

DEMOGRAPHIC AND ECONOMIC CONDITIONS IN MAINE

Massachusetts Rhode Island and Maine Chapter
of the Appraisal Institute

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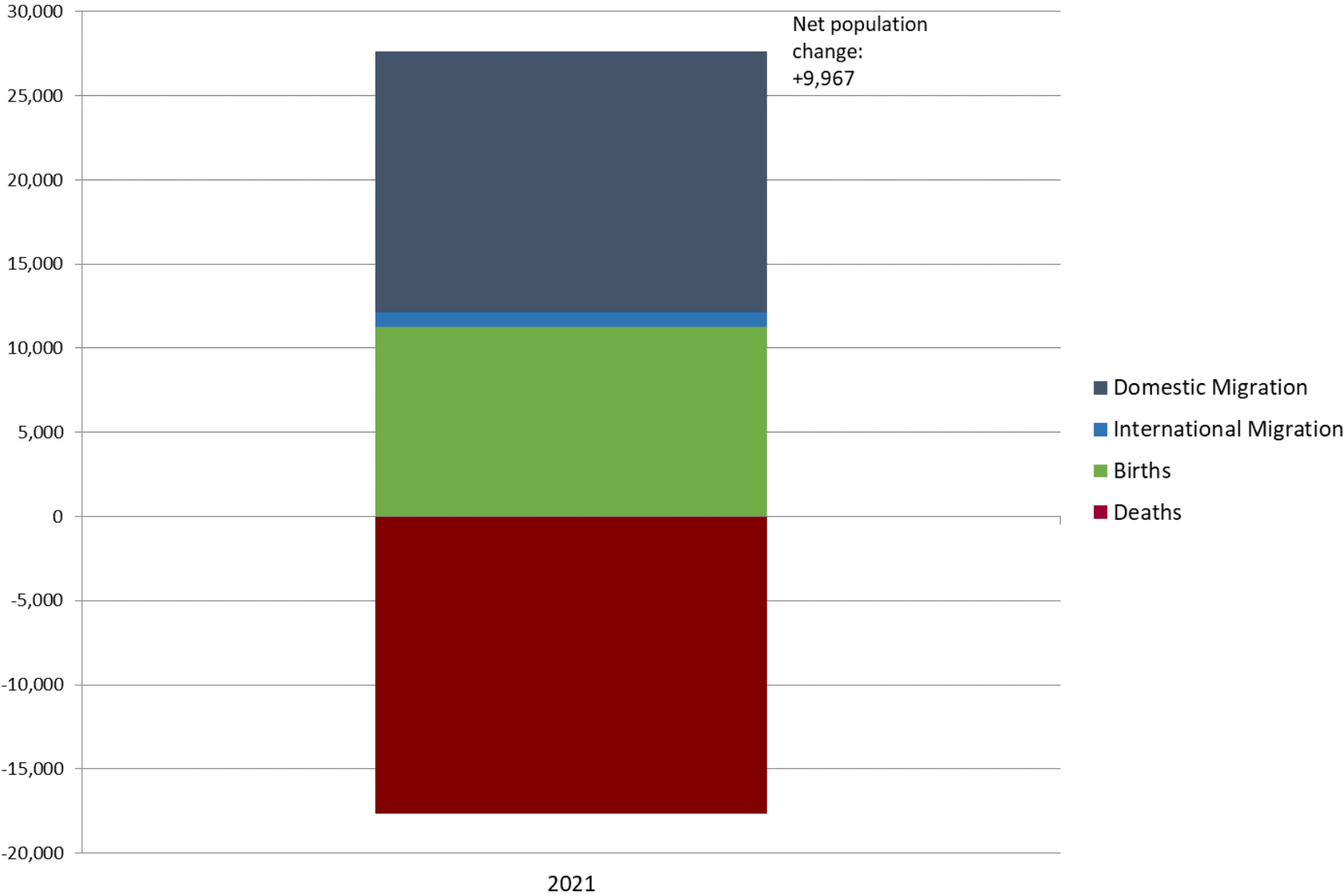
Components of Population Change, Maine

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.)

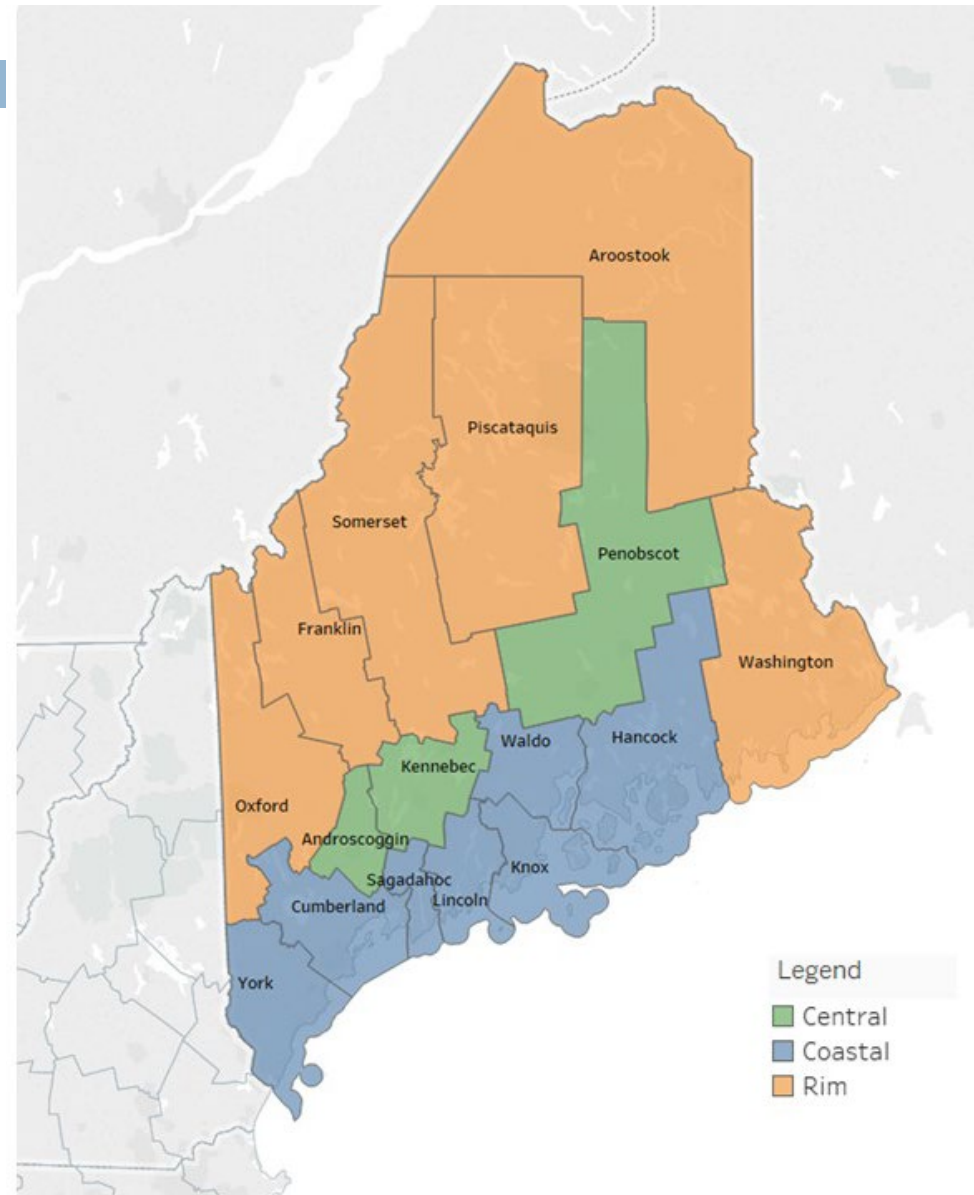
Net migration = 12.0 per
thousand (7th in U.S.)



Regions of Maine

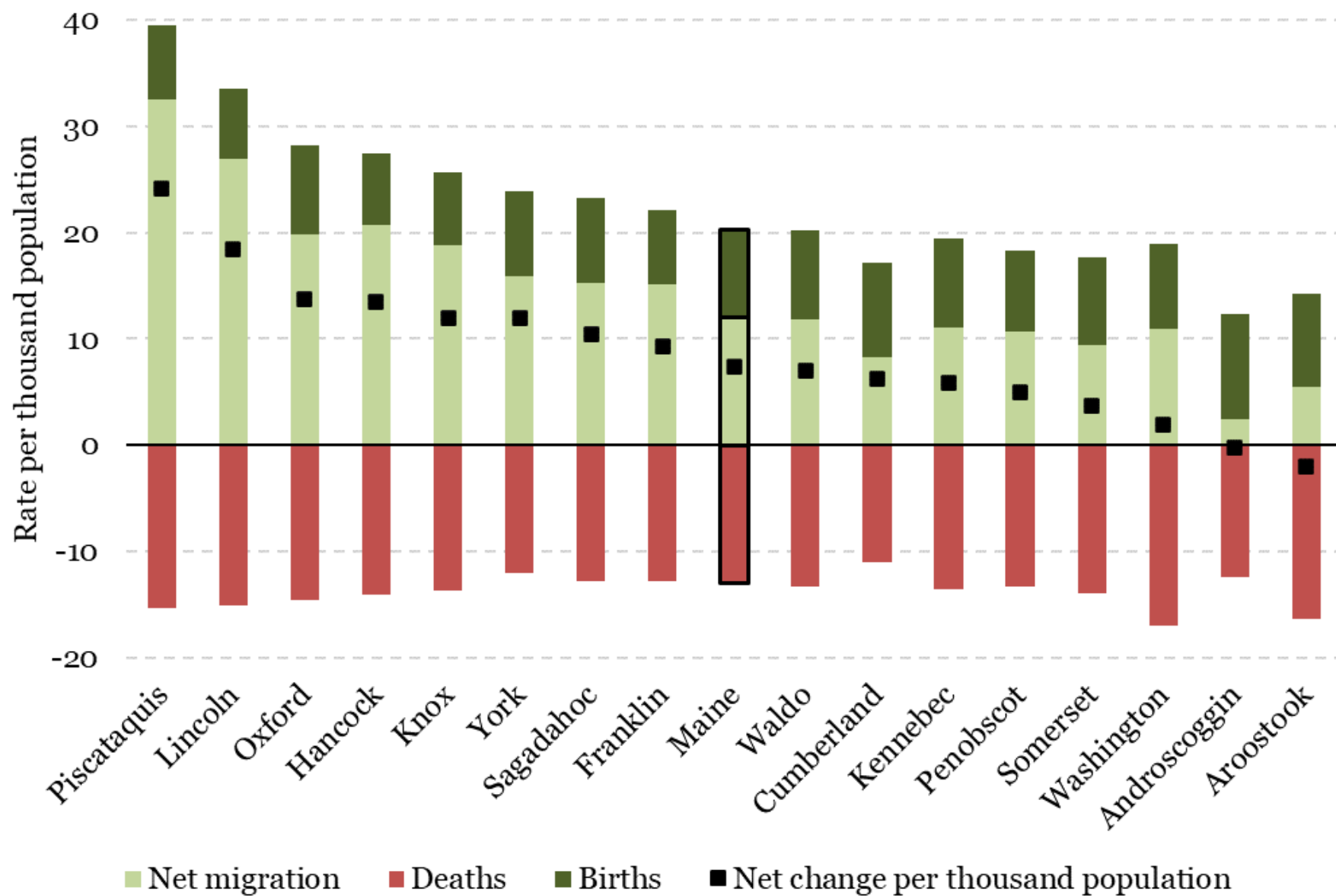
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- All six “rim” counties plus Penobscot had their highest decennial population count in a year other than 2020:
 - Aroostook: 1960
 - Franklin: 2010
 - Oxford: 2010
 - Penobscot: 2010
 - Piscataquis: 1920
 - Somerset: 2010
 - Washington: 1900



Components of Population Change in Maine, 2021

Rate per thousand population



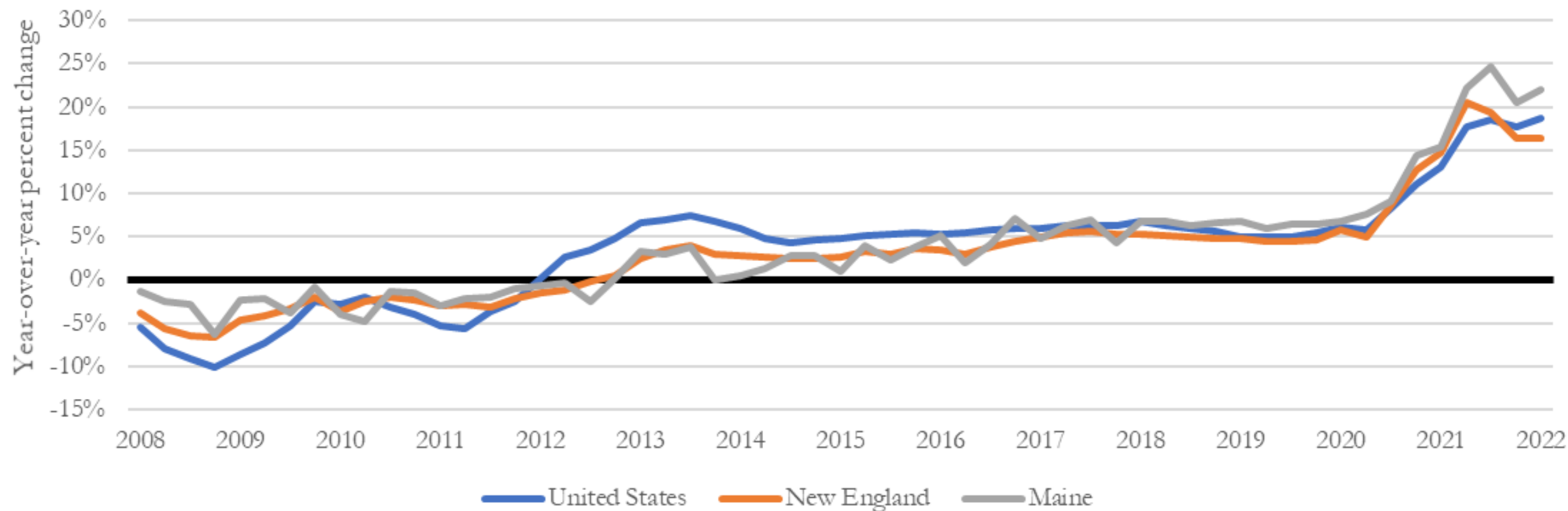


Housing Inventory: Active Listing Count in Maine

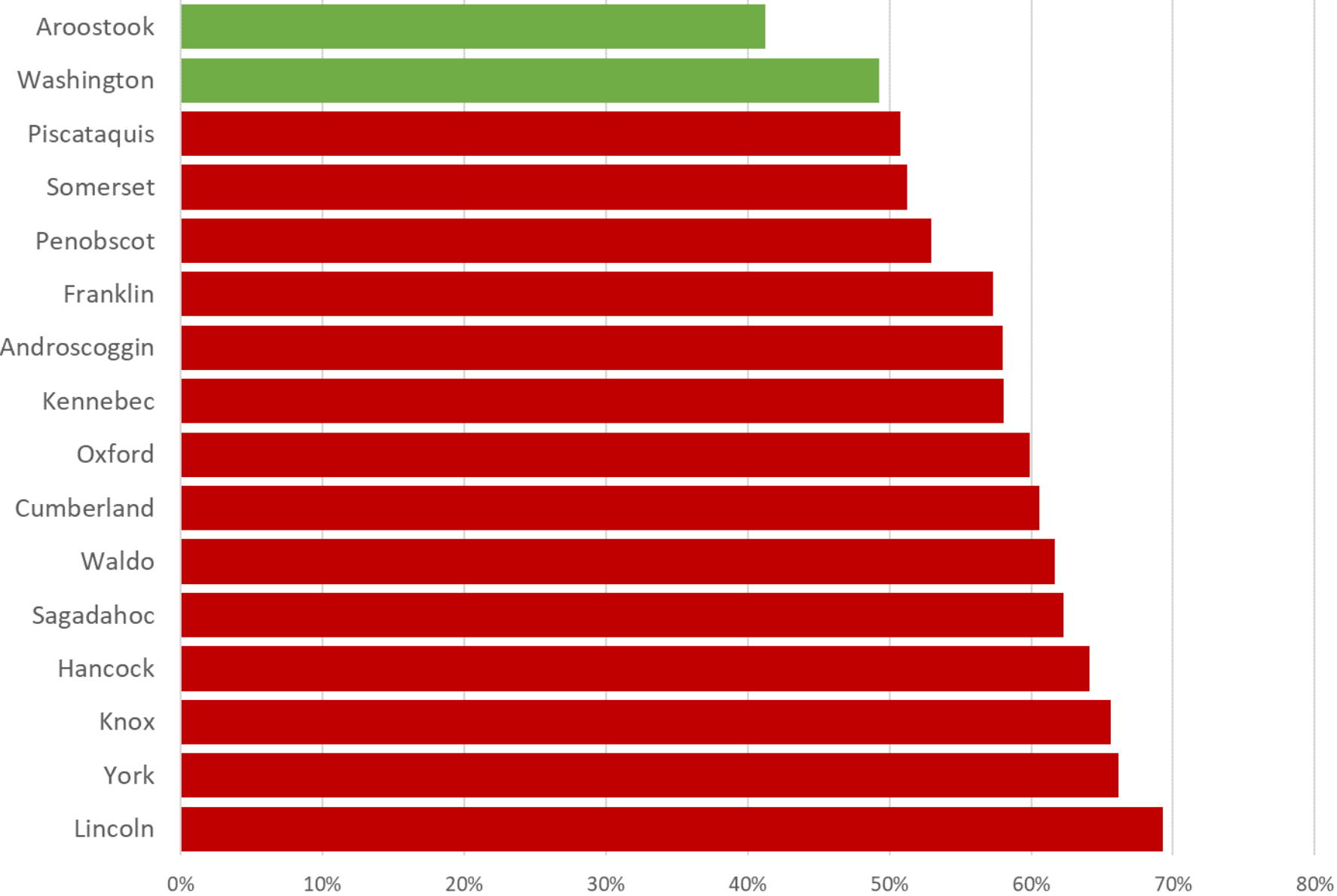


Shaded areas indicate U.S. recessions. Source: Realtor.com fred.stlouisfed.org

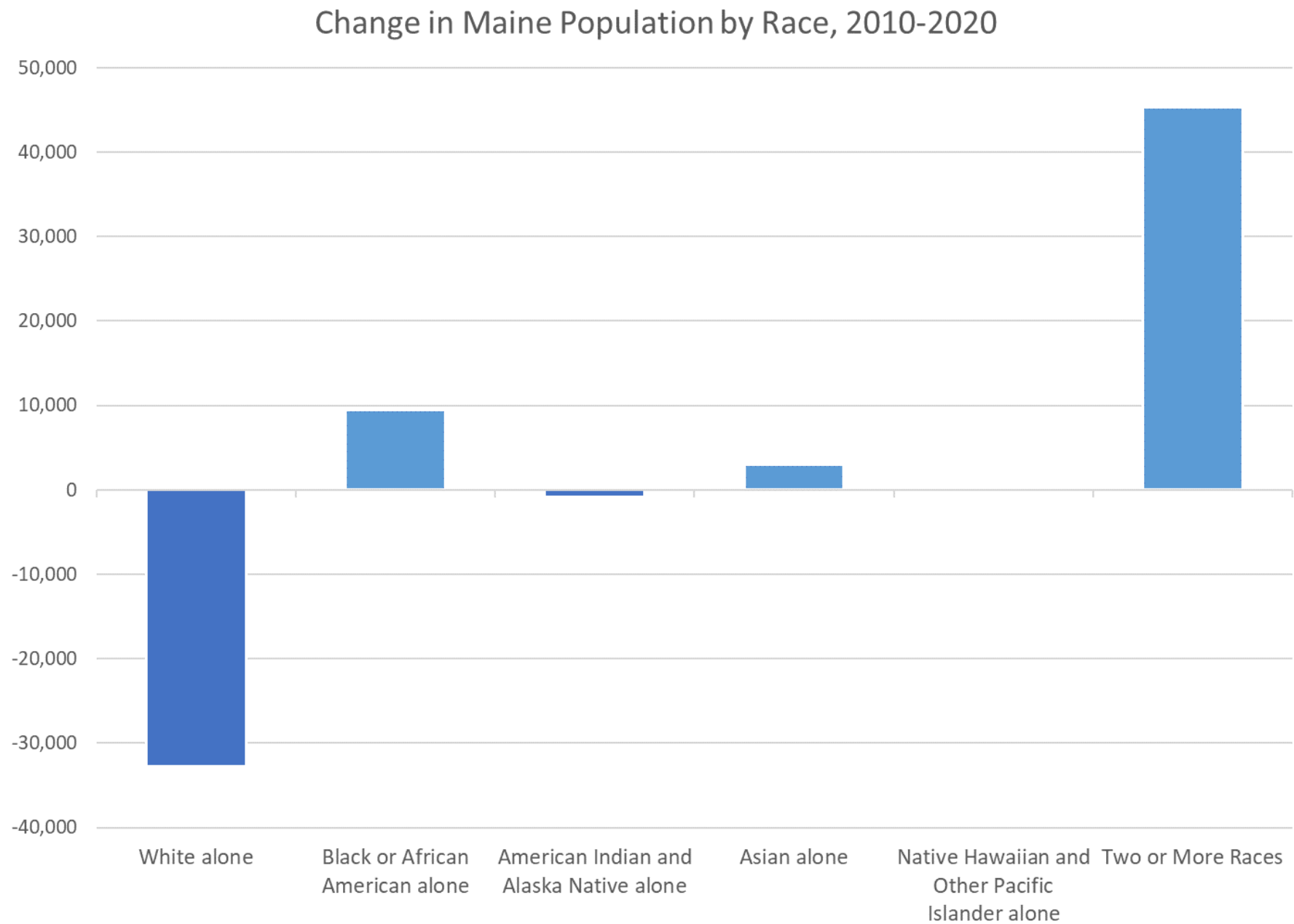
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2021



9.8% Black, Indigenous,
and People of Color
Lowest percentage in
U.S., but improved from
5.6% in 2010



Maine has the oldest
population...

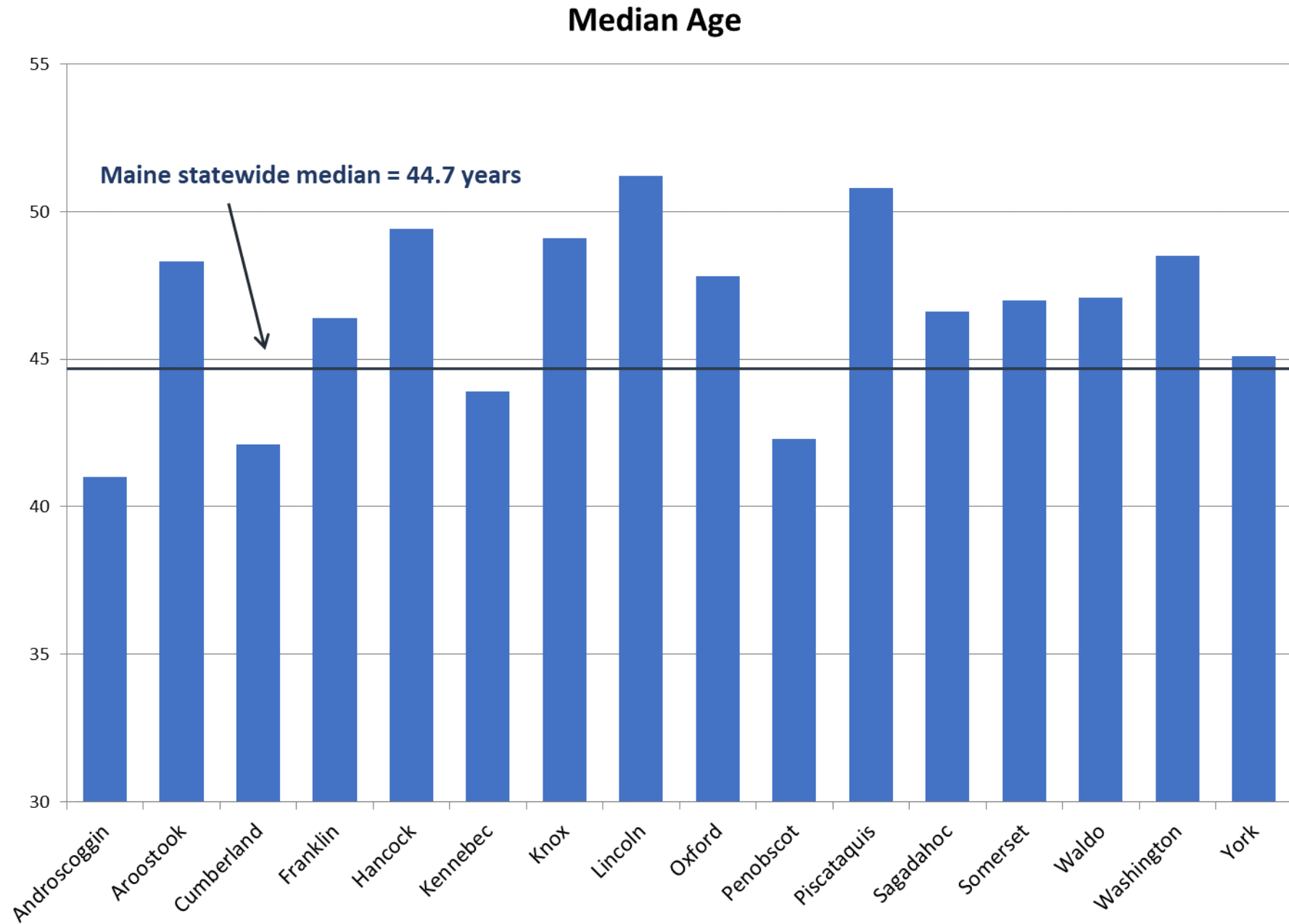
...by median age

(44.7 years)

...and by % of population
age 65+ (21.7%)

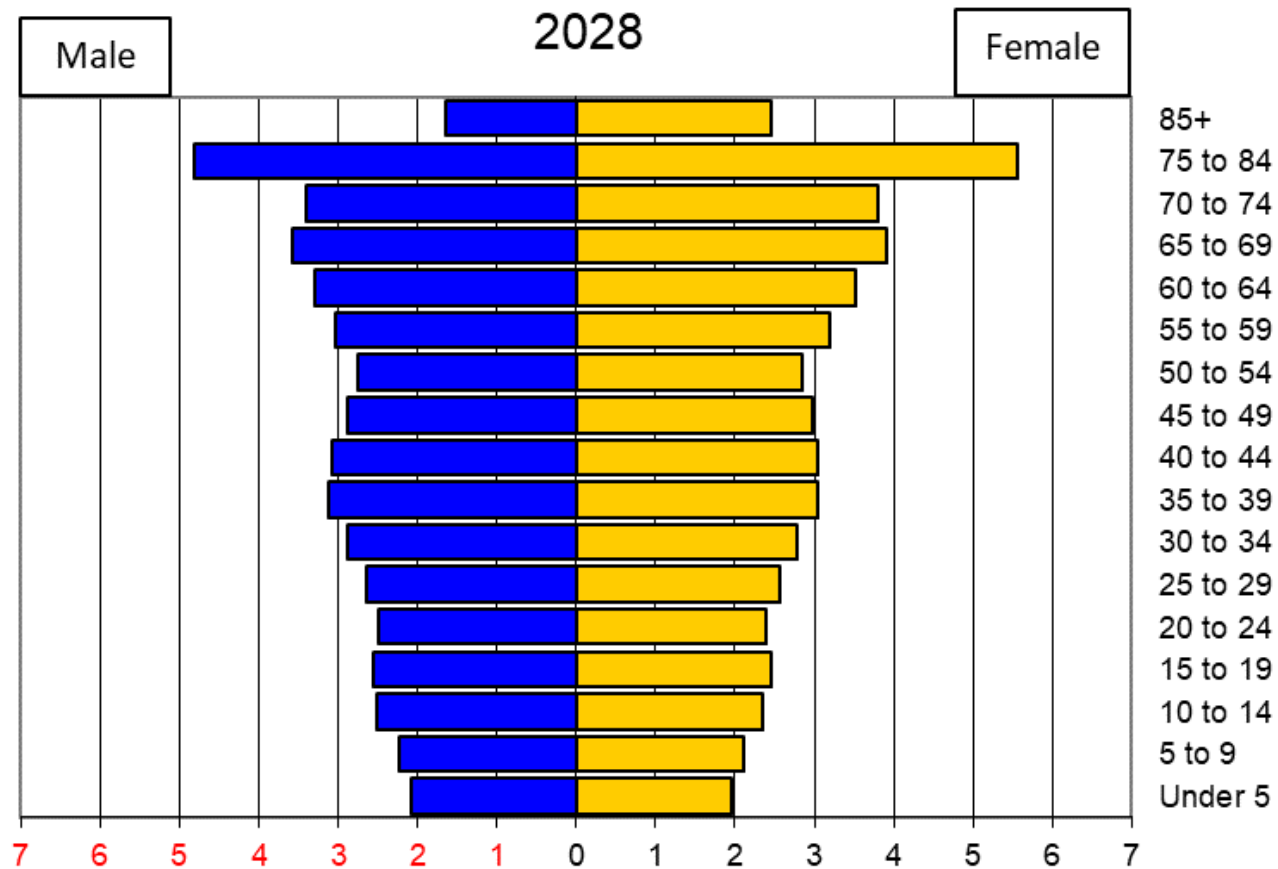
BUT!

Maine was the **ONLY** state in
the U.S. to see a decrease in
median age from 2020 to
2021



The Baby Boom Wave

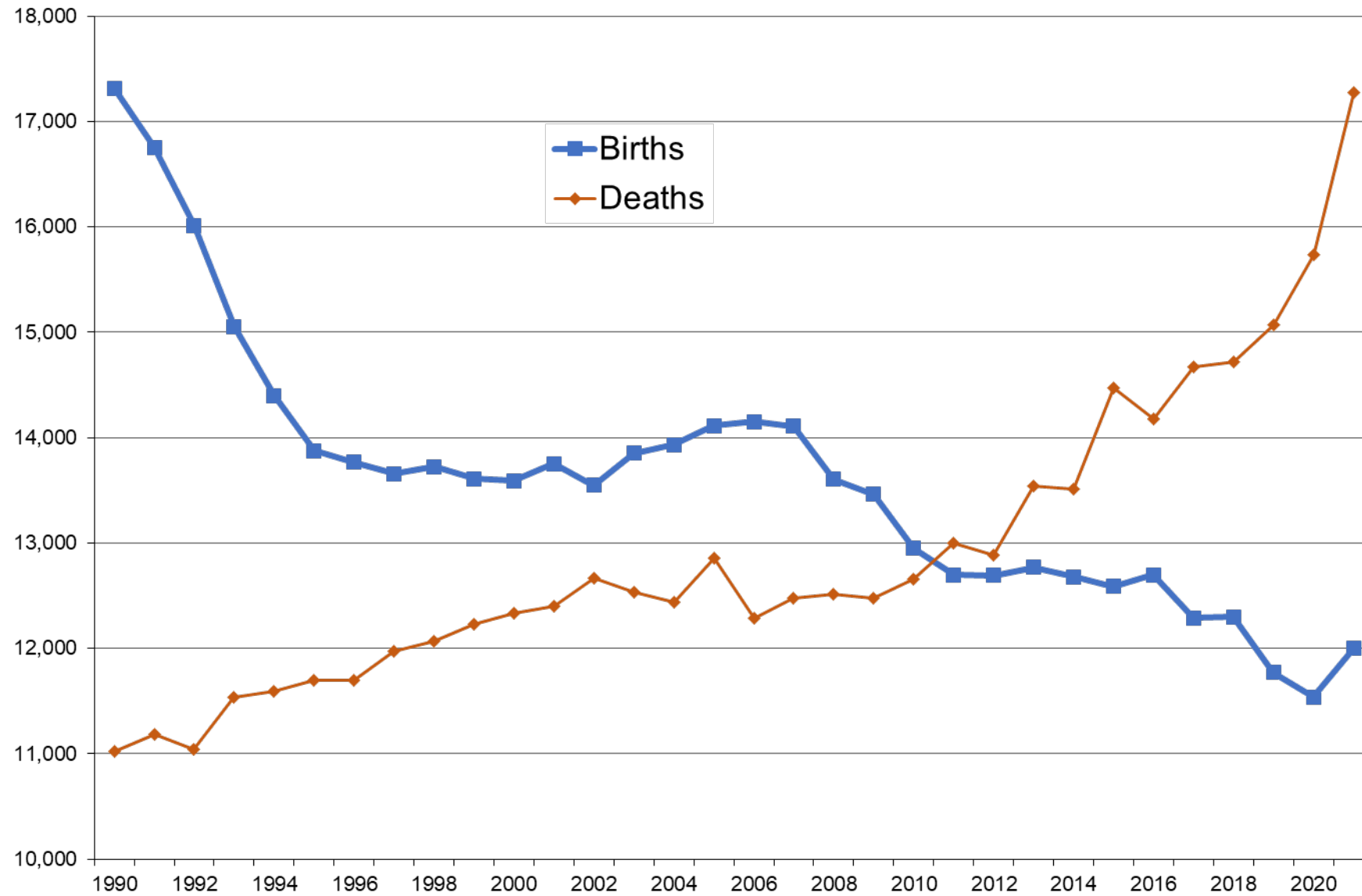
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Baby Boom
generation in 2021:
age 57-75

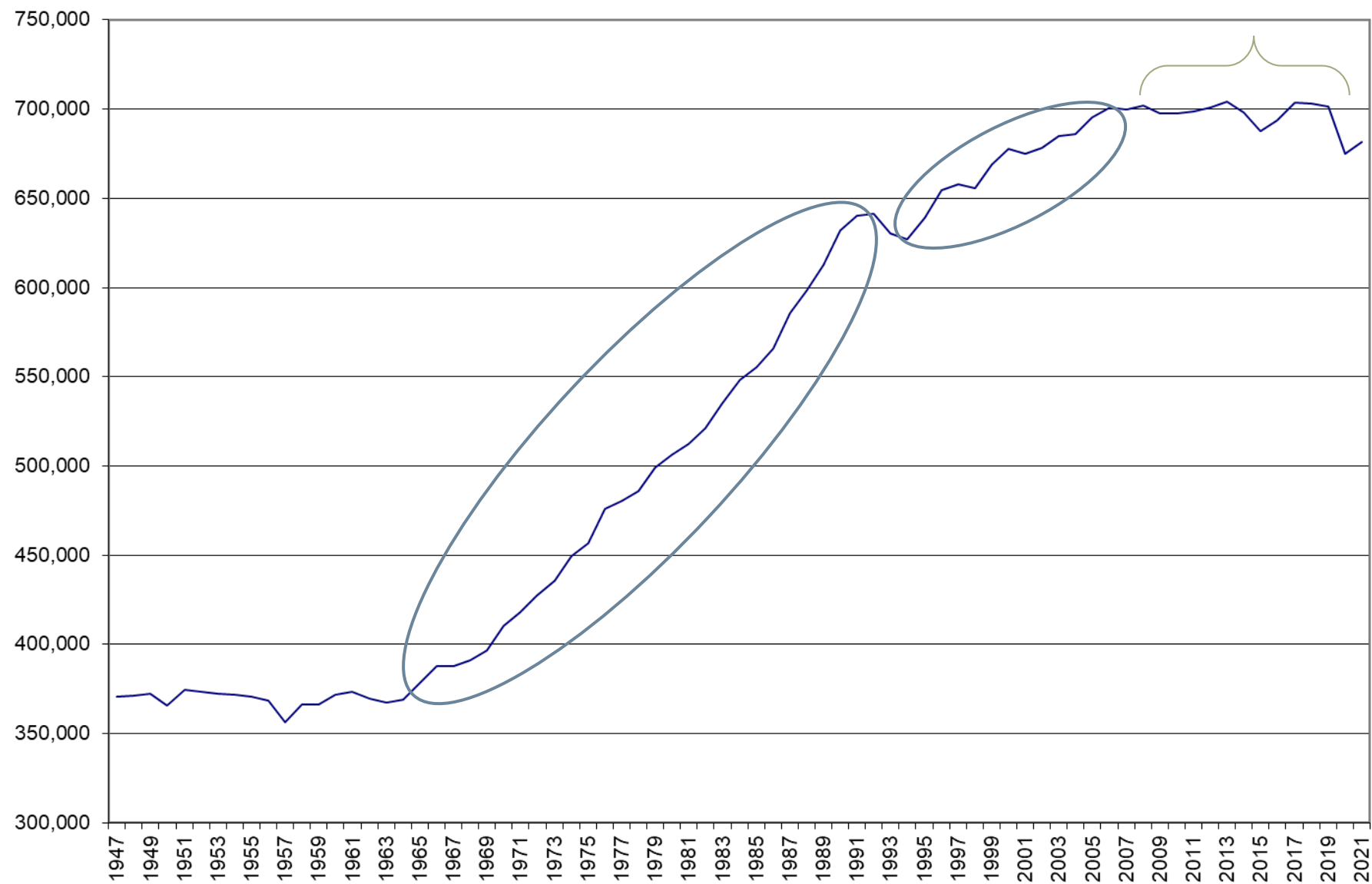
Baby Boom
generation in 2028:
age 64-82

Births and Deaths per year in Maine



Maine Civilian Labor Force

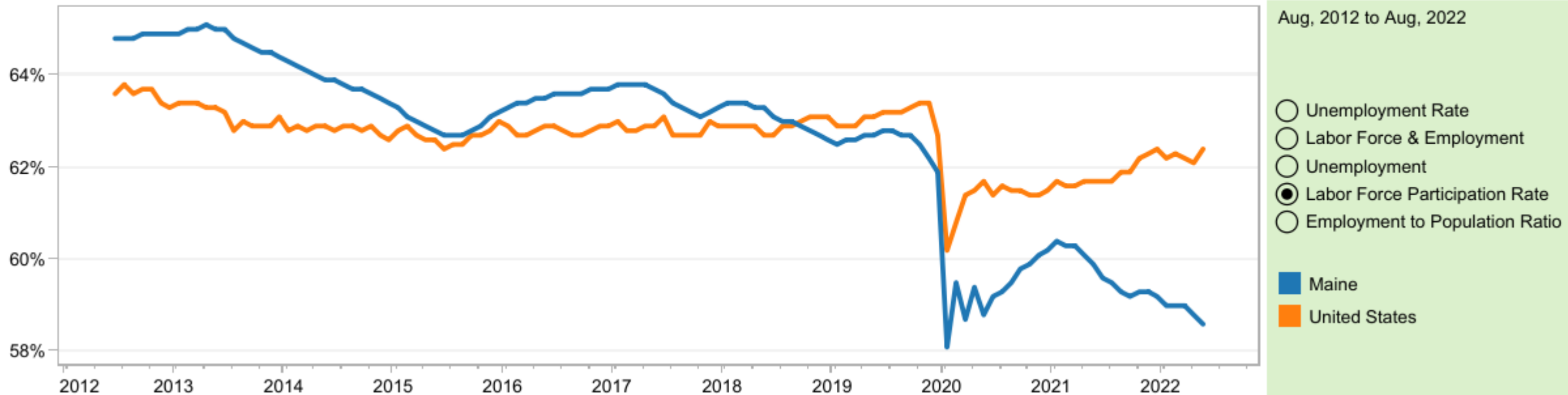
Labor force has started to trend down



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

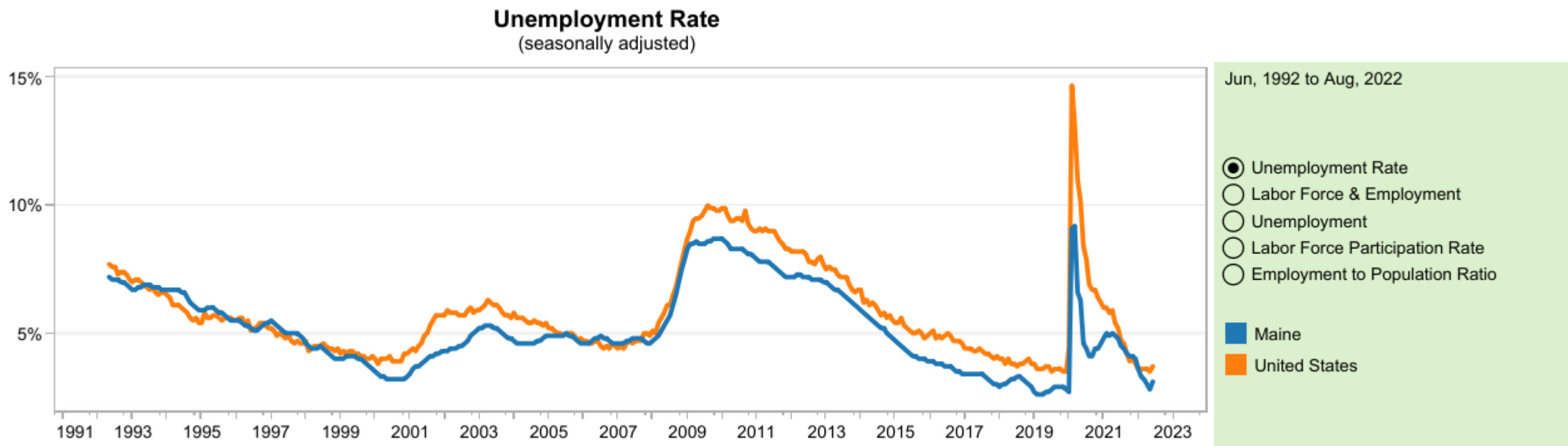
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Labor Force Participation Rate
(seasonally adjusted)

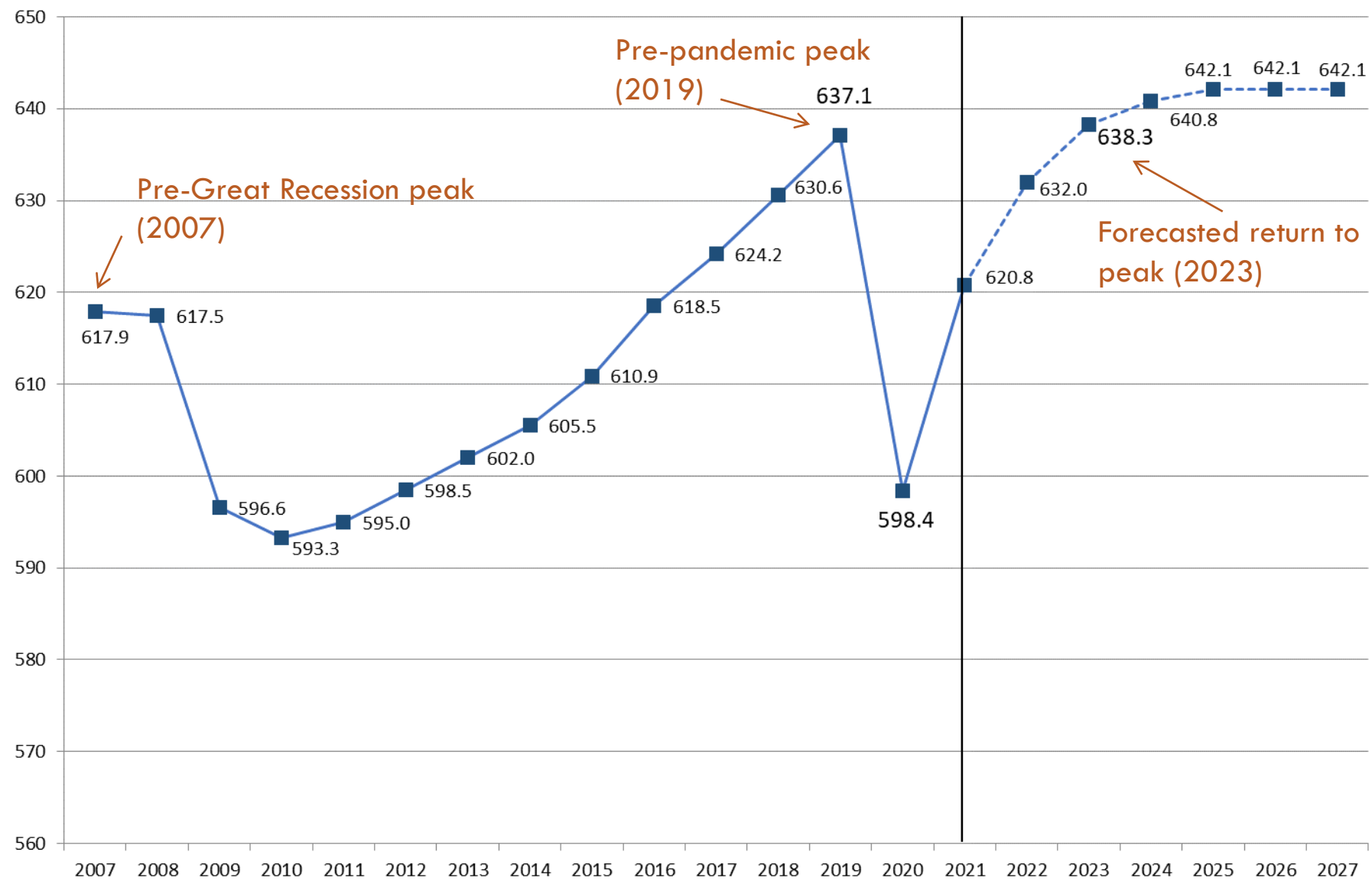


Maine's unemployment rate in August 2022 is just above pre-pandemic levels and well below the long-run average unemployment

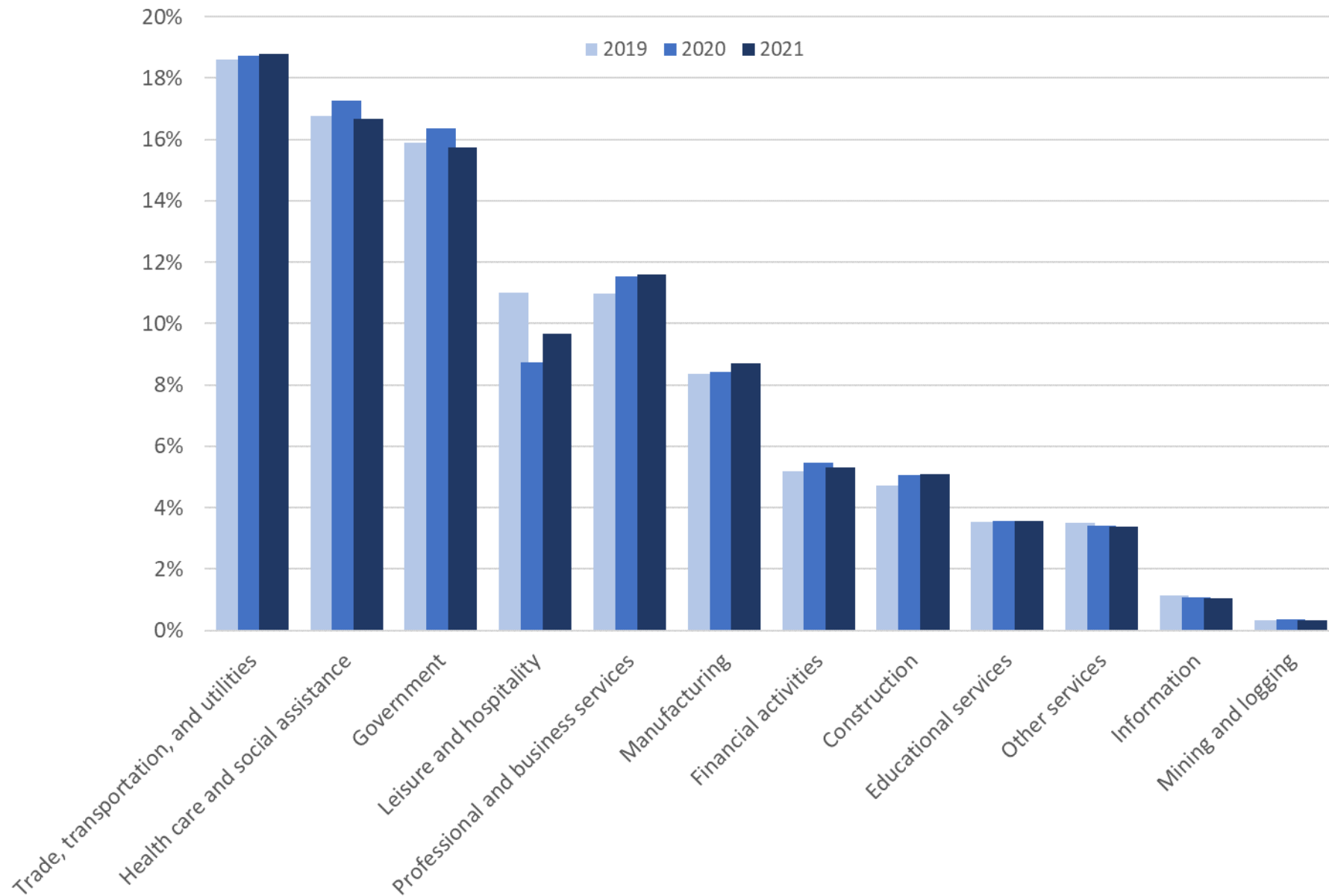
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Total Nonfarm Employment (in thousands)
History and CEFC forecast

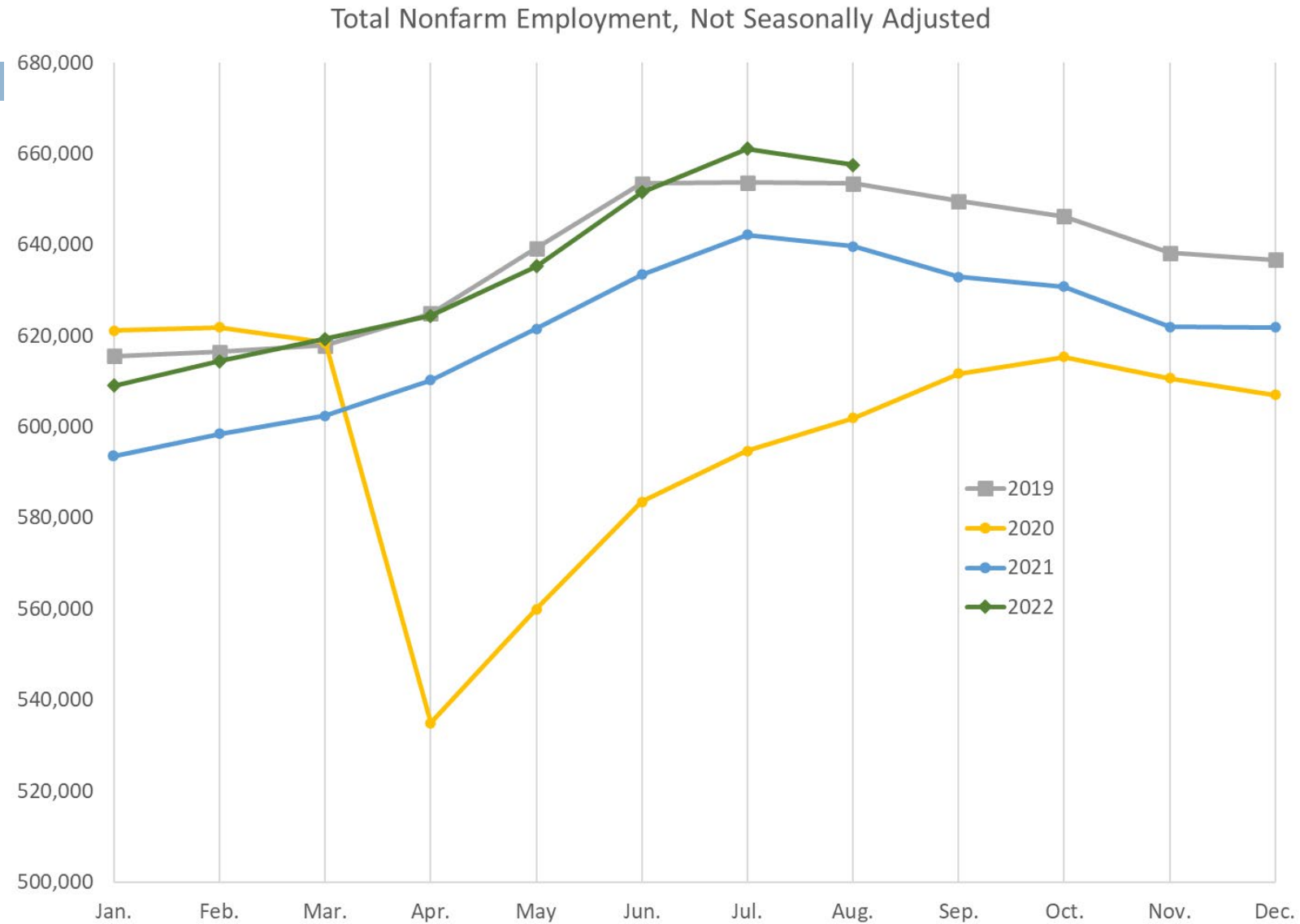


Share of Maine Nonfarm Employment by Industry

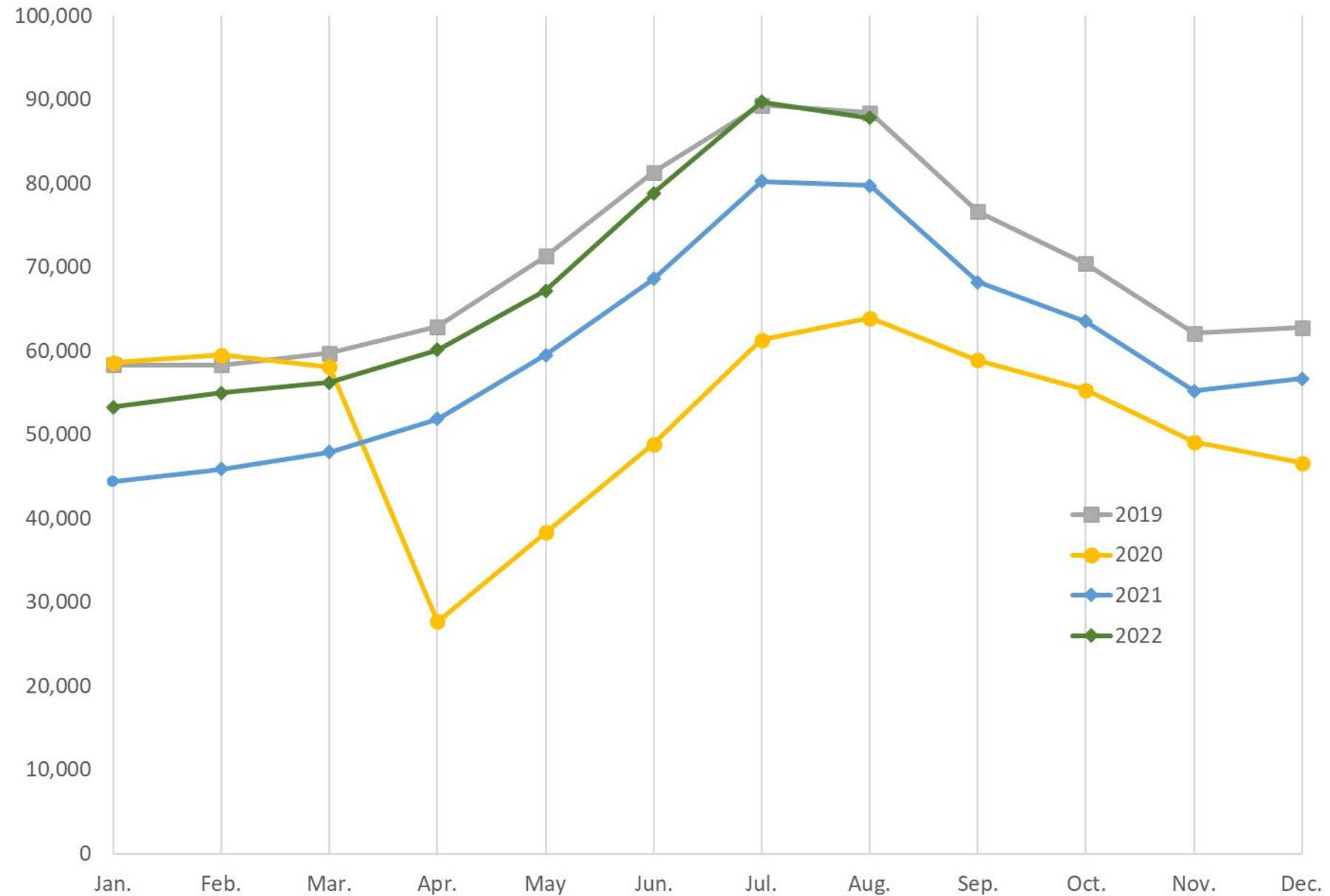


Most sectors in August 2022 were near or above August 2019 levels, the exceptions being:

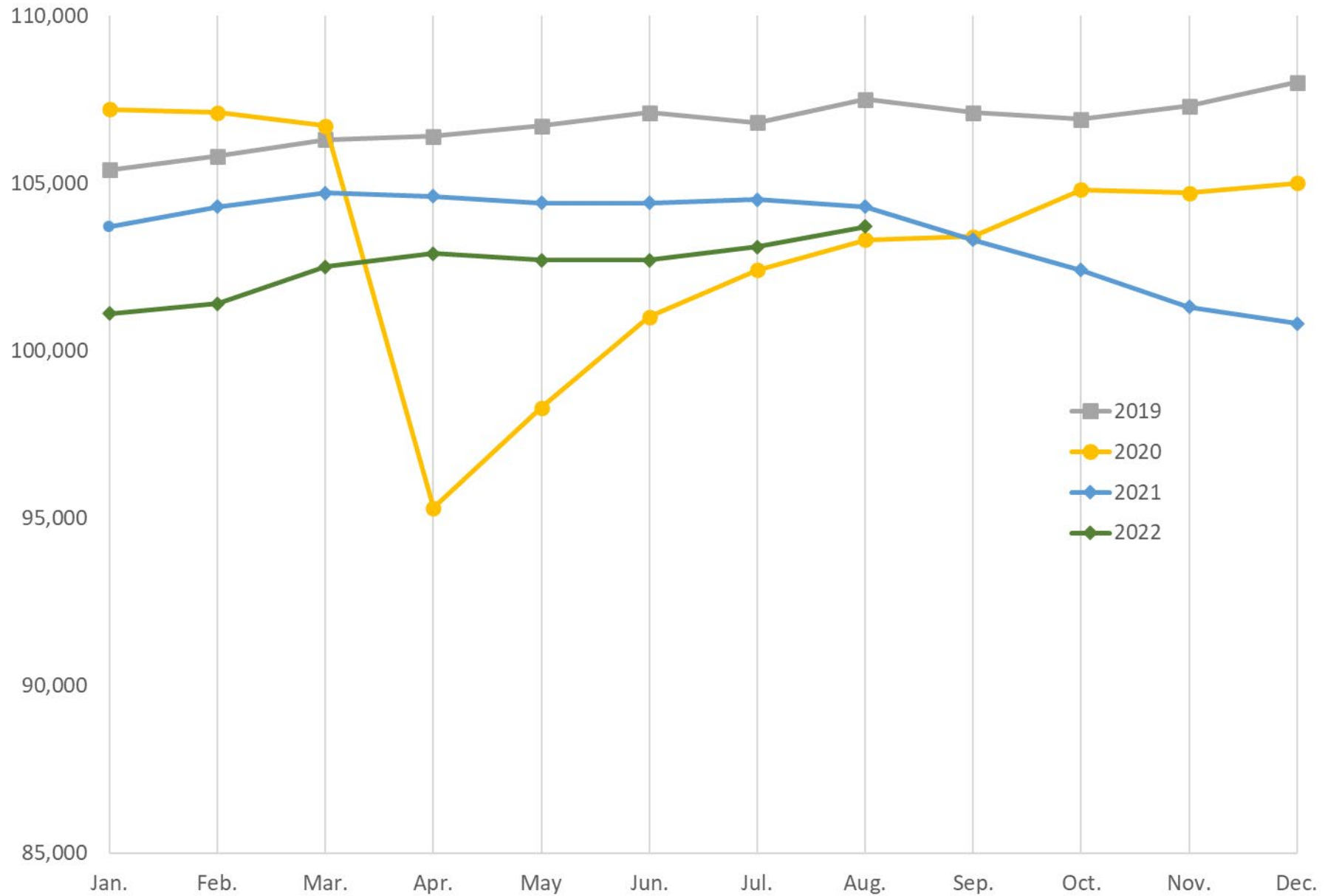
- ▣ - healthcare and social assistance (mostly long-term care and social assistance)
- ▣ - state government education (public higher education)



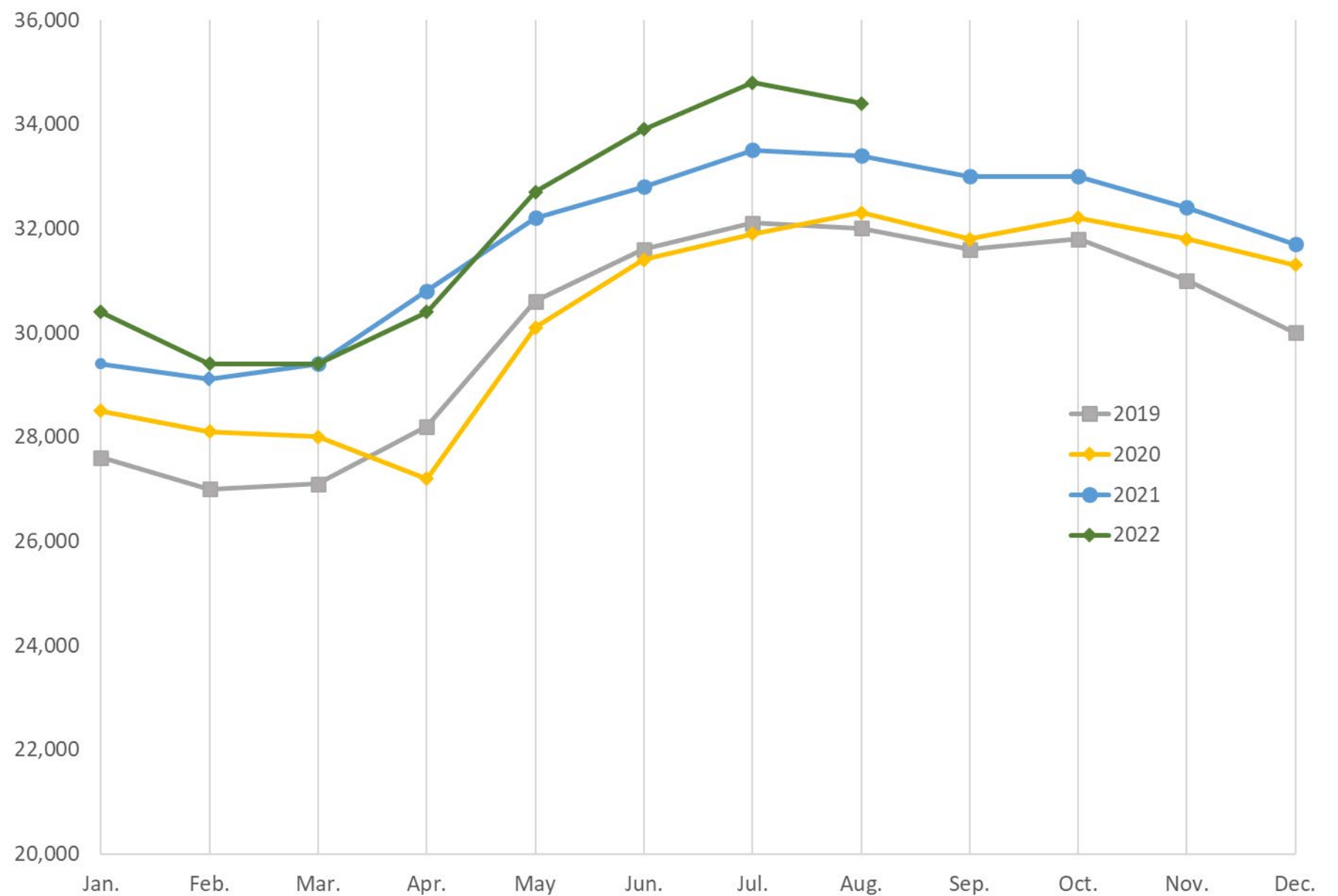
Leisure and Hospitality Employment, Not Seasonally Adjusted



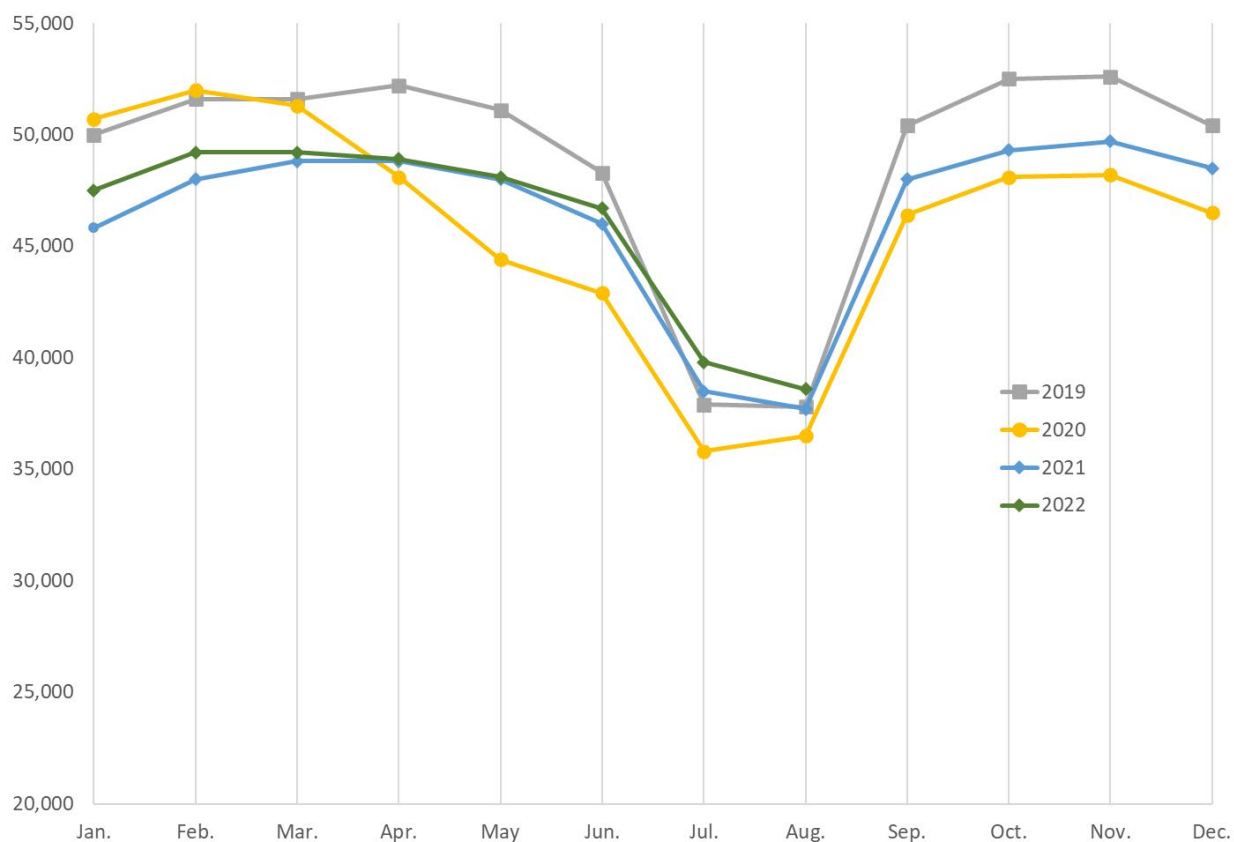
Health Care and Social Assistance Employment, Not Seasonally Adjusted



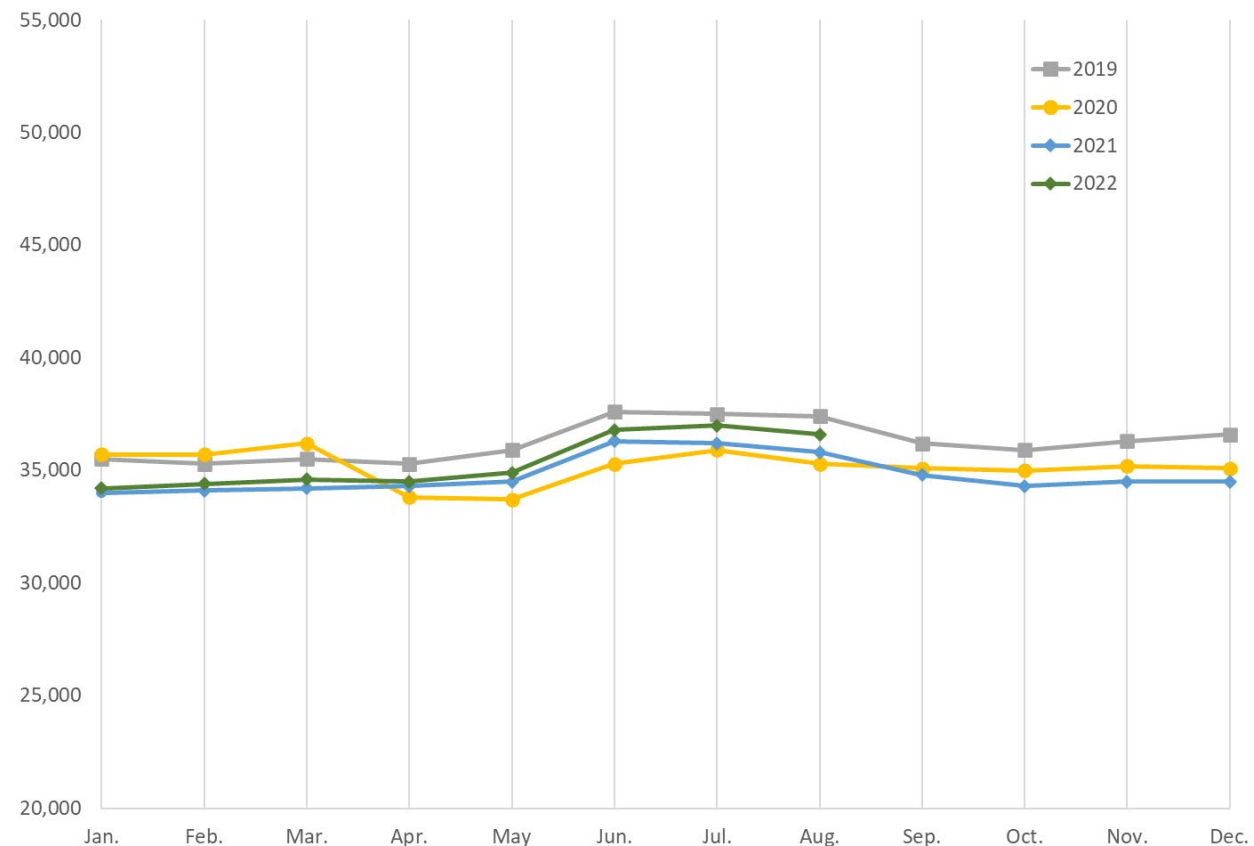
Construction Employment, Not Seasonally Adjusted



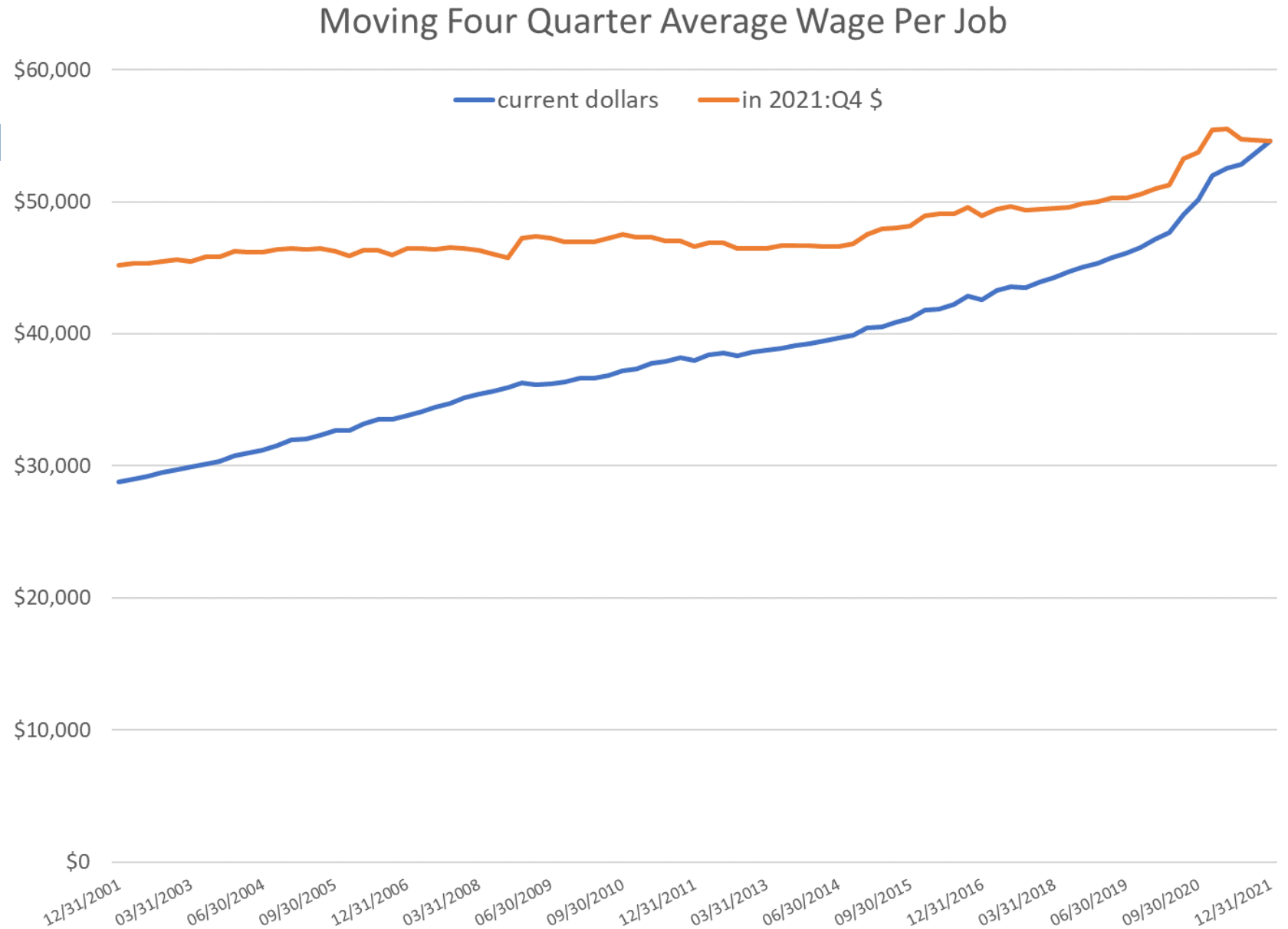
State & Local Government Education, Not Seasonally Adjusted



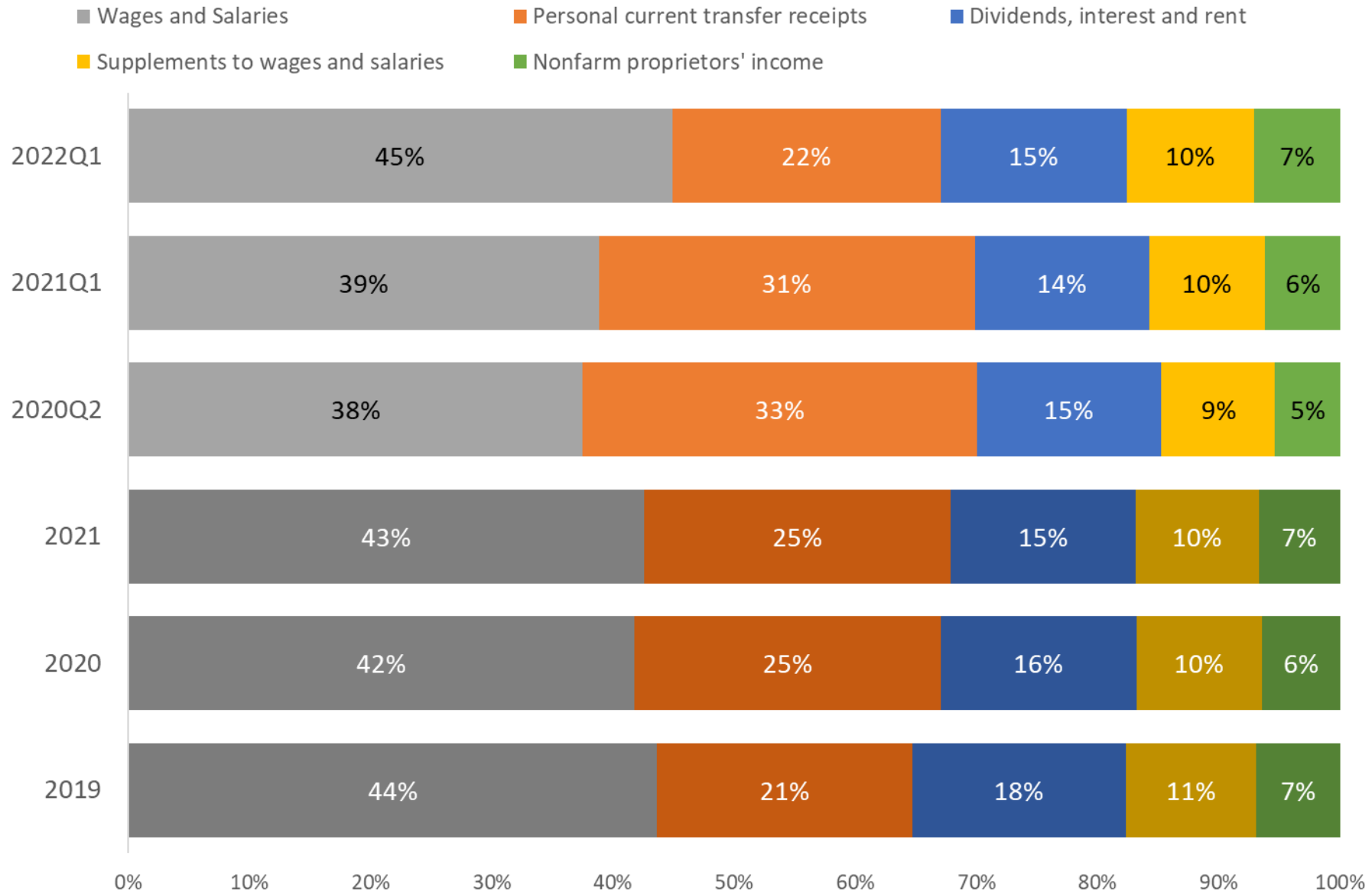
State & Local Government, Excluding Education, Not Seasonally Adjusted



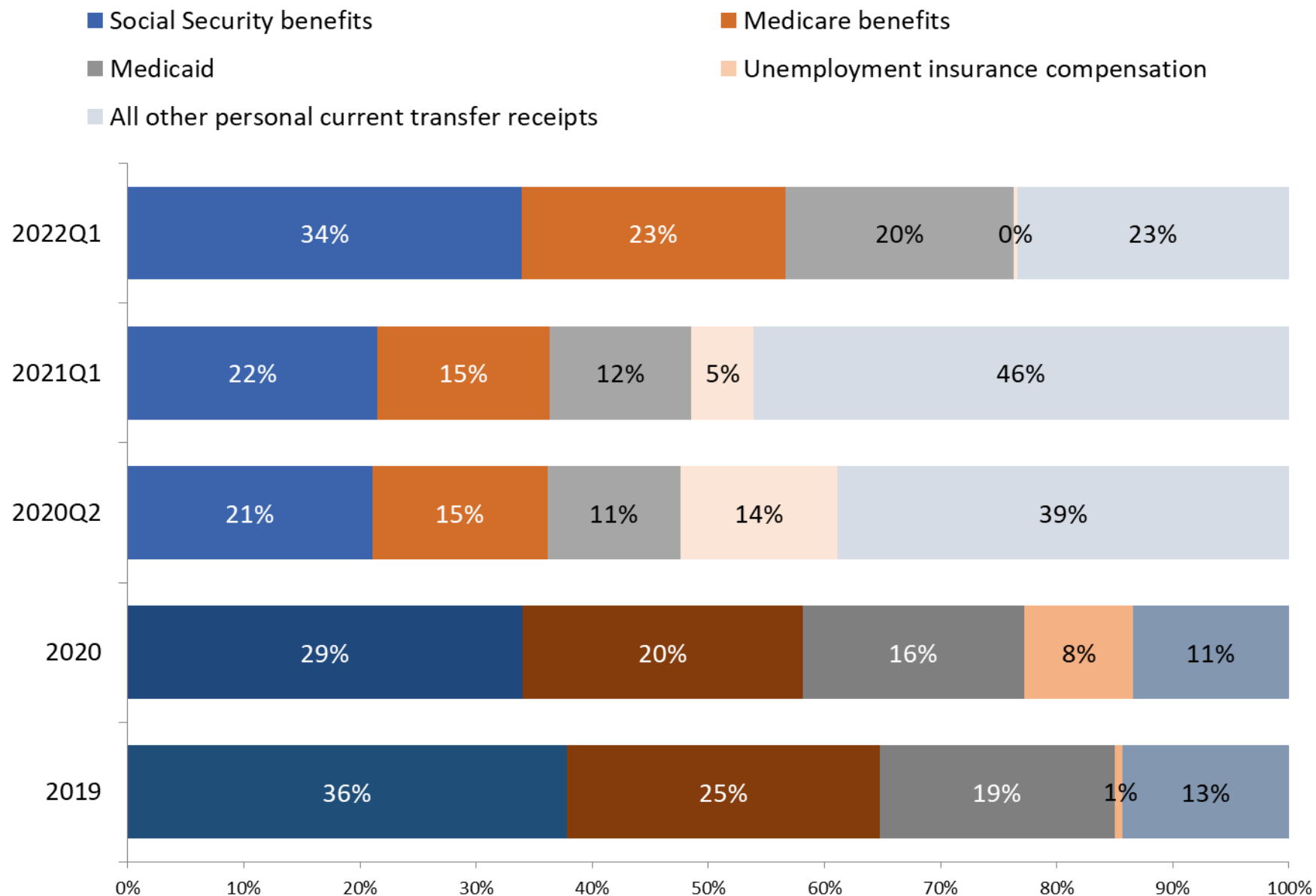
Higher total wages spread across fewer jobs drove the average wage per job up sharply in the pandemic era, but inflation is making those gains less meaningful



Major Components of Personal Income, Maine



Components of Personal Current Transfer Receipts, Maine



Federal supports including stimulus payments and Child Tax Credit played a role in reducing poverty in 2021

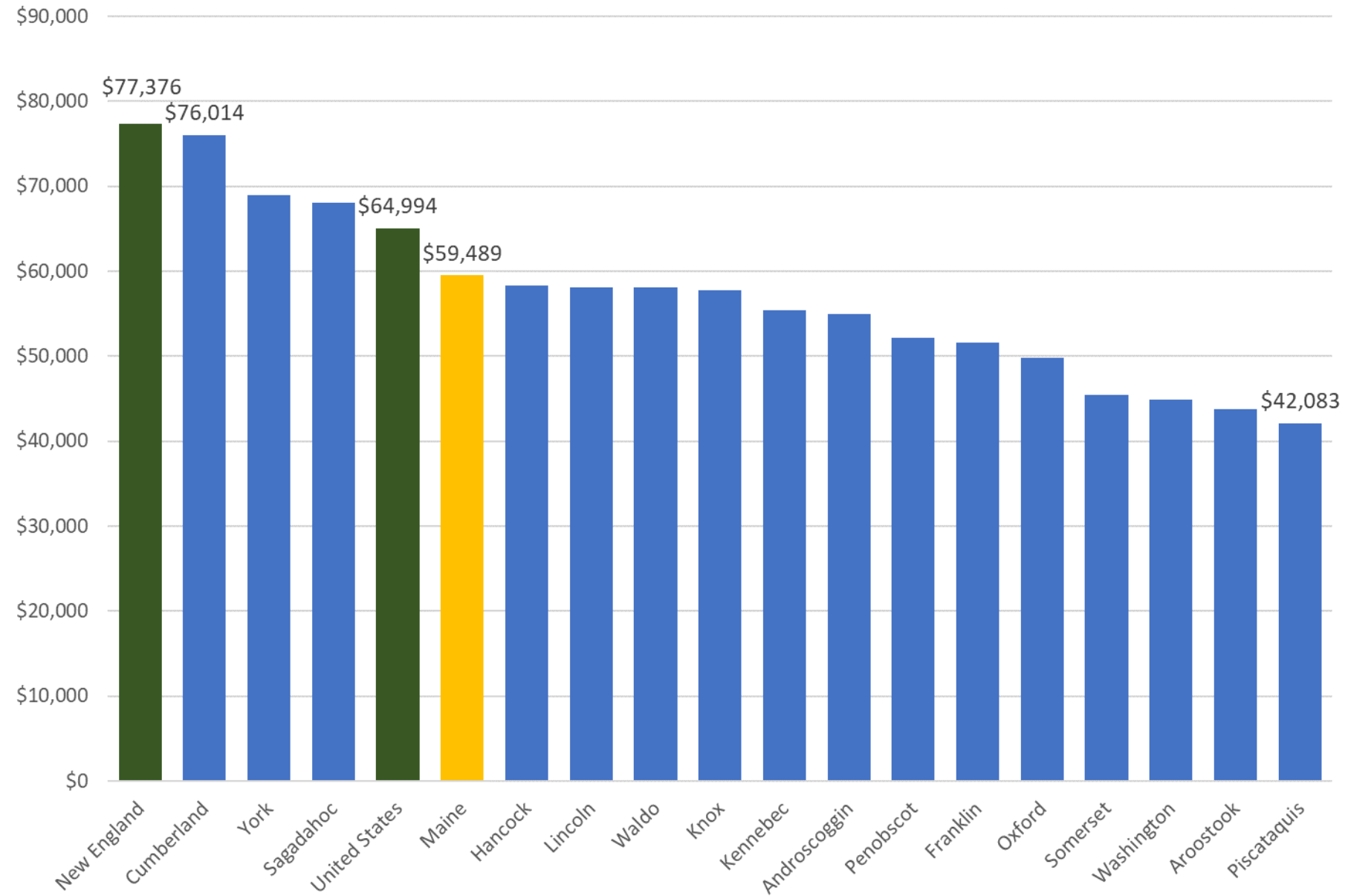
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- ❑ Official 2021 U.S. poverty rate = 11.6%, essentially unchanged from 2020
- ❑ Supplemental Poverty Measure (SPM) = 7.8%, 1.4 percentage points lower than 2020 and the lowest rate since the measure was first published
- ❑ The SPM child poverty rate fell 46% in 2021, from 9.7% to 5.2%, the lowest rate on record
- ❑ Social Security is the most significant antipoverty program, moving 26.3 million people nationally out of poverty as measured by the SPM
- ❑ In Maine, the 3-year average SPM for 2019-2021 was 5.4%, 3.8 percentage points below the official poverty rate of 9.2% and the second-lowest in the nation along with Wisconsin

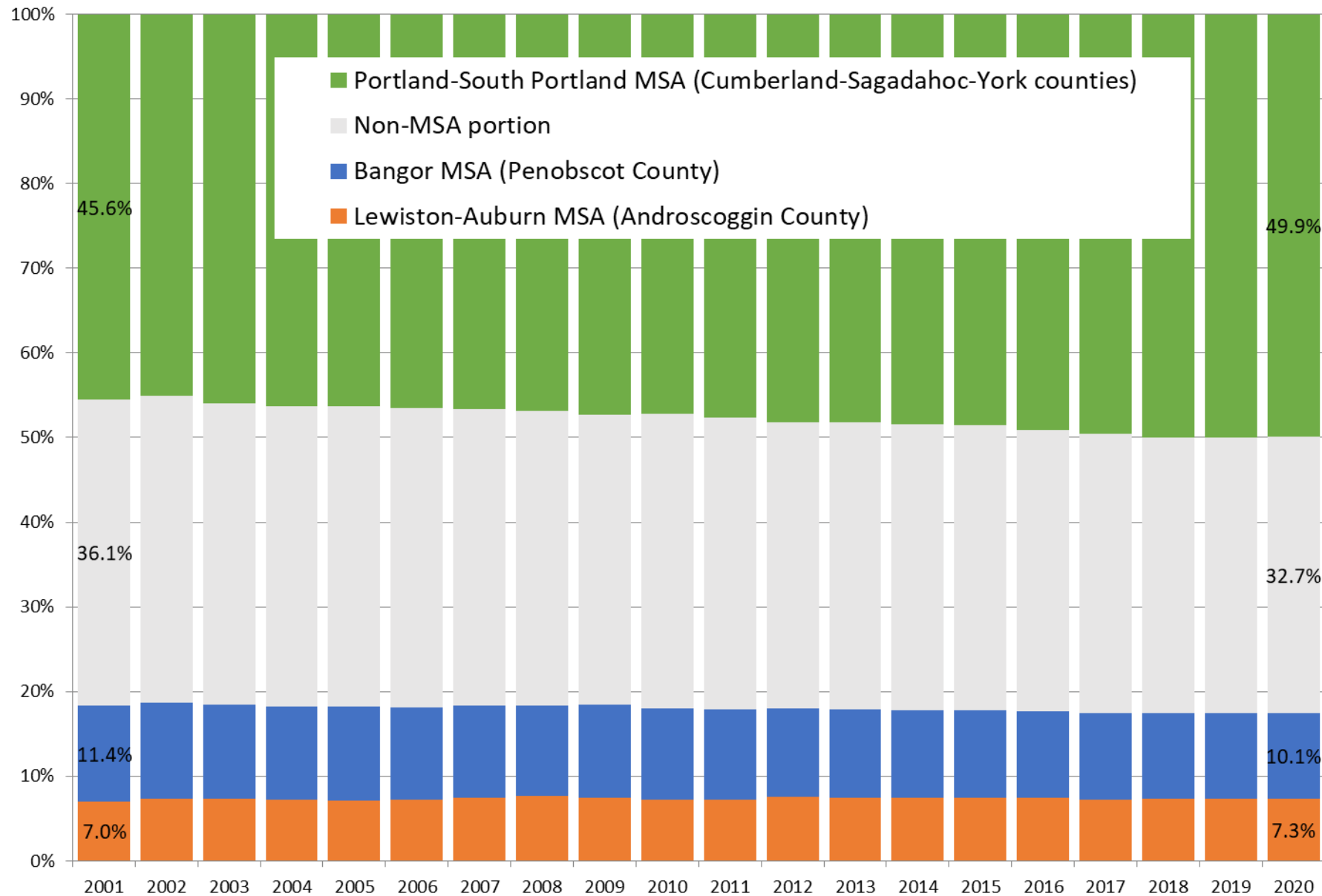
Percent Change in Real Personal Income, Maine
2012-2021 and forecast to 2027



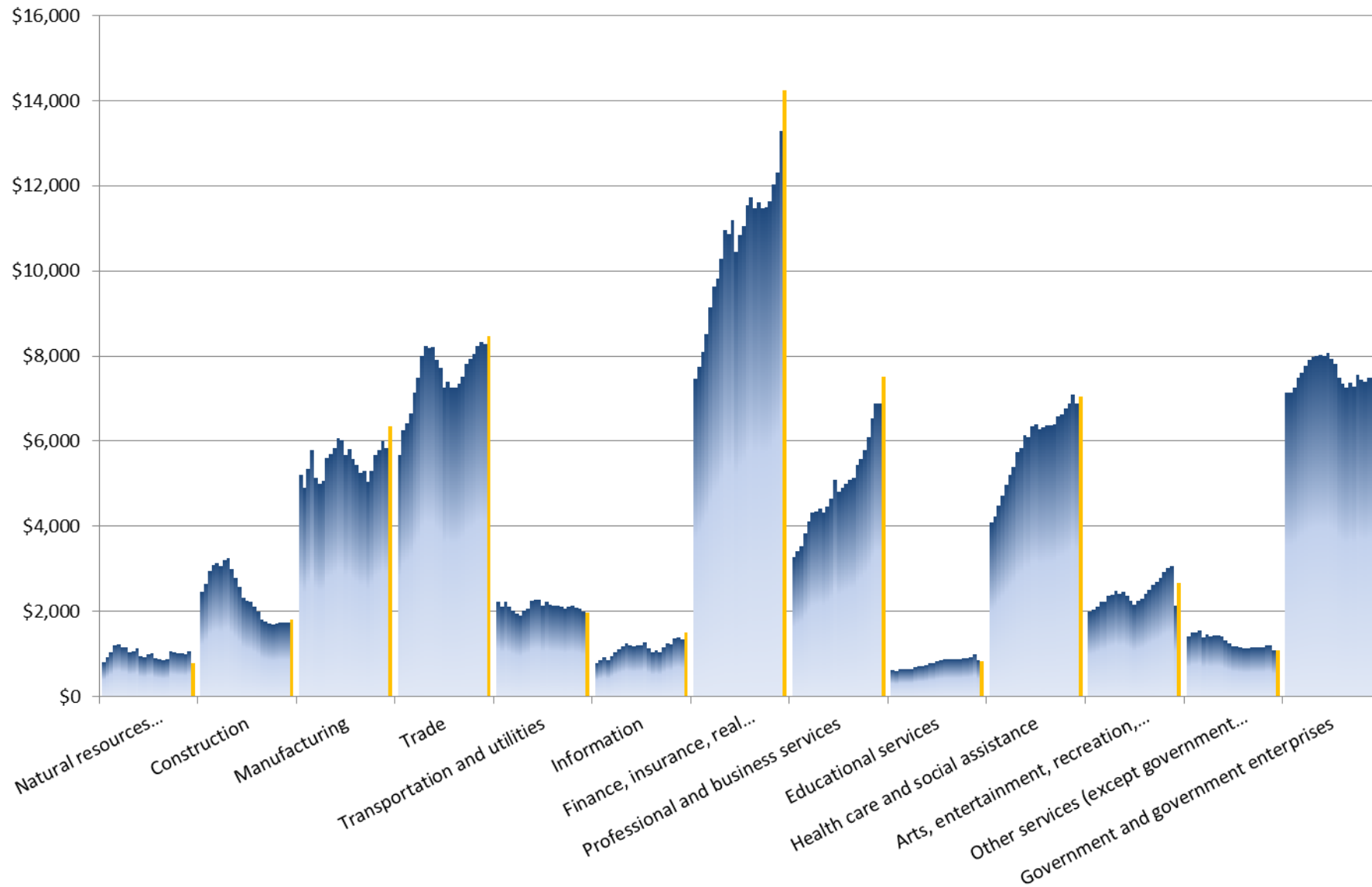
Median Household Income



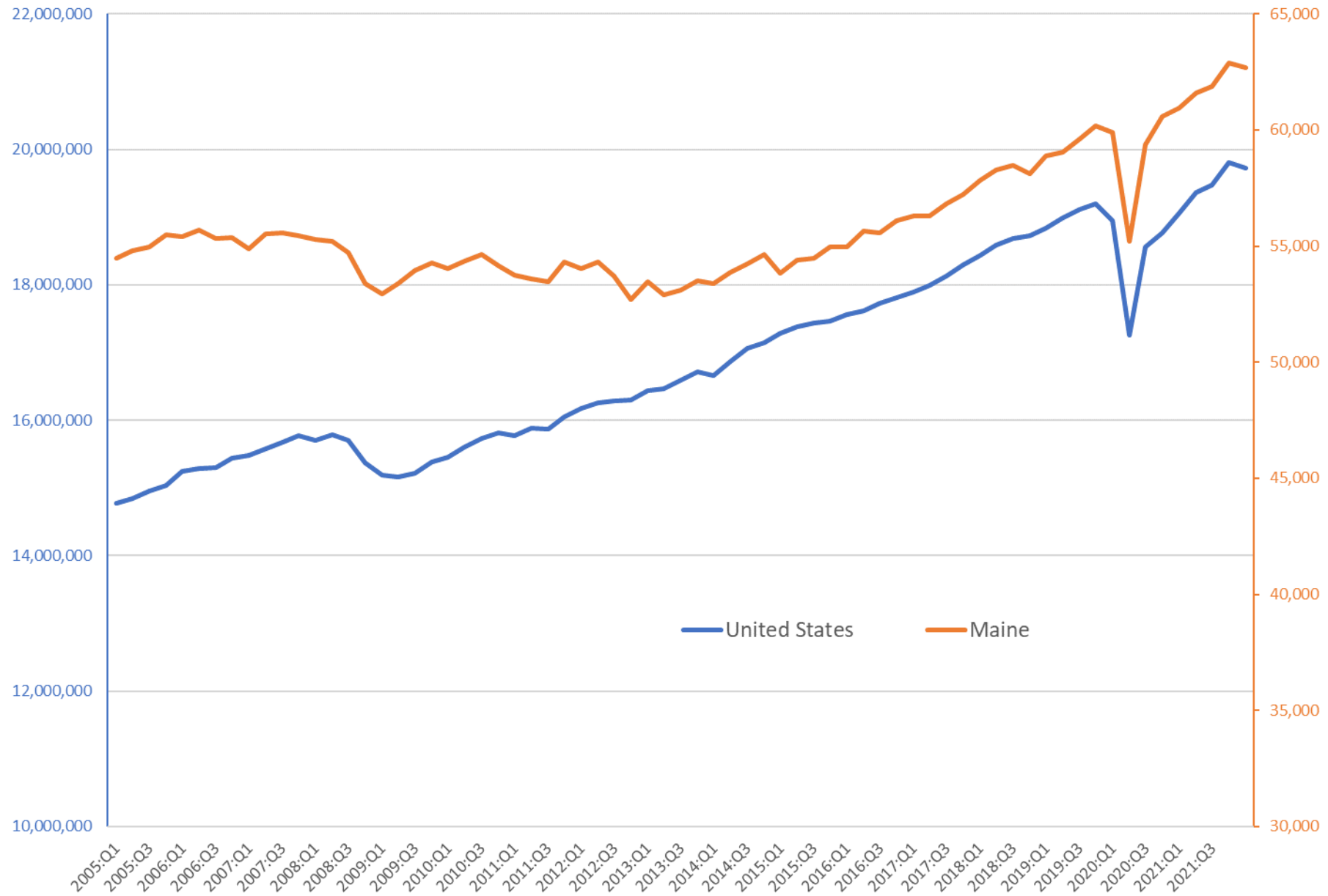
Share of Maine Real GDP by Metropolitan Area



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



Quarterly Real GDP (in millions of chained 2012 dollars)



What is a recession, anyway?

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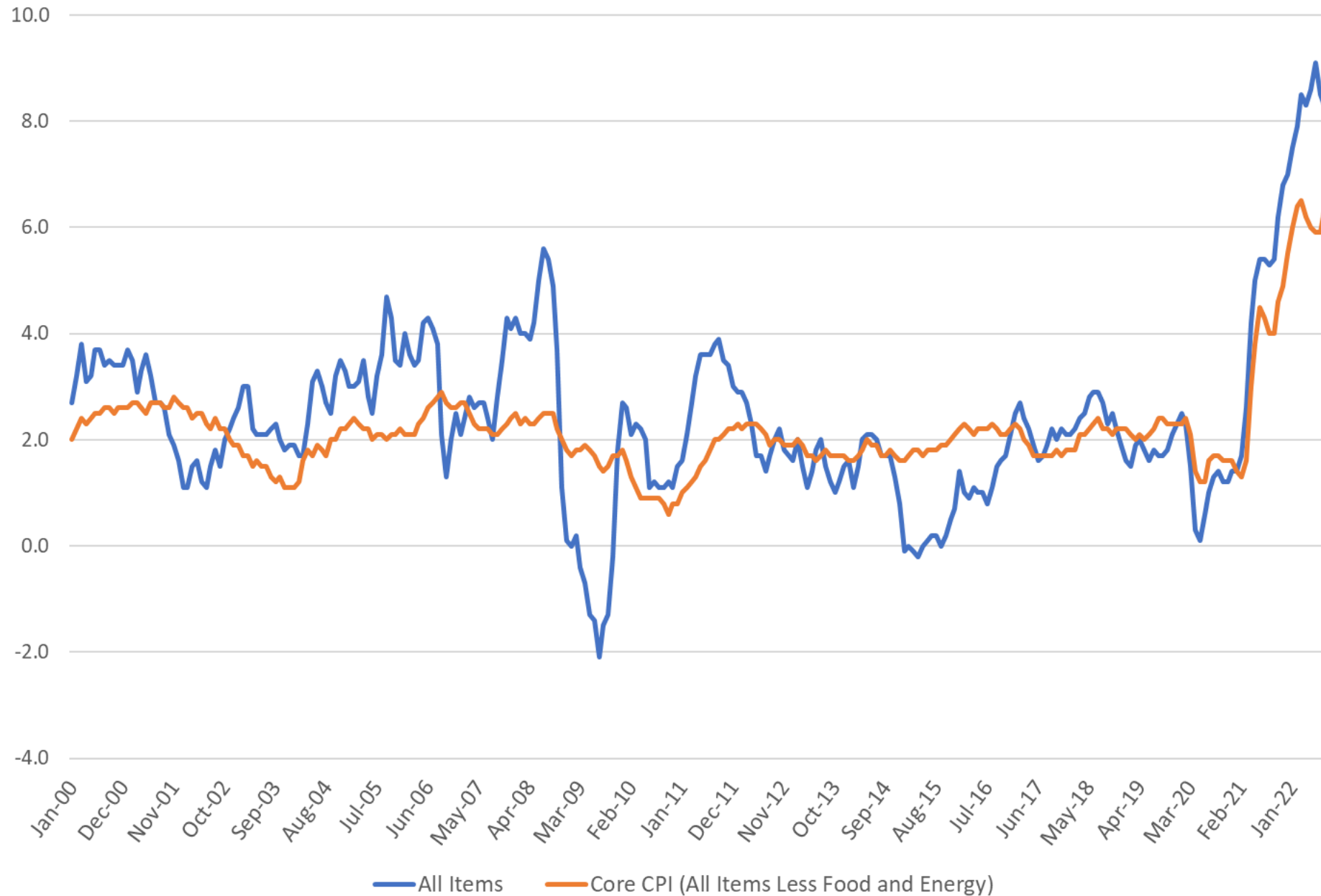
National real GDP declined at an estimated annual rate of 1.6% in the first quarter of 2022 and 0.6% in the second quarter of 2022

In the U.S., recessions are officially declared by the National Bureau of Economic Research:

“a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months”

Maine Taxable Retail Sales	% Change from July 2021 to July 2022	% Change from July 2019 to July 2022	% Change last three months / same 3 month period one year ago
Building Supply	14.9%	43.8%	9.4%
Food Store	7.7%	15.0%	4.8%
General Merchandise	6.7%	21.6%	4.9%
Other Retail	8.7%	83.3%	5.4%
Restaurant	5.6%	18.9%	7.0%
Lodging	8.7%	37.9%	10.9%
Auto Transportation	1.5%	22.1%	1.2%
Total	7.1%	33.1%	5.7%

Year-over-year percent change in Consumer Price Index



What does this mean for interest rates?

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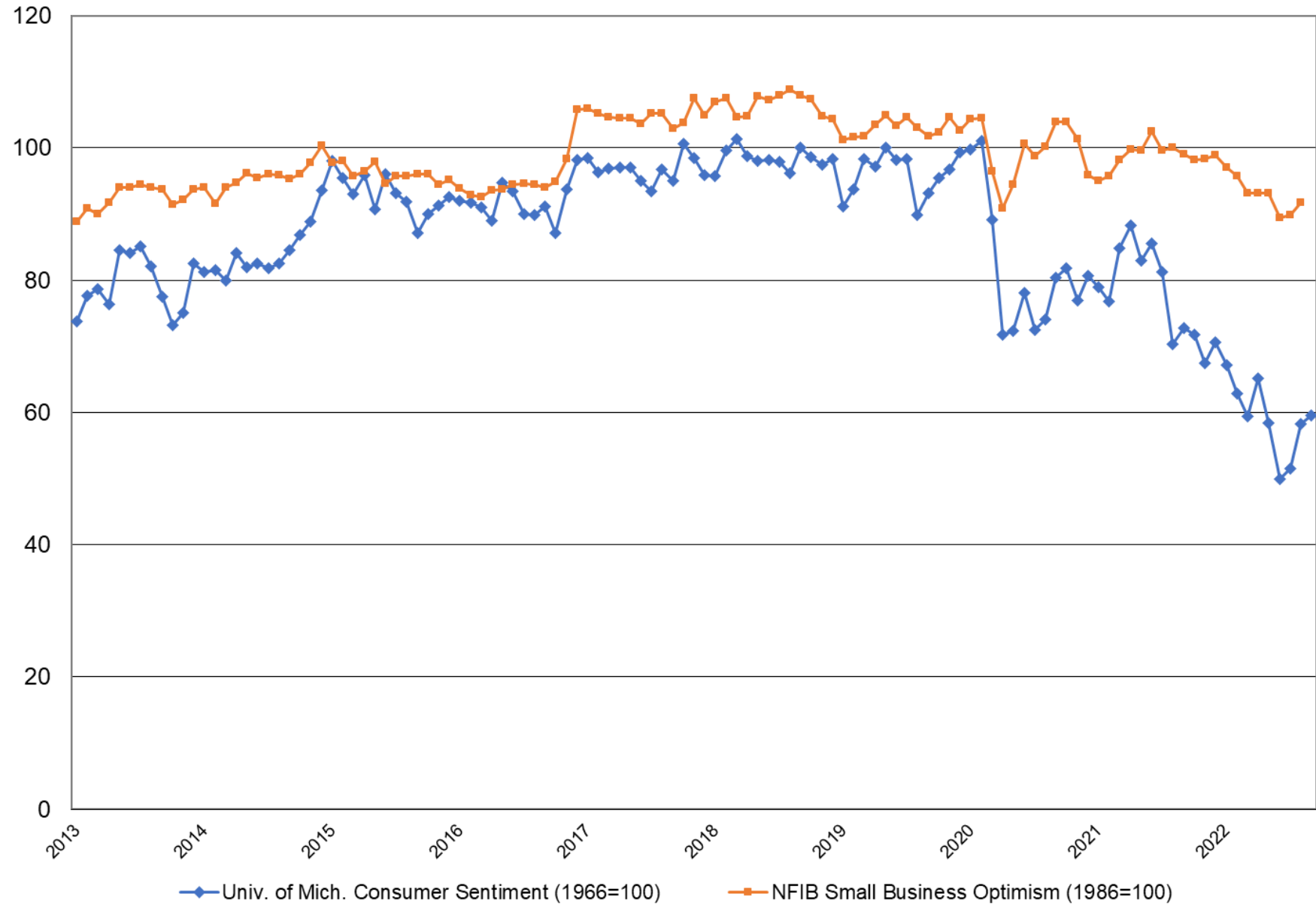
“(...) the Committee decided to raise the target range for the federal funds rate to 2-1/4 to 2-1/2 percent and anticipates that ongoing increases in the target range will be appropriate.”

- Excerpt from July 27, 2022, Federal Open Market Committee statement

- Range of June FOMC projections for federal funds rate for 2022 was 3.1-3.9 percent
- This implies increases of 0.5 to 0.75 percent at next 1-2 meetings
- Increases are expected into early next year

Inflation has been a major contributor to the downward trend in consumer sentiment over the past year; easing gas prices ahead of August survey helped improve current sentiment, but uncertainty about future economic trajectory persists

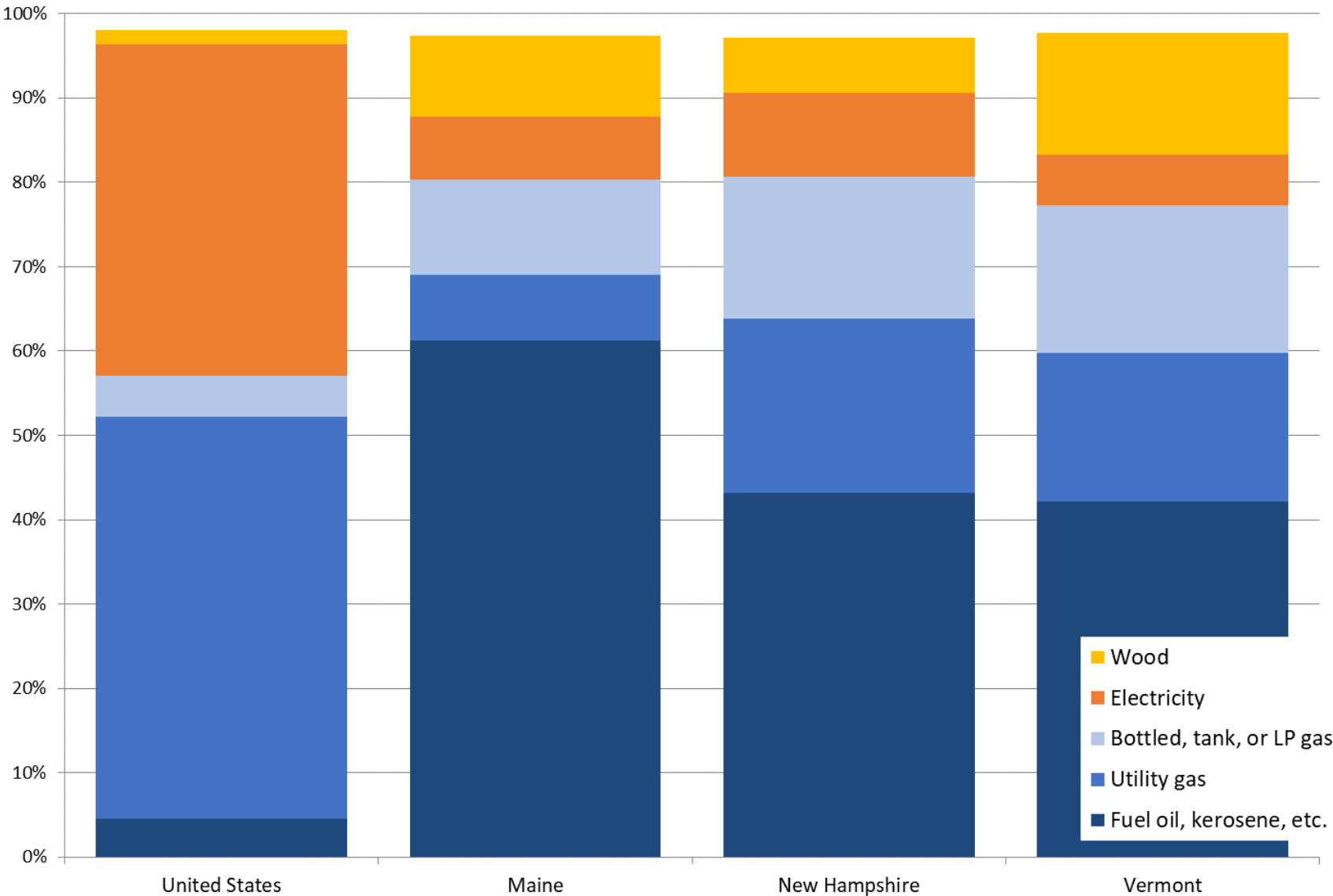
Consumer Sentiment and Small Business Optimism Indexes



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

Percent of Housing Units by Type of Primary Heating Fuel

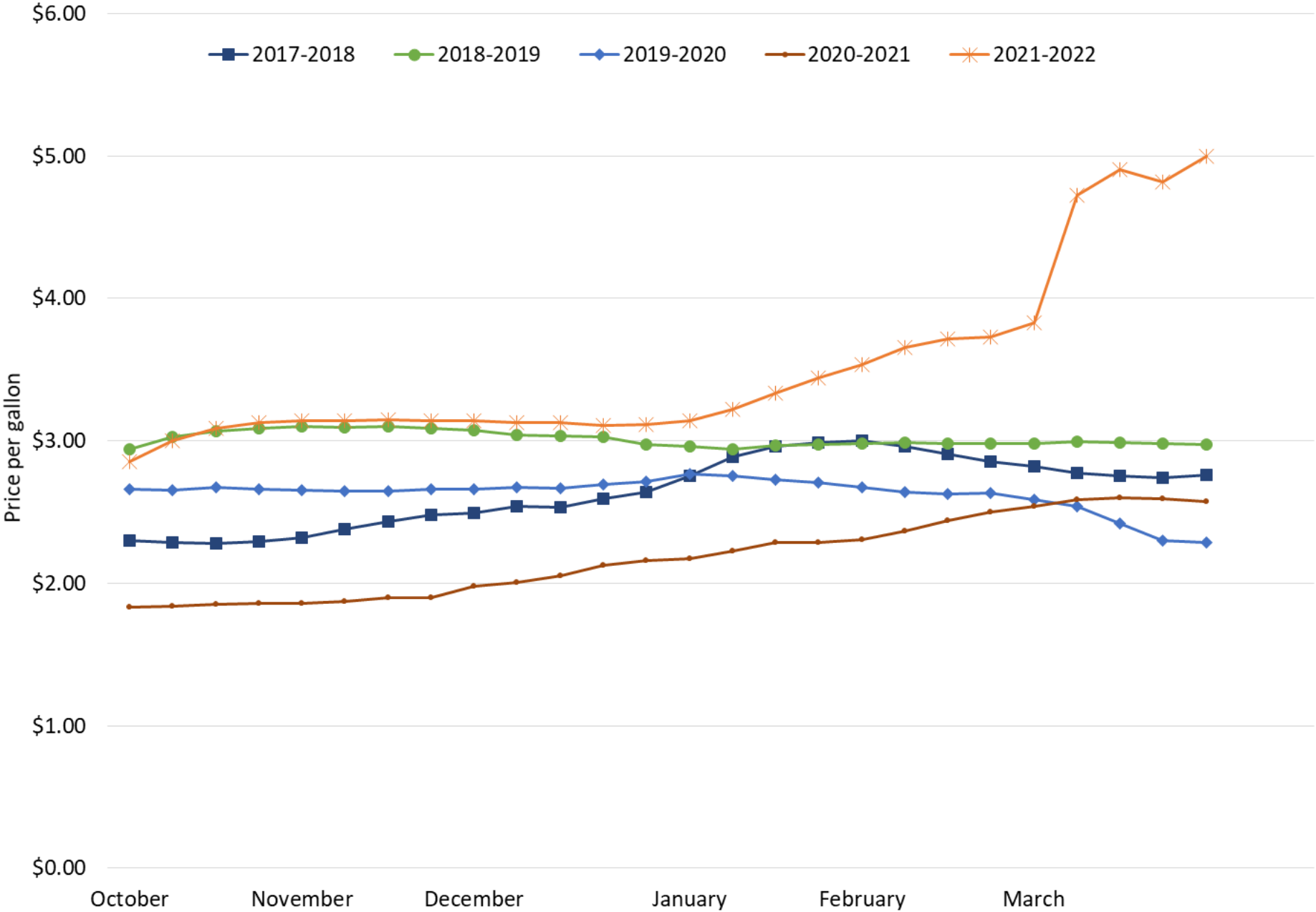


Source: U.S. Census Bureau, 2020 American Community Survey 5-year estimates

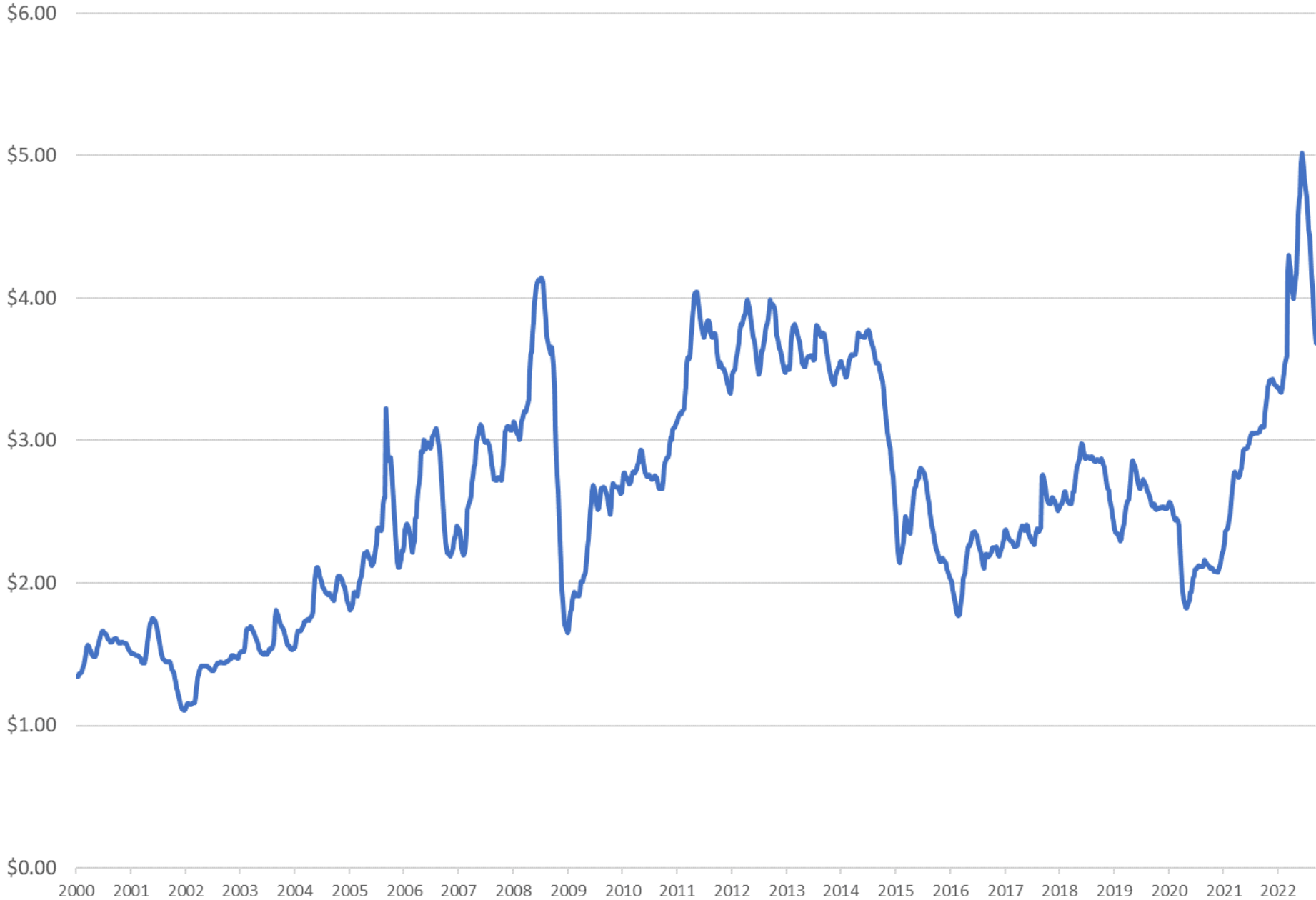
Daily Europe Brent Spot Price (\$ per barrel)



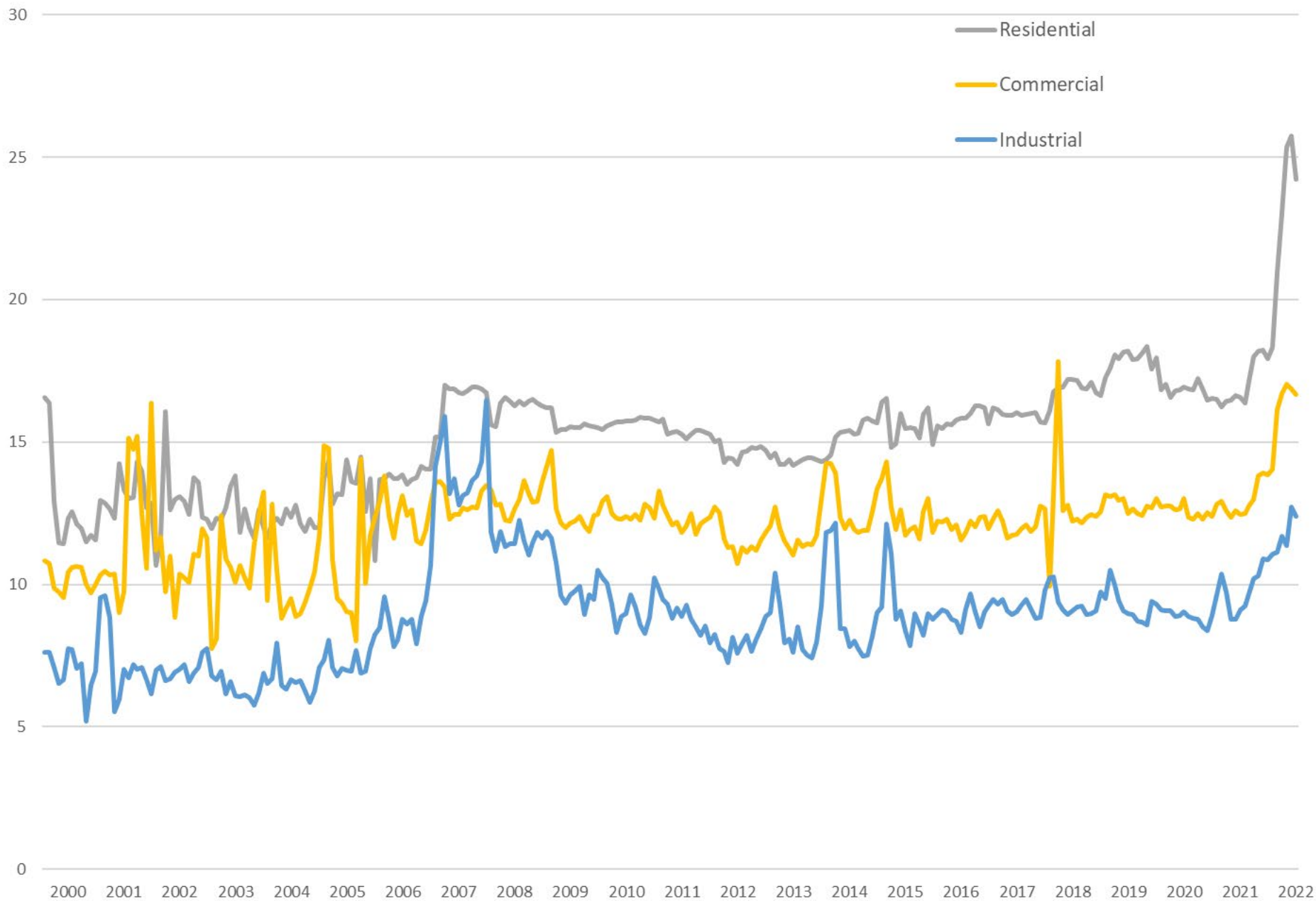
Maine No. 2 Heating Oil Residential Price



New England - Regular All Formulations Retail Gasoline Price Per Gallon



Retail Electricity Price, Maine (Cents/kWh)



How much is Maine at risk and how well-positioned are we to deal with the results?

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- High energy prices are troubling, especially heading into the fall heating season
- Ongoing roll-out of funds from Maine Jobs and Recovery Plan with targeted investments based on 10-year Economic Development Strategy
- Will we see continued migration into Maine?

The Budget
Stabilization Fund is at
a record level of
nearly \$896 million

Things to keep in mind:

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- We're moving into an endemic phase of COVID, but it's still out there and new variants may arise, impacting employment, supply chains, and the global economy
- Housing costs have increased sharply as demand far outstrips supply, limiting availability for workforce expansion; interest rate increases seem to be cooling 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?
- We're not officially in a recession, but short- and medium-term conditions remain at a higher-than-usual level of uncertainty; Maine has a robust Budget Stabilization Fund and spending from Maine Jobs and Recovery Plan is still rolling out

Contact Information

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