

Macroeconomic Conditions and the Maine Economy

TerraLex

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Population change and migration

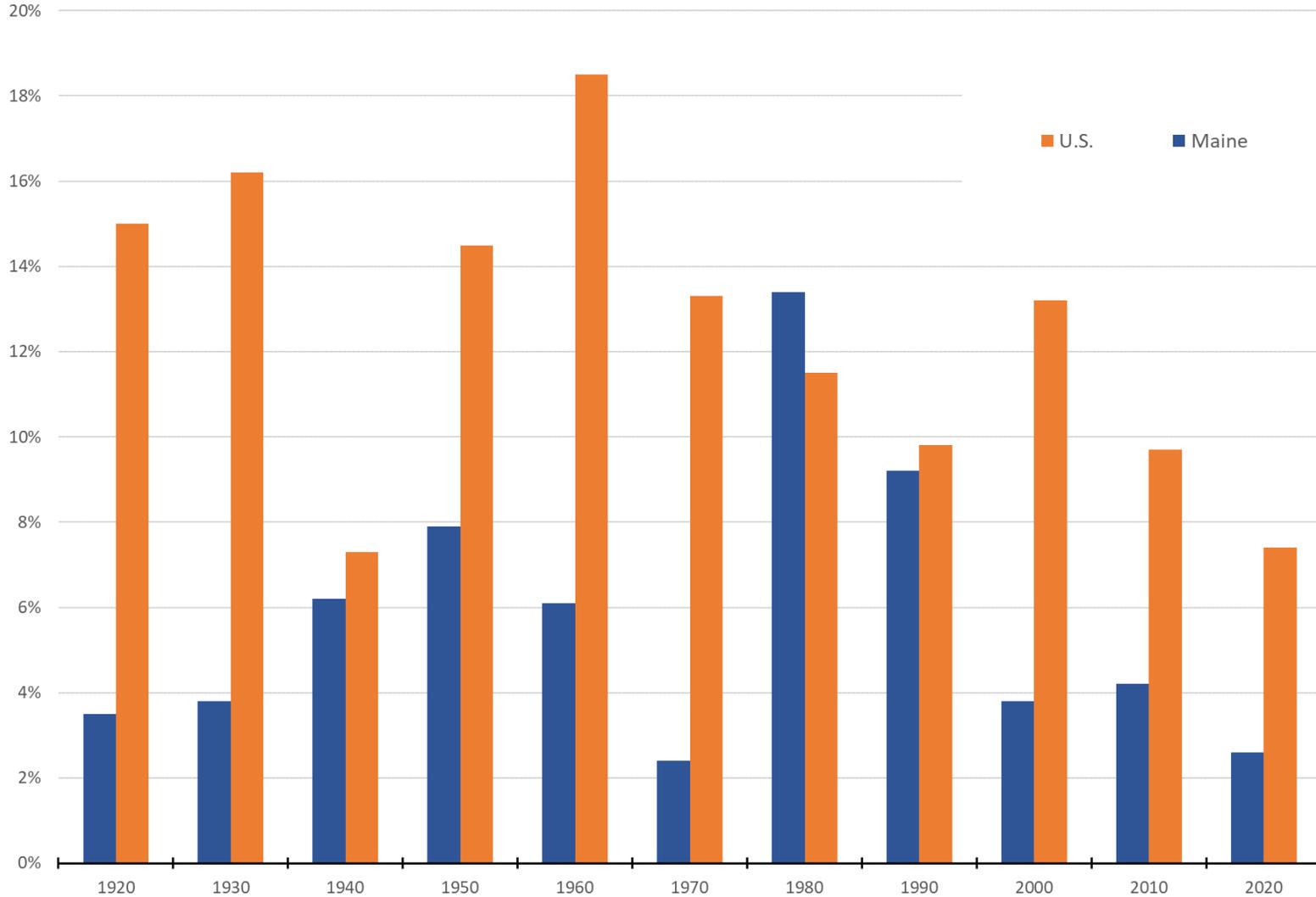
Demographics and workforce

Employment, income, and GDP

Macroeconomic conditions

Population change and migration

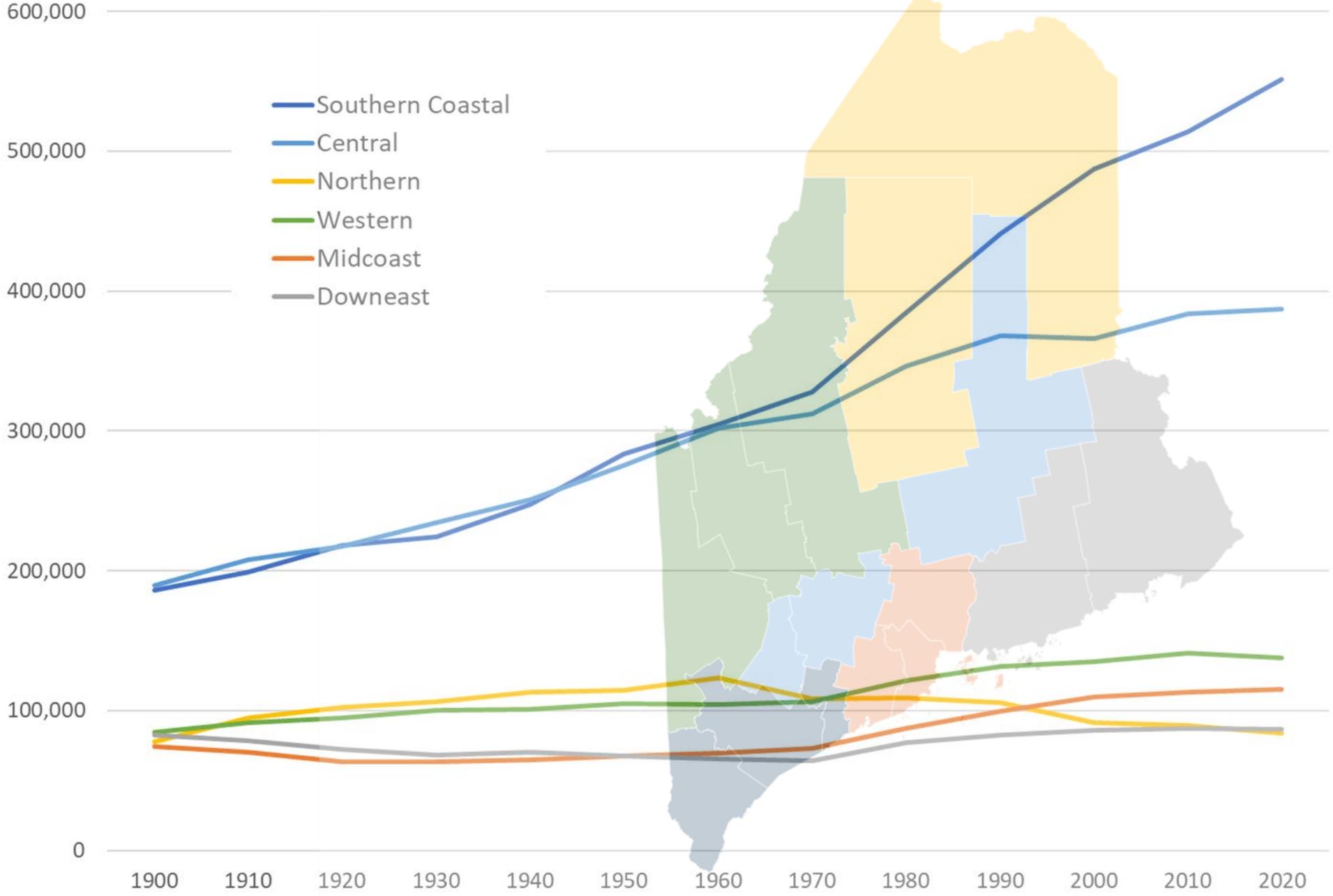
Population Growth from Previous Decade



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

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

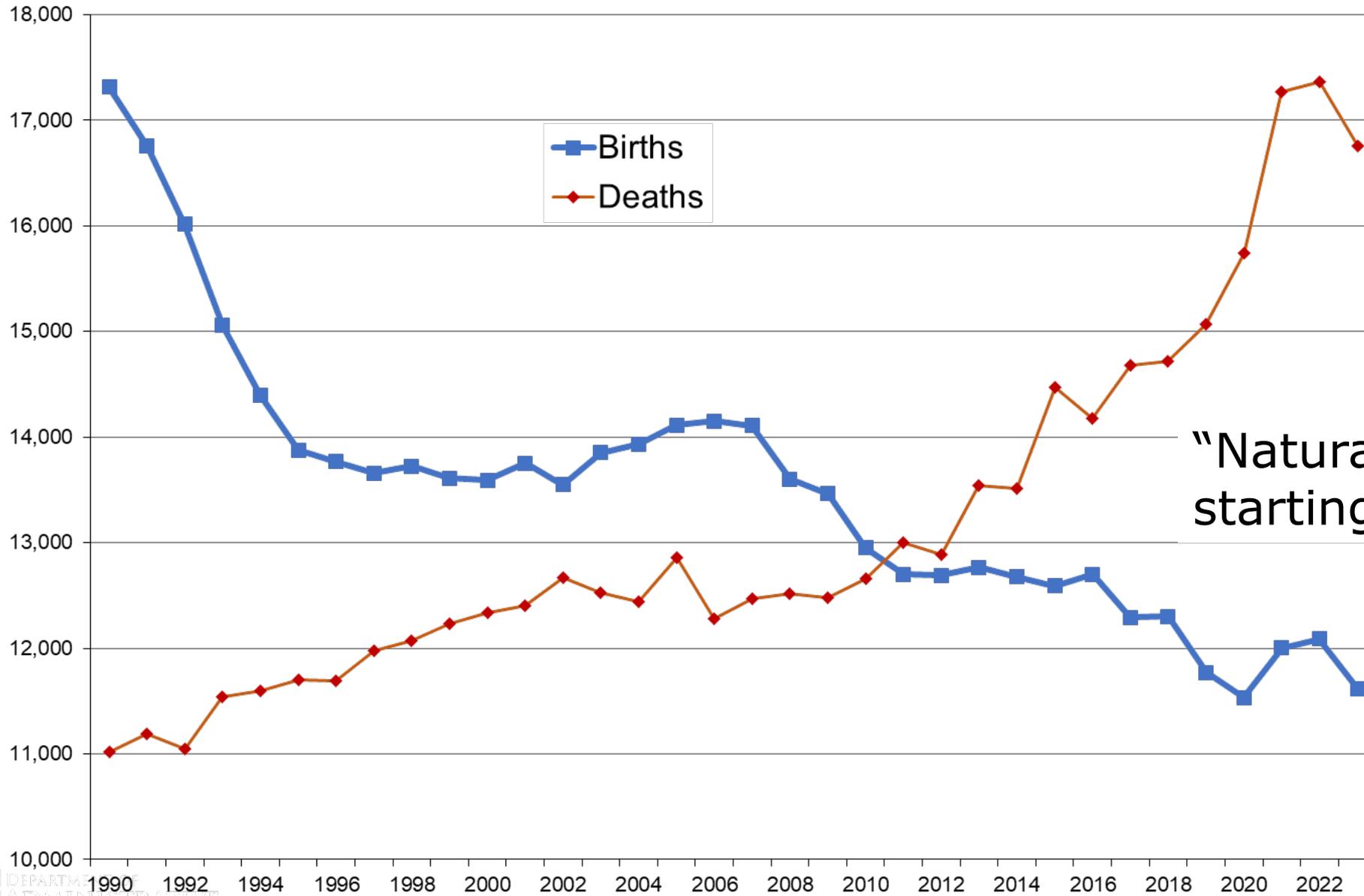


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Source: U.S. Census Bureau, Decennial Census



Births and Deaths per year in Maine



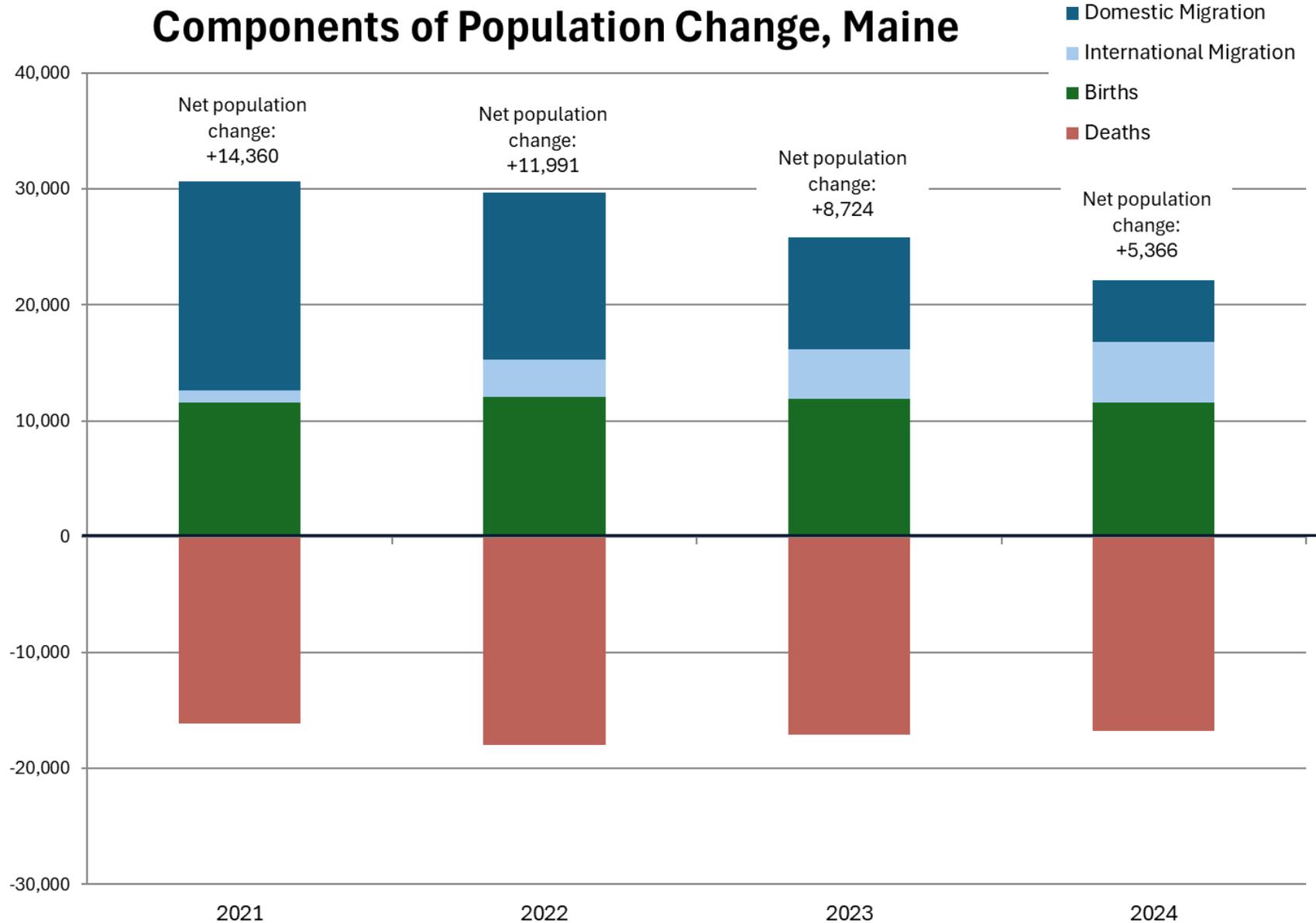
“Natural decline”
starting in 2011

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

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

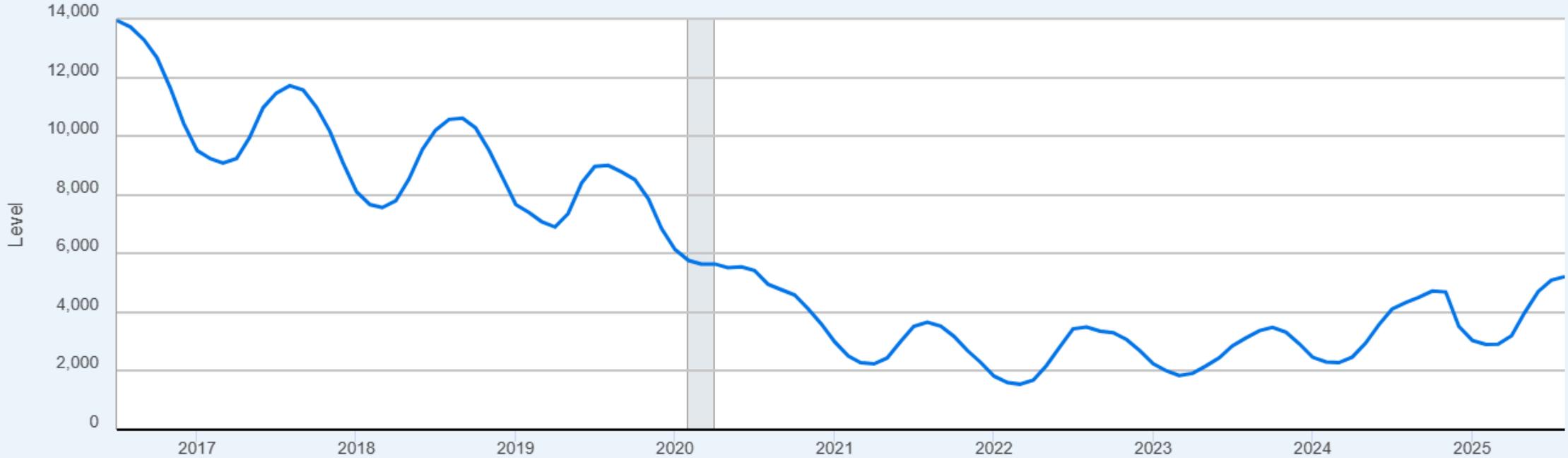
11th for net domestic migration and 41st for net international migration in 2024

Components of Population Change, Maine





Housing Inventory: Active Listing Count in Maine



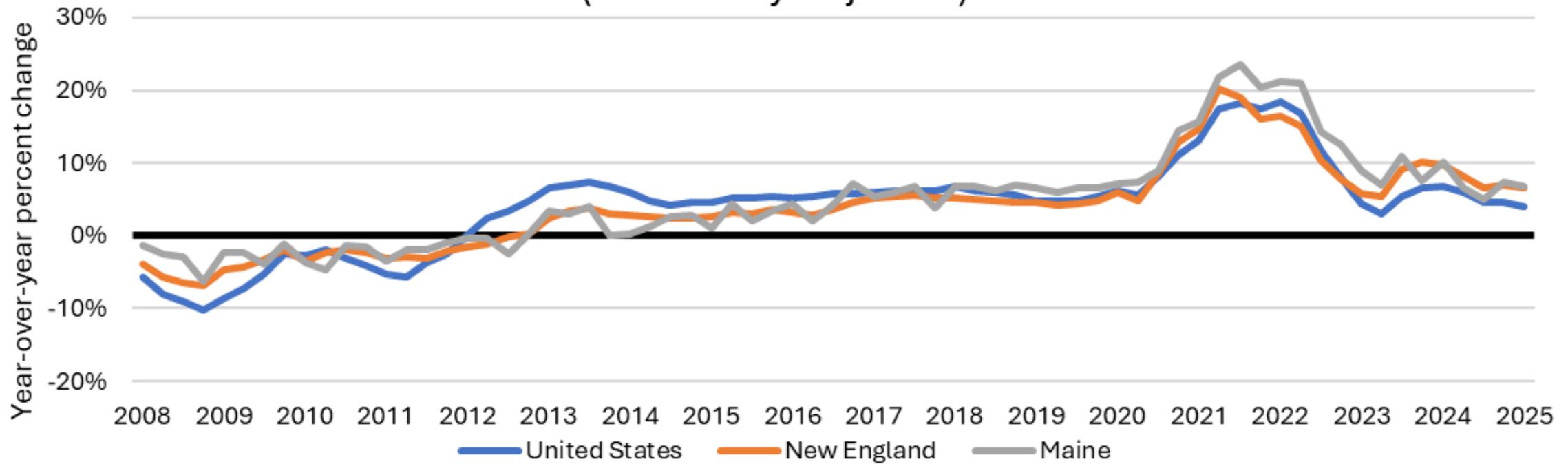
Source: Realtor.com via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

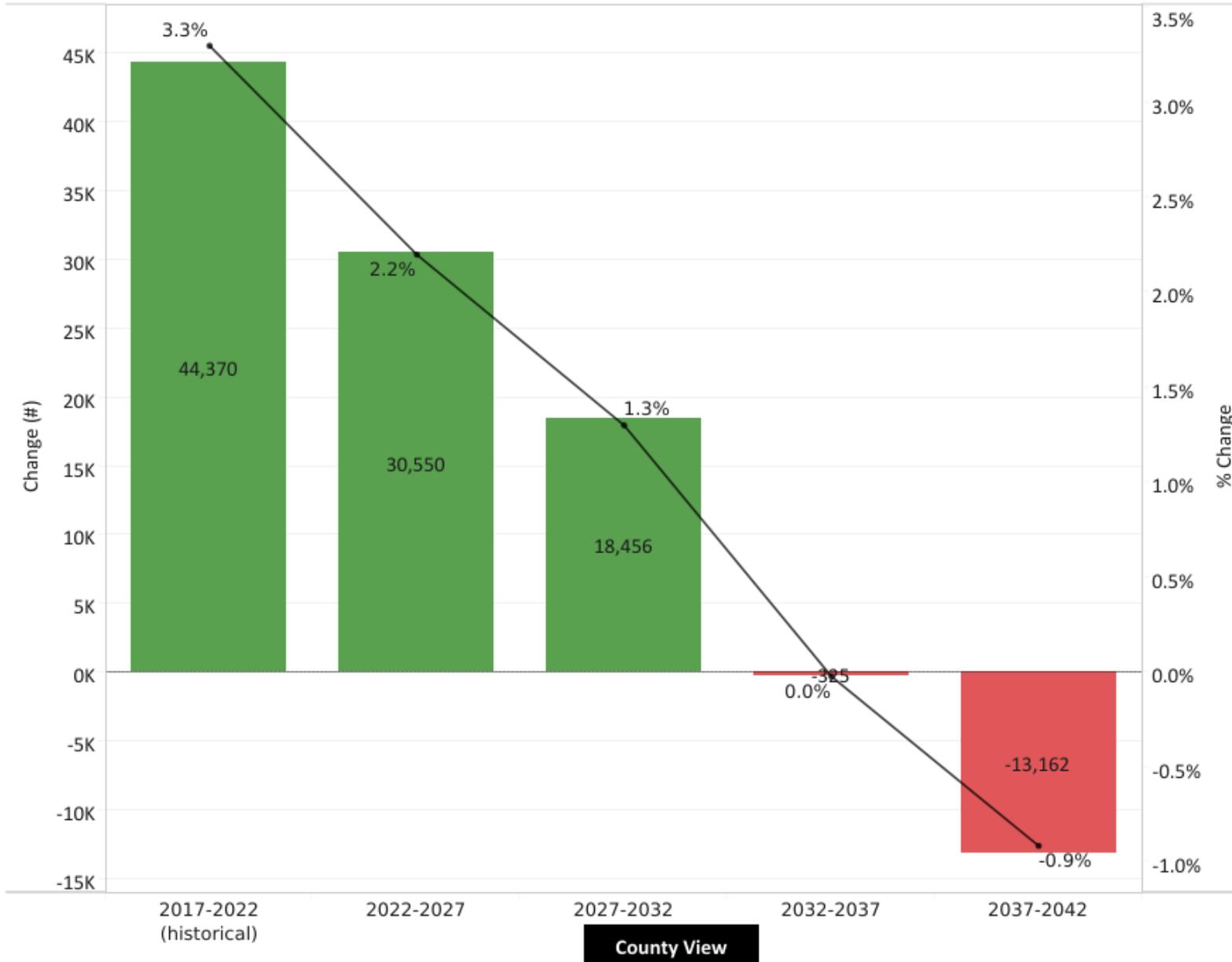
Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes, but there's been some improvement:

August 2025 about 20% higher than August 2024 and highest since July 2020

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



Statewide Population Change



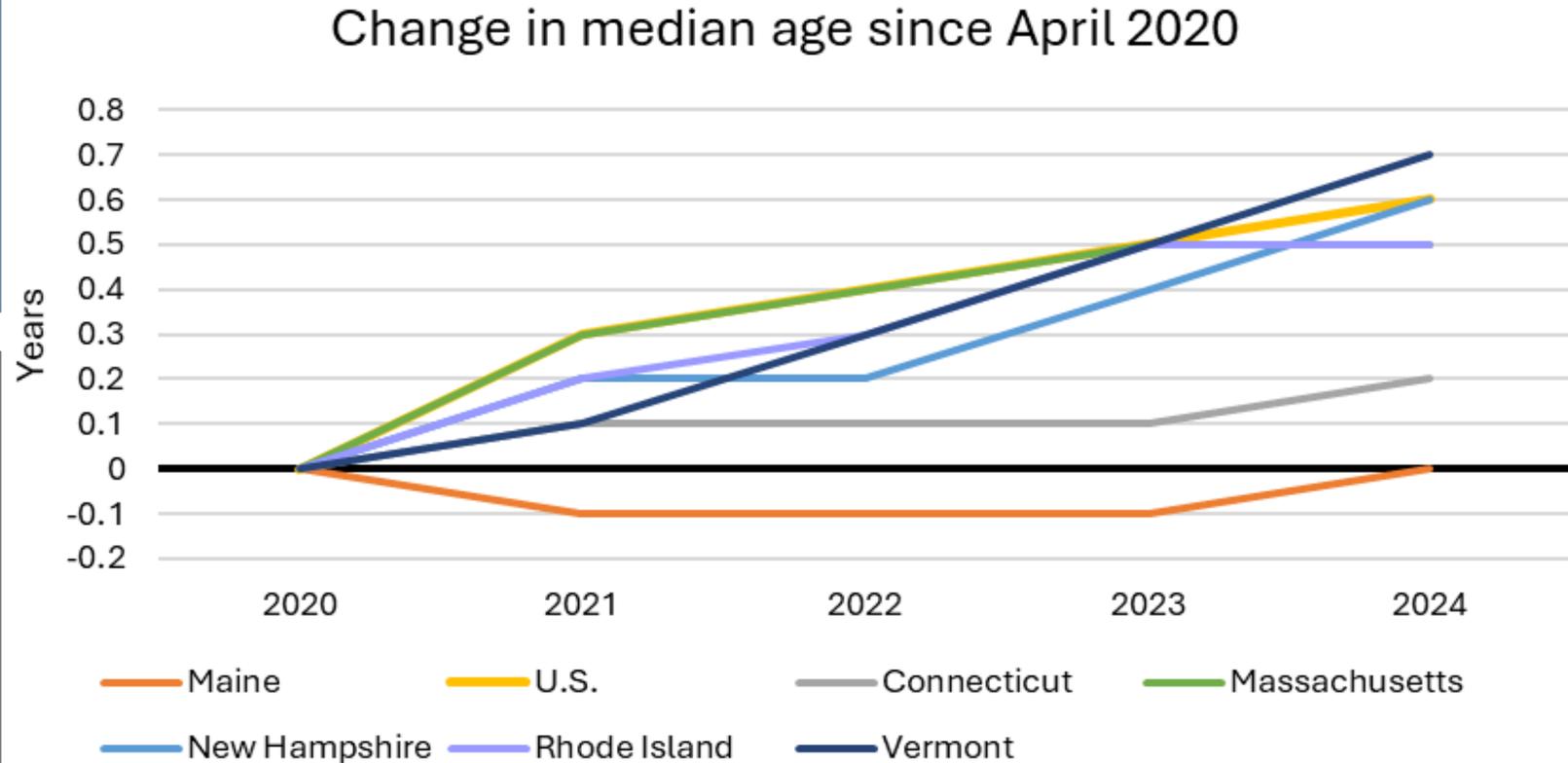
County View

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

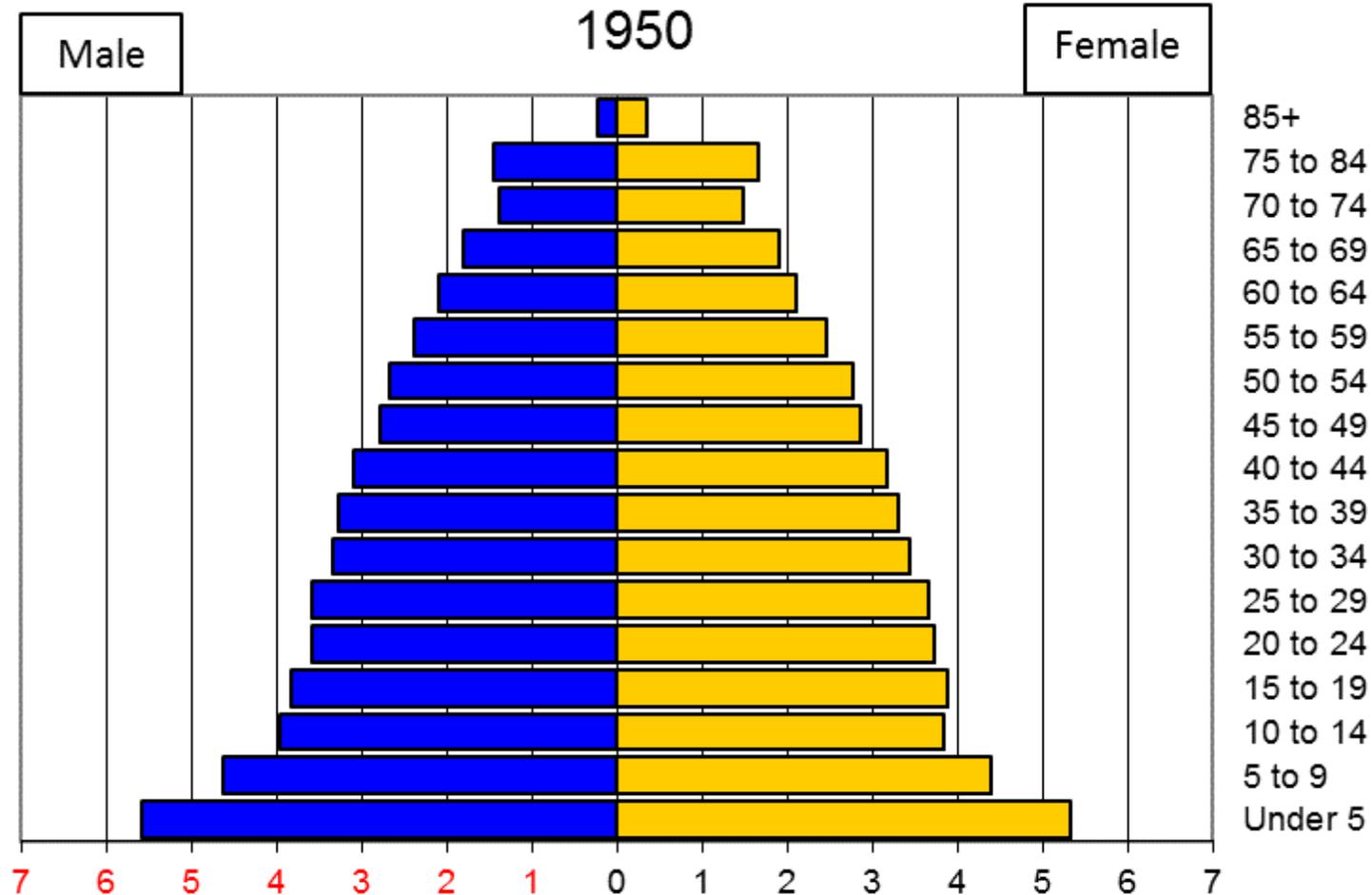
Demographics and Workforce

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

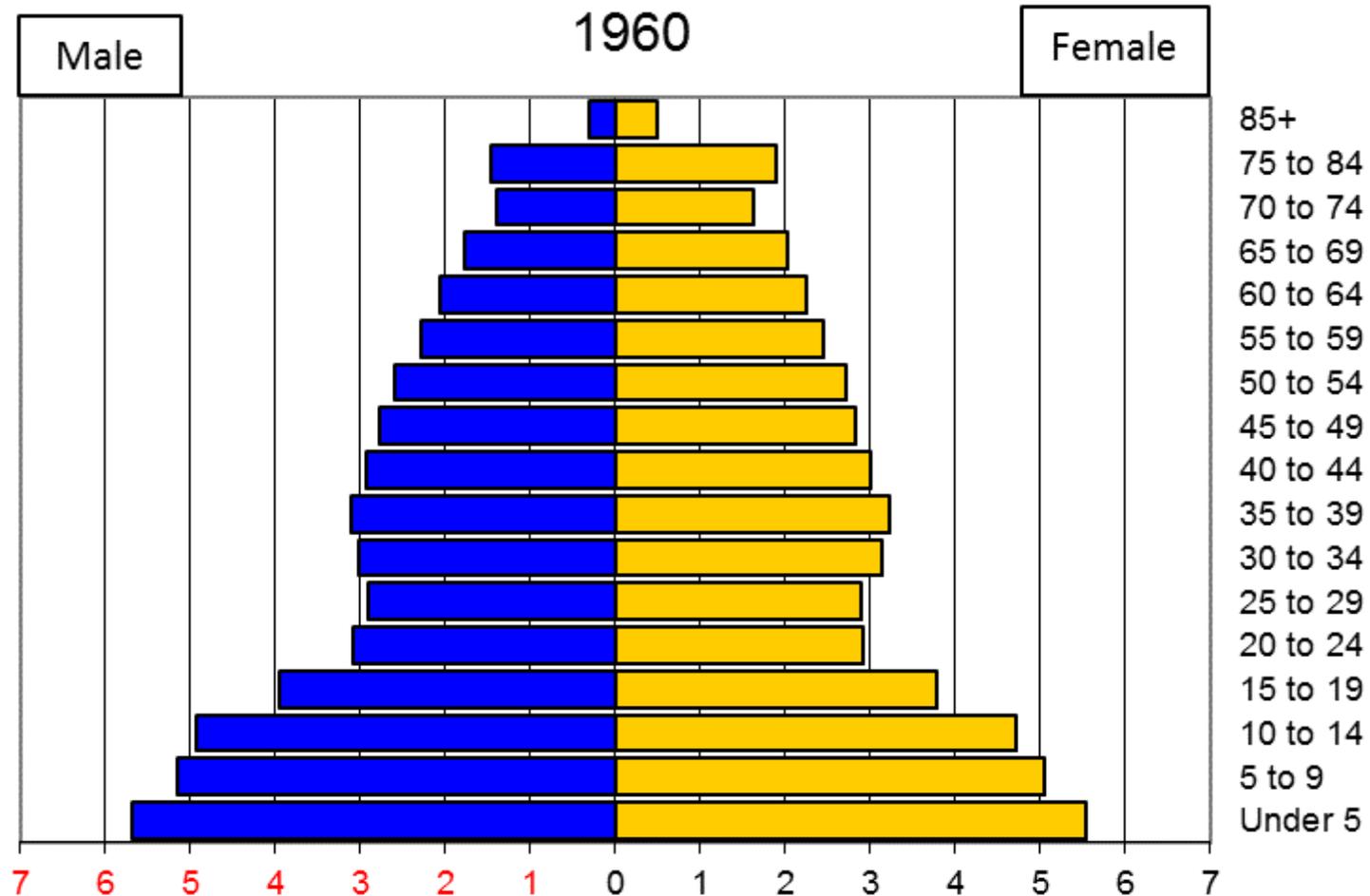
Maine still has the highest median age in the nation at 44.8 years; Vermont and New Hampshire are tied for second at 43.6 years



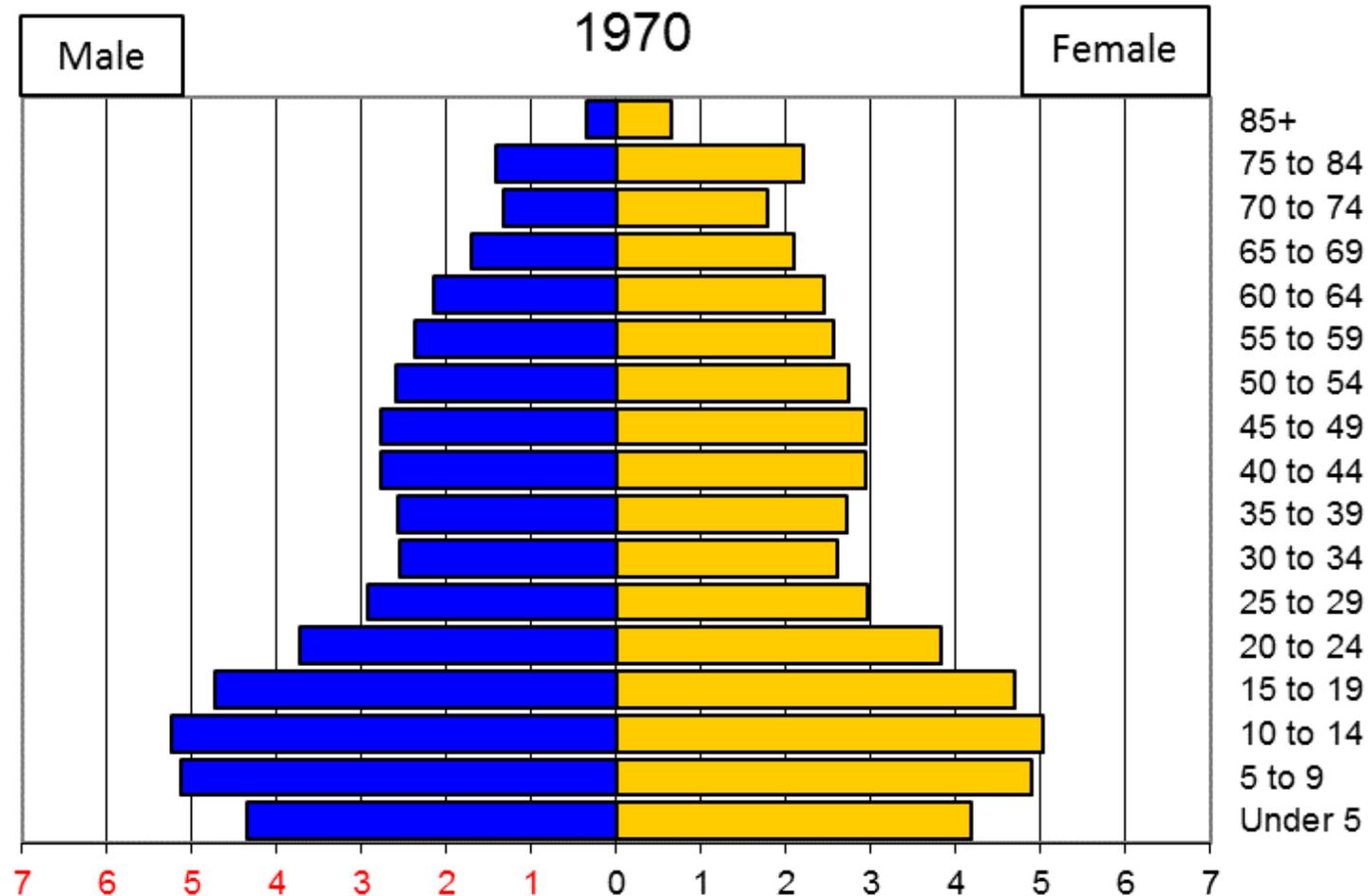
The Baby Boom: 1946-1964



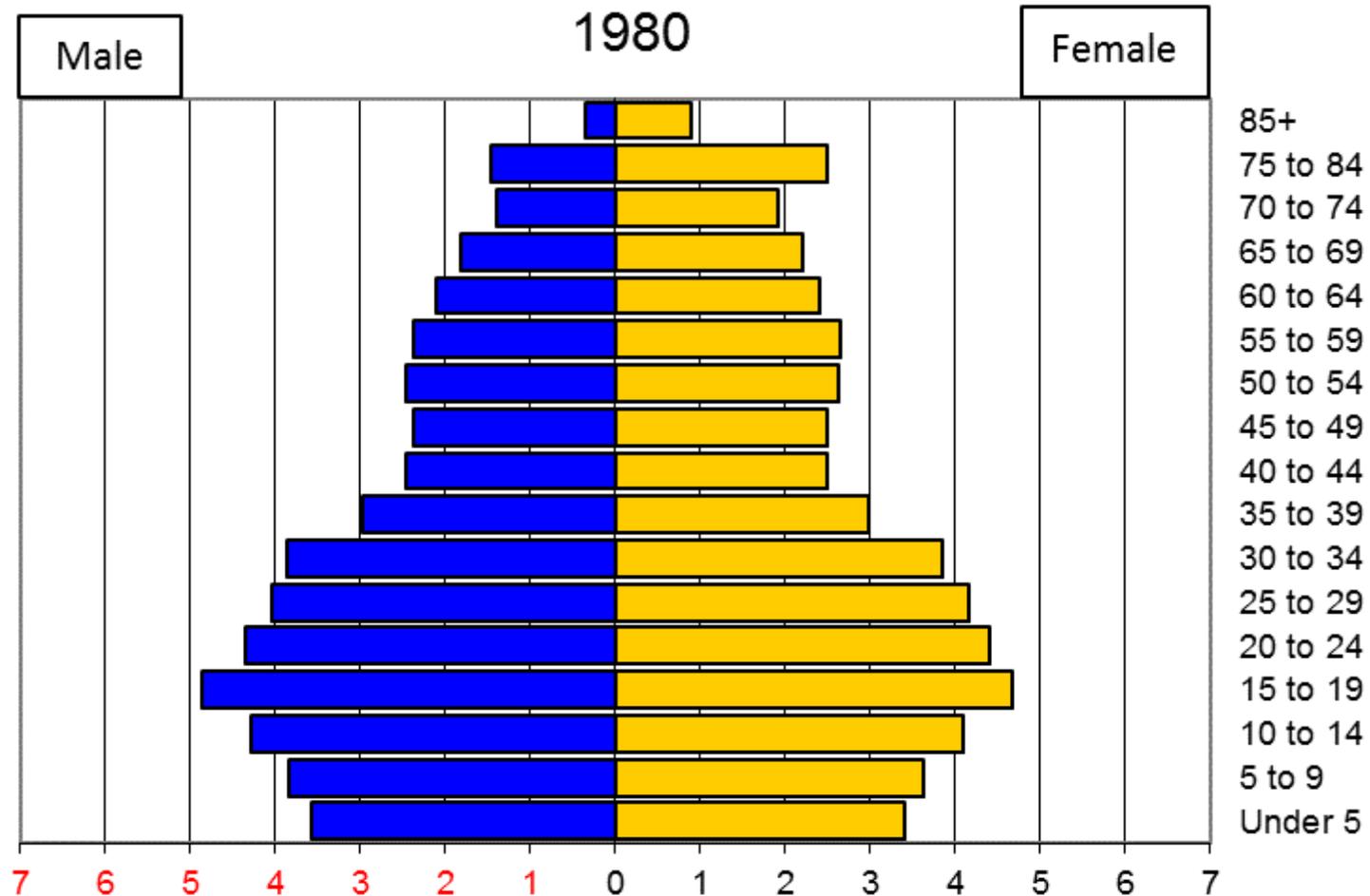
The Baby Boom: 1946-1964



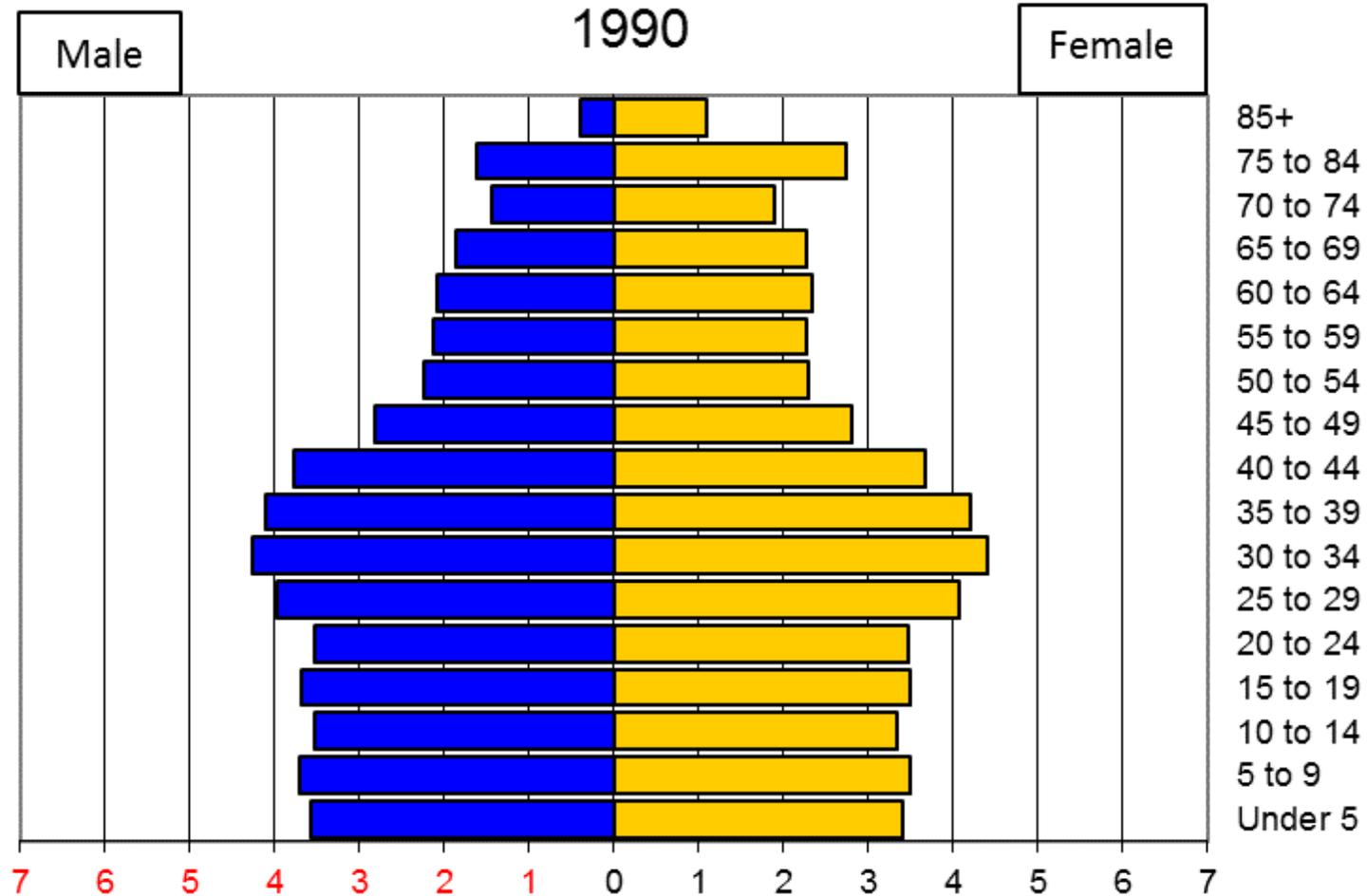
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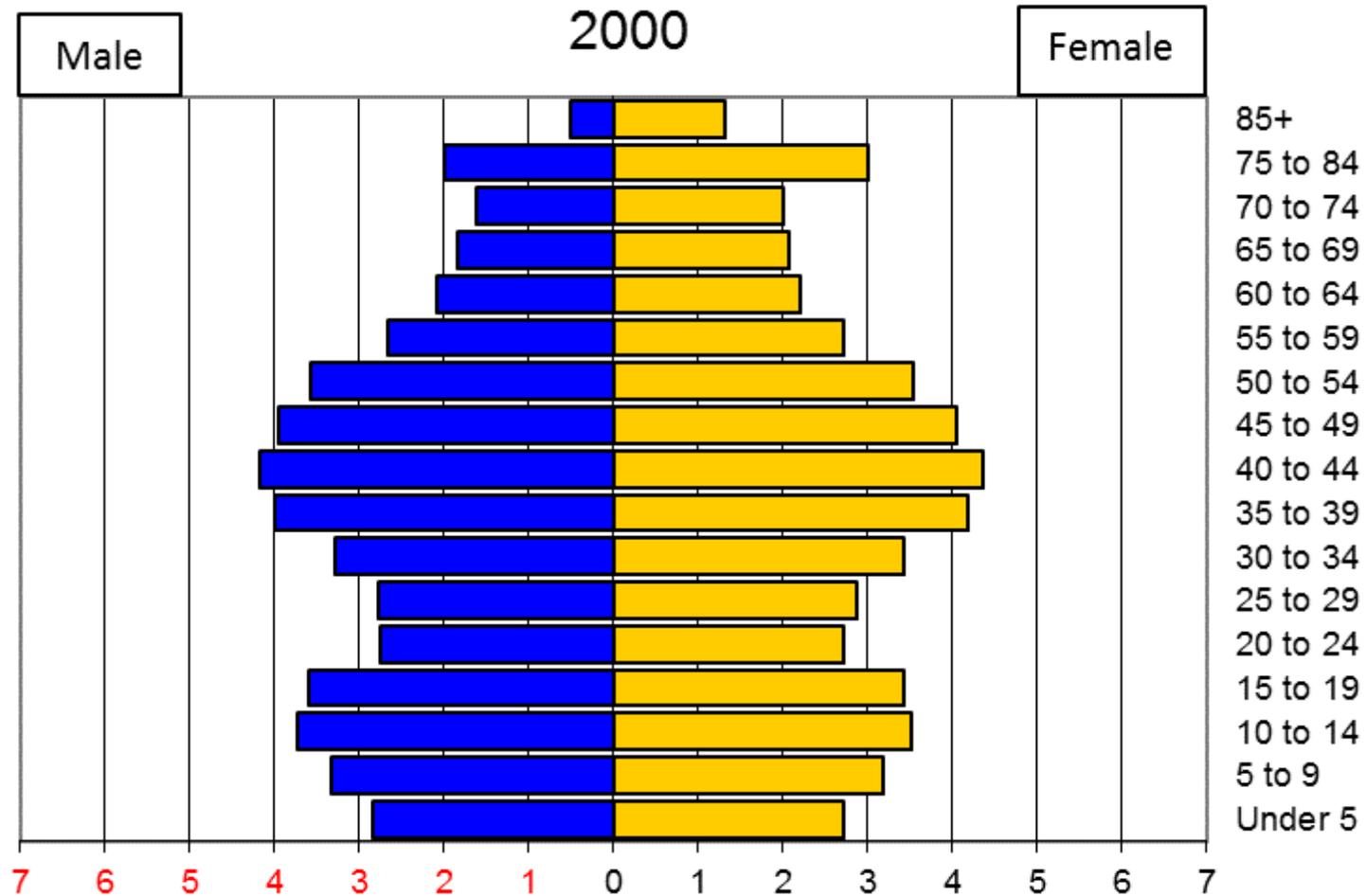
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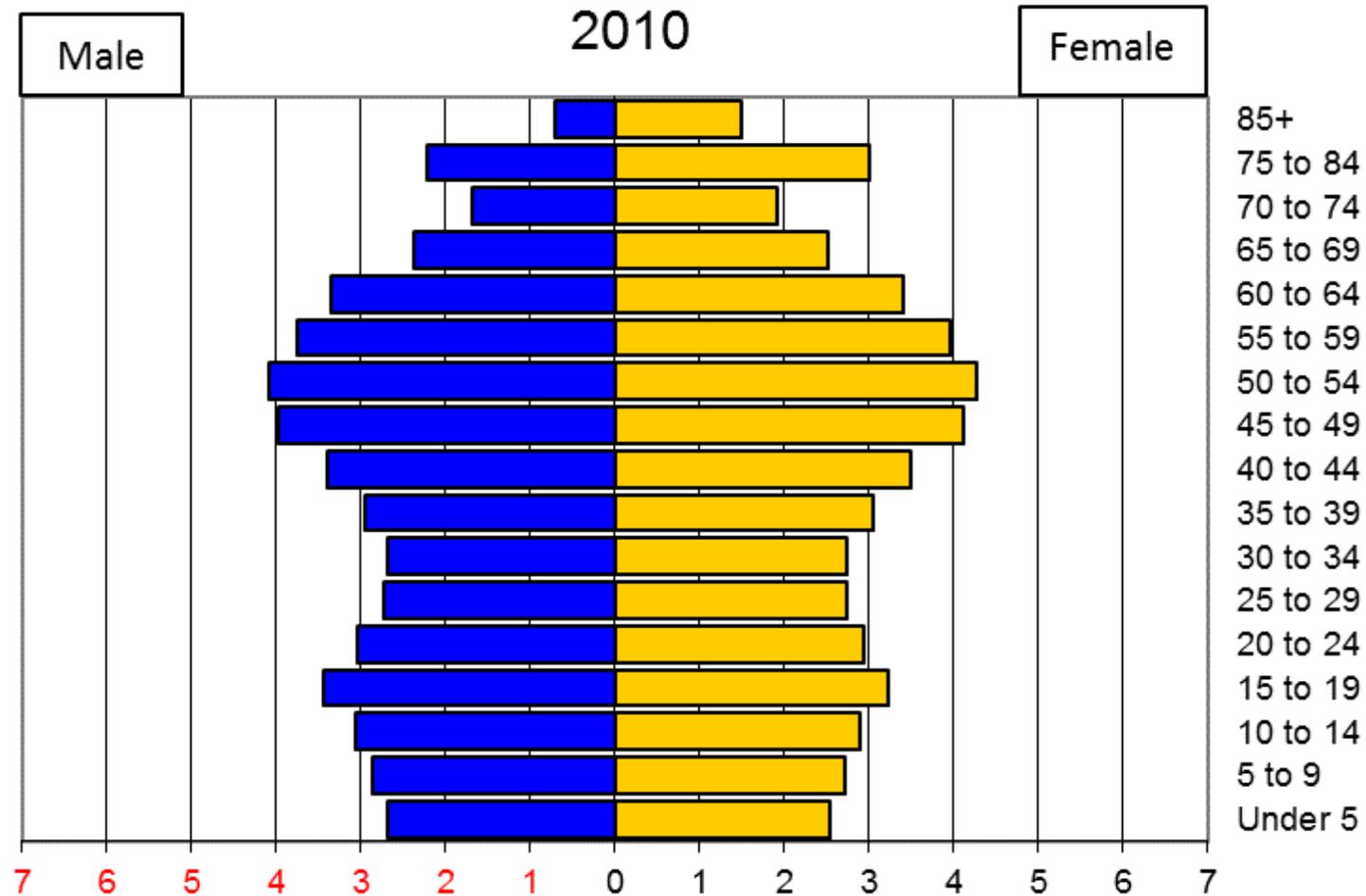
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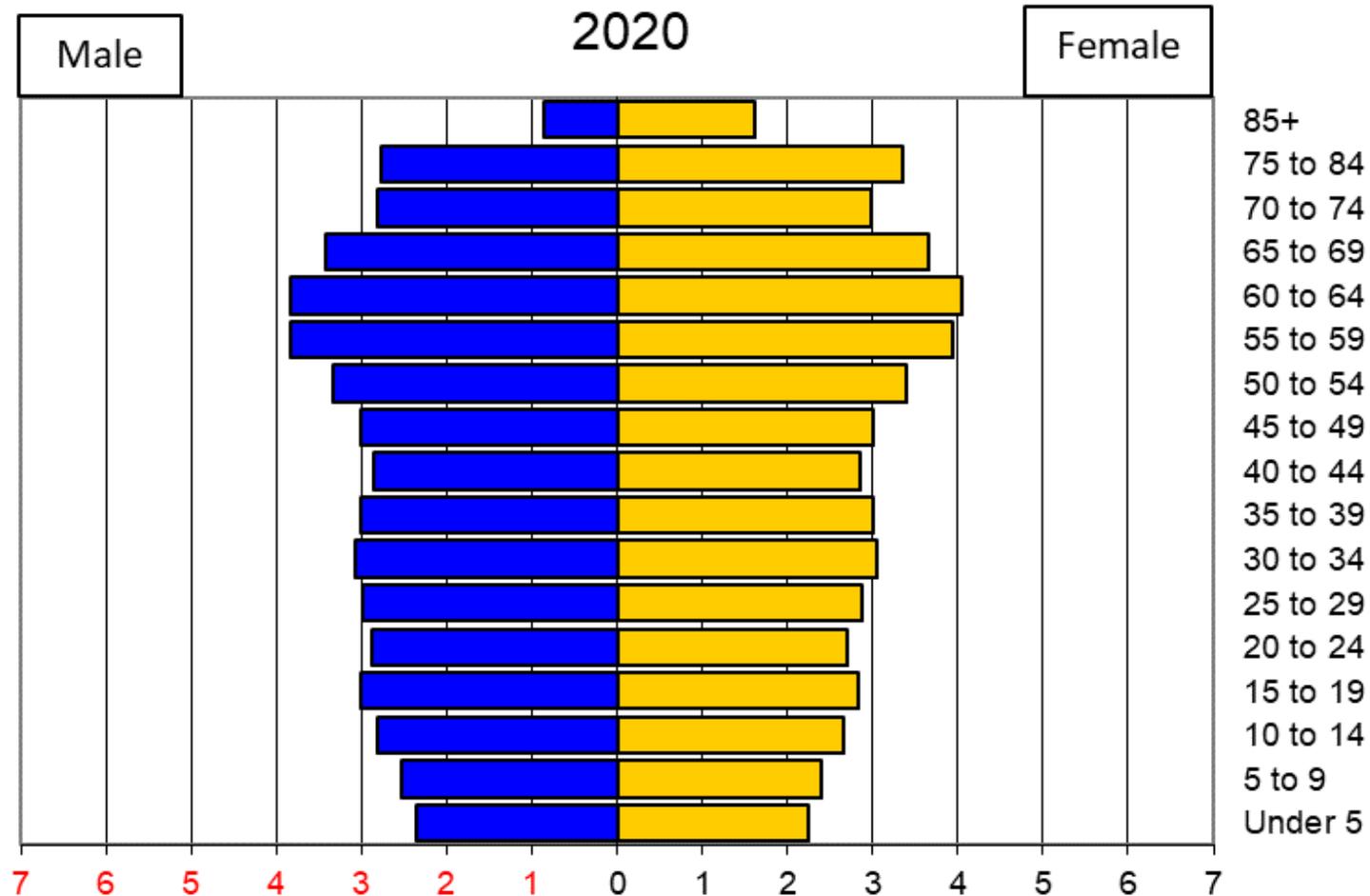
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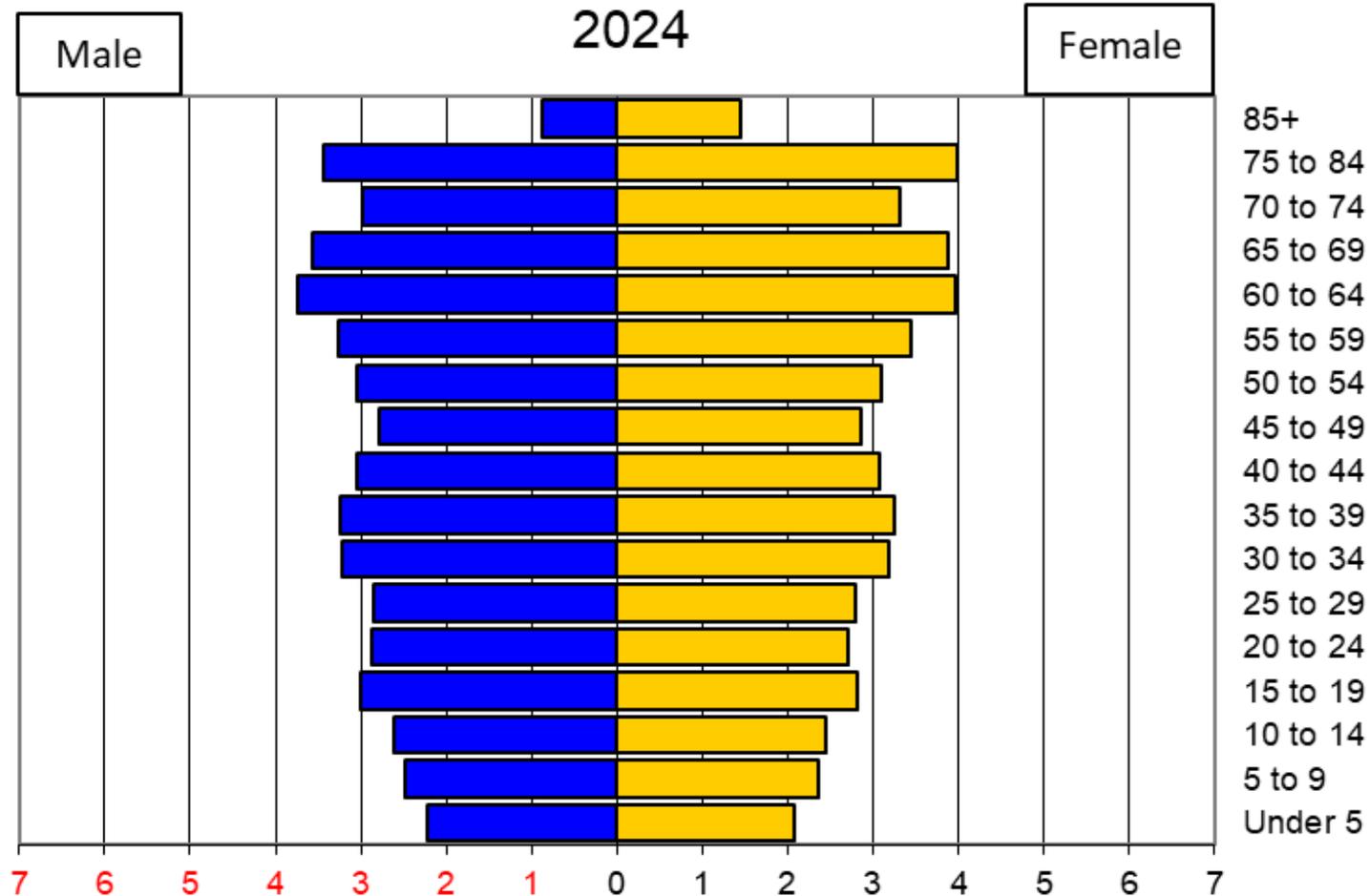


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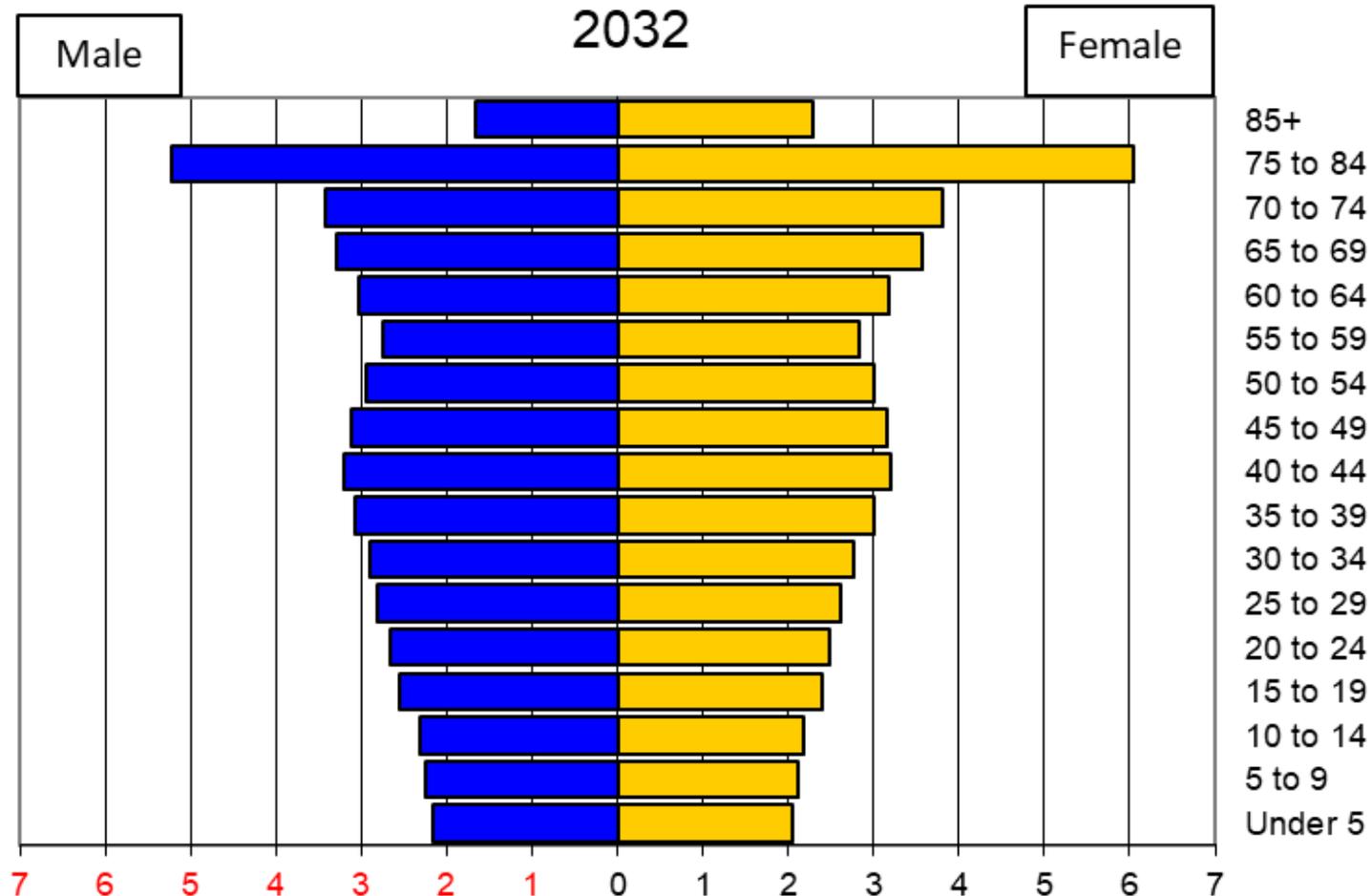
Baby Boom generation in 2024: age 60-78



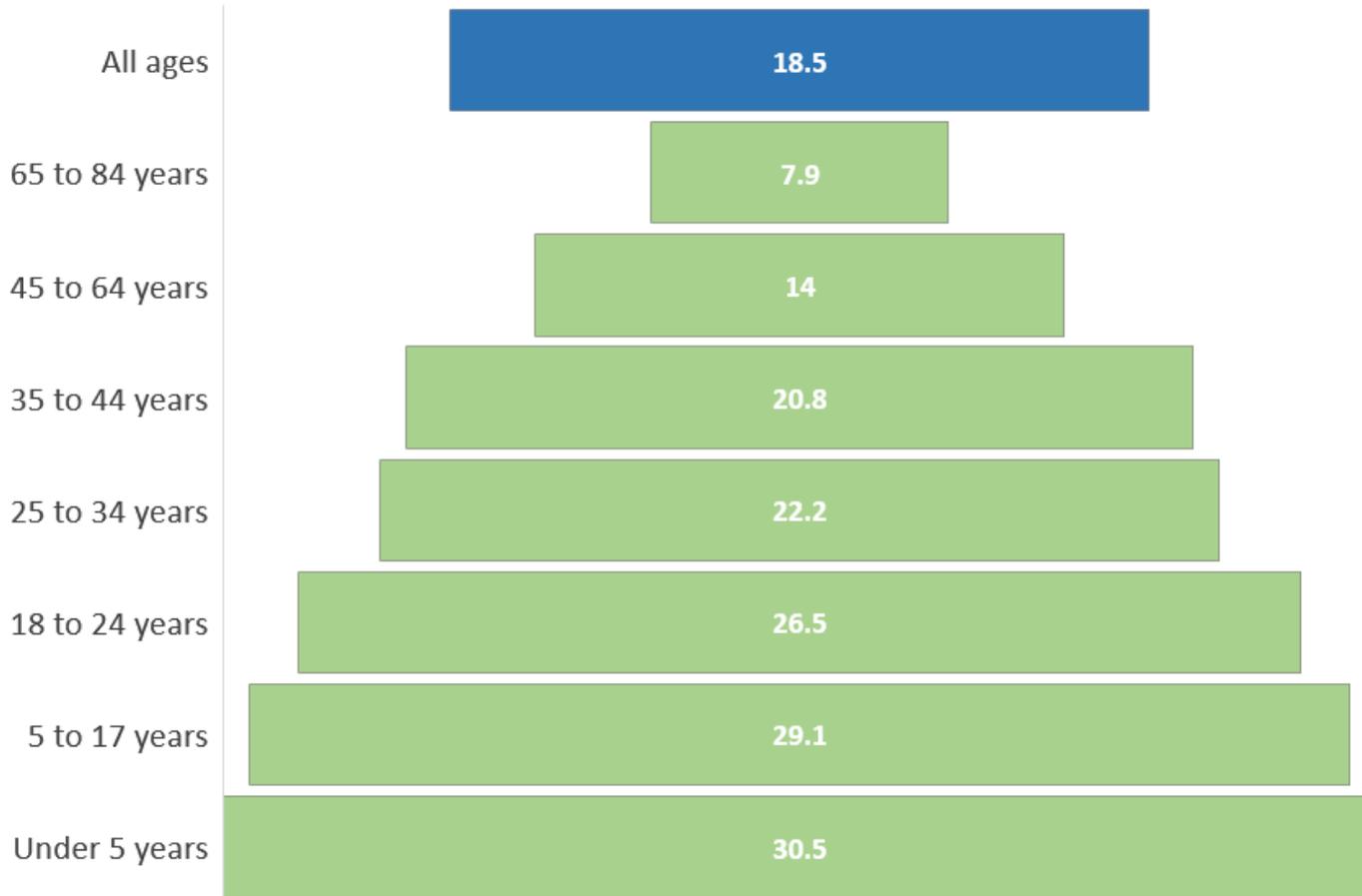
The Baby Boom: 1946-1964

Baby Boom generation in 2032: age 68-86

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



Diversity Index in Maine, 2020: Selected Age Groups

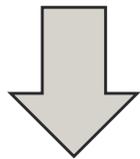


Younger generations in Maine are more diverse than older generations, but U.S. is even more diverse

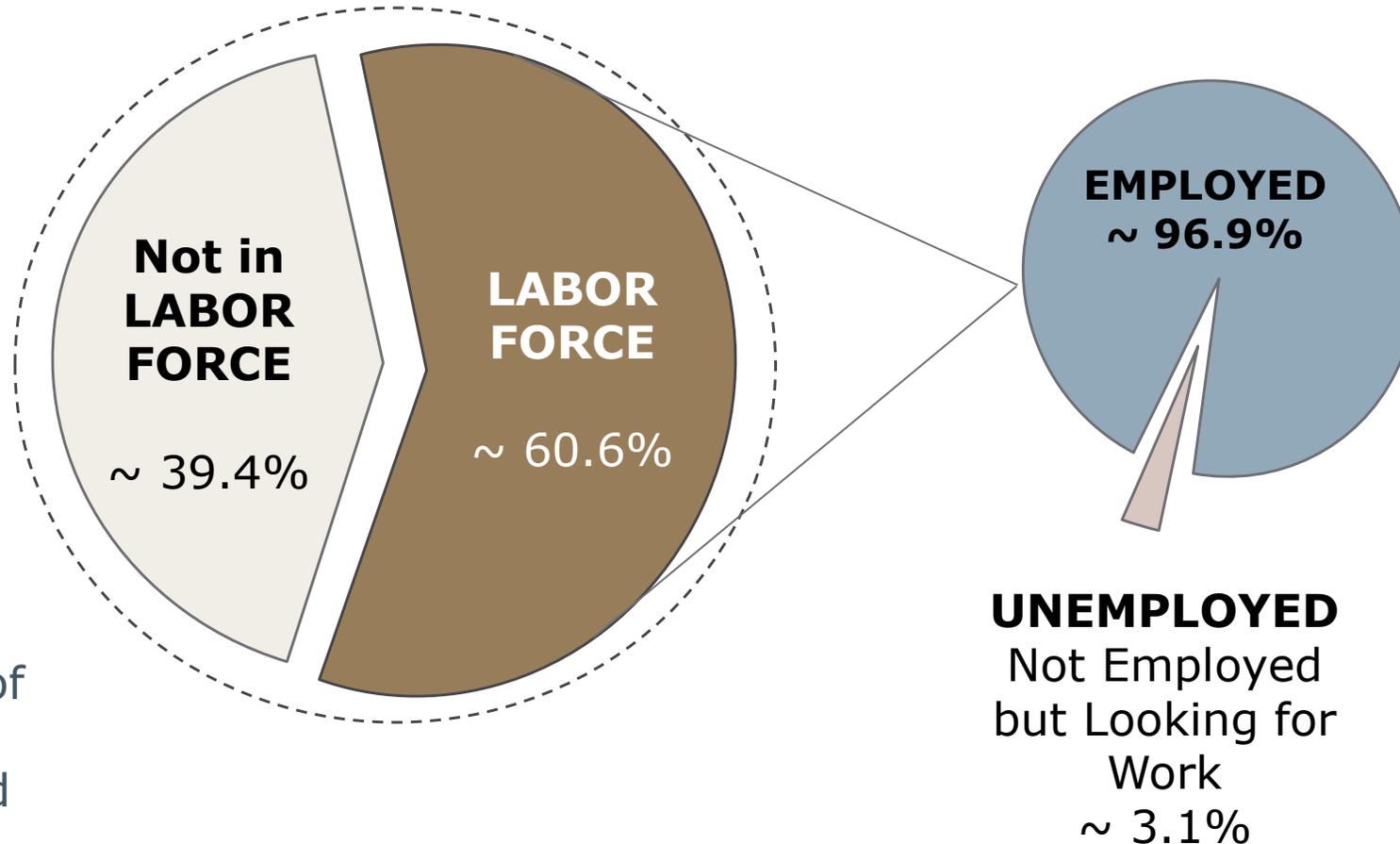
Who is in the labor force?

Civilian population, age 16+

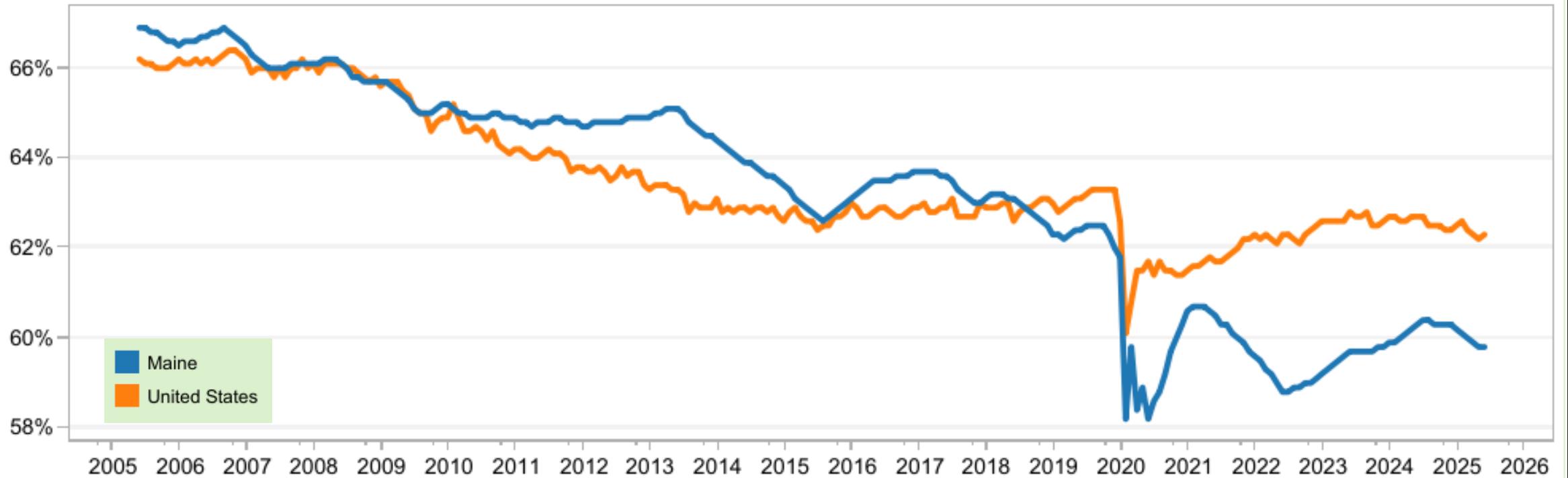
Not available and not looking for work. This could include people who are retired, full-time students, or full-time caregivers



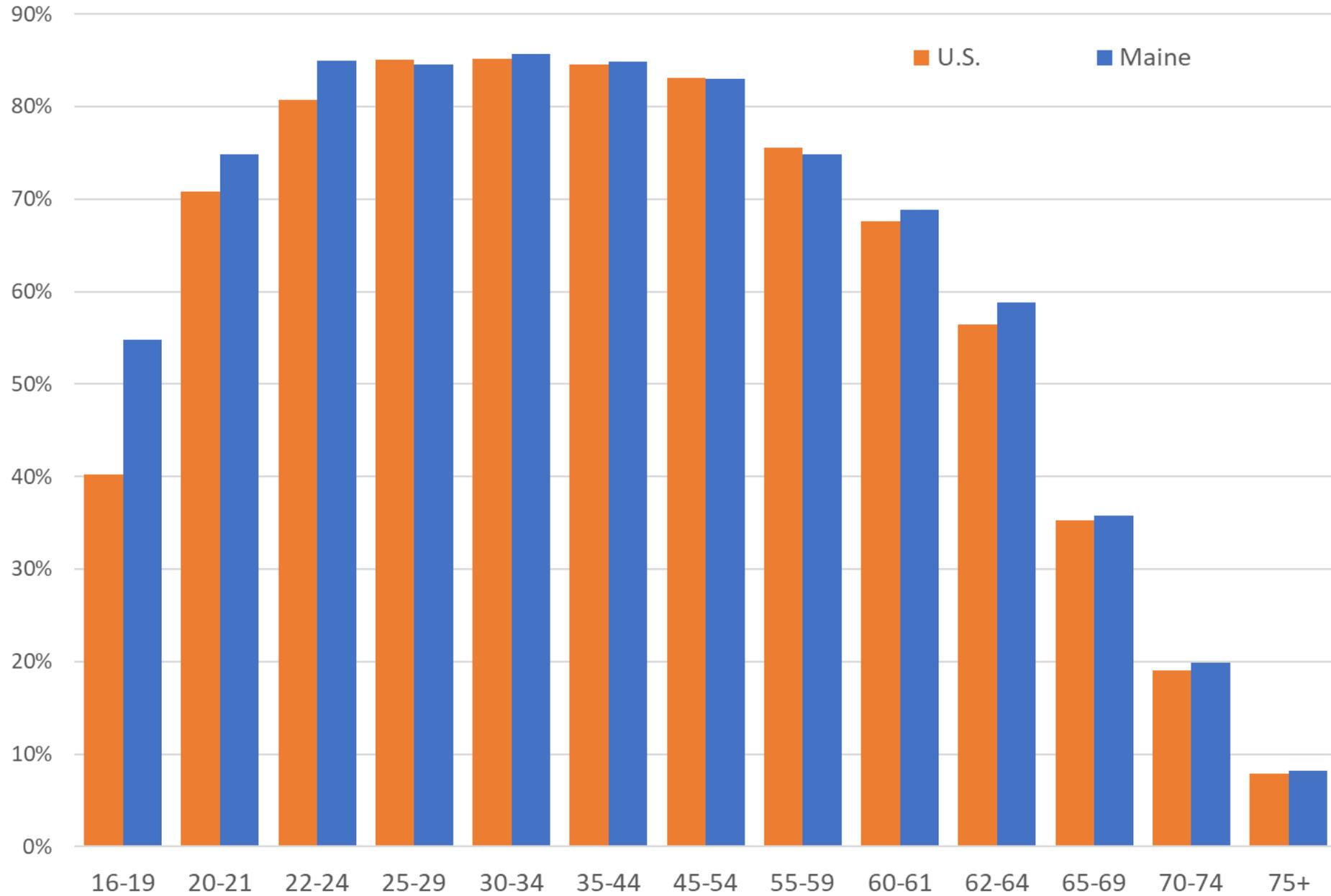
Nationally, over half of the people not in the labor force are retired



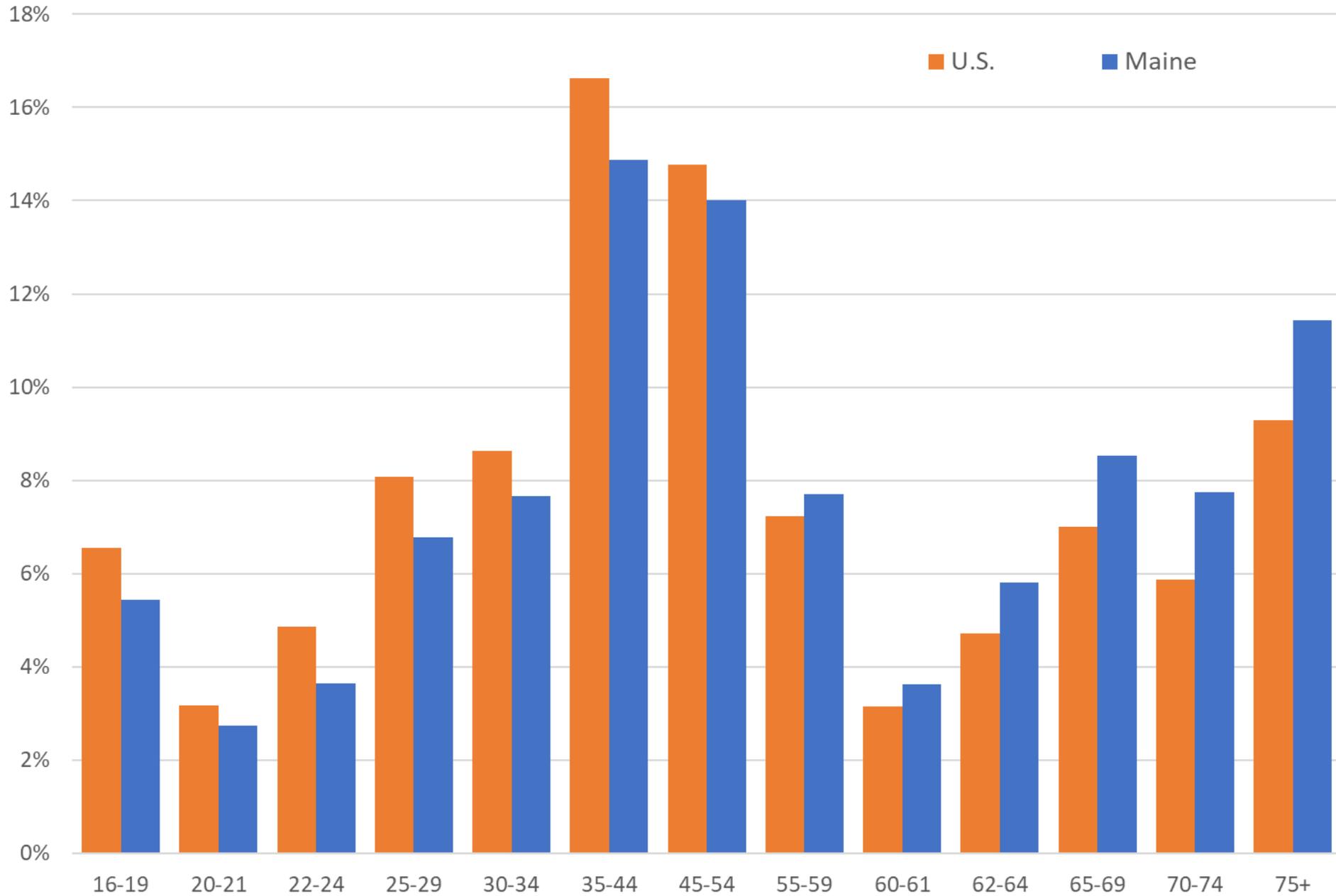
Labor Force Participation Rate (seasonally adjusted)



2024 Labor Force Participation Rate



Share of 16+ Population by Age, 2024



Employment, income, and GDP

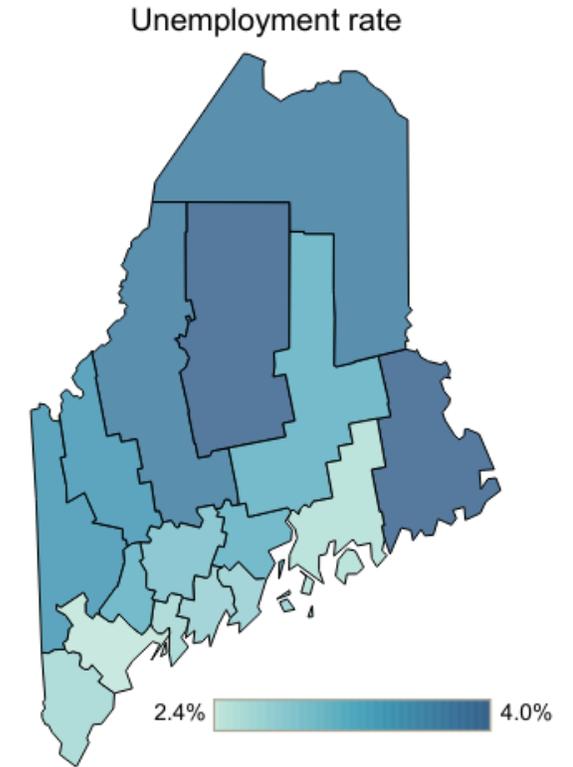
County Rates (not seasonally adjusted)

August, 2025

Table
 Graph

Map/Graph Display
 Unemployment rate
 One-year change

County	Rate	Year ago	One-yr change
Maine	2.9%	2.9%	0.0
Androscoggin	3.1%	3.1%	0.0
Aroostook	3.7%	3.6%	0.1
Cumberland	2.4%	2.4%	0.0
Franklin	3.4%	3.5%	-0.1
Hancock	2.5%	2.6%	-0.1
Kennebec	2.9%	2.9%	0.0
Knox	2.7%	3.1%	-0.4
Lincoln	2.7%	2.9%	-0.2
Oxford	3.4%	3.4%	0.0
Penobscot	3.1%	3.1%	0.0
Piscataquis	4.0%	4.4%	-0.4
Sagadahoc	2.6%	2.5%	0.1
Somerset	3.7%	3.6%	0.1
Waldo	3.1%	3.2%	-0.1
Washington	4.0%	4.1%	-0.1
York	2.6%	2.5%	0.1

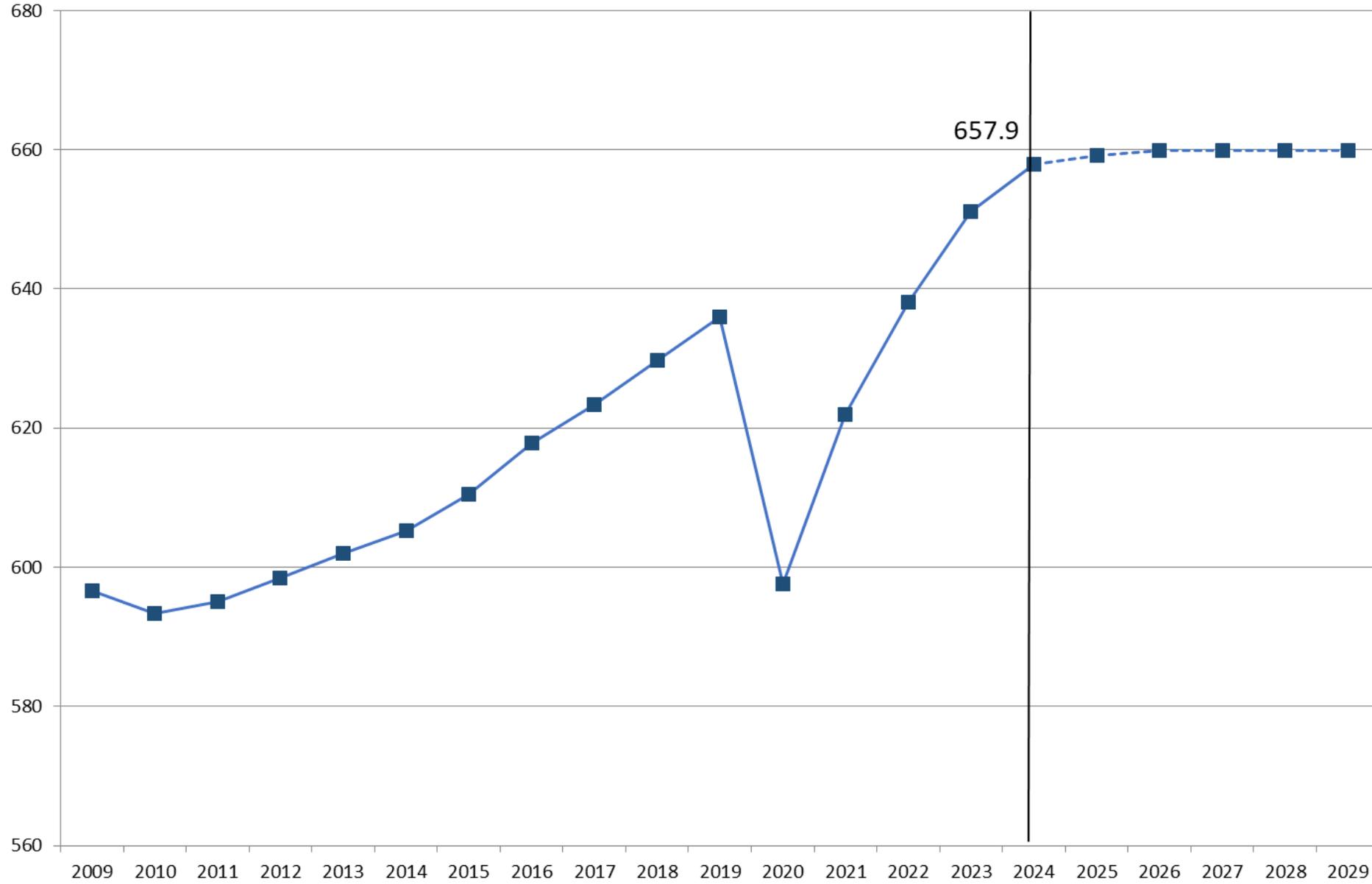


Maine Department of Labor, Center for Workforce Research and Information

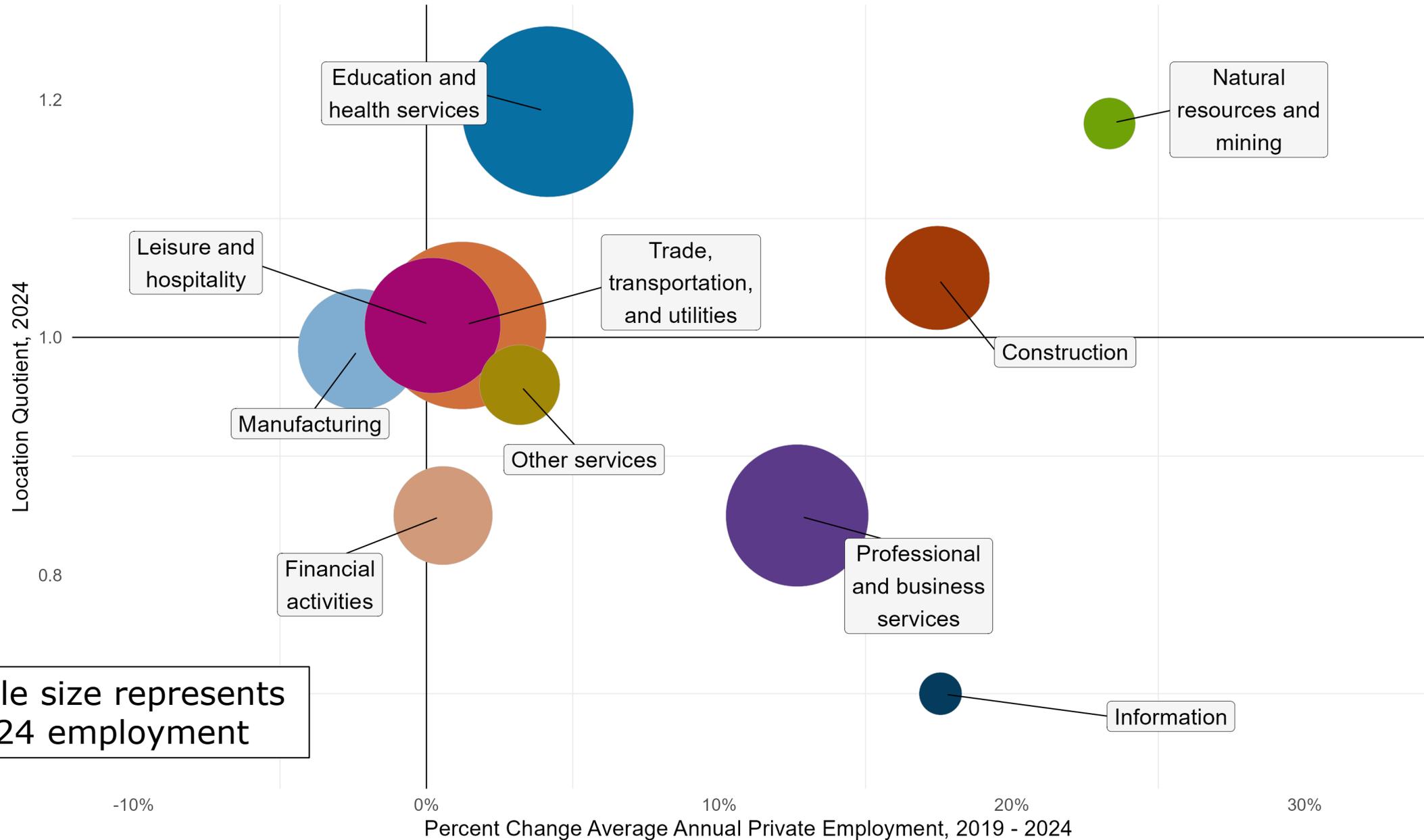
Maine's seasonally-adjusted unemployment rate (currently 3.2%) has been below the U.S. rate for all but three months of the past 17 years

Total Nonfarm Employment (in thousands)

History and Consensus Economic Forecasting Commission forecast

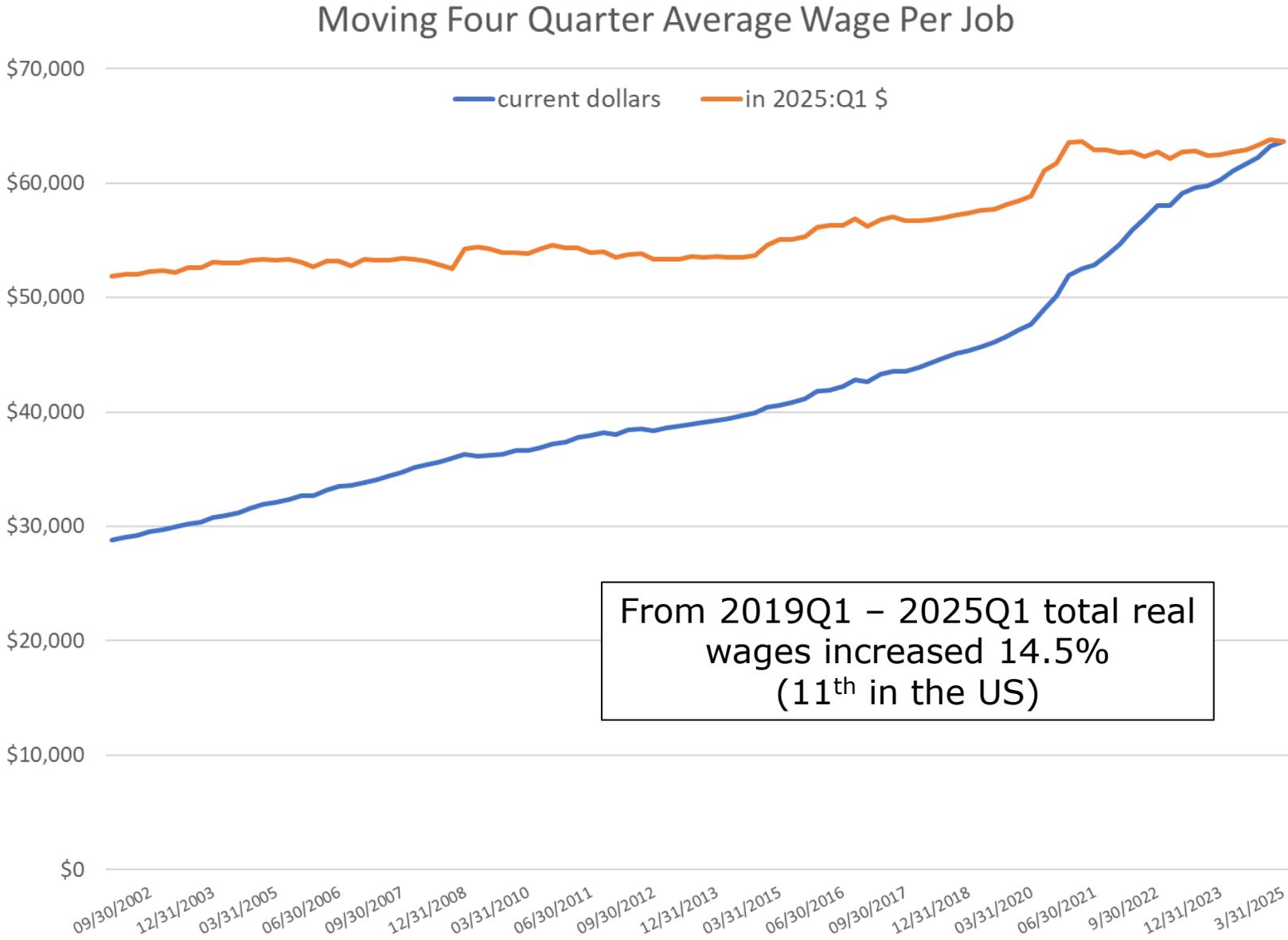


Maine Location Quotients for Private Industry Super Sectors, 2019-2024

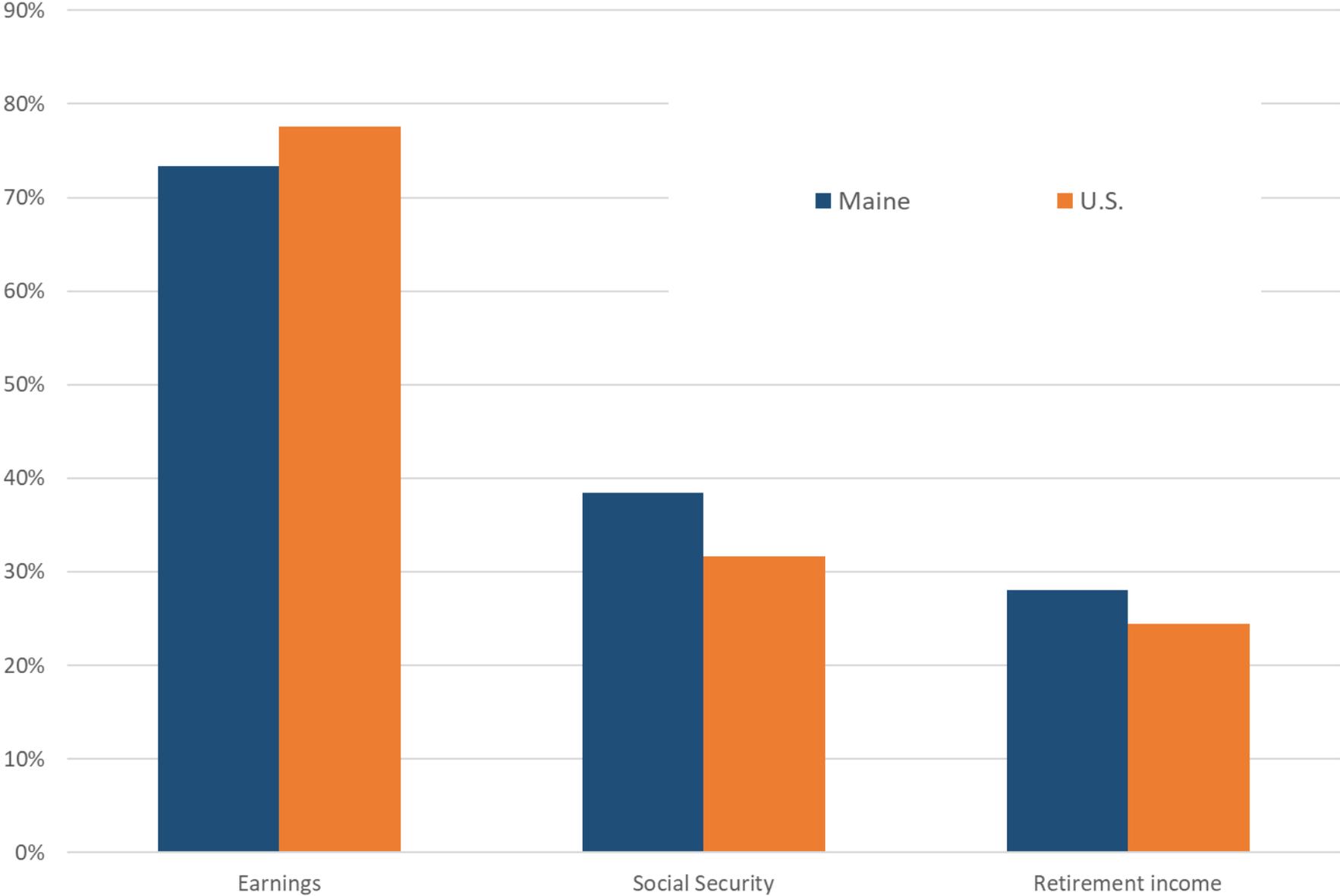


Bubble size represents 2024 employment

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

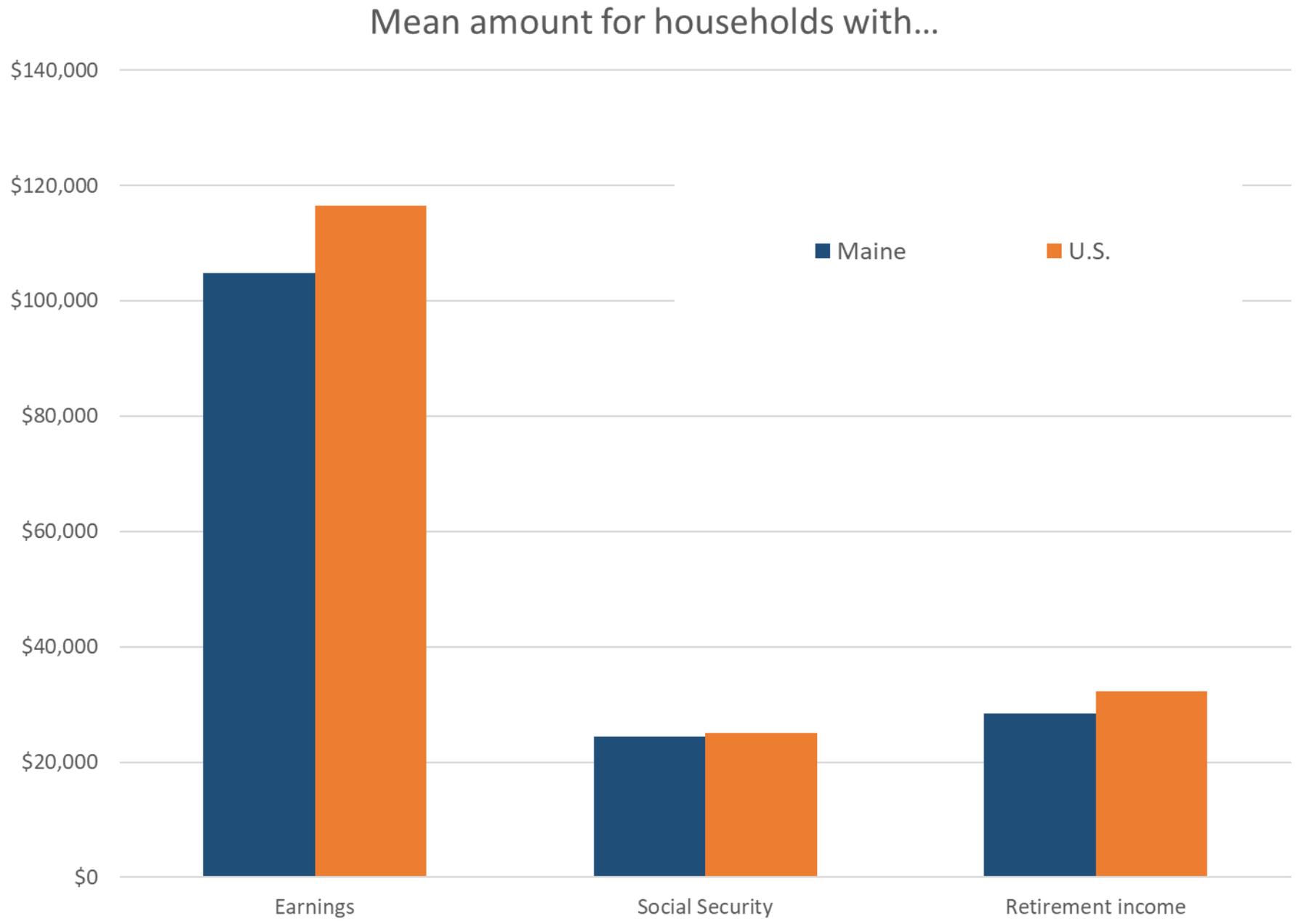


Percent of households with...

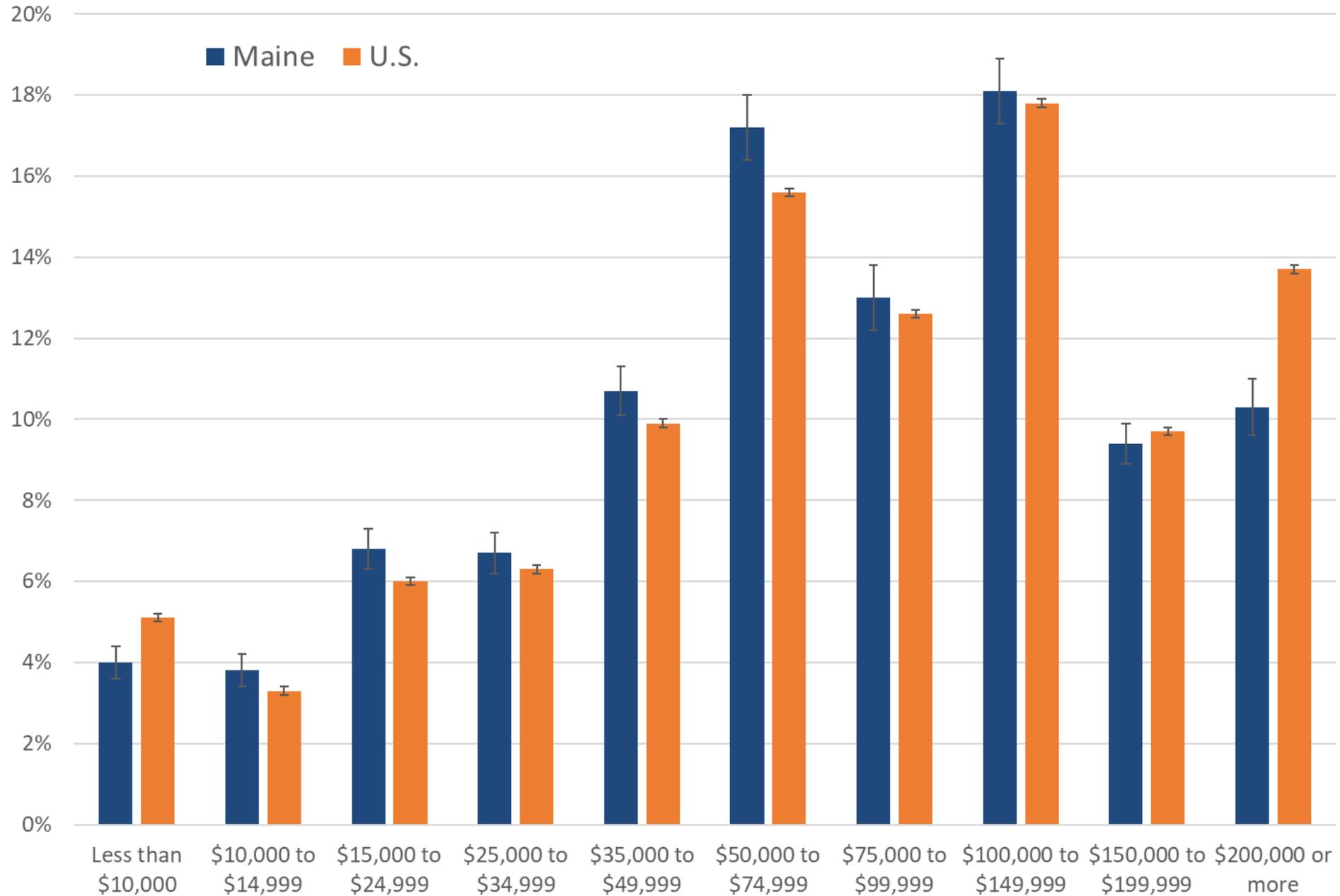


Maine has a higher share of households with Social Security and retirement income and a lower share of households with earnings

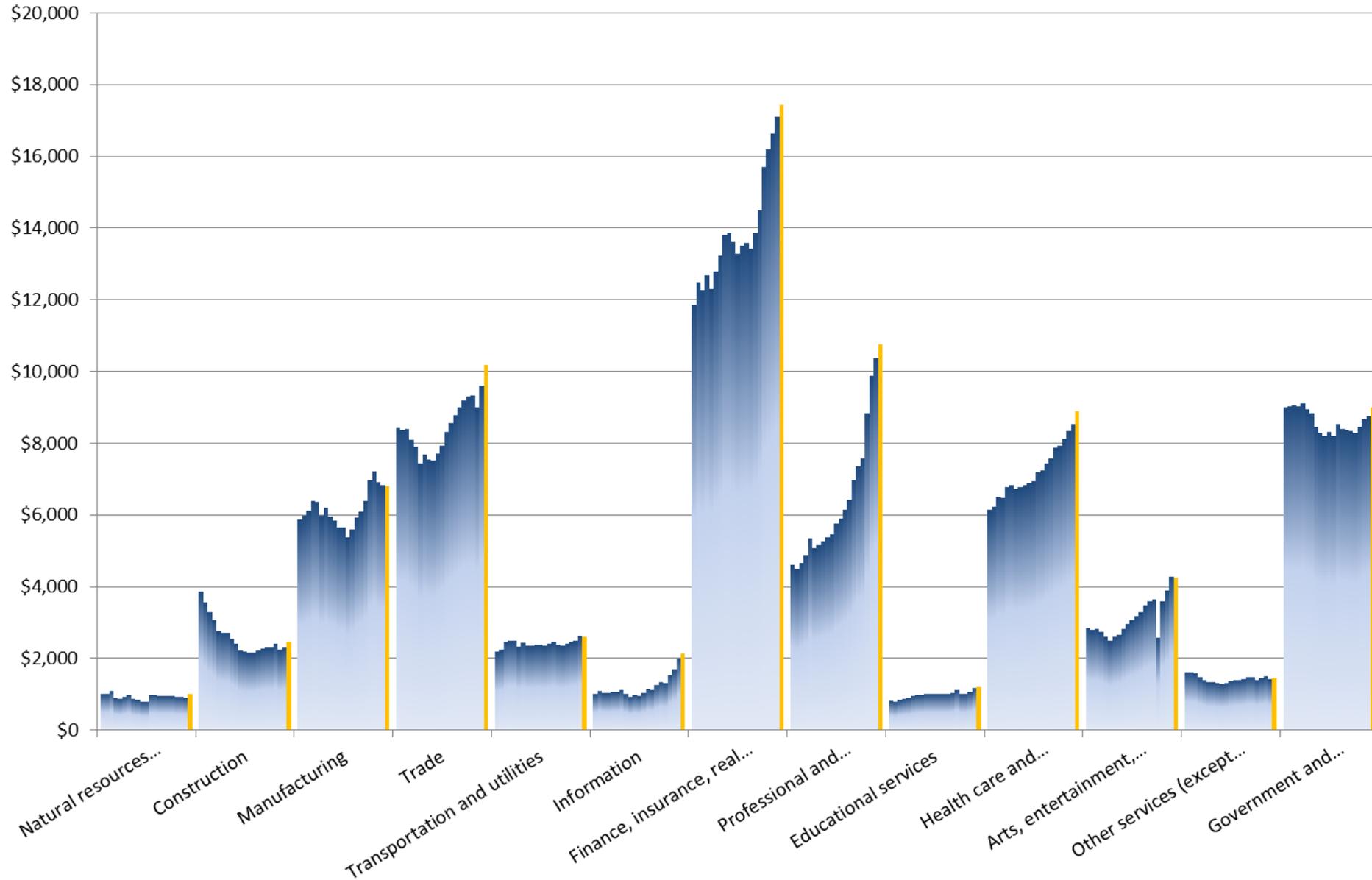
The amount of income from earnings is much higher than Social Security or retirement



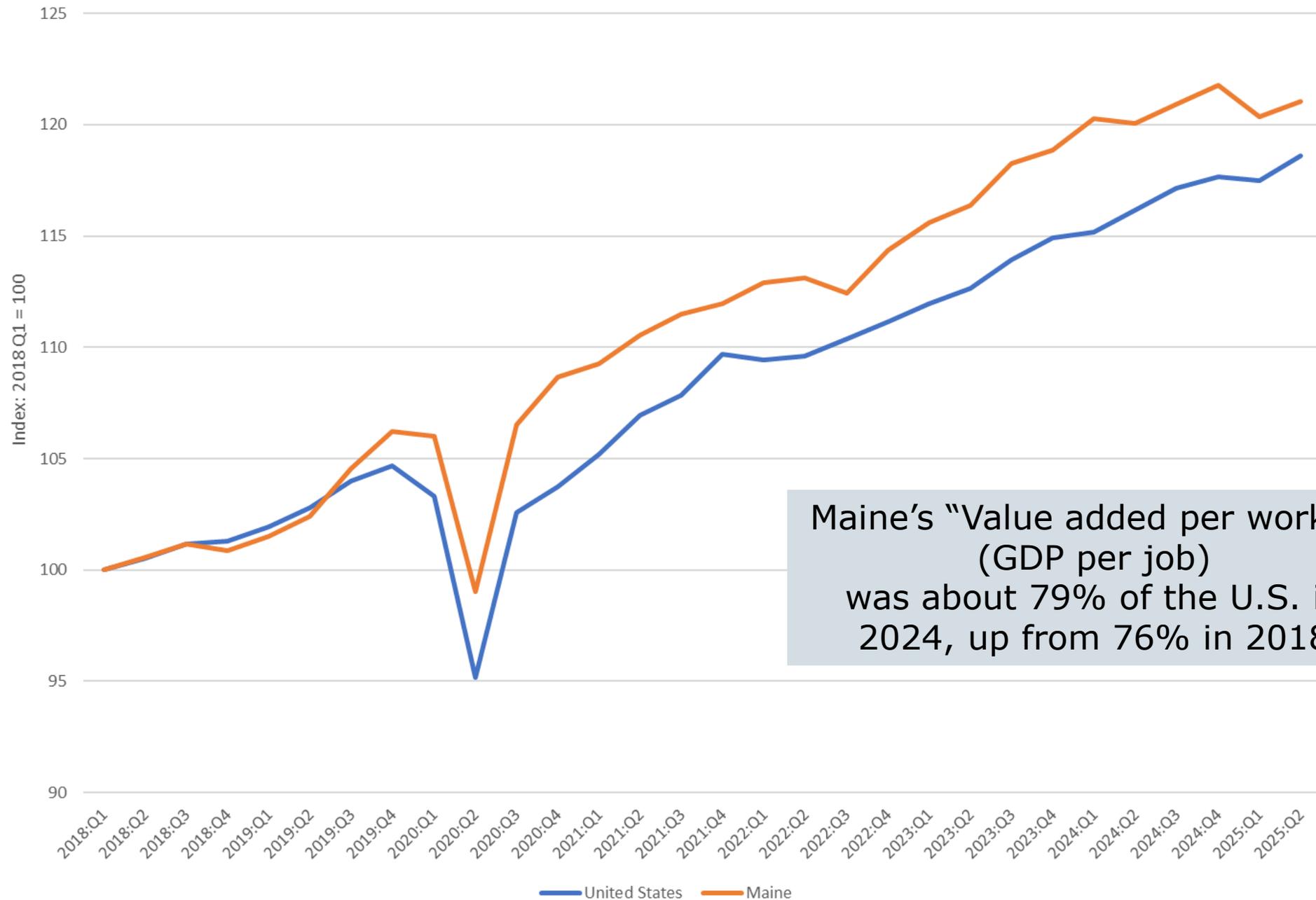
Percent of Households by Income



Maine Real GDP by Industry, 2004-2024 (in millions of chained 2017 dollars)

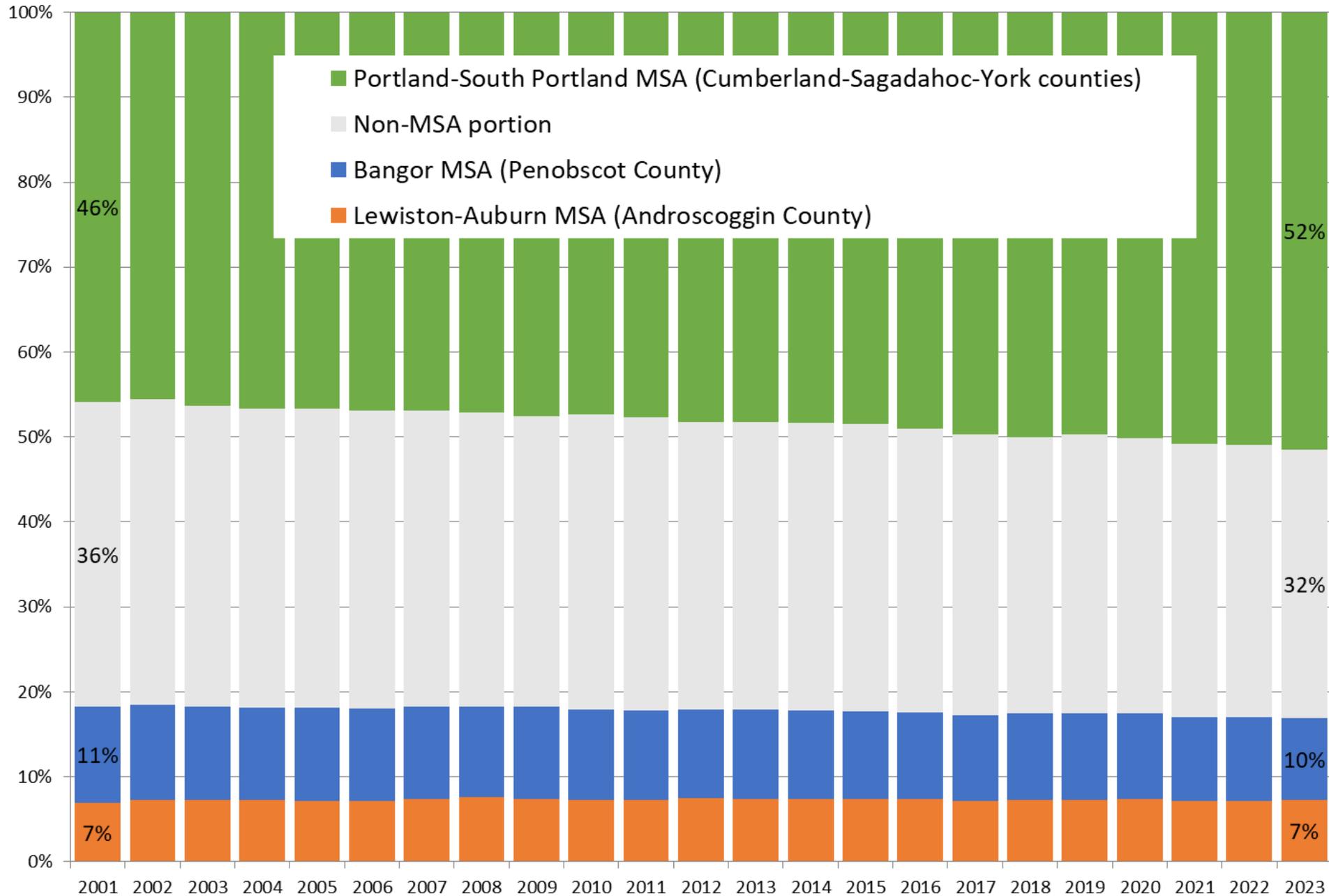


Quarterly Real GDP (in millions of chained 2017 dollars)



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

Share of Maine GDP by Metropolitan Area



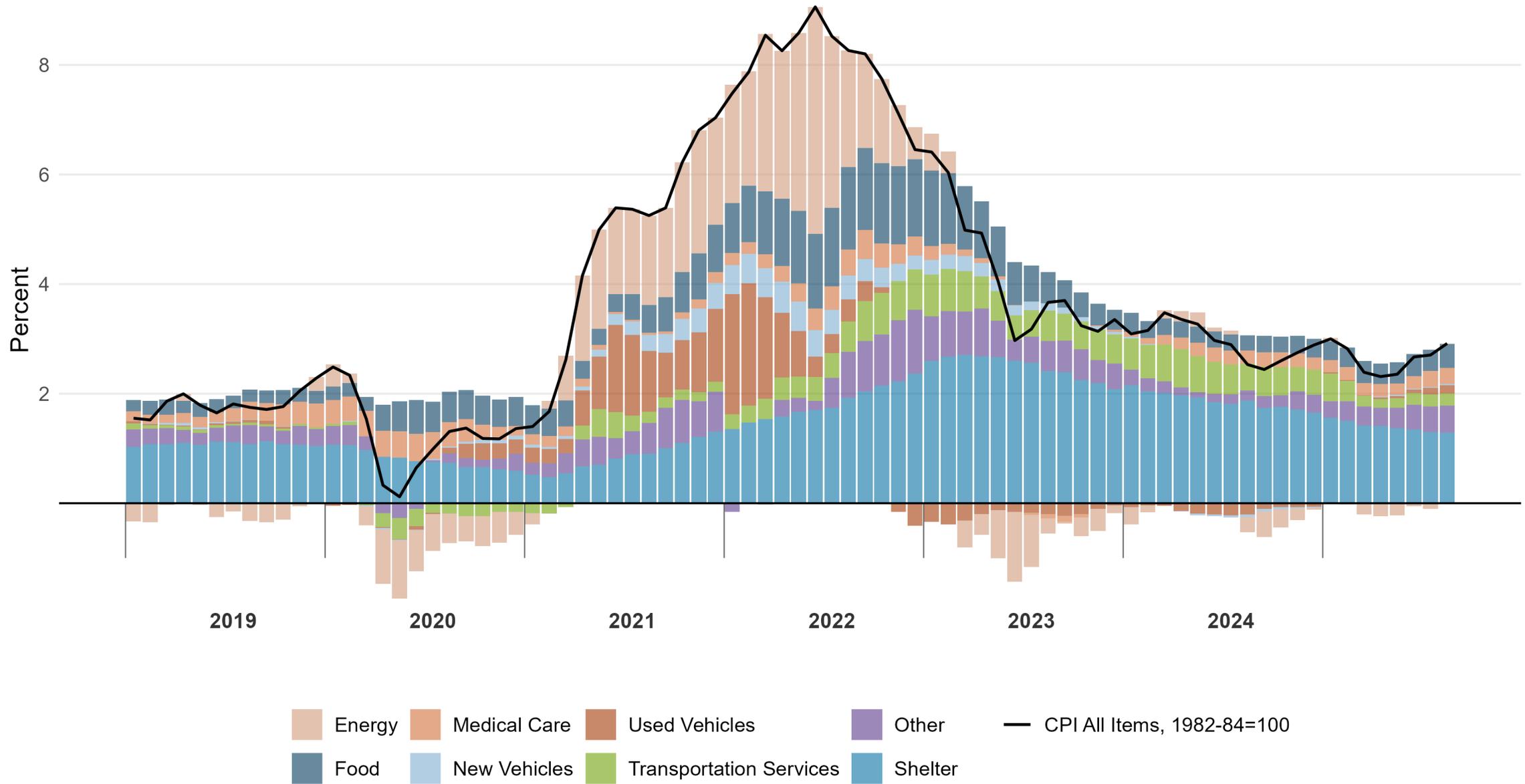
Macroeconomic conditions

Excerpts from assumptions in April 2025 Consensus Economic Forecasting Commission report

Maine's economy is shaped by a tight labor market, with ongoing demand for workers, a limited supply, and low unemployment. Countries around the world are facing the realities of an aging population in the coming decades, which will impact labor markets globally. (...) an aging workforce may continue to constrain labor availability. However, positive net migration and productivity gains, some of which may come from the use of AI, could help meet future labor needs.

- 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 (...). 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. (...)

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



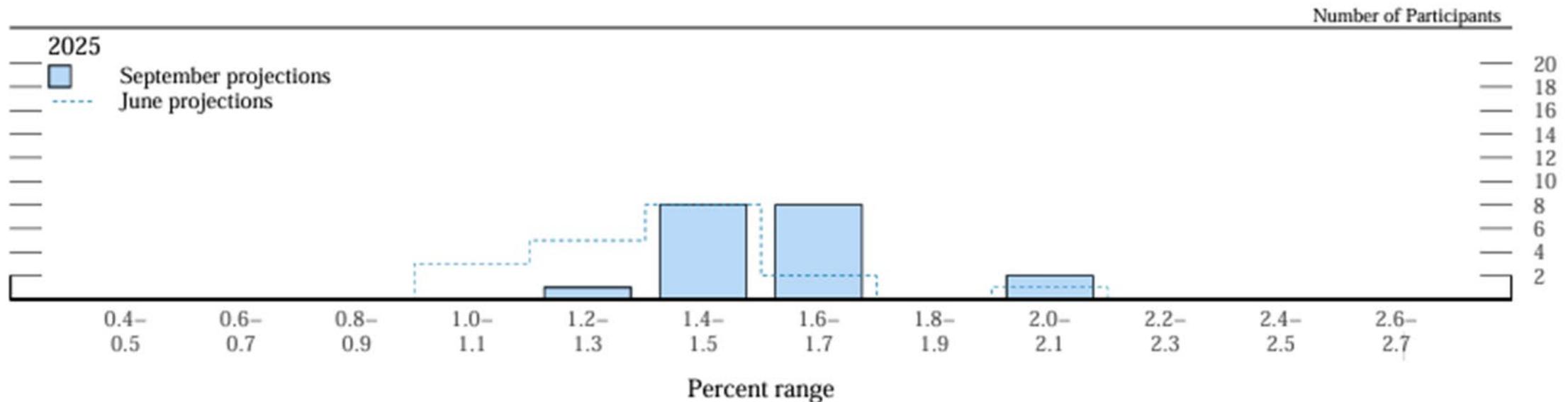
Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

Current FOMC target range (as of Sept.):
4.00% to 4.25%

Median projection for 2025 from Sept. 2025 Federal Open Market Committee statement was 3.6%

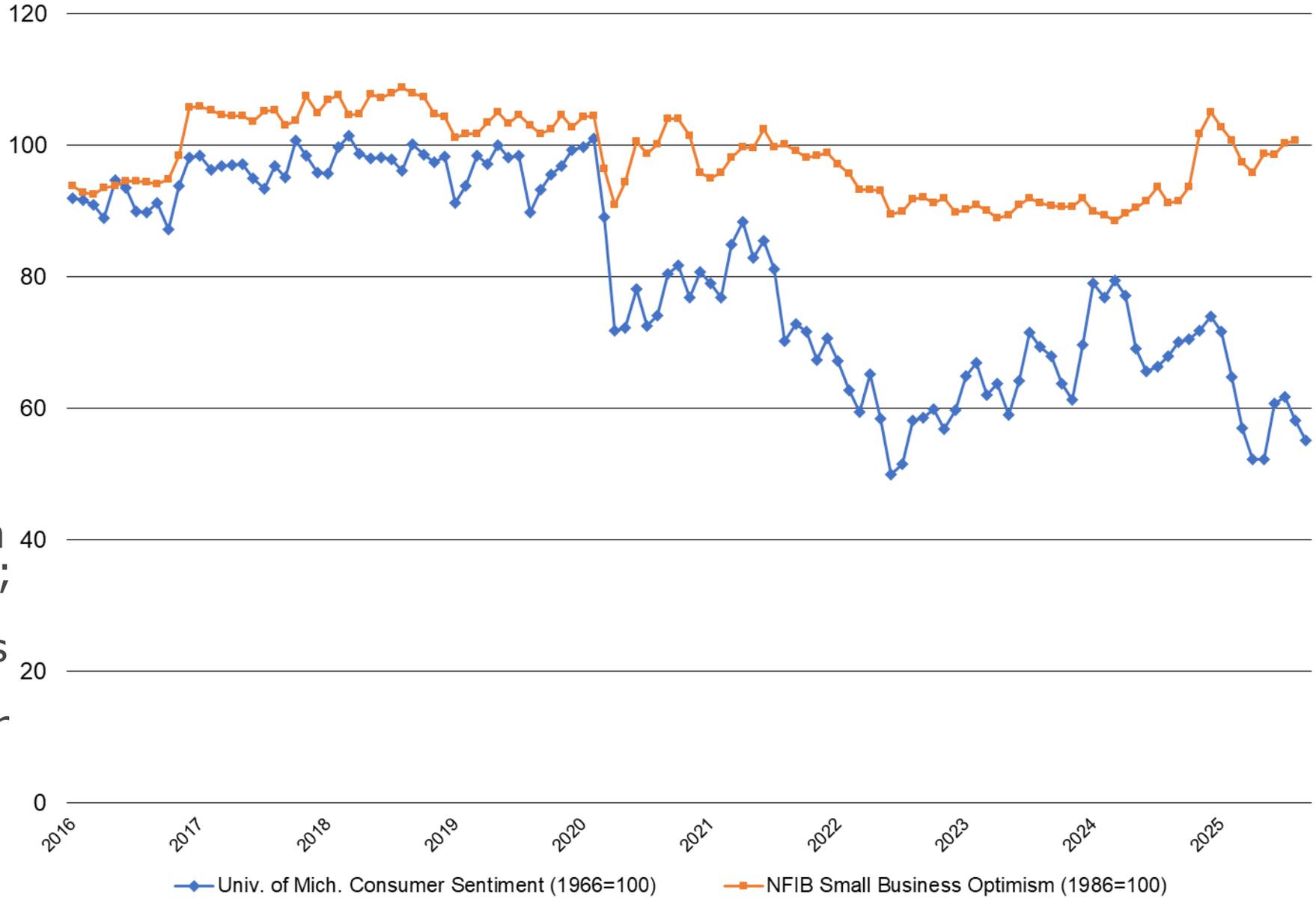
Distribution of participants' projections for the change in real GDP



Consumer Sentiment and Small Business Optimism Indexes

Small business optimism spiked following the election and then dropped, reflecting increased uncertainty; gradual increases in the past few months

Consumer sentiment has been highly responsive to inflation expectations this year; Sept. 2025 saw a modest decline across all groups except consumers with larger stock holdings



Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

Tariffs have been a rollercoaster ride

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

Additional product-specific rates on Oct. 1

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 November 10 deadline

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

The Budget Lab at Yale estimates (as of 9/26) average effective tariff rate for consumers of 16.7%, highest since 1936 and equates to \$1.9K 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. aluminum, steel, and softwood lumber on construction

Things to keep in mind:

- Maine saw several decades of slow population growth and has a population that is older and less diverse than the rest of the nation
- Demographic trends impact all aspects of a region's economy, including labor force participation, employment growth, and income distributions
- Maine's economy, as with other states, will be impacted by federal policies, federal spending, and national economic trends, including federal shutdown

Contact Information

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