

Demographic and Economic Trends in Midcoast Maine

Midcoast Municipal Association

November 17, 2023

Amanda Rector

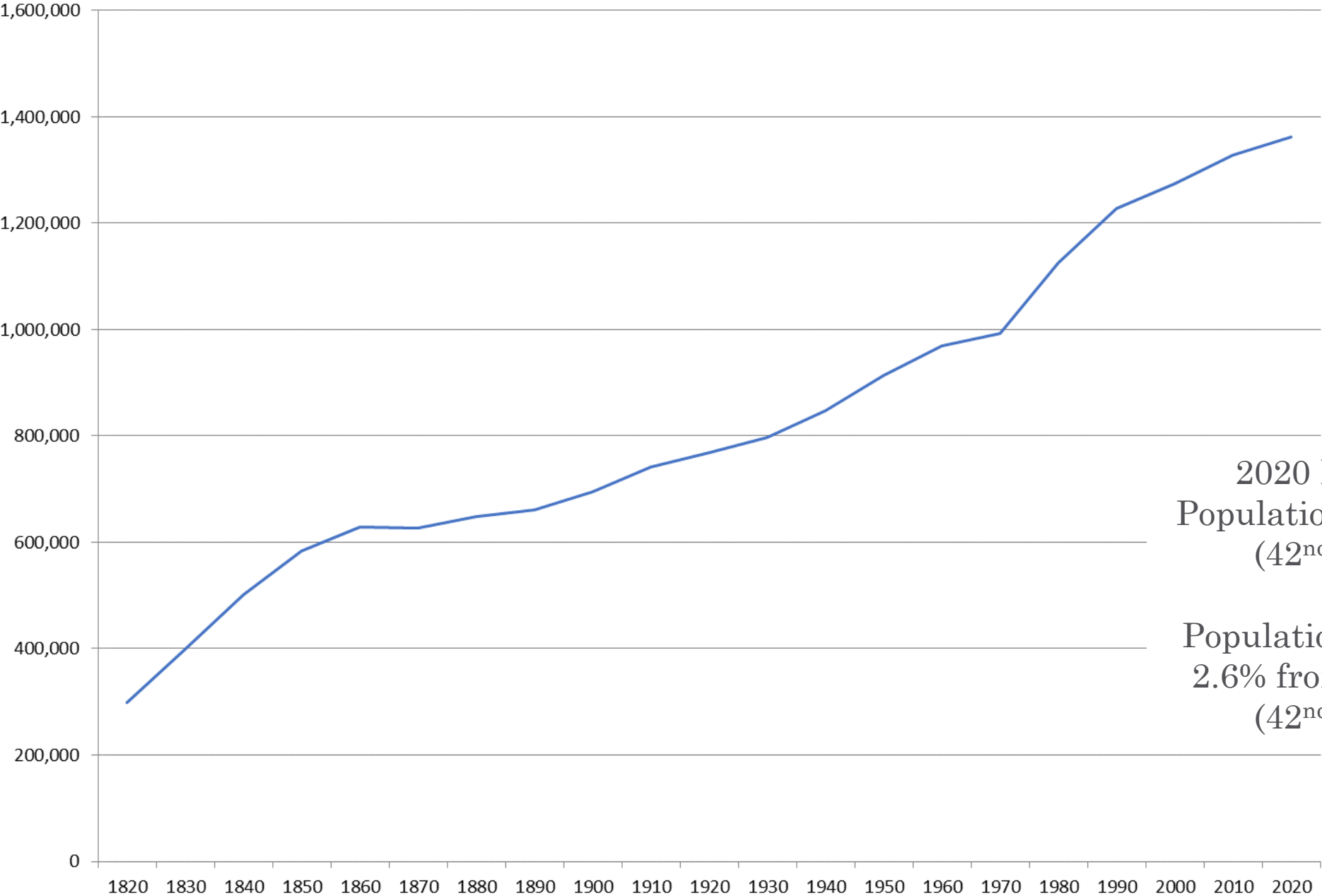
Maine State Economist

Overview

- Demographics
- Workforce and employment
- Wages, income, and inflation
- Outlook

Demographics

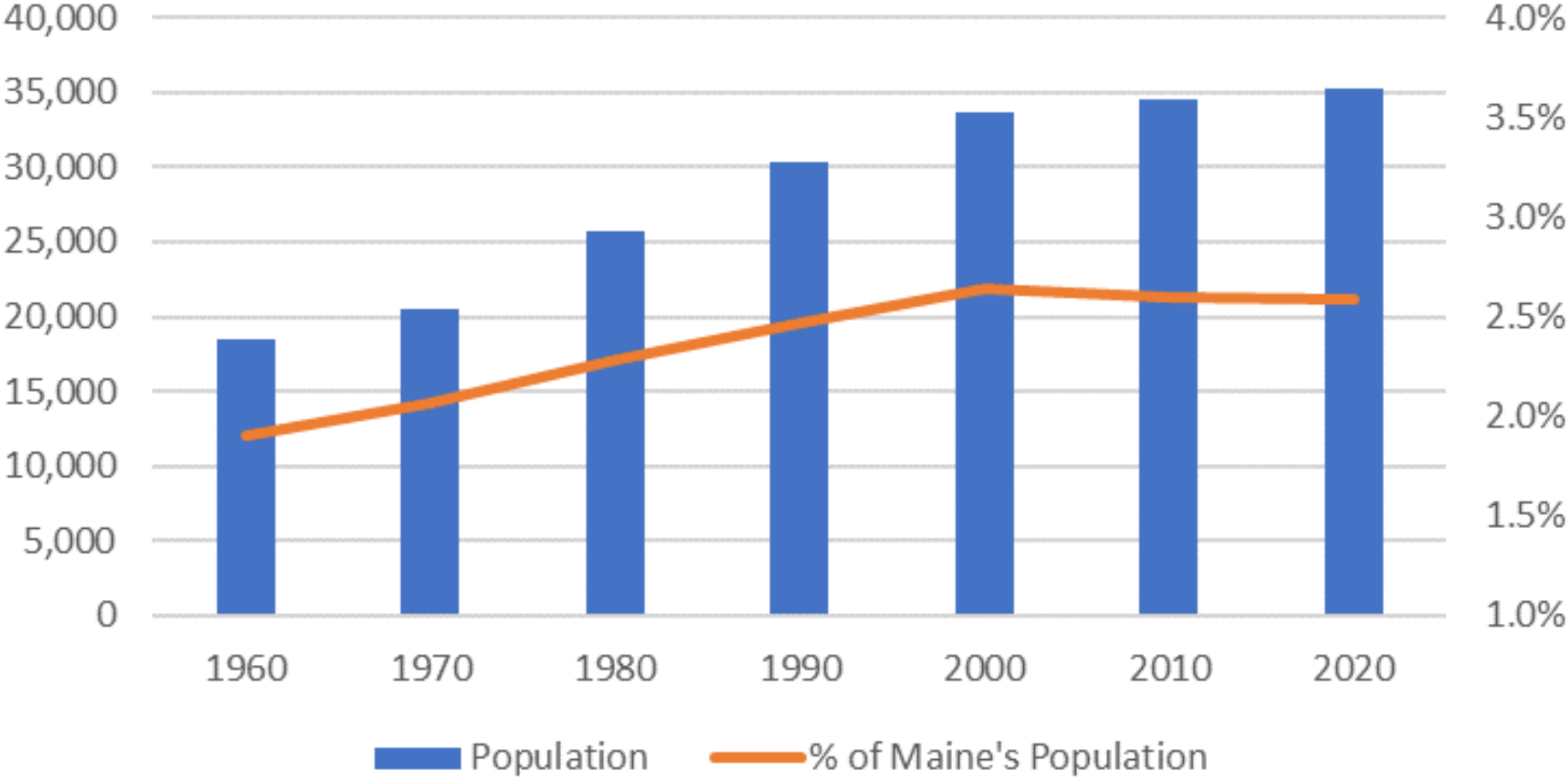
Total Population, Maine



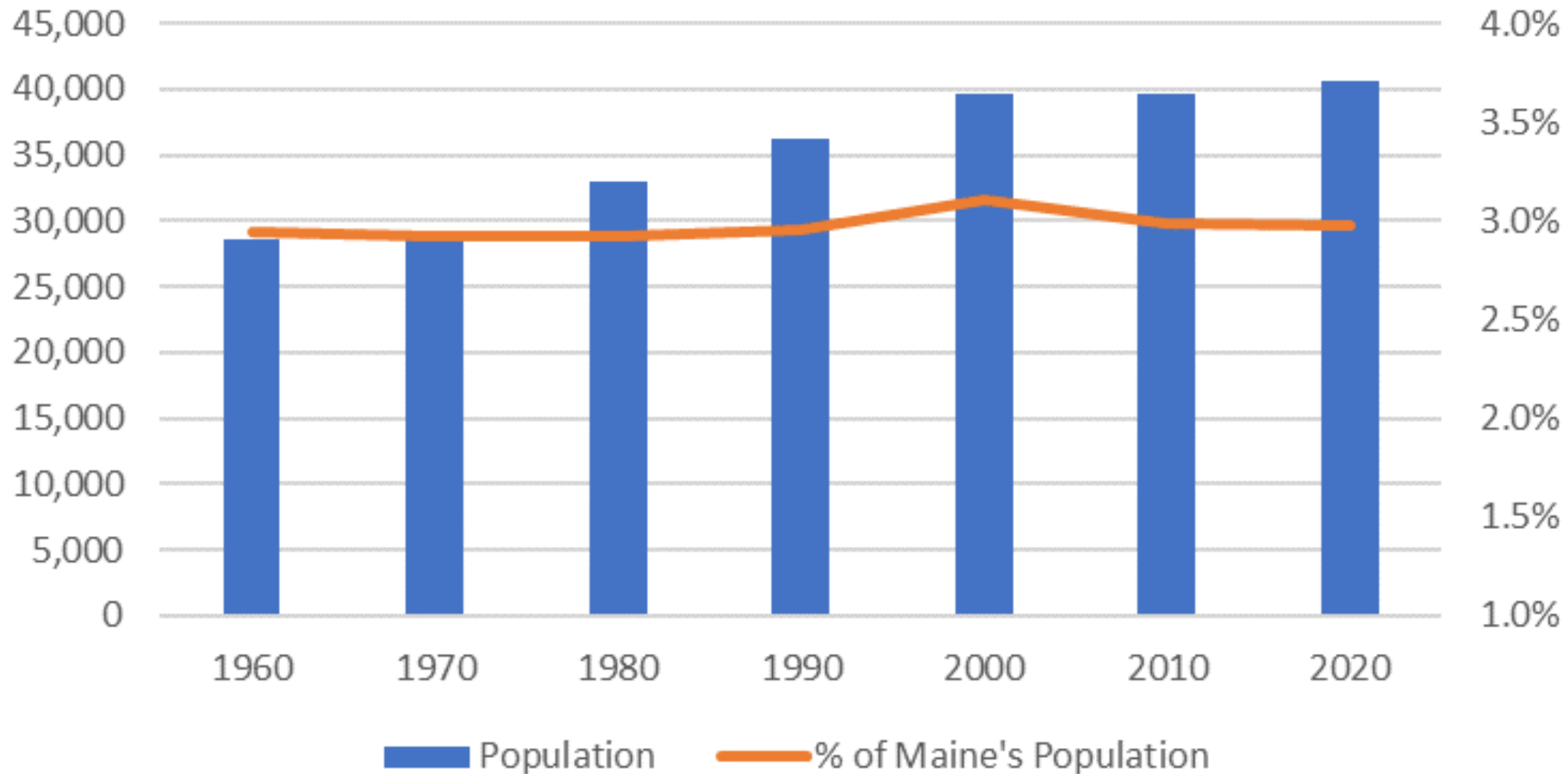
2020 Decennial
Population = 1,362,359
(42nd in U.S.)

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

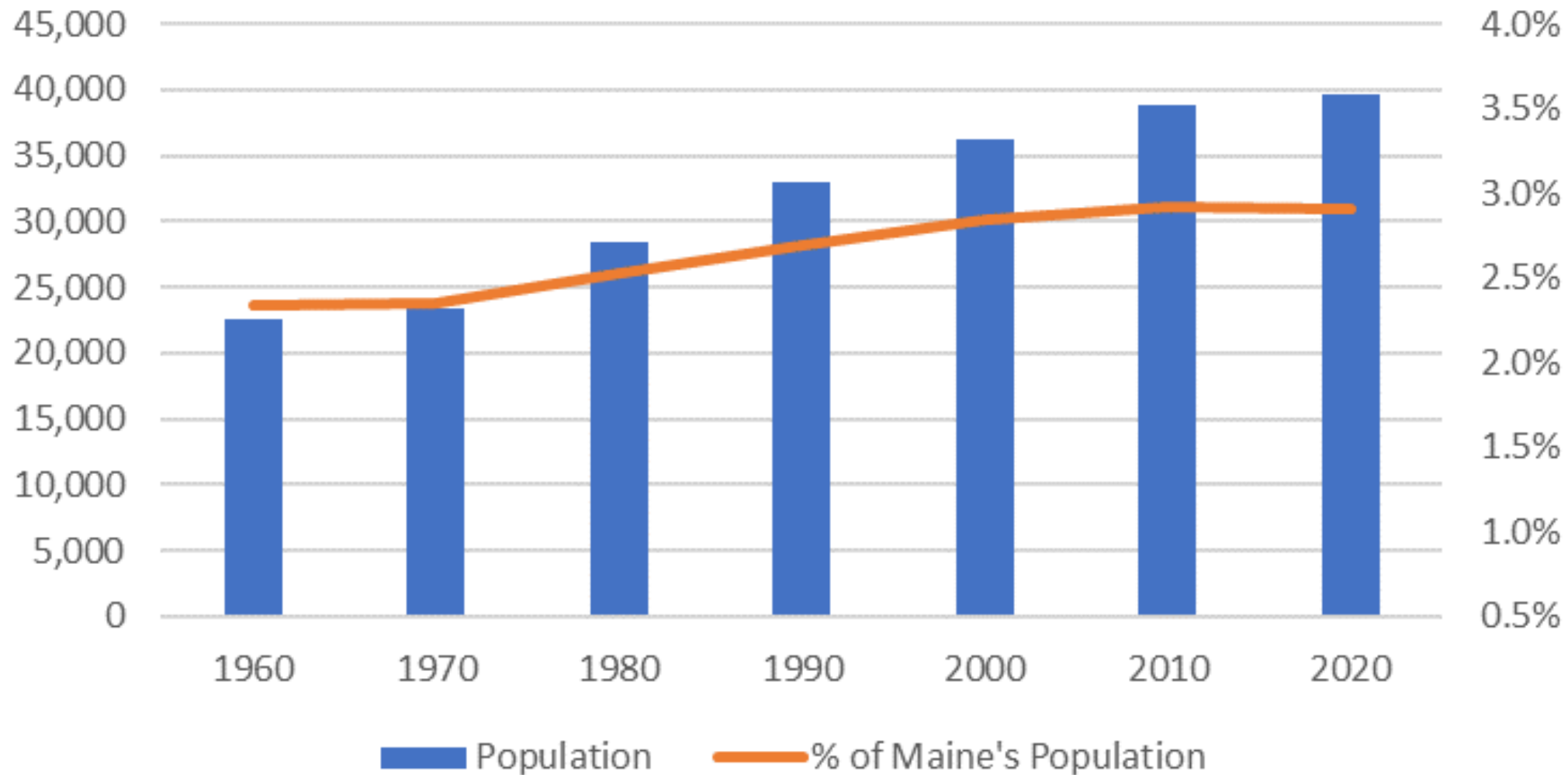
Population of Lincoln County, 1960-2020



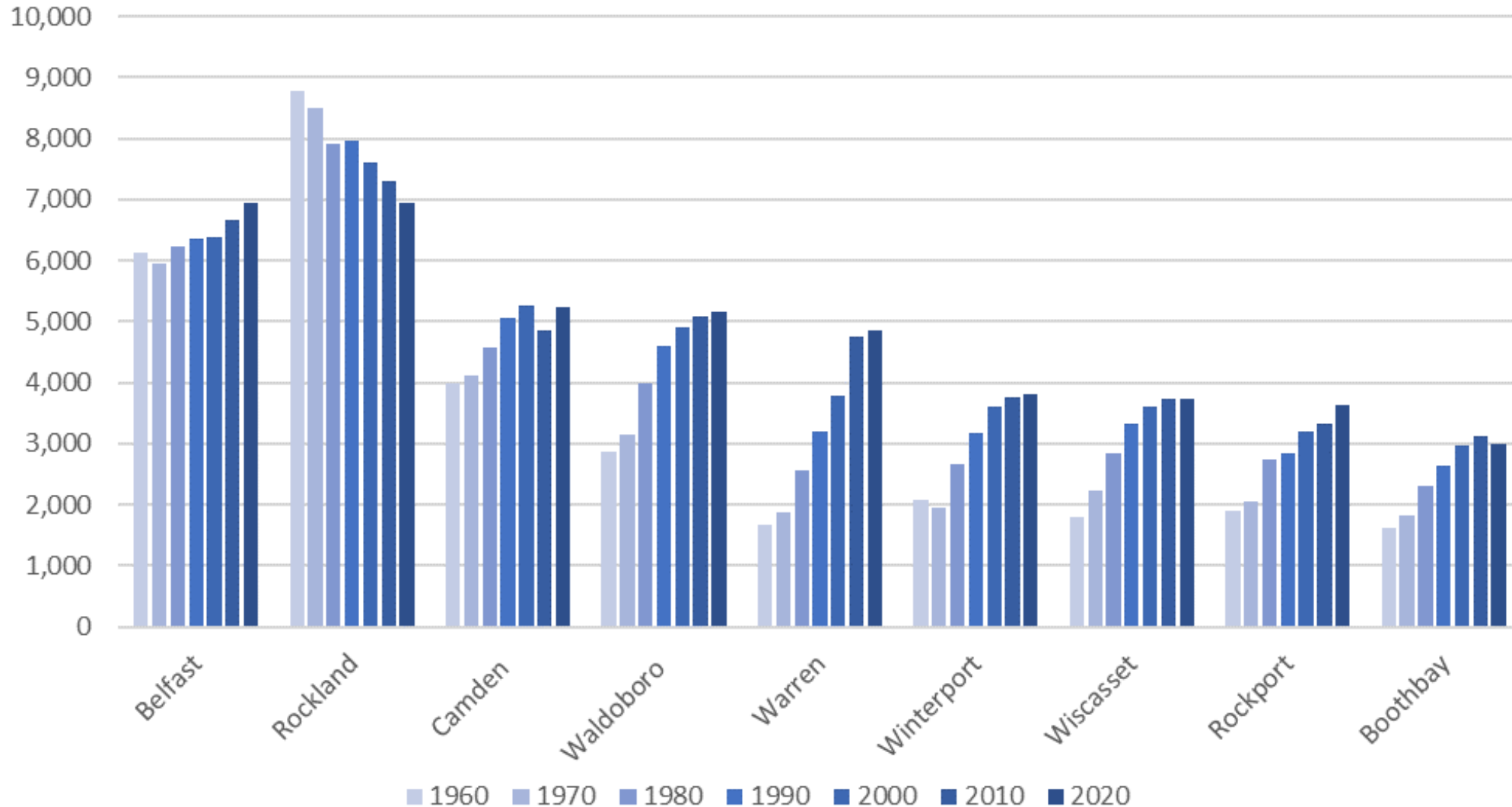
Population of Knox County, 1960-2020



Population of Waldo County, 1960-2020

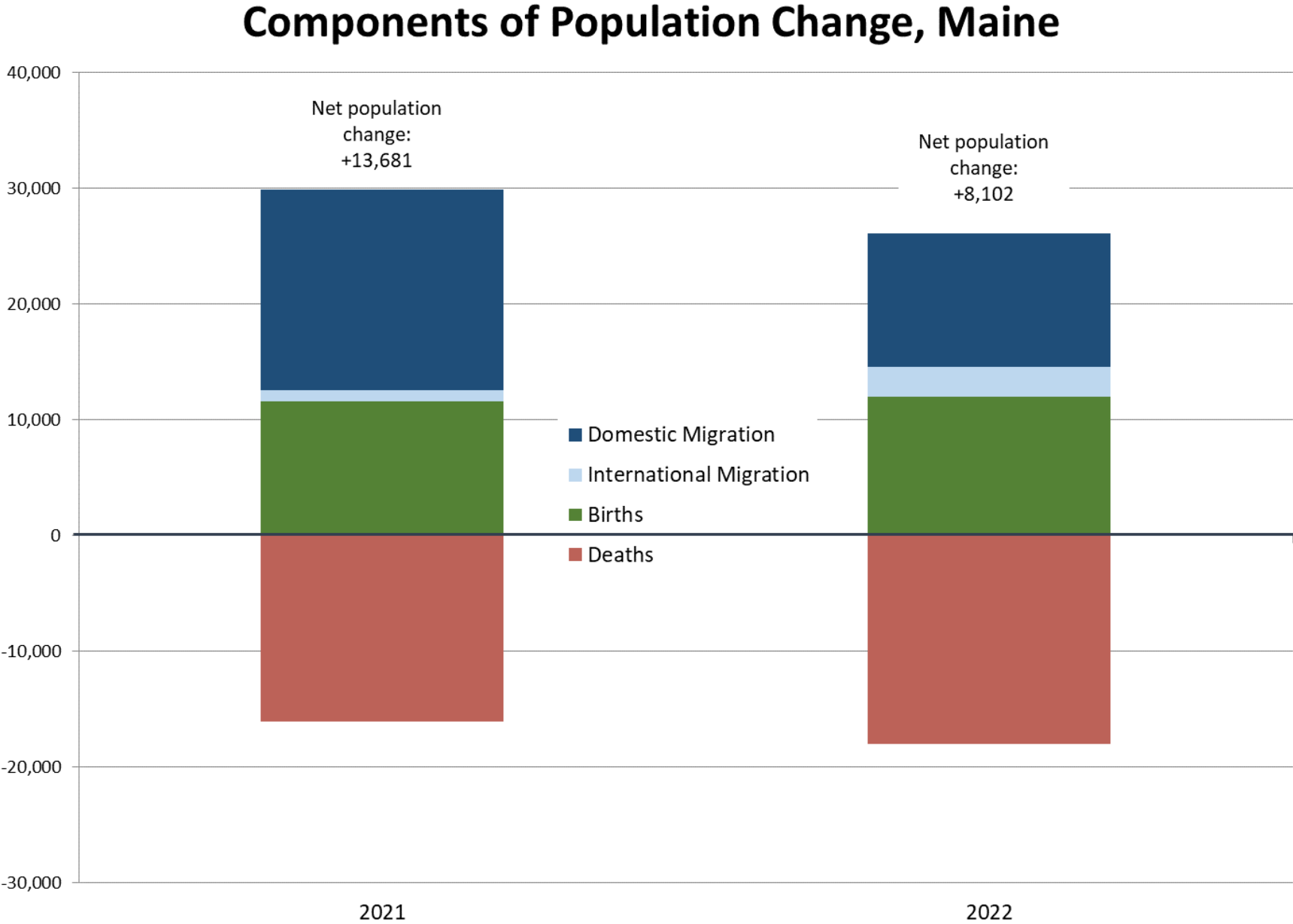


Decennial Population, Largest Municipalities (Population in 2020 > 3,000)



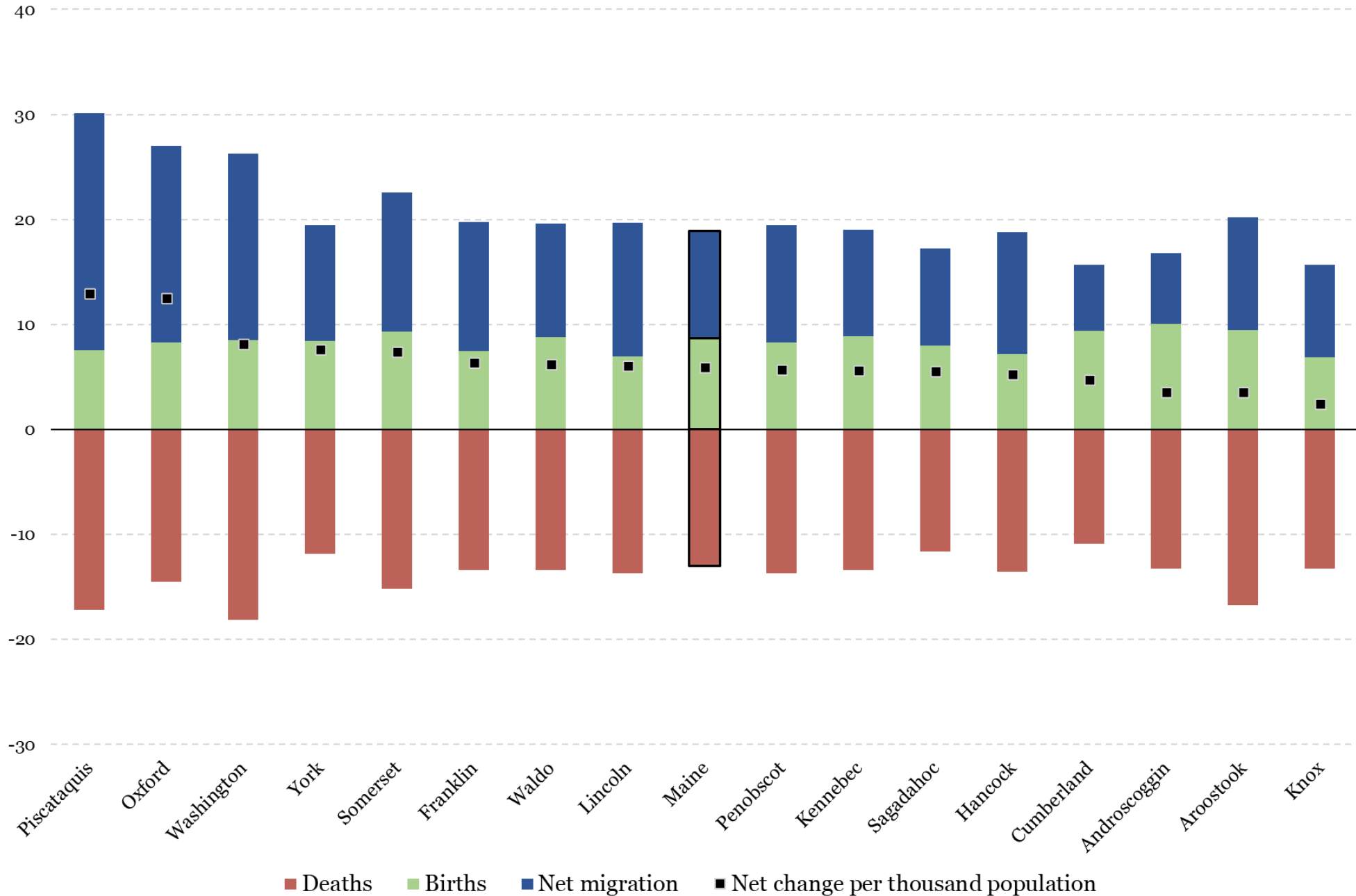
Population increase of
1.7% from 2020-2022
(14th in U.S.)

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



Components of Population Change in Maine, 2022

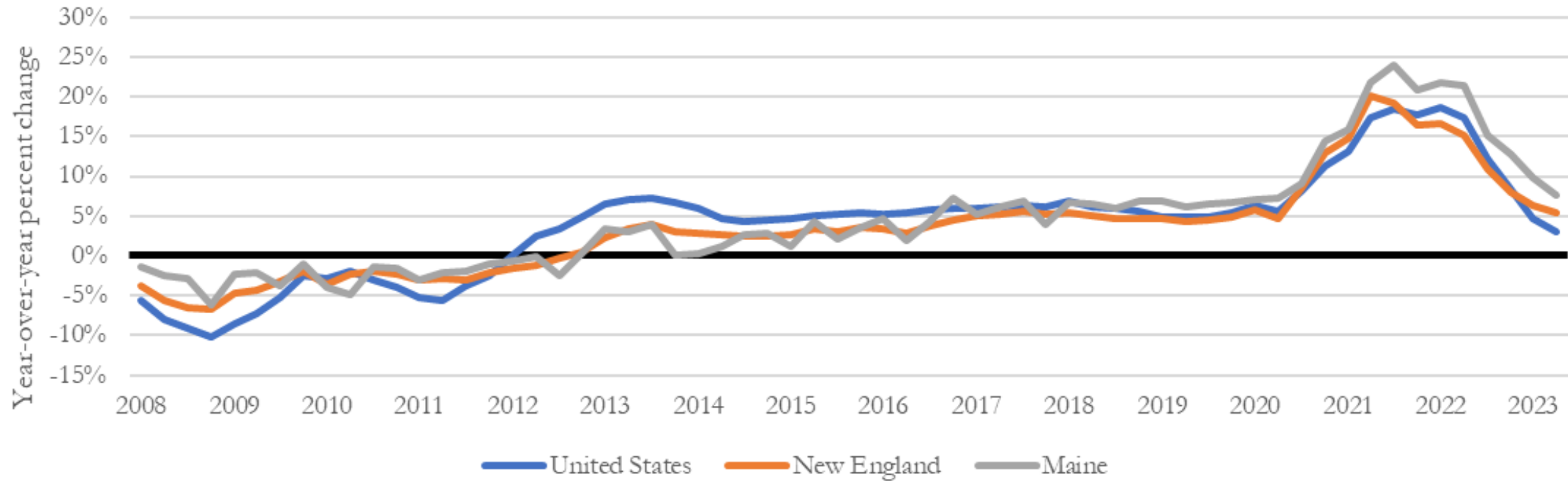
Rate per thousand population



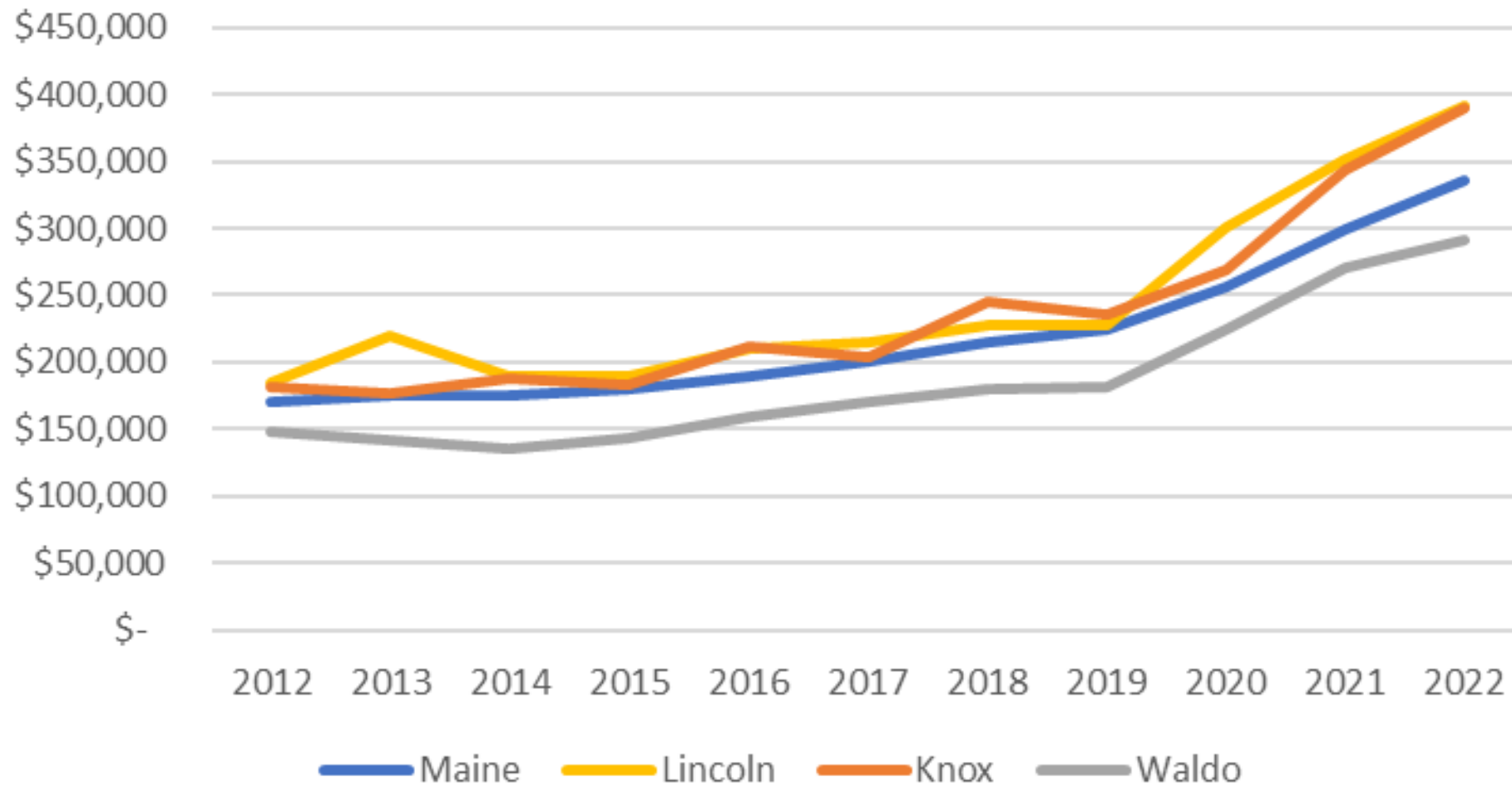
Migration into the state drove up demand for housing and further reduced the available supply



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



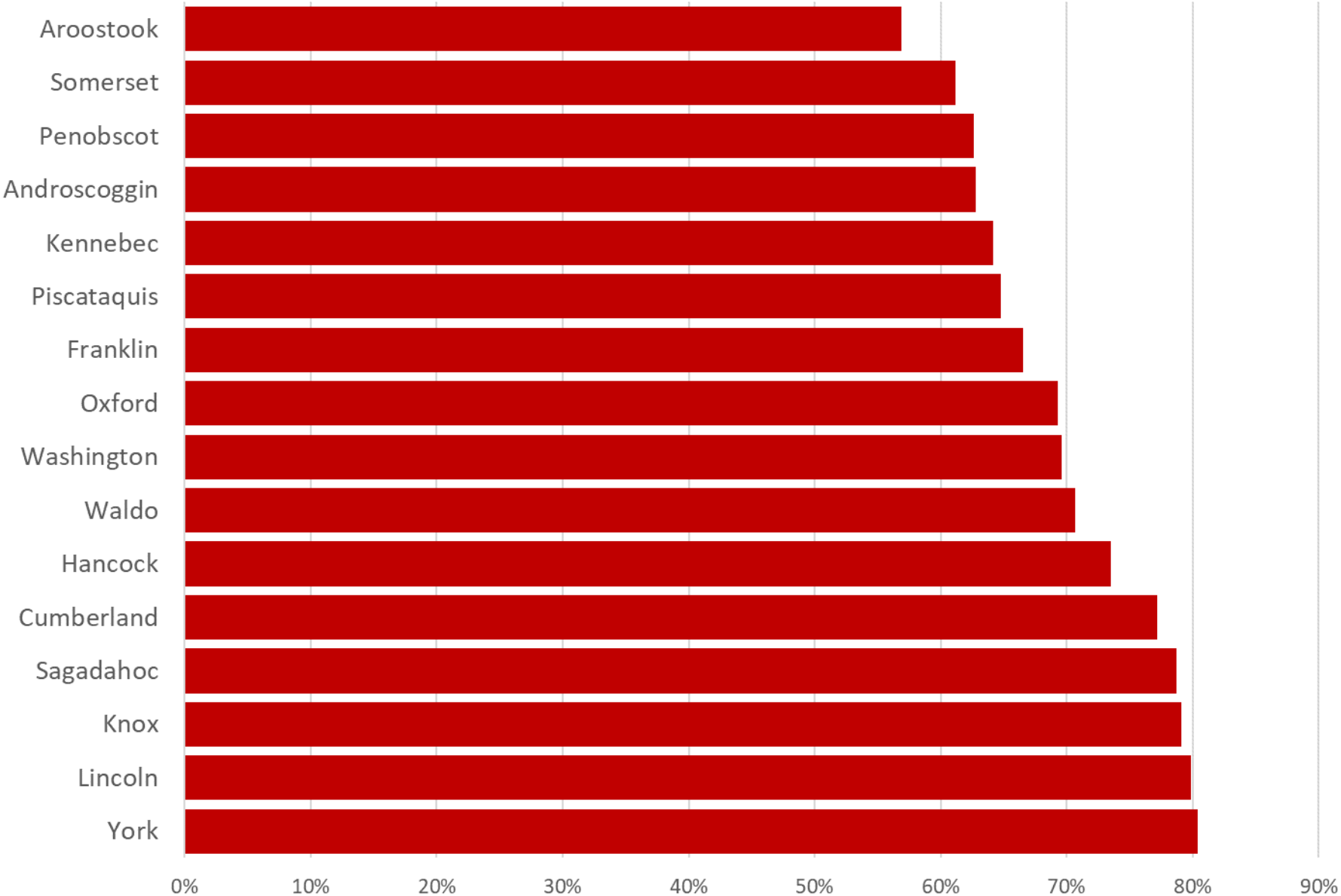
Median Home Prices, 2012-2022

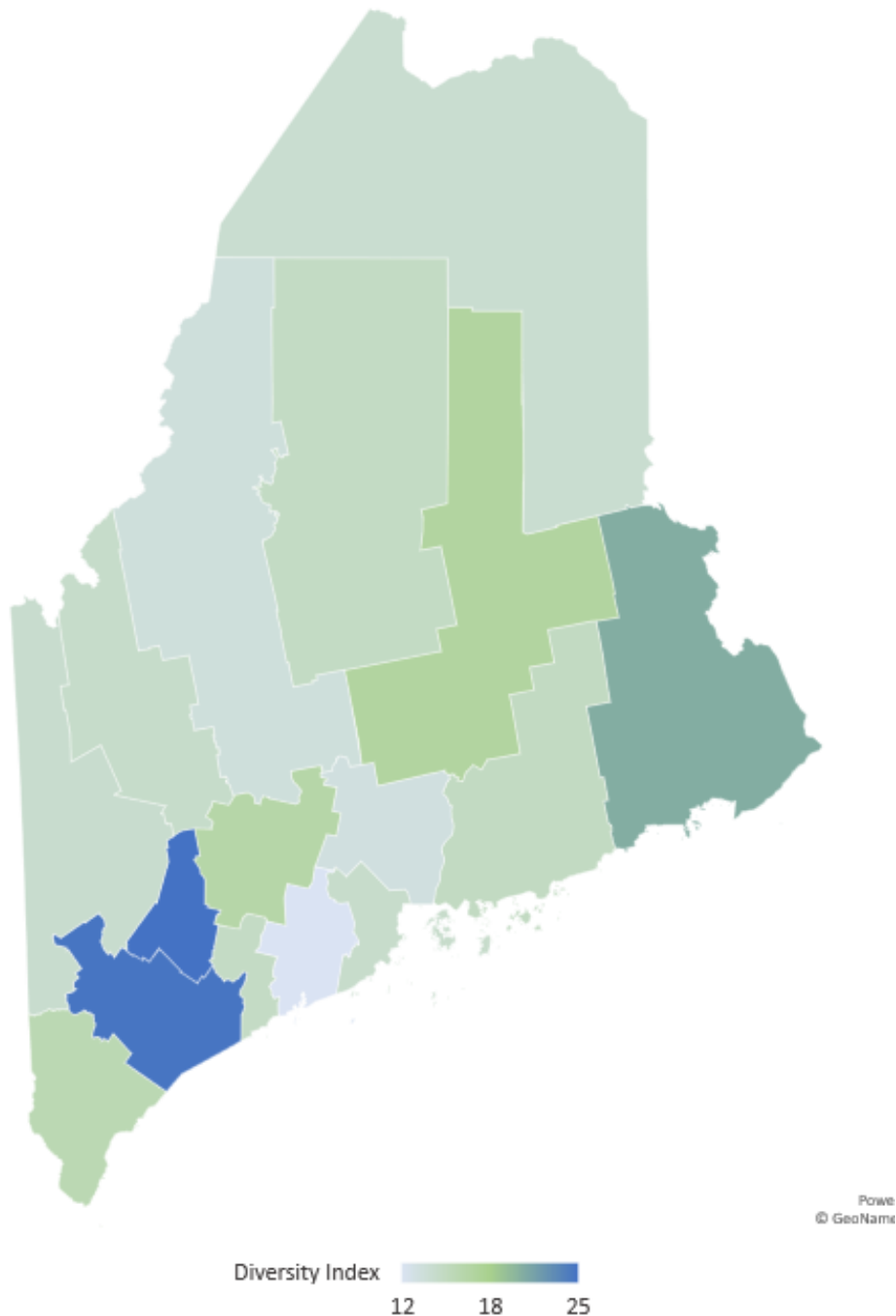


Home Sales: July 1 – September 30, 2023

Geography	No. of Units Sold	One Year Change (Units)	Median Sale Price	One Year Change (Price)
Androscoggin	272	-21.8%	\$320,000	12.3%
Aroostook	208	-23.0%	\$159,450	10.0%
Cumberland	860	-19.7%	\$550,000	10.0%
Franklin	117	-23.1%	\$255,000	5.8%
Hancock	197	-30.8%	\$425,000	15.1%
Kennebec	403	-17.2%	\$307,000	6.6%
Knox	150	-20.4%	\$452,500	11.0%
Lincoln	141	-6.8%	\$450,000	10.4%
Oxford	224	-15.6%	\$315,000	14.6%
Penobscot	451	-19.4%	\$262,500	10.9%
Piscataquis	106	-23.0%	\$207,500	2.2%
Sagadahoc	129	0.0%	\$400,000	11.1%
Somerset	148	-7.2%	\$209,500	4.8%
Waldo	120	-30.5%	\$349,500	16.5%
Washington	117	-26.4%	\$220,000	0.0%
York	614	-24.0%	\$485,000	5.4%
Maine	4257	-21.8%	\$375,000	10.3%

Percent of Households Unable to Afford Median Home, 2022

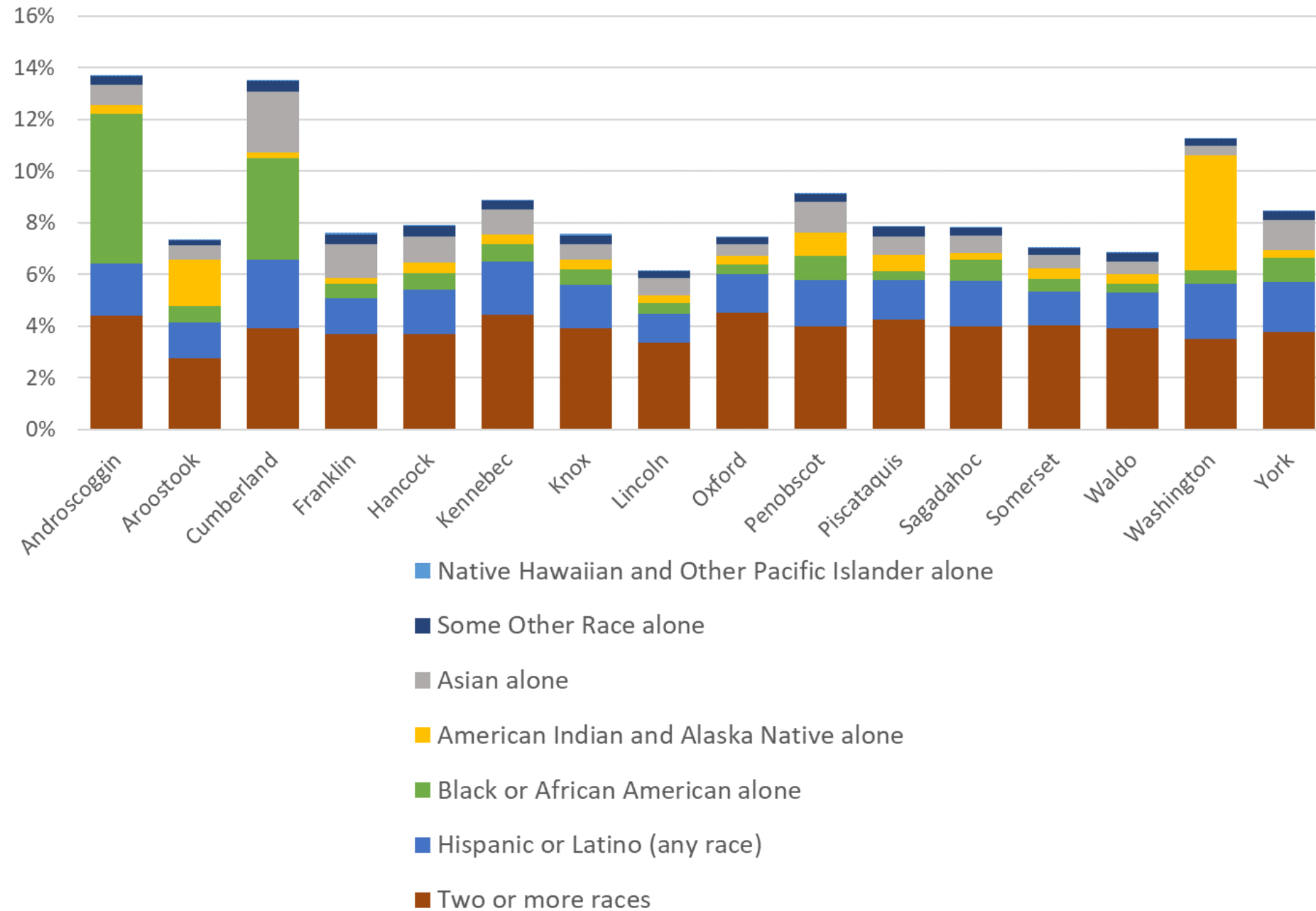




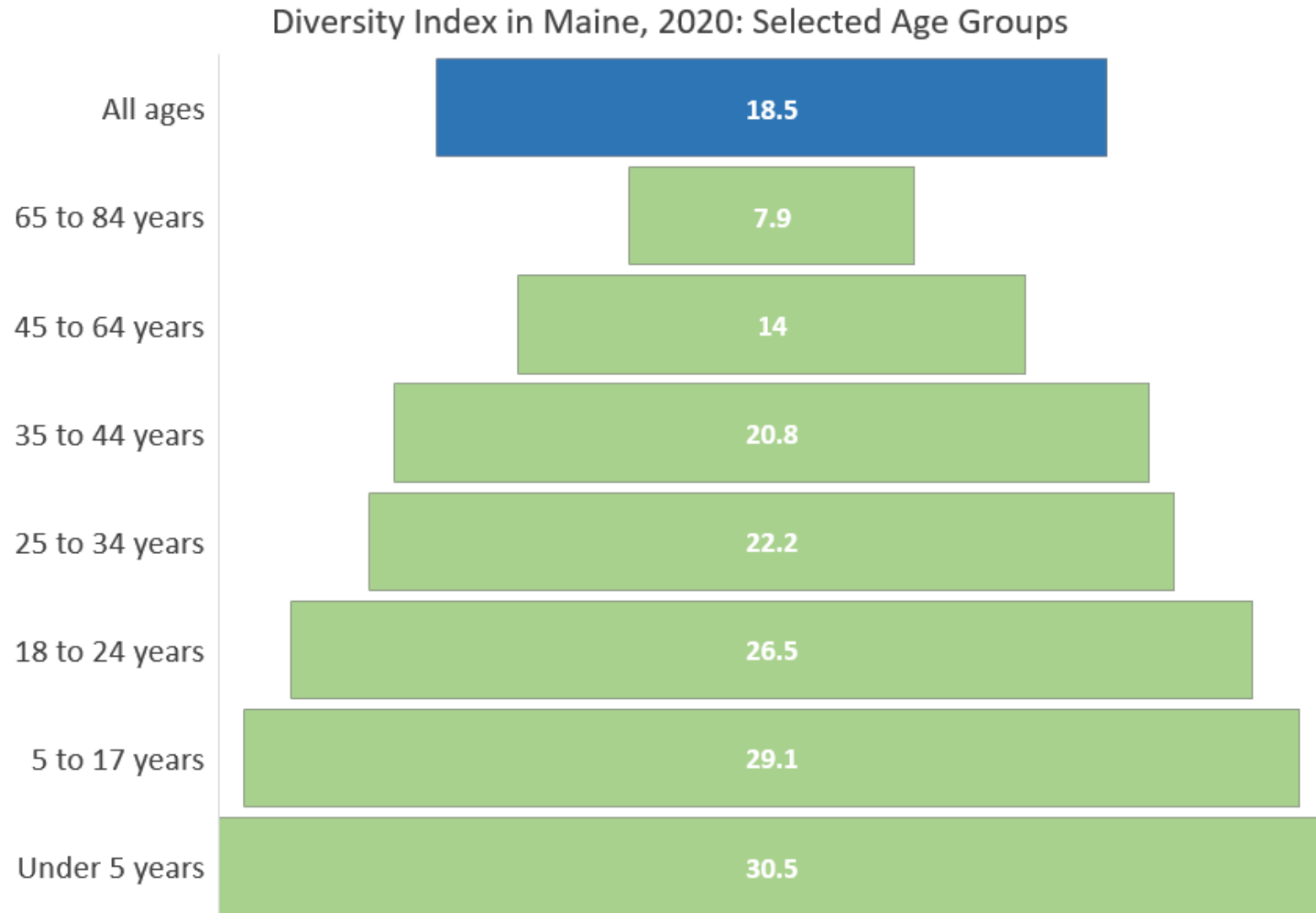
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

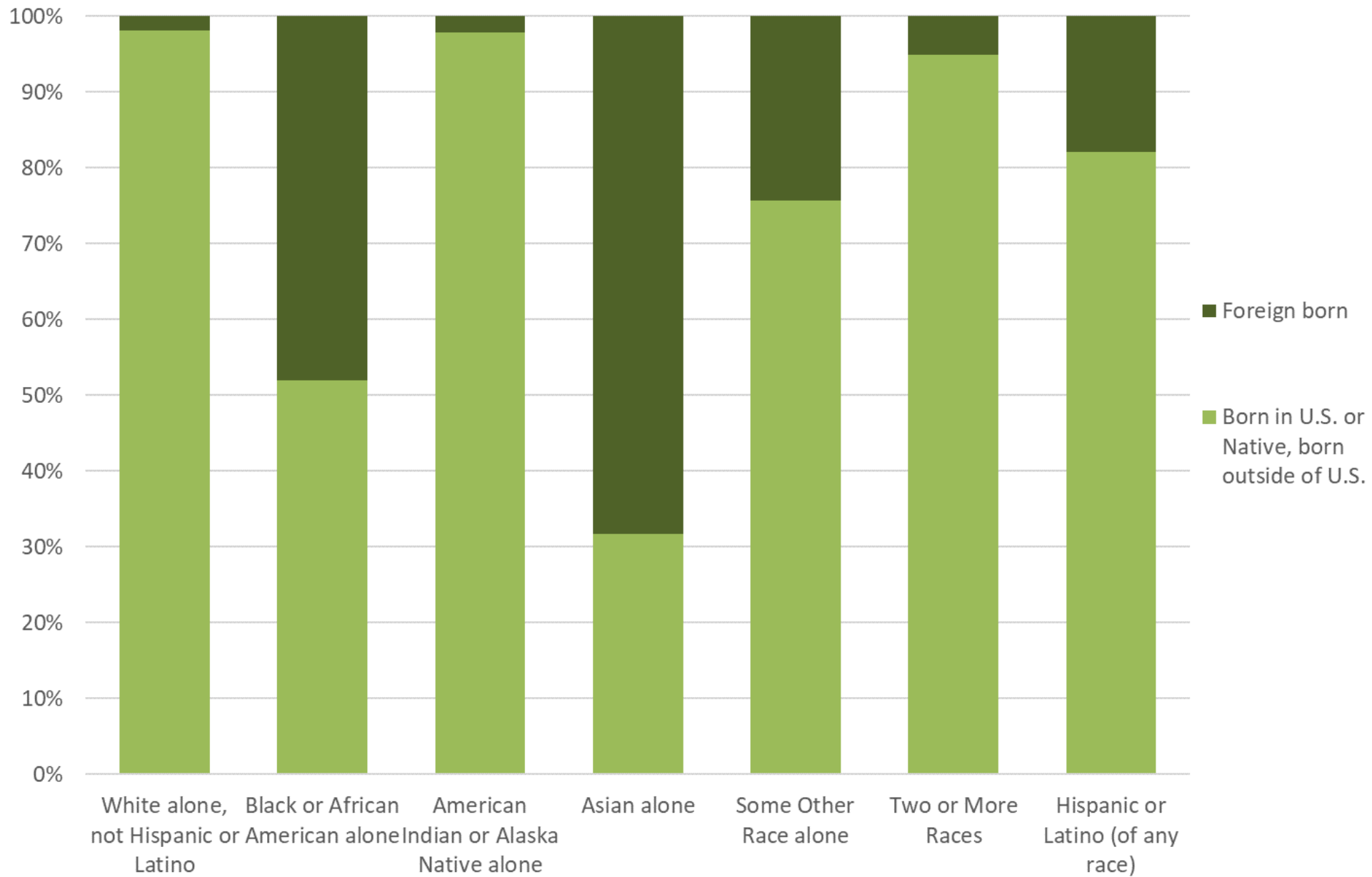


Younger generations in Maine are more diverse than older generations



Race &/or ethnicity
is not the same as
place of birth

Share of Maine Population by Region of Birth for Race/Ethnicity

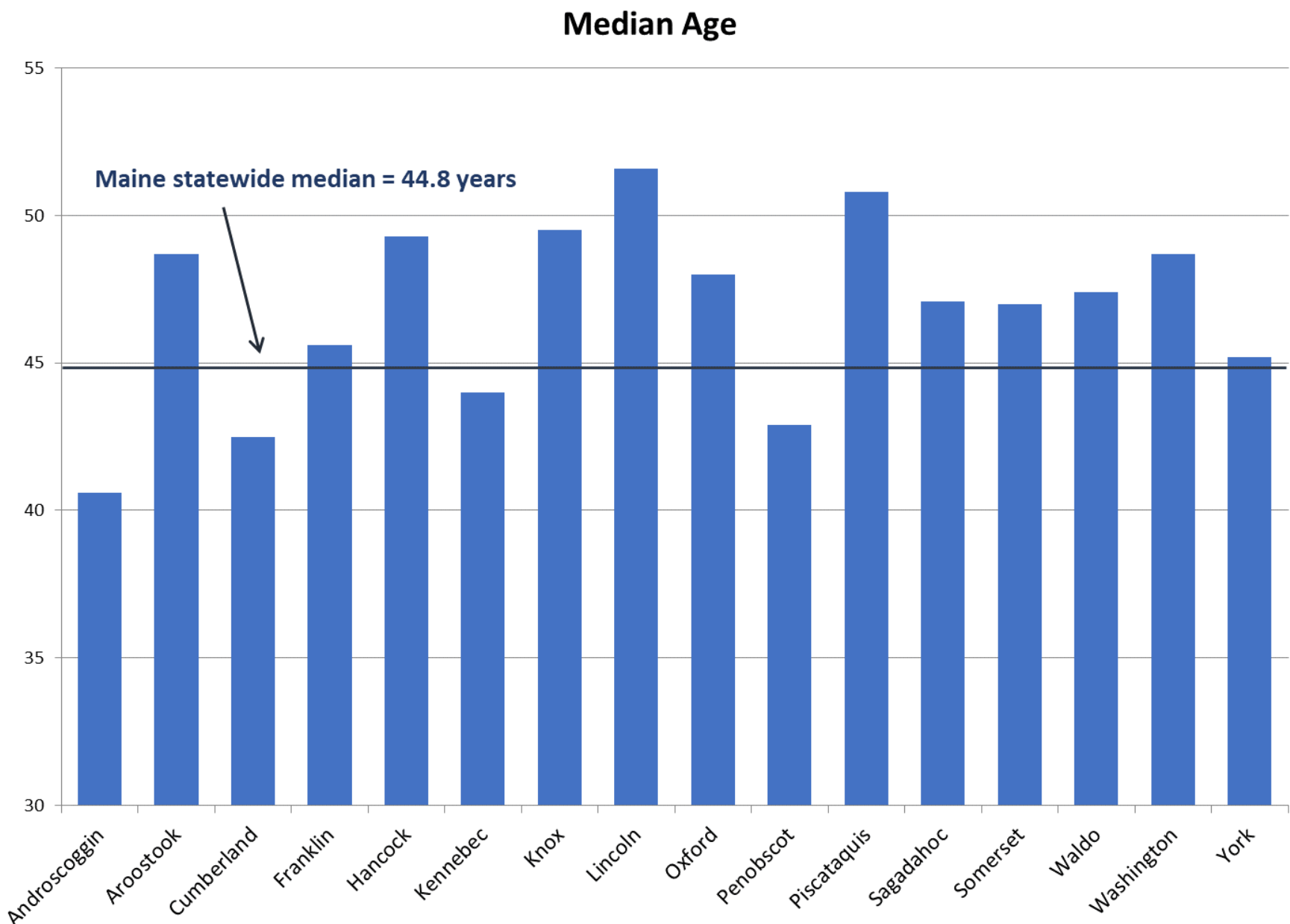


Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (22.5%)

BUT!

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

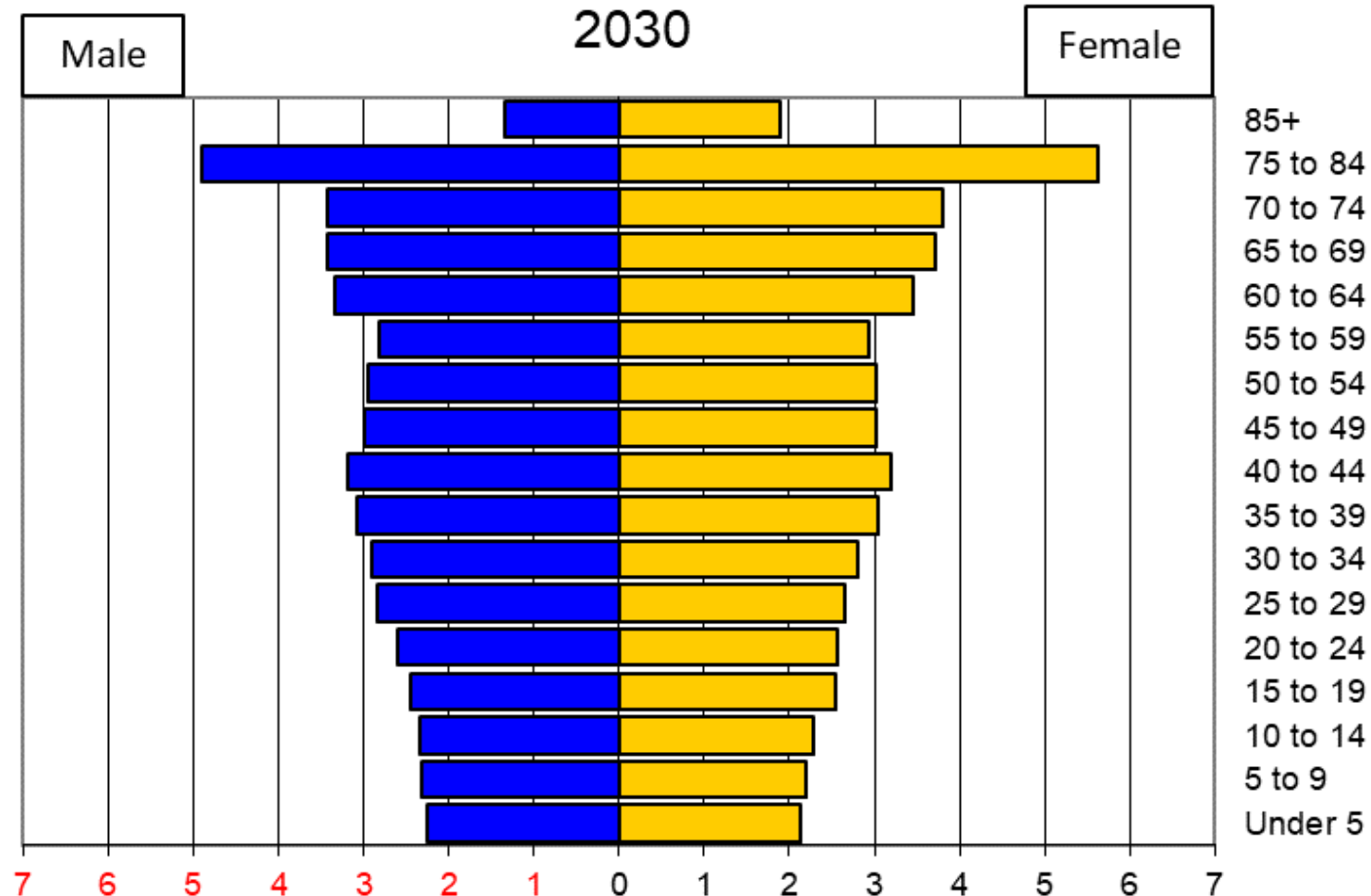
...and was one of only
four states to not see an
increase from 2021 to
2022



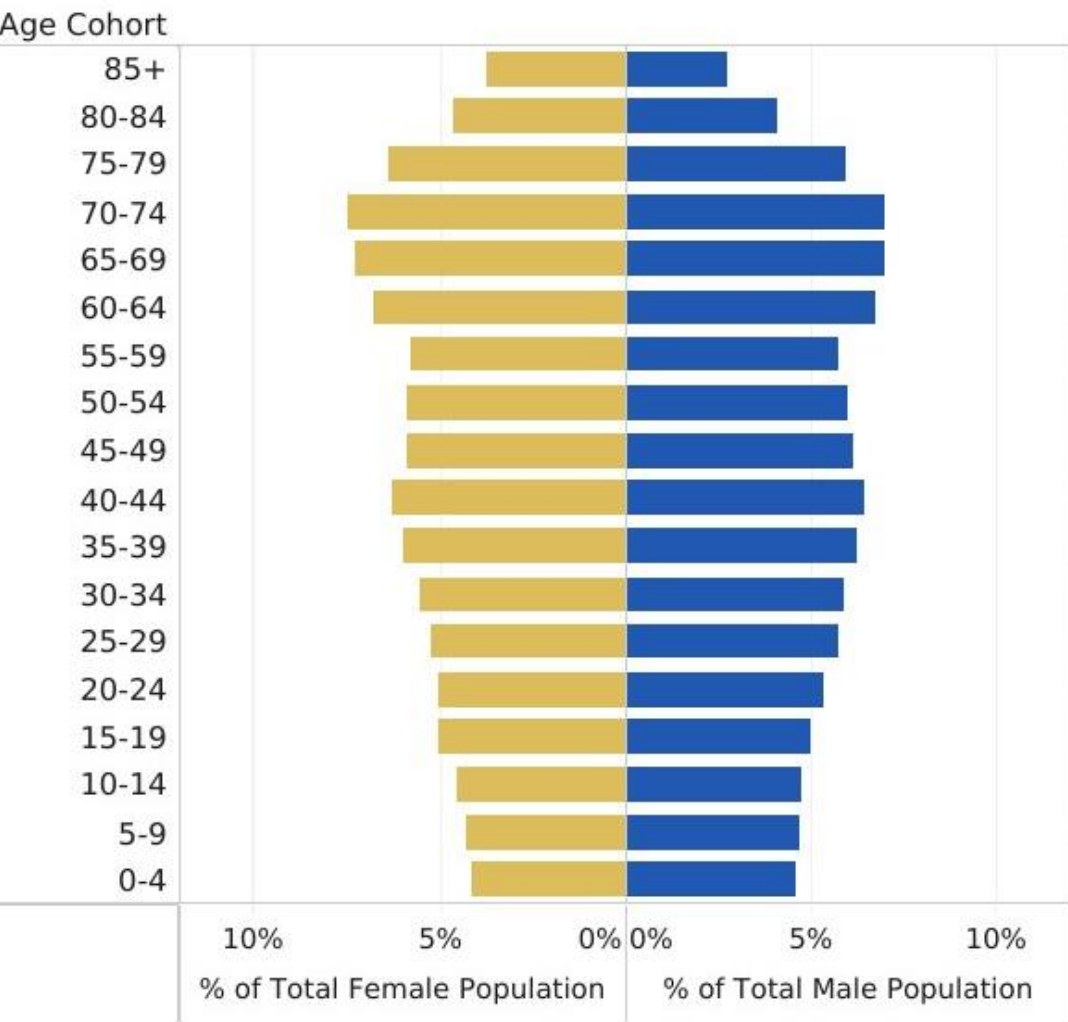
The Baby Boom: 1946-1964

Baby Boom
generation in
2030: age 66-84

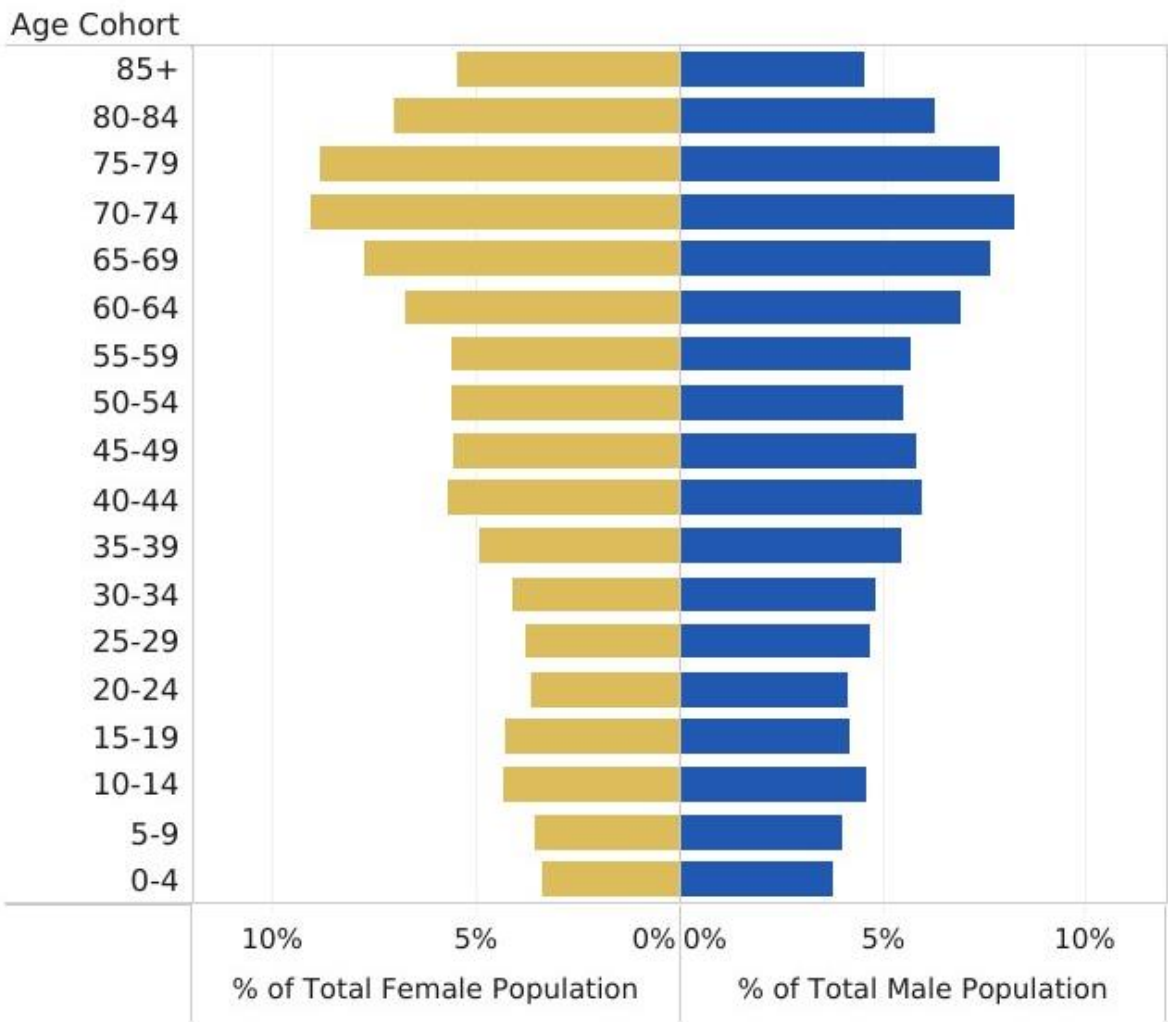
Baby Boom
generation in
2022: age 58-76



Maine, 2030, Projected Population



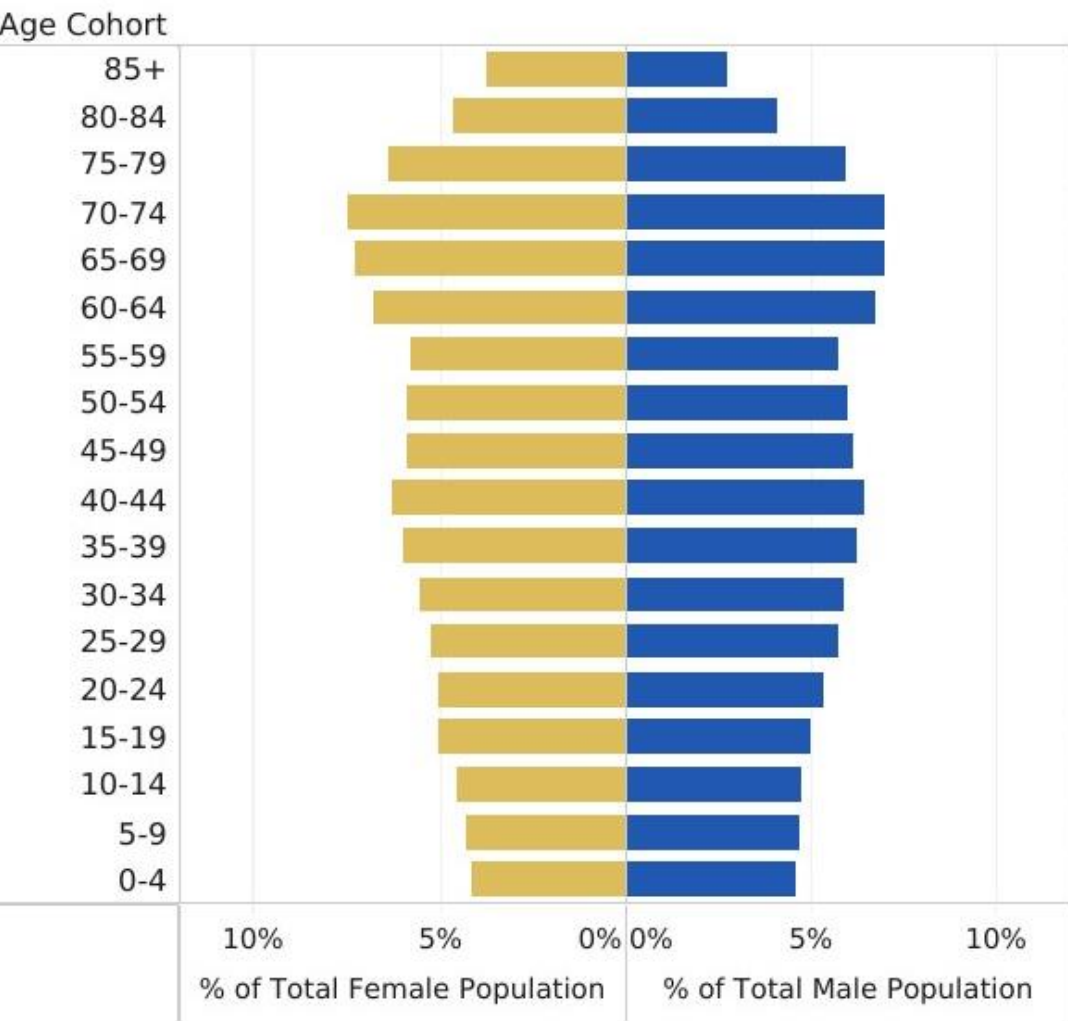
Lincoln County, 2030, Projected Population



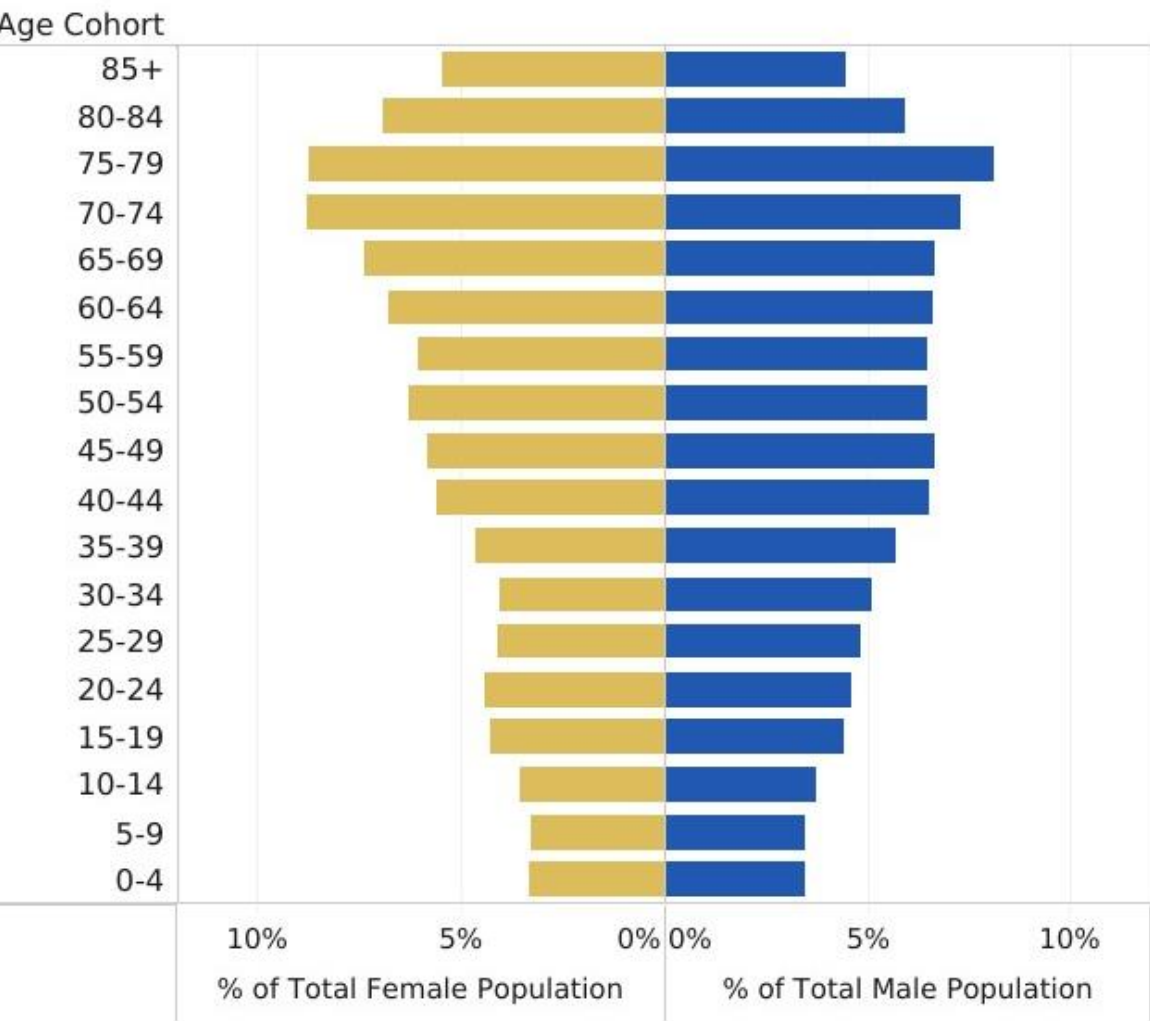
Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

[Click to view methodology & report \(PDF\)](#)

Maine, 2030, Projected Population



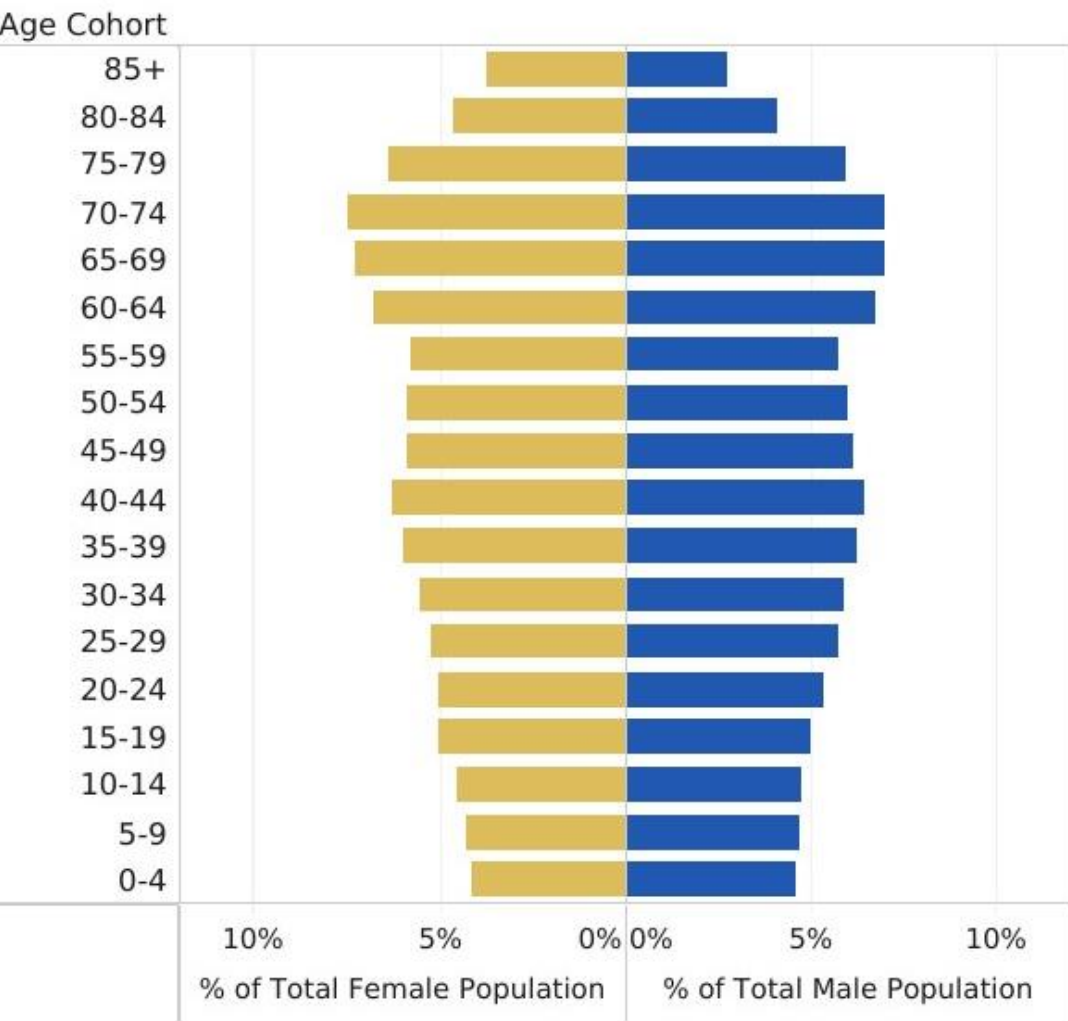
Knox County, 2030, Projected Population



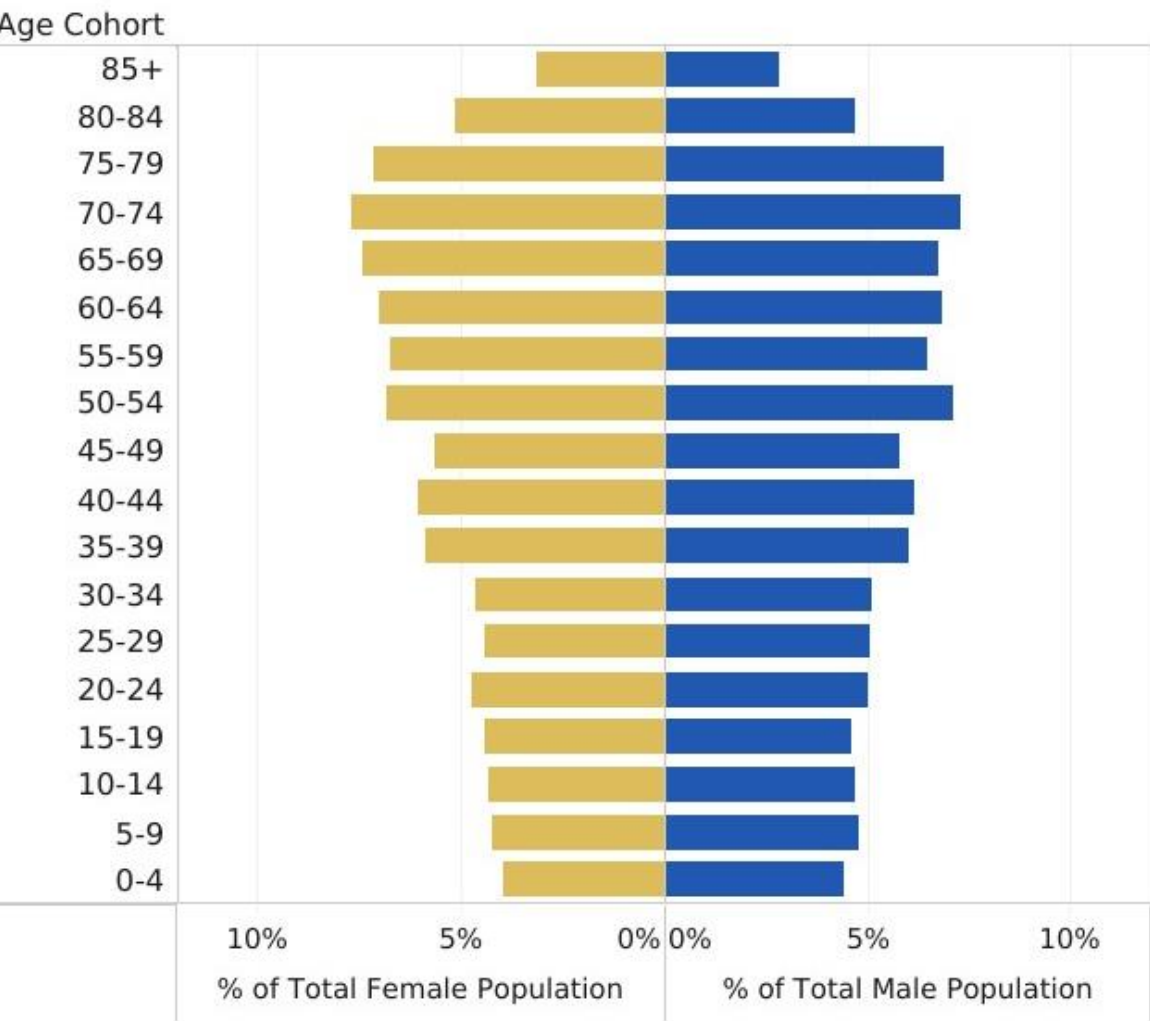
Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

[Click to view methodology & report \(PDF\)](#)

Maine, 2030, Projected Population



Waldo County, 2030, Projected Population

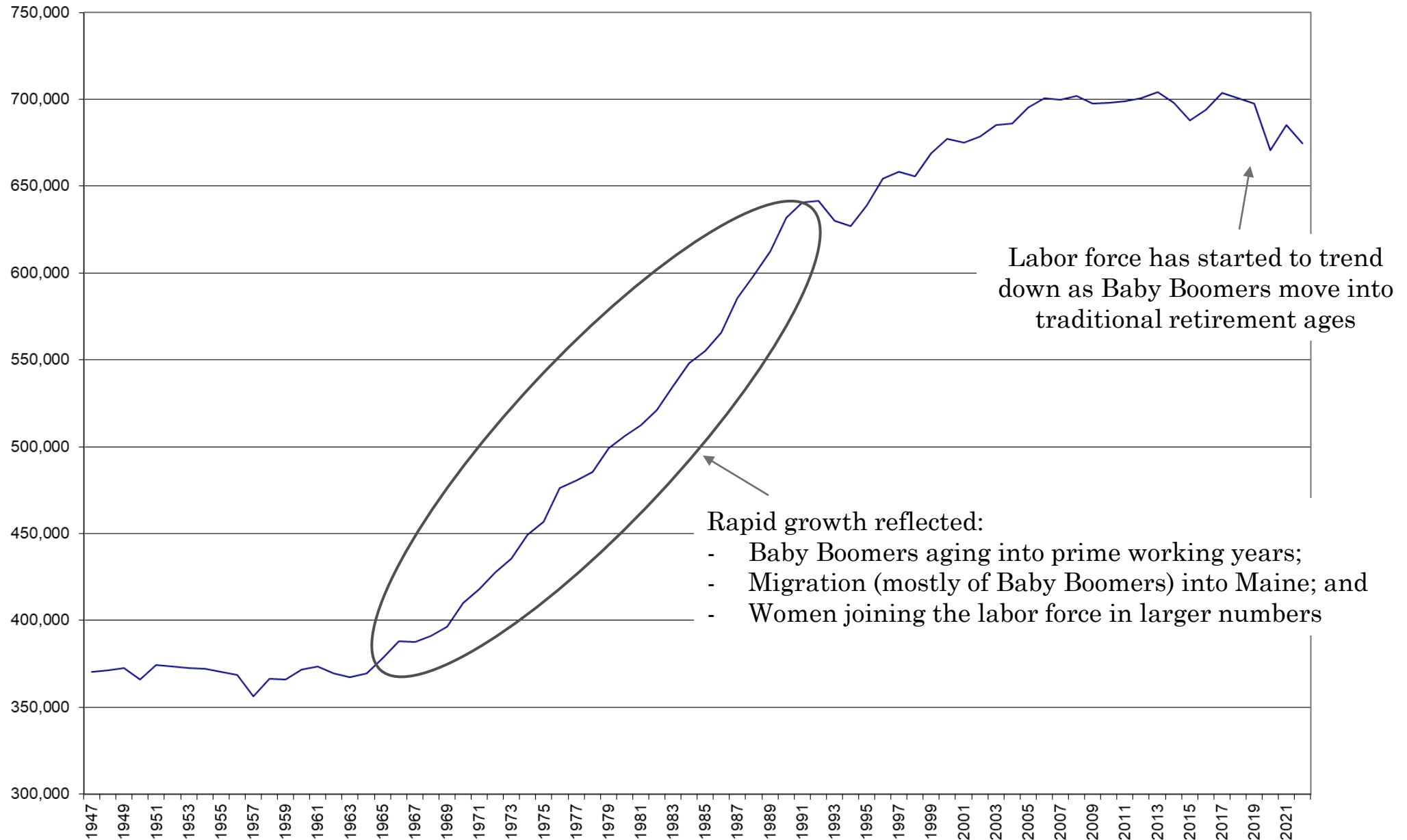


Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

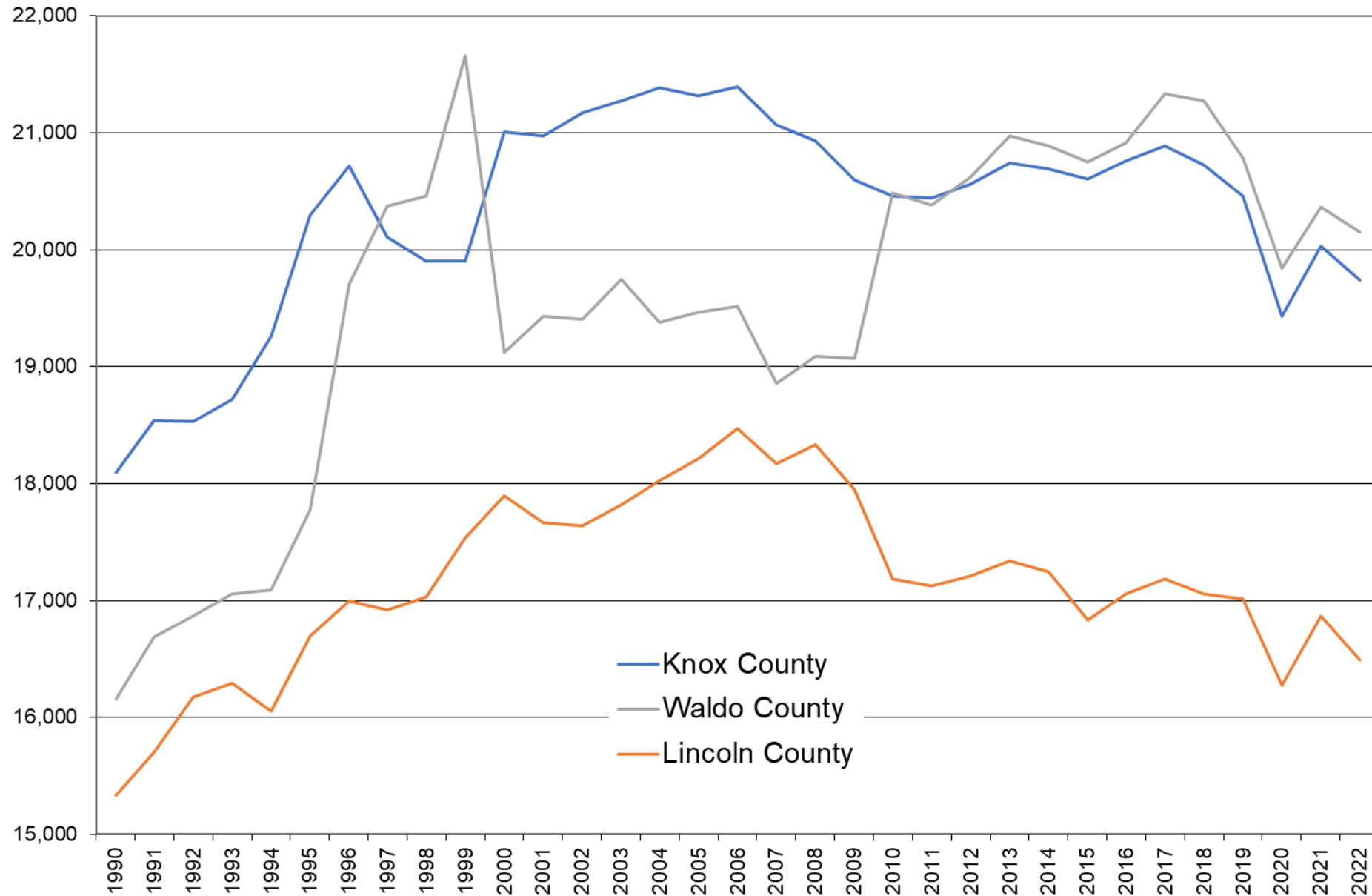
[Click to view methodology & report \(PDF\)](#)

Workforce and Employment

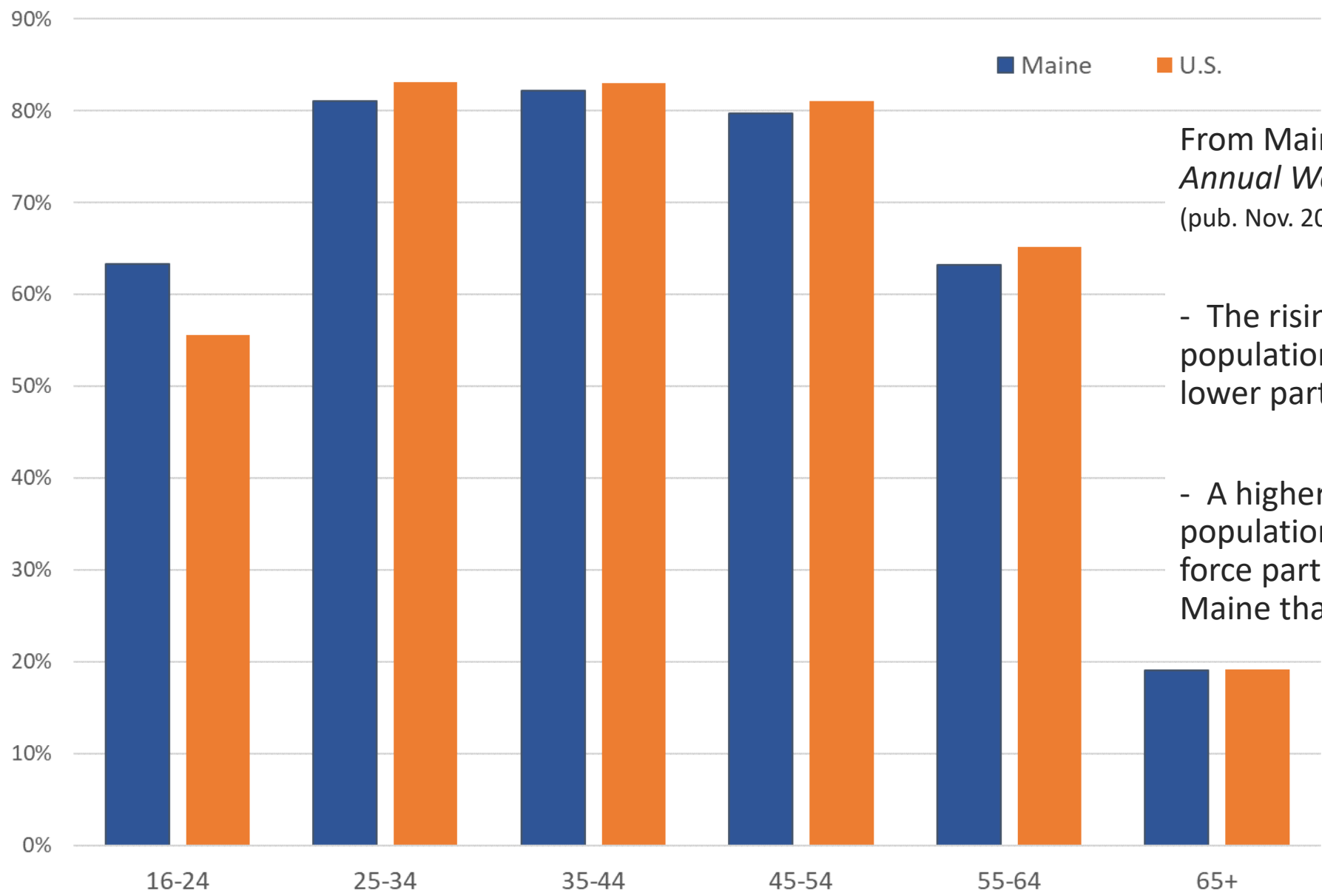
Maine Civilian Labor Force



Midcoast Region 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

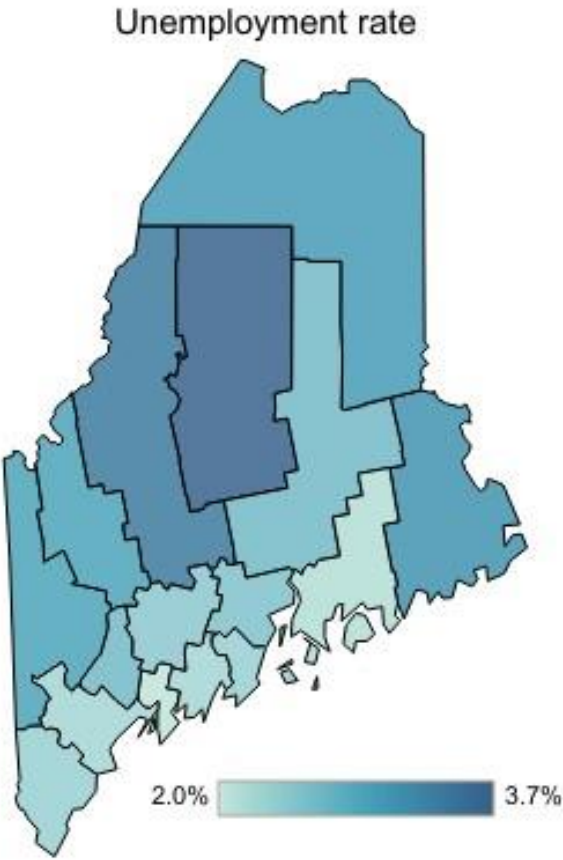
Maine’s 2.7% unemployment rate in September 2023 was close to recent record lows, with the slight rise coming from an increase in labor force participation, and was below the U.S. rate of 3.8%

County Rates (not seasonally adjusted)

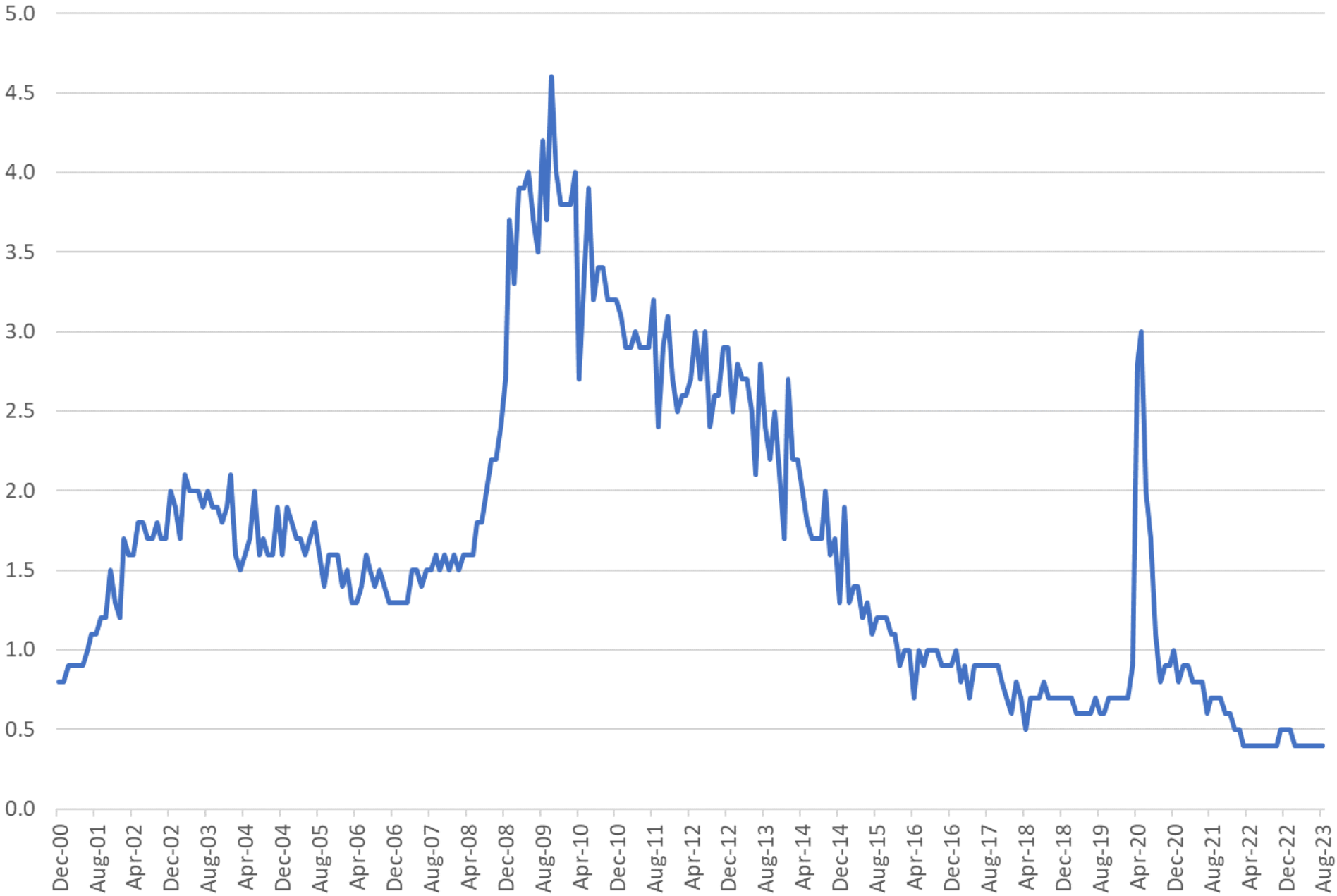
September, 2023

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

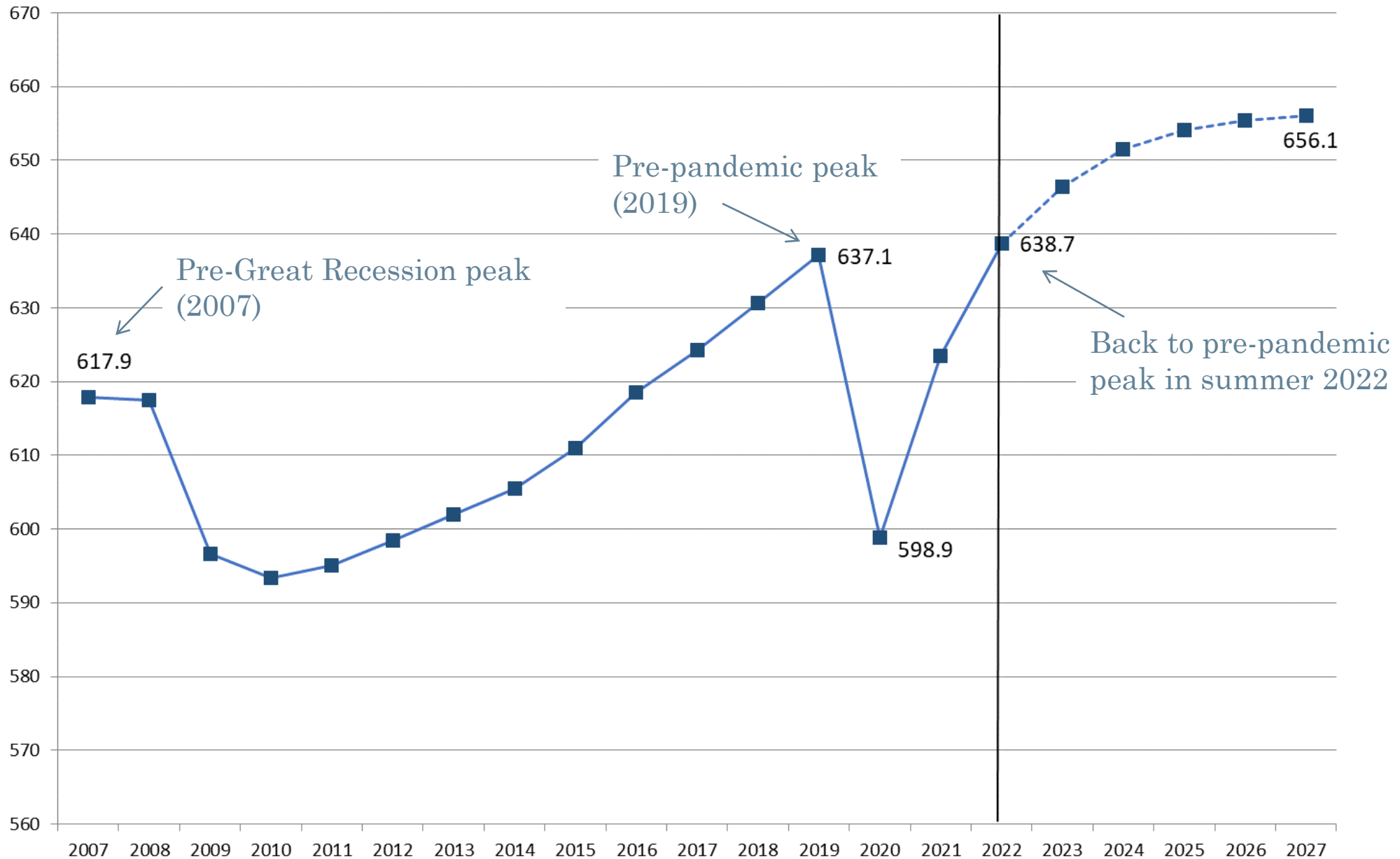
- Table
- Graph
- Map/Graph Display
- Unemployment rate
- One-year change



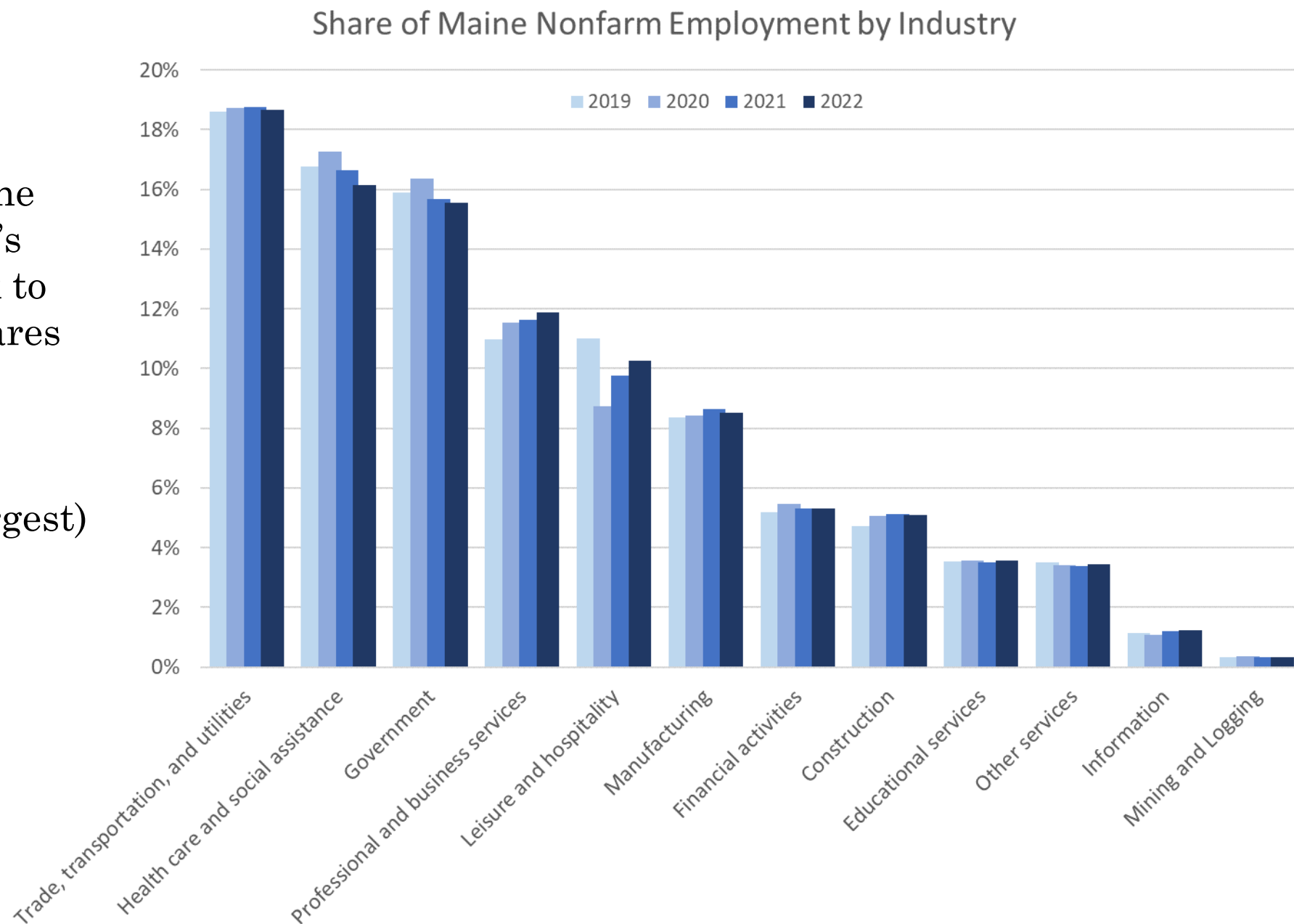
Unemployed Persons per Job Opening Ratio - Maine



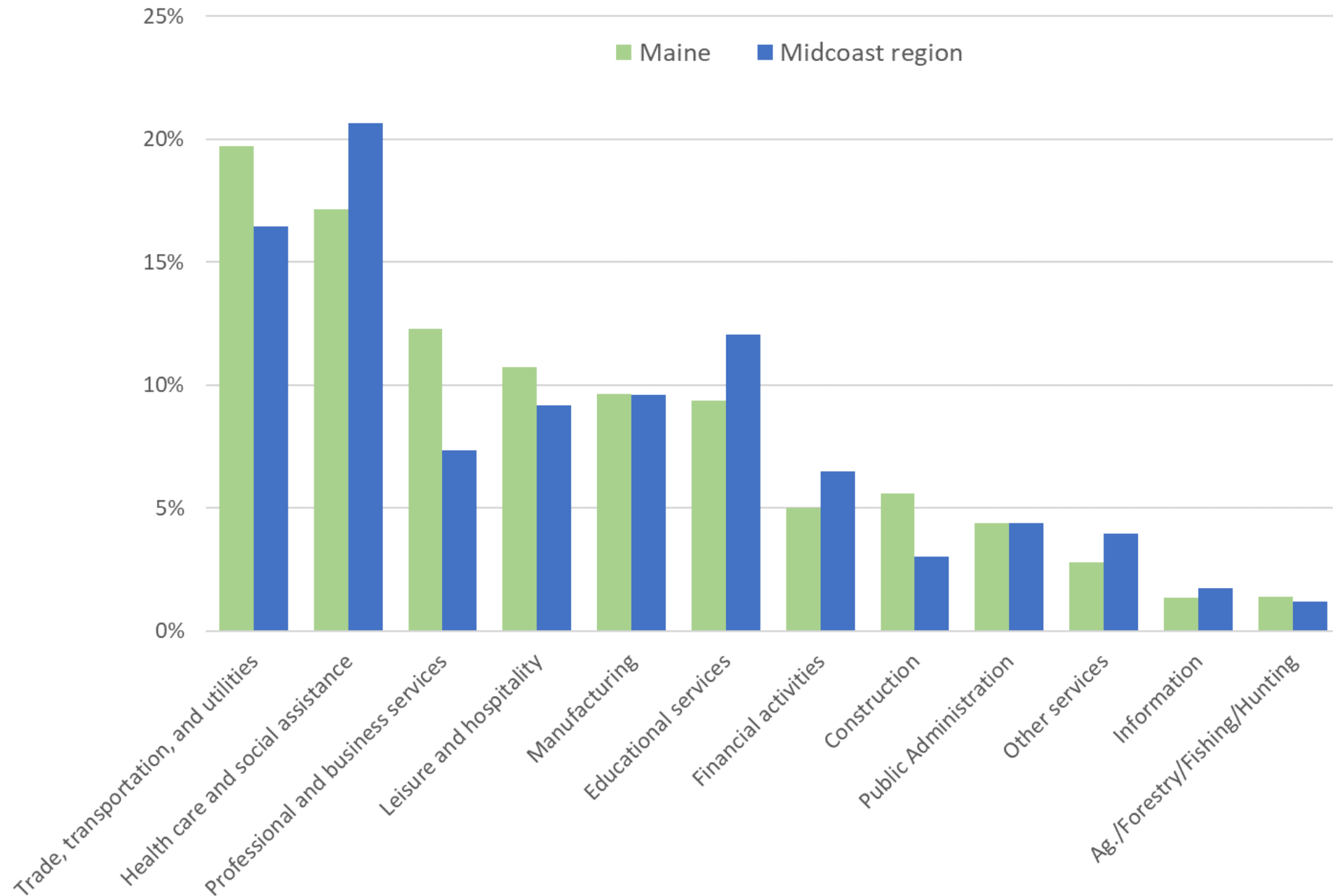
Total Nonfarm Employment (in thousands) History and CEFC forecast



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)

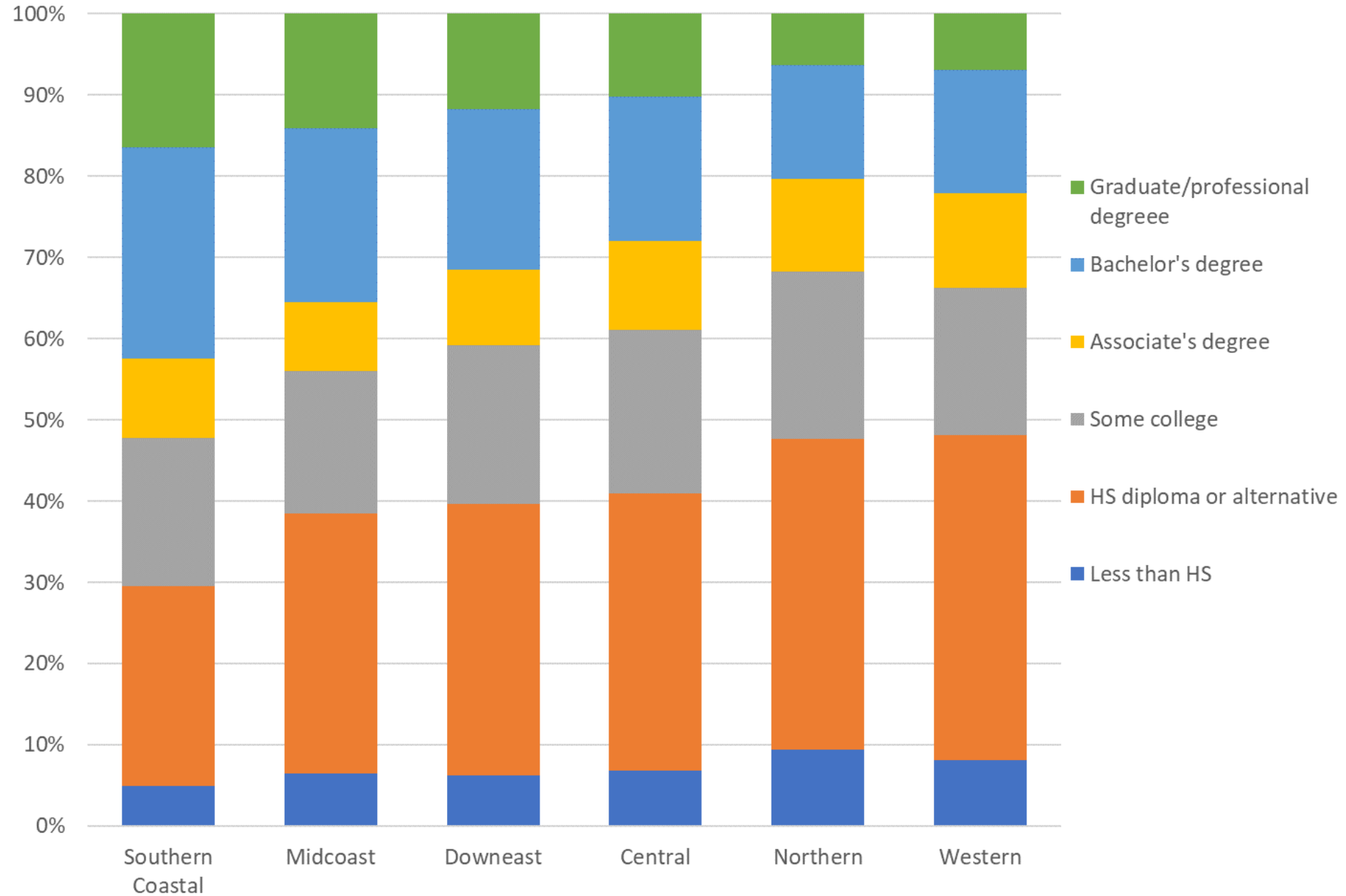


Share of 2022 Employment by Industry

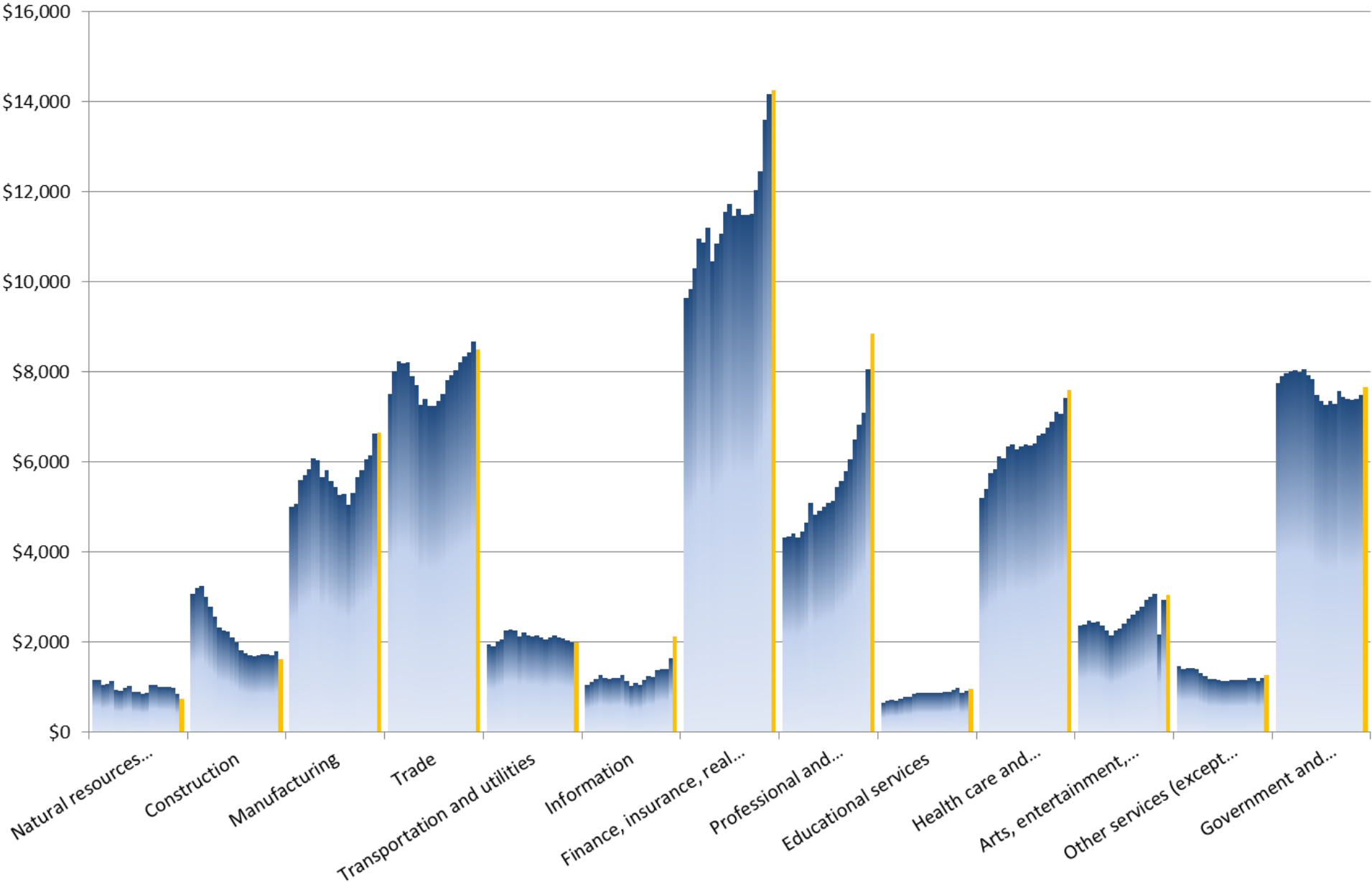


Note: Data for finance and insurance and management of companies and enterprises are suppressed for Waldo County

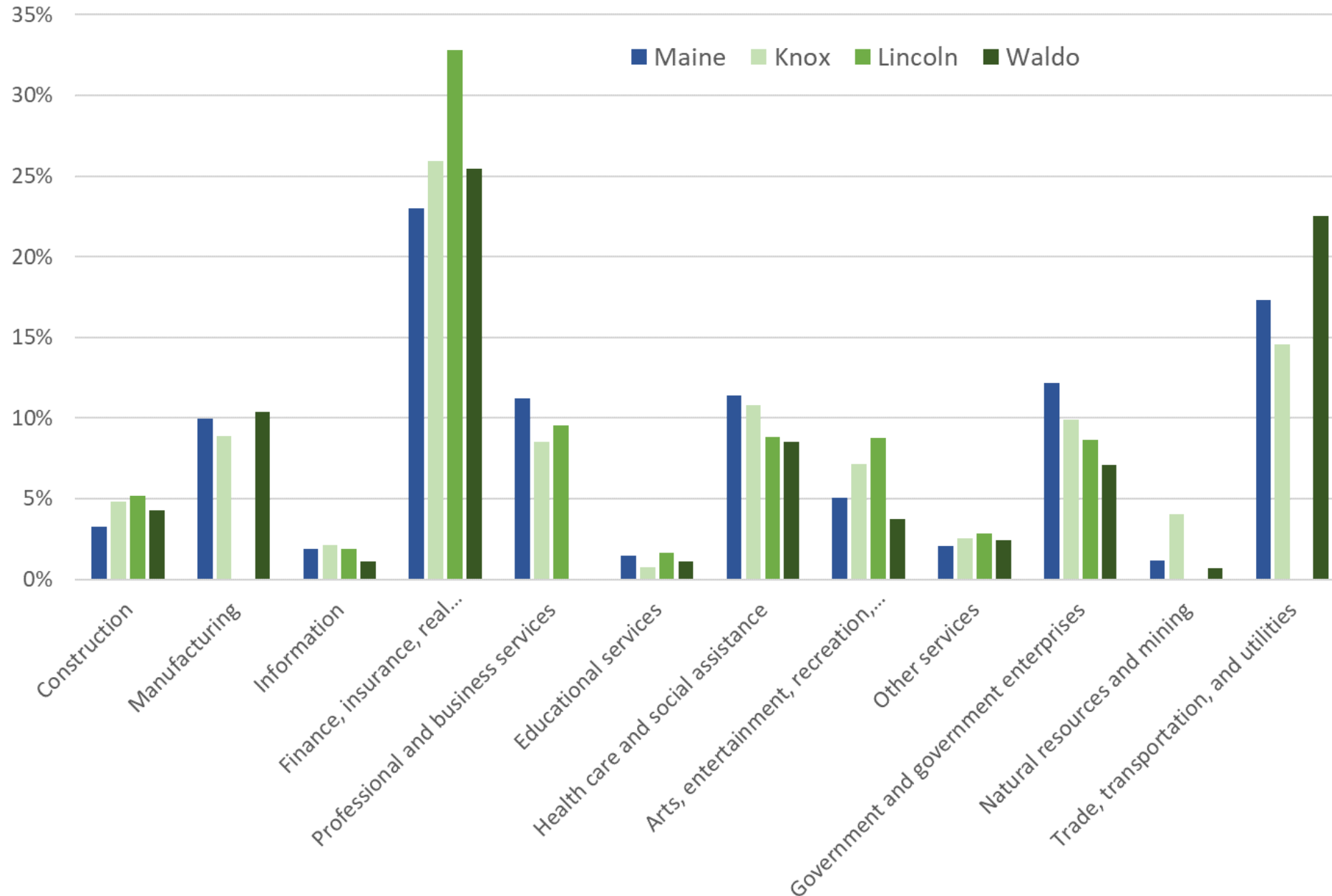
Educational Attainment of Population Age 25+ by Region



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

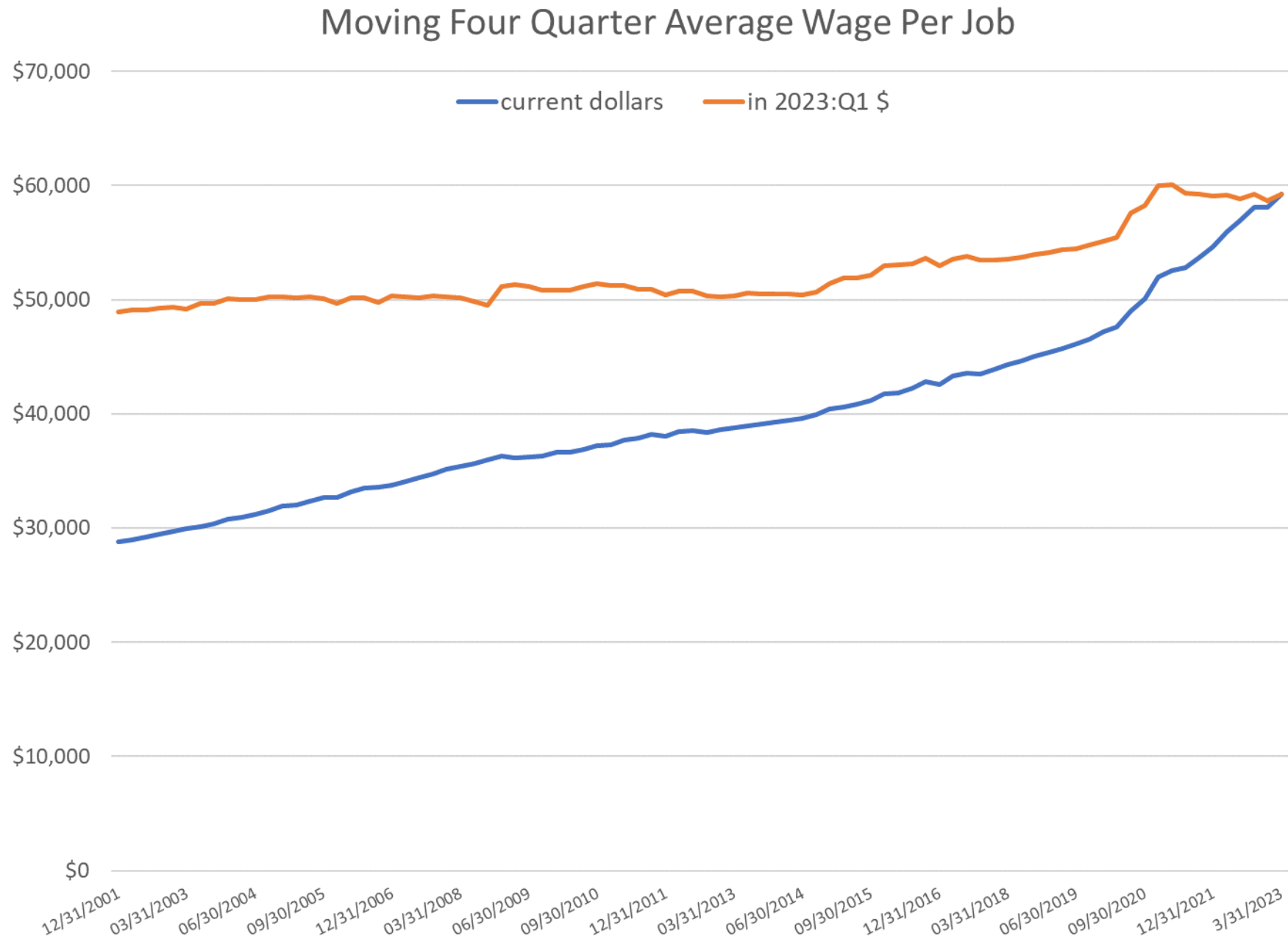


Share of Total Gross Domestic Product by Industry, 2021

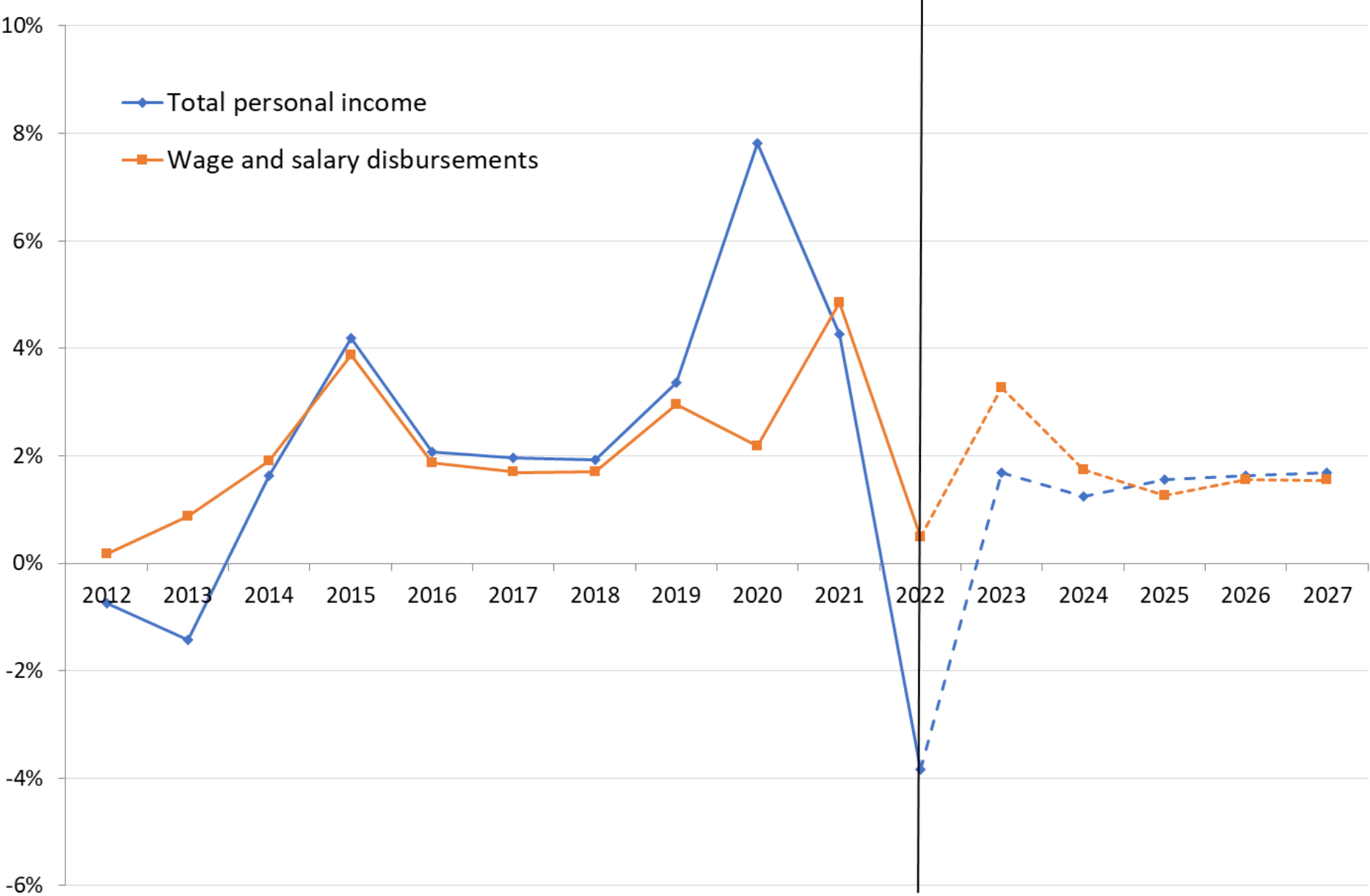


Wages, Income, and Inflation

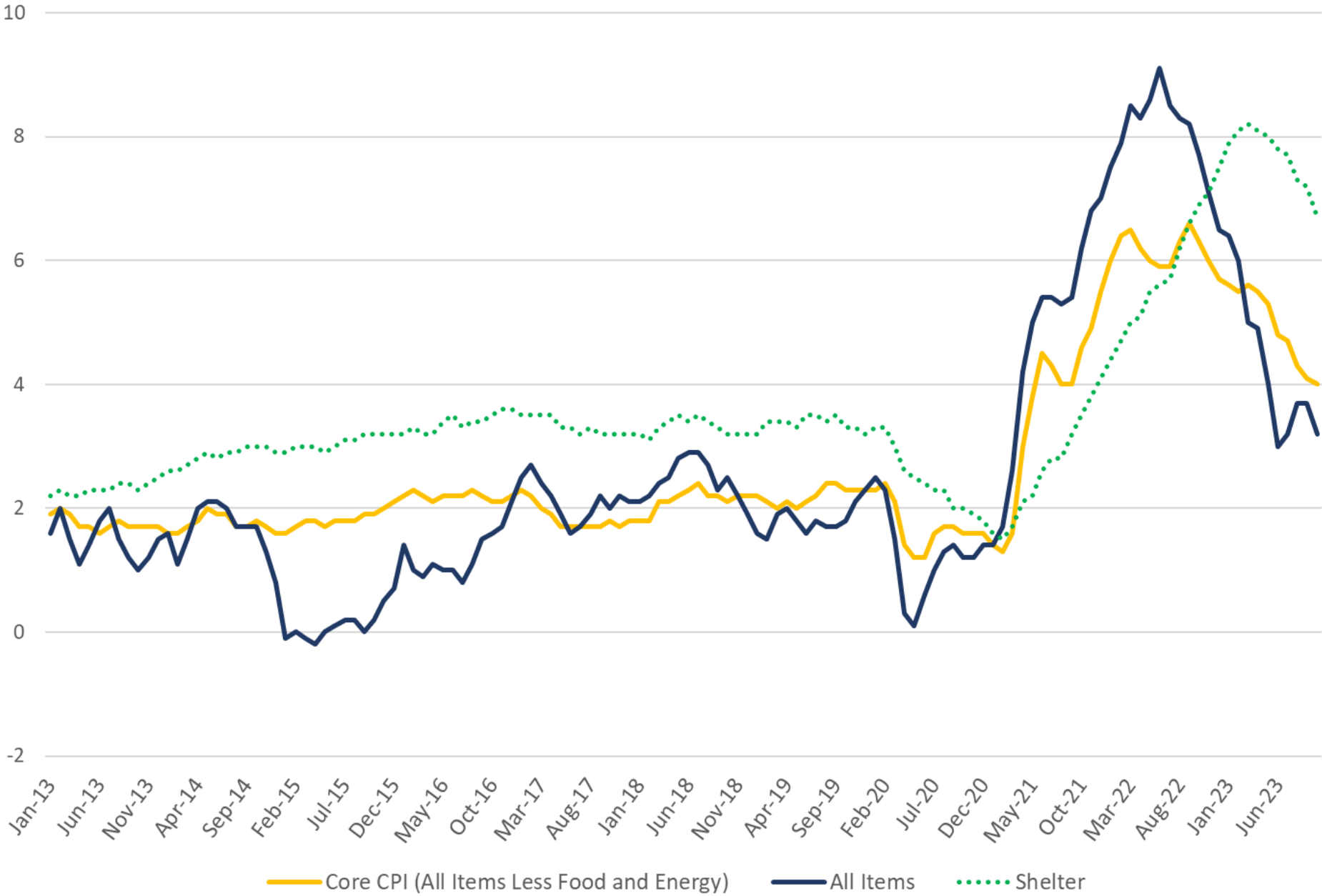
Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains



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)

Daily Europe Brent Spot Price (\$ per barrel)

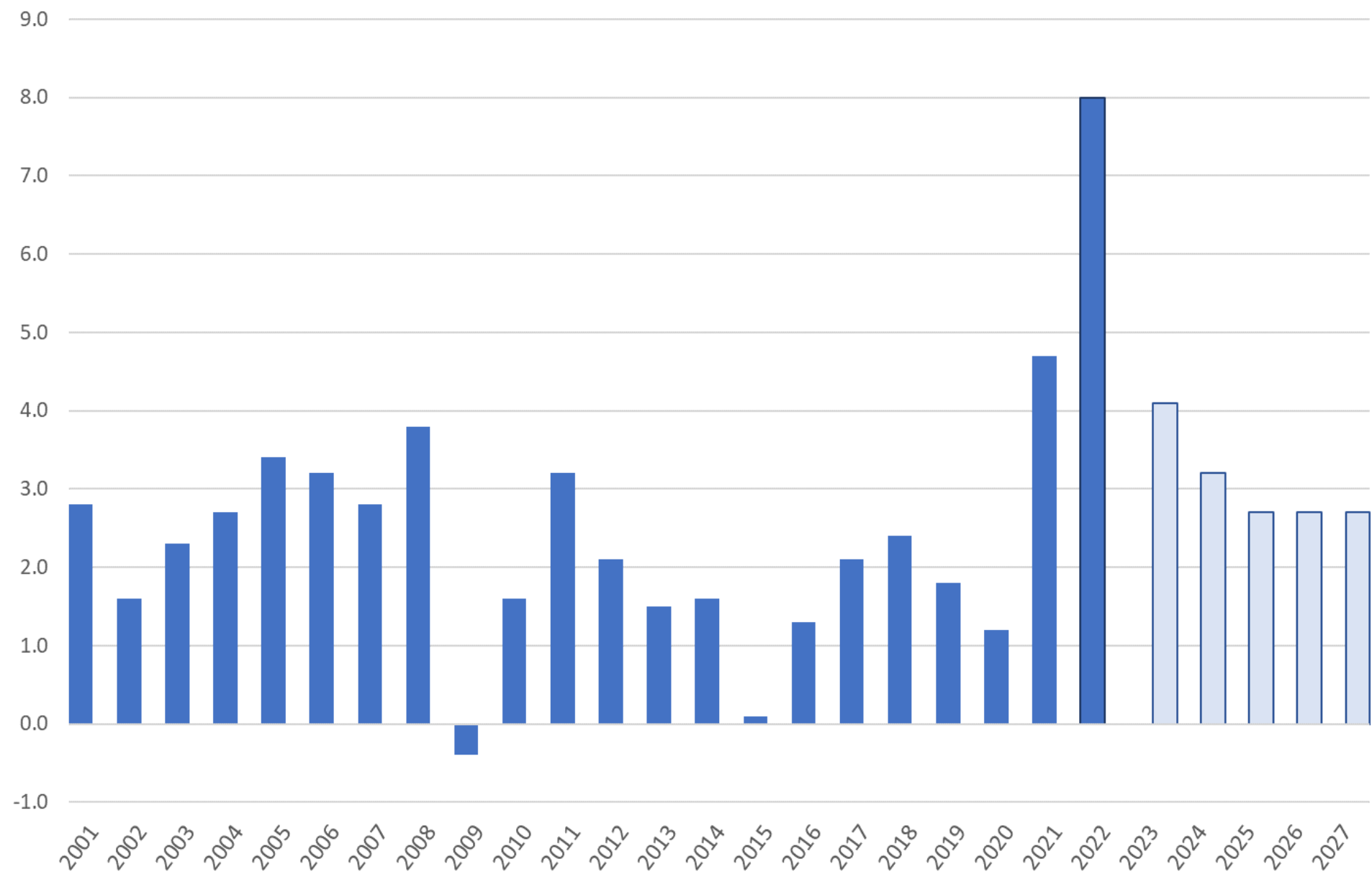


What does
this mean
for interest
rates?

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

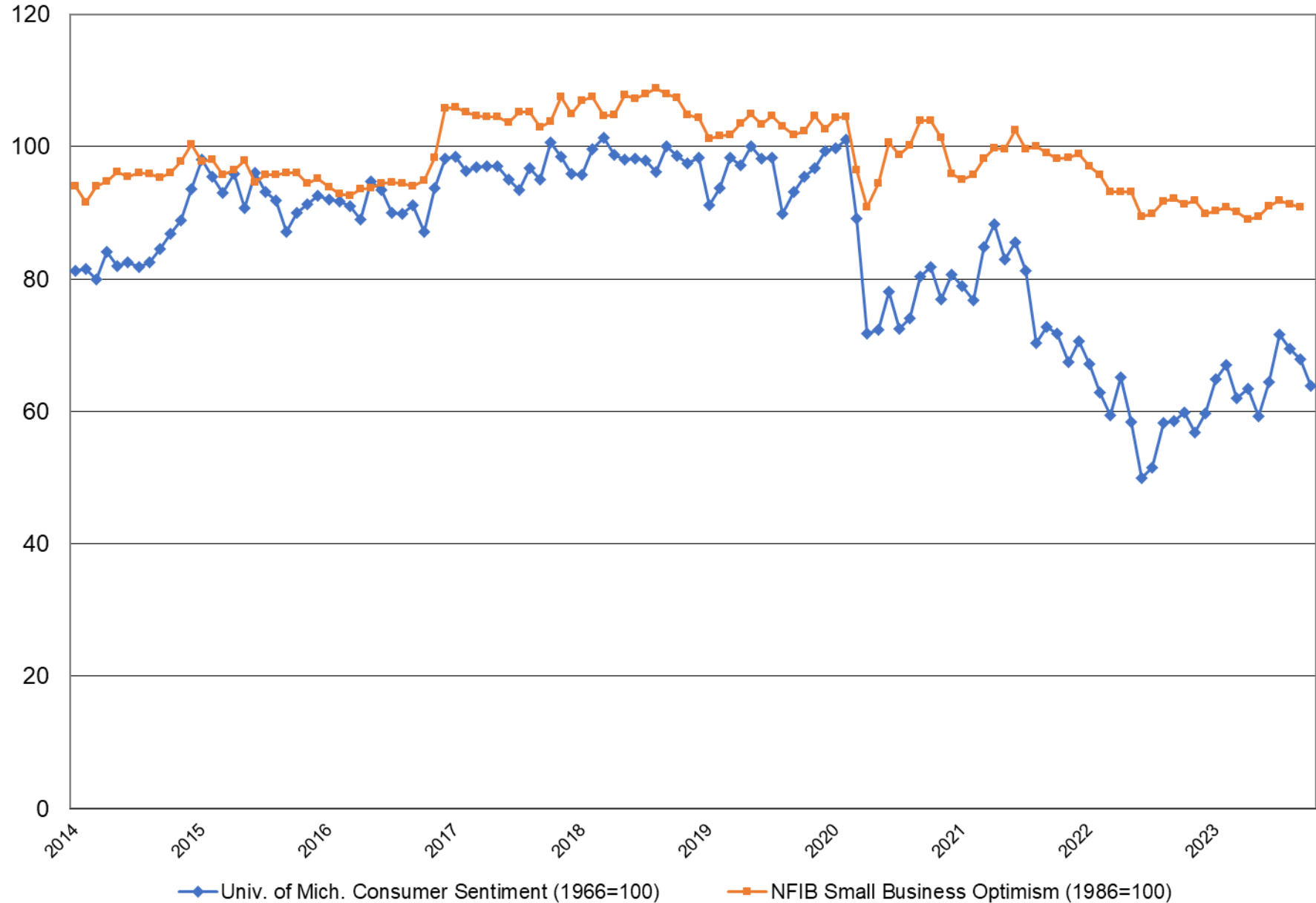
Year-over-year percent change in Consumer Price Index;
2001-2022 historical and 2023-2027 forecast



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

Where might we be going?

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment dipped in October 2023, largely driven by higher-income consumers' concerns about stock markets.

Select key assumptions from November 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 despite constraints in the housing market.
- Large, federally funded infrastructure programs, including the Bipartisan Infrastructure Law (BIL) and Maine Jobs and Recovery Plan (MJRP), will lead to significant investments in Maine, with potential impacts on local job markets. In addition to funds from the MJRP, it is estimated that there will be at least \$2.5 billion from the BIL invested in Maine's infrastructure over the next few years, with much of the implementation beginning in 2024.

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 remains elevated – will the Federal Reserve raise interest rates again?
- 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 ongoing federal budget challenges
- Maine has a robust Budget Stabilization Fund (\$969.5 million – the statutory maximum) and spending from pandemic-era infusion of federal funds (e.g. MJRP, BIL) 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

Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

www.maine.gov/dafs/economist

amanda.rector@maine.gov