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Economy

Regional Roundup: Upswing in spending eludes the South

24 September 2025

Key takeaways

- Total credit and debit card spending per household has strengthened in recent months, according to Bank of America aggregated data. All US regions have seen an upswing, though spending growth in the South was weakest year-over-year (YoY) in August.
- One reason for the sluggish southern spending may be that the region's after-tax wages and salaries growth has decelerated, according to Bank of America deposit data. Contributing to this is the fact that average incomes tend to be lower in the region, and lower-income households have seen softer wage growth nationwide.
- Additionally, regional economies may have been impacted by a somewhat soft summer tourism season. International visits have declined this year, but we also find a softer picture for domestic tourism.
- Looking forward, higher- and middle-income households' spending growth is stronger than that of lower-income households. This may help support tourism given the higher discretionary spending of these cohorts. The fall in the US dollar may also encourage international visitors to return to the US.

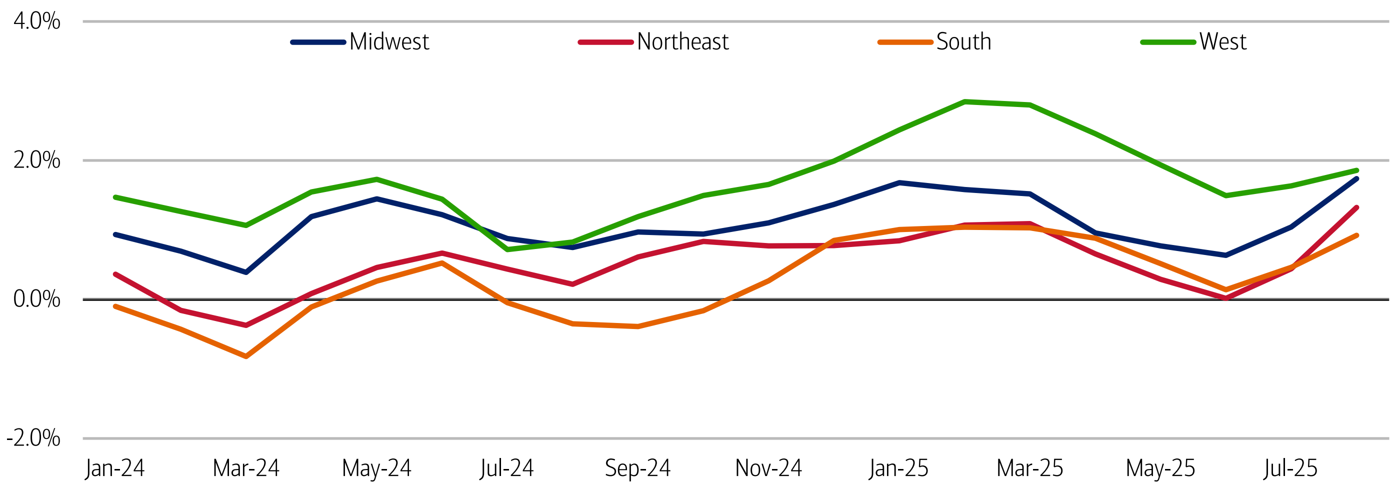
Southern spending growth at the back of the pack

Consumer spending growth has built momentum over the last few months (read more in our September Consumer Checkpoint), with three back-to-back monthly increases in seasonally adjusted credit and debit card spending, according to Bank of America aggregated card data.

Looking across US Census Bureau regions, we see a pickup in spending growth throughout the country (Exhibit 1). Even so, while the West has had the fastest spending growth since mid-2024, the Northeast and South have been the weakest. In fact, in August the South had the slowest spending growth of all regions, with an increase of just 0.9% year-over-year (YoY).

Exhibit 1: Spending growth was weakest in the South in August 2025

Credit and debit card spending per household from Bank of America data (3-month moving average, seasonally adjusted (SA), YoY%)



Source: Bank of America internal data

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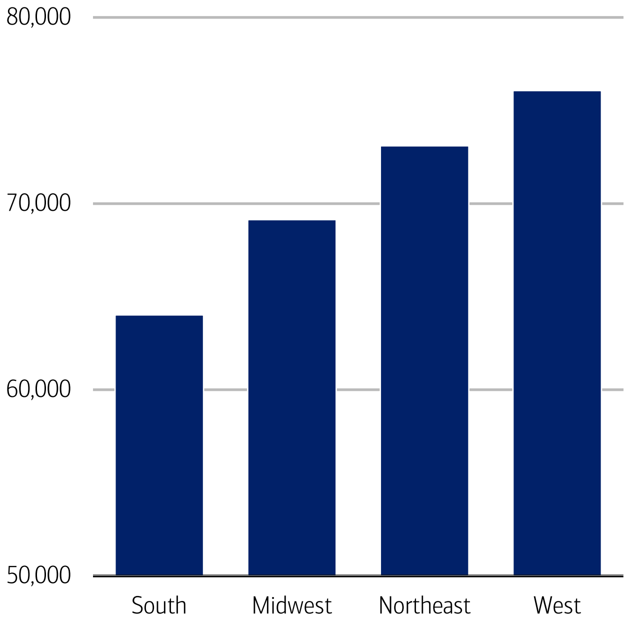
At face value, it may be surprising that spending growth in the West is strong, and softer in the South. But the trend aligns with some of the population changes we are seeing, with outflows of younger households who tend to spend less coming out of the West (for more on this, see On the Move: Still Waiting for the thaw), which, in turn, boosts average spending of those households remaining.

Conversely, average spending in the South may be being somewhat lowered by relatively younger households moving into the region. But this is not likely to be the whole story, as the South already tends to have a lower average income than other regions. Those moving from the West to the South, for example, aren't as likely to be pulling down southern average spending (Exhibit 2).

Exhibit 2: Median post-tax household income in the South was around $64,000 in 2023
Median post-tax income by region (2023, $)



Source: US Census Bureau

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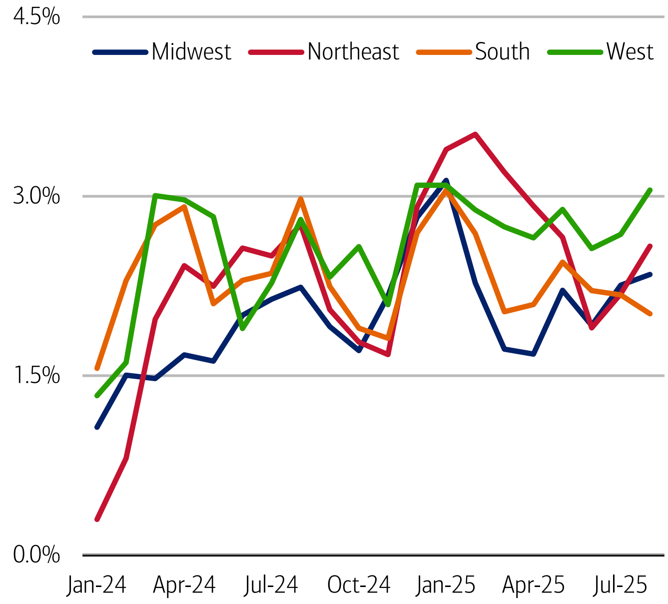
Exhibit 3: Wage growth has been weakening in the South recently
After-tax wage and salary growth by region, based on Bank of America aggregated consumer deposit data (%YoY, 3-month moving average, SA)



Source: Bank of America internal data

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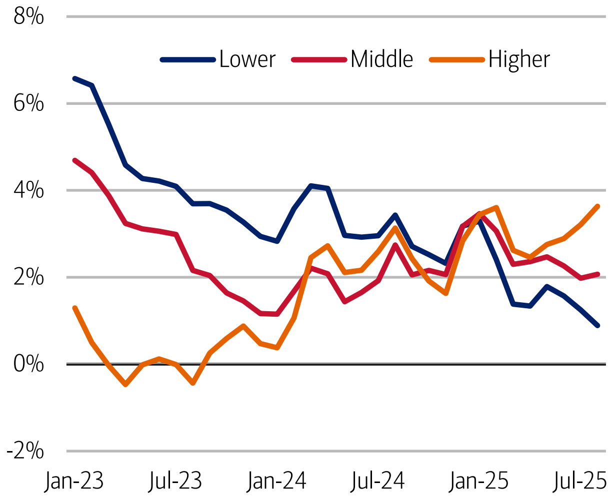
Weak wage growth is a factor in the South

Another factor contributing to regional differences is wage growth, and it appears wage increases are cooling more in the South than other regions. In Bank of America deposit data on after-tax wages and salaries, wage growth in the South was the weakest of all the regions in August 2025, increasing just 2% YoY (Exhibit 3).

In our September Consumer Checkpoint, we noted that across the US, lower-income households have seen a slowdown in wage growth (Exhibit 4). This may be reflected particularly in the South as the region has a higher share of these households.

It could also be that some softness around discretionary services spending over the spring and the earlier part of the summer has had an impact on the labor market in the South (see Consumer Checkpoint: Summer temperature check). According to Bureau of Economic Analysis (BEA) data, the Southeast region (see methodology for definition) accounts for around a quarter of all US jobs in leisure and hospitality, so some parts of the South could be sensitive to slowdowns in spending in these discretionary areas (Exhibit 5).

Exhibit 4: In August, higher-income wage growth rose to 3.6% YoY, while it moderated to 0.9% YoY for lower-income households
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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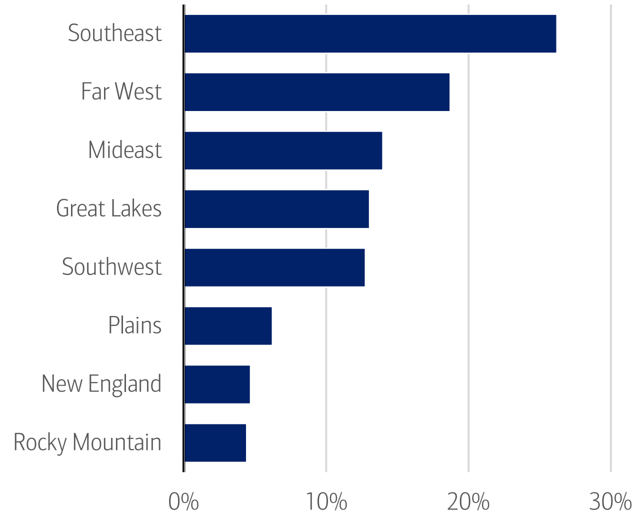
Exhibit 5: The southeast accounts for around a quarter of all US jobs in leisure and hospitality
Share of BEA regions' leisure and hospitality jobs in US total leisure and hospitality (2022, %)



Source: Haver Analytics

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Tourists staying home this summer may also be playing a role

An important source of demand for the leisure and hospitality industry comes from domestic and international tourism – and the data has been relatively weak here (Exhibit 6). In fact, the number of visitors from overseas (excluding Mexico and Canada) was down 3% YoY in August 2025, according to the US National Travel and Tourism Office.

Exhibit 6: International tourism has been relatively weak in 2025 compared to the last few years
Tourism arrivals to the US (monthly, % YoY)

Source: Haver Analytics

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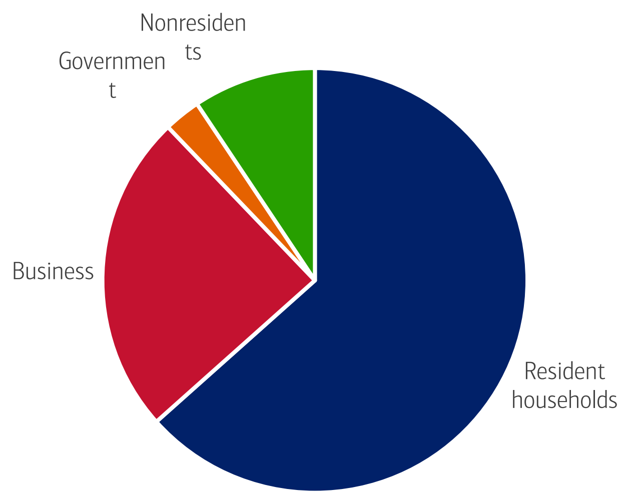
Exhibit 7: US consumers made up around two-thirds of all US tourism demand, while non-residents accounted for less than 10% in 2023
Total domestic tourism demand by visitor type (2023, %)



Source: BEA, Travel and Tourism Satellite Accounts

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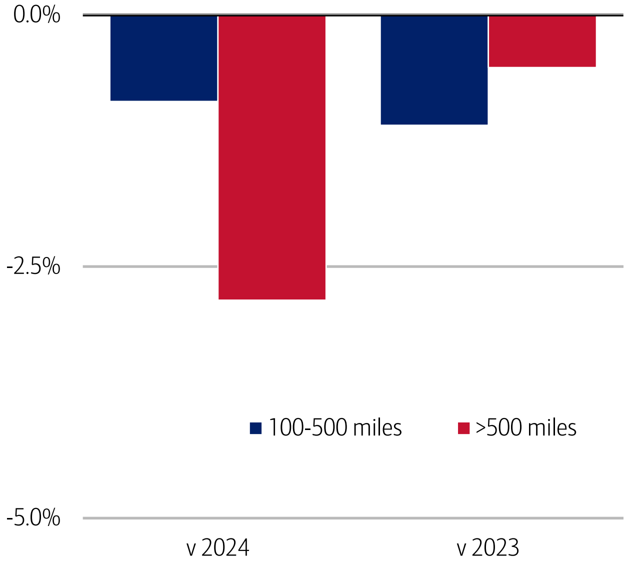
It's also important to look at domestic tourism – given that as of 2023, it accounted for two-thirds of tourism demand in the US – according to the BEA (Exhibit 7). So how did that shake out over the summer of 2025? Exhibit 8 considers this question by looking at a random sample of seven million households in Bank of America data and examining how many made card transactions at certain distances from their home address. Although not every transaction would be related to domestic tourism, it is likely many would over the May-August period this year.

Exhibit 8: Households making transactions relatively far from their home address fell in 2025

Households making brick-and mortar card transactions by distance from their home address (May-August, % change in 2024 and 2023)



Source: Bank of America internal data

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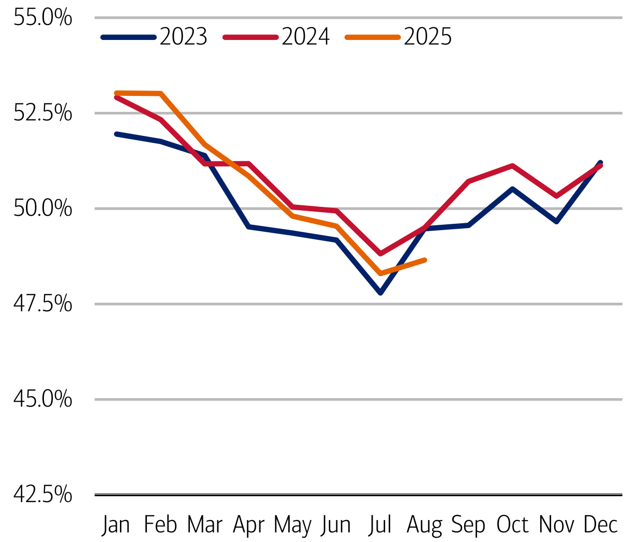
Exhibit 9: 2025 shows a smaller share of longer distance travel compared to 2024, but is similar to 2023

Share of households with transactions above 500 miles from home address relative to all transactions greater than 100 miles from home address (May-August, % YoY)



Source: Bank of America internal data

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We find shorter distance tourism – in which households made transactions 100 to 500 miles from their home – was down around 1% YoY over the May-August period. Longer distance trips, in which customers traveled more than 500 miles from their home, fell even more, declining 3% YoY. This aligns with reports that domestic airline travel has been relatively weaker than international this summer. And, according to the 2025 Bank of America Summer Travel Trends Survey, "road trips" seemed to be a preferred travel mode for lower- and middle-income households (for more see: Vacation nation).

But in our view, it is also worth noting that while the share of longer distance (>500 miles) domestic travel in 2025 was below 2024, it was fairly similar to 2023 (Exhibit 9). Given 2024 was a strong year for travel, this implies 2025 may have been on the soft side but not outright weak.

At the local level, some beneficiaries and laggards

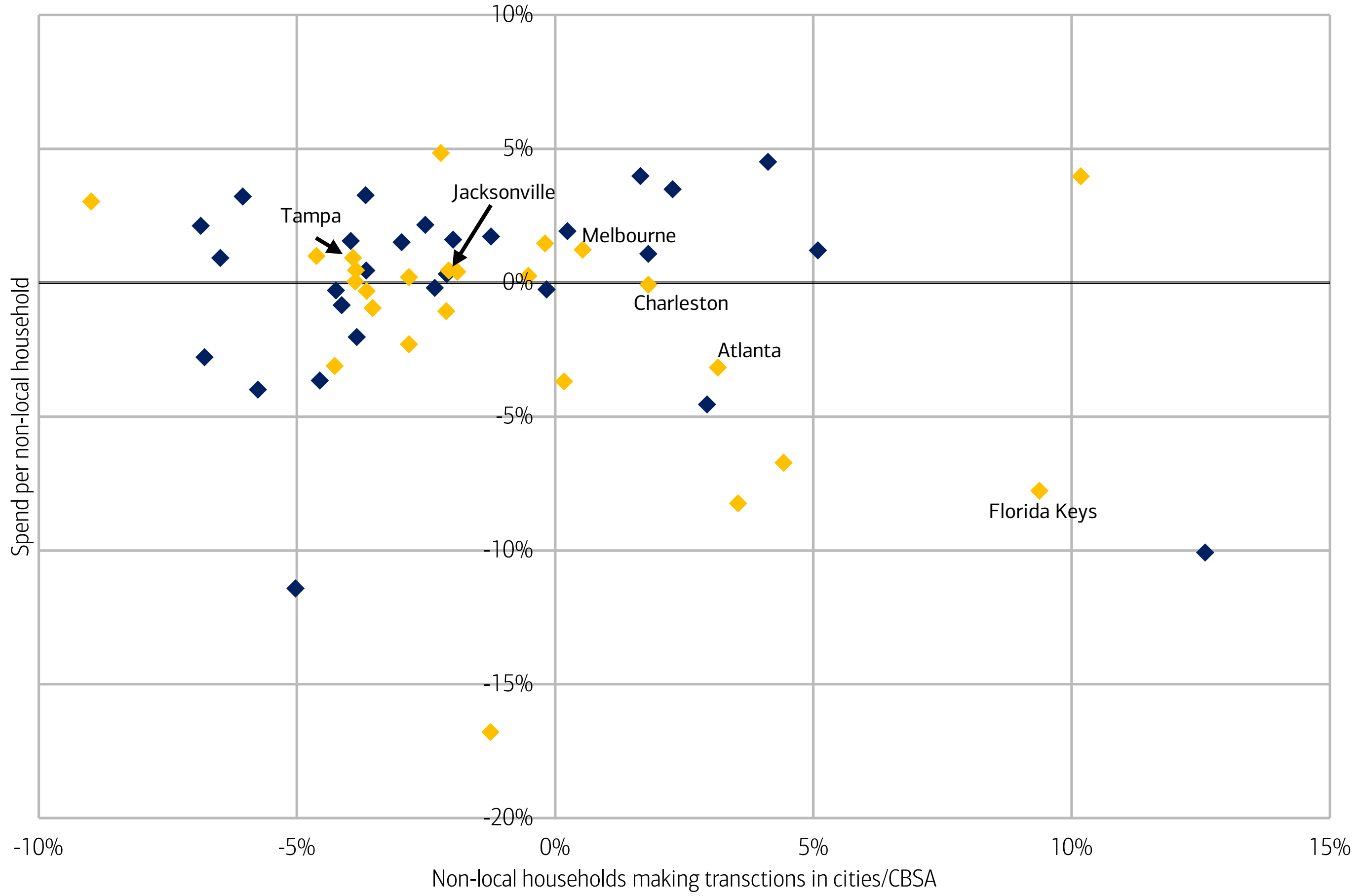
Digging deeper, Exhibit 10 leverages Bank of America credit and debit card data to look at tourism-related spending (amusement parks, tourist attractions, bars, restaurants, car rental, hotels) across 53 US cities and geographies based on Census Bureau Core-Based Statistical Areas (CBSA). These areas were chosen based upon their likelihood of having an important tourism component to their local economy.

We looked at how the number of non-local households (those without a home address in the area) making transactions in these areas from May 10th-September 12th, 2025 compared to the same weeks in 2024. We also examined how the average spending of these non-local households changed.

Excluding the South, we found around two-thirds of these areas saw a decline in the number of households making transactions (i.e. "visiting"). In the South this ratio was similar. Of the households that did visit these areas, around half spent less than the average of visitors in 2024.

Exhibit 10: The South saw decline in visits in some areas, but some notable rises in others

Number of "non-local" households making transactions in select US cities and CBSAs (% YoY), compared to average spend per non-local household in those areas (% YoY). (May 10th-September 12th compared to same weeks in 2024, Yellow markers are areas in South census region).



Source: Bank of America internal data

Note: Non-local households are those with a home address outside the city

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Zooming in to particular areas, in Florida the data suggests that both Tampa and Jacksonville saw declines of 4% and 2% YoY in households visiting respectively, while further south, the Keys and Melbourne, were relatively stronger (up 9% YoY and 1% YoY, respectively), though average spending fell in the Keys. Away from Florida, Asheville, NC showed relative weakness – likely due to the continued impact of Hurricane Helene. But areas of strength included Charleston, SC and Atlanta, GA, with households visiting there up 2% and 3% YoY.

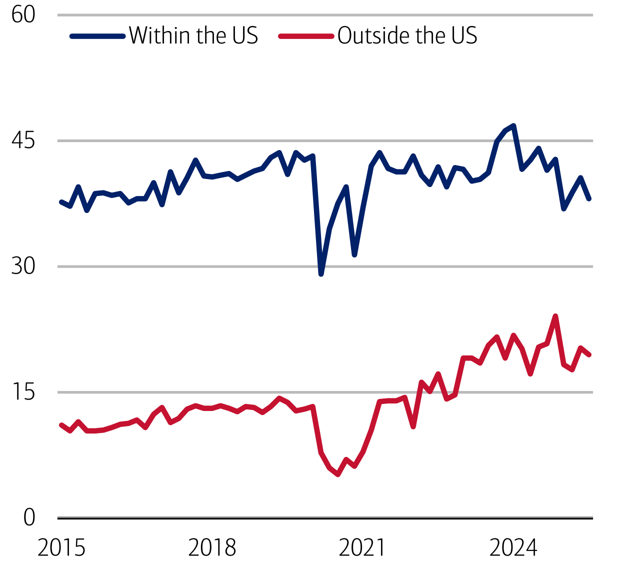
Are we there yet?

Given there has been a rebound in overall US consumer spending over the last few months, will this provide a boost to those areas that tend to rely on tourism demand? From a sentiment perspective, the Conference Board's question on whether someone intends to take a vacation in the next six months does not suggest much of an uptick, particularly for those planning to vacation domestically (Exhibit 11).

But within Bank of America card spending data there is a widening divergence between lower- and higher-income spending growth (Exhibit 12). And given higher-income consumers tend to spend more on discretionary items such as travel, this, in our view, suggests some room for stronger tourism demand. Furthermore, the weakening of the US dollar over 2025 could also play a role in encouraging US consumers to stay at home, while at the same time encouraging more visits from overseas. Therefore, tourist areas catering to higher-income or overseas consumers could potentially see improvement.

Exhibit 11: Results from a Conference Board survey question suggest no rise in plans to go on vacation

Conference Board survey response to question on vacation intention over the next six months (%)



Source: Haver Analytics

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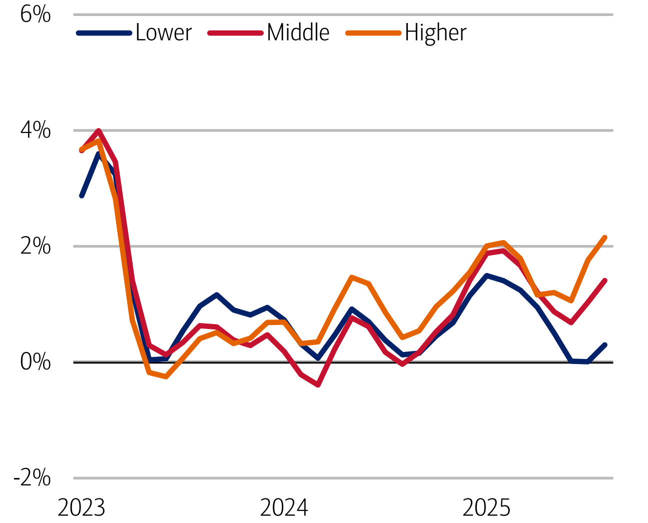
Exhibit 12: Lower-income households' spending growth was 0.3% YoY in August, compared to 2.2% YoY for those with higher-incomes

Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)



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.

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.

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 (if discussed) 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.

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.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Census Bureau Regions are defined as follows:

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, Pennsylvania.

West: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Alaska, California, Hawaii, Oregon, Washington.

Midwest: Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

South: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, Texas.

BEA regions are defined as follows:

New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Mideast: Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania

Great Lakes: Illinois, Indiana, Michigan, Ohio, and Wisconsin

Plains: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Southeast: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia

Southwest: Arizona, New Mexico, Oklahoma, Texas

Rocky Mountain: Colorado, Idaho, Montana, Utah, Wyoming

Far West: Alaska, California, Hawaii, Nevada, Oregon, Washington

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

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

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Disclosures