

Maine's Economic Year in Review: 2022



Maine Department of Administrative and Financial Services

Office of the State Economist

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The Year in Review is an annual report assembled by the Office of the State Economist that provides a synopsis of the past year's economic trends and indicators for the state in comparison to New England and the United States. The intent of this report is to provide the public with a single document containing data aggregated from different sources typically used to track current economic and demographic conditions in the state.

This report includes data released at varying points throughout the year. Data included in this report are assembled from various sources, subject to frequent revision, and provided in this report "as is" at the time of publication. Therefore, data presented in this report may be subject to change over time.

For more detail on monthly dynamics and for more recent data than December 2022, please see the Maine Monthly Economic Indicators Report.

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1. Summary

2022 was a year of steady economic and population growth in Maine, with positive trends in GDP, taxable retail sales, and the labor market. These positive trends were tempered by very high inflation, with energy, food, and shelter costs of particular concern for Maine households. Inflation and housing challenges will continue to be key challenges into calendar year 2023.

Maine's population grew by 0.6% in 2022, driven by positive net migration to all sixteen counties. Maine ranked 15th for population growth nationwide and 11th for net migration.

Real Gross Domestic Product (GDP) increased by 1.8% in 2022, ranking 23rd for growth nationwide. Meanwhile, total personal income grew 2.6% for the year, 26th in the country and first in New England. Wage and salary income, the largest component of personal income, jumped 8.6% during the year.

The inflation rate was its highest in decades, driven by food, energy, and shelter. Russia's invasion of Ukraine in February 2022 led to a global spike in oil prices, with Mainers experiencing record high heating oil prices in the 2021-2022 and 2022-2023 heating seasons. The all-items Consumer Price Index (CPI) averaged 8% during the year and reached a high of 9.1% in June 2022. Energy costs began coming down in the second half of 2022, but food and shelter costs were higher in the second half of the year, with shelter costs being a major contributor to CPI growth in the final months of 2022.

High inflation and economic uncertainty caused volatility and relatively low consumer sentiment in 2022, though there was some recovery in the second half of the year. Taxable retail sales saw growth of 6.1% in 2022, bolstered by a continued post-pandemic recovery in the restaurant (+11.3%) and lodging (+13.0%) sectors.

Maine had strong employment growth in 2022, gaining 15,200 nonfarm jobs during the year. Total nonfarm employment reached a record high of 638,700 in 2022, surpassing the pre-pandemic 2019 annual average of 637,100. The unemployment rate reached record monthly lows (seasonally adjusted) in May and June 2022 (2.6%) and an annual 2022 average of 3.0%. Labor force participation declined 1.4% in 2022, to 58.6%.

The housing market was very tight in 2022, with sales down 17.5% statewide and down in all counties between 2021 and 2022. Meanwhile, median sale prices rose 12% statewide and were up in all counties. 30-year mortgage rates reached as high as 7% during 2022 and the combination of increasing prices and high mortgage rates are creating affordability challenges for homebuyers and renters alike.

The following presents a snapshot of Maine's economy in the calendar year 2022.

2. Demographic Context

Reference Period	Indicator	Maine	New England	United States
2022	Total Population	1,385,340	15,129,548	333,287,557
2021-2022	Annual Population Percent Change	0.6%	0.05%	0.4%
2020-2022	Cumulative Population Percent Change	1.7%	0.4%	0.5%

Source: U.S. Census Bureau 2022 Population Estimates

From July 1, 2021, to July 1, 2022, Maine's population grew by 8,102 people (0.6%), ranking 15th for growth in the United States and first in New England. During this period, the United States grew 0.4% and New England grew by 0.05%. New Hampshire was second in New England, also at 0.6%, and Connecticut was third at 0.1%. Vermont had little change in population and Massachusetts (-0.1%) and Rhode Island (-0.3%) both had population declines during the year.

Maine's population growth in 2022 was driven by migration. Maine ranked 11th nationwide for total net migration and 10th for domestic net migration. Maine was one of 24 states that experienced natural population decline in 2022, but this decline was more than offset by net migration.

From April 2020 to July 2022, Maine had cumulative population growth of 1.7%, 14th highest in the United States.

Population growth in Maine's counties

All of Maine's counties increased in population from 2021 to 2022. Piscataquis County had the highest growth rate during the year (1.36%), while Knox had the lowest growth rate (0.22%). Nationwide, 52.5% of U.S. counties grew in 2022 and 47.1% lost population.

Estimated Population Change by County as of July 1, 2022

Geographic Area	2021	2022	Change	% Change
Maine	1,377,238	1,385,340	8,102	0.59%
Androscoggin	112,648	113,023	375	0.33%
Aroostook	67,022	67,255	233	0.35%
Cumberland	306,149	307,451	1,302	0.43%
Franklin	30,275	30,474	199	0.66%
Hancock	56,403	56,701	298	0.53%
Kennebec	124,824	125,540	716	0.57%
Knox	41,074	41,164	90	0.22%
Lincoln	35,985	36,215	230	0.64%
Oxford	58,719	59,495	776	1.32%
Penobscot	152,834	153,704	870	0.57%
Piscataquis	17,184	17,417	233	1.36%
Sagadahoc	37,190	37,393	203	0.55%
Somerset	50,715	51,098	383	0.76%
Waldo	39,984	40,241	257	0.64%
Washington	31,166	31,437	271	0.87%
York	215,066	216,732	1,666	0.77%

Source: U.S. Census Bureau 2022 Population Estimates

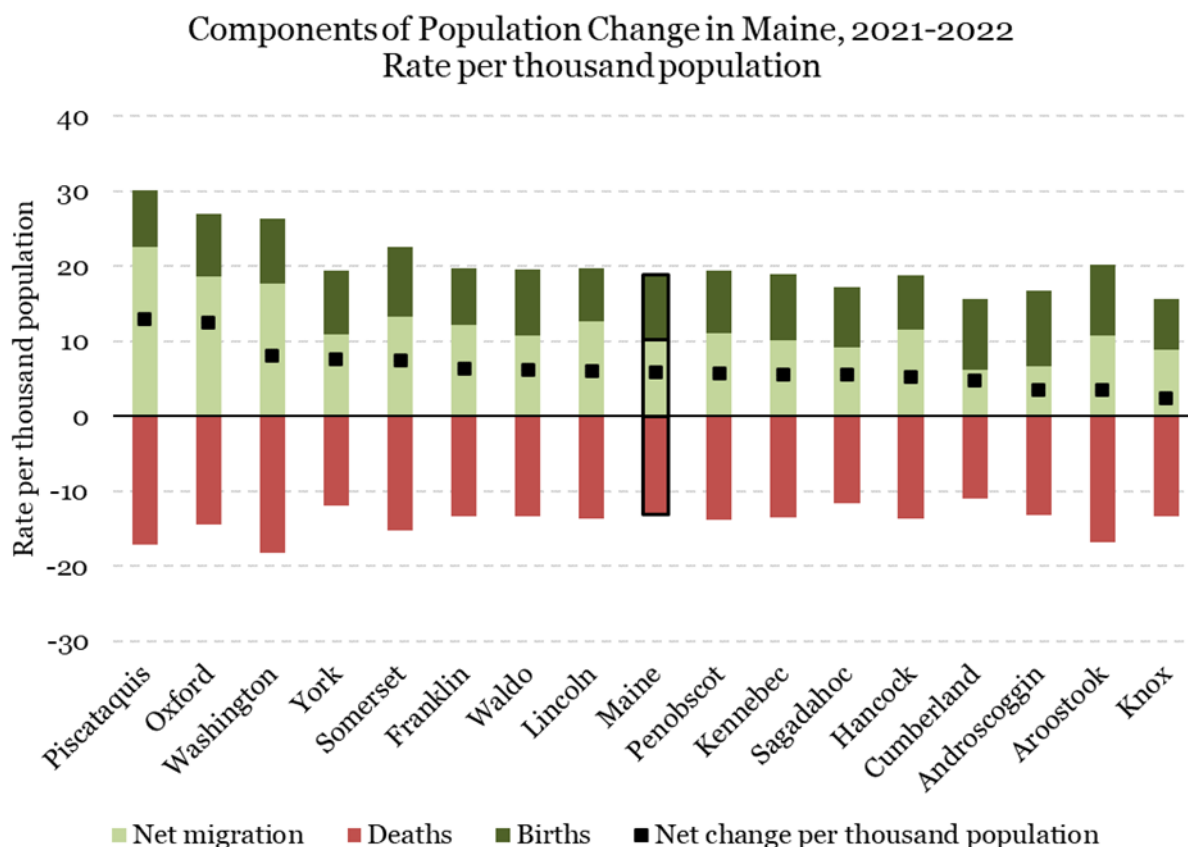
Components of population growth in 2022

All of Maine's counties experienced natural population decline, meaning there were more deaths than births throughout the year. This continues to be a trend nationwide, with nearly three quarters of U.S. counties experiencing natural decline.

All population growth in Maine and its counties in 2022 can be attributed to net migration, with more people moving in than out. It is particularly notable that *all* counties in Maine experienced population growth in 2022 due to migration. Nationwide, 60% of U.S. counties had positive net migration and three states (Maine, Delaware, and New Hampshire) had positive net migration to all counties.

The rate of net migration ranged from 6.3 per thousand in Cumberland County to 22.8 per thousand in Piscataquis County. This compares to the overall statewide average net migration of 10.3 per thousand. Most of this change in Maine was driven by net domestic migration, which accounted for a gain of 11,600 people (8.4 per thousand). Maine had a gain of 2,525 residents from international migration (1.8 per thousand).

While net migration to Maine was quite strong in 2022 compared to recent trends, it was down by about 23% from 2021. It remains unclear whether the changes in migration patterns that followed the COVID-19 pandemic will continue in the long term, or if in-migration will continue to move toward pre-pandemic levels in future years. Population estimates in future years as well as additional demographic information about those moving to Maine will help to better understand these dynamics.



Source: U.S. Census Bureau Population Estimates Program

3. Gross Domestic Product

Real GDP increased by 1.8% in Maine in 2022 to \$64.8 billion, ranking 23rd for growth and fourth in New England after Vermont, Connecticut, and Massachusetts. Real GDP growth was 1.9% in the New England region and 2.1% in the U.S. In nominal (not inflation-adjusted) terms, Maine's GDP growth was 8.4%, reaching \$84.5 billion.

2022 GDP	Maine	New England	United States
Real GDP (Chained 2012 dollars)	\$64.8 billion	\$1.0 trillion	\$20.0 trillion
Percent Change from 2021	1.8%	1.9%	2.1%
Nominal GDP (Current dollars)	\$84.5 billion	\$1.3 trillion	\$25.5 trillion
Percent Change from 2021	8.4%	7.5%	9.2%

Source: U.S. Bureau of Economic Analysis

Industrial Detail

Information (+0.54 percentage points); administrative and support and waste management and remediation services (+0.52 percentage points); and professional, scientific, and technical services (+0.39 percentage points) contributed the most to Maine's growth in 2022. These gains were partially offset by declines in some industries, including construction (-0.36 percentage points), nondurable goods (-0.23 percentage points), and finance and insurance (-0.19 percentage points).

Professional, scientific, and technical services contributed the most to real GDP growth nationally (+0.55 percentage points) and information contributed the most in New England (+0.5 percentage points).

Contributions to Percent Change in Real GDP (2021-2022)

Industry Categories	Maine	New England	U.S.
Professional and business services	1.11	0.73	0.99
Information	0.54	0.50	0.43
Government	0.29	0.11	-0.78
Healthcare and social assistance	0.23	0.36	0.29
Finance, insurance, real estate, rental and leasing	0.13	0.29	0.48
Other services	0.07	0.33	0.32
Mining, quarrying, and oil and gas extraction	-0.01	0.00	-0.18
Agriculture, construction, and manufacturing	-0.52	-0.37	-0.42

Source: U.S. Bureau of Economic Analysis. Percentage-point contributions do not sum to "All industry total (percent change)" because the industry details are calculated using source data and methodologies that differ from those used to calculate growth in the top-line, expenditure-based measure of real GDP.

4. Personal Income

Total personal income totaled \$82.4 billion in 2022, an increase of 2.6%. This growth rate ranks Maine 26th nationally and first in New England. Growth was strongest in the third quarter (9.6%) and weakest in the fourth quarter (0.8%). This change was due to the \$850 state relief checks recognized in the third quarter and the subsequent decline in transfer receipts (-17.1%) in the fourth quarter.

Maine's per capita personal income was \$59,463 in 2022, up 0.6% from 2021. Maine ranks 29th nationally for per capita personal income and last in New England, but Maine's growth rate of 0.6% ranked 15th in the U.S. The New England region has the highest per capita personal income nationwide, with Connecticut ranking first in the country, Massachusetts ranking second, and New Hampshire ranking seventh.

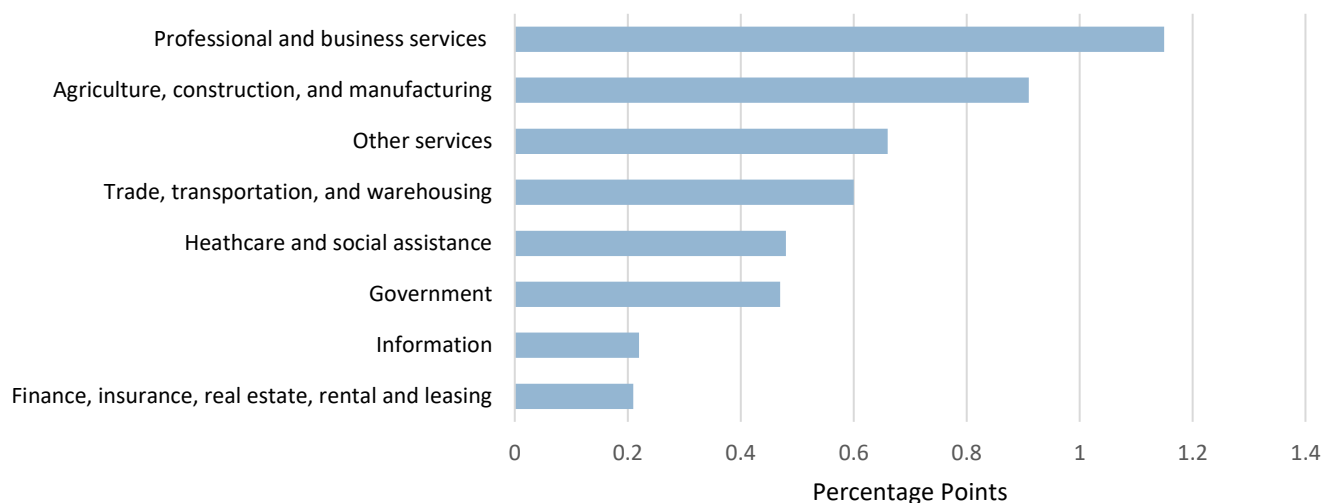
2022	Maine	New England	United States
Total Personal Income	\$82.4 billion	\$1.2 trillion	\$21.8 trillion
Percent Change from 2021	2.6%	2.0%	2.4%
Per Capita Personal Income	\$59,463	\$79,326	\$65,423
Percent Change from 2021	0.6%	0.1%	0.4%

Source: U.S. Bureau of Economic Analysis

Growth by industry

By industry group, administrative and support and waste management and remediation services (+0.56 percentage points); professional, scientific, and technical services (+0.52 percentage points); and healthcare and social assistance (+0.48 percentage points) contributed the most to earnings growth in Maine in 2022.

Contributions to Percent Change in Personal Income by Industry
Maine, 2022



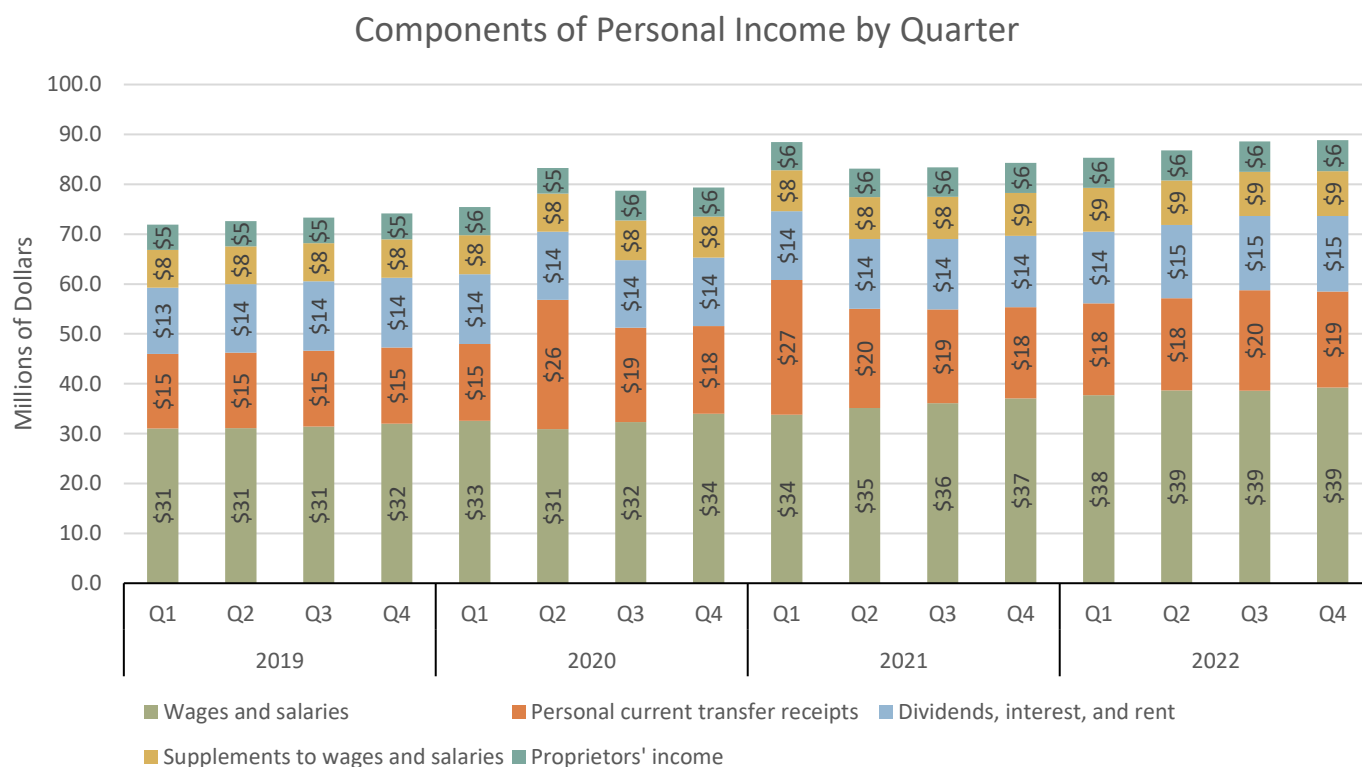
Source: U.S. Bureau of Economic Analysis

Growth by component

By component, net earnings¹ grew 7.4% in 2022, contributing 4.2 percentage points of the increase. Dividends, interest, and rent grew 5.0%, contributing 0.9 percentage points of growth. Transfer receipts fell by 9.2%, which contributed -2.4 percentage points to the total percent change. Transfer receipts were down nationally and Maine's decrease was the smallest in New England.

Component	2022 Level (in billions)	Annual Growth
Total Personal Income	\$82.38	2.6%
Wages and Salaries	\$38.56	8.6%
Supplements to wages and salaries	\$8.87	5.5%
Proprietors' income	\$6.12	4.8%
Dividends, interest and rent	\$14.76	5.0%
Personal current transfer receipts	\$19.08	-9.2%

Source: U.S. Bureau of Economic Analysis



Source: U.S. Bureau of Economic Analysis

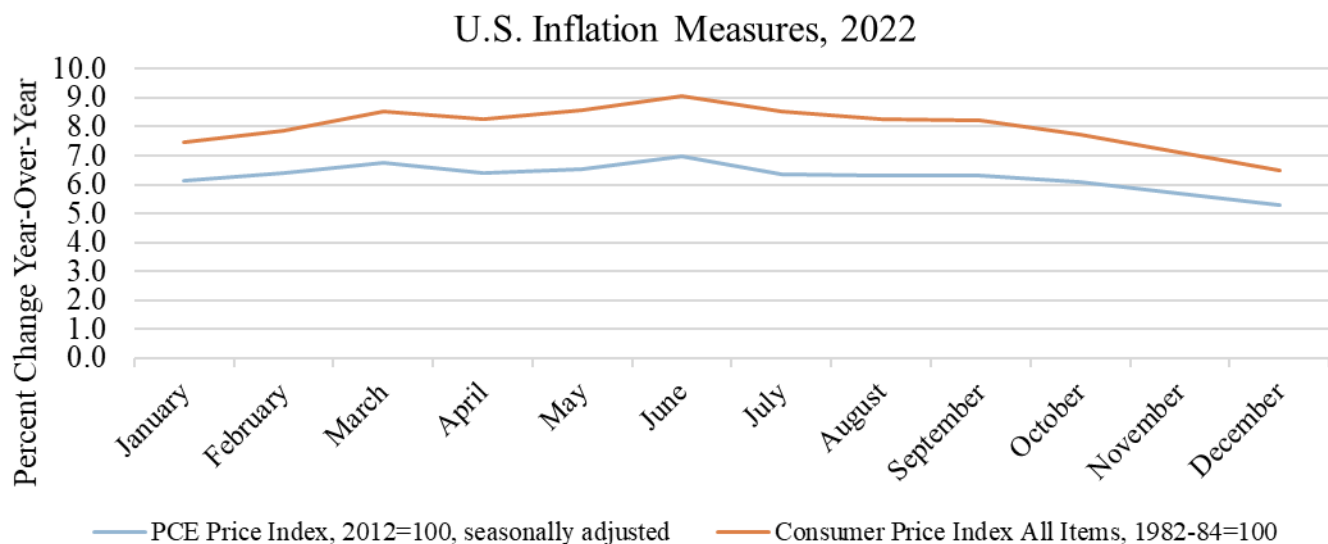
¹ Net earnings is the sum of wage and salaries, supplements to wage and salaries, and proprietor's income, less contributions for government social insurance and an adjustment to convert earnings by place of work to place-of-residence.

5. Consumption and consumer sentiment

Measures of inflation

There are two primary measures of inflation in the United States. The Consumer Price Index (CPI) is released by the U.S. Bureau of Labor Statistics and is based on surveys of urban consumers, while the Personal Consumption Expenditures (PCE) price index is calculated by the U.S. Bureau of Economic Analysis and based on surveys of what businesses are selling. Both are used officially for various federal purposes, although the Board of Governors of the Federal Reserve focuses on PCE in monetary policy decisions.

Both measures were historically high in 2022 and at their highest growth rates since 1981. The CPI for all urban consumers started the year up 7.5% year-over-year in January and climbed to a high of 9.1% in June before slowly declining to 6.5% at the end of the year. The average annual growth rate in the CPI was 8.0% in 2022. The year-over-year growth in the PCE price index started the year at 6.1%, peaked in June at 7.0%, and declined to 5.3% in December. Both measures were far above the Federal Reserve's 2% objective throughout the year.



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics

Components of inflation

Rapid growth in the prices of food, energy, and shelter were drivers of overall inflation in 2022 and a source of significant financial strain on consumers, particularly those with low incomes. Indexes for food and energy rose faster than for the core index, which excludes these volatile categories. While the all-items index rose 8.0% annually in 2022, core CPI increased by 6.2%.

Energy was up 25.2% during 2022, with faster growth during the first half of the year (32.1%) and slower, but still high growth during the second half (18.9%). Fuel oil was up 68.5% of the year, a major strain on Maine consumers, where more than 60% of households rely on heating oil as a primary fuel source. Gasoline was up 31.7% for the year and growth was faster in the first half of the year (46.9%) than in the second half (18.7%).

Food prices were above the all-items index for the year at a 9.9% increase from the prior year, with the food at home index particularly high (11.4%). Prices for new and used vehicles remained high in 2022 at 10.4% and 12.7%, respectively. However, growth in vehicle prices was down significantly from 2021.

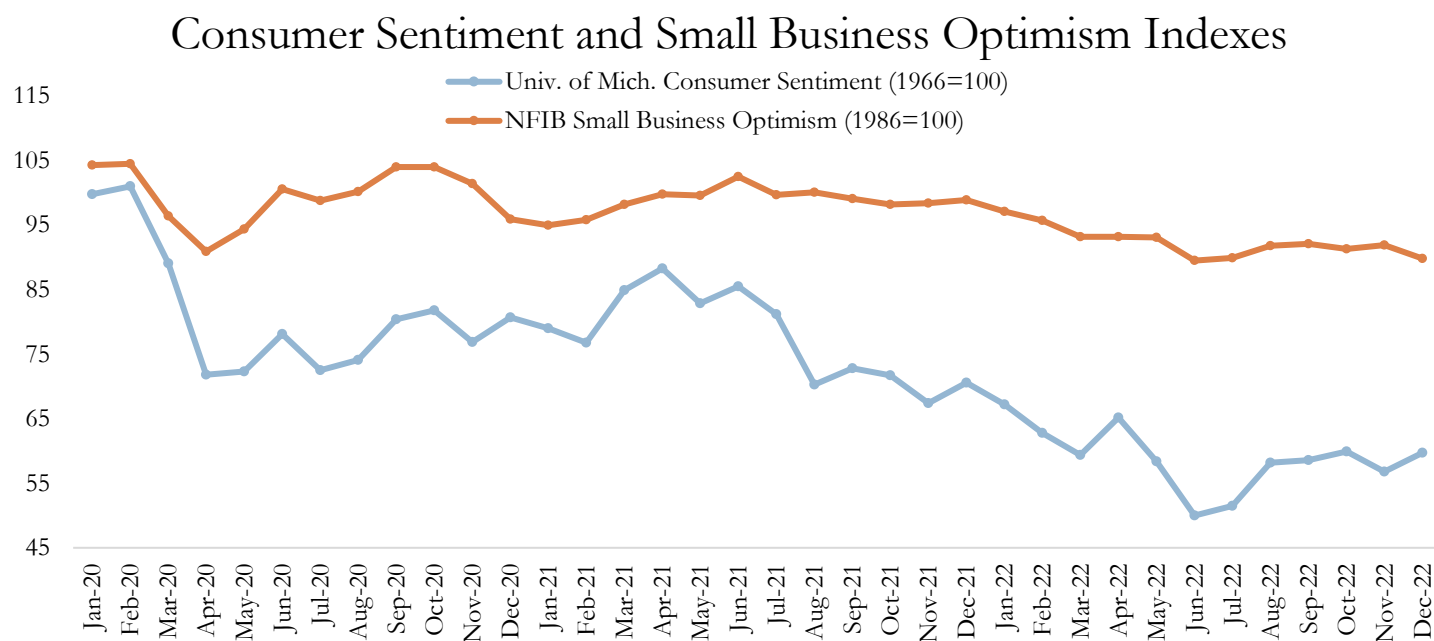
Shelter prices grew 5.9% in 2022. While the overall growth was lower than growth in the all-items index, shelter was a major contributor to inflation in 2022, since housing costs make up a large percentage of household expenses.

Annual Percent Change in the Consumer Price Index (1982-84=100, not seasonally adjusted)	Annual 2022	January-June 2022	July-December 2022
All items	8.0%	8.3%	7.7%
Food	9.9%	8.9%	10.9%
Food at home	11.4%	10.2%	12.6%
Food away from home	7.7%	7.1%	8.2%
Energy	25.2%	32.1%	18.9%
Energy commodities	32.9%	47.5%	20.3%
Fuel oil	68.5%	75.0%	62.7%
Gasoline (all types)	31.7%	46.9%	18.7%
Energy services	16.1%	14.8%	17.3%
Electricity	13.1%	11.3%	14.8%
Utility (piped) gas service	25.8%	26.9%	24.9%
All items less food and energy	6.2%	6.2%	6.1%
Commodities less food and energy commodities	7.6%	10.1%	5.2%
Apparel	5.0%	5.7%	4.4%
New vehicles	10.4%	12.4%	8.5%
Used cars and trucks	12.7%	25.8%	1.8%
Medical care commodities	2.9%	2.4%	3.5%
Alcoholic beverages	4.2%	4.2%	3.6%
Tobacco and smoking products	7.2%	7.3%	7.2%
Services less energy services	5.6%	4.8%	6.5%
Shelter	5.9%	5.1%	6.7%
Medical care services	4.3%	3.4%	5.2%
Transportation services	10.4%	7.5%	13.2%

Source: U.S. Bureau of Labor Statistics

Consumer sentiment

Consumer sentiment declined during the first half of 2022 due to high inflation expectations and uncertain economic conditions before rising slightly during the second half of the year as inflation and economic conditions expectations improved modestly. Meanwhile, the NFIB Small Business Optimism Index declined slowly for most of the year due to hiring challenges, inflation, and lower expectations of short-term business conditions.

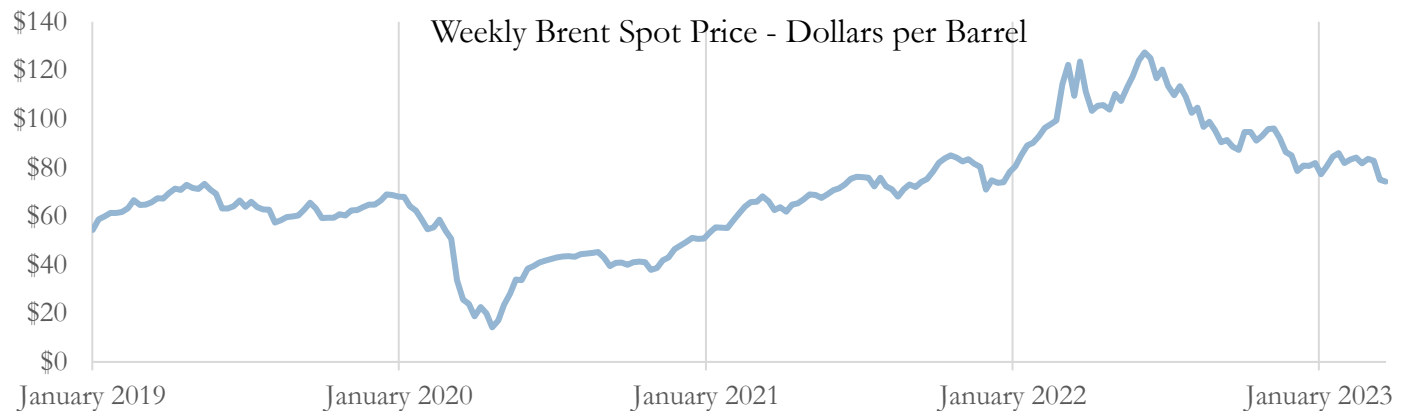


Source: University of Michigan Survey of Consumer Sentiment, National Federation of Independent Businesses

6. Energy

Brent spot prices

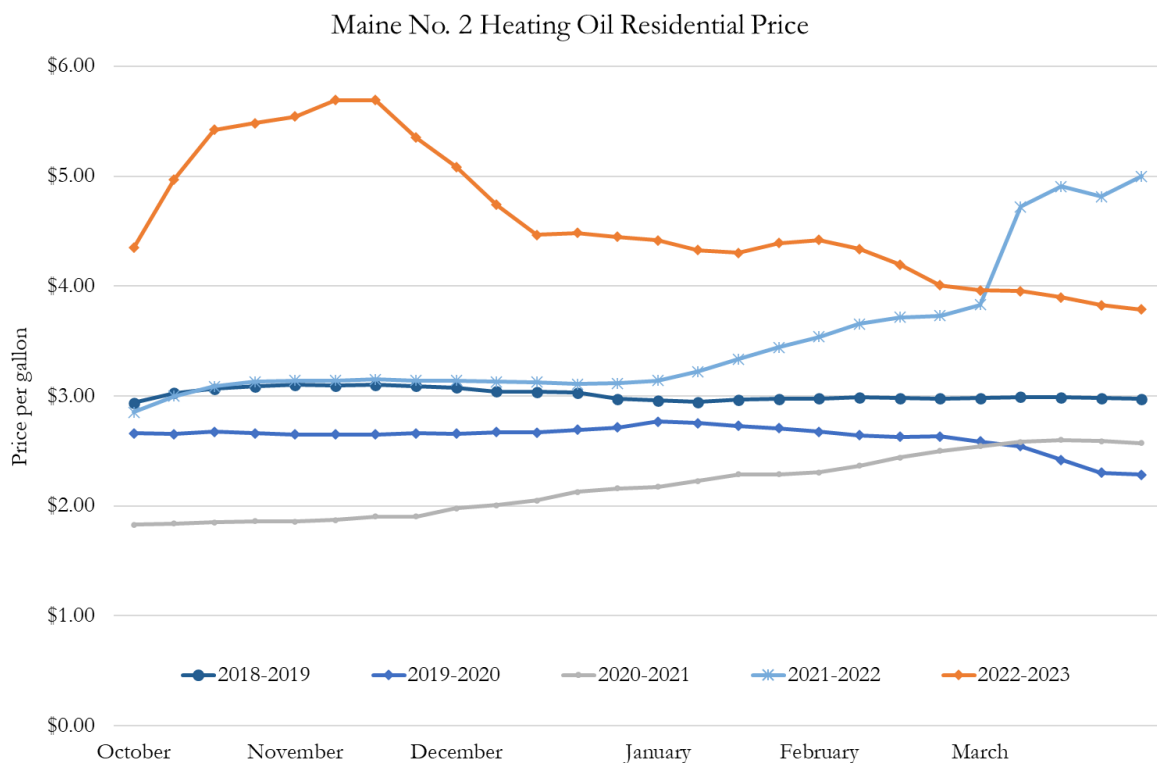
Brent spot prices rose quickly during the first half of 2022, following the Russian invasion of Ukraine, increasing from an average of \$86.21 per barrel in January 2022 to an average of \$123.26 in June 2022. The 2022 high occurred during the week of June 17, 2022, at \$125.08 per barrel, the highest price since March 2012.



Source: U.S. Energy Information Administration (EIA)

Maine heating oil

Heating oil seasons run from October through March, so each calendar year includes parts of two heating oil seasons. Following Russia's invasion of Ukraine in February 2022, heating oil prices increased sharply, reaching \$4.997 per gallon during the last week of March. Prices continued to rise in the beginning of the 2022-2023 season, reaching an all-time heating season high of \$5.69 per gallon in November 2022 before steadily declining through March 2023 to \$3.785 per gallon. At the end of the 2022-2023 season, prices were down significantly, but remained above the five-year average.



Source: U.S. Energy Information Administration (EIA)

7. Taxable retail sales

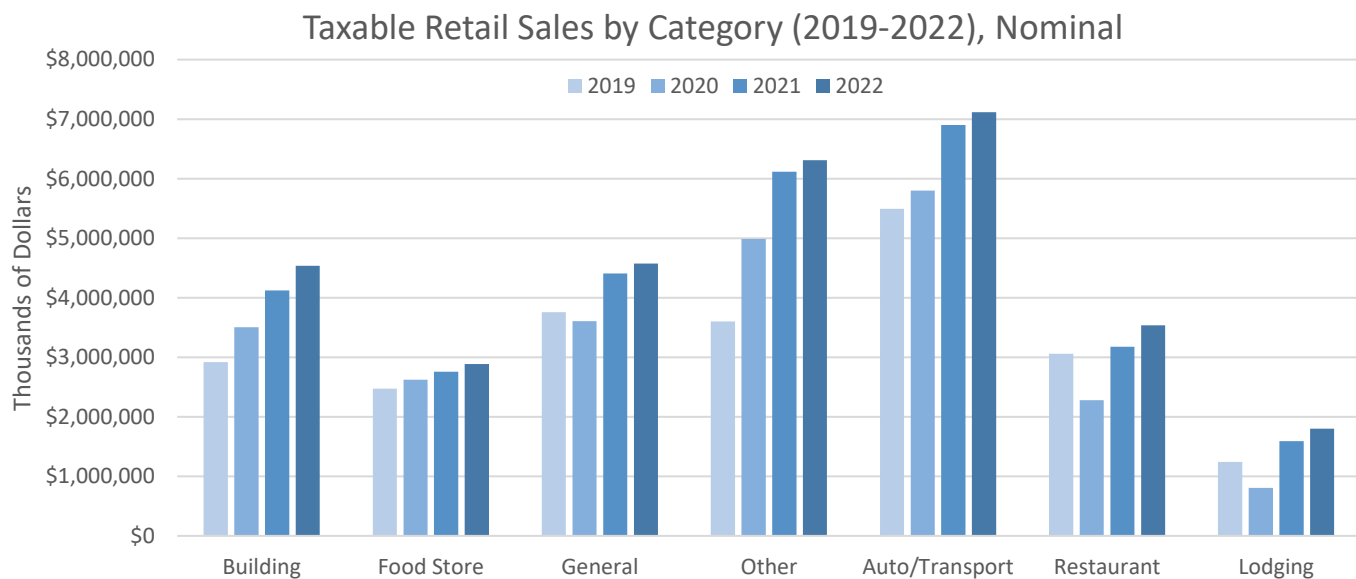
Taxable retail sales climbed 6.1% to \$34.5 billion in 2022. While overall growth in nominal dollars was slower than the exceptional growth seen between pandemic-hit 2020 and a significant recovery in 2021, there were still double-digit growth rates in the building (10.0%), restaurant (11.4%) and lodging (13.1%) categories.

Taxable Retail Sales 2019-2022 (Thousands of Dollars)

	Total	Building	Food	General	Other	Auto	Restaurant	Lodging
2019	\$25,271,467	\$2,920,430	\$2,472,472	\$3,754,664	\$3,599,191	\$5,491,110	\$3,057,626	\$1,241,542
2020	\$26,487,433	\$3,502,329	\$2,624,873	\$3,604,401	\$4,986,560	\$5,799,826	\$2,278,497	\$804,795
2021	\$32,486,599	\$4,123,834	\$2,756,164	\$4,408,959	\$6,117,588	\$6,899,251	\$3,176,167	\$1,592,224
2022	\$34,471,288	\$4,535,770	\$2,885,537	\$4,573,326	\$6,310,841	\$7,119,083	\$3,536,883	\$1,800,335
2021-2022	6.1%	10.0%	4.7%	3.7%	3.2%	3.2%	11.4%	13.1%

Source: Maine Revenue Services, Office of Tax Policy. Not all categories of retail sales are included in the chart and tables.

The chart below shows the last four years of taxable retail sales by category. On a nominal basis, building supply has seen very strong and consistent growth from 2019-2022. Food stores have had steady but modest growth during that time. The general, restaurant, and lodging categories dropped in 2020, followed by a recovery that has exceeded pre-pandemic levels. The auto/transportation and other categories saw a jump from pandemic-hit 2020 to 2021 but returned to more modest growth in 2022.



Source: Maine Revenue Services, Office of Tax Policy. Not all categories of retail sales are included in the chart and tables.

Inflation Adjustment

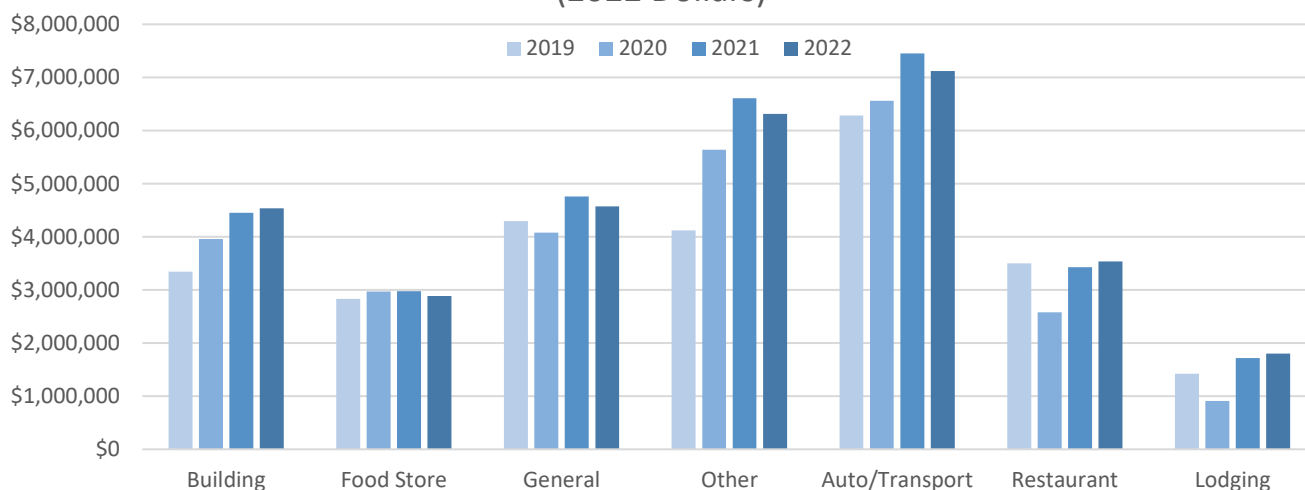
Given the significant inflation in 2021 and 2022, the below tables and charts show the same information, but adjusted to 2022 dollars. Inflation adjustment shows a different picture of taxable retail sales. When considering inflation, total retail sales went down by 1.8% in 2022. By category, building, restaurant, and lodging sales saw growth during the year, even after adjusting for high inflation during the year.

Taxable Retail Sales 2019-2022 (Thousands of Dollars, Adjusted to 2022 Dollars)

	Total	Building	Food	General	Other	Auto	Restaurant	Lodging
2019	\$28,928,686	\$3,343,067	\$2,830,282	\$4,298,029	\$4,120,056	\$6,285,769	\$3,500,118	\$1,421,215
2020	\$29,951,121	\$3,960,319	\$2,968,120	\$4,075,739	\$5,638,638	\$6,558,253	\$2,576,450	\$910,036
2021	\$35,086,414	\$4,453,853	\$2,976,732	\$4,761,796	\$6,607,162	\$7,451,379	\$3,430,347	\$1,719,645
2022	\$34,471,288	\$4,535,770	\$2,885,537	\$4,573,326	\$6,310,841	\$7,119,083	\$3,536,883	\$1,800,335
2021-2022	-1.8%	1.8%	-3.1%	-4.0%	-4.5%	-4.5%	3.1%	4.7%

Source: Maine Revenue Services, Office of Tax Policy. Not all categories of retail sales are included in the chart and tables.

**Taxable Retail Sales by Category, Inflation-Adjusted
(2022 Dollars)**



Source: Maine Revenue Services, Office of Tax Policy. Not all categories of retail sales are included in the chart and tables.

8. Labor Market

Employment

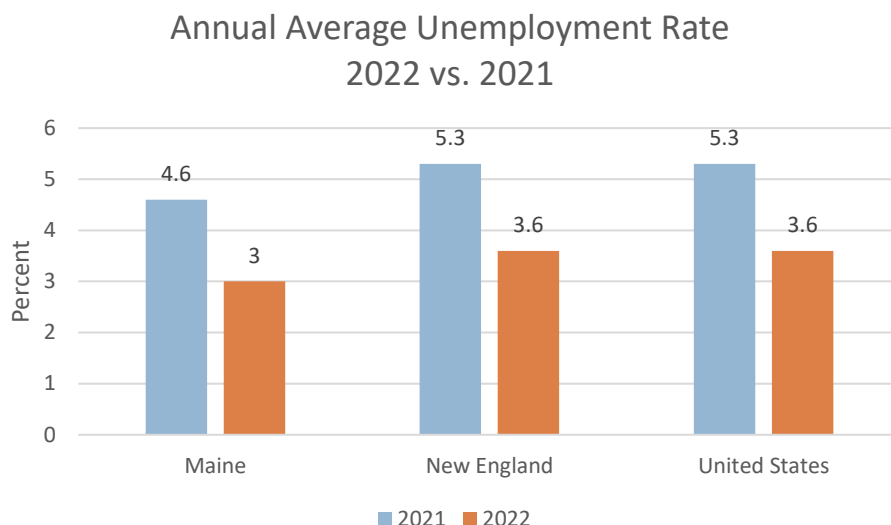
Maine had strong employment growth in 2022, gaining 15,200 total nonfarm jobs since 2021. Total nonfarm employment reached a high of 638,700 in 2022, surpassing the pre-pandemic 2019 annual average of 637,100. Service-providing industries experienced the most growth (+14,000 jobs), with accommodation and food services (+3,700) and professional and business services (+3,300) having the most absolute job gains. Healthcare and social assistance was the only industry with an annual decline during the year. This sector remains down about 2% from its pre-pandemic levels, with most of this gap coming from residential and home healthcare.

Annual Average, Thousands of Jobs	Annual 2021	Annual 2022	Change 2021-2022	% Change 2021-2022
Total Nonfarm	623.5	638.7	15.2	2.4%
Total Private	525.8	539.3	13.5	2.6%
Goods Producing	88.0	89.2	1.2	1.4%
Service Providing	535.5	549.5	14.0	2.6%
Mining and Logging	2.1	2.1	0.0	0.0%
Construction	32.0	32.6	0.6	1.9%
Manufacturing	53.9	54.5	0.6	1.1%
Wholesale Trade	19.1	19.6	0.5	2.6%
Retail Trade	79.5	80.8	1.3	1.6%
Utilities	1.7	1.8	0.1	5.9%
Transportation and Warehousing	16.7	17.1	0.4	2.4%
Information	7.5	7.9	0.4	5.3%
Financial Activities	33.1	33.9	0.8	2.4%
Professional and Business Services	72.5	75.8	3.3	4.6%
Educational Services	21.8	22.8	1.0	4.6%
Health Care and Social Assistance	103.8	103.1	-0.7	-0.7%
Arts, Entertainment and Recreation	8.3	9.3	1.0	12.0%
Accommodation and Food Services	52.5	56.2	3.7	7.0%
Other Services	21.1	22.0	0.9	4.3%
Government	97.7	99.4	1.7	1.7%

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

Unemployment

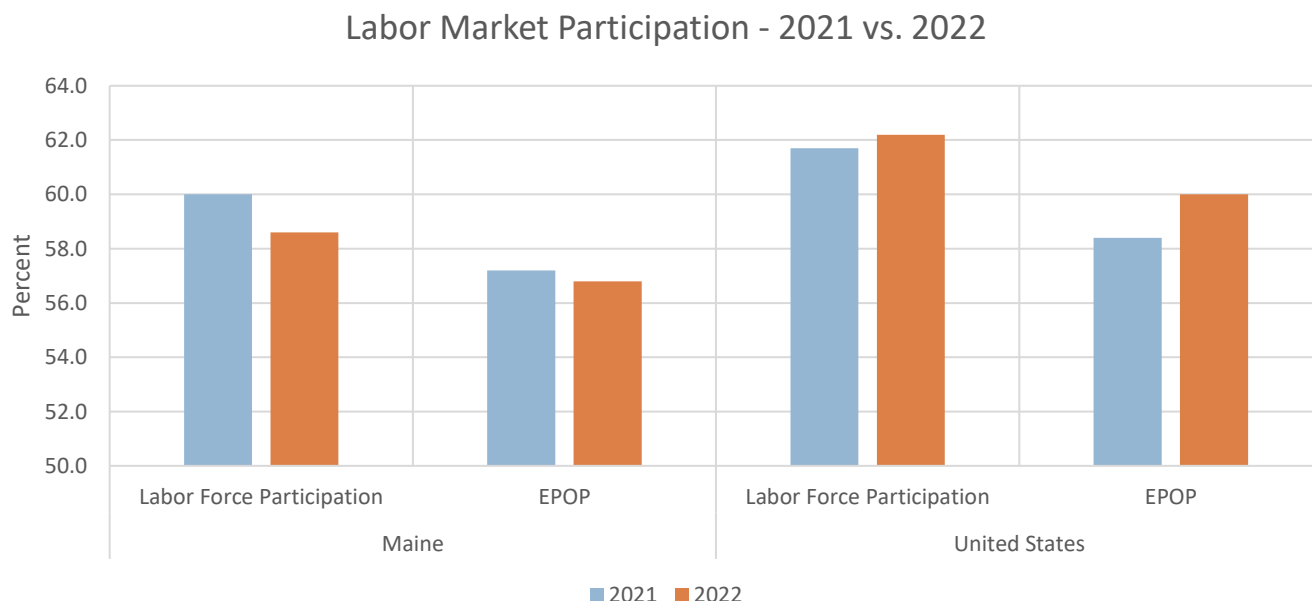
Maine's annual unemployment rate was 3.0% in 2022, lower than both the New England region and the United States annual averages. On a monthly basis, Maine's unemployment rate (seasonally adjusted) started the year at 3.6% and declined to a record low of 2.6% in May and June before increasing slowly to 3.1% in December.



Source: U.S. Bureau of Labor Statistics

Labor Force Participation

Labor force participation declined in Maine from 60.0% in 2021 to 58.6% in 2022.² Meanwhile, the U.S. labor force participation rate increased by 0.5 percentage points during the year. There were similar trends with the Employment to Population Ratio (EPOP), an alternative labor force metric that measures the total number of people employed divided by the total working-age population. Maine's EPOP declined by 0.4 percentage points during the year, while the U.S. EPOP increased by 1.6 percentage points.



Source: U.S. Bureau of Labor Statistics

² State labor force participation data is based on a small sample and future revisions may result in changes to these percentages.

9. Housing

Single-Family Transactions

After record numbers of sales in 2020 and 2021, total home sales in Maine declined by 17.5% in 2022 to 16,832 total sales. All counties experienced declines in total sales during the year, reflecting low available inventory of properties for sale. This decline ranged from -9.7% in Androscoggin County to -27.7% in Hancock County. Median sale prices, on the other hand, increased by 12.0% during the year, bringing Maine's median sale prices for single family homes to \$335,000. All counties saw increases in median home prices, ranging from 8.1% in Waldo County to 31.5% in Washington County.

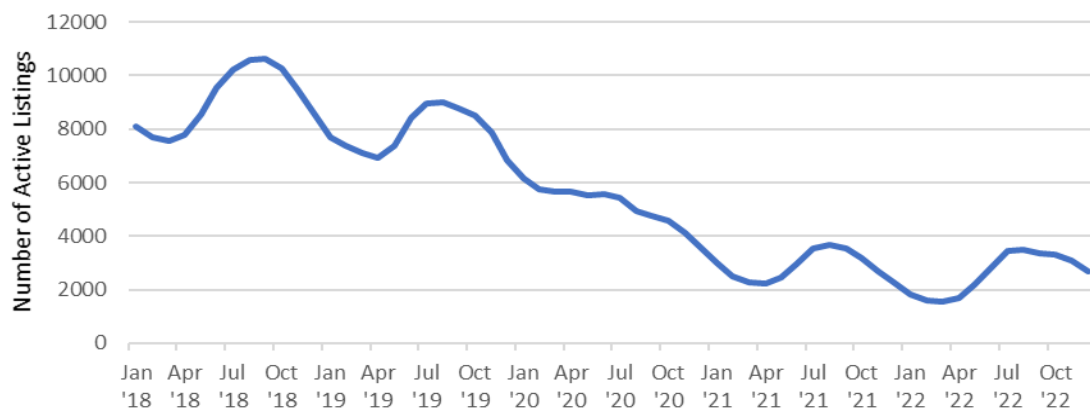
	2021		2022		Percent change, 2021-2022	
	Sales	Median Sale Price	Sales	Median Sale Price	Sales	Median Sale Price
Androscoggin	1,294	\$240,000	1,169	\$279,000	-9.7%	16.3%
Aroostook	998	\$120,000	831	\$148,800	-16.7%	24.0%
Cumberland	3,995	\$434,900	3,306	\$491,723	-17.2%	13.1%
Franklin	604	\$225,000	474	\$246,500	-21.5%	9.6%
Hancock	1,064	\$320,000	769	\$355,000	-27.7%	10.9%
Kennebec	1,826	\$248,000	1,522	\$272,797	-16.6%	10.0%
Knox	742	\$344,000	552	\$390,000	-25.6%	13.4%
Lincoln	654	\$351,000	508	\$392,000	-22.3%	11.7%
Oxford	1,015	\$251,000	907	\$275,000	-10.6%	9.6%
Penobscot	2,060	\$200,000	1,753	\$230,000	-14.9%	15.0%
Piscataquis	421	\$165,000	341	\$189,900	-19.0%	15.1%
Sagadahoc	482	\$340,000	414	\$389,500	-14.1%	14.6%
Somerset	781	\$172,500	644	\$193,800	-17.5%	12.3%
Waldo	659	\$270,000	497	\$292,000	-24.6%	8.1%
Washington	634	\$163,500	481	\$215,000	-24.1%	31.5%
York	3,172	\$398,750	2,664	\$450,000	-16.0%	12.9%
Maine	20,401	\$299,000	16,832	\$335,000	-17.5%	12.0%

Source: Maine Association of Realtors

Inventory

Contributing to the tight housing market and lower sales is low inventory of for-sale listings. On average, there were 2,586 homes listed per month in 2022 throughout the state, down 9.7% from 2021. Inventory has declined sharply over the last five years, pushing sale prices higher in a highly competitive market.

Housing Inventory: Active Listing Count in Maine
(not seasonally adjusted)



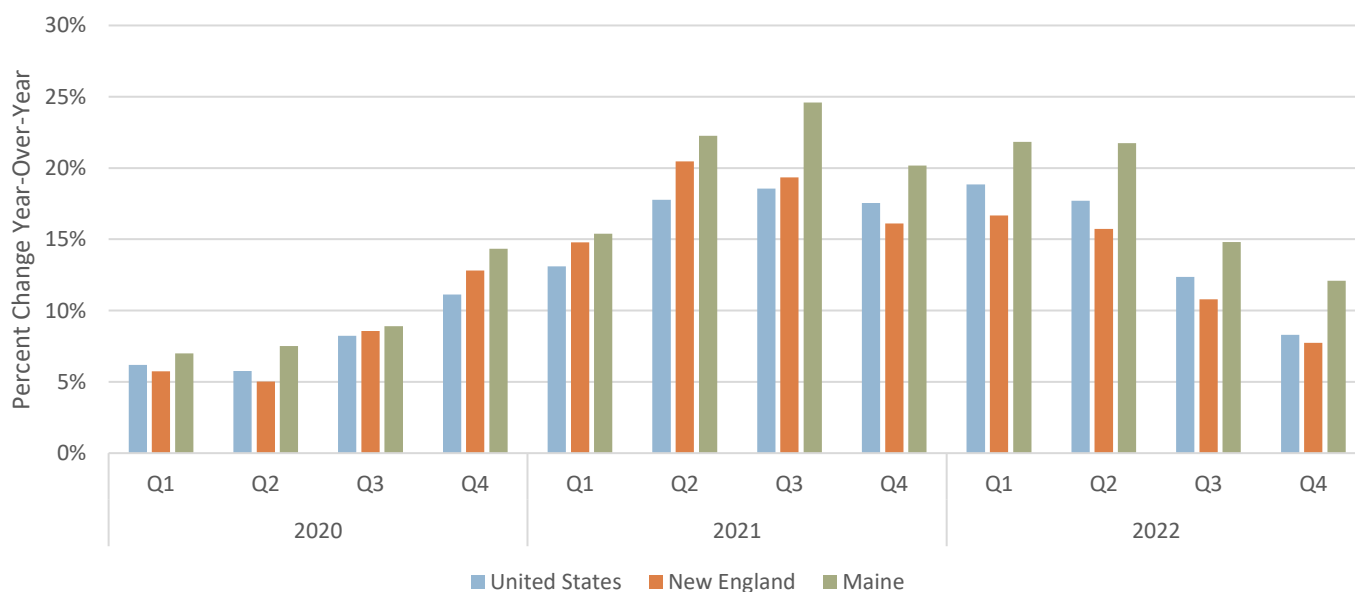
Source: Realtor.com via fred.stlouisfed.org

FHFA House Price Index

Maine outpaced New England and the nation for home value appreciation in 2022, measured by the Federal Housing Finance Authority (FHFA) House Price Index (HPI). Year over year growth in Maine was 22% during the first two quarters of 2022, before decelerating in the second half of the year to 15% in the third quarter and 12% in the fourth quarter.

Growth in Maine is down from a high of 25% in the third quarter of 2021 but remains well above the 10-year average of 7% year-over-year growth. The U.S. reached a high of 19% in the first quarter of 2022 before falling to 8.3% in the fourth quarter, just above its 10-year average of 7.4%. New England began the year at 17% growth in the first quarter before decelerating to 7.7% in the fourth quarter.

FHFA House Price Index, quarterly



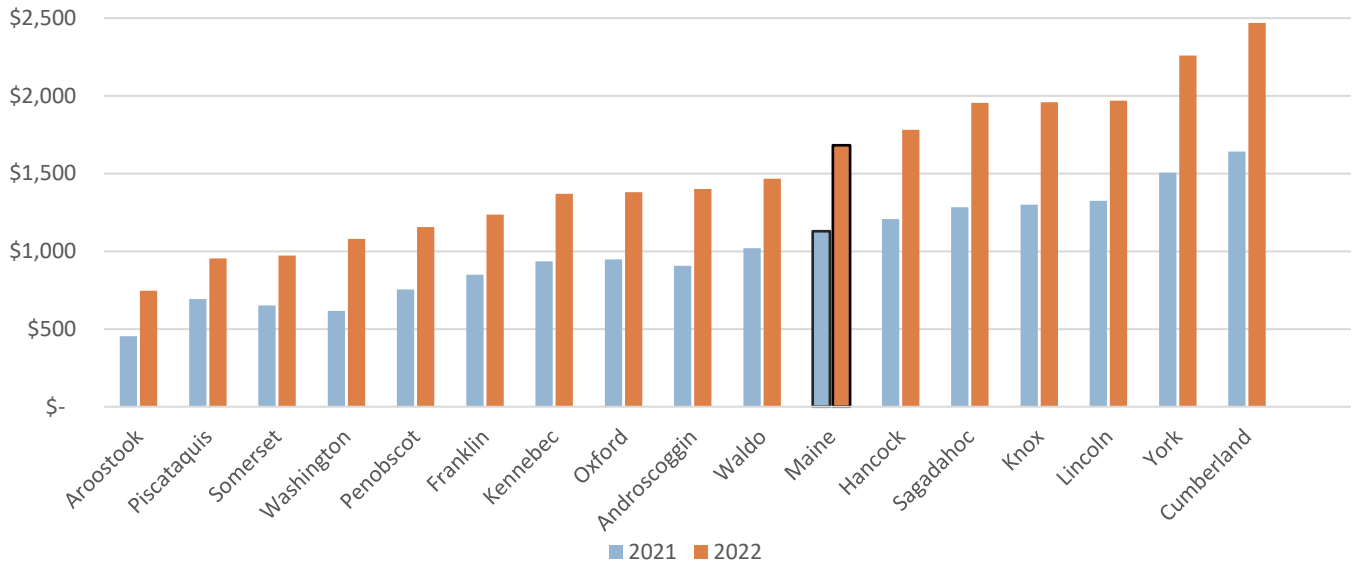
Source: Federal Housing Finance Agency

Affordability

The combination of rising home prices and rising mortgage rates is creating barriers to homeownership in Maine, particularly for lower income and first-time homebuyers. The U.S. 30-year average fixed mortgage rate was 3.22% during the first week of January 2022 and rose to a peak of 7.08% in October and November before dropping slightly to 6.42% at the end of the year.

The implications for homebuyers are significant. Considering the changes to both mortgage rates and home prices, the monthly mortgage payment for the median home in Maine increased by a staggering 49% between 2021 and 2022. Changes in monthly prices for the median home in each county are provided below.

Monthly Mortgage Payment at the Median Sales Price, 2021-2022



*Monthly principal and interest only for the annual average 30-year fixed rate mortgage with a 10% down payment. Not adjusted for inflation. Sources: Maine Association of Realtors (median sales prices), Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>, April 27, 2023.

10.Trade

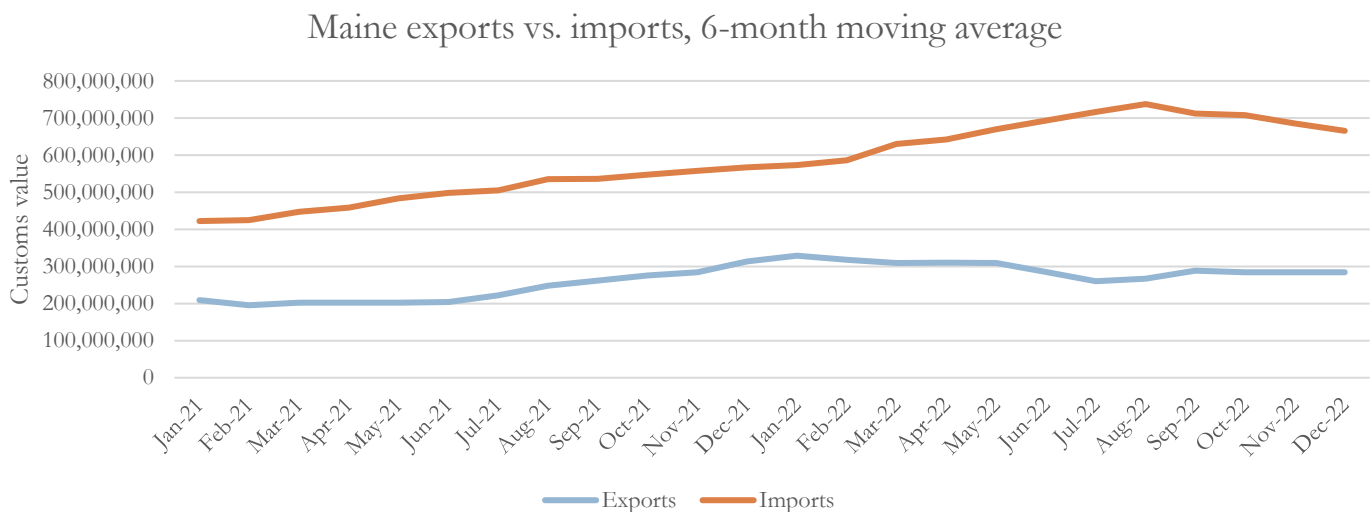
Summary

In 2022, Maine exported more than \$3.4 billion worth of goods, 10% more than in 2021. Meanwhile, imports jumped to nearly \$8.2 billion in 2022, 28% higher than the year prior.

	Maine		United States	
	Exports	Imports	Exports	Imports
2021	\$3.1 Billion	\$6.4 Billion	\$1.75 Trillion	\$2.83 Trillion
2022	\$3.4 Billion	\$8.2 Billion	\$2.06 Trillion	\$3.25 Trillion
% Change	10.1%	27.6%	17.6%	14.7%

Source: U.S. Census Bureau via USA Trade Online

Maine's trade deficit grew in 2022, as the U.S. dollar has strengthened relative to foreign currencies, which makes imports from other countries cheaper and more attractive. A strong U.S. dollar can also lead to decreasing exports as goods and services from the U.S. are more expensive for international consumers. These dynamics are contributing to a large trade deficit, both in Maine and the U.S. After peaking in August 2022 at -\$471 million, the six month average trade deficit was down to -\$381 million at the end of the year.

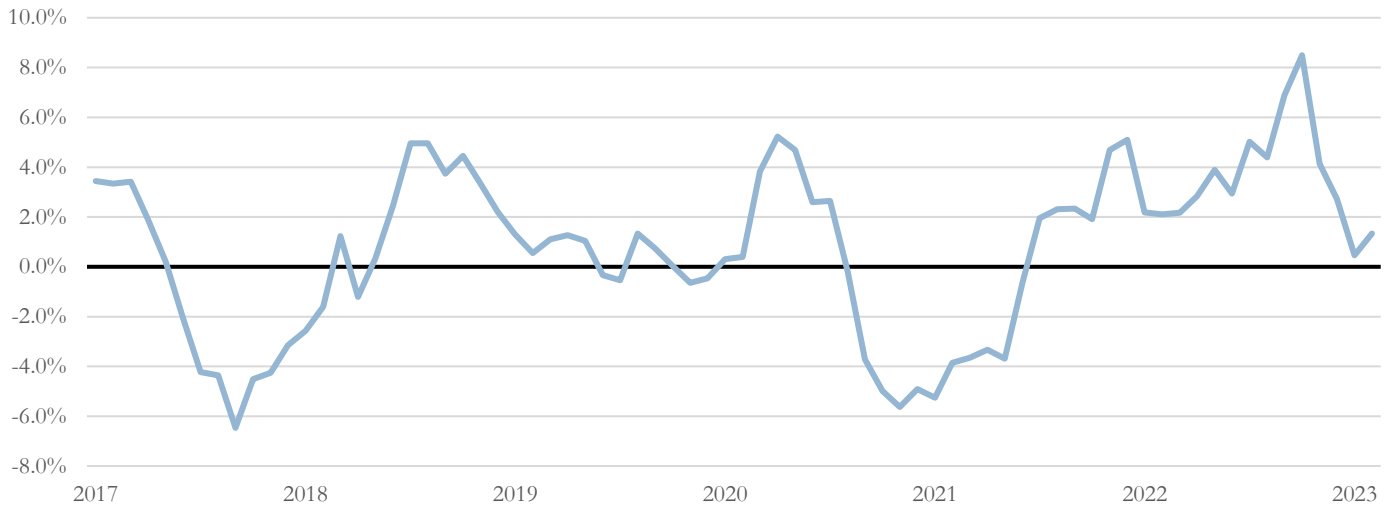


Source: U.S. Census Bureau via [USA Trade Online](#)

Real Trade-Weighted Value of the Dollar

The Real Trade-Weighted Value of the Dollar (RTWVD) index calculates the inflation-adjusted value of the U.S. Dollar against the currencies of countries with which the state trades, which allows for a more precise analysis of how movements in exchange rates affect demand for states' imports. The six-month change in the RTWVD increased rapidly in 2022 until October before decelerating at the end of the year to 2.7%. Overall, the RTWVD index was up 7% on average in 2022 compared to 2021.

Real Trade-Weighted Value of the Dollar: Maine, 6-month change

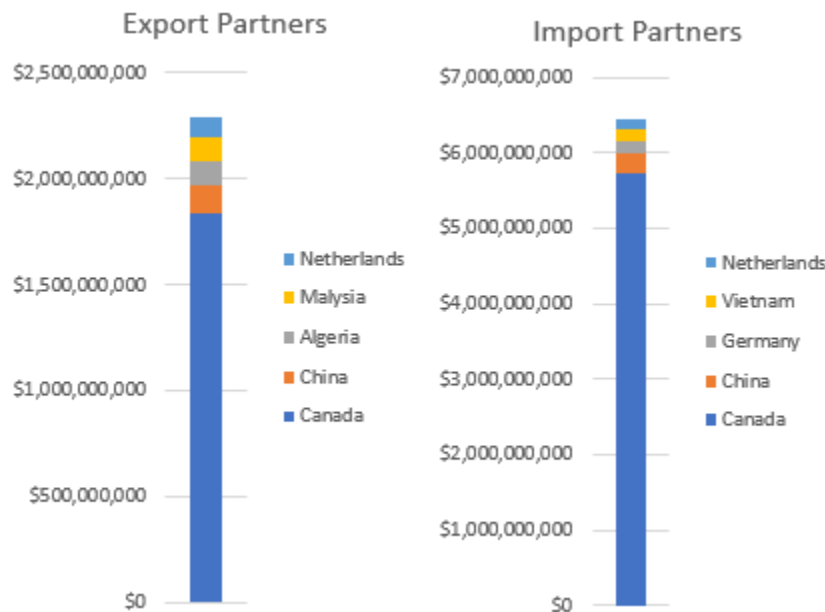


Source: Federal Reserve Bank of Dallas

Top trade partners

Maine's top trade partner in 2022 was Canada, which accounted for 54% of total exports and 70% of total imports. China was Maine's second leading trade partner, at 4% of exports and 3% of imports.

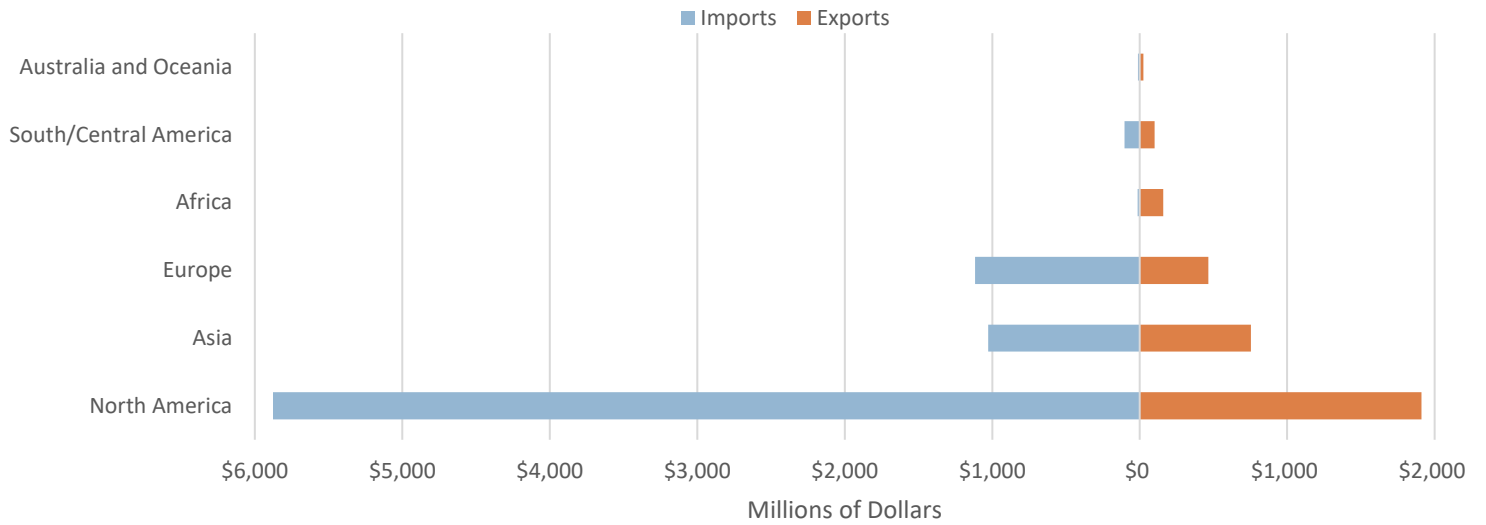
Top 5 Trading Partners, 2022



Source: U.S. Census Bureau via USA Trade Online

By region, North America was by far the region with the most import and export trade activity in 2022, with \$1.9 billion of exports and \$5.9 billion of imports. Asia accounted for \$754 million of exports from Maine and \$1.0 billion imports, while exports and imports with Europe totaled \$466 million and \$1.1 billion, respectively. Total exports to South and Central America, Africa, and Australia combined totaled about \$289 million, while combined imports totaled about \$129 million.

Imports and Exports: Maine, 2022



Source: U.S. Census Bureau via USA Trade Online

11. Glossary

Net Migration Rate: The U.S. Census Bureau defines the net migration rate as the difference between the number of migrants entering and those leaving an area in a year, per 1,000 midyear population. May also be expressed in percent. A positive figure is known as a net immigration rate and a negative figure as a net emigration rate.

Gross Domestic Product: The measure of the market value of all final goods and services produced within a state in a particular period of time. GDP by state differs from national GDP for the following reasons: GDP by state excludes and national GDP includes the compensation of federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment, except office equipment. ***Real GDP:*** Real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state. The real estimates of gross domestic product (GDP) by state are measured in chained (2012) dollars.

Personal Income: Income that persons residing in the area receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. *Per capita personal income:* The personal income of a given area divided by the resident population of the area.

Wages and Salaries: Remuneration receivable by employees (including corporate officers) from employers for the provision of labor services, measured before deductions such as social security contributions, union dues, and voluntary employee contributions to defined contribution pension plans.

Personal Current Transfer Receipts: Receipts of persons from government and business for which no current services are performed. Current transfer receipts from government include Social Security benefits, medical benefits, veterans' benefits, and unemployment insurance benefits. Current transfer receipts from business include liability payments for personal injury and corporate gifts to nonprofit institutions.

Consumer Price Index: A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services

Personal Consumption Expenditures Price Index: A measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

Supplements to Wages and Salaries: Consists of employer contributions for government social insurance and employer contributions for employee pension and insurance funds

House Price Index: A weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancing on the same properties.

Labor Force Participation Rate: The labor force as a percent of the civilian noninstitutional population ages 16 years and older.

Total nonfarm employment: Each month Current Employment Statistics (CES) surveys a sample of about 2,700 nonfarm private employers (plus federal, state, and local government employers) in Maine asking them to report the number of jobs, hours, and earnings of workers on their payroll during the week including the 12th day of each month.

Unemployment Rate: Number of unemployed as a percent of the labor force. To be classified as unemployed, persons must be aged 16 years and older with no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week.

Real Trade Weighted Value of the Dollar: An index that calculates the inflation-adjusted value of the U.S. dollar against the currencies of countries with which the state trades.