Maine Regional Economic Forecasts post COVID-19

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Economic Recovery Committee Economic Update October 13, 2020
Regional Impacts and Recovery tied to Industry Size and Composition

Tourism Regional Employment Size

Size of a sector (employment) in a region tells us where the magnitude of impacts are more likely to be felt.

Tourism Regional Concentration

Concentration refers to a region’s relative dependence on an industry as a share of its overall industry base and is more indicative of the impact on regions and their ability to recover.
National and Statewide Forecasts used to drive Maine Regional Forecasts

**National Forecast**
- UMichigan RSQE August 2020
- US CBO Outlook September 2020
- Moody’s Analytics

**Maine State Forecast Driver**
- ME Consensus Economic Forecasting Commission July 2020
- Adjustments to Tourism Sector (Gabe and Crawley 2020)
- Adjustments most recent sales receipts
- Adjustments (+) to domestic net migration

**Regional Forecasts**
- Loosely align with Economic Development Districts (EDDs)
  - Androscoggin Valley
  - Aroostook-Washington
  - Eastern Maine
  - Kennebec Valley
  - Mid-coast Maine
  - Greater Portland
  - Southern Maine

Preliminary baseline forecasts. Updates and regional briefs will follow late October & early November following RSQE and CEFC October updates.
Employment losses of 8.6% in 2020, modest recovery in 2021 but tapering short of pre-pandemic employment levels 2023-2025.
### Regional Employment Forecast Summary

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Androscoggin Valley</td>
<td>92.6</td>
<td>-7.3%</td>
<td>-4.7%</td>
<td>-3.1%</td>
<td>-2.5%</td>
<td>-2.7%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Aroostook-Washington</td>
<td>74.9</td>
<td>-8.2%</td>
<td>-4.7%</td>
<td>-3.1%</td>
<td>-3.0%</td>
<td>-3.4%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Eastern Maine</td>
<td>101.3</td>
<td>-7.2%</td>
<td>-4.5%</td>
<td>-2.8%</td>
<td>-2.0%</td>
<td>-2.0%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Greater Portland</td>
<td>233.0</td>
<td>-9.1%</td>
<td>-6.0%</td>
<td>-3.1%</td>
<td>-1.7%</td>
<td>-1.6%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Kennebec Valley</td>
<td>81.6</td>
<td>-6.6%</td>
<td>-4.5%</td>
<td>-2.9%</td>
<td>-2.2%</td>
<td>-2.4%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Midcoast</td>
<td>62.3</td>
<td>-11.2%</td>
<td>-6.4%</td>
<td>-4.0%</td>
<td>-3.2%</td>
<td>-3.3%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Southern Maine</td>
<td>91.8</td>
<td>-10.2%</td>
<td>-6.2%</td>
<td>-3.8%</td>
<td>-2.5%</td>
<td>-2.4%</td>
<td>-2.5%</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td><strong>737.5</strong></td>
<td><strong>-8.6%</strong></td>
<td><strong>-5.4%</strong></td>
<td><strong>-3.2%</strong></td>
<td><strong>-2.3%</strong></td>
<td><strong>-2.3%</strong></td>
<td><strong>-2.5%</strong></td>
</tr>
</tbody>
</table>

Employment  \( \subset \) private sector non-farm wage & salary & self-employed (non-employer) in thousands

**Key Takeaways:**
- Midcoast & South ME suffer most severe impacts from pandemic.
- Greater Portland hard hit but fastest to recover.
- Kennebec Valley impact least severe, though smallest change in recovery.
- Aroostook-Washington and Midcoast anticipated struggle most with recovery.
Regional Forecasts

Northern Maine

Percent Change (%) Relative to 2019

-8.2%  -4.7%  -3.1%  -3.0%  -3.4%  -3.8%

2020  2021  2022  2023  2024  2025

Eastern Maine

Percent Change (%) Relative to 2019

-7.2%  -4.5%  -2.8%  -2.0%  -2.0%  -2.0%

2020  2021  2022  2023  2024  2025

Regional Employment Forecasts
Regional Forecasts

Androscoggin Valley
- 2020: -7.3%
- 2021: -4.7%
- 2022: -3.1%
- 2023: -2.5%
- 2024: -2.7%
- 2025: -2.9%

Greater Portland
- 2020: -9.1%
- 2021: -6.0%
- 2022: -3.1%
- 2023: -1.7%
- 2024: -1.6%
- 2025: -1.8%
Regional Forecasts

Southern Maine

Percent Change (%) Relative to 2019

-10.2% -6.2% -3.8% -2.5% -2.4% -2.5%

2020 2021 2022 2023 2024 2025
Recovery will hinge on a variety of factors, with both statewide and region specific implications

+ Virus resurgence and necessary public health measures
+ Vaccine widely available by mid-2021.
+ Domestic and international flows resume, no major supply disruptions.
+ Continuation of remote work, industrial/occupational structural shifts
+ Immigration and cross border flows resume.
+ Change in federal administration and policy.
+ On the ground response and recovery activities, infrastructure.
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