

# Methodology

## How we calculated the difference in weekly earnings (1986 vs 2018)

To calculate the difference in weekly earnings for full time adults in 1986 versus 2018 we looked at average weekly earnings data from the Australian Bureau of Statistics (ABS) , comparing [2018's ordinary time earnings](#) with the [equivalent data from 1986](#). We looked at 1986, as this is the time when baby boomers were in their 20s or 30s and most likely to be established or on their way to becoming established.

To make this comparison fair, we calculated inflation on weekly earnings in 1986 to work out what the equivalent would be today using the [Reserve Bank of Australia's online inflation calculator](#).

We then calculated the percentage increase between total weekly earnings in 2018 versus 1986 to work out the difference in weekly earnings in today's terms.

**Table 1. Total weekly earnings for full time adults 1986 vs 2018 (ordinary time earnings) table**

Capital City	1986	Adjusted for inflation	2018	Difference in weekly earnings	% increase
Sydney	430.40	1,140.02	1,622.40	482.38	42.31
Melbourne	427.70	1,132.87	1,565.10	432.23	38.15
Brisbane	412.60	1,092.87	1,570.00	477.13	43.66
Adelaide	409.70	1,085.19	1,460.90	375.71	34.62
Perth	434.00	1,149.55	1,755.20	605.65	52.69
Hobart	419.20	1,110.35	1,399.50	289.15	26.04
Darwin	464.70	1,230.87	1,647.70	416.83	33.86
Canberra	487.70	1,291.79	1,812.30	520.51	40.29

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How we calculated the percentage increase in house prices

To make a comparison between median house prices in 1986 versus 2018, we looked at [median house price data for 1986](#) and the [equivalent data for 2018](#).

Again, we used the [Reserve Bank of Australia's online inflation calculator](#) to adjust for inflation. This gives us a more reliable comparison of median house prices when baby boomers would have entered the housing market versus the median house price that millennials are facing when entering the market today.

We then calculated the percentage increase between median house prices in 2018 versus median house prices in 1986 (using the "adjusted for inflation" number) to work out how much median house prices have increased as a percentage in 20 years.

**Table 2. Median house prices 1986 vs 2018**

Capital City	Median house price 1986	Adjusted for inflation	Median house price 2018	% increase
Sydney	98,325	260,437	885,000	239.81
Melbourne	82,000	217,196	695,121	220.04
Brisbane	63,000	166,870	528,000	216.41
Adelaide	73,500	194,682	473,000	142.96
Perth	58,000	153,627	475,000	209.19
Hobart	56,725	150,249	445,000	196.18
Darwin	87,500	231,765	510,000	120.05
Canberra	91,175	241,499	680,000	181.57

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## How many times the average income it takes to purchase a house then vs now

We wanted to work out how many multiples of the average income was needed to buy an average home in both 1986 versus 2018 across Australia's capital cities.

We combined the data from Table 1 and Table 2. Weekly earnings were multiplied by 52 to arrive at an annual salary. The median house price for each respective year (1986 and 2018) was divided by the annual salary for that year to work out how many multiples of the average income was needed to buy an average home.

See tables and key insights below:

**Table 3. How many times the average income it takes to purchase a house in 1986**

Capital City	1986 weekly earnings	Annual salary	Median house price 1986	Around how many times the annual salary
Sydney	430.40	22,380	98,325	4.4
Melbourne	427.70	22,240	82,000	3.7
Brisbane	412.60	21,455	63,000	2.9
Adelaide	409.70	21,304	73,500	3.4
Perth	434.00	22,568	58,000	2.6
Hobart	419.20	21,798	56,725	2.6
Darwin	464.70	24,164	87,500	3.6
Canberra	487.70	25,360	91,175	3.6

**Table 4 . How many times the average income it takes to purchase a house in 2018**

Capital City	2018 weekly earnings	Annual salary	Median house price 2018	Around how many times the annual salary
Sydney	1,622.40	84,364	885,000	10.5
Melbourne	1,565.10	81,385	695,121	8.5
Brisbane	1,570.00	81,640	528,000	6.4
Adelaide	1,460.90	75,966	473,000	6.2
Perth	1,755.20	91,270	475,000	5.2
Hobart	1,399.50	72,774	445,000	6.1
Darwin	1,647.70	85,680	510,000	6.0
Canberra	1,812.30	94,239	680,000	7.2

Key insights:

- Millenials are making more than their parents by around \$400-\$600 a week, which is an increase of around 30-50%.

- In the same time period median house prices have shot up 180-240%.
- Baby boomers could pay off their houses with roughly 2-4 times their salary, today millennials will need somewhere between 6-10.