

## Generational Gaps in Income and Homeownership

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Income and homeownership both contribute to the economic well-being of an individual or household. Although the likelihood of receiving a high income or owning a home increases throughout a person's life, there has been a fair deal of [anecdotal evidence](#) suggesting that Millennials and Generation Z (those born after 1980) are already struggling economically compared with their parents' generations. In this essay, I examine the life-cycle patterns of income and homeownership for different generations. Along the way, I find that comparing the experiences of non-college-educated and college-educated workers helps shed light onto these different generational patterns and how incomes and homeownership are linked.

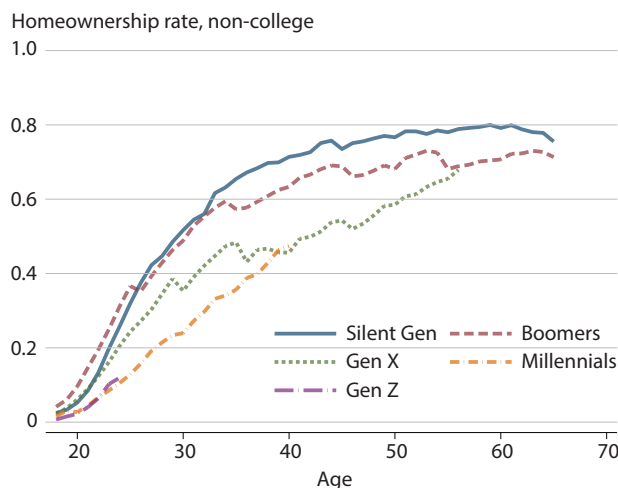
I use data from the American Community Survey (ACS), which the Census Bureau has run annually since 2000 and every 10 years prior to that. Importantly, the ACS has information on income, employment status, homeownership status, and demographics for a representative sample of the population. I focus on individuals whose incomes reflect full-time earnings over an entire year,<sup>1</sup> from 1950 through 2021. All incomes are converted to 2019 dollars. I consider someone a homeowner if they own the housing unit they live in and are the head of household or spouse of the head of household. Finally, I categorize people by

their birth years as follows: Silent Generation (1928-1945), Baby Boomers (1946-1964), Generation X (1965-1980), Millennials (1981-1996), and Generation Z (1997 onward).<sup>2</sup>

I start by looking at median income (Figure 1, left panel) as a function of age for workers with no college education, starting at age 18. There are some similarities between each generation's income profile: Each one starts off low, is steeper early on in life, and eventually flattens out when people are in their late 30s. However, for early ages there are gaps between the different generations, with subsequent generations having lower incomes. For example, at age 30, the median non-college-educated Millennial made 23% less than the median Silent Gen'er, 12% less than the median Boomer, and 4% less than the median Gen X'er. These gaps appear to close somewhat at later ages, including for Millennials who are no older than 40 years.

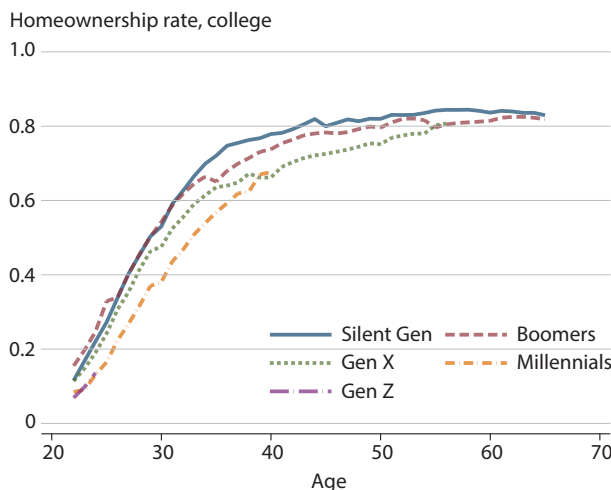
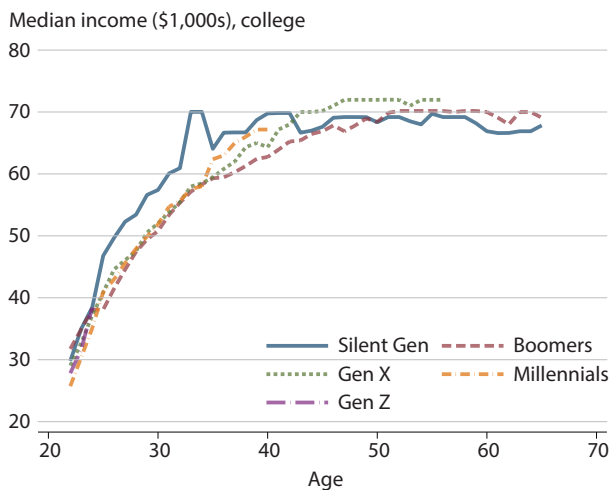
This group also exhibits large generational gaps in homeownership rates (Figure 1, right panel). At age 30, non-college-educated Boomers were about twice as likely as non-college-educated Millennials to own homes: 49% vs. 24%, respectively. Although these gaps are much more pronounced than the income gaps, it does suggest a link between lower lifetime income and the ability to save for a home.

Figure 1



SOURCE: American Community Survey (ACS) and author's calculations.

Figure 2



SOURCE: American Community Survey (ACS) and author's calculations.

Analyzing the experiences of college-educated workers highlights some interesting differences. Figure 2 displays the same statistics for workers with at least some college education, starting at age 22. In contrast to non-college-educated workers, there is no income gap between generations starting from the Boomer generation onward. Before age 35, college-educated Millennials earn just as much as their Boomer and Gen X counterparts; after age 35, Gen X and Millennials even earn more than Boomers. The lack of an income gap (and even slightly higher incomes for later generations) among the college-educated is consistent with [evidence](#) that the returns on investing in college having increased over time; as a result, subsequent generations of non-college-educated workers earn less and less.

On the other hand, the college-educated group also exhibits homeownership gaps between generations, albeit smaller than the gaps for the non-college-educated group. At age 30, 38% of college-educated Millennials owned homes, less than the 54% of Boomer college-educated workers and even the 49% of Boomer non-college-educated workers of the same age.

The fact that the homeownership gap persists for a subset of workers who do not also display an income gap suggests that differing incomes and labor market opportunities are only part of the story. For the college-educated group, the rising cost of education and resultant student loan debt may have hindered the ability to save for a home, despite incomes consistent with previous generations. Newer generations have also spent much of their younger years in economic downturns (i.e., the Great Recession and COVID pandemic), and they've gotten married and had children later in life, which are both associated with homeownership. Although it did take Gen X some time to catch up with Boomers in terms of homeownership, it appears that Millennials have begun to close the gap, and early data show that Gen Z are already ahead of Millennials. ■

Notes

<sup>1</sup> This is to avoid using the hours- and weeks-worked measures, which are imperfect and measured differently throughout the sample, to convert to an hourly wage.

<sup>2</sup> Generation Alpha, those born after 2012, have not yet entered the labor market.