

The Ultimate Guide To

# **Downsizing Without Downgrading**



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## Introduction

For some, downsizing is a rite of passage for nearing retirement. For others, it is an opportunity to declutter before entering into a new life chapter. Lifestyle is one of the core reasons why Australians choose to downsize, heavily skewed by a desire for less maintenance, better proximity to services, and a preferred location.

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Downsizing is a significant trend for as many as 2.5 million Australian seniors. The vast majority of seniors have downsized, are actively planning it, or are considering it. According to a recent study by the Australian Housing and Urban Research Institute (February 2020), among those over the age of 50, 36% are currently looking at downsizing. Of this group, 19% have already downsized. As much as 35% are planning to downsize in the future, and only 10% have no intention of moving.

At a social level, downsizing is a fundamental step in the property life cycle. Seniors and empty-nesters who downsize help free up a valuable segment in the overall supply of housing. This gives first home buyers and young couples the chance to move to larger properties that match their needs with their life stages.

Making a move can be a big change, so how can you best prepare yourself for it? For people downsizing, the key priorities will be linked to those lifestyle factors mentioned above. As such, you will want to plan in a way that will give you the best chance of preserving or even enhancing your standard of living.

In this eBook, we explore the benefits of downsizing and how you can overcome potential barriers. We also provide practical insights for working out what is important to you. Our downsizing checklist covers just about everything you need for a smooth transition, including the practicalities of the move itself.



# Choosing To Downsize? What To Consider

Downsizing gives you a range of benefits depending on your life stage and what you are looking to achieve. That is why timing must also be a part of the equation.

## Benefits

Downsizing gives you a range of benefits depending on your life stage and what you are looking to achieve. That is why timing must also be a part of the equation.



### Easier upkeep

Downsizing can further enhance your lifestyle by reducing the need for excessive upkeep. If you're retiring, a smaller, low-maintenance property makes it easier for you to maintain independent living.



### Financial

You might be asset rich but cash poor. Downsizing allows you to tap into equity locked in your home, freeing it up for personal, investing, or retirement goals. For example, you could sell a metro property and move to a regional area, or sell a larger home and buy a smaller house. In either scenario, you could end up with a smaller mortgage, a home of your own outright and/ or additional cash in the bank to fund your retirement or other goals.



### Location

A downsize gives you the opportunity to choose where you would prefer to live. This could be a more favourable location closer to family members. Alternatively, it could involve a new regional or coastal lifestyle change.



### Upgraded amenities

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## Timing

Timing can be a major factor driving when you make the decision to downsize. Additionally, your stage of life can impact whether you would consider certain changes to be of benefit or not. Some of the stages when downsizing that make sense include:



### Situational changes

With many Australians embracing working from home, selling up and buying smaller is becoming increasingly popular. For example, if you no longer have a daily commute to work, you could move to a more affordable, regional area so you can enjoy a more laid-back lifestyle whilst working from home most of the time.



### Smaller footprint

You might be at a stage where you are looking for a property with a smaller footprint, with lower energy costs, cheaper rates, and fewer maintenance requirements. A smaller property could be more cost effective to insure, heat, and cool. With a smaller backyard, you could have less maintenance work to do.



### Proximity to children

If your adult children have moved out of the area, downsizing could allow you to move closer to them and, potentially, your grandchildren.



### Empty-nesters

If you've recently become an empty-nester, it might a great time to move to a smaller property.





### Retirement

As you enter retirement, you might be looking to move to a smaller property and/or to a regional area with the lifestyle and amenities that you are looking for.



### Lifestyle change

Your plan to downsize might be preceded by a desire to make a lifestyle change. For example, you might be wanting a sea-change, or to fulfill your dreams of a rural lifestyle.

Market conditions and sale price could also factor into timing. With real estate experts like New Vision Real Estate, you will have access to highly experienced agents who always stay on top of market trends and can support you to achieve your real estate dreams. This will give you the confidence to identify when it is the right time to downsize.

## Our agents are here to support you through your downsizing journey

Get in touch for an expert property appraisal and start your new phase of life!

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## Overcoming Barriers To Downsizing

Any change will come with potential barriers, especially when it is a major one, like selling your home and moving into a new property.

With downsizing, in most cases, you won't need to pay capital gains tax as the property was your main place of residence. However, there might be other hurdles to consider.

### 1. Sell or buy first?

Should you sell and then buy, or should you buy and then sell? It can be tricky to time a sale and a purchase optimally. However, there are options for overcoming potential timing issues. For example, one common scenario for those downsizing is finding the ideal property before the original home is sold. In this case, you might not have the funds ready to make a quick purchase before another buyer does. In this case, bridging finance could offer the right solution.

A bridging loan is a short-term loan that lets you pay for your second property before you sell. It gives you extra time to sell your first property, which might also have a mortgage attached to it. Typically an interest-only home loan, it can give the lender the discretion to charge you a higher interest rate if your first property isn't sold within the given timeframe. Depending on the lender and the agreement, you might be able to convert your bridging loan into a home loan for your second property once your original home is sold.

Note that you will be paying both mortgages, so interest on both your existing mortgage and the bridging loan during this period. Also, bridging finance comes with its own risks, so make sure you get independent financial advice before pursuing this avenue.

## 2. Possessions and accessibility

Moving into a smaller property means less space for personal items. For those with significant amounts of furniture and other home items that take up significant space, the prospect of moving to a new home with a smaller footprint can be daunting. Nevertheless, having a plan for managing your possessions could resolve this issue.

Take time to think about what you want to keep and what you should donate, sell, or discard. Work out how much storage space you will need at your new home, and whether you will.

Moving into a smaller property means less space for personal items. For those with significant amounts of furniture and other home items that take up significant space, the prospect of moving to a new home with a smaller footprint can be daunting. Nevertheless, having a plan for managing your possessions could resolve this issue.

Take time to think about what you want to keep and what you should donate, sell, or discard. Work out how much storage space you will need at your new home, and whether you will need to rent a storage space. If so, can you easily access your stored belongings? Consider whether it is a good time to upgrade your sofa, bed and other items to more space-efficient models.

It is not always easy to decide what goes and what stays. However, being mindful about practical considerations as well as items of sentimental value will help you make the right decisions.



*Take time to think about what you want to keep and what you should donate, sell, or discard.*



### 3. Market factors

Research suggests that reservations about possible costs of selling and buying could be holding back people who want to downsize. In addition, some wishing to downsize might be hesitant because they believe there is a lack of suitably priced, located, and serviced properties. Similarly, the inability to find a place matching needs and preferences, in the right location, or the right type or size could also be barriers.

*By working with the right advisers such as a trusted real estate agent, you can overcome all these perceived barriers.*

However, government incentives could be available. Seniors located in Victoria, Tasmania, the Australian Capital Territory, or the Northern Territory can take advantage of their state/ territory's stamp duty concession for seniors. This can reduce the costs of downsizing.

Additionally, by working with the right advisers such as a trusted real estate agent, you can overcome these perceived barriers. New Vision Real Estate's highly experienced real estate agents can help you find the right property within a suitable price range to move into.

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## Determining What Is Important To You and Maintaining Housing Standards

According to research by LJ Hooker, location (44%), price (25%), appropriate design (18%), services (9%), and property size (4%) are the most important factors for people downsizing. A downsize to a smaller, different property requires careful planning and consideration. Successful downsizing means you're moving to a smaller property that still meets your needs whilst upgrading your living spaces.

*Factors to work through include type of property, space and size, maintenance, and location.*

Housing and lifestyle standards are highly personal. A property that fulfils your needs might not check all the boxes for the next person. Start by reviewing what first triggered your desire to explore downsizing. Has maintaining your home become too much work? Do you have spare rooms and unused space? Are you an empty-nester who wants to move closer to your grandkids? Has your property become unsuitable for your needs as you get older?

Take time to determine what is important to you and what you will need to maintain your desired housing standards, so you can set the foundation for a successful change. Factors to work through include type of property, space and size, maintenance, and location.



# 1. Type of property

What type of property would you prefer to live in? Is it an apartment, unit, townhouse, or house? In many downsizing cases, the owners are switching from large, detached family homes to higher density living options like townhouses, units, or apartments. You might be planning to move into a retirement village with on-site services.

Whatever the property type, pay attention to the floorplan and if it supports mobility as you age. For seniors, it is worth considering whether the property is a single-storey or double-storey home. With double-storey houses and apartments, an elevator might be an essential feature. Moreover, having the main bedroom downstairs with an ensuite is also a good idea for a double-storey property.

*For seniors looking at double-storey houses and apartments, having the main bedroom downstairs with an ensuite is a good idea.*

Opting for a single-level house could be the preferable option if the property doesn't already feature an elevator and you are not planning to install one. Indeed, research suggests single-storey villas are the most in-demand properties for downsizers. Capacity to support future modifications like wheelchair accessibility, mobility handles and grab rails, and ramps could also be important.

When buying into an apartment complex or townhouse, consider privacy and noise levels. Also, look at your neighbours' lifestyles. While you won't be able to get an in-depth understanding yourself, a trusted agent with experience selling within the complex can give you some brief insights into the current surrounding tenants.



## 2. Space and sizing

Analyse how much space is unused in your current property. If you have unused rooms, yard space, and front garden space, then downsizing to a smaller property makes sense and will likely require little sacrifice on your part. An extra bedroom can add tens of thousands of dollars or more to the value of a house. This is an indicator of how much money you could free up by downsizing.

However, be realistic about your space and sizing needs. While a tiny one-bedroom apartment might seem appropriate in theory, it might not be ideal for you if you enjoy having friends and family over for gatherings. If you regularly host dinner parties or sleepovers with the grandchildren, an extra bedroom, as well as bigger kitchen and living areas will come in handy. In this case, a shift from a four-bedroom home to, say a two-bedder might not seem like the kind of downsize change you were expecting.

*Consider what kind of living and recreational areas might be important for you to maintain your current housing standards.*

However, you could be downsizing to a far more compact block with much lower outdoor maintenance needs.

On the contrary, if you rarely entertain at home, then a minimalist apartment could be perfect for you. Note a lot of modern apartments utilise space far more efficiently than older houses. Consider what kind of living and recreational areas might be important for you to maintain your current housing standards. In terms of parking, a large garage might be essential for you if you own two cars or if you need storage space.

Lifestyle requirements also impact your space and sizing needs. If you are moving from a four-bedroom family home and you work from home, you might decide a two-bedroom home with a generous open-plan living and kitchen area to be appropriate. You and/or your partner can use the second bedroom as an office if you often work from home.



Storage areas are another consideration. You'll likely be decluttering, but downsizing doesn't mean you're disposing of most of your belongings. A compact property can come with innovative solutions like cupboards under the stairs, underground or basement storage, and a loft. These can enhance your lifestyle by reducing visible clutter and allowing you to retain everything you want to keep after your move.



### 3. Maintenance

Consider how much cleaning and maintenance you undertake at your current property. Take into account the garden, outdoor living spaces, and the maintenance of furnishings, fittings, and fixtures. How much time are you spending on these activities? If you don't carry out the work yourself, how much are you paying someone else to perform it? How much could you end up saving on expenses in a smaller house that fits your needs?

Downsizing to a low-maintenance property frees up mental energy and time you can devote to pursuing your hobbies and interests. It is also worth weighing up how much stress you will avoid. You will have less responsibility and less to worry about when it comes to upkeep. Similarly, if you buy a property with a body corporate or strata title, your annual body corporate fee will usually cover maintenance of communal areas like gardens, hallways, and elevators. Nevertheless, check the strata fees won't be more than what it would cost for you to outsource the maintenance work yourself.



At the same time, consider what sort of property features and amenities you will want to have at your new property. What is essential for maintaining your preferred living standards? For example, if you enjoy outdoor living and a bigger garden, the extra maintenance requirements might be worth it. As such, you will want to look at properties with a sizable garden and an outdoor living area. Having a central heating and cooling system might be worth the cost of regular air-duct cleaning and servicing.

*Downsizing to a low-maintenance property frees up mental energy and time you can devote to pursuing your hobbies and interests.*

Another factor to consider when it comes to maintenance is whether you have a fairly rundown property or worn-out areas in your current house. If this applies, what are the areas that need work? Do essential areas like the kitchen and bathrooms benefit from a renovation and some upgrades? If so, your downsizing strategy might include looking for destination properties that feature upgraded kitchens and bathrooms. This saves you from costly upgrades as these heavy-duty areas age.

## 4. Location

Another primary factor to weigh up when planning to downsize is location, as it can significantly impact costs. Are you seeking to move into a metropolitan property or to a rural, quieter area? Small apartments can cost more than houses in the suburbs, for example, so take this into account when balancing what is important to you and what you can afford.

Location can also be the deciding factor when it comes to convenience. How close will your new property be to services like healthcare, shops, and your essential amenities? If you don't drive, will you be close enough to public transport? Research different suburbs and neighbourhoods and consider how well their amenities, local services, and even ambience or environment matches your preferences.

## 5. Affordability and costs

Moving to a smaller property could help you save money on energy costs, maintenance resources, and time spent taking care of your home. Moreover, selling a bigger property and buying a smaller one usually results in more equity or money back in your pocket. In other words, you will be saving on both upfront and ongoing costs. The same could apply when you move from a metropolitan area to a rural property. You might be able to fully pay off your mortgage and own your new home outright. You might end up with extra money you can then direct into super or use for personal goals like a new car or a holiday.

Again, your choice of property will determine how affordable and cost effective your downsize turns out to be. The smaller the property, the more you should save on upfront and ongoing costs, but make sure to consider factors like the age of the house and energy efficiency. Insulation, durability of materials, easy-to-clean outdoor areas, and simple design elements are all associated with lower maintenance and repair costs.

*“Moving to a smaller property could help you save money on energy costs, maintenance resources, and time spent taking care of your home.”*

## 6. Amenities and upgrades

A downsize could end up giving you unexpected upgrades that truly elevate your living standards, without the need to renovate. Newer properties could feature kitchens with the latest energy-efficient appliances and better and easier to maintain floors and surfaces. They can come with amenities like pools and gyms.



You might value open-plan living, but large, luxurious master suites and generous entertainment spaces are some of the other in-demand features in homes. Homeowners also value connected kitchens and laundries, as well as manageable gardens that don't require too much attention.

Desirable public or local amenities can include proximity to public transport, cafes, shops, and parks or beaches.

Set aside some time to research the property features, amenities, and upgrades available out there. Decide what you will obtain the most utility from, and create a wishlist of what is essential and what is desirable (or nice to have). Again, think about your future needs. Consider any retrofitting you might need to do to make your new home safer and more comfortable as you age. Does the property come with entries with ramps, elevators, wider doors, handrails, and other features that support elderly residents? If not, can it be easily retrofitted with these?

Another sought-after feature for downsizers is security. Suppose you are planning to spend more time travelling locally or overseas. In this case, a low-maintenance place with excellent security features lets you lock up and depart with minimal hassle. For example, your new property might come with a 24/7 security guard, alarm system, cameras, home automation, or remote-monitoring features. These help keep your home safe and allow you to travel with peace of mind.

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# Home Downsizing Tips and Checklist

Now that you have decided that downsizing is the right step for you in this stage of life, what are the practical steps you'll need to take?



## Financing and budget

Planning for the financial side of things ensures you can help you achieve what you want from downsizing. From selling your home to buying your new home, clarity on what you will need for each step is important.

### Purchasing a new home

What is your price range for a property that meets your specifications? Can your real estate agent provide recommendations or alternatives that fulfil your requirements? Do you need a mortgage or will you be paying for it outright? Allow for potential costs like stamp duty, transfer fee, mortgage registration fee, legal and conveyancing fees, mortgage application fees, home and contents insurance, and moving charges.

### Storage facilities

If you have items you would like to keep but don't have space for them, arrange for storage facilities. Storage is usually charged by the month, so you will want to compare a few different providers to find a competitive package for your items.

### Selling your home

How much will you be able to sell your home for? An expert appraisal could give you a clear picture. Budget for conveyancing fees, marketing, and agent's fees. By knowing what you can get from your property, you will obtain a clearer idea of how much you can afford to spend on your new home.

New Vision Real Estate's real estate agents can support you with selling and buying a home, including helping you with accurate market appraisals and sourcing suitable properties within your price range. Our agents are also highly experienced in negotiating on your behalf.





## Pre-planning

The pre-planning stage allows you to establish what you want to achieve from your downsizing and what type of property you should be looking for. At this stage, you will want to work through the following:

### Experts

Talk to experts like real estate agents, tax advisers, and mortgage specialists where applicable. These advisers can provide invaluable advice such as how to find the right property and the financial implications of your downsizing. At New Vision Real Estate, our real estate agents can help you with deciding to sell by auction or private sale, and we can also assist if you are looking for a property to buy.

### Timeline and lists

As you gather your research and talk to expert advisers, create a timeline and make a note of everything. Outline the approximate time frame you are working to for selling, buying, and moving. You will want to create a list for property features you are looking for and suburbs or regions you like. You can also start making lists for things like items to dispose or donate.

Your pre-planning should include setting a day for the move and establishing time frames for decluttering and going through your things. It is also a good idea to use a floorplan of your new property to work out where you want everything to go.





## Contracts

At some stage, you will need to engage a conveyancer or lawyer to ensure all the legal requirements are fulfilled. The contract of sale is the most important legal element in any property sale or purchase. If you are the vendor (seller of the house), you are responsible for having the contract of sale prepared before listing your property. As the purchaser, you can enter negotiations upon finding the right property.

*The contract of sale is the most important legal element in any property sale or purchase.*

Your lawyer or licensed conveyancer can check the vendor's contract of sale and verify the terms and conditions are agreeable to you. Further, they can negotiate on anything you would like changed.





## Sorting through household items

You might want to start sorting through your household and personal items as early as possible, so you are already decluttered when you find the right property to move into. This stage might take place as early as six months to a year before you plan to move. Obviously discard anything you are no longer using or need, but remember to check with your lawyer or accountant before throwing away paperwork. Medical records, degrees, birth certificates, wills, and other important documents should be retained.

If you find the prospect of sorting everything overwhelming, try these strategies:

### One room at a time

Start with one room and focus on this one room only until you are done with it. A good way to kickstart things is to pick the easiest room to sort first and go from there.

### Four categories

Use four categories for your sorting: definitely save; might save (revisit later to decide); donate, sell, or give away; and discard. A good rule of thumb to apply is to donate or discard anything you haven't used in 12 months or more.

### Valuables

Do you have valuables you would like to pass on to others? Make a list of what you want to give to whom, whether it is friends or family. Make time to distribute these before your move.

*You might want to start sorting through your household and personal items as early as possible.*





## Packing

Enlist the help of friends and family where possible, so your packing doesn't become overwhelming.

### Labels

Label every box with a description of the contents and destination room so you can quickly find things and ensure boxes are placed in the right space. Pack heavy items first, so they go to the bottom of boxes, and avoid over packing boxes, which could lead to broken boxes and damaged items.

### Valuables

Consider putting valuables like jewelry into a safe-deposit box until you have settled into your house. Important paperwork like deeds, wills, and Powers of Attorney could also be safely stored in safe-deposit boxes to prevent unintentional loss during a move.

### Open-first boxes

Set aside several or more open-first boxes. These should contain everything you need for the first day and night in your new property. As such, items like bedding, a change of clothing, toiletries, toilet paper, utensils, and other essential items can go into these boxes.





## Moving

Whether you are moving to the next suburb or across the country, moving can be stressful if you don't work to a plan. A good pre-planning, sorting, and packing process will set the stage for a smooth move. As you approach moving day, these tips will prove helpful:

### Quotes

Obtain estimates from a few different moving companies. Senior relocation specialists are moving companies that specialise in helping seniors move, so they might provide a service that more closely matches your needs. For example, they might be able to help with packing, donation pick-ups, and other services that simplify the process for you. Remember to confirm your payment options with the moving company.

### Pets

If you have pets, make arrangements for them on moving day. Usually, it is best to leave them with a friend or family member to keep them well away from the frenetic activity of the moving day. Alternatively, you could allocate an empty room to keep your pet secure and safe when moving personnel are working through your home.

### Working with the moving company

Ensure you have a written contract with the moving company, so terms and conditions are clearly established. For example, the contract should have an inventory of everything to be moved and outline what happens if items are lost or damaged. You should have a fixed timeframe for arrival at your former home and new home, so you can meet them at both properties and provide access. You can use a floor plan with notation to let the moving company know where you would like things to be placed.

### Utilities

Contact your utility companies and other service providers to switch your gas, Internet, and electricity. Leave a few days as a buffer so you are not left without an essential service before you complete your move and everything is ready to go once you move in.

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## Unpacking

Use your open-first boxes to set up your bedroom and bathroom, so you can take a break and get a good night's sleep before doing most of the unpacking work. Generally you will need a few days or more to set up, so don't be in a huge rush to complete it right away.

## Cleaners

Organise cleaners for your old and new properties where necessary. This way, your new house will be spotless when you move in and your old property ready for a smooth handover to the new owners.



## Conclusion

Downsizing doesn't necessarily translate to downgrading. In fact, a well-planned downsize can give you access to luxury features and improved amenities that enhance your standard of living whilst freeing up extra money for retirement.

Provided you take time to weigh up what you would like to achieve from the change, your downsizing might be a "right sizing" that ticks all your lifestyle requirements and eliminates excess space you are not making use of. You could enter the next phase of your life with minimal clutter, more funds for retirement, and a better quality of life with all the amenities and upgrades you were looking for.

The decision to downsize is a major one, and it can take some time and careful planning to ensure it works out. With the help of expert advisers like New Vision Real Estate, you can boost your chances of having a stress-free selling and buying experience. Our agents can help you obtain a good price for your property. With our extensive local knowledge, we can also assist with sourcing suitable properties in your preferred suburbs. If you have a list of criteria, we can get to work right away to help you find the right property.

Our agents are here to support you through your downsizing journey. Whatever you're looking to achieve with your next chapter, New Vision Real Estate is an ideal partner and adviser. Contact us for an expert property appraisal today and to start your new phase of life!

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