

MAINE STATE LEGISLATURE

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Maine 2019 Year in Review



Maine Department of Administrative and Financial Services

Office of the State Economist

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The Year in Review is an annual report assembled by the Office of the State Economist that provides a synopsis of the past year's economic trends and indicators for the state in comparison to New England and the United States. The intent of this report is to provide the public with a single document containing data aggregated from different sources typically used to track current economic and demographic conditions in the state. This report includes data released at varying points throughout the year. Data included in this report are assembled from various sources, subject to frequent revision, and provided in this report "as is" at the time of publication. Therefore, data presented in this report are subject to change over time.

1. Summary

2019 was a year of economic growth for both Maine and the nation. This 2019 Year in Review summarizes the preliminary annual data available for a variety of demographic and economic indicators. It should be noted that Maine and the U.S. did not begin to see economic effects from COVID-19 until later in the first quarter of 2020; this summary reflects strong economic conditions in place at the end of 2019.

Population in Maine grew by 0.4% in 2019, bringing the total growth for the decade to 1.2%.

Real Gross Domestic Product (GDP) in Maine grew by 1.9%, and nominal personal income grew by 4.6% compared to 2018. Wage and salary income, which is the largest component of personal income, grew by 4.3% over 2018. The consumer price index was up 1.8%, slightly below but in line with the Federal Reserve Bank's 2.0% inflation target.

2019 also marked the longest expansion in American history, and unemployment hit record lows for several months, tapping in at 3.0% for the year in Maine. Households saw some relief through declining oil prices, as prices in the first half of the winter season averaged over 12% lower than last year.

Existing single-family home sales in Maine reached new heights at over 18,000 homes sold in 2019, an increase of 2.3% over 2018. Conversely, single-unit housing permits fell by 4.8% in 2019. Consumer sentiment fell slightly, though it had grown steadily over the decade.

Total exports in Maine fell by 4.2%, likely due to pressure from international tariffs. Maine exported a total of \$2.7 billion of goods in 2019.

The following report is a summary of Maine's economic performance through calendar year 2019.

2. Demographic Snapshot

Reference Period		Maine	New England	United States
2019	Total population	1,344,212	14,845,063	328,239,523
2018-2019	Annual population percent change	0.4%	0.1%	0.5%
2010-2019	Cumulative population percent change	1.2%	2.8%	6.3%

Source: U.S. Census Bureau Population Estimates Program December 30, 2019 Release

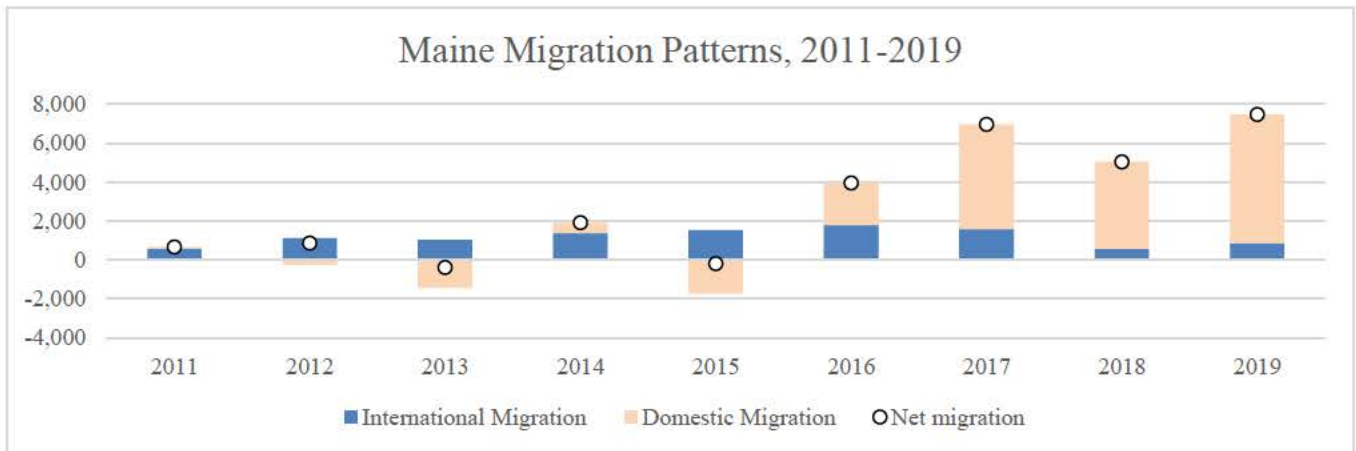
Maine's population increased 0.4% from 2018 to 2019, driven by migration into the state. Net domestic migration for the state in 2019 was 6,613. Since 2010, Maine grew by 1.2% and has a net of 27,507 new Mainers through both domestic and international migration.

Aroostook is the only county to have lost population from 2018 to 2019, although five counties (Aroostook, Penobscot, Piscataquis, Somerset, and Washington) experienced population decline from 2010-2019, with Somerset seeing no change in its population count. Cumberland County is the only county that had a natural increase (more births than deaths) from 2010-2019. The fastest growth in 2019 was in Franklin and York counties at 0.9%, while York and Cumberland counties had the highest rates of growth for 2010-2019 at 5.3% and 4.7%, respectively.

County	2019 Population	% Growth, 2010-2019	% Growth, 2018-2019
Androscoggin	108,277	0.5	0.3
Aroostook	67,055	-6.7	-0.4
Cumberland	295,003	4.7	0.5
Franklin	30,199	-1.8	0.9
Hancock	54,987	1.1	0.5
Kennebec	122,302	0.1	0.2
Knox	39,772	0.1	0.1
Lincoln	34,634	0.5	0.7
Oxford	57,975	0.3	0.4
Penobscot	152,148	-1.2	0.2
Piscataquis	16,785	-4.3	0.2
Sagadahoc	35,856	1.6	0.5
Somerset	50,484	-3.3	--
Waldo	39,715	2.4	0.1
Washington	31,379	-4.5	0.2
York	207,641	5.3	0.9
Maine	1,344,212	1.2	0.4

Source: U.S. Census Bureau Population Estimates Program March 26, 2020 Release

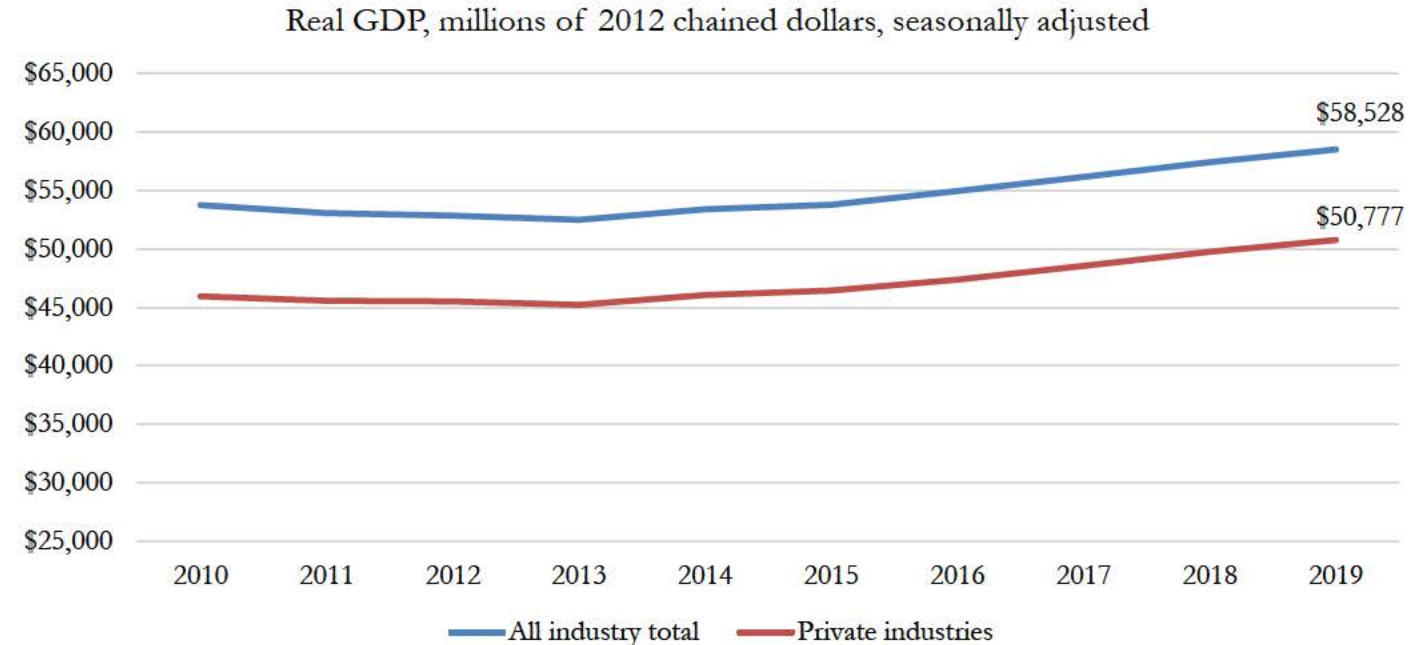
Maine has experienced positive net migration in seven of the last nine years, with net migration consistently positive since 2016. This is largely driven by domestic migration. Net migration peaked in 2019 for the decade, with a total of 7,465 net new Mainers.



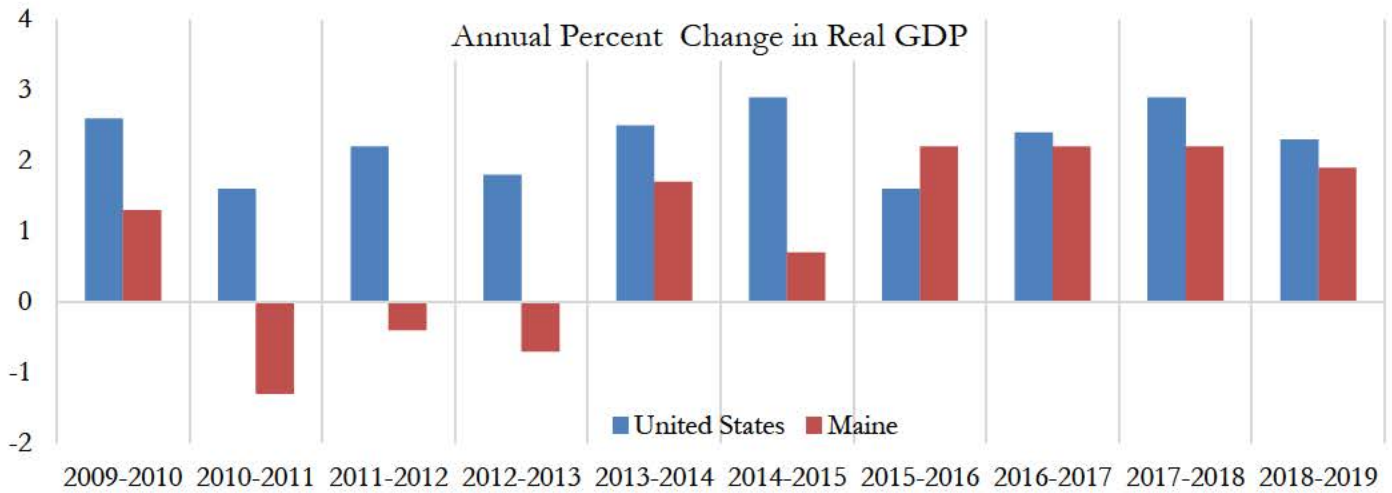
Source: U.S. Census Bureau 2019 Population Estimates, December 30, 2019 release

3. State Economy

Maine’s real GDP grew 1.9 percent in 2019 to \$58.5 billion. \$50.8 billion of GDP was due to private industries, while \$7.8 billion was from government (federal, state and local). This slightly lags the national growth rate of 2.3 percent.



Source: U.S. Bureau of Economic Analysis, April 7, 2020 release



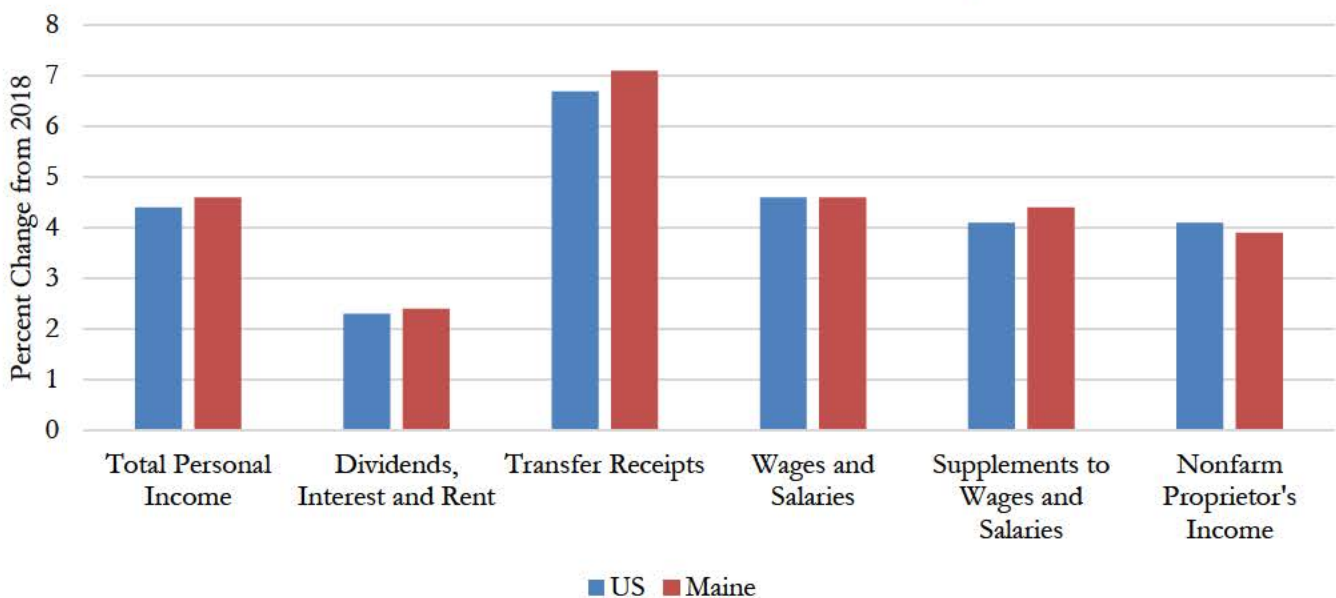
Source: U.S. Bureau of Economic Analysis, April 7, 2020 release

Personal Income

Reference Period		Maine	New England	United States
2019	Total personal income	\$68.5 billion	\$1,049.3 billion	\$18,599.1 billion
2019	Per capita personal income	\$50,950	\$70,683	\$56,663

According to the U.S. Bureau of Economic Analysis, average total personal income in 2019 was \$68.5 billion. This was 4.6% greater than in 2018, which ranked Maine 18th in the U.S. for growth and first in New England. Wage and salary disbursements, which are the largest component of personal income, averaged \$31.2 billion, representing an annual growth rate of 4.3%. Per capita personal income in Maine was \$50,950, which is 90% of per capita personal income for the United States.

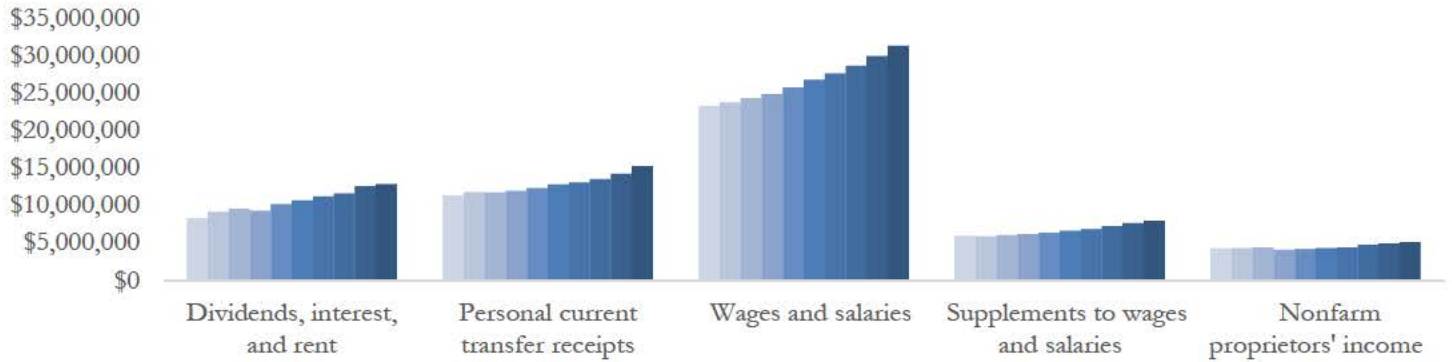
2019 Percent Growth of Personal Income and Components



Source: U.S. Bureau of Economic Analysis, March 24, 2020 release

Maine has seen sustained growth in all components of personal income throughout the decade. The Compound Annual Growth Rate (CAGR) for Total Personal Income from 2010 to 2019 was 3.5%. Among the major components, Dividends, Interest & Rent grew the most with a nominal growth rate of 54.1% since 2010, or a CAGR of 4.9%. Wages & Salaries, the largest component, grew by 34.5% in nominal terms since 2010, with a CAGR of 3.3%.

Components of Personal Income in Maine, 2010-2019



Source: U.S. Bureau of Economic Analysis March 24, 2020 release

	CAGR
Personal income (millions of dollars)	3.5%
Dividends, Interest and Rent	4.9%
Transfer Receipts	3.4%
Wages and salaries	3.3%
Supplements to wages and salaries	3.3%
Nonfarm proprietors' income	2.0%

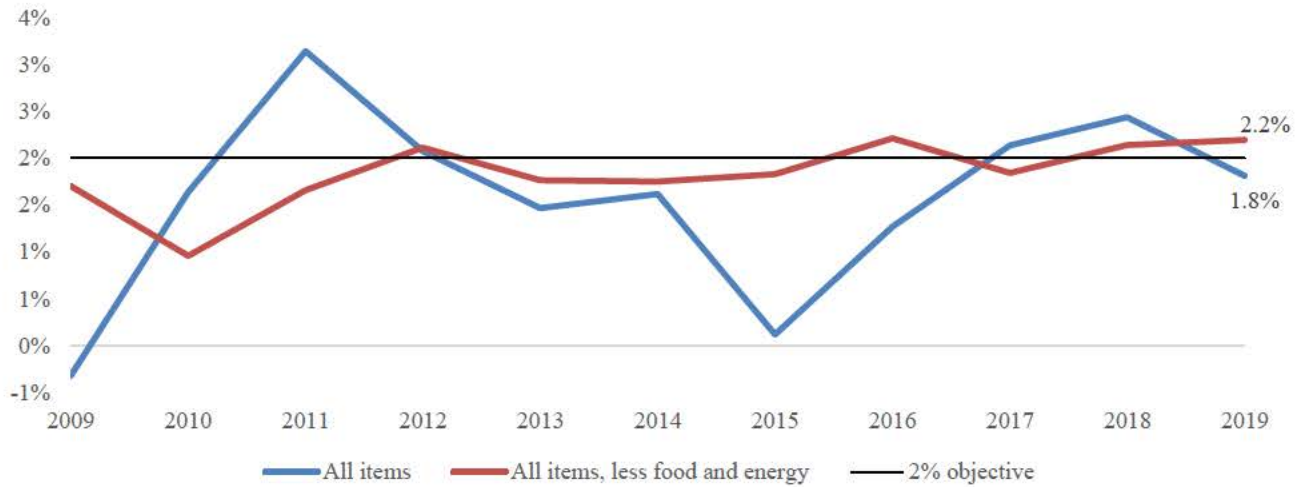
Source: U.S. Bureau of Economic Analysis March 24, 2020 Release

2. Consumption and Expenditures

Consumer Price Index

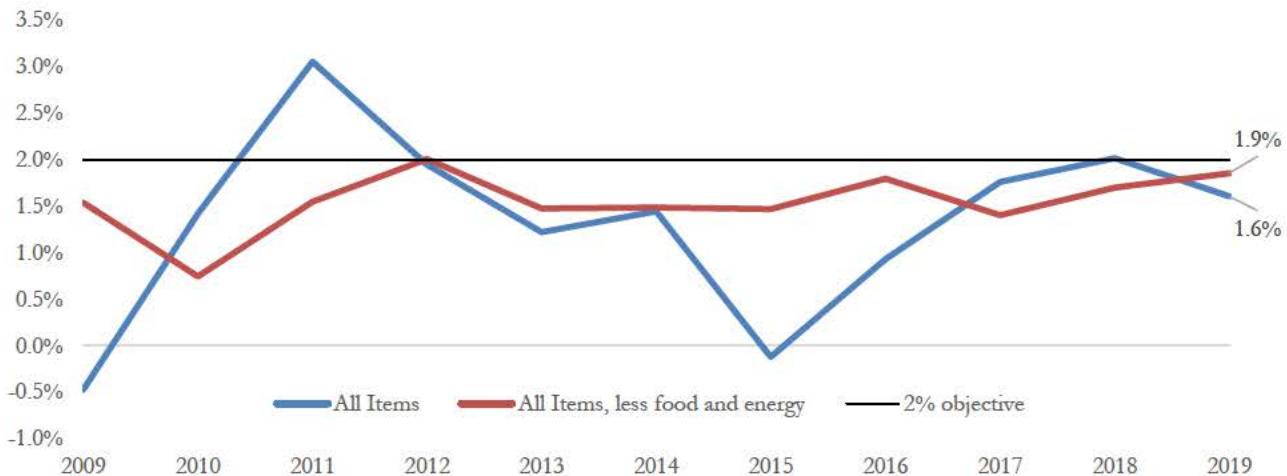
The Consumer Price Index (CPI) was up 1.8% in 2019 over its 2018 average. Core inflation, which excludes food and energy prices, rose 2.2% over the same period. This is in line with the Federal Reserve Bank's 2% annual target inflation rate. The Chained Consumer Price Index (Chained CPI) increased 1.6% from 2018 to 2019 on an annual average basis and core inflation rose 1.9% over the same period. Chained CPI allows for substitutions in the basket of goods and services being measured.

Consumer Price Index - US All Urban, Annual Growth



Source: U.S. Bureau of Labor Statistics, January 14, 2020 release

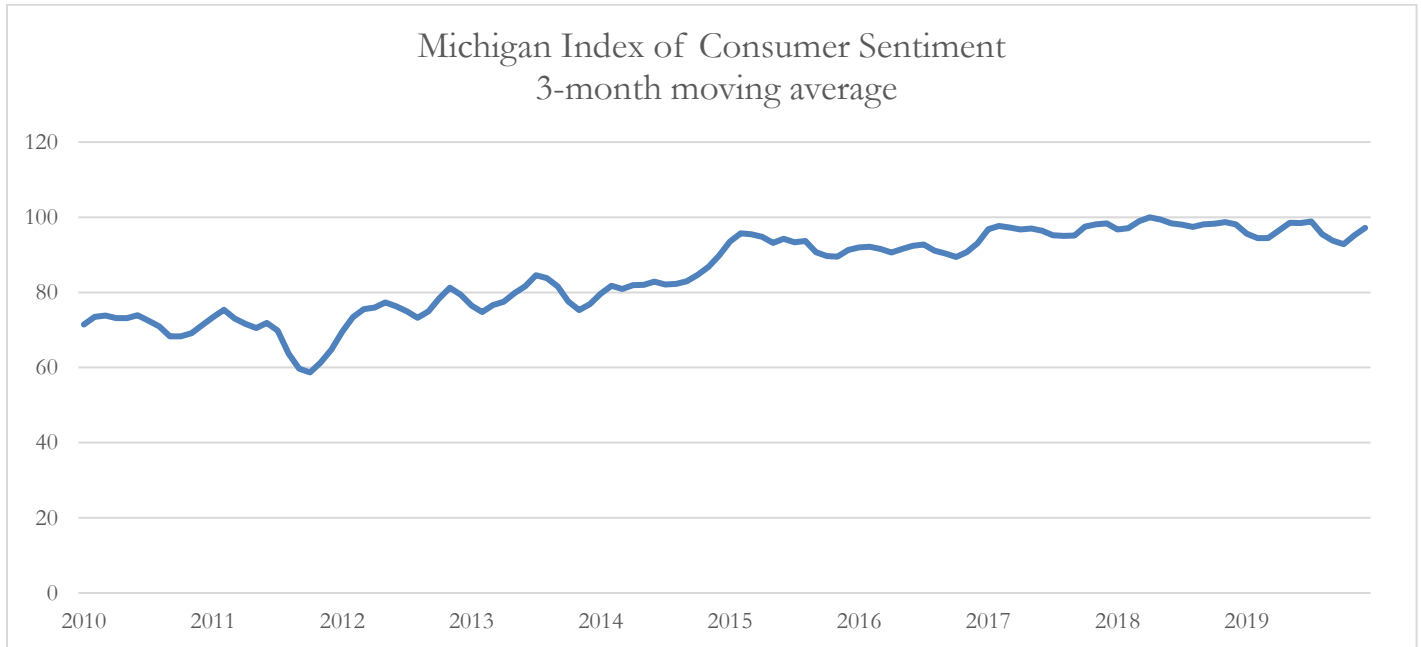
Chained Consumer Price Index - All US Urban, Annual Growth



Source: U.S. Bureau of Labor Statistics, January 14, 2020 release

Consumer Sentiment

According to the Index of Consumer Sentiment as measured by the surveys of consumers at the University of Michigan, sentiment nationwide in 2019 was slightly lower than in 2018 at an average of 96 following the previous year's 98.4. Sentiment has largely remained in the upper 90s for the past two years, after having grown steadily throughout the decade from an annual average just over 71 in 2010.



Source: University of Michigan, December 2019 release

3. Labor Market

Summary

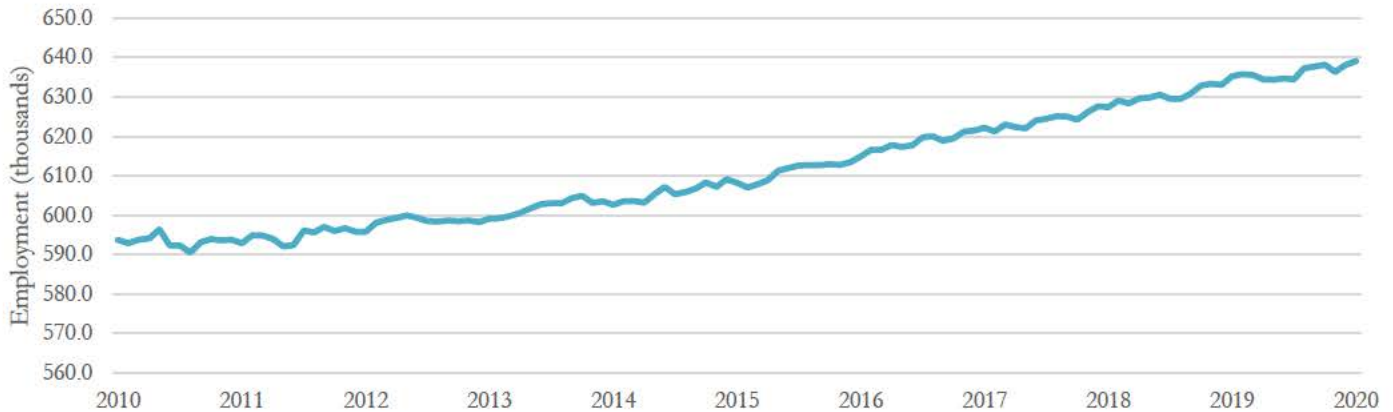
	Maine	United States
Unemployment Rate	3.0%	3.7%
Total Nonfarm Employment	636,000	150.9 million
Labor Force	692,739	163.5 million
Labor Force Participation Rate	62.4%	63.1%
Average Weekly Wage	\$872	\$1,101

Sources: U.S. Bureau of Labor Statistics, LAUS, CES, QCEW

Employment

Employment reached a new peak in 2019 with a seasonally adjusted annual average of 636,000. Employment in 2019 is up 0.9% from 2018's average of 630,400. This comes in slightly lower than the national growth rate of 1.4% in 2019.

Total Nonfarm employment - Maine

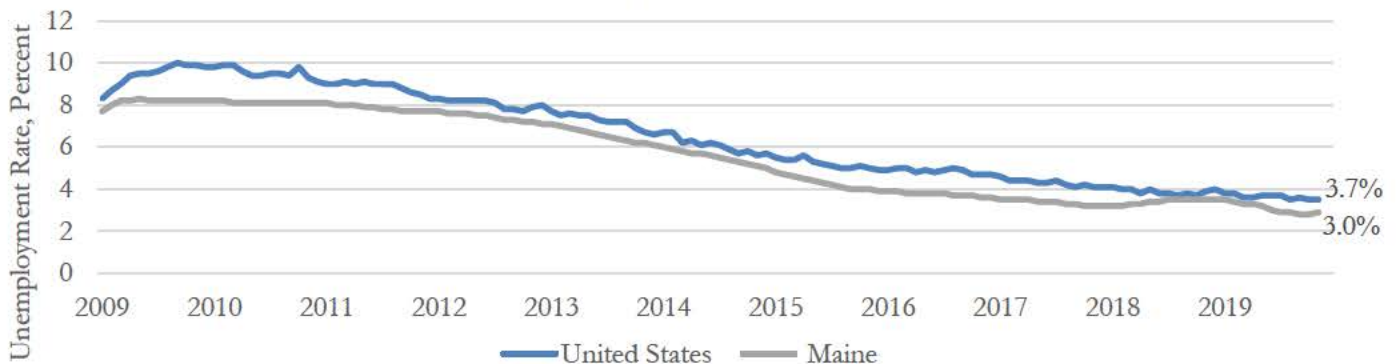


Source: Current Employment statistics January 2020 release

Unemployment

2019 saw historically low unemployment rates in both Maine and the United States. The annual average unemployment rate in Maine was 3.0%, the lowest the state has seen since data was first collected in 1976 and the 12th lowest in the nation. The unemployment rate has consistently fallen since its high of 8.1% on average in 2010.

Unemployment Rate

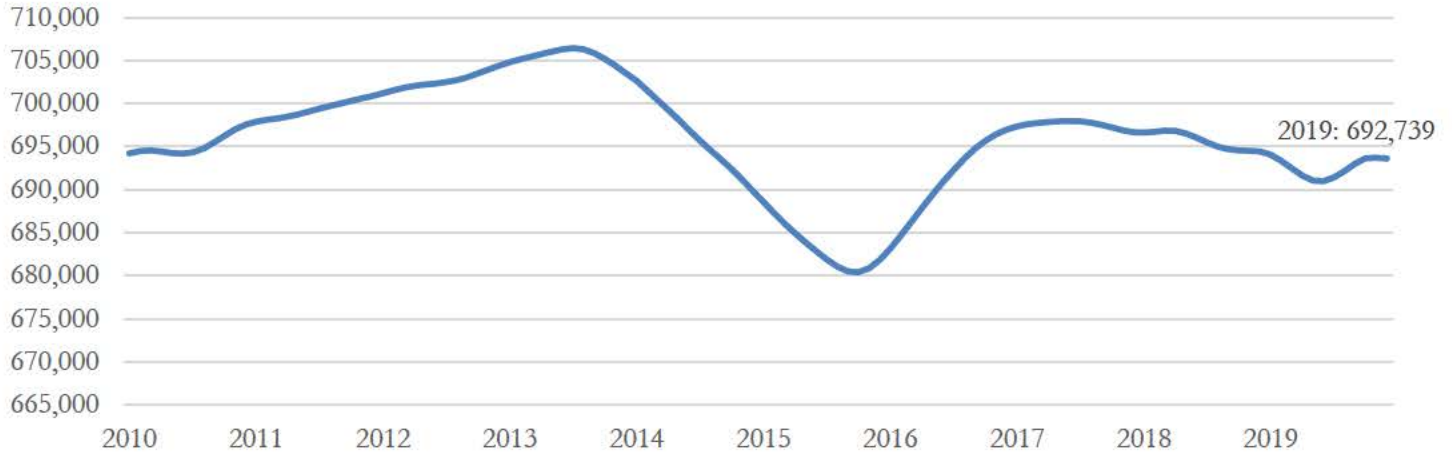


Source: Local Area Unemployment Statistics January 2020 release

Labor force

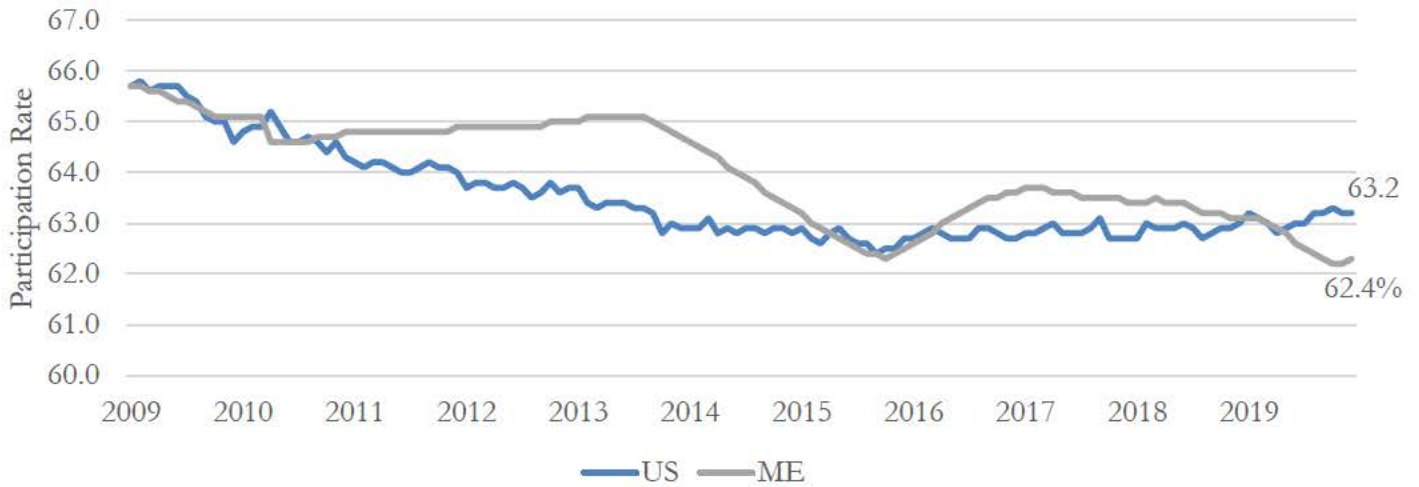
Maine's labor force consisted of nearly 693,000 individuals in 2019, slightly lower than in 2018. Maine saw a slight fall in its labor force since 2010, though it experienced a large dip in 2015. The labor force participation rate averaged 62.7% in 2019, compared to 63.1% for the nation. This is down from a state average of 64.8% in 2010.

Labor Force, Maine Statewide



Source: Local Area Unemployment Statistics January 2020 release

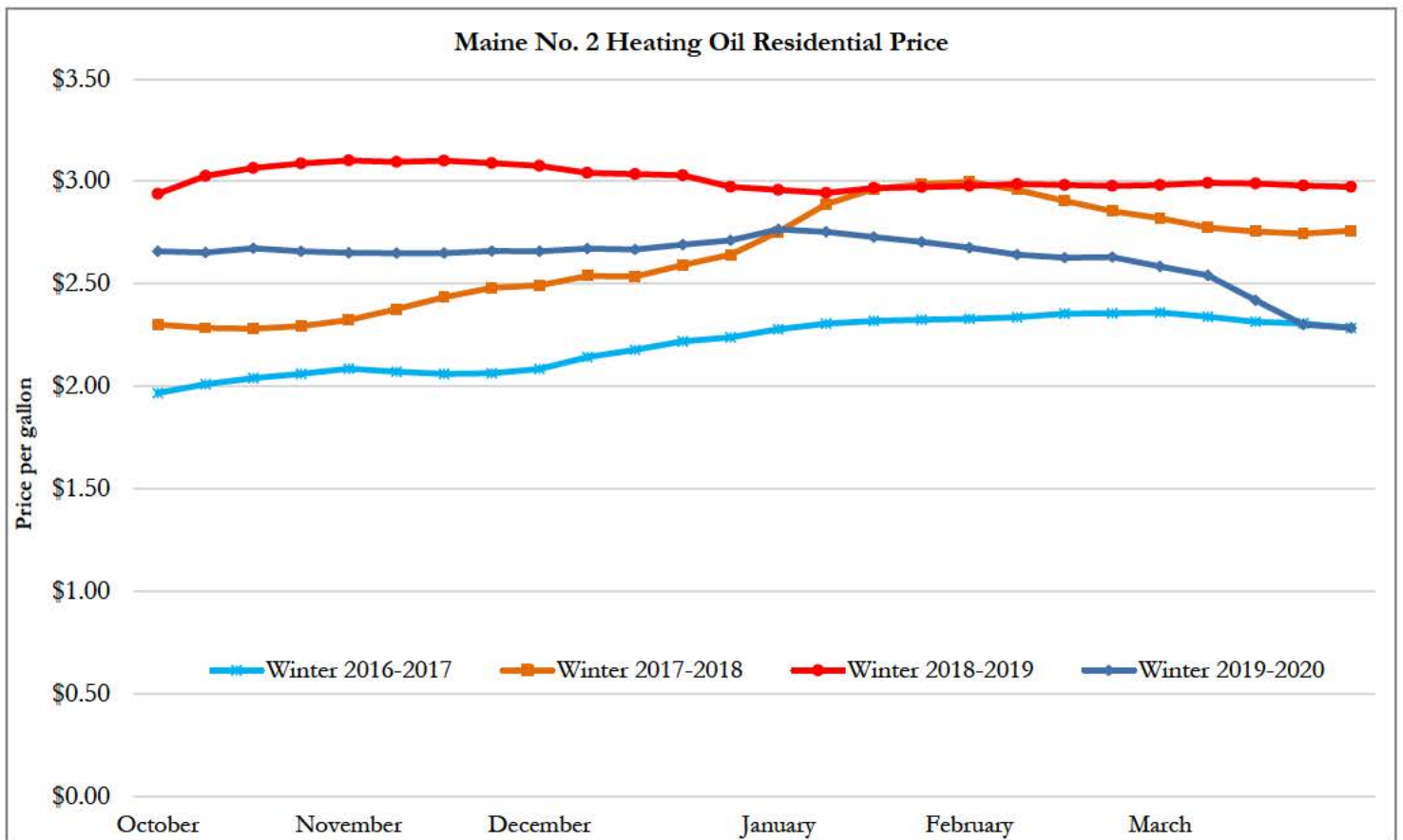
Labor force participation rate



Source: Local Area Unemployment Statistics January 2020 release

4. Heating Oil

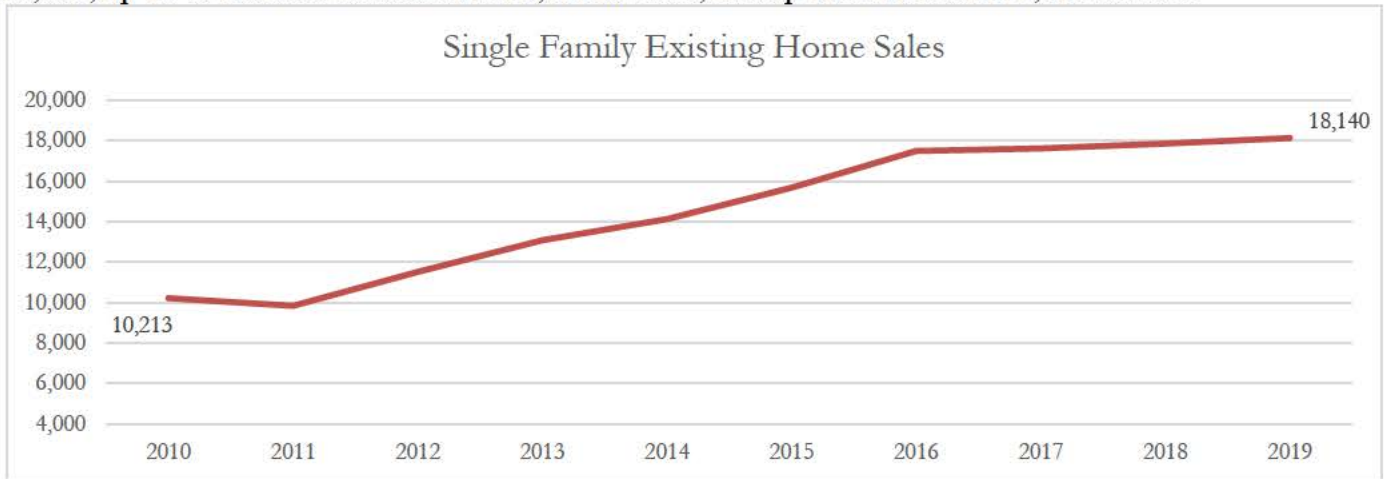
Mainers experienced some relief on their household energy costs in the 2019-2020 winter season. The price of a gallon of No. 2 residential heating oil remained relatively stable through the start of the season, averaging \$2.67 from October to December 2019, 12.4% lower than the same period in 2018.



Source: U.S. Energy Information Agency, April 1, 2020 release

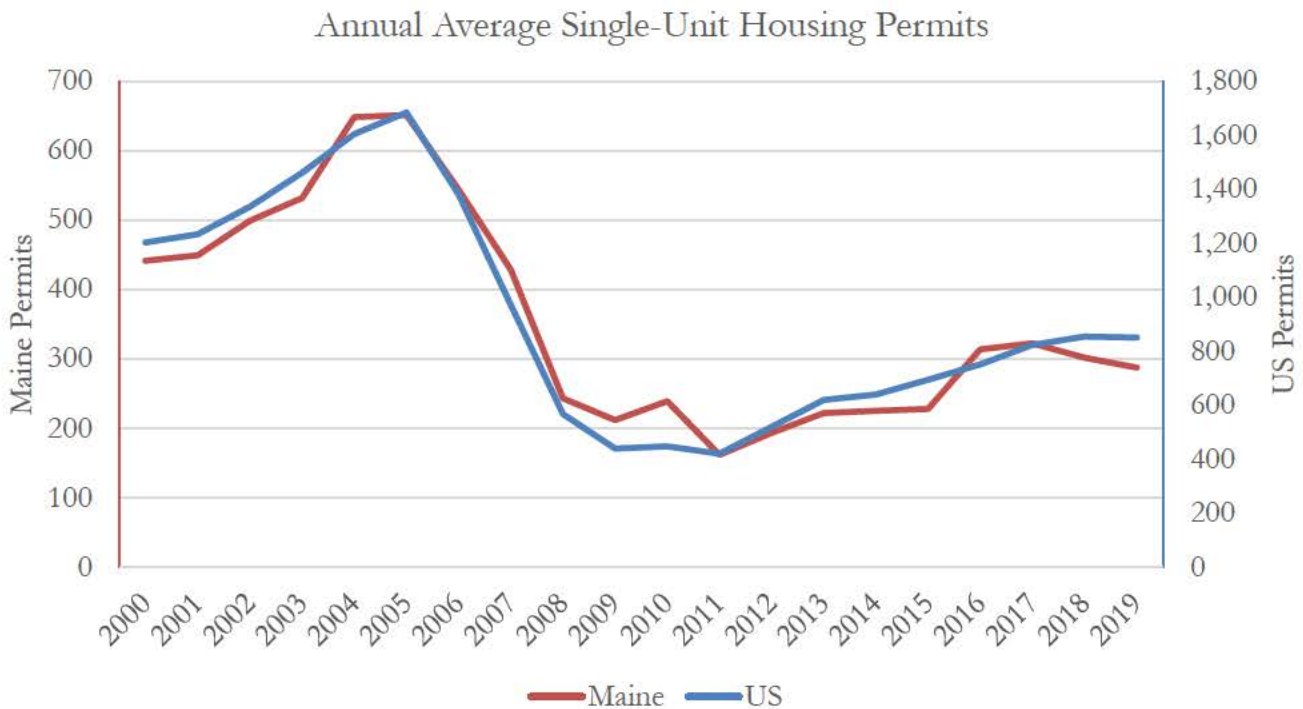
5. Housing

The housing market had both a strong year and a strong decade. The total number of single-family existing home sales in Maine for 2019 was 2.3% higher than last year, at 18,279, the highest number all decade. Since 2010, the number of home sales in Maine has grown 77.6%. The median value of homes sold in Maine was \$225,000, up 4.7% from the median of \$215,000 in 2018, and up 16.0% from \$194,000 in 2010.



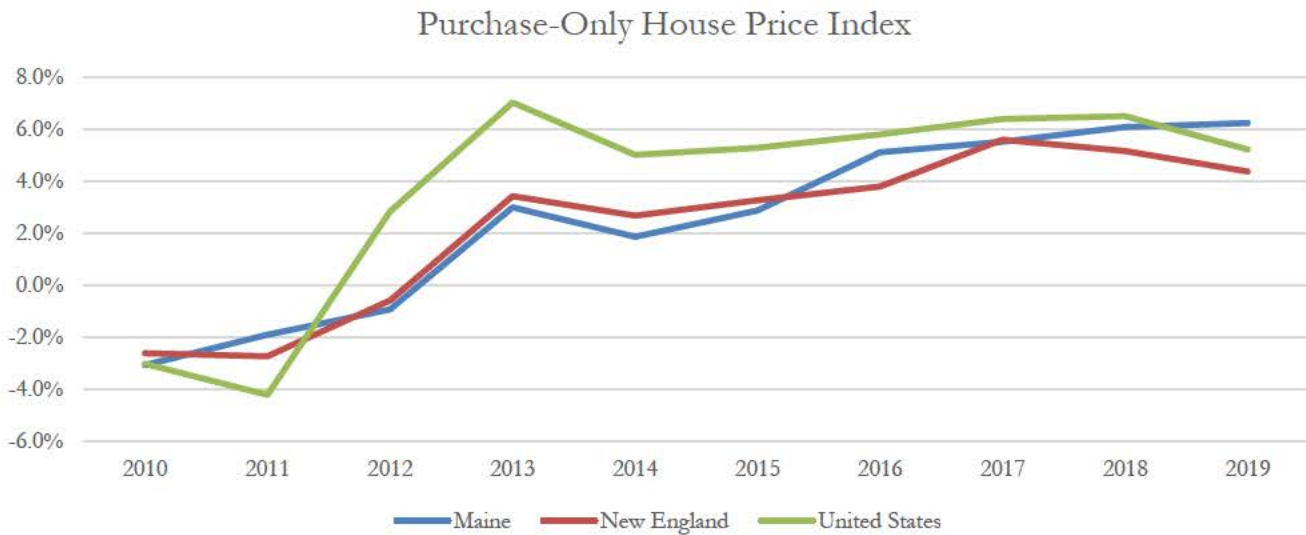
Sources: National Association of REALTORS and Maine Association of REALTORS, monthly releases

Conversely, single-unit housing permits issued in Maine in 2019 declined compared to 2018. Average monthly permits were 4.8% lower than in 2018 in Maine, compared to 0.4% lower for the nation.



Source: U.S. Census Bureau, February 2020 release, via Federal Reserve Bank of Boston

According to the Federal Housing Finance Agency (FHFA), the House Price Index, “measures average price changes in repeat sales or refinancing on the same properties.” Maine’s average house price index in 2019 was 6.2% higher than 2018, compared to growth rates of 4.4% for New England and 5.2% for the nation.

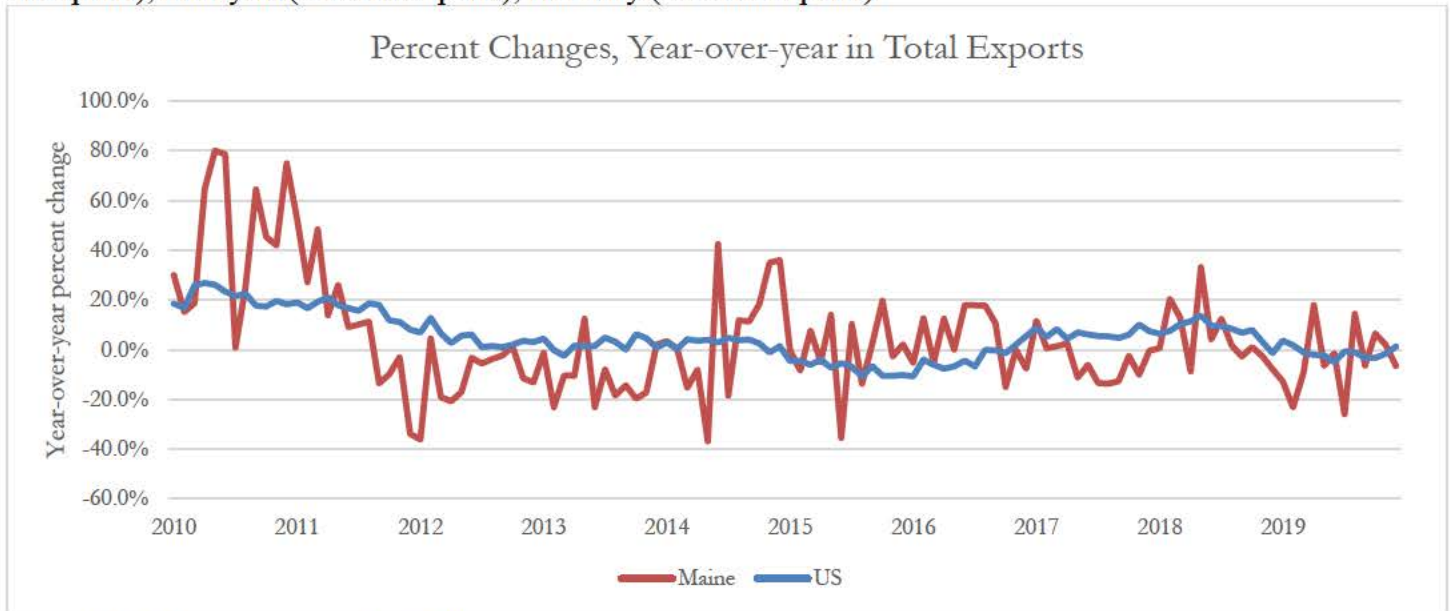


Source: Federal Housing Finance Agency, March 25, 2020 release

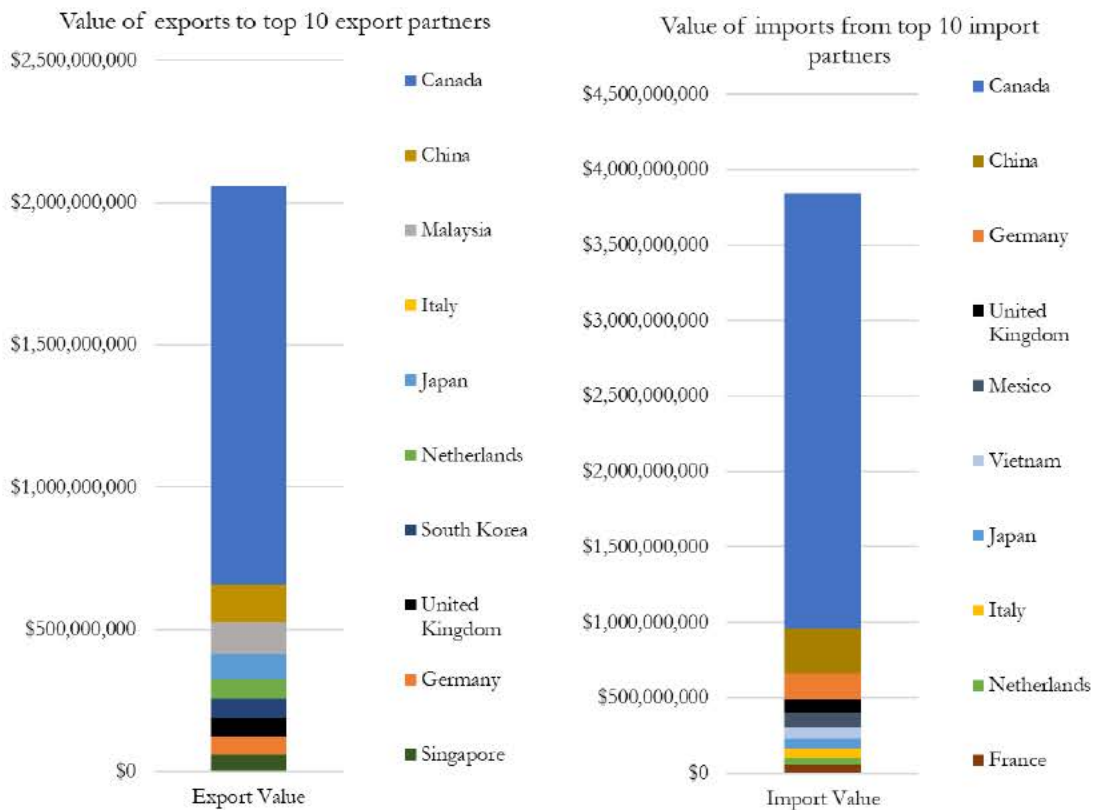
6. Trade Outlook

Exports

2019 was a slow year for trade as the state grappled with tariffs. Exports in Maine fell by 4.4% year-over-year, compared with -1.2% for the nation. The total value of Maine exports was \$2.7 billion in 2019. Maine trades the most with its neighbor Canada, which accounted for over 50% of its exports and 62% of imports, or \$1.4 billion and \$2.9 billion for 2019, respectively. Other primary export partners were China (5.0% of exports), Malaysia (4.1% of exports), and Italy (3.2% of exports).



Source: USA Trade Online, January 7, 2020 release



Source: USA Trade Online, January 7, 2020 release