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Economy

On the move: Still waiting for the thaw

03 September 2025

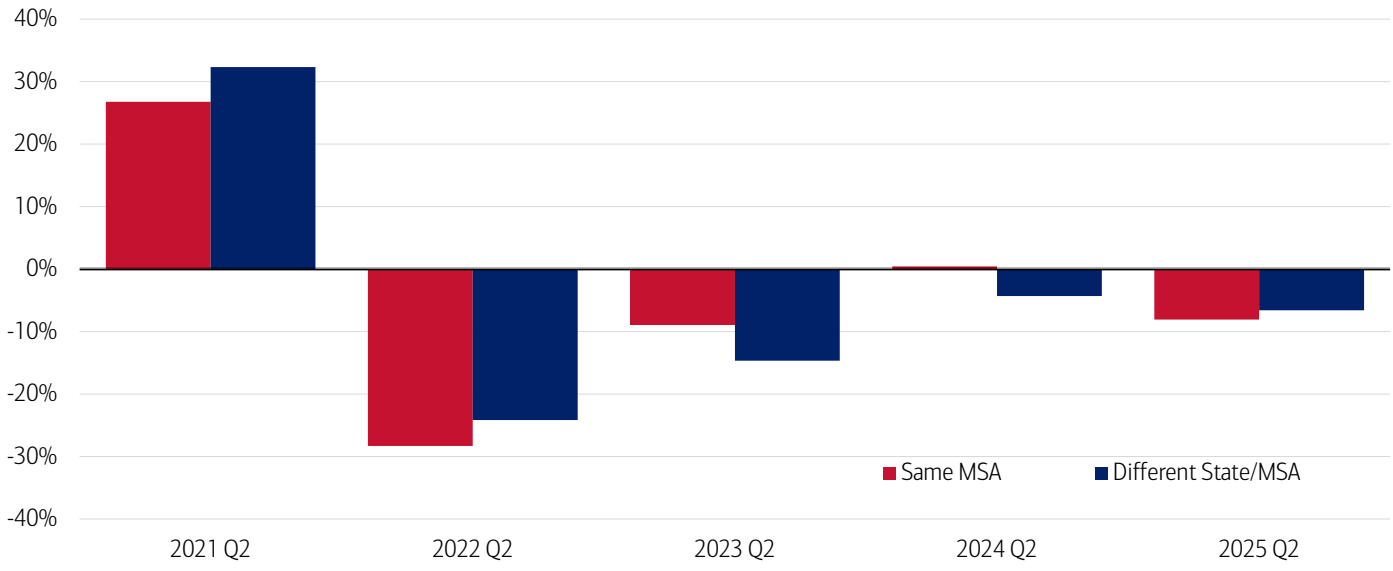
Key takeaways

- The number of people moving within the US declined year over year (YoY) in 2025 Q2, according to Bank of America account data. Between city moves were more evident in southern and midwestern cities over the Northeast and West.
- A cooling labor market might be contributing to the decline. But the 'lock-in effect,' where some households are on much lower fixed mortgage rates than those currently offered, continues to restrain existing home supply.
- This lock-in effect is likely not uniform across the country. A combination of a higher share of mortgages on lower rates and a high share of households paying a significant share of their monthly income on mortgages likely makes it most binding in the West.

Moving is still not really moving

The number of people that are moving remains significantly lower than before the pandemic – down around 20% in 2025 Q2 compared to 2020 Q1. The signs of an upswing seen earlier this year (read publication: On the move: More movers, fewer homebuyers) have not been sustained in the second quarter, according to Bank of America account data. In fact, the number of people moving both between cities (i.e., metropolitan statistical areas or "MSAs") and within the same city fell year over year (YoY) in 2025 Q2, with a particularly pronounced decline in the latter category (Exhibit 1).

Exhibit 1: The number of people moving between cities and within them fell in 2025 Q2
Change in the number of people moving by location (Q2 figures for 2021 to 2025, % YoY)



Source: Bank of America internal data
Note: Same MSA also includes people who live outside of major MSAs who moved within the same state. Different MSA also includes people who lived outside of major MSAs who moved to different states.

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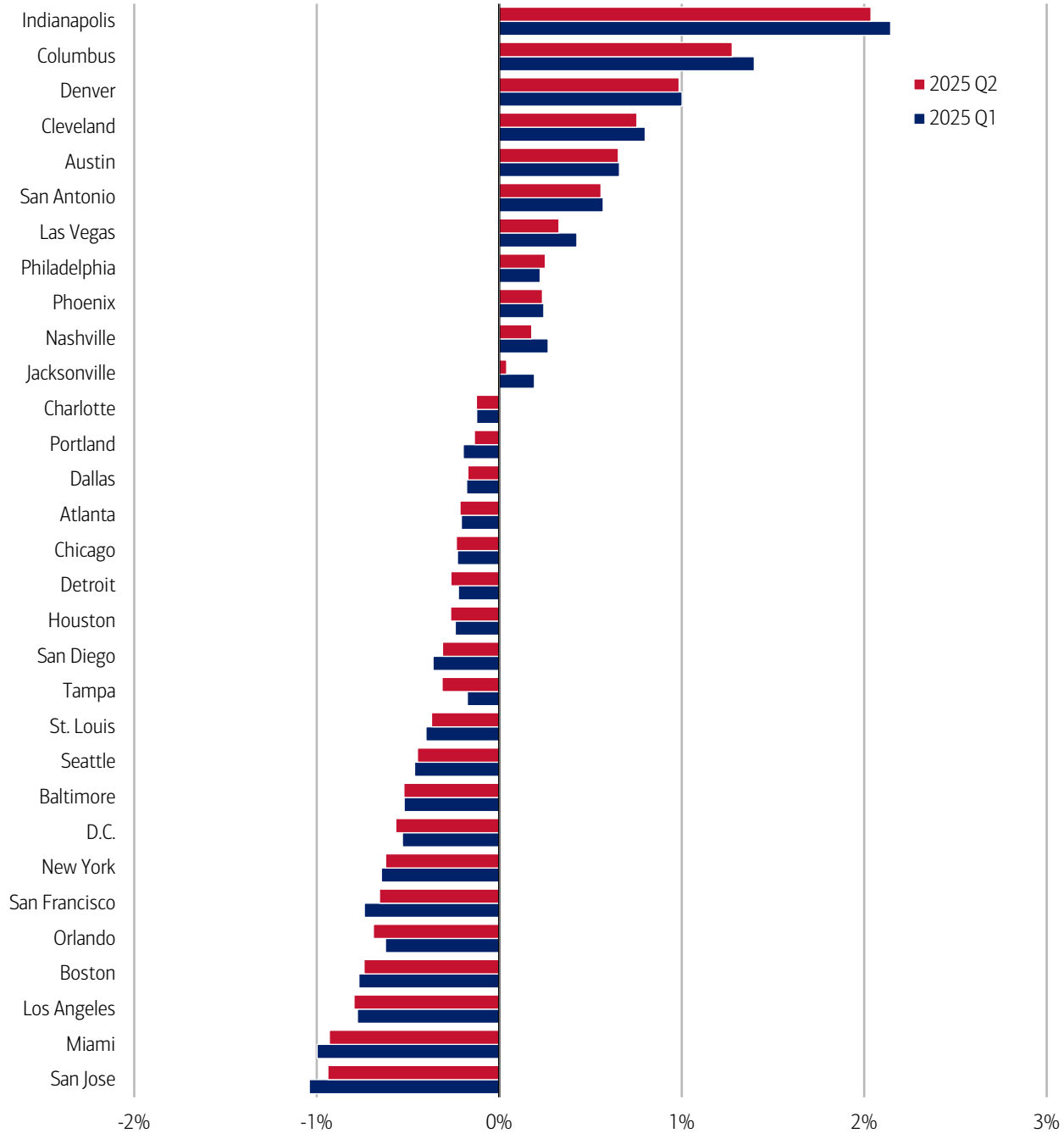
When people do change cities, the Midwest remains a popular choice, according to Bank of America account data, with Indianapolis and Columbus topping our list of the fastest-growing MSAs (Exhibit 2). Texas is also still a popular destination, with

Austin and San Antonio receiving new inflows. In terms of departures, generally, cities in the West and Northeast continue to show outflows, while Florida also continues to look soft, with outflows in Miami, Orlando, and Tampa.

Broadly, the YoY growth in both inflows and outflows between cities in 2025 Q2 looks to have cooled relative to Q1. Note that this data focuses on domestic migration flows and does not capture trends in international migration.

Exhibit 2: Cities including Indianapolis and Columbus showed the fastest inflow population change in 2025 Q2, whereas many cities in the West and Northeast and in Florida showed outflows

Net population change in major MSAs, according to Bank of America internal data (YoY % change, positive means net inflow, negative means net outflow)



Source: Bank of America internal data

Note: See Methodology for MSA allocations to US Census Regions.

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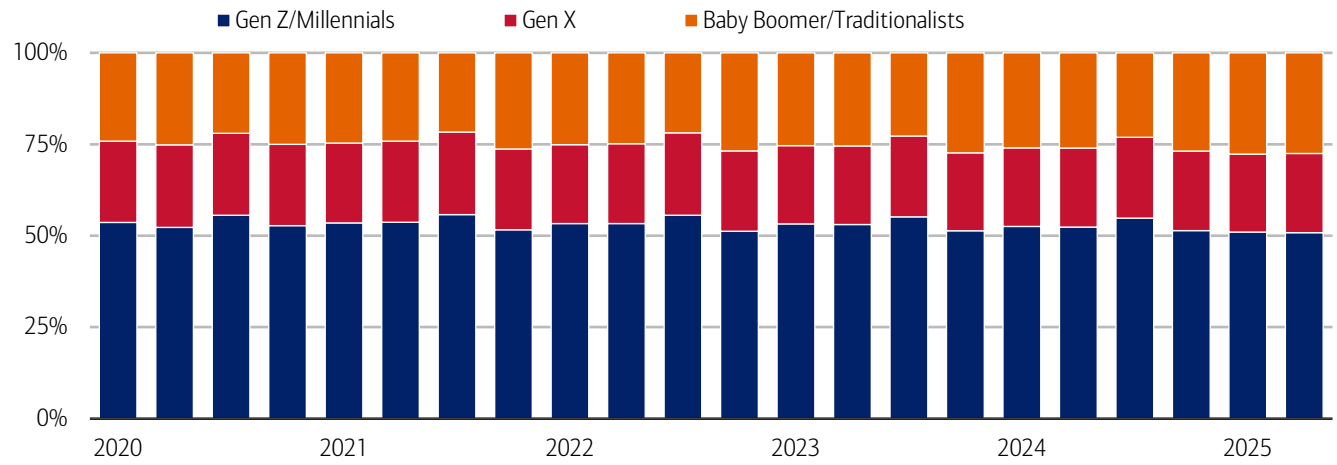
Slowing jobs market may remove some pull factors

Generationally, around half of city-to-city moves (i.e., cross-MSA moves) are by Gen Z and Millennials (Exhibit 3). However, this figure has slipped a little over the last year, while the share of moves by Baby Boomers and Traditionalists has risen slightly.

Exhibit 3: Around half of moves across MSAs have been made by Gen Z and Millennials
Share of between-MSA moves by generation, according to Bank of America internal data (quarterly, %)



Source: Bank of America internal data

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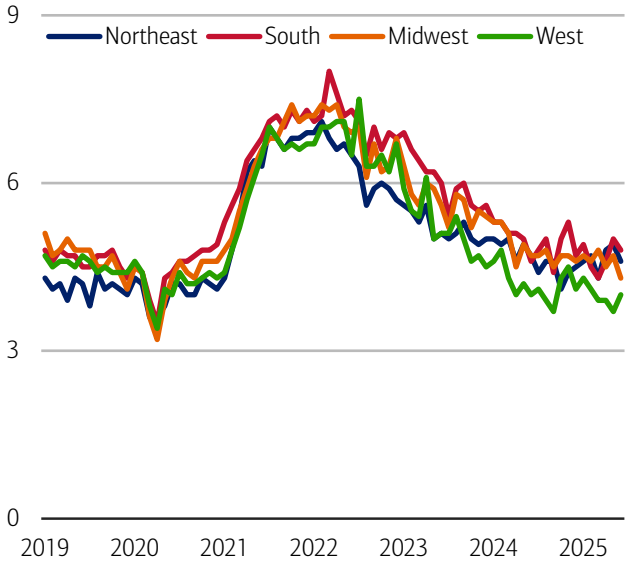
One reason for both the continued sluggish overall moves from city to city and the fall in the share of younger generations making them could be a slowdown in the jobs market (see publication: Job hoppers hit pause). Over 40% of respondents to the 2024 Home Buyer Insights Report said they were likely to move across states for job reasons, so this is a clear driver of longer-distance housing moves. Given that job openings have gradually declined across Census regions (Exhibit 4), it could be some of this pull factor in moves has slackened. It is also reasonable to assume that this impacts younger generations more than older generations, who are more likely to have established careers in one location.

Exhibit 4: All regions have seen a gradual decline in job openings since 2022
Job openings rate by Census region (monthly, seasonally adjusted (SA), %)



Source: Haver Analytics

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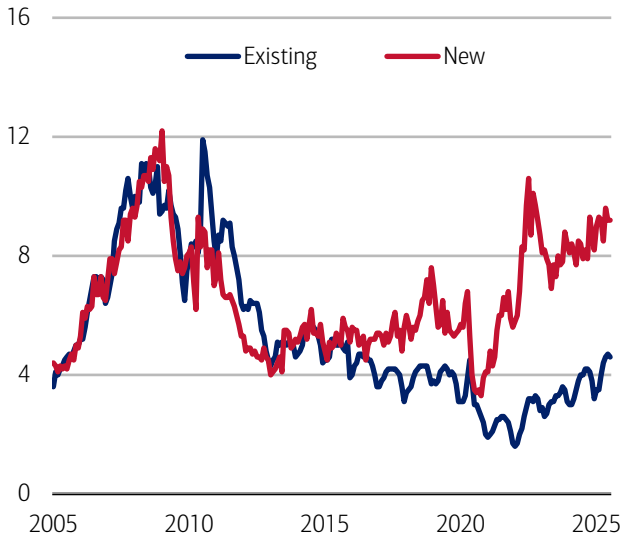
Exhibit 5: Overall housing supply has steadily increased year to date through July
Existing and new home months' supply (SA)



Source: Haver Analytics

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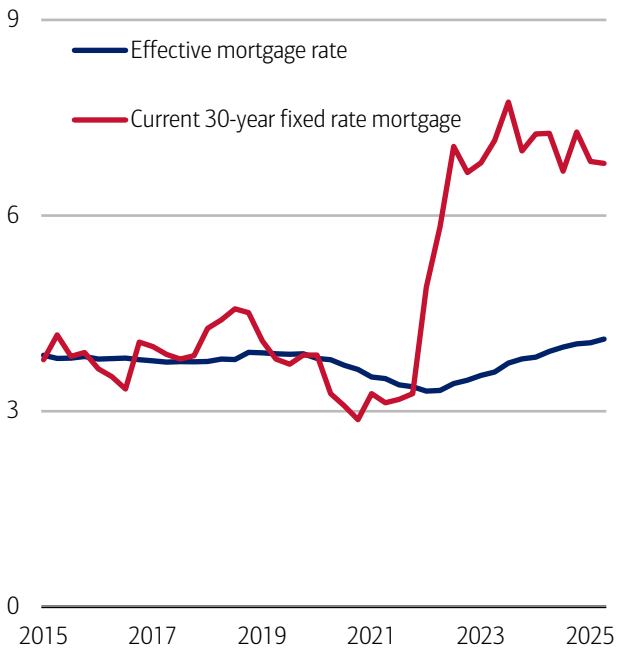
Lock-in is not a uniform story

Another important factor keeping moving mobility depressed has been the relative lack of housing supply. One positive piece of news is that this constraint is easing – albeit slowly. Exhibit 5 shows that new housing supply has been rising briskly and was at just under 10 months of sales in June. But while supply is rising for existing homes too, it is doing so at a less significant pace. The months' supply of existing homes is around 2015/16 levels, currently at 4.6 months – still well below earlier peaks.

One factor holding back existing supply has been the so-called "lock-in effect," whereby many existing homeowners have fixed-rate mortgages at significantly lower rates than current levels (Exhibit 6). As a result, selling and resetting their mortgage would mean a significant rise in costs – so they are choosing to sit tight instead, keeping supply depressed.

Exhibit 6: Current 30-year fixed-rate mortgages are at a much higher rate than the average rate on the stock of mortgage debt
Current 30-year fixed-rate mortgage rate and effective mortgage rate on stock of mortgage debt (quarterly, %)



Source: Haver Analytics

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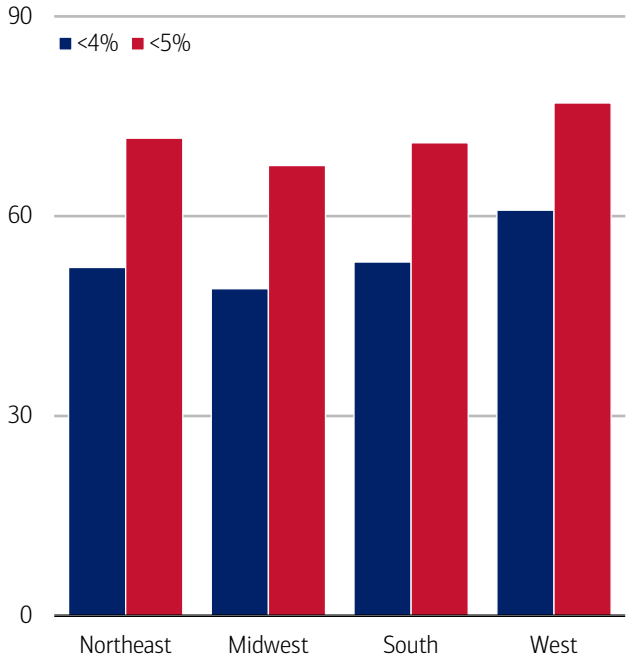
Exhibit 7: The West appears to have a higher share of the relevant regional mortgage stock with rates below 5%
Share of mortgages with rates below 4% and 5% by Census region (2025 Q1, %)



Source: Federal Housing Finance Agency (FHFA)

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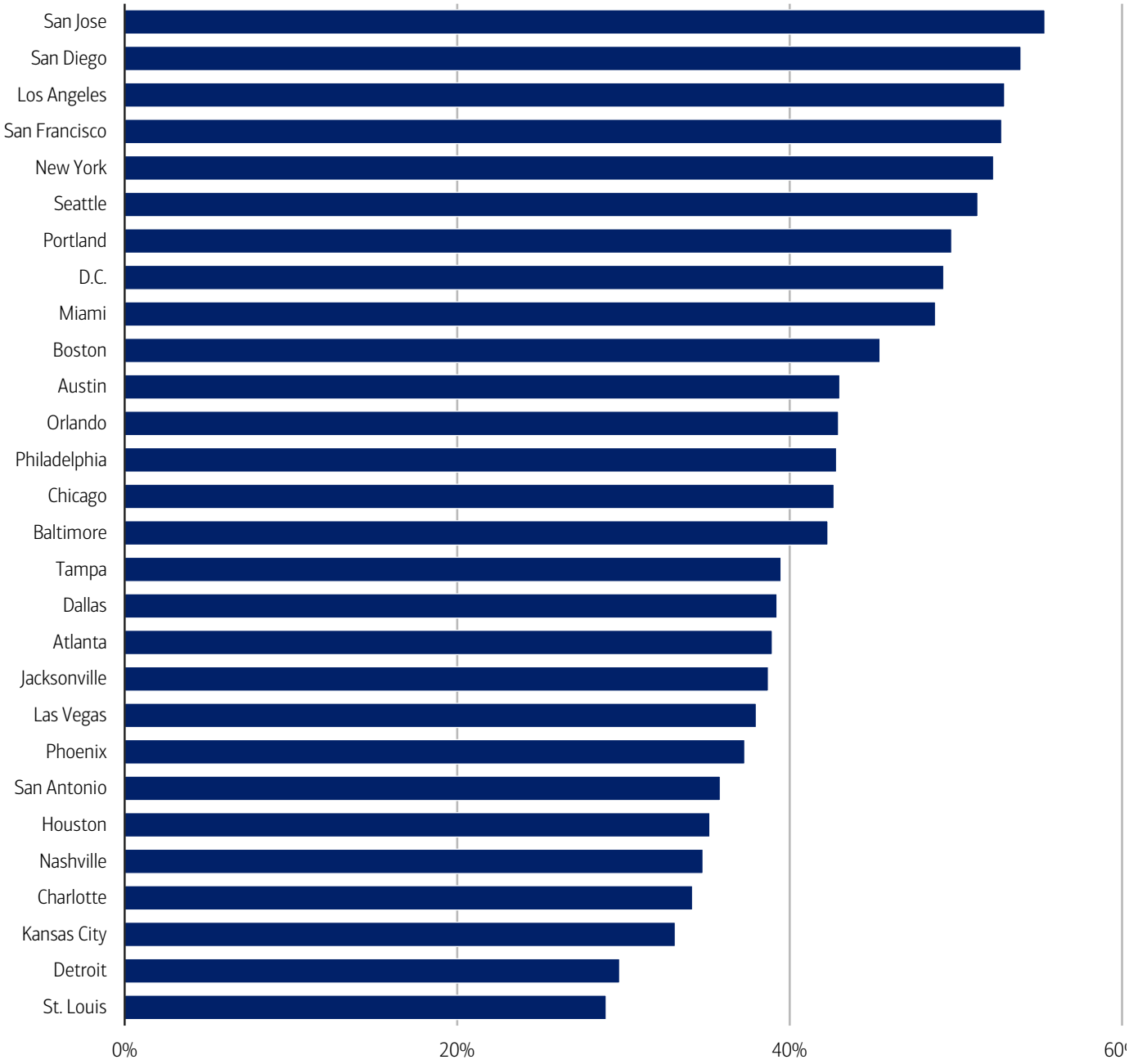
This lock-in effect may not be uniform across the country. When we look by region, we find that the share of mortgage loans with interest rates below 5% is highest in the West and lowest in the Midwest (Exhibit 7). So, from this perspective, existing housing supply in the West might be relatively stickier.

Another aspect to consider is how households' mortgage payments compare to their incomes. Where mortgage payments comprise a higher share of income, it may be harder for a household to consider putting their home up for sale and exposing themselves to borrowing at the current higher rates.

Using Bank of America internal deposits data, we look in Exhibit 8 at the share of households that have over 30% of their monthly income in 2025 (through July) accounted for by mortgage payments. It is clear that cities in the West and Northeast have the highest share of households in this camp.

The combination of a relatively higher share of mortgages on rates below 5%, together with a relatively high share of households with mortgage payments taking up a large proportion of their income, makes cities in the West potentially most exposed to the lock-in phenomenon, in our view. However, New York, D.C., Miami, and Austin could all face a similar challenge.

Exhibit 8: Cities in the West and Northeast have a higher share of households whose mortgage payment exceeds 30% of income
The share of monthly mortgage payments exceeding 30% of household income by select MSAs (January-July 2025 average, %)



Source: Bank of America internal data

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Turnarounds may take time

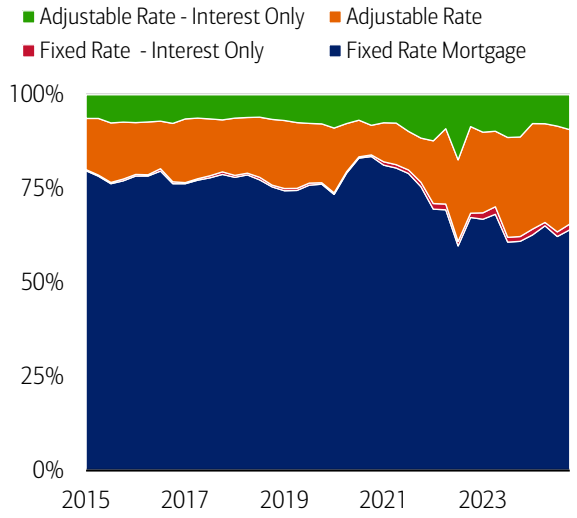
How will moving mobility change from here? In our view, a combination of a slowly decelerating job market and continued relatively high mortgage rates does not suggest a rapid turnaround.

While the good news is that housing supply is improving, particularly for new builds, the lock-in factor in parts of the country – especially the West – will likely remain a constraint. Over time, "forced moves," due to things like job changes, deaths, or divorces, all tend to lessen the lock-in effects, gradually implying a rise in the effective mortgage rate. But this alone is unlikely to be a fast route to a rebound.

Could a cut in rates by the Federal Reserve spur more moving, if it leads to lower mortgage rates that reduce the benefit of staying put for those locked into low rates? It is possible. However, it is worth remembering that with a majority of new US mortgages being taken out on fixed rates (Exhibit 9), longer-term US interest rates matter more than the Federal Reserve's

short-term policy rate (Exhibit 10). While Fed policy clearly matters for these longer-term rates, they are also influenced by expectations of future inflation and fiscal policy.

Exhibit 9: The majority of new mortgages are fixed rate
Share of first-lien mortgage originations by product type (quarterly, %)



Source: Federal Reserve Bank of Philadelphia

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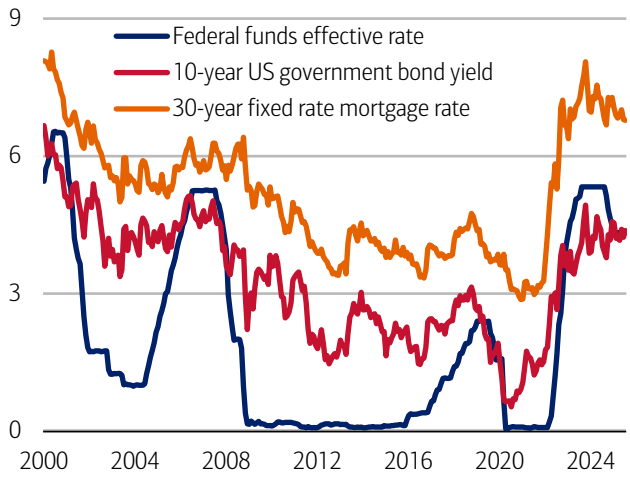
Exhibit 10: Longer-term US borrowing rates matter for mortgage rates
10-year US government bond yield, 30-year mortgage rate, Federal funds effective rate (monthly, %)



Source: Bloomberg

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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 domestic 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 2020 and 4Q 2024. Migration pattern is then extracted based on customer home addresses. This methodology yields a fixed sample size of roughly 45 million customers.

Because our data is based on a fixed sample of customers it will not capture the impact of international migration. Instead, our analysis is designed to look at how internal migration in the United States is changing. Accordingly, the overall population movements in the official Census Bureau data, which also accounts for international migration, will not necessarily align with our data in some MSAs, though our data should give similar directional signals.

These changes in address are also used to identify households that have moved in order to capture the spending on moving-related categories for the six-month period before and after a move. To look at this, we use Bank of America internal credit and debit card spending data for households that moved in June over the period 2020-2025. We then determine the average household spending for the 6 months leading up to the move, denoted as "6-" through "1-", the month of the move, denoted as "0," and for the 6 months after the move.

Median mortgage payments for customers who have not moved was also based on this data and include only customers who have not had a change in address.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks. This includes rent payments, although wires, cash, and some (mostly paper) checks intended for rent payments may be excluded.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Lower, middle, higher (excluding top 10), and top 10 mortgage payment cuts in Bank of America payments data are based on median monthly mortgage payments in each zip code. These zip codes are then ranked in order from high to low and bucketed according to terciles, with a third of mortgage payments placed in each tercile periodically. The lowest tercile represents "lowest

mortgages", the middle tercile represents "middle mortgages" and the highest tercile "higher mortgages". The top 10% is then further separated from the highest tercile to denote the top 10% of zip codes by median mortgage payments. The zip codes are reallocated over time, reflecting any number of factors that impact mortgages, including inflation, net domestic migration and shifting supply/demand. The median mortgages payments in each zip code are periodically re-assessed.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Metropolitan Statistical Areas (MSAs) align to US Census Regions as follows:

- Midwest: Indianapolis, Chicago, Cleveland, Columbus, Detroit, St. Louis
- Northeast: Boston, New York City, Philadelphia
- West: Los Angeles, San Francisco, San Jose, San Diego, Seattle, Denver, Las Vegas, Phoenix, Portland
- South: Atlanta, Austin, Baltimore, Charlotte, Dallas, Houston, Jacksonville, Miami, Nashville, Orlando, San Antonio, Tampa, Washington DC

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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