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Sydney Units Offer Half-Price Housing Alternative

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Sydney’s property market currently shows a significant affordability gap, with the median house price at approximately \$1.56 million compared to \$860,000 for units. This means units cost just 56% of house prices, a historically wide gap not seen in several years.

Nationally, units are valued at around 74% of houses, highlighting how Sydney's divide is far more pronounced than in other cities. This gap is presenting new opportunities for first-home buyers and investors seeking more accessible property options in an otherwise expensive housing market.

In key suburbs like Parramatta and the Northern Beaches, the contrast is even greater. Units in Parramatta are trading at just 48% of the median house price, while in the Northern Beaches, the ratio is around 52%.

These figures show how apartments can offer a more affordable way to live in prime locations, especially near transport hubs and lifestyle amenities.



Experts point to several factors behind the growing divide. One major reason is the land value premium attached to standalone houses, which has surged in recent years. Additionally, the COVID-19 pandemic triggered a shift in buyer preferences, with many families opting for larger homes in outer suburbs, driving up house prices more rapidly than units.

With interest rates now stabilizing and rental yields improving, units are becoming increasingly attractive to investors. Buyers priced out of the detached housing market are also turning to well-located apartments that offer good value without compromising on convenience or lifestyle.

Some analysts believe this could signal a new growth cycle for Sydney's unit market. Apartments, especially those with larger layouts and close to public transport, are seen as a logical next step for many buyers. In suburbs undergoing infrastructure improvements or urban renewal, units may offer both affordability and strong potential for capital growth.

While houses have led Sydney's property price growth over the past decade, current market dynamics indicate a shift in buyer activity. The growing affordability gap between houses and units has prompted renewed interest in apartments, particularly among first-home buyers and investors seeking more accessible entry points.

Recent trends show that units with larger floor plans and proximity to public transport are attracting increased attention, especially in suburbs undergoing infrastructure development or urban renewal. Industry observers note that these factors have positioned apartments as a viable alternative to detached housing, which remains out of reach for many due to high prices.

With affordability pressures persisting, the current pricing landscape is providing opportunities for buyers to consider well-located units in areas that were previously dominated by standalone homes. The unit segment is now drawing more interest as market conditions evolve in 2025.