Economy

Vacation nation

14 May 2025

Key takeaways

- Travel and tourism spending has gotten off to a slower start in 2025 than in the past few years. Airline and lodging spending are notably weaker, according to Bank of America aggregated card data.
- But it looks like travel may pick up as we head into summer. The 2025 Bank of America Summer Travel Trends Survey reveals that over 70% of respondents plan on vacationing this summer, a higher percentage than in last year's survey.
- Lower-income households appear more inclined to vacation within the US this year than in 2024 according to the survey, while more middle- and higher-income households are venturing overseas.
- Where might people go? Within Bank of America card data the top states for those vacationing at home are California, Florida, New York and Texas, with 'road trips' seemingly a favorite. For those going abroad, Europe, Asia, Canada and Mexico remain popular choices.

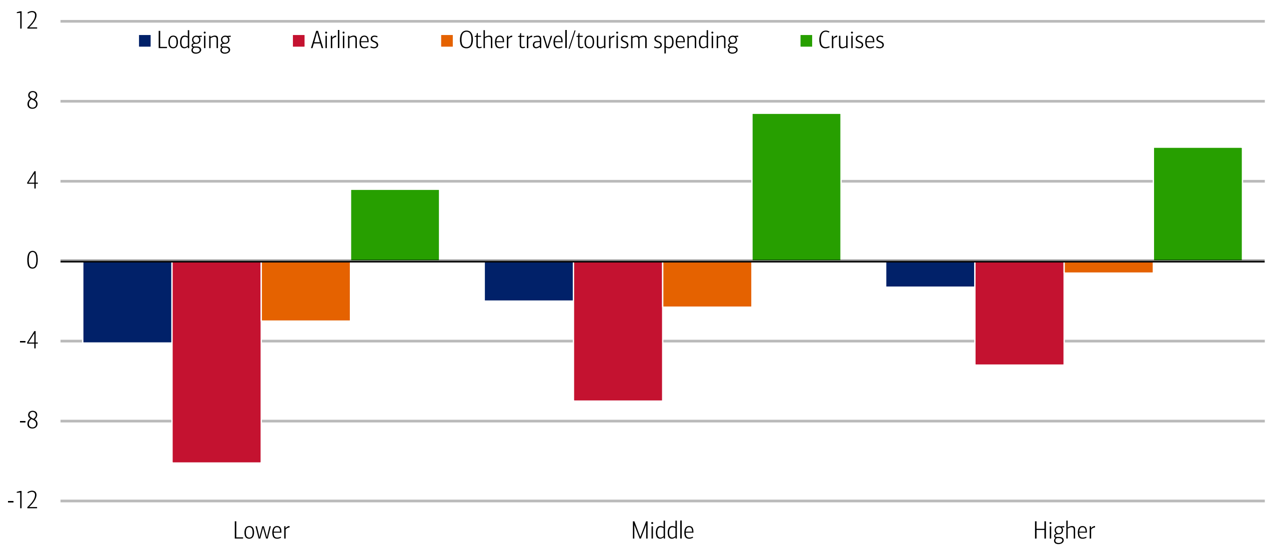
Will summer bookings end the travel and tourism spending lull?

While consumers have maintained overall forward spending momentum in 2025 (see our May Consumer Checkpoint), one area of relative weakness so far has been travel and tourism-related spending.

Exhibit 1 shows the change in credit and debit card spending in Bank of America aggregated data for the period January 1 - May 3, 2025, compared to the same period in 2024, across household income terciles. Spending is down in lodging, airlines (the most pronounced pullback) and other tourism-related areas. And it is in these categories that lower-income households have reined in their spending the most. One notable positive exception is cruise line spending, which remains buoyant across all income groups.

Exhibit 1: Across all income cohorts, 2025 has gotten off to a slower start in travel and tourism-related categories compared to 2024

Total credit and debit card spending per household on lodging, airlines, select other travel related categories* and cruises by household income terciles (% change January 1- May 3, 2025, YoY)



Source: Bank of America internal data. * Motor home and RV rentals, sport clubs, tourist attractions and exhibits, amusement parks, aquariums and zoos.

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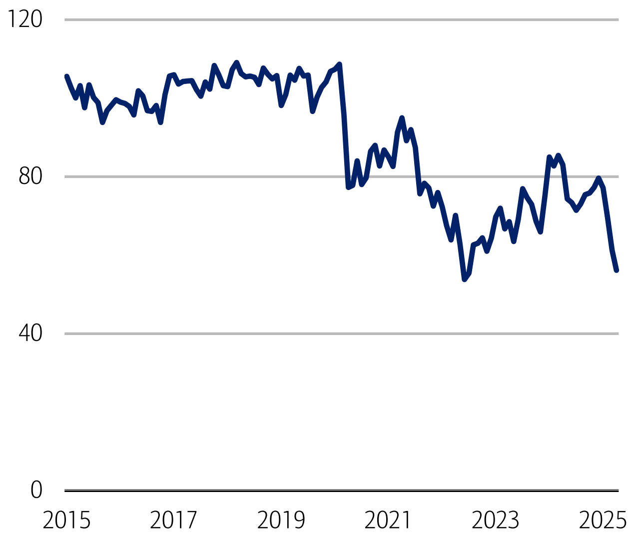
One potential reason for the softening in travel spending is the sharp deterioration in consumer sentiment this year (Exhibit 2). With lower confidence and rising economic uncertainty, it could be that consumers have decided to defer some relatively large, and often highly discretionary, travel spending.

Looking by region, it appears that a broad aggregate of travel spending covering cruises, rental cars and trucks, lodging, airlines, theme parks and travel agencies has been weakest in the Northeast – which is also the region that's seen the largest slide in consumer sentiment, according to the University of Michigan measure (Exhibit 3).

Exhibit 2: Consumer sentiment has fallen sharply in 2025

University of Michigan consumer sentiment index (monthly, 2019 =100



Source: Haver Analytics

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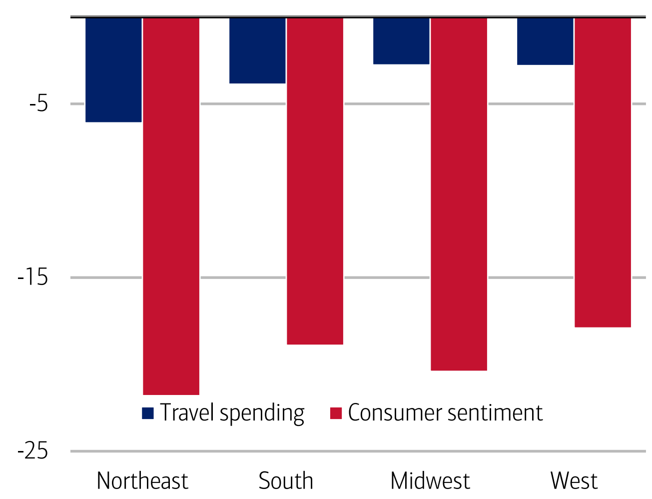
Exhibit 3: The Northeast has seen the weakest travel spending and the largest drop in consumer sentiment in 2025

Three-month average YoY change in travel spending in April 2025 (%) and the change in Michigan consumer sentiment from January 2025 to April 2025 (pts), by region



Source: Bank of America internal data, Haver Analytics

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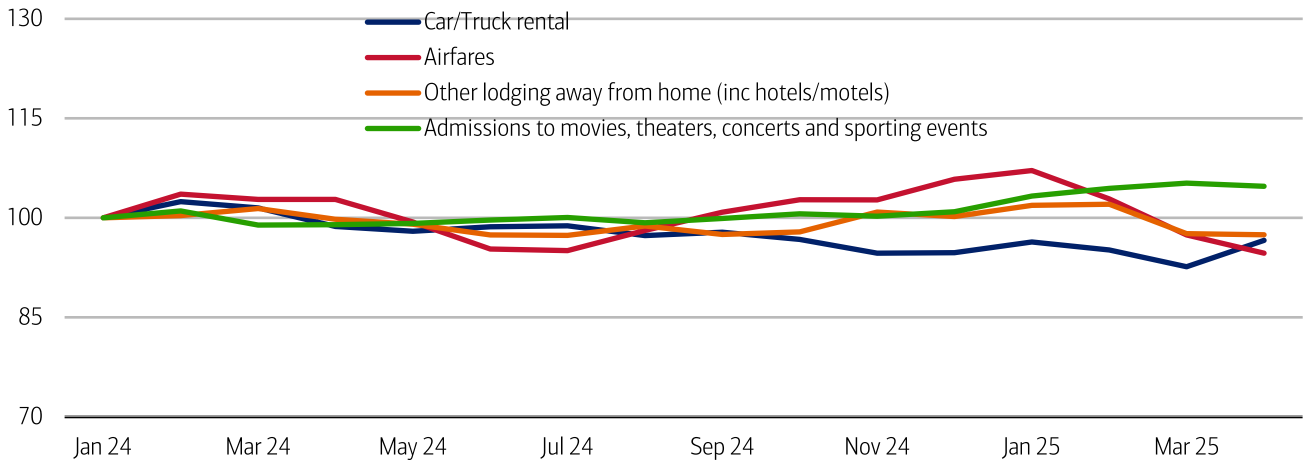
However, other factors, including the weather (a poor start in January and February) and the timing of Easter (relatively late), may also have played a role in weaker spending thus far this year. Additionally, the prices of some travel and tourism-related categories, such as airfare and lodging, have come down in recent months, according to consumer price data from the Bureau of Labor Statistics (Exhibit 4). Moreover, both 2023 and 2024 were such strong years for travel and tourism as people emerged from the pandemic that it was always going to be hard for 2025 to compete.

Exhibit 4: Airfares and lodging have seen a drop in prices in 2025

Consumer price indices for select categories (seasonally-adjusted, January 2024=100)



Source: Haver Analytics

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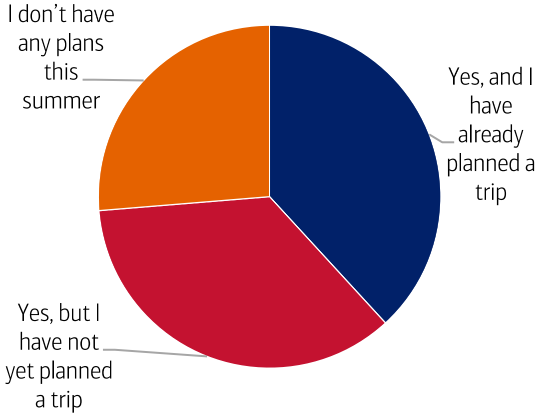
Now boarding: 2025 Bank of America Summer Travel Outlook

The obvious question is whether this slower start to 2025 implies weaker prospects for travel spending over the key summer season. Survey results from the new 2025 Bank of America Summer Travel Outlook (travel survey) provides useful insights into how consumers' plans are shaping up.

First up, it appears more than 70% of respondents plan on travelling this summer (Exhibit 5), with a rough 50:50 split of those saying they've already booked their trip versus those who haven't. And across income cohorts, it seems more people are planning to travel over the summer of 2025 than were in the summer of 2024 (Exhibit 6). Lower-income respondents appear most likely, however, to say they aren't planning a summer vacation at all.

Exhibit 5: Over 70% of respondents plan to travel in summer 2025...

% responses to 'Are you planning to travel this summer?'



Source: 2025 Bank of America Summer Travel Outlook

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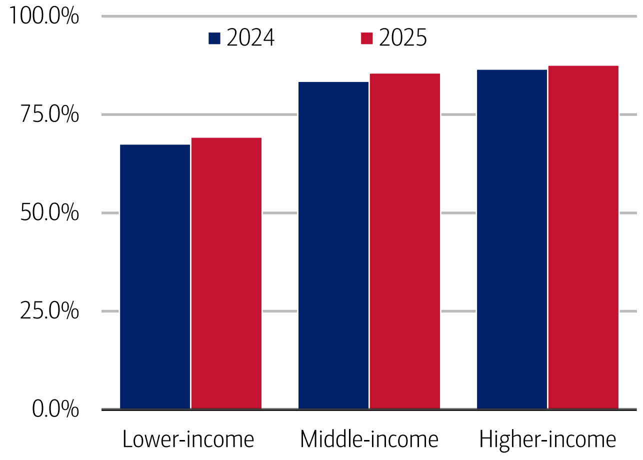
Exhibit 6: ...though a higher share of lower-income respondents don't plan on going away

% responding 'Yes' to 'Are you planning to travel this summer?' by income



Source: 2024 and 2025 Bank of America Summer Travel Outlooks

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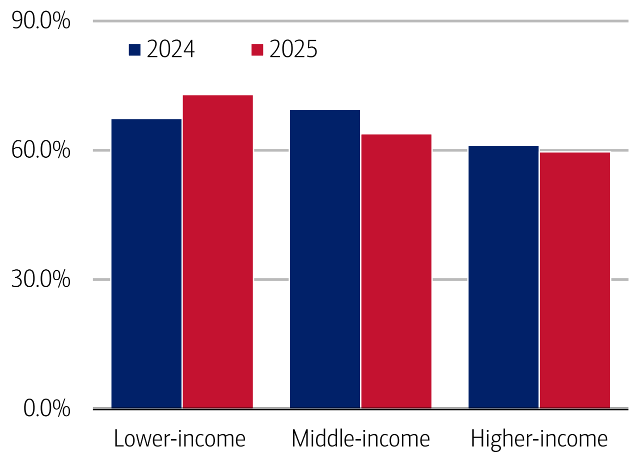
Home or away?

Digging a little deeper, a key question for where travel spending is heading is whether people are planning to travel within the US or overseas. Exhibit 7 shows that a majority of respondents plan to spend time travelling in the US on their vacation. But the proportion of lower-income respondents saying they are planning on doing this has risen compared 2024, while slightly more middle- and higher-income respondents appear to have decided to venture further afield than the year prior.

Exhibit 7: It appears lower-income households are the most likely to be planning on traveling within the US

% planning to travel within the United States by income (%)



Source: 2024/25 Bank of America Summer Travel Survey. Respondents can pick multiple destinations.

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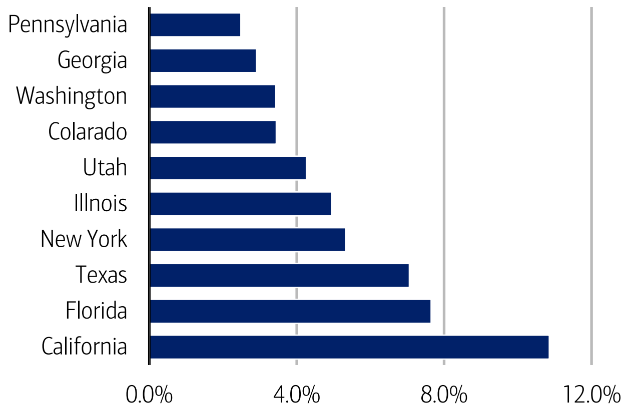
Exhibit 8: California, Florida, Texas and New York were big domestic tourist hot spots in 2024

Number of households making brick and mortar transactions more than 500 miles from home address, highest ten states as a % of all states over June/July/August of 2024



Source: Bank of America internal data

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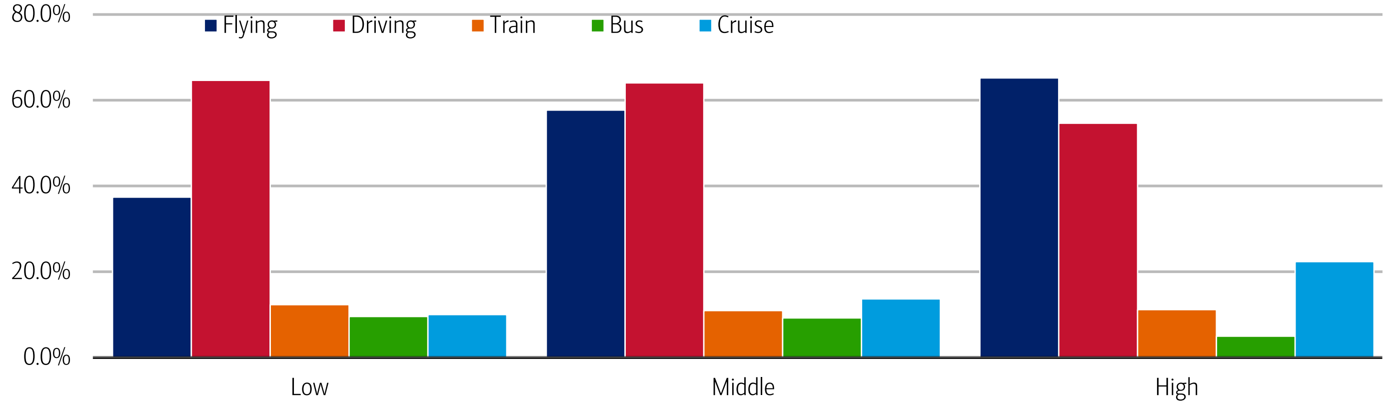
Where are those staying in the US planning on going? It's hard to say with any certainty, but when we look at households making brick and mortar card transactions more than 500 miles from their home address over the summer of 2024 as a proxy for their spending while on some form of a "trip", we find California, Florida, Texas and New York were the top four states (Exhibit 8).

Using the same methodology over the first 17 weeks of 2025 so far, we find California and Illinois are up on the same period in 2024, while New York, Texas and Nevada are down slightly – though this could be partly a function of the weather, as both New York and Texas had cold spells in early 2025.

Interestingly, a large proportion of lower- and middle-income respondents planning on travelling within the US appear to favor a "road trip" according to the survey (Exhibit 9) – which for some travelers might imply staying a little closer to home.

Exhibit 9: Driving is the favorite vacation mode of transport for low- and middle-income respondents in the travel survey
% of respondents by mode of summer vacation travel (%)



Source: 2025 Bank of America Summer Travel Outlook

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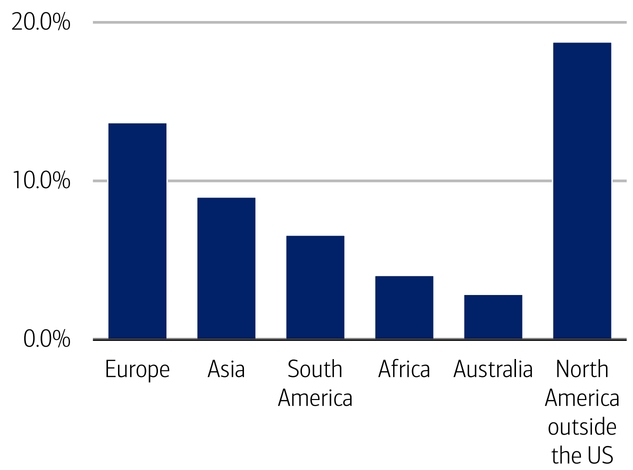
Looking abroad

For those looking to travel outside the US, the 2025 travel survey shows respondents have a preference for Canada and Mexico as well as Europe. These international preferences look consistent with Bank of America internal data on international point of sale card spending for so far this year (January-April) (Exhibit 11).

Exhibit 10: Europe and North America (outside the US) are the most popular destinations abroad
Responses to 'Which continents are you planning to travel to in 2025?'



Source: 2025 Bank of America Summer Travel Outlook

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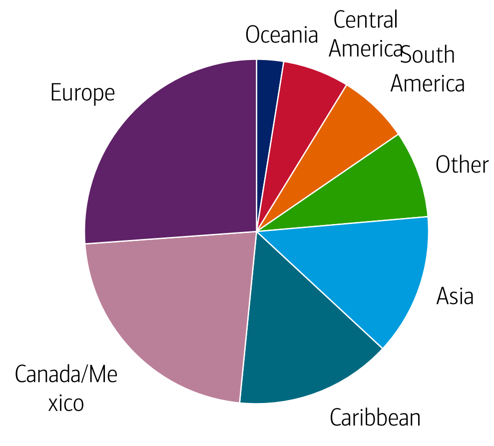
Exhibit 11: Europe comprises the largest share of in-person international card spending
January-April 2025 shares of total international in-person credit and debit card spending by country, region (%)



Source: Bank of America internal data

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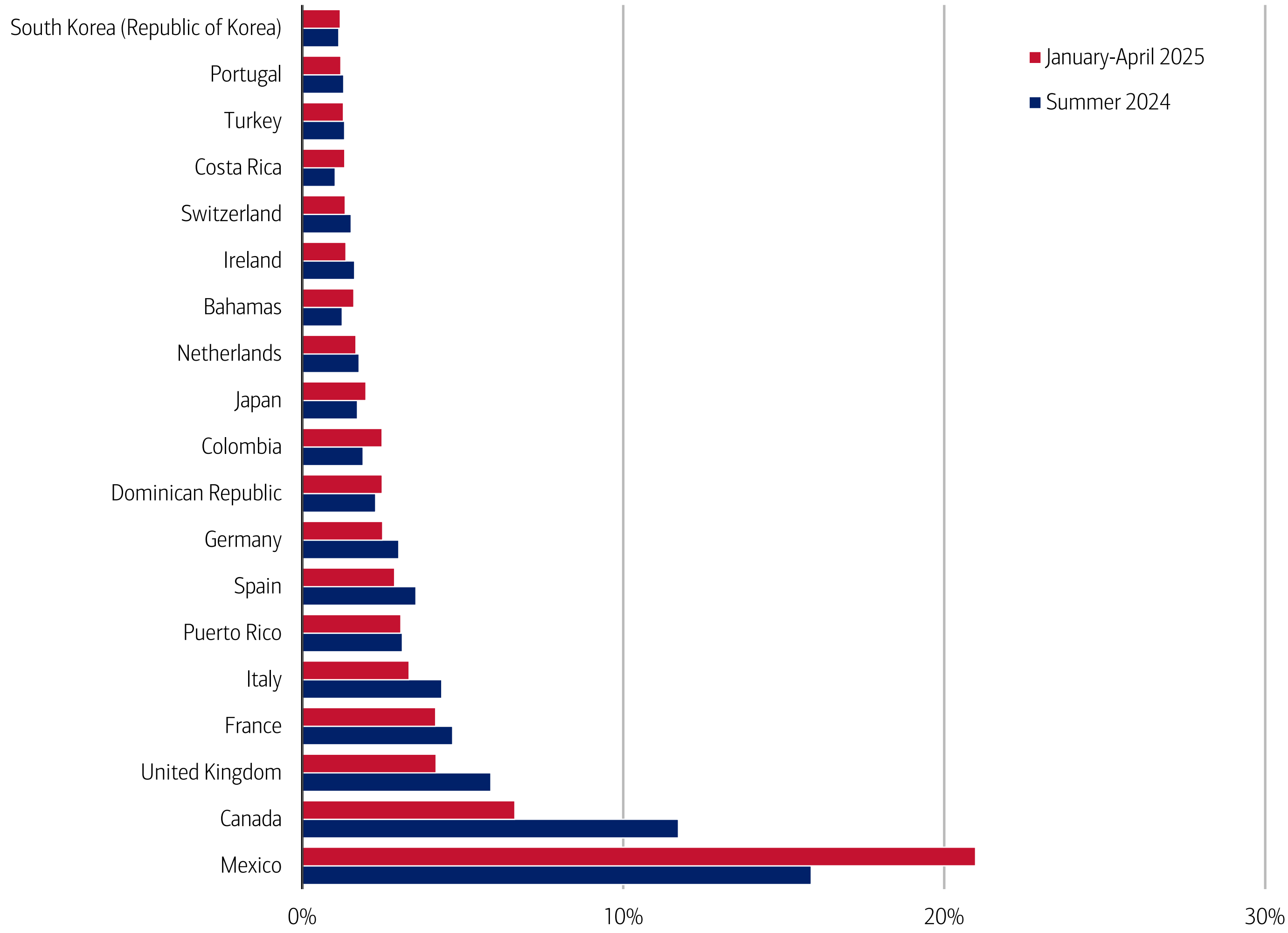
We can also look at Bank of America customers who have made an in-person transaction in specific countries to get a sense of where people are travelling. Over the summer of 2024, Mexico, Canada, the United Kingdom, France and Italy were the five most popular destinations. Over the start of this year, we find the same ordering, though if anything, Mexico has been more popular so far (Exhibit 12) – which may partly be weather driven.

Exhibit 12: Mexico has proved popular so far this year

Bank of America credit and debit card customer households making an in-person transaction in specified countries (% share of total)



Source: Bank of America internal data

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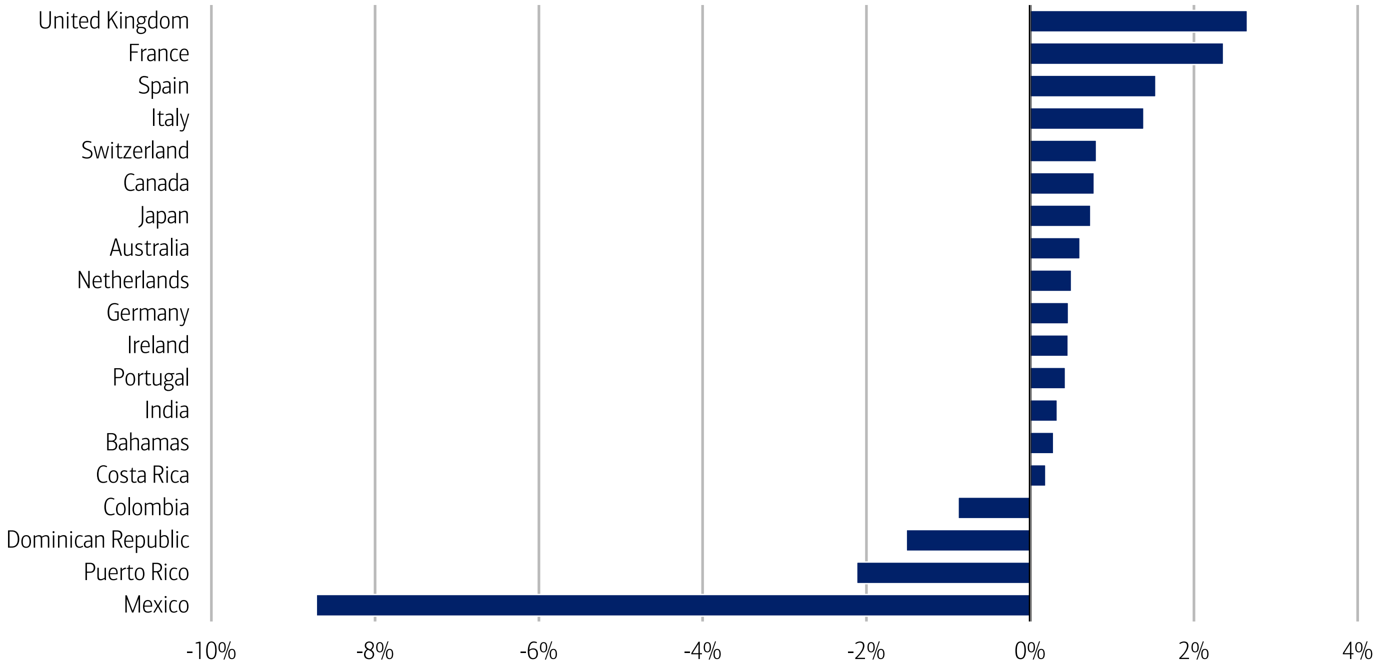
High-end focus

What about the "high-end" traveler? To look at this we consider how the destination preferences of the top 5% of households by income differ when compared to the average household.

When we do this for January-April 2025, we find that the highest-income households are favoring travel to Europe and Asia over vacations in Mexico or Central and South America (Exhibit 13).

Exhibit 13: The highest-income households favor Europe and Asia so far in 2025

Bank of America credit and debit card customer households for highest 5% of income making an in-person transaction in specified countries relative to the share of households for that country across all incomes (January-April 2025, percentage points)



Source: Bank of America internal data

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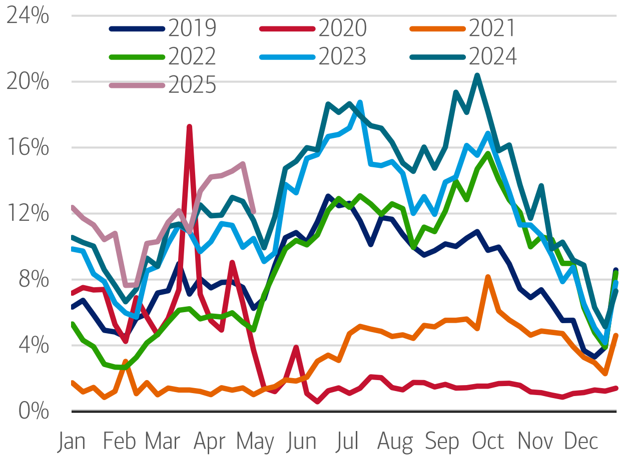
It also seems that when higher-income consumers do go on these trips, they often spend on luxury goods. While overall US luxury spending has been weak, Bank of America internal data shows that 14% of American luxury spend was abroad in April 2025 (Exhibit 14). This is ahead of all prior years during the same period. And of the luxury spending done abroad, we find that the top 5% of households by income are continuing to drive most of the growth (Exhibit 15).

Exhibit 14: 14% of luxury spending was done abroad in April 2025, +2ppt vs 2024 and +6ppt vs 2019

Brick and mortar luxury fashion spend done abroad by year (%, monthly, 7-day moving average)



Source: Bank of America internal data
BofA Global Research

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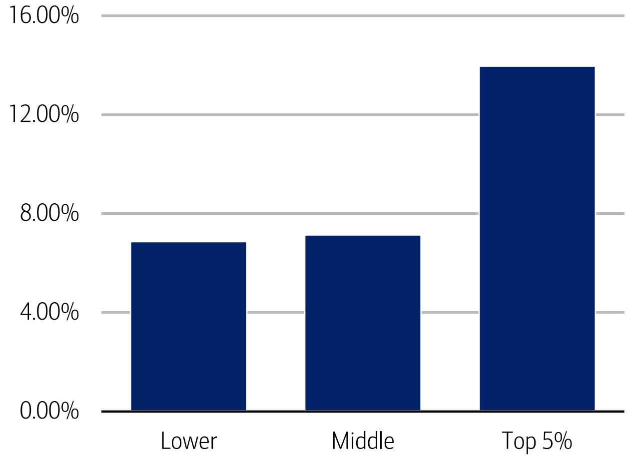
Exhibit 15: The top 5% of households by income drove most of the luxury spending growth abroad in April

Brick-and-mortar luxury fashion card spending abroad per household by income in April (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.

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.

The Bank of America 2025 Summer Travel and Entertainment Outlook survey was conducted online between March 26 and April 3. The survey consisted of 2004 respondents throughout the U.S. Respondents in the study were age 18+ and were representative of the composition of the US Census for age, gender, household income and Census region. Income cuts for survey: lower income: below $75,000, middle income: $75,000 - $150,000, higher income: above $150,000.

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.

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.

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

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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2025 Bank of America Summer Travel Survey

Disclosures

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