

# The Outlook for Maine's Economy

MBTA annual meeting

May 22, 2025

Amanda Rector

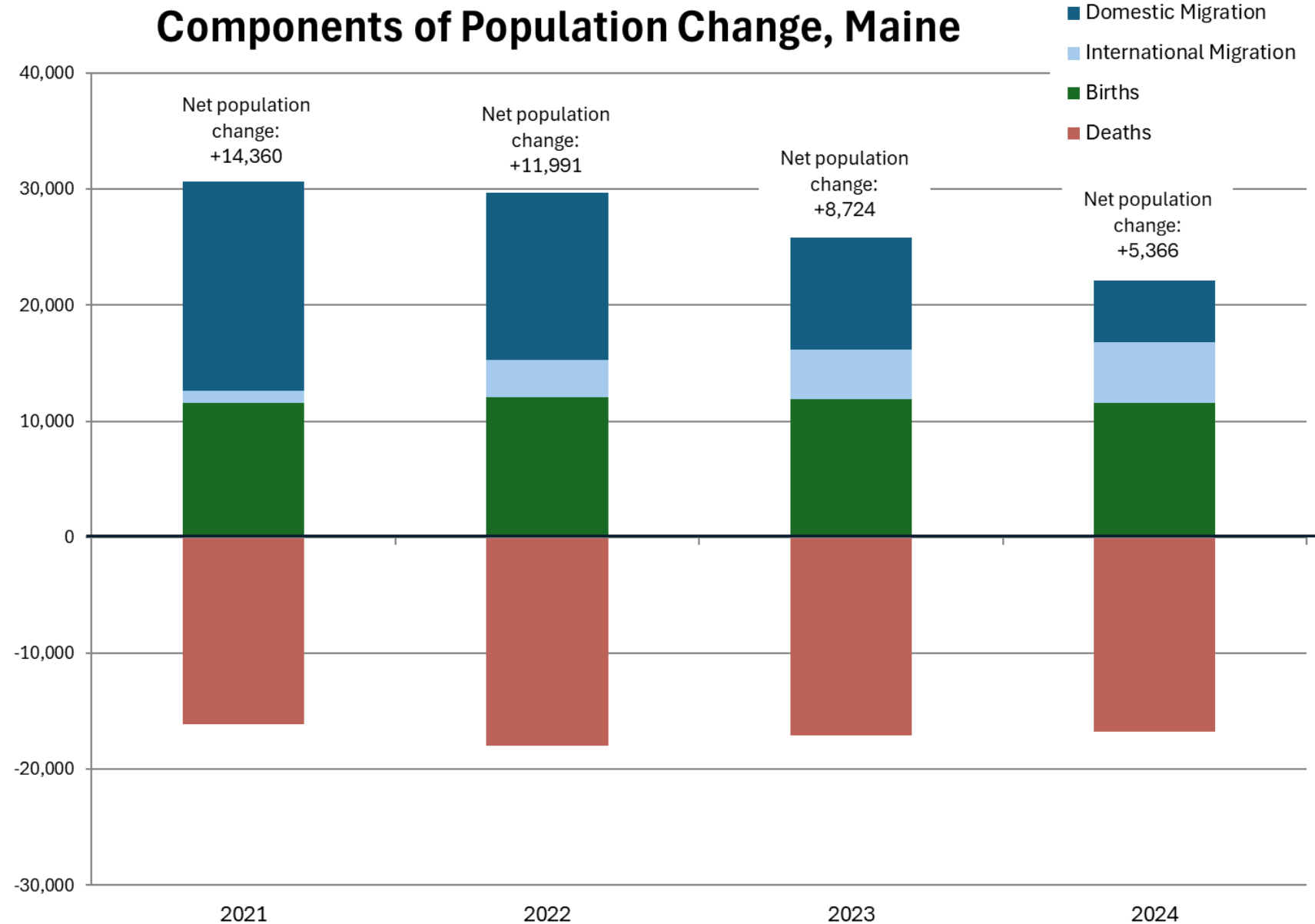
Maine State Economist

# Population and demographics

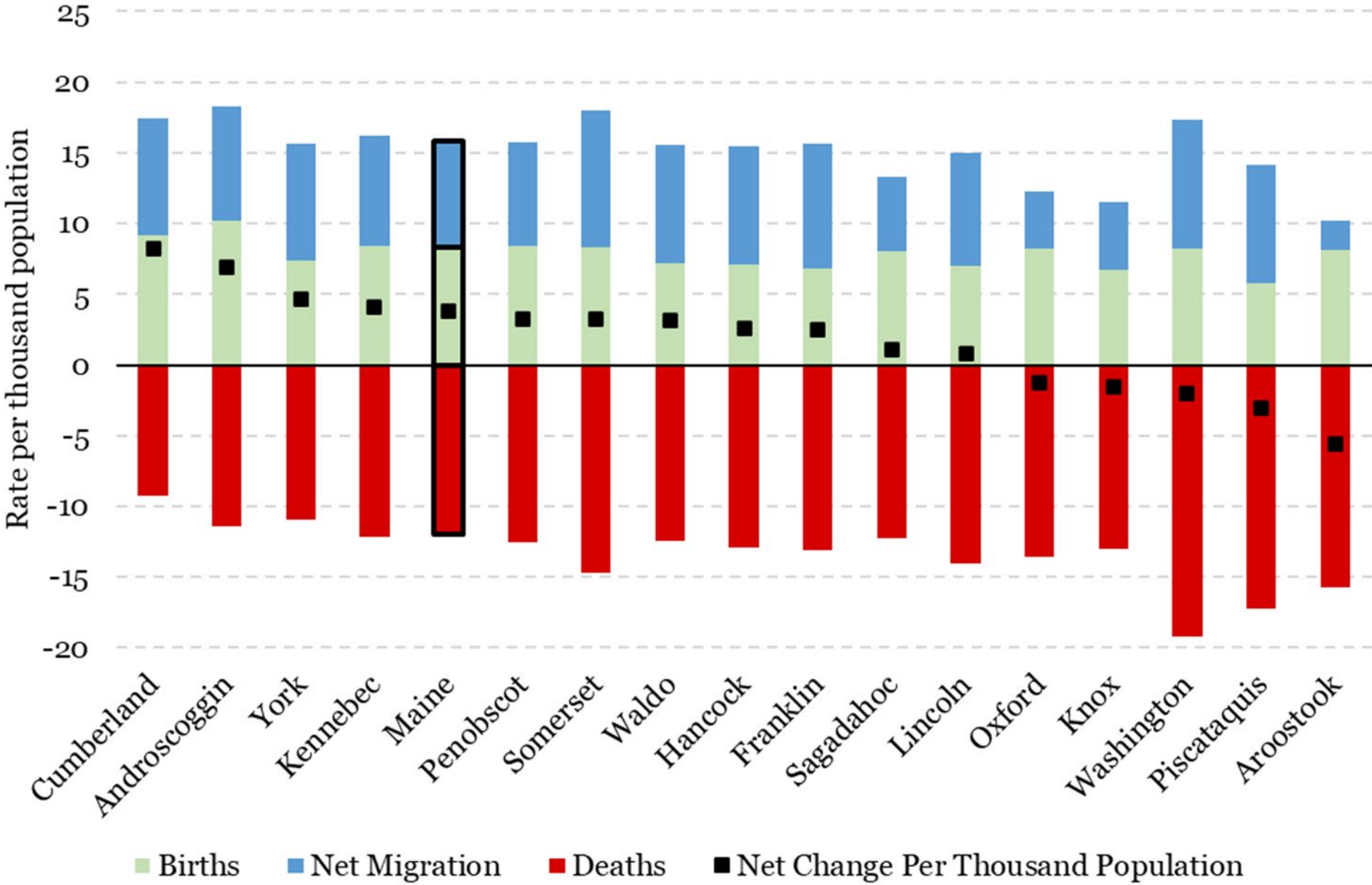
Population increase of  
2.6% from 2010-2020  
(42<sup>nd</sup> in U.S.)

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

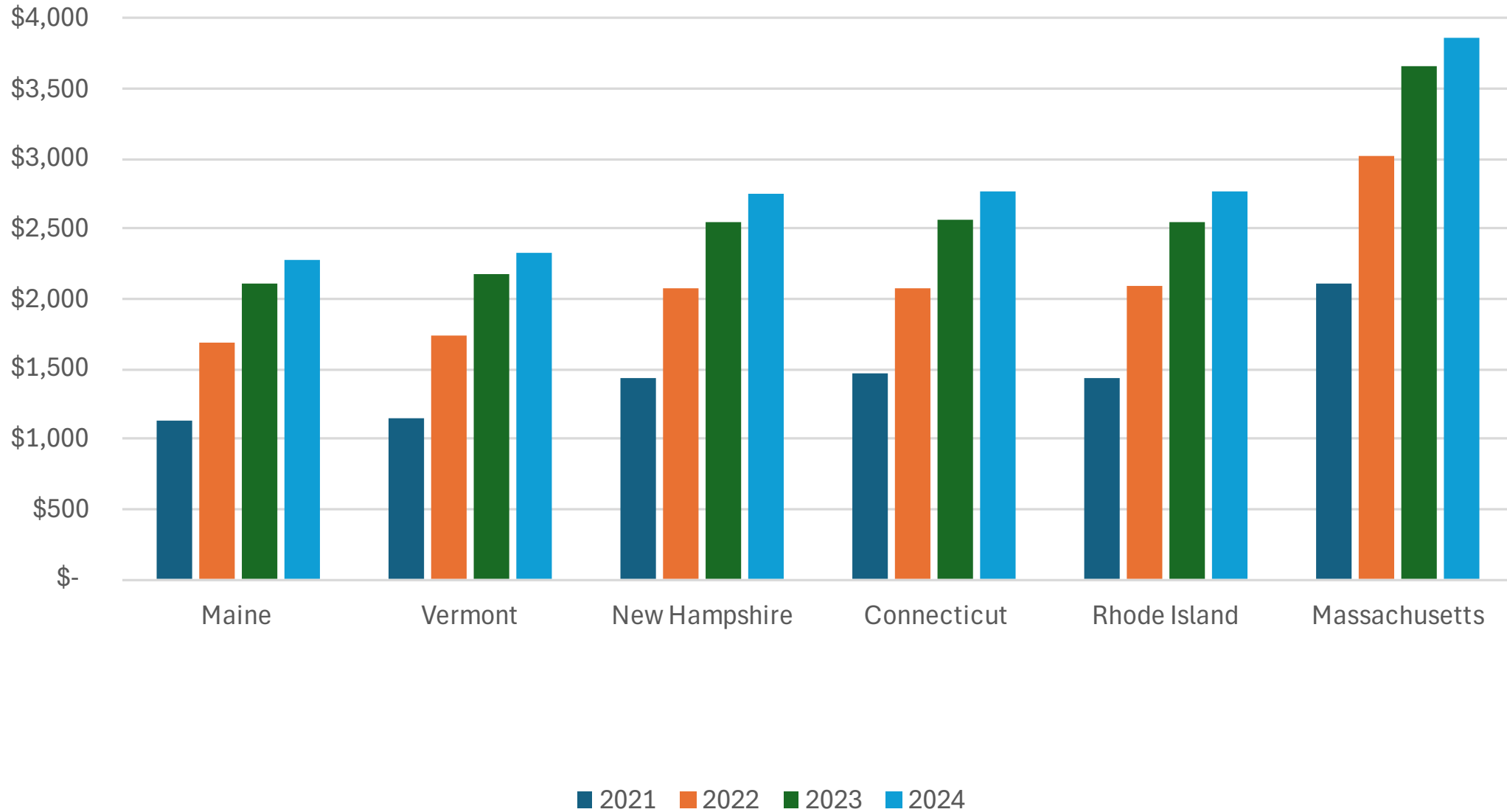
2024 Total Population:  
1,405,012



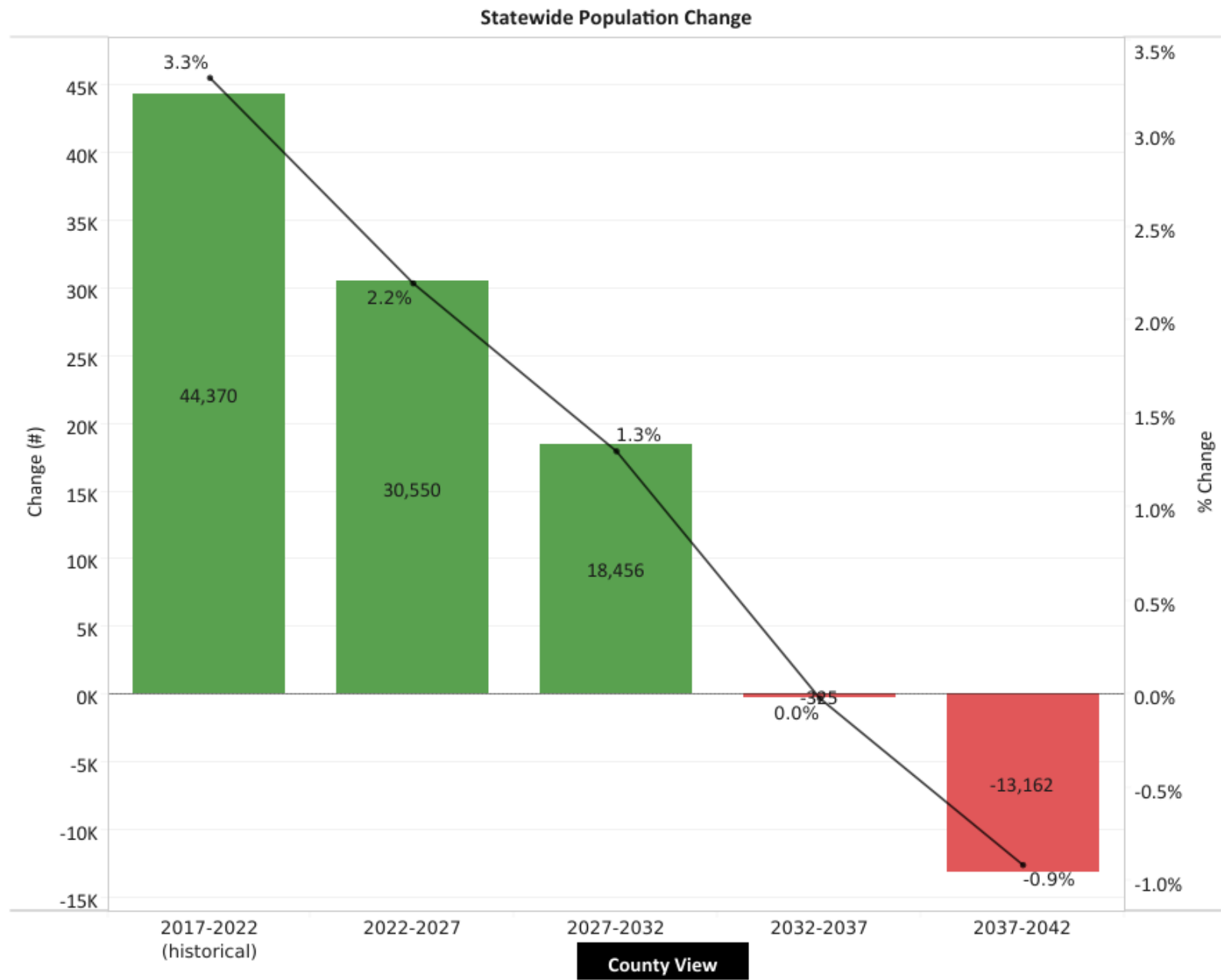
Components of Population Change in Maine, 7/1/2023-7/1/2024  
Rate per thousand population



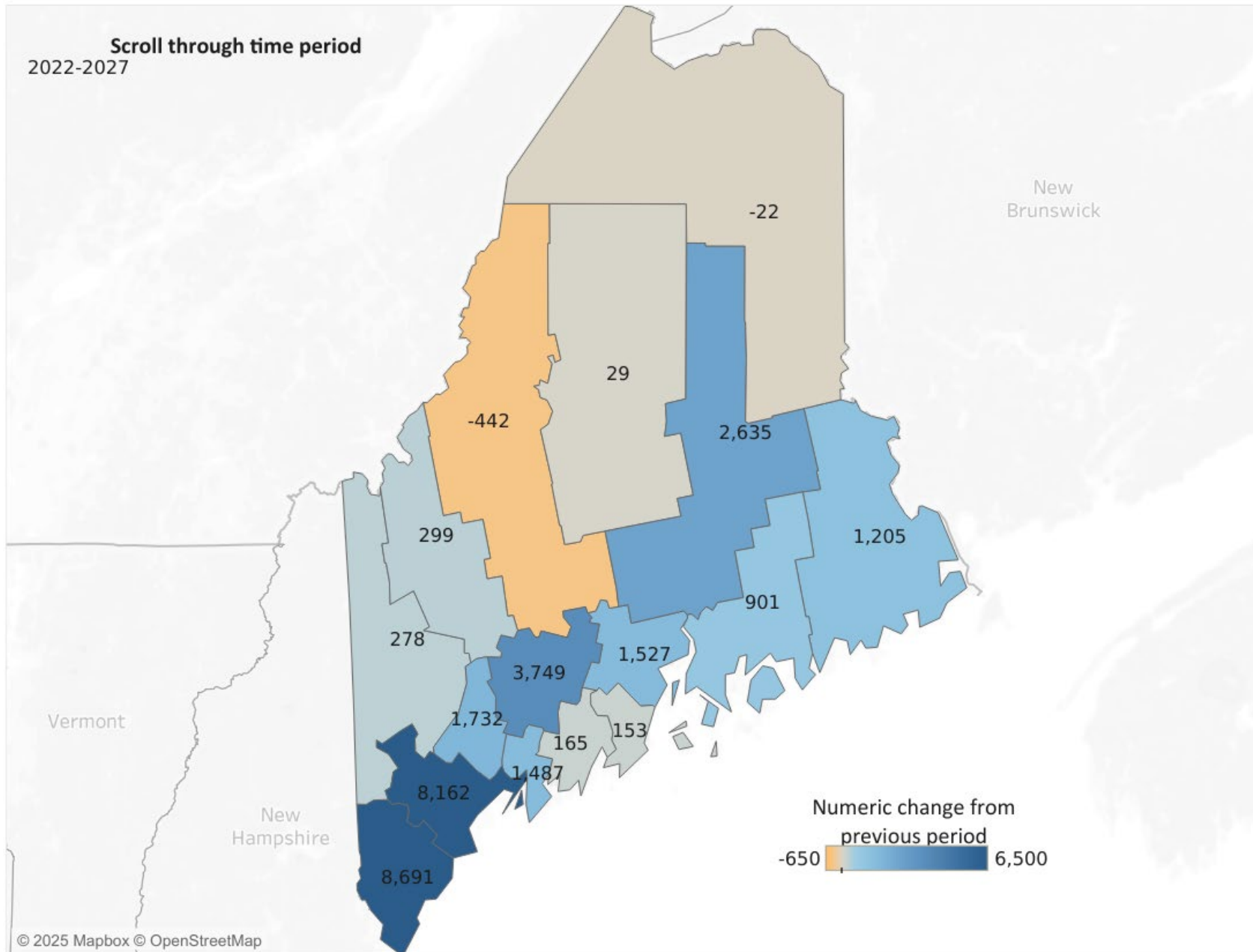
## Monthly Mortgage Payment at the Median Sales Price 2021-2024

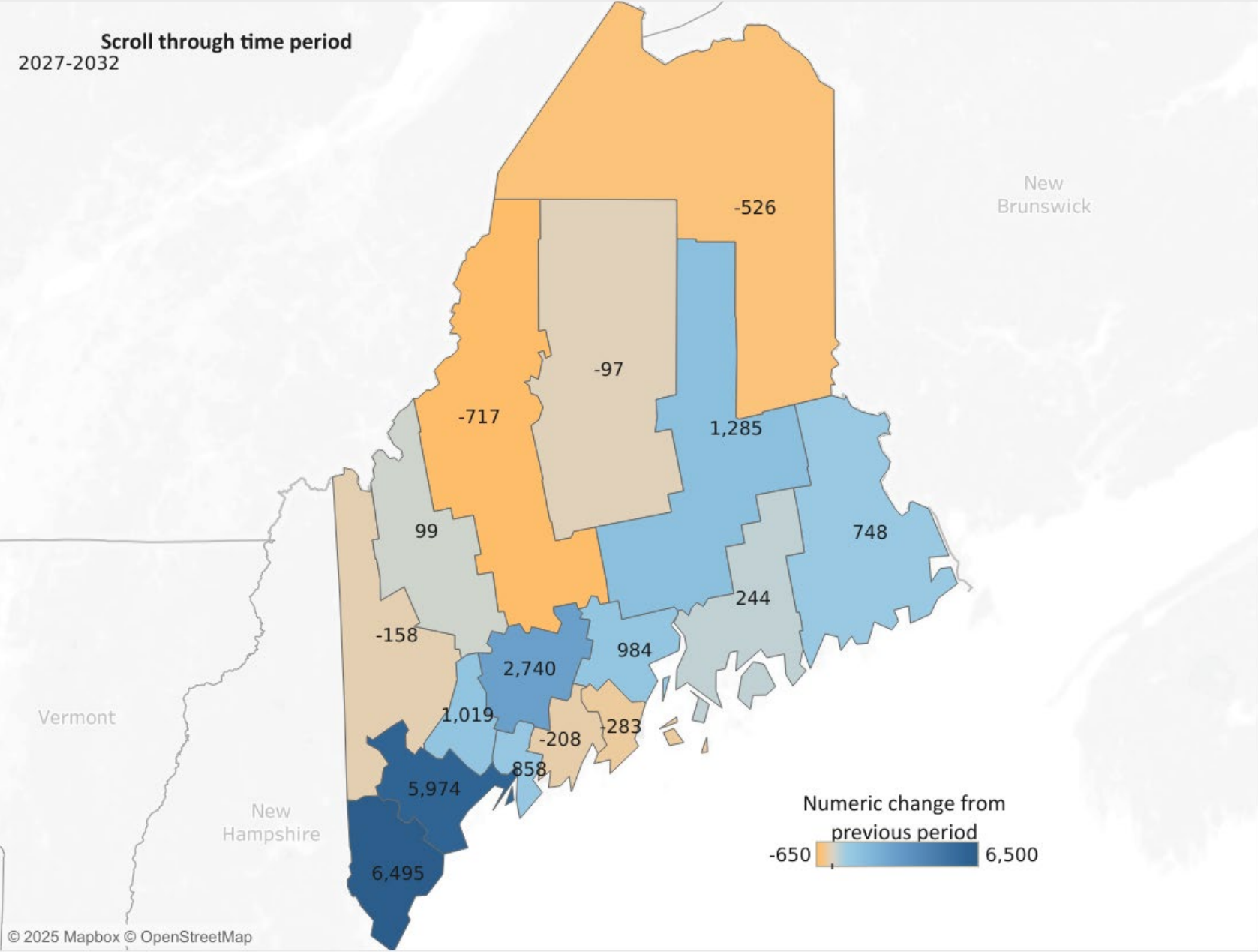


Sources: Moody's Analytics (median sale prices), FRED 30-year fixed rate mortgage rates, weekly (average of all weeks in the year). Assumes 30-year fixed rate mortgage and 10% down payment on a home at the median sales price.



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



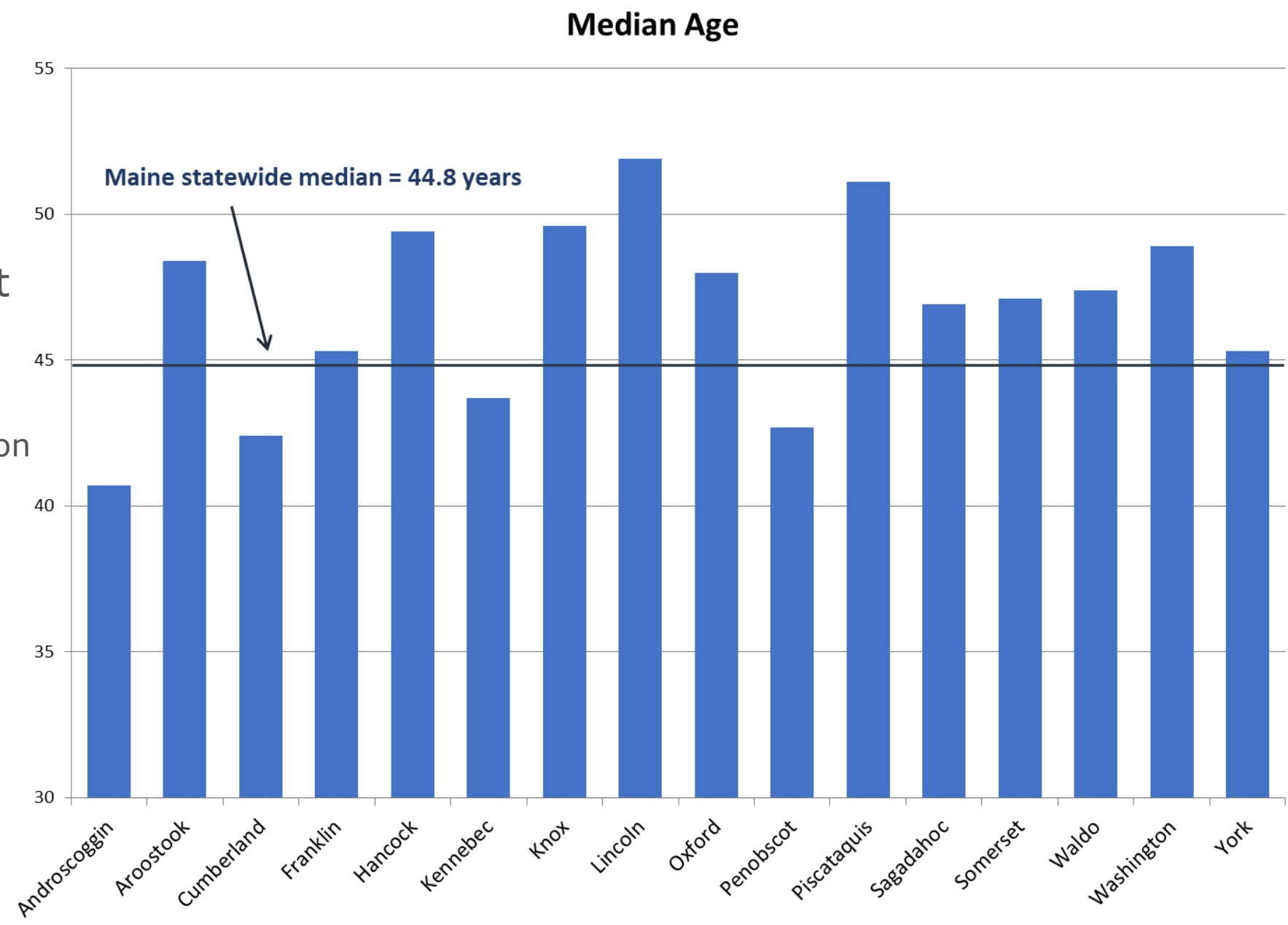


Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.



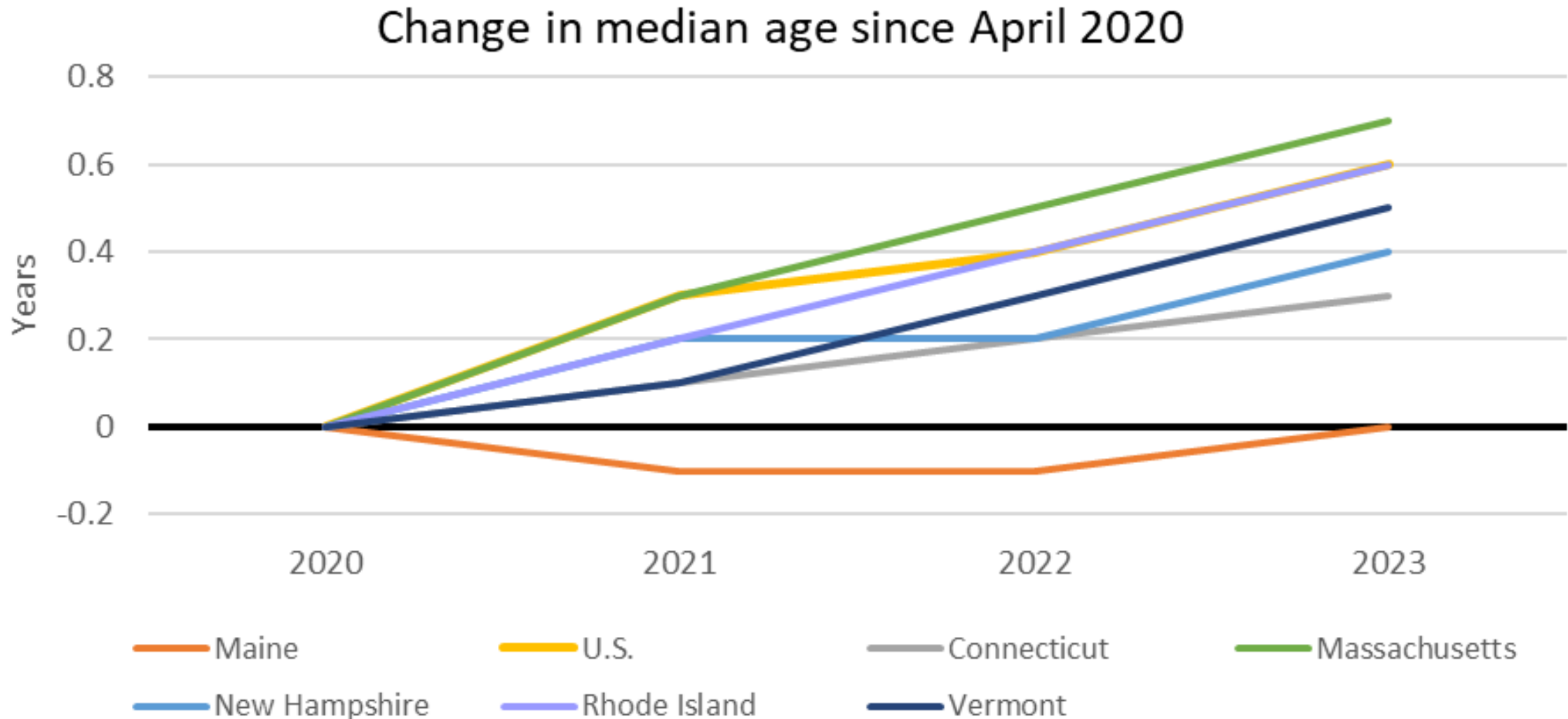


Maine has the oldest  
population...  
...by median age  
(44.8 years)  
...and by % of population  
age 65+ (23.0%)

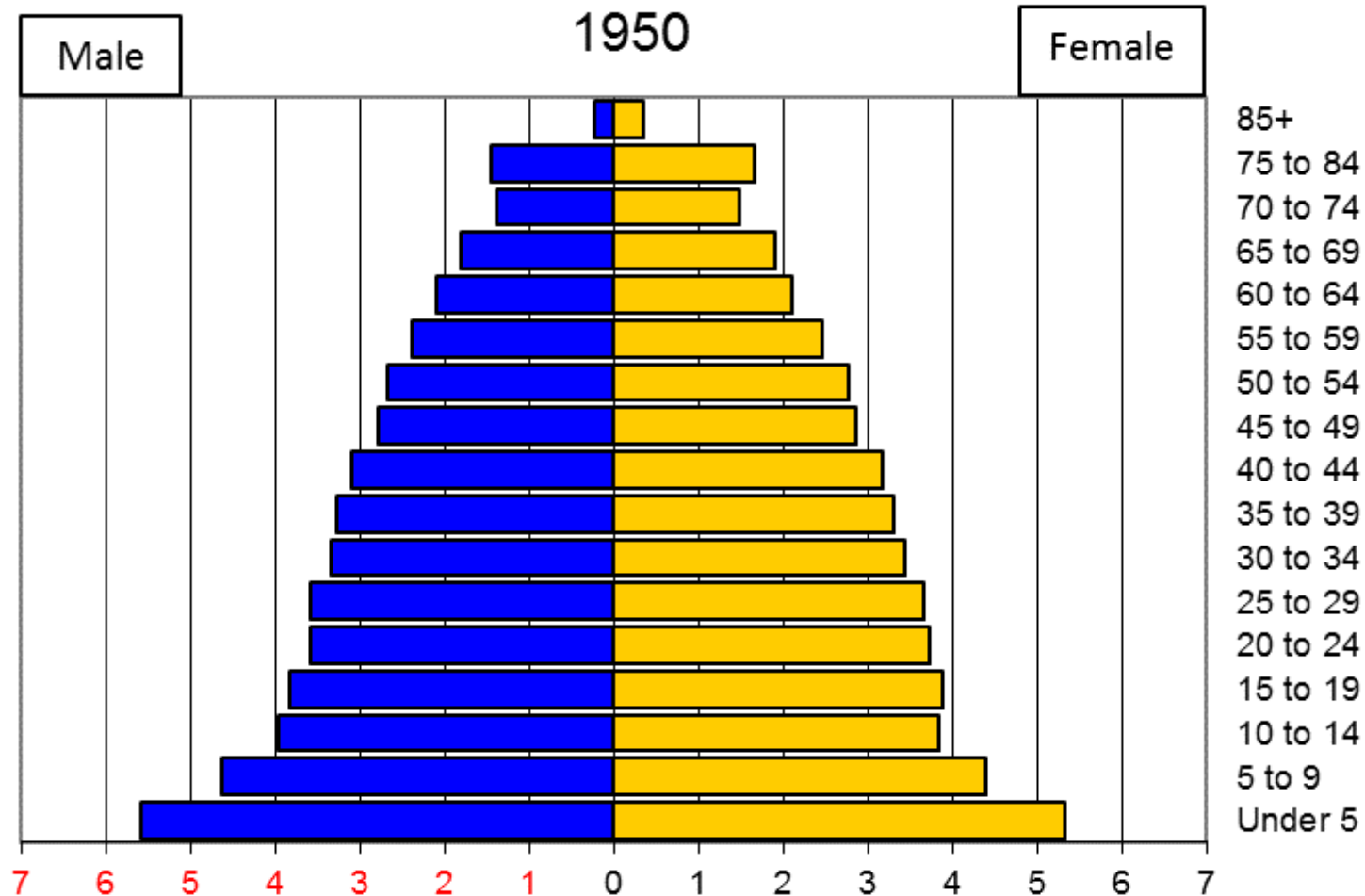


## Migration has made a difference

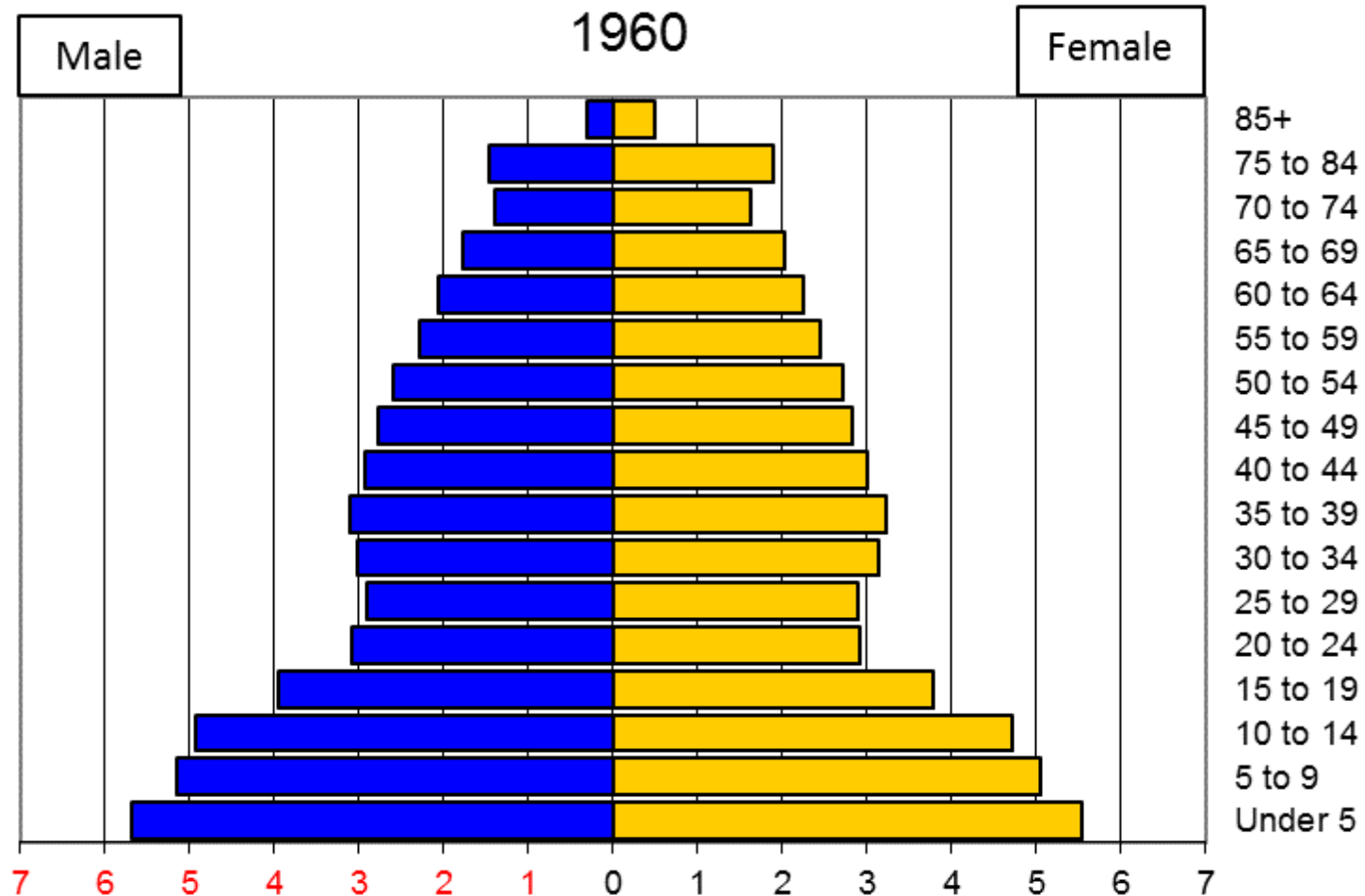
Maine's median age in 2023 is unchanged from 2020, while the U.S. median age has increased 0.6 years (but Maine still has the highest median age in the nation)



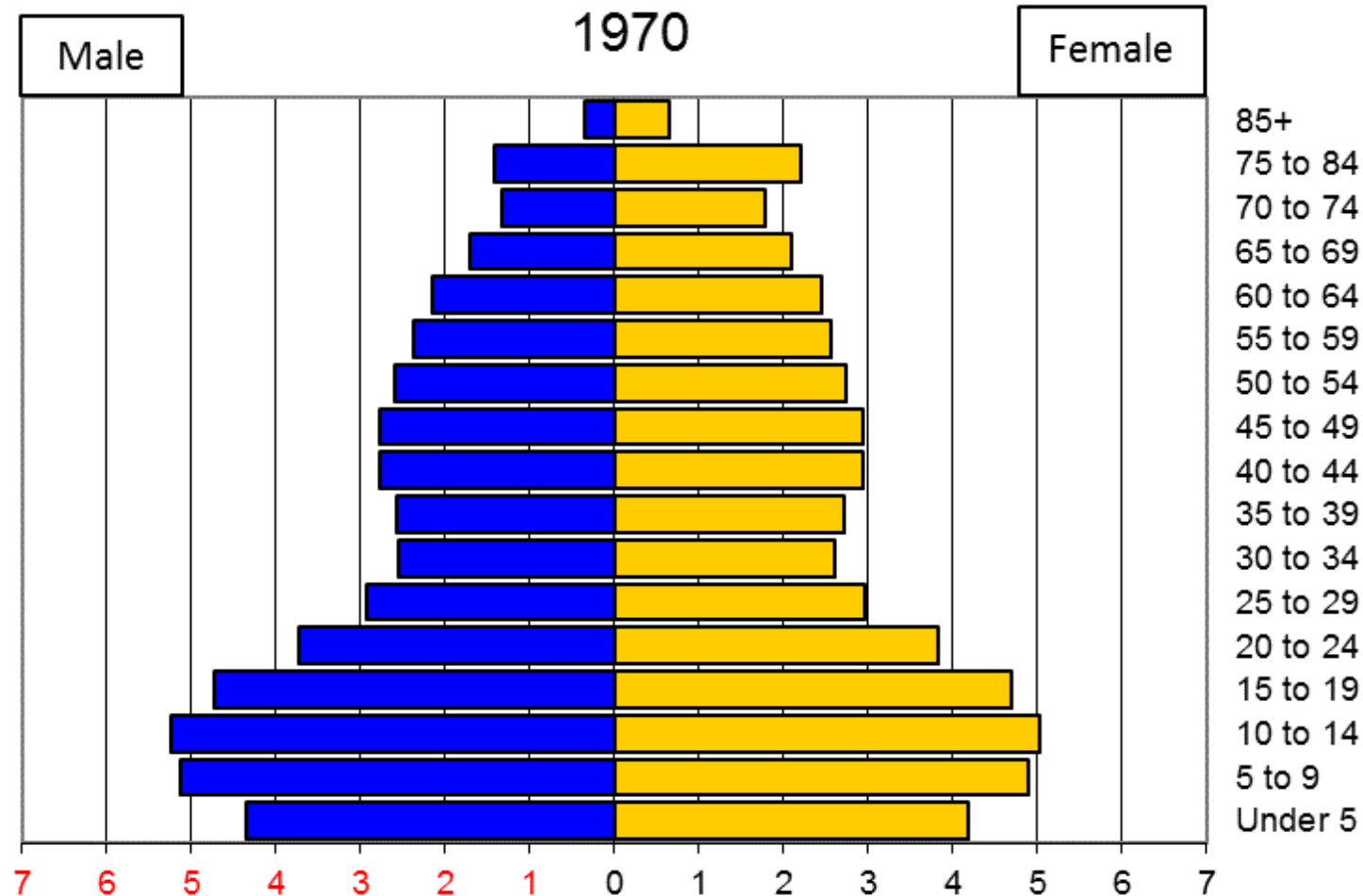
# The Baby Boom: 1946-1964



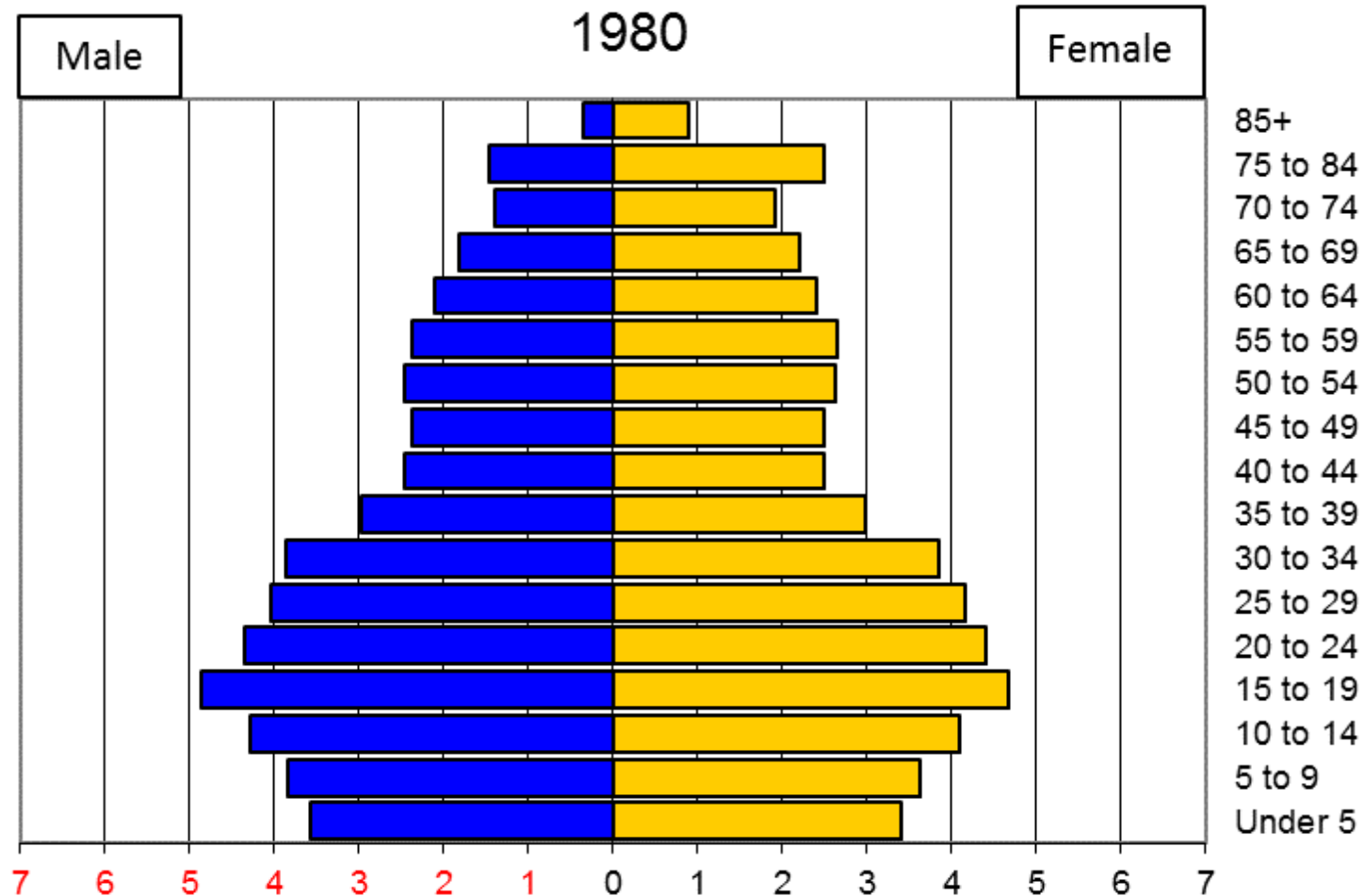
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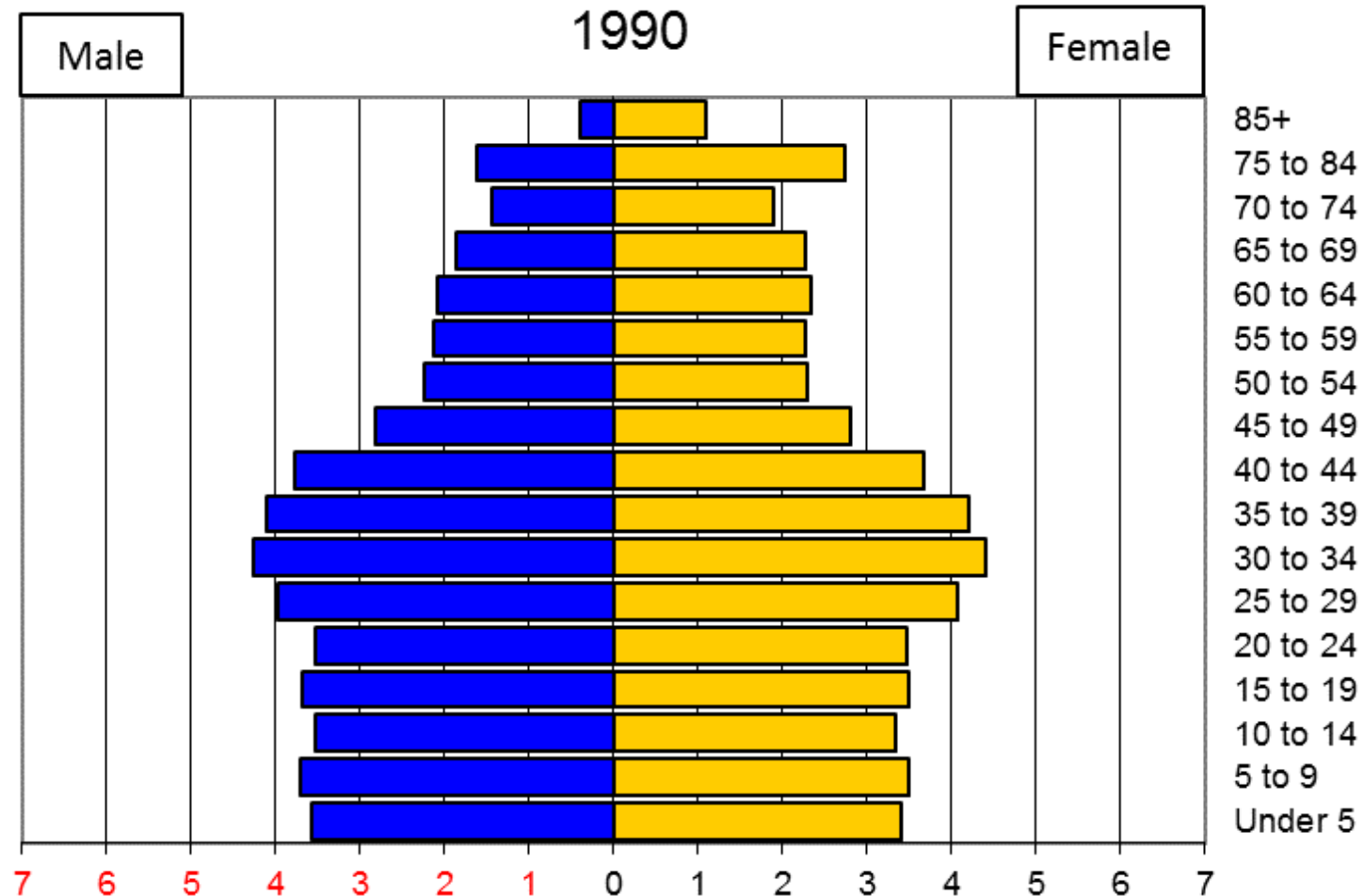
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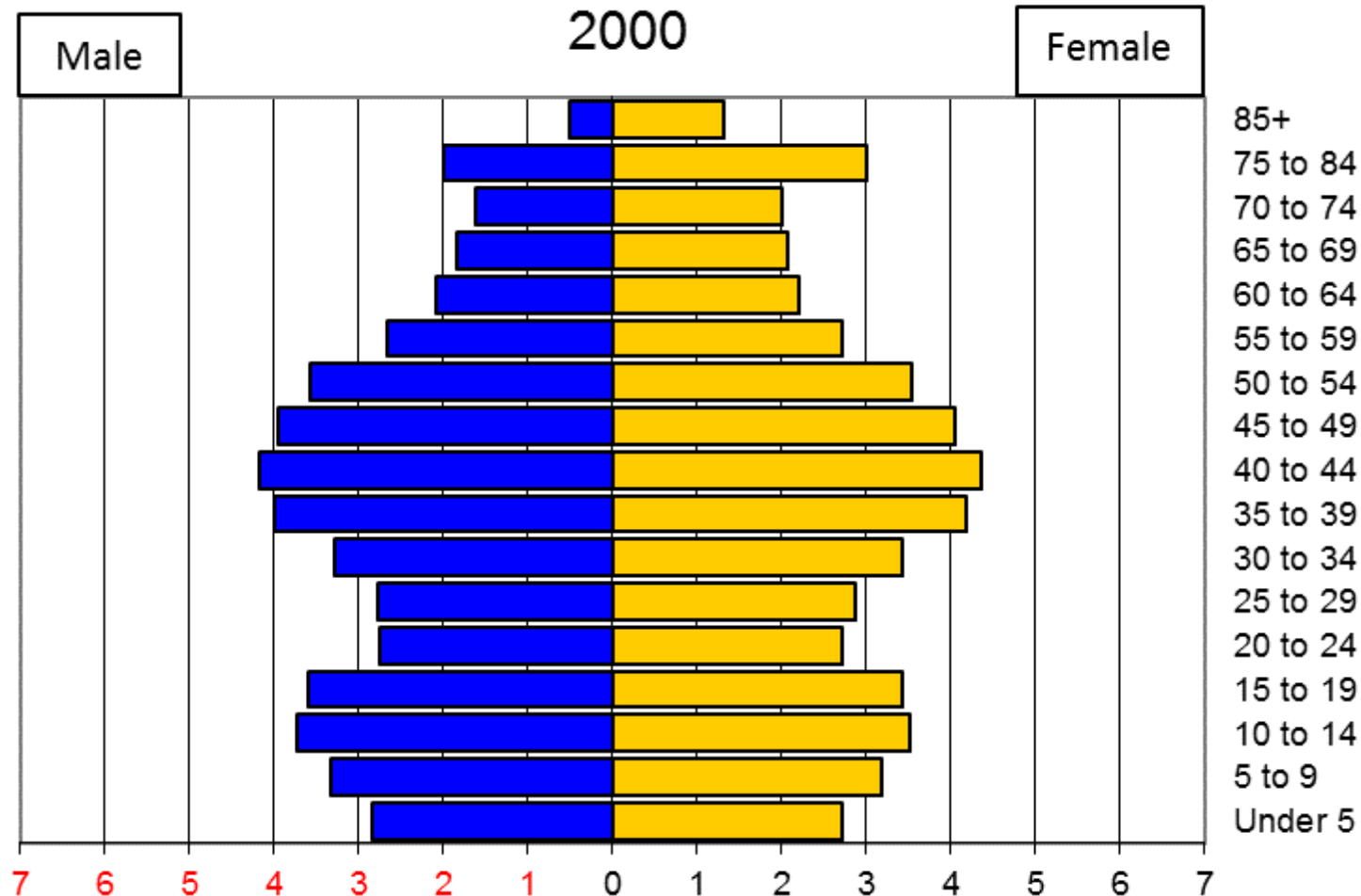
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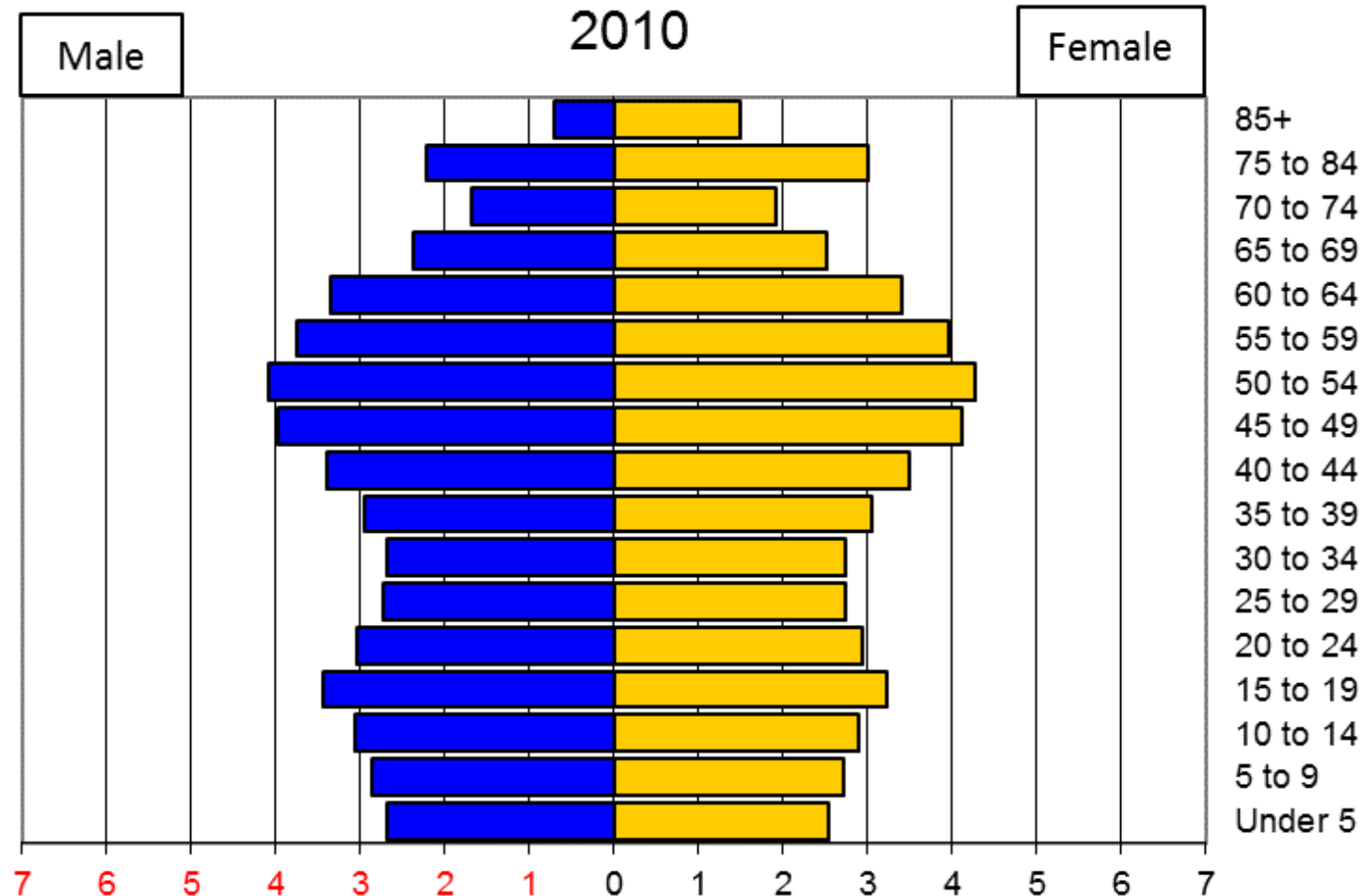


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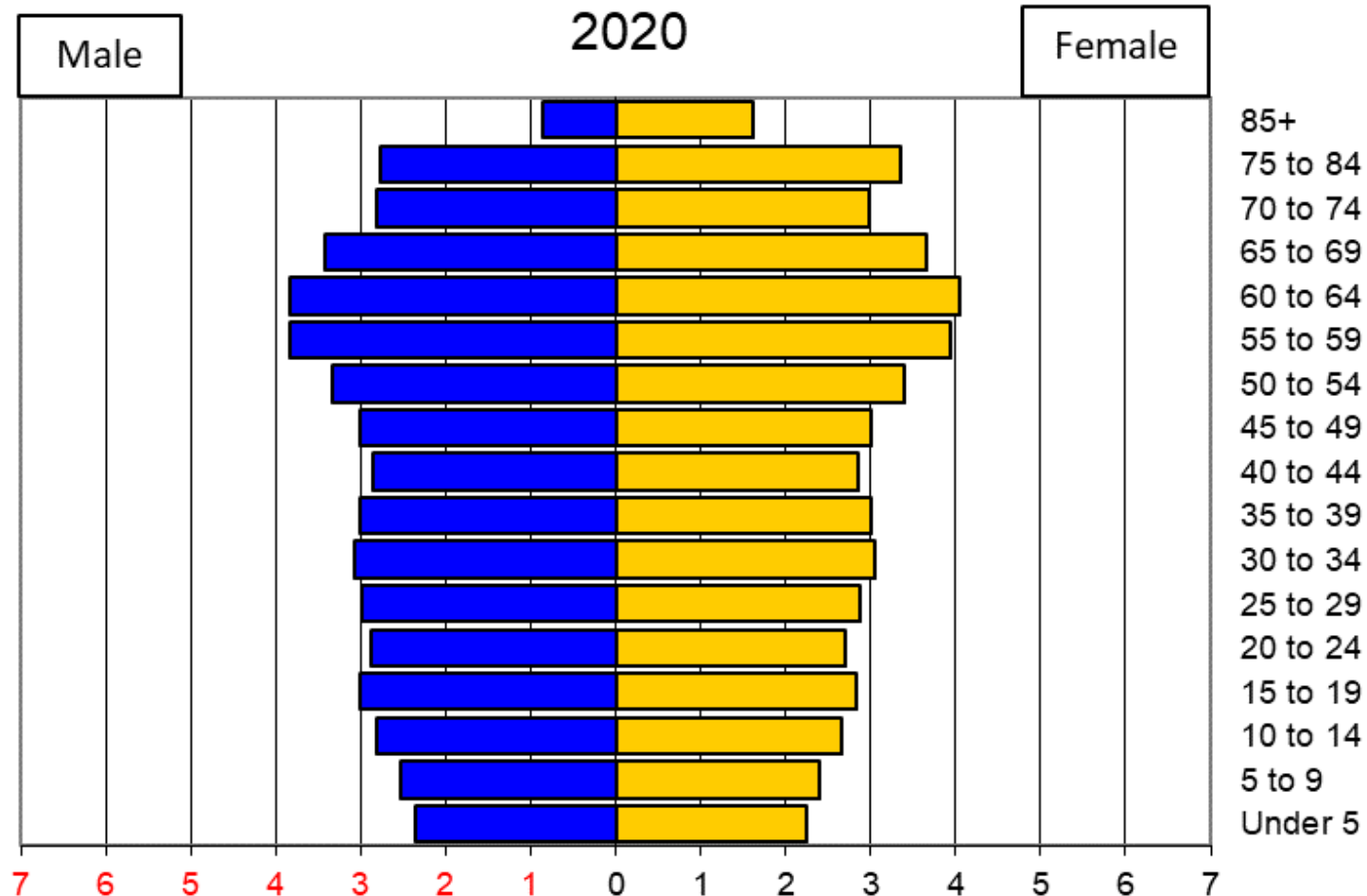




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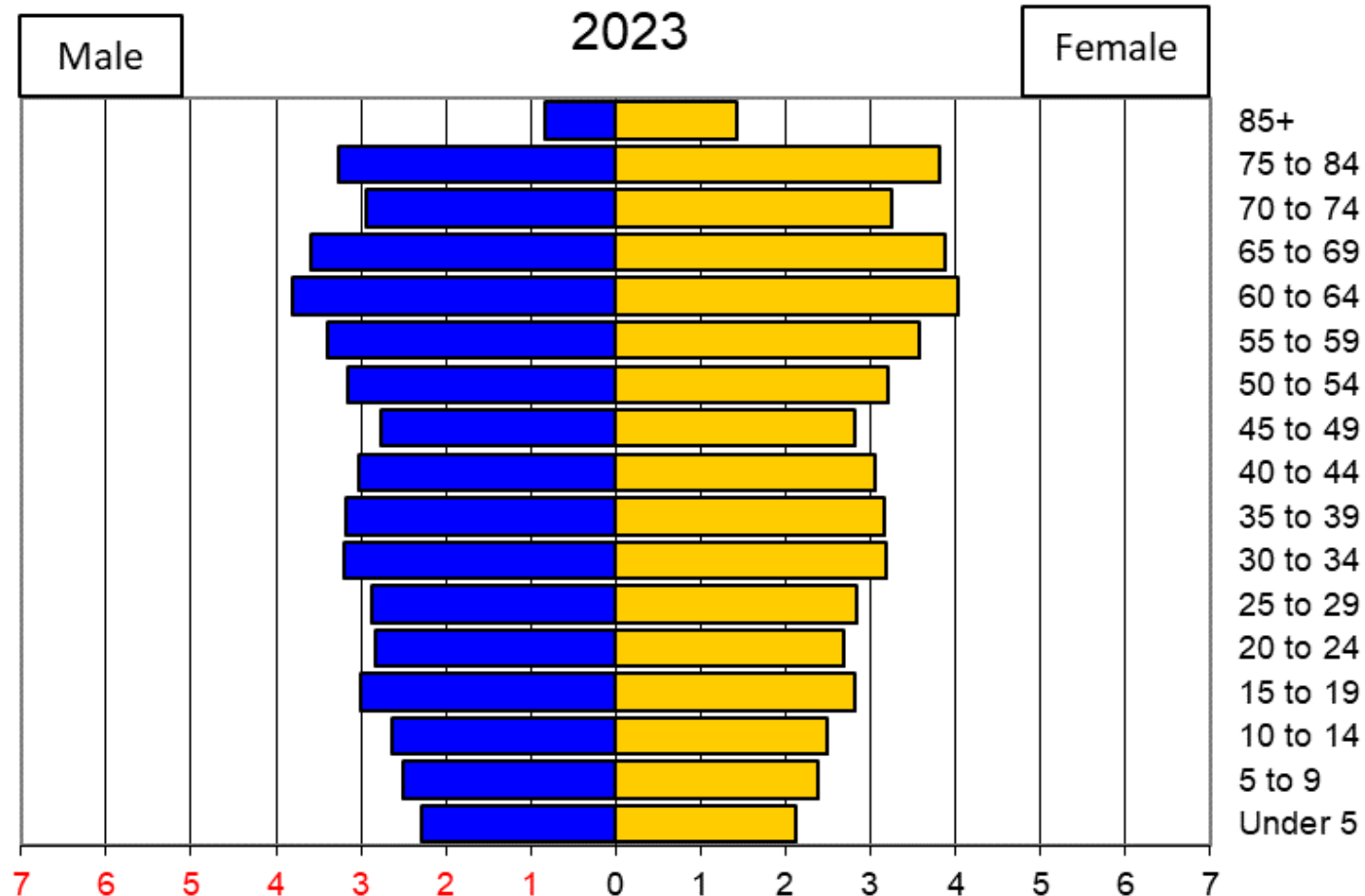


# The Baby Boom: 1946-1964



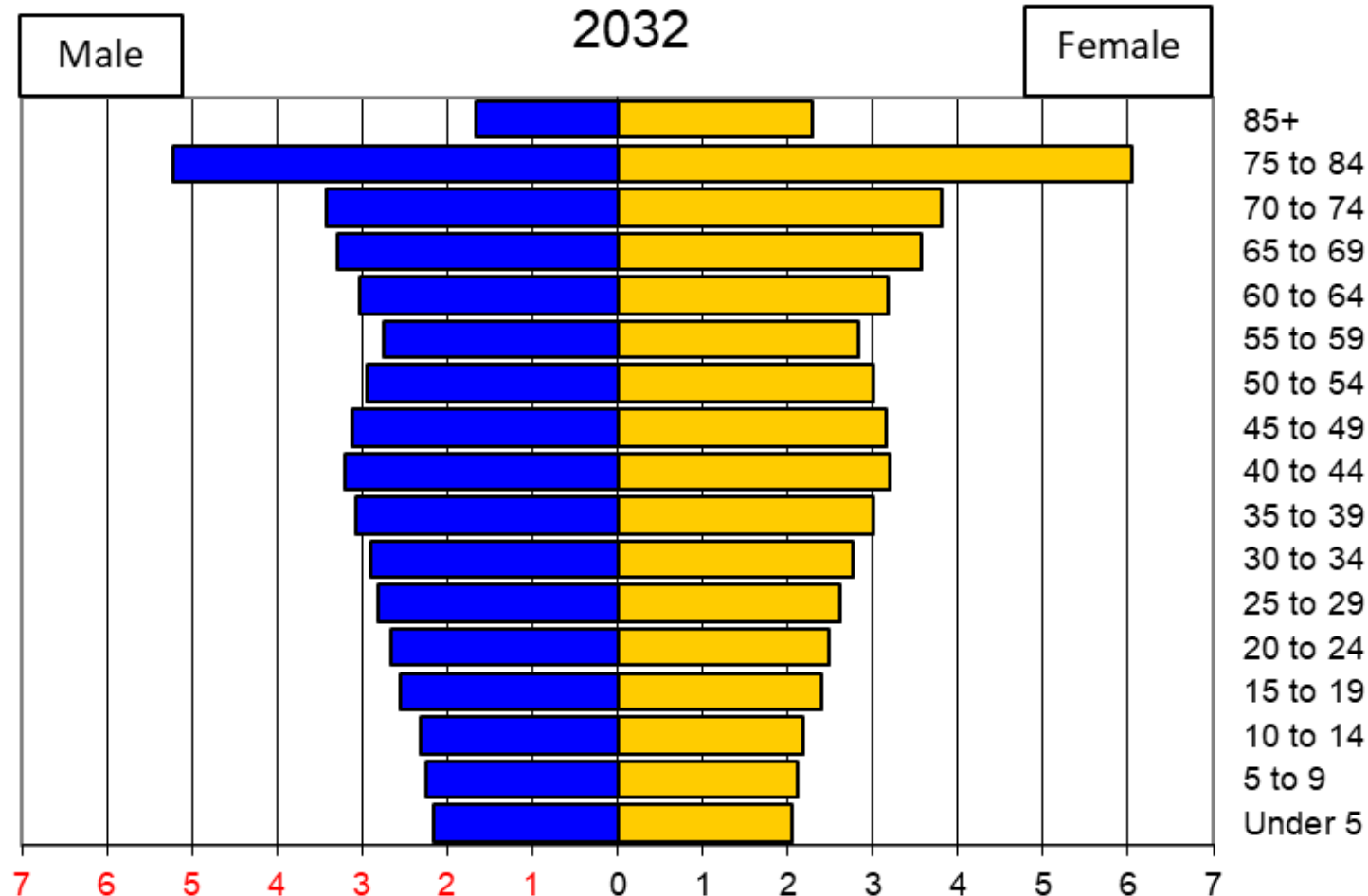
# The Baby Boom: 1946-1964

Baby Boom  
generation in  
2023: age 59-77



# The Baby Boom: 1946-1964

Baby Boom  
generation in  
2032: age 68-86

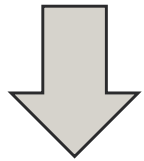


# Labor force and employment

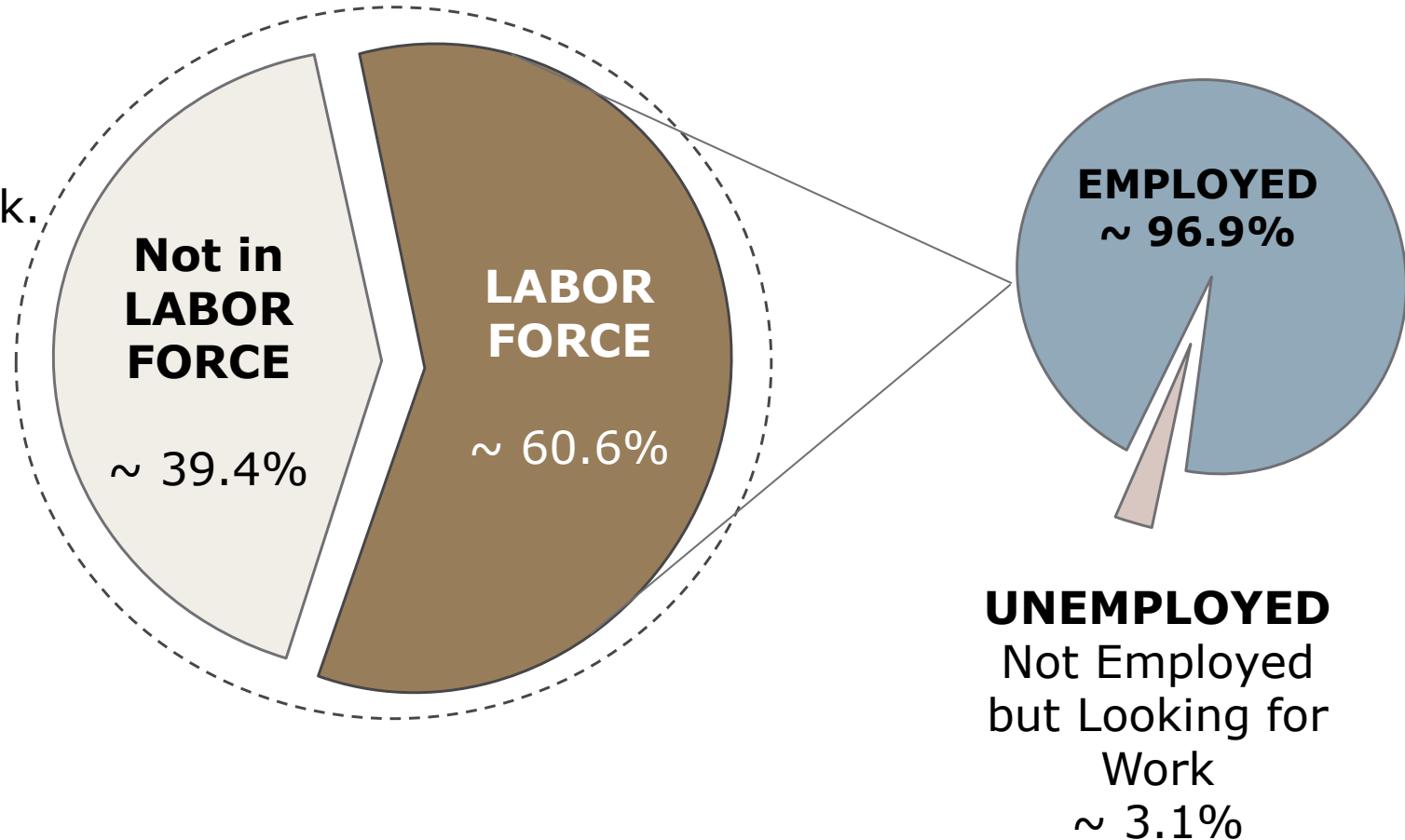
# Who is in the labor force?

Civilian population, age 16+

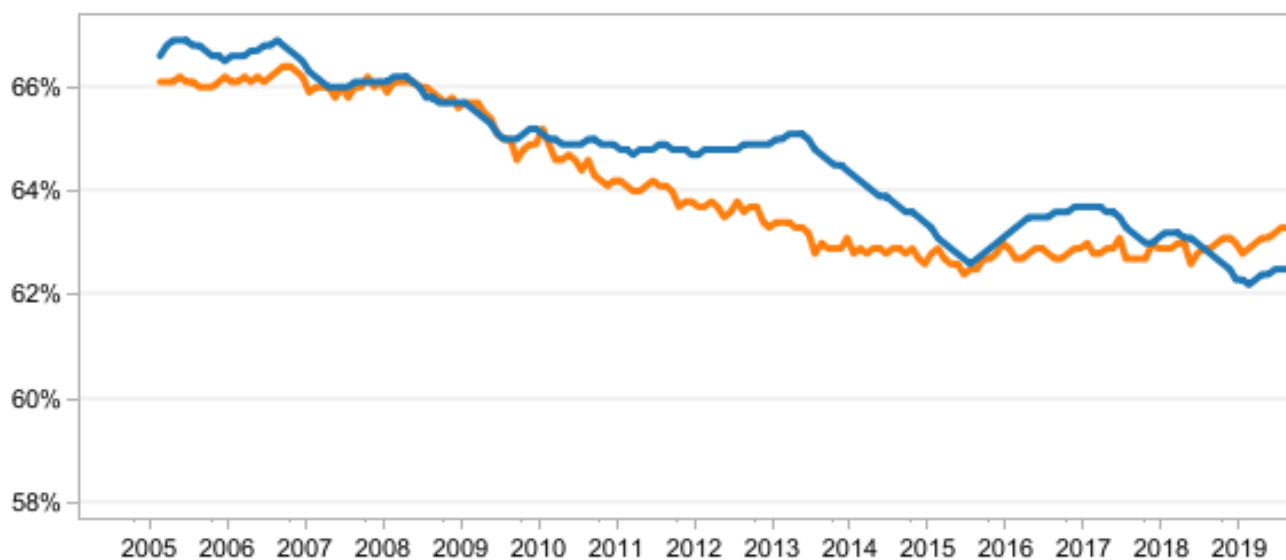
Not available and not looking for work. This could include people who are retired, full-time students, full-time caregivers, etc.



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



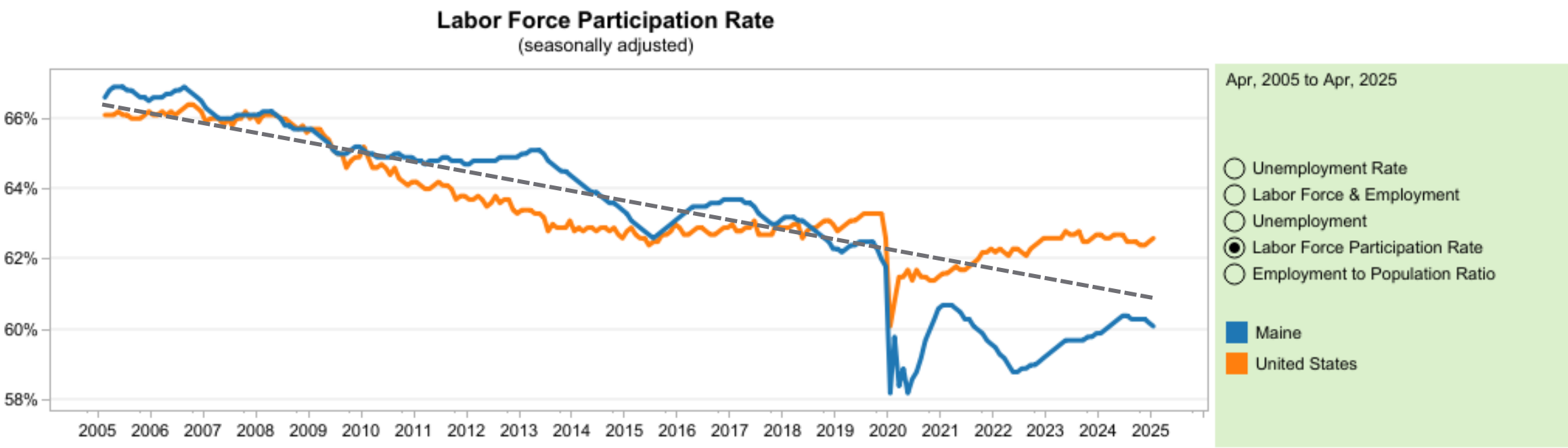
### Labor Force Participation Rate (seasonally adjusted)



Apr, 2005 to Apr, 2025

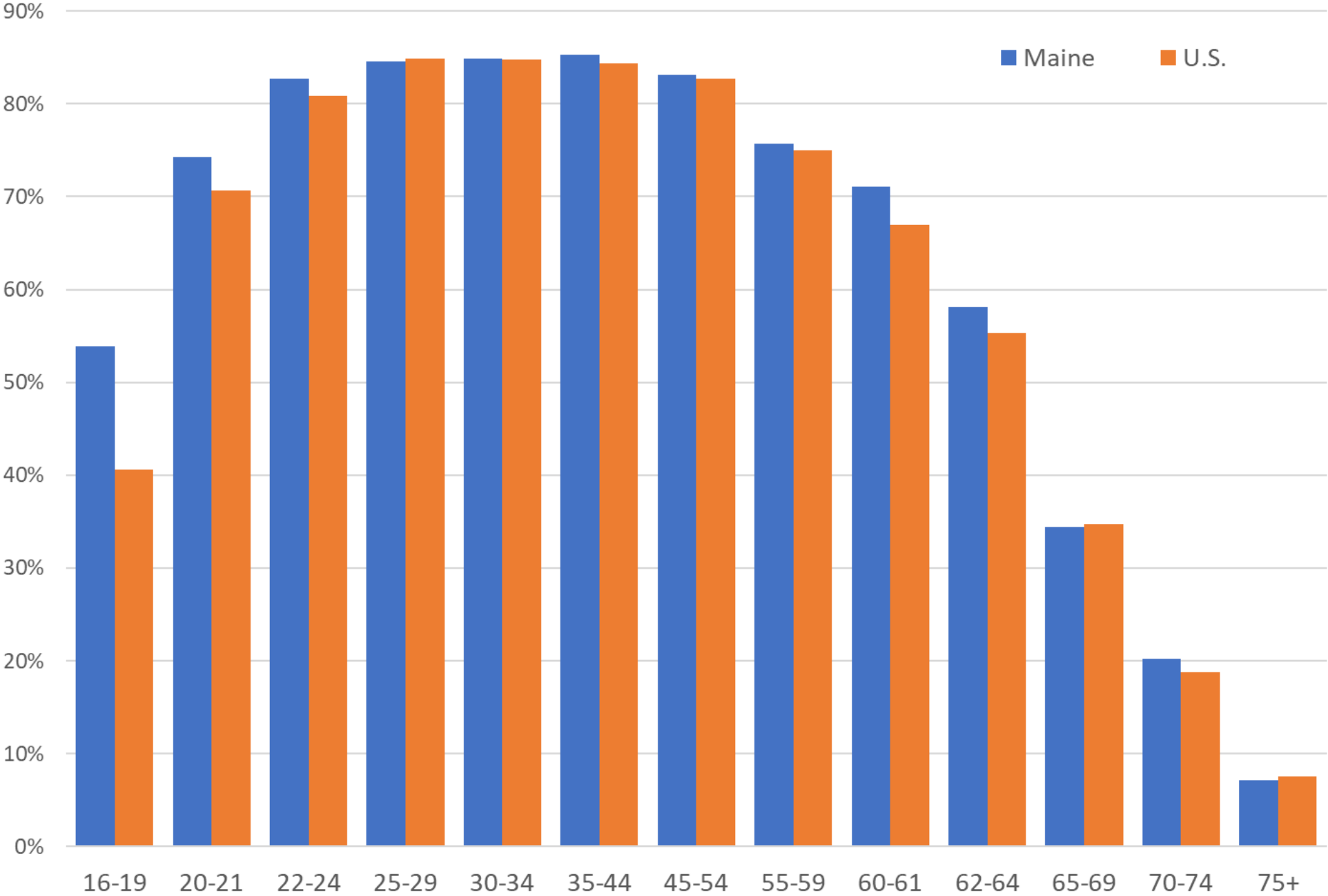
- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
- Employment to Population Ratio

■ Maine  
■ United States

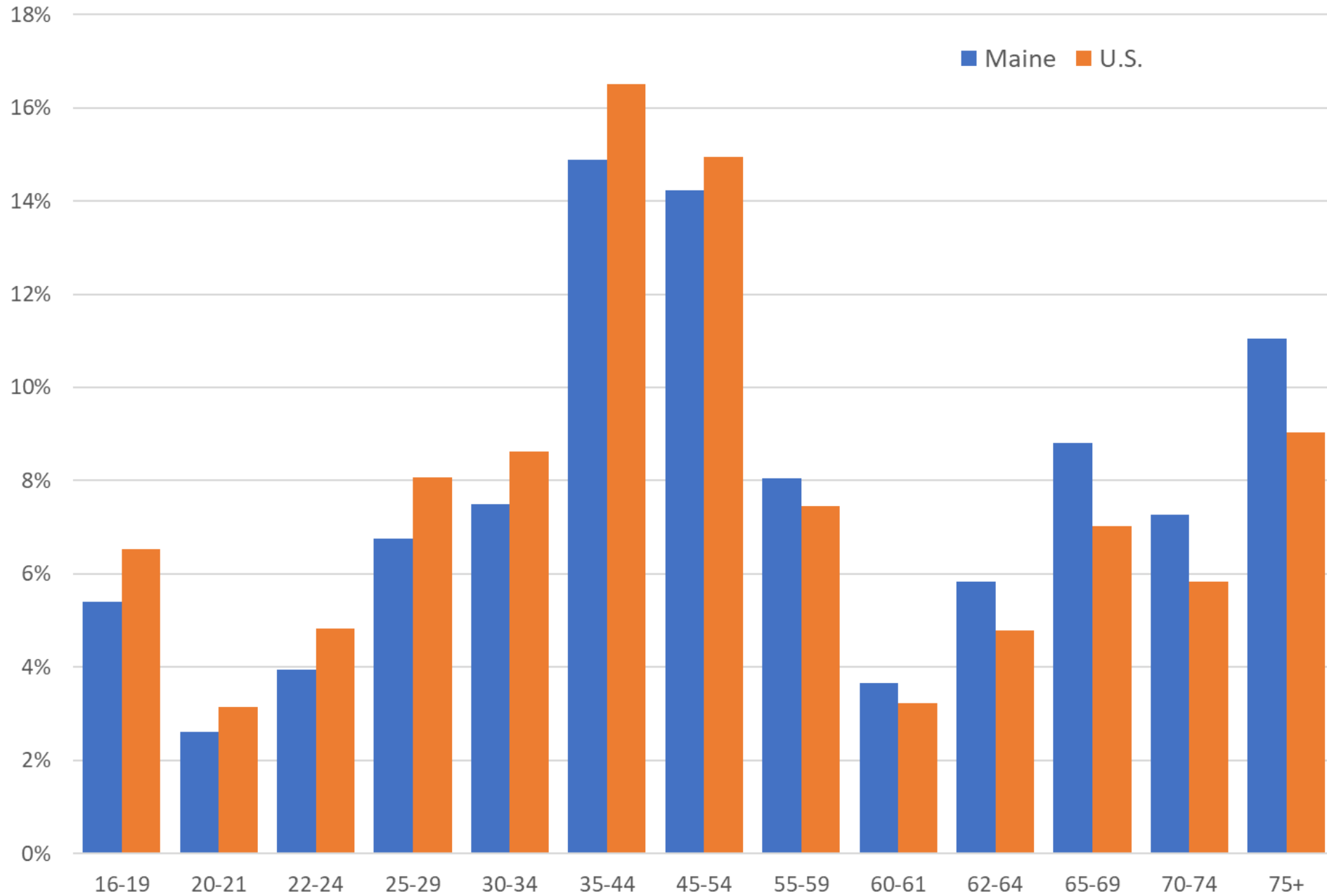




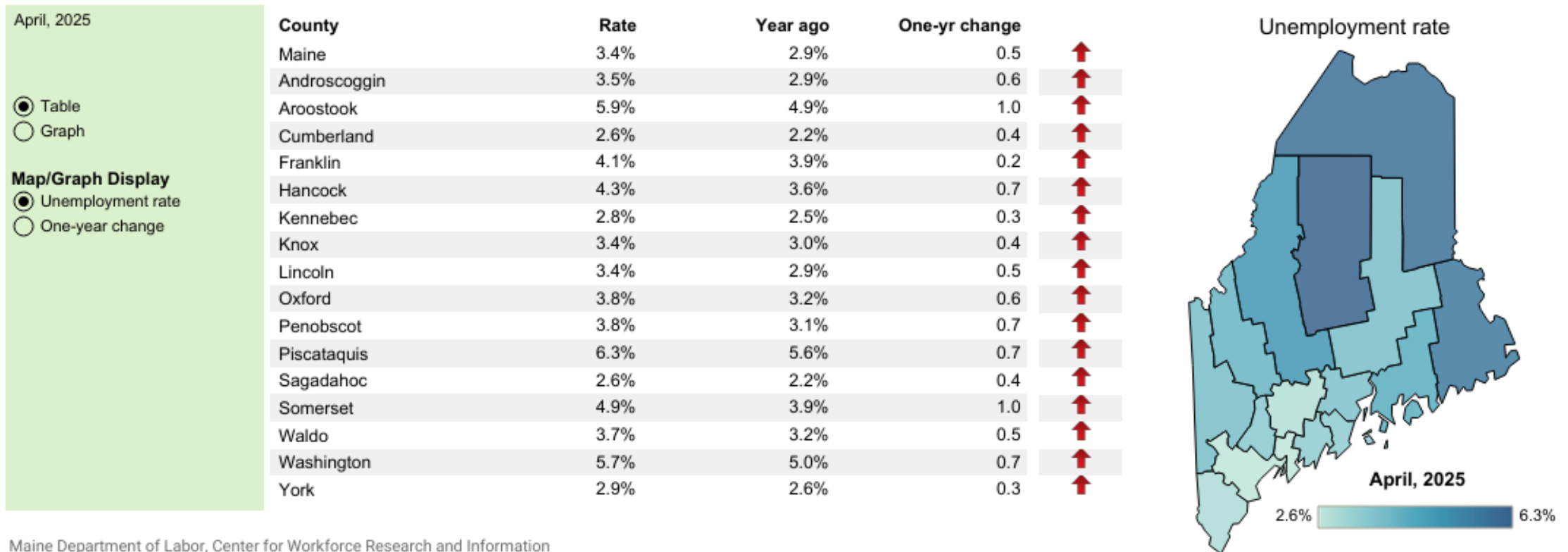
# 2023 Labor Force Participation Rate



## Share of 16+ Population by Age, 2023

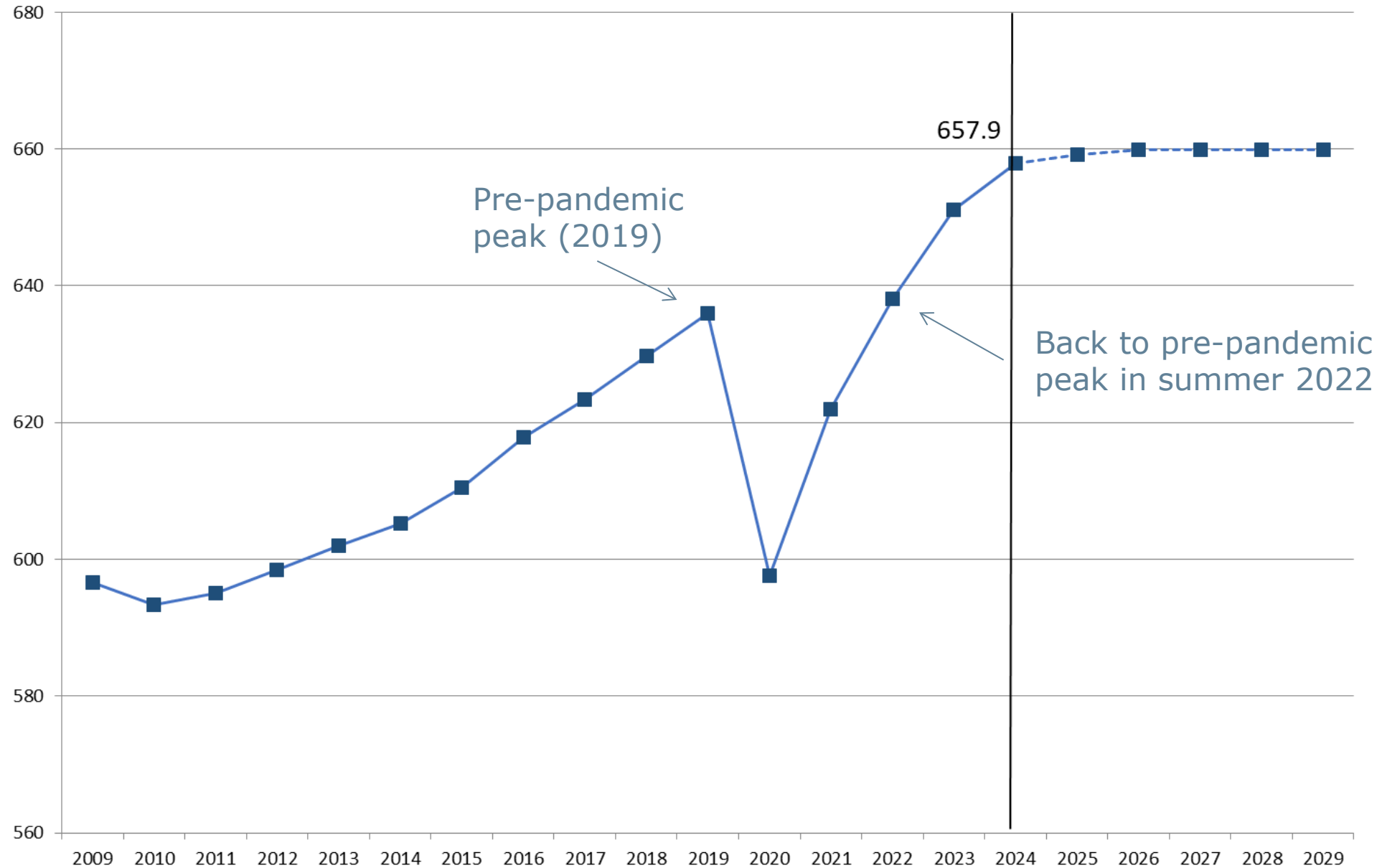


## County Rates (not seasonally adjusted)



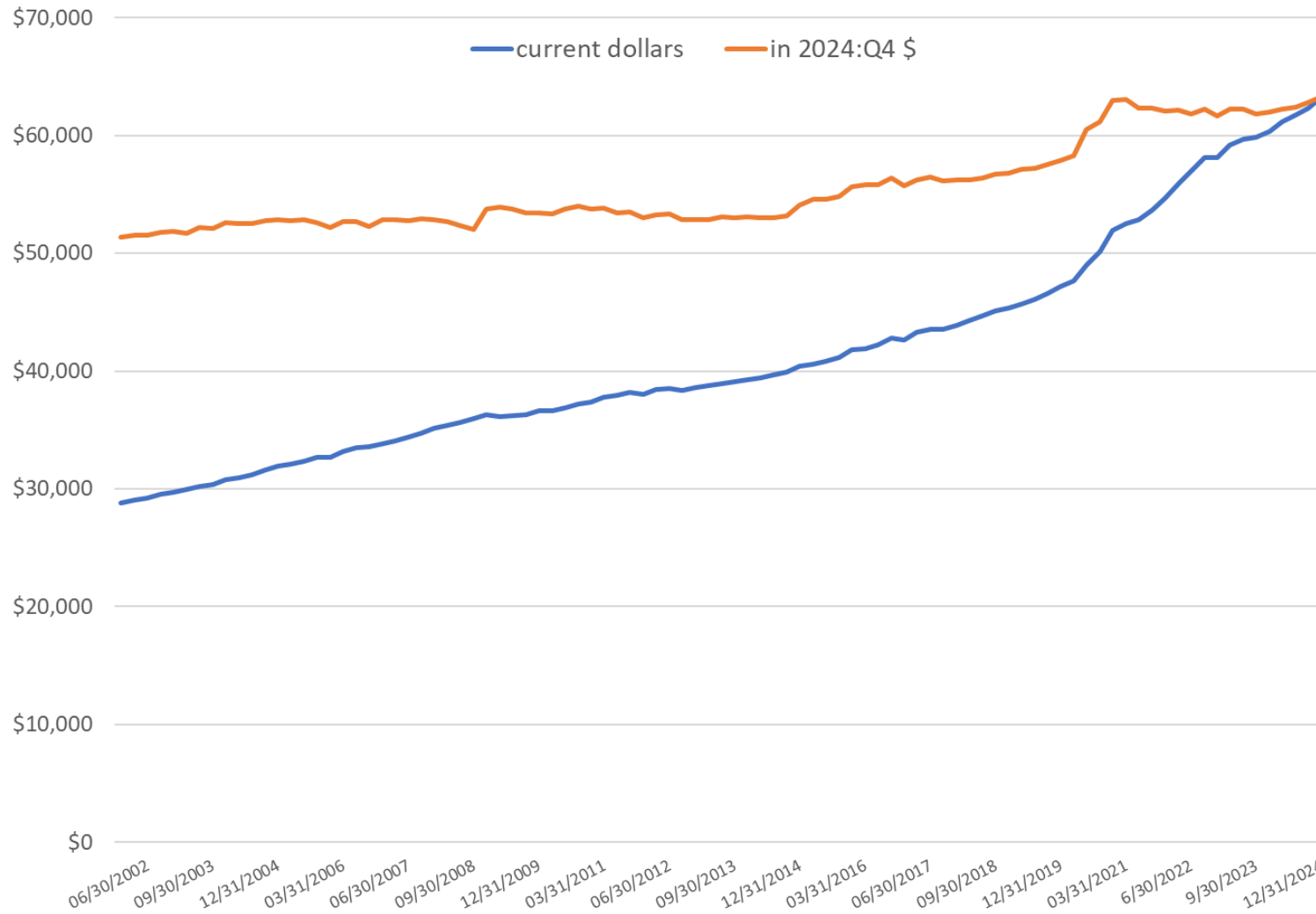
Maine's seasonally-adjusted 3.5% unemployment rate in April 2025 is below both the U.S. and New England rates

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



# Wages, income, and GDP

Moving Four Quarter Average Wage Per Job

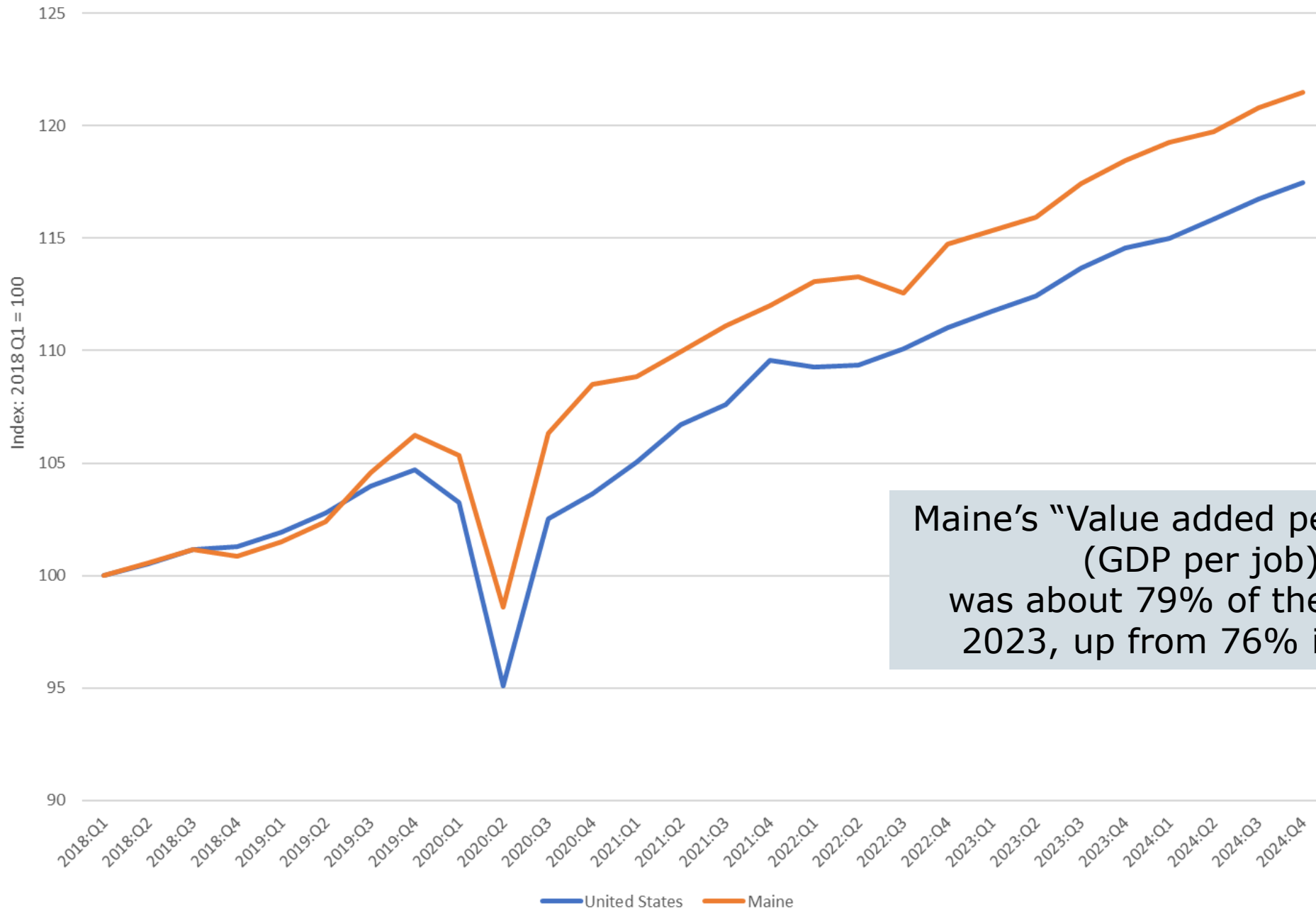


Wages increased sharply during the first part of the pandemic; since then, increases have roughly kept pace with inflation

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



Quarterly Real GDP (in millions of chained 2017 dollars)

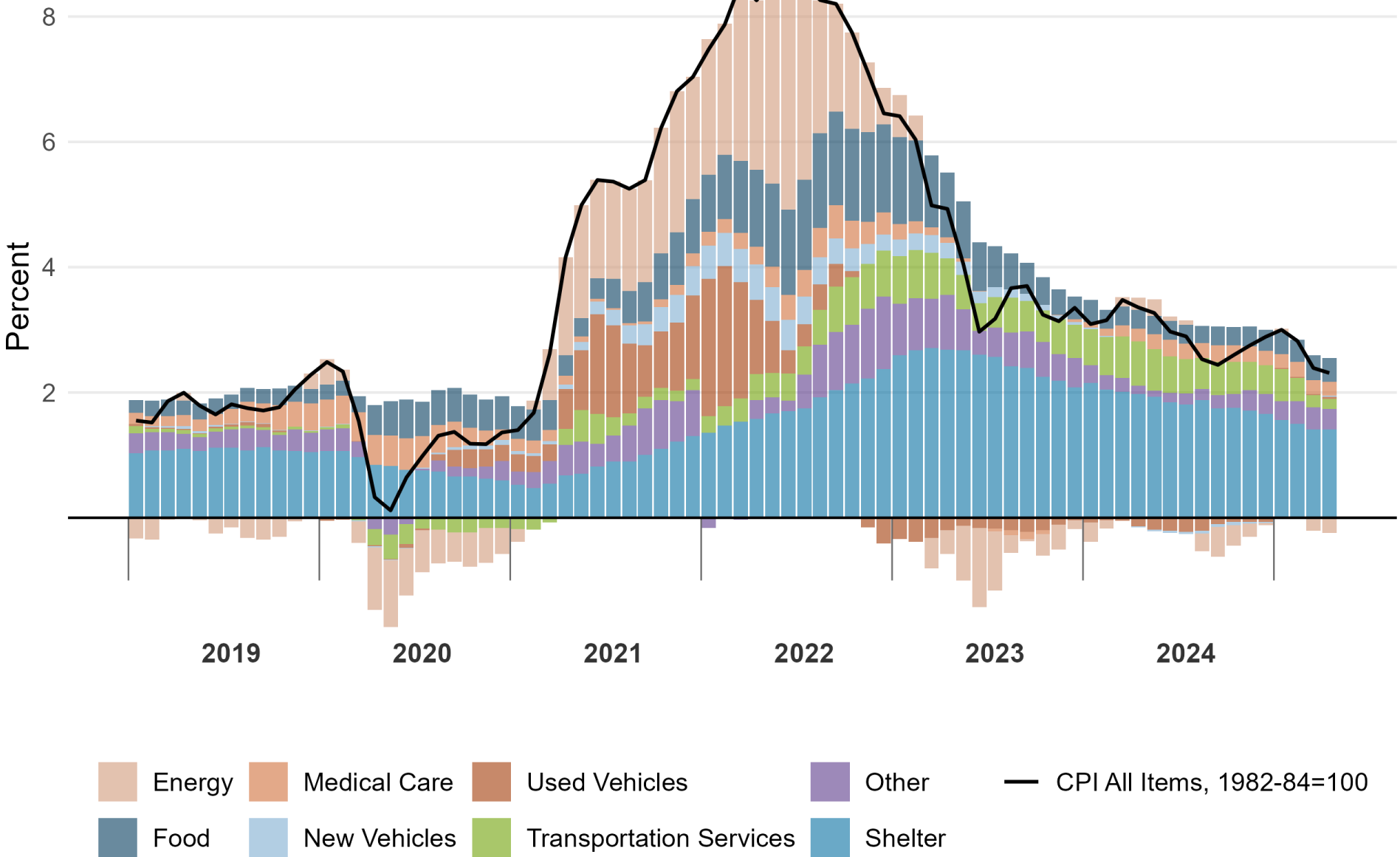


Maine's "Value added per worker"  
(GDP per job)  
was about 79% of the U.S. in  
2023, up from 76% in 2018



Inflation and  
consumer/business  
sentiment

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



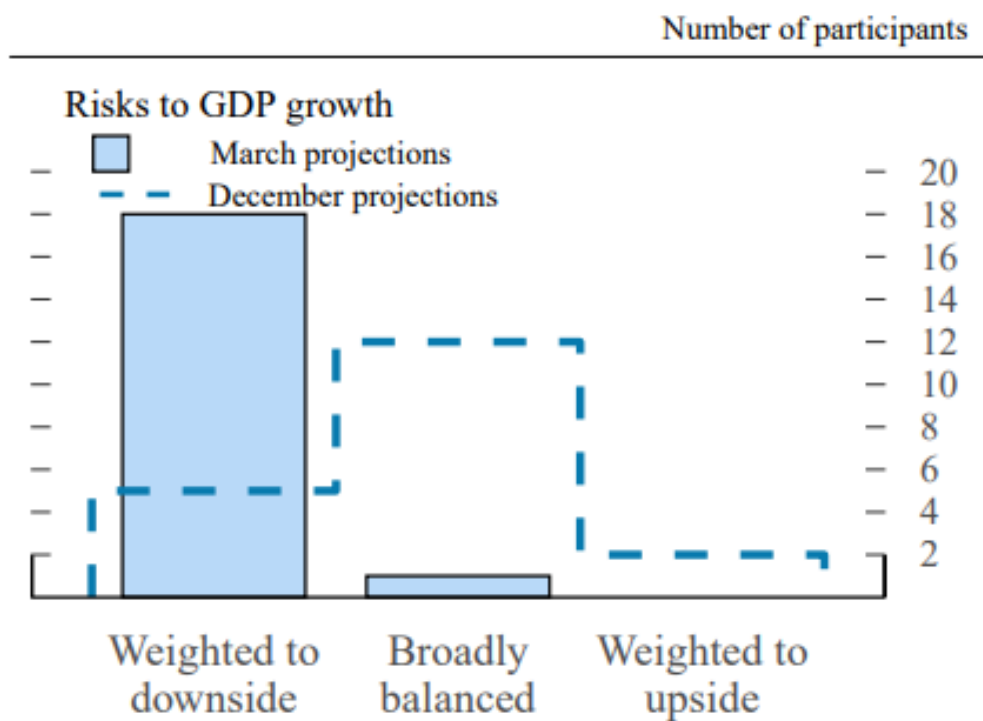
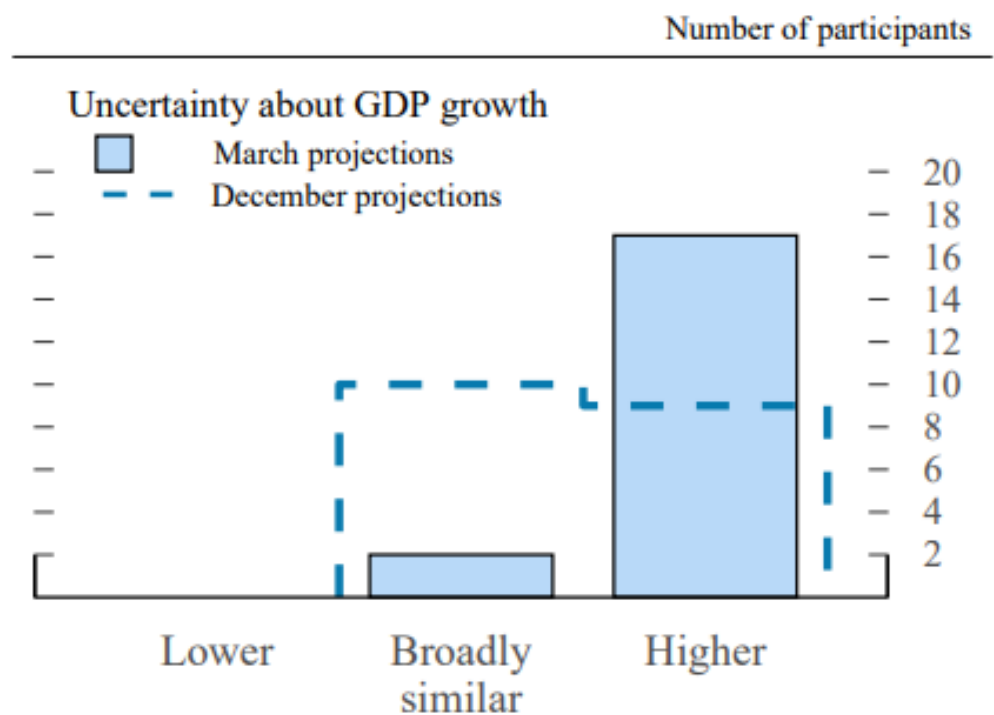
Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

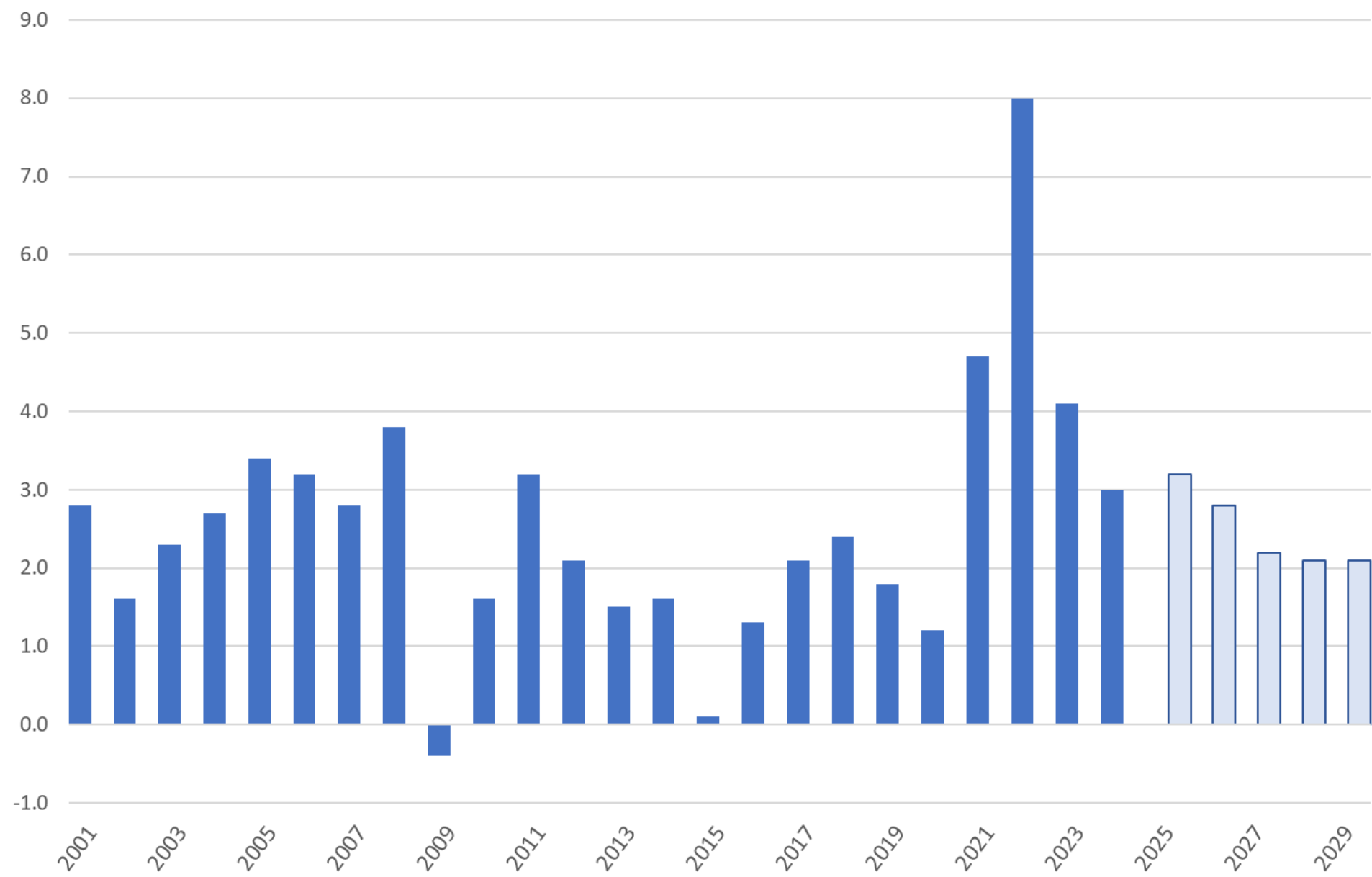
Current target range  
(as of May):  
4.25% to 4.5%

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

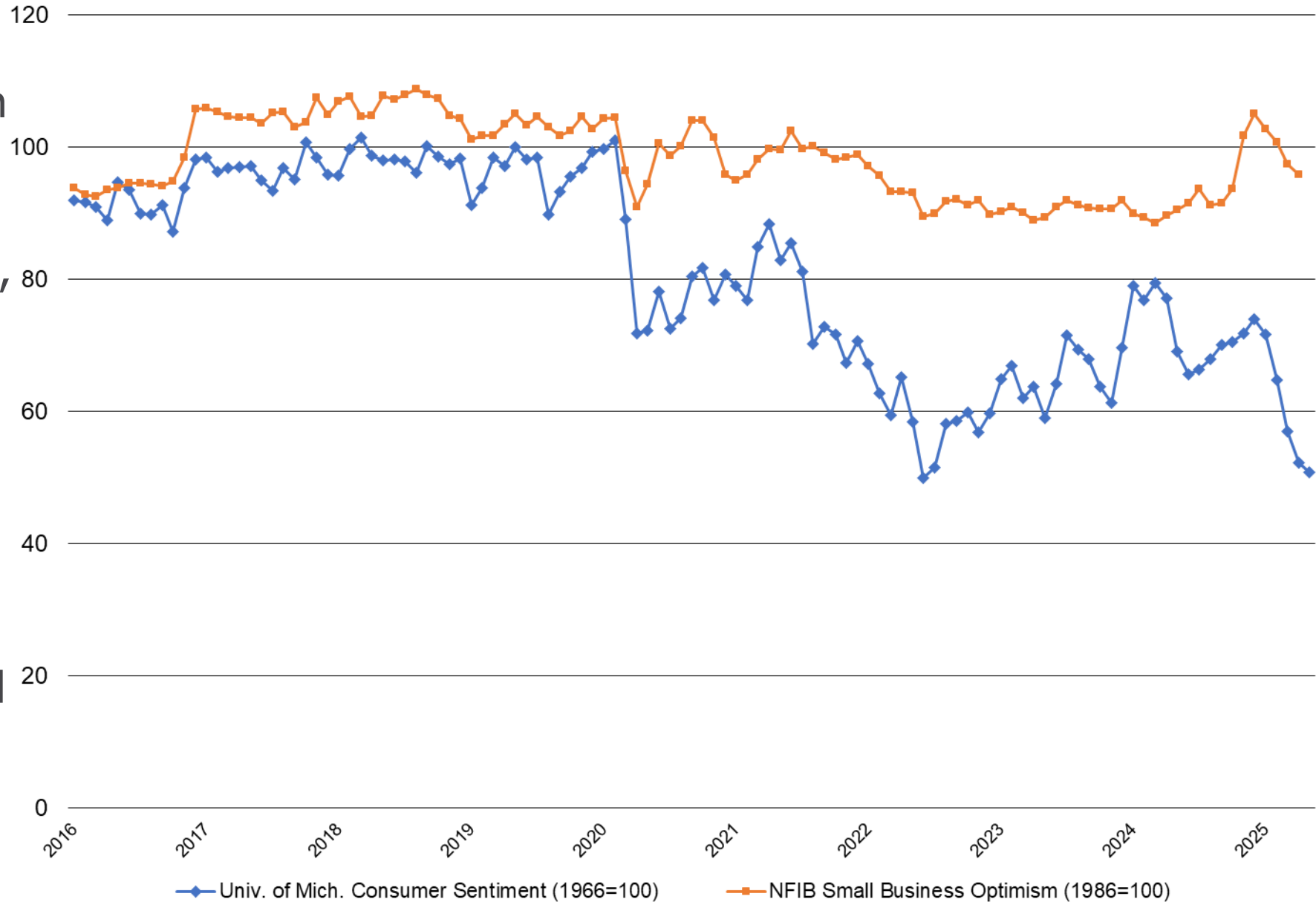


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, April 1, 2025

## 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



# 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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