

Gen Z Battles Steeper Living Costs 20 Years After Millennials

A generational cost-of-living comparison reveals the widening financial gap between Millennials in 2005 and Gen Z in 2025

LONDON, UNITED KINGDOM, October 27, 2025 /EINPresswire.com/ -- A new study by [The TEFL Academy](#) reveals how the cost of living for young people in the UK has outpaced salary growth over the past 20 years, comparing Millennials in 2005 to Gen Z in 2025, and showing that financial independence has become far harder to achieve. The study draws on data from the Office for National Statistics, UK Land Registry, Graduate Labour Market Statistics, and verified education and labour market surveys, using inflation-adjusted benchmarks across housing, transport, education, groceries, and debt to paint a generational picture of how affordability and purchasing power have shifted for Millennials entering the workforce in 2005 compared to Generation Z in 2025 relative to income.

In 2025, Gen Z in the UK faces a challenging financial reality far tougher than that of the Millennials two decades earlier, in 2005. With soaring rents, high house prices, student debt levels nearing unprecedented heights, and everyday living costs rising faster than wages, many are struggling to achieve financial independence. These pressures have forced many young people to delay milestones like moving out, family formation, and saving, while relying more heavily on credit or family support to manage daily expenses.

While graduate starting salaries have seen some growth, they remain relatively modest compared to rising living costs. In 2005, the average annual graduate starting salary was around £21,000, (https://assets.publishing.service.gov.uk/media/67e6b6b296745eff958ca027/LPC_2025_Uprating_Report.pdf) rising to £32,000 (<https://explore-education-statistics.service.gov.uk/find-statistics/graduate-labour-markets/2024>) in 2025 per year, an increase of just over 50%, depending on industry, location, and experience. According to the [ISE Student Recruitment Survey 2024](#), higher starting salaries are concentrated in sectors like finance and technology, and in London. This modest growth means many graduates face affordability challenges as living expenses have increased at a far faster pace.

The average UK rent has nearly doubled, rising from about £700 per month in 2005 (<https://www.landecon.cam.ac.uk/sites/default/files/2024-01/prs-report.pdf>) to around £1,348 in 2025,

(<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025>) a 93% increase. Regional variations show rents rising approximately 100% in England, 24% in Wales, 50% in Scotland, and 30% in Northern Ireland according to [ONS Private Rent and House Prices UK July 2025](#). For many Gen Z renters, monthly rent payments rival or even exceed half of their take-home pay, pushing them towards shared housing or longer commutes from more affordable areas. Combined with stagnant wage growth and higher living costs, this surge in rent underscores the growing difficulty of achieving financial independence for today's graduates compared to Millennials two decades ago.

Basic grocery costs such as bread, milk, rice, meat, and eggs have increased significantly in the UK over the past two decades. The average monthly spend on groceries rose from around £234 in 2005

(<https://cy.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/april2022tomarch2023>) to approximately £418 in 2025

(<https://www.nimblefins.co.uk/average-uk-household-cost-food>), reflecting a 79% increase that includes some dining out and varies by region and household size. Weekly grocery costs show a similar trend, rising from £35-£50 in 2005

(https://en.wikipedia.org/wiki/Living_Costs_and_Food_Survey?utm_source=chatgpt.com) to £65-£75 in 2025

(https://foodfoundation.org.uk/news/food-prices-tracker-january-2025?utm_source=chatgpt.com), an approximate 65% increase. Food price inflation surged after 2022 but has since stabilised with annual increases around 5%, outpacing general inflation and wage growth, thereby adding considerable pressure on household budgets. For many young professionals, these rising food costs have forced lifestyle adjustments, from reducing dining-out frequency to prioritising discount retailers and meal planning. While salaries have grown only modestly, the disproportionate rise in grocery prices has eroded disposable income, leaving many Gen Z households with less flexibility to save or manage unexpected expenses compared to Millennials twenty years ago.

Transport costs have risen sharply, with average daily rail return tickets doubling from £10-£12 in 2005 (<https://www.rmweb.co.uk/forums/topic/180368-rail-fare-inflation-then-vs-now>) to £24-£28 in 2025. (<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/docw/mm23>)

Season tickets, especially in London, have reached over £3,500 per year, up approximately 192% from around £1,200 in 2005. Bus fares and other transport costs have similarly increased, while fuel price rises of 52-71% for petrol and 40% for diesel compound commuting costs. Additionally, fuel prices have also increased significantly, with petrol rising from approximately £0.85 per litre to £1.37, (https://en.wikipedia.org/wiki/Hydrocarbon_Oil_Duty) and diesel from £1.00 to £1.40 per litre (https://en.wikipedia.org/wiki/Hydrocarbon_Oil_Duty) over the same period, adding to daily expenditure pressures. These rising transport costs disproportionately affect young professionals and graduates, who often rely on public transport or personal vehicles for commuting to work or education. Combined with other living expenses, higher commuting costs reduce disposable income, limit financial flexibility, and make independent living significantly more challenging for Gen Z compared to Millennials entering the workforce in 2005.

The cost of higher education has risen dramatically, with average university tuition fees escalating from around £1,175 per year in 2005 (<https://researchbriefings.files.parliament.uk/documents/CBP-10155/CBP-10155.pdf>) to £9,250 in 2025. (<https://questions-statements.parliament.uk/written-statements/detail/2025-01-20/hlws369>) Concurrently, average student debt has ballooned from about £12,000 in 2005 (<https://www.theguardian.com/money/2004/dec/01/studentfinance.students>) to over £53,000 in 2025, (<https://m.economictimes.com/nri/study/a-degree-from-uk-is-likely-to-leave-you-in-debt-shows-survey/articleshow/122048214.cms>) drastically increasing the financial burden on graduates. This debt must be repaid at interest rates linked to inflation, currently around 5.6%, meaning the loan balance can grow faster than anticipated. Graduates begin repayment only when income exceeds £27,295 per year (<https://humboldtfinancial.co.uk/gen-z-money-2025/>) (2025 threshold), with repayments capped at 9% of income above this level. As a result, many Gen Z graduates start their careers with significant debt obligations that effectively reduce their disposable income and restrict financial flexibility, delaying milestones such as home ownership and retirement savings well into their 40s or beyond according to the Pensions Policy Institute 2025. (<https://www.pensionspolicyinstitute.org.uk/media/sihn1rfm/20250226-the-concerns-of-gen-z-final.pdf>)

Rhyan O'Sullivan, Managing Director at The TEFL Academy said: "We're witnessing a generation that's working harder and earning more on paper, but owning less in reality. The cost of simply existing; housing, education, transport, has grown faster than wages. It's not just a financial gap; it's a generational one, reshaping what it means to succeed. Yet in the face of these challenges, Gen Z are redefining success on their own terms. They're looking beyond borders, seeking opportunity, freedom, and a sense of purpose wherever they can find it. That spirit of reinvention is what will define this generation."

The study highlights that Gen Z in the UK are facing a cost-of-living crisis more acute than anything Millennials experienced at the same age. Beyond economics, this has become a social challenge: more young adults are staying in the family home into their late 20s or 30s, relying on credit, and delaying family formation. Despite being highly educated and digitally connected, Gen Z are more financially insecure than Millennials were two decades ago.

David Perry, a British citizen working as an TEFL (Teach English as a Foreign Language) teacher in Vietnam, shared his experience and said: "Well, I had previously studied for, and subsequently earned, a Bachelor's degree in English, Media and Cultural Studies from Liverpool John Moores University, but it hadn't really helped me with my professional life so far. That was until I discovered the industry of teaching English abroad, and the seemingly never-ending benefits that come with it. If you're in Hanoi, you can expect to earn between £1,250–2,500 per month, depending on your qualifications and experience. The cost of living is low, which means your income goes a long way. A comfortable, even luxurious lifestyle is entirely possible. For me personally, on average per month I earn £1750, pay £225 in rent, and spend £150 on necessities. If you consider that the price of a coffee, a beer, or a sandwich costs £1, then I'll let you do the math as to how much you think you could possibly earn and save whilst working and living

here.”

The Cost of Being Young in 2005 vs 2025 in the United Kingdom (<https://press.theteflacademy.com/>) aims to spark discussion about the widening affordability gap and explore ways to better support young people. The findings make it clear: Gen Z are paying significantly more for life’s essentials than Millennials ever did- with long-term consequences for stability, savings and opportunity.

For the full report, visit The Cost of Being A Young Adult in 2005 vs 2025 in the UK (<https://press.theteflacademy.com/>)

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