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Consumer Morsel

On the Move: New city, new job, new pay

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Key takeaways

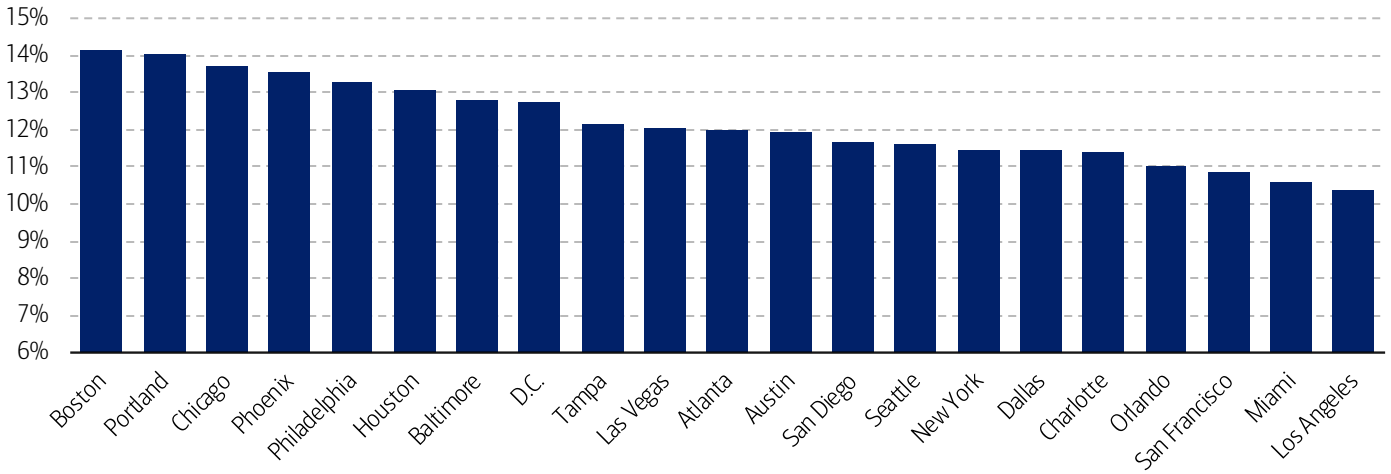
- Career opportunities are often a main motivator of a family move, and Bank of America internal data shed light on where they might be going: Boston, MA and Portland, OR are more likely to see population inflow due to job changes, while San Francisco has one of the lowest share of job changers among movers into the city. We think the latter reflects workers returning to office after being able to work remotely over the last few years.
- Bank of America internal data also suggests workers who are relocating seem to be getting a bigger pay increase than those who stayed in the same major metropolitan statistical area (MSA). Strikingly, the median paycheck for those who moved to Seattle increased by 15% YoY in 3Q, followed by 12% for San Francisco and 11% for New York.
- Looking more broadly at migration trends, Sun Belt cities such as Austin, San Antonio, Las Vegas and Tampa saw the biggest population inflow in 3Q, based on Bank of America internal data, and we find a positive correlation between population change and job growth in 26 MSAs in 3Q.

More likely to move to Boston and Portland for a new job

Many factors could drive a household's decision to move cities. According to the Bank of America 2023 Homebuyer Insights Report, 60% of respondents reported "cost of living" as the reason that would motivate them to move from one state to another. Next came career/job, chosen by 44% of respondents, family and relationships (37%) and retirement (25%).

In this report, we dig into regional labor market dynamics and migration trends. So, where are people moving for a new job? Bank of America internal data finds that of the major Metropolitan Statistical Areas (MSAs) that we track, Boston, MA and Portland, OR were more likely to see inward migration due to job changes (Exhibit 1). Note that we identify job change by a change of employer name on paychecks deposited into customers' accounts. A customer also needs 12 months of consecutive pay to be considered in this sample.

Exhibit 1: Percentage of direct deposit customers who moved into a given MSA that also had a job change in 3Q (%)
For those who moved to Boston in 3Q, 14.2% changed jobs following the relocation

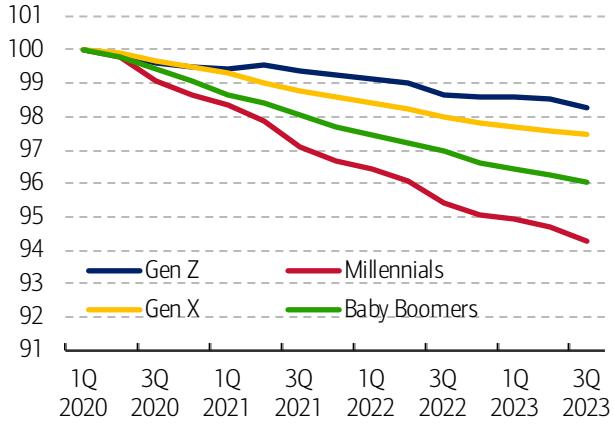


Source: Bank of America internal data. Note: Job change is determined if a customer has at least 12 consecutive months of pay via direct deposit but did not receive direct deposit from the same employer in the most recent quarter.

As Exhibit 1 shows, for those who moved to Boston in 3Q, 14.2% changed jobs following the relocation, the highest across all major MSAs. Next came Portland, OR, where 14.0% of movers changed jobs. One caveat is that not all job changes are reflected in the paycheck immediately after the relocation, so we might not be capturing all workers, especially if they moved in the last month of 3Q. That said, despite workers moving to Boston for new job opportunities, the inflow of population is still lower than the outflow. As a result, the city continues to see net losses in population, with the biggest decline among Millennials since the start of 2020 (Exhibit 2).

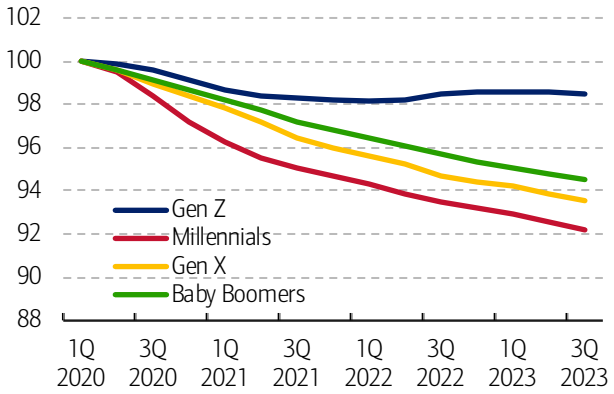
Interestingly, San Francisco, which is also seeing net losses in population, has one of the lowest share of job changers among people who are moving to the city. While this seems counterintuitive given that people have traditionally been moving to San Francisco for job opportunities, especially in the tech industry, one explanation is that people moving to San Francisco are simply returning to the office after being able to work remotely over the last few years. As a result, though they are moving, they are not job changers. Also interesting, despite overall population loss in the area, Gen Z workers have stuck around (Exhibit 3).

Exhibit 2: Number of customers with a home address in Boston (index, 1Q 2020=100 for each age group, non-seasonally adjusted)
Boston saw net losses in population, with Millennials seeing the biggest decline since the start of 2020



Source: Bank of America internal data

Exhibit 3: Number of customers with a home address in San Francisco (index, 1Q 2020=100 for each age group, non-seasonally adjusted)
The number of Gen Z residents have remained stable in the San Francisco MSA despite net losses of other generations

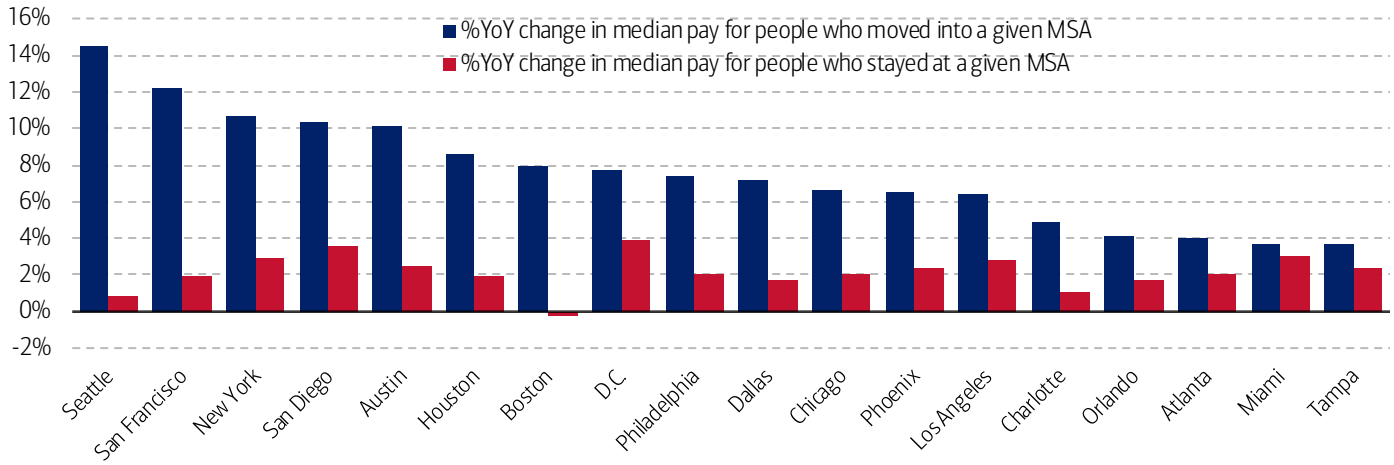


Source: Bank of America internal data

Moves to Seattle could bring bigger raises

When workers switch jobs, they get a bigger jump in compensation than those who don't. This can be shown by data from the Atlanta Fed. As of September 2023, median wage growth was 6.7% year-over-year (YoY) for job switchers and 5.4% YoY for those that stayed in their jobs. However, the Atlanta Fed is only on a national level. When we look regionally using Bank of America internal data, we find meaningful regional variances.

Exhibit 4: %YoY change in median pay for people who moved into or stayed in a given MSA in 3Q
Workers who moved to Seattle in 3Q saw an impressive 15% YoY increase in their median paycheck, compared with just a 1% increase for non-movers in the city



Source: Bank of America internal data. Note: this data includes both job stayers and job switchers. Note: median pay is determined by the median amount of paycheck that is direct deposited into consumer accounts.

Exhibit 4 shows the %YoY change in median pay for people who moved into a given MSA in 3Q and for those who didn't. Strikingly, workers who moved to Seattle in 3Q saw an impressive 15% YoY increase in their median paycheck, compared with just a 1% increase for non-movers in the city. San Francisco and New York, where movers' median pay was 12% and 11% higher, respectively, than a year ago, follow Seattle. In our view, the sharp rise in pay for these movers could be due to larger overall salaries in these large cities where the cost of living is also higher. These cities also have a greater concentration of tech and financial services sectors, which are higher-paid industries.

On the flipside, movers to Florida cities, such as Tampa and Miami, see a much smaller %YoY increase in median pay, at around 4% and only one or two percentage points higher than the pay increase for non-movers.

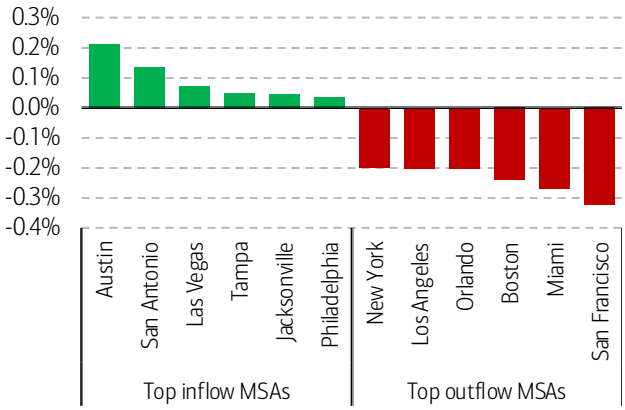
More population, more jobs

Looking more broadly at migration trends, Exhibit 5 shows a list of MSAs with the most population inflows and outflows in 3Q 2023 relative to 2Q 2023, based on Bank of America internal data. We identify migration by the change of home address in consumer accounts in a given quarter. Cities such as Austin, San Antonio, Las Vegas and Tampa continue to see strong quarter over quarter (QoQ) population growth. One outlier is Philadelphia; it is the only major MSA in the Northeast region that saw positive population change in 3Q relative to 2Q.

Meanwhile, traditionally large cities, such as San Francisco, Los Angeles and New York, continue to see net population loss. Miami has seen seven consecutive quarters of population loss, despite a population increase at the start of the pandemic, according to Bank of America internal data.

Exhibit 5: MSAs with the most positive and negative net population change in 3Q 2023 relative to 2Q 2023, according to Bank of America internal data (%change from 2Q, positive means net inflow, negative means net outflow)

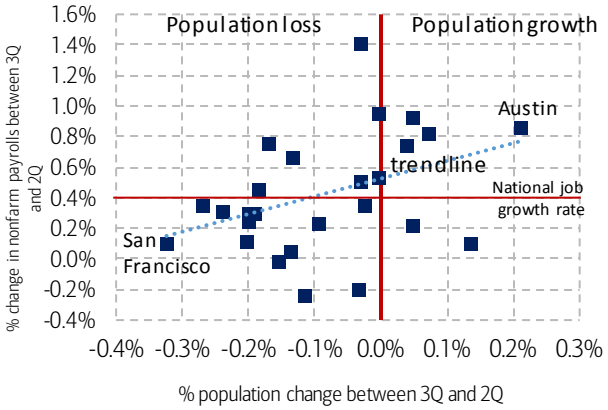
Sun Belt cities such as Austin, San Antonio, Las Vegas and Tampa continue to see strong population growth in 3Q



Source: Bank of America internal data

Exhibit 6: % QoQ growth in population change, based on BofA internal data and % QoQ growth in nonfarm payroll, based on BLS (data as of 3Q)

We find a positive correlation between population change and job growth

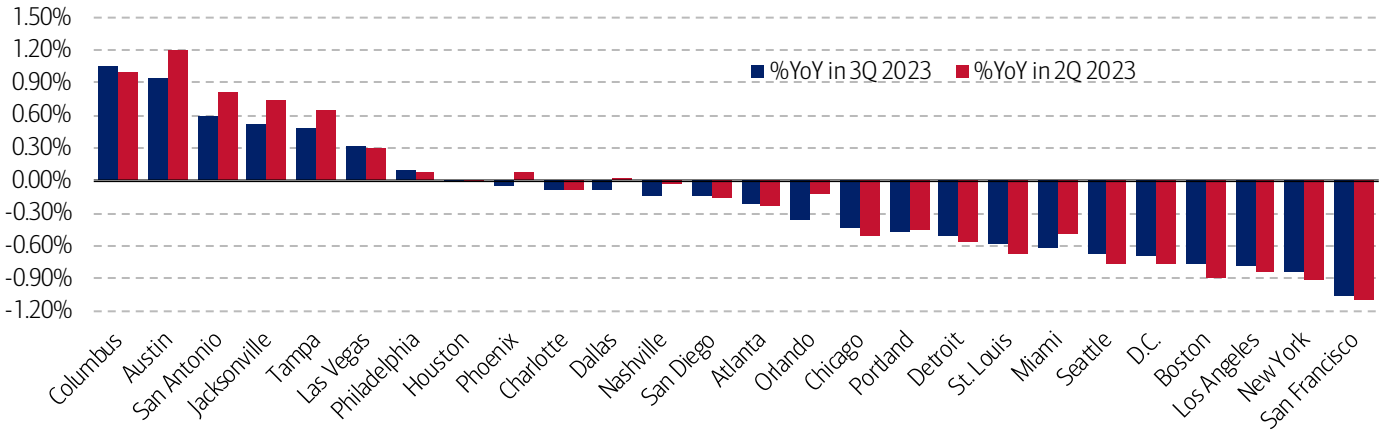


Source: Bank of America internal data, Bureau of Labor Statistics. Note: each dot represents an MSA.

We also find a positive correlation between population change and job growth (Exhibit 6). For example, the number of customers with a home address in Austin increased 0.2% QoQ, and job growth, as defined by the change in non-farm payrolls from the Bureau of Labor Statistics (BLS), rose by 0.9% QoQ, well above the national average. On the other hand, San Francisco is seeing both population loss and weak job growth.

When compared with the same time last year, we find that of the 26 MSAs that we track, seven continue to see positive YoY population growth in 3Q 2023 (Exhibit 7). Columbus and Austin lead the gain, with a net increase of 1.1% and 0.9% YoY, respectively. San Francisco, New York and Los Angeles continue to see the largest net population losses, down about 1% YoY. As a reminder, our analysis is based on a fixed sample of Bank of America customers who had an open consumer checking, savings, credit and/or other investment accounts for every quarter between 4Q 2018 and 3Q 2023.

Exhibit 7: Net population change in major MSAs, according to Bank of America internal data (year-over-year percentage change in 2Q and 3Q 2023, positive means net inflow, negative means net outflow, ranked by 3Q%YoY change)
Of the 26 MSAs that we track, seven continue to see positive YoY population growth



Source: Bank of America internal data

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Our analysis for migration pattern is based on the group of Bank of America customers who had an open consumer checking, savings, credit and/or other investment accounts for every quarter between 4Q 2018 and 3Q 2023. Migration pattern is then extracted based on customer home addresses. This methodology yields a fixed sample size of roughly 45 million customers.

Job change is determined if a customer has at least 12 consecutive months of pay via direct deposit but did not receive direct deposit from the same employer in the most recent quarter.

For Bank of America's Homebuyer Insights Report, Sparks Research conducted a national online survey on behalf of Bank of America between September 25 and September 28, 2023. A total of 1,000 surveys (500 homeowners / 500 renters) were completed with adults 18 years old or older, who make or share in household financial decisions, and who currently own a home/previously owned a home or plan to own a home in the future. Survey completions were monitored by gender and age or proper balancing.

Generations, if discussed, are defined as follows: 1. Gen Z, born after 1996; 2. Millennials: born between 1978-1995; 3. Gen Xers: born between 1965-1977; 4. Baby Boomer: 1946-1964

Additional information about the methodology used to aggregate the data is available upon request.

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Sources

Bank of America 2023 Homebuyer Insights Report

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Disclosures

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