

The Outlook for Maine's Economy

Trust & Wealth Management Conference
Maine Bankers Association

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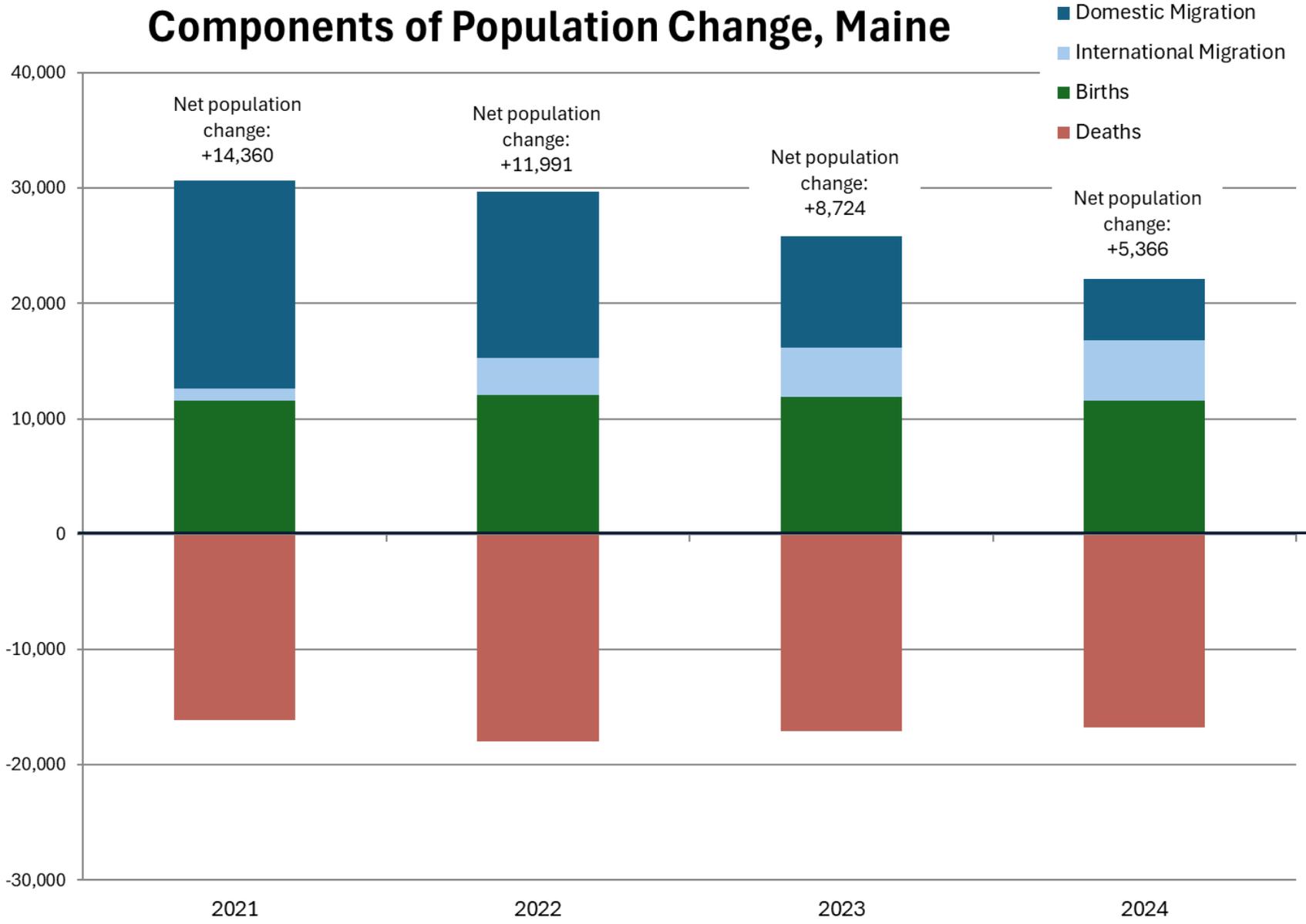
Population and demographics

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

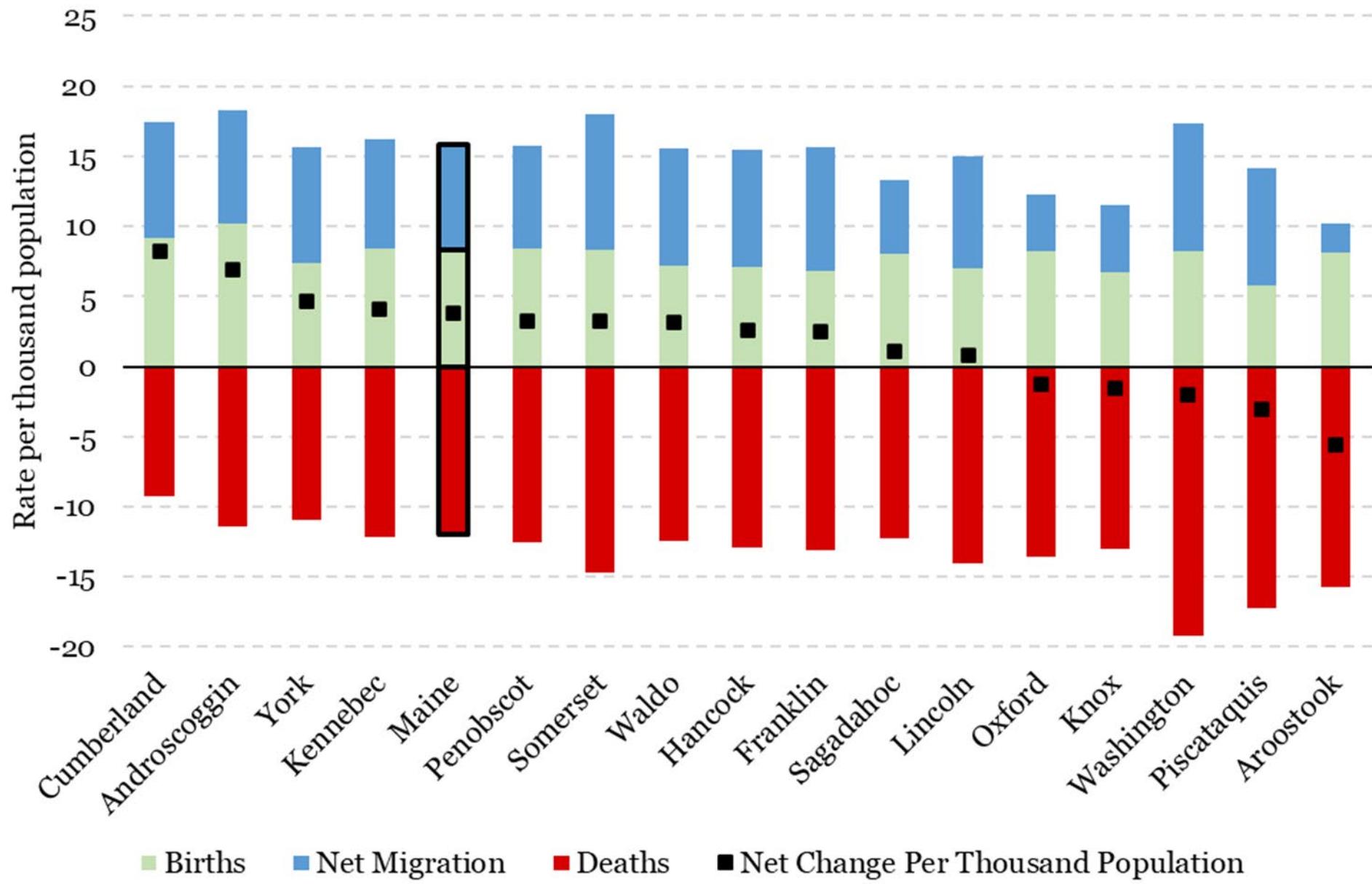
Population increase of 3.1% from 2020-2024 (17th in U.S.)

2024 Total Population: 1,405,012

Components of Population Change, Maine

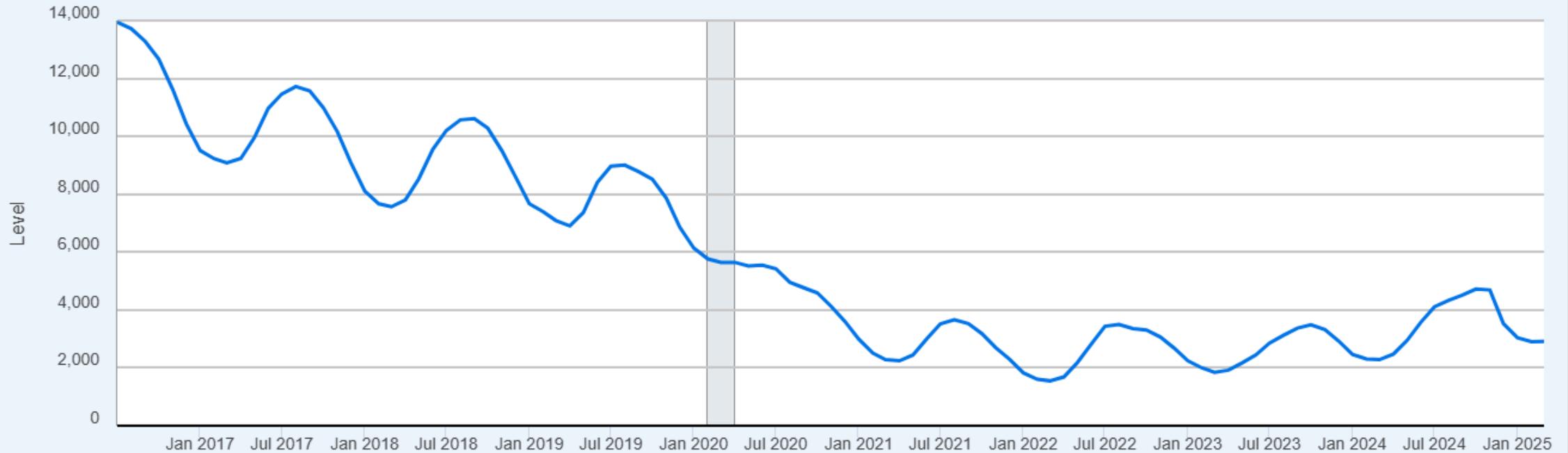


Components of Population Change in Maine, 7/1/2023-7/1/2024 Rate per thousand population





Housing Inventory: Active Listing Count in Maine

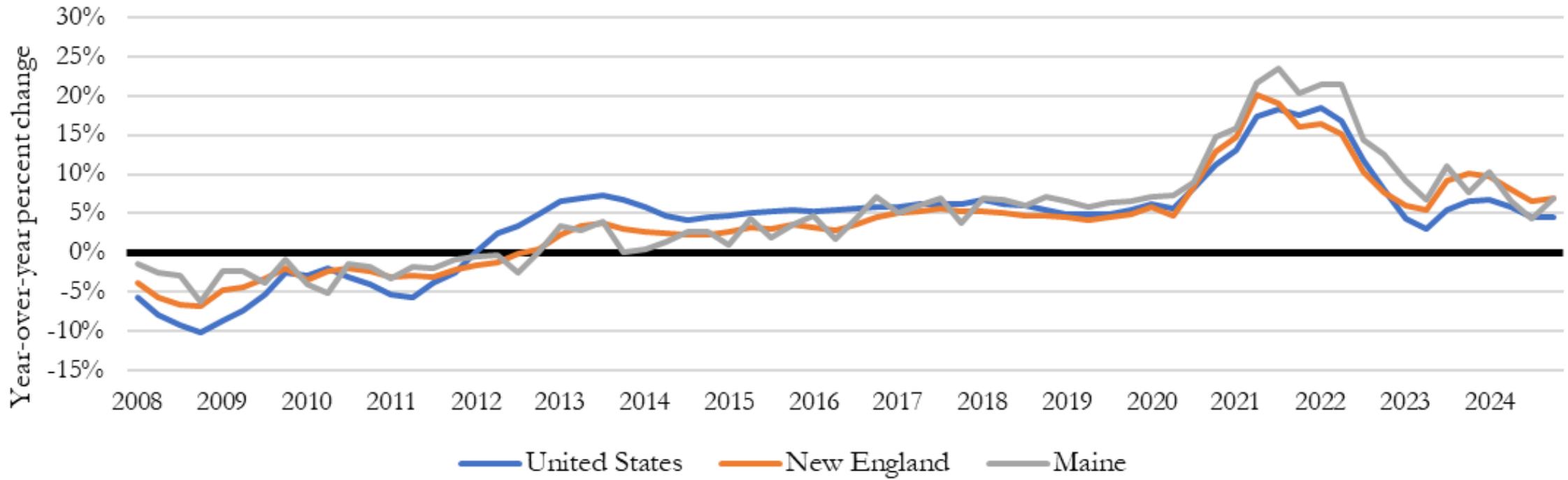


Source: Realtor.com via FRED®
Shaded areas indicate U.S. recessions.

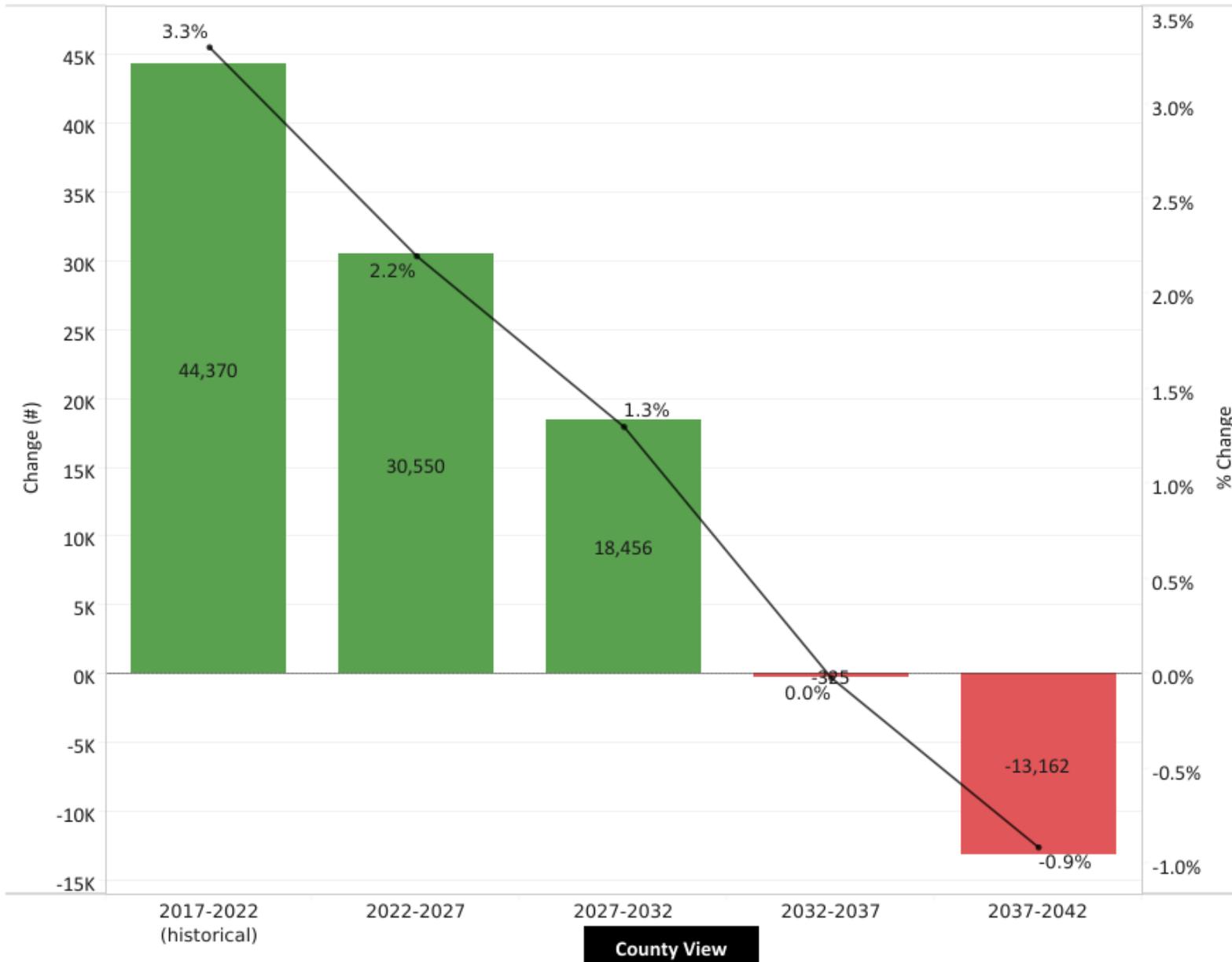
fred.stlouisfed.org

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

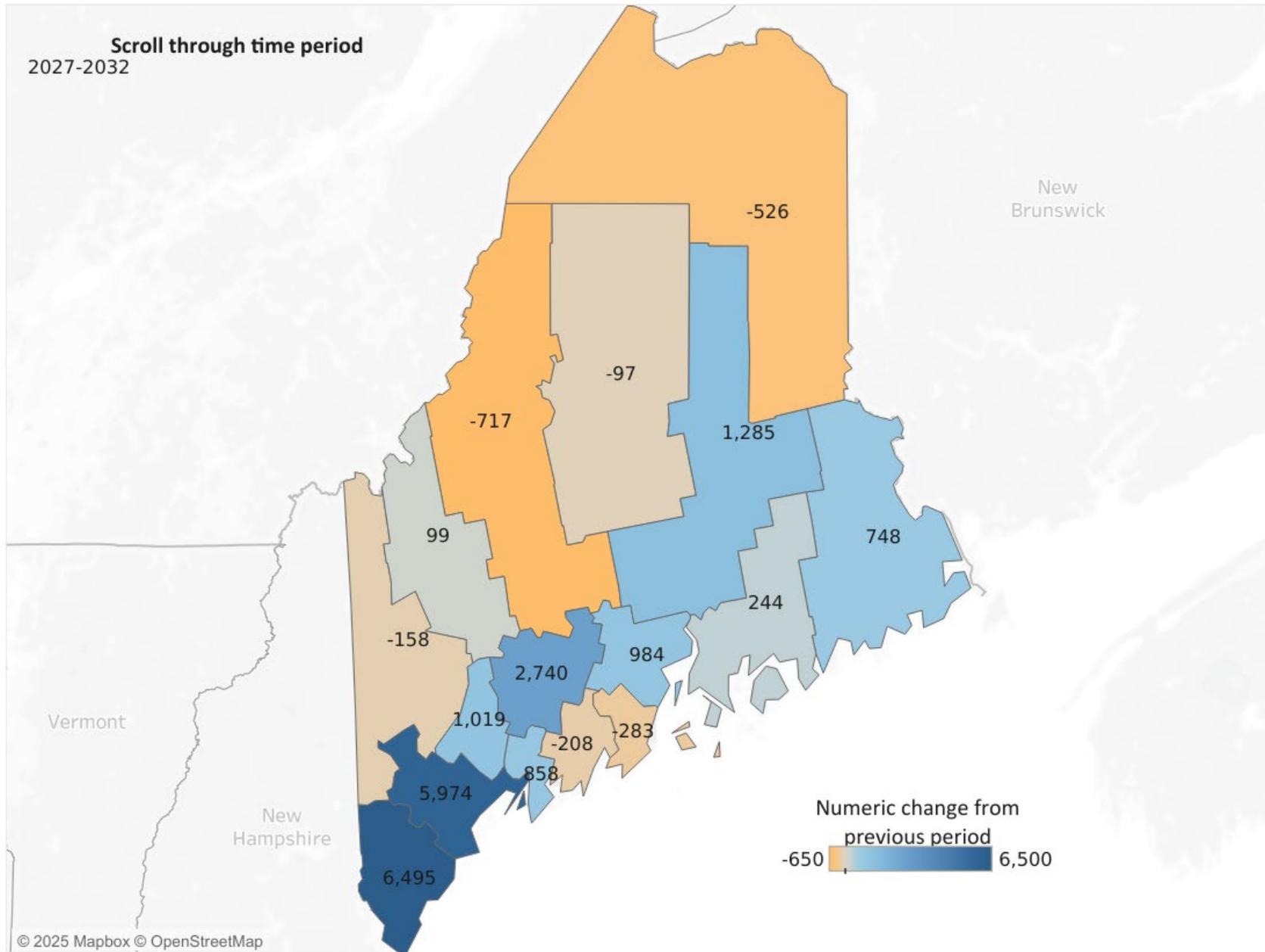
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



Statewide Population Change

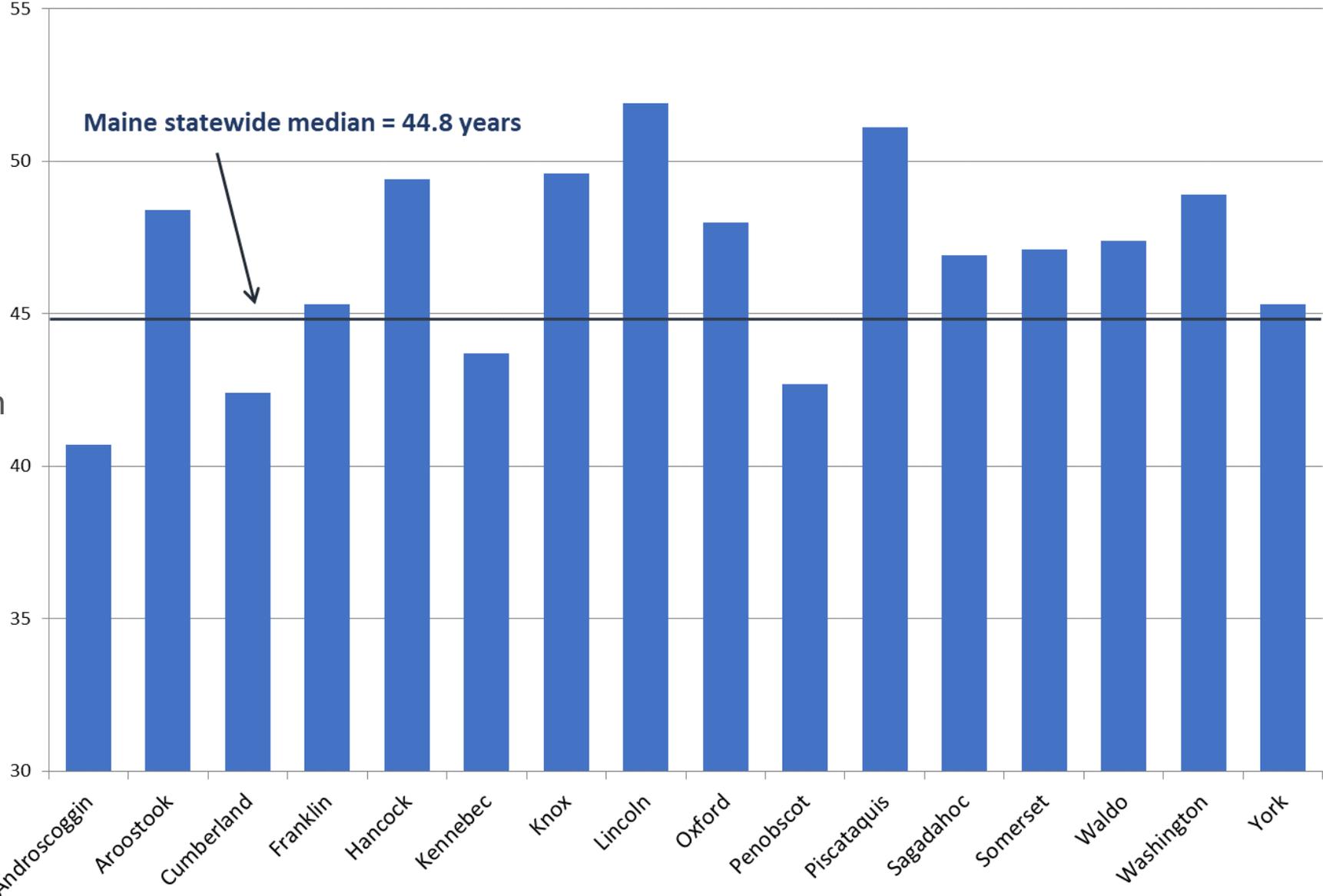


Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.



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Median Age

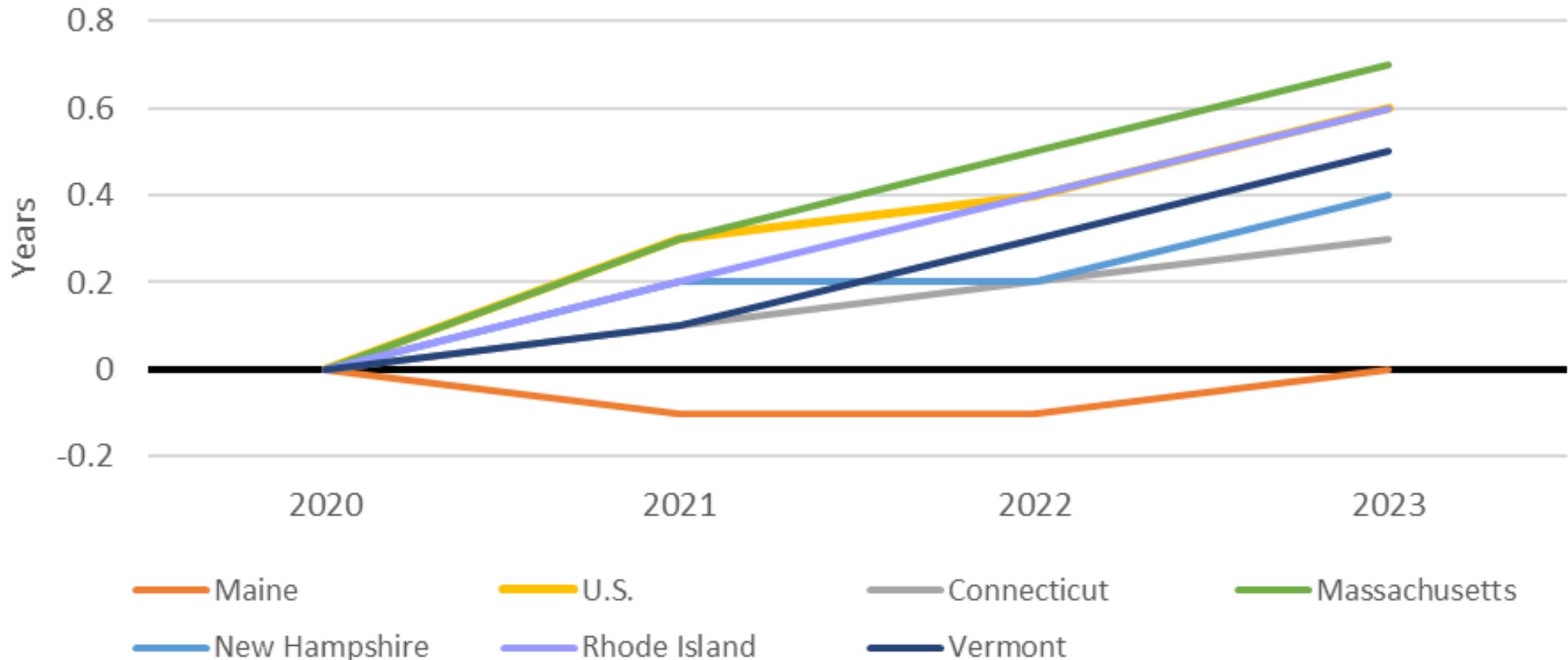


Maine has the oldest population...
...by median age (44.8 years)
...and by % of population age 65+ (23.0%)

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)

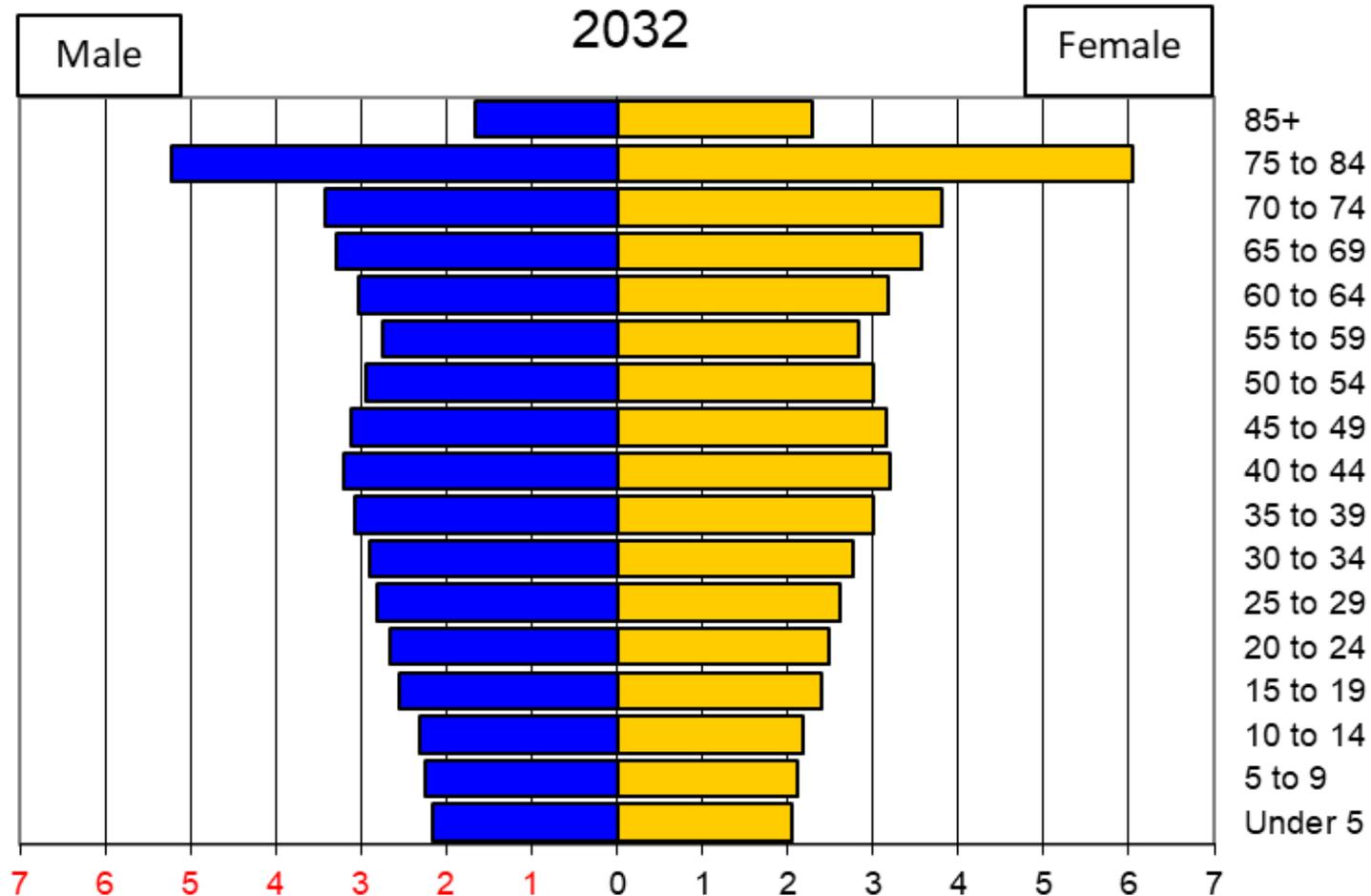
Change in median age since April 2020

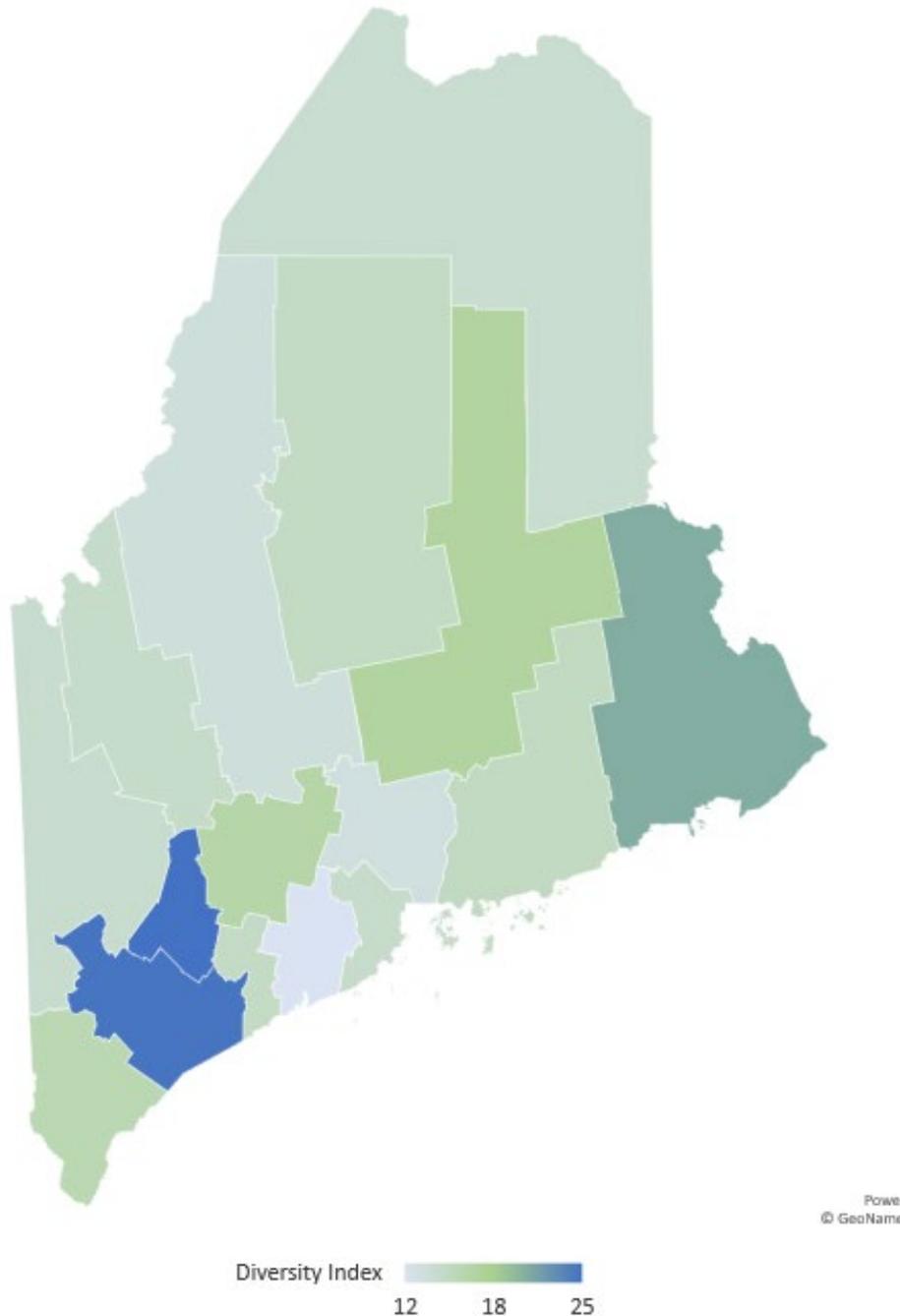


The Baby Boom: 1946-1964

Baby Boom generation in 2032: age 68-86

Baby Boom generation in 2023: age 59-77

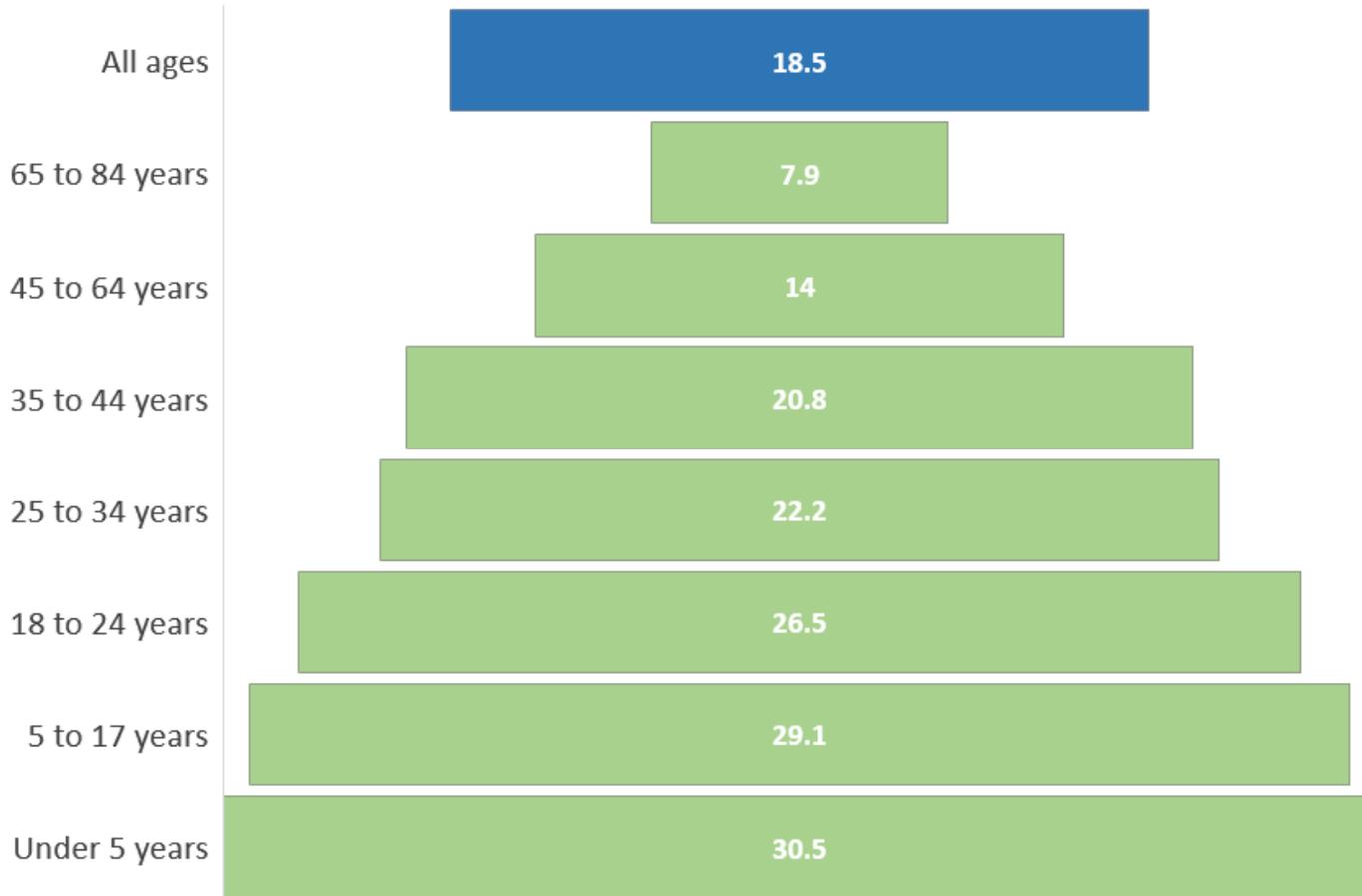




The diversity index tells us the chance that two people selected at random will be from different race or ethnicity groups

- 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

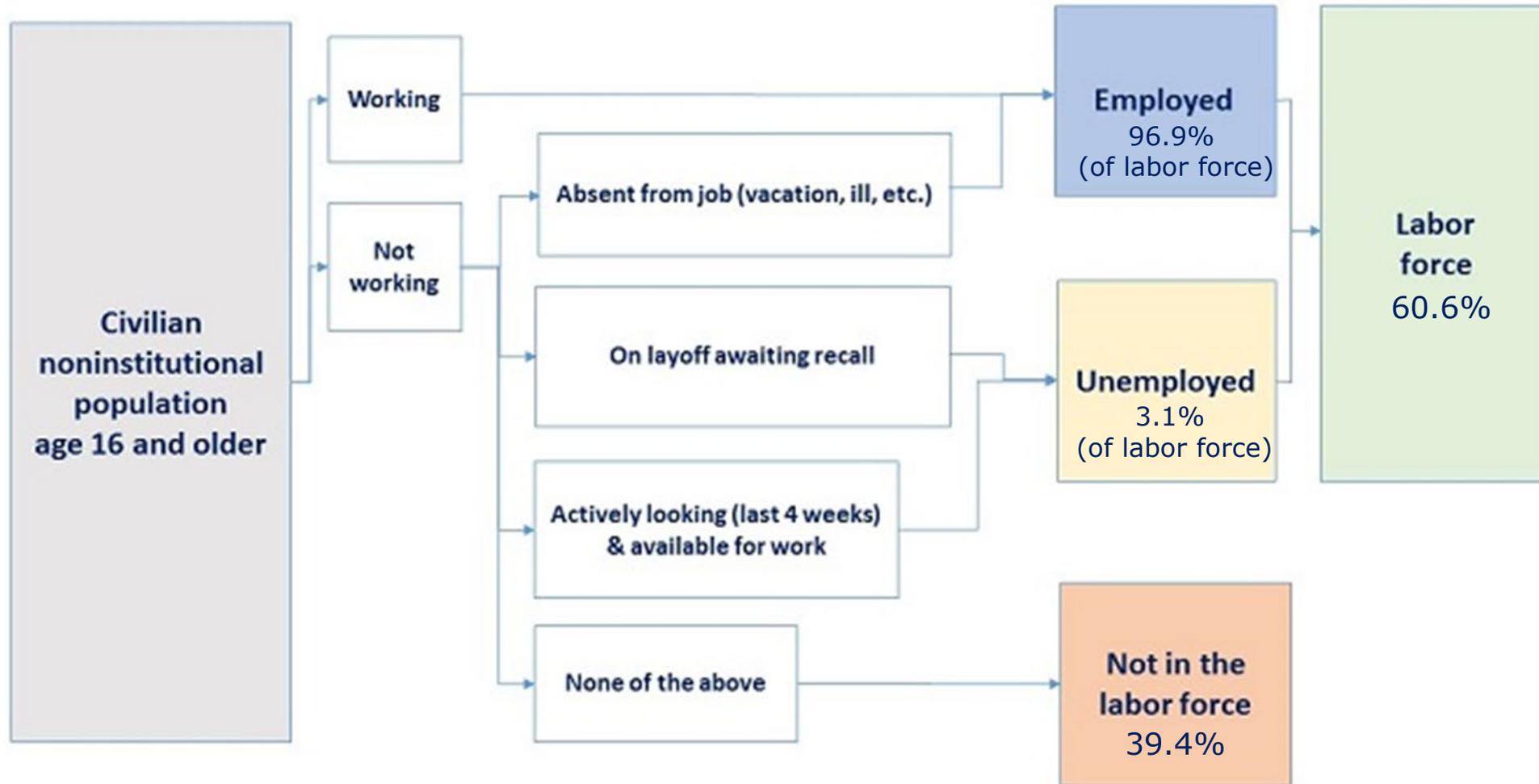
Diversity Index in Maine, 2020: Selected Age Groups



Younger generations in Maine are more diverse than older generations

Labor force and employment

Who is in the labor force?



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

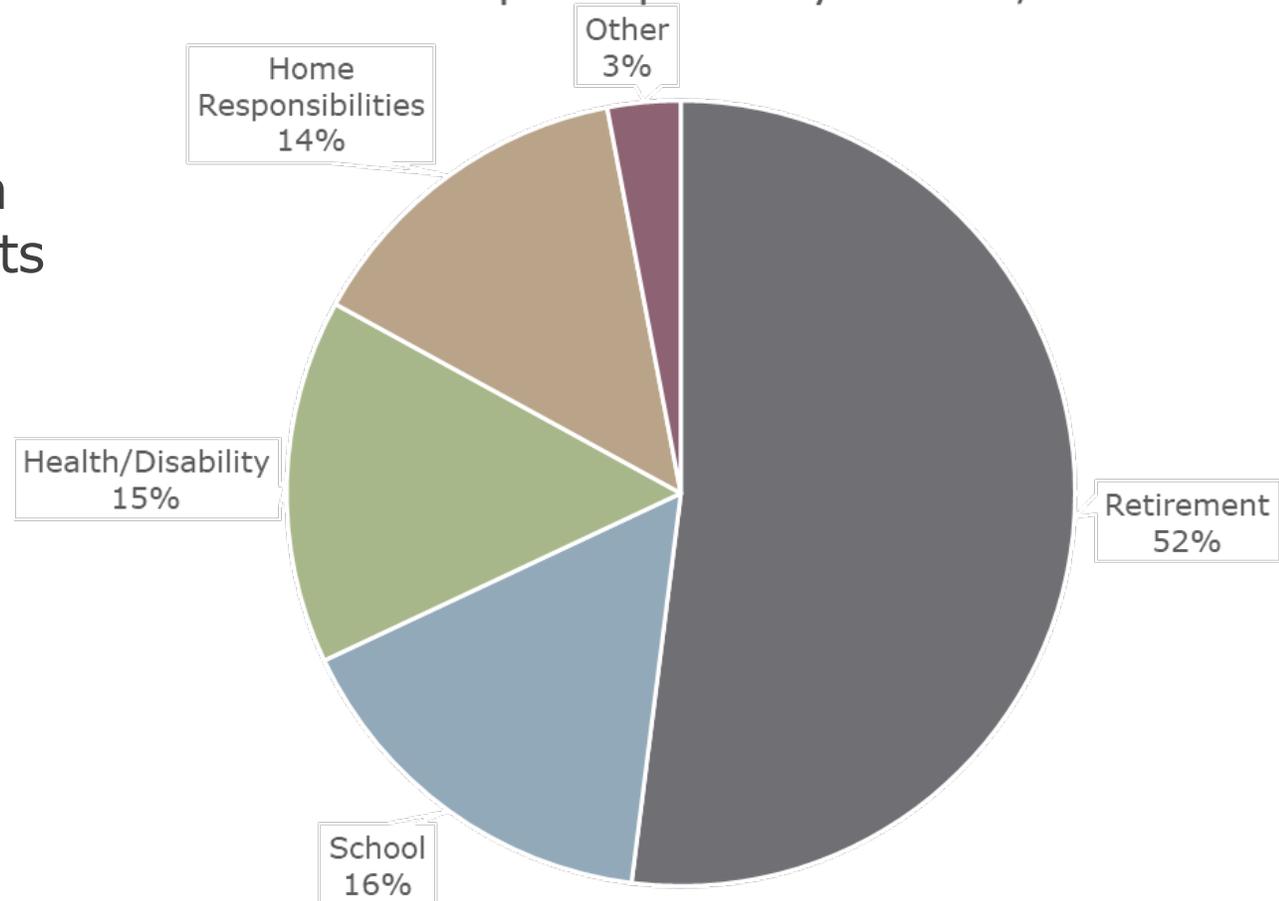
School attendance

Health/disability

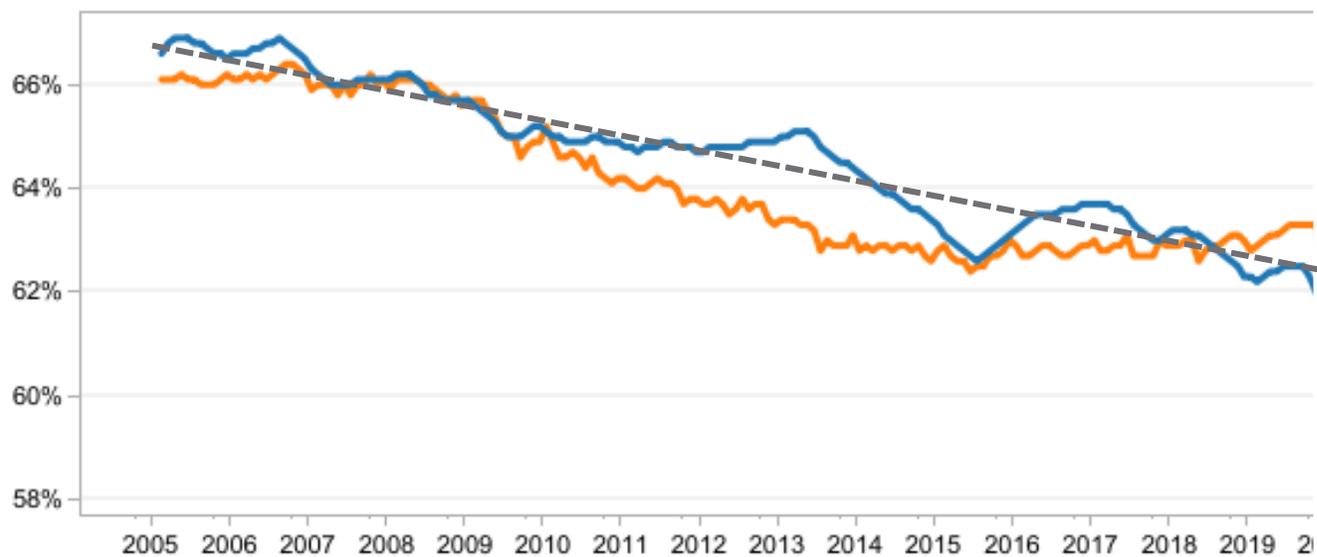
Home responsibilities

Other reasons

Share of Nonparticipants by Reason, 2022



Labor Force Participation Rate (seasonally adjusted)



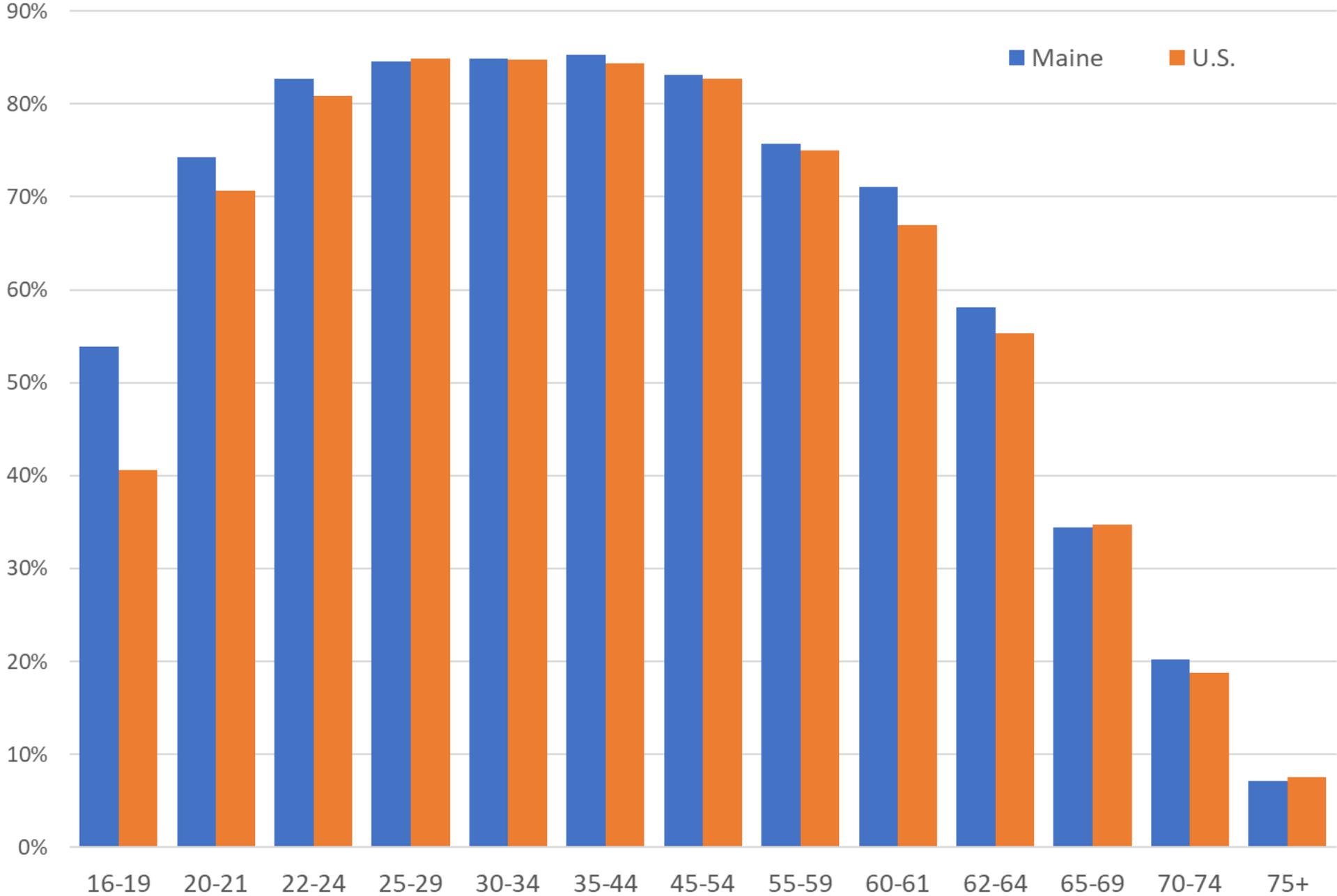
Apr, 2005 to Mar, 2025

- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
- Employment to Population Ratio

■ Maine

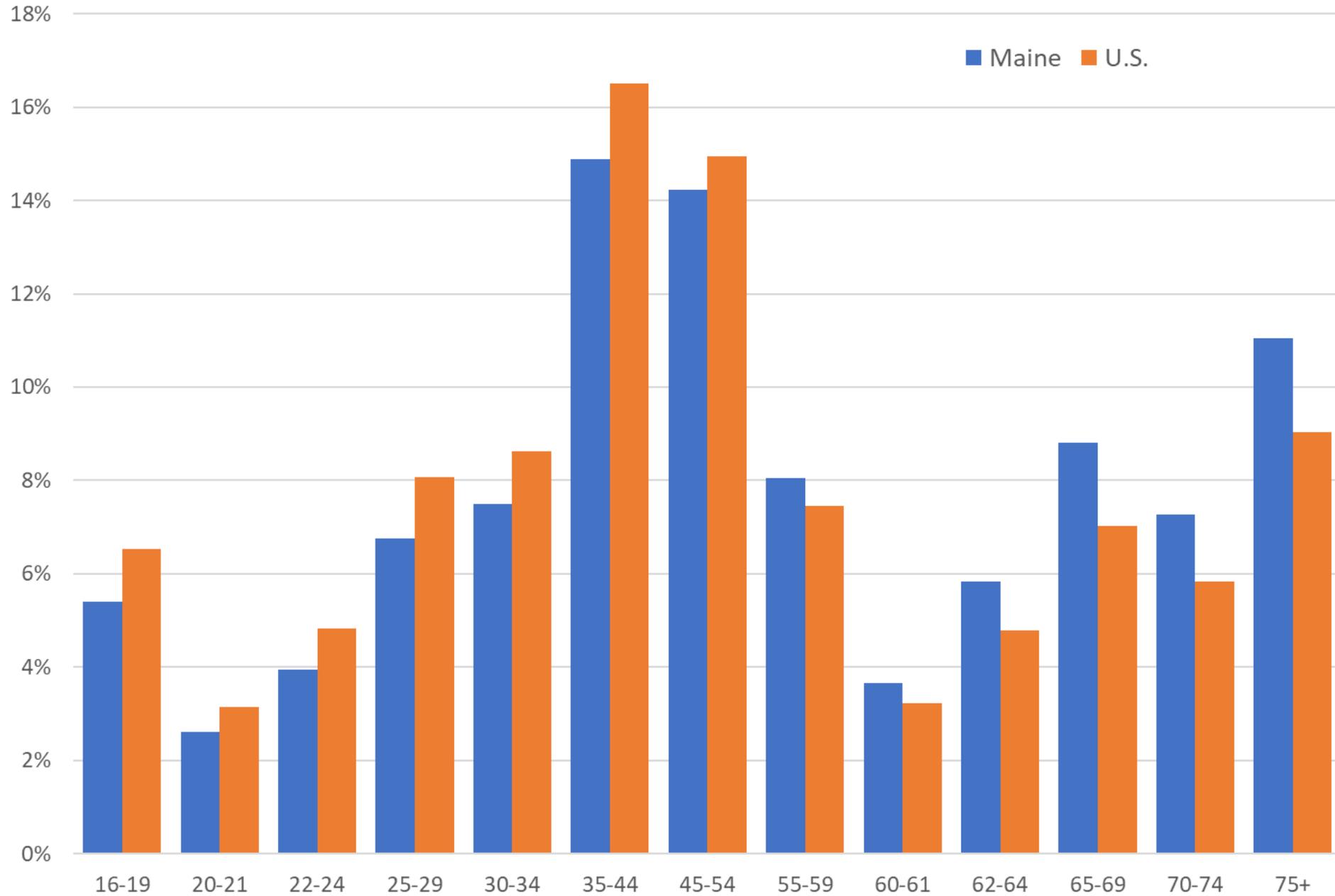
■ United States

2023 Labor Force Participation Rate



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

Share of 16+ Population by Age, 2023



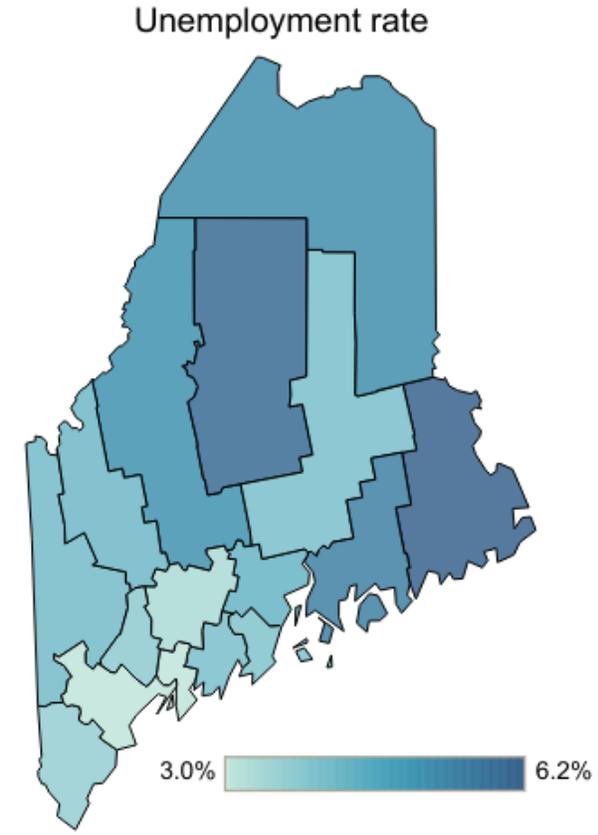
County Rates (not seasonally adjusted)

March, 2025

Table
 Graph

Map/Graph Display
 Unemployment rate
 One-year change

County	Rate	Year ago	One-yr change
Maine	3.8%	3.2%	0.6
Androscoggin	3.7%	3.1%	0.6
Aroostook	5.2%	4.5%	0.7
Cumberland	3.0%	2.5%	0.5
Franklin	4.2%	4.0%	0.2
Hancock	5.5%	4.6%	0.9
Kennebec	3.3%	2.8%	0.5
Knox	3.9%	3.7%	0.2
Lincoln	4.0%	3.5%	0.5
Oxford	4.1%	3.4%	0.7
Penobscot	4.0%	3.4%	0.6
Piscataquis	6.0%	5.9%	0.1
Sagadahoc	3.0%	2.5%	0.5
Somerset	5.1%	4.3%	0.8
Waldo	4.3%	3.7%	0.6
Washington	6.2%	5.6%	0.6
York	3.6%	3.0%	0.6

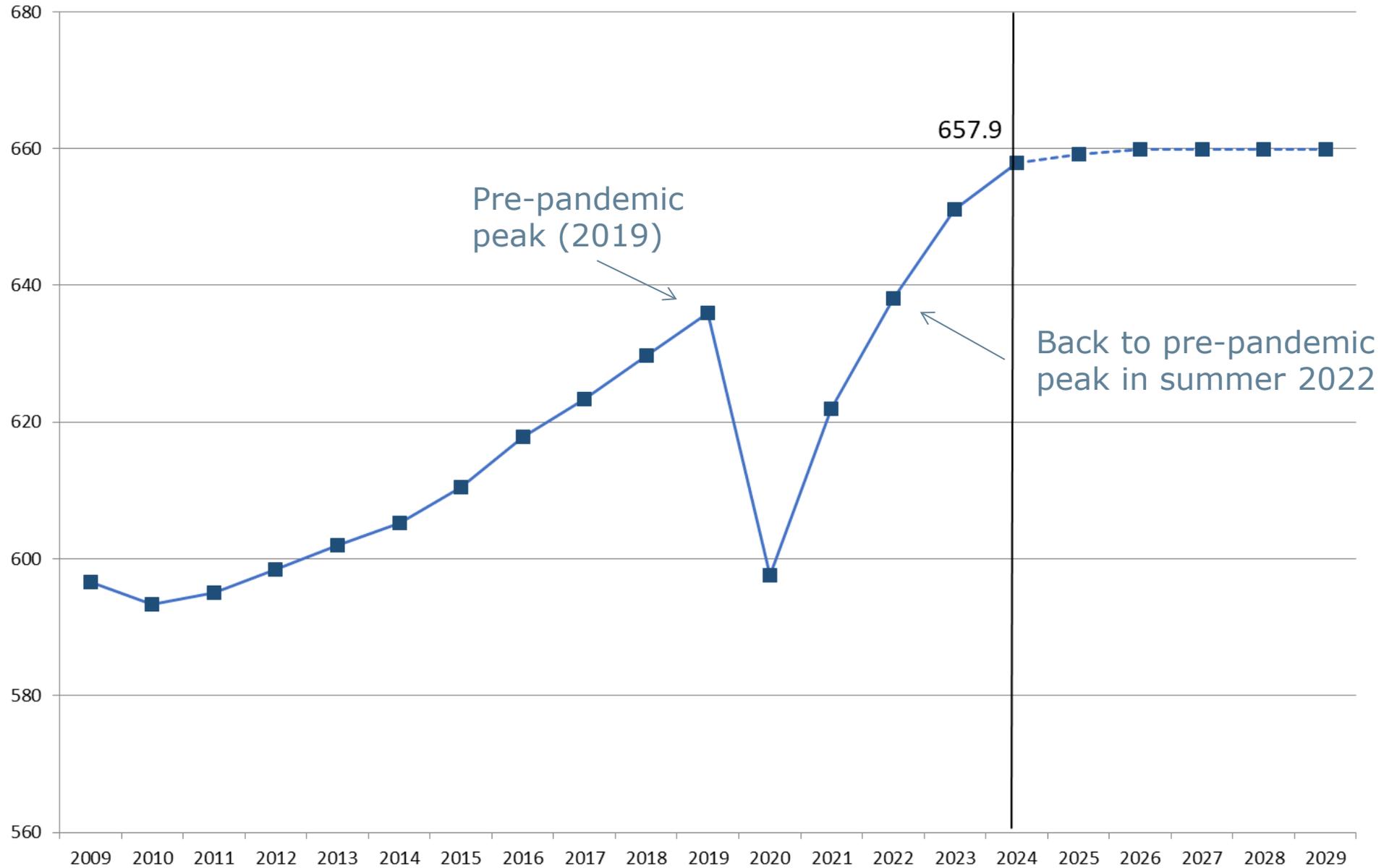


Maine Department of Labor, Center for Workforce Research and Information

Maine's seasonally-adjusted 3.5% unemployment rate in March 2025 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

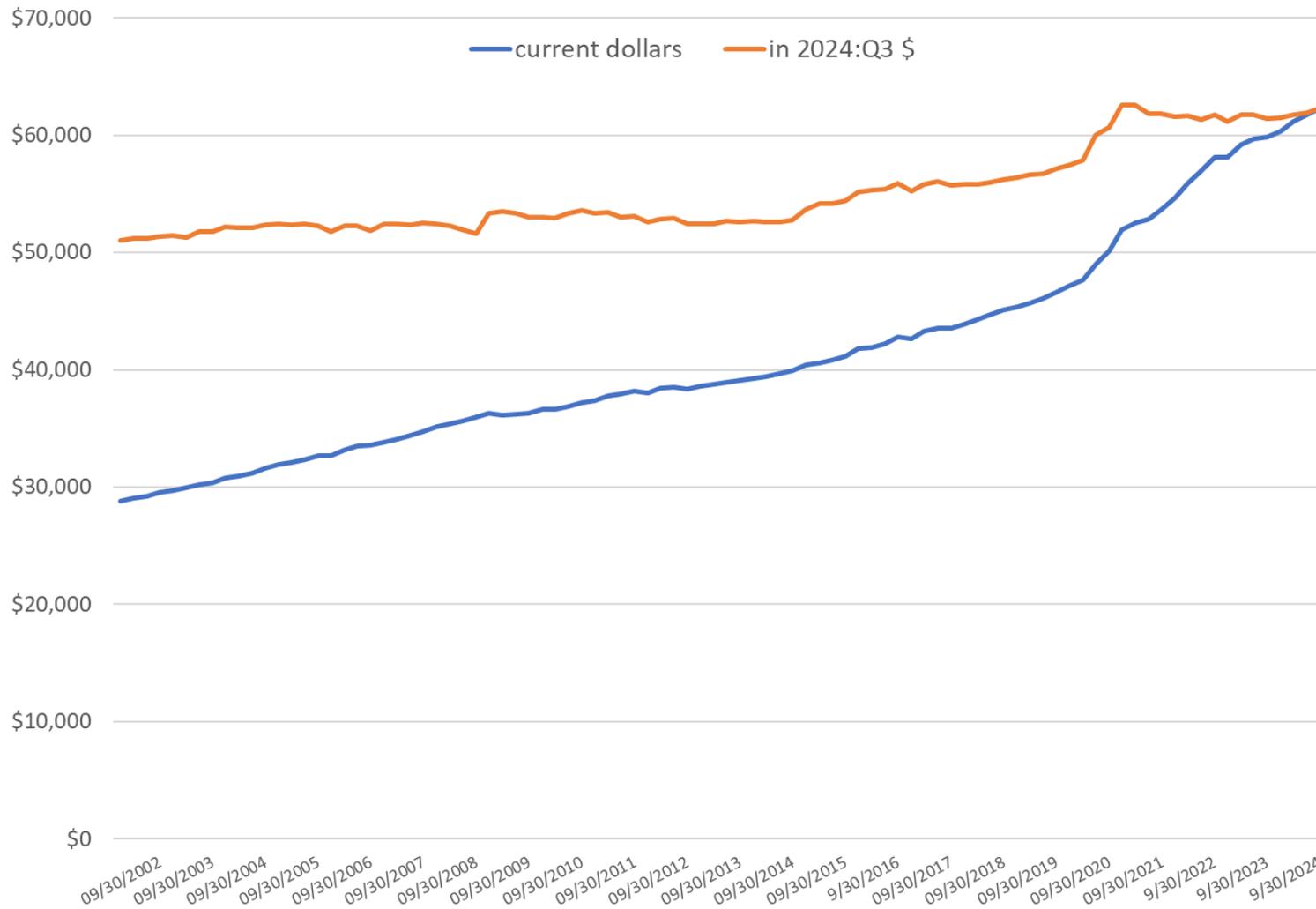
Retirements: find creative ways to keep older adults engaged in the workforce

Labor Force Participation: remove roadblocks for historically underemployed populations

Automation: use technology to substitute for labor

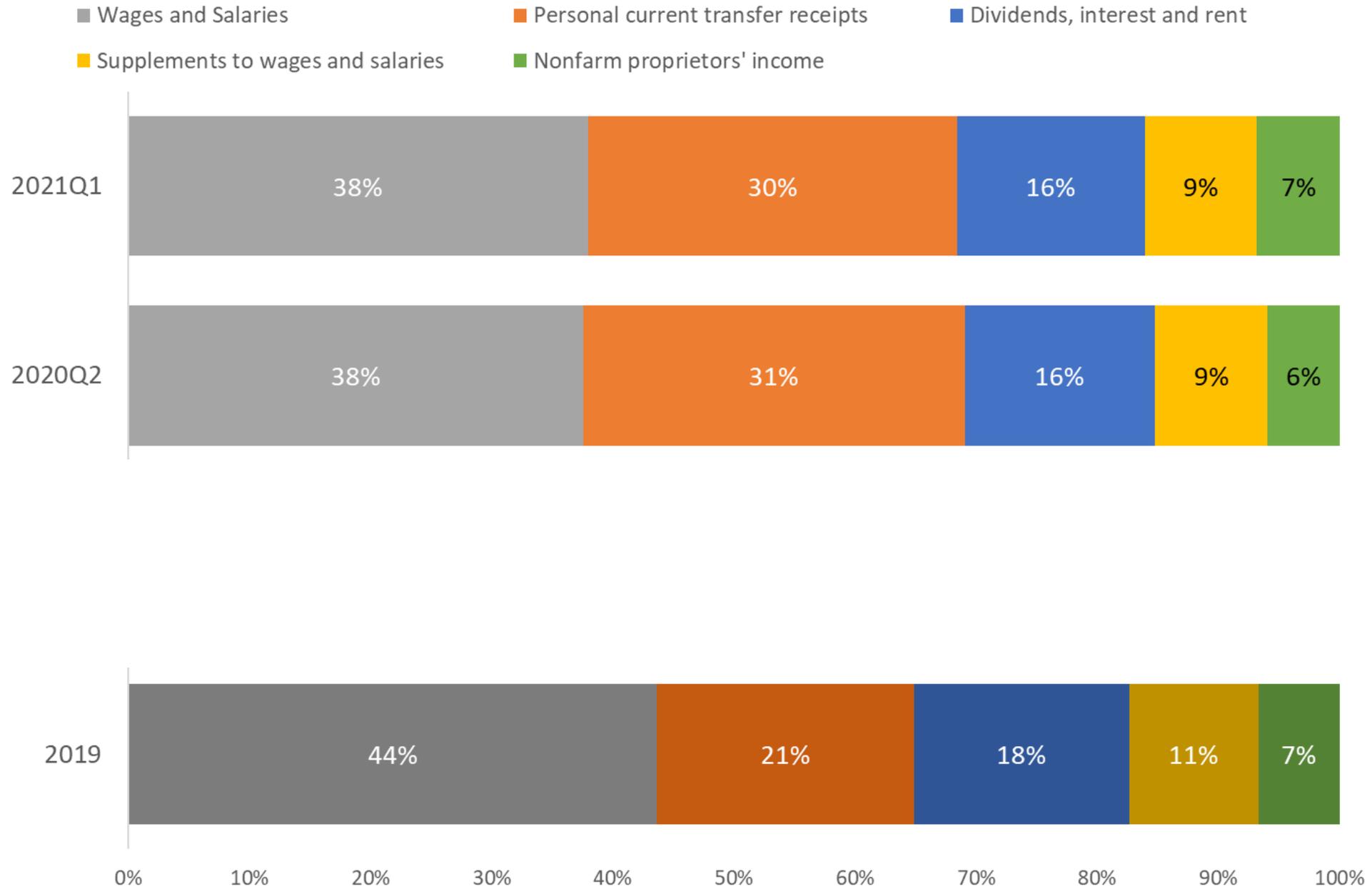
Wages and income

Moving Four Quarter Average Wage Per Job



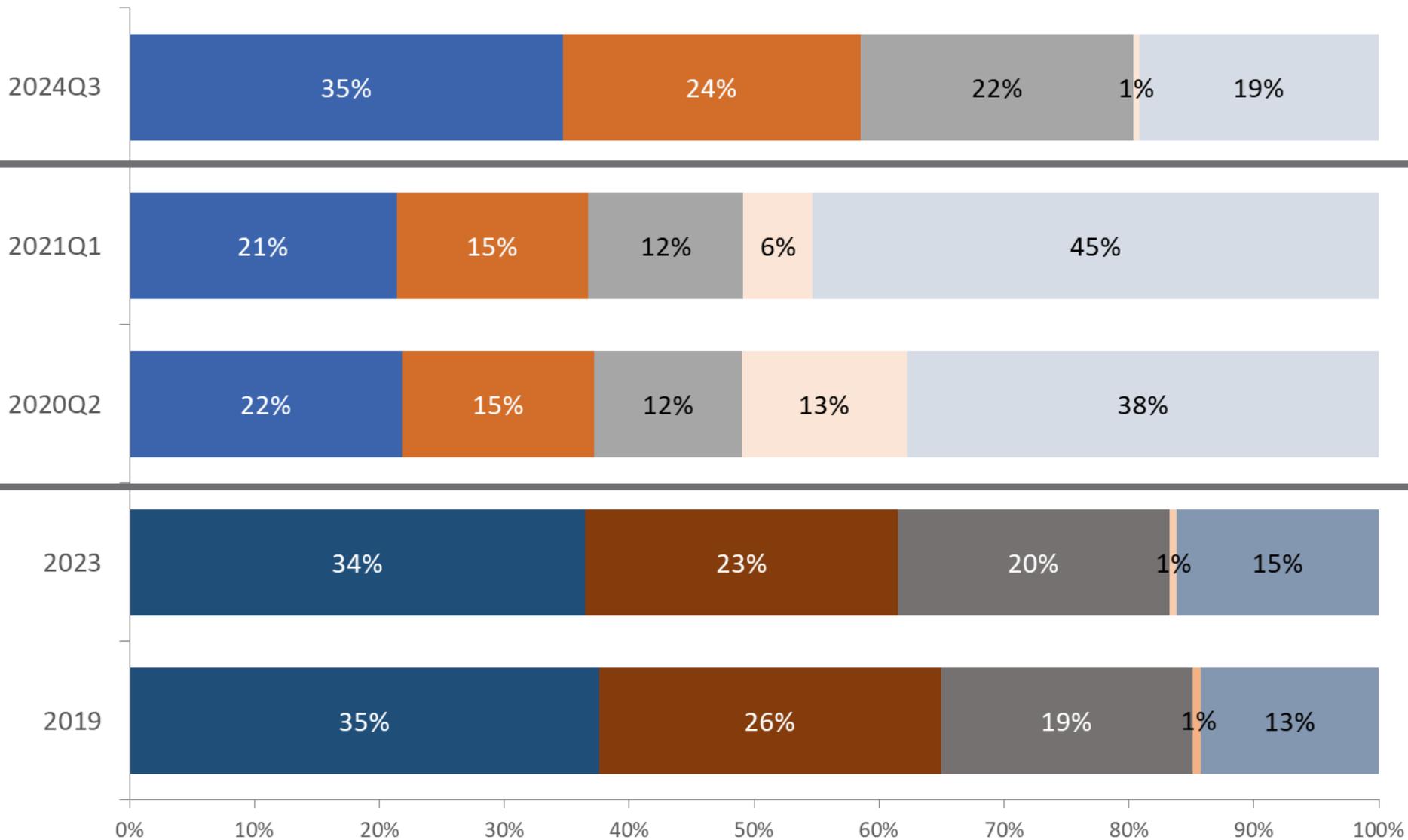
Wages increased sharply during the first part of the pandemic; since then, increases have kept pace with inflation

Major Components of Personal Income, Maine

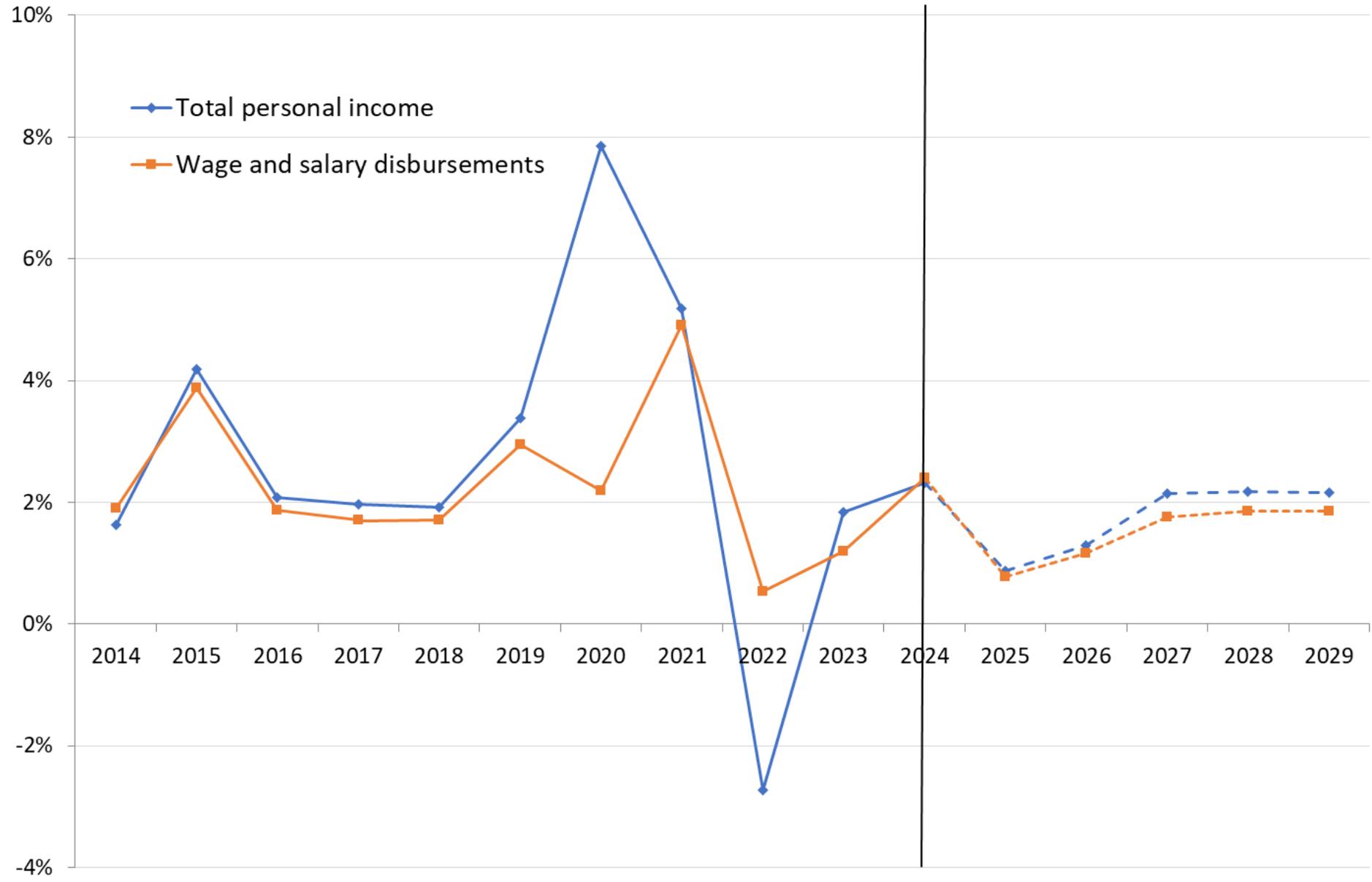


Components of Personal Current Transfer Receipts,

- Social Security benefits
- Medicare benefits
- Medicaid
- Unemployment insurance compensation
- All other personal current transfer receipts

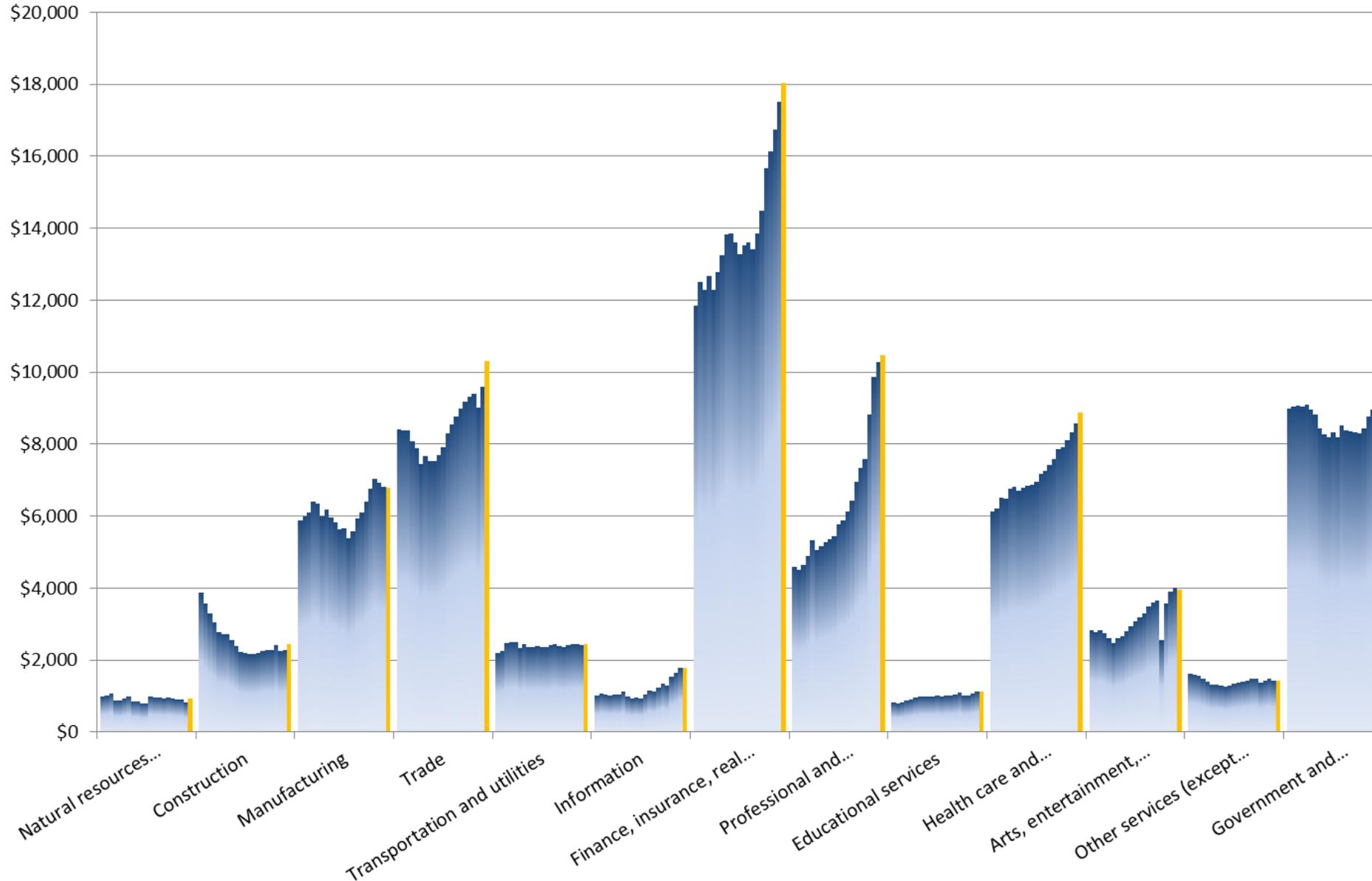


Percent Change in Real Personal Income (2024 \$), Maine 2014-2024 and forecast to 2029

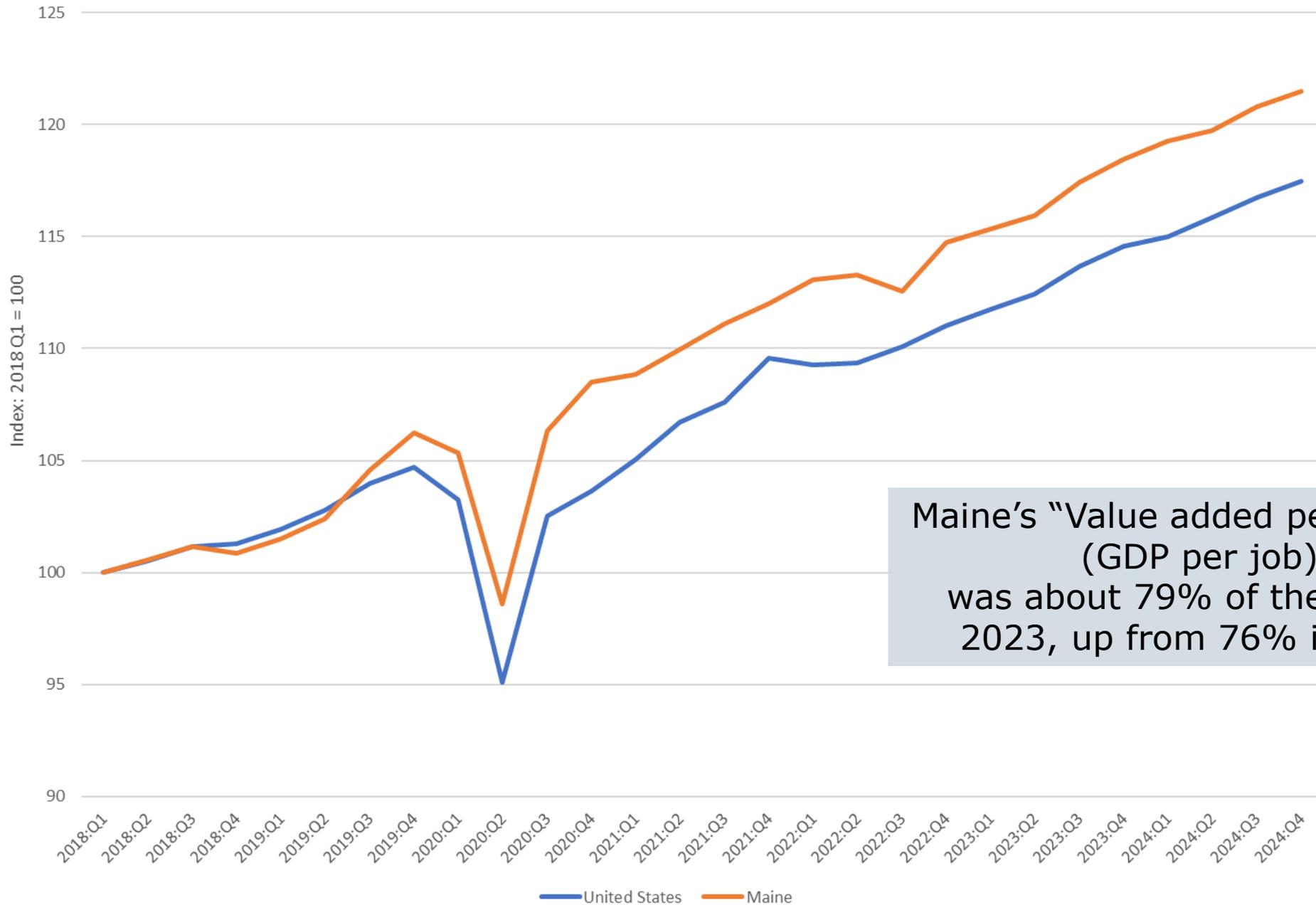


Gross Domestic Product (GDP)

Maine Real GDP by Industry, 2004-2024 (in millions of chained 2017 dollars)



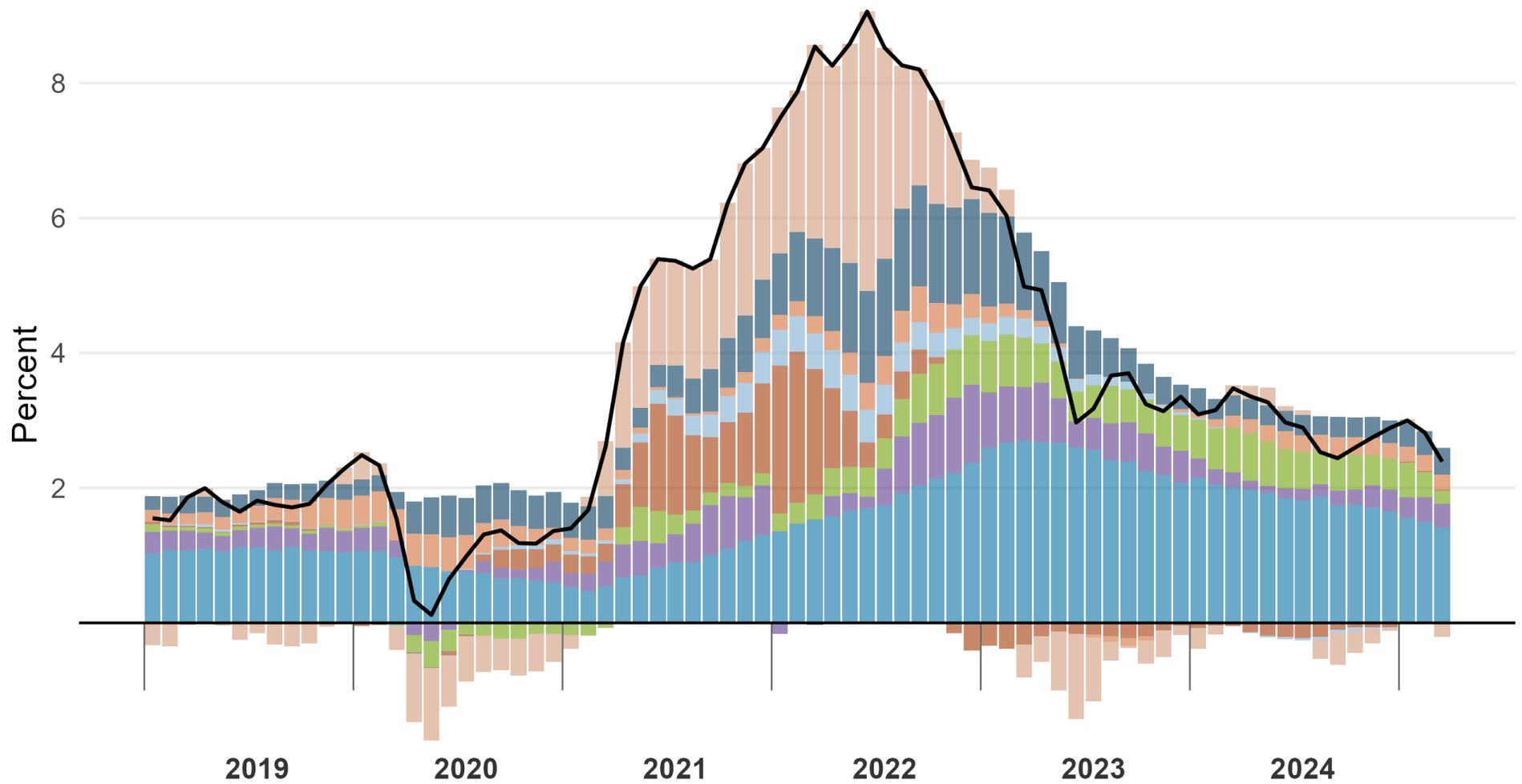
Quarterly Real GDP (in millions of chained 2017 dollars)



Maine's "Value added per worker"
(GDP per job)
was about 79% of the U.S. in
2023, up from 76% in 2018

Inflation and consumer/business sentiment

Percentage Point Contribution to Year-Over-Year Percent Change in CPI



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

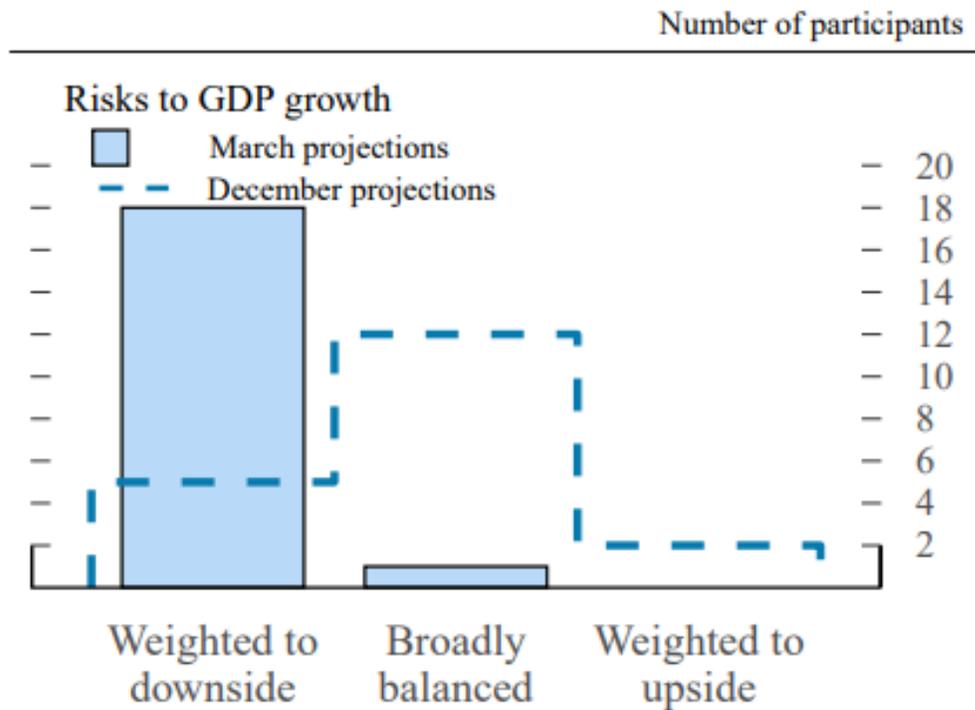
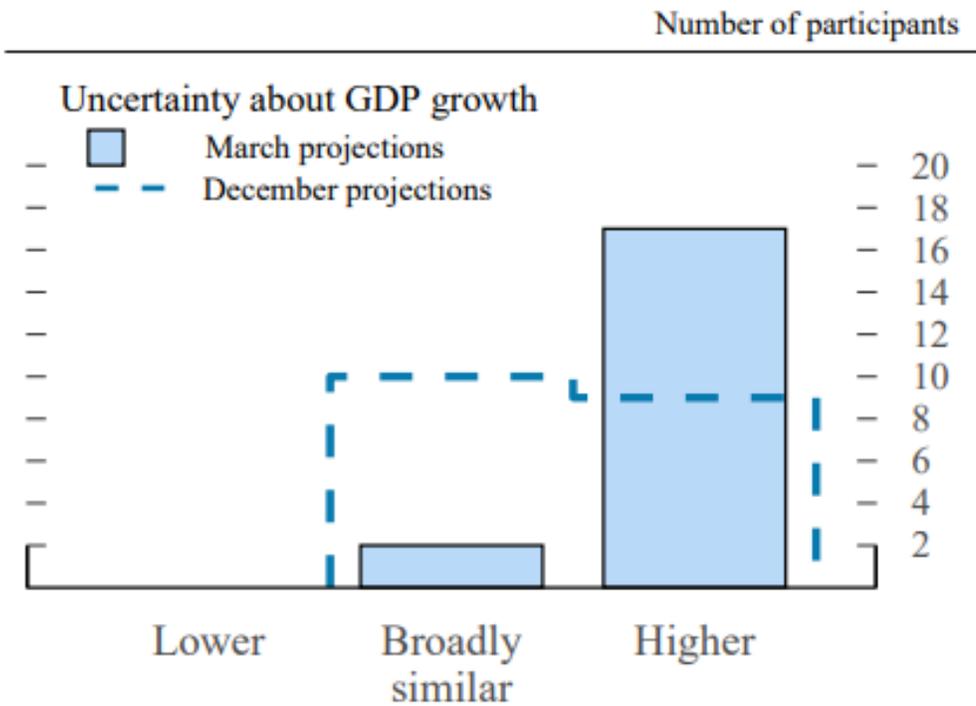
Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

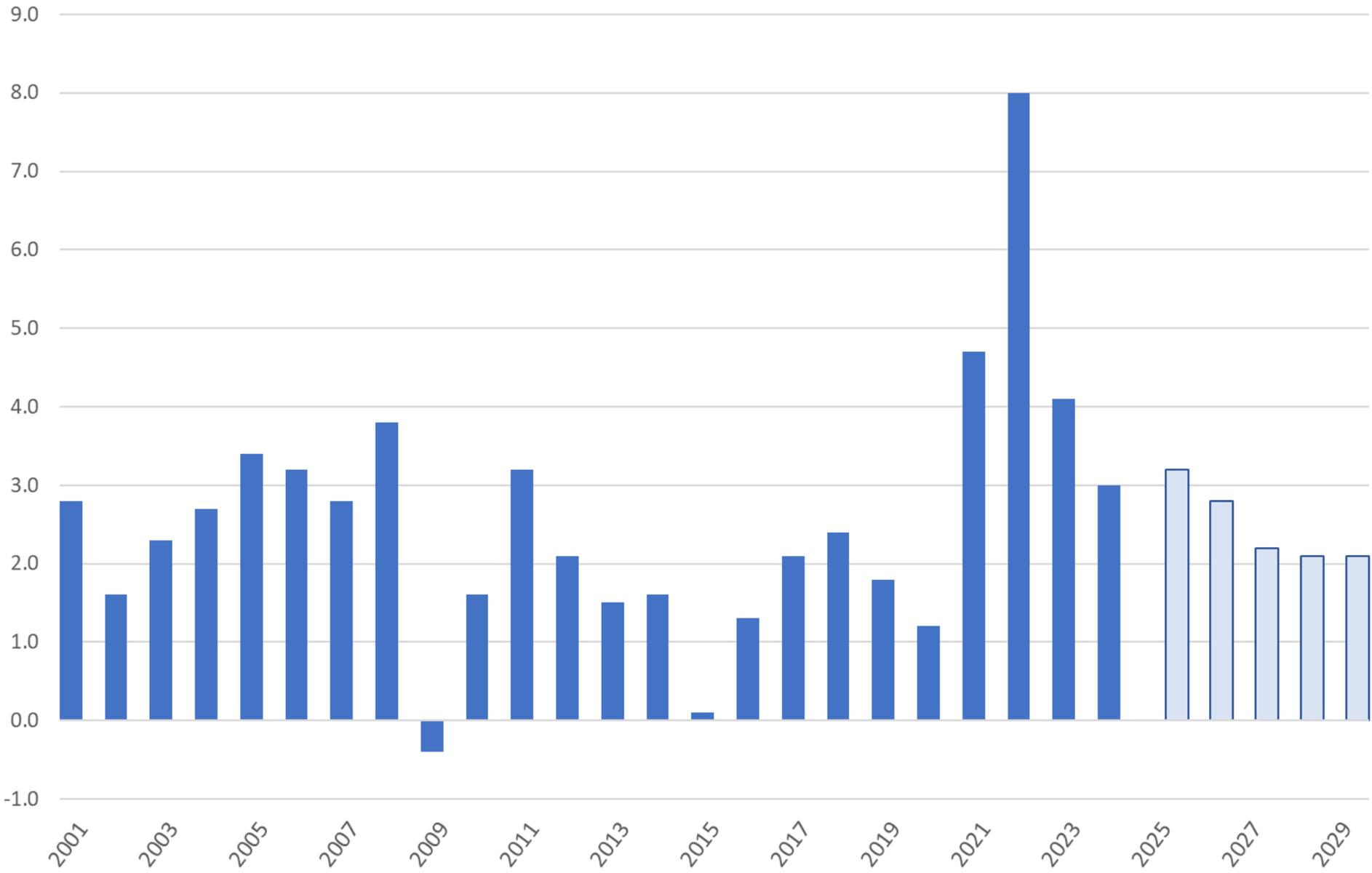
Current target range
(as of March):
4.25% to 4.5%

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

FOMC participants' assessments of uncertainty and risks around their economic projections



Year-over-year percent change in Consumer Price Index; 2001-2024 historical and 2025-2029 forecast

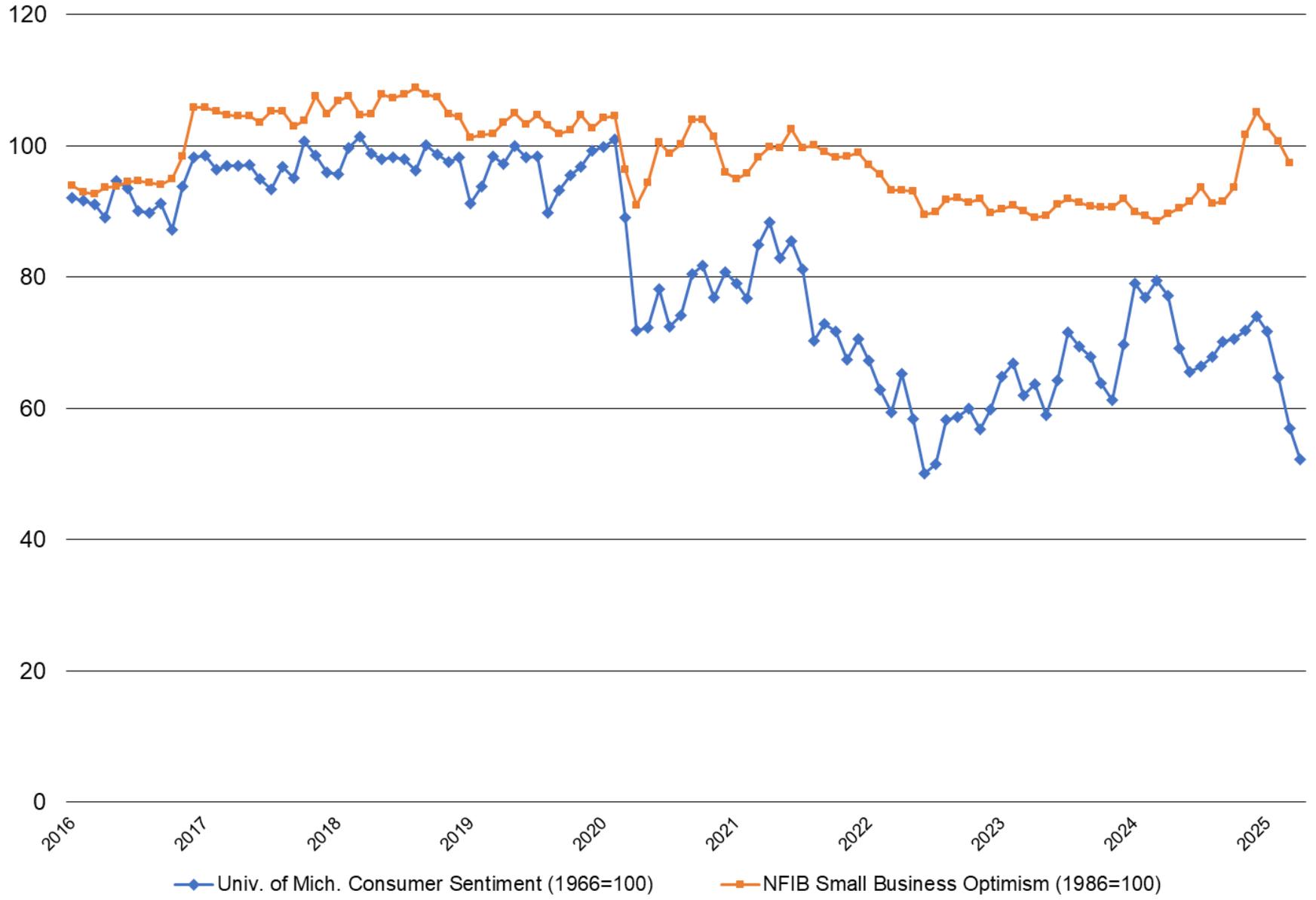


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, April 1, 2025

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 and higher inflation



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

Macroeconomic conditions

The overarching theme at this point is uncertainty

“There is considerable uncertainty at this time around economic policy, government spending, geopolitical tensions, and consumer sentiment.”

-April 2025 CEFC Report

Excerpts from key assumptions in April 2025 CEFC report

- Geopolitical tensions remain elevated (...). Rapidly changing tariff policies are contributing to the possibility of a global trade war. Strained relations between the U.S. and China, European nations, and Canada contribute to additional uncertainty, as does the risk of escalating tensions between China and Taiwan.
- The federal government has entered into a period of significant fiscal austerity. (...) Maine's economy will be impacted by any reduction of federal funding (...). Federal funds not only flow into Maine through state and local governments, but also through payments to individuals, contracts with nonprofits and businesses, grants to higher education and research institutions. (...)
- Inflation growth remains elevated above target levels and will face upward pressure from tariffs. Consumer sentiment has declined as expectations about future personal financial wellbeing have deteriorated (...).
- Maine may be at greater risk from federal funding and tariff policy changes. Maine has seen some targeted impacts from the federal government. (...) the tensions between Canada and the U.S. may also drive a decline in Canadian tourism to Maine.

Impacts from Tariffs

Uncertainty in trade policies (like tariffs) contributes to an unsettled economic environment and higher risk

Prices and availability both will likely be affected as supply chains are shaken

Tense U.S. relations with Canada may impact the tourism industry and retail sectors if Canadian tourists avoid travel to the U.S.

Things to keep in mind:

- Migration picked up during the pandemic, but the continuation of this trend has been challenged by housing availability/affordability
- 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 extremely high, particularly related to federal policies
- Maine has a robust Budget Stabilization Fund (around \$937 million), providing a valuable cushion in case of a slowdown or revenue shortfalls

Contact Information

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