

Maine's Economic Outlook: Implications for Real Estate

Presentation to:
Maine Real Estate & Development Association
2010 Annual Real Estate Forecast Conference

January 28, 2010

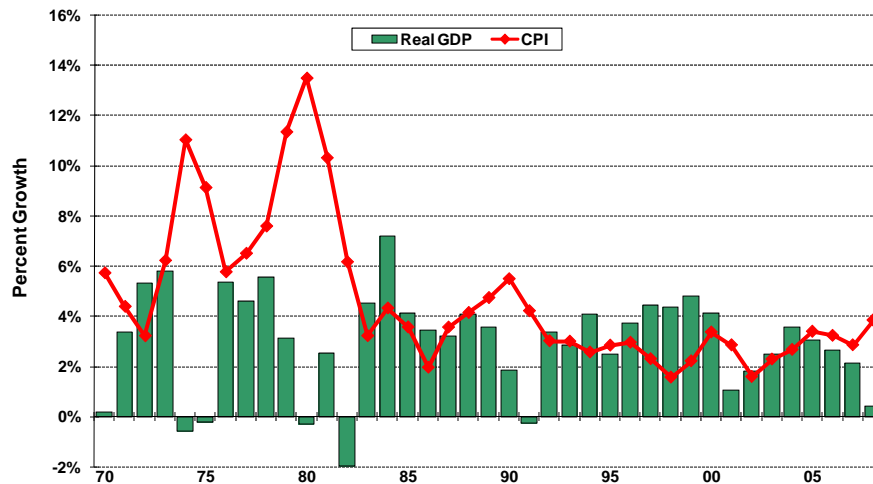
Laurie Lachance
President
Maine Development Foundation

Charles Colgan
Professor of Public Policy & Management
Muskie School of Public Service

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Muskie School of Public Service

US Real Gross Domestic Product and Consumer Price Index 1970-2008

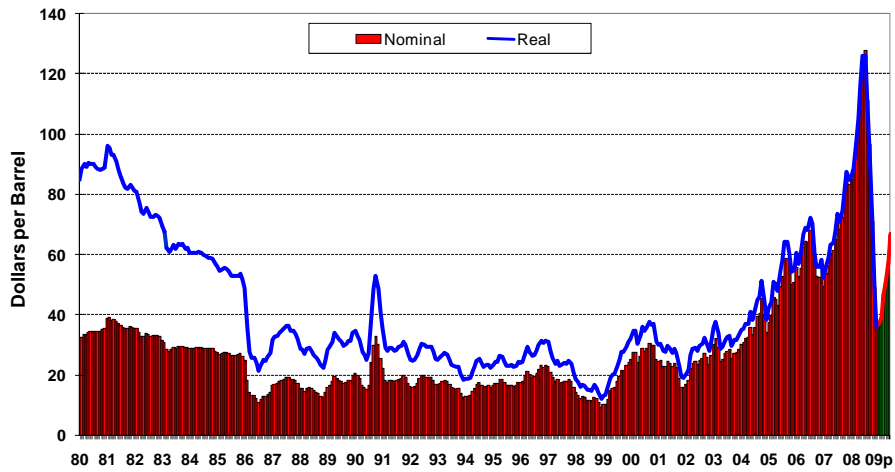


Source: Bureau of Economic Analysis, Bureau of Labor Statistics.

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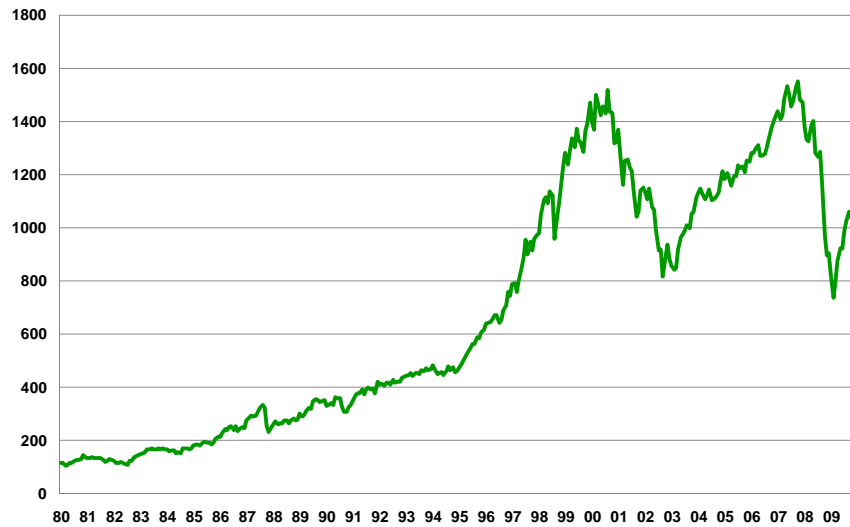
Crude Oil Prices U.S. Average Real¹ and Nominal Prices Monthly, January 1980-June 2009



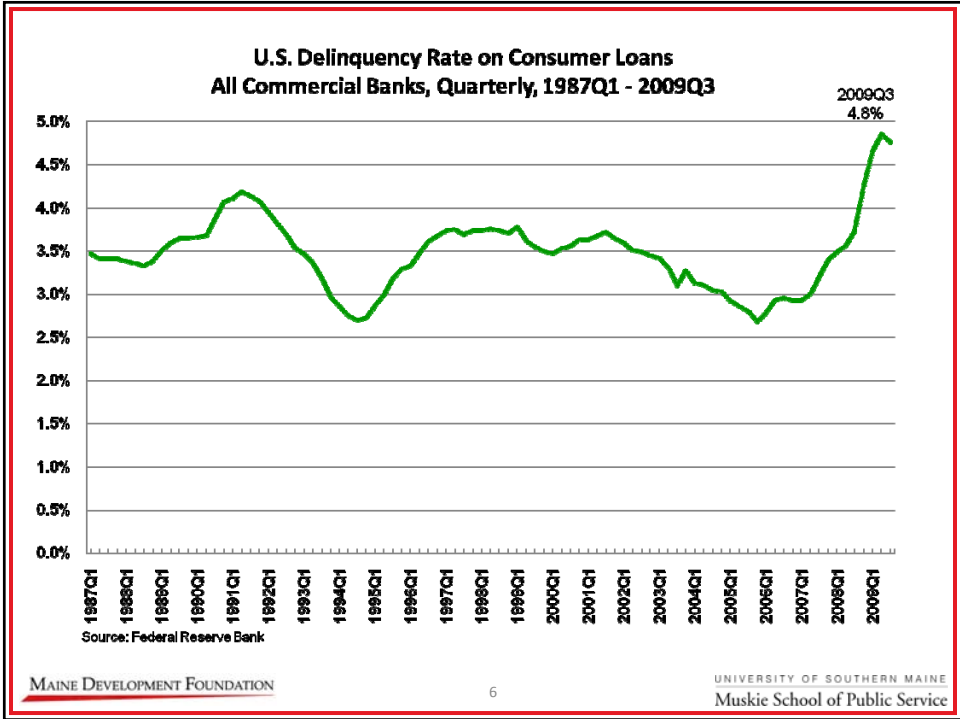
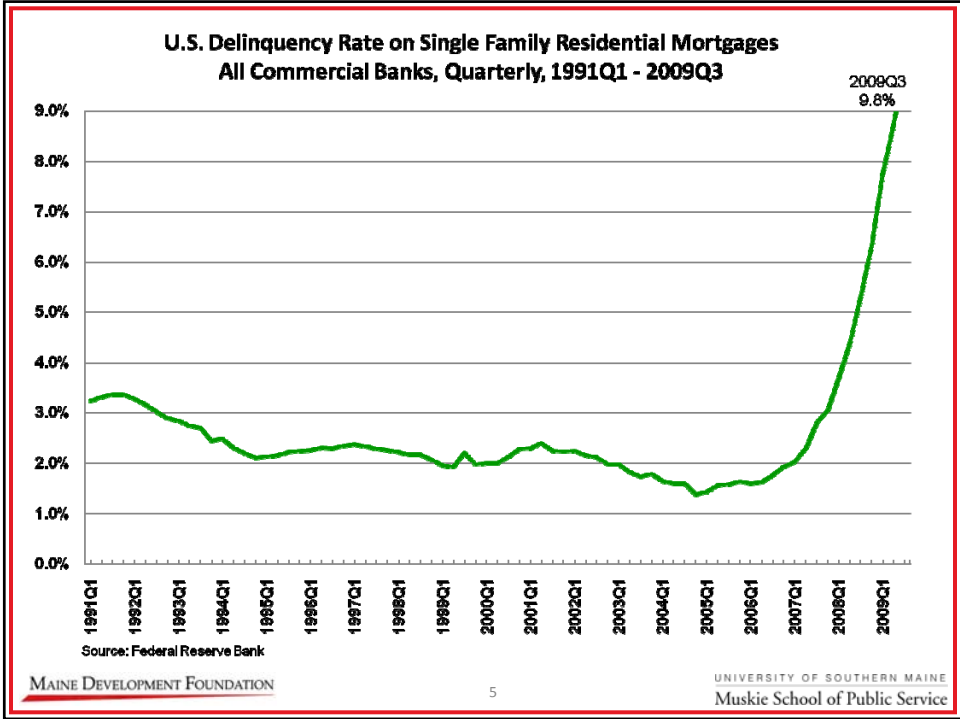
¹ In chained (2009) dollars, calculated by using gross domestic product implicit price deflators. 2009 data points are projections.

Source: Energy Information Administration.

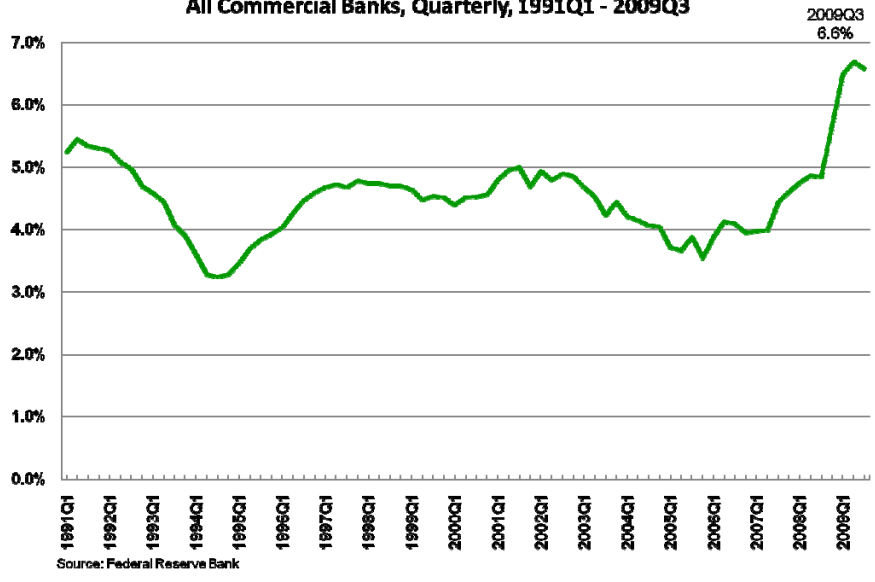
S&P 500 INDEX, Adjusted Closing Index Monthly, January 1980-October 2009



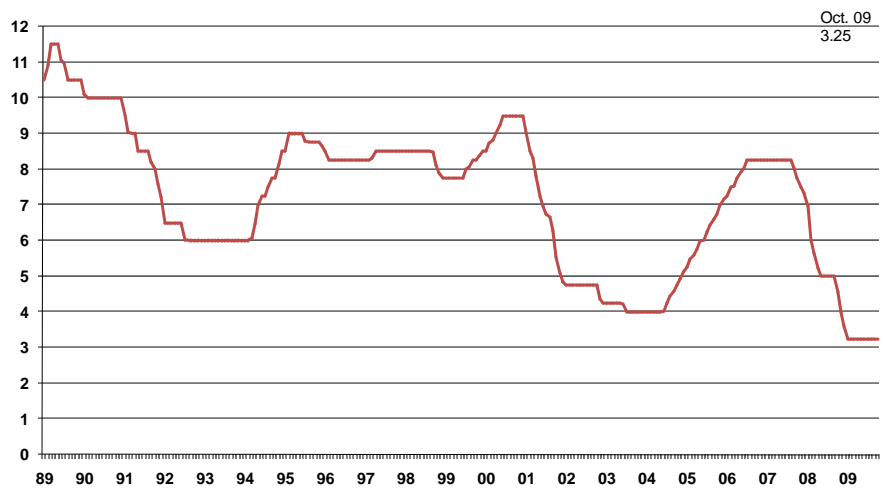
Source: MSN Money Central



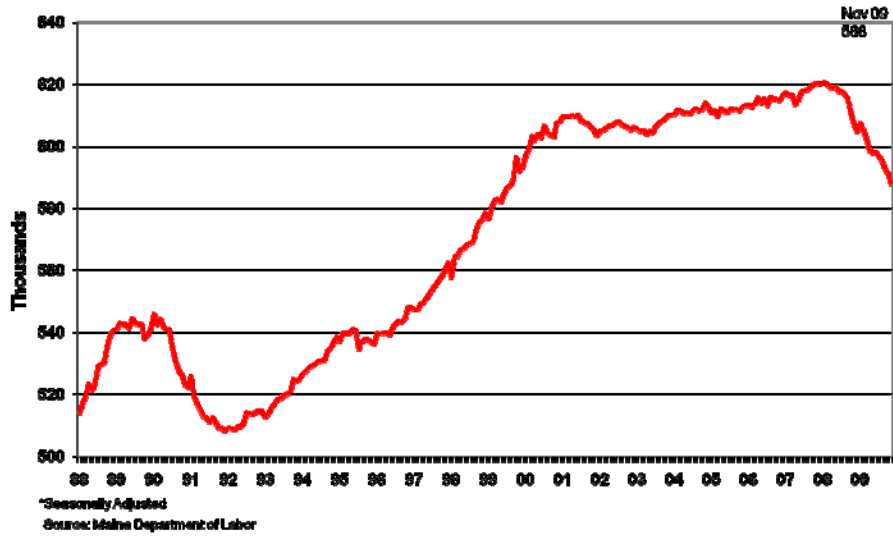
**U.S. Delinquency Rate on Credit Card Loans
All Commercial Banks, Quarterly, 1991Q1 - 2009Q3**



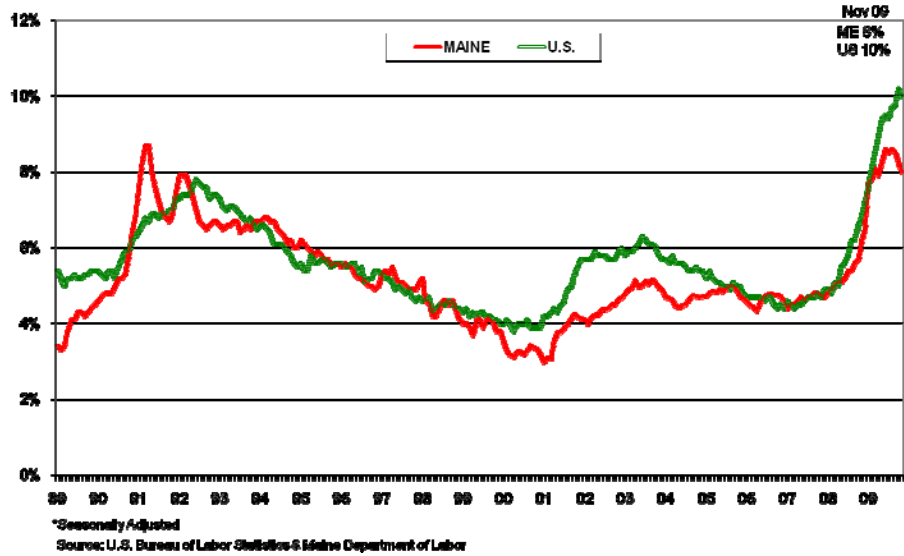
Prime Rate; Average of U.S. Banks 1989- Present



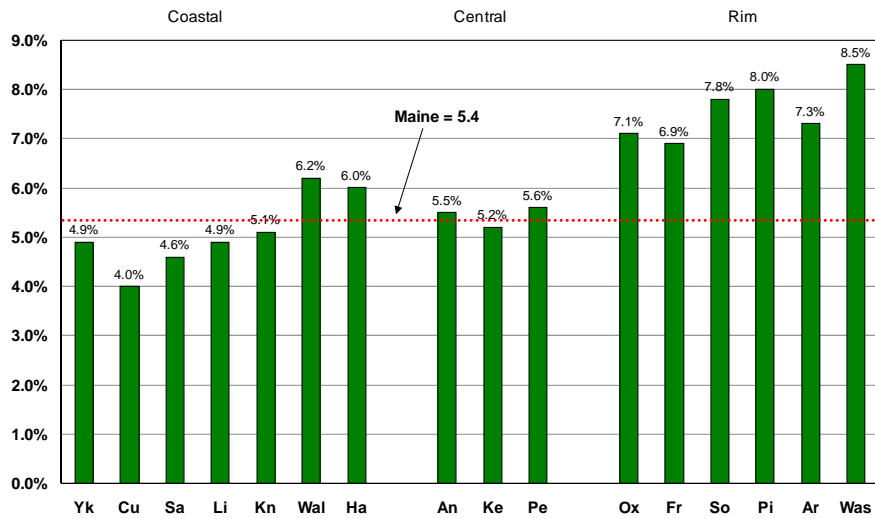
Maine Wage and Salary Employment* (Monthly) January 1988 - October 2009



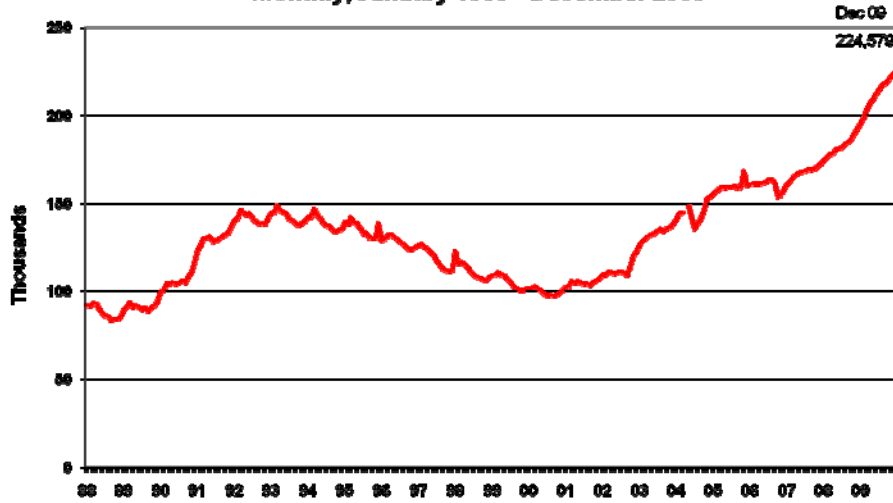
Unemployment Rates, Maine and U.S.* (Monthly) January 1989 - November 2009



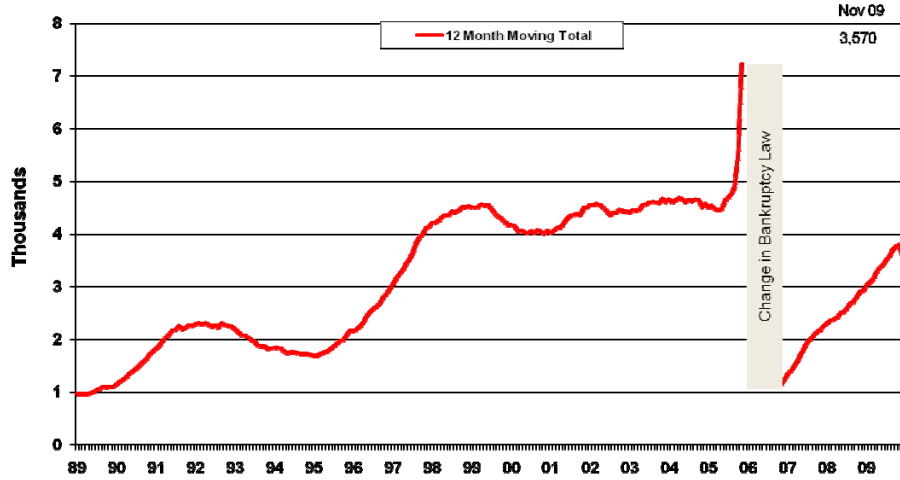
2008 Unemployment Rate by Maine County



Maine People on the Supplemental Nutrition Assistance Program Monthly, January 1988 - December 2009

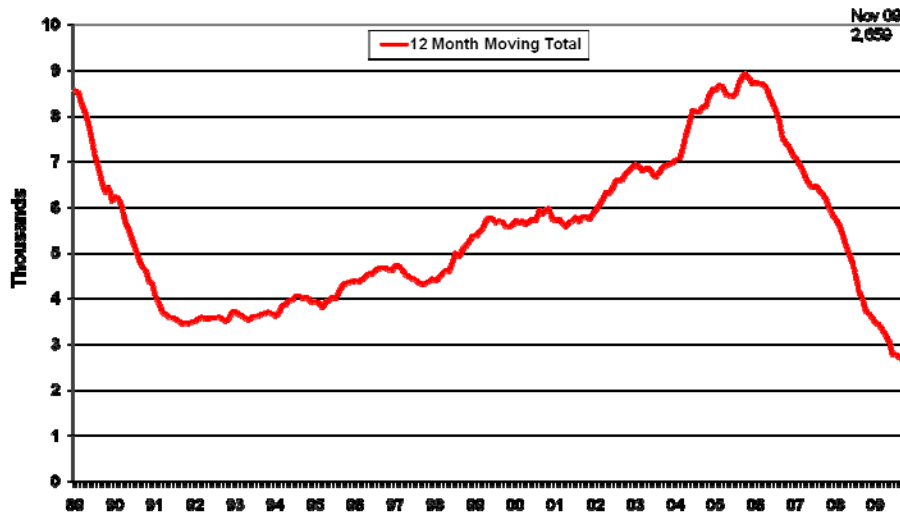


Maine Bankruptcy Filings January 1989 - November 2009



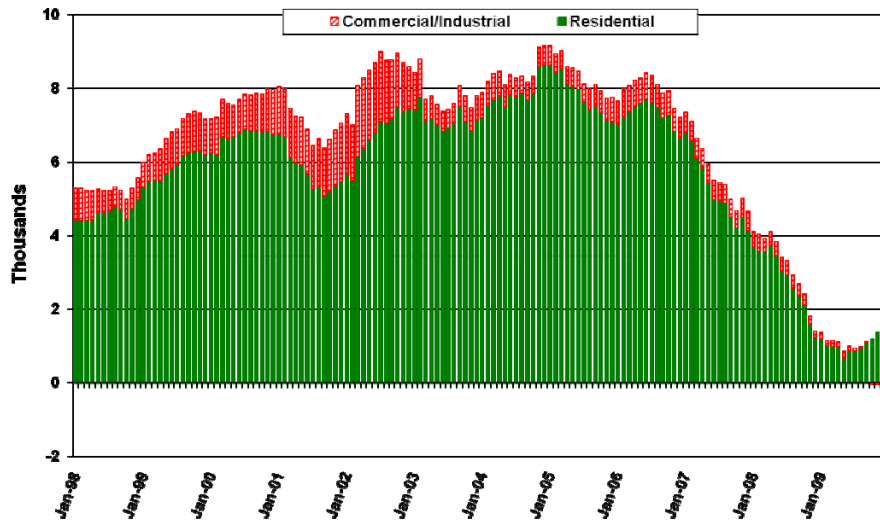
Note: The bankruptcy laws in Maine changed beginning with Interim rules on October 17, 2005, with the complete set of Interim rules, with amendments, released on October 1, 2006. For more information go to <http://www.uscourts.gov/rules/interim.html>
Source: U.S. Bankruptcy Court

New Privately Owned Housing Units Authorized in Maine January 1989 - November 2009



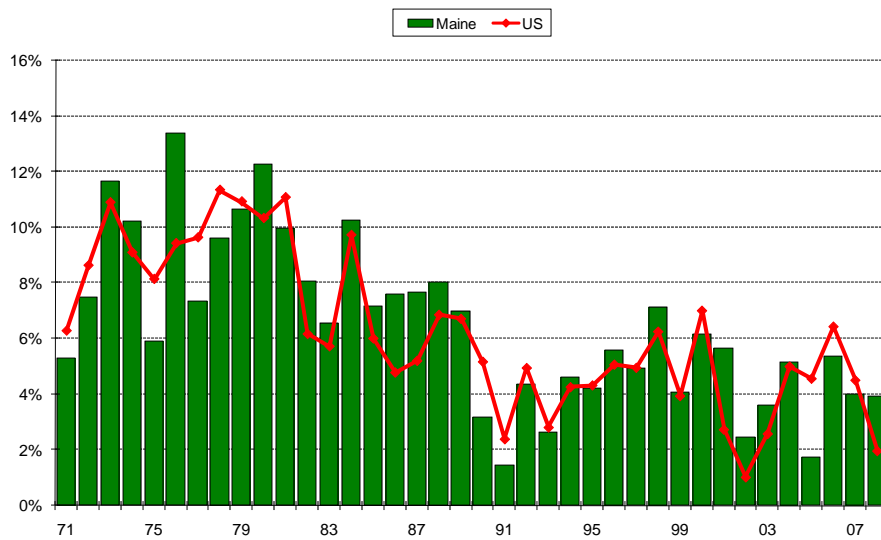
Source: U.S. Bureau of the Census

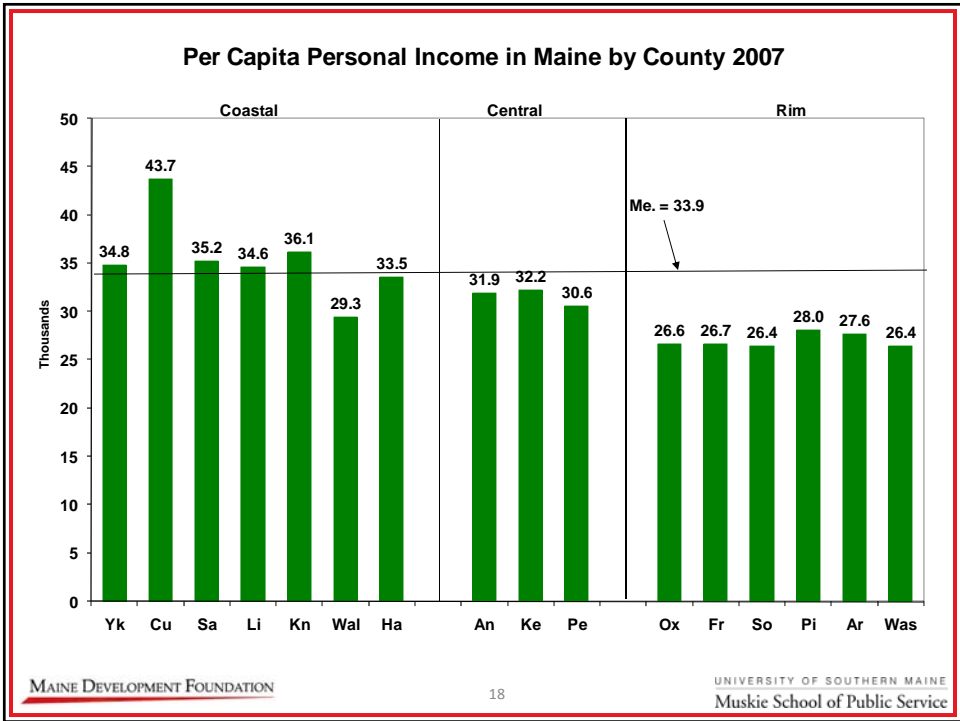
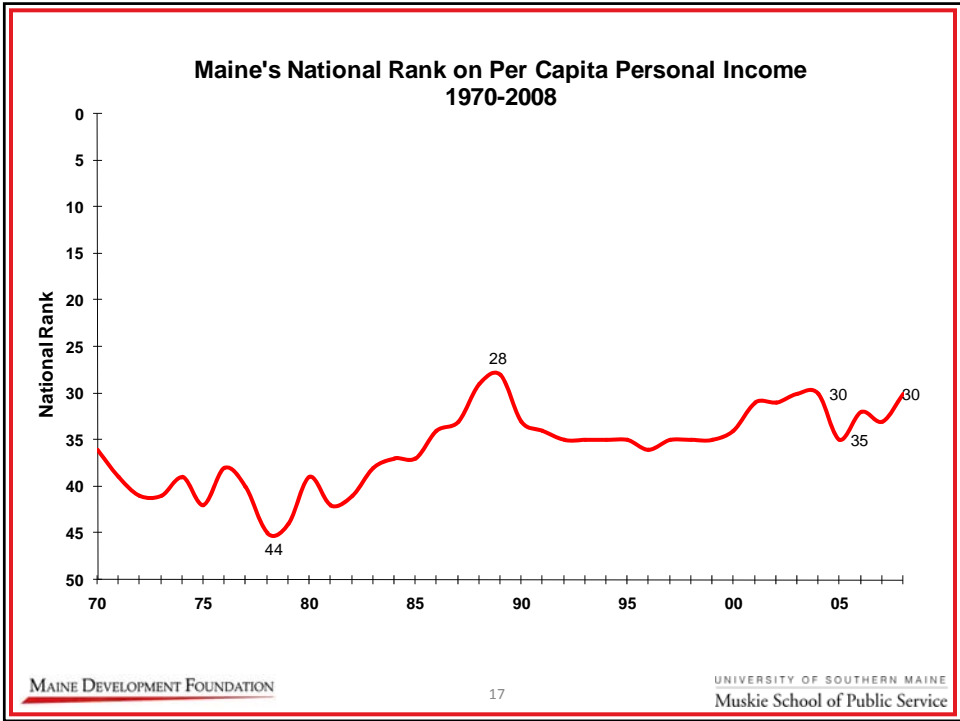
Central Maine Power Annual Gain in Customers Monthly, January 1998 - December 2009



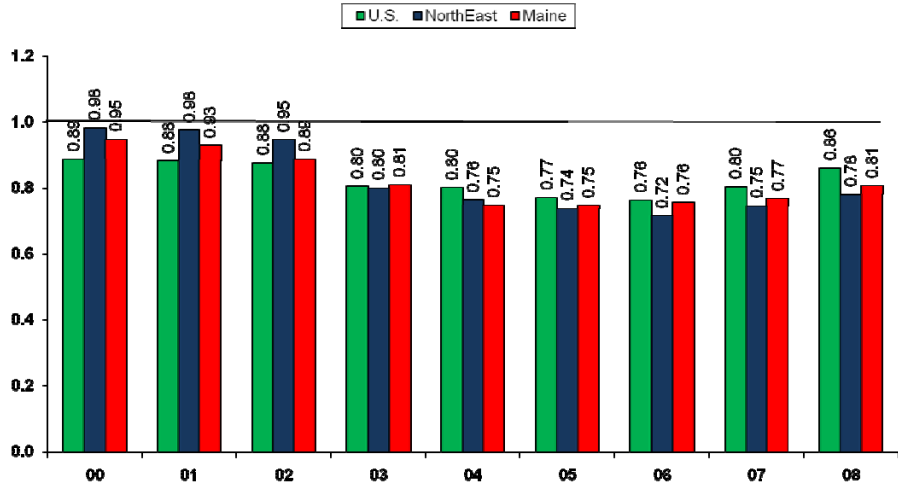
Source: Central Maine Power Company

Per Capita Personal Income Growth Maine & US 1970-2008

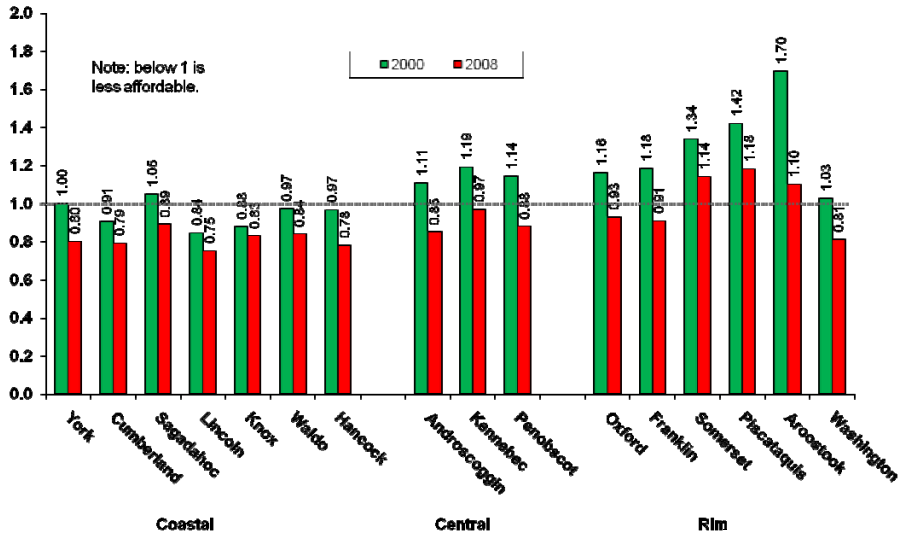




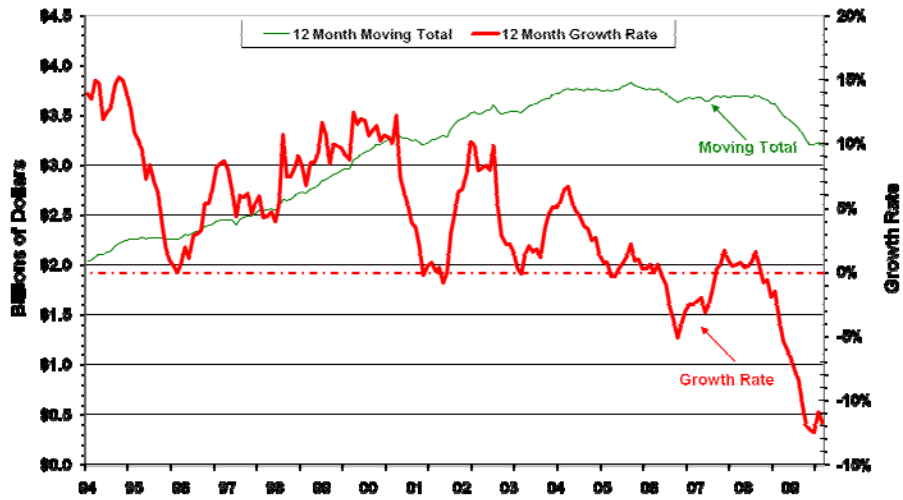
Maine's Housing Affordability Index by Year (weighted owner/renter) 2000-2008



Maine's Housing Affordability Index by County (weighted average) 2000 vs. 2008

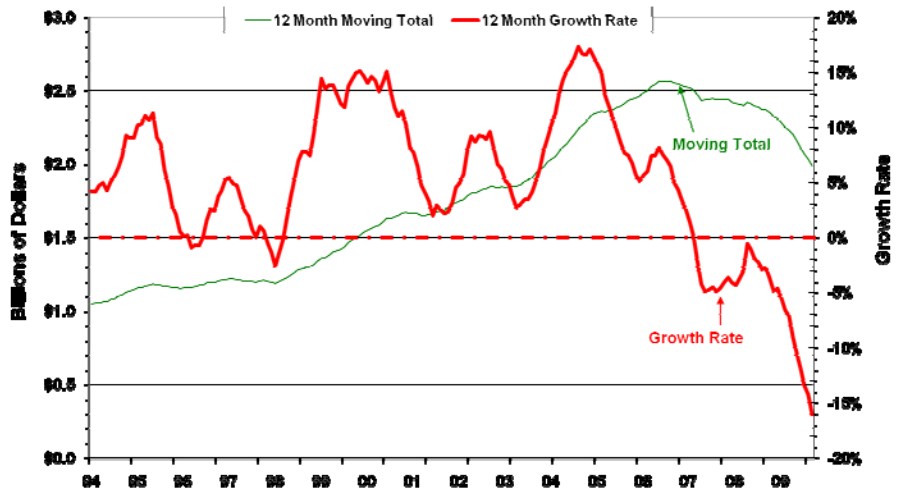


Maine Auto/Transportation Taxable Sales January 1994 - September 2009

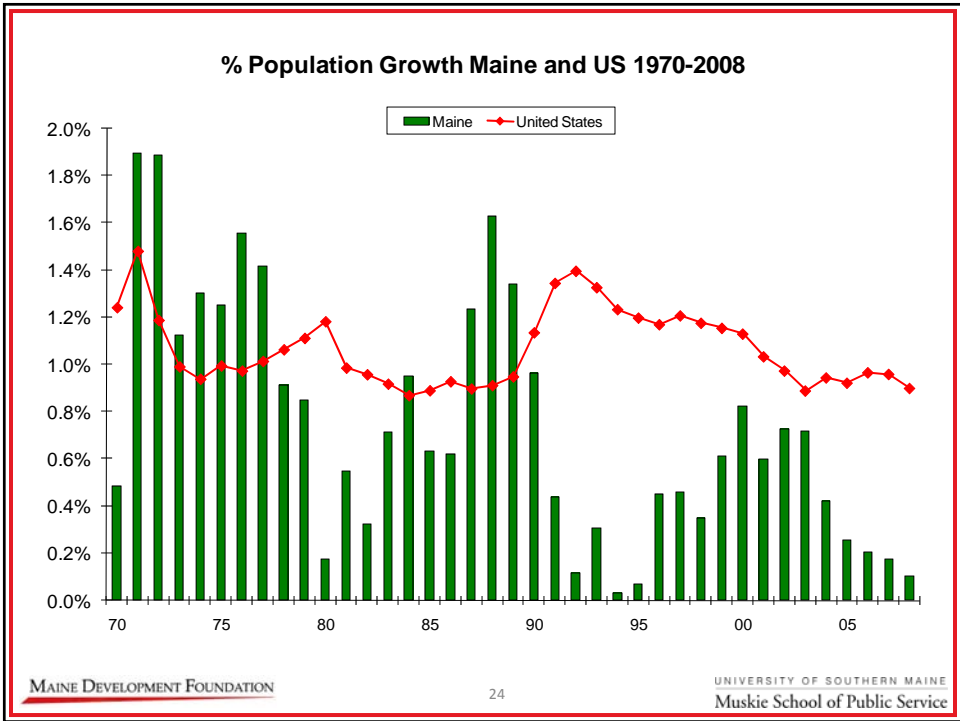
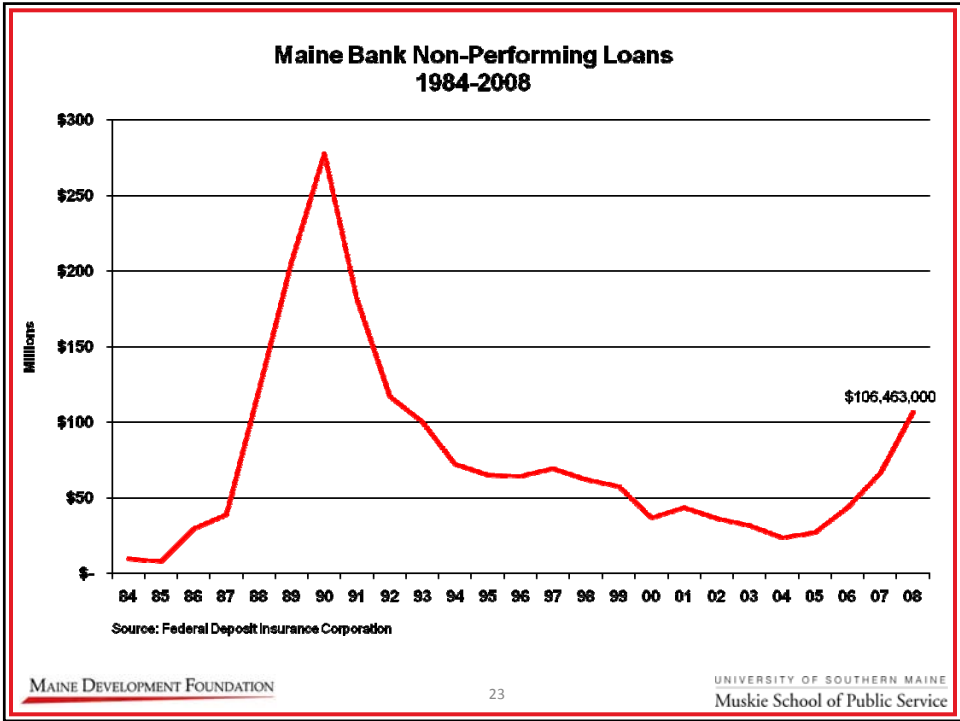


Source: Maine Revenue Services Economic Research Division

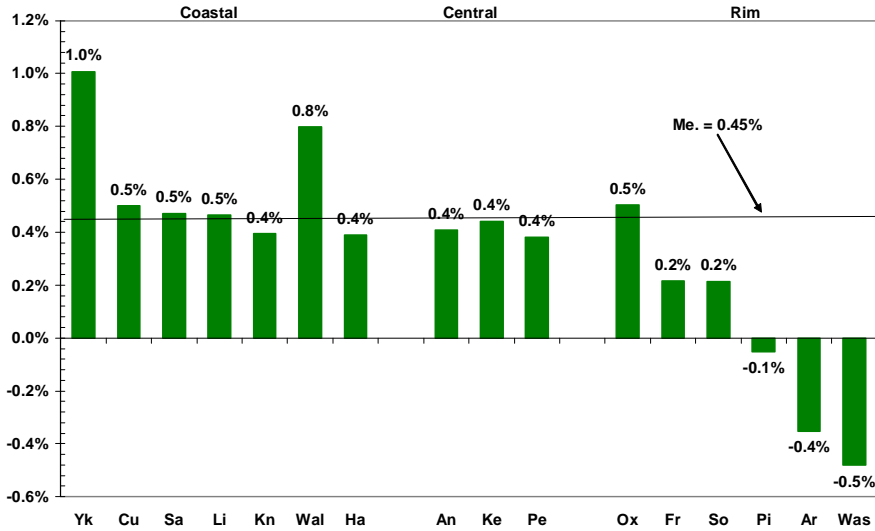
Maine Building Supply Taxable Sales January 1994 - September 2009



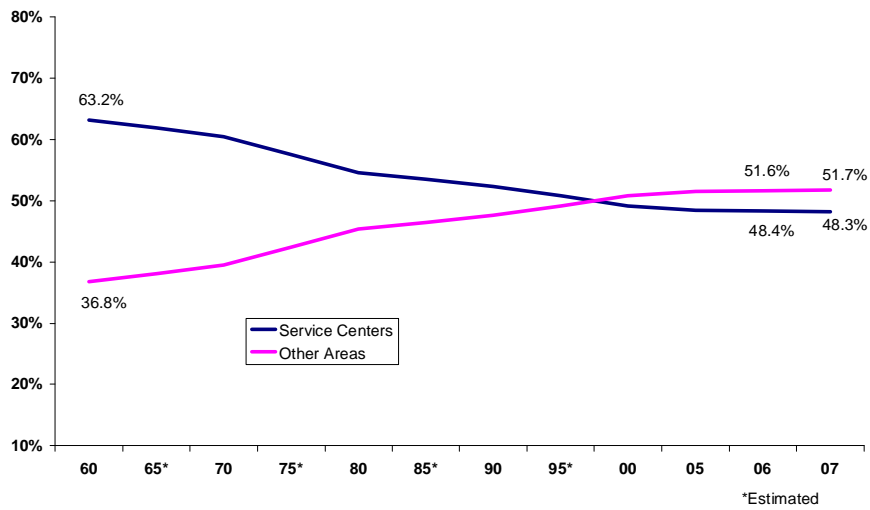
Source: Maine Revenue Services Economic Research Division

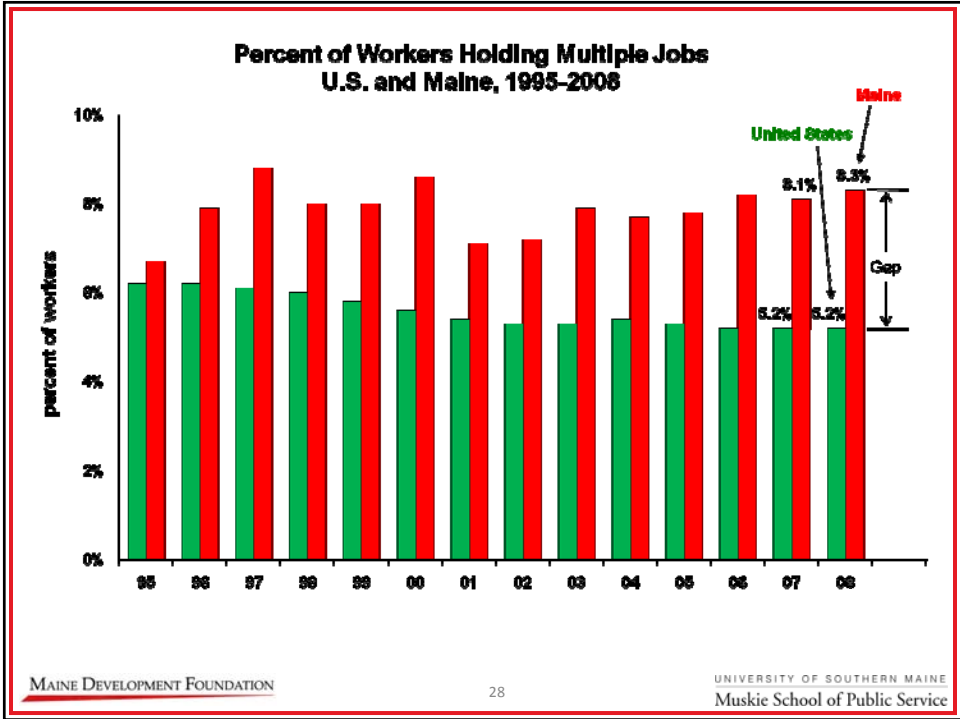
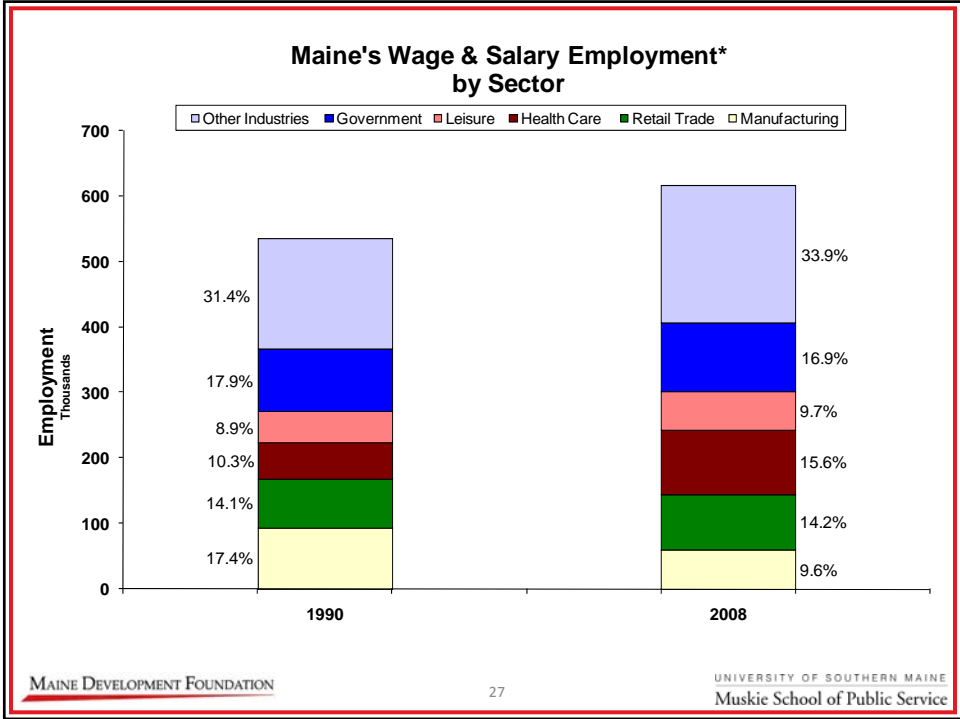


Average Annual Change in Population 2000-2007

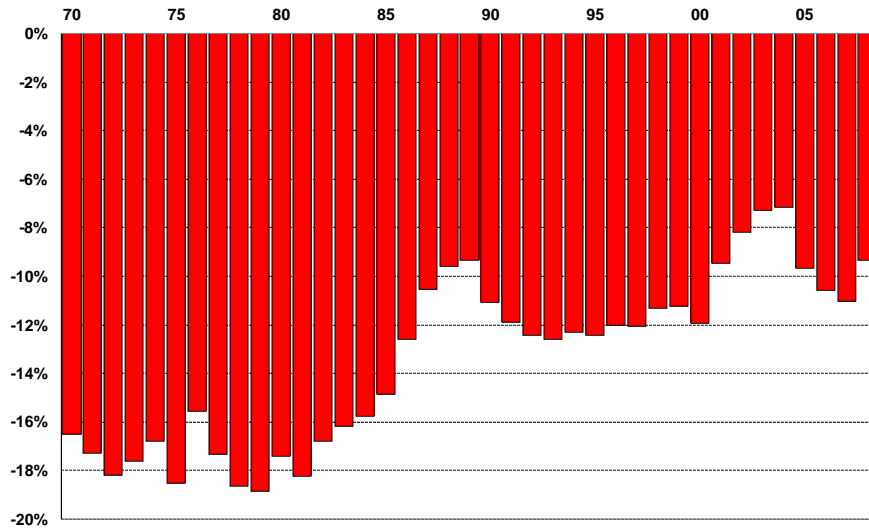


Percent of Maine's Population Living in Regional Service Centers (Compared to Other Municipalities) 1960-2007

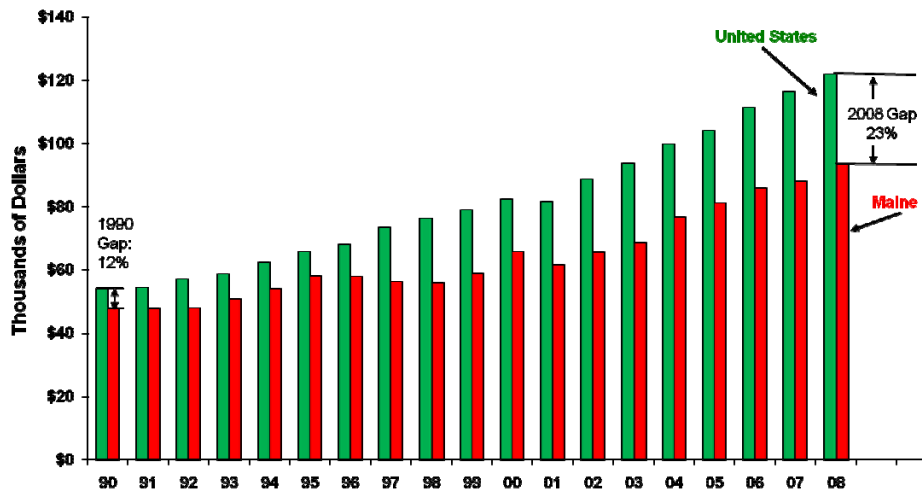




**Per Capita Personal Income Gap 1970- 2008
(% Points Maine Income Lags U.S.)**



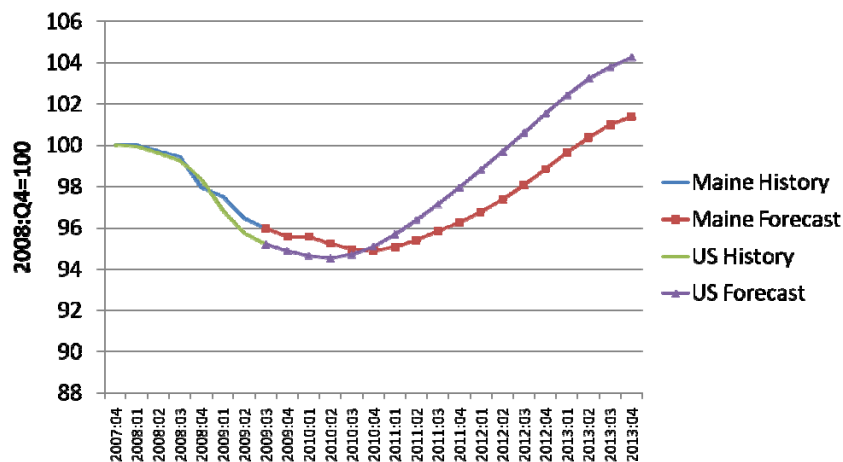
**Value Added per Manufacturing Worker
U.S. and Maine 1990-2008**



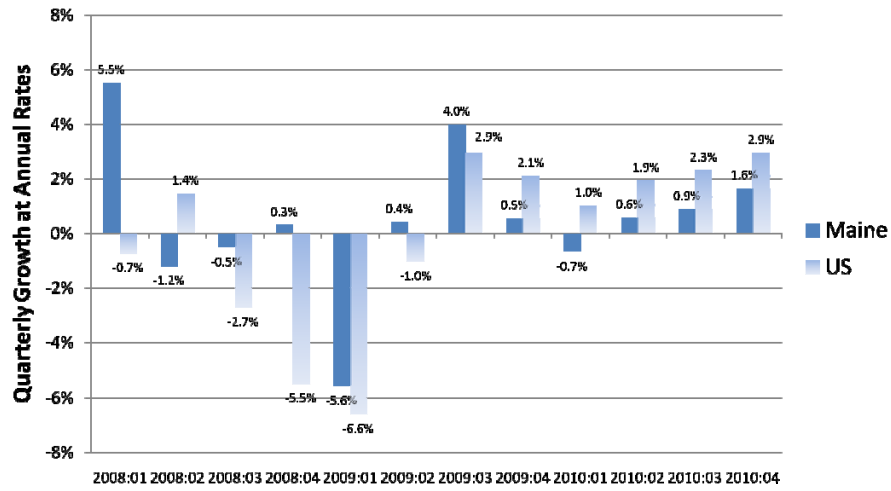
The Outlook

- The Recession in on the turn
- Recovery will be slow and economic growth will remain weak
- Monetary policy will remain simulative for the foreseeable future
- Housing in Maine has not fallen as far as the US, but will not recover quickly

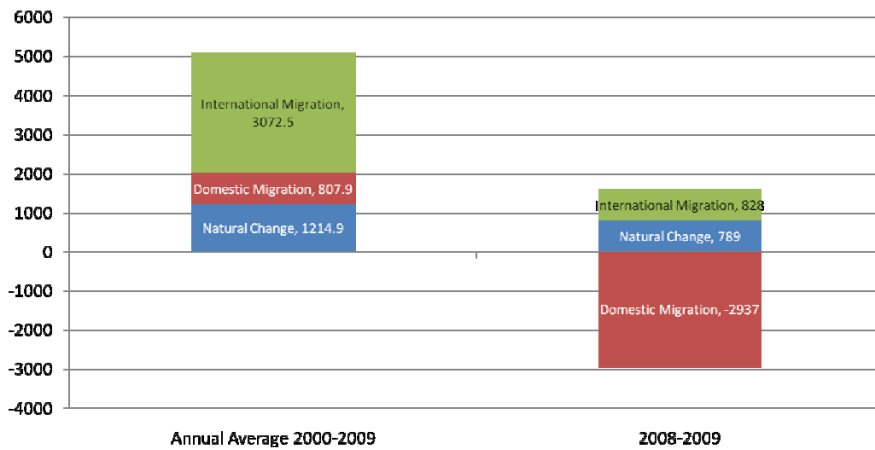
Employment in Maine and the US



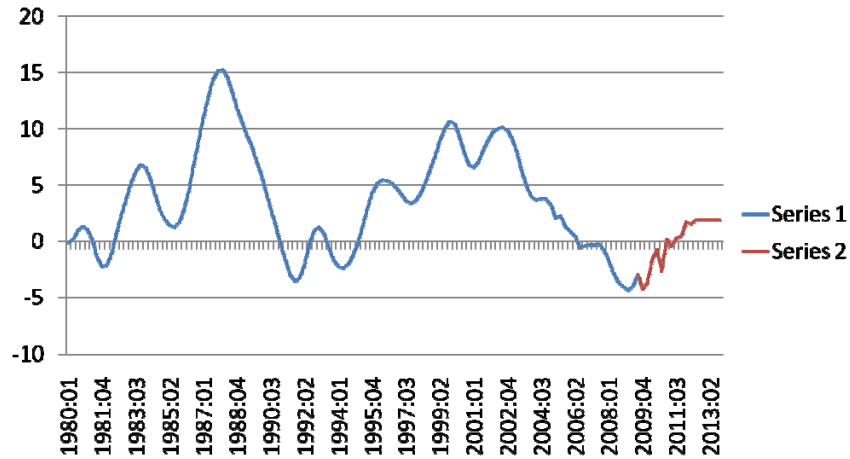
GDP Growth



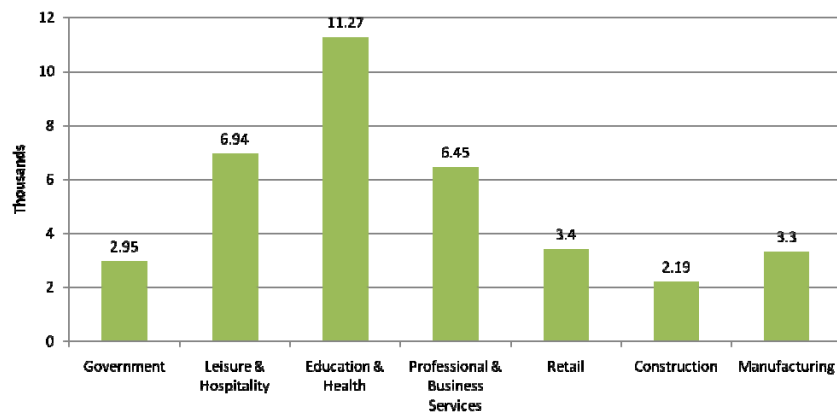
Population Growth in Maine



Maine Net Migration 1980-2013

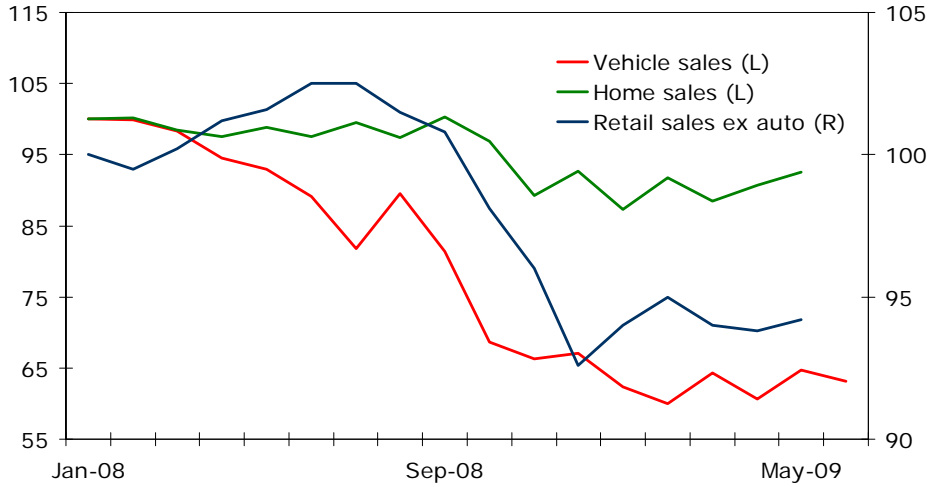


Where will the jobs come from (2010:Q3-2013:Q4)



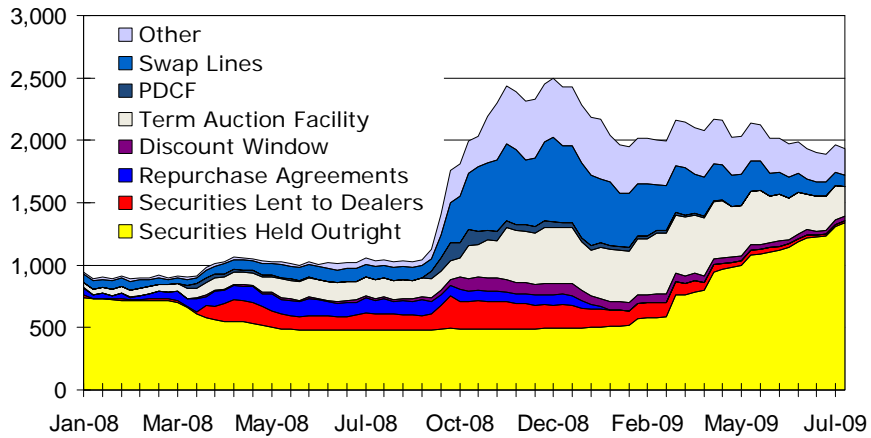
Household Buying Stabilizes

January 2008 = 100



No Quick Exit for the Fed...

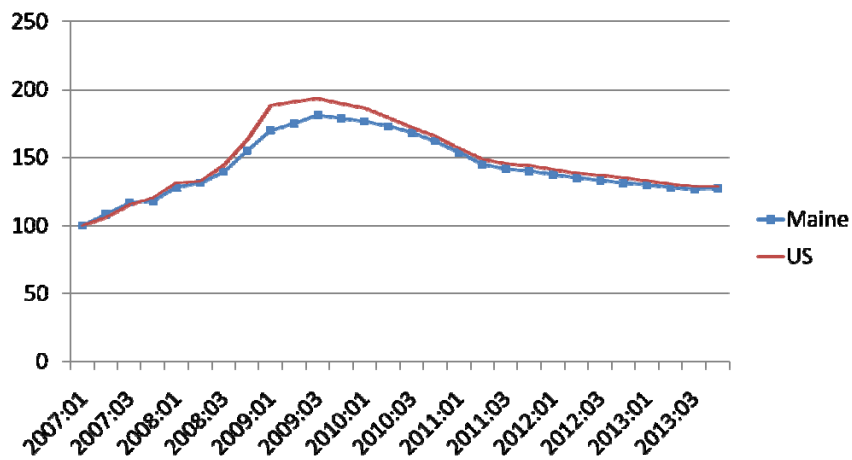
Federal Reserve's balance sheet, \$ bil



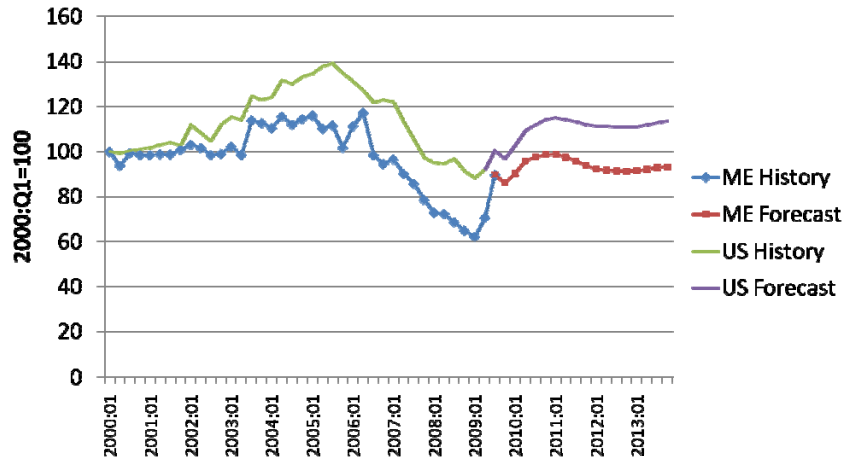
The Peak of Consumer Distress is still two years away and will be greater in Maine



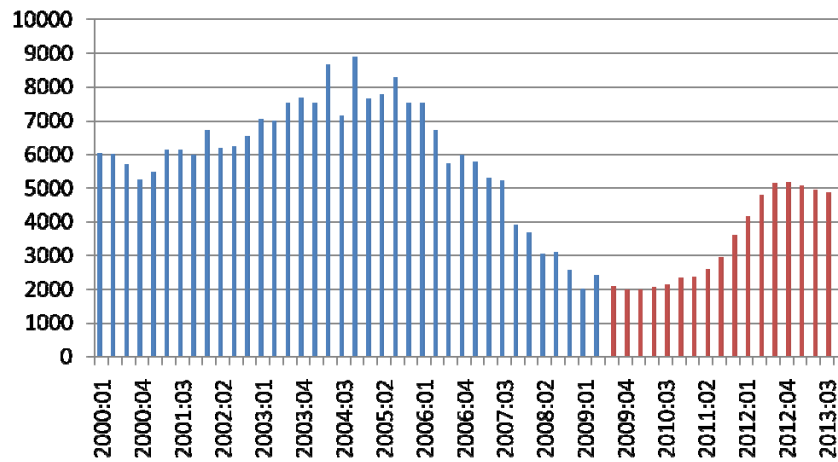
Mortgage Delinquencies



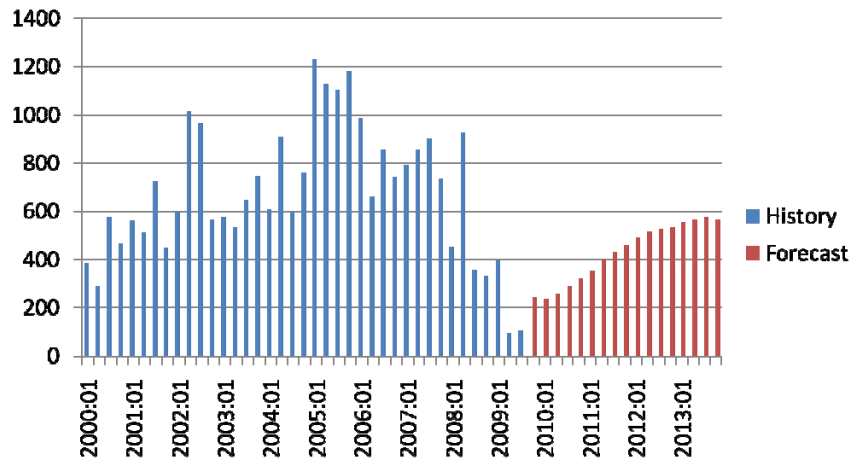
Existing Home Sales



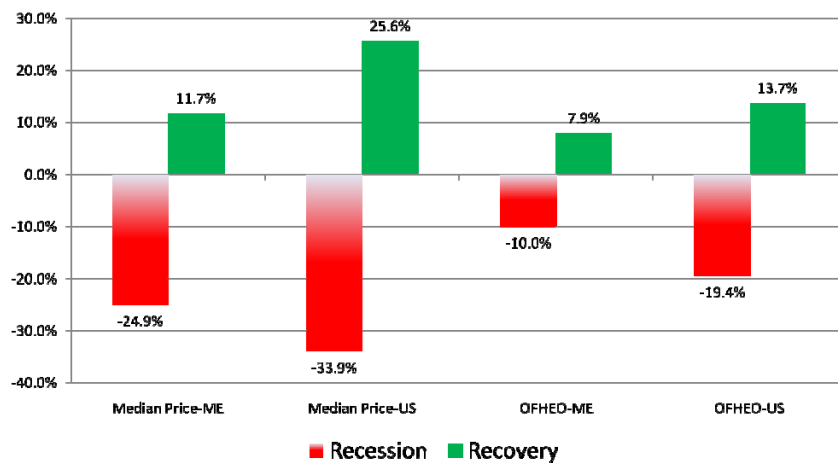
Single Family Housing Permits-Maine



Multifamily Housing Permits

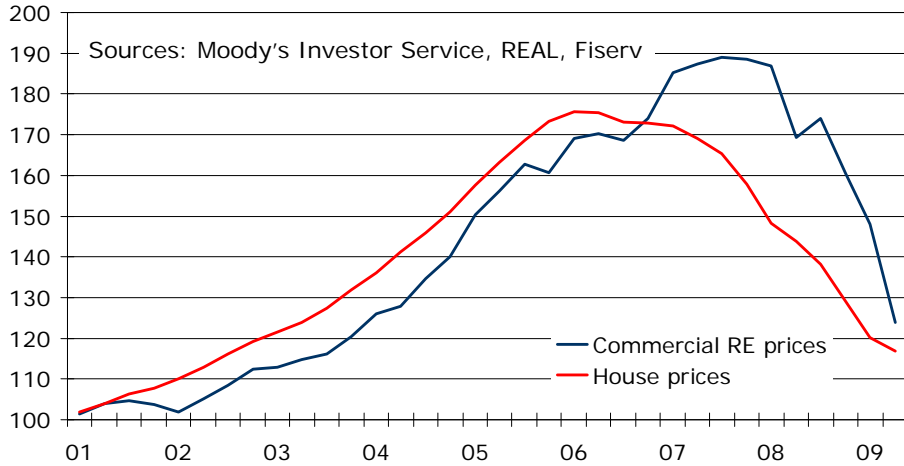


Two Views of Housing Prices (Peak to Trough Declines)

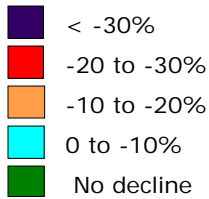
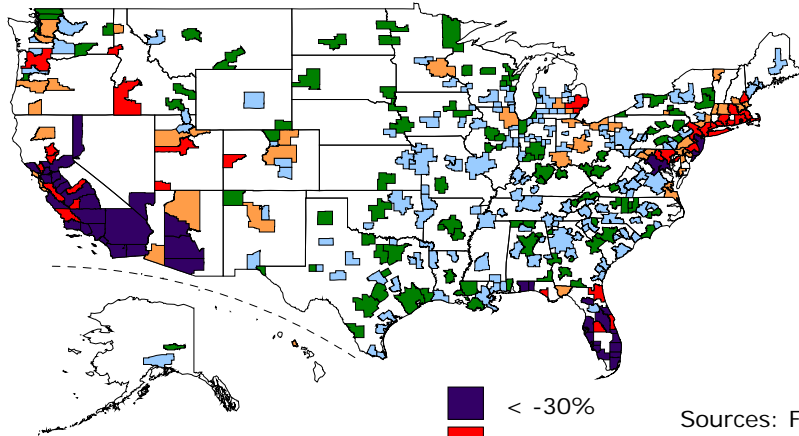


Commercial RE Under Severe Pressure

Repeat Sales Indices: 2000Q4 = 100



Projected peak-to-trough house price decline



Sources: Fiserv
Lending
Solutions,
Moody's
Economy.com,
OFHEO