

Australia's household income and wealth distribution



Australia has long been labelled the land of the middle class but our recent analysis of the Australian Bureau of Statistics' wealth and income data shows that this is less the case today.

Household income by quintiles

This infographic of annual household income by quintiles (20% categories, each comprising around 2 million of Australia's 10 million households) shows the spread of total earnings. While the average household earns just over \$116,000 per annum, the top 1 in 5 earn more than twice this (exceeding \$280,000) and the bottom 1 in 5 take home around one-fifth of the average (a little over \$24,000). This means that while the bottom fifth of households take home just 4% of all income, the top fifth get almost half (48%).

Highest fifth have incomes 12 times the lowest fifth

The top quintile earn almost as much as the other 80% of households combined. As a ratio, households earning in the highest quintile on average earn 12 times the average bottom quintile income.

Gini coefficient shows growing income divides

The Gini coefficient is a measure of income spread, with 0 being perfect equality and 1 being total inequality. The latest data shows that it is at 0.439, which has worsened compared to two years ago (0.434), but an improvement on what it was four years ago (0.446). It is also not as good as it was in the late 1990's (0.424).

Household wealth by quintile

Accumulated earnings are best represented by net wealth, and this is where the changing economic landscape of Australia is presented even more dramatically. While the average Australian household has a net wealth of \$1,022,200, households in the highest quintile have an average net wealth more than three times this (\$3,236,800).

Households in the lowest quintile, however, are worth just a fraction of the average (3% of the average wealth, or \$35,200). The lowest 20% own just 1% of the national private wealth while the highest 20% own 63% of the national private wealth.

Wealthiest 20% own 80 times that of the lowest 20%

The wealth of the highest quintile households, on average, is 92 times that of the lowest quintile households. While the average Australian household has seen wealth increase by 10% in the last 2 years (from \$929,400 to \$1,022,200), the highest fifth of households have experienced an average increase of 11% (an increase of \$330,400).

Only those in the fourth and fifth quintiles have a net household wealth (\$1,042,300 and \$3,236,800 respectively) that exceeds the average capital city house price (\$809,349), while the highest quintile households on average have a net worth of four average Australian homes.

AUSTRALIAN INCOME & WEALTH DISTRIBUTION BY GENERATION

Average annual household income

\$ increase last 24 months

Average household net wealth

% national wealth

% national population

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Generation Y

Age: 25 - 34

Population: 3.7m



7%

15%

Generation X

Age: 35 - 44

Population: 3.3m



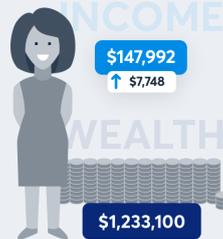
13%

13%

Boomers (younger)

Age: 45 - 54

Population: 3.2m



24%

13%

Boomers (older)

Age: 55 - 64

Population: 2.9m



29%

12%

Builders

Age: 65+

Population: 3.9m



27%

16%

Source: ABS, McCrindle
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