

Maine's Economic Conditions and Outlook

Franklin Savings Bank

March 19, 2025

Amanda Rector

Maine State Economist

Key indicators for 2025

1. Migration and demographics
2. Housing
3. Labor force, employment, and wages
4. Inflation
5. Consumer and business sentiment
6. The change in the White House and global risks to the outlook

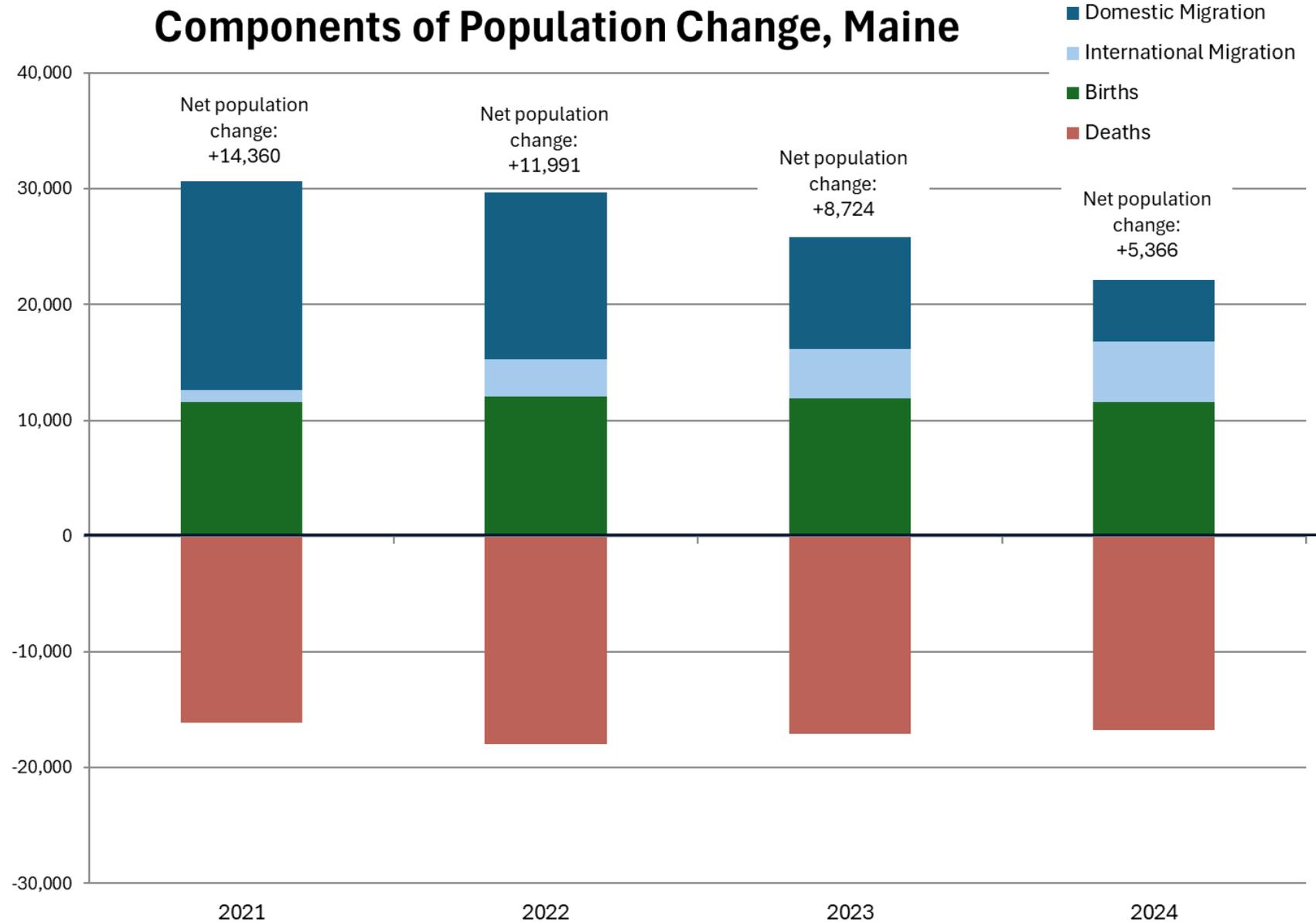
Migration and Demographics

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

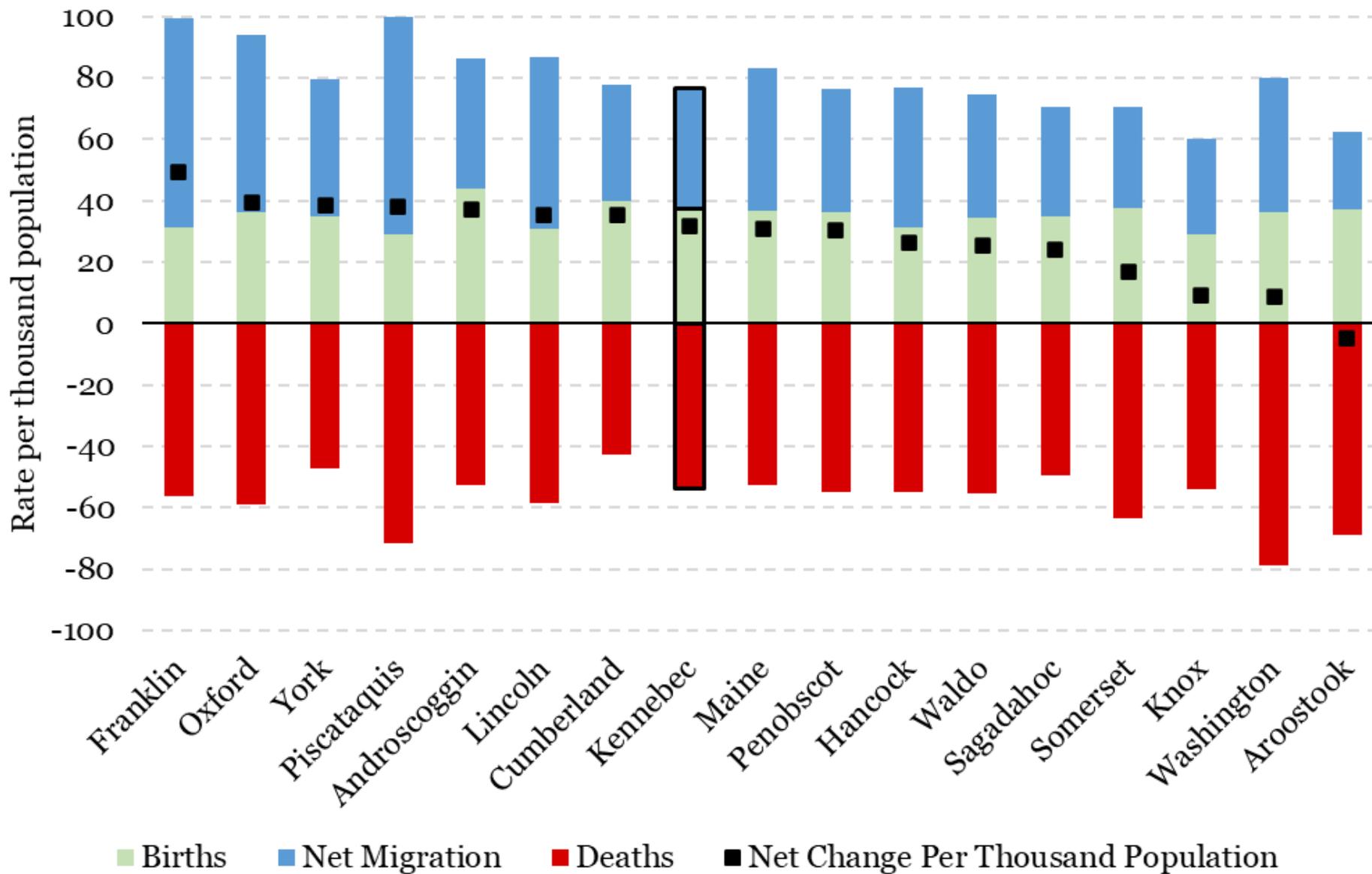
Population increase of 3.1% from 2020-2024 (17th in U.S.)

2024 Total Population = 1,405,012

Components of Population Change, Maine



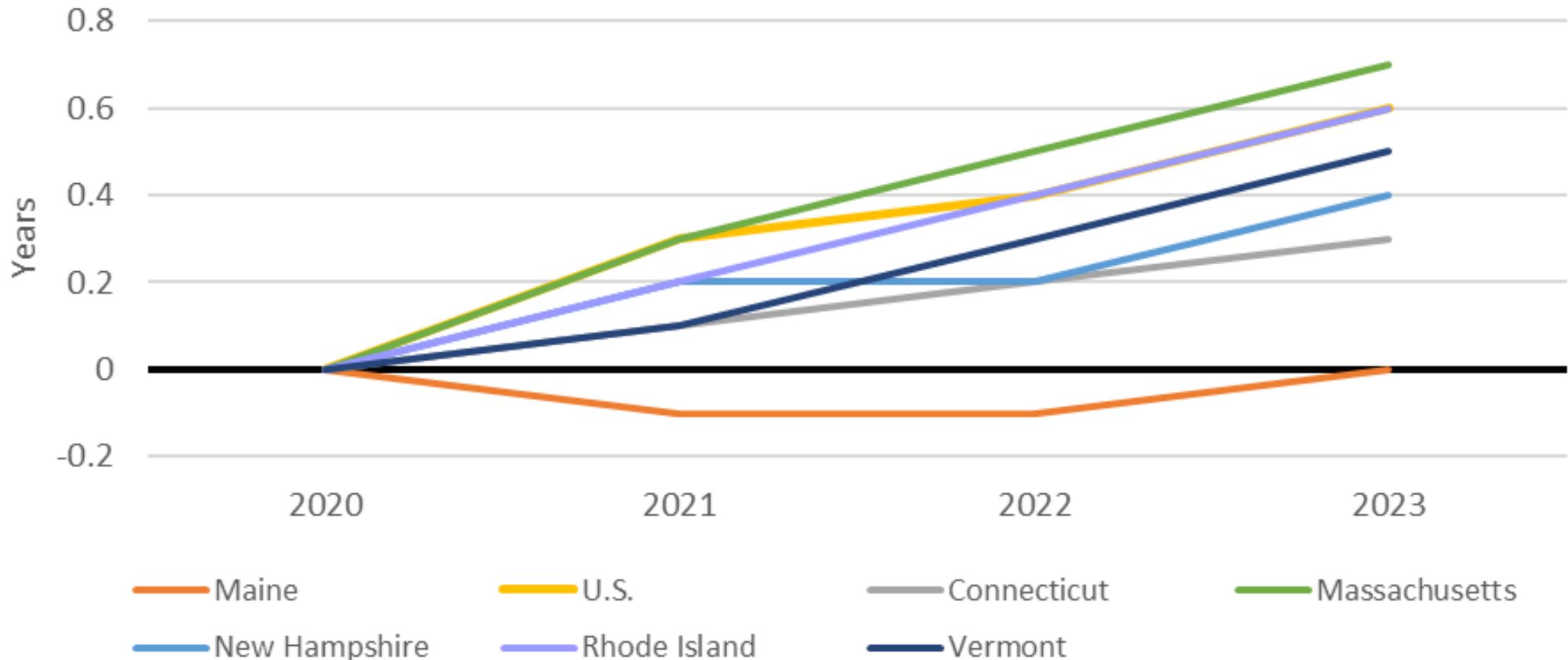
Components of Population Change in Maine, 4/2020-7/2024 Rate per thousand population



Migration has made a difference

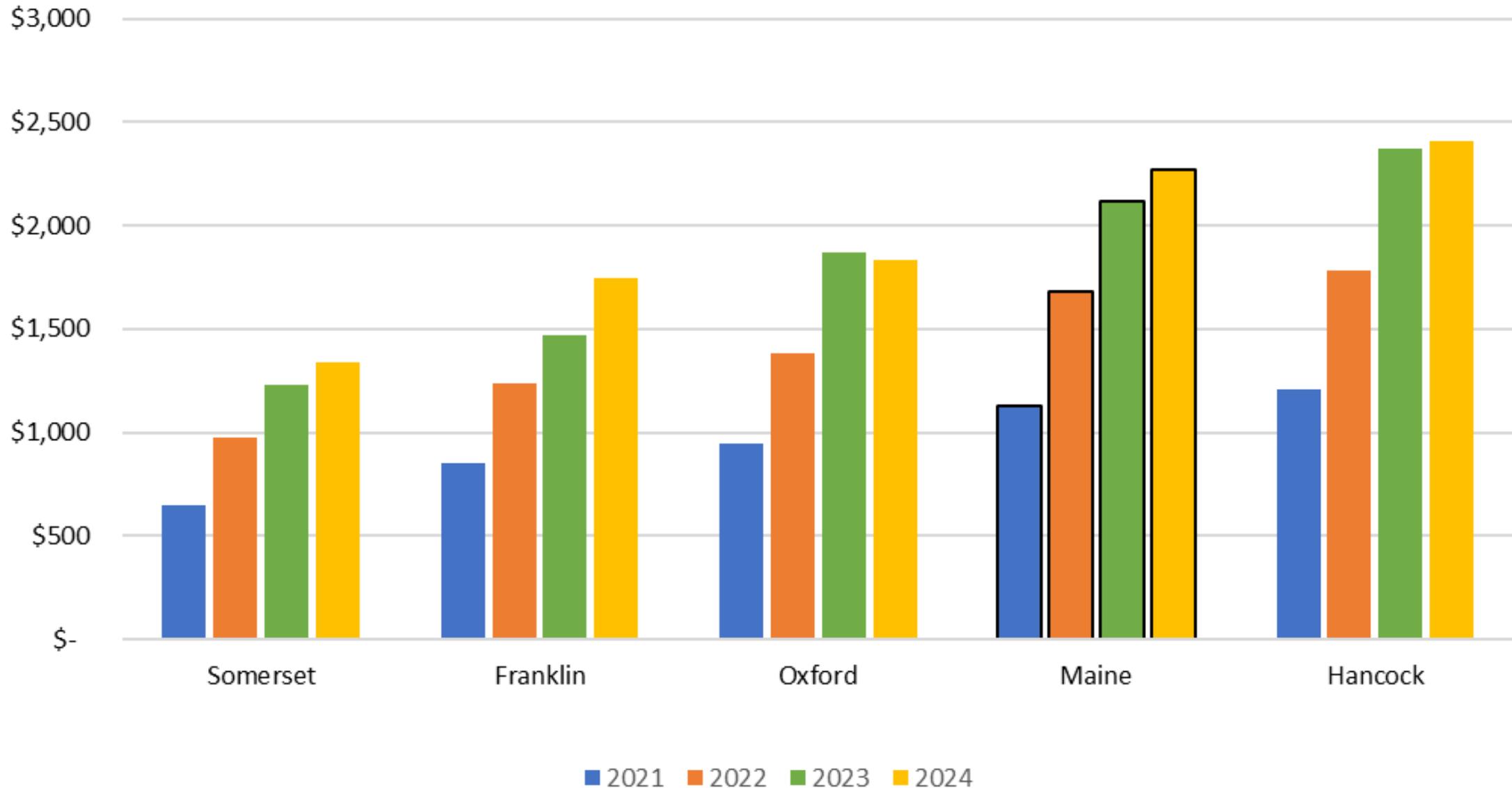
Maine's median age in 2023 is unchanged from 2020, while the U.S. median age has increased 0.6 years (but Maine still has the highest median age in the nation)

Change in median age since April 2020



Housing

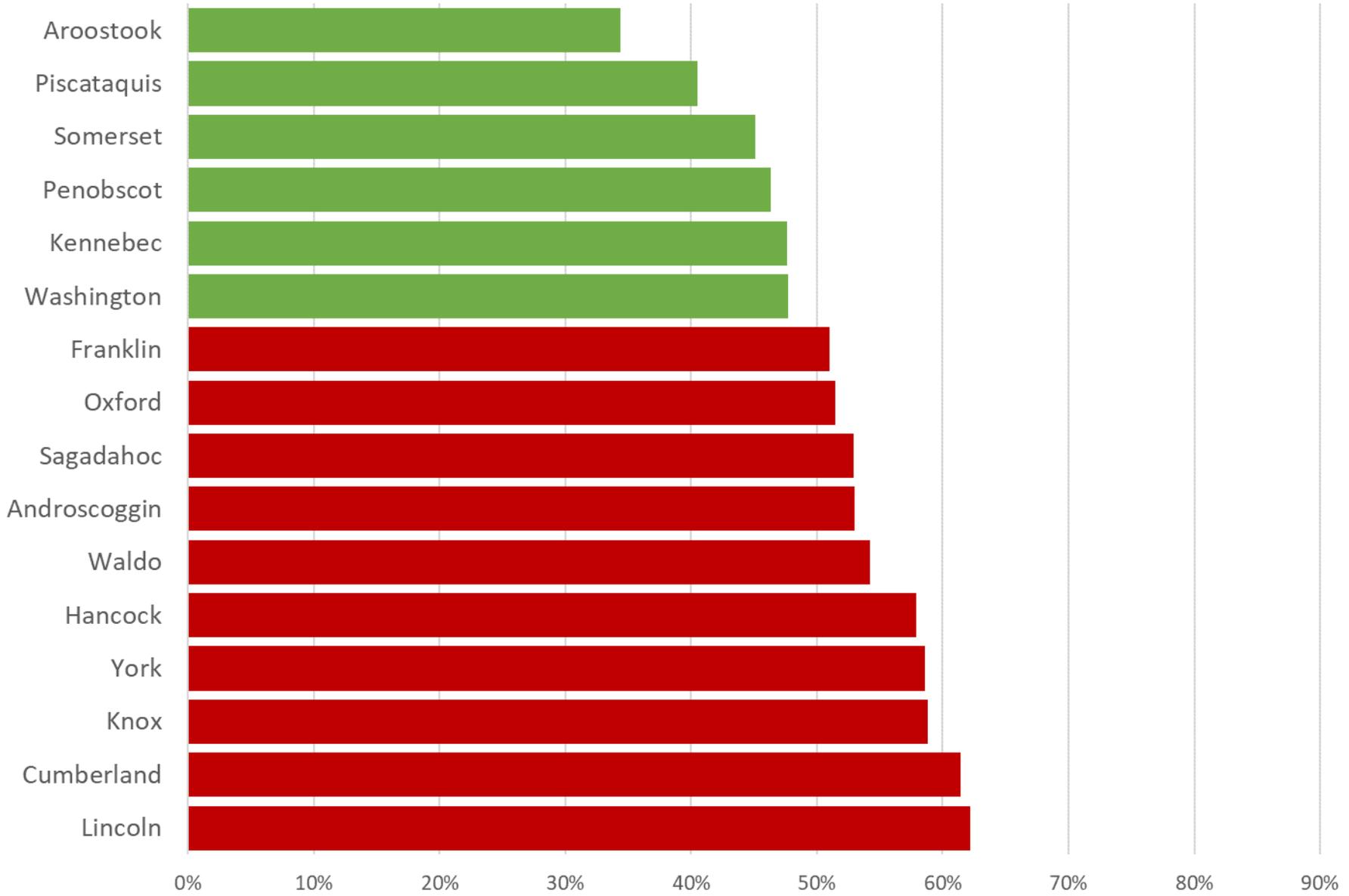
Monthly Mortgage Payment at the Median Sales Price 2021-2024



Source: Maine Association of Realtors (Prices), FRED Average weekly 30-yr fixed rate mortgage (Rates); assumed principal and interest only at median sales price, average 30-year fixed rate mortgage with 10% downpayment



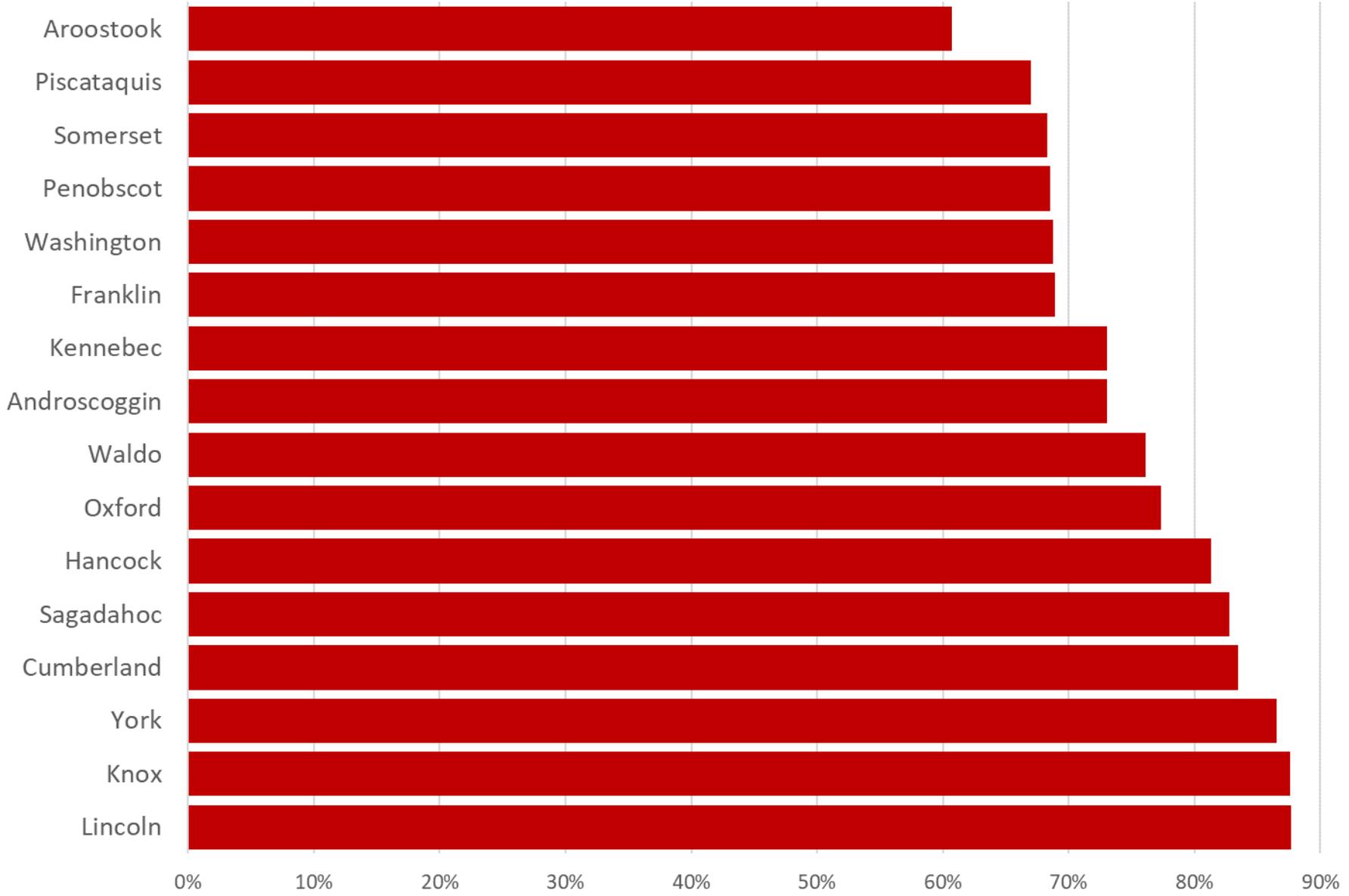
Percent of Households Unable to Afford Median Home, 2020



Source: MaineHousing homeownership facts and affordability index



Percent of Households Unable to Afford Median Home, 2023



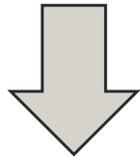
High demand
+ low supply
= price increases,
contributing to
sharp increase in
unaffordability

Labor Force, Employment, and Wages

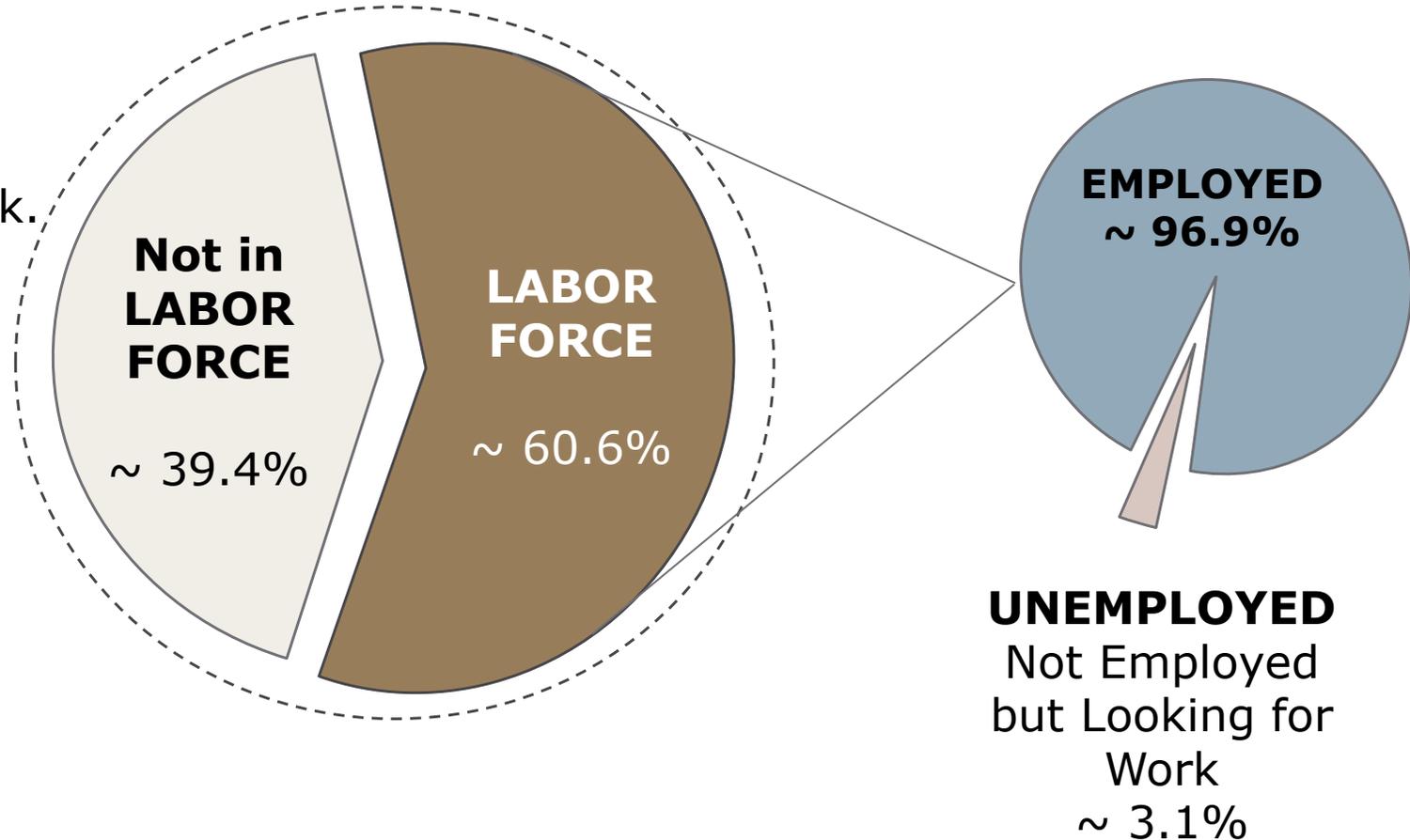
Who is in the labor force?

Civilian population, age 16+

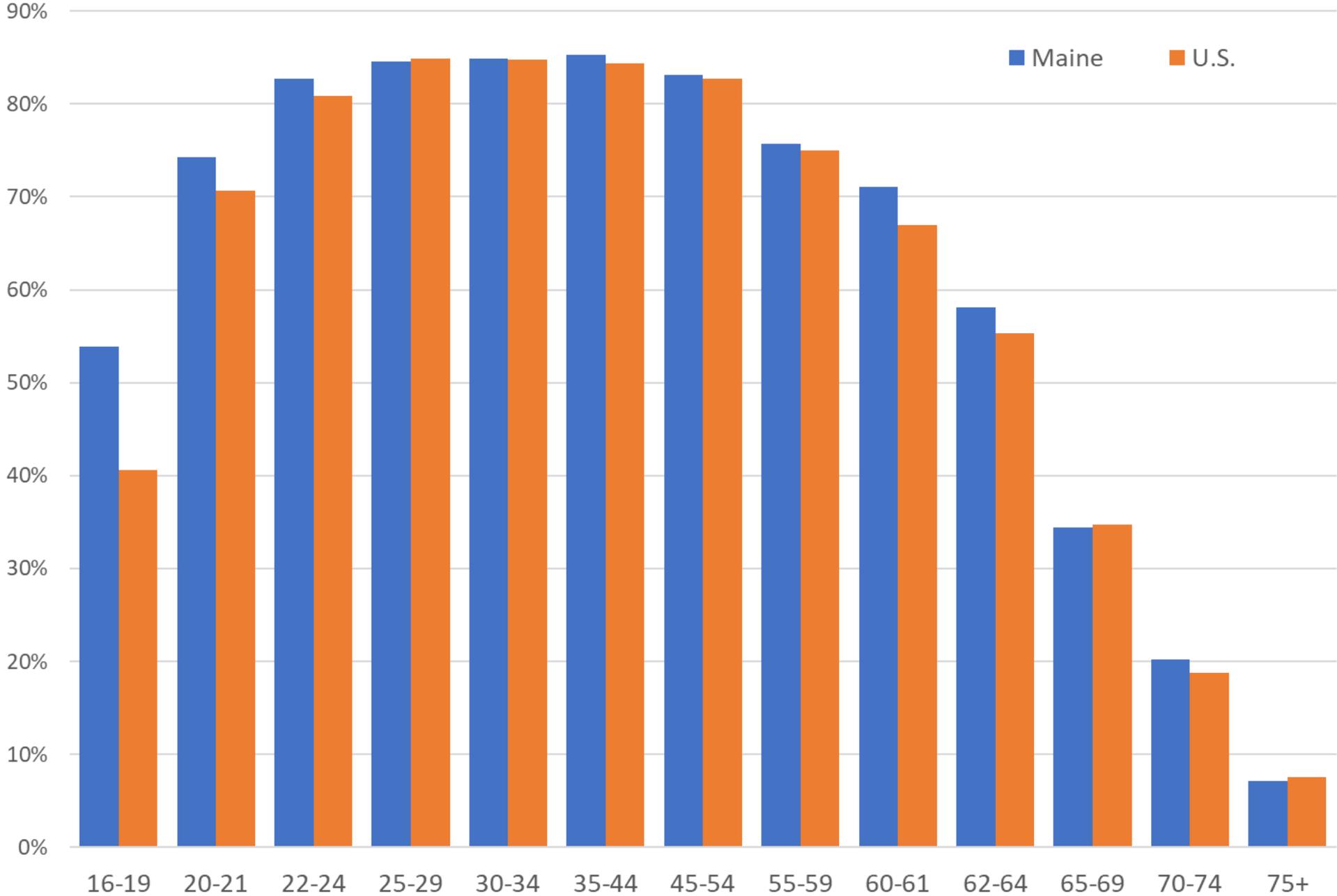
Not available and not looking for work. This could include people who are retired, full-time students, full-time caregivers, etc.



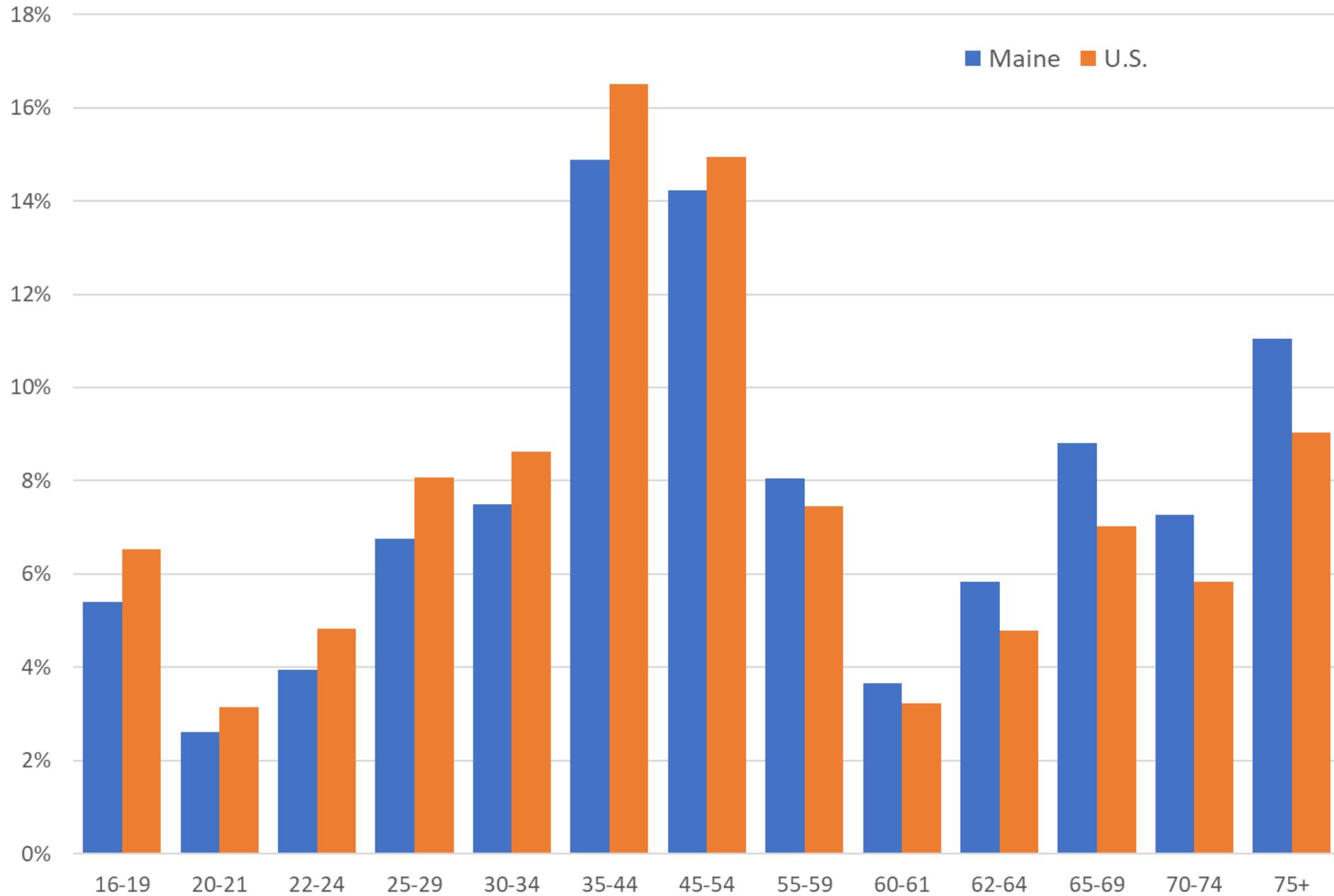
Nationally, over half of the people not in the labor force are retired



2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023



Maine's seasonally-adjusted 3.5% unemployment rate in January 2025 is below both the U.S. and New England rates.

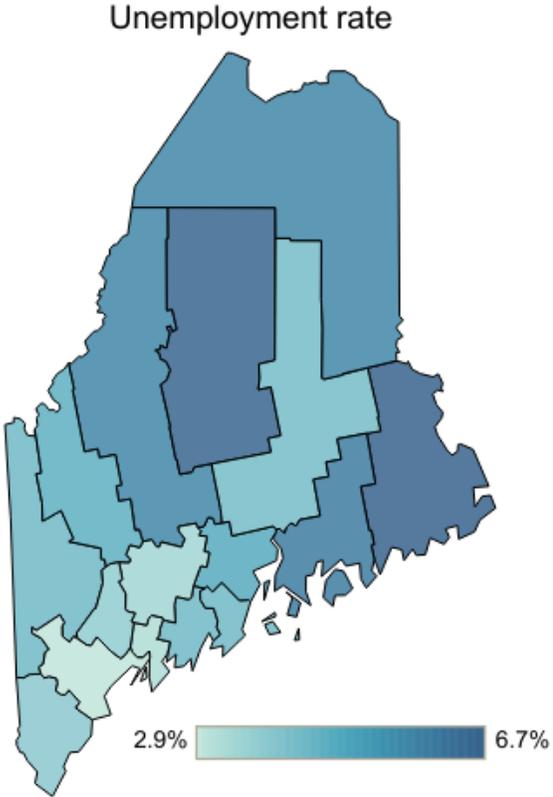
County Rates (not seasonally adjusted)

January, 2025

Table
 Graph

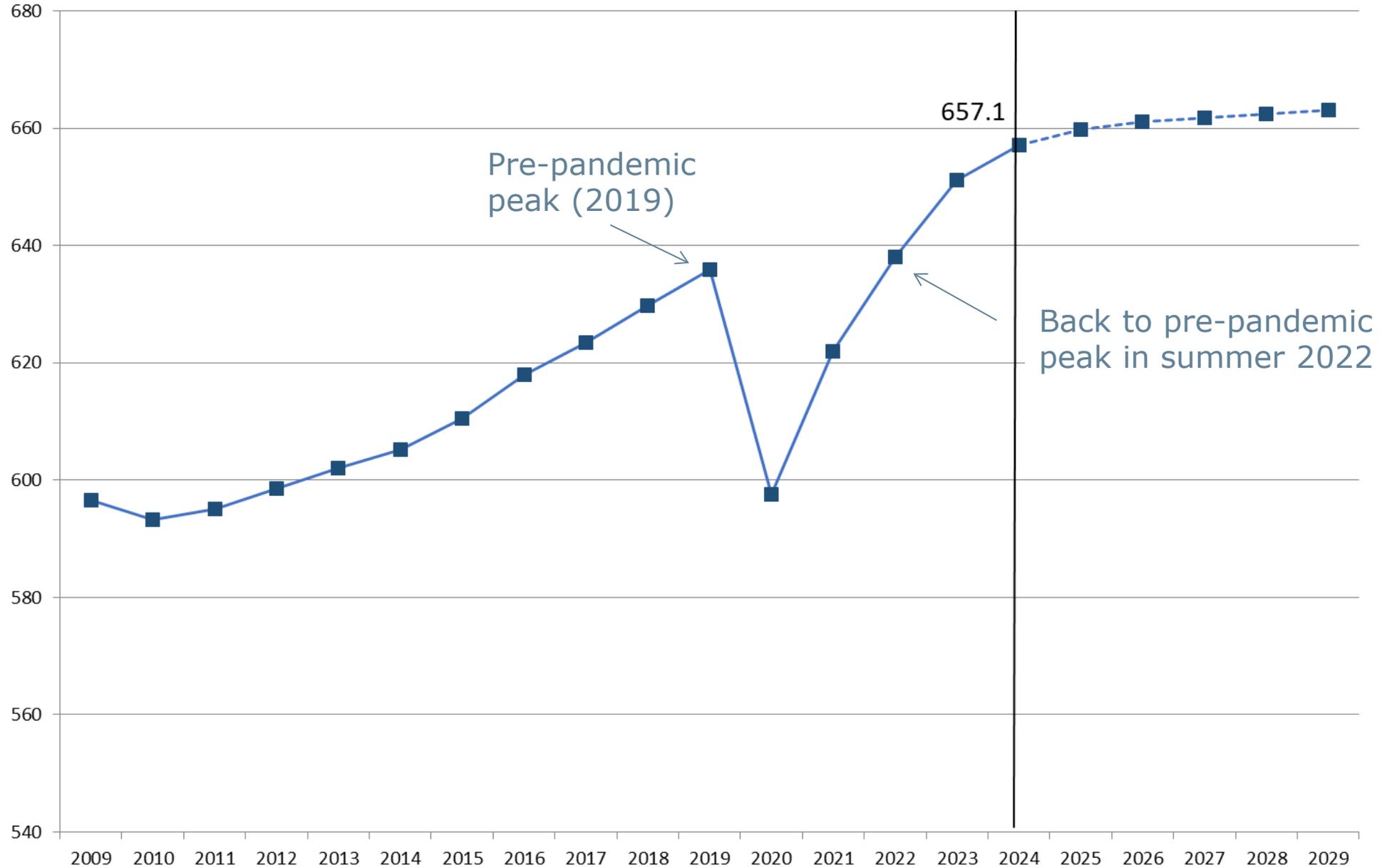
Map/Graph Display
 Unemployment rate
 One-year change

County	Rate	Year ago	One-yr change
Maine	3.9%	3.3%	0.6
Androscoggin	3.7%	3.1%	0.6
Aroostook	5.7%	4.6%	1.1
Cumberland	2.9%	2.5%	0.4
Franklin	4.6%	3.7%	0.9
Hancock	6.0%	5.4%	0.6
Kennebec	3.4%	3.1%	0.3
Knox	4.3%	3.6%	0.7
Lincoln	4.3%	3.6%	0.7
Oxford	4.3%	3.4%	0.9
Penobscot	4.2%	3.5%	0.7
Piscataquis	6.6%	5.2%	1.4
Sagadahoc	3.2%	2.4%	0.8
Somerset	5.7%	4.7%	1.0
Waldo	4.7%	4.1%	0.6
Washington	6.7%	6.0%	0.7
York	3.8%	3.3%	0.5

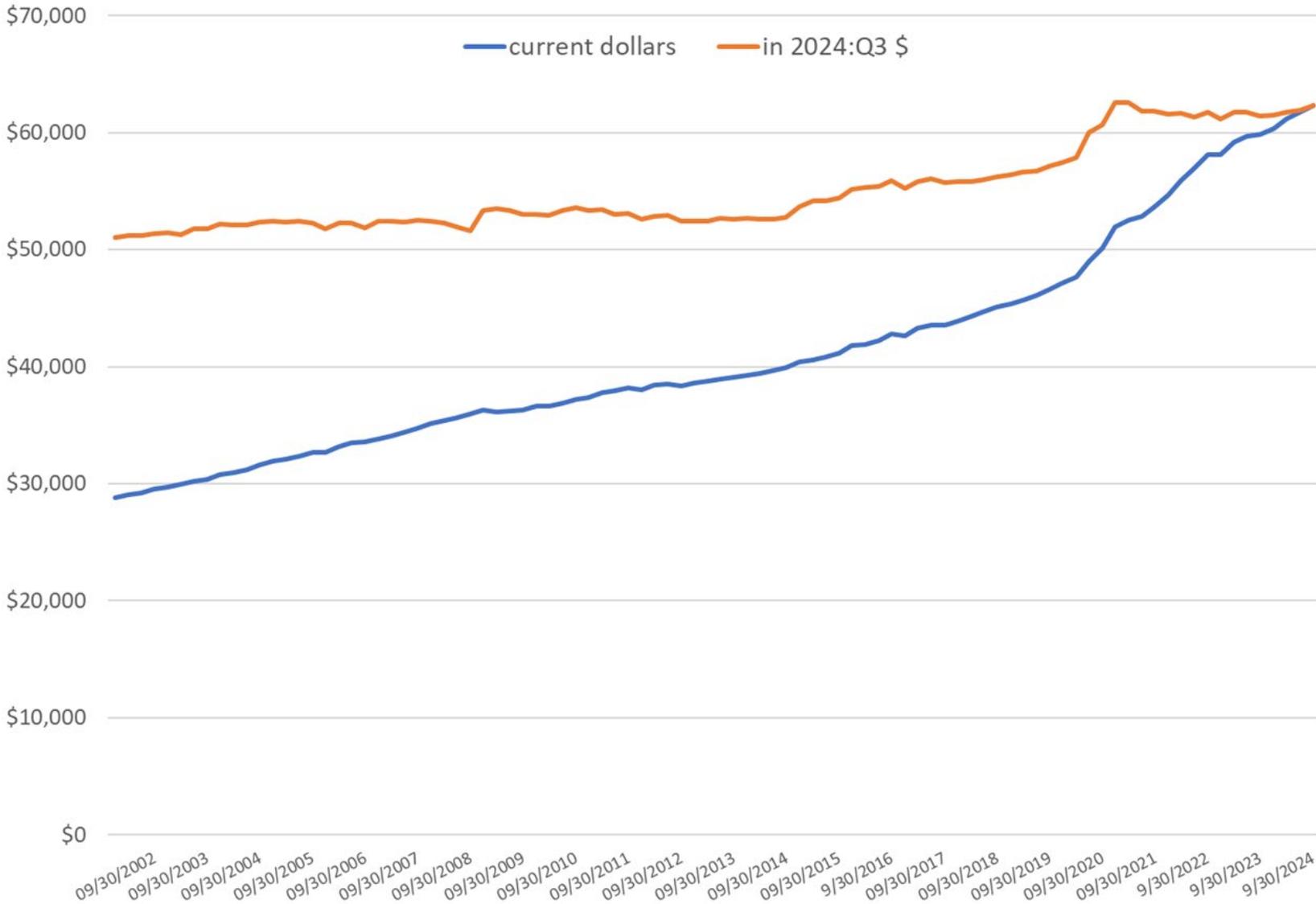


Total Nonfarm Employment (in thousands)

History and Consensus Economic Forecasting Commission forecast



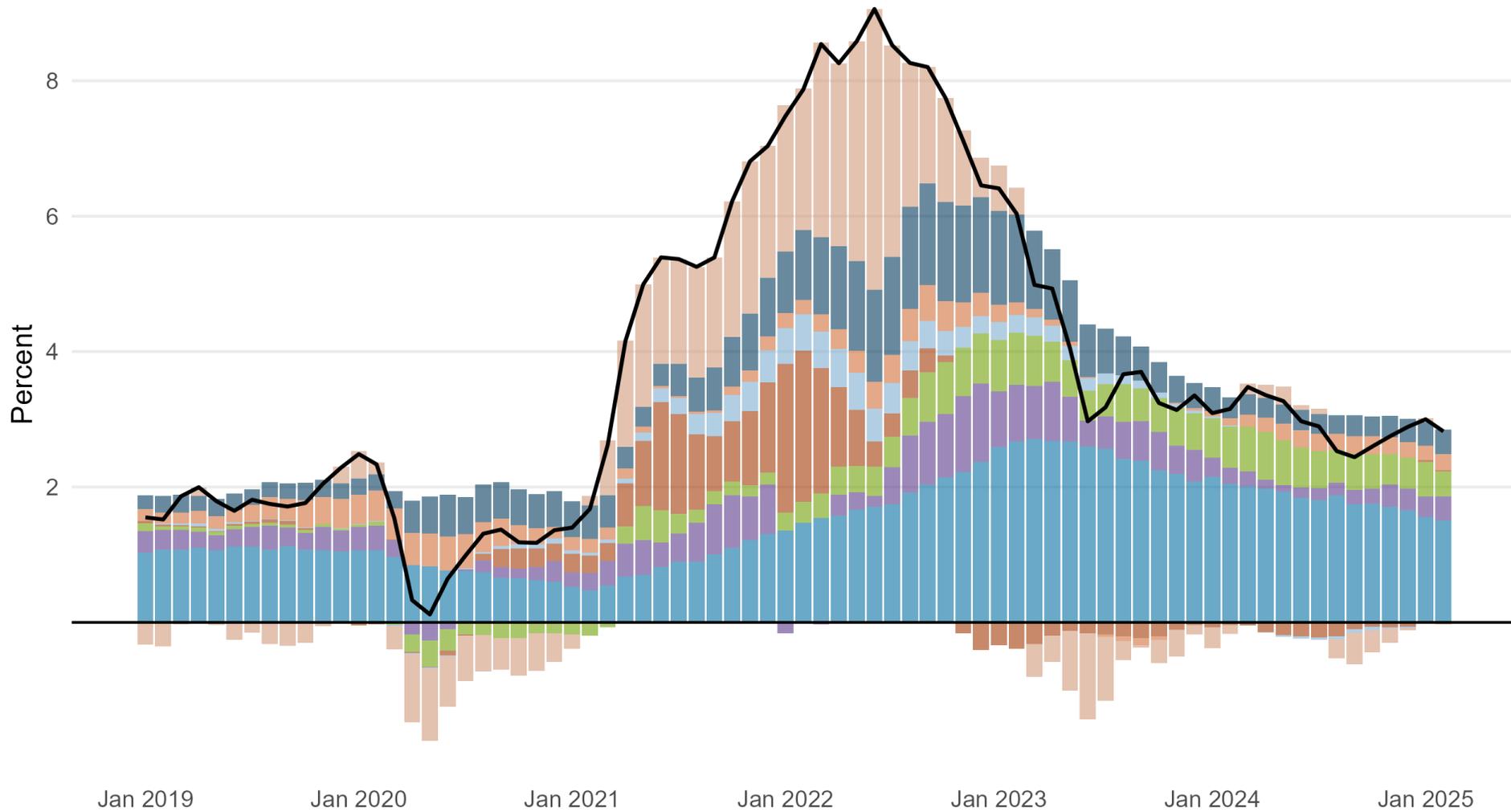
Moving Four Quarter Average Wage Per Job



Wages increased sharply during the first part of the pandemic; when inflation picked up, wage gains just kept pace

Inflation

Percentage Point Contribution to YoY Percent Change in CPI



- Energy
- Medical Care
- Used Vehicles
- Other
- CPI All Items, 1982-84=100
- Food
- New Vehicles
- Transportation Services
- Shelter

Source: US Bureau of Labor Statistics & Calculations by OSE Staff

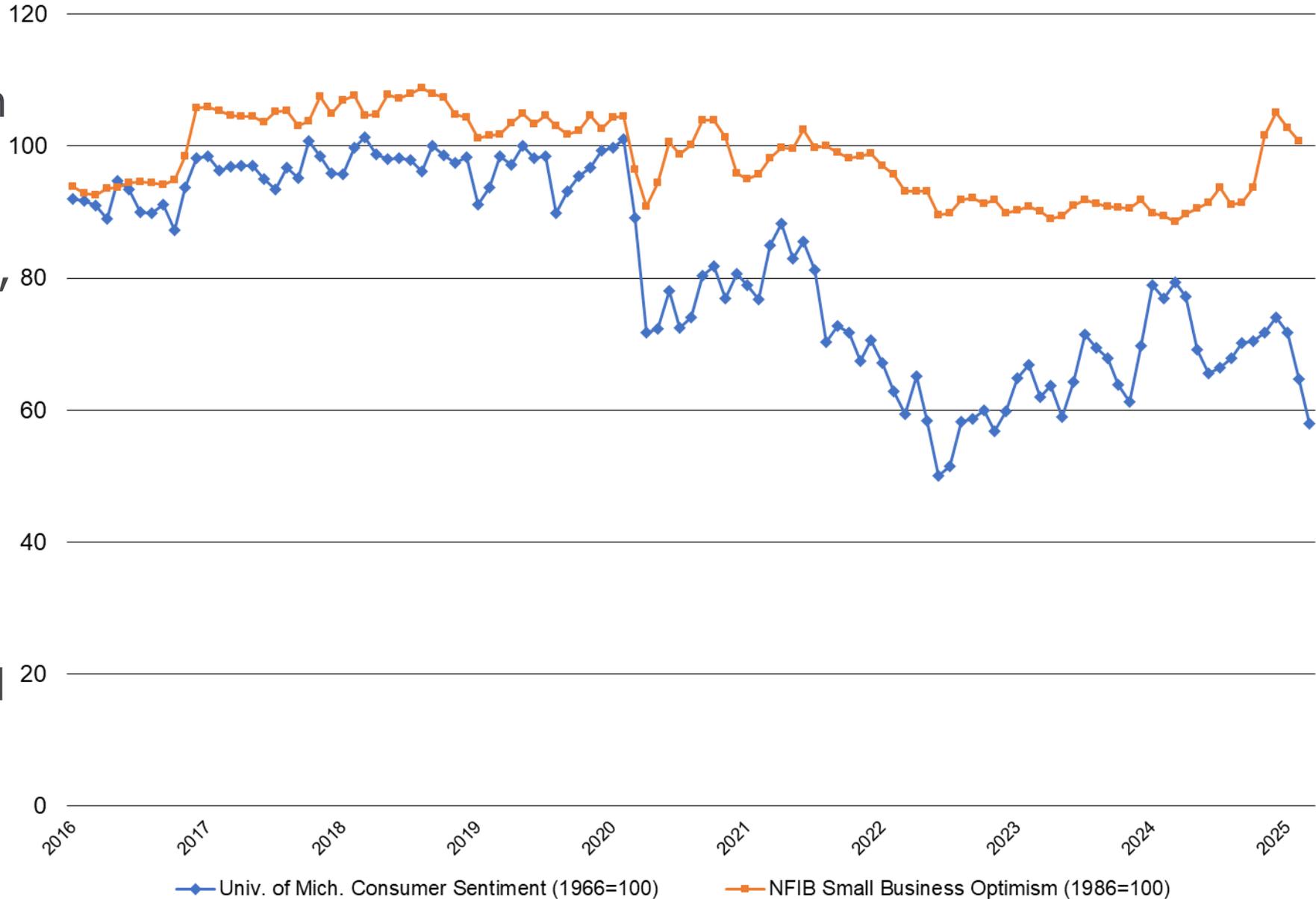
Source: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, not seasonally adjusted)

Consumer and Business Sentiment

Consumer Sentiment and Small Business Optimism Indexes

Consumer sentiment has seen sharp declines recently based on deteriorations in future expectations, including higher inflation

Small business optimism spiked following the election but has since dropped, reflecting increased uncertainty



The change in the
White House and
global risks to the
outlook

The overarching theme at this point is uncertainty

Federal policies have been announced and implemented rapidly and then paused, changed, or reversed just as quickly

“Geo-political tensions remain elevated and continue to pose a negative risk to the forecast.”

- November 2024 Maine Consensus Economic Forecasting Commission report

- Russia/Ukraine conflict
- Israel/Hamas conflict
- Potential for global trade war

Tariffs

Canada, Mexico, and China are primary targets; Canada is Maine's largest trading partner

There's still a lot of uncertainty and on-again/off-again fluctuations

Higher rates on a broad base for a long time with few substitutions = larger impact

Things to keep in mind:

- Migration and population growth have continued, but at slower rates than during the pandemic – housing affordability/availability has been a limiting factor
- 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 is very high, especially as it relates to federal policy, but Maine has a robust Budget Stabilization Fund (around \$900 million), which will help the state weather any potential slowdown

Contact Information

Amanda Rector

Maine State Economist

Department of Administrative and Financial Services

www.maine.gov/dafs/economist

amanda.rector@maine.gov