

State of Maine's Economy and Housing

Maine Affordable Housing Conference

September 9, 2025

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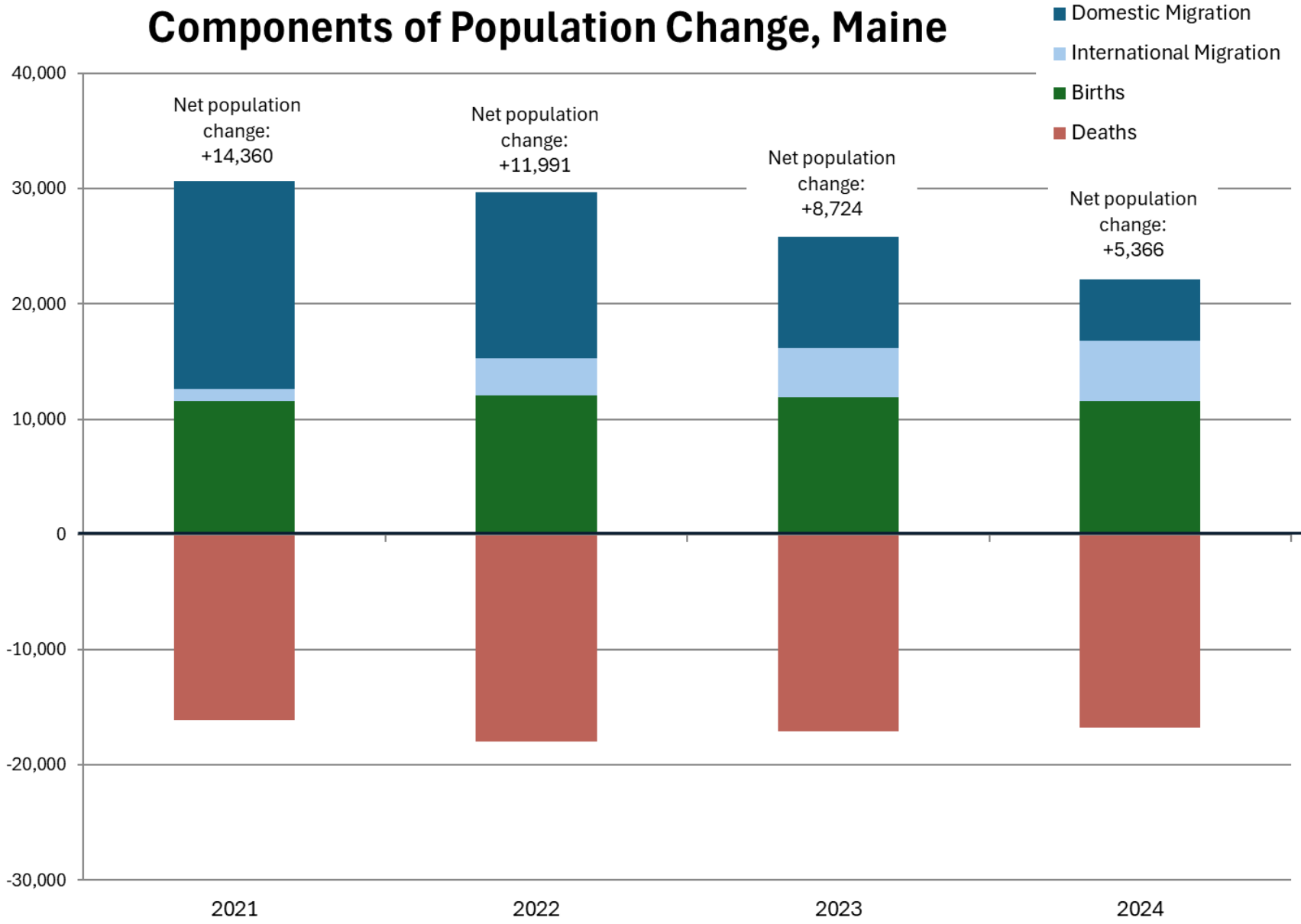
Population growth, migration, and demographics

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

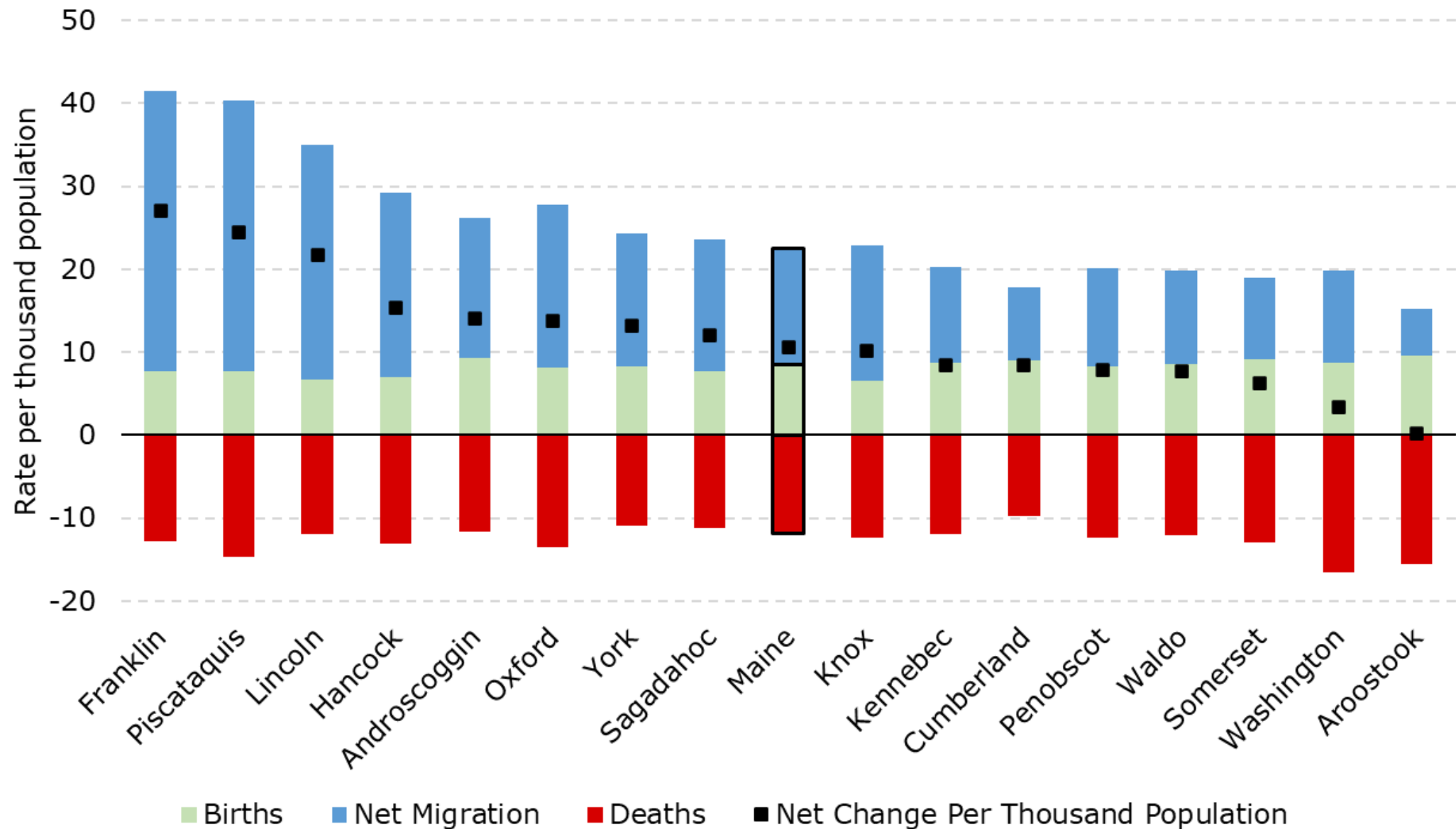
Population increase of 3.1% from 2020-2024 (17th in U.S.)

2024 Total Population: 1,405,012

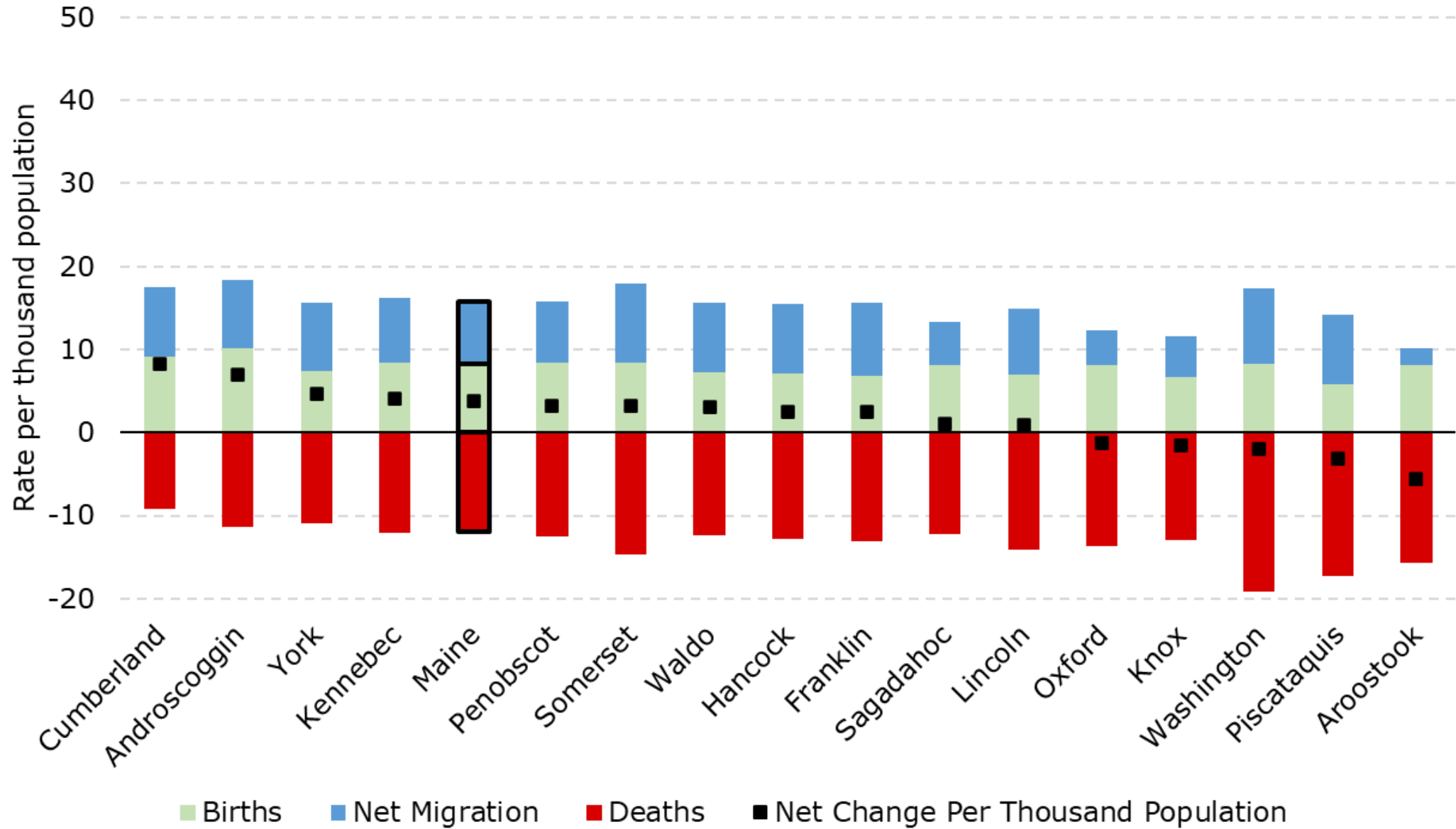
Components of Population Change, Maine



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

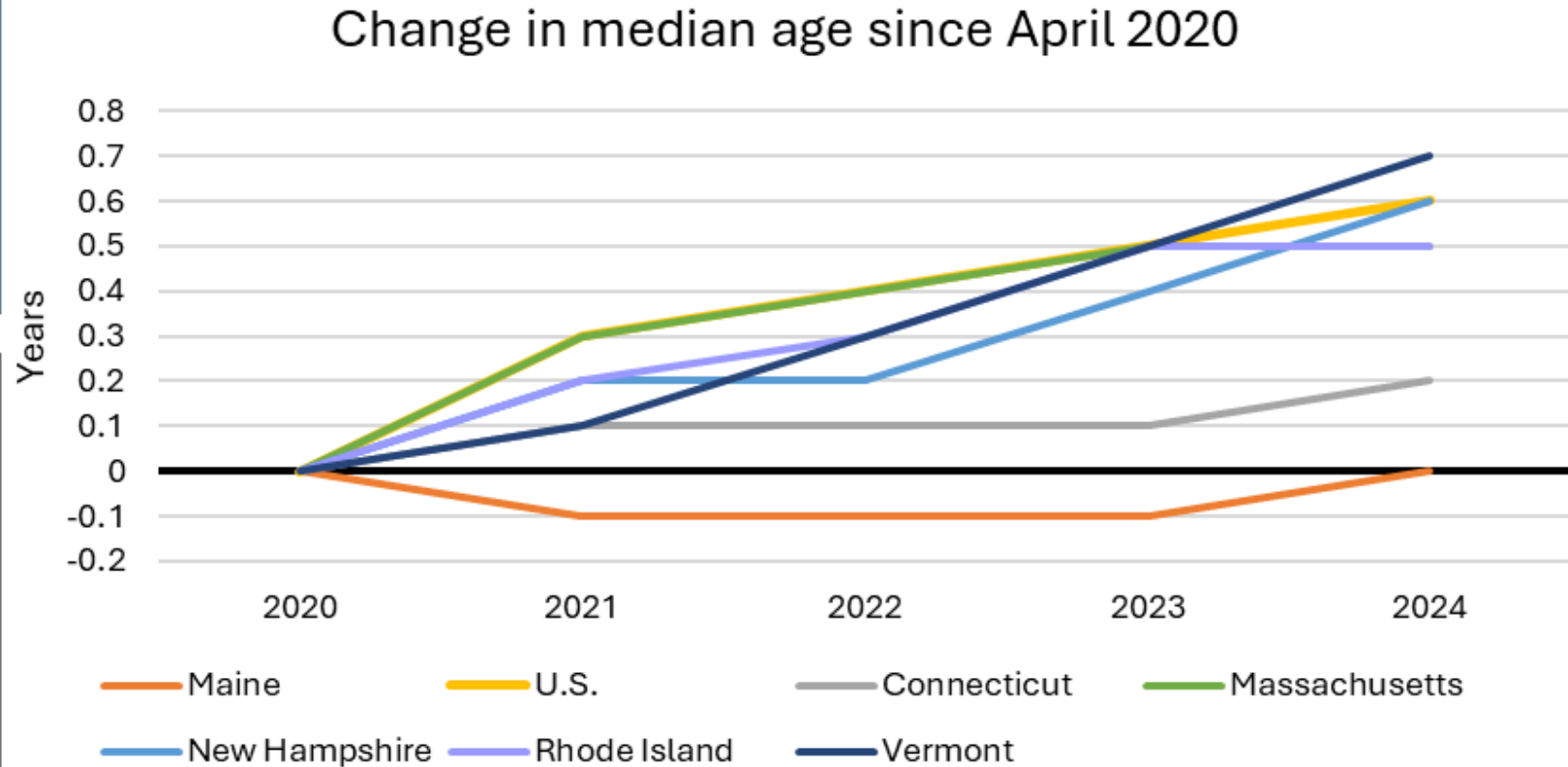


Components of Population Change, 7/1/2023-7/1/2024 Rate per thousand population

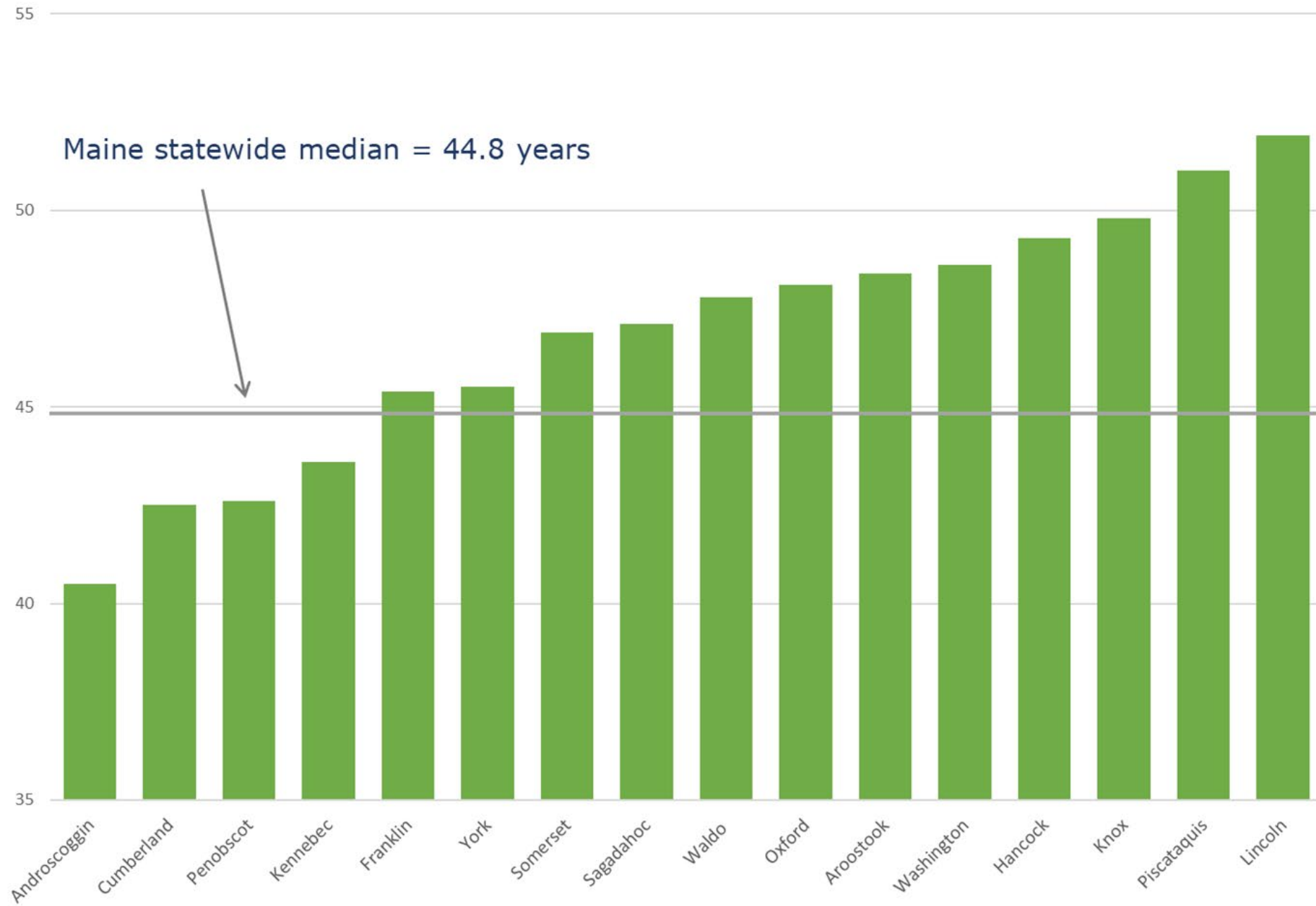


Maine's median age in 2024 is unchanged from 2020, while the U.S. median age has increased 0.6 years

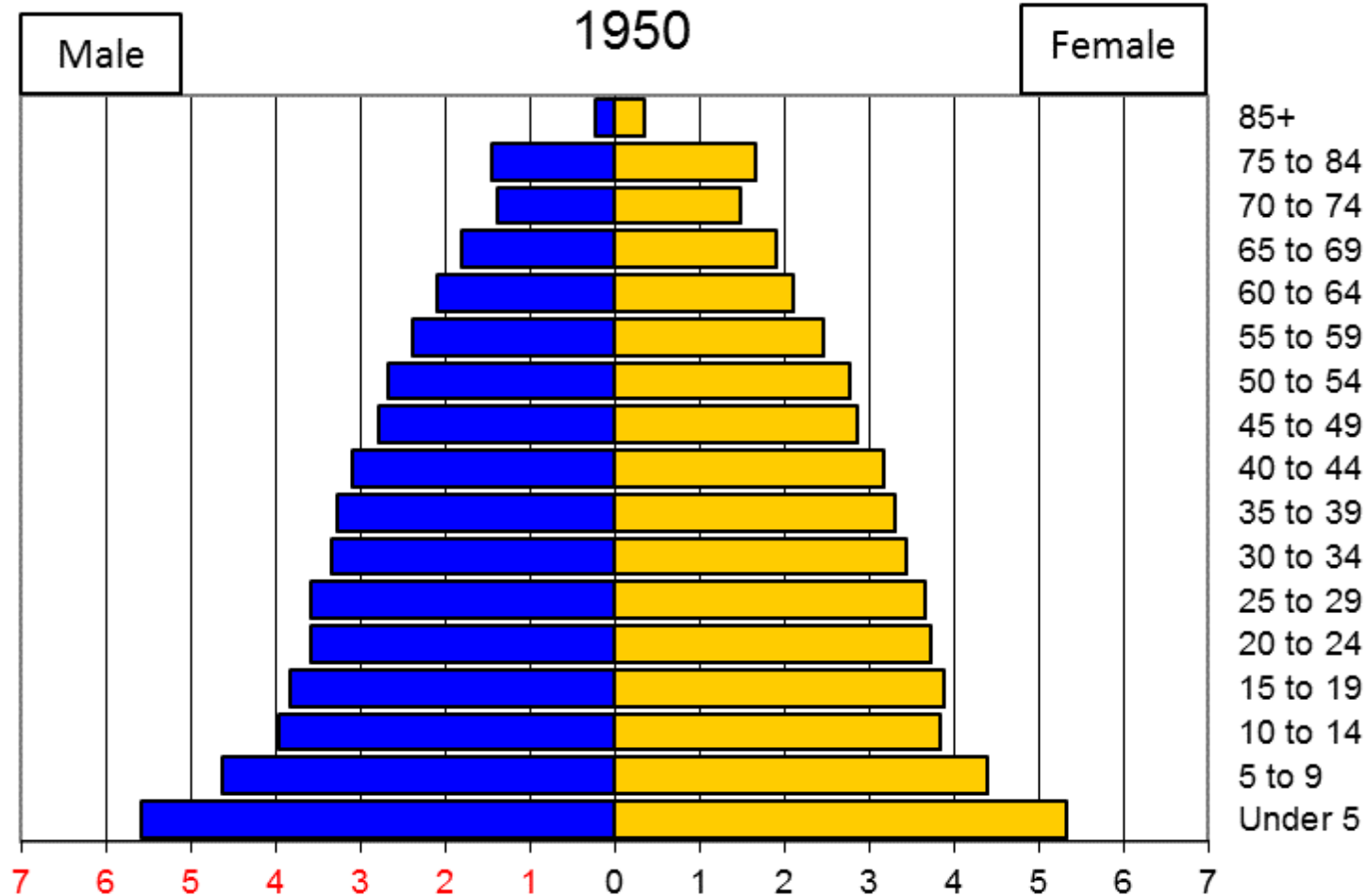
Maine still has the highest median age in the nation at 44.8 years; Vermont and New Hampshire are tied for second at 43.6 years



Median Age by County 2024

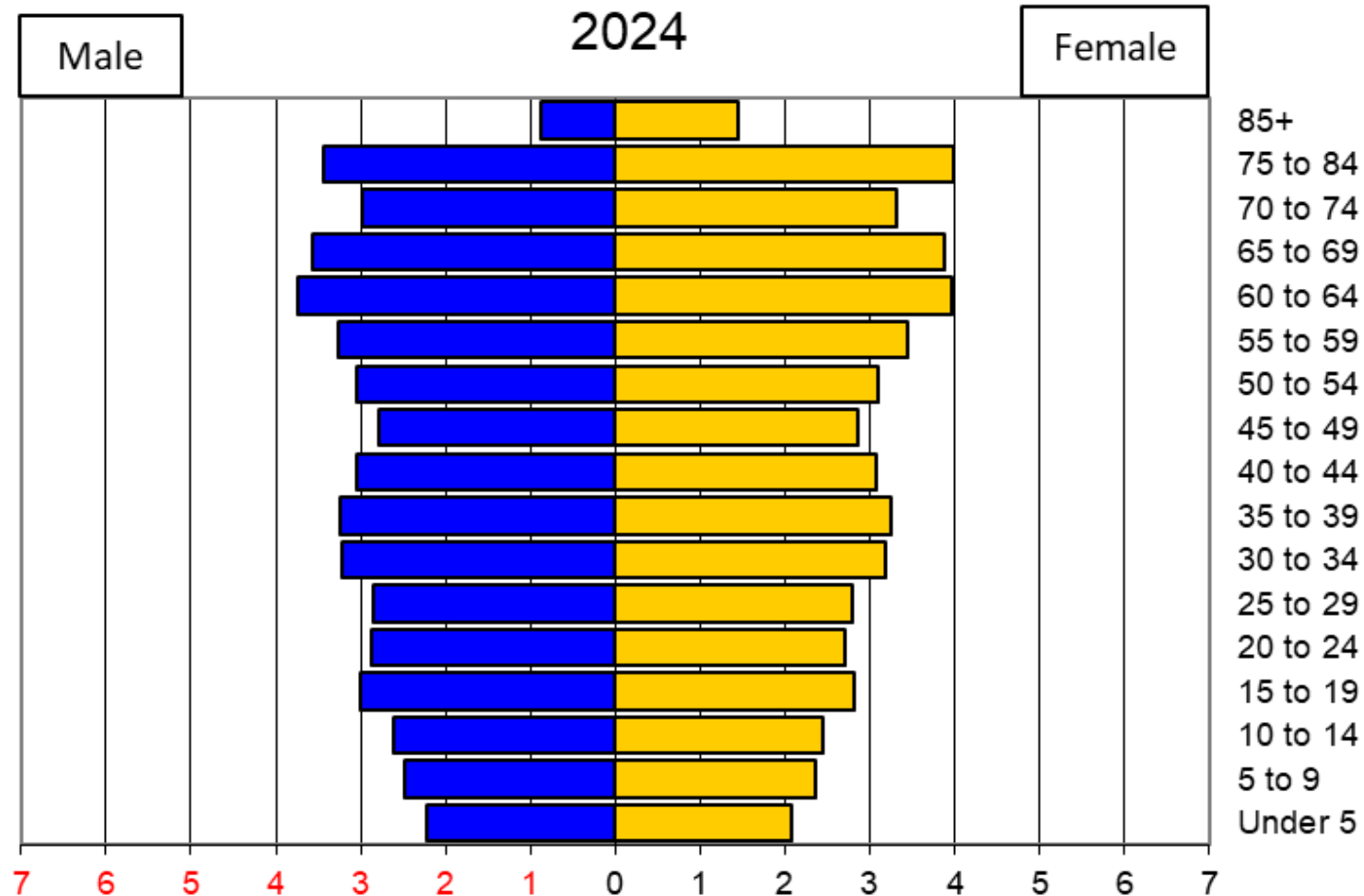


The Baby Boom: 1946-1964



The Baby Boom: 1946-1964

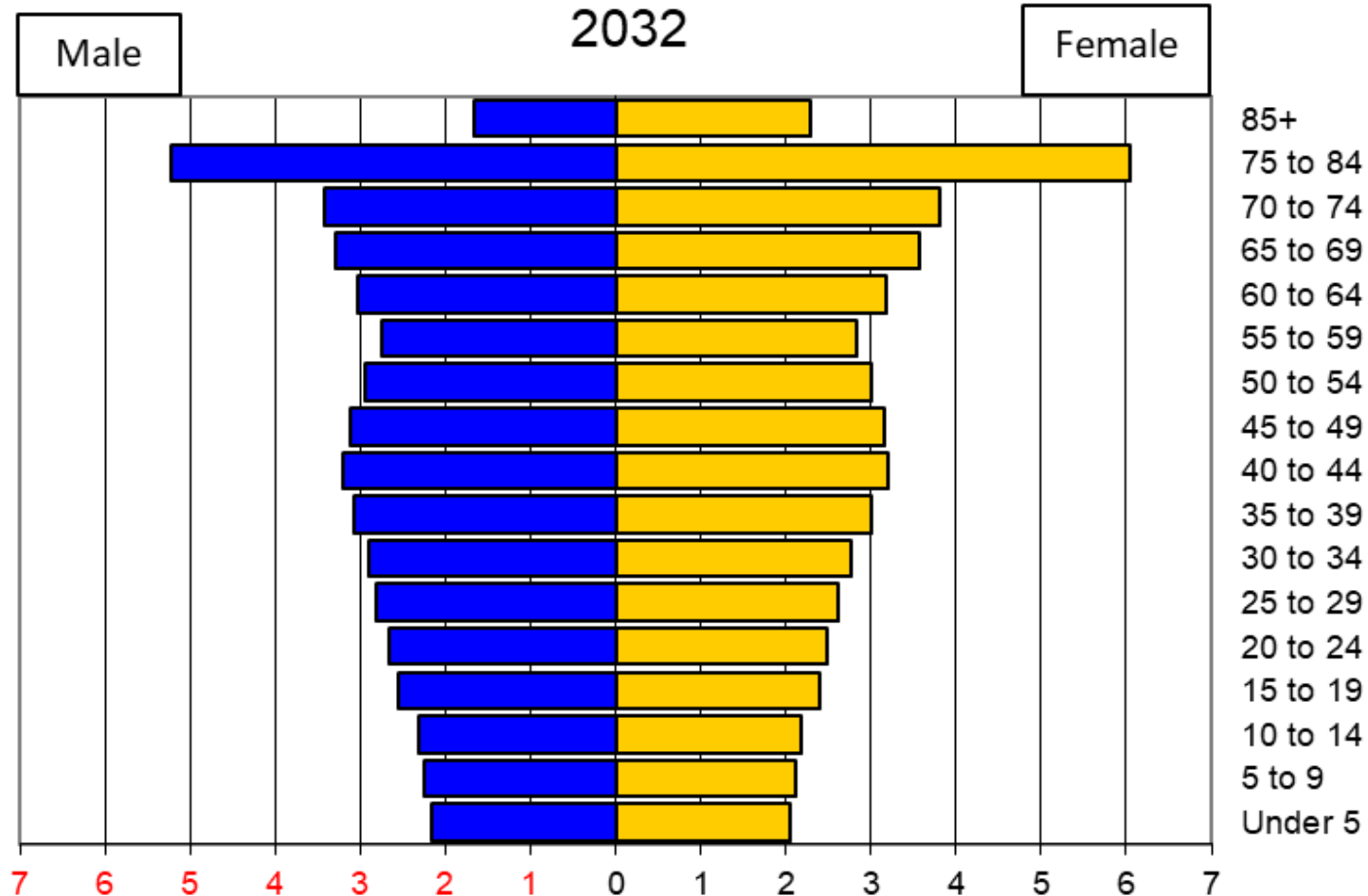
Baby Boom generation in 2024: age 60-78



The Baby Boom: 1946-1964

Baby Boom generation in 2032: age 68-86

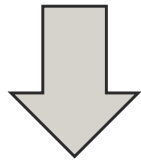
Prime working-age population (20-64 years) projected to decrease by 4.6% from 2022-2032



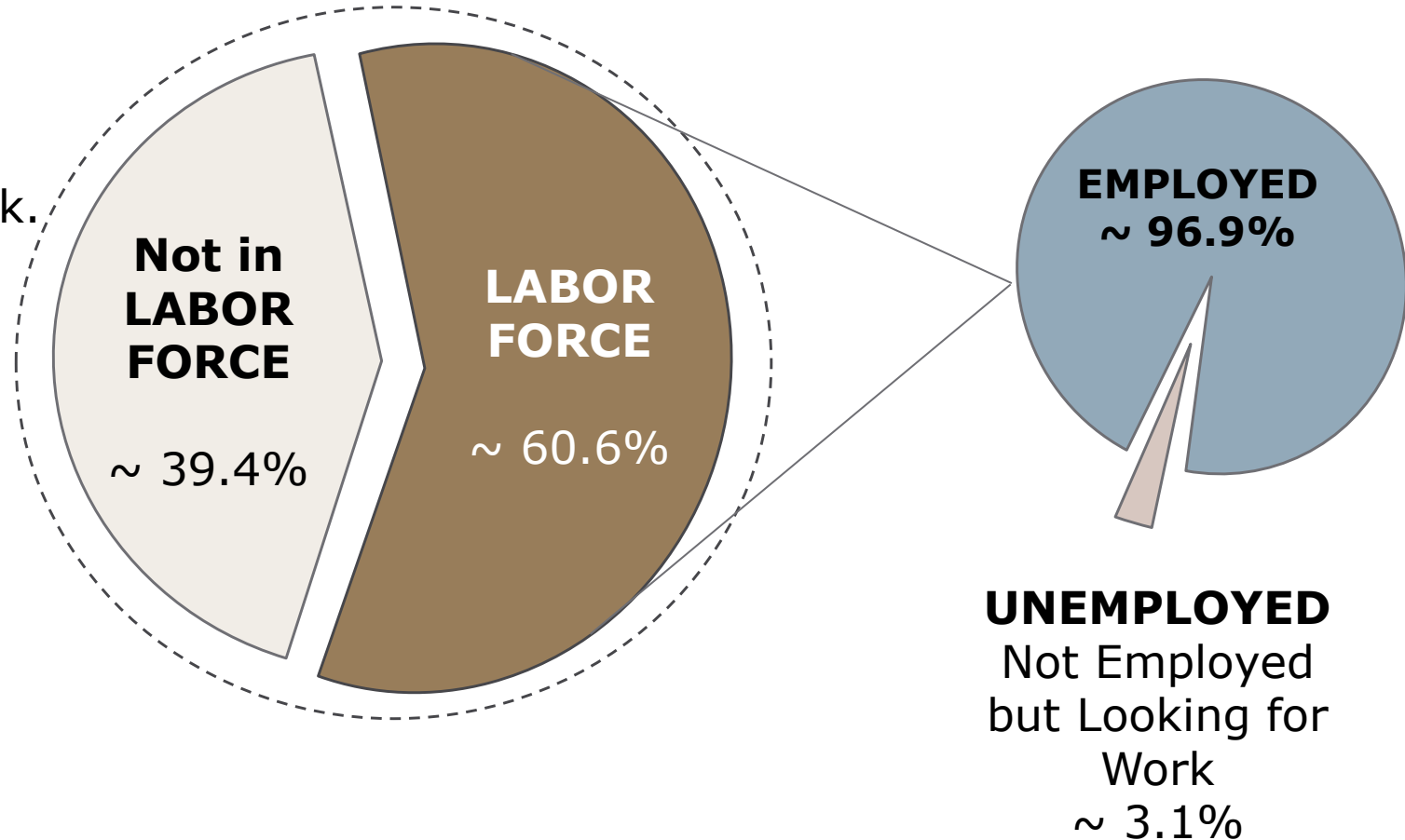
Who is in the labor force?

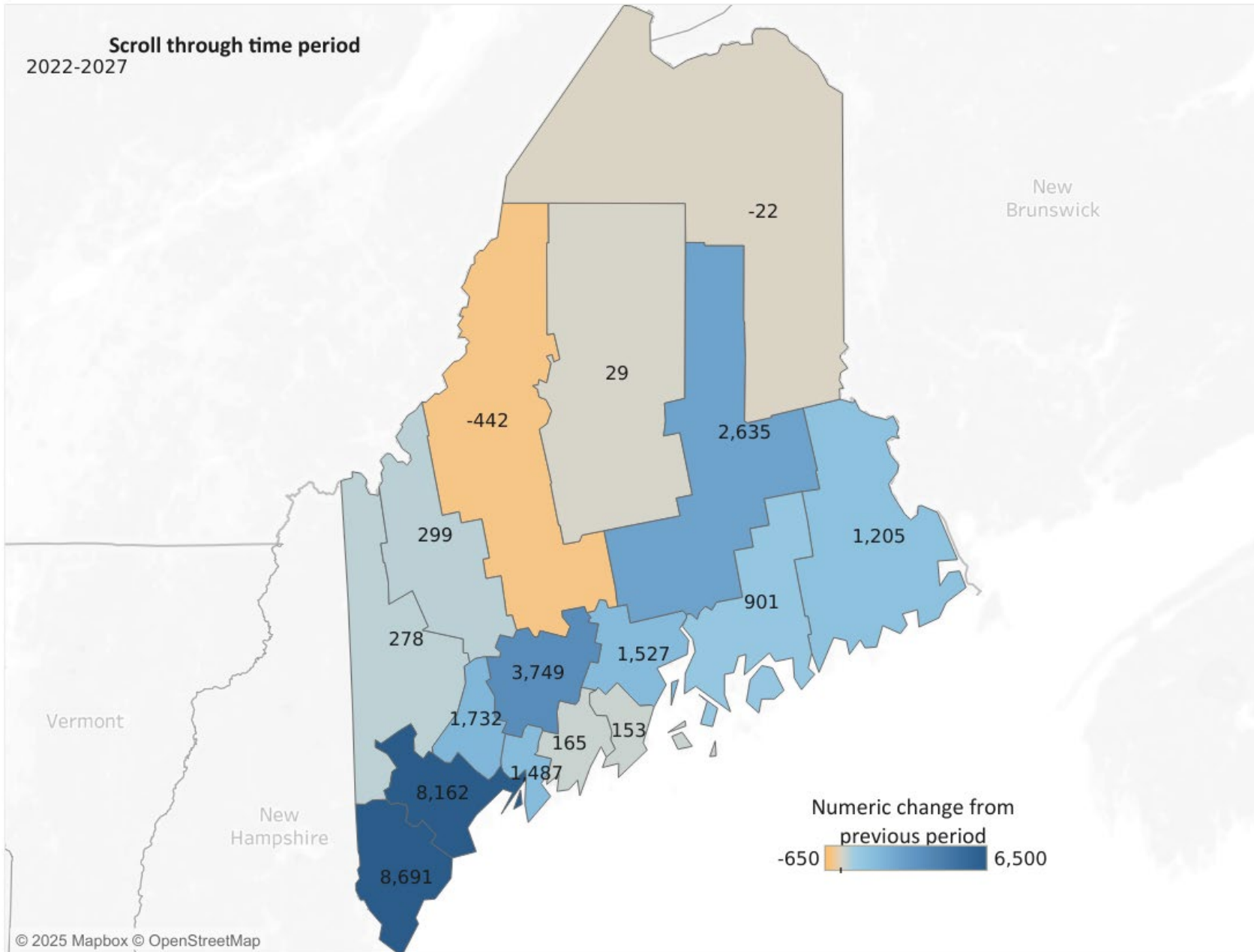
Civilian population, age 16+

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





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

Housing

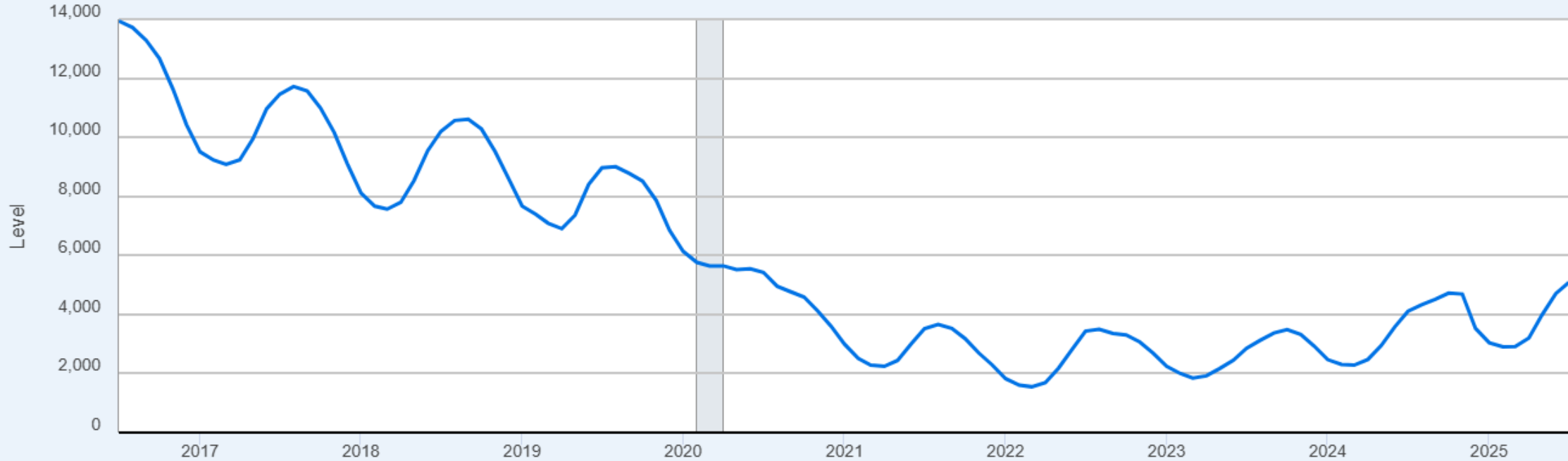
Maine Housing Productions Needs Study relied on population projections for future need

Study: 2020-2030 projections

- 2.6% population growth statewide (+35,000 people)
- 1,397,663 population in 2030
- Translated to 38,000-46,000 additional housing units needed

Current projections: 2022-2032

- 3.5% population growth statewide (+49,000 people)
- 1,419,888 population in 2032
- Already at 1,405,012 in 2024



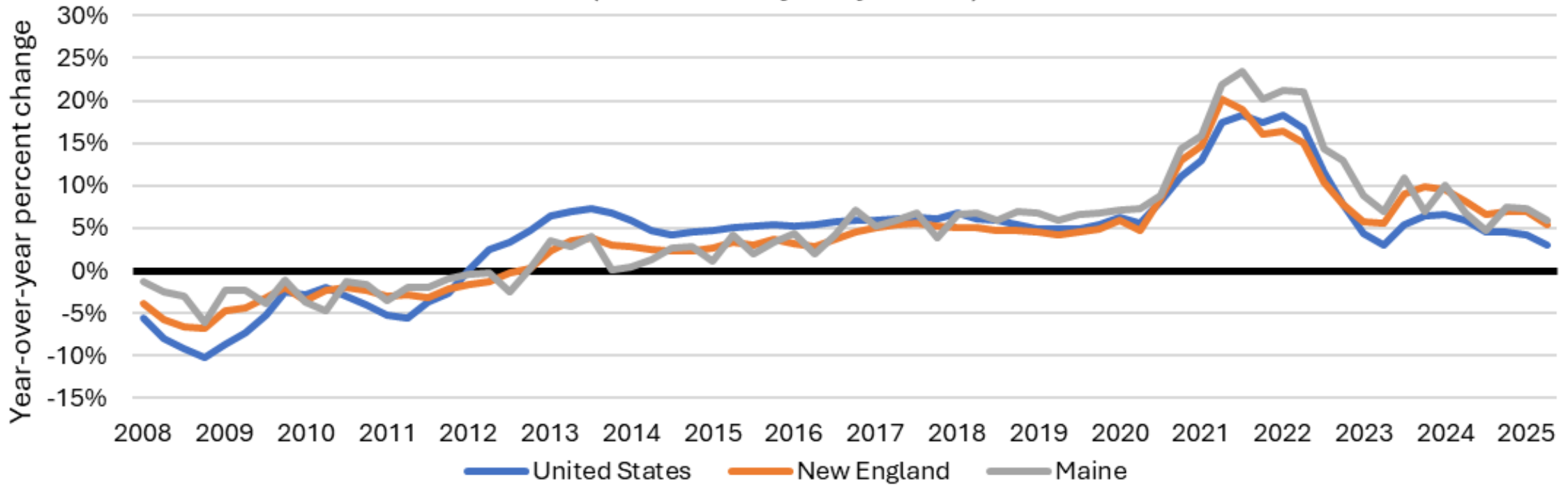
Source: Realtor.com via FRED®
 Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

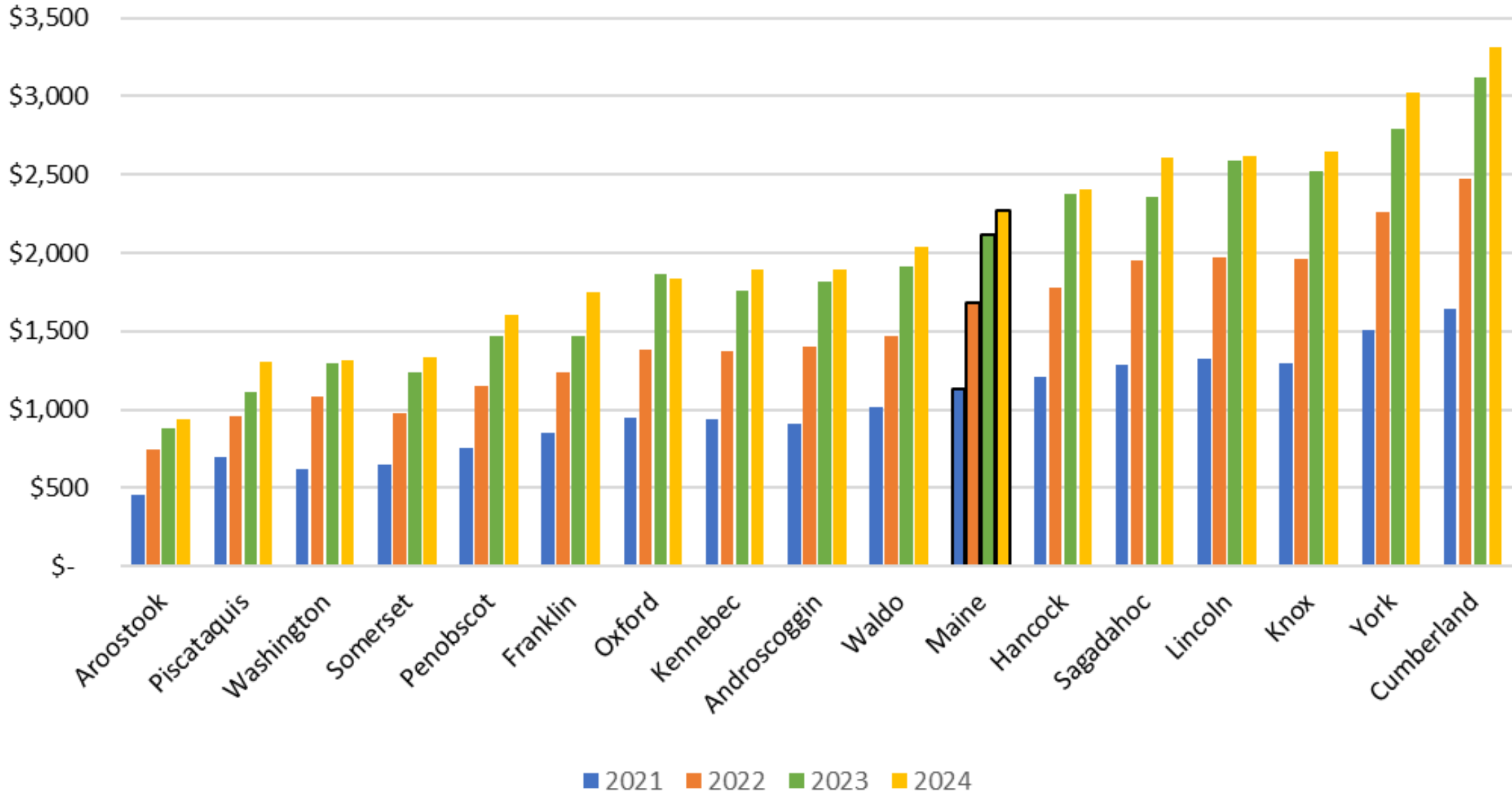
Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes

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)

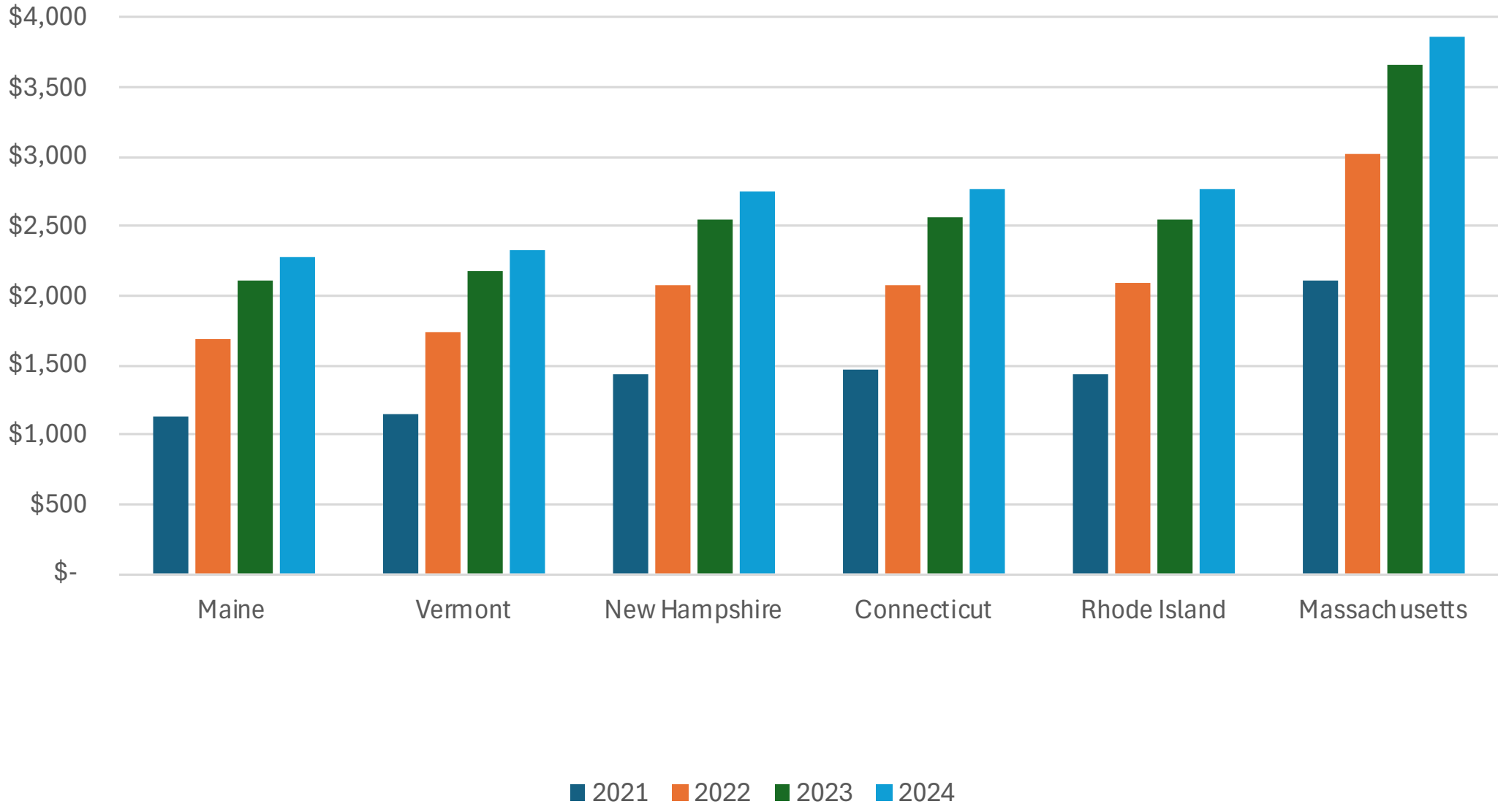


Monthly Mortgage Payment at the Median Sales Price 2021-2024



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.

Macroeconomic trends

Excerpts from assumptions in April 2025 Consensus Economic Forecasting Commission report

Net migration may be hampered by the housing market, which remains strained due to high interest rates, limited inventory, and continued demand, driving up home prices and rents while reducing affordability. Inventory is starting to show some signs of improvement, which should help to alleviate impacts from a limited supply.

- Geopolitical tensions remain elevated (...). Rapidly changing tariff policies are contributing to the possibility of a global trade war. (...)
- The federal government has entered into a period of significant fiscal austerity. (...) Maine's economy will be impacted by any reduction of federal funding (...)
- Inflation growth remains elevated above target levels and will face upward pressure from tariffs. (...)

Trade and tariffs

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

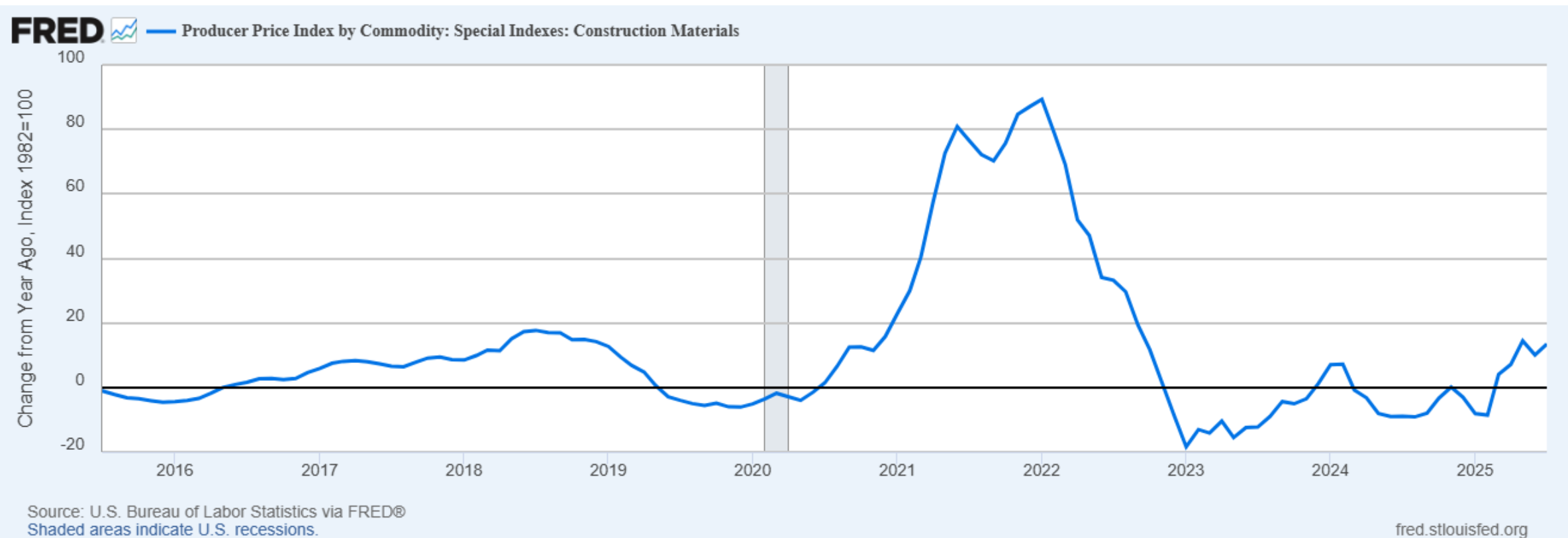
Other tariff impacts

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

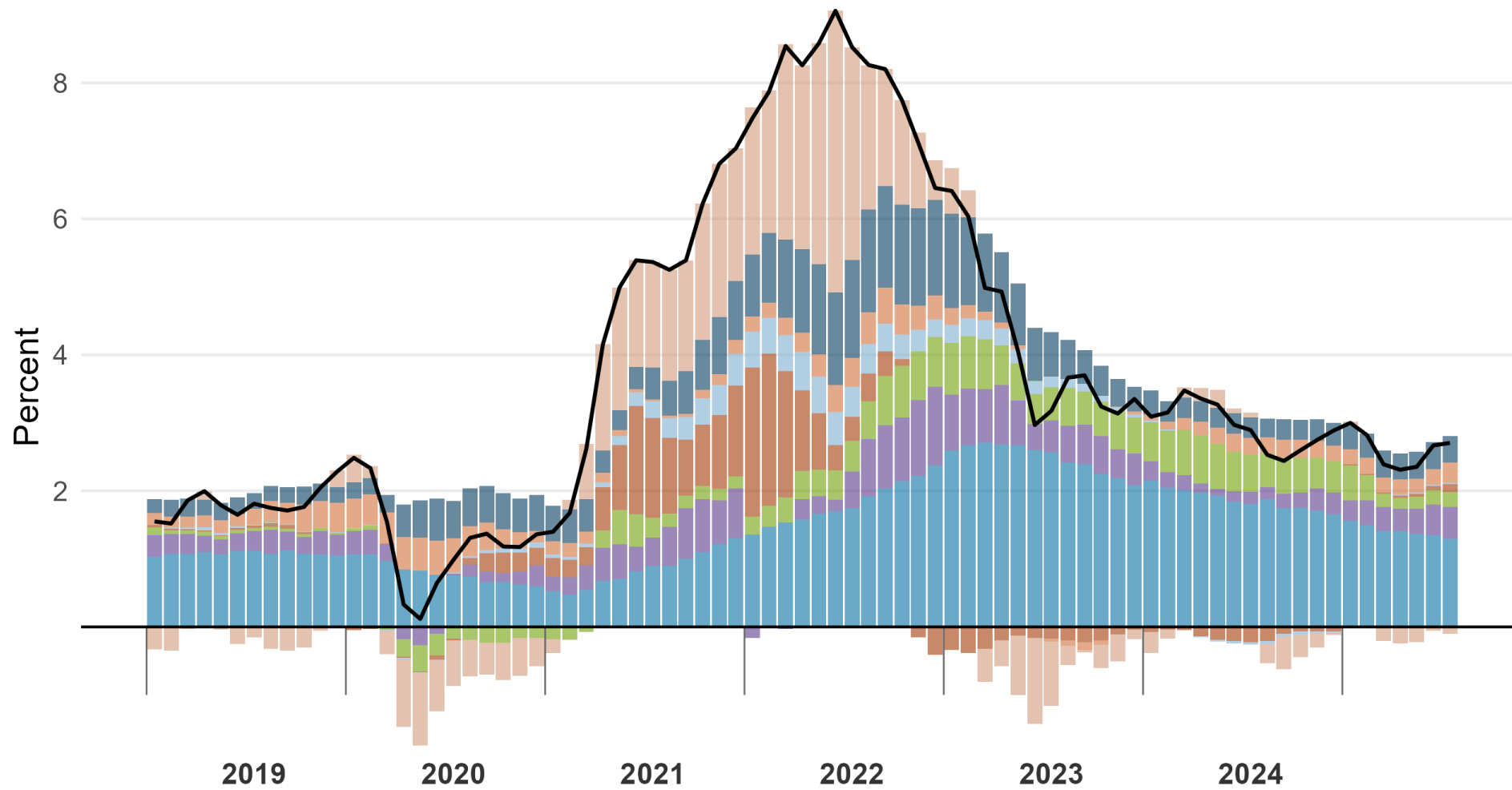
Sector-specific tariffs may have a greater impact on certain industries: e.g. steel and aluminum impacting construction

Construction material prices have started to creep back up again in recent months



Inflation and consumer sentiment

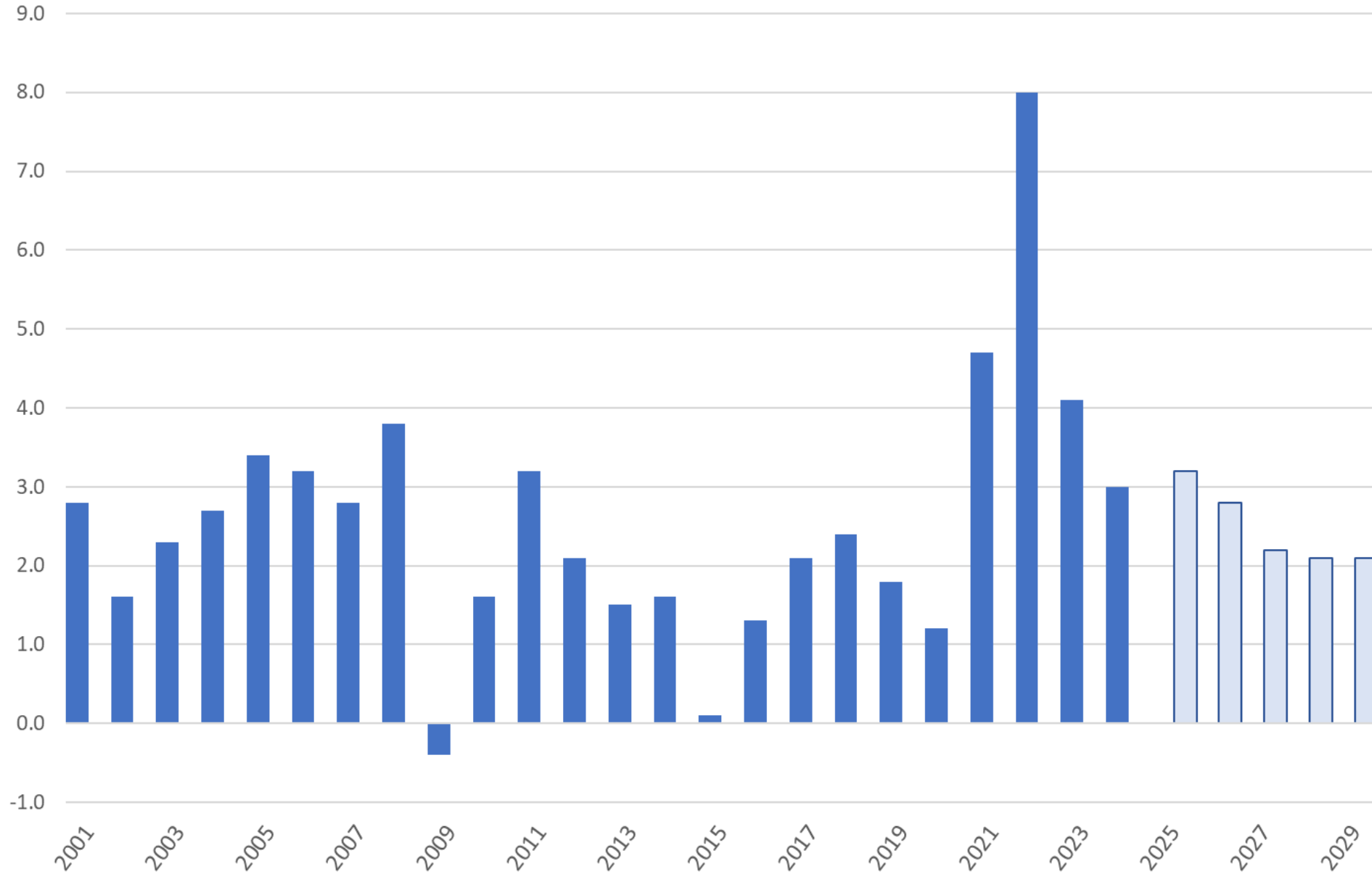
Percentage Point Contribution to Year-Over-Year Percent Change in CPI



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)

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



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

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

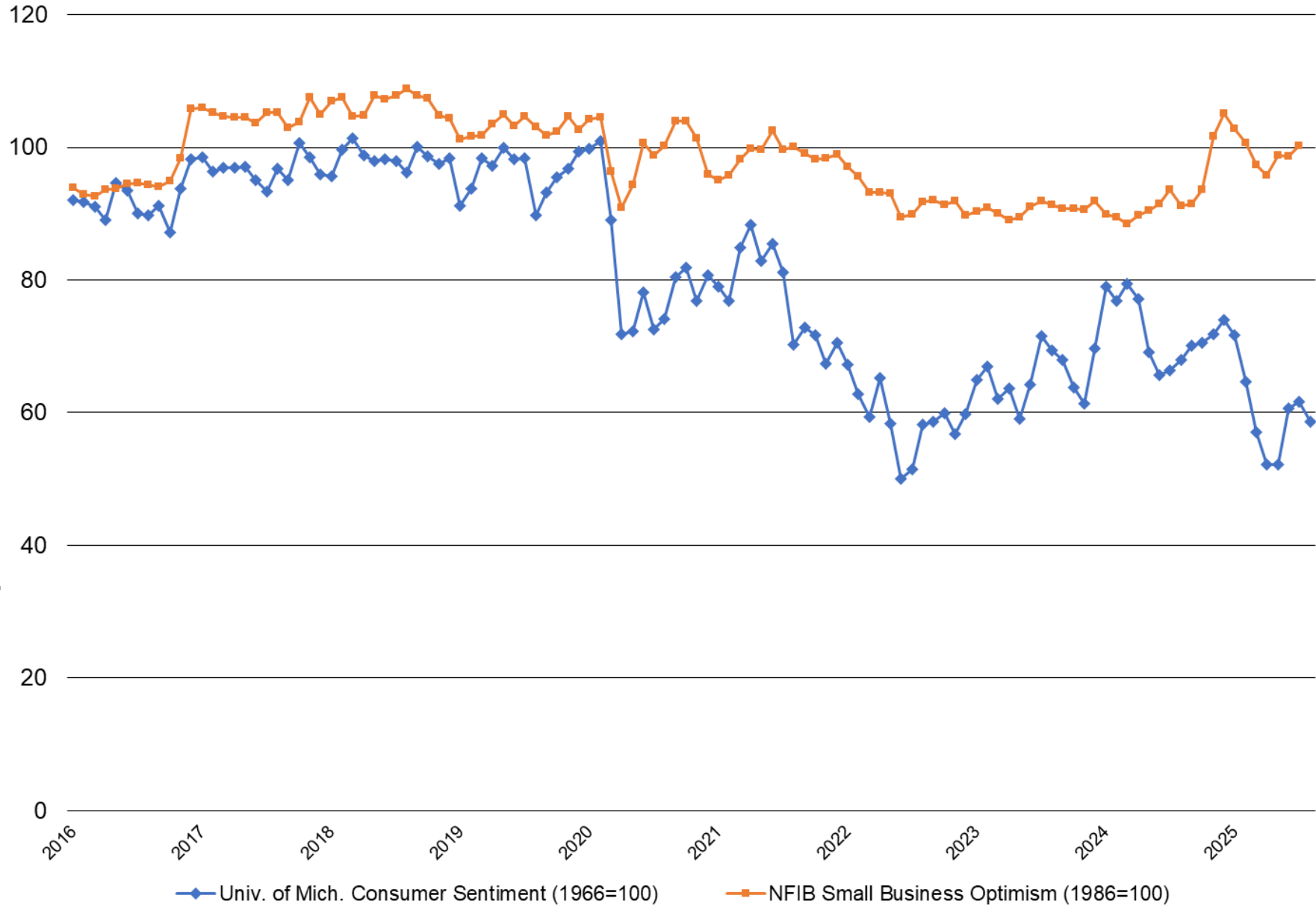
“In the near term, risks to inflation are tilted to the upside, and risks to employment to the downside—a challenging situation. (...) the stability of the unemployment rate and other labor market measures allows us to proceed carefully as we consider changes to our policy stance. Nonetheless, with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance.”

Chair Jerome H. Powell on August 22 at Woods Hole Symposium

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
- 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

Contact Information

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