

Demographic and Economic Outlook for Maine

Eaton Peabody meeting

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Demographics

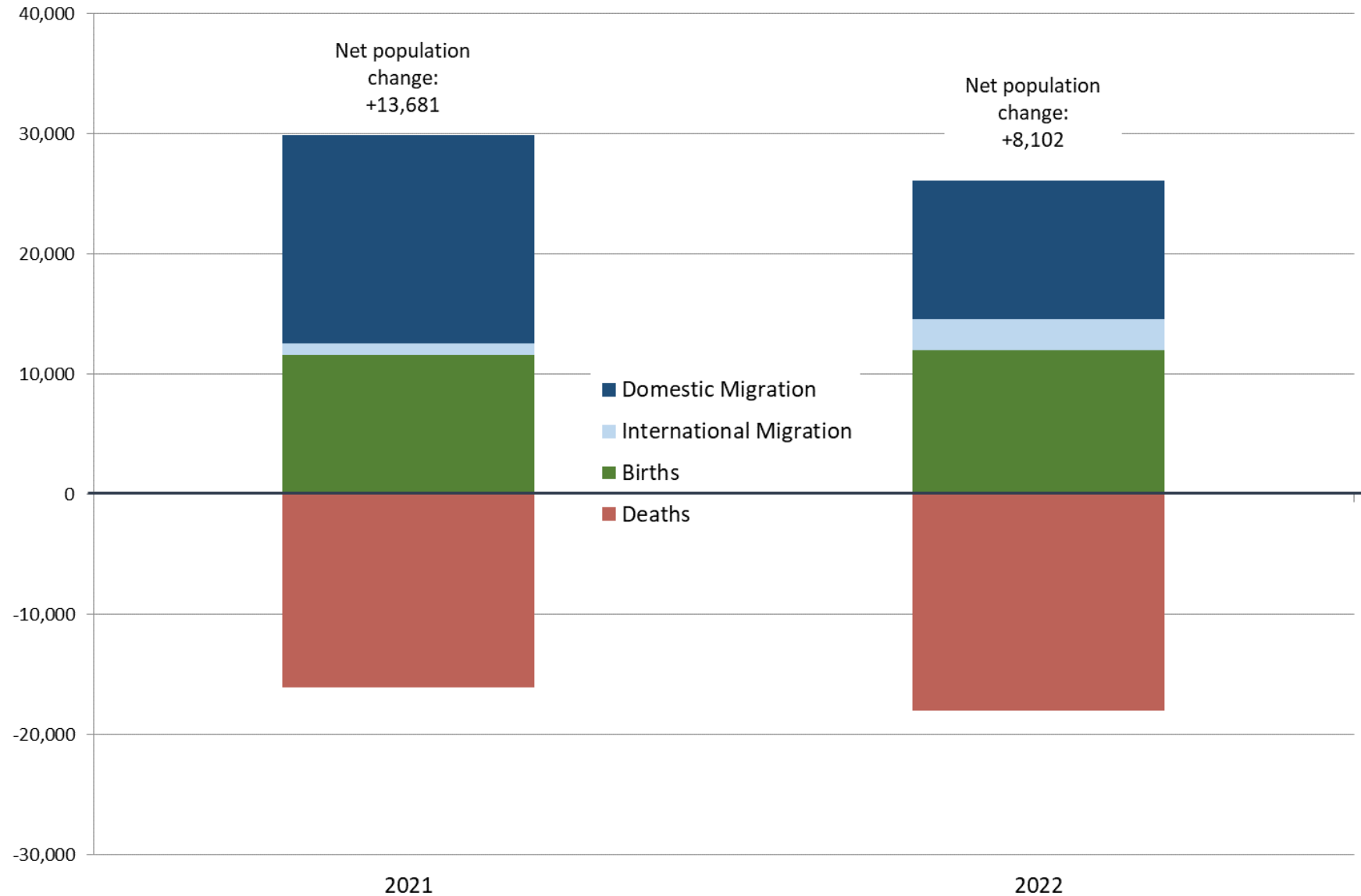
Components of Population Change, Maine

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

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

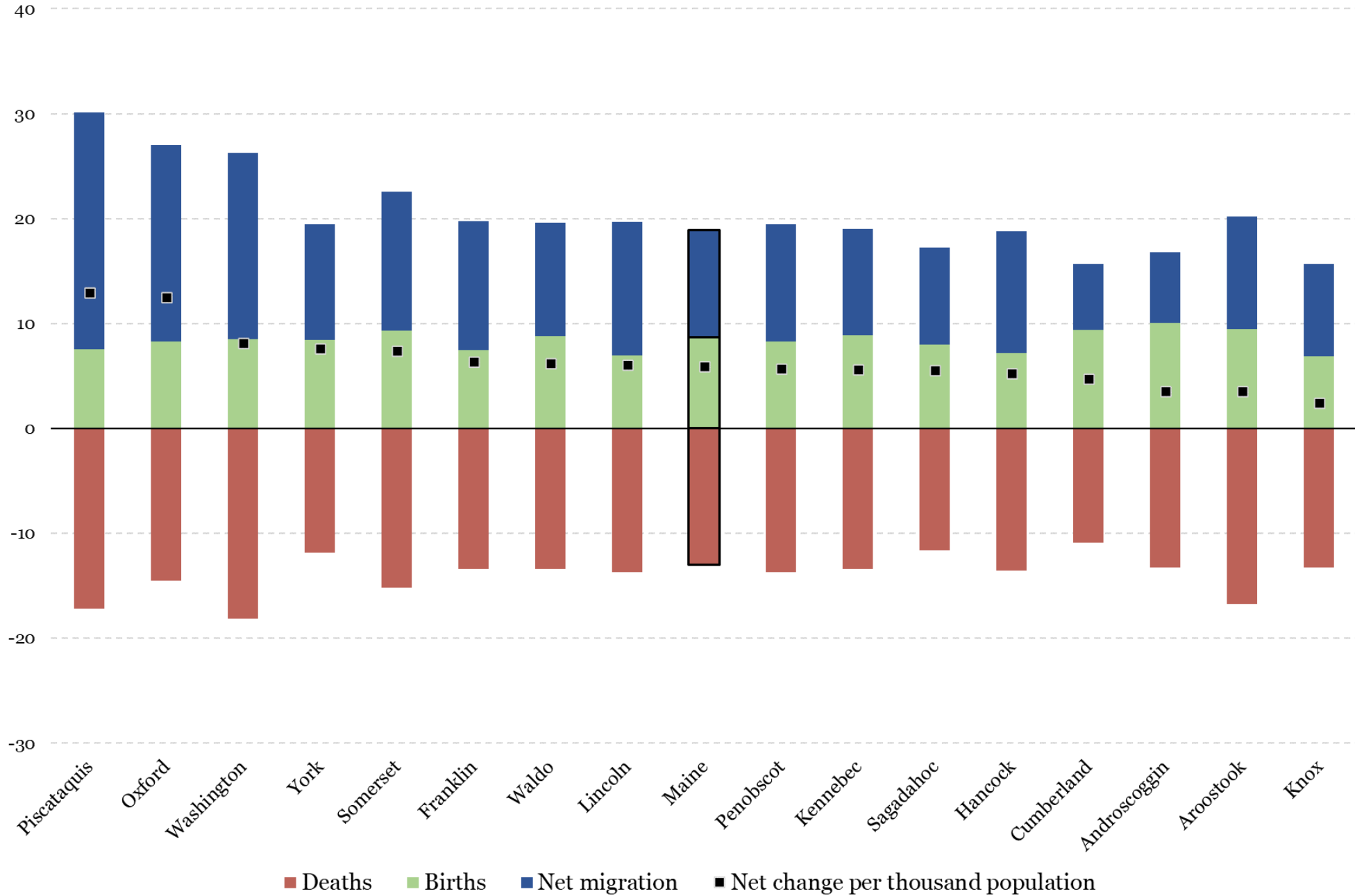
Population increase of
1.7% from 2020-2022
(14th in U.S.)

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

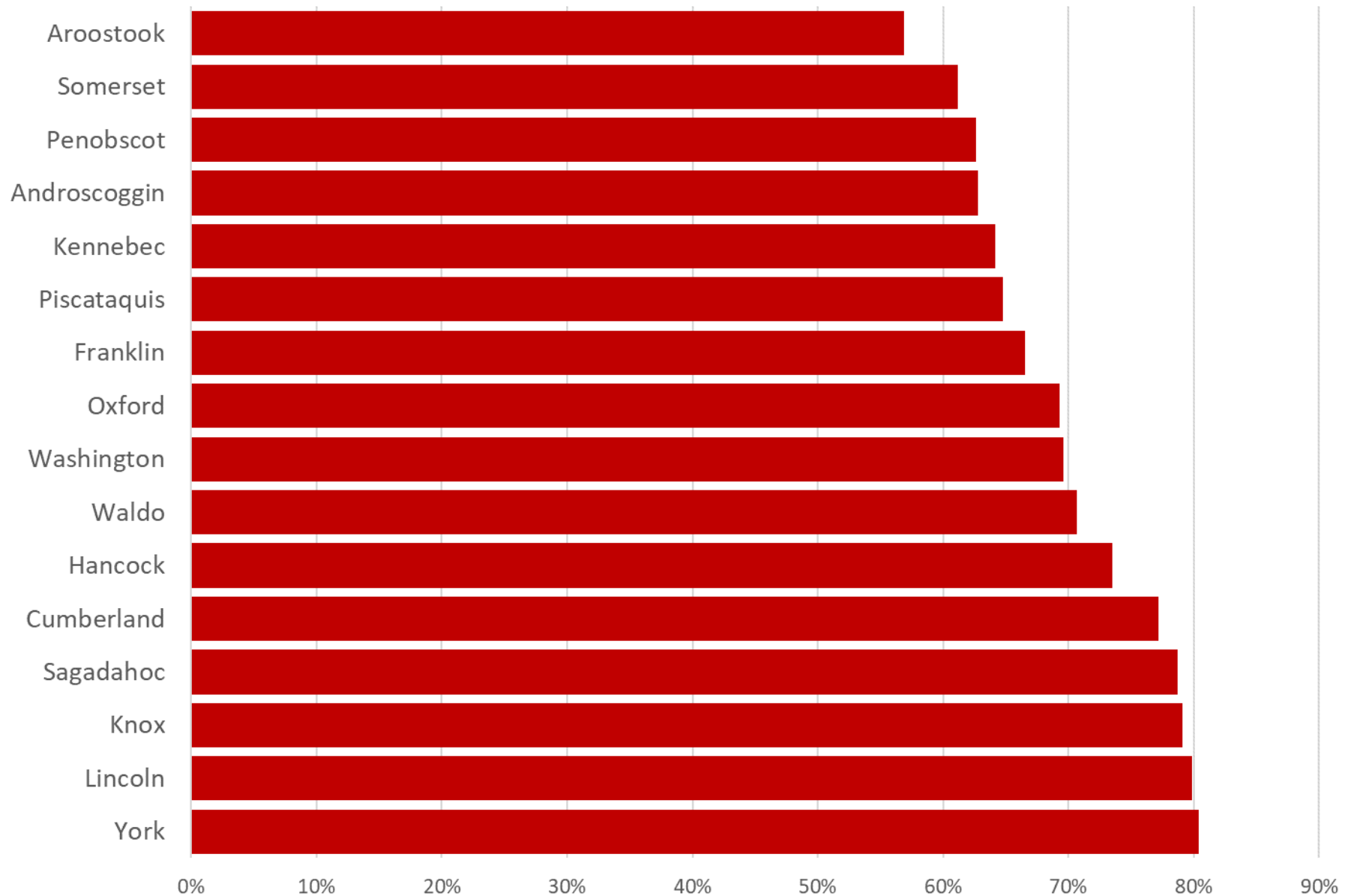


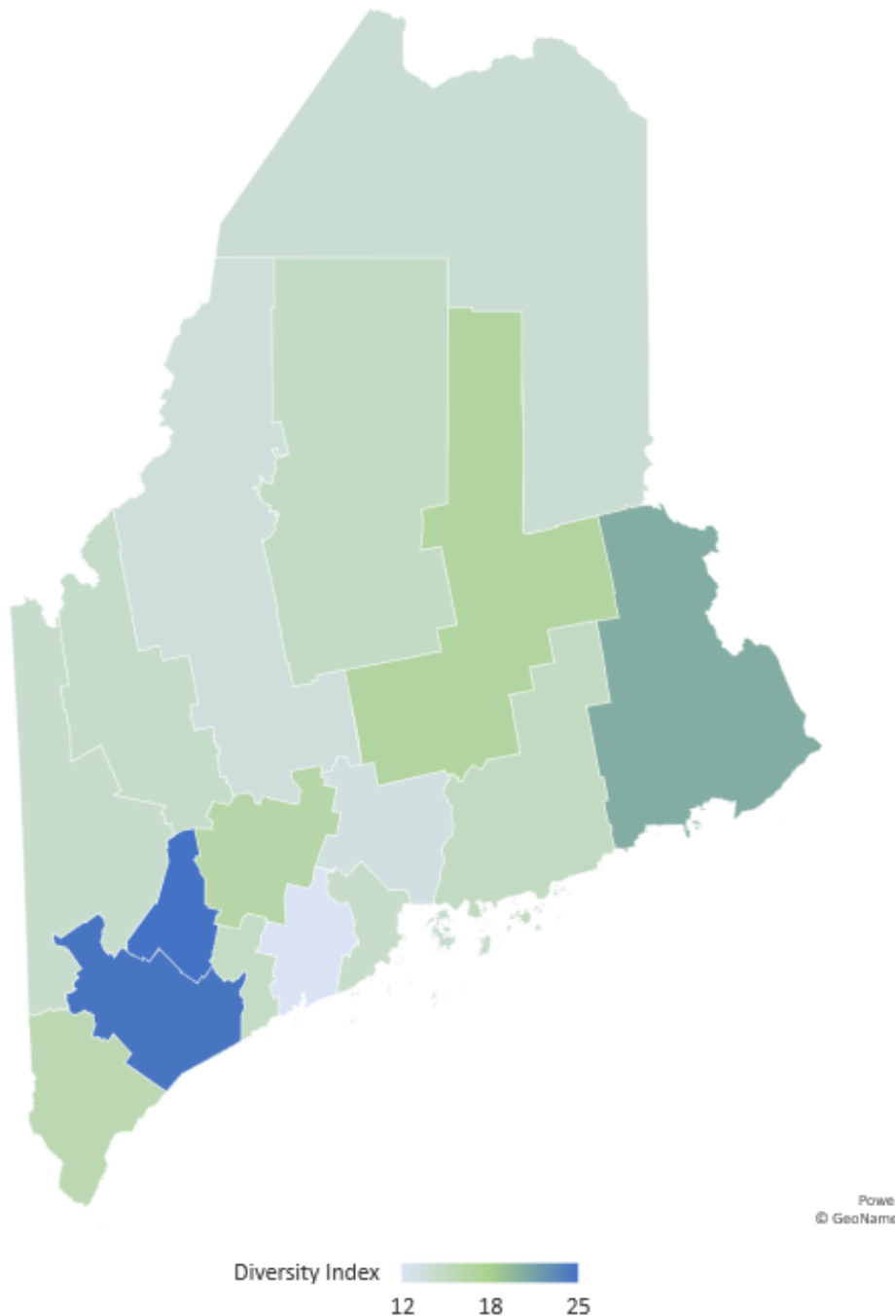
Components of Population Change in Maine, 2022

Rate per thousand population



Percent of Households Unable to Afford Median Home, 2022

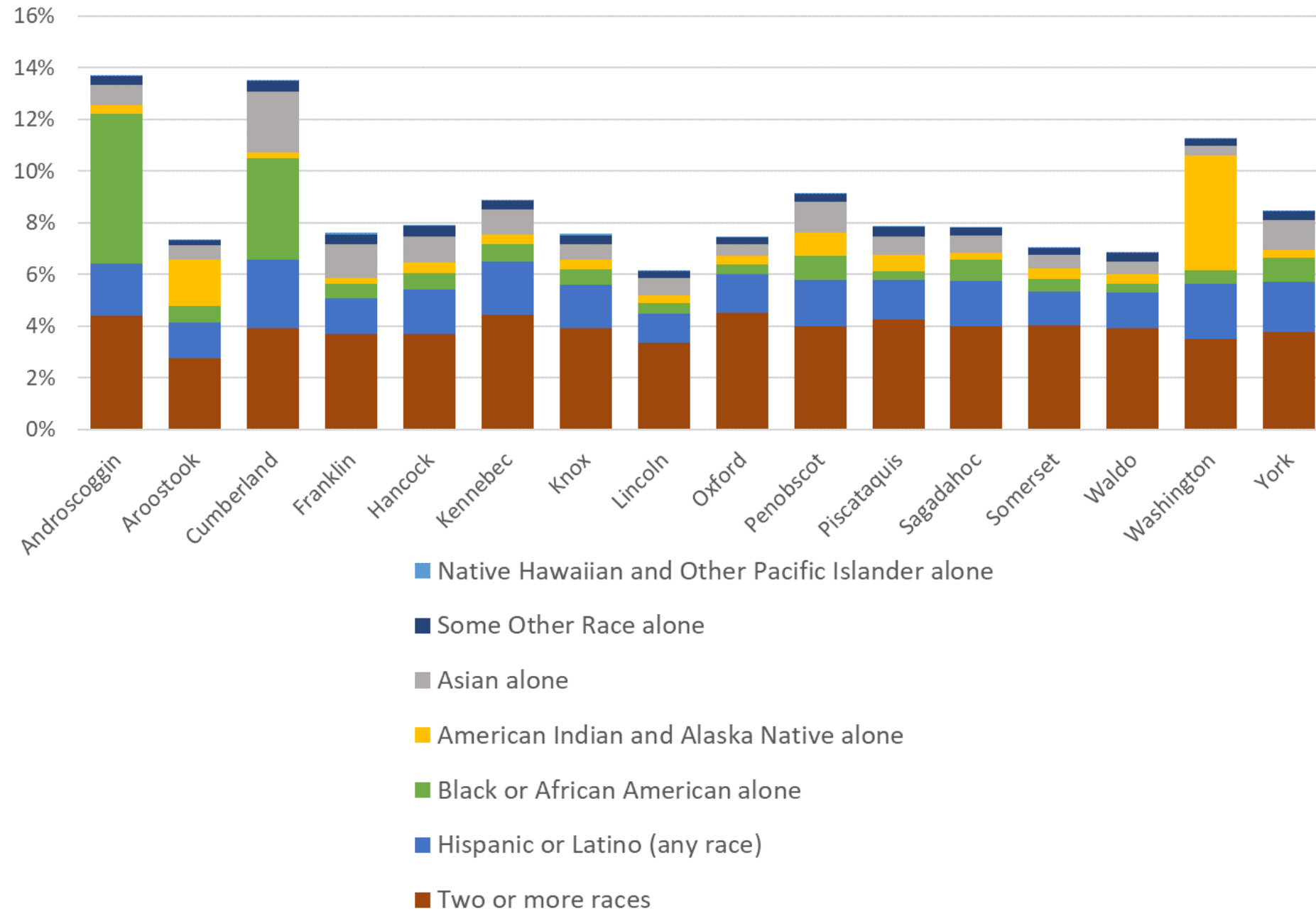




The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

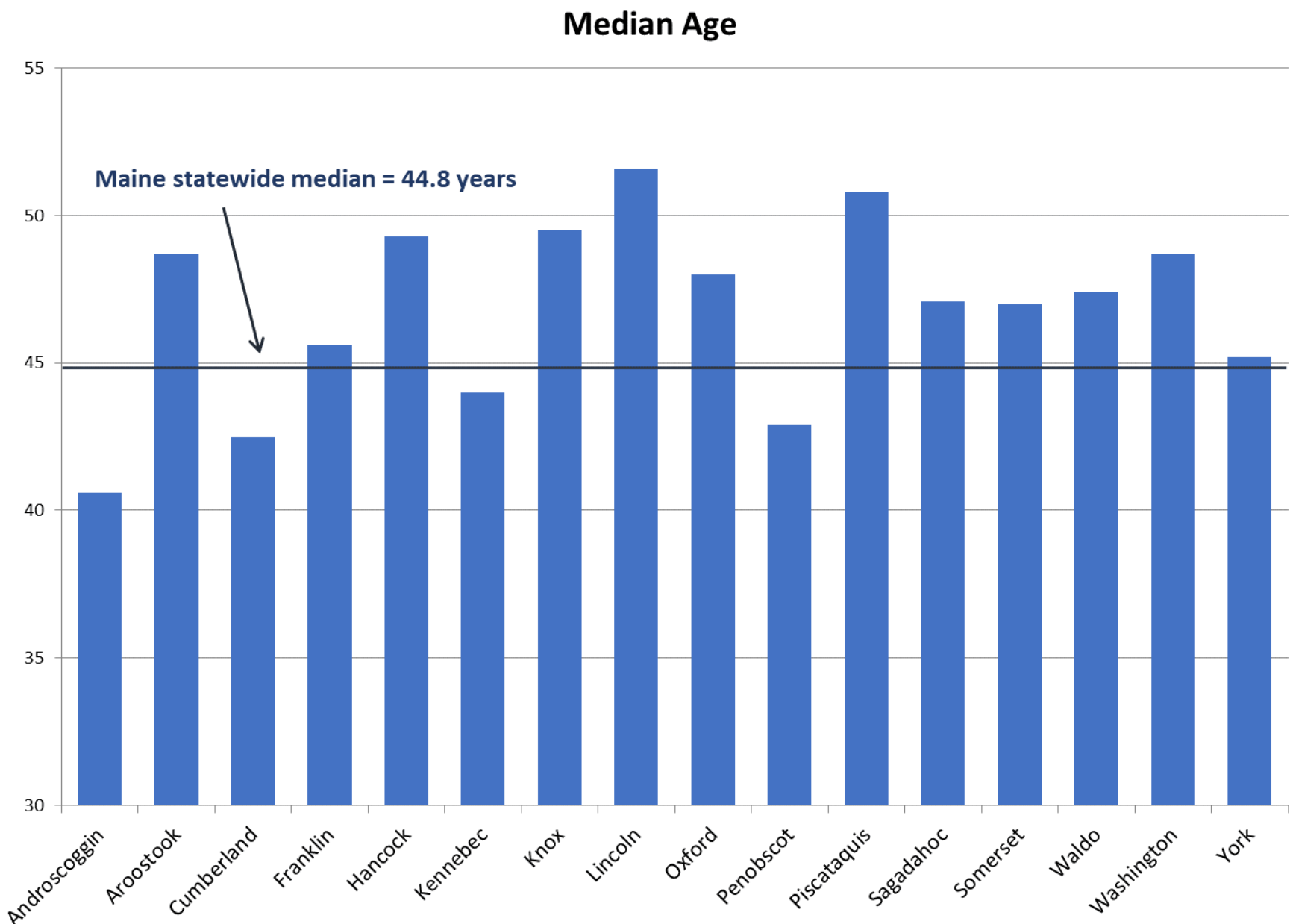


Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (22.5%)

BUT!

Maine was one of only
two states to see a
decrease in median age
from 2020 to 2021...

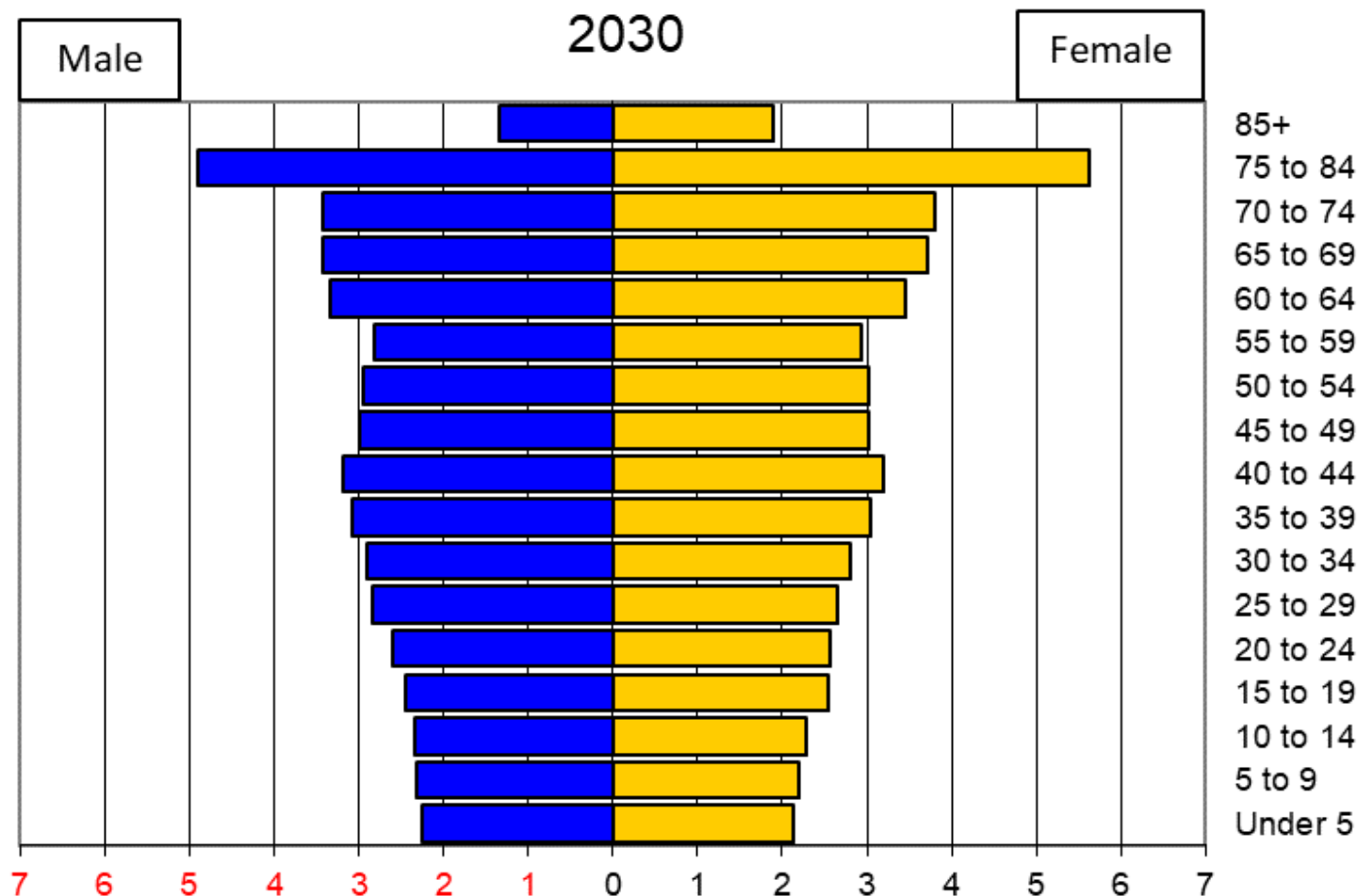
...and was one of only
four states to not see an
increase from 2021 to
2022



The Baby Boom: 1946-1964

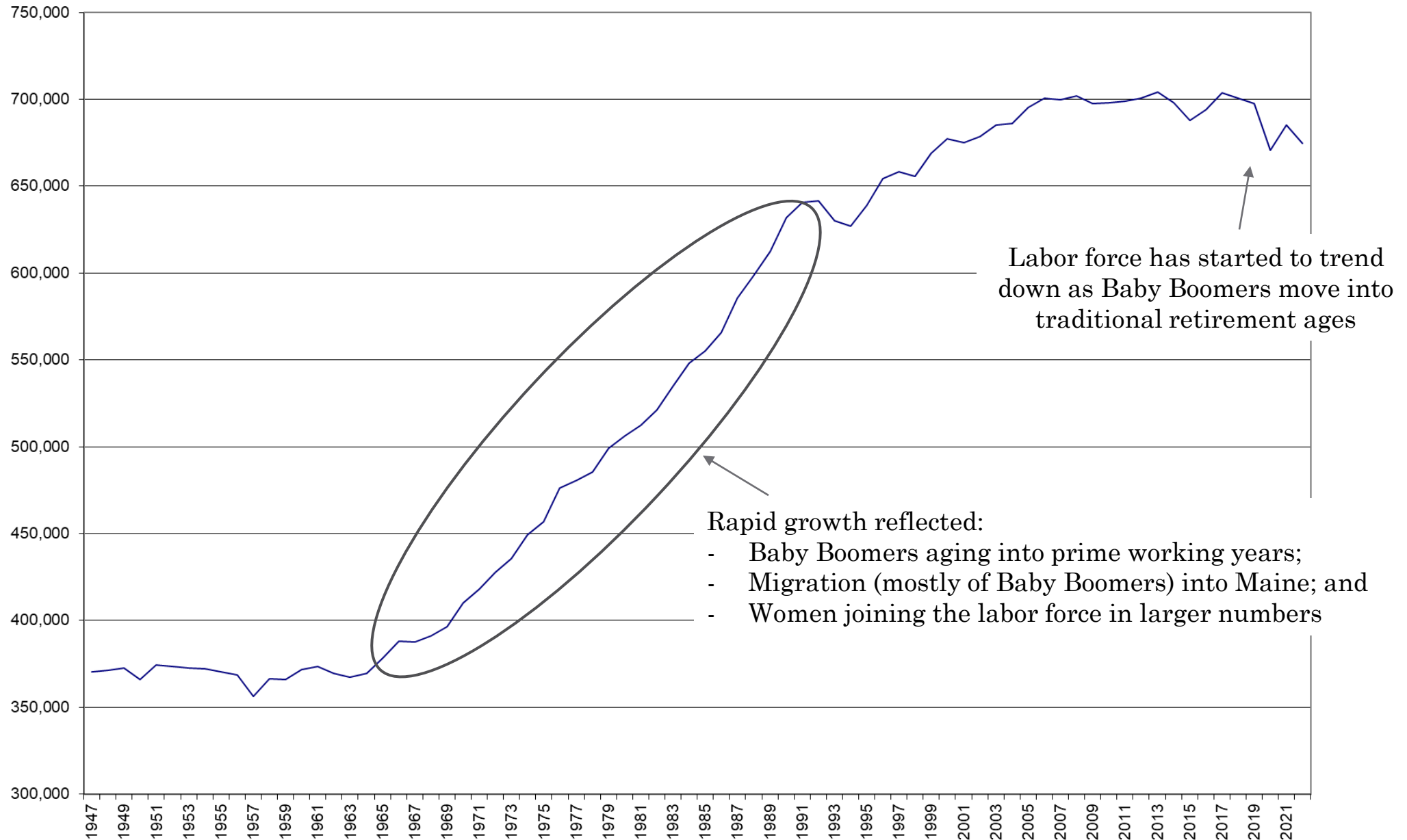
Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2022: age 58-76

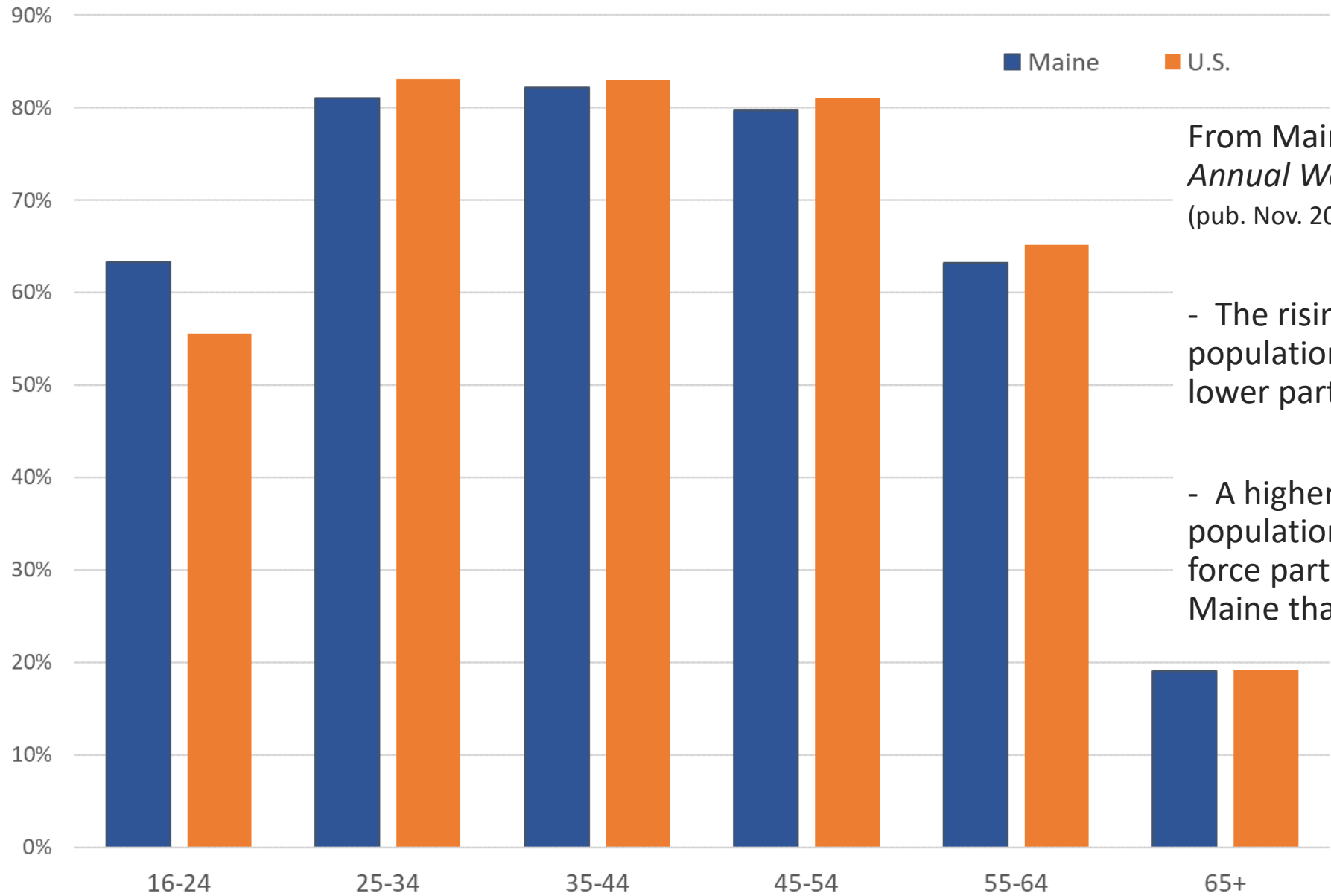


Workforce and Employment

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

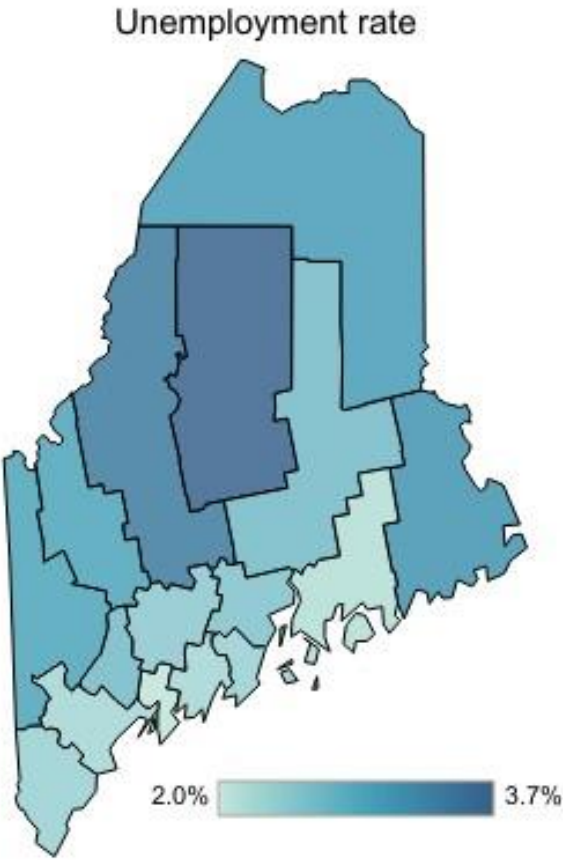
Maine’s 2.7% unemployment rate in September 2023 was close to recent record lows, with the slight rise coming from an increase in labor force participation, and was below the U.S. rate of 3.8%

County Rates (not seasonally adjusted)

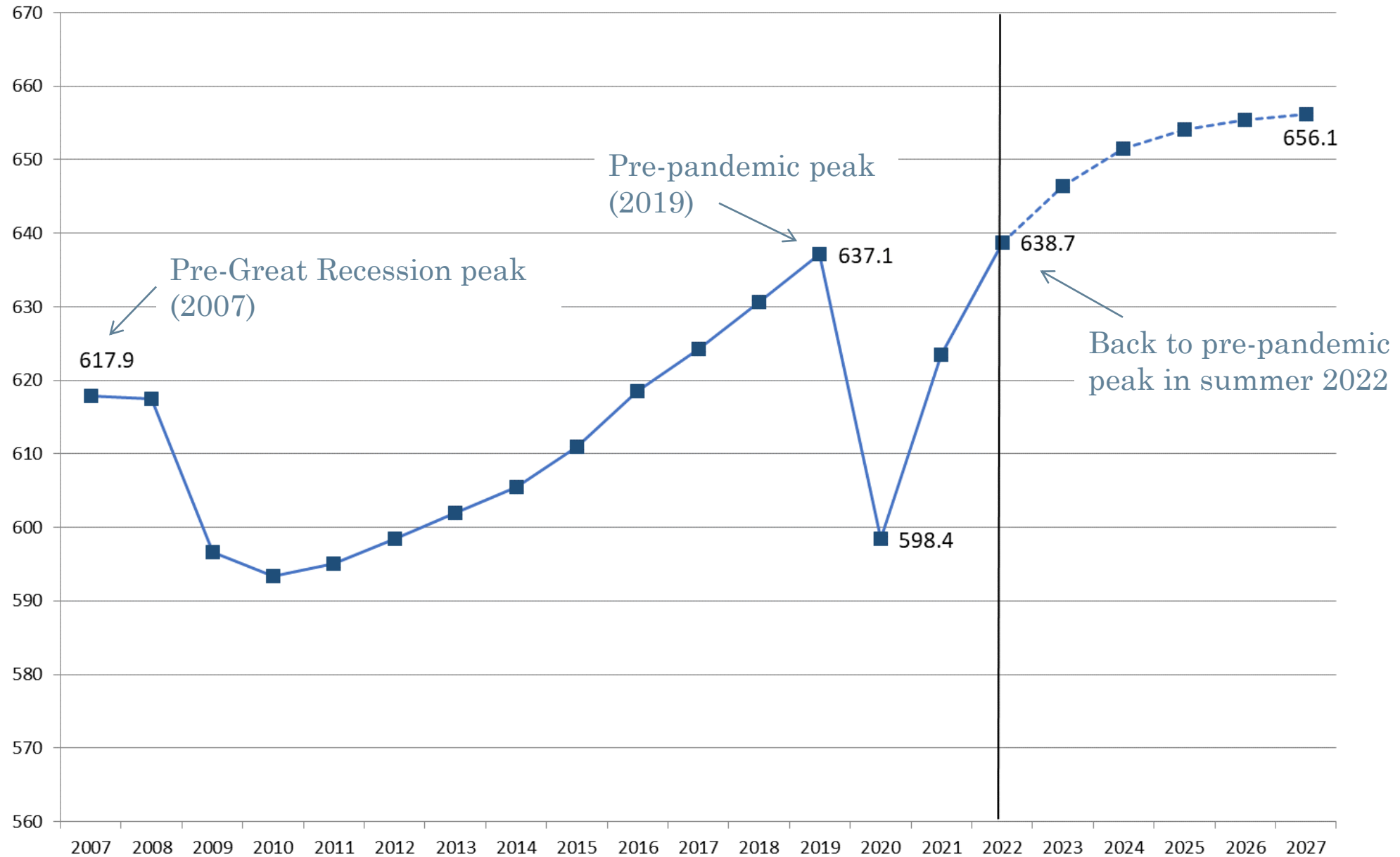
September, 2023

County	Rate	Year ago	One-yr change
Maine	2.5%	2.4%	0.1
Androscoggin	2.6%	2.6%	0.0
Aroostook	3.0%	3.0%	0.0
Cumberland	2.2%	2.2%	0.0
Franklin	2.9%	2.9%	0.0
Hancock	2.1%	2.2%	-0.1
Kennebec	2.4%	2.4%	0.0
Knox	2.3%	2.4%	-0.1
Lincoln	2.2%	2.2%	0.0
Oxford	2.9%	2.8%	0.1
Penobscot	2.6%	2.6%	0.0
Piscataquis	3.7%	3.1%	0.6
Sagadahoc	2.0%	2.1%	-0.1
Somerset	3.4%	3.3%	0.1
Waldo	2.5%	2.4%	0.1
Washington	3.1%	3.1%	0.0
York	2.3%	2.1%	0.2

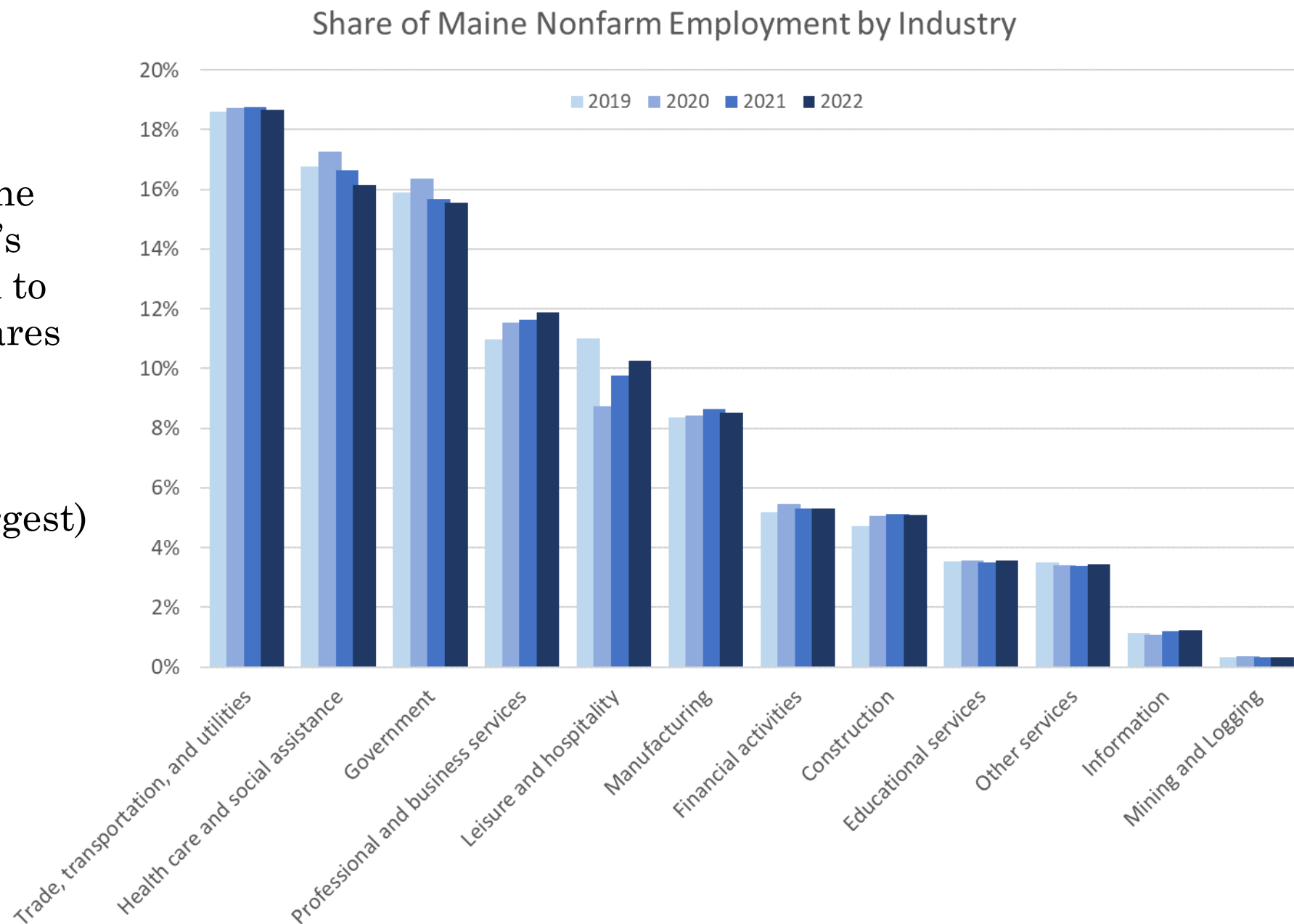
- Table
- Graph
- Map/Graph Display
- Unemployment rate
- One-year change



Total Nonfarm Employment (in thousands) History and CEFC forecast

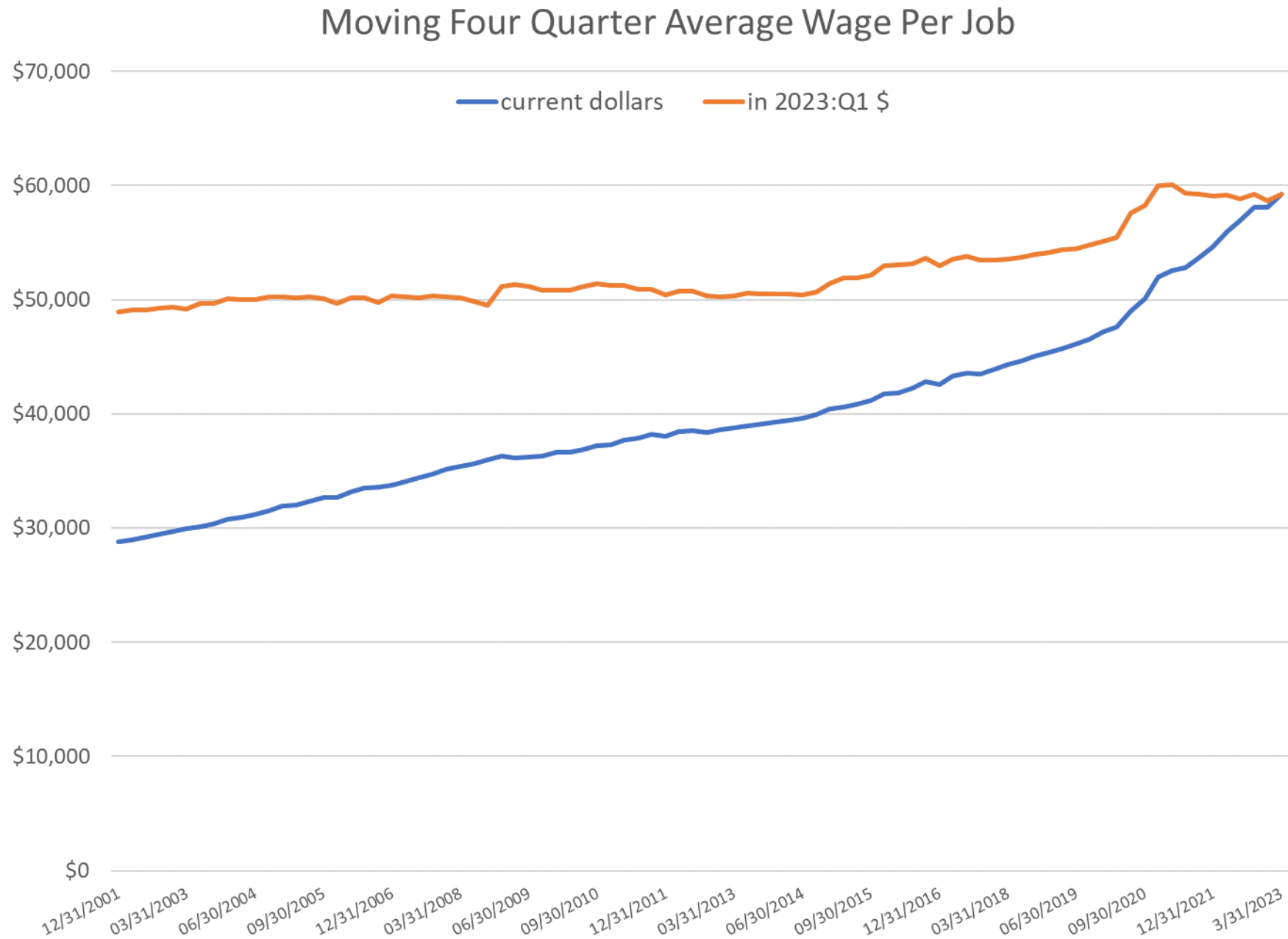


According to the Maine Department of Labor's Employment Outlook to 2030, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)

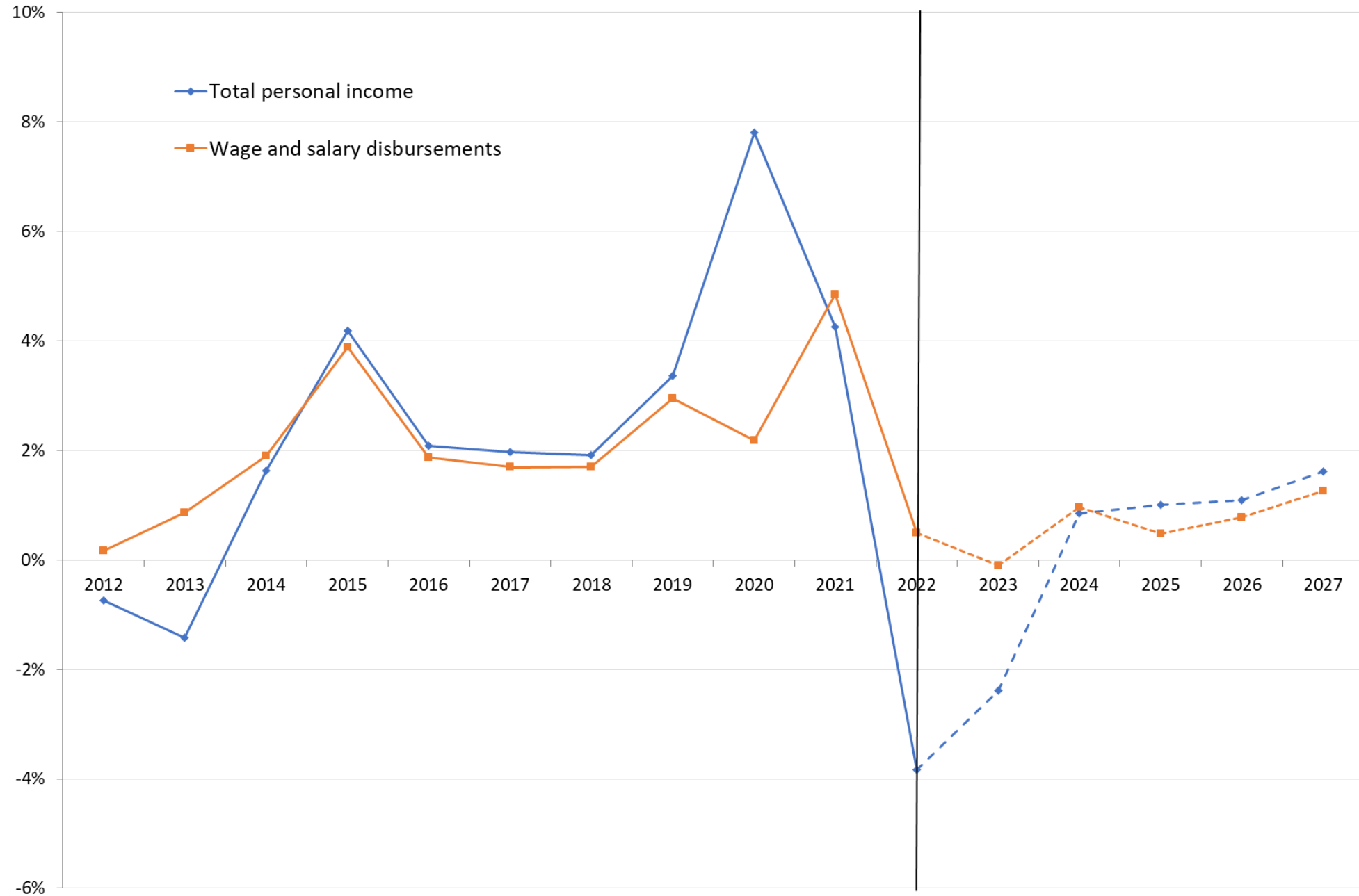


Wages, Income, and Inflation

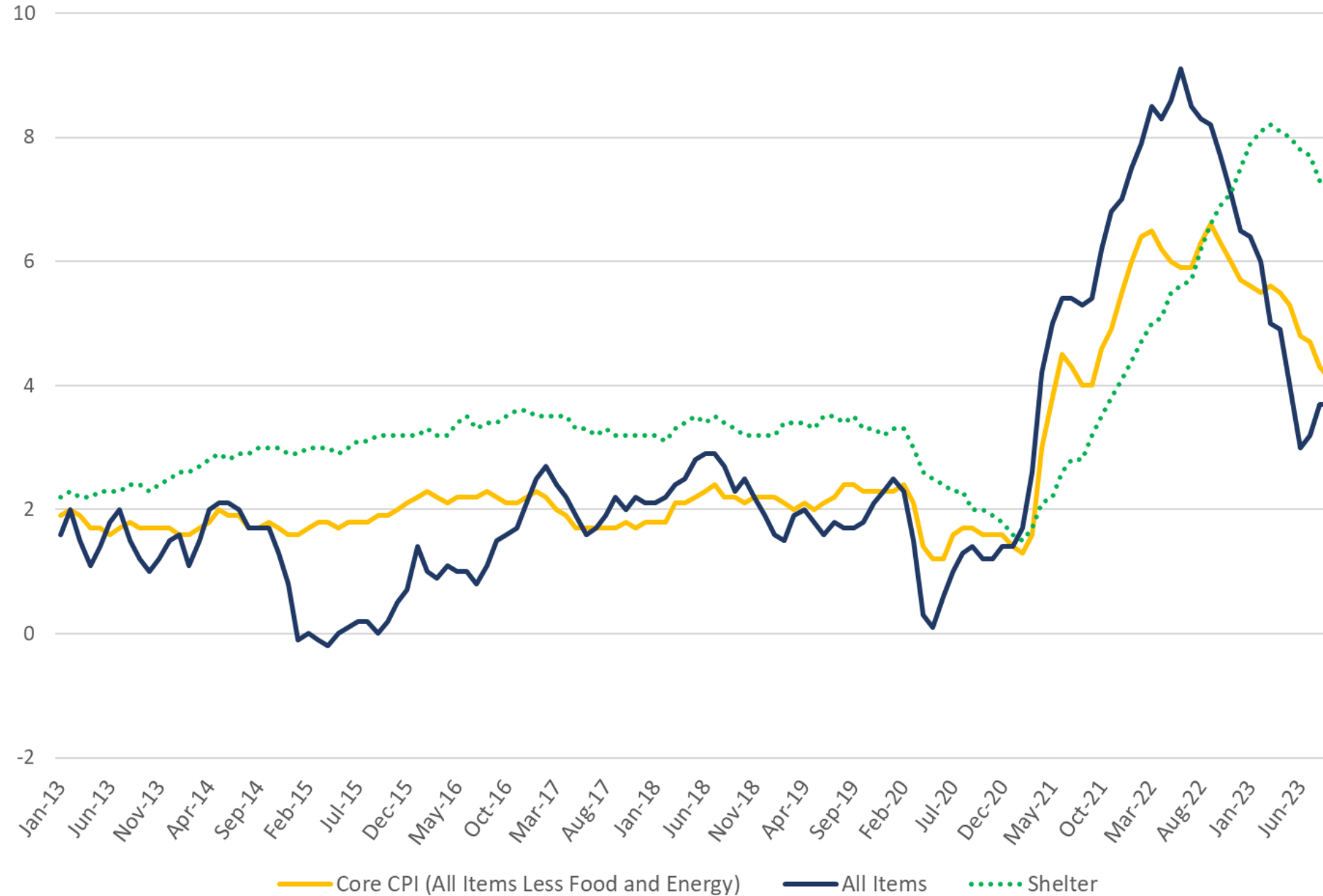
Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains



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



Year-over-year percent change in Consumer Price Index



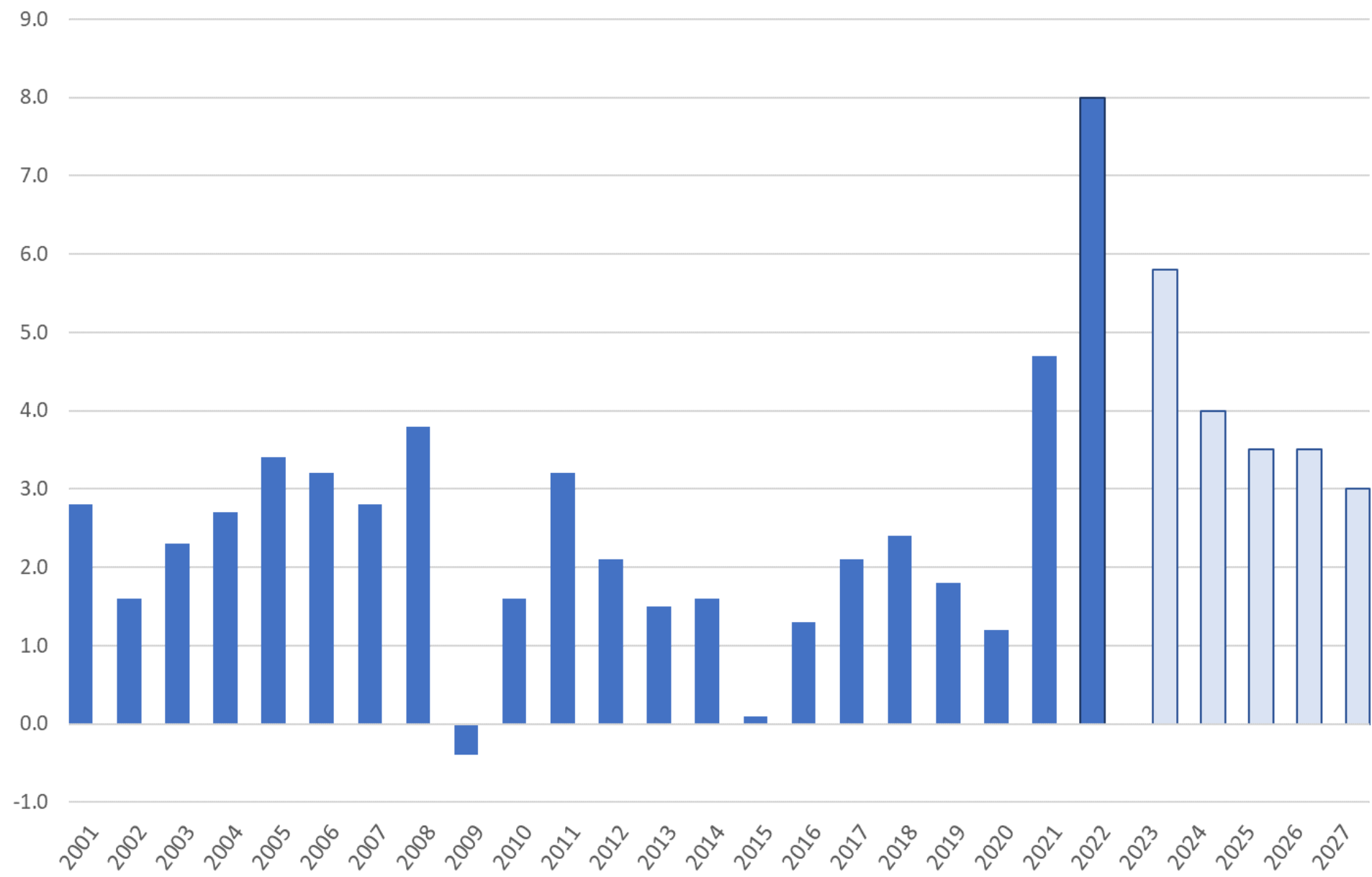
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

What does
this mean
for interest
rates?

Current target range:
5.25% to 5.5%

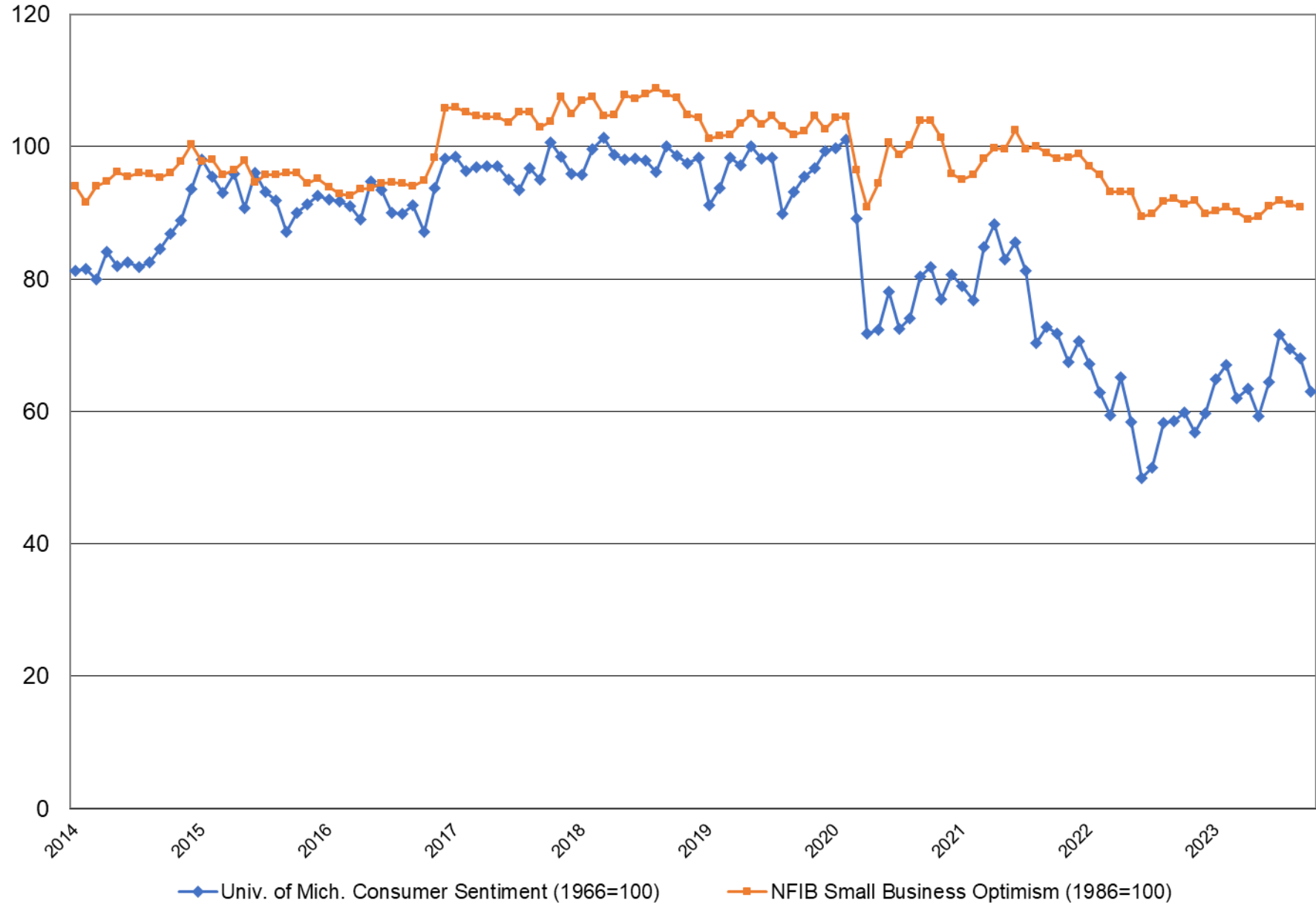
Median projection for 2023 from
September 2023 Federal Open
Market Committee statement was
5.6%, implying another possible
increase of 25 basis points later
this year

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

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment dipped in October 2023 based on concerns about higher inflation and erosion of personal finances. The long-term outlook remains stable, however.

Tourism

But first: it's hard to
measure — tourism doesn't
have an industry code

Tourism encompasses many sectors

- Retail trade; transportation; arts, entertainment, and recreation; accommodation and food services are most significantly involved
- But tourism doesn't support all of the activity for the businesses in these sectors (for example, residents buy things from local retailers, too)
- Dollars from tourism spent at local businesses flow through to other sectors of Maine's economy via wages paid, purchases made by local businesses, etc.

Estimates from Maine Office of Tourism 2022 Visitor Tracking Report

- Around 15.4 million visitors to Maine
 - 3 million Maine residents
 - 12.4 million out-of-state (60% during summer)
- Nearly 69 million visitor days
- \$8.6 billion in direct expenditures
 - Around half that comes from accommodations and restaurants

Visitor days for
2022 were up 10%
from 2021, as was
visitor spending

Visitor survey data - regional

- Beaches - \$2.7 billion by 4.8 million visitors
- Greater Portland/Casco Bay - \$1.4 billion by 2.5 million visitors
- Downeast/Acadia - \$1.1 billion by 2.1 million visitors
- Lakes & Mountains - \$1.1 billion by 1.9 million visitors
- Midcoast & Islands - \$1.0 billion by 2.0 million visitors
- Highlands - \$620 million by 876,000 visitors
- Kennebec Valley - \$569 million by 830,000 visitors
- Aroostook County - \$161 million by 283,000 visitors

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
- Economic uncertainty remains elevated, especially with geopolitical upheaval, the resumption of student loan payments, and the possibility of a federal government shutdown in November
- 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

Contact Information

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