

Yardi® Matrix

Indy Holds Steady Course

Multifamily Report Fall 2017

Rent Growth Outpaces U.S. Average

High Acquisition Yields Lure Investors

Construction Surge Looms



INDIANAPOLIS MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2017

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Broad-Based Employment Fuels Demand

A healthy employment climate and a relatively affordable cost of living are drawing residents to Indianapolis, spurring demand for apartments and pushing up rents. However, due to a significant amount of new deliveries, the occupancy rate dropped 30 basis points in 12 months, reaching 94.4% in July.

The metro's steady economic growth is keeping the unemployment rate down—at 2.9% as of June, some 150 basis points below the U.S. average. The largest gains were in education and health and hospitality and leisure, followed by financial activities. Construction was also strong, with the list of active projects including the 120-key Ironworks Hotel Indy and Gershman Partners' Marietta on Mass office building. Indianapolis is among the nation's top cities for finding and maintaining a job, as evidenced in a new study compiled by job search website Glassdoor.

A wave of supply will test demand for apartments in downtown Indianapolis, an appealing core for Millennials and Baby Boomers. The rapidly growing area is slated to reach 30,000 residents by 2020, according to Downtown Indy Inc. Developers are also focusing on walkable neighborhoods in Hamilton County, which is expected to add some 4,000 jobs by 2025. On the sales front, Indianapolis' relatively high acquisition yields continue to draw investors, providing an alternative to peaking core markets. With fundamentals remaining steady, we expect rents to grow by 3.0% in 2017.

Recent Indianapolis Transactions

Lake Castleton



City: Indianapolis
Buyer: Sterling Group
Purchase Price: \$88 MM
Price per Unit: \$69,848

Summit at Keystone



City: Indianapolis
Buyer: Summit Equity Investments
Purchase Price: \$36 MM
Price per Unit: \$80,029

The Legend at Speedway



City: Speedway, Ind.
Buyer: Lighthouse Group
Purchase Price: \$35 MM
Price per Unit: \$45,983

The Monroe



City: Bloomington, Ind.
Buyer: Saban Capital Group
Purchase Price: \$31 MM
Price per Unit: \$123,968

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