



The 6 Golden Rules of Buying a High-Performing Apartment in Inner Melbourne

Based on 30+ years' experience across Australian apartment markets.

These criteria are based on my 30 years of specialising in apartments across Australia, with a focus on Melbourne's inner-city and middle-ring suburbs. If your goal is to buy an apartment that performs strongly—not just as a place to live, but as a long-term, wealth-building asset—these six principles are essential. Whether you're buying your first apartment in Port Phillip, Yarra, Stonnington, Glen Eira, or Inner Melbourne, applying these rules will help you make a smart, confident decision.

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Introduction

Houses in Melbourne's inner and middle ring suburbs have seen **significant capital growth** over the past decade, pushing well located houses into the “unaffordable” bracket for many people.

So the question then arises – if you want to get into the property market, or increase your investment portfolio, do you look for houses in more affordable outer-suburbs or country or regional towns, or **do you select an apartment** in a desirable inner-Melbourne location where you (or your tenants) actually want to live?

Both strategies have their downside and their merits, and of course, their fans and critics too.

If the first rule of real estate investing is not to lose money and protect your downside risk, then country or regional areas, and many apartments, can be risky.

For those choosing an apartment, it is important to find an apartment that represents potential for **premium performance**, and not just because it is generating a rental return.

A high performing apartment must possess specific qualities that **drive long-term wealth accumulation** primarily through capital growth and equity build up. However there is **a scarcity** of quality "Premium Performance" apartments on the market, especially in inner-Melbourne. There is thousands of generic, mass produced low quality apartments. But the gem needs to be found.

Buying an apartment in locations like **Port Phillip, Stonnington Yarra, Glen Eira or Inner Melbourne** can feel attractive: relative easy to finance, strong demand, urban lifestyle, and reliable income from rent.

But **many apartments underperform**. They attract the wrong tenants, suffer from defects, poor design, high upkeep costs, **lack of demand from owner-occupiers** — all of which hurt your long-term capital growth and equity build-up.

If your aim is **long-term wealth creation**, capital growth and equity build-up should matter more than short-term rental yield. That's why you need to be selective.

The following criteria are based on my 30 years of specialising in apartments throughout Australia. If your goal is to buy an apartment that performs strongly—not just as a rental, but as a long-term, wealth-building asset—**these six principles are essential**.

The 6 Key Investment Principles for Selecting a Premium Performance Apartment

A Premium Performance Apartment is an apartment that consistently outperforms its peers because it appeals to the deepest and broadest segment of demand: quality owner-occupiers.

Focus only on Premium Performance Apartments — the ones that meet the minimum of the 6 key investment criteria

1. Strong Appeal to Owner-Occupiers

Owner-occupiers—not investors—set long-term capital growth. These are your future buyers.

Investors often make the mistake of choosing an apartment based purely on yield. While yield matters, it is **owner-occupiers who emotionally connect with a home** and are willing to pay a premium for the right apartment.

To ensure you benefit from this premium, the apartment you select must appeal to a **wide range of affluent owner-occupiers**, particularly those seeking to live in inner-Melbourne.

That means:

- A desirable floorplan - not cramped, awkward layouts; ideally functional, with good natural light, privacy, and sensible use of space are highly valued in suburbs like Fitzroy, South Yarra, St Kilda Road and Carlton.
- Quality finishes - high end kitchens, flooring and bathrooms attract lifestyle focussed buyers. Even in smaller apartments, premium materials matter.
- Good natural light - apartments with north facing aspects or open views are highly sought after in Richmond, Docklands or Hawthorn.
- Privacy - layouts and orientation that avoid overlooking neighbours are critical.
- Building pride- well-maintained common areas, good building presentation, secure entry, and a building reputation matter. Owner occupiers in Melbourne's inner-ring often research building history and body corporate records before purchasing.

If owner-occupiers don't love it, capital growth will always be limited.

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2. Buy Below Intrinsic Value

One of the most powerful ways to reduce risk and future-proof your investment is to buy an apartment **below its true intrinsic value**.

Opportunities to do this in inner Melbourne typically arise when:

- A seller needs a quick sale - perhaps due to relocation or financial pressures
- A sale is distressed or time-sensitive
- A resale occurs 5–10 years after the original "off-the-plan" purchase, often selling below its original price
- An owner-occupier upgrades and wants a simple, fast transaction

These opportunities exist in every market, including inner-Melbourne, but they must be **carefully identified**.

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This means you may be paying **above intrinsic value** from day one, and it can take many years to recover.

Inner - Melbourne considerations

These days, be extremely cautious with **brand-new or off-the-plan** apartments in areas like Southbank, South Yarra, Docklands Richmond or the CBD.. Many come with developer premiums, marketing margins, and inflated valuations.

Older apartments in well located suburbs such as Carlton, Fitzroy or Hawthorn, may present opportunities to buy below intrinsic value, especially if the owner is motivated to sell.

Focus on apartments that combine prime location, quality finishes and floor plan appeal - these are the easiest to exit when the time comes to owner occupiers when the time comes, ensuring your premium performance criteria are met.

Buying below intrinsic value is **not just about price; its about reducing downside risk and securing long term capital growth potential**. In Melbourne's volatile apartment market, identifying these opportunities takes a keen eye and years of experience.

3. Superior Location

Location has always mattered, and it will matter **even more** in the decades ahead.

A **Premium Performance Apartment** must be situated in a location that will remain desirable for a very long time. That typically means:

- Quick access to major employment hubs
- Proximity to tram routes such as 96 or 72, train station like Anzac, Richmond or South Yarra and frequent bus routes
- Supermarkets, shops, cafés, restaurants, gyms and services within a short stroll or tram/bus stop away. Suburbs such as Prahran, Port Melbourne and Fitzroy excel in this
- Outdoor spaces, parks, water or lifestyle amenities are highly sought after by owner- occupiers
- A high walk-score, signalling real convenience for daily living

A poor location **cannot be fixed**—no matter how great the apartment is. A great location is a permanent advantage for first-time apartment buyers in Melbourne.

4. Uniqueness: Something That Makes It Stand Out

A **Premium Performance Apartment** must be **different from the hundreds of generic units** competing for the same buyers.

What to avoid:

- Dozens or hundreds of almost identical floorplans
- Mass-produced layouts
- Minimal architectural merit

These create an oversupplied, highly competitive resale environment—which drives down growth.

Instead, look for apartments with:

- Great street appeal: a building that stands out in St Kilda, Moonee Ponds, Brunswick, South Melbourne or Carlton with character and presence
- Architectural character or quality design; unique detailing, innovative layouts or premium materials. Inner-city buyers notice architectural differences
- A favourable aspect (north-facing, unobstruted view, green outlook or glimpses of the bay)
- A standout layout: efficient flowing floorplans, natural light and generous room sizes
- Unique building amenities: rooftop terraces, landscaped courtyards, high quality gyms or resident lounges that give a building that lifestyle edge



5. Strong Security and Safety Features

Safety is not optional anymore. Security has rapidly become one of the **most important considerations** for buyers and renters alike.

In Melbourne, security can be a decisive factor, especially for **single professionals, young couples or older buyers** looking to downsize from a house or townhouse.

A Premium Performance Apartment will provide:

- Secure, well-lit access from public transport stops
- Quality intercom systems for visitor management and controlled access
- Gated or restricted-access entries that helps limit unauthorised access
- Secure carparking (preferably with multiple security points or monitored access)
- Additional features such as CCTV or a concierge or on-site management in higher-end buildings

Apartments that offer superior security not only attract higher-quality tenants but also maintain and a deeper pool of **future owner-occupier buyers**, helping ensure long-term capital growth, resale appeal and limiting the downside risk in inner suburbs such as South Melbourne, Richmond, Carlton and Port Melbourne.

Safety and security are not just lifestyle considerations -they are **capital growth and long term value enhancers**. Buildings with strong security stand out to discerning buyers and provide peace of mind that supports demand over decades.

6. Balanced Body Corporate Fees

Body corporate fees are often **misunderstood** but they play an important role in the long term **appeal and performance** of an apartment. Many of the very best buildings have **higher fees** because they:

- Offer superior amenities such as lounges, pools, gyms, sauna or rooftop terraces
- Maintain high security with gated access, CCTV or concierge services
- Are kept in excellent condition with proactive maintenance and upkeep
- Are low-volume, non-mass-produced developments with higher per-lot quality standards

However, many potential buyers do not understand body corporate fees at all.

And so high fees **reduce the pool of potential future buyers**—especially:

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- Downsizers
- First-home couples
- Investors
- Recent migrants trying to get established

This makes body corporate fees a **balancing act**. You want a building where the fees reflect genuine value, not wasted expense.

What about older buildings?

Well-selected older apartments can strike a good balance—but only if they meet the other criteria. A tired 1960s red-brick walk-up with no lift, no view, and dated appeal is unlikely to perform well, no matter how low the owners corporation fees are.

Ensure fees are **transparent** and reflect ongoing maintenance rather than overdue repairs.

In older suburbs like Carlton, Fitzroy, St Kilda or South Yarra older buildings with a strong location, unique layouts and good management will often outperform brand new developments in terms of **long term capital growth**.

A balanced body corporate fee is part of choosing a **premium-performance** apartment. It ensures your building is **well maintained and desirable to owner-occupiers**, and retains strong resale potential for decades.

Additional Considerations (Risks & Oversupply, Building Compliance, Future Development)

While the six rules above cover the core of a **premium-performance apartment**, there are additional factors savvy **Inner-Melbourne buyers** must check before committing:

Oversupply risk: many new developments in Docklands, Southbank, the CBD and South Yarra flood the market, creating competition — even good apartments may struggle.

Building defects and compliance issues (especially in 2000–2020 buildings): fire compliance, cladding, structural issues, building quality, maintenance history.

Owners Corporation / Strata health: check for body corporate financial health, recent or upcoming levies, special repairs planned, quality and record of maintenance.

Long Term Market conditions: demand for owner-occupier apartments vs investor-driven demand, changing lifestyle preferences, demographic shifts. A good apartment investment isn't just about what you see now — it's about **what will appeal in 5, 10, or 20 years**.

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In Summary

A Premium Performance Apartment is one that:

- Attracts strong owner-occupier demand
- Is purchased below intrinsic value
- Sits in an irreplaceable location
- Offers unique qualities that stand out
- Provides genuine security and safety
- Has body corporate fees that reflect true value and are affordable for the specific market

When these six principles align, you dramatically reduce your risk and maximise your long-term capital growth potential.

But of course there are **further factors** you need to consider, such as street-level risk (eg. high public housing pockets), and for investors rental vacancy, proportion of owner-occupiers to investors (in specific buildings and in the suburb itself), new supply and one of my favourites: **is the "ripple effect" likely here?**

Is NOW the right time to enter the Melbourne apartment market, or should I wait?

I am not an estate agent with listings I need to sell. I have **no properties to sell you.**

My job, and my passion, is **to provide you** with the guidance, knowledge and information borne of decades of apartment experience and of study of the real estate cycles, to enable you to **make an informed decision.**

Ready for the next step? Schedule a call with me, and let's talk apartments - I will help you navigate Melbourne's Inner-Ring market!



CLICK to schedule a free No Obligation call.



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