

Sydney Families Downsizing Amid Housing Pressure

August 24, 2025

— Categories: Real Estate



Download IPFS

Sydney's housing pressures are reshaping family living arrangements, with many parents choosing smaller apartments to accommodate adult children who remain at home. Rising property prices and rental costs are prompting families to sacrifice space to stay within the city's inner suburbs.

A 2023 Finder survey found that roughly one in 10 Australians, around 662,000 households, had either moved back in with family or hosted an adult child returning home within the past year. Financial pressures and saving for a property deposit were cited as primary reasons.

Tim Abbott, director at Ray White Lower North Shore, said the trend of families choosing apartments for older children attending high school or university is growing. “There is quite a growing demand for that. It makes sense to have a dwelling big enough that’s comfortable for the kids to stay while they save up for their own property,” he said.

Convenience and location are major factors driving the shift toward apartment living. Abbott noted that parents are drawn to low-maintenance homes that allow them to lock up and leave, while staying close to schools, universities, and city amenities.

Jane Turner and her husband downsized in 2017, selling their 23-year-old inner-west family home to buy a two-bedroom apartment in Erskineville for \$1.01 million. Their daughter, Lucy, 24, continues to live with them.

“Some apartments now have very small rooms,” Turner said. “Even with two bedrooms and two bathrooms, it doesn’t compare to the space we had in our old home. But it’s practical while Lucy saves for her own place.”

Housing experts say the trend reflects Sydney’s broader affordability challenges, where families increasingly prioritize financial flexibility and proximity over traditional suburban living. “Many households are reassessing what they need in a home,” Abbott said. “For some, staying close to the city in a smaller apartment is the most viable option given current market conditions.”

As Sydney’s property market remains strained, families adjusting living arrangements are likely to continue this pattern, highlighting the intersection of affordability, lifestyle, and intergenerational support. The trend underscores the growing need for creative housing solutions that balance family needs with the realities of Australia’s housing landscape.