COMPREHENSIVE HOUSING MARKET ANALYSIS

Maine

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of December 1, 2023

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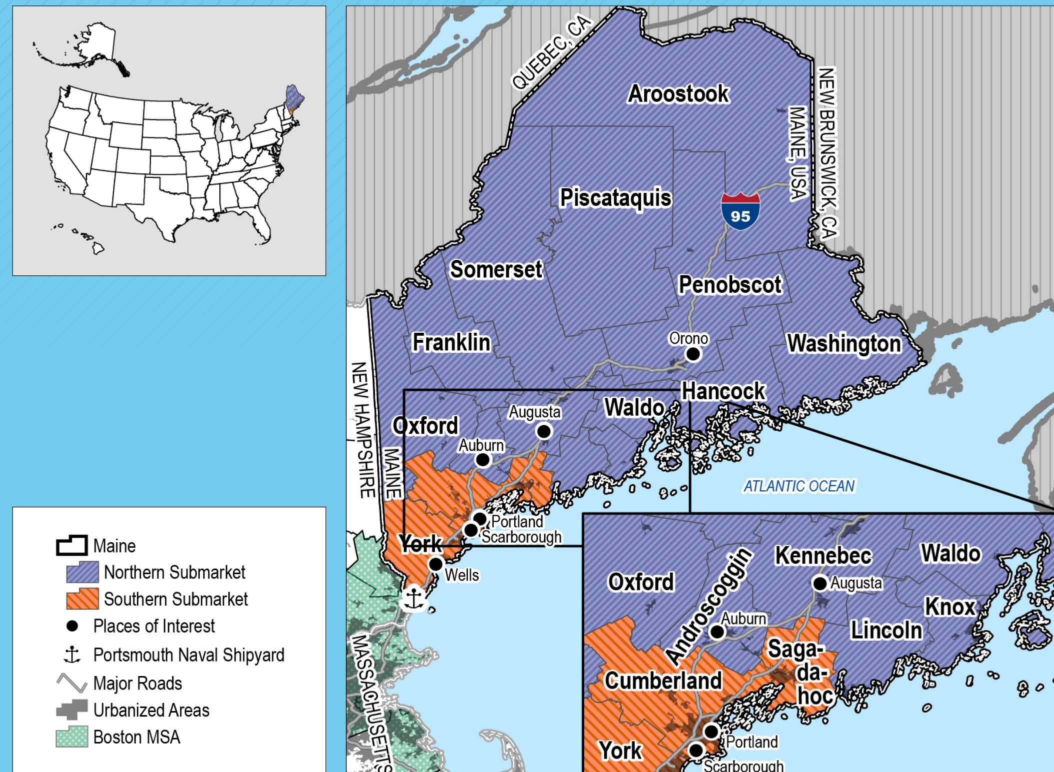
Executive Summary

Maine is the northeastern-most state in the United States, with approximately 3,500 miles of Atlantic coastline and 18 million acres of forestland, and is informally known as the Pine Tree State and Vacationland. For purposes of this analysis, the state is divided into two submarkets: the Southern submarket, which is coterminous with the Portland-South Portland Metropolitan Statistical Area and includes Cumberland, Sagadahoc, and York Counties, and the Northern submarket, which includes Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Somerset, Waldo, and Washington Counties.

The current population of Maine is estimated at 1.40 million.

Maine is attractive for purchasers of second homes and as a migration destination, particularly for retirees—generally defined as residents aged 65 and older—because the state offers a high quality of life due to the availability of outdoor recreation and an expanding healthcare system. In 2022, 76 percent of vacant housing units in the state were for seasonal, recreational, or occasional use, a rate only surpassed by Vermont. Maine had the highest proportion of residents aged 65 and older of any state in the nation, accounting for 23 percent of the population (American Community Survey [ACS] 1-year data).



Tools and Resources

Find interim updates for this state, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the state can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Strong: During the 12 months ending November 2023, the number of payroll jobs in the state was 1.6 percent greater than the prepandemic high during 2019.

Nonfarm payrolls in the state rose 1.5 percent, or by 9,700 jobs, to 647,300 during the 12 months ending November 2023. Eight of the 11 sectors added jobs during the 12 months, with the largest and fastest gains in the education and health services sector, which expanded by 3,700 jobs, or 2.9 percent. The unemployment rate in the state was 2.7 percent during the 12 months ending November 2023, down from 3.0 percent a year ago and less than the 3.6-percent rate for the nation. During the next 3 years, job growth in the state is expected to moderate to an average rate of 0.9 percent annually.

Sales Market

Tight but Easing: During November 2023, the state had 2.4 months of available for-sale inventory, up from 1.4 months a year earlier (CoreLogic, Inc.).

The sales vacancy rate in the state is estimated at 1.6 percent as of December 1, 2023, up from 1.4 percent in April 2020 but below the 2.4-percent rate in April 2010 when sales market conditions were slightly soft. Rising mortgage interest rates contributed to a significant decline in sales during the past year, and price growth slowed notably. During the 12 months ending November 2023, home sales totaled 14,850, down 16 percent from a year ago, and the average home sales price rose 8 percent to $425,500, following a 13-percent increase a year earlier (Zonda). During the 3-year forecast period, demand is estimated for 13,025 new homes in the state. The 2,350 homes currently under construction in the state will satisfy some of that demand during the next year.

Rental Market

Balanced: A surge in new apartment completions resulted in a significant rise in the vacancy rate during the past year.

The overall rental vacancy rate in the state is currently estimated at 8.3 percent, up from 6.7 percent in April 2020. The rental vacancy rate in the state trends higher than other areas of the country because of a relatively high number of second-home and vacation rentals. The apartment market is also balanced, with a vacancy rate of 5.4 percent as of the fourth quarter of 2023, up from 3.5 percent a year ago (CoStar Group). The average monthly rent increased at a slower rate during the past year when vacancy rates rose. Year over year, the average rent in the state rose 2 percent to $1,606 as of the fourth quarter of 2023, following a 6-percent increase a year ago. During the forecast period, demand is expected for 3,625 new rental units. The 2,000 rental units under construction in the state will satisfy all of the rental demand during the first year of the forecast.

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3-Year Housing Demand Forecast

	Sales Units			Rental Units		
	Maine Total	Southern Submarket	Northern Submarket	Maine Total	Southern Submarket	Northern Submarket
Total Demand	13,025	5,825	7,200	3,625	2,450	1,175
Under Construction	2,350	1,025	1,325	2,000	1,550	450

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2023. The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Economic Conditions

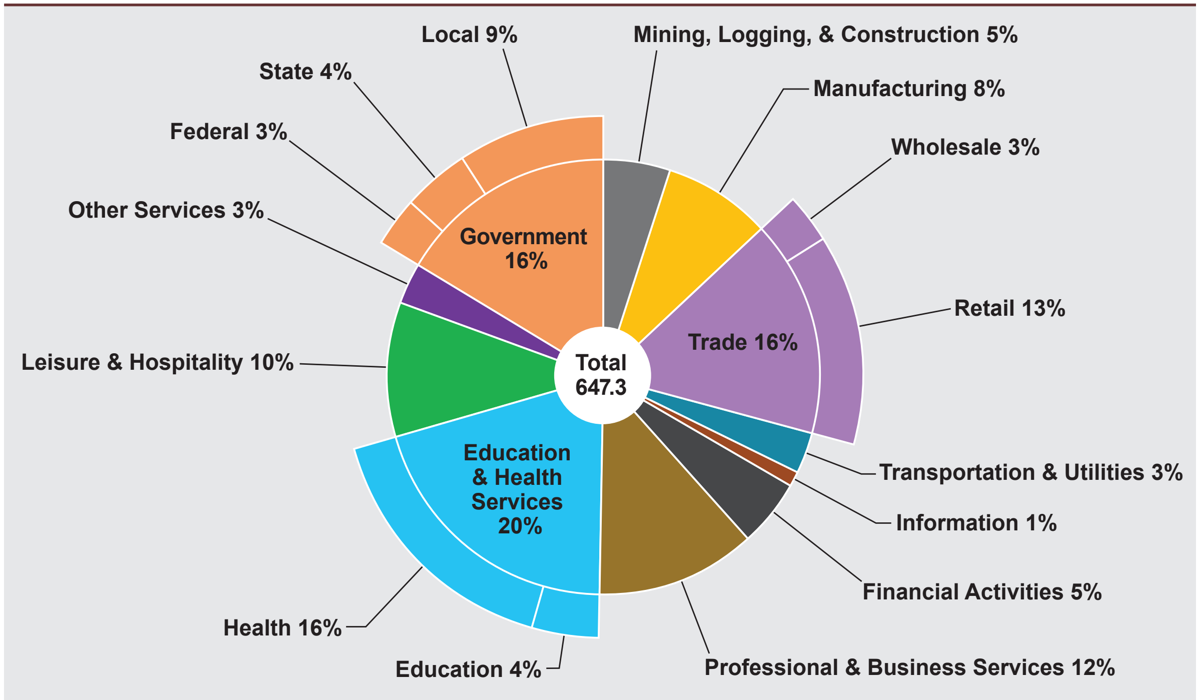
Largest Sector: Education and Health Services

More than four-fifths of education and health services sector jobs in Maine are in the healthcare and social assistance subsector.

Primary Local Economic Factors

The education and health services sector, with 20 percent of total nonfarm payrolls, has the largest concentration of jobs in the state (Figure 1). The sector has added jobs every year since 2011, with the exception of 2020, when losses resulted from difficulty in filling positions during the COVID-19 pandemic. As a result of resumed job growth in the education and health services sector, payrolls in the sector returned to the 2019 level in 2023. The healthcare and social assistance subsector, with 106,200 jobs, accounts for 82 percent of jobs in the sector. Three of the 10 largest employers in the state are healthcare providers, including MaineHealth, a 12-hospital health network that is the largest employer in the state (Table 1). Maine Medical Center (MMC), the flagship hospital of MaineHealth, is located in the city of Portland and is the largest medical center in the state, with 700 beds and more than 9,600 employees. The hospital has been ranked the top hospital in the state for 11 consecutive years (*U.S. News & World Report*). The hospital has been undergoing renovations and expansions since 2014, including the new 265,000-square-foot Malone Family Tower with 96 patient rooms that

Figure 1. Share of Nonfarm Payroll Jobs in Maine, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2023.
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in Maine

Name of Employer	Nonfarm Payroll Sector	Number of Employees
MaineHealth	Education & Health Services	20,501–21,000
IDEXX Laboratories, Inc.	Manufacturing	11,000
Portsmouth Naval Shipyard	Government	9,672
Hannaford Bros. Co., LLC	Wholesale & Retail Trade	9,001–9,500
Walmart Inc.	Wholesale & Retail Trade	7,501–8,000
WEX Inc.	Professional & Business Services	6,100
General Dynamics Bath Iron Works	Manufacturing	6,001–6,500
MaineGeneral Medical Center	Education & Health Services	4,001–4,500
Northern Light Health	Education & Health Services	3,501–4,000
L.L.Bean	Wholesale & Retail Trade	3,001–3,500

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.
Sources: Mainebiz 2024 Book of Lists; Defense Manpower Data Center, 2021

is expected to be complete in the spring or early summer of 2024. Maine is also home to more than 30 institutions of higher education, which, combined, enroll approximately 77,250 students (2022 ACS 1-year data, with estimates by the analyst). Private institutions are included in the educational services subsector in the education and health services sector.

The economy of the state also benefits from its coastline on the Atlantic Ocean, with notable impacts in the wholesale and retail trade and the government sectors, the second and third largest payroll sectors, respectively. Historically, the seafood industry, which includes but is not limited to retail seafood, has been a significant part of the economy of Maine. The industry contributed more than $3.2 billion in total economic output to the state economy in 2019 (*The Economic Impacts of the Maine Seafood Sector*, Center for the Blue Economy at the Middlebury Institute of International Studies at Monterey and the Maine Center for Business and Economic Research at the University of Southern Maine). Maine is also home to the Portsmouth Naval Shipyard, the third largest employer in the state and the oldest continuously operating military shipyard in the country. The shipyard is located in York County at the southern boundary of the state. In 2022, the shipyard had an estimated $1.4-billion economic impact on Maine, New Hampshire, Massachusetts, and nearby states, and shipyard employees living in Maine earned nearly $372 million in wages and salaries during 2022 (Seacoast Shipyard Association). The shipbuilding industry in the state contributes to payrolls in the government and manufacturing sectors. General Dynamics Bath Iron Works in Sagadahoc County designs, fabricates, and assembles ships for the U.S. Navy, generating $1.80 billion in economic output in the state in 2021 (Maine Center for Business and Economic Research at the University of Southern Maine).

Current Conditions—Nonfarm Payrolls

Following a robust recovery from the COVID-19 pandemic, economic conditions in the state are currently strong, but job growth is slowing, and the rate of job growth was below the rate for the nation during the past 12 months. During the 12 months ending November 2023, nonfarm payrolls rose by 9,700 jobs, or 1.5 percent (Table 2), compared with a gain of 15,600 jobs, or 2.5 percent, during the 12 months ending November 2022. The current rate of job growth in the state is slower than the 2.4-percent rate nationally. The average of 647,300 jobs in the state during the past 12 months is 1.6 percent greater than the prepandemic high of 637,100 during 2019. By comparison, nonfarm payrolls nationally are currently 3.4 percent greater than the prepandemic high.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in Maine, by Sector

	12 Months Ending November 2022	12 Months Ending November 2023	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**637.6**	**647.3**	**9.7**	**1.5**
Goods-Producing Sectors	89.1	89.5	0.4	0.4
Mining, Logging, & Construction	34.6	34.9	0.3	0.9
Manufacturing	54.5	54.5	0.0	0.0
Service-Providing Sectors	548.5	557.8	9.3	1.7
Wholesale & Retail Trade	100.1	101.3	1.2	1.2
Transportation & Utilities	18.8	18.8	0.0	0.0
Information	7.9	7.9	0.0	0.0
Financial Activities	33.8	34.0	0.2	0.6
Professional & Business Services	75.7	77.0	1.3	1.7
Education & Health Services	125.6	129.3	3.7	2.9
Leisure & Hospitality	65.4	66.8	1.4	2.1
Other Services	21.9	22.1	0.2	0.9
Government	99.3	100.6	1.3	1.3

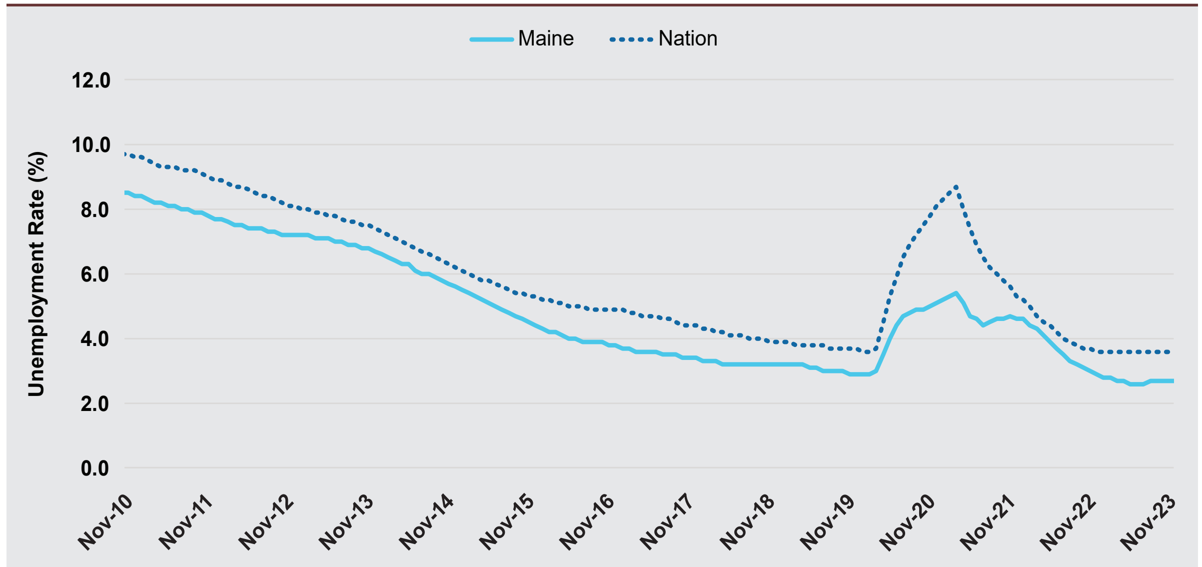
Notes: Based on 12-month averages through November 2022 and November 2023. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Eight of the 11 nonfarm payroll sectors in the state added jobs during the 12 months ending November 2023, with the largest and fastest gains in the education and health services sector. The number of jobs in the sector rose by 3,700, or 2.9 percent, during the past 12 months to 129,300, following a loss of 200 jobs, or 0.2 percent, during the 12 months ending November 2022. Job growth in the sector during the most recent 12 months is partly attributable to the August 2023 completion of 10 private patient rooms at the Northern Light Blue Hill Hospital, affiliated with Northern Light Health, in Hancock County. That project is the first of three phases of construction. Two future phases are expected to be complete in the summer of 2024, including the demolition of the old hospital, replacement of the parking lot and landscaping, and improvements to the Sussman Center. The second and third fastest growing nonfarm payroll sectors were the leisure and hospitality and the professional and business services sectors, up 2.1 and 1.7 percent, respectively, during the 12 months ending November 2023. Despite the growth, the leisure and hospitality sector, at 66,800 jobs, is 4.7 percent below the prepandemic high. The government sector grew by 1,300 jobs, or 1.3 percent, compared with a 1.7-percent gain the previous year. Within that sector, job gains in the local and federal government subsectors accounted for 93 percent of the growth, and the state government subsector accounted for the remainder. The wholesale and retail trade sector added 1,200 jobs from a year earlier, and the retail subsector accounted for three-quarters of the gain, partly because the first Costco in the state opened in November in the town of Scarborough, near the Scarborough Downs mixed-use development. Three sectors were unchanged from a year earlier, including the manufacturing sector.

Current Conditions—Unemployment Rate

The labor market in the state is currently tight, with the unemployment rate at its lowest level since 2010. During the 12 months ending November 2023, the unemployment rate averaged 2.7 percent, down from 3.0 percent during the previous 12 months. The decline in the unemployment rate during the past year is due to employment growth outpacing a rise in the labor force. That trend is partly due to many older residents exiting the workforce. The unemployment rate in the state has been historically below the national average (Figure 2).

Figure 2. 12-Month Average Unemployment Rate in Maine and the Nation



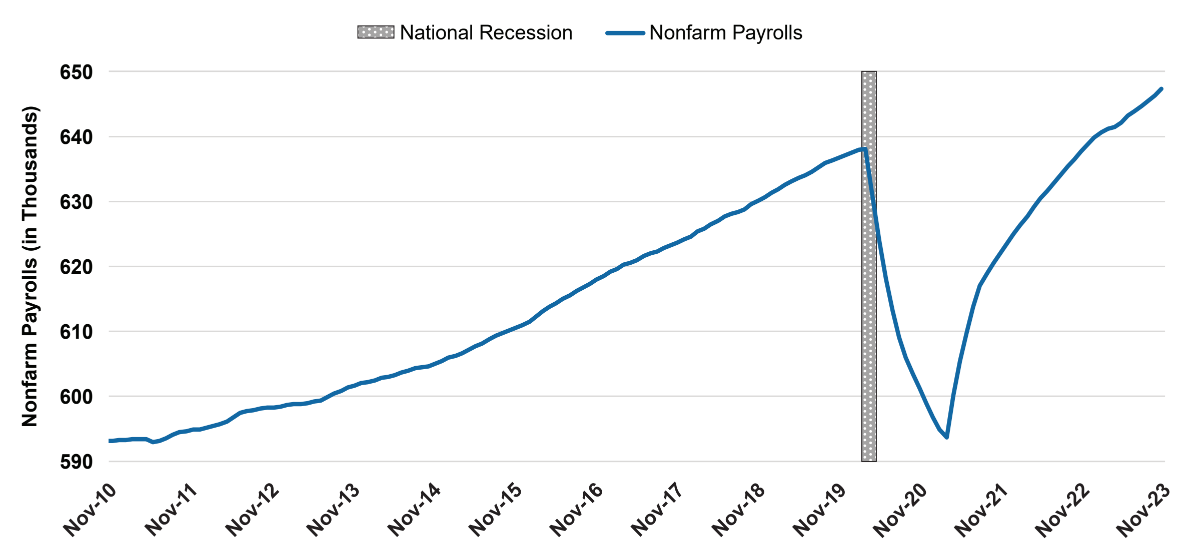
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2019: Economic Recovery and Expansion

The economy in Maine recovered relatively slowly from the significant economic downturn caused by the Great Recession, but the state added jobs at a faster rate for the remainder of the 2010s (Figure 3). From 2011 through 2019, the state added an average of 4,900 jobs, or 0.8 percent, annually, only surpassing the 2007 prerecessionary high in 2016, 2 years after the nation. The rate of job growth in the state was below the rate for the nation, which averaged 1.6 percent annually during the period. Nine of the 11 sectors in the state added jobs during the period, led by the professional and business services sector, which has added more jobs than any other sector in the state since 2011. The sector added an average of 1,300 jobs, or 2.2 percent, annually from 2011 through 2019. Part of the growth in the sector during the period is attributable to WEX Inc., a payment processor and the sixth largest employer in the state, opening a new headquarters in 2019 in the city of Portland. Significant job growth also occurred from 2011 through 2019 in the education and health services sector. The sector expanded by an average of 1,200 jobs, or 0.9 percent, annually, partly because of the completion of several medical facilities, including a $40-million, two-storey expansion of the surgery wing at MMC

Figure 3. 12-Month Average Nonfarm Payrolls in Maine



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

in 2015. The leisure and hospitality sector gained an average of 1,100 jobs, or 1.7 percent, annually from 2011 through 2019, with 82 percent of that growth in the accommodation and food services industry. Those gains were partly due to 30 new hotels with a combined 2,375 rooms opening in the state. Jobs in the wholesale and retail trade sector were relatively unchanged, whereas government sector jobs were down an average of 0.3 percent annually.

2020—Job Losses During the Onset of the COVID-19 Pandemic

The nonfarm payroll decline in the state during 2020 was more severe than in the nation. Nonfarm payrolls in the state decreased by 38,200 jobs, or 6.0 percent, during 2020, compared with a 5.8-percent decline nationally. Measures implemented to limit the effects of the pandemic contributed to job losses in 10 of 11 nonfarm payroll sectors in the state, with the largest and fastest decline in the leisure and hospitality sector, which fell by 17,800 jobs, or 25.4 percent. Job losses in the sector were largely due to significant limitations on travel and in-person contact during the year. Approximately 85 percent of the decline in the sector was in the accommodation and food services industry, which was down by 15,200 jobs, or

25.2 percent. The only sector that added jobs in 2020 was the mining, logging, and construction sector, which rose by 300 jobs, or 0.9 percent. Gains in that sector were partly due to increased residential construction in response to greater housing demand. The increased demand resulted from low mortgage interest rates and an influx of new residents in the state.

2021 and 2022—Economic Recovery and Expansion

The subsequent easing of restrictions to slow the spread of COVID-19 contributed to job growth in the state during 2021 and 2022. However, job growth was slower than in the nation. During the 2-year period, nonfarm payrolls in the state increased by an average of 19,900 jobs, or 3.3 percent, annually, compared with an average annual rise of 3.6 percent nationwide. Within the state, gains were largest in the leisure and hospitality, the professional and business services, and the wholesale and retail trade sectors, which increased annually by averages of 6,600, 3,700, and 3,000 jobs, or 11.9, 5.3, and 3.1 percent, respectively. In the leisure and hospitality sector, 85 percent of the growth was in the accommodation and food services industry, partly due to increased tourism to the state. During 2022, the average occupancy rate at hotels was 65.5 percent, up from 39.5 percent during 2020 (CoStar Group). The 2021-through-2022 period included the completion of eight new hotels with a combined 700 rooms. The resumption of in-person work contributed to significant job gains in the professional and business services sector. In the wholesale and retail trade sector, 80 percent of the job gains were in the retail trade subsector. Additional job gains occurred in the manufacturing and the mining, logging, and construction sectors, which were up by averages of 2,000 and 1,100 jobs, or 3.9 and 3.3 percent, annually, respectively. Government sector job growth was more subdued, up an average of 700 jobs, or 0.7 percent, annually, with the local government subsector accounting for all of the growth, while the education and health services sector added an average of 600 jobs, or 0.5 percent, a year.

Forecast

Nonfarm payroll growth in the state is expected to decelerate each year during the 3-year forecast period, averaging 0.9 percent annually. Notable growth in the professional and business services and the education and health services sectors is expected to continue during the forecast period when the MMC and Northern Light Blue Hill Hospital projects are complete in 2024. In the manufacturing sector, job growth is expected to continue during the next 3 years, partly because General Dynamics Bath Iron Works began work on the future destroyer USS John E. Kilmer (DDG 134) in November 2023. Leisure and hospitality sector jobs also are expected to increase, and a full job recovery of the sector is imminent during the forecast period, with job additions expected in March 2024 upon completion of the $28 million, 95-room Hotel Ursa in Penobscot County.

Population and Households

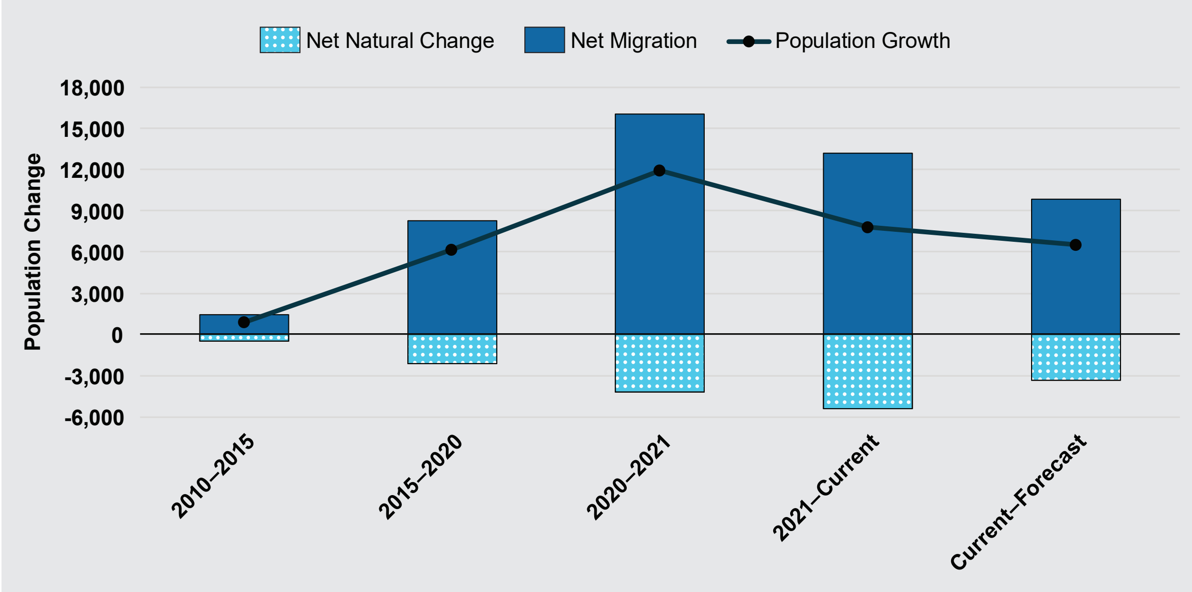
Current Population: 1.40 Million

Population growth was at the highest level from 2020 to 2021 but has subsequently slowed, primarily because of reduced net in-migration.

Population Trends in Maine

Population growth has slowed since 2021 compared with the 2020-to-2021 period but is elevated compared with 2010 to 2020 primarily because net in-migration has been higher than during the previous decade. From April 2010 to 2015, job growth lagged in the state relative to the nation, and the population rose an average of 0.1 percent annually (U.S. Census Bureau decennial census count and population estimates as of July 1). During the period, net in-migration averaged 1,400 people a year, more than offsetting net natural decrease, which averaged 520 people annually (Figure 4). Population growth increased to an average of 0.5 percent annually from 2015 to 2020 in response to faster local economic growth. From 2015 to 2020, net in-migration accelerated to an average of 8,275 people annually, but net natural decrease averaged 2,100 people a year. Although economic conditions deteriorated in the state and nationwide, net in-migration to the state nearly doubled to an annual average of 16,100 people a year from April 2020 to 2021. That increase was partly due to an increased number of employers allowing full-time telework, resulting in more people being able to move farther away from more densely populated areas to the state. At the same time, net natural decrease averaged 4,200 people a year, partly related to an increase in deaths caused by COVID-19, resulting in average population growth of 0.9 percent annually. Since 2021, job growth accelerated nationwide, and work-from-home options were reduced. As a result, net in-migration to the state slowed to an average of 13,250 people annually. Despite that slowdown, net in-migration more than offset net natural decrease, which averaged 5,400 people, and the population rose an average of 0.6 percent annually to an estimated 1.40 million as of December 1, 2023.

Figure 4. Components of Population Change in Maine, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (December 1, 2023) to December 1, 2026.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

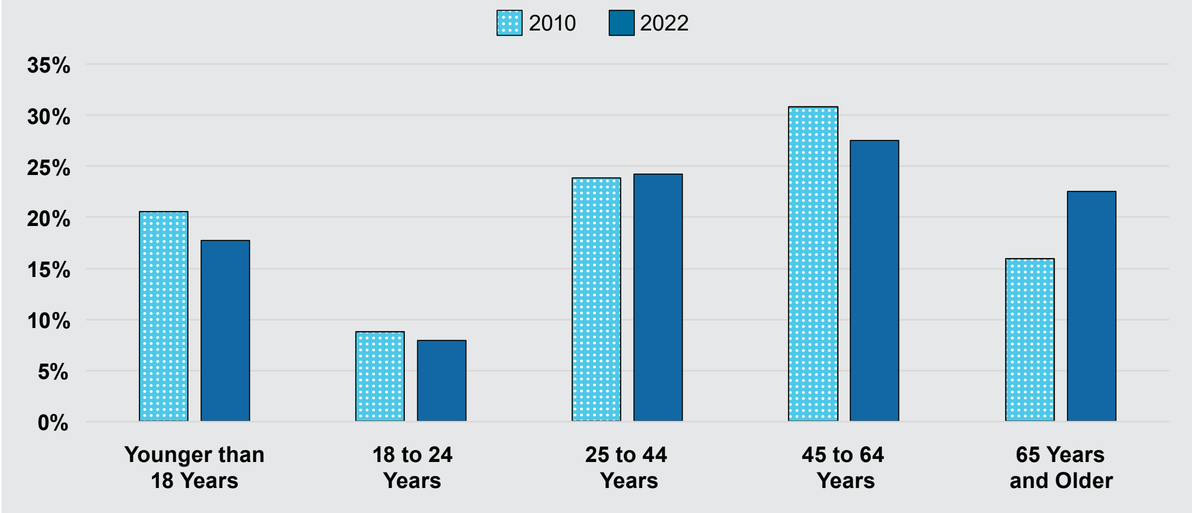
Age Cohort Trends in Maine

The acceleration in net natural decrease since 2010 is partly due to an aging population. The number of people at or above retirement age—generally defined as residents aged 65 and older—increased an average of 3.3 percent annually from 2010 to 2022 (ACS 1-year data). That cohort accounted for 23 percent of the population in 2022, up from 16 percent in 2010 (Figure 5). Maine has the highest proportion of residents aged 65 and older and the oldest population in the nation. The median age in Maine is 45.1 years, above the national median of 39.0 years. By comparison, the population of the Southern submarket was slightly younger than the state but older than the nation, with a median age of 43.8 years. From 2010 to 2022, the number of residents in the state aged 25 to 44 rose an average of 0.5 percent annually. That age cohort includes military personnel and residents in the early or middle stages of their careers. That portion of the population rose partly because of statewide incentives and programs to attract younger workers and new residents, including first-time homebuyers, with student loans. From 2010 to 2022, the number of residents in the cohorts aged 17 and younger, 18 to 24 (which includes many of the university students), and 45 to 64 decreased by averages of 0.9, 0.5, and 0.6 percent, respectively, each year.

Population Trends in the Southern Submarket

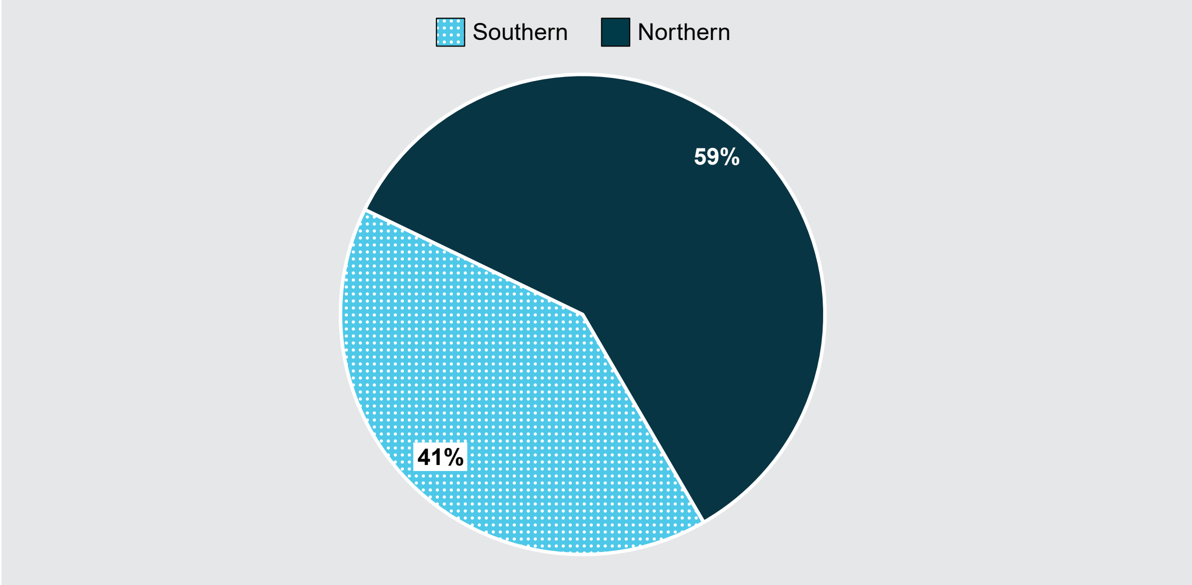
With an estimated population of 565,900 as of December 1, 2023, the Southern submarket is more urbanized, accounting for nearly 41 percent of the population (Figure 6) and 8 percent of the land area in the state. The population grew an average of 0.6 percent annually from 2010 to 2015, rose an average of 0.8 percent a year from 2015 to 2019, and grew more rapidly from

Figure 5. Population by Age Range in Maine



Source: 2010 and 2022 American Community Survey 1-year data

Figure 6. Current Population in Maine, by Submarket



Source: Estimates by the analyst

2019 to 2021, an average of 1.1 percent a year. Since 2021, population growth slowed to an average of 0.6 percent a year. Whereas the population growth since 2021 in the submarket was similar to the 2010-to-2015 rate, net in-migration has accounted for all the population growth since 2015, compared with 89 percent of the growth during the 2010-to-2015 period. The relatively slower population growth since 2021 is due to net in-migration slowing to an average of 4,300 people a year and net natural decrease rising to an average of 1,200 people annually. Despite the recent slowdown, net in-migration has been strong since 2015, partly due to the submarket becoming an increasingly popular destination for retirees and residents leaving more expensive markets like the Boston metropolitan area.

Population Trends in the Northern Submarket

The population has grown every year since 2015, with the highest average rate of growth during the 2020-to-2021 period. Greater availability of remote work and a desire to live in less urbanized areas with more space for social distancing during the onset of the pandemic resulted in more people moving to the submarket. From April 2010 to 2015, the population declined an average of 0.2 percent annually. That decline was due to net out-migration averaging 1,150 people a year and net natural decrease averaging 850 people annually. From 2015 to April 2020, despite an average net natural decrease of 1,850 people a year, population growth averaged 0.2 percent a year because the migration trend reversed, with net in-migration averaging 3,300 people a year. Population growth accelerated from April 2020 to 2021, up an average of 0.8 percent a year. That increased rate of growth was due to net in-migration rising to an average of 10,000 people annually, although net natural decrease averaged 3,425 people a year. As of December 1, 2023, the population of the submarket is estimated at 830,300, reflecting an average annual 0.6-percent growth rate since 2021. Net in-migration averaged 8,925 people a year, more than offsetting net natural decrease, which averaged 4,200 people annually.

Student and Military Populations

Student enrollment in the state declined an average of 1 percent a year from 2011 to 2021 and rose 2 percent during 2022 (2010, 2021, and 2022 ACS 1-year data). Of the combined 77,250 students enrolled in higher education institutions in the state in 2022, approximately 16,125 were housed in dormitories (2018–2022 ACS 5-year data, with estimates by the analyst). Of the remaining 61,125 students who live off campus and in the state, an estimated 58 percent reside in the Northern submarket. The largest university in the submarket is The University of Maine, with a total of 11,850 students enrolled at campuses in Orono and Machias as of the fall semester of 2023.

As of 2021, 9,672 active-duty military and civilian personnel lived in the state and worked at the Portsmouth Naval Shipyard (Defense Manpower Data Center). Approximately 9,350 active-duty military personnel, civilians, and their families lived off base, with 82 percent living in the Southern submarket. Currently, the military provides a monthly basic allowance for off-base housing expenses, ranging from $1,974 to $4,479, depending on the service member's rank and number of dependents, which military personnel may use to rent or purchase homes.

Household Trends

The rate of household growth in the state since 2020 has accelerated compared with the 2010-to-2020 period because of faster population growth, a trend reflected in both submarkets. The number of households in the state is currently estimated at 602,300, representing an average annual increase of 0.9 percent since 2020, up from the average rate of 0.4 percent annually from 2010 to 2020 (Table 3).

Table 3. Maine Population and Household Quick Facts

		2020	Current	Forecast
Population Quick Facts	Population	1,362,359	1,396,200	1,415,700
	Average Annual Change	3,415	9,200	6,525
	Percentage Change	0.3	0.7	0.5
		2020	Current	Forecast
Household Quick Facts	Households	582,437	602,300	613,500
	Average Annual Change	2,525	5,400	3,725
	Percentage Change	0.4	0.9	0.6

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (December 1, 2023) to December 1, 2026.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

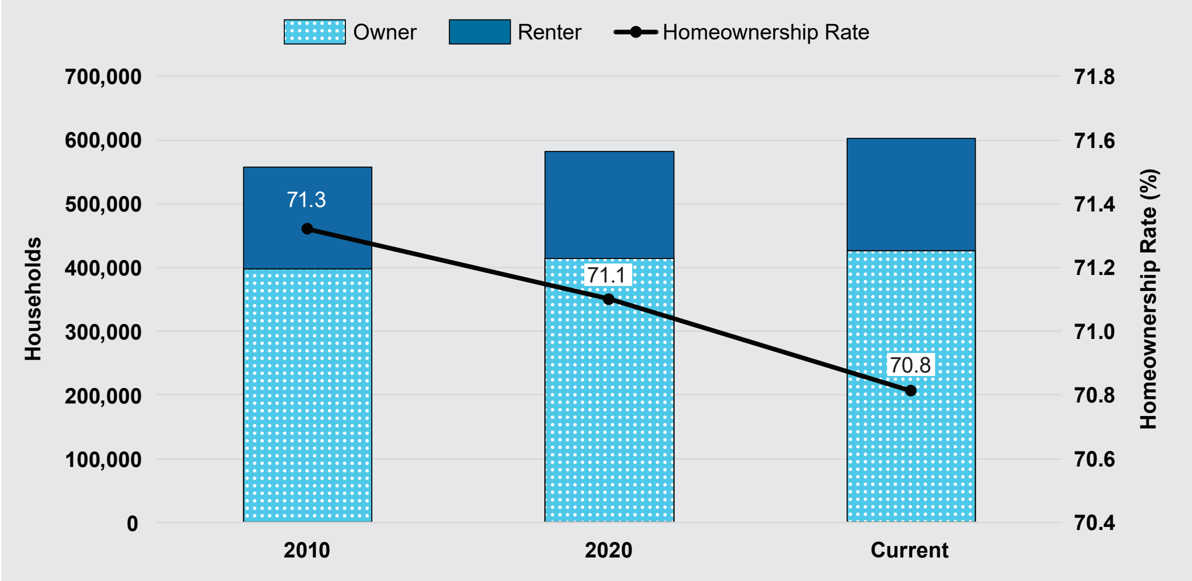
The rise in household growth since 2020 was also partially attributable to the formation of smaller households compared with the previous period. The average household size in the state declined from 2.32 persons in 2010 to 2.28 in 2020 (Census Bureau decennial census). As of 2022, the average household size declined to 2.23 persons, the second lowest in the nation, following only the District of Columbia (2022 ACS 1-year data). The small household size in the state is partially due to 32.2 percent of households having residents aged 65 and older, the sixth highest proportion for that age cohort in the nation (2022 ACS 1-year data).

Household growth in the Southern submarket was faster than the Northern submarket since the 2010s. In the 2010s, household growth averaged 0.9 percent annually in the Southern submarket and 0.2 percent in the Northern submarket. Those rates have accelerated annually since 2020 to averages of 1.3 and 0.7, respectively.

Households by Tenure

Among the households in the state, homeownership has decreased since 2010 (Figure 7); however, homeownership rates vary by submarket. Like most urbanized areas, the Southern submarket has a lower estimated homeownership rate at 69.9 percent, compared with the Northern submarket at 71.5 percent. Those rates are down from 70.3 percent and 71.6 percent, respectively, in 2020.

Figure 7. Households by Tenure and Homeownership Rate in Maine



Note: The current date is December 1, 2023.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Forecast

During the 3-year forecast period, the population of Maine is expected to increase by an average of 6,525, or 0.5 percent, annually—slightly slower than the 2021-to-current average rate. Job growth and a high quality of life are expected to continue to draw new residents to the area, supporting continued net in-migration. The underlying causes of net natural decrease include a declining number of births and a growing senior population. Those trends are expected to continue during the forecast period. The health effects of the pandemic are still present, but are waning. This is expected to result in a lower rate of net natural decrease. Population growth in the Southern and Northern submarkets is expected to average 0.6 and 0.4 percent a year, respectively.

The expected slowdown in population growth in the state during the forecast period is expected to slow household growth to an average of 0.6 percent annually. Household growth is expected to average 0.9 percent annually in the Southern submarket and 0.4 percent annually in the Northern submarket, reaching 251,200 and 362,300 households, respectively. The homeownership rate is expected to continue to decrease slightly in both submarkets.

Home Sales Market

Sales Market—Maine

Market Conditions: Tight but Easing

Record-high sales prices and comparatively elevated mortgage interest rates contributed to slowing home sales, exacerbated by continued low levels of available inventory.

Current Conditions

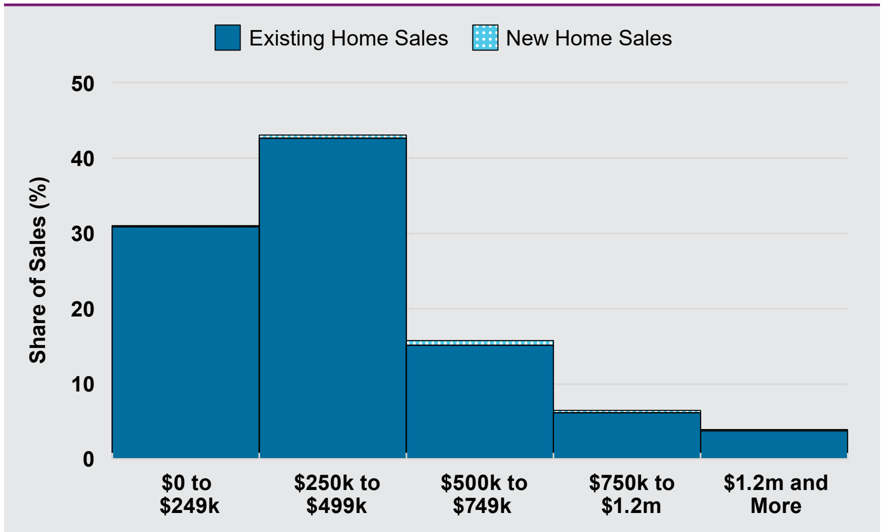
The home sales market in the state is currently tight but easing, with an estimated vacancy rate of 1.6 percent (Table 4), up from 1.4 percent in April 2020. In 2020, the sales market was tight despite significant job losses from the onset of the pandemic and a small increase in homebuilding activity. Relatively fast population growth and mortgage interest rates reaching their lowest levels in more than 50 years led to a strong increase in demand. Conditions eased in the past year because of significant decreases in home sales, largely in response to slower population growth and increases in mortgage interest rates since 2021. In November 2023, the average interest rate for a 30-year fixed-rate mortgage was 7.4 percent, up from 6.8 percent a year earlier and up from average rates of 3.1 and 2.8 percent in November 2021 and November 2020, respectively (Freddie Mac). The rising mortgage interest rates contributed to a limited number of homes being listed for sale, because homeowners with low interest rate mortgages are reluctant to sell and buy another home at a higher interest rate. The inventory of homes for sale in the state is low, although the supply of for-sale inventory increased to 2.3 months in November 2023 from 1.4 months a year earlier (CoreLogic, Inc.). Home sales in the state declined 16 percent to 14,850 homes during the 12 months ending November 2023, compared with a 7-percent increase during the 12 months ending November 2022 (Zonda). During the 12 months ending November 2023, the average home sales price rose 8 percent to $425,500, slowing from the 13-percent increase during the same period 1 year earlier. During the most recent 12 months, 74 percent of the homes sold in the state were priced at or below $499,999 (Figure 8).

Table 4. Home Sales Quick Facts in Maine

		Maine	Nation
Home Sales Quick Facts	Vacancy Rate	1.6%	NA
	Months of Inventory	2.4	3.0
	Total Home Sales	14,850	4,573,000
	1-Year Change	-16%	-26%
	New Home Sales Price	$596,800	$507,700
	1-Year Change	12%	2%
	Existing Home Sales Price	$423,100	$444,700
	1-Year Change	9%	2%
	Mortgage Delinquency Rate	1.2%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2023; and months of inventory and mortgage delinquency data are as of November 2023. The current date is December 1, 2023.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending November 2023 in Maine



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Delinquent Mortgages and Real Estate Owned Properties

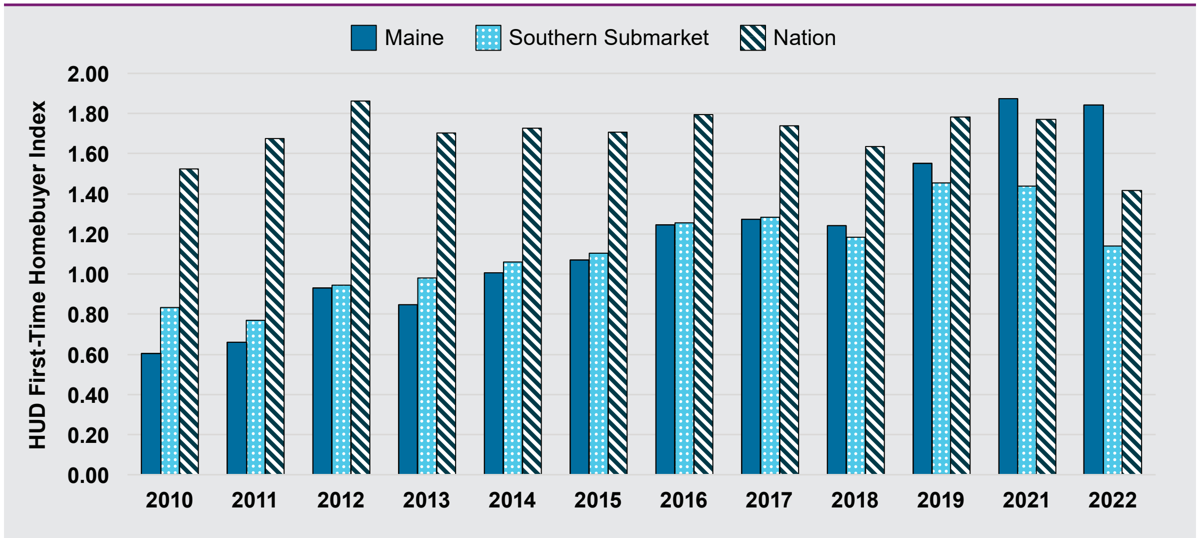
The rates of seriously delinquent mortgages and real estate owned (REO) properties in the state declined since 2021 after temporarily rising in 2020 because of weak economic conditions related to the pandemic. As of November 2023, 1.2 percent of home loans in the state were seriously delinquent or in REO status, down from 1.6 percent in November 2022 and the 4.0-percent rate in November 2020, which was the highest rate for November since 2015 (CoreLogic, Inc.). However, the recent peak is lower than the previous peak following the Great Recession and accompanying housing crisis, when the rate reached 7.1 percent in November 2012. The rates since 2020 have come down partly because the State of Maine received $50 million from the U.S. Treasury Homeowner Assistance Fund, established by the American Rescue Plan Act of 2021. That fund provided relief to homeowners who suffered financial hardship due to the COVID-19 pandemic. The fund provides eligible homeowners up to $50,000 for expenses or past due bills, including mortgage payments. As of November 2023, 0.8 and 1.6 percent of home loans were seriously delinquent or in REO status in the Southern and Northern submarkets, respectively.

REO sales were a more significant factor in the state from the early-to-mid-2010s but have had less effect on the sales market since 2018. As a share of all existing home sales in the state, REO sales averaged 7 percent from 2009 through 2017 before declining to an average of 4 percent from 2018 through 2020 and to an average of 2 percent since 2021 (Zonda).

Housing Affordability—Sales

Since 2021, homeownership in the state has become more attainable relative to the nation for residents aged 25 to 44 years, a prime group for first-time homebuyers; however, affordability in the Southern submarket has been below the state and the nation. The HUD First-Time Homebuyer Affordability Index is a measure of the median income for householders 25 to 44 years old relative to the income needed to purchase the 25th-percentile-priced home. From a low of only 0.60 in 2010, the index for the state rose to 1.87 in 2021 before declining slightly to 1.84 in 2022 (Figure 9). In the Southern submarket, the index increased from 0.83 in 2010 to a peak of 1.45 in 2019 but declined substantially in 2022. The 1.14 index in 2022 is above the 0.77 index in 2011, however. By comparison, nationally, the index increased from 1.53 in 2010 to a peak of 1.86 in 2012 and averaged 1.73 from 2013 through 2021 before it declined to a low of 1.42 in 2022. Although easing sales market demand contributed to slower home sales price growth in the state during the past 12 months, affordability has not increased substantively since 2022 due to rising

Figure 9. Maine HUD First-Time Homebuyer Index



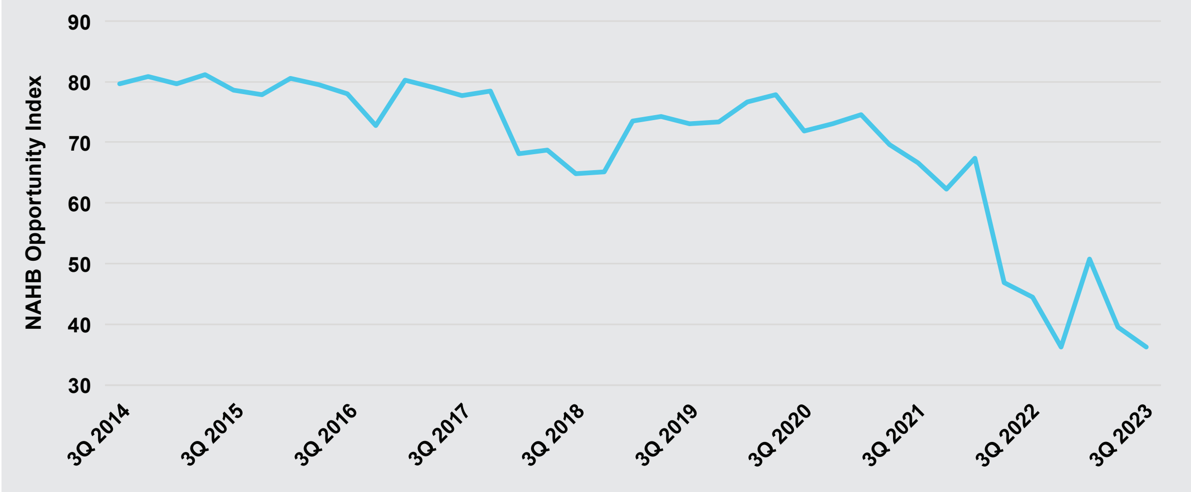
Note: Data for 2020 are not available.
Sources: American Community Survey 1-year data; Freddie Mac; Zonda

interest rates, which added considerable costs to financing the purchase of a home.

The affordability of buying a home in the Southern submarket has declined significantly since the start of the pandemic for all buyers. In addition to median home prices increasing at a faster pace than median incomes, mortgage interest rates have risen significantly. The National Association of Home Builders/Wells Fargo Housing Opportunity Index—which represents the share of homes affordable to a family earning the median income—declined to 36.3 as of the third quarter of 2023 from 44.5 as of the third quarter of 2022 and 71.9 during the same quarter in 2020 (Figure 10). Since 2020, the median family income has increased 18 percent, but the median home sales price increased 23 percent. Nevertheless, homeownership in the submarket is much more attainable relative to the nearby Boston metropolitan area, where the index was 20.0 as of the third quarter of 2023, but slightly less attainable than the nation, where the index was 37.4.

Homeownership in the state overall is generally more affordable than both the Southern submarket and the nation, particularly for households with residents aged 25 to 44. In 2022, the respective homeownership rates for residents aged 25 to 34 and 35 to 44 were 53.4 and 68.3 percent in the state (Table 5). By comparison, for the Southern submarket and the nation the homeownership rates for residents aged 25 to 34 were 49.4 and 41.9 percent, respectively, and for those aged 35 to 44 the rates were 64.8 and 61.1 percent, respectively.

Figure 10. Southern Submarket Housing Opportunity Index



NAHB = National Association of Home Builders. 3Q = third quarter.
Source: NAHB/Wells Fargo

Table 5. Homeownership Rates by Age of Householder

	Maine			Southern Submarket			Nation		
	2010	2020	2022	2010	2020	2022	2010	2020	2022
Householder Age 25 to 34 Years	48.4	47.8	53.4	44.2	45.0	49.4	42.0	38.3	41.9
Householder Age 35 to 44 Years	70.5	66.0	68.3	69.4	65.7	64.8	62.3	57.3	61.1
Total Households	71.3	71.1	74.1	70.0	70.3	72.8	65.1	63.1	65.2

Sources: 2010 and 2020 Decennial Census; 2022 American Community Survey 1-year data

Several programs promote homeownership in the state. The First Generation Program provides a mortgage with a low fixed interest rate, $10,000 for down payment and closing cost assistance, and financial literacy or homebuyer education classes to qualifying households, typically first-time homebuyers with no previous family history of homeownership. First Generation Program mortgages also include payment protection for unemployment. For borrowers in good standing who become unemployed, Maine HOPE—HomeOwnership Protection for unEmployment—provides up to four housing payments, including mortgage, taxes, and homeowners insurance, that are repaid when the property is sold, the mortgage is paid off, or the home is no longer used as the primary residence.

Forecast

During the next 3 years, demand is expected for 13,025 new homes in the state (Table 6). This estimate does not include the demand for second homes. Demand is expected to increase each year during the forecast period, partly because mortgage interest rates are anticipated to decrease, and net in-migration and economic expansion are expected to continue. Approximately 55 percent of the demand in the state is estimated to be in the Northern submarket. The 2,350 homes under construction in the state are expected to satisfy a portion of the demand during the 3-year forecast period.

Table 6. Demand for New Sales Units in Maine During the Forecast Period

	Sales Units
Demand	13,025 Units
Under Construction	2,350 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Sales Market—Southern Submarket

Market Conditions: Tight but Easing

During November 2023, the submarket had 2.4 months of available for-sale inventory, up from 1.4 months a year earlier (CoreLogic, Inc.).

Current Conditions

The sales market in the Southern submarket is tight but easing. The estimated sales vacancy rate as of December 1, 2023, is 1.2 percent (Table 7), up from 0.9 percent in April 2020. The rise in the vacancy rate since 2020 is attributed to an increase in the inventory of homes for sale, but the supply remains relatively low. The for-sale inventory rose to a 2.4-month supply in November 2023 from 1.4 months a year ago, 1.2 months in November 2021, and 1.6 months in November 2020 (CoreLogic, Inc.). Although home sales prices are nearly double those in the Northern submarket, market conditions have generally been tight because of continued net in-migration. Average sales prices of homes in the submarket have historically been the highest in the state, partly because the proximity to and relative affordability compared with the nearby Boston metropolitan area make it a desirable place to live for commuters and because of the substantial number of seasonal or second homes.

Table 7. Home Sales Quick Facts in the Southern Submarket

		Southern	Maine
Home Sales Quick Facts	**Vacancy Rate**	1.2%	1.6%
	Months of Inventory	2.4	2.4
	Total Home Sales	6,900	14,850
	1-Year Change	-18%	-16%
	New Home Sales Price	$634,000	$596,800
	1-Year Change	12%	12%
	Existing Home Sales Price	$573,800	$423,100
	1-Year Change	10%	9%
	Mortgage Delinquency Rate	0.8%	1.2%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2023; and months of inventory and mortgage delinquency data are as of November 2023. The current date is December 1, 2023.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

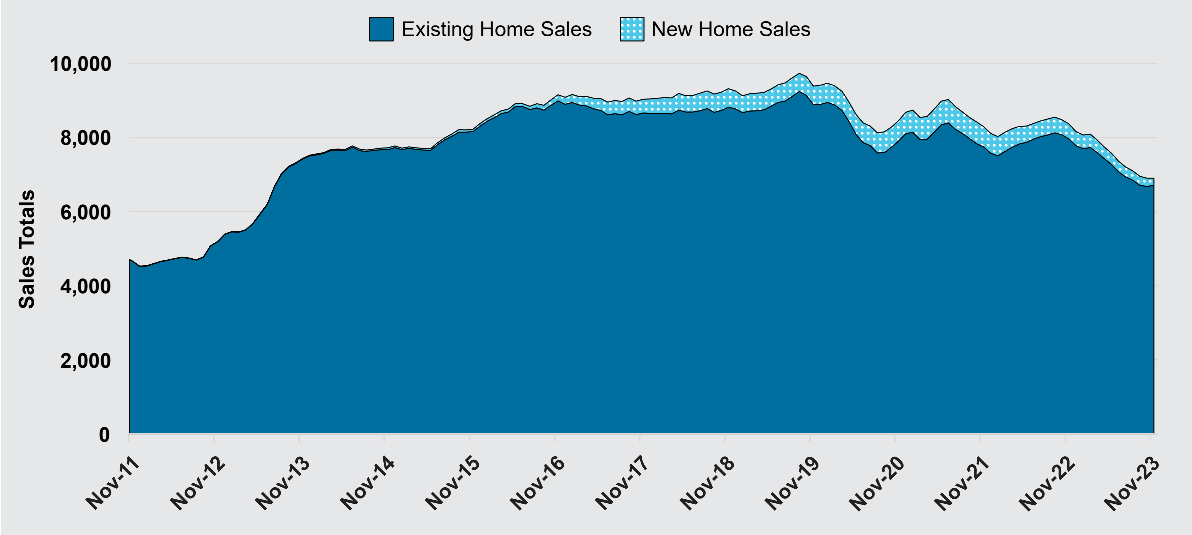
Home Sales Trends

Home sales increased in 2022 before rising mortgage interest rates contributed to a sharp decline in home sales during the past 12 months. Despite the recent drop, home sales are above the level during the early 2010s. In 2010, 4,775 homes were sold, but that number declined 5 percent to 4,525 homes in 2011 (Zonda; Figure 11), the lowest level recorded in the submarket following the onset of the housing market downturn. Tightening mortgage lending standards, relatively low job growth, and relatively low net in-migration reduced home sales demand. Subsequently, home sales rose an average of 10 percent a year from 2012 through 2019 before decreasing an average of 7 percent annually during 2020 and 2021, a period that included extremely low for-sale inventory. During 2022, when mortgage interest rates were rising, home sales rose 1 percent in anticipation of rates rising further. Due to a low supply of for-sale inventory and high mortgage interest rates, home sales in the submarket declined 18 percent during the 12 months ending November 2023 to 6,900 homes, compared with a 1-percent increase during the 12 months ending November 2022. During the recent 12 months, new homes accounted for 3 percent of total home sales. Although this proportion is above the average of 1 percent from 2010 through 2016, the proportion is below the average of 5 percent from 2017 through 2019, the average of 7 percent during 2020 and 2021, when interest rates were very low, and the 5-percent proportion during 2022.

Home Sale Price Trends

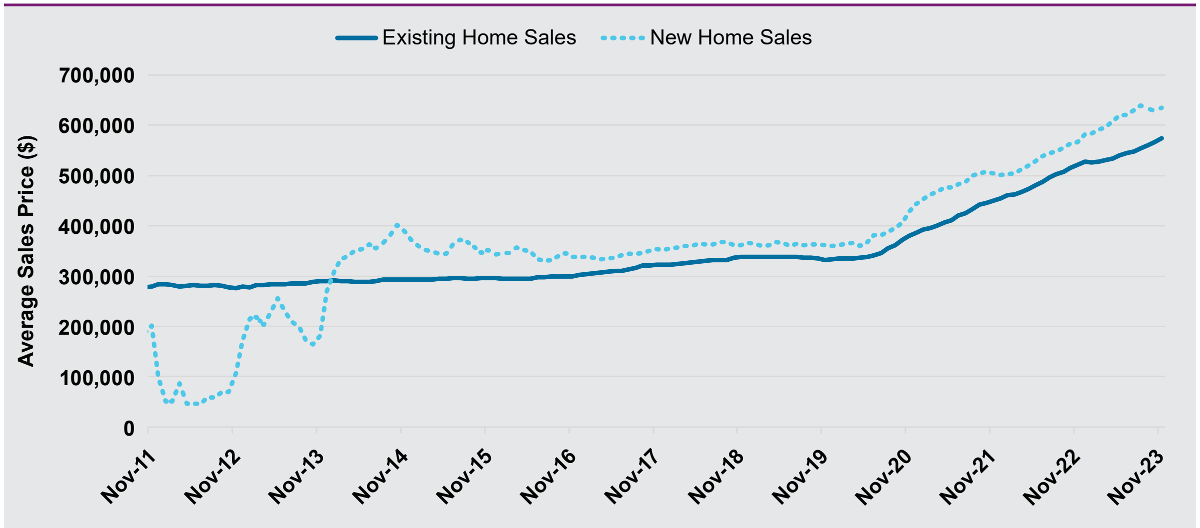
The average home sales price in the submarket has increased at a fast pace since 2020. The average home sales price was $242,300 in 2010 before rising an average of 7 percent annually during 2011 and 2012. Subsequently, with an expanding economy and population growth contributing to increased demand, home sales prices increased an average of 3 percent a year from 2013 through 2019. The average home sales price rose an average of 17 percent annually during 2020 and 2021 in response to tightening market conditions, but price growth slowed slightly to a 16-percent increase in 2022. With small increases in the supply of for-sale inventory throughout the submarket, home sales prices increased 10 percent during the 12 months ending November 2023 to $575,400 (Figure 12). The submarket is the most expensive in the

Figure 11. 12-Month Sales Totals by Type in the Southern Submarket



Source: Zonda

Figure 12. 12-Month Average Sales Price by Type of Sale in the Southern Submarket

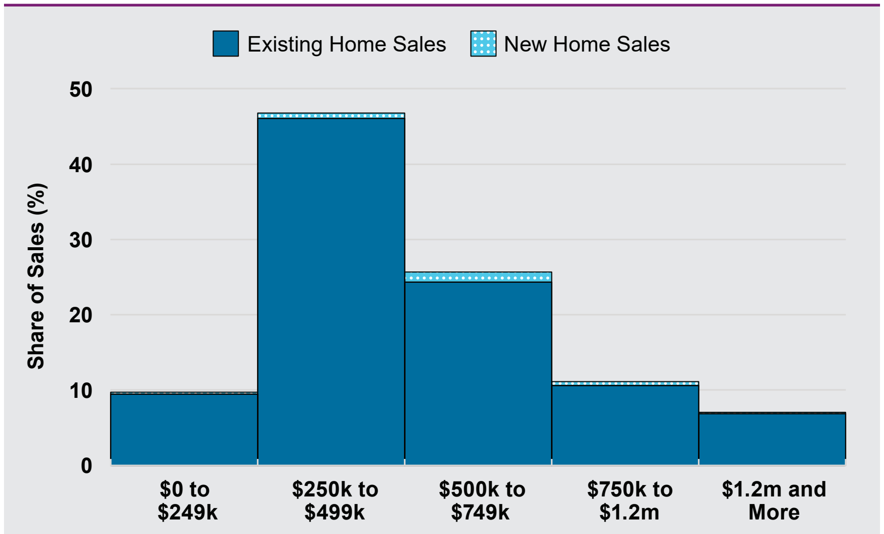


Source: Zonda

state, with 47 percent of the homes sold during the 12 months ending November 2023 priced between $250,000 and $499,999 (Figure 13).

Since 2014, new and existing home sales prices have trended upward at similar rates. New home sales prices were below existing home sales prices from 2011 through 2013 because demand for existing home sales was rising rapidly. New home sales prices have been 12 percent higher on average than existing home sales prices since 2014.

Figure 13. Share of Overall Sales by Price Range During the 12 Months Ending November 2023 in the Southern Submarket

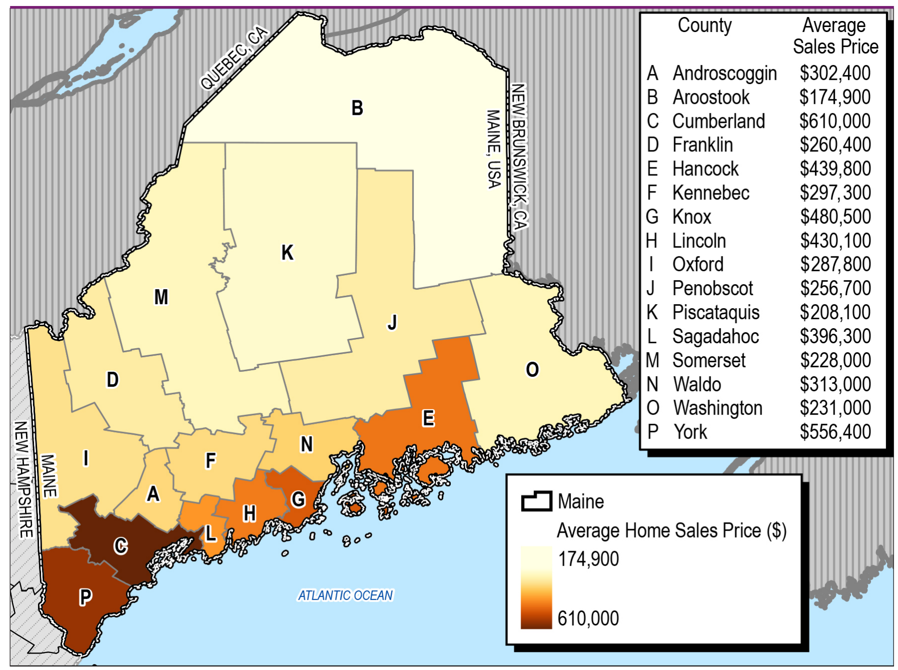


Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Current Home Sales Prices by County

Home sales prices in the submarket varied by county during the 12 months ending November 2023. Map 1 shows the average home sales prices for each county in the state during the 12 months ending November 2023. During the 12 months ending November 2023, Cumberland and York Counties had average sales prices of $610,000 and $556,400, up 11 and 10 percent, respectively, from a year earlier. In Sagadahoc County, prices averaged $390,800, down 3 percent from a year earlier. Cumberland and York are also the two counties with the highest proportion of seasonal homes in the state, at 13 and 16 percent, respectively (2018–2022 ACS 5-year data). According to Pacaso, an online real estate marketplace for second homes, York and Cumberland Counties were ranked third and fifth, respectively, of the markets in the nation with the biggest increases in second home transactions from 2022 to 2023. York County had a 16-percent year-over-year increase in the number of second home transactions in 2023, with an average sales price of $2.08 million, whereas Cumberland County had a 14-percent year-over-year increase, with an average sales price of $1.72 million.

Map 1. Average Home Sales Price by County During the 12 Months Ending November 2023

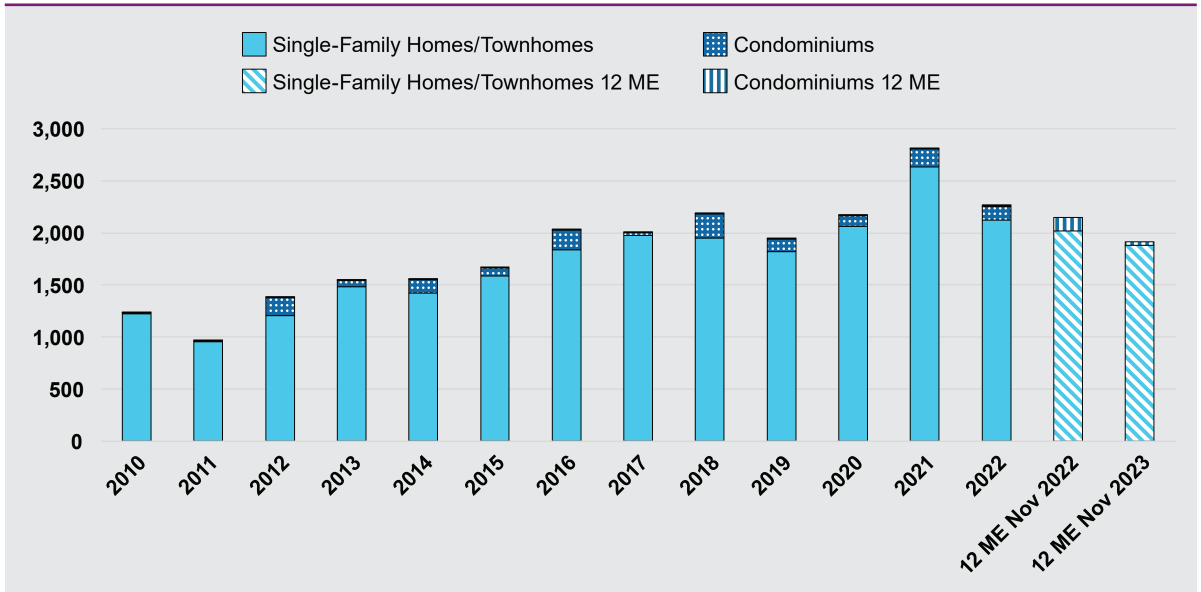


Source: Zonda

Sales Construction Activity

Sales construction activity (building permits) trended upward from 2012 through 2021 but has been at lower levels since 2022 (Figure 14). After an average of 1,100 sales units were permitted annually during 2010 and 2011, a period that included relatively weak demand, construction activity rose to an average of 1,525 sales units a year from 2012 through 2015, when economic conditions improved. Permitting rose further to an average of 2,075 sales units annually from 2016 through 2020 before rising to a recent peak of 2,800 sales units in 2021 and slowing to 2,250 sales units in 2022. During the 12 months ending November 2023, approximately 1,925 sales units were permitted, down 10 percent from the 2,150 permitted during the same period the previous year (preliminary data, with estimates by the analyst). Since 2010, approximately 6 percent of all sales units built were condominiums.

Figure 14. Annual Sales Permitting Activity in the Southern Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales Construction Trends by Geography

From 2016 through 2019, one-half of all sales construction activity in the submarket occurred in Cumberland County, a proportion that has declined to 45 percent since 2020. By comparison, 44 percent of home construction occurred throughout York County from 2016 through 2019 and rose to 49 percent since 2020. Since 2016, Sagadahoc County accounted for the remaining 6 percent of home construction. Sales home construction in York County includes The Homes at West Meadow single-family home subdivision in the town of Wells. All seven lots at the community were sold in 2023, and homes range in size from 1,930 to 2,368 square feet, with sales prices that start in the low $800,000s. In Cumberland County, Scarborough Downs is a 525-acre mixed-use community under construction in the town of Scarborough. Construction began in 2018, and when complete, the community will include nearly 2,000 single-family homes, townhomes, apartments, and senior apartments and 1.93 million square feet of commercial and manufacturing space.

Forecast

During the next 3 years, demand is estimated for 5,825 new homes in the Southern submarket (Table 8), accounting for 45 percent of the estimated demand for new homes in the state. Demand in the submarket is expected to rise each year during the forecast period but will be relatively subdued compared with the recent peak from 2020 through 2022. Mortgage interest rates are expected to begin to decrease but remain higher than during much of the period since 2010. The 1,025 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 8. Demand for New Sales Units in the Southern Submarket During the Forecast Period

	Sales Units
Demand	5,825 Units
Under Construction	1,025 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Sales Market—Northern Submarket

Market Conditions: Balanced

Rising levels of home construction from 2020 through 2022, slowing net in-migration, and rising interest rates have contributed to an increase in the months of supply of available for-sale housing in the submarket.

Current Conditions

With an estimated sales vacancy rate of 1.9 percent as of December 1, 2023 (Table 9), the sales market in the Northern submarket is balanced. The rate is up slightly from 1.8 percent in April 2020 and down from 2.7 percent in April 2010, when conditions were slightly soft. Although the supply of homes available for sale increased since 2020, conditions are balanced. The inventory has been relatively low compared with 2010, when the supply of available for-sale homes was 11.1 months. As of November 2023, the supply of homes available for sale rose to 2.9 months from 1.9 months in November 2020 (CoreLogic, Inc.).

Home Sales Trends

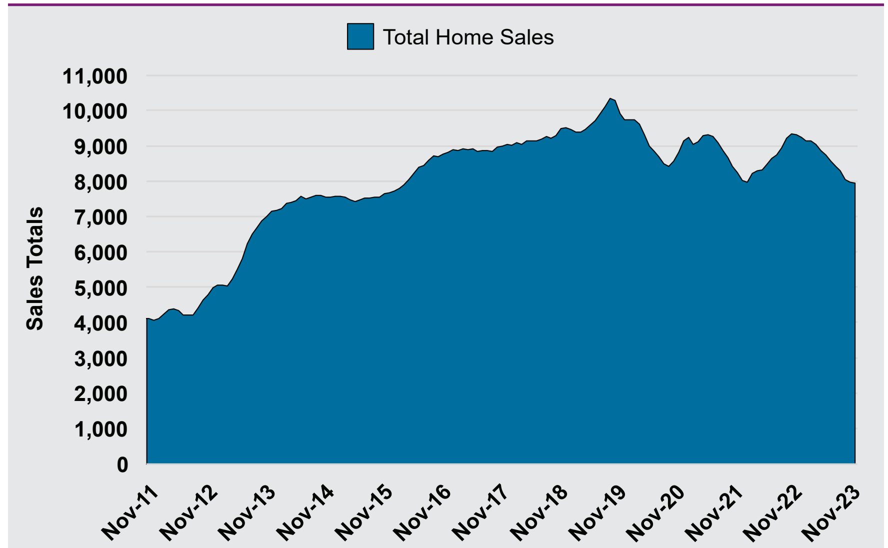
Following the Great Recession and the accompanying housing crisis, home sales were at a low in 2010 before trending upward during much of the mid- and late 2010s when economic conditions improved. In 2010, home sales in the submarket totaled 4,000, a figure that subsequently rose an average of 10 percent annually to 9,750 homes in 2019 (Zonda; Figure 15). Despite mortgage interest rates falling to historic lows, the number of home sales declined 6 percent in 2020 when economic conditions weakened, and the number of home sales declined further, down 12 percent in 2021, despite improved

Table 9. Home Sales Quick Facts in the Northern Submarket

		Northern	Maine
Home Sales Quick Facts	**Vacancy Rate**	1.9%	1.6%
	Months of Inventory	2.9	2.4
	Total Home Sales	7,950	14,850
	1-Year Change	-15%	-16%
	New Home Sales Price	$271,400	$596,800
	1-Year Change	0%	12%
	Existing Home Sales Price	$293,400	$423,100
	1-Year Change	6%	9%
	Mortgage Delinquency Rate	1.6%	1.2%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending November 2023; and months of inventory and mortgage delinquency data are as of November 2023. The current date is December 1, 2023.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Figure 15. 12-Month Sales Totals in the Northern Submarket



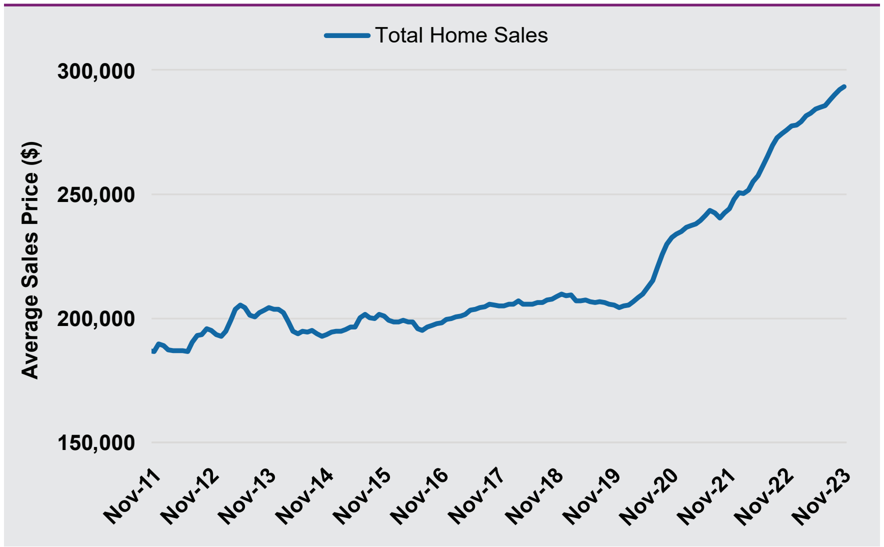
Source: Zonda

economic conditions, fewer COVID-19-related constraints on home showings, including in-person contact restrictions, and fewer supply chain issues limiting construction. Despite a rise in construction since 2020, overall home sales were down in 2021 because of the low inventory of existing homes available for sale. During 2022, home sales rose 15 percent to 9,225 despite rising mortgage interest rates. The continued rise in interest rates contributed to a sharp decline in home sales during the past 12 months, however. A total of 7,950 homes sold in the submarket during the 12 months ending November 2023, down 15 percent from 9,325 during the previous 12 months. New homes have accounted for 1 percent of total home sales since 2010.

Home Sales Price Trends

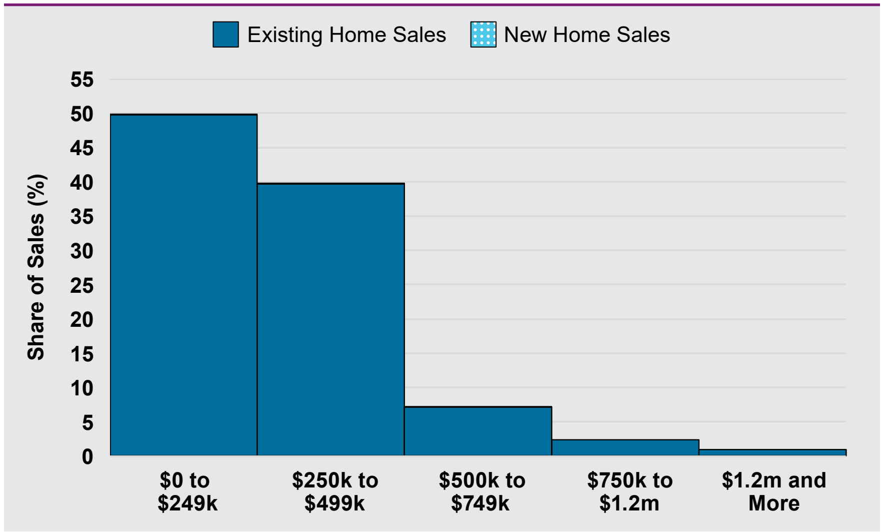
Home sales prices in the submarket throughout the 2010s were relatively stable. Price growth accelerated during the early stages of the pandemic when for-sale inventory levels fell significantly. The average home sales price rose an average of 2 percent a year from $166,400 during 2010 to $204,100 during 2019 (Zonda; Figure 16). Following the onset of the pandemic, the average home sales price increased 15 percent during 2020, largely because of substantially stronger net in-migration to the submarket and sharply declining levels of for-sale inventory. Home sales price growth continued but moderated slightly to an average rate of 9 percent annually during 2021 and 2022. Slower home sales price growth continued during the most recent 12-month period, up 6 percent to $293,400, following a 13-percent increase during the 12 months ending November 2022. Sales market conditions eased when the supply of for-sale inventory rose throughout the submarket, and net in-migration slowed. During the most recent 12-month period, 90 percent of the homes sold were priced at or below $499,999 (Figure 17), and new home sales prices were 8 percent lower than existing home sales prices because of increased demand for existing homes. Prior to the most recent 12-month period, new home sales prices had been, on average, 17 percent higher than existing home sales prices.

Figure 16. 12-Month Average Sales Price in the Northern Submarket



Source: Zonda

Figure 17. Share of Sales by Price Range During the 12 Months Ending November 2023 in the Northern Submarket



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

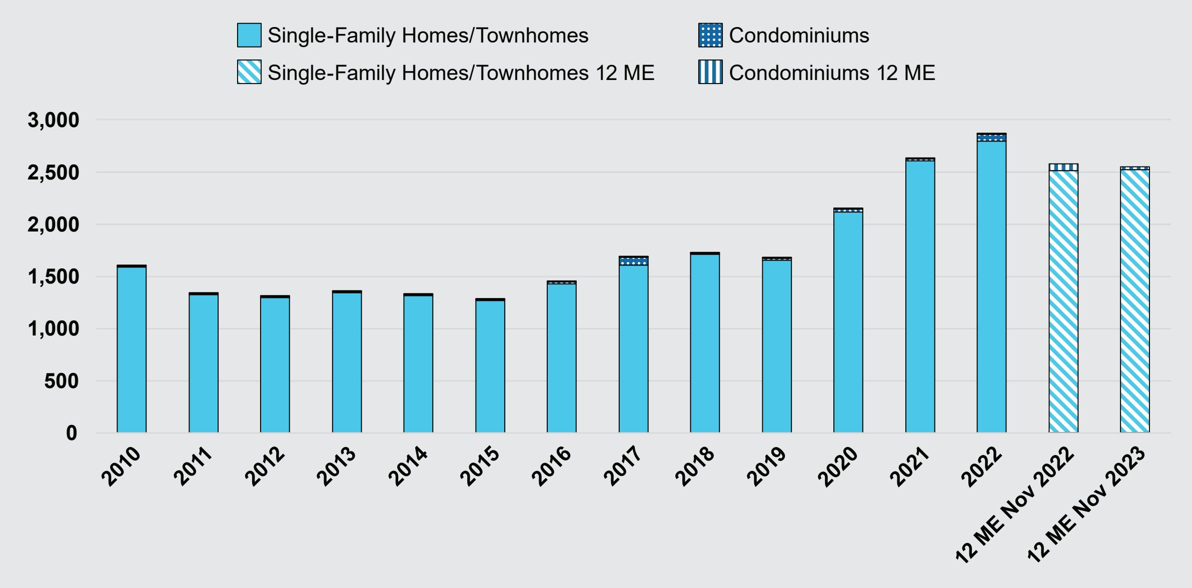
Current Home Sales Prices by County

Home sales prices in the submarket are generally concentrated in the low-to-middle price ranges compared with the Southern submarket, with lower-priced homes concentrated in the north-central portions of the submarket and higher-priced homes concentrated in coastal portions. The lowest average sales price in the submarket during the 12 months ending November 2023 was $174,900 in Aroostook County, the northernmost in the submarket. Home sales prices in Knox, Hancock, and Lincoln Counties averaged $480,500, $439,800, and $430,100, respectively, and were the highest in the submarket. Those three counties are along the coast and include many large homes overlooking the Atlantic Ocean.

Sales Construction Activity

Sales construction activity increased nearly every year from 2016 through 2022 and is elevated despite declining to lower levels during the most recent 24 months (Figure 18). During 2010, new home construction totaled 1,600 sales units. From 2011 through 2015, home construction activity averaged 1,325 sales units a year before increasing to an average annual 1,625 sales units from 2016 through 2019, when net out-migration from the submarket shifted to net in-migration. The number of homes permitted increased an average of 20 percent during each of the following 3 years to reach 2,850 in 2022, the highest recorded level. This period included the highest levels of net in-migration. During the 12 months ending November 2023, a total of 2,550 sales units were permitted, down 1 percent from the number permitted during the same period the previous year (preliminary data, with estimates by the analyst). Since 2010, approximately 1 percent of sales units permitted were condominiums.

Figure 18. Annual Sales Permitting Activity in the Northern Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales Construction Trends by Geography

Although home construction has occurred throughout the submarket, the largest share, 16 percent, has been in Kennebec County since 2016. Cony Village, a subdivision with 42 one-, two-, and three-bedroom single-family homes, duplexes, and townhomes, is under construction in the city of Augusta. Construction of the community began in 2007, and the number of sales increased in 2023 because housing options at the community were relatively affordable, with all the homes that sold in 2023 priced below $300,000. In 2023, the subdivision benefited from a $259,000 affordable housing grant issued to the Kennebec Valley Community Action Program through the Consolidated Appropriations Act for the 2023 fiscal year to support efforts to develop and preserve affordable housing, revitalize and sustain neighborhoods, and create jobs in Maine.

Forecast

Demand is expected for an estimated 7,200 new homes in the submarket during the 3-year forecast period (Table 10). Demand is expected to increase slightly each year during the next 3 years because mortgage interest rates are expected to decrease somewhat. The 1,325 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 10. Demand for New Sales Units in the Northern Submarket During the Forecast Period

	Sales Units
Demand	7,200 Units
Under Construction	1,325 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Rental Market

Rental Market—Maine

Market Conditions: Balanced

Rental housing construction has been elevated since 2022, contributing to easing market conditions during the past year.

Current Conditions and Recent Trends

The overall rental market in the state is balanced, with an estimated 8.3-percent vacancy rate, up from 6.7 percent in April 2020 (Table 11) but down from 9.0 percent in April 2010. Apartment market conditions in the state are also balanced. As of the fourth quarter of 2023, the apartment vacancy rate was 5.4 percent, up from 3.5 percent as of the fourth quarter of 2022 and from 3.2 percent during the same quarter in 2021 (CoStar Group). Relatively low levels of new apartment completions contributed to lower vacancy rates during 2021 and 2022. However, increased new apartment completions and lower net in-migration have since contributed to an increasing vacancy rate. The recent vacancy rate is also higher than the 3.7-percent rate recorded as of the fourth quarter of 2020, when completions were low and the state had relatively high levels of net in-migration. Low vacancy rates were also attributed to the Emergency Rental Assistance Program funding in 2020 and 2021 to help renters cover costs during the COVID-19 pandemic. As measured in the fourth quarter of 2023, the average apartment rent rose 2 percent year over year to $1,606, compared with a 6-percent increase as of the fourth quarter of 2022 and a 5-percent increase as of the same quarter in 2021.

Table 11. Rental and Apartment Market Quick Facts in Maine

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	6.7	8.3
		2010 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	28	25
	Multifamily (2–4 Units)	33	32
	Multifamily (5+ Units)	31	36
	Other (Including Mobile Homes)	8	7
Apartment Market Quick Facts		4Q 2023	YoY Change
	Apartment Vacancy Rate	5.4	1.9
	Average Rent	$1,606	2%

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is December 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

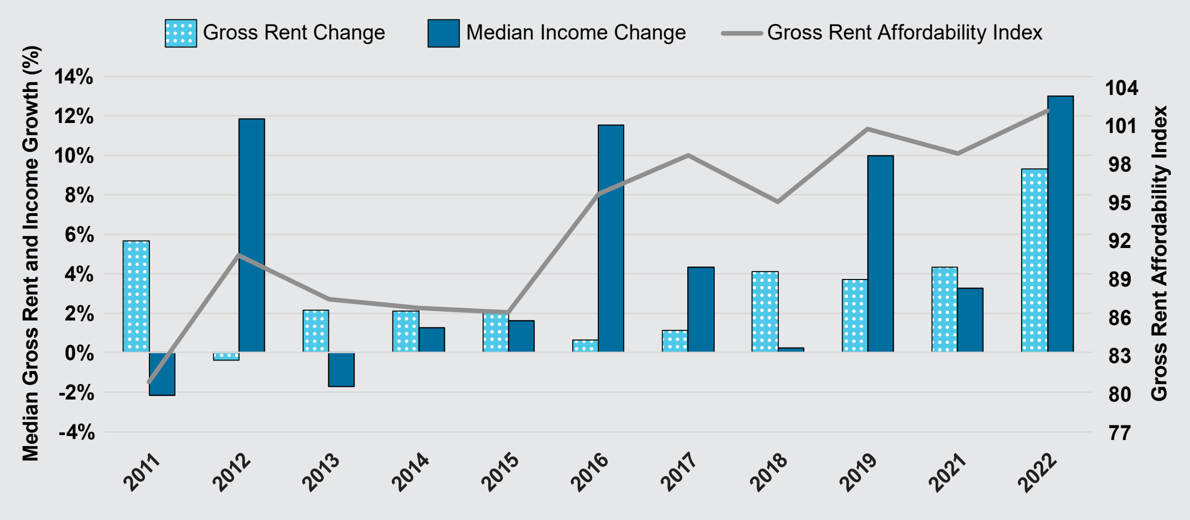
Housing Affordability: Rental

Rental housing in the state was relatively less affordable from 2011 to 2015, but affordability improved beginning in 2016 and reached a recent peak in 2022. From 2011 to 2015, the median gross rent and the median income each had similar overall growth, up averages of 2 percent annually. As a result, the HUD Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, was 86.4 in 2015 (Figure 19), relatively unchanged from 87.4 in 2010. The index rose to 102.3 in 2022 because the median gross rent increased 4 percent annually, but the median income rose 6 percent a year from 2016 to 2022. Rental housing affordability in the Southern submarket peaked in 2017, when the index reached 108.0. The median income rose an average of 6 percent annually from 2011 to 2017, and the median gross rent rose an average of 3 percent a year. Although the index in the Southern submarket dropped to an average of 104.2 during 2021 and 2022, the rental markets in the state and the Southern submarket were more affordable than in the nation in 2022, where the index was 94.3.

Renter Cost Burdens

Although rental housing affordability has improved since 2016, a significant number of very low-income renter households in the state were cost-burdened during the 2016-to-2020 period (Table 12). An estimated 21.8 percent of all renter households in the state had moderate to high cost burdens, spending between 31 and 50 percent of their income on rent, and an additional 17.7 percent of renter households were severely cost-burdened, spending 51 percent or more of income toward rent. By comparison, those figures were 21.6 and 22.0 percent, respectively, for the nation. A significantly larger share of low-income renter households in the state—those with incomes less than 50 percent of the Area Median Family Income (AMFI)—had severe cost burdens, but the proportions were lower than in the nation. Approximately 35.8 percent of renter households in the state with incomes less than 50 percent of the AMFI were paying 51 percent or more of their incomes toward rent, compared with 47.9 percent for the nation.

Figure 19. Maine Gross Rent Affordability Index



Notes: Rental affordability is for the State. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

Table 12. Percentage of Cost-Burdened Renter Households by Income, 2016–20

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Maine	Nation	Maine	Nation
Renter Households with Income <50% HAMFI	29.8	27.1	35.8	47.9
Total Renter Households	21.8	21.6	17.7	22.0

CHAS = Comprehensive Housing Affordability Strategy. HAMFI = HUD Area Median Family Income.
Source: Consolidated Planning/CHAS Data, 2016–2020 American Community Survey 5-year estimates

Forecast

During the 3-year forecast period, demand in the state is expected for 3,625 new rental units (Table 13). Rental demand is expected to be strongest in the first year. Demand is expected to decrease in the second and third years of the forecast period because of decelerating job growth and an expected reduction in mortgage interest rates, which will cause some housing demand to shift from rental to sales units. The 2,000 units under construction in the state are expected to satisfy a portion of the demand.

Table 13. Demand for New Rental Units in Maine During the Forecast Period

Rental Units	
Demand	3,625 Units
Under Construction	2,000 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Rental Market—Southern Submarket

Market Conditions: Balanced

Apartment market conditions are balanced, with a 5.5 percent vacancy rate, compared with tight conditions a year earlier when the vacancy rate was 3.3 percent (CoStar Group).

Current Conditions and Recent Trends

The rental market in the Southern submarket is balanced, with an estimated 5.2-percent vacancy rate as of December 1, 2023, down from 5.3 percent in 2020 (Table 14). Conditions are tighter than in 2010, when the vacancy rate was 8.3 percent. Due partly to the recent wave of apartment completions, multifamily units have increased as a share of all occupied rental units in the

Table 14. Rental and Apartment Market Quick Facts in the Southern Submarket

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	5.3	5.2
		2010 (%)	**2022 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	27	20
	Multifamily (2–4 Units)	33	34
	Multifamily (5+ Units)	37	44
	Other (Including Mobile Homes)	3	3
		4Q 2023	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	0.1	2.2
	Average Rent	$1,766	2%
	Studio	$1,425	4%
	One-Bedroom	$1,645	2%
	Two-Bedroom	$1,906	2%
	Three-Bedroom	$1,950	-6%

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is December 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

submarket. In 2022, approximately 44 percent of all renter households resided in buildings with five or more units, typically apartments, up from 37 percent during 2010 (2010 and 2022 ACS 1-year data). Approximately 34 percent of renter households resided in buildings with two to four units in 2022, up from 33 percent in 2010. The share of renter-occupied housing consisting of attached and detached single-family homes declined to 20 percent from 27 percent in 2010.

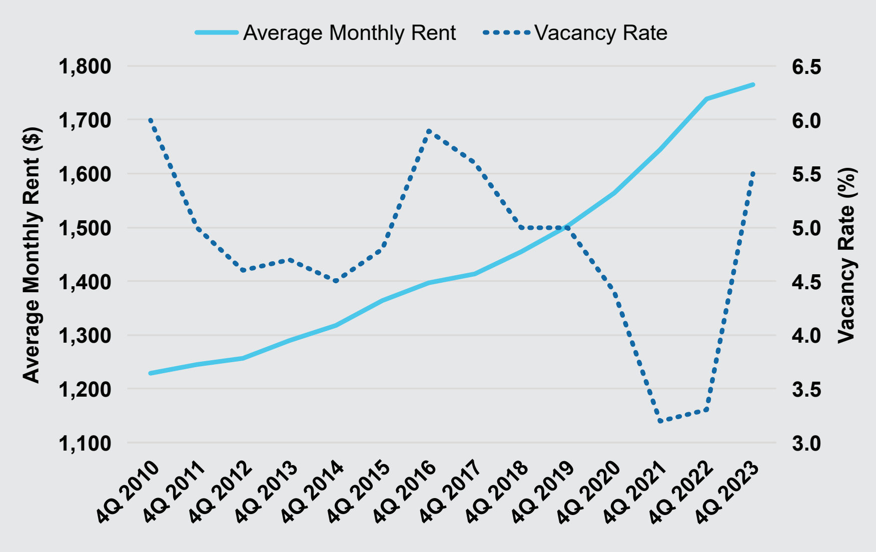
Single-Family Rental Market Current Conditions and Recent Trends

Rental market conditions for professionally managed detached and attached single-family homes in the submarket are tight and have generally been tightening since 2013. The single-family rental vacancy rate was 1.5 percent during November 2023, up slightly from 1.4 percent in November 2022 and down from 1.9 percent in November 2012 (CoreLogic, Inc.). Rents for homes during November 2023 averaged $1,570, $2,008, $2,572, and $3,124 for one-, two-, three, and four-bedroom homes, respectively.

Apartment Market Current Conditions and Recent Trends: Vacancy Rates

A significant increase in new apartment completions and decreased net in-migration have contributed to rising apartment vacancy rates during the past 2 years. Following a 6.0-percent high as of the fourth quarter of 2010, the apartment vacancy rate declined to 4.5 percent as of the fourth quarter of 2014 because of very low levels of rental construction and significant absorption of the excess vacant inventory (CoStar Group; Figure 20). The apartment vacancy rate rose to 5.9 percent as of the fourth quarter of 2016, partly because of increasing levels of apartment construction. The vacancy rate subsequently declined, and beginning in 2020, the market tightened with the onset of the pandemic. By the fourth quarter of 2021, the vacancy rate reached a low of 3.2 percent. The market was tight as of the fourth quarter

Figure 20. Apartment Rents and Vacancy Rates in the Southern Submarket



4Q = fourth quarter.
Source: CoStar Group

of 2022 because of insufficient apartment completions, but the vacancy rate had risen dramatically by the fourth quarter of 2023 to 5.5 percent. A surge in apartment completions in 2023, without an accompanying rise in absorption, contributed to the increase in the vacancy rate. During 2023, unit deliveries were nearly double apartment unit absorption (CoStar Group).

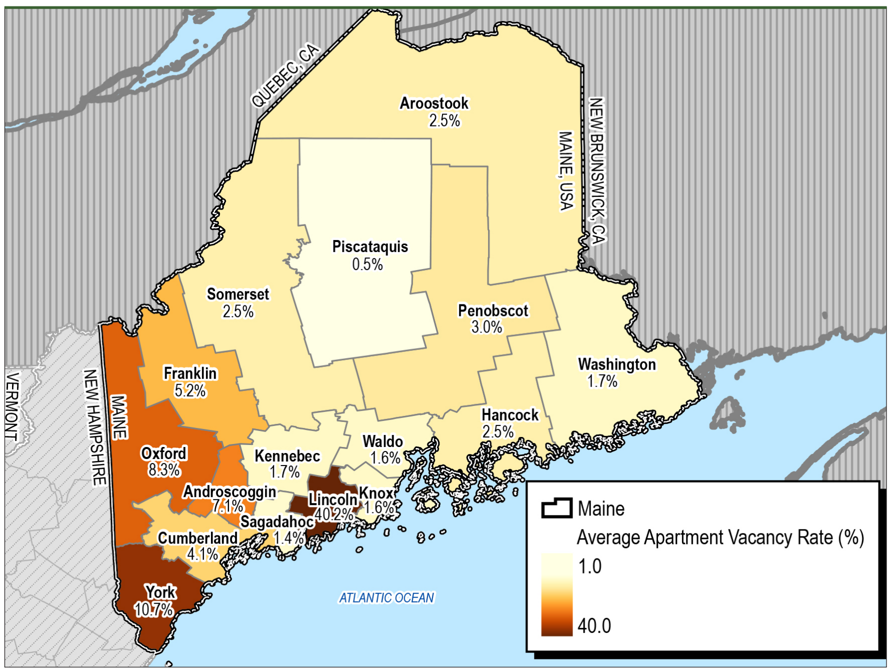
Apartment Market Current Conditions and Recent Trends: Rents

Tight apartment market conditions at the start of the pandemic contributed to rapidly rising rents, but rent growth has slowed in the past year with the increase in the vacancy rate. Between the fourth quarters of 2022 and 2023, the average apartment rent rose 2 percent to $1,766, more slowly than the annual increases of 6 percent in 2022 and 5 percent in 2021, when conditions were tight. Rents increased between the fourth quarters of 2022 and 2023 for studios and one- and two-bedroom units but declined for three-bedroom units, partly because demand for such units weakened in the past year, following strong rent growth for three-bedroom units in the previous 2 years. By comparison, from 2010 to 2019, the fourth quarter rent for all units rose an average of 2 percent annually from $1,228 to $1,503.

Current Apartment Market Conditions by County

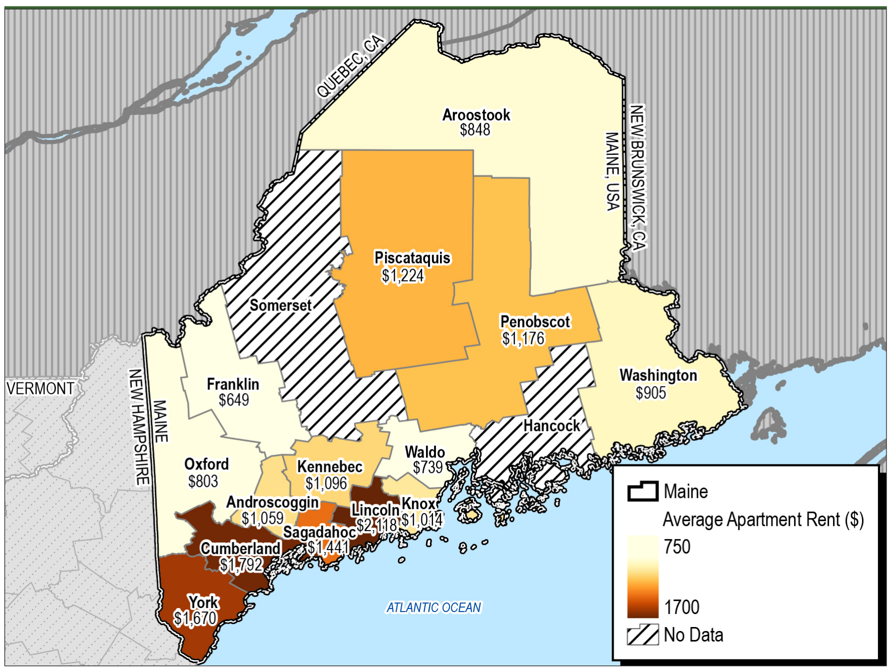
Apartment market conditions eased throughout the submarket during the past year, and rent growth was moderate in most areas. As of the fourth quarter of 2023, apartment vacancy rates were up in the three counties in the submarket compared with the previous year (CoStar Group). The largest increase in vacancy rate occurred in York County, where the vacancy rate rose 3.7 percentage points to 10.7 percent. The average rent in the county increased less than 1 percent to $1,670. In Cumberland County, the vacancy rate increased 1.7 percentage points to 4.1 percent, and the average rent rose 2 percent to $1,792, the highest rent in the submarket. The apartment vacancy rate rose 0.8 percentage point to 1.4 percent in Sagadahoc County; however, the average rent increased 16 percent to $1,441. Maps 2 and 3 show the average apartment vacancy rates and rents, respectively, for each county in the state as of the fourth quarter of 2023.

Map 2. Average Apartment Vacancy Rates by County as of the Fourth Quarter of 2023



Source: CoStar Group

Map 3. Average Apartment Rents by County as of the Fourth Quarter of 2023



Source: CoStar Group

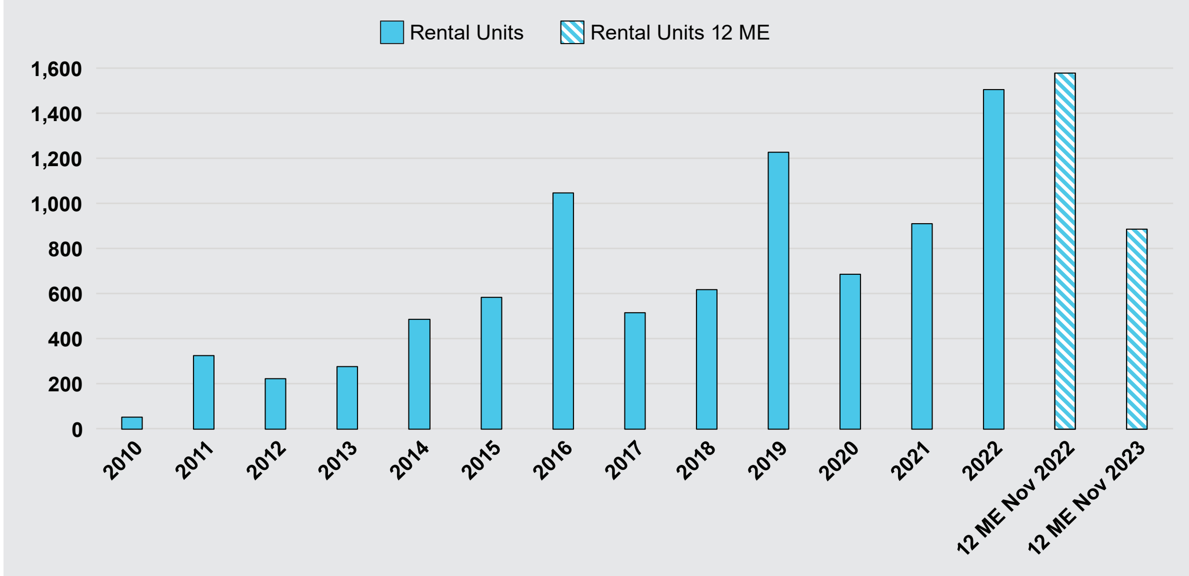
Rental Construction Trends

Rental construction activity, as measured by the number of rental units permitted, was at relatively low levels during much of the 2010s and has generally trended upward to reach the highest level of construction in 2022 (Figure 21). From 2010 through 2013, an average of 220 units were permitted annually. Construction subsequently rose to an average of 650 units a year from 2014 through 2018, including a sharp increase to 1,050 units during 2016. Rental construction again increased sharply in 2019 to 1,225 units before declining to 690 units in 2020. This period included pandemic-related construction issues, including supply chain problems and labor shortages, but growth in demand contributed to a wave of new apartment development, which peaked in 2022 when 1,500 units were permitted. During the 12 months ending November 2023, nearly 890 units were permitted, down 43 percent from the 1,575 units permitted during the previous 12-month period (preliminary data, with adjustments by the analyst).

Rental Construction by Geography

From 2017 through 2021, Cumberland County accounted for 80 percent of new rental construction, a proportion that has declined

Figure 21. Annual Rental Permitting Activity in the Southern Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

to 63 percent since 2022 because of increased construction in York County. Construction is underway at Seacoast Residences in York County, 2 miles northwest of the Portsmouth Naval Shipyard. The mixed-use development will include commercial space and 282 market-rate general occupancy rental units. When complete in January 2024, the property will feature 19 studios, 183 one-bedroom units, and 80 two-bedroom units, with rents averaging $2,064, $2,126, and $2,791, respectively. In Cumberland County, The Casco Apartments, which is also known as Aucocisco, is a 263-unit, market-rate general occupancy property under construction in the city of Portland. The property will have commercial space on the first floor. Construction of the property began in January 2022, and when complete in March 2024, the 18-story building will be the tallest in the state, surpassing the height of the 16-story Franklin Towers, an affordable age-restricted property built in 1969. Aucocisco will feature 115 studios, 148 one-bedroom units, and 2 two-bedroom units, with rents averaging $1,816, $2,312, and $3,899, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 2,450 new rental units in the submarket (Table 15), despite recent increasing vacancy rates and expected lower levels of net in-migration to the submarket. The demand will primarily be in and near Cumberland County in the city of Portland. The 1,550 rental units under construction are expected to satisfy demand during the first year of the forecast period. Rental demand is expected to be strongest in the first year but decrease in the second and third years of the forecast period.

Table 15. Demand for New Rental Units in the Southern Submarket During the Forecast Period

Rental Units	
Demand	2,450 Units
Under Construction	1,550 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Rental Market—Northern Submarket

Market Conditions: Balanced

Conditions transitioned from tight to balanced in the past year because of a substantial increase in the number of rental units completed, coupled with slower net in-migration, which caused a significant reduction in the absorption of new units.

Current Conditions and Recent Trends

As of December 1, 2023, rental housing market conditions in the Northern submarket are balanced. The overall rental vacancy rate is estimated at 10.4 percent (Table 16), up from 7.7 percent in 2020. The vacancy rate has been rising because of slower net in-migration since 2021 and increased rental completions since 2022. As a result of higher levels of apartment construction, the proportion of rental households living in apartments has increased, with

Table 16. Rental and Apartment Market Quick Facts in the Northern Submarket

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	7.7	10.4
		2010 (%)	2022 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	29	28
	Multifamily (2–4 Units)	33	31
	Multifamily (5+ Units)	27	31
	Other (Including Mobile Homes)	11	10
Apartment Market Quick Facts		4Q 2023	YoY Change
	Apartment Vacancy Rate	5.3	1.6
	Average Rent	$1,141	2%
	Studio	$856	2%
	One-Bedroom	$1,092	3%
	Two-Bedroom	$1,213	2%
	Three-Bedroom	$1,023	-8%

4Q = fourth quarter. YoY= year-over-year.
Notes: The current date is December 1, 2023. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2022 American Community Survey 1-year data; apartment data—CoStar Group

approximately 31 percent of all renter households in 2022 residing in buildings with five or more units, up from 27 percent in 2010 (2010 and 2022 ACS 1-year data). At the same time, the proportion of renter-occupied single-family homes in the submarket declined from 29 percent in 2010 to 28 percent in 2022. The share of renter households in the submarket residing in buildings with two to four units decreased from 33 percent in 2010 to 31 percent in 2022.

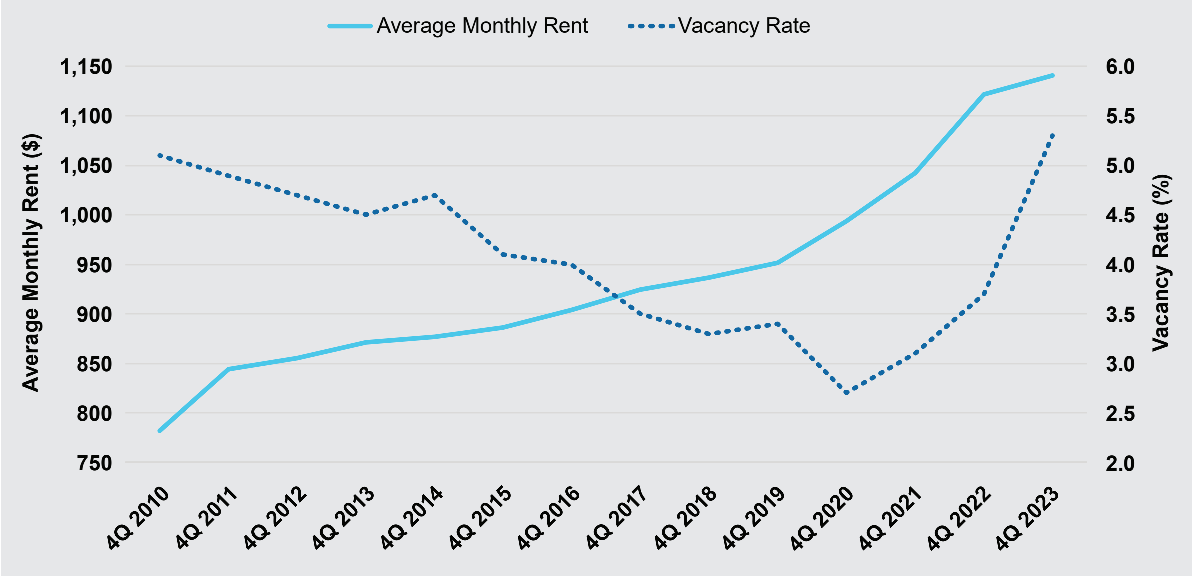
Single-Family Rental Market Current Conditions by County

Rental market conditions for professionally managed detached and attached single-family homes are generally tight in the submarket, with the exception of Washington County, where the vacancy rate was 12.3 percent during November 2023 (CoreLogic, Inc.). In other counties in the submarket, the vacancy rates during November 2023 ranged from 1.0 percent in Hancock County to 4.0 percent in Knox County. During November 2023, average rents in the submarket ranged from $908 to $1,432 for one-bedroom homes, $1,092 to $1,677 for two-bedroom homes, $1,240 to $2,009 for three-bedroom homes, and $1,257 to $2,494 for four-bedroom homes. Rents have consistently been lowest in Somerset County and highest in Hancock, Kennebec, and Knox Counties.

Apartment Market Current Conditions and Recent Trends: Vacancy Rates

Apartment market conditions in the submarket transitioned to balanced as of the fourth quarter of 2023, following several years of tight conditions. As of the fourth quarter of 2023, the apartment vacancy rate was 5.3 percent, surpassing the 5.1-percent fourth quarter rate in 2010 (CoStar Group; Figure 22). The recent increase in the vacancy rate is due to a substantial increase in the number of rental units completed and a slowdown in net in-migration, which caused a significant reduction in the absorption of units. As of 2023, apartment unit absorption was only about one-half of new apartment unit completions (CoStar Group). The apartment vacancy rate as of the fourth quarter of 2023 was up from 3.7 percent a year earlier, 3.1 percent as of the fourth quarter of 2021, and 2.7 percent as of the same quarter in 2020, when absorption outpaced apartment unit completions. The low apartment vacancy rates during the previous years were partly due to increased demand from residents who moved into the submarket from more urban areas, such as the Southern submarket and outside the state. By comparison, from the fourth quarter of 2011 to the fourth quarter of 2019, the apartment vacancy rate generally declined from 4.9 percent to 3.4 percent, respectively.

Figure 22. Apartment Rents and Vacancy Rates in the Northern Submarket



4Q = fourth quarter.
Source: CoStar Group

Apartment Market Current Conditions and Recent Trends: Rents

A recent rise in the vacancy rate contributed to a slowdown in rent growth during the most recent quarter after several years of rapid growth. From the fourth quarter of 2022 to the fourth quarter of 2023, the average rent rose 2 percent to $1,141, compared with an 8-percent annual increase in 2022 and annual increases averaging 5 percent as measured in the fourth quarters of 2020 and 2021. Rent growth accelerated during the early stages of the pandemic, largely because of relatively low apartment vacancy rates. By comparison, rents rose an average of 2 percent year over year from the fourth quarter of 2010 to the fourth quarter of 2019. From the fourth quarter of 2022 to the fourth quarter of 2023, the average rents for studio and two-bedroom units rose 2 percent and rents for one-bedroom units rose 3 percent, but rents for three-bedroom units declined 8 percent, partly because of increased competition from single-family homes. In addition, many three-bedroom units in the submarket are older and have correspondingly lower rents.

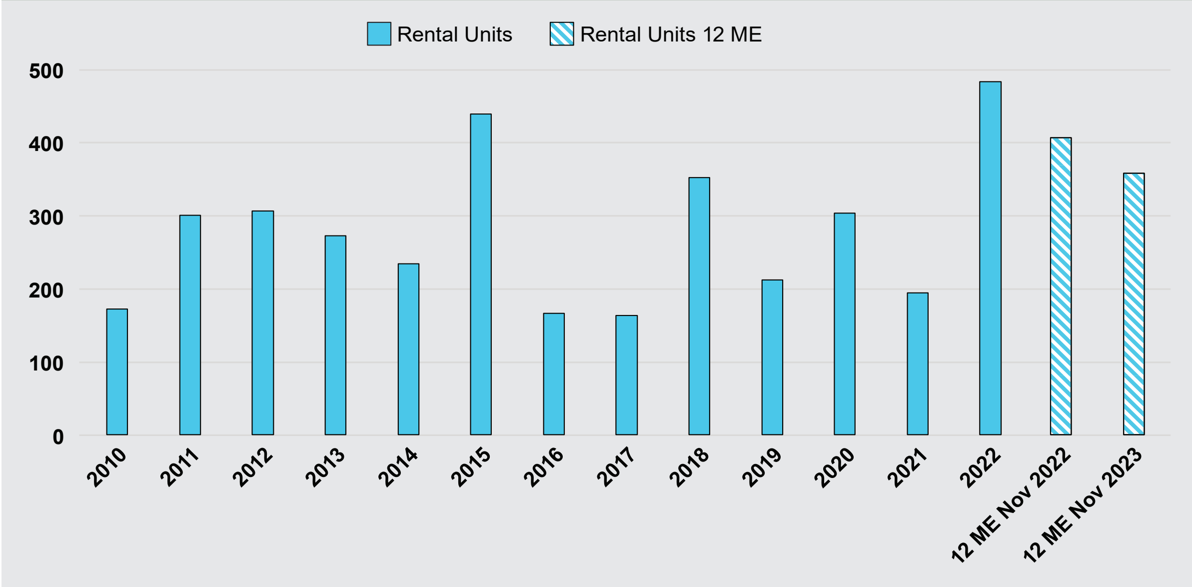
Current Apartment Market Conditions by County

The vacancy rates rose in 12 of the 13 counties in the submarket from the fourth quarter of 2022 to the fourth quarter of 2023. Increases ranged from 0.1 percentage point in nine of the counties, including Piscataquis County, where the vacancy rate was the lowest at 0.5 percent, to 37.9 percentage points in Lincoln County, where the vacancy rate is the highest, at 40.2 percent. The vacancy rate rose significantly in Lincoln County because a 181-unit market-rate general occupancy apartment complex, Atlantic Pointe, was completed in September 2023 and is currently leasing up; approximately 77 percent of the units were vacant as of the fourth quarter of 2023. The vacancy rate in Penobscot County fell 0.3 percentage point to 3.0 percent. The drop occurred because only 20 new units were delivered in the past year, and absorption increased. The rent was highest in Lincoln County at $2,118 and lowest in Franklin County at $649 as of the fourth quarter of 2023.

Rental Construction Trends

Builders increased rental construction in 2022 but have since scaled back (Figure 23), partly because of softening market conditions. From 2010 through 2014, an average of 260 units were permitted annually. That average rose to 440 units during 2015, despite population decreases in the submarket during the period, which included net out-migration. Permitting subsequently declined to an average of 230 units annually from 2016 through 2021 despite population growth that included net in-migration. Rental construction rose to a peak of 480 units in 2022 and is relatively strong despite a recent decline. During the 12 months ending November 2023, approximately 360 units were permitted, down 10 percent from the number permitted a year earlier (preliminary data, with adjustments by the analyst).

Figure 23. Annual Rental Permitting Activity in the Northern Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Construction by Geography

From 2016 through 2021, 45 percent of new rental construction in the submarket was in Androscoggin County, but since 2022, that proportion has increased to 73 percent. The largest apartment property under construction in the county is a 102-unit market-rate general occupancy development in the city of Auburn. Construction of the property began in January 2023 and is expected to be complete in January 2025. The property will include one- and two-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 1,175 new rental units (Table 17). Demand is expected to decrease each year of the forecast period in response to declining mortgage interest rates, which will shift some housing demand from rental to sales units but will be somewhat elevated because of continued economic growth. Demand is expected to continue to be strongest in Androscoggin County and, to a lesser extent, in Kennebec, Oxford, Penobscot, and Somerset Counties. The 450 units under construction in the submarket are anticipated to satisfy demand during the first year of the forecast period.

Table 17. Demand for New Rental Units in the Northern Submarket During the Forecast Period

Rental Units	
Demand	1,175 Units
Under Construction	450 Units

Note: The forecast period is December 1, 2023, to December 1, 2026.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed (market-rate and affordable) general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales	Includes regular resales and REO sales, where regular resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.
Forecast Period	December 1, 2023–December 1, 2026—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Decrease	**Resident deaths are greater than resident births.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units such as single-family, multifamily, and mobile homes.**
Seriously Delinquent Mortgages	**Mortgages 90 or more days delinquent or in foreclosure.**
Stabilized	**A property is stabilized once a 90 percent or above occupancy rate is reached, or at least 18 months pass since the property was changed from under construction to existing on the CoStar Group website.**

B. Notes on Geography

1.	**The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.**
2.	**Urbanized areas are defined using the U.S. Census Bureau 2020 Census Urban and Rural Classification and the Urban Area Criteria.**
3.	**The census tracts referenced in this report are from the 2020 Census.**

C. Additional Notes

1.	**The NAHB Housing Opportunity Index represents the share of homes sold in the state that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.**
2.	**This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.**

3.	**The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.**

D. Photo/Map Credits

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