

State of Maine Economic Update

Maine Association of Assessing Officers

September 3, 2025

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Maine State Economist

Population change and migration

Housing

Demographics

Labor force and employment

Wages, income, and GDP

Macroeconomic conditions

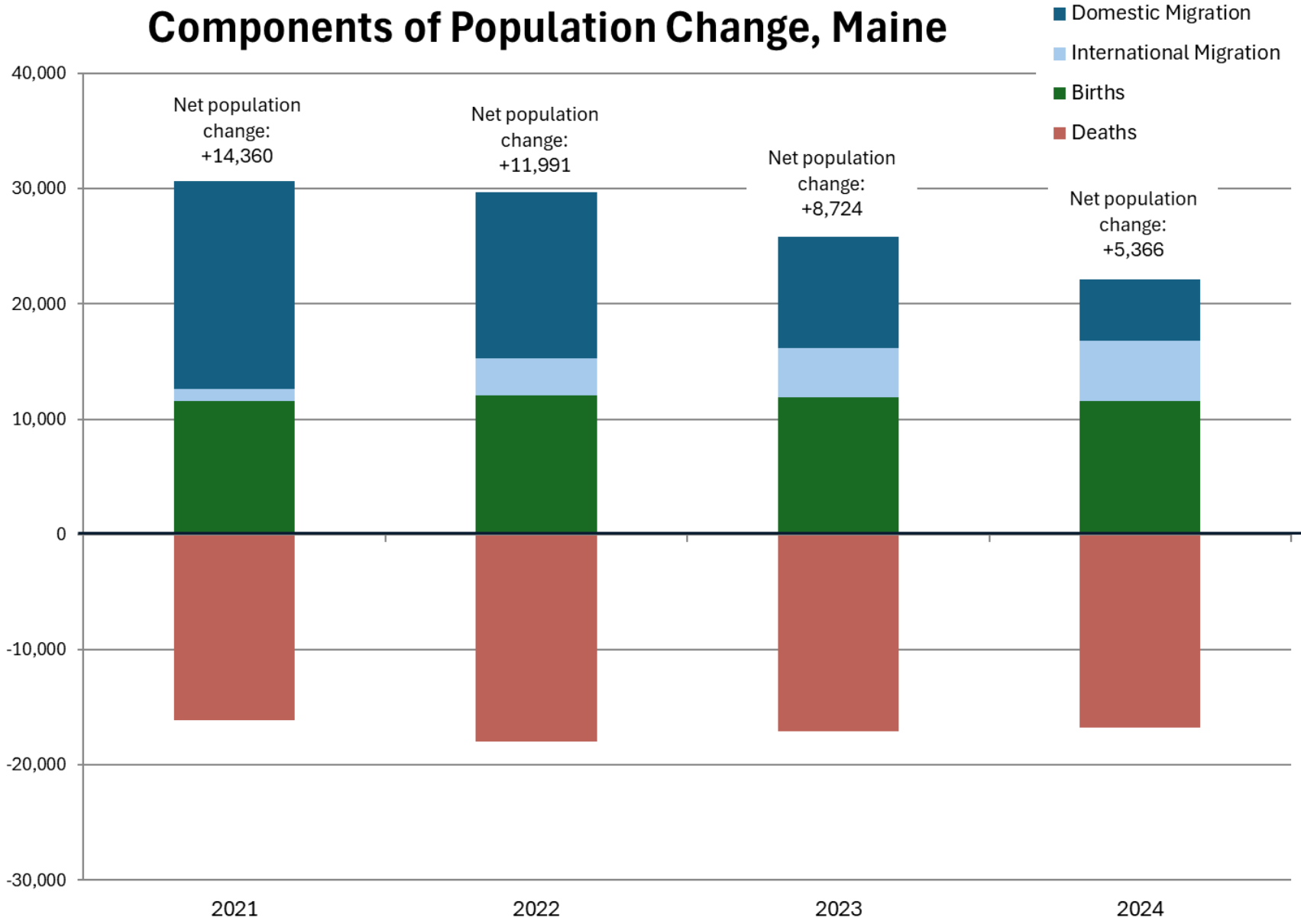
Population change and migration

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

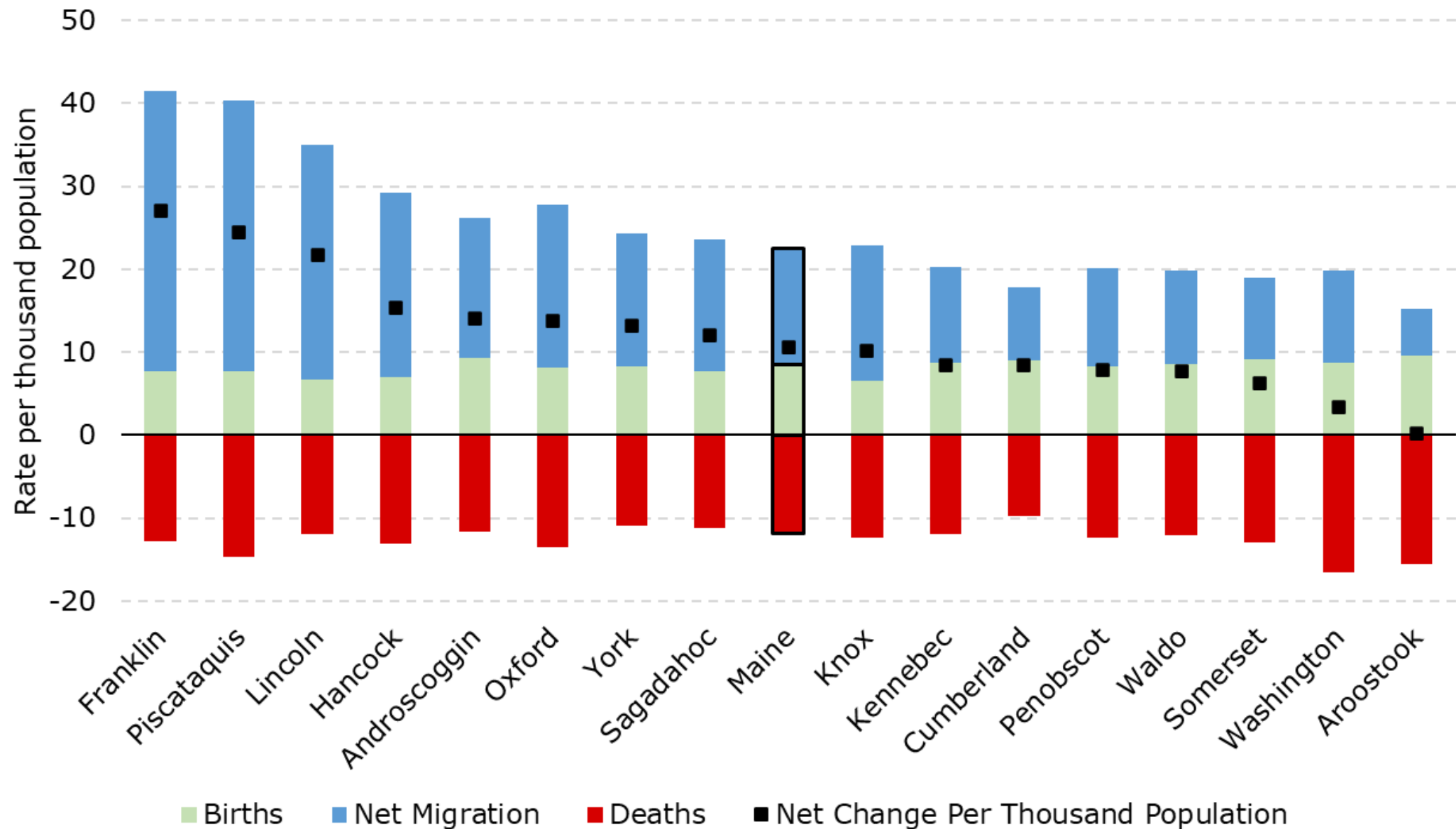
Components of Population Change, Maine



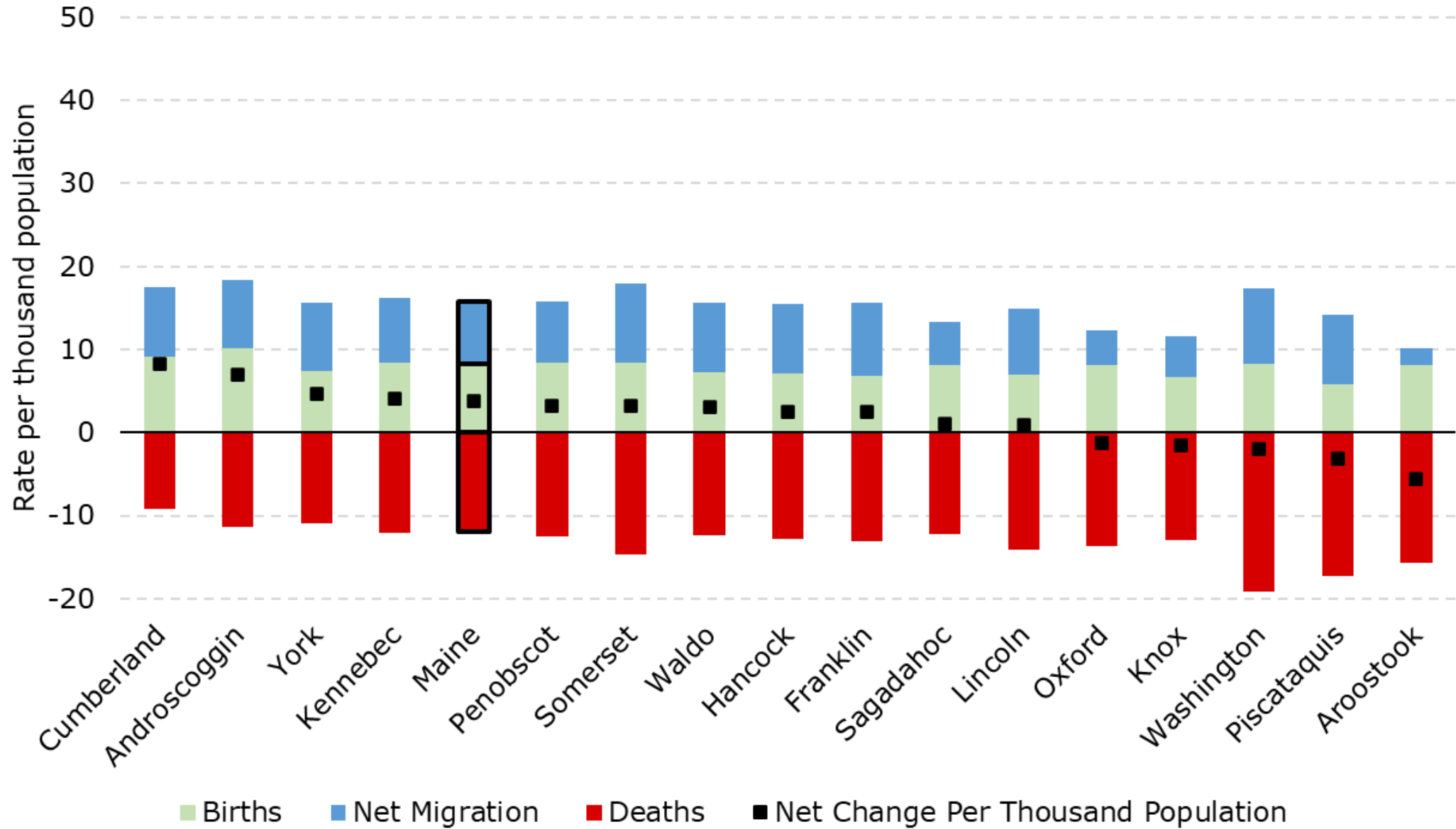
Net international migration accounted for 84% of U.S. population growth from 2023-2024

U.S. Census Bureau made significant methodological changes in 2024 to better account for humanitarian migrants, resulting in large upward revisions to 2023

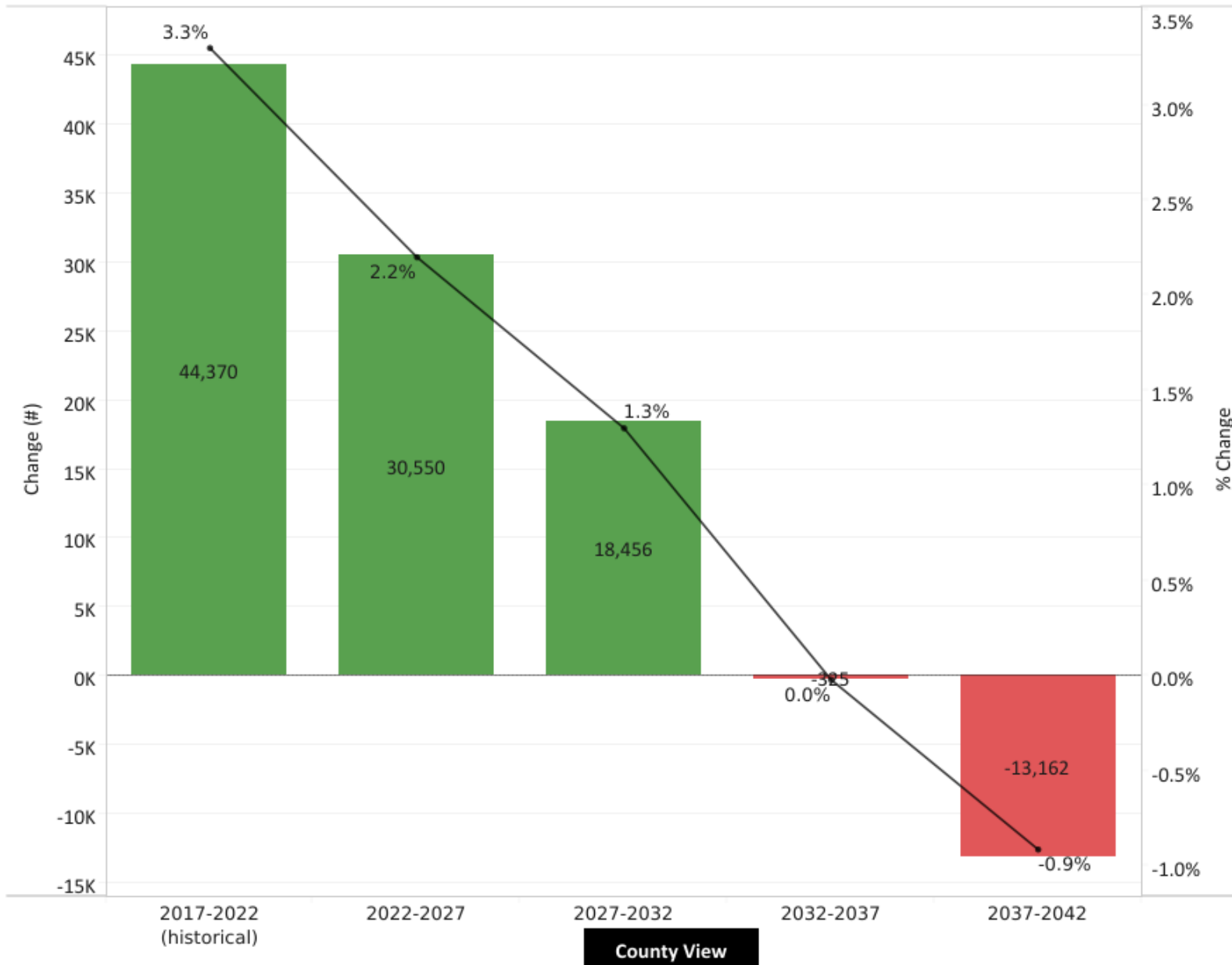
Components of Population Change, 7/1/2020-7/1/2021 Rate per thousand population



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

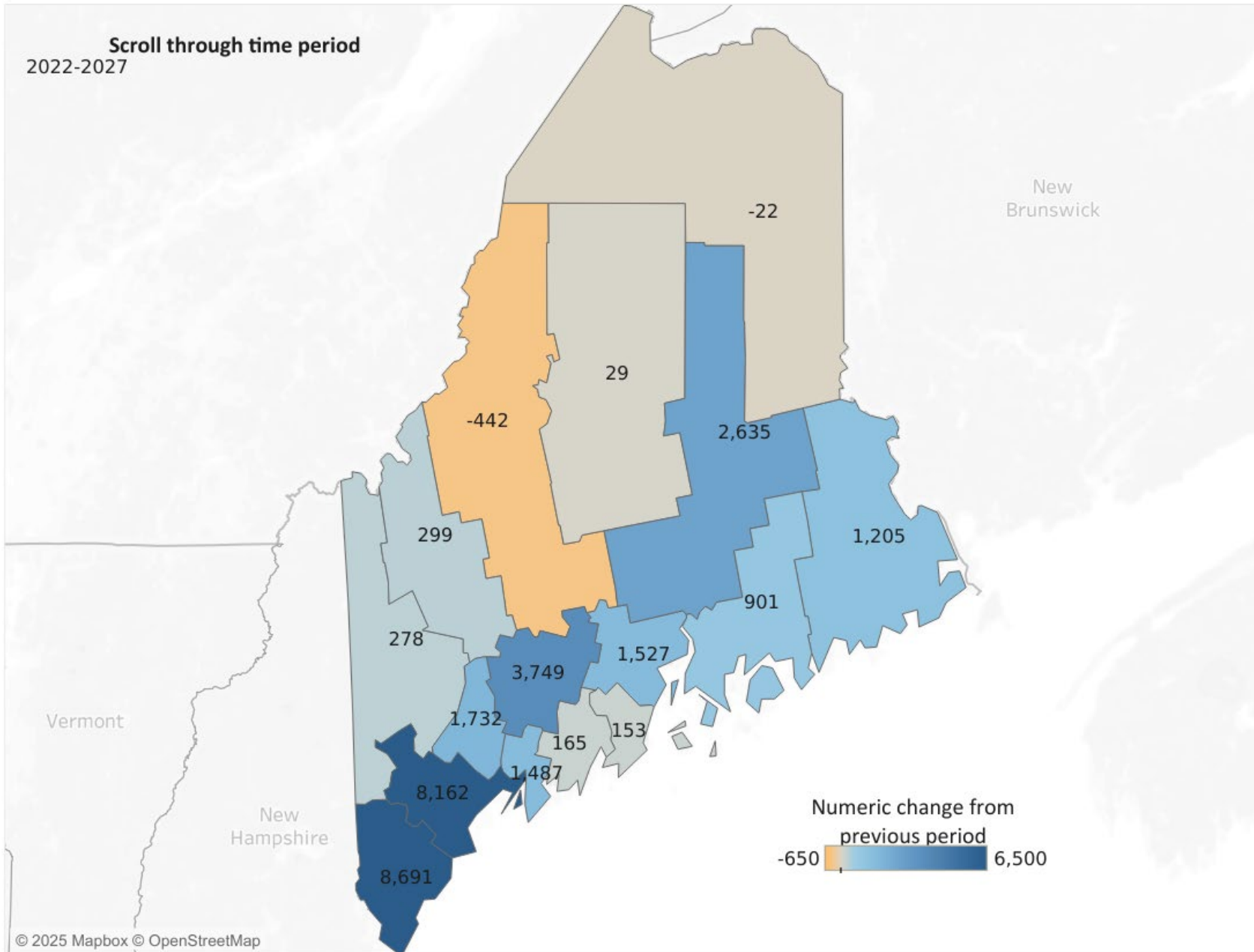


Statewide Population Change

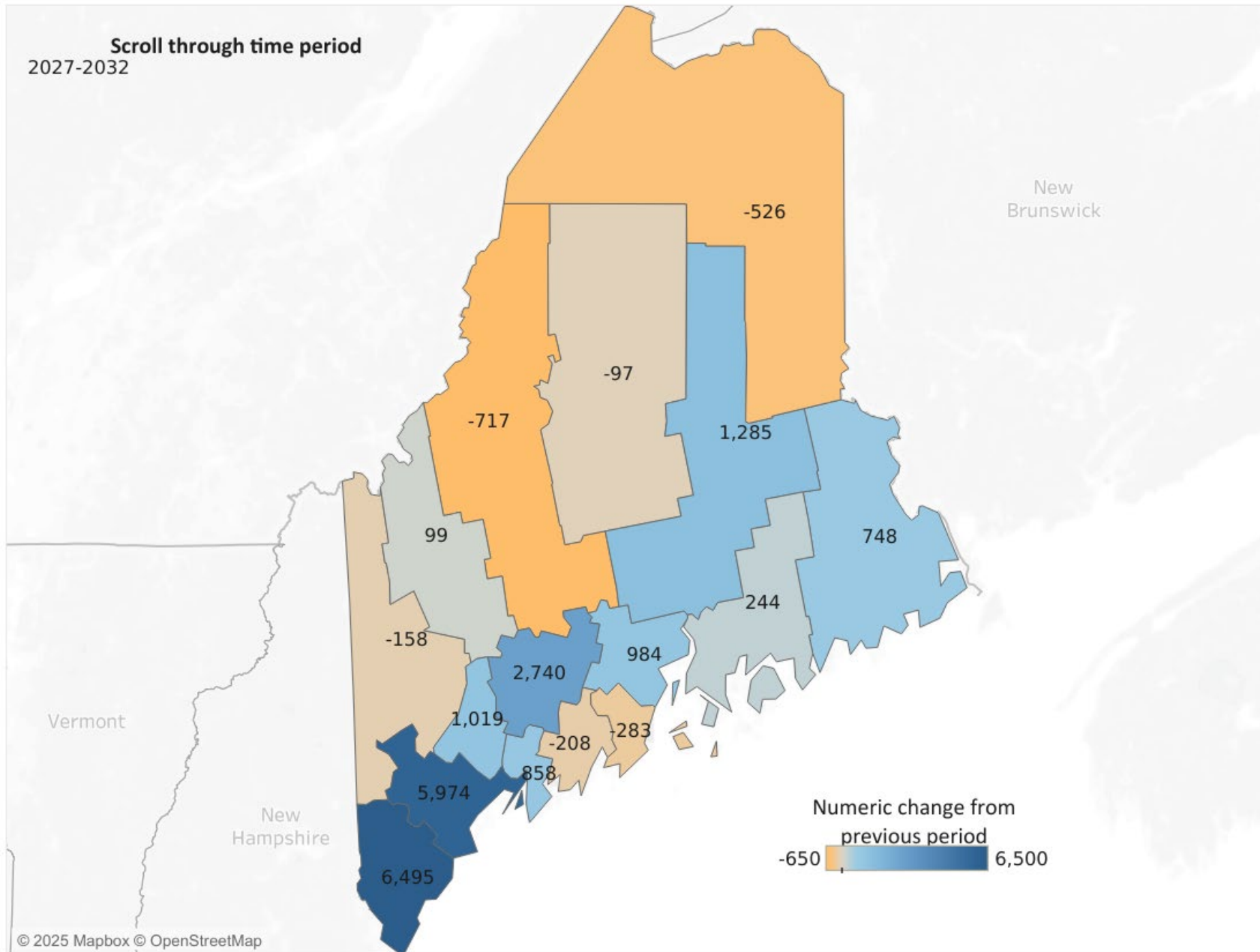


Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.



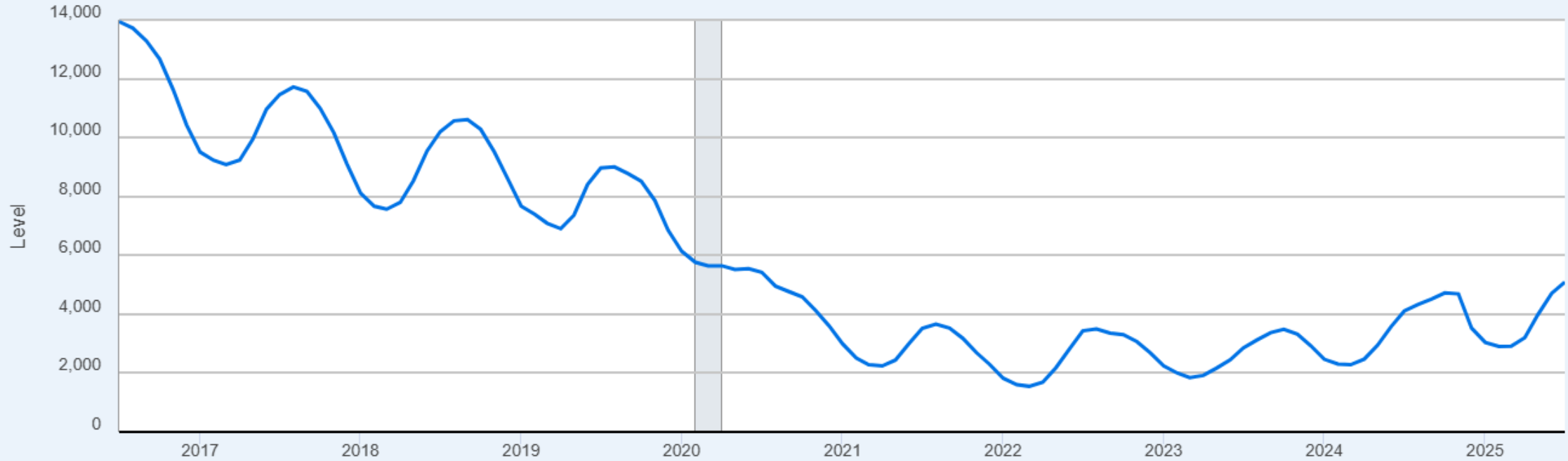


Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.



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Housing



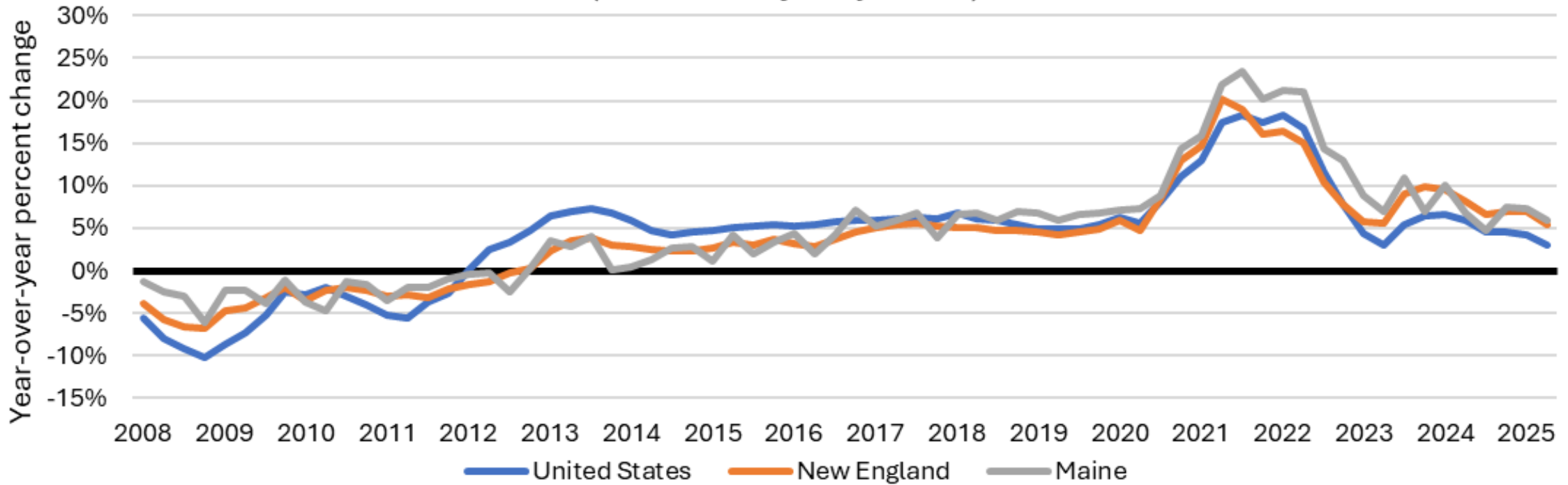
Source: Realtor.com via FRED®
 Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

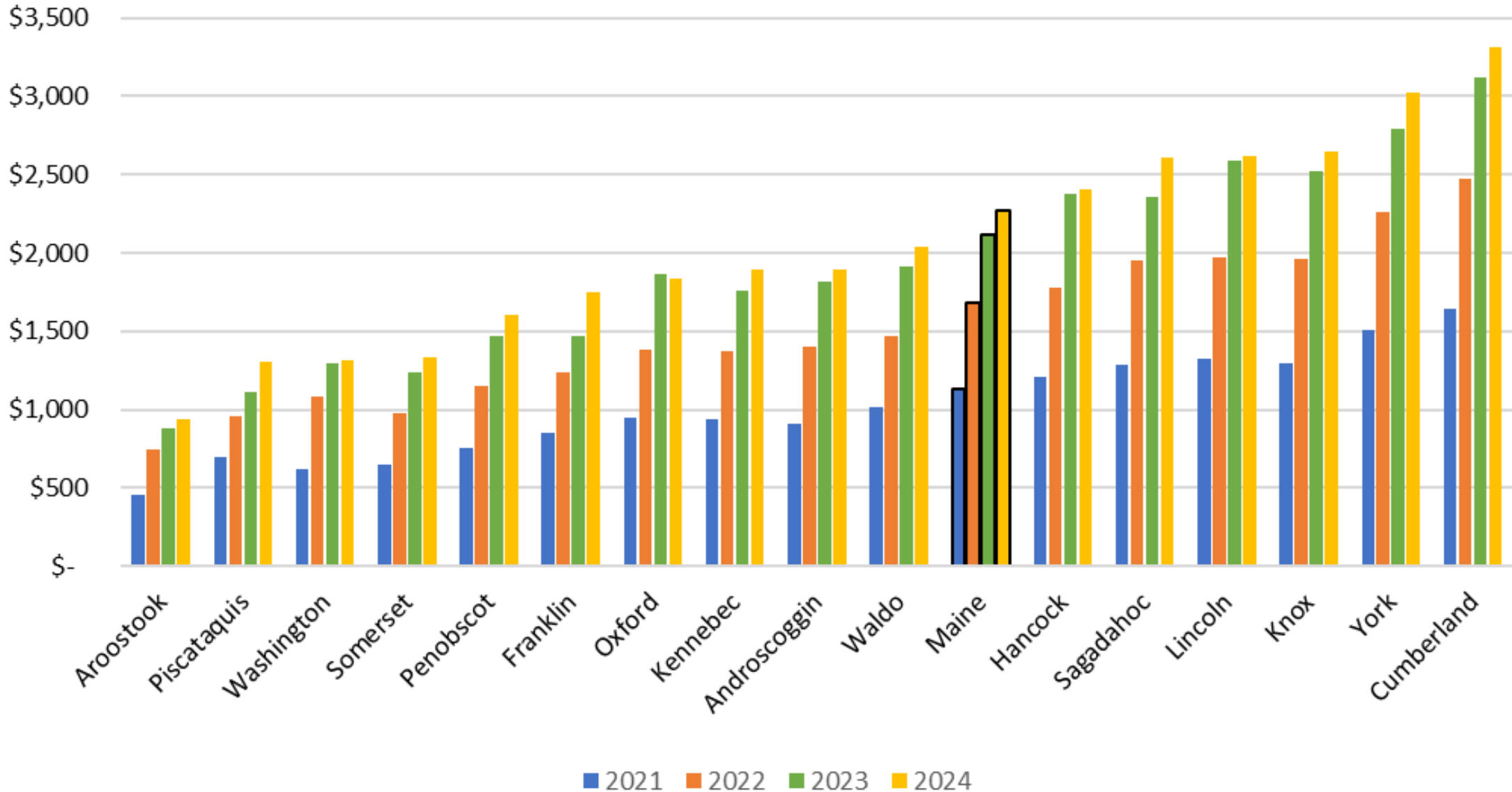
Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes

But there's been some improvement: July 2025 about 24% higher than July 2024 and highest since July 2020

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

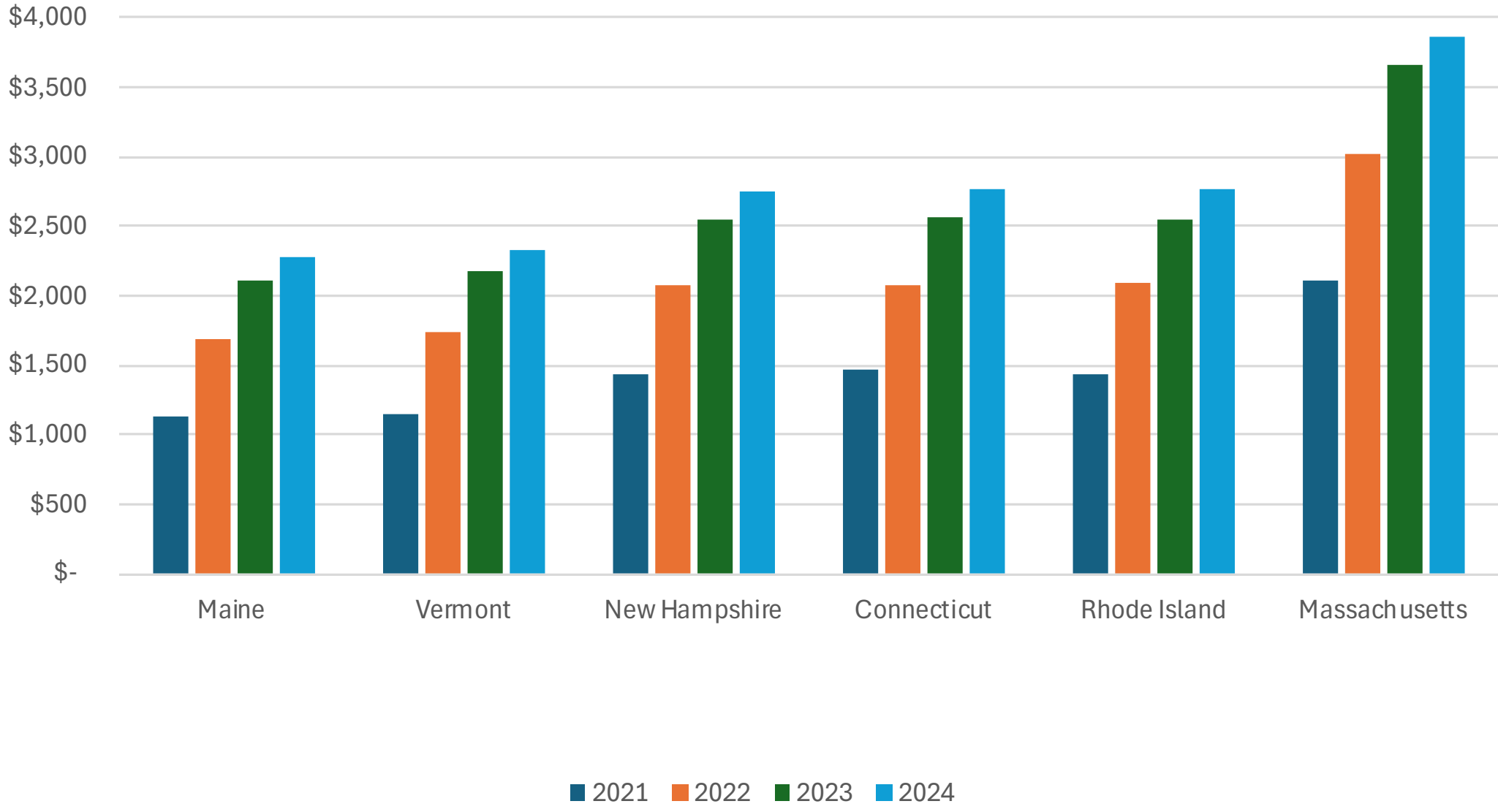


Monthly Mortgage Payment at the Median Sales Price 2021-2024



Sources: Maine Association of Realtors (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.

Monthly Mortgage Payment at the Median Sales Price 2021-2024

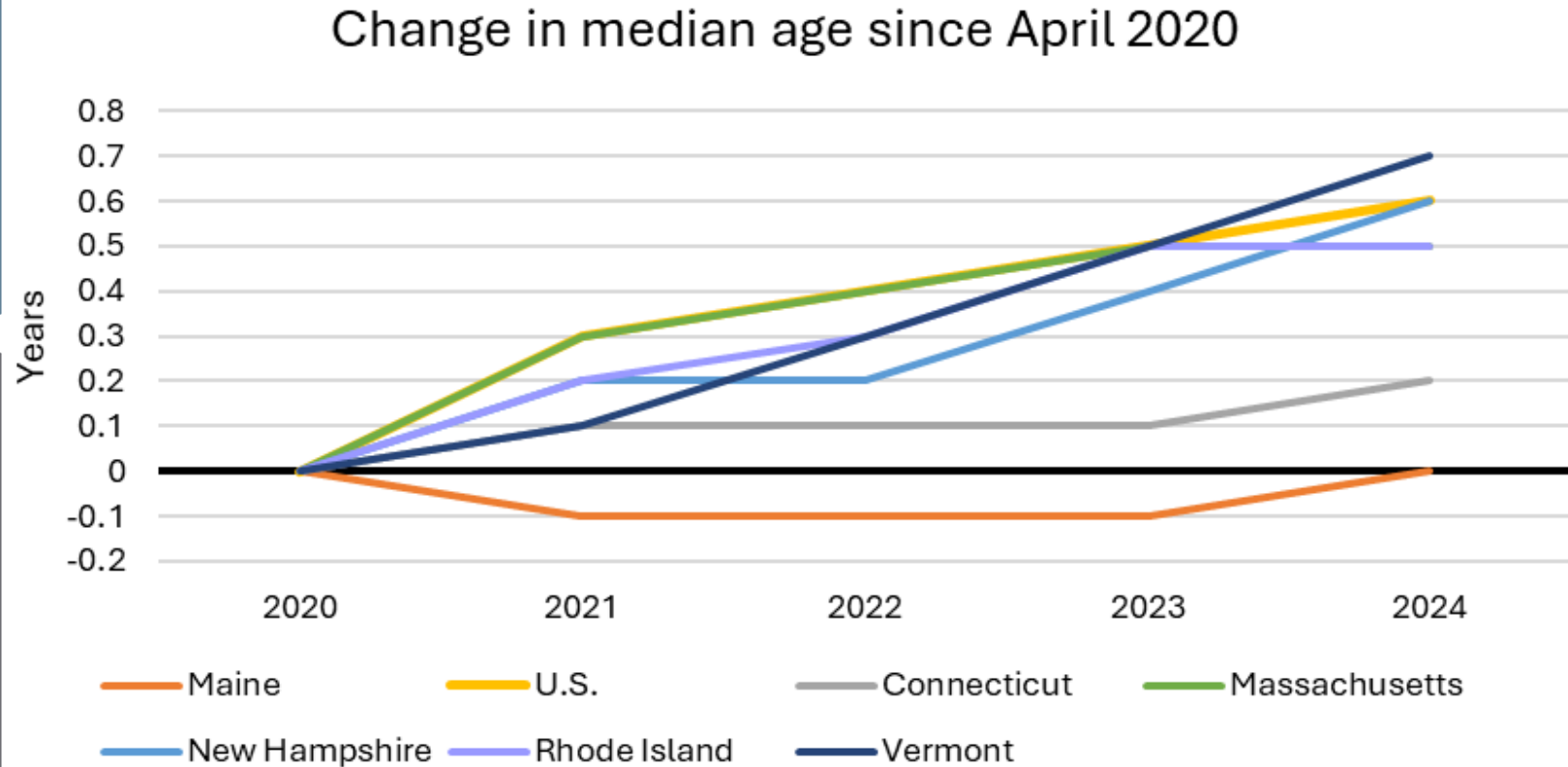


Sources: Moody's Analytics (median sale prices), FRED 30-year fixed rate mortgage rates, weekly (average of all weeks in the year). Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price.

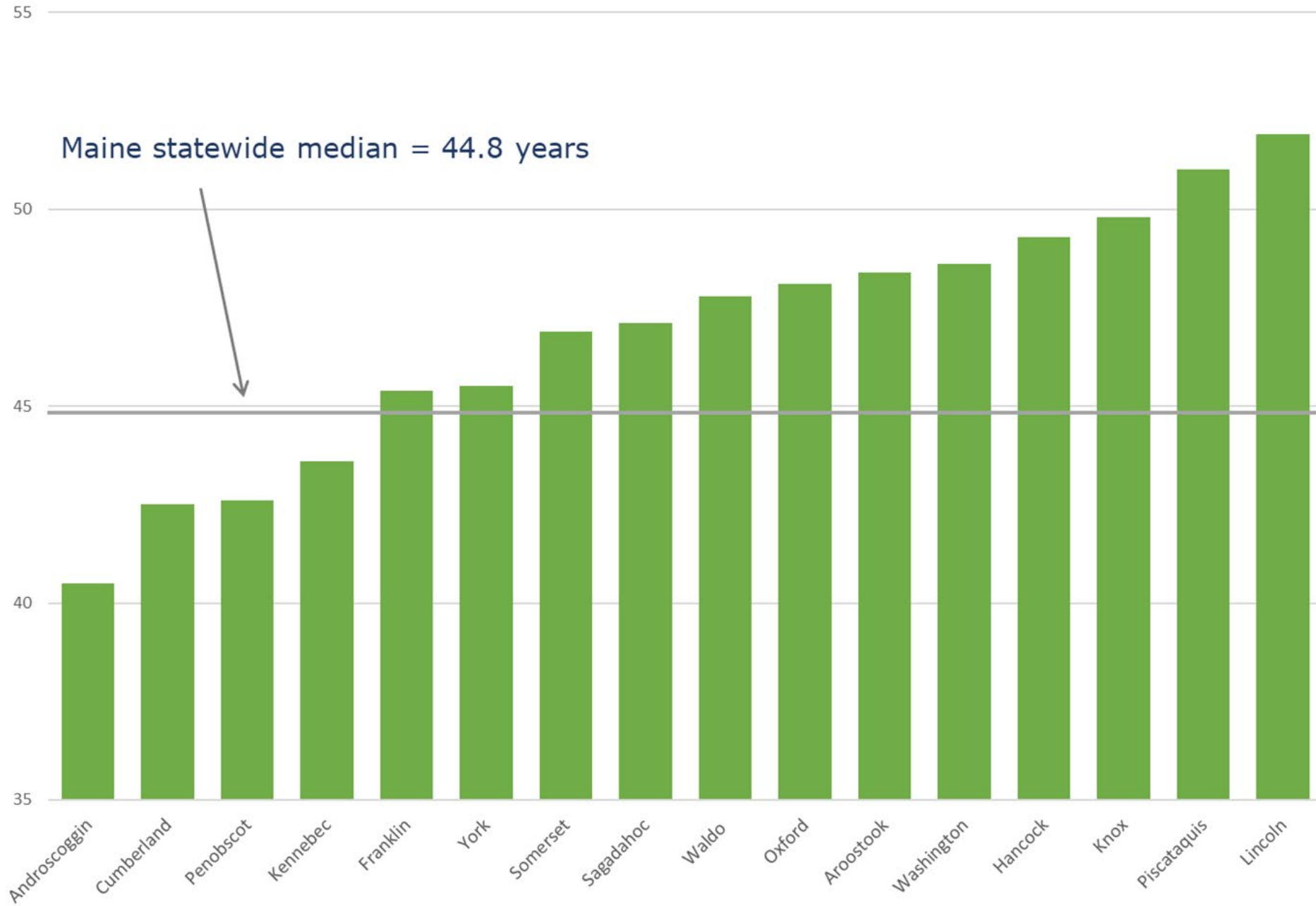
Demographics

Maine's median age in 2024 is unchanged from 2020, while the U.S. median age has increased 0.6 years

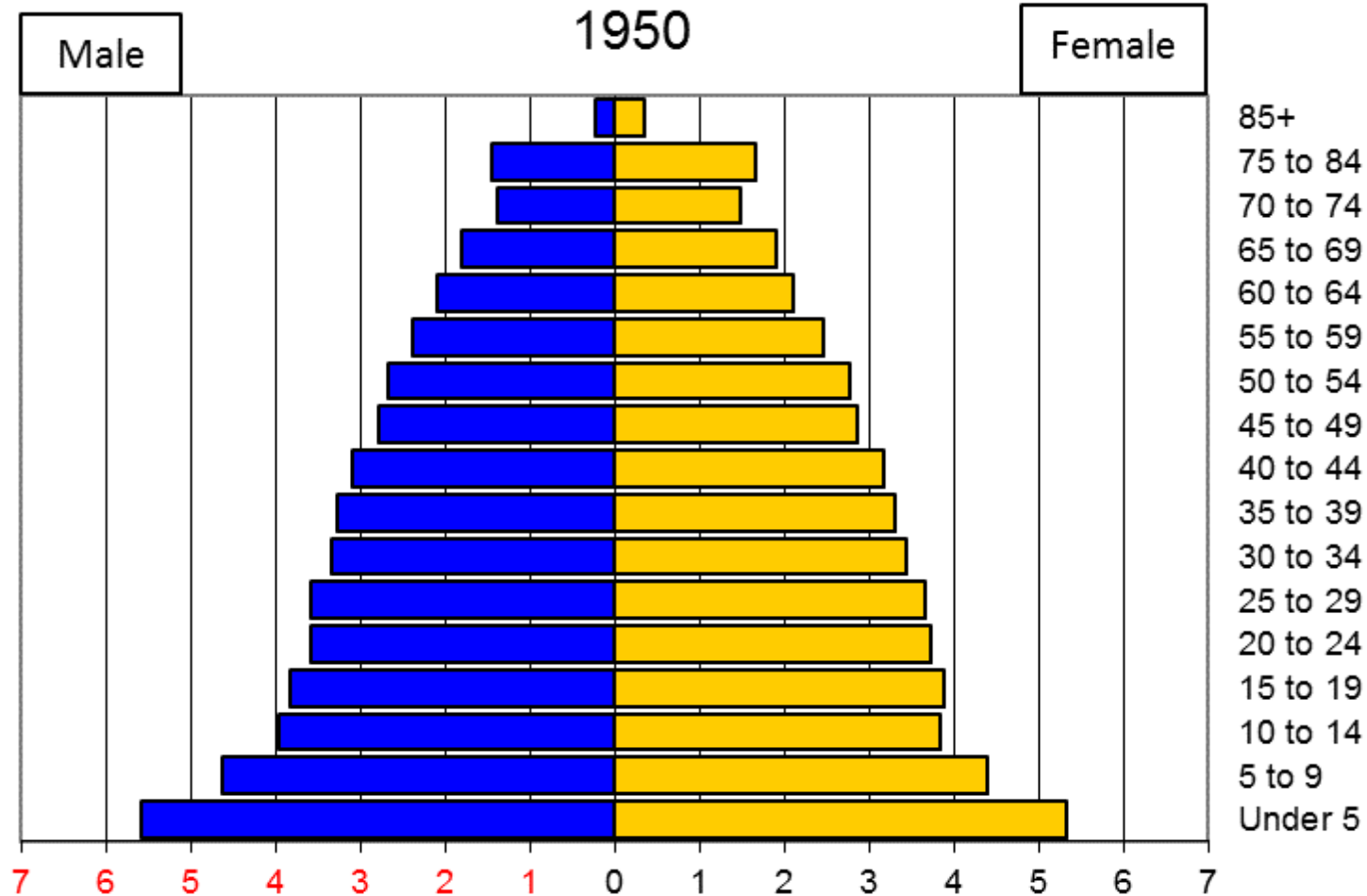
Maine still has the highest median age in the nation at 44.8 years; Vermont and New Hampshire are tied for second at 43.6 years



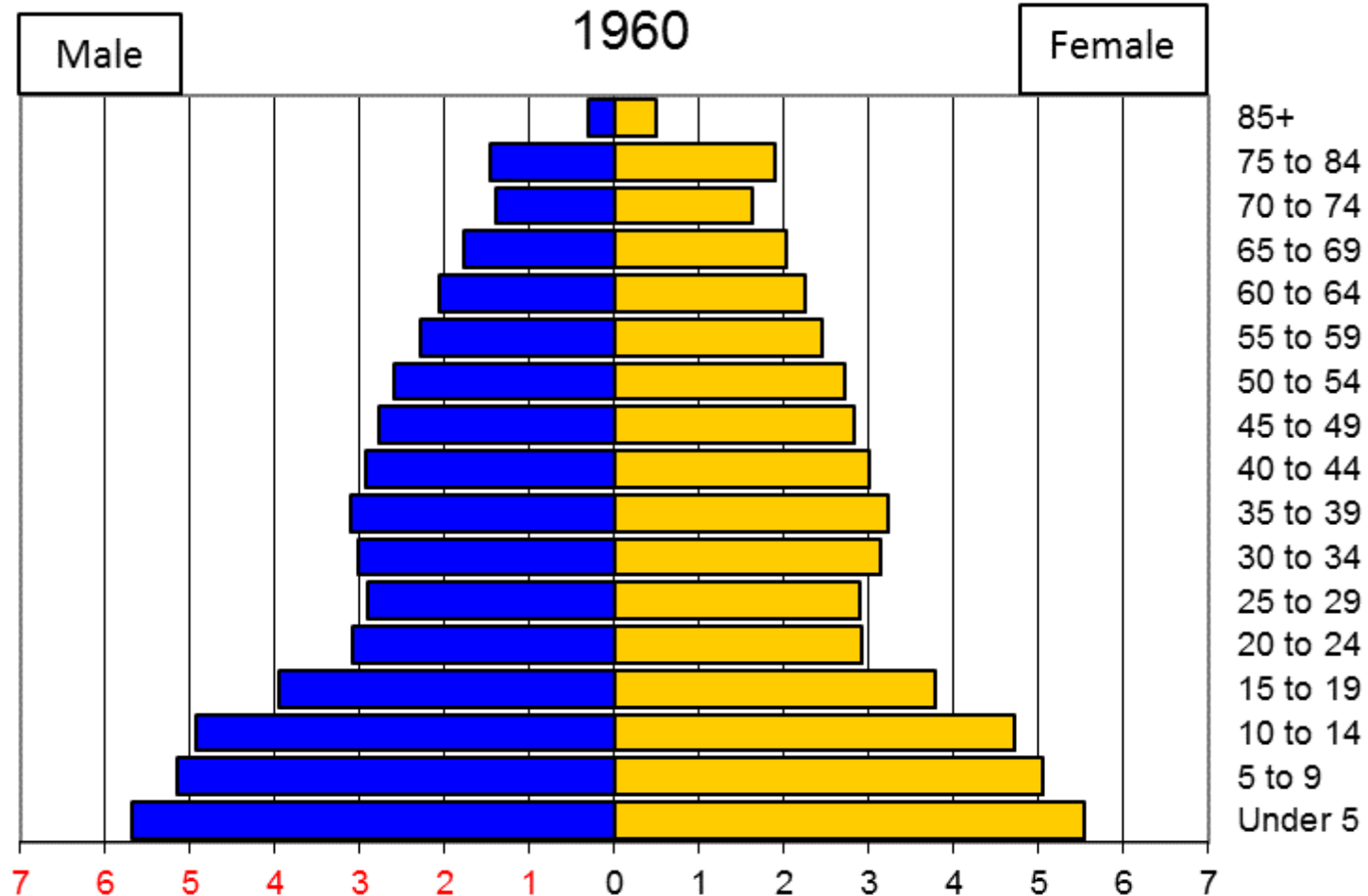
Median Age by County 2024



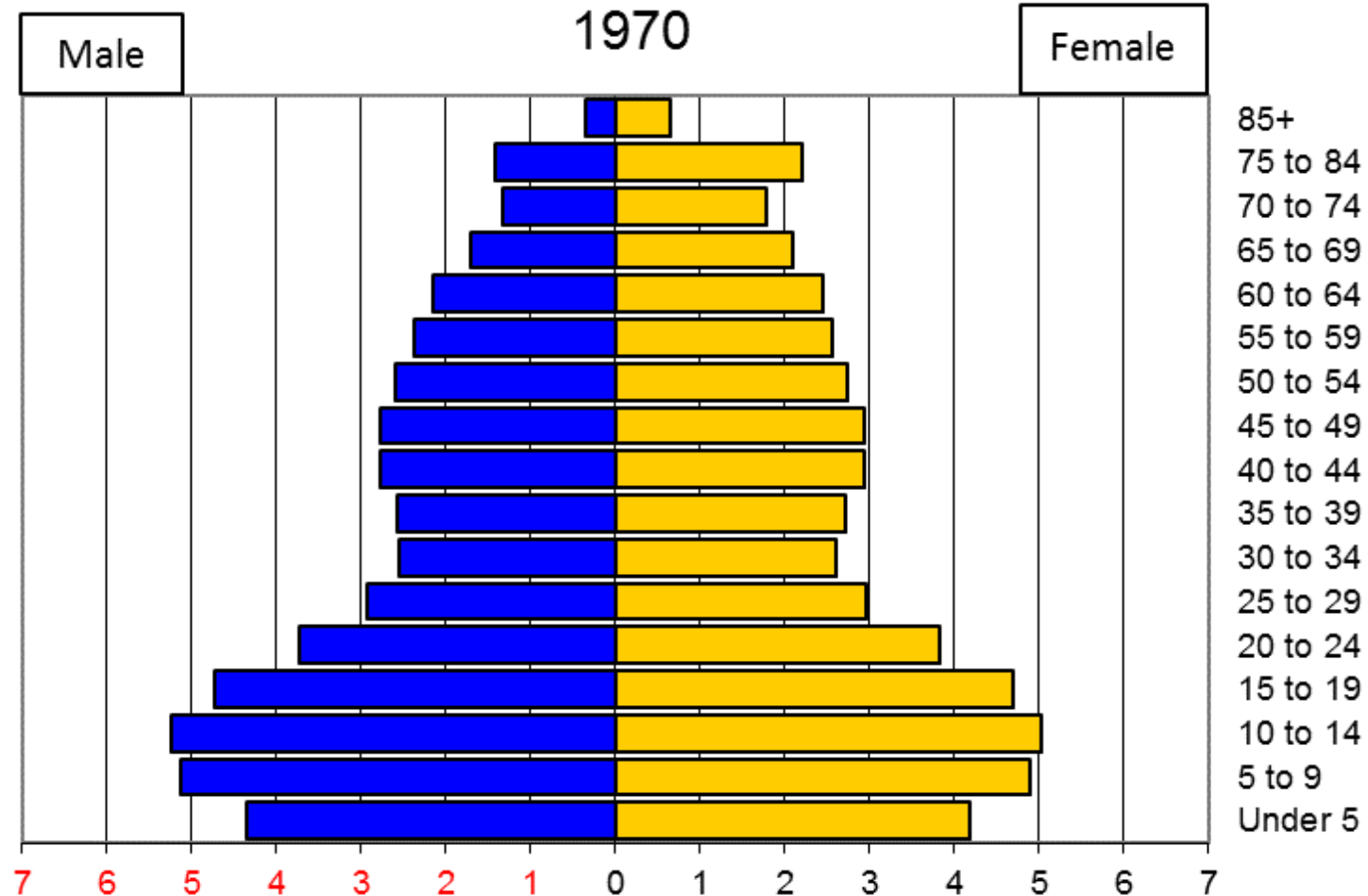
The Baby Boom: 1946-1964



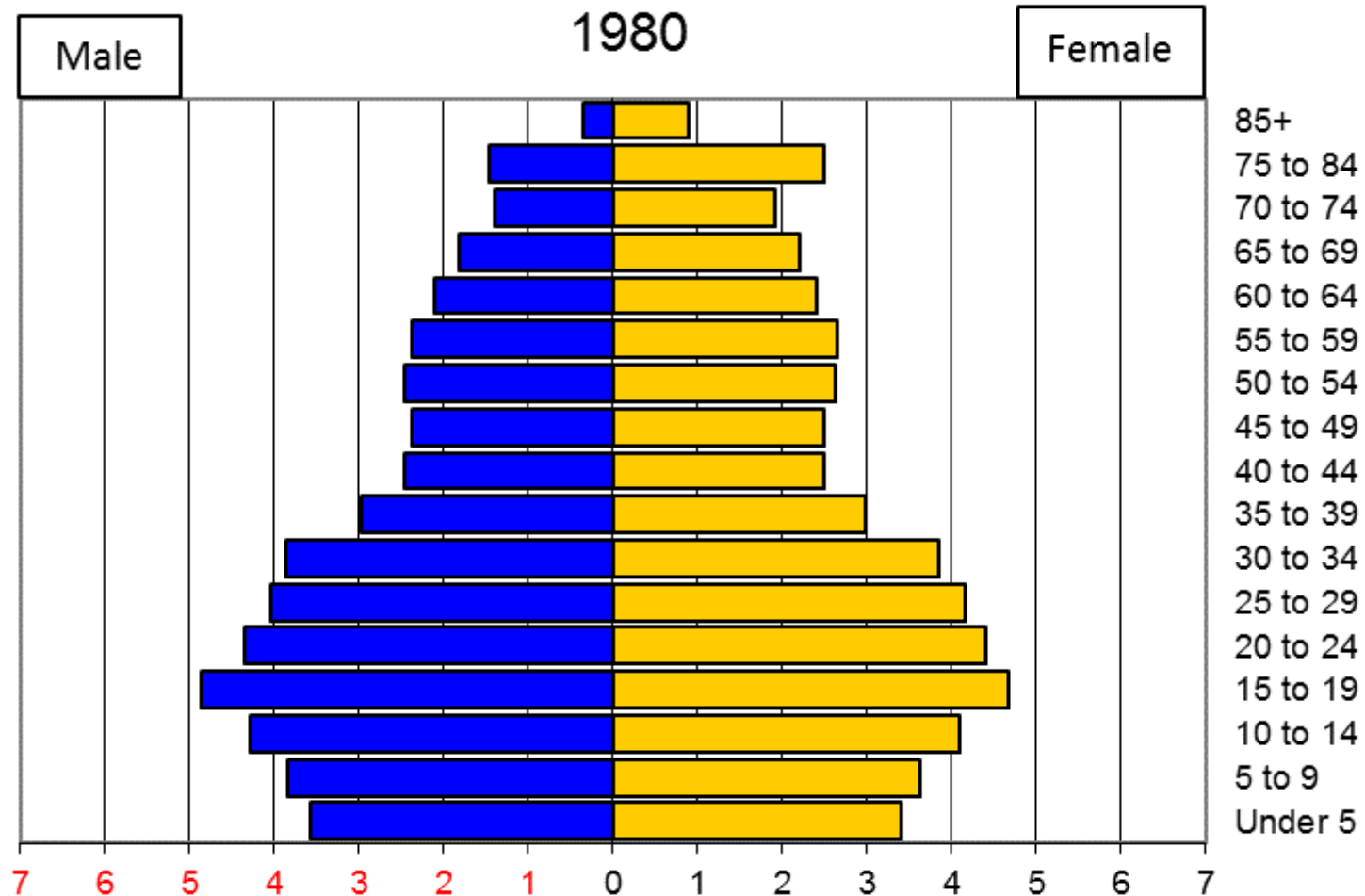
The Baby Boom: 1946-1964



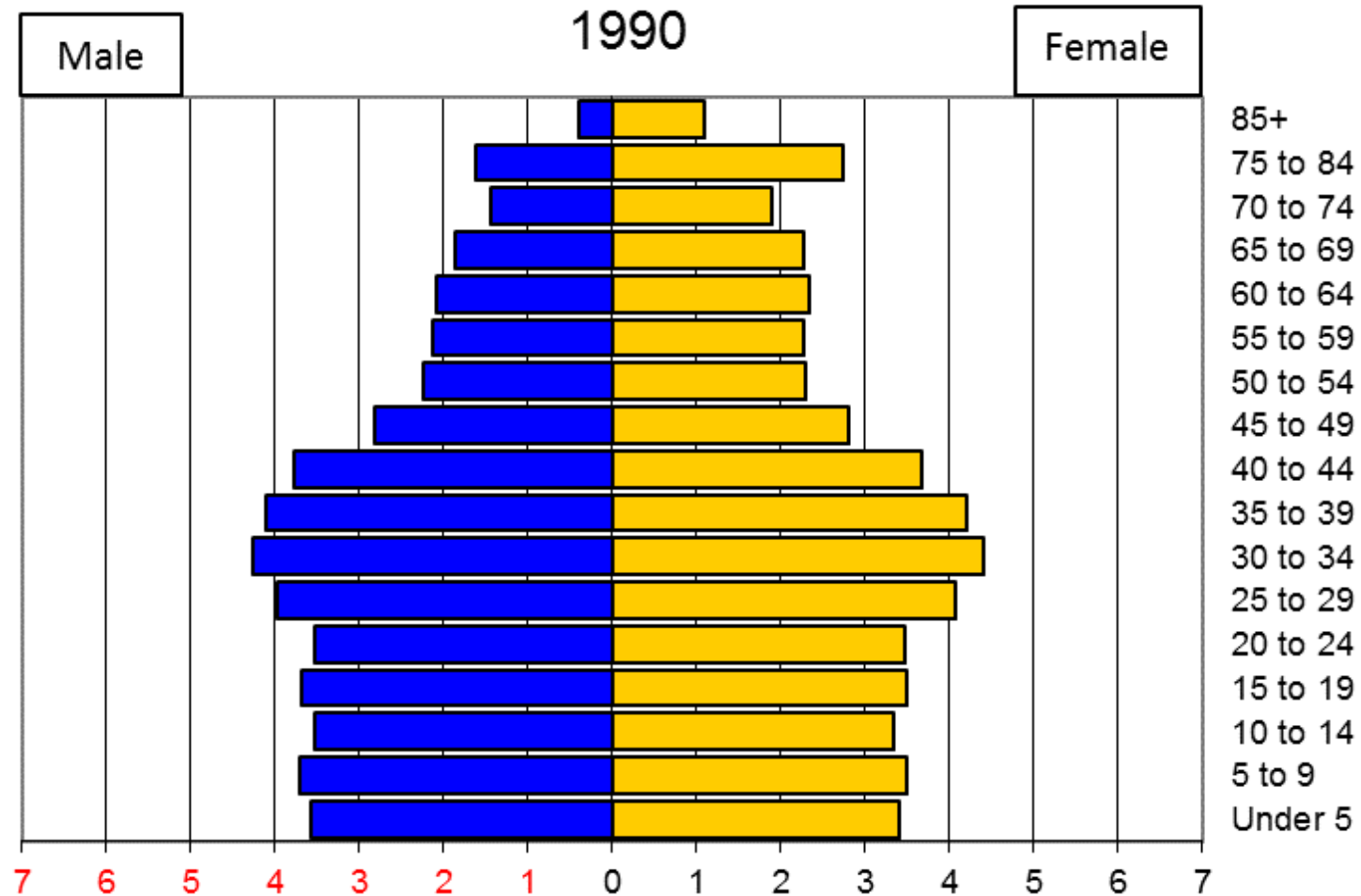
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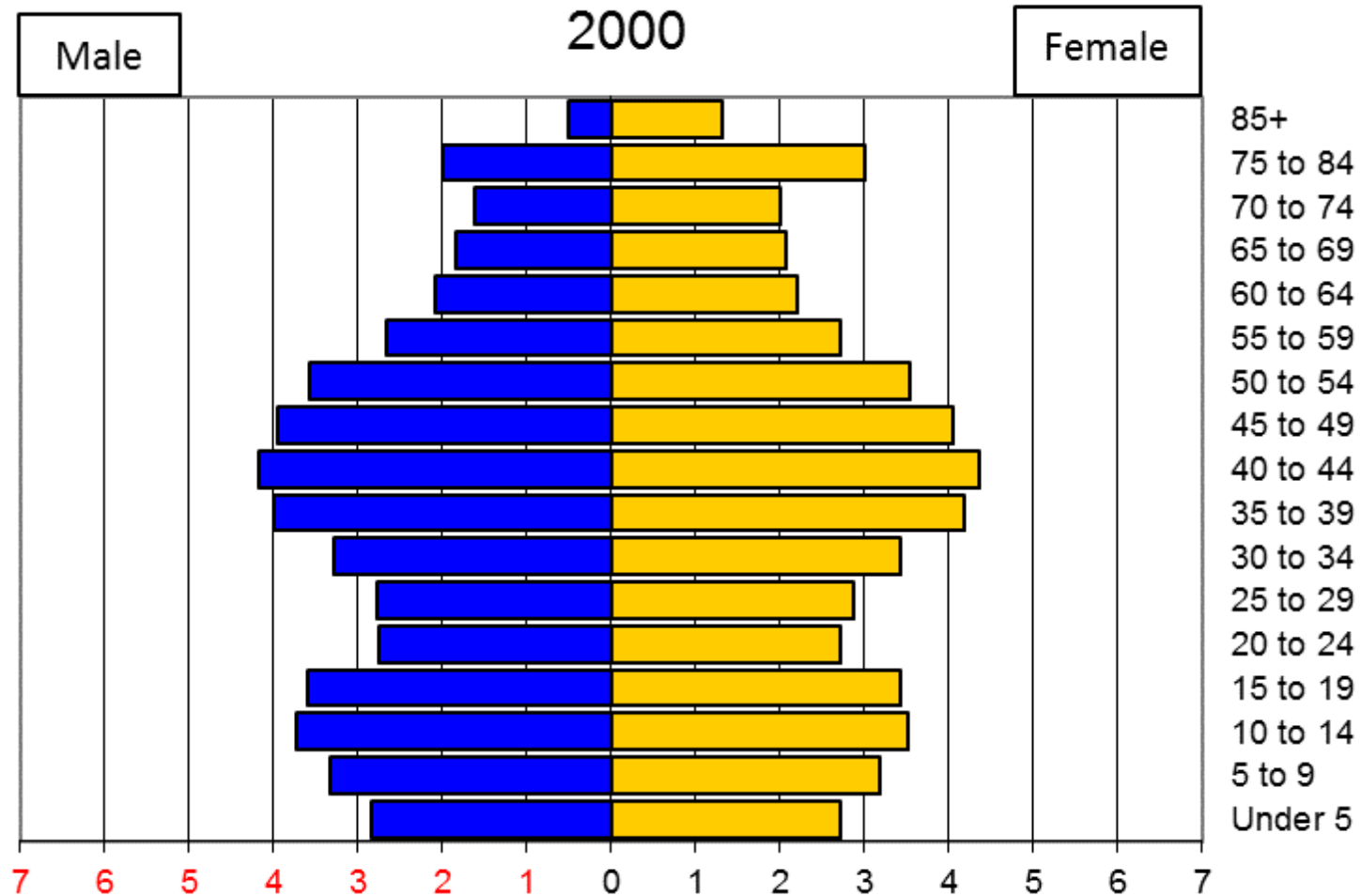
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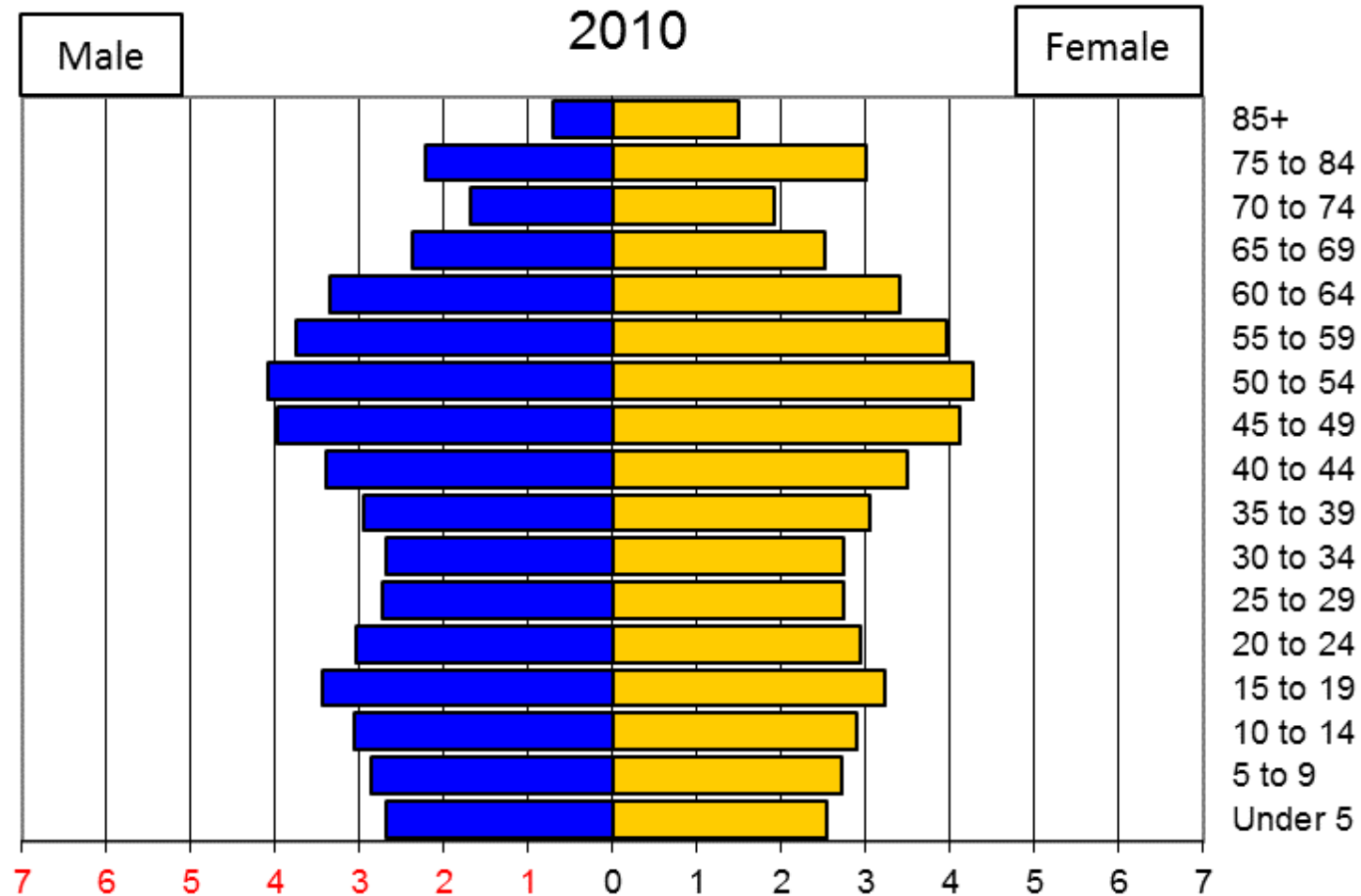
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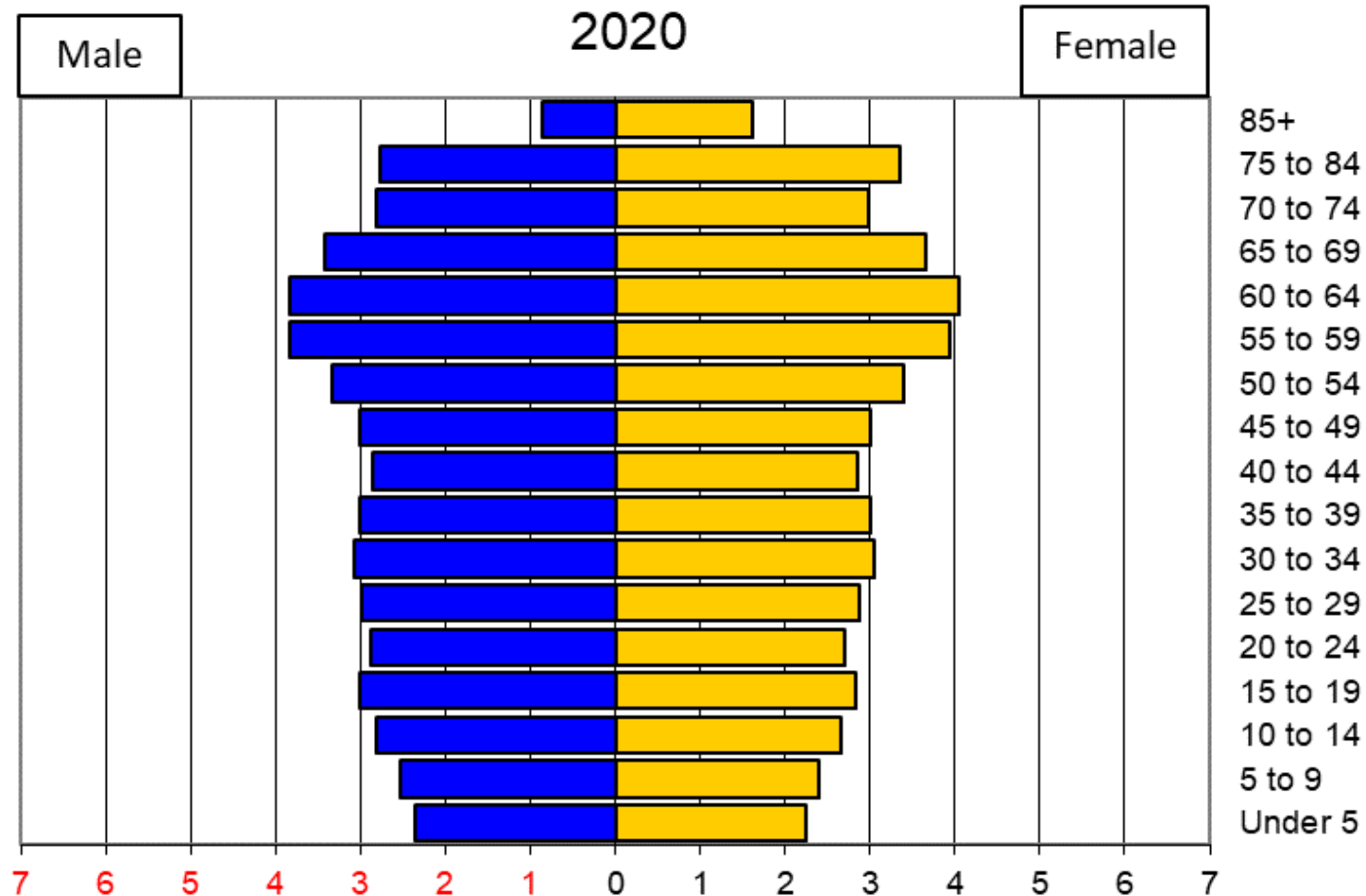
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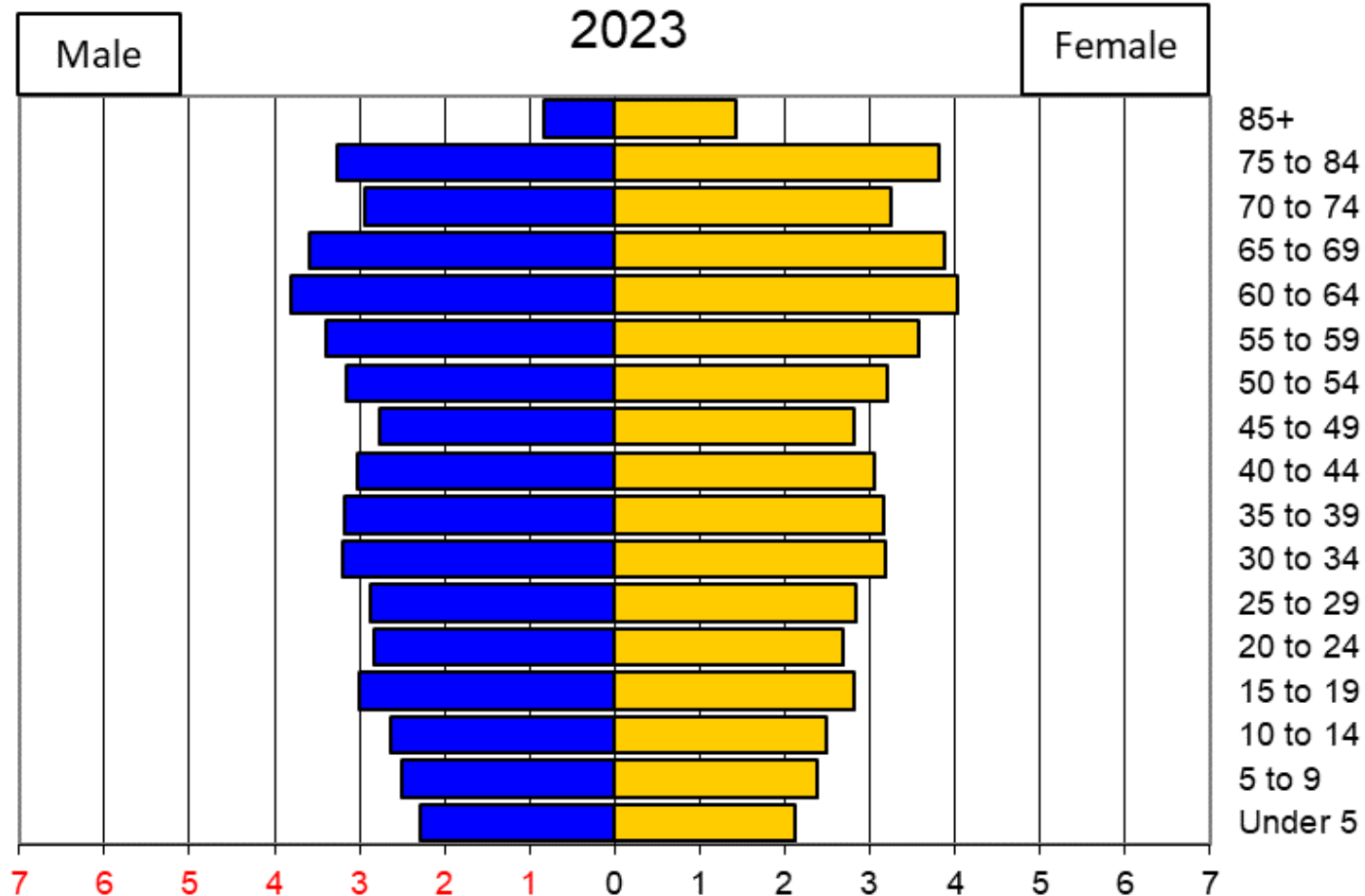


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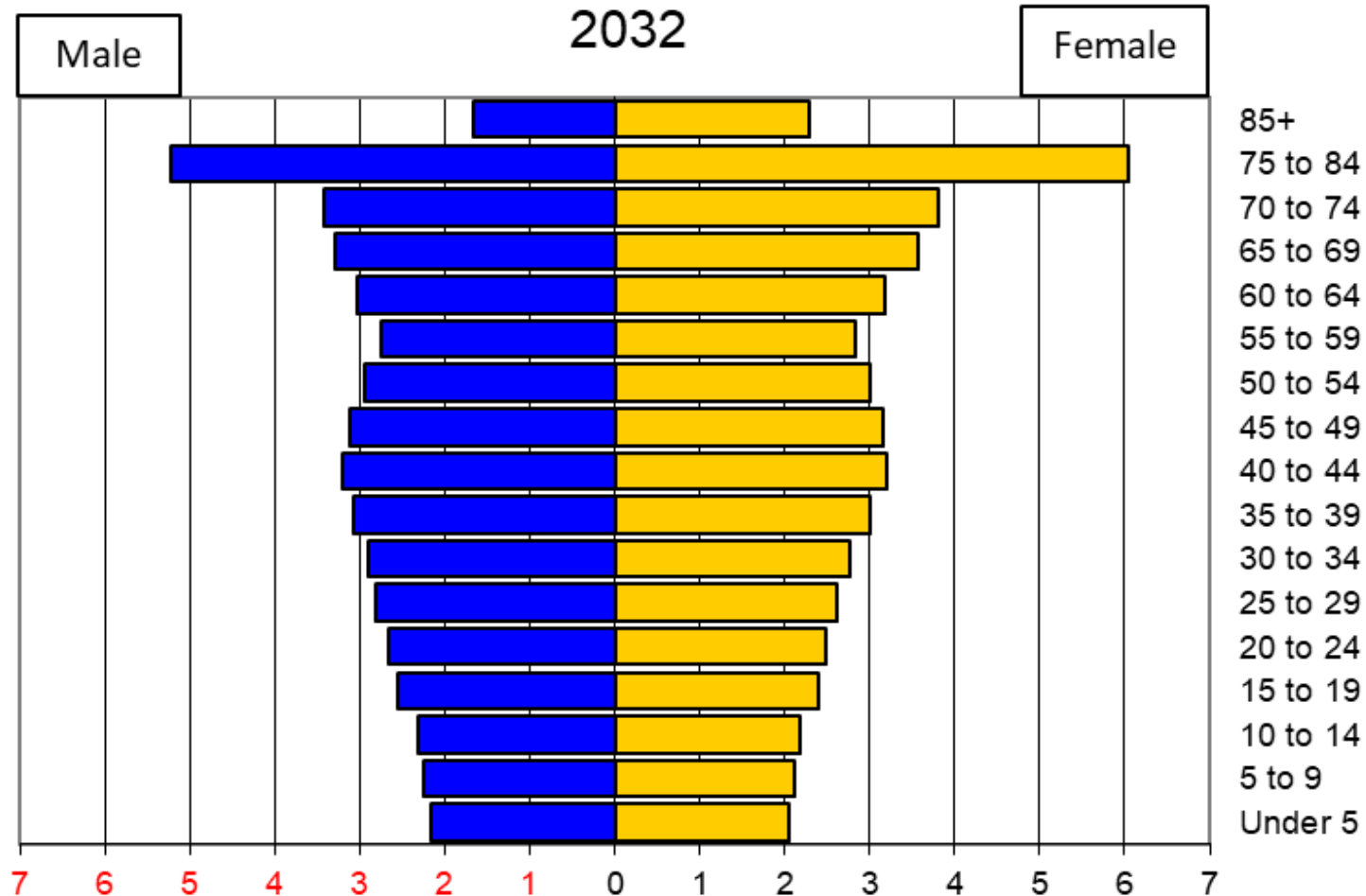
Baby Boom generation in 2023: age 59-77



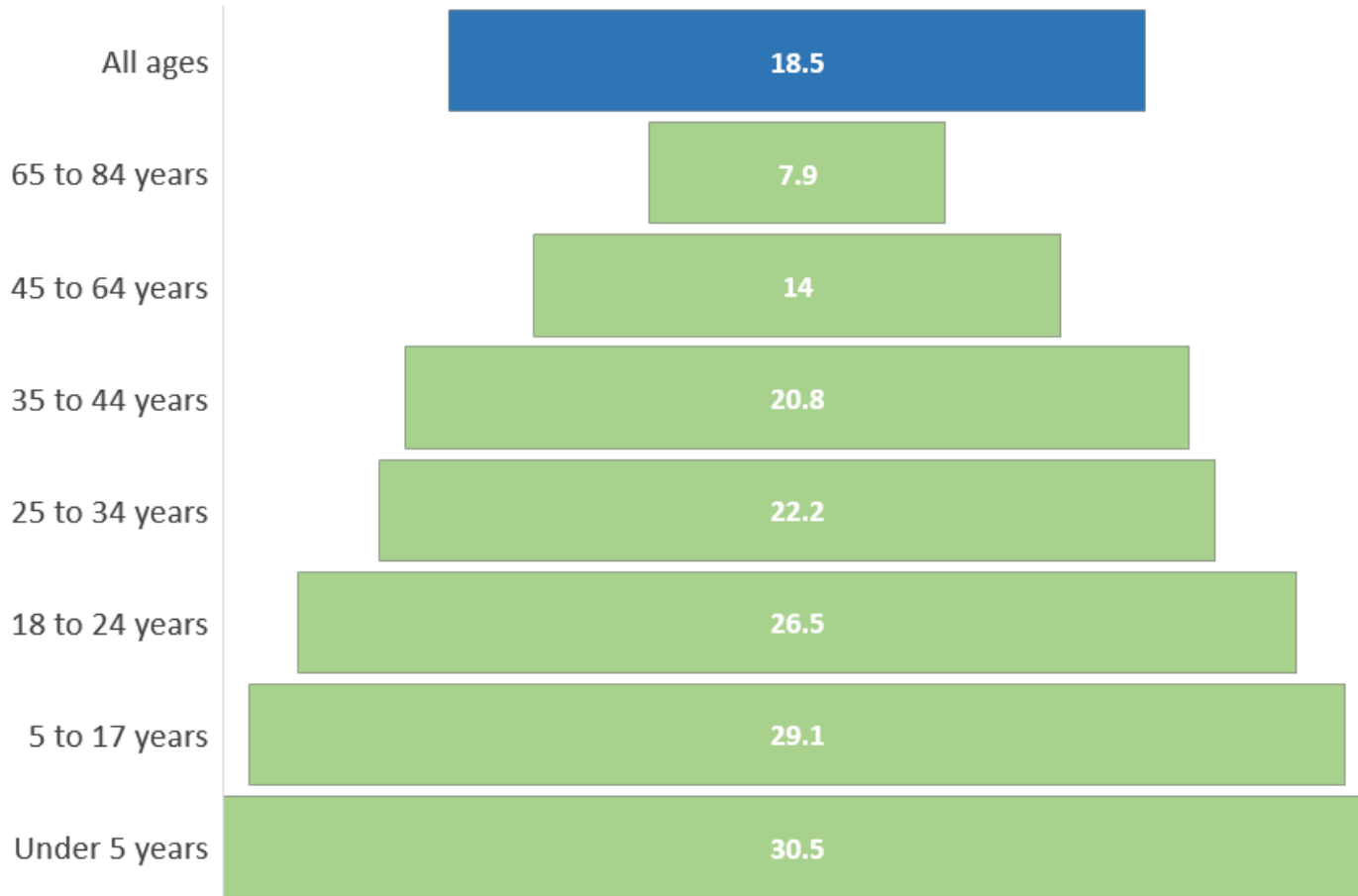
The Baby Boom: 1946-1964

Baby Boom generation in 2032: age 68-86

Prime working-age population (20-64 years) projected to decrease by 4.6% from 2022-2032



Diversity Index in Maine, 2020: Selected Age Groups



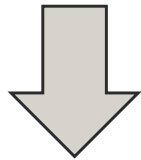
Younger generations in Maine are more diverse than older generations

Workforce and Employment

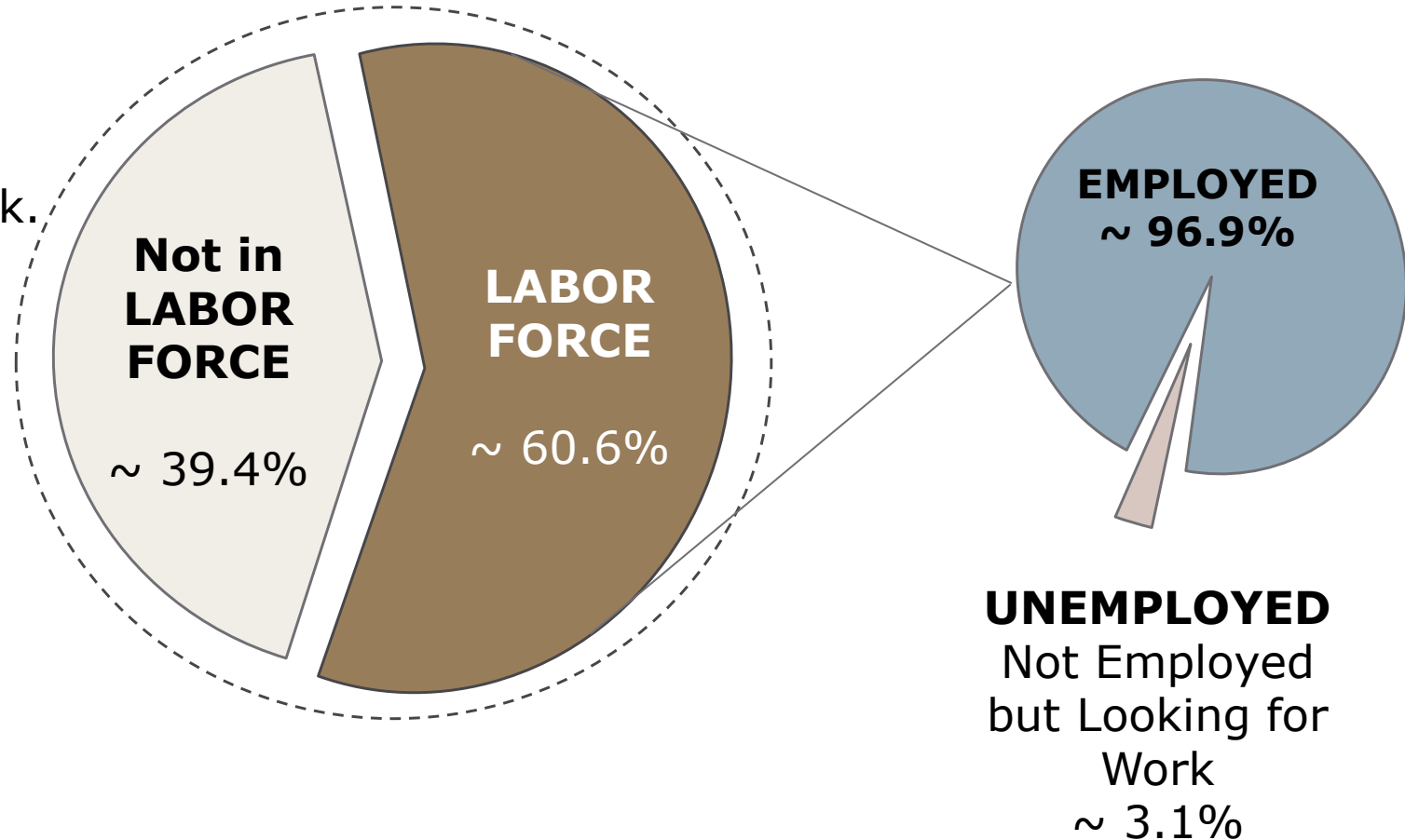
Who is in the labor force?

Civilian population, age 16+

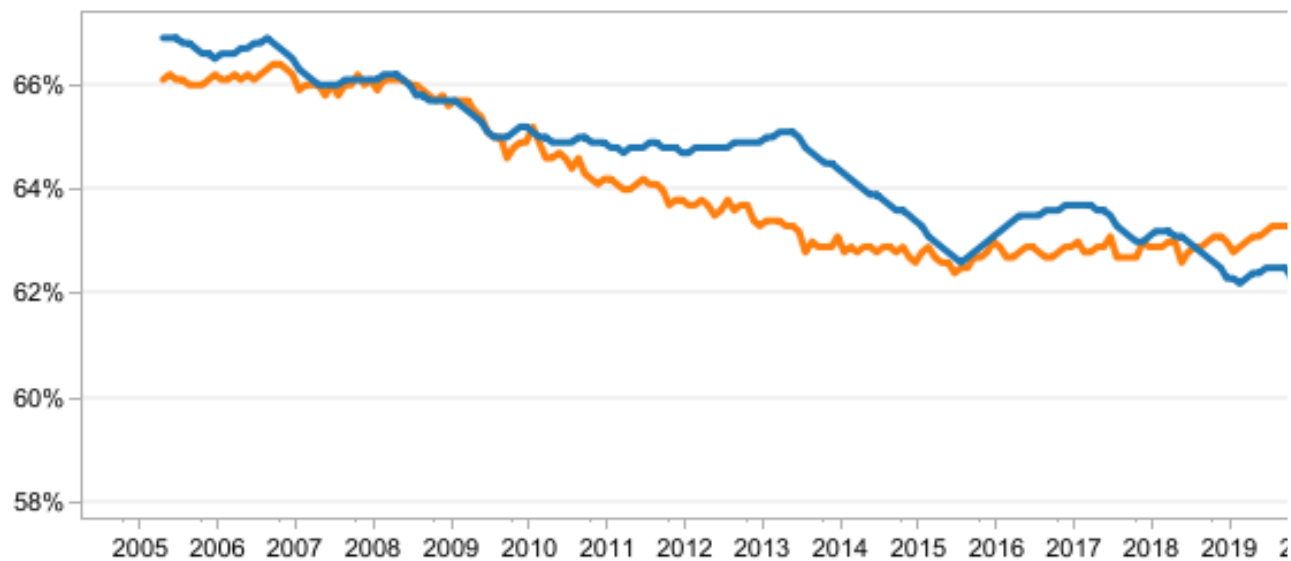
Not available and not looking for work. This could include people who are retired, full-time students, full-time caregivers, etc.



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



Labor Force Participation Rate (seasonally adjusted)

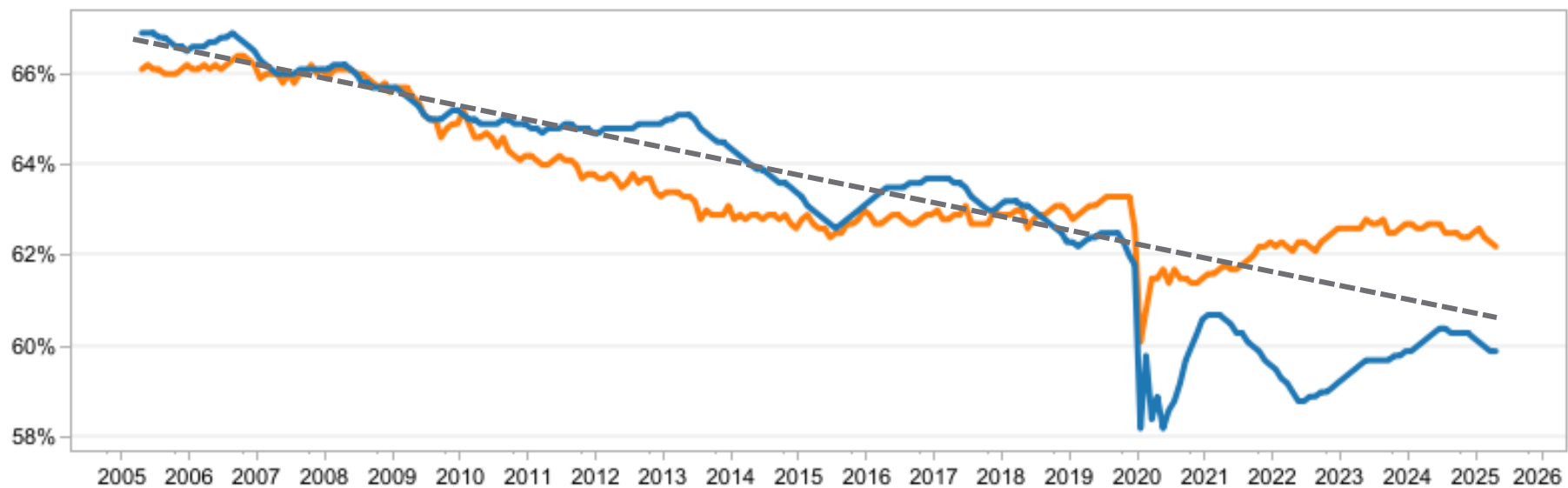


Jul, 2005 to Jul, 2025

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

■ Maine
■ United States

Labor Force Participation Rate (seasonally adjusted)

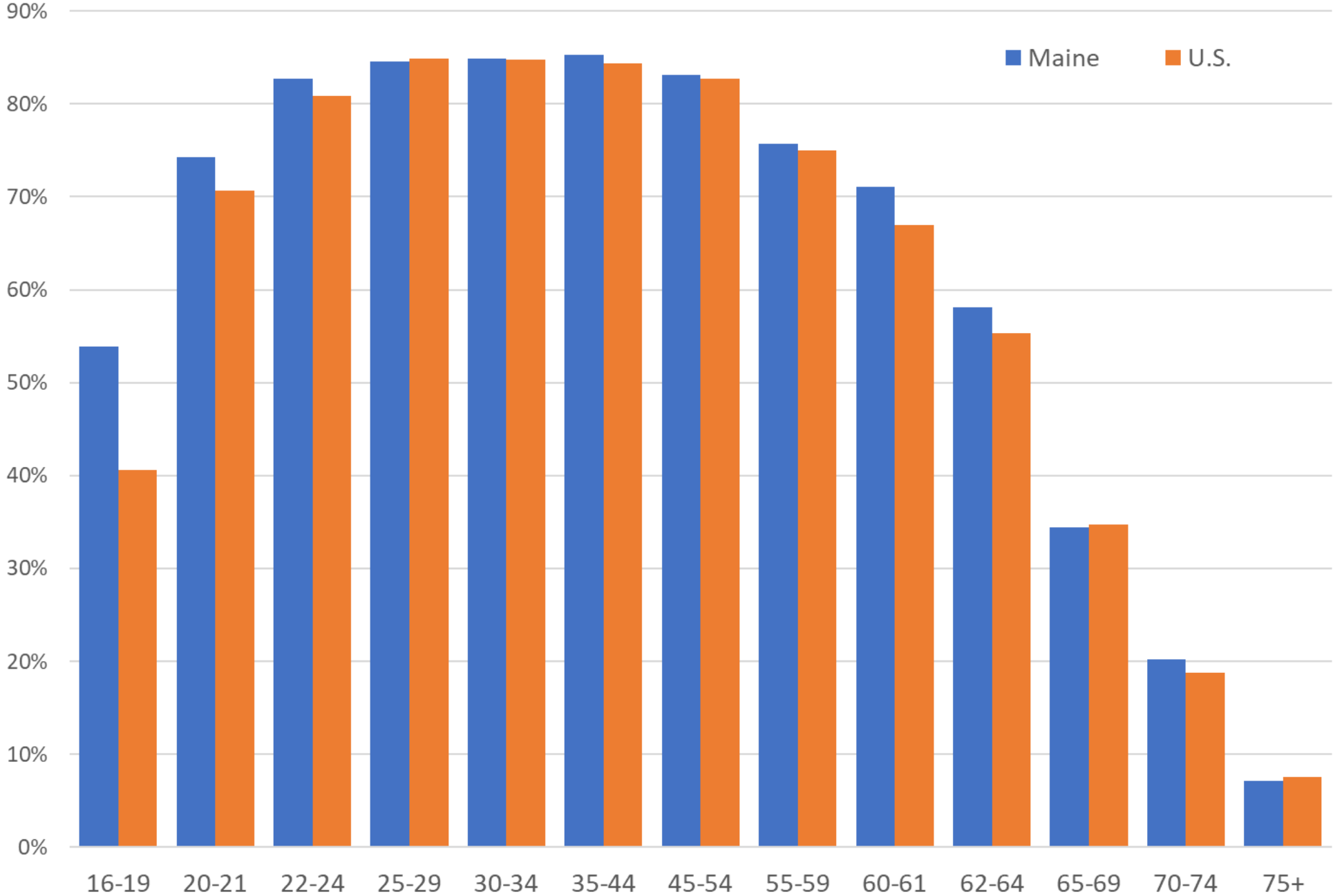


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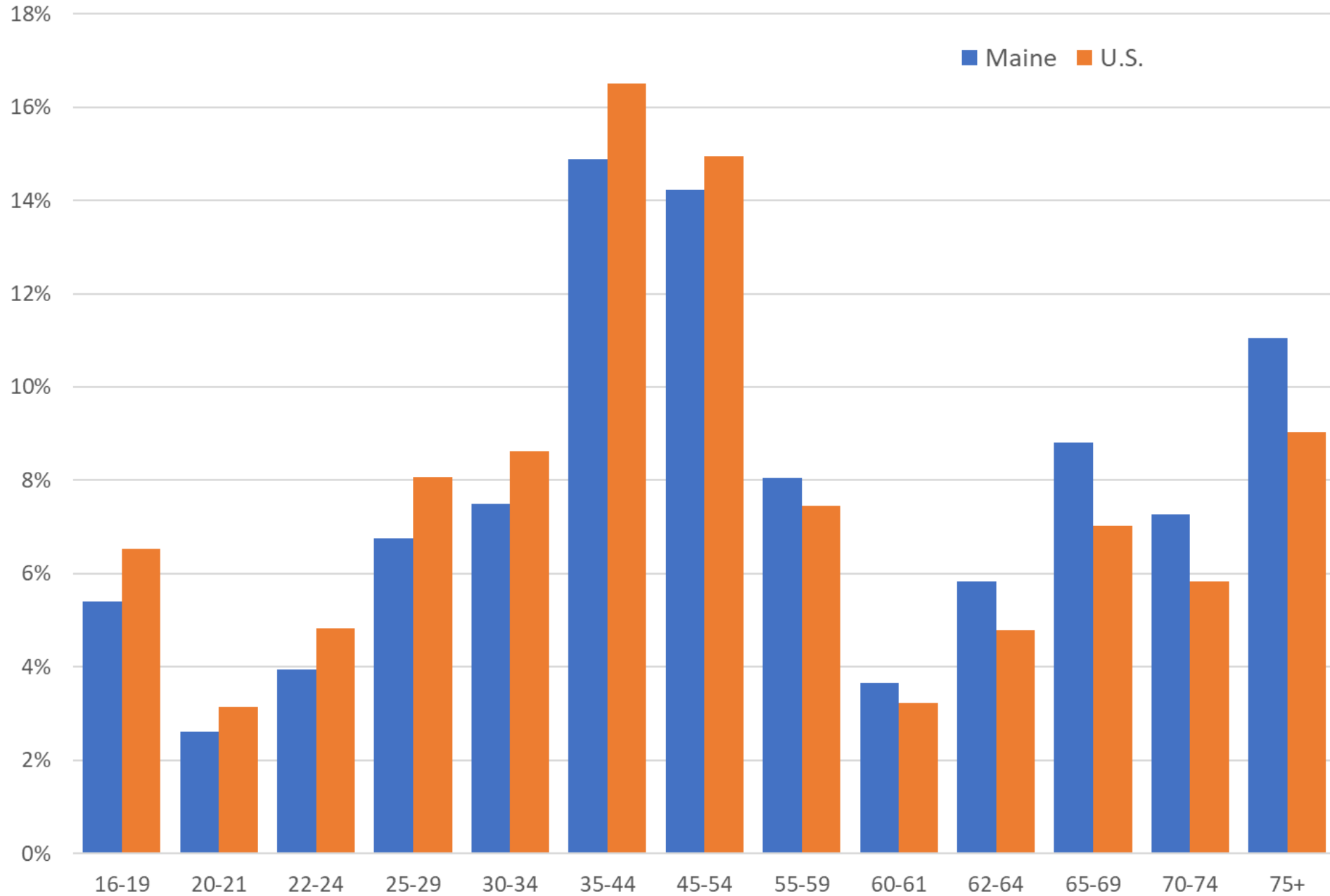
- Unemployment Rate
- Labor Force & Employment
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- Labor Force Participation Rate
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■ Maine
■ United States

2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



County Rates (not seasonally adjusted)

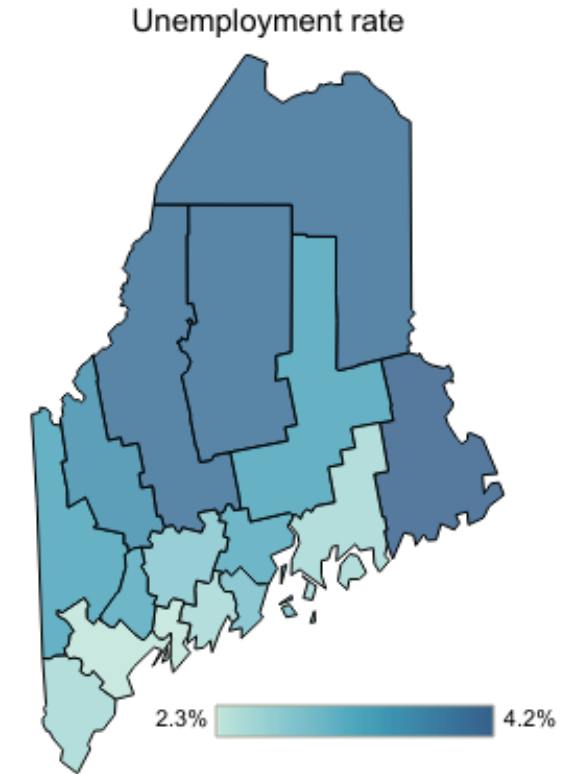
July, 2025

- Table
- Graph

Map/Graph Display

- Unemployment rate
- One-year change

| County | Rate | Year ago | One-yr change |
|--------------|------|----------|---------------|
| Maine | 2.8% | 3.0% | -0.2 |
| Androscoggin | 3.2% | 3.2% | 0.0 |
| Aroostook | 4.0% | 4.2% | -0.2 |
| Cumberland | 2.3% | 2.5% | -0.2 |
| Franklin | 3.6% | 3.8% | -0.2 |
| Hancock | 2.5% | 2.7% | -0.2 |
| Kennebec | 2.8% | 2.9% | -0.1 |
| Knox | 2.9% | 3.5% | -0.6 |
| Lincoln | 2.5% | 2.9% | -0.4 |
| Oxford | 3.3% | 3.5% | -0.2 |
| Penobscot | 3.3% | 3.3% | 0.0 |
| Piscataquis | 4.0% | 4.8% | -0.8 |
| Sagadahoc | 2.3% | 2.4% | -0.1 |
| Somerset | 4.0% | 3.9% | 0.1 |
| Waldo | 3.2% | 3.4% | -0.2 |
| Washington | 4.2% | 4.6% | -0.4 |
| York | 2.5% | 2.6% | -0.1 |

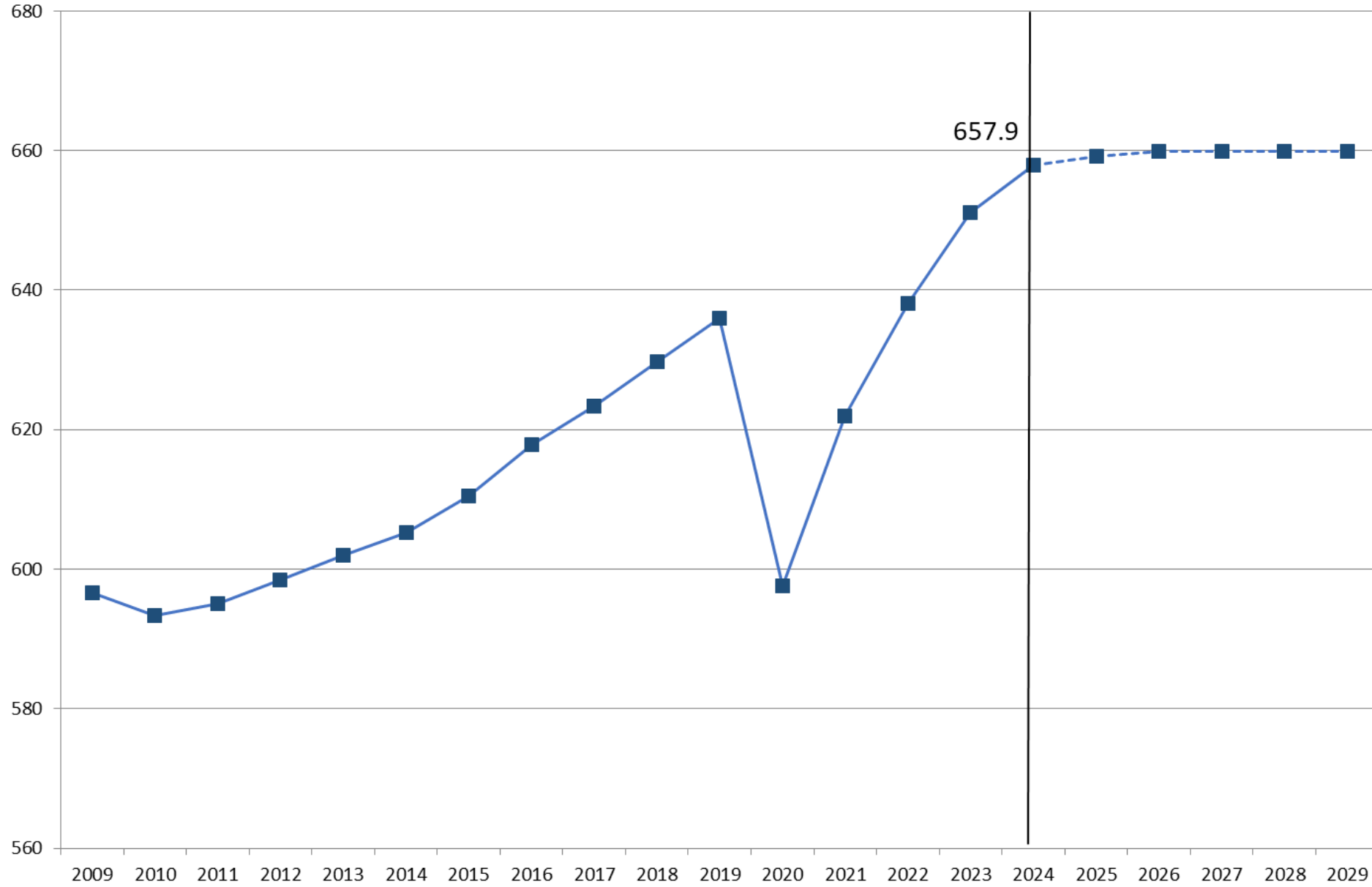


Maine Department of Labor, Center for Workforce Research and Information

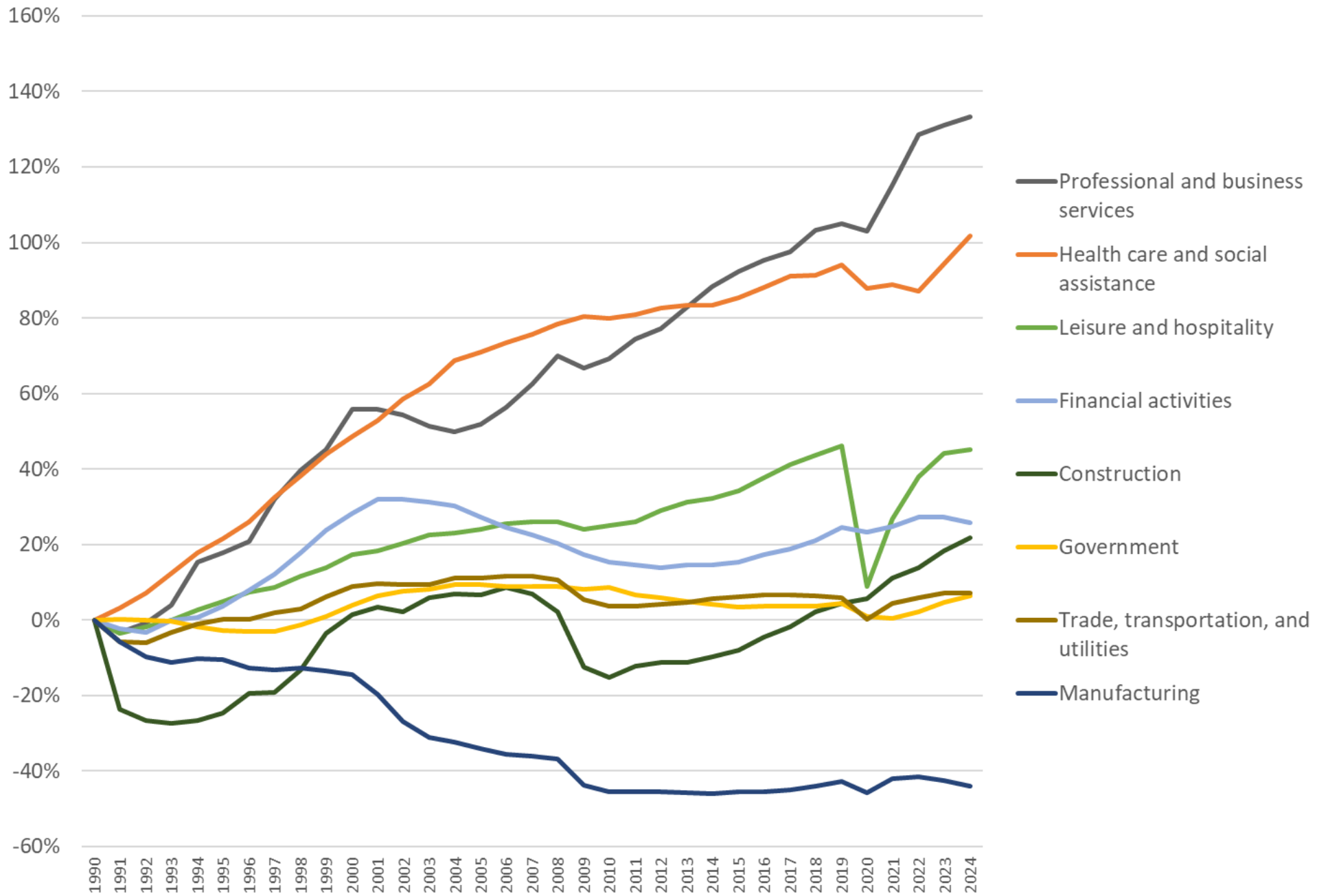
Maine's seasonally-adjusted 3.2% unemployment rate in July 2025 is below both the U.S. and New England rates

Total Nonfarm Employment (in thousands)

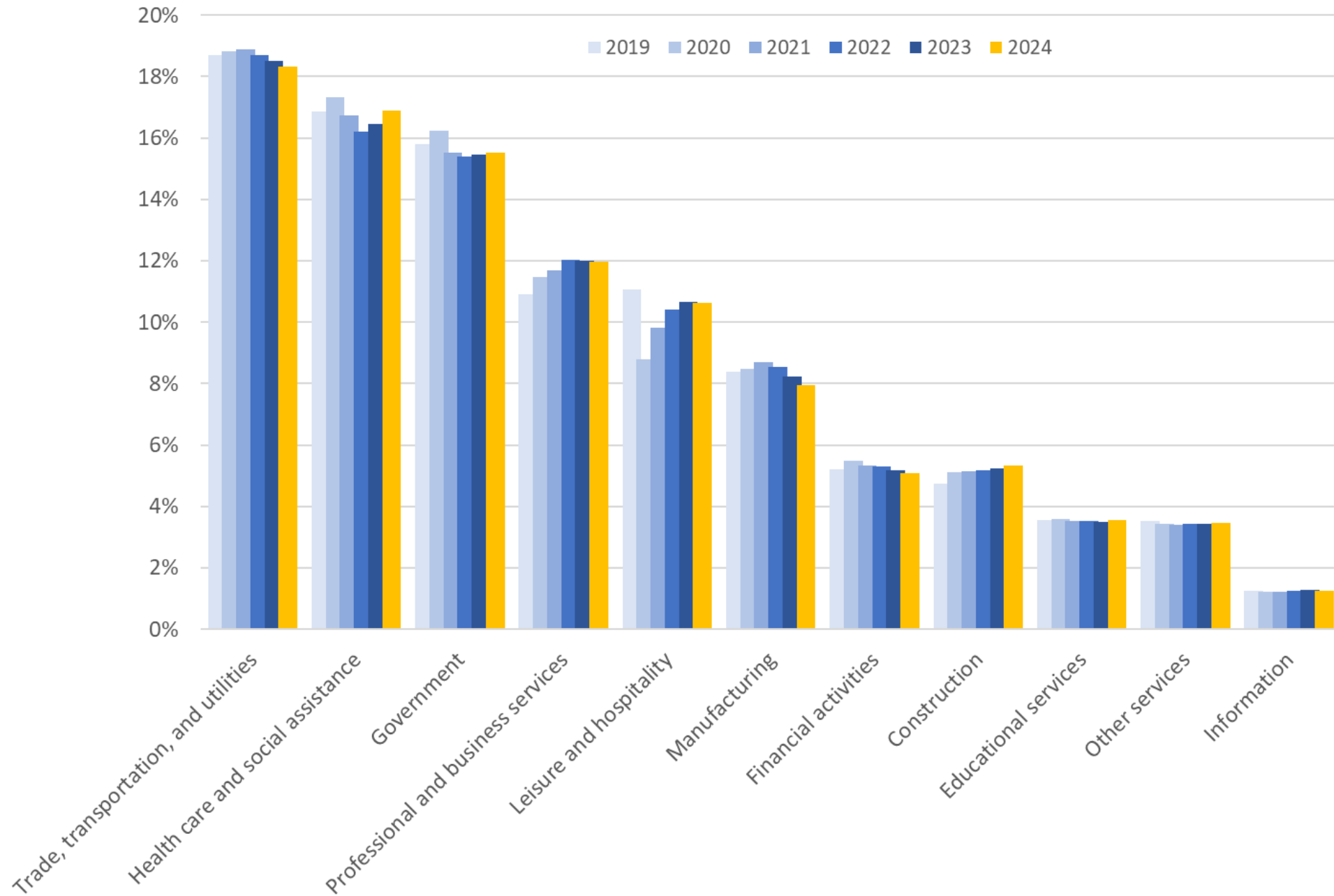
History and Consensus Economic Forecasting Commission forecast



Percent change in select Maine employment sectors since 1990

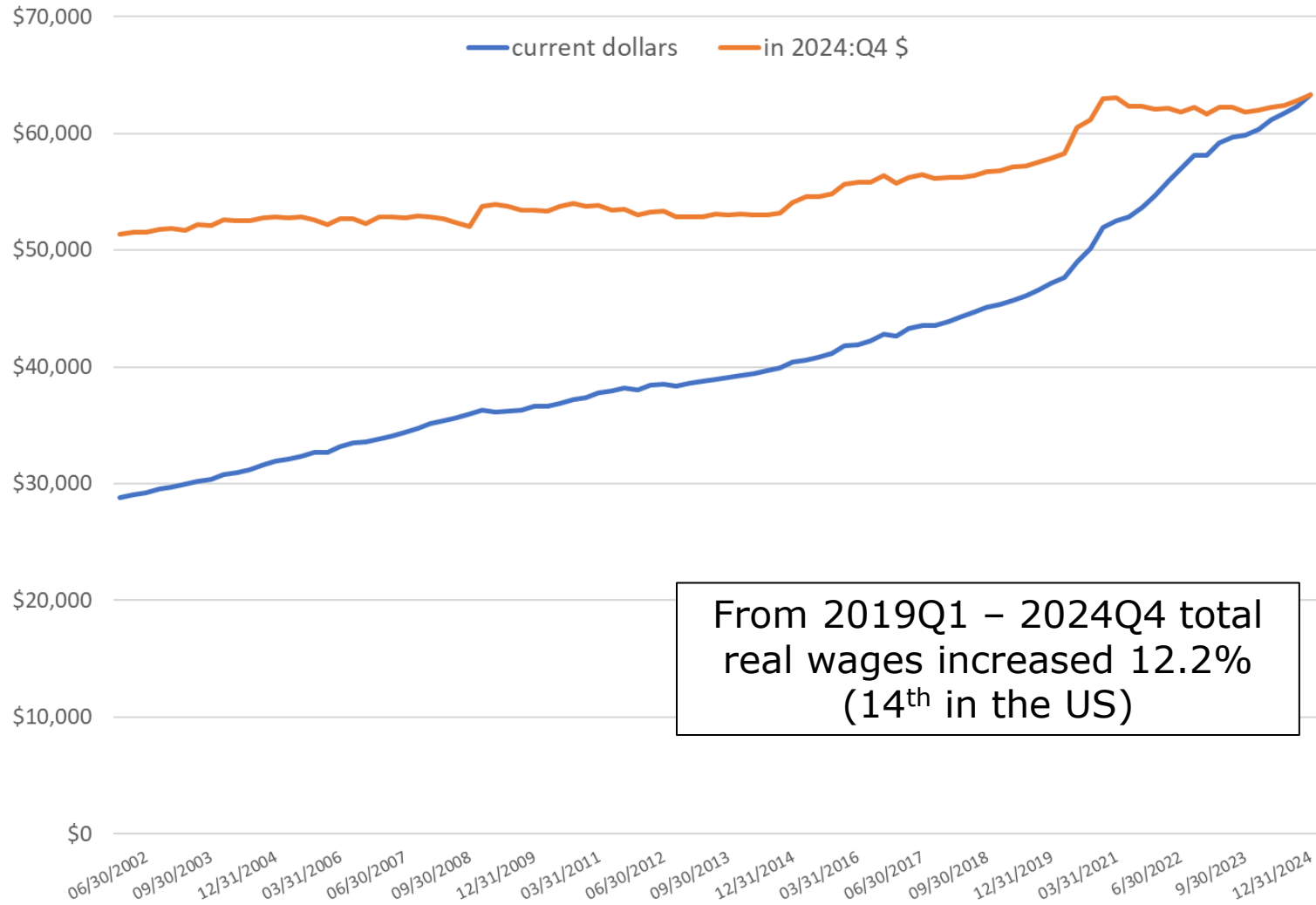


Share of Maine Nonfarm Employment by Industry



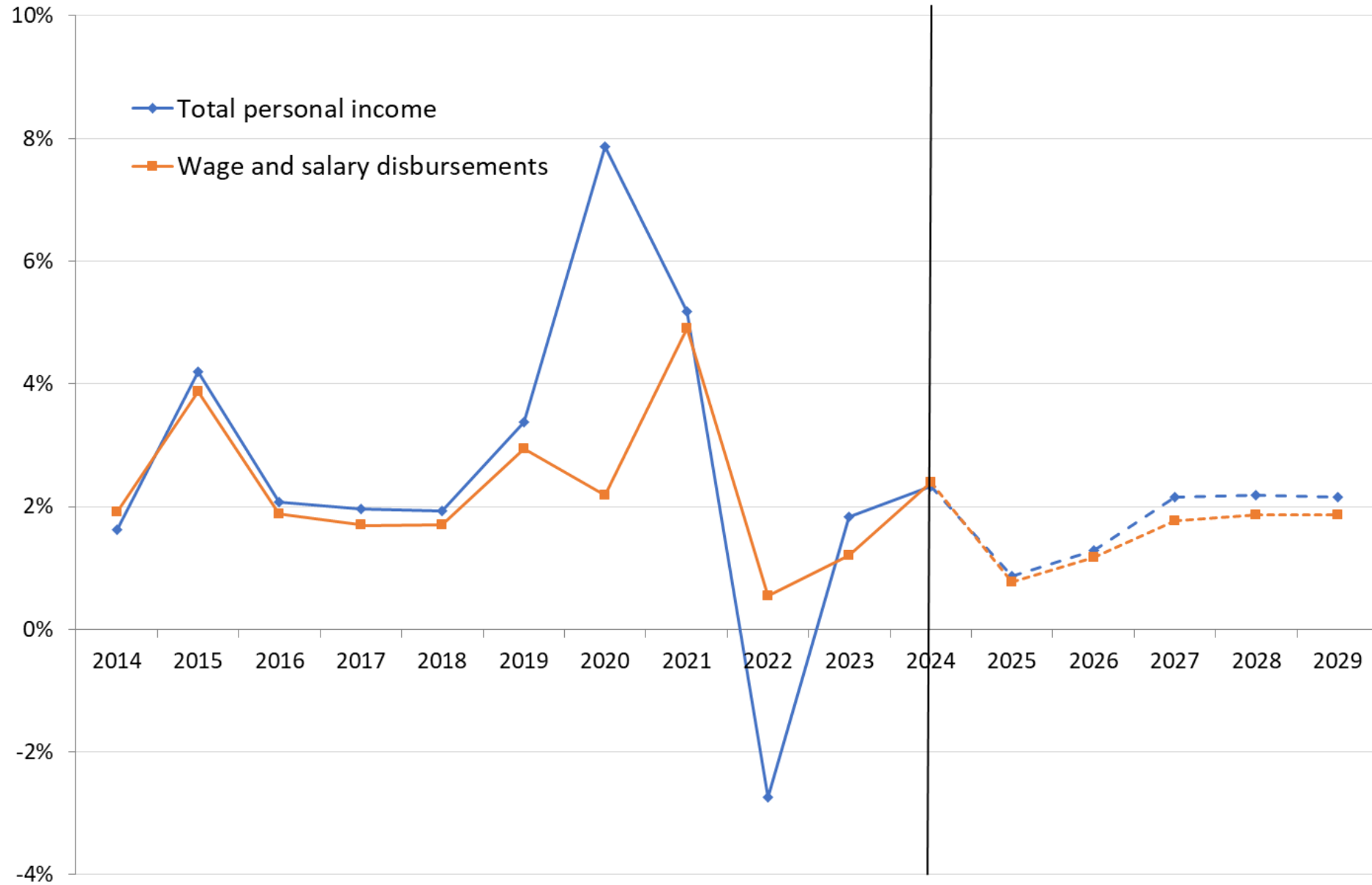
Wages, income, and GDP

Moving Four Quarter Average Wage Per Job



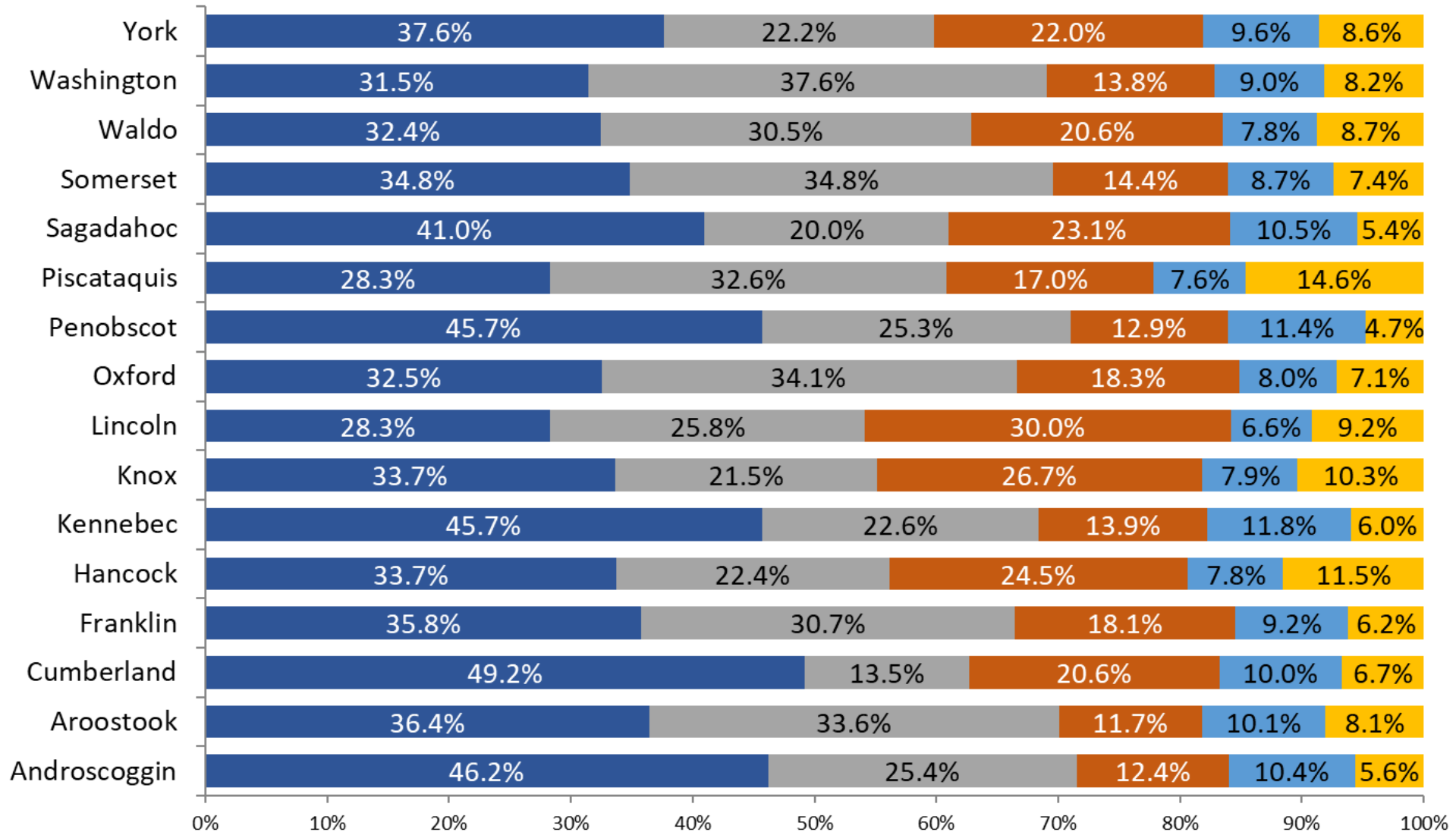
Wages increased sharply during the first part of the pandemic; since then, increases have kept pace with inflation

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



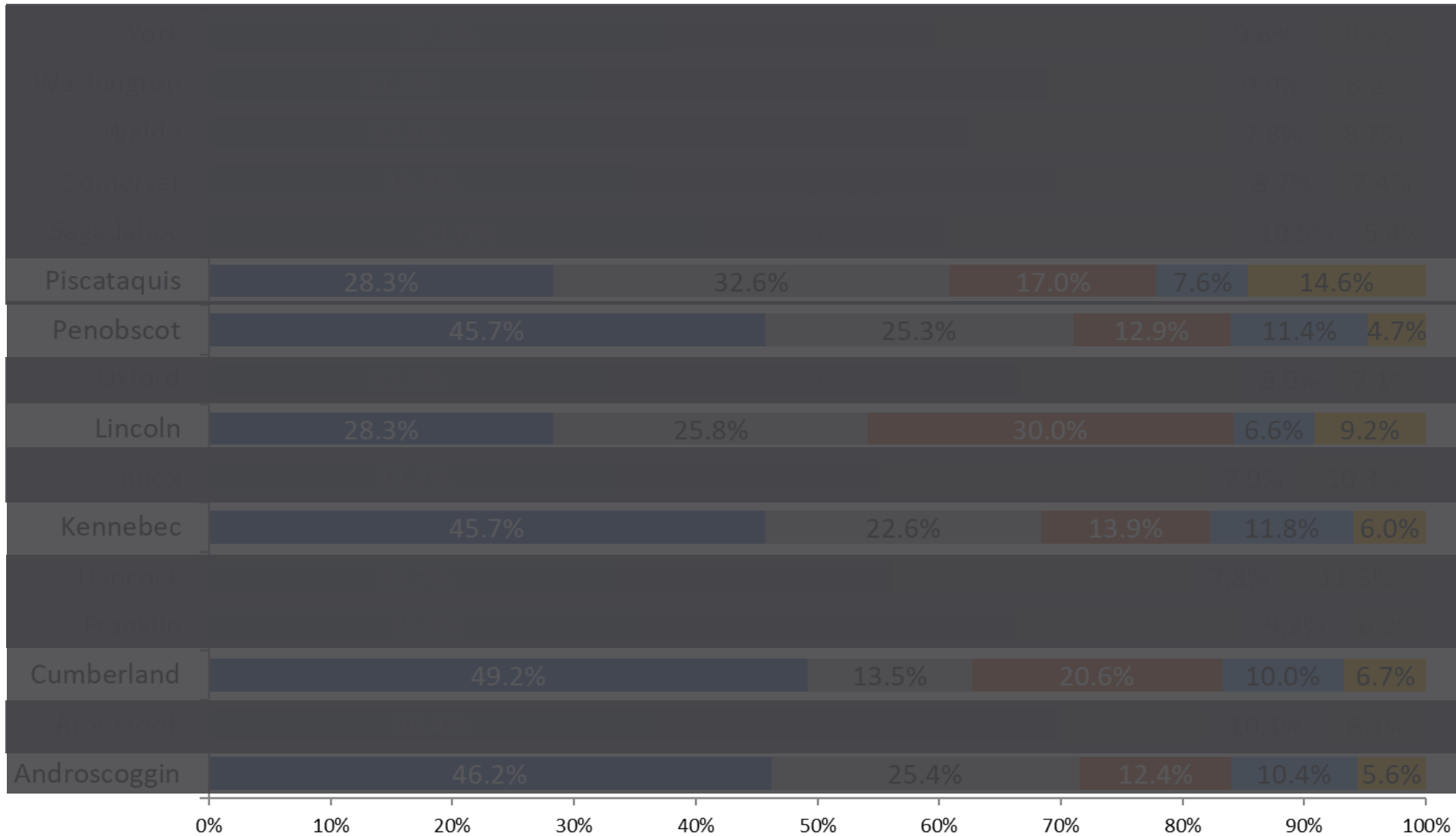
Major Components of Personal Income, 2023

- Wages and salaries
- Personal current transfer receipts
- Dividends, interest, and rent
- Supplements to wages and salaries
- Proprietors' income

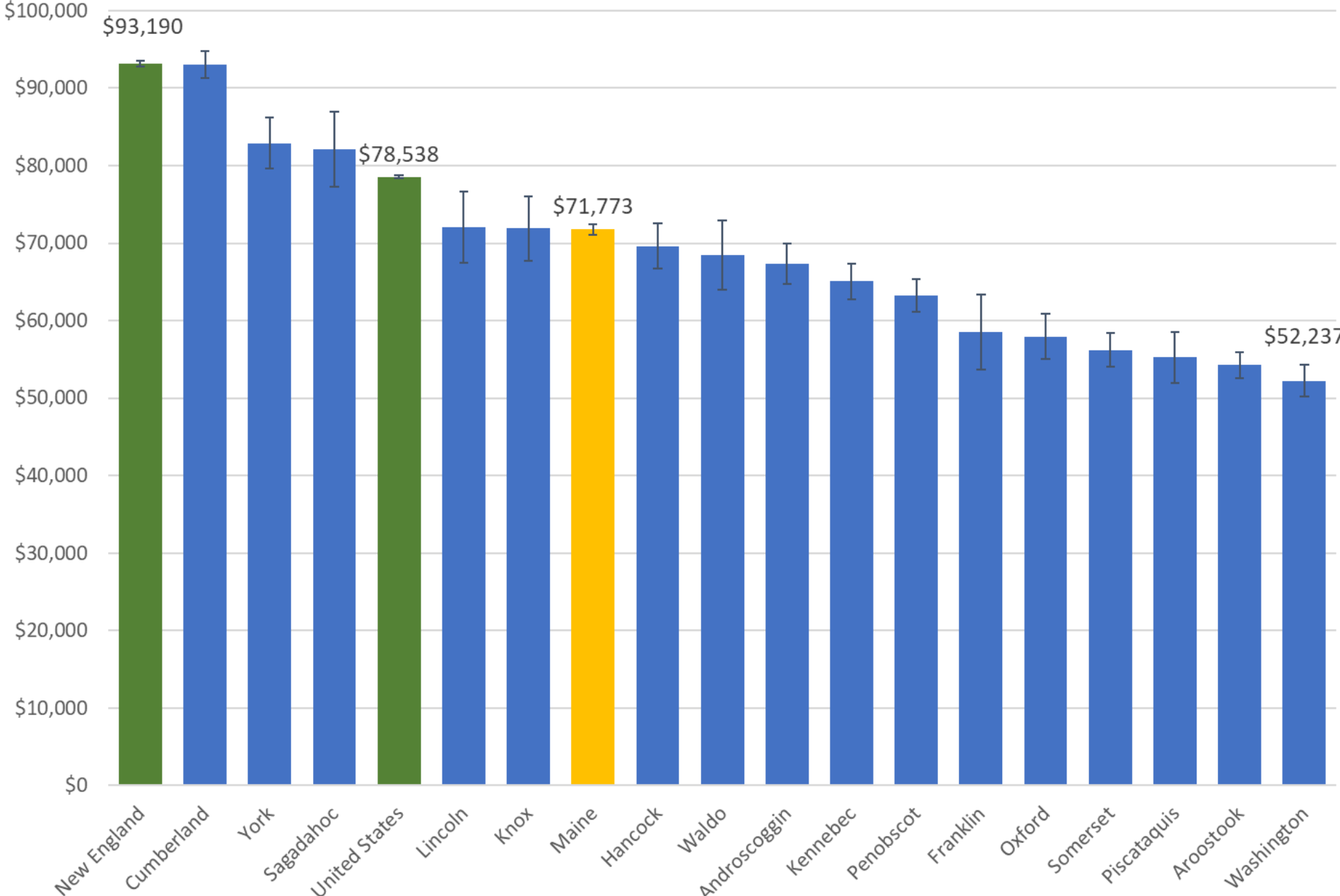


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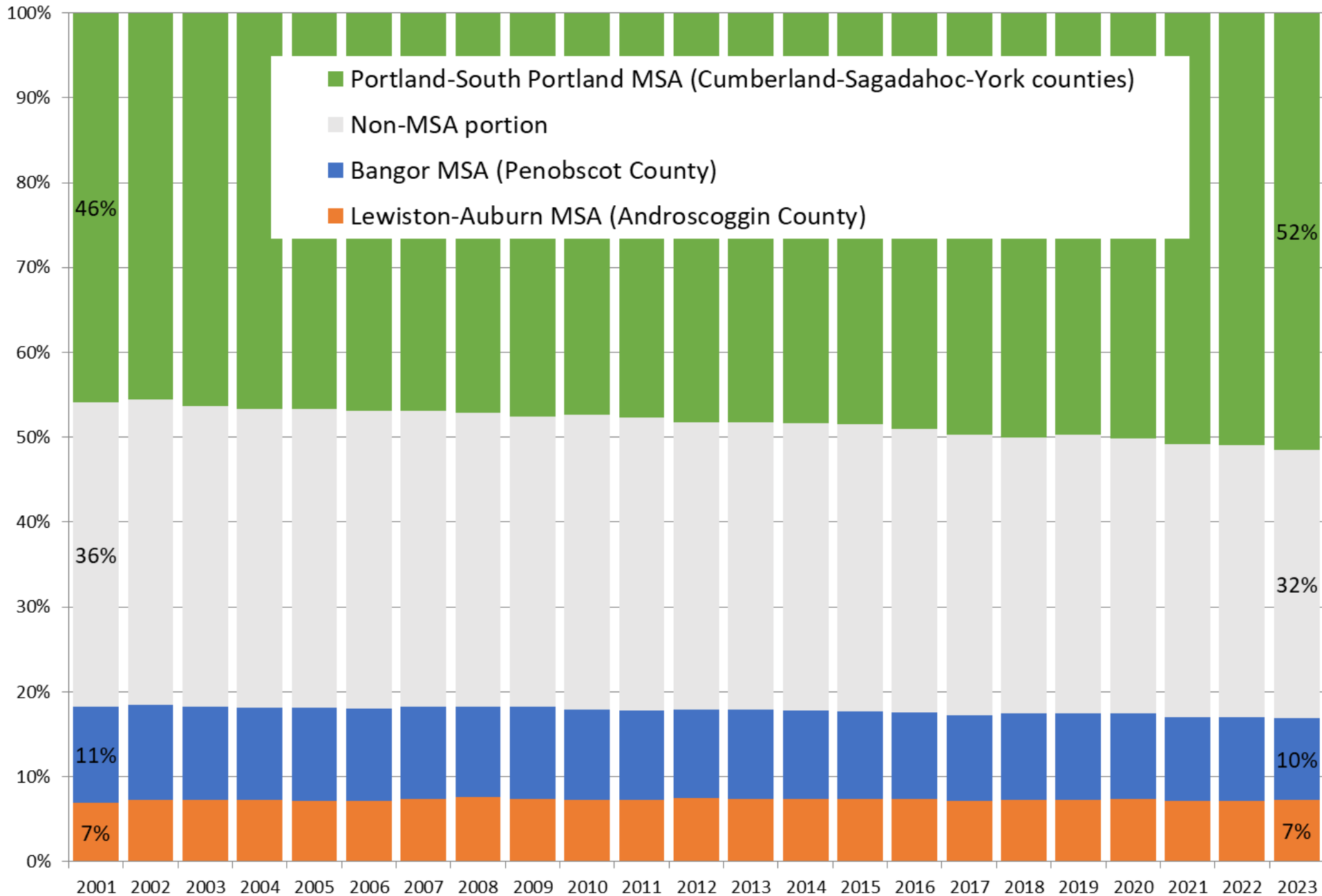


Median Household Income



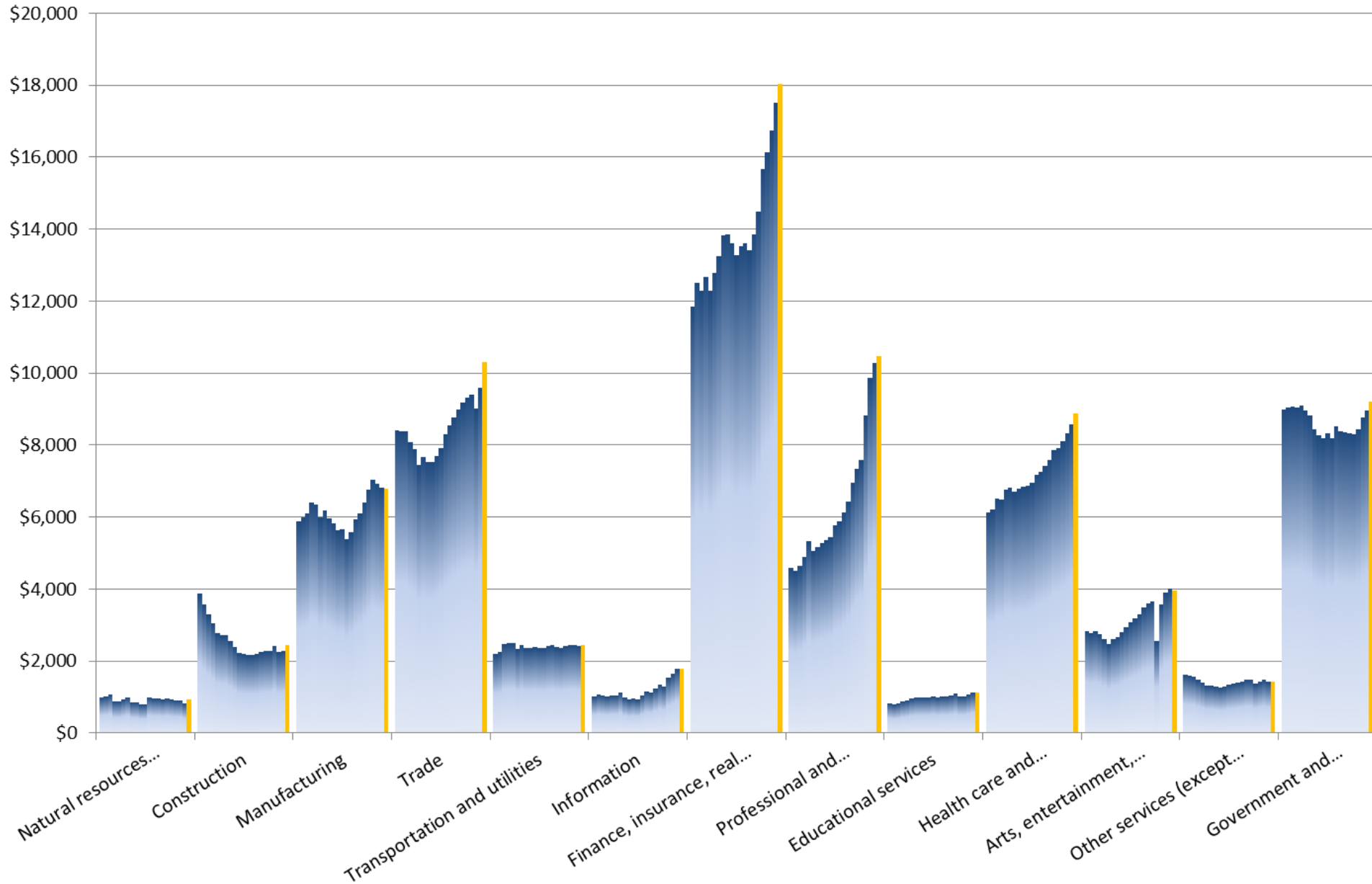
Source: U.S. Census Bureau, 2023 American Community Survey 5-year estimates

Share of Maine GDP by Metropolitan Area

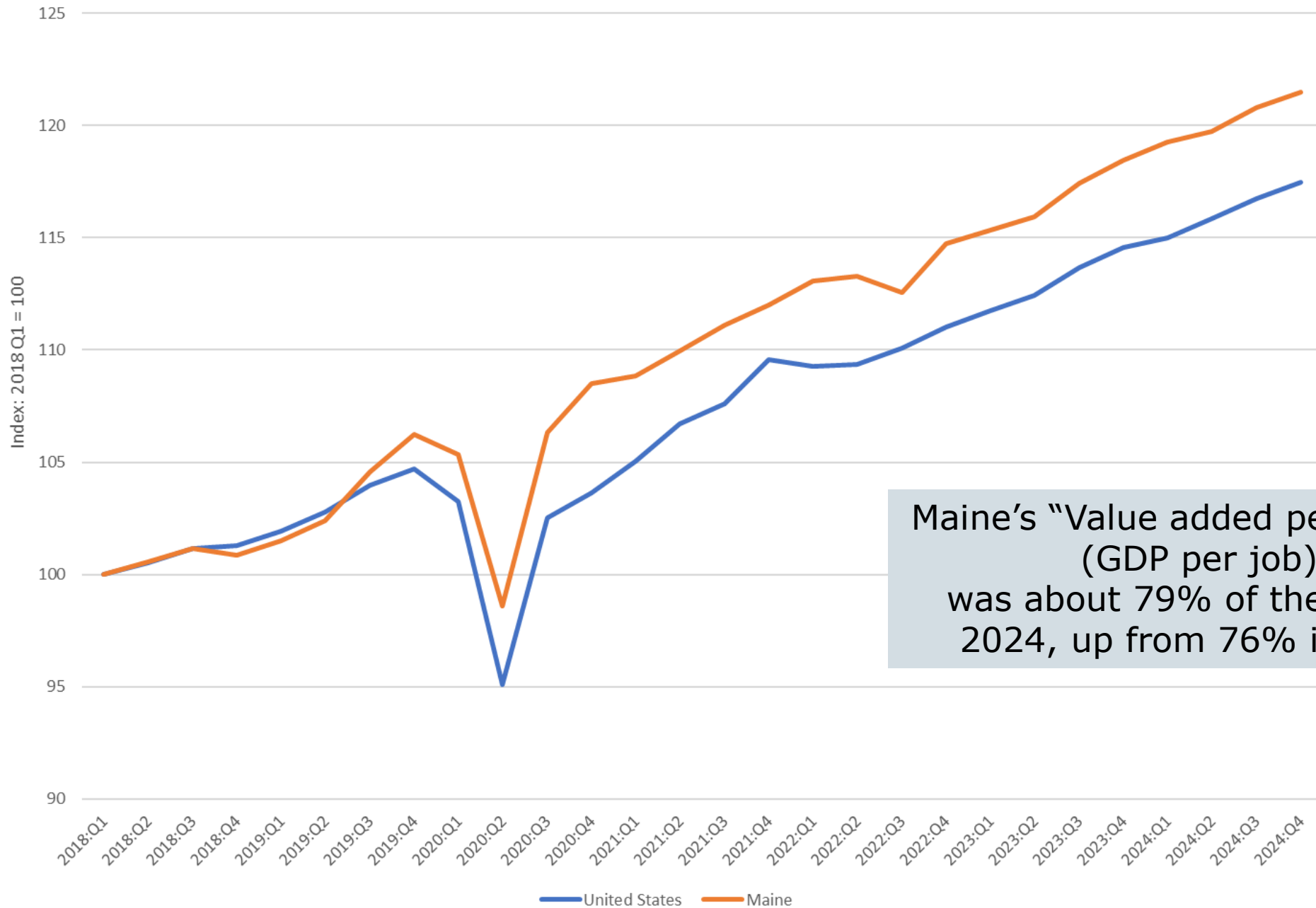


Maine Real GDP by Industry, 2004-2024

(in millions of chained 2017 dollars)



Quarterly Real GDP (in millions of chained 2017 dollars)



Maine's "Value added per worker" (GDP per job) was about 79% of the U.S. in 2024, up from 76% in 2018

Macroeconomic conditions

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. (...) the tensions between Canada and the U.S. may also drive a decline in Canadian tourism to Maine.

Federal funding reductions and OBBBA

OBBBA adds \$9.1 trillion to federal deficit over 10 years (\$8.4 trillion to tax cuts); offsets \$5.6 trillion through changes to tax policies, Medicaid, SNAP, student loans

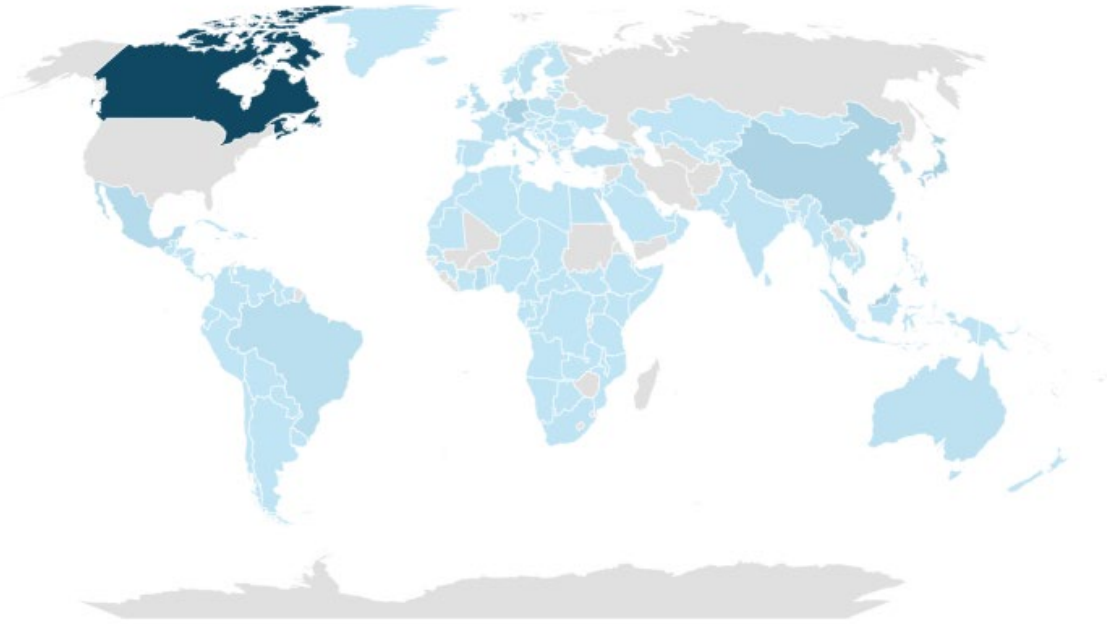
Inflation Reduction Act reductions/recissions around 17% of total, but additional cuts being made through executive actions

TCJA tax cuts made permanent and adjusted for inflation; CTC made permanent, increased, and adjusted for inflation; estate and gift tax exemption raised from \$5M to \$15M; temporary tax break for tips, overtime pay, car loan interest

In 2023, the State of Maine received \$4.3 billion in federal funds, with \$2.8 billion going to Medicaid; almost 400,000 Mainers are enrolled in MaineCare

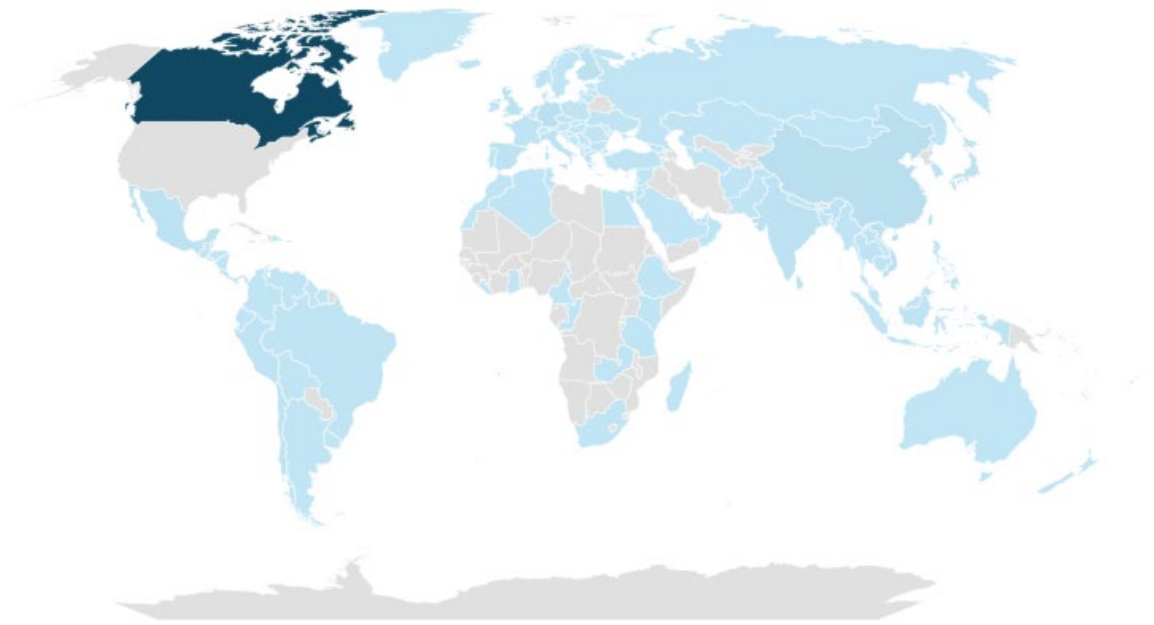
177,000 Mainers (including nearly 55,000 children) receive SNAP benefits

NIH funding – life sciences sector (top NIH recipients in Maine = JAX, MaineHealth, UNE, MDIBL, UMaine Orono)



In 2024 Maine **exported** products to 168 countries and territories. Top export markets include:

1. Canada (42%)
2. Japan
3. Malaysia
4. Netherlands
5. Germany



In 2024 Maine **imported** products from 128 countries and territories. Top import markets include:

1. Canada (70%)
2. China
3. Germany
4. Vietnam
5. Finland

Tariffs have been a rollercoaster ride

Increase in tariff rates took effect on August 7 (includes 50% on Brazil and India)

USMCA compliant imports remain exempt (around 57% from Canada, 47% from Mexico exempt); otherwise, Canada 35%, Mexico still negotiating

Deal rates:
Vietnam = 20%
Indonesia, Philippines = 19%
EU, Japan, S. Korea = 15%
Britain = 10%

China still negotiating; 30% for now, with August 12 deadline extended 90 days

De minimis exemption eliminated as of 8/29; 40% on "transshipments"

The Budget Lab at Yale estimates (as of 8/7) average effective tariff rate for consumers of 17.7%, highest since 1934 and equates to \$2.1K per household loss

Other tariff impacts

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

Intermediate goods are about half of total U.S. imports – tariffs on these products impact domestic manufacturers

Sector-specific tariffs may have a greater impact on certain industries: e.g. steel and aluminum impacting construction

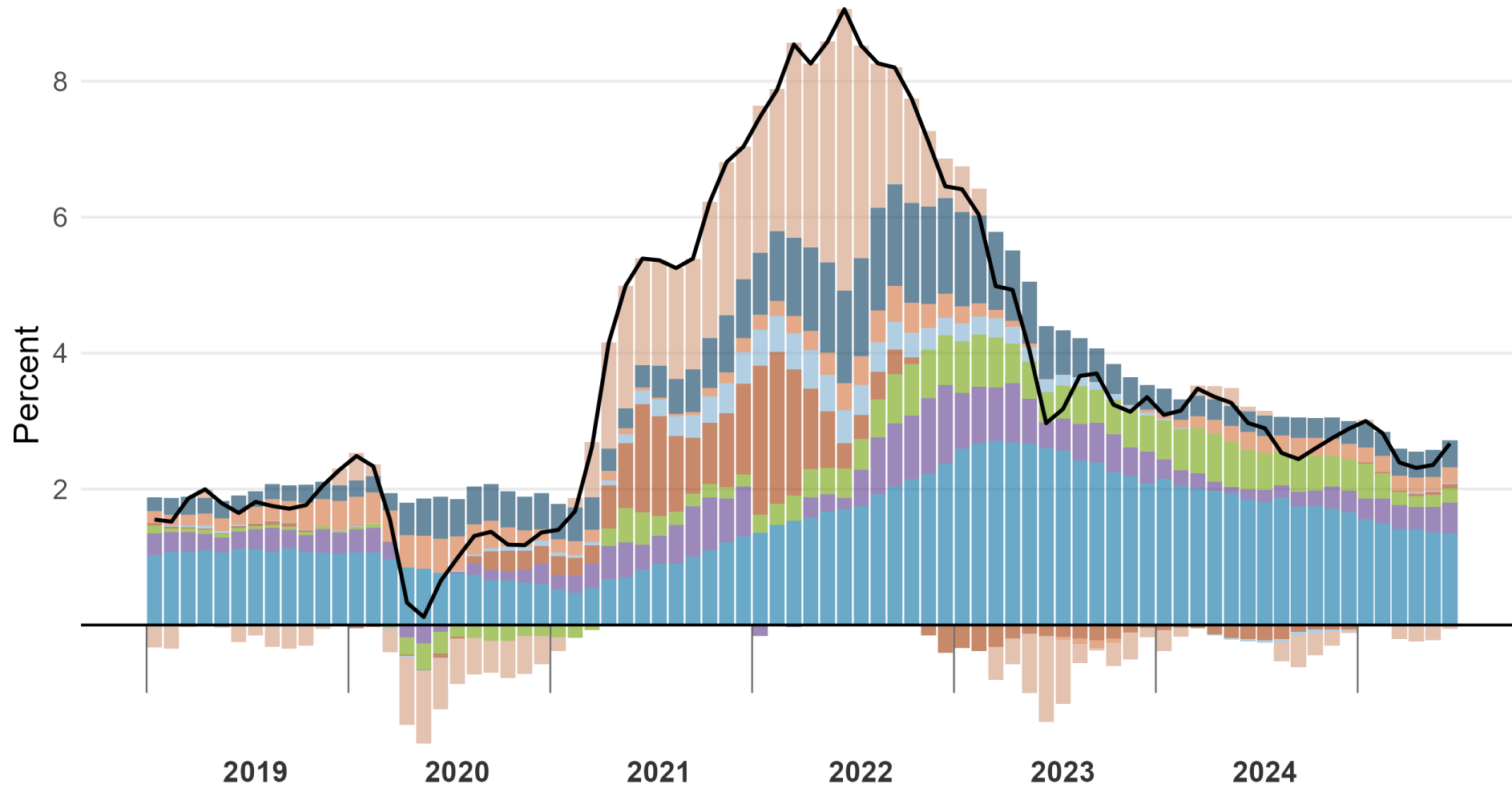
Canada-U.S. relations

Tense relations between U.S. and Canada may impact the Maine tourism sector and retail industry as Canadian tourists avoid travel to the U.S.

Passenger vehicle border crossings are down by about 28% in July 2025 compared to July 2024

Impacts are likely to be most felt at a local level in communities with higher concentrations of Canadian visitors

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

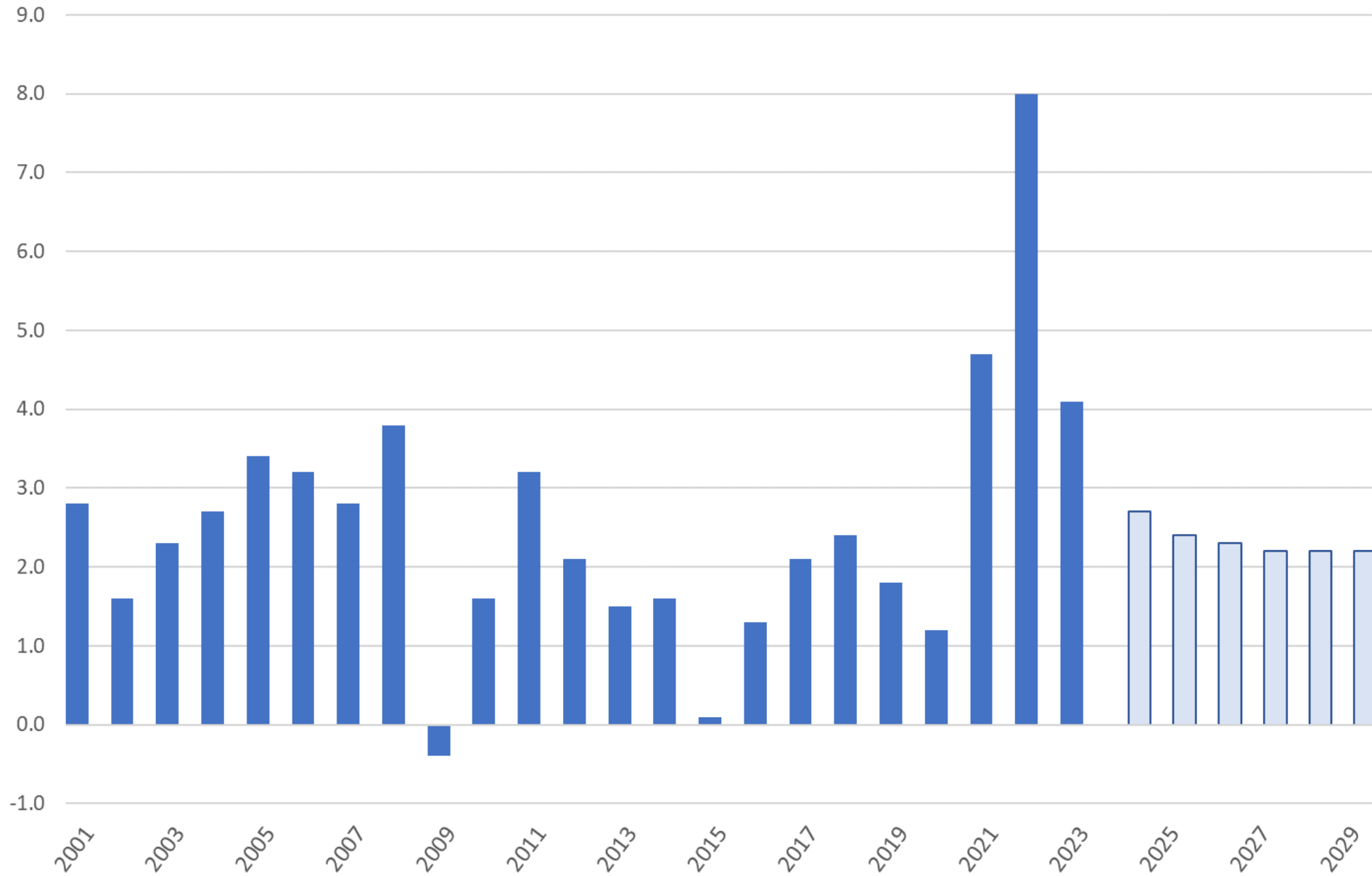


- Energy
- Medical Care
- Used Vehicles
- Other
- CPI All Items, 1982-84=100
- Food
- New Vehicles
- Transportation Services
- Shelter

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)

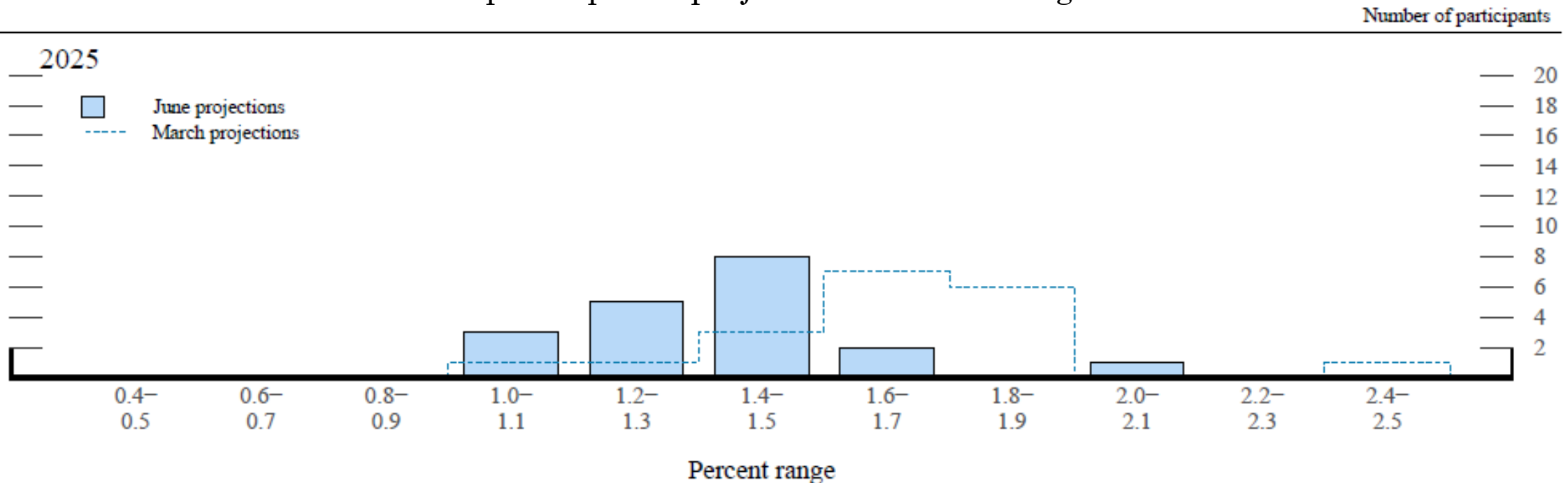
Year-over-year percent change in Consumer Price Index; 2001-2023 historical and 2024-2029 forecast



Current FOMC target range (as of July):
4.25% to 4.5%

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

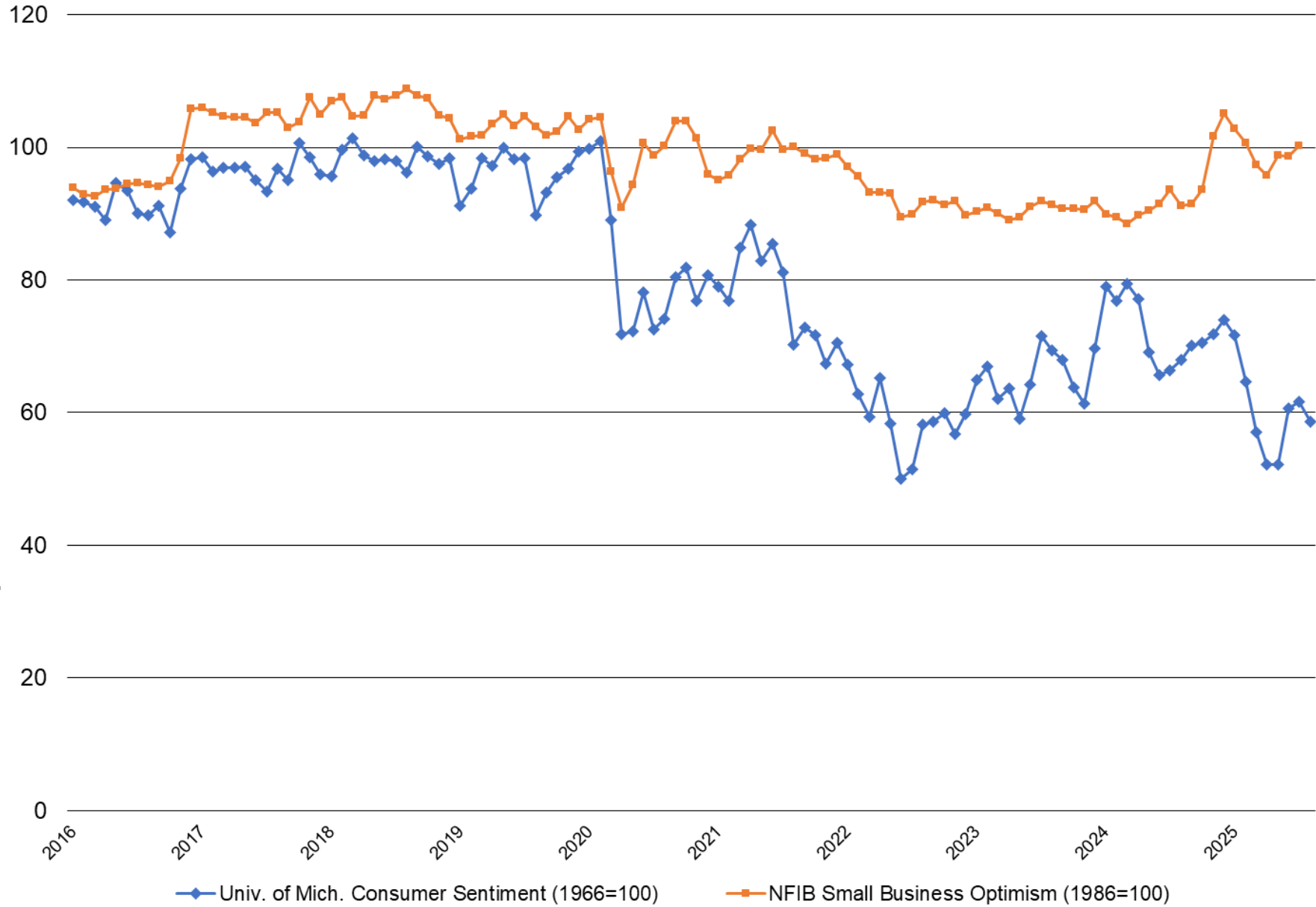
Distribution of participants' projections for the change in real GDP



Consumer Sentiment and Small Business Optimism Indexes

Small business optimism spiked following the election and then dropped, reflecting increased uncertainty

Consumer sentiment has been highly responsive to inflation expectations this year



Things to keep in mind:

- Migration has been challenged by housing availability/affordability; additional supply and lower prices/mortgage rates will be key
- Employment growth is hindered by limited labor force; 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 on tariffs and executive actions, and consumer sentiment and business optimism have been reflecting this uncertainty
- Maine's economy will be impacted by federal policies, federal spending, and national economic trends
- Maine has a robust Budget Stabilization Fund (at its statutory cap of \$1,030 million as of FY25 end), providing a valuable cushion in case of a slowdown or revenue shortfalls

Contact Information

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