

Demographic and Economic Trends in Maine

Maine Better Transportation Association

May 15, 2024

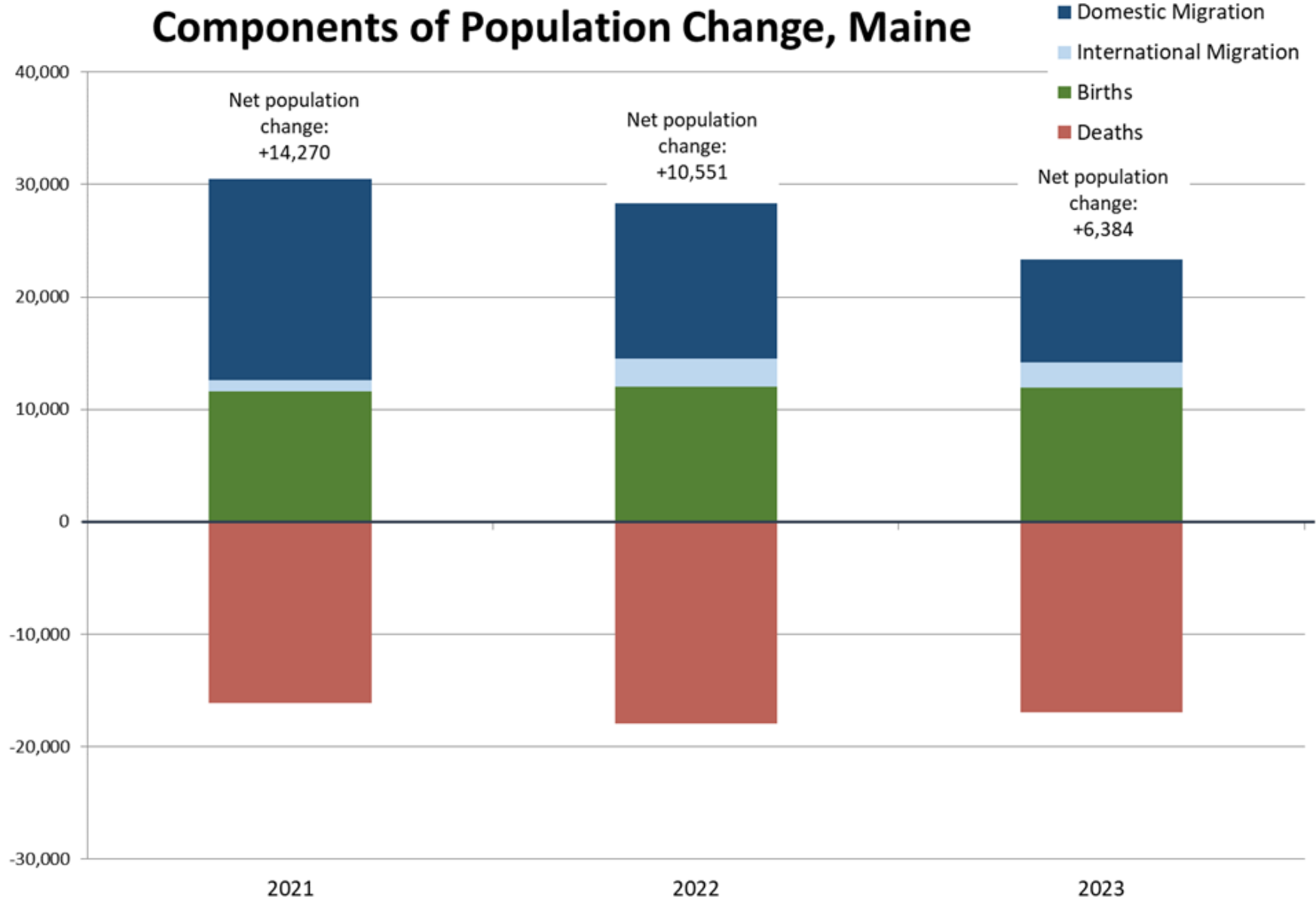
Amanda Rector

Maine State Economist

Demographics

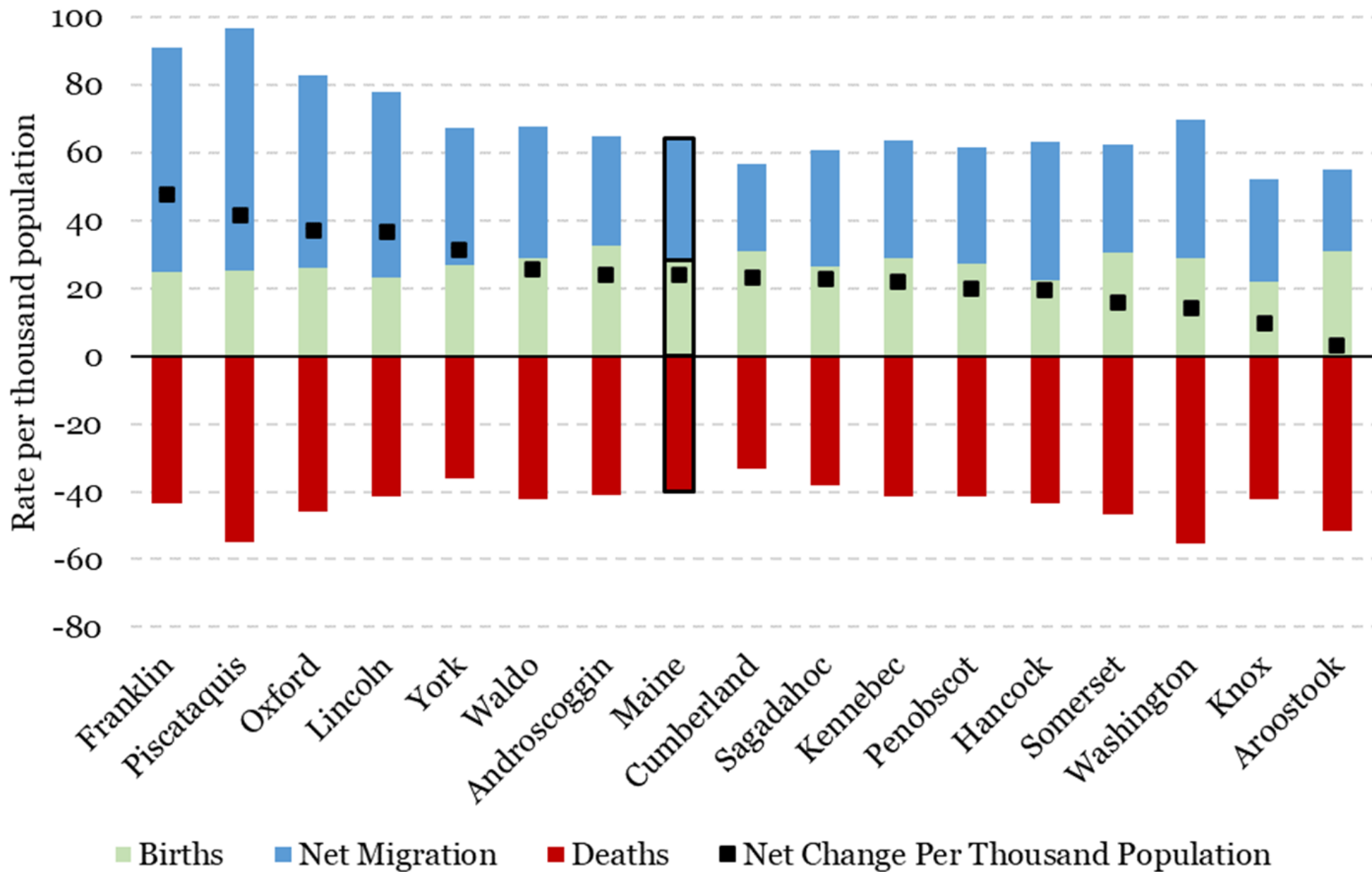
Population increase of 2.4% from 2020-2023 (14th in U.S.)

2023 Total Population: 1,395,722



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

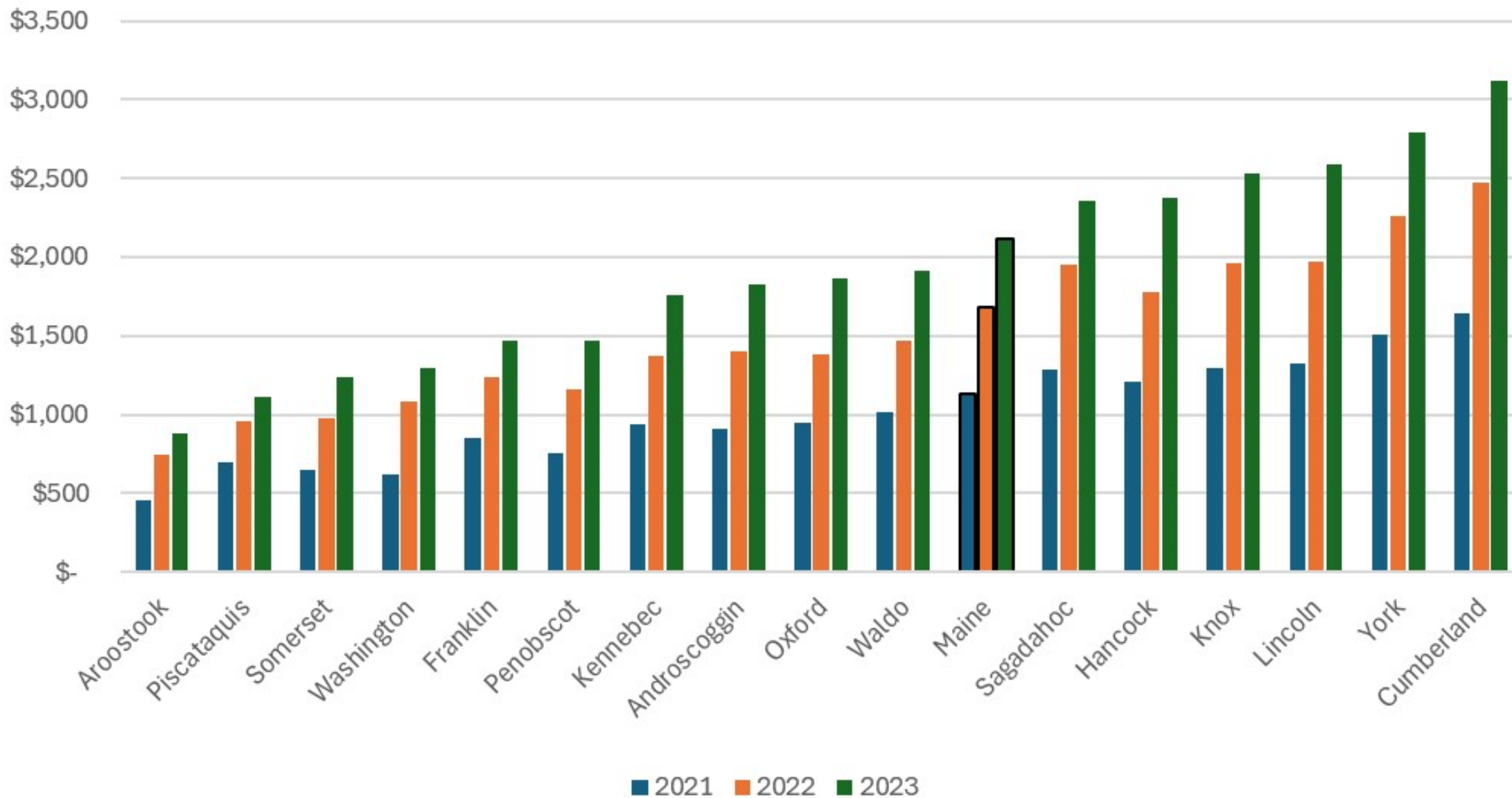
Components of Population Change in Maine, 4/2020-7/2023 Rate per thousand population





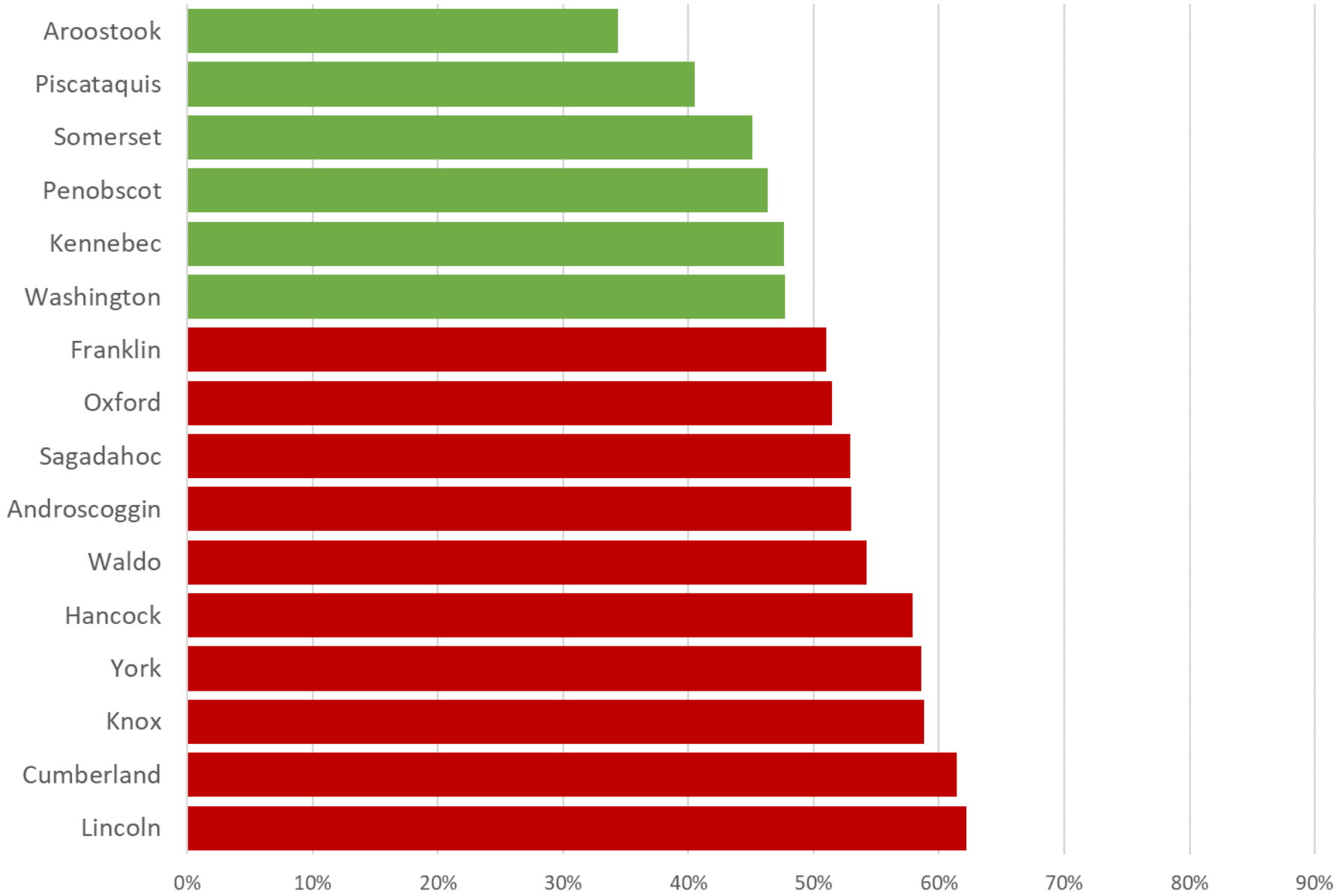
Migration into the state drove up demand for housing and further reduced the available supply; high mortgage rates have locked people into existing homes

Monthly Mortgage Payment at the Median Sales Price 2021-2023



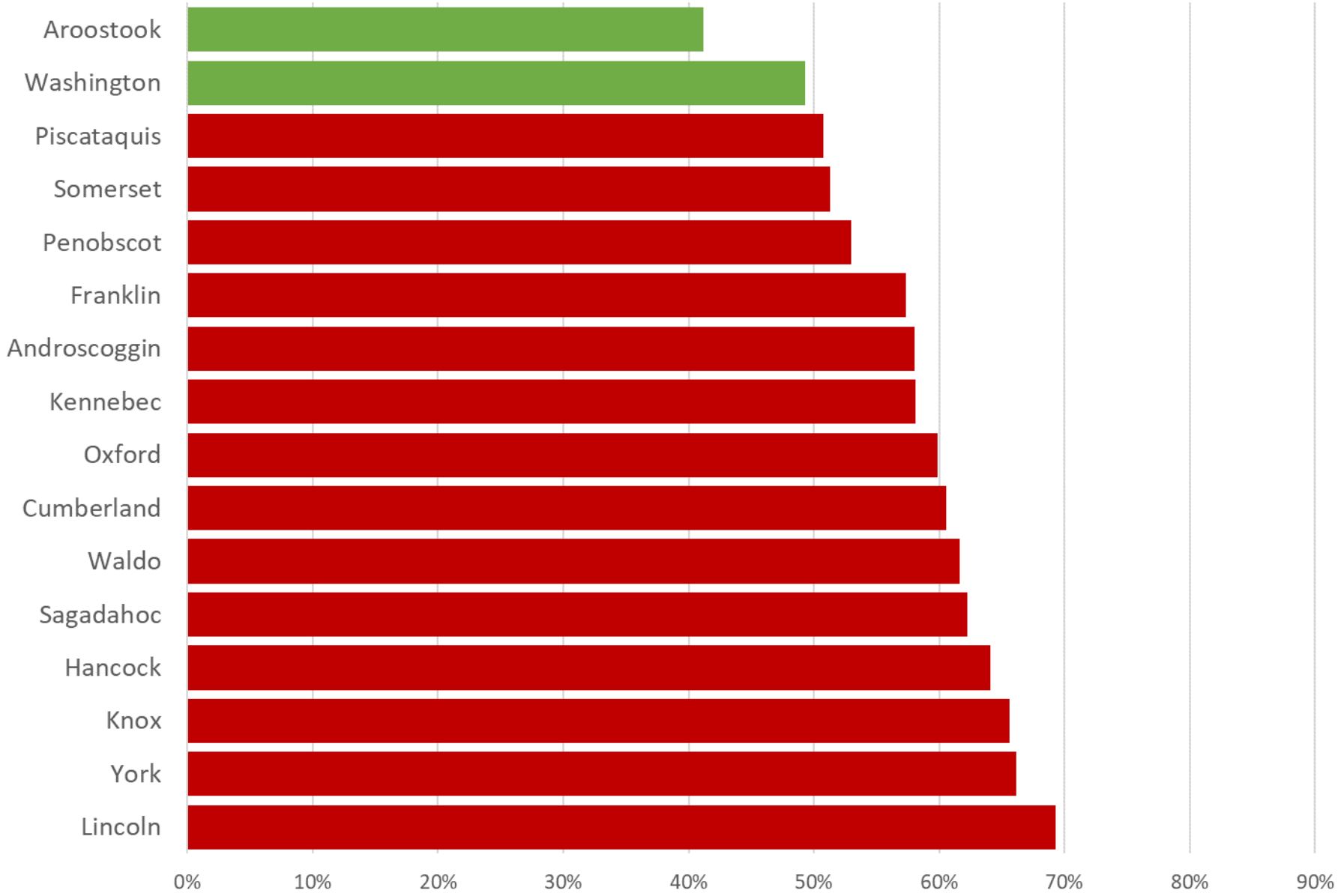
Source: Maine Association of Realtors (Prices), FRED Average 30-yr fixed rate mortgage (Rates), Principal and Interest only with 10% down payment

Percent of Households Unable to Afford Median Home, 2020



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

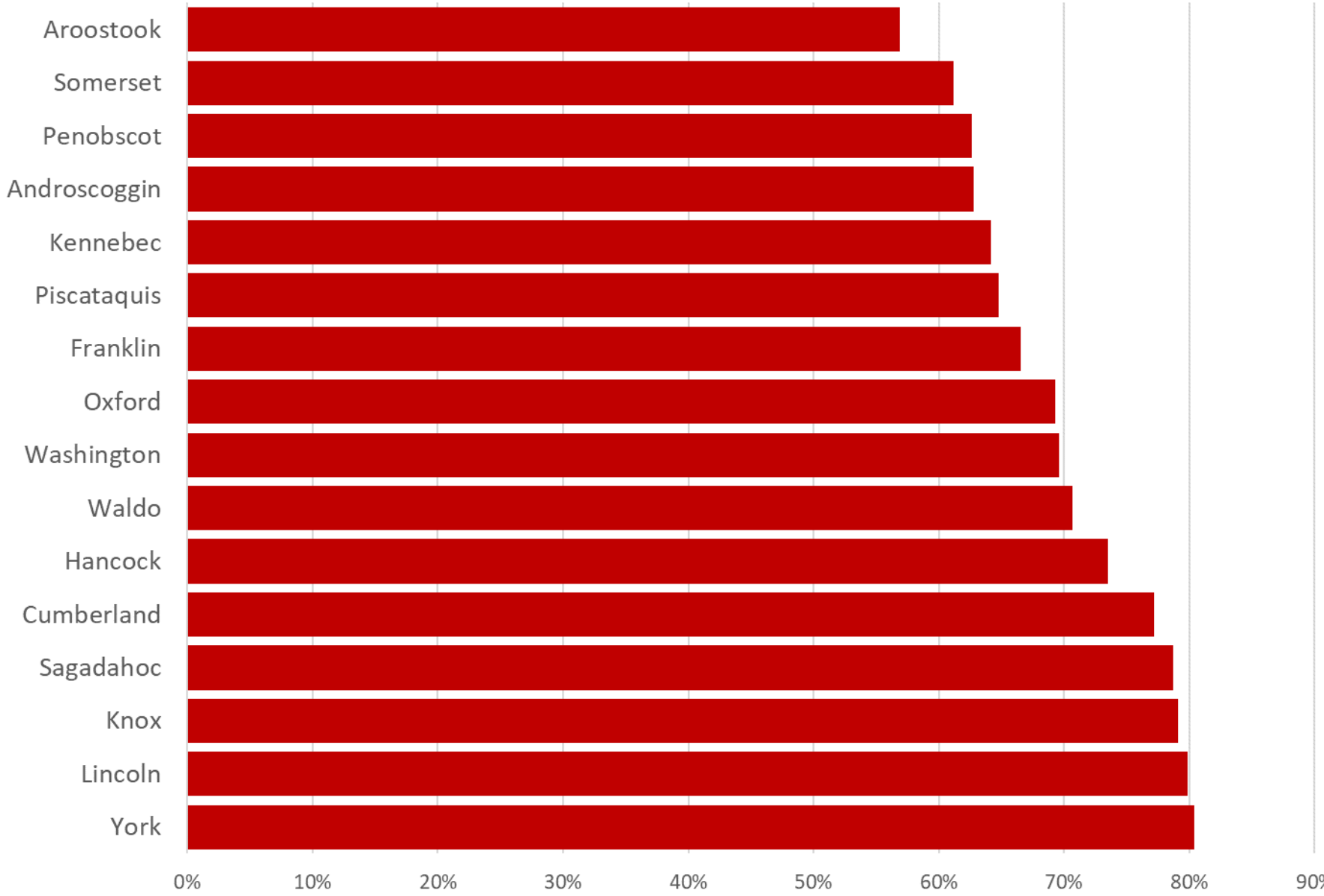
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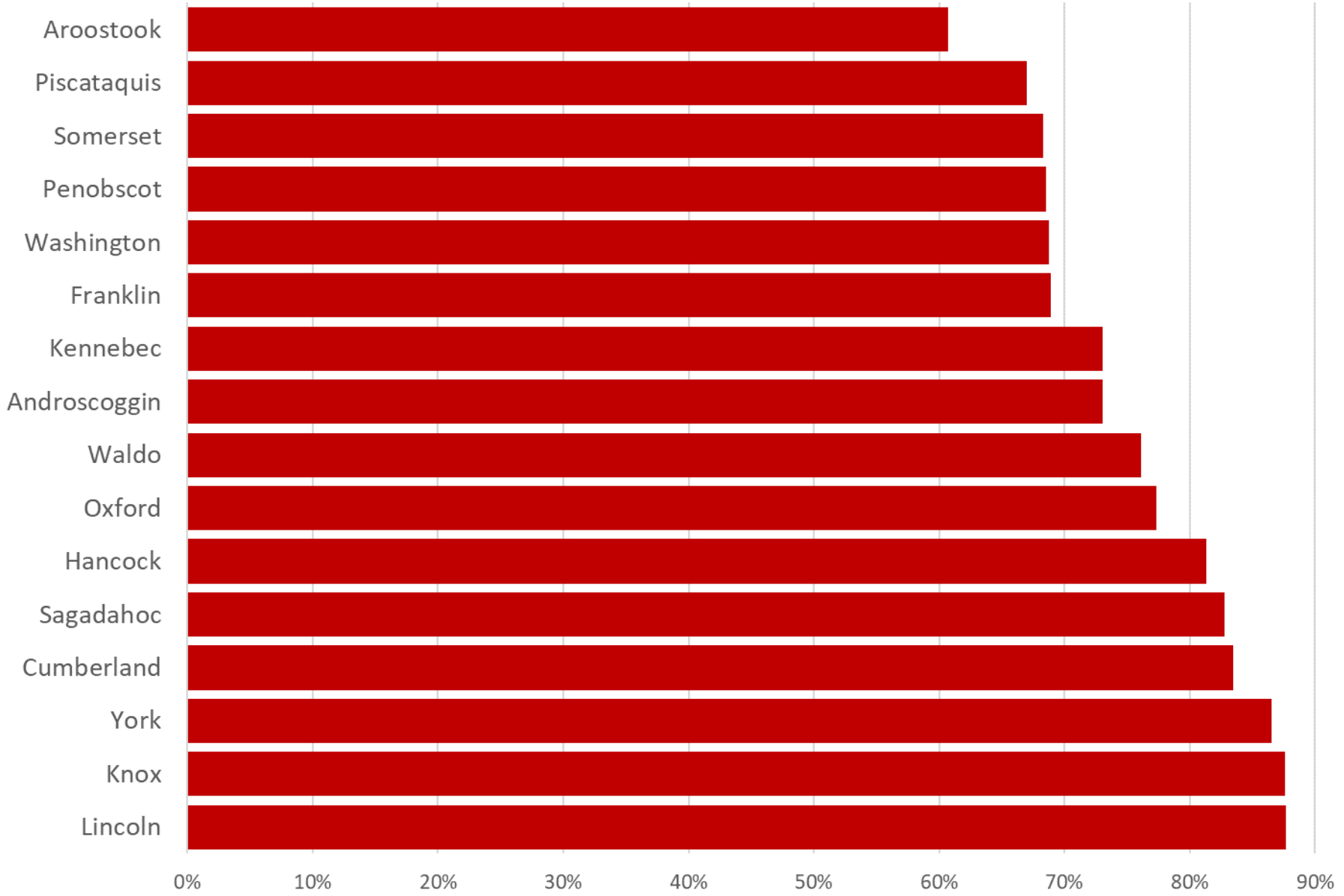


Percent of Households Unable to Afford Median Home, 2022



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Percent of Households Unable to Afford Median Home, 2023



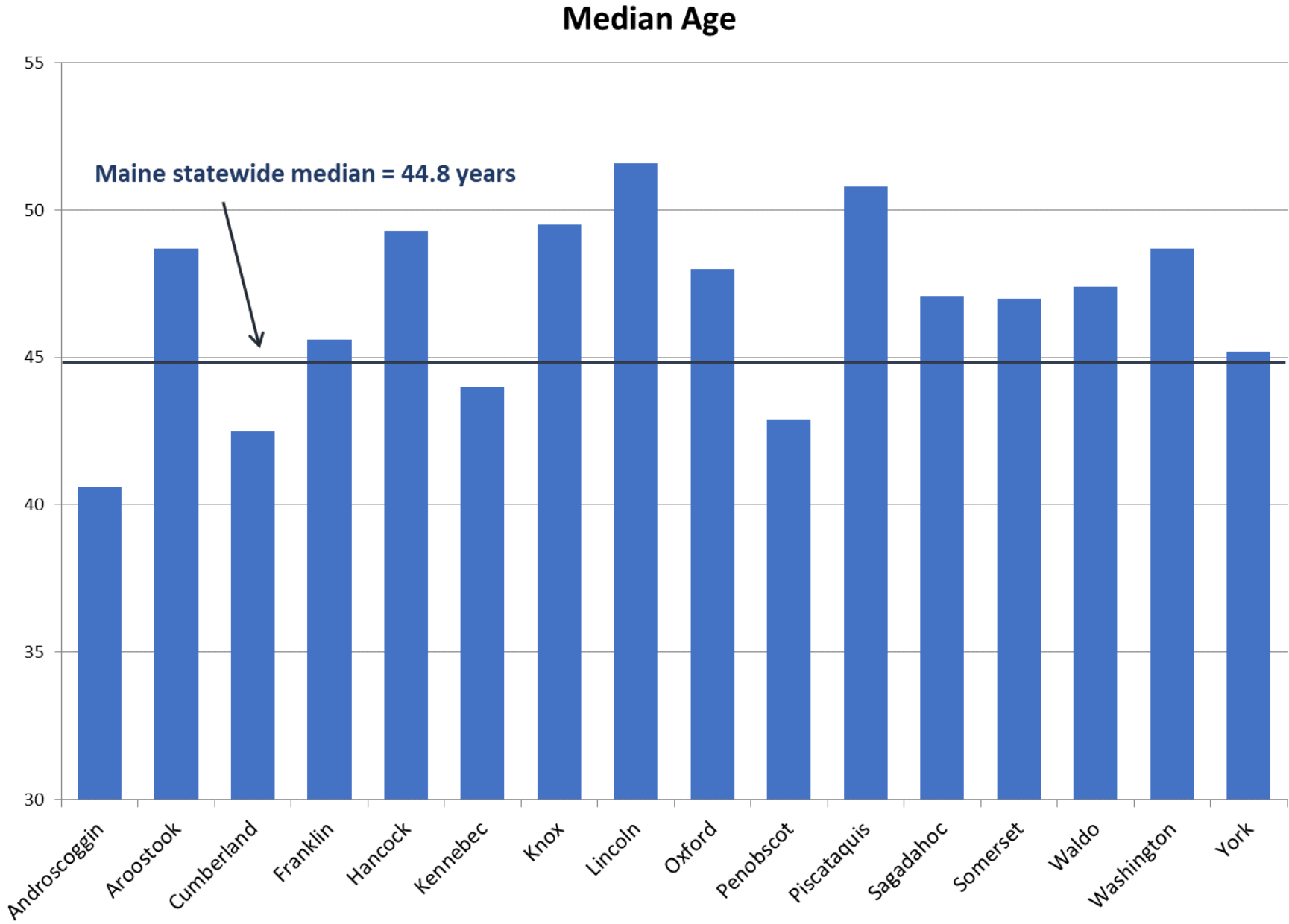
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Maine has the oldest population...
 ...by median age (44.8 years)
 ...and by % of population age 65+ (22.5%)

BUT!

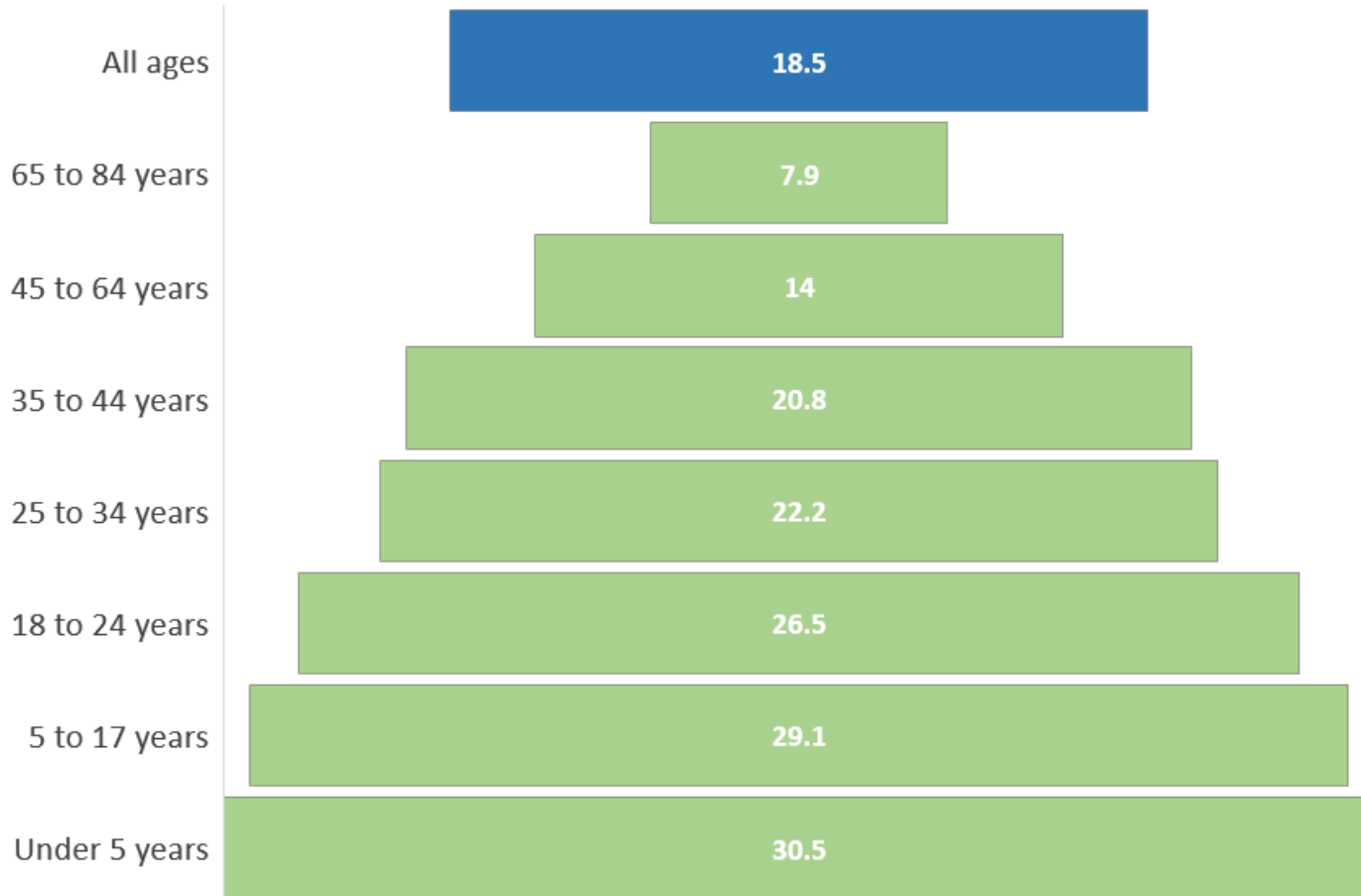
Maine was one of only two states to see a decrease in median age from 2020 to 2021...

...and was one of only four states to not see an increase from 2021 to 2022



2021 median age decreased in ME and CT; 2022 median age unchanged in ME, AL, TN, WV

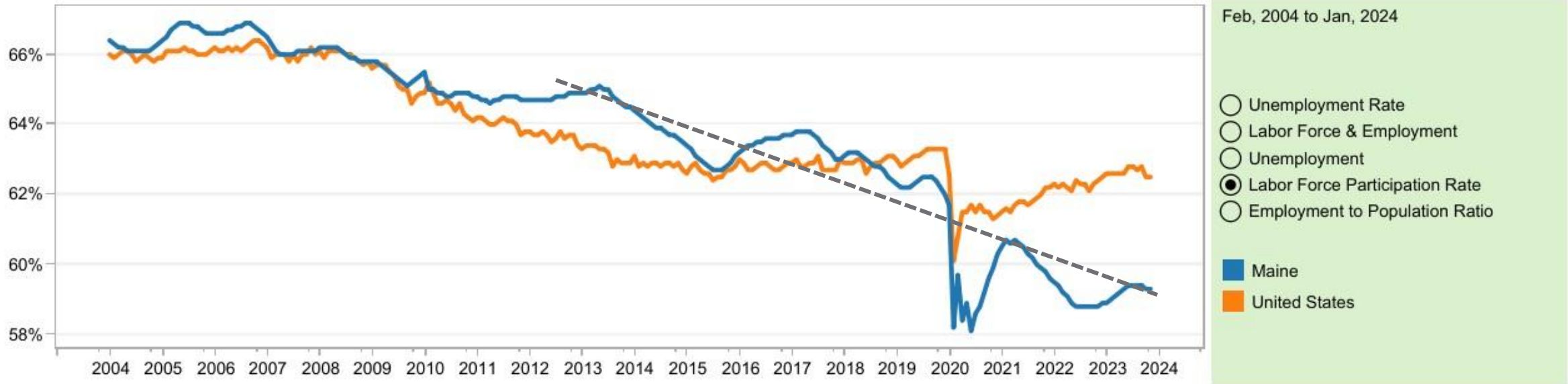
Diversity Index in Maine, 2020: Selected Age Groups



Younger generations in Maine are more diverse than older generations

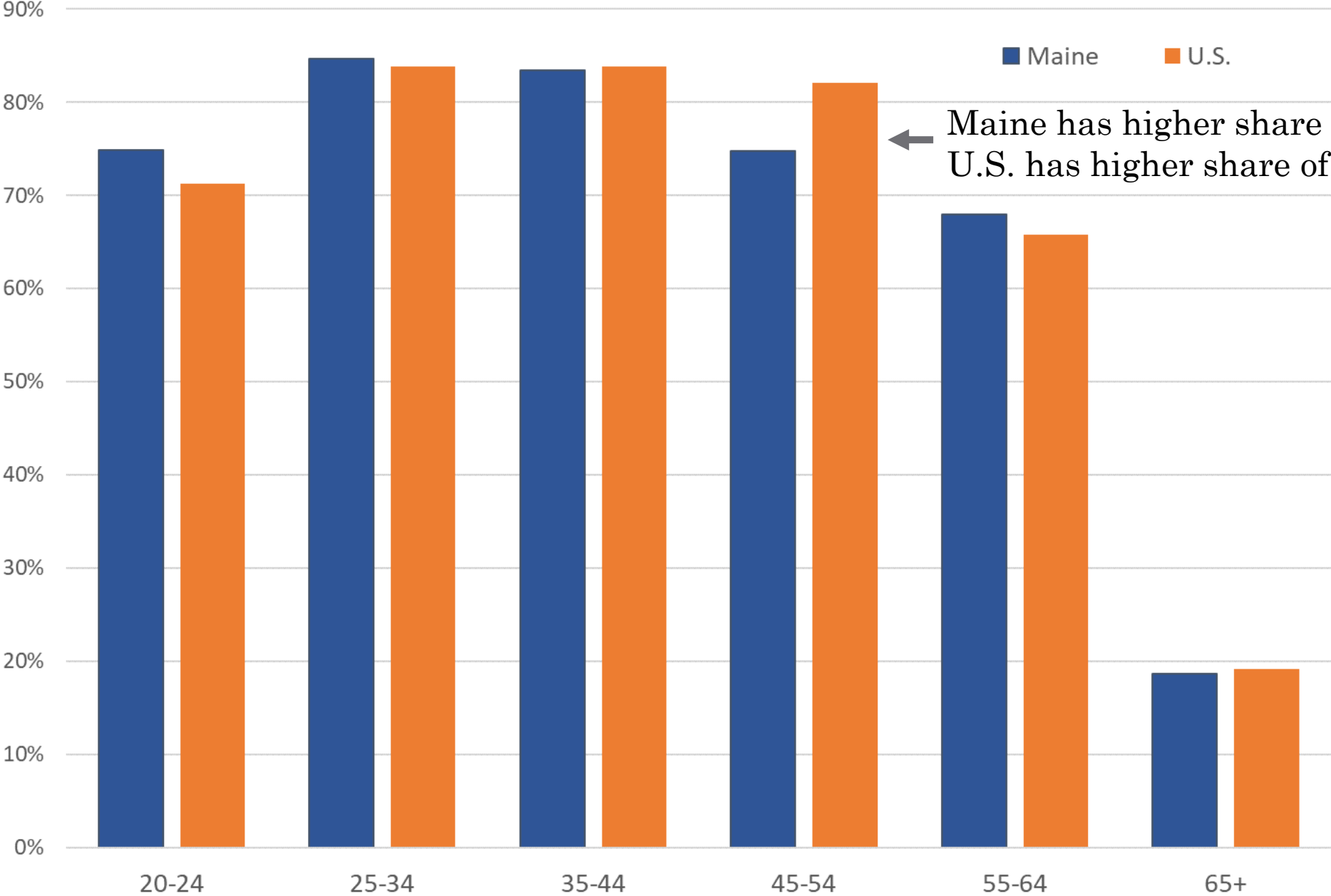
Workforce and Employment

Labor Force Participation Rate (seasonally adjusted)



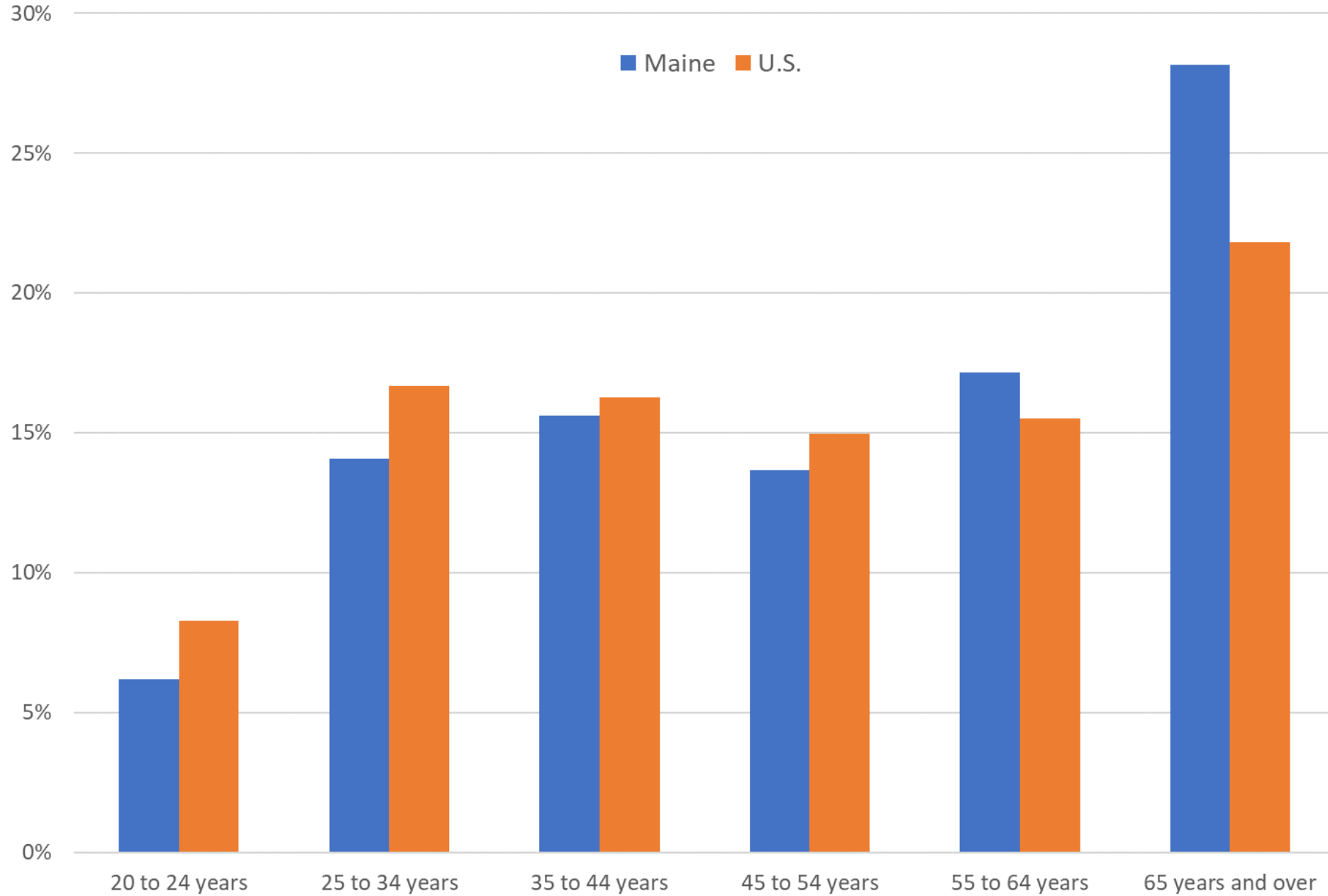
If the **age distribution** of Maine's population was the same as the U.S., our overall **labor force participation rate** would be about the same as the U.S.

2023 Labor Force Participation Rate



← Maine has higher share of 50-54, U.S. has higher share of 45-49

Civilian Noninstitutional Population by Age, 2023



Maine's 3.3% unemployment rate in March 2024 was close to recent record lows and little changed over the past six months

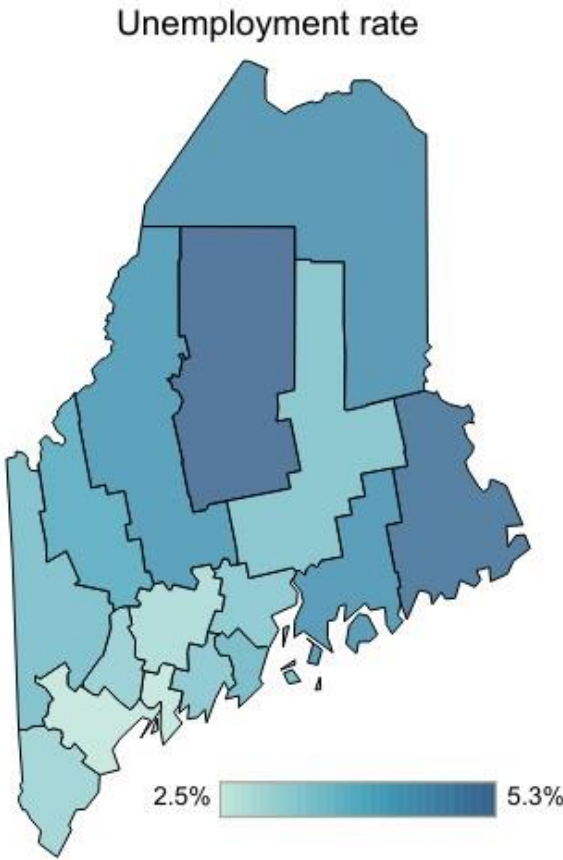
County Rates (not seasonally adjusted)

March, 2024

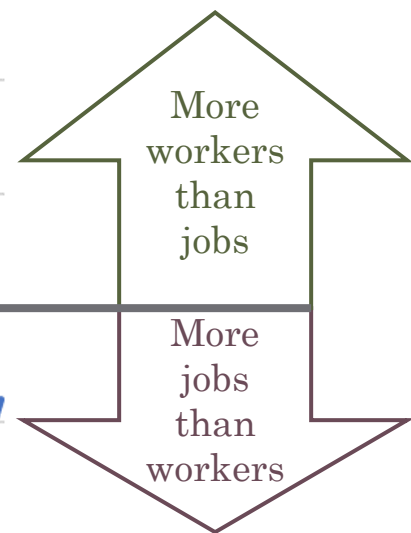
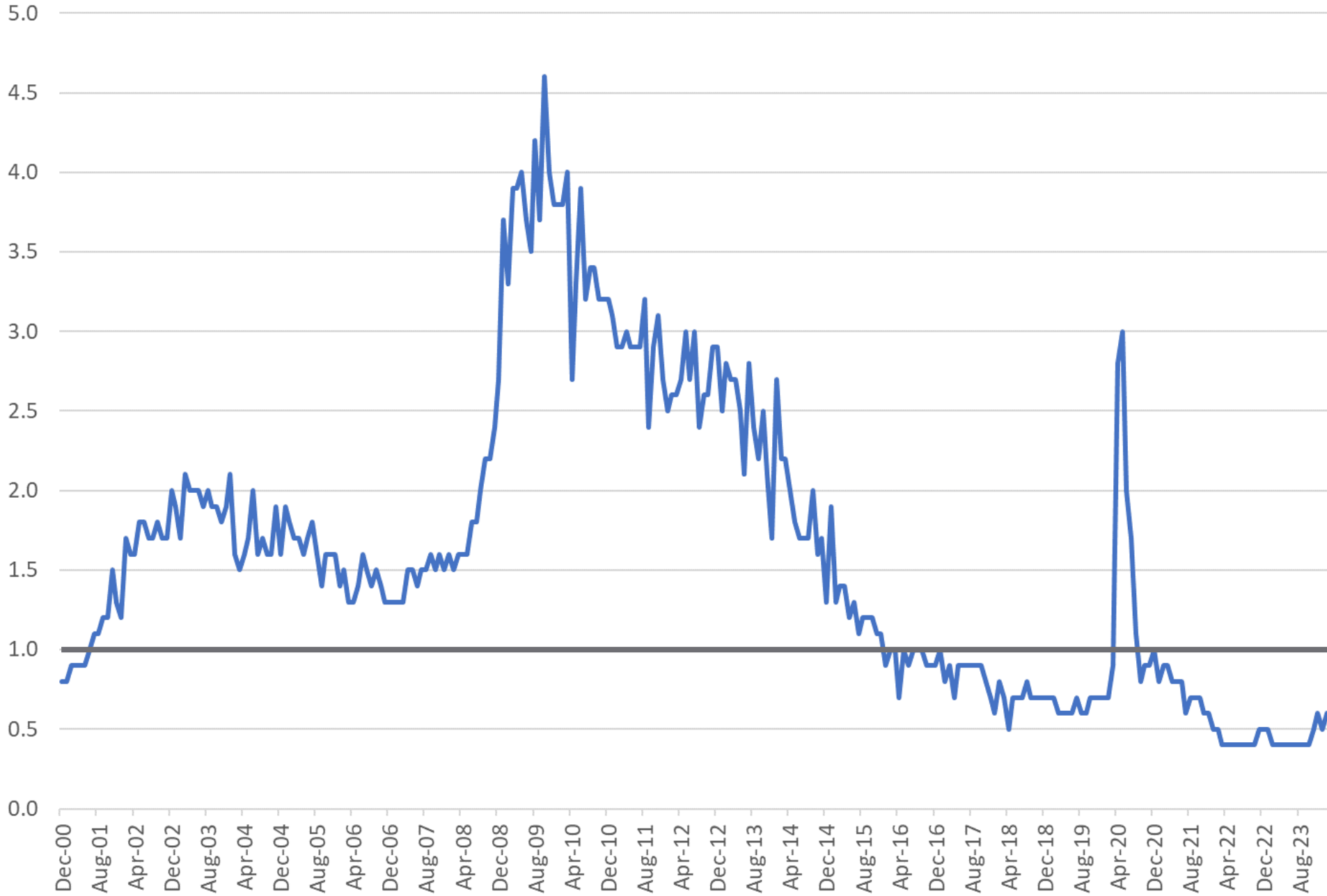
Table
 Graph

Map/Graph Display
 Unemployment rate
 One-year change

County	Rate	Year ago	One-yr change
Maine	3.2%	3.0%	0.2 ↑
Androscoggin	3.1%	3.1%	0.0 -
Aroostook	4.5%	4.1%	0.4 ↑
Cumberland	2.5%	2.4%	0.1 ↑
Franklin	3.9%	3.4%	0.5 ↑
Hancock	4.4%	4.5%	-0.1 ↓
Kennebec	2.8%	2.6%	0.2 ↑
Knox	3.6%	3.3%	0.3 ↑
Lincoln	3.3%	3.3%	0.0 -
Oxford	3.5%	3.3%	0.2 ↑
Penobscot	3.4%	3.1%	0.3 ↑
Piscataquis	5.3%	4.5%	0.8 ↑
Sagadahoc	2.5%	2.4%	0.1 ↑
Somerset	4.3%	4.9%	-0.6 ↓
Waldo	3.3%	3.4%	-0.1 ↓
Washington	5.1%	4.7%	0.4 ↑
York	3.0%	2.8%	0.2 ↑

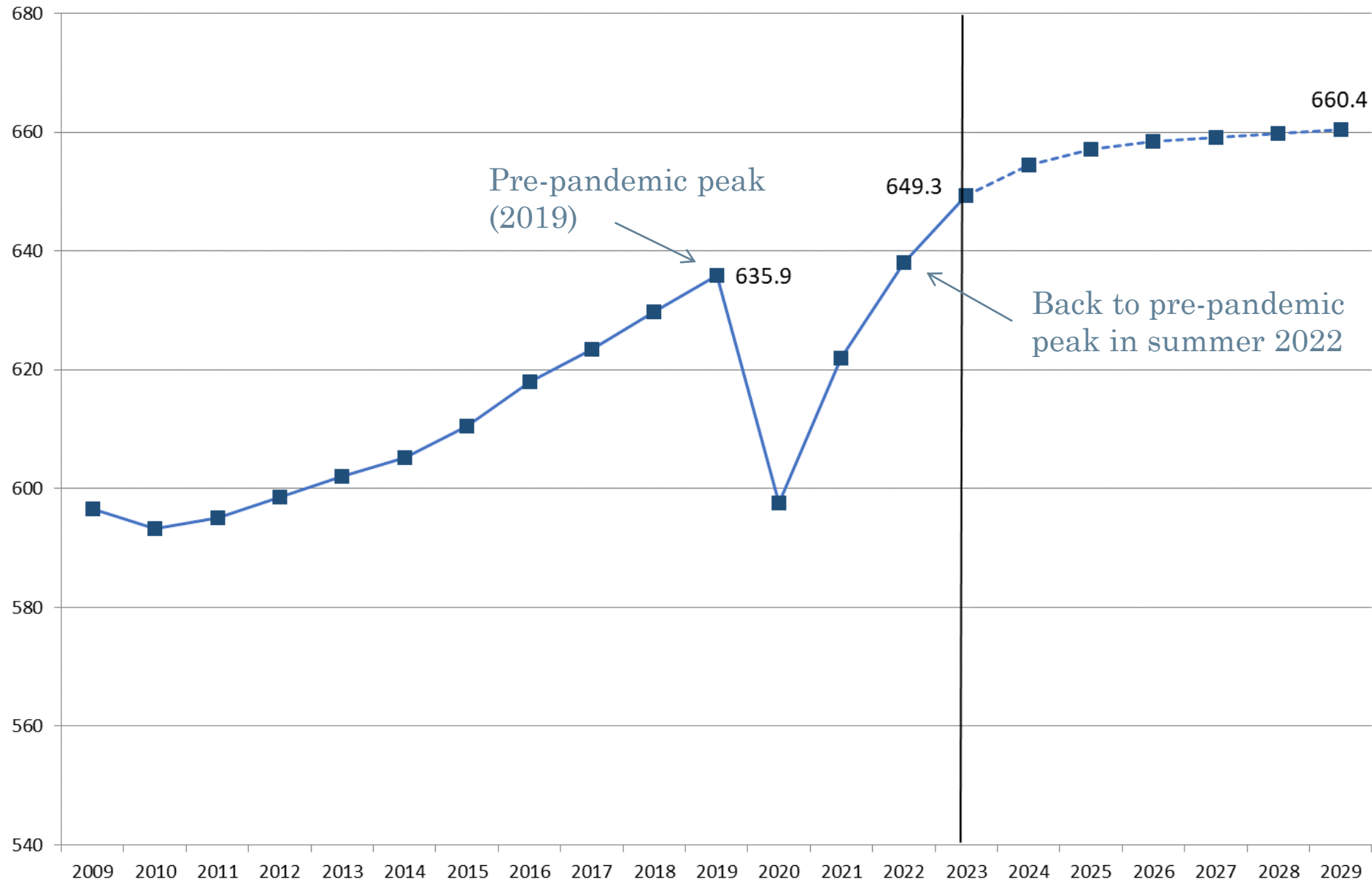


Unemployed Persons per Job Opening Ratio - Maine

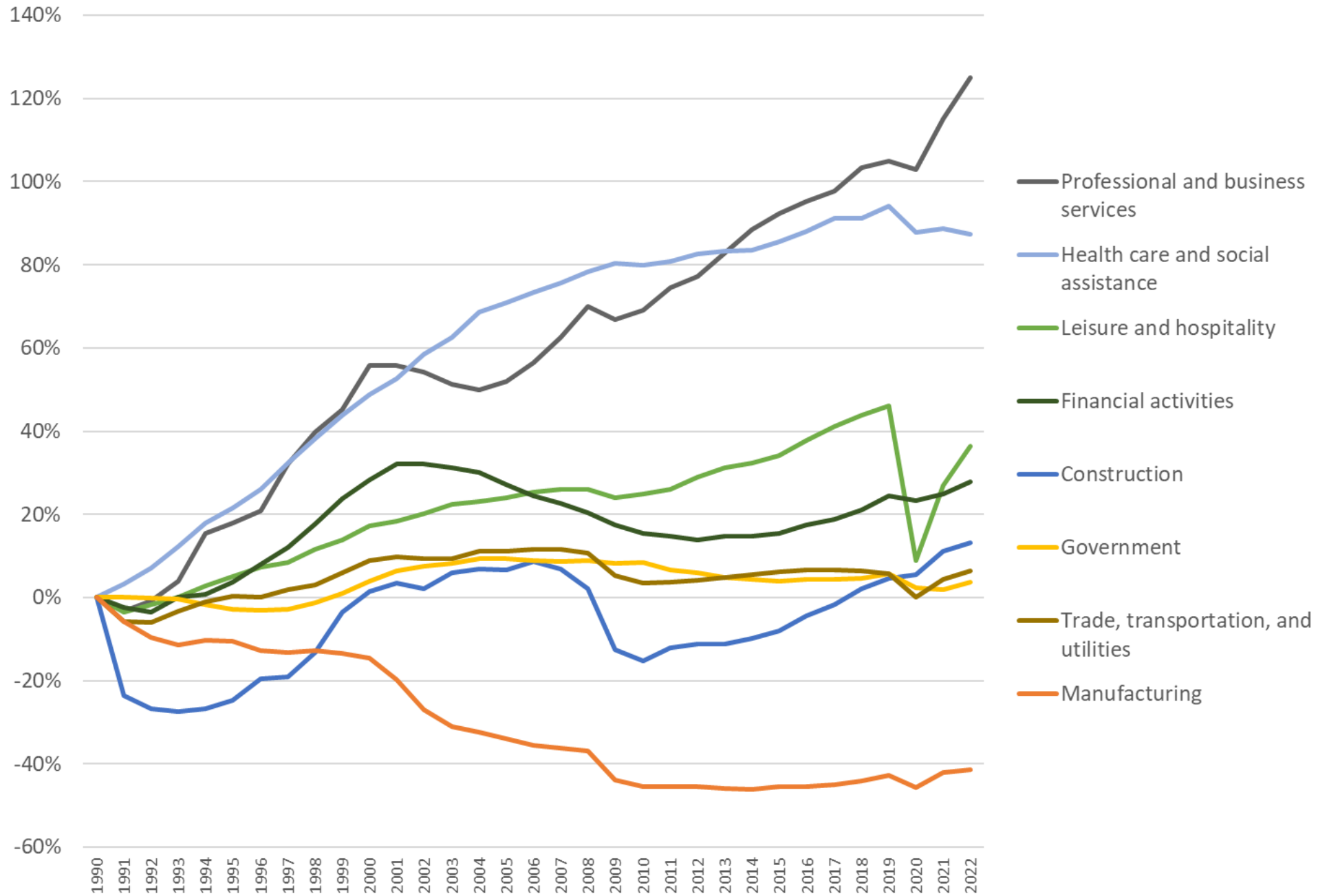


Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

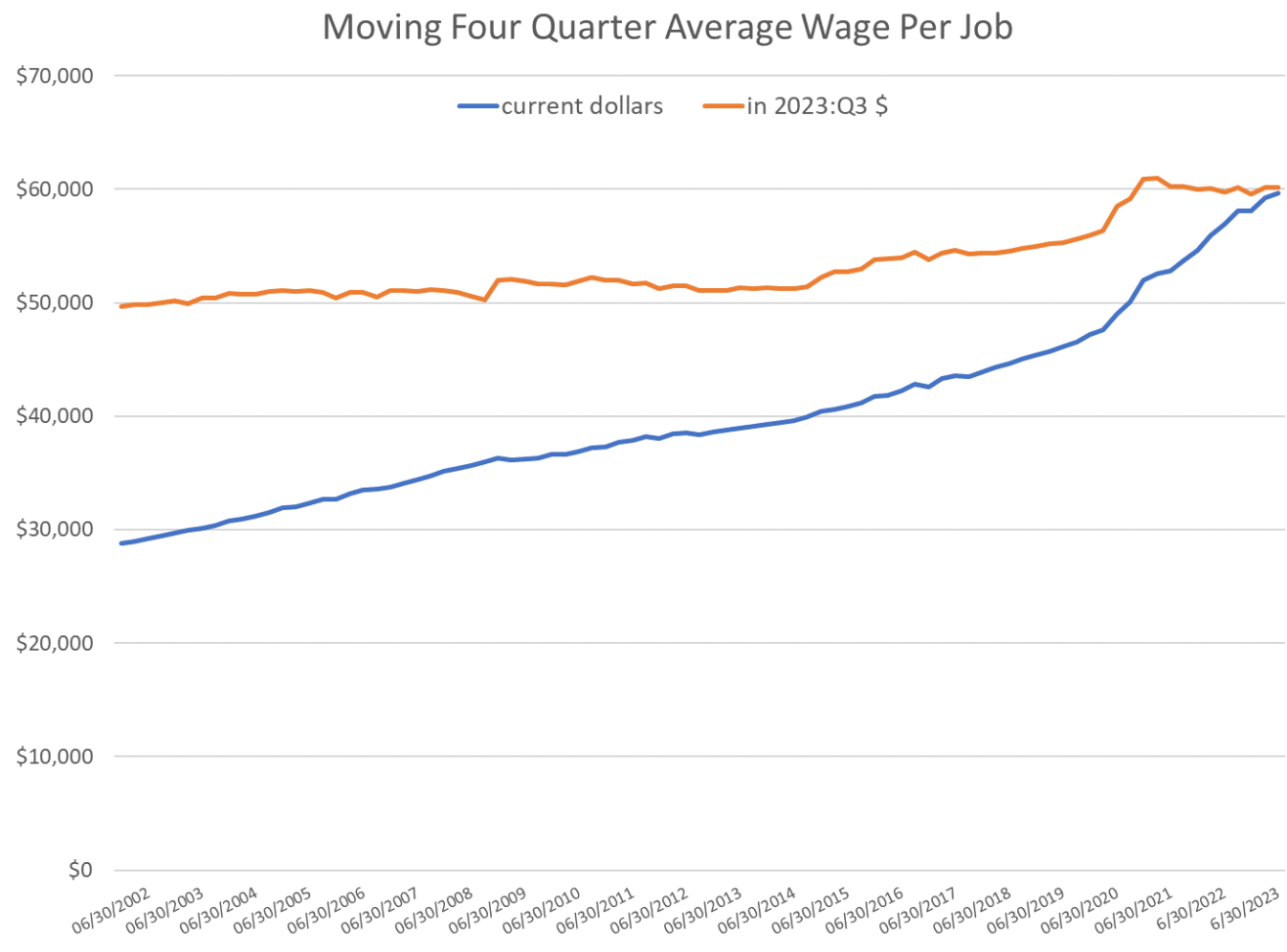
Total Nonfarm Employment (in thousands) History and Consensus Economic Forecasting Commission forecast



Percent change in select Maine employment sectors since 1990



Wages, Income, and Inflation



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

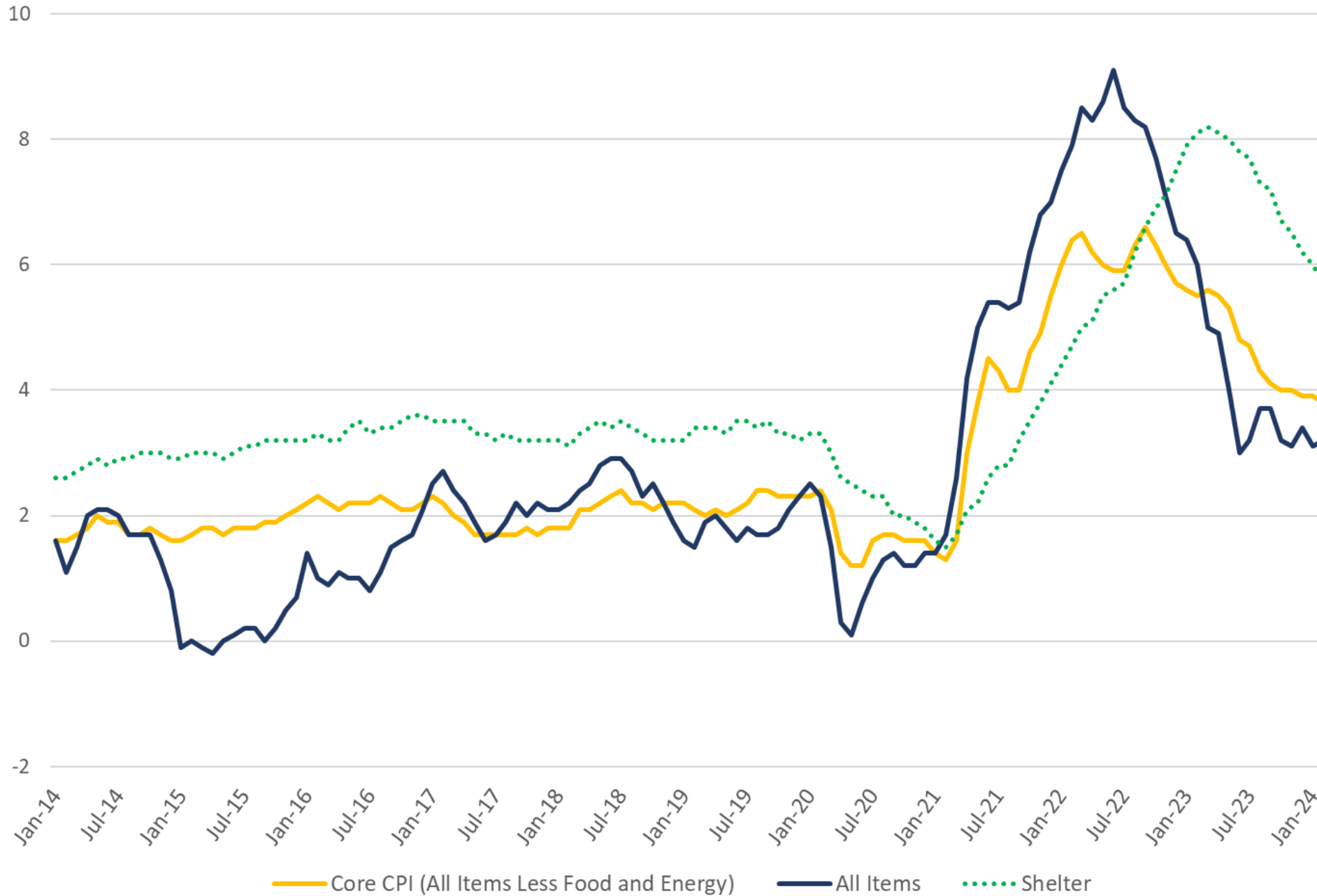
Sources: Maine Department of Labor, Center for Workforce Research and Information; U.S. Bureau of Labor Statistics

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;
CEFC report, February 1, 2024

Year-over-year percent change in Consumer Price Index



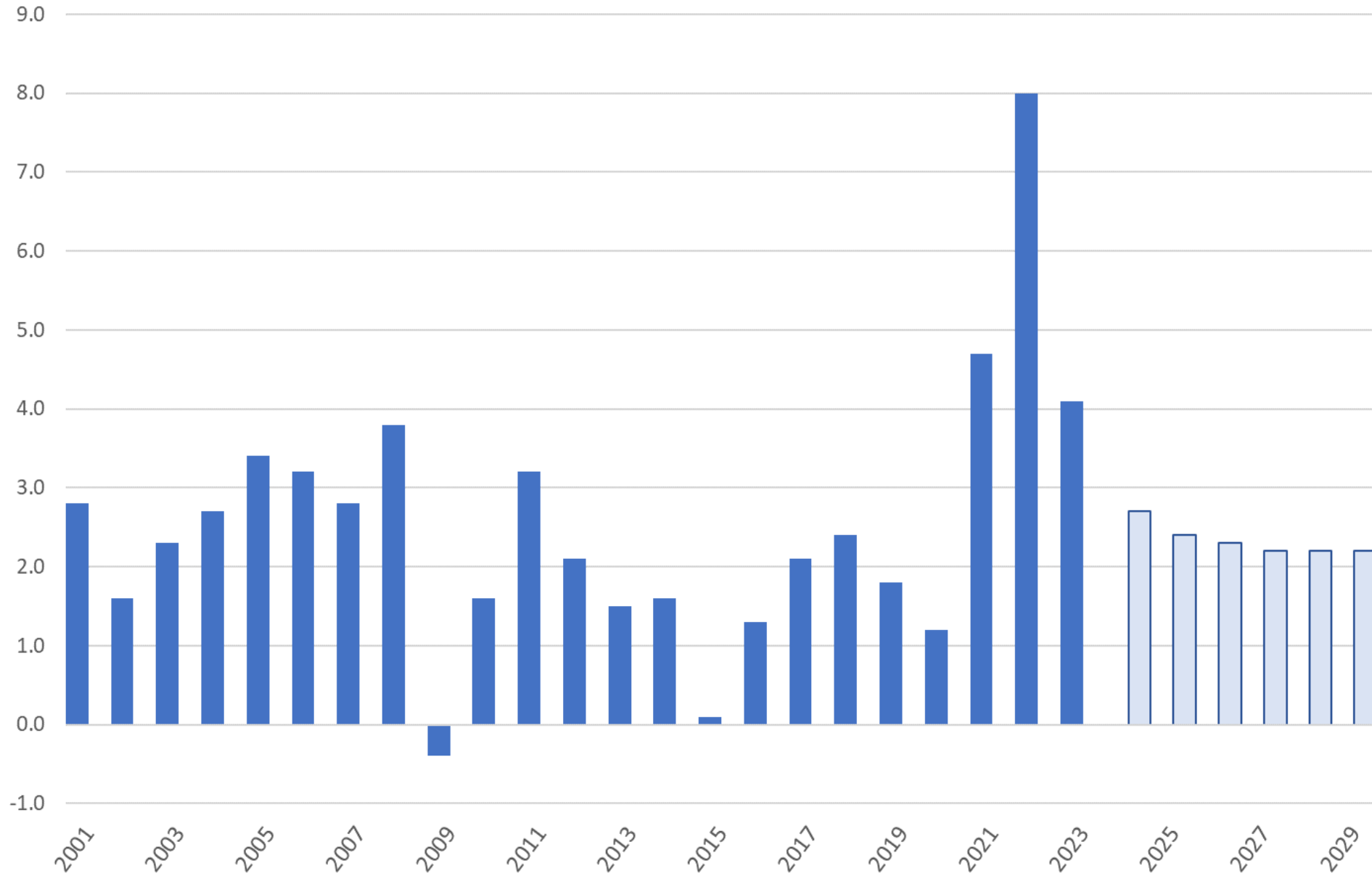
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

What does
this mean
for interest
rates?

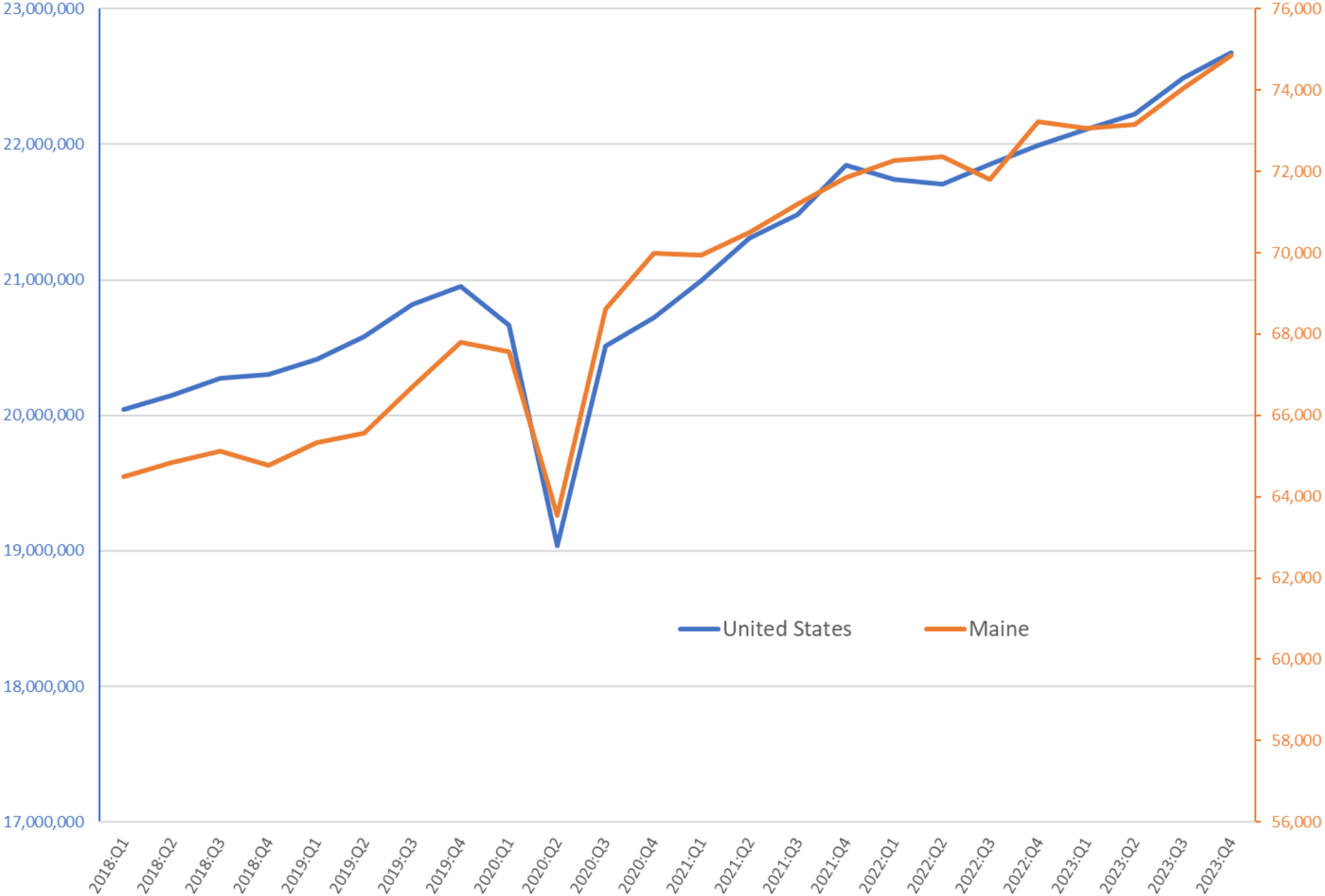
Current target range:
5.25% to 5.5%

Median projection for 2024 from March 2024 Federal Open Market Committee statement was 4.6%, implying three possible decreases of 25 basis points later this year, but inflation hasn't slowed as quickly as expected

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

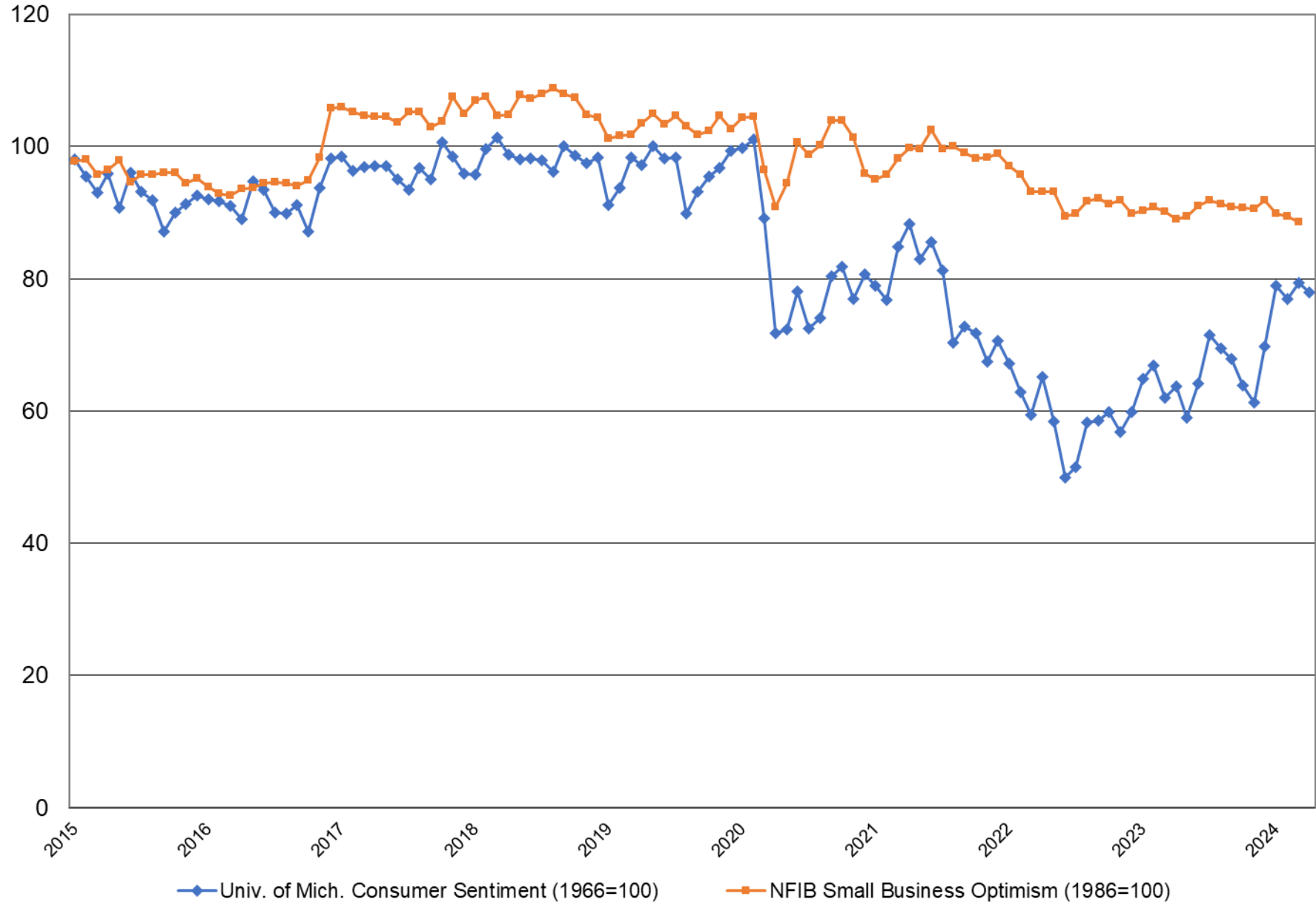


Quarterly Real GDP (in millions of chained 2017 dollars)



Outlook

Consumer Sentiment and Small Business Optimism Indexes



Consumer sentiment has held fairly stable since January 2024, with consumers seeing few indications of changing conditions (for better or worse).

Small business optimism has been on a slow but steady downward trend, with ongoing concerns about workforce and inflation.

Key assumptions from February 2024 CEFC report (emphasis added)

- There is an unequal distribution of supply and demand in the labor market. Demand for labor is high, supply is low, and unemployment rates are near historic lows in Maine and nationwide. Workers are experiencing higher wage growth, particularly for lower wage jobs. Some demographic trends, including a growing share of the population reaching retirement age, will continue to constrain labor supply. While Maine will continue to see higher in-migration of working-age people in the coming years, this may not be sufficient to fully offset retirements in the future.
- Rising interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market. Home sales are down, while sale prices have continued to increase. Affordability is of particular concern as higher interest rates caused more potential buyers to be priced out of the market. Higher home prices have contributed to higher rental prices.

Key assumptions from February 2024 CEFC report (emphasis added) cont'd

- Large, federally funded infrastructure programs, including the Bipartisan Infrastructure Law (BIL) and Maine Jobs and Recovery Plan (MJRP), will lead to significant investments in Maine, with potential impacts on local job markets. In addition to funds from the MJRP, it is estimated that there will be at least \$2.5 billion from the BIL invested in Maine's infrastructure over the next few years, with much of the implementation beginning in 2024.
- 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; while future impacts are unknown, the Commission recognizes the potential for resulting economic changes and intends to track and consider possible implications in future forecasts.

Things to keep in mind:

- Migration into Maine continued in 2023 as population patterns nationally returned to normal
- Housing costs increased sharply as demand outstripped supply and then interest rate hikes made mortgages more expensive, locking people into existing lower-rate mortgages, but there may be some improvement in the future as interest rates come down and more housing is built
- Inflation has eased, although not as quickly as hoped - the question now is when will the Fed start lowering its target rate and how low will we get this year?
- Economic uncertainty remains elevated, especially with geopolitical upheaval and a presidential election year
- Maine has a robust Budget Stabilization Fund (nearly \$970 million as of March 2024 – the current statutory maximum) and spending from pandemic-era infusion of federal funds is ongoing, with much of the infrastructure spending starting this year, which will help Maine weather a potential slowdown

Contact Information

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