

The Maine Economy

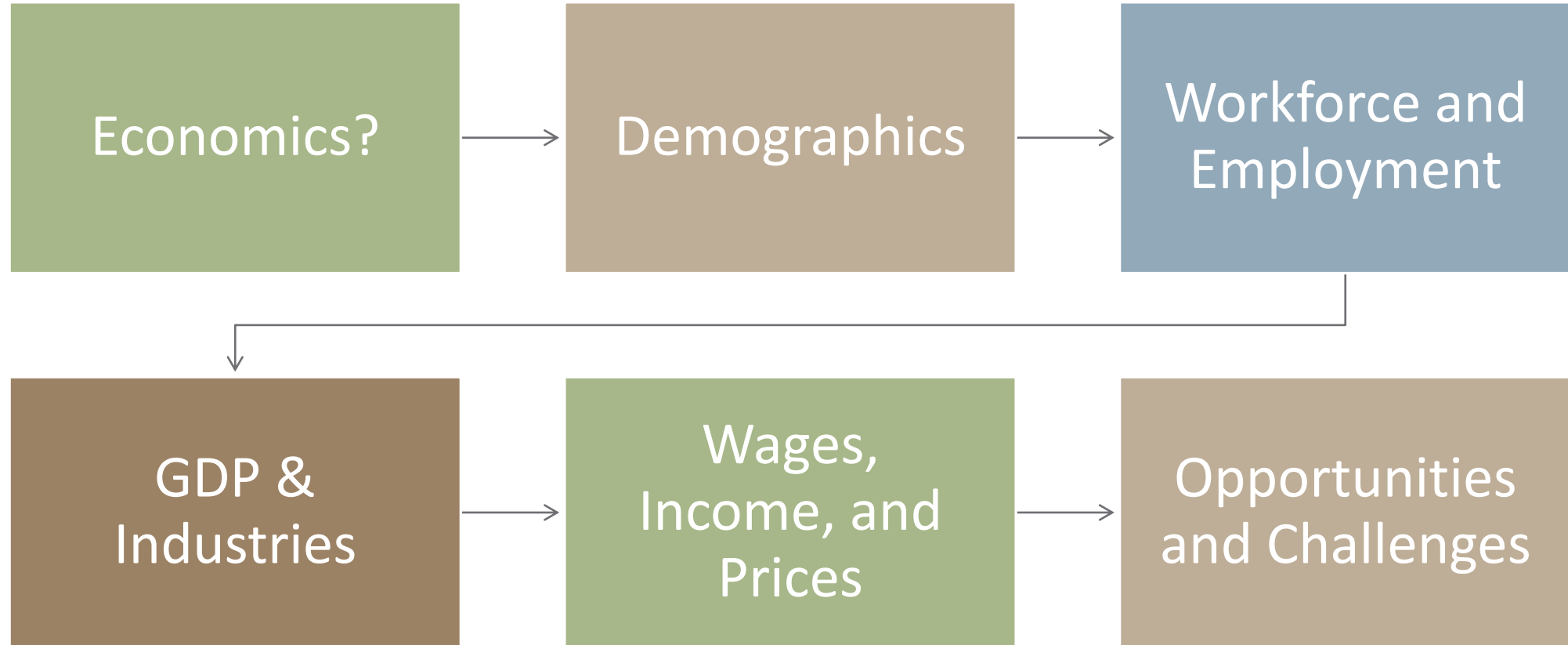


MEGAN BAILEY, SENIOR ECONOMIC ANALYST | OFFICE OF THE STATE ECONOMIST

MAINE NEW LEADERSHIP

JUNE 1, 2024

What are we talking about?



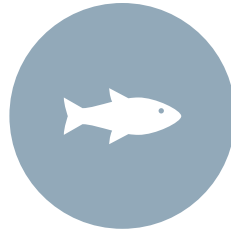
Economics?



GRADUATE
SCHOOL



ISLAND
INSTITUTE



NOAA
FISHERIES



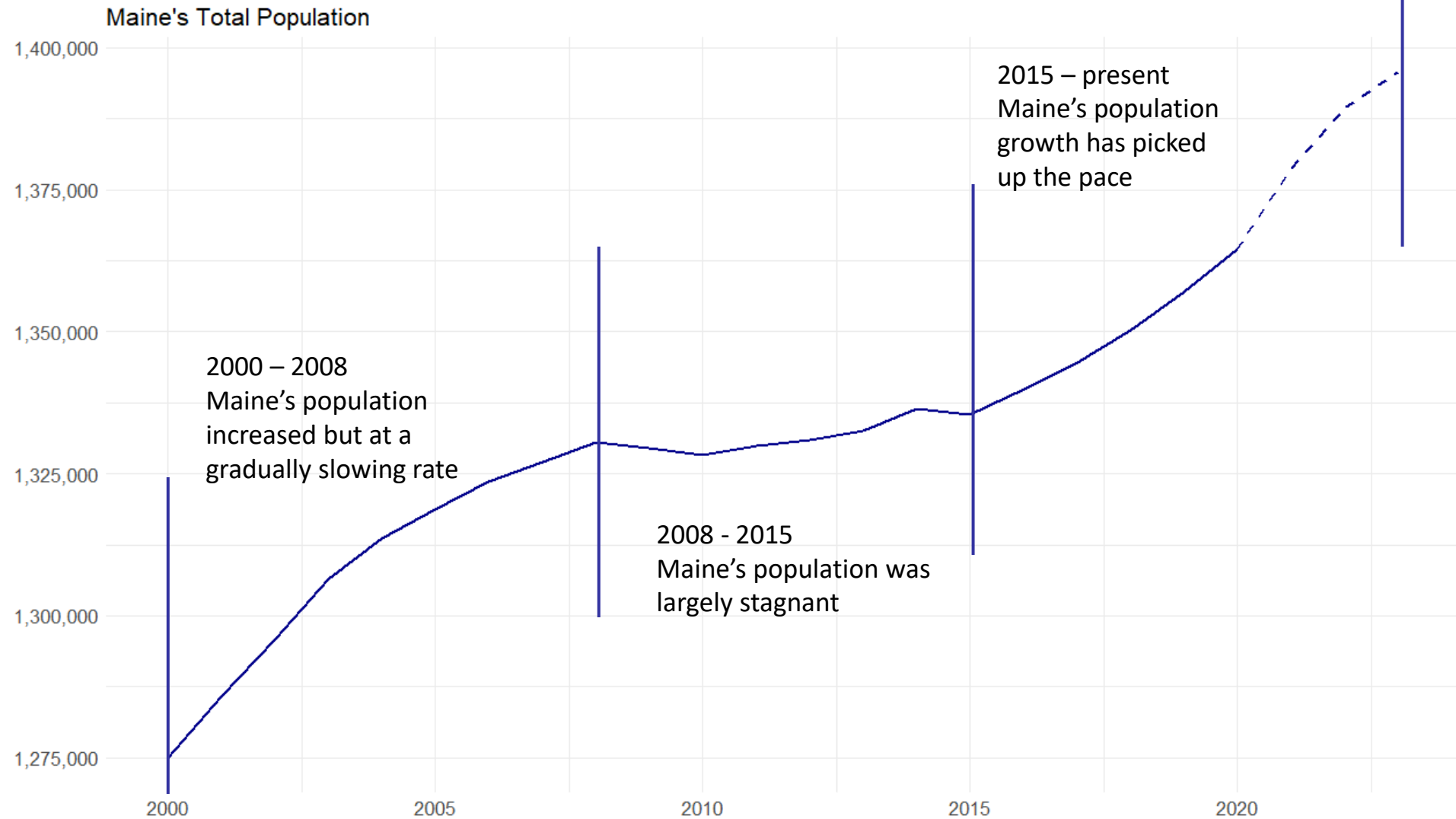
MARGARET
CHASE SMITH
POLICY CENTER



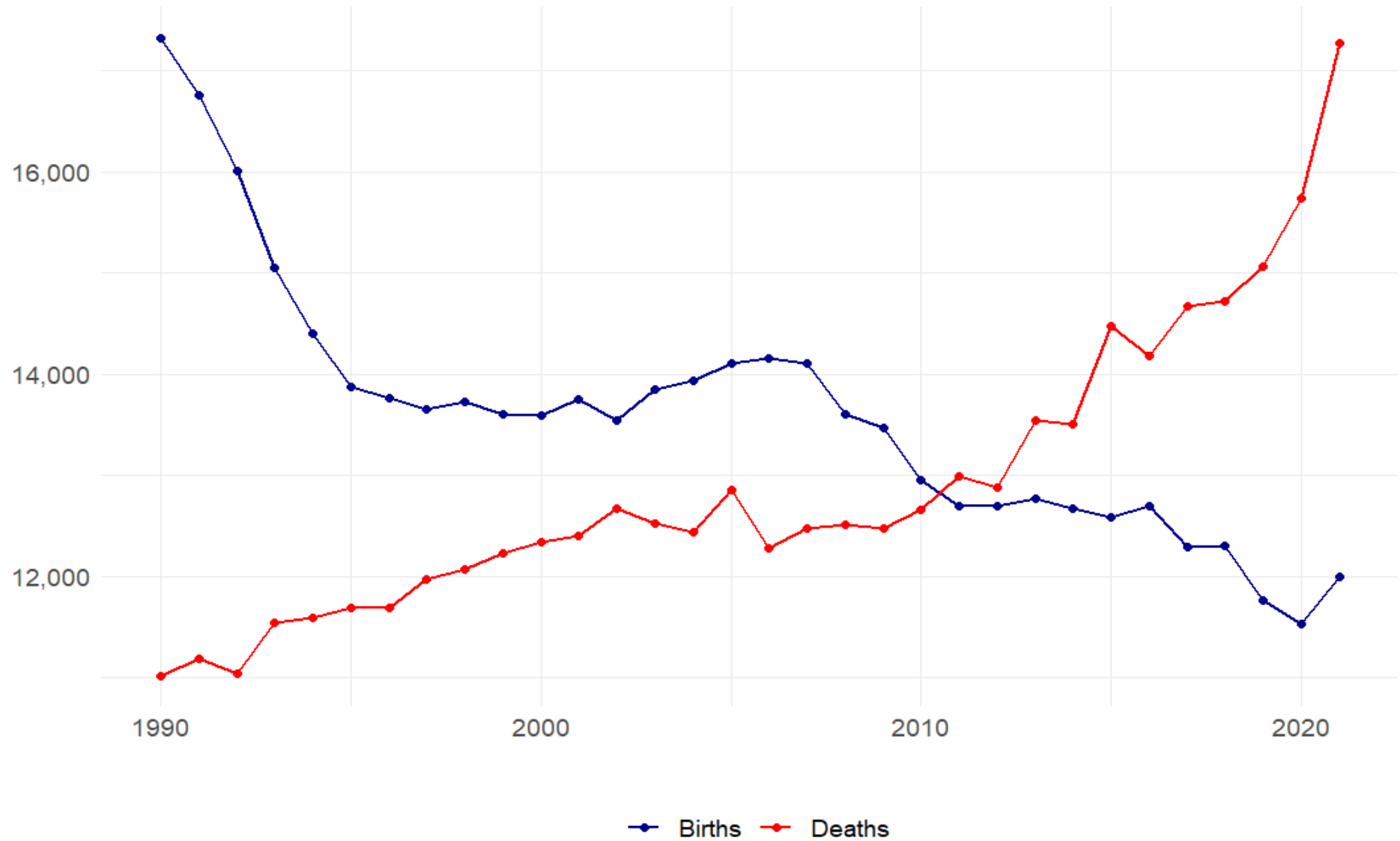
STATE OF
MAINE

Demographics

Population growth has varied over the last two decades

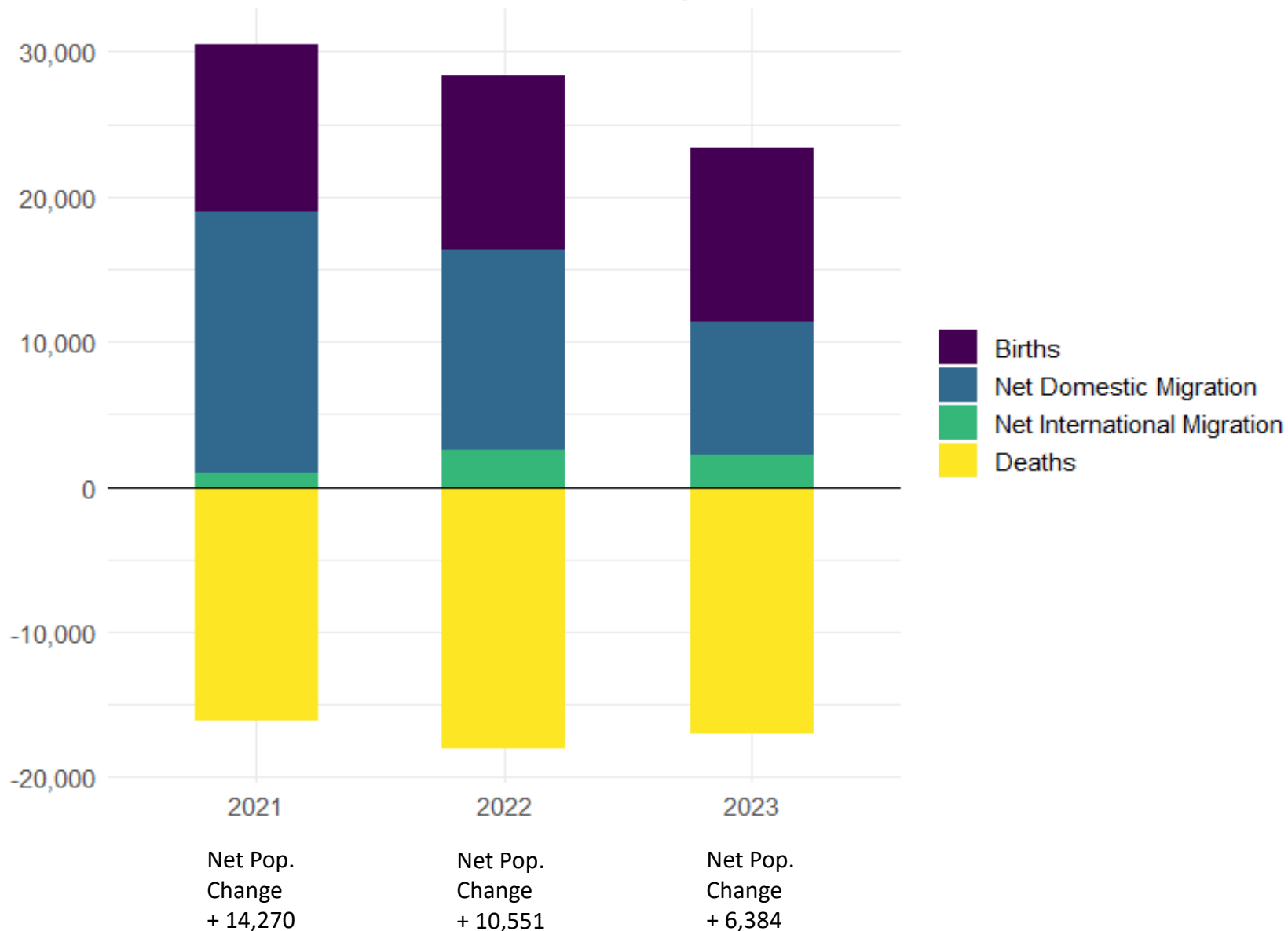


Births & Deaths | Maine



Deaths have
been
outnumbering
births since
2011

Components of Population Change | Maine



Maine's population increased by over 6K in 2023, driven by net domestic migration

Maine's net domestic migration rate has ranked in the **top 10 nationally**, and **first in New England**, since 2021

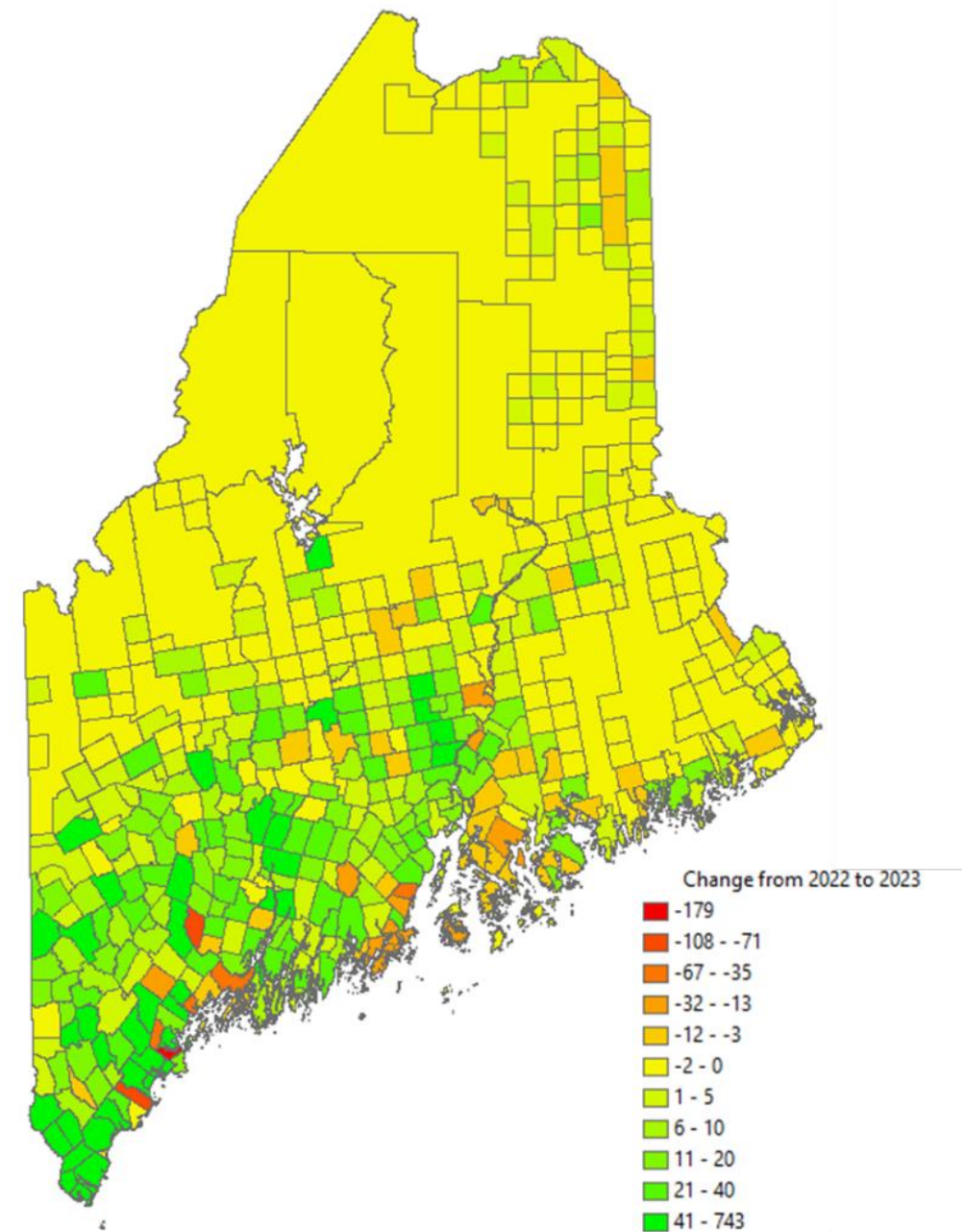
Components of Population Change | Maine, 2022 - 2023



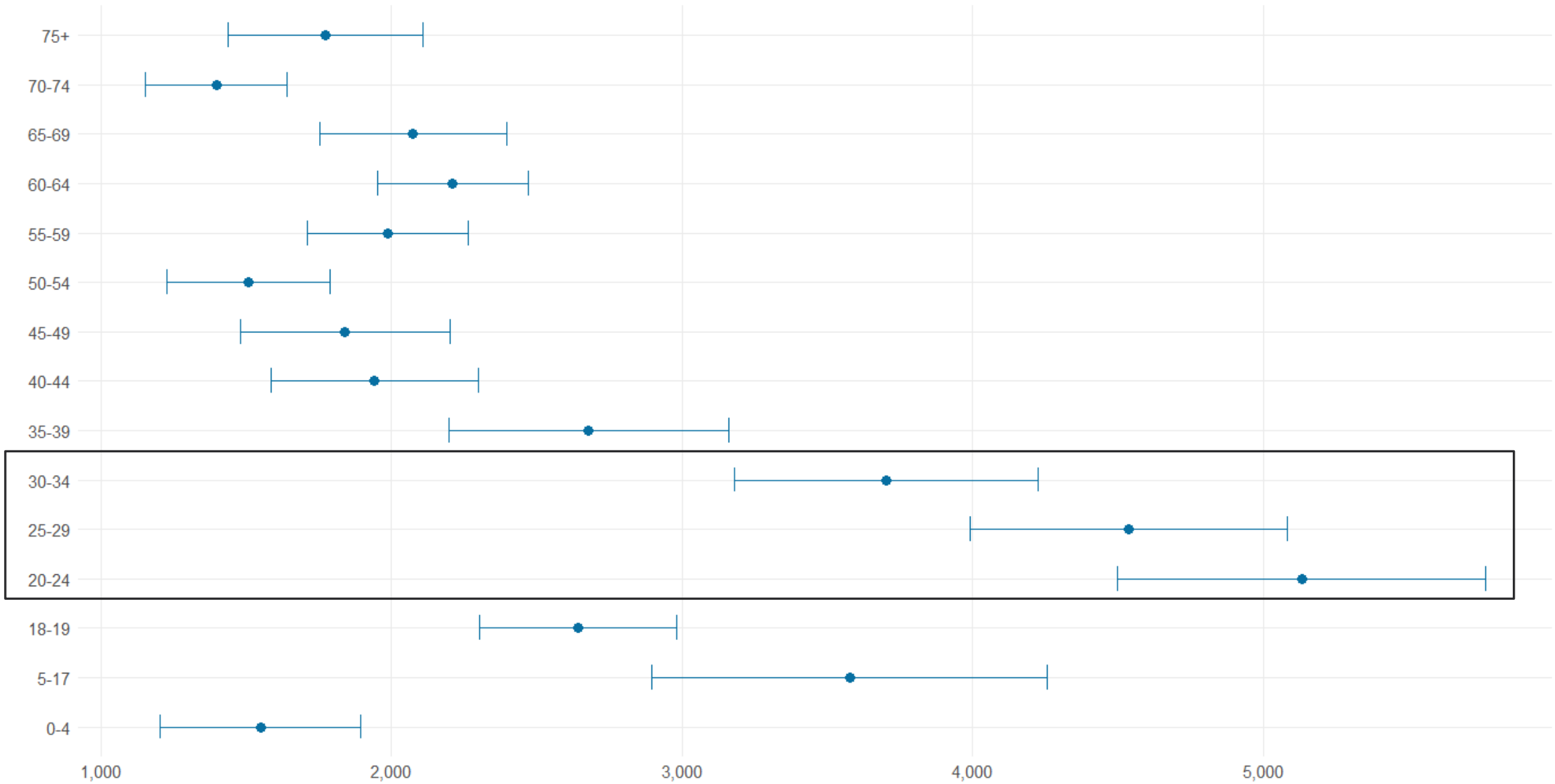
It's some of Maine's most rural counties that have the highest rates of population growth

Between 2022 and 2023, percentage growth in population was **geographically dispersed**, with rural and interior regions particularly well represented

The 10 fastest growing towns were located in **six different counties**.



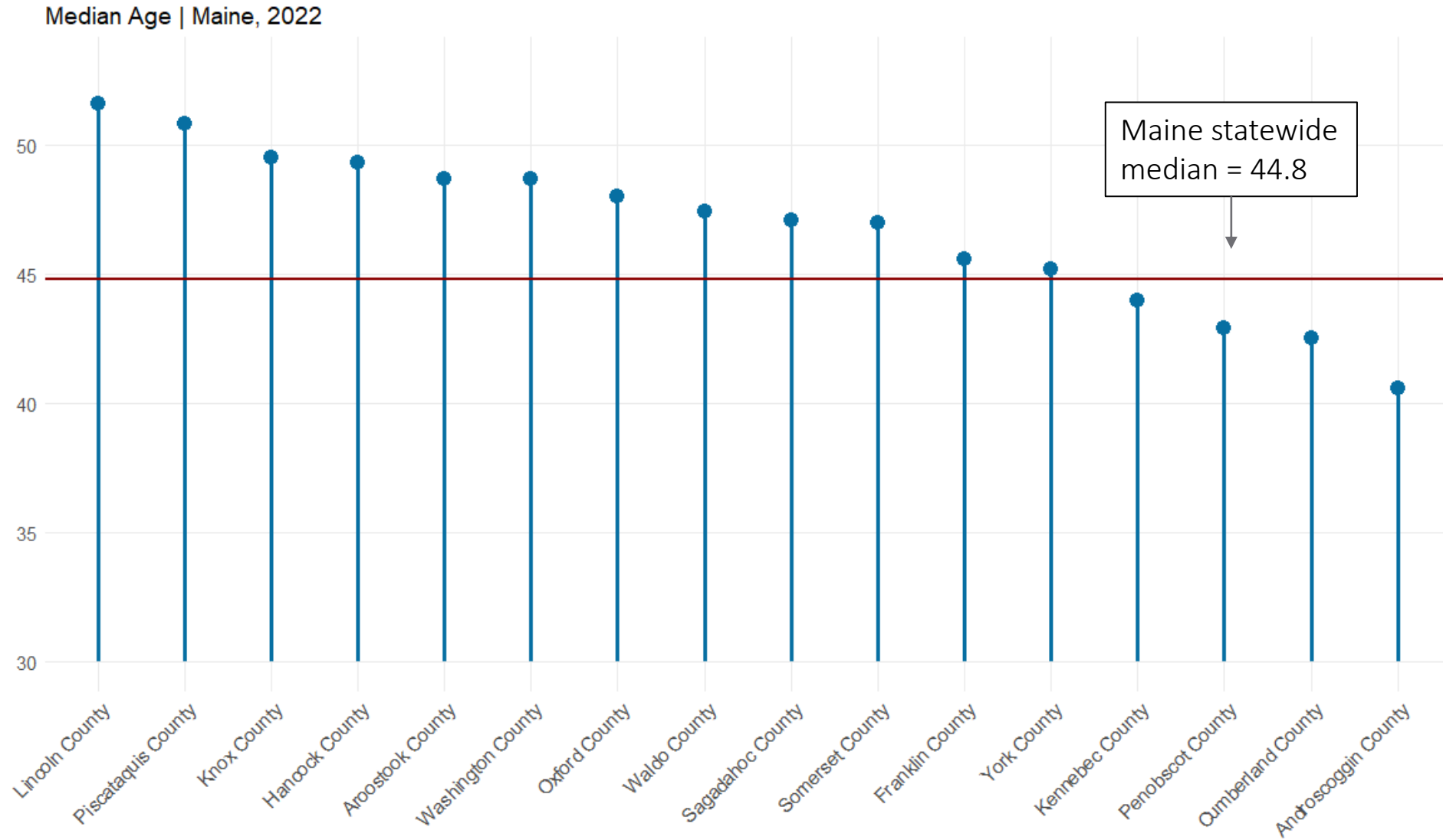
Domestic In-Migration | Maine



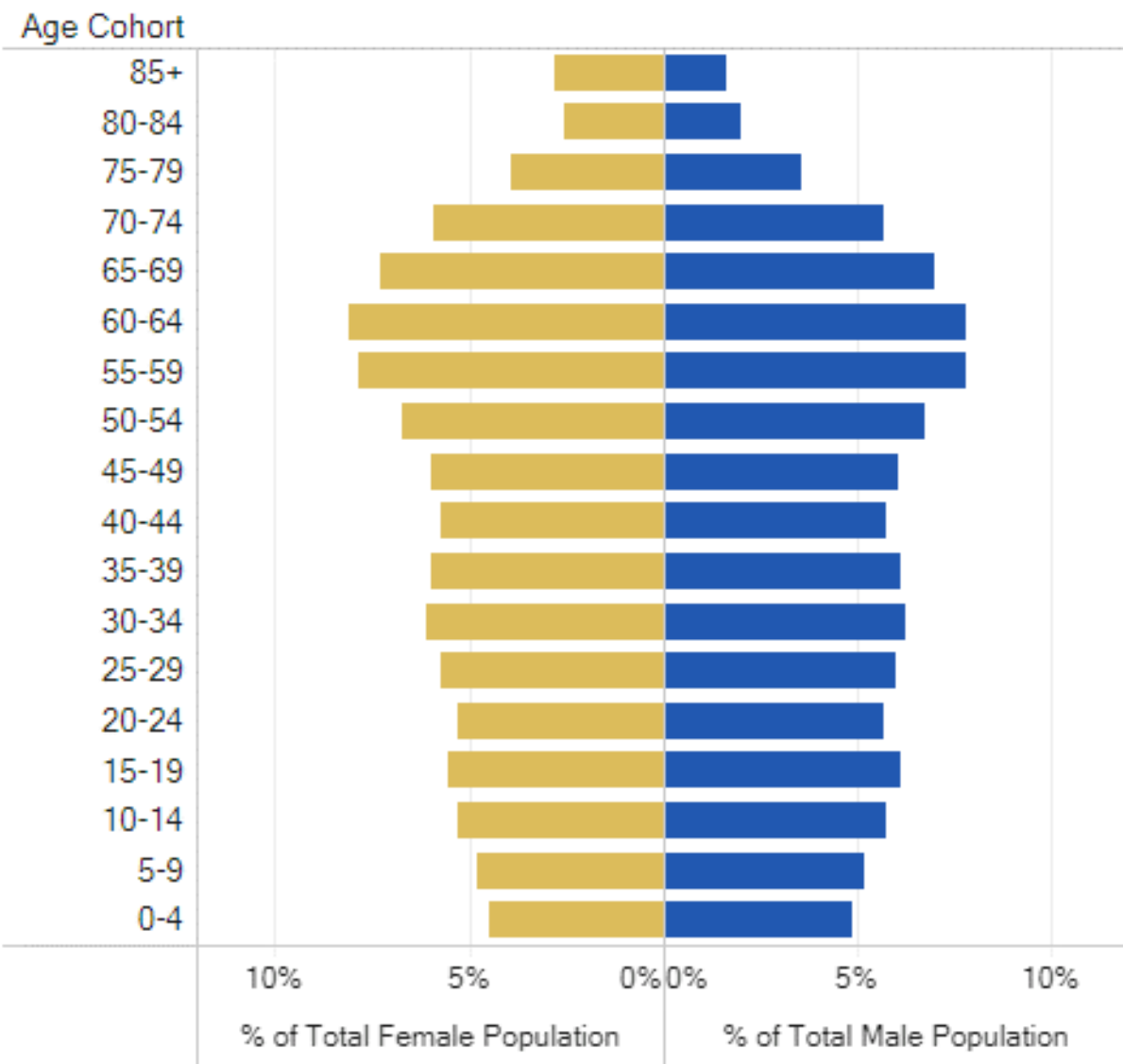
Error bars reflect the margin of error around the 2018 - 2022 ACS estimate

Maine does have the oldest population in the nation.

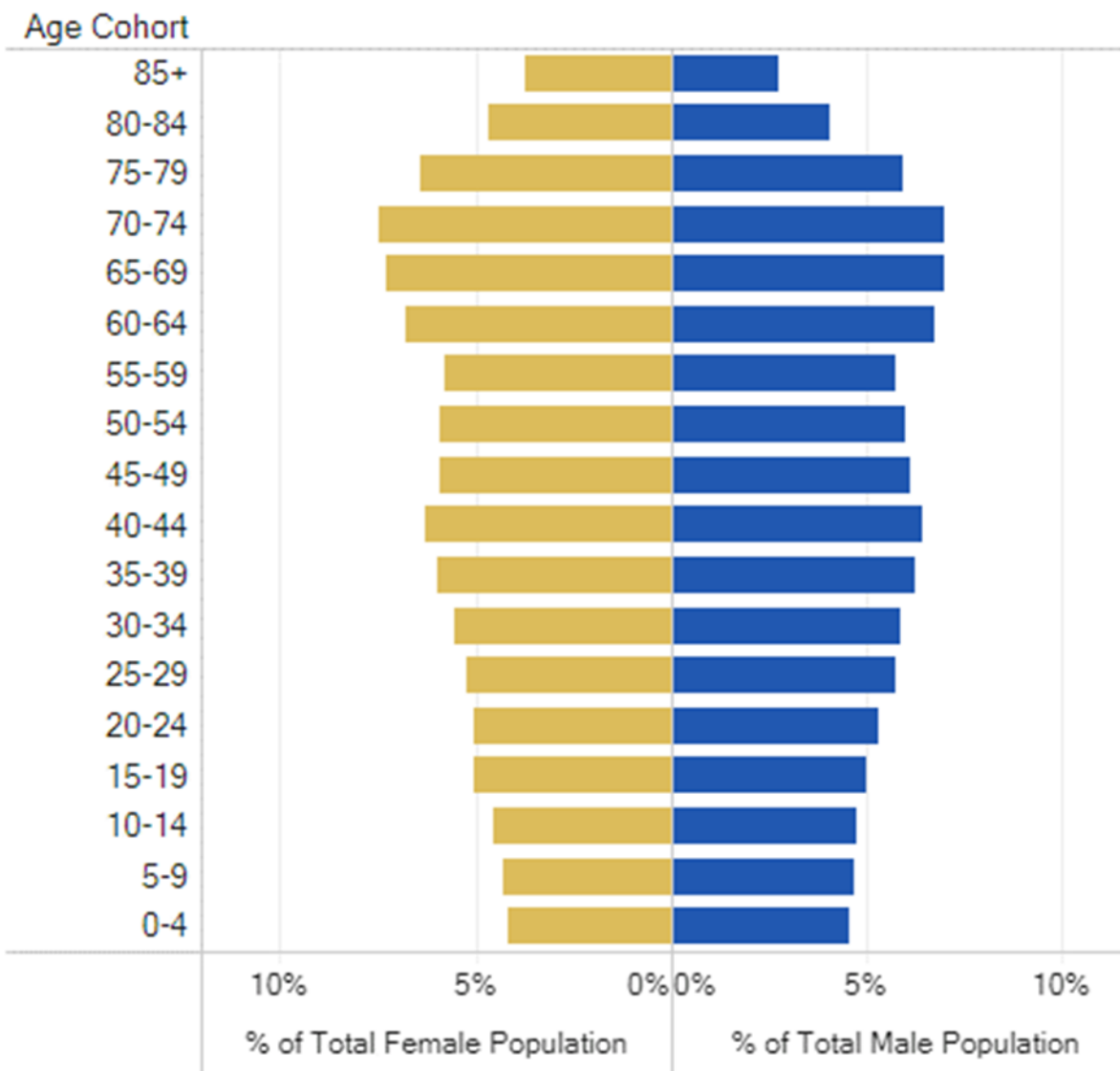
However, Maine was one of only 4 states to not get older in 2022



Maine, 2020, Observed population

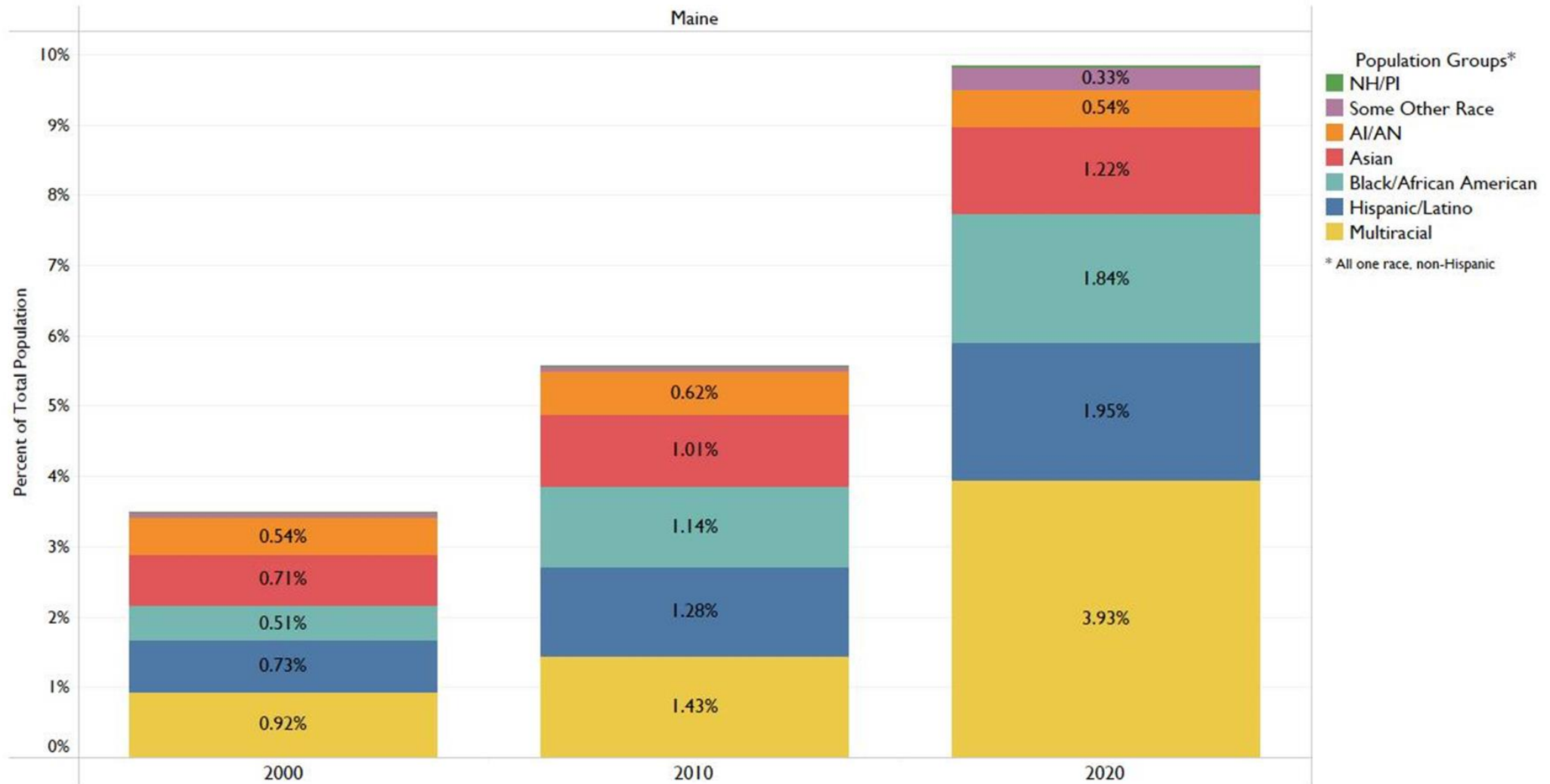


Maine, 2030, Projected Population

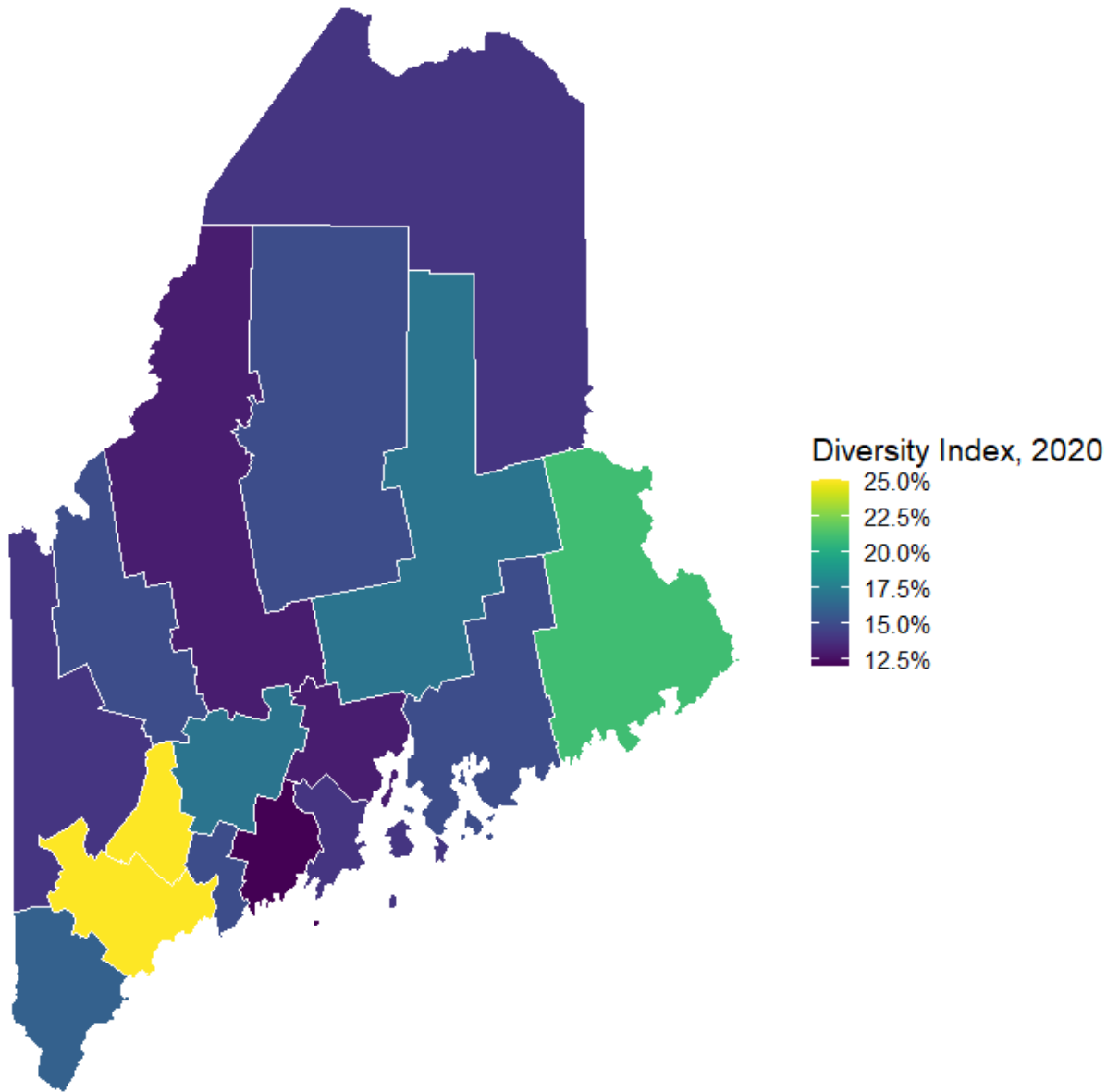


Share of Total Population by Population Group | Maine

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.

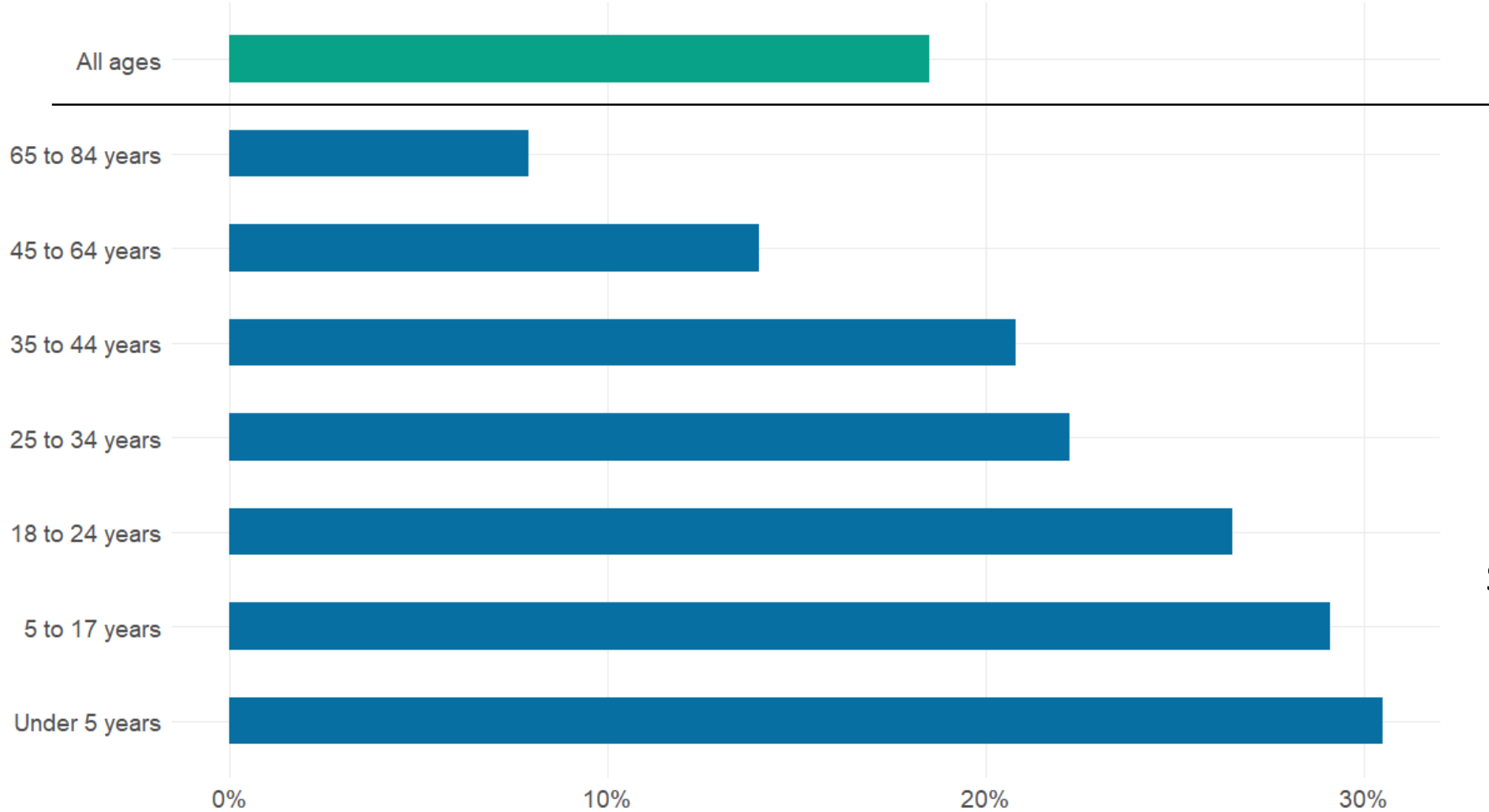


Maine was ranked as the least diverse state in the nation in 2020.

However, there is regional variation

Cumberland, Androscoggin, and Washington counties are more diverse than the state generally

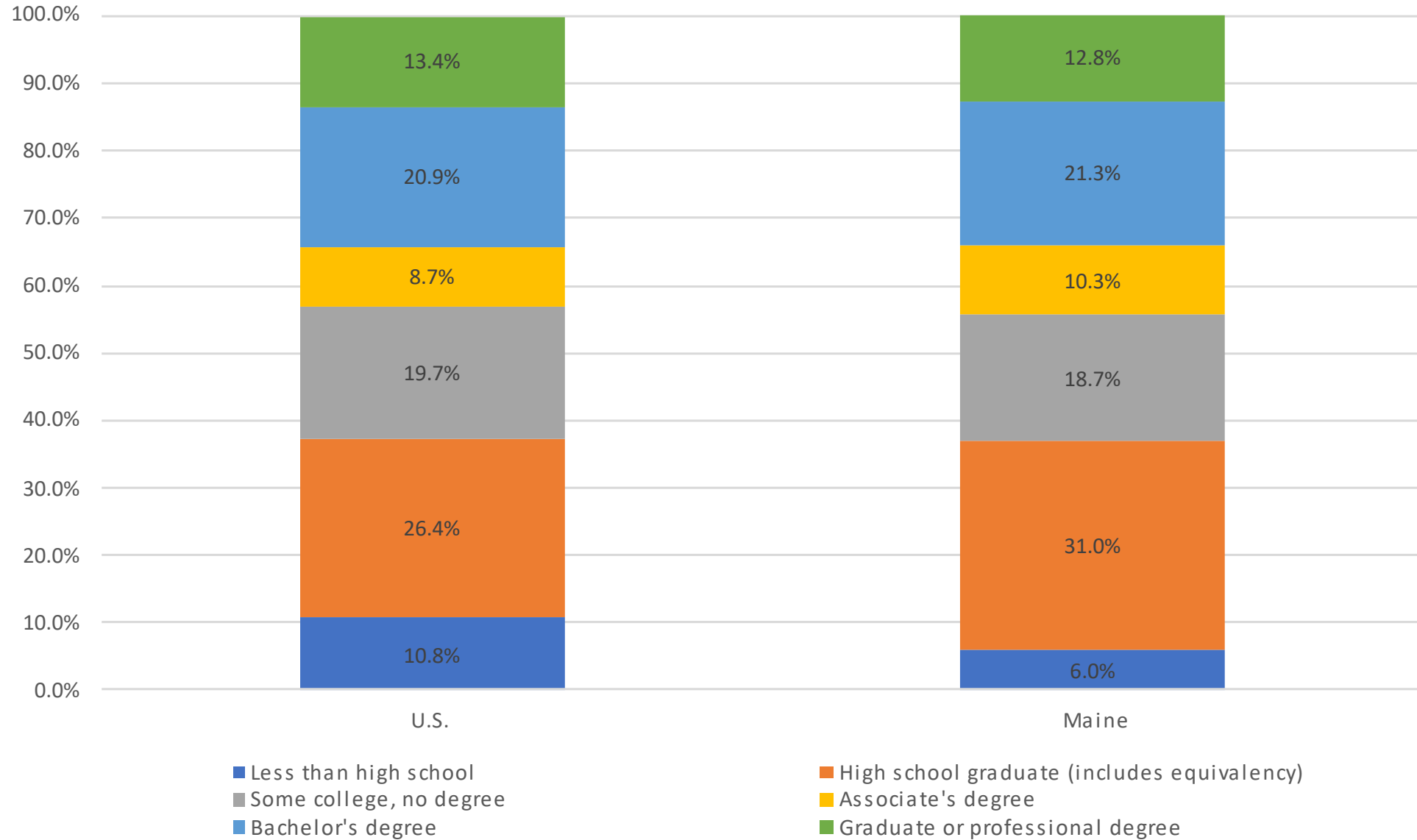
Diversity Index by Age | Maine, 2020



There is also variation by age group.

Younger generations are significantly more diverse than the state as a whole

Educational Attainment of Population Age 25+

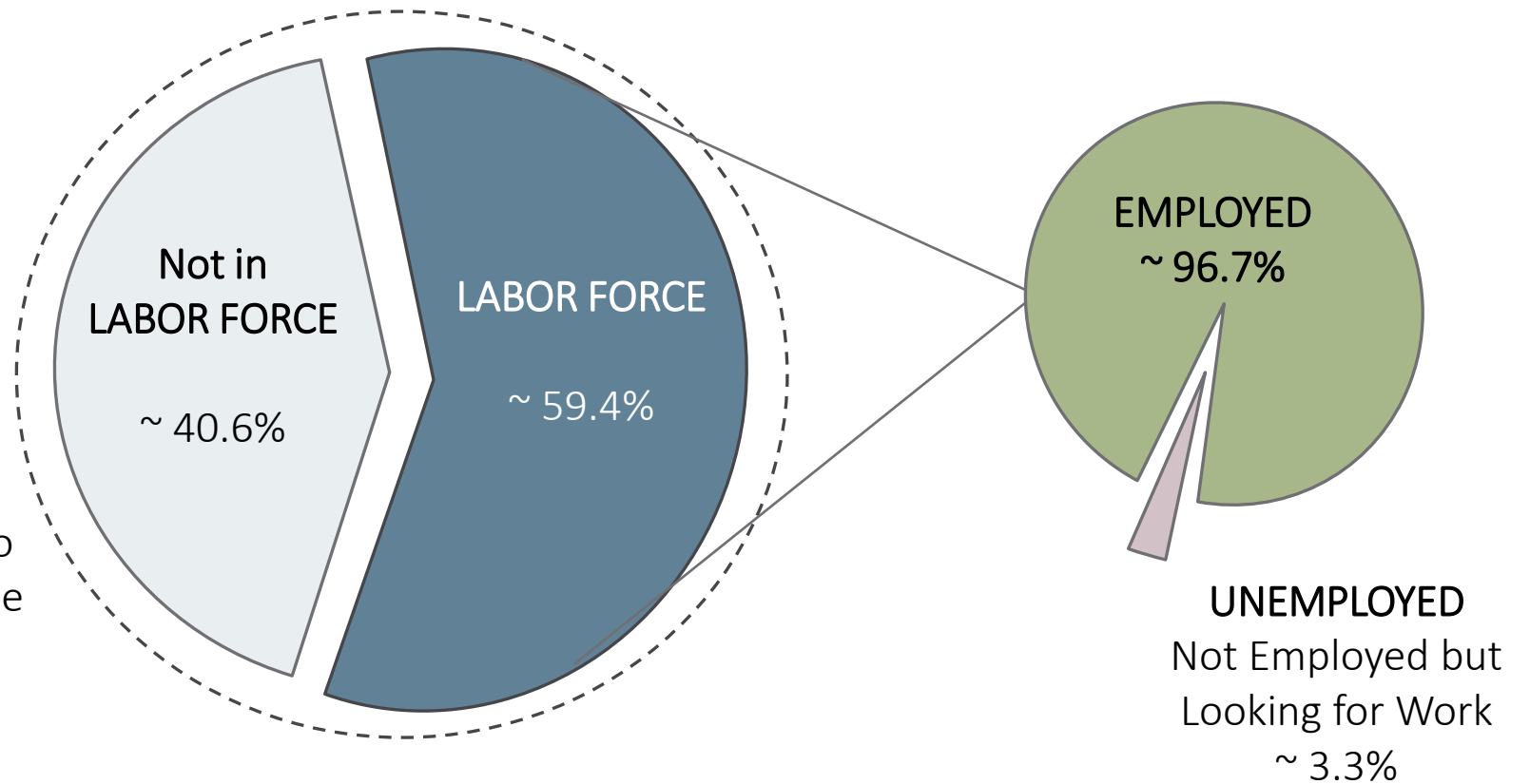


Workforce & Employment

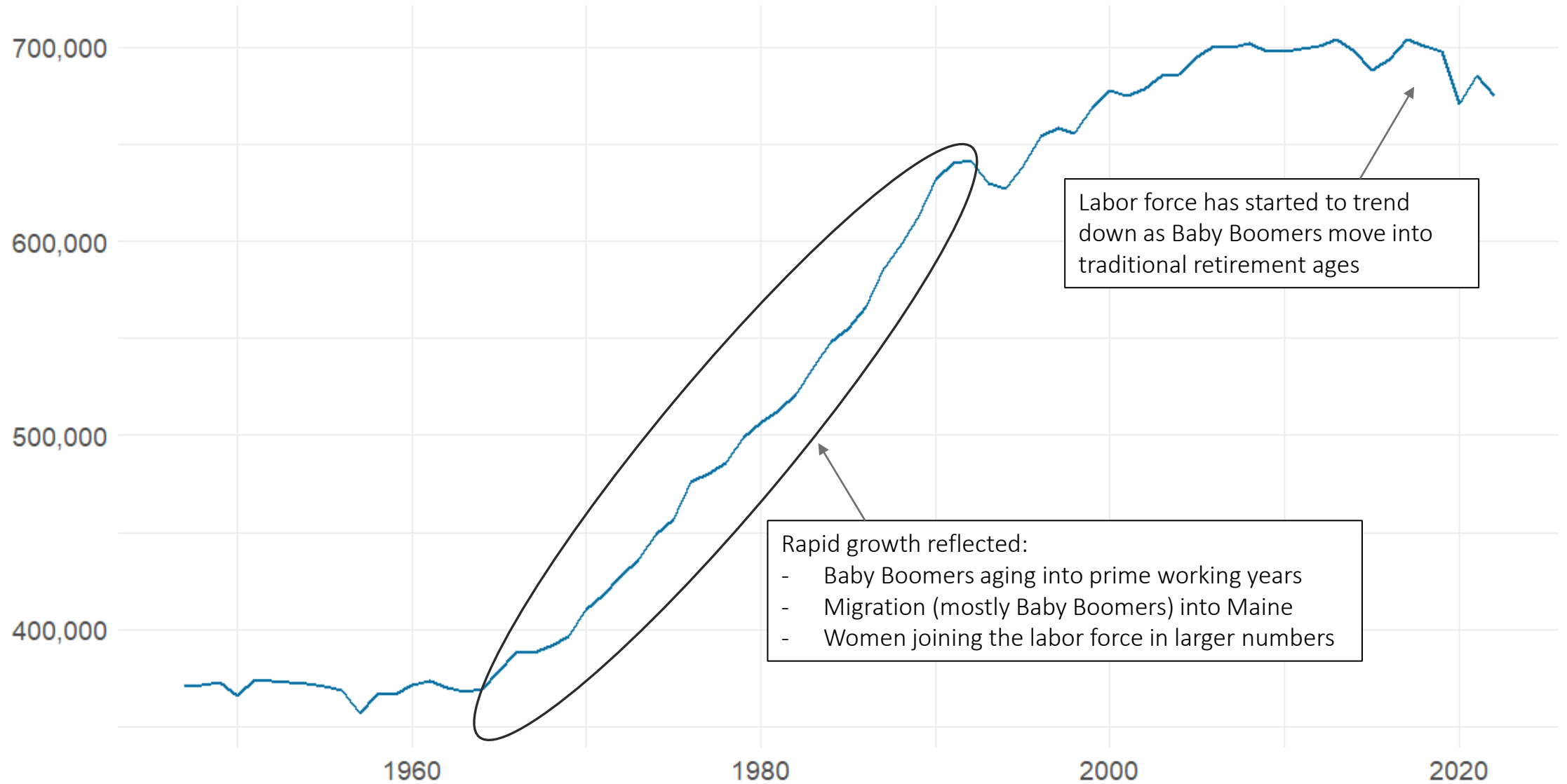
Who is in the labor force?

Civilian population, age 16+

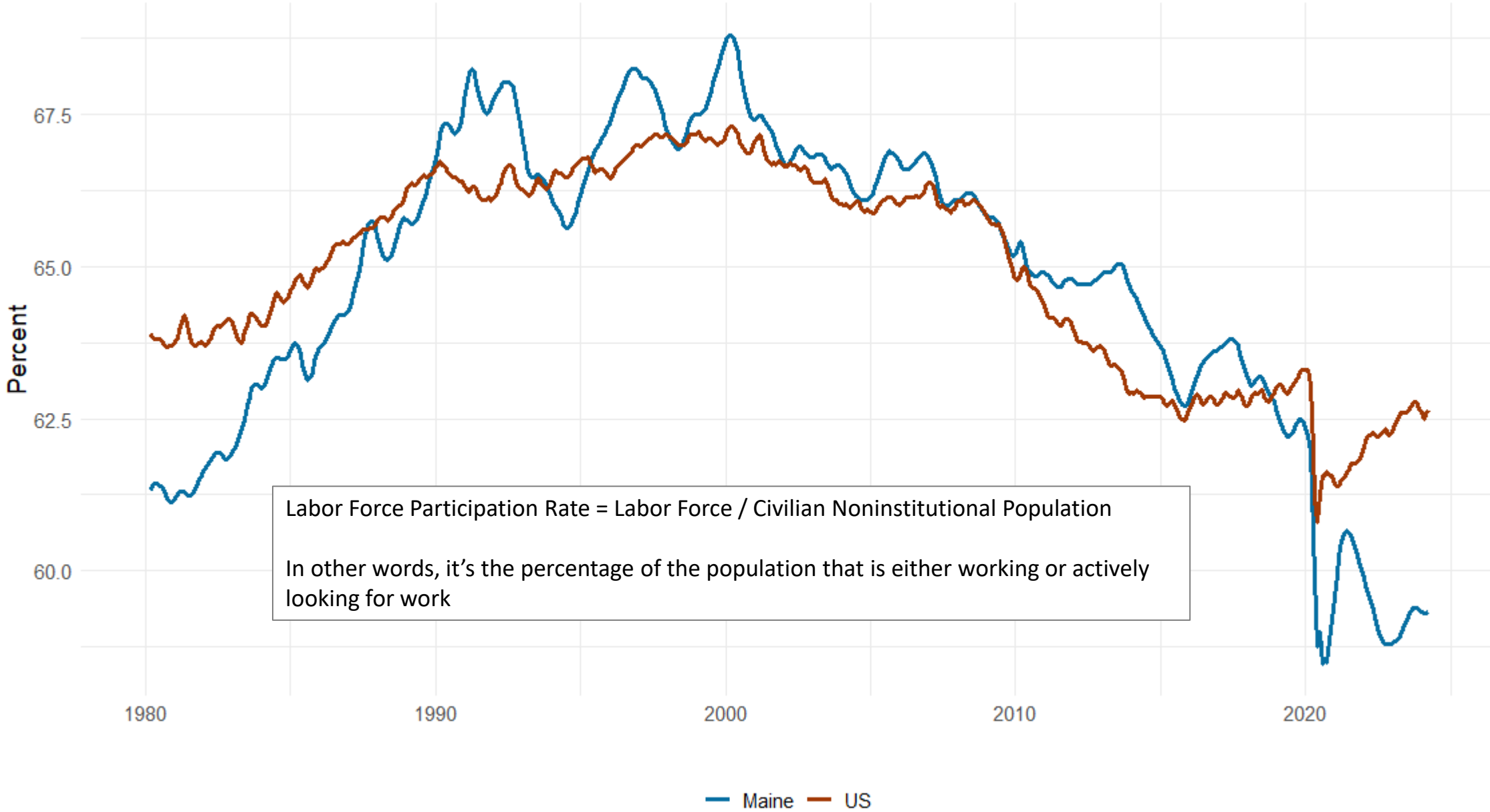
Not available and not looking for work. This could include people who are retired, full-time students, or full-time caregivers



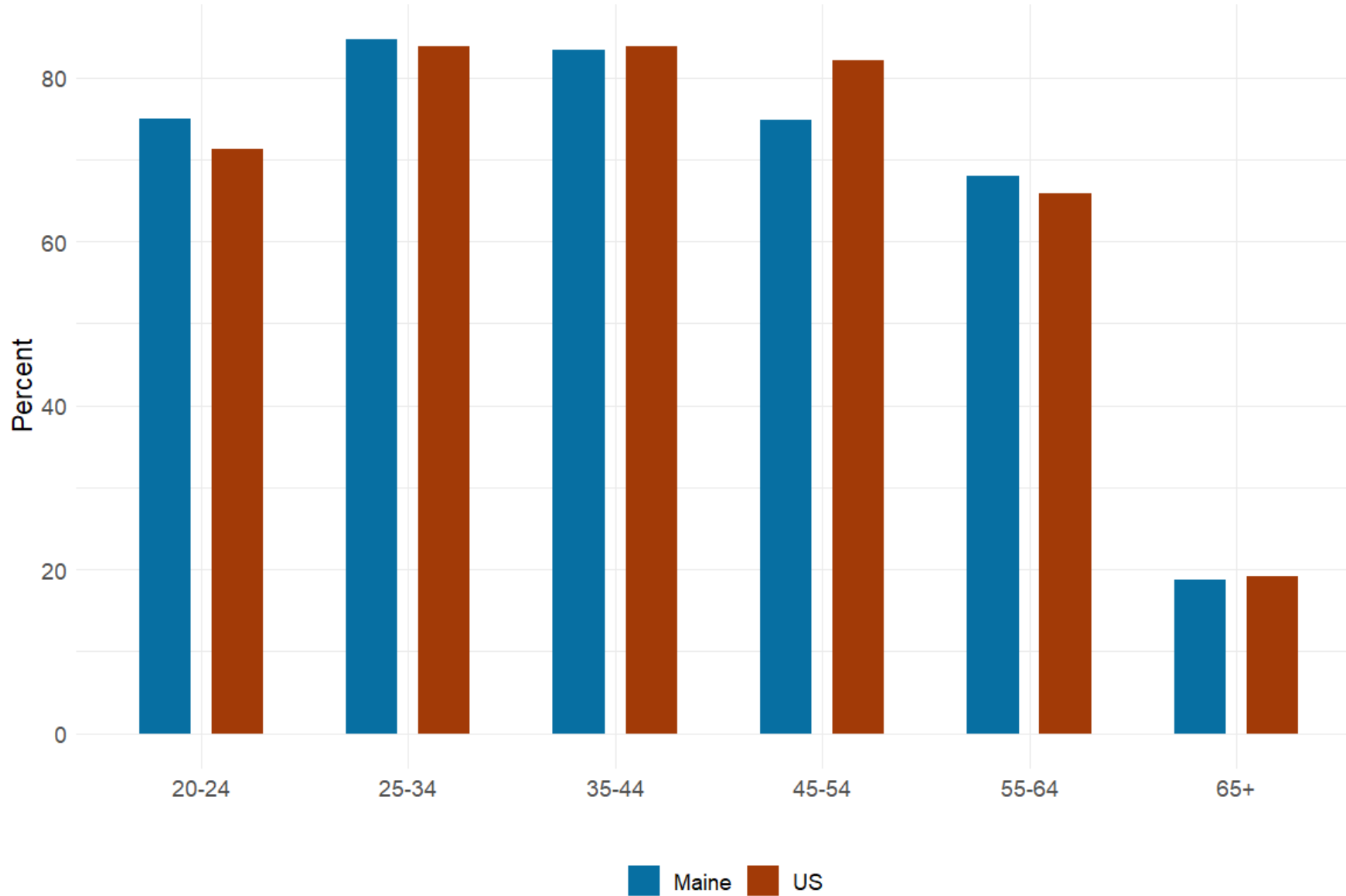
Civilian Labor Force | Maine, 1947 - 2022



Labor Force Participation Rate | 3-Month Moving Average, 1980 - April 2024

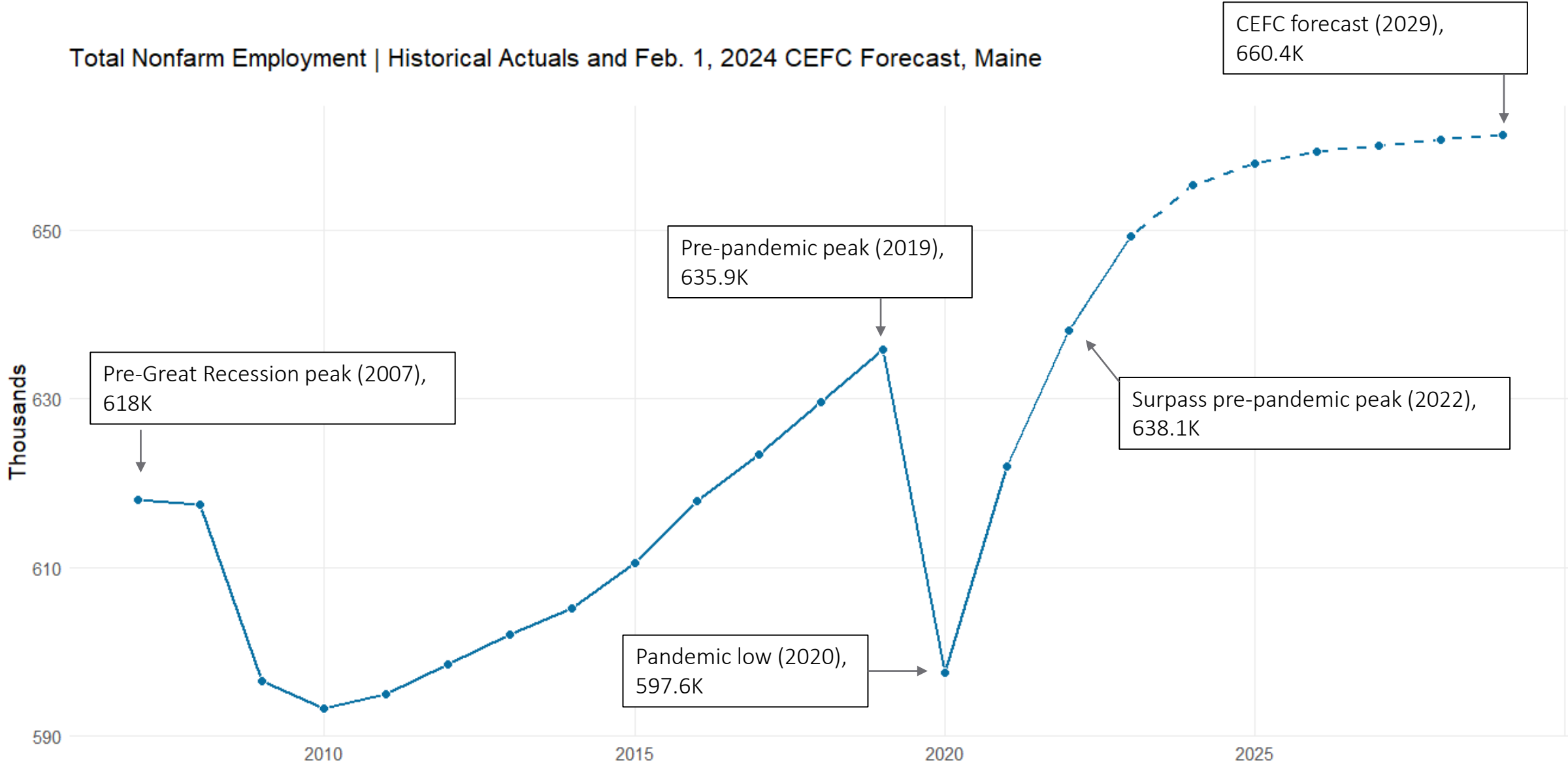


Labor Force Participation Rate by Age Group | 2023



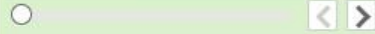
Total labor force participation rate has decreased because of Maine's rising share of retired population

Total Nonfarm Employment | Historical Actuals and Feb. 1, 2024 CEFC Forecast, Maine



County Rates (not seasonally adjusted)

April, 2024



Table

Graph

Map/Graph Display

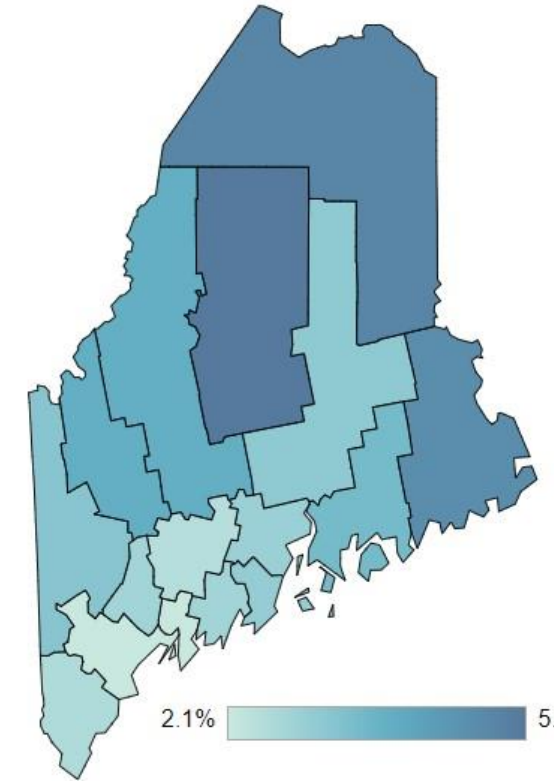
Unemployment rate

One-year change

County	Rate	Year ago	One-yr change
Maine	2.8%	2.5%	0.3
Androscoggin	2.7%	2.6%	0.1
Aroostook	4.7%	4.1%	0.6
Cumberland	2.1%	2.0%	0.1
Franklin	3.7%	3.5%	0.2
Hancock	3.4%	3.0%	0.4
Kennebec	2.4%	2.1%	0.3
Knox	2.9%	2.4%	0.5
Lincoln	2.7%	2.5%	0.2
Oxford	3.1%	2.6%	0.5
Penobscot	3.0%	2.6%	0.4
Piscataquis	5.0%	4.2%	0.8
Sagadahoc	2.1%	1.9%	0.2
Somerset	3.7%	4.0%	-0.3
Waldo	2.8%	2.6%	0.2
Washington	4.5%	4.0%	0.5
York	2.5%	2.1%	0.4



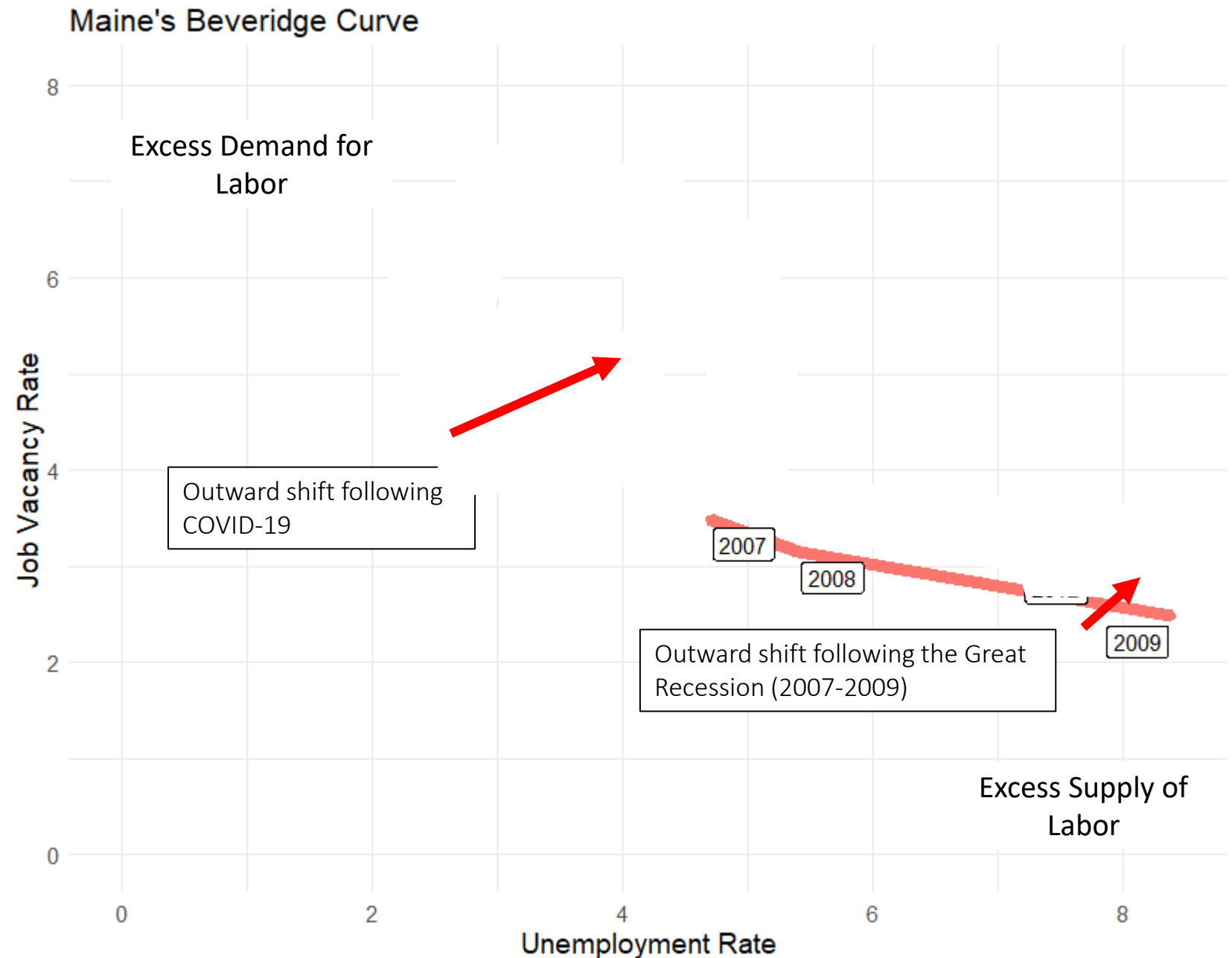
Unemployment rate



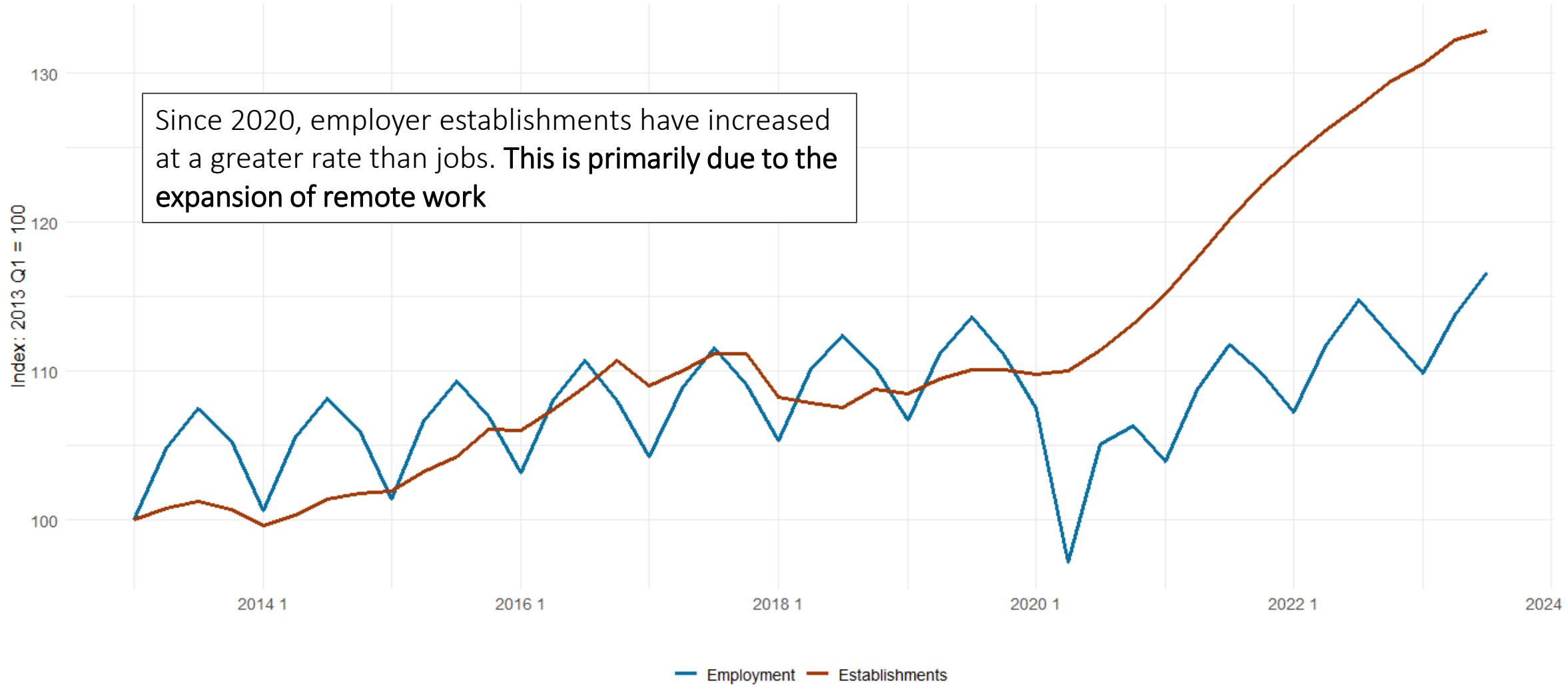
Movements along the curve reflect the economy shifting from expansion to recession (and vice versa).

Outward shifts in the curve reflect more job postings for a given level of unemployment.

In other words, when the curve shifts outward, there is a lower efficiency in matching those looking for work with vacant positions.

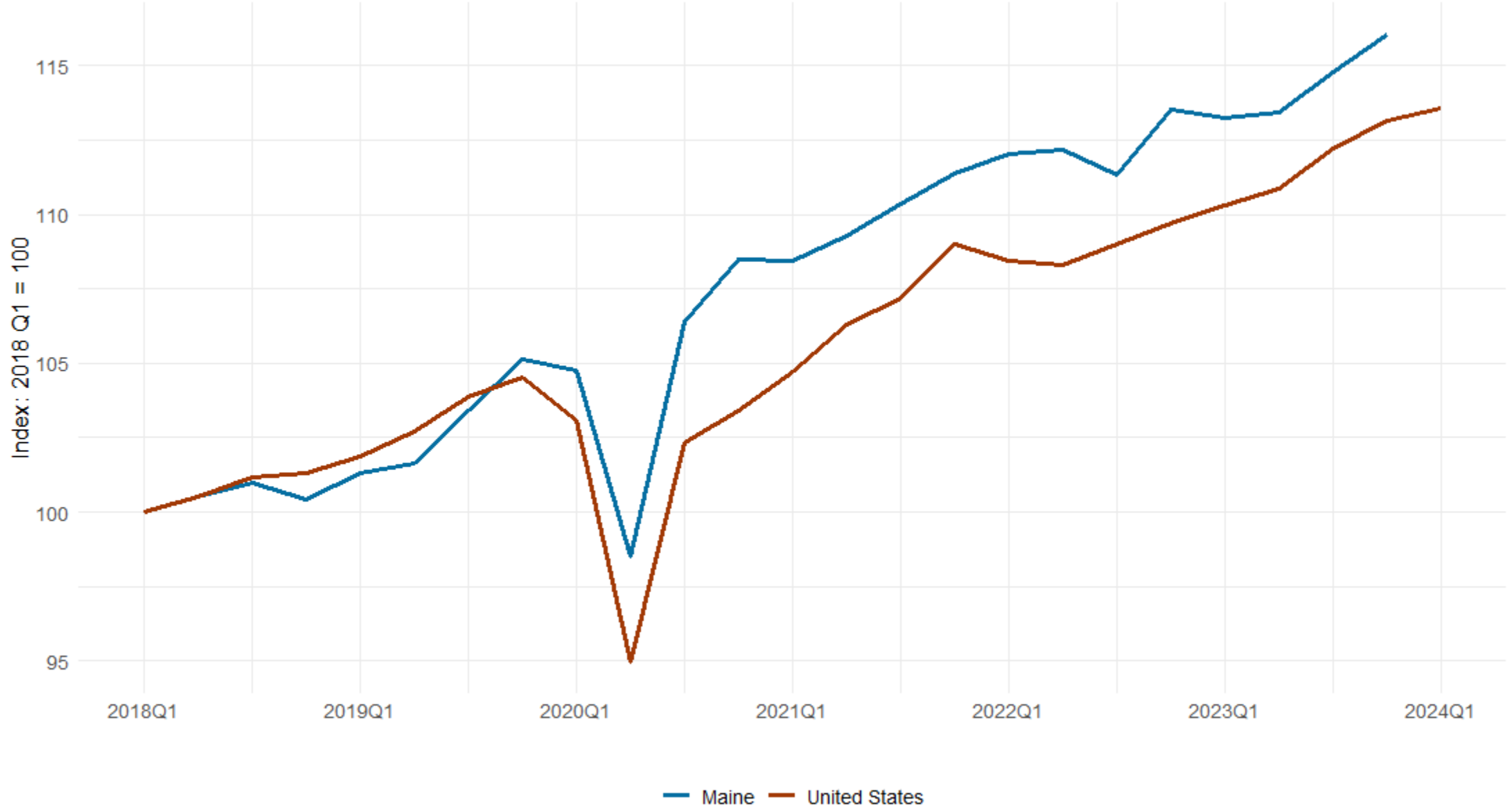


Wage and Salary Employment and Establishments

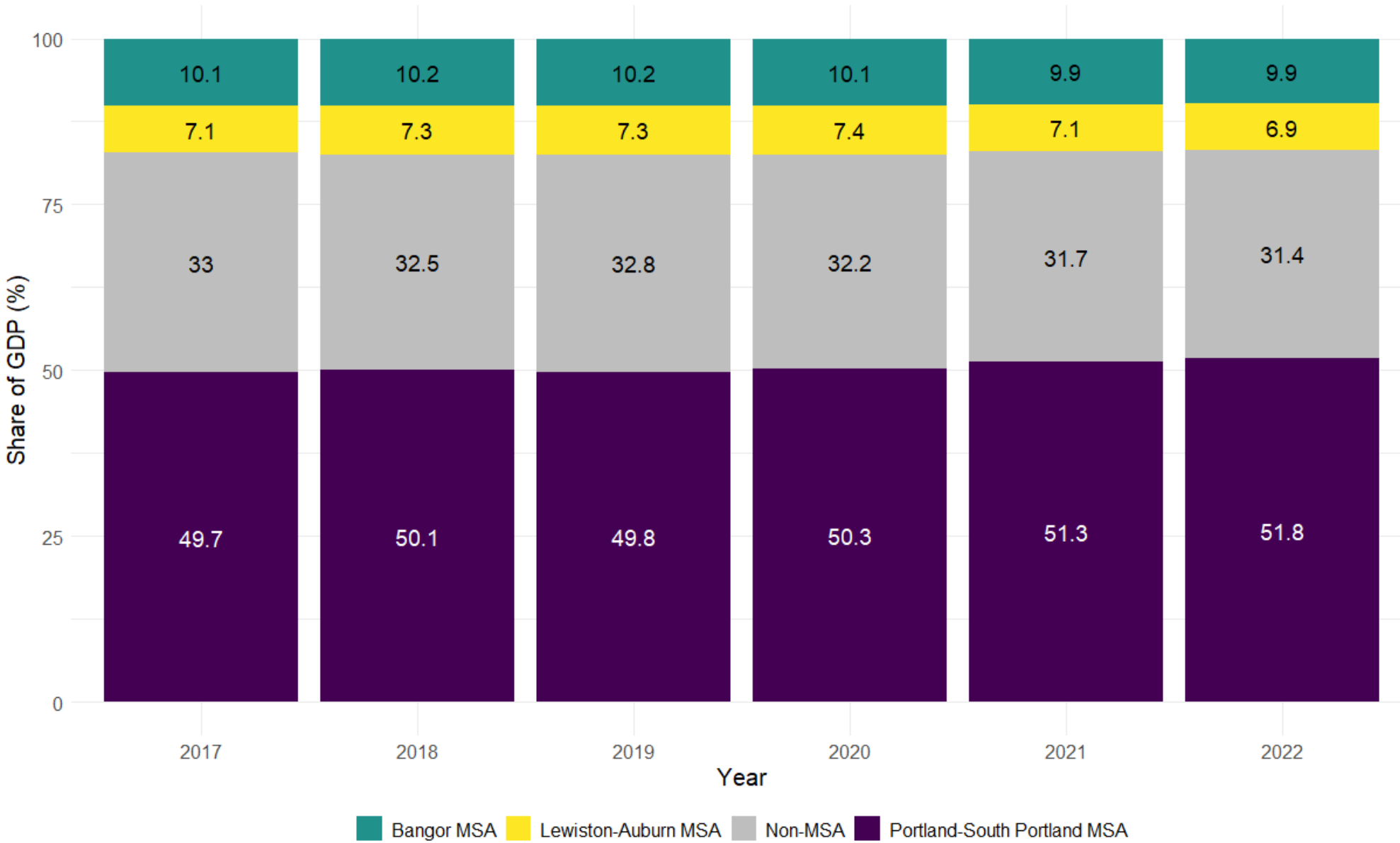


GDP and Industries

Quarterly Real GDP



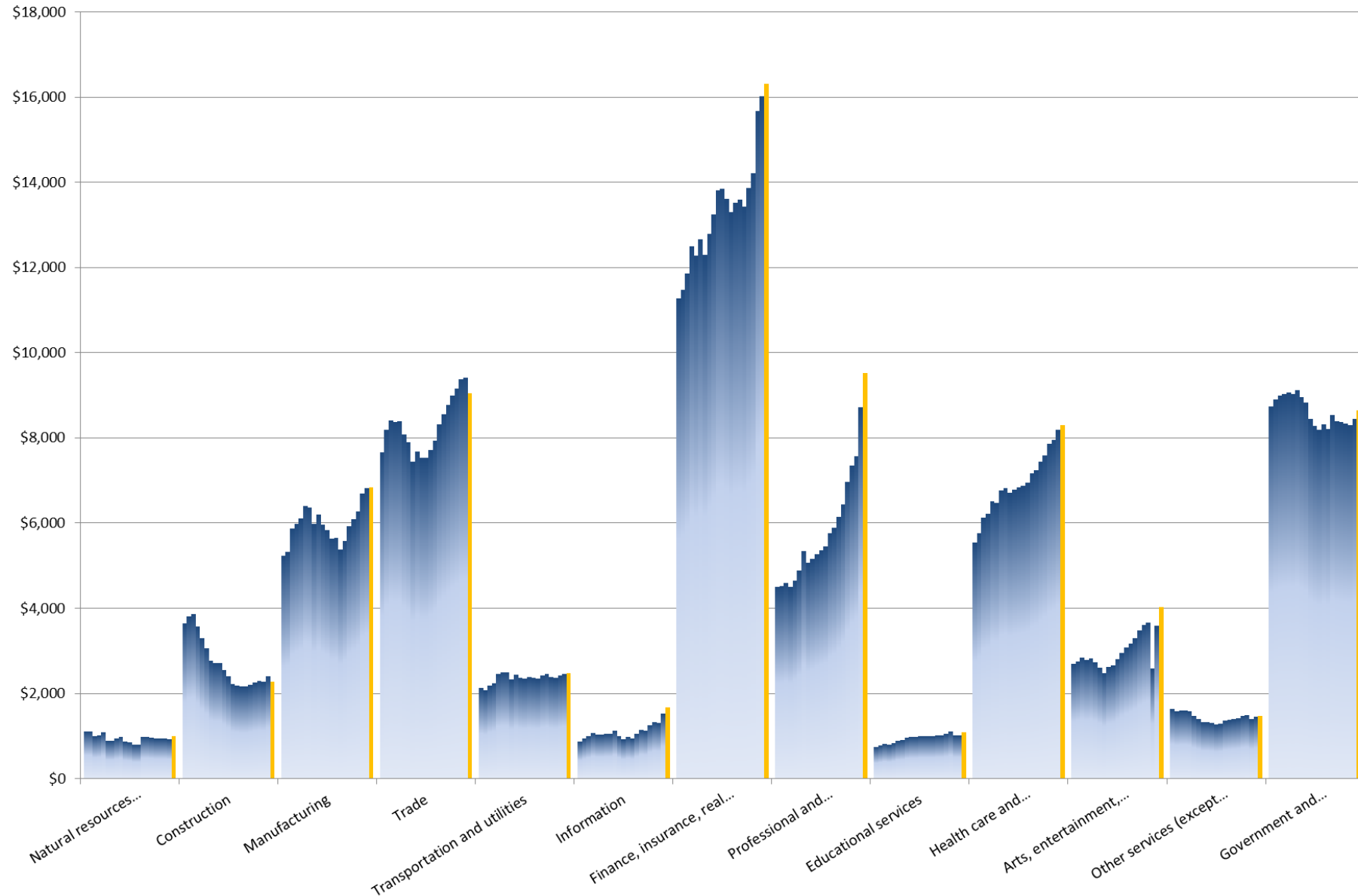
Share of Maine Real GDP by Metropolitan Area



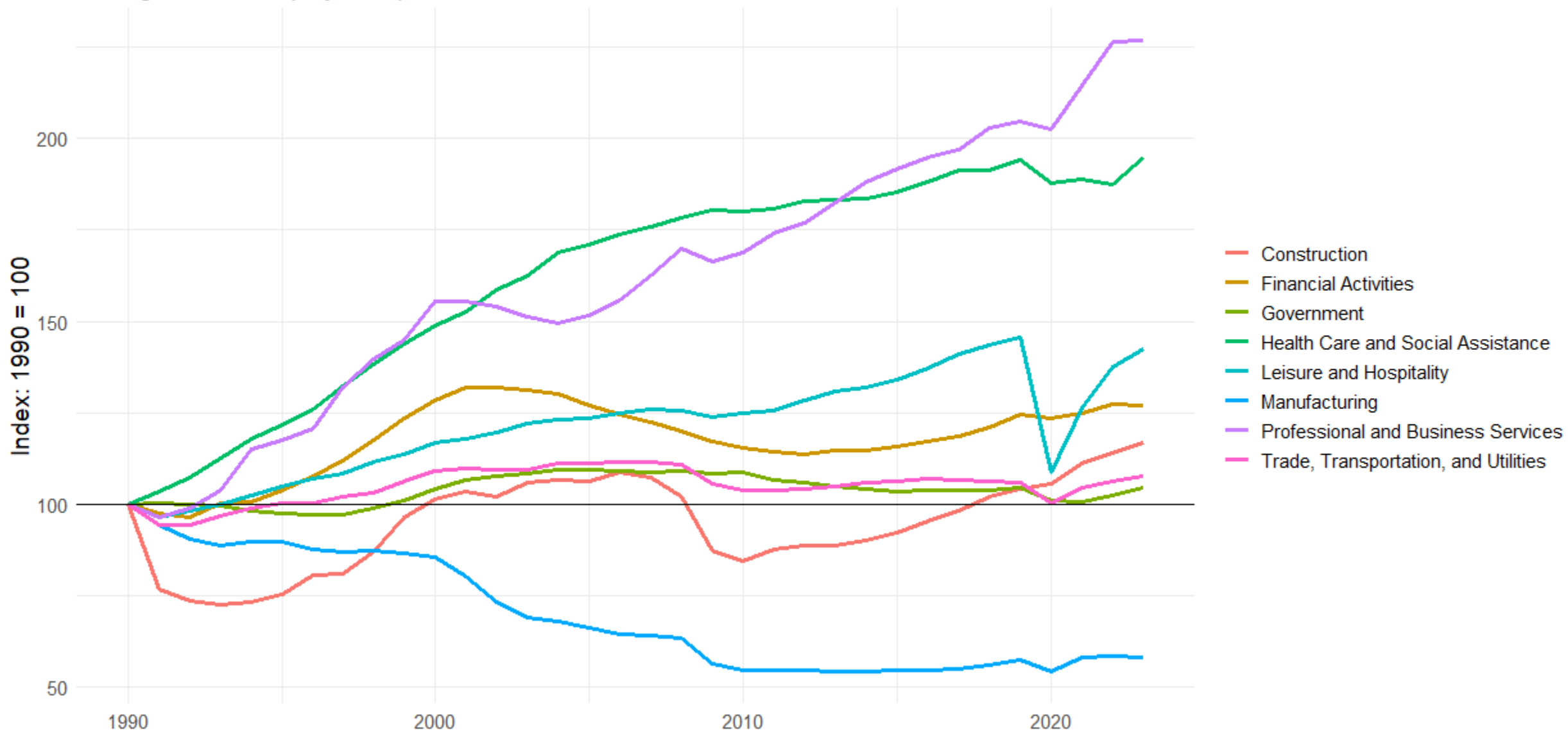
Five counties are responsible for almost 70% of Maine's GDP

Maine Real GDP by Industry, 2002-2022

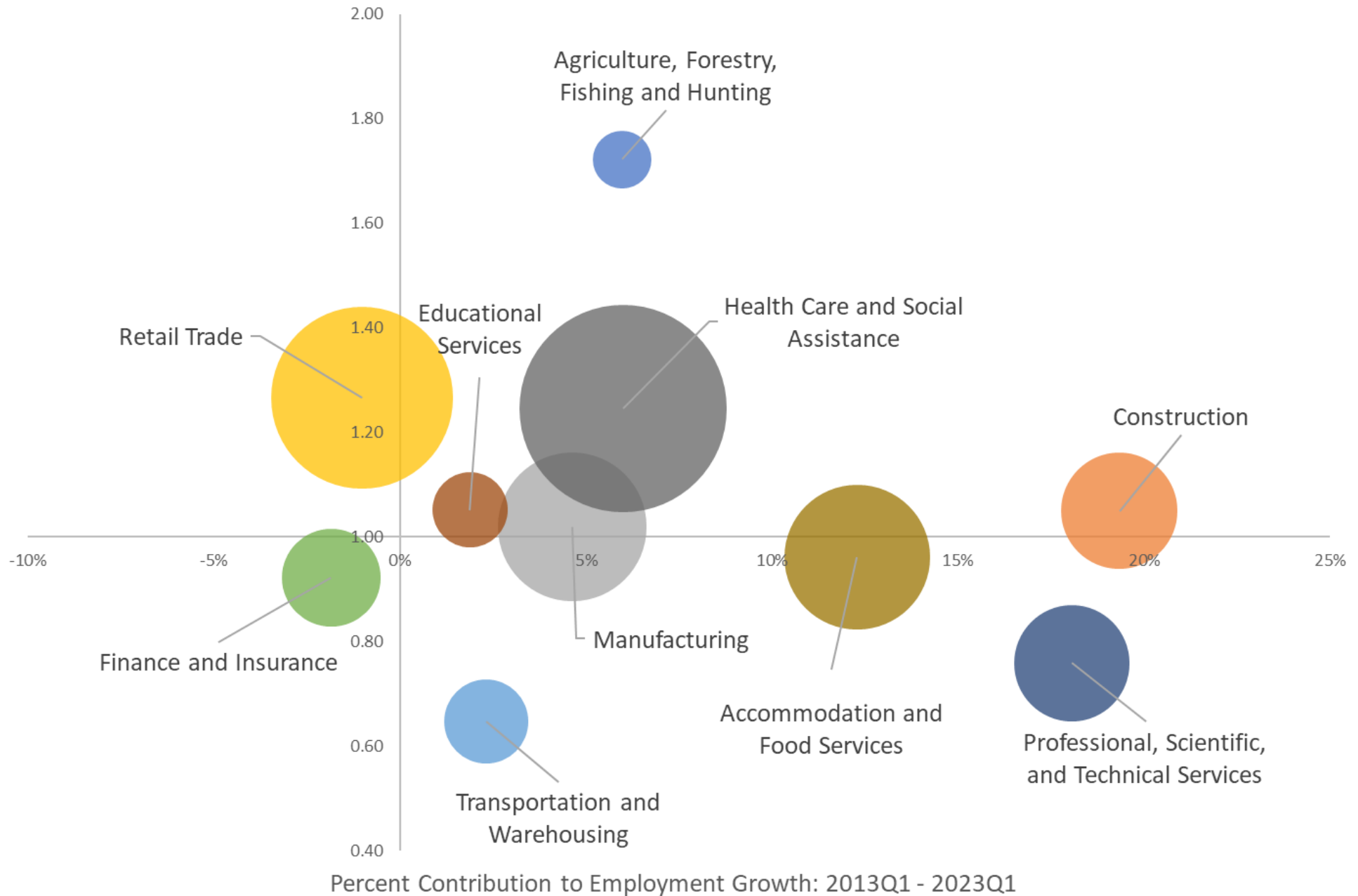
(in millions of chained 2017 dollars)



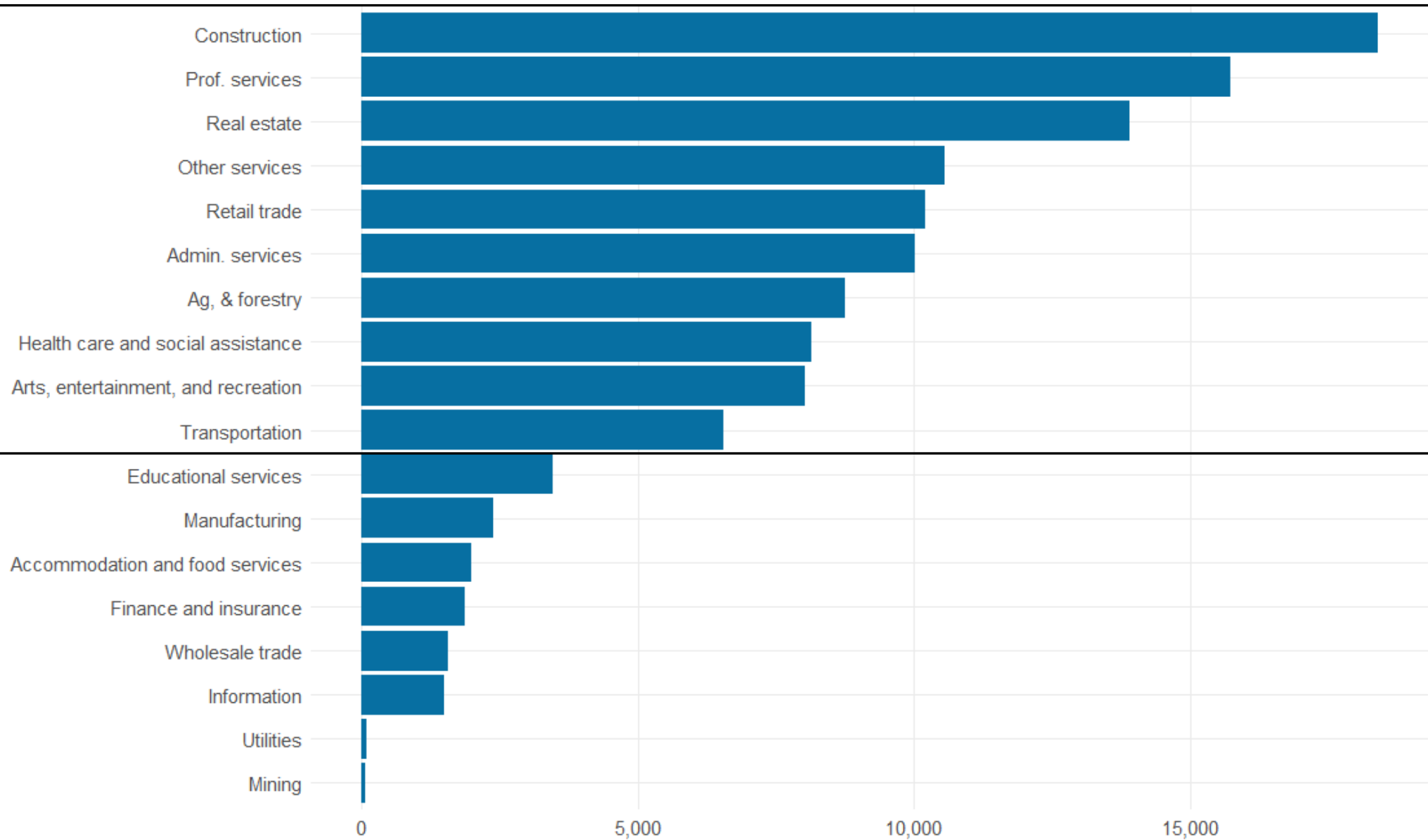
Average Annual Employment | Maine, Select Sectors



2023: Q1 Location Quotient

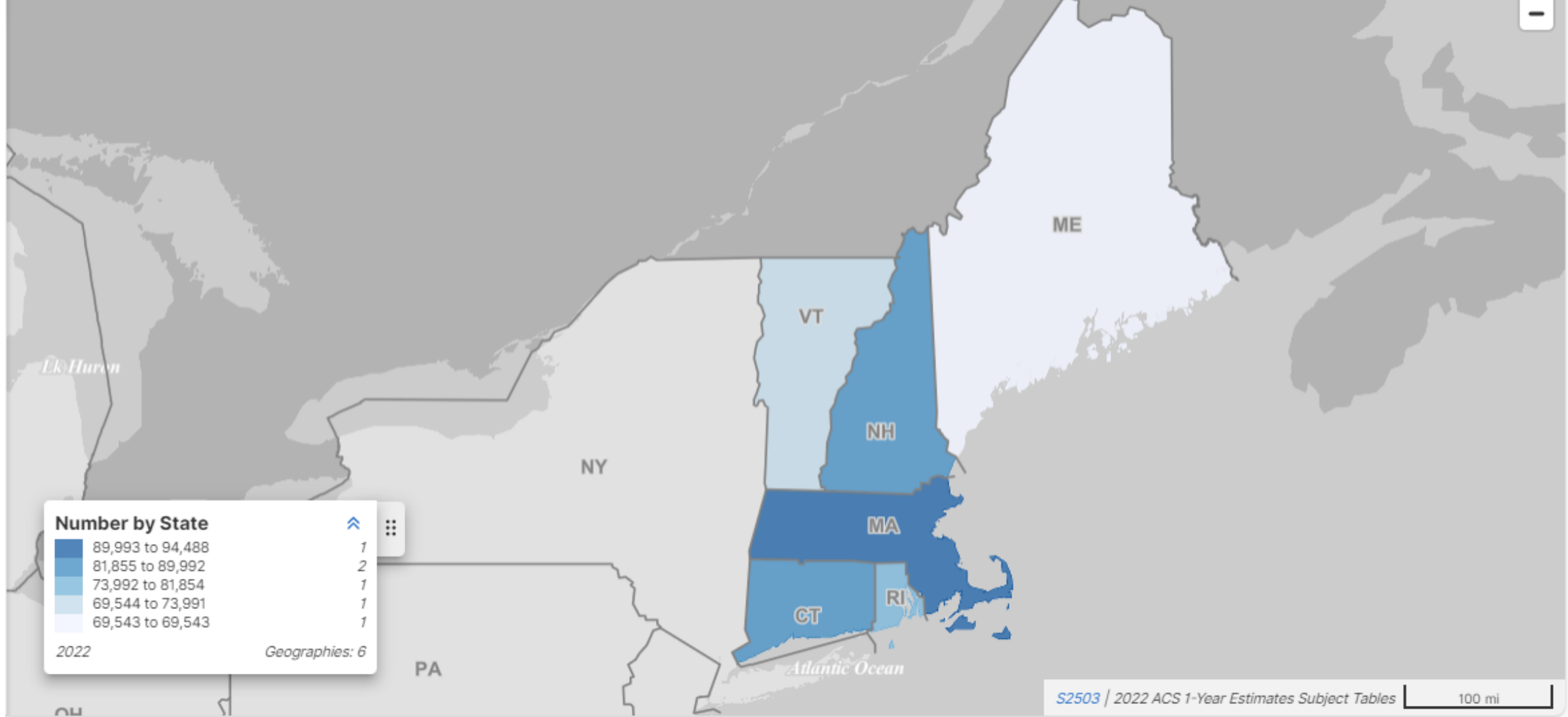


Nonemployer Establishments | Maine, 2021



Wages, Income, and Prices

Median household income (dollars) - Occupied housing units | HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2022 INFLATION-ADJUSTED DOLLARS) [🔗](#)

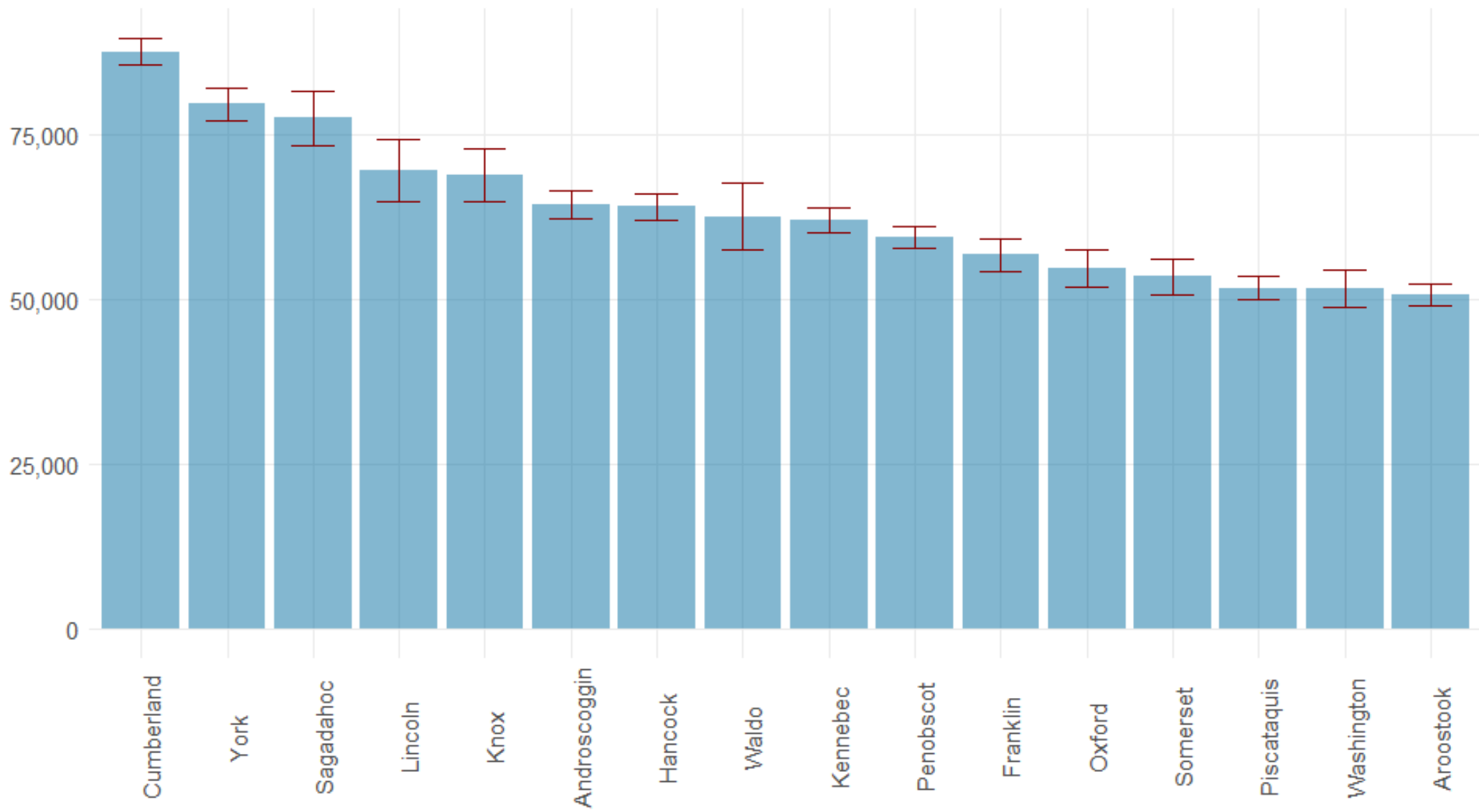


Number by State [⬆](#) [☰](#)

89,993 to 94,488	1
81,855 to 89,992	2
73,992 to 81,854	1
69,544 to 73,991	1
69,543 to 69,543	1

2022 Geographies: 6

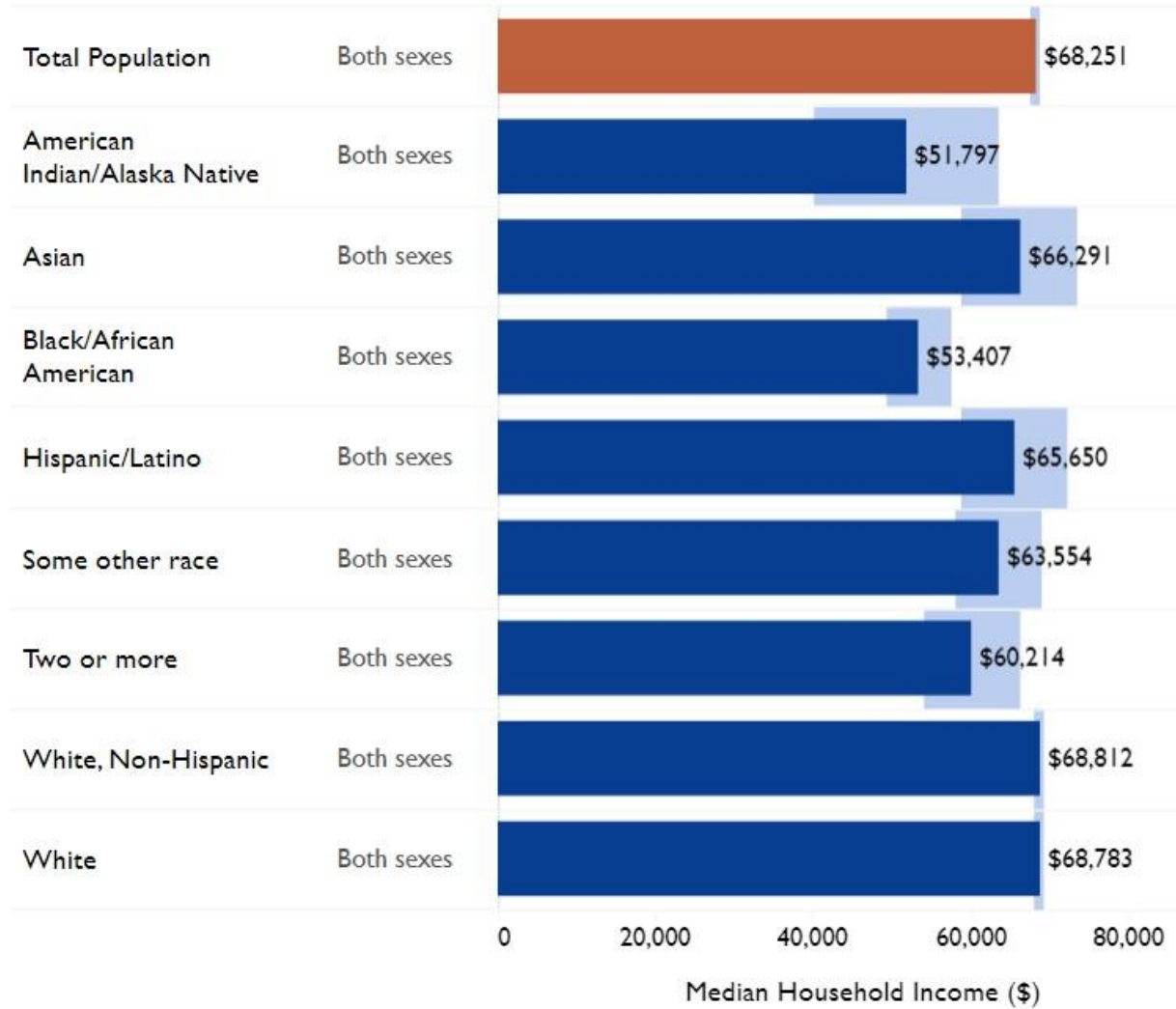
Median Household Income | Maine



Error bars reflect the margin of error around the 2018-2022 ACS estimate



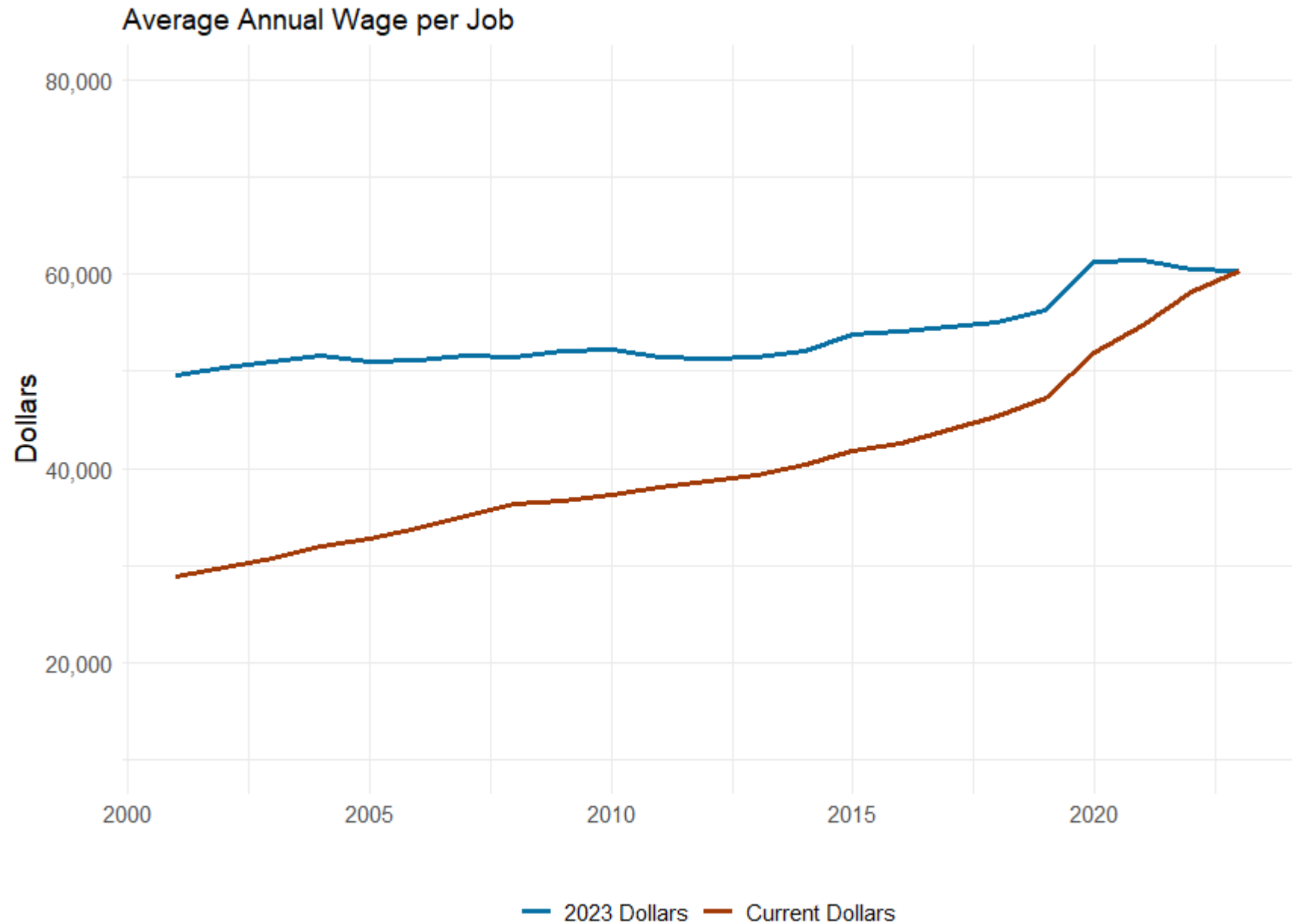
Maine | 2022 (2018-2022)



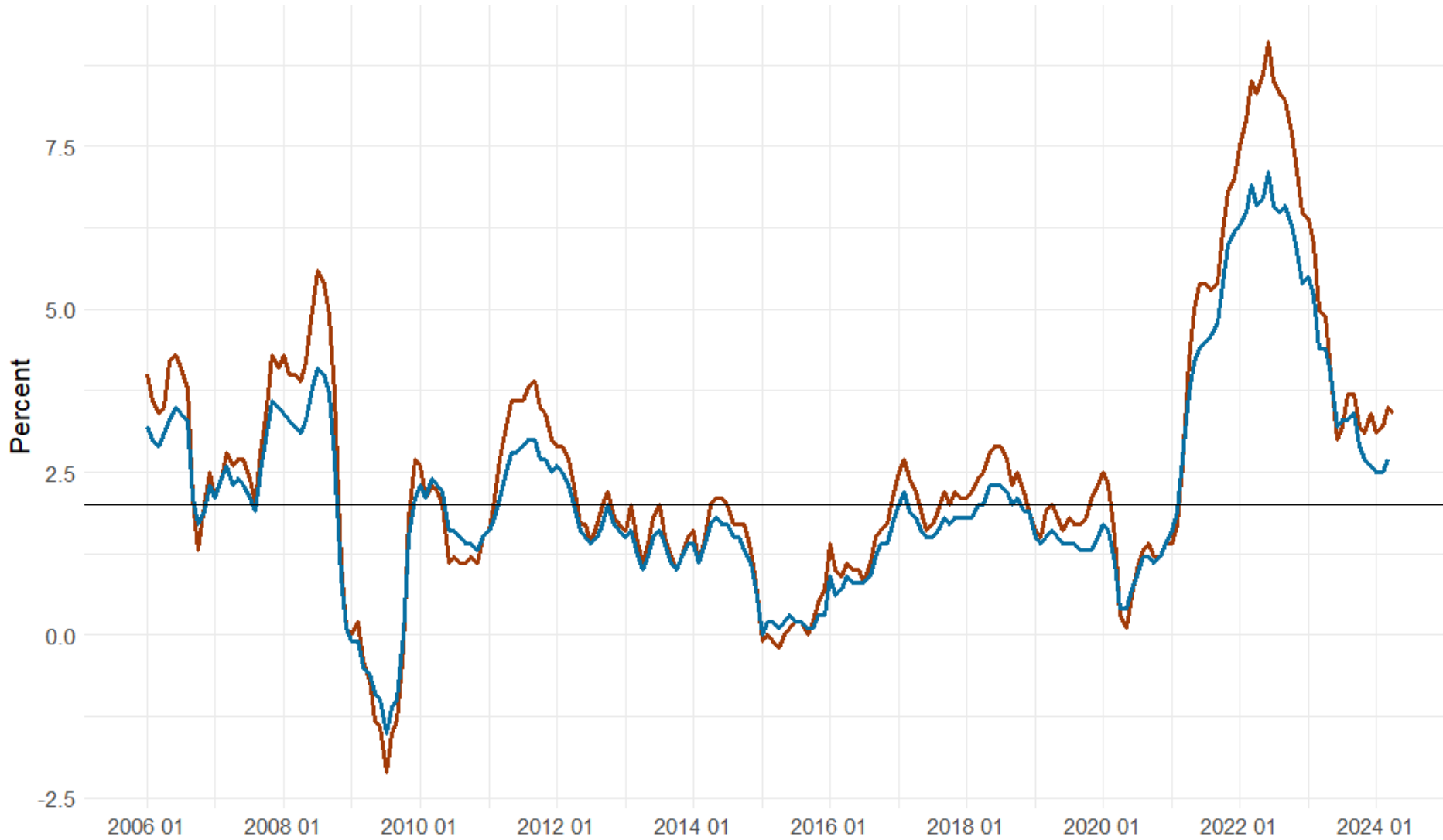
All dollars reported in 2022 inflation adjusted values.

Reference bands reflect the margin of error around ACS estimates.

Wages have increased sharply over the past two-plus years, but higher inflation has flattened out recent gains

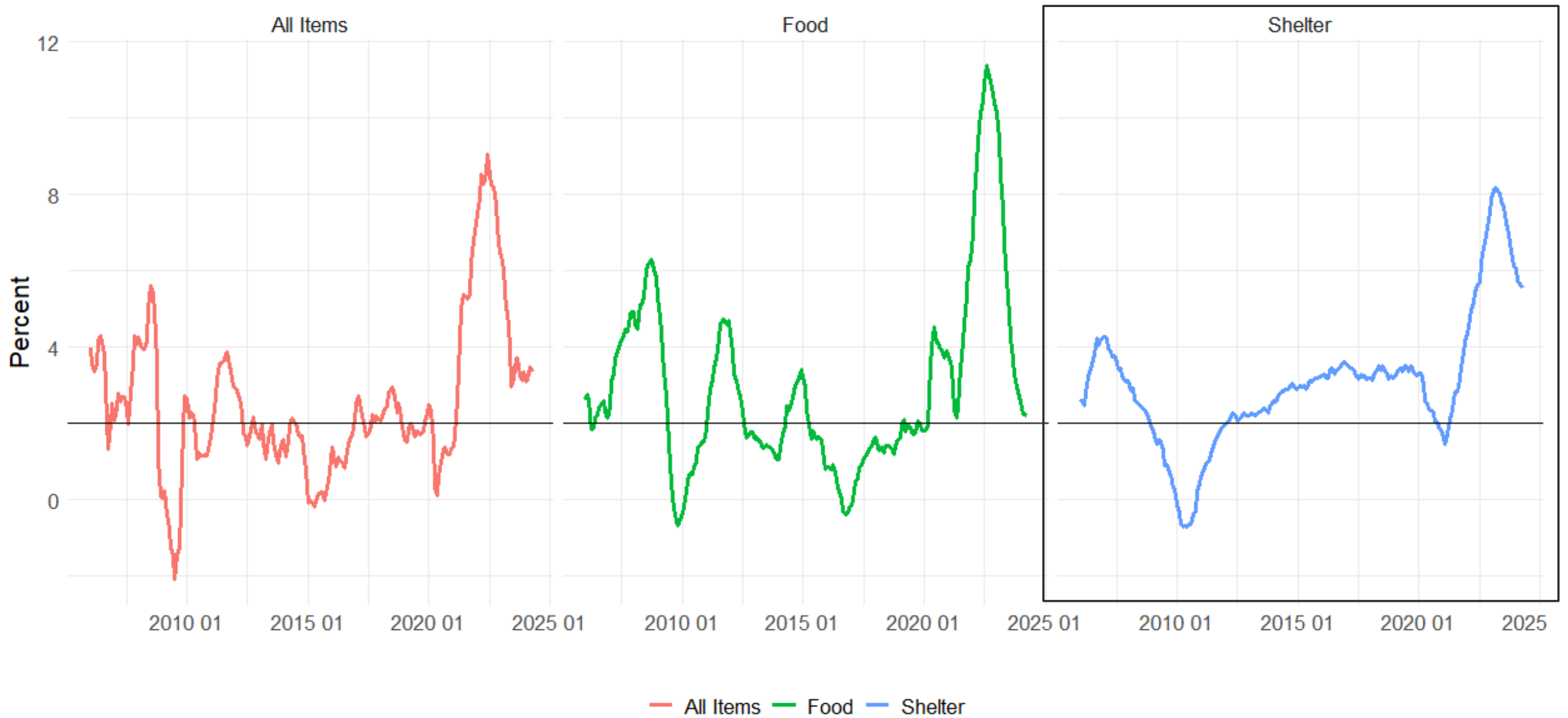


Measures of Inflation, Year-Over-Year Percent Change



— CPI All Items, 1982-84=100 — PCE Price Index, 2017 = 100, seasonally adjusted

Consumer Price Index - U.S. All Urban Not Seasonally Adjusted



Challenges and Opportunities

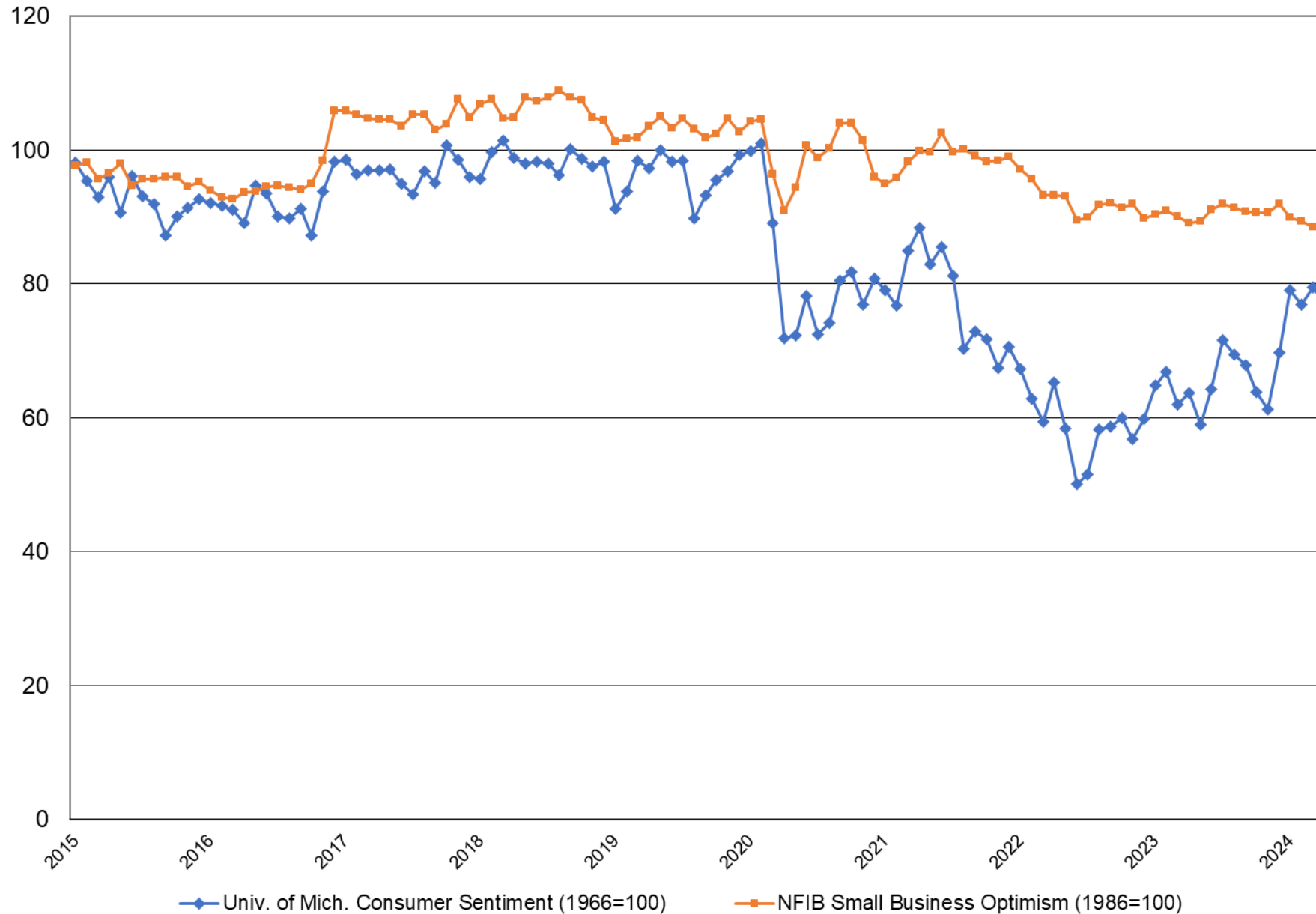
Key CEFC Forecast Assumptions & Future Considerations

Feb. 1 report of the Consensus Economic Forecasting Commission

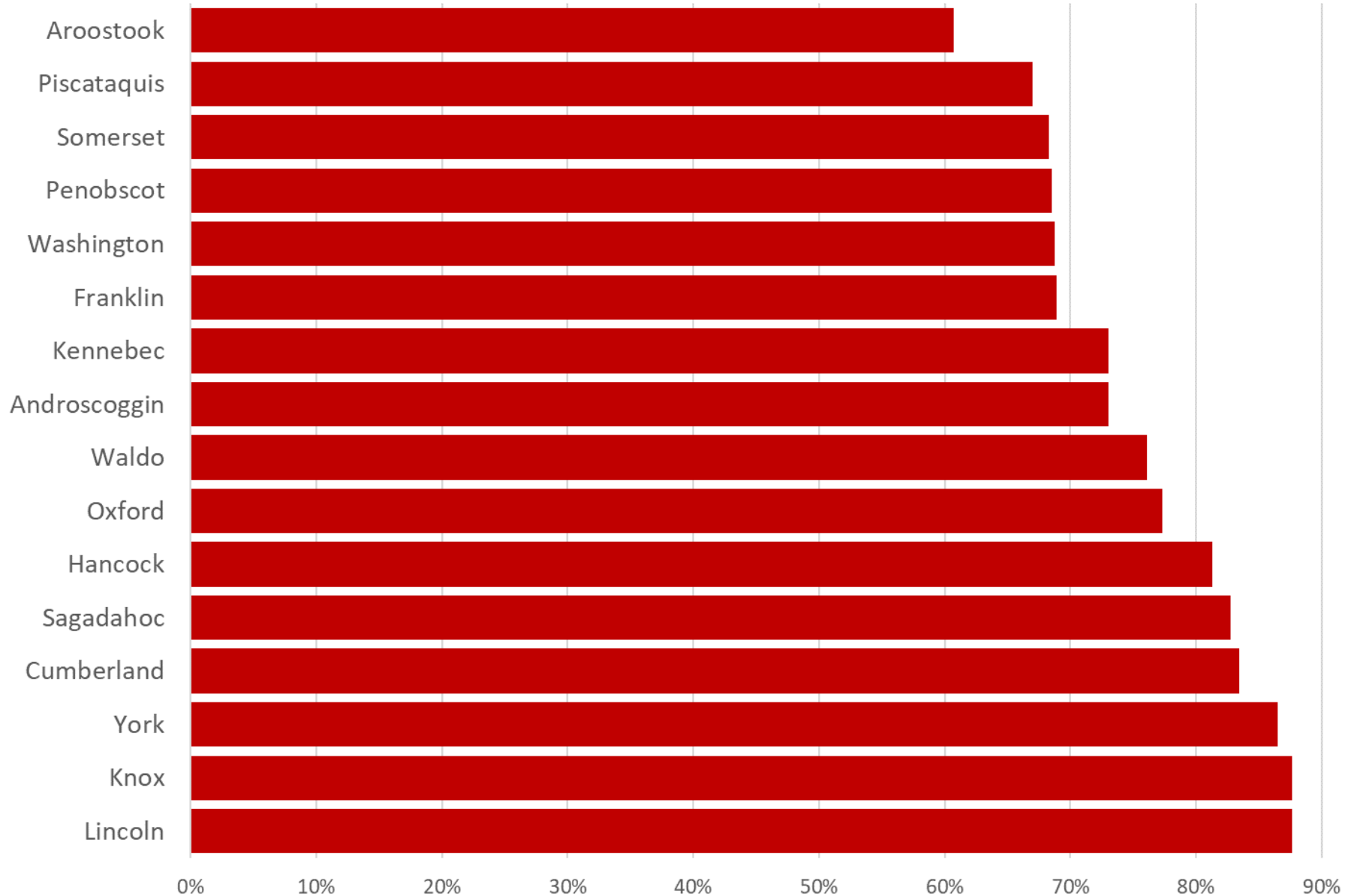
- CEFC continued to recognize ongoing uncertainty in economic conditions in the near-term but does not anticipate a recession in its forecast
- While Maine is expected to continue seeing higher in-migration of working-age people in the coming years, this may not be sufficient to fully offset retirements in the future
- The Federal Reserve is expected to continue pursuing policies that will constrain inflation to its target level
- Demographic changes and global geopolitical tensions were among the key risks to continued economic growth
- The CEFC also had conversations concerning potential future risks posed by skill shortages and emotional strains on workers in the healthcare sector, and by impacts of climate change

Calendar Years	2022	2023	2024	2025	2026	2027	2028	2029
Wage & Salary Employment (Annual Percentage Change)								
CEFC Forecast 11/2023	2.4	1.2	0.8	0.4	0.2	0.1	-	-
CEFC Forecast 02/2024	2.4	1.8	0.8	0.4	0.2	0.1	0.1	0.1
Personal Income (Annual Percentage Change)								
CEFC Forecast 11/2023	3.9	5.9	4.5	4.3	4.4	4.4	-	-
CEFC Forecast 02/2024	3.9	5.1	4.7	4.4	4.3	4.2	4.2	4.2
Wage and Salary Income (Annual Percentage Change)								
CEFC Forecast 11/2023	8.5	7.5	5.0	4.0	4.3	4.3	-	-
CEFC Forecast 02/2024	8.5	6.1	5.0	4.0	4.0	4.0	4.0	4.0
CPI (Annual Percentage Change)								
CEFC Forecast 11/2023	8.0	4.1	3.2	2.7	2.7	2.7	-	-
CEFC Forecast 02/2024	8.0	4.1	2.7	2.4	2.3	2.2	2.2	2.2

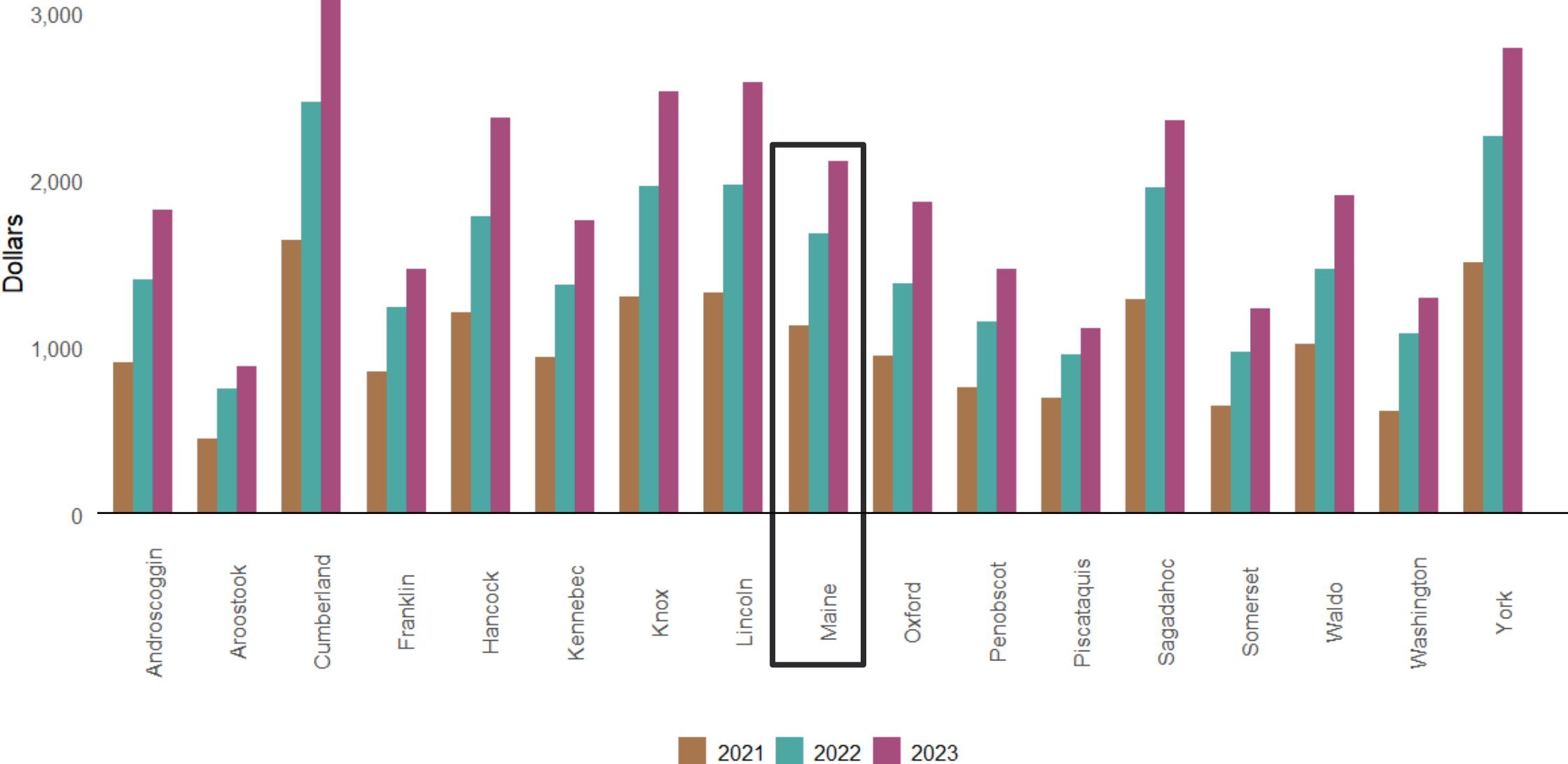
Consumer Sentiment and Small Business Optimism Indexes



Percent of Households Unable to Afford Median Home, 2023



Monthly Mortgage Payment at the Median Sales Price



Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price in each county
Principal and interest only.

What is my office thinking about?

- Will migration trends continue?
- How will demographic trends impact the workforce?
- Role of remote/hybrid work
- Dependent care availability
- Housing affordability
- Role of new technology/AI

Contact Information

Megan Bailey

Senior Economic Analyst | Office of the State Economist
Department of Administrative and Financial Services

www.maine.gov/dafs/economist

megan.bailey@maine.gov