

Demographic and Economic Conditions in Maine

Leadership Maine

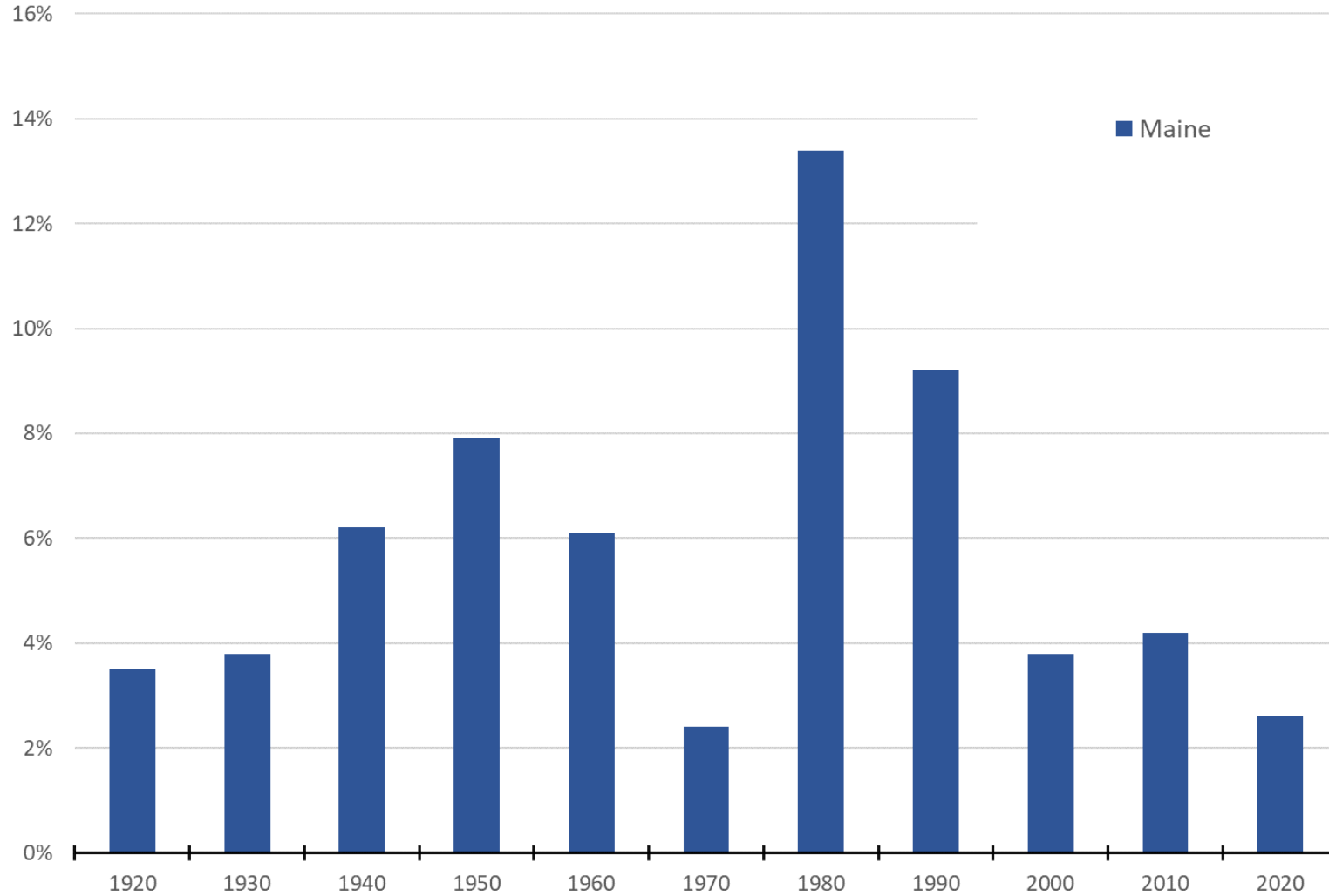
June 28, 2024

Amanda Rector (Pi Class)

Maine State Economist

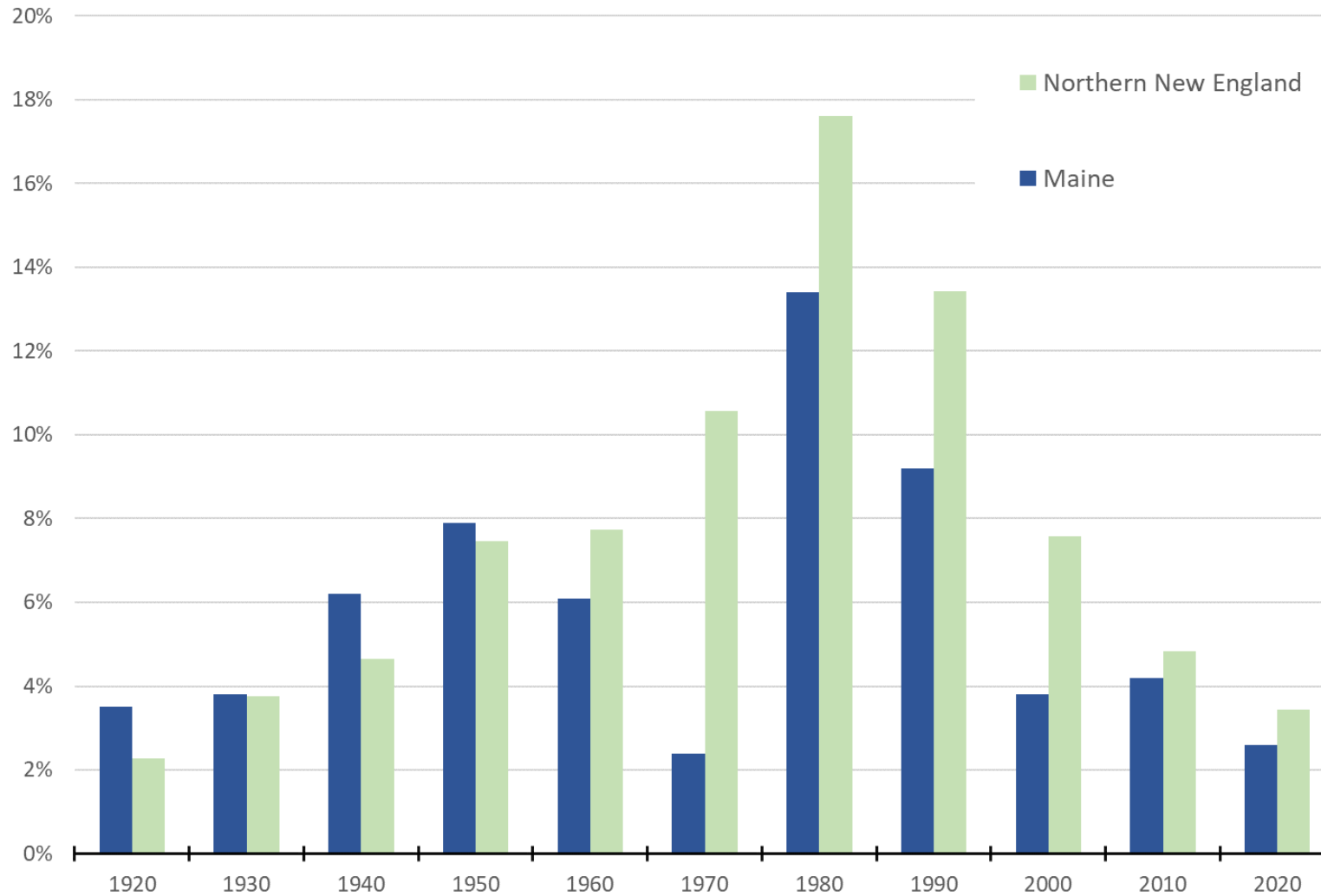
Population growth and components of change

Population Growth from Previous Decade



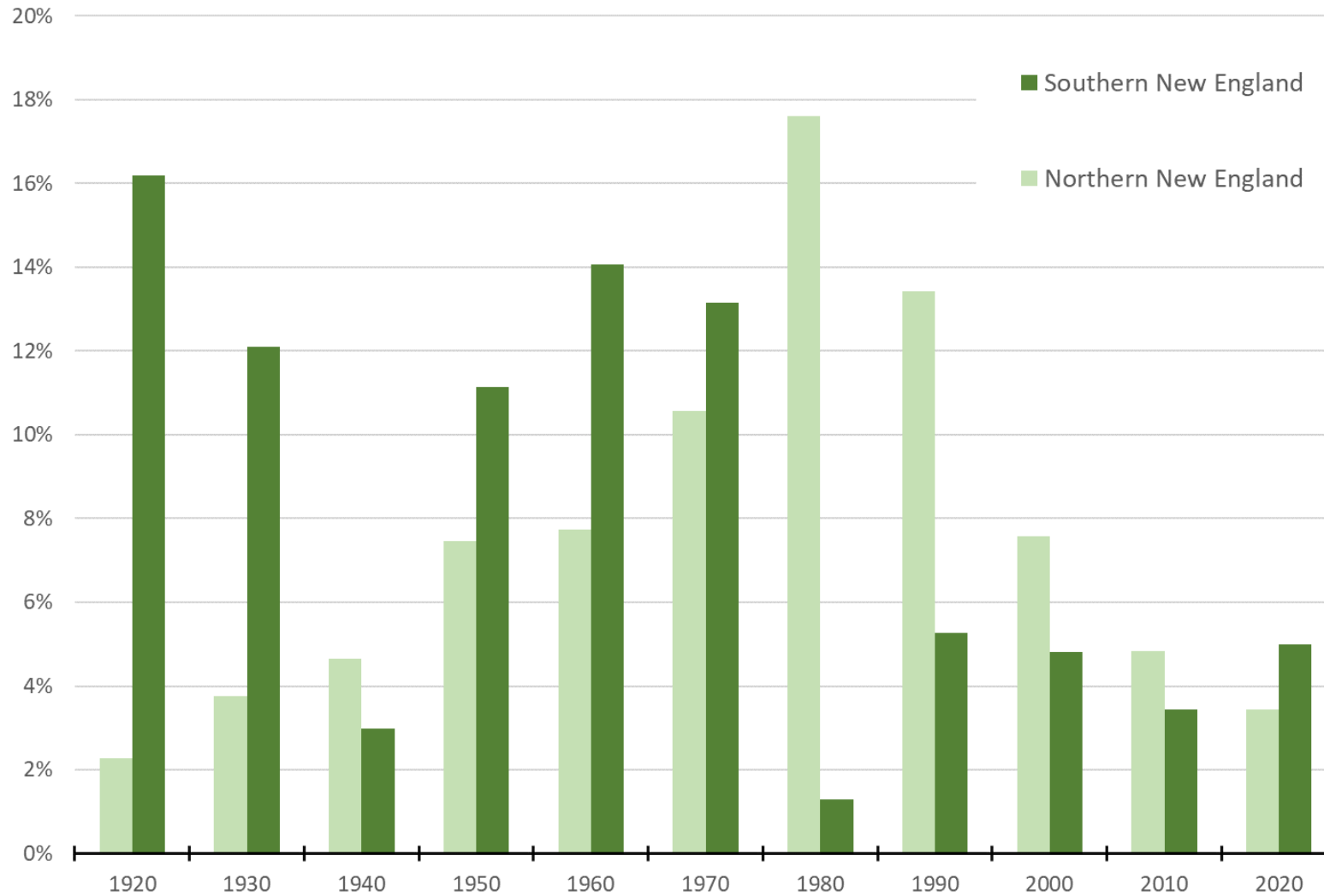
Maine population growth peaked during “back to the land” movement in the 1970s

Population Growth from Previous Decade

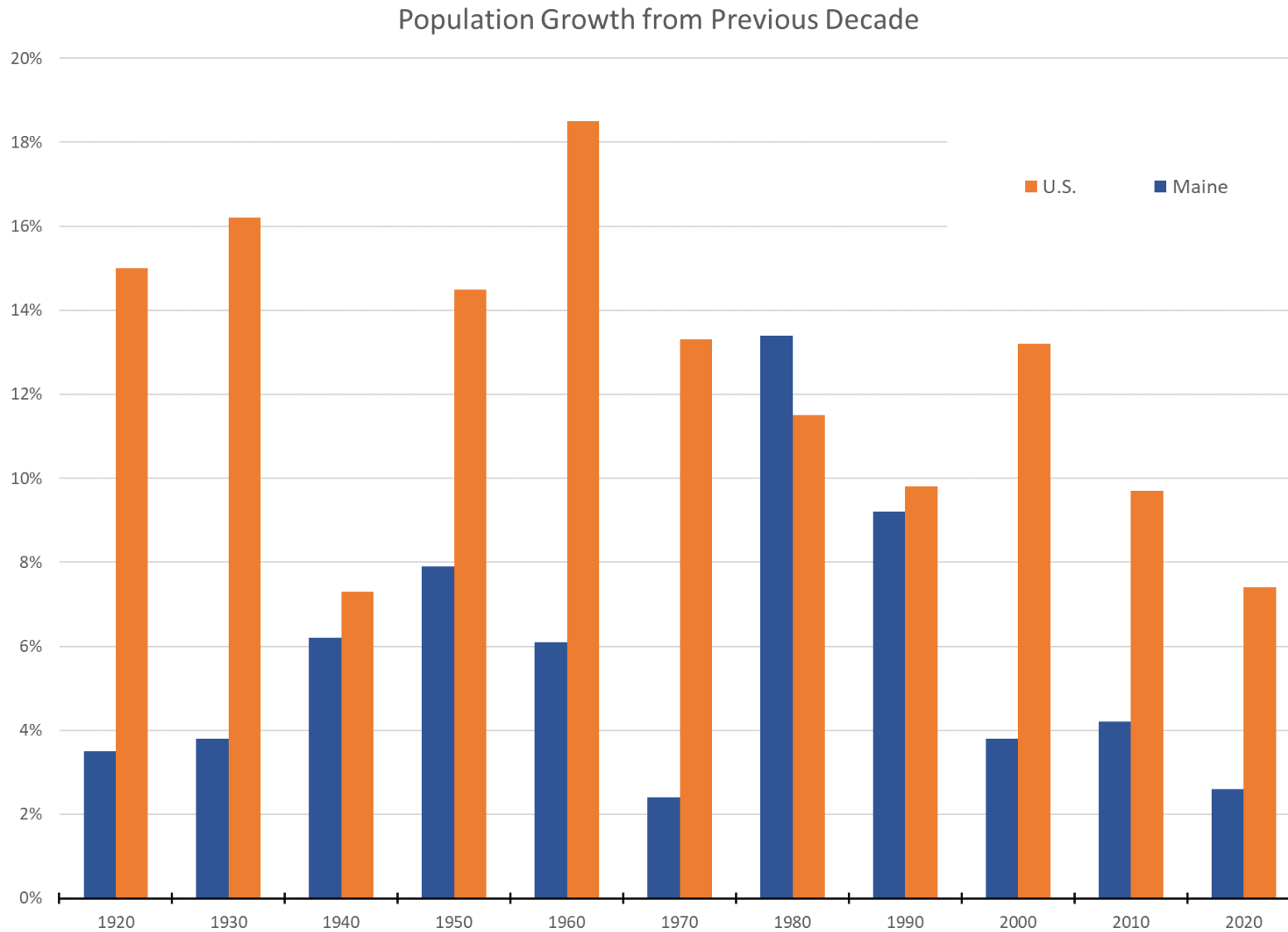


Maine and Northern New England have similar growth patterns, but where Maine was outpacing the region in 1920-1950, it lagged after that (especially in 1960s)

Population Growth from Previous Decade

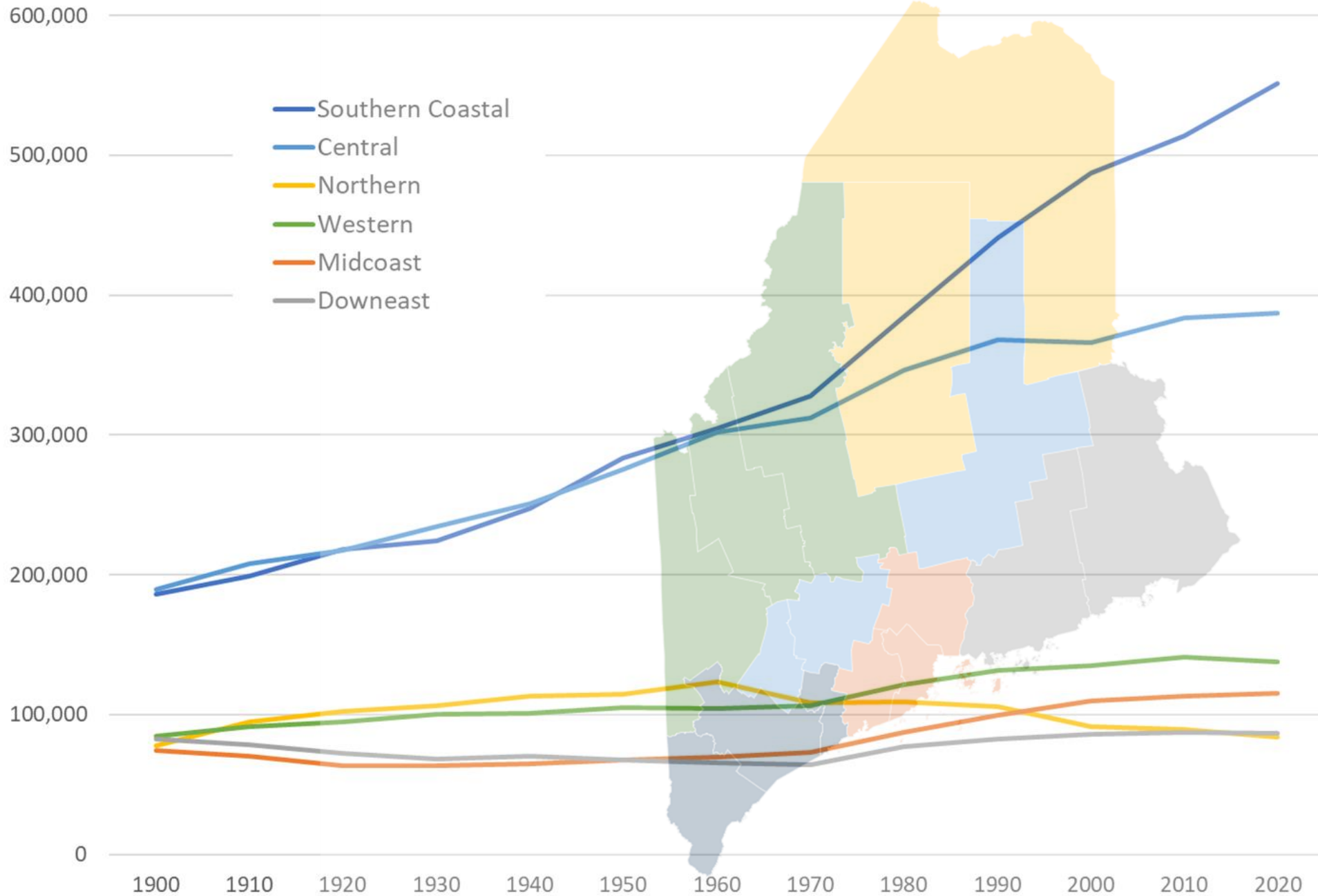


Southern New England outpaced Northern New England before 1970s – and then finally grew faster again in the 2010s, but growth rates have been much lower since 1980.

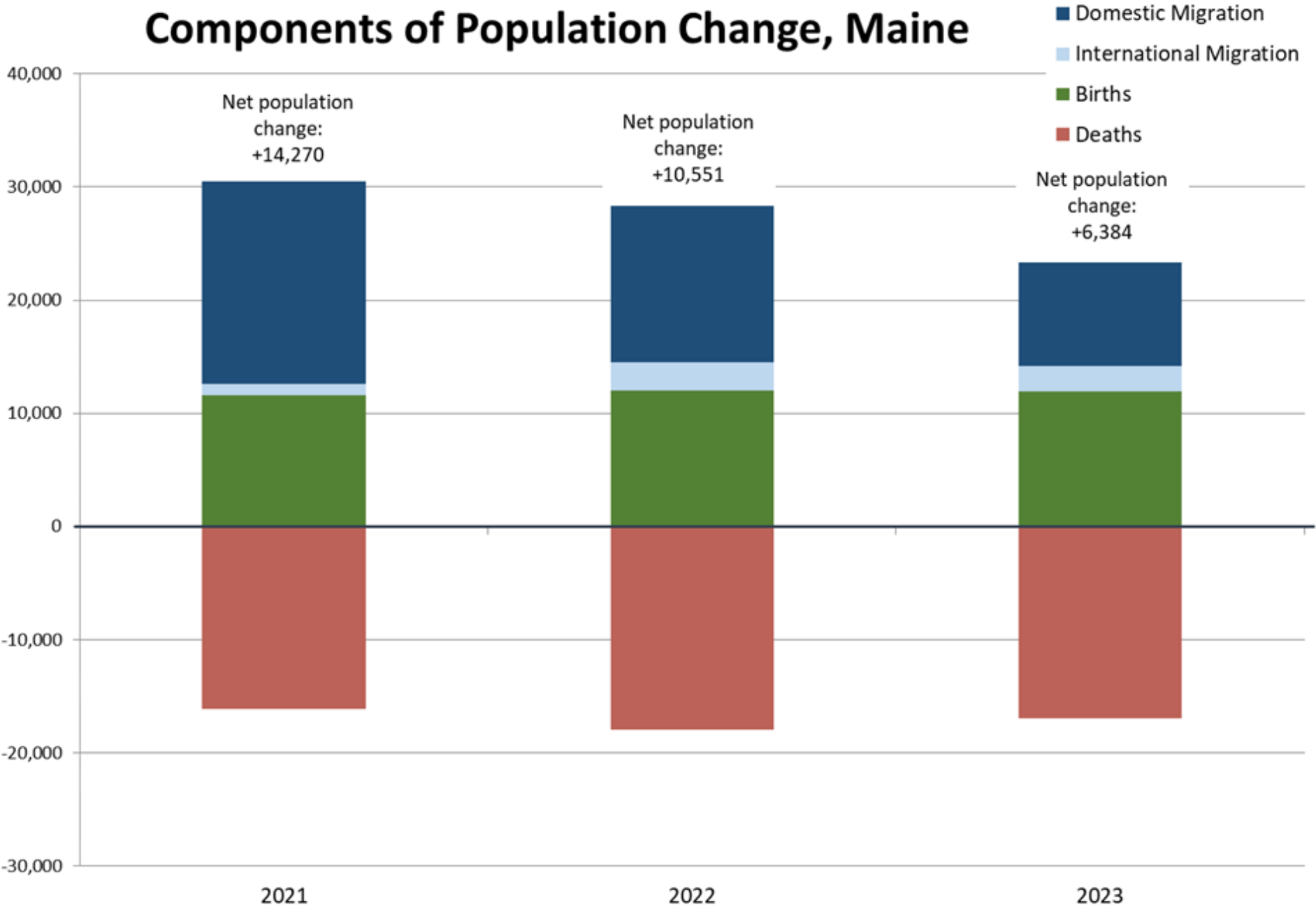


U.S. population growth has generally been faster than Maine, apart from 1980, but the growth in 2020 was the slowest since 1940.

Population by Region



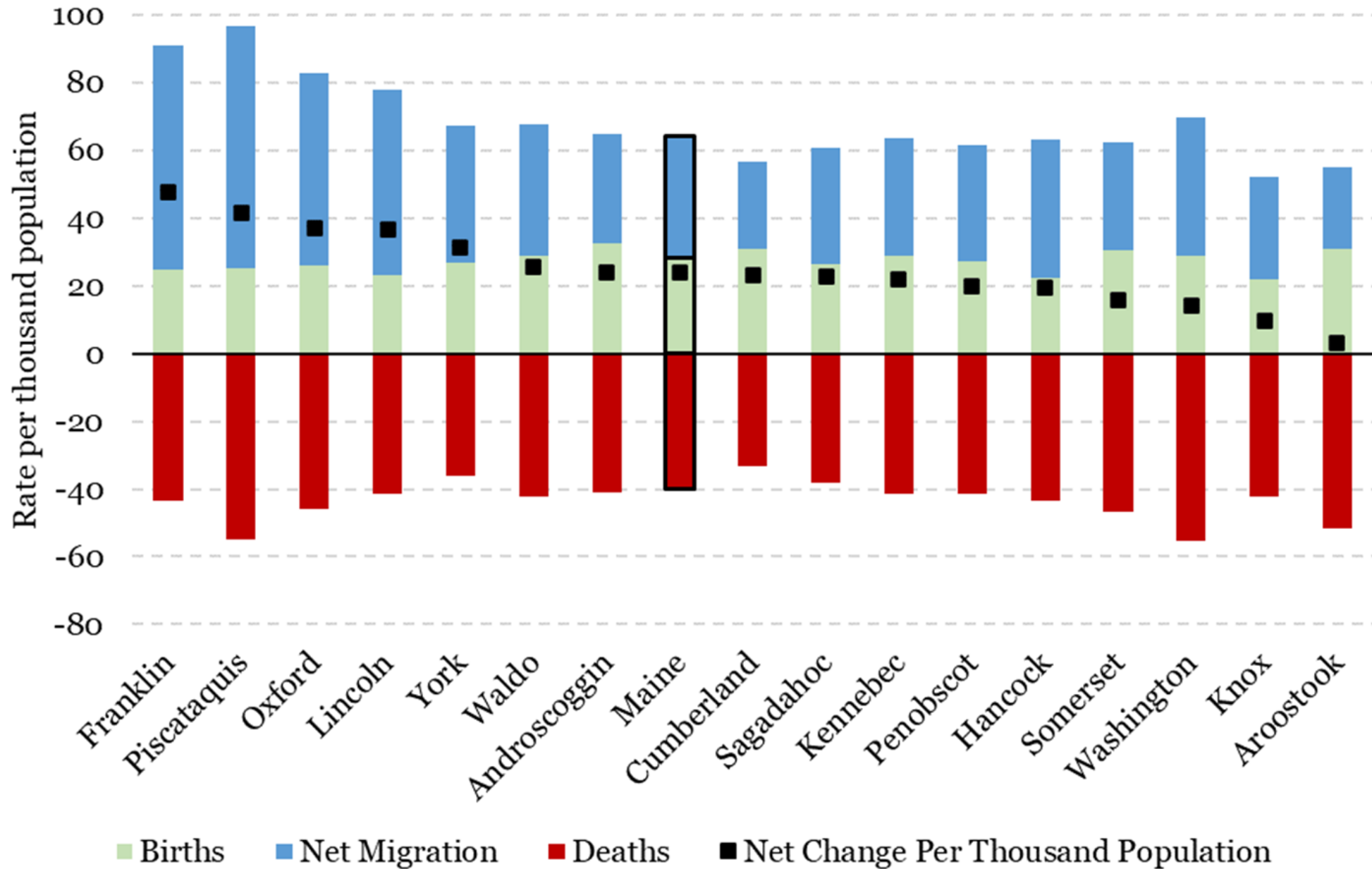
Components of Population Change, Maine



Source: U.S. Census Bureau, Population Estimates Program, 2023 vintage

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

Rate per thousand population

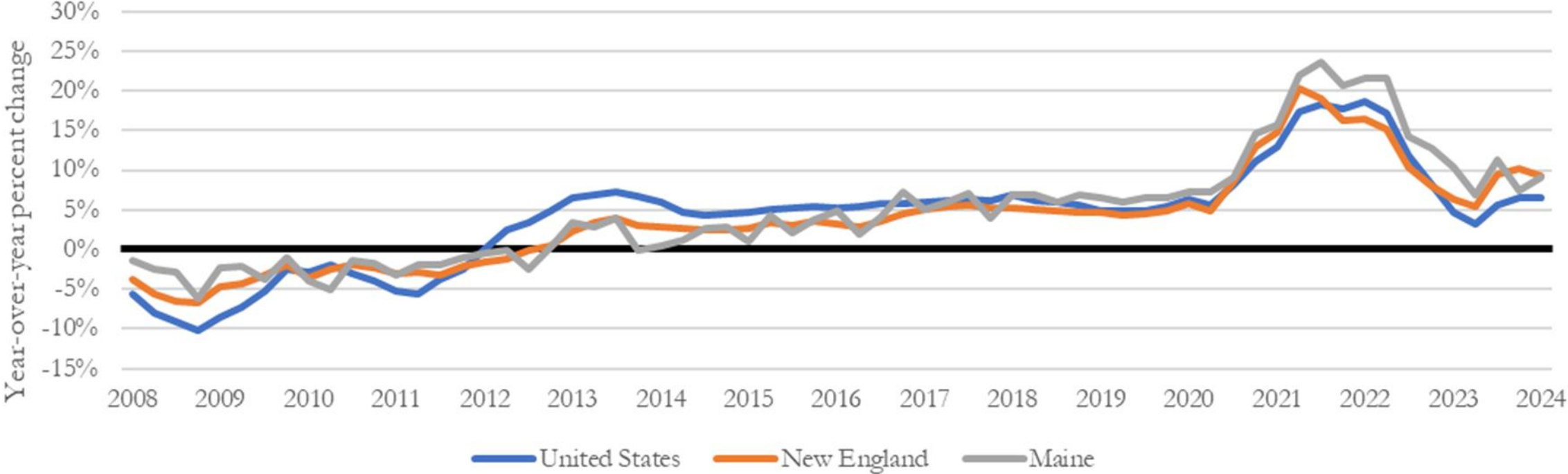


Housing

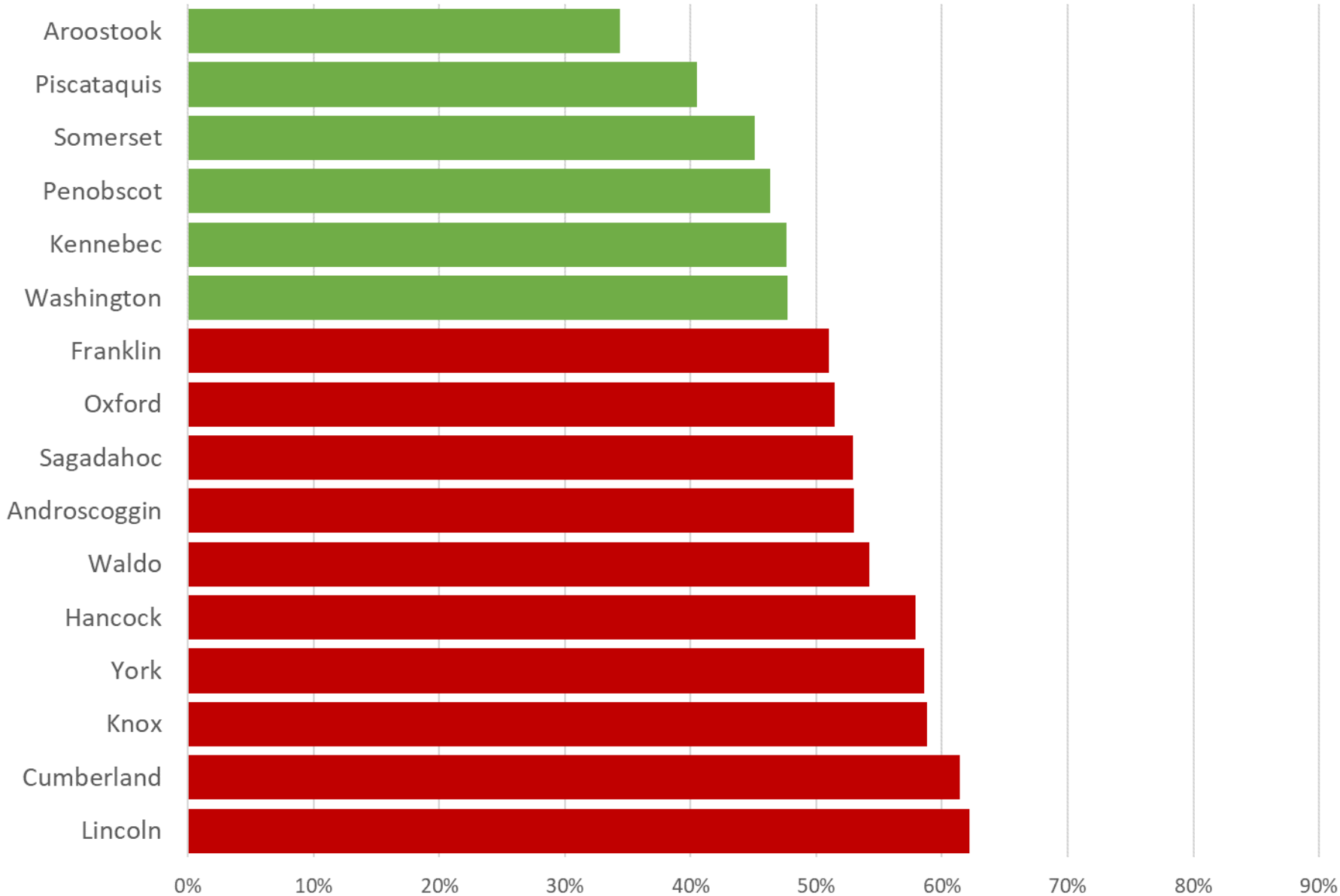


Migration into the state drove up demand for housing and further reduced the available supply; high mortgage rates locked people into existing homes

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

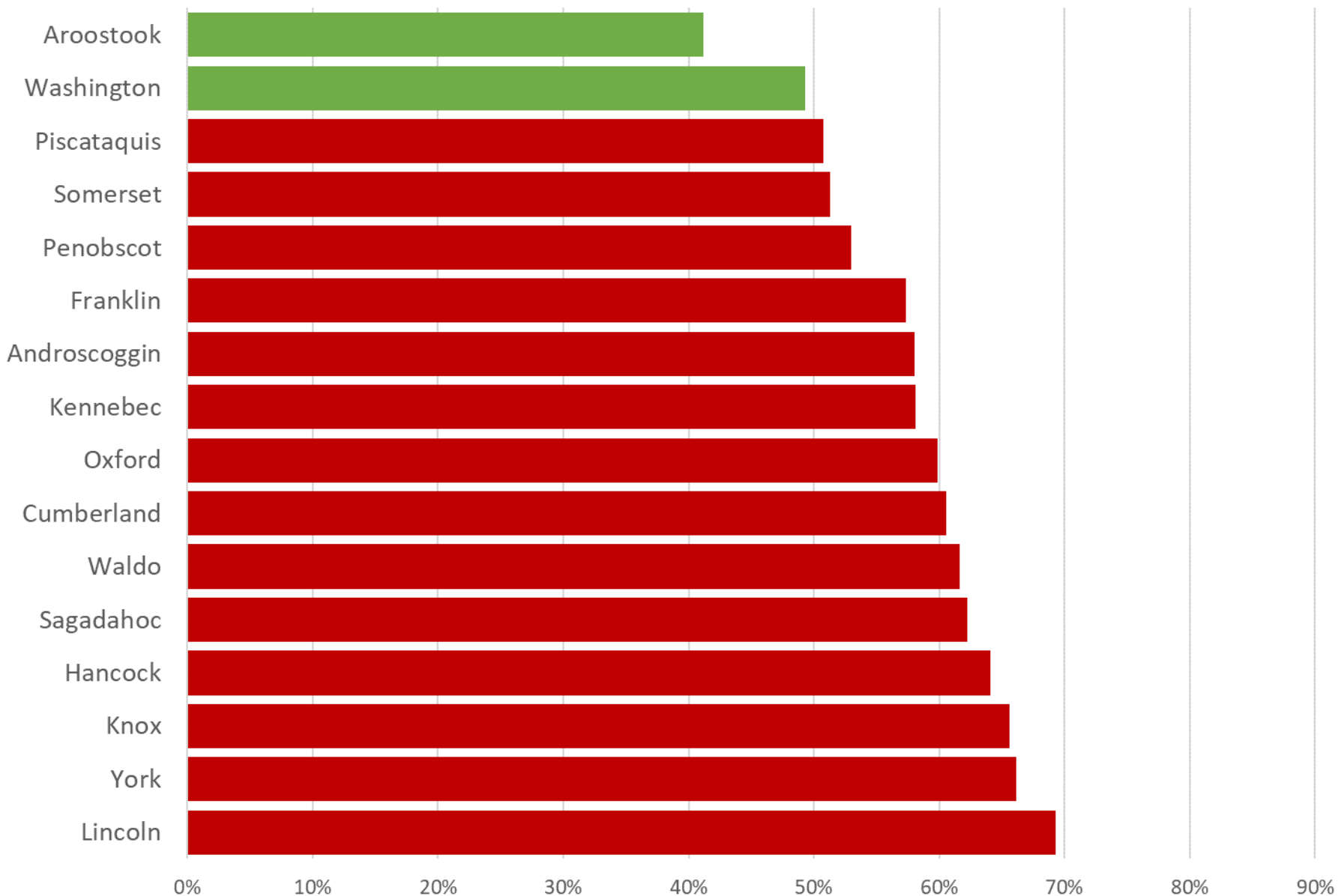


Percent of Households Unable to Afford Median Home, 2020



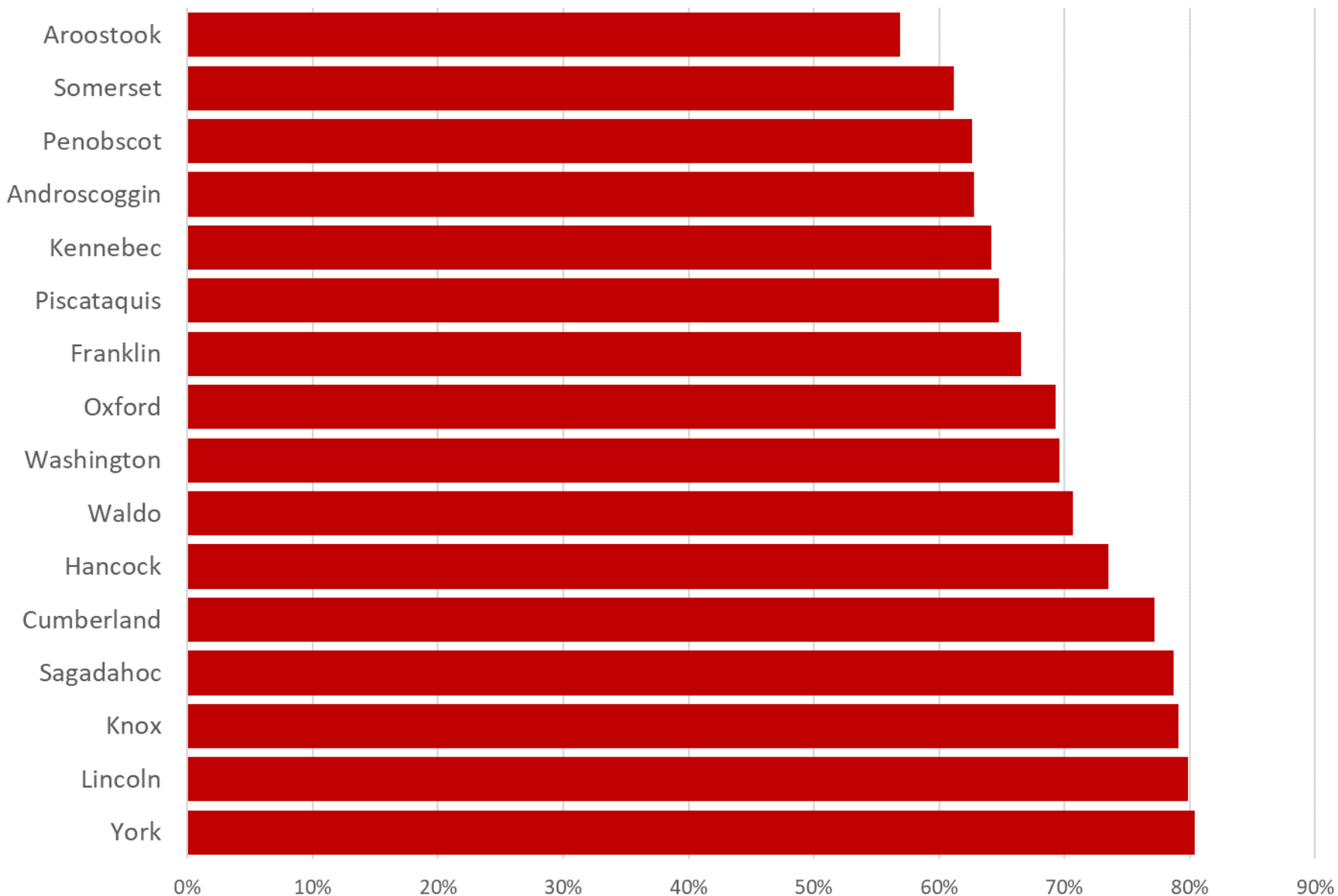
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Percent of Households Unable to Afford Median Home, 2021



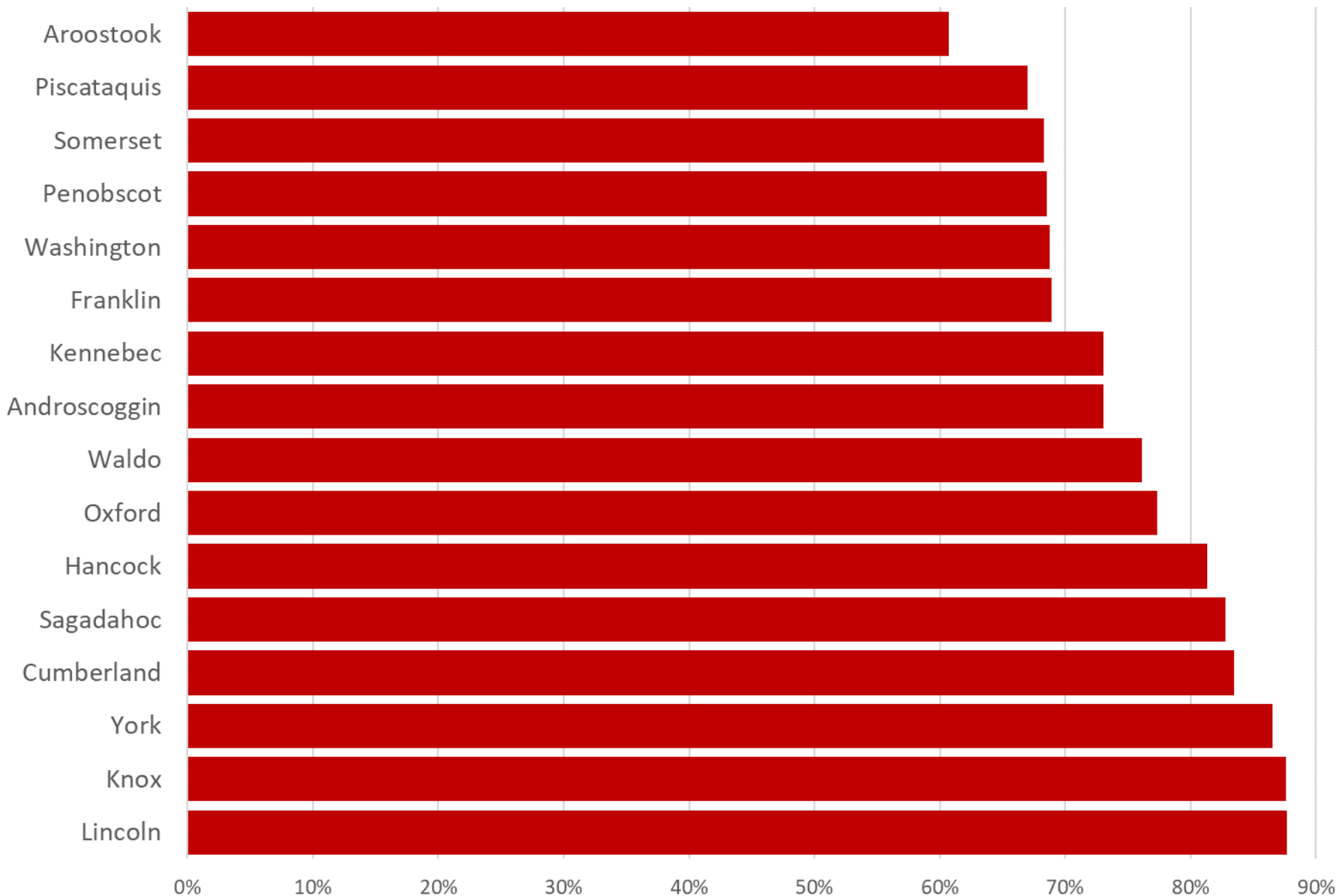
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Percent of Households Unable to Afford Median Home, 2022



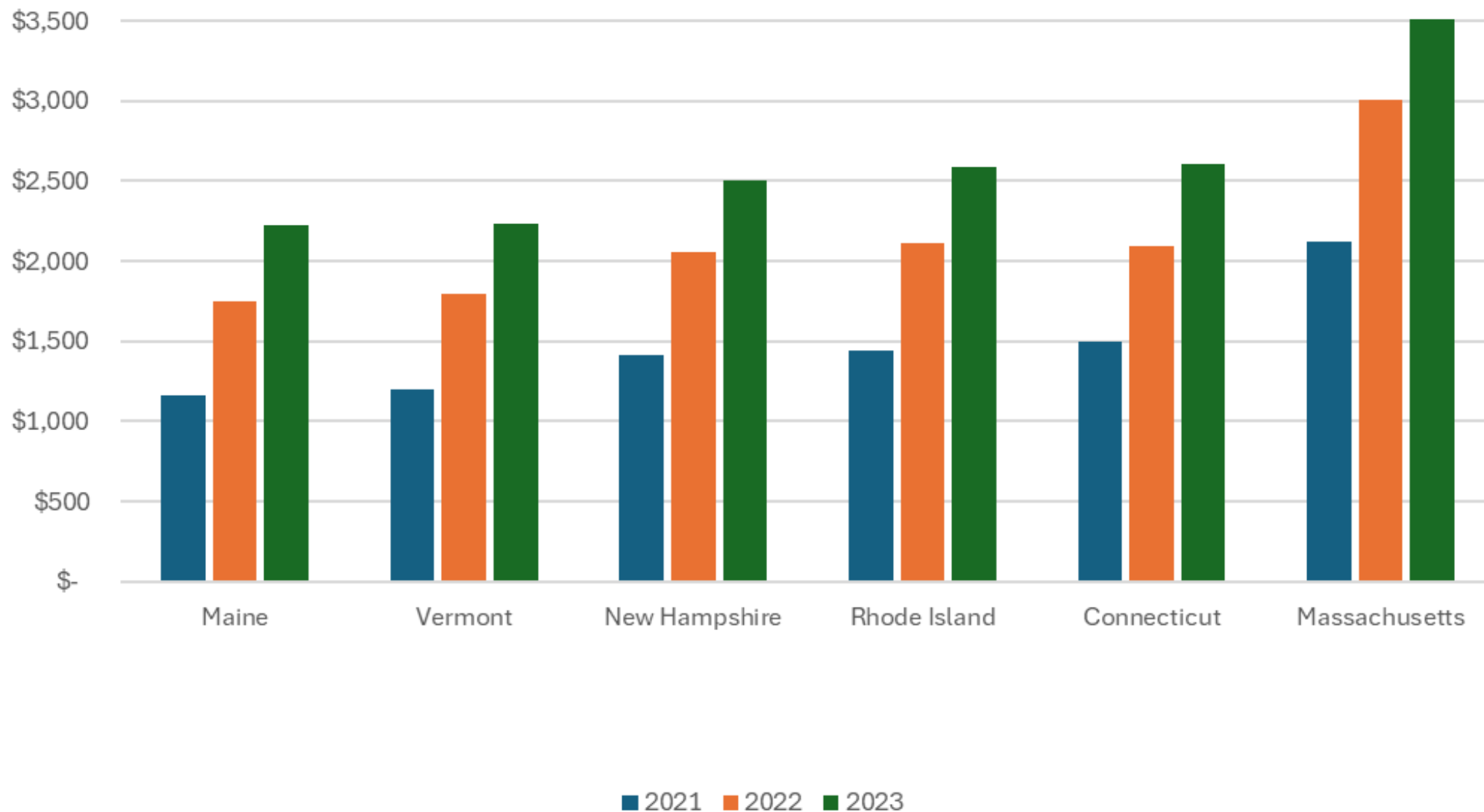
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Percent of Households Unable to Afford Median Home, 2023



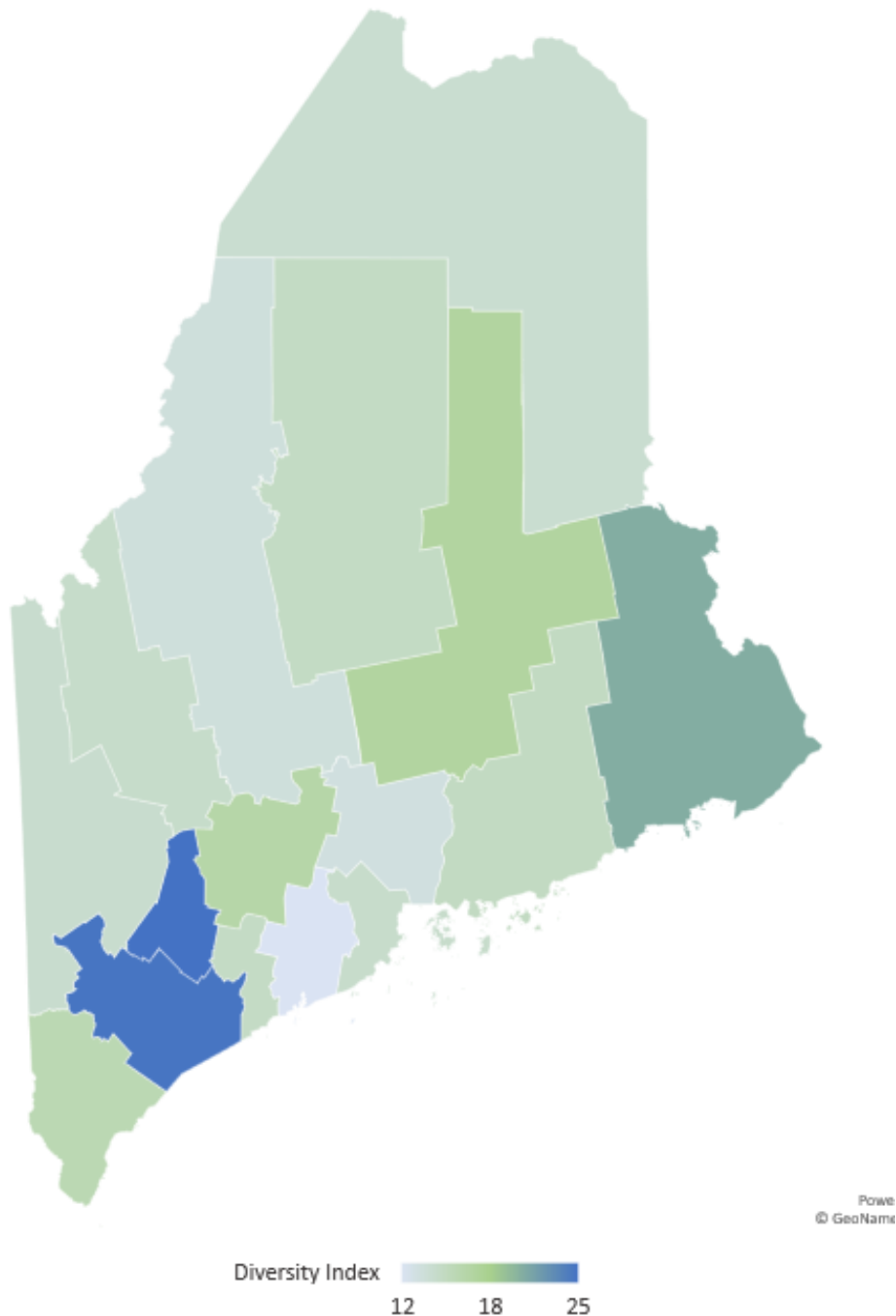
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Monthly Mortgage Payment at the Median Sales Price 2021-2023



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.

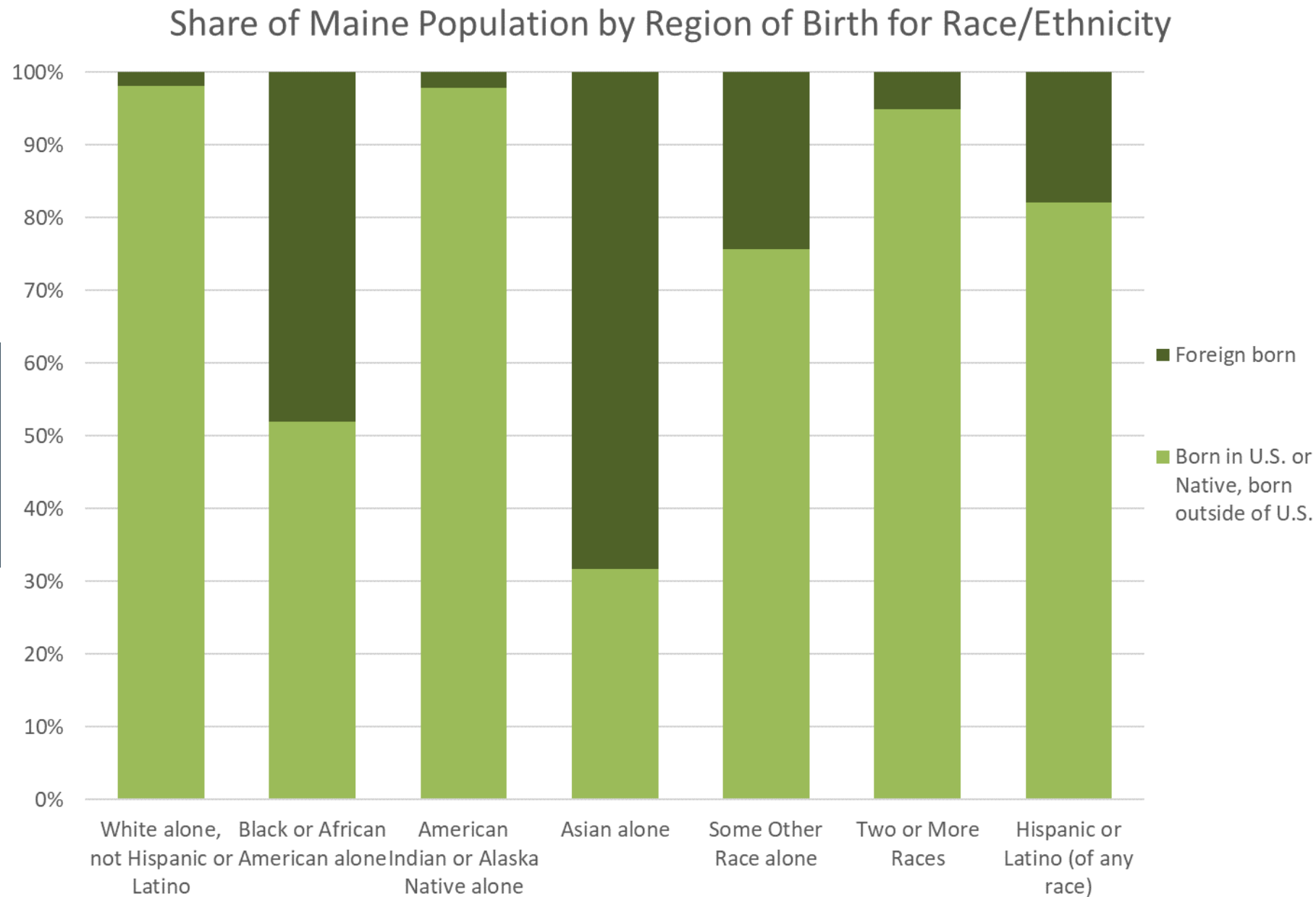
Demographics



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

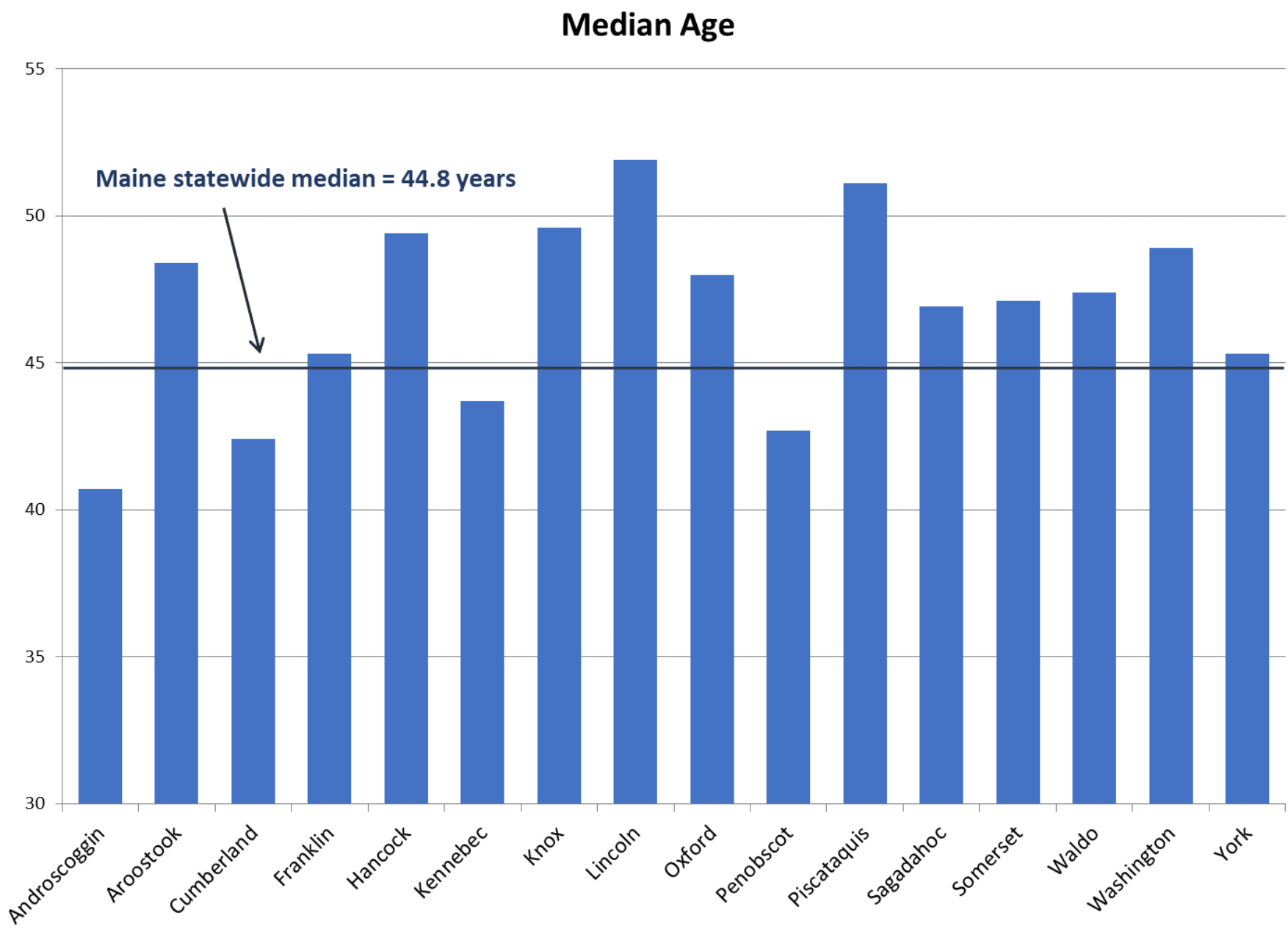
Race and/or ethnicity is not the same as place of birth



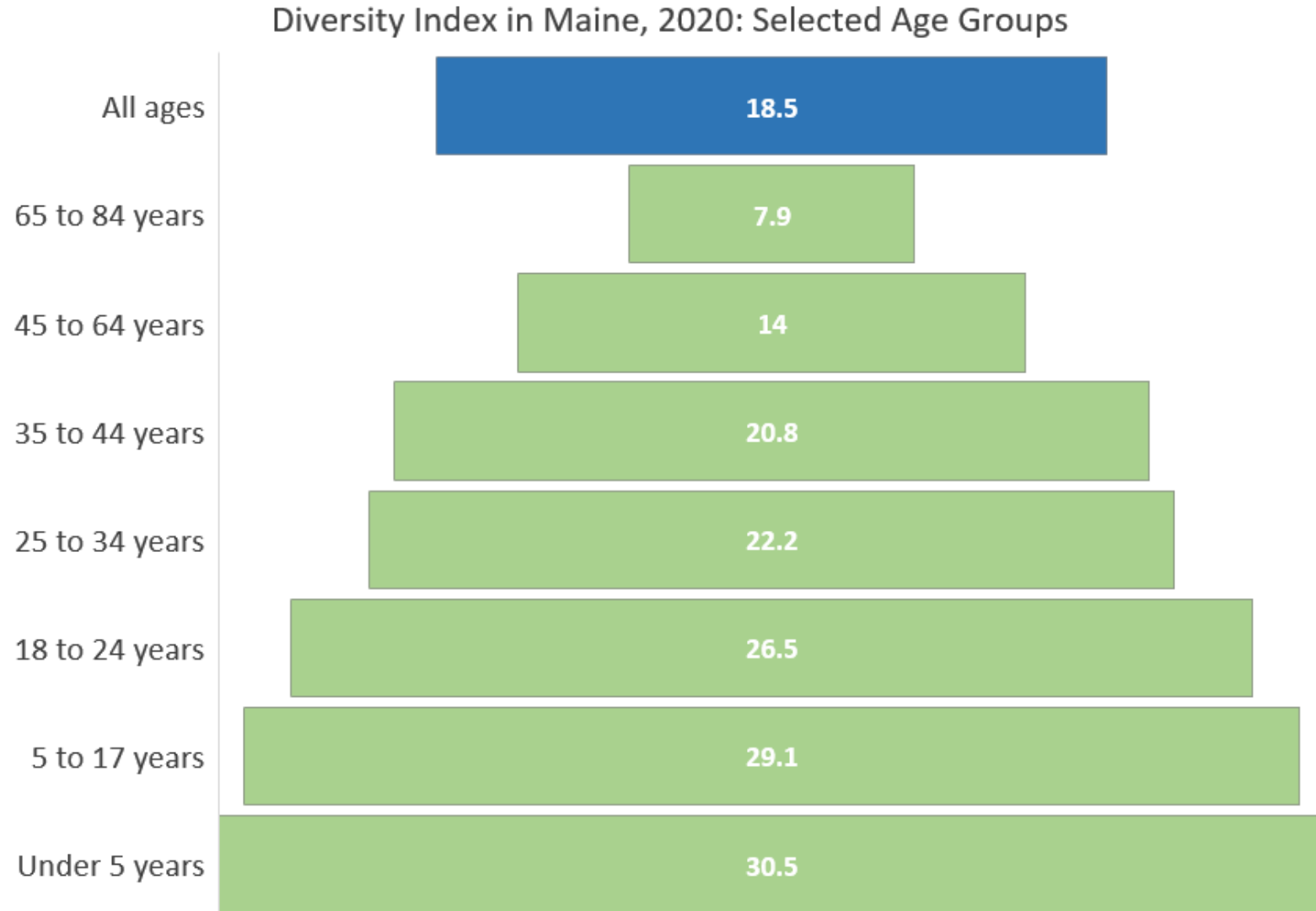
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (23.0%)

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



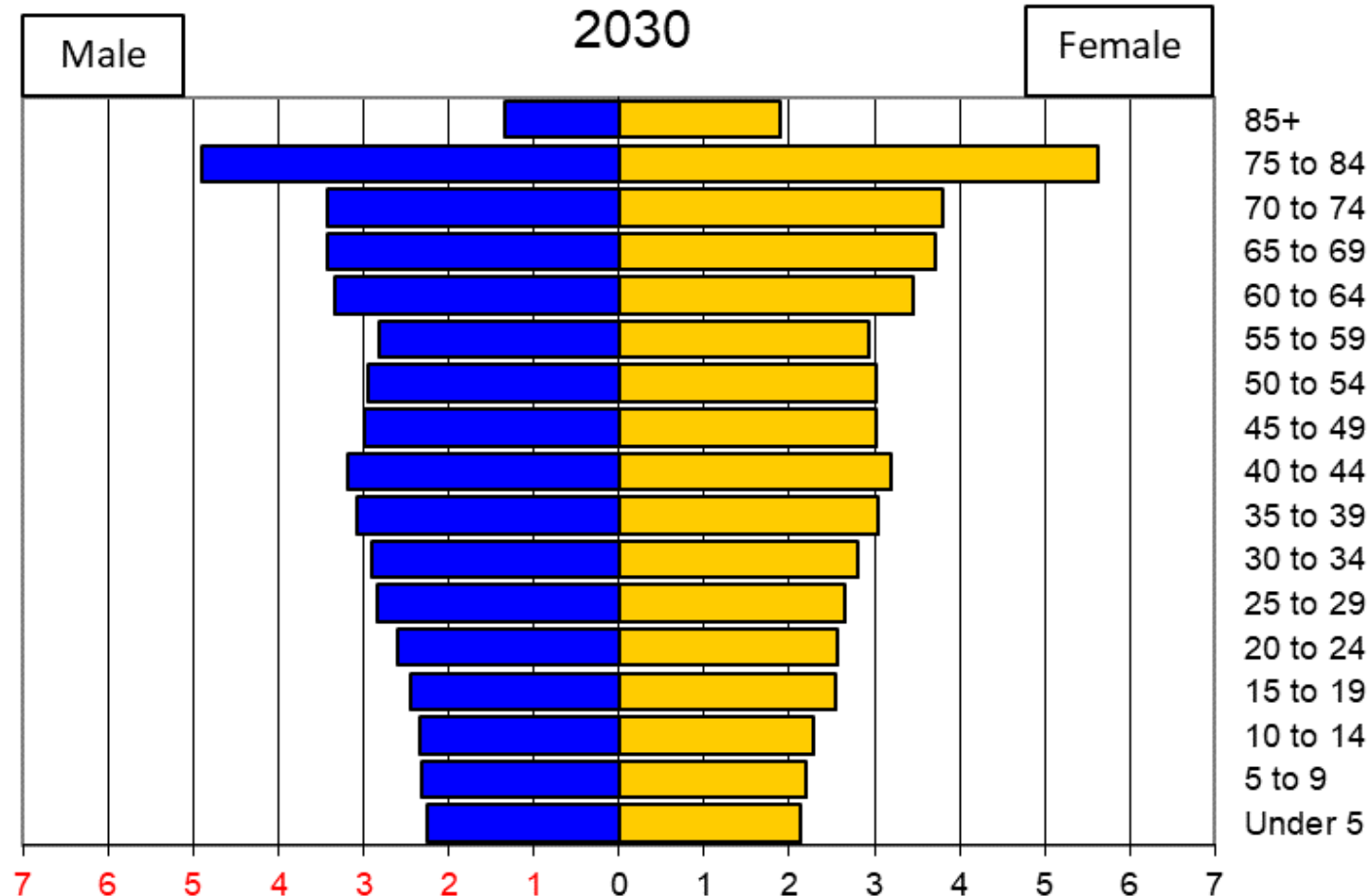
Younger generations in Maine are more diverse than older generations



The Baby Boom: 1946-1964

Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2023: age 59-77

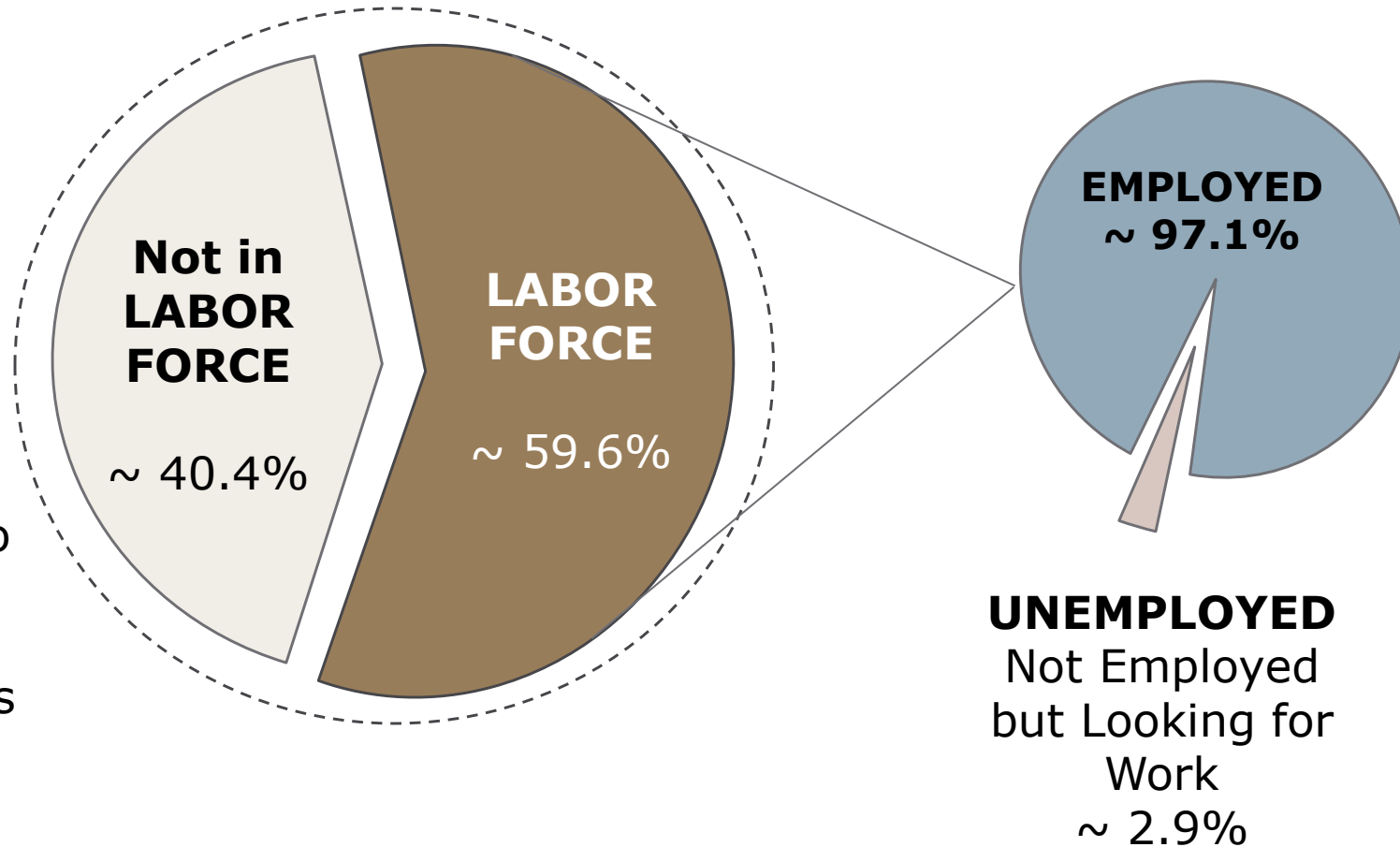


Workforce and Employment

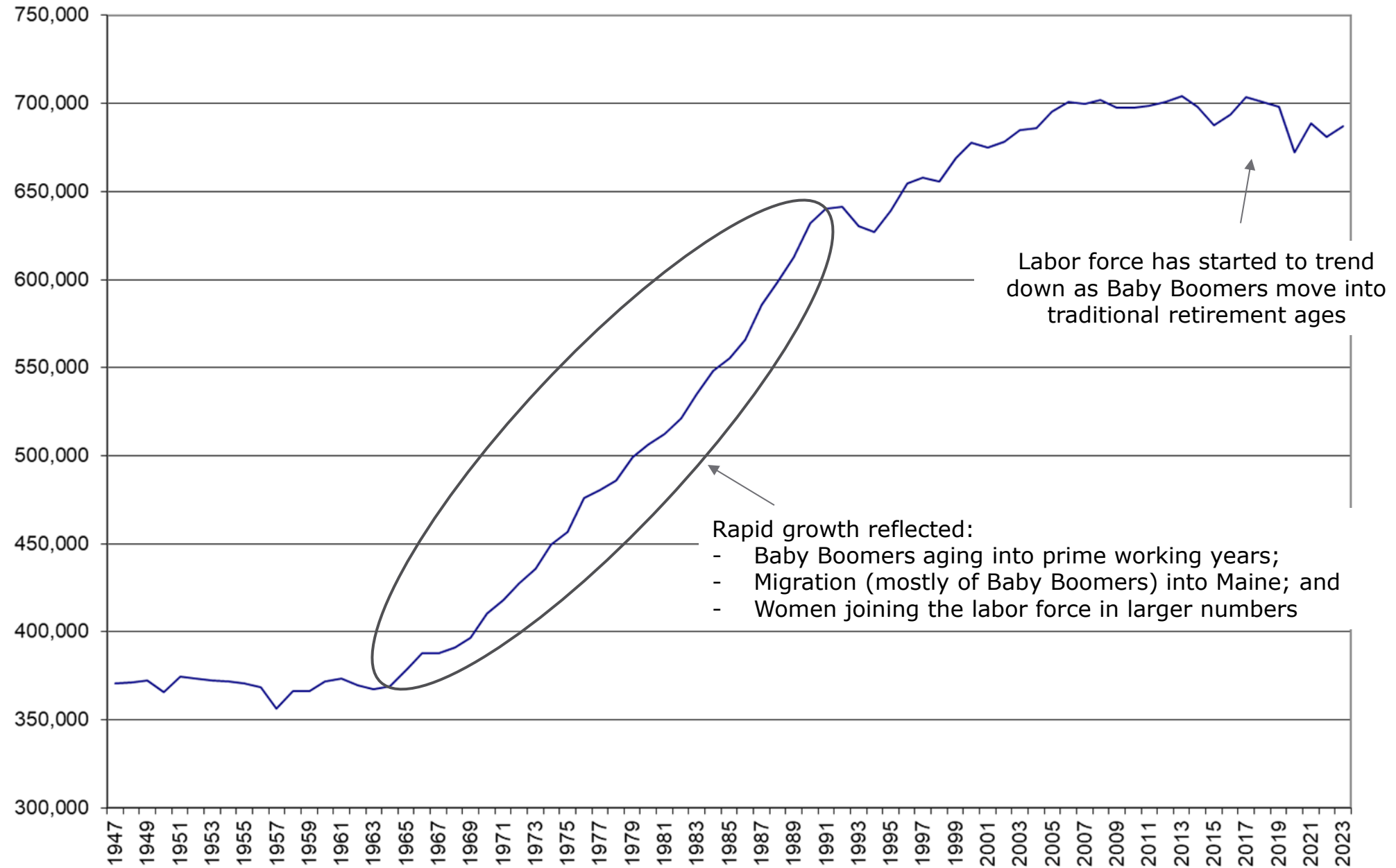
Who is in the labor force?

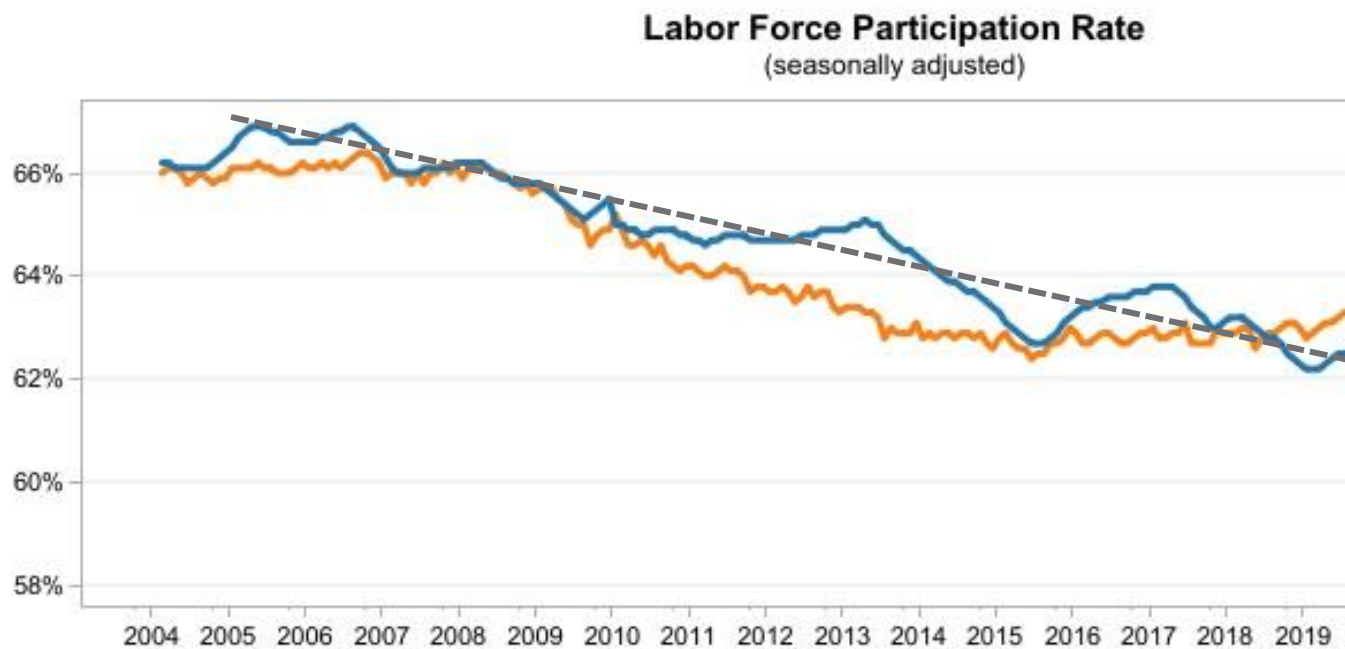
Civilian population, age 16+

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



Maine Civilian Labor Force



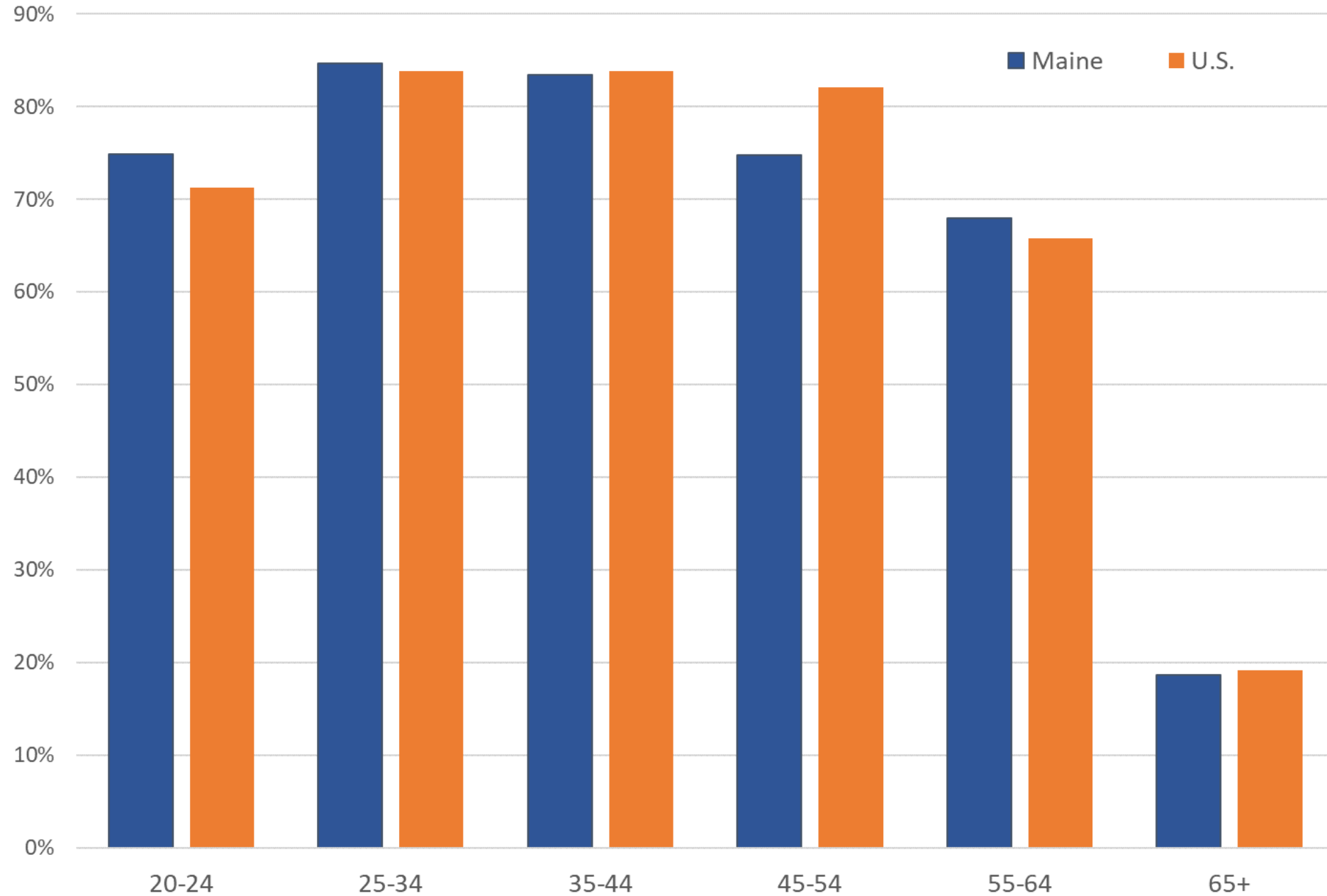


Apr, 2004 to May, 2024

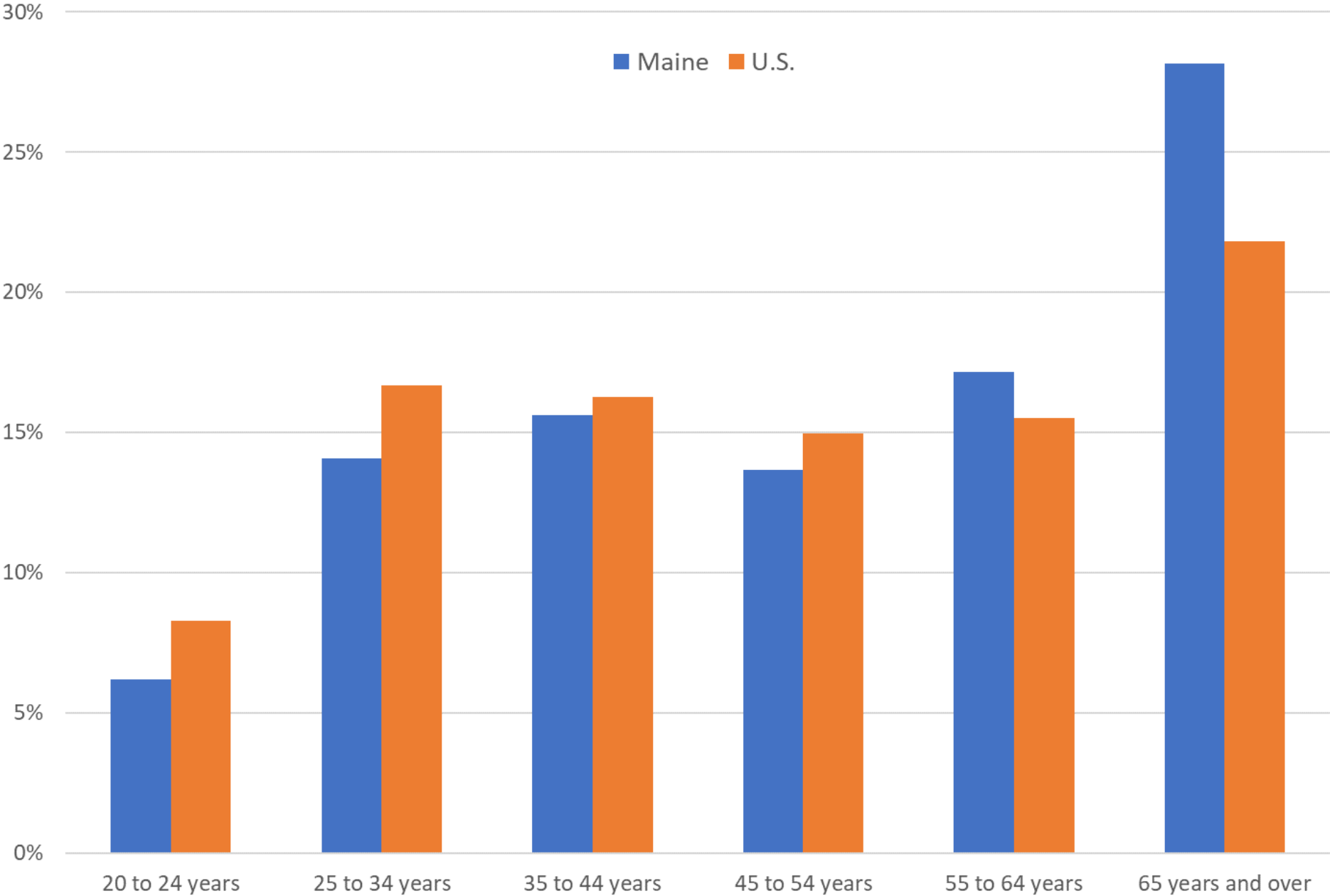
- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
- Employment to Population Ratio

■ Maine
■ United States

2023 Labor Force Participation Rate



Civilian Noninstitutional Population by Age, 2023



County Rates (not seasonally adjusted)

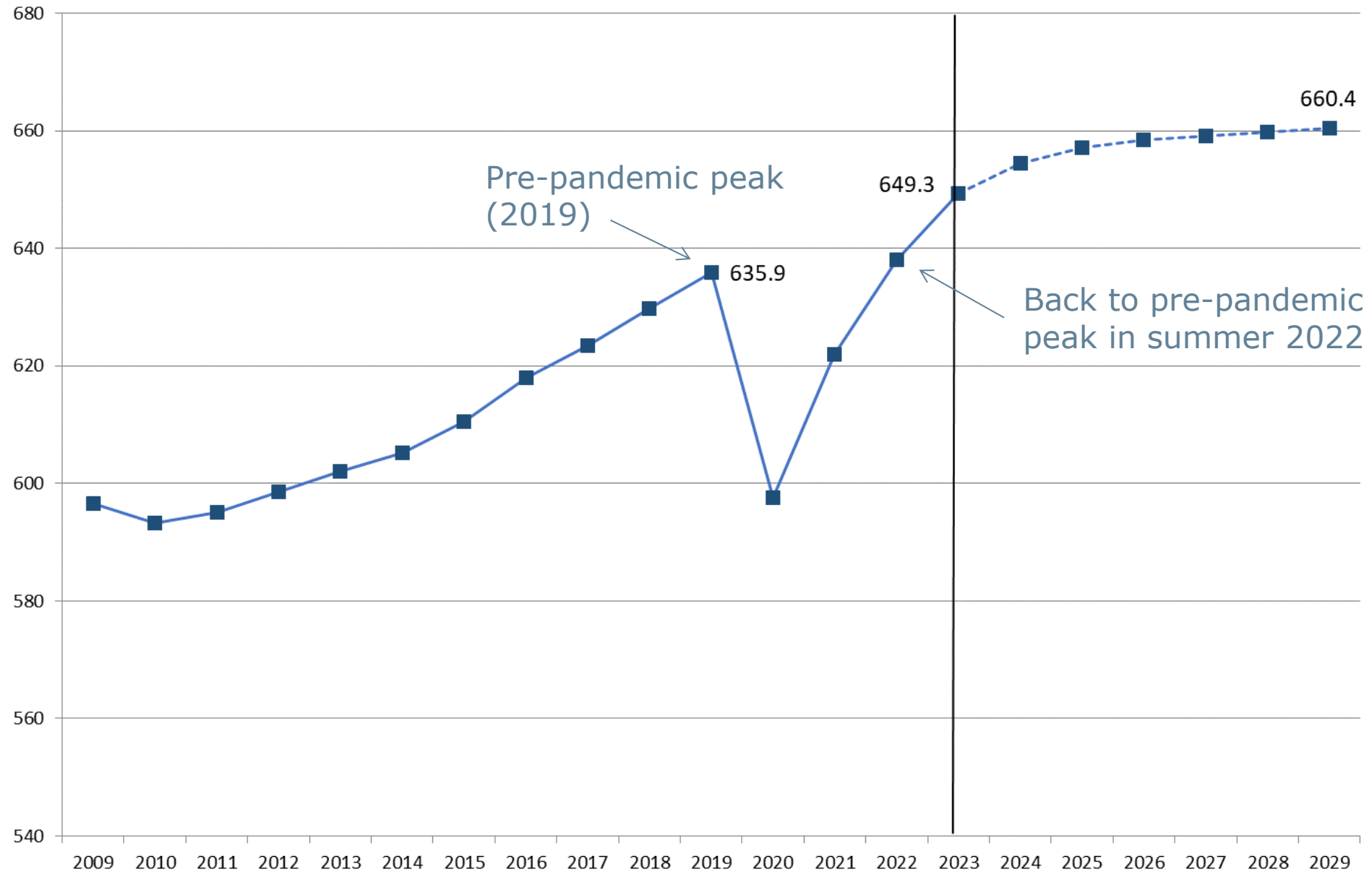


Maine’s 3.0% unemployment rate in May 2024 was close to recent record lows and little changed over the past eight months

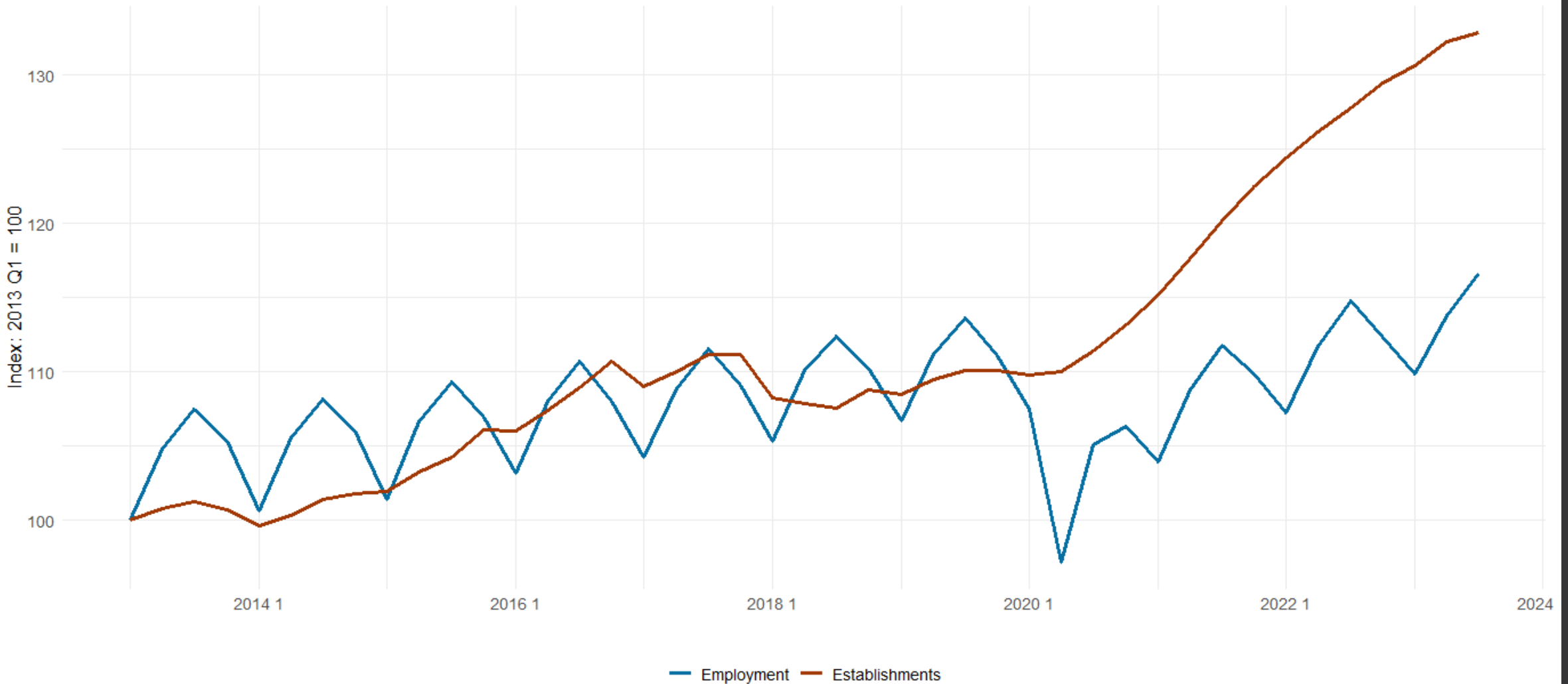
Unemployed Persons per Job Opening Ratio - Maine



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

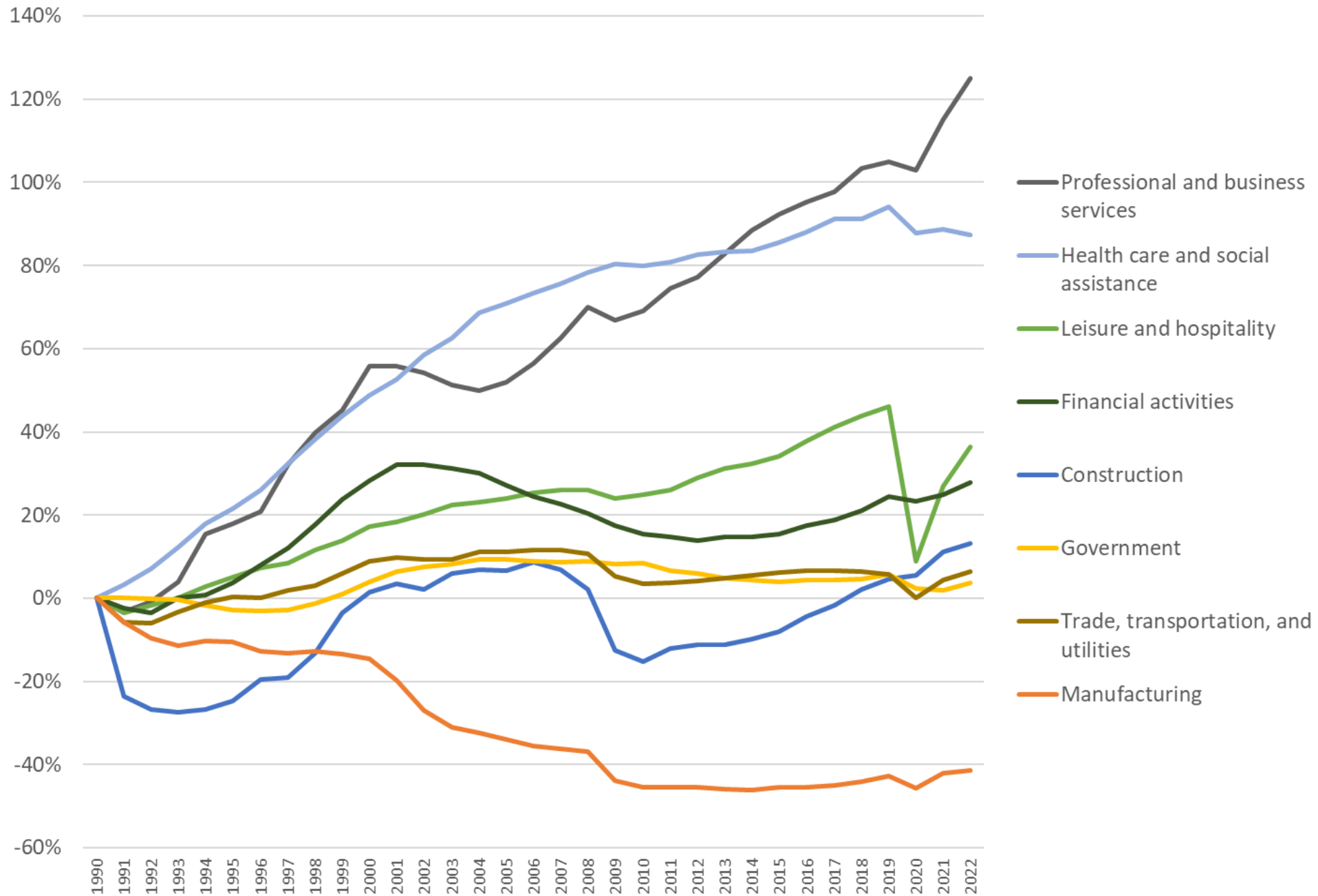


Wage and Salary Employment and Establishments

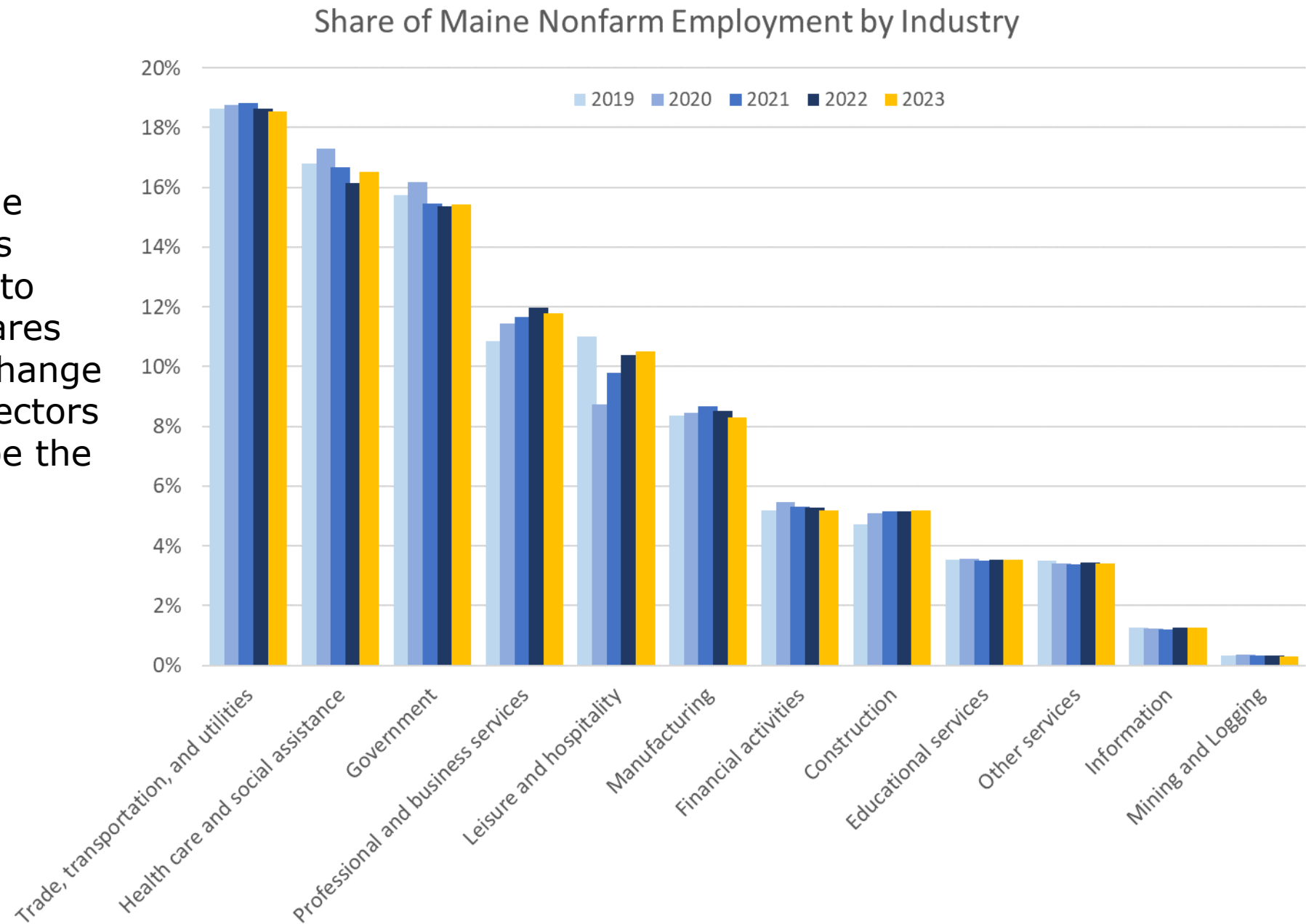


Since 2020, employer establishments have increased at a greater rate than jobs.
This is primarily due to the expansion of remote work.

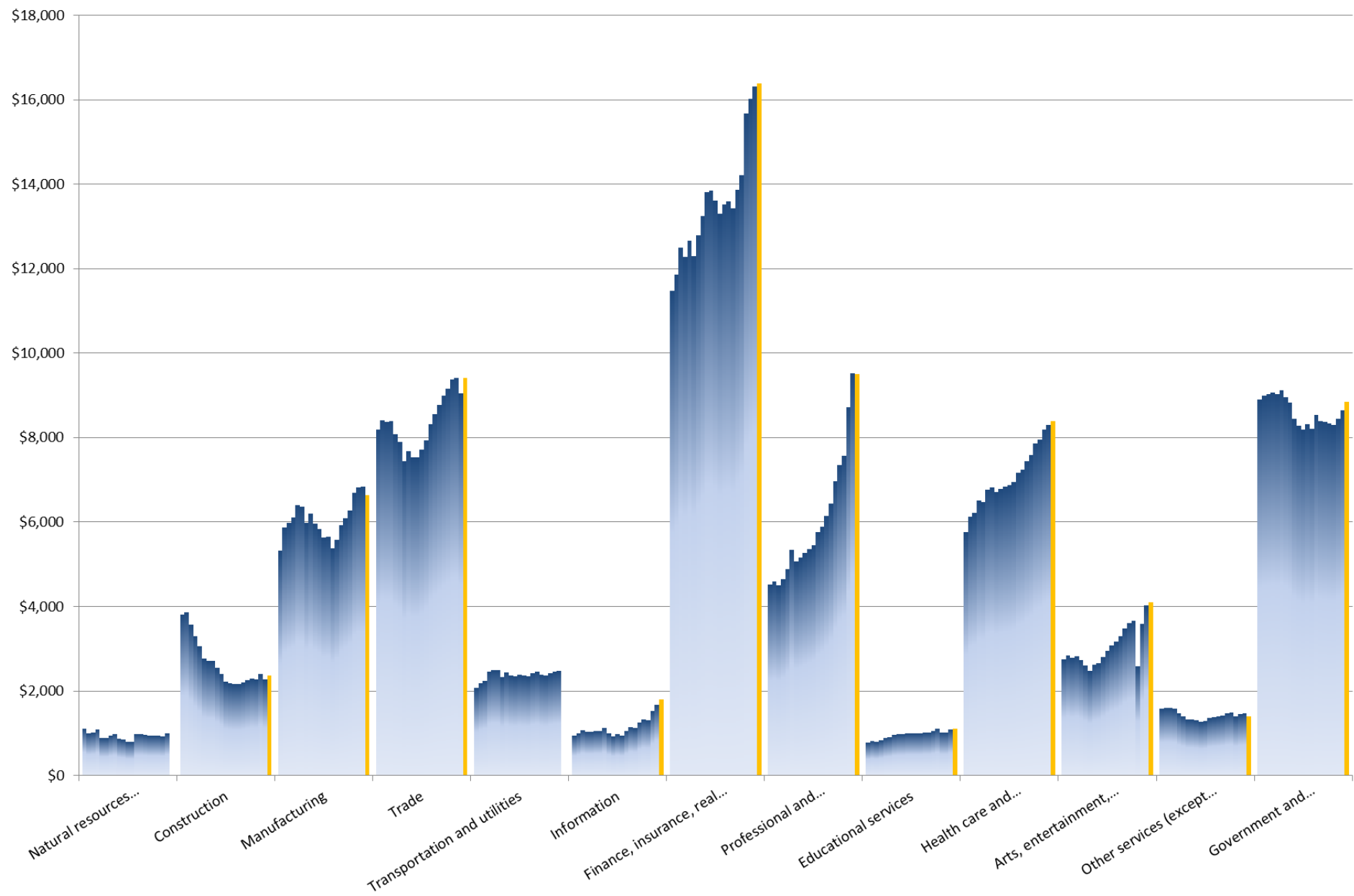
Percent change in select Maine employment sectors since 1990



According to the Maine Department of Labor's Employment Outlook to 2030, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)

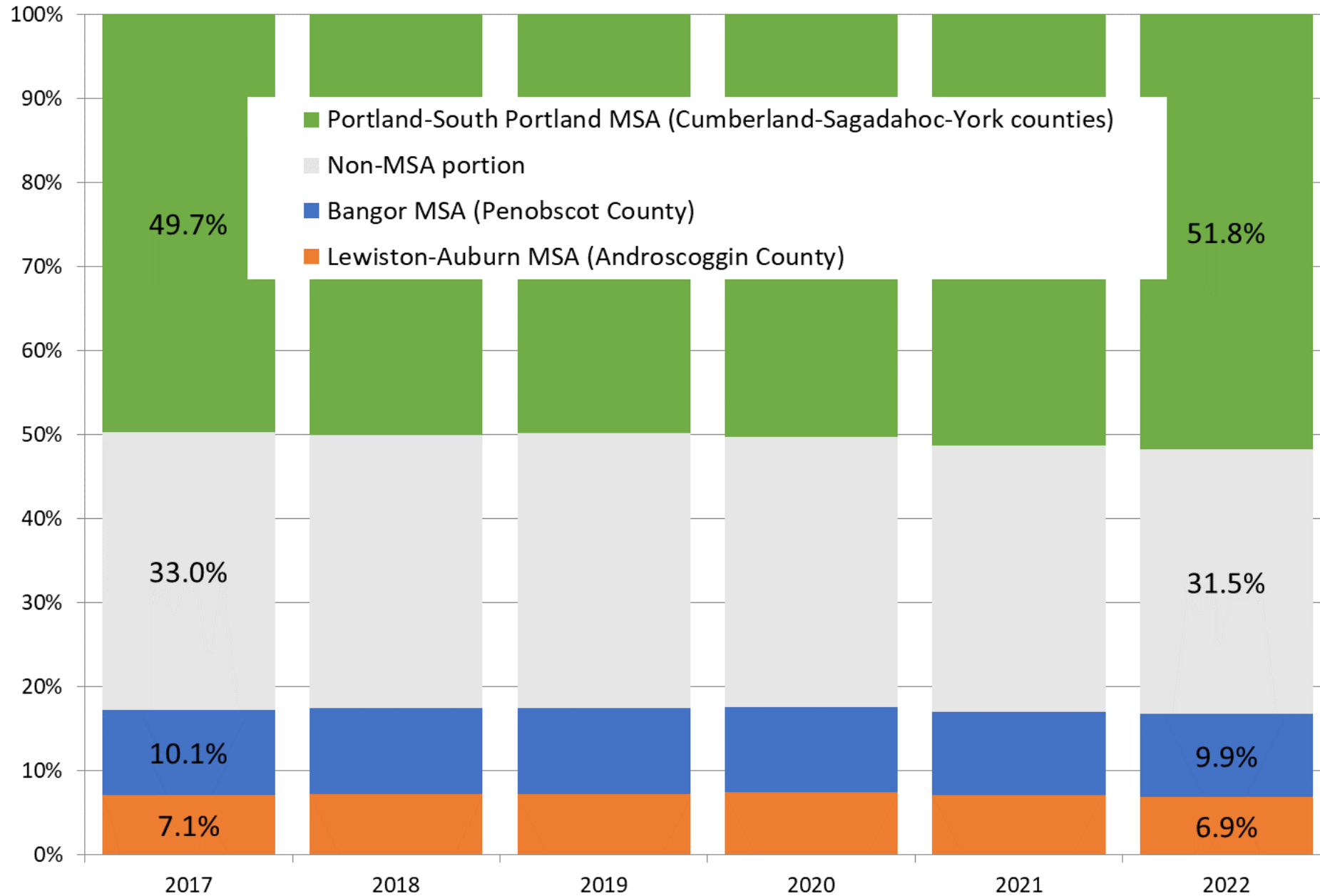


Maine Real GDP by Industry, 2003-2023
(in millions of chained 2017 dollars)



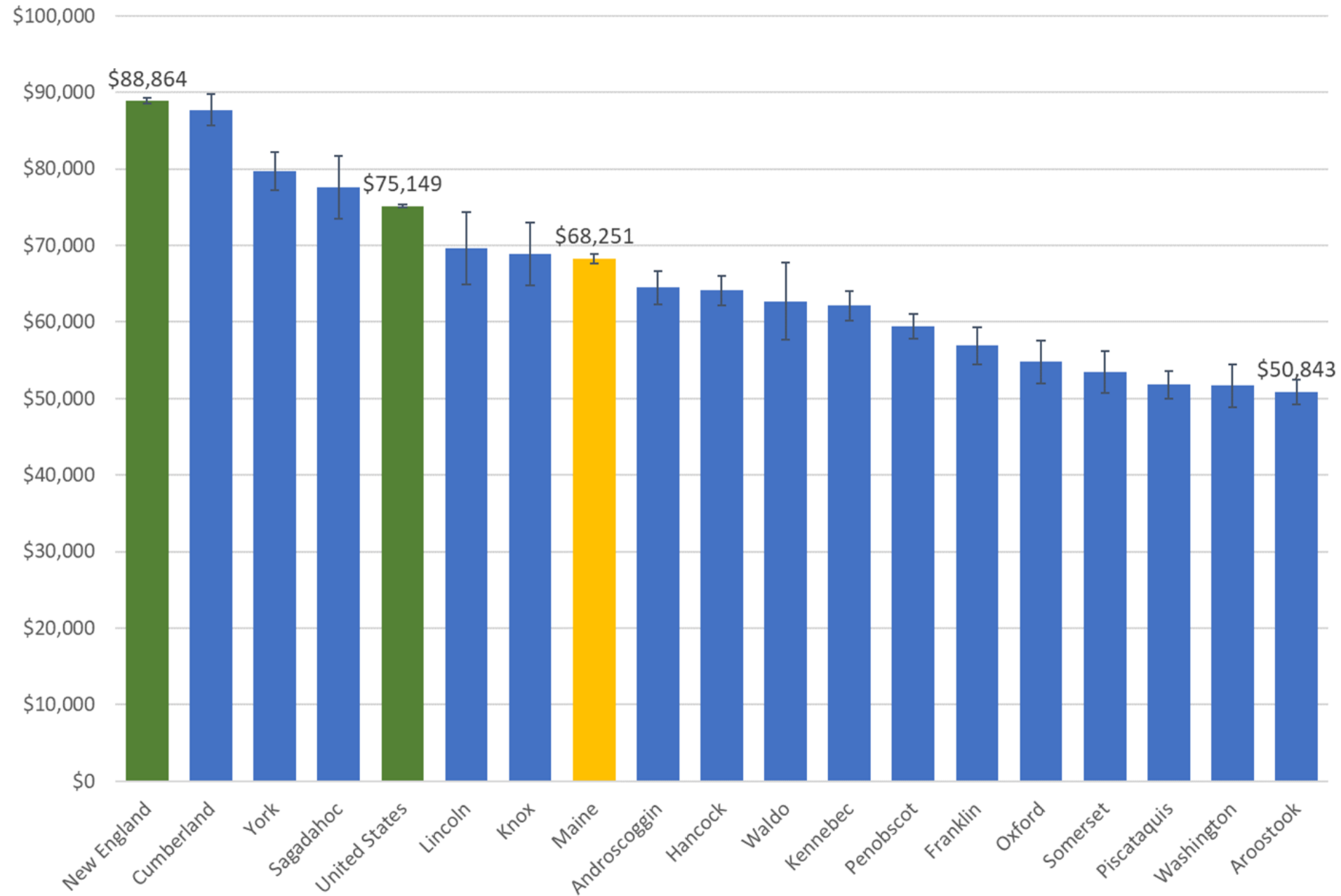
*2023 not available for Natural Resources and Mining or Transportation and Utilities

Share of Maine Real GDP by Metropolitan Area

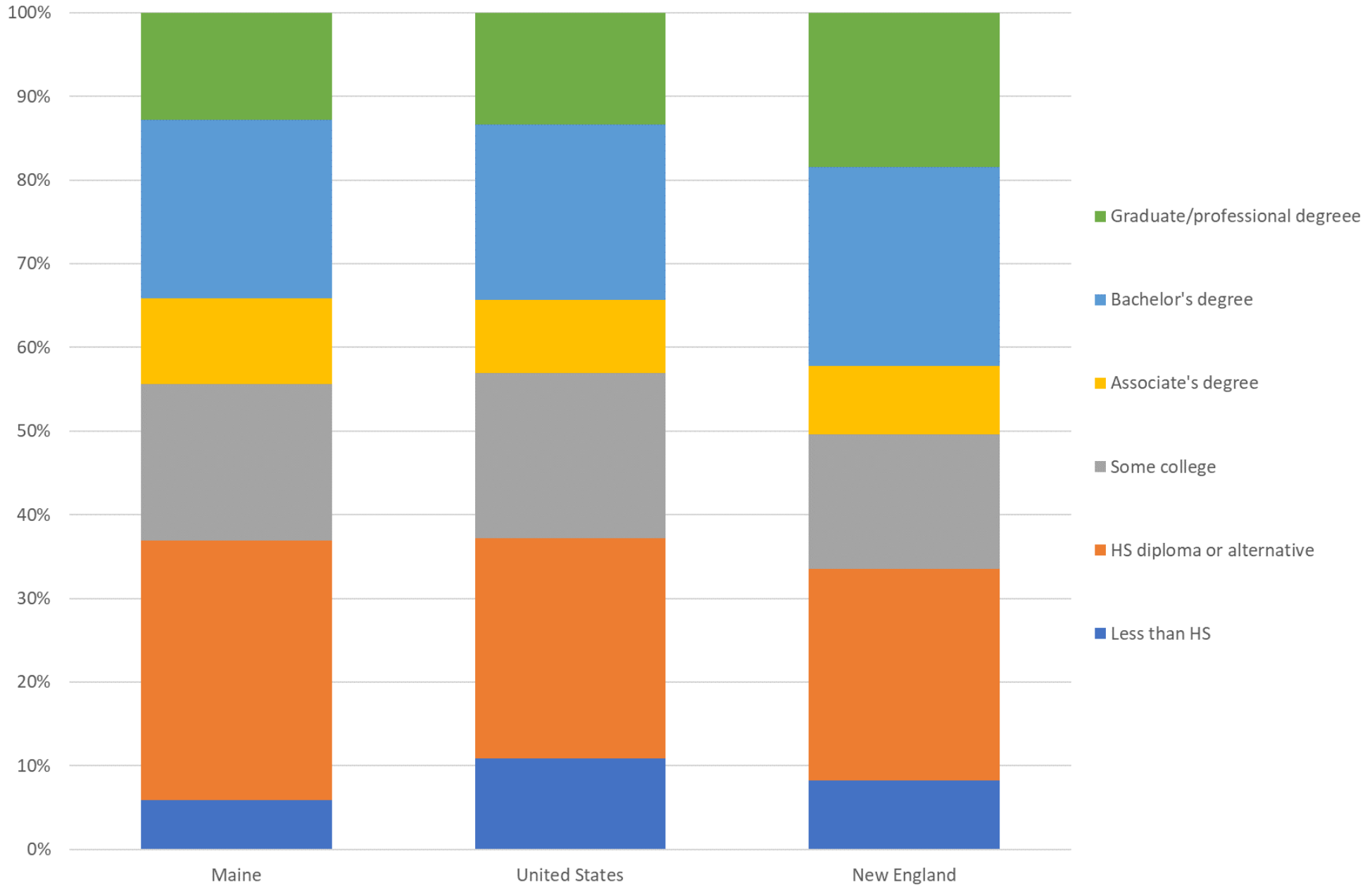


Wages, Income, and Inflation

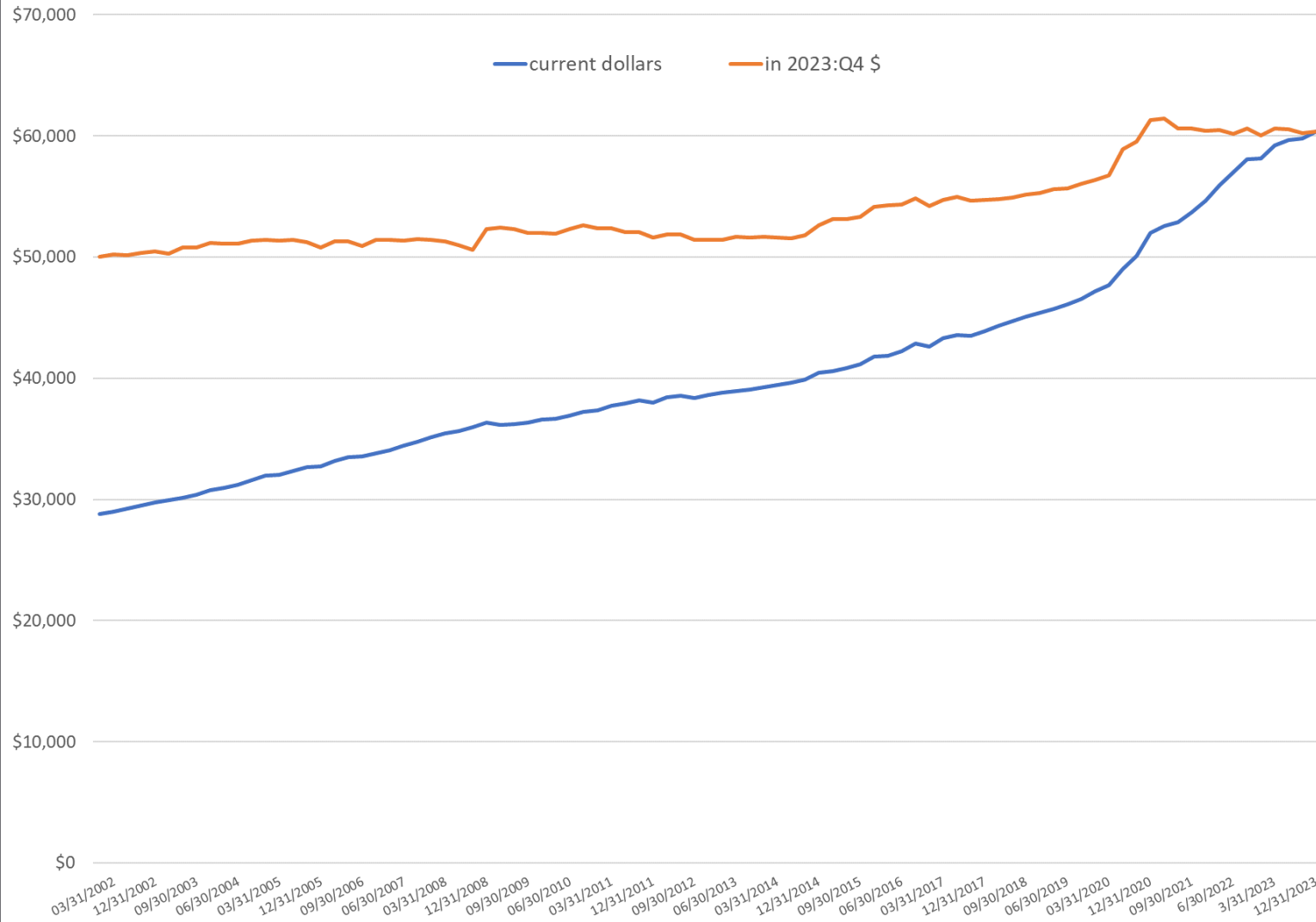
Median Household Income



Educational Attainment of Population Age 25+

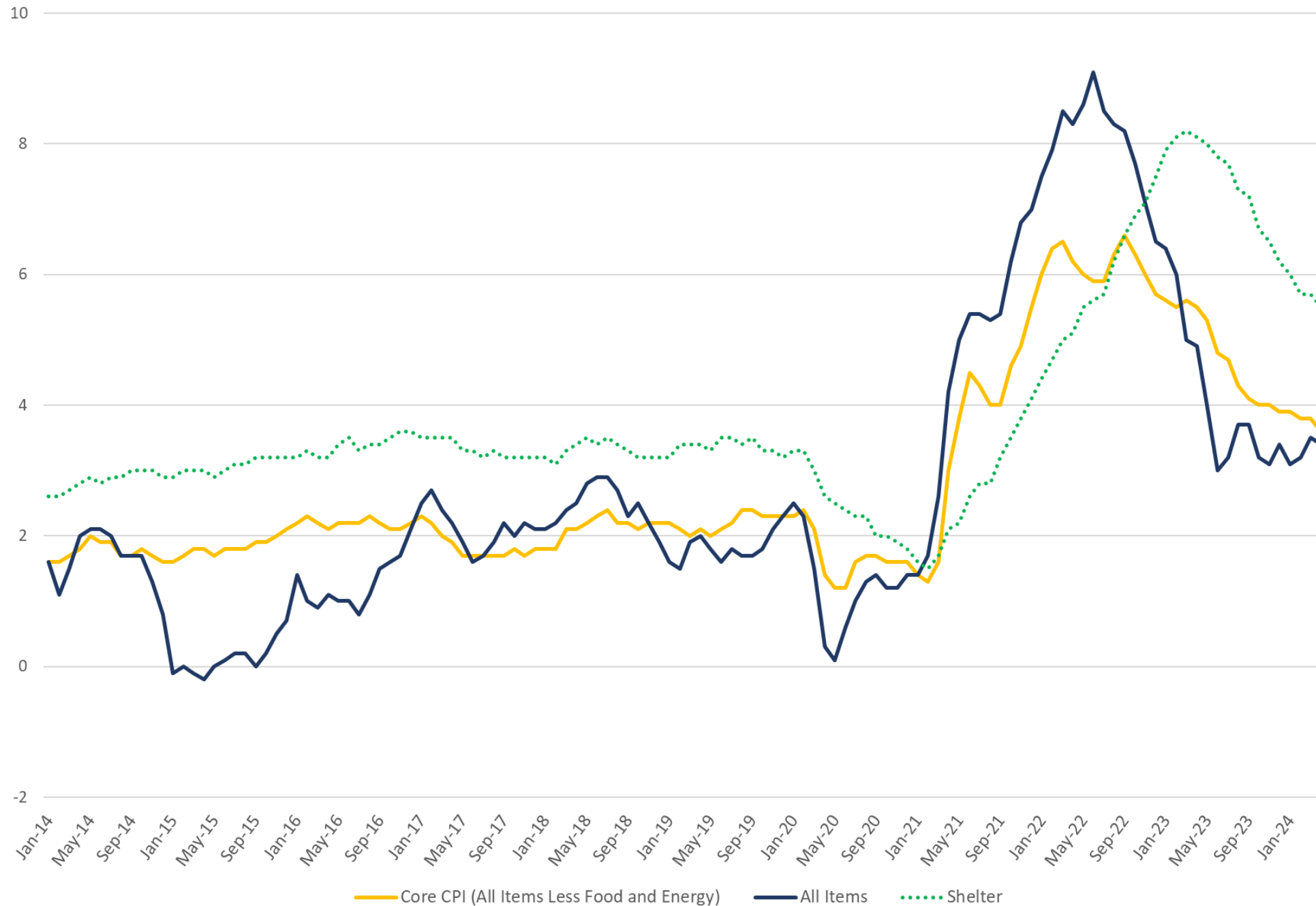


Moving Four Quarter Average Wage Per Job



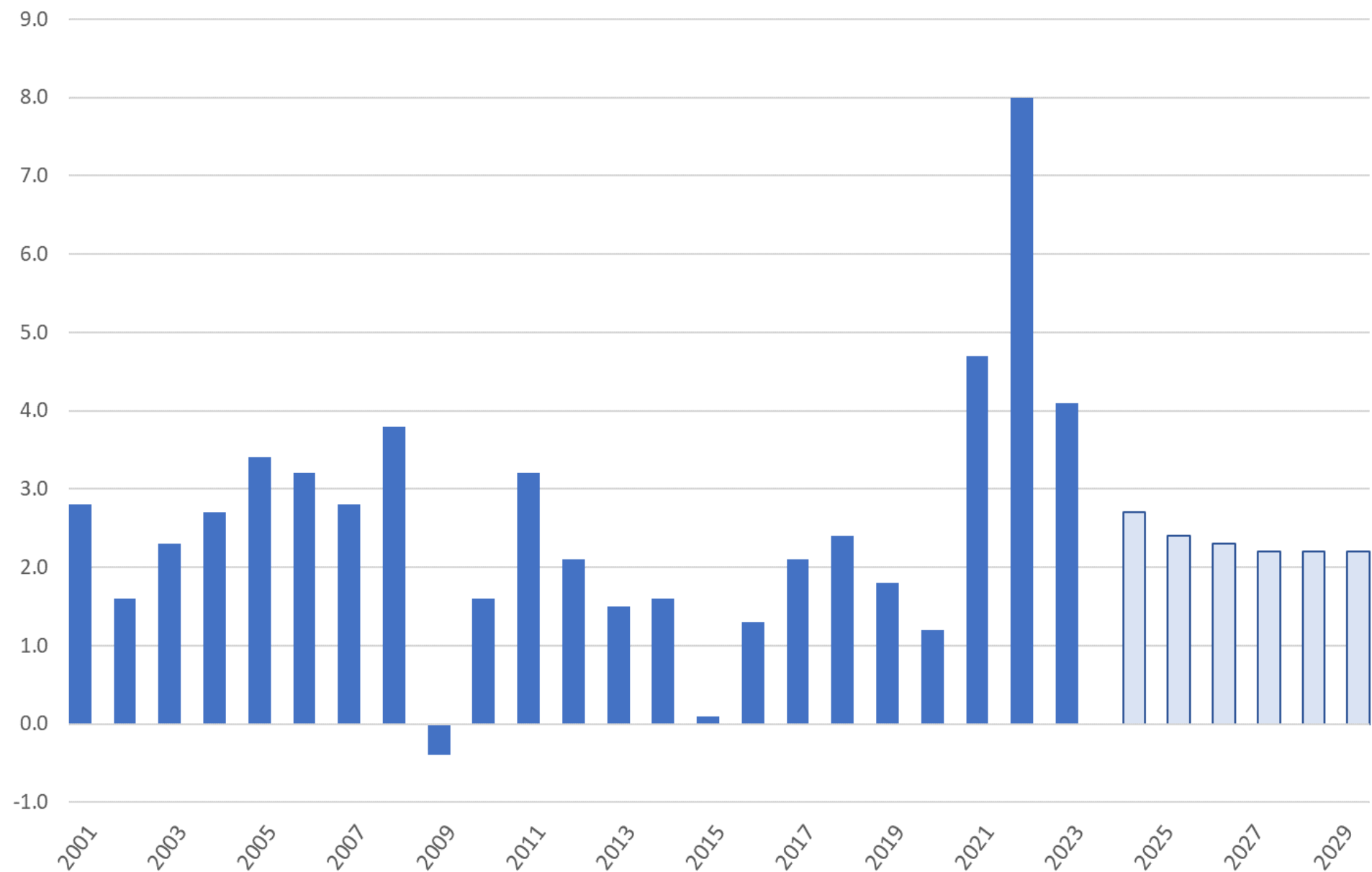
Wages increased sharply during the first part of the pandemic, but increases more recently have just kept pace with inflation

Year-over-year percent change in Consumer Price Index



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

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);
CEFC report, February 1, 2024

Things to keep in mind:

- Migration into Maine continued in 2023 as population patterns nationally returned to normal
- Housing costs increased sharply as demand outstripped supply and then interest rate hikes made mortgages more expensive, locking people into existing lower-rate mortgages, but there may be some improvement in the future as interest rates come down and more housing is built
- Inflation has eased, although not as quickly as hoped - the question now is when will the Fed start lowering its target rate?
- Economic uncertainty remains elevated, especially with geopolitical upheaval and a presidential election year
- Maine has a robust Budget Stabilization Fund (nearly \$970 million as of March 2024 – the current statutory maximum) and spending from pandemic-era infusion of federal funds is ongoing, with much of the infrastructure spending starting this year, which will help Maine weather a potential slowdown

Contact Information

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