

Economic Conditions and Outlook for Maine

Maine Medical Association President's Retreat

October 21, 2023

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Demographics

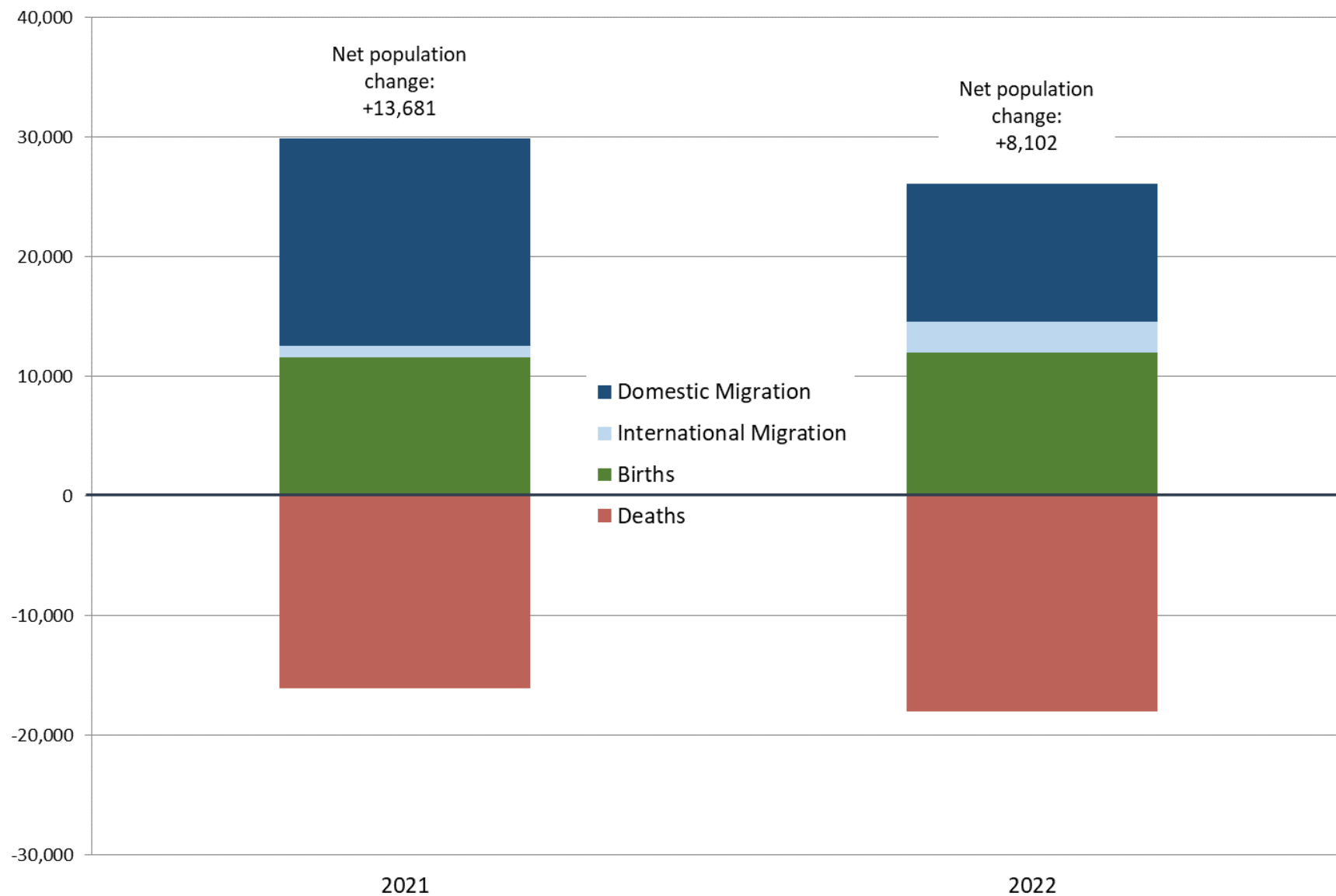
2020 Decennial
Population = 1,362,359
(42nd in U.S.)

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

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

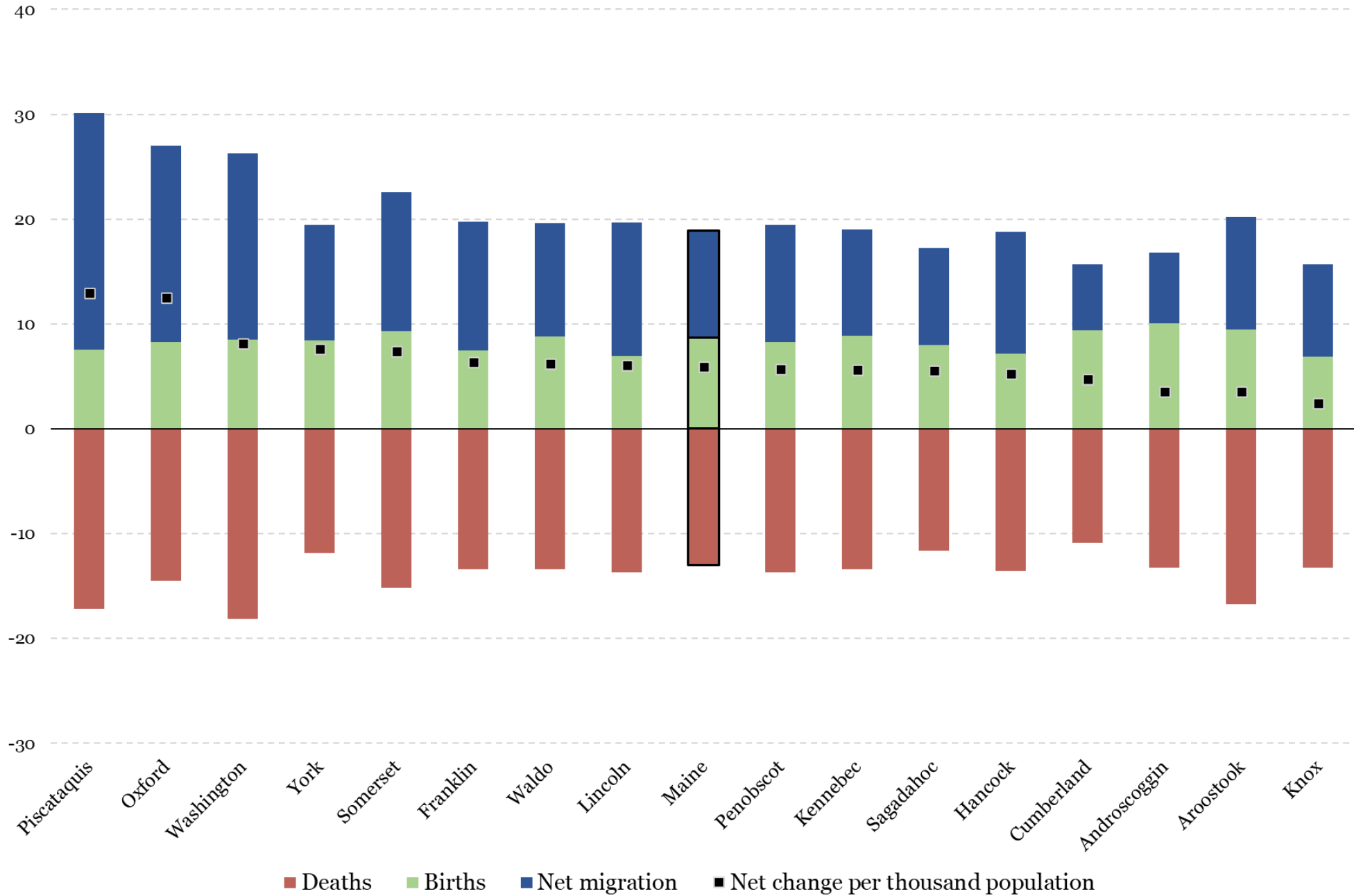
2022 net migration =
10.2 per thousand
(11th in U.S.)

Components of Population Change, Maine



Components of Population Change in Maine, 2022

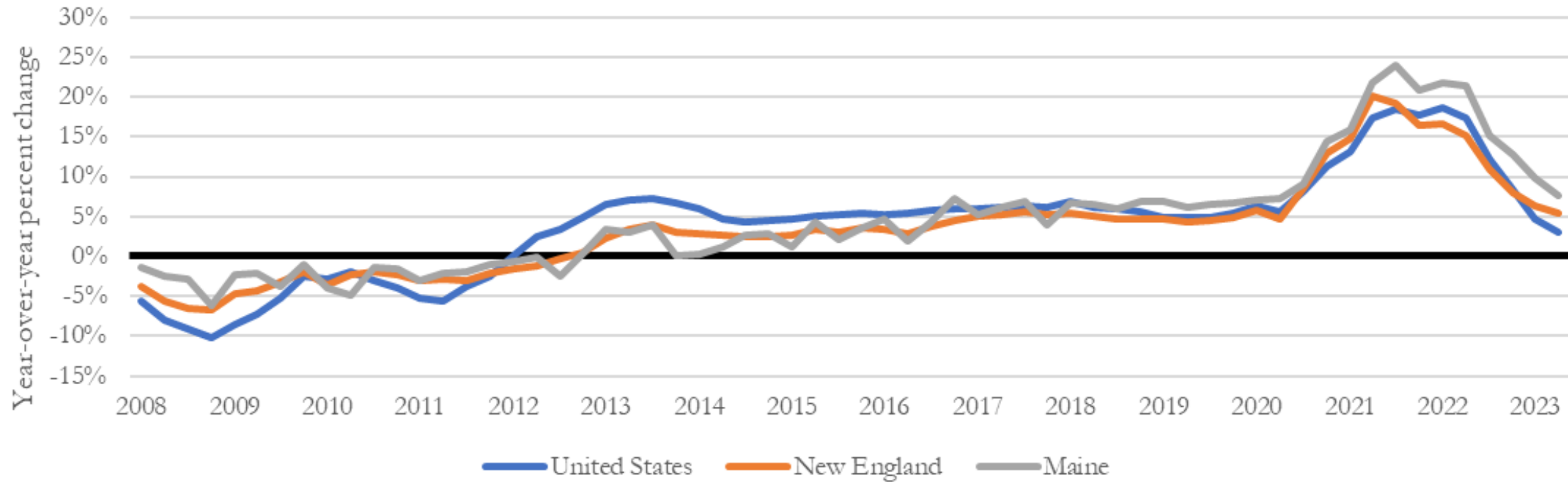
Rate per thousand population



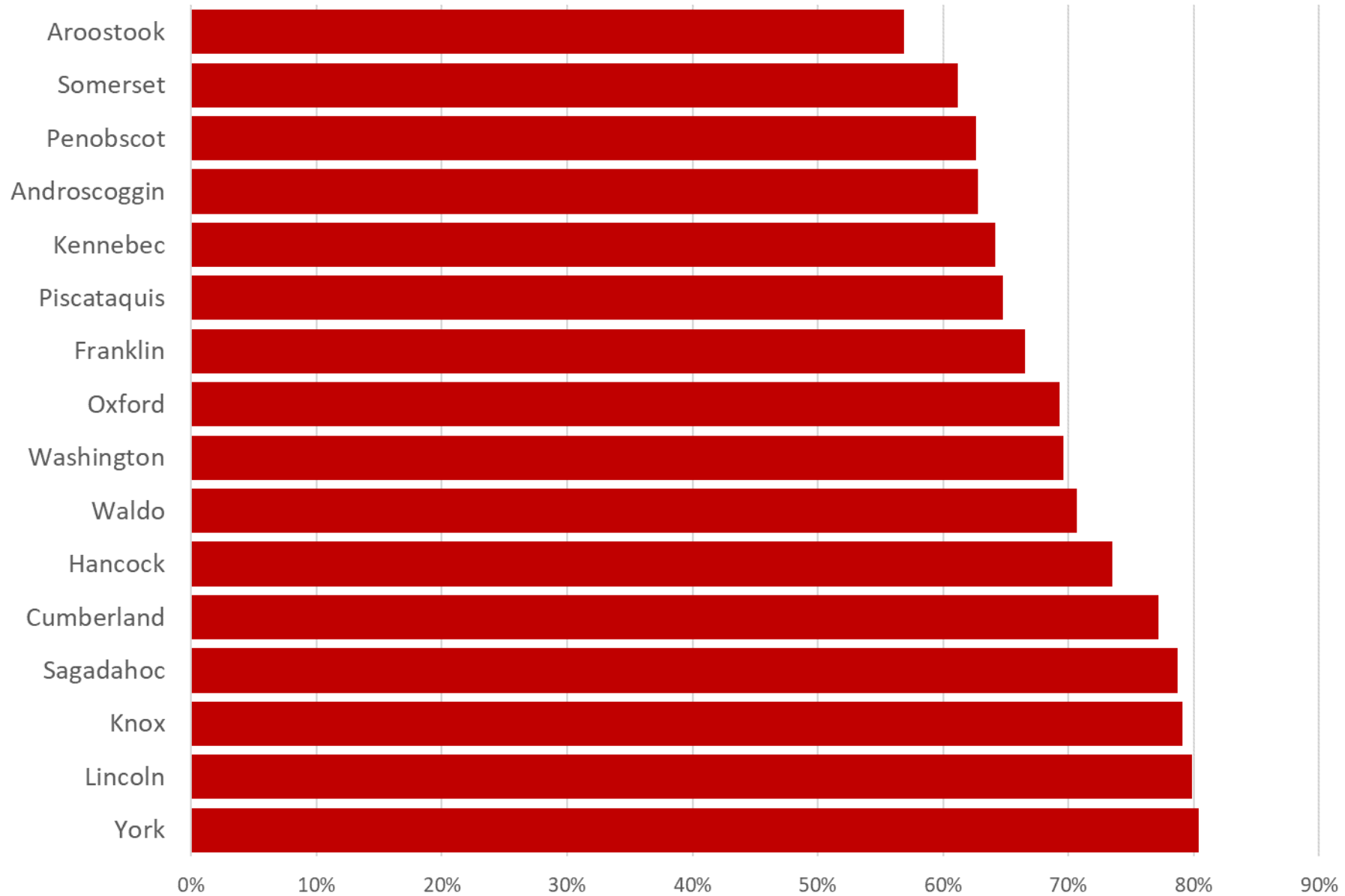
Migration into the state drove up demand for housing and further reduced the available supply

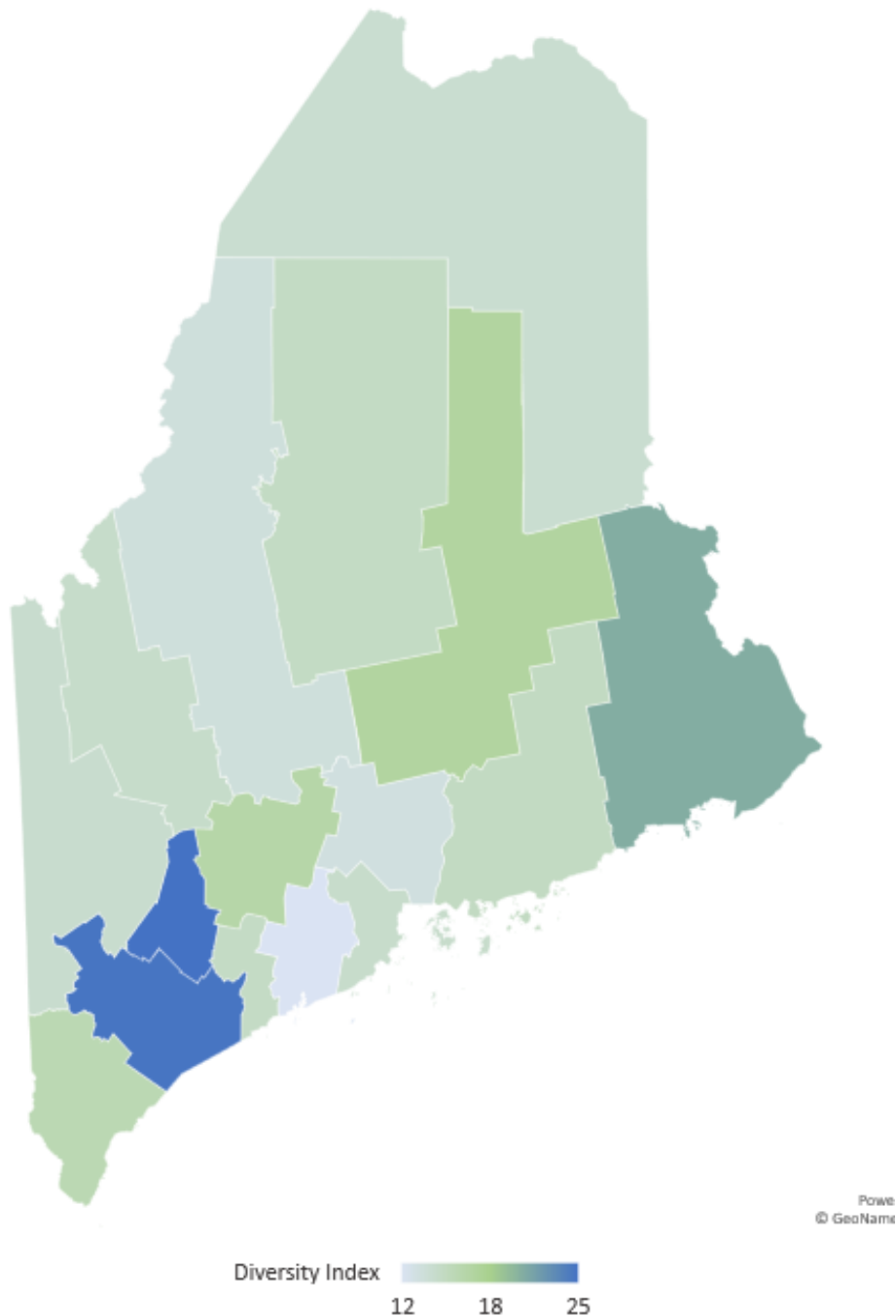


Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2022

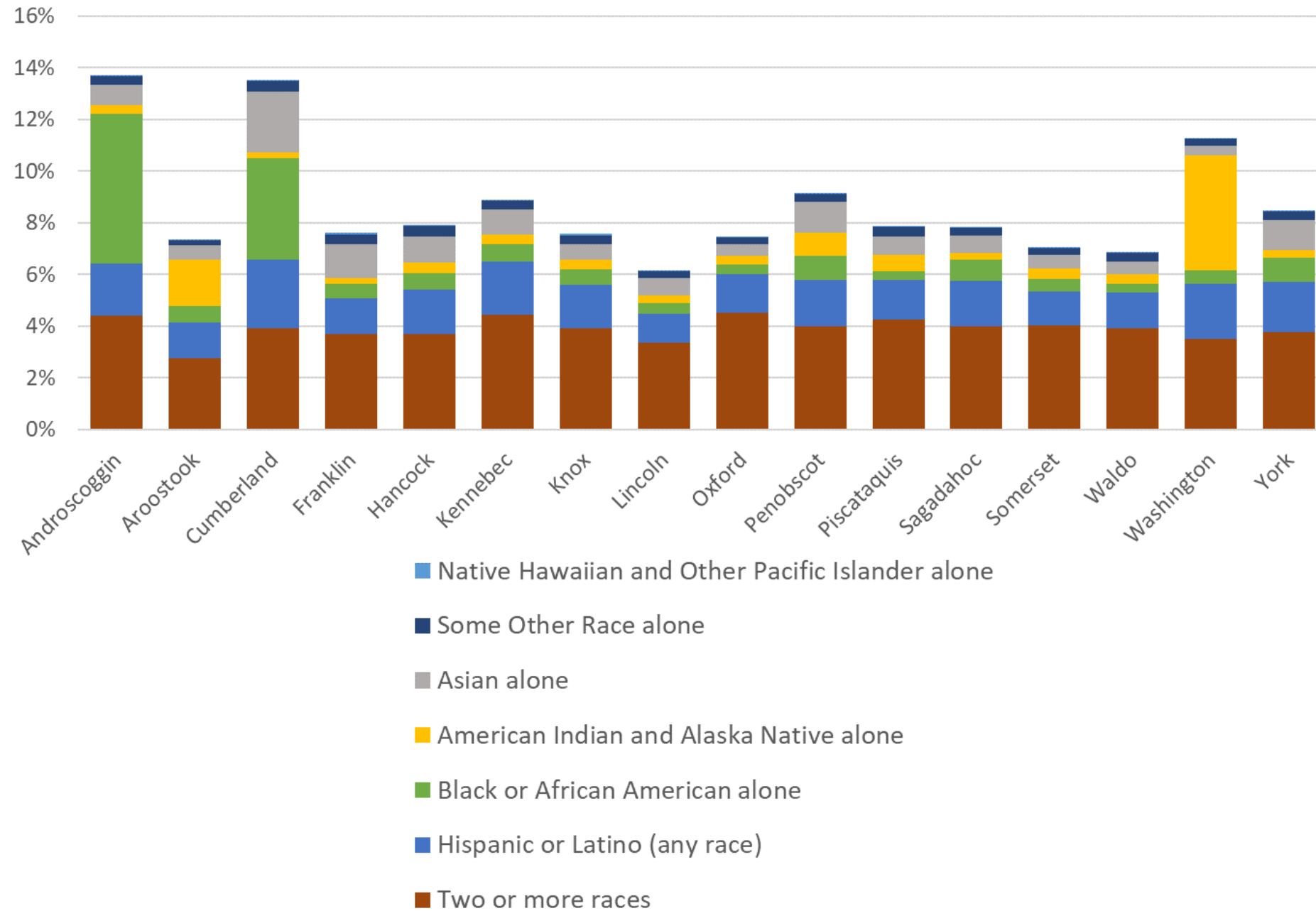




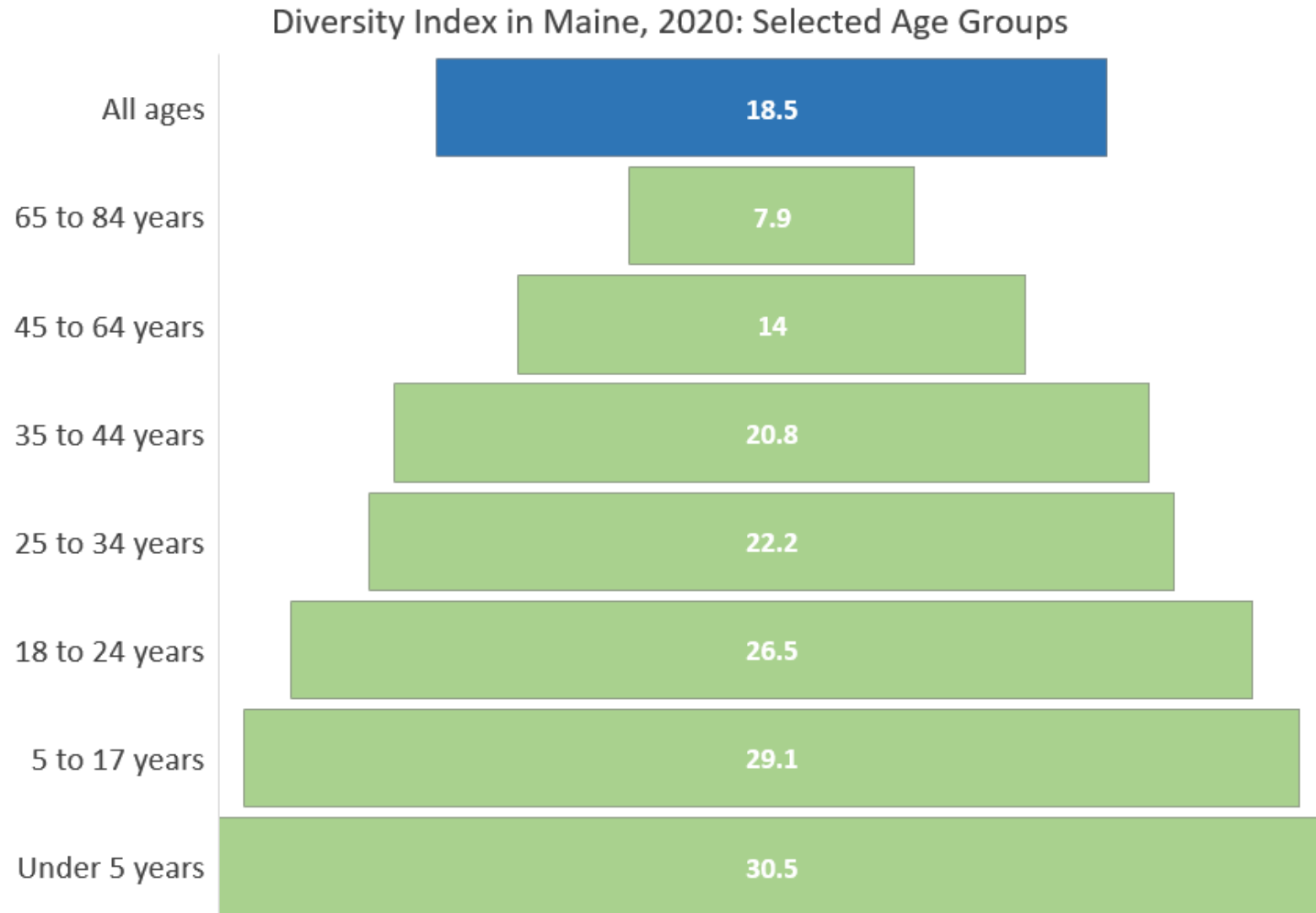
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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 more diverse than older generations

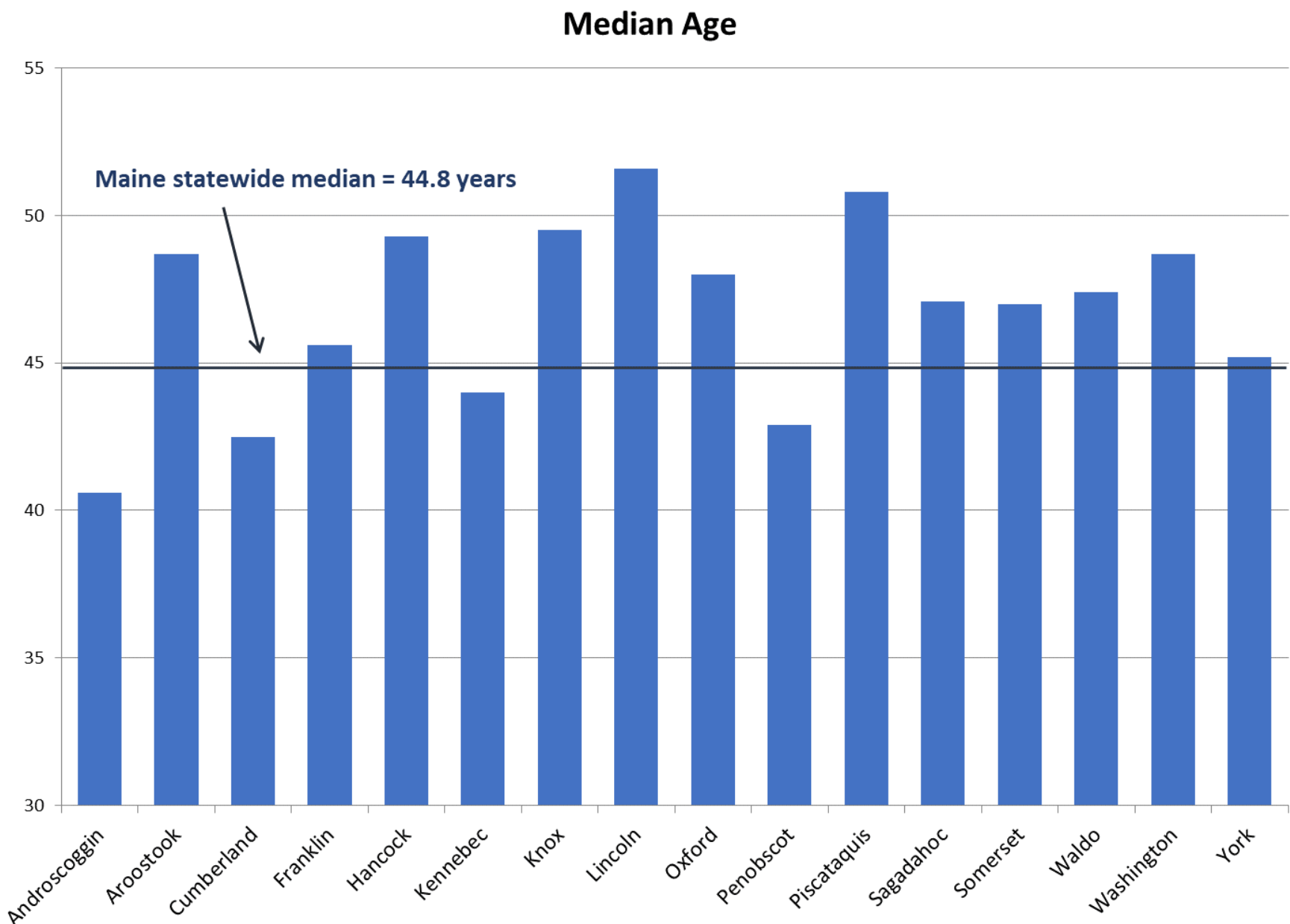


Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (22.5%)

BUT!

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

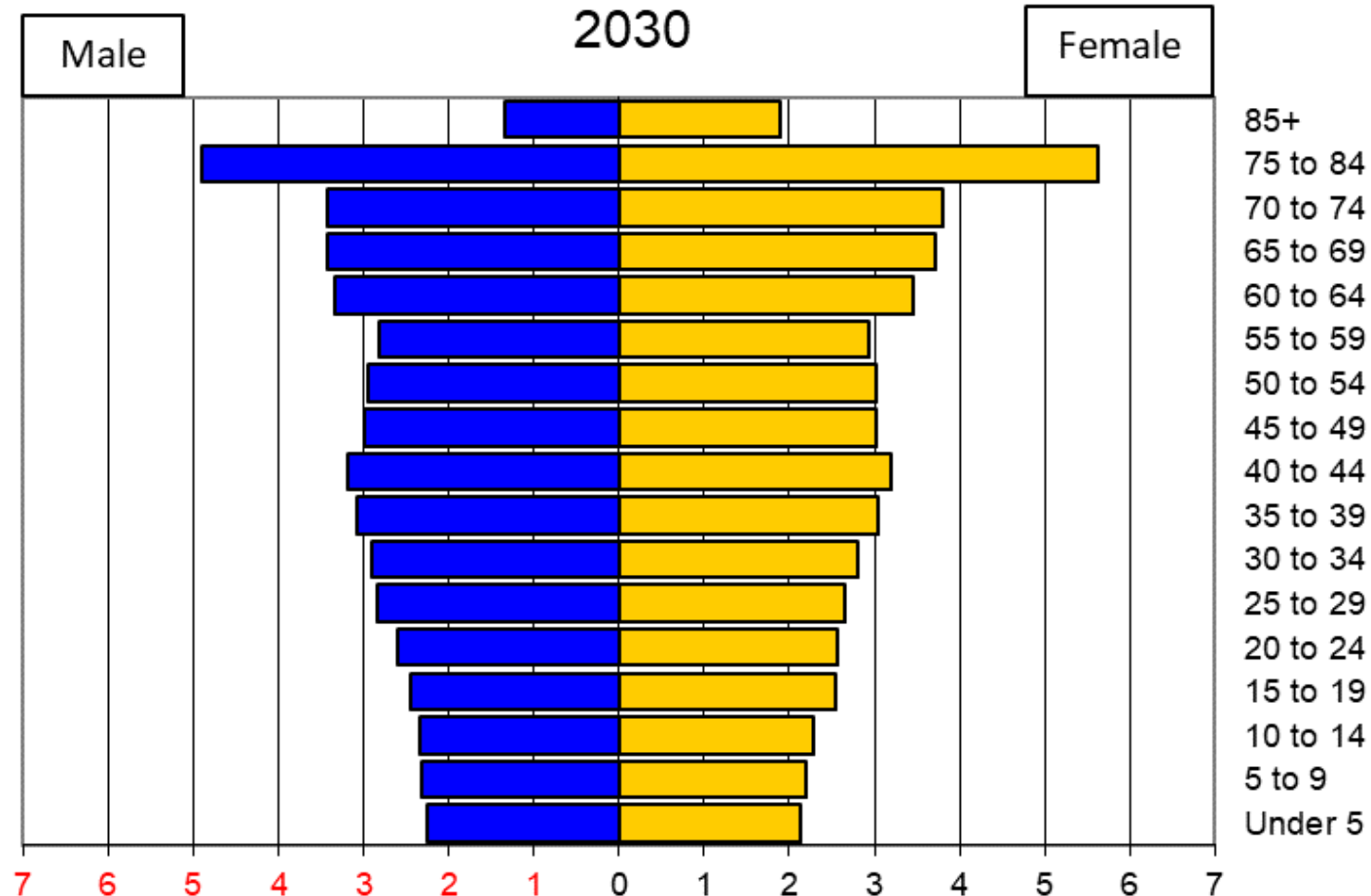
...and was one of only
four states to not see an
increase from 2021 to
2022



The Baby Boom: 1946-1964

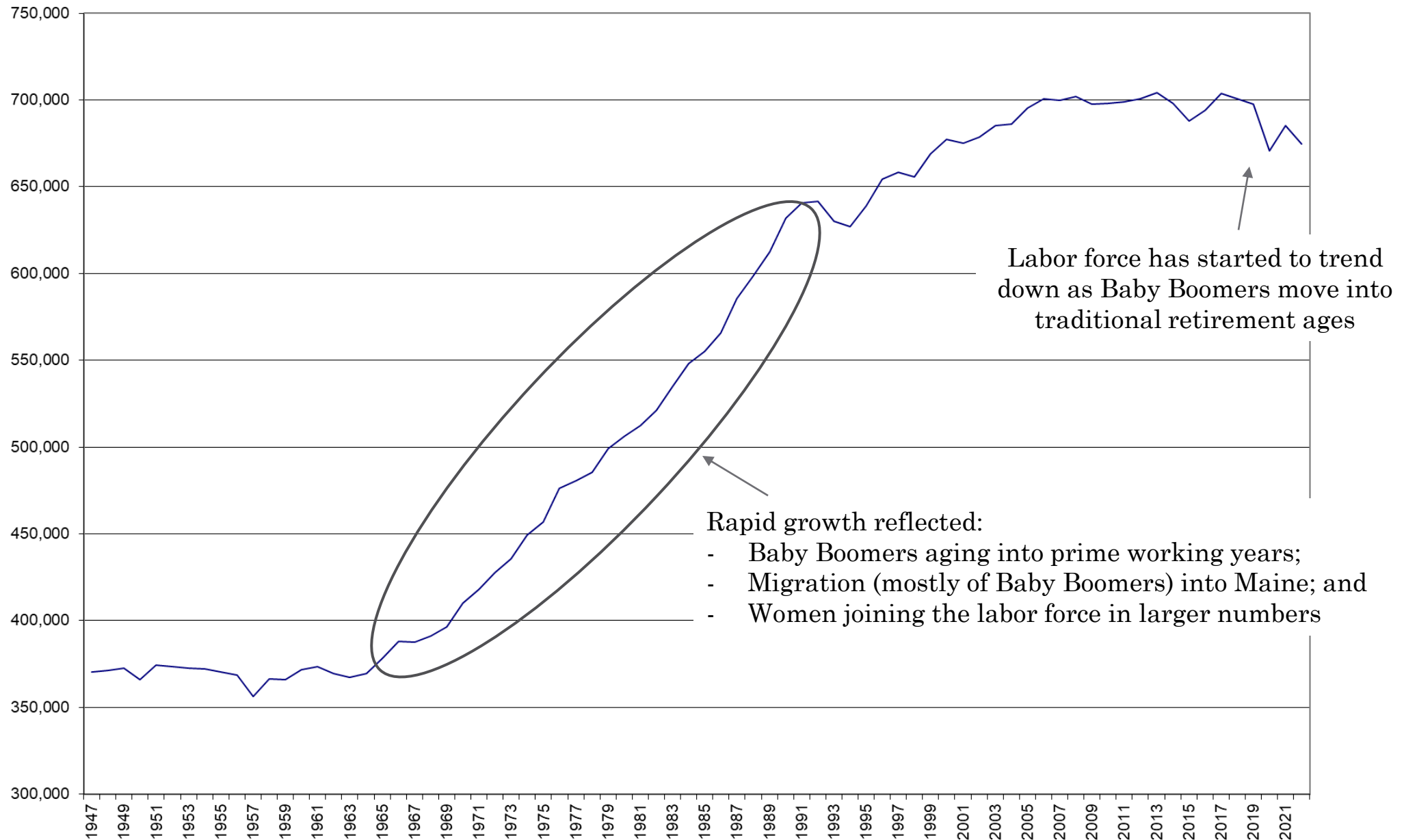
Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2022: age 58-76

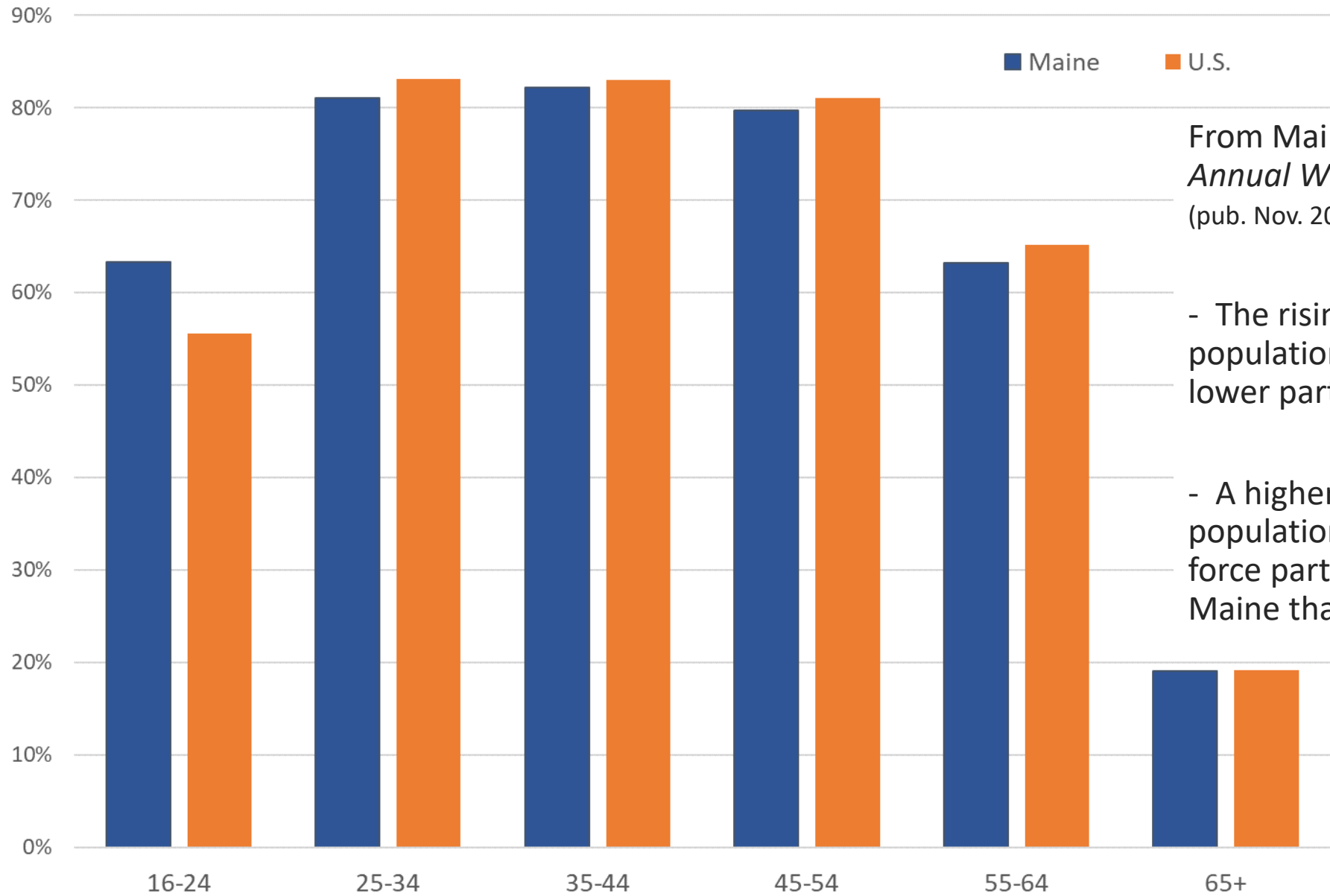


Workforce and Employment

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 2.5% unemployment rate in August 2023 was close to the record low of the past four months and was below the U.S. rate of 3.8%

County Rates (not seasonally adjusted)

August, 2023

County	Rate	Year ago	One-yr change
Maine	2.5%	2.2%	0.3
Androscoggin	2.8%	2.5%	0.3
Aroostook	3.2%	2.9%	0.3
Cumberland	2.2%	1.9%	0.3
Franklin	3.1%	2.7%	0.4
Hancock	2.1%	2.0%	0.1
Kennebec	2.4%	2.3%	0.1
Knox	2.2%	2.1%	0.1
Lincoln	2.2%	2.0%	0.2
Oxford	2.8%	2.6%	0.2
Penobscot	2.8%	2.5%	0.3
Piscataquis	3.8%	2.9%	0.9
Sagadahoc	2.2%	1.9%	0.3
Somerset	3.5%	3.0%	0.5
Waldo	2.7%	2.3%	0.4
Washington	2.9%	3.0%	-0.1
York	2.3%	1.9%	0.4

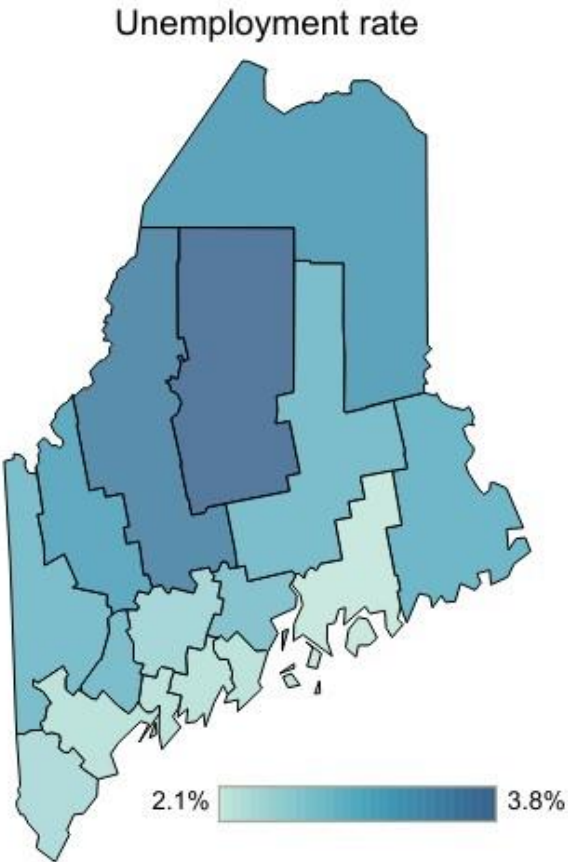
● Table

○ Graph

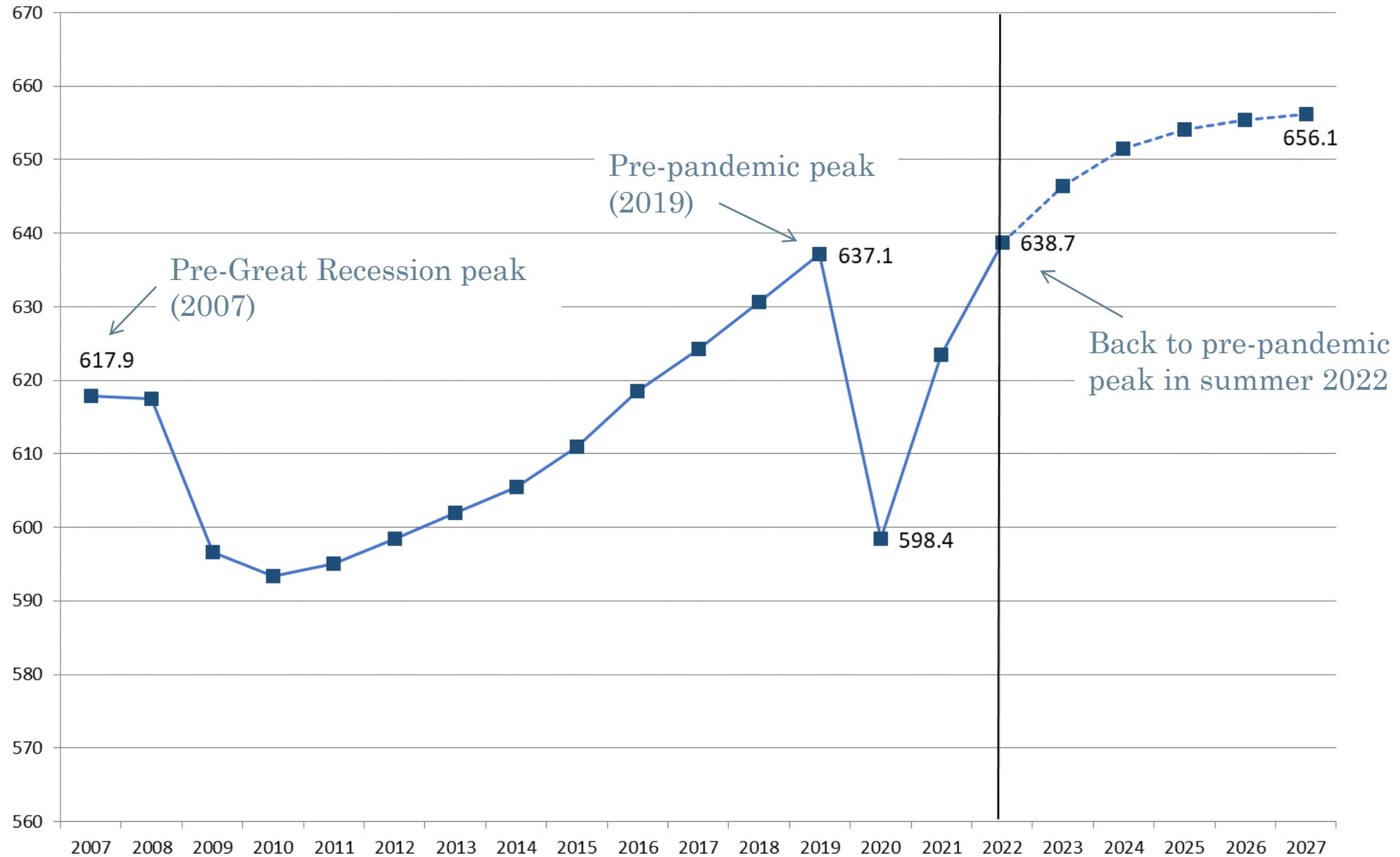
Map/Graph Display

● Unemployment rate

○ One-year change

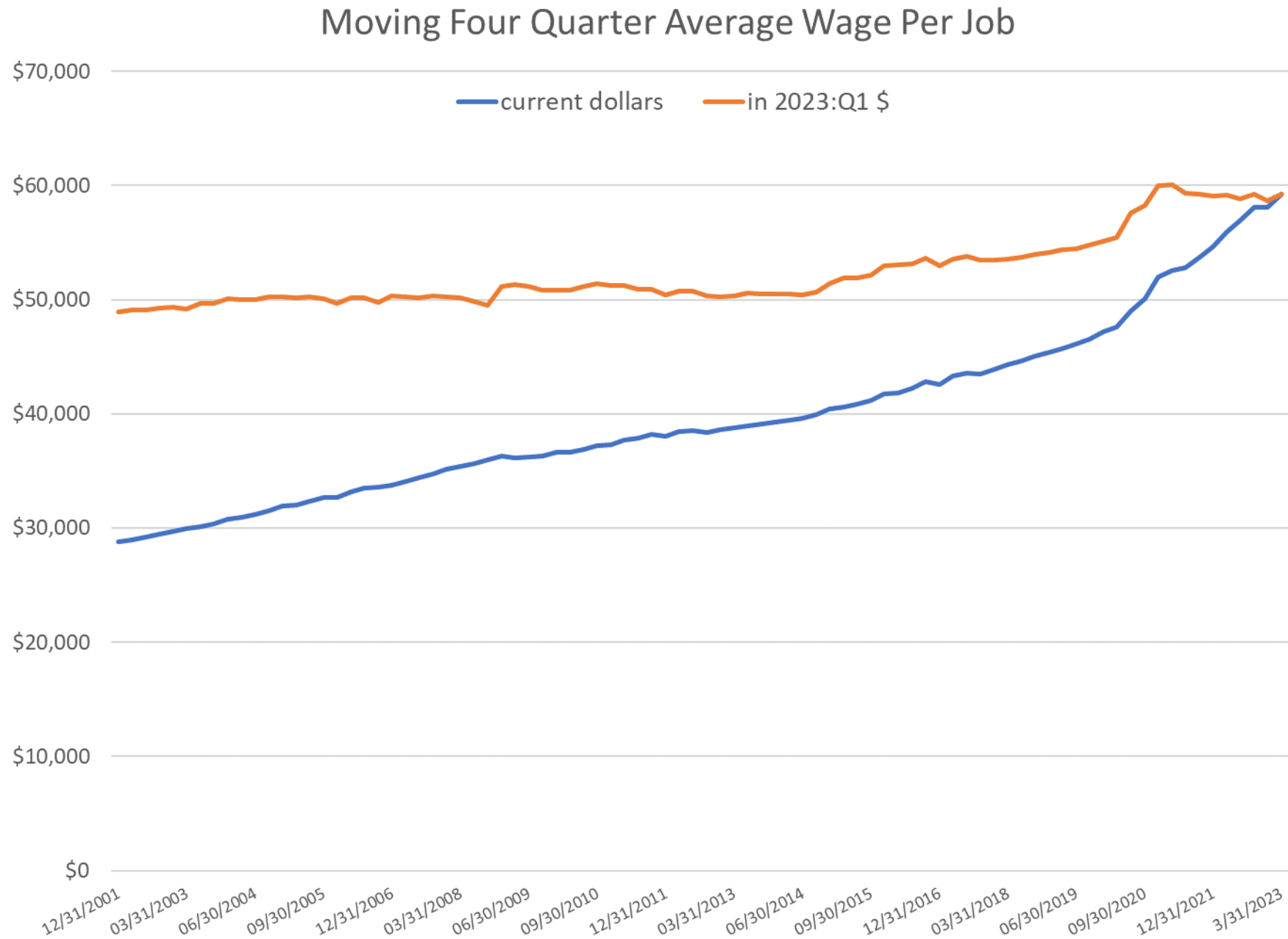


Total Nonfarm Employment (in thousands) History and CEFC forecast

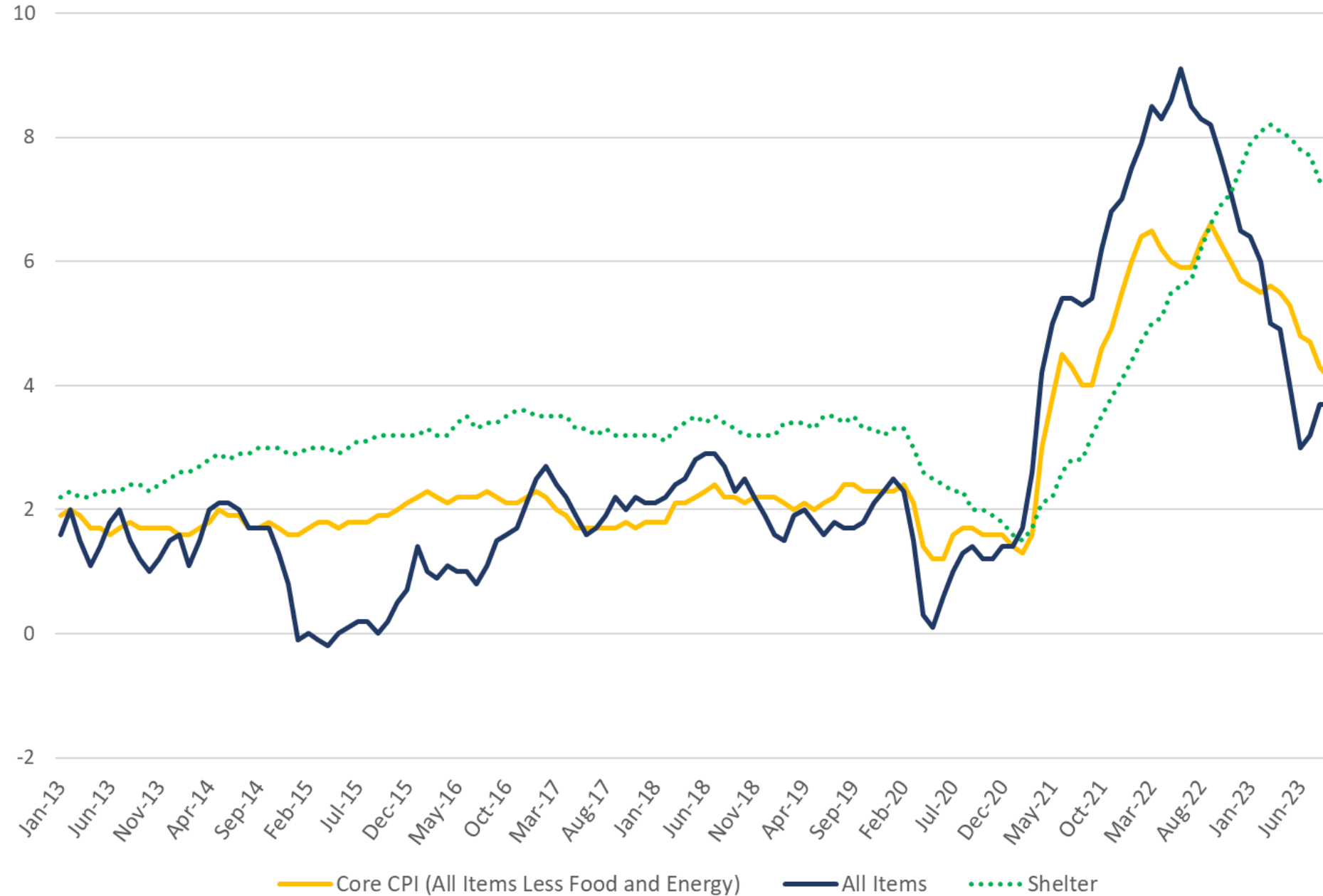


Wages and Inflation

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



Year-over-year percent change in Consumer Price Index



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

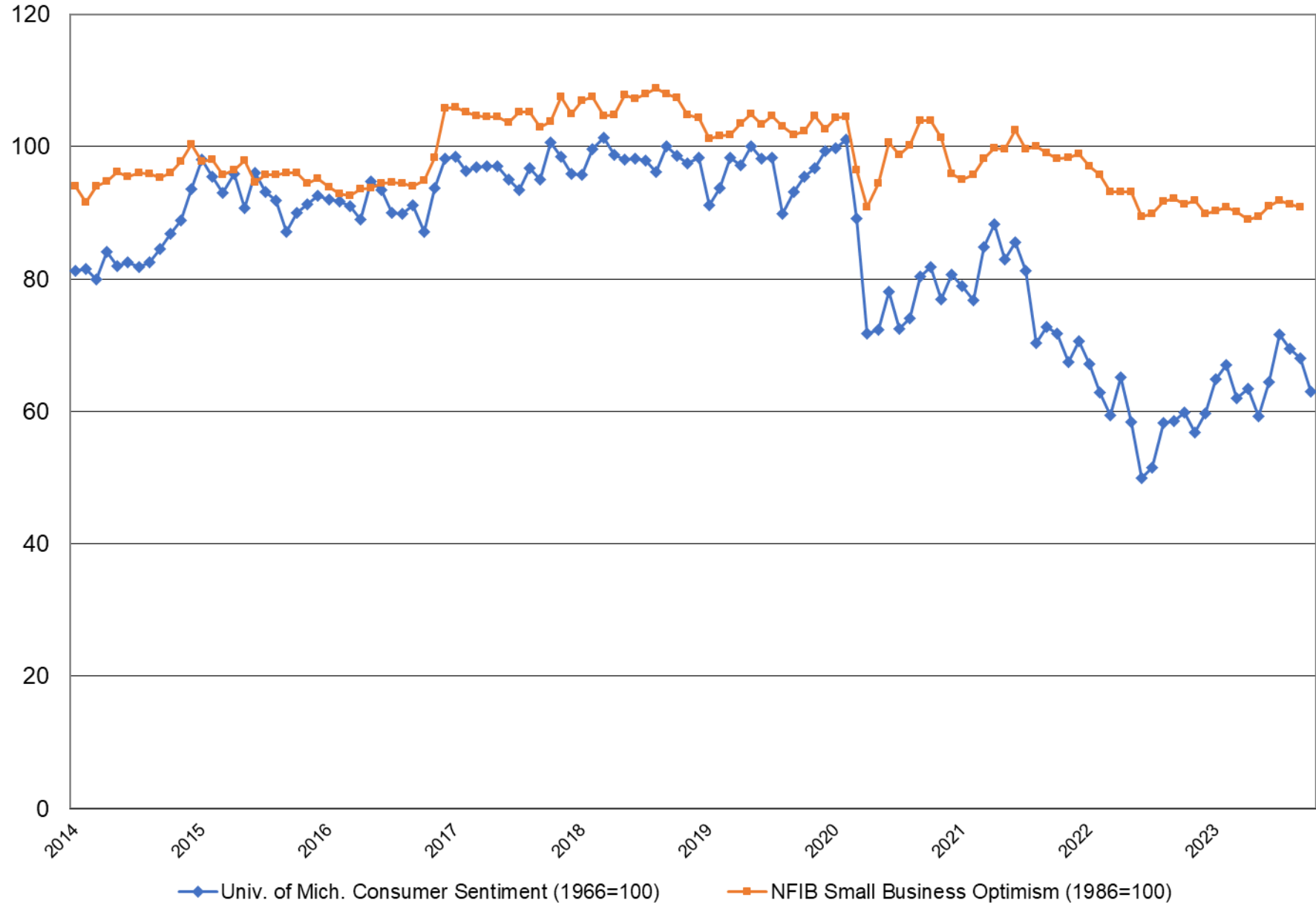
What does
this mean
for interest
rates?

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

Where might we be going?

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.

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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