Maine's Economic Outlook: Implications for Real Estate

Presentation to:

Maine Real Estate & Development Association
2010 Annual Real Estate Forecast Conference

January 28, 2010

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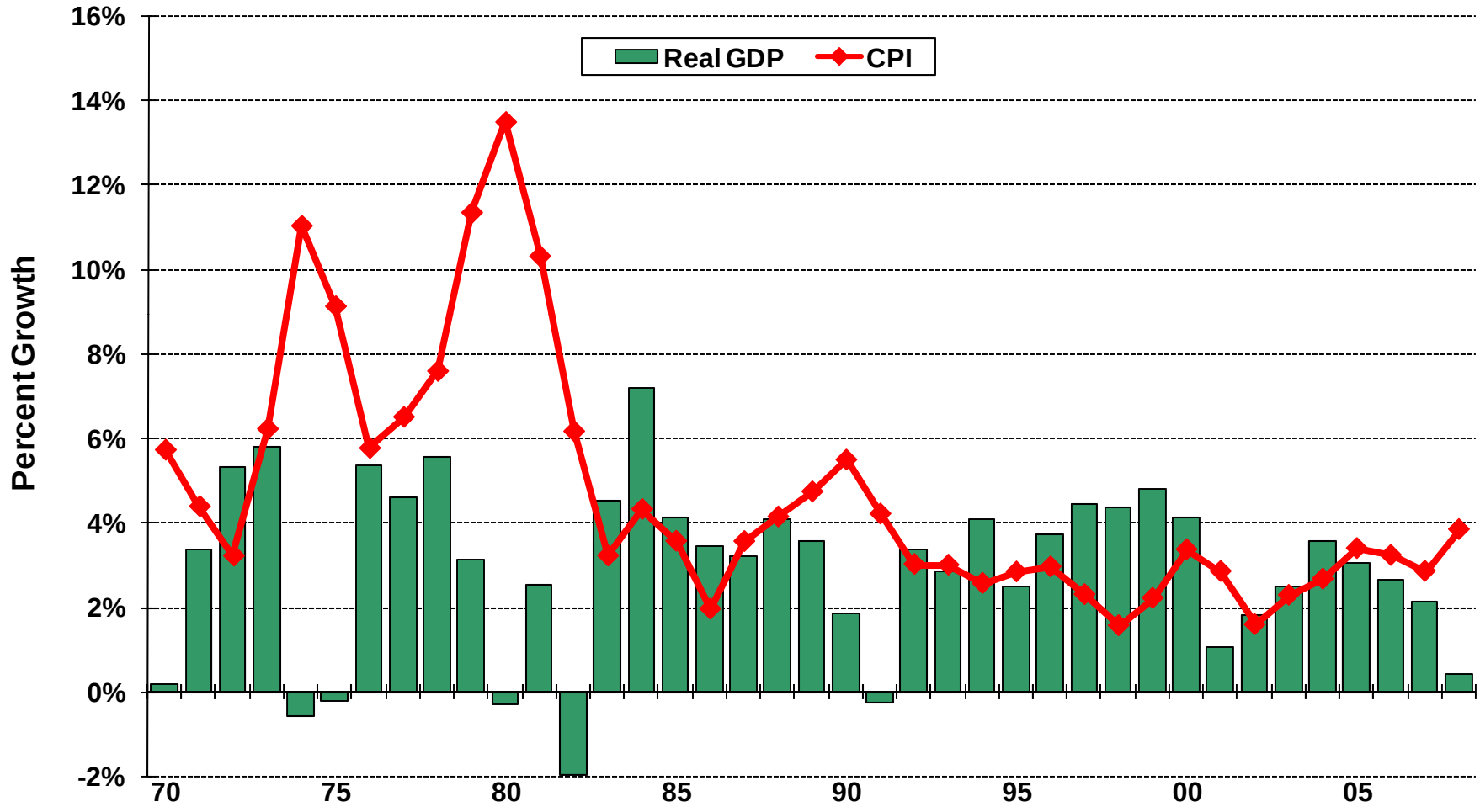
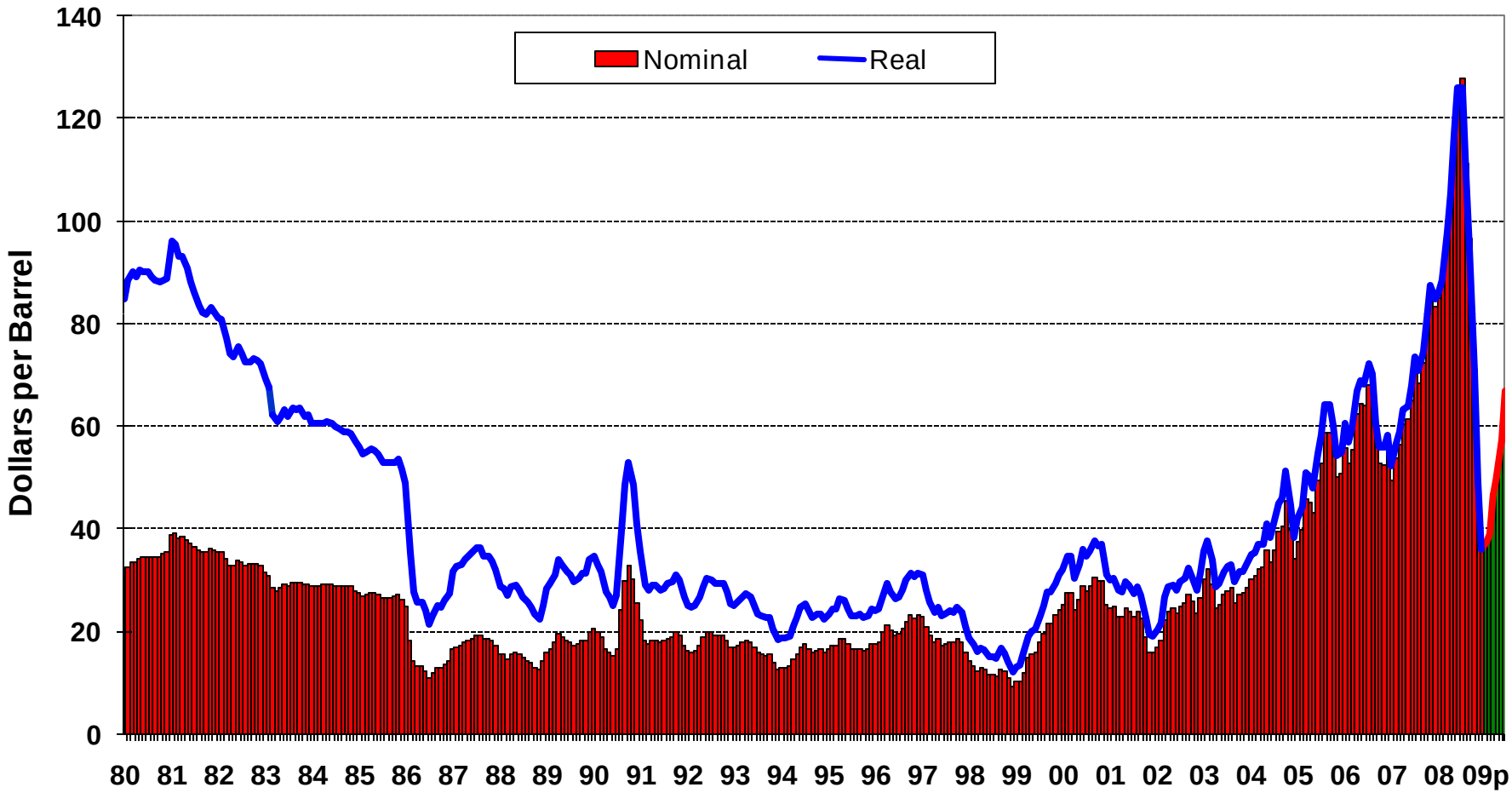
US Real Gross Domestic Product and Consumer Price Index 1970-2008



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

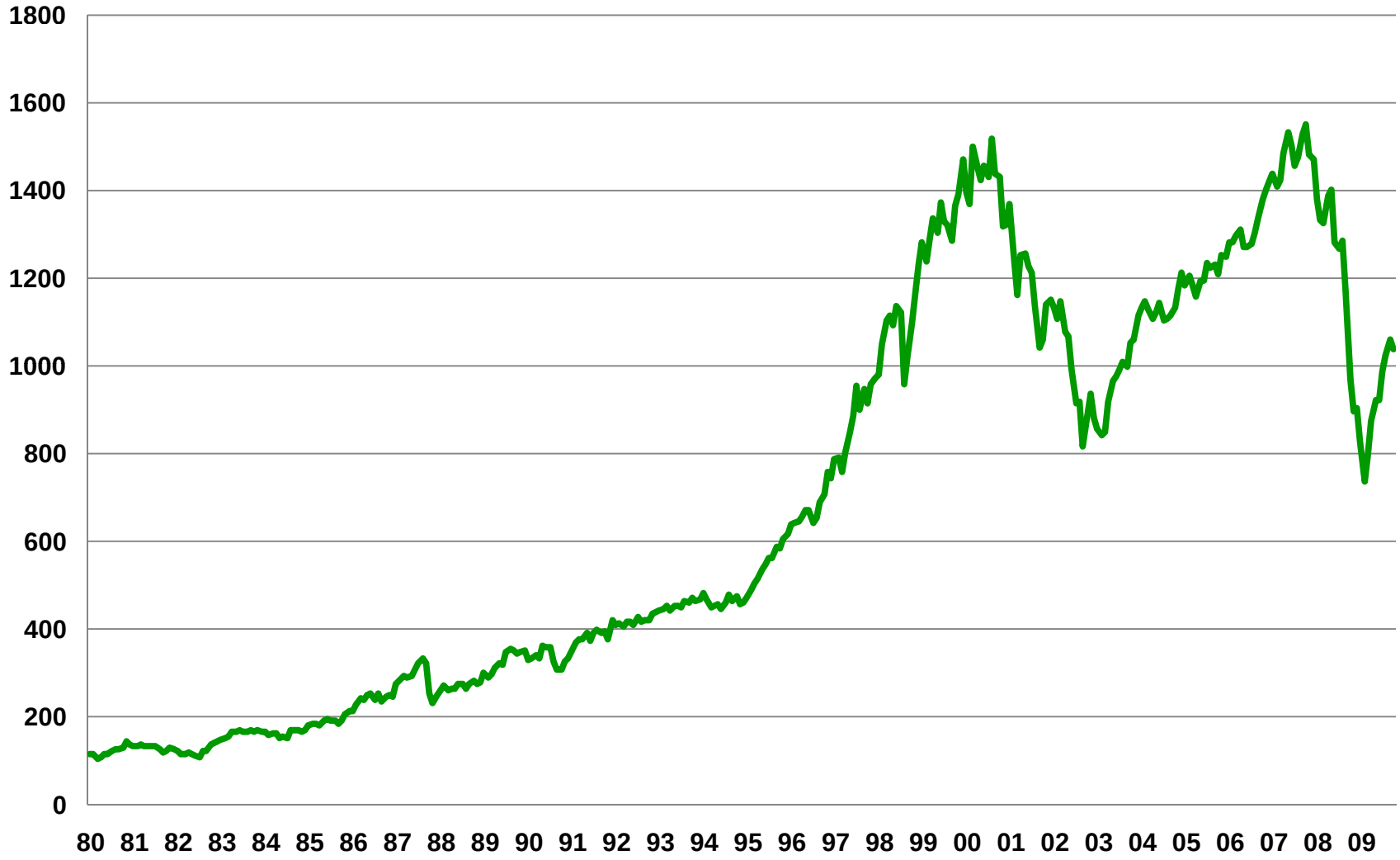
Crude Oil Prices U.S. Average Real[1] and Nominal Prices
Monthly, January 1980-June 2009



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

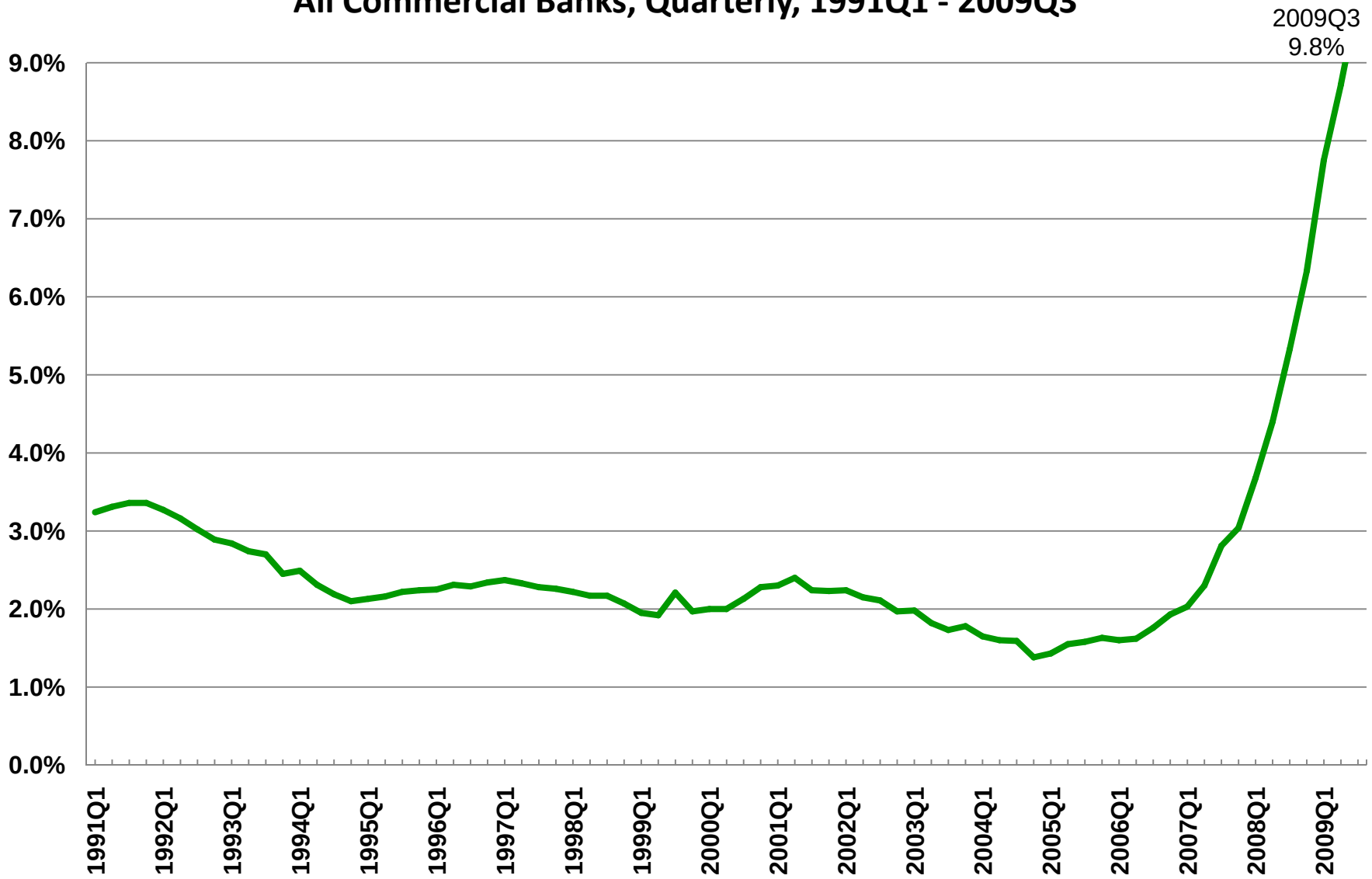
Source: Energy Information Administration..

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



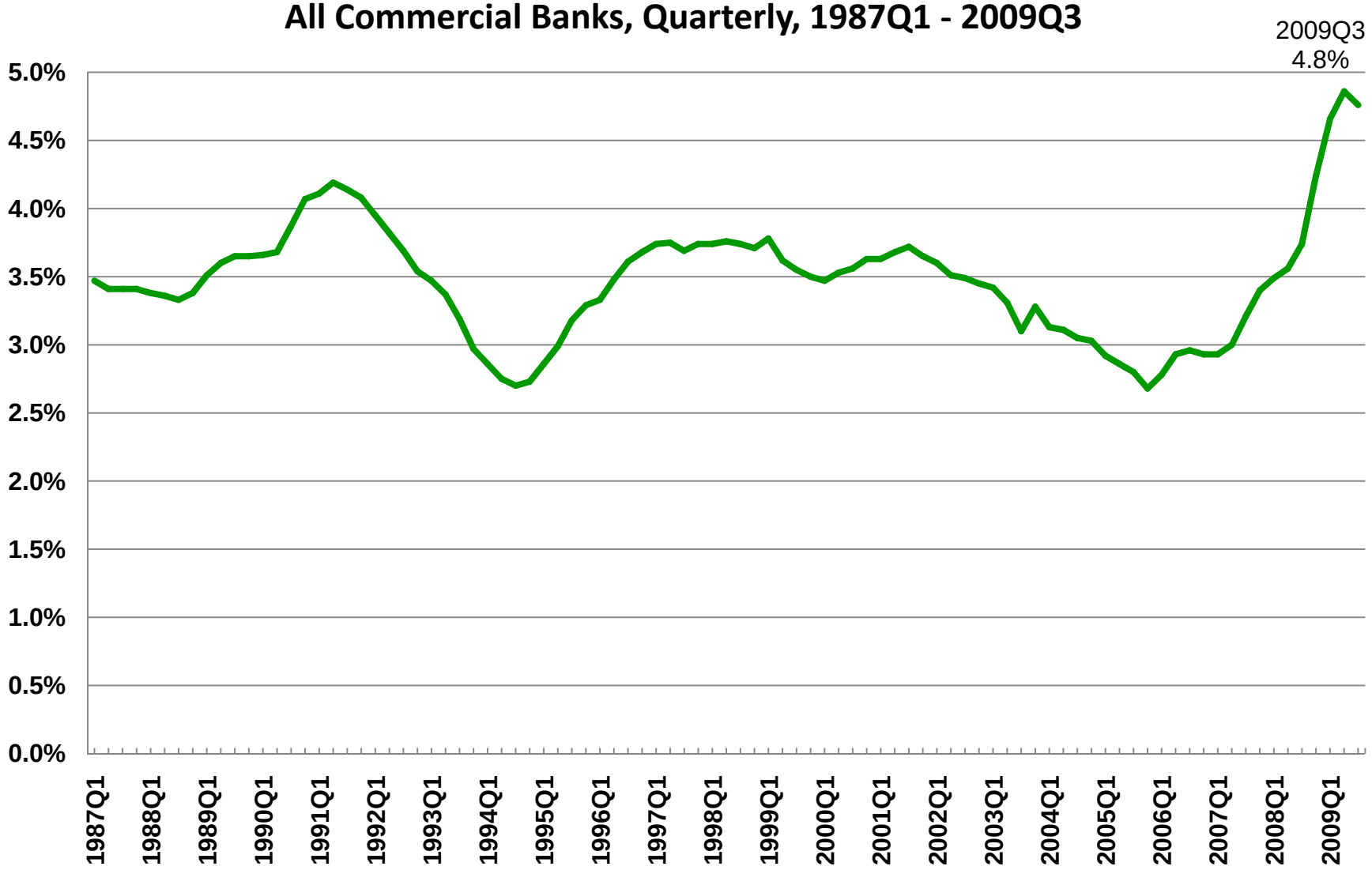
Source: MSN Money Central

U.S. Delinquency Rate on Single Family Residential Mortgages
All Commercial Banks, Quarterly, 1991Q1 - 2009Q3



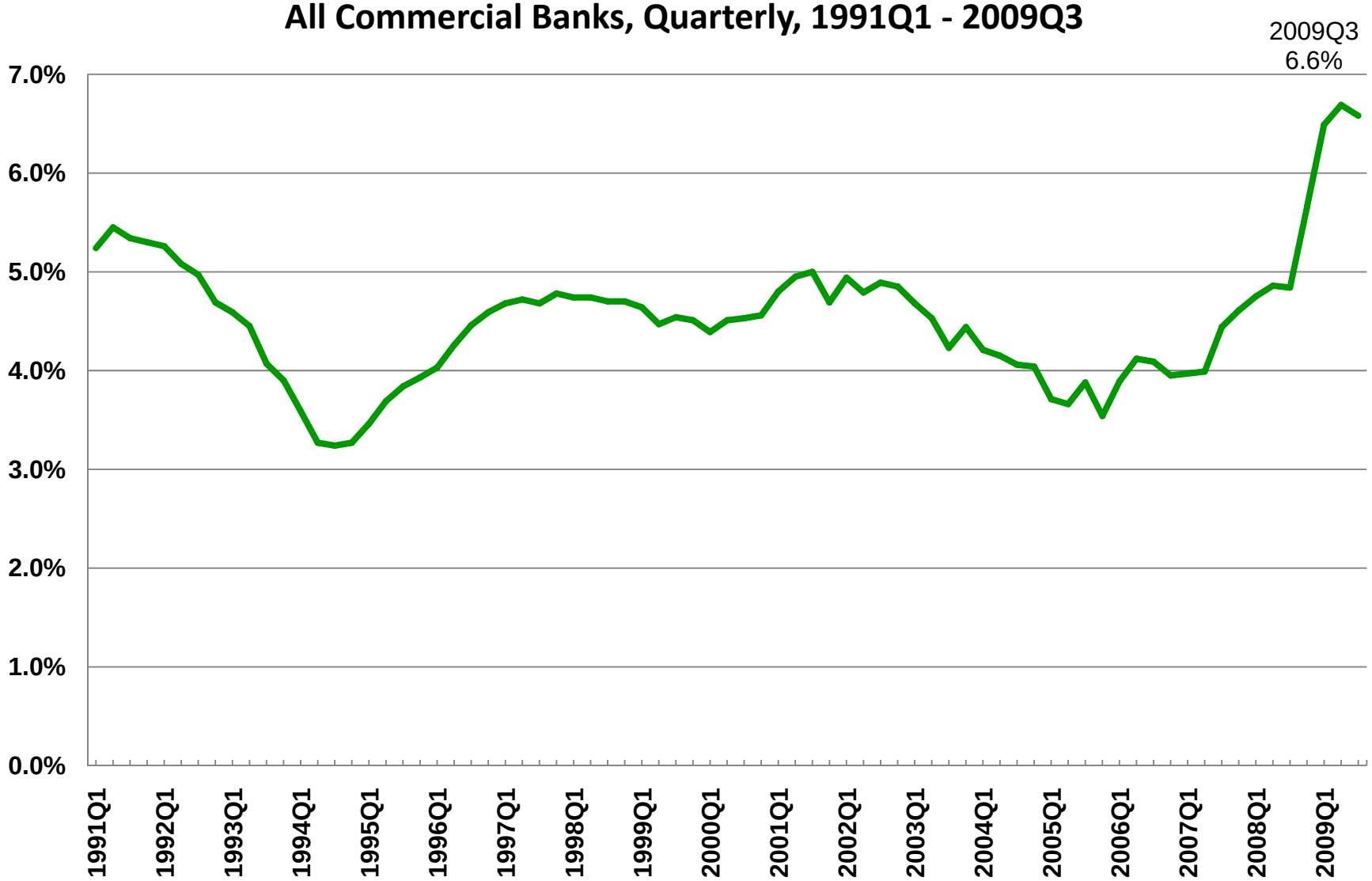
Source: Federal Reserve Bank

U.S. Delinquency Rate on Consumer Loans
All Commercial Banks, Quarterly, 1987Q1 - 2009Q3



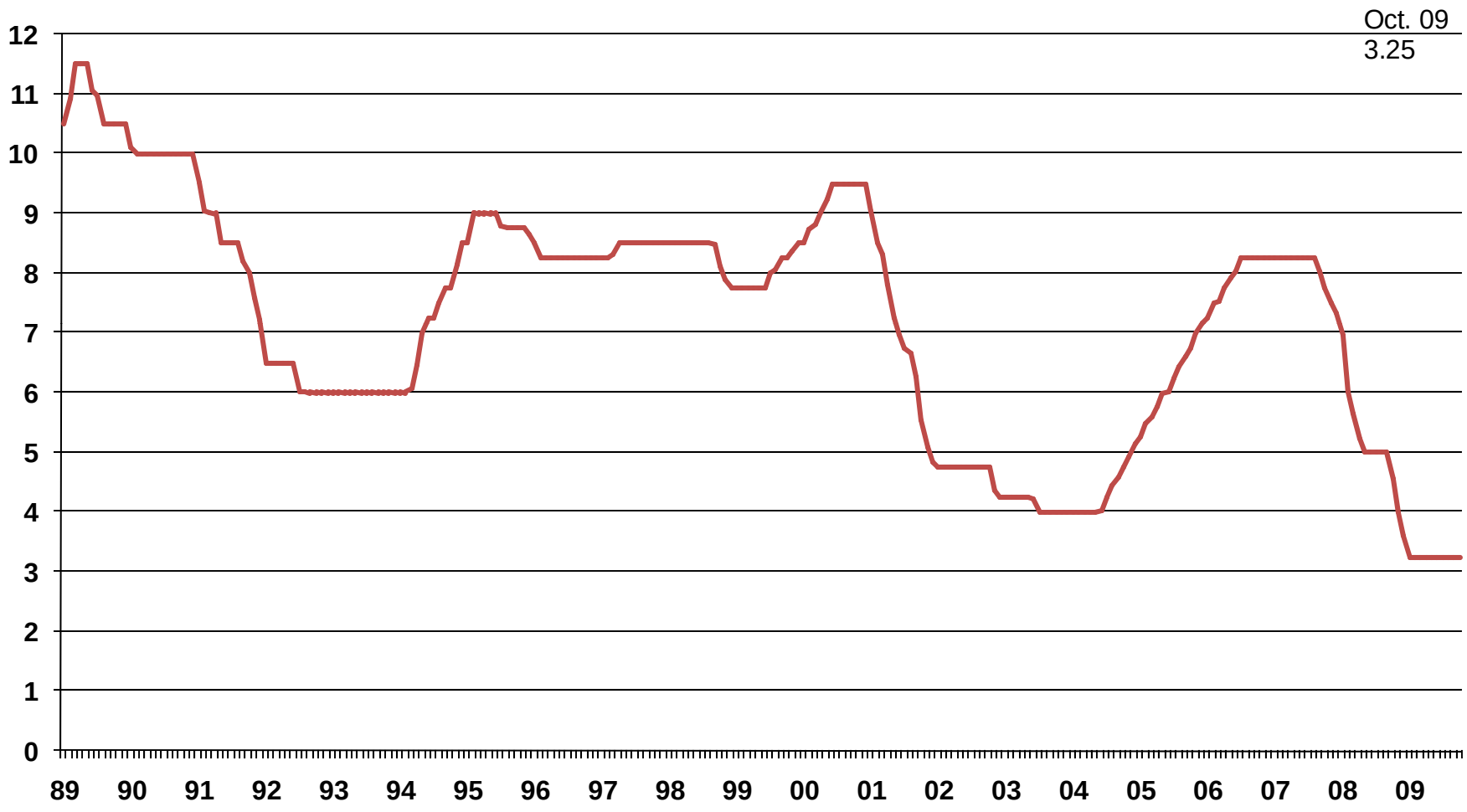
Source: Federal Reserve Bank

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



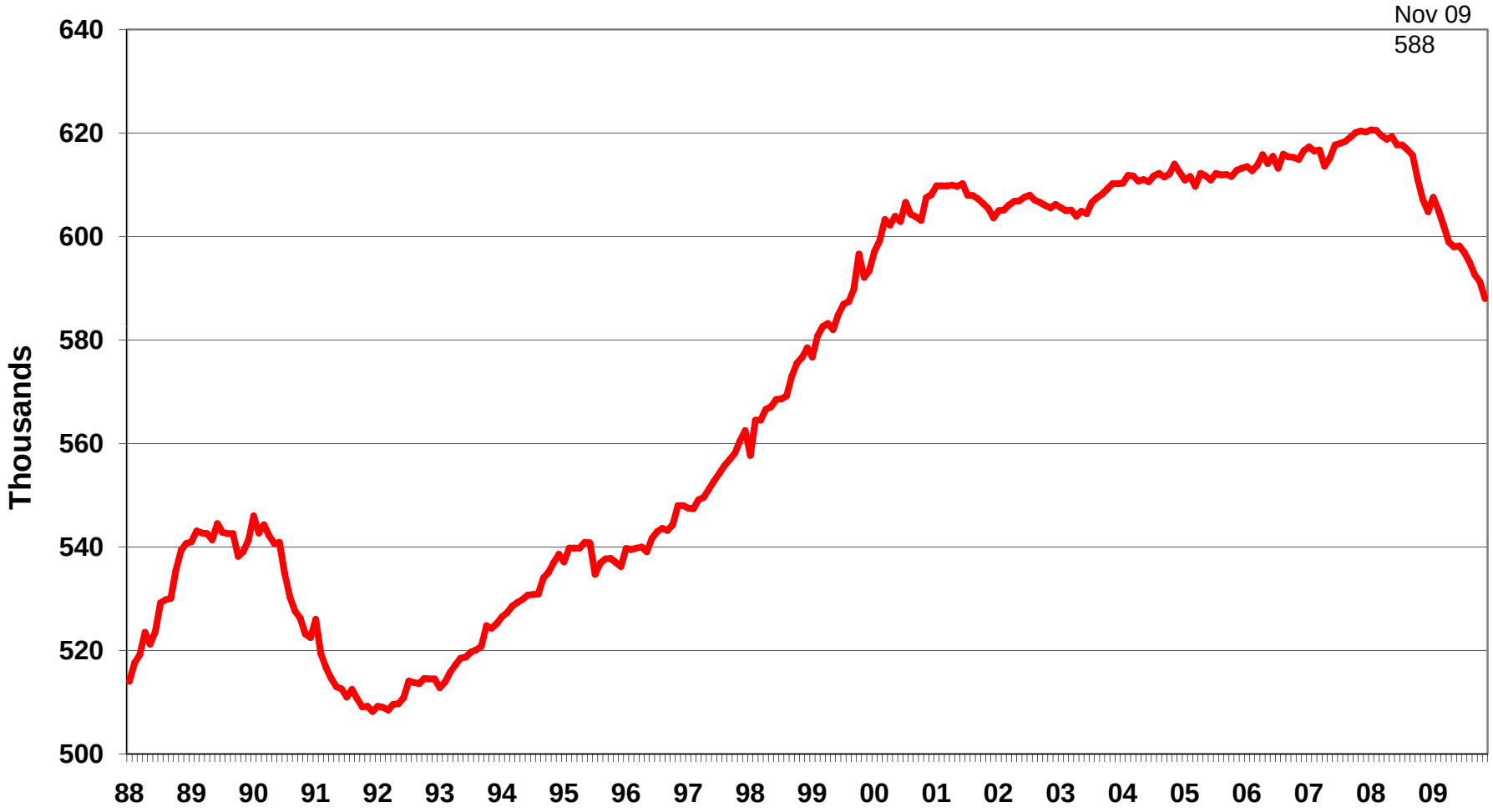
Source: Federal Reserve Bank

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



Source: US Federal Reserve Bank

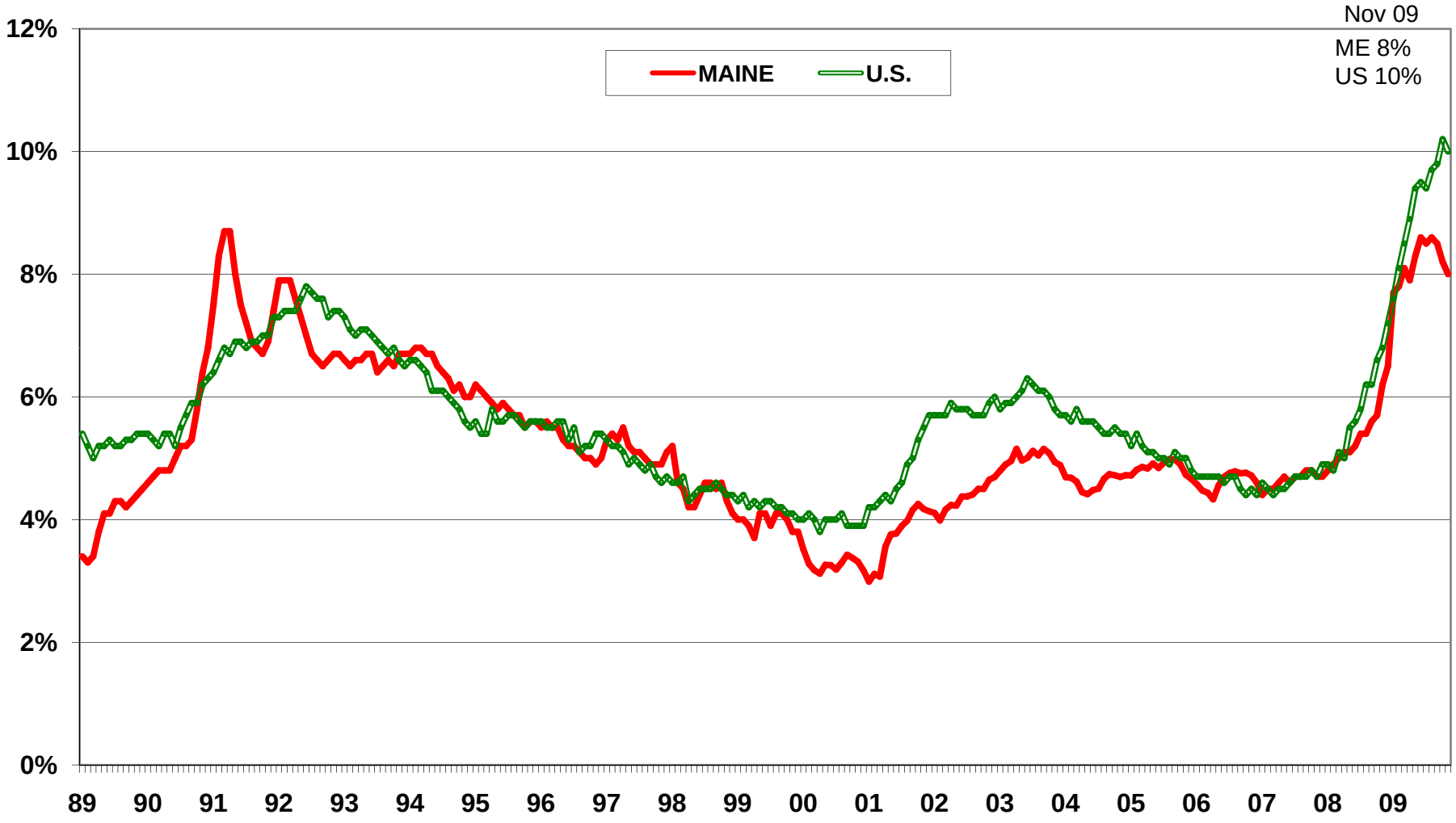
Maine Wage and Salary Employment*
(Monthly) January 1988 - October 2009



*Seasonally Adjusted

Source: Maine Department of Labor

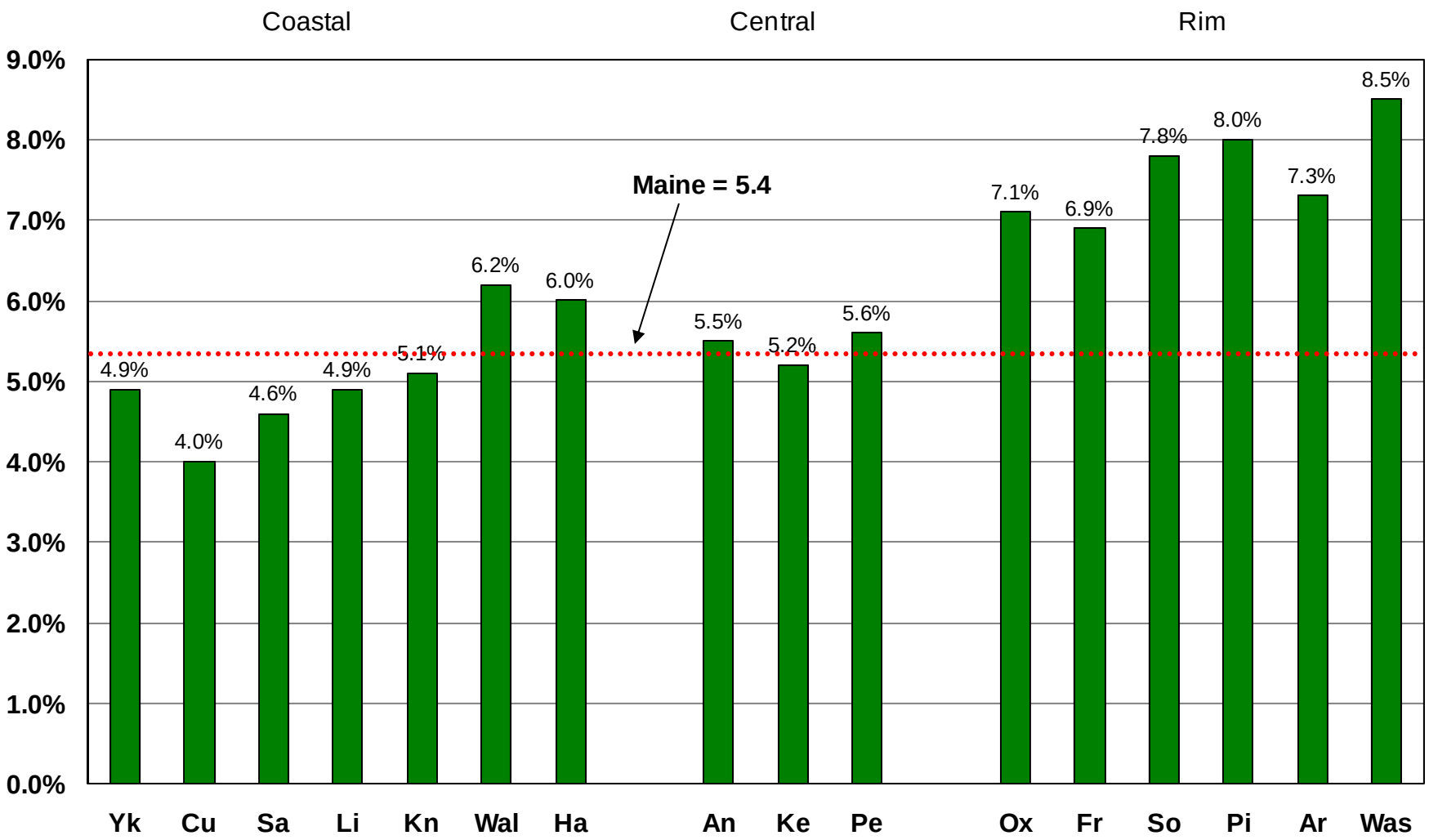
Unemployment Rates, Maine and U.S.*
(Monthly) January 1989 - November 2009



*Seasonally Adjusted

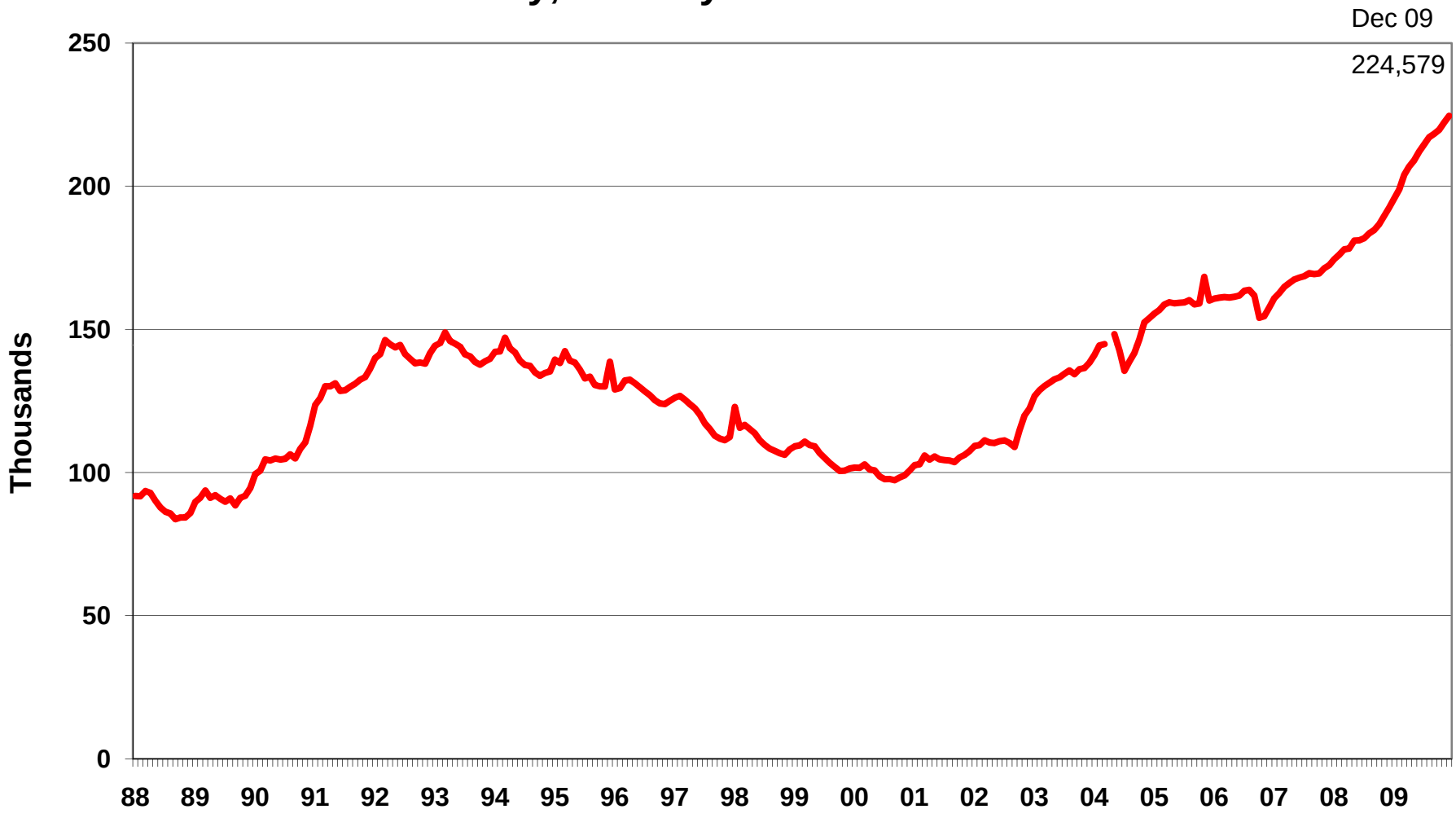
Source: U.S. Bureau of Labor Statistics & Maine Department of Labor

2008 Unemployment Rate by Maine County



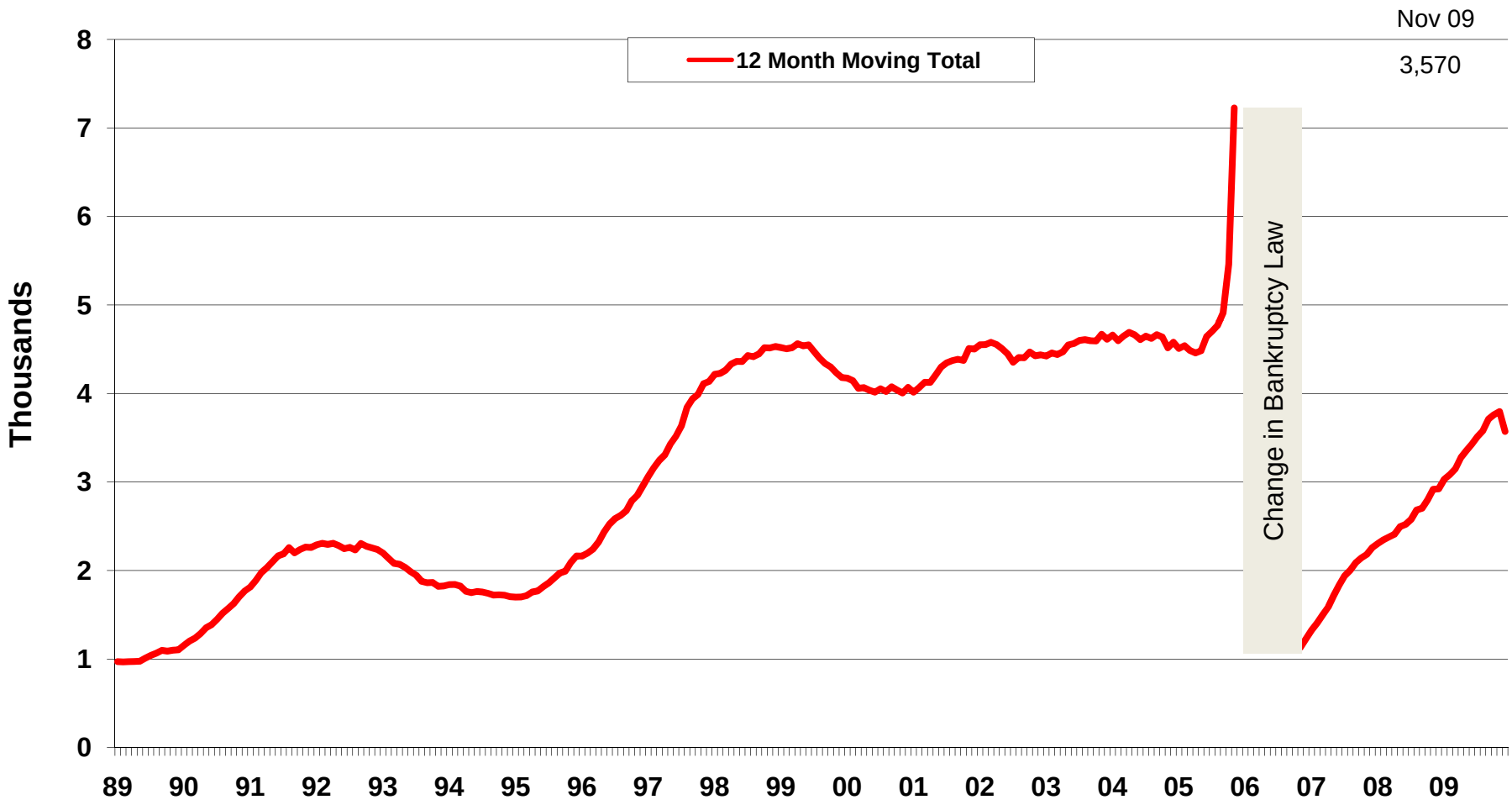
Source: Maine Department of Labor, Center for Workforce Research and Information

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



Source: Maine Department of Health and Human Services, Office of Integrated Access and Support

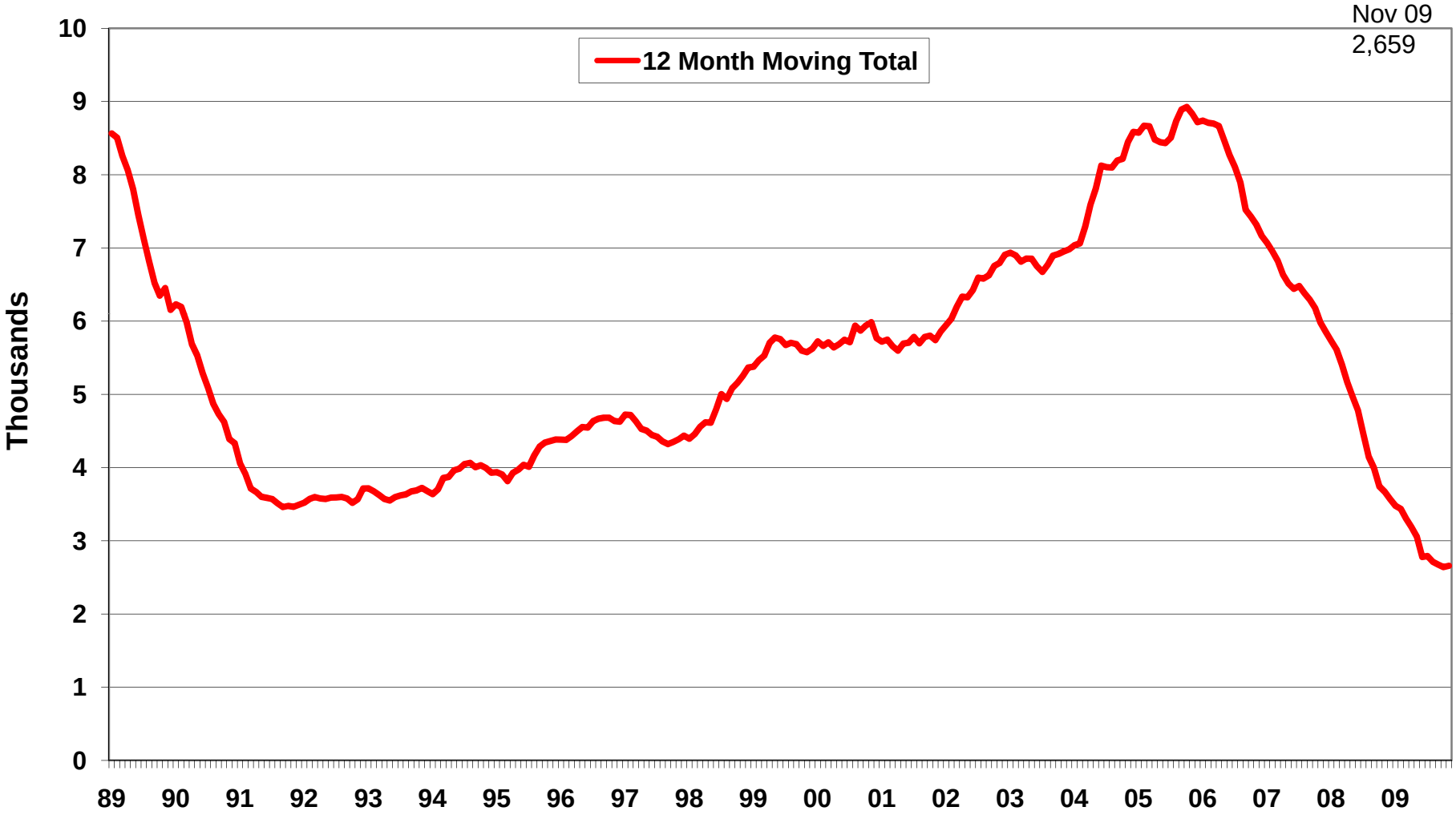
Maine Bankruptcy Filings
January 1989 - November 2009



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

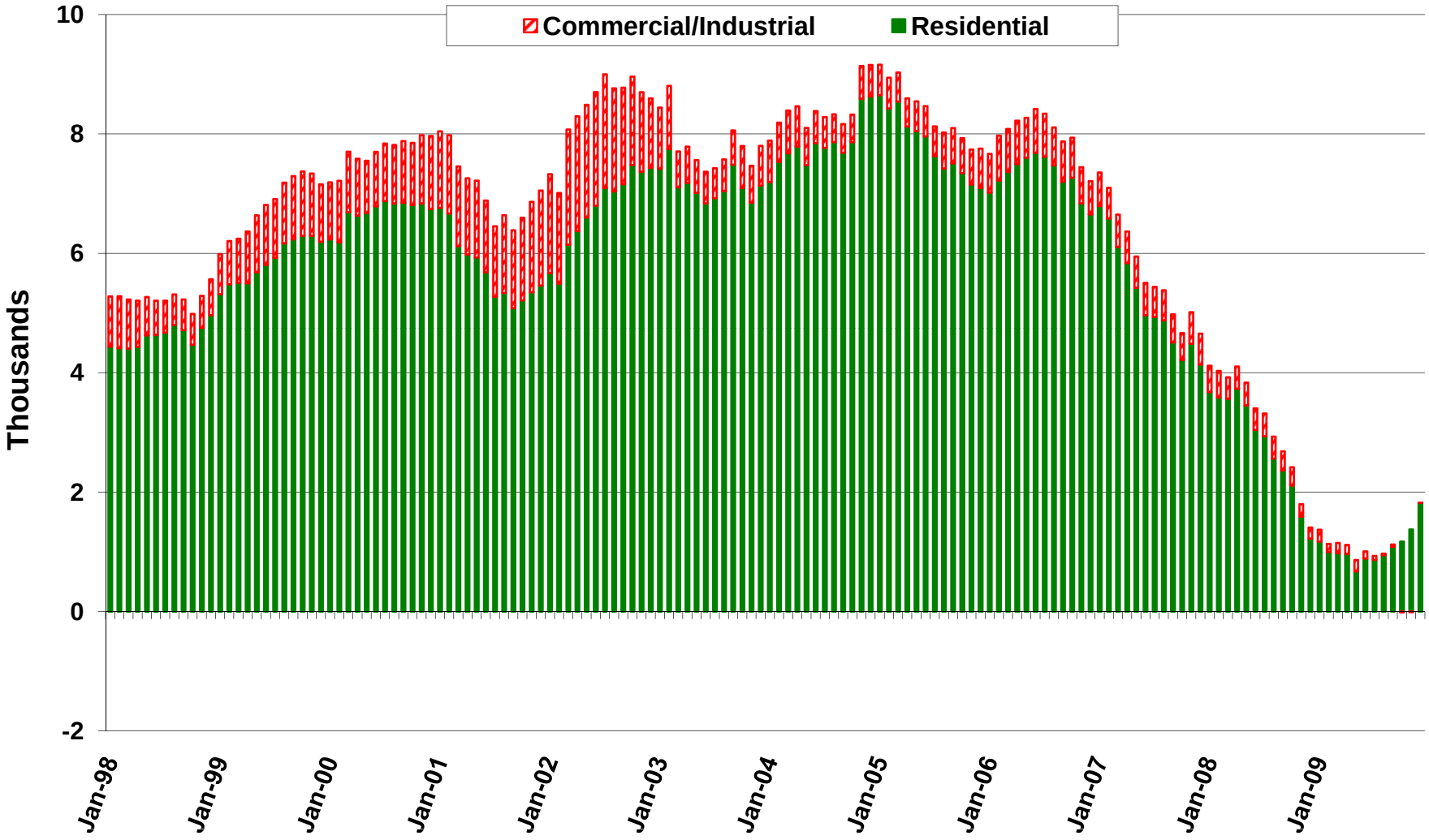
Source: U.S. Bankruptcy Court

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

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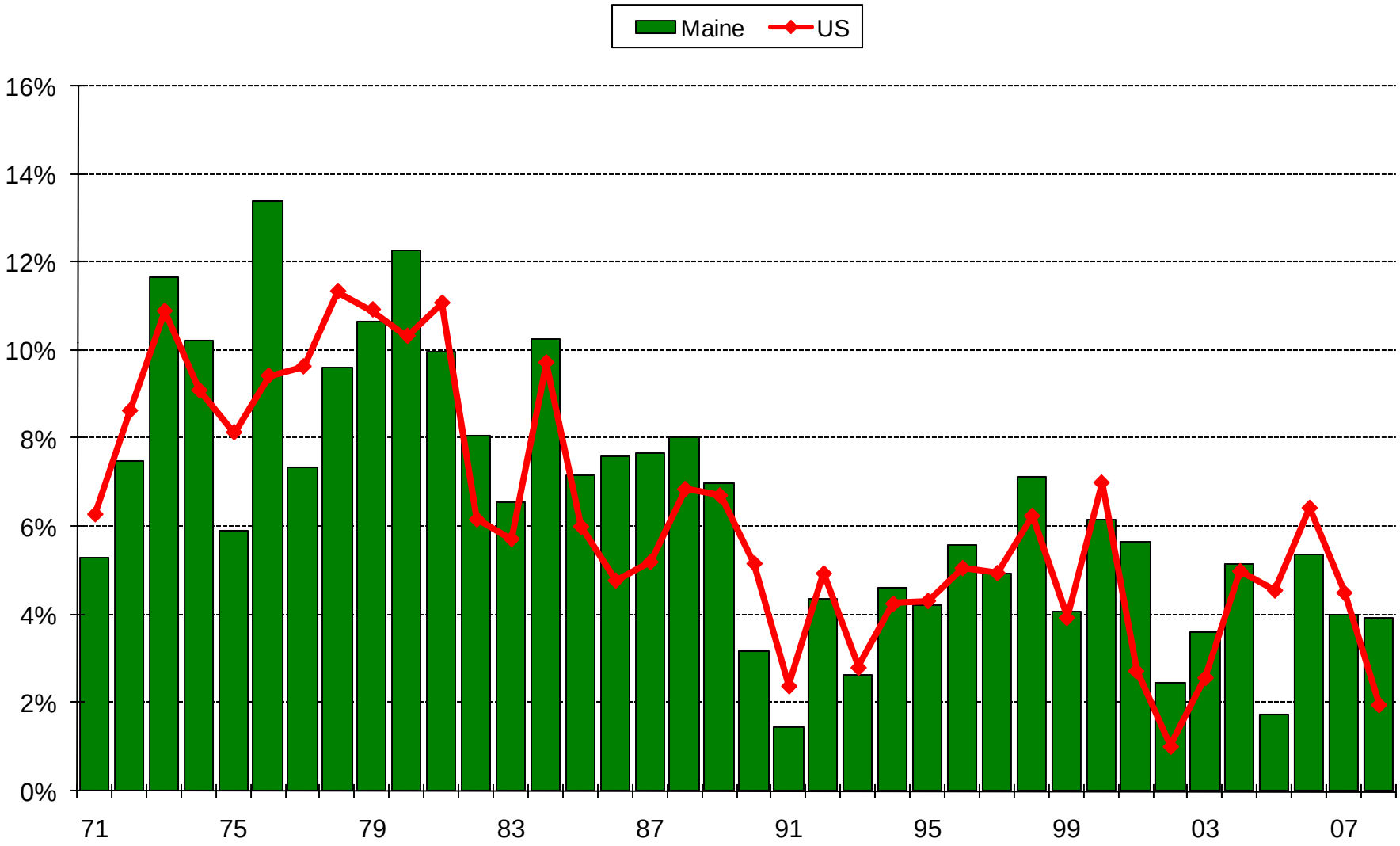
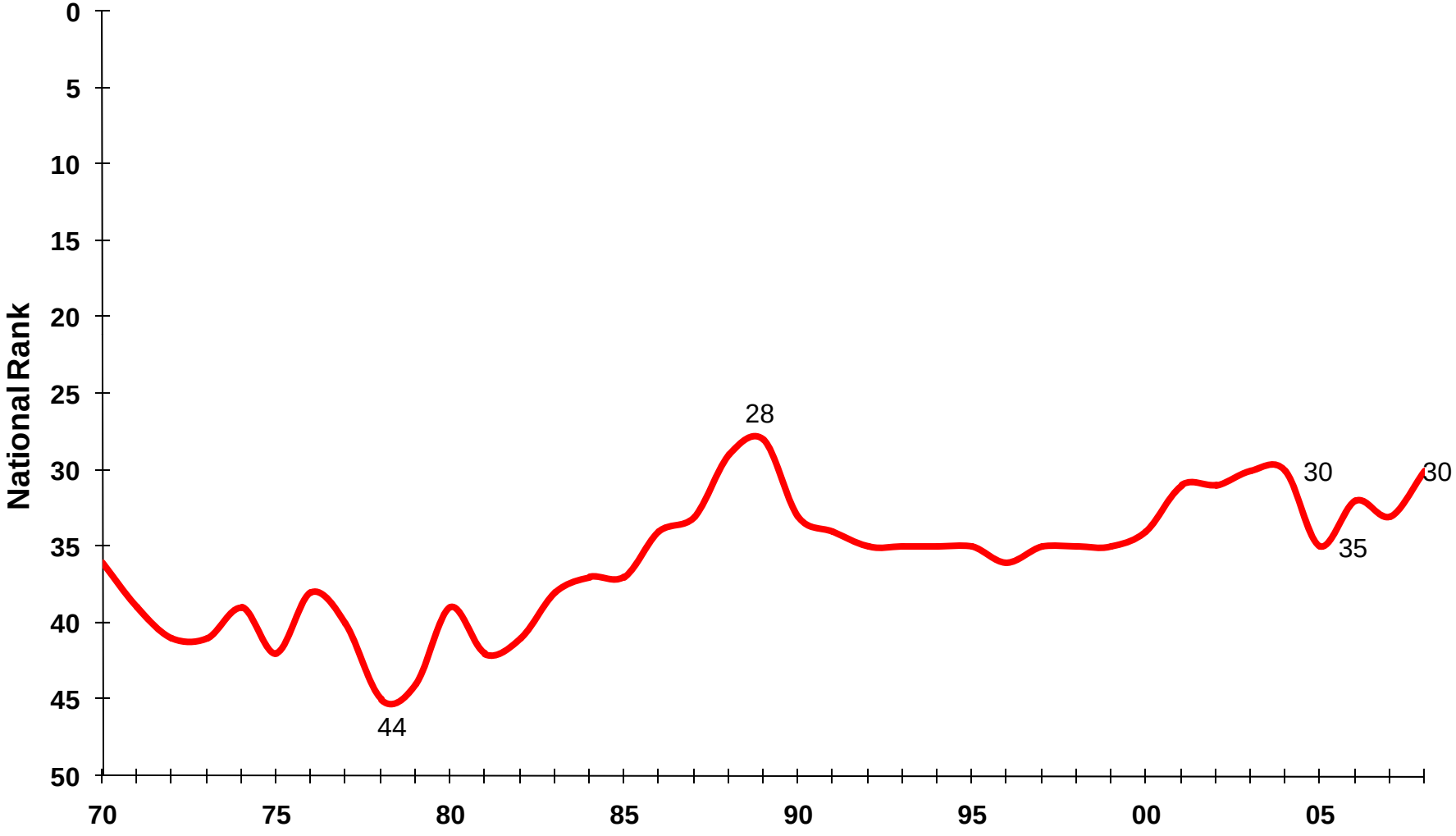
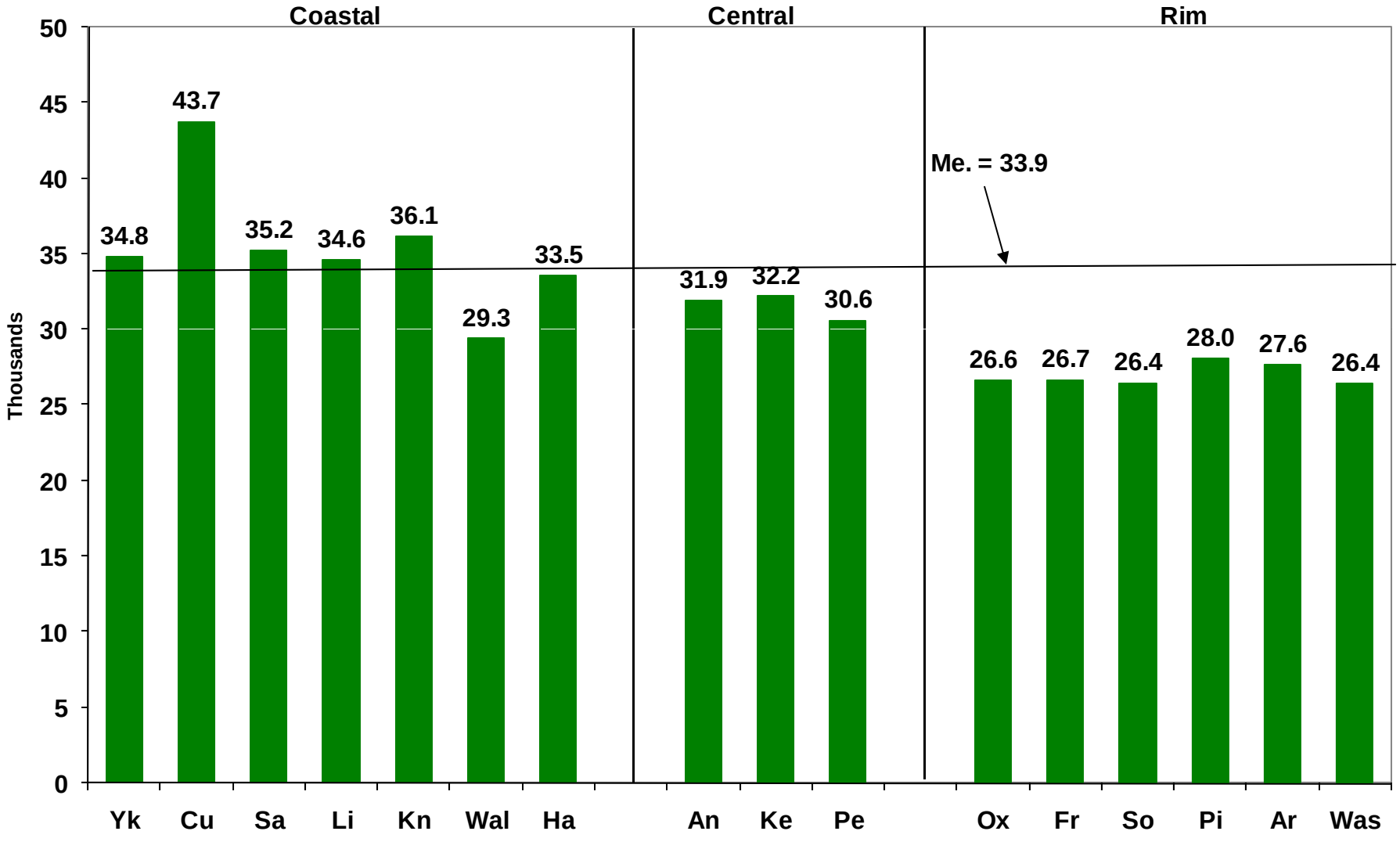
Per Capita Personal Income Growth Maine & US 1970-2008



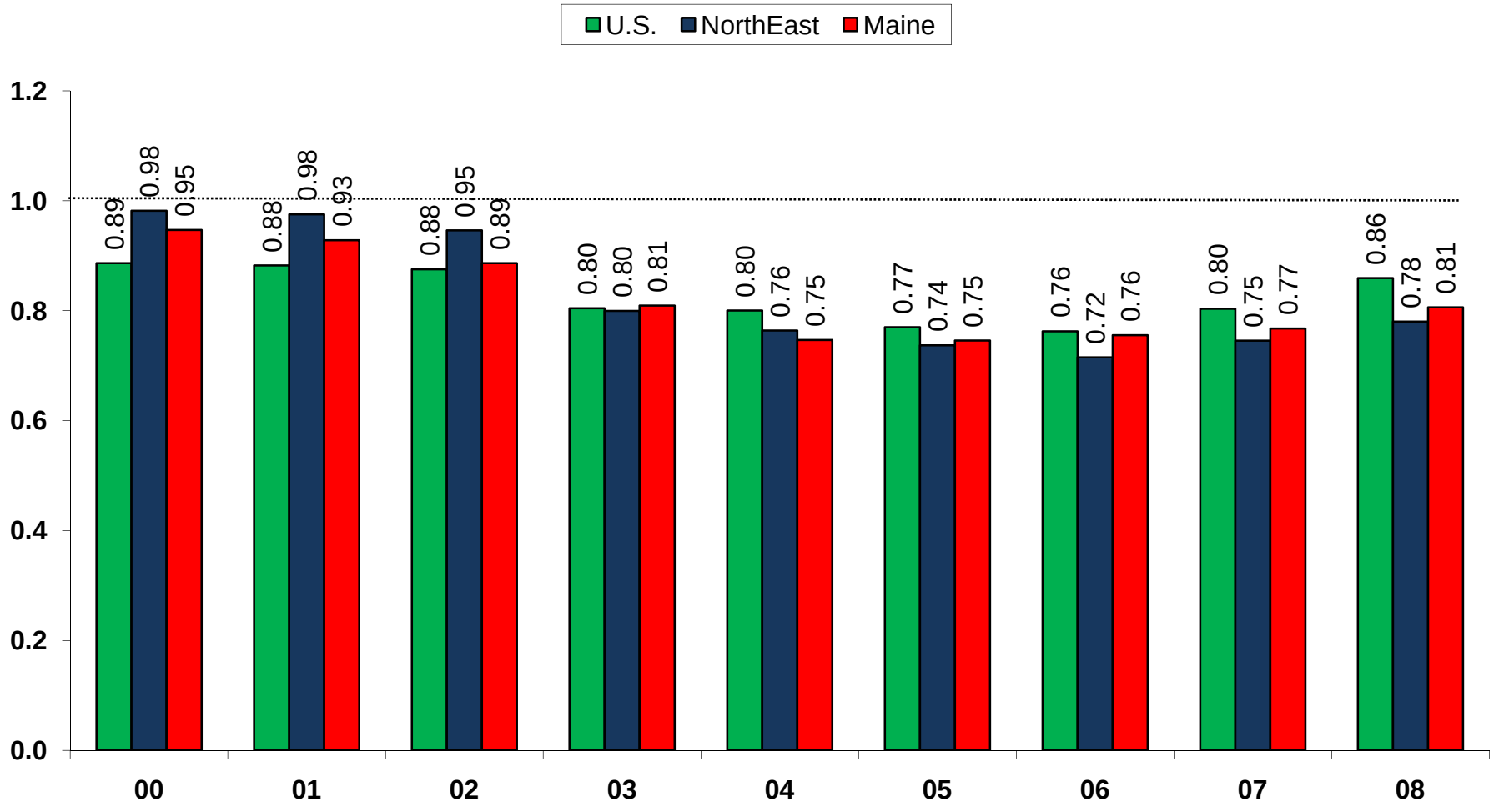
Maine's National Rank on Per Capita Personal Income 1970-2008



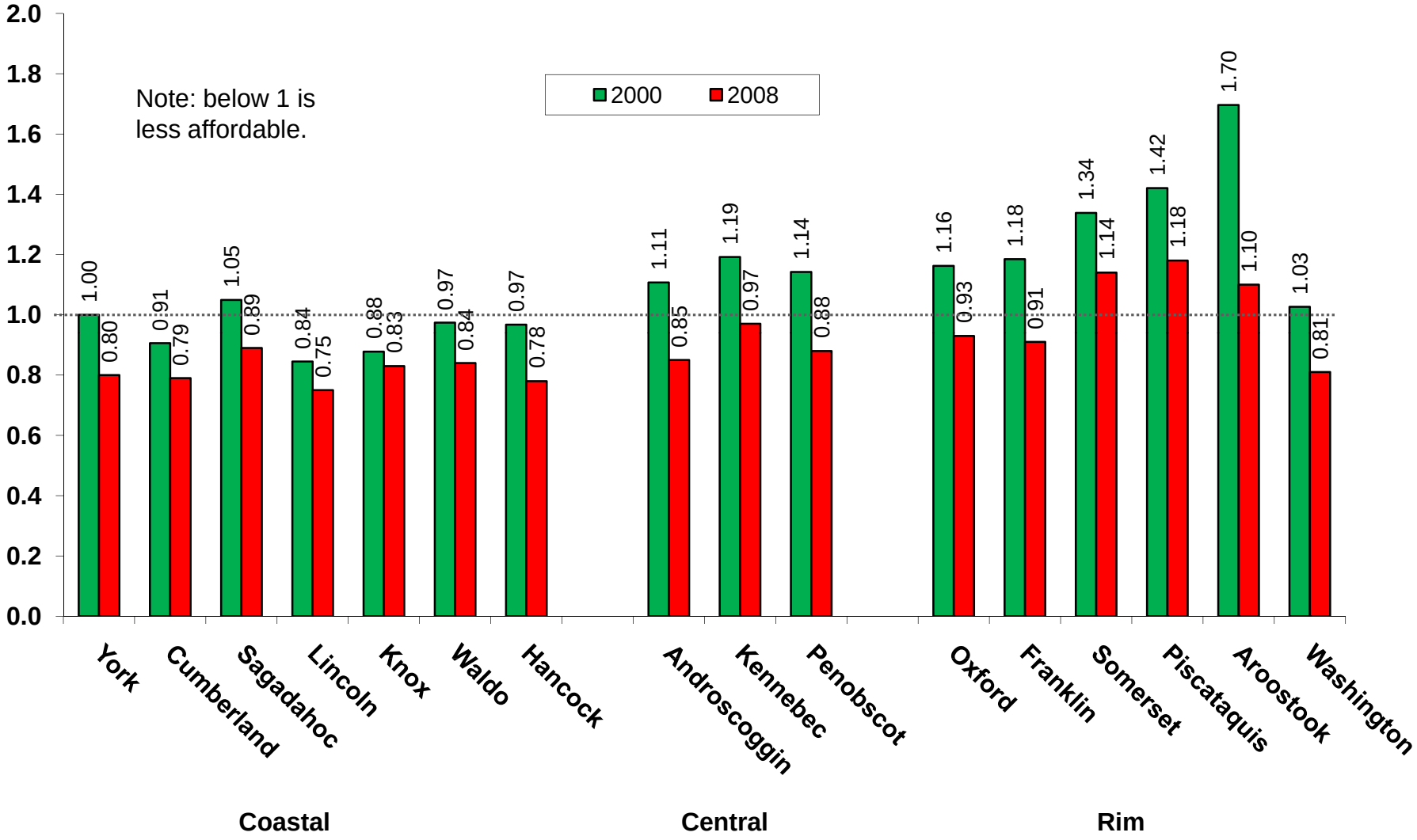
Per Capita Personal Income in Maine by County 2007



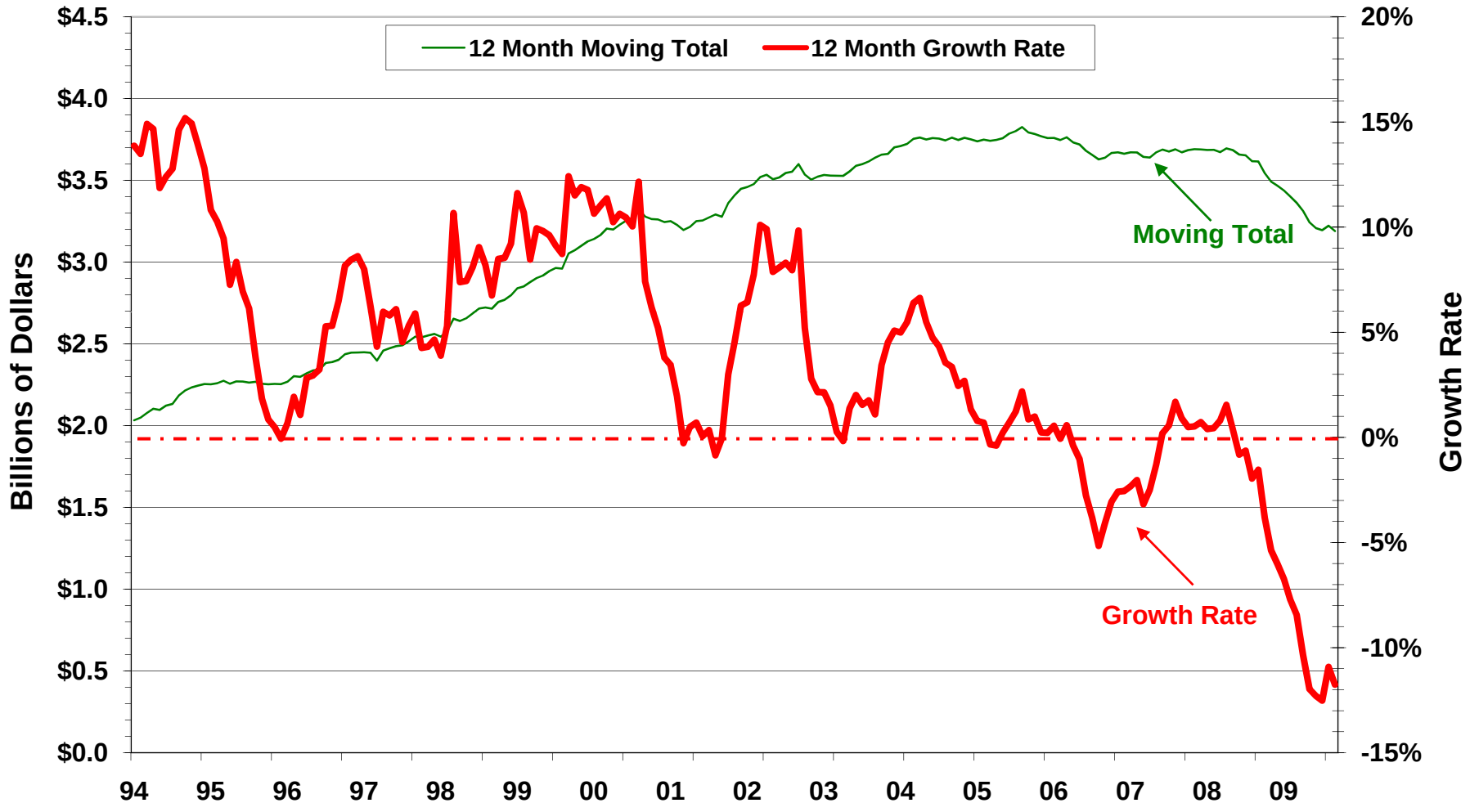
Maine's Housing Affordability Index by Year (weighted owner/renter) 2000-2008



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

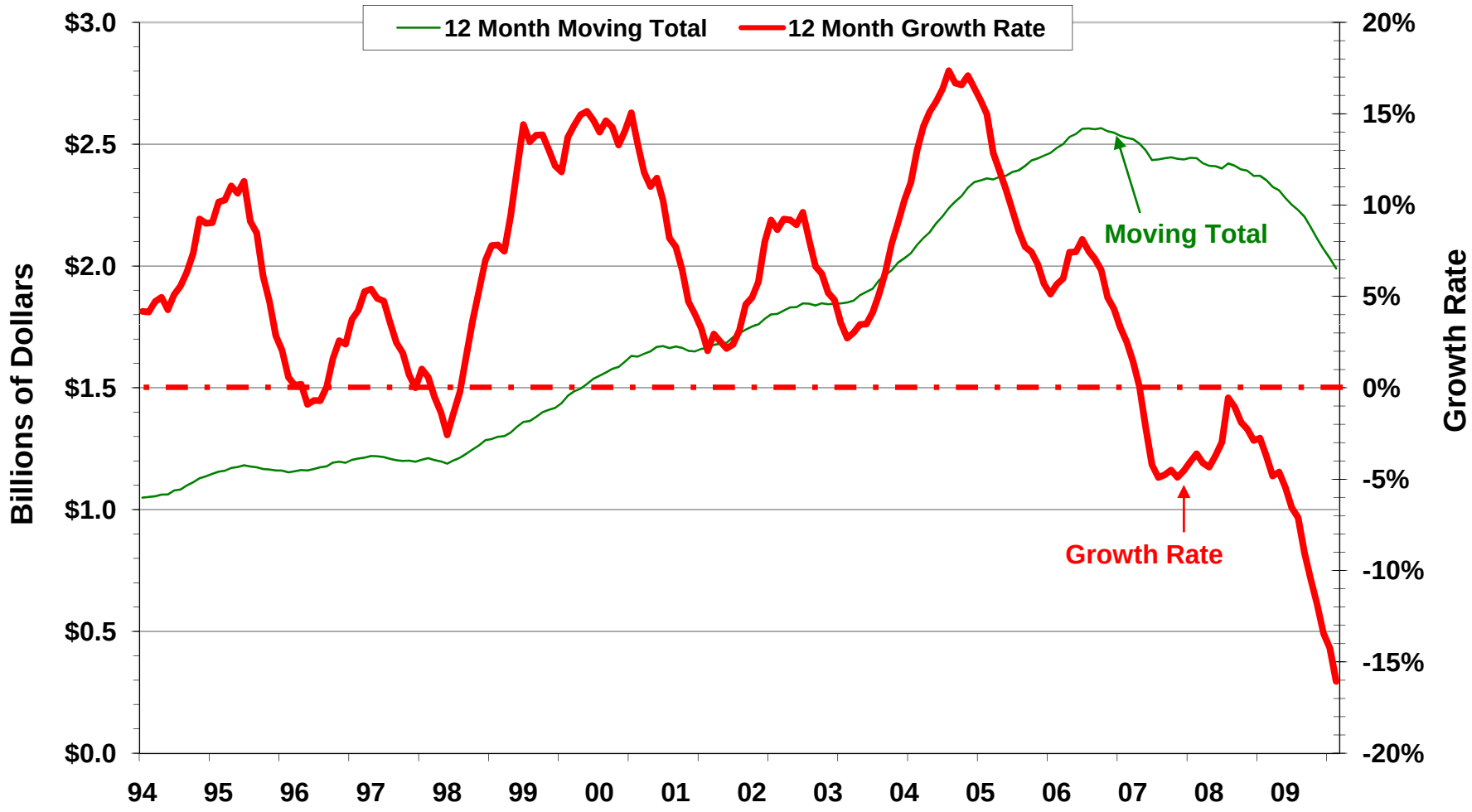


Maine Auto/Transportation Taxable Sales
January 1994 - September 2009



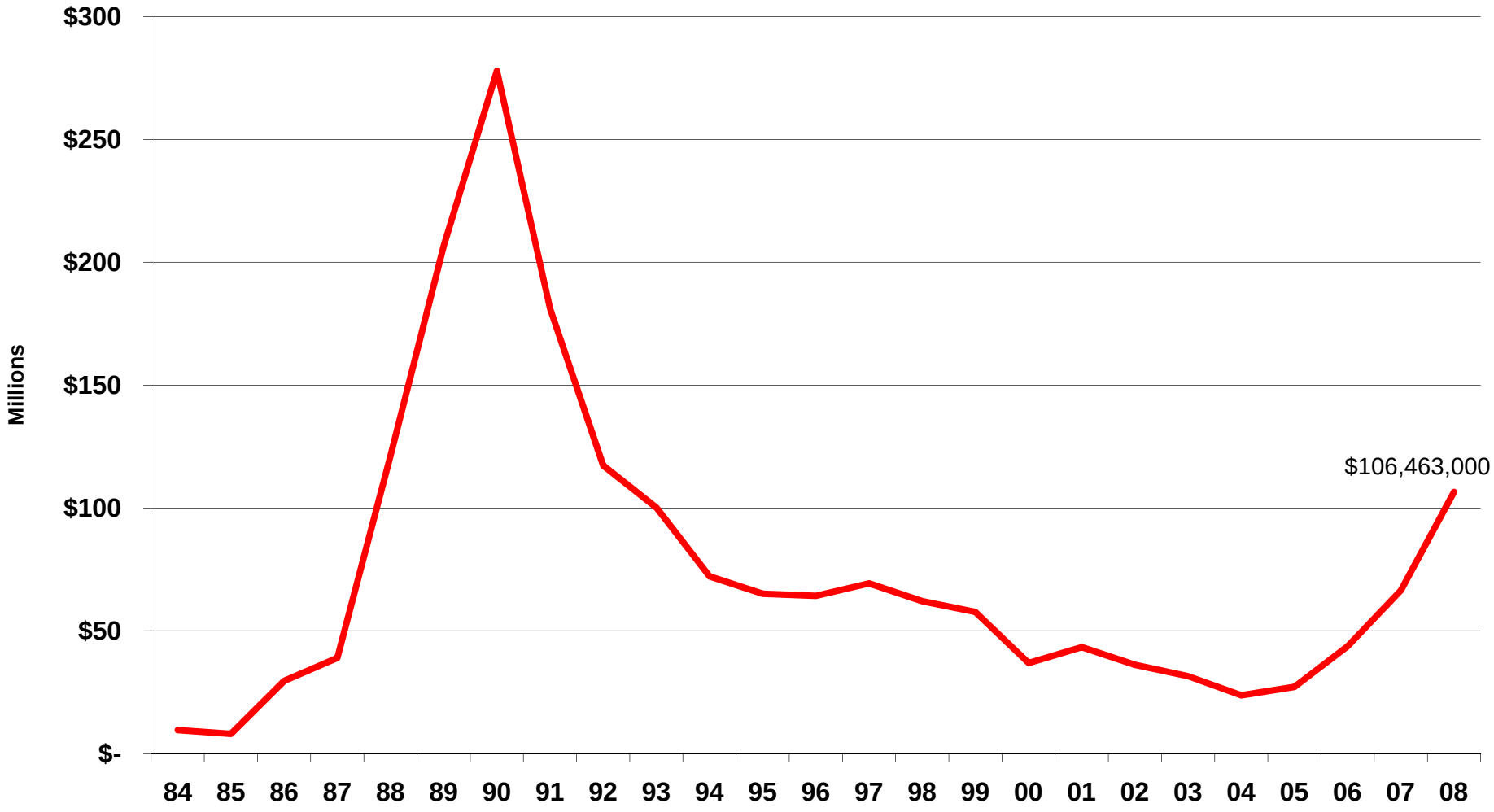
Source: Maine Revenue Services Economic Research Division

Maine Building Supply Taxable Sales
January 1994 - September 2009



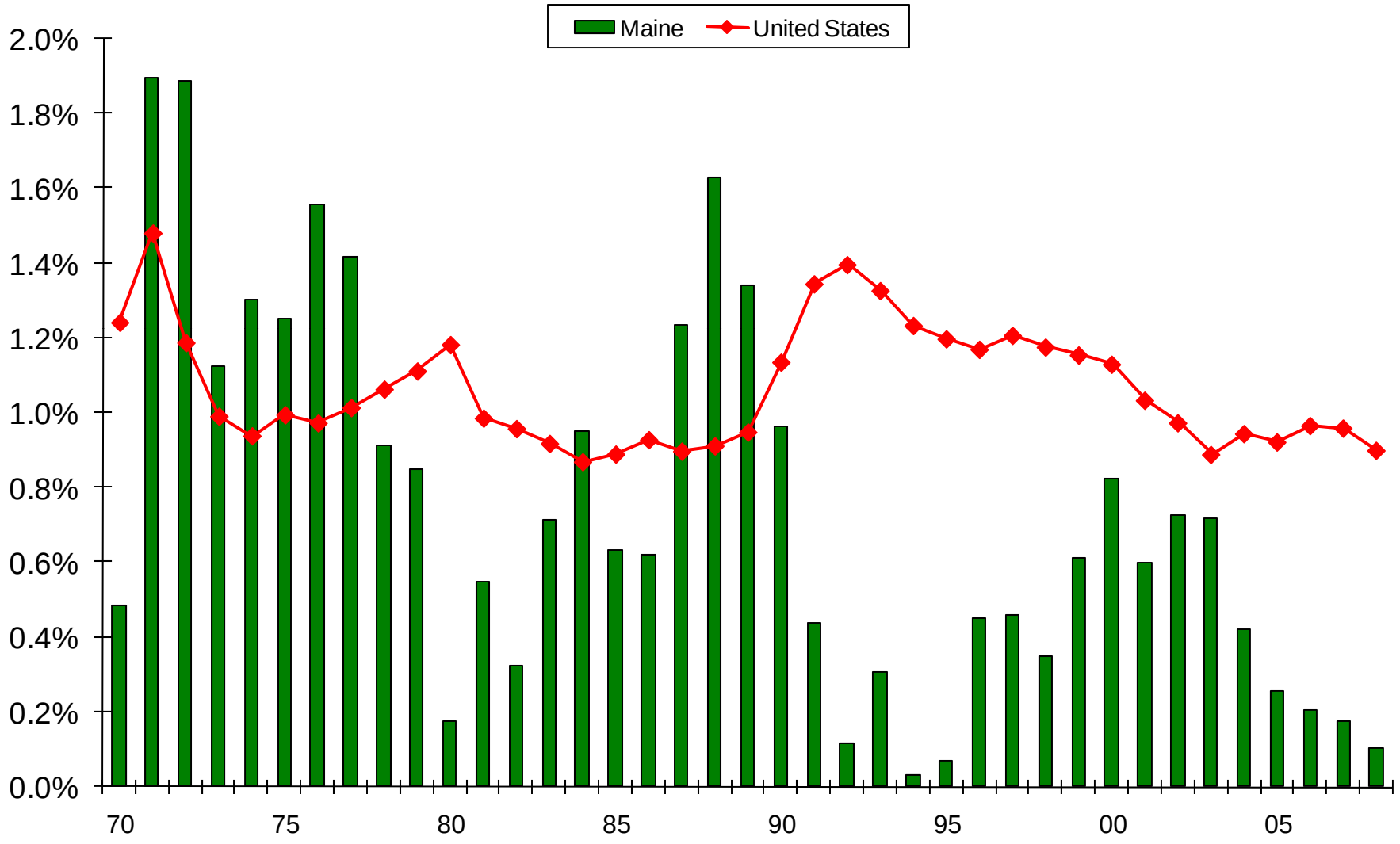
Source: Maine Revenue Services Economic Research Division

Maine Bank Non-Performing Loans
1984-2008

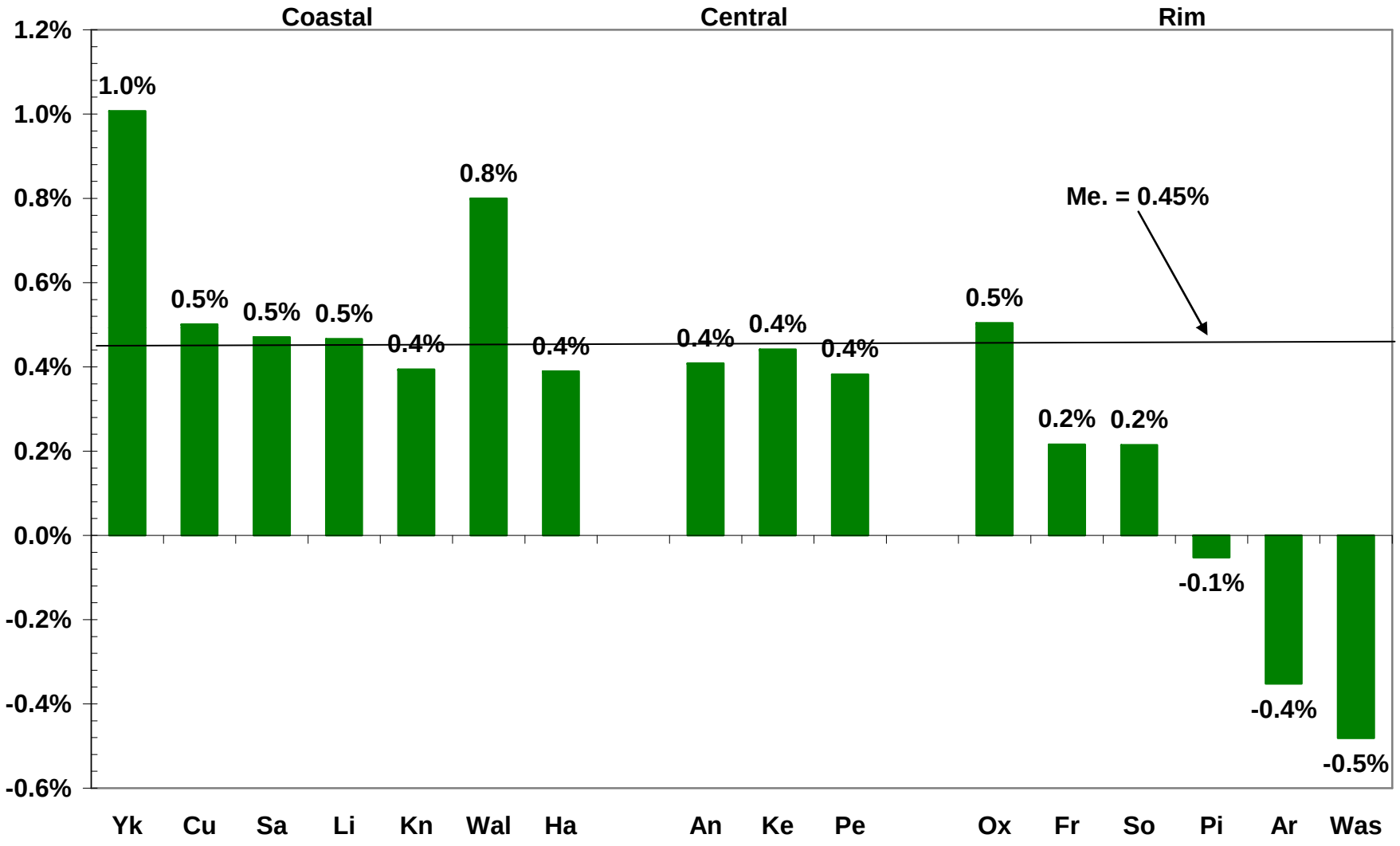


Source: Federal Deposit Insurance Corporation

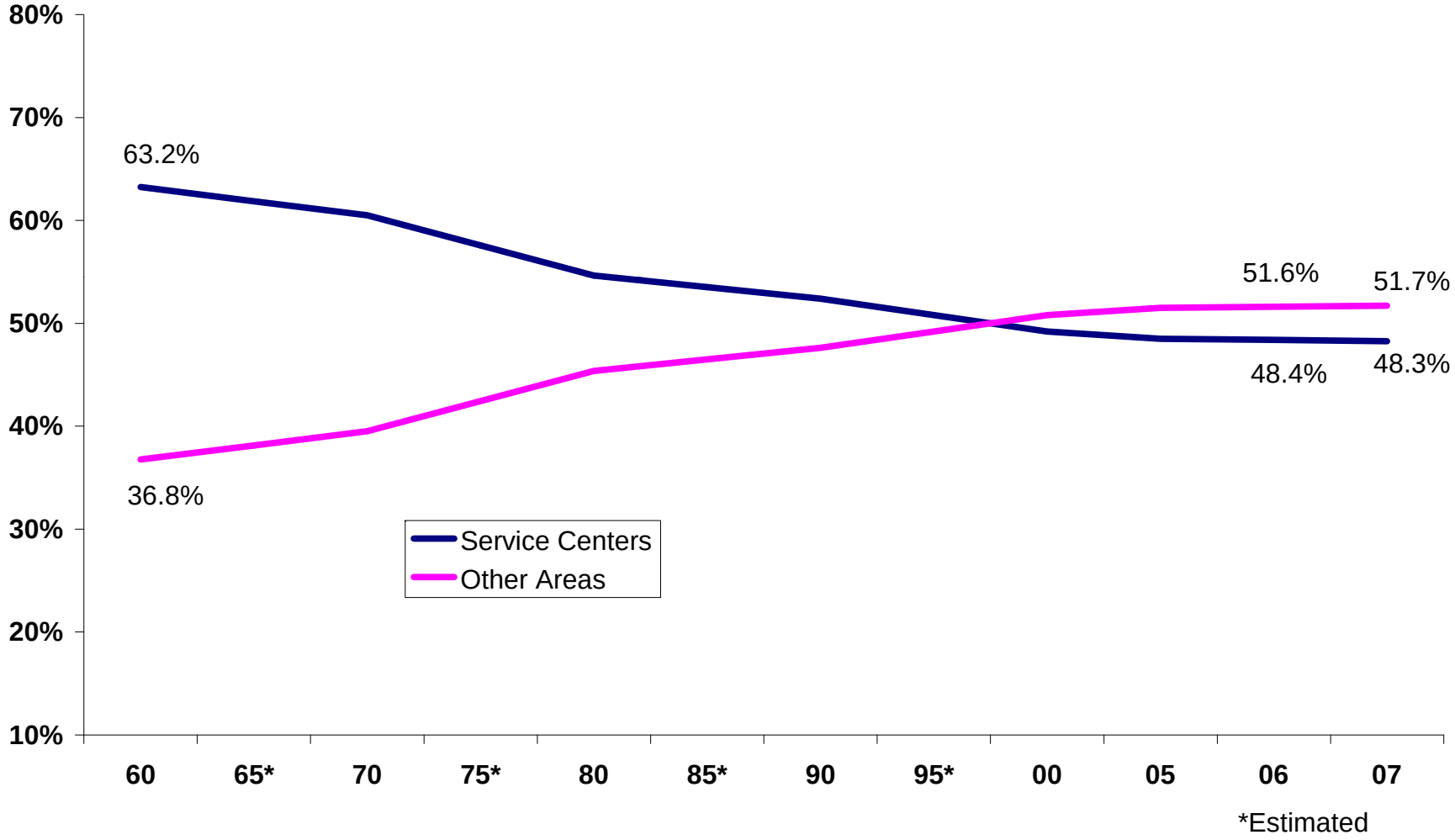
% Population Growth Maine and US 1970-2008



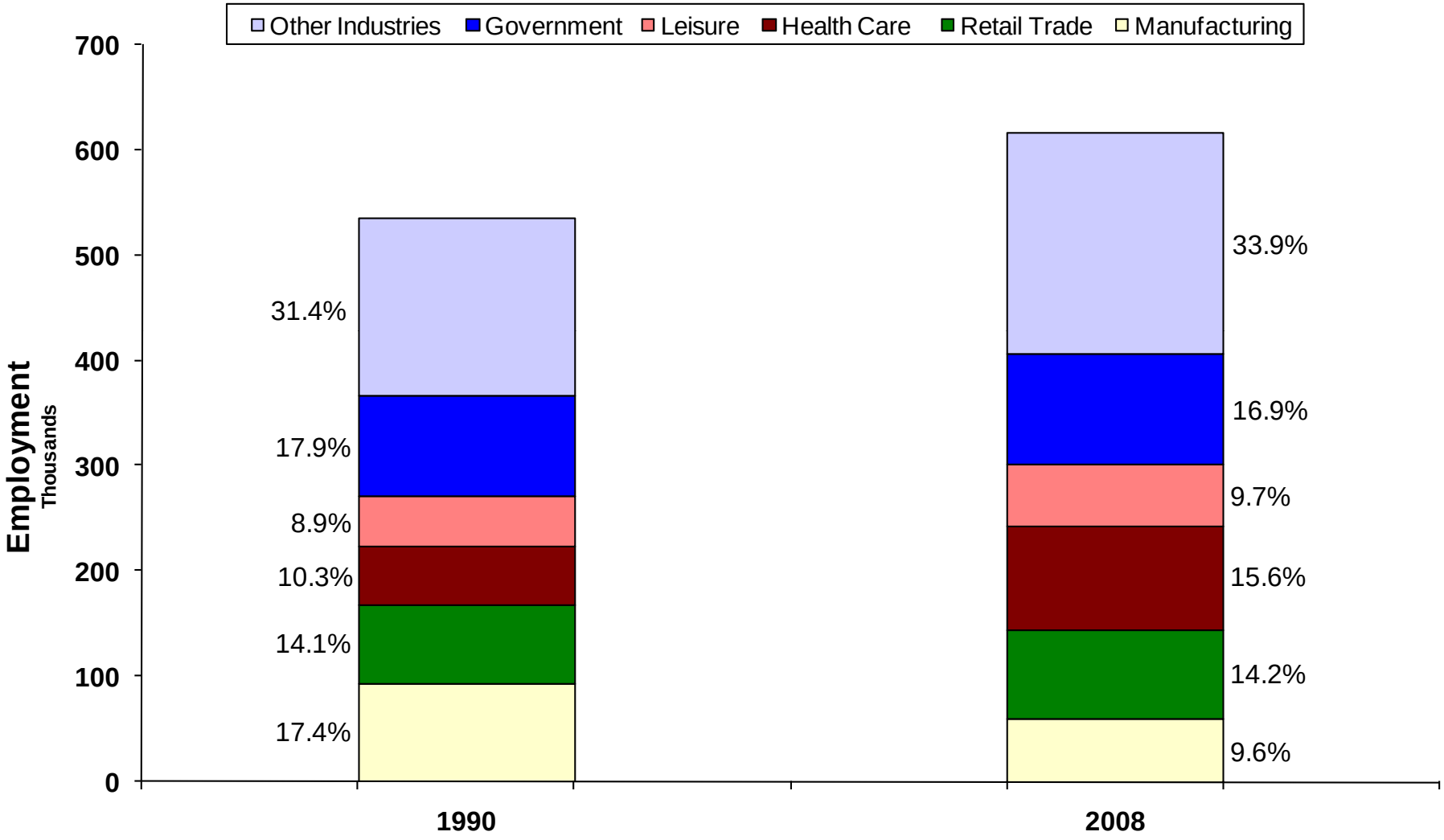
Average Annual Change in Population 2000-2007

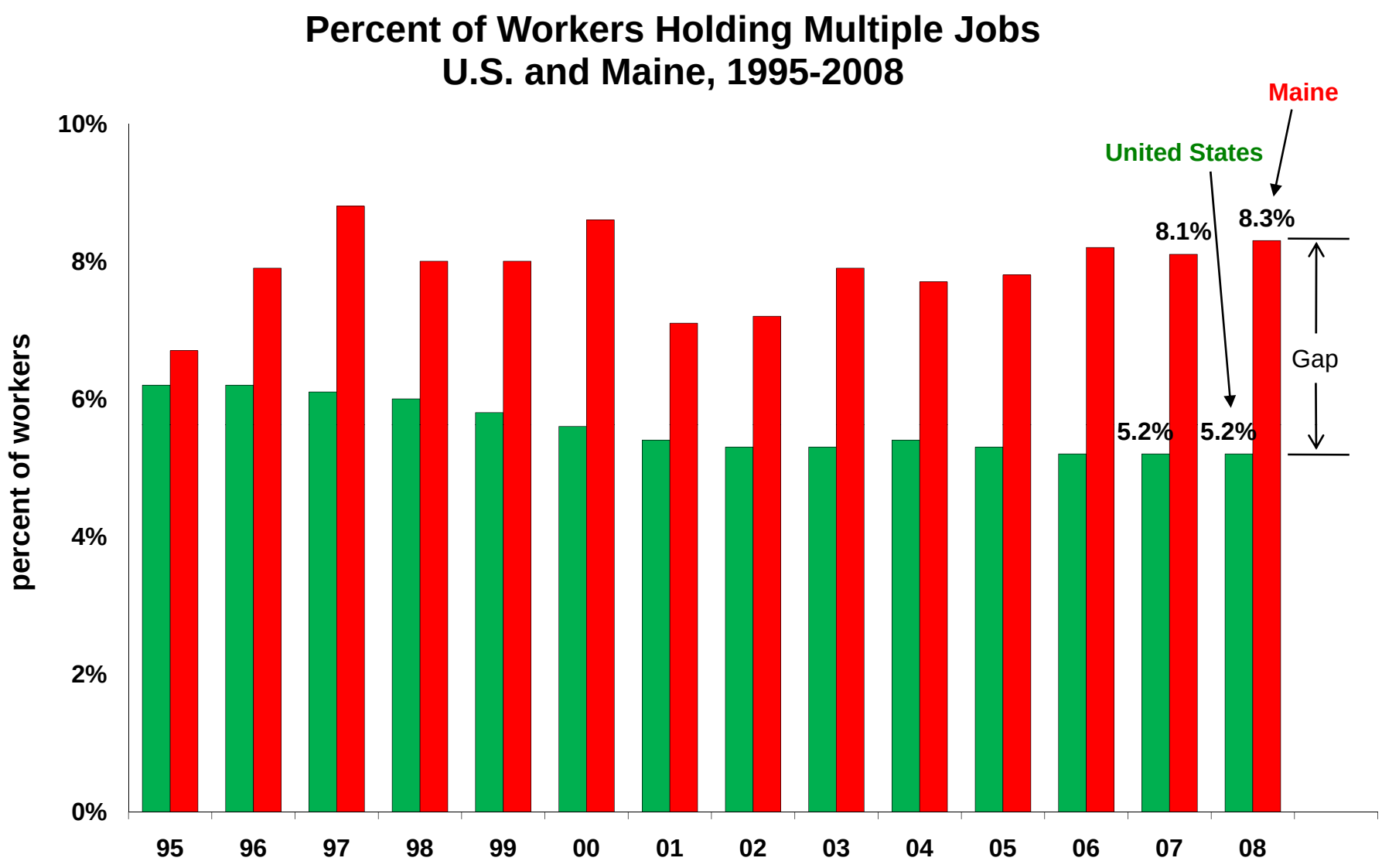


Percent of Maine's Population Living in Regional Service Centers (Compared to Other Municipalities) 1960-2007

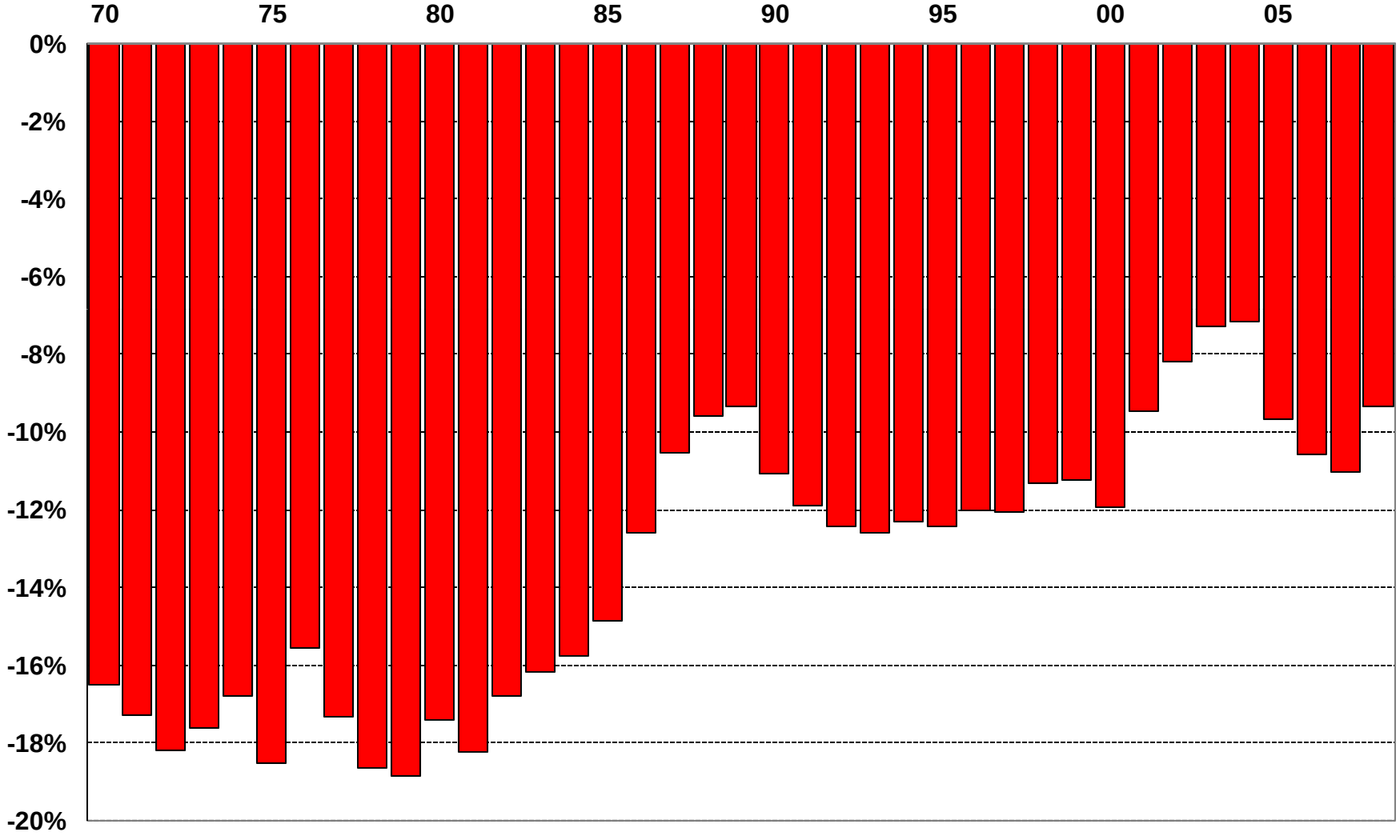


Maine's Wage & Salary Employment* by Sector

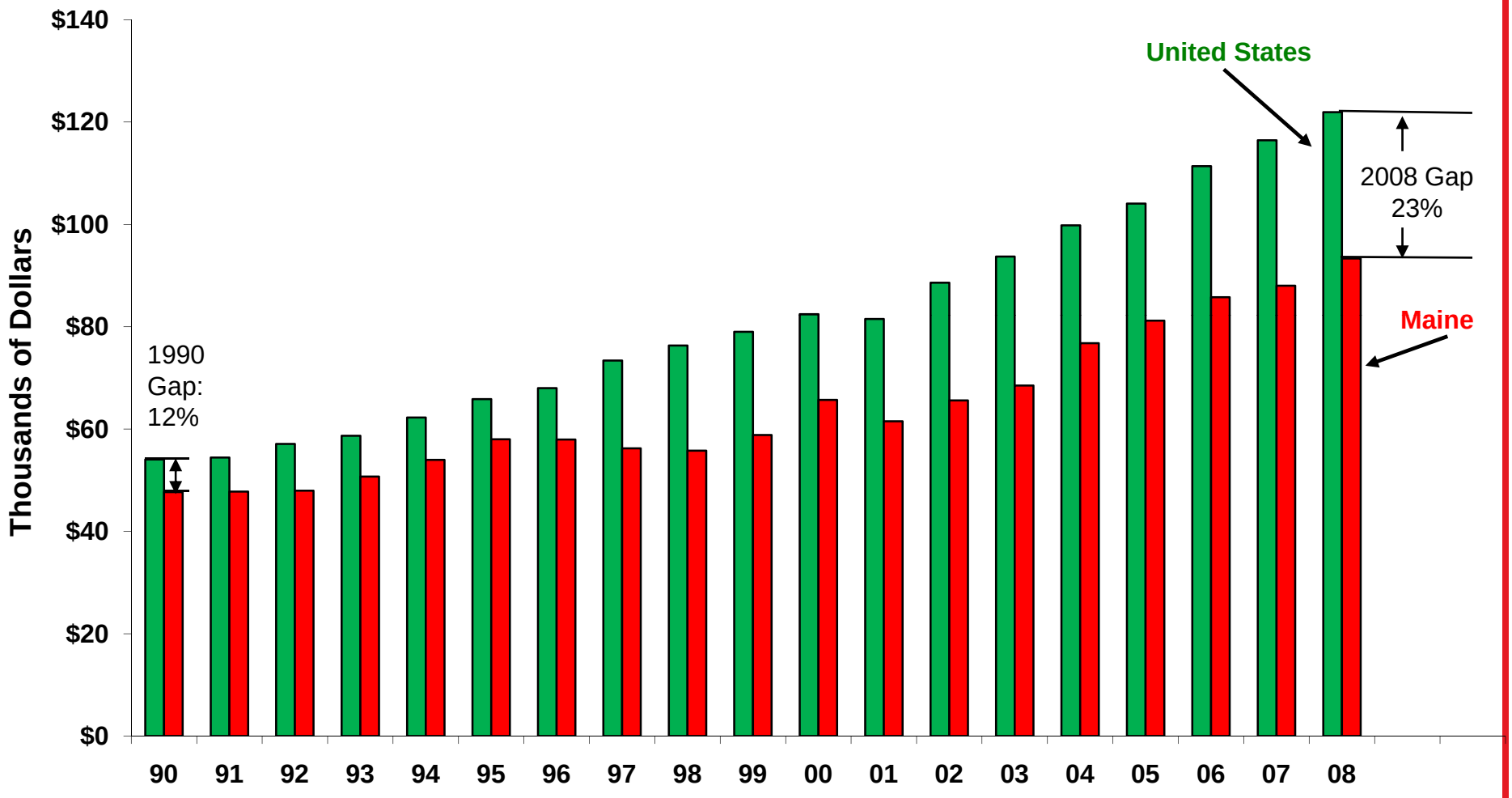



Percent of Workers Holding Multiple Jobs
U.S. and Maine, 1995-2008
percent of workers
10%
8%
6%
4%
2%
0%
95
96
97
98
99
00
01
02
03
04
05
06
07
08
Maine
United States
8.1%
8.3%
5.2%
5.2%
Gap

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



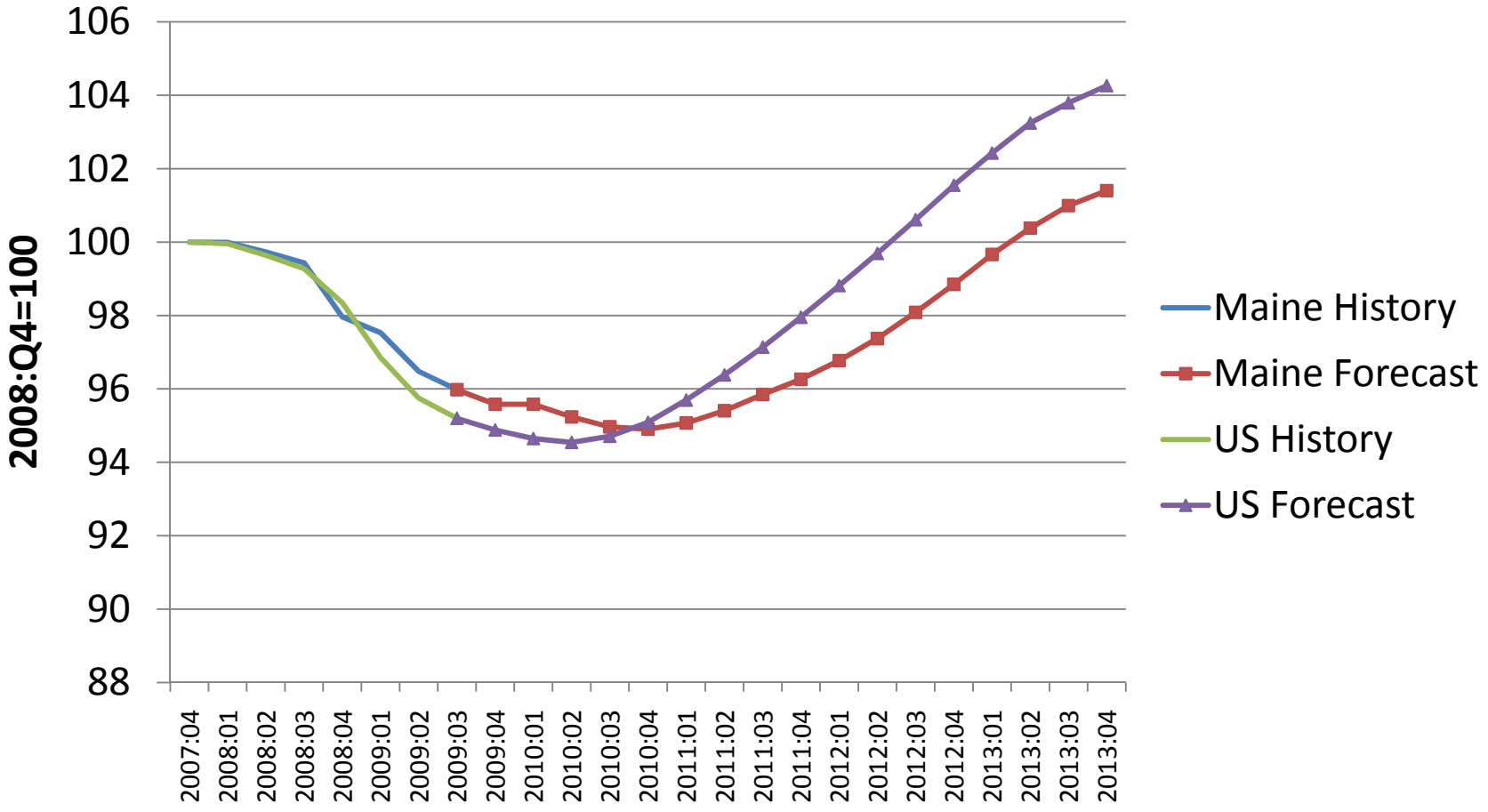
Value Added per Manufacturing Worker
U.S. and Maine 1990-2008



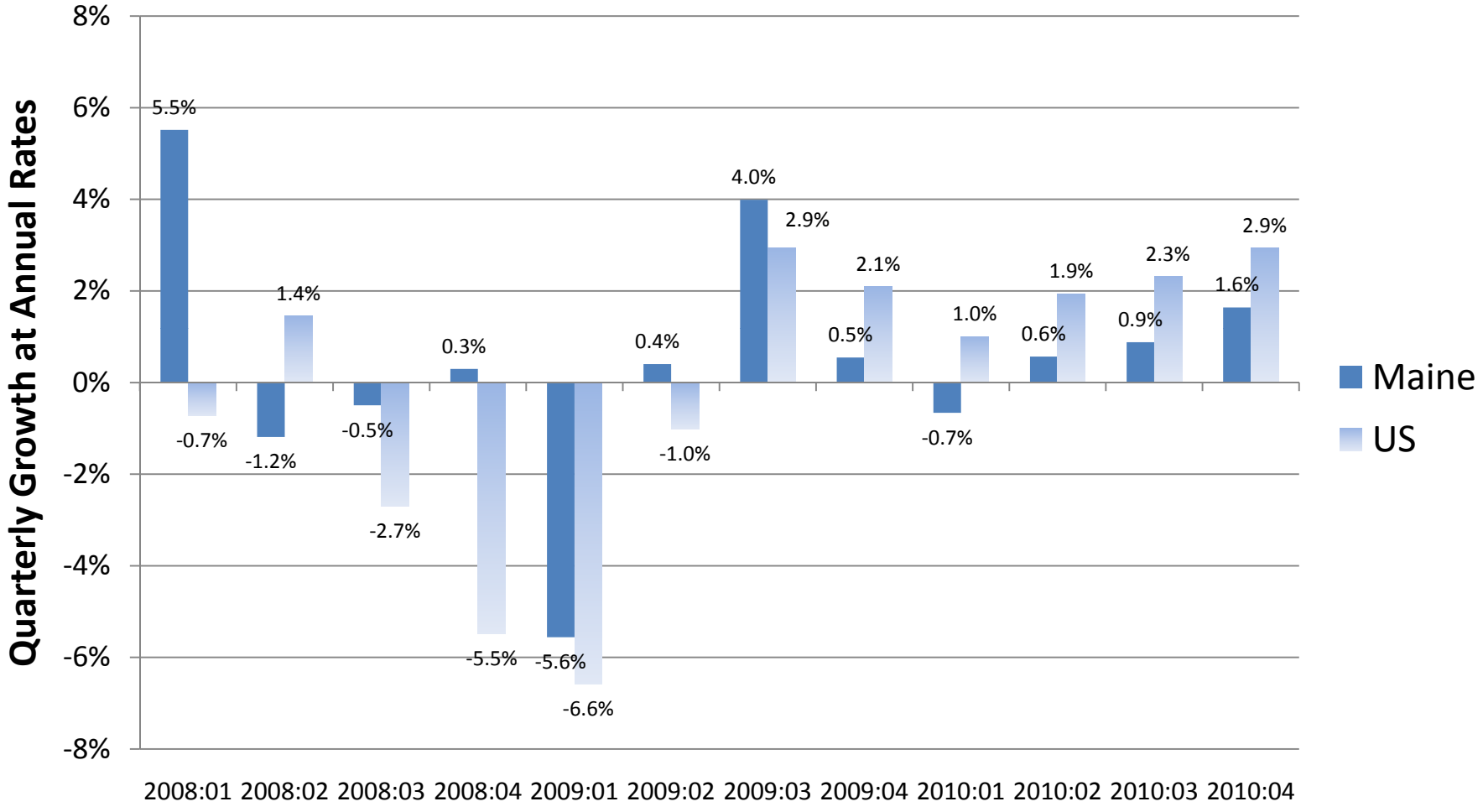
The Outlook

- 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

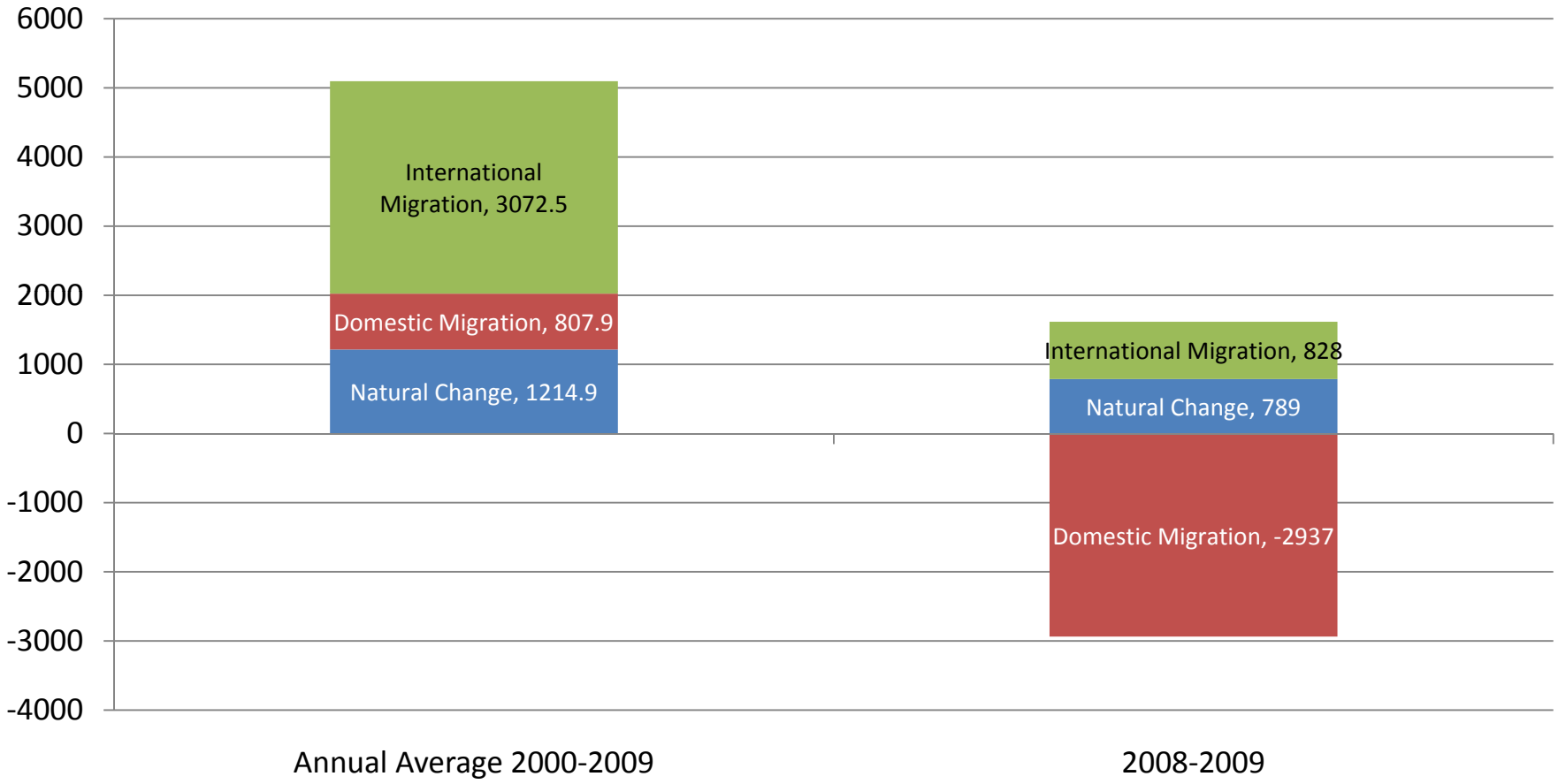
Employment in Maine and the US



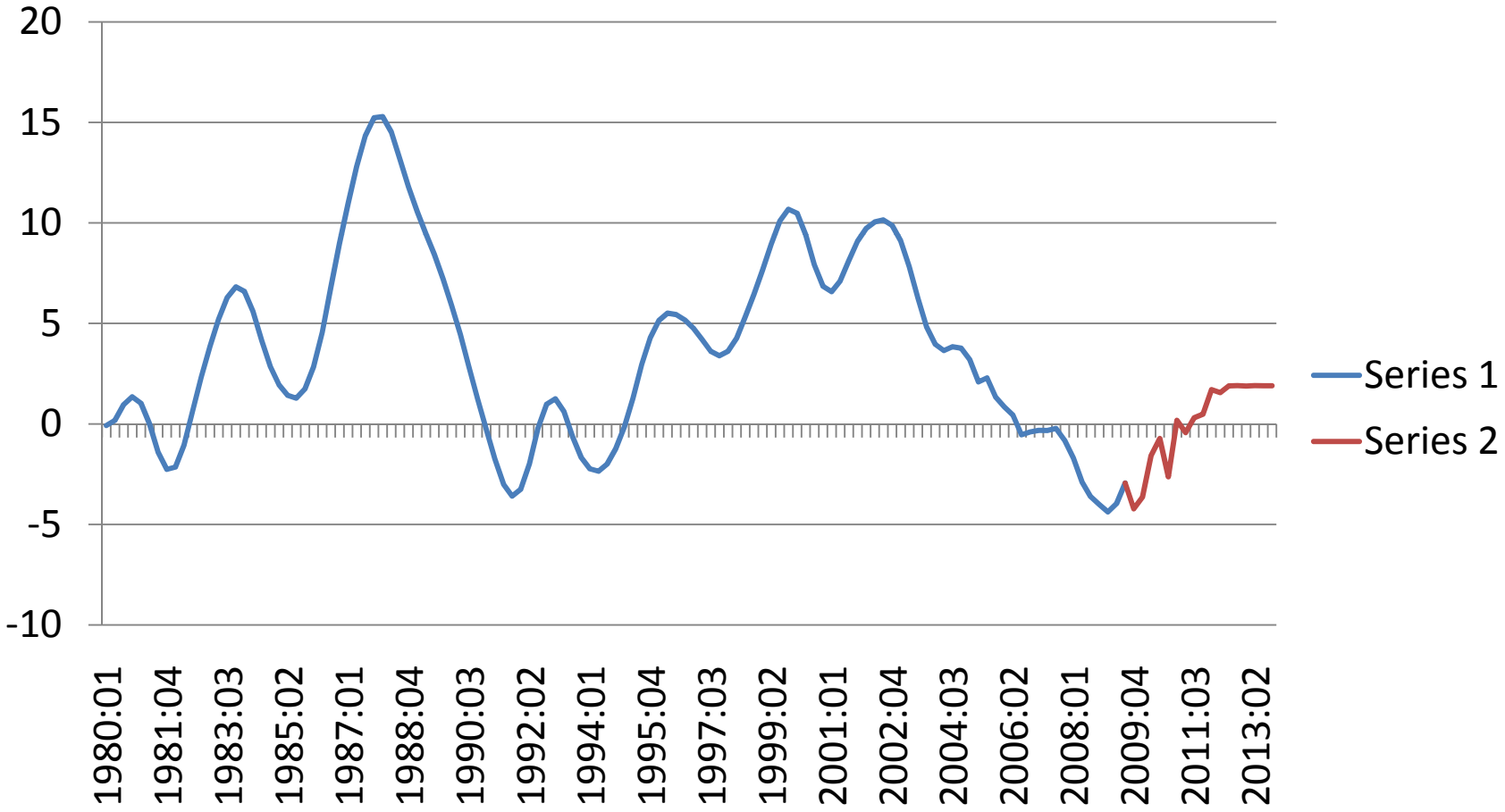
GDP Growth


Quarterly Growth at Annual Rates
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
5.5%
-0.7%
-1.2%
1.4%
-0.5%
-2.7%
0.3%
-5.5%
-5.6%
-6.6%
0.4%
-1.0%
4.0%
2.9%
0.5%
2.1%
-0.7%
1.0%
0.6%
1.9%
0.9%
2.3%
1.6%
2.9%
2008:01
2008:02
2008:03
2008:04
2009:01
2009:02
2009:03
2009:04
2010:01
2010:02
2010:03
2010:04
Maine
US

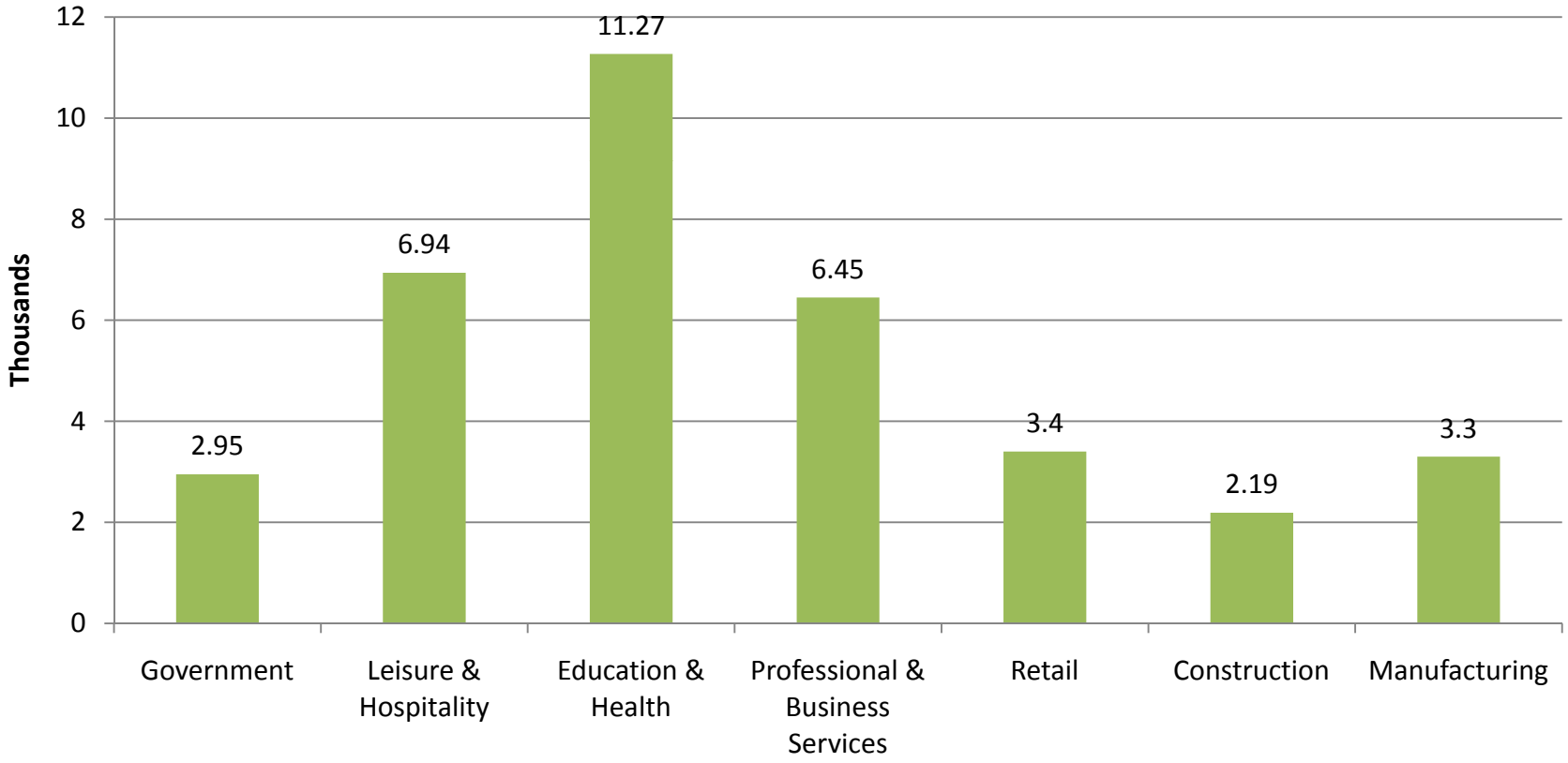
Population Growth in Maine



Maine Net Migration 1980-2013

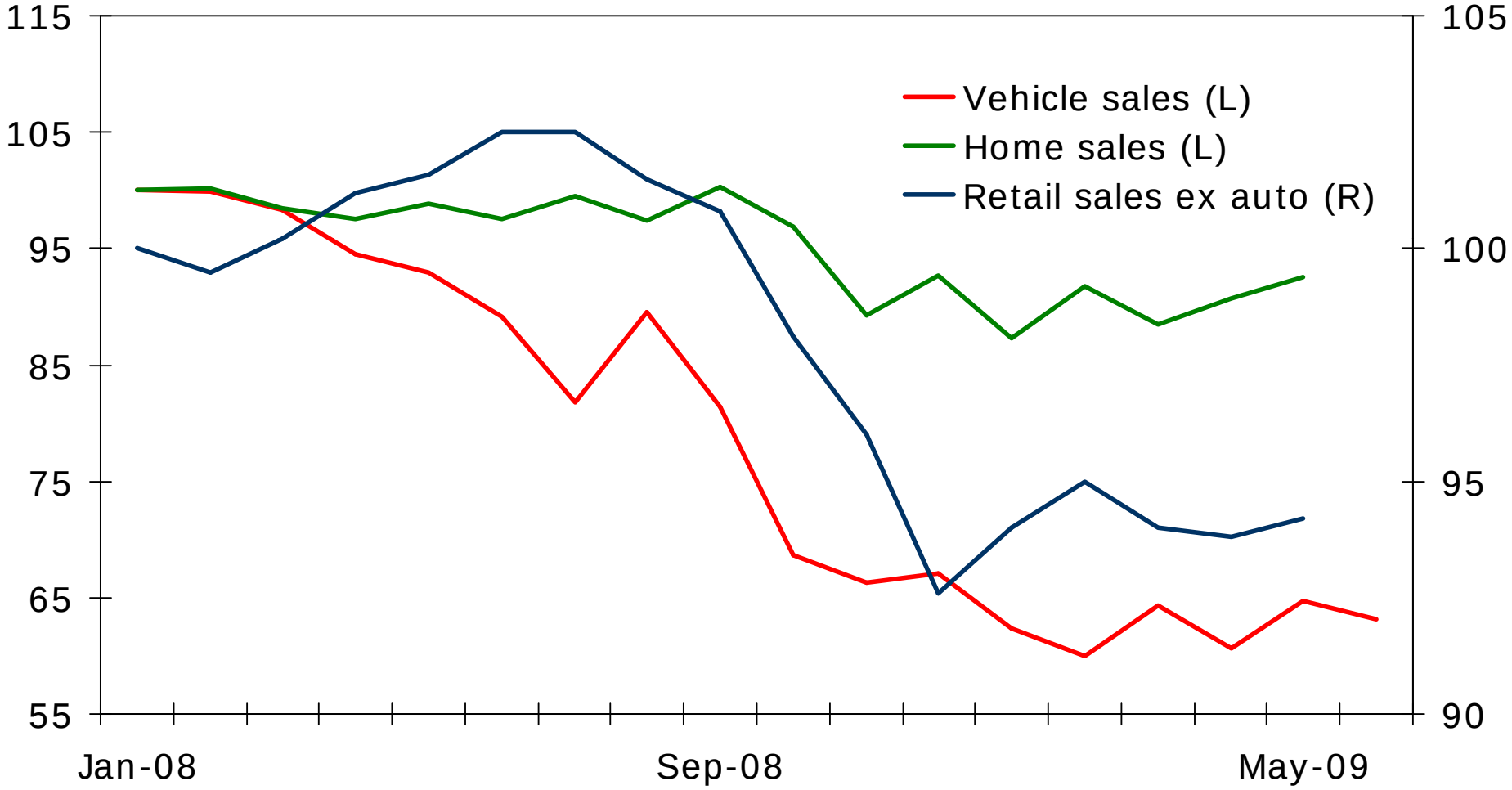


Where will the jobs come from
(2010:Q3-2013:Q4)



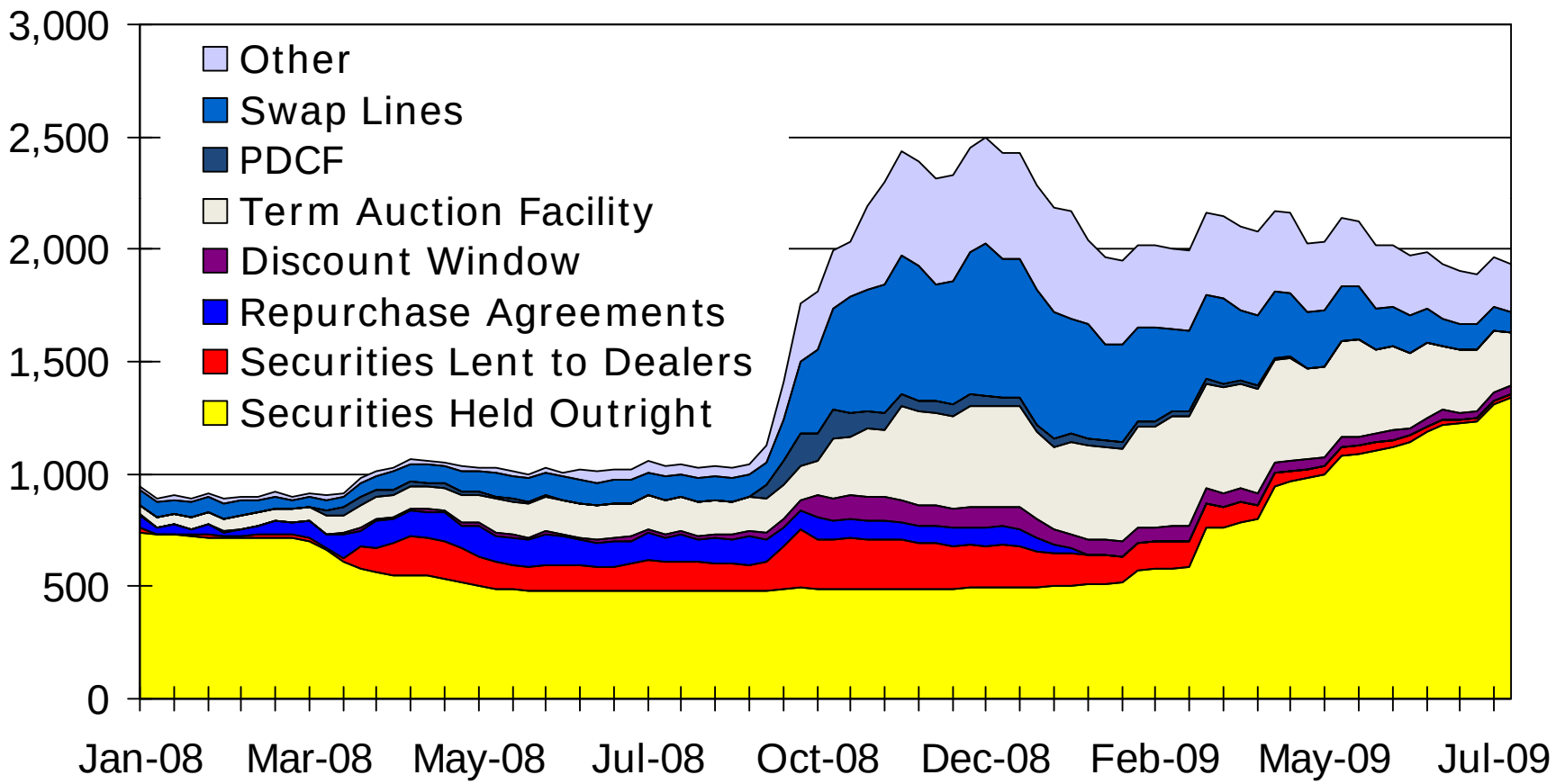
Household Buying Stabilizes

January 2008 = 100

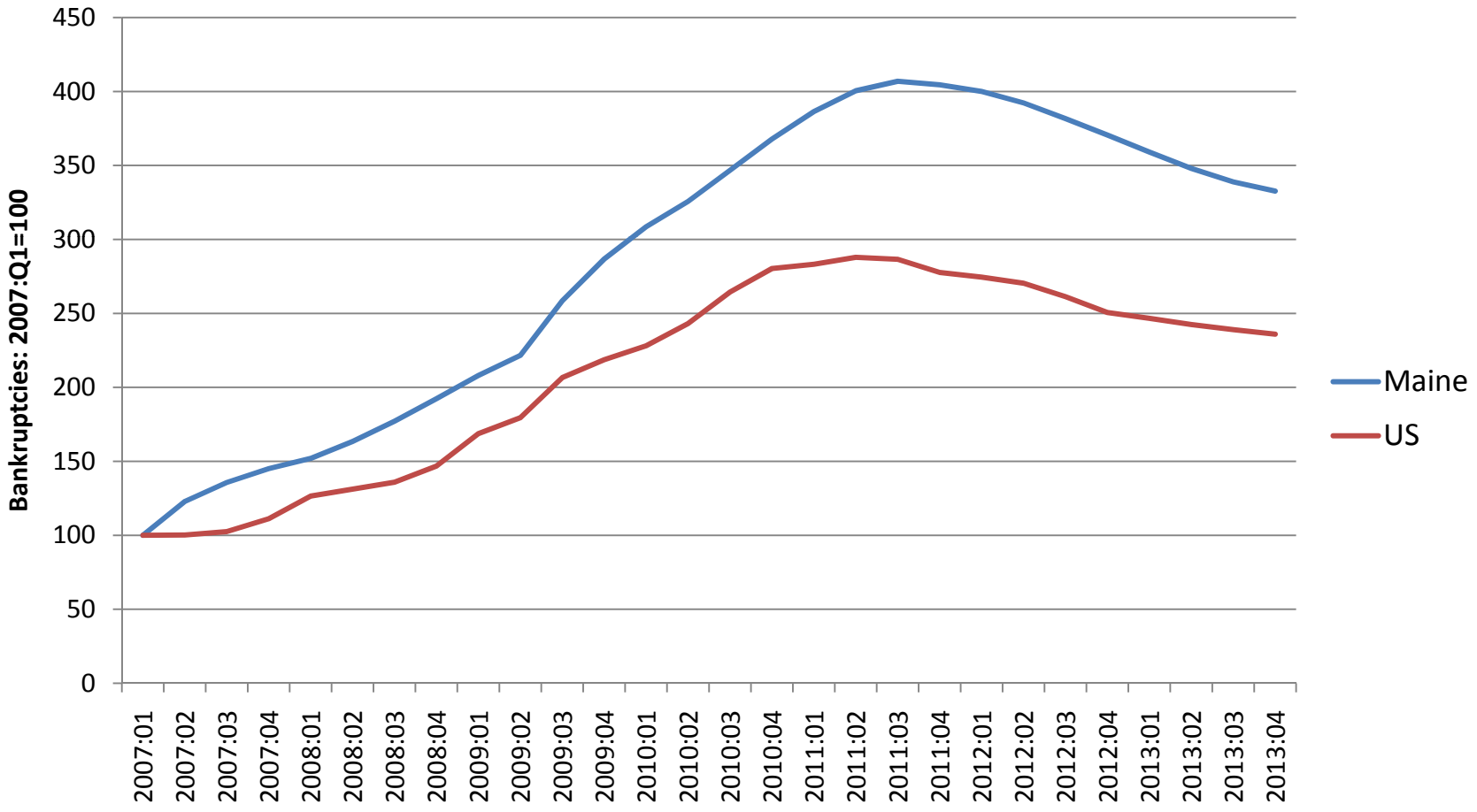


No Quick Exit for the Fed…

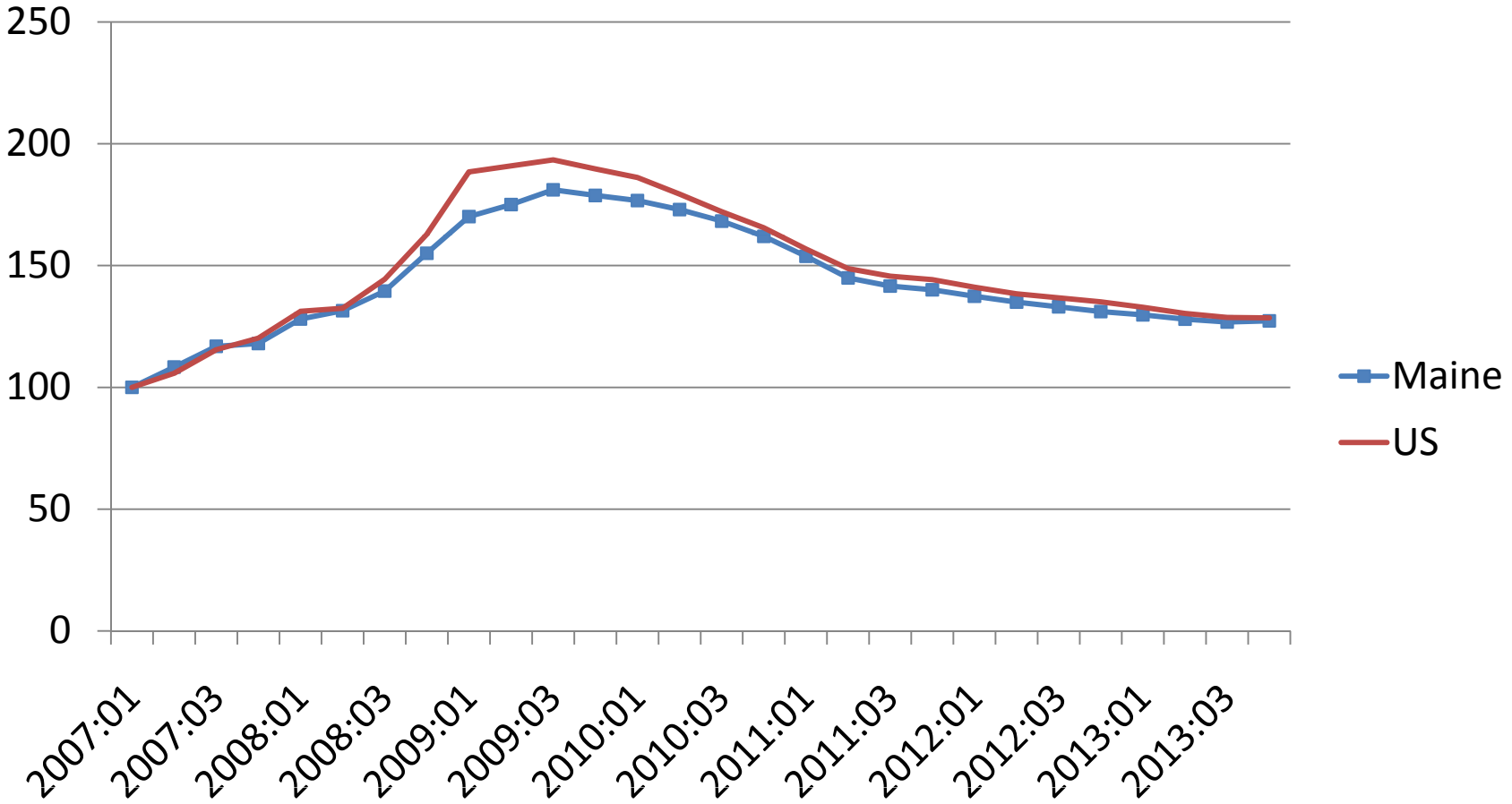
Federal Reserve's balance sheet, $ bil



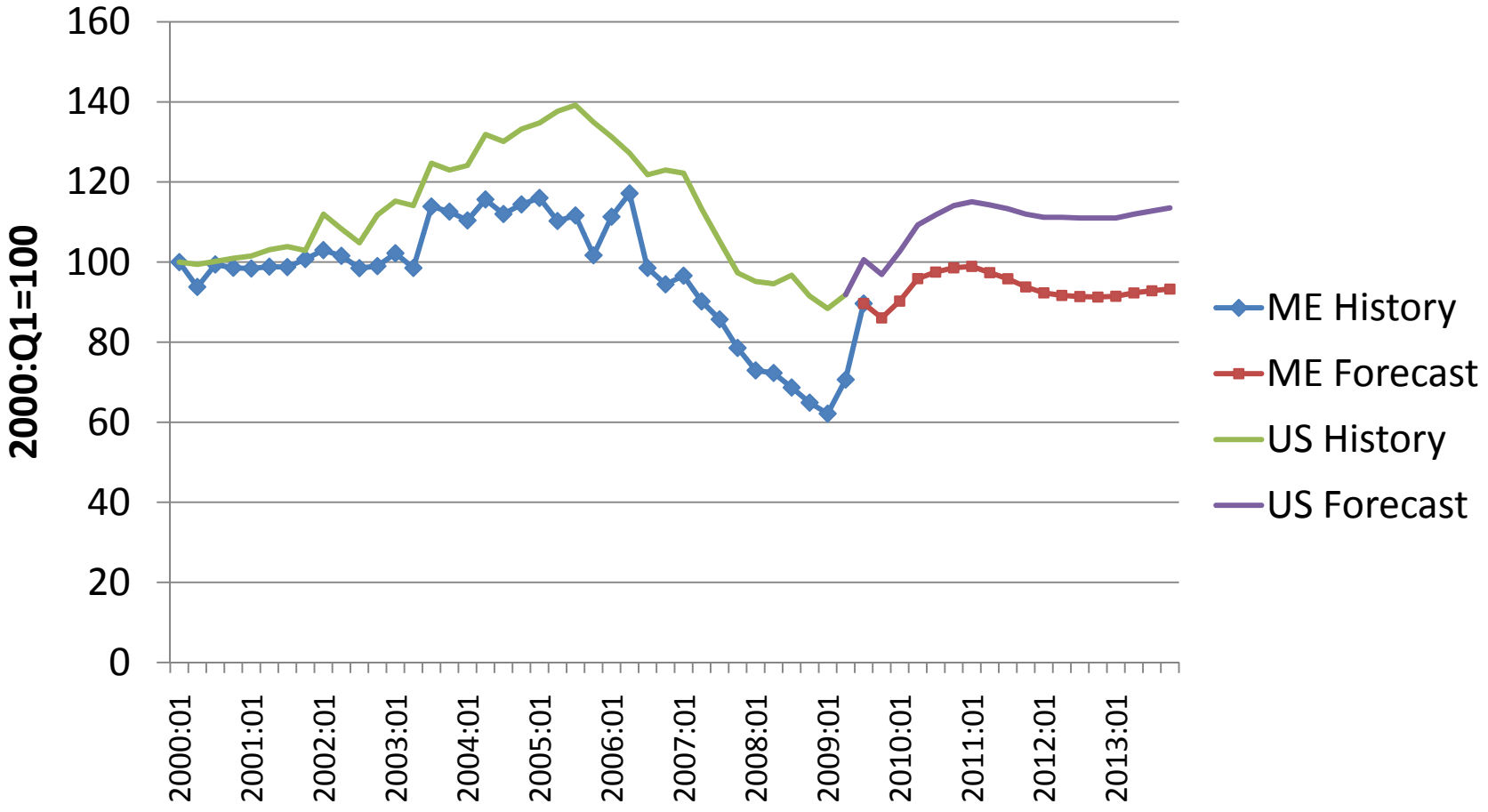
The Peak of Consumer Distress is still two years away and will be greater in Maine



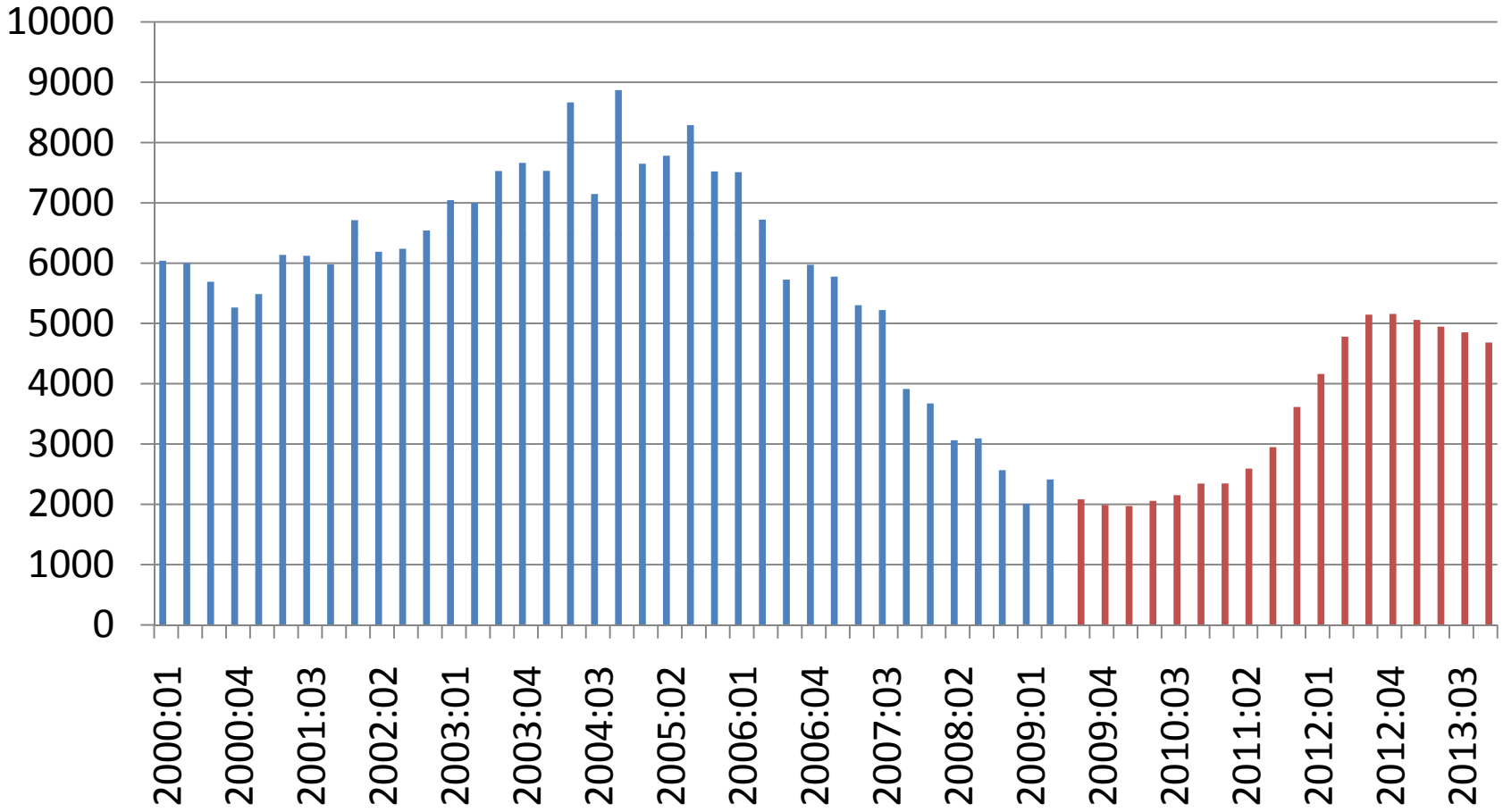
Mortgage Delinquencies



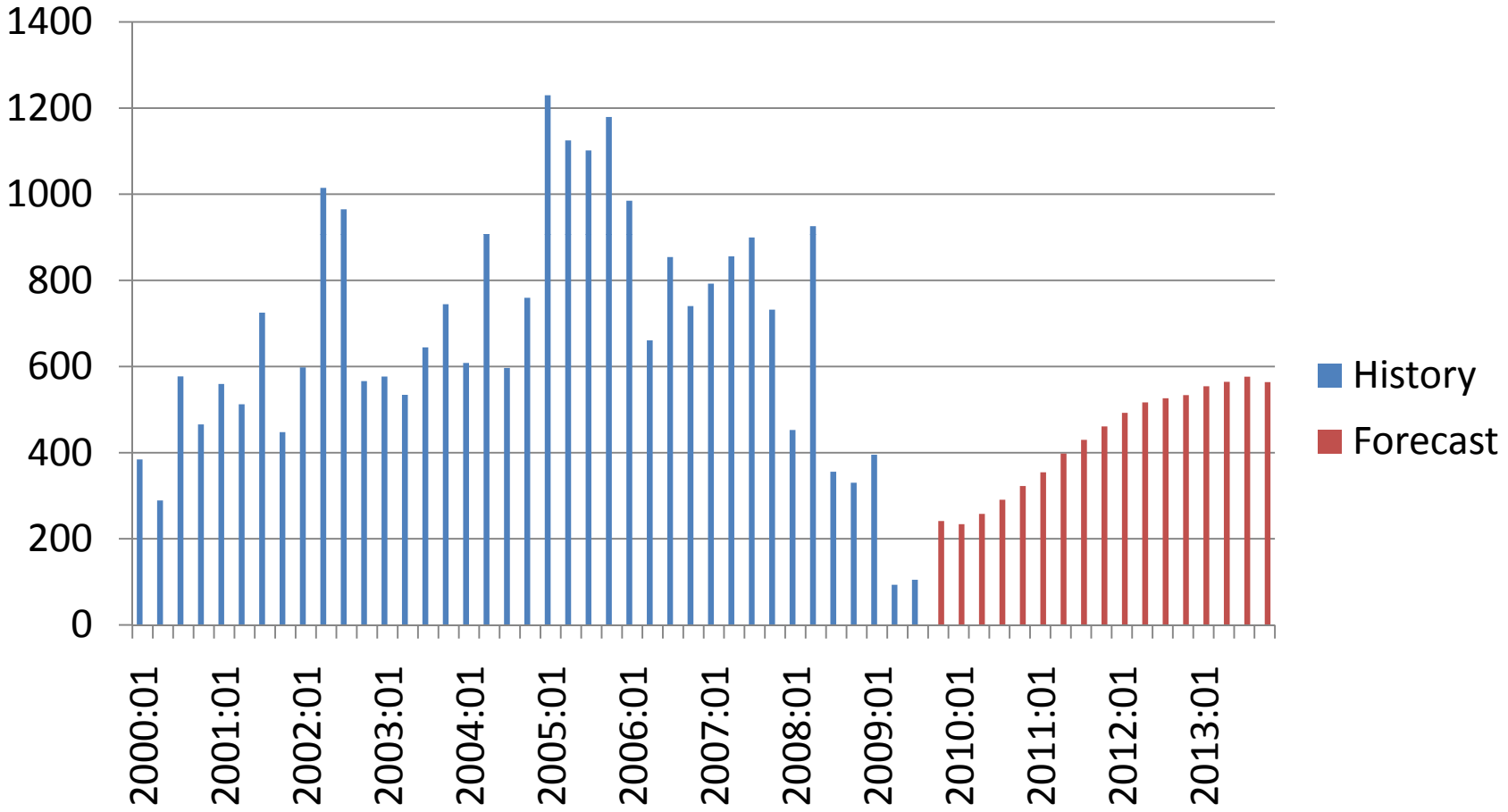
Existing Home Sales



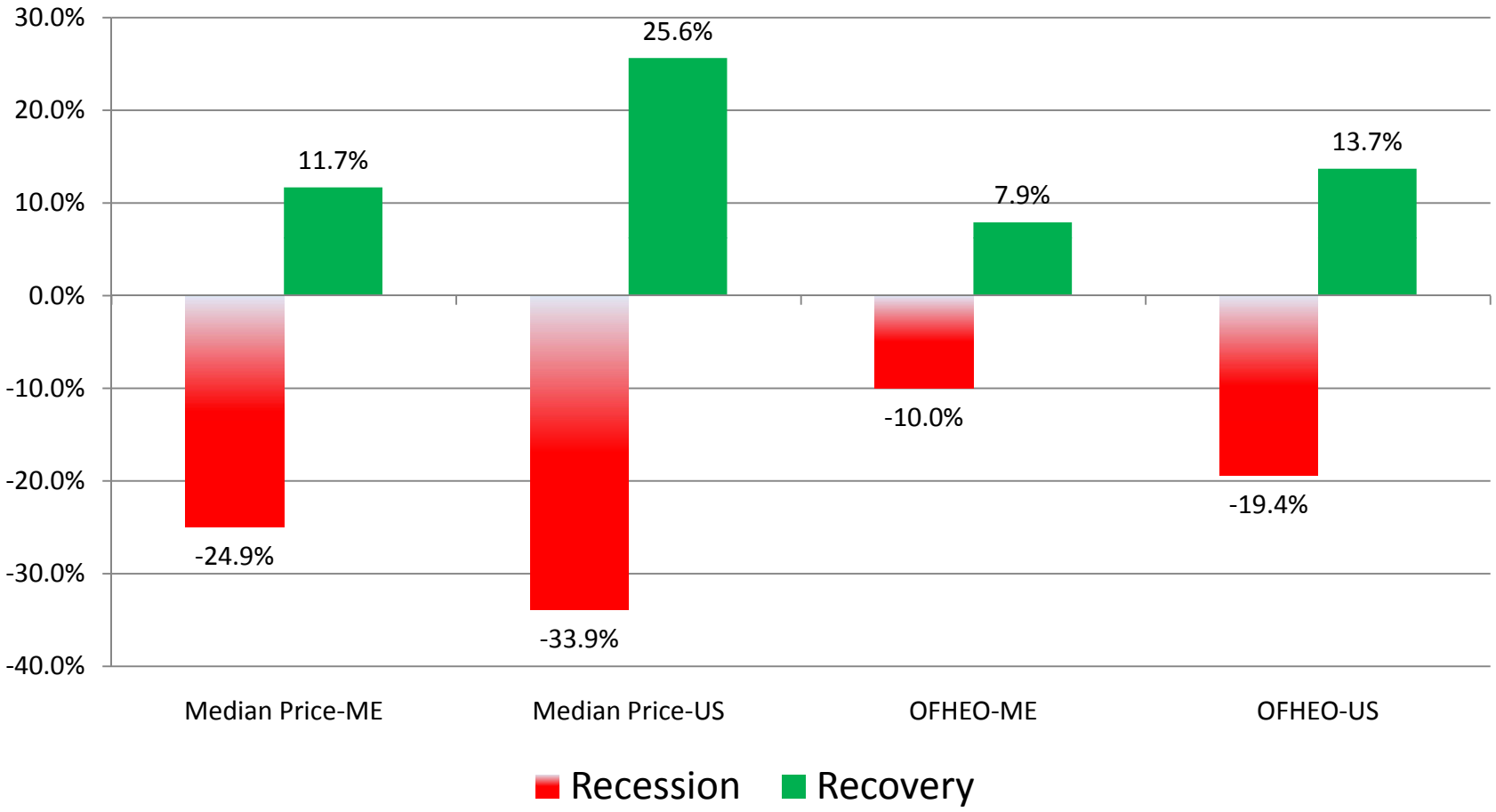
Single Family Housing Permits-Maine



Multifamily Housing Permits

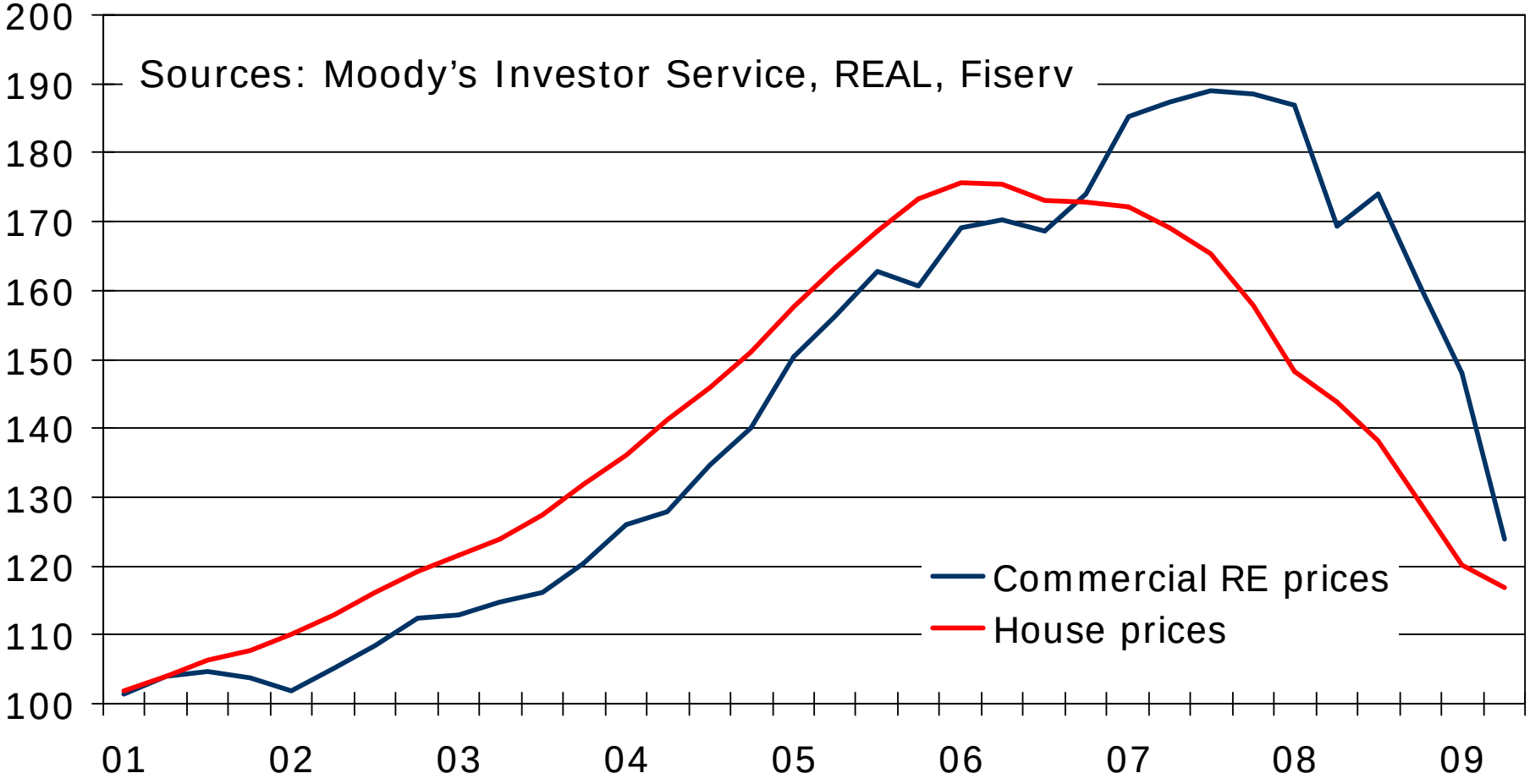


Two Views of Housing Prices (Peak to Trough Declines)

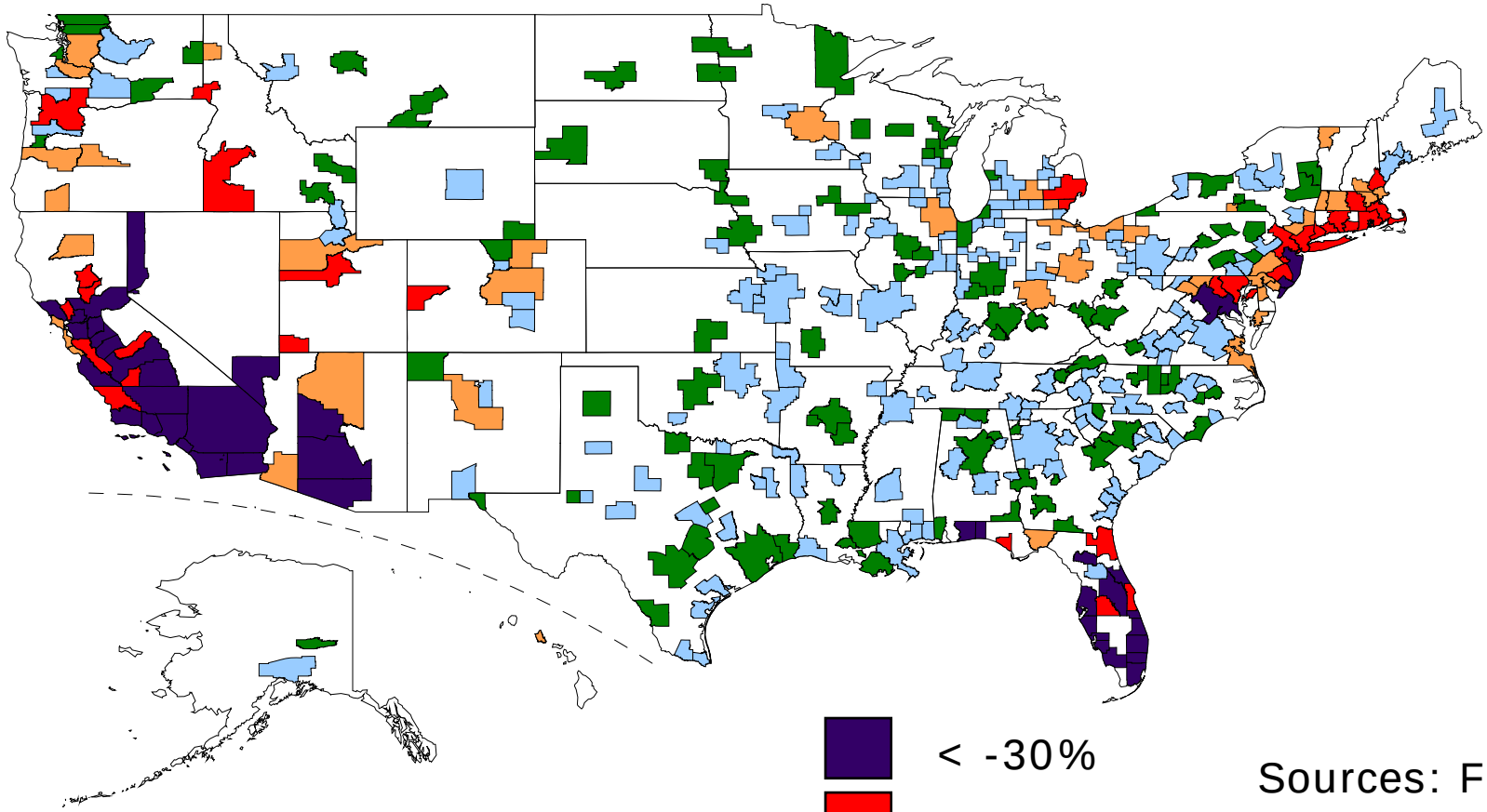


Commercial RE Under Severe Pressure

Repeat Sales Indices: 2000Q4 = 100



Projected peak-to-trough house price decline



- < -30%
- -20 to -30%
- -10 to -20%
- 0 to -10%
- No decline

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