

A Growing Divide: U.S. Concentration of Wealth

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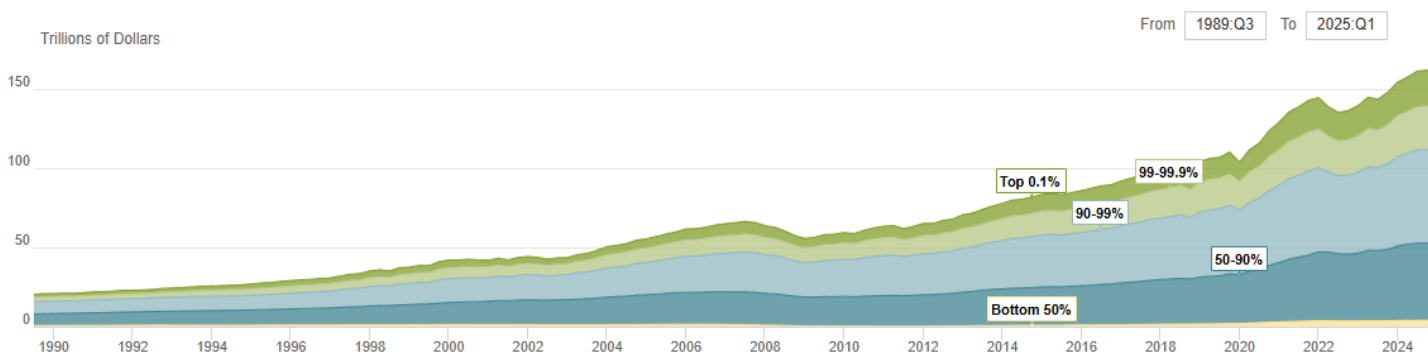
The United States is often regarded as the wealthiest country in the world; yet the nation's wealth is disproportionately concentrated among the top 10% of earners. The concentration of wealth over the last few decades has accelerated at a faster rate both in historical terms and relative to other developed nations. Meanwhile, over 30 million Americans remain in or near poverty, as real wage growth has remained relatively flat since the 1970s, partly due to higher costs of living, which include housing, healthcare, and education. Over the last 30 years, a surge in asset values, including stock and home prices, has created a deeper divide between Americans who own assets and those who do not. To illustrate this point, if you have just \$5 in assets and no debt, you have a higher net worth than 20% of American adults.ⁱ

DISTRIBUTION OF WEALTH

In 2024, the 19 wealthiest households in the U.S. collectively saw their net worth increase by an estimated \$1 trillion.ⁱⁱ Today, the top 1% of households currently hold 30.8% of the nation's total wealth, over 12x more than is held by the bottom 50%. The trend of wealth accumulation by the top 1% is not new but has expanded over the last 35 years. In that time the bottom half of Americans have seen their share of proportional wealth decline by 29%, while the top 1% have increased their proportional share of the nation's wealth by 35%.ⁱⁱⁱ Economic gains in real estate, stocks, and other financial and nonfinancial investments have significantly benefited the wealthy. On the other hand, the bottom half has struggled to accumulate wealth given their tendency to hold minimal assets and have larger exposure to debt. Chart 1ⁱⁱⁱ illustrates the total wealth held by income group, with the bottom 50% depicted in yellow and the top 1% represented by a combination of dark and light green.

Chart 1

Wealth by wealth percentile group



Another valuable metric for measuring wealth inequality is comparing mean wealth to median wealth. Mean wealth is simply an average (adding up the population's net worth and then dividing by the number of people). Still, it can be misleading, given that a handful of high-net-worth individuals can skew the average higher, making it seem like the average person has more wealth than they actually do. Median wealth, however, is the value that splits the dataset in half, with 50% of individuals both above and below the median, making it a closer representation of the middle class. While the U.S. ranks fourth globally in mean wealth, it only has the 14th highest median wealth. The difference between the two is roughly \$450,000, which makes it the second-largest disparity of any nation. The large spread indicates that wealth is distributed more unequally in the U.S. compared to other countries worldwide.^{iv}

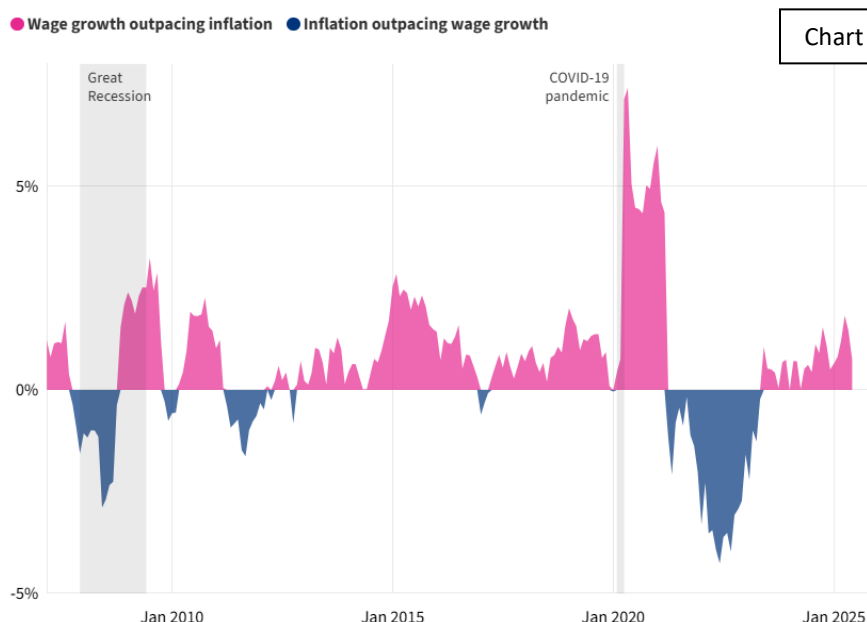
POVERTY LEVELS

Approximately 37.9 million people, roughly 11.5% of the U.S. population, are living in absolute poverty and struggling to meet basic needs.^v Poverty can be measured in two ways: absolute and relative. Absolute poverty is when a person cannot afford basic needs, while relative poverty looks at how someone's income compares to others in society. Measured by income, those classified as living in poverty in the U.S. subsist on less than \$480 per month.^{vi}

The official U.S. poverty measure was established in the 1960s and hasn't been reformed significantly despite changing economic conditions. Some experts argue that the measure no longer accurately reflects today's cost of living, with rising housing and medical costs. Although the poverty rate of 11.5% is relatively low versus historical standards, the U.S. has the highest poverty rate among the 26 most developed countries, and the second highest child poverty rate after only Mexico when compared to the top 35 richest nations.^v

IMPACT OF GROWING WAGES

In 2021, the top 1% of earners took home 14.6% of all wages, doubling their share from 7.3% in 1979. The bottom 90% received just 58.6% of all wages earned, the lowest figure in history. In the U.S., a salary of \$160,000 per year will put an individual in the top 10% of income earners.^{vii} Similarly, the salary needed to afford the average priced house in the U.S. was \$118,530. However, data in the last few years has pointed to a modest improvement in real wages as inflation trends cool from their 2022 peak. Chart 2^{viii} shows growth in real wages, when nominal wage growth outpaces the Consumer Price Index (CPI). The trend has largely been positive in the last decade, only marred by high levels of inflation seen post COVID.



HOUSING IN THE UNITED STATES

Over the past several decades, the U.S. housing market has undergone significant changes shaped by various economic cycles, generational preferences, and shifting demographics. Since 1967, housing prices have risen by over 1,000%^{ix}, with the average cost of a used home reaching \$416,900 and a new home averaging \$431,500 as of 2025^x. During the early 2000s, a housing boom, driven by easy credit and escalating property values, led to a surge in home sales that was unsustainable, ultimately culminating in the 2008 market crash. Following the financial crisis, home builders became more apprehensive to launch new constructions, leading to a shortage of housing being built in the past decade and a half.

In today's market, new homes represent only 13% of home purchases, while previously owned homes make up the remaining 87%.^{xi} In 2020, homebuyers aged 65 to 76 represented the largest age group of new homebuyers at 18%, followed by those aged 74 to 94 at 16%.^{xii} First time home buyers on the other hand, who tend to have lower incomes, continue to face record levels of unaffordability. The median yearly salary today covers only 14% of a new home's purchase price, which is lower than the 22% experienced at the height of the Great Depression, implying it is less affordable today for first-time home buyers than it was during the Great Depression.^{xii} Simultaneously, the share of renters experiencing a "rent burden," spending more than 30% of income on rent, has hit record highs, reflecting more affordability challenges within the housing market.^{xi}

CONCLUSION

Wealth inequality in the United States remains a challenging issue, with a significant portion of the nation's wealth concentrated among the top 1%. However, there are encouraging signs of progress for lower-income households. Real wage growth has remained positive in recent years, and the net worth of bottom income earners has marginally improved as well. Additionally, recently passed legislation will provide a \$1,000 investment for each child born between January 1, 2025, and December 31, 2028, an initiative aimed at helping all citizens, regardless of family income, begin building long-term wealth from birth. While major changes in housing affordability and wealth inequality may not shift dramatically in the short term, recent trends reflect smaller steps aimed at generating long-term financial security for more Americans.

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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ⁱ [CMD Data Bank - FEDERAL RESERVE BANK of NEW YORK](#)

ⁱⁱ [The 19 richest households in America added \\$1 trillion in wealth last year](#)

ⁱⁱⁱ [The Fed - Distribution: Distribution of Household Wealth in the U.S. since 1989s](#)

^{iv} [Ranked: Top 20 Countries by Average vs Median Wealth](#)

^v [U.S. Poverty Statistics and Facts \(Updated for 2025\)](#)

^{vi} [What is The Federal Poverty Level for 2025? - Benefits.com - We Make Government Benefit Program Information Easier to Understand](#)

^{vii} [How Much Income Puts You in the Top 1%, 5%, 10%?](#)

^{viii} [Charted: Are U.S. Wages Keeping Up With Inflation? \(2007-2025\)](#)

^{ix} [Housing price inflation, 1967→2025](#)

^x [Average US Rate on a 30-Year Mortgage Climbs to 6.83%, Highest Level Since Late February](#)

^{xi} [2024-home-buyers-and-sellers-generational-trends-04-03-2024.pdf](#)

^{xii} [Report: It's Harder to Buy a House Today Than It Was During the Great Depression - RELEVANT](#)