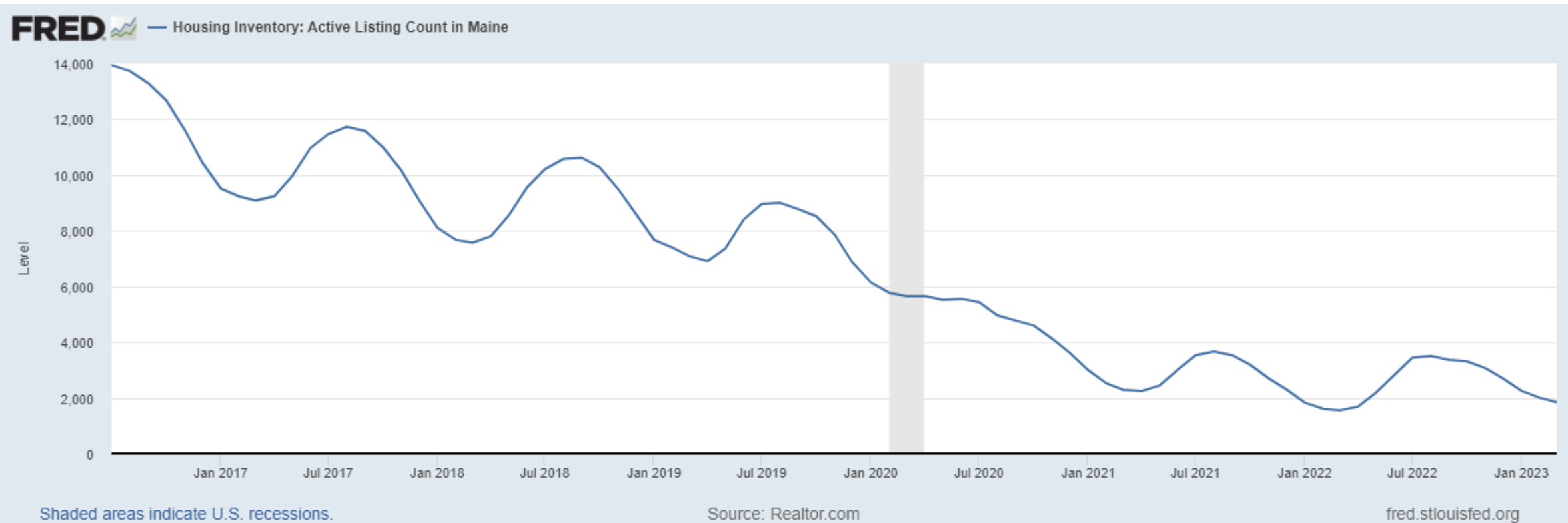
## Rate per thousand population



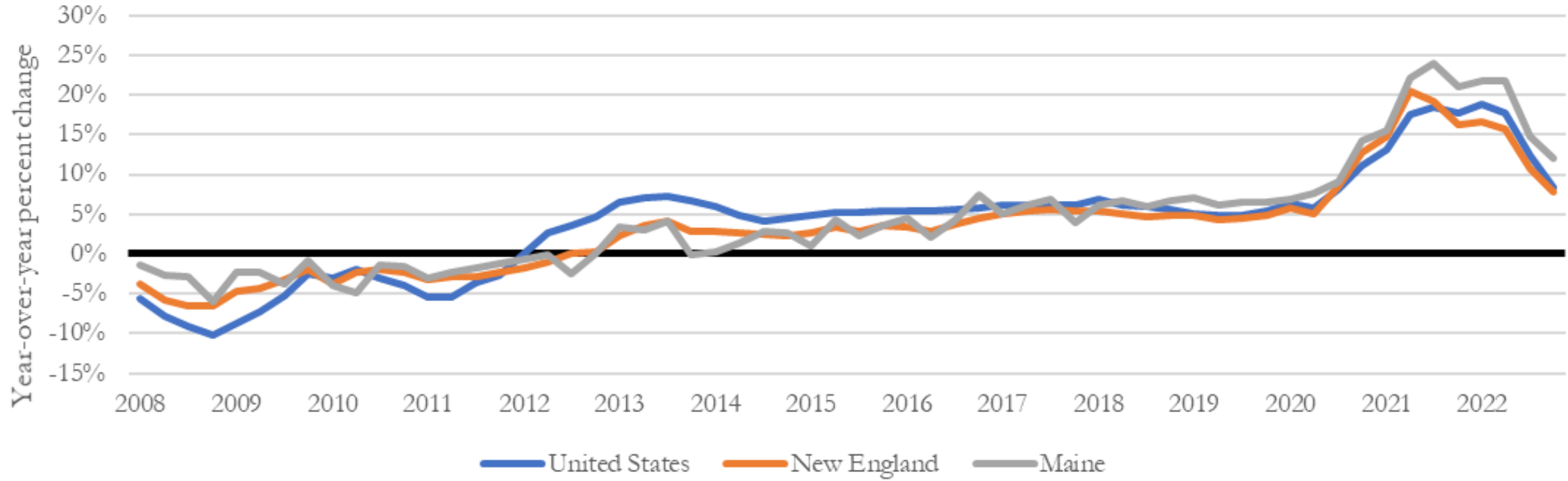
Town	2022 Population	Change from 2020	
		Numeric	Percent
Skowhegan	8,661	43	0.5%
Fairfield	6,537	46	0.7%
Madison	4,785	62	1.3%
Pittsfield	3,933	23	0.6%
Norridgewock	3,307	28	0.9%
Anson	2,318	28	1.2%
Canaan	2,208	14	0.6%
St. Albans	2,099	51	2.5%
Palmyra	1,974	50	2.6%
Hartland	1,819	123	7.3%
Cornville	1,339	28	2.1%
Solon	988	19	2.0%
Smithfield	943	16	1.7%
Embden	930	27	3.0%
Detroit	902	23	2.6%

*\*all remaining towns were unchanged or had an increase of <10*

# Migration into the state drove up demand for housing and further reduced the available supply

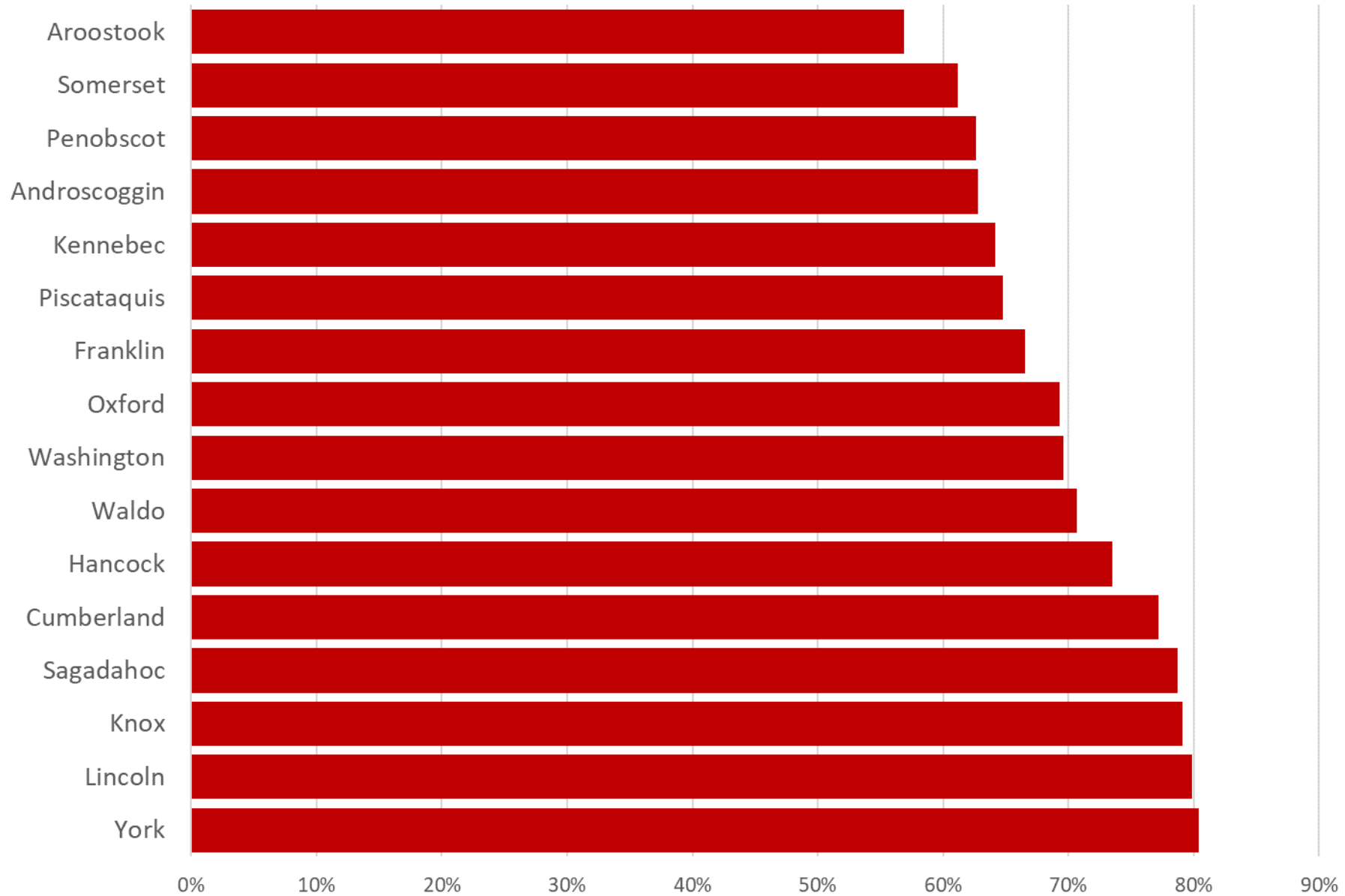


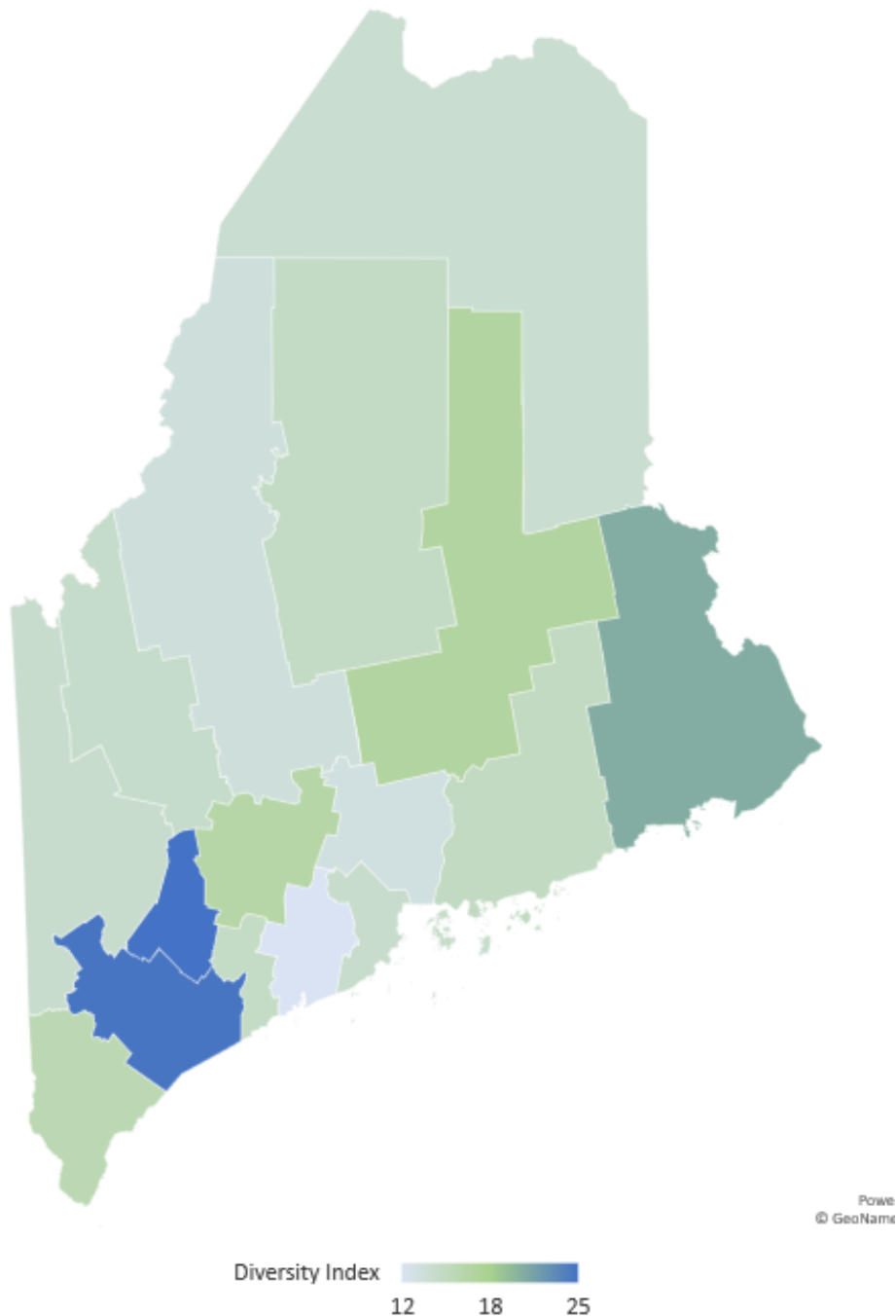
## Percent Changes, Year-over-year in FHFA House Price Index (not seasonally adjusted)





## Percent of Households Unable to Afford Median Home, 2022

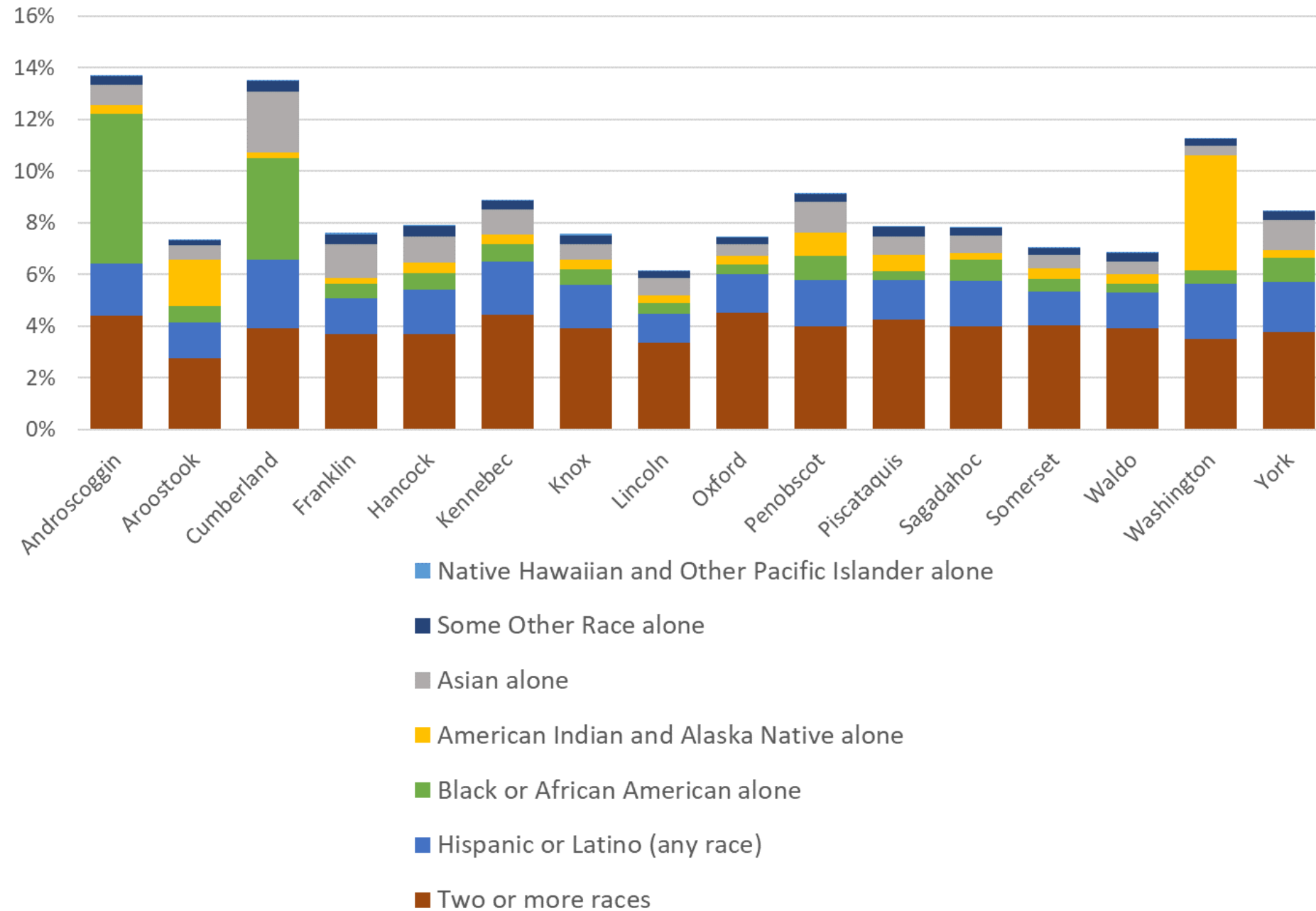




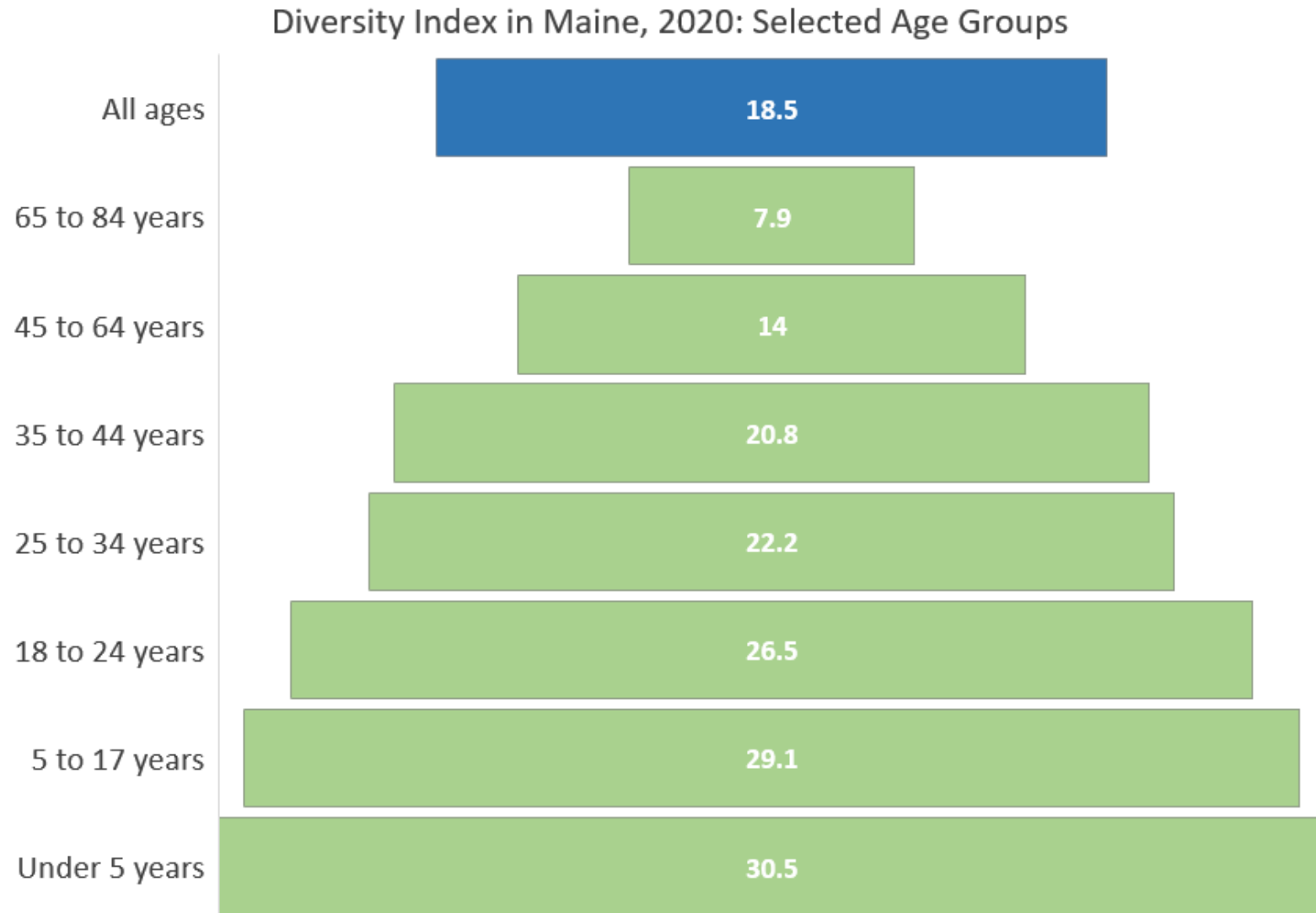
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

Share of 2020 Population by Race/Ethnicity Excluding White Alone



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

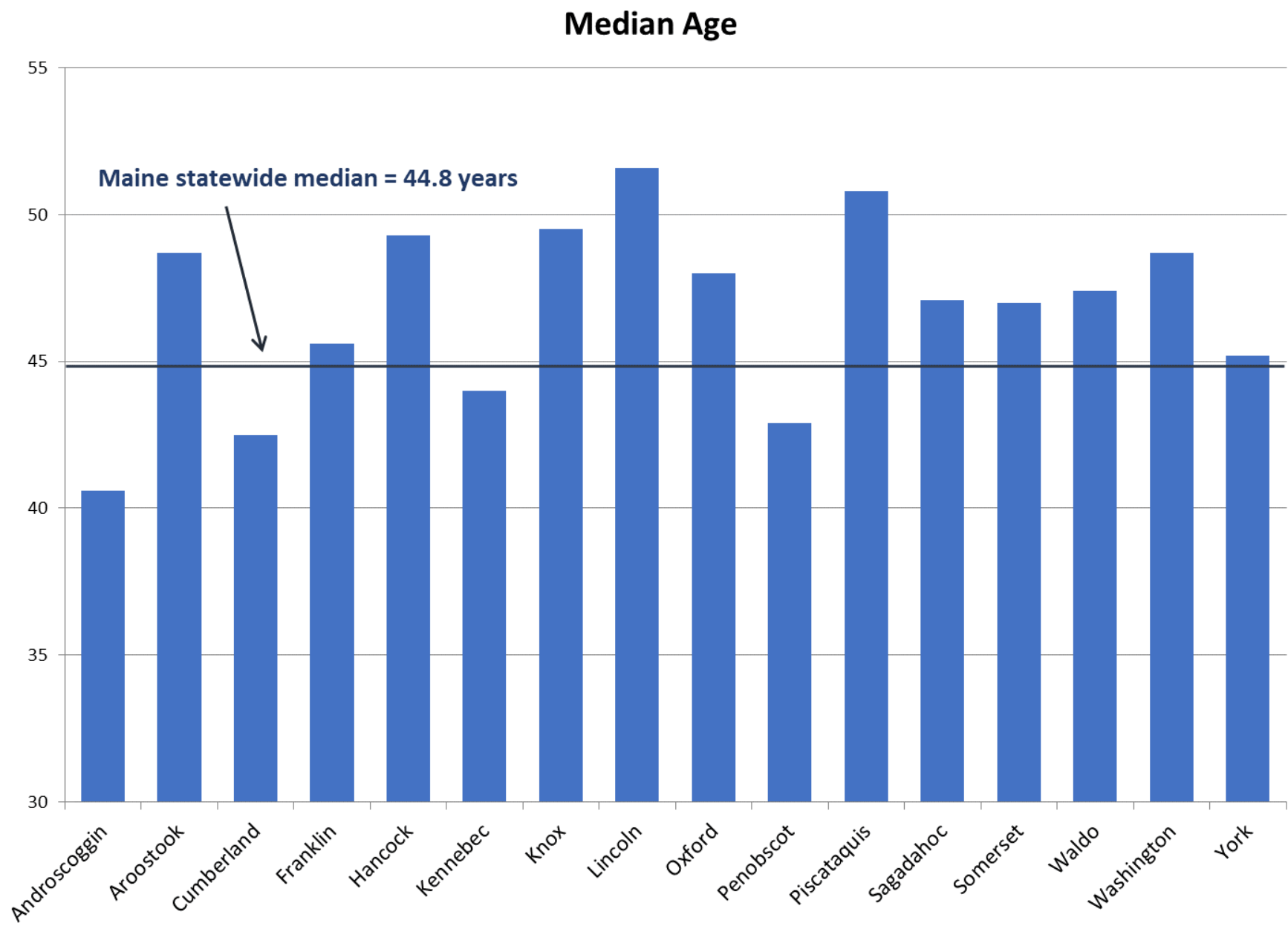


Maine has the oldest population...  
...by median age  
(44.8 years)  
...and by % of population  
age 65+ (22.5%)

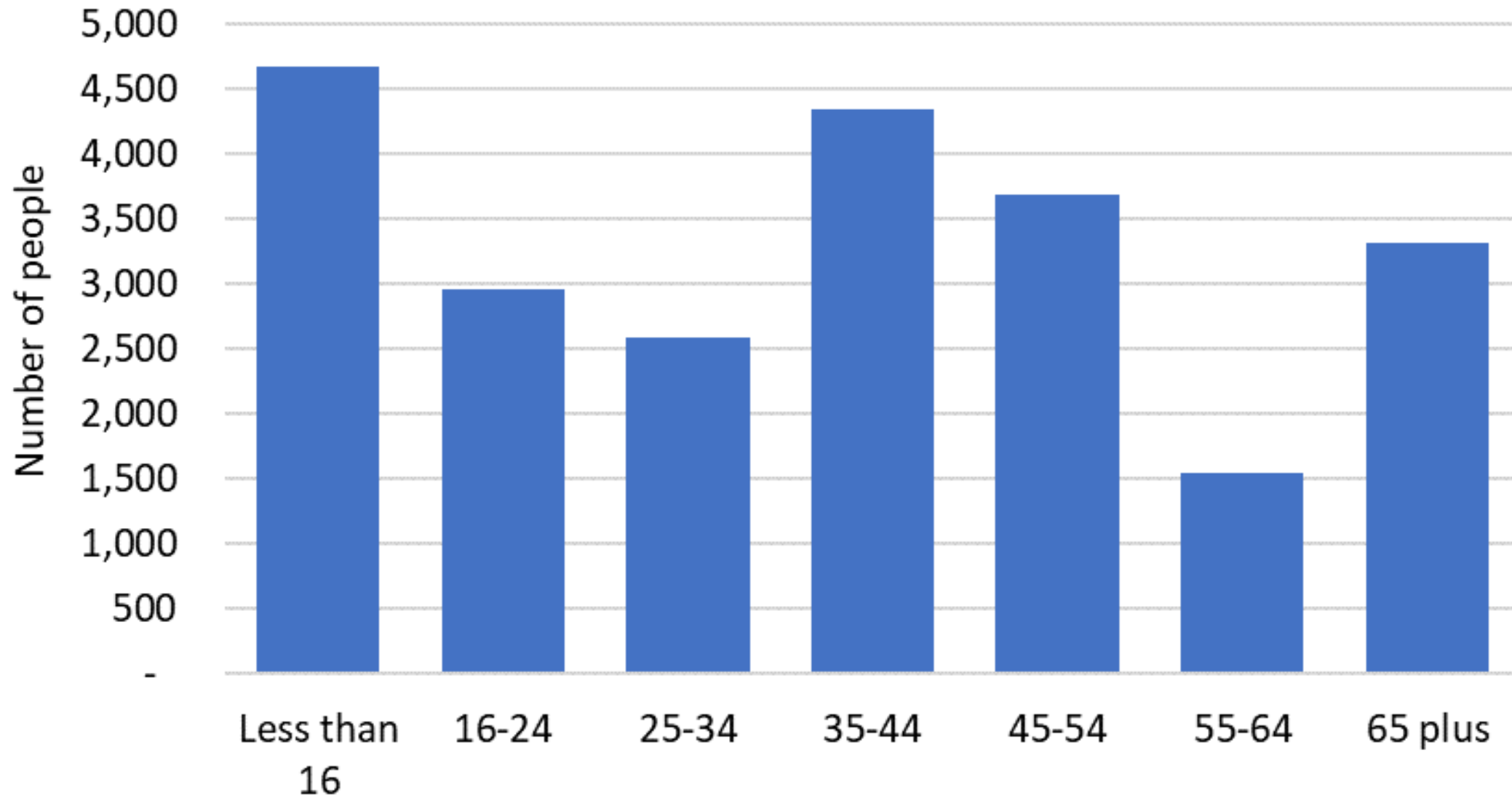
**BUT!**

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



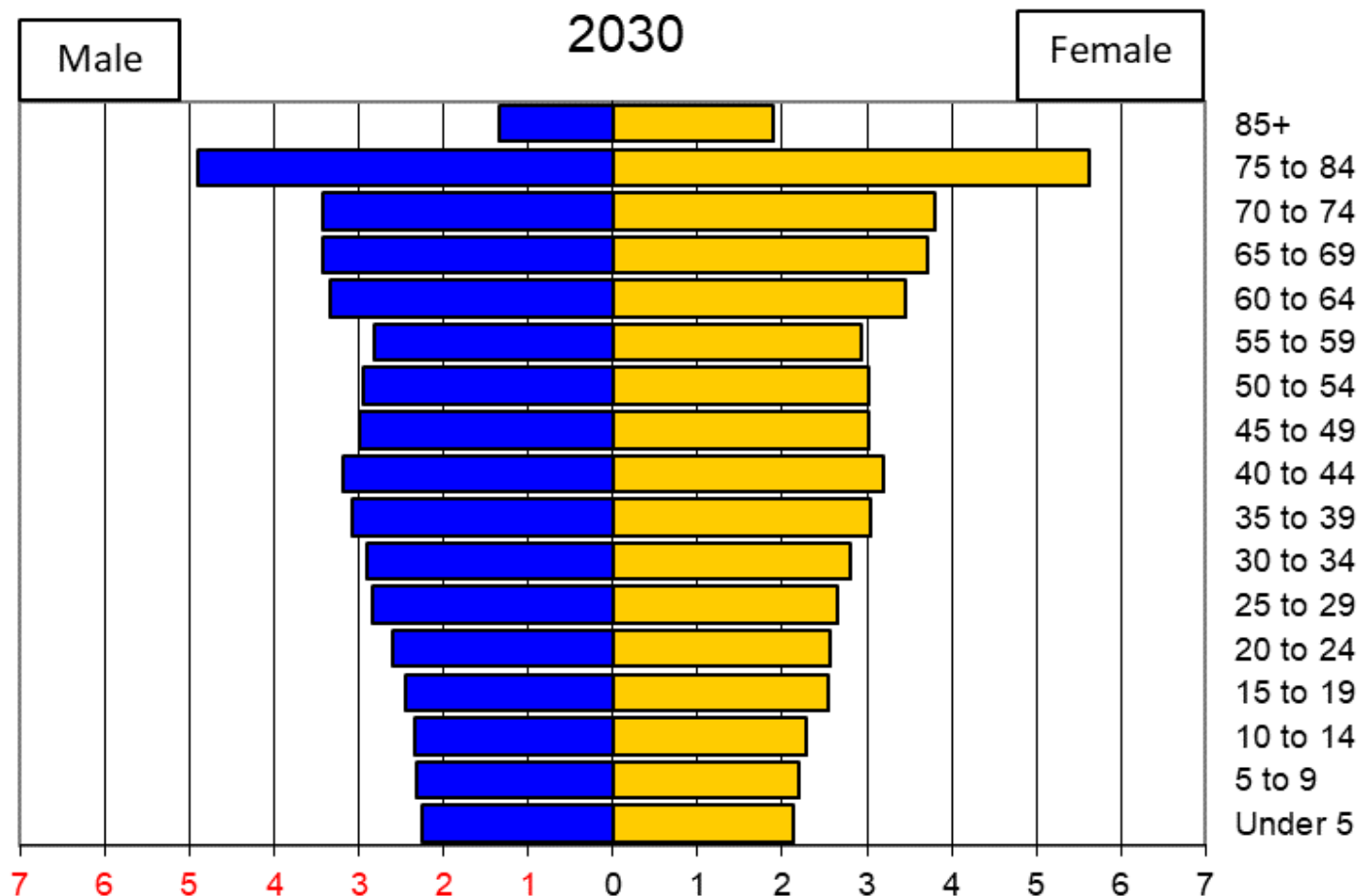
## Net Migration by Age Cohort



# The Baby Boom: 1946-1964

Baby Boom  
generation in  
2030: age 66-84

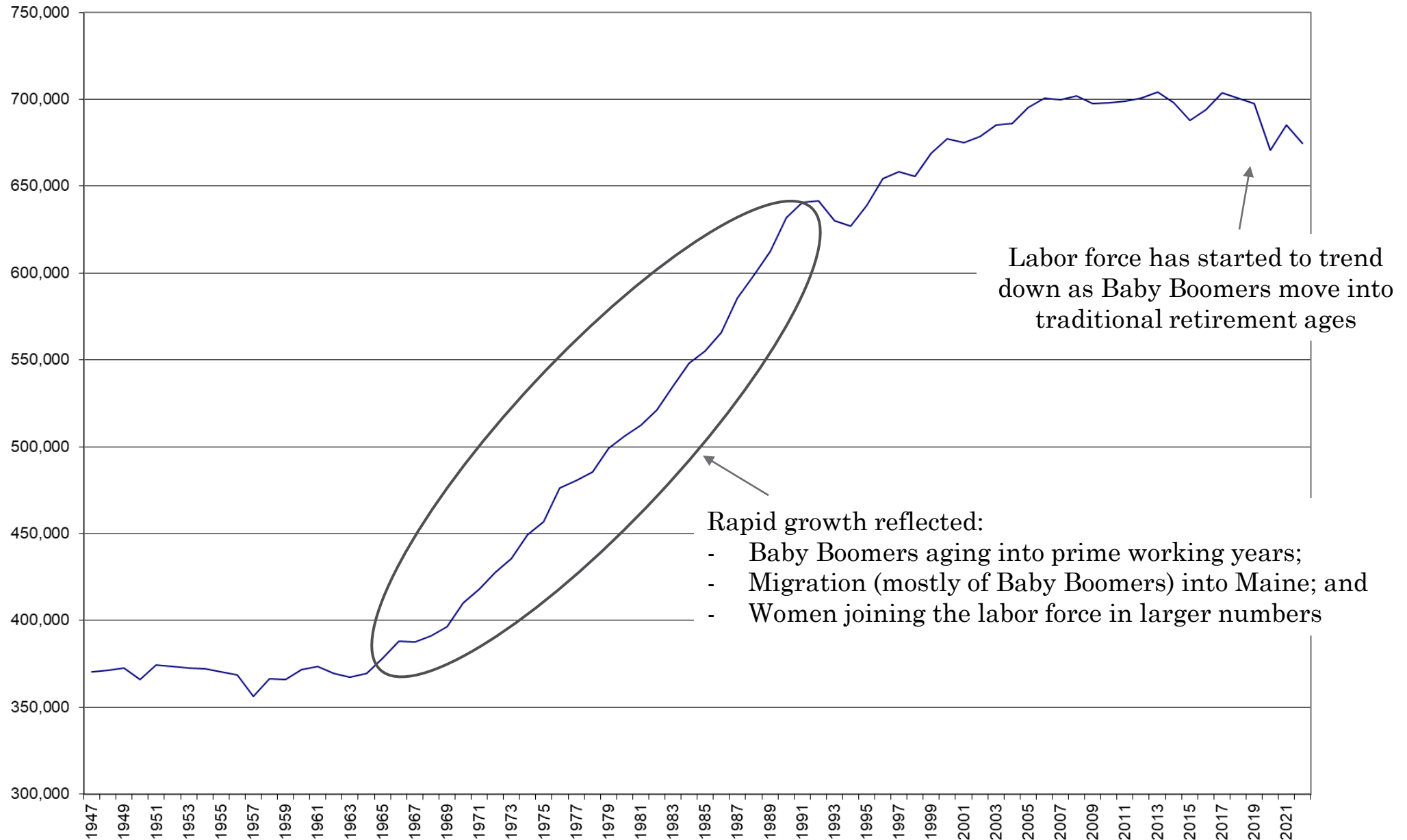
Baby Boom  
generation in  
2022: age 58-76



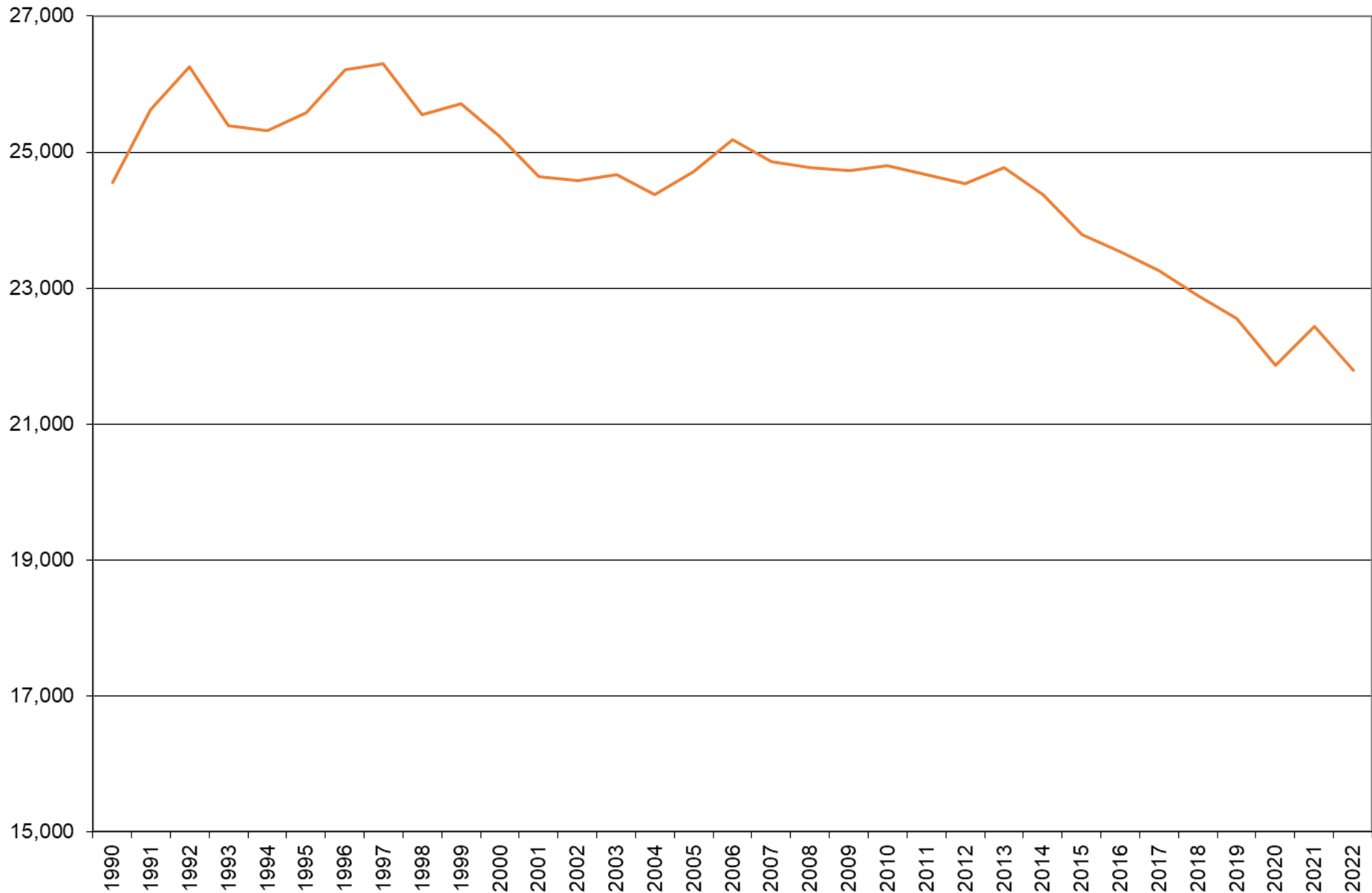
# Workforce and Employment



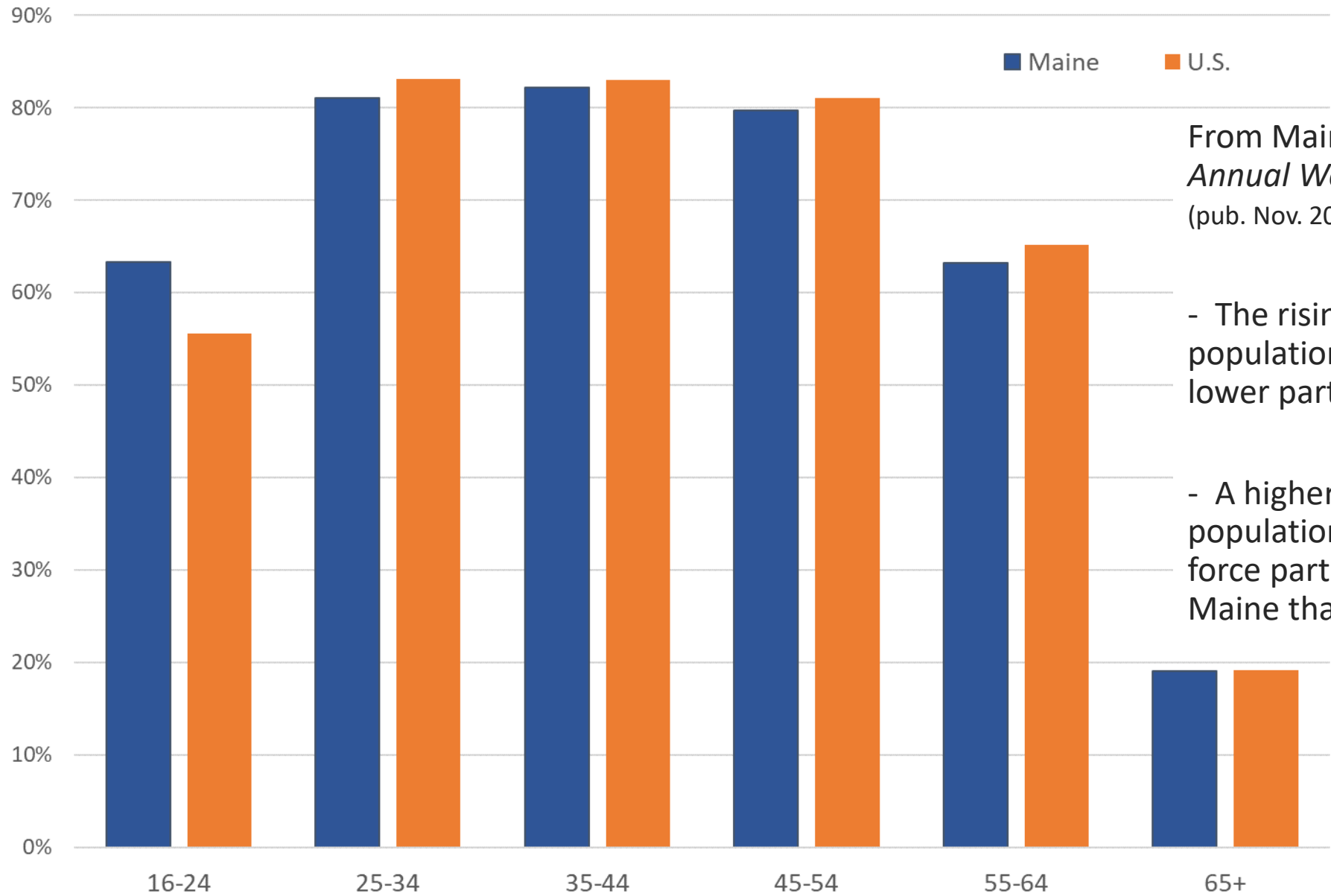
## Maine Civilian Labor Force



# Somerset County 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

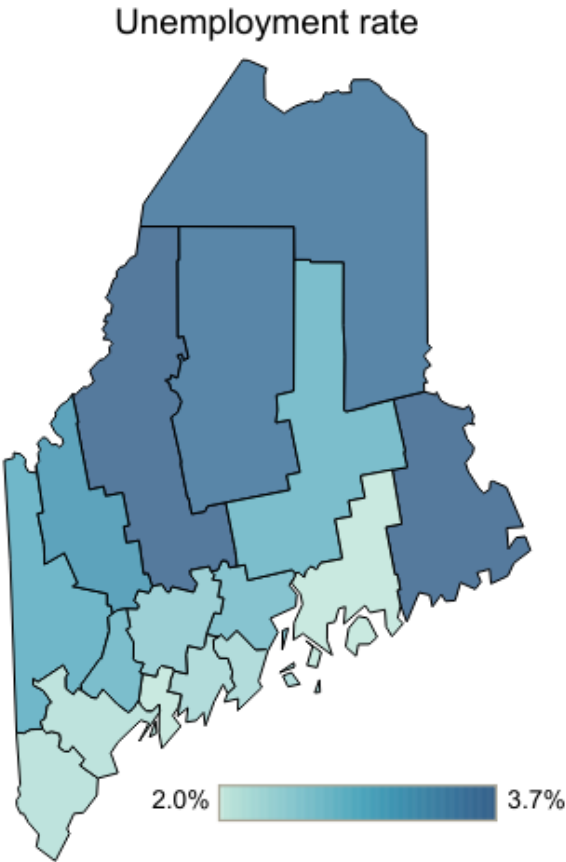
# Maine's unemployment rate in July 2023 was at a record low of 2.4% for a fourth consecutive month and is below the U.S. rate of 3.5%

## County Rates (not seasonally adjusted)

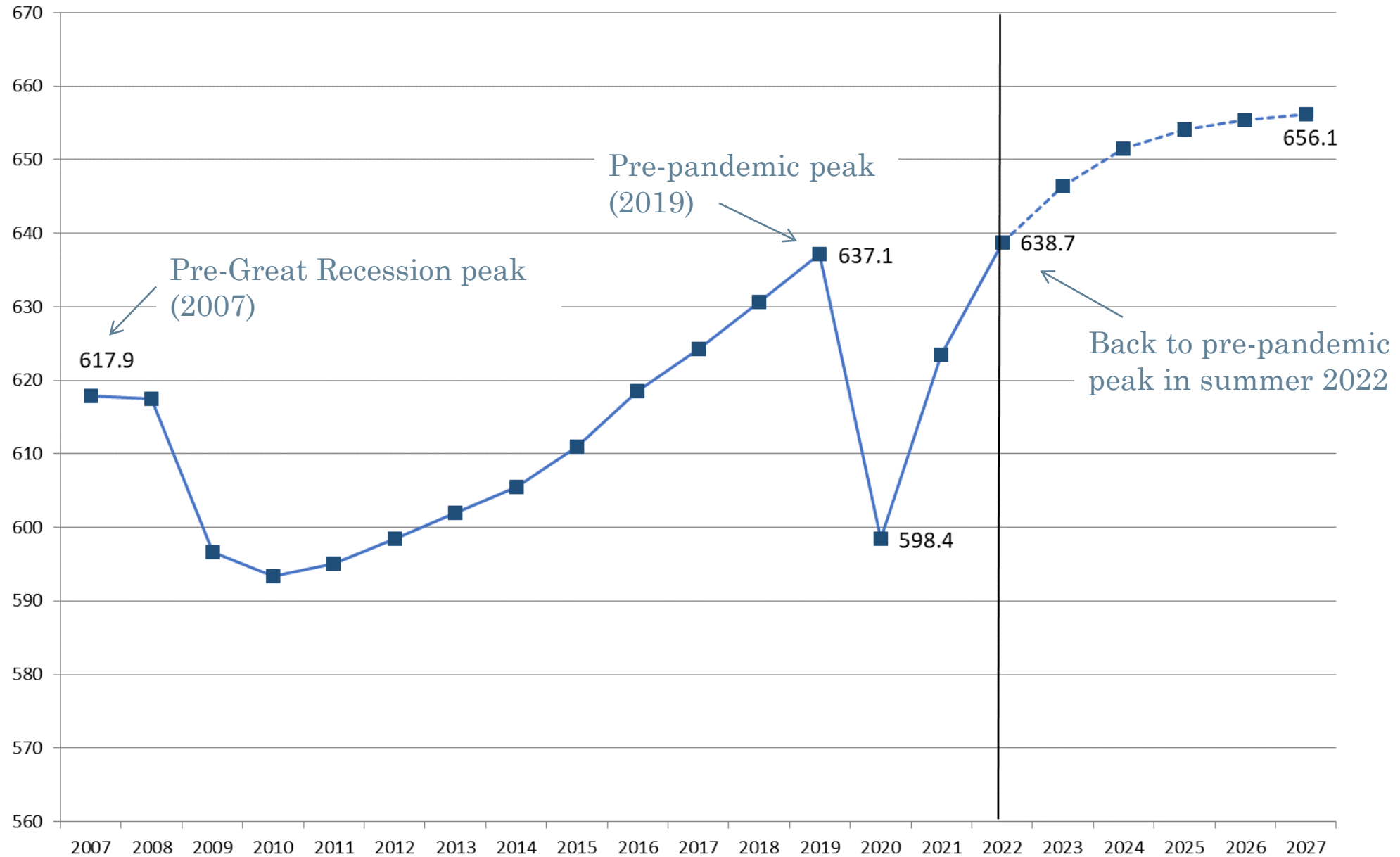
July, 2023

County	Rate	Year ago	One-yr change
Maine	2.5%	2.5%	0.0
Androscoggin	2.7%	2.7%	0.0
Aroostook	3.5%	3.5%	0.0
Cumberland	2.1%	2.1%	0.0
Franklin	3.1%	3.0%	0.1
Hancock	2.0%	2.2%	-0.2
Kennebec	2.4%	2.5%	-0.1
Knox	2.2%	2.3%	-0.1
Lincoln	2.2%	2.1%	0.1
Oxford	2.8%	2.8%	0.0
Penobscot	2.7%	2.8%	-0.1
Piscataquis	3.5%	3.1%	0.4
Sagadahoc	2.0%	2.0%	0.0
Somerset	3.7%	3.5%	0.2
Waldo	2.6%	2.6%	0.0
Washington	3.7%	3.3%	0.4
York	2.1%	2.1%	0.0

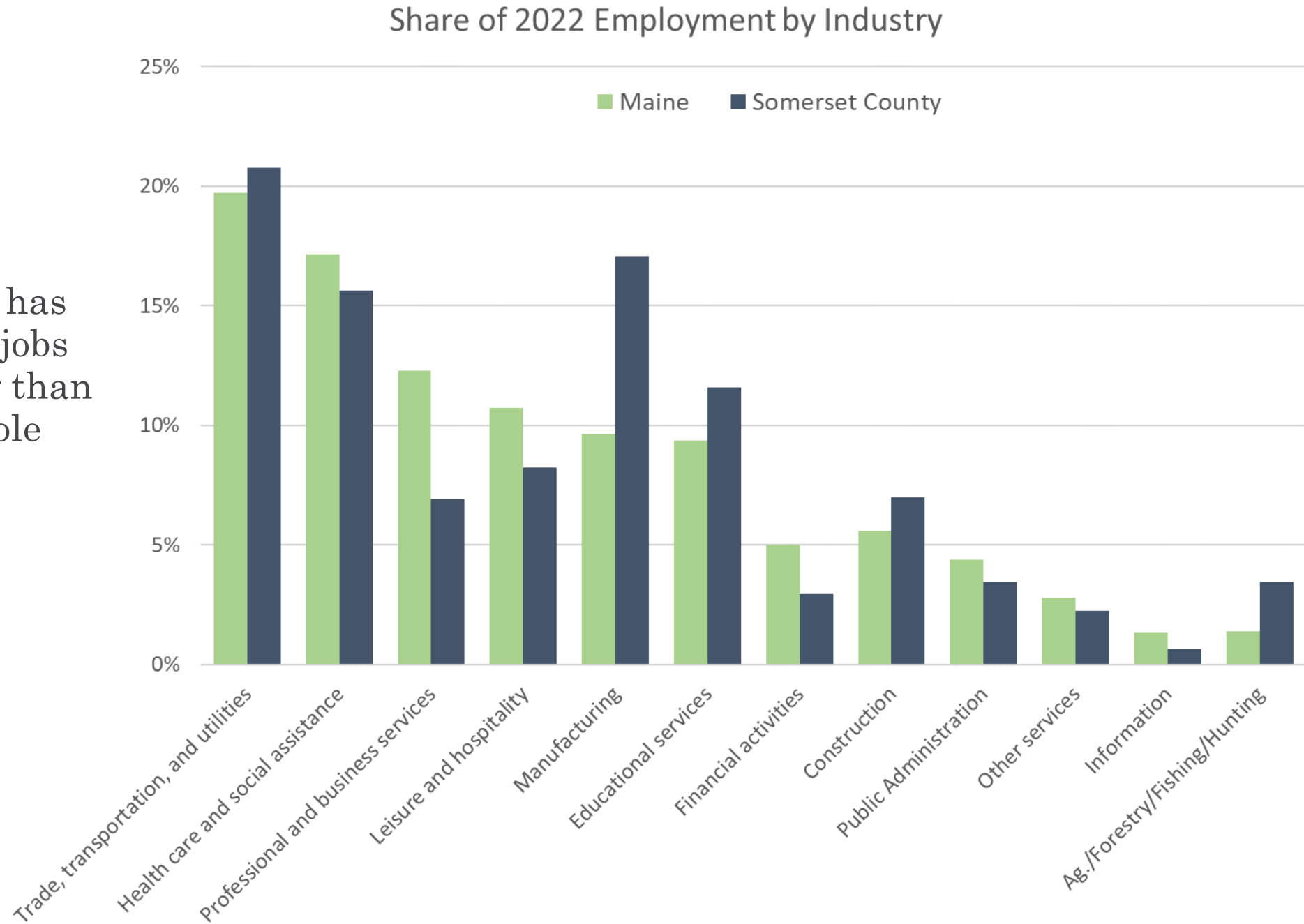
- ☒ Table
- ☐ Graph
- Map/Graph Display
- ☒ Unemployment rate
- ☐ One-year change



## Total Nonfarm Employment (in thousands) History and CEFC forecast



Somerset County has a higher share of jobs in manufacturing than the state as a whole



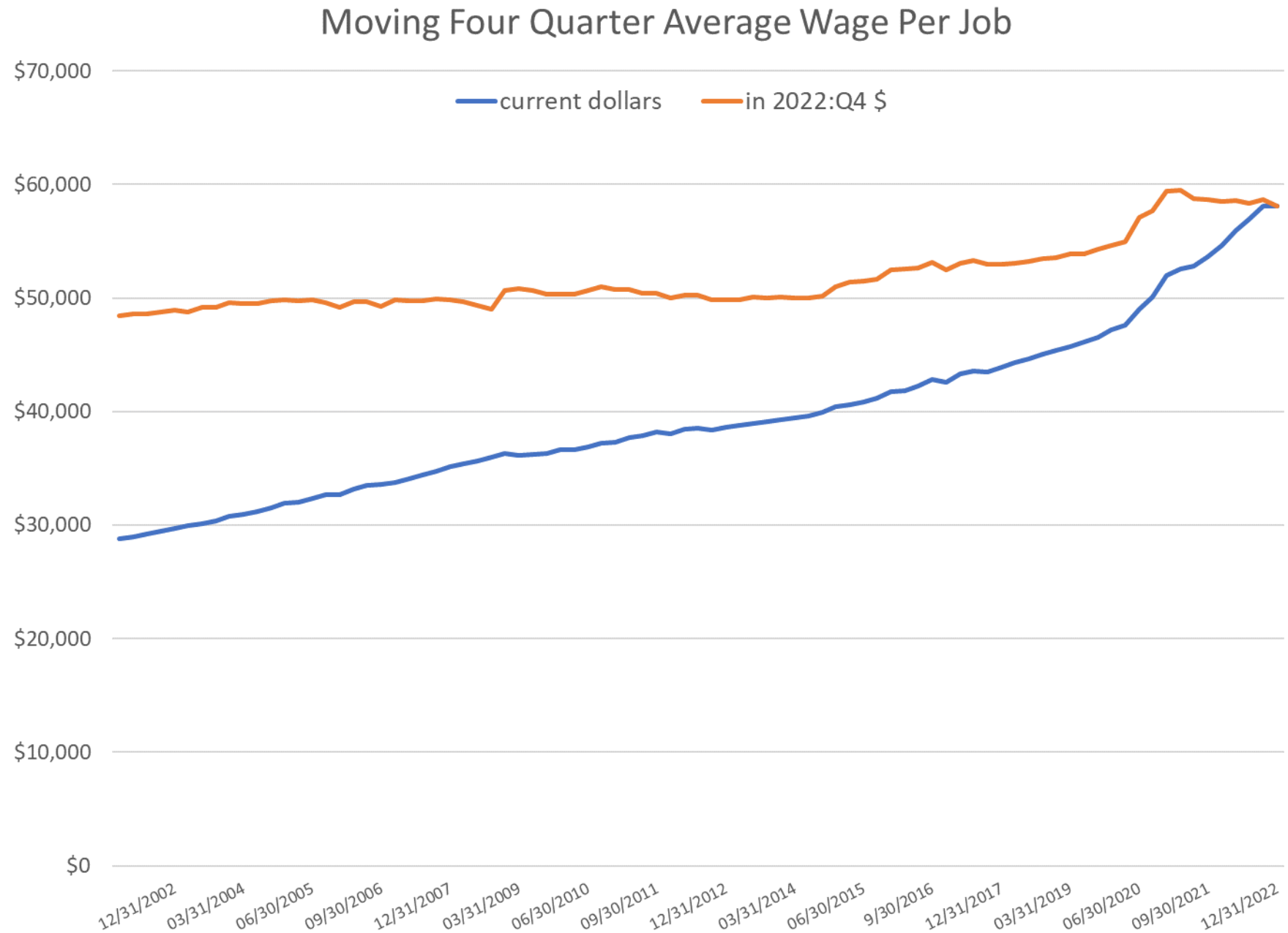
# Workforce considerations

- Migration: will the trends continue?
  - *Remote work*: here to stay, but 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: are more workers choosing self-employment and gig work?
- Automation: will employers who struggle to find workers substitute with technology?

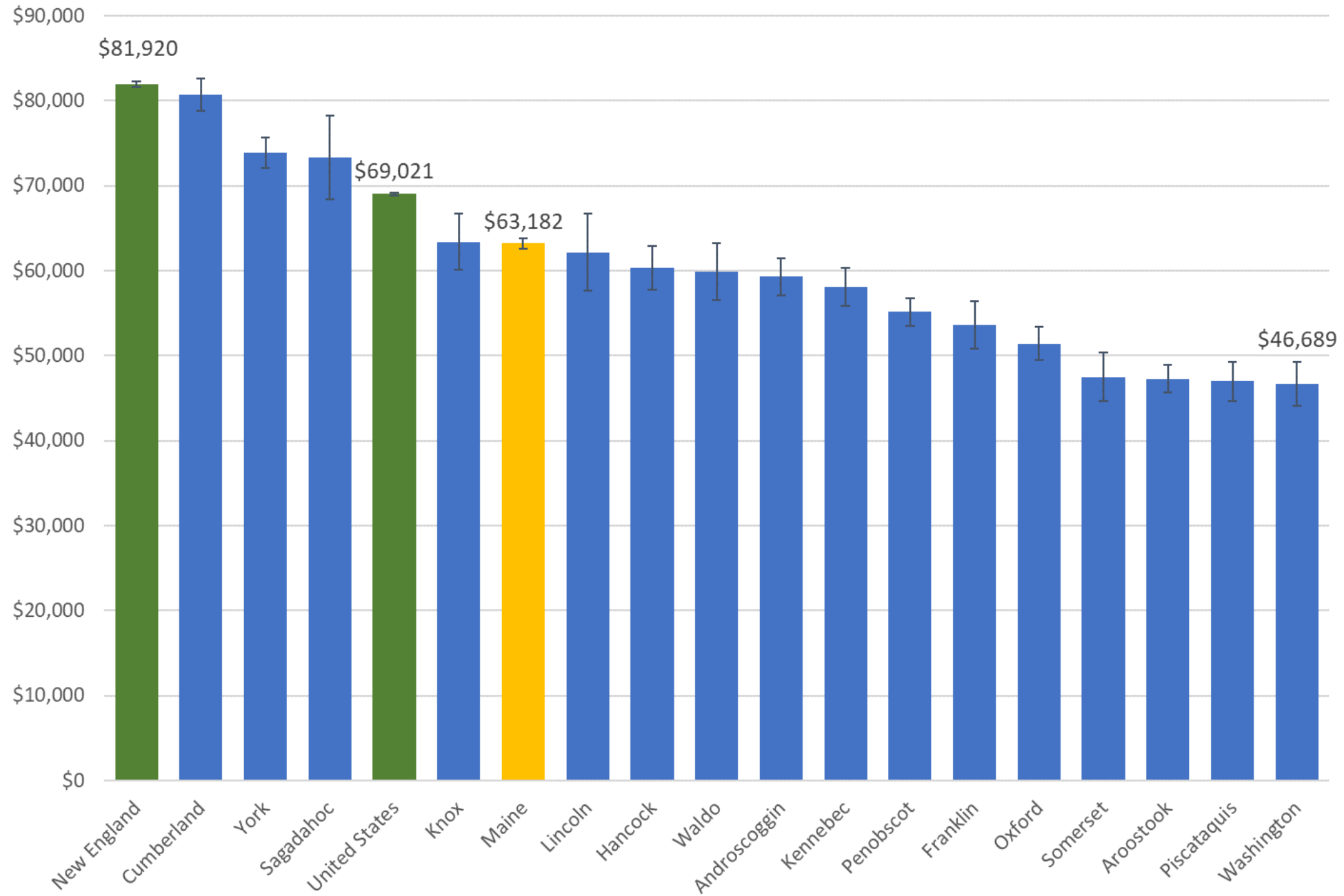
# Wages, Income, and Inflation



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



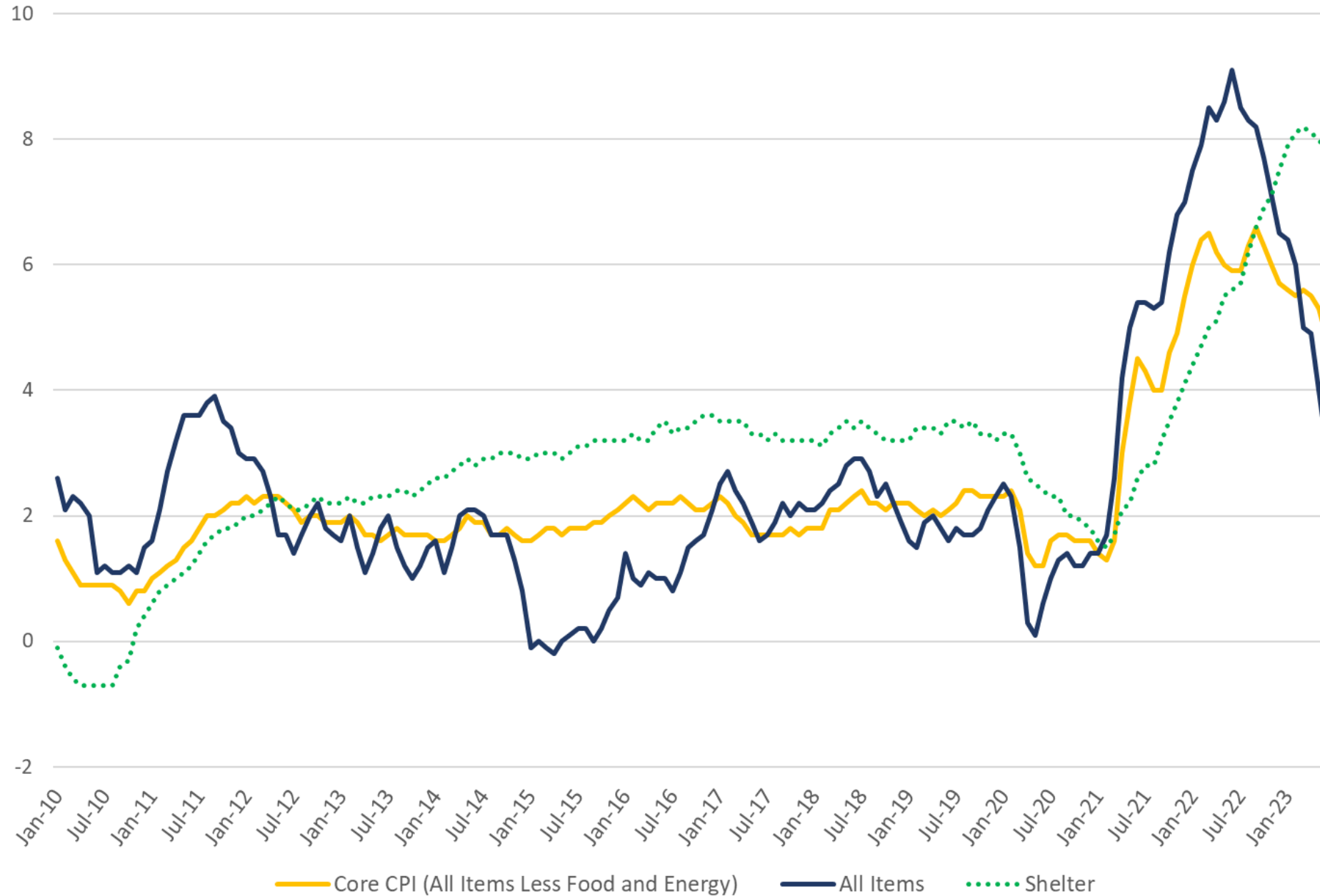
## Median Household Income



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



## Year-over-year percent change in Consumer Price Index



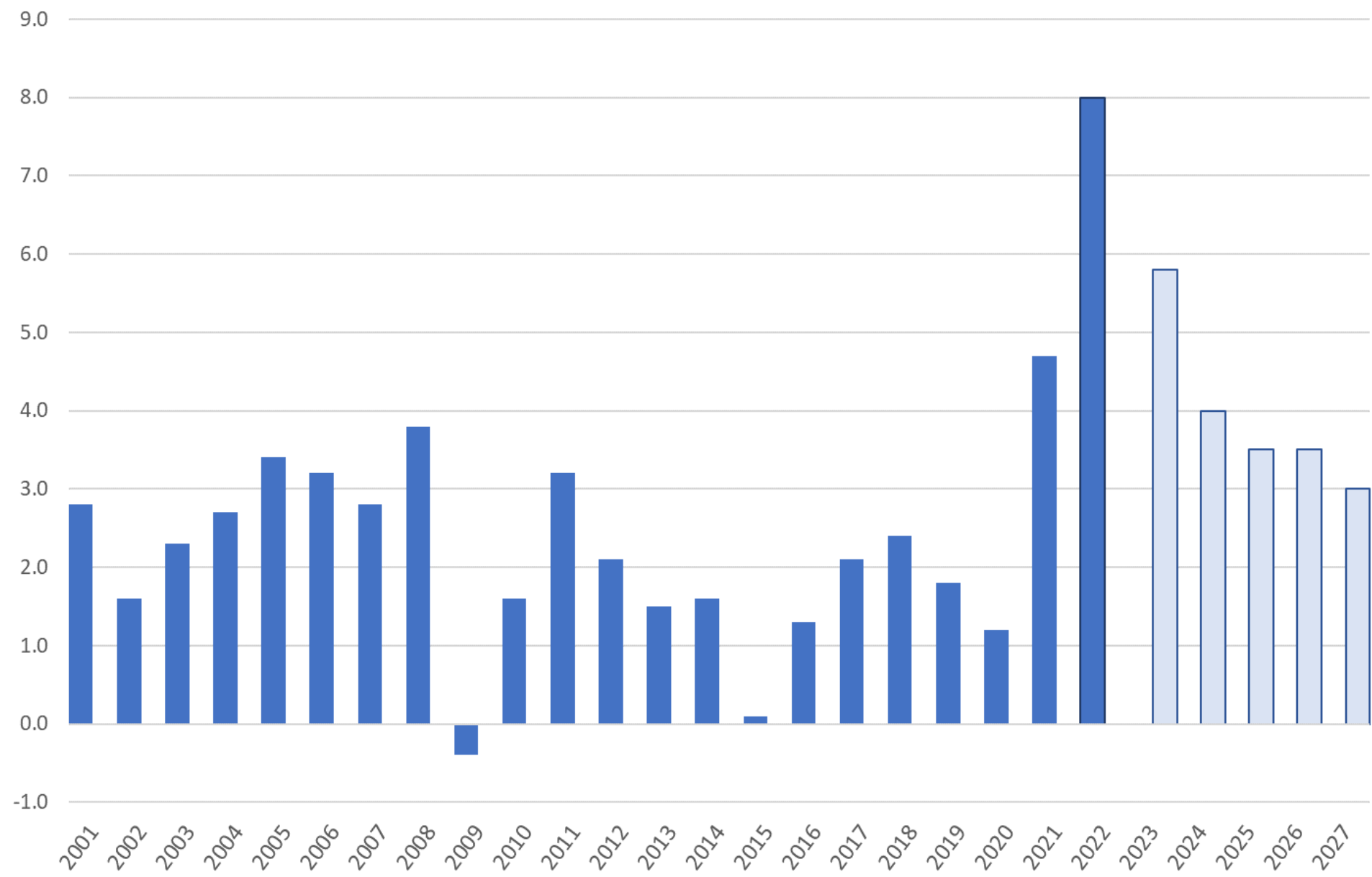
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

# What does this mean for interest rates?

Current target range: 5.25% to 5.5%

Median projection for 2023 from June 2023 Federal Open Market Committee statement is 5.6%, implying two more increases of 25 basis points this year

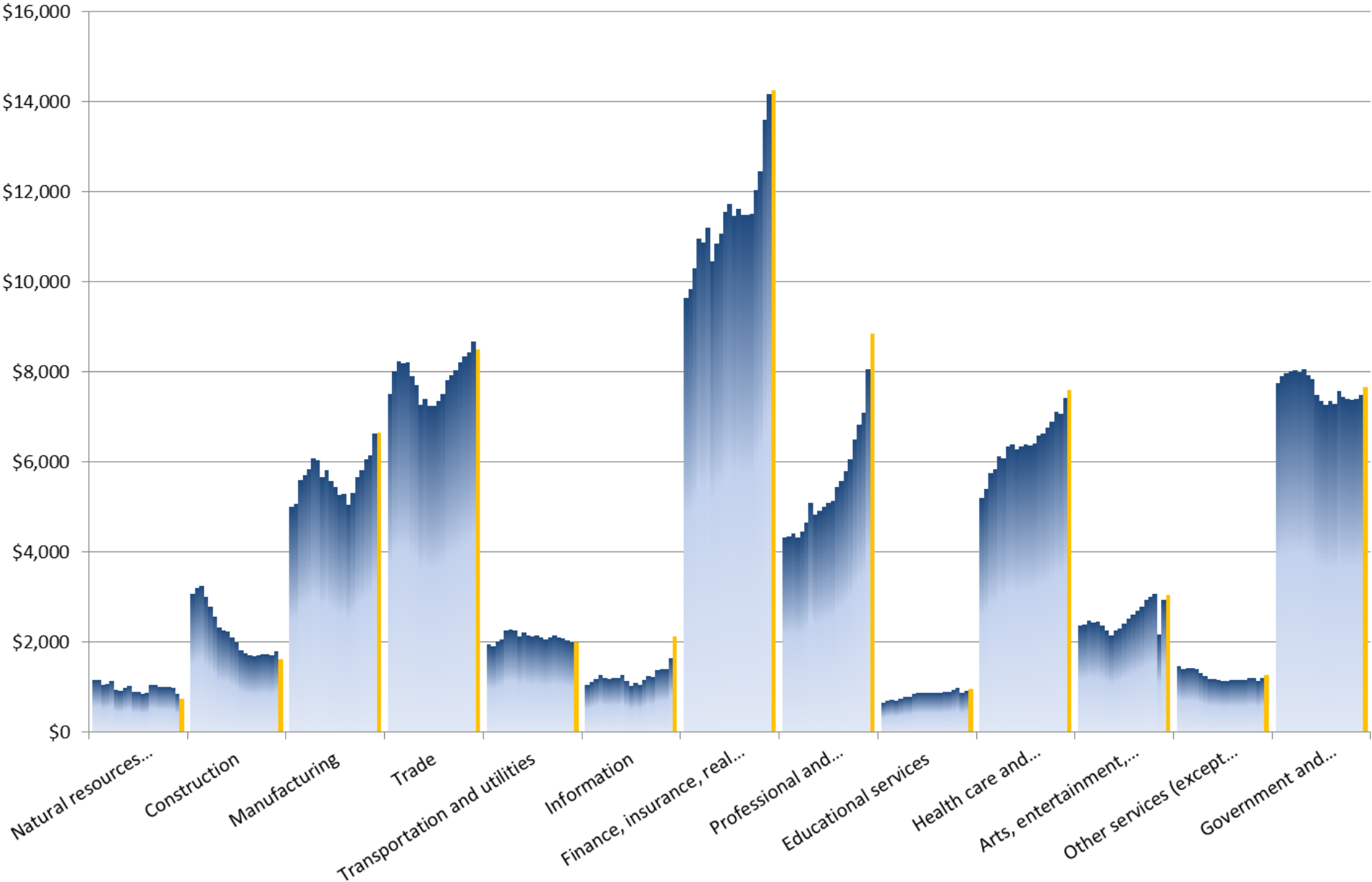
Year-over-year percent change in Consumer Price Index;  
2001-2022 historical and 2023-2027 forecast



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

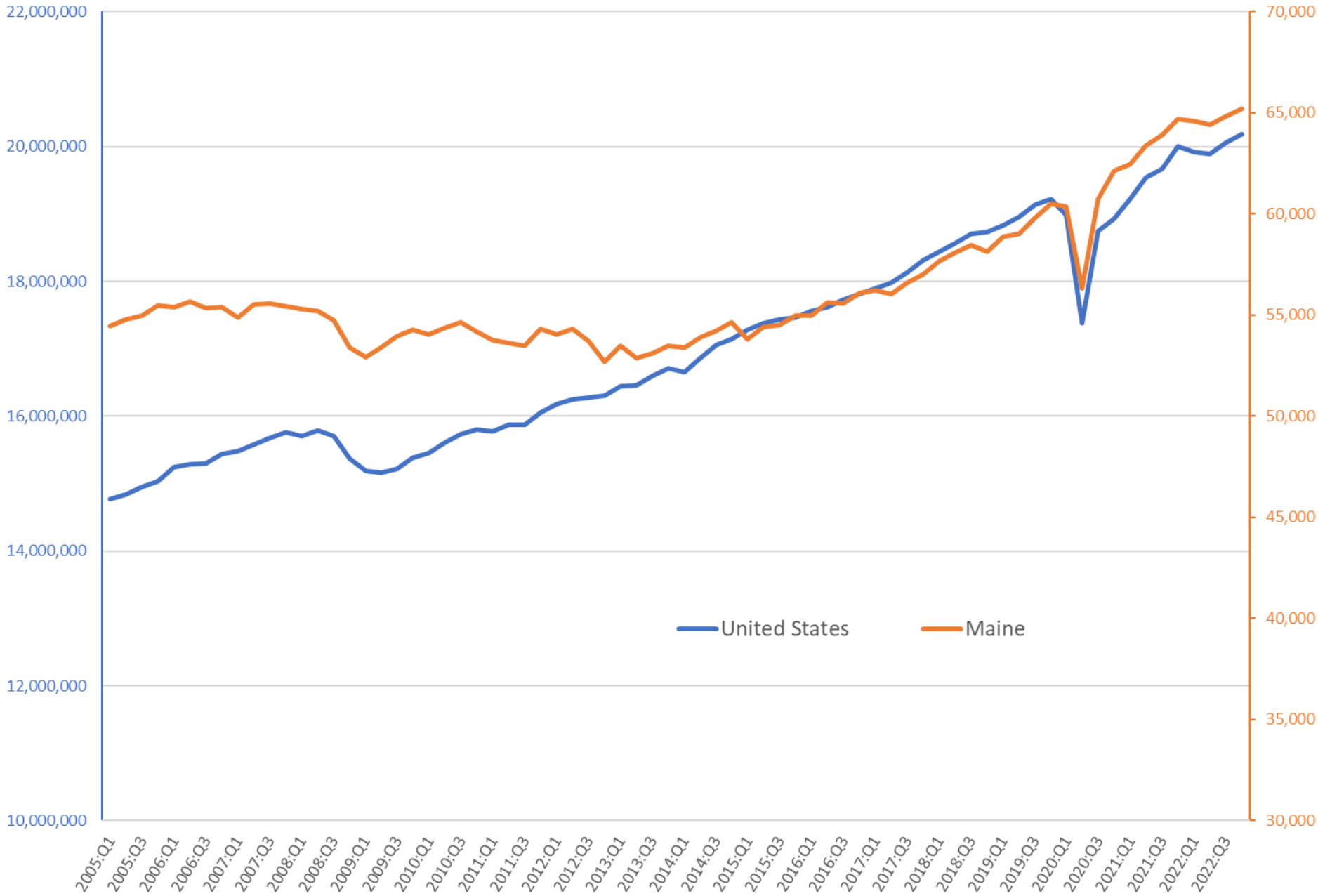
# State Gross Domestic Product (GDP)

Maine Real GDP by Industry, 2002-2022  
(in millions of chained 2012 dollars)

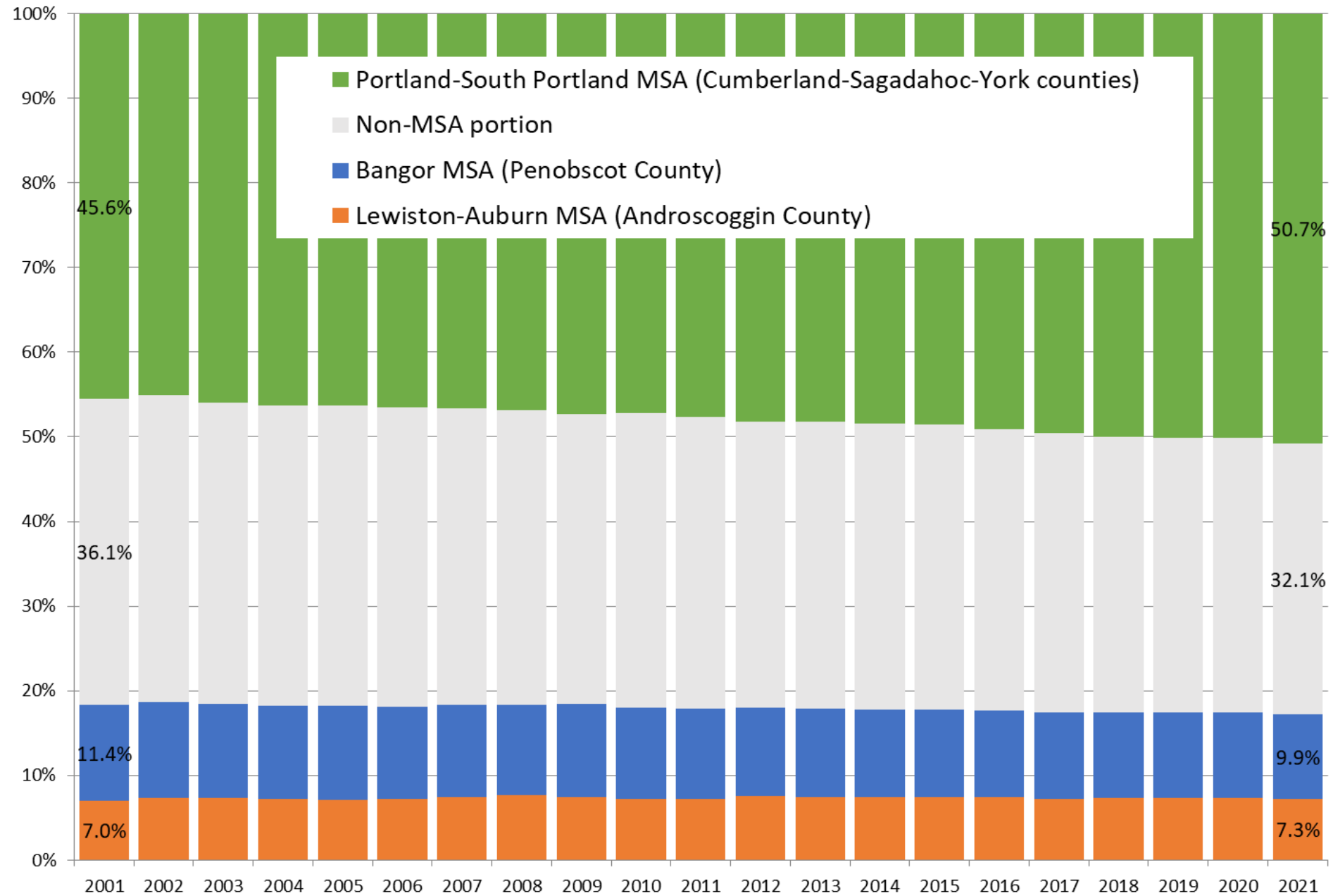




Quarterly Real GDP (in millions of chained 2012 dollars)



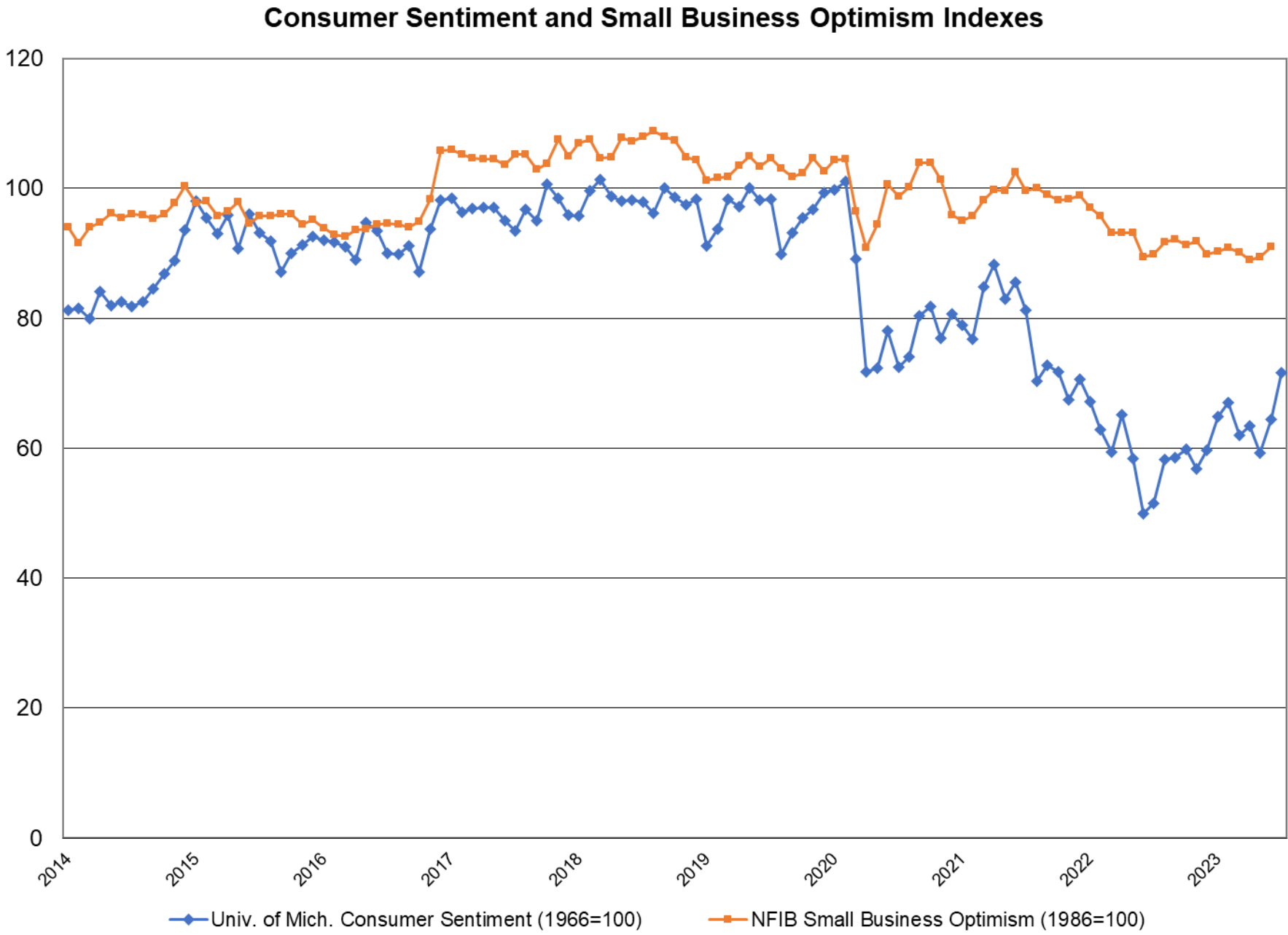
## Share of Maine Real GDP by Metropolitan Area



# 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.



Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

## 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 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 \$968 million – at the statutory maximum) and spending from pandemic-era infusion of federal funds (e.g. MJRP, IIJA) is still 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.

# Contact Information

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