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Economy

On the move: More movers, fewer homebuyers

28 May 2025

Key takeaways

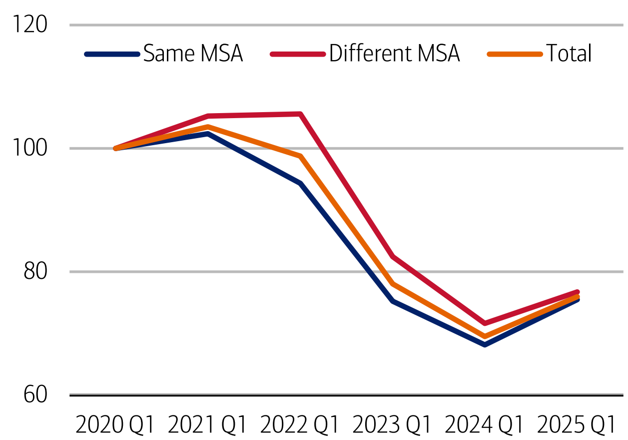
- Consumers appear bent on holding off for lower home prices and rates, according to the 2025 Bank of America Homebuyer Insights Report. And while both the average home sales prices and mortgage rates have softened over the past two years, the total cost of homeownership (including home insurance and property taxes) continues to rise, especially in the least expensive areas.
- According to Bank of America account data, the total number of people moving has reversed a four-year freefall, with the number of people moving within the same city up 11% year-over-year (YoY) in the first quarter of 2025 and those moving to another city up 7% YoY. Relocations to the Midwest and Sun Belt remain popular, although the story across regions remains mixed.
- Housing supply also plays an important role in mortgage payment growth. But perhaps more importantly, the increase in personal incomes plays a role, especially in areas with comparatively limited supply like Columbus or Indianapolis.

The freefall in movers has ended

Americans are on the move again. The total number of people moving increased year-over-year (YoY) for the first time in four years, according to Bank of America account data. While the total number of movers is nearly 25% below the levels seen during the pandemic, those moving within the same city or metro area (i.e., metropolitan statistical area or "MSA") rose nearly 11% YoY in the first quarter (Q1) of 2025 (Exhibit 1). And continuing a trend seen over the past four years, the share of those moving within the same city is nearing levels seen before the onset of the pandemic (Exhibit 2). Meanwhile, the number of people pulling up stakes and moving to different metro areas increased over 7% YoY during Q1 2025.

Exhibit 1: The total number of movers increased YoY in Q1 2025 for the first time in four years

Change in the number of people moving by location (quarterly, index Q4 2020 = 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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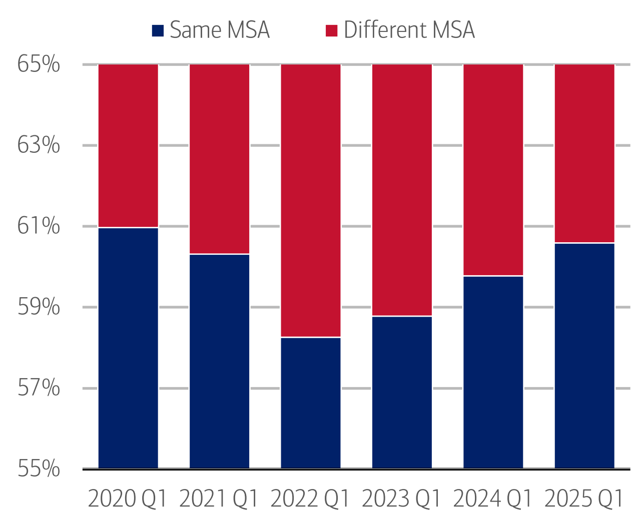
Exhibit 2: The share of those moving within the same MSA has increased since 2022

Percentage share of people moving by location (quarterly, %)



Source: Bank of America internal data

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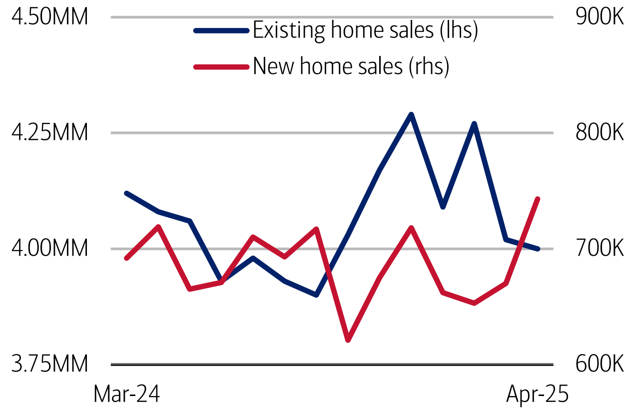
Prospective homebuyers are staying on the sidelines

As we discussed in last quarter's [On the move (OTM),] those moving appear to largely be lower-income and younger consumers looking for cheaper rents. This still seems likely to be the case given that the owner-occupied housing market remains fairly stagnant. Existing home sales declined 7% in April from its recent peak in December 2024, more than offsetting increases in new home sales, according to data from the National Association of Realtors (NAR) and US Census Bureau (Exhibit 3).

Furthermore, the 2025 Bank of America Homebuyer Insights Report (HBIR) suggests that prospective homebuyers are still waiting for home prices and mortgage rates to drop further before purchasing a home. In fact, the percentage of HBIR respondents who say they are holding off on buying has reached the highest level in three years. Three out of four respondents (75%) expect prices and interest rates to fall and are waiting until then to buy a new home. That compares to 67% in 2024 and 62% in 2023 (Exhibit 4). In our view, some of this may be driven by an increase in economic uncertainty due to slowing wage growth and tariff-related policies.

Exhibit 3: While new home sales rose in April from February, it was offset by a significant decrease in existing home sales

Number of existing and new home sales (monthly, seasonally adjusted annualized rate (SAAR))



Source: NAR and US Census Bureau

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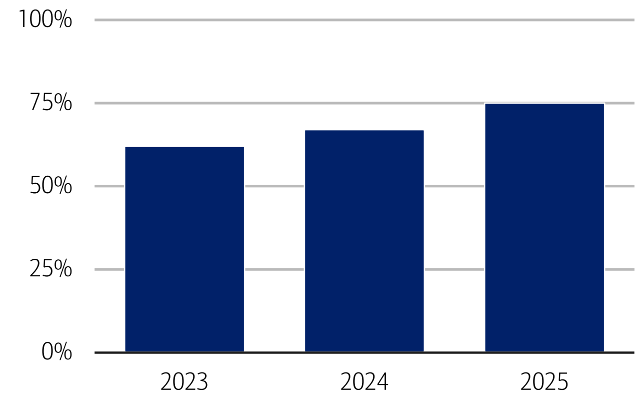
Exhibit 4: There's been a significant increase in prospective homebuyers waiting for prices and rates to fall before buying

Survey respondents who are prospective homebuyers, expect home prices and interest rates to fall, and are waiting for home prices and interest rates to fall before buying (yearly, %)



Source: 2025 Bank of America Homebuyer Insights Report

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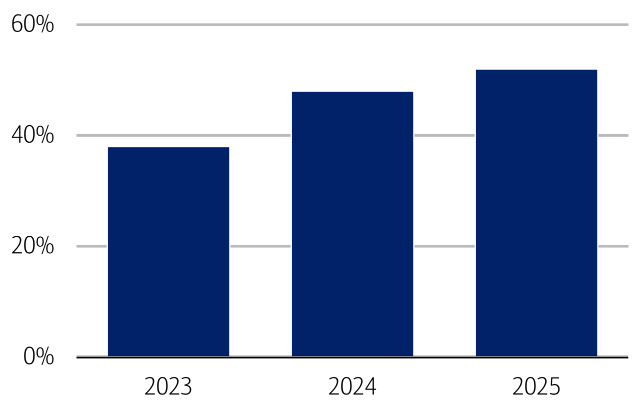
Some home buying conditions have improved…*slightly*

Despite the negative trends, nearly 52% of 2025 HBIR respondents think this year is a better time to buy than last year. That compares with 48% in 2024 and 38% in 2023 (Exhibit 5). In our view, this may be due to some softness in the homebuying market. Average sales prices have been largely flat over the past three years and average rates for a 30-year fixed mortgage have come off their recent peak of 7.6%, although they remain stubbornly high (Exhibit 6).

Exhibit 5: A majority of prospective homebuyers think this year's buying conditions are better than the last

Survey respondents who are prospective homebuyers who believe the homebuying market is better now than it was a year ago (yearly, %)



Source: 2025 Bank of America Homebuyer Insights Report

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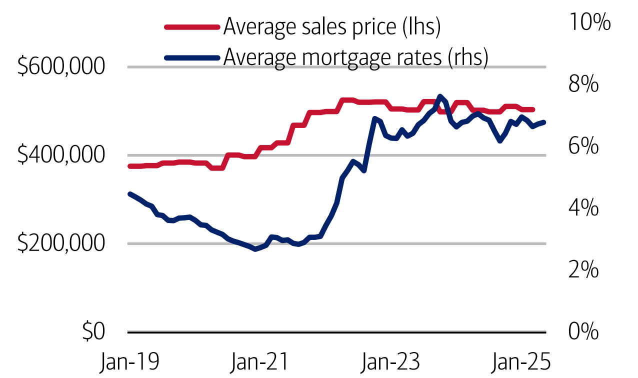
Exhibit 6: Average home sales prices and mortgage rates have been fairly flat the past two years

Average sales price, based on data from the US Census Bureau, (monthly, actual $s) and average mortgage rates, based on data from Freddie Mac (monthly, %)



Source: Freddie Mac and US Census Bureau

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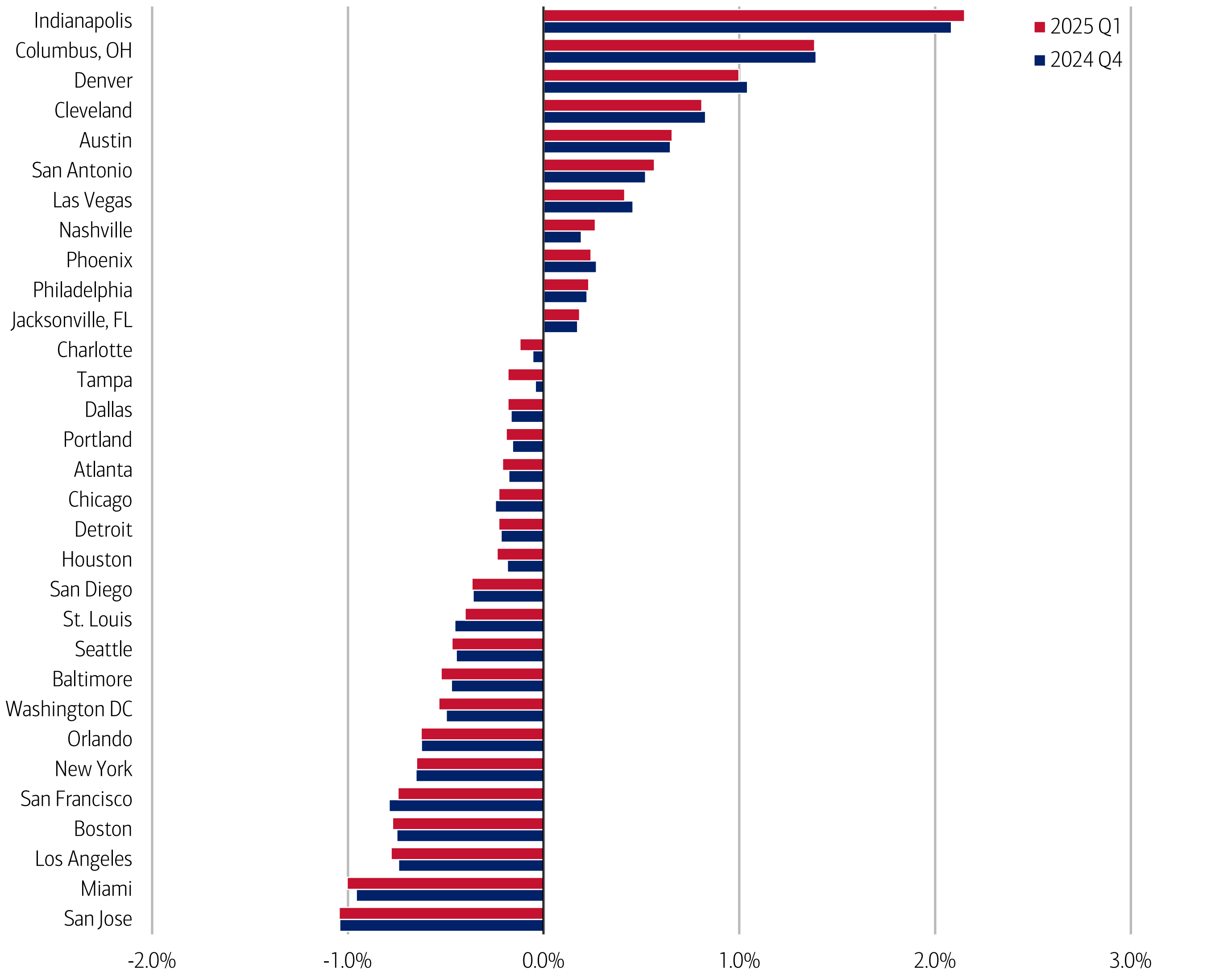
Somewhat sunny picture in the Sun Belt, but cloudy in the Northeast

One of the most interesting migration trends has been the more nuanced picture in the Sun Belt. Population growth accelerated YoY in Austin and San Antonio in the first quarter of 2025 compared to the fourth quarter of 2024, but continued to slow further west in Las Vegas and Phoenix, according to Bank of America internal data (Exhibit 7).

In the Midwest, Indianapolis is seeing an acceleration, while Cleveland and Columbus are experiencing positive, but slightly slowing, growth. By contrast, larger cities like Chicago are seeing population decreases. In fact, the number of residents has been declining in most of the major cities in the Northeast and West since the COVID-19 pandemic. Philadelphia is an exception, with growth accelerating over the first quarter 2025 compared to the last quarter of 2024.

Exhibit 7: Many MSAs in the Northeast continued to see a net population outflow in Q1 2025. In the West, Midwest, and South the trend was more mixed with Indianapolis seeing nearly 2% growth, while Columbus and Denver experienced more than 1% YoY growth. San Jose, San Francisco, and Miami on the other hand saw nearly 1% YoY decreases

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. See Methodology for MSA allocations to US Census Regions.

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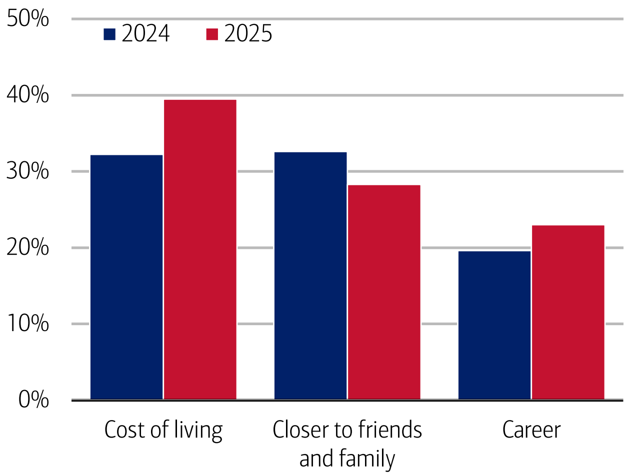
The hidden costs of housing continues to hit hard

Overall, as we reported in last year's OTM (read more about this in last year's HBIR collaboration), when consumers do relocate to a different city, it appears they continue to favor comparatively less expensive areas given that the cost of living has become the most important factor in moving. And this trend appears to be continuing. According to the 2025 HBIR, 39% of prospective homebuyers said they would move to another area due to the cost of living, up from 32% last year – higher than the share that say they would move for family or a career (Exhibit 8).

It appears that consumers, hard pressed to take on ever rising rents, are likely trading down to less expensive areas or downgrading their rental units (Exhibit 9), according to Bank of America payments data on rent costs. Bank of America median rent payment growth has fallen even further from its peak, from over 9% in late 2022 to only 2.2% in April 2025. This is a faster drop than in in the consumer price index (CPI) from the Bureau of Labor Statistics (BLS) which looks at "like-for-like" rents.

Exhibit 8: The share of prospective homebuyers who would move to another state due to cost of living continued to increase in 2025

When in the process of searching for a new home, which of the following might lead you (or have led you) to move from one state to another? Why did you move? (yearly, %)



Source: 2025 Bank of America Homebuyer Insights Report

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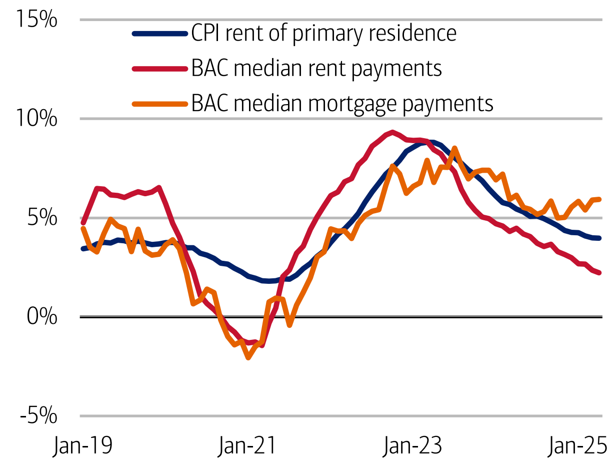
Exhibit 9: Median rental payment growth fell to around 2.2% YoY growth in April, below the rate of inflation, while median mortgage payments have accelerated since last fall

Median rent and mortgage payment YoY growth compared to rent of primary residence CPI (three-month moving average, %)



Source: Bank of America internal data, Bureau of Labor Statistics

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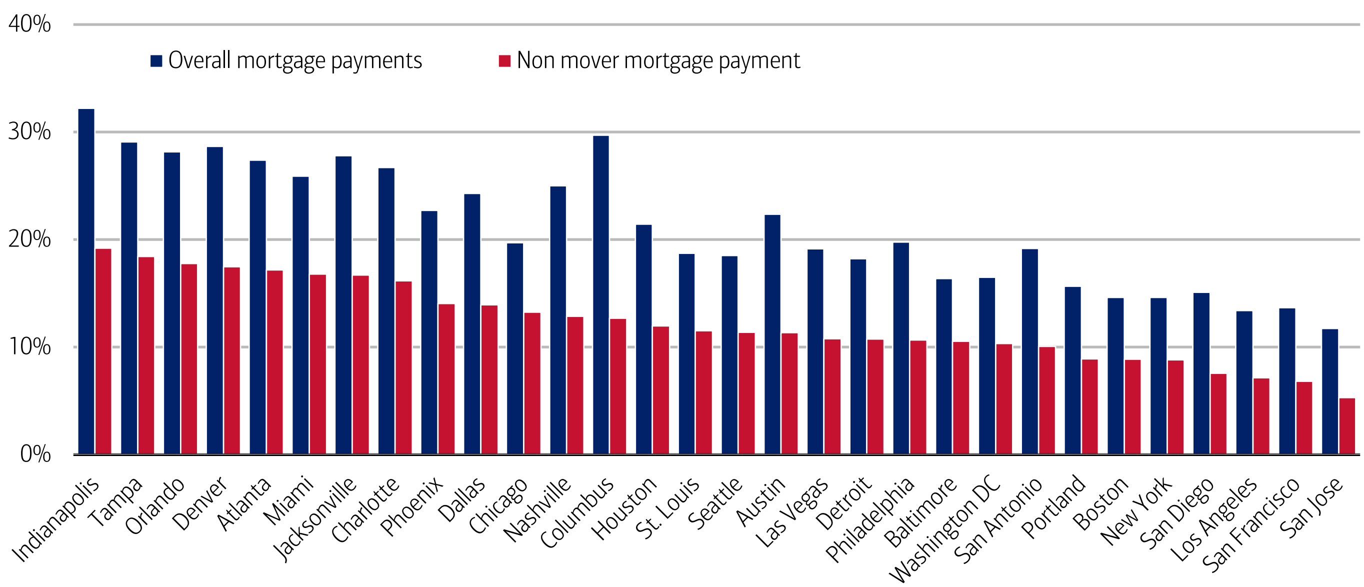
But these trends aren't translating to homeowners. In fact, they've seen their monthly mortgage payments accelerating since the fall of last year, increasing nearly 6% YoY in April 2025, up from 5% YoY in October 2024. One reason for this is that the relatively small number of people who do move are taking on new mortgages and paying significantly higher rates, as they likely previously locked in lower rates before they surged in 2022.

Exhibit 10: Indianapolis, Tampa, Orlando, and Denver saw some of the largest increases in median mortgage payments overall and for non-movers, suggesting the hidden costs of homeownership (insurance and property taxes) are rising fastest there

Median mortgage payment growth compared to 2022 overall and for households that have not moved by MSA (2025 Q1, %)



Source: Bank of America internal data

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But according to BofA Global Research, 93% of all mortgages in the US were fixed-rate loans in Q4 2024, up from 91.5% in Q4 2019. And Bank of America data shows that even those households who have not moved appear to be getting hit with higher mortgage payments as well, likely reflecting the fact that home insurance and property taxes are rising across the US, increasing the "hidden" costs of homeownership (read more about this topic in [last summer's On the move](#)).

One way to measure these expenses is to analyze mortgage payment growth for those who have not moved and remain in their homes. Looking across the US, many cities in the South and Midwest appear to have seen the largest mortgage payment increases for non-movers (Exhibit 10), suggesting that the "all in" housing costs are rising relatively fast in these areas.

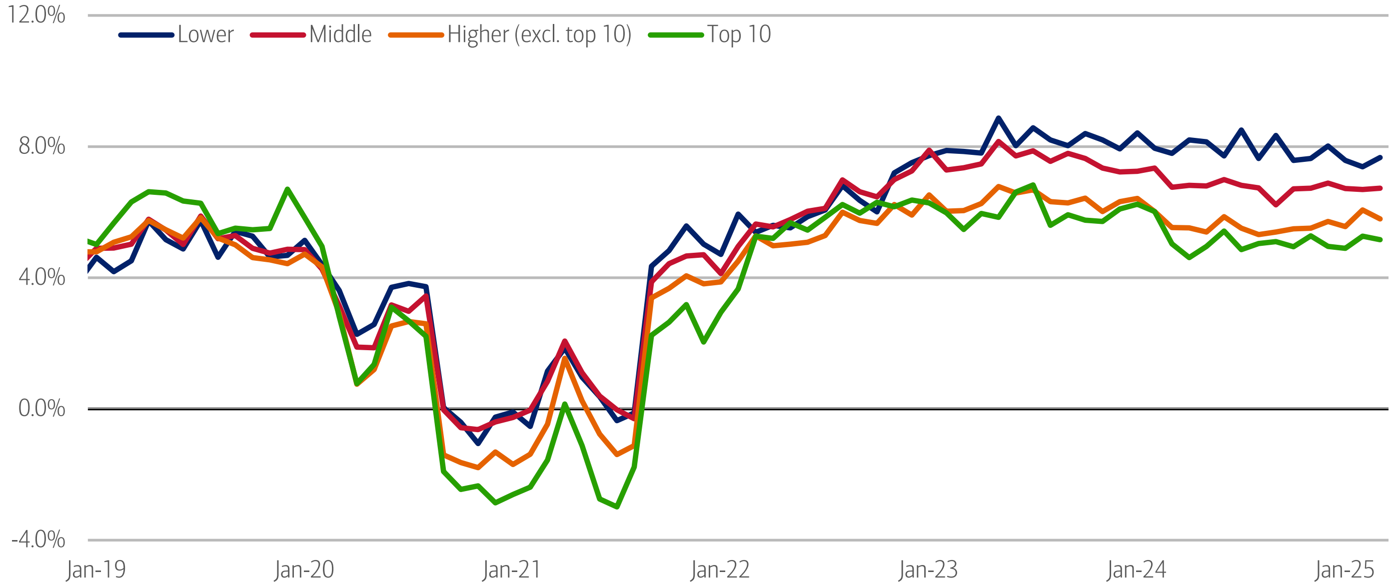
Another factor driving hidden costs up is climate driven. According to Bank of America's HBIR, 23% – nearly one in five – of current homeowners have experienced property damage or loss due to severe weather in the last five years.

Sticker shock hits homeowners in affordable areas

Who do rising mortgage payments impact the most? Interestingly, those living in the least expensive areas.

Bank of America payment data suggests that median mortgage payments in the least expensive (lowest tercile) zip codes (see Methodology) increased nearly 8% YoY in March 2025 (Exhibit 11). In fact, since 2022 mortgages in less expensive zip codes have generally grown faster than home loans in more expensive counterparts. This is similar to the pattern we previously observed in rents [in last quarter's On the move](#).

Exhibit 11: Mortgage payments have grown the most in the least expensive zip codes since late 2022
Median mortgage growth by mortgage payment zip code tercile (monthly, YoY%)



Source: Bank of America internal data. See Methodology for details.

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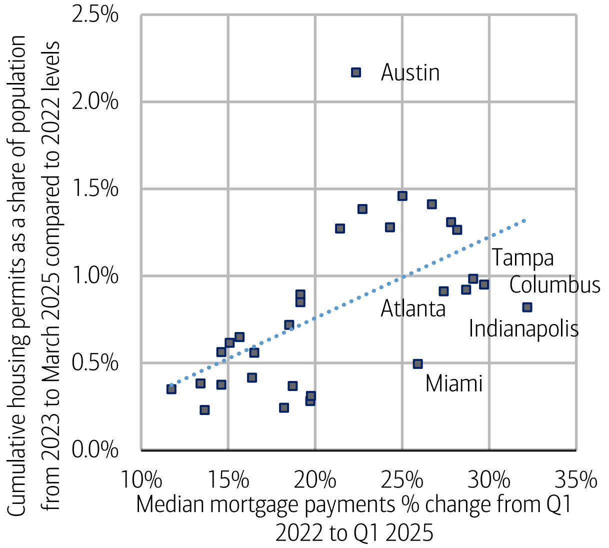
The rise in mortgage payments in more affordable zip codes is likely a function of people leaving expensive areas, such as major metros in the Northeast and West, for more affordable ones in the South and Midwest, which is, in turn, driving up demand for housing and higher prices.

Additionally, two other factors may be at play. Cities with relatively large mortgage payment increases generally appear to have seen larger increases in housing supply. However, in our view, some cities in the Midwest and Sun Belt (like Indianapolis, Columbus, and Miami) may not have adequately increased their housing supply relative to their population and mortgage payment increases (Exhibit 12). Furthermore, some cities with a large influx of newcomers, such as Jacksonville and Indianapolis, were also seeing the fastest personal income growth (Exhibit 13). The result is people with higher incomes may be competing for a limited pool of houses, which may be pushing up home purchase prices and mortgage payments.

Exhibit 12: Columbus and Indianapolis have seen relatively small increases in housing permits compared to 2022 levels but higher mortgage payment increases

Percent change in median mortgage payments (quarterly, %) compared to percent difference in housing permits as a share of the population (annual, %) by select MSAs (in dots)



Source: Bank of America internal data and US Census Bureau. Note: cumulative housing permits are to March 2025 from January 2023, calculated using sum of cumulative housing permits divided by average population for 2024 and 2023. Base period is annual 2022. Housing permits are for single unit only.

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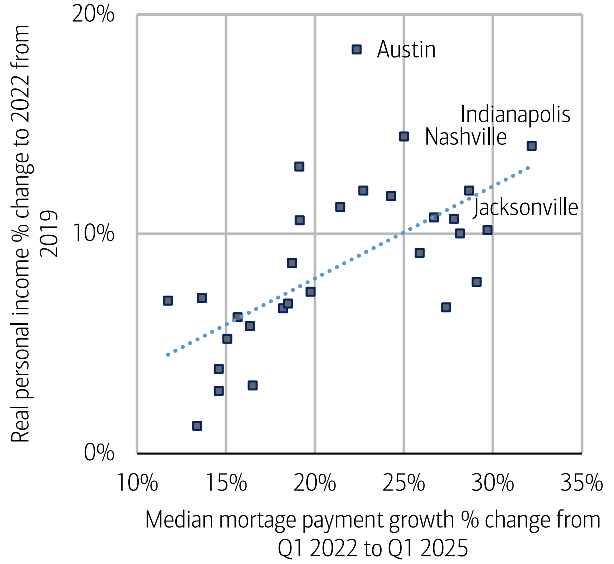
Exhibit 13: Austin, Indianapolis, Nashville, and Denver saw large increases from 2019 to 2022 in personal income, followed by larger increases in monthly mortgage payments

Percent change in median mortgage payments (quarterly, %) compared to percent change in real personal income (annual, %) by select MSAS (in dots)



Source: Bank of America internal data and Bureau of Economic Analysis

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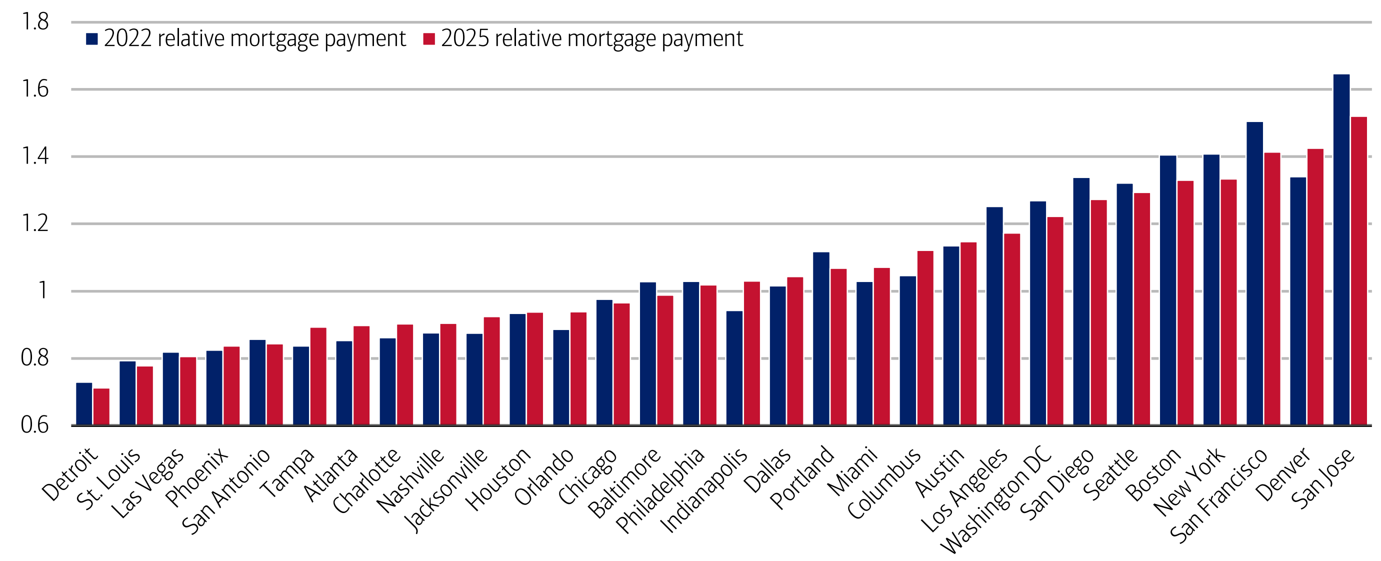
Midwestern and the Sun Belt cities still remain comparatively more affordable

So, do rising housing costs signal that the migration movement in the US will slacken? While this is possible, it's important to note that cities that have seen the largest increases in median mortgage payments compared to 2022 generally retain more affordable mortgage payments than other areas (Exhibit 14).

Exhibit 14: The most affordable cities remain comparatively more affordable, despite seeing the largest increases in monthly mortgage payments, relative to the national median, compared to 2022

Affordability defined as median monthly mortgage payments compared to the national monthly median mortgage payment (yearly, ratio) by select MSAs



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

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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