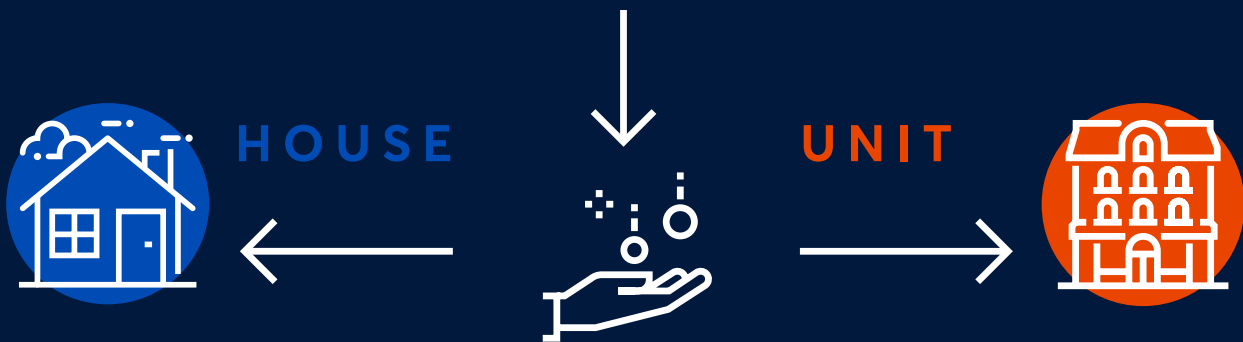


THE FADING AUSTRALIAN DREAM

40 Years of Change: Home prices compared to earnings, 1981 to 2021



This analysis of the largest 7 capital cities in Australia shows a clear trend of both house and unit prices growing faster than incomes over the last four decades.

From 1981 to 2021, the average fulltime total earnings for Australian adults increased 5.9 times, from \$15,800 (1981) to \$93,500 (November 2021).

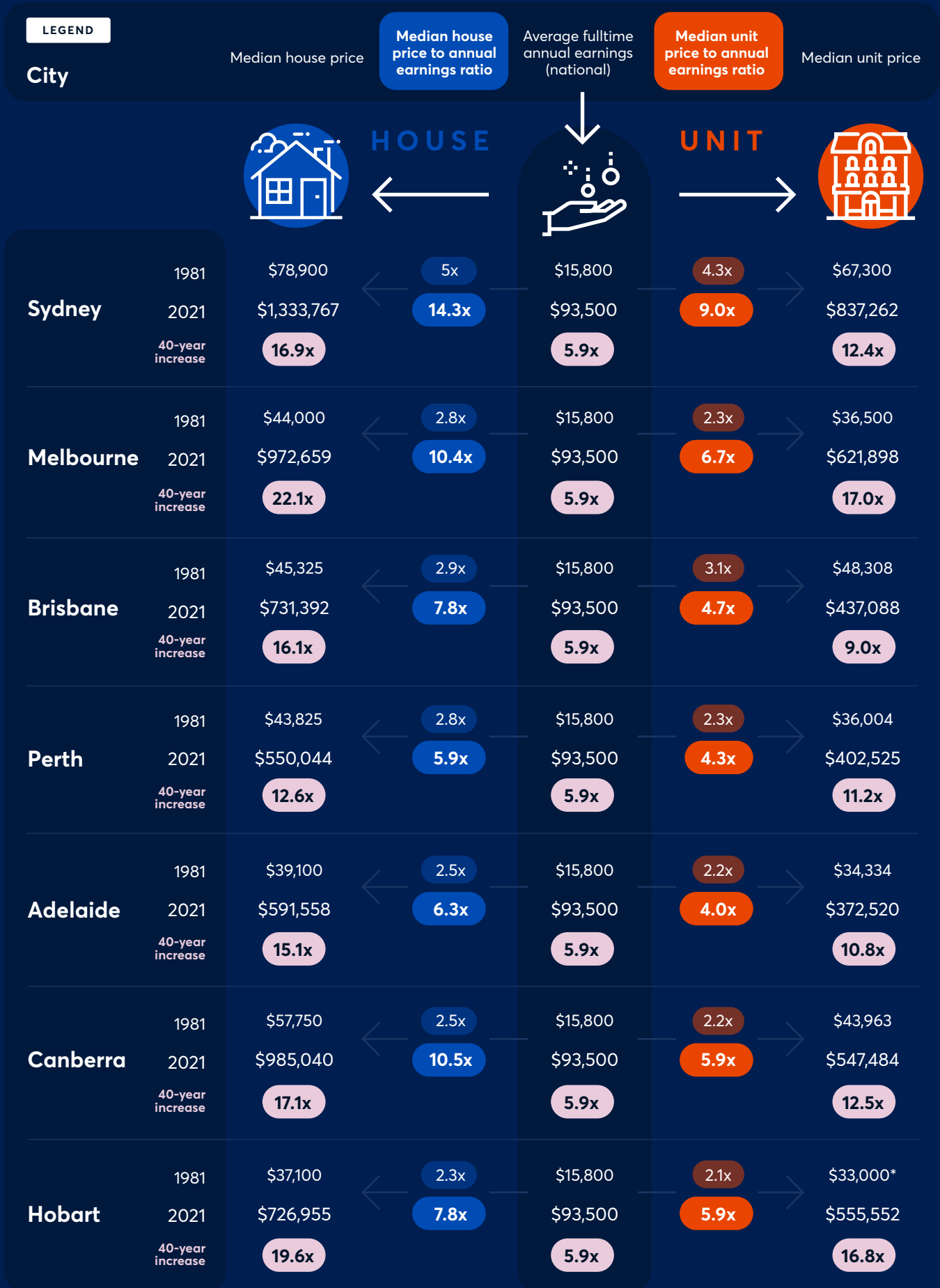
Over the same period of time, the lowest property price increase was units in Brisbane, which increased in price by 9.0 times over this period (from just over \$48,000 in 1981 to \$437,000 by November 2021). Melbourne house prices experienced the biggest increase over this period, a 22-fold increase, from \$44,000 in 1981 to more than \$973,000 currently.

When median property prices are converted to average annual incomes, the most affordable units are in Adelaide (4 times annual earnings) and the best priced houses are in Perth (5.9 times average annual earnings). The least affordable properties of both types are in Sydney with units now 9 times annual earnings, and houses 14.3 times earnings.

In real purchasing power terms, Sydney units are now twice as expensive in relative terms now (9.0x earnings) compared to 1981 (4.3x earnings). Over the same period of time, Sydney houses have become almost three times as expensive in relative terms (from 5x annual earnings in 1981 to 14.3x today).

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References

Historic property values: Abelson, P. 2004
 Current property values: Corelogic Home Values Index October 2021
 Average earnings (current and historic): ABS August 2021
 *Estimate based on 1984 Hobart unit price

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