

Economic and Housing Conditions in Maine

Norway Savings Bank

April 16, 2025

Amanda Rector

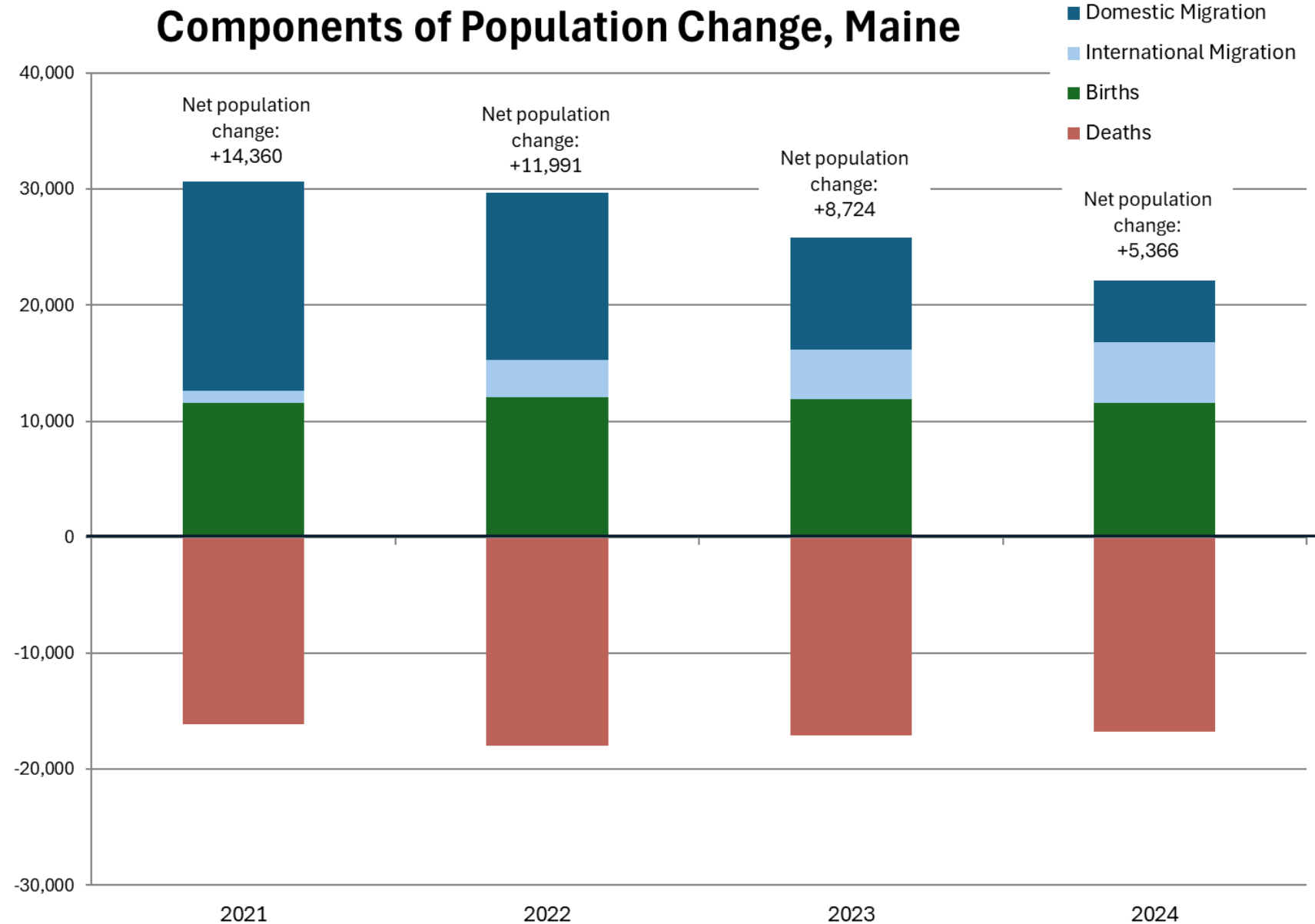
Maine State Economist

Population and demographics

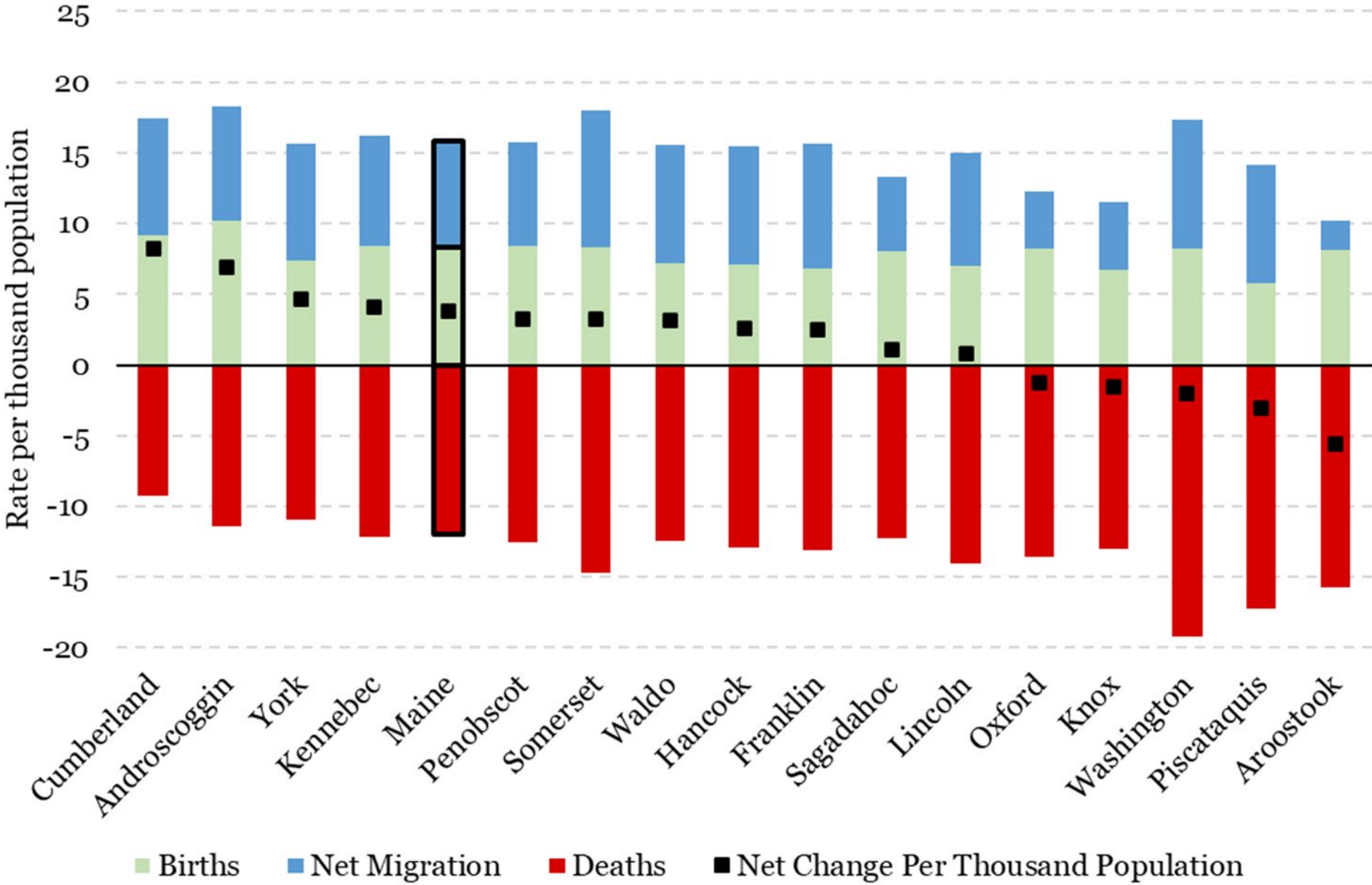
Population increase of
2.6% from 2010-2020
(42nd in U.S.)

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

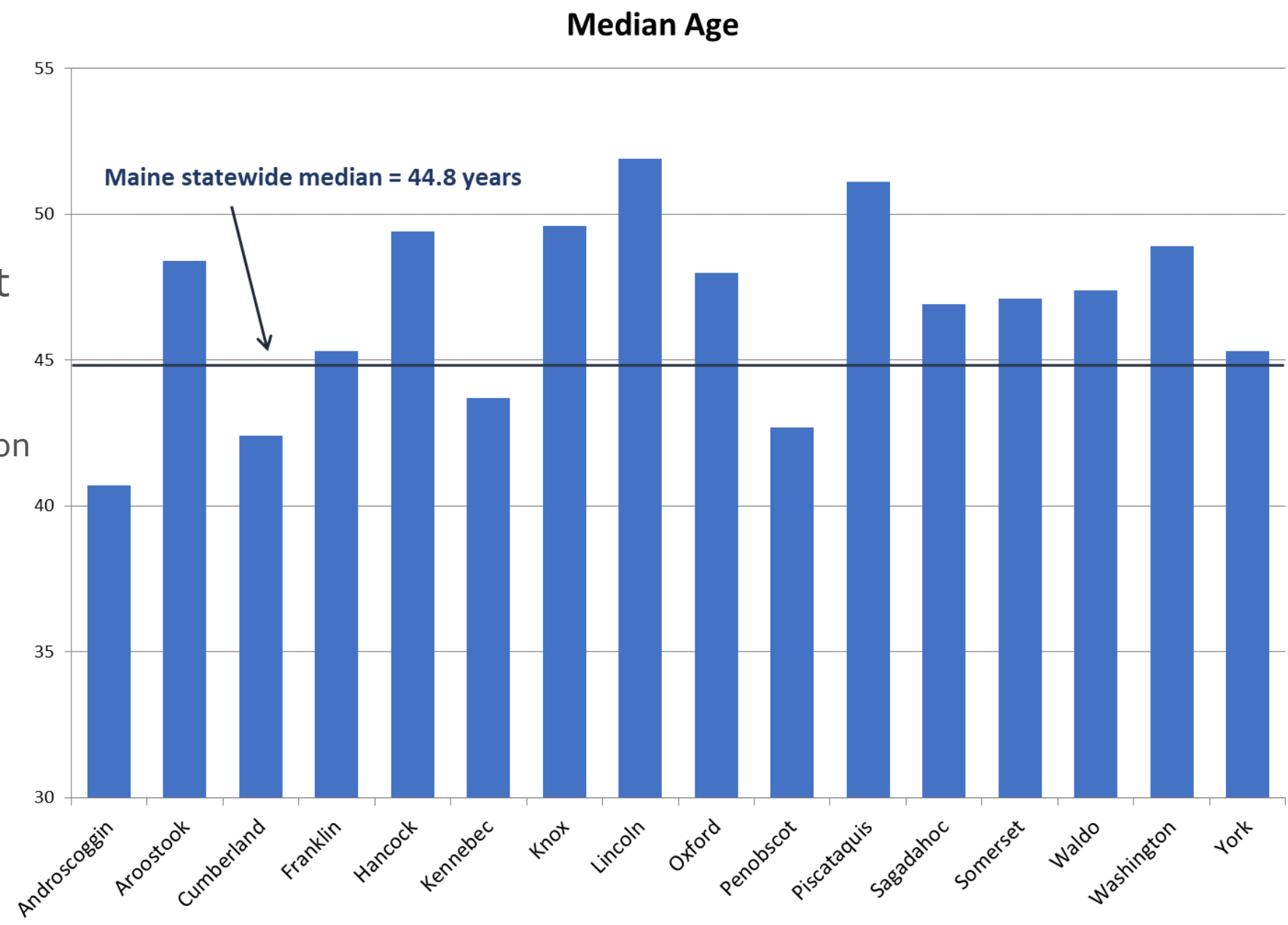
2024 Total Population:
1,405,012



Components of Population Change in Maine, 7/1/2023-7/1/2024
Rate per thousand population



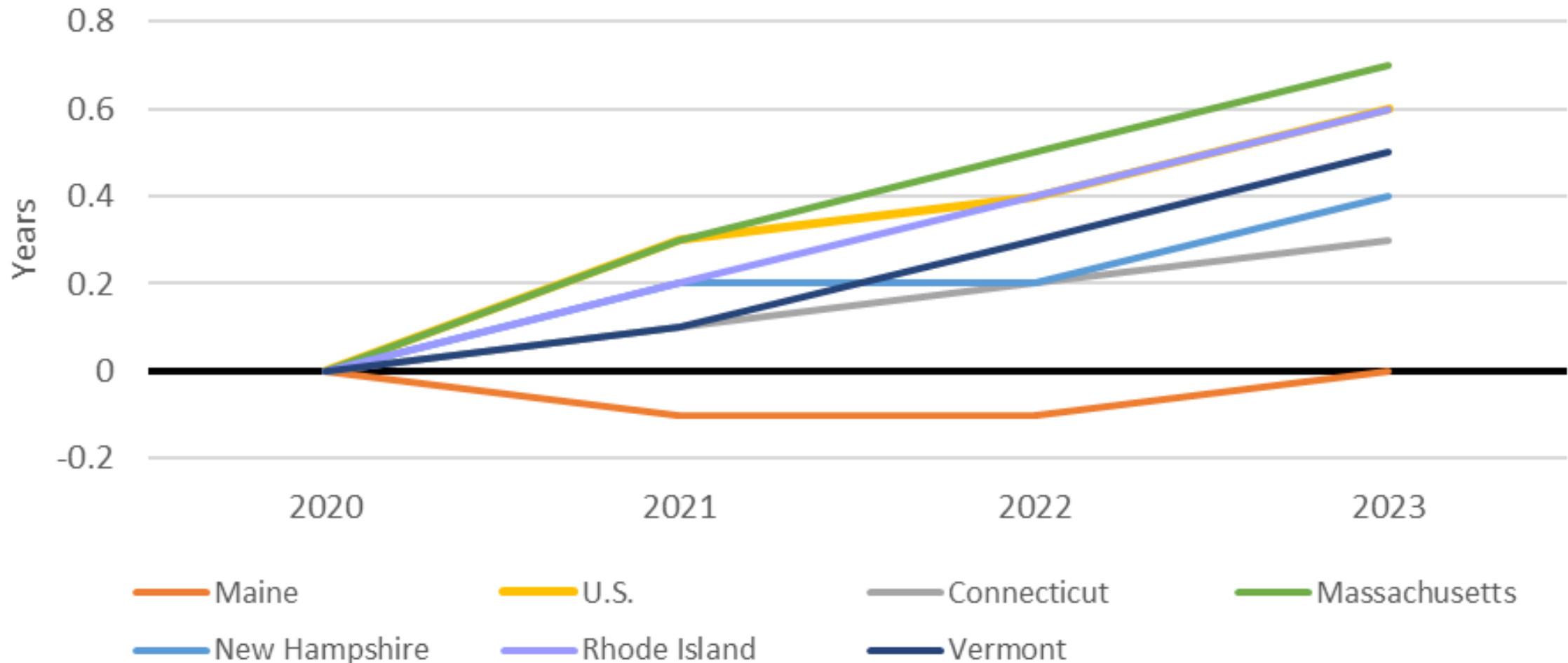
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (23.0%)



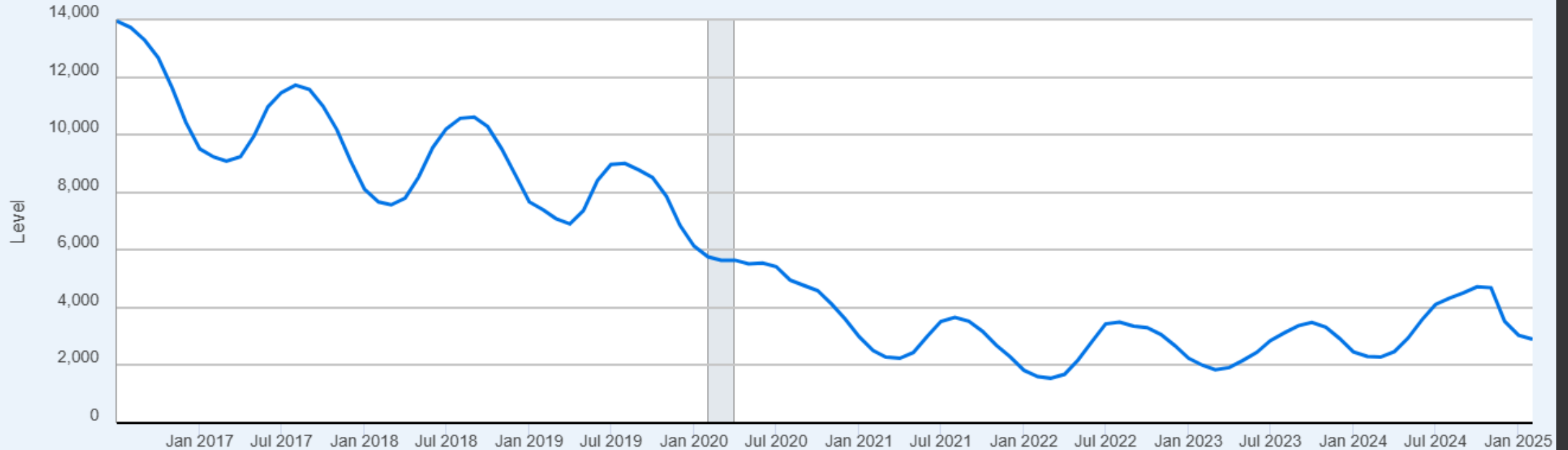
Migration has made a difference

Maine's median age in 2023 is unchanged from 2020, while the U.S. median age has increased 0.6 years (but Maine still has the highest median age in the nation)

Change in median age since April 2020



Housing

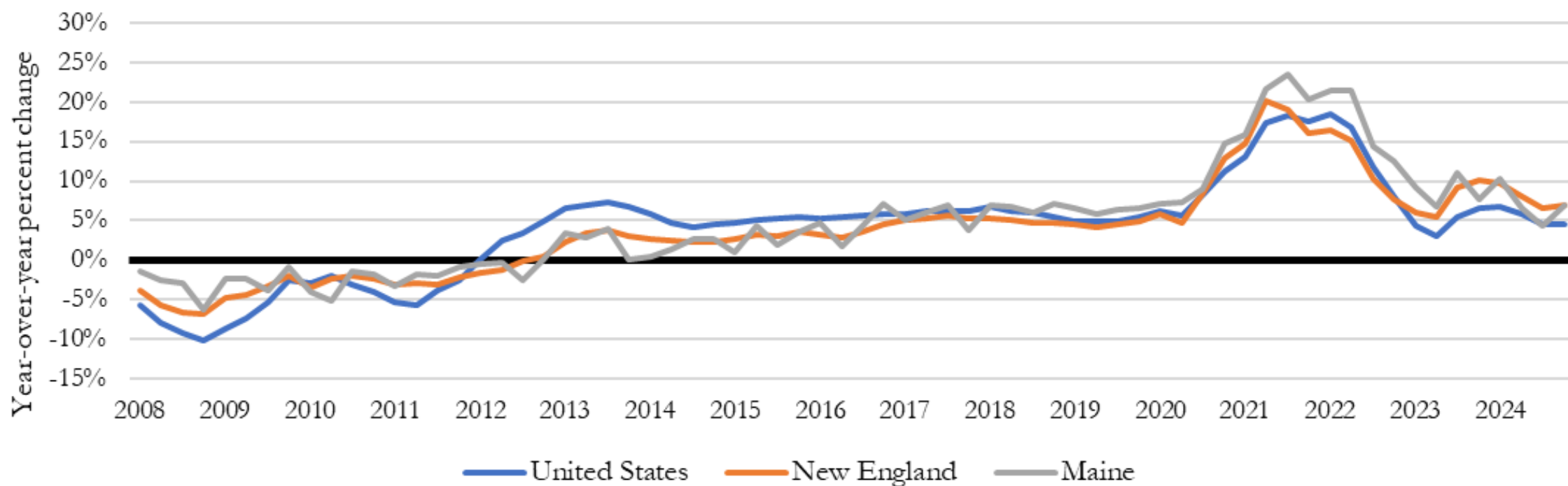


Source: Realtor.com via FRED®
Shaded areas indicate U.S. recessions.

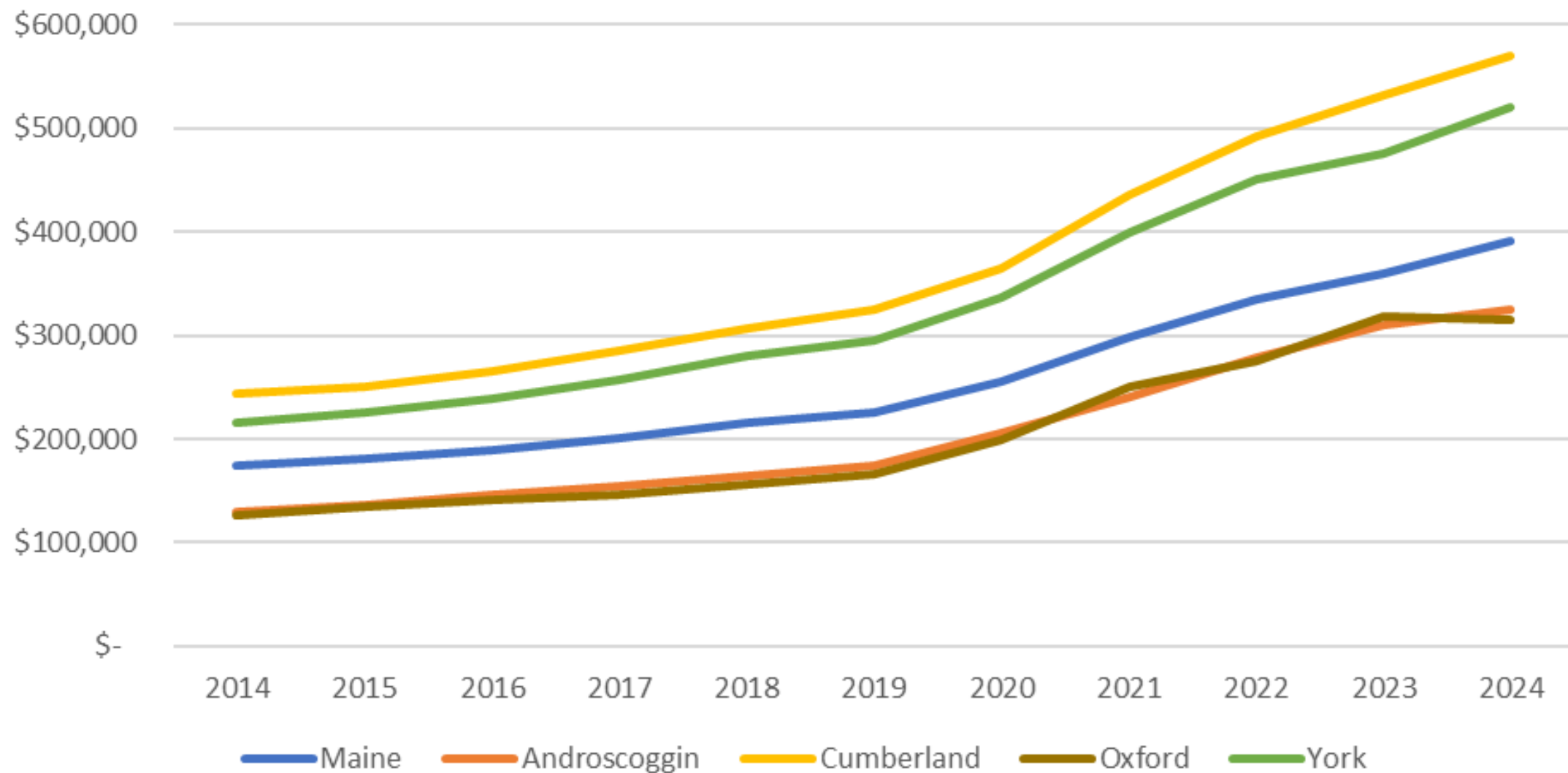
fred.stlouisfed.org

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

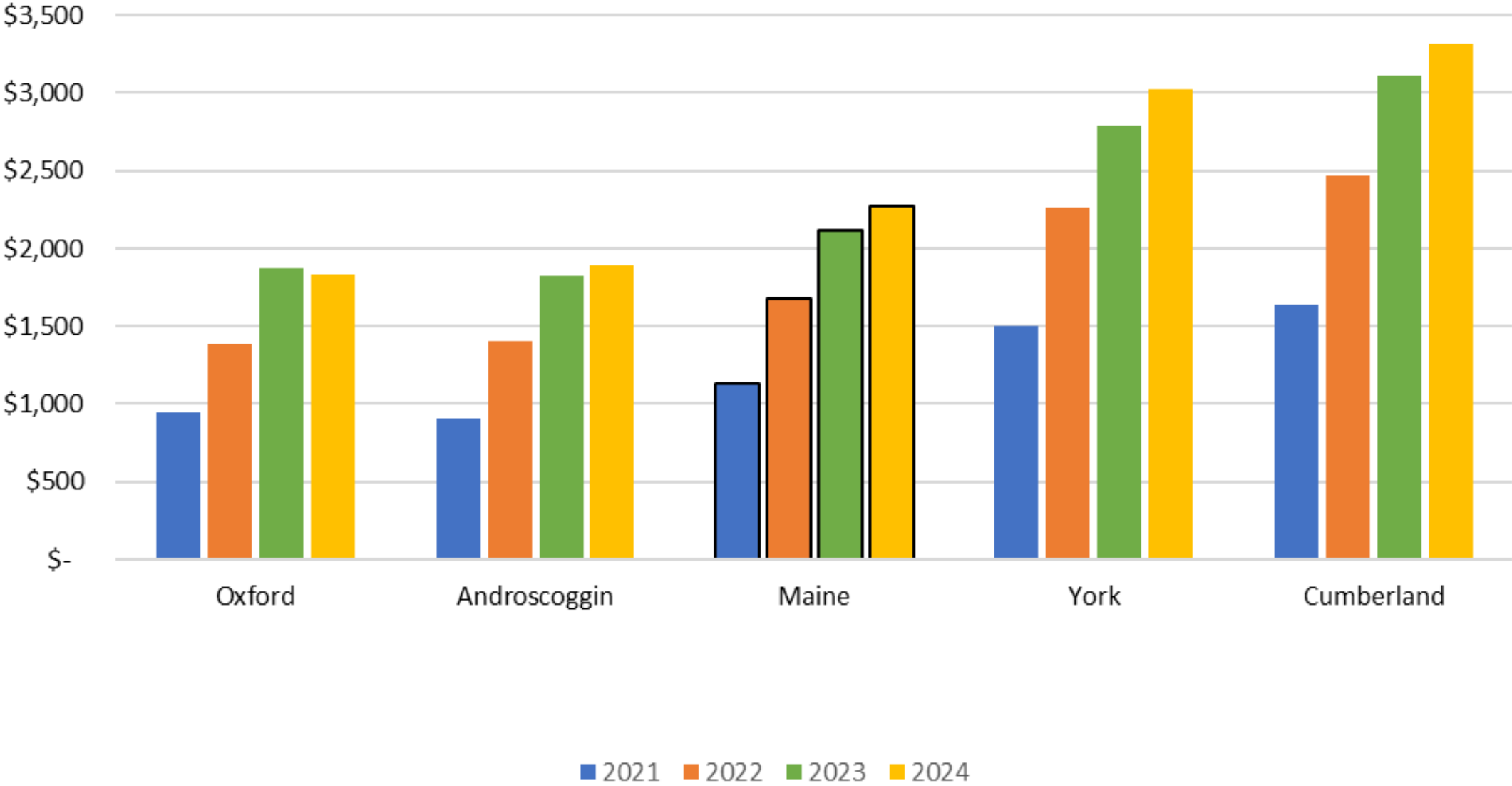
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Median Home Prices, 2014 - 2024

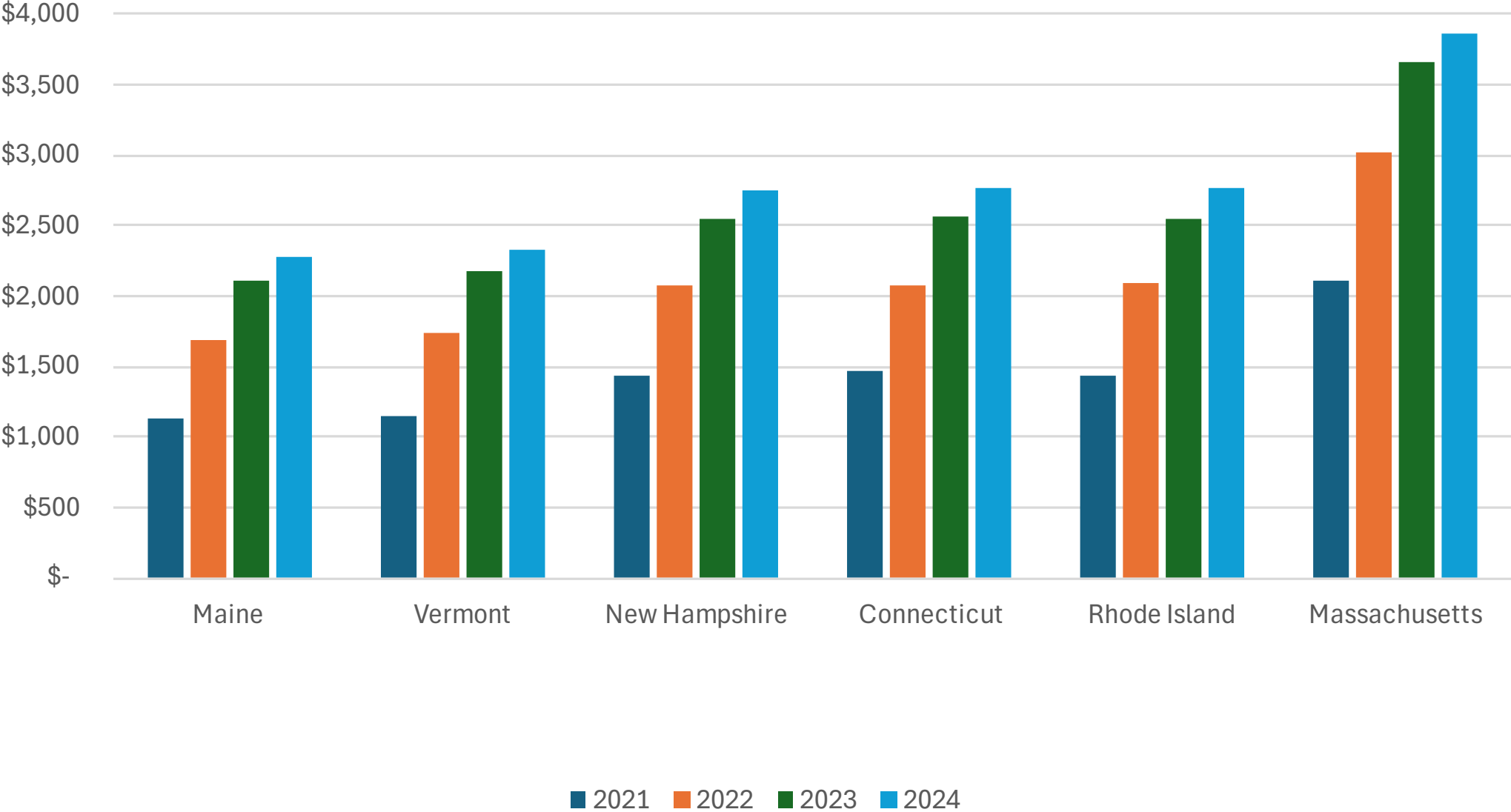


Monthly Mortgage Payment at the Median Sales Price 2021-2024



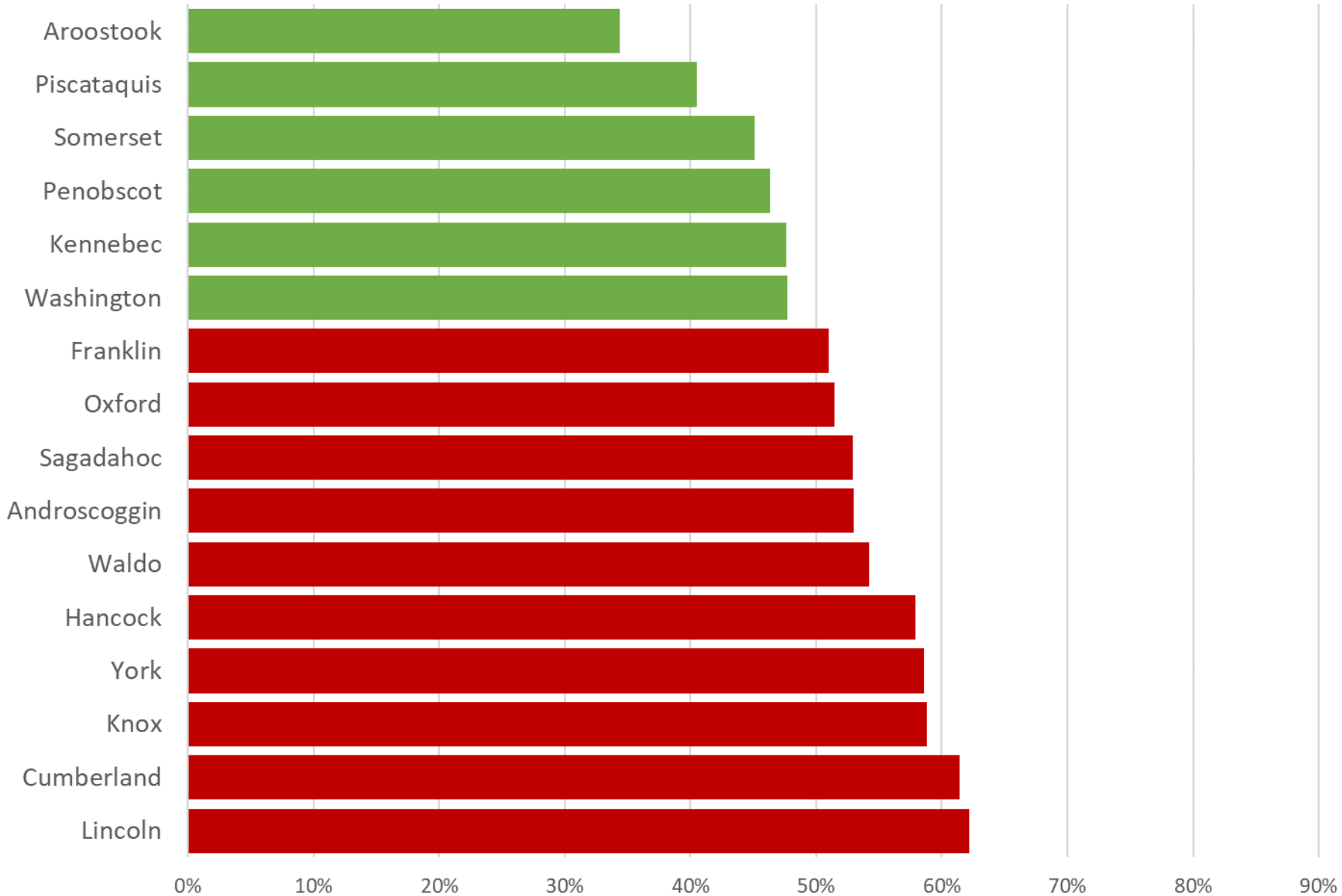
Source: Maine Association of Realtors (Prices), FRED Average weekly 30-yr fixed rate mortgage (Rates); assumed principal and interest only at median sales price, average 30-year fixed rate mortgage with 10% downpayment

Monthly Mortgage Payment at the Median Sales Price 2021-2024

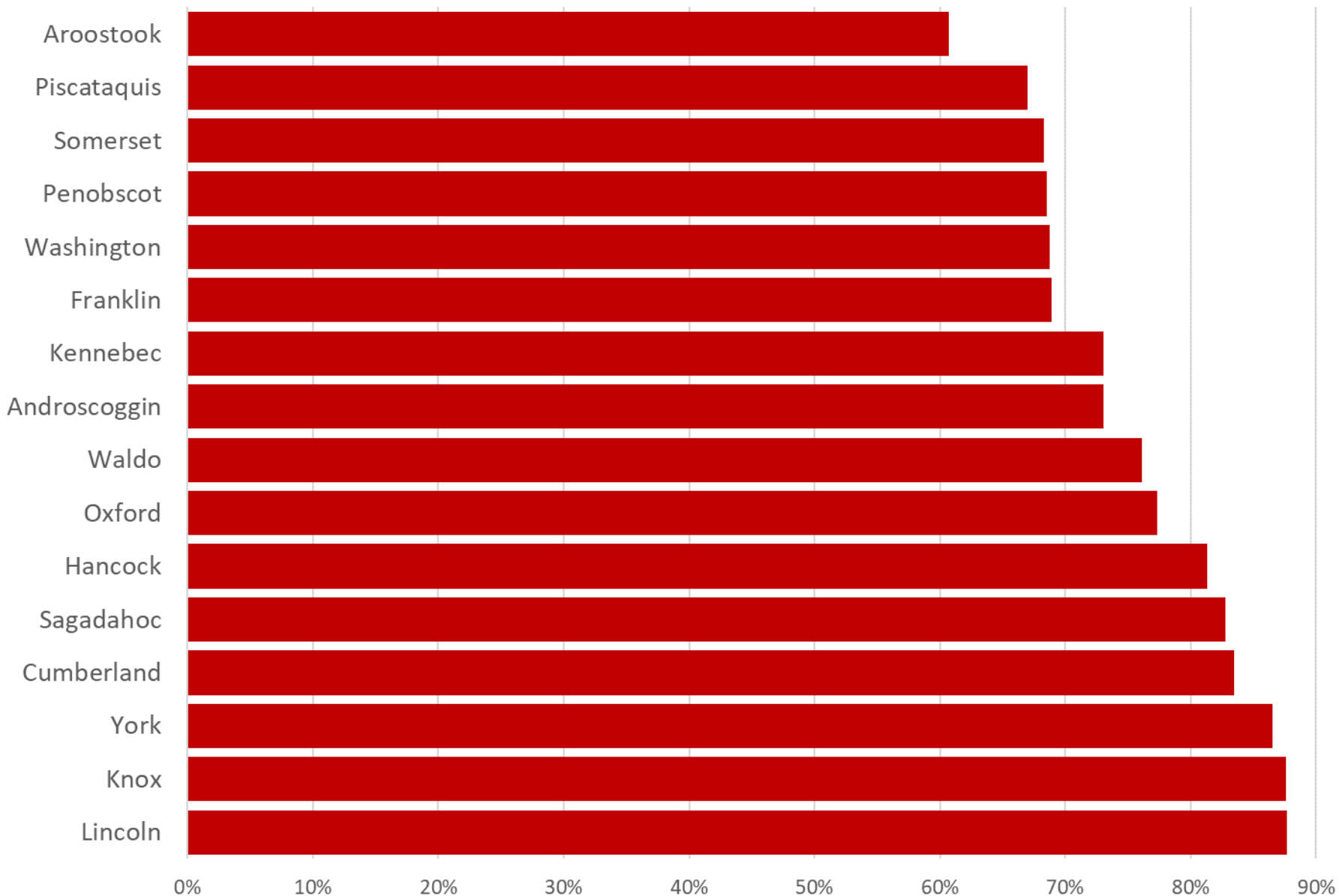


Sources: Moody's Analytics (median sale prices), FRED 30-year fixed rate mortgage rates, weekly (average of all weeks in the year). Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price.

Percent of Households Unable to Afford Median Home, 2020



Percent of Households Unable to Afford Median Home, 2023



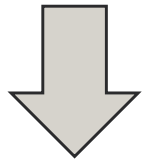
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Labor force and employment

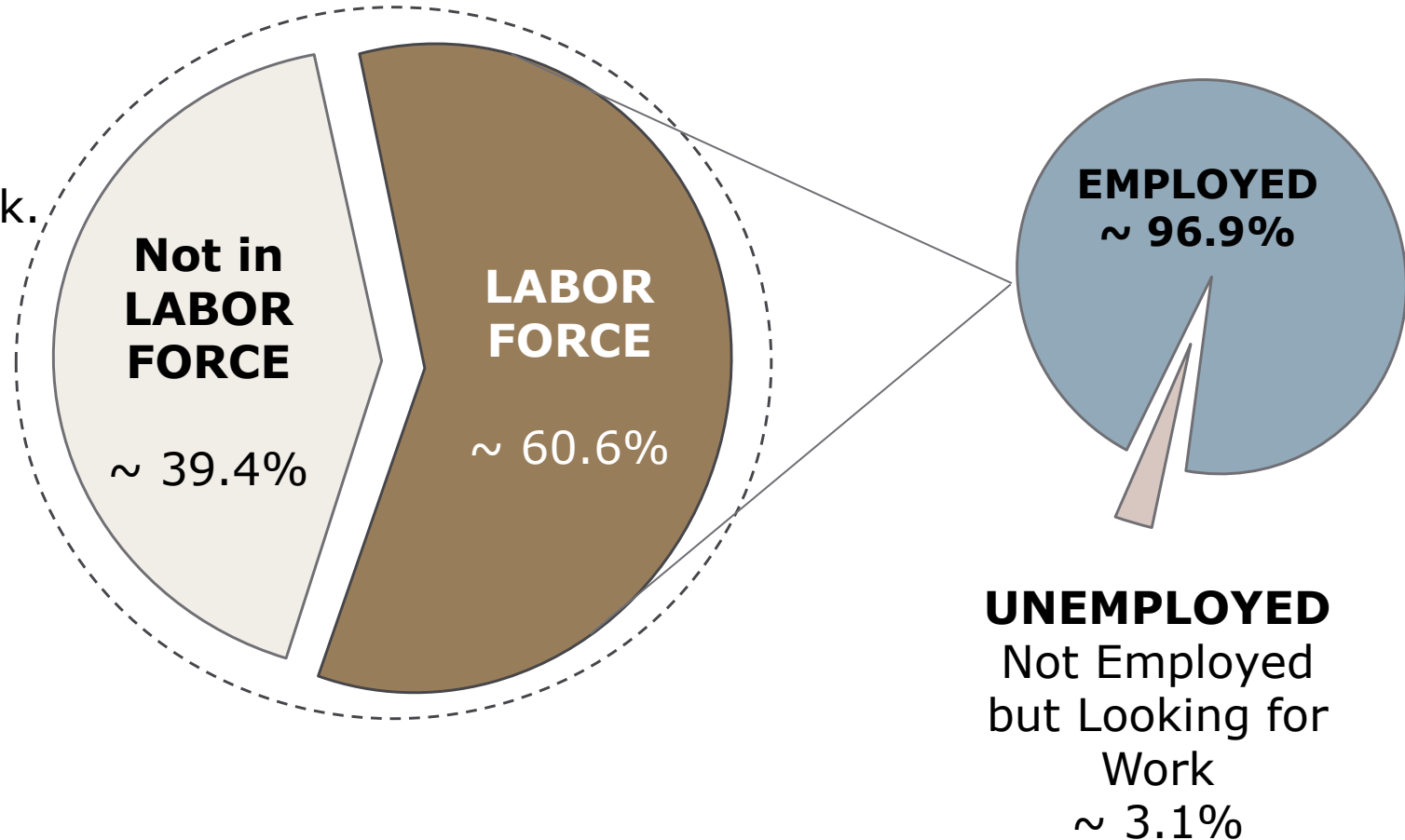
Who is in the labor force?

Civilian population, age 16+

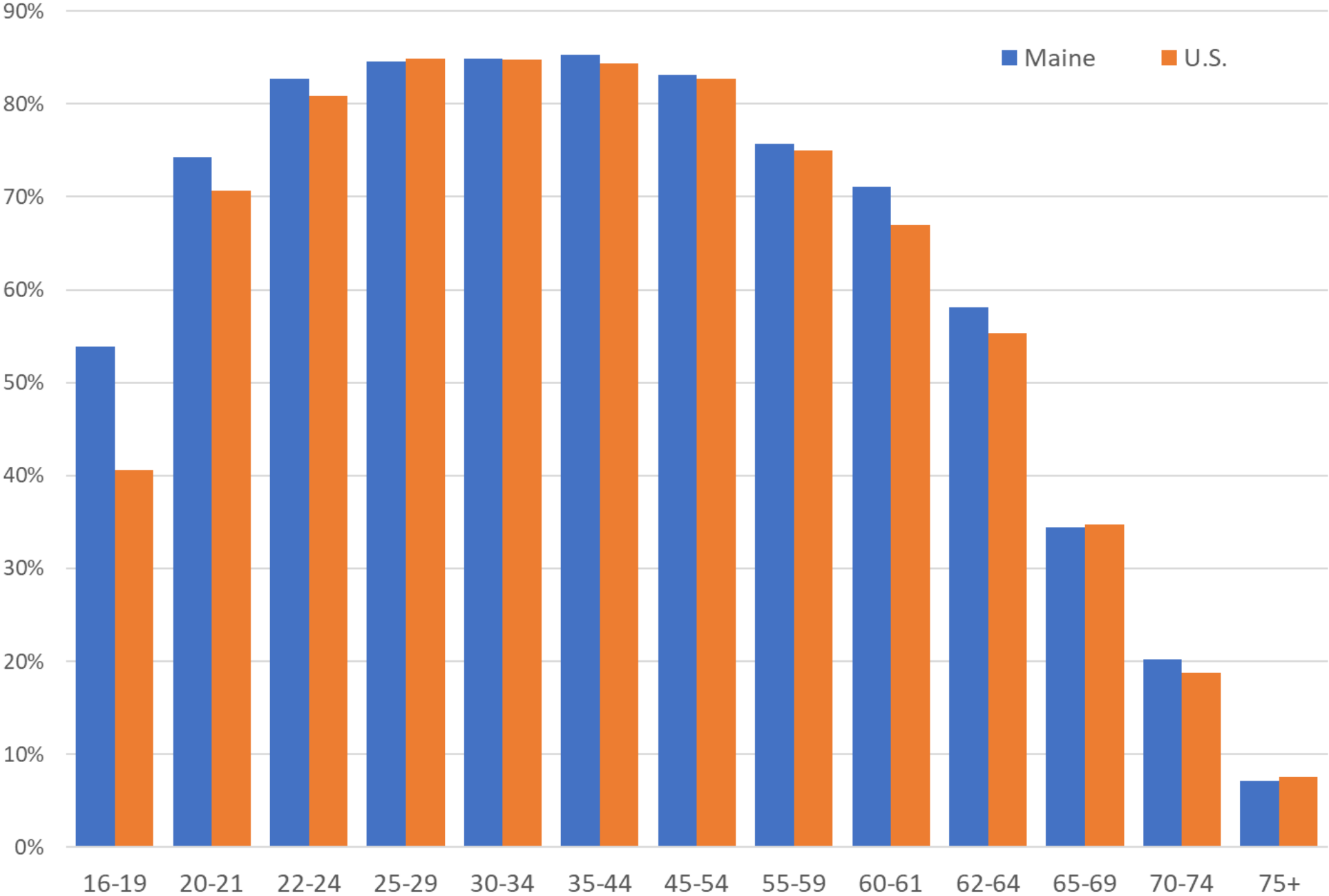
Not available and not looking for work. This could include people who are retired, full-time students, full-time caregivers, etc.



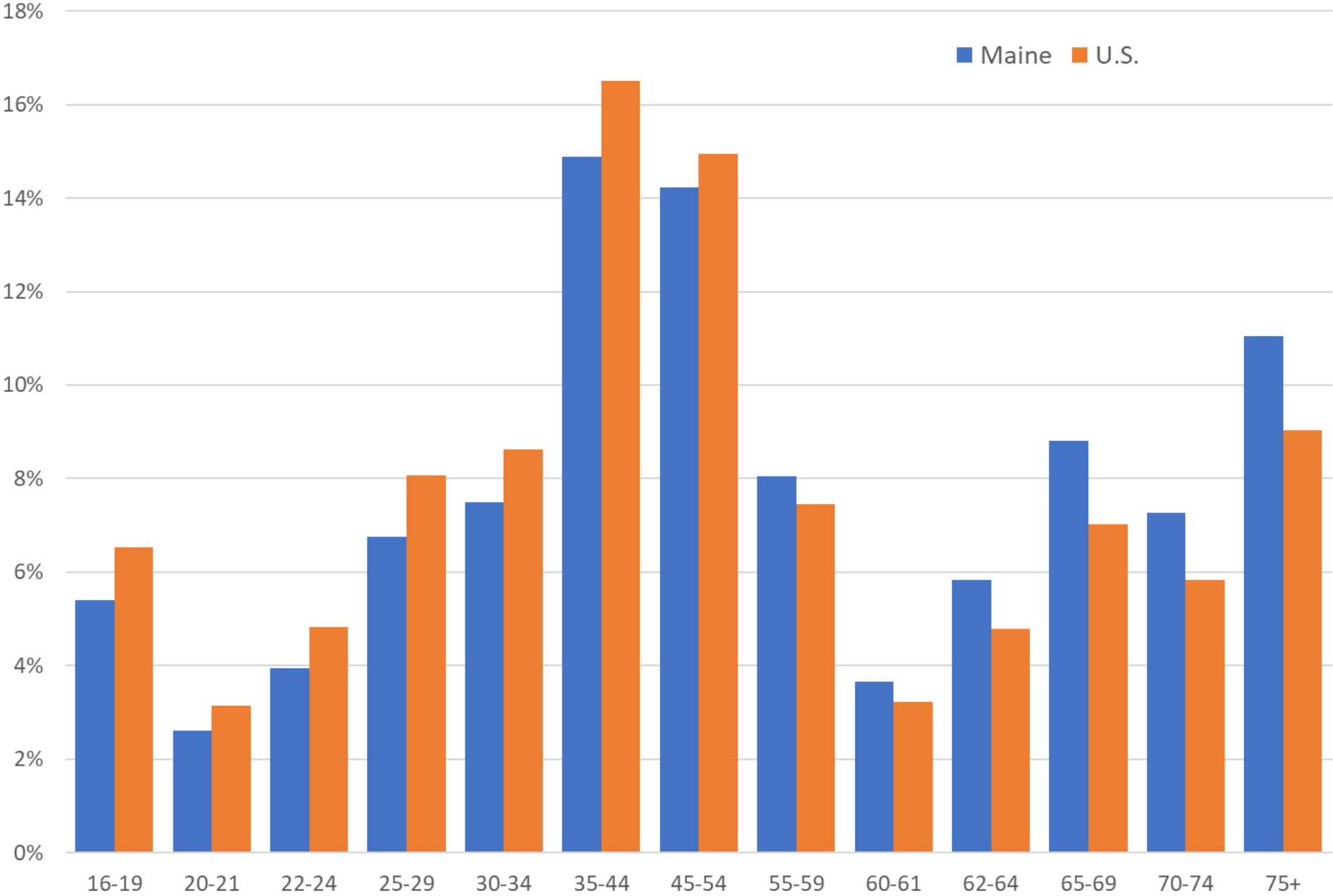
Nationally, over half of the people not in the labor force are retired



2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



County Rates (not seasonally adjusted)

February, 2025

● Table

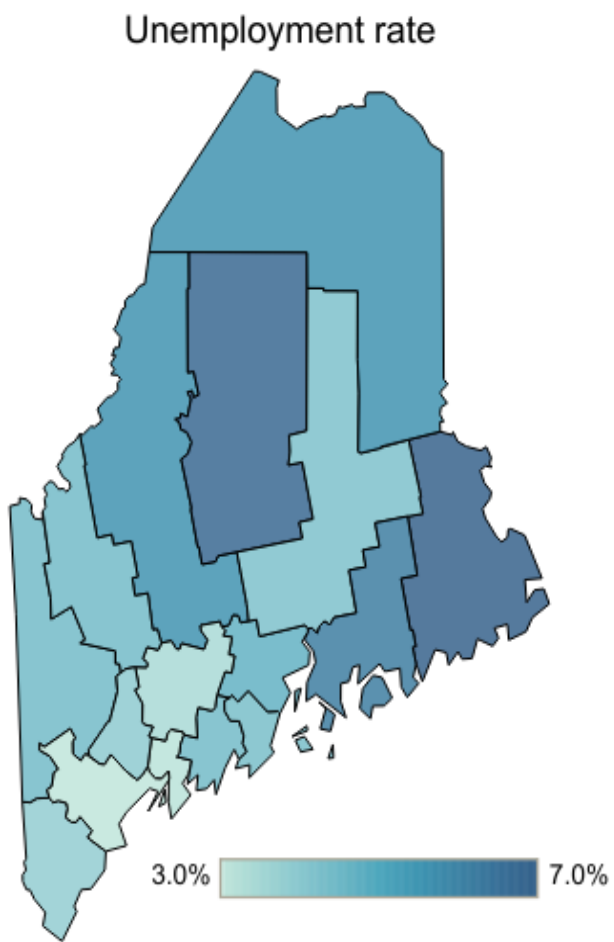
○ Graph

● Map/Graph Display

● Unemployment rate

○ One-year change

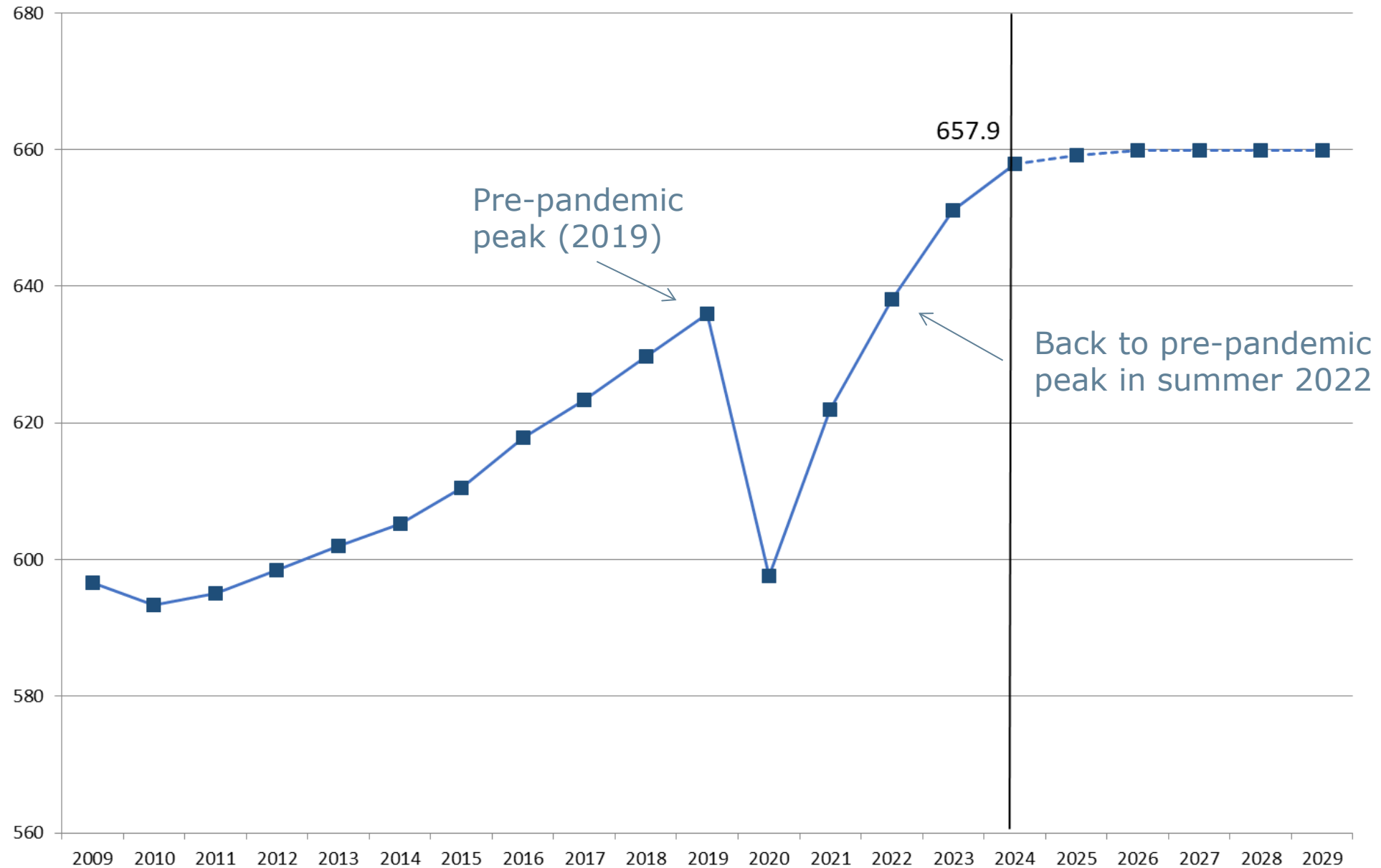
County	Rate	Year ago	One-yr change	
Maine	4.0%	3.5%	0.5	↑
Androscoggin	3.9%	3.3%	0.6	↑
Aroostook	5.6%	4.7%	0.9	↑
Cumberland	3.0%	2.5%	0.5	↑
Franklin	4.4%	4.1%	0.3	↑
Hancock	6.2%	5.6%	0.6	↑
Kennebec	3.4%	3.1%	0.3	↑
Knox	4.3%	4.2%	0.1	↑
Lincoln	4.4%	3.9%	0.5	↑
Oxford	4.4%	3.5%	0.9	↑
Penobscot	4.2%	3.7%	0.5	↑
Piscataquis	6.8%	7.1%	-0.3	↓
Sagadahoc	3.1%	2.4%	0.7	↑
Somerset	5.6%	5.0%	0.6	↑
Waldo	4.7%	4.4%	0.3	↑
Washington	7.0%	6.5%	0.5	↑
York	3.8%	3.3%	0.5	↑



Maine Department of Labor, Center for Workforce Research and Information

Maine’s seasonally-adjusted 3.5% unemployment rate in February 2025 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

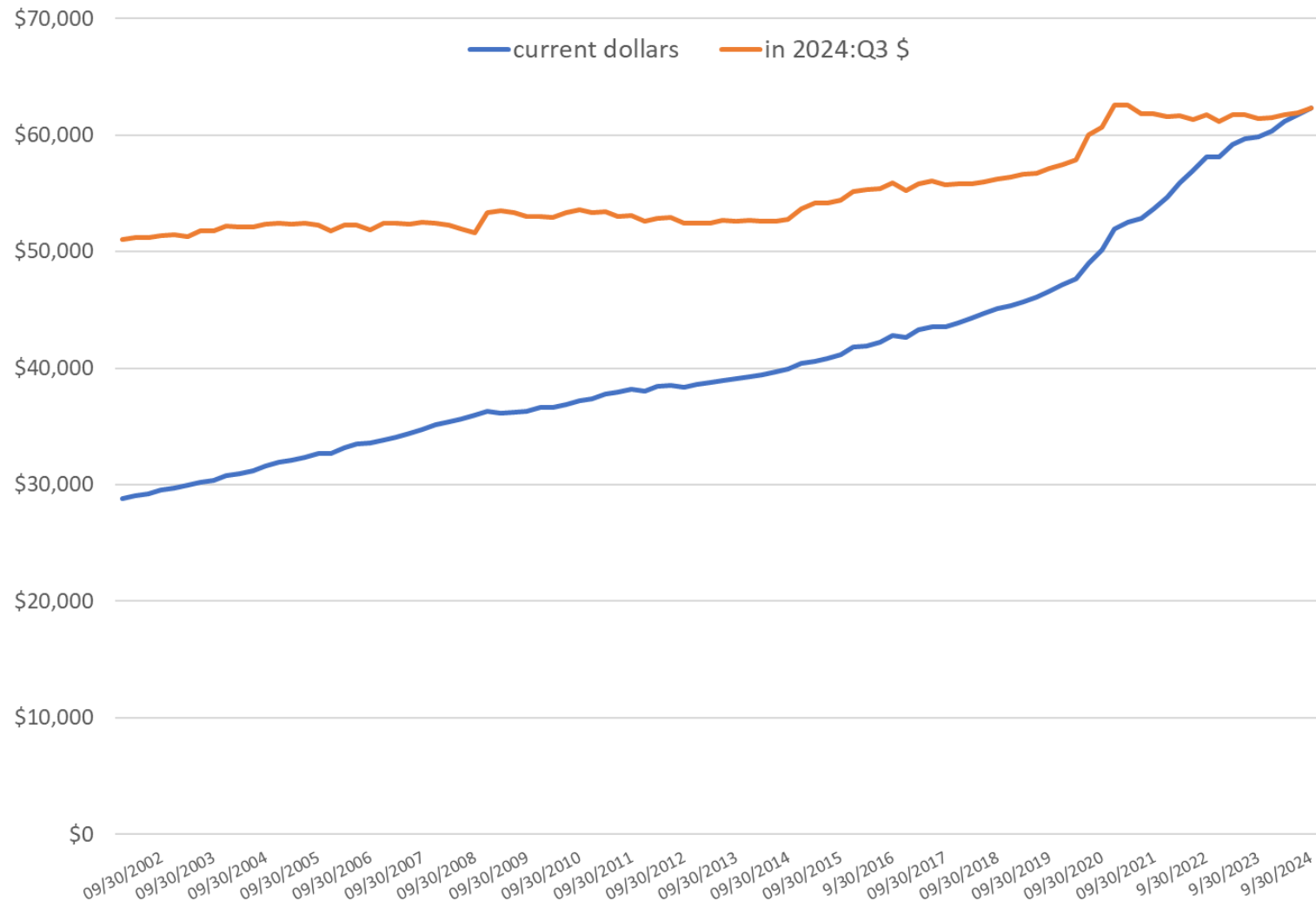
Retirements: find creative ways to keep older adults engaged in the workforce

Labor Force Participation: remove roadblocks for historically underemployed populations

Automation: use technology to substitute for labor

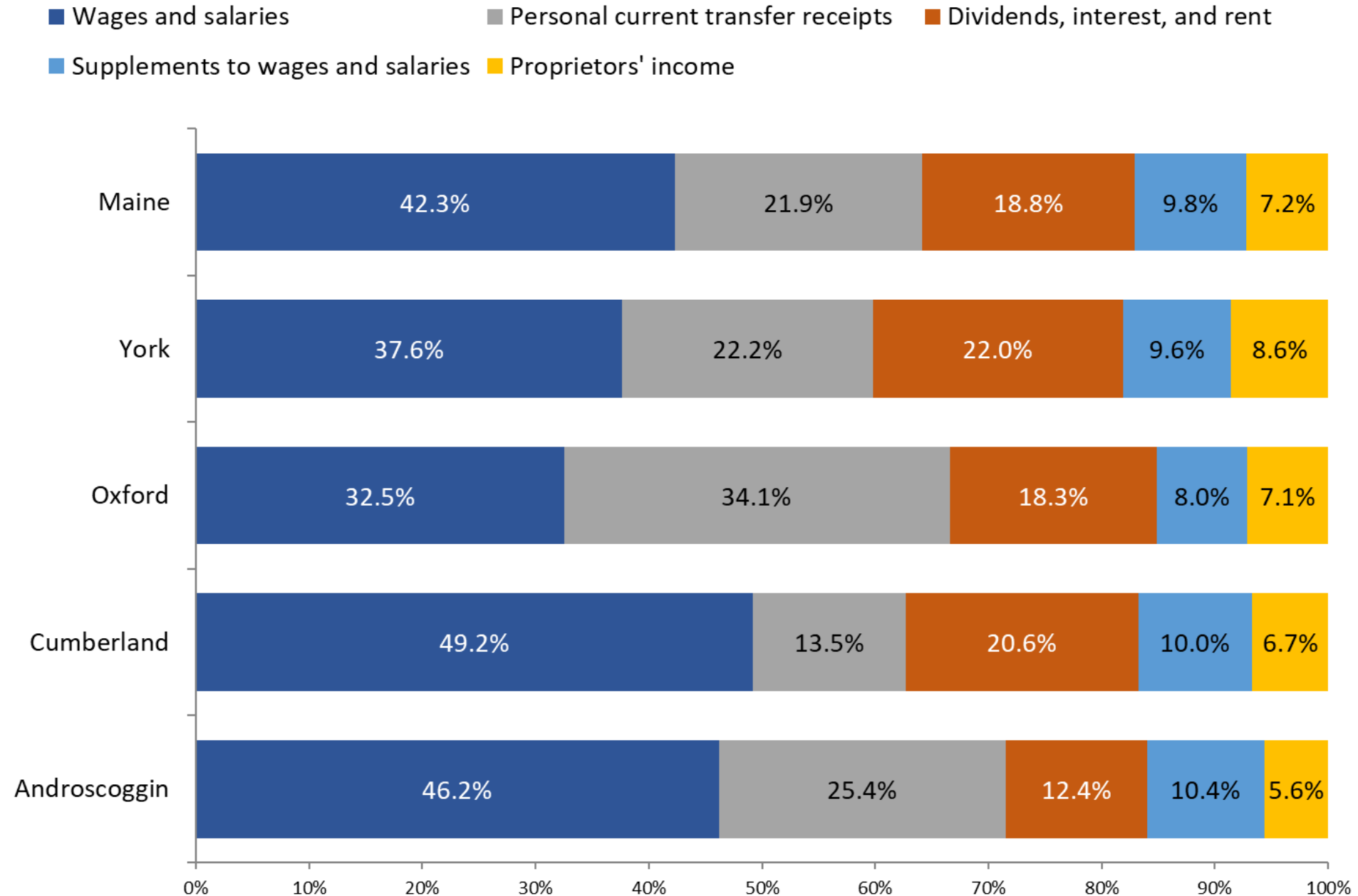
Wages and income

Moving Four Quarter Average Wage Per Job



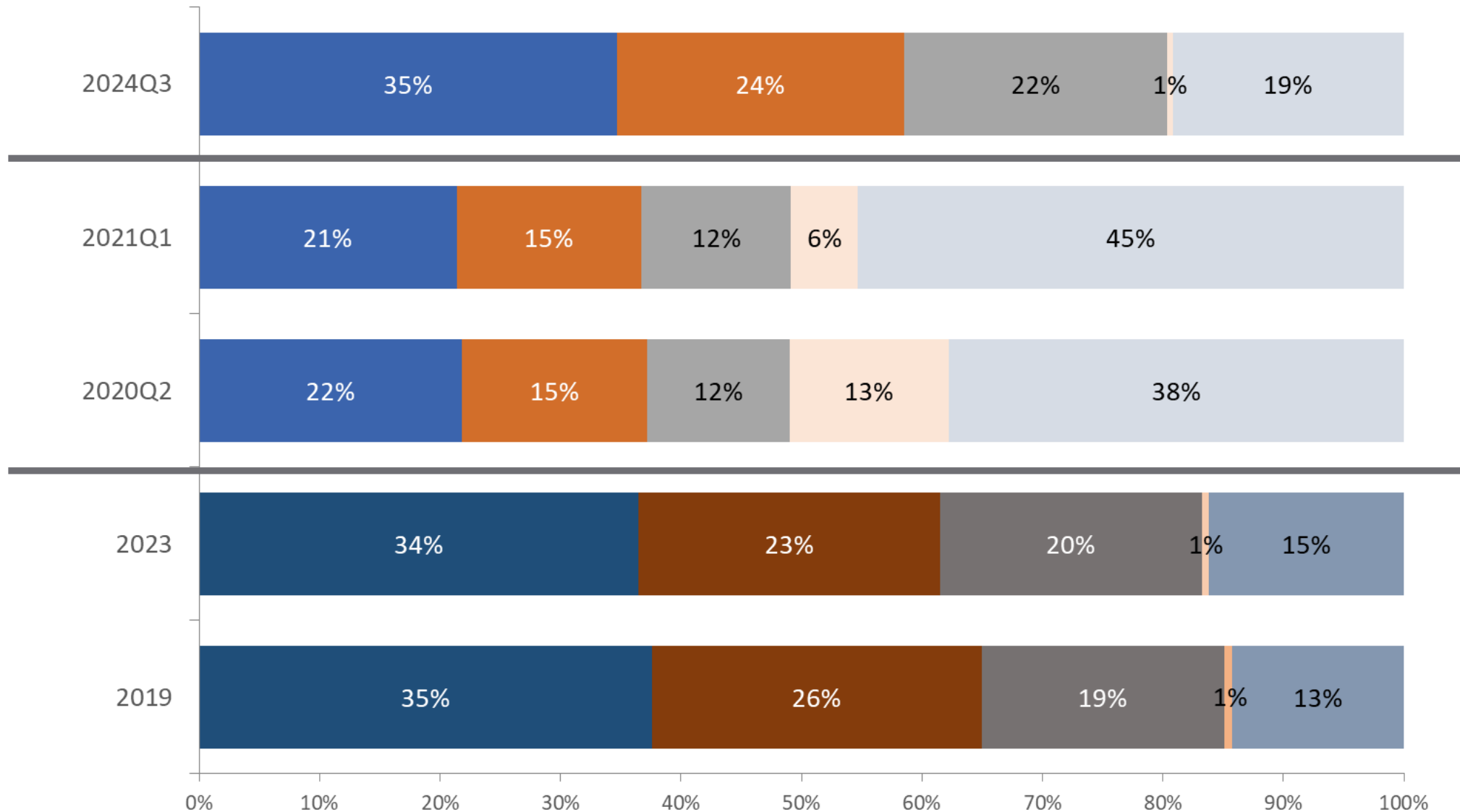
Wages increased sharply during the first part of the pandemic; since then, increases have kept pace with inflation

Major Components of Personal Income, 2023

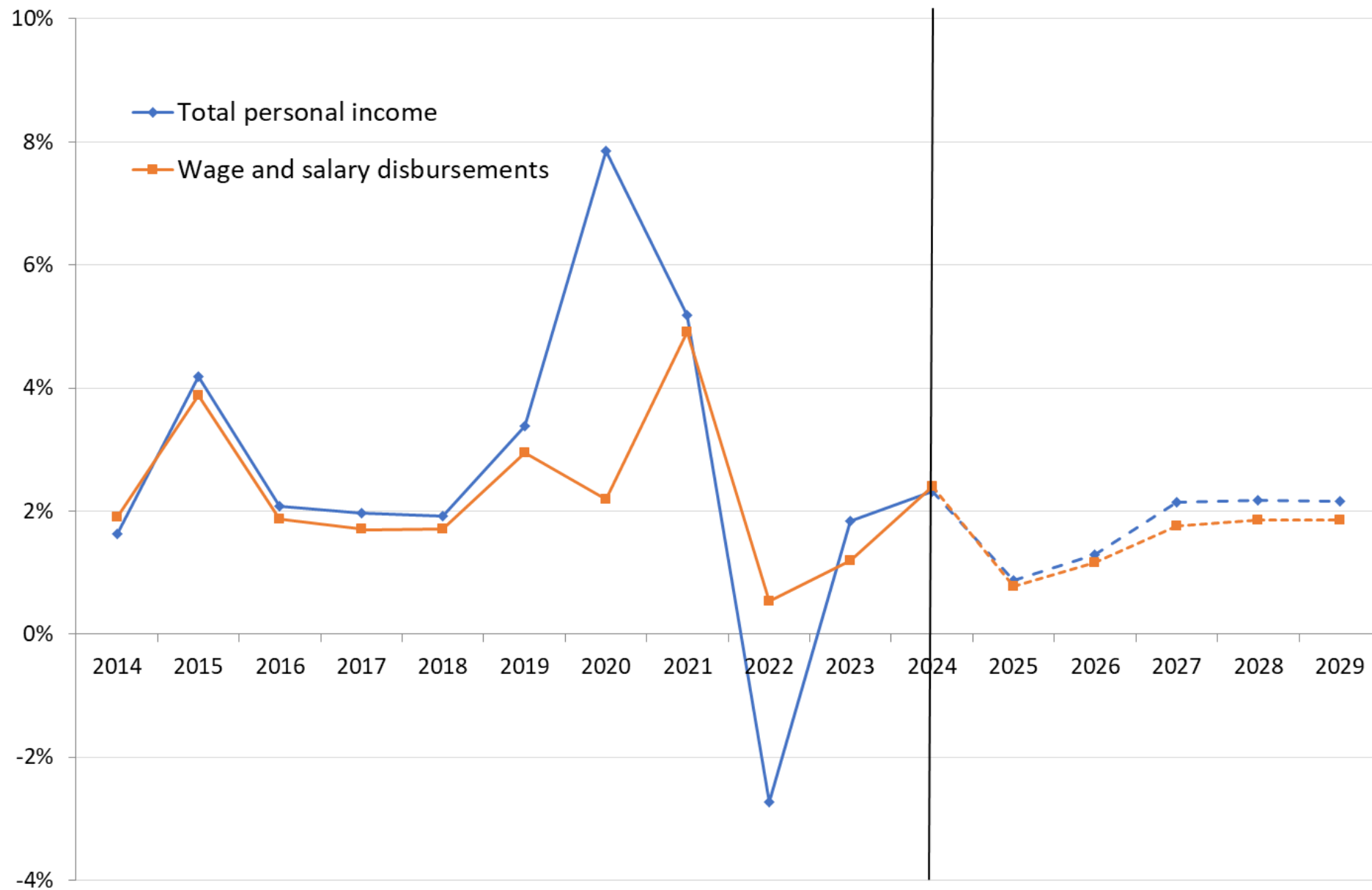


Components of Personal Current Transfer Receipts,

- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts

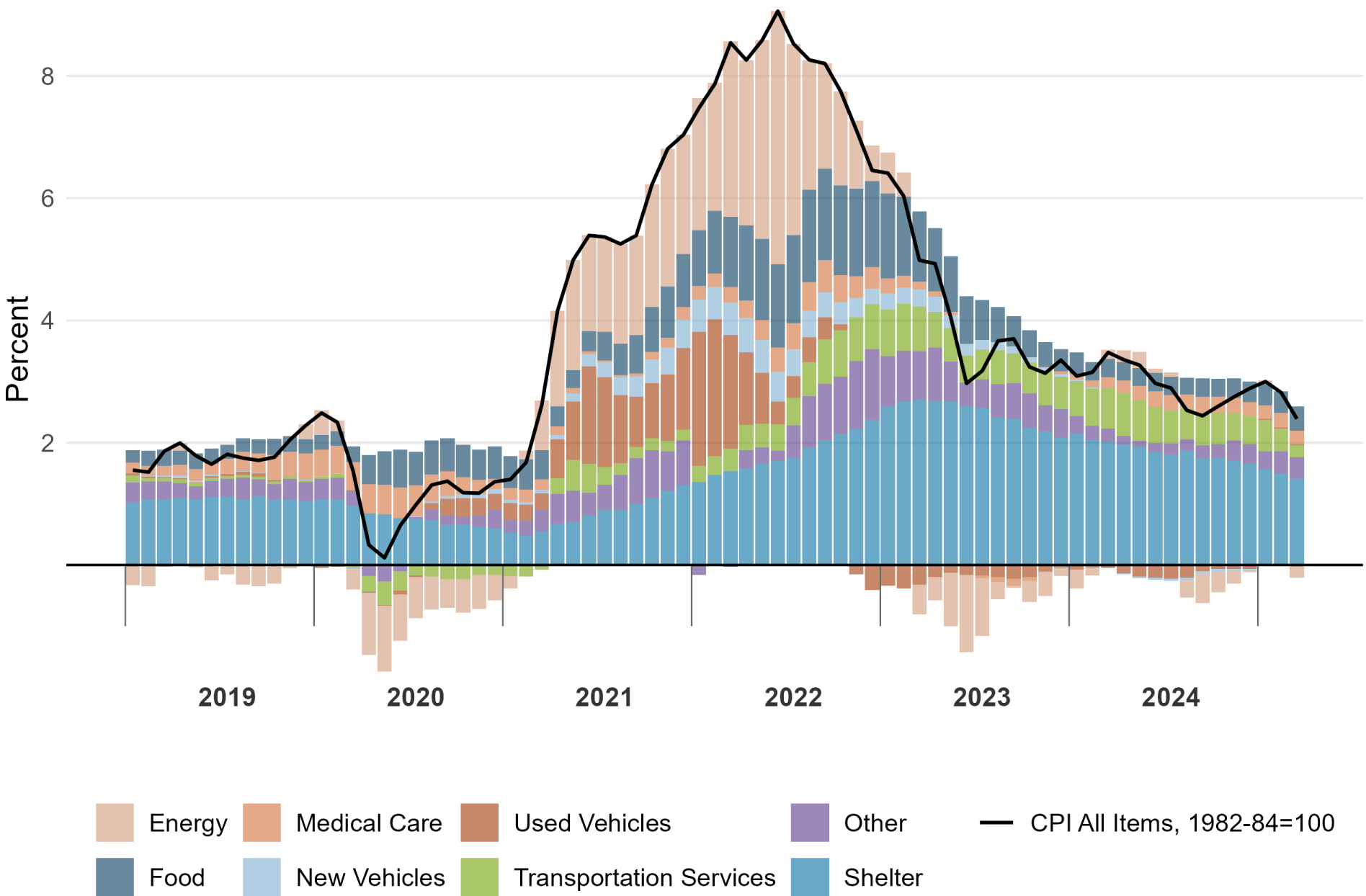


Percent Change in Real Personal Income (2024 \$), Maine 2014-2024 and forecast to 2029



Inflation and
consumer/business
sentiment

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



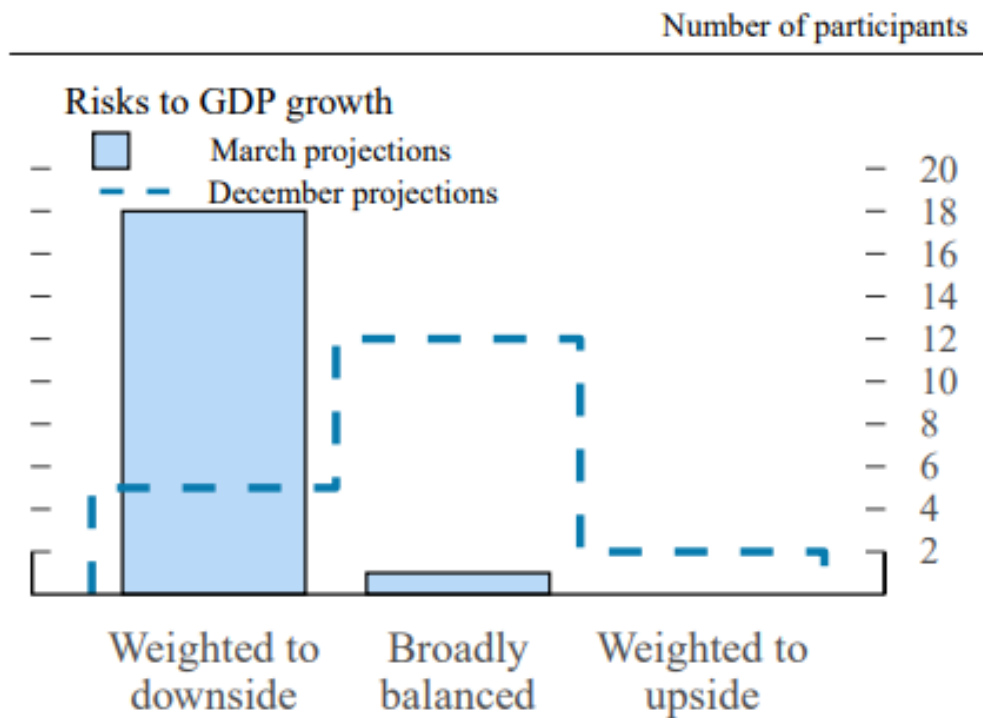
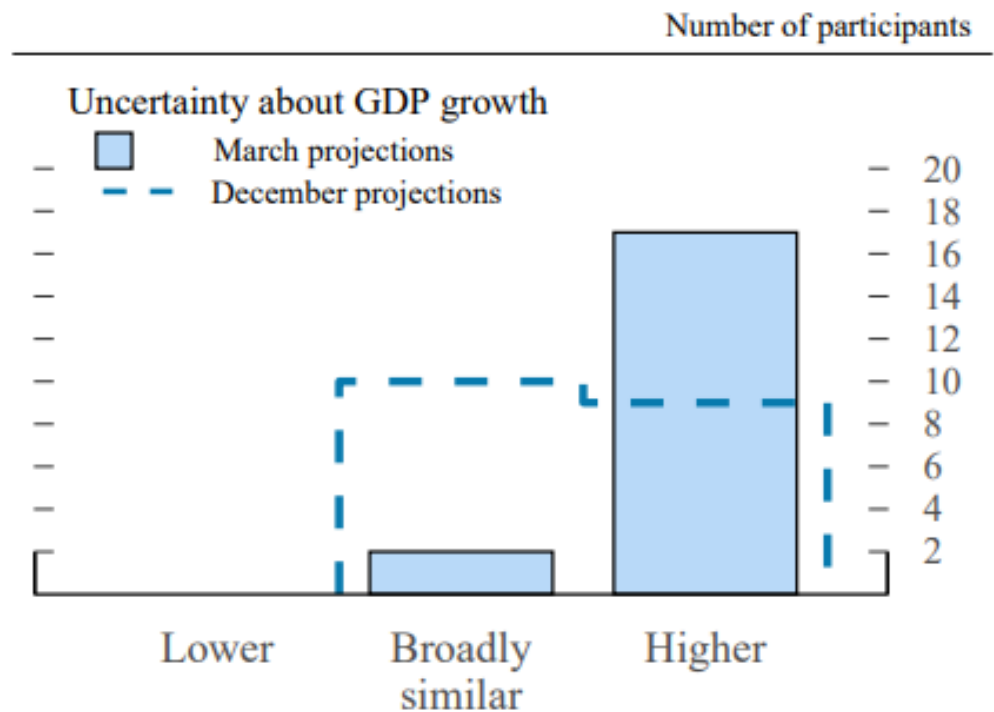
Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

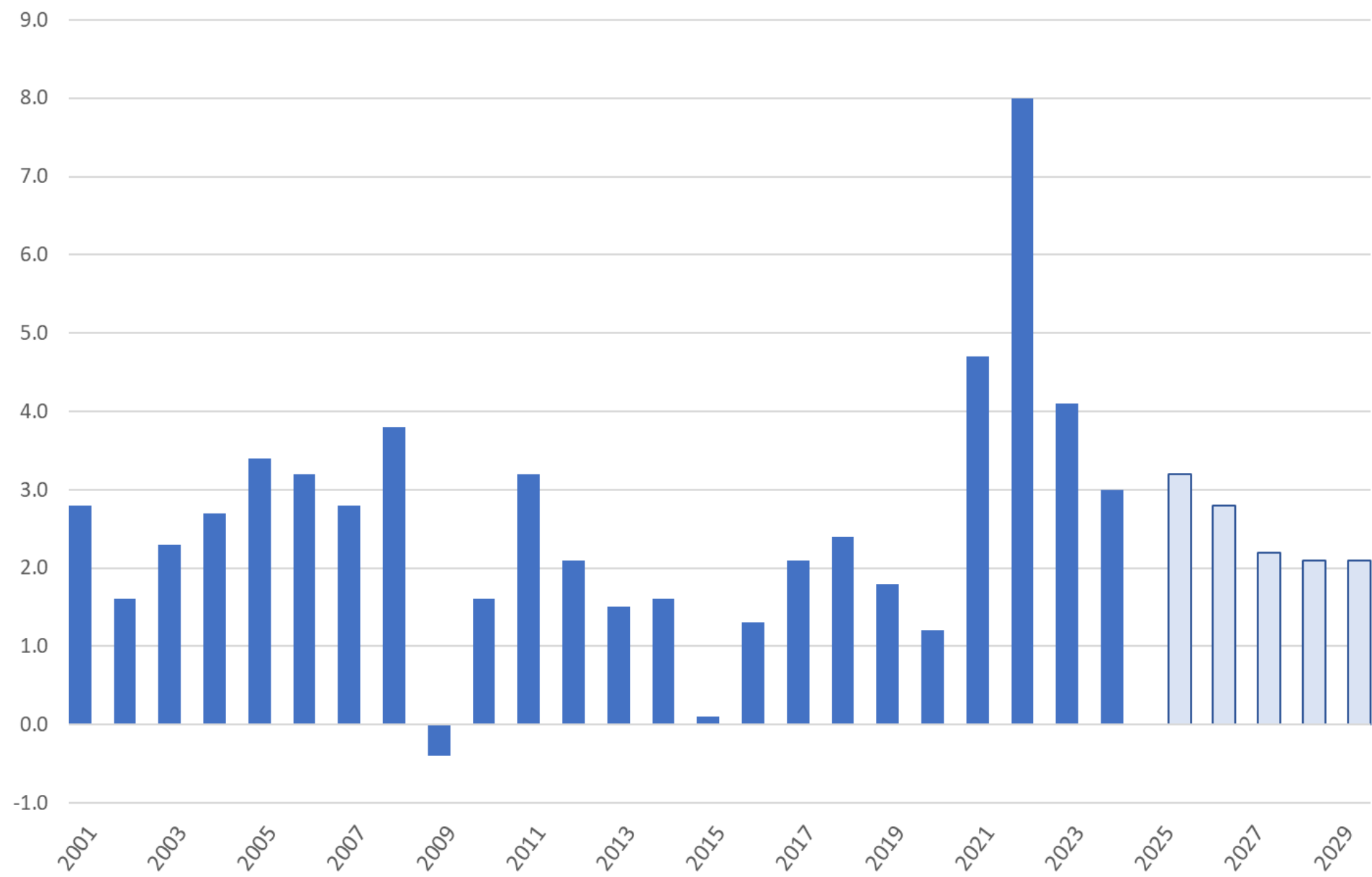
Current target
range:
4.25% to 4.5%

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

FOMC participants' assessments of uncertainty and risks around their economic projections

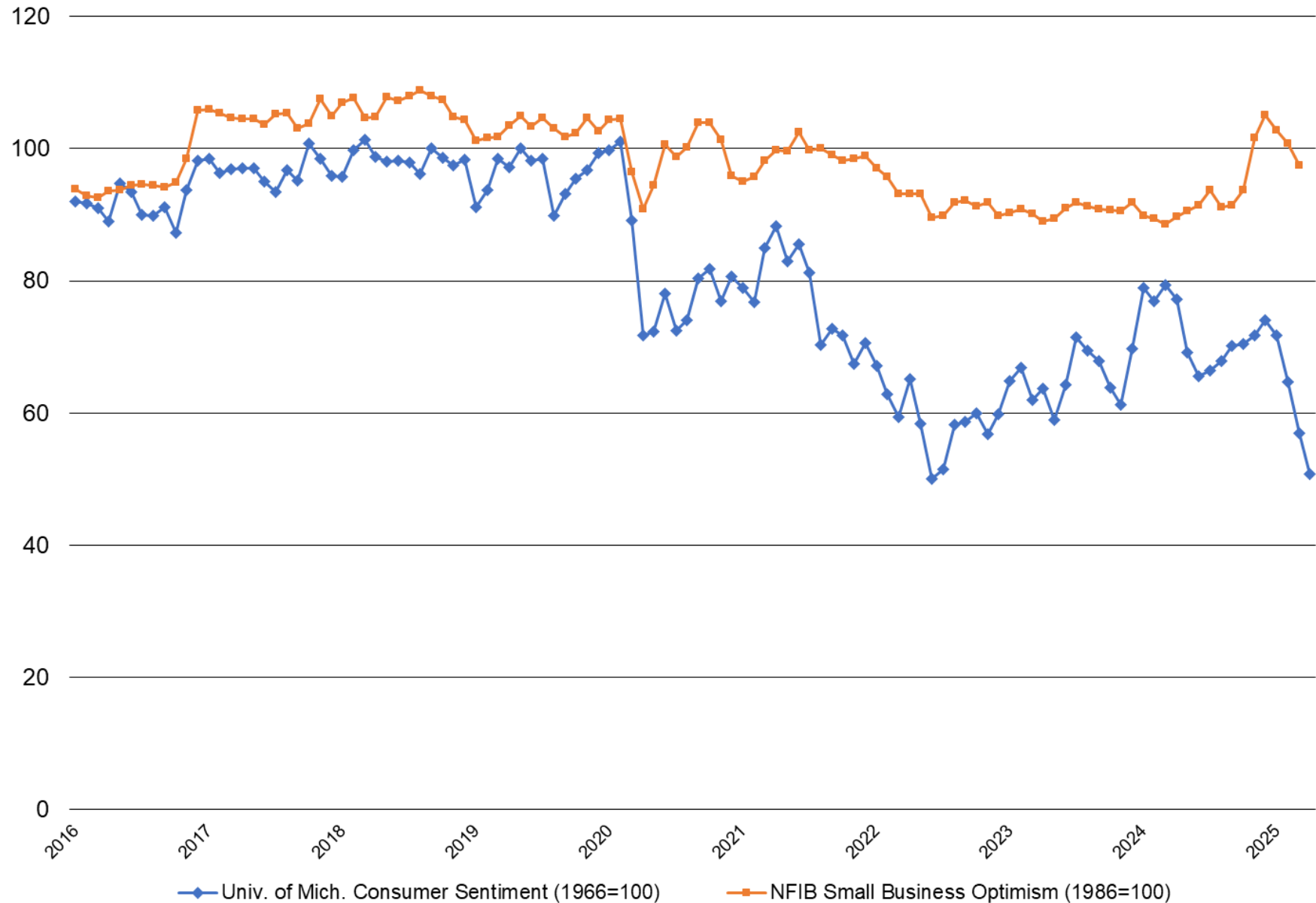


Year-over-year percent change in Consumer Price Index;
2001-2024 historical and 2025-2029 forecast



Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, April 1, 2025

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment has seen sharp declines recently based on deteriorations in future expectations, including higher inflation

Small business optimism spiked following the election but has since dropped, reflecting increased uncertainty and higher inflation

Macroeconomic conditions

The overarching theme at this point is uncertainty

“There is considerable uncertainty at this time around economic policy, government spending, geopolitical tensions, and consumer sentiment.”

-April 2025 CEFC Report

Excerpts from key assumptions in April 2025 CEFC report

- Geopolitical tensions remain elevated (...). Rapidly changing tariff policies are contributing to the possibility of a global trade war. Strained relations between the U.S. and China, European nations, and Canada contribute to additional uncertainty, as does the risk of escalating tensions between China and Taiwan.
- The federal government has entered into a period of significant fiscal austerity. (...) Maine's economy will be impacted by any reduction of federal funding (...). Federal funds not only flow into Maine through state and local governments, but also through payments to individuals, contracts with nonprofits and businesses, grants to higher education and research institutions. (...)
- Inflation growth remains elevated above target levels and will face upward pressure from tariffs. Consumer sentiment has declined as expectations about future personal financial wellbeing have deteriorated (...).
- Maine may be at greater risk from federal funding and tariff policy changes. Maine has seen some targeted impacts from the federal government. (...) the tensions between Canada and the U.S. may also drive a decline in Canadian tourism to Maine.

Impacts from Tariffs

Uncertainty in trade policies (like tariffs) contributes to an unsettled economic environment and higher risk

Tense relations with Canada may impact the tourism industry and retail sectors if Canadian tourists avoid travel to the U.S.

There's still a lot of uncertainty and on-again/off-again fluctuations

Things to keep in mind:

- Migration picked up during the pandemic, but the continuation of this trend has been challenged by housing availability/affordability
- 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 is extremely high, particularly related to federal policies
- 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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