

State of the Economy – Maine and the Pen Bay Region

Penobscot Bay Chamber of Commerce
Business Luncheon

November 13, 2024

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Population Change and Demographics

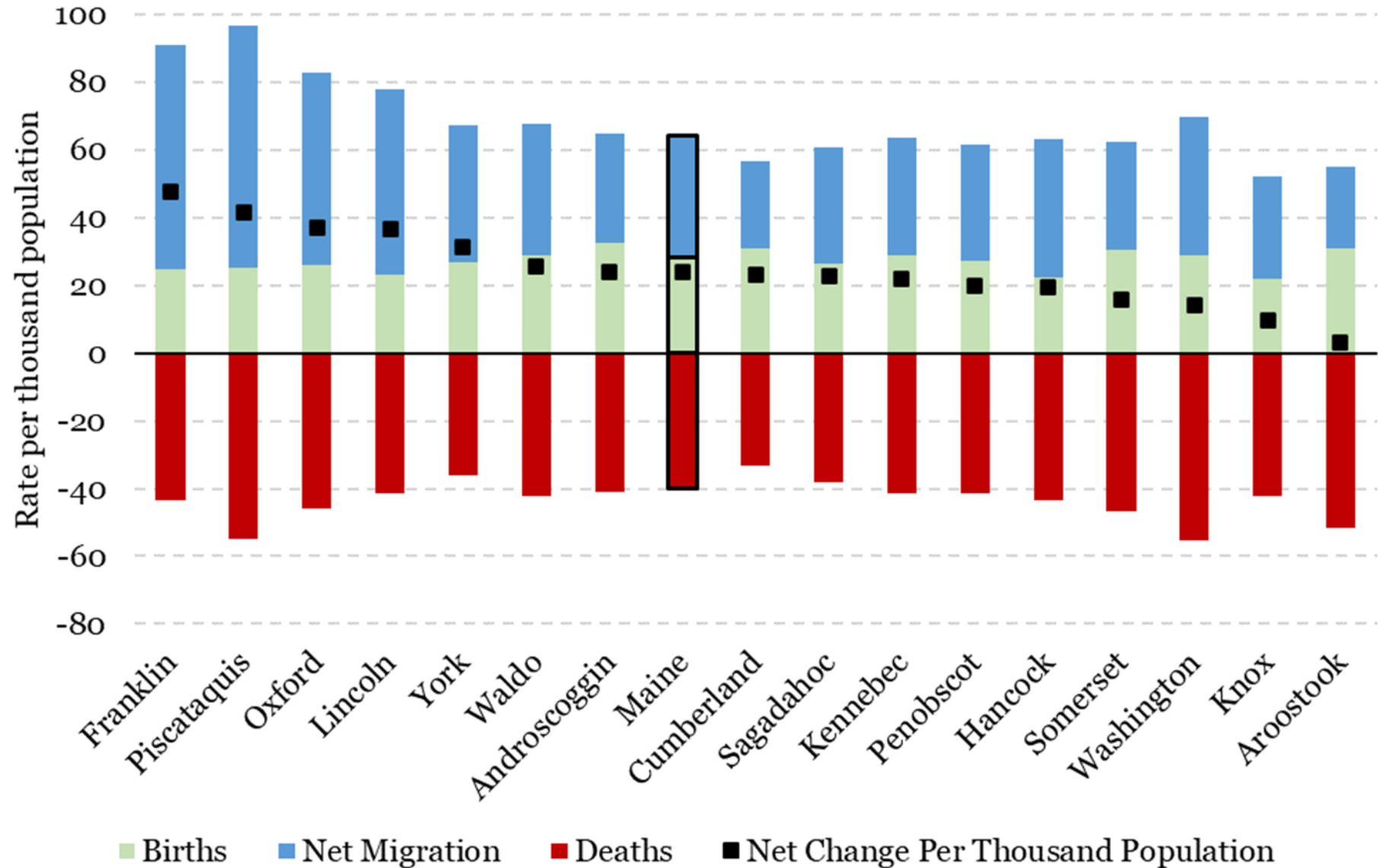
Components of Population Change in Maine, 4/2020-7/2023 Rate per thousand population

Maine

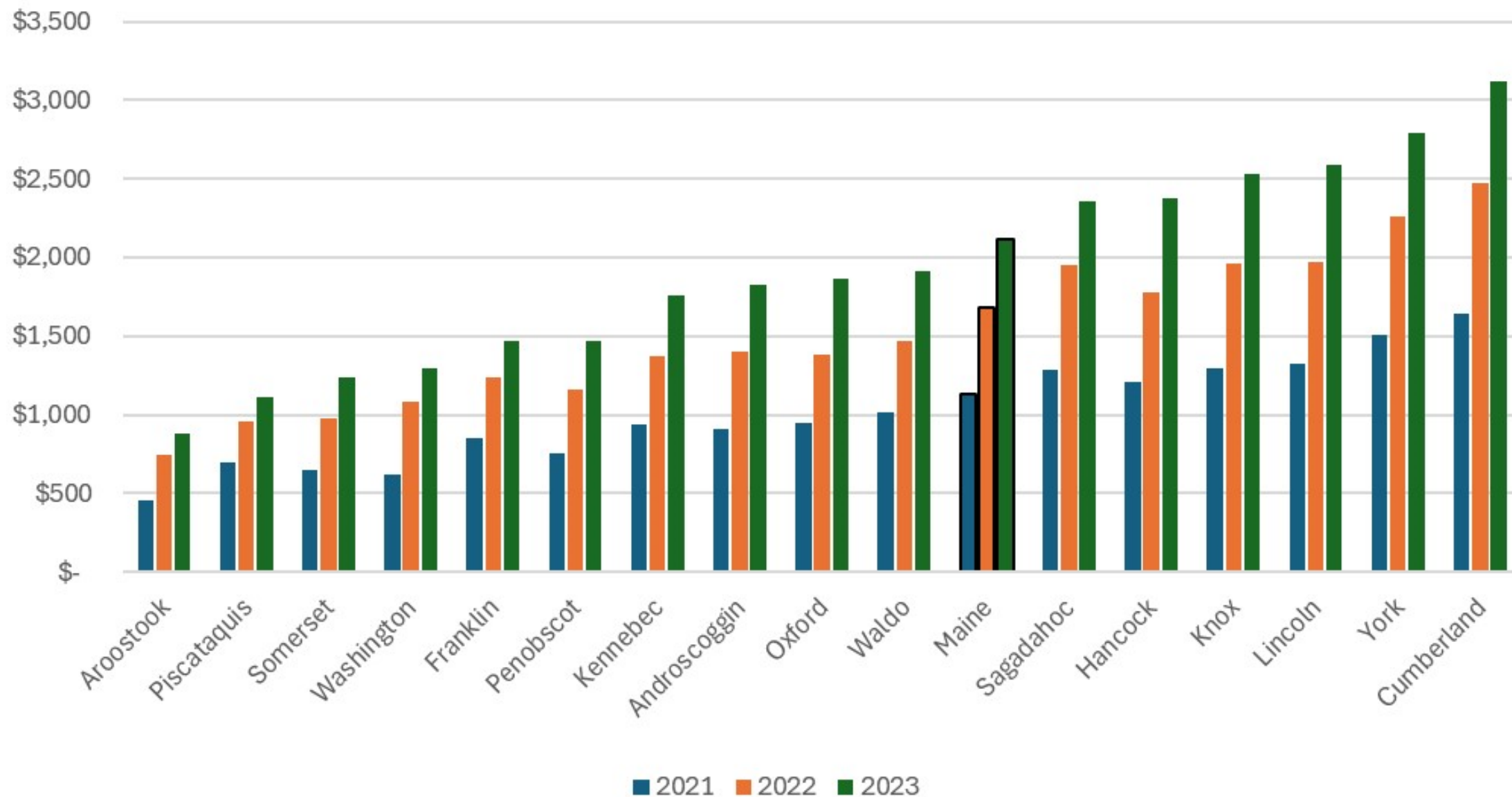
Population increased
2.4% from 2020-2023
(14th in U.S.)

2023 rate of net
migration = 8.2 per
thousand (9th in U.S.)

2023 Total Population:
1,395,722

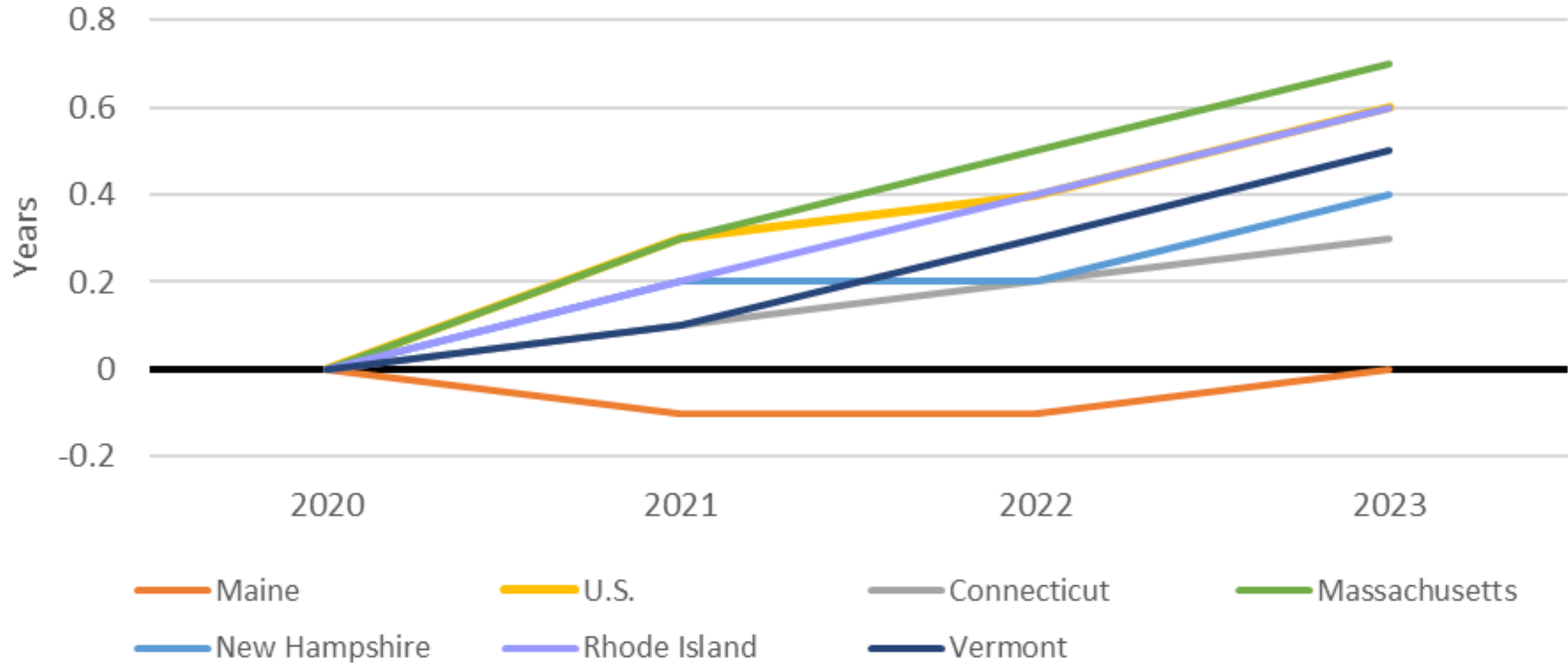


Monthly Mortgage Payment at the Median Sales Price 2021-2023

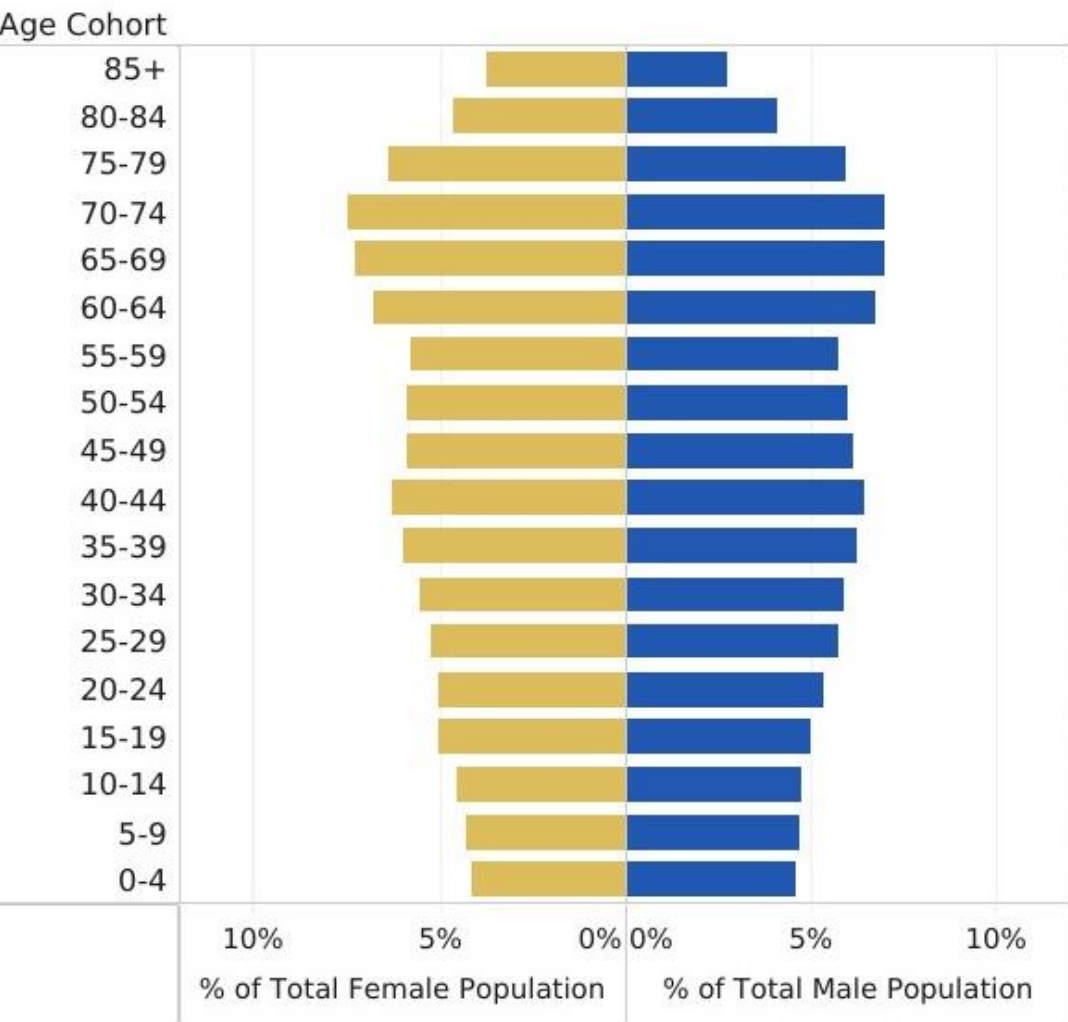


Source: Maine Association of Realtors (Prices), FRED Average 30-yr fixed rate mortgage (Rates), Principal and Interest only with 10% down payment

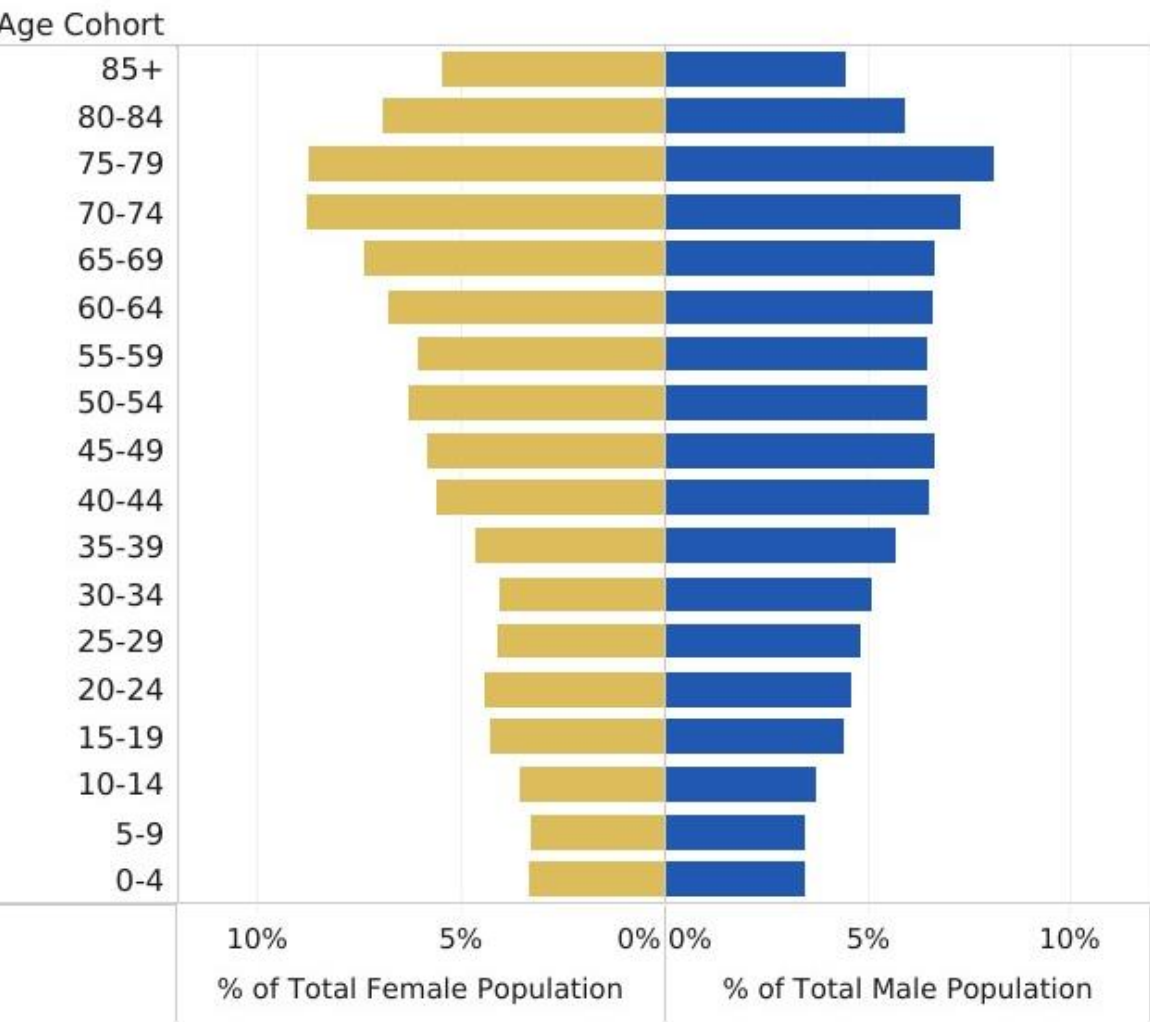
Change in median age since April 2020



Maine, 2030, Projected Population



Knox County, 2030, Projected Population



Source: The Office of the State Economist, Maine State and County Population Projections, 2040. June 2023 release.

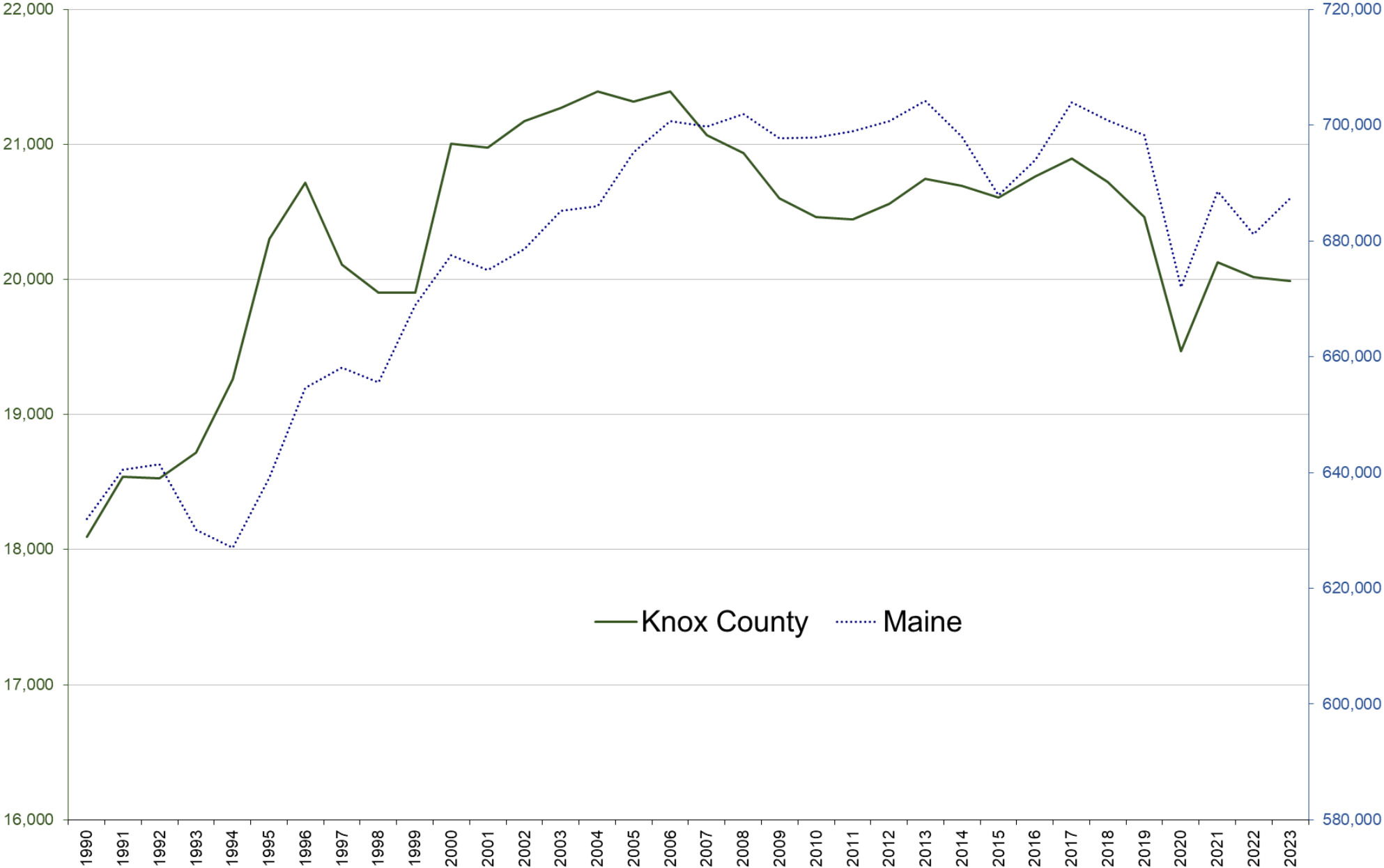
[Click to view methodology & report \(PDF\)](#)



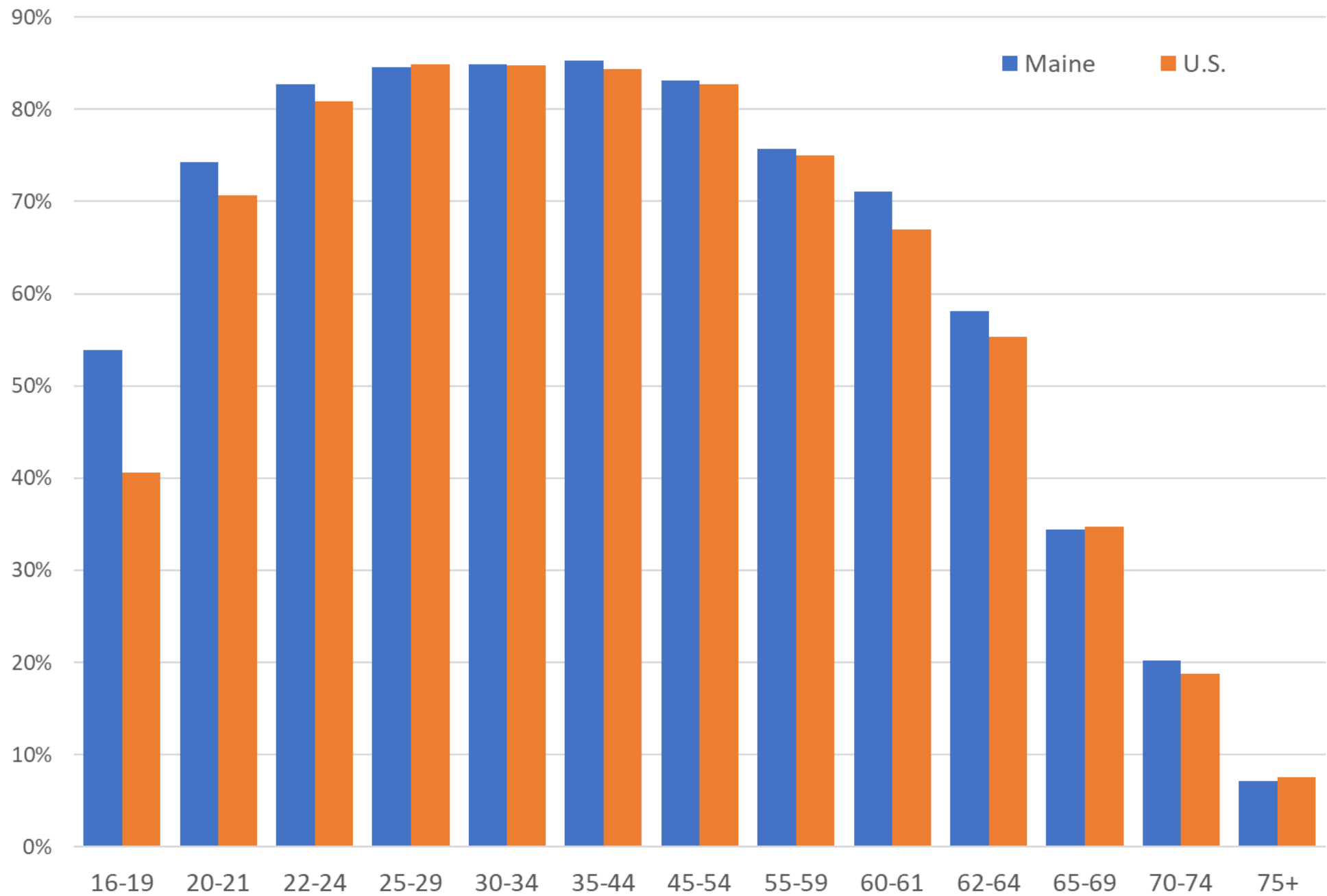
Younger generations in Maine are more diverse than older generations

Workforce and Employment

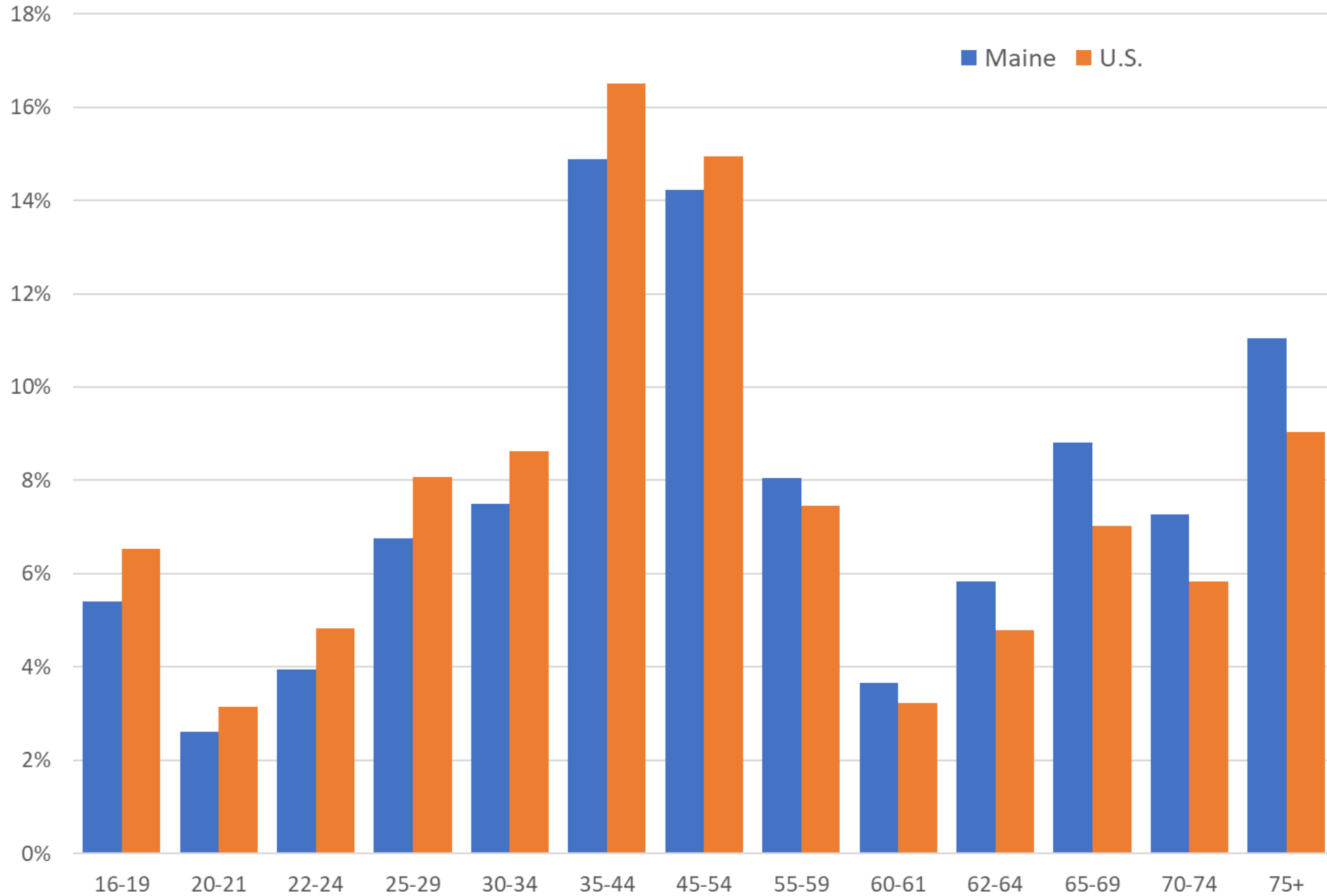
Maine and Knox County Civilian Labor Force



2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



County Rates (not seasonally adjusted)

September, 2024

Table

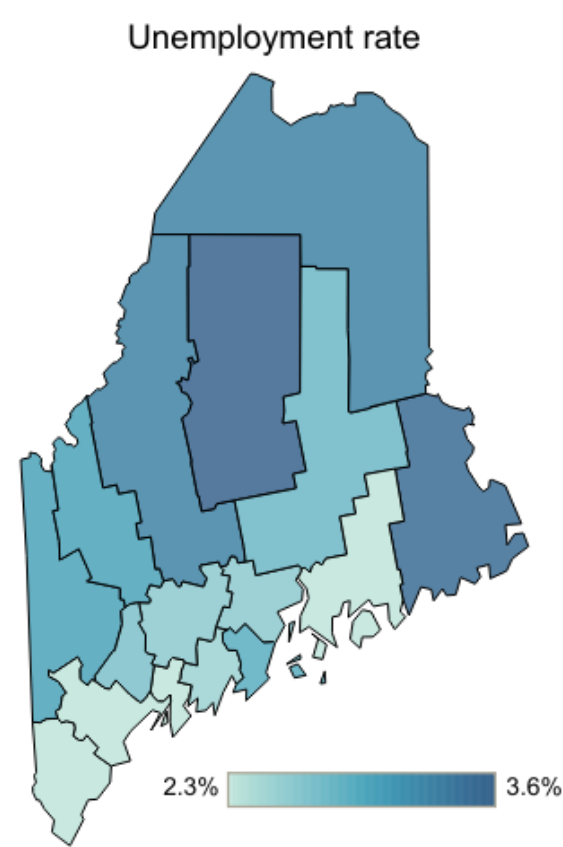
Graph

Map/Graph Display

Unemployment rate

One-year change

County	Rate	Year ago	One-yr change	
Maine	2.6%	2.7%	-0.1	↓
Androscoggin	2.7%	2.9%	-0.2	↓
Aroostook	3.3%	3.1%	0.2	↑
Cumberland	2.3%	2.4%	-0.1	↓
Franklin	3.0%	3.2%	-0.2	↓
Hancock	2.3%	2.3%	0.0	—
Kennebec	2.6%	2.5%	0.1	↑
Knox	2.9%	2.5%	0.4	↑
Lincoln	2.5%	2.4%	0.1	↑
Oxford	3.0%	3.2%	-0.2	↓
Penobscot	2.8%	2.9%	-0.1	↓
Piscataquis	3.6%	4.0%	-0.4	↓
Sagadahoc	2.3%	2.2%	0.1	↑
Somerset	3.3%	3.7%	-0.4	↓
Waldo	2.6%	2.7%	-0.1	↓
Washington	3.5%	3.3%	0.2	↑
York	2.3%	2.4%	-0.1	↓



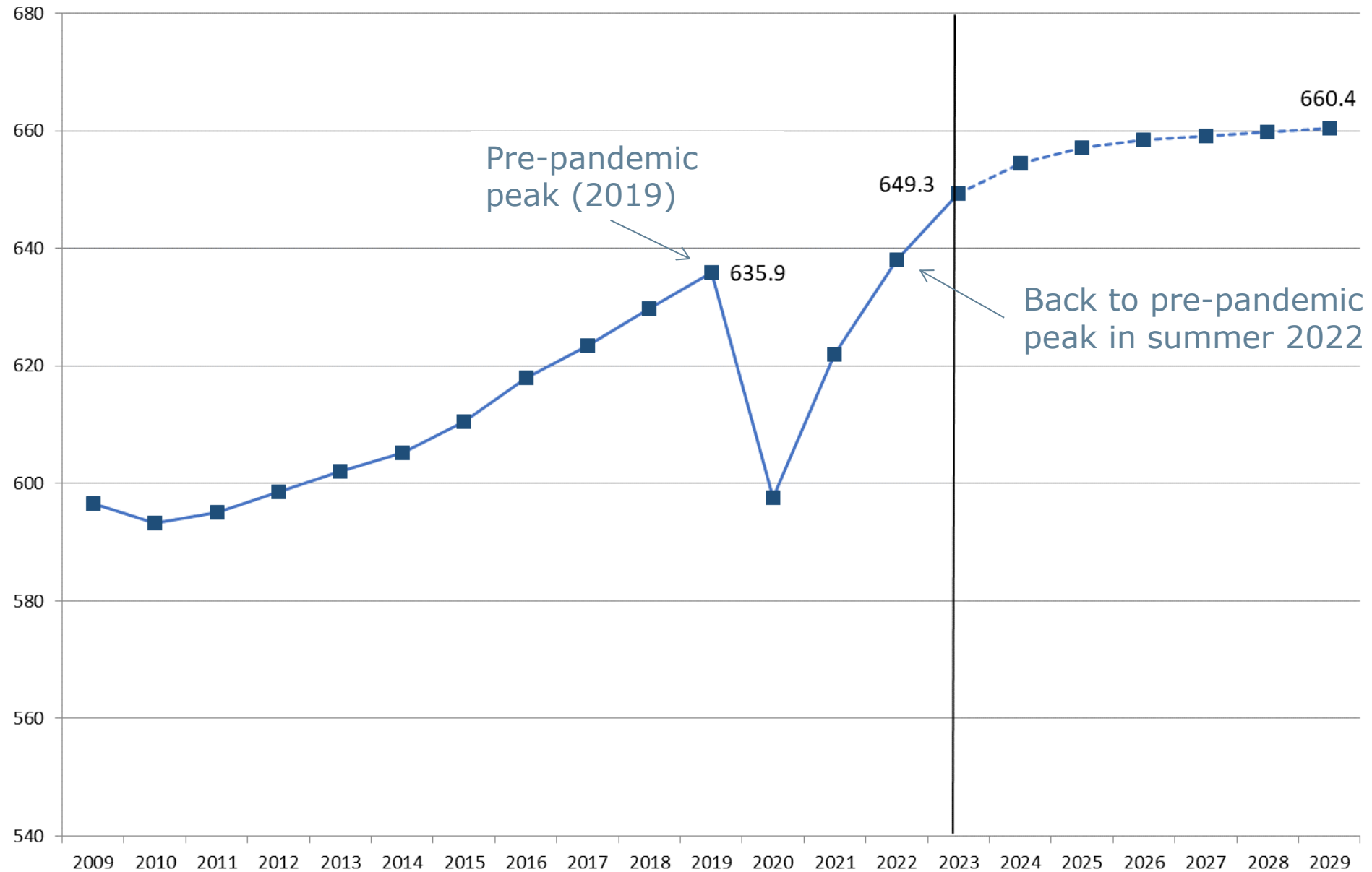
Maine Department of Labor, Center for Workforce Research and Information

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

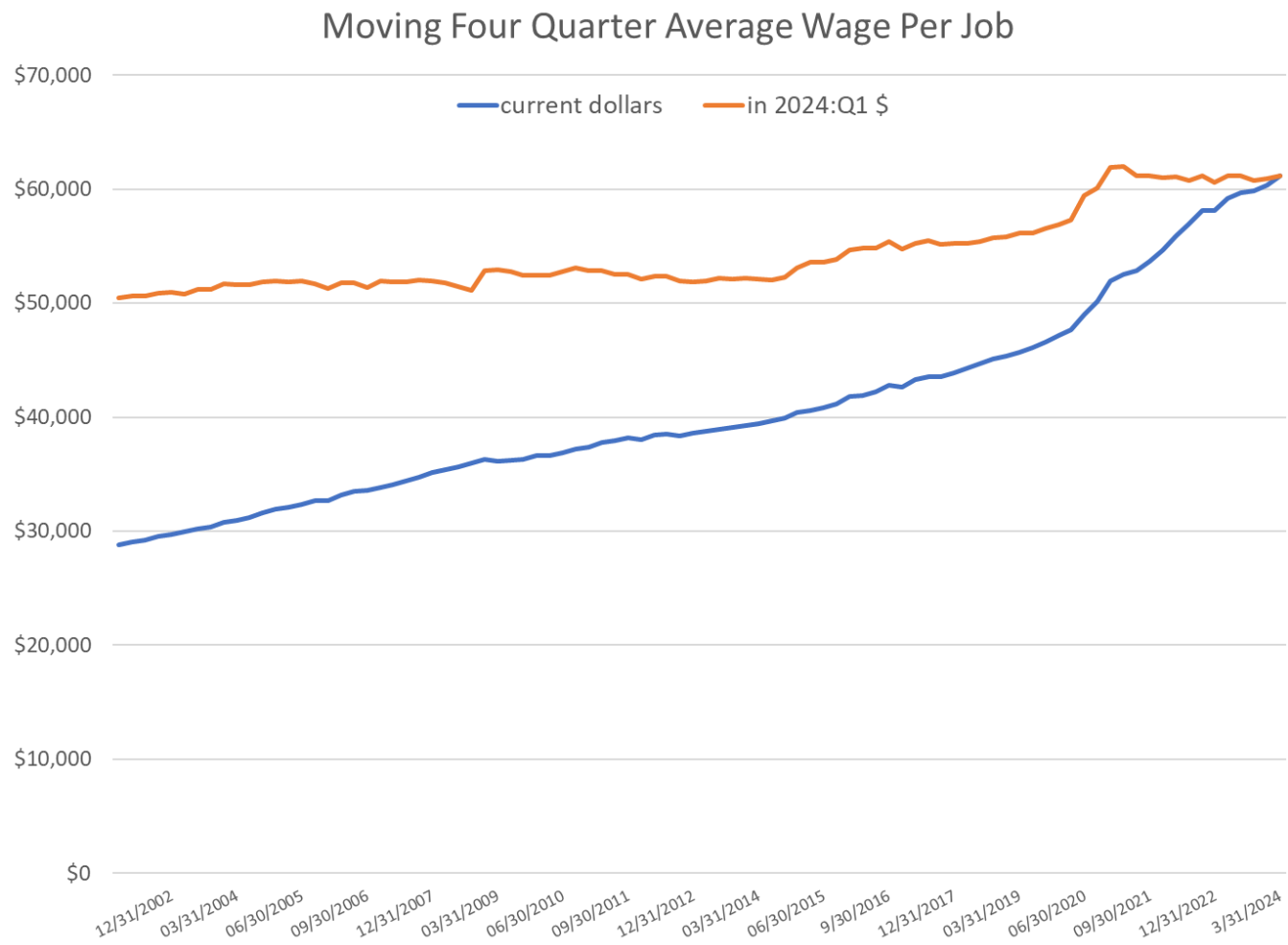
Unemployed Persons per Job Opening Ratio - Maine



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



Wages, Income, and Inflation



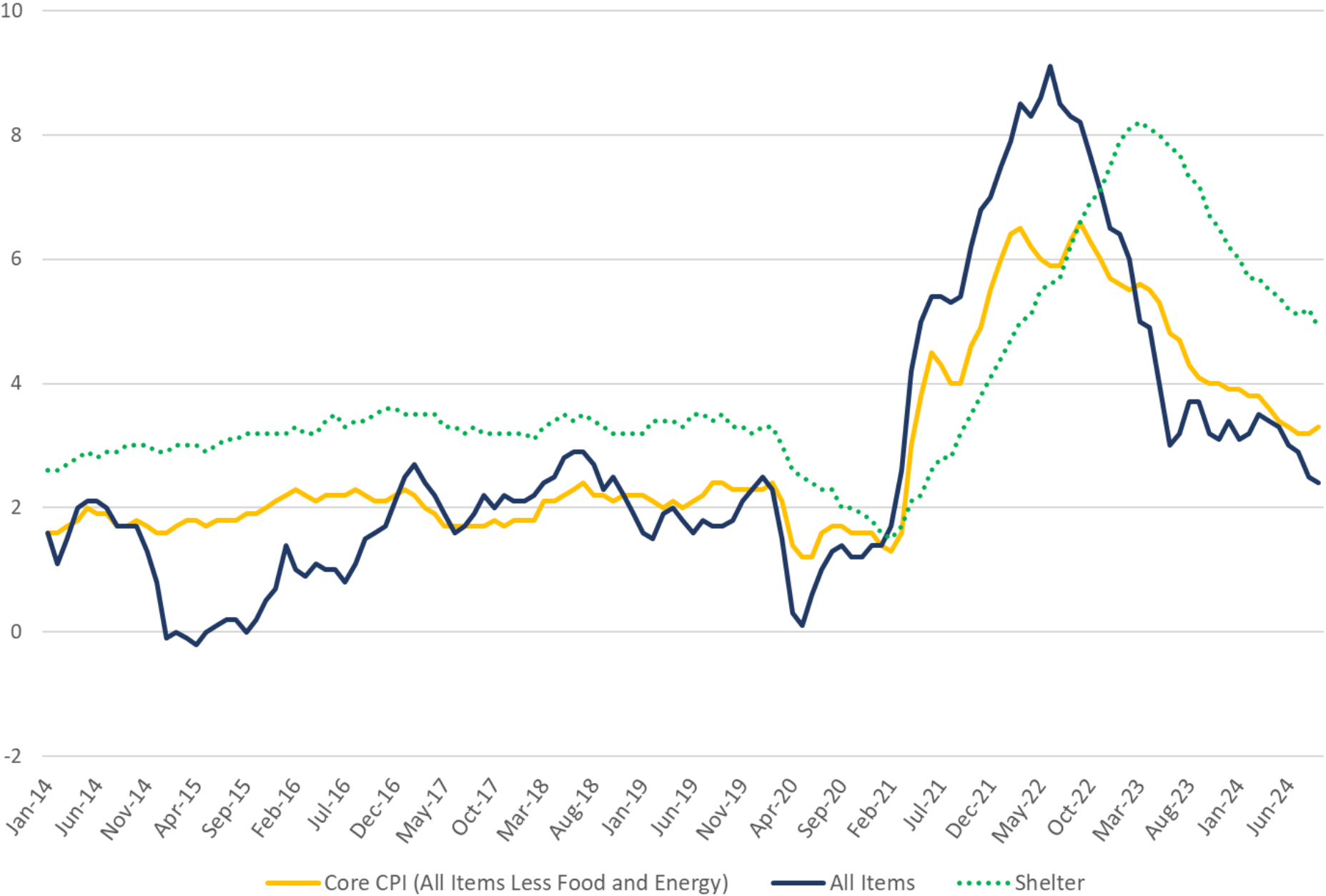
Wages increased sharply during the first part of the pandemic, but increases more recently have just kept pace with inflation

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



Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis;
Consensus Economic Forecasting Commission report, November 1, 2024

Year-over-year percent change in Consumer Price Index



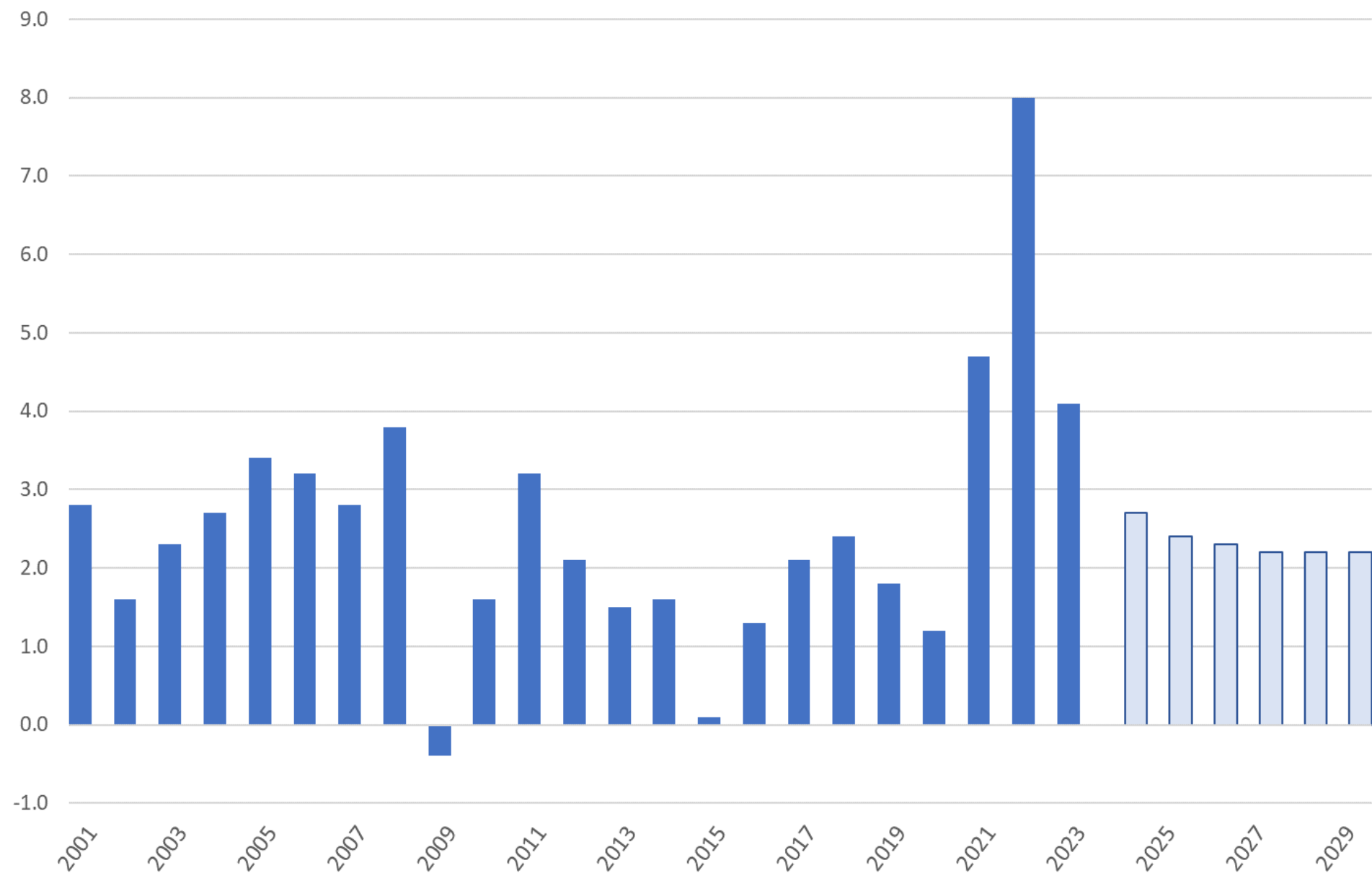
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

What does
this mean
for interest
rates?

Current target range:
4.5% to 4.75%

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

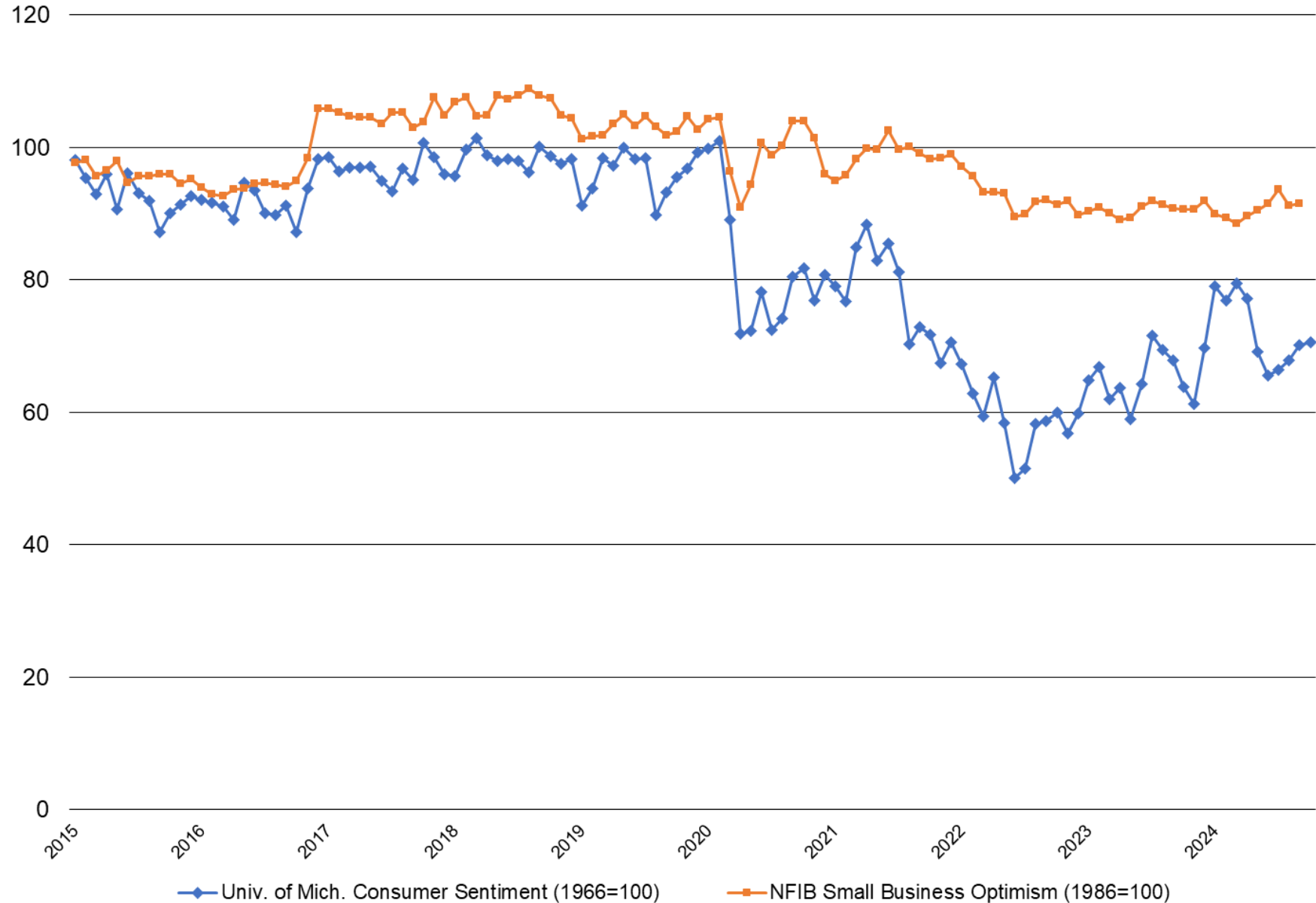
Year-over-year percent change in Consumer Price Index;
2001-2023 historical and 2024-2029 forecast



Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, November 1, 2024

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.

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

Excerpts from key assumptions in November 2024 CEFC report

- Some demographic trends, including a growing share of the population reaching retirement age will continue to constrain labor supply. Maine's net migration is likely to be positive in the coming years and may play a role in the future supply of, and demand for, jobs. Some of the future demand for labor may be filled through productivity gains.
- High interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market
- Absent any unexpected cuts, Maine will continue to see impacts of large, federally funded infrastructure programs throughout the duration of the forecast
- The Federal Reserve, in its mission to find a 'soft landing', is expected to continue pursuing policies that will constrain inflation to its target levels
- Geopolitical tensions remain elevated and continue to pose a negative risk to the forecast
- Climate shocks are beginning to impact some sectors of Maine's economy, particularly hospitality

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 change in the White House
- Maine has a robust Budget Stabilization Fund (around \$900 million), providing a valuable cushion in case of a slowdown or revenue shortfalls

Contact Information

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