

Good Weekend

‘I had no idea about some of the issues’: The Aussies finding the downsides to downsizing

Downsizing is touted as the easy route to a lock-up-and-go, low-maintenance, maximum money-in-the-bank lifestyle. But you won’t see its many downsides mentioned in the glossy brochures for new apartment complexes.

By Sue Williams

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Alan Hall and wife Susan Shaw moved from their suburban Melbourne home into an off-the-plan unit, but have been beset by multiple building defects and strata problems. LUIS ENRIQUE ASCUI

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Retired businessman Alan Hall gazes out from the floor-to-ceiling glass of his sleek Melbourne apartment at the glorious panorama of the city skyline before him, and his cheery countenance crumples into a frown.

By rights, he should now be enjoying the best days of a new cashed-up, carefree chapter of his life, spending all his time on family, friends and fun. At least that's what he imagined downsizing from a large, labour-intensive family house in the suburbs to a smaller Docklands unit would mean for him. But it hasn't quite worked out that way.

"Whenever I work from home, I can look at all of the city through the window, and it's beautiful," he says. "We love the views and do like this apartment and the kind of lifestyle it affords us, but ..." He pauses to consider his words. "The whole downsizing experience hasn't been as smooth or as enjoyable as we'd hoped. Moving from a large home to here was a big decision, and it took my wife considerable time to come on board. But it's been soured by a lot of things that happened along the way."

Hall, 68, and his wife Susan Shaw, 59, sold their two-storey, four-bedroom family house in Williamstown in Melbourne's south-west in 2020 to move into a two-bedroom apartment they bought off the plan as a way of shrinking their real estate footprint and spending less time on mowing lawns and home maintenance. He ended up, however, ploughing even more time in trying to sort out some of the issues that absolutely confounded him about his new home, which they moved into in 2021 following delays in construction.

"I just wasn't expecting things like defects that seem to be very slow to be rectified," says Hall who, after a stellar career in sales, was hardly naïve in his expectations. He sighs in exasperation. "There's been flooding that's been so bad, the guy in the apartment down the corridor to us had to vacate his apartment on at least two occasions, while I still have a problem with one of my external windows. Then there was the discovery that to get access to the gym and pool in the building, you have to pay extra. We weren't aware of that; nobody mentions you have to pay over and above the price of the property. In a way we all miss our old house. My wife misses it a lot and probably our little dog does, too. She loved the open space and the dog liked to run straight out into the backyard. But I was the one always working on it with DIY and gardening."



"In a way we all miss our old house. My wife misses it a lot and probably our little dog does, too," says Hall of his old home. LUIS ENRIQUE ASCUI

State governments across Australia are all busily trying to persuade empty nesters to free up their big family houses for the next generation and move into apartments or smaller town homes, terraces and villas to make space for higher-density developments. The Australian Taxation Office offers generous superannuation concessions to sweeten the deal while there are also stamp duty concessions available, at times, for buying off the plan. Politicians, developers and real estate agents alike regularly portray downsizing as the delectable lifestyle dream. Think no lawns to mow, no jobs around the house every weekend, the chance to pay off the mortgage with cash left over after the new purchase, better security and usually living closer to cities in all their magnificent amenity.

Yet more and more Baby Boomers are discovering it's not a generational shift that suits everyone. Yes, there's all the time and money it can free up, but there's also a full package of potential negatives that can turn a transfer to a smaller home into a claustrophobic nightmare, or a move into a luxury high-rise into pie-in-the-sky. And when downsizing doesn't play out as planned, there's a darker underbelly of festering fury and regret.

In Sydney, retired high school teacher Peter Moor moved from a spacious two-level house on a large block in Chatswood on the north shore to a two-bedroom apartment in Neutral Bay, closer to the harbour. A tall, craggy, silver-haired 78-year-old with a brisk, businesslike manner, he pulls no punches either in his assessment of his downsize. "It's an absolute frigging nightmare," he says. "I downsized from a nice four-bedroom house on a very nice block into a two-bedroom apartment and it's been a disaster. It's the worst decision I ever made, and I feel quite embittered about it all."



Sydneysider Peter Moor downsized from his former house to a penthouse because he wanted a break from mowing lawns – but now regrets his decision. SAM MOOY

Meanwhile, former surgical nurse Felicity Jacobs, who downsized further away from the city, also feels she acted in haste and is repenting at leisure. She has a faraway look in her pale blue eyes as she recalls her last home in Sydney's inner west, in lively, multicultural Enmore. There, she lived a full life meeting up with friends of all ages, eating at the area's diverse restaurants and attending art and cultural events. Now, she has a smaller, cheaper villa in a retirement village in Bathurst, in the NSW Central Tablelands.

"But I hadn't really thought about how much I might miss my old community," says Jacobs, 72, pushing her fashionable white bob behind her ears in irritation. "I hardly know anyone here, and have to drive a long way all the time to see my old friends, or they have to travel to see me." She purses her lips. "I know it sounds bad, but it's all old people living here, and it's stressful hearing about their medical problems, and seeing them not doing so well. It's not like living in a normal community where you have people of all ages and interests, and kids around."

Small is beautiful

The last major survey to sample downsizing trends was done in 2020 by Curtin University and Swinburne University of Technology, when there were around 6.5 million Australians aged 55 or over (research is underway to update their findings). It suggested that downsizing could be relevant to 2.5 million of their 4.3 million households. When 2400 households were questioned in

2018, 26 per cent had already downsized and another third had thought about it. Overall, the findings pointed to a strong appetite among older Australians to downsize their dwellings, concluded the Australian Housing and Urban Research Institute.

In addition, the ARC Centre of Excellence in Population Ageing Research (CEPAR) estimated that around 36 per cent of homeowners still had a mortgage when they retired in 2016, up from 23 per cent a decade prior. (Analysis by CEPAR's Rafal Chomik puts the 2021-11 equivalents higher at 39 per cent and 30 per cent, but he warned subsequent large interest rate increases meant this trend might not have continued.) Downsizing, it suggests, could extinguish remaining debt, free up money for holidays, restaurants and the good life, and enable a move to a more age-friendly, single-level home or apartment.

A 2019 CEPAR working paper with Sydney's Macquarie University and the University of NSW found, however, that of 352 55-plus participants in an online survey who'd downsized over the preceding five years, one in six expressed regret about moving.

There are certainly downsides to downsizing. People may feel a strong emotional attachment to the houses where they brought up their children, and might find it hard to declutter and then confine their lives – and guests – to smaller spaces. Older Boomers may find it hard to overcome feelings of dislocation and loss.

Others can be shocked by the discovery that apartments, especially new ones, can be just as expensive as the houses they sell. It's sometimes also difficult to find suitable smaller homes to relocate into, and there's a national shortage of quality three-bedroom apartments that might appeal to empty nesters who often like to turn one bedroom into a study or workroom and have a spare bedroom where their grandchildren can stay. The 2021 census reported that only 16 per cent of new apartments in Sydney had three or more bedrooms, compared to 60 per cent with two bedrooms.

Stuart Ayres, CEO at the Urban Development Institute of Australia NSW, says the difficulty is that downsizers want to live in the best locations, which are also the most expensive. "Then when you take the cost of that land and add on build costs, taxes, charges and high-quality design elements and fit-outs, that can mount up very easily," he says. "Then the sums often don't make the projects feasible for developers and can outpace the buyers' ability to pay."

As a result, some downsizers end up further away from their old neighbourhoods, family, friends and support networks. Even if there are available options nearby, the price, plus real estate fees and stamp duty, can be prohibitive. Selling a house for a tidy sum before buying smaller can also affect pension entitlements. Then, with two- or three-bed downsizer units, strata levies can cost anything from \$1500 a quarter to more than \$20,000 a quarter.

Alan Hall, with the jovial demeanour of an assistant football coach who shares in all the team's successes but can shrug off its failures, agrees. Yet it's not always possible to remain so easy-going. "Probably one of the best things about downsizing is becoming mortgage-free," he says. "That's a big landmark in your life. But then you have to realise you pay levies. We pay \$10,000 to \$12,000 a year, which can be just like paying a mortgage." In addition, when his new home didn't meet his expectations, downsizer discontent began to rankle.

“We owners have no say in how the building is run, we receive no information and see no tenders.”

Alan Hall

One of the hardest things, he says, is the block’s strata committee being dominated by the developer and his associated companies. Even the initial relocation was problematic. The couple bought all new furniture but then discovered the dimensions in the original plan weren’t correct and some of their pieces wouldn’t fit. When they complained, they were told the plans were “for illustrative purposes only”.

“There are lots of things about the lifestyle we like and really enjoy, such as the views, the location and the weekends without having to do repairs and gardening,” Hall says. “But there are also lots of things about which I’d say, ‘Buyer beware.’ If we had that time again, we’d buy something established rather than off the plan. Then you can read meeting minutes, talk to other people who live there, look at the local Facebook groups and find out what people think. You’d then know what you were getting into.

“But we have things here like a building management contract that lasts for 24 years – locked away just prior to the government changing the rules to make the contracts last for a maximum of three years. And we owners have no say in how the building is run, we receive no information and see no tenders. There are advantages with stamp duty for buying off the plan but no one has been able to recoup that money with sales since. No apartments have sold for a higher price. I was all for downsizing, but I had no idea about some of the issues.”

For some, downsizing is nothing like the nirvana they hoped for. Peter Moor, clad in check shirt and blue jeans, perches on the end of a chair at the dining table in his Neutral Bay penthouse he shares with his wife, and his face darkens behind his tortoiseshell glasses. Fit and active, he once did all his own maintenance on their old house, but that’s obviously not an option with an apartment. And while there are plenty of things he likes about where he now lives, there are many more he does not.

“We do have a nice private apartment, and it has shops and 100 restaurants within walking distance, and it’s low maintenance,” he says. “But we have four strata schemes here with residential and retail, with an overarching building management committee, and we pay so much in strata levies. I led a coup on the committee because there was such a lack of oversight over contracts and quotes and spending, and I’ve been on a relentless crusade ever since to reduce costs.



Peter Moor's old house.

"On average, I now spend two hours a day, seven days a week, on strata business; it's like another job. And I cop a lot of abuse from other owners. Unfortunately, more than 50 per cent of the apartments here are tenanted, and a lot of the owners just don't want to know, so I end up liaising with the part-time building manager about everything. I wanted a break from mowing lawns but, in retrospect, I should just have paid someone else to do them."

The thing that galls Moor most, however, is that he's horrified by how much his old house has increased in value, while his apartment has appreciated barely at all. "From a financial point of view, it's absolutely disastrous," he says. "If I'd have kept that lovely house on a beautiful block with a big workshop and garage, I'd be sitting on a goldmine. My son and his wife – who have three children but who spent years qualifying for medical careers and can't afford a house – could have moved in and I could have built a granny flat out the back for us. Selling the house and moving to an apartment is a real regret. Sometimes we go back to the house and just look at it."

Lamenting the loss

Often those who are clouded by such regret over downsizing go under the radar. A number of people approached by *Good Weekend* admitted they wished they'd never moved from their comfortable houses into smaller homes or strata, but declined to comment on the record as they didn't want to be seen as having made what they now feel is a bad decision, and are trying to make the best of things. This was set to be their forever home and it can be excruciating to mourn the move and lament what they've lost.

Ellen, 65, for example, agreed to speak on condition her real name wasn't used. She has been in a painful limbo for the last 18 months. Deciding to leave her big house after she split with her husband and their two adult children left home, she took out a contract for a much smaller home to be built within the same Brisbane outer suburb. But delays from bad weather have plagued the build. "I am absolutely trapped now, with a house that's not finished and another one that's costing me a fortune," she says, her voice thick with emotion. "It's draining my savings and I'm drawing down on my pension and the builders seem in no rush at all to finish it. Who knows where this will end? I dearly wish I'd never even started."

Sydney real estate agent Ben Collier of The Agency is familiar with downsizer distress. "You sometimes come across people downsizing too far," he says. "Then they sell and come back to the market to upsize to somewhere bigger. Or I have seen people downsize to apartments and not enjoy the body corporate experience. Then they'll buy again to move into a terrace house. They want the apartment lifestyle but don't want to live in an apartment."

Even villas can be problematic, as Felicity Jacobs, an energetic, sprightly retiree who spends a lot of her time ferrying around neighbours to medical appointments, attests. "I just miss the diversity of having people from all over the world, and of all ages and interests," she says. "It was so multicultural and a really creative community I came from."

"These people here are quite suburban and conventional. I don't feel I have anything in common with them. Also, with a retirement village, you don't own your home, you're leasing like a tenant and can't make the decisions about your home you used to. I really wish I was back there and hadn't left."

Multiple factors account for a successful move, says Janette Corcoran, the Victorian director of the peak apartment-owners body, the Owners Corporation Network, and chair of her 42-level tower in Docklands, Victoria Point, which has more than 1000 residents, as well as serviced apartments, offices and retail outlets. "Whether downsizing works or not depends on the push and pull factors," she says. "One family were feeling unsafe in their house in one area and love now living in an apartment building with security, a concierge and people around all the time."

"Personally speaking, I love it that others are invested in decision-making – so it's not just you making decisions about your home – and bring all different skills to running a building. And while you do lose some things, like your garden or your garage where you can do odd jobs, you can make substitutes for the things you may lose. You could become part of a communal garden if you liked your own garden, or if you like pottering around with project, join a local Men's Shed."

Size doesn't matter

Of course, there are plenty of people who really love their downsized lifestyle. In Victoria, Linda Dugan adored the experience so much, she ended up doing it twice. She first moved from her big house in Monbulk in the Yarra Ranges into a three-bedroom apartment in South Yarra, and then again into a much squezier one-bedroom apartment in Docklands. The fashionably attired 70-year-old former international buyer for Myer, who now designs the Petal Back Clothing range for older people and those with disabilities, says she's never been happier.

“I absolutely love it,” she says. “I really enjoy being a part of the community in the building and we have our own walking club and meet for coffee, whereas I never had much to do with my neighbours in a house in the suburbs. I love being able to engage with all the different cultures here, too, which is a fantastic learning experience.”

Similarly, retired hospitality credit manager Kathryn Thiele, 70, decided to trial a move from a house in inner-Sydney Paddington to a one-bedroom apartment in nearby Darlinghurst for three months. Within three weeks, she’d decided it was perfect. “It gives you so much freedom,” she says. “You can come and go as you please, you can travel, and you always feel secure. In addition, there’s a great sense of community, and people of all ages and professions in the same block. I would never go back to a house.”

There are so many options now for downsizers, too. In Melbourne, many people are also opting to downsize to warmer climes in Queensland, combining a small home with a coastal or treechange lifestyle, according to Lisa Hutchinson, the co-CEO of Downsizing, a listing company for downsizing properties. “A large emerging market is of people often leasing land and then putting their own property of choice onto it,” she says. “That might be on green estates or golf courses or caravan parks.”

Downsizers choosing apartments have become a major part of the market – up to 40 per cent of demand, according to Mirvac’s CEO for development, Stuart Penklis. At the top of their shopping lists are connectivity, infrastructure and amenity and, as a result, Mirvac is building more three-bedroom apartments, and two bedroom plus study configurations. “Having amenities in the buildings means they can share them with their visiting children and grandchildren,” says Penklis. “Many love the vibrancy of the communities.”

But for those who haven’t shifted to communities which are vibrant, who don’t appreciate the greater density or who are still grieving the loss of their old castles, it’s proving a tough transition. Whether they’ll end up grinning and bearing it or throwing in the towel and trying to reverse the move depends on their temperament and the state of their finances. Peter Moor sighs. “I just think some people should never have moved into apartments,” he says. “Like me.”

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