Cost of Living

A study to look at how the cost of living for 16-25s is changing

Inflation

All Ages ▲ +2.2%

18-25s ▼ +1.8%

Inflation is **lower** for 18-25s

Rent | Food | Tuition | Transport

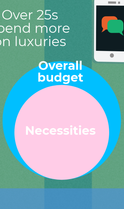
Subsidies/regulation in these areas explain this

But **inflation** hits young people **harder**

Young people spend more on necessities

Over 25s spend more on luxuries

It's estimated (in the US):
~64% of young people's income is spent on just **necessities**
(rent, groceries and utilities)



Wage Growth

All Ages ▼ +2.9%

18-25s ▲ +2.15%

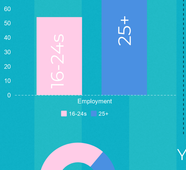
Wage growth is **26% lower** for 18-25s

And real wage growth is **57% lower!**

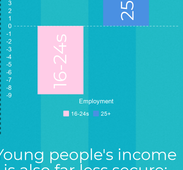
Other Factors

Employment opportunities are **worsening** while wage growth **benefits over 25s**

Employment in 2017



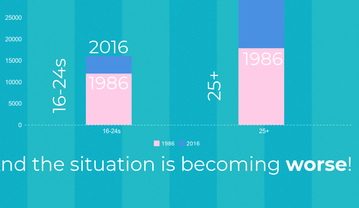
Change from 2004 to 2017



Young people's income is also far less secure:

36% of all people on **zero-hours** contracts are between 16-24

Under 25s also have **~50% less disposable income**



And the situation is becoming **worse**!

Finally, young people are paying **more and more** to **rent** every year

Since 2011, the **cheapest 25%** of property has risen in price by **29%**

The most **expensive 25%** has only risen by **15%**

Summary

Inflation is lower for young people

BUT

Their wages are growing slower than over 25s - real wages even more slowly

Their job prospects are getting relatively worse

They have less disposable income while over 25s are attaining more

And it's getting harder and harder for them to pay rent

Government policy needs to support young people more!

Sources & Methodology

The inflation rate for young people was calculated by applying a ranked system (from 0-2) of weighting to specific groups of items in the CPI (Consumer Price Index).

For example, tuition fees were rated a 2 (used significantly more by young people), clothing was rated a 1 (average) and childcare costs were rated a 0 (barely used by young people).

We came to an inflation figure for young people that was lower than that of older people primarily because of limited inflation in the food and drink category and because of subsidies for services young people use particularly often (e.g. tuition fees and transport costs).

Inflation statistics: ONS
Wage growth statistics: ONS
Disposable income statistics: ONS
Employment statistics: ONS
Rental prices: ONS
Luxury/necessity spending statistics: Go BankingRates - https://www.gobankingrates.com/making-money/jobs/heres-many-hours-work-afford-millennial-lifestyle/