THE STATE OF MAINE’S ECONOMY

Midcoast Assessors Meeting

April 18, 2018

Amanda Rector
Maine State Economist
Overview

- Demographics
- Business and Industry
- Wages and Income
- Housing
- Energy
Demographics
Maine

- 2017 Population Estimate: 1,335,907
  - 42nd largest in US
- 2010 – 2017 Population Change: +0.6%
  - 45th in US (ahead of WV, VT, IL, CT, and MS)
- 2016 Median age: 44.6
  - Oldest in US
- 93.5% White, Non-Hispanic
  - Highest percentage in US

Source: U.S. Census Bureau, Population Estimates Program
Median Age

Maine average = 44.6 years

Source: U.S. Census Bureau, 2016 Population Estimates
The Baby Boom Wave

Source: U.S. Census Bureau, Decennial Censuses and Governor’s Office of Policy and Management population projections to 2034
Baby Boomers in 2016 (52-70)

Baby Boomers in 2034 (70-88)

Sources: Governor’s Office of Policy and Management, Maine State and County Population Projections to 2034; U.S. Census Bureau 2016 Population Estimates
Projected Population Change by Age, 2016-2034

Sources: U.S. Census Bureau 2016 Population Estimates; Governor’s Office of Policy and Management, Maine State and County Population Projections to 2034
Births and Deaths per year in Maine

Sources: Maine Office of Data, Research, and Vital Statistics; U.S. Census Bureau Population Estimates Program
Population and Labor Force Participation Outlook by Age

Source: Maine Department of Labor, Maine Workforce Outlook 2014 to 2024
Business and Industry in Maine
Alternative Measures of Labor Underutilization - Maine

- U-6, U-5 plus total employed part time for economic reasons
- U-5, U-4 plus marginally attached workers
- U-4, U-3 plus discouraged workers
- U-3, Total Unemployed
- U-2, Job losers and persons who completed temporary jobs
- U-1, Persons unemployed 15 weeks or longer

Source: Maine Department of Labor, Center for Workforce Research and Information
Labor Force Participation Rate, Seasonally Adjusted

Source: Maine Department of Labor, Local Area Unemployment Statistics program
Total Nonfarm Employment (in thousands)

History and CEFC forecast

Pre-recession peak (2007)

Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, February 1, 2018
2016 Maine Employment and GDP by Industry

Sources: Maine Department of Labor, Center for Workforce Research and Information and U.S. Bureau of Economic Analysis
Maine Real GDP by Industry, 1997-2016
(in thousands of 2009 dollars)

Source: U.S. Bureau of Economic Analysis
Wages and Income
The average wage per job has been rising at the fastest rate in nearly two decades, reflecting the competitive hiring and retention environment (adjusted for inflation to 2017 Q3 dollars).

Source: Presentation by Glenn Mills, Maine Department of Labor, to Consensus Economic Forecasting Commission, Jan. 26, 2018
<table>
<thead>
<tr>
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<td>5.3</td>
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<td>1.5</td>
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<td>4.0</td>
<td>3.0</td>
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<td><strong>Per Capita Personal Income</strong></td>
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<td>3.8</td>
<td>2.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Economic Analysis
Major Components of Personal Income, 2016

- Wages and salaries
- Personal current transfer receipts
- Dividends, interest, and rent
- Supplements to wages and salaries
- Proprietors' income

**Waldo**
- Wages and salaries: 34%
- Personal current transfer receipts: 29%
- Dividends, interest, and rent: 19%
- Supplements to wages and salaries: 8%
- Proprietors' income: 8%

**Sagadahoc**
- Wages and salaries: 46%
- Personal current transfer receipts: 18%
- Dividends, interest, and rent: 19%
- Supplements to wages and salaries: 12%
- Proprietors' income: 5%

**Penobscot**
- Wages and salaries: 47%
- Personal current transfer receipts: 24%
- Dividends, interest, and rent: 13%
- Supplements to wages and salaries: 12%
- Proprietors' income: 4%

**Lincoln**
- Wages and salaries: 30%
- Personal current transfer receipts: 25%
- Dividends, interest, and rent: 28%
- Supplements to wages and salaries: 7%
- Proprietors' income: 10%

**Knox**
- Wages and salaries: 35%
- Personal current transfer receipts: 20%
- Dividends, interest, and rent: 22%
- Supplements to wages and salaries: 9%
- Proprietors' income: 14%

**Kennebec**
- Wages and salaries: 47%
- Personal current transfer receipts: 22%
- Dividends, interest, and rent: 13%
- Supplements to wages and salaries: 13%
- Proprietors' income: 5%

**Hancock**
- Wages and salaries: 34%
- Personal current transfer receipts: 20%
- Dividends, interest, and rent: 21%
- Supplements to wages and salaries: 9%
- Proprietors' income: 16%

**Cumberland**
- Wages and salaries: 52%
- Personal current transfer receipts: 13%
- Dividends, interest, and rent: 17%
- Supplements to wages and salaries: 11%
- Proprietors' income: 6%

**Maine**
- Wages and salaries: 44%
- Personal current transfer receipts: 21%
- Dividends, interest, and rent: 16%
- Supplements to wages and salaries: 11%
- Proprietors' income: 7%

Source: U.S. Bureau of Economic Analysis
Percent Change in Real Personal Income, Maine

<table>
<thead>
<tr>
<th>Maine Retail Sales</th>
<th>% Change from December 2016 to December 2017</th>
<th>% Change last three months / same 3 month period one year ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Supply</td>
<td>8.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Food Store</td>
<td>4.1%</td>
<td>4.5%</td>
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<tr>
<td>General Merchandise</td>
<td>8.9%</td>
<td>10.0%</td>
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<tr>
<td>Other Retail</td>
<td>-5.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Restaurant</td>
<td>4.1%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Lodging</td>
<td>-7.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Auto Transportation</td>
<td>-1.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Total</td>
<td>2.2%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Business Operating</td>
<td>0.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Personal Consumption</td>
<td>2.5%</td>
<td>5.6%</td>
</tr>
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</table>
Consumer Sentiment and Small Business Optimism Indexes

Source: University of Michigan and National Federation of Independent Businesses
Housing
## Homeownership Affordability - 2017

<table>
<thead>
<tr>
<th>Location</th>
<th>Index</th>
<th>Median Home Price</th>
<th>Median Income</th>
<th>Income Needed to Afford Median Home Price</th>
<th>Home Price Affordable to Median Income</th>
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</thead>
<tbody>
<tr>
<td>Maine</td>
<td>0.93</td>
<td>$197,000</td>
<td>$53,190</td>
<td>$57,089</td>
<td>$183,546</td>
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<td>Augusta Micropolitan</td>
<td>1.15</td>
<td>$156,900</td>
<td>$52,087</td>
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<td>Belfast LMA</td>
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<td>$43,961</td>
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<td>$147,365</td>
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<tr>
<td>Boothbay Harbor LMA</td>
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<td>$274,000</td>
<td>$55,518</td>
<td>$73,132</td>
<td>$208,006</td>
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<tr>
<td>Brunswick Micropolitan</td>
<td>0.86</td>
<td>$238,000</td>
<td>$58,367</td>
<td>$68,121</td>
<td>$203,921</td>
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<tr>
<td>Camden LMA</td>
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<td>$235,000</td>
<td>$55,535</td>
<td>$67,610</td>
<td>$193,027</td>
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<tr>
<td>Ellsworth LMA</td>
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<td>$207,500</td>
<td>$48,470</td>
<td>$56,672</td>
<td>$177,470</td>
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<tr>
<td>Portland-South Portland MA</td>
<td>0.83</td>
<td>$270,000</td>
<td>$64,581</td>
<td>$77,593</td>
<td>$224,721</td>
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<tr>
<td>Rockland Micropolitan</td>
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<td>$192,950</td>
<td>$53,686</td>
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<tr>
<td>Waldoboro LMA</td>
<td>0.94</td>
<td>$210,250</td>
<td>$54,338</td>
<td>$57,847</td>
<td>$197,499</td>
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</table>

Source: MaineHousing
<table>
<thead>
<tr>
<th>Location</th>
<th>Index</th>
<th>Average 2 BR Rent (with utilities)</th>
<th>Renter Household Median Income</th>
<th>Income Needed to Afford Average 2 BR Rent</th>
<th>2 BR Rent Affordable to Median Income</th>
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</thead>
<tbody>
<tr>
<td>Maine</td>
<td>0.88</td>
<td>$880</td>
<td>$30,804</td>
<td>$35,181</td>
<td>$770</td>
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<tr>
<td>Augusta Micropolitan</td>
<td>1.01</td>
<td>$782</td>
<td>$31,675</td>
<td>$31,293</td>
<td>$792</td>
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<tr>
<td>Belfast LMA</td>
<td>0.8</td>
<td>$780</td>
<td>$24,938</td>
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<tr>
<td>Boothbay Harbor LMA</td>
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<td>$29,904</td>
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<td>Brunswick Micropolitan</td>
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<td>$32,939</td>
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<td>$823</td>
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<tr>
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<td>$34,309</td>
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<td>Ellsworth LMA</td>
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<td>$814</td>
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<td>Portland-South Portland MA</td>
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<td>0.91</td>
<td>$888</td>
<td>$32,145</td>
<td>$35,506</td>
<td>$804</td>
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Source: MaineHousing
Single Family Existing-Home Sales, Percent Change from Year Ago

Sources: National Association of REALTORS and Maine Association of REALTORS
Single Unit Housing Permits Authorized (Monthly, SA)

Source: U.S. Census Bureau via Federal Reserve Bank of Boston
Energy Prices
Weekly New England Retail Gasoline Prices
(Dollars per Gallon)

Source: U.S. Energy Information Administration
...And One More Thing
$ Budget Stabilization Fund / % of GF

Source: Maine Bureau of the Budget
Summing up

- Maine’s demographics are a limiting factor for employment and economic growth – but there are recent signs of improvement!

- Broad economic conditions are good, but uncertainty around federal policies has ticked up recently

- Maine must craft policies that make the state competitive for residents and businesses
Contact Information

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