



Written by [Warren Mass](#) on October 16, 2019

# Millennials Projected to Change Spending Habits, Impact Economy

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Much has been written in recent years about Millennials — the generation of people that the Pew Research Center defines as those born from 1981 to 1996. Most of what has been written about Millennials has been less than flattering, and has focused mostly on the personality traits attributed to this generation. (*Time* magazine described them as the “me, me, me” generation.)



Whether such descriptions are based on facts or are merely anecdotal, whether they are fair characterizations or based on prejudice, one fact exists: Millennials represent a large demographic segment. A report published by Pew Research in March 2018, which cited the latest available data from the U.S. Census Bureau, said it expected Millennials to overtake Baby Boomers in population in 2019 to become the largest living adult generation in the United States.

On October 14, William Smead, CEO of Smead Capital Management — an investment management firm — appeared on CNBC’s *Squawk Box Europe* and spoke about how an upcoming major change in the spending habits of U.S. Millennials will have a significant impact on the American economy.

Smead predicted that following a 10-year period in which Millennials have “lived off discretionary spending,” U.S. adults aged between 23 and 38 years old will prioritize “necessity spending” over the next decade.

Smead said that this will mean young adults will soon stop spending most of their discretionary income on “Apple devices, craft beer, and Chipotle burritos” and instead spend their savings on major items such as houses and cars.

“That will be a whole different ball game” for the U.S. economy, Smead said.

“We just love this circumstance because it is very possibly the changeover point now for what we have



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been waiting for a long time,” Smead told *Squawk Box Europe*.

“So, we have got 89 million people in between 21 and 38 years old that are about to start their lives, form households, do incredibly economically impactful things and we don’t need anybody from outside the United States to cause that to happen.”

“And we are giving them the lowest interest rates in the history of the United States of America to form their lives. We are practically giving them the money to buy houses and buy cars etc,” he noted.

Another article published by CNBC back on October 7 observed a trend among Millennials that seemed to reverse a previously common characteristic among young people, who traditionally have been big spenders and poor savers.

The article quoted from a letter that Tavis McCourt (a Managing Director at Raymond James Financial, Inc.) wrote to clients on October 3, noting the effect that higher savings rates among Millennials is having.

“Savings rates are now higher leading to excess supply seemingly everywhere in the economy,” wrote McCourt.

It is somewhat ironic, that thrift, long considered a virtue by the older generation, is now regarded by some as being detrimental to the economy. Perhaps these experts have not considered the benefits to consumers of having a nest egg to fall back on during times of economic crisis.

*Warren Mass has served The New American since its launch in 1985 in several capacities, including marketing, editing, and writing. Since retiring from the staff several years ago, he has been a regular contributor to the magazine. Warren writes from Texas and can be reached at [wmass@thenewamerican.com](mailto:wmass@thenewamerican.com).*

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