

Demographic and Economic Change in Maine and the Midcoast

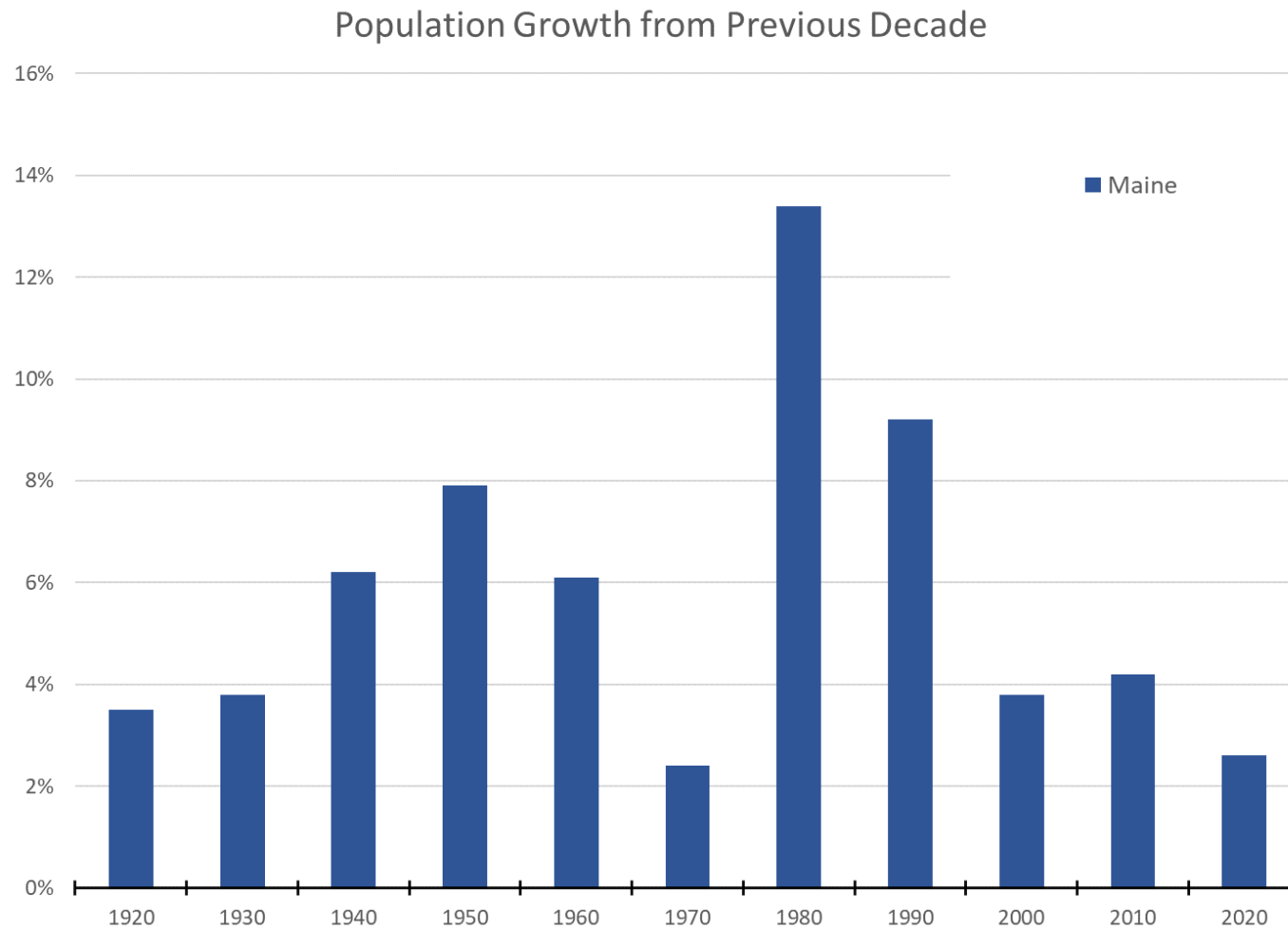
Midcoast Assessors

January 9, 2025

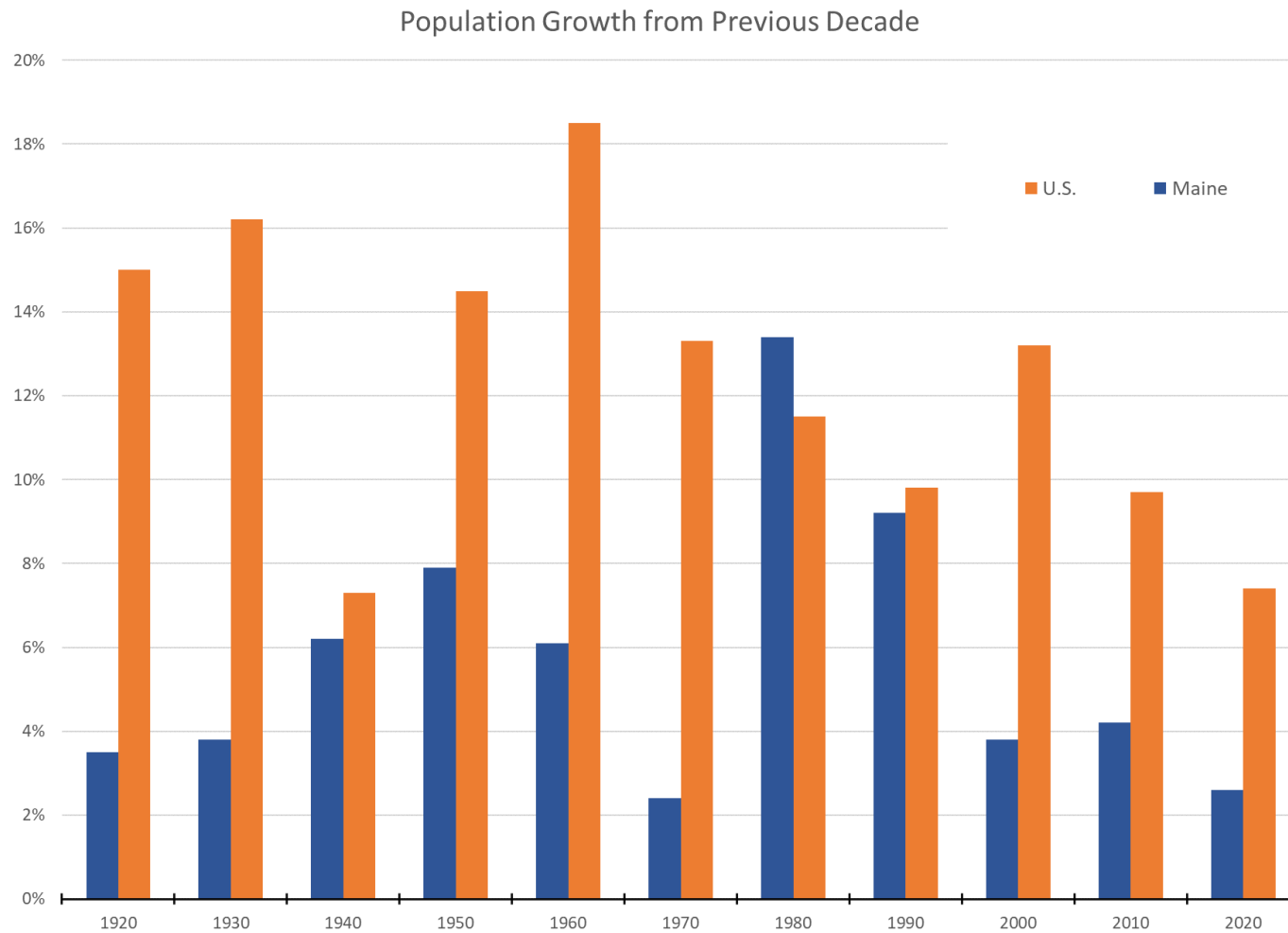
Amanda Rector

Maine State Economist

Population Change

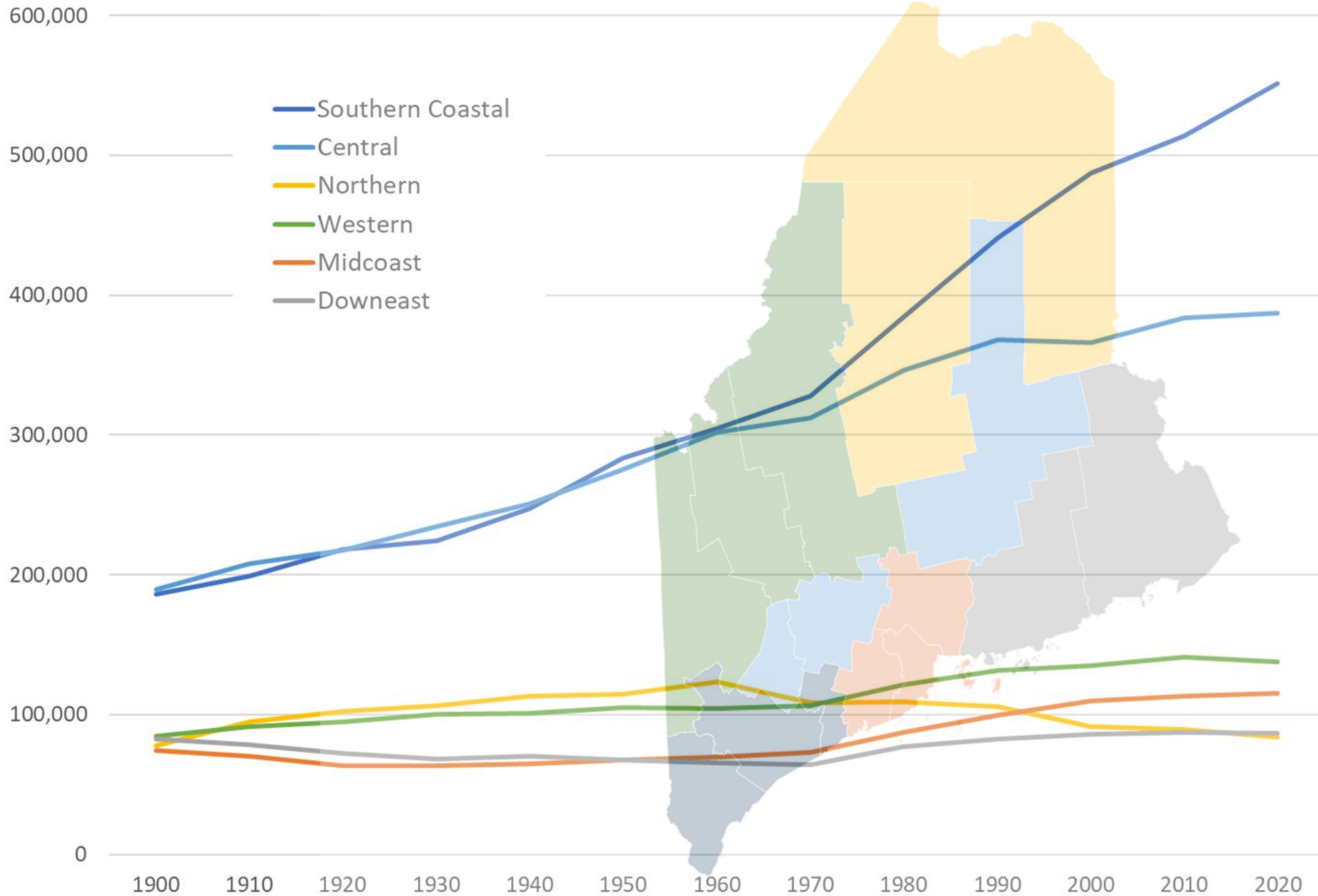


Maine population growth peaked during “back to the land” movement in the 1970s



U.S. population growth has generally been faster than Maine, apart from 1980, but the growth in 2020 was the slowest since 1940.

Population by Region

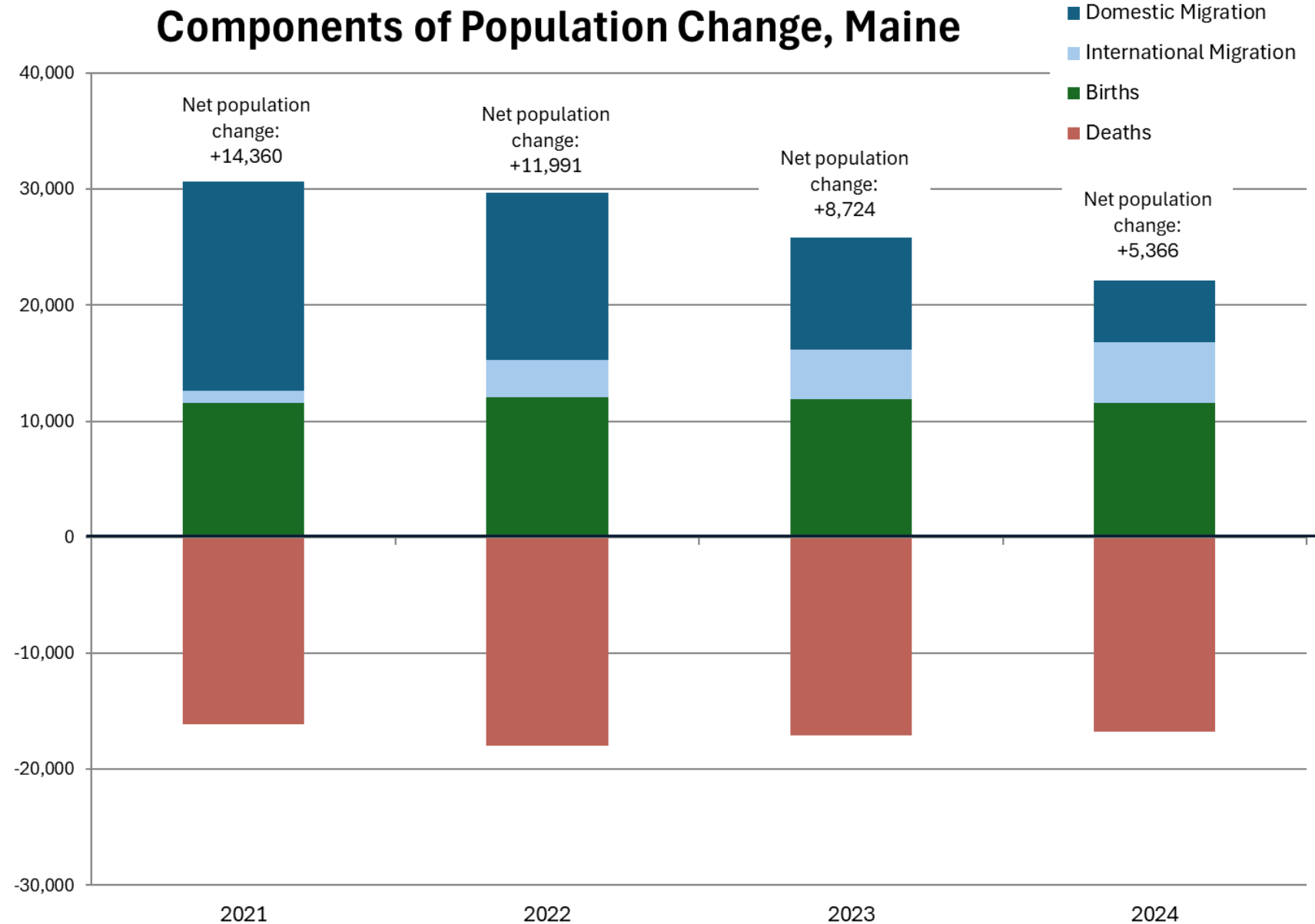


Powered by Bing
© GeoNames, TomTom

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

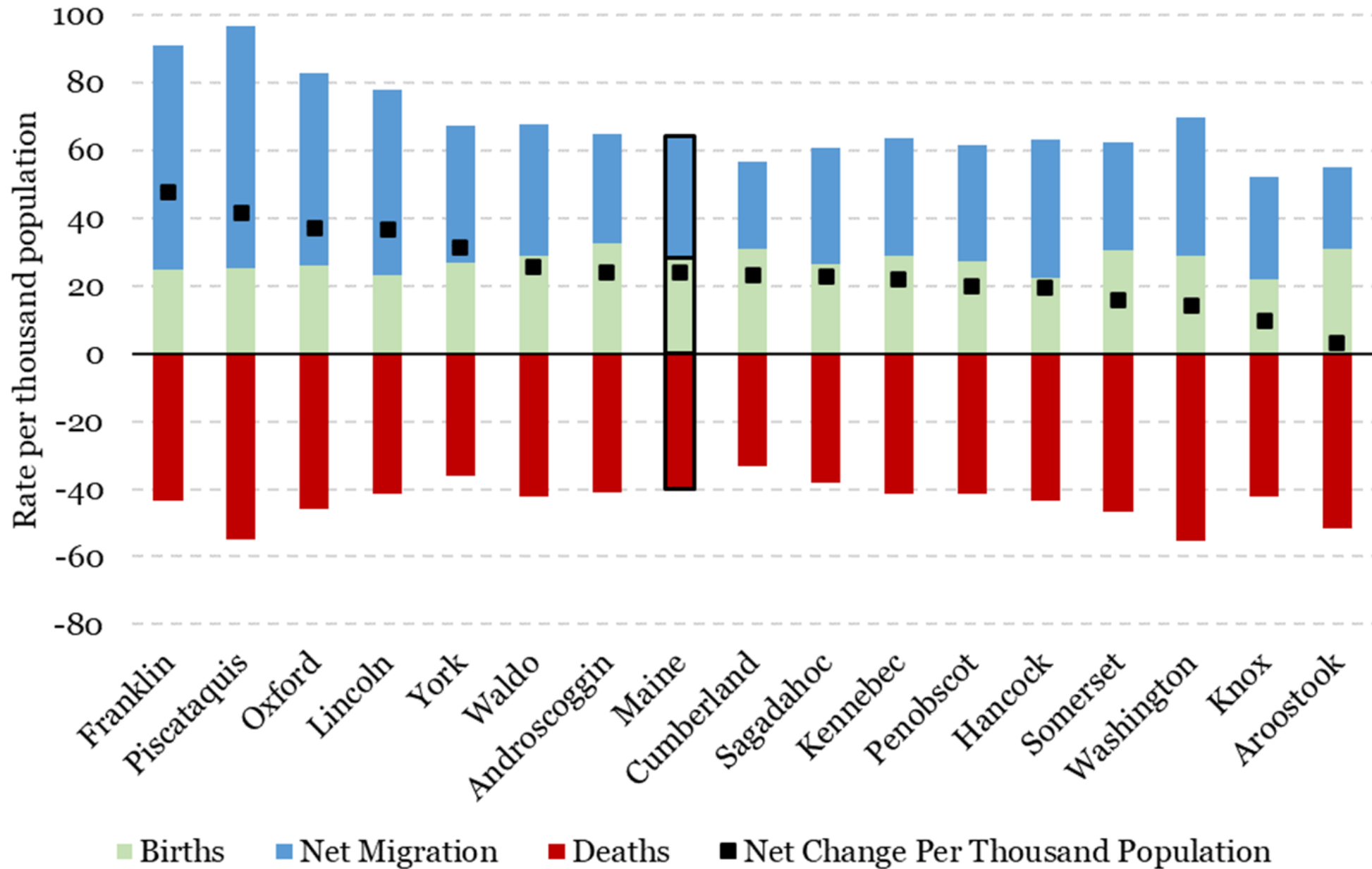
Population increase of
3.1% from 2020-2024
(17th in U.S.)

2024 Total Population:
1,405,012



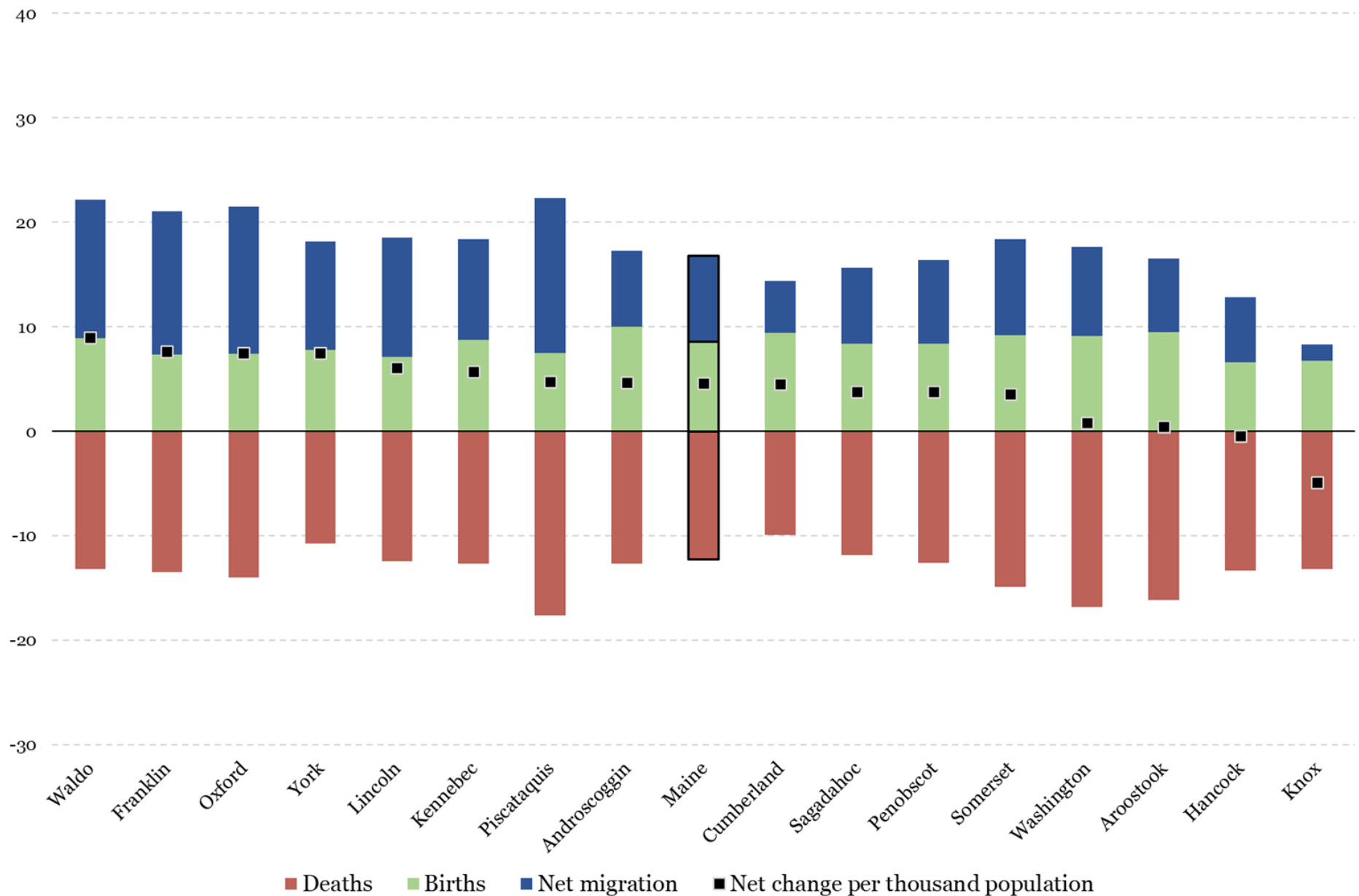
Components of Population Change in Maine, 4/2020-7/2023

Rate per thousand population



Components of Population Change in Maine, 2023

Rate per thousand population

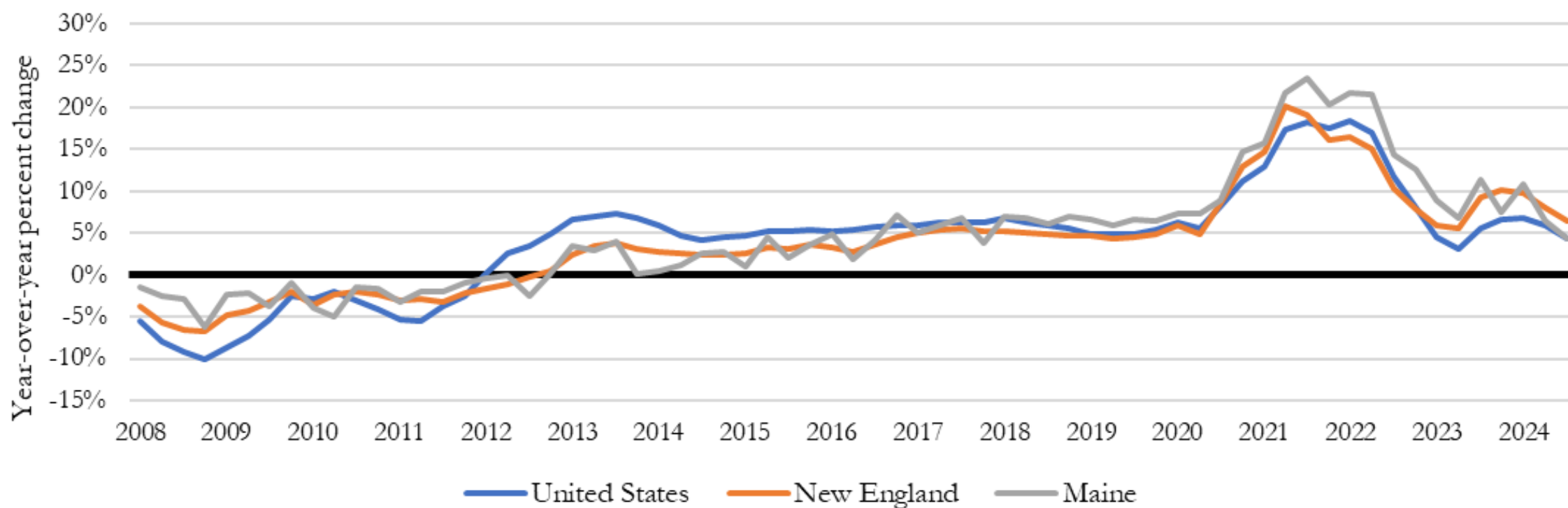


Housing

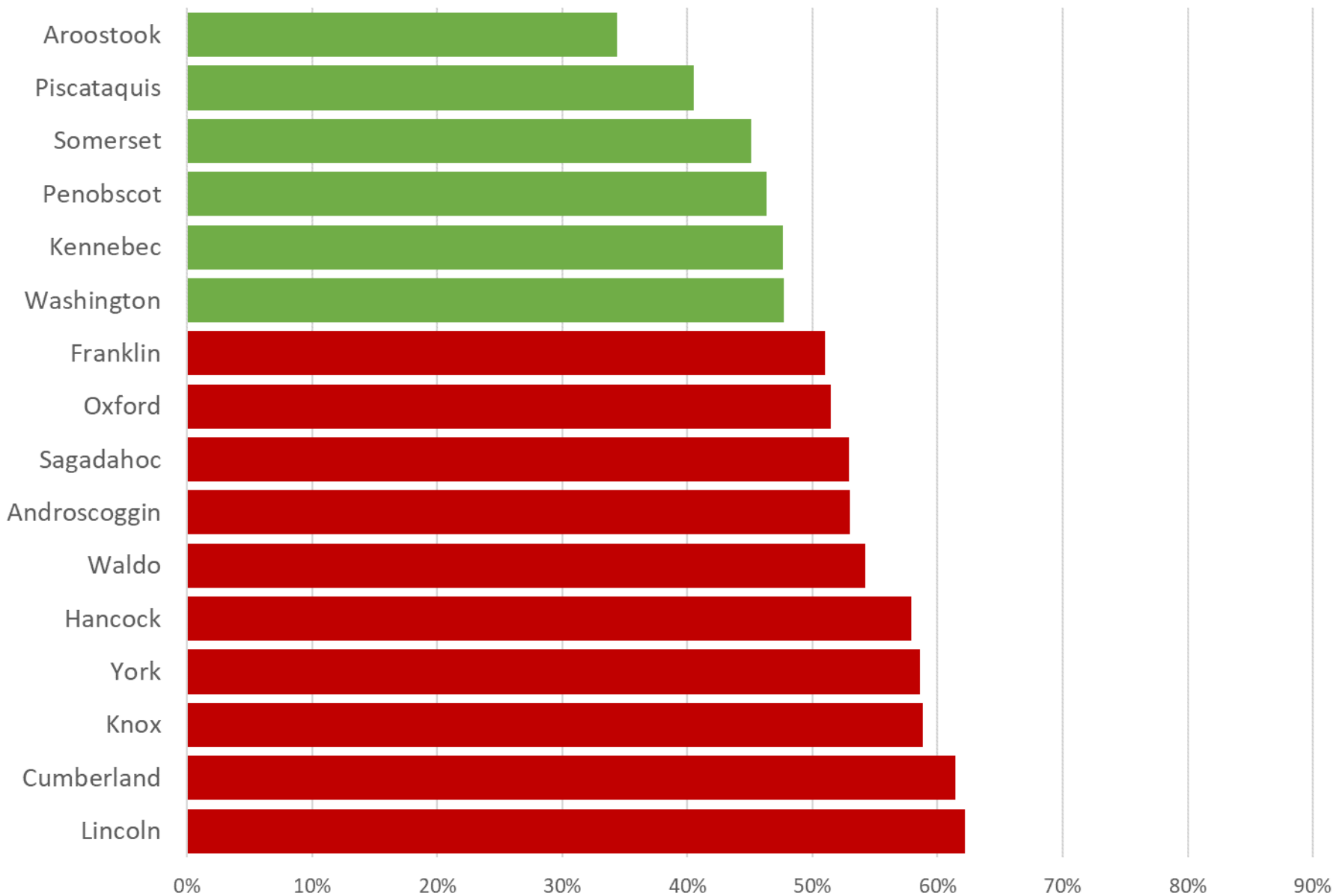


Migration into the state drove up demand for housing and further reduced the available supply and high mortgage rates locked people into existing homes – but there's been some improvement

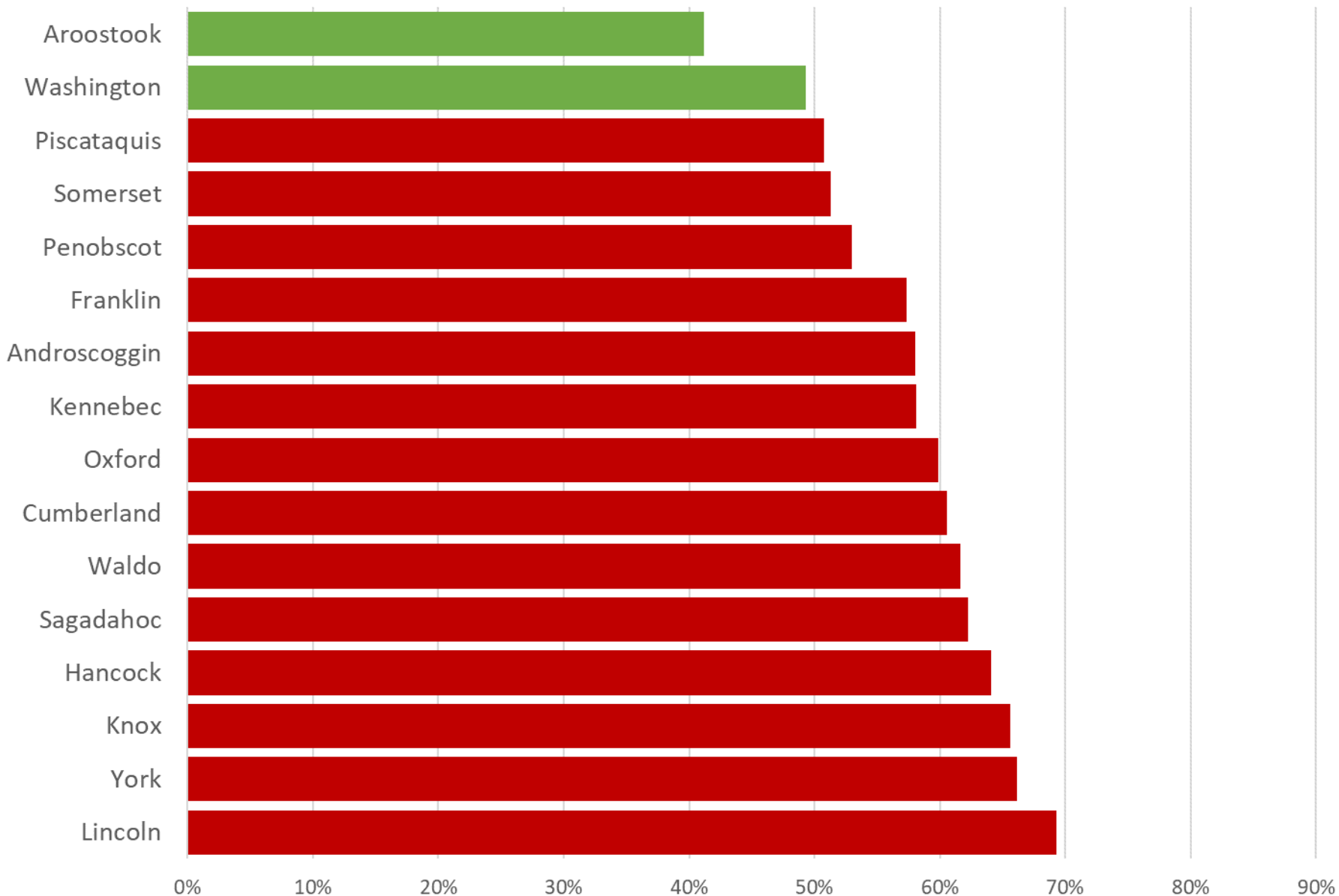
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2020

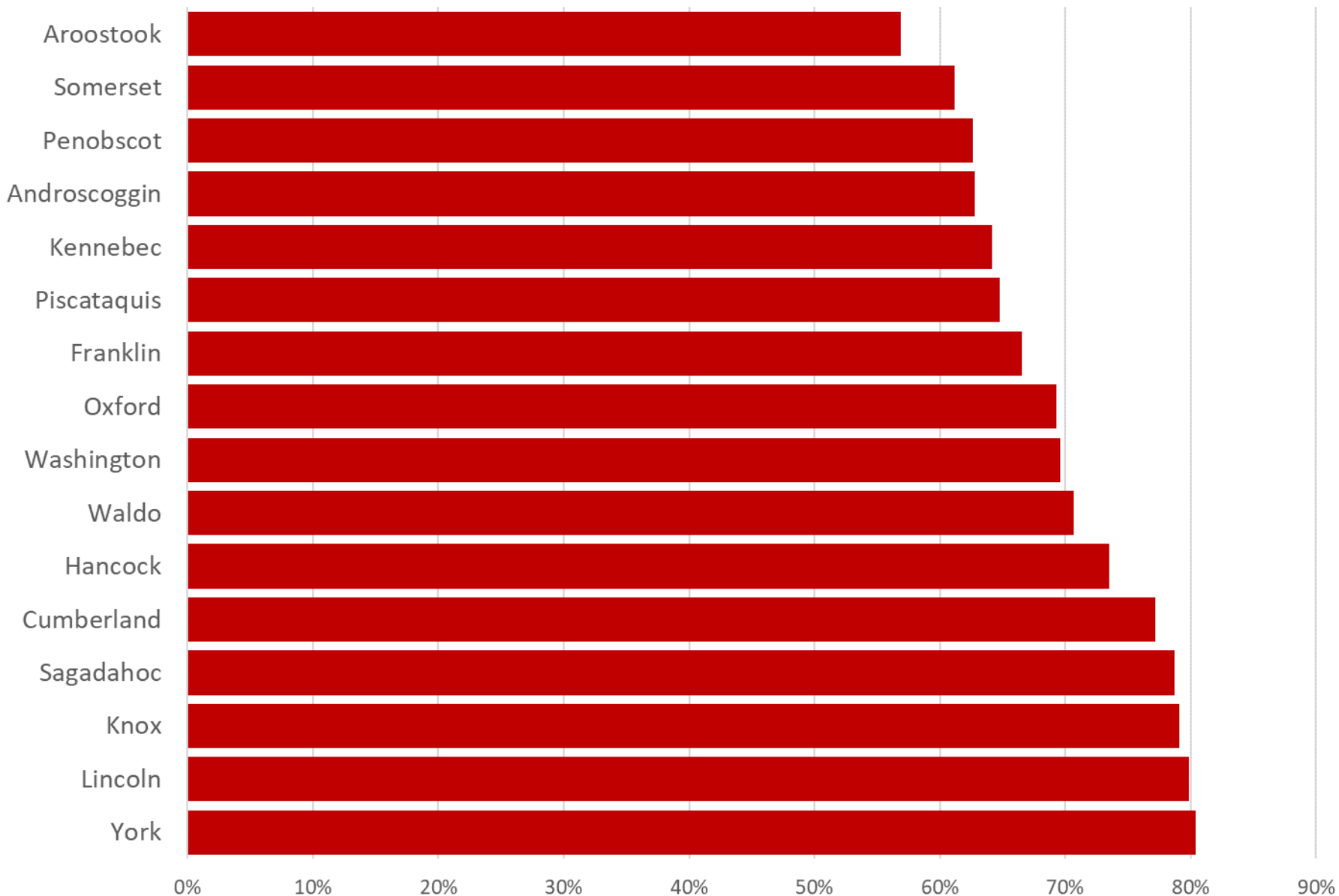


Percent of Households Unable to Afford Median Home, 2021



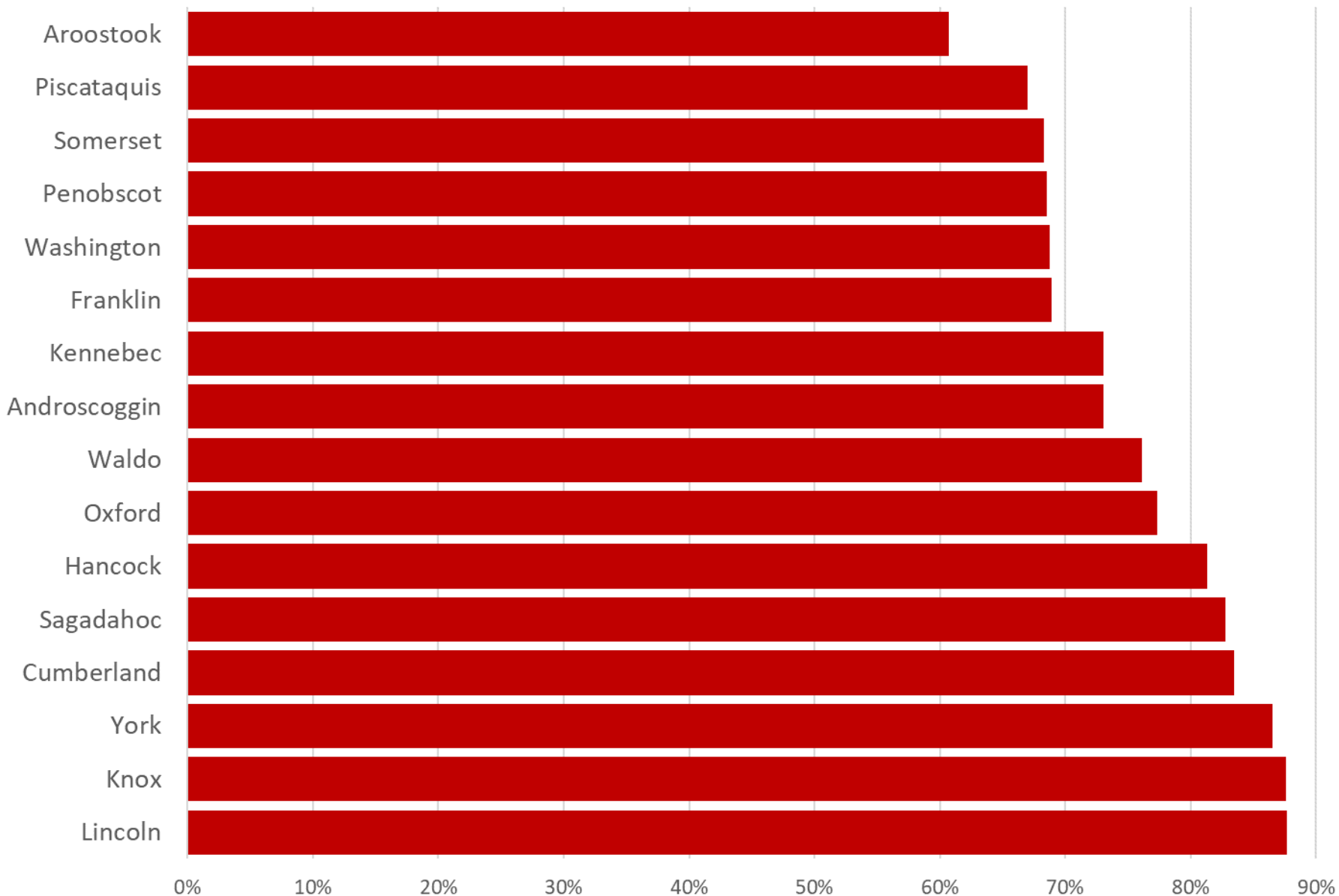
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Percent of Households Unable to Afford Median Home, 2022



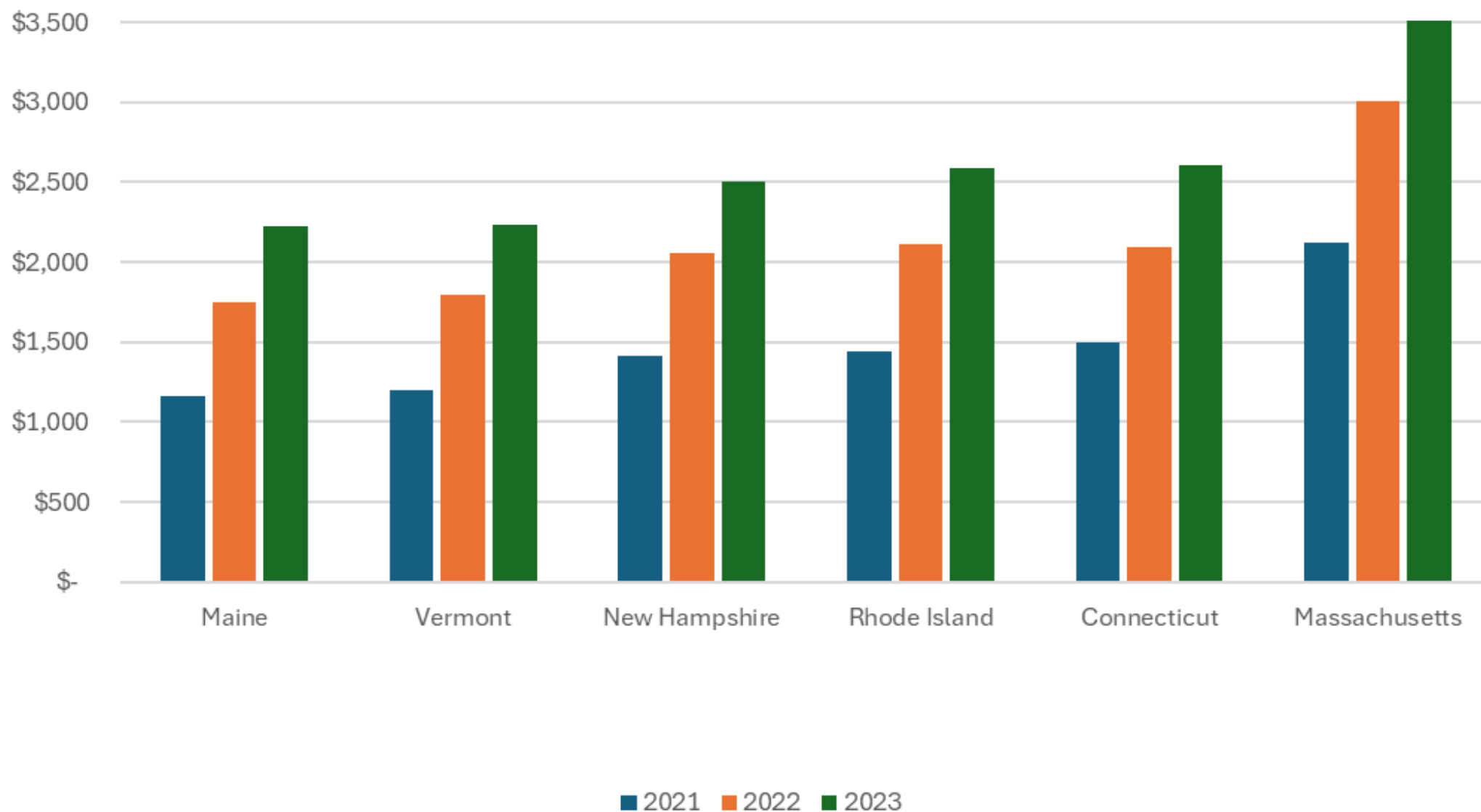
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Percent of Households Unable to Afford Median Home, 2023



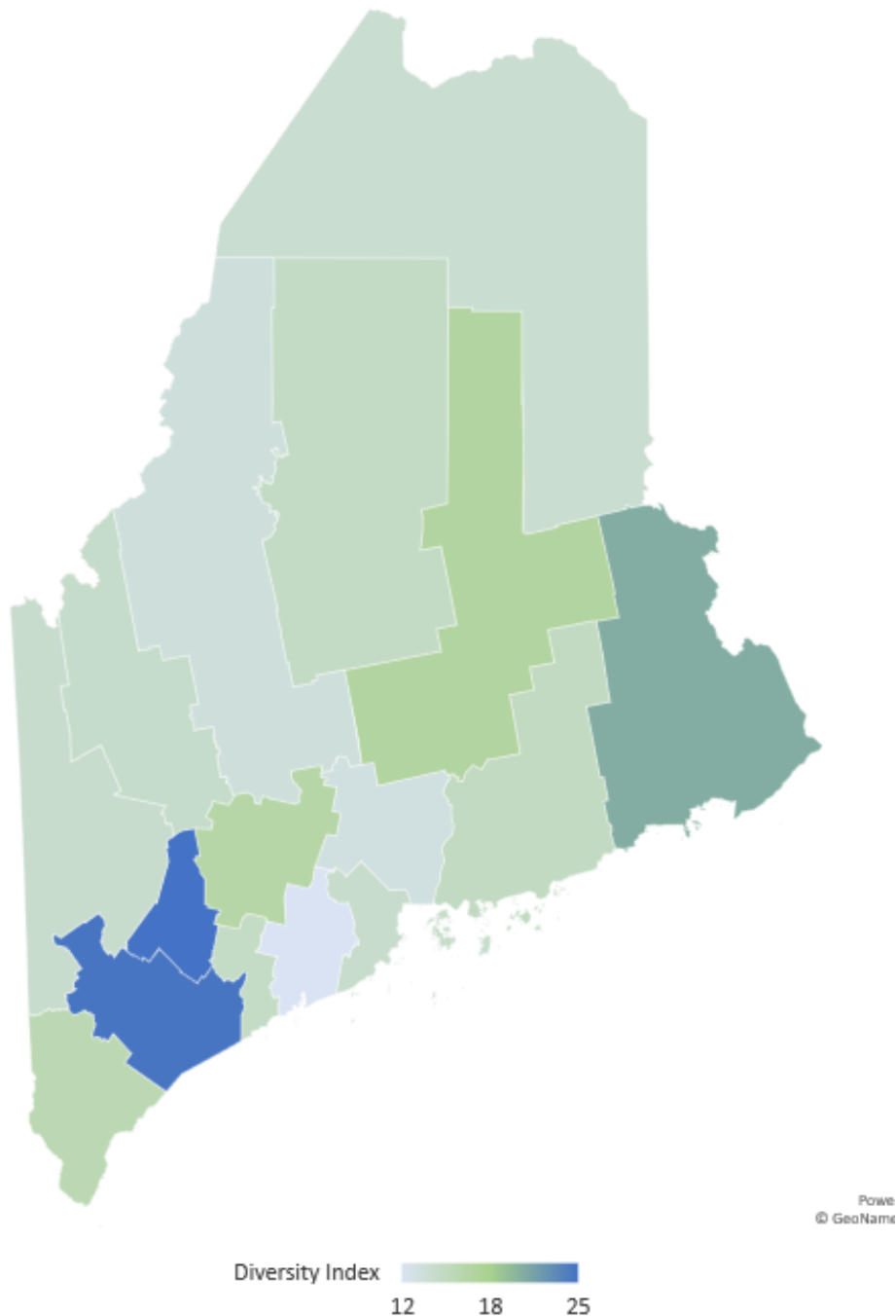
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Monthly Mortgage Payment at the Median Sales Price 2021-2023



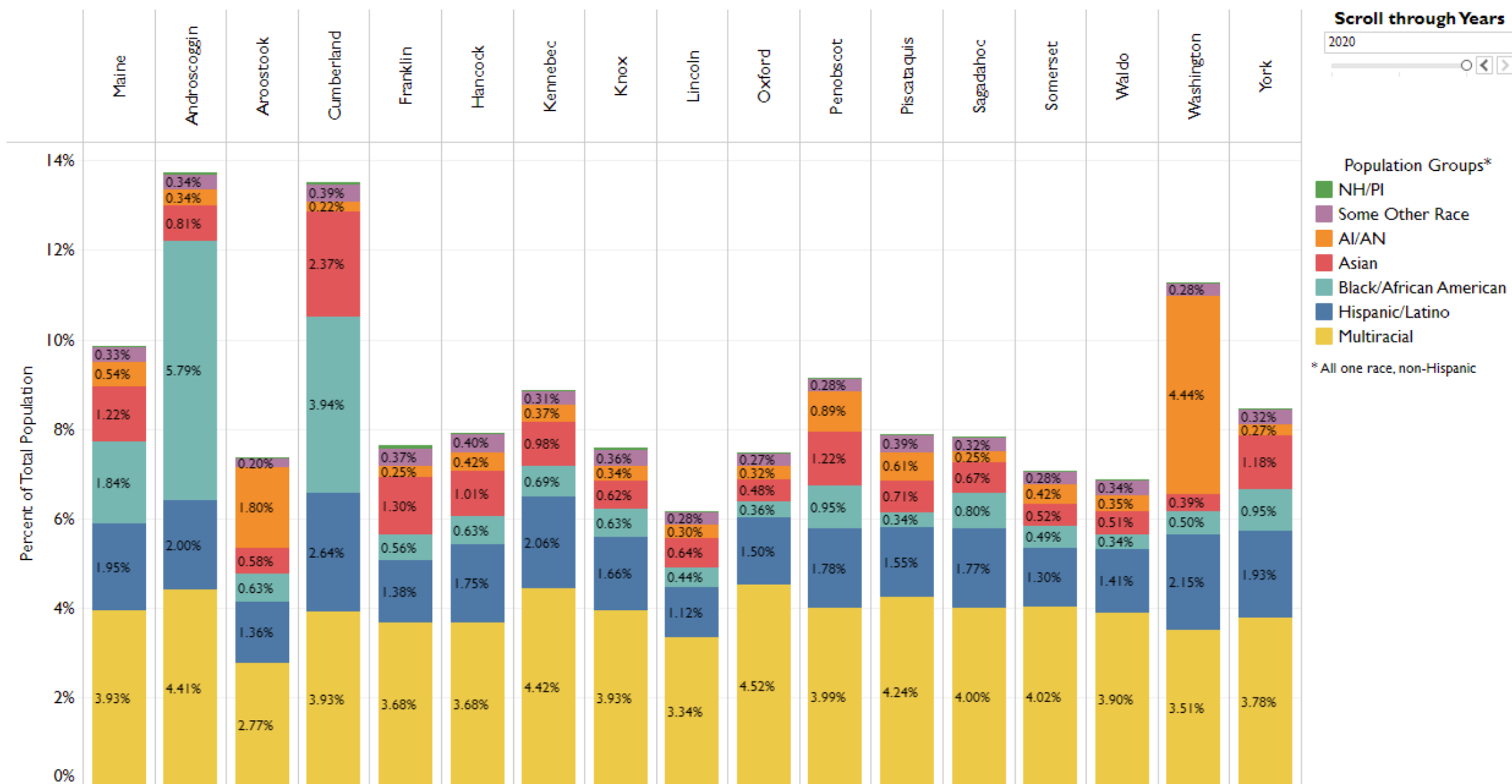
Sources: Moody's Analytics (median sale prices), FRED 30-year fixed rate mortgage rates, weekly (average of all weeks in the year). Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price.

Demographics



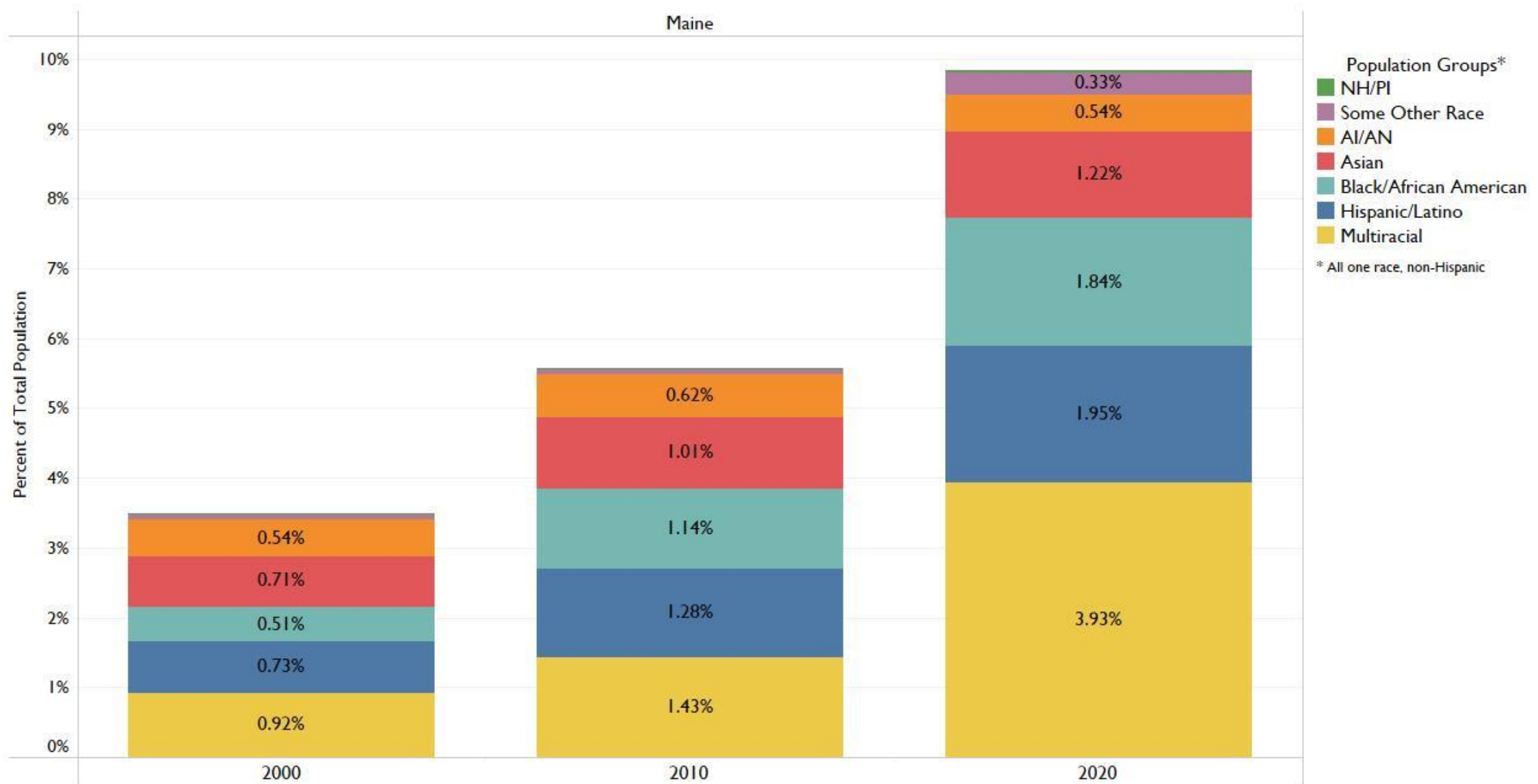
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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 Total Population by Population Group | Maine

Data source: 2000, 2010, and 2020 U.S. Decennial Census

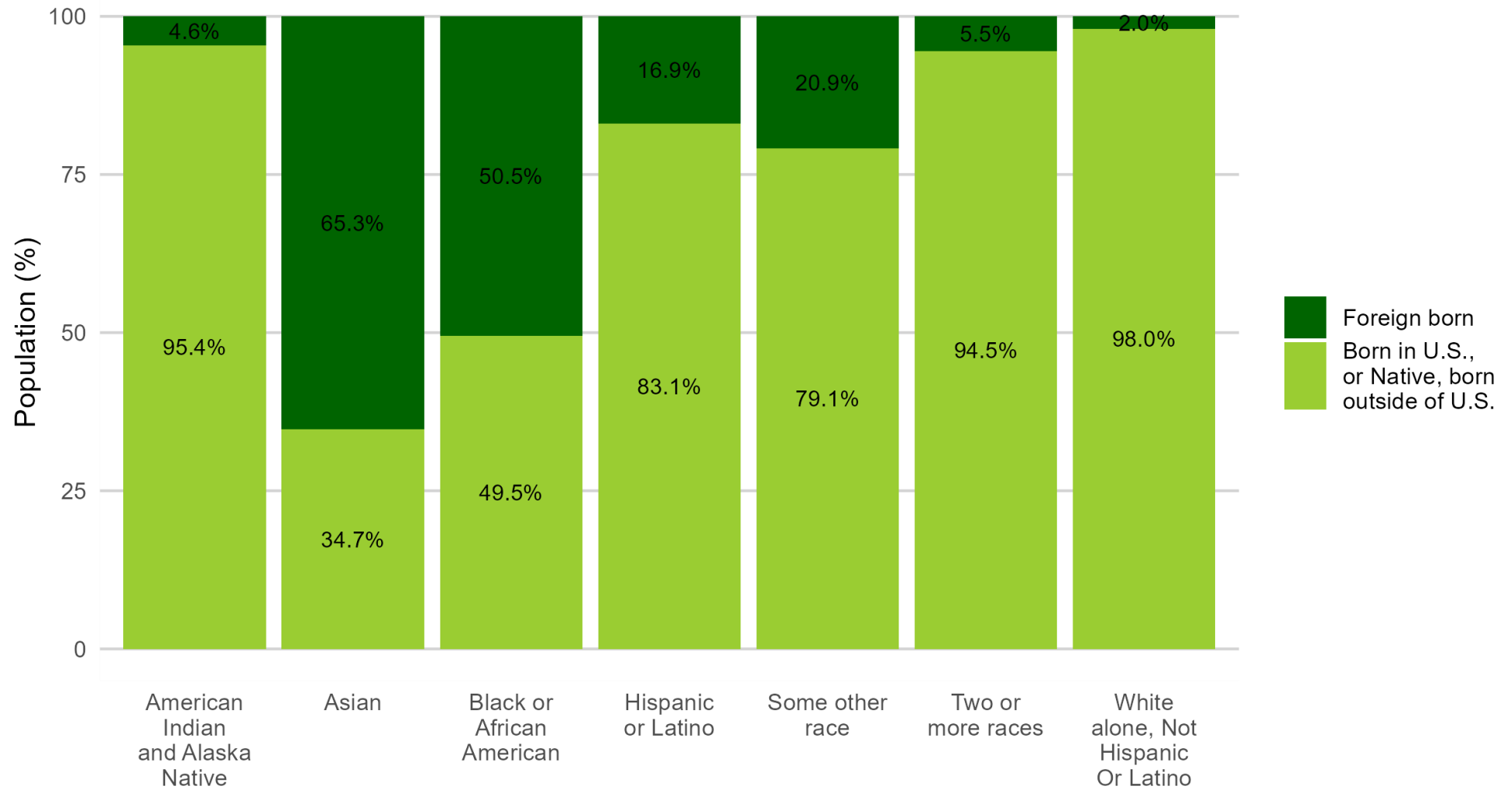


Note: Bars with less than 0.10% are not labeled for clarity and the White population is excluded from this figure because it comprises over 90% of the population.

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

Share of Maine Population by Region of Birth by Race/Ethnicity, 2023

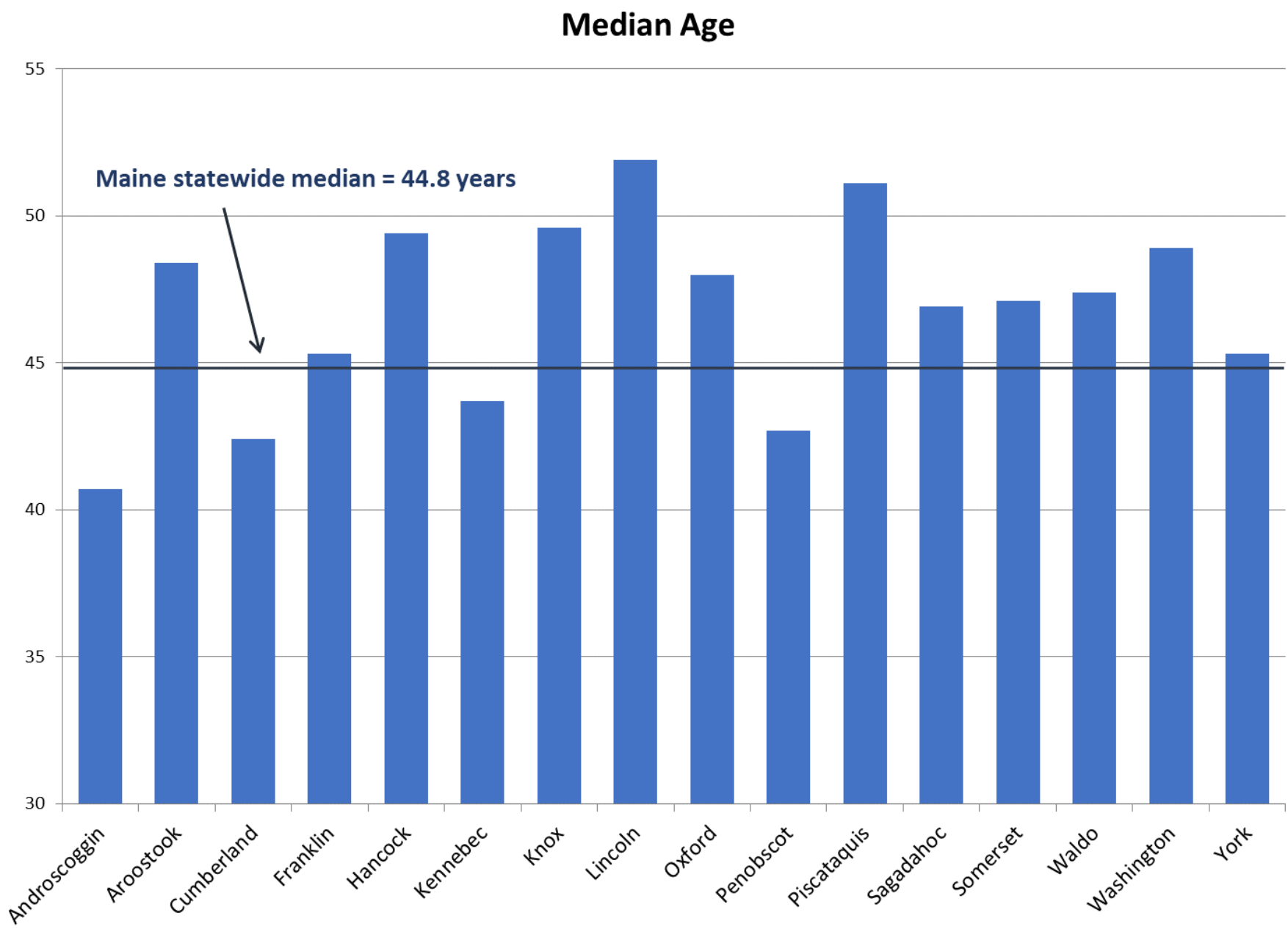
Foreign born statewide, 3.8%



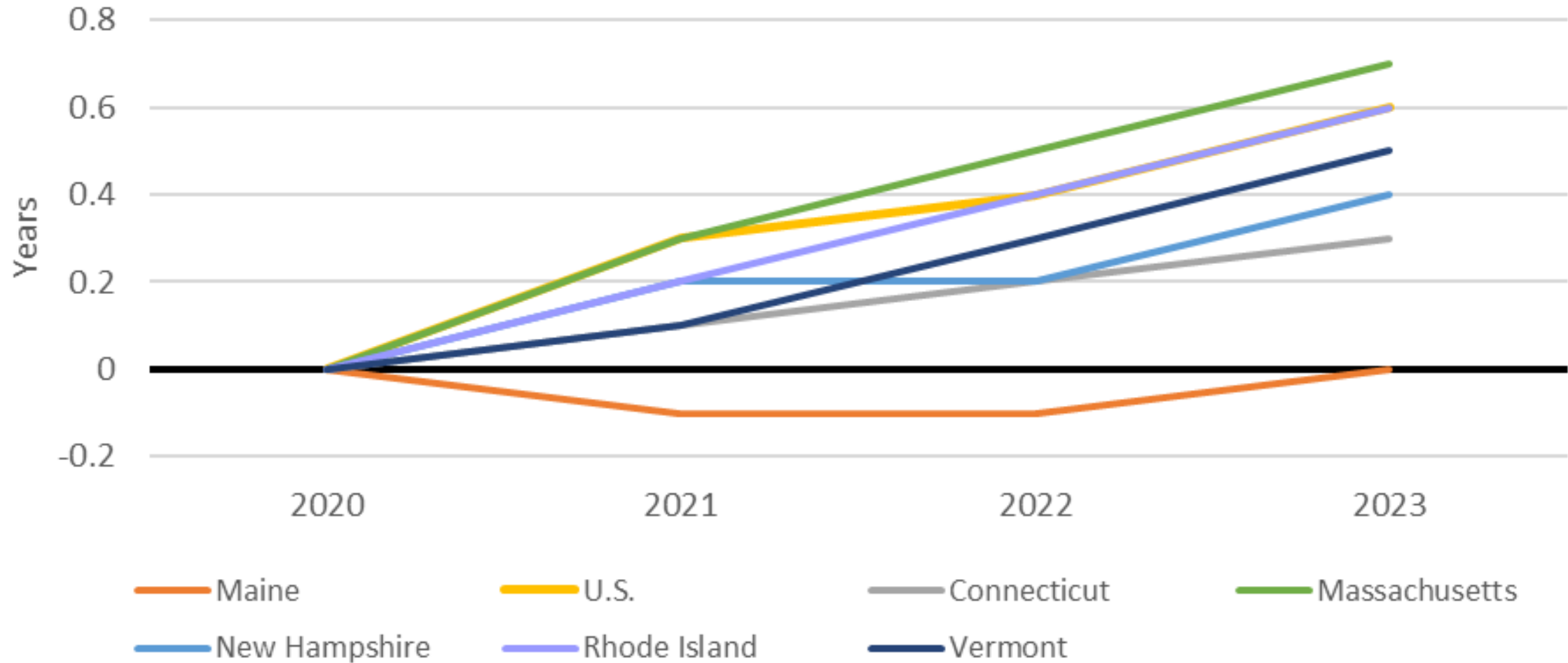
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (23.0%)

But migration has made
a difference:

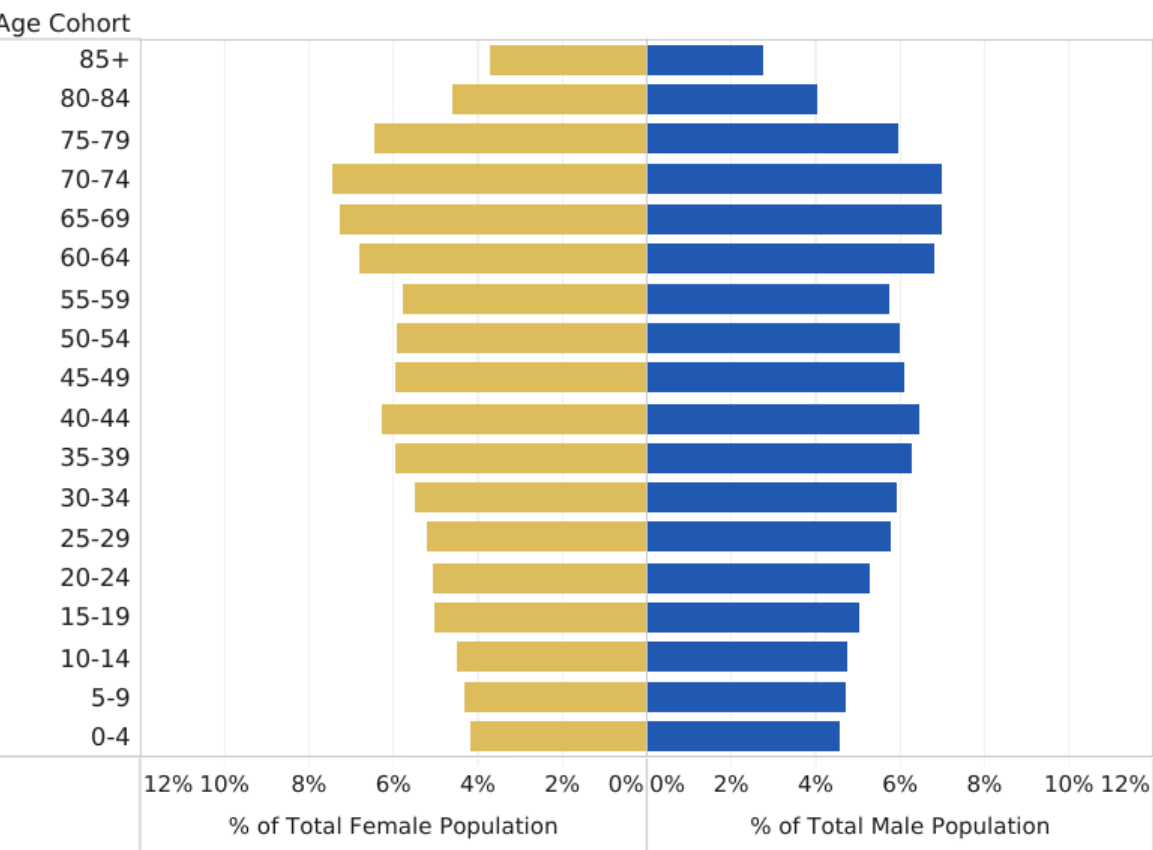
Maine's median age in
2023 is unchanged
from 2020, while the
U.S. median age has
increased 0.6 years



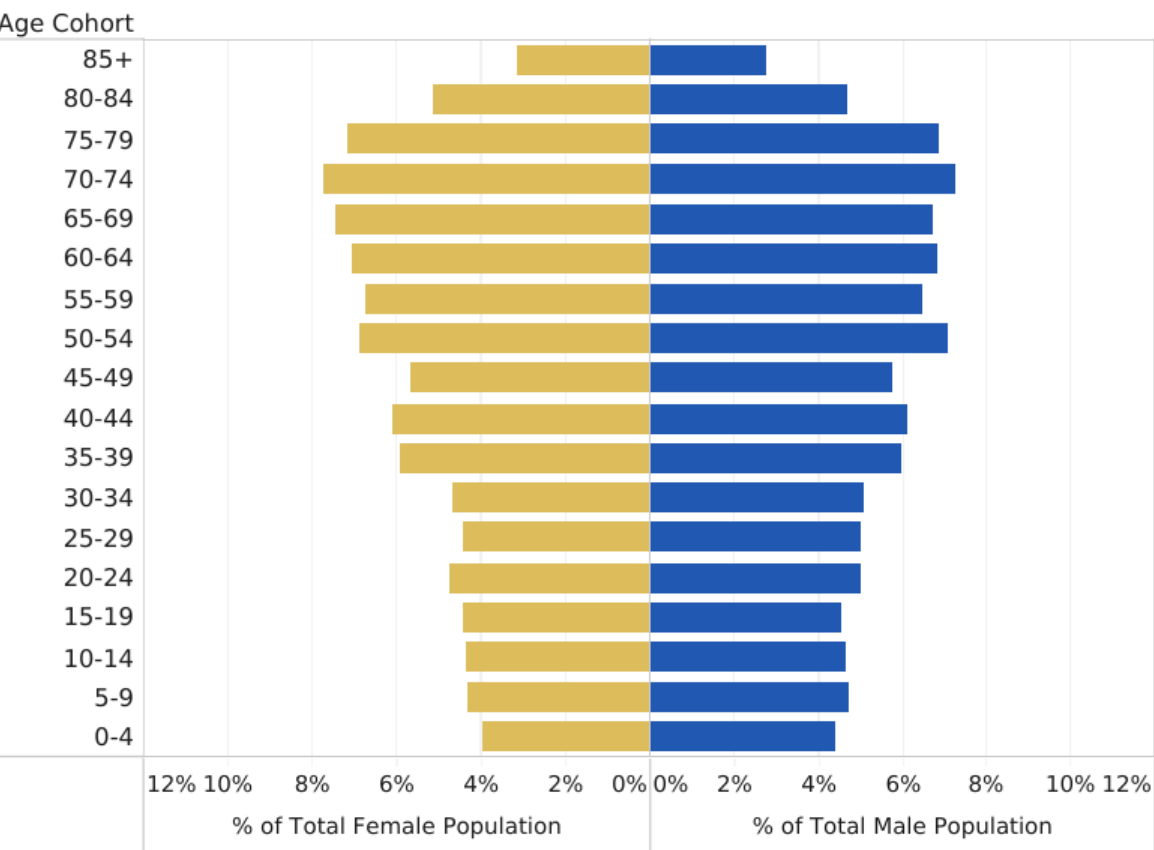
Change in median age since April 2020



Maine | 2030, Projected Population



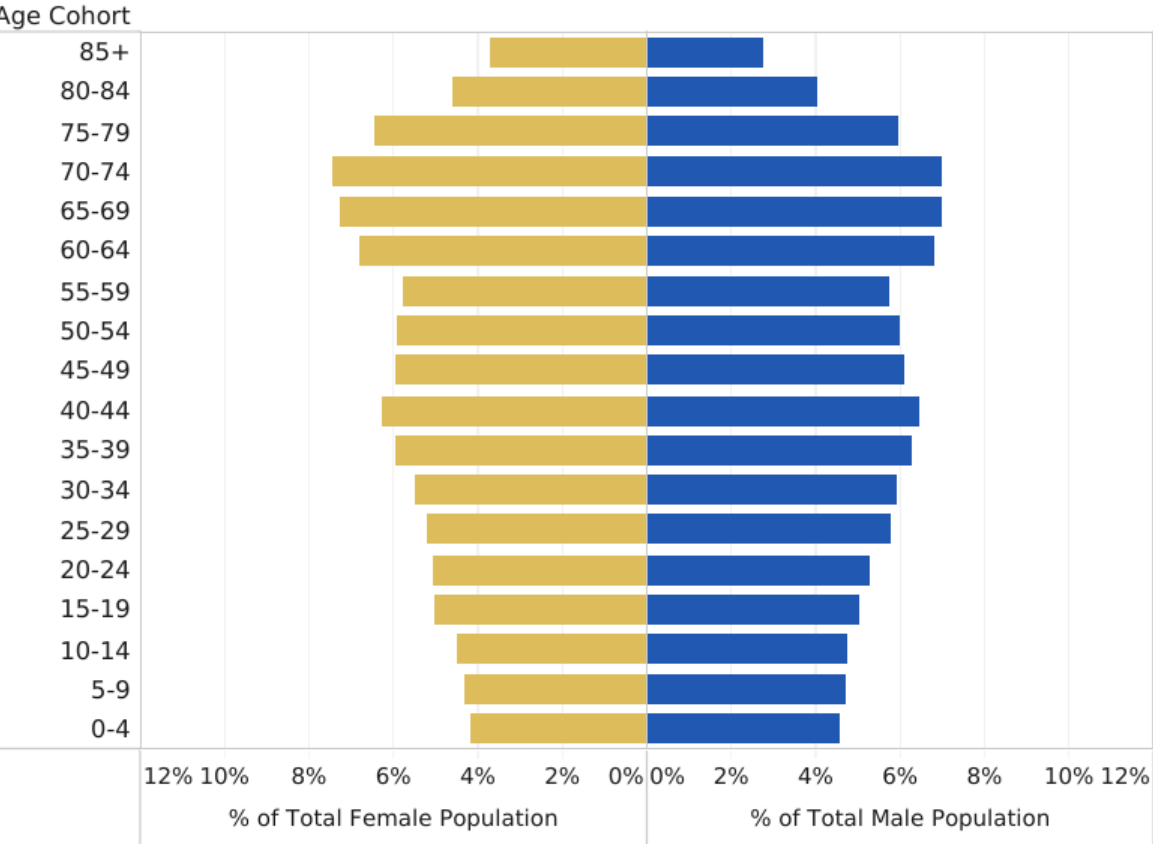
Waldo County | 2030, Projected Population



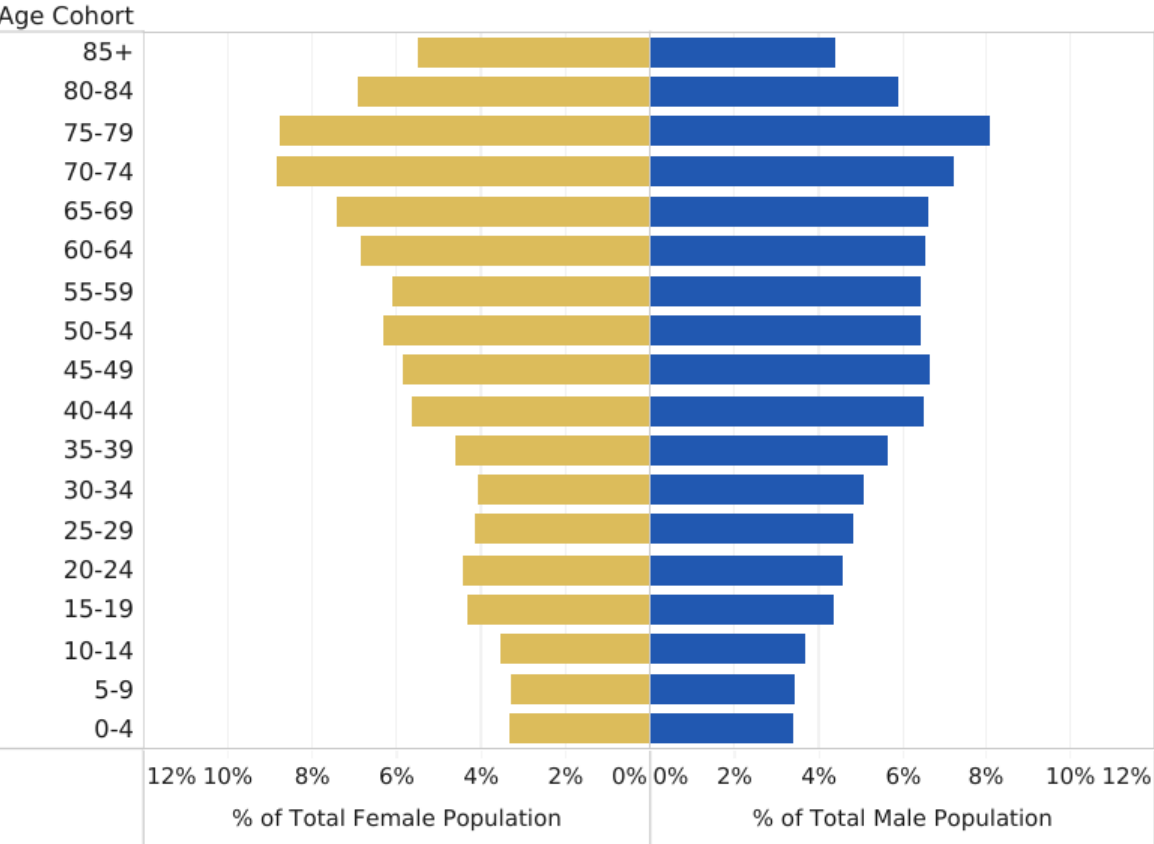
Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

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

Maine | 2030, Projected Population



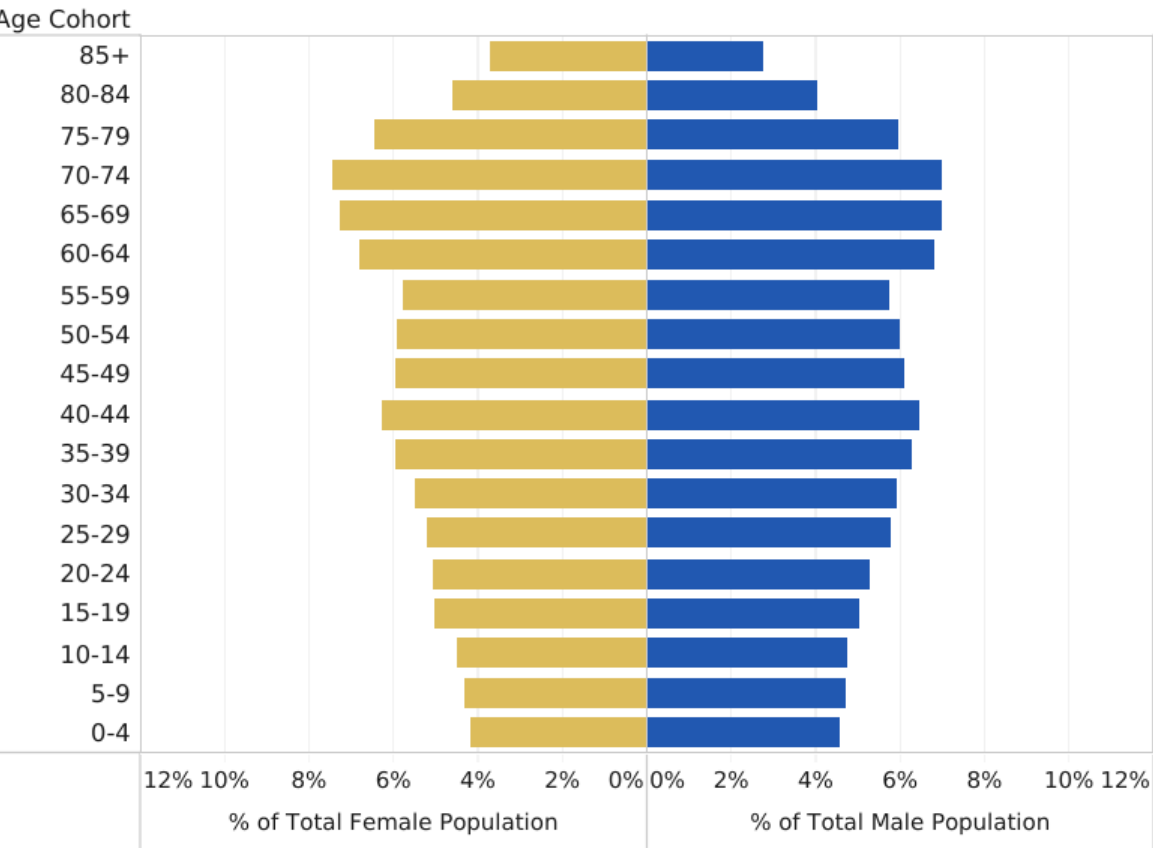
Knox County | 2030, Projected Population



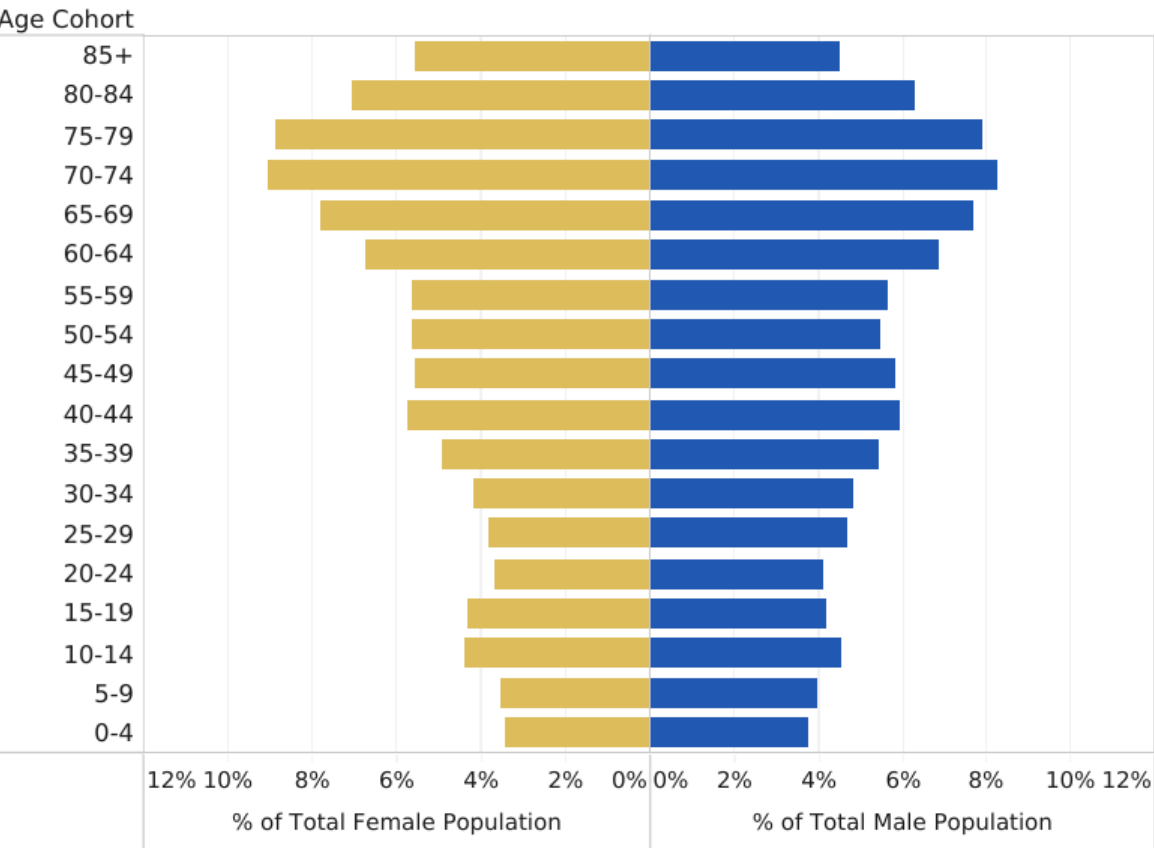
Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

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

Maine | 2030, Projected Population



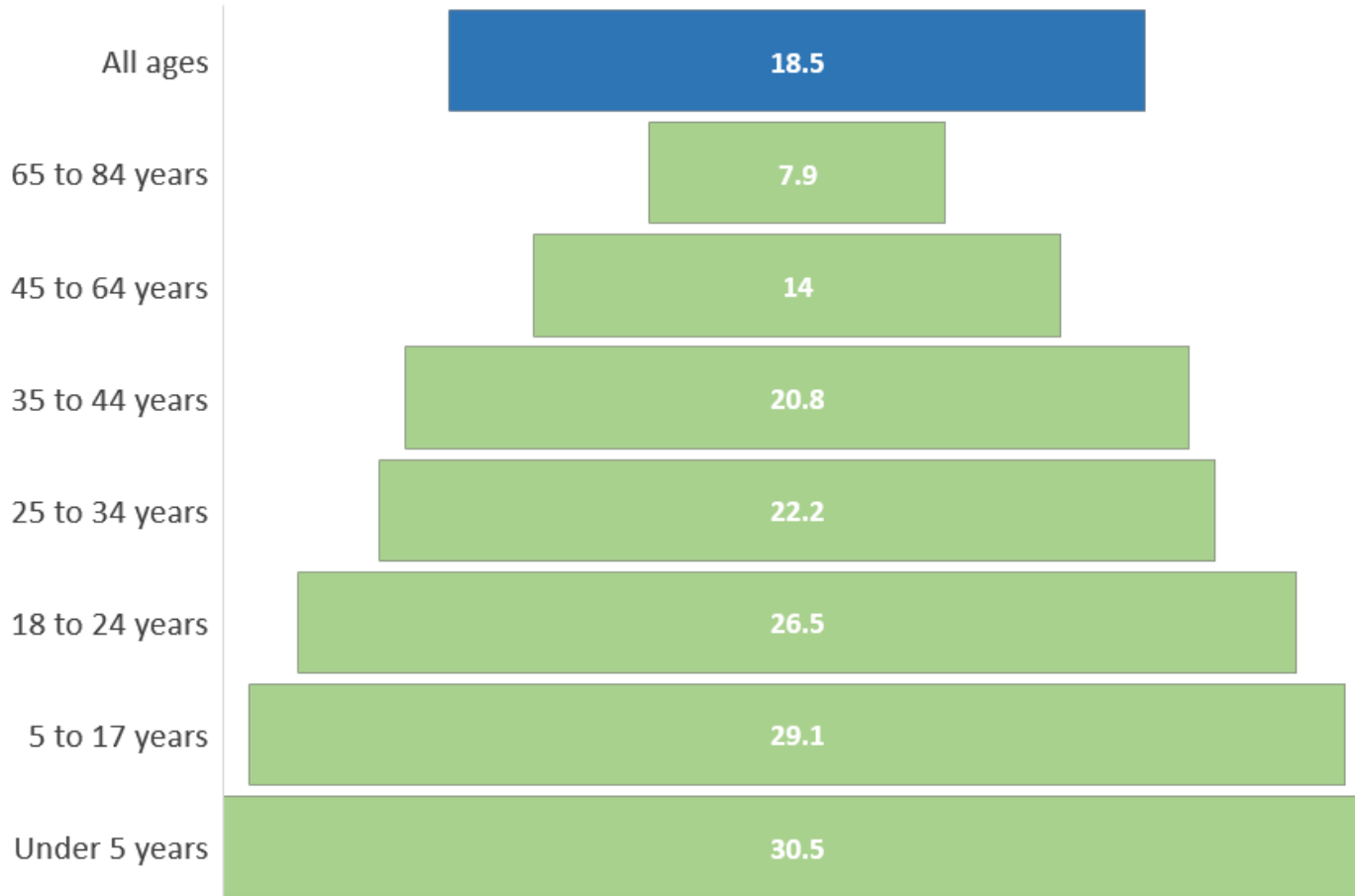
Lincoln County | 2030, Projected Population



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

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

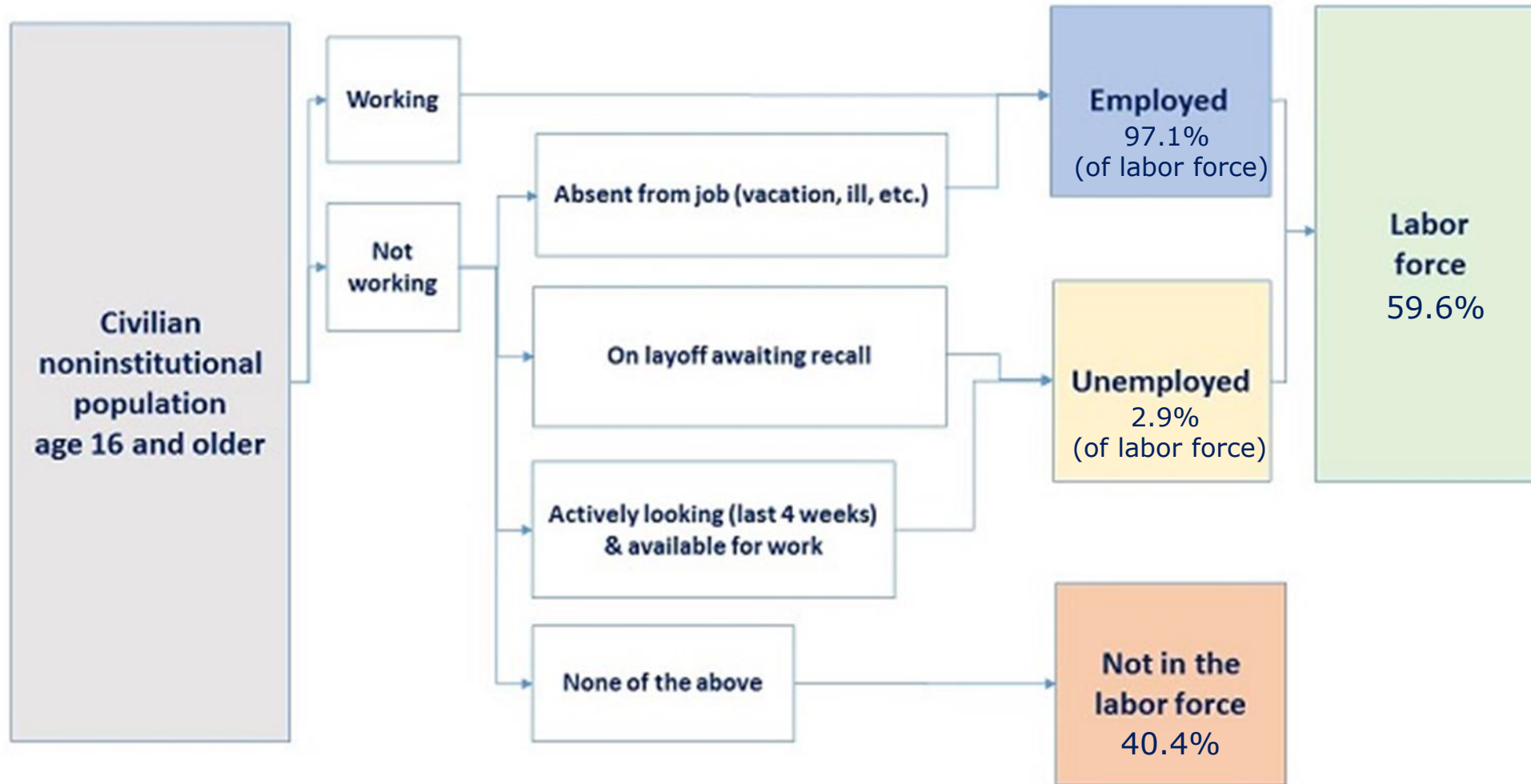
Diversity Index in Maine, 2020: Selected Age Groups



Younger generations in Maine are more diverse than older generations

Workforce and Employment

Who is in the labor force?



What are the reasons people nationally are not in the labor force?

Retirement (primarily age 55+)

$\frac{3}{4}$ of difference in nonparticipation
from 1999-2022 due to retirements

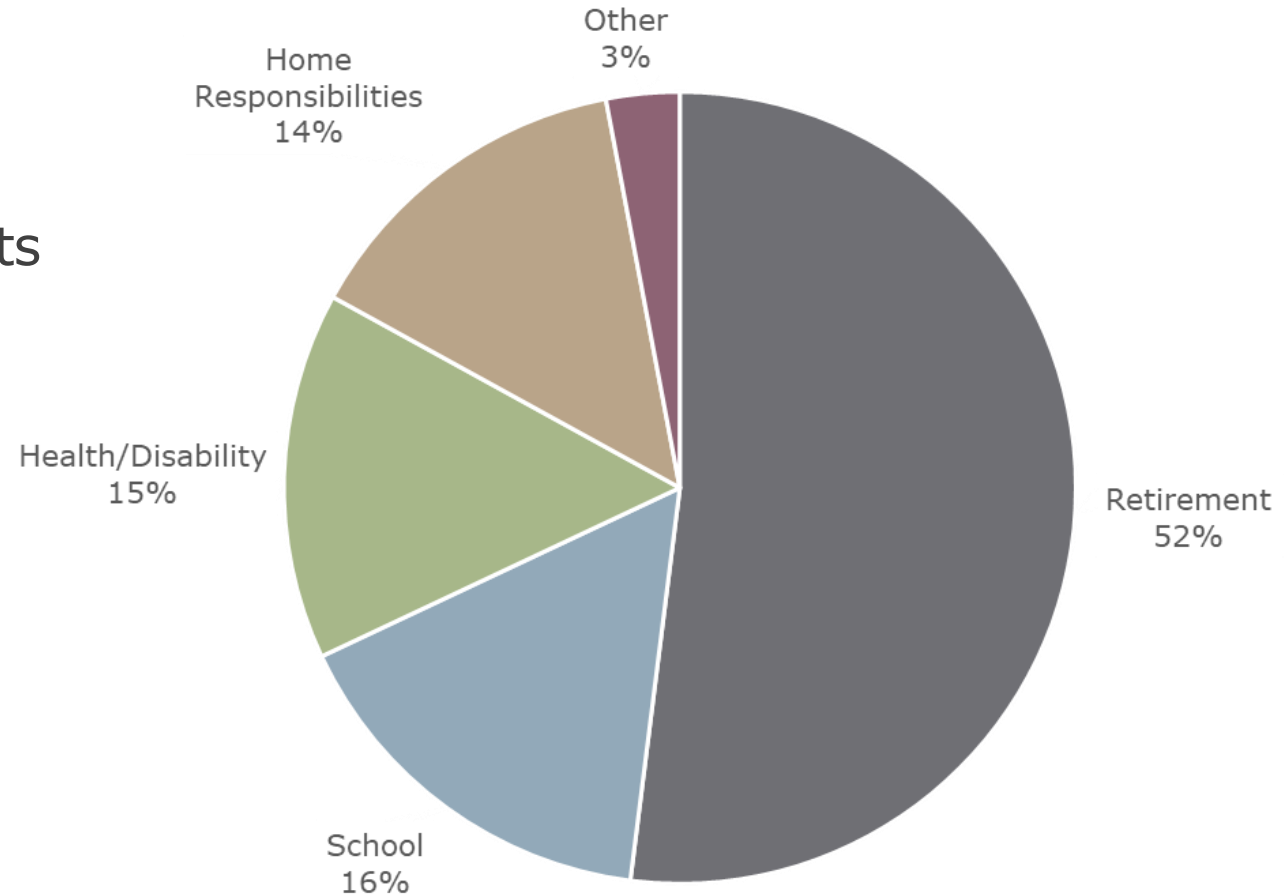
School attendance

Health/disability

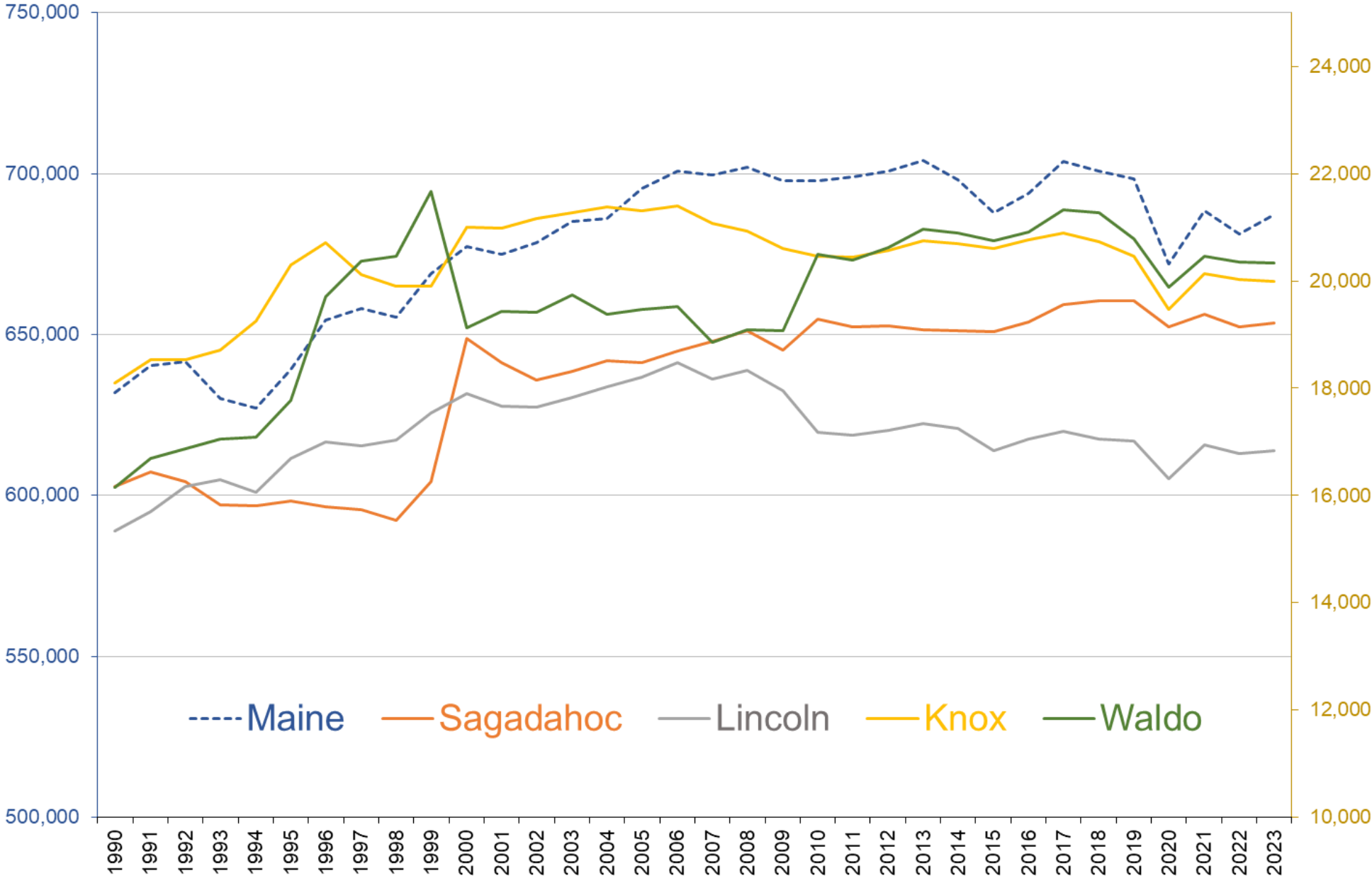
Home responsibilities

Other reasons

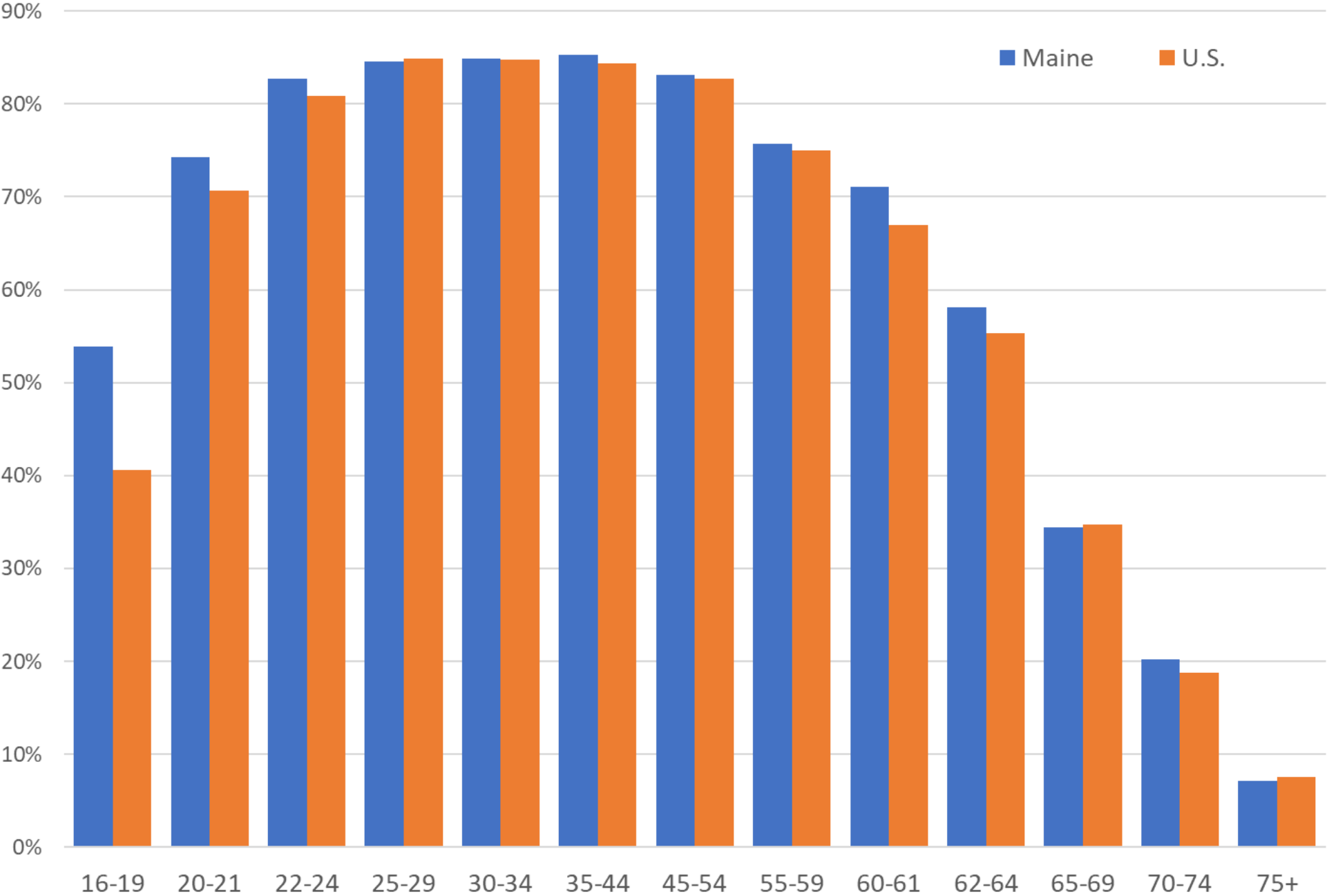
Share of Nonparticipants by Reason, 2022



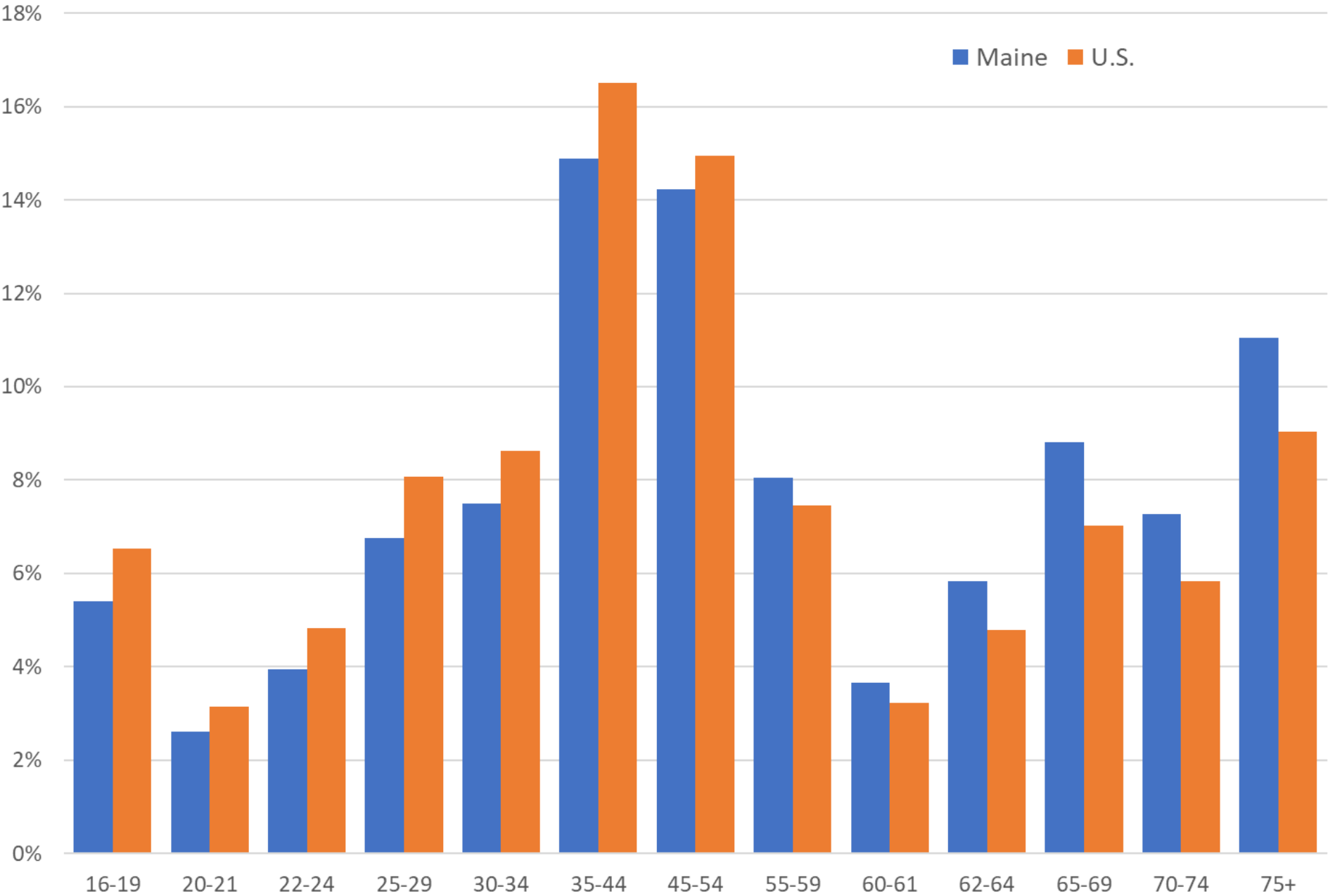
Maine and Midcoast Civilian Labor Force



2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



County Rates (not seasonally adjusted)

November, 2024

<

>

Table

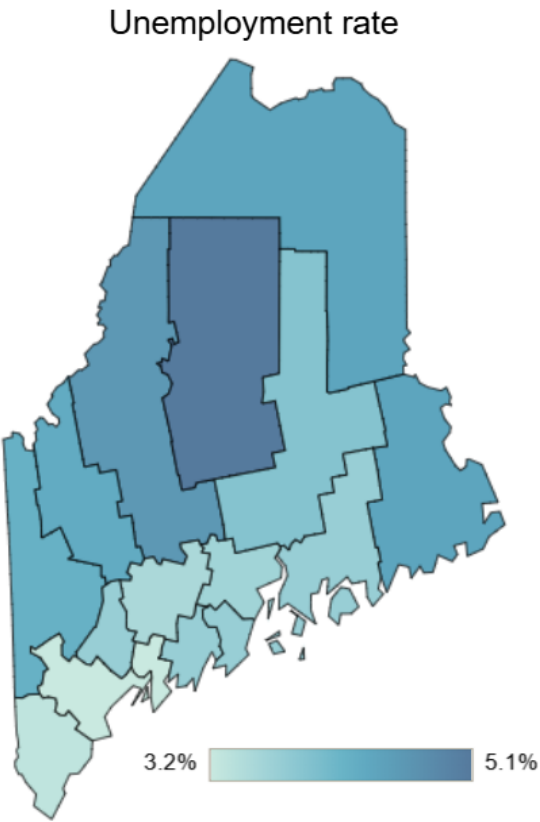
Graph

Map/Graph Display

Unemployment rate

One-year change

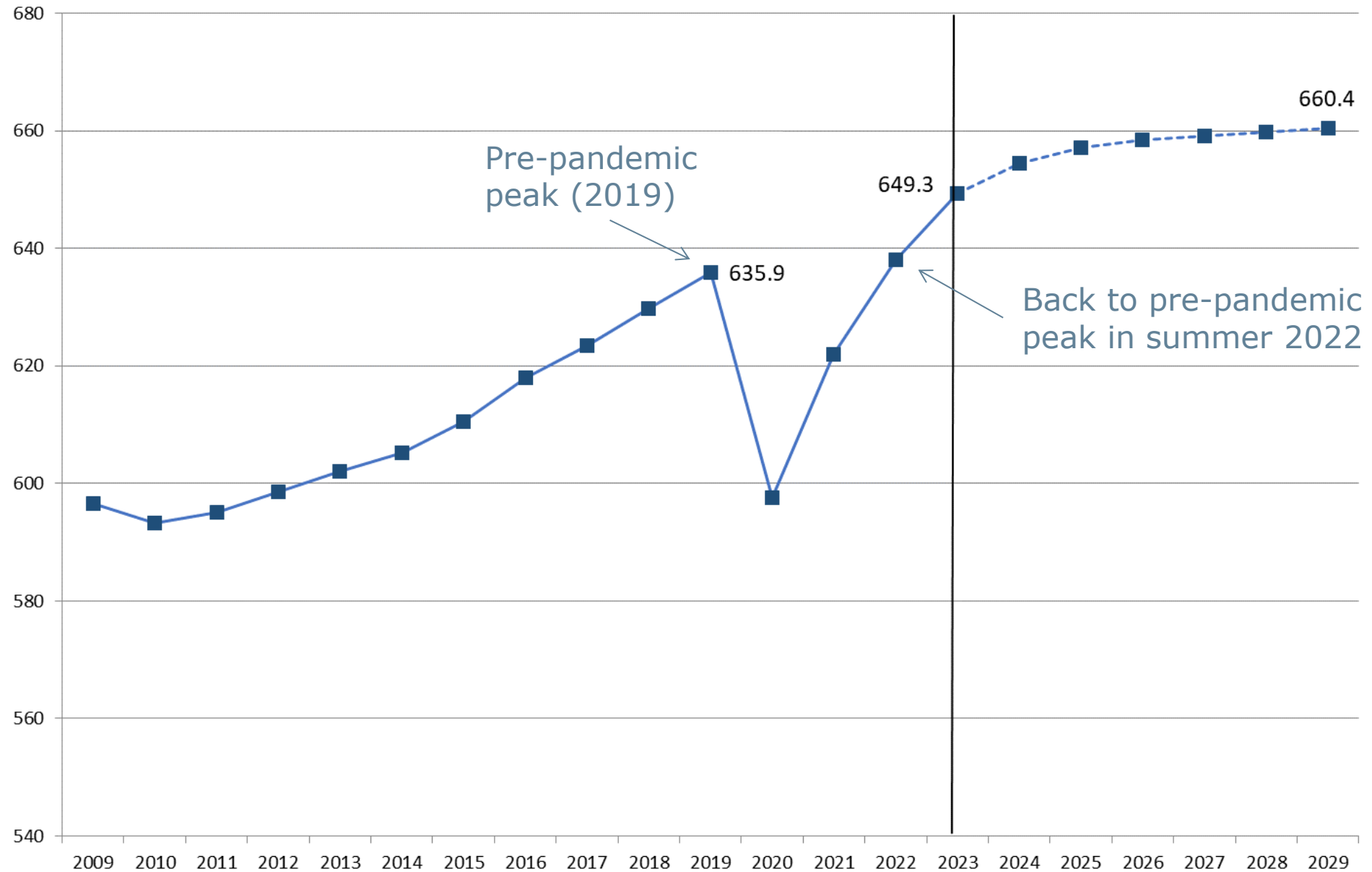
County	Rate	Year ago	One-yr change	
Maine	3.6%	3.4%	0.2	↑
Androscoggin	3.7%	3.3%	0.4	↑
Aroostook	4.4%	4.1%	0.3	↑
Cumberland	3.2%	2.9%	0.3	↑
Franklin	4.3%	4.4%	-0.1	↓
Hancock	3.7%	3.7%	0.0	—
Kennebec	3.5%	3.1%	0.4	↑
Knox	3.7%	3.4%	0.3	↑
Lincoln	3.7%	3.4%	0.3	↑
Oxford	4.2%	3.9%	0.3	↑
Penobscot	3.9%	3.7%	0.2	↑
Piscataquis	5.1%	4.6%	0.5	↑
Sagadahoc	3.2%	2.7%	0.5	↑
Somerset	4.6%	4.7%	-0.1	↓
Waldo	3.6%	3.4%	0.2	↑
Washington	4.4%	4.8%	-0.4	↓
York	3.3%	3.1%	0.2	↑



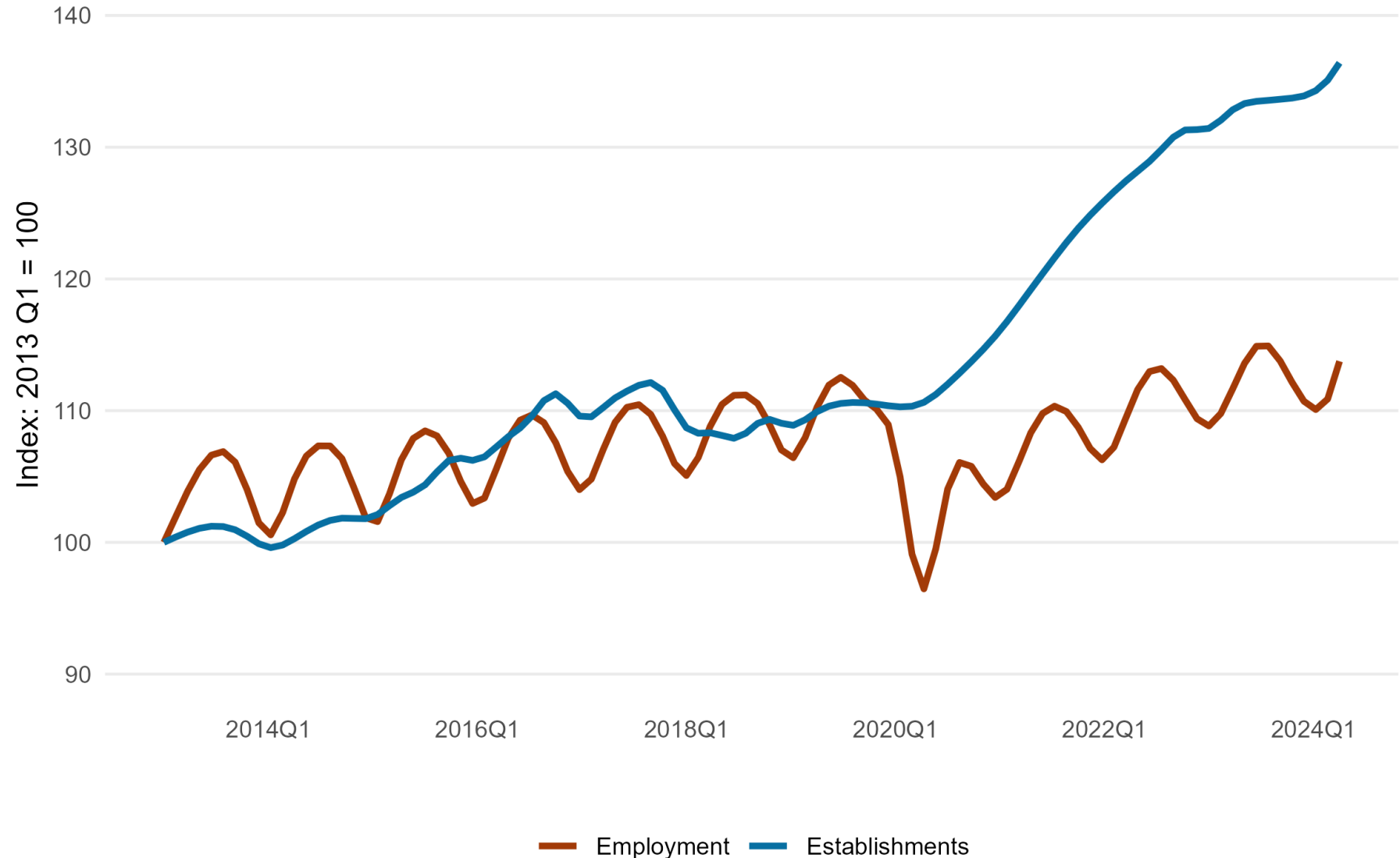
Maine Department of Labor, Center for Workforce Research and Information

Maine’s seasonally-adjusted 3.1% unemployment rate in November 2024 is below both the U.S. and New England rates

Total Nonfarm Employment (in thousands) History and Consensus Economic Forecasting Commission forecast

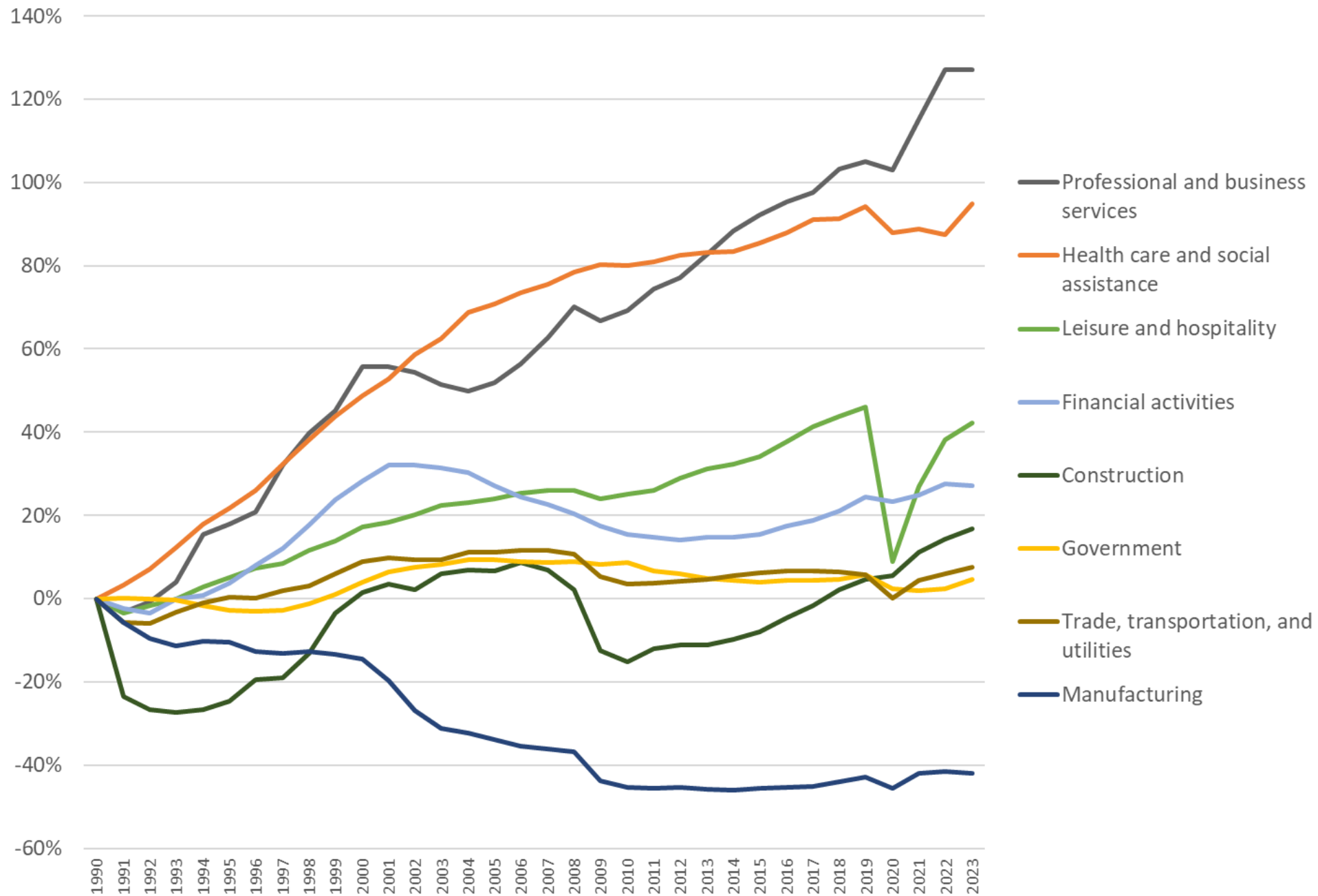


Wage and Salary Employment & Private Employer Establishments | Maine

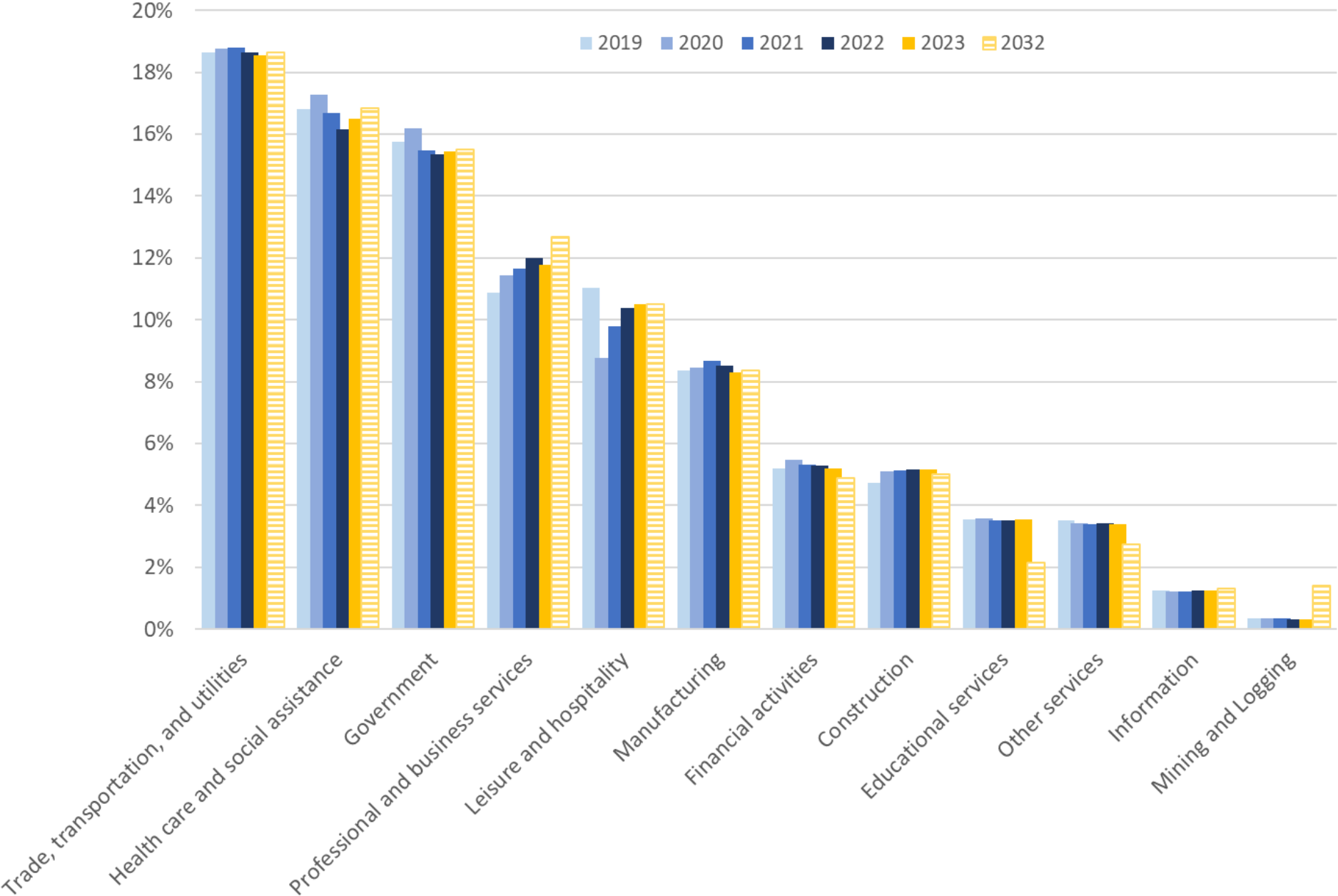


As remote work grew during the pandemic, Maine saw employer establishments grow at a faster rate than jobs as out-of-state firms reported small numbers of workers now in Maine.

Percent change in select Maine employment sectors since 1990

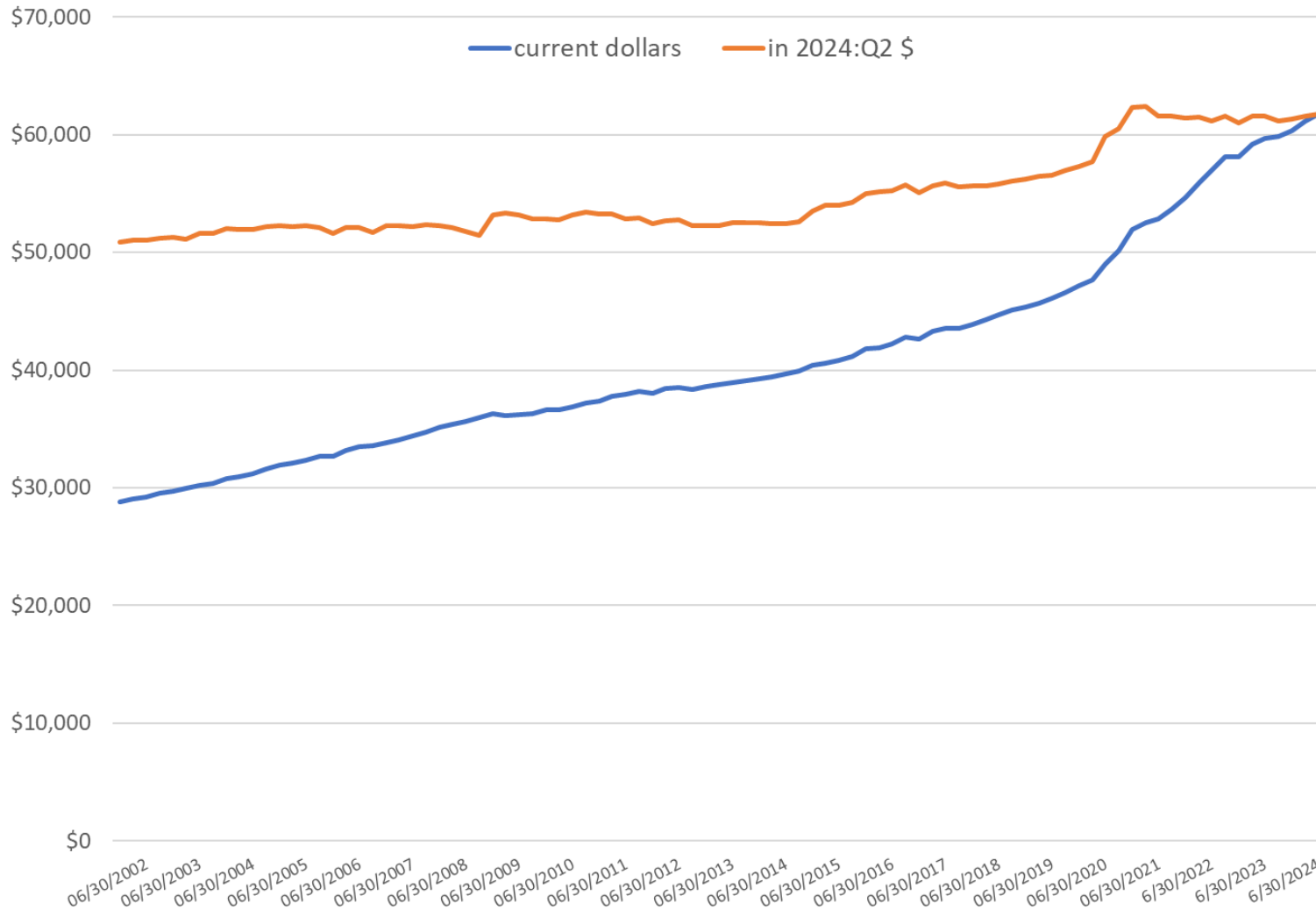


Share of Maine Nonfarm Employment by Industry



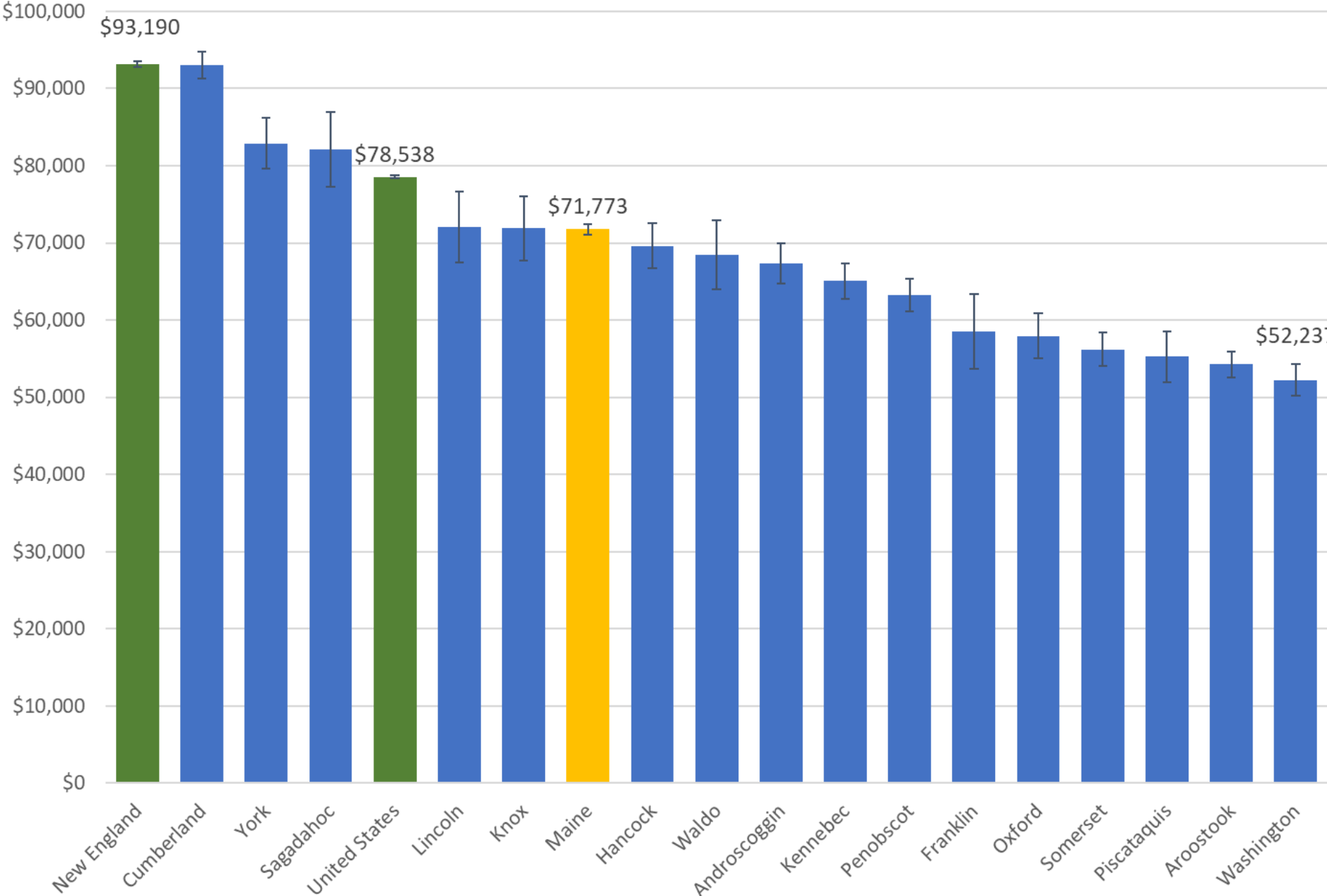
Wages, Income, and Inflation

Moving Four Quarter Average Wage Per Job

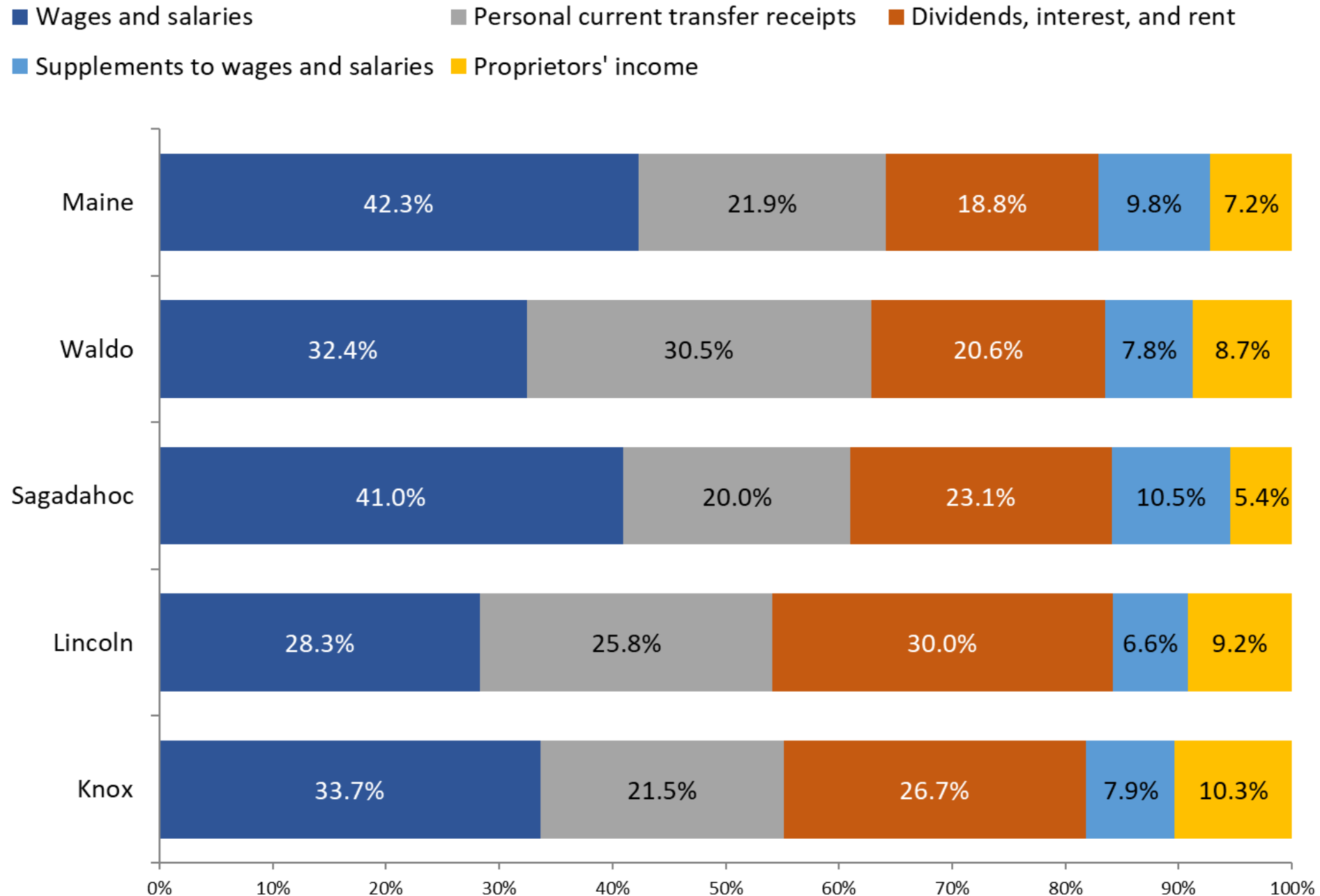


Wages increased sharply during the first part of the pandemic, but increases more recently have just kept pace with inflation

Median Household Income



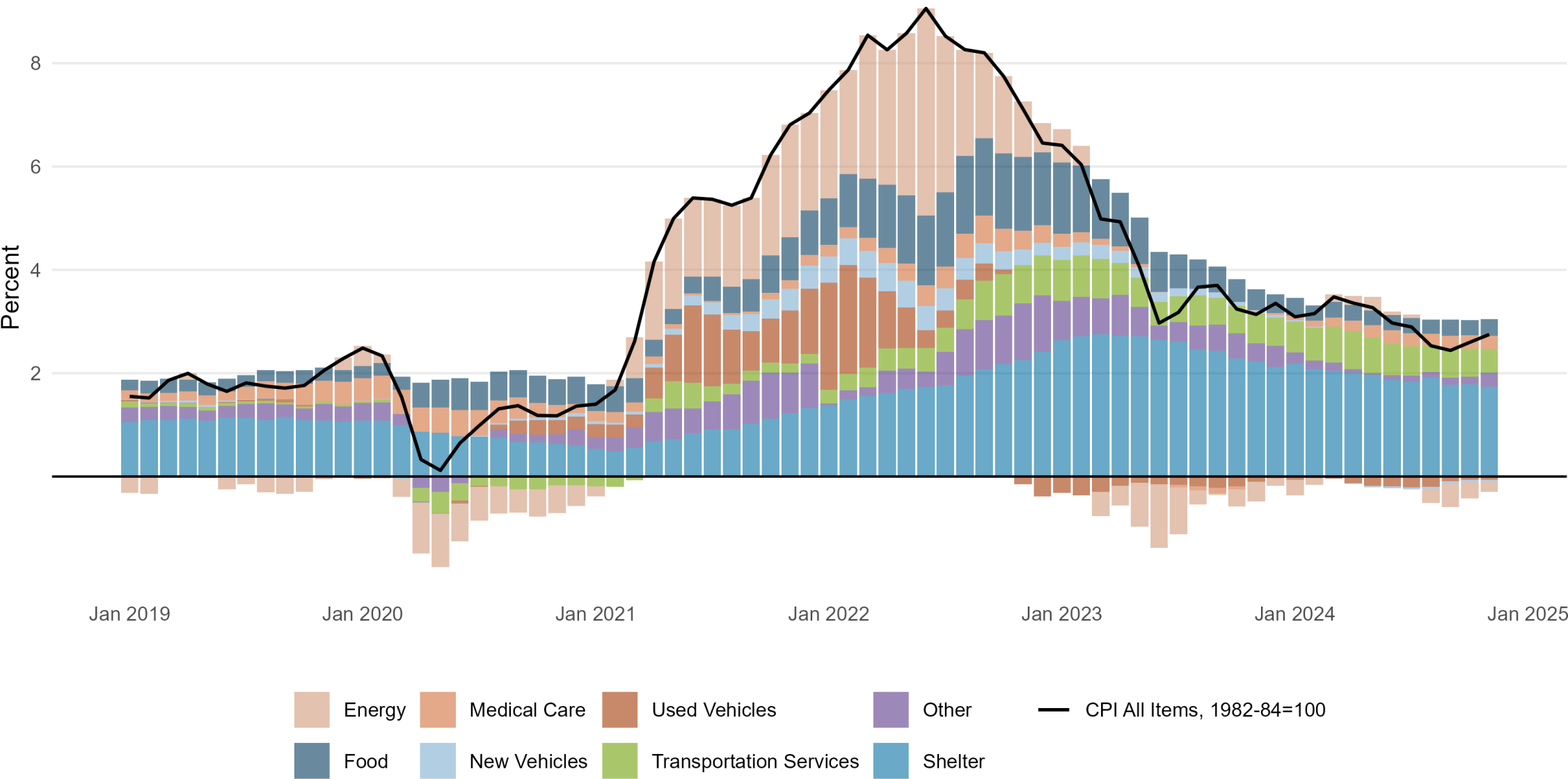
Major Components of Personal Income, 2023



Percent Change in Real Personal Income (2023 \$), Maine
2012-2023 and forecast to 2029



Percentage Point Contribution to YoY Percent Change in CPI



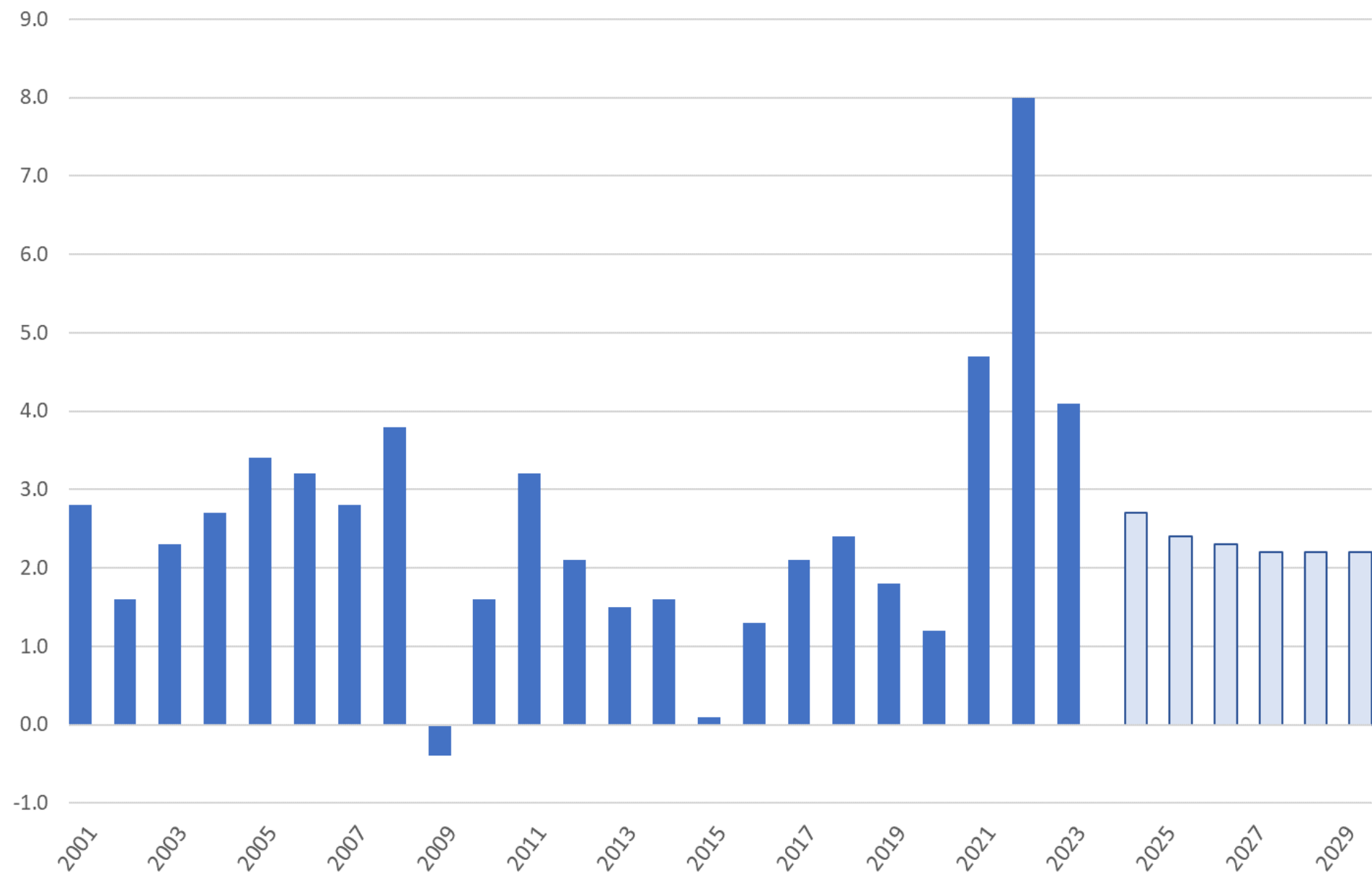
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

What does
this mean
for interest
rates?

Current target range:
4.25% to 4.50%

Median projection for 2025
from December 2024 Federal
Open Market Committee
statement was 3.9%

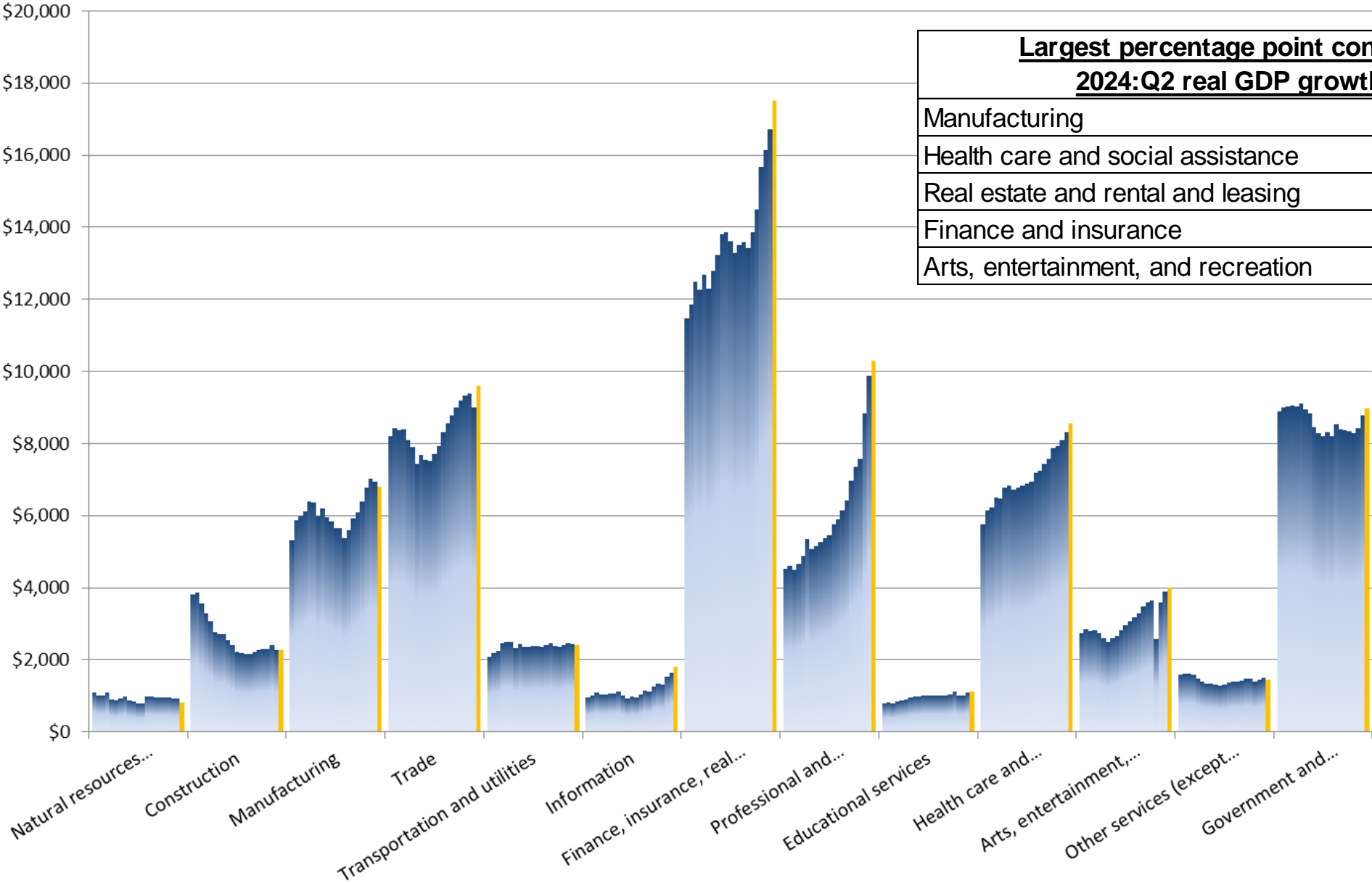
Year-over-year percent change in Consumer Price Index;
2001-2023 historical and 2024-2029 forecast



Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, November 1, 2024

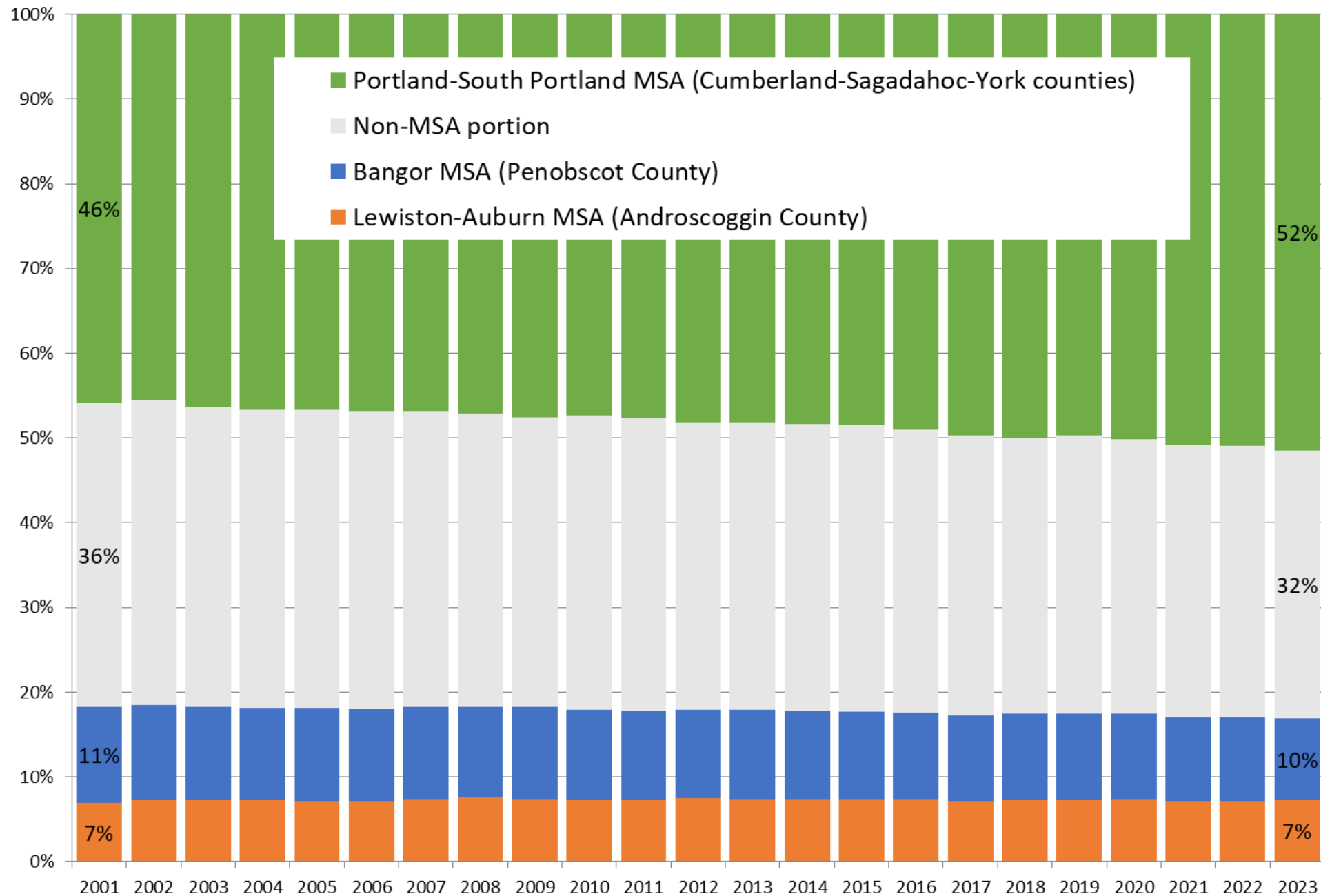
Gross Domestic Product (GDP)

Maine Real GDP by Industry, 2003-2023
(in millions of chained 2017 dollars)

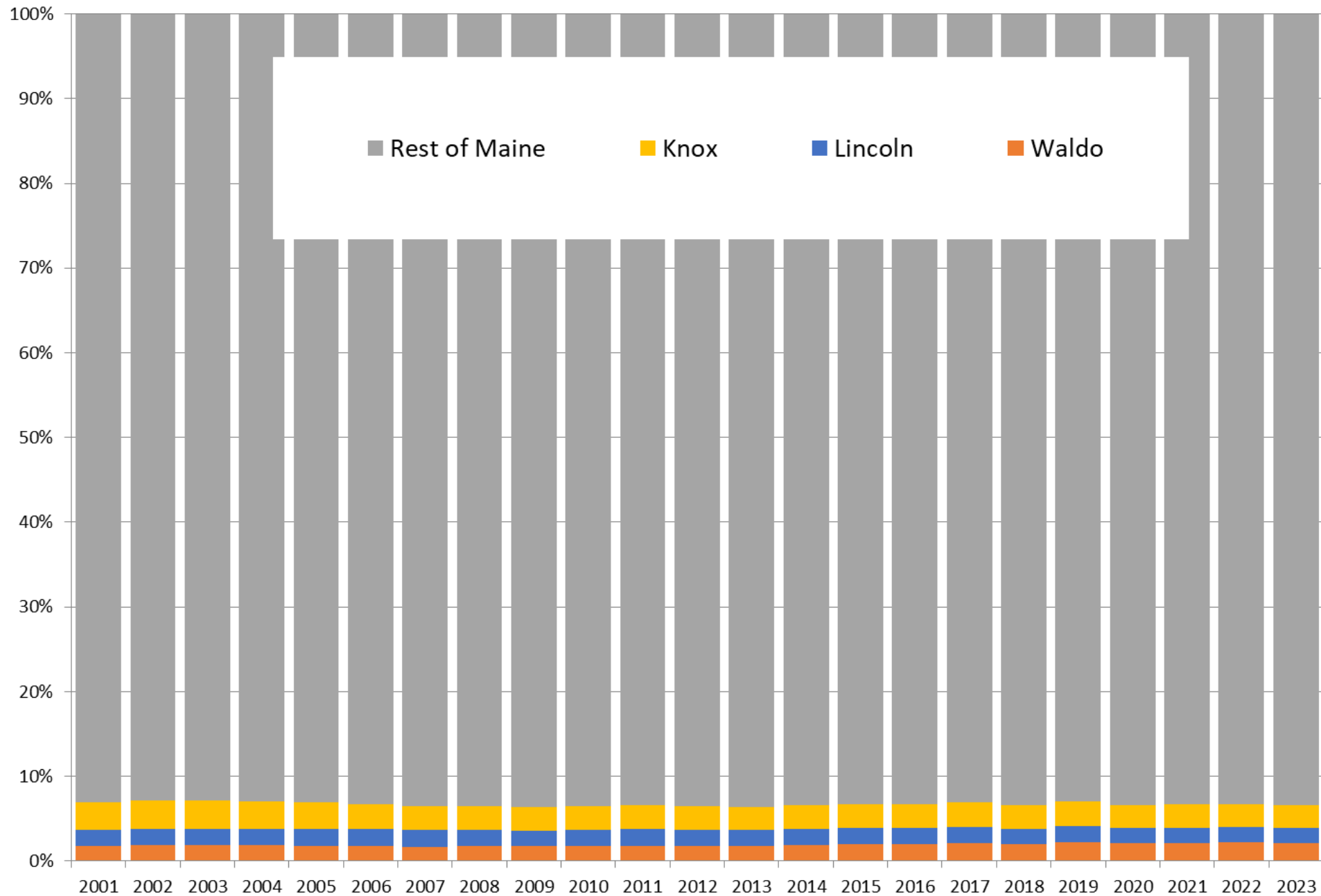


Largest percentage point contributions to 2024:Q2 real GDP growth (1.7%)	
Manufacturing	0.69
Health care and social assistance	0.47
Real estate and rental and leasing	0.45
Finance and insurance	0.39
Arts, entertainment, and recreation	0.30

Share of Maine GDP by Metropolitan Area



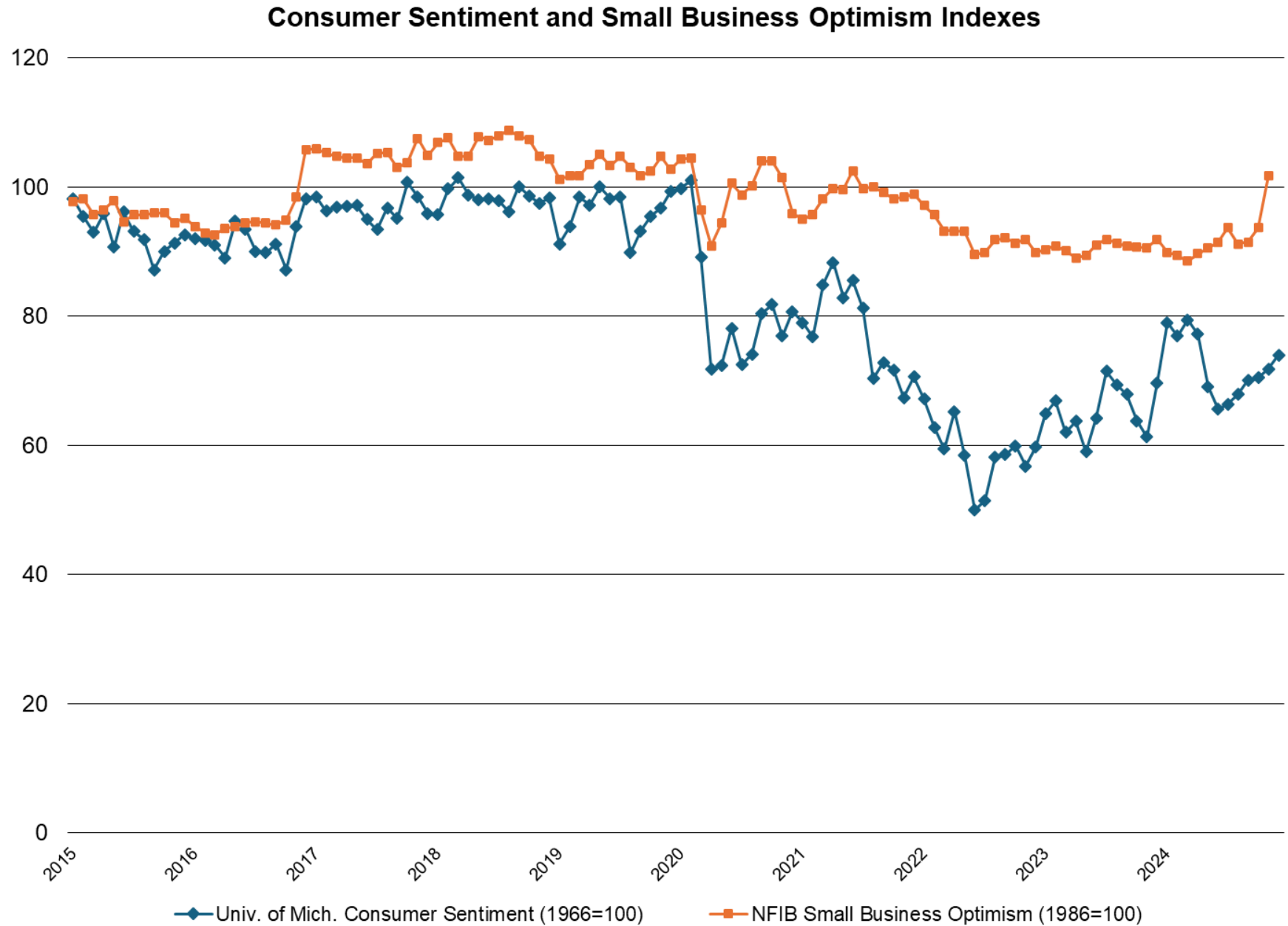
Share of Maine GDP for Midcoast Counties



Outlook

Consumer sentiment has been gradually improving over the past six months

Small business optimism spiked following the election, with a large increase in the net percent of owners expecting the economy to improve



Excerpts from key assumptions in November 2024 CEFC report

- Some demographic trends, including a growing share of the population reaching retirement age will continue to constrain labor supply. Maine's net migration is likely to be positive in the coming years and may play a role in the future supply of, and demand for, jobs. Some of the future demand for labor may be filled through productivity gains.
- High interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market
- Absent any unexpected cuts, Maine will continue to see impacts of large, federally funded infrastructure programs throughout the duration of the forecast
- The Federal Reserve, in its mission to find a 'soft landing', is expected to continue pursuing policies that will constrain inflation to its target levels
- Geopolitical tensions remain elevated and continue to pose a negative risk to the forecast
- Climate shocks are beginning to impact some sectors of Maine's economy, particularly hospitality

Things to keep in mind:

- The midcoast region tends to be somewhat older and less diverse than the state as a whole and demographics flow through to other aspects of the economy
- Migration has been challenged in some parts of the region by housing availability/affordability; additional supply and lower prices/mortgage rates will be key
- Employment growth is hindered by limited labor force; increased labor force participation, continued in-migration of younger populations, and increased productivity can help
- Economic uncertainty remains elevated, especially with geopolitical upheaval and a change in the White House
- Maine has a robust Budget Stabilization Fund (around \$900 million), providing a valuable cushion in case of a slowdown or revenue shortfalls

Contact Information

Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

www.maine.gov/dafs/economist

amanda.rector@maine.gov