Economic Conditions in Maine

KW Commercial

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Department of Administrative and Financial Services

Summary of key assumptions in February 2026 CEFC report

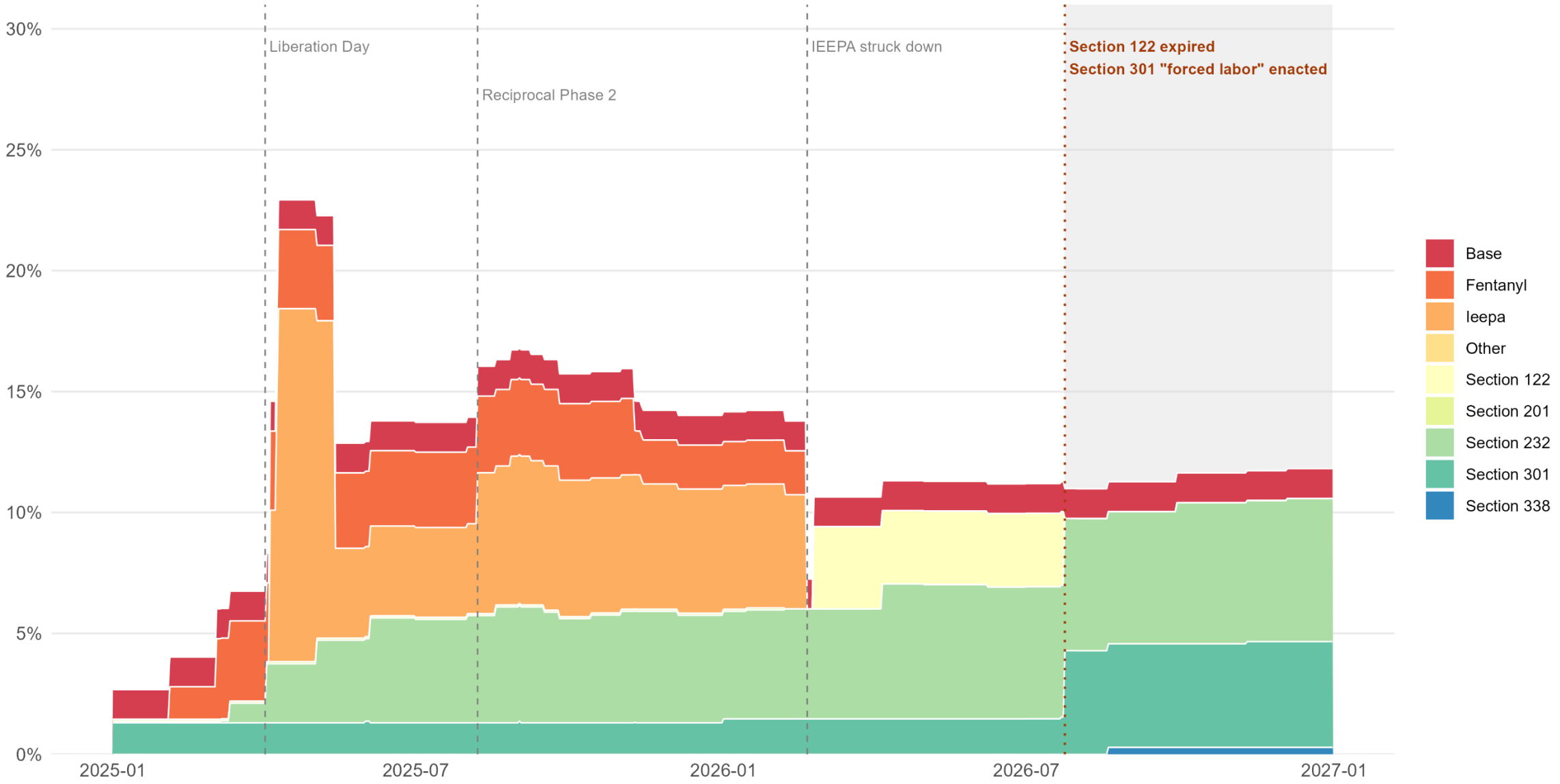
- Maine is navigating a period of significant uncertainty around economic policy, government spending, geopolitical tensions, and consumer sentiment.
- The economy seems to be experiencing K-shaped dynamics, with spending by wealthier households helping to keep the economy growing in the face of tariffs and uncertainty around other federal policies.
- Inflation remains elevated above target levels while consumer sentiment has weakened.
- Because of our state's demographics and close relationship with Canada, Maine may be particularly vulnerable to changes in federal funding and tariff policy.
- In the short term, net migration will be hampered by federal immigration policies and the housing market.

Source: Consensus Economic Forecasting Commission, report February 1, 2026

Macroeconomic conditions

U.S. Average Effective Tariff Rate by Legal Authority

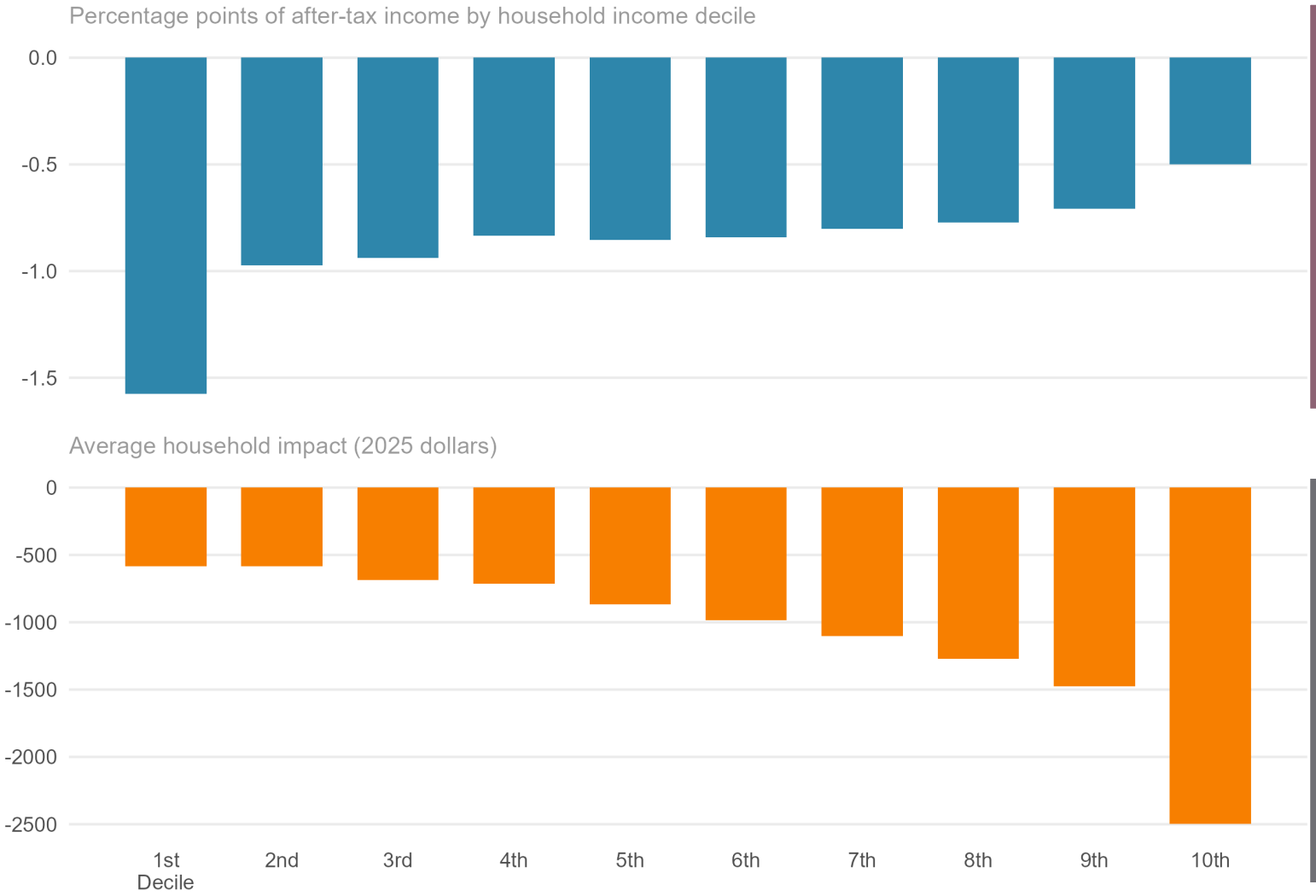
Percentage points, stacked by authority



Source: Yale Budget Lab, "State of Tariffs" August 2026

Short-Run Distributional Impact of Current Tariffs

As of 2026-08-12

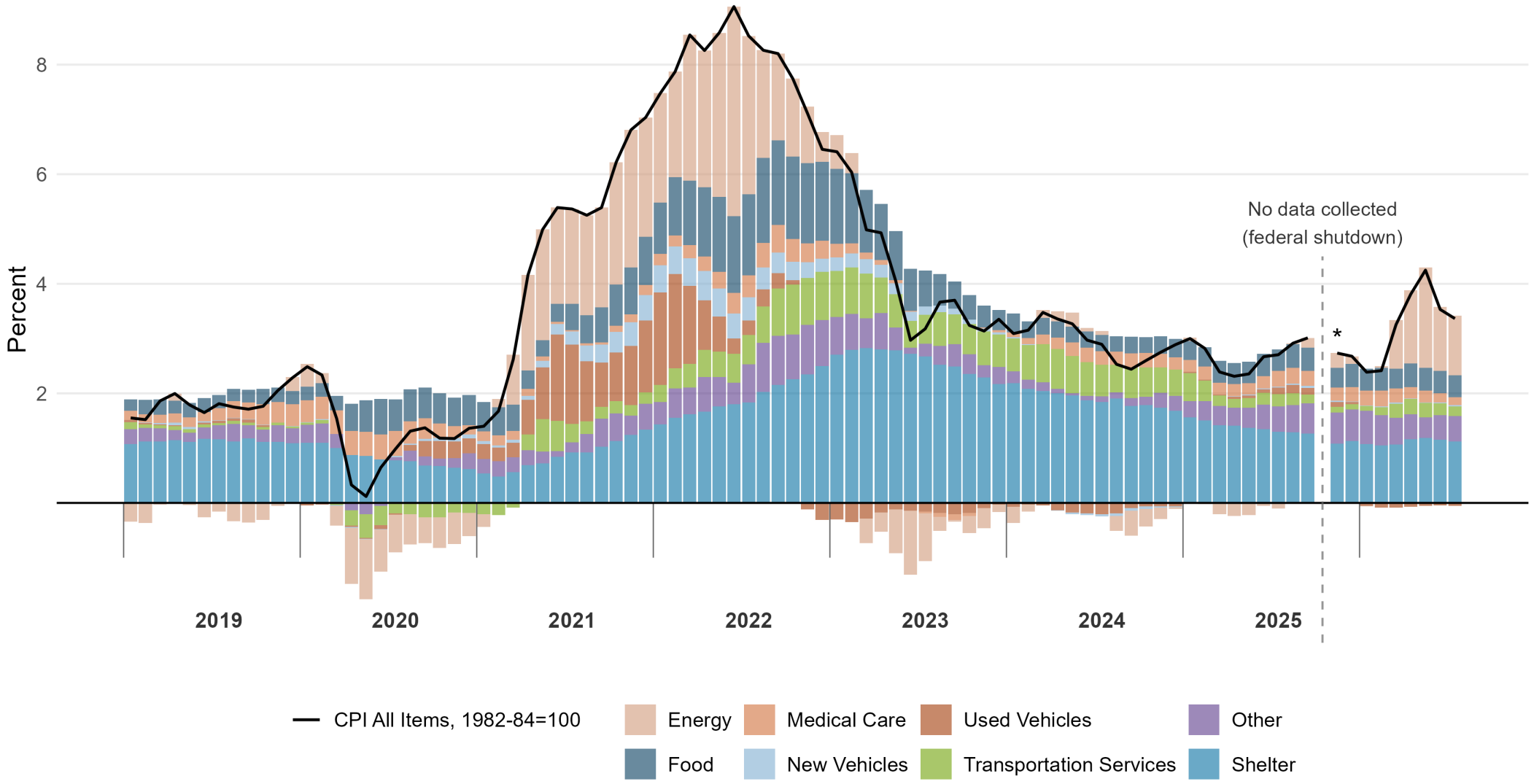


U.S.-Mexico-Canada Agreement (USMCA) negotiations have stalled, raising uncertainty for businesses

Canada is Maine's largest trading partner; new Canadian tariffs took effect 9/8 impacting ~$170M of Maine exports to Canada

Source: Yale Budget Lab, "State of Tariffs" August 2026

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

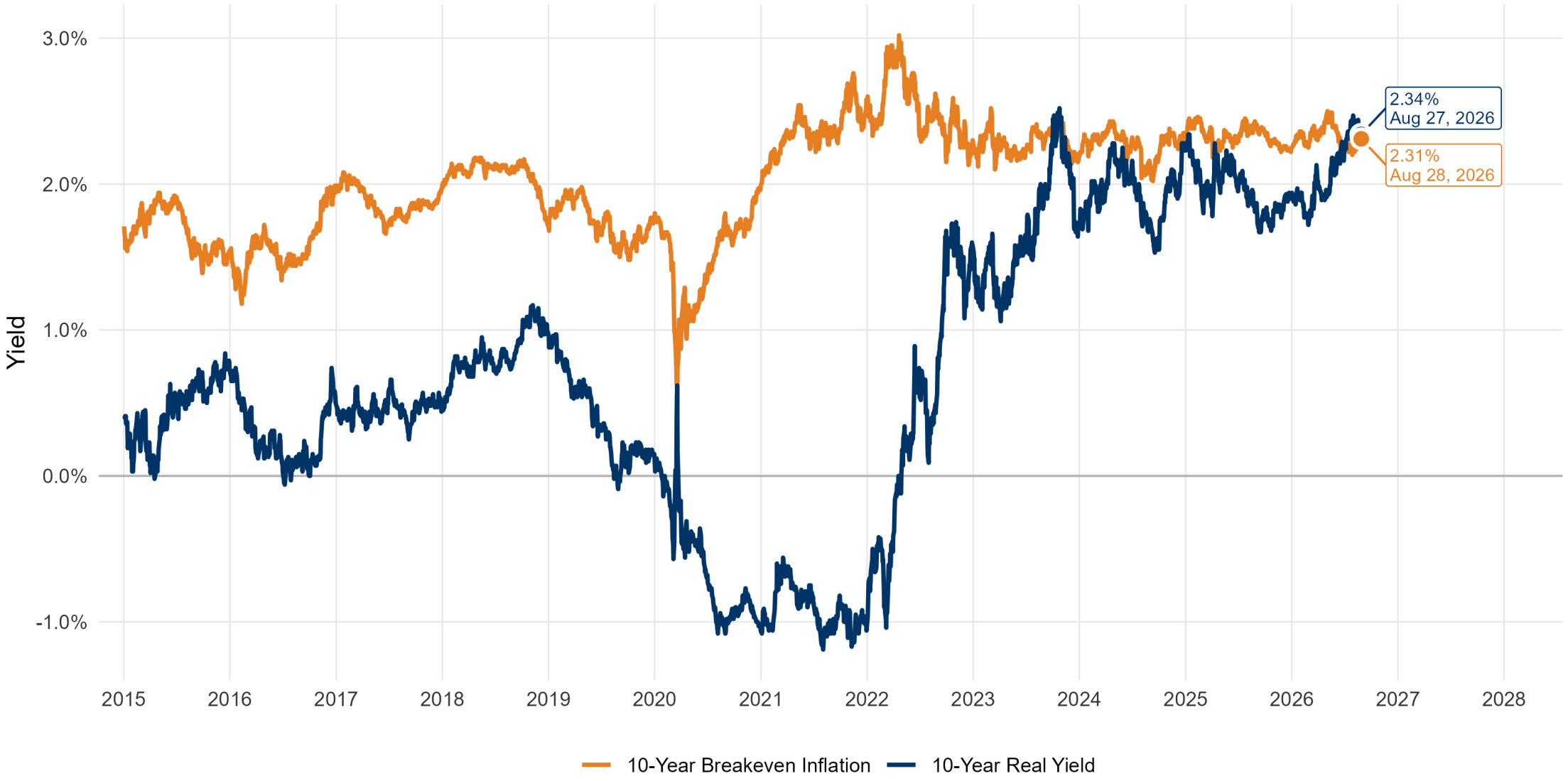


Source: US Bureau of Labor Statistics & Calculations by OSE Staff
*November 2025: Shutdown not resolved until Nov 12; BLS operated on truncated schedule.Second half of November (Black Friday, holiday shopping) may have distorting effect

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

Higher Rates Are Not Just an Inflation Story

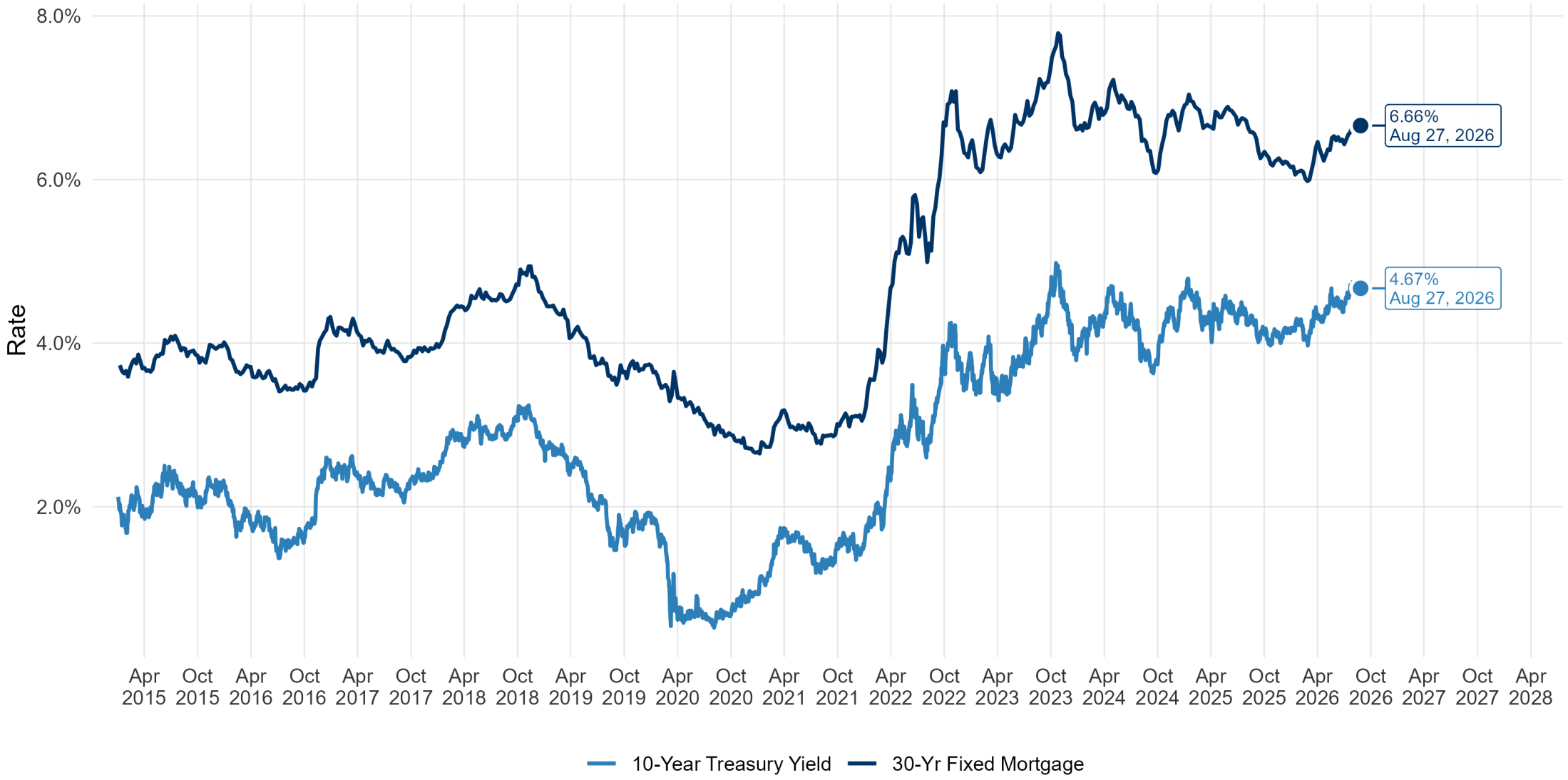
10-year real Treasury yield versus market-implied inflation expectations



Source: FRED (Federal Reserve Bank of St. Louis). Series: DFII10 and T10YIE.

Mortgage Rates Track the 10-Year Treasury Yield

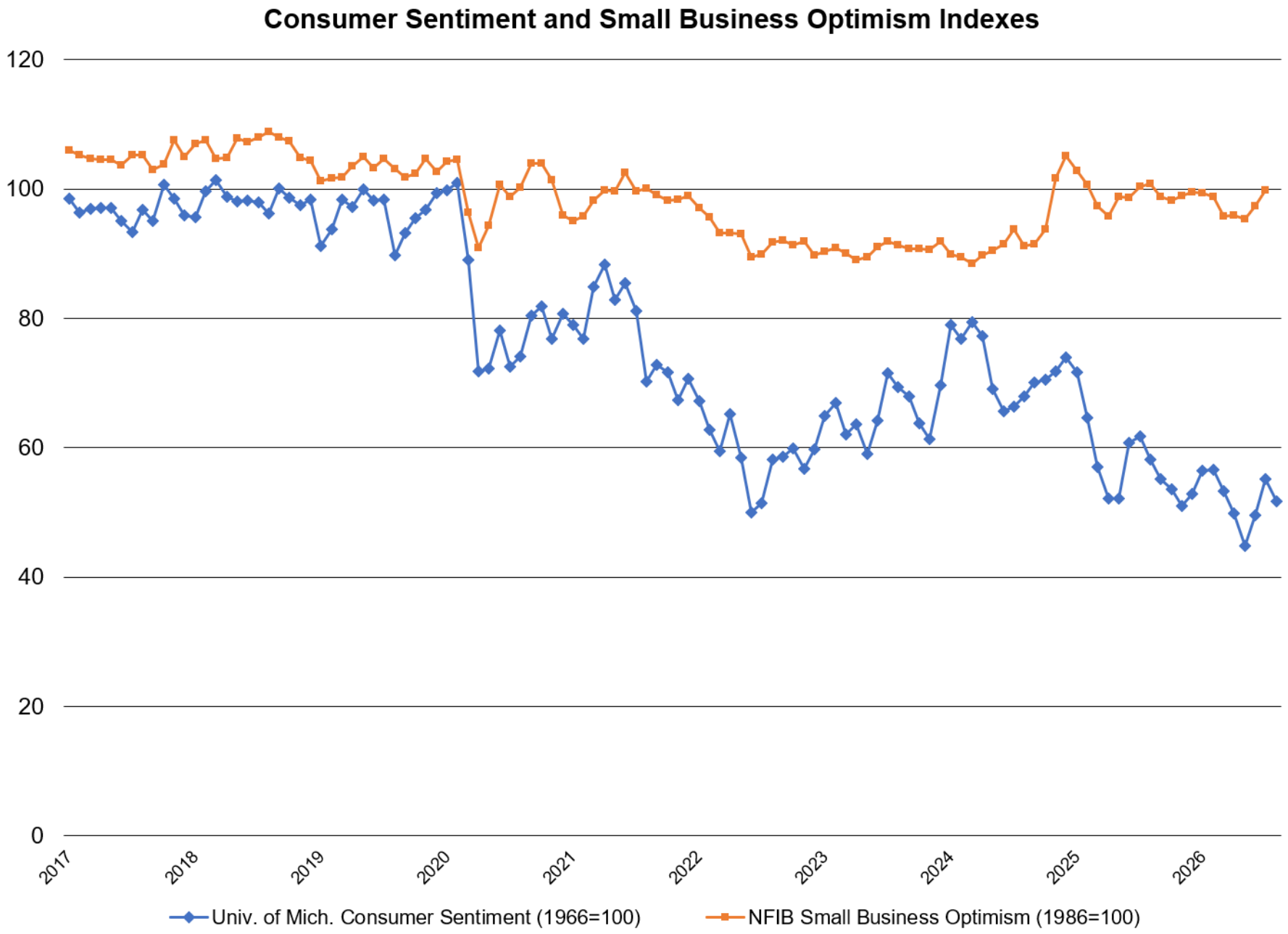
Higher long-term yields flow through directly to borrowing costs



Source: FRED (Federal Reserve Bank of St. Louis).

Small business optimism rose above its long-term average in July 2026, but the uncertainty index remains much higher than the long-term average

Consumer sentiment was highly responsive to inflation expectations in 2025; while sentiment has recovered from record low in May 2026, index fell again in August 2026 based on concerns about inflation and an overall weaker economy



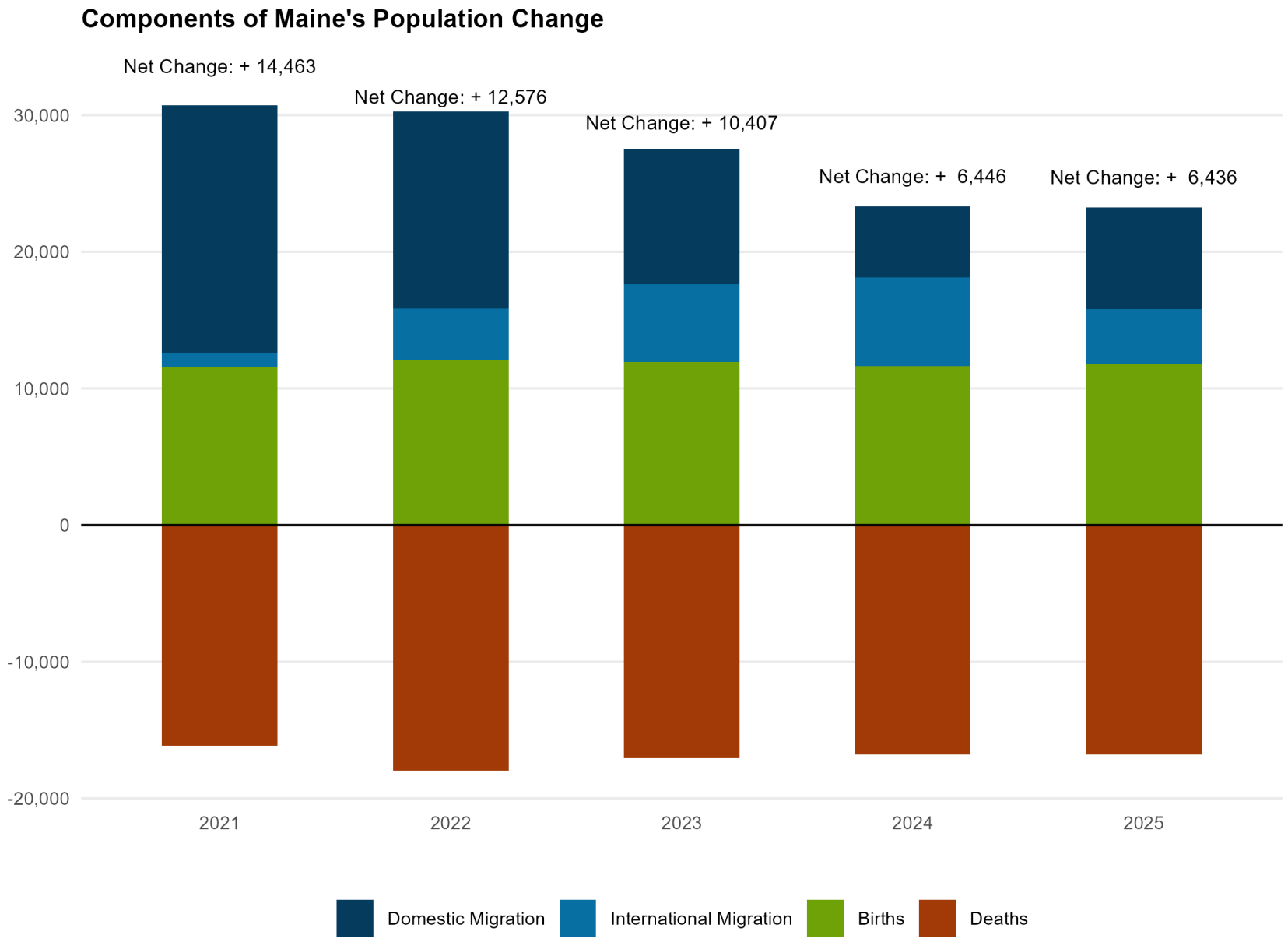
Sources: University of Michigan Survey of Consumers and NFIB Small Business Optimism Index

Demographics and labor force

2025 Total Population: 1,414,874

Population increase of 3.8% from 2020-2025 (17th in U.S.); 0.5% from 2024-2025 (25th in U.S.)

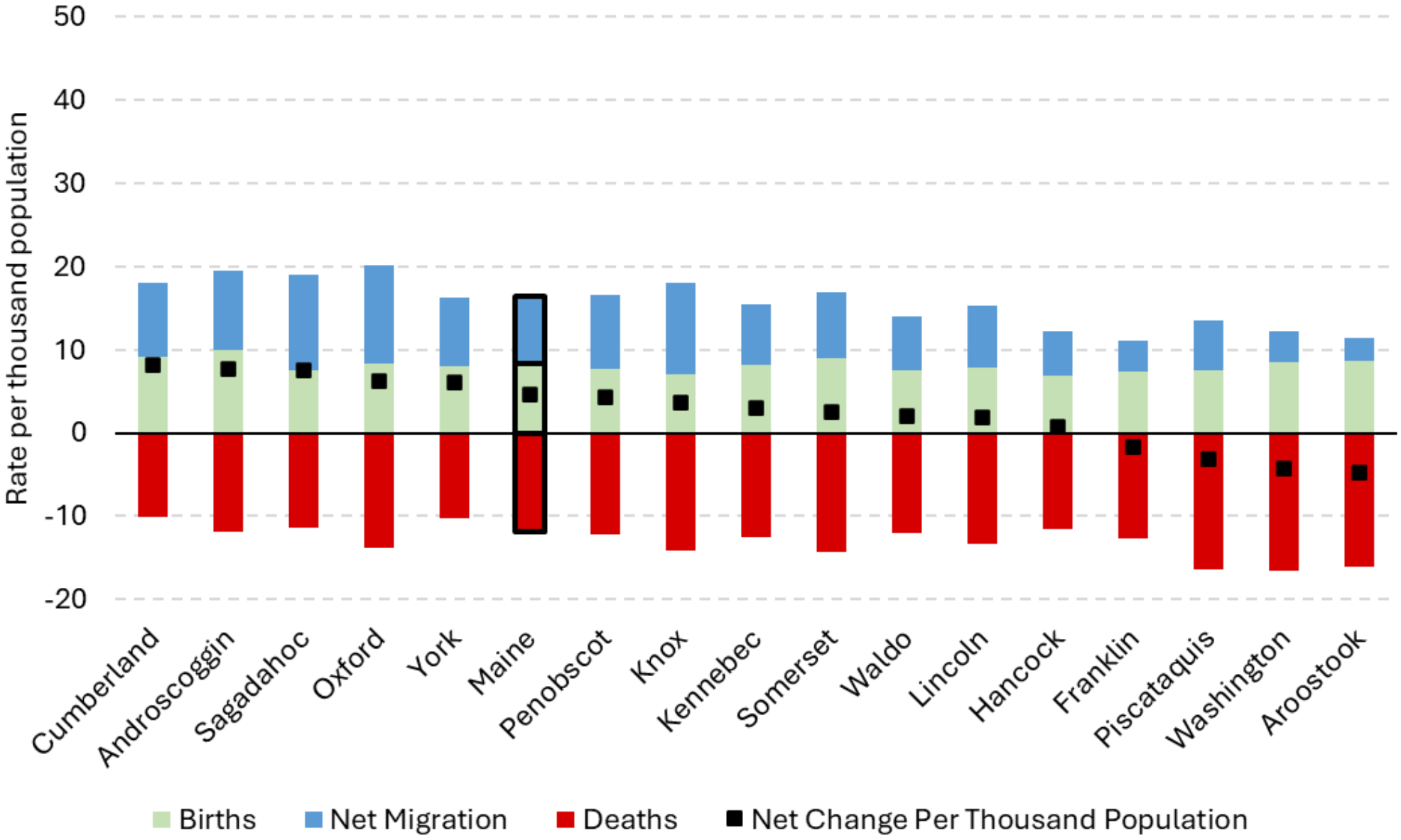
7th for total net migration and net domestic migration and 25th for net international migration in 2025



Source: US Census Bureau, Population Estimates Program, 2025 Vintage

Source: U.S. Census Bureau, Population Estimates Program

Components of Population Change in Maine, 7/1/2024 - 7/1/2025
Rate per thousand population

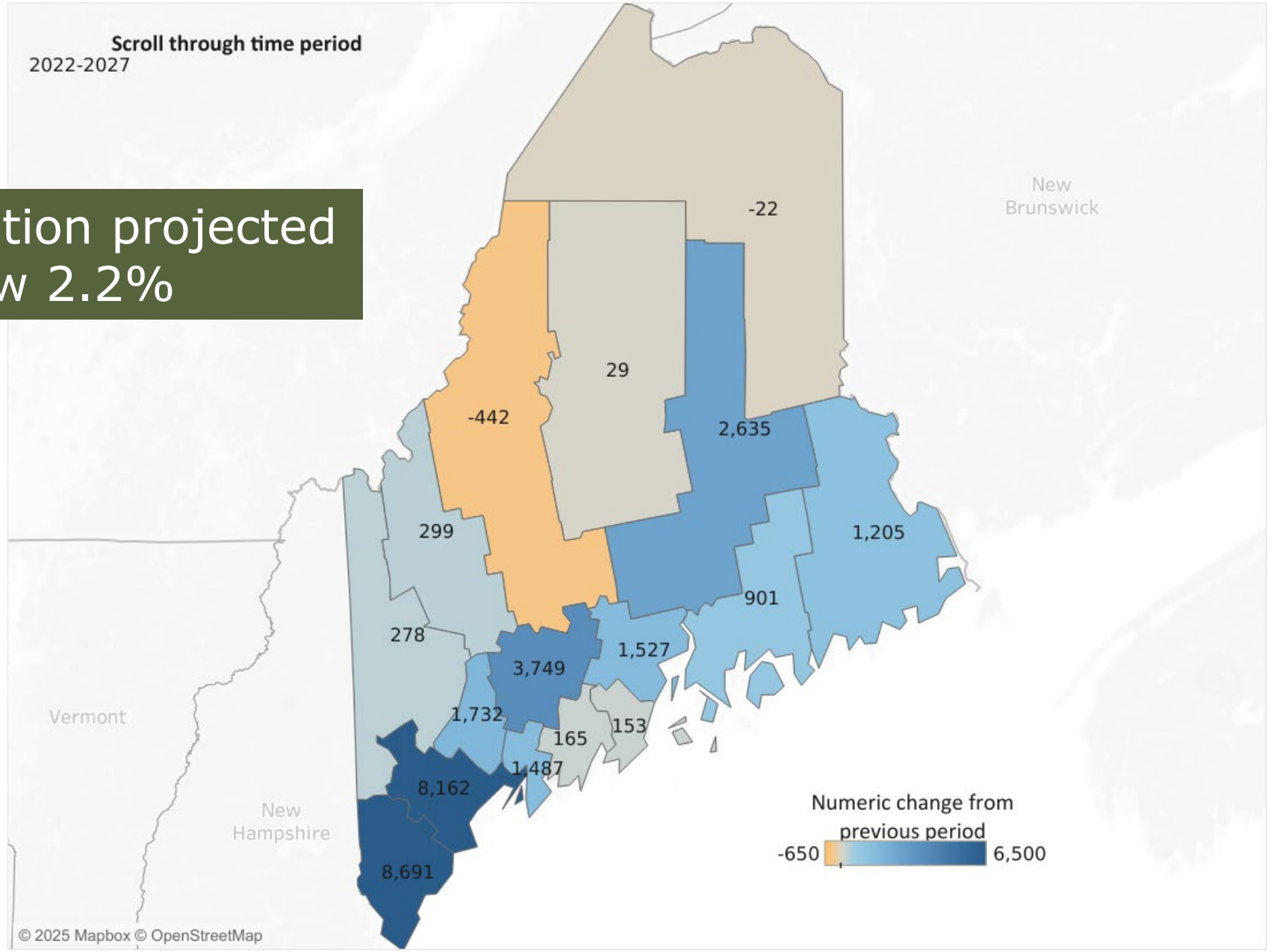


Source: U.S. Census Bureau, Population Estimates Program vintage 2024

Maine population projected to grow 2.2%

Projected Population Change, **2022-2027**

Scroll over map for more information



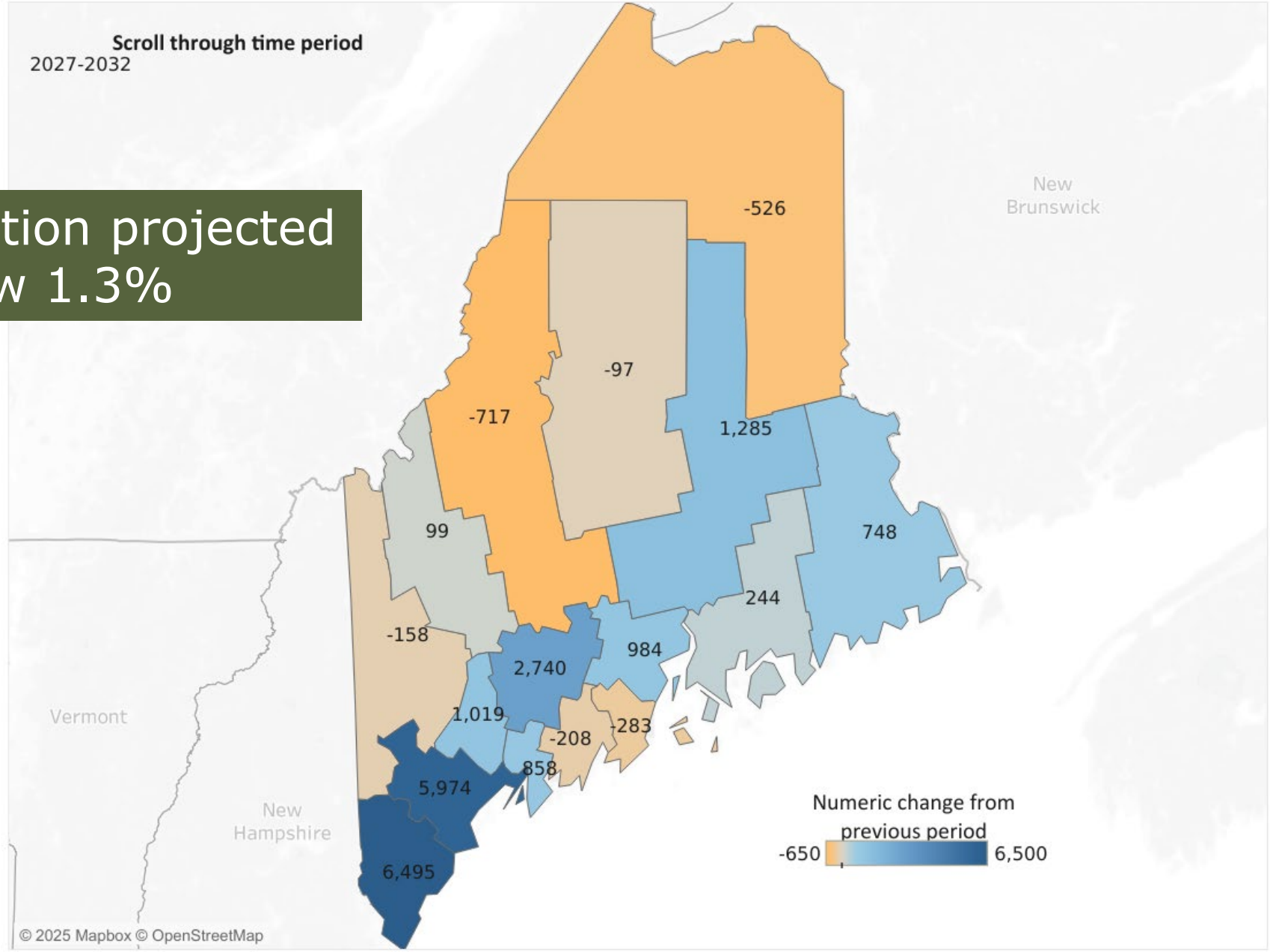
Source: The Office of the State Economist, Maine State and County Population Projections, 2042. April 2025 release.

Source: Maine Office of the State Economist, https://www.maine.gov/dafs/economist/Dashboards/DemographicProjections

Maine population projected to grow 1.3%

Projected Population Change, **2027-2032**

Scroll over map for more information



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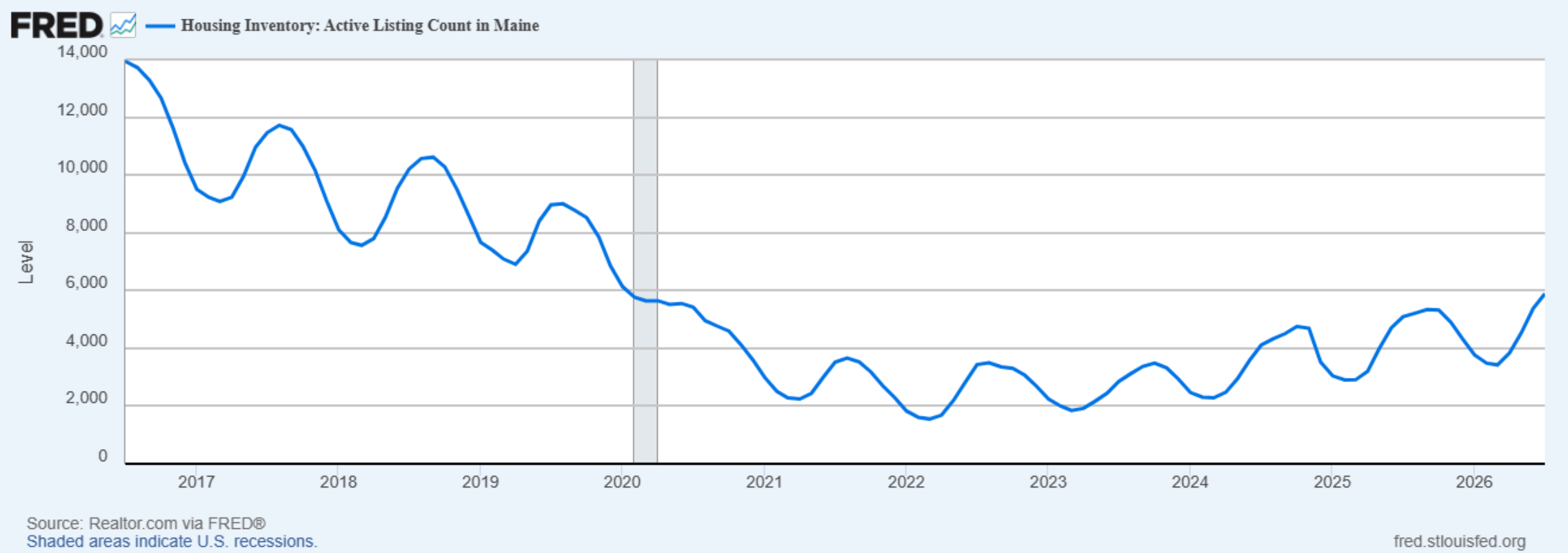
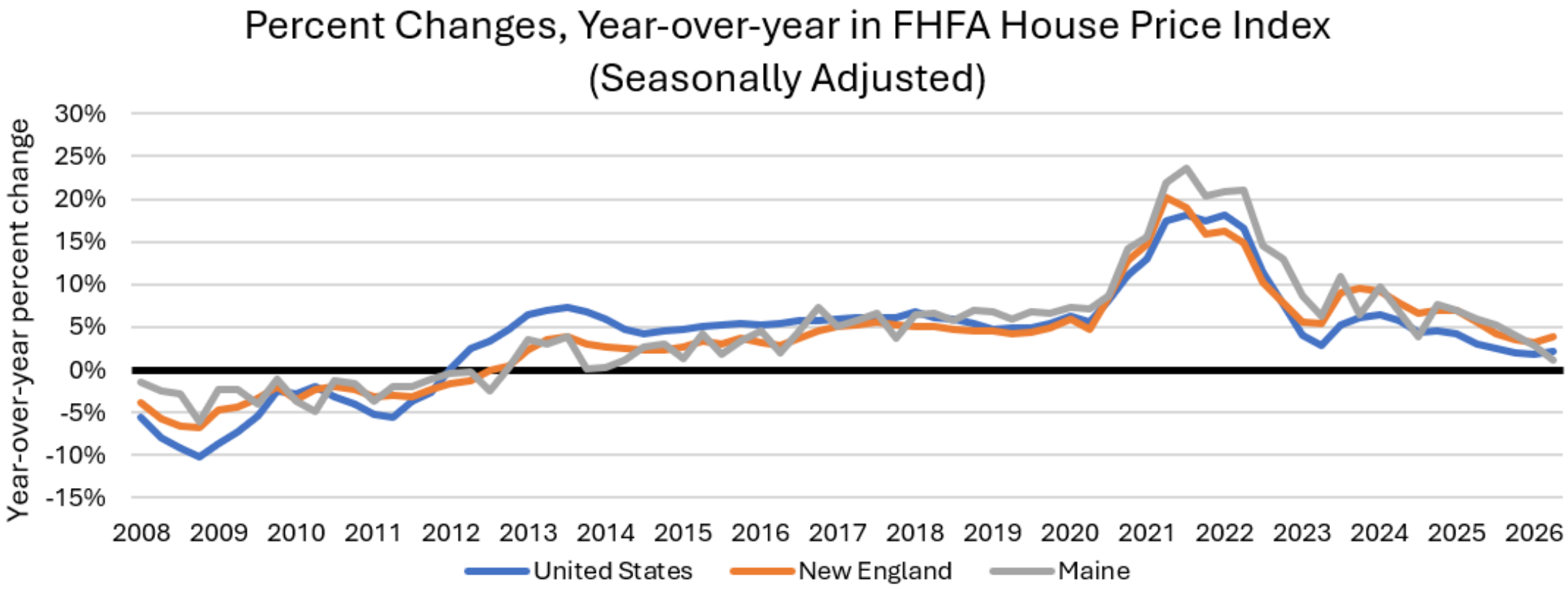


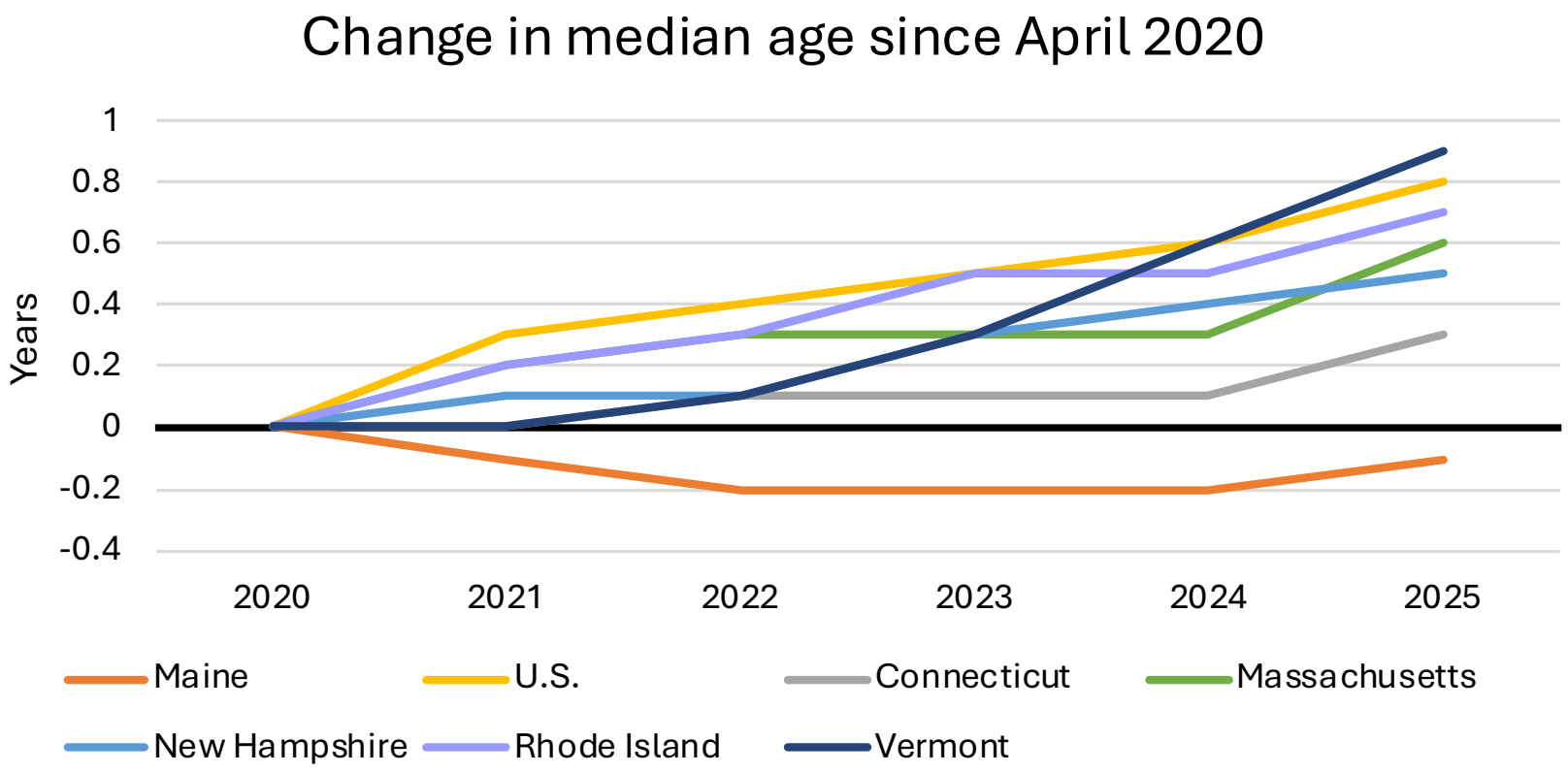
Migration into the state drove up demand for housing and further reduced the available supply while high mortgage rates locked people into existing homes – but there's been some improvement (July 2026 about 16% higher than July 2025 and 106% higher than July 2023)



Source: Federal Housing Finance Agency

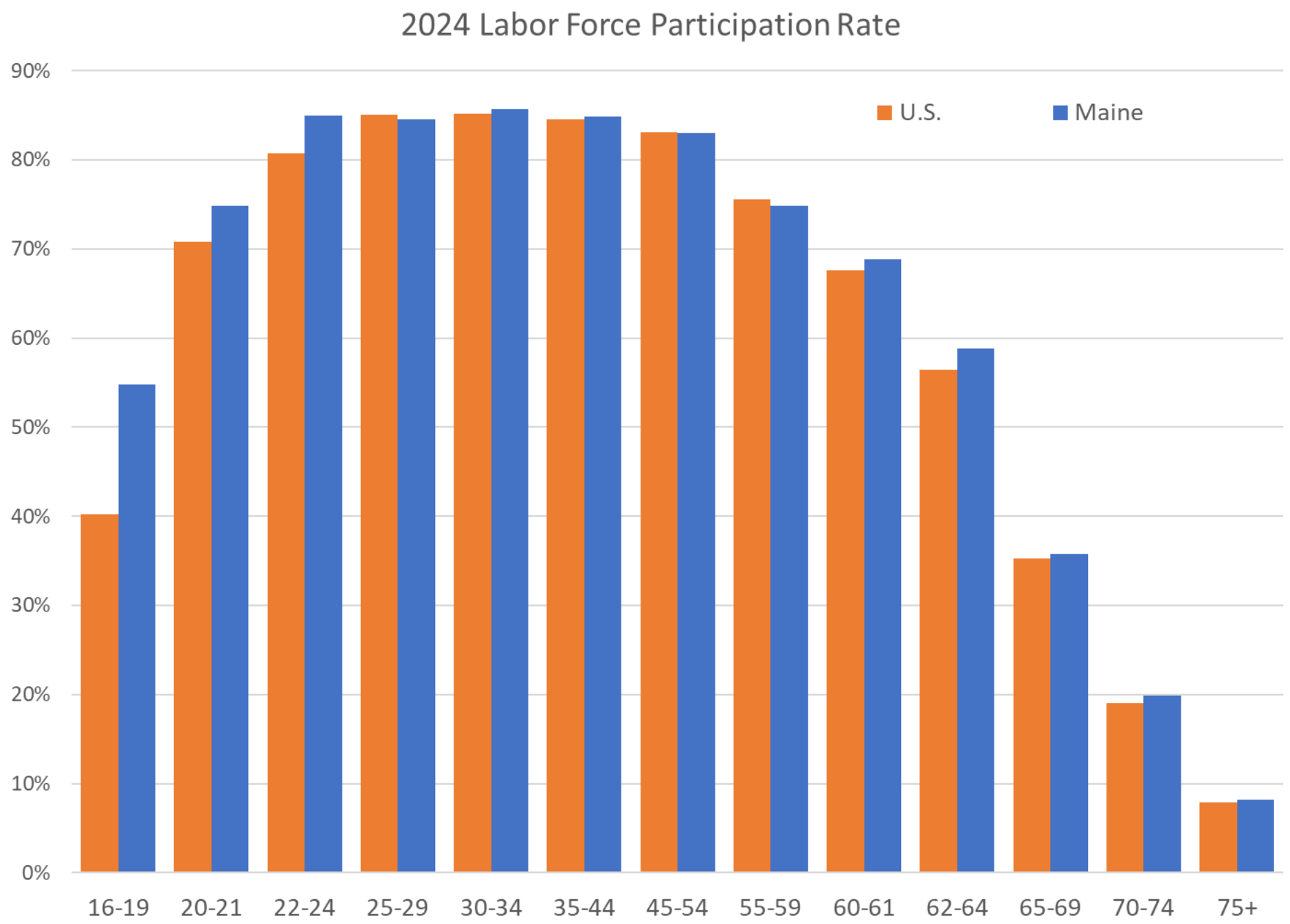
Maine's median age in 2025 is 0.1 years younger than 2020, while the U.S. median age has increased 0.8 years

Maine still has the highest median age in the nation at 44.9 years; Vermont is second at 44.4 years

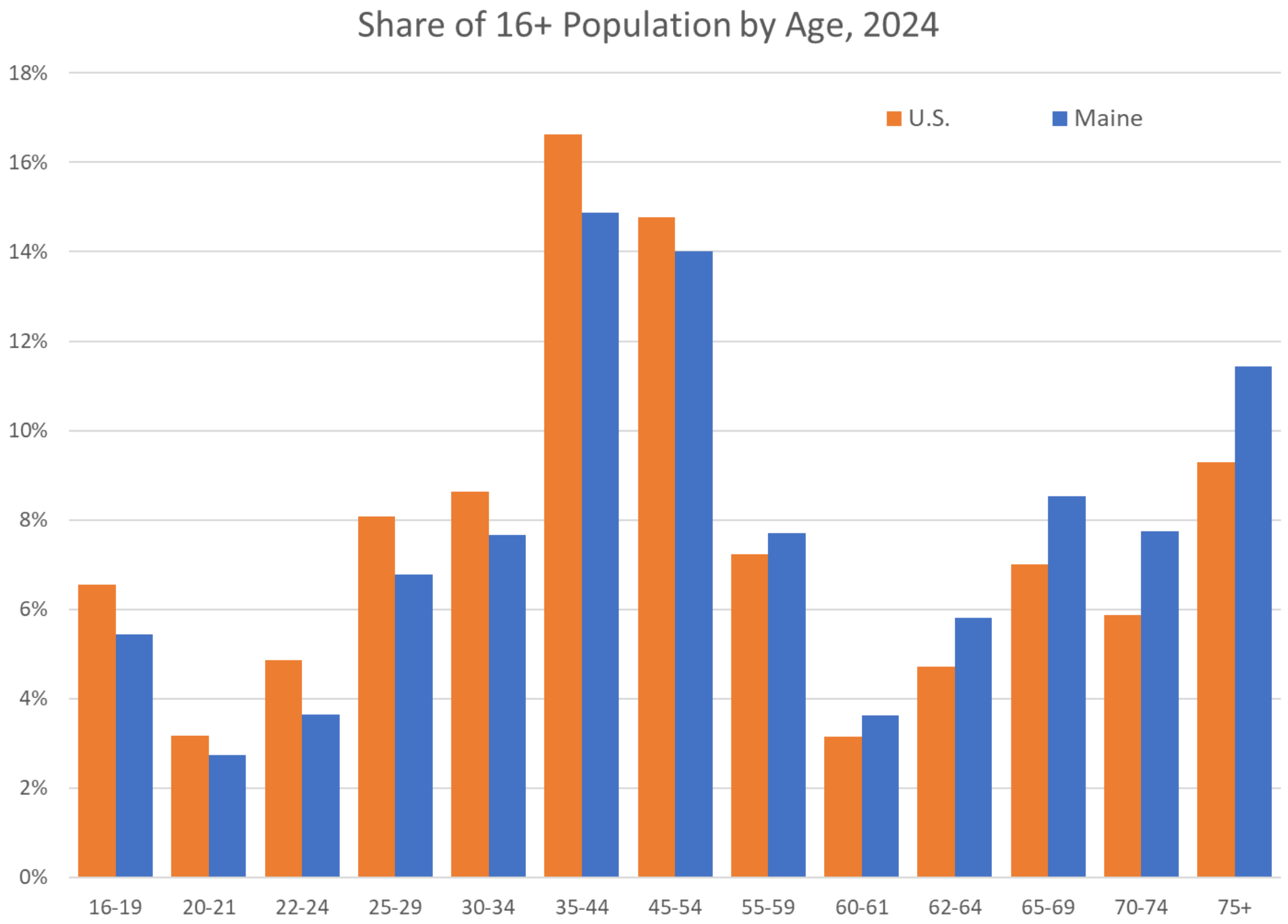


Median age of recent movers to Maine is 33 (domestic) and 29 (international)

Sources: U.S. Census Bureau, 2025 Population Estimates; 2024 American Community Survey 5-year Estimates



Source: U.S. Census Bureau 2024 American Community Survey 1-year estimates



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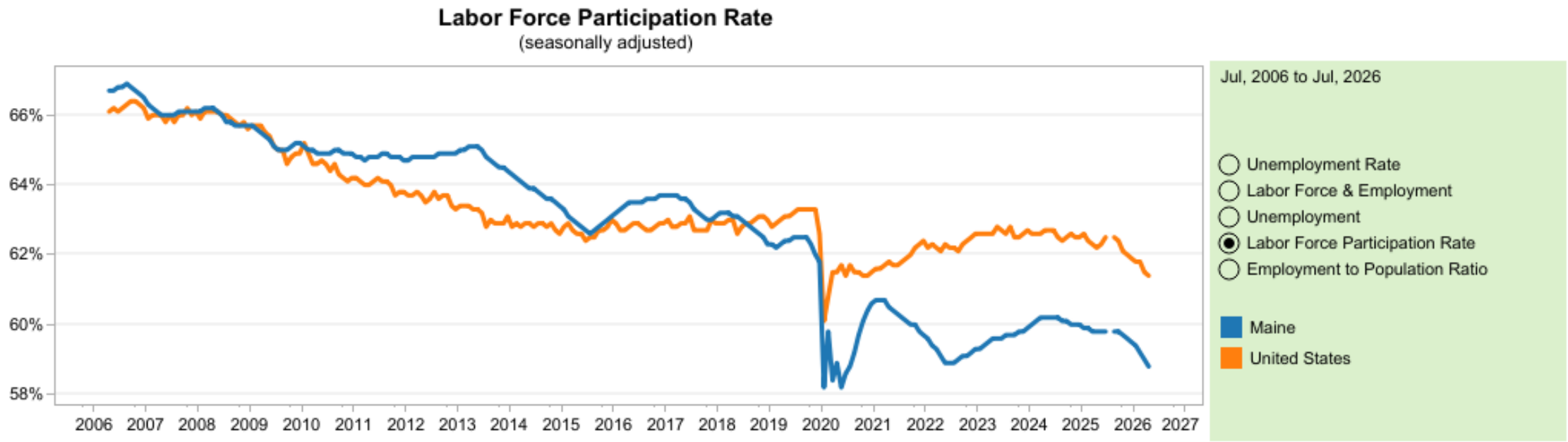


Source: Maine Department of Labor, Center for Workforce Research and Information

Maine's unemployment rate has been below 4.0% for 55 months as of July 2026 (3.1%), the longest stretch on record

County Rates (not seasonally adjusted)

July, 2026

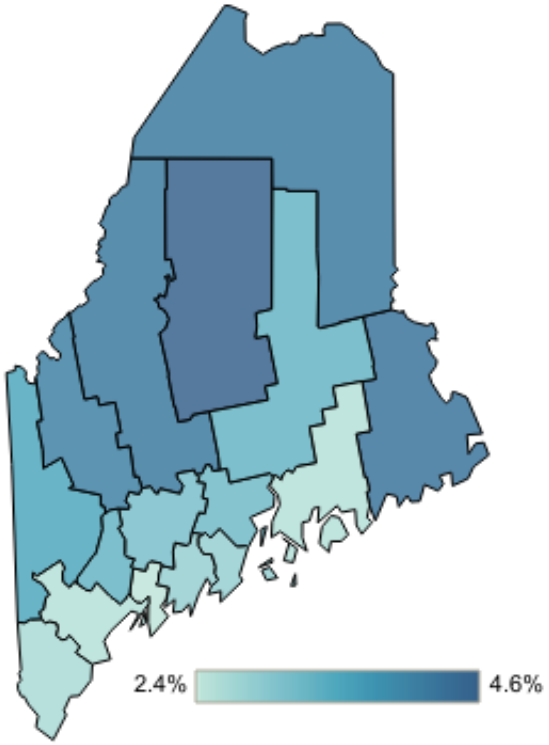
- (●) Table
- ( ) Graph

Map/Graph Display

- (●) Unemployment rate
- ( ) One-year change

County	Rate	Year ago	One-yr change
Maine	3.0%	3.0%	0.0
Androscoggin	3.3%	3.4%	-0.1
Aroostook	4.2%	4.3%	-0.1
Cumberland	2.5%	2.4%	0.1
Franklin	4.1%	3.8%	0.3
Hancock	2.5%	2.6%	-0.1
Kennebec	3.1%	3.0%	0.1
Knox	2.8%	3.0%	-0.2
Lincoln	2.8%	2.6%	0.2
Oxford	3.5%	3.5%	0.0
Penobscot	3.3%	3.5%	-0.2
Piscataquis	4.6%	4.2%	0.4
Sagadahoc	2.4%	2.4%	0.0
Somerset	4.2%	4.2%	0.0
Waldo	3.2%	3.4%	-0.2
Washington	4.3%	4.5%	-0.2
York	2.6%	2.6%	0.0

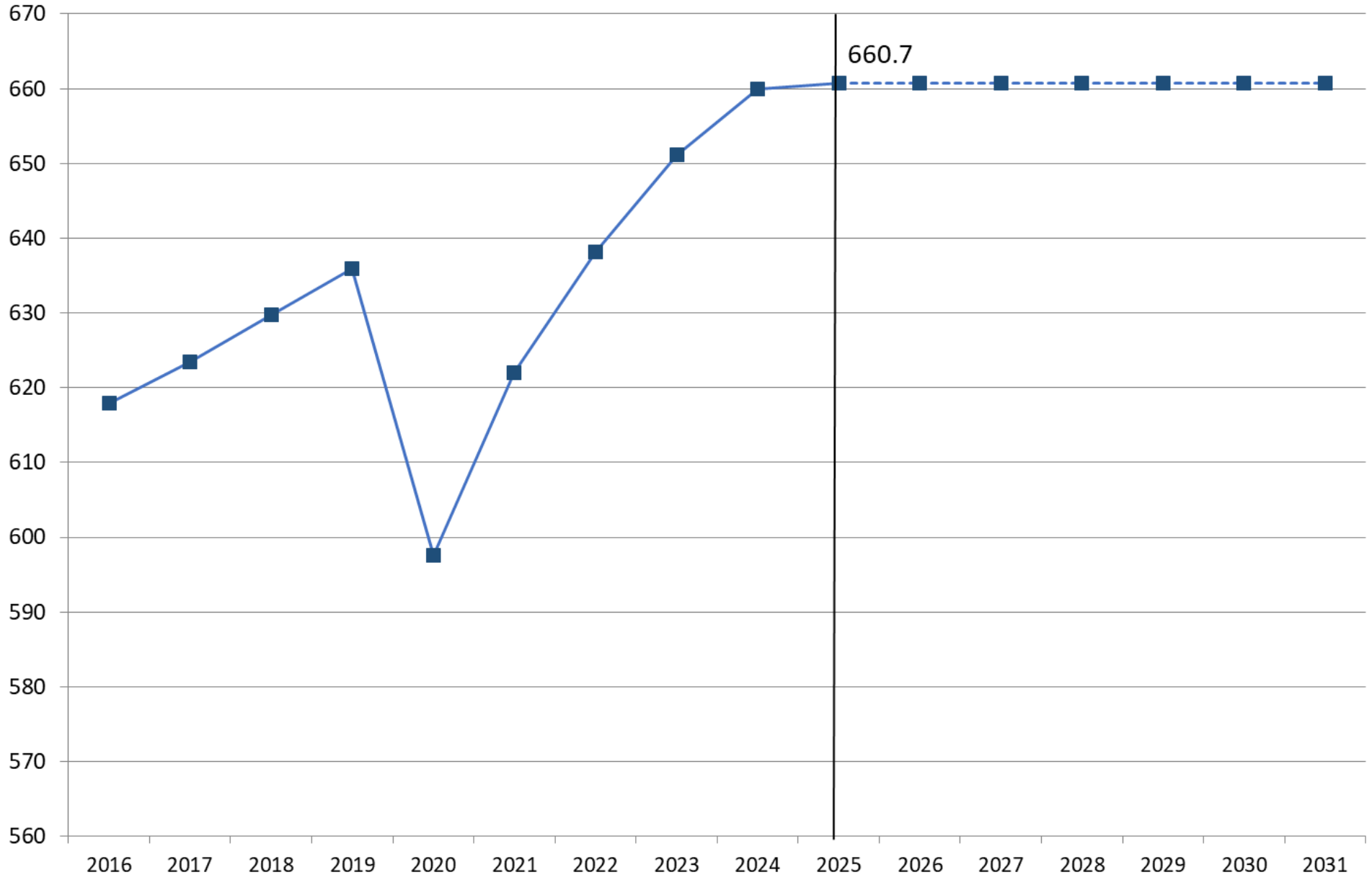
Unemployment rate



Maine Department of Labor, Center for Workforce Research and Information

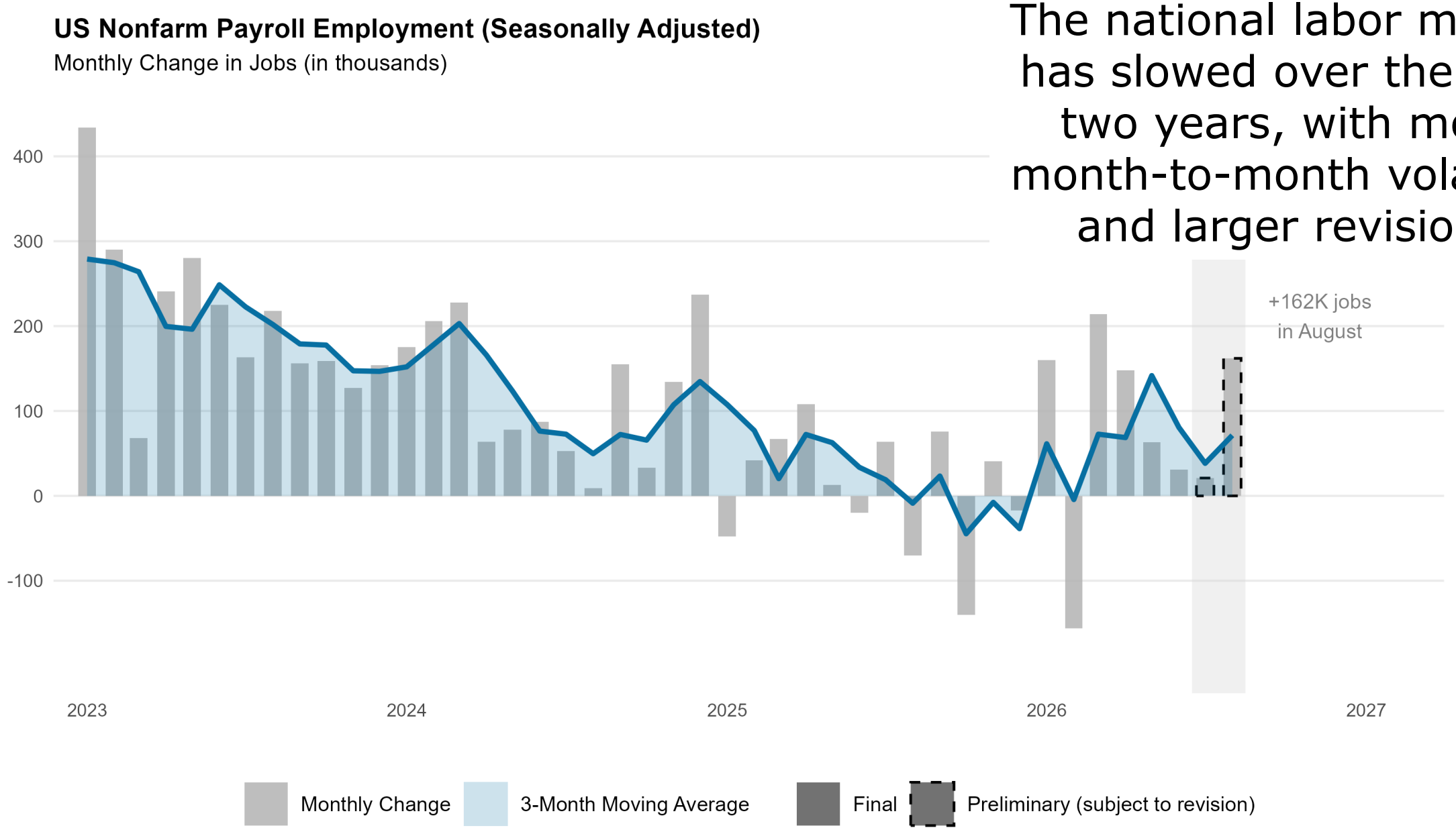
Employment and GDP

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



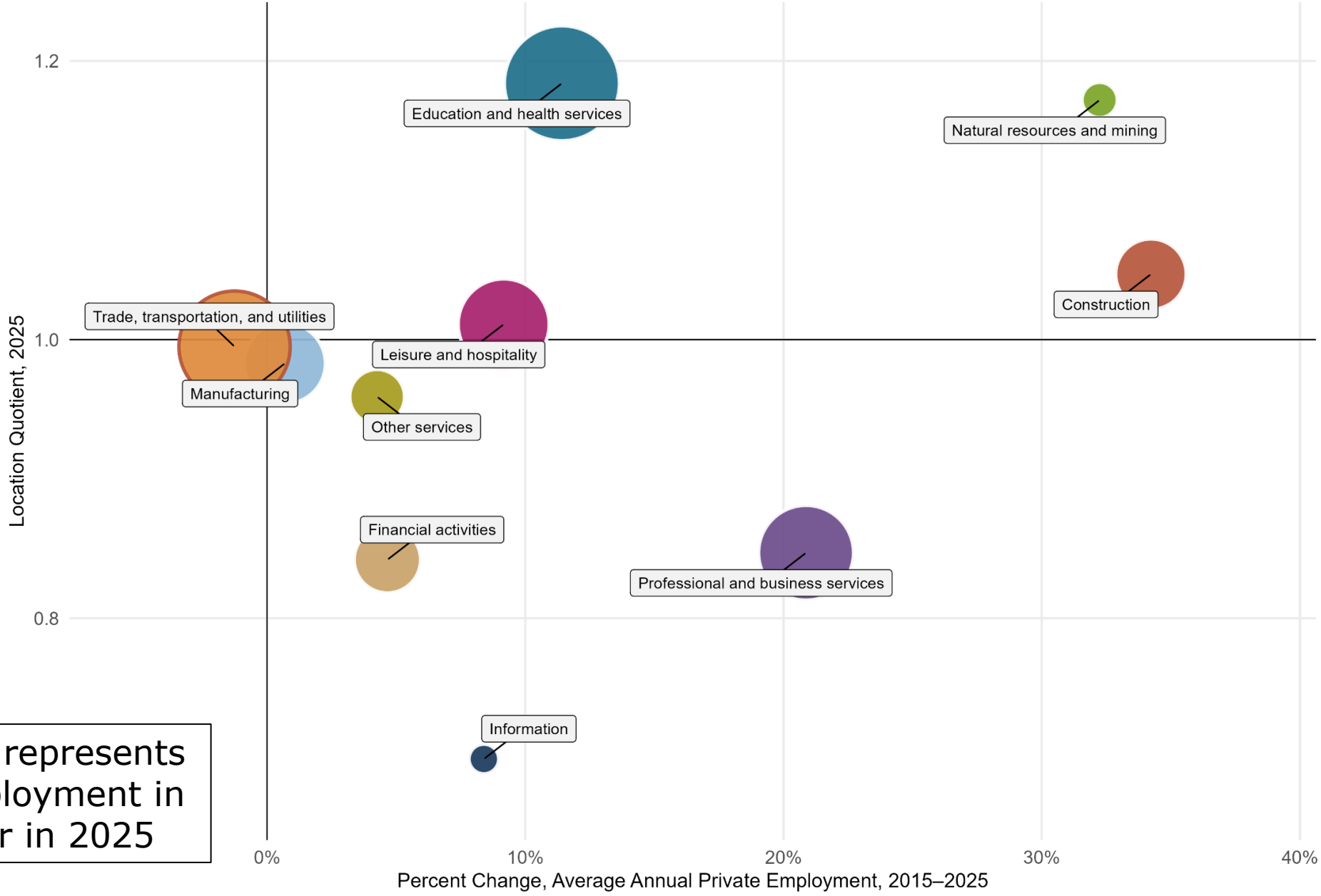
Sources: Maine Department of Labor and Consensus Economic Forecasting Commission report, Feb. 1, 2026

The national labor market has slowed over the past two years, with more month-to-month volatility and larger revisions



Source: U.S. Bureau of Labor Statistics
Dashed outline / shaded band = data not yet final; BLS revises the two most recent months in subsequent releases.

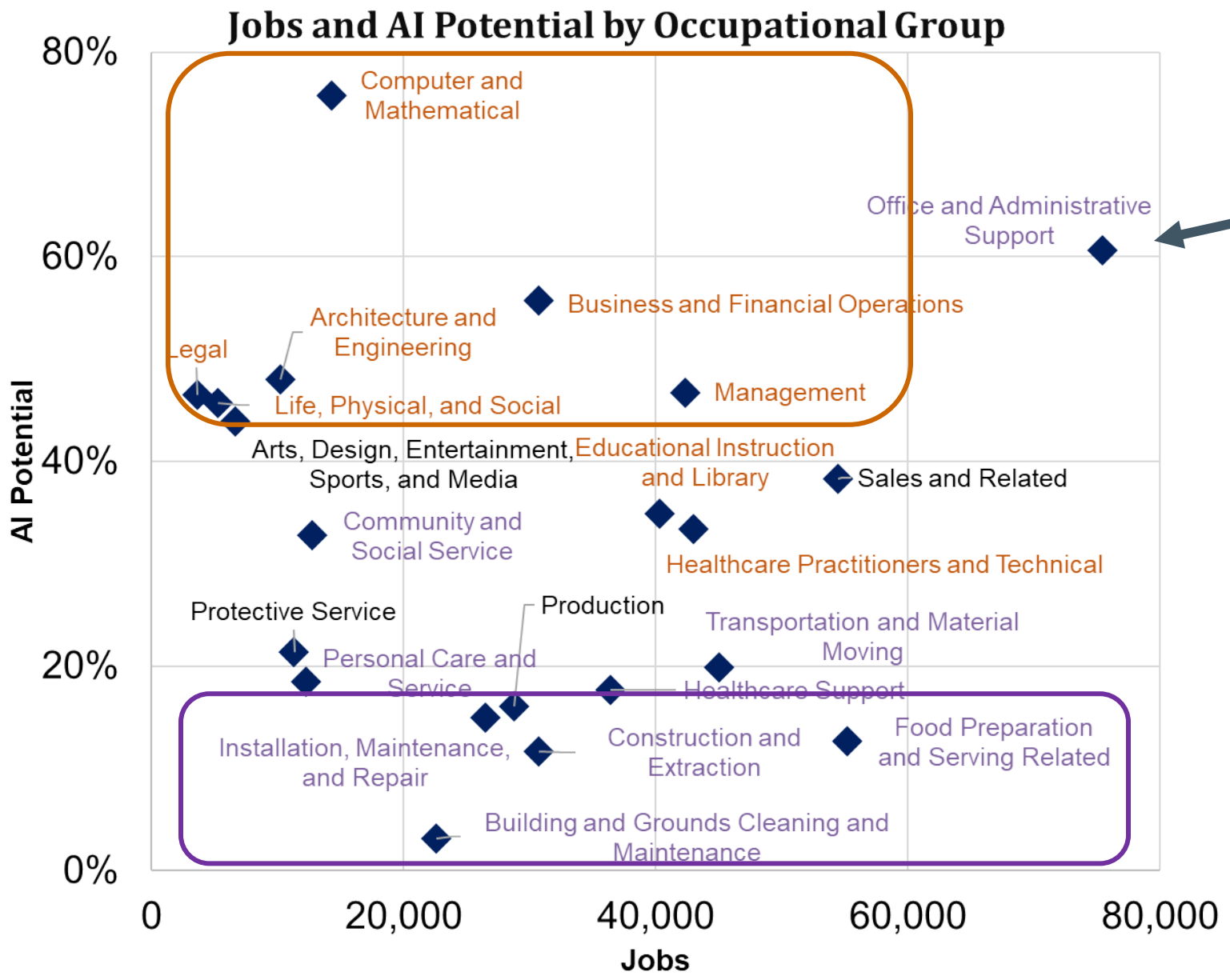
Maine Location Quotients for Private Industry Super Sectors, 2015-2025



Bubble size represents private employment in that sector in 2025

Outlined bubble (Trade, Transportation, and Utilities) is the only sector with a net employment decline over the period; all others grew.

Source: Maine Department of Labor; calculations by staff in Office of the State Economist



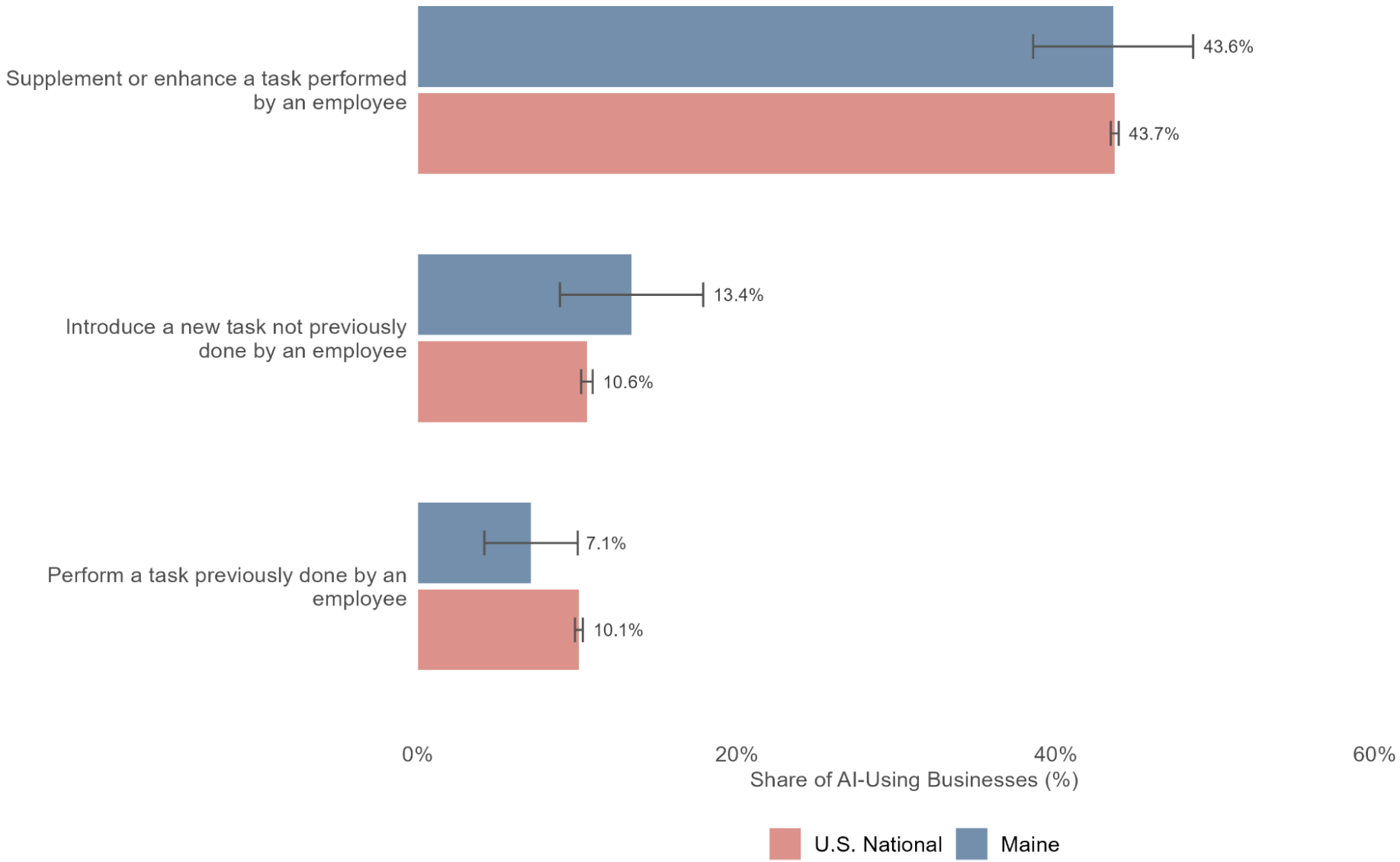
The most job impact is expected in administrative support jobs

Most jobs in these occupations require post-secondary education
Most jobs in these occupations do not require post-secondary education
Educational requirements in these occupations vary

Source: Center for Workforce Research and Information

How Is AI Being Used?

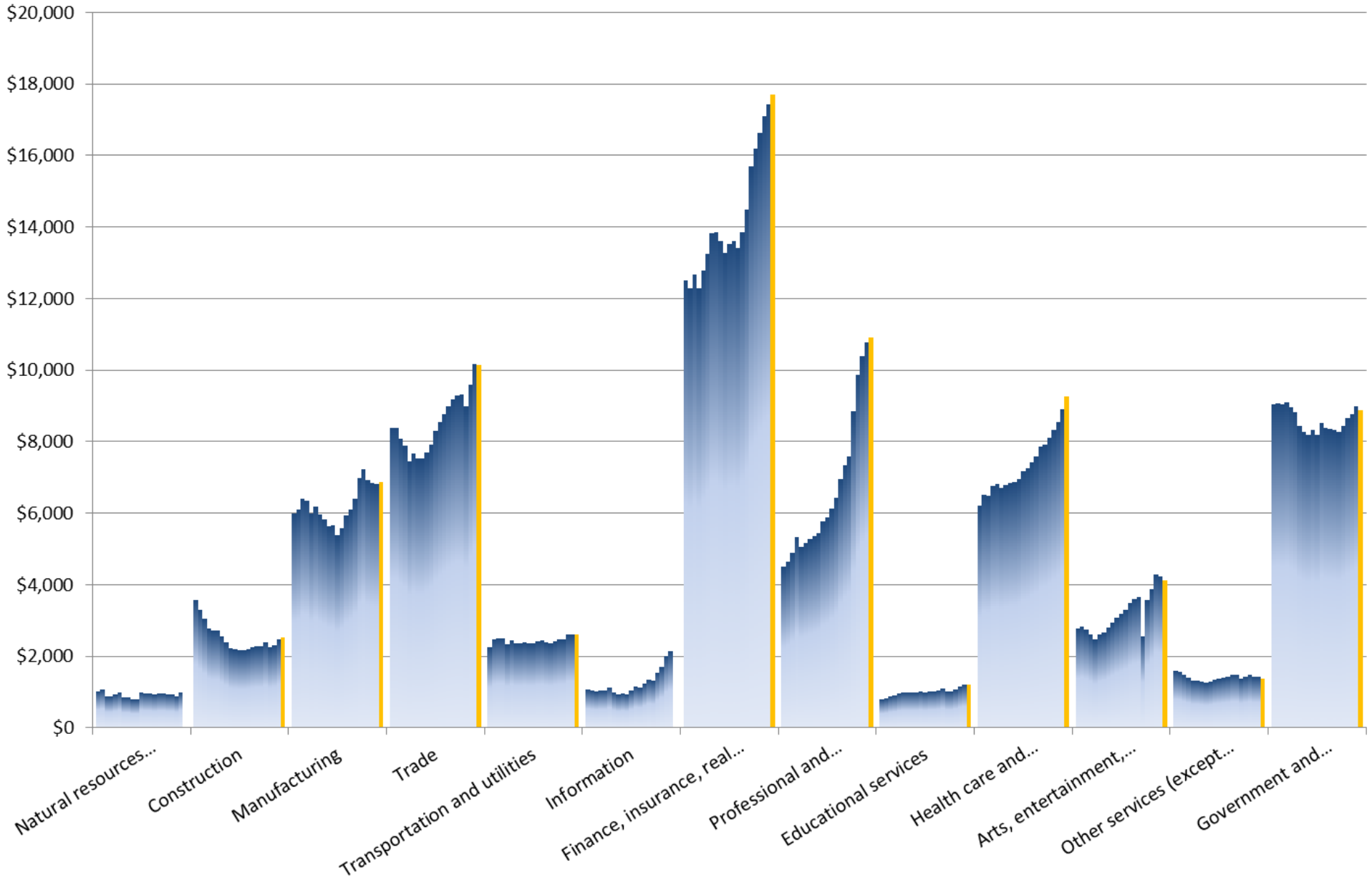
Among businesses currently using AI (Question 3)



Source: U.S. Census Bureau, BTOS AI Supplement (Nov 2025–Feb 2026). Error bars = 90% margin of error (±1.645 × SE). All employer businesses excl. farms. Weighted estimates.

Source: US Census Bureau, BTOS AI Supplement (Nov 2025-Feb 2026)

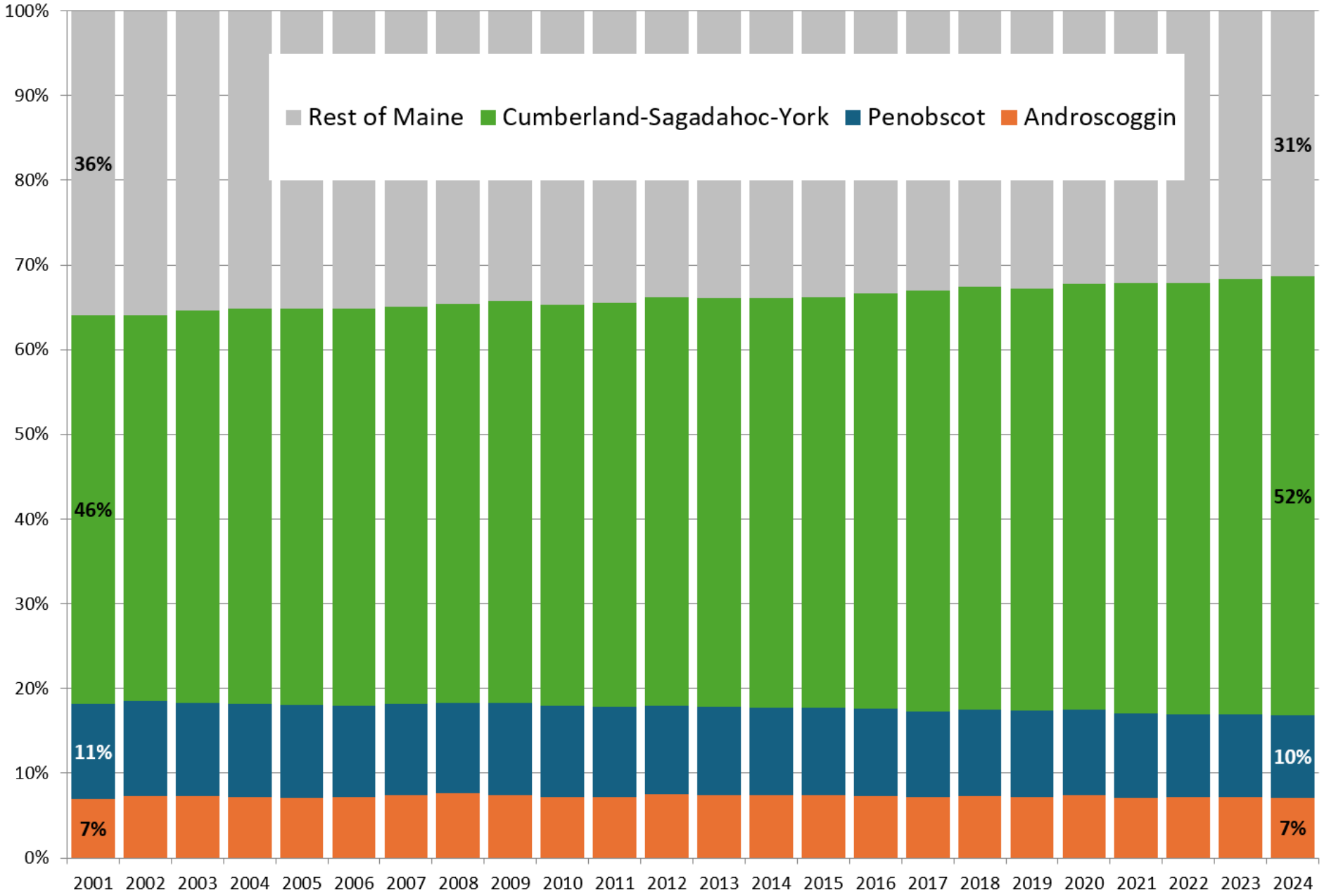
Maine Real GDP by Industry, 2005-2025
(in millions of chained 2017 dollars)



*2025 data for information and natural resources and mining are not shown to avoid disclosure of confidential information

Source: U.S. Bureau of Economic Analysis

Share of Maine GDP



Source: U.S. Bureau of Economic Analysis

Federal data availability challenges

- Policy and staffing changes
  - Some surveys eliminated (e.g. Food Security Supplement to CPS)
  - Commerce DAO 216-26: Disclosure Avoidance for Statistical Products

- Geographic detail or categorical detail may be limited
- Some data may be delayed (e.g. 1-year American Community Survey)

Wrapping up:

- Population growth in Maine comes from migration, which picked up during the pandemic but has been challenged by housing availability/affordability
- The national economy is reflected in Maine's economy, including labor/capital trends (e.g. AI)
- Uncertainty is elevated and a result of federal policy changes (immigration, tariffs, spending, military action, etc.), meaning we will face ongoing uncertainty through at least the next two years

Contact Information

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