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An Intergenerational Audit for the UK: 2023

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Resolution Foundation report, as part of the ESRC Connecting Generations research programme
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Abstract

Five years ago, our Intergenerational Commission set out the numerous threats to the UK's promise of intergenerational progress. More recently, the spotlight has once again fallen on this issue, but this time in the US, where the latest data has started to suggest that living standards for the millennials are catching up with, and on some measures even surpassing, the generations that came before them.

This fifth Intergenerational Audit for the UK – part of the ESRC-funded Connecting Generations research programme – provides a comprehensive assessment of how living standards have changed for younger generations, in an attempt to shed some light on whether millennials in the UK have experienced a comparable improvement in their economic fortunes as their US counterparts. We show that, unlike in the US, welcome improvements to millennials' living standards in recent years in the UK have not gone far enough to close the long-standing generational gaps.

Key findings

UK millennials have seen modest improvements in income progress, but it falls short of the catch-up seen by their counterparts in the US. First, income growth was higher in the US: between 2007 and 2021, median household incomes in the US grew by 17 per cent compared to just 2 per cent in the UK. Second, recent income growth has been more favourable to young people in the US.

Home ownership rates among younger cohorts have fallen sharply in the UK. Between 1986 and 2021, home ownership rates for households headed by 30-34-year-olds had fallen by over 20 percentage points in the UK, compared to just 3 percentage points in the US.

Home ownership rates among those in their early thirties have started to improve in recent years in both the UK and the US. Looking ahead, millennials are expected to become a generation of home owners (where 50 per cent own their own home), but this looks set to take them more than five years longer than it did in their parents' generation.

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