

Consumer Morsel

On the move: The rising tide of rent payments

04 February 2025

Key takeaways

- According to Bank of America internal data, the total number of people moving has moderated and was down just 1.6% YoY in the fourth quarter (Q4) of 2024, compared to the nearly 27% YoY decline in the previous year. However, the number of people moving in Q4 2024 is still nearly 40% lower than it was four years ago. But some cities are still seeing growth, especially in the Midwest and Sun Belt, although the story across regions remains mixed.
- While rent inflation growth has moderated over the past two years, Bank of America internal data suggests that average rent growth is still accelerating in the least expensive zip codes. It jumped 7.5% YoY in December 2024, a nearly five percentage point increase over the past year.
- Another challenge facing renters: a lack of supply. Residential building permits for multi-unit properties has decreased in all regions except the Midwest in the last several months and is below pre-pandemic levels in the South, Northeast, and West. In our view, this suggests that some people who rent may see little relief in rental costs in the near term.

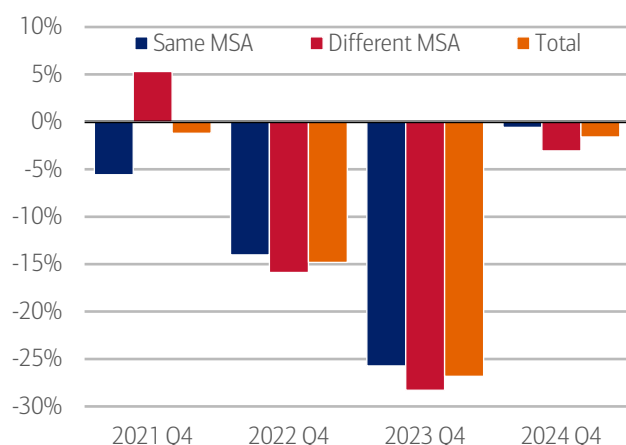
Has the freefall in movers ended?

Staying put is becoming the new mantra among homeowners and renters

Perhaps the most important demographic trend in the previous year has been that a higher share of movers are relocating close to where they have been living. Those moving within the same metropolitan statistical area (MSA, also referred to as cities or metros) was down just 0.6% year-over-year (YoY) in the fourth quarter (Q4) of 2024, while the number of people pulling up stakes and moving to different metro areas fell 3.1% YoY (Exhibit 1). And while the total number of people who changed addresses in Q4 2024 is only down 1.6% YoY, it is still nearly 40% below the levels seen four years ago (Exhibit 2).

Exhibit 1: The total number of people moving in Q4 2024 decreased 1.6% YoY, a significant improvement from the nearly 27% YoY decrease in the previous year

Change in the number of people moving by location (quarterly, YoY%)

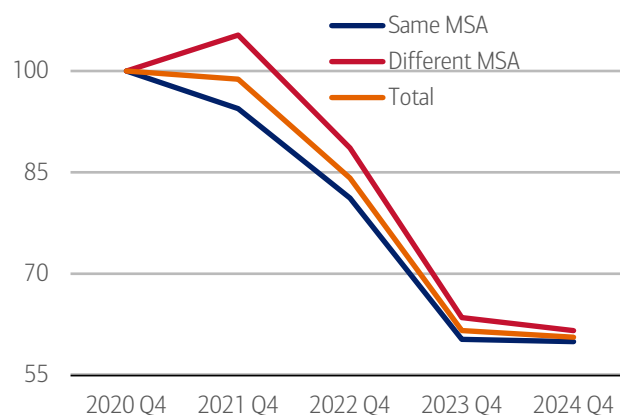


Source: Bank of America internal data. Note: Same MSA also includes people who live outside of major MSAs who moved within the same state. Different MSA also includes people who lived outside of major MSAs who moved to different states.

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Exhibit 2: However, the total number of those moving in Q4 2024 is still down nearly 40% compared to Q4 2020 levels

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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These are just a few of the compelling trends we reveal in this quarter’s [On the Move publication](#), a regular analysis in which we leverage the data from Bank of America customers who have an open consumer checking, savings, credit and/or other investment accounts to track the number of people moving in the US and analyze what is driving these relocations.

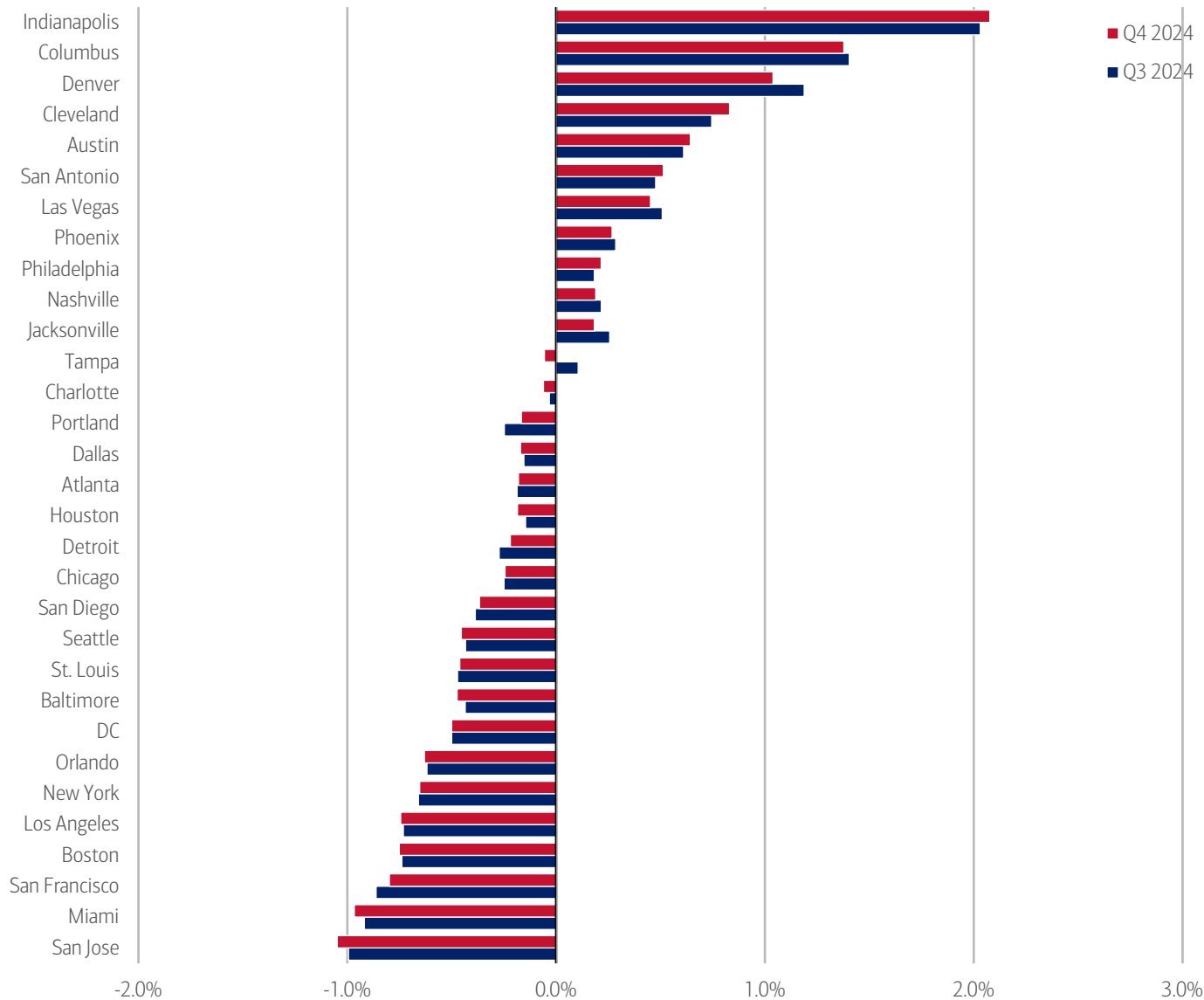
Somewhat sunny picture in the Sun Belt, but cloudy in the Northeast

Even as total relocations fell, there are still some metro areas seeing population growth. One of the most interesting trends has been the nuanced domestic migration (going forward also referred to as *migration*) in the Sun Belt. Population growth accelerated in Austin and San Antonio from the third to fourth quarter of 2024, but slowed further west in Las Vegas and Phoenix, according to Bank of America internal data (Exhibit 3).

In the Midwest, Indianapolis and Cleveland are seeing an acceleration, while Columbus is experiencing positive, but slightly slowing, growth. By contrast, larger cities like Chicago are seeing population decreases. In fact, the population has been declining in most of the major cities in the Northeast and West, although Philadelphia was an exception, with growth accelerating over the last two quarters of 2024.

Exhibit 3: Many MSAs in the Northeast continued to see a net population outflow in Q4 2024. In the West, Midwest, and South the trend was more mixed with Indianapolis, Columbus, and Denver experiencing more than 1% YoY growth, and San Jose, San Francisco, and Miami seeing 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)

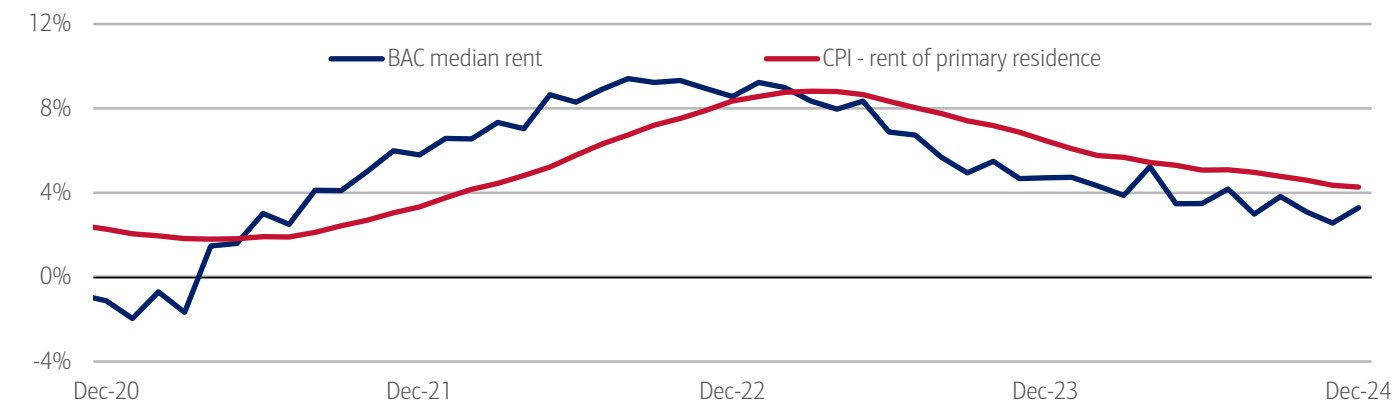


Renters in the least expensive areas see sticker shock

Bank of America internal deposit data suggests that median rent payments increased nearly 3.3% YoY in December 2024, while Consumer Price Index (CPI) inflation data from the Bureau of Labor Statistics (BLS) indicates that rents (of primary residence) have increased nearly 4.3% YoY (Exhibit 4).

Exhibit 4: December median rental payment growth slowed to 3.3% YoY according to Bank of America internal data

Median rent 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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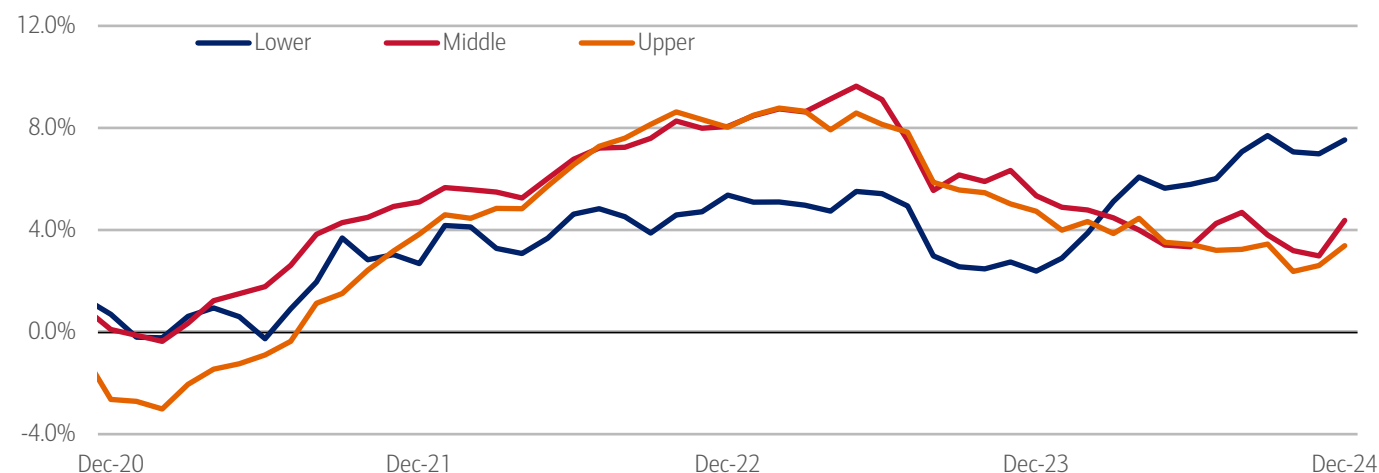
This is important because renters make up a small but significant portion of movers (about 34% of US households rent according to the US Census Bureau) and they tend to be younger and have lower incomes. Looking at our data through the fourth quarter of 2024, we find that renters in the least expensive zip codes are seeing the most pressure from rising rents.

While CPI is helpful in showing 'like for like' comparisons (same apartment, same city), Bank of America internal data shows what consumers are actually paying. The fact that actual rent payments growth is lower than the CPI measure suggests to us that as renters move, they are favoring *relatively* more affordable options (smaller space, fewer amenities), or more affordable areas than where they currently reside. Additionally, given that renters typically skew younger, they also seek out affordable options to accommodate their more modest incomes. This presents a problem for these lower-cost areas as higher rental demand has the power to drive the average rent up.

In this analysis, we've divided zip codes into thirds, or terciles, based on the median rent in that area (see Methodology). The lower third represents the least expensive zip codes to rent, while the upper third shows most expensive. The middle is everything in between.

Exhibit 5: Average rent growth for the least expensive US zip codes is rising at a faster rate than more expensive areas, up 7.5% YoY in December 2024, at least three percentage points higher than their comparatively costlier middle- and upper-tercile counterparts

Average rent growth by rent payment tercile (3-month moving average, YoY%)



Source: Bank of America internal data

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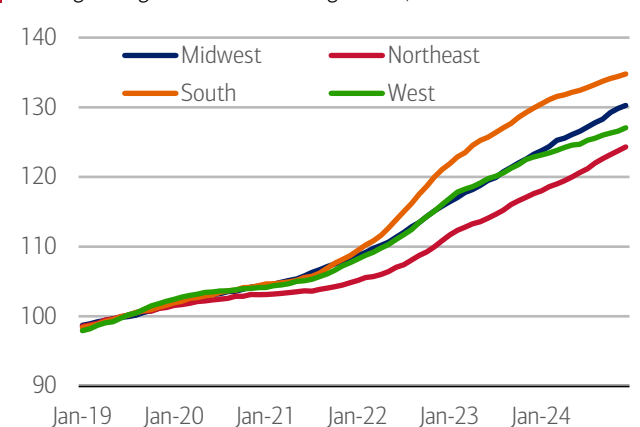
Using these terciles, we've found that average rent growth in comparatively more expensive areas has moderated over the past year, with average rent growth decreasing at least five percentage points for both middle- and upper-rent terciles (Exhibit 5). Meanwhile, it has been accelerating in the least expensive areas over the past year and rose 7.5% YoY in Q4 2024, a nearly five percentage point increase over the past year.

Lower-income renters in the Sun Belt are feeling the most heat from hot rent growth

Looking across regions, like-for-like rent increases were highest in the South in December 2024, followed by the Midwest, West, and Northeast, according to CPI rent inflation data from the BLS (Exhibit 6). However, Bank of America payment data suggests that average rent growth for the least expensive areas has been highest in the South and the West. It was nearly 25% higher in December compared to the 2019 average (Exhibit 7).

Exhibit 6: Rent inflation growth has been highest in the South, up nearly 35% compared to 2019, followed by the Midwest and West

BLS CPI rent of primary residence by US Census region (3-month moving average, index 2019 average = 100)

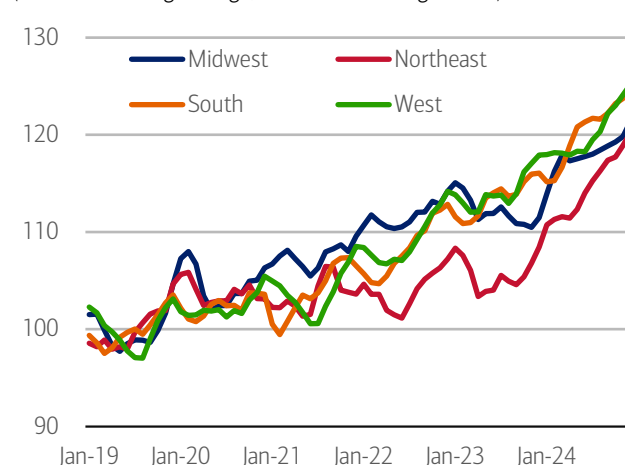


Source: Bureau of Labor Statistics

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Exhibit 7: Average rent growth in the least expensive areas has been highest in the South and West, up 25% compared to 2019

Average rent growth for the least expensive rent tercile by US region (3-month moving average, index 2019 average = 100)



Source: Bank of America internal data

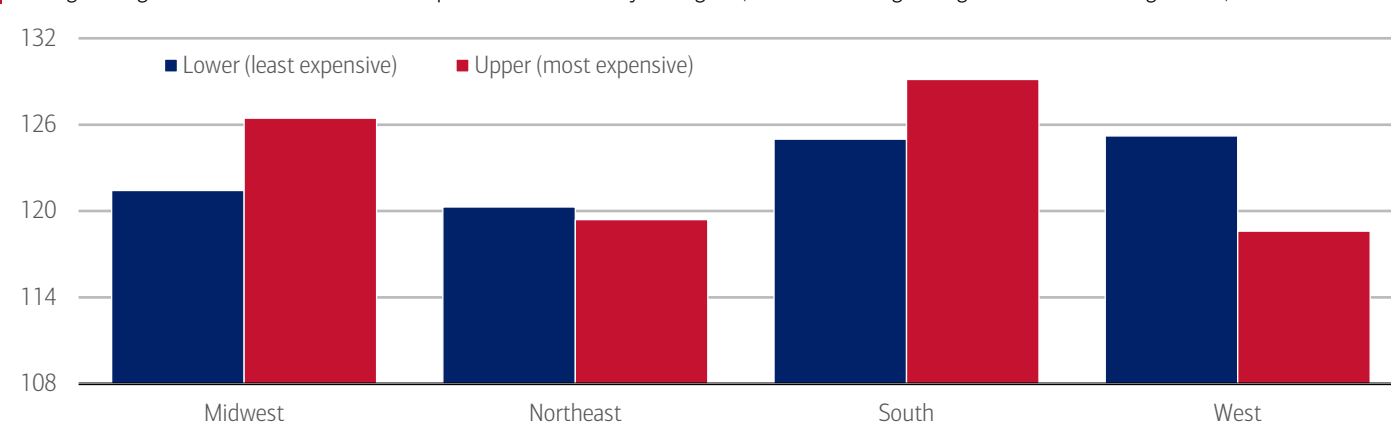
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Net population decreases in the West contribute to slower rent growth in most expensive zip codes

In our view, the disconnect is likely due to differences in net domestic migration for each region. Migration was a net positive for the South over the past few years, while it has overall been slightly negative for the West. This is particularly true in comparatively more expensive western metros like Los Angeles and San Francisco, with migration flowing from these areas to less expensive metros in the West. This is likely why average rent growth in the upper (most expensive) areas in the South also outpaced other regions but remained comparatively muted in the West (Exhibit 8).

Exhibit 8: In the South, average rents in the most expensive areas have grown faster than those in the least expensive areas, while the opposite occurred in the West

Average rent growth for the least and most expensive rent tercile by US region (3-month moving average, index 2019 average = 100)



Source: Bank of America internal data

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Bank of America payments data on the most expensive zip codes for renters supports this conclusion. While the West boasted two of the most expensive zip codes in 2019 and 2020, it has fallen from the No. 1 position in the last two years, having been surpassed by northeastern MSAs which have retained 10 of the top 10 spots for the past two years (Exhibit 9).

Exhibit 9: The top 10 most expensive rental zip codes 2019 to 2024

MSAs and zip codes with highest average rents (quarterly, top 10). Red MSAs are in the Northeast, while Green MSAs are in the West.

Rank	2019 Q4	2020 Q4	2023 Q4	2024 Q4
1	San Francisco (94105)	Los Angeles (92648)	New York (10013)	New York (10065)
2	New York (10065)	New York (10065)	New York (10065)	New York (10014)
3	New York (10001)	New York (10023)	New York (10001)	New York (10024)
4	New York (10018)	New York (10001)	New York (10014)	New York (10013)
5	San Francisco (94063)	New York (10024)	New York (10023)	New York (10001)
6	Boston (02210)	New York (10014)	New York (10024)	New York (10023)
7	New York (10014)	New York (10021)	New York (10018)	New York (10018)
8	New York (10005)	San Francisco (94105)	New York (10021)	Boston (02210)
9	New York (10013)	New York (10010)	New York (10005)	New York (10021)
10	New York (10024)	New York (10028)	New York (10019)	New York (10005)

Source: Bank of America internal data. Note: Excludes zip codes with less than 500 rent payments

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Short supply but lingering rent pressures?

Like any market, the rental market is driven by supply and demand, and, in the case of some renters, demand outstrips supply – a trend that shows little signs of abating. In fact, our analysis of US Census Bureau data (Exhibit 10) shows that residential multi-unit building permits surged in 2022 and 2023, especially in the South, but have decreased over the past year in every region except the Midwest.

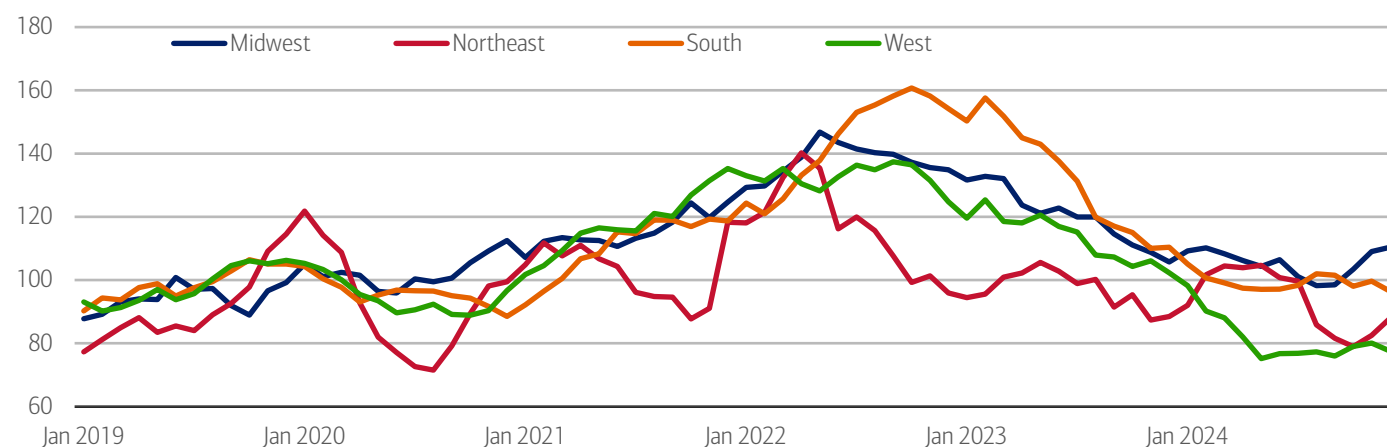
The number of such permits has dropped in the South over the past year and is now four percentage points lower than the pre-pandemic 2019 average, possibly reflecting slowing domestic migration to the area. It is, however, rising in the Midwest, likely due to an acceleration of migration there.

There are two caveats. Newly constructed buildings may often be geared toward higher-income renters in more expensive areas. While this additional supply can help in softening ‘new’ rent growth (see: [On the move: Consumers bent on lower rent](#)), it may provide little relief for lower-income households who currently rent in the least expensive zip codes.

Yet, as the more affluent renters gravitate toward these new properties, it may create vacancies in older properties, and lead to fewer renters moving to less expensive areas, therefore alleviating some demand in these zip codes. Even so, construction projects take time to complete, and this trickle effect is likely to be slow – which means that in our view, it may be some time before some renters feel any relief.

Exhibit 10: Residential multi-unit building permits surged in 2022 and 2023, especially in the South, but have decreased over the past year in every region except the Midwest, up 8% YoY

Change in residential building permits for two or more units by US Census Region (6-month moving average, index 2019 average = 100)



Source: US Census Bureau

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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 2021-2024. 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 as 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.

New rents were derived by comparing the rental payment for all movers during the period before and after a move that occurred in April, May and June. Movers were identified based on changes in customers’ home addresses. Rent payments during January, February or March were taken as “before”, while July, August or September served as the “after.” If multiple rent payments existed in the two months before or after, the “highest” rent was chosen. Then, the percentage change was computed using the average “highest” rent for all movers in the same MSA before a move, compared to the average “highest” rent for these same customers after the move.

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 and higher rent cuts in Bank of America payments data are based on median rents in each zip code. These calculations are bucketed according to terciles, with a third of rent payments placed in each tercile periodically. The lowest tercile represents 'lowest rents', the middle tercile represents 'middle rents' and the highest tercile 'higher rents'. The zip codes are reallocated over time, reflecting any number of factors that impact rent, including rent inflation, net domestic migration and shifting supply/demand. The median rents 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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Sources

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