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Critical Issues in Maine's Next Economic Era

Maine is in midst of economic sea change

Problems

- Loss of manufacturing jobs (base of many communities)
- Aging population
- Sprawling land use
- Unsustainable system of public finance

Opportunities

- Immigration of retirees & second home owners
- Opportunities for information/design intensive businesses
- Greater connections to rest of the world
 - Electronic
 - Air
 - Sea

Coastal access is part of a larger picture

PDI Maine's Economic Eras:

WE'VE GOT ANSWERS.

1. Colonial Mercantile Frontier (1600 to 1760's)
Fish & Timber, Extractive Skills
2. Residential Frontier (1760's to 1880's)
People & Domestic Technology
3. Industrial Frontier (1840's to 1970's)
Energy Sources, Industrial Technology & Assembly Skills
4. Creative Frontier (1980's to ???)
Imagination, Information Technology & Learning Skills

Changing Sources of Income (relative growth 1990 to 2003)

<u>Measure</u>	<u>ME/US ratio</u>
Personal Income	89%
Population	38%
Per capita personal income	110%
Earnings by place of work	76%
Earnings by place of residence	79%
Wage & salary employment	61%
Dividends, interest & rent	107%
Transfer payments	107%
Medical benefits	121%

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Rising Tax Burden

<u>Measure</u>	<u>(% change 1992 to 2002)</u>
Population	5%
School enrollment	-3%
Consumer Price Index	28%
State & Local Spending on:	
•Environment & housing	45%
•Public Safety	54%
•Education	54%
•Transportation	63%
•Social Services	87%
•Administration	100%
•Interest	17%

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Rising Home Prices

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Median Home Prices

<u>Area</u>	<u>1999</u>	<u>2005</u>
• Boston MSA	\$290,000	\$398,000
• Portland MSA	\$130,000	\$243,000
• differential	\$160,000	\$155,000

Number of Homeowners by age (2000 Census)

<u>Age Category</u>	<u>Boston MSA</u>	<u>Portland MSA</u>
• 45 to 54 years	333,293	16,804
• 55 to 64 years	220,050	9,985
• 65 to 74 years	168,159	7,558

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Sharpening Social Divisions

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<u>Measure</u>	<u>Service Centers*</u>	<u>Coastal Towns**</u>
• Median Age	37	45
• % under 18	24%	20%
• % 65+	15%	19%
• Median Income	\$40,100	\$48,700

*Service Center towns = Kittery, Sanford, Saco, Biddeford

** Coastal towns = York, Ogunquit, Kennebunk, Kennebunkport, Old Orchard Beach, Wells

Changing Source of Population Growth, 2000-2005

<u>Measure</u>	<u>York County</u>	<u>Cumberland County</u>
• Natural Increase	2,600	3,200
• Domestic Immigration	12,700	4,400
• International Immigration	460	2,100

Patterns of Growth

Rural Areas

P.C. Income, 2003 = \$28,800

Income Growth, 1992-2003 = 54%

Natural Increase, 2000-2004 = -11,400

Net Migration, 2000-2004 = 8,800

Suburban Borderline

P.C. Income, 2003 = \$31,600

Income Growth, 1992-2003 = 72%

Natural Increase, 2000-2004 = 19,400

Net Migration, 2000-2004 = 57,900

Satellite Centers

P.C. Income, 2003 = \$35,100

Income Growth, 1992-2003 = 85%

Natural Increase, 2000-2004 = 35,200

Net Migration, 2000-2004 = 41,400

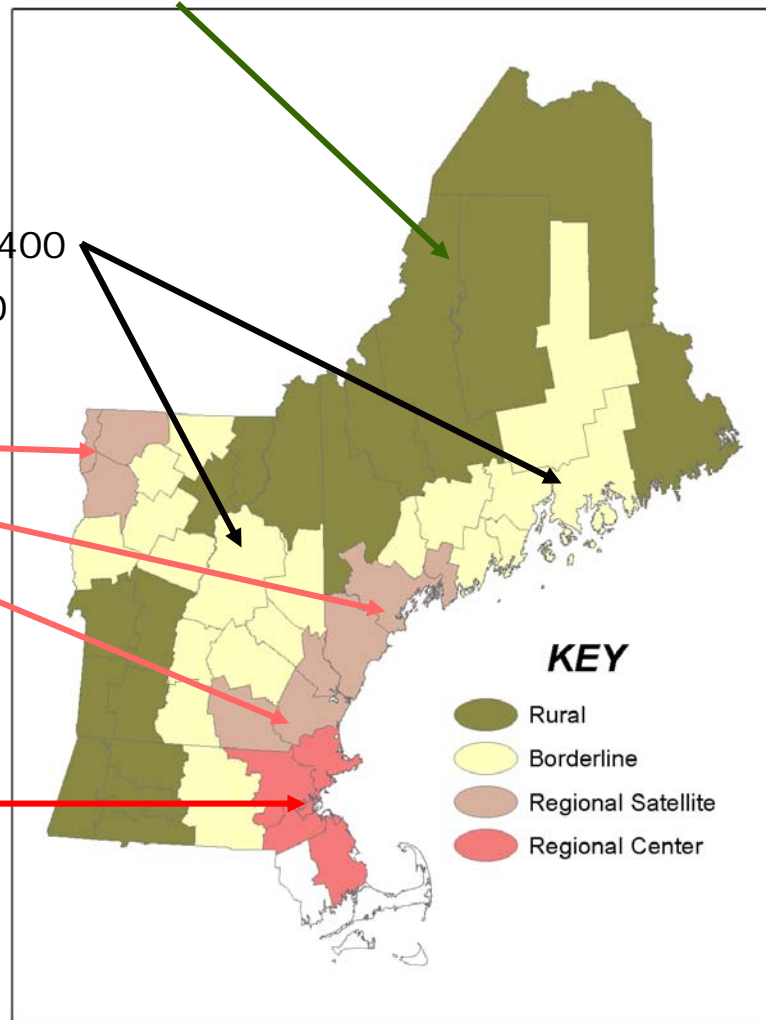
Regional Center (Greater Boston)

P.C. Income, 2003 = \$43,800

Income Growth, 1992-2003 = 73%

Natural Increase, 2000-2004 = 25,400

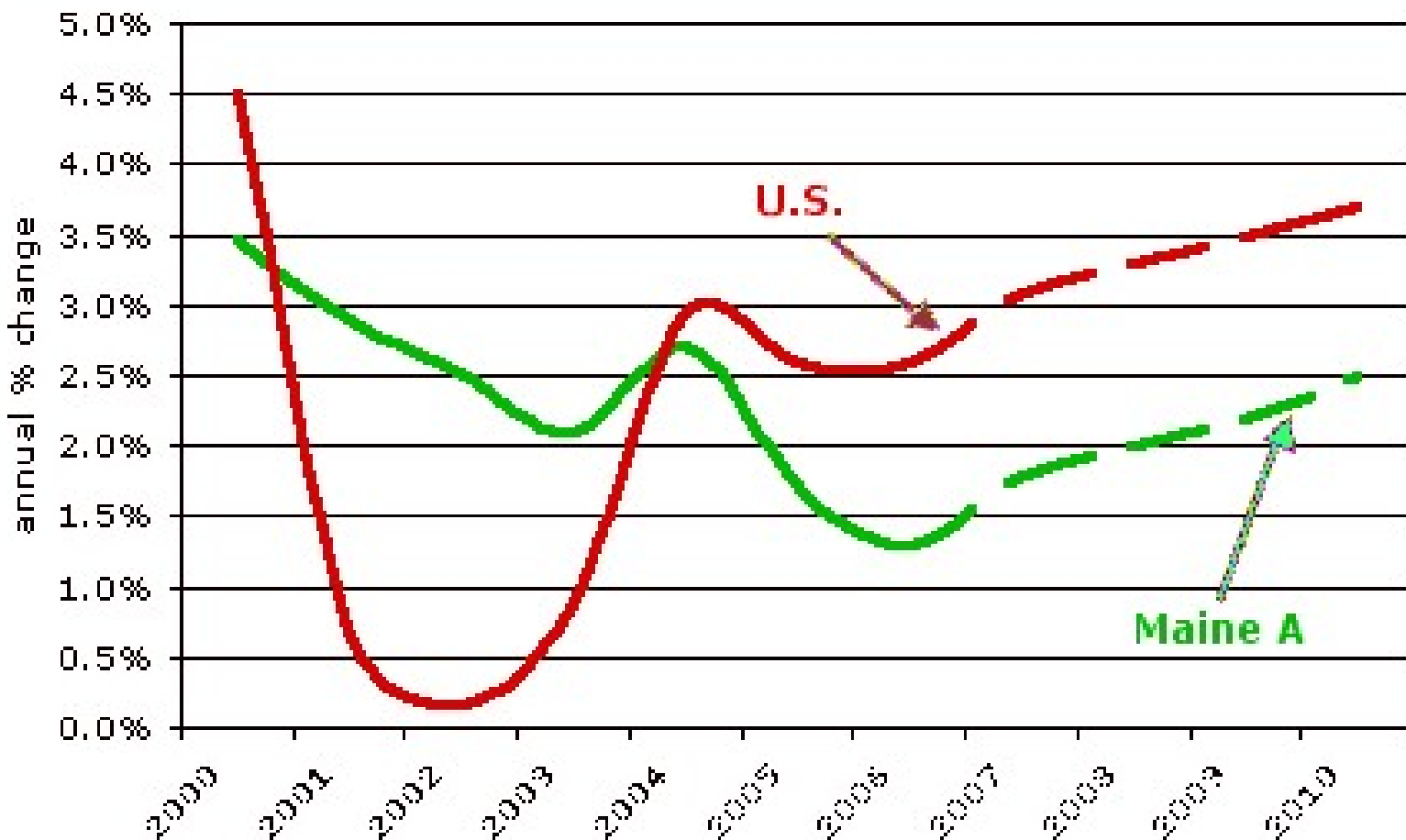
Net Migration, 2000-2004 = -72,500



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Relative Income Growth, Maine & U.S.



PDI Maine's Economic Choices:

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- A. Make no changes; let current trends continue
- Loss of traditional jobs/emigration/rural life
 - Rising value of waterfront property
 - Rising tax burden/social conflict
- B. Make a bi-partisan, long-term commitment
- Serious spending/regulatory reform
 - Serious tax reform
 - Major investment in education/training & business attraction

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Impact on Coastal Access

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- Continuing pressure on traditional uses.
- Diminishing will and ability to fund acquisitions.
- Movement from land acquisition toward demand management:
 - Increased parking fees/remote parking;
 - Public transportation;
 - Changed downtown zoning;
 - Resource Management & Local Markets;
 - Destination Tourism;
 - Entrepreneurial Small Cities & Villages.

GOT QUESTIONS?

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Questions & Discussion

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