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Economy

On the move: Renters catch a break

04 December 2025

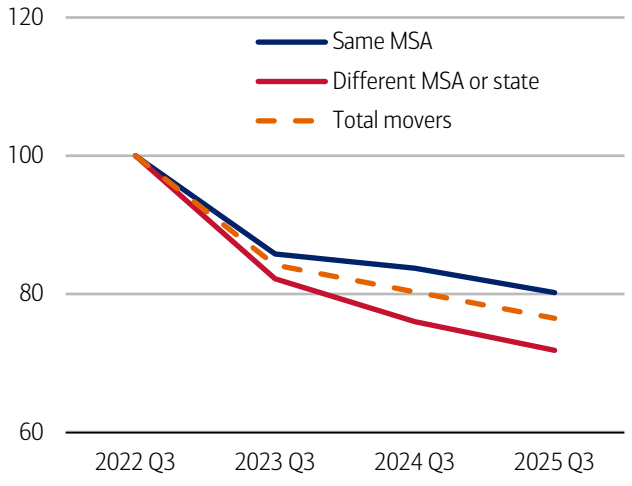
Key takeaways

- The number of people moving within the US declined year-over-year (YoY) in the third quarter of this year, according to Bank of America account data. Intracity moves were more evident in the western Sunbelt and Midwestern cities compared to most of the rest of the South and West, as well as in the Northeast.
- A rise in the share of renters in the past year is also corresponding with near zero rent payment growth, according to Bank of America payments data. Why? A residential construction boom in the Sunbelt, followed by a major slowdown in domestic migration is driving vacancy rates up in the South and West, giving renters more choices - and an opportunity to ward off potential rent price increases.
- According to Bank of America card data, renters - especially those with lower incomes - are likely benefitting from the significant cooling in rent payment growth, offsetting some of the slowdown in their wage growth and boosting discretionary spending growth.

Fewer and fewer people are moving out of town

Overall, as of Q3 2025, the number of people that are moving has declined for the third year in a row (Exhibit 1). Zooming in, fewer people are moving to different states or metropolitan statistical areas (MSAs) than are relocating within the same MSA – continuing a three-year trend. Why? Most likely, a scarcity of job openings has meant fewer people moving across the country to chase new employment (read more in On the move: Still waiting for the thaw) (Exhibit 2).

Exhibit 1: The number of people moving between cities and within them continued to fall into 2025 Q3…
Change in the number of people moving by location (Q3 figures for 2022 to 2025, index Q3 2022= 100)



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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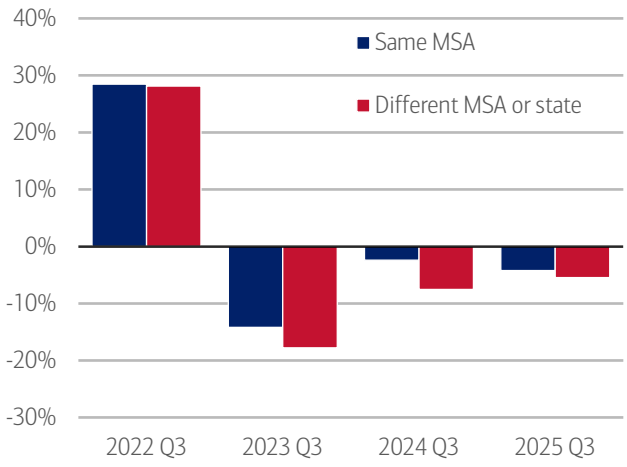
Exhibit 2: …while the number of people moving to different states or MSAs declined faster than those moving within the same MSA
Change in the number of people moving by location (Q3 figures for 2022 to 2025, YoY%)



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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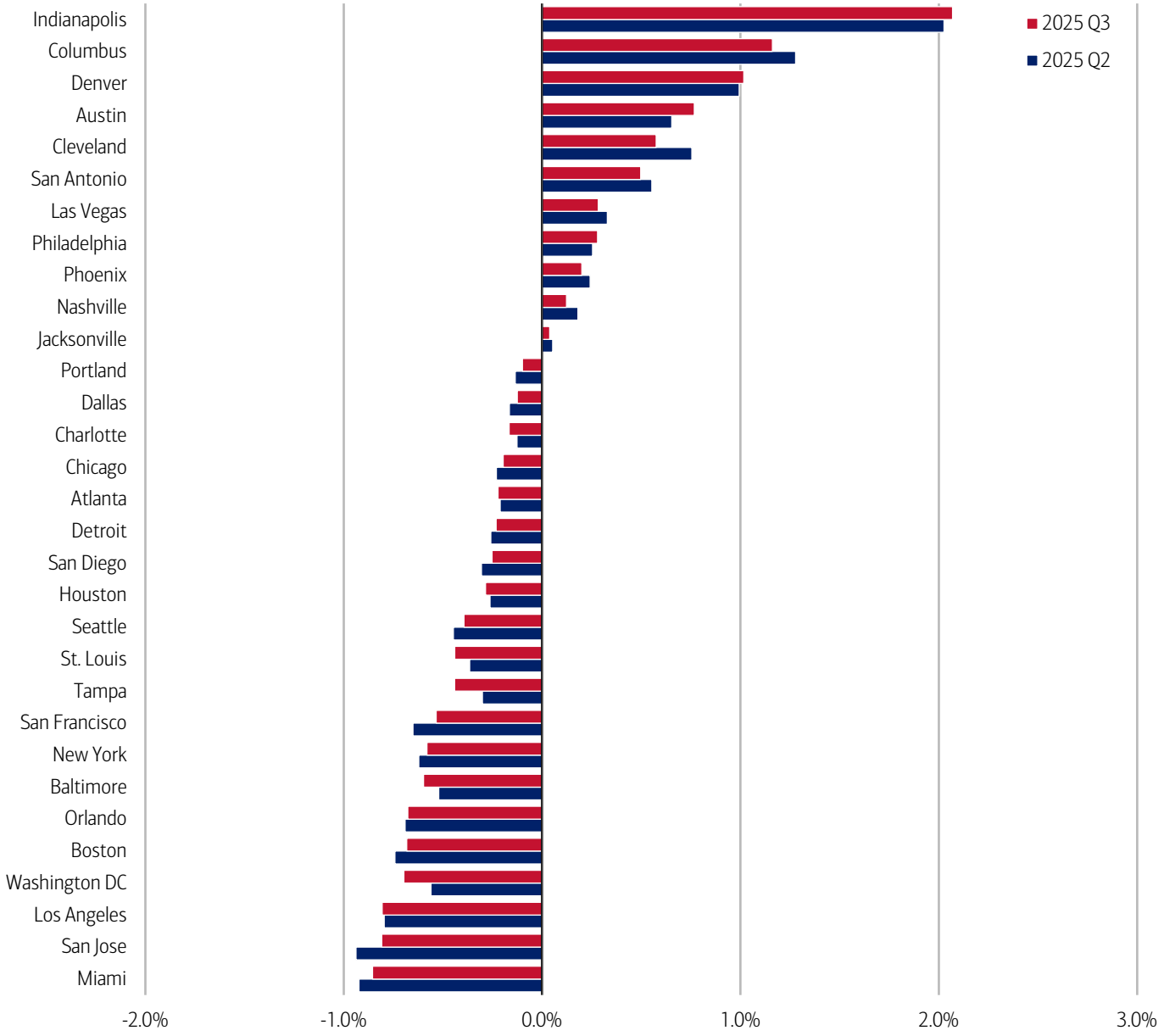
For those still moving to different cities, the Midwest remains a popular choice, according to Bank of America account data, fueled by affordability and an increase in mega-projects such as data center builds (read more in our latest Regional roundup). In fact, three of the top five fastest growing MSAs are in the Midwest, with Indianapolis and Columbus topping the list for the second consecutive quarter and Cleveland rounding out the group (Exhibit 3). The western portion of the Sunbelt (see methodology) remains popular, with Denver, Austin, San Antonio, and Las Vegas seeing larger population inflows.

However, there have also been declines in many cities across the South and West, as well as most of the Northeast. Of the major MSAs that we track, nearly two-thirds saw a decline in domestic migration. And several Sunbelt MSAs (notably Miami, Orlando, Tampa and Houston) whose populations surged during the post-COVID-19 flight to affordability are now seeing population growth slow or even reverse. In fact, eight Sunbelt MSAs have shifted to outright declines, a sharp contrast to the increases seen as recently as four years ago.

Exhibit 3: Cities in the Midwest and western Sunbelt were still seeing population growth in the third quarter of 2025, while the majority of cities throughout the Northeast, as well as most of the rest of the West and South continued to see declines

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. This data focuses on domestic migration flows and does not capture trends in international migration

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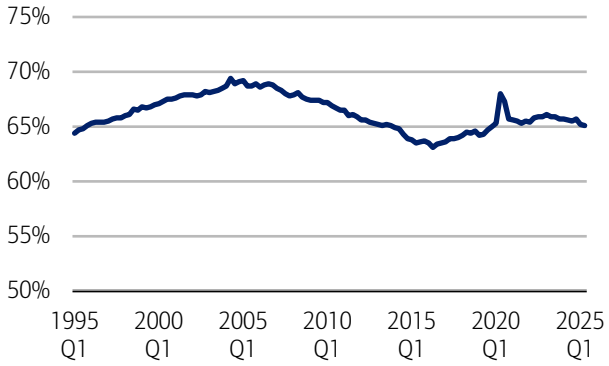
Fewer homeowners and more renters

What else might be behind the slowdown in movers? One factor could be the rapid increase in the cost of purchasing and owning a home since 2022, which affects both local and longer-distance moves (read more in the first quarter's On the move).

Reflecting this, the homeownership rate has declined over the past two years, and as of 2Q 2025, sits below early 2020 levels, likely as more people rent (Exhibit 4). And while it is true that a larger share of younger adults (those under 24 years old) are living with parents compared to pre-COVID-19 levels, in our view, this is not causing the decline in homeownership rates.

In fact, we'd expect the homeownership rate to increase like it did in early 2020 during the onset of COVID-19 (Exhibit 5). For example, there was a significant increase in younger people moving home, likely leading to fewer total households and a corresponding increase in the homeownership rate. In other words, there were fewer young people striking out on their own, choosing instead to live with their parents, therefore becoming part of their parents' household. However, with both homeownership *and* multigenerational living below 2020 levels, it appears that renting has become a more common choice.

Exhibit 4: Homeownership rates have declined in the past few years after seeing some recovery in the late 2010s
Share of households that own their home (quarterly, %)



Source: US Census Bureau

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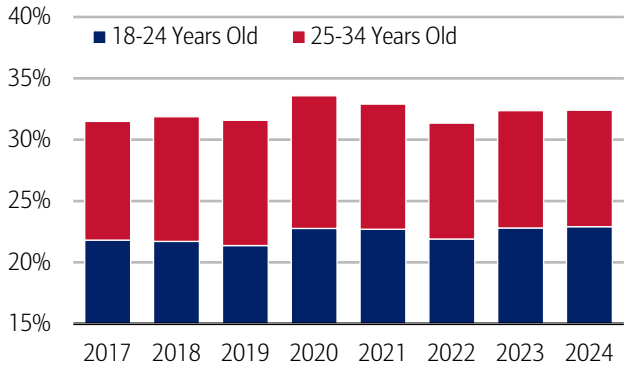
Exhibit 5: The 2024 share of people under 34 years old living with their parents has increased since 2022 but not compared to 2023
Share of population living with their parents by age range (yearly, %)



Source: US Census Bureau

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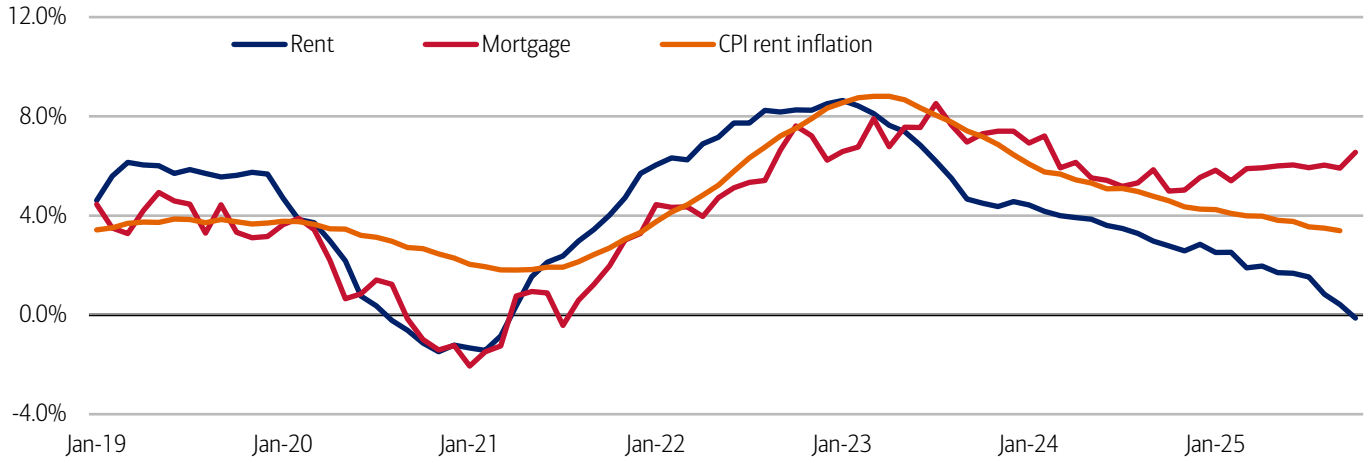
Cooling rent payment growth brings relief to tenants across the Sunbelt

Amidst this rise in renters, Bank of America data suggests that tenants may be finding some relief from the growth in rental prices. According to Bank of America payments data, median rent payments were nearly flat in October year-over-year (YoY)% (Exhibit 6). This is despite the fact that "like-for-like" rents (e.g., the same rental unit in the same city) rose 3.4% YoY in September, according to Consumer Price Index (CPI) inflation data from the Bureau of Labor Statistics (BLS). By contrast, median mortgage payment growth has remained elevated, up 6% YoY in October.

Exhibit 6: Rent payments saw no growth in October, despite rental prices continuing to increase
Monthly median mortgage payment and rent growth, based on Bank of America data (3-month moving average, YoY%) and rent CPI inflation, based on BLS data (monthly, YoY%)



Source: Bank of America internal data and BLS. BLS data is based on "like for like" rents (e.g., the same rental unit in the same city).

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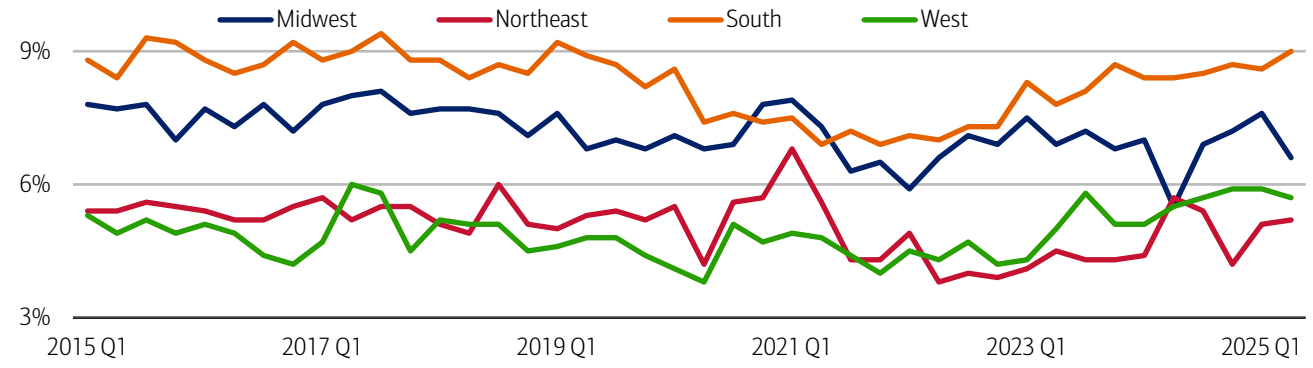
Higher vacancy rates in the Sunbelt are giving renters more choices to stem rising rents

In our view, the divergence between rental payments and prices likely reflects renters "trading down" to smaller or less expensive units with fewer amenities. Another factor could be increased flexibility for renters when landlords increase rent, as higher rental vacancy rates create more options. Rental vacancy rates measure the share of available rental units, and when they rise, renters often have greater bargaining power – whether moving to another unit when their leases are up or negotiating during lease renewals.

Looking across regions, vacancy rates have increased across all regions since 2022, but the most in the South and West, according to data from the US Census Bureau (Exhibit 7). In fact, vacancy rates in the South are the highest they've been since Q1 2019. This trend likely stems from a surge in residential construction that became available just as domestic migration growth was slowing (or even reversing) in many areas of the Sunbelt (read more about this in On the move: Consumers bent on lower rent).

Exhibit 7: Vacancy rates have increased by nearly two percentage points since early 2022 through 2Q 2025 in the South and West
Vacancy rates by US Census region (quarterly, %)



Source: US Census Bureau

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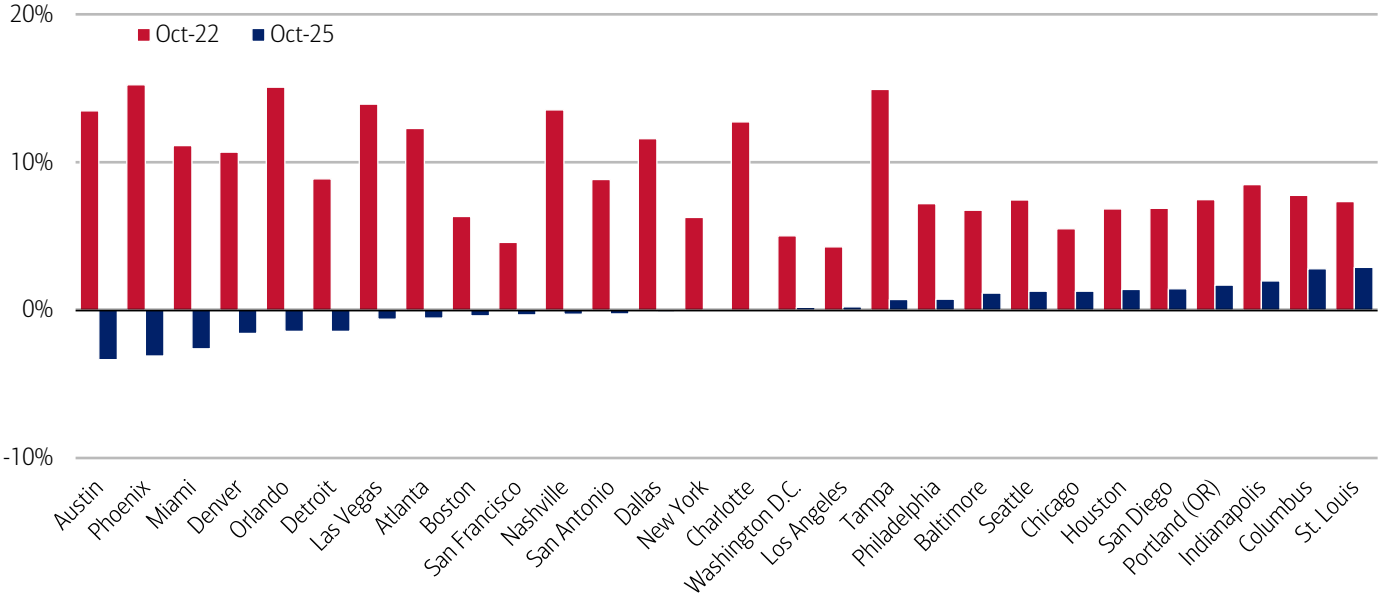
Meanwhile, Bank of America's rent payment data across major MSAs reinforces this trend. Some Sunbelt markets have seen no or only modest YoY increases in median rent payments, while a few – such as Austin, Phoenix, Miami and Orlando – have seen notable YoY declines (Exhibit 8). Compared to 2022, several cities including Phoenix, Austin, Orlando, Miami, Denver, Atlanta, Nashville, Charlotte and Tampa have experienced double-digit percentage point drops in rental payment growth.

Exhibit 8: MSAs throughout the Sunbelt have seen significant decreases in rent payment growth over the past three years, with Austin, Phoenix, Miami and Orlando even seeing YoY declines in October 2025
Median rent payment growth, based on Bank of America data, by MSA (3-month moving average, YoY%)



Source: Bank of America internal data

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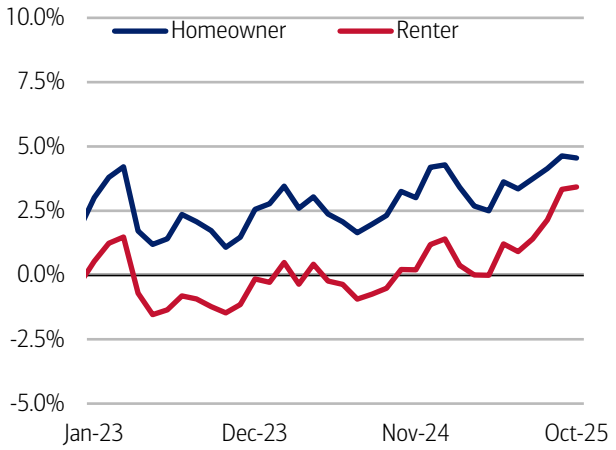
Flat rent growth provided a boost to renters' discretionary spending this year

Given the slowdown in rent payment growth, how are renters faring compared to homeowners? One way to gauge this is by comparing discretionary spending. Using Bank of America aggregated credit and debit card data (excluding rent, utilities, gasoline and groceries), we see that both groups have shown some improvement in "nice to have" spending since the start of the year. However, renters' discretionary spending growth has nearly closed the gap with homeowners in recent months (Exhibit 9).

It's worth noting that renters tend to be younger and/or have lower incomes – the latter being particularly relevant here. As highlighted in our November Consumer Checkpoint, spending growth among lower-income households continued to lag their higher-income cohorts'. This trend is compounded by softer after-tax wage growth for lower-income households since the beginning of the year, based on Bank of America deposit data (Exhibit 10), and likely reflected, in part, in the lag seen in overall growth in renters' discretionary spending.

Exhibit 9: Renter discretionary spending growth has nearly caught up to that of homeowners in October 2025
Card spending (excluding rent, gasoline, groceries, and utilities), based on Bank of America data (3-month moving average, YoY%)



Source: Bank of America internal data. Homeowners include households that own their home, but also rent somewhere.

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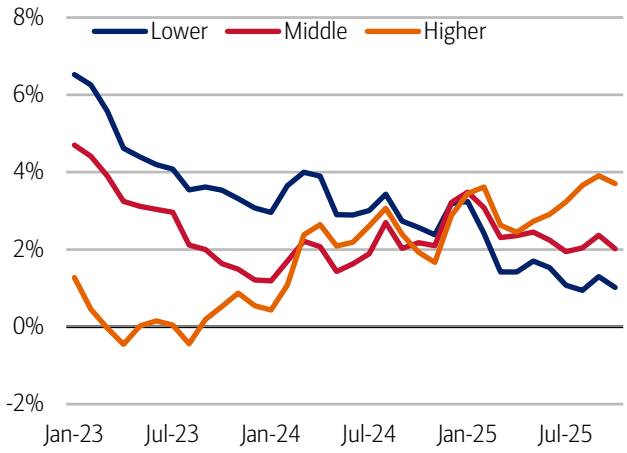
Exhibit 10: Lower-income households saw 1% YoY wage growth in October 2025, down nearly two percentage points since early 2025
After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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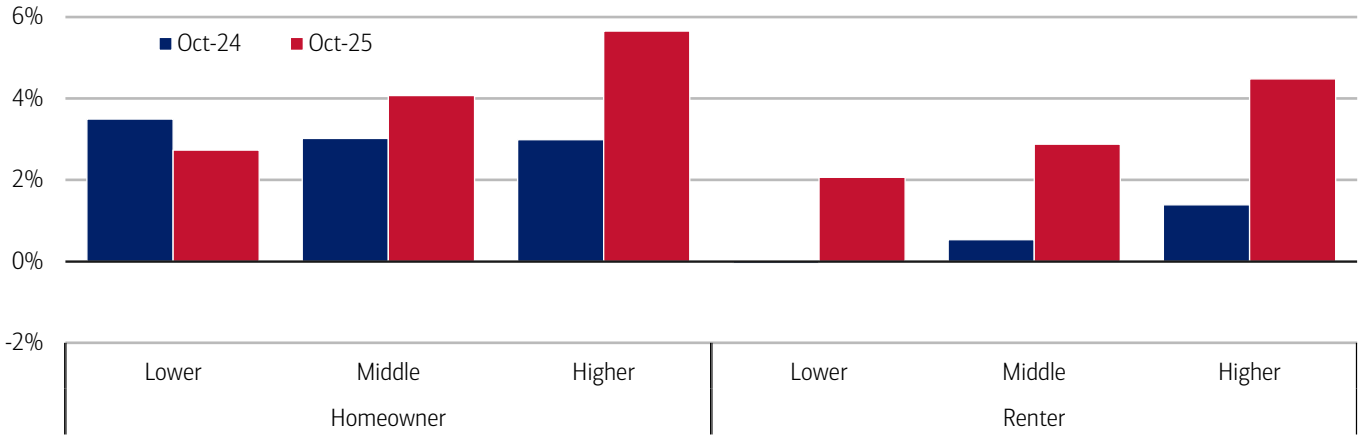
However, renters have seen a significant improvement in their discretionary spending growth compared to homeowners across all income cohorts. This is especially true at the lower end of the income spectrum where renters saw spending growth improvement despite cooling wage growth. Conversely, homeowners in this income cohort actually saw their October spending growth soften compared to the previous year (Exhibit 11).

Exhibit 11: Spending growth from renters has strengthened across the income spectrum compared to last October
Card spending (excluding rent, gasoline, groceries, and utilities), based on Bank of America data, by housing type and income (3-month moving average, YoY%)



Source: Bank of America internal data

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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

The Sunbelt most commonly refers to the South and Southwestern states of Florida, Georgia, South Carolina, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, Nevada, and California as well as the Southern portion of Colorado, North Carolina, Tennessee, and Utah.

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

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