### Demographic and Economic Conditions in New England

#### Tri-State ASBO Conference

May 23, 2024

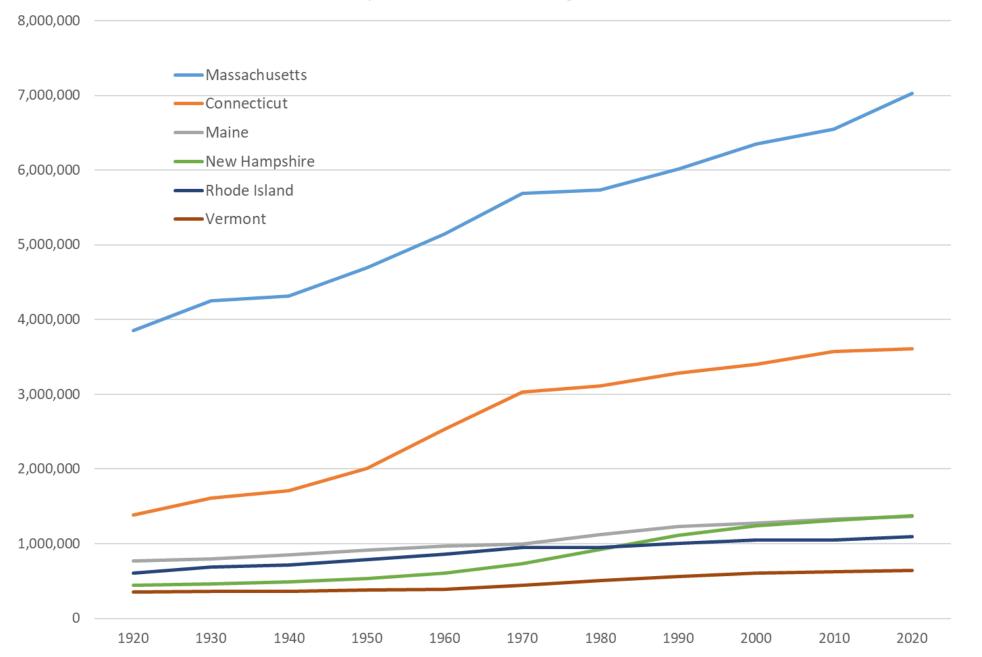
Amanda Rector

Maine State Economist



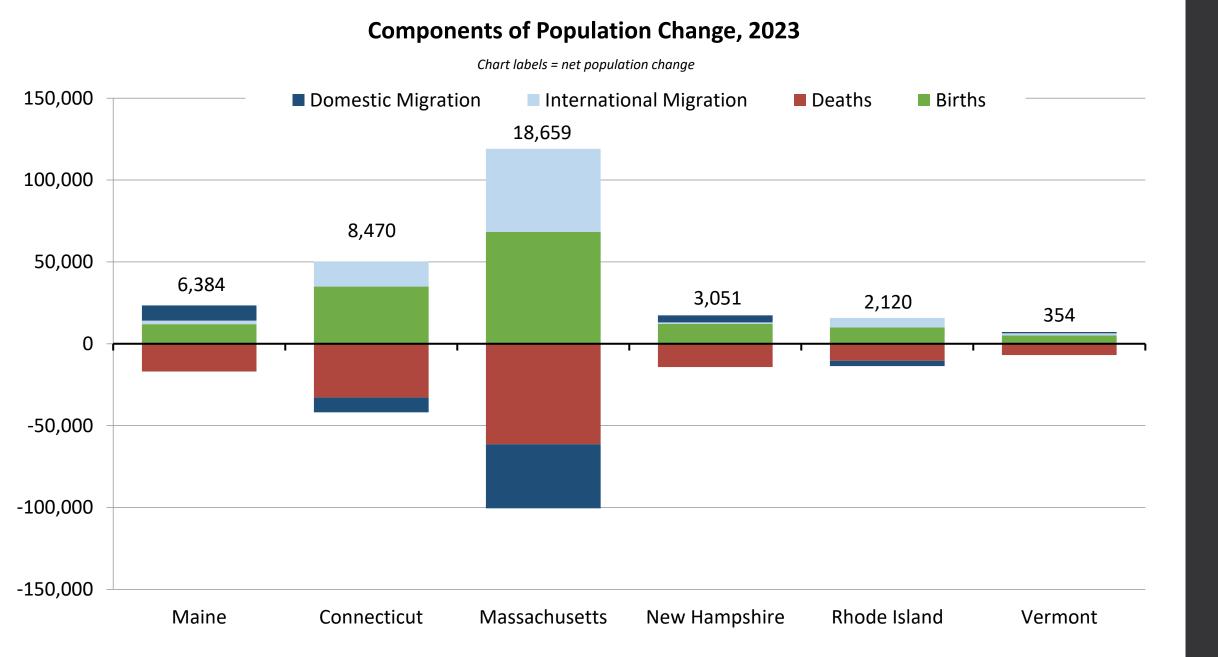
# Demographics

#### Total Population of New England States

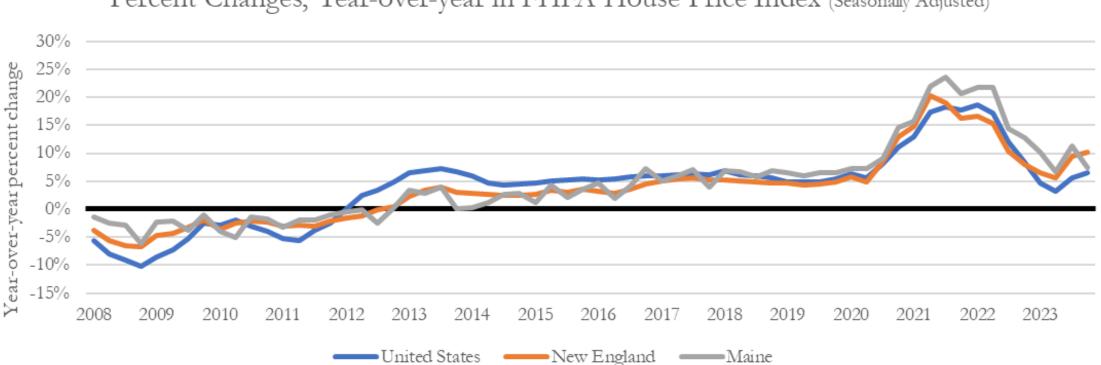


# Population growth shifted back towards pre-pandemic patterns in 2023

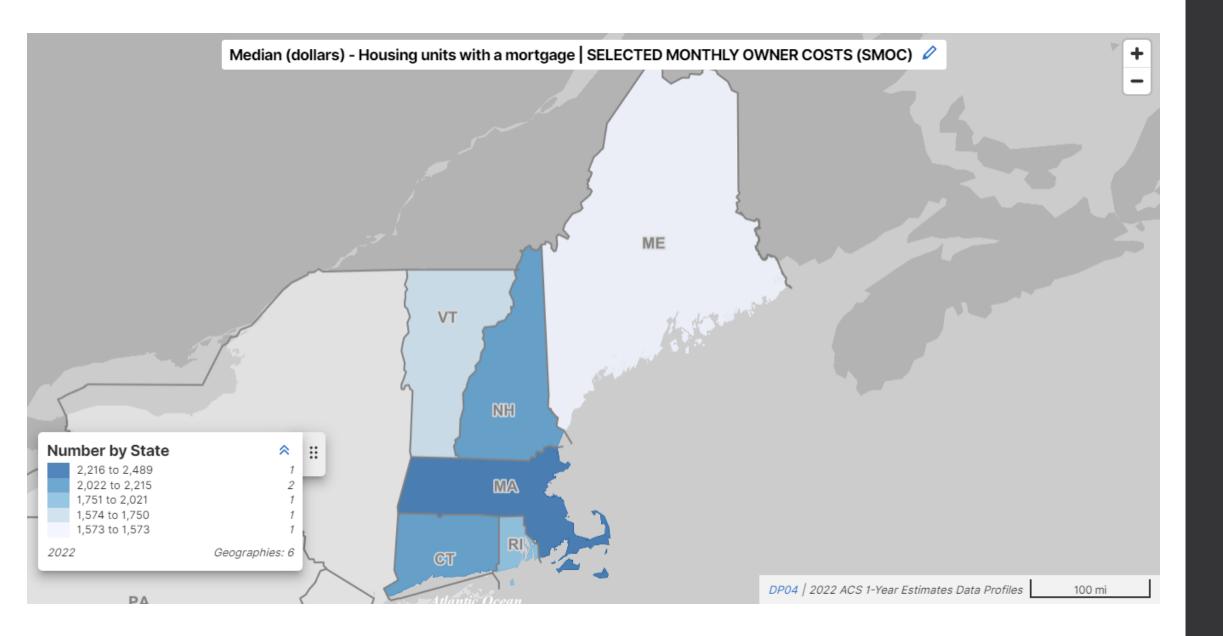
	2023 Total Population	Change from 2010-2020			Change from 2020-2023			
State		Number	Percent	% Ranking	Number	Percent	% Ranking	
Connecticut	3,617,176	31,845	0.9%	47	11,264	0.3%	31	
Maine	1,395,722	33,980	2.6%	42	32,545	2.4%	14	
Massachusetts	7,001,399	482,320	7.4%	20	(31,534)	-0.4%	43	
New Hampshire	1,402,054	61,048	4.6%	30	24,530	1.8%	18	
Rhode Island	1,095,962	44,804	4.3%	31	(1,409)	-0.1%	39	
Vermont	647,464	$17,\!344$	2.8%	38	4,387	0.7%	25	



#### New England is seeing faster home price growth than the rest of the U.S.

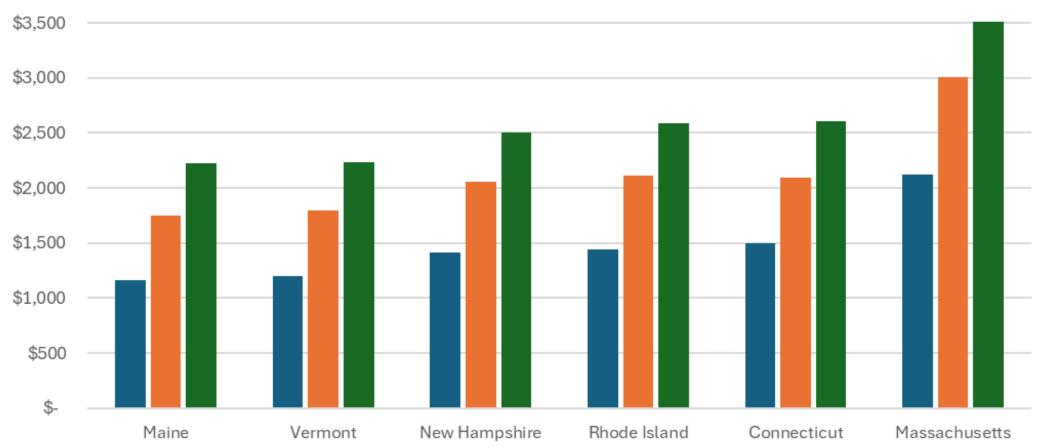


Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



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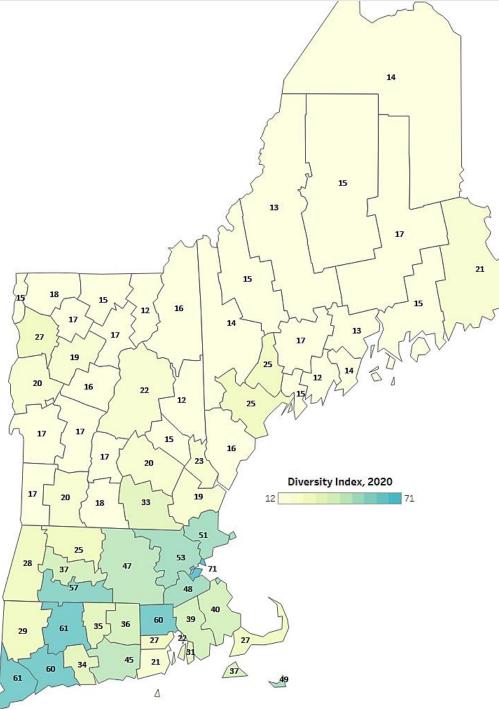
#### Monthly Mortgage Payment at the Median Sales Price 2021-2023



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.

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

 Northern New England is less diverse than Southern New England U.S. index = 61.1%

State	Diversity Index	National Ranking
Connecticut	55.7	22
Maine	18.5	51
Massachusetts	51.6	26
New Hampshire	23.6	48
Rhode Island	49.4	28
Vermont	20.2	49

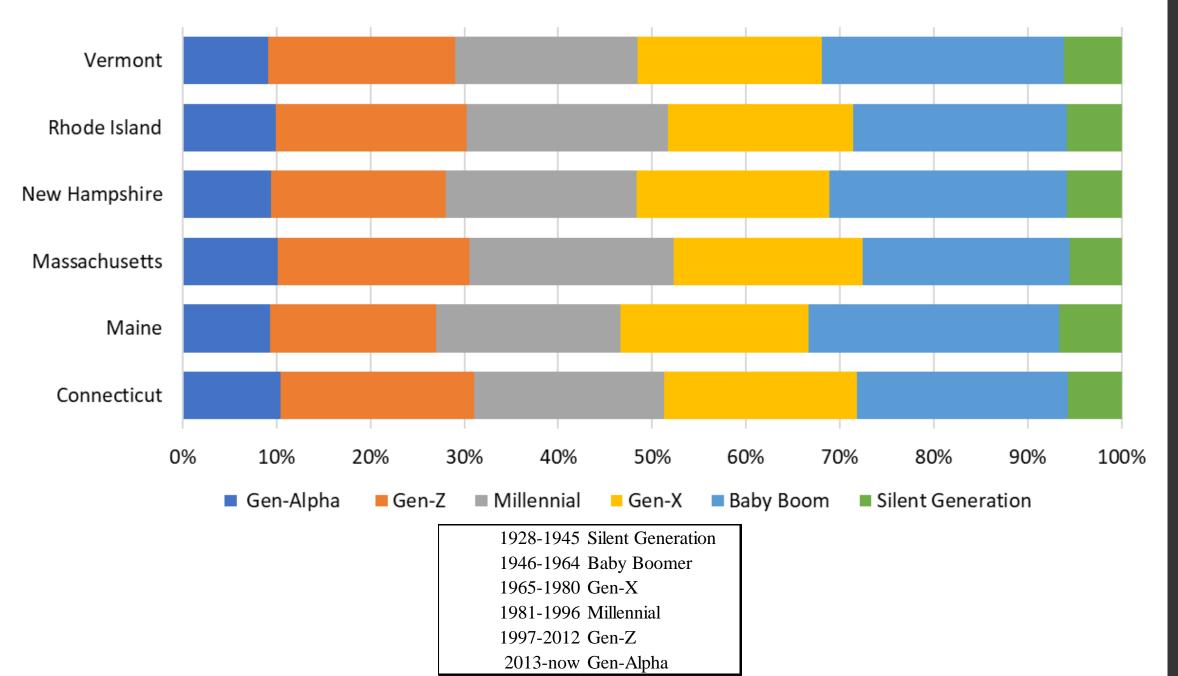
New England has the highest median age in the U.S. and the three states with the highest median ages (ME, NH, VT)

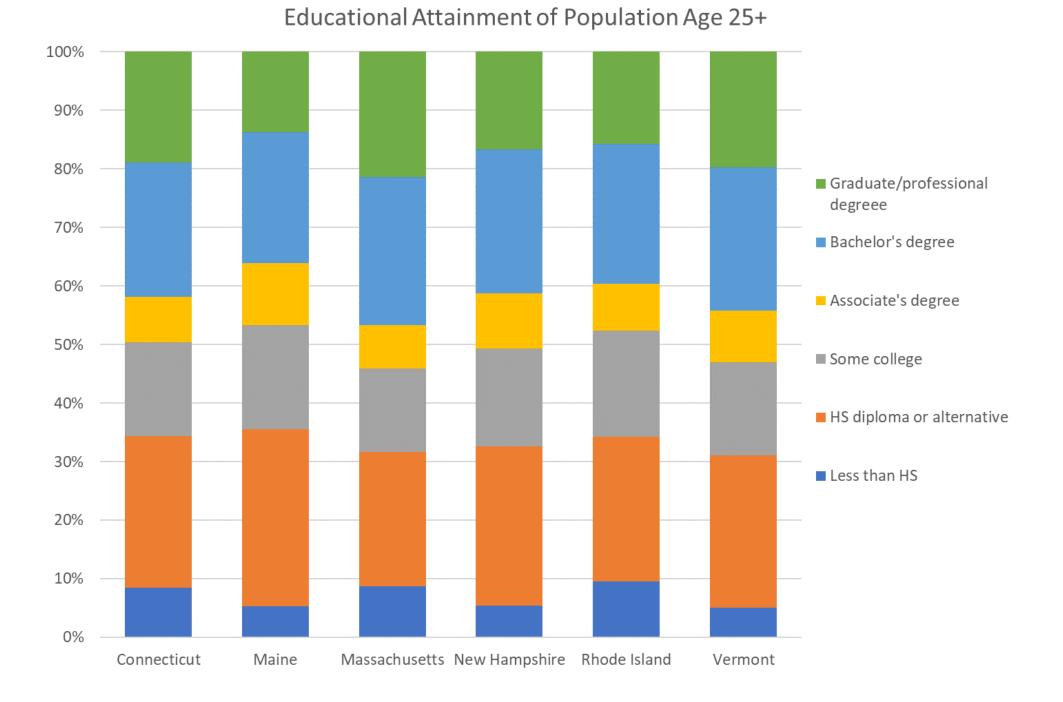
• CT and ME were the only two states in the U.S. to see a decline in the median age in 2021

• ME was one of only four states in the U.S. to see no increase in the median age in 2022

			Change	Change
	2022	2022	from	from
	Median	National	2020 to	2021 to
	Age	Rank	2021	2022
Massachusetts	40.1	34	0.1	0.2
Rhode Island	40.6	41	0.2	0.2
Connecticut	40.9	43	-0.1	0.1
Vermont	43.2	48	0.0	0.2
New Hampshire	43.3	49	0.2	0.1
Maine	44.8	50	-0.1	0.0

#### **Generational Distribution**, 2022

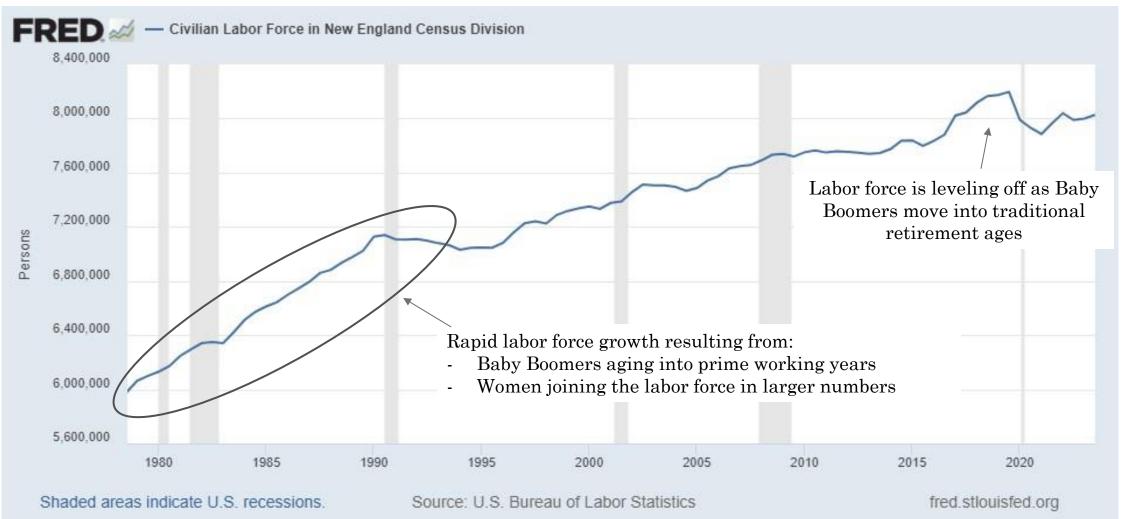


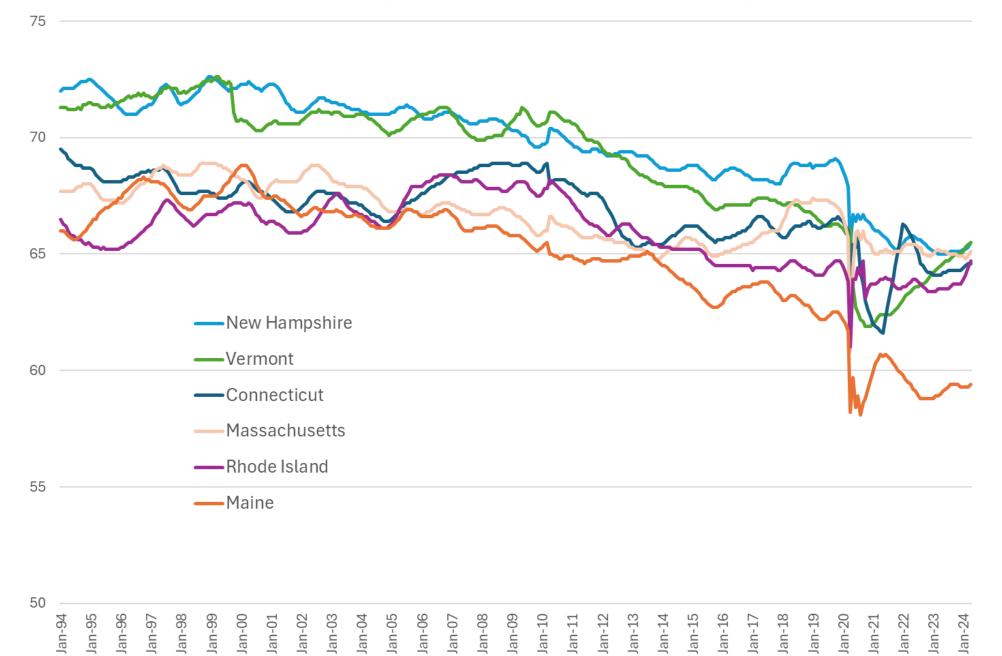


# Source: U.S. Census Bureau; 2022 American Community Survey 1-year estimates

# Workforce and Employment

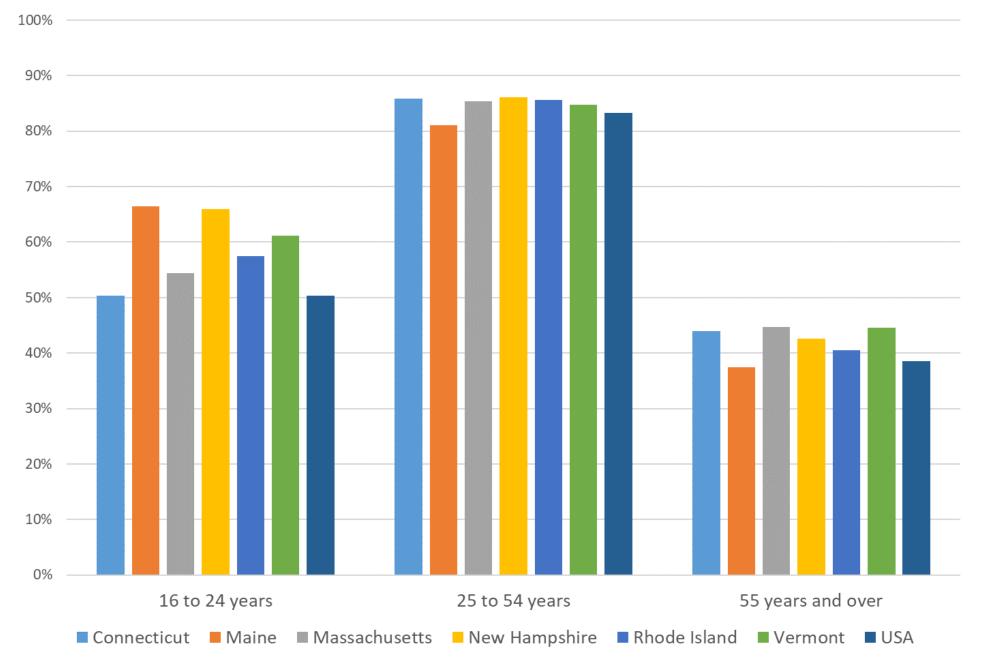
#### Rhode Island and Vermont are the only New England states with labor force levels currently above pre-pandemic levels



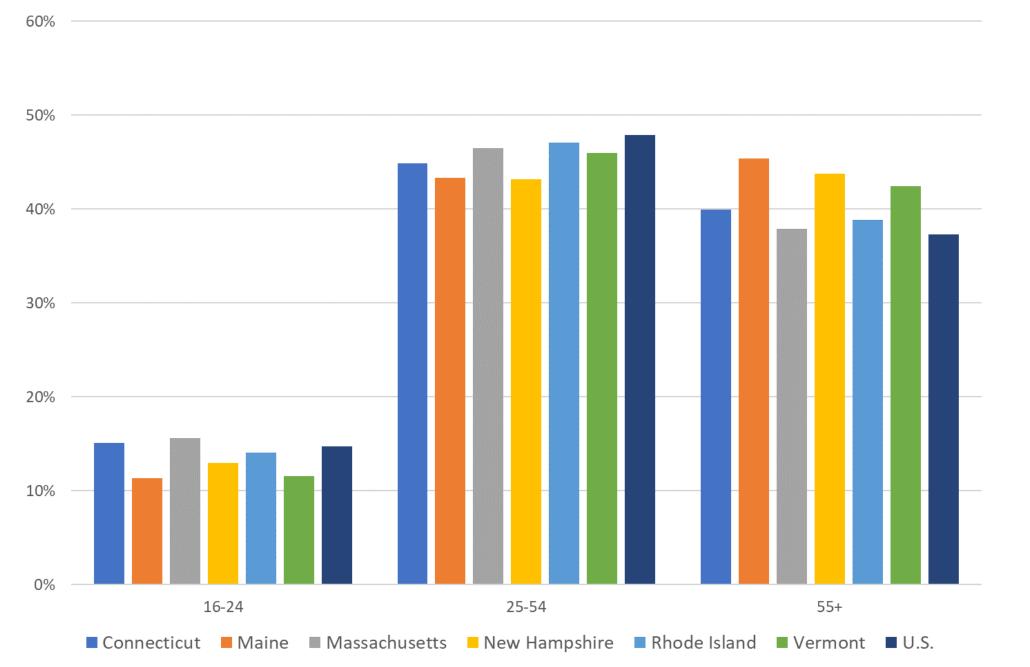


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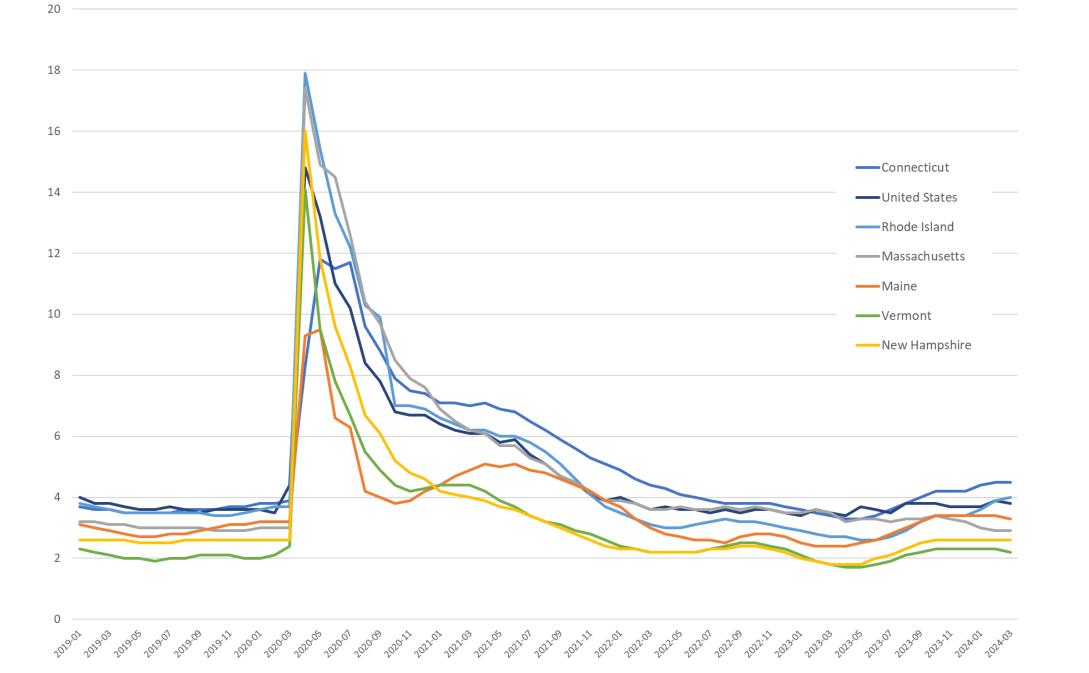
#### Labor Force Participation Rate, 2023



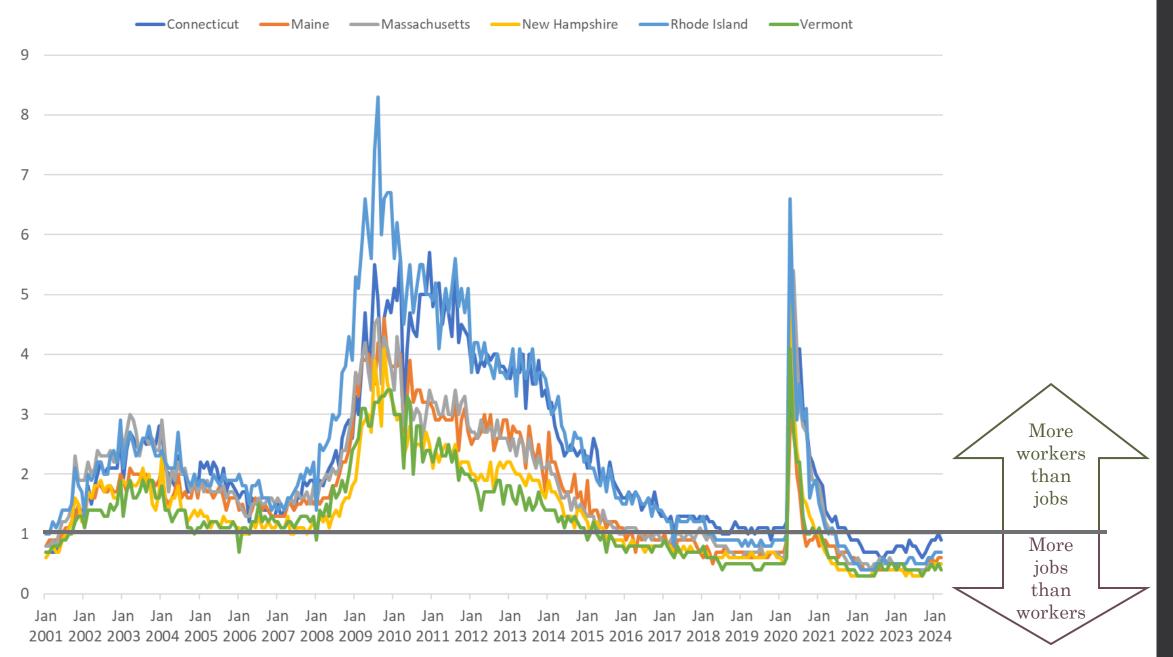
#### Civilian Noninstitutional Population by Age, 2023



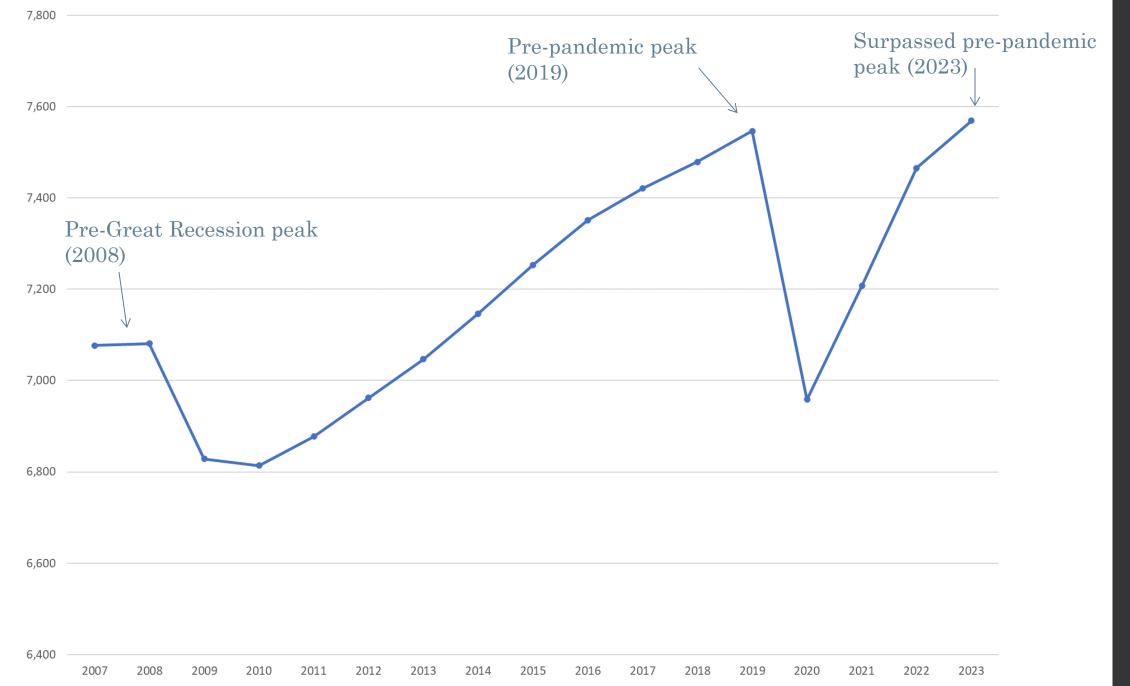
Unemployment Rate (seasonally adjusted)



#### Unemployed Persons per Job Opening Ratio

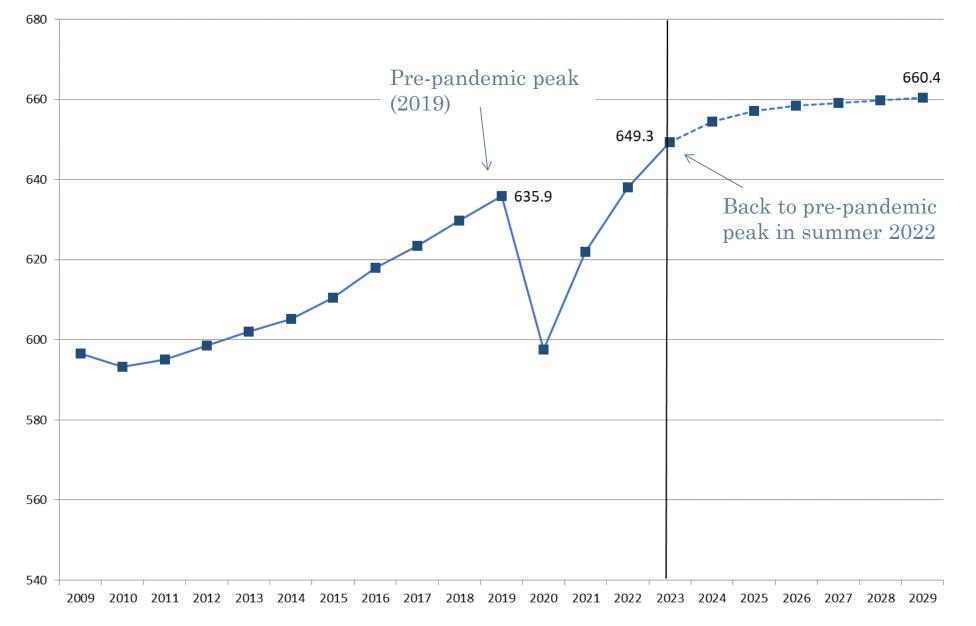


Total Nonfarm Employment (in thousands): New England



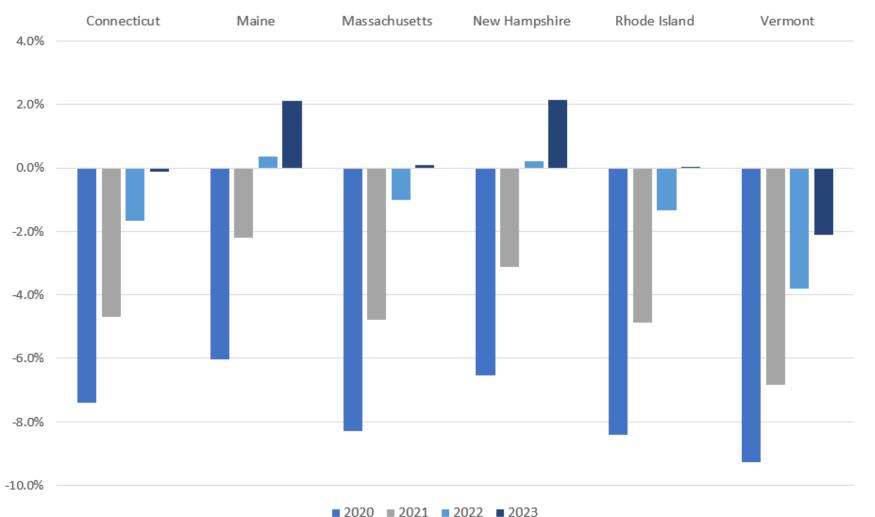
Maine

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

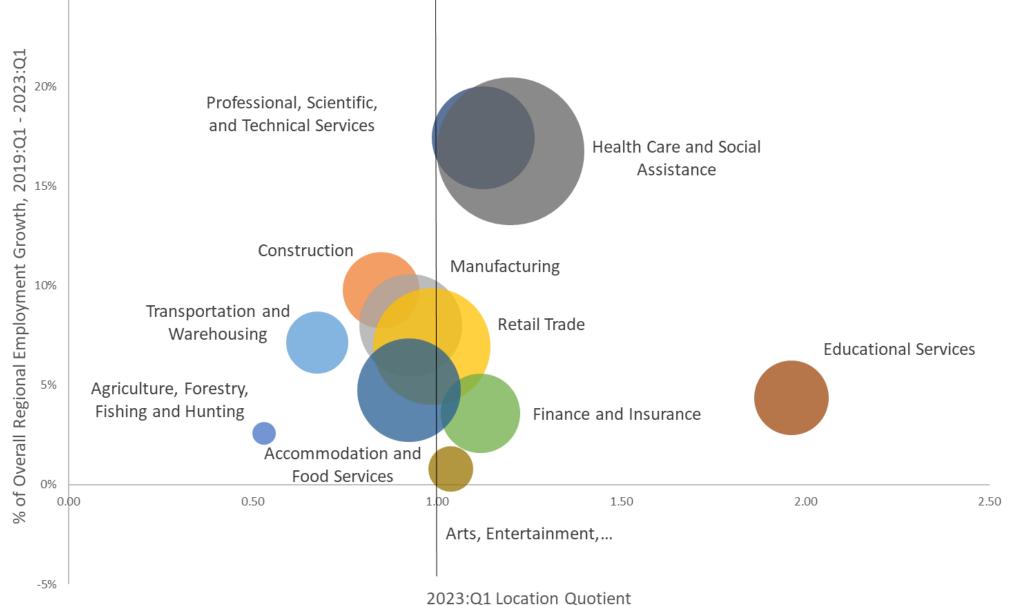


#### Only Connecticut and Vermont had 2023 employment below 2019 levels

Total Nonfarm Employment: Percent Change from 2019



Industry Employment Concentration (Location Quotient) and Contributions to Employment Growth (2019:Q1 to 2023:Q1): New England



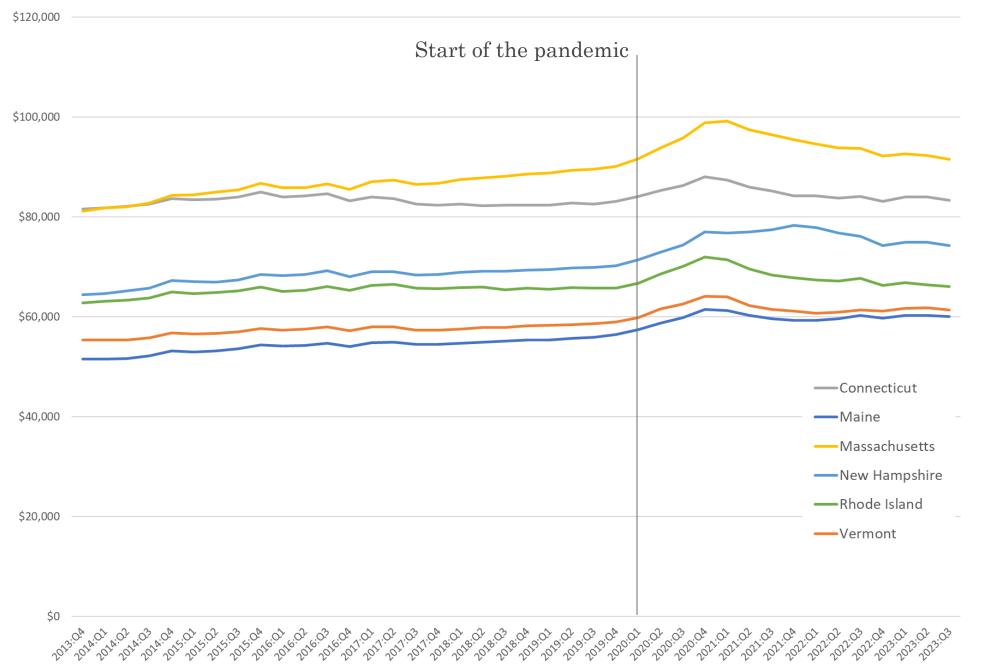
#### Variation Across New England: Industries with LQ Greater Than 1 by State

	Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont
Agriculture, Forestry, Fishing and	-		-	-	-	
Mining, Quarrying, and Oil and Gas						
Extraction	-	-	-	-	-	-
Utilities	-	-	-	-	-	
Construction	-		-	-	-	-
Manufacturing			-		-	
Wholesale Trade	-	-	-		-	-
Retail Trade	-		-		-	
Transportation and Warehousing	-	-	-	-	-	-
Information	-	-		-	-	-
Finance and Insurance		-		-		-
Real Estate and Rental and Leasing	-	-	-	-	-	-
Professional, Scientific, and Technical						
Services	-	-		-	-	-
Management of Companies and						
Enterprises				-		-
Administrative and Support and						
Waste Management and Remediation	-	-	-	-	-	-
Educational Services						
Health Care and Social Assistance						
Arts, Entertainment, and Recreation	-	-			-	-
Accommodation and Food Services	-	-	-	-		

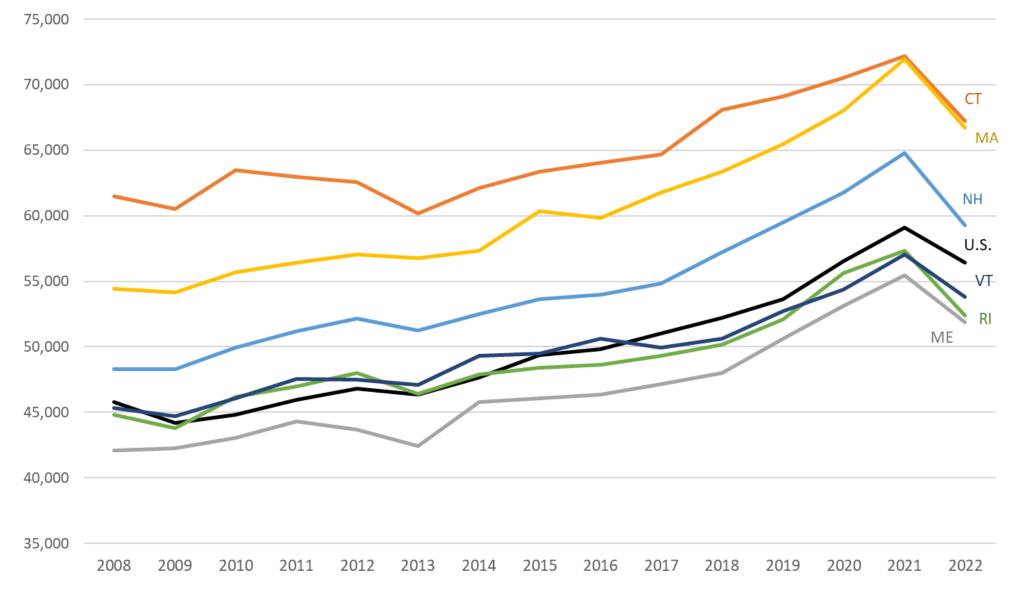


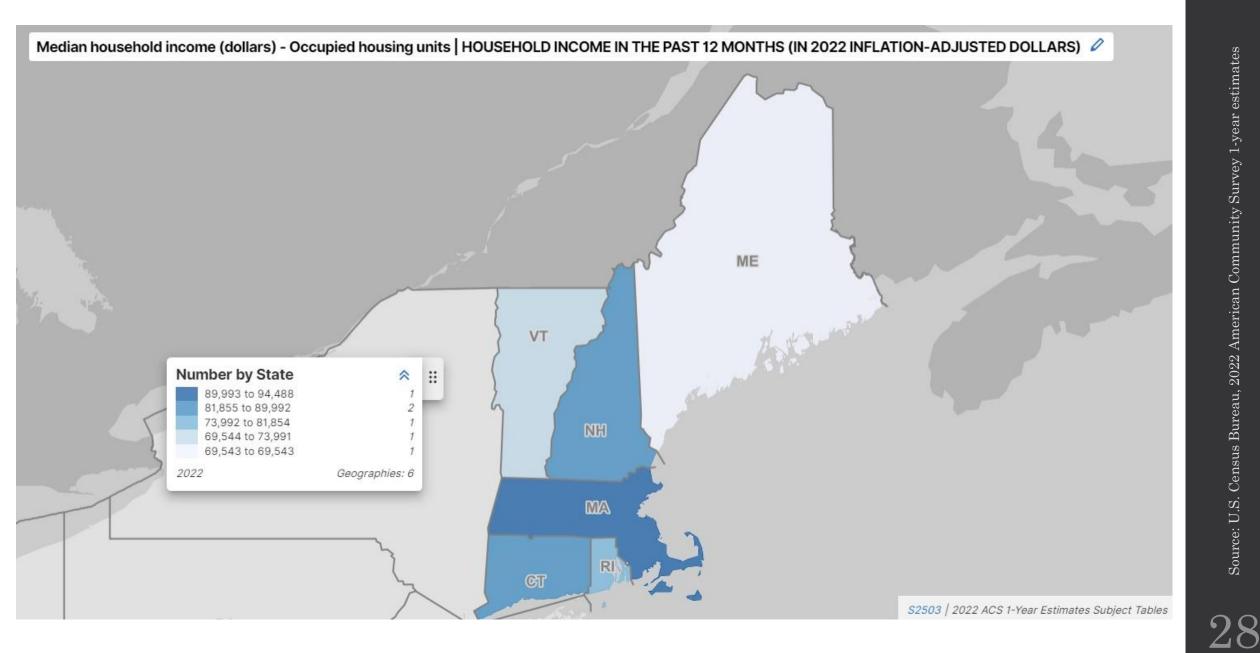
## Wages, Income, and Inflation

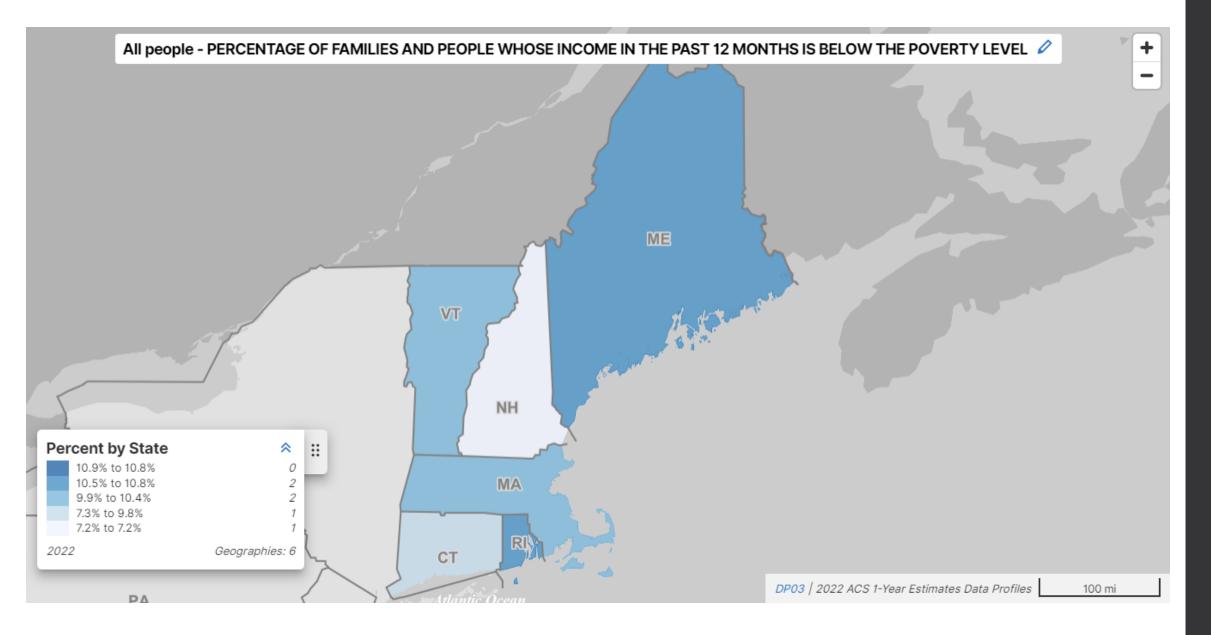
Real Moving Four Quarter Average Annual Wage Per Job (in 2023:Q3 dollars)



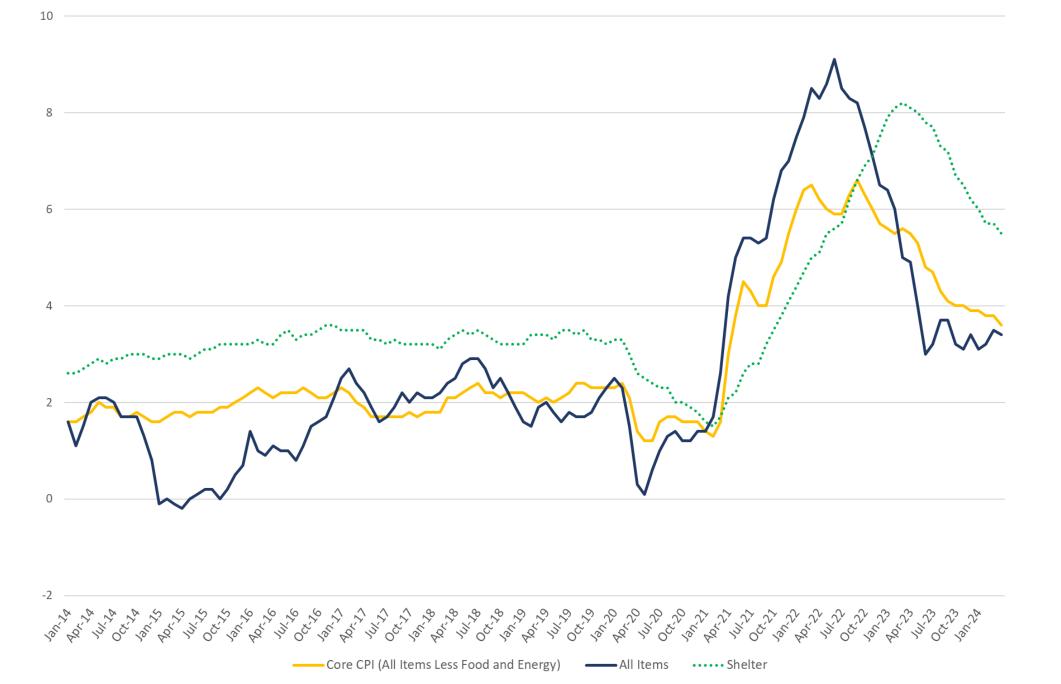








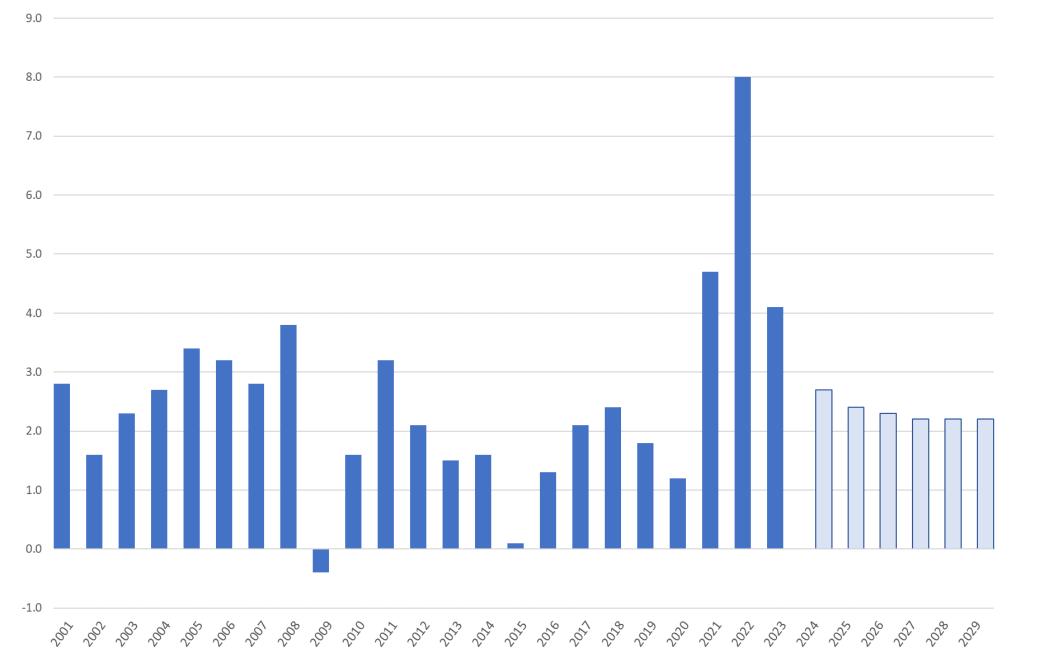
Year-over-year percent change in Consumer Price Index



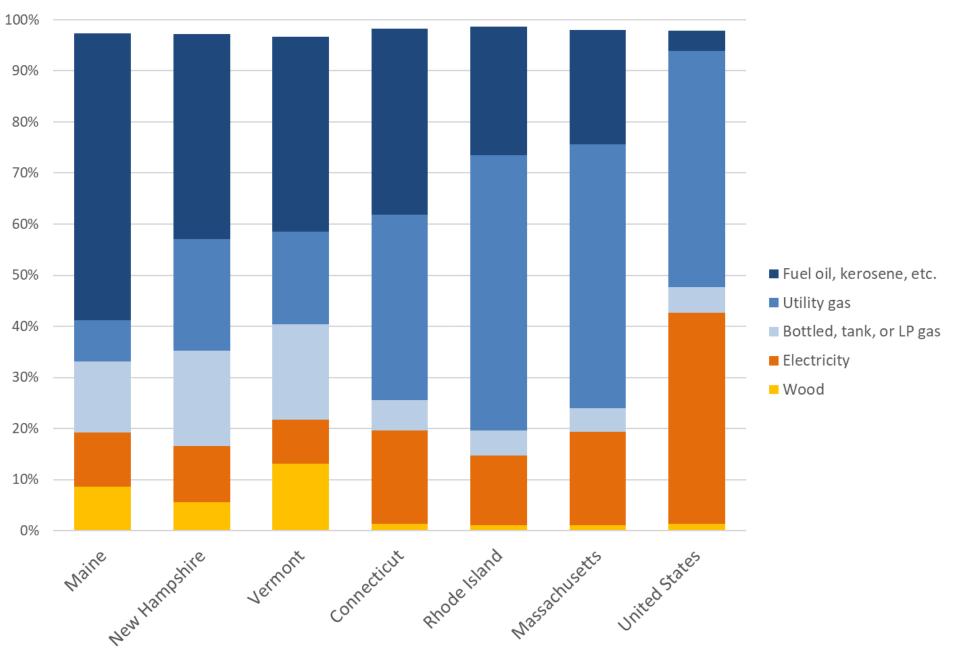
What does this mean for interest rates?

# Current target range: 5.25% to 5.5%

Median projection for 2024 from March 2024 Federal Open Market Committee statement was 4.6%, implying three possible decreases of 25 basis points later this year, but inflation hasn't slowed as quickly as expected Year-over-year percent change in Consumer Price Index; 2001-2023 historical and 2024-2029 forecast





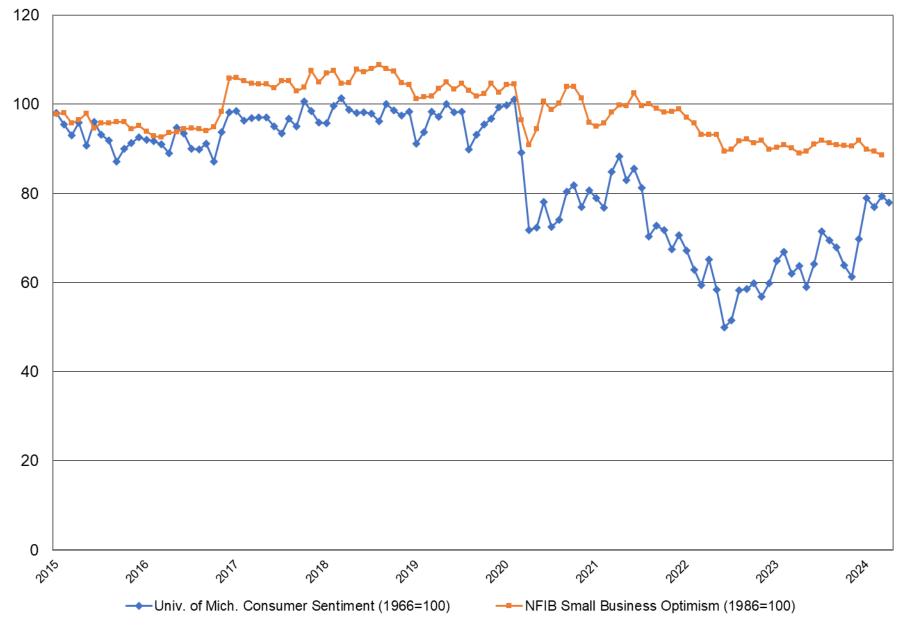


#### Percent of Housing Units by Primary Heating Fuel Type

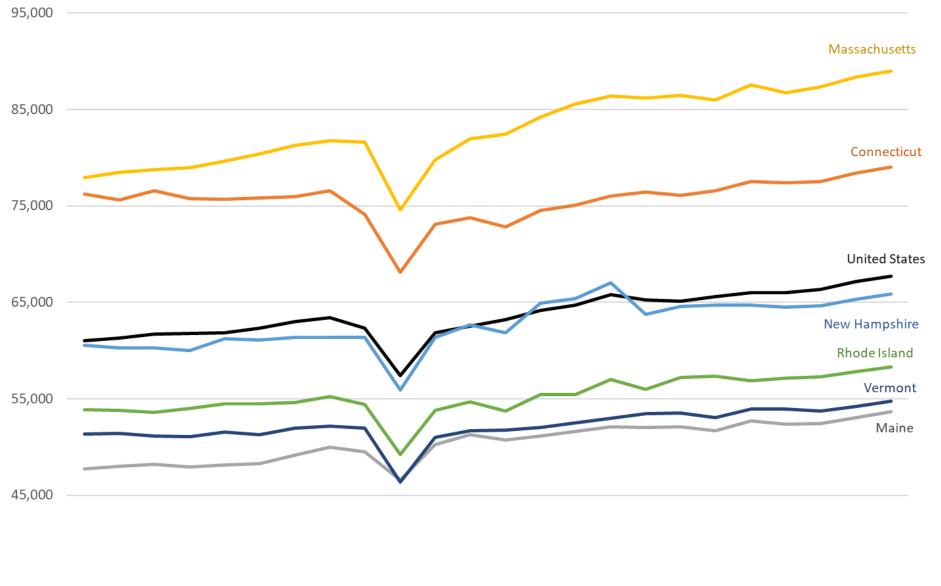
**Consumer Sentiment and Small Business Optimism Indexes** 

Consumer sentiment has held fairly stable since January 2024, with consumers seeing few indications of changing conditions (for better or worse).

Small business optimism has been on a slow but steady downward trend, with ongoing concerns about workforce and inflation.



# State Gross Domestic Product (GDP)



2021:Q1

2022:Q1

#### Quarterly Real GDP Per Capita (in millions of chained 2017 dollars)

37

#### 35,000 —

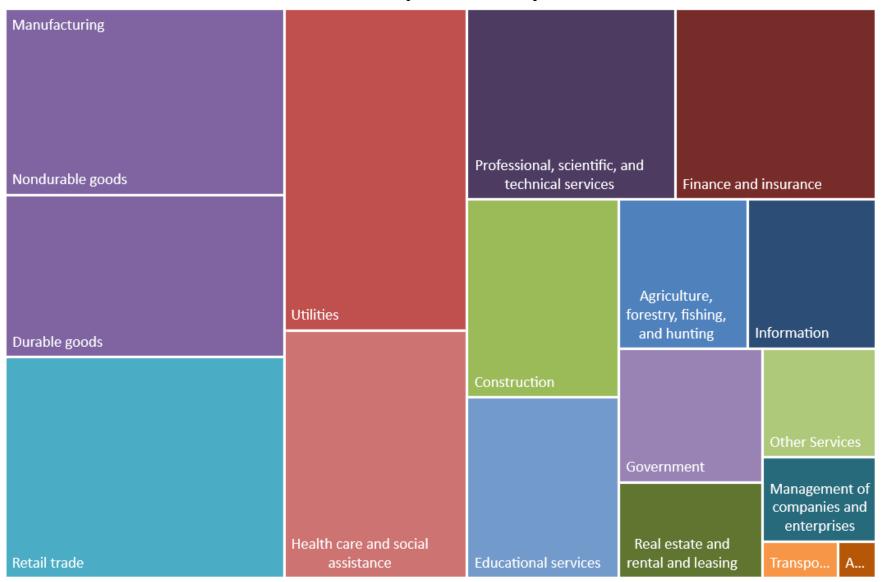
2018:Q1

2019:Q1

2020:Q1

2023:Q1

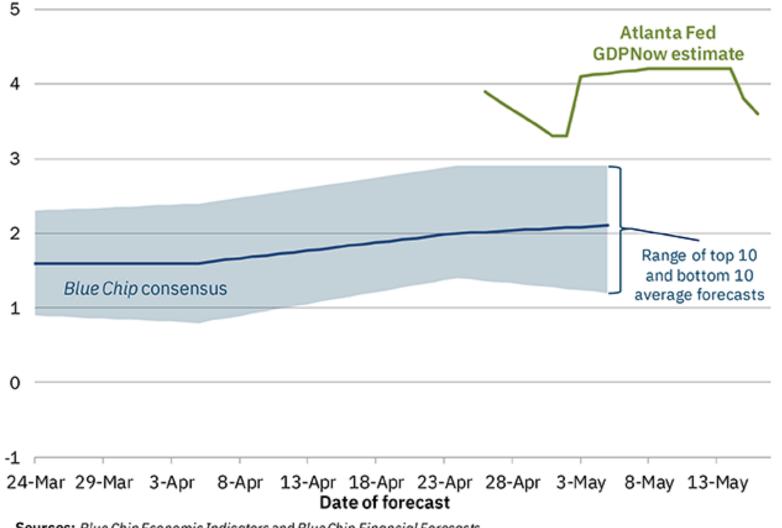
#### Positive Contributions to 3.2 Percent Change in Real GDP (SAAR): New England, 2023:Q3 to 2023:Q4



Offset by negative contributions in several industries, primarily wholesale trade and accommodation and food services

#### Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q2

Quarterly percent change (SAAR)



The "nowcast" estimate for real GDP growth (seasonally adjusted at annual rates) in 2024:Q2 is **3.6 percent** as of May 16

Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

# Summary

#### To wrap up...

- Migration patterns shifted during the pandemic, but have shifted back towards prepandemic trends in 2023
- Northern New England tends to be older and less racially/ethnically diverse; also has a higher share of Baby Boom generation, which has implication for labor force
- Labor markets are very tight, with limited labor force growth and low unemployment; wages increased at the start of the pandemic, but rising inflation pulled back real growth
- Health care and professional/scientific sectors are large, high-growth, high concentration employment sectors in the region; manufacturing and retail trade have been significant contributors to GDP growth most recently
- Inflation has been persistent, which is weighing on consumer sentiment and small business optimism and will likely delay the start of interest rate cuts

#### **Contact Information**

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