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## Consensus Economic Forecasting Commission Background Materials for the March 31, 2025, Forecasting Meeting

### Executive Summary

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Maine saw continued population growth in 2024, gaining over 5,300 in population. In 2024, Maine had the 20<sup>th</sup> highest rate of total migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by growth in net *domestic* migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand).

Maine's total personal income grew to \$95.7 billion in 2024, an increase of 5.3%. This growth rate ranks Maine 21<sup>st</sup> in the U.S. (growth of 5.4%) and third in New England (growth of 5.5%), behind Massachusetts and New Hampshire. By component, net earnings grew 5.7% in 2024, contributing 3.2 percentage points of the increase. Maine's growth rate in net earnings was above the national growth rate (5.5%) and fourth in New England (growth rate of 5.9%). Dividends, interest, and rent grew 4.8%, contributing 0.9 percentage points of growth. Transfer receipts grew by 5.1%, contributing 1.2 percentage points of growth. Meanwhile, Maine's real GDP grew 3.0% in 2024. Maine ranked 17<sup>th</sup> in the U.S. (growth of 2.8%) and third in New England (growth of 2.9%), behind New Hampshire and Rhode Island.

Inflation has decelerated from the high in June of 2022, but is still above the Federal Reserve's 2% target. The CPI all-items index grew by 2.8% in February before seasonal adjustment. On March 19, the Federal Reserve Federal Open Market Committee held rates steady at 4.25% - 4.5%.

The Index of Consumer Sentiment from the University of Michigan was down 12% in March and is down 28% year-over-year. There was clear consensus across all demographic and political groups – consumers expect worsening personal finances, business conditions, unemployment, and inflation. Notably, two-thirds of consumers expect unemployment to rise in the year ahead, the highest reading since 2009. The Small Business Optimism Index, as measured by the National Federation of Independent Businesses (NFIB), declined in February, though it remains high compared to recent history. The index was down 2% in February from the month before but was up 12.6% from a year ago. Small business owners reported higher levels of uncertainty and the net percentage of owners raising average selling prices increased 10 points from January, the largest monthly increase since April 2021.

The price of a gallon of gasoline in New England was an average of \$3.07 during the week of March 17, about \$0.24 less than a year ago. The statewide average cash price of No. 2 heating oil in Maine was \$3.617/gal in the twenty-fourth week (March 17) of the 2024-2025 heating oil season, 6% lower than the same week of last year. Single-family existing-home sales were up 6.5% year-over-year in February and prices continued to increase (9%). In the fourth quarter of 2024, Maine's year-over-year growth in the house price index (HPI) was 6.9% (seasonally adjusted), 9<sup>th</sup> highest in the nation for year-over-year growth and fifth in New England.

The following presents a picture of the Maine economy, comparing current economic indicators to historical trends.

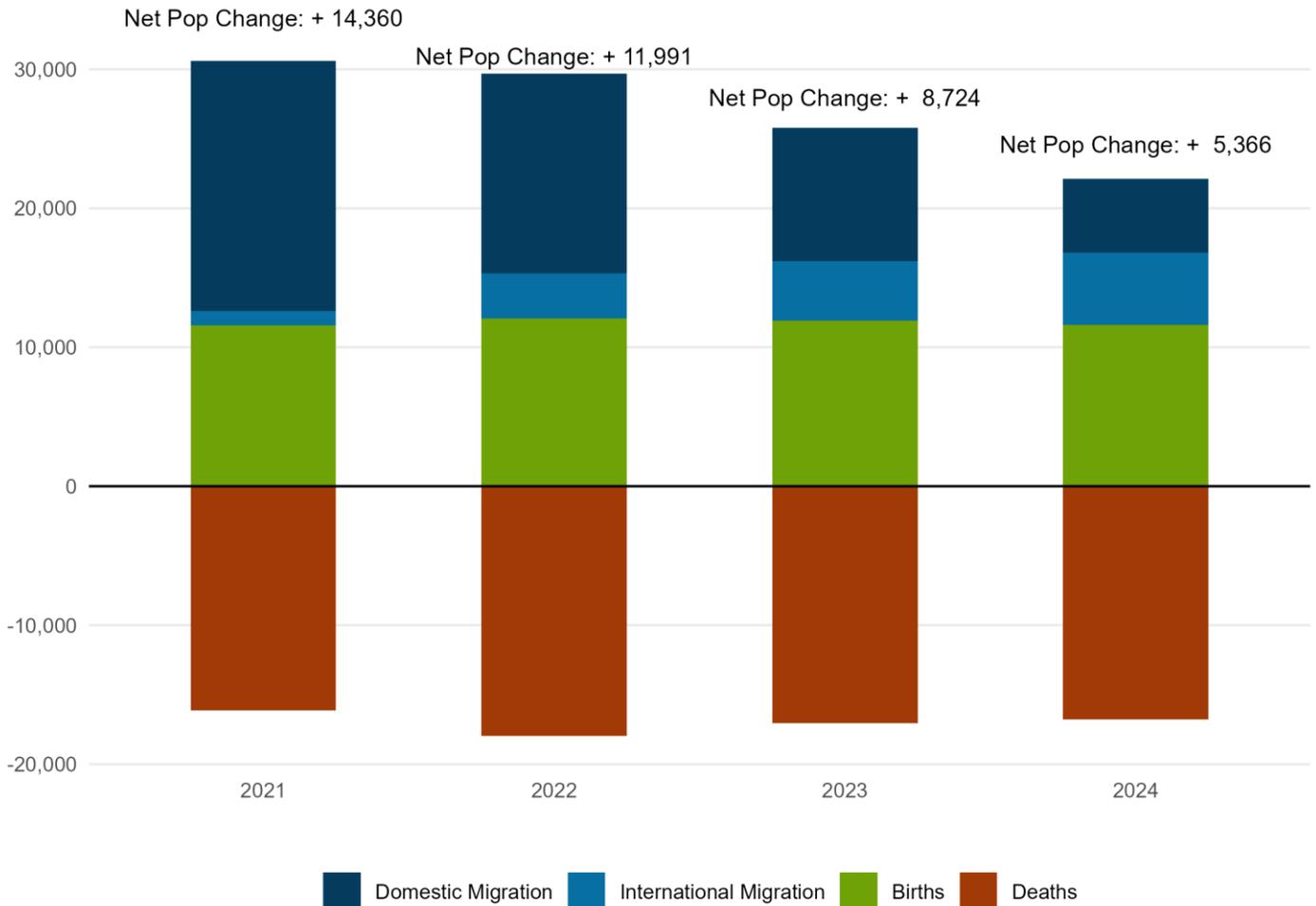
# 1. Demographic Trends

## 2024 Population Estimates

Maine’s population grew 0.4% from 2023 to 2024, bringing the population total to a new record high of 1,405,012. This ranks Maine 46<sup>th</sup> for percent growth in 2024 and 42<sup>nd</sup> for total population nationally, including D.C. Since April 2020, Maine’s population has increased 3.1%, which is the 17th fastest in the nation.

From 2021 – 2023, Maine’s total net migration rate ranked in the top 11 national (5<sup>th</sup> in 2021, 10<sup>th</sup> in 2022, and 11<sup>th</sup> in 2023). In 2024, Maine had the 20<sup>th</sup> highest rate of total net migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by a growth in net *domestic* migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand). Maine’s rate of international migration ranked 41<sup>st</sup> in the U.S. in 2024 while the rate of domestic migration ranked 11<sup>th</sup>.

### Components of Maine's Population Change



Source: US Census Bureau, Population Estimates Program, 2024 Vintage

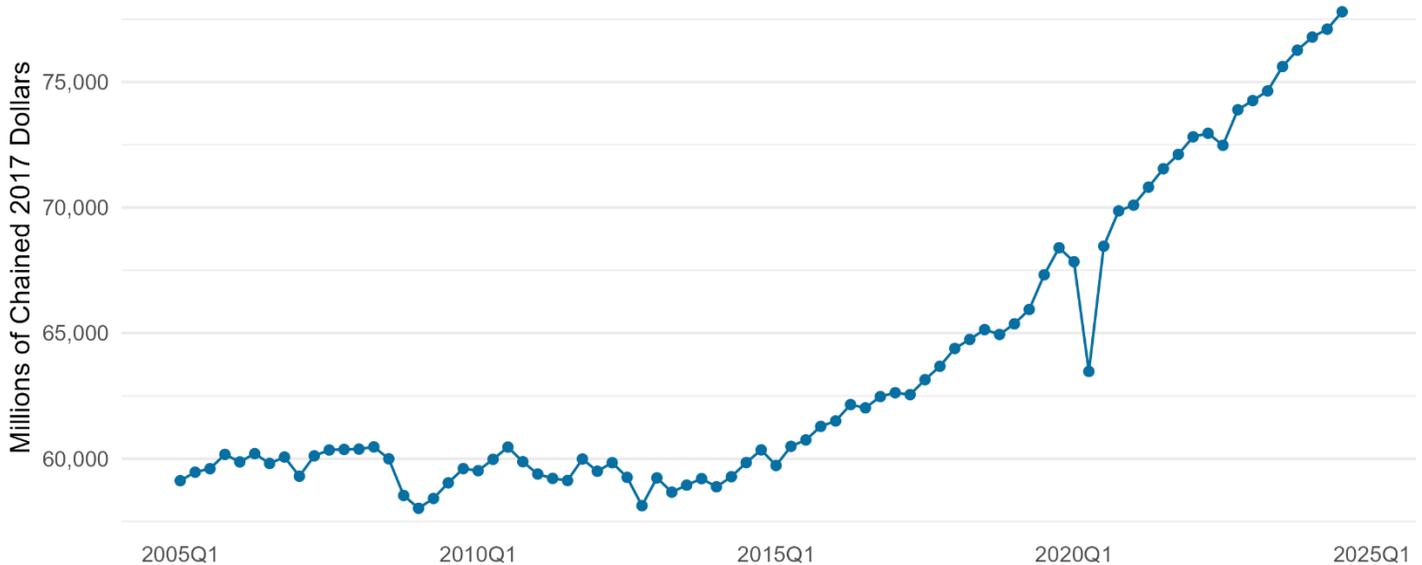
## 2. State Economy

### Gross Domestic Product (GDP)

On March 28, the U.S. Bureau of Economic Analysis (BEA) released preliminary estimates of state GDP and state personal income for the fourth quarter of 2024 and estimates for the 2024 year.

Maine's real GDP grew 3.0% in 2024. Maine ranked 17th in the U.S. (growth of 2.8%) and third in New England (growth of 2.9%), behind New Hampshire and Rhode Island. By industry, retail trade (+0.87 percentage points); real estate and rental and leasing (+0.43 percentage points); and healthcare and social assistance (+0.40 percentage points) contributed the most to Maine's growth in 2024. These gains were partially offset by small declines in other industries, including administrative and support and waste management and remediation services (-0.08 percentage points); durable goods manufacturing (-0.05 percentage points); and accommodation and food services (-0.05 percentage points).

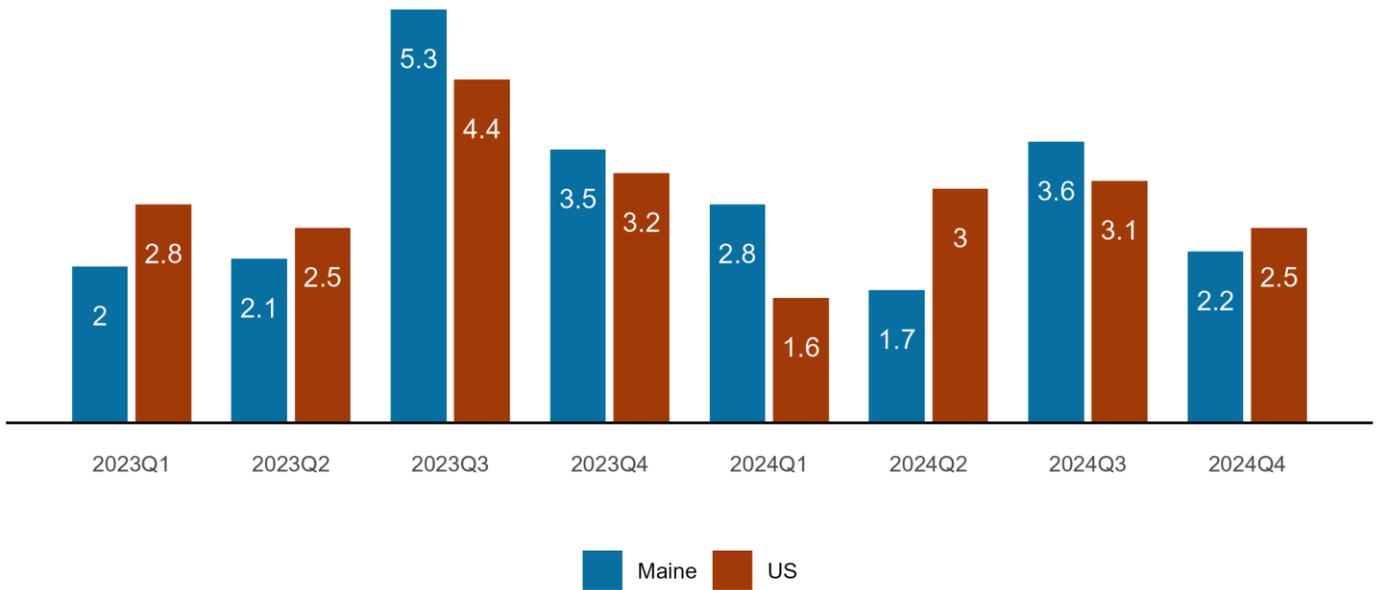
**Maine's Real GDP, All Industry Total, SAAR**



Source: US Bureau of Economic Analysis

Maine's real GDP grew 2.2% at an annualized rate in the fourth quarter of 2024, ranking 30th in the U.S. (growth of 2.4%) and second in New England (growth of 1.9%). New Hampshire (+2.8%) had the fastest growth in New England. The industry sectors that contributed most to Maine's fourth quarter growth were real estate and rental and leasing (+0.59 percentage points); professional, scientific, and technical services (+0.47 percentage points); nondurable goods manufacturing (+0.29 percentage points); and retail trade (+0.29 percentage points). These gains were partially offset by declines in other industries including wholesale trade (-0.28 percentage points) and durable goods manufacturing (-0.23 percentage points).

## Real GDP Annualized Percent Change from Previous Period



Source: US Bureau of Economic Analysis

## Personal Income

	CEFC Forecast (Nov. 1, 2024)	2024 Annual % Change
<b>Total Personal Income</b>	5.3	5.3
Wages and Salaries	6.0	5.4
Supplements to W&S	6.5	6.0
Dividends, Interest, and Rent	6.0	4.8
Personal Current Transfer Receipts	2.3	5.1
Non-Farm Proprietor's Income	6.0	5.1

Sources: Nov. 1, 2024, CEFC Report, and U.S. Bureau of Economic Analysis

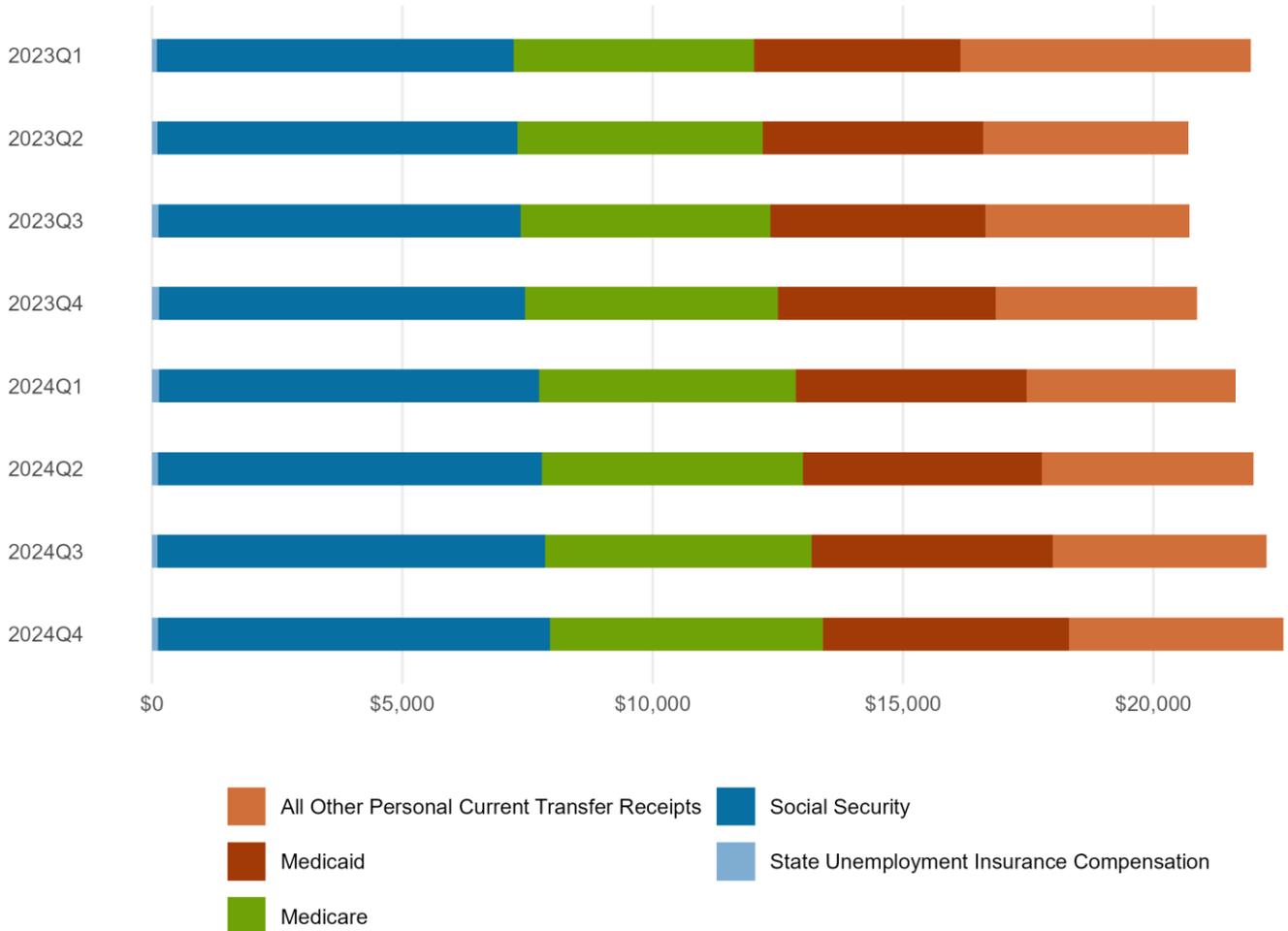
Maine's total personal income grew to \$95.7 billion in 2024, an increase of 5.3%. This growth rate ranks Maine 21st in the U.S. (growth of 5.4%) and third in New England (growth of 5.5%), behind Massachusetts and New Hampshire. By component, net earnings grew 5.7% in 2024, contributing 3.2 percentage points of the increase. Maine's growth rate in net earnings was above the national growth rate (5.5%) and fourth in New England (growth rate of 5.9%). Dividends, interest, and rent grew 4.8%, contributing 0.9 percentage points of growth. Transfer receipts grew by 5.1%, contributing 1.2 percentage points of growth.

By industry, health care and social assistance (+0.65 percentage points); construction (+0.48 percentage points); and state and local government (+0.43 percentage points) contributed the most to earnings growth in Maine in 2024.

Per capita personal income for Maine was \$68,129 in 2024, up 4.9% from 2023. Maine ranks 26th nationally for per capita personal income and last in New England. The New England region has the highest per capita personal income nationwide (\$87,655), with Massachusetts ranking first in the country, Connecticut ranking second, and New Hampshire ranking eighth.

Total personal income in Maine grew 4.6% at an annualized rate in the fourth quarter of 2024. This growth rate was second highest in New England and considerably higher than Maine’s growth in the third quarter (2.4% at an annualized rate). Maine’s net earnings were up 4.3% and transfer receipts were up 6.2%, both very close to the New England growth during this period. Dividends, interest and rent grew 3.5% in Maine, higher than U.S. and New England growth (both 2.9%).

**Components of Maine's Transfer Receipts (Millions)**



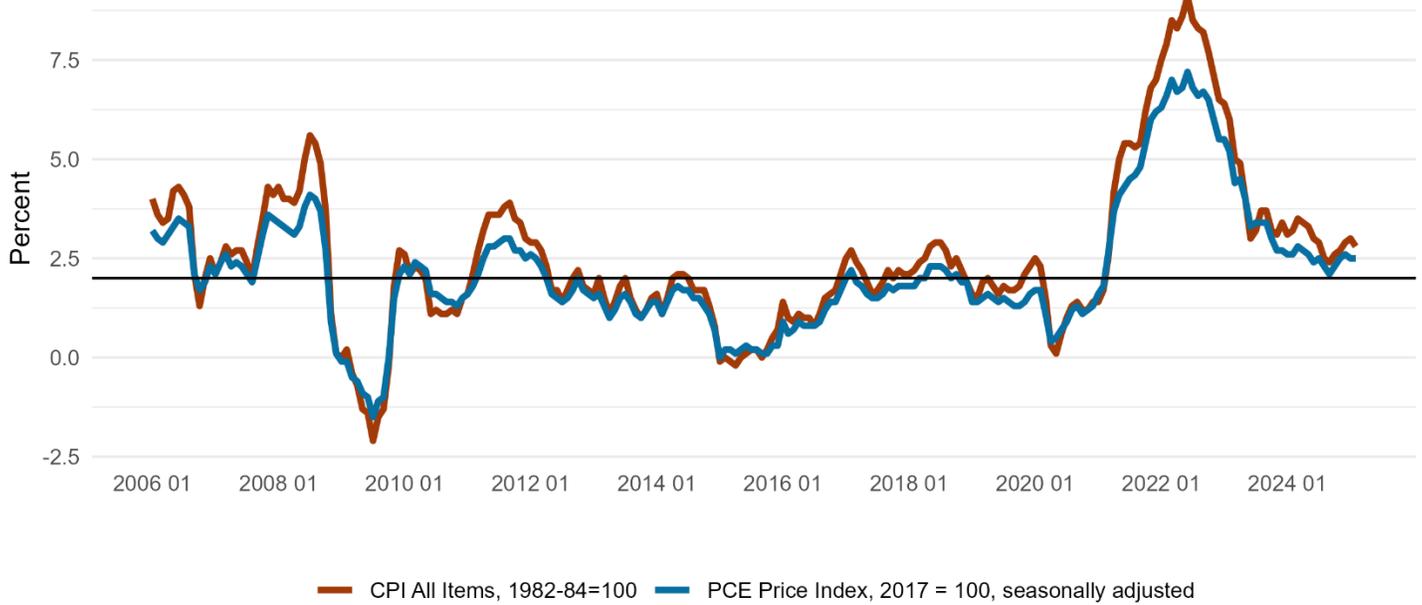
Source: US Bureau of Economic Analysis

### 3. Consumption and Expenditures

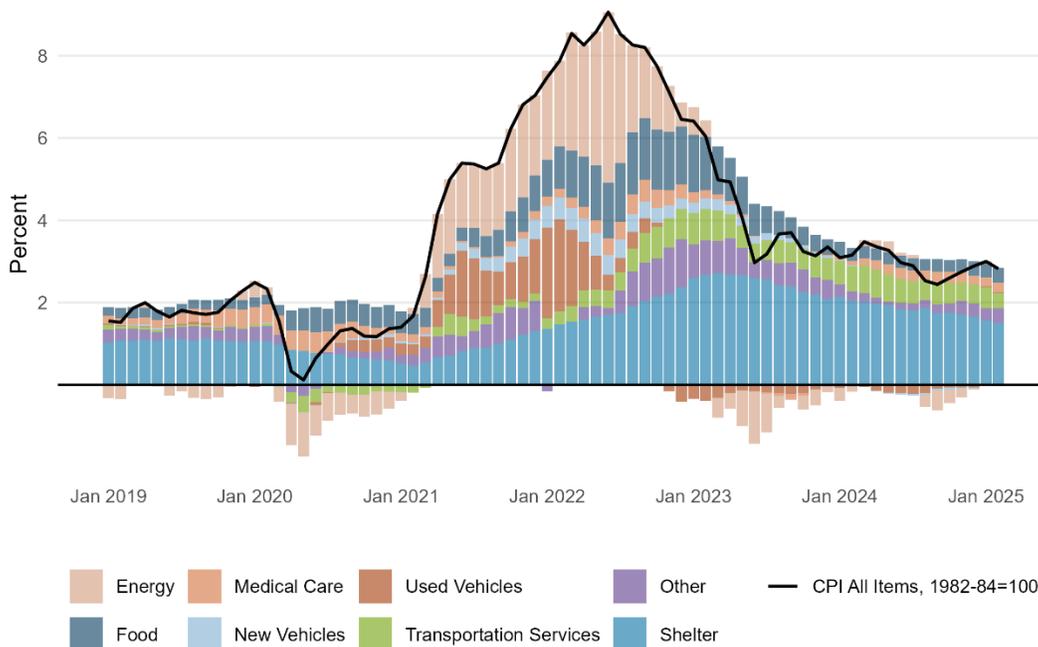
#### Inflation measures

In February the PCE price index grew by 2.5% year-over-year. On a monthly basis, it grew 0.3%. The CPI all-items index grew by 2.8% in February before seasonal adjustment. On March 19 the Federal Reserve Federal Open Market Committee held rates at 4.25% - 4.5%.

Measures of Inflation, Year-Over-Year Percent Change



Percentage Point Contribution to Year-Over-Year Percent Change in CPI

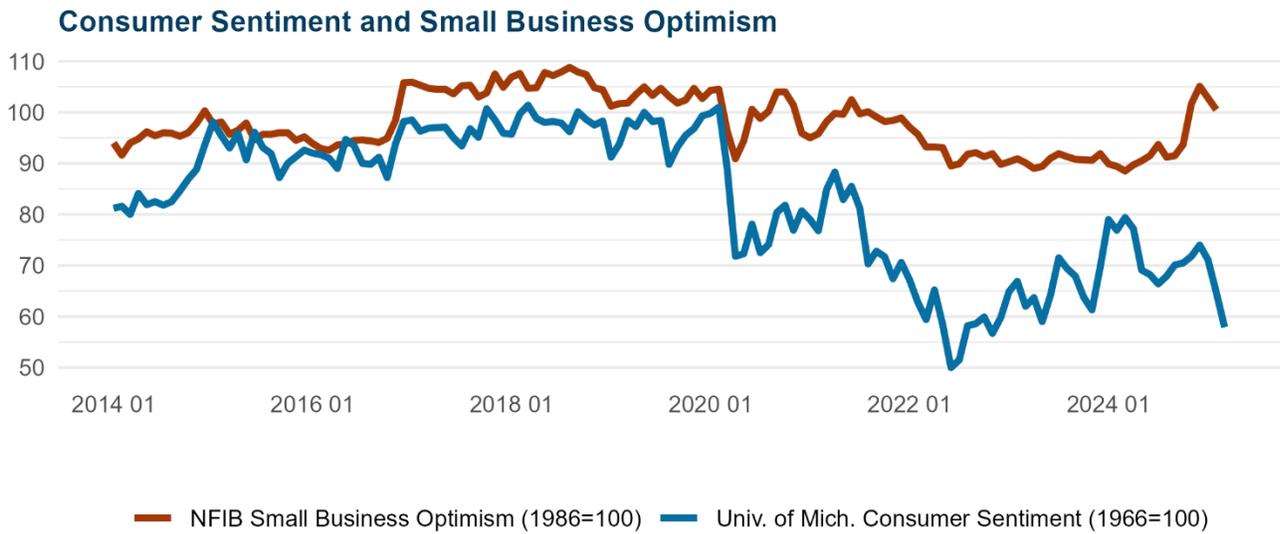


Source: US Bureau of Labor Statistics & Calculations by OSE Staff

### Consumer Sentiment and Small Business Optimism

The **Index of Consumer Sentiment** from the University of Michigan was down 12% in March and is down 28% year-over-year. There was clear consensus across all demographic and political groups – consumers expect worsening personal finances, business conditions, unemployment, and inflation. Notably, two-thirds of consumers expect unemployment to rise in the year ahead, the highest reading since 2009.

The **Small Business Optimism Index**, as measured by the National Federation of Independent Businesses (NFIB), declined in February, though it remains high compared to recent history. The index was down 2% in February from the month before but was up 12.6% from a year ago. Small business owners reported higher levels of uncertainty and the net percentage of owners raising average selling prices increased 10 points from January, the largest monthly increase since April 2021.

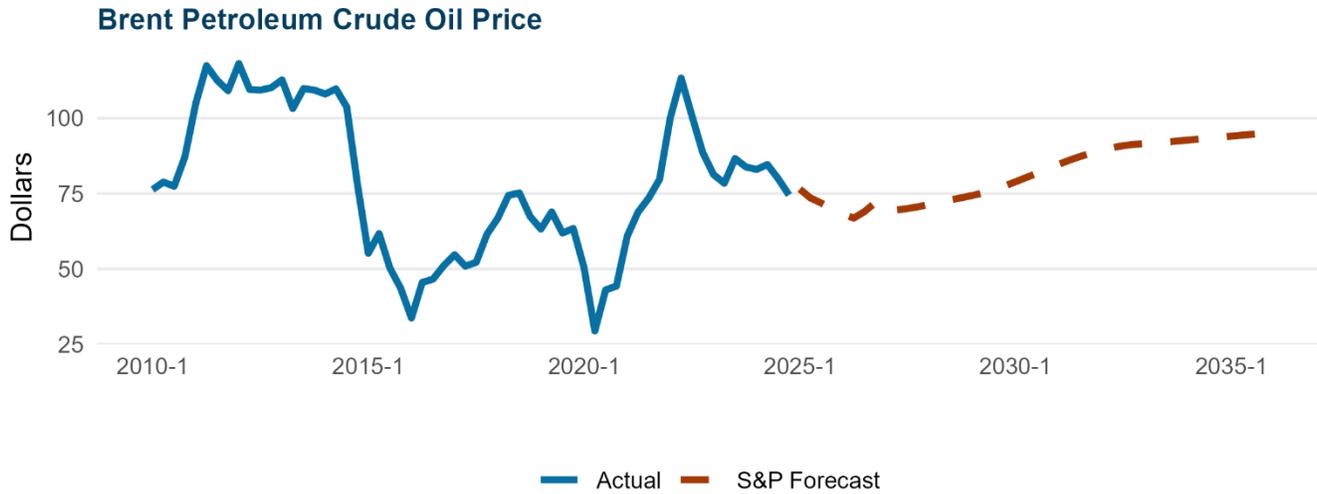


## 4. Energy Sector

In its March 2025 Short-term Energy Outlook, the Energy Information Administration (EIA) forecasts that Brent crude oil prices will average \$74 per barrel in 2025 (down from \$81 in 2024) before falling to an average of \$68 per barrel in 2026 when they expect oil inventories to build and place downward pressure on prices.

### Crude Oil

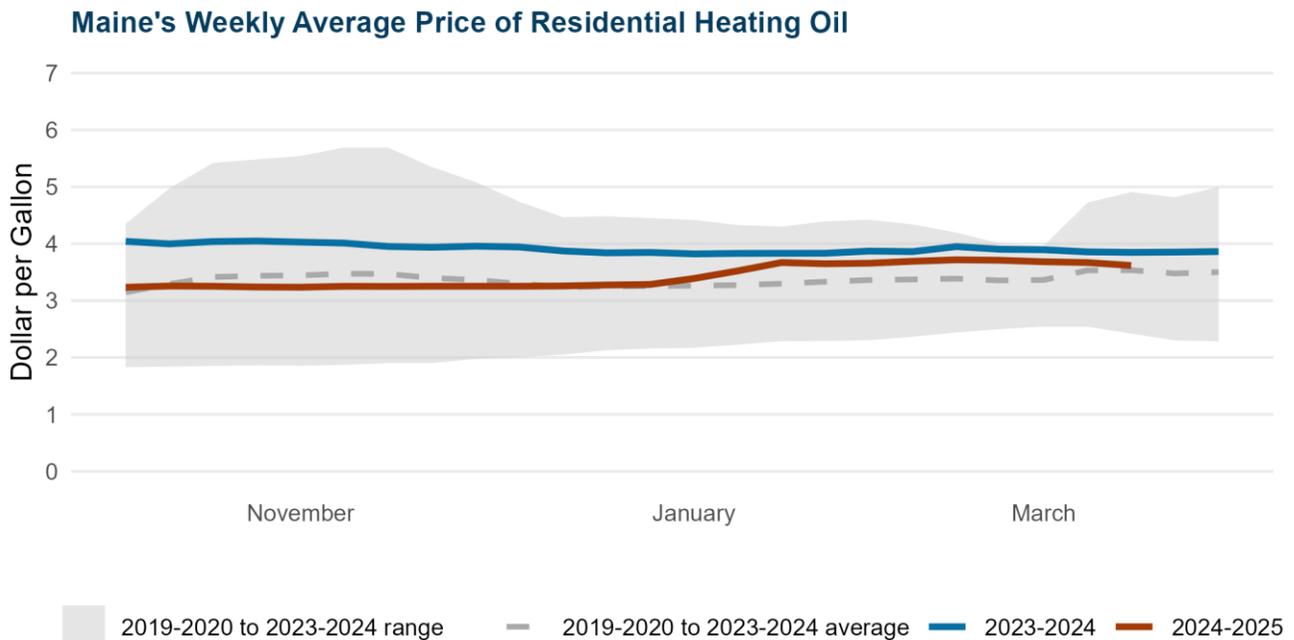
The price of Brent crude oil in the fourth quarter of 2024 was \$74.5, which was 6.8% lower than the previous quarter and 11.1% lower than a year prior.



Source: S&P

### Heating Oil

The statewide average cash price of No. 2 heating oil in Maine was \$3.617/gal in the twenty-fourth week (March 17) of the 2024-2025 heating oil season, 6% lower than the same week of last year.

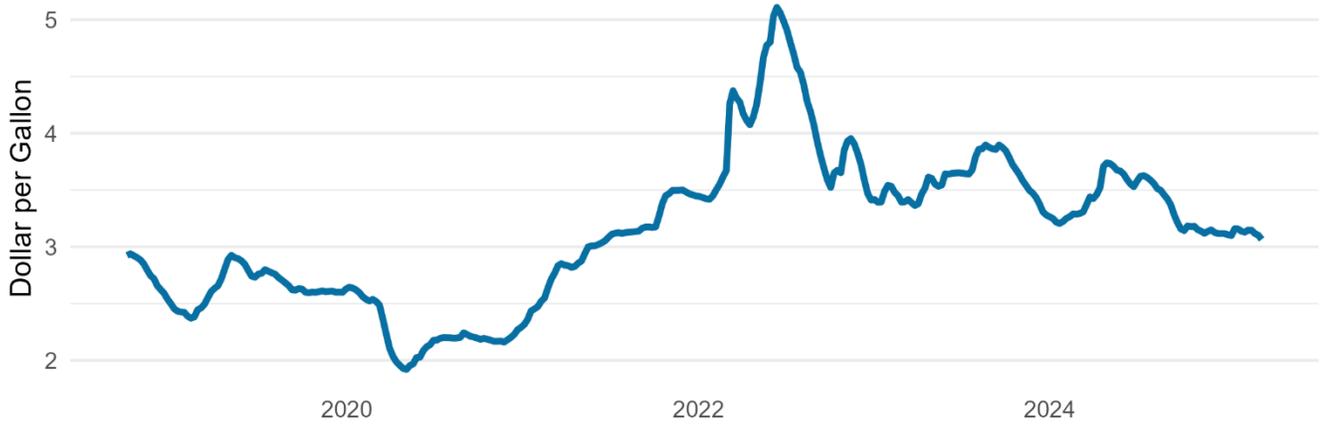


Source: U.S. Energy Information Agency

## Gasoline

The price of a gallon of gasoline in New England was an average of \$3.065 during the week of March 17, about \$0.24 less than a year ago.

### New England Gasoline Prices (All Grades and Formulations)

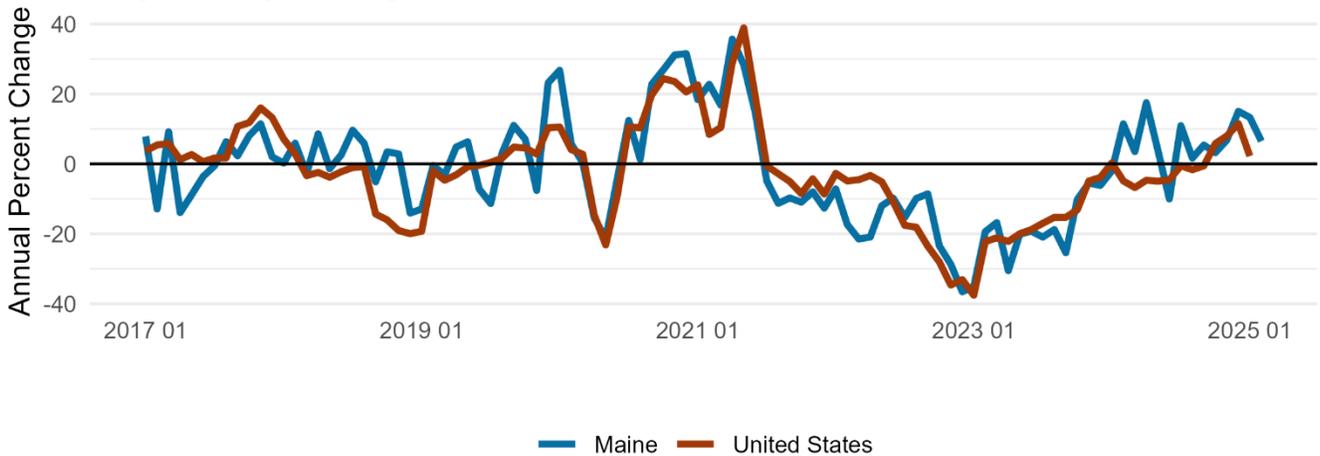


Source: U.S. Energy Information Agency

## 5. Housing

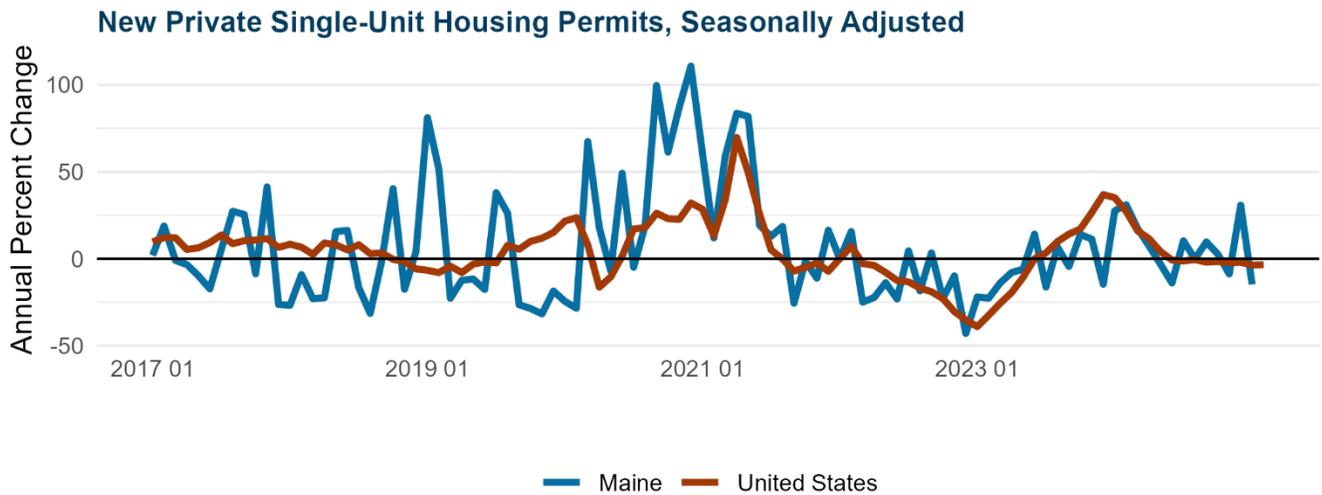
Maine single-family existing-home sales were up 6.5% from 12 months prior in February 2025. The median sales price in Maine was \$381,500, an increase of 9% year-over-year. Total existing single-family sales nationwide were up 4.2% in February compared to a year prior, with a median price of \$402,500, up 3.7% over last year.

### Single-Family Existing Home Sales



Source: National Association of REALTORS and Maine Association of REALTORS

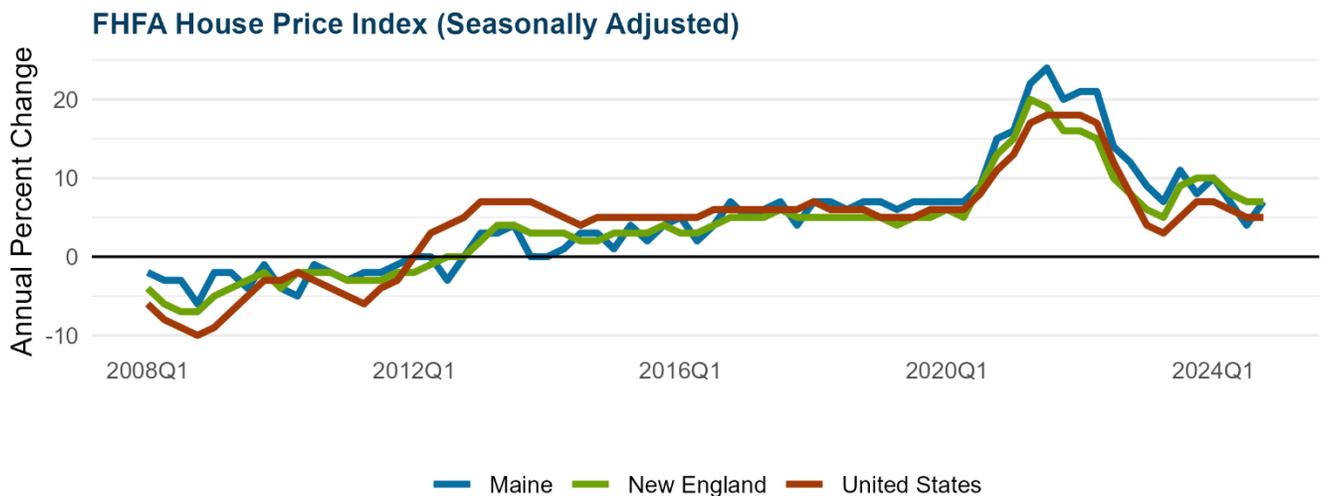
In the U.S., single-unit housing permits were down 3.4% in February 2025 over the previous year. In Maine, permits were down 14% year-over-year in January.



Source: FRED, Federal Reserve Bank of St. Louis

### House Price Index

In the fourth quarter of 2024, Maine’s year-over-year growth in the house price index (HPI)<sup>1</sup> was 6.9% (seasonally adjusted), 9<sup>th</sup> highest in the nation for year-over-year growth and fifth in New England. (Connecticut, Vermont, and Rhode Island were all in the top 5 nationwide). Maine’s year-over-year growth was higher than the U.S. (4.5%) and just below New England growth of 7.0%. On a seasonally adjusted quarterly basis, Maine’s HPI increased 1.5% from the third quarter of 2024 compared to growth of 2.0% in New England and 1.4% in the U.S.



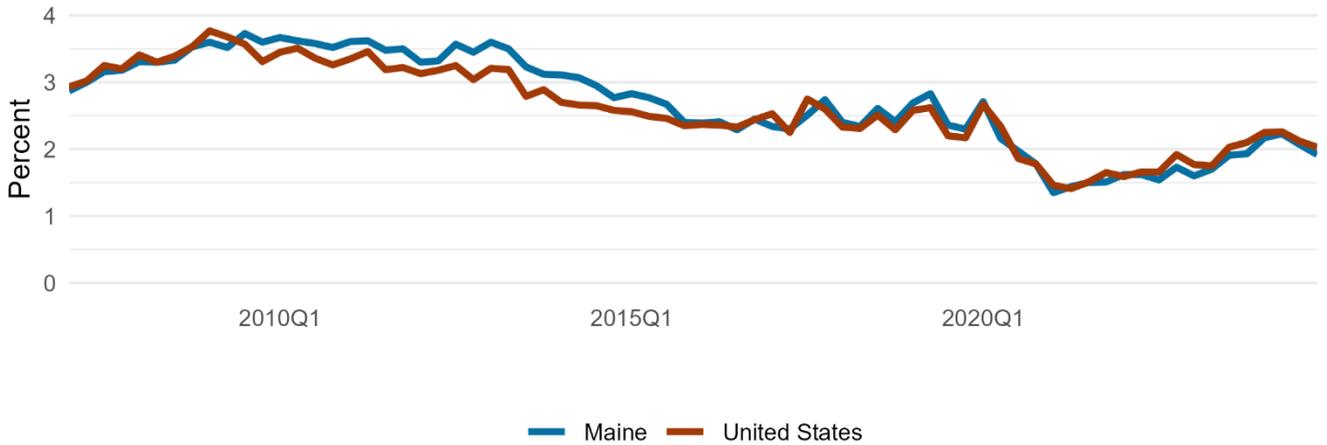
Source: Federal Housing Finance Agency

<sup>1</sup> According to the Federal Housing Finance Agency (FHFA), the HPI “measures average price changes in repeat sales or refinancing on the same properties.”

## 6. Borrowing

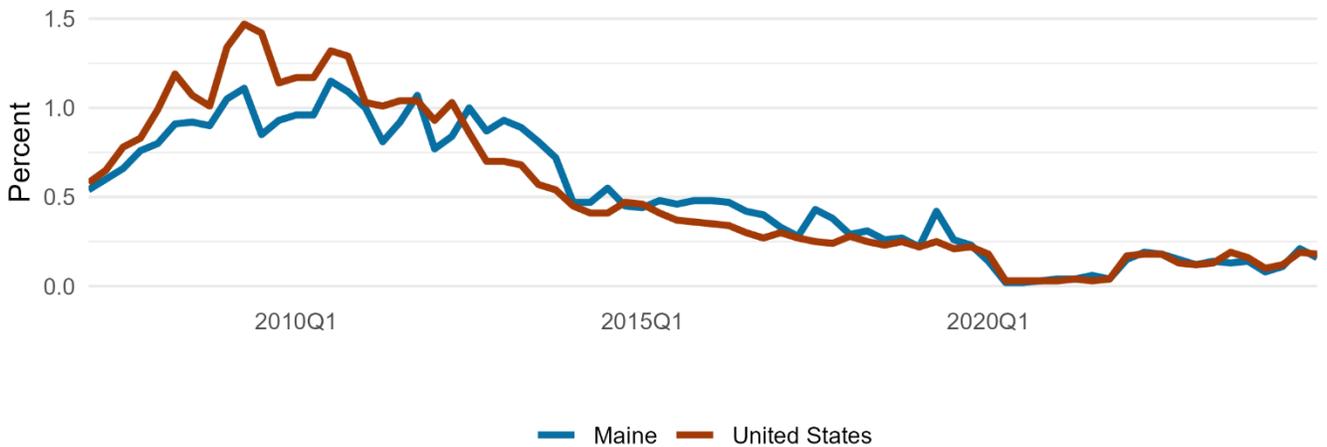
The share of mortgages in Maine that are delinquent 30 days or more was 1.92% in the last quarter of 2024. Maine's foreclosure rate was 0.16%, similar to the national rate of 0.18%. The average debt-to-income ratio in Maine was 24 in the last quarter of 2023.

**Mortgage Delinquencies: Percent of Loans Past Due at Least 30 Days, Seasonally Adjusted**



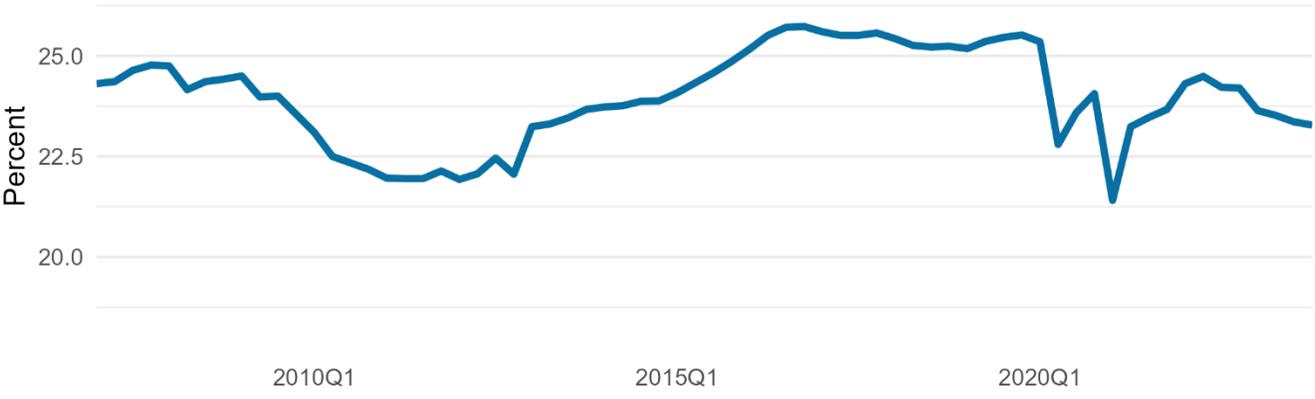
Source: Mortgage Bankers Association via Moody's Analytics

**Foreclosure Starts as a Percent of All Loans, Seasonally Adjusted**



Source: Mortgage Bankers Association via Moody's Analytics

### Maine's Debt-to-Income Ratio



Source: Federal Reserve Board of Governors & US Bureau of Economic Analysis, via Moody's Analytics