

# Demographic and Economic Conditions in Maine

SBA Lender Awards

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Population and migration

Housing

Demographics

Labor force and employment

Wages, inflation, and interest rates

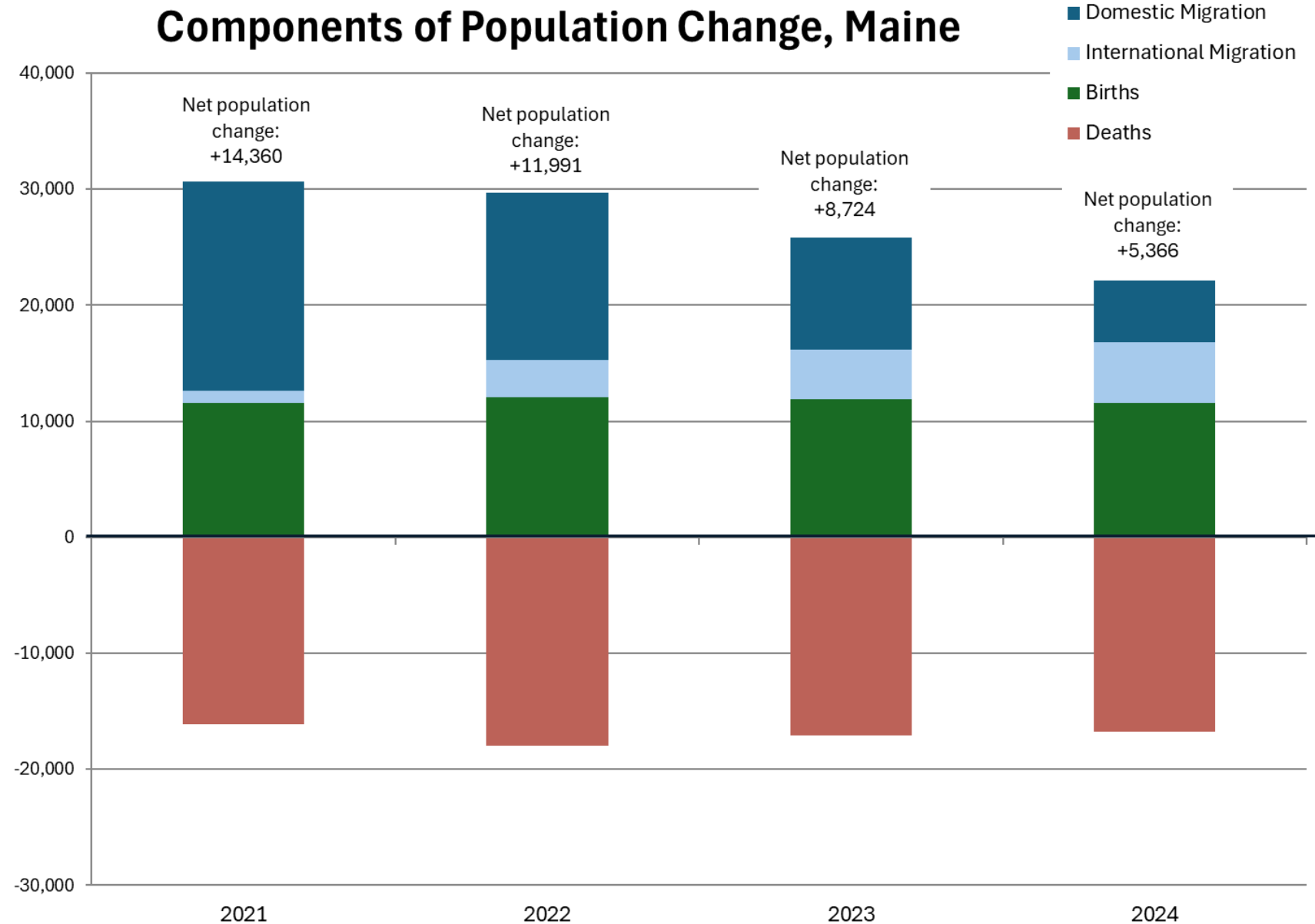
Macroeconomic conditions

# Population and migration

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

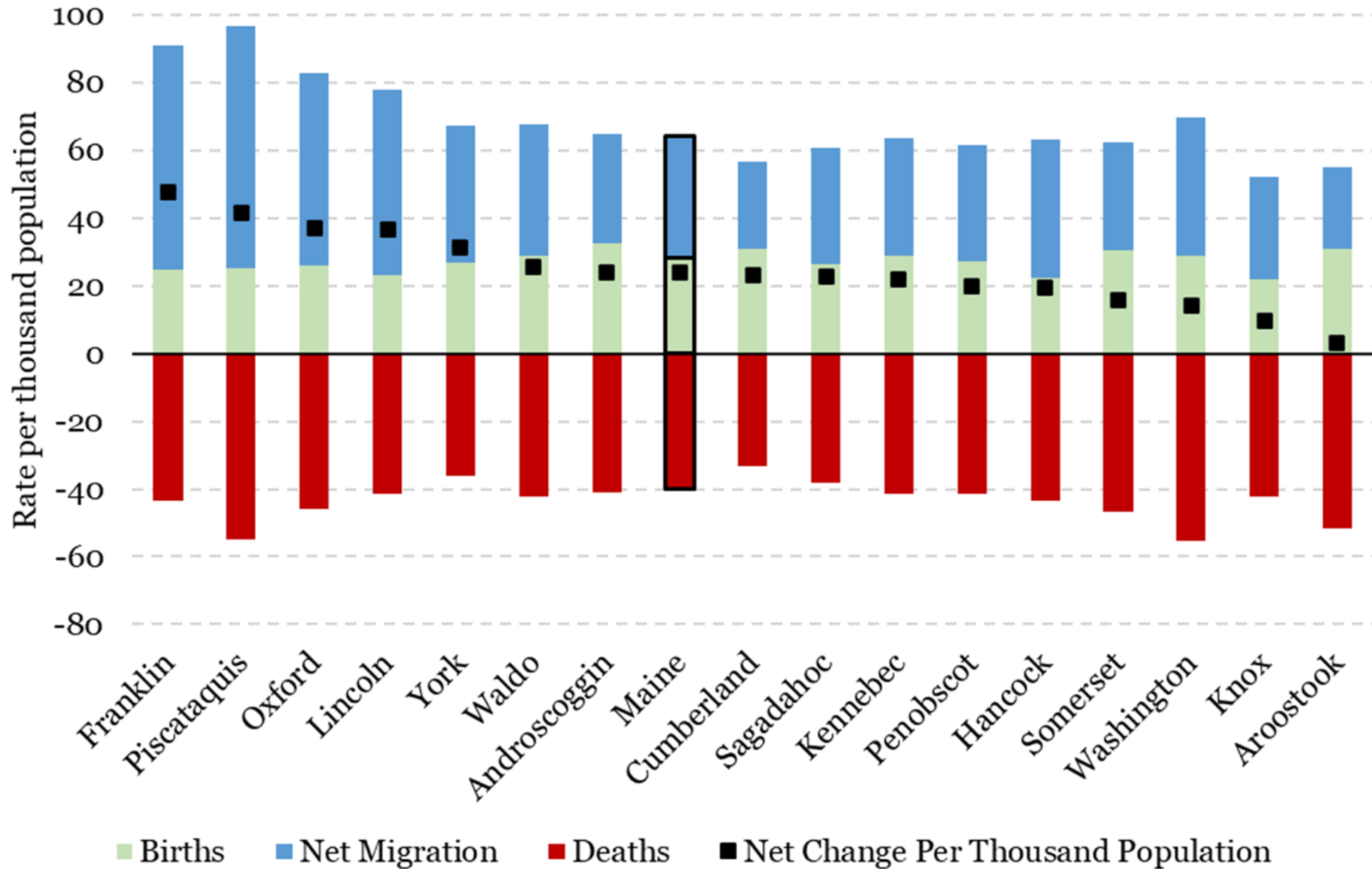
Population increase of  
3.1% from 2020-2024  
(17<sup>th</sup> in U.S.)

2024 Total Population:  
1,405,012



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

## Rate per thousand population



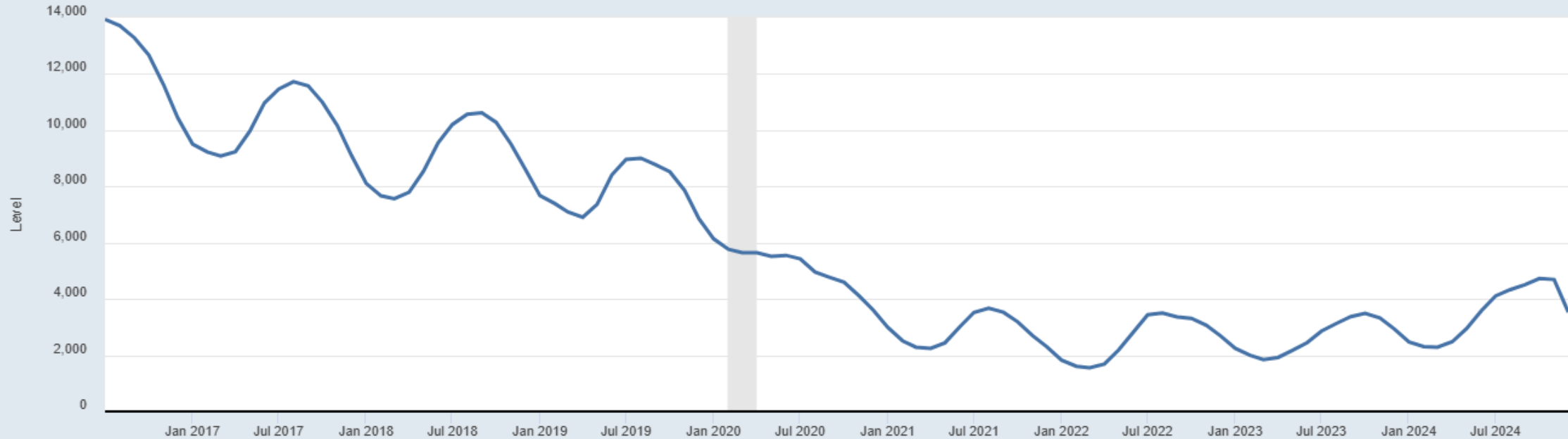
Net international  
migration accounted for  
84% of U.S. population  
growth from 2023-2024

U.S. Census Bureau made significant methodological changes in 2024 to better account for humanitarian migrants, resulting in large upward revisions

# Housing

**FRED**

— Housing Inventory: Active Listing Count in Maine



Shaded areas indicate U.S. recessions.

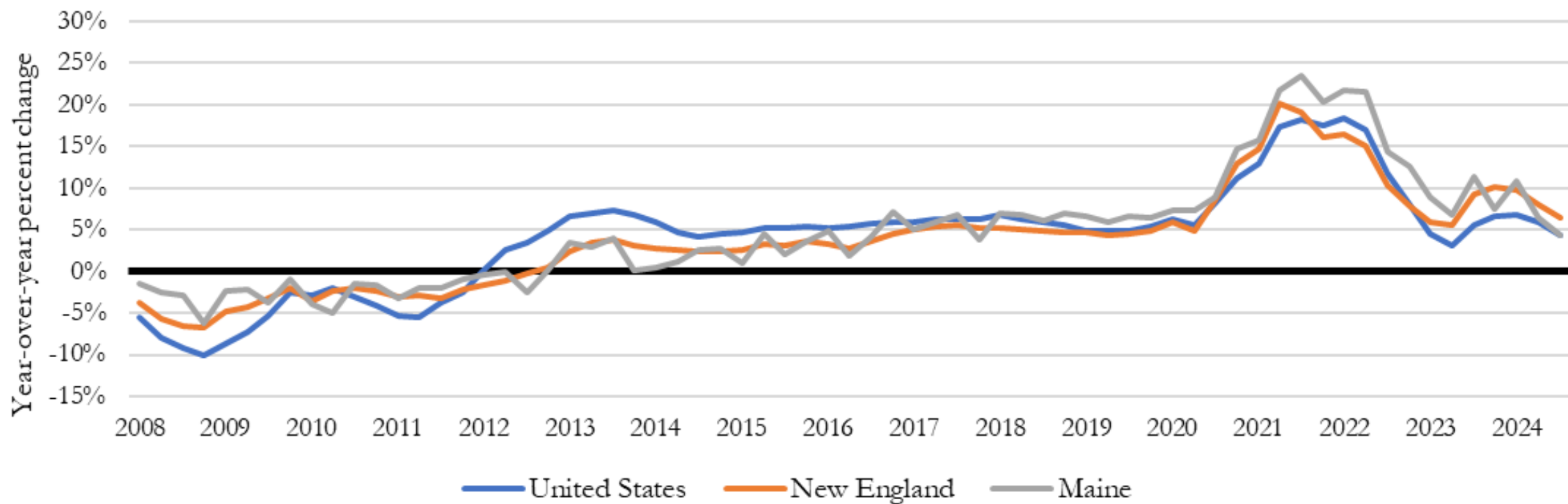
Source: Realtor.com

fred.stlouisfed.org

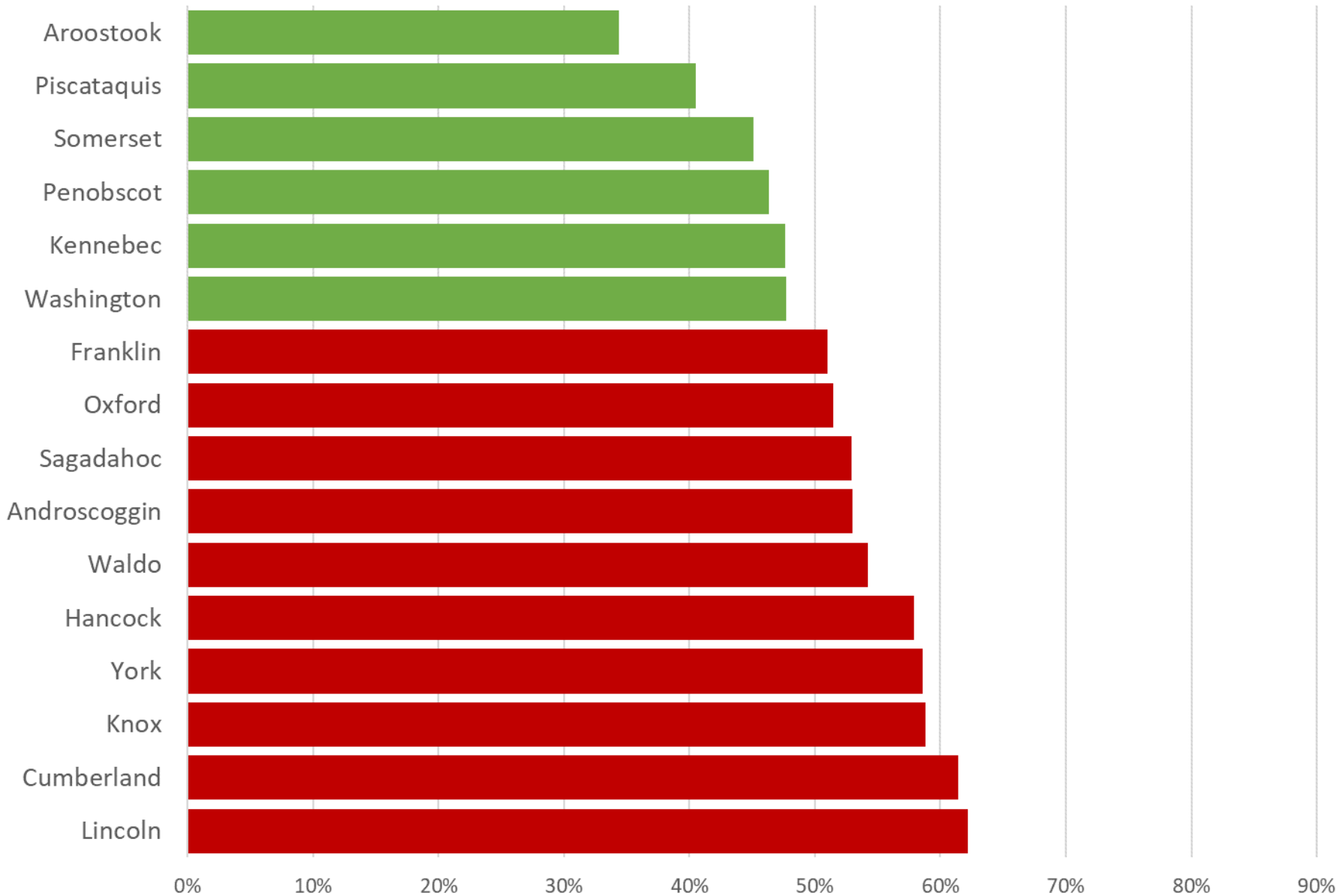
Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes – but there's been some improvement



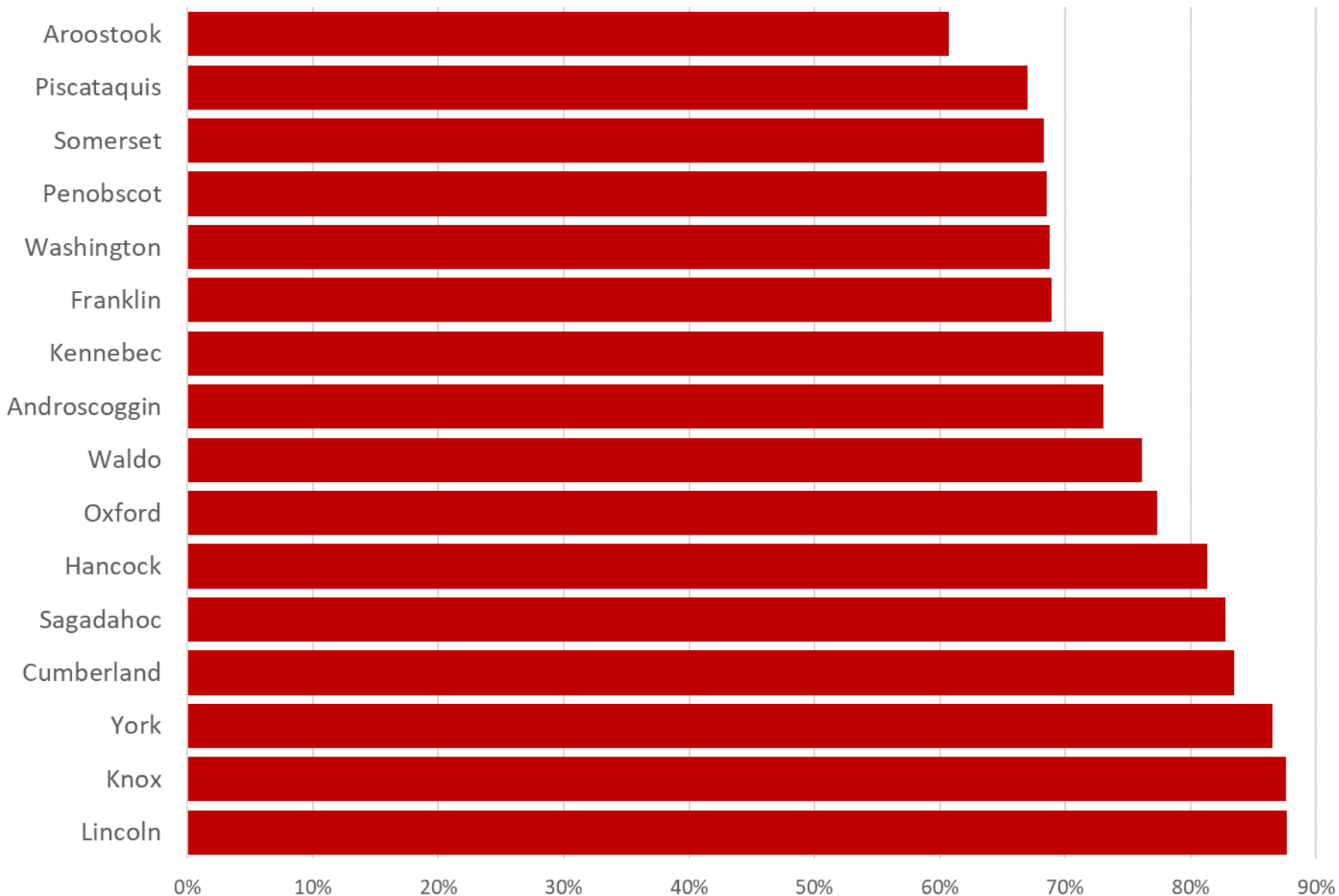
## Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2020

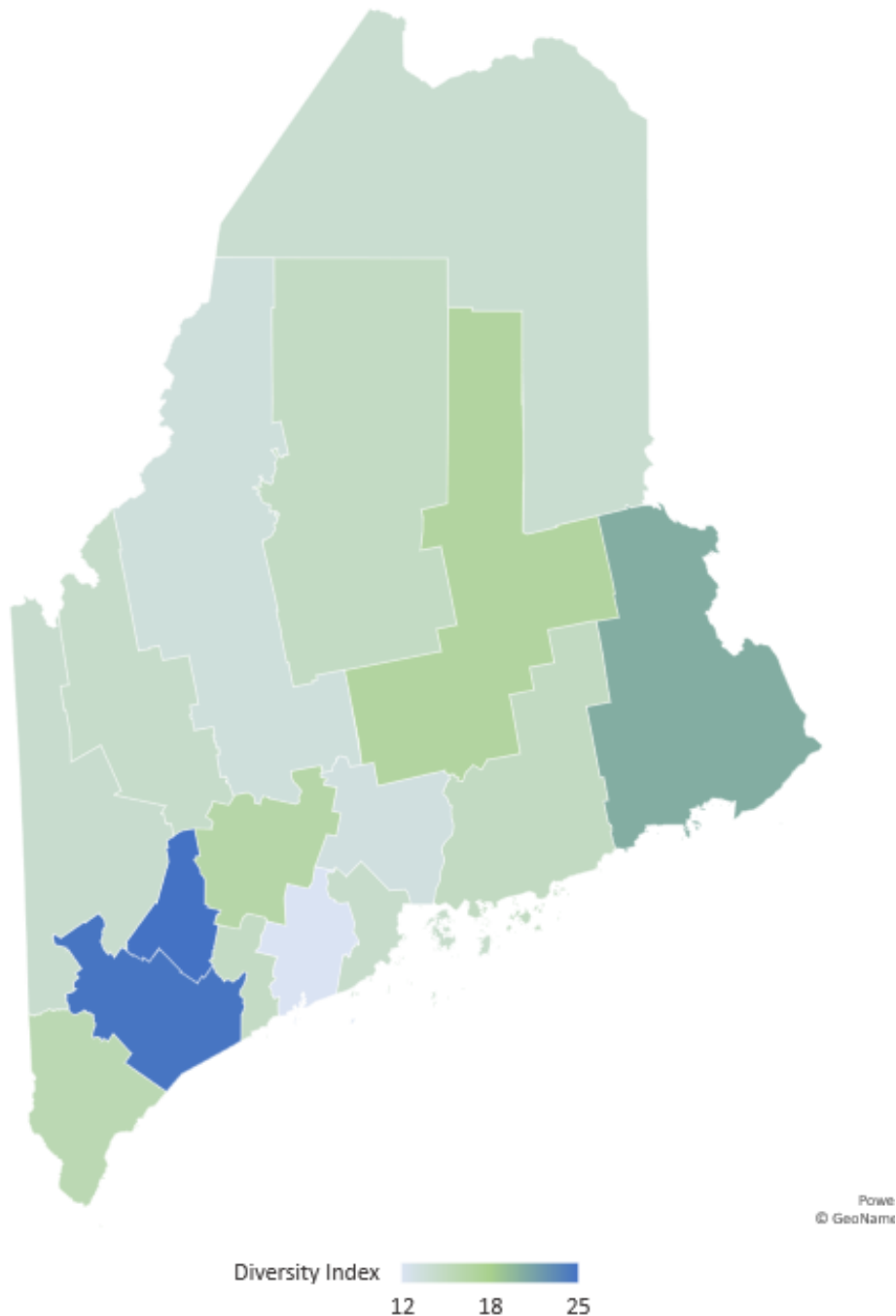


## Percent of Households Unable to Afford Median Home, 2023



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

# Demographics



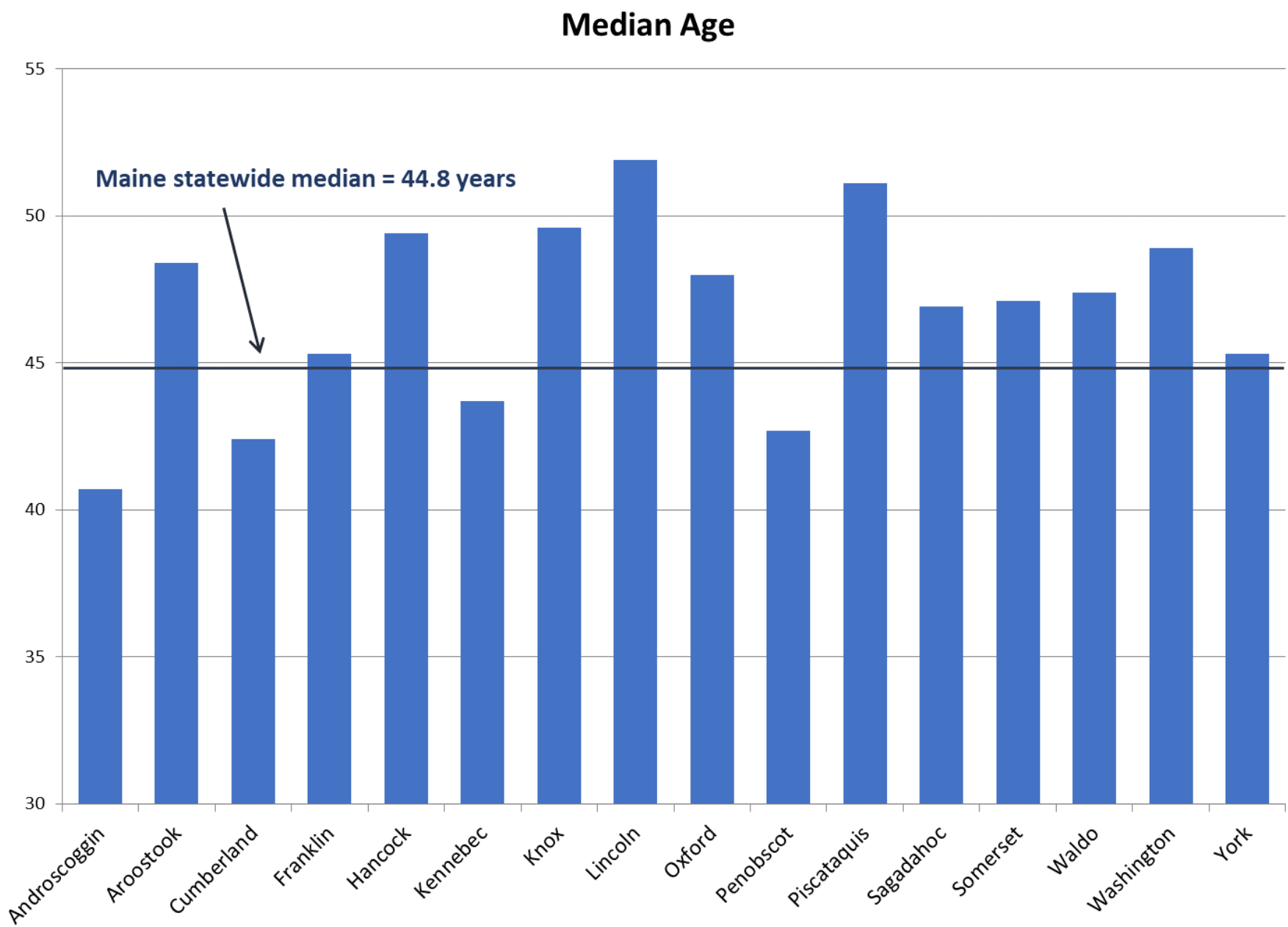
The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

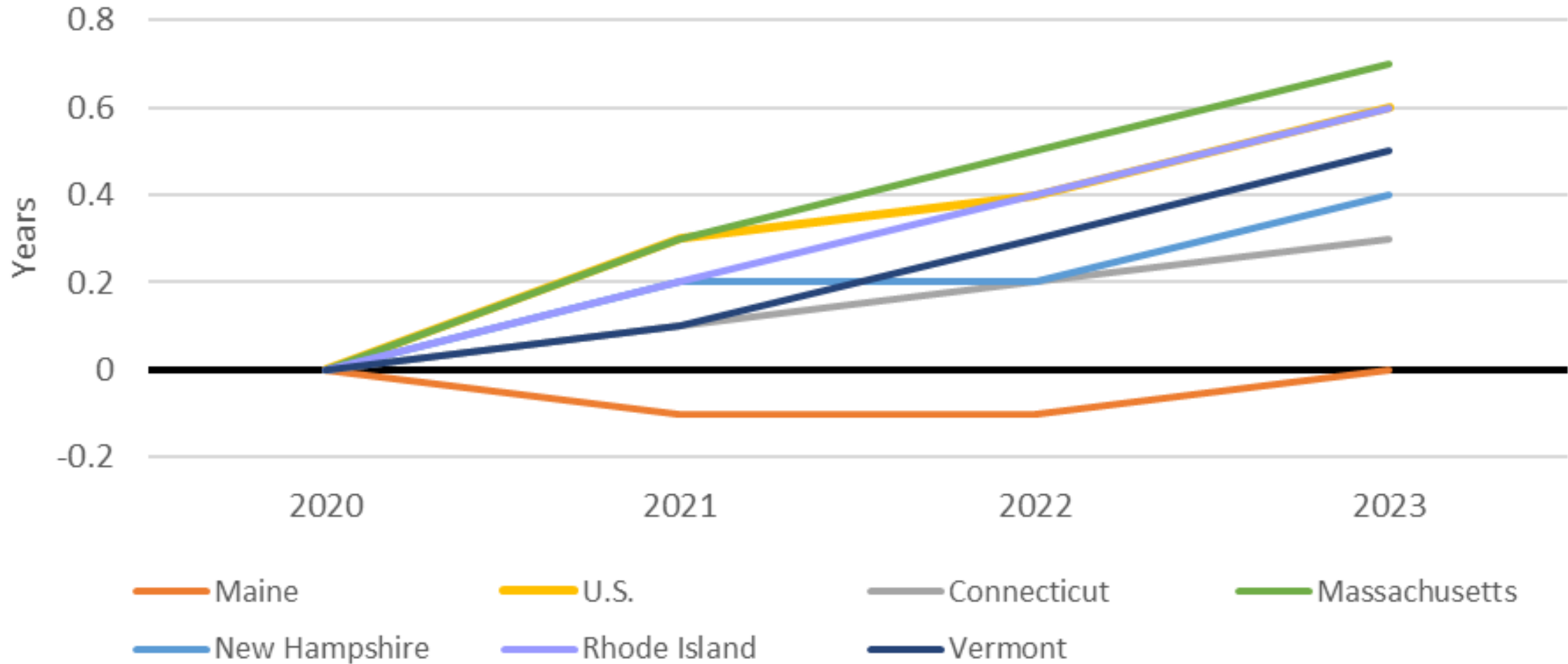
Maine has the oldest population...  
...by median age  
(44.8 years)  
...and by % of population  
age 65+ (23.0%)

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





Younger generations in Maine are more diverse than older generations

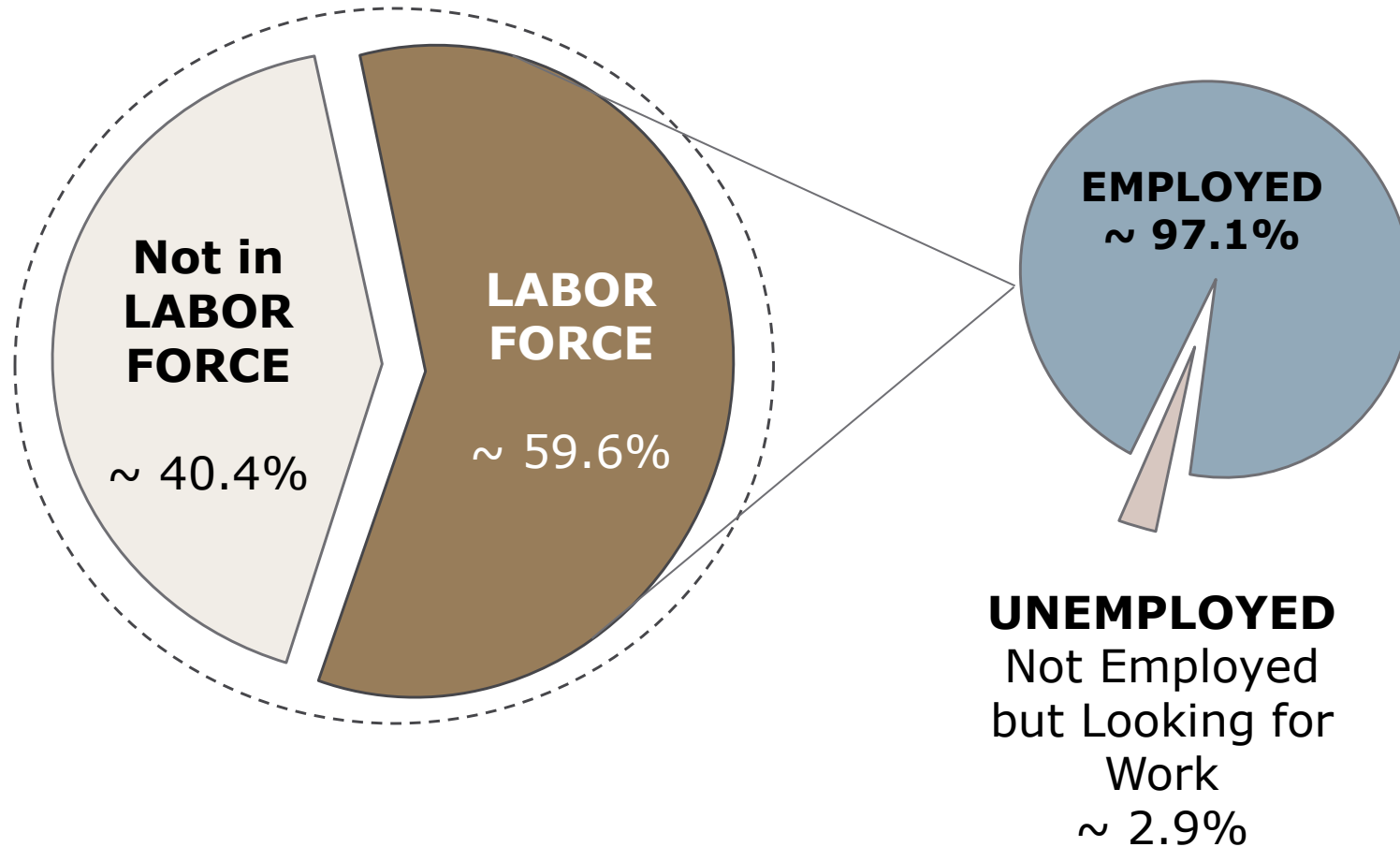


# Labor force and employment

# Who is in the labor force?

Civilian population, age 16+

Not available and not looking for work. This could include people who are retired, full-time students, full-time caregivers, etc.



# 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

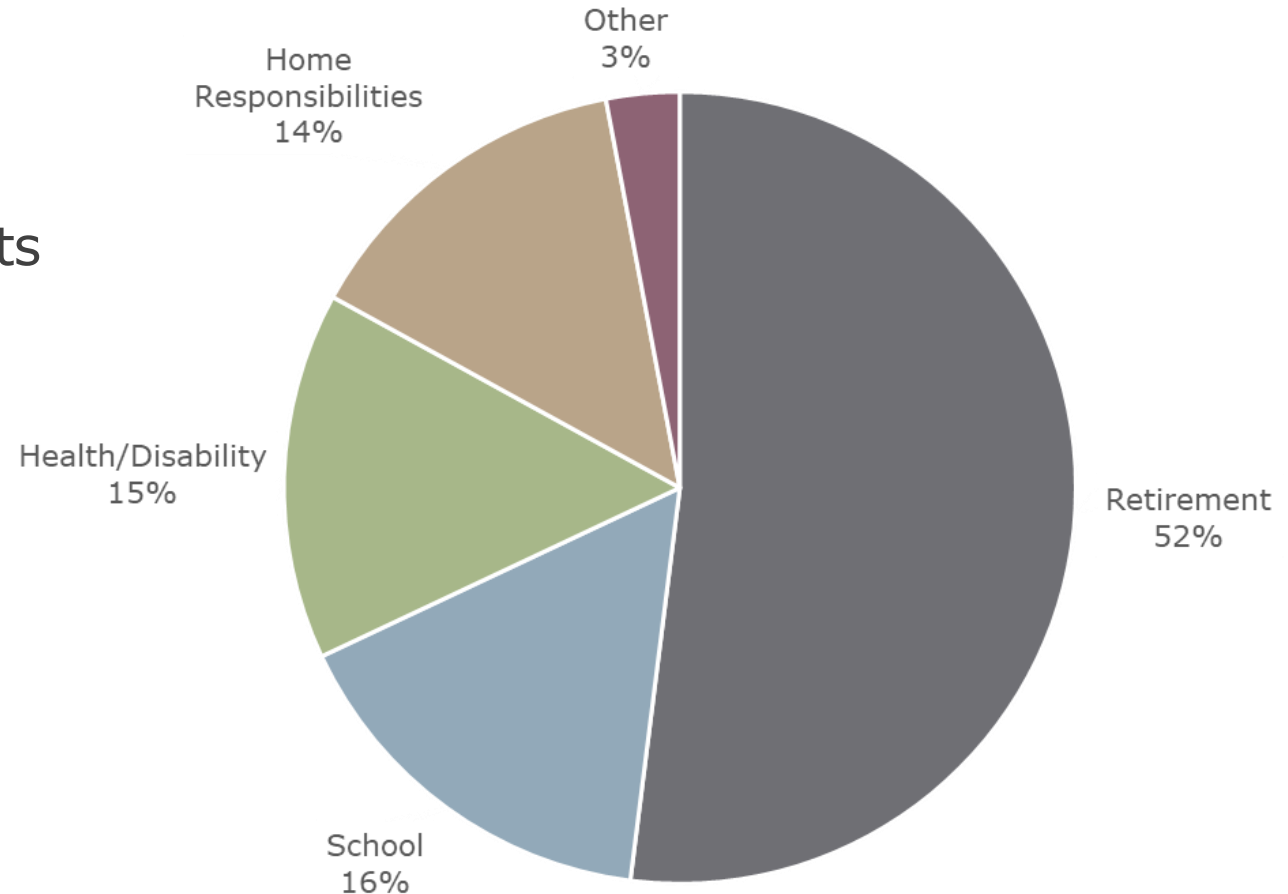
School attendance

Health/disability

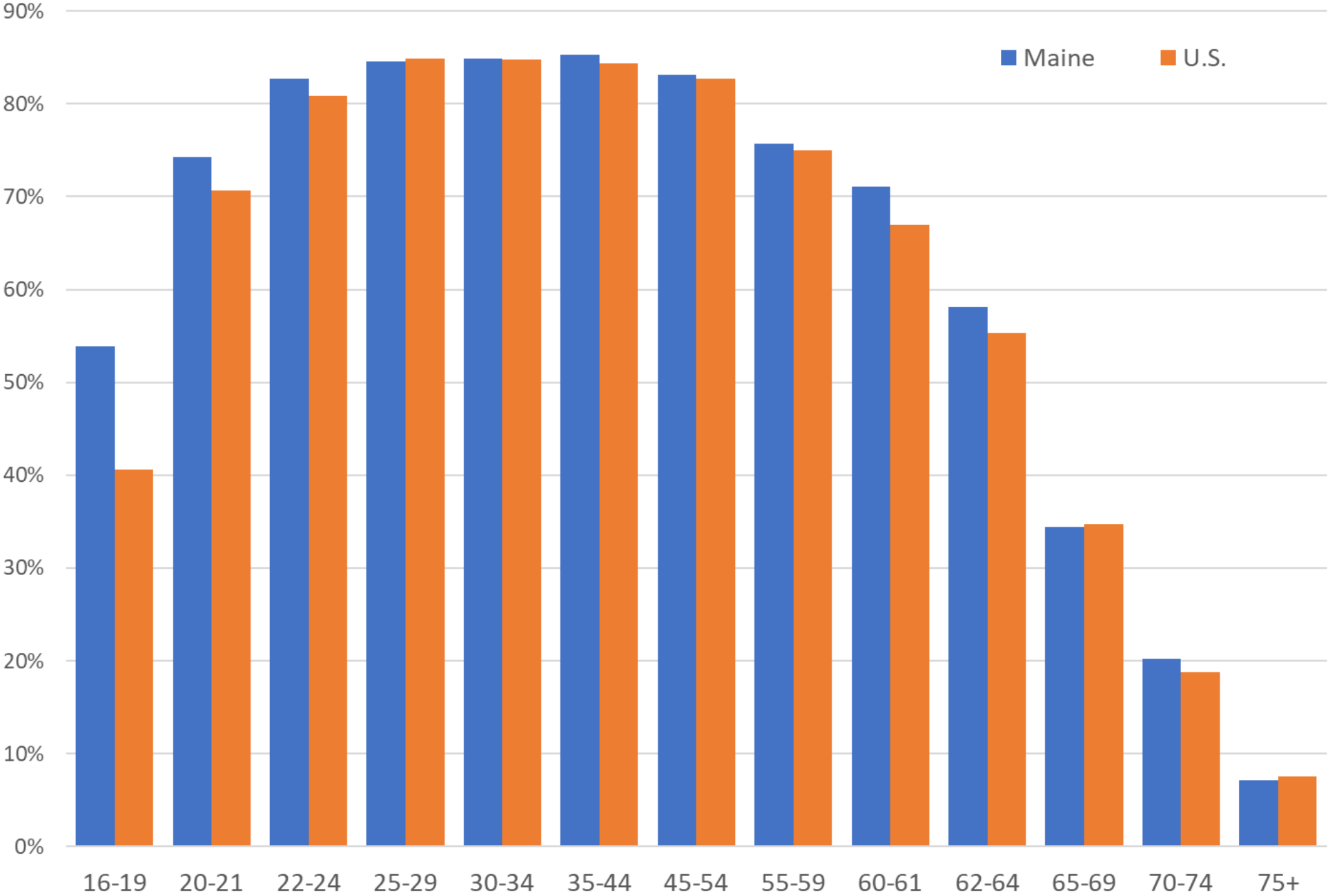
Home responsibilities

Other reasons

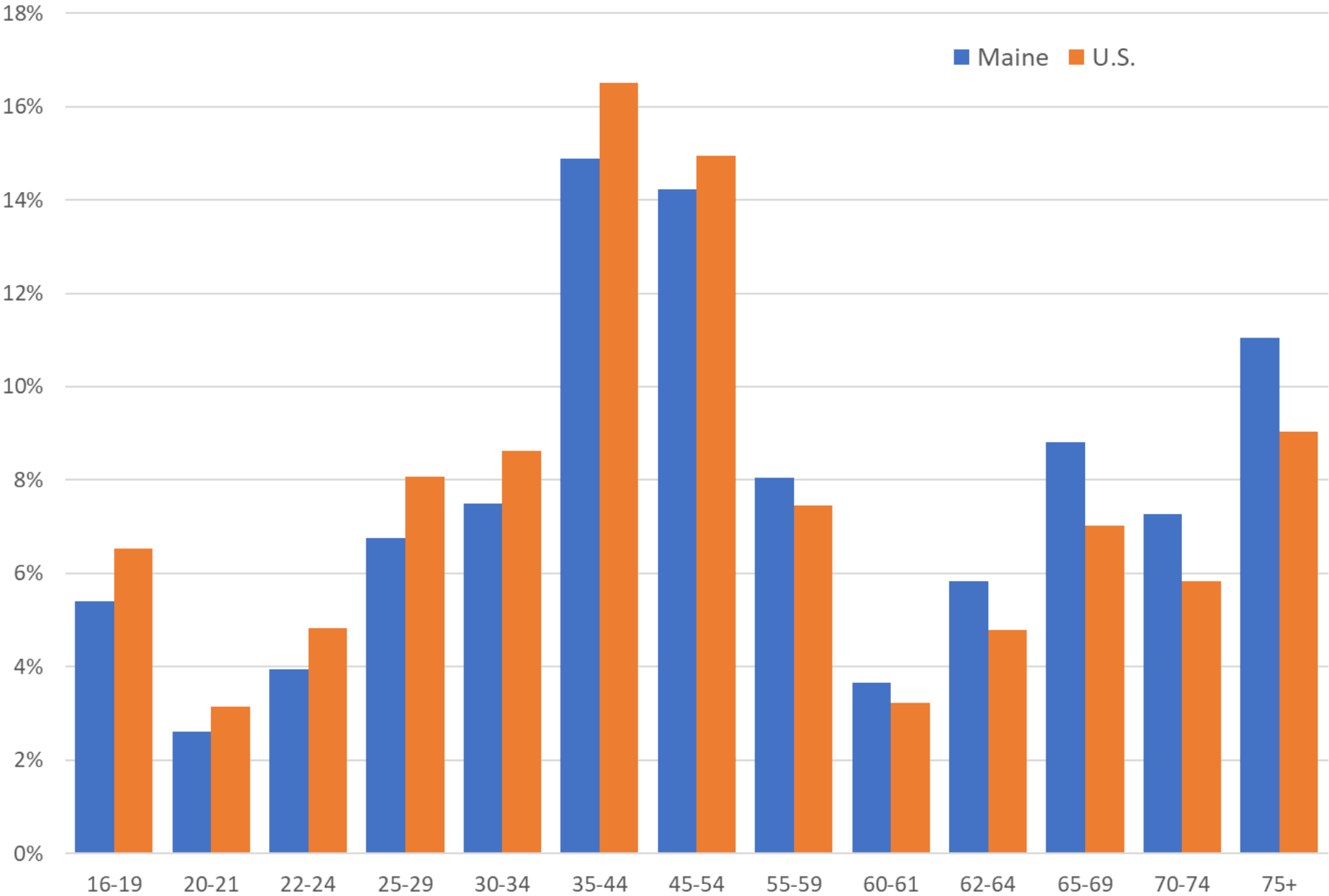
Share of Nonparticipants by Reason, 2022



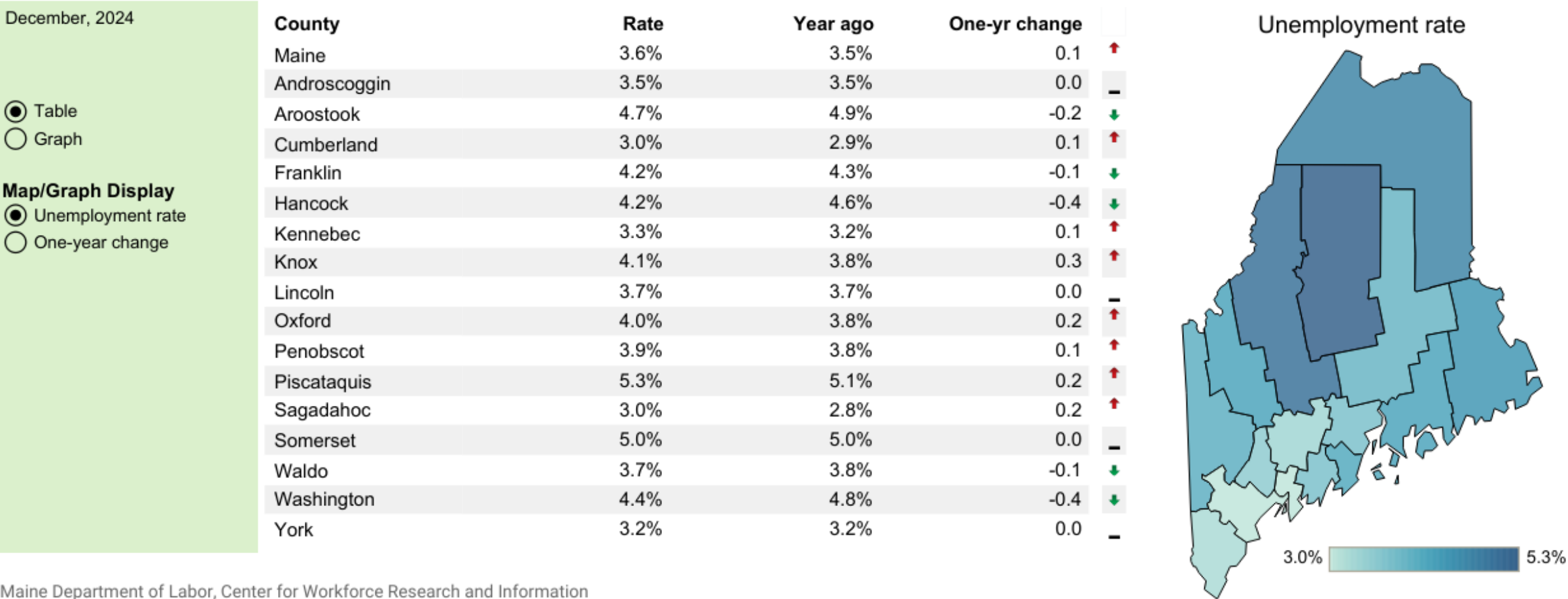
# 2023 Labor Force Participation Rate



# Share of 16+ Population by Age, 2023



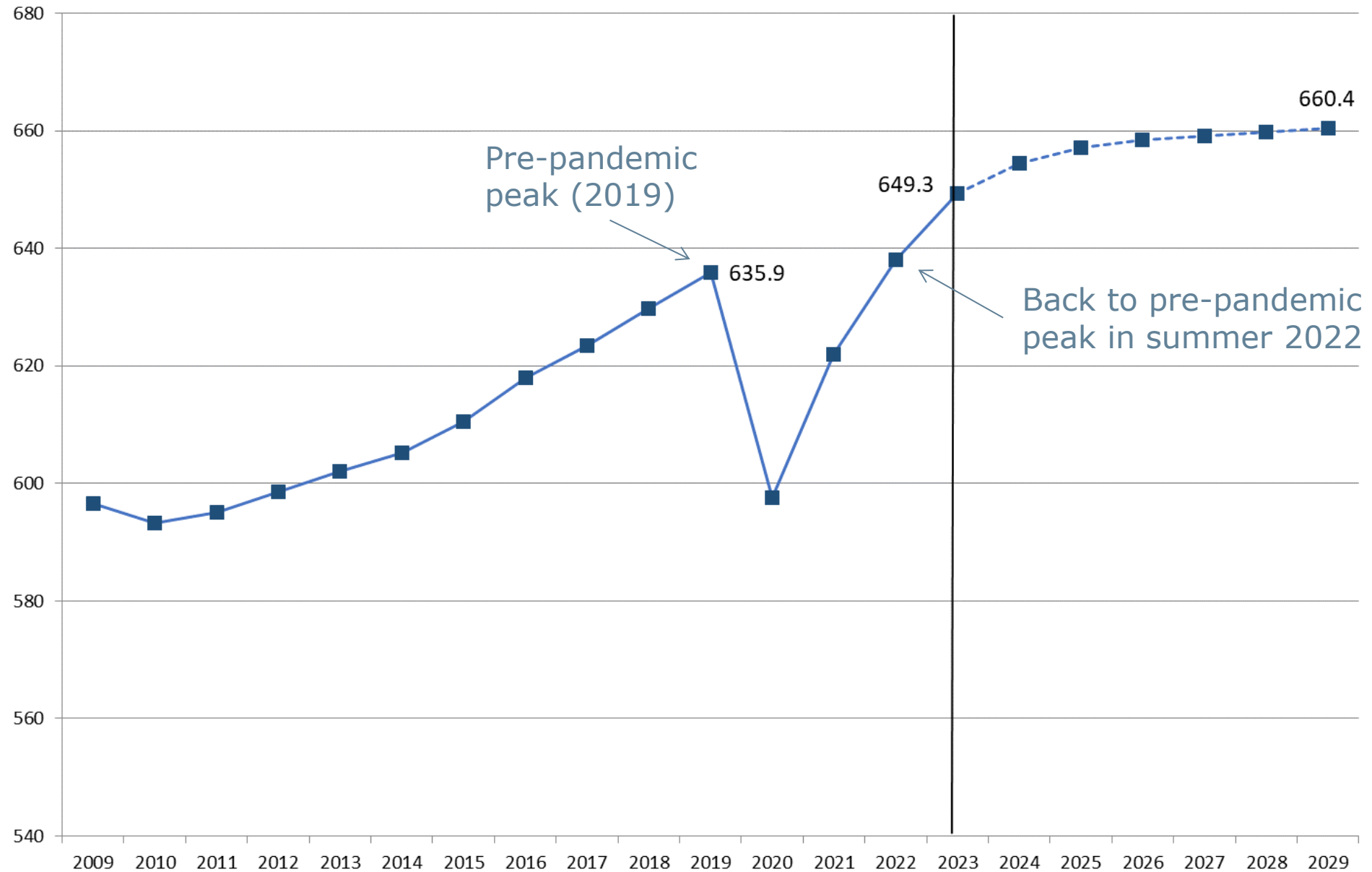
County Rates (not seasonally adjusted)



Maine Department of Labor, Center for Workforce Research and Information

Maine’s seasonally-adjusted 3.2% unemployment rate in December 2024 is below both the U.S. and New England rates

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



# How do we find enough workforce in the future?

Migration: continue to attract workers to Maine; housing is currently a constraint

Retirements: find creative ways to keep older adults engaged in the workforce

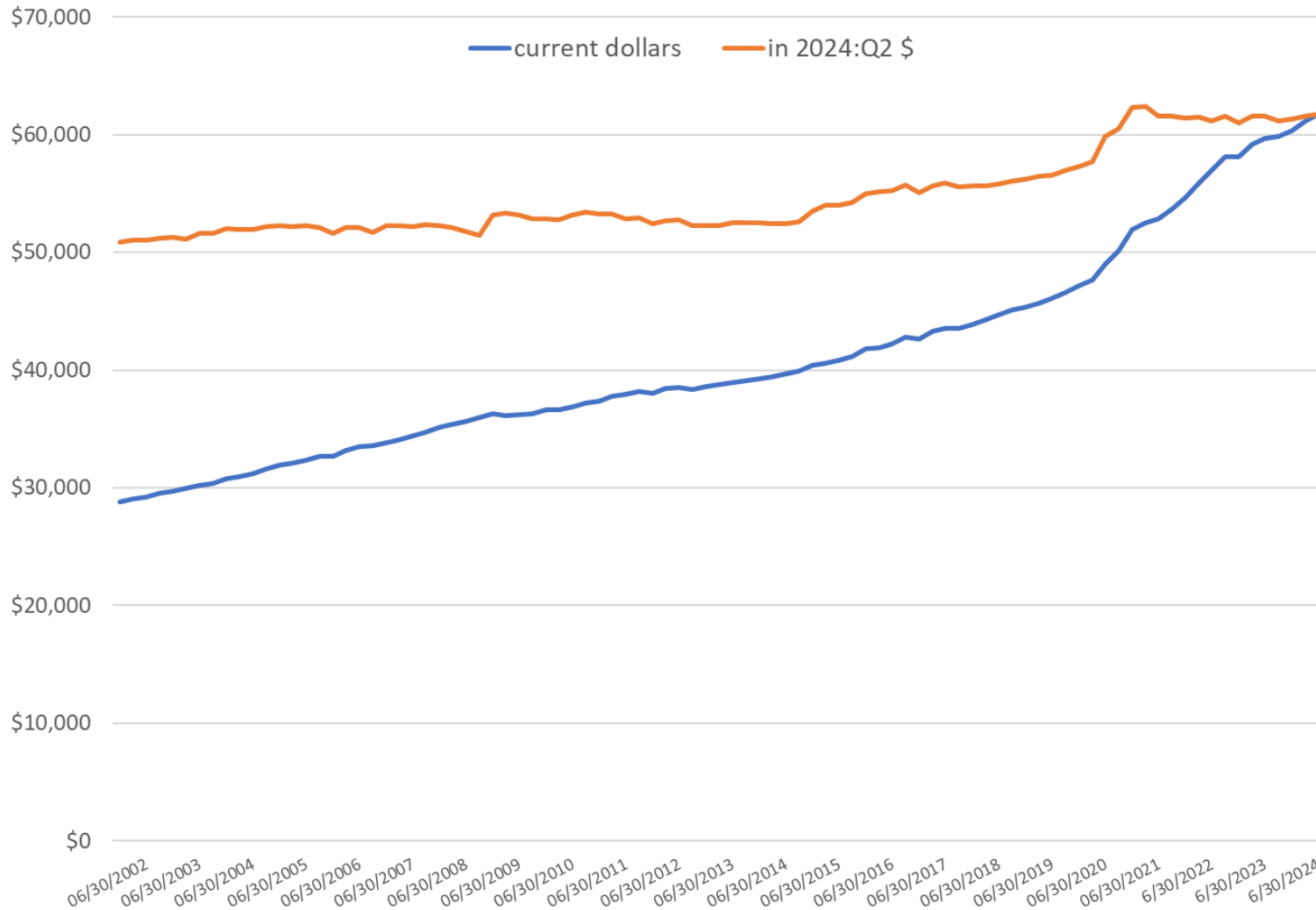
Labor Force Participation: remove roadblocks for historically underemployed populations

Automation: use technology to substitute for labor



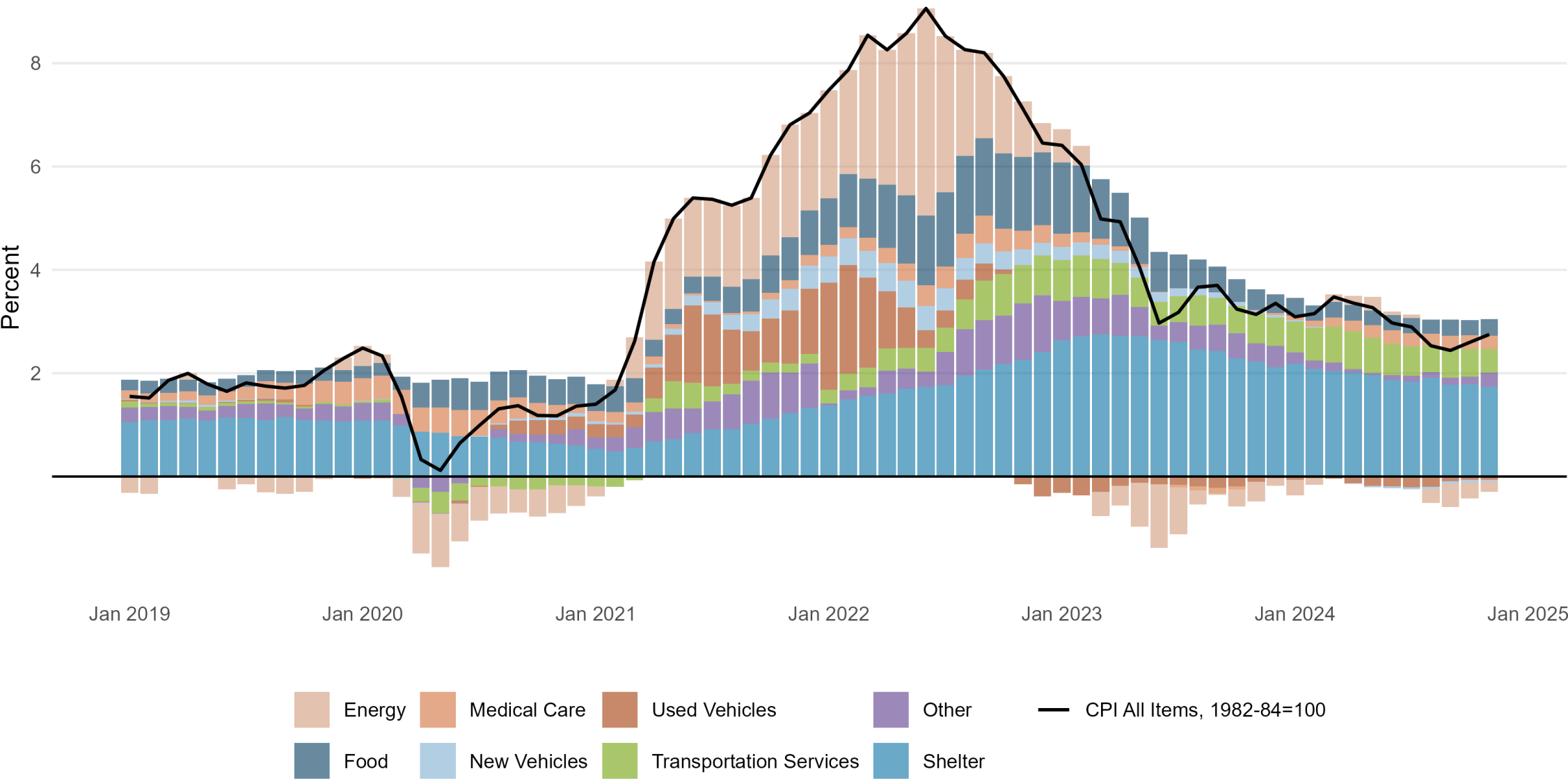
Wages, inflation,  
and interest rates

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

Percentage Point Contribution to YoY Percent Change in CPI



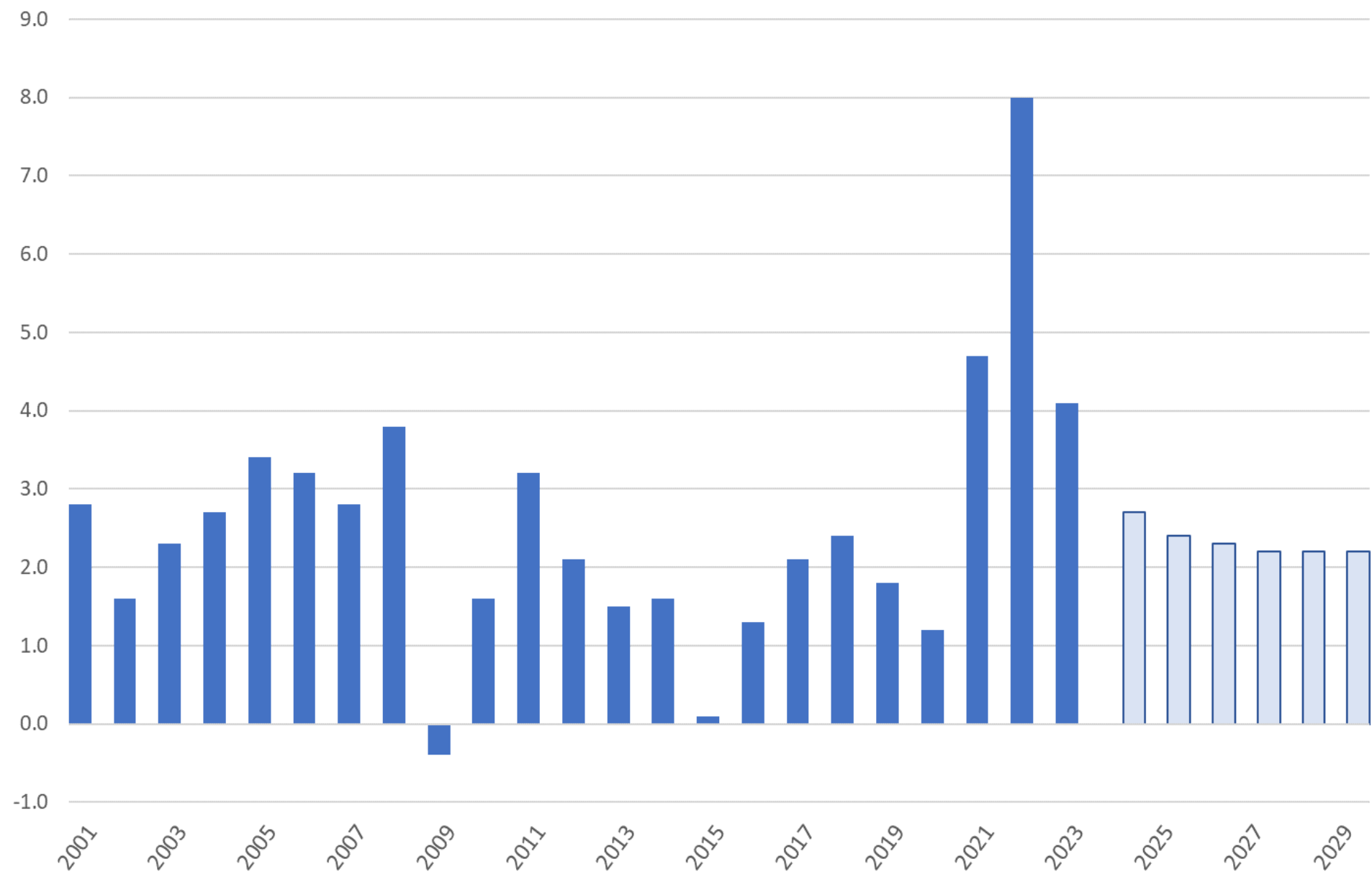
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

Current target range:  
4.25% to 4.5%

Median projection for 2025 from  
September 2024 Federal Open Market  
Committee statement was 3.4%

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

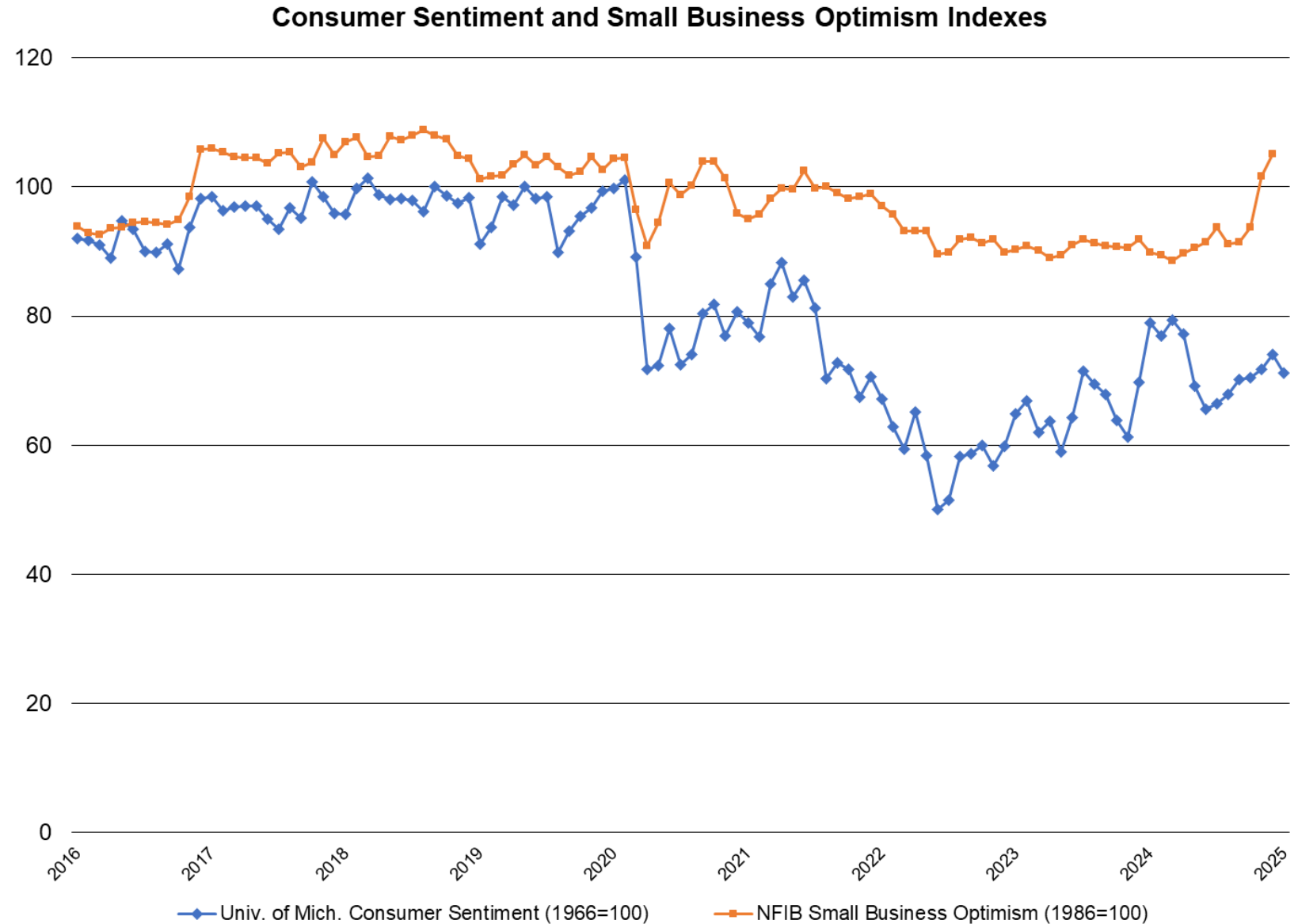


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, November 1, 2024

# Macroeconomic conditions

Consumer sentiment took a step back in January, based in part on expectations of higher future prices

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



Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

# 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:

- Migration picked up during the pandemic, but the continuation of this trend has been challenged by housing availability/affordability; additional supply and lower prices/mortgage rates will be key
- Employment growth is limited by labor force availability; increased labor force participation, continued in-migration of younger populations, and increased productivity can help
- Economic uncertainty remains elevated
- Maine has a robust Budget Stabilization Fund (around \$900 million), providing a valuable cushion in case of a slowdown or revenue shortfalls

# Contact Information

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