

The Outlook for Demographic, Economic, and Real Estate Changes in Maine

Property Tax School

June 5, 2025

Amanda Rector

Maine State Economist

Population and migration

Housing

Demographics

Labor force and employment

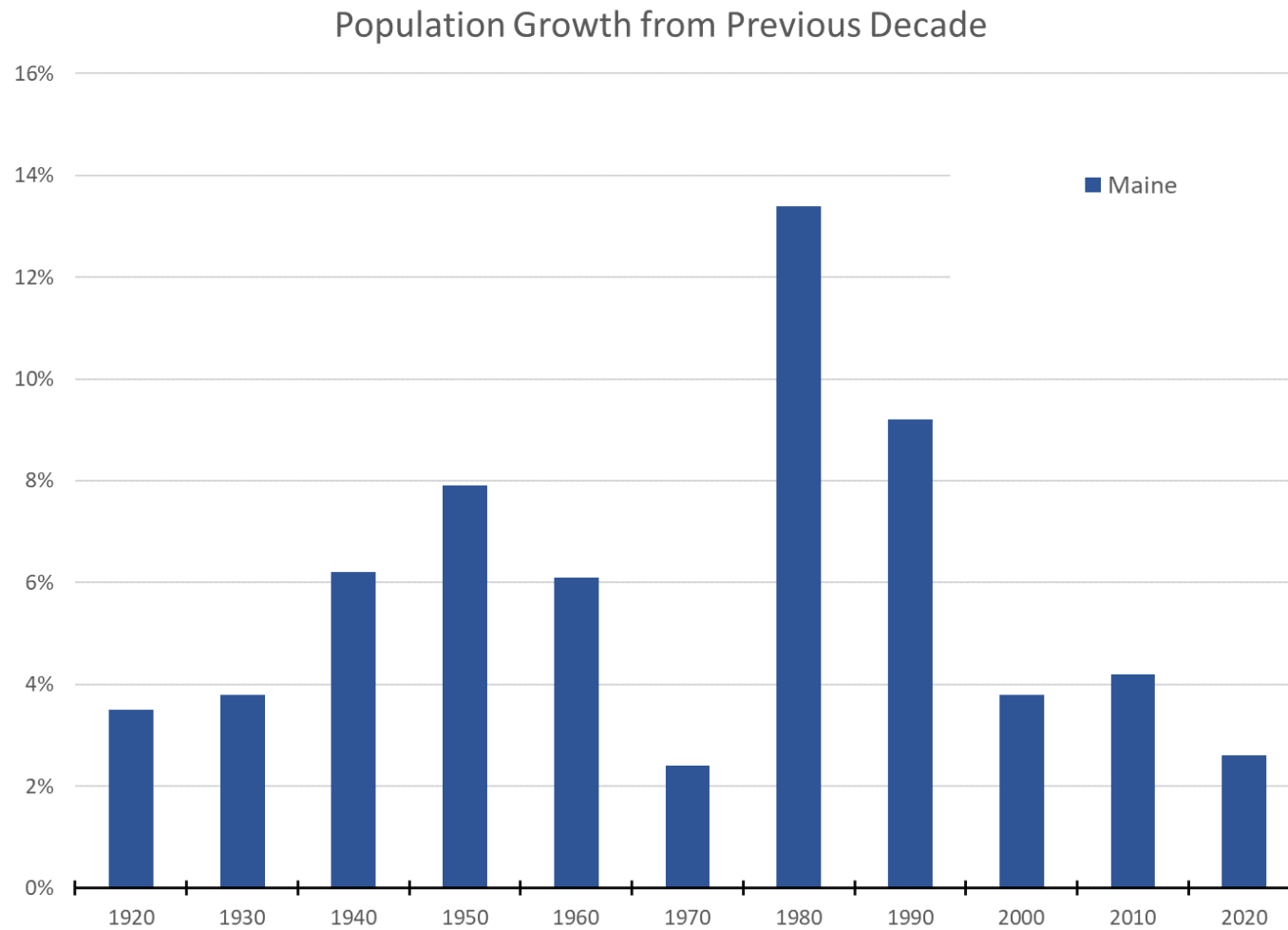
Wages and income

Gross Domestic Product (GDP)

Inflation and consumer/business sentiment

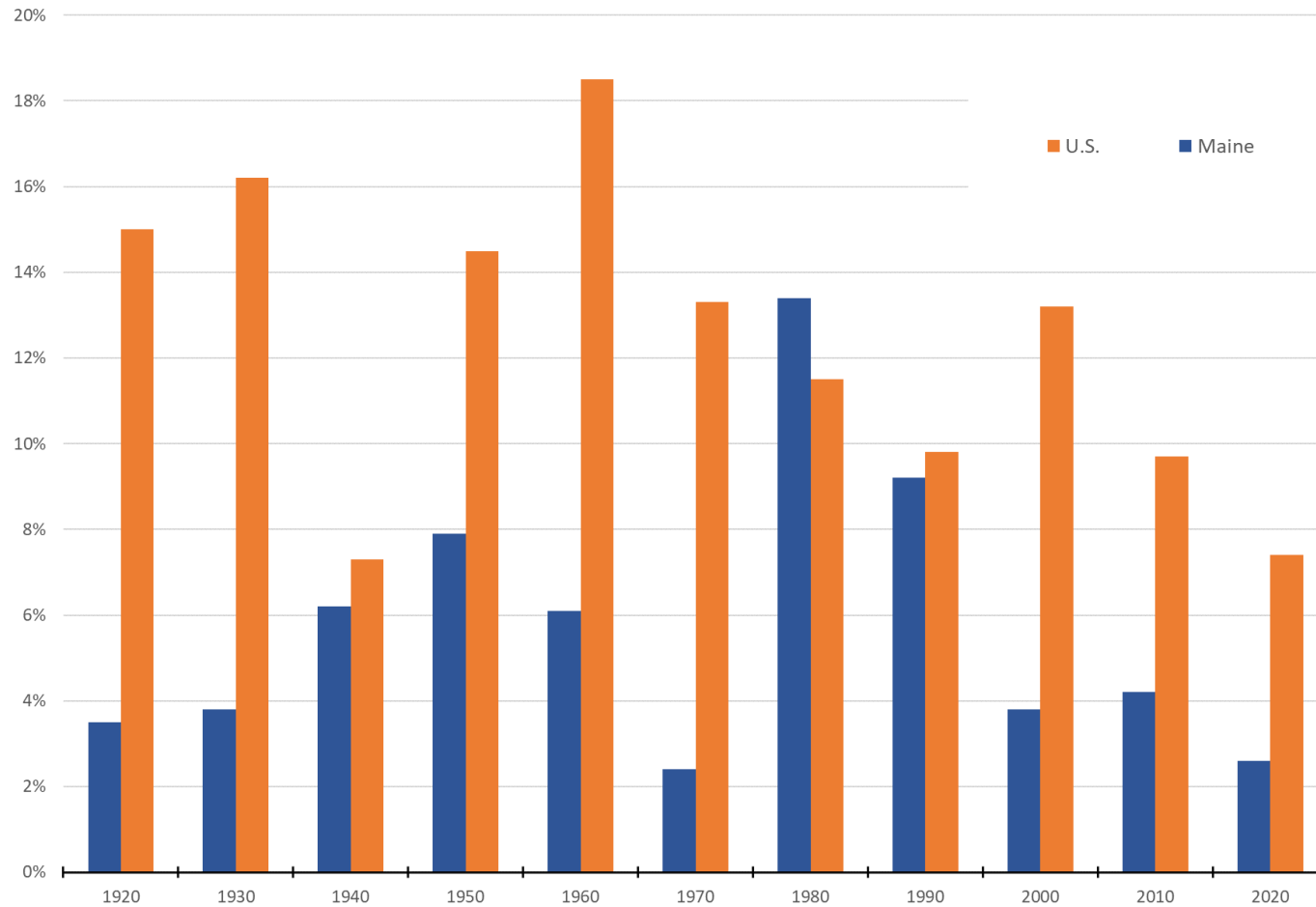
Macroeconomic conditions

Population and migration



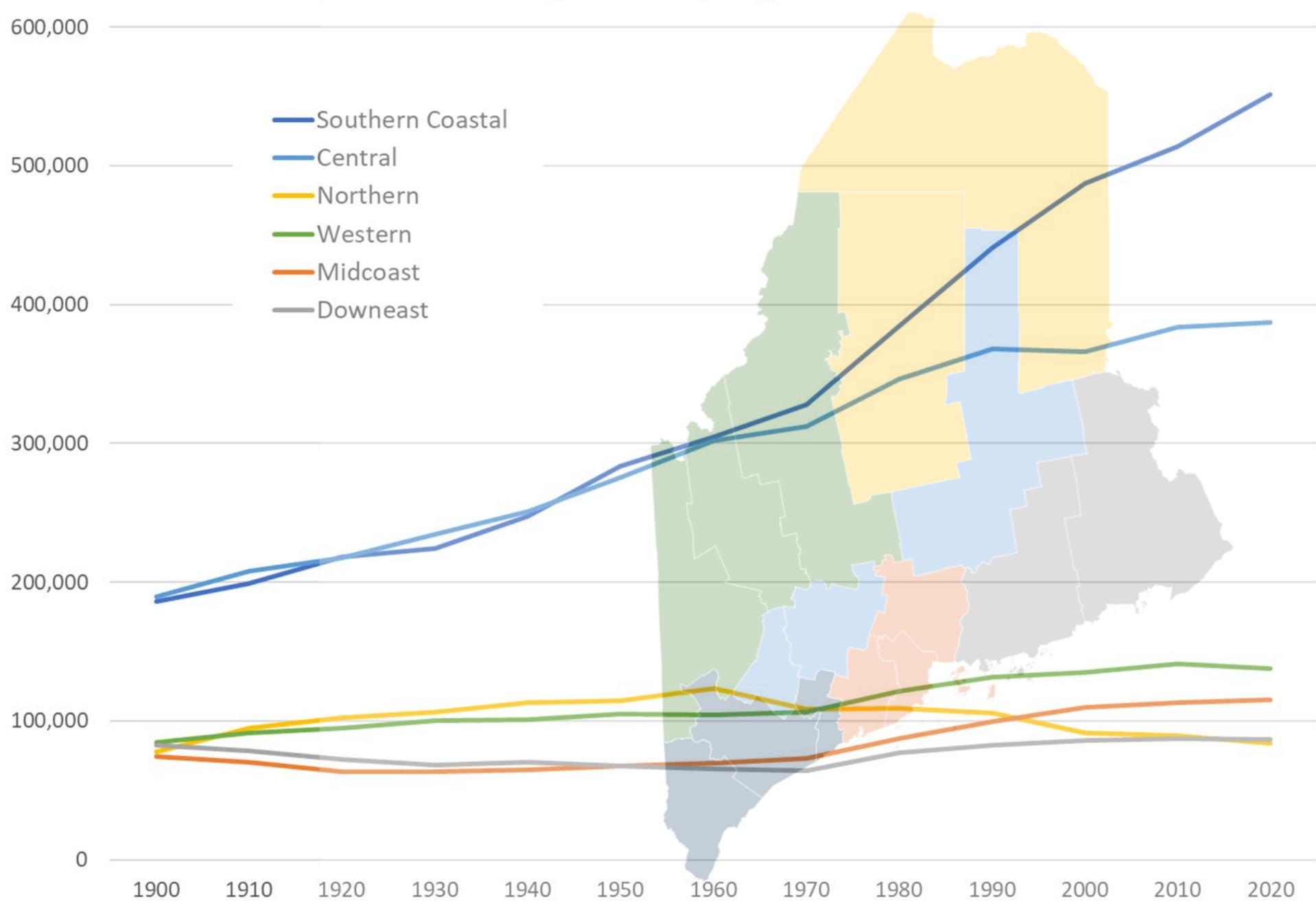
Maine
population
growth peaked
during “back
to the land”
movement in
the 1970s

Population Growth from Previous Decade



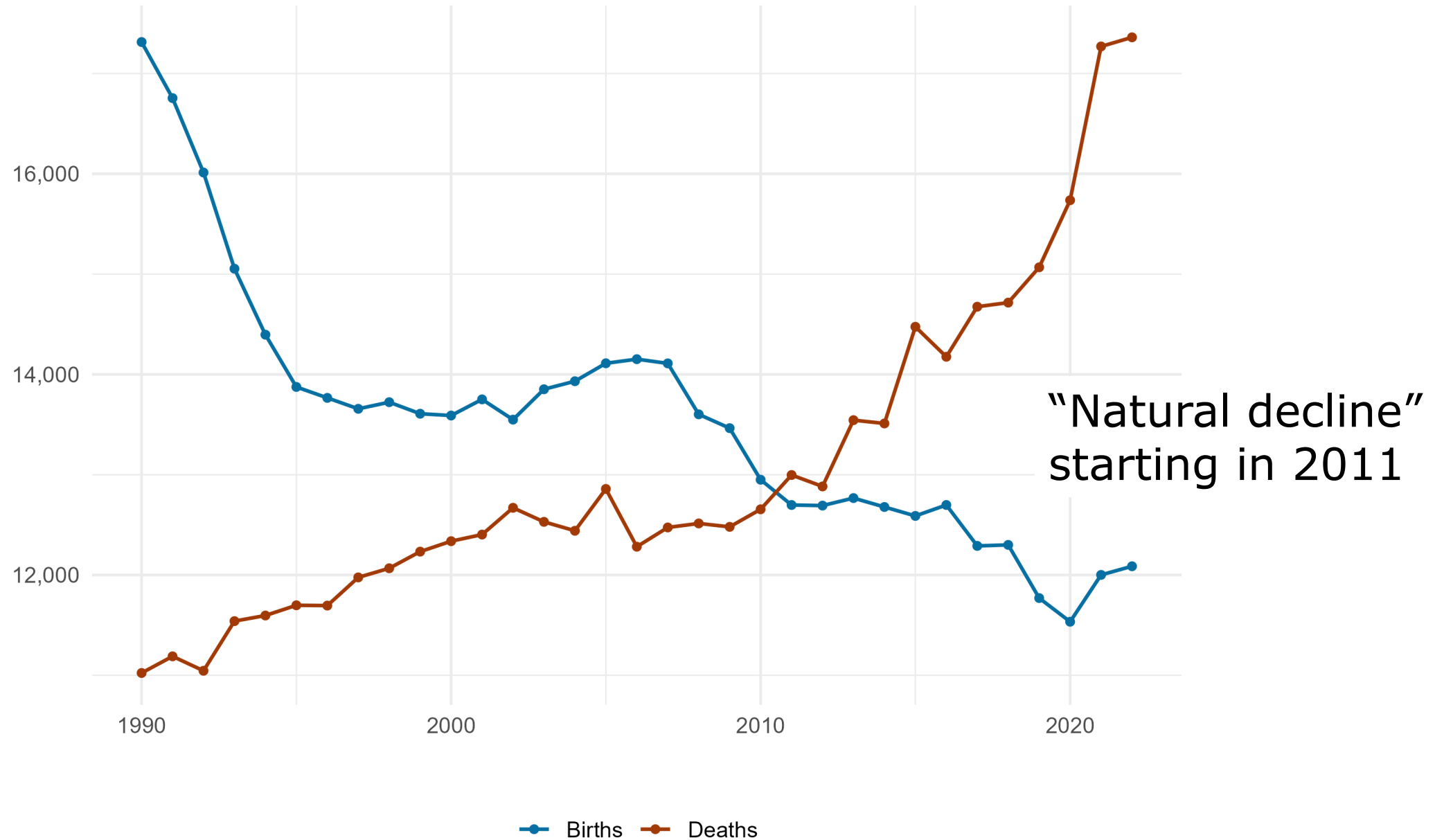
U.S. population growth has generally been faster than Maine, apart from 1980, but the growth in 2020 was the slowest since 1940.

Population by Region



Powered by Bing
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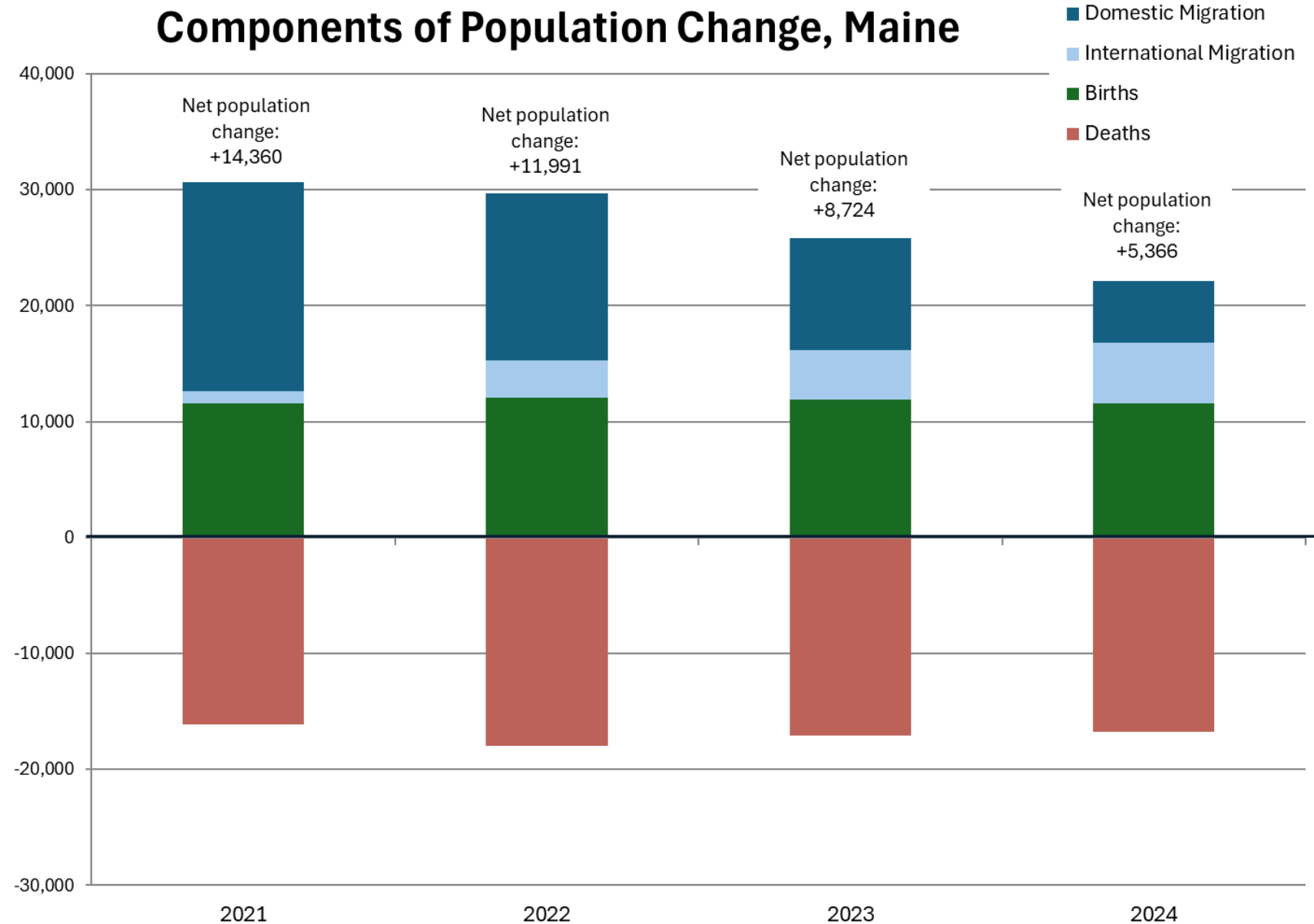
Maine's Births & Deaths



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

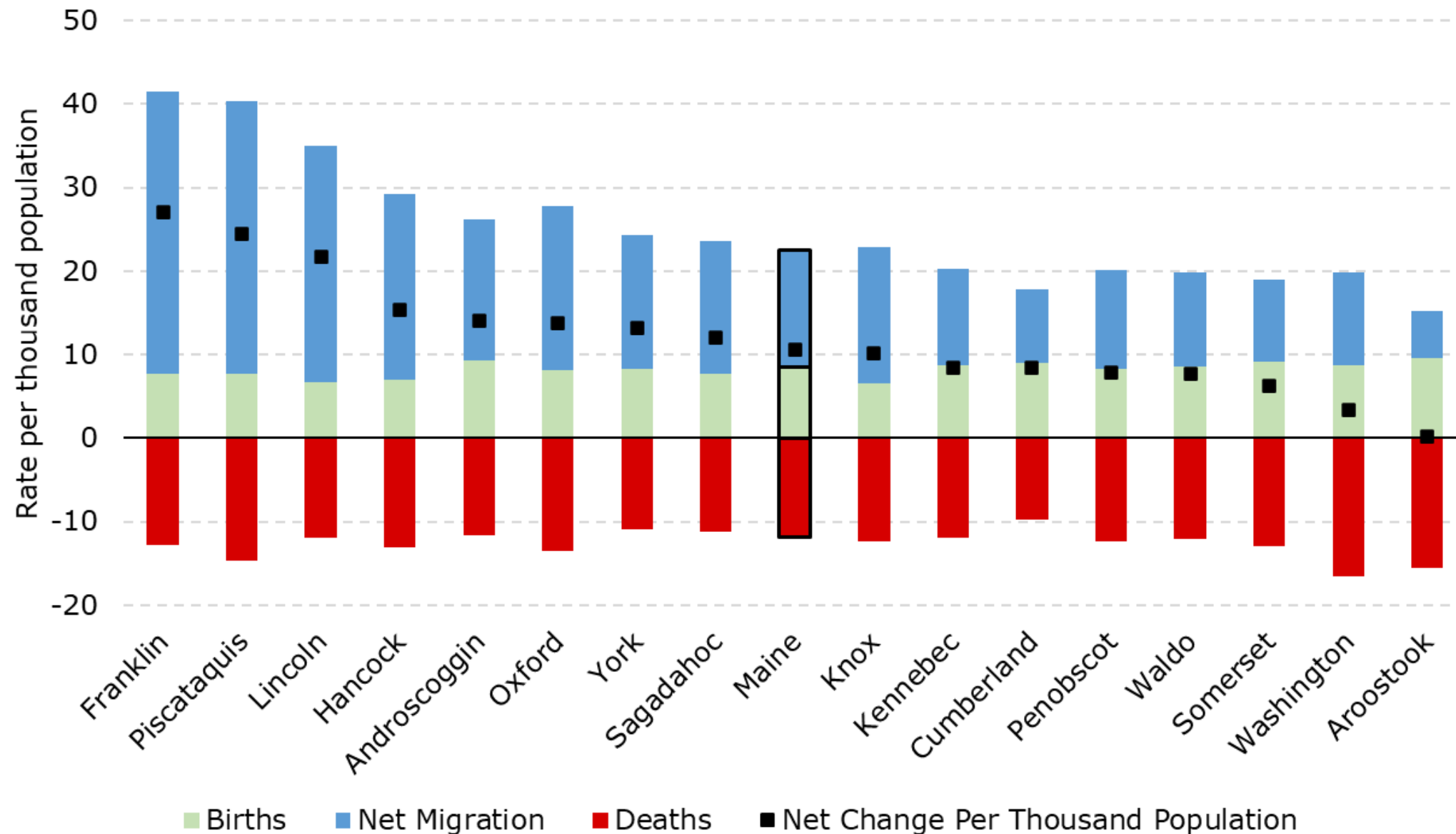


Net international
migration accounted for
84% of U.S. population
growth from 2023-2024

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

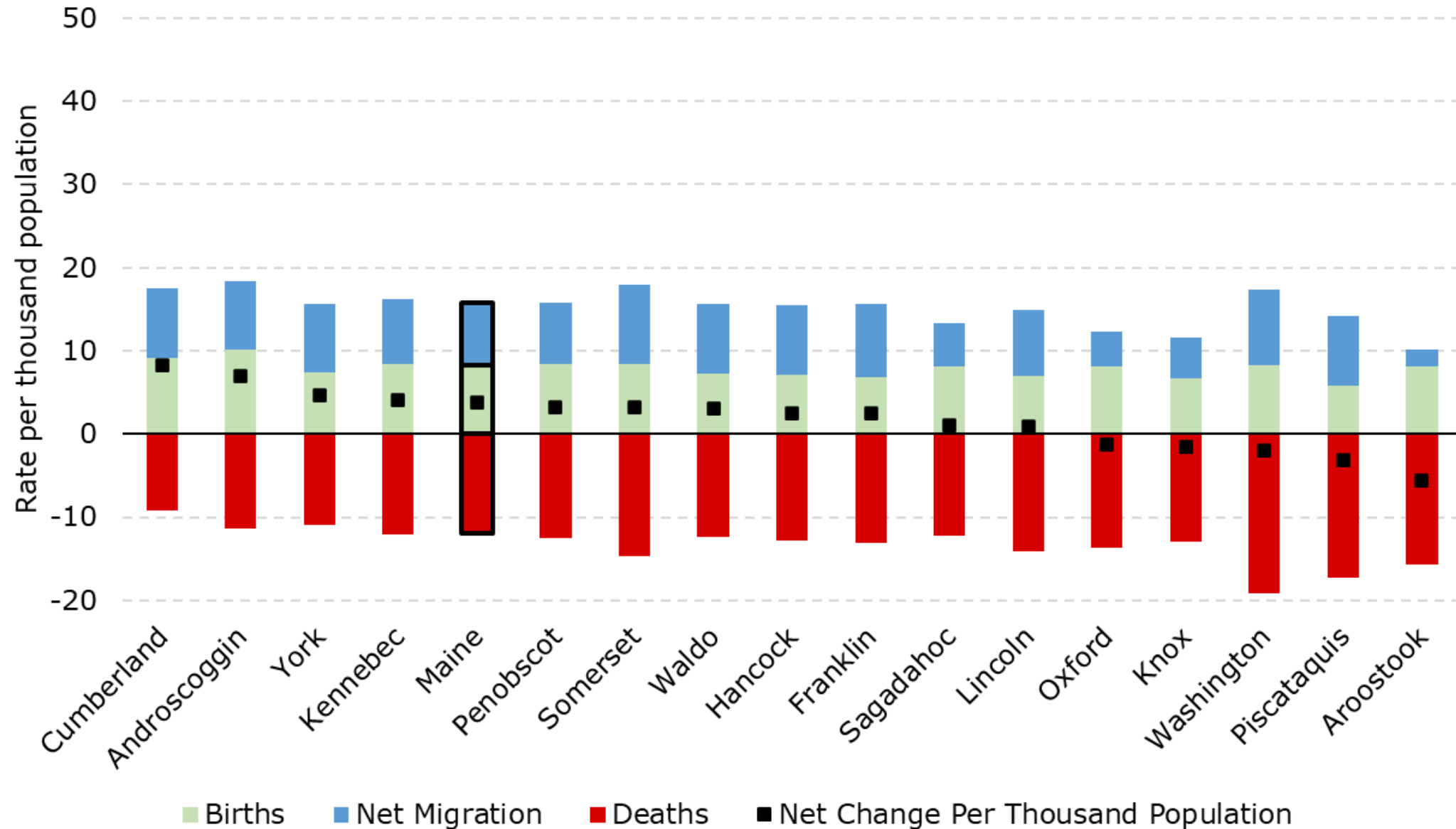
Components of Population Change, 7/1/2020-7/1/2021

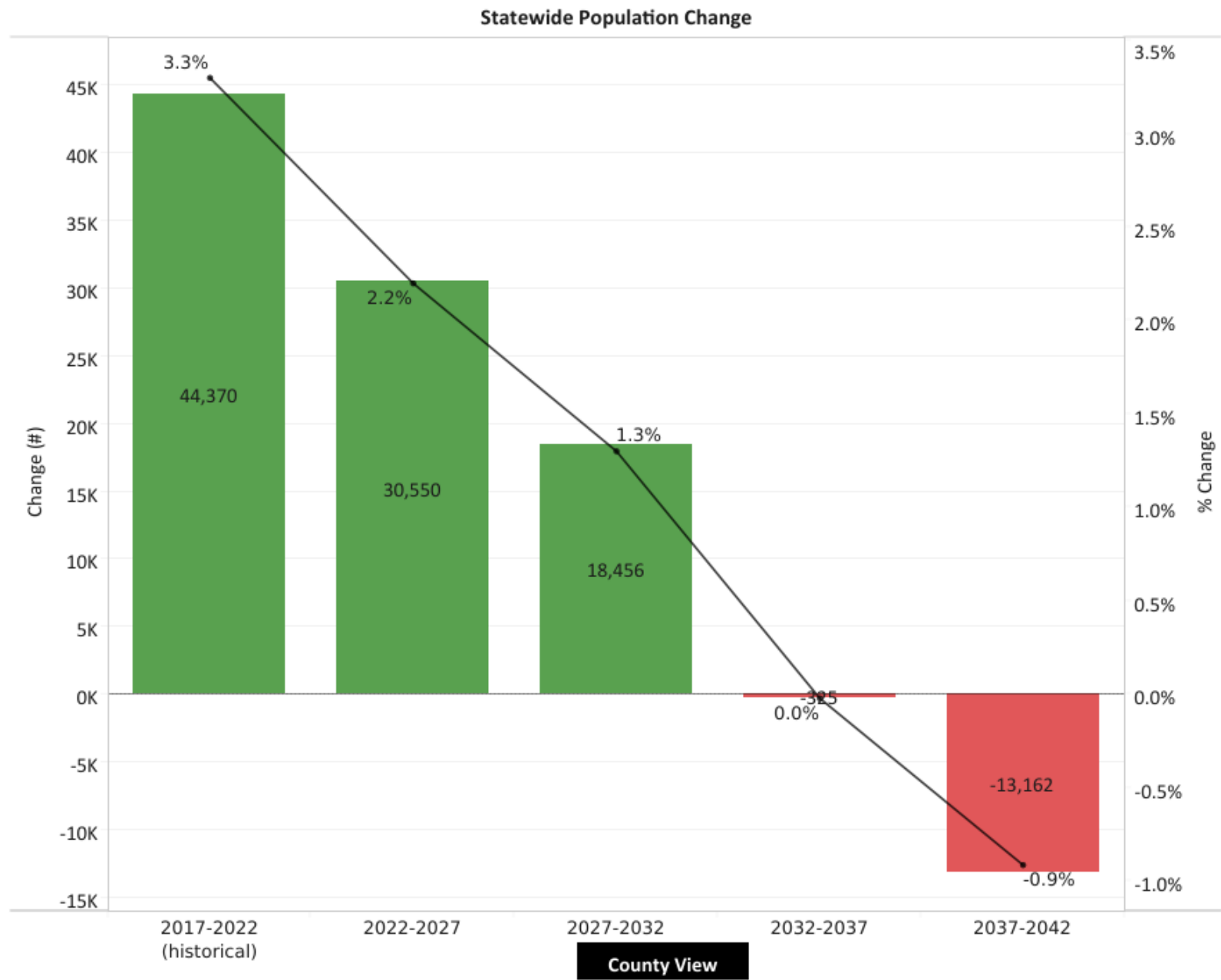
Rate per thousand population



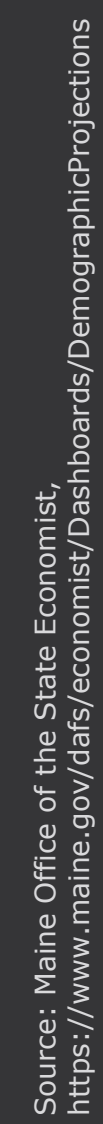
Components of Population Change, 7/1/2023-7/1/2024

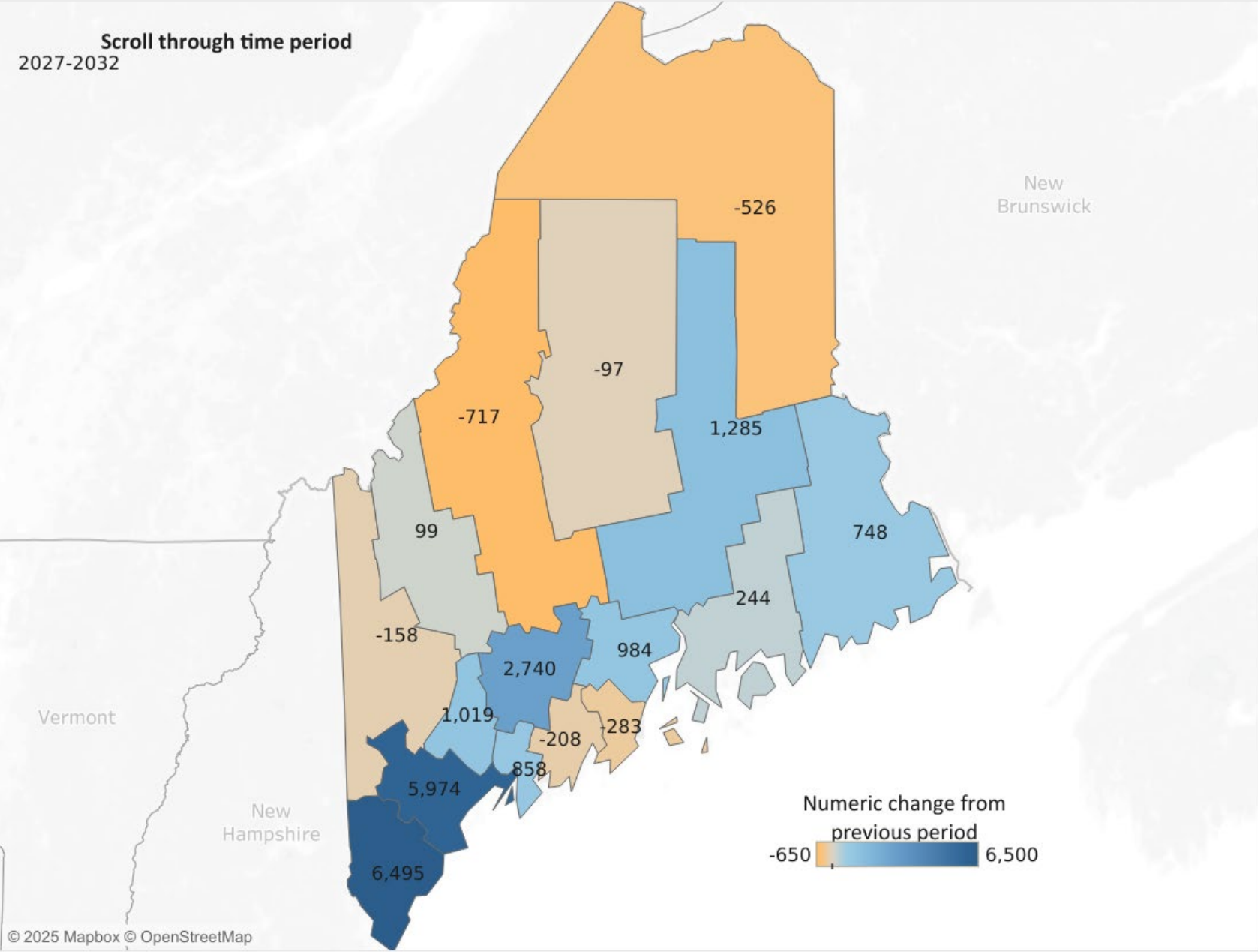
Rate per thousand population





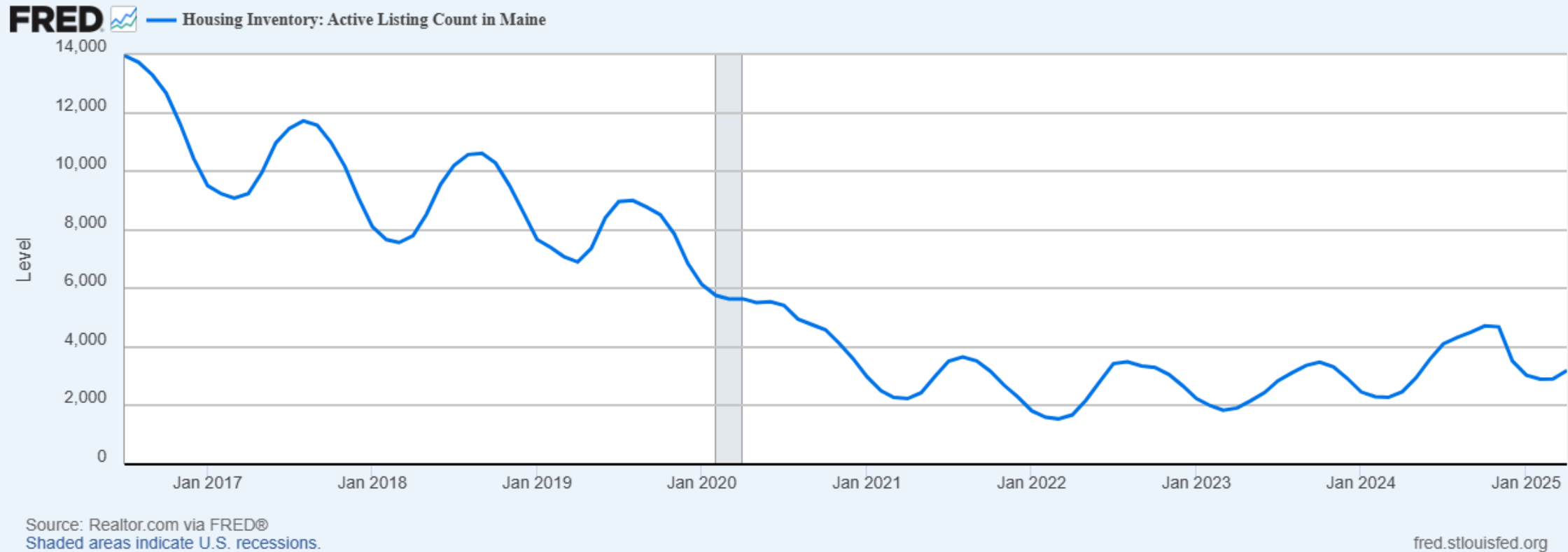
Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.





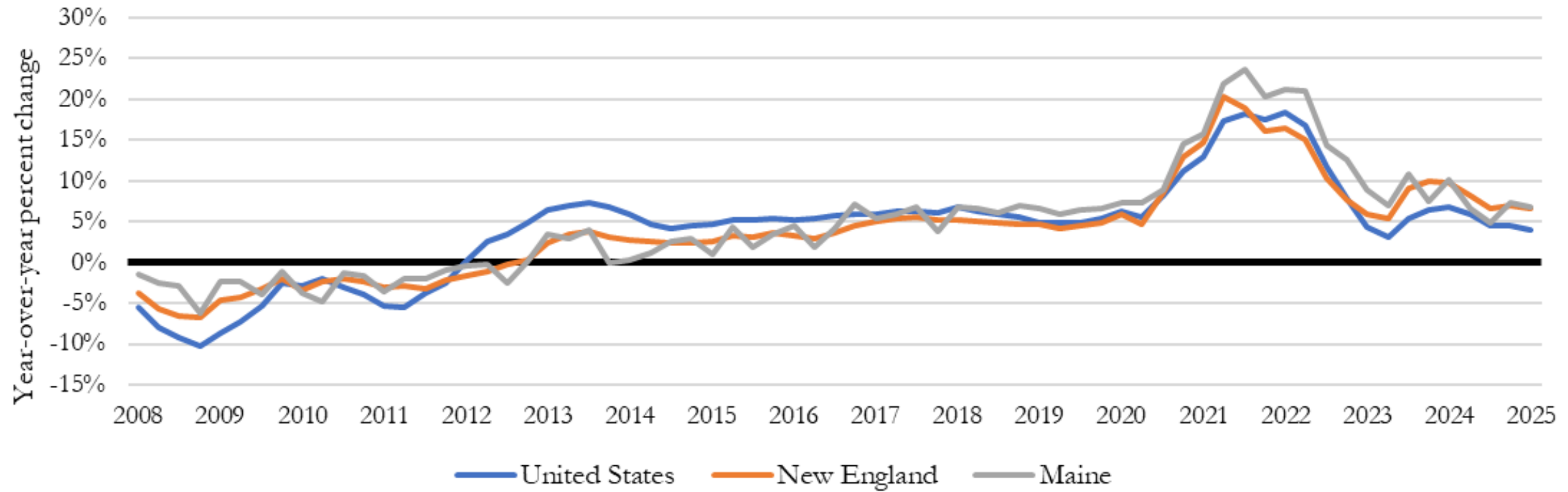
Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.

Housing

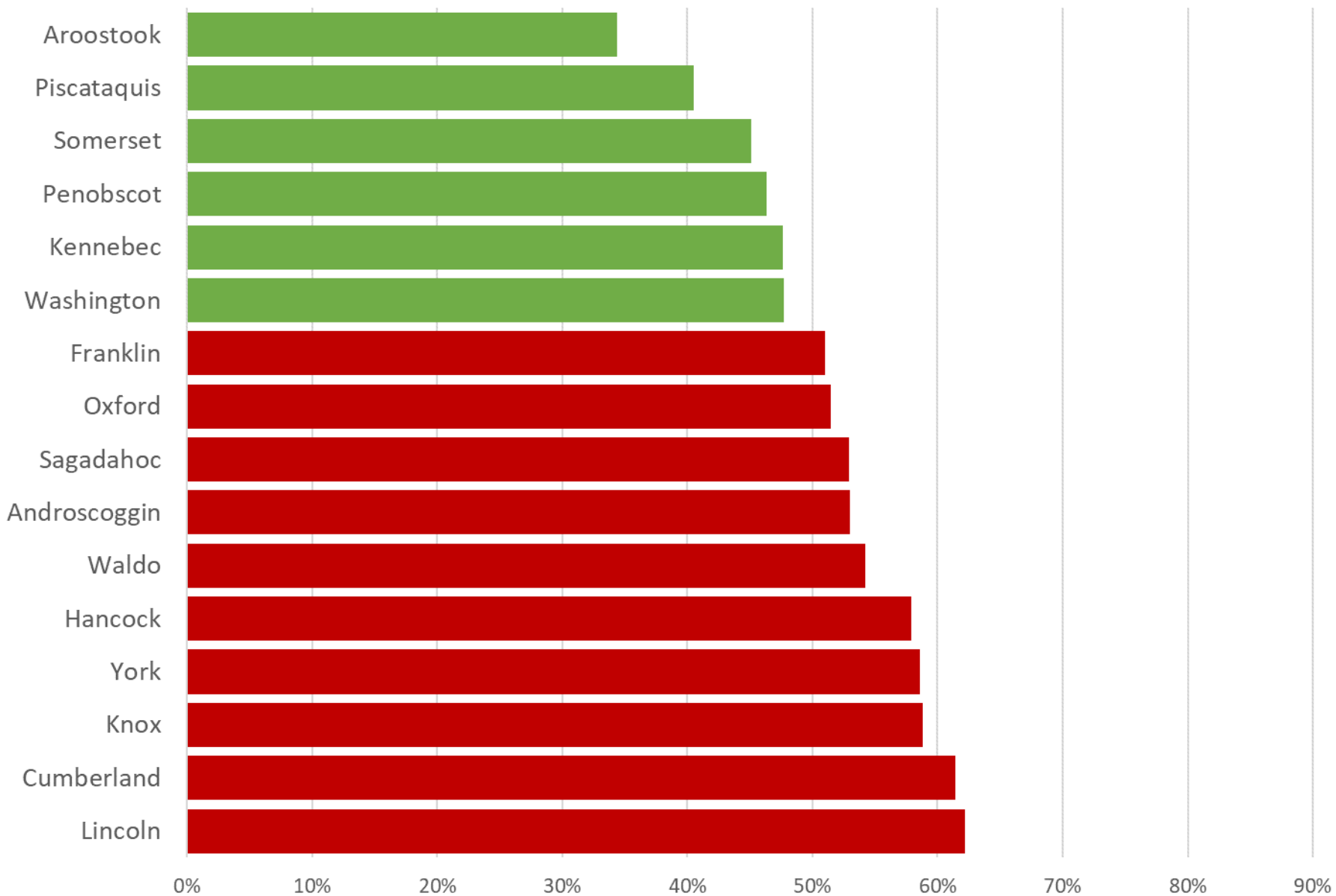


Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes – but there's been some improvement

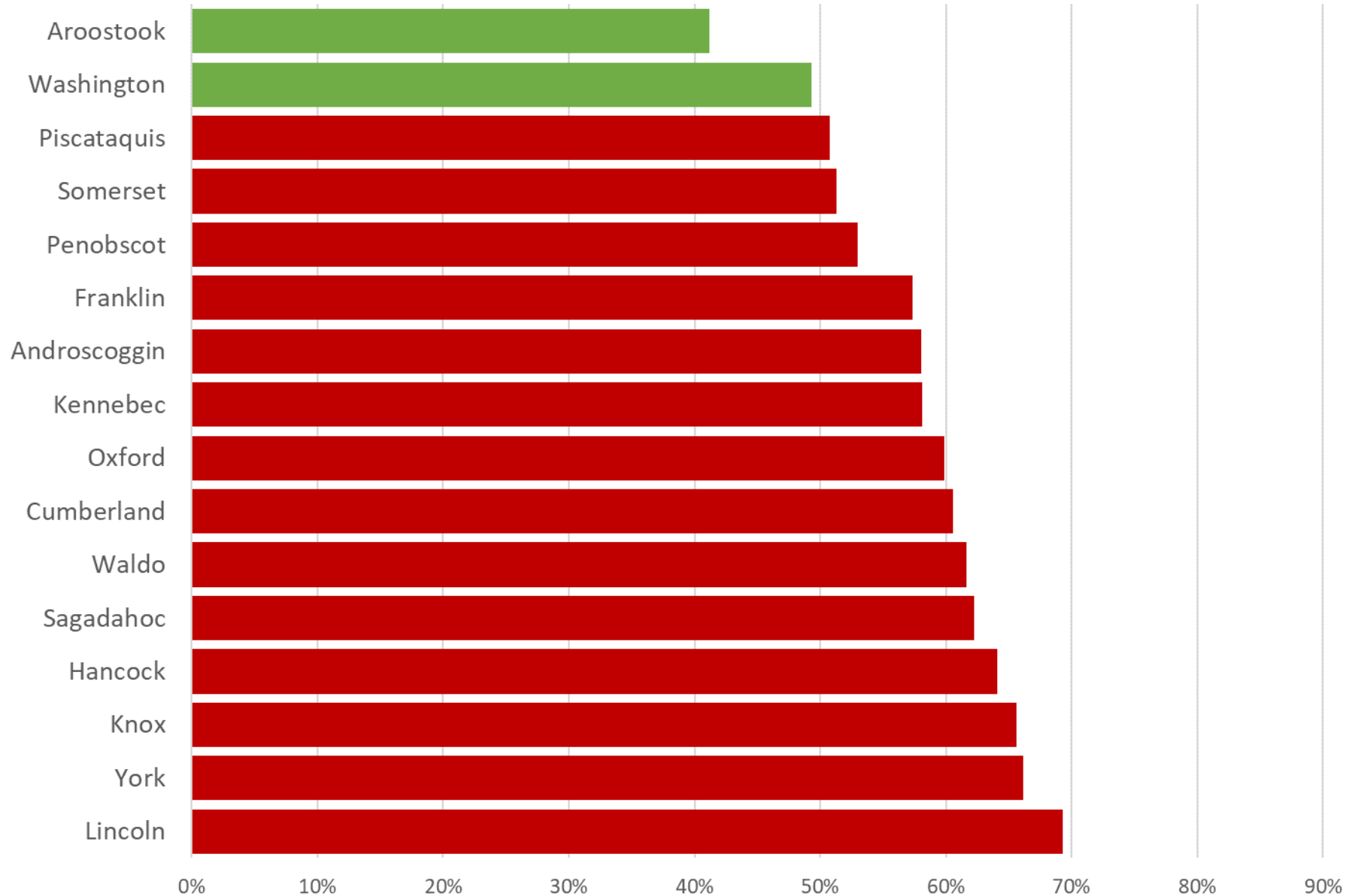
Percent Changes, Year-over-year in FHFA House Price Index (Seasonally Adjusted)



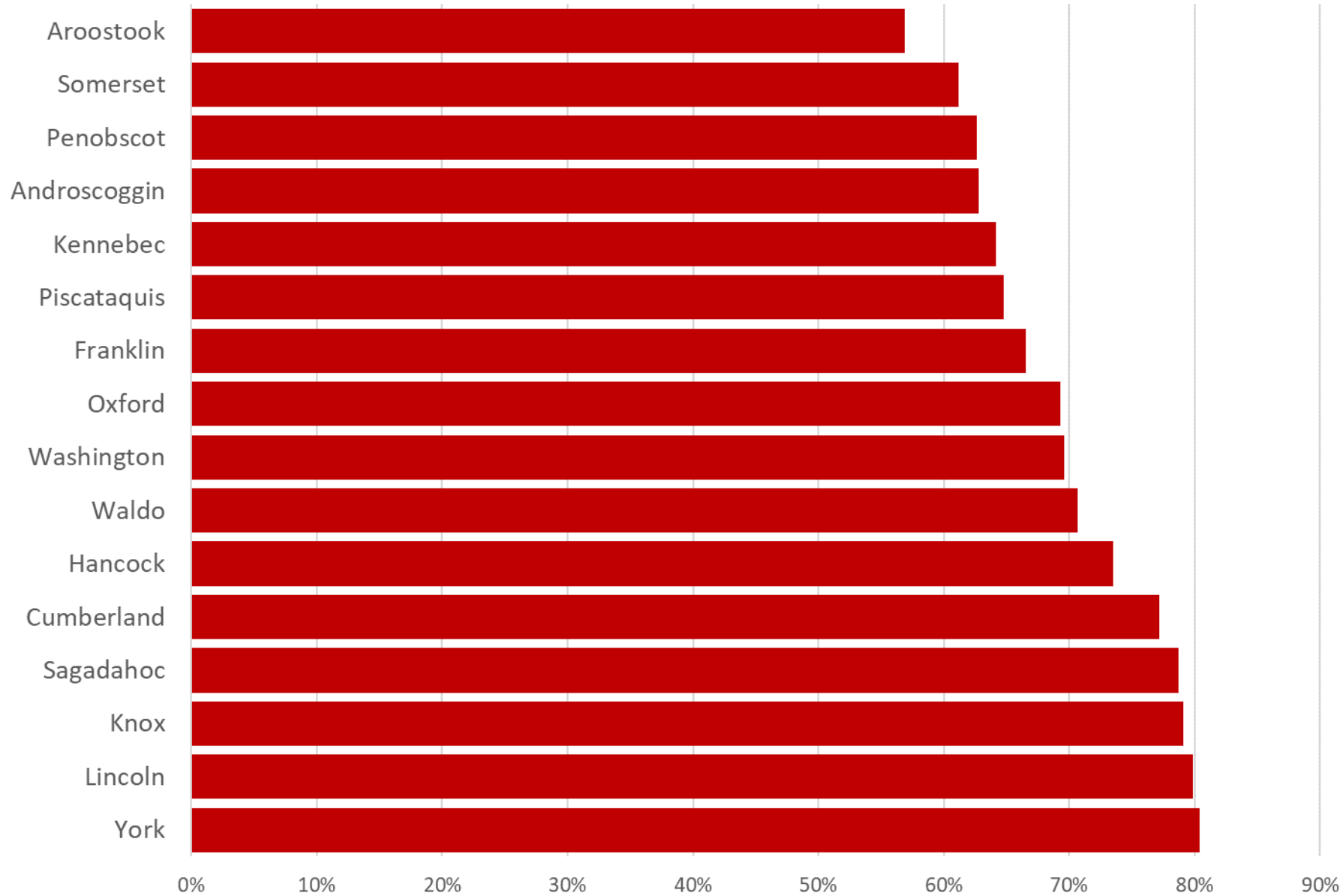
Percent of Households Unable to Afford Median Home, 2020



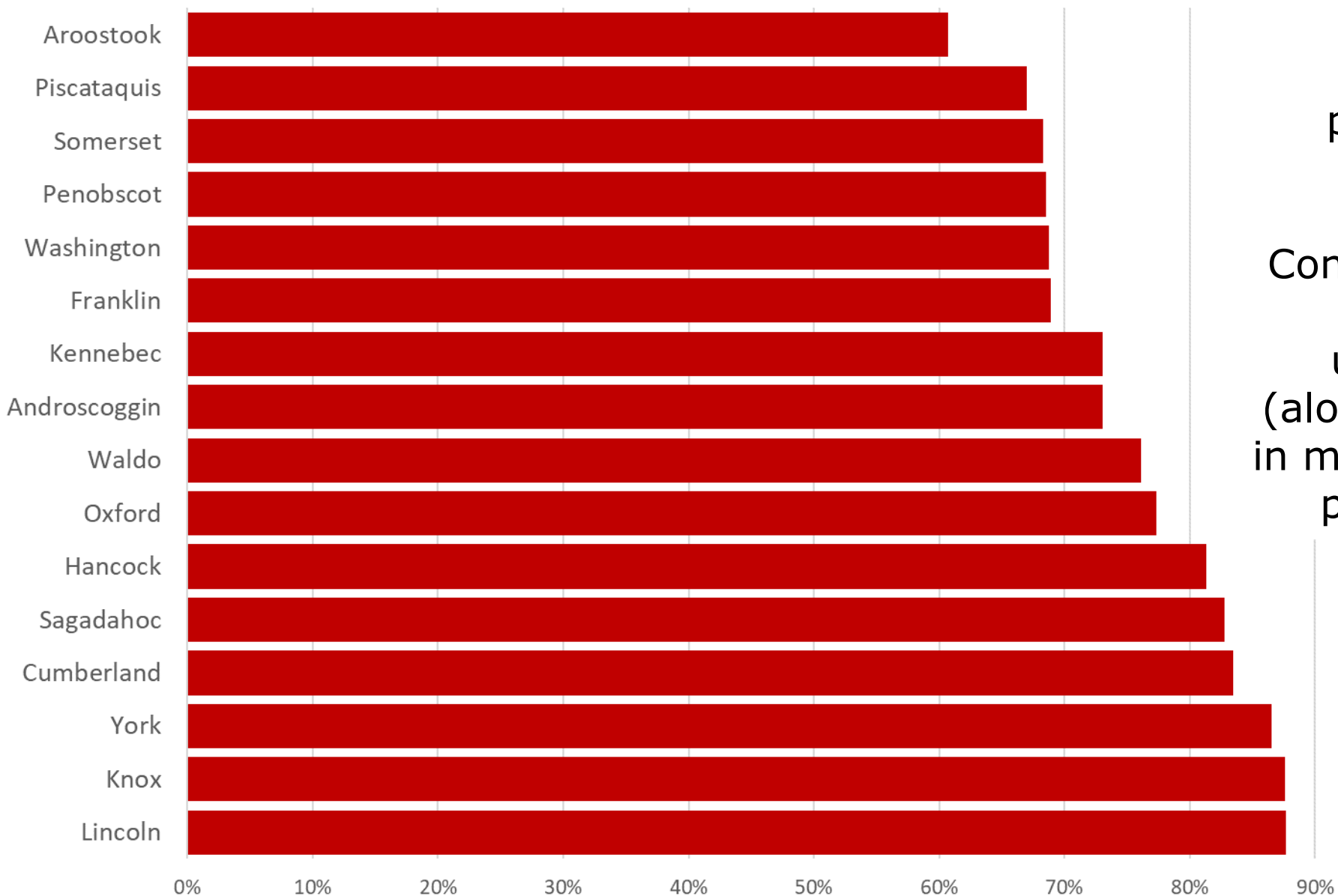
Percent of Households Unable to Afford Median Home, 2021



Percent of Households Unable to Afford Median Home, 2022



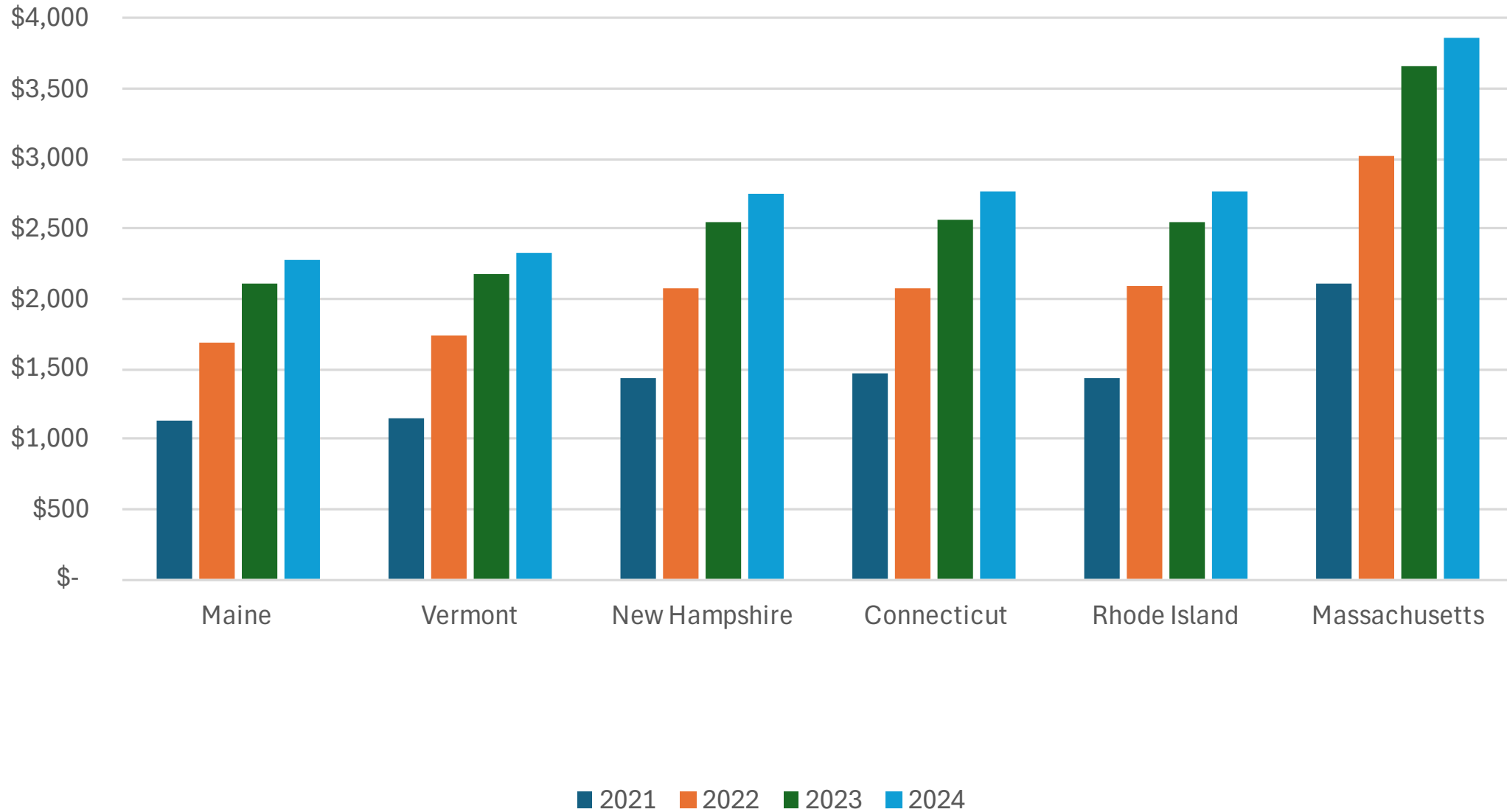
Percent of Households Unable to Afford Median Home, 2023



High demand
+ low supply
price increases

Contributed to sharp
increase in
unaffordability
(along with increases
in mortgage rates and
property taxes)

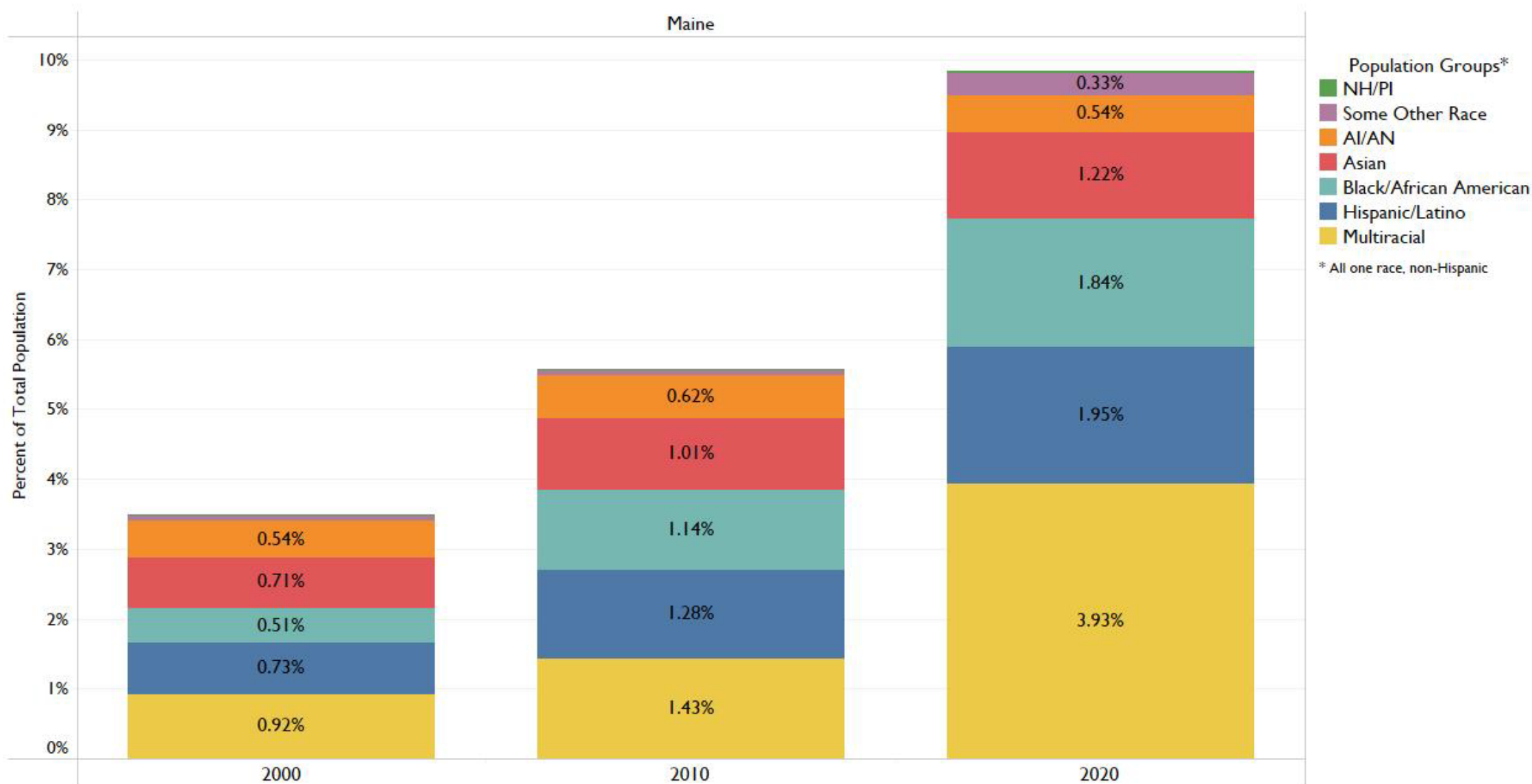
Monthly Mortgage Payment at the Median Sales Price 2021-2024



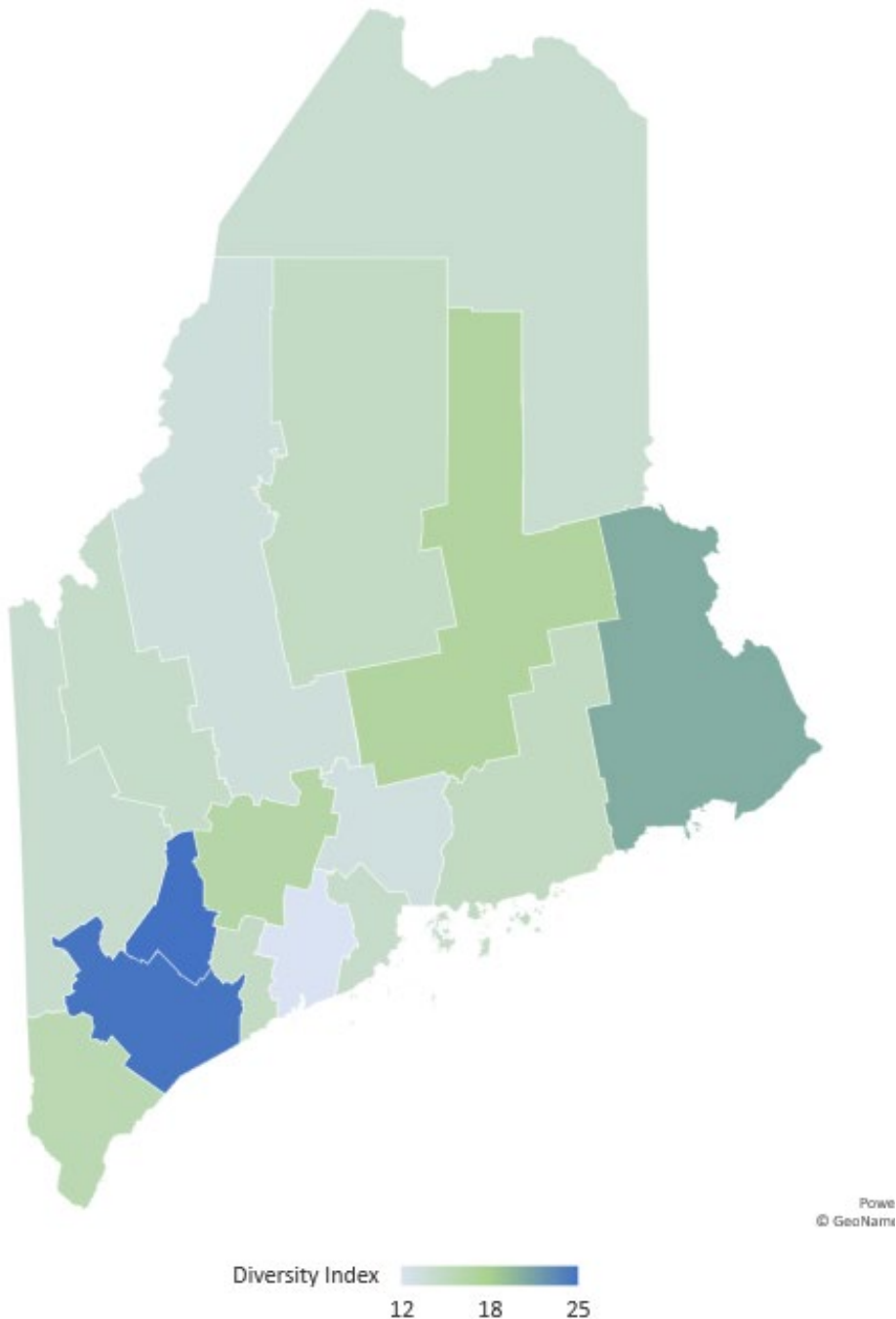
Demographics

Share of Total Population by Population Group | Maine

Data source: 2000, 2010, and 2020 U.S. Decennial Census

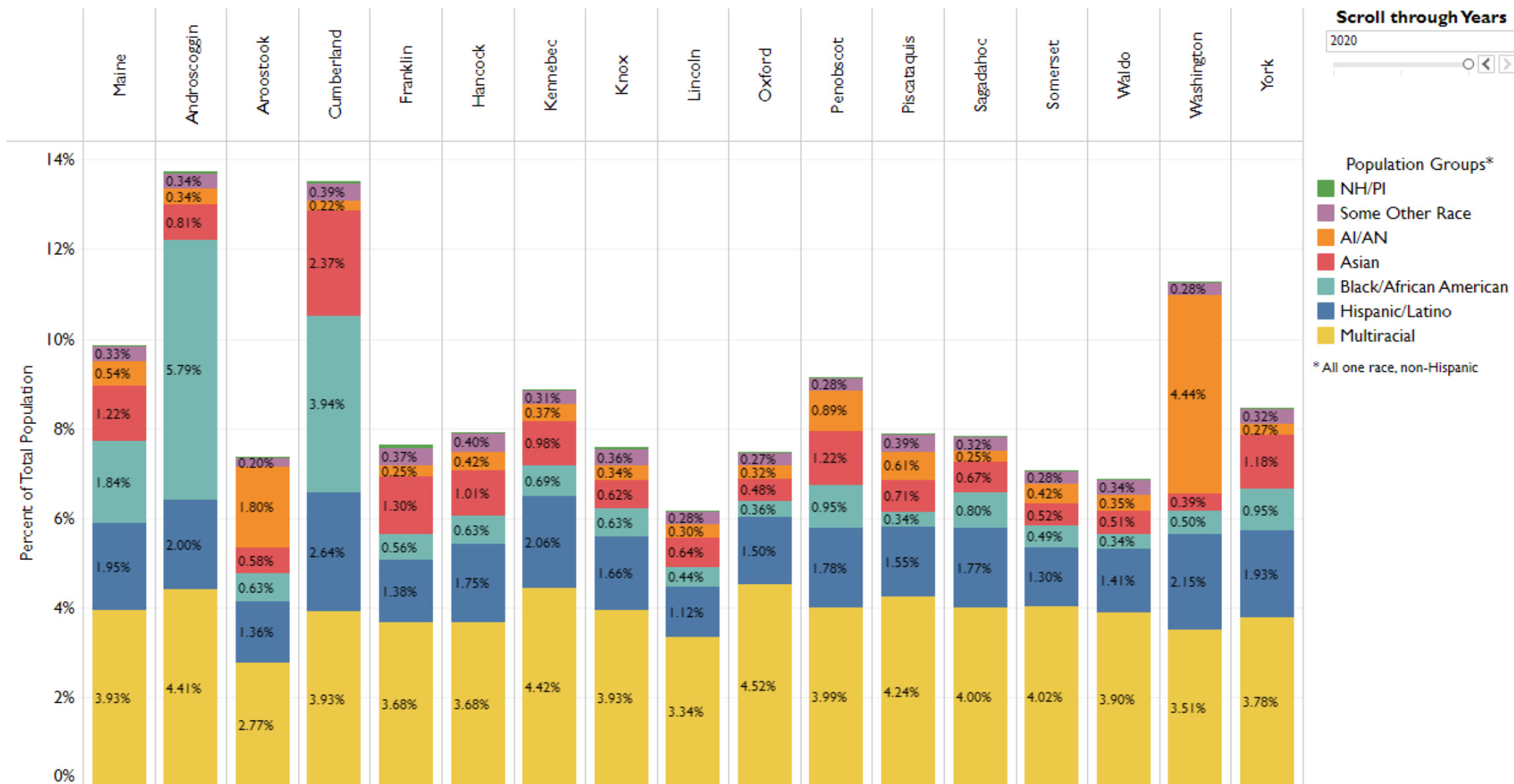


Note: Bars with less than 0.10% are not labeled for clarity and the White population is excluded from this figure because it comprises over 90% of the population.



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

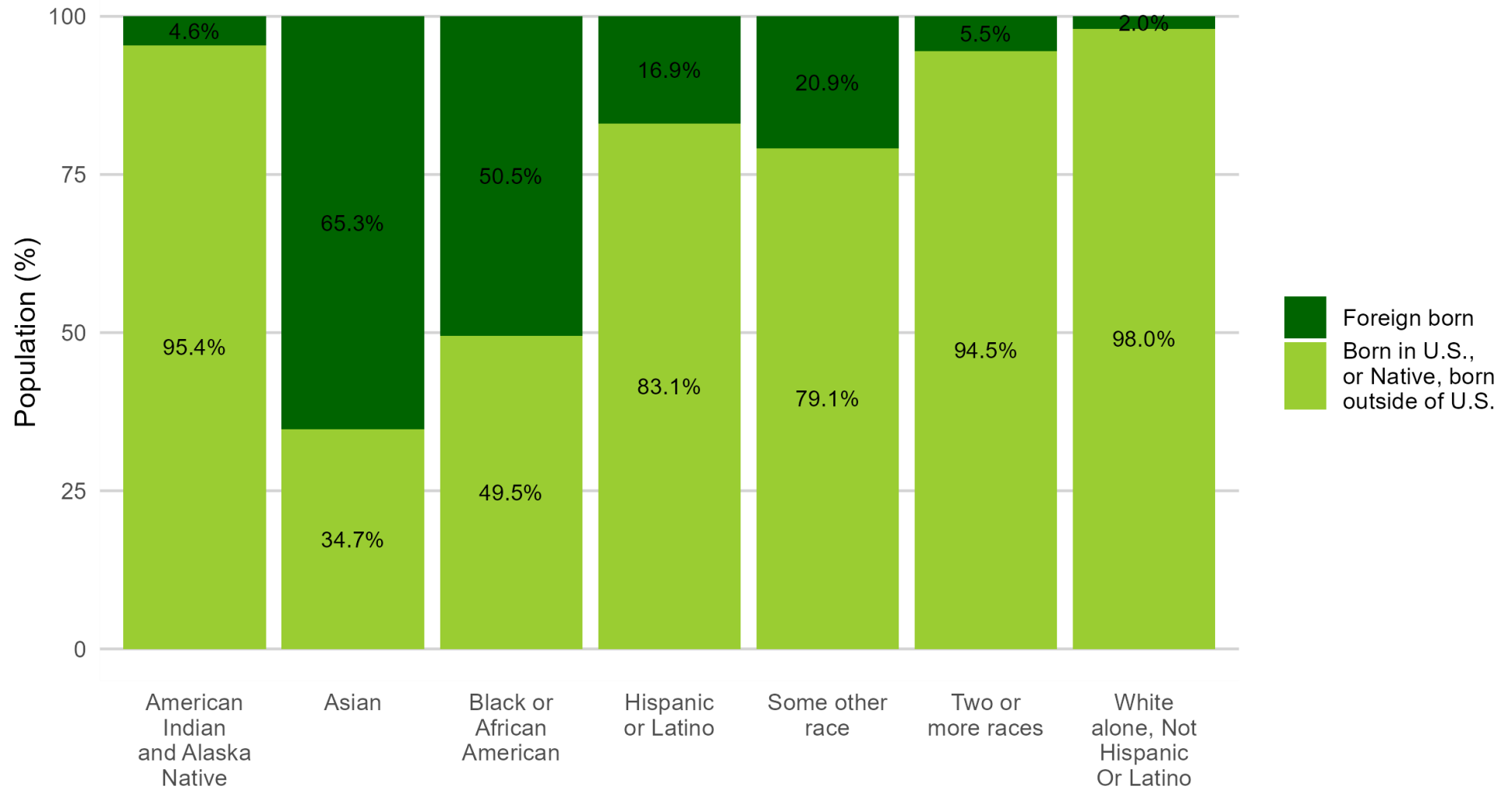
- In 2020, Maine ranked as the least diverse state in the U.S.
 - ME index = 18.5
 - U.S. index = 61.1
- But there is regional variation: Cumberland, Androscoggin, and Washington counties are more diverse



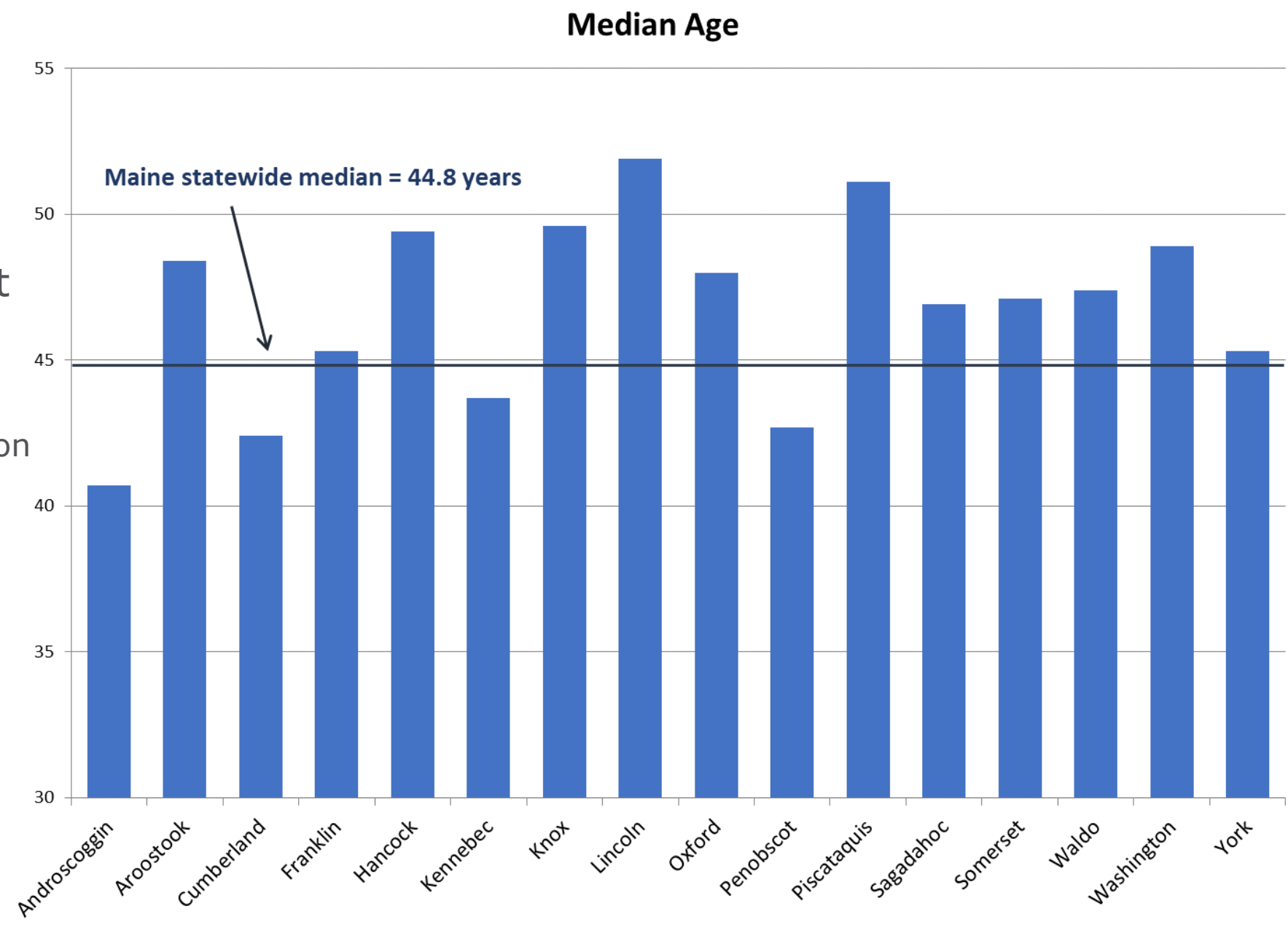
Race and/or ethnicity is not the same as place of birth

Share of Maine Population by Region of Birth by Race/Ethnicity, 2023

Foreign born statewide, 3.8%



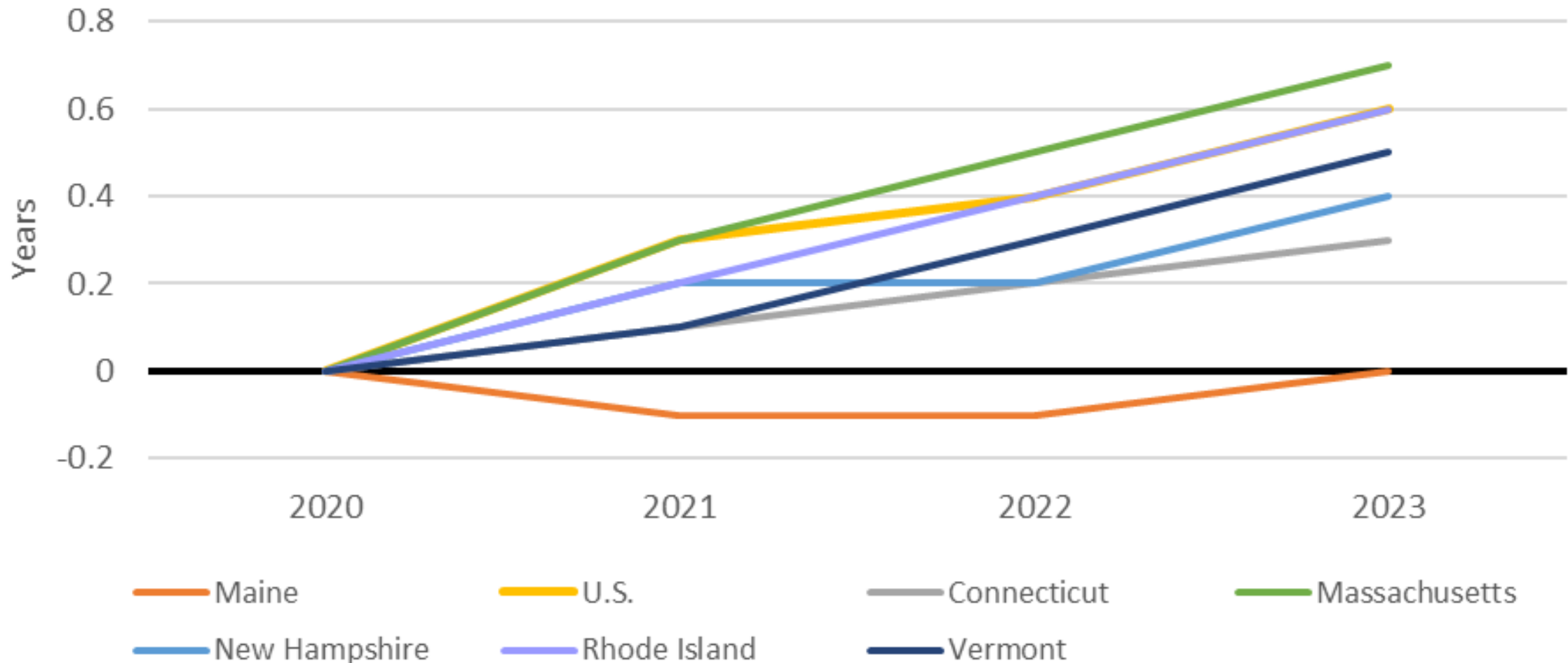
Maine has the oldest population...
...by median age
(44.8 years)
...and by % of population
age 65+ (23.0%)



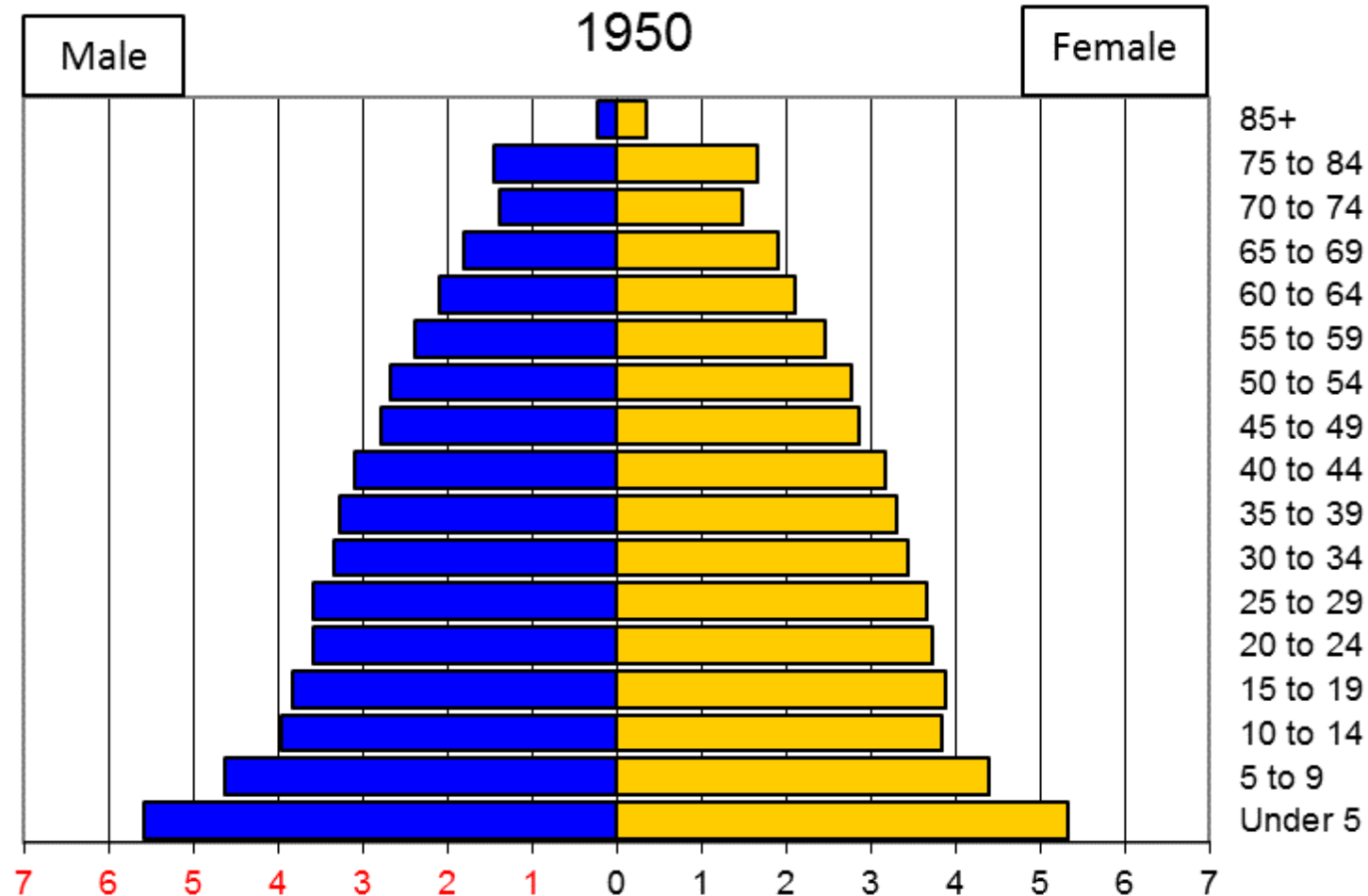
Migration has made a difference

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)

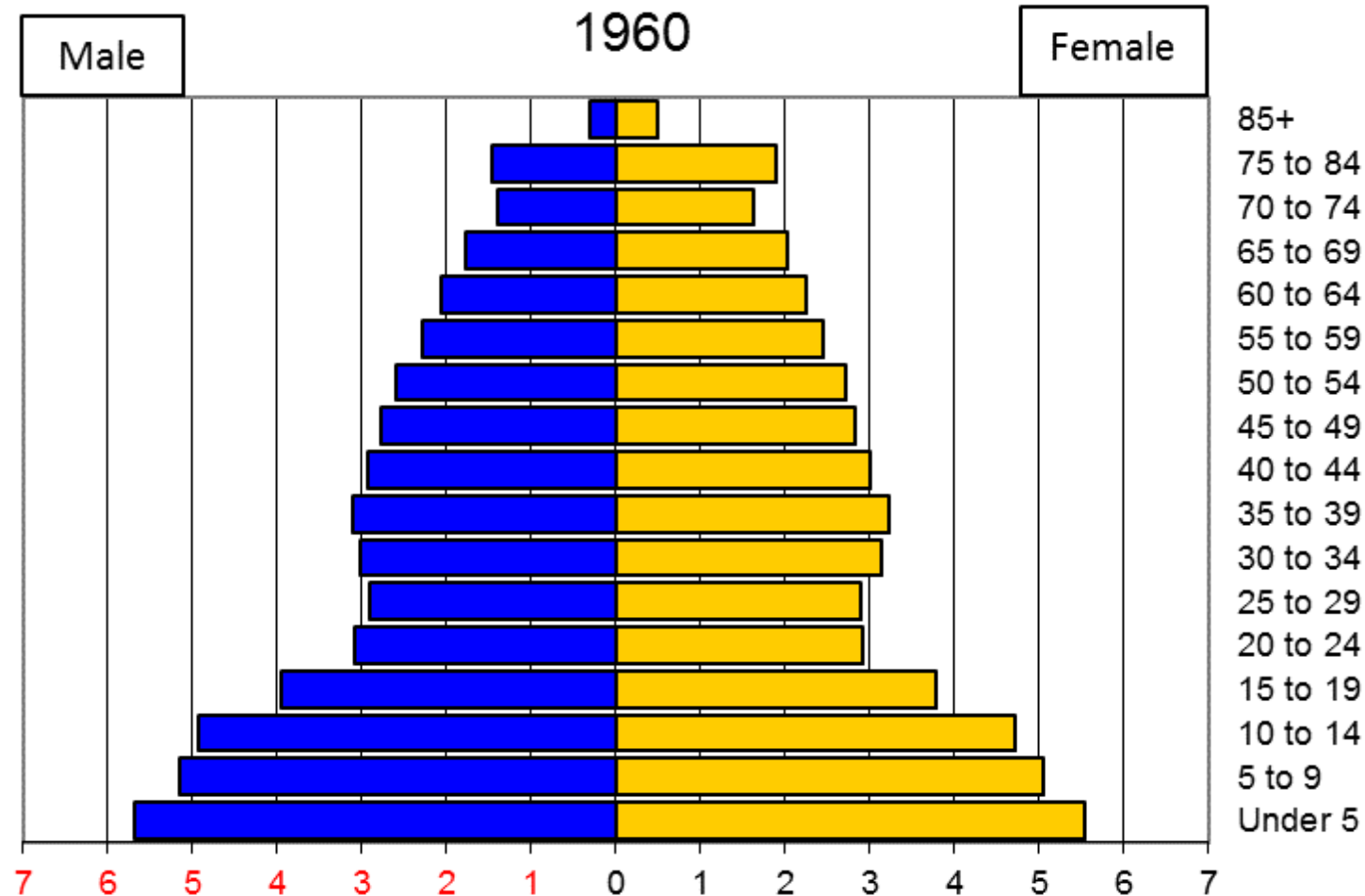
Change in median age since April 2020



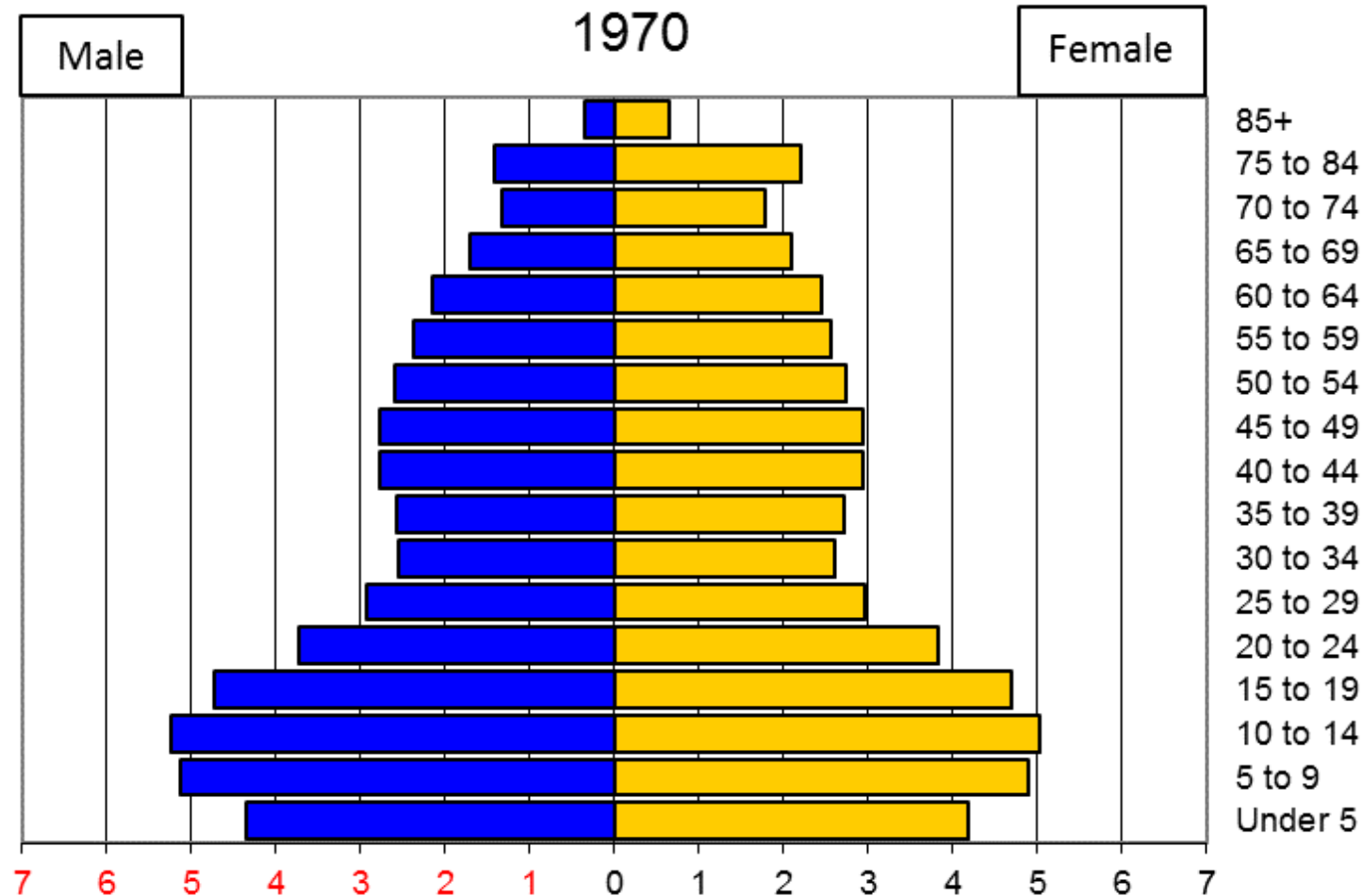
The Baby Boom: 1946-1964



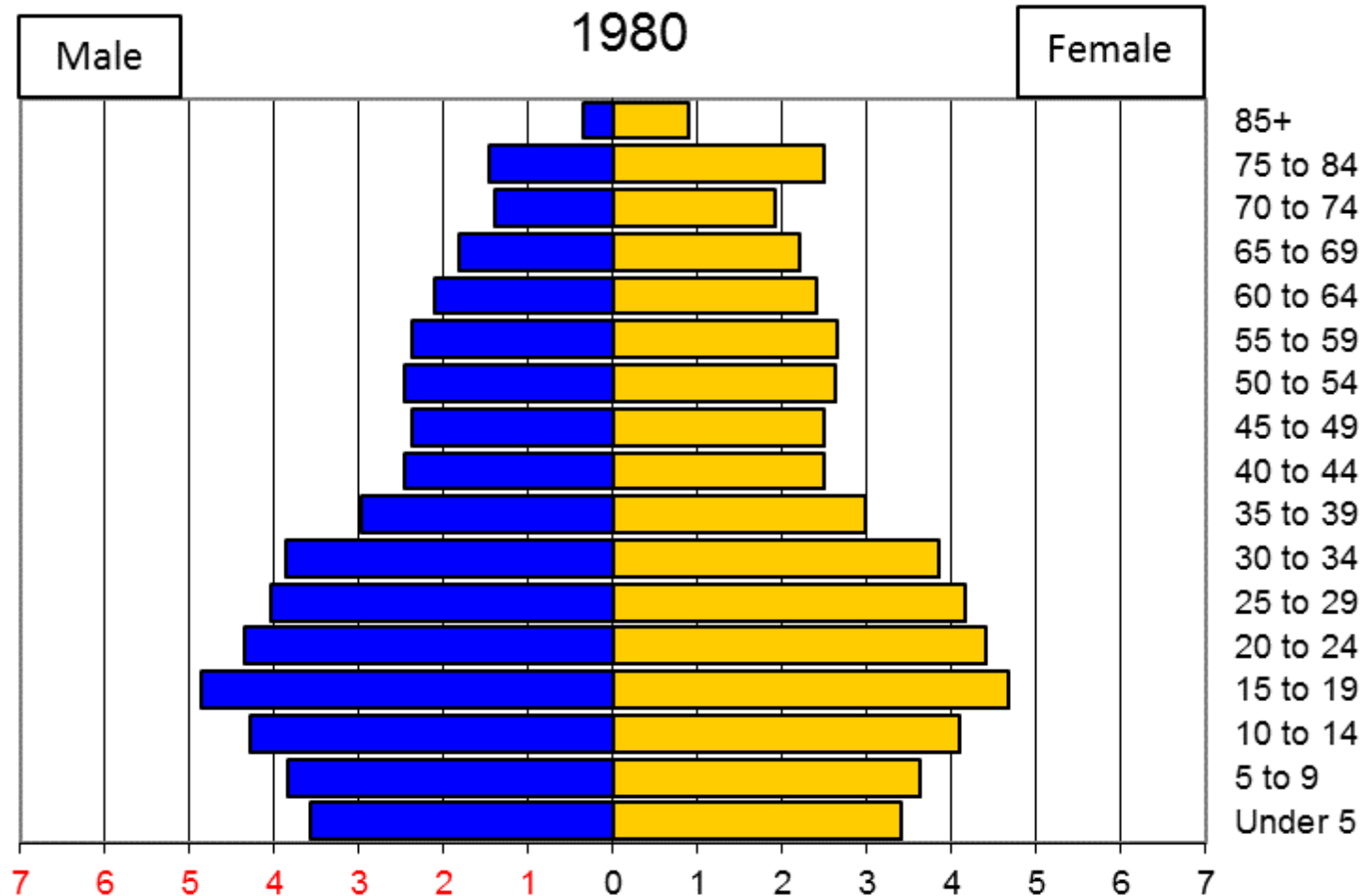
The Baby Boom: 1946-1964



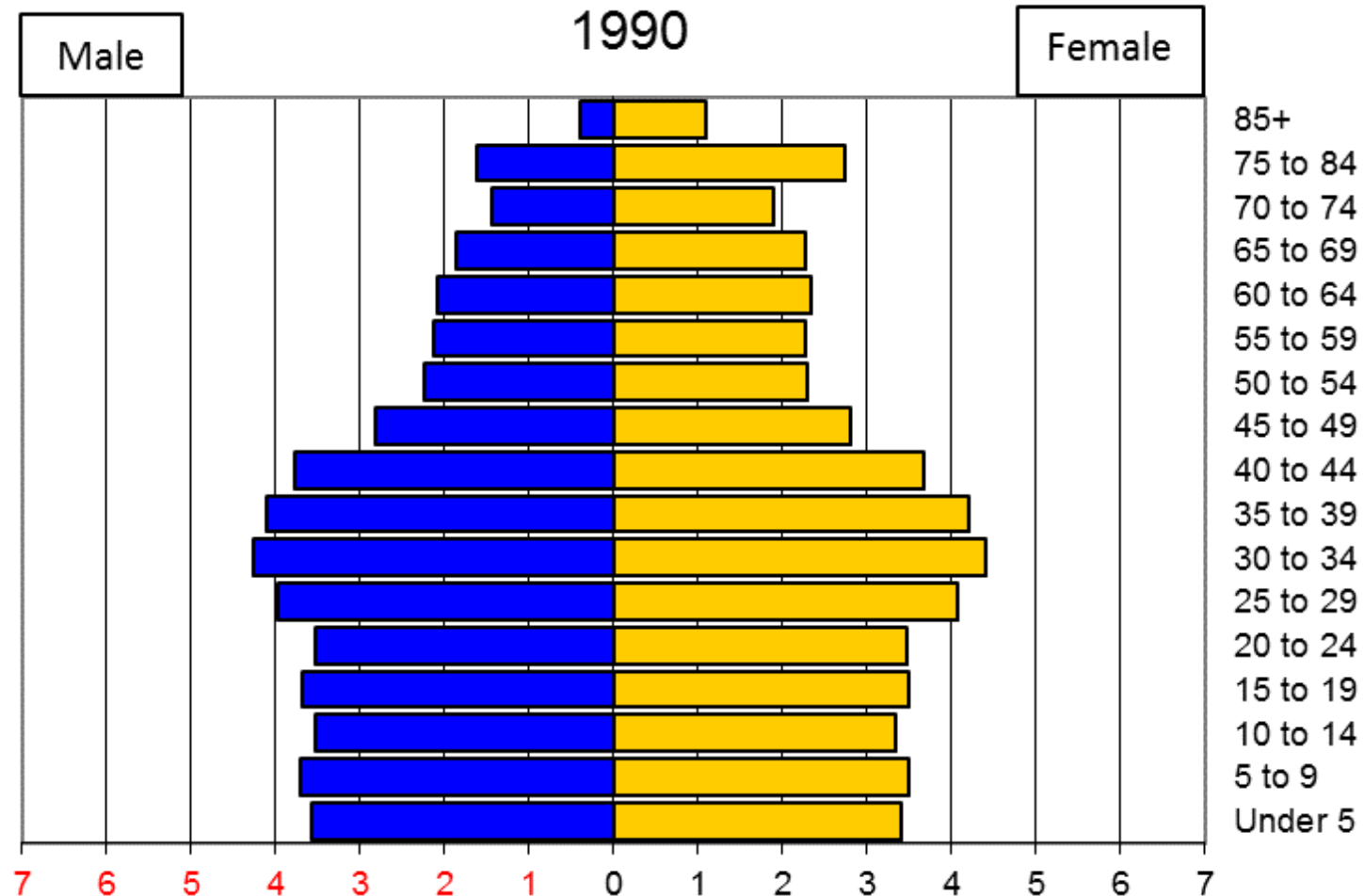
The Baby Boom: 1946-1964



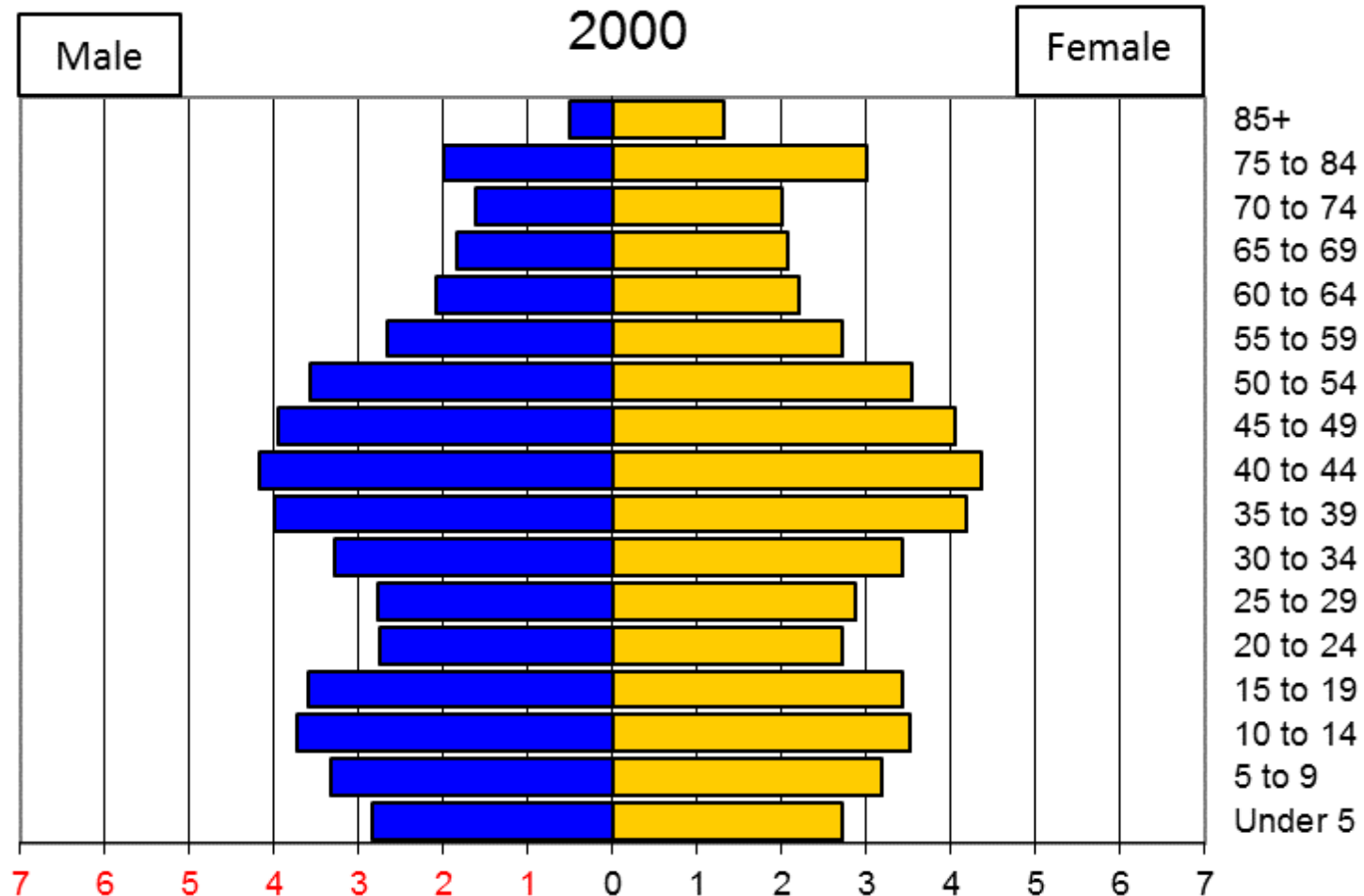
The Baby Boom: 1946-1964



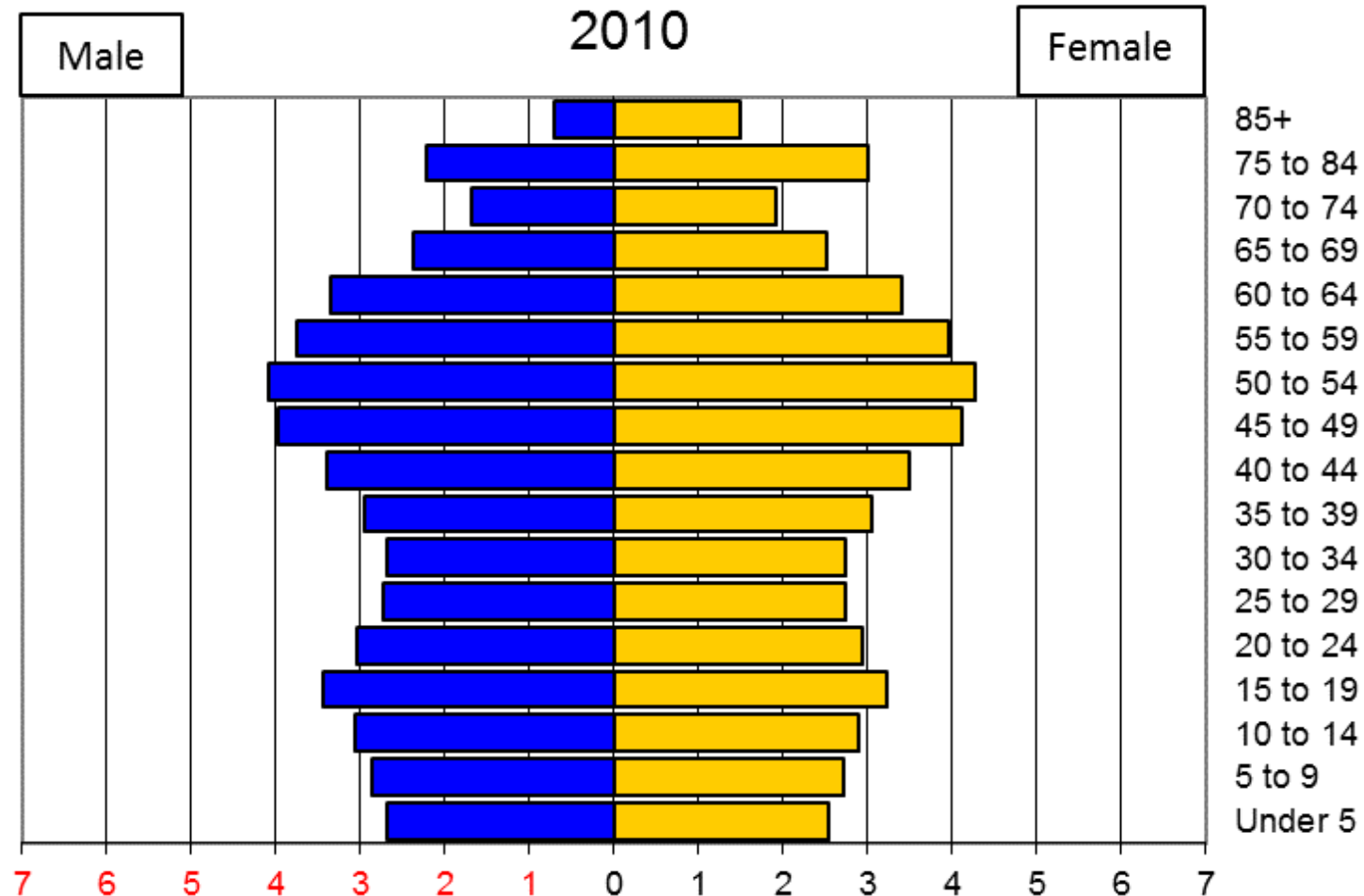
The Baby Boom: 1946-1964



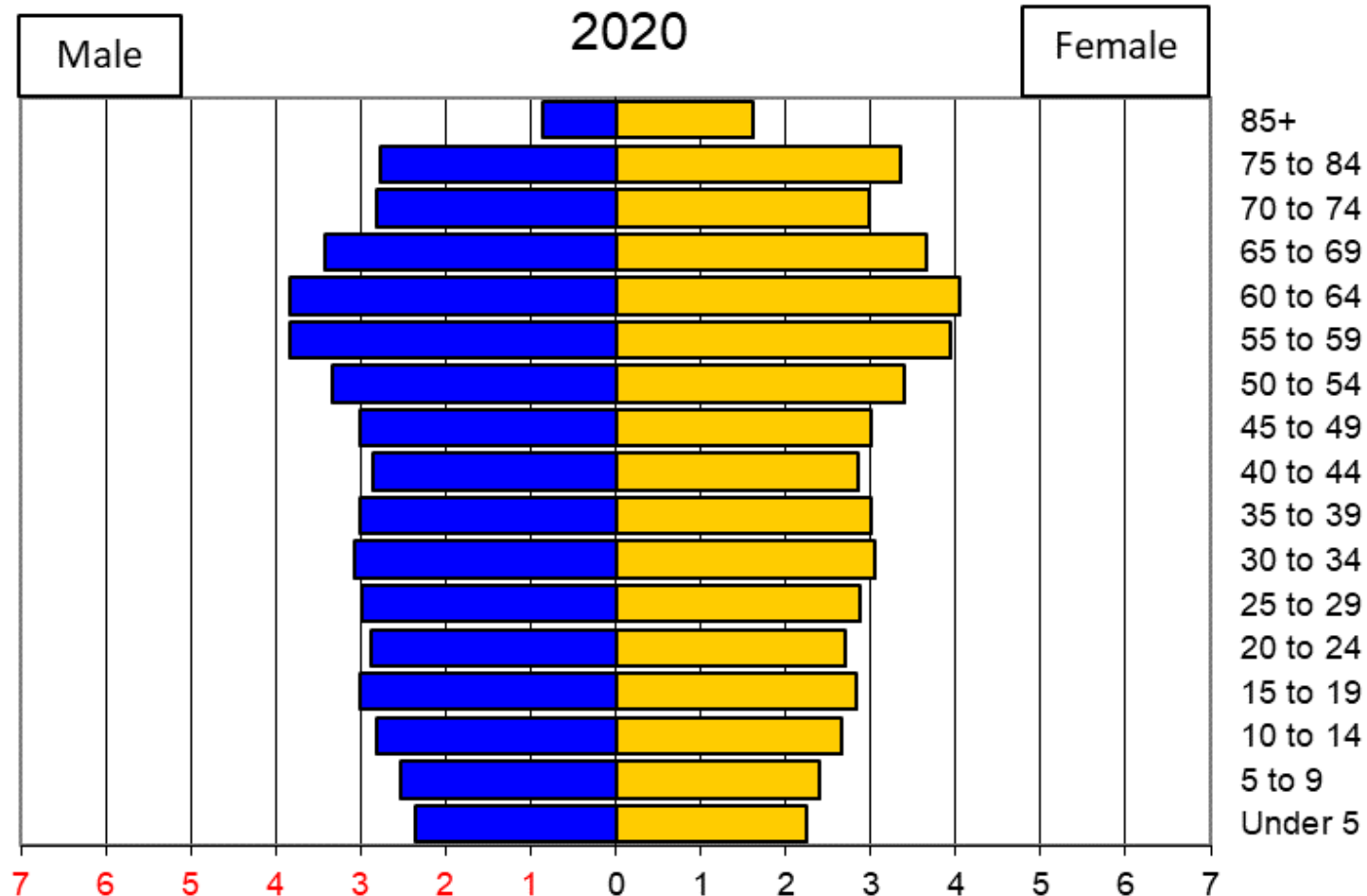
The Baby Boom: 1946-1964



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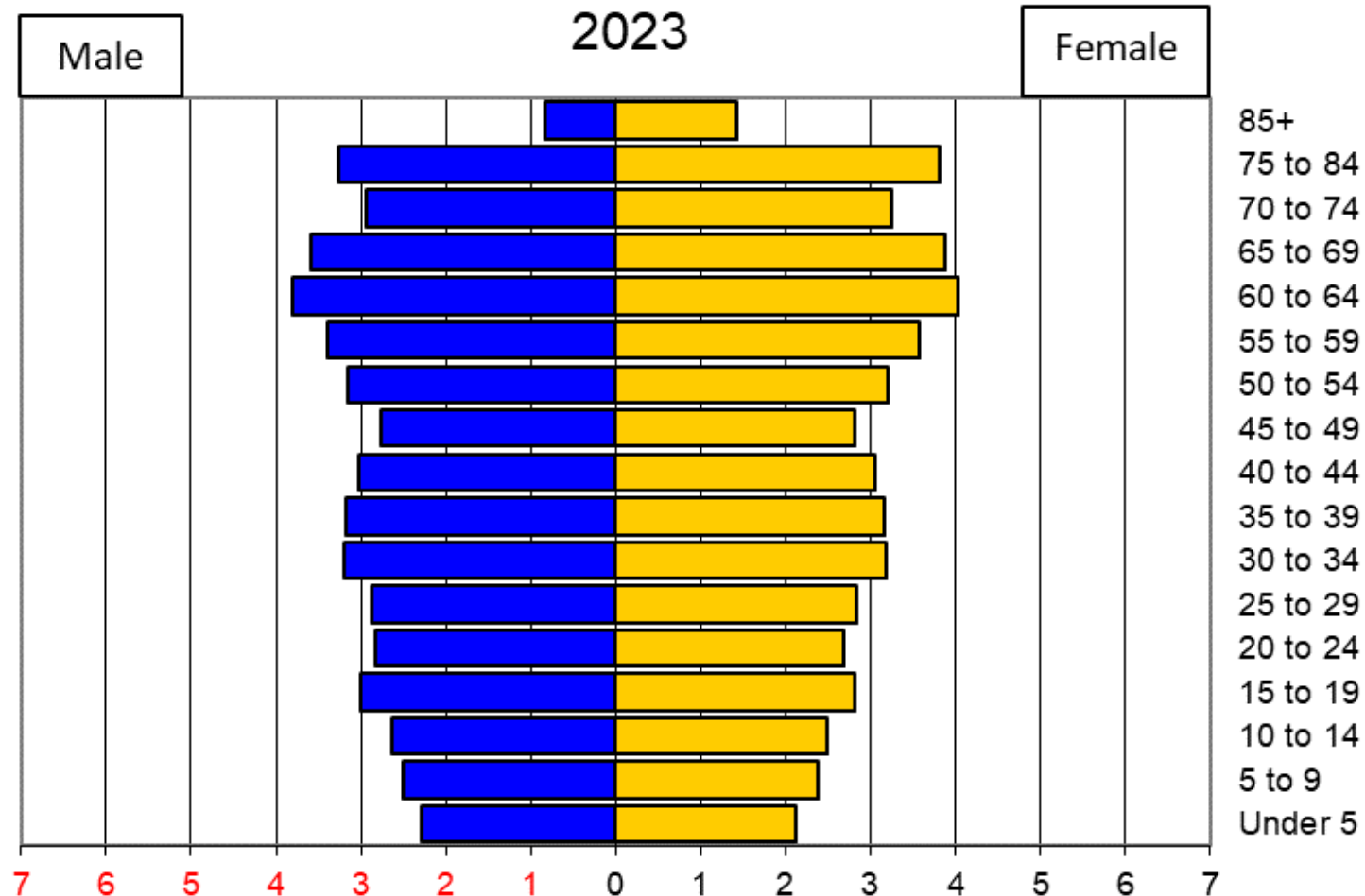


The Baby Boom: 1946-1964



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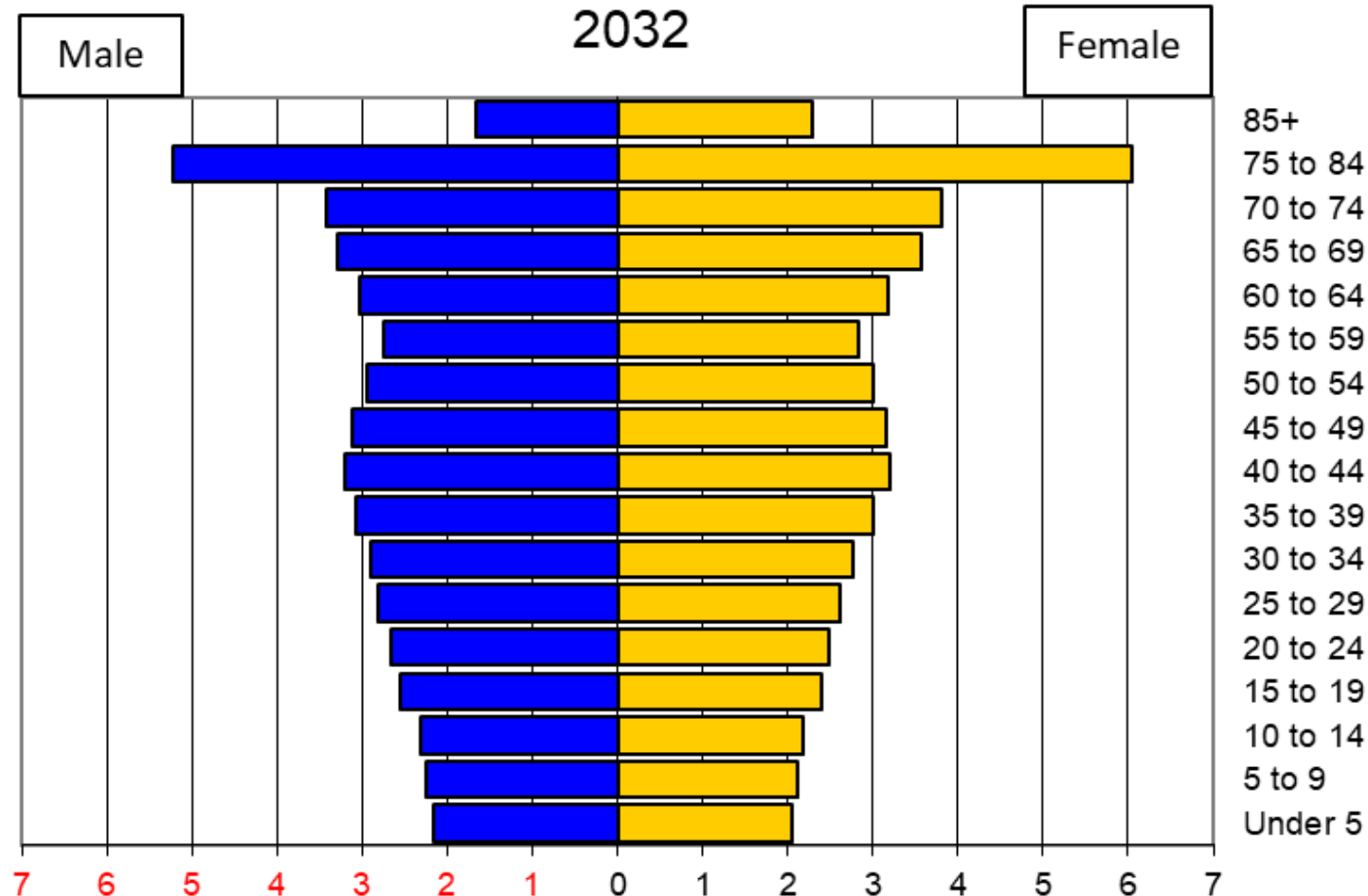
Baby Boom
generation in
2023: age 59-77



The Baby Boom: 1946-1964

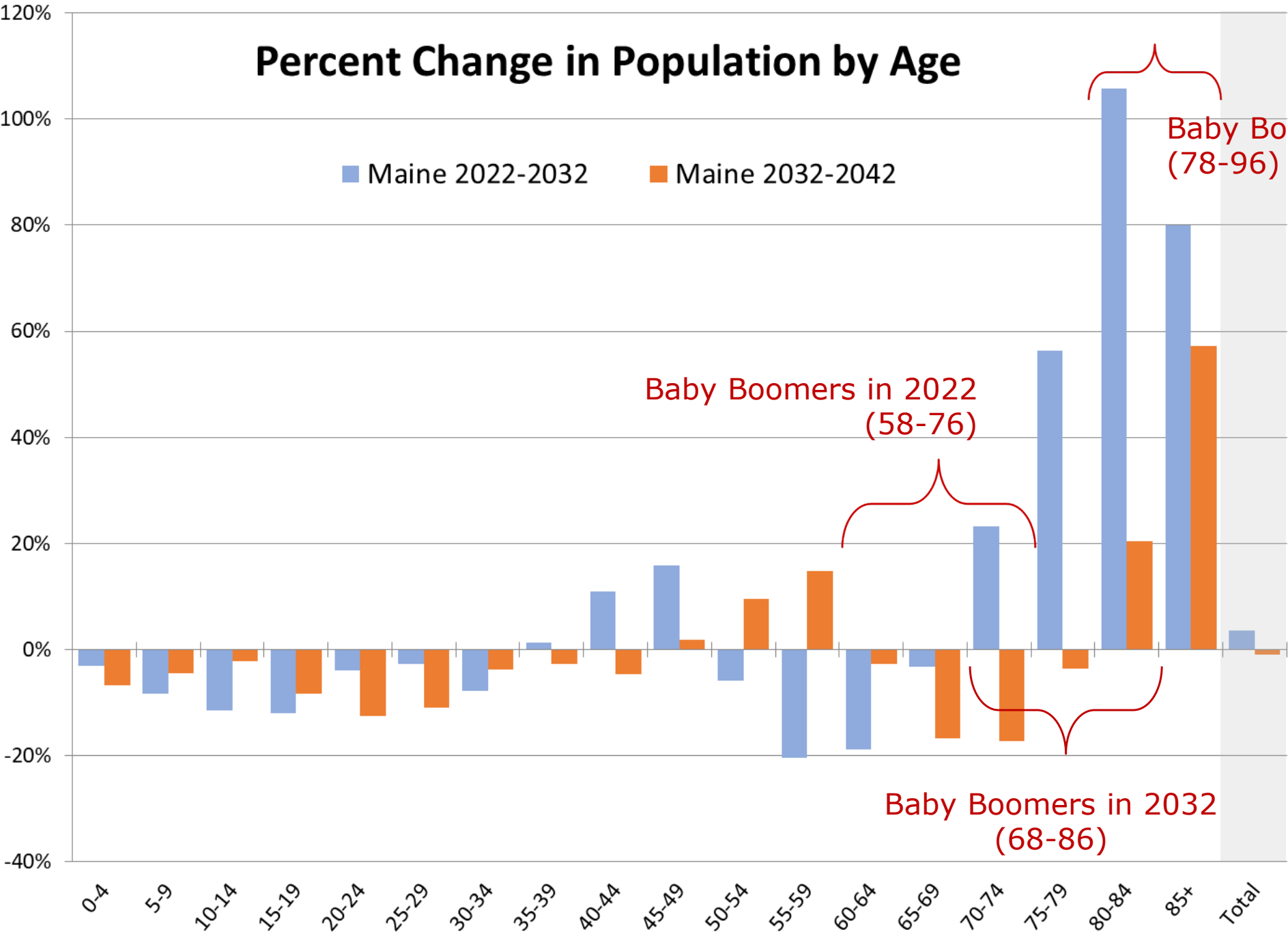
Baby Boom generation in 2032: age 68-86

Prime working-age population (20-64 years) projected to decrease by 4.6% from 2022-2032

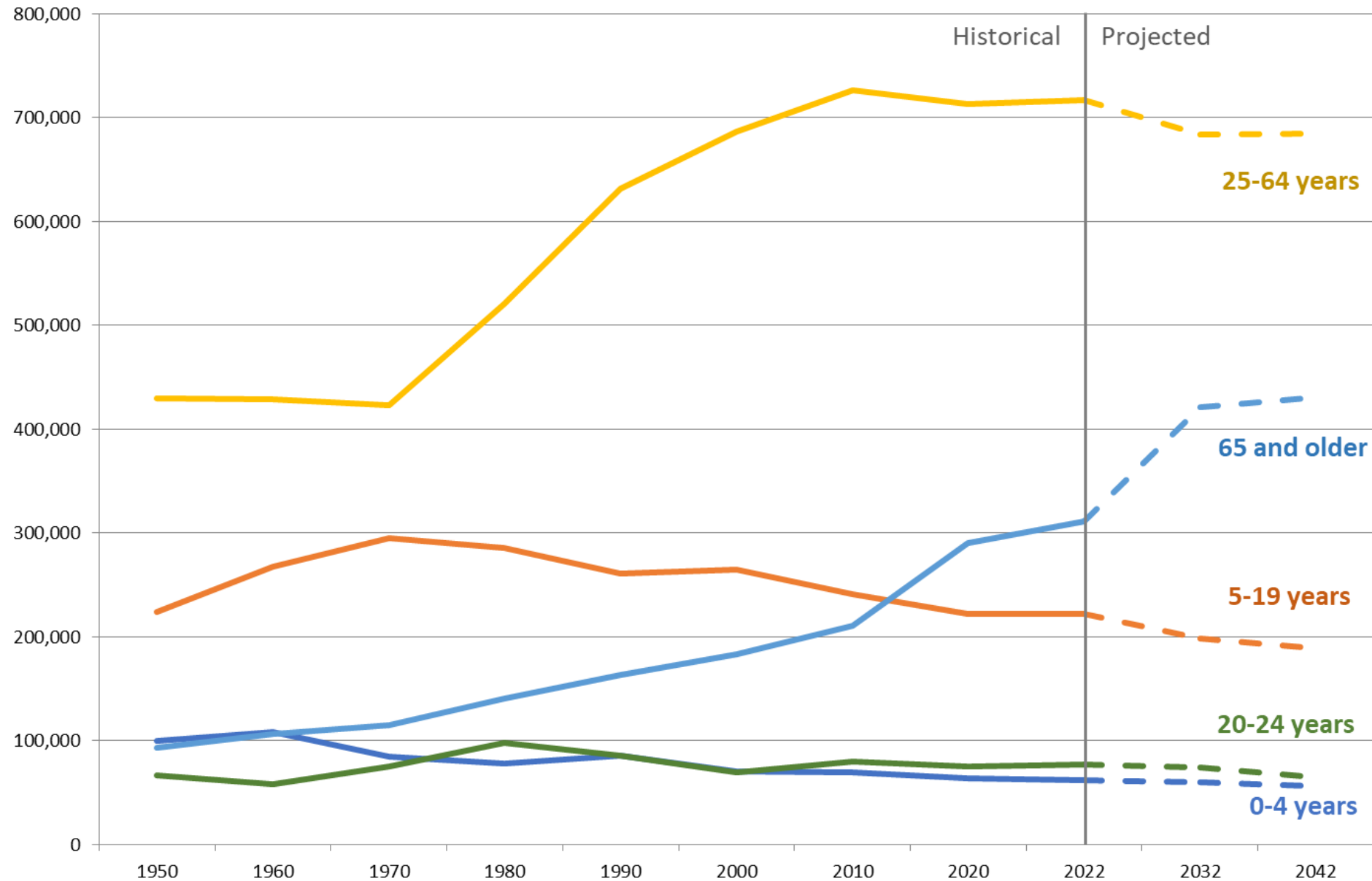


Percent Change in Population by Age

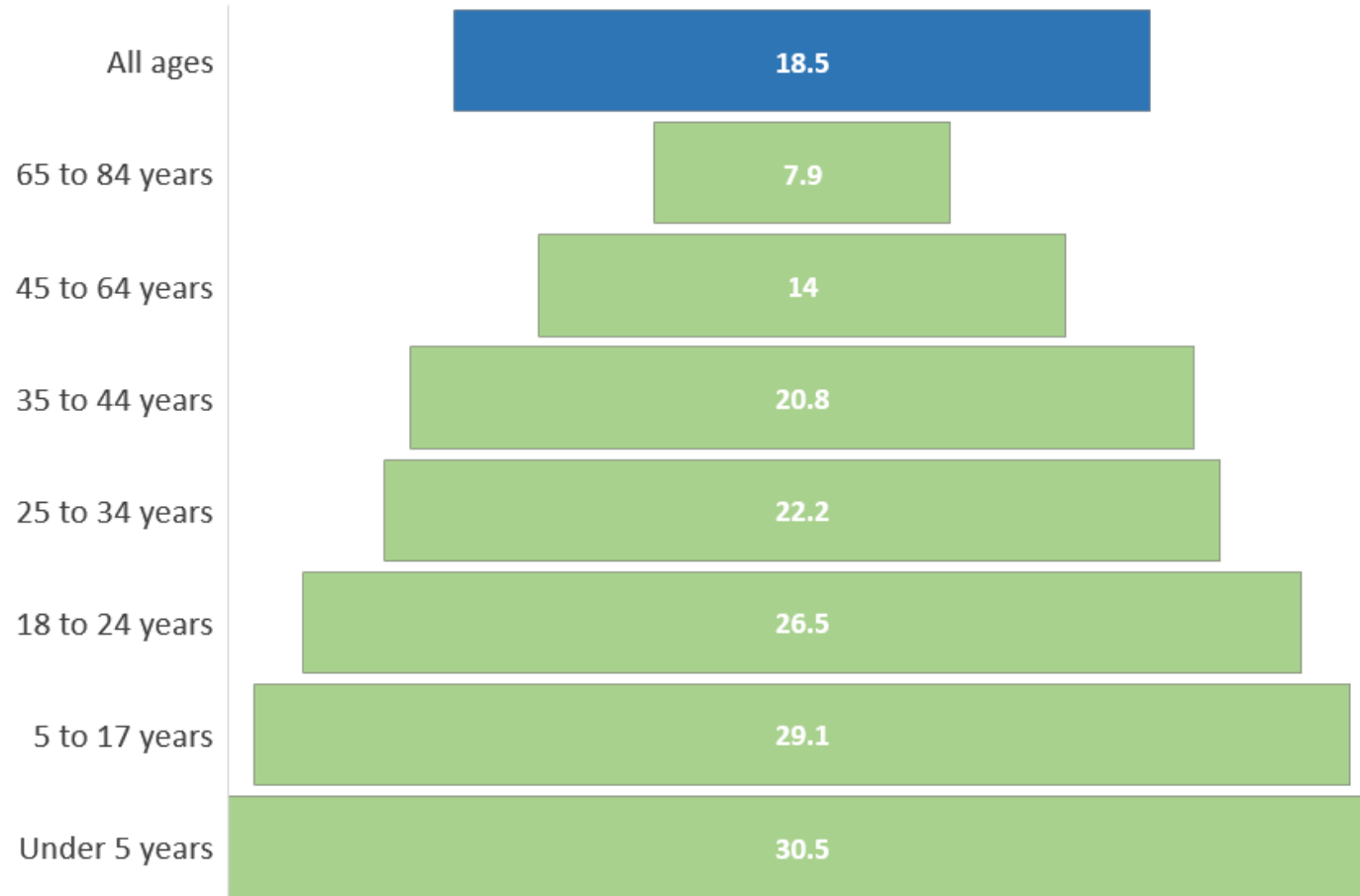
Maine 2022-2032 Maine 2032-2042



Maine Population Trends by Age 1950-2042



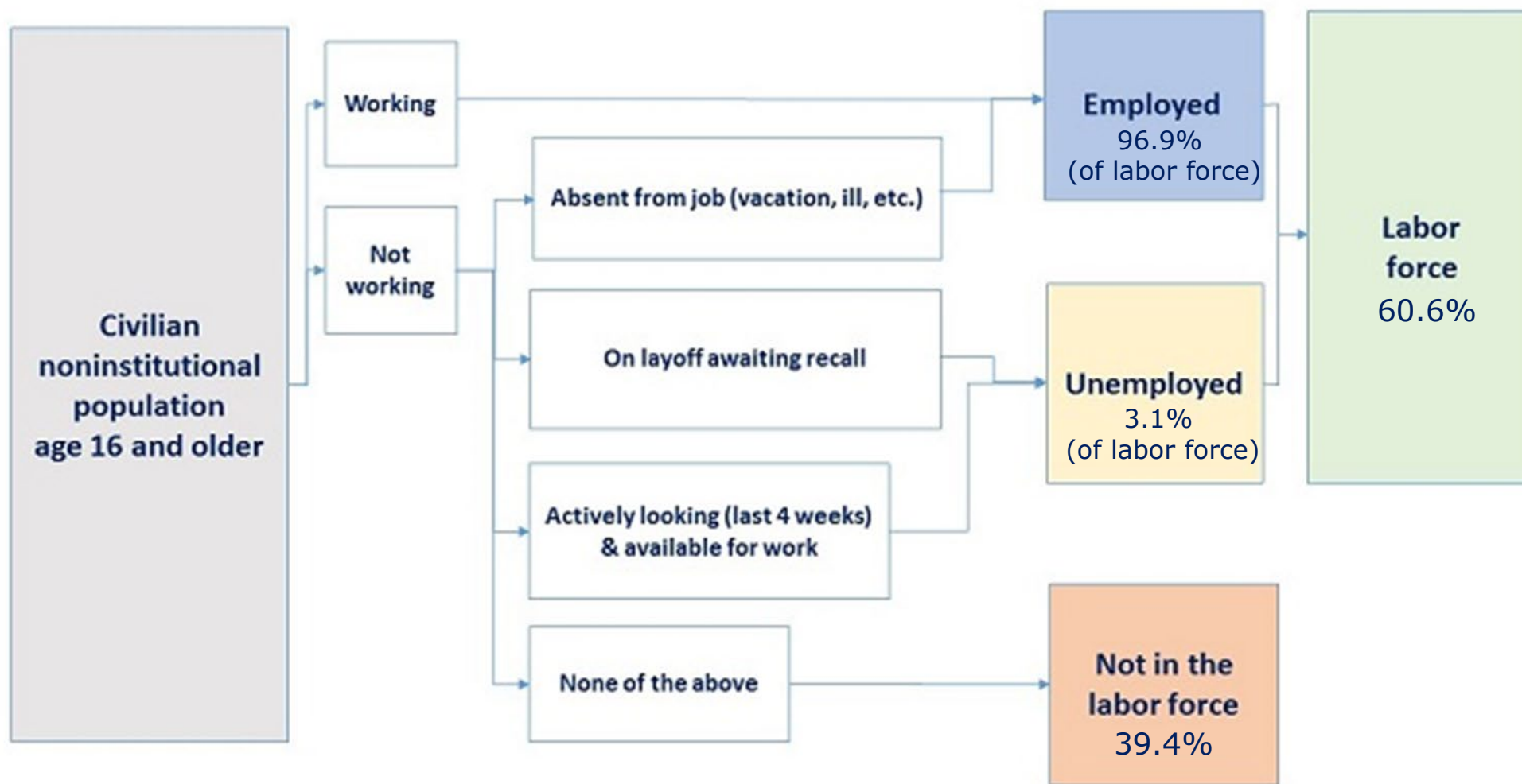
Diversity Index in Maine, 2020: Selected Age Groups



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

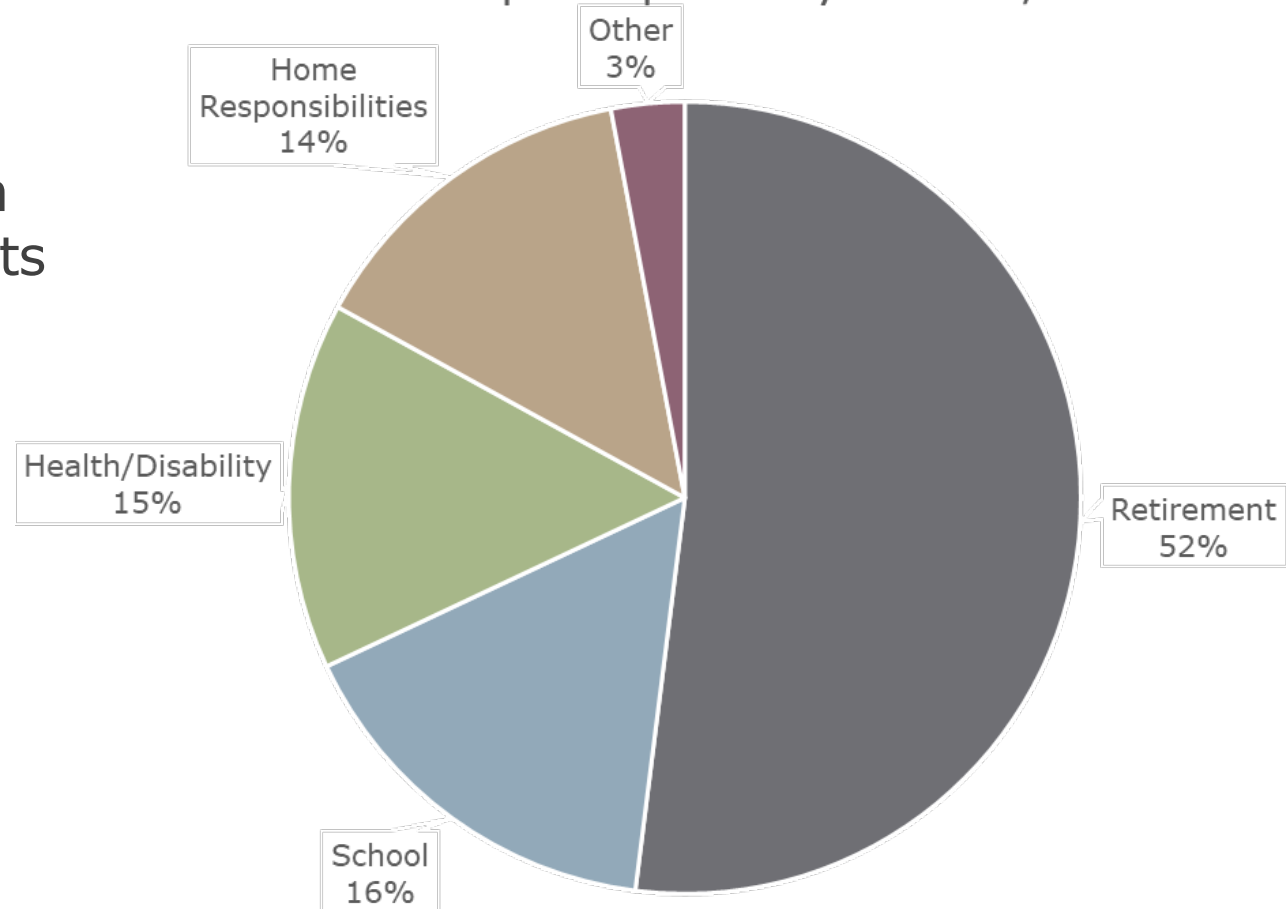
School attendance

Health/disability

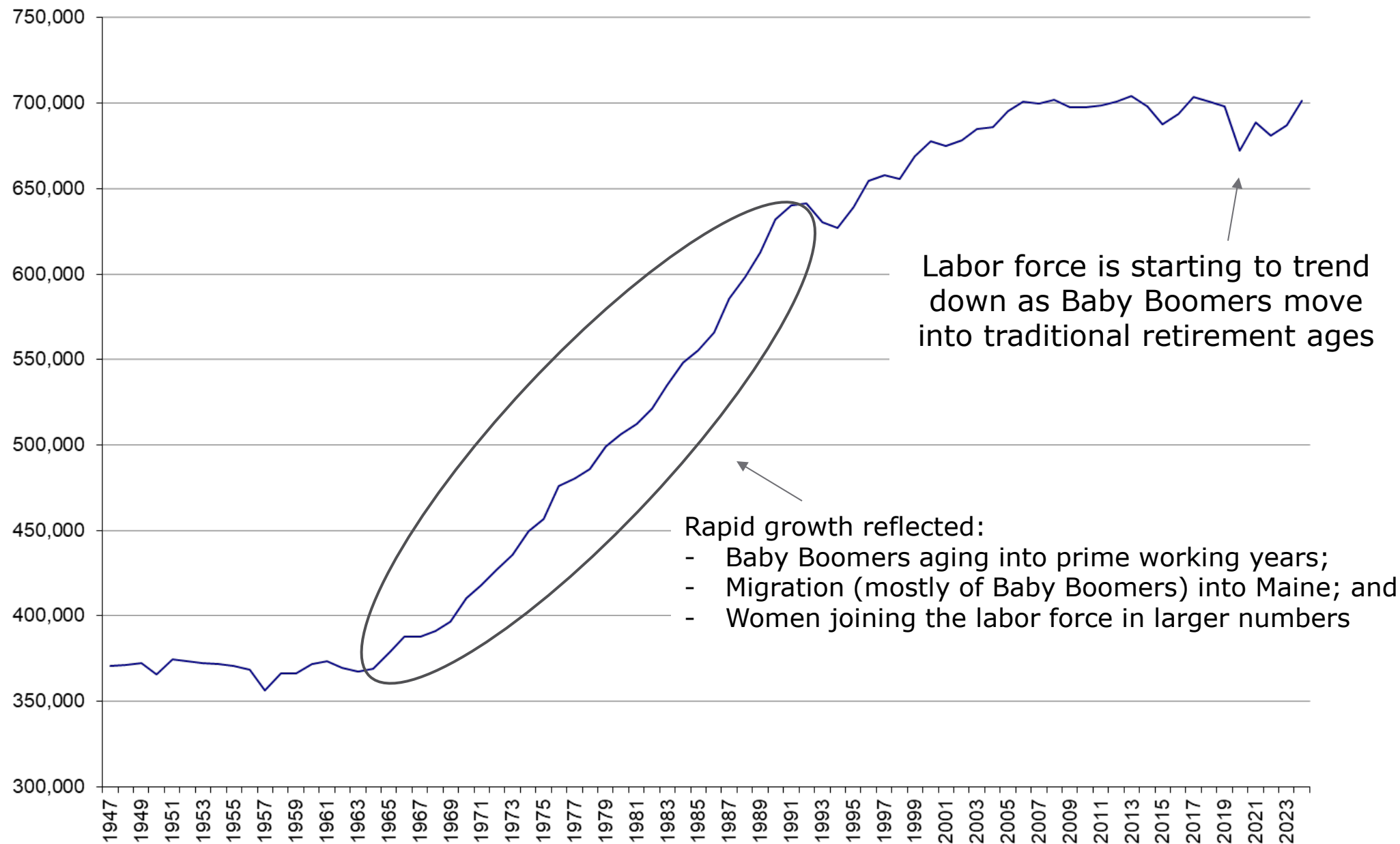
Home responsibilities

Other reasons

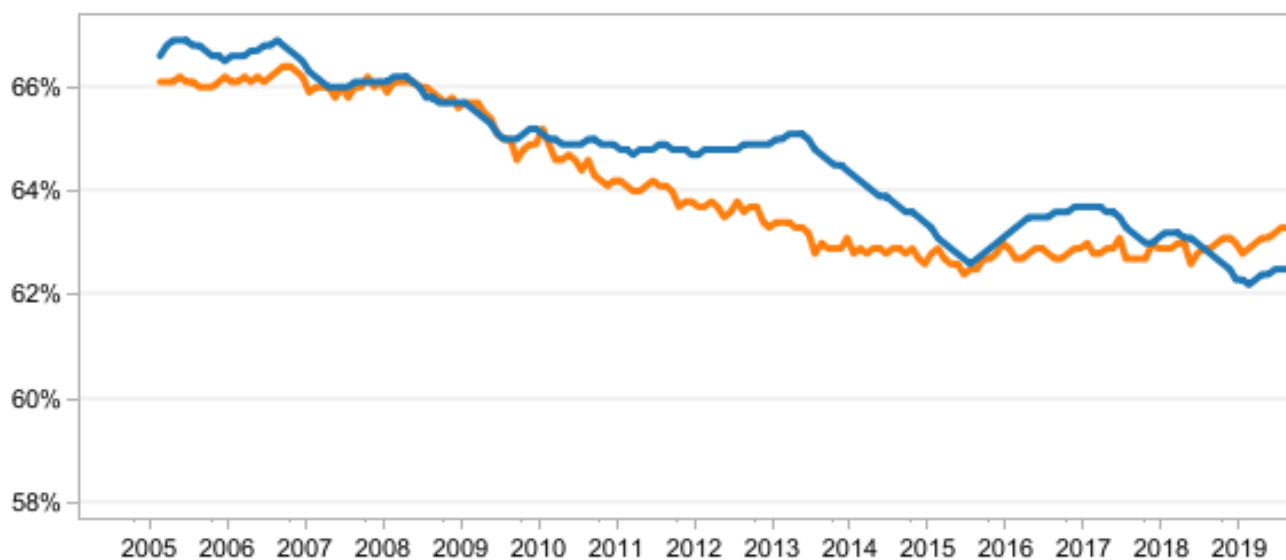
Share of Nonparticipants by Reason, 2022



Maine Civilian Labor Force



Labor Force Participation Rate (seasonally adjusted)

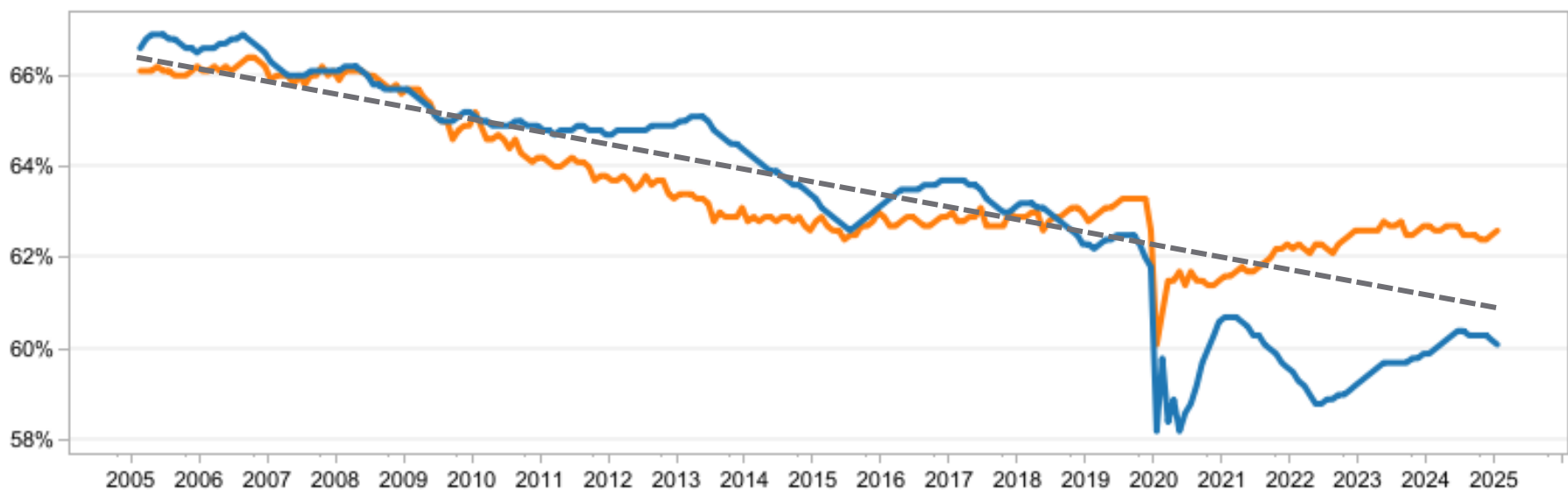


Apr, 2005 to Apr, 2025

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

■ Maine
■ United States

Labor Force Participation Rate (seasonally adjusted)

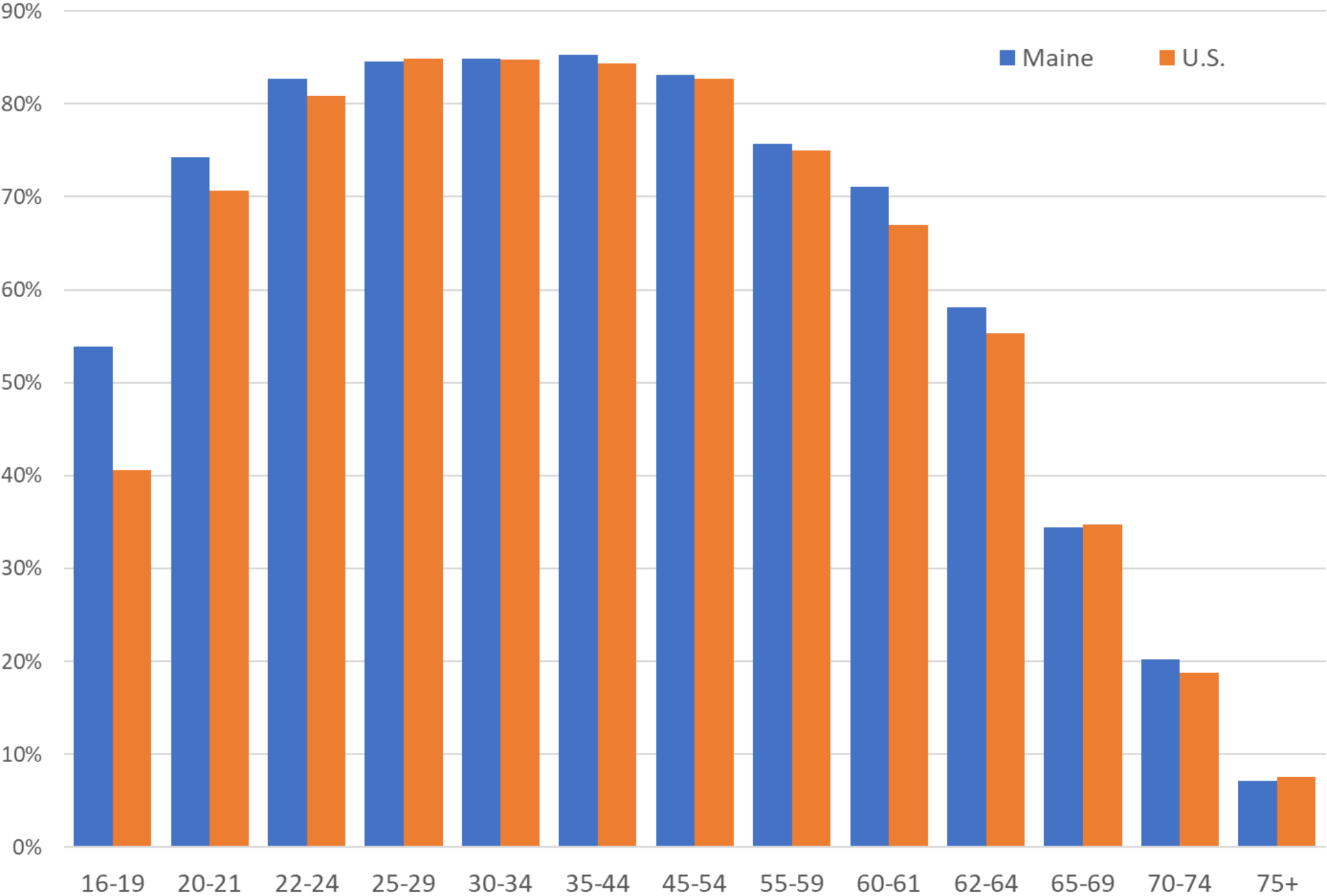


Apr, 2005 to Apr, 2025

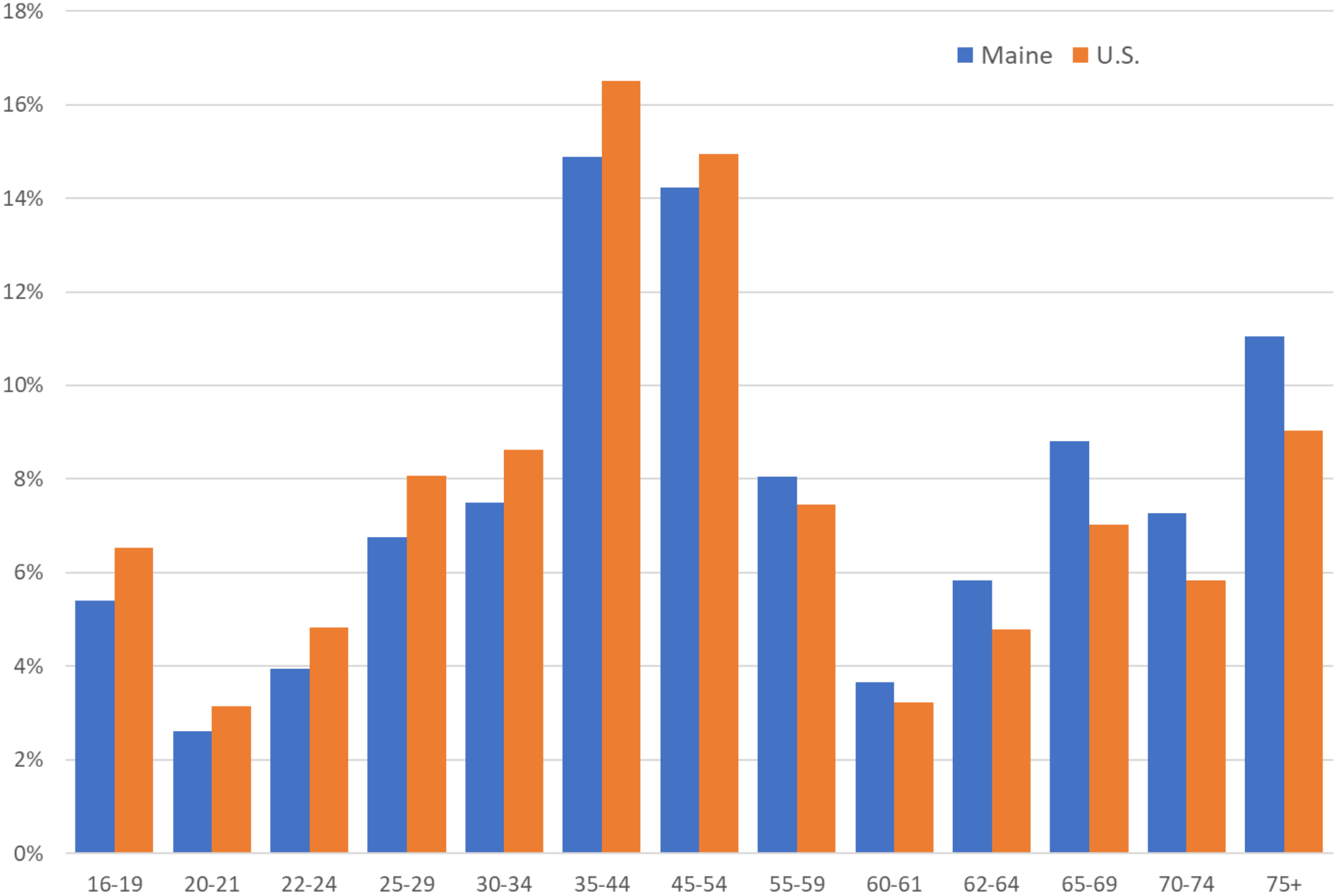
- Unemployment Rate
- Labor Force & Employment
- Unemployment
- Labor Force Participation Rate
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■ Maine
■ United States

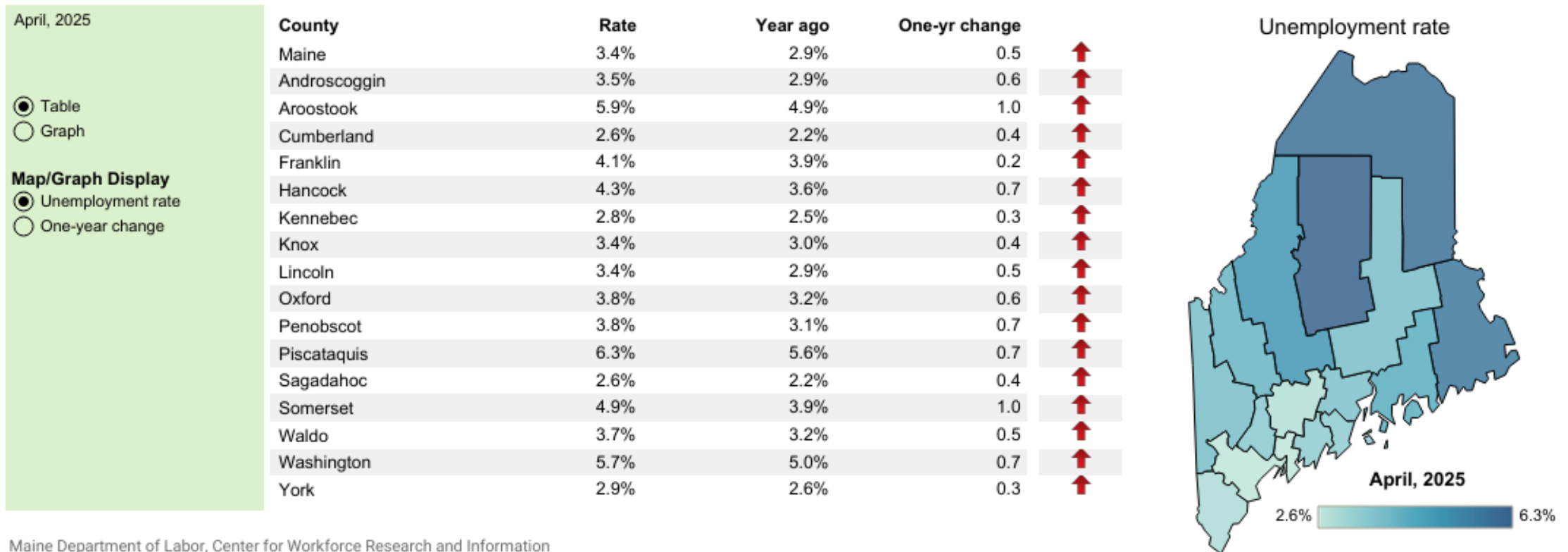
2023 Labor Force Participation Rate



Share of 16+ Population by Age, 2023

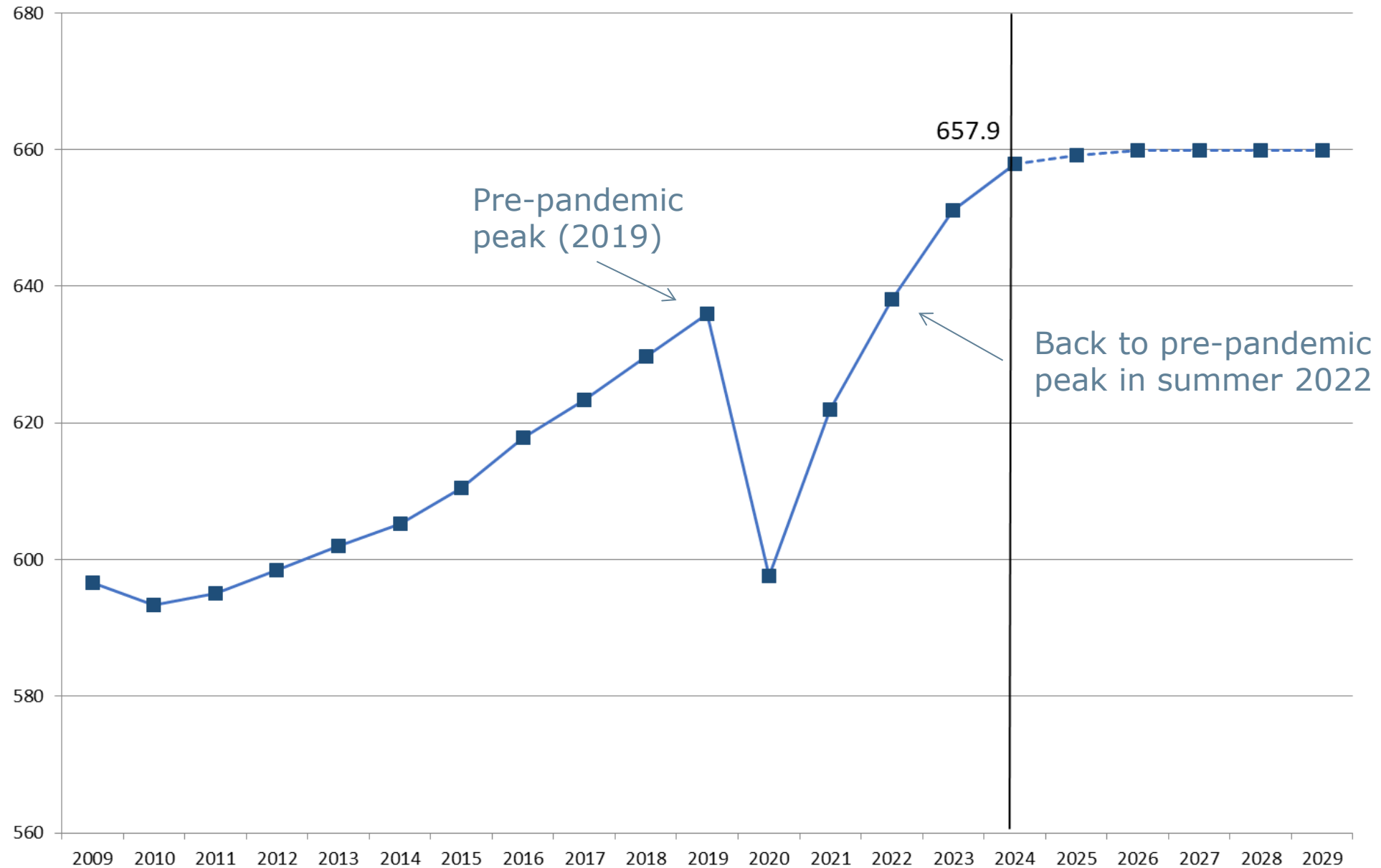


County Rates (not seasonally adjusted)

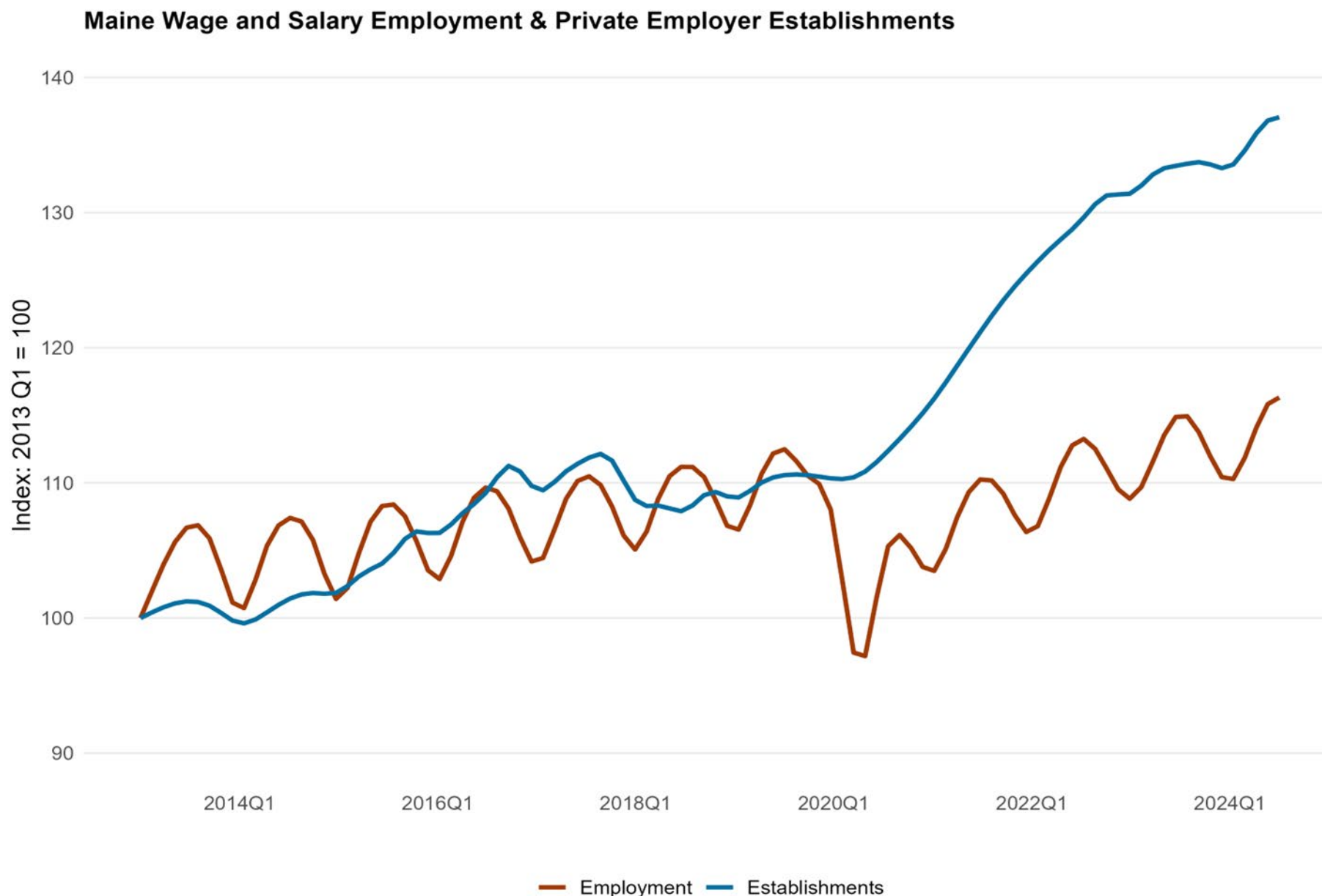


Maine's seasonally-adjusted 3.5% unemployment rate in April 2025 is below both the U.S. and New England rates

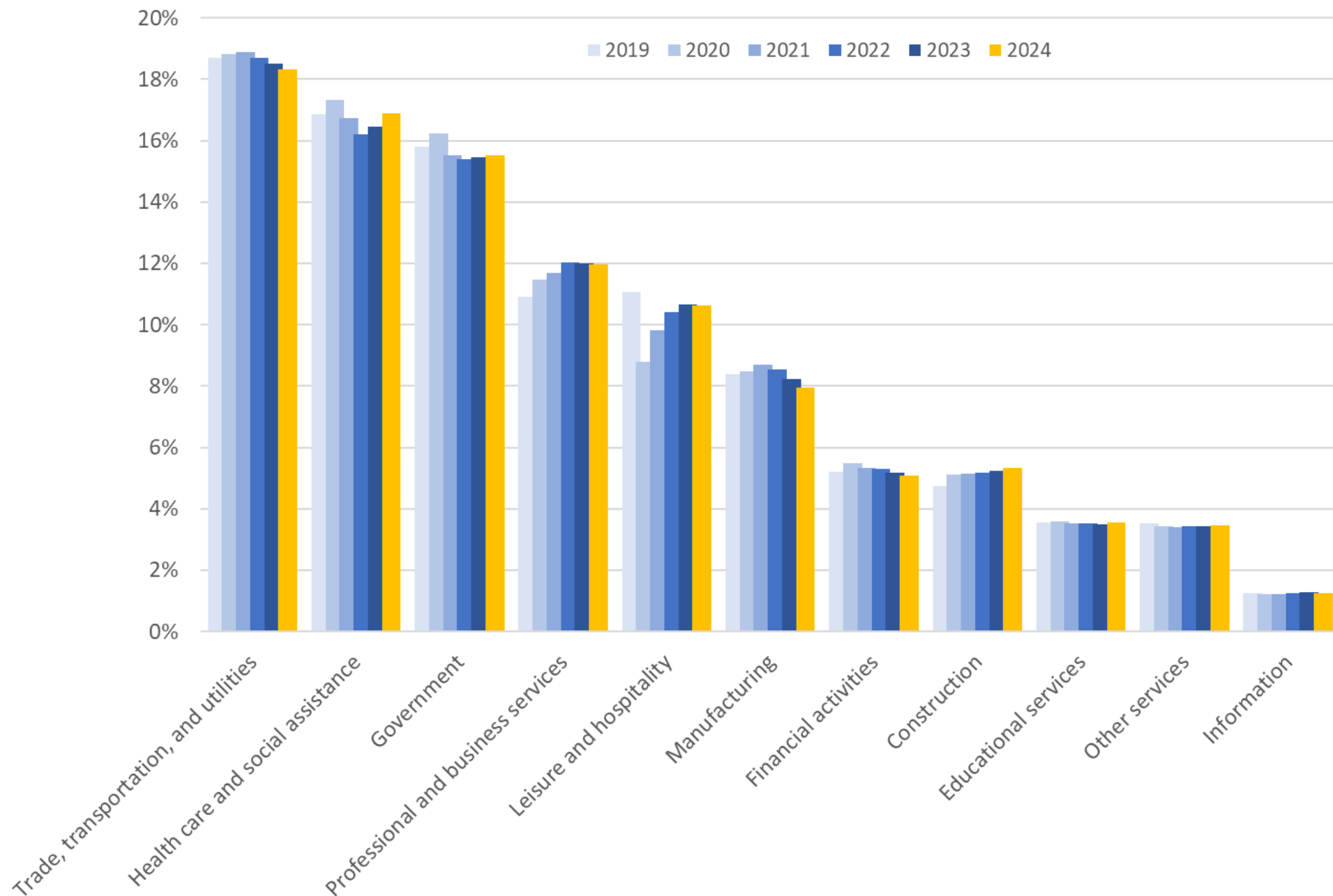
Total Nonfarm Employment (in thousands) History and Consensus Economic Forecasting Commission forecast



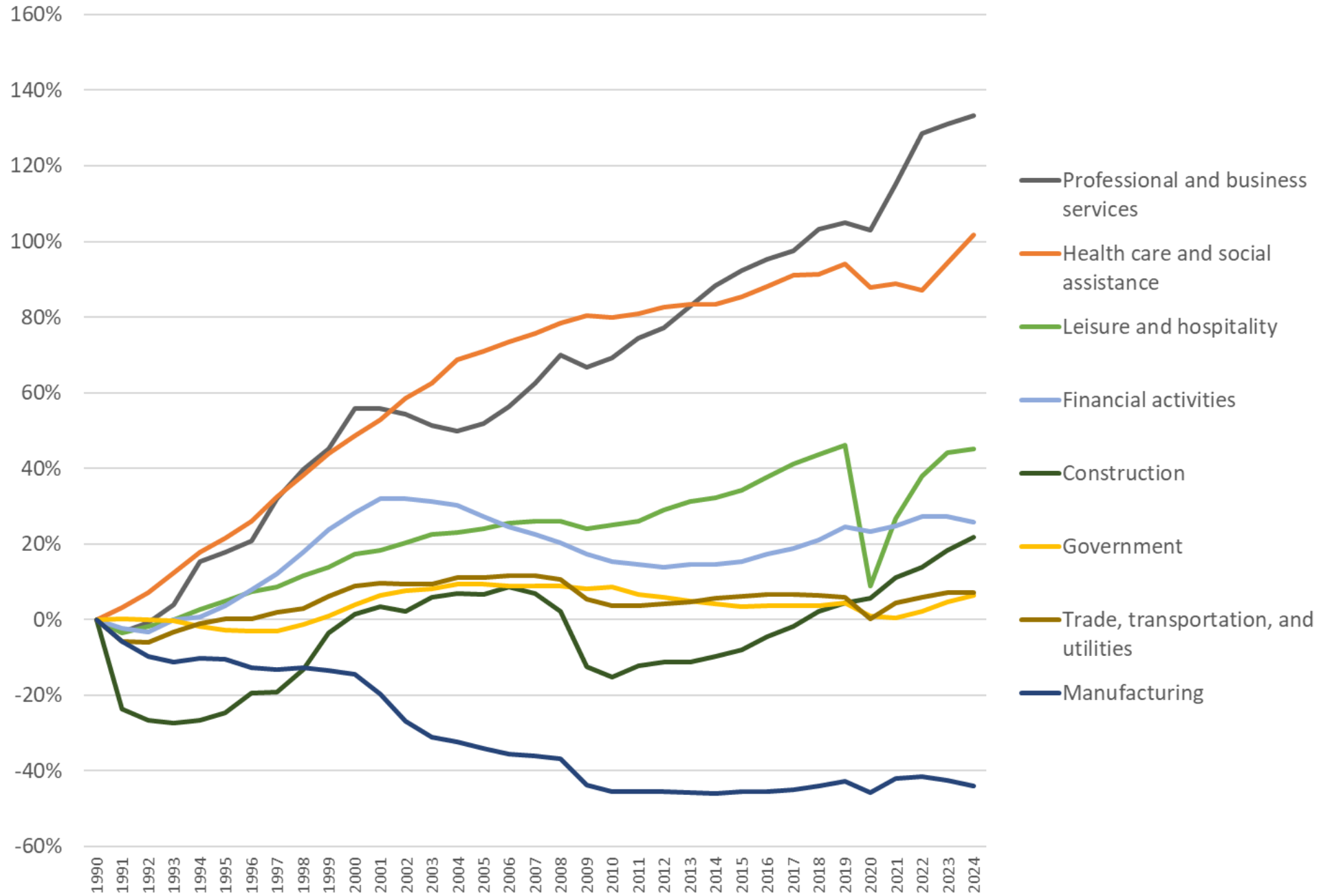
As remote work grew during the pandemic, Maine saw employer establishments grow at a faster rate than jobs as out-of-state firms reported small numbers of workers now in Maine.



Share of Maine Nonfarm Employment by Industry



Percent change in select Maine employment sectors since 1990



How do we find enough workforce in the future?

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

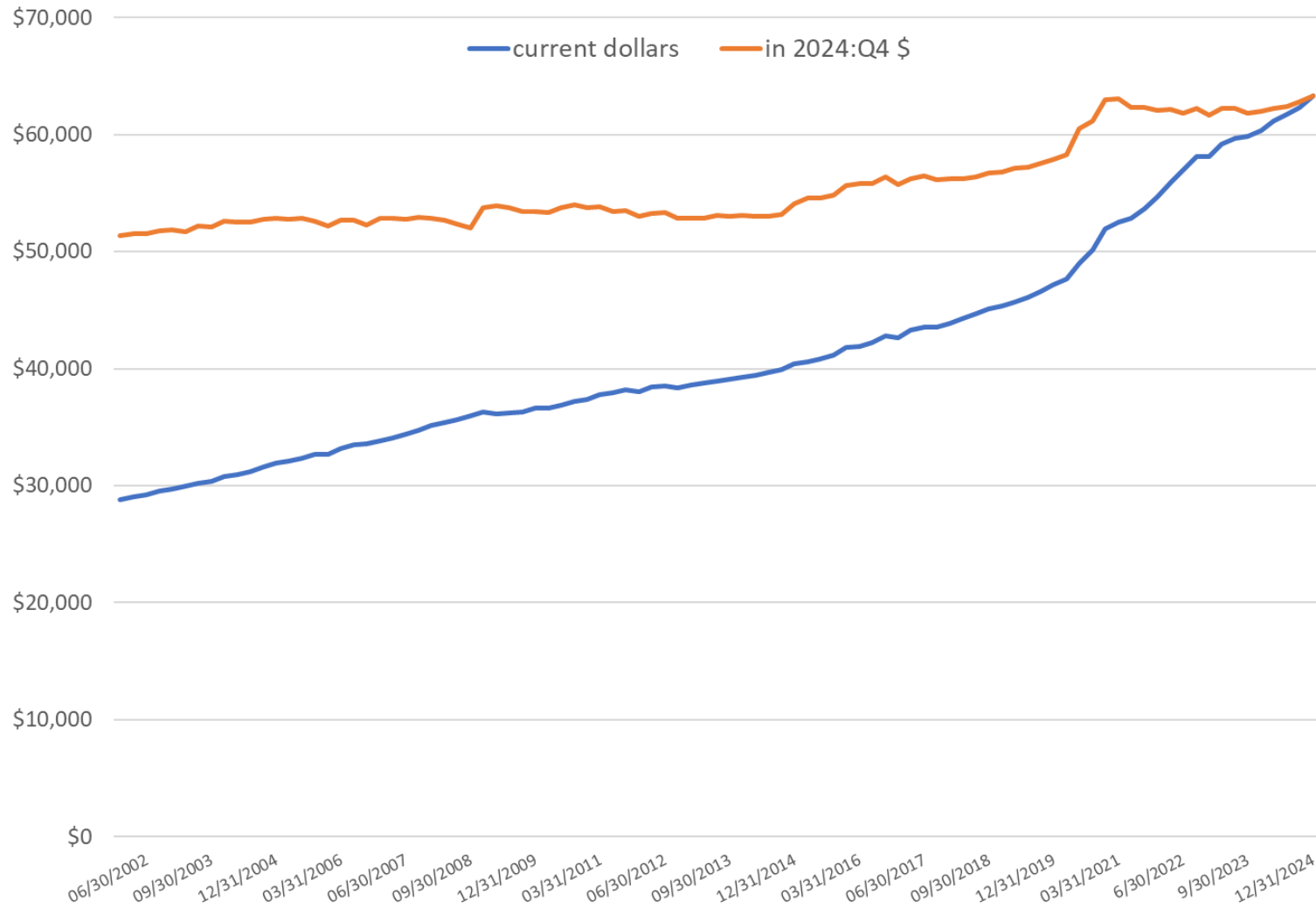
Retirements: find creative ways to keep older adults engaged in the workforce

Labor Force Participation: remove roadblocks for historically underemployed populations

Automation: use technology to substitute for labor

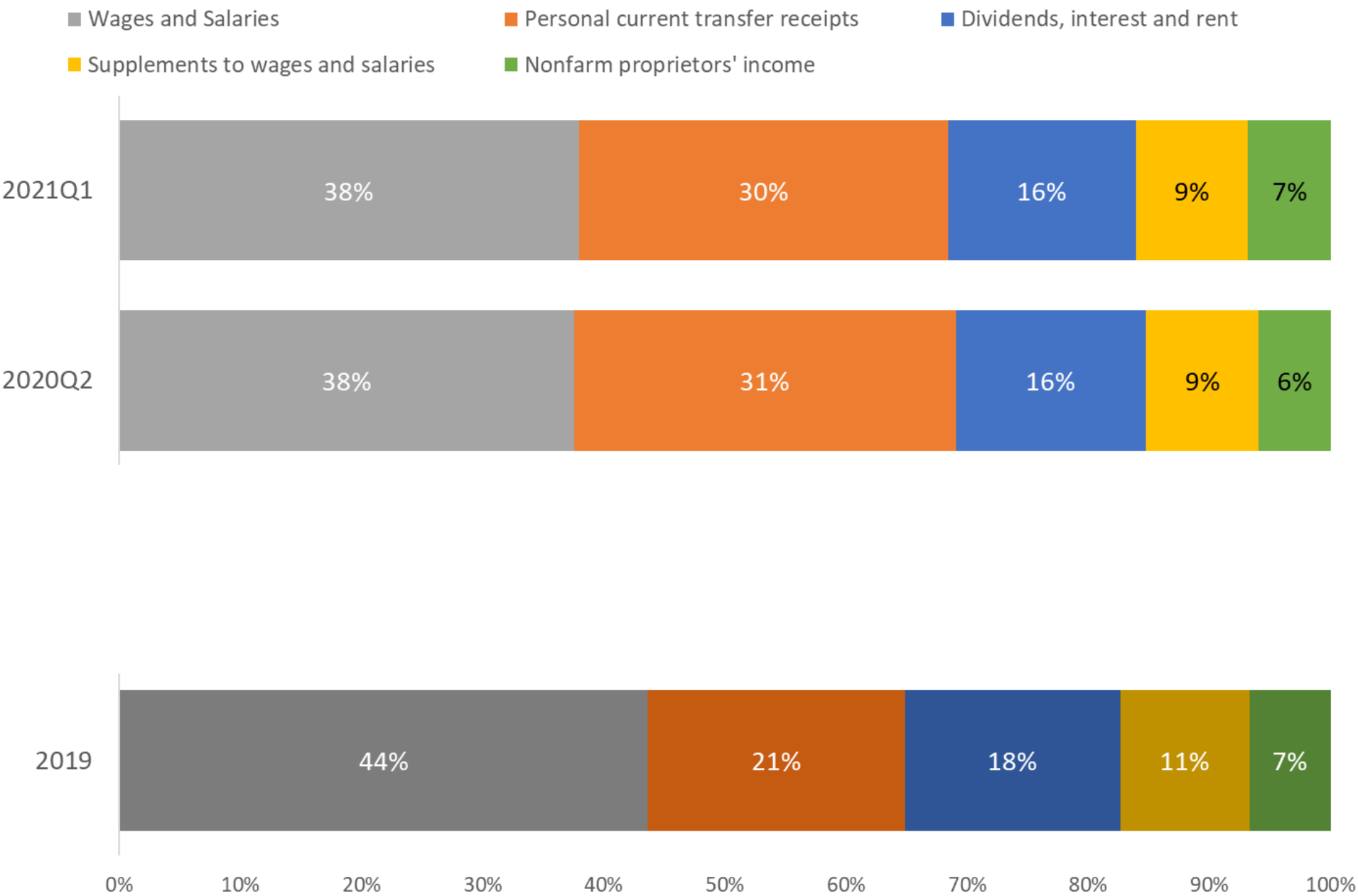
Wages and income

Moving Four Quarter Average Wage Per Job



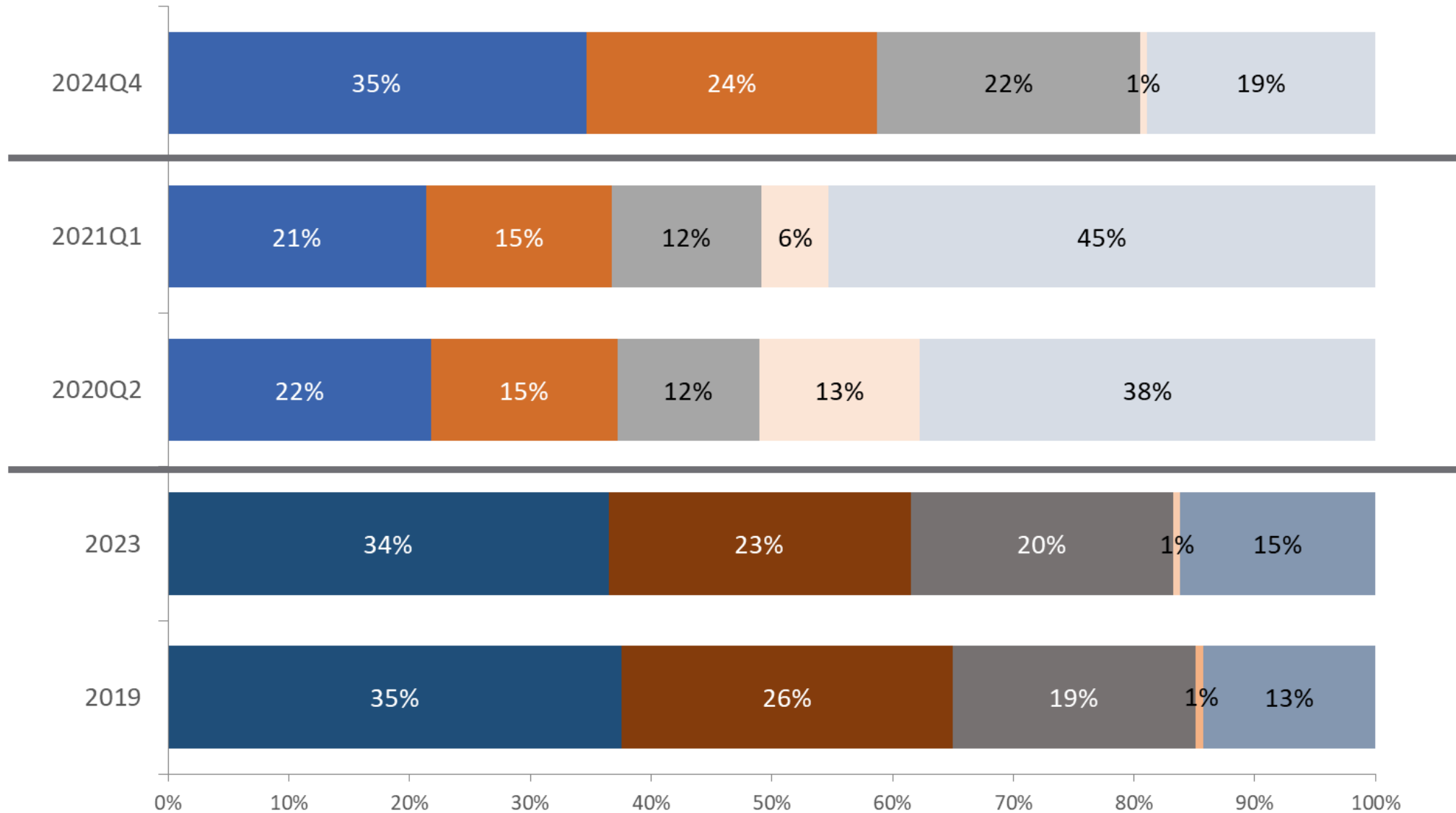
Wages increased sharply during the first part of the pandemic; since then, increases have roughly kept pace with inflation

Major Components of Personal Income, Maine

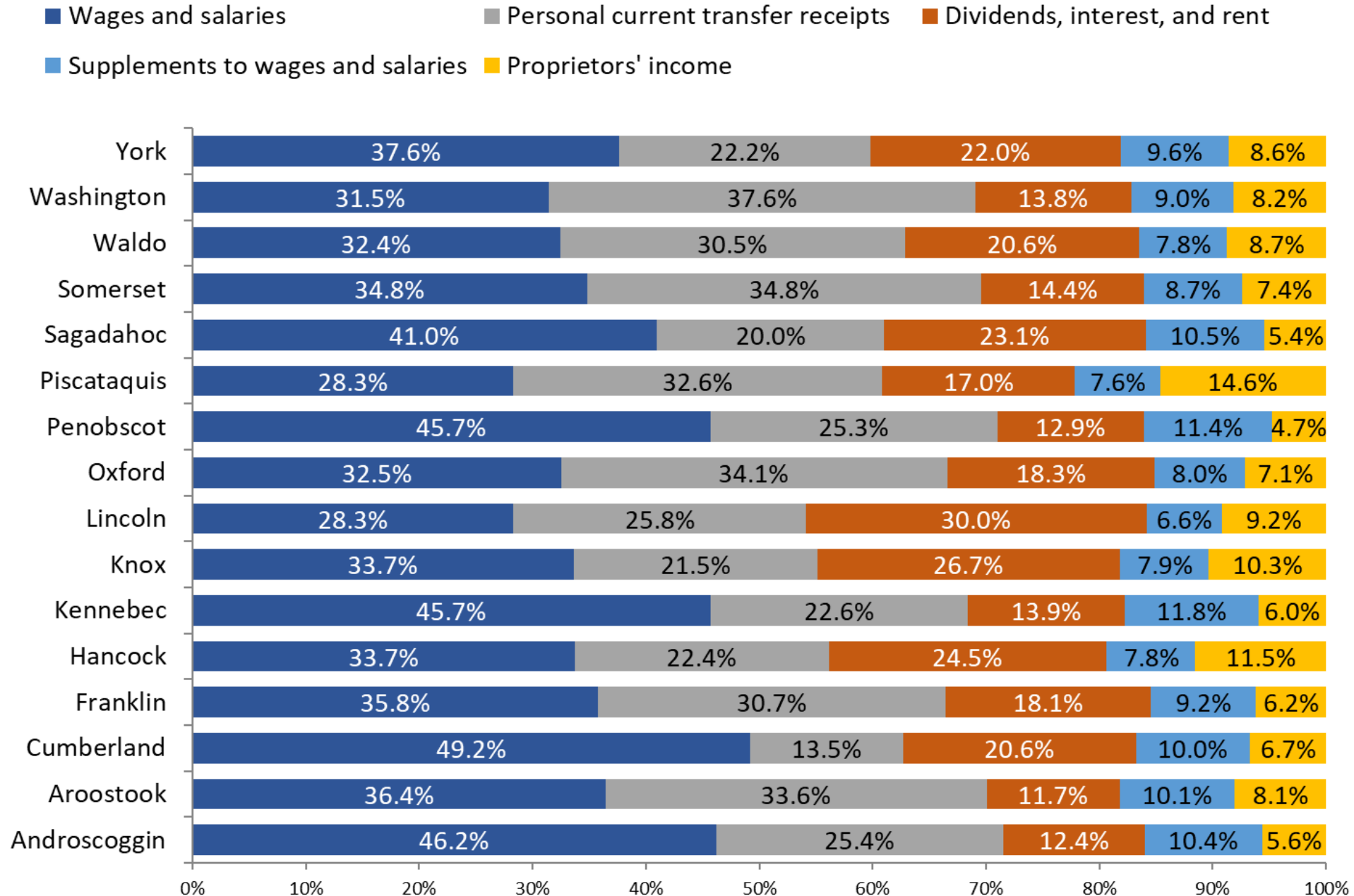


Components of Personal Current Transfer Receipts,

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



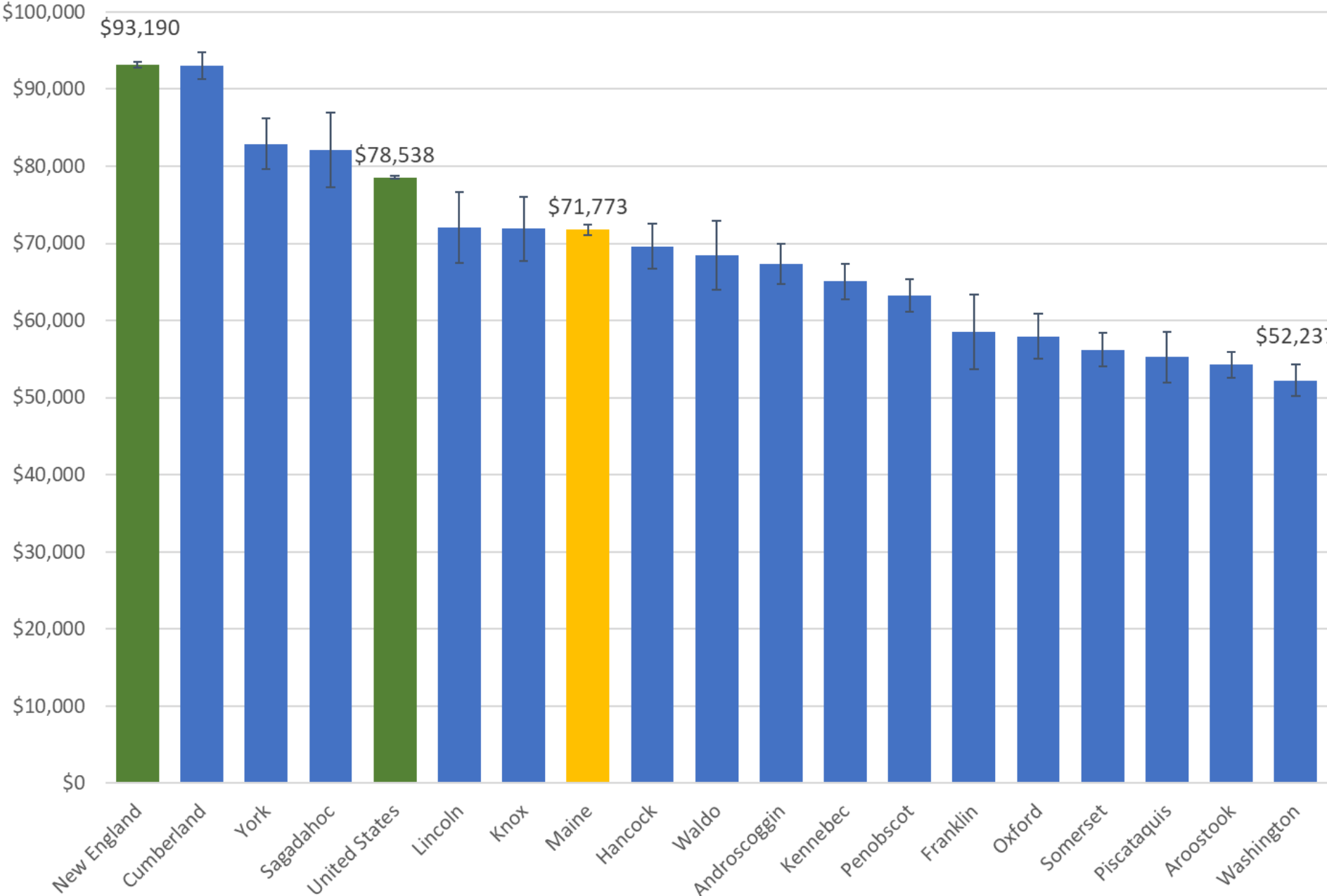
Major Components of Personal Income, 2023



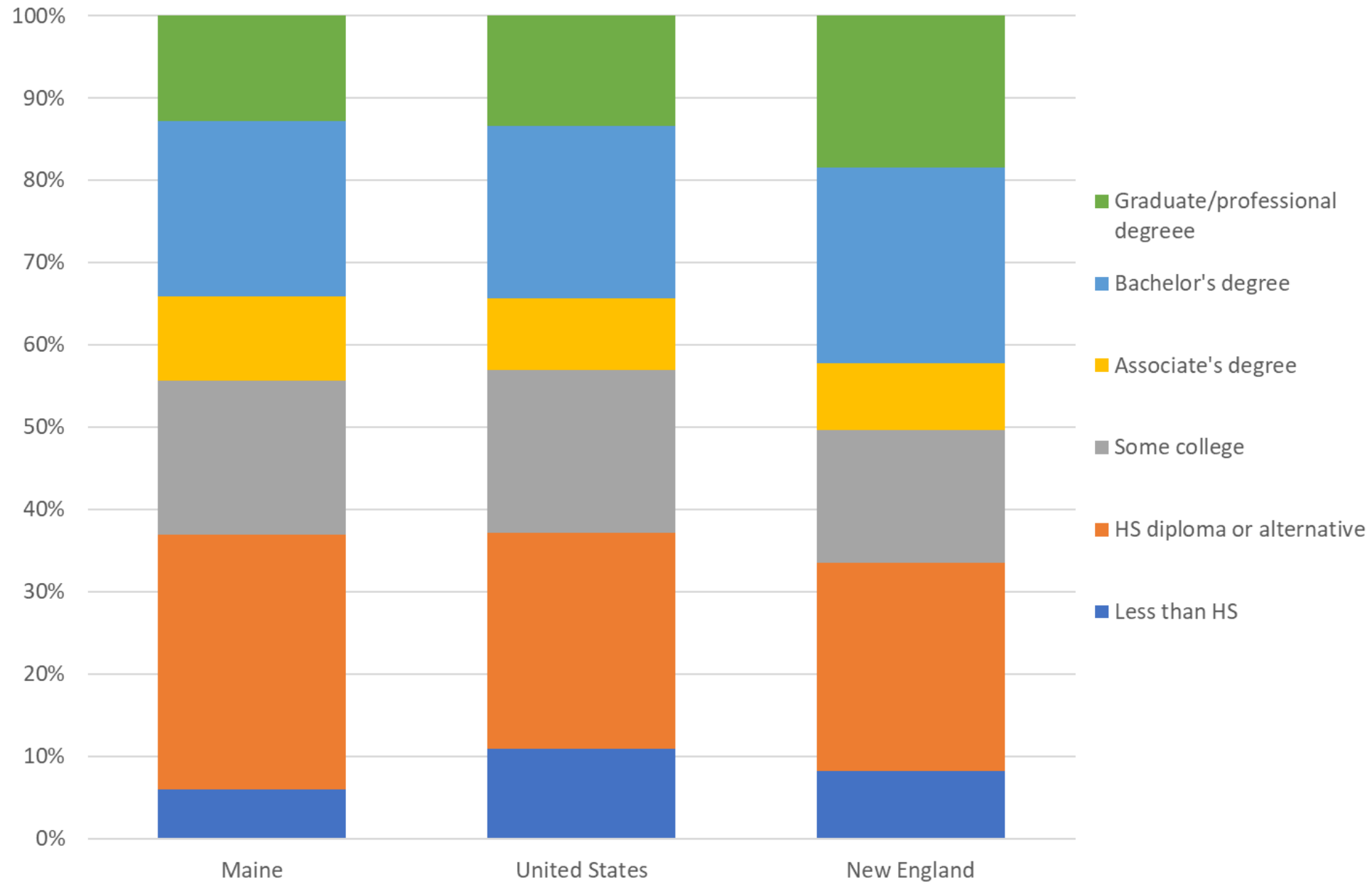
Percent Change in Real Personal Income (2024 \$), Maine 2014-2024 and forecast to 2029



Median Household Income

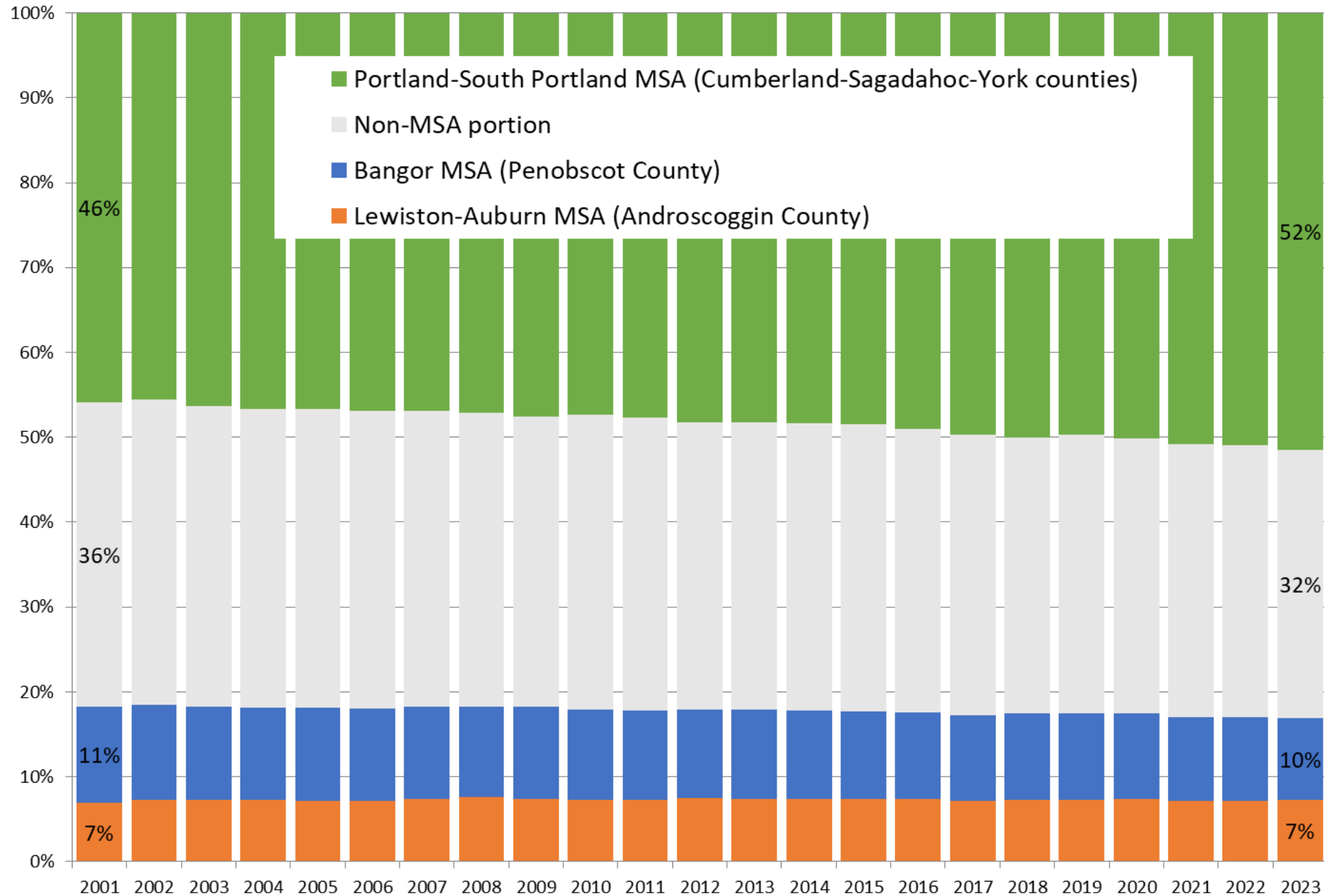


Educational Attainment of Population Age 25+

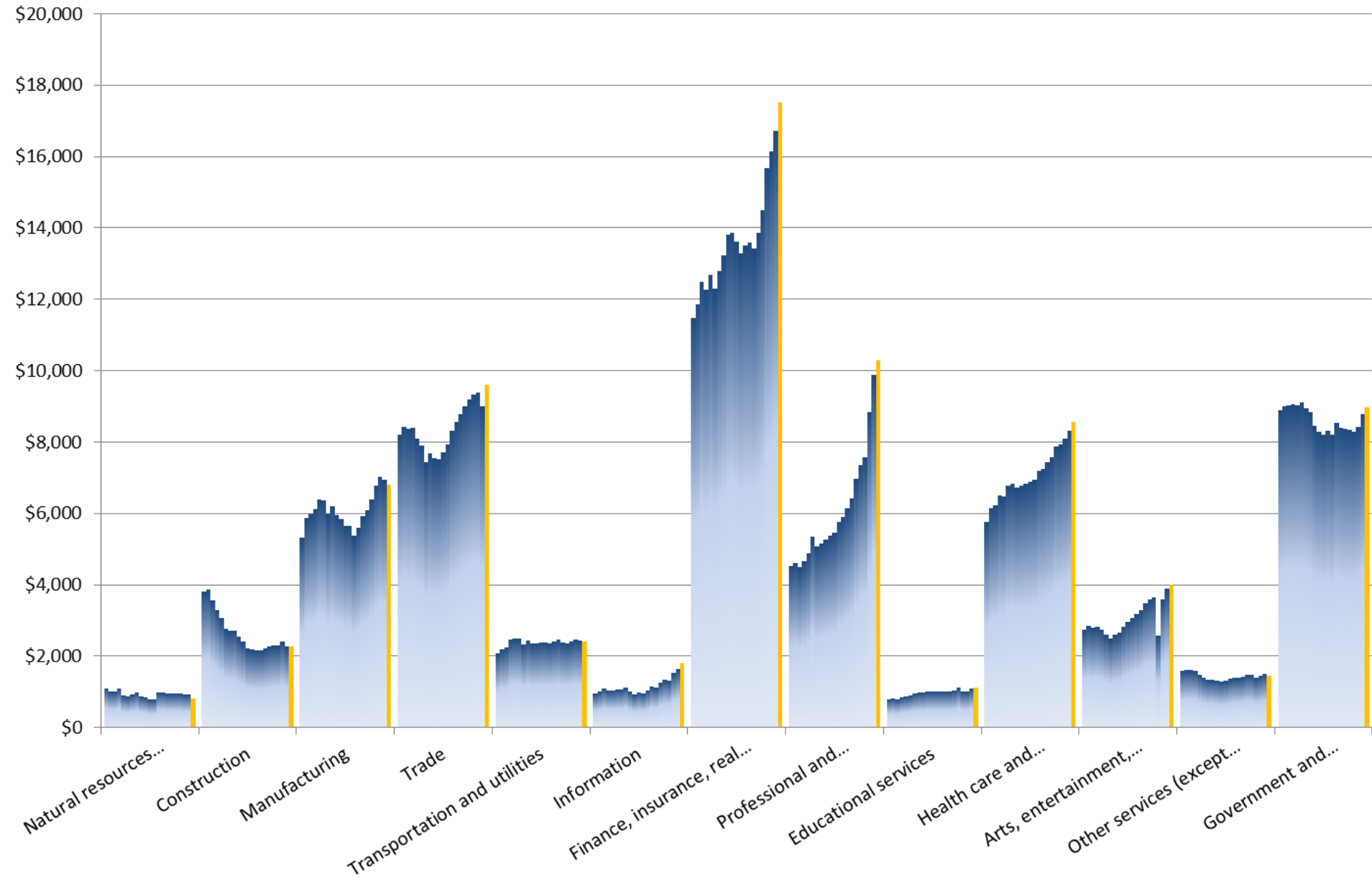


Gross Domestic Product (GDP)

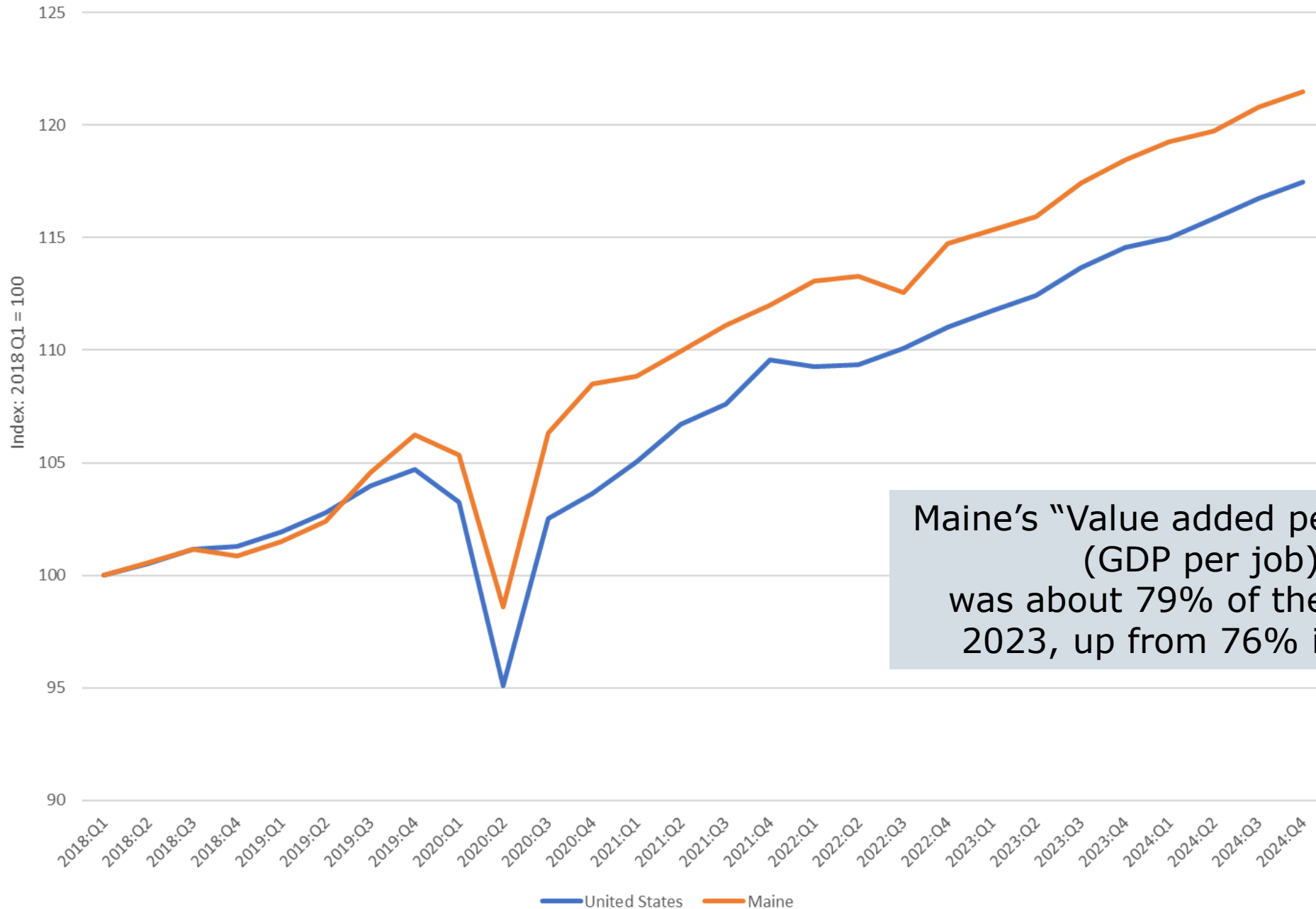
Share of Maine GDP by Metropolitan Area



Maine Real GDP by Industry, 2003-2023
(in millions of chained 2017 dollars)



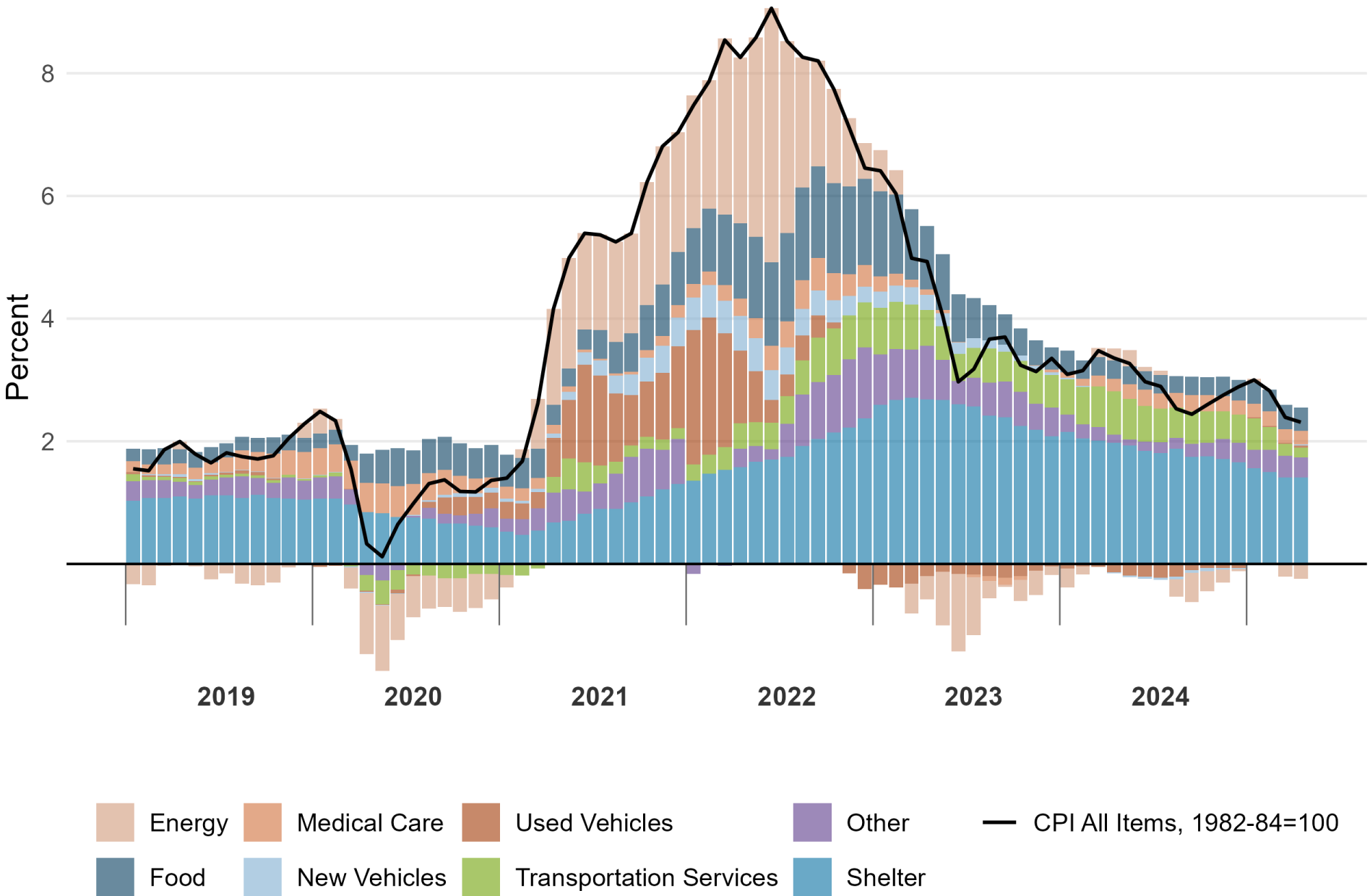
Quarterly Real GDP (in millions of chained 2017 dollars)



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



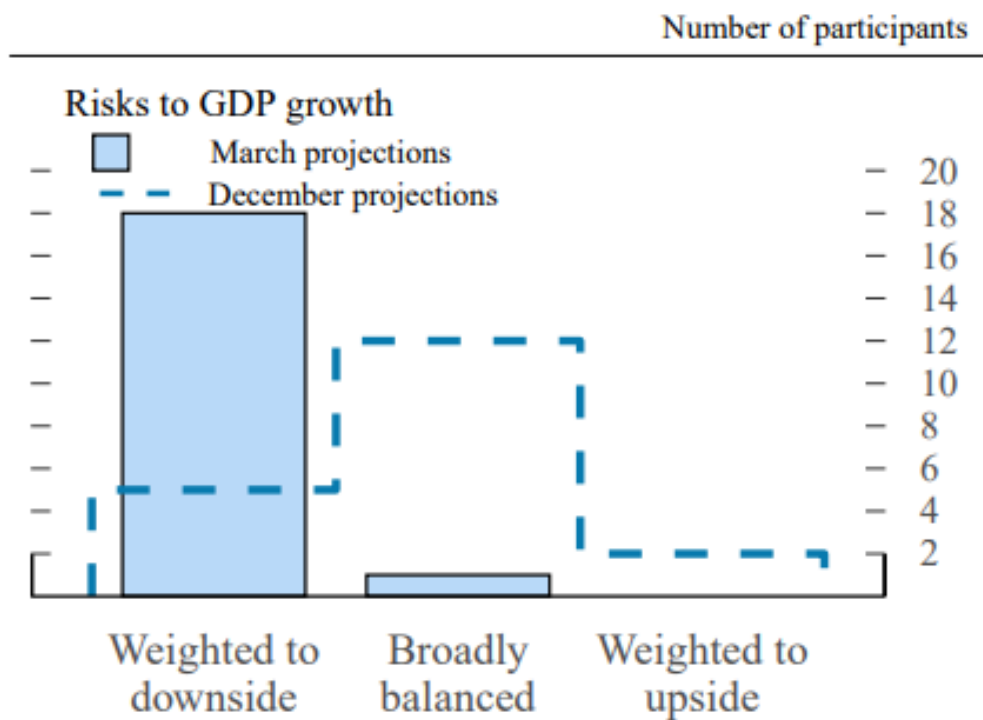
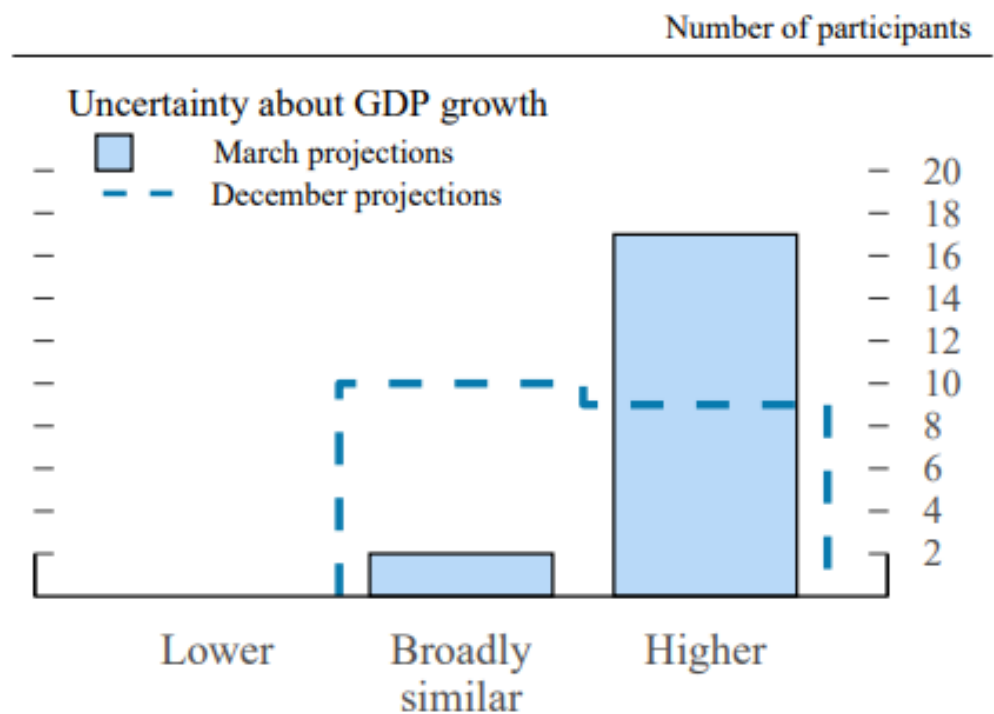
Source: US Bureau of Labor Statistics & Calculations by OSE Staff

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

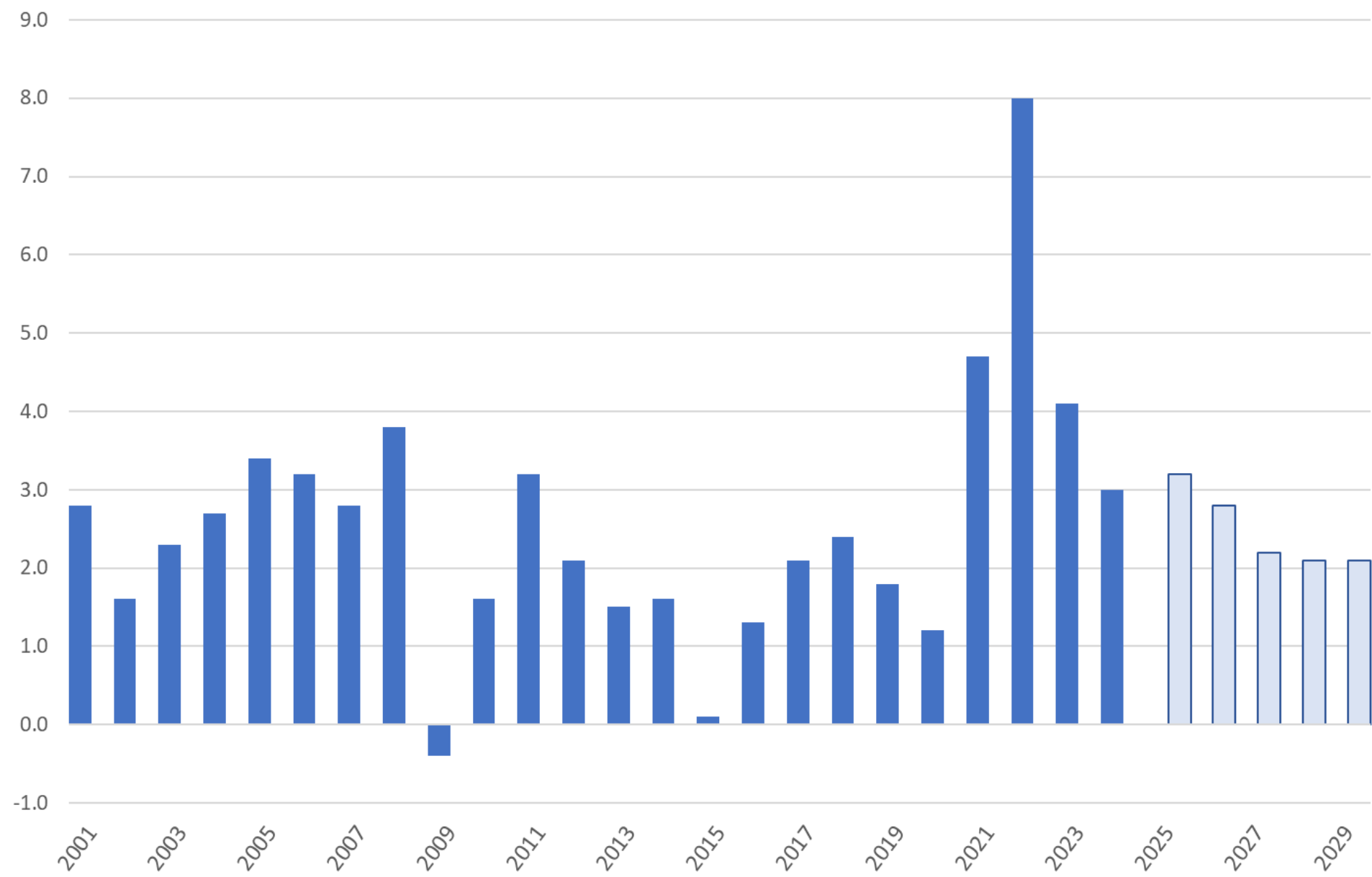
Current target range
(as of May):
4.25% to 4.5%

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

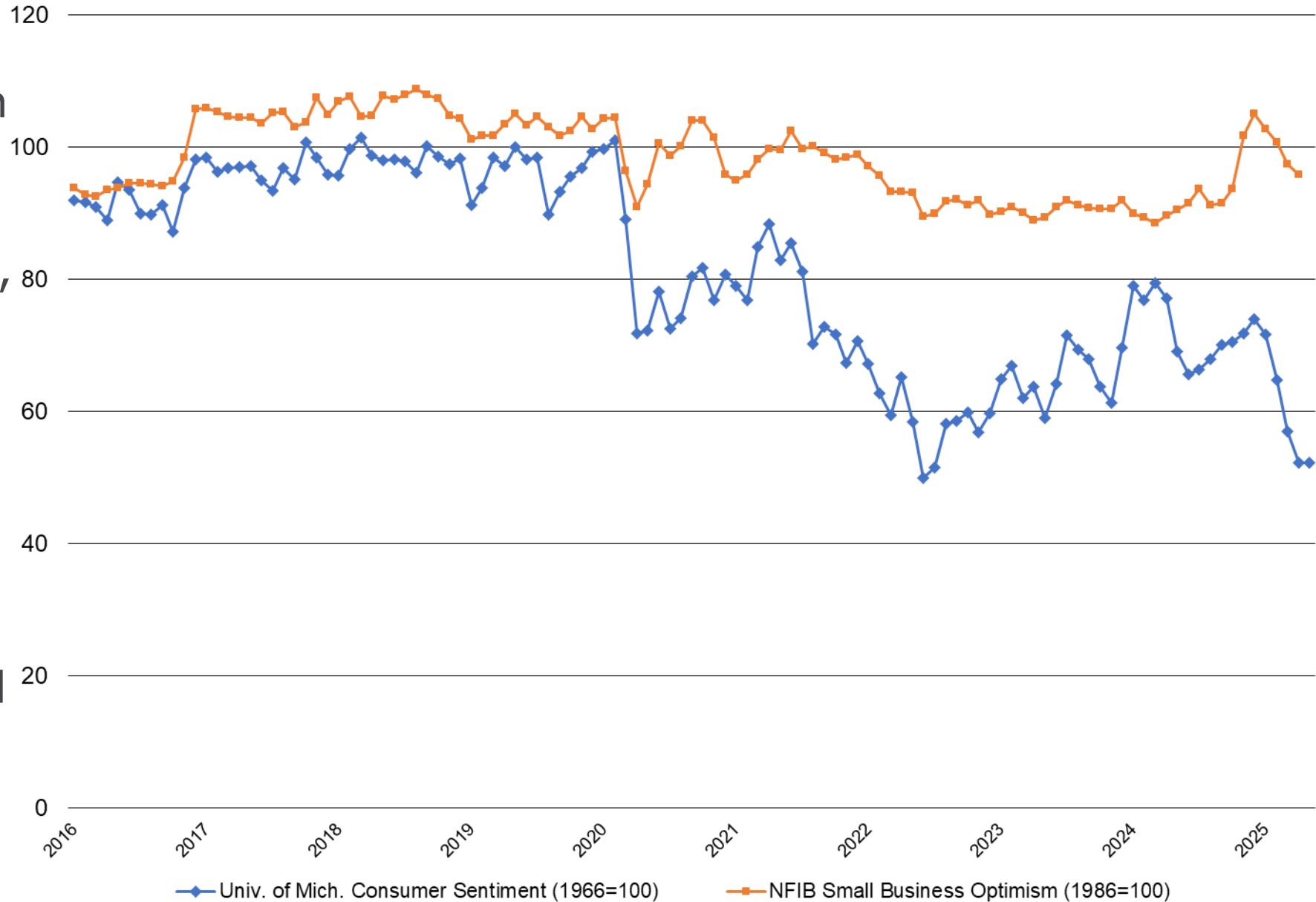


Sources: U.S. Bureau of Labor Statistics (CPI-U, 1982-84=100, seasonally adjusted); Consensus Economic Forecasting Commission report, April 1, 2025

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

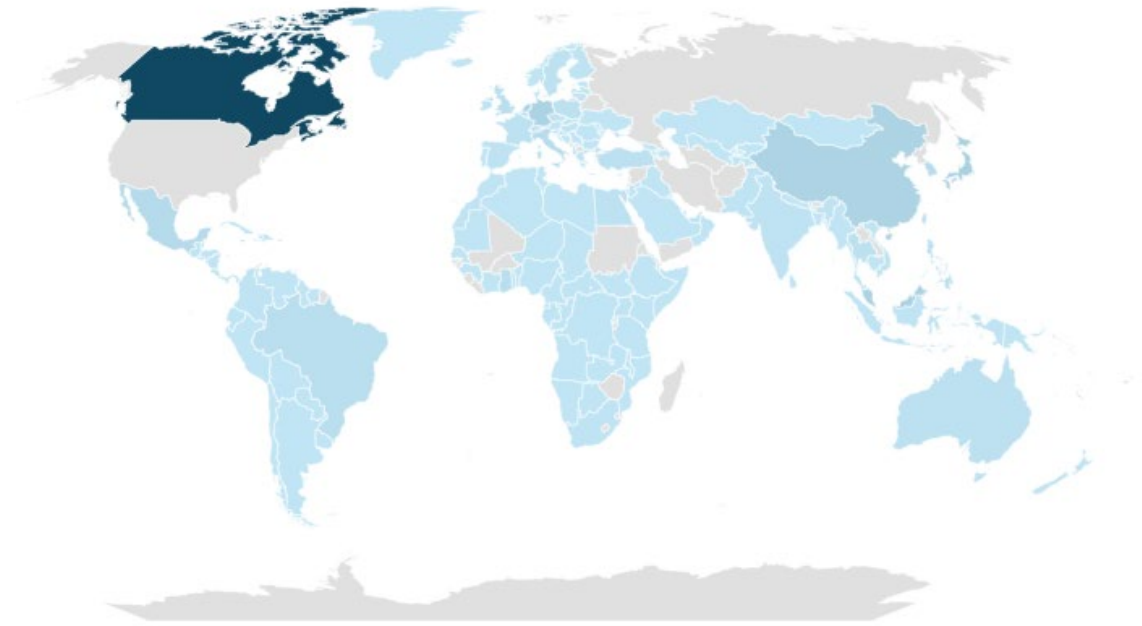
The overarching theme at this point is uncertainty

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

-April 2025 CEFC Report

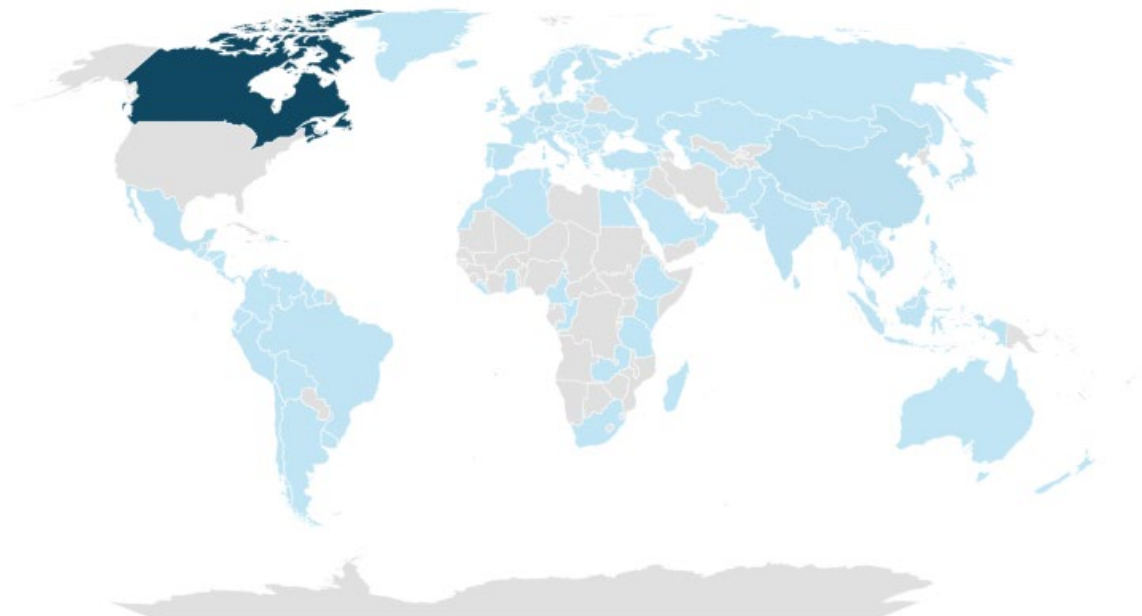
Excerpts from key assumptions in April 2025 CEFC report

- 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.



In 2024 Maine **exported** products to 168 countries and territories. Top export markets include:

1. Canada (42%)
2. Japan
3. Malaysia
4. Netherlands
5. Germany



In 2024 Maine **imported** products from 128 countries and territories. Top import markets include:

1. Canada (70%)
2. China
3. Germany
4. Vietnam
5. Finland

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 if supply chains are disrupted

Tense U.S. relations with Canada may impact the tourism 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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