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WHY ARE MORE YOUNG ADULTS LIVING WITH THEIR PARENTS?

By Geoffrey T. Sanzenbacher*

Introduction

Recent media stories have attracted renewed attention to a rise in young adults living with their parents.[1] Explanations range from the economic (e.g., rising housing costs) to the social (e.g., smart phones keeping kids more tethered to their parents). Interestingly, young adults aren't the only ones moving in with family. More Americans across the age spectrum are living in so-called "multigenerational" households. This *brief* – the first in a series of two – focuses on the experience of young adults ages 25-34. It explores whether economic forces are driving this trend or if other factors are also at work. The second *brief* will focus on the other end of the age spectrum: retirees who move in with their middle-aged children.

This *brief* proceeds as follows. The first section provides trends in multigenerational living by age. The second section looks at existing research on why more young people might be living with their parents, and the third section discusses the approach used in this analysis. The fourth section provides results. The final section concludes that rising rental costs, fewer rental vacancies, and general price increases since the Great Recession may explain some, but not all, of the trend in young adults living with their parents – which means that other forces that are harder to measure also seem to be at work.

While beyond the scope of this *brief,* understanding these other forces is an important topic for future research. At a societal level, young adults who live with their parents are less likely to start families. And at an individual level, these arrangements seem to stunt the accumulation of wealth.[2] Plus, to the extent that higher rates of parental co-residence have common cause with recent declines in marriage and fertility, identifying these connections may inform a broad spectrum of research and policy questions that remain poorly understood.

Trends in Multigenerational Living

To explore trends in multigenerational living, this *brief* uses the *Current Population Survey's Annual Socioeconomic March Supplement* (CPS-ASEC) from 1996 to 2025.[3] One feature of the CPS is that it surveys all members of a household. It first identifies the "householder," i.e., the person (or one of the persons) who owns or leases the home. The sample also includes this person's spouse/partner, children, and any other relative or roommate/boarder that resides in the household. For each individual in the CPS-ASEC, this *brief* classifies their living status in two ways:

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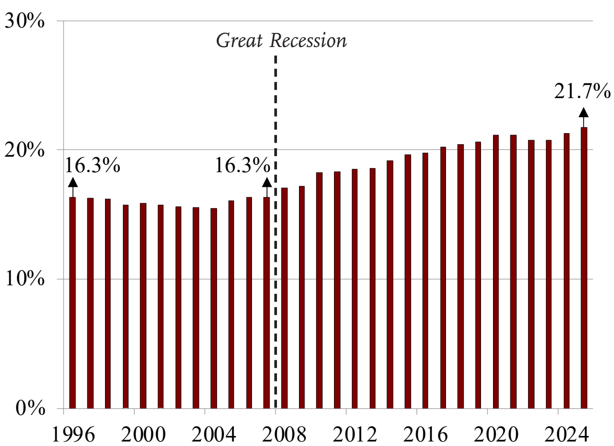
1. *In a Multigenerational Household:* A household in which at least two adult generations are present (adults ages 25+).[4]
2. *As "Host" or "Guest":* The host is the householder or their spouse. All other individuals residing with them are considered guests.

Figure 1 shows the share of adults ages 25+ living in multigenerational households. From 1996 to the eve of the Great Recession in 2007, the number stayed relatively flat. However, it then rose by nearly one-third between 2007 and 2025.

Figure 1. Share of Individuals Ages 25+ Living in Multigenerational Households, 1996-2025

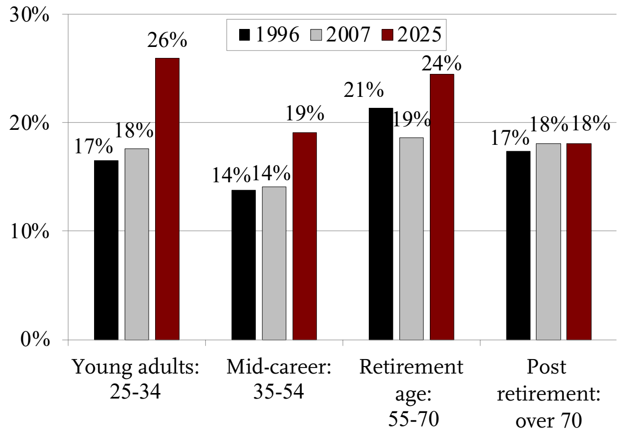


Note: All figures and tables in this *brief* are weighted to be nationally representative.
Source: Author's calculations from the *Current Population Survey March Supplements* from IPUMS (CPS-ASEC) (1996-2025).

Figure 2 shows this trend across the age distribution of adults. Two items are of note. First, while young adults – the subject of this *brief* – have seen the fastest rise in multigenerational living, *all* age groups have seen increases. Second, except for older Americans, most of this growth has occurred since the Great Recession, suggesting that economic factors could be important.

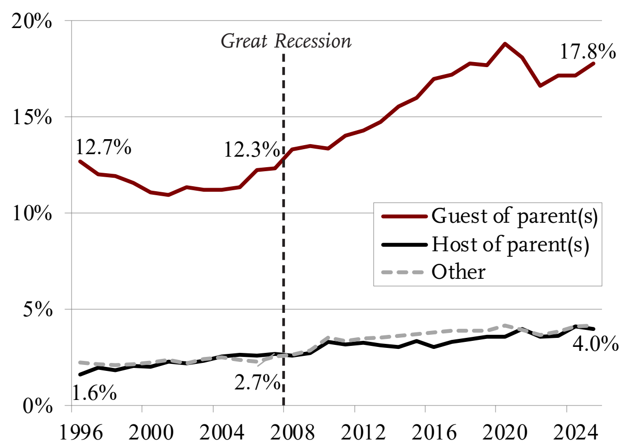
Beyond the overall rise in multigenerational living among young adults, Figure 3 highlights that recent news headlines have a point. Despite a dip during COVID-19, the majority of growth among those ages 25-34 has been through living as "guests" of their parents (or, in rare cases, their grandparents).[5] That's not to say that other arrangements aren't rising too – the share of young adults *hosting* their parents increased from 1.6 to 4.0 percent. But that arrangement still accounts for a small share of multigenerational living for young adults and, in any case, will be discussed more in the next *brief*. For now, the question is: why are young adults living as guests of their parents more often than before the Great Recession?

Figure 2. Share Living in Multigenerational Households by Age, 1996, 2007, and 2025



Source: Author's calculations from IPUMS CPS-ASEC (1996, 1997, 2025).

Figure 3. Share of 25- to 34-Year-Olds in Multigenerational Households by Arrangement, 1996-2025



Notes: In rare cases, parents includes grandparents. "Other" includes living with relatives like uncles and aunts or even non-relatives.
Source: Author's calculations from IPUMS CPS-ASEC (1996-2025).

Kids Living with Parents: What Do We Already Know?

Along with the popular press, academic researchers have also taken note of the rise of multigenerational living among young adults. For example, a 2022 study noted that it had reached the highest rate since at least 1971.[6] Regarding potential causes, the same study noted that the increase was more extreme among the less educated and suggested that lower earnings might play a role, but did not examine the issue. A 2022 study of adults living in multigenerational households found that two-thirds said financial issues were a reason, but it did not explore empirically whether those issues were becoming more prevalent over time.[7]

However, a 2016 study did find a specific connection between economic forces and the rise in young people living with their parents. It showed that lower wages, fewer jobs, and higher rental costs were all associated with higher rates of young adults living with their parents.[8] Indeed, that study found that economic forces could explain the entire rise in multigenerational living between 1960 and 2011 for young men. And, while young women seemed less responsive to economic conditions, these variables still explained much of the rise for them. But the analysis stopped at 2011, right at the beginning of the recent sharp increase.

Methodology

The analysis begins with a sample of individuals ages 25-34 from the CPS. The focus is on the probability that these young adults are guests in their parents' home.

The goal is to explain the recent rise by determining the relative influence of the economic forces triggered by the recession vis-à-vis other unknown, "softer," forces. To this end, a regression analysis is performed that controls for individual-level characteristics and also economic conditions. On the individual side, the regression controls for age, whether one is a college graduate, race/ethnicity, state of residence, residence in a metro area, and the area's population.[9] These variables are meant to capture the possibility that the trend over time is due to some demographic force. For example, one possibility is a rise in the share of individuals identifying as Hispanic, who may also be more likely to live with their parents for cultural reasons. Or, it could be that more people are living in states where policy or culture may make living with parents more amenable. Because the 2016 study above noted differential effects for men and women, the regressions are run separately for these two groups.

Next, several state- and regional-level variables are included as inspired by the 2016 study. First, two measures are used to capture the supply of housing: 1) the rental unit vacancy rate; and 2) the real monthly fair market rent as estimated by the U.S. Department of Housing and Urban Development.[10] Then, two variables that measure labor market opportunities are also included: 1) the employment rate; and 2) the median annual earned income for people of the same education and state of residence as the respondent. These group labor measures are for those slightly older – ages 35-44 – than the individuals considered to avoid collinearity with education and state of residence and to limit endogeneity with living with parents (e.g., living with parents could discourage finding a new job or being out of work could encourage living with parents).[11] Finally, to see if cumulative cost increases beyond just housing play a role, two regional inflation measures are added: 1) the most recent three years; and 2) a longer-term measure covering the three years before that. So, a total of six years of inflation are captured.[12]

The equation used is:

Prob(being parents' guest) = f(demographics, location, labor market, rental market, prices, year)

Table 1 (on the next page) shows how these variables have changed since right before the Great Recession. The table makes clear that if economic factors are behind the rise in young adults living with their parents, the rental market or longer-term price increases must play a role. While recent employment rates are similar to pre-recession levels and real wages have increased, rental vacancies are relatively low. And rental costs have risen faster than income combined with a burst of more general inflation in 2021 and 2022.[13] Could the tight housing market and rising costs be the main drivers behind the increase in young adults living with their parents?

Table 1. Economic Conditions, 2007 and 2025

	2007	2025	% change
Rental market			
Vacancy rate	9.9%	7.1%	-28.4%
Average fair rent*	$1,288	$1,715	33.2
Regional price increases			
Recent three years	6.3%	5.9%	-5.5
Prior three years	8.0	17.0	113.0
Labor – women			
Emp. rate, 35-44	73.1%	75.2%	2.8
Median wage, 35-44*	$44,535	$54,742	22.9
Labor – men			
Emp. rate, 35-44	88.5%	87.1%	-1.6
Median wage, 35-44*	$68,801	$74,155	7.8

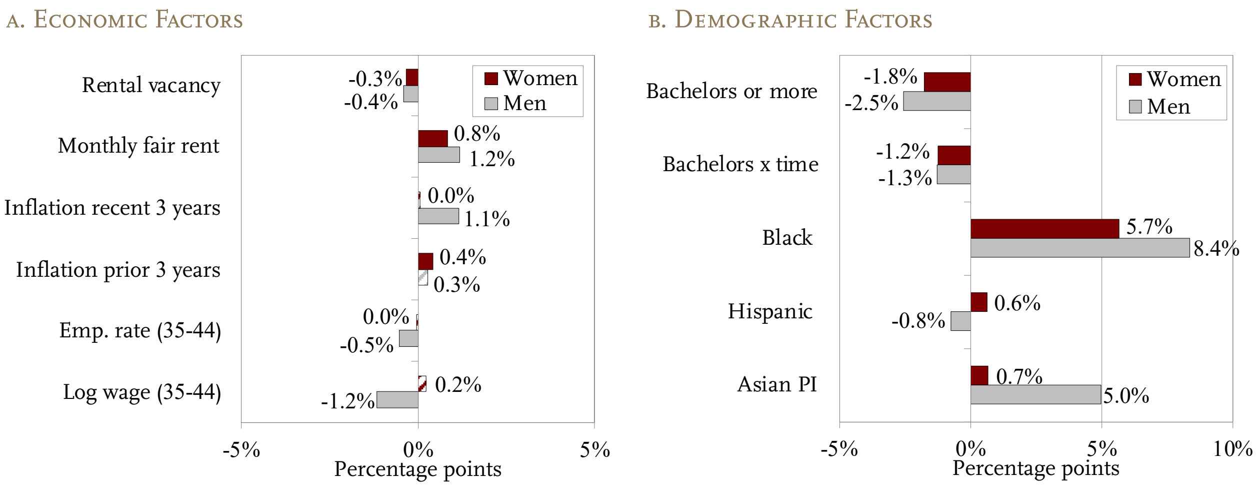
* Values expressed in 2025 dollars.
Sources: Author's calculations from CPS-ASEC (1996-2025); U.S. Census Bureau (2026); and U.S. Department of Housing and Urban Development (2026).

Results

The regression results show the effect of key variables on the probability that someone lives with their parent as a guest. For both women and men, rental market conditions play a statistically significant role (see Figure 4a). Monthly rent has a much bigger effect than vacancy rates – a one-standard-deviation change in state-level monthly rent increases the odds of living with one's parents by 0.8 and 1.2 percentage points for women and men, respectively. With respect to prices, men seem quite responsive to recent price changes while women are more responsive to past changes, an important distinction since the bout of unusually high inflation following COVID is now a few years distant. On the labor market side, similar to the earlier study, men are more responsive. For men, higher employment rates and wages are associated with significantly lower rates of parental living. No significant effect is observed for women.

The figure also shows that different demographic groups have different rates of living with parents (see Figure 4b). Those with a bachelor's degree or more are significantly less likely to have this arrangement,

Figure 4. Estimated Marginal Effect of Select Variables on Odds of Living with Parents as a Guest, by Gender

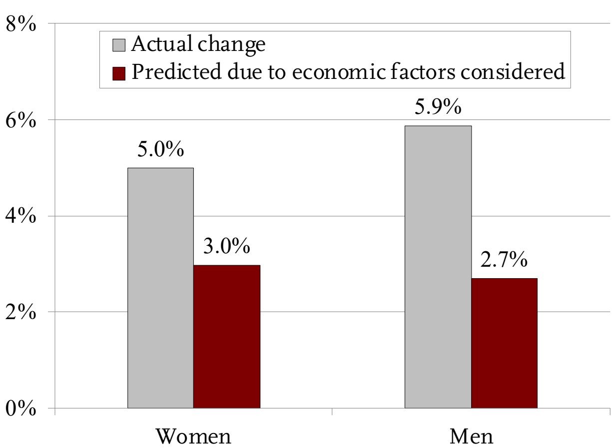


Notes: In rare cases, parents includes grandparents. Continuous variable marginal effects reflect a one-standard-deviation change. Regression also includes indicators for residence in a metro area, metro area population, age, year of observation, and state. Solid bars are significant at least at the 5-percent level.
Sources: Author's calculations from CPS-ASEC (1996-2025); U.S. Census Bureau (2026); and U.S. Department of Housing and Urban Development (2026).

a gap that has been growing with time. Black individuals and Asian men are significantly more likely to live with parents. But even though the coefficients on Black individuals and Asian men are large, their population shares have grown less than have those with a bachelor's degree. The effects essentially net out. So, despite their statistical significance, they provide little explanation for the increase in adult children living with parents.

Overall, then, economic conditions do partially explain the increase in young adults' living with parents, accounting for a bit more than half the increase for women and a bit less than half for men. Figure 5 illustrates this result by using the regression results in a counterfactual exercise: changing the economic variables to equal their 2007 values and seeing how much the predicted share living with their parents would be expected to drop. The answer is 3.0 and 2.7 percentage points higher for women and men respectively. But the share living with parents increased by more since 2007 – by 4.9 and 5.9 percentage points. The finding that these variables do not fully explain the rise shouldn't be surprising. Table 1 shows that while rental markets have deteriorated significantly since 2007, labor markets have returned to normal (and don't matter for women in any case). And while rising prices matter, the COVID-era inflation only still seems to have an impact on women at this point.

Figure 5. Actual Vs. Predicted Increase in Share Living with Parents as a Guest by Gender, 2025



Note: In rare cases, parents includes grandparents.
Sources: Author's calculations from CPS-ASEC (1996-2025); U.S. Census Bureau (2026); and U.S. Department of Housing and Urban Development (2026).

What other factors – beyond economics and demographics – could be at play here? Determining these factors is beyond the scope of this study. But a little informed speculation can identify some plausible influences. One possibility is that the rise in these living arrangements are just side effects of declining marriage and fertility rates – if one is not married with kids, living with one's parents could be seen as a viable option. The problem is that these trends are not very well understood either. On marriage, the decreased economic necessity of marriage – as women's earnings and employment growth have outpaced men's for decades – could be a factor.[14] And the explosion of digital technologies that give alternatives to in-person relationships combined with an increased emphasis on careers versus child-rearing likely plays a role.[15]

But the other possibility is that the rise in living with parents is somehow a cause of declining marriage and fertility. For example, perhaps increased closeness to parents facilitated by smartphones or even just gentler parenting styles leads young adults in their 20s and early 30s to be more comfortable living with their folks. But, then, the arrangement can become longer lasting. Indeed, some research has shown that those living with parents in these crucial years are much less likely to form their own households later in life.[16] Whatever the cause, understanding the rise in young adults' multigenerational living is an important topic for future research.

Conclusion

The attention paid to young adults living with their parents can sometimes seem judgmental – why can't these kids grow up? A 2006 romantic comedy entitled "Failure to Launch" even made light of the arrangement. But the questions and consequences surrounding its rise are real and important. Economic factors supply only a partial answer.

As policymakers across the developed world grapple with the implications of declining marriage and fertility for the finances of social insurance programs, the issue of more adult children living with parents should also be on their radar. To the extent that a rise in living with parents shares common cause with declining marriage and fertility, then understanding it could shed light on these trends as well. If, instead, the increase in living with parents is actually driving these declines, understanding it becomes even more salient.

Endnotes

1 For example, see Schieber (2026) or Gorny (2026).

2 See Choi, Zhu, and Goodman (2019) for a discussion of the effect of living with parents on household and wealth formation.

3 1996 is chosen as the starting point because it is the first year that self-reported health data are available, an especially important variable for the older Americans explored in the second *brief*.

4 This definition includes parents living with adult children and also other relatives either 20 years older or 20 years younger than the CPS-identified "householder." A multigenerational household could potentially only include one adult generation if, say, grandparents reside with their minor grandchildren without the grandchildren's parents present. This *brief* follows a similar definition as Cohn et al. (2022). The data do not allow separate identification of those who moved into one of these households after living independently versus those who have lived in one of these households their entire lives.

5 Less than 5 percent of those living as guests with parents or grandparents lives with a grandparent.

6 See Fry (2022).

7 See Cohn et al. (2022). Other indirect evidence that economics might matter is that multigenerational living has been more common among typically lower-income groups, like those with less education and Black and Hispanic individuals. For example, see He and Jia (2024) or Cohn et al. (2022) for recent data on race and education. See Blank (1998) for information on newly arrived immigrants.

8 See Matsudaira (2016).

9 Status as a bachelor's degree holder is also interacted with time in the event that increases in student debt have changed this variable's impact.

10 A variable measuring homeowner vacancy was also included but did not approach significance, likely due to collinearity with rental vacancy. Data on housing costs at the state level were also considered, but quality data going the full length of the analysis are lacking.

11 Matsudaira (2016) took a similar approach.

12 Longer term inflation was considered but did not matter for either gender.

13 For information on how the Great Recession may have had long-term impacts on housing, see Gete and Reher (2018) or Le (2025).

14 For example, see Lundberg, Pollak, and Stearns (2016) for a discussion of declining marriage rates, their potential causes, and the difficulty understanding them.

15 See Kearney and Levine (2026) for a discussion of declining fertility and its potential causes.

16 See Choi, Zhu, and Goodman (2019) for a discussion of the long-term impact of living with parents.

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