

Yardi® Matrix

Indianapolis Thrives

Multifamily Report Summer 2018

Rent Growth Modest, Set to Accelerate

Supply Targets Downtown, Northern Submarkets

Investors Focus on Value-Add, Infill Assets

INDIANAPOLIS MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Health Care, Tech Drive Growth

Multifamily demand remains strong in Indianapolis, sustained by favorable demographic trends and a thriving economy. The pool of talent coming from local universities and a reasonable cost of living and doing business continue to attract residents and employers to the area.

Education and health services led job growth in the 12 months ending in April. The region's health-care boom is spurred by projects such as the \$1 billion Indiana University Health campus downtown or the upcoming \$389 million regional health center in Bloomington. Professional and business services also gained jobs, boosted by an expanding tech sector, which is drawing top-tier companies and pushing office rents to all-time highs. The labor market is bound to continue its run, fueled by the 293 commitments the Indiana Economic Development Corp. secured from companies looking to grow in the state. The investments total \$7 billion and 30,000 new jobs, the highest yearly commitment in the organization's history.

Apartment construction is intense in the city core and in the northern submarkets. Investors target value-add assets in infill locations, where acquisition yields can go as high as 7.5%. As of April, some 4,000 multifamily units were underway across the metro. Absorption is expected to keep up with the pace of new supply, generating a 2.7% rent growth for the year.

Recent Indianapolis Transactions

Lake Castleton



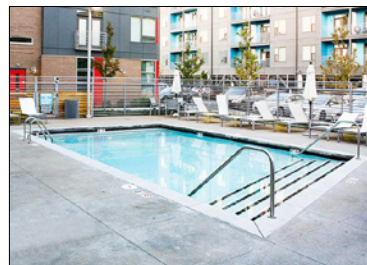
City: Indianapolis
Buyer: Sterling Group
Purchase Price: \$88 MM
Price per Unit: \$69,848

The Cottages of Fall Creek



City: Indianapolis
Buyer: Pepper Pike Capital Partners
Purchase Price: \$57 MM
Price per Unit: \$75,184

Circa



City: Indianapolis
Buyer: JVM Realty
Purchase Price: \$48 MM
Price per Unit: \$181,132

Avery Point



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