

# Demographic and Economic Conditions in Maine

SBA Lender Awards

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Population and migration

Housing

Demographics

Labor force and employment

Wages, inflation, and interest rates

Macroeconomic conditions

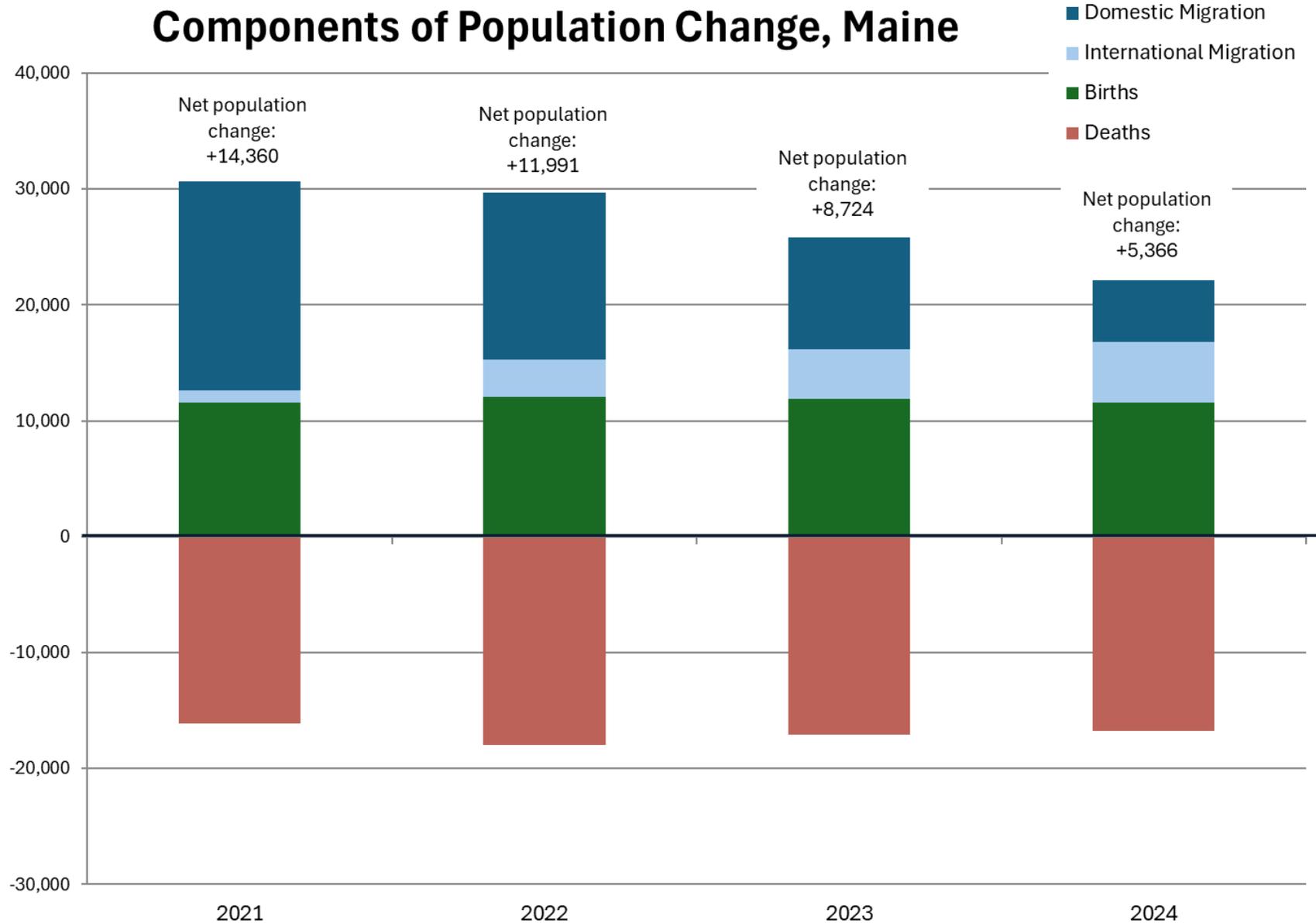
# Population and migration

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

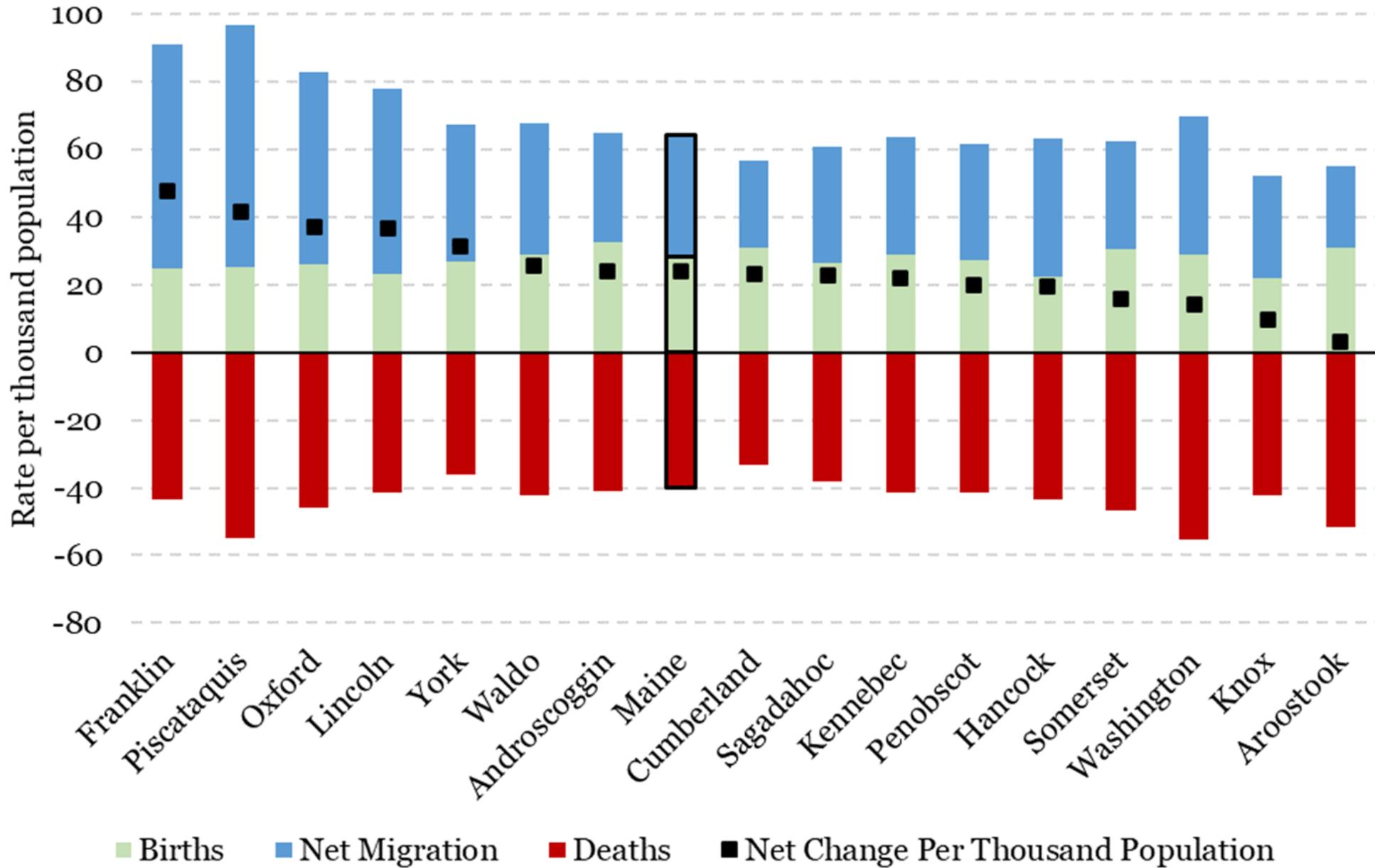
Population increase of 3.1% from 2020-2024 (17<sup>th</sup> in U.S.)

2024 Total Population: 1,405,012

## Components of Population Change, Maine



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



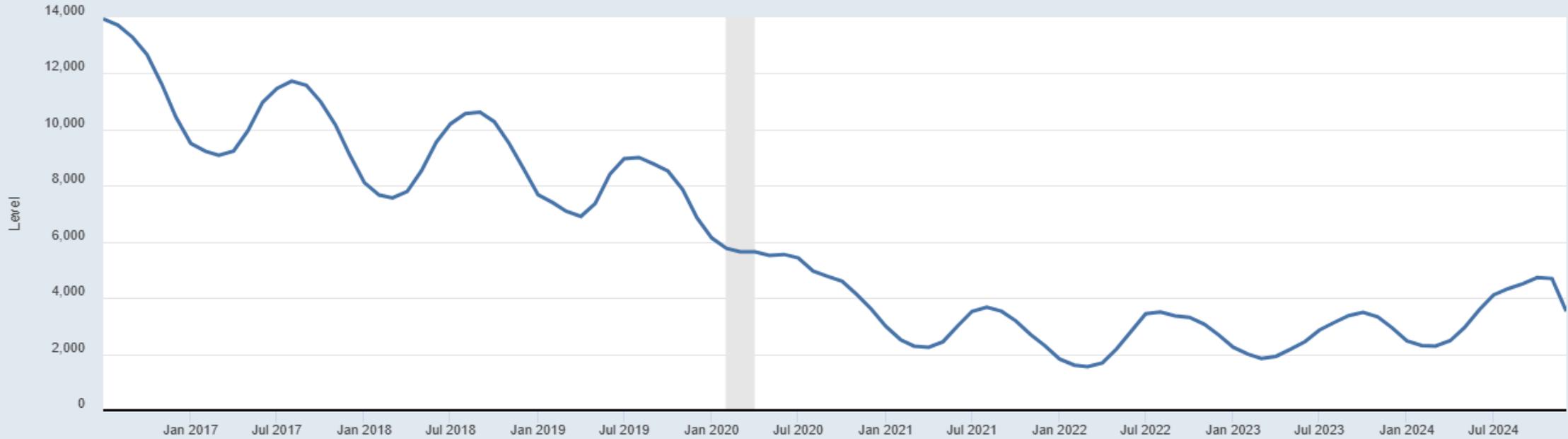
Net international migration accounted for 84% of U.S. population growth from 2023-2024

U.S. Census Bureau made significant methodological changes in 2024 to better account for humanitarian migrants, resulting in large upward revisions

# Housing



Housing Inventory: Active Listing Count in Maine



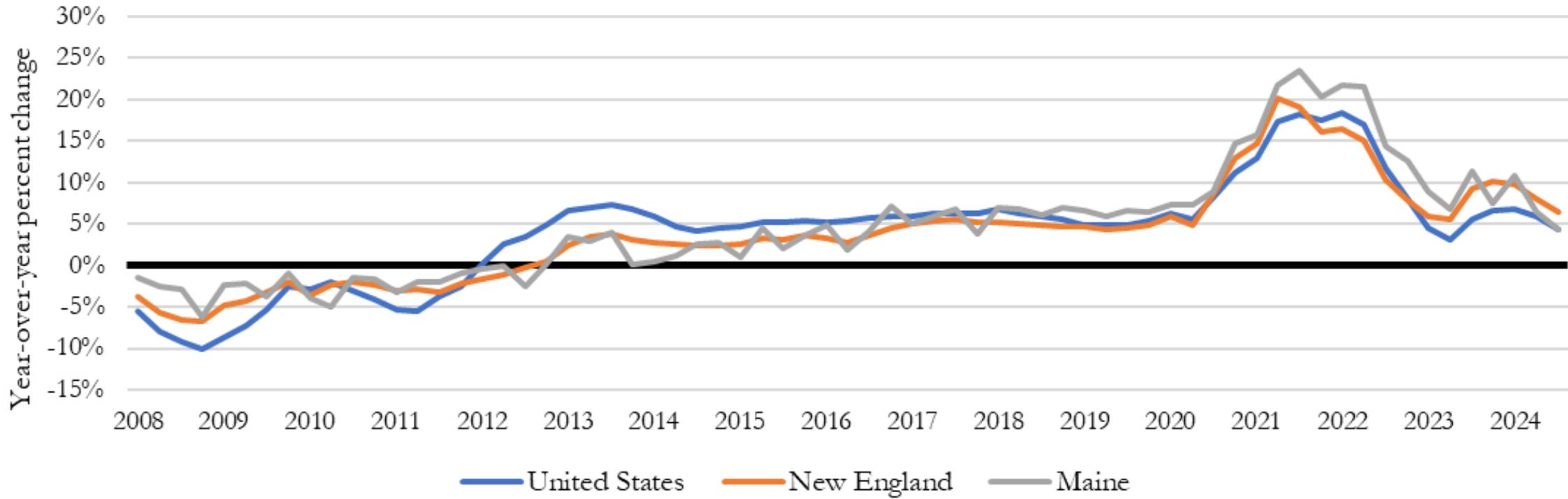
Shaded areas indicate U.S. recessions.

Source: Realtor.com

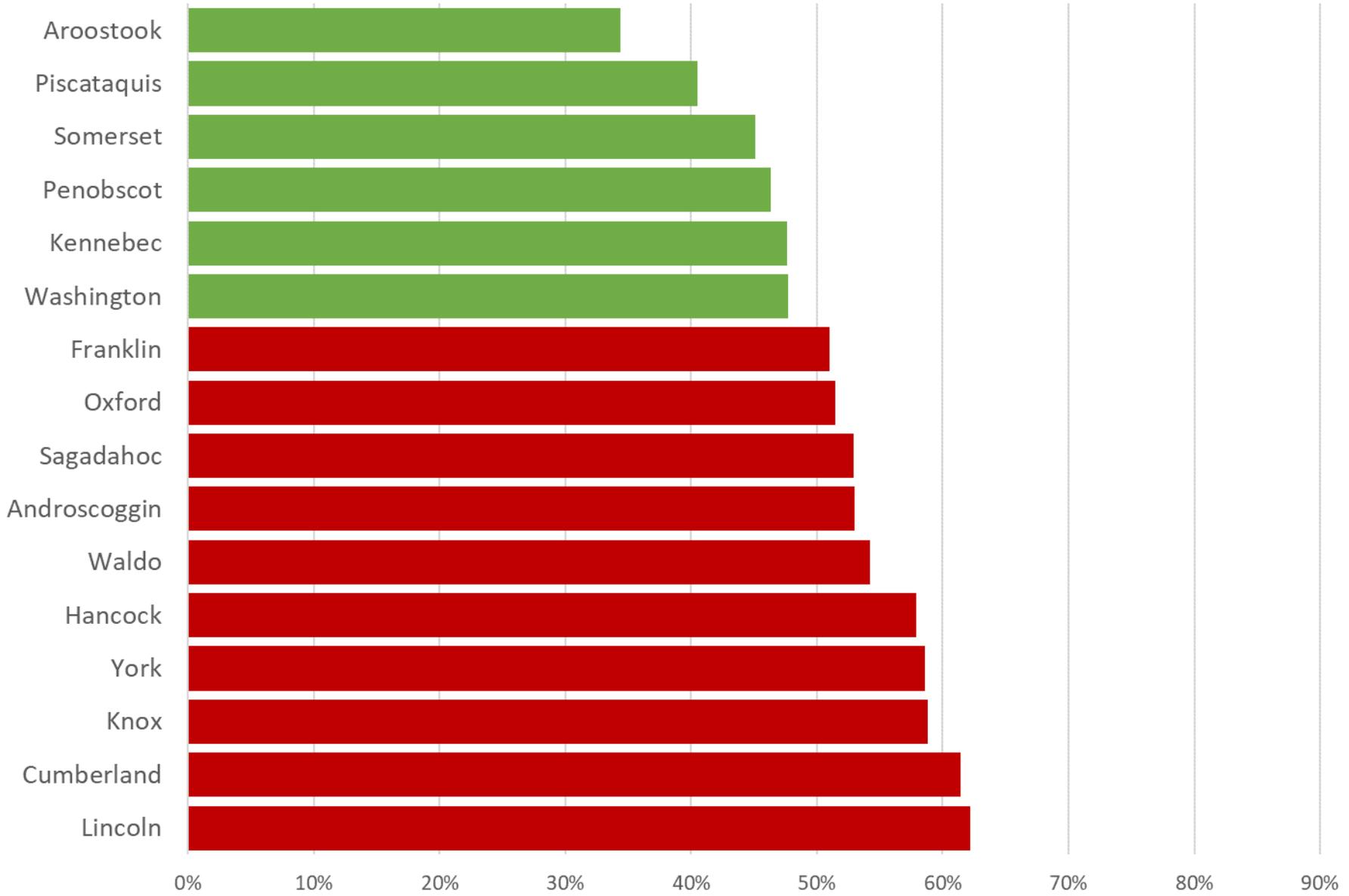
fred.stlouisfed.org

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

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

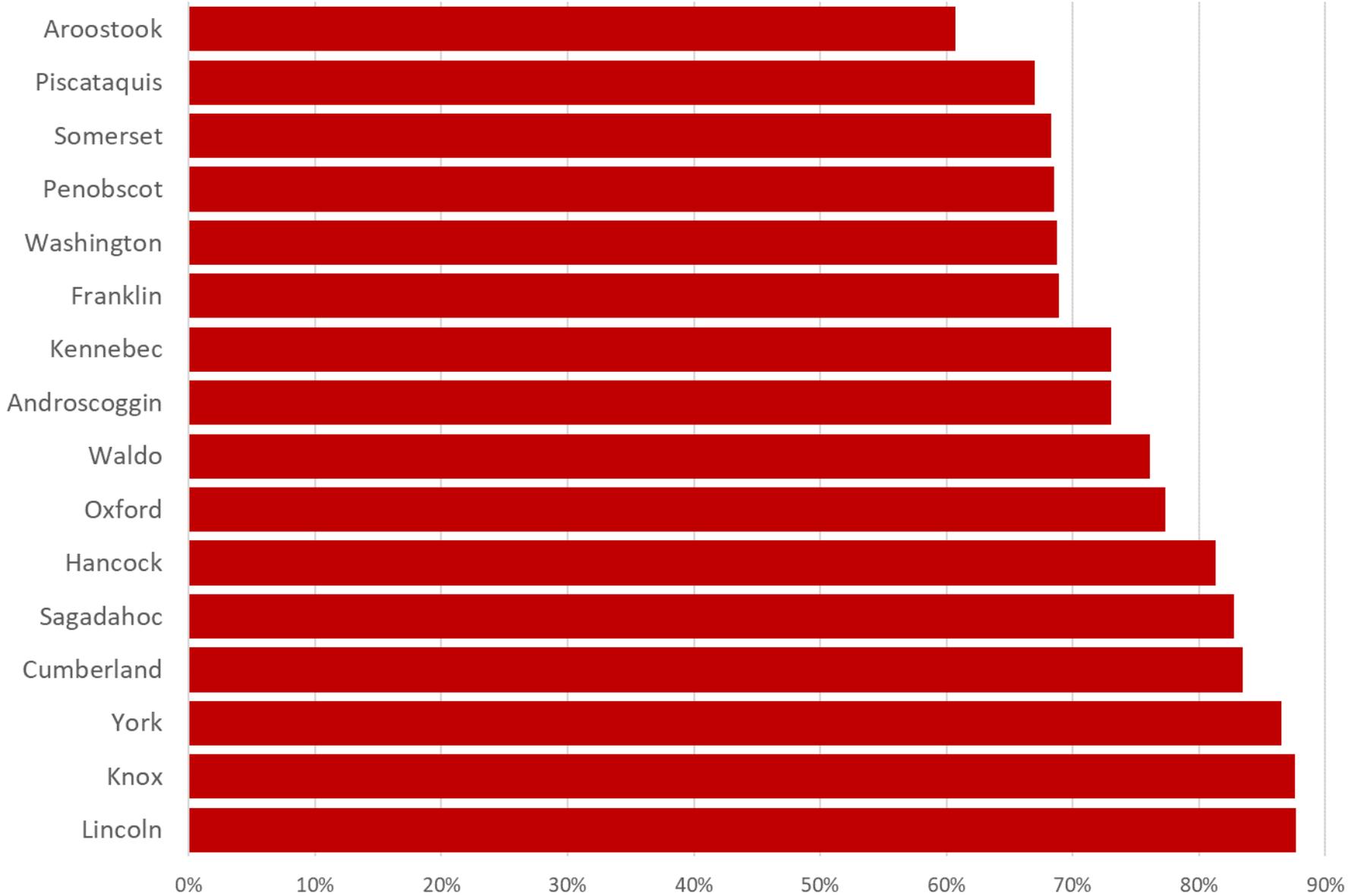


# Percent of Households Unable to Afford Median Home, 2020



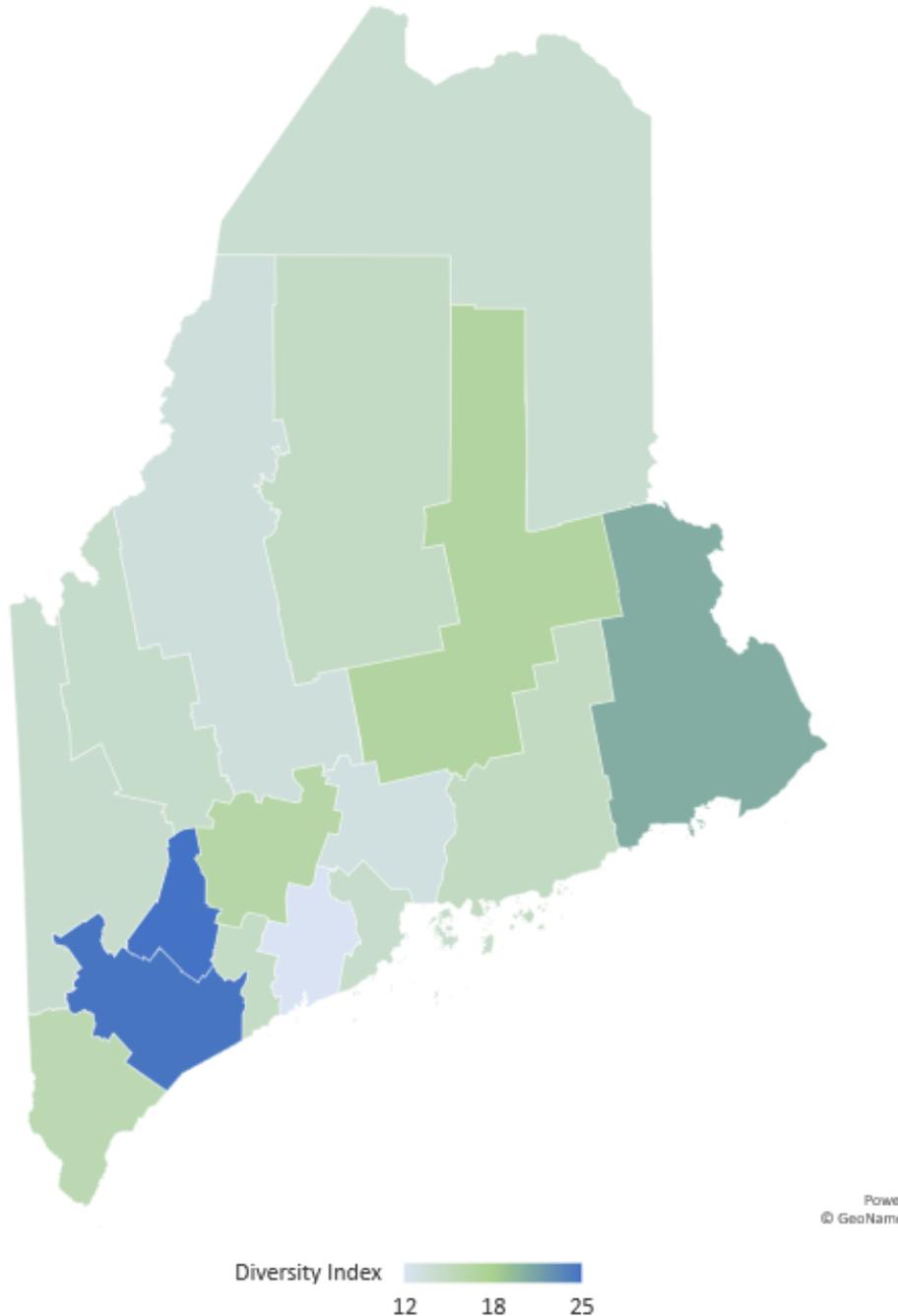
Source: MaineHousing homeownership facts and affordability index

# Percent of Households Unable to Afford Median Home, 2023



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

# Demographics



The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

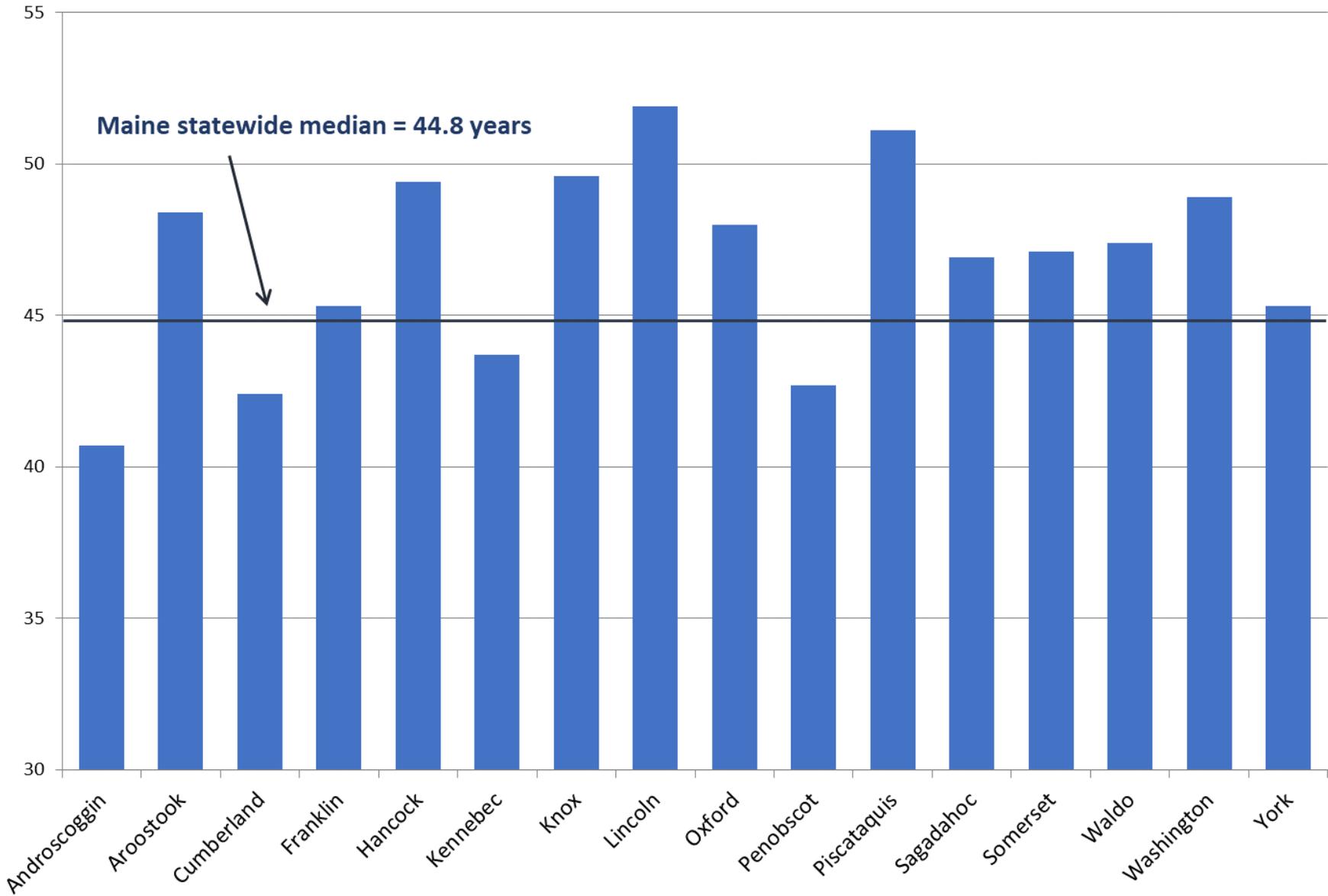
- In 2020, Maine ranked as the least diverse state in the U.S.
  - ME index = 18.5
  - U.S. index = 61.1
- But there is regional variation: Cumberland, Androscoggin, and Washington counties are more diverse

# Median Age

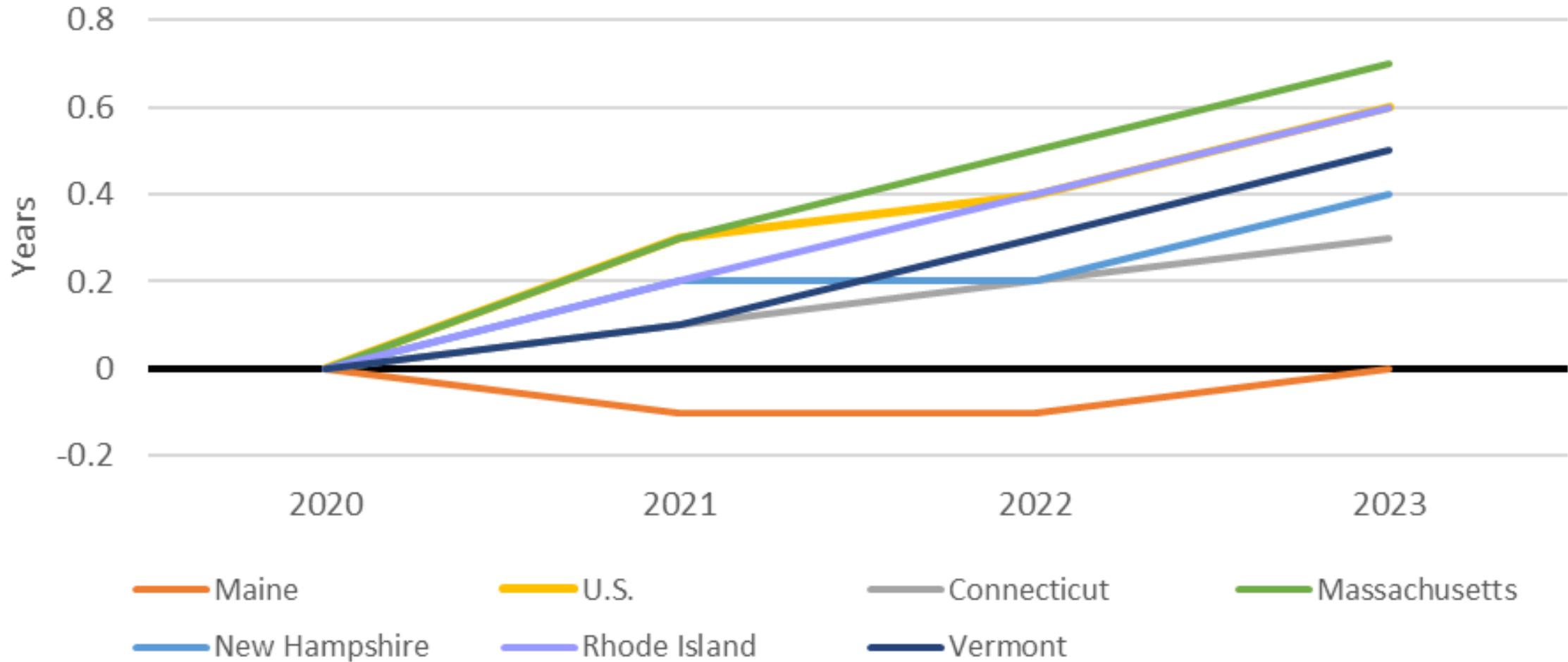
Maine has the oldest population...  
...by median age (44.8 years)  
...and by % of population age 65+ (23.0%)

But migration has made a difference:

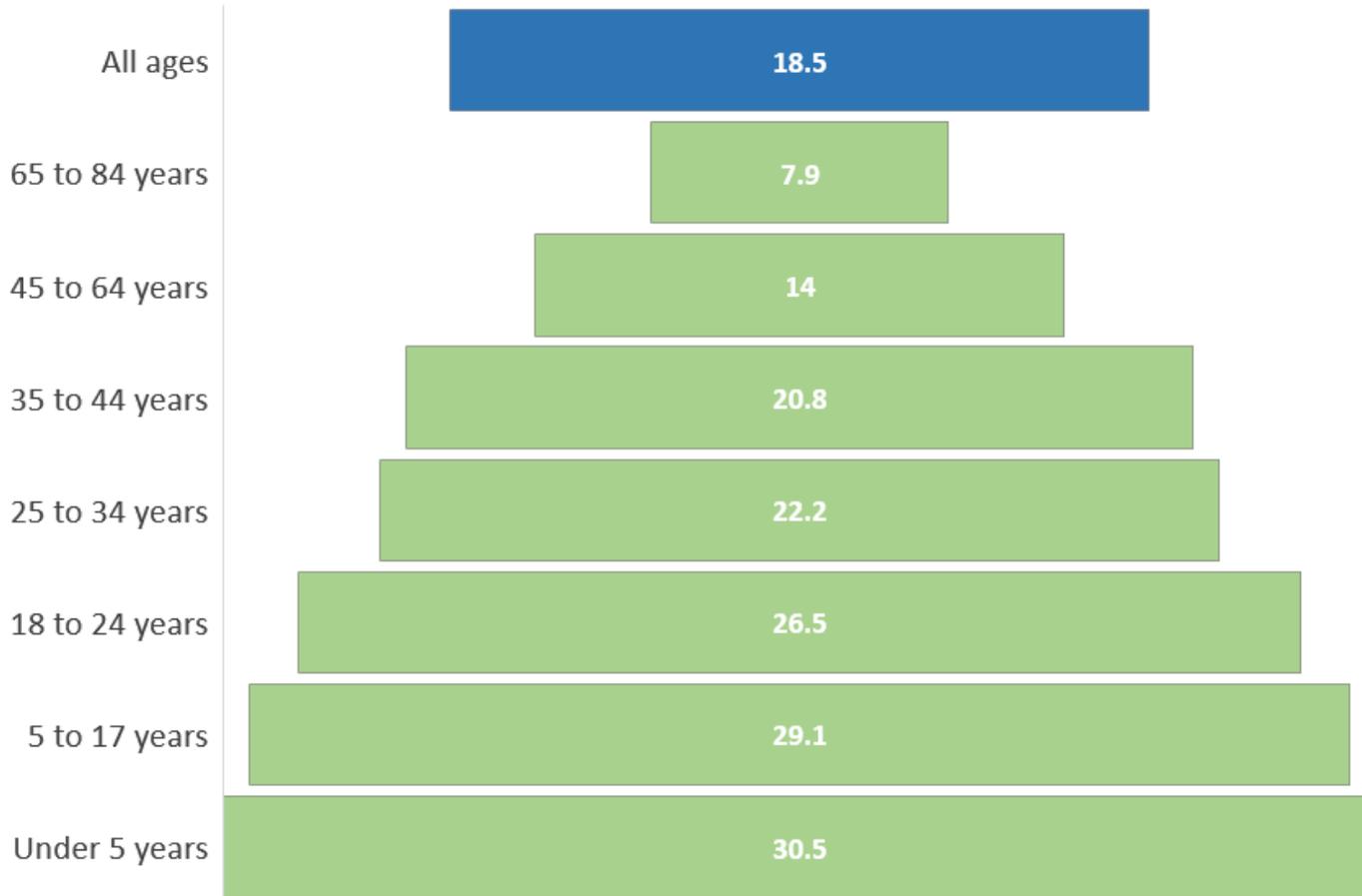
Maine's median age in 2023 is unchanged from 2020, while the U.S. median age has increased 0.6 years



## Change in median age since April 2020



Diversity Index in Maine, 2020: Selected Age Groups

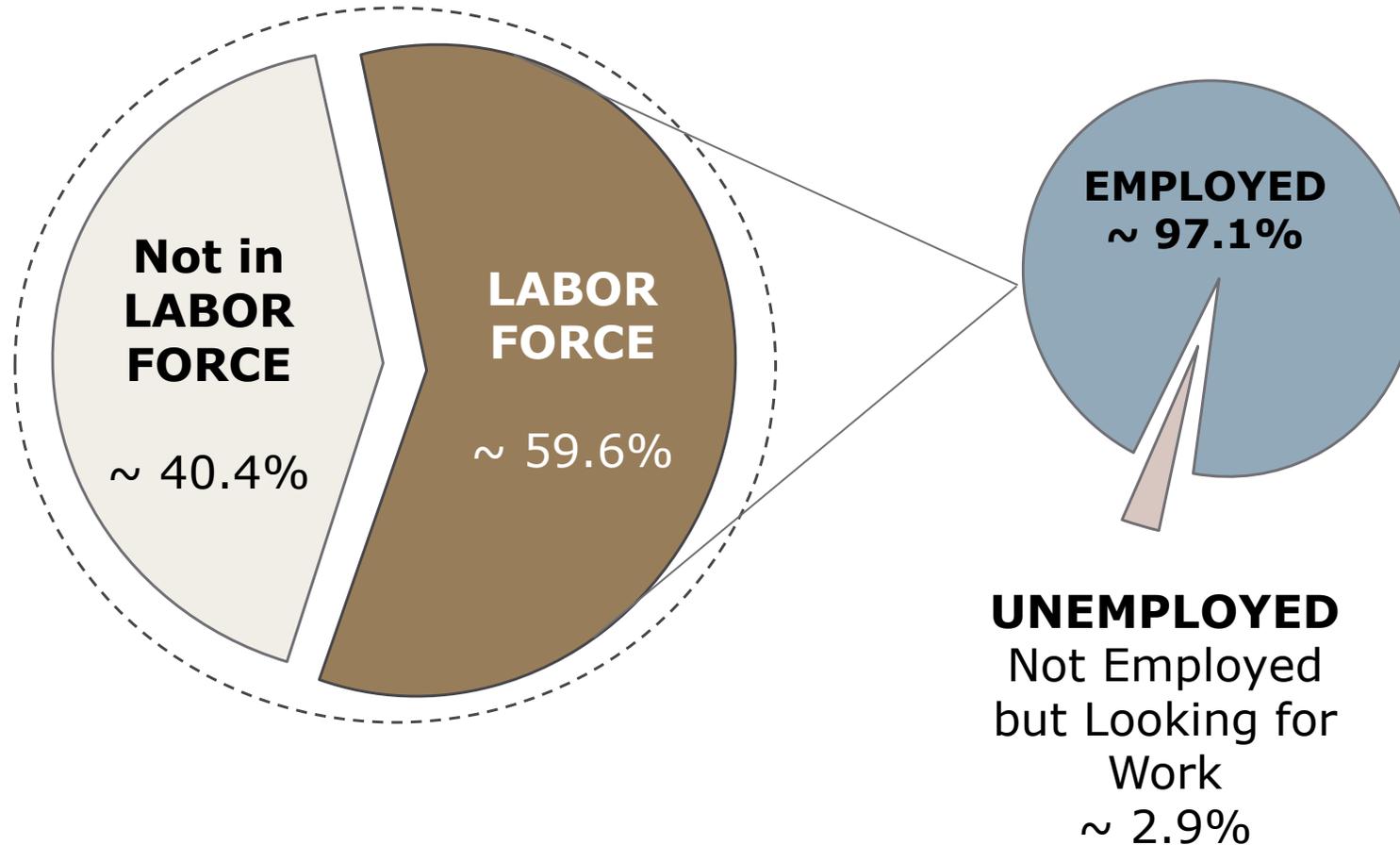


Younger generations in Maine are more diverse than older generations

# Labor force 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.

# What are the reasons people nationally are not in the labor force?

## Retirement (primarily age 55+)

$\frac{3}{4}$  of difference in nonparticipation from 1999-2022 due to retirements

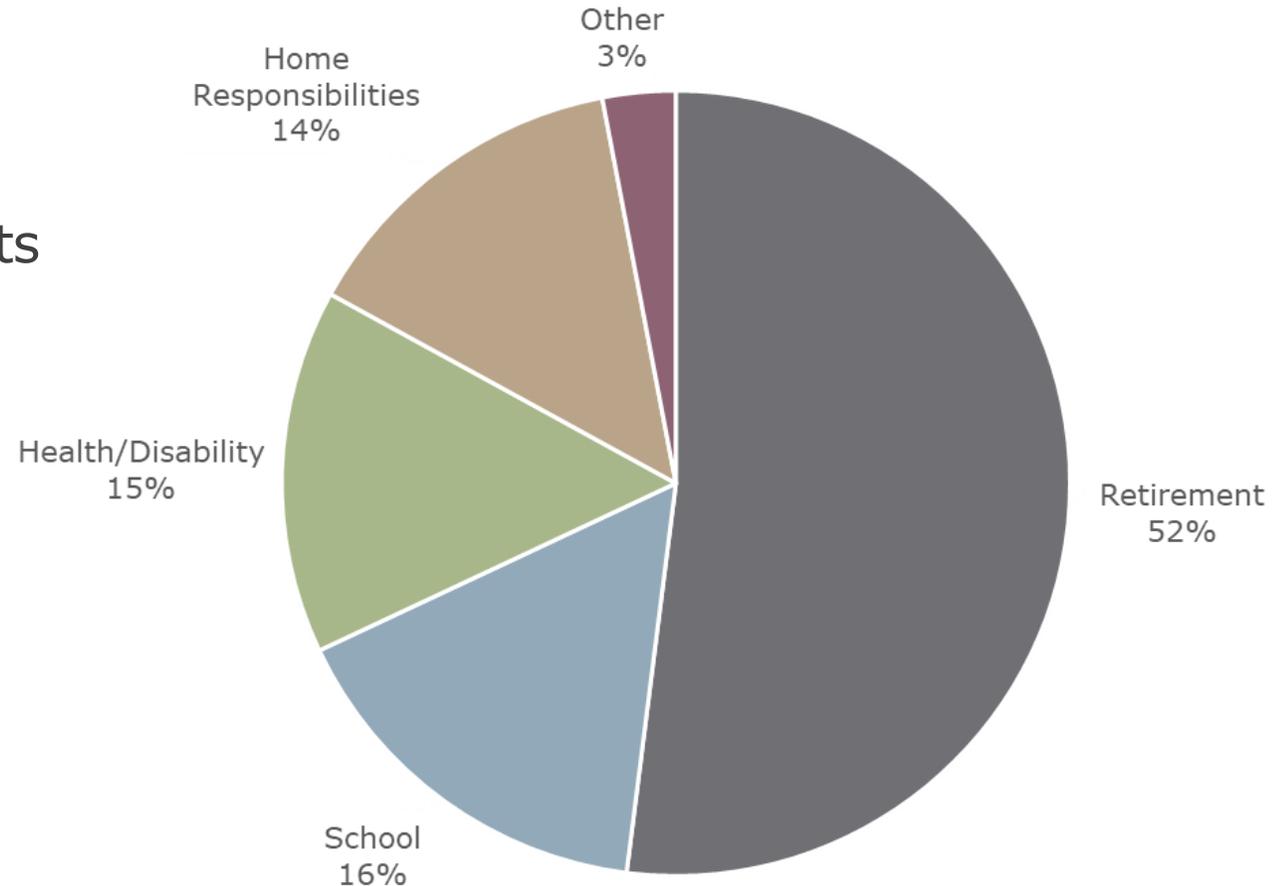
School attendance

Health/disability

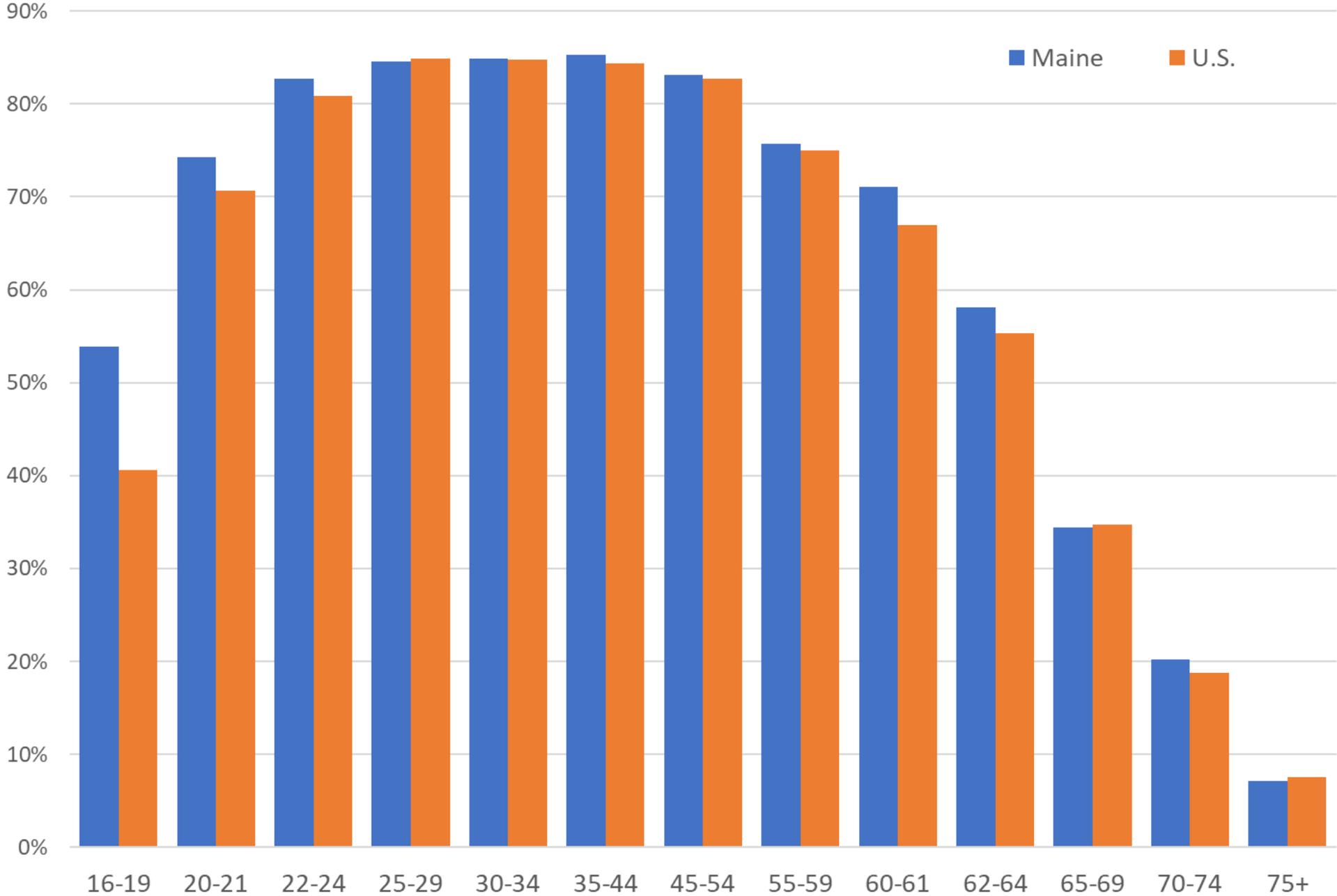
Home responsibilities

Other reasons

Share of Nonparticipants by Reason, 2022

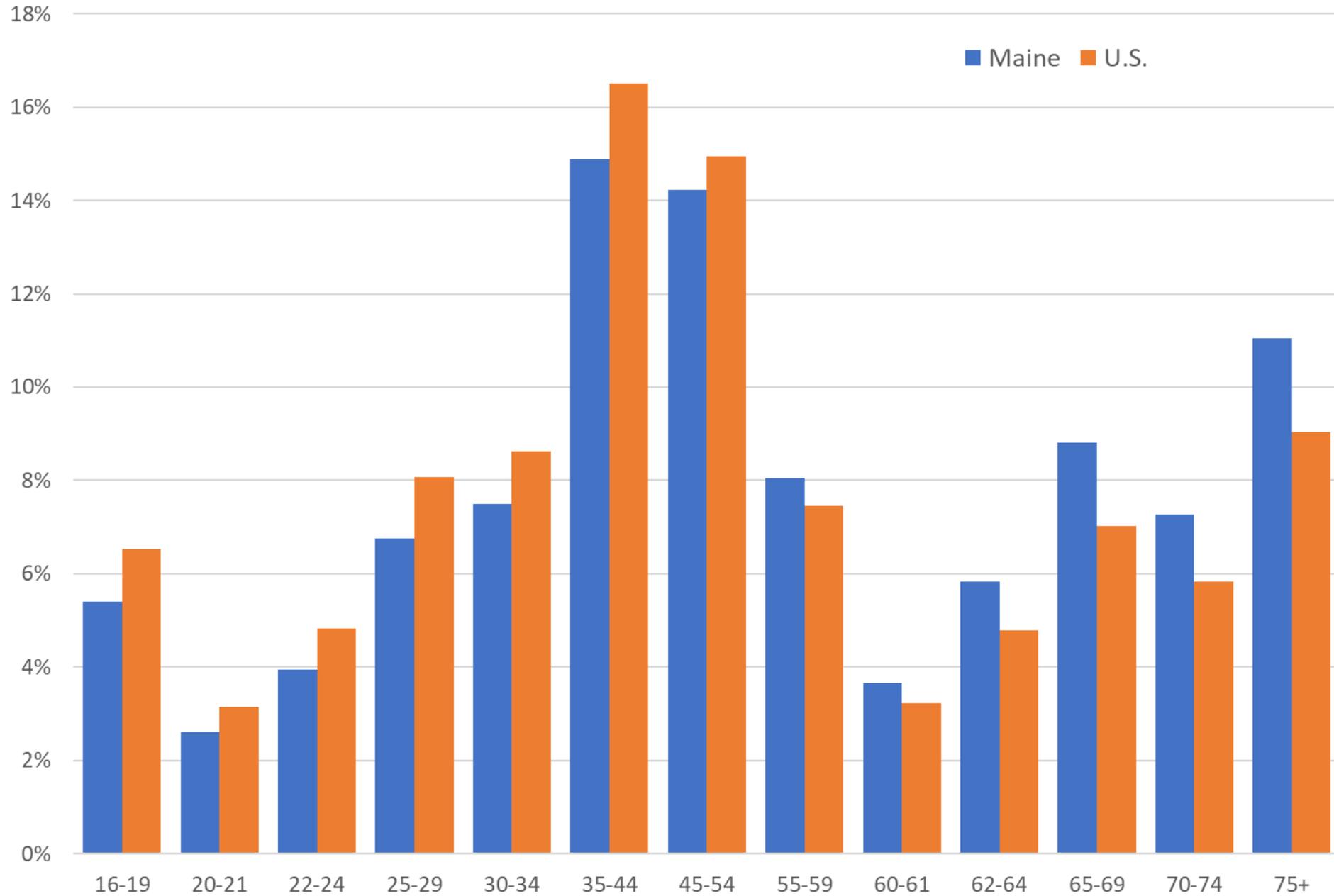


# 2023 Labor Force Participation Rate



Source: U.S. Census Bureau 2023 American Community Survey 1-year estimates

# Share of 16+ Population by Age, 2023



## County Rates (not seasonally adjusted)

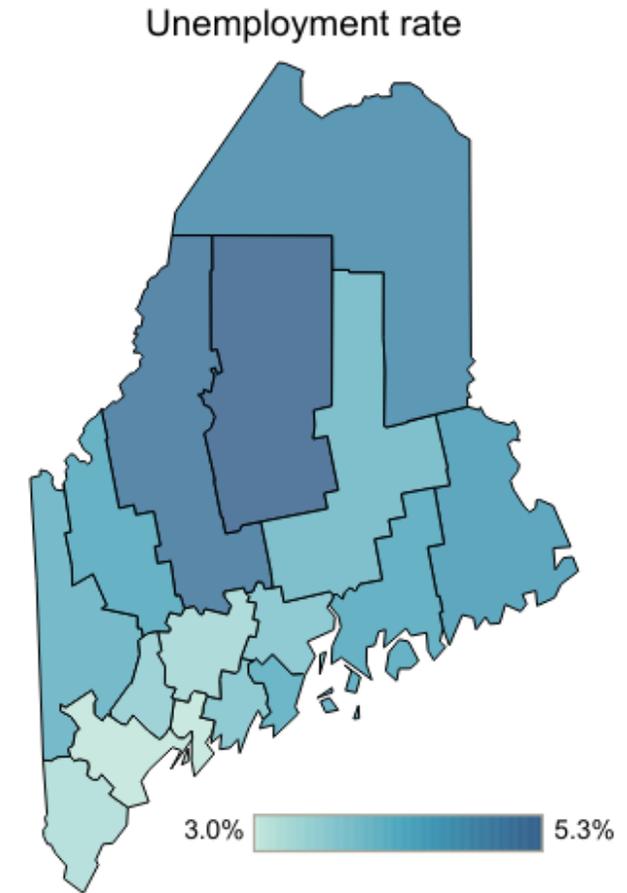
December, 2024

- Table
- Graph

### Map/Graph Display

- Unemployment rate
- One-year change

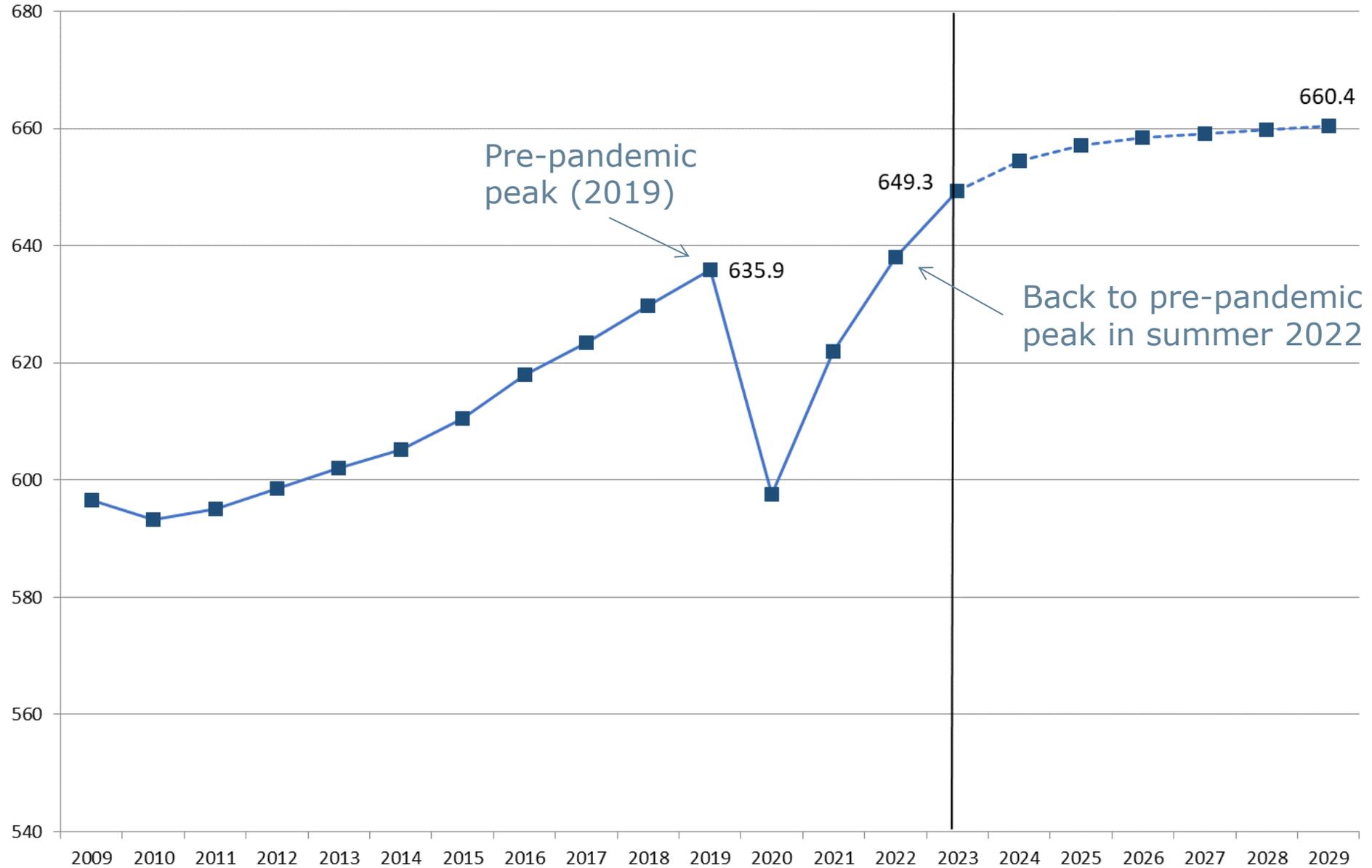
County	Rate	Year ago	One-yr change	
Maine	3.6%	3.5%	0.1	↑
Androscoggin	3.5%	3.5%	0.0	—
Aroostook	4.7%	4.9%	-0.2	↓
Cumberland	3.0%	2.9%	0.1	↑
Franklin	4.2%	4.3%	-0.1	↓
Hancock	4.2%	4.6%	-0.4	↓
Kennebec	3.3%	3.2%	0.1	↑
Knox	4.1%	3.8%	0.3	↑
Lincoln	3.7%	3.7%	0.0	—
Oxford	4.0%	3.8%	0.2	↑
Penobscot	3.9%	3.8%	0.1	↑
Piscataquis	5.3%	5.1%	0.2	↑
Sagadahoc	3.0%	2.8%	0.2	↑
Somerset	5.0%	5.0%	0.0	—
Waldo	3.7%	3.8%	-0.1	↓
Washington	4.4%	4.8%	-0.4	↓
York	3.2%	3.2%	0.0	—



Maine Department of Labor, Center for Workforce Research and Information

Maine's seasonally-adjusted 3.2% unemployment rate in December 2024 is below both the U.S. and New England rates

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



# How do we find enough workforce in the future?

Migration: continue to attract workers to Maine; housing is currently a constraint

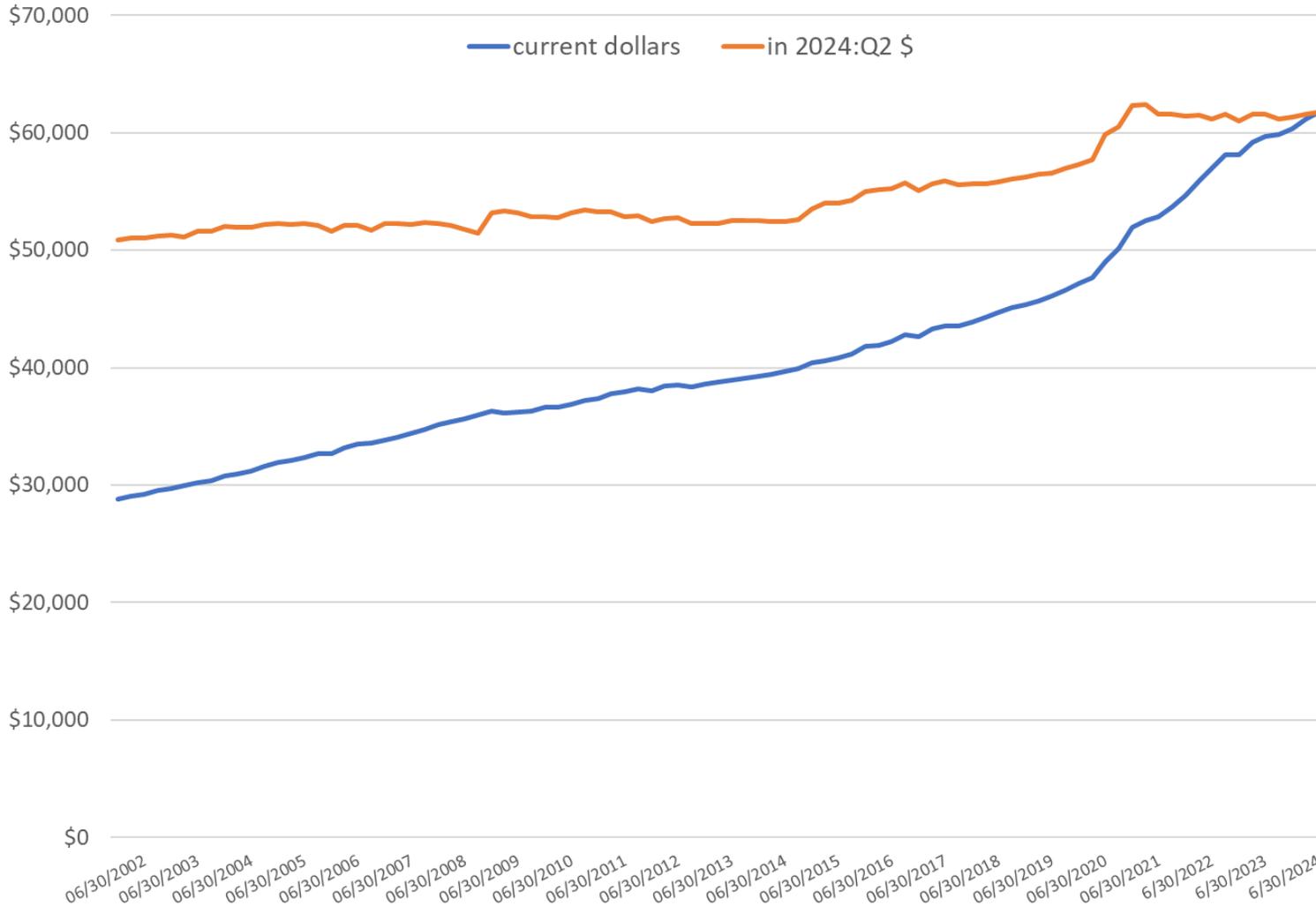
Retirements: find creative ways to keep older adults engaged in the workforce

Labor Force Participation: remove roadblocks for historically underemployed populations

Automation: use technology to substitute for labor

Wages, inflation,  
and interest rates

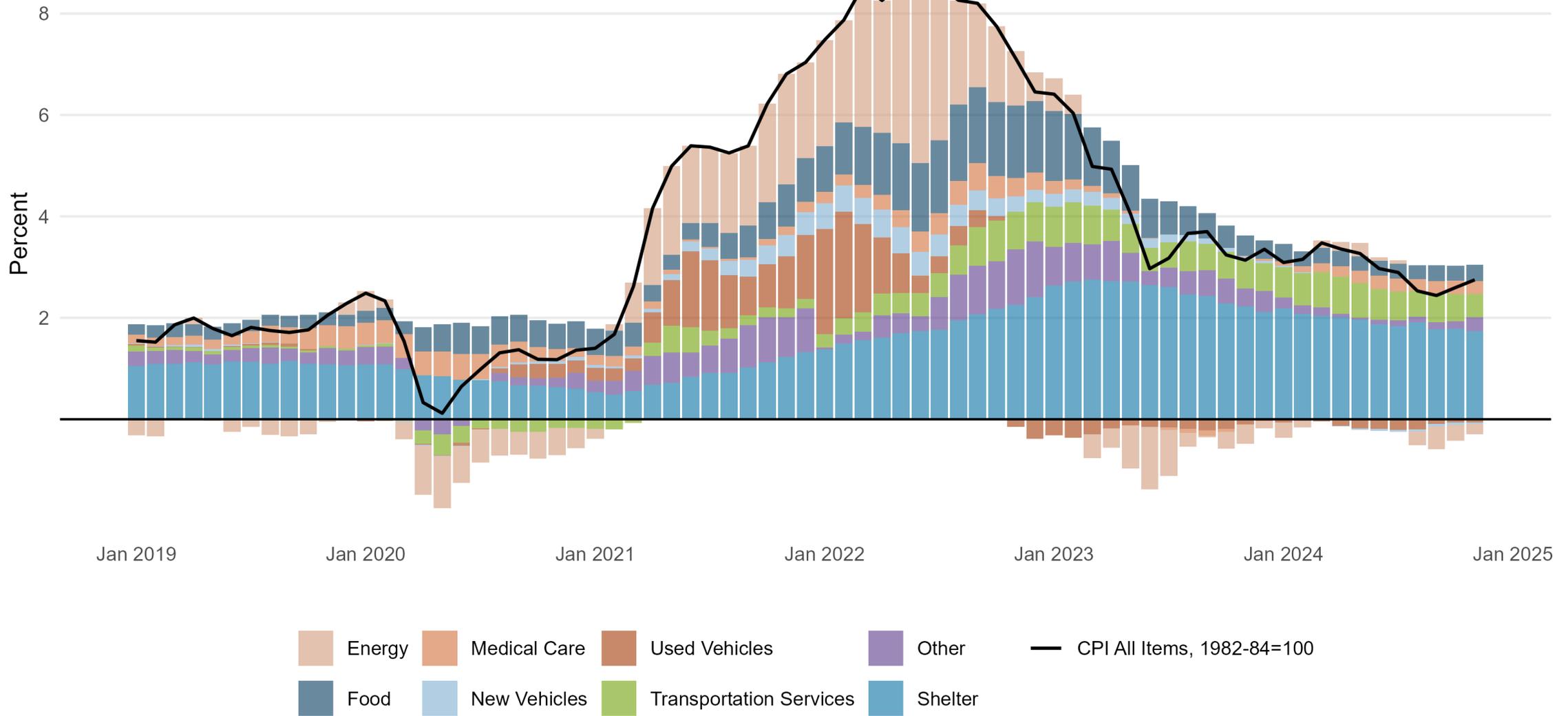
Moving Four Quarter Average Wage Per Job



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

# Percentage Point Contribution to YoY Percent Change in CPI



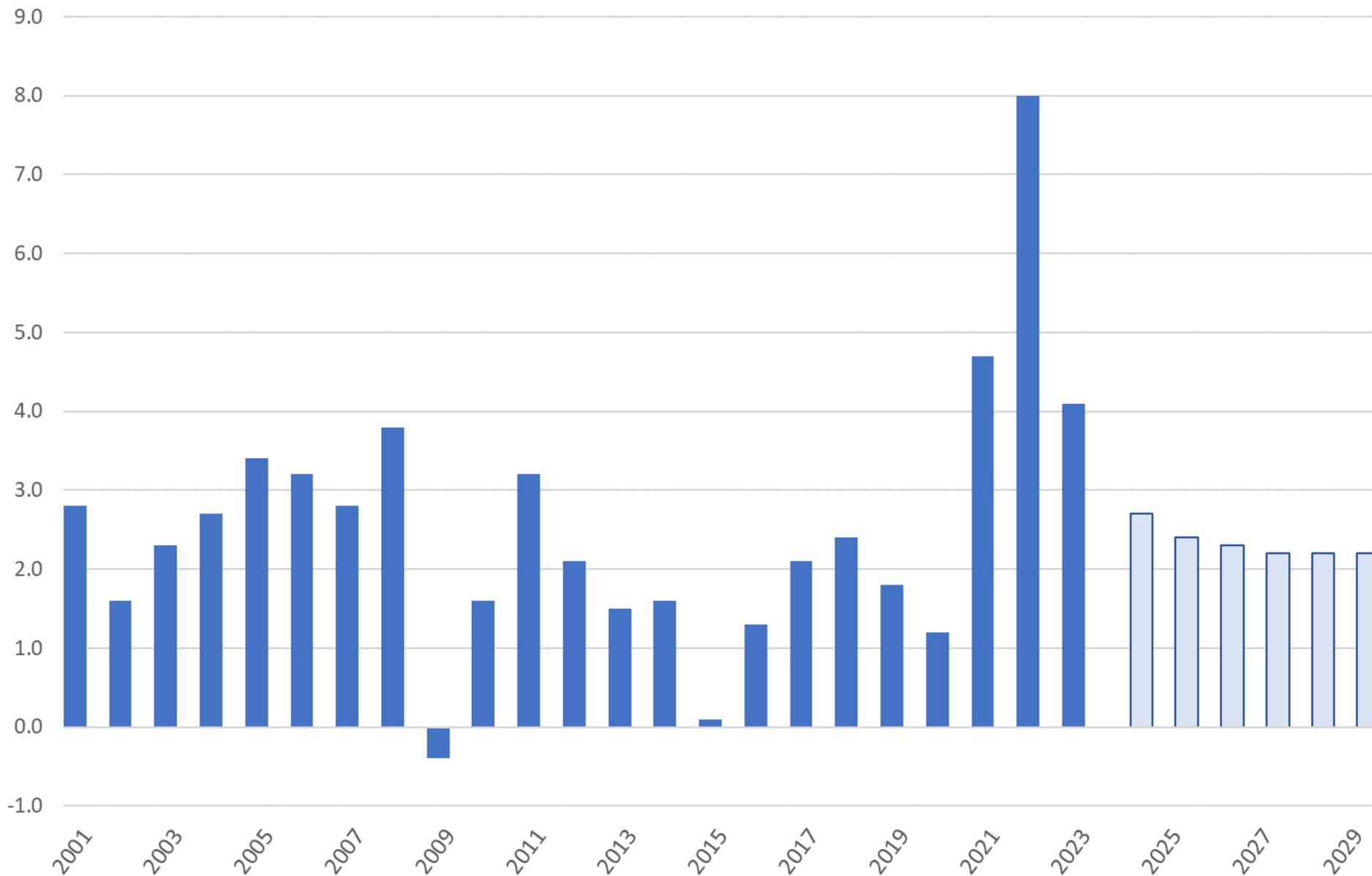
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

Current target range:  
4.25% to 4.5%

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

Median projection for 2025 from  
December 2024 Federal Open Market  
Committee statement was 3.9%

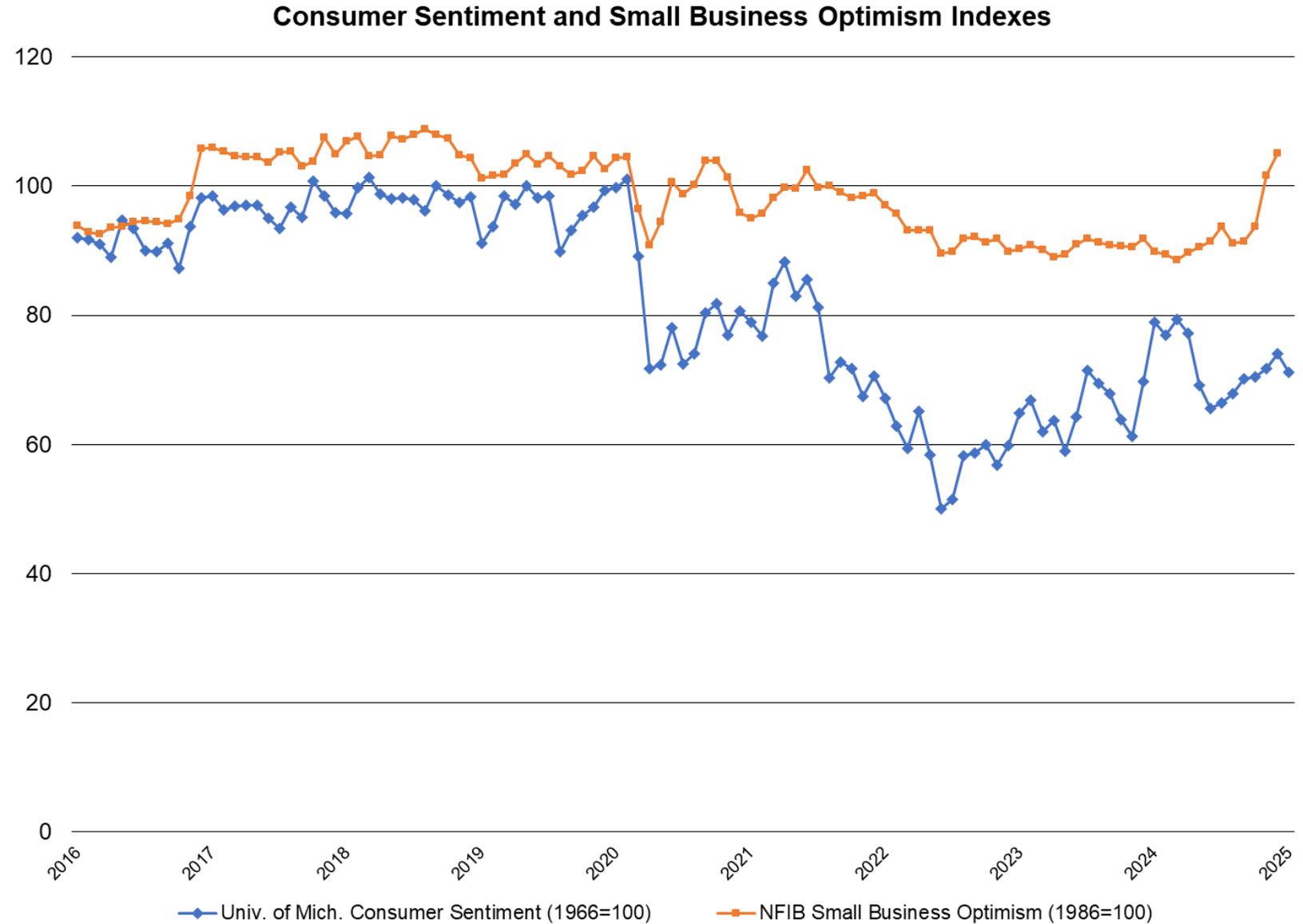
## Year-over-year percent change in Consumer Price Index; 2001-2023 historical and 2024-2029 forecast



# Macroeconomic conditions

Consumer sentiment took a step back in January, based in part on expectations of higher future prices

Small business optimism spiked following the election, with a large increase in the net percent of owners expecting the economy to improve



# 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 picked up during the pandemic, but the continuation of this trend has been challenged by housing availability/affordability; additional supply and lower prices/mortgage rates will be key
- Employment growth is limited by labor force availability; increased labor force participation, continued in-migration of younger populations, and increased productivity can help
- Economic uncertainty remains elevated
- 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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