

Yardi® Matrix

Indianapolis: Suburbs Rise

Multifamily Report Winter 2018

Rent Growth Trails National Average

Health-Care Sector Leads Job Gains

Investors Compete for Value-Add Assets

INDIANAPOLIS MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Heavy Demand Powers Development Surge

The apartment boom continues in Indianapolis, where demand remains high, spurred by demographic factors and a strong economic engine. However, the wave of new supply pushed occupancy down 30 basis points year over year at the end of 2017.

Employment growth was particularly strong in education and health services, which added 5,800 jobs in the 12 months ending in November. Tax credits and training grants from the Indiana Economic Development Corp. are also boosting tech hiring across the metro, especially along the Interstate 69 corridor in Fishers, where hundreds of new jobs are slated to be created over the next several years. Rent growth was strongest in the suburbs, with Greenwood leading the way. That area continues to attract new development, including a \$259 million FedEx distribution center, which is set to employ about 450 people upon its completion in summer 2019. In fact, demographic expansion in Indianapolis' downtown core has slowed down over the past two years, in favor of fast-growing fringe submarkets.

As rents continue to rise, more out-of-state buyers are competing for value-add assets across the metro, in turn pushing up property values. Positive economic trends and a relatively limited inventory of single-family housing in desirable locations is bound to continue underpinning multifamily demand. We expect rents to grow 3.0% in 2018.

Recent Indianapolis Transactions

Lake Castleton



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

Circa



City: Indianapolis
Buyer: JVM Realty
Purchase Price: \$48 MM
Price per Unit: \$184,615

Avery Point



City: Indianapolis
Buyer: Steadfast Cos.
Purchase Price: \$42 MM
Price per Unit: \$81,302

The Legend at Speedway



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