

Demographic and Economic Conditions in Maine

ME Government Finance Officers Association

October 31, 2024

Amanda Rector

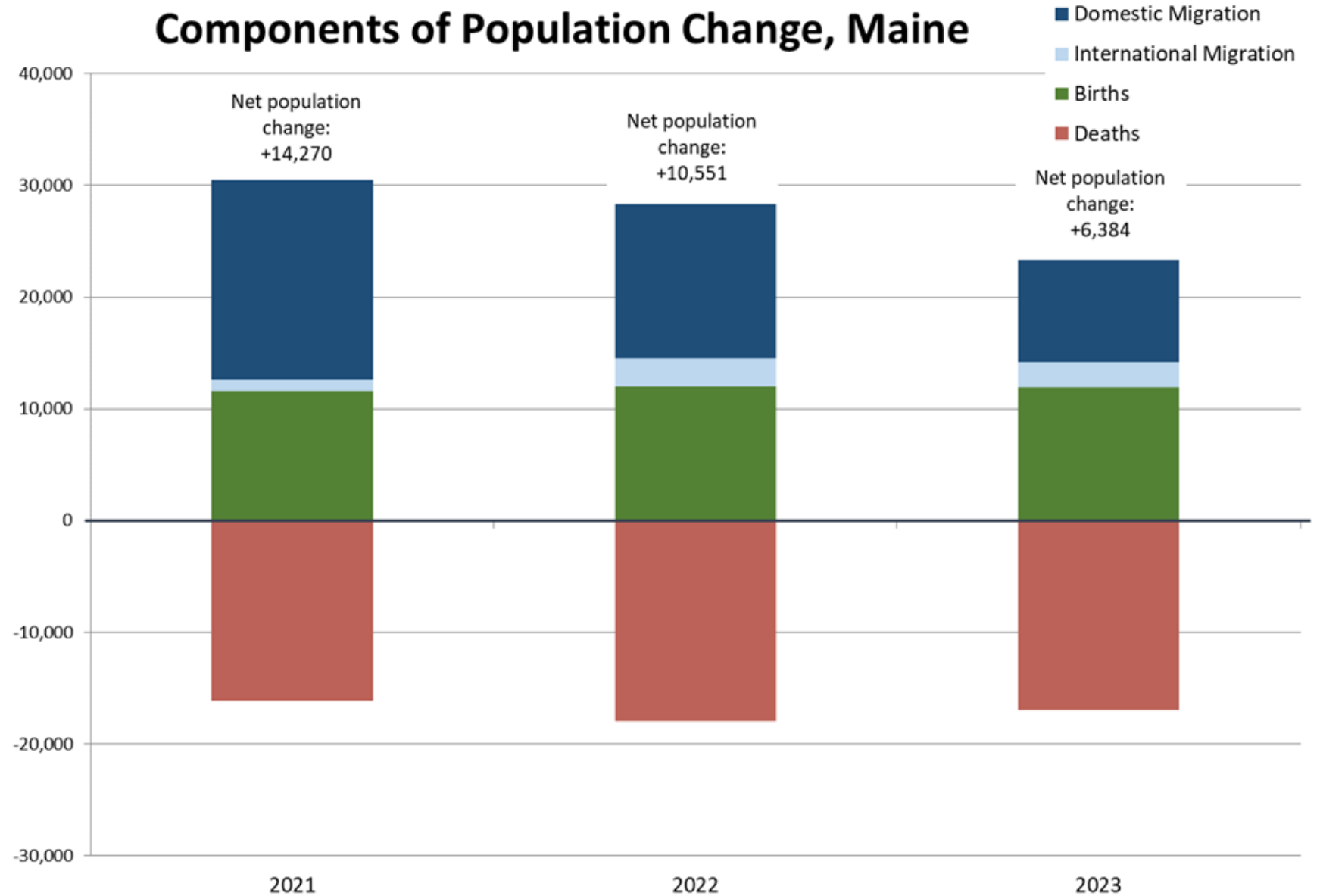
Maine State Economist

Population Change

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

Population increase of
2.4% from 2020-2023
(14th in U.S.)

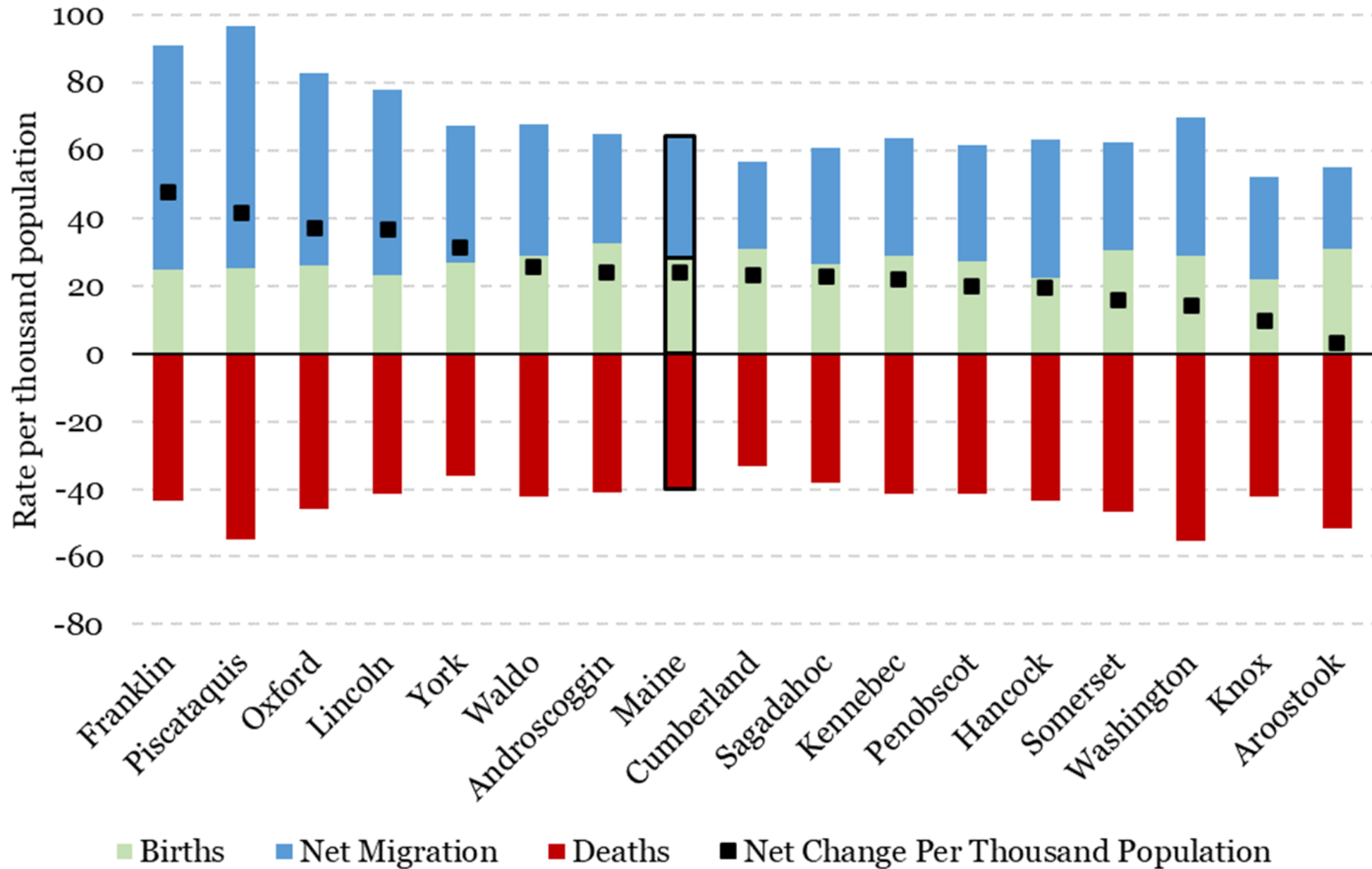
2023 Net migration =
8.2 per thousand
(9th in U.S.)



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

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

Rate per thousand population

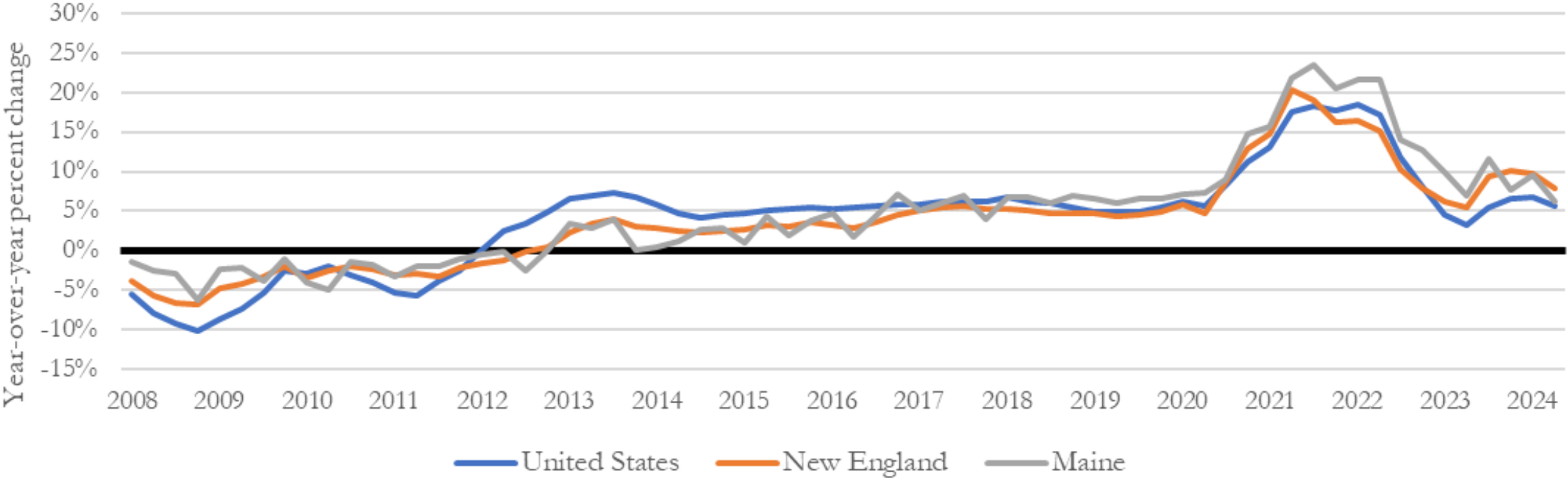


Housing

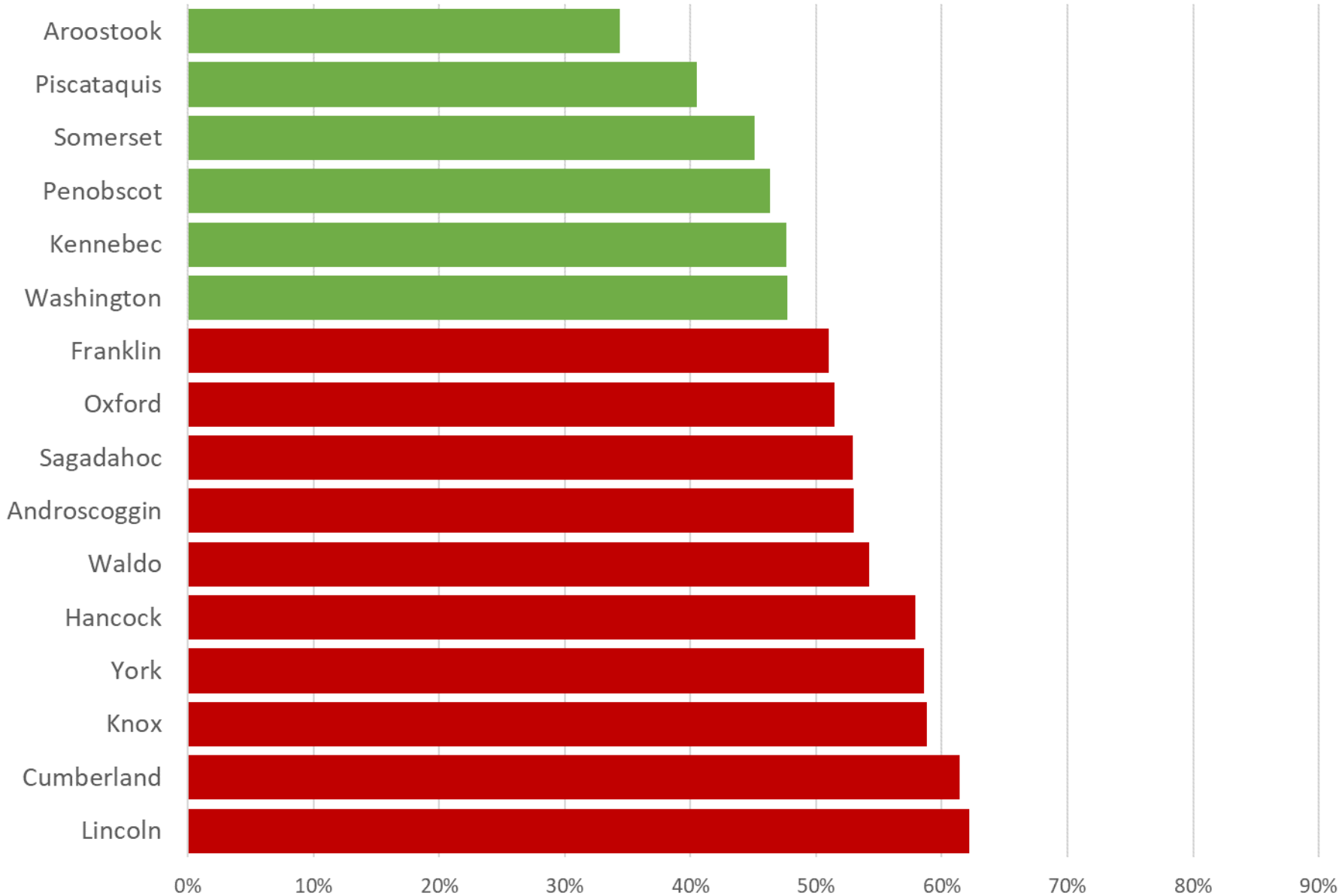


Migration into the state drove up demand for housing and further reduced the available supply and high mortgage rates locked people into existing homes – but there's been some improvement

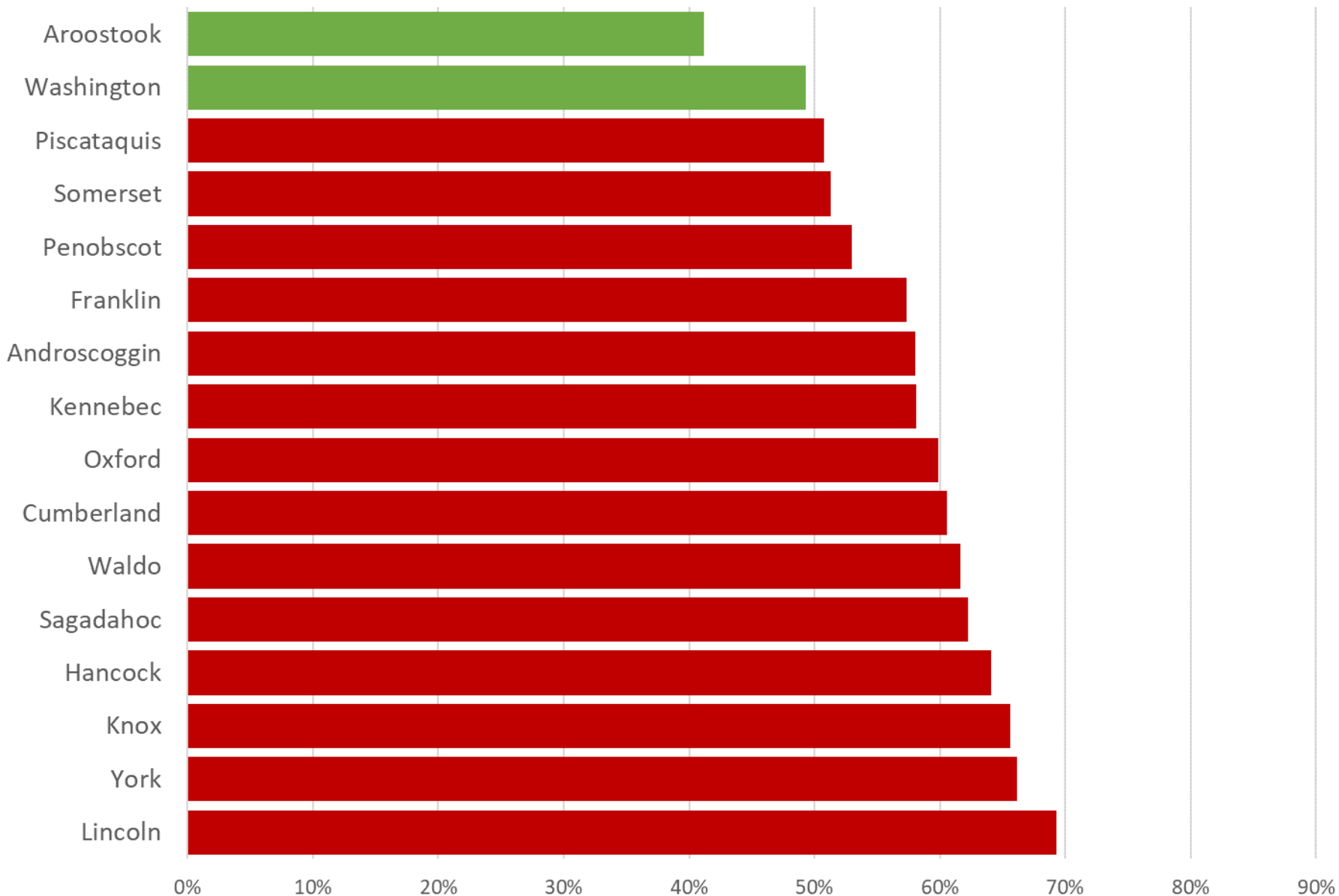
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Percent of Households Unable to Afford Median Home, 2020

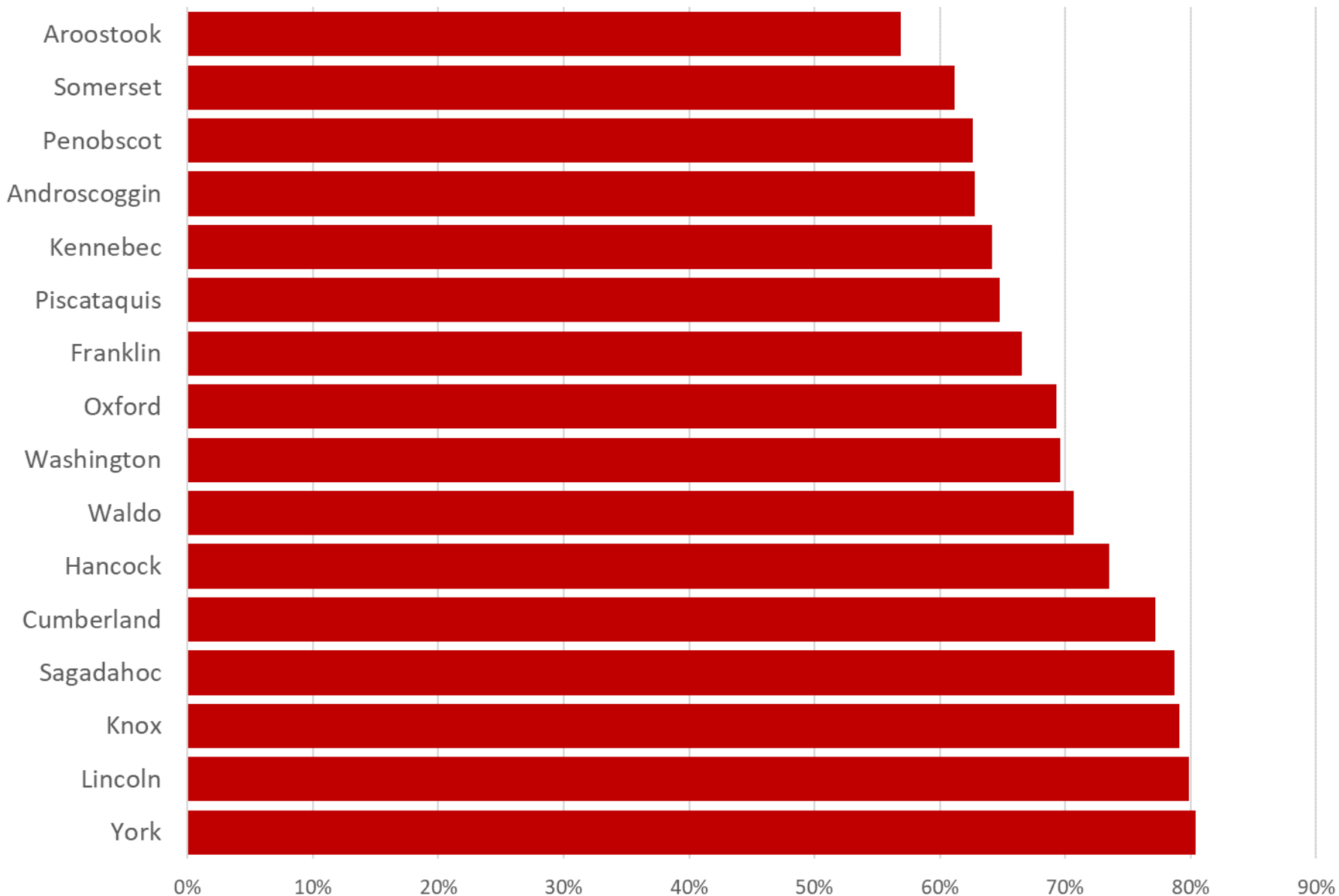


Percent of Households Unable to Afford Median Home, 2021



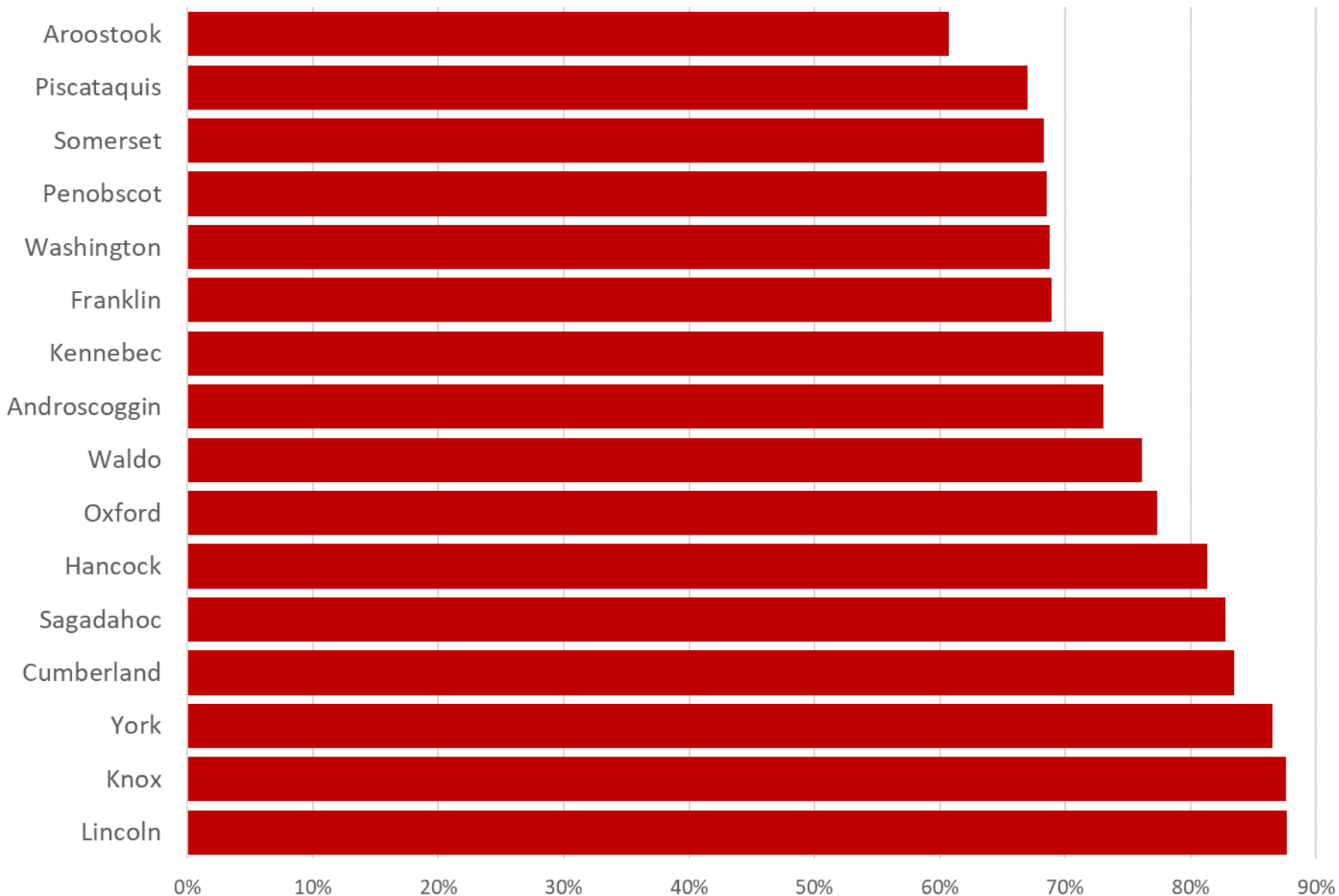
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Percent of Households Unable to Afford Median Home, 2022



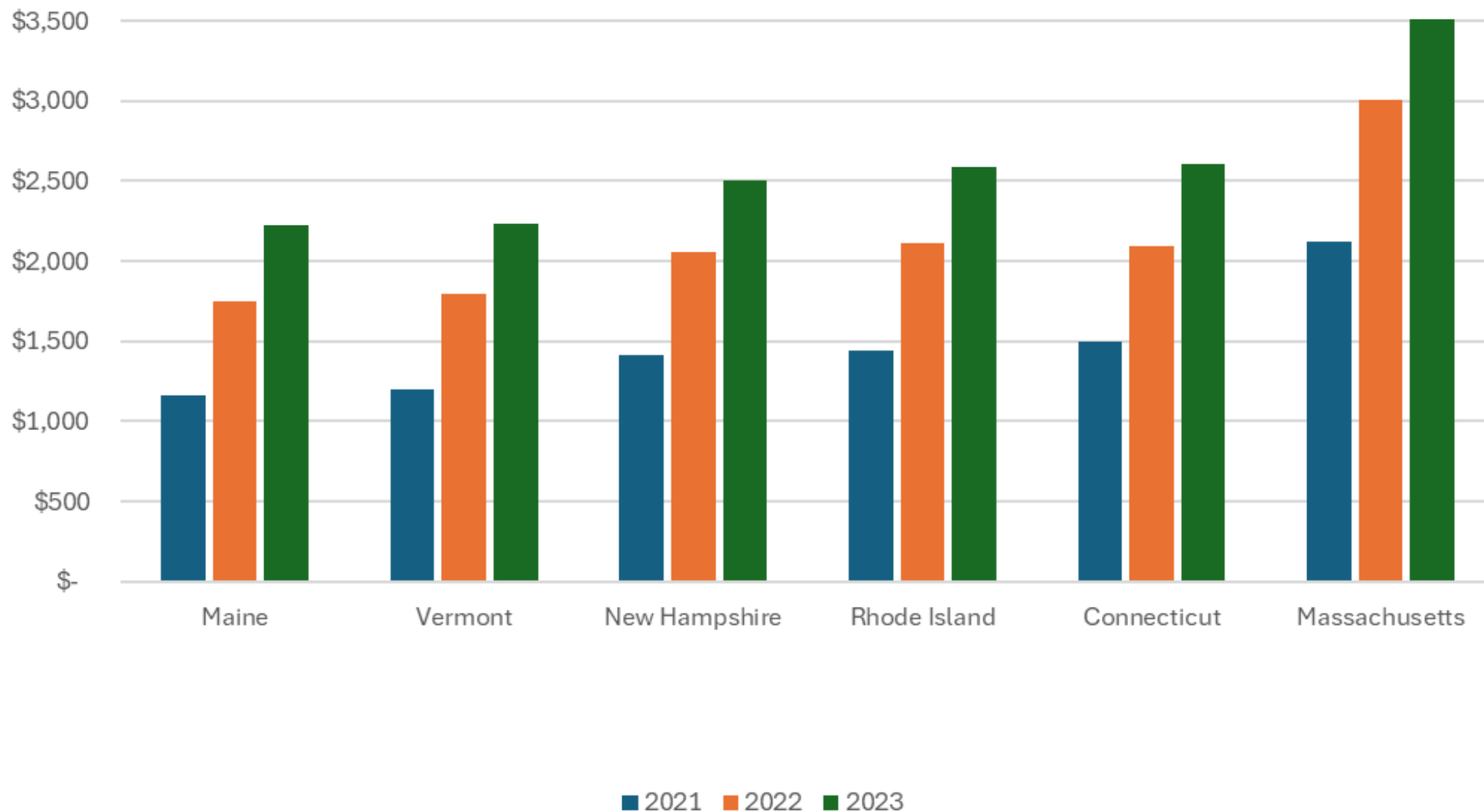
High demand
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Percent of Households Unable to Afford Median Home, 2023



High demand
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Monthly Mortgage Payment at the Median Sales Price 2021-2023

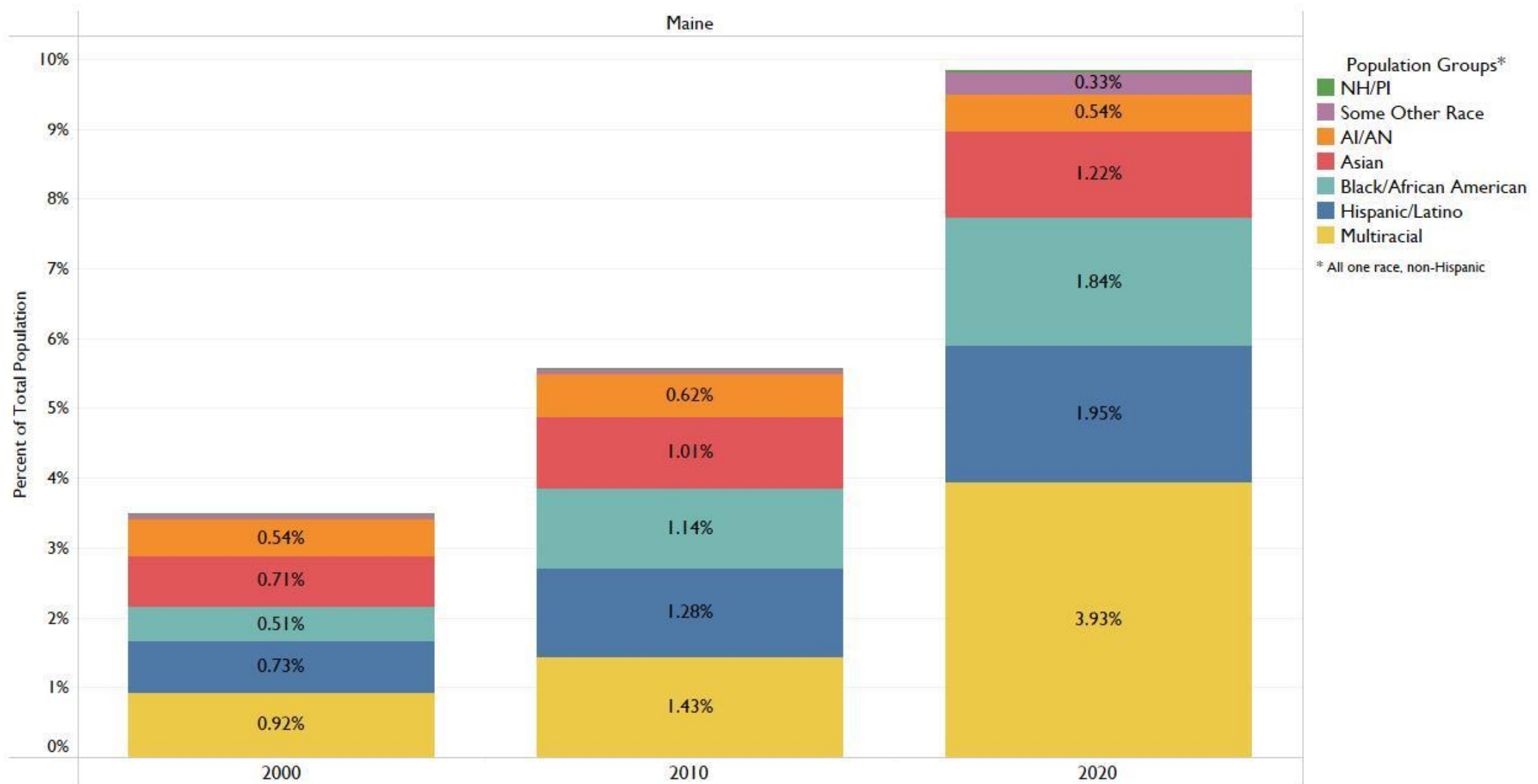


Sources: Moody's Analytics (median sale prices), FRED 30-year fixed rate mortgage rates, weekly (average of all weeks in the year). Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price.

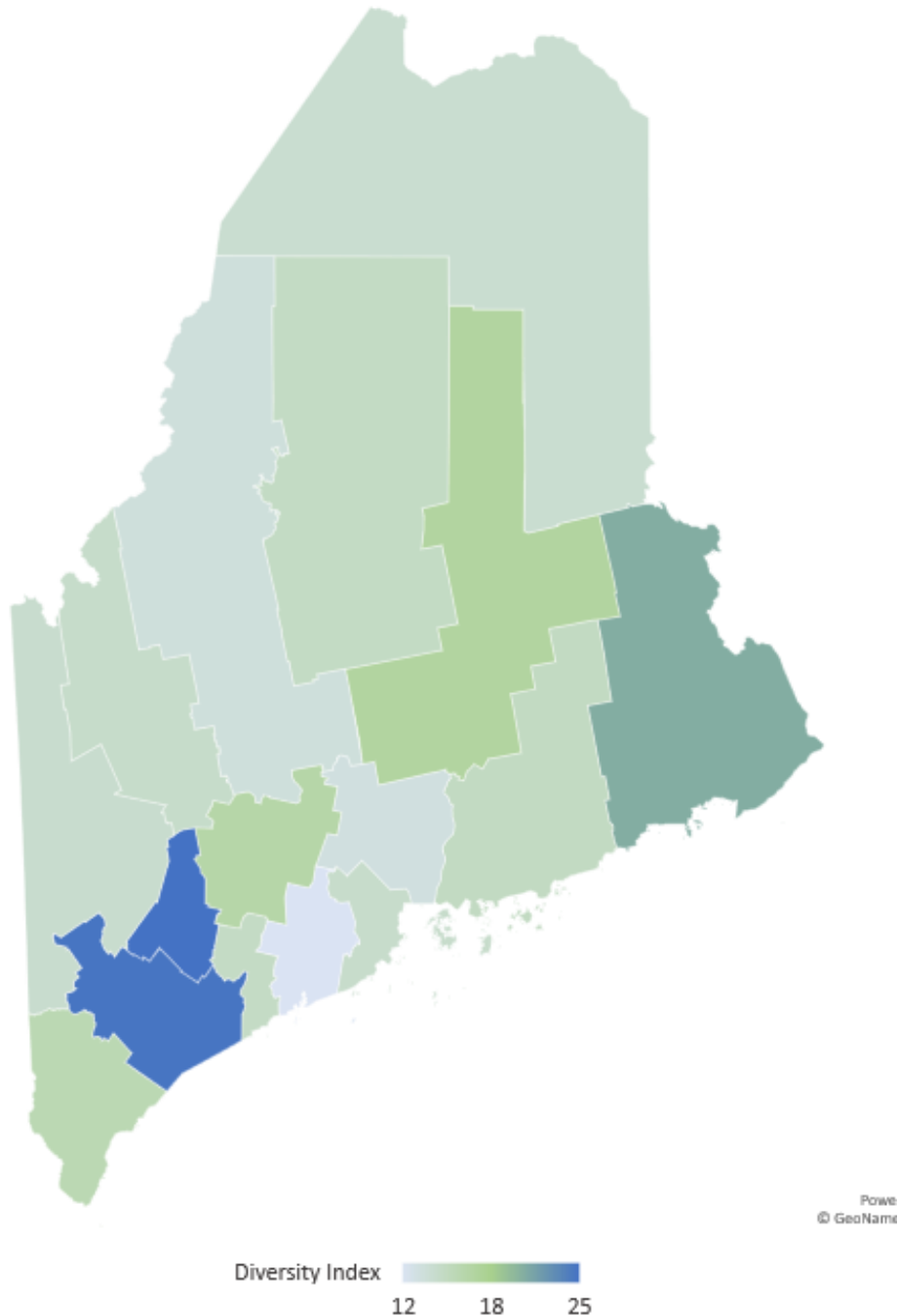
Demographics

Share of Total Population by Population Group | Maine

Data source: 2000, 2010, and 2020 U.S. Decennial Census



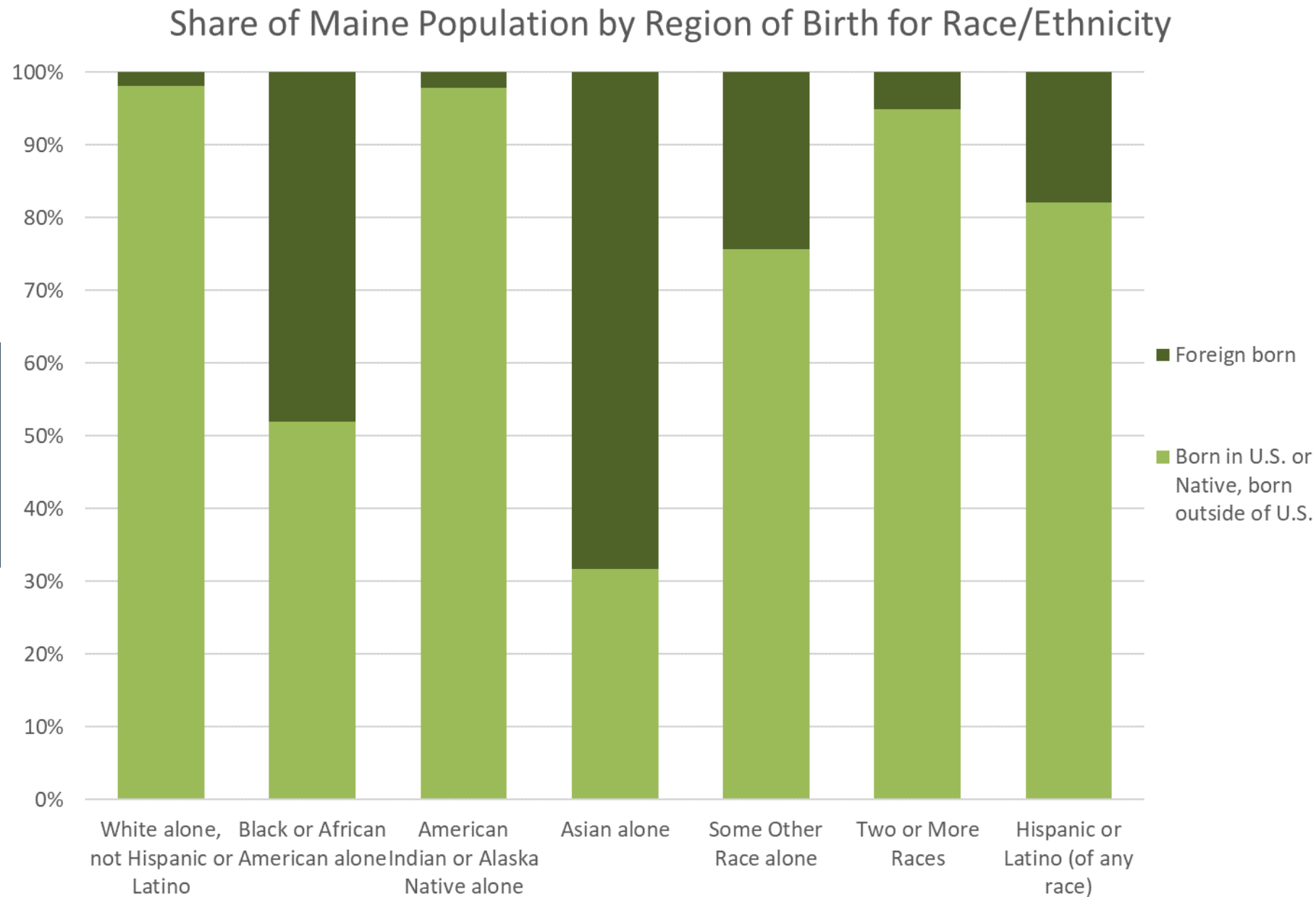
Note: Bars with less than 0.10% are not labeled for clarity and the White population is excluded from this figure because it comprises over 90% of the population.



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

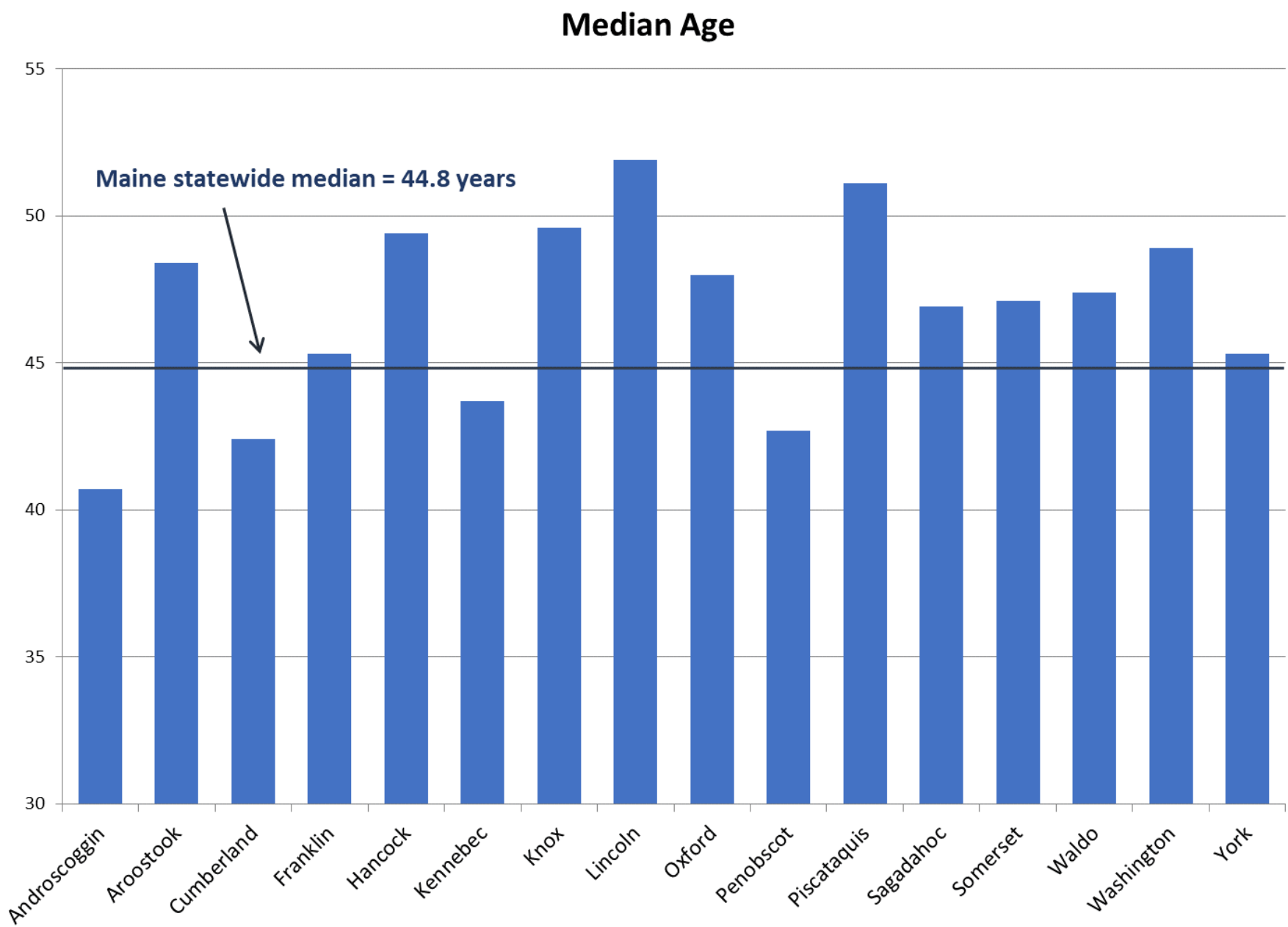
Race and/or ethnicity is not the same as place of birth



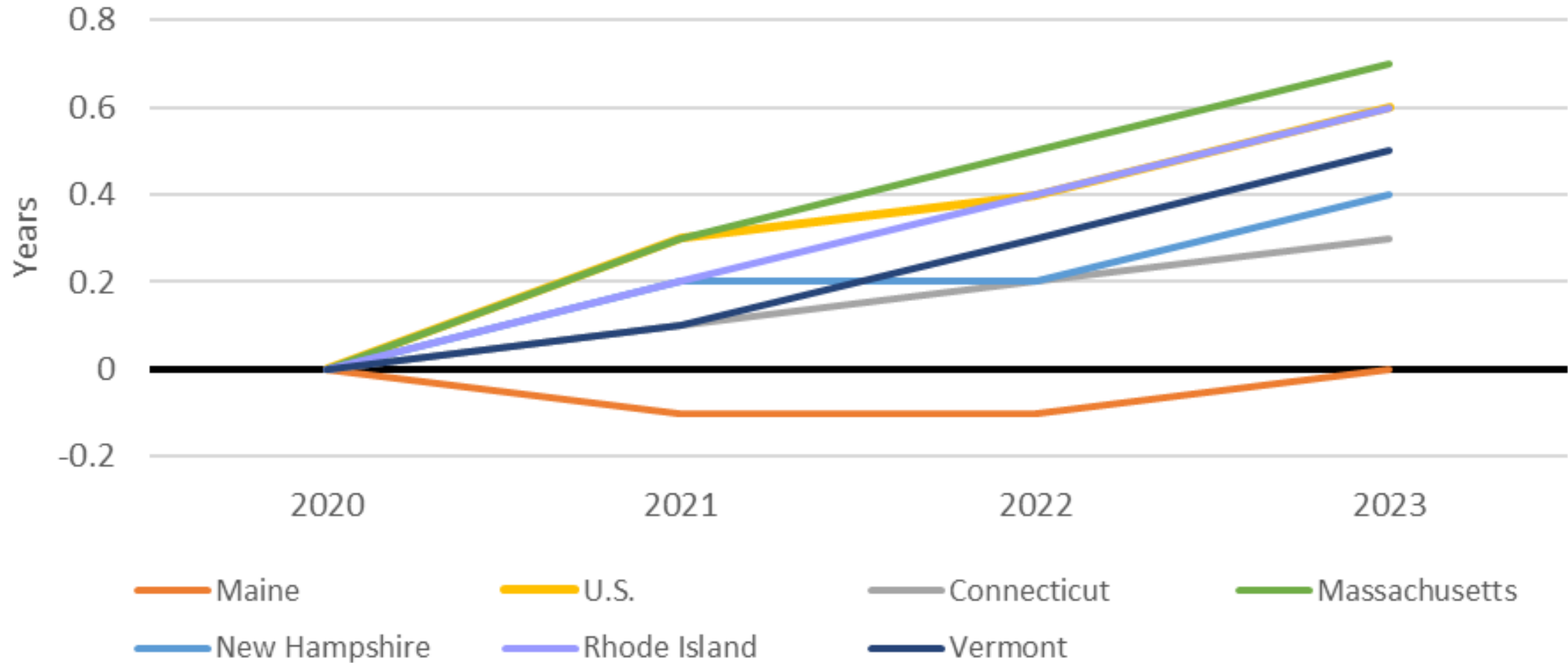
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (23.0%)

But migration has made
a difference:

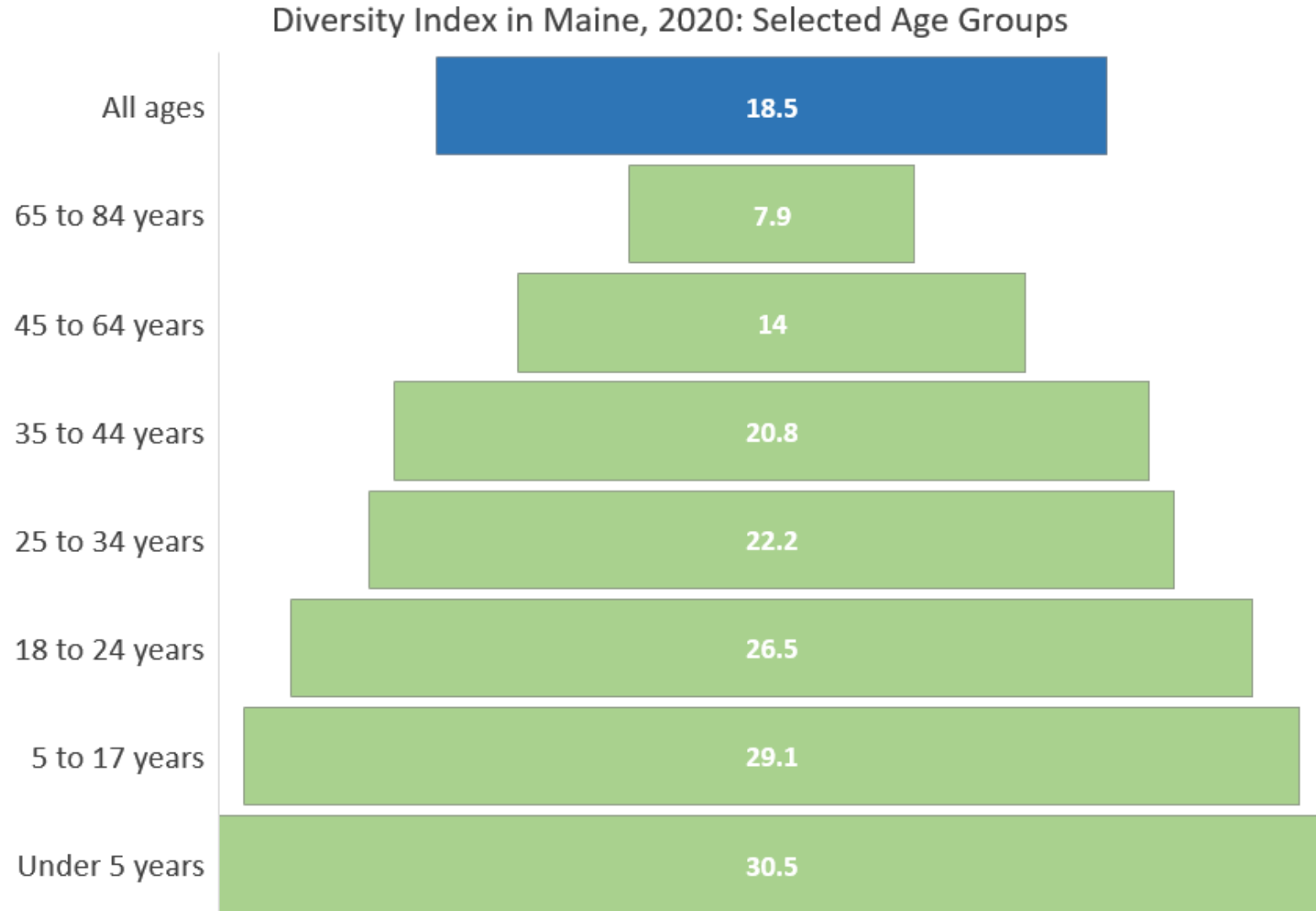
Maine's median age in
2023 is unchanged
from 2020, while the
U.S. median age has
increased 0.6 years



Change in median age since April 2020



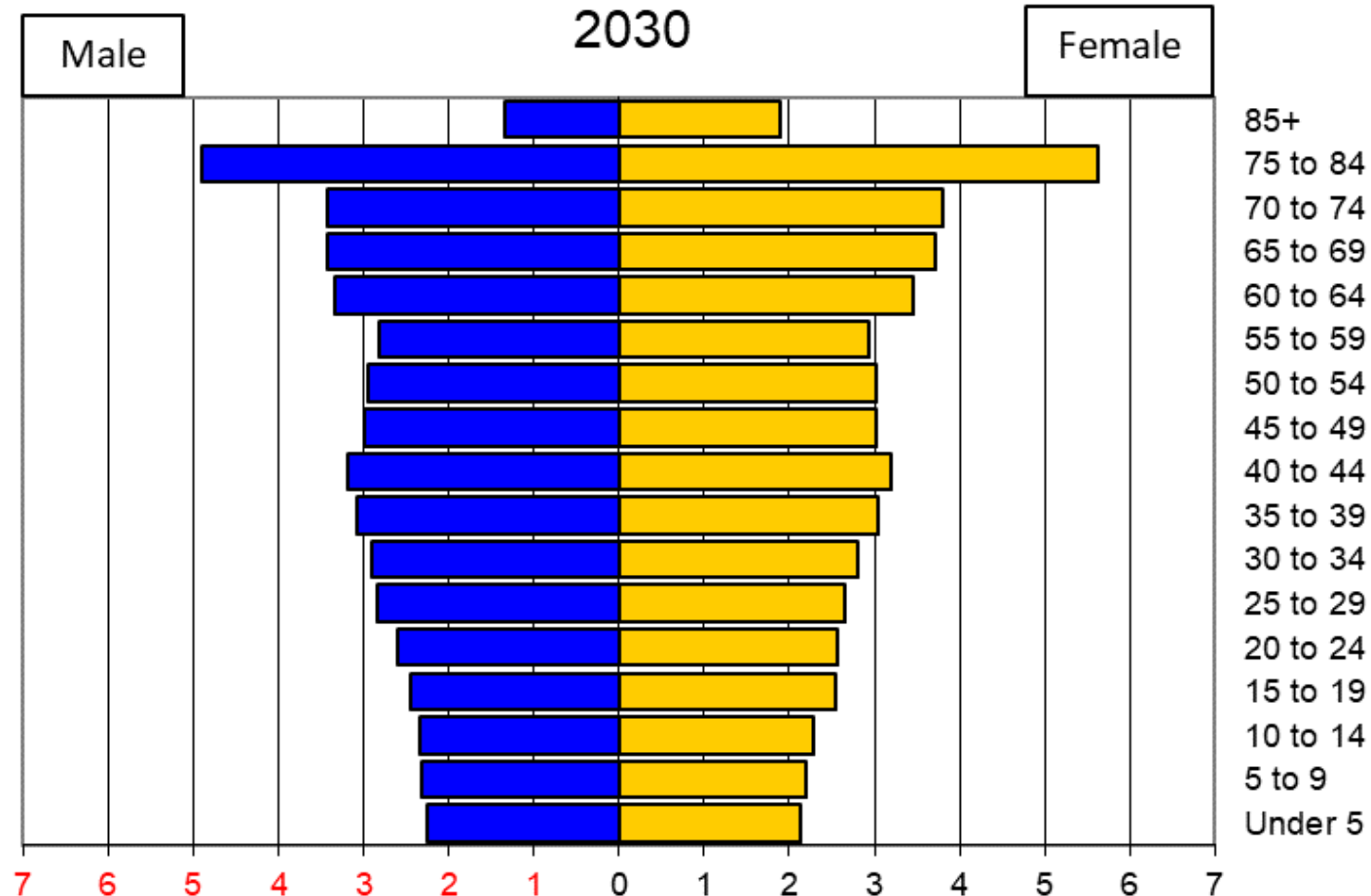
Younger generations in Maine are more diverse than older generations



The Baby Boom: 1946-1964

Baby Boom
generation in
2030: age 66-84

Baby Boom
generation in
2023: age 59-77

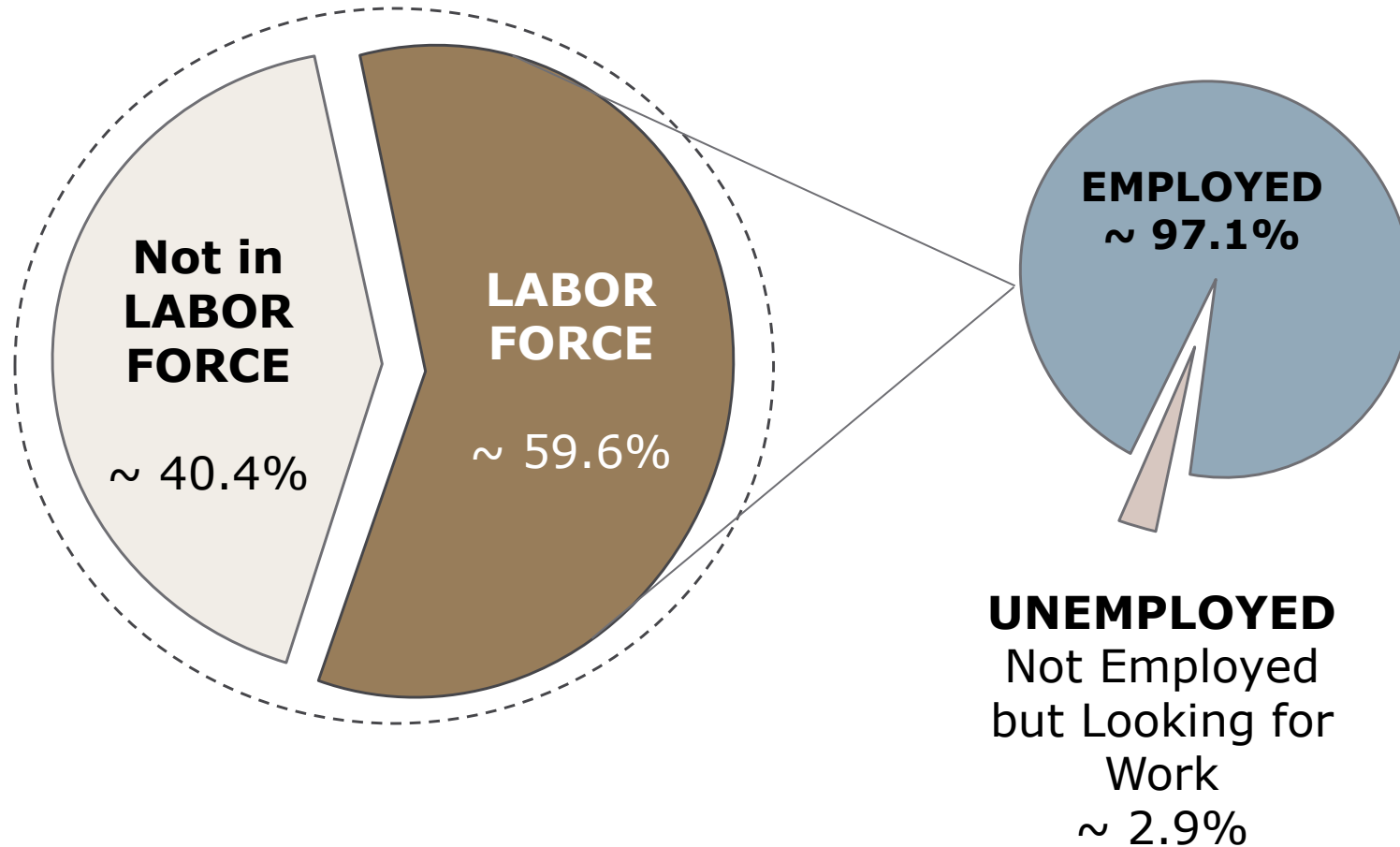


Workforce and Employment

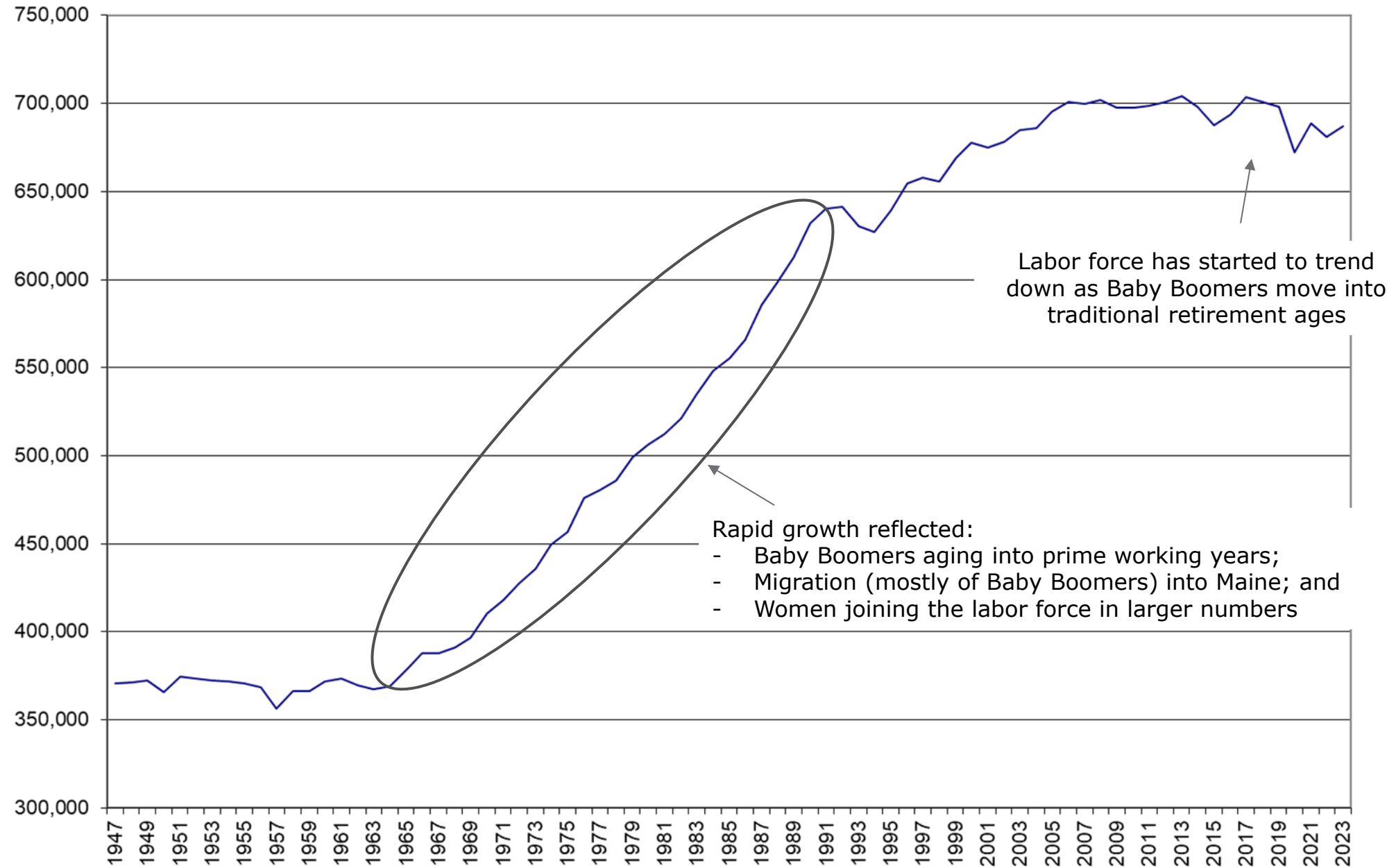
Who is in the labor force?

Civilian population, age 16+

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

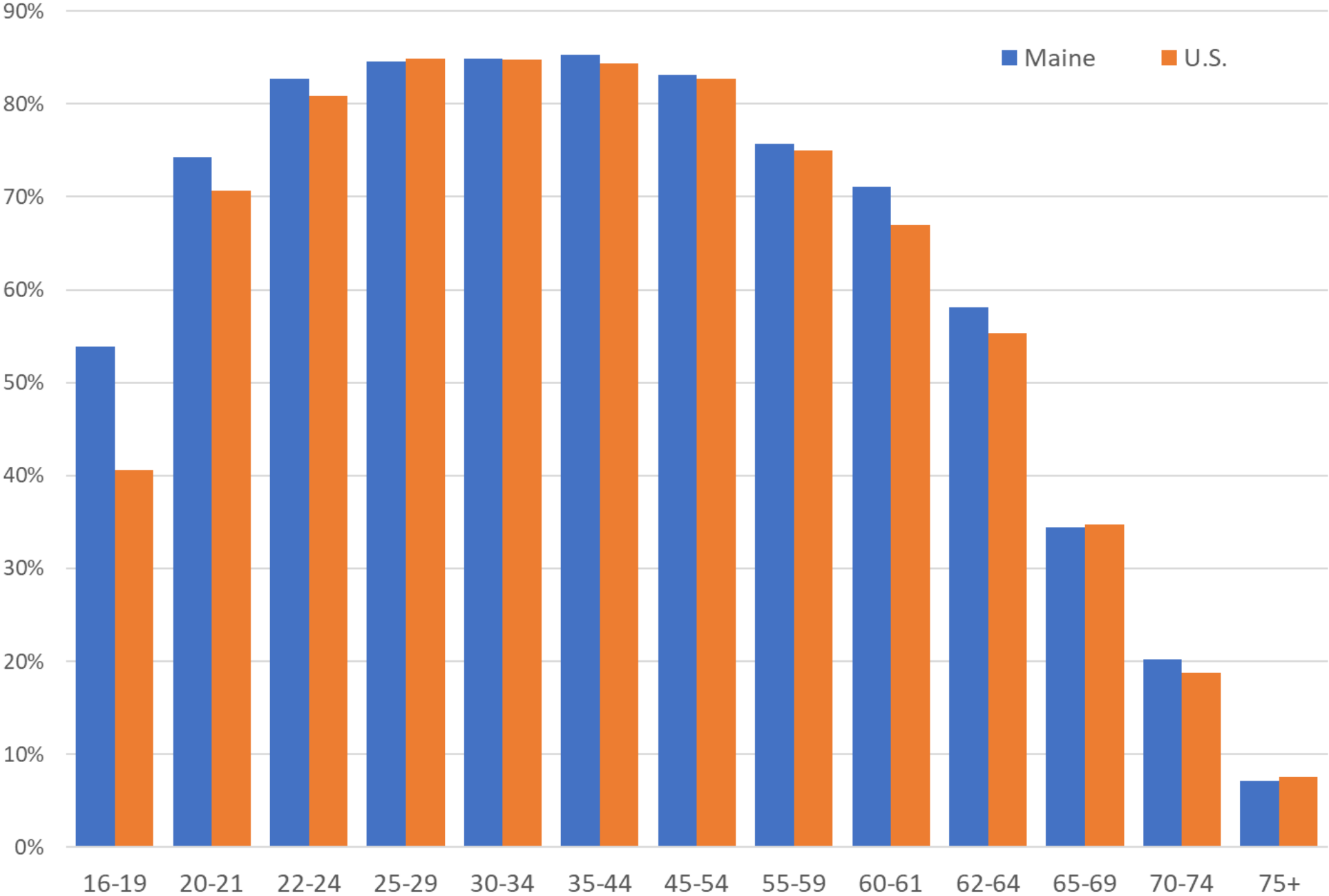


Maine Civilian Labor Force

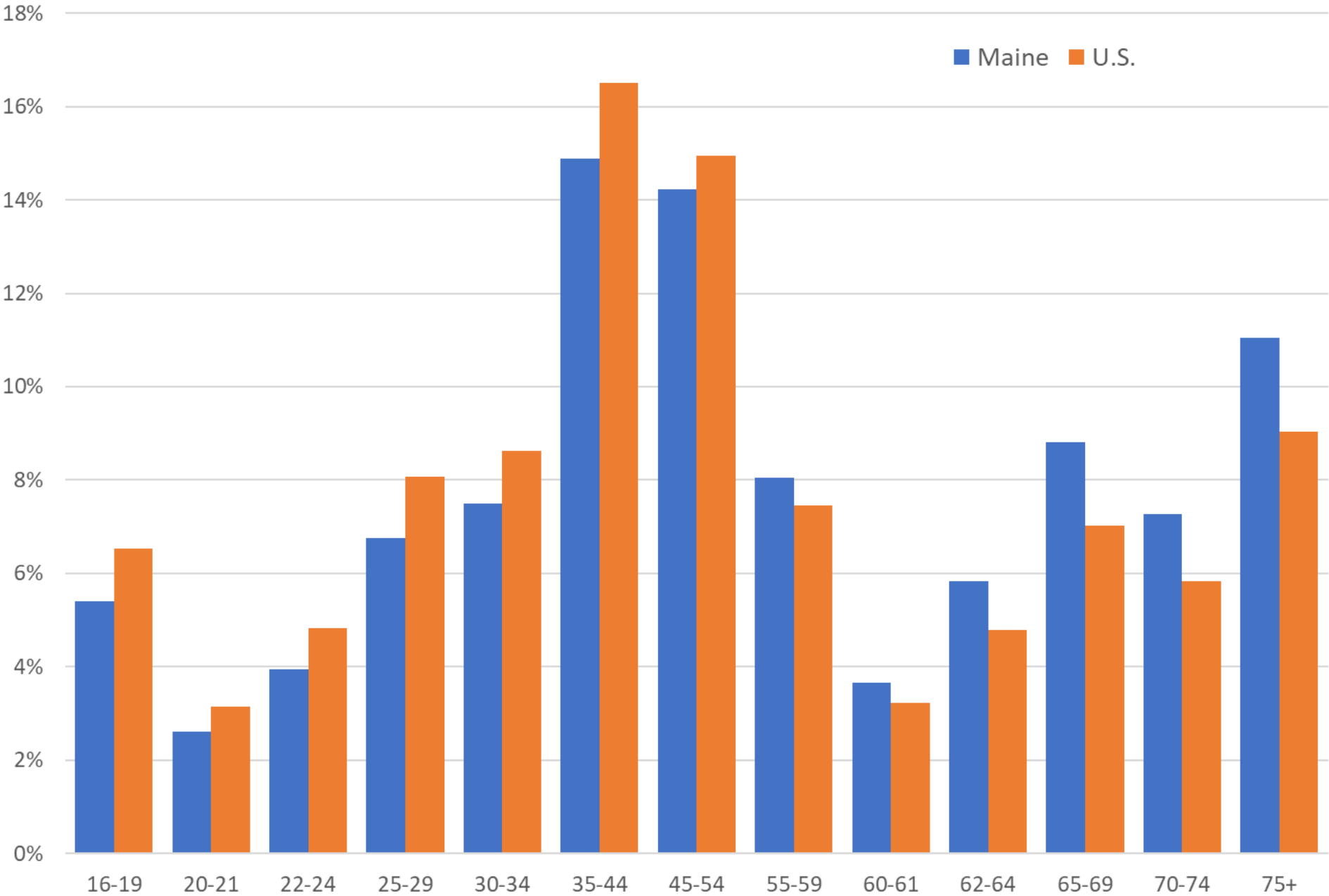




2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



County Rates (not seasonally adjusted)

August, 2024

Table

Graph

Map/Graph Display

Unemployment rate

One-year change

County	Rate	Year ago	One-yr change	
Maine	2.6%	2.5%	0.1	↑
Androscoggin	2.7%	2.8%	-0.1	↓
Aroostook	3.2%	3.2%	0.0	—
Cumberland	2.2%	2.2%	0.0	—
Franklin	3.0%	3.1%	-0.1	↓
Hancock	2.2%	2.1%	0.1	↑
Kennebec	2.6%	2.4%	0.2	↑
Knox	2.8%	2.2%	0.6	↑
Lincoln	2.5%	2.2%	0.3	↑
Oxford	3.0%	2.8%	0.2	↑
Penobscot	2.8%	2.8%	0.0	—
Piscataquis	3.8%	3.8%	0.0	—
Sagadahoc	2.2%	2.2%	0.0	—
Somerset	3.2%	3.5%	-0.3	↓
Waldo	2.7%	2.7%	0.0	—
Washington	3.4%	2.9%	0.5	↑
York	2.3%	2.2%	0.1	↑

Unemployment rate

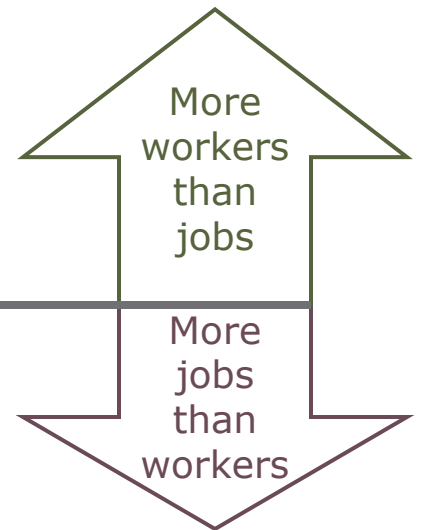
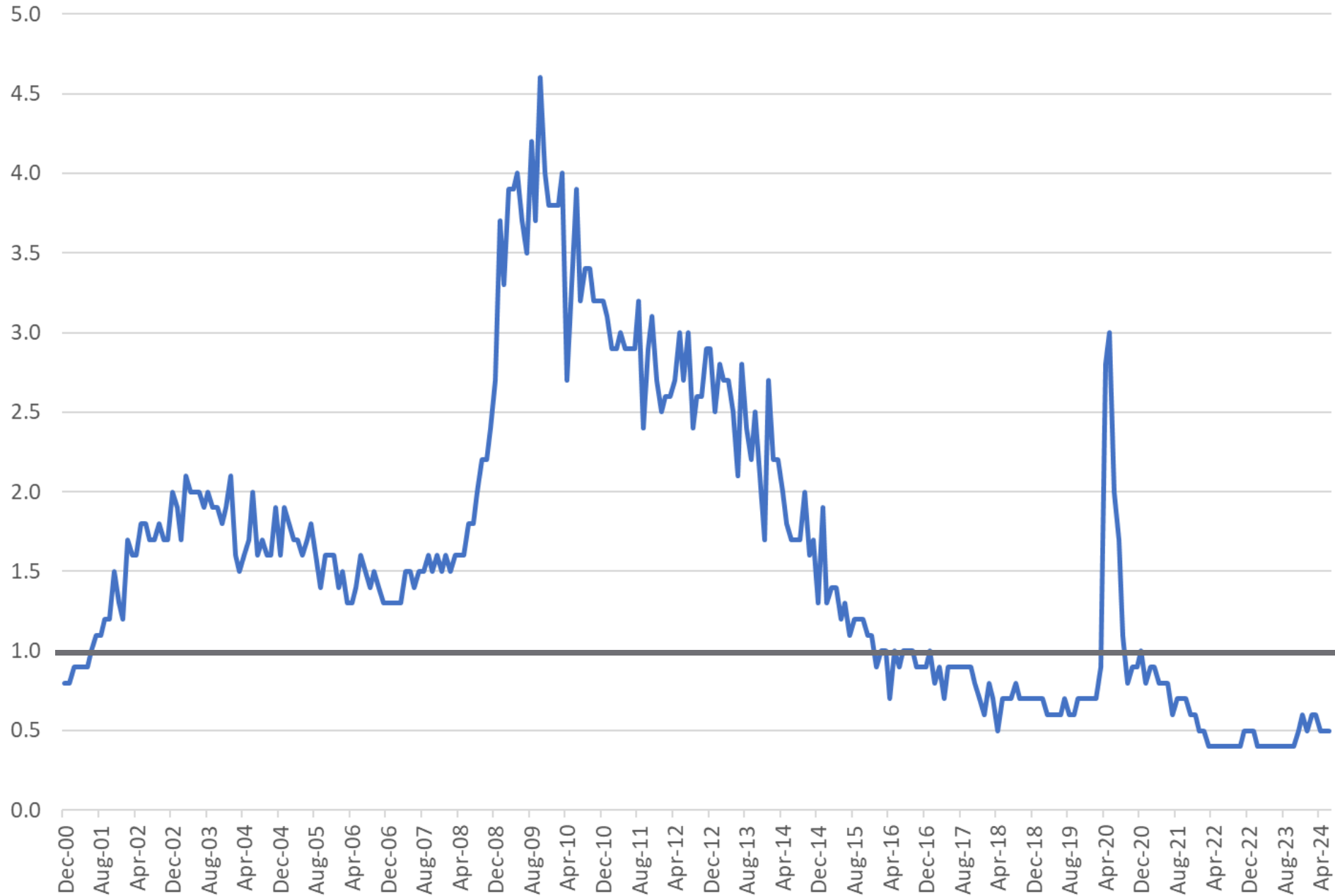
2.2% 3.8%

Maine Department of Labor, Center for Workforce Research and Information

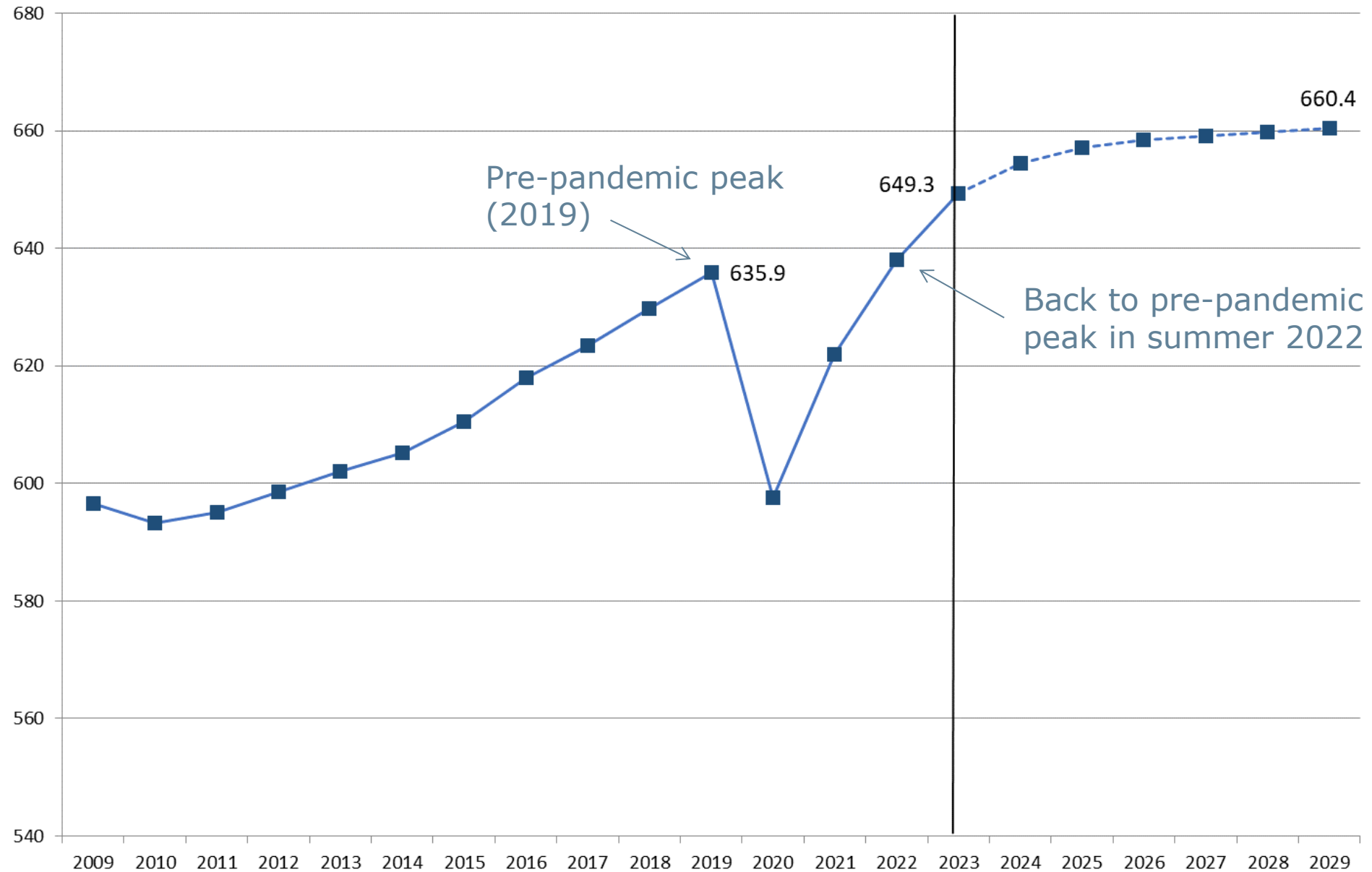
Maine’s seasonally-adjusted 2.8% unemployment rate in August 2024 is below both the U.S. and New England rates and has been very stable recently

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Unemployed Persons per Job Opening Ratio - Maine



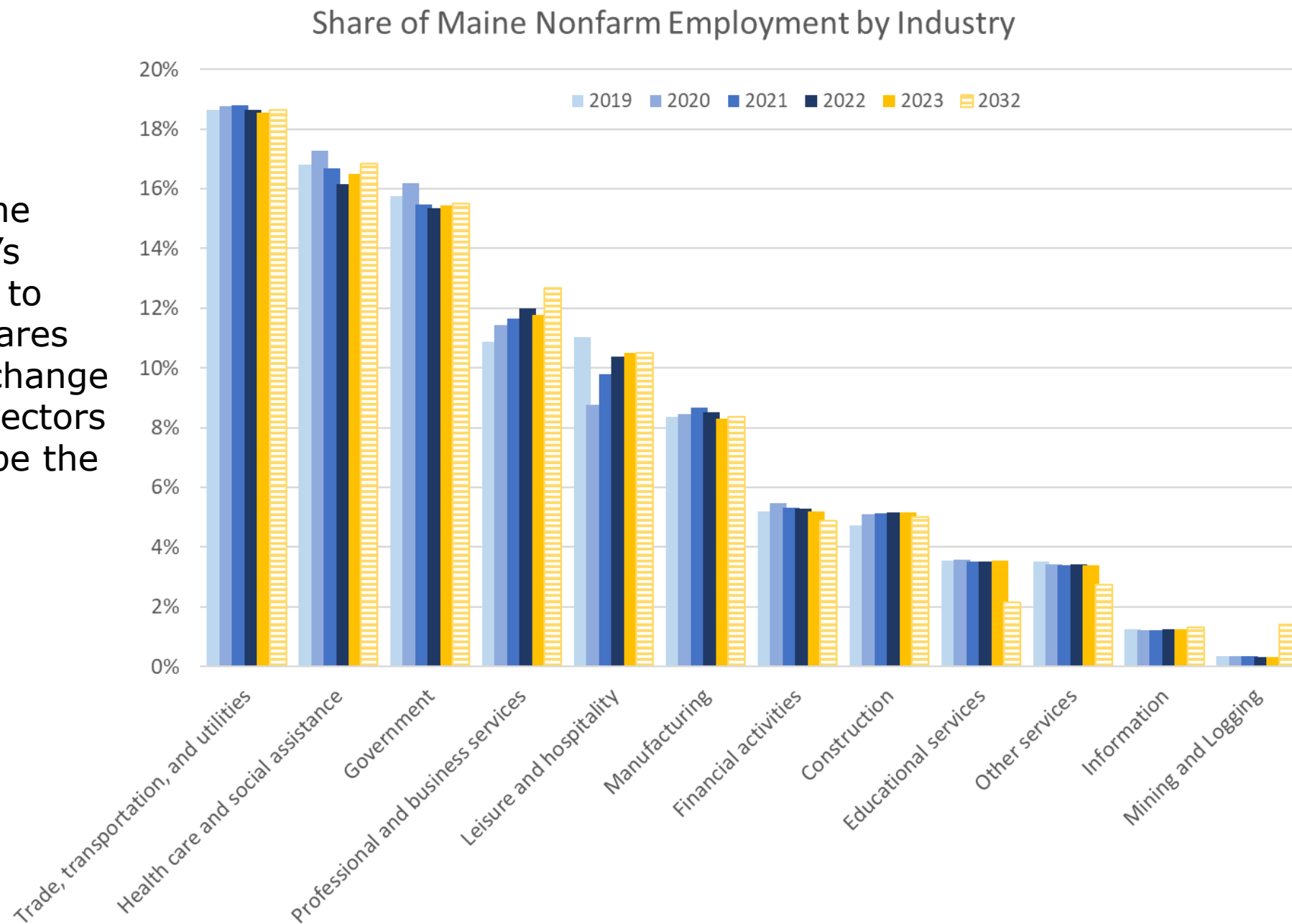
Total Nonfarm Employment (in thousands) History and Consensus Economic Forecasting Commission forecast



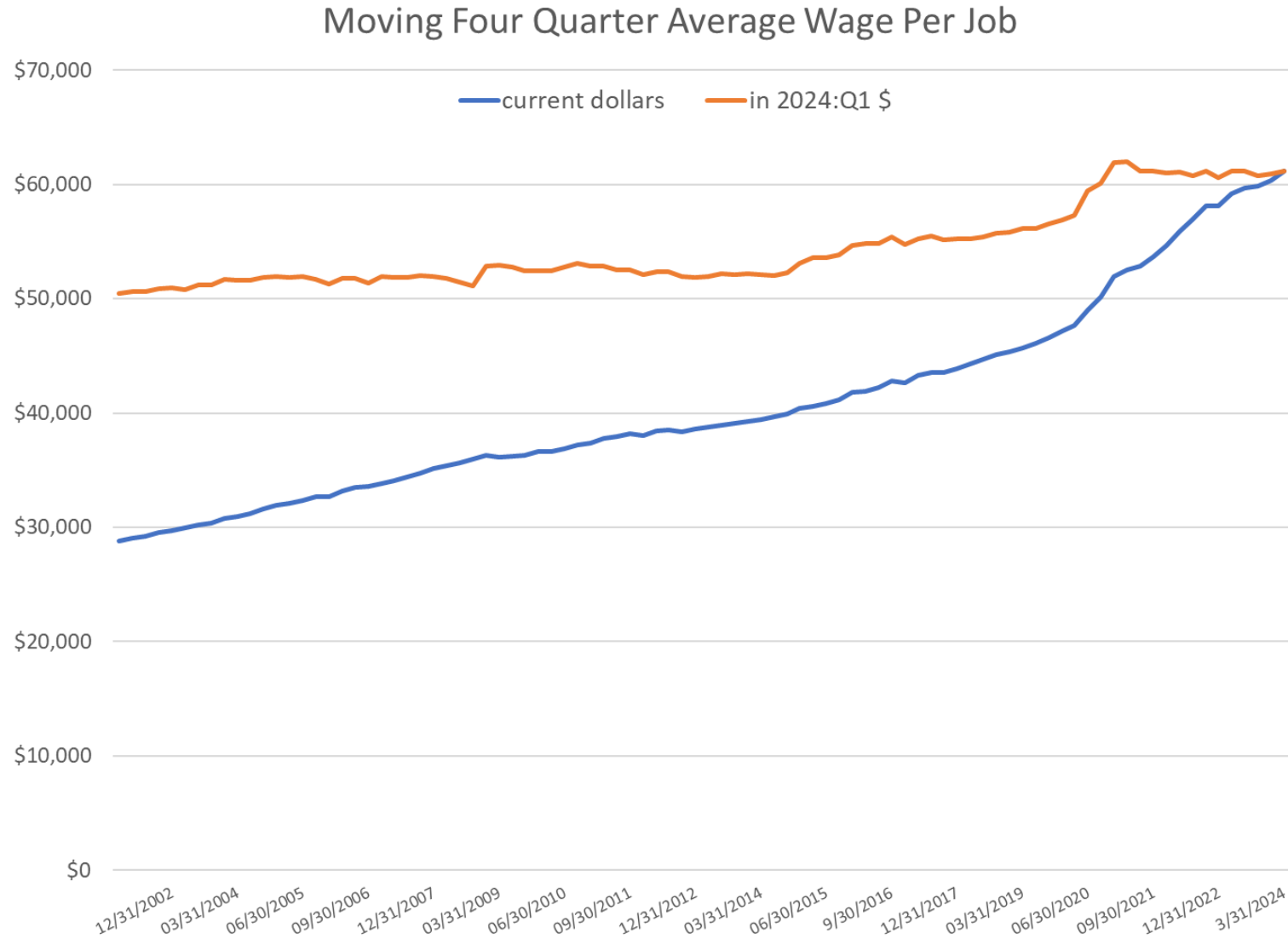
As remote work expanded during the pandemic, Maine saw employer establishments grow at a faster rate than jobs as out-of-state firms reported small numbers of workers now in Maine.



According to the Maine Department of Labor's Employment Outlook to 2032, the relative shares are not expected to change by much (the same sectors are still expected to be the largest)

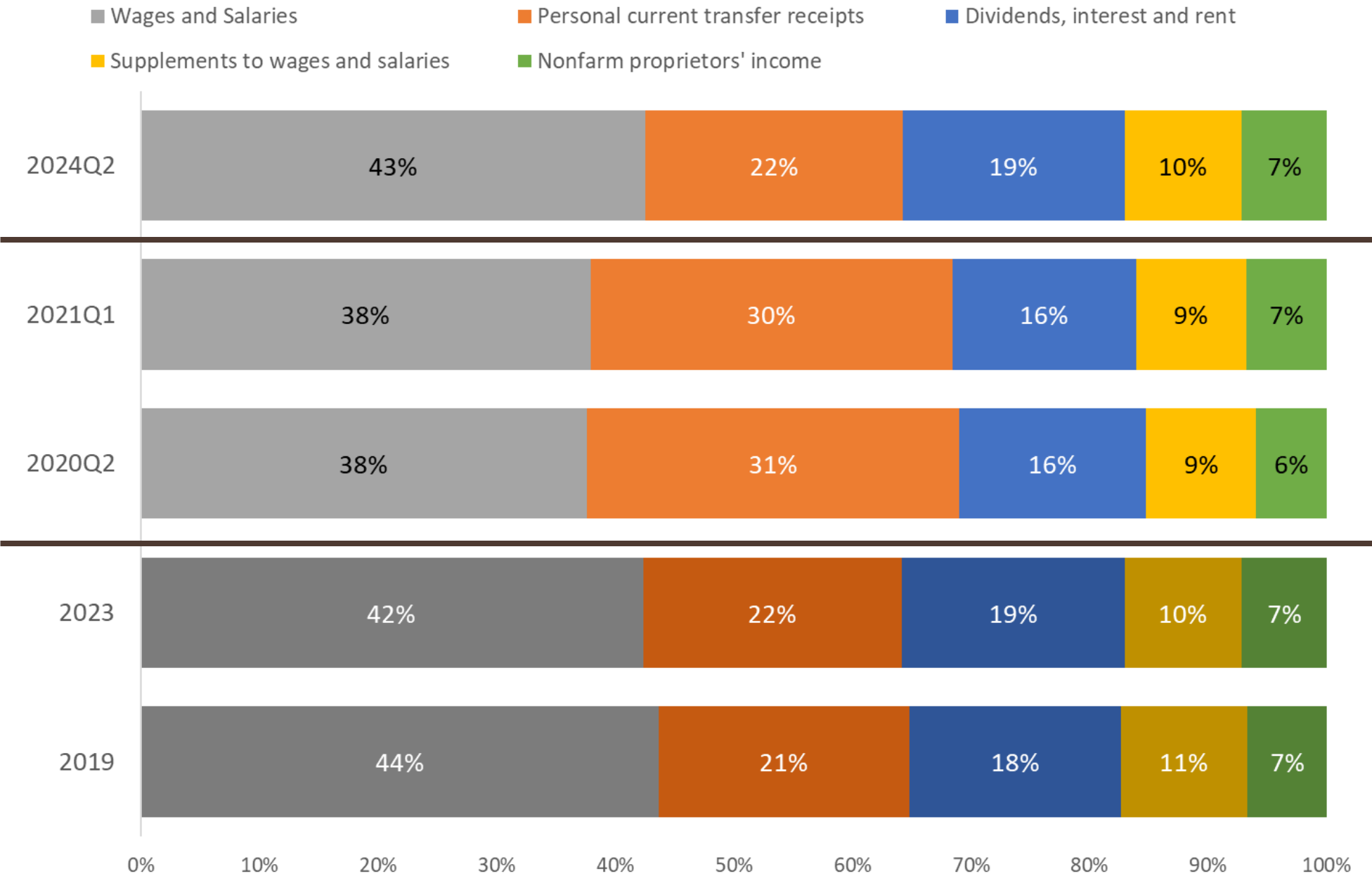


Wages, Income, and Inflation



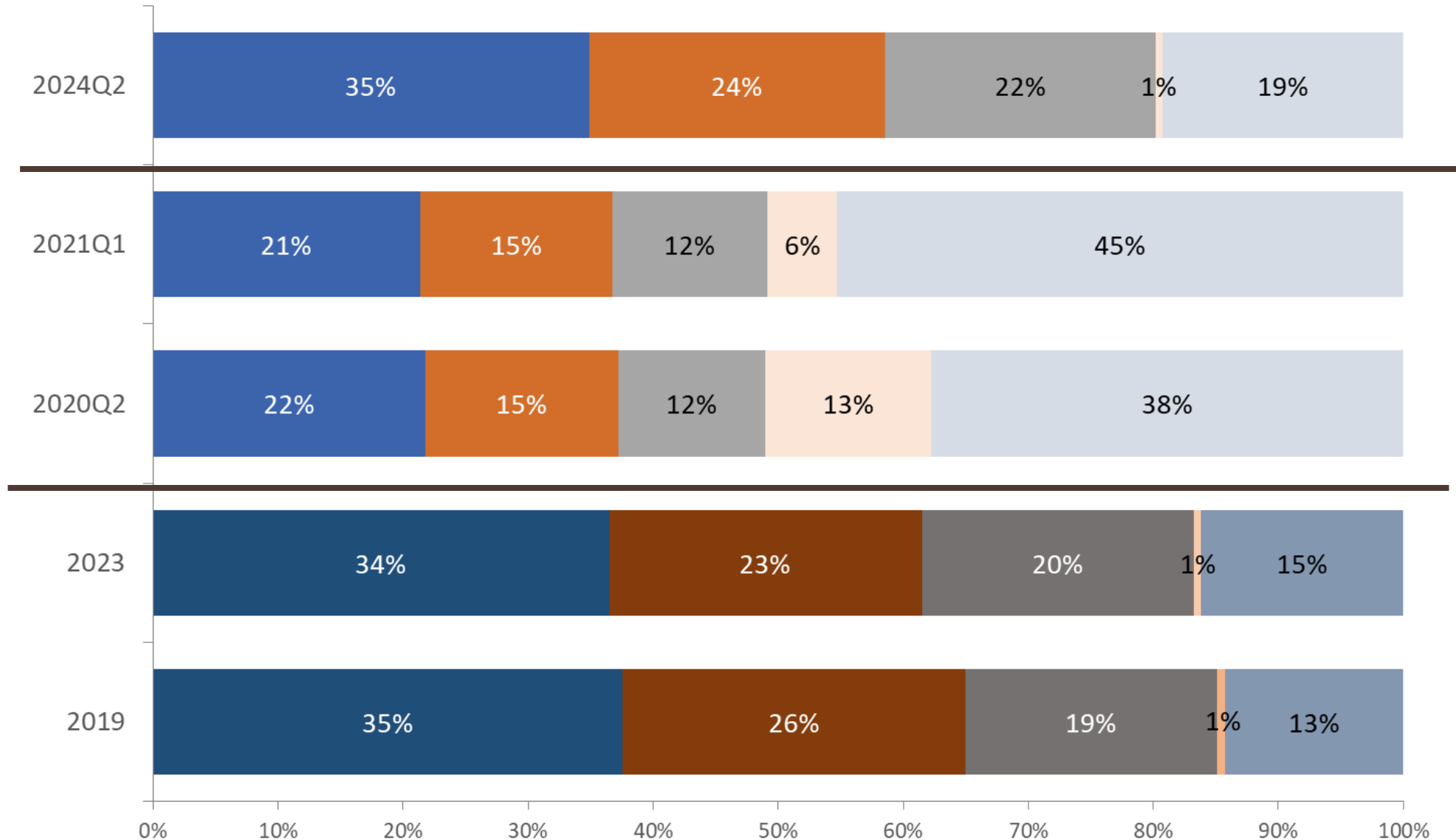
Wages increased sharply during the first part of the pandemic, but increases more recently have just kept pace with inflation

Major Components of Personal Income, Maine

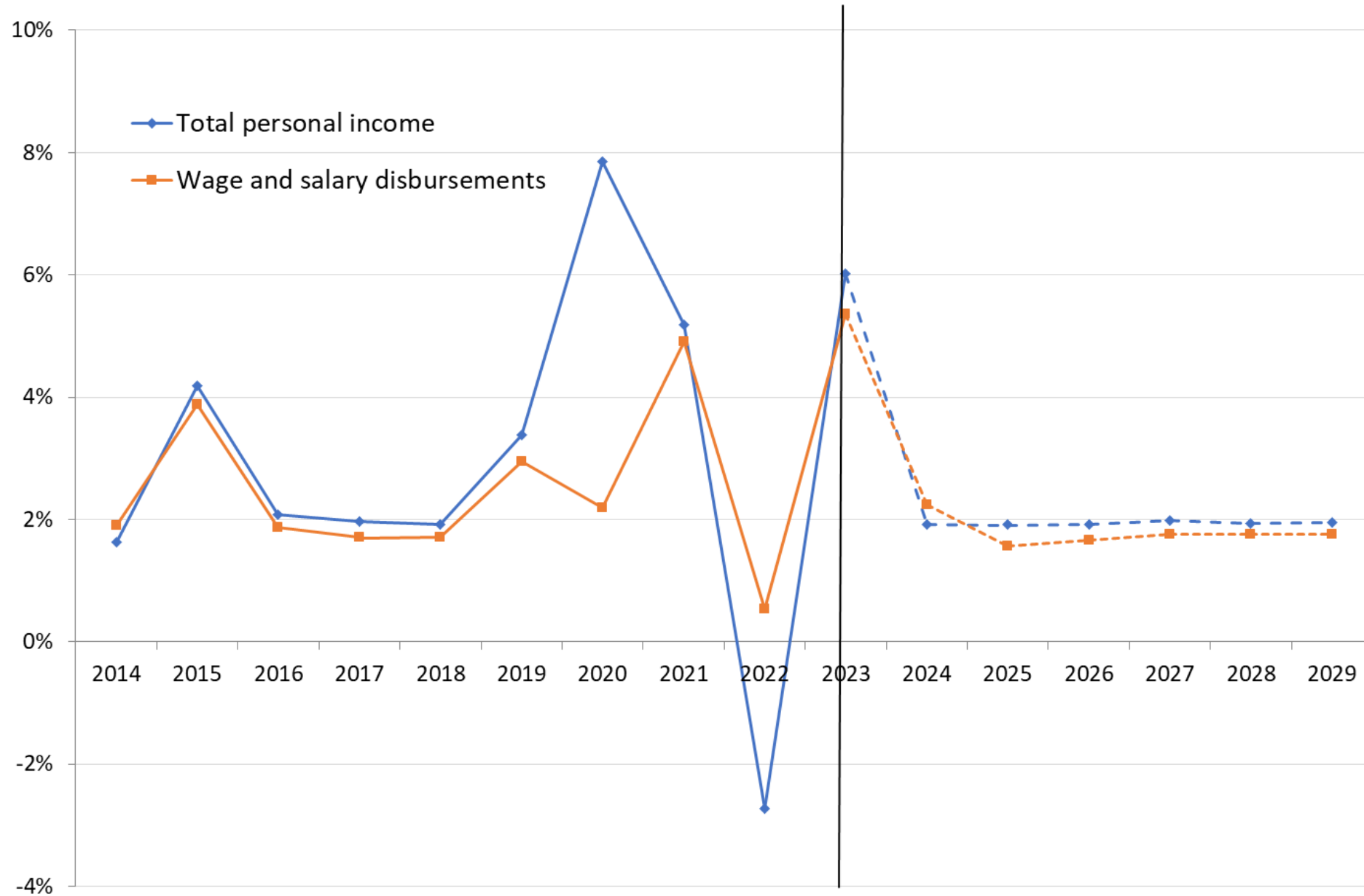


Components of Personal Current Transfer Receipts,

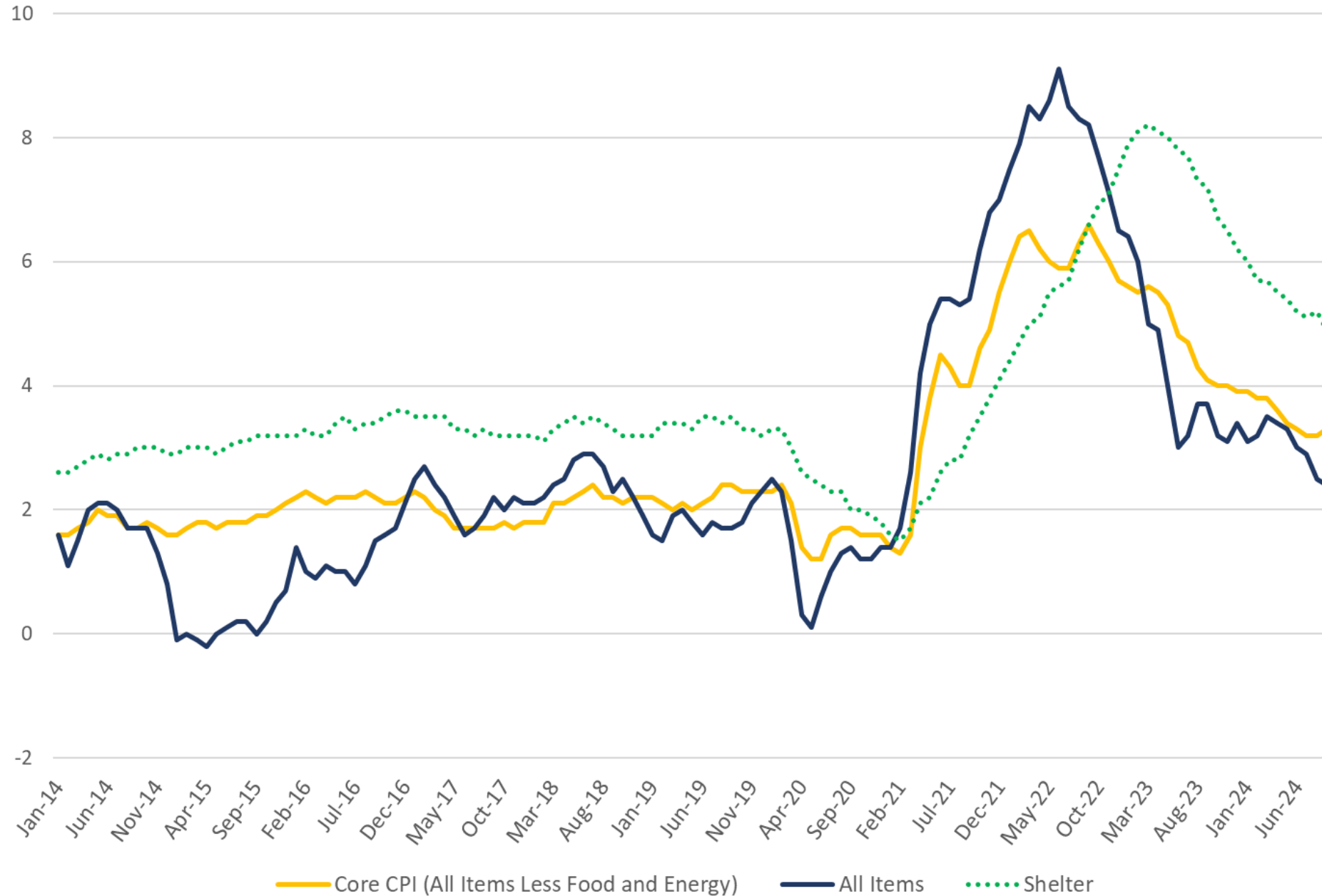
- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts



Percent Change in Real Personal Income (2023 \$), Maine 2012-2023 and forecast to 2029

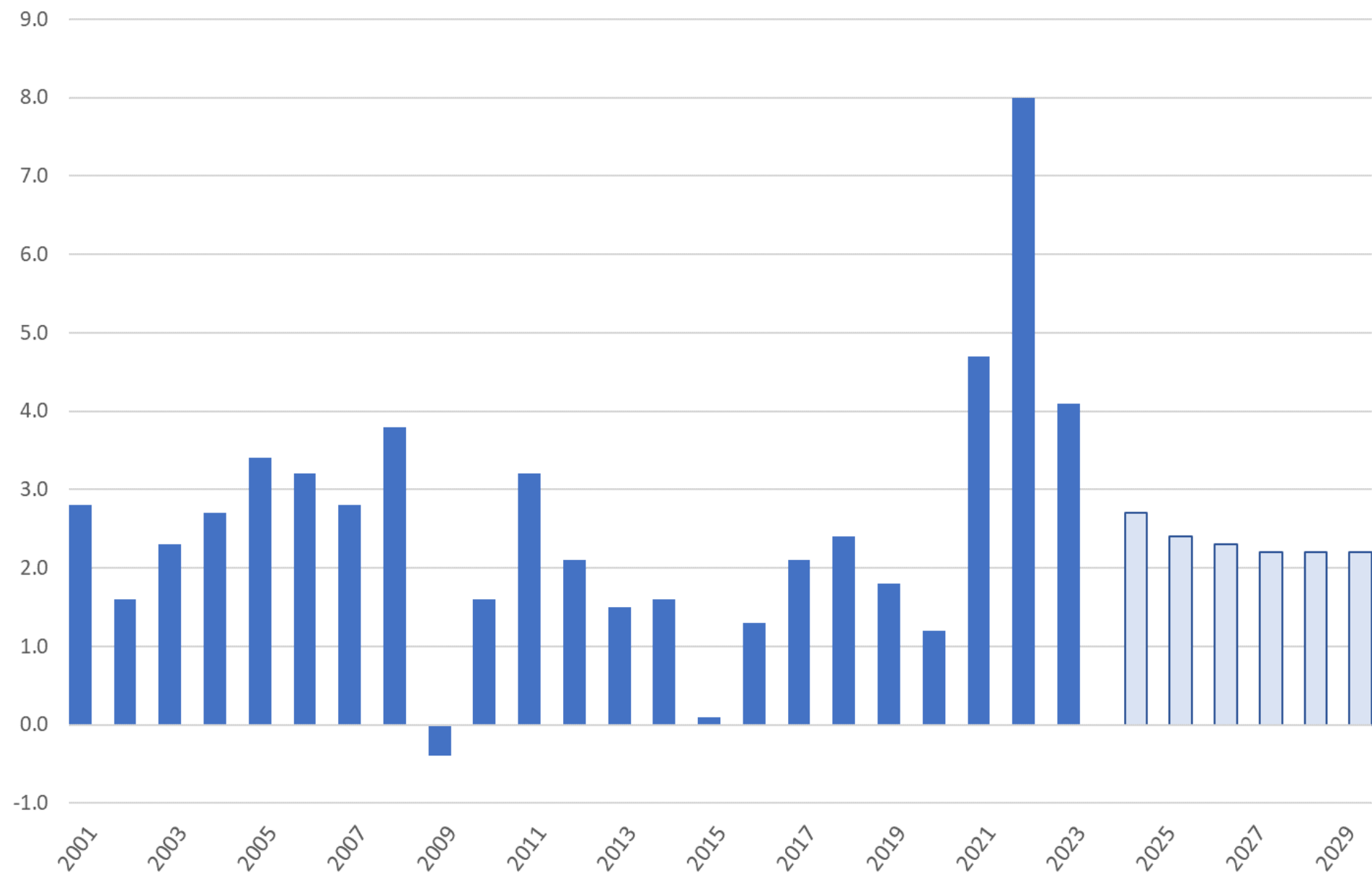


Year-over-year percent change in Consumer Price Index



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

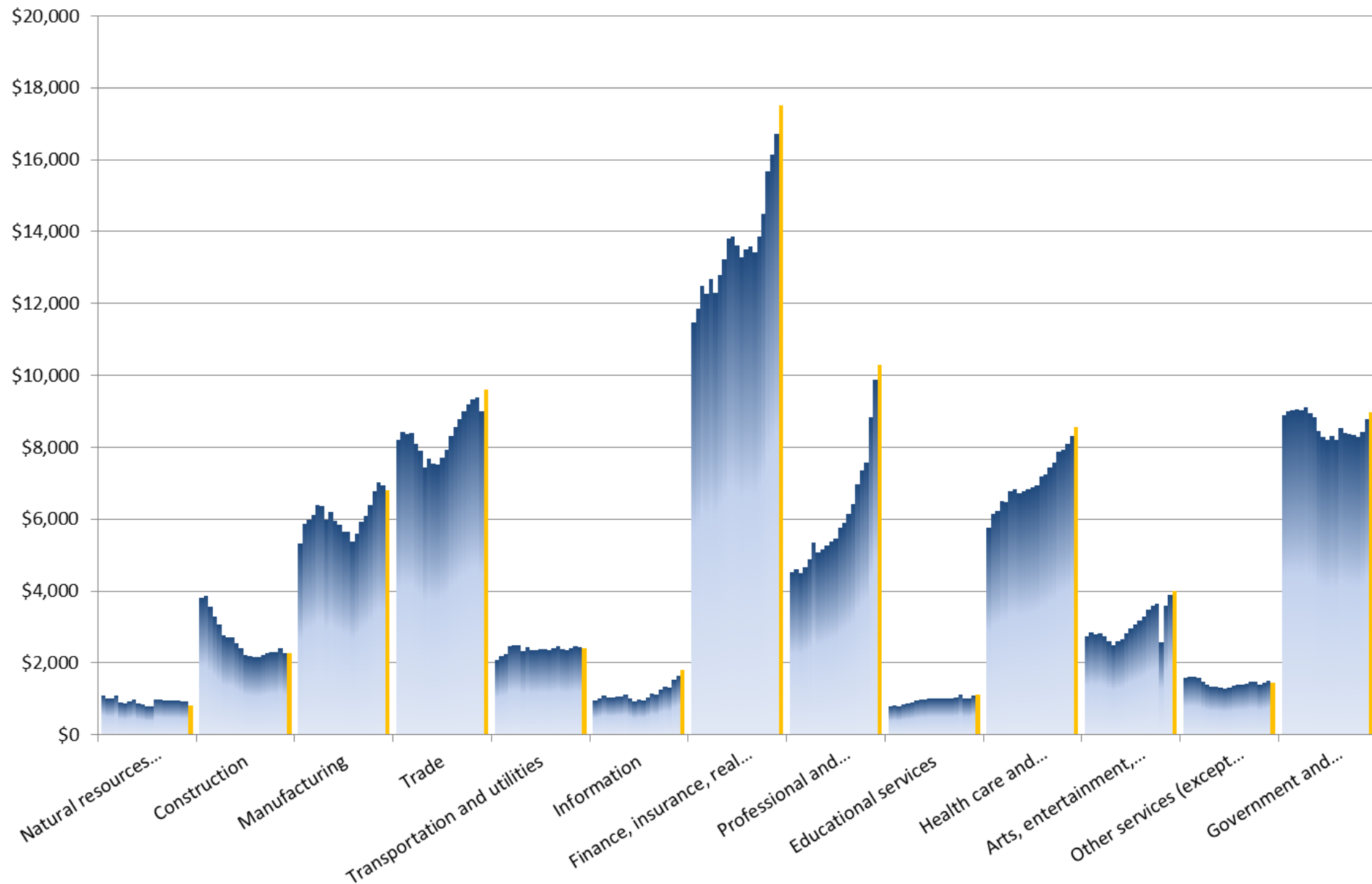
What does
this mean
for interest
rates?

Current target range:
4.75% to 5.0%

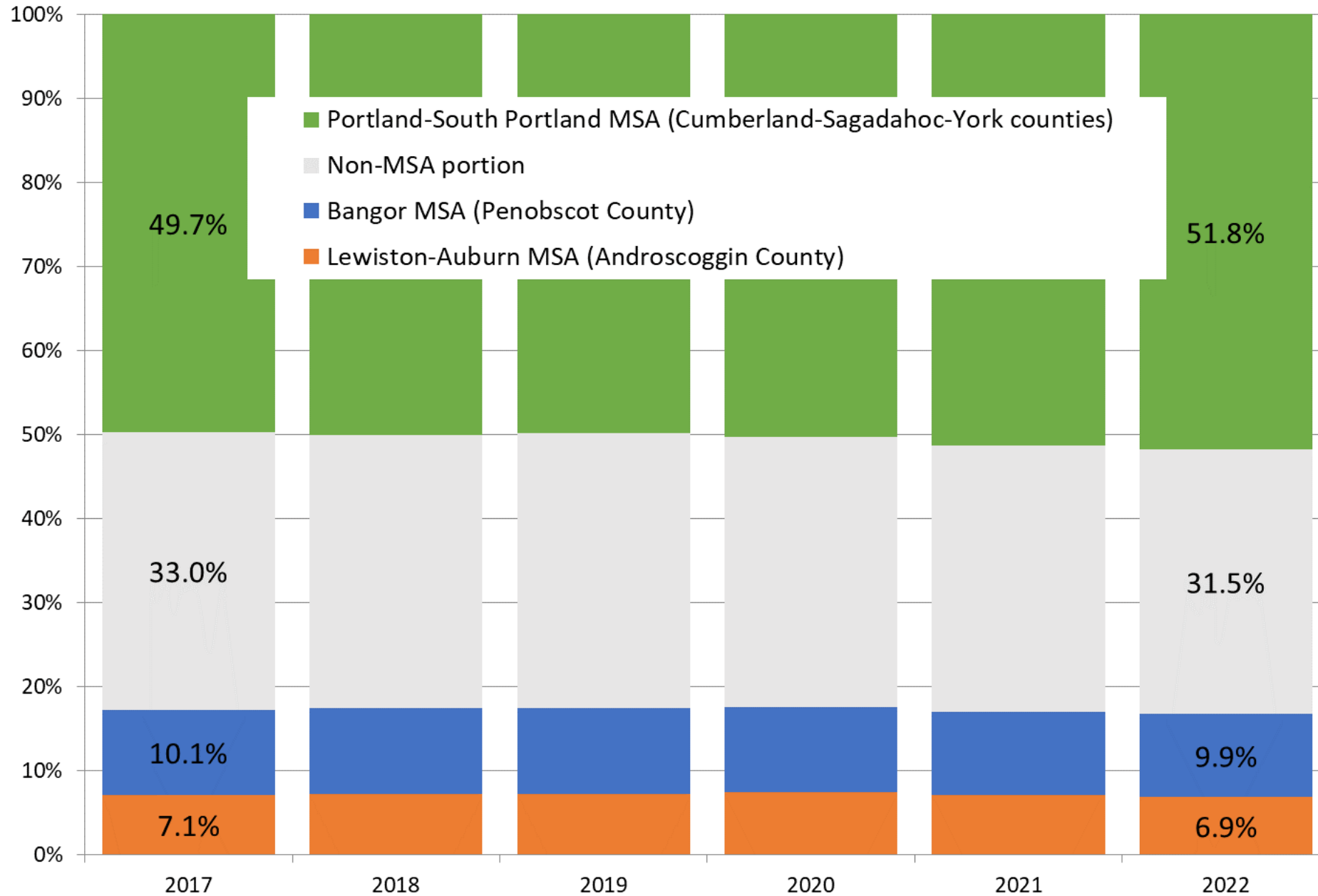
Median projection for 2024 from
September 2024 Federal Open
Market Committee statement
was 4.4%; 2025 median
projection was 3.4%

State Gross Domestic Product (GDP)

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

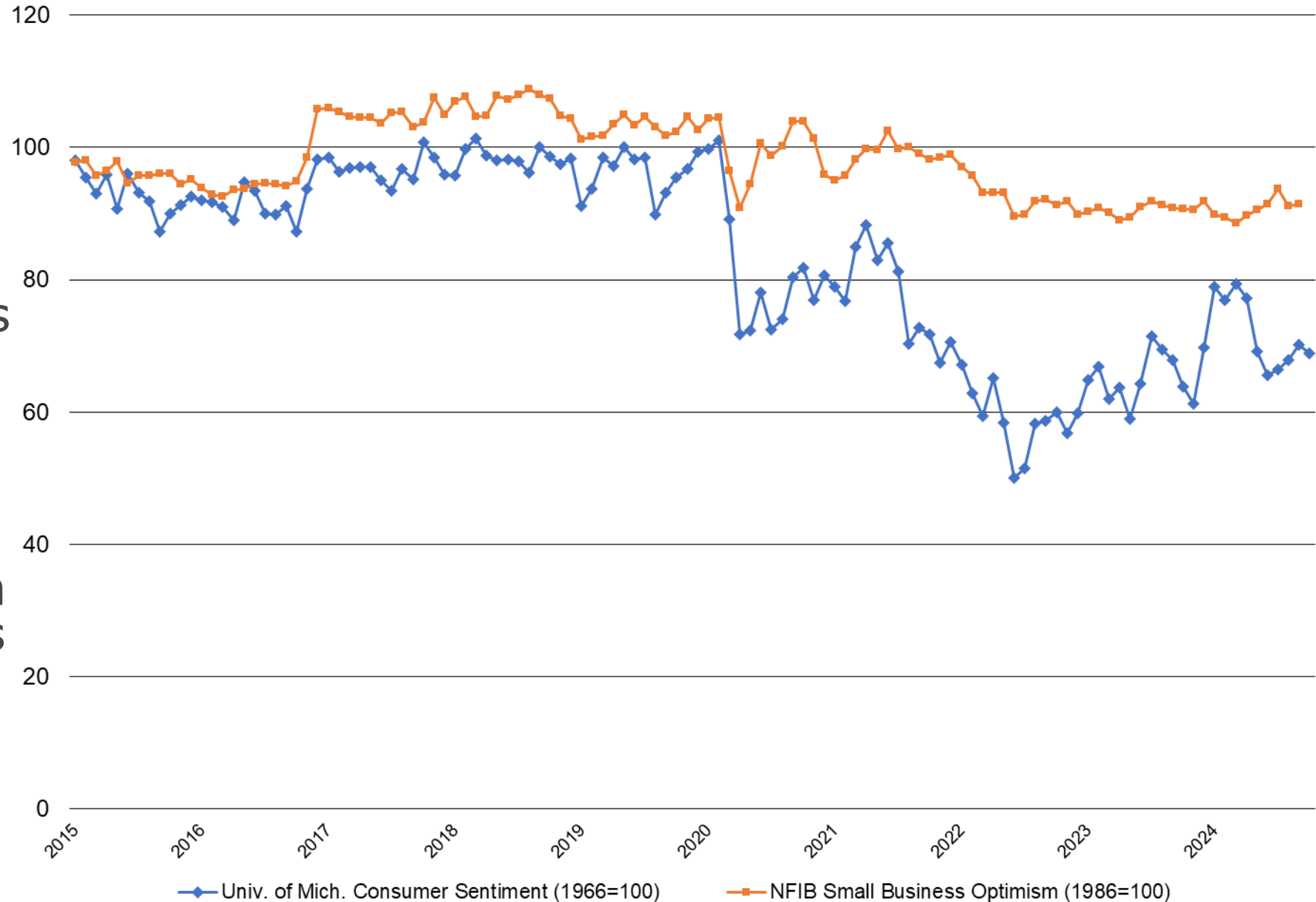


Share of Maine Real GDP by Metropolitan Area



Outlook

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment has been affected by cumulative effects of inflation.

Inflation and workforce availability continue to weigh on small business optimism.

Key short-term risks from February 2024 CEFC report

- Ongoing uncertainty in economic conditions, but no recession anticipated
- Global geopolitical tensions
- Skill shortages and emotional strains on workers in the healthcare sector
- Longer term: in-migration of working-age people may not be sufficient to fully offset retirements in the future
- Longer term: impacts of climate change

Things to keep in mind:

- Migration into Maine continued in 2023 even as population patterns nationally returned to normal
- Higher housing costs have resulted from an imbalance in supply and demand, but there may be some improvement in the future as interest rates come down and more housing is built
- While inflation growth has slowed, the cumulative effects are weighing on consumer confidence and spending; target interest rate cuts from the Fed should help to shore things up
- Economic uncertainty remains elevated, especially with geopolitical upheaval and a presidential election year
- Maine has a robust Budget Stabilization Fund (around \$900 million), providing a valuable cushion in case of a slowdown or revenue shortfalls

Moody's cited Maine's
"**sustained financial
improvements**"

and

"**strong fiscal governance**"

in its rating increase.

Maine's credit
issuer rating
upgraded to
Aa1 in 2024
credit rating
from Moody's

Contact Information

Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

www.maine.gov/dafs/economist

amanda.rector@maine.gov