THE MACROSCOPE

The Kids Are Alright: The timeless angst over young people and money

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Angst about youths' economic prospects is timeless—so is their progress. Yet each generation's climb is distinct.

It is an article of faith in public discourse that intergenerational mobility in America has stalled or even gone into reverse. Widely held beliefs include that Gen Z and Millennials struggle in the labor market, are slow to build wealth, and are not on track to do better than their parents.

The facts don't line up with this narrative, however. As this edition of *The Macroscope* shows, Gen Z has not fallen behind but forged ahead of prior generations—both in terms of income and wealth.

What explains the gap between discourse and data? We look at a toxic confluence of exalted expectations, flawed benchmarks of success, and misguided narratives of shifts in inequality.

That said, the path to prosperity is different today: delayed and less linear, reflecting the choices of today's young. They do face notable idiosyncratic headwinds, especially student loans and an expensive housing market. Even so, these cohorts are making generational progress in line with, and better than, prior generations.

1866 vs. 2026

We recently stumbled upon the following quote:

"*It requires a little fortune, now, to buy a house, and every article of furniture costs about three times as much as it did ten years ago.*"

Though it could have been taken from any current-day op-ed, podcast, or social media post, it was in fact written in 1866.[i]

Little has changed in the 160 years since: As a new generation is finding its footing, the challenge of wealth creation appears insurmountable, the playing field stacked against them, and the flashpoints of societal debate (e.g. housing) remain the same. Today, it is a widely held belief that intergenerational mobility has stalled, or even gone into reverse, and a litany of dire economic and social consequences is presumed to follow.

But has intergenerational mobility truly stalled?

The short answer is "no". In fact, the latest crop of young people are richer than any prior generation at their age.

The long answer is still "no". Powerful narratives in public discourse skew perceptions of economic mobility, and they distract from the fact that the path to prosperity is different today—but not broken. The kids are alright.

Wealth accumulation starts later, is less linear, and plays out in other asset classes, not just homes. Despite this, the young do catch up and even forge ahead as they progress through life.

Our analysis of generational progress is not a claim that all is well for all. Rather, it is a push back against the thin claims that all is wrong. Gen Z and Millennials go through their own unique generational struggle to build careers, income, and wealth—and they are confronting unique challenges such as student debt and housing affordability. Even so, they are making broad generational progress.

THE FACTS: GEN Z IS AHEAD OF PRIOR GENERATION

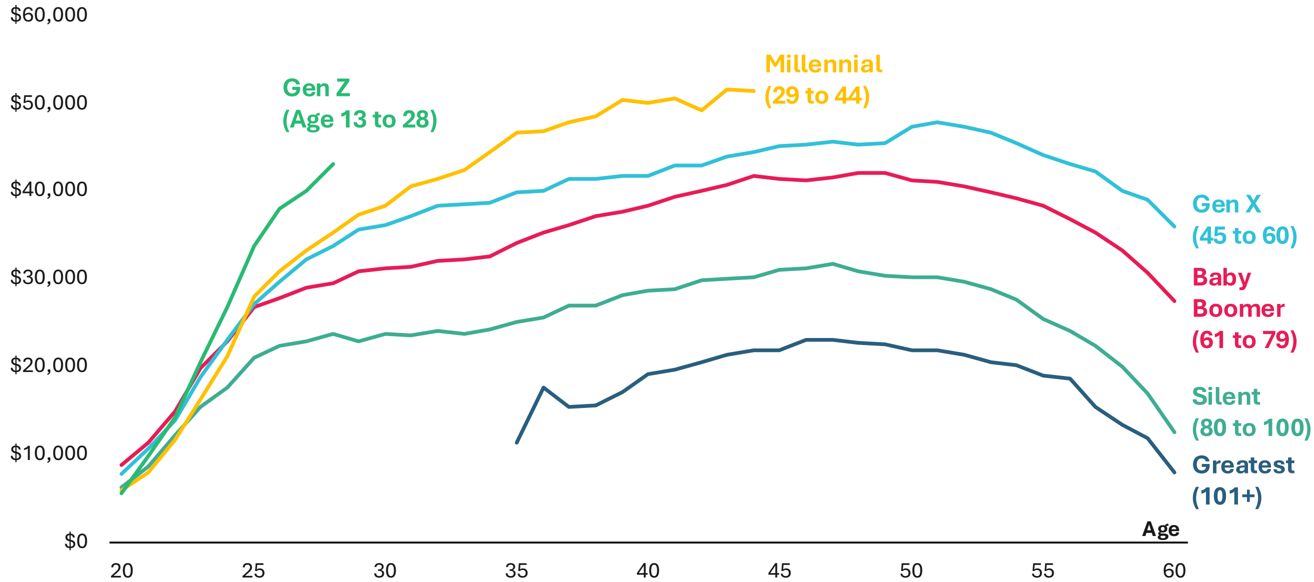
To evaluate Gen Z's economic standing, a multi-generational comparison of incomes and wealth is a good place to start.

On the income side, Gen Z comfortably beats all prior generations. Comparing incomes in constant dollars (i.e., adjusting for inflation), Gen Z has opened the biggest intergenerational income lead since the Baby Boomers. At $42,000, the oldest Gen Z workers (age 28) make 25% more than Millennials and 50% more than Baby Boomers at that age (Figure 1). This should come as no surprise given income growth has outstripped inflation for decades. In fact, real wage growth over the past decade has been much stronger than in the long run (growing nearly 2% per year, see Appendix C.1)

Gen Z's income head start is larger than that of past generations

FIGURE 1

Median income (wage and salary) of each generation by age, in constant dollars



Note: Individuals; Data from the Current Population Survey public-use files; Split by birth cohorts: Greatest (born 1901-1927), Silent (1928-1945), Boomer (1946-1964), GenX (1965-1980), Millennial (1981-1996), Gen Z (1997-2012); the range of data covers 1964-2024
Source: Census Bureau, IPUMS, BCG Center for Macroeconomics

Could this be the effect of inequality—rich kids skewing the picture? The data we show is the generational median, not average. And while there is significant inequality, we have no evidence that there is more inequality in Gen Z than in older generations. If anything, income inequality should be lower: since Gen Z first entered the labor force in 2015, wage growth for the bottom quartile of earners outpaced the top almost every year.

However, the income data does not suggest that all Gen Zers are doing well. For example, it's true that more than a quarter of workers experience falling nominal wages in any given year. But this isn't a recent phenomenon, or one that afflicts only the young—it's a structural feature of the labor market that goes back more than a generation (Appendix C.4).

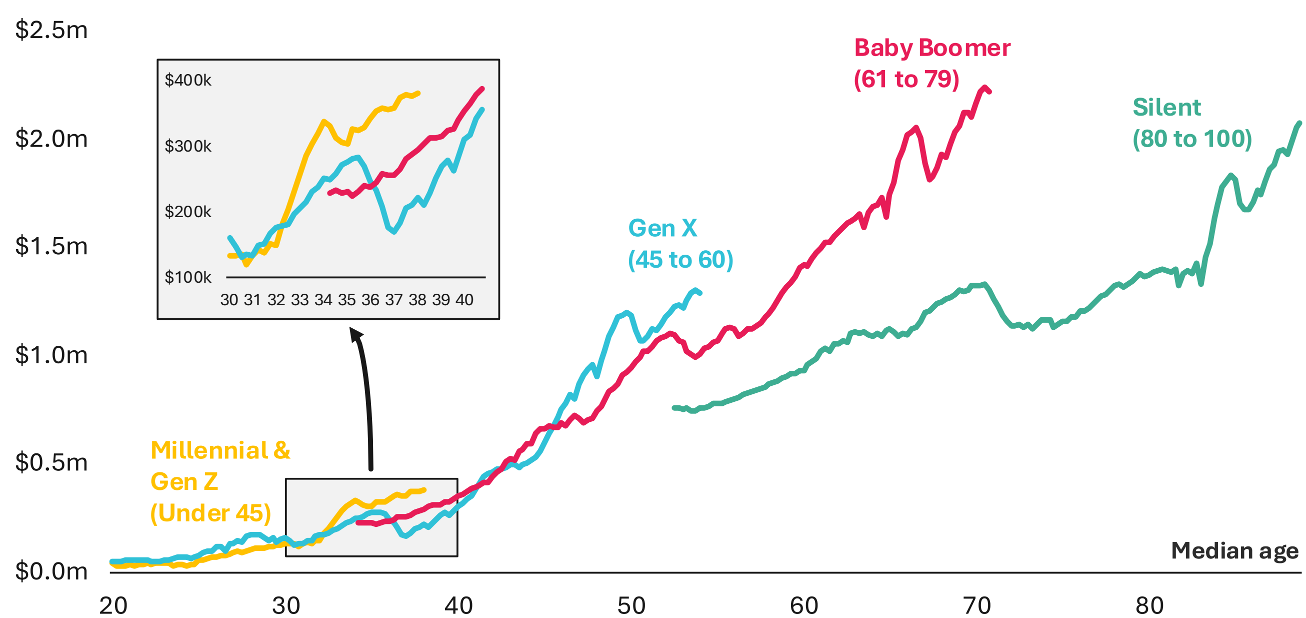
A look at wealth paints much the same picture, once we include Millennials (who are 29-44) in the analysis. On its own, Gen Z is too young a cohort for meaningful wealth comparisons.

It is true that Millennials' wealth lagged early in their careers, in no small part due to the Global Financial Crisis. Downturns and crises can matter again, but today the young have pulled ahead of prior generations. At 34 years of age, Millennials' average net worth stands at $331,000 compared to $251,000 for Gen X and $229,000 for Boomers (Figure 2). There is nothing inherently surprising about this: it has always been this way. Baby Boomers saw their wealth grow faster than the Silent generation, and Gen X grew faster still.

With decades to go, the young are wealthier than prior generations

FIGURE 2

Average real net worth per household by generation



Note: The Federal Reserve's 'Millennial' series includes all those born after 1980 and overlaps with the oldest in the Gen Z cohort; PCE-adjusted, 2026Q1 dollars
Source: Federal Reserve Board, BEA, BCG Center for Macroeconomics

Inequality likely plays a bigger role here than with the income data earlier, since we're showing average, rather than median, wealth. Across all generations it is true that the median household has modest net worth, the bottom has no or negative net wealth, and wealth is concentrated at the top. But as before, there is no evidence that Gen Z's wealth inequality is *greater* than prior generations. Likely it is the opposite, as Gen Zers have not generally received inheritances yet—which is a material driver of inequality.

THE NARRATIVES: WHAT'S DISTORTING PERCEPTIONS

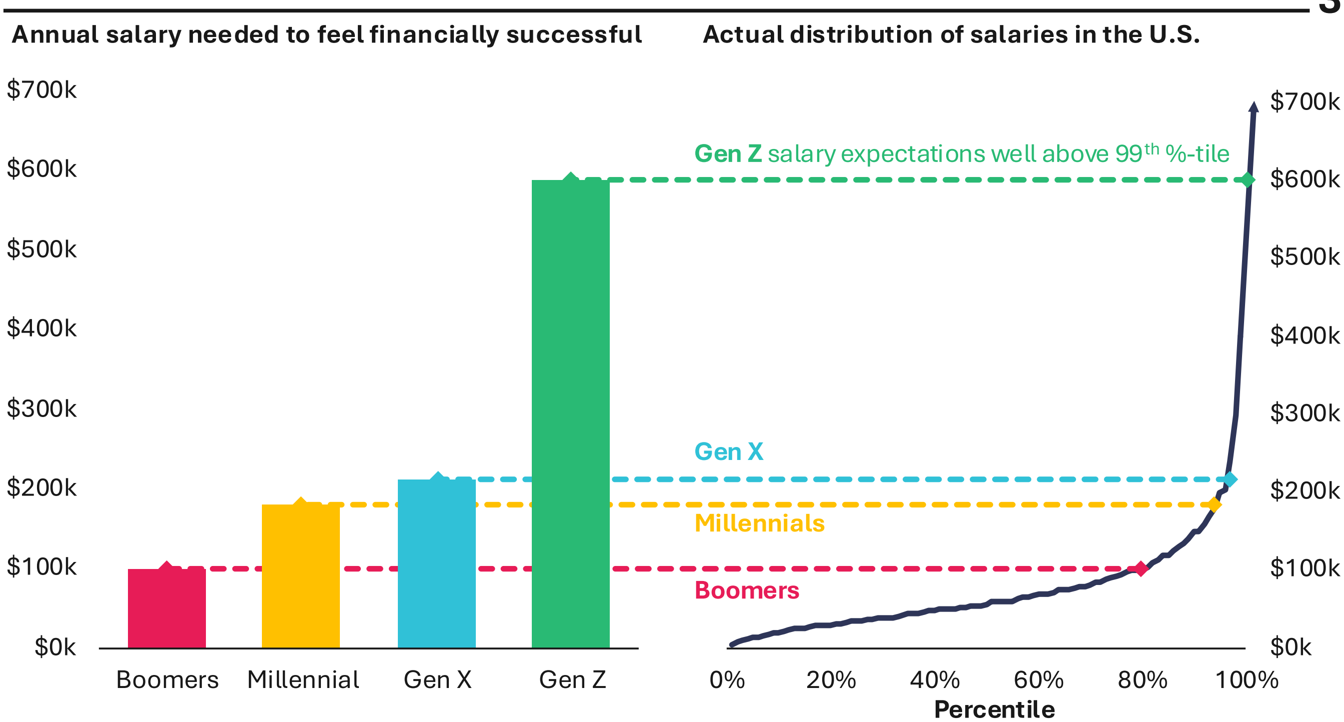
If the facts don't support it, what drives the story of a failing generation? As is the case with other macroeconomic topics—such as the state of the consumer or the "inevitable recession"—powerful narratives can easily override economic evidence in public discourse. To see the generational disconnect, it's worth focusing on the **role of expectations**, misguided **generational benchmarks**, as well as the idea of a **K-shaped economy**.

Regarding **expectations,** it's noteworthy that the young are the most pessimistic age cohort today. It wasn't always like that. Since at least 1980, the 55+ age cohort was consistently gloomier than the 18-34 cohort, but this has changed over the past decade, and it flipped in 2025 (Appendix A.1).

The adage that "happiness is reality minus expectations" is a reasonable starting point to explain the despair. Something is askew in how the young view money and wealth.

Gen Zer's say they need a $600,000 salary to feel successful, a level so high less than 1 in 100 earners reach it

FIGURE 3



Source: Empower Survey, DQYDJ/Census ASEC, BCG Center for Macroeconomics

In a 2024 survey, Gen Zers said they needed an annual salary of $600,000 to feel financially successful. As we show in Figure 3, this figure is in the 99th percentile of the actual U.S. distribution of salaries—achieved by less than 1 in 100 Americans. Boomers, Millennials, and Gen X have (far) more realistic expectations at $100,000, $181,000, and $212,000, respectively. (The median salary is around $60,000)

Such financial "dysmorphia" (see our publication on the topic here), likely fueled by constant exposure to extraordinary wealth on social media, translates into frustration when digital and actual reality come into conflict. As a generation looks up from their screens, the perception of failure hits.

Misguided generational benchmarks also distort the narrative. The Boomer generation built wealth in no small measure through the rise of double-income households, boosting family income and wealth (See the rise in female labor market participation, Appendix C.2). But this is a one-off structural shift—by definition, it cannot be repeated. If we're using the fast social climb of Boomers as a benchmark for younger generations, we're literally setting them up for failure.

The benchmark of the post-war generations (Silent and Boomer) is also flawed because of their idiosyncratic historical context. Not only was the post-war period one of exceptional economic growth, the progress of this period also *looks* exceptional relative to the struggle of the Great Depression. Put another way, the absolute and relative social climb of the Boomer and Silent generations is "one for the ages"—not a baseline today.

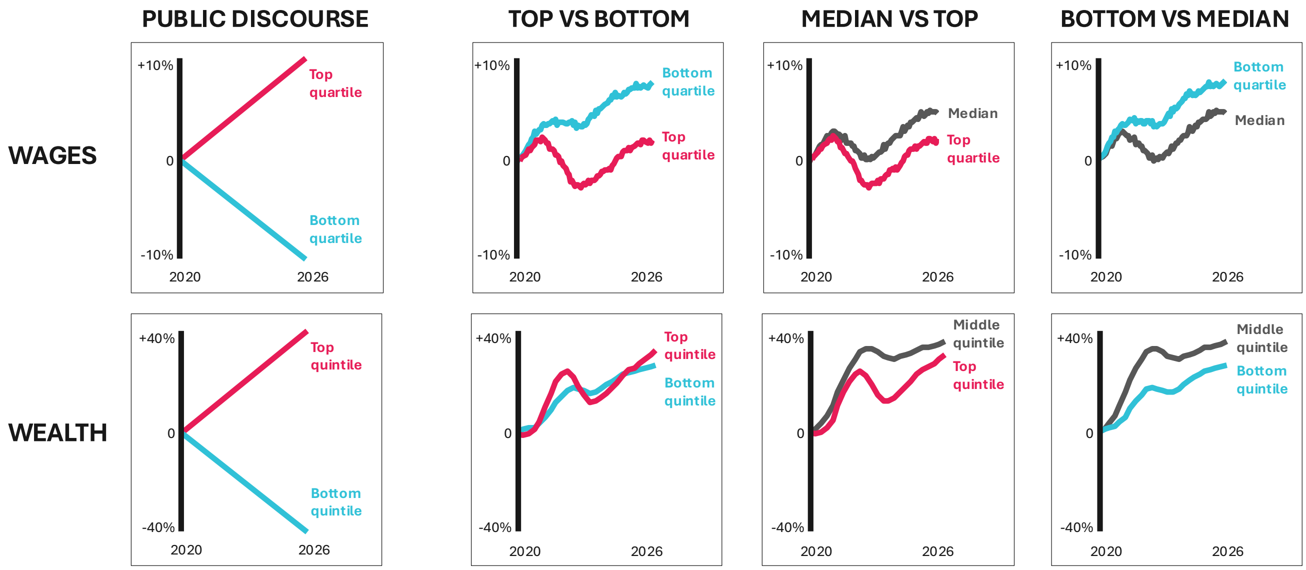
In recent years, the **so-called K-shaped economy**—a misguided narrative about inequality—compounds the problem of exalted generational expectations. To be clear, there is significant, even stark, inequality in the US. It does not follow, however, that the bottom of the distribution is getting poorer—which the shape of the letter K suggests. But the young are often seen through this lens, as they are often on the first rungs of the income ladder.

As Figure 4 demonstrates, the popular "K-shaped economy" narrative cannot be supported with data. In terms of wages (first row), the bottom quartile has seen stronger growth than the top since 2020. In terms of wealth, top and bottom have made progress at roughly similar pace (even if the asset composition is distinct). In absolute dollars, the gains are naturally more modest at the bottom, but it matters hugely whether wages and wealth at the bottom are shrinking (K-shaped narrative) or growing (the reality).

Whichever way we compare top quartile, bottom quartile, and median—there is no K-shaped economy

FIGURE 4

Evolution of income and wealth quartiles in the post-Covid economy (indexed to year-end 2019)



Note: Income = real average hourly earnings by wage quartile, December 2019 = 100, 12-month moving average;
Wealth = real net worth by income quintile, Q4 2019 = 100, 4-quarter moving average
Source: Bureau of Labor Statistics, Federal Reserve Board, Federal Reserve Bank of Atlanta, BCG Center for Macroeconomics

THE CHANGE: A DIFFERENT PATH TO PROSPERITY

Even as today's young are progressing, it's true that their economic climb differs materially from what prior generations experienced. And the unfamiliarity contributes to the sense that social mobility is broken (rather than simply a different path of progress).

As our opening quote from an 1866 publication reminds us, making a start in life has never been easy and often daunting. But it also used to be more linear—and faster. Boomers would graduate high school and often immediately enter the workforce, buy a house in their 20s, and begin building wealth quickly.

Today's young take a different path. 63% of them attend some form of higher education immediately after graduating high school, often racking up large amounts of student debt before entering the workforce. For those that did not graduate or received an unmarketable degree the road to get ahead is quite perilous, but for those who graduate with a quality degree the path to prosperity is delayed, not cut off. In fact, Gen Z is catching up and forging ahead. But starting a marathon a mile behind is daunting—even if you are running at a faster pace.

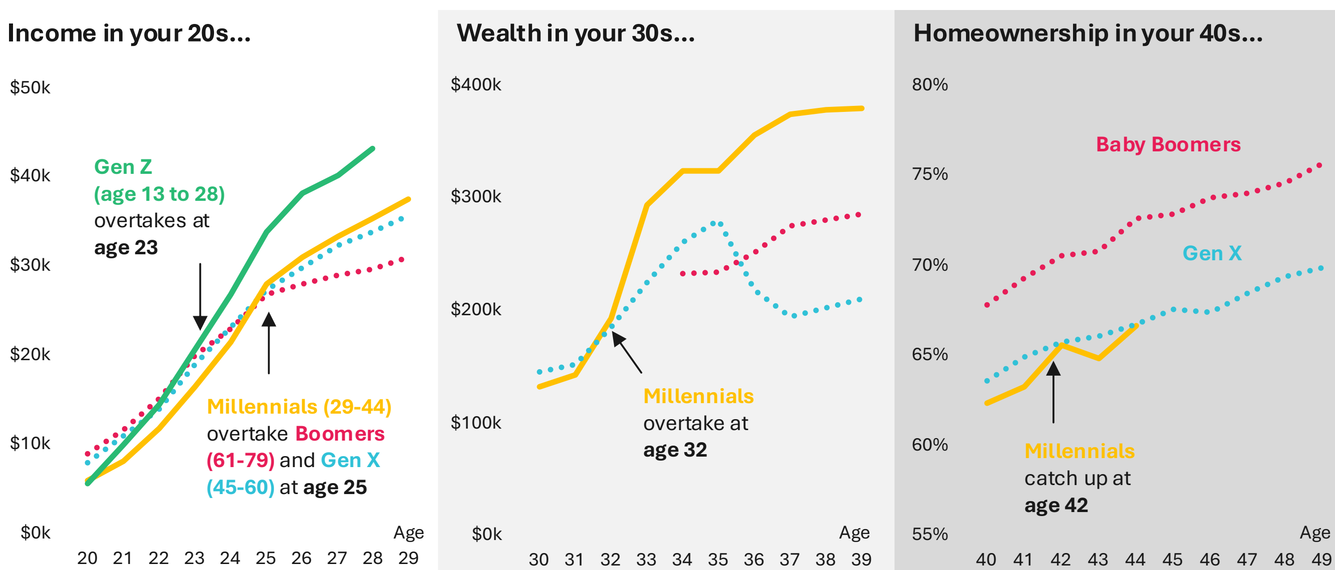
Figure 5 breaks up the generational process of catching up and forging ahead decade by decade:

- **In their 20s: Progress on income.** Millennial and Gen Z incomes pass all prior generations in their early 20s, in large part thanks to the returns on higher education and a structurally tight labor market.
- **In their 30s: Progress on wealth.** Millennial net worth bends higher in their 30s, as student debt is paid down and assets—more equity heavy than in the past—accumulate, passing prior generations by age 32.
- **In their 40s: Progress on homeownership.** Even here, Millennials eventually catch up, matching Gen X for the first time at age 42 (though remaining behind Boomers, as Boomers did behind Silent for decades; Appendix D.1).

Millennials took the lead for income at 25, wealth at 32, and match homeownership at 42

FIGURE 5

Real income, net worth, and homeownership rate by generation and age

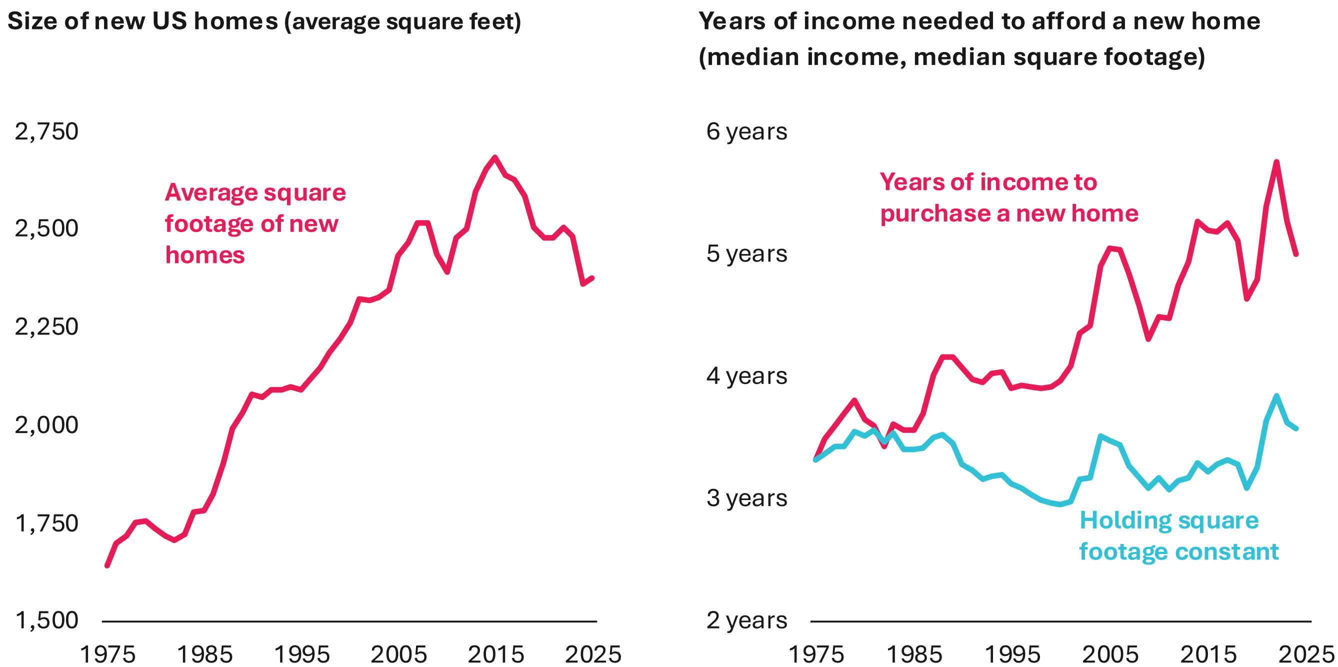


Note: Income = median wage and salary income of individuals, Wealth = net worth per capita, Homeownership = % of households that are owner-occupied; all figures are inflation-adjusted using the PCE price index
Source: IPUMS, Census Bureau, Federal Reserve Board, Bureau of Labor Statistics, BCG Center for Macroeconomics

Is homeownership as poor as it looks? Homeownership is a particularly sore point and deserves closer analysis. There is no debate that the young own fewer houses than they used to. It takes nearly six years of the median income to afford a median home, much higher than the 3½ years that it did in 1975. The median age of first-time homebuyers has jumped from 30 to 40 since 2008 (Appendix B.2).

Affordability is in large part explained by home size. Holding square footage constant, affordability has remained essentially flat for five decades

FIGURE 6



Source: Census Bureau, BCG Center for Macroeconomics

Note: Years of income = median new home price / median household income
Source: Census Bureau, BCG Center for Macroeconomics

Yet, the median home today is nearly 50% larger and of higher quality in a myriad of other ways. Controlling for size alone, homes are only about 7% more expensive compared to incomes (Figure 6). Throw in the impact of intangibly higher quality and tangibly lower mortgage rates, and housing affordability looks much better.

That said, the median-sized home of the 1970s is hard to find today, and the economic geography has dramatically urbanized, making homes in the places young people want to live even more expensive. 90% of Millennials and Gen Zers live in cities or suburbs—a structural shift in preferences—where new homes are in short supply (Appendix D.3). All this makes it harder for the young to climb the property ladder.

There is also a trade-off with other asset classes: As they delay homeownership, Millennials' equity holdings account for 19% of their assets at age 34, compared with just 11% for Gen X and 8% for Boomers at this age (Appendix B.4). This greater exposure to markets allowed Millennials to reap the rewards of equity appreciation.

Yet despite it all, by age 42, Millennials have caught up to Gen X's rate of homeownership.

A DIFFICULT JOURNEY REMAINS JUST THAT

As we wrote at the start, our analysis of generational progress is not a claim that all is well for all. It is a push back on the thin claims that all is wrong. There is little doubt that Gen Z and Millennials are making progress, and that they do so along their own idiosyncratic path.

This is not contradicted by the fact that there is a distribution of experiences underneath a successful aggregate. Among today's young, many will not achieve their parents' prosperity or, worse, will fail to find a productive path into adulthood—a reality that existed in prior generations as well. Yet this reality does not undermine the macro narrative of generational progress. Anecdotal evidence should not be extrapolated to generational stereotypes.

And just because progress is being made, that does not mean that it's easy or automatic. For the vast majority it remains a journey of struggle and hard work to build a career, income, and wealth. A journey that is often hit by cyclical and personal setbacks that must be overcome. The temptation is to look at those who made it to the end of the marathon and fail to see their difficulties throughout the race.

Generational progress remains intact—that remains true even if it's not universal or easy.

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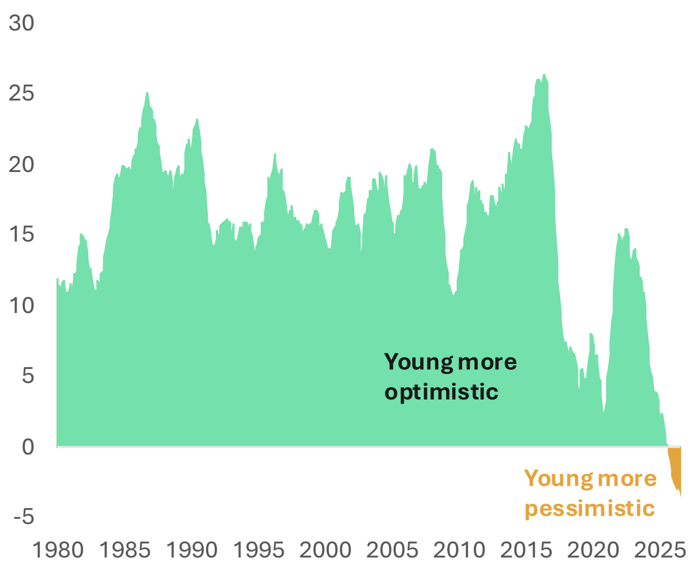
[i] *The Men Won't Propose* published in 1866 in Hall's Journal of Health

Appendix

FIGURE **A**

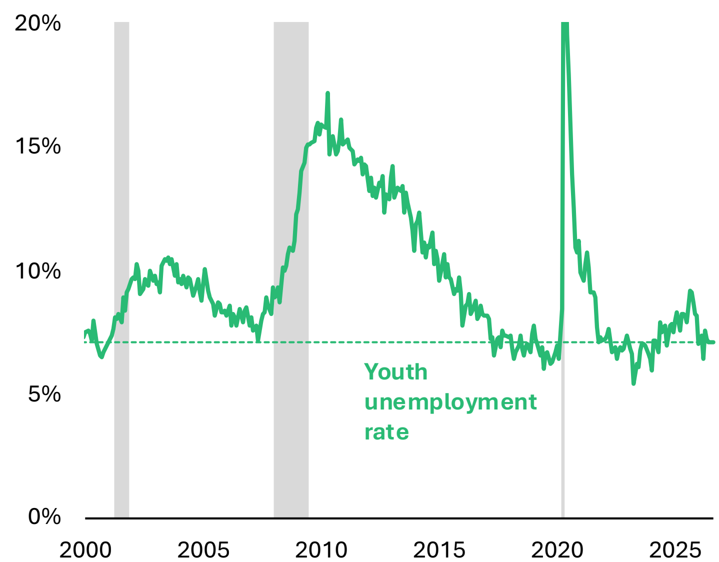
Youth sentiment, youth unemployment, youth net worth, and wealth inequality

1 | The young are more pessimistic than the old for the first time
Youth (18-34) minus old (55+), 12-month moving average



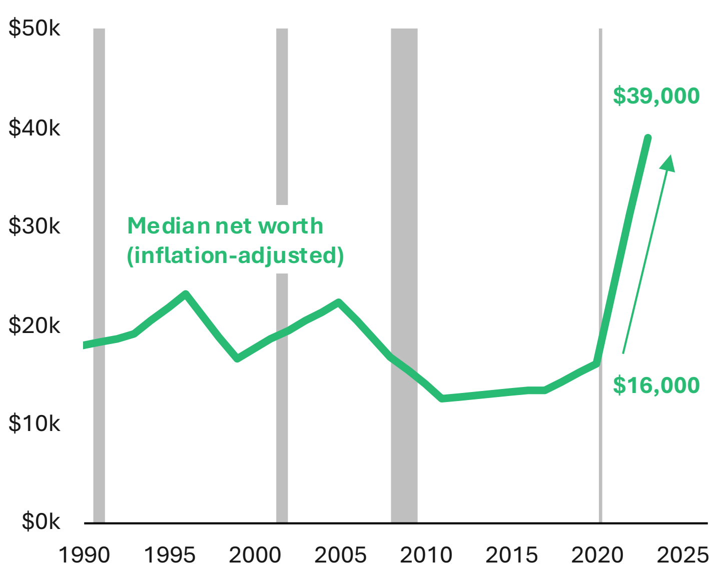
Source: University of Michigan, BCG Center for Macroeconomics

2 | Youth unemployment is low and stable
Unemployment rate (SA, %, age 20 to 24)



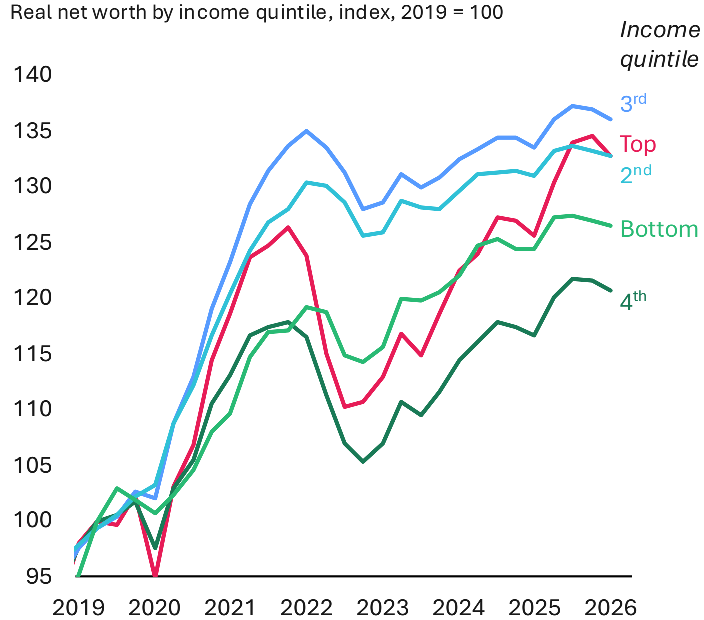
Source: Bureau of Labor Statistics, BCG Center for Macroeconomics

3 | Youth net worth more than doubles after the pandemic
Median net worth of households under age 35, $2022, inflation-adjusted



Source: Federal Reserve Board, BLS, BCG Center for Macroeconomics

4 | Wealth gains were broad across the income distribution
Real net worth by income quintile, index, 2019 = 100



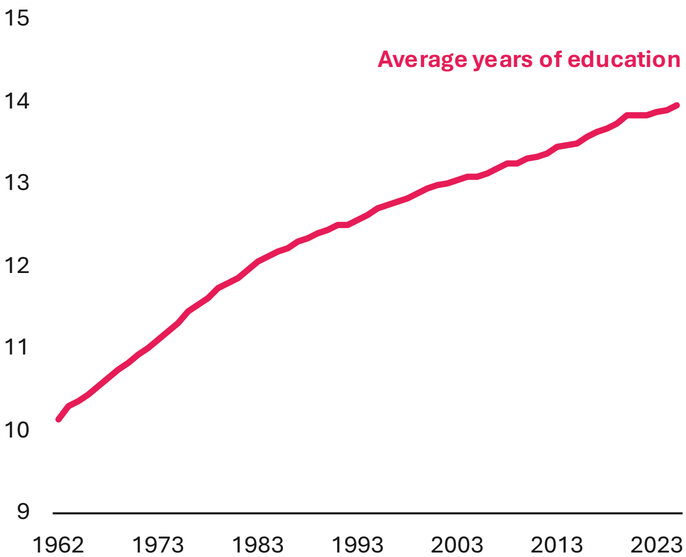
Source: Federal Reserve Board, BCG Center for Macroeconomics

FIGURE **B**

Later starts to careers

1 | More education requires a later start to careers

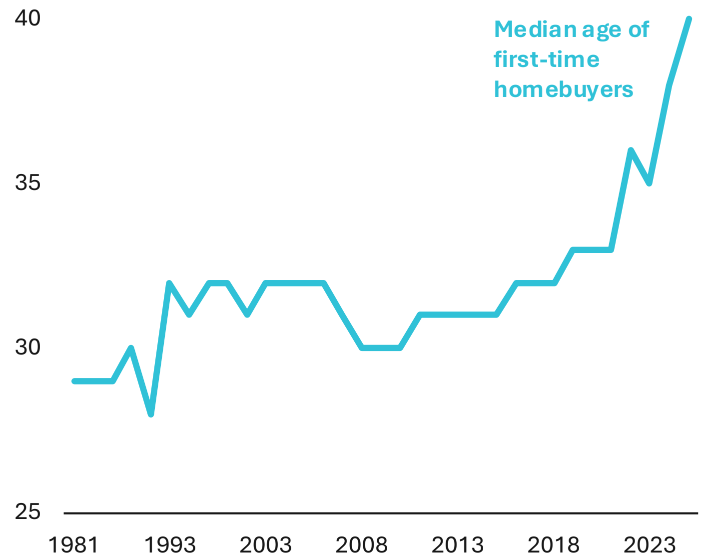
Average years of education



Source: Census Bureau, IPUMS, BCG Center for Macroeconomics

2 | Later home purchases

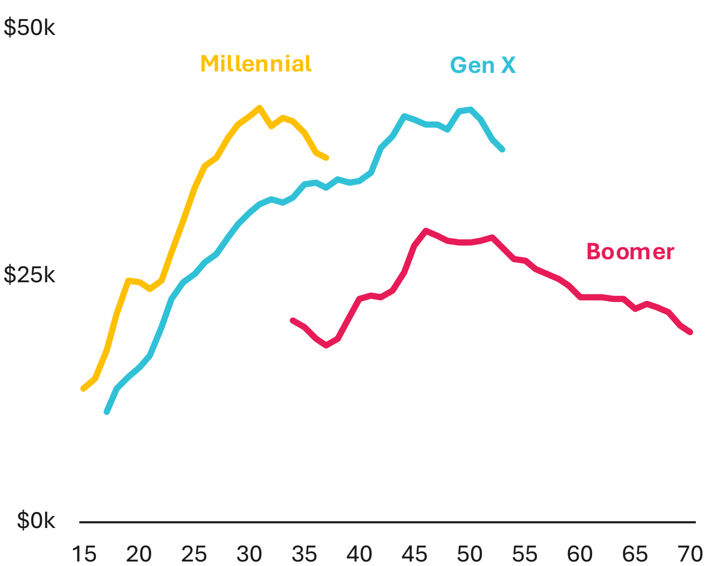
Median age of first-time homebuyers



Source: NAR, Redfin, Census Bureau, BCG Center for Macroeconomics

3 | Earlier debt burdens

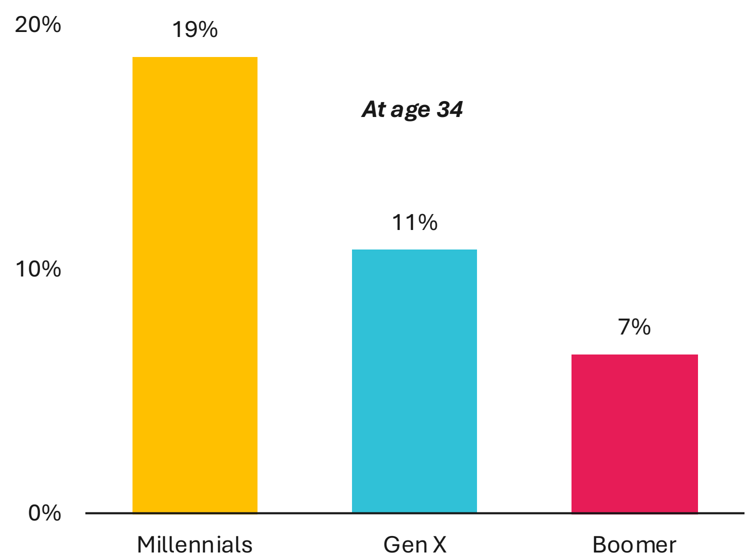
Consumer debt per household



Source: Federal Reserve Board, BCG Center for Macroeconomics

4 | More exposure to markets

Corporate equities and mutual fund shares as a % of assets



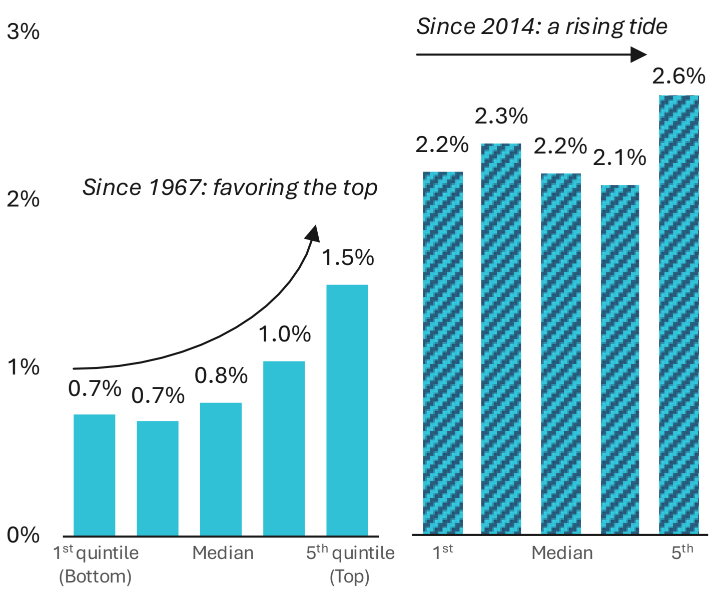
Source: Federal Reserve Board, BCG Center for Macroeconomics

FIGURE **C**

Wage growth

1 | Income growth favored the top quintile, now a rising tide

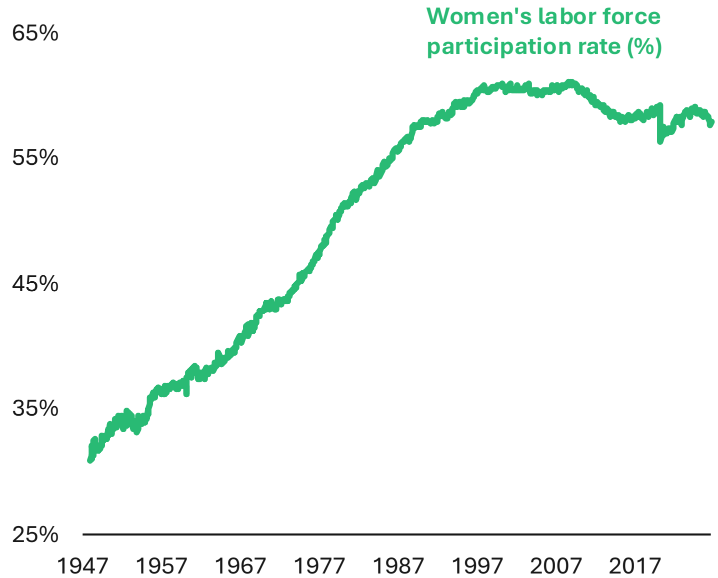
Real household income growth



Source: Census Bureau, BCG Center for Macroeconomics

2 | Women join the labor force, creating dual income households

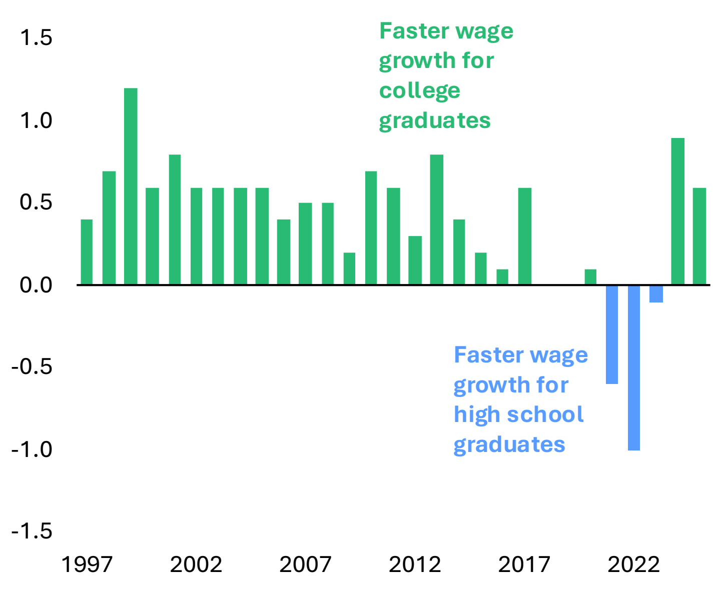
Labor force participation rate, women age 20+



Source: Census Bureau, BCG Center for Macroeconomics

3 | High school grads briefly saw faster wage growth

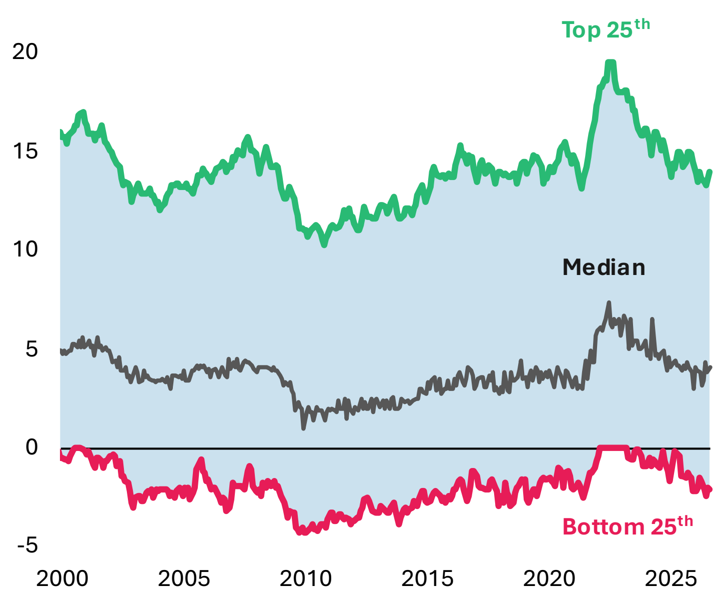
Annual wage growth: college degree minus high school (no college)



Source: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, BCG Center for Macroeconomics

4 | At least 25% of workers see zero or negative wage growth

Nominal wage growth by percentile



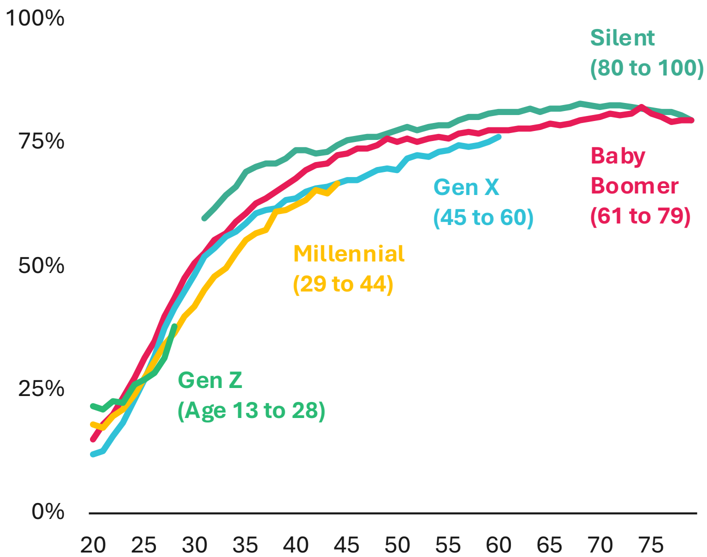
Source: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta, BCG Center for Macroeconomics

FIGURE **D**

Homeownership

1 | Youth homeownership catches up eventually

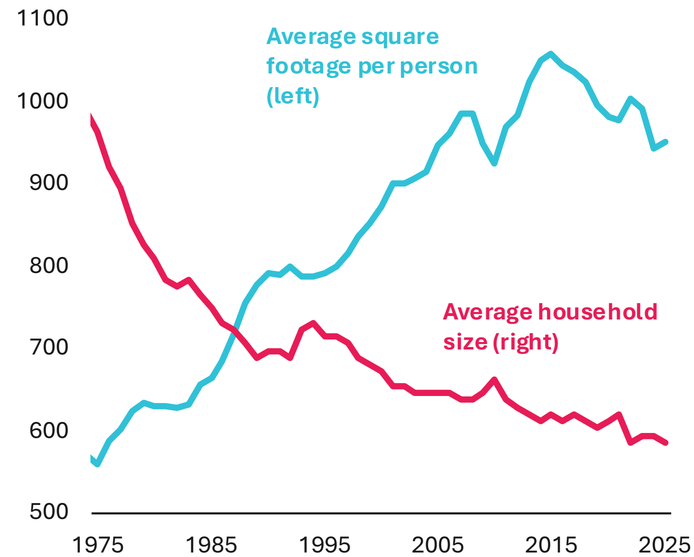
Homeownership rate by age and generation



Note: % of households that are in owner-occupied dwellings
Source: IPUMS, Census Bureau, BCG Center for Macroeconomics

2 | Homes grow bigger while households grow smaller

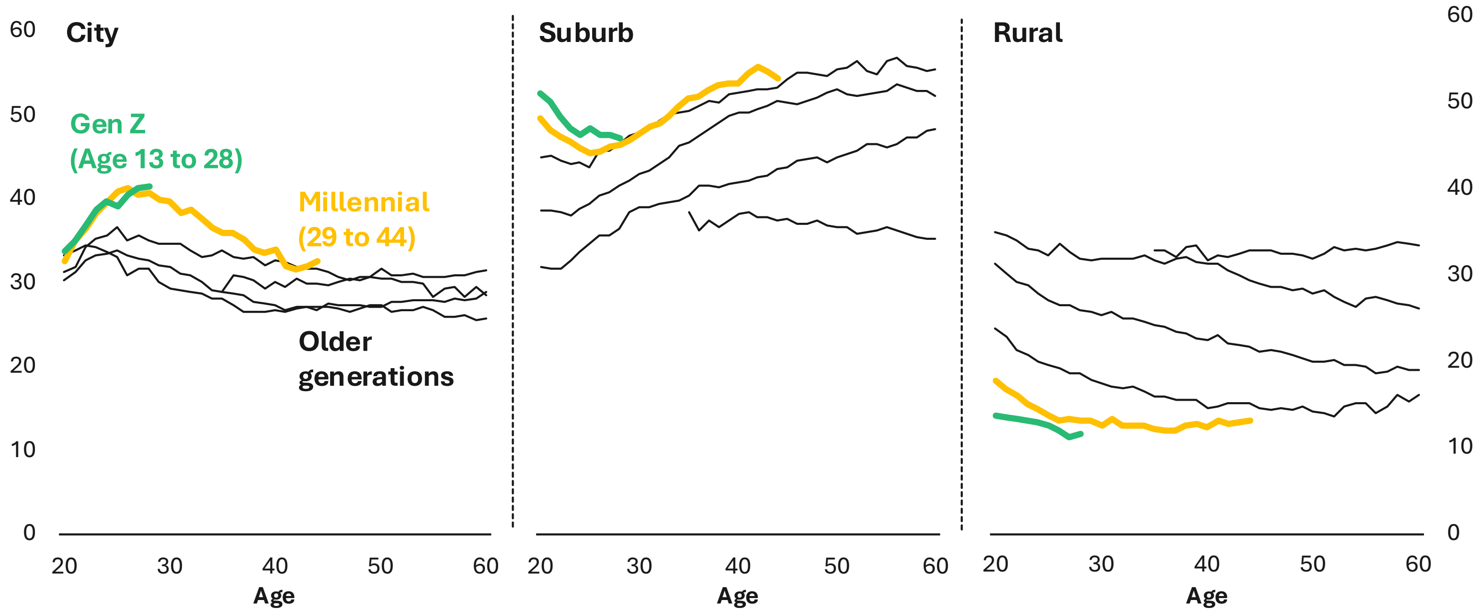
Square feet and persons per household



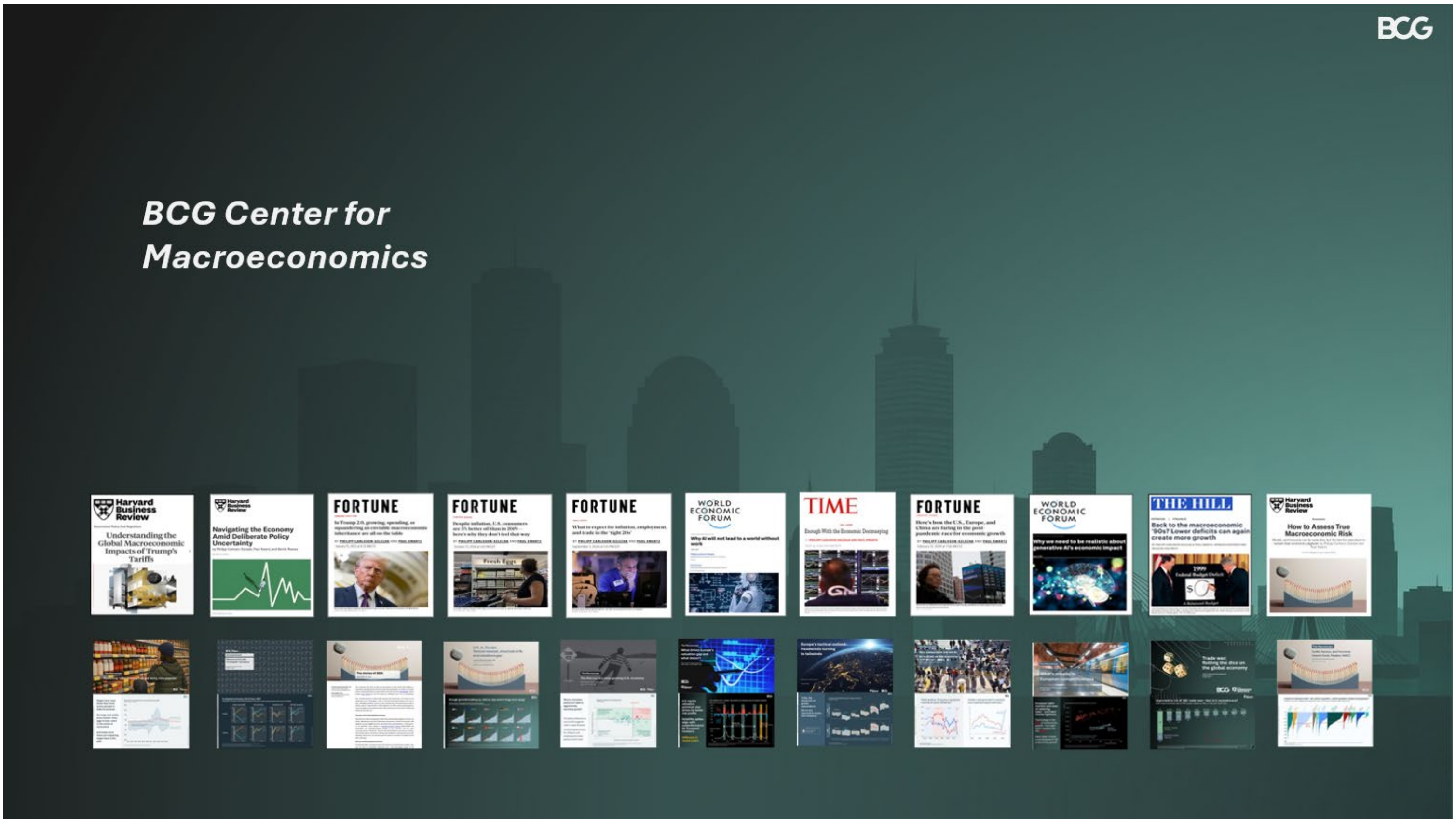
Source: Census Bureau, BCG Center for Macroeconomics

3 | 90% of young people live in cities or suburbs

Share of households by age and urbanicity



Source: IPUMS, Census Bureau, BCG Center for Macroeconomics



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