

# INDIANAPOLIS, IN MULTIFAMILY REPORT

2023 | MIDYEAR

A panoramic view of the Indianapolis skyline at dusk, with city lights reflecting on the water in the foreground. The sky is a mix of blue and purple, with white clouds. A large, dark green diagonal shape is on the left side of the image, and a white and blue diagonal shape is at the bottom left. In the top right corner, there are white geometric line patterns.

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# INDIANAPOLIS, IN EMPLOYMENT

## Jobs Added / Lost

### LAST 12 MONTHS

39,900

↑ 3.4%

### NEXT 12 MONTHS\*

6,300

↑ 0.5%

## Unemployment

### MIDYEAR 2023

2.8%

⊙ 0 BPS YOY

### MIDYEAR 2024\*

3.5%

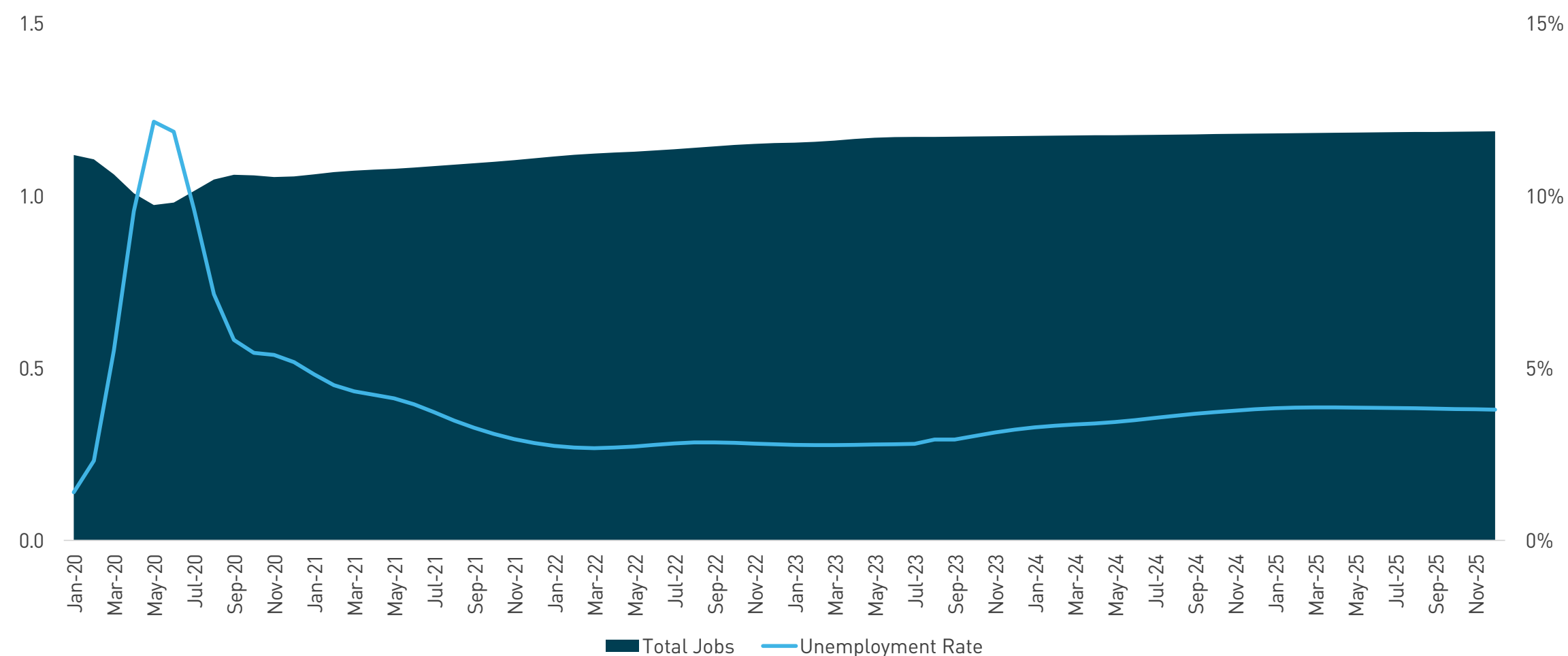
↑ 70 BPS YOY

\*Projected

The metro's economic growth outpaced the national level, as Indianapolis' job market expanded 3.4% annually through the end of June 2023. Indianapolis-area businesses added 38,900 new jobs during that same time. Consistent employment gains kept the unemployment rate below 3% for 20 consecutive months. The metro continued to attract large investments that aim to revitalize some areas of the city. One notable expansion is Indiana University Health's \$4.3 billion new hospital complex downtown. Three new patient towers, with a combined 864 patient rooms, an outpatient center, and other medical office buildings are being built across eight blocks. The massive project will create thousands of

construction jobs prior to its completion slated for late-2027. Eli Lilly announced a \$2.1 billion manufacturing expansion in Boone County, producing 1,500 construction jobs and 500 jobs when operational by 2026. The private education and healthcare sector represents 15% of all jobs metrowide and 1,300 workers were added year over year in June 2023. Hoping to draw more conventions, the Indiana Convention Center will soon begin a \$155 million expansion that will include additional event space and two hotels with a combined total of 1,400 rooms, with completion expected in 2026. The city's tourism industry supports 113,100 people, capped by 1,300 jobs added to payrolls in the past year.

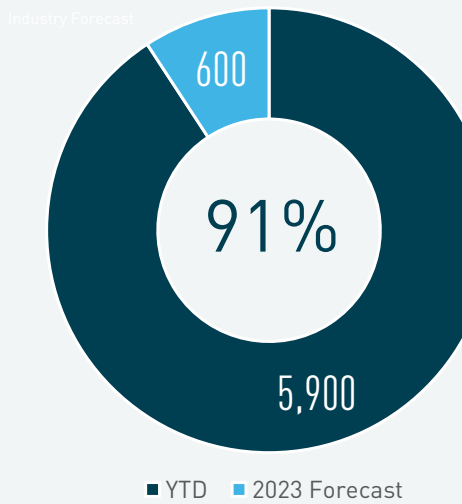
## Employment Trends



SOURCE: Moody's Analytics

## Who's Hiring?

### PROFESSIONAL & BUSINESS SERVICES INDUSTRY



17%  
OF ALL JOBS IN THE METRO

\$78,500  
AVERAGE ANNUAL SALARY

## Top Professional & Business Services Employers

<b>Deloitte.</b>	1,120 JOBS
<b>EY</b>	950 JOBS
<b>BARNES &amp; THORNBURG LLP</b>	910 JOBS

## In The News

- 🔗 [Eli Lilly \\$2.1B expansion to result in 500 high-paying jobs](#)
- 🔗 [\\$4.3B IU Health downtown hospital campus opening 2027](#)
- 🔗 [Elanco \\$100M HQ west of downtown, creating 600 new jobs](#)



# INDIANAPOLIS, IN DELIVERIES & ABSORPTION

2023 Units\*

**DELIVERIES**

3,973

**ABSORPTION**

1,168

2024 Units\*

**DELIVERIES**

5,400

**ABSORPTION**

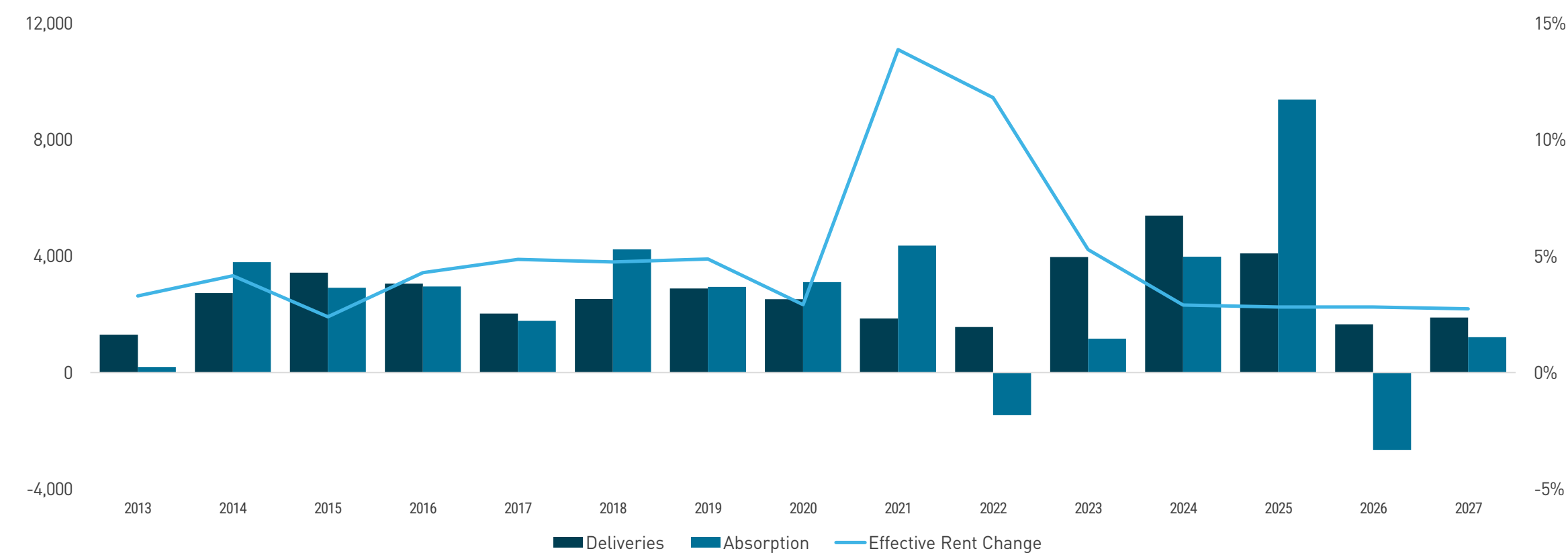
3,983

\*Projected

As the pandemic waned during the last four quarters, renters' migration back to the urban core resulted in net absorption of 236 apartment units in the Downtown Indianapolis submarket, which garnered the largest share of leasing among the 13 apartment submarkets. While downtown living will continue to attract renters through year-end, an influx of new supply coming online in the Carmel/Hamilton County submarket will attract renters' attention. Annual demand this year is projected to be 1,168 units across the metro, with 82% projected to be absorbed in the Carmel/Hamilton neighborhood. Operators expanded concessions mid-2023 to facilitate leasing.

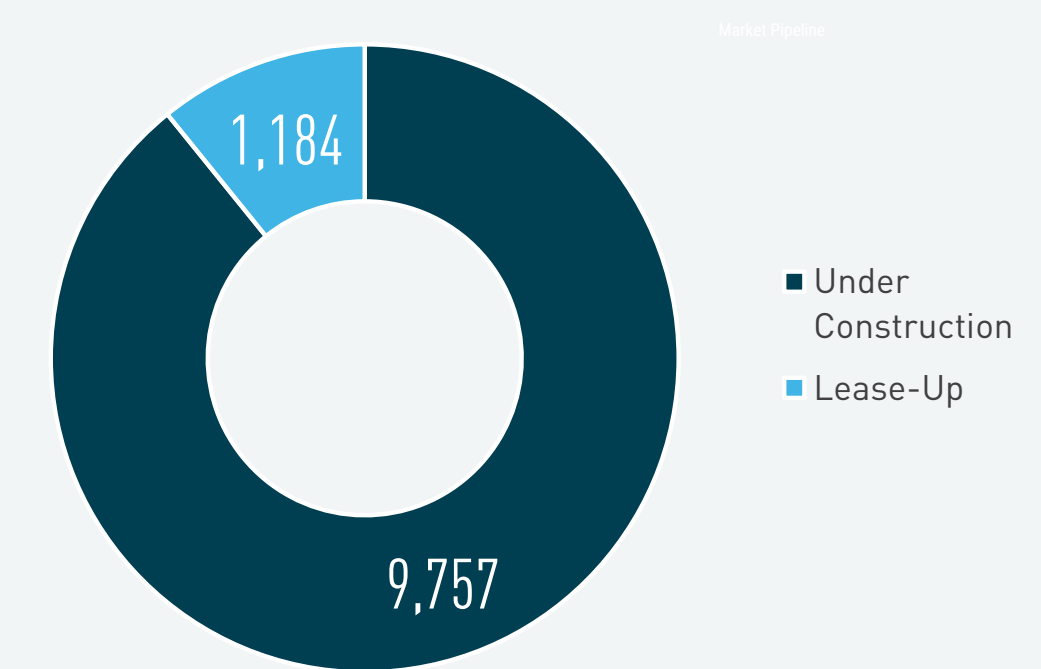
Developments initiated during the rising occupancy period two years ago added to a swelling construction pipeline during the second quarter of 2023: 9,757 units under construction and 1,184 in lease-up. Builders completed 1,311 apartments so far this year, part of about 4,000 completions projected for 2023, compared to 1,563 supply additions last year. Indianapolis' record delivery slate will lift inventory 2.4% this year, the quickest annual expansion in more than a decade. Apartment deliveries are expected to be elevated through 2025, resulting in a brief supply imbalance. Job creation, combined with net in-migration of 39,400 residents forecast in the metro area, bodes well for leasing activity over the next 2 and a half years.

## Deliveries, Absorption, & Effective Rent Change

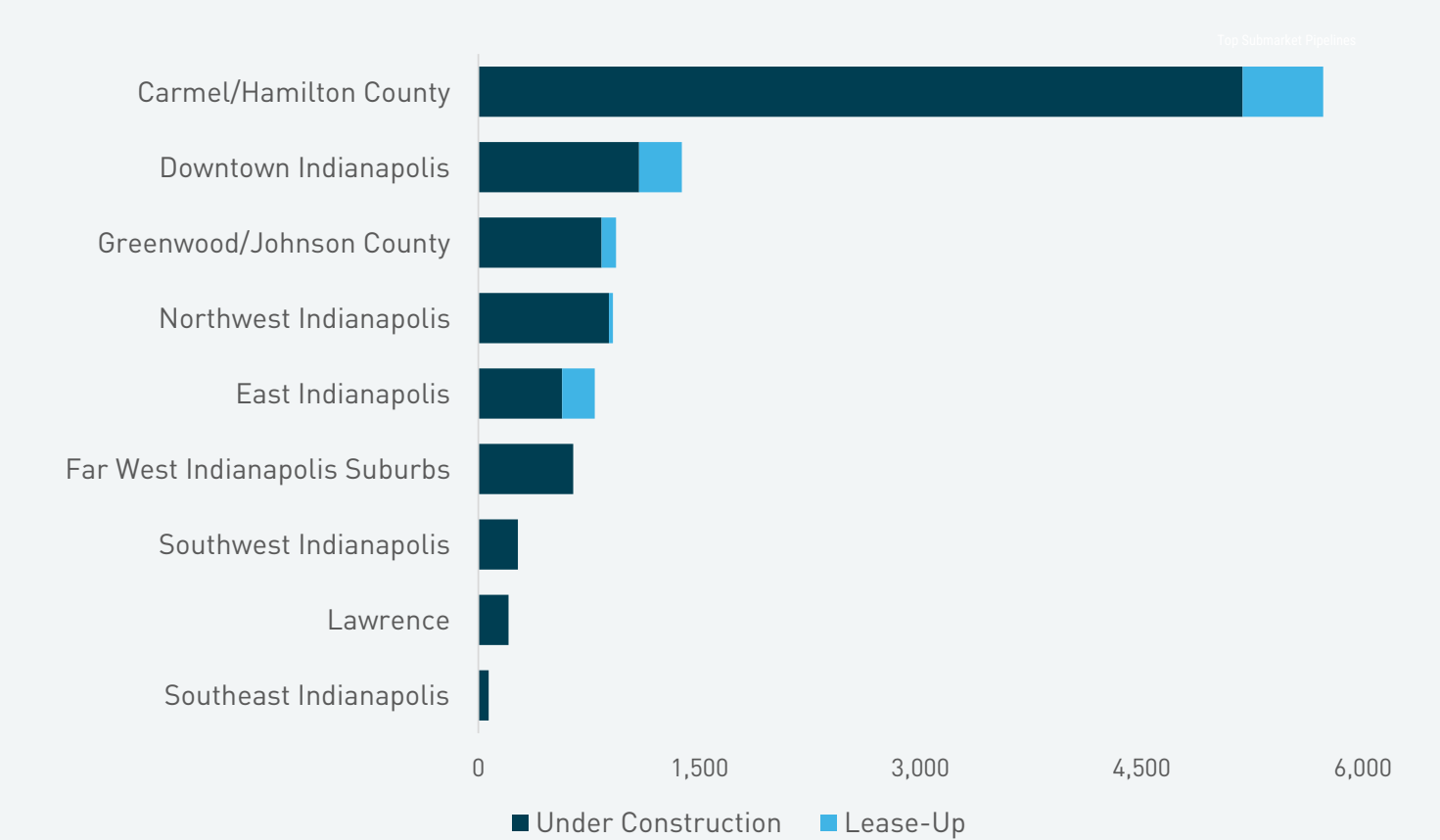


Source: RealPage

## Market Pipeline



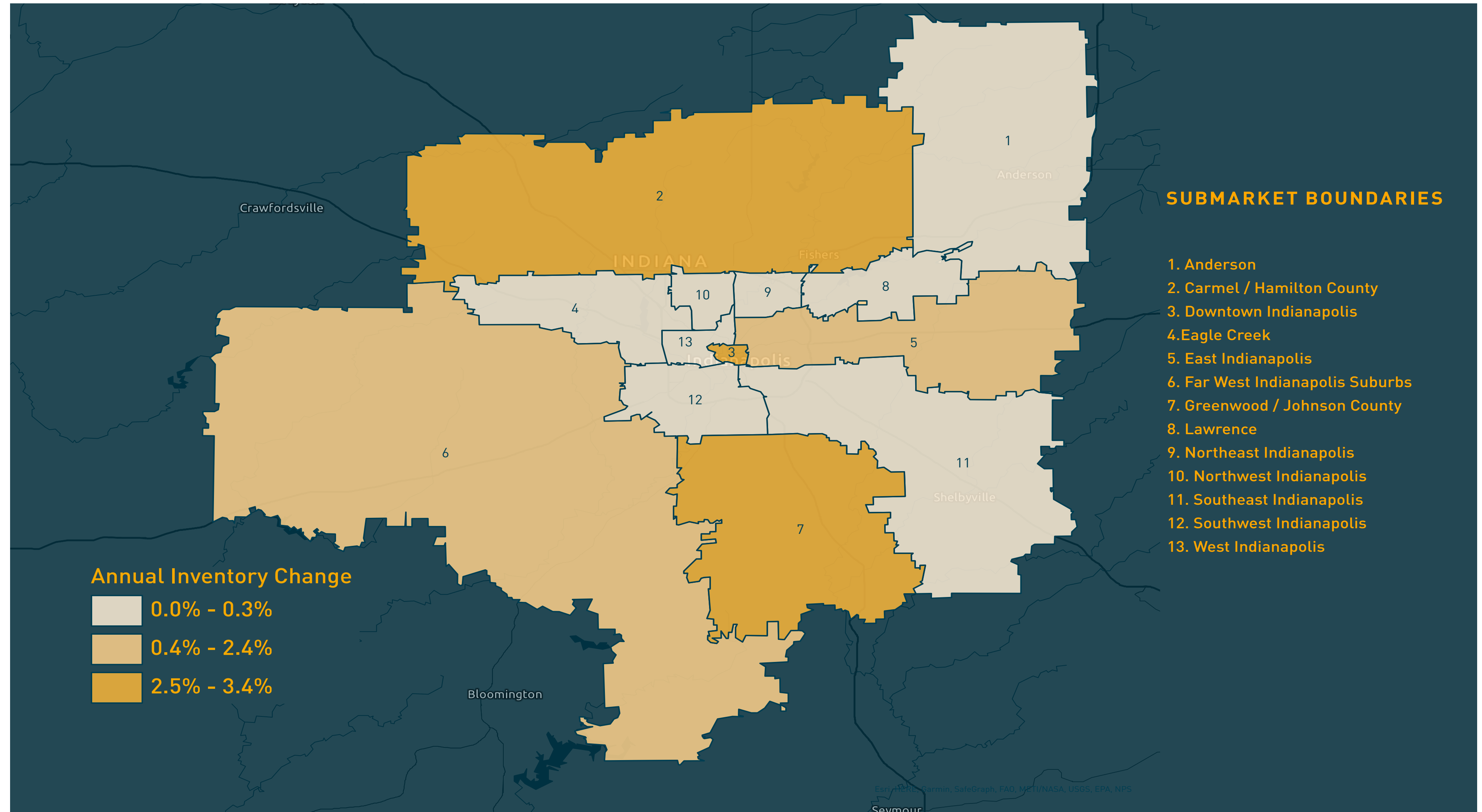
## Top Submarket Pipelines





# INDIANAPOLIS, IN SUBMARKET ANNUAL INVENTORY CHANGE

Multifamily builders, conscious of the robust population growth rates in the cities of Carmel, Noblesville, and Fishers in the Carmel/Hamilton County submarket, continued to favor development in that part of the metro. The area had a 4.7% inventory gain during 2022 with an additional 5.4% supply expansion projected this year. At the midpoint of 2023, 54 projects were under construction across the metro and more than half were underway in the Carmel/Hamilton County submarket. The largest development in the submarket to complete this year was the 287-unit NEXUS Noblesville, within proximity to the Riverview Health hospital, one of the largest employers in the county. Carmel/Hamilton County is a strategic location for residents, as it is only a 30- to 40-minute drive to employment clusters in Anderson, Lebanon, and downtown. Hamilton County is home to several of the largest metro employers.





# INDIANAPOLIS, IN RENT & OCCUPANCY

## Effective Rent

Q2 2023

\$1,249

↑ 7.7% YOY

## Occupancy

Q2 2023

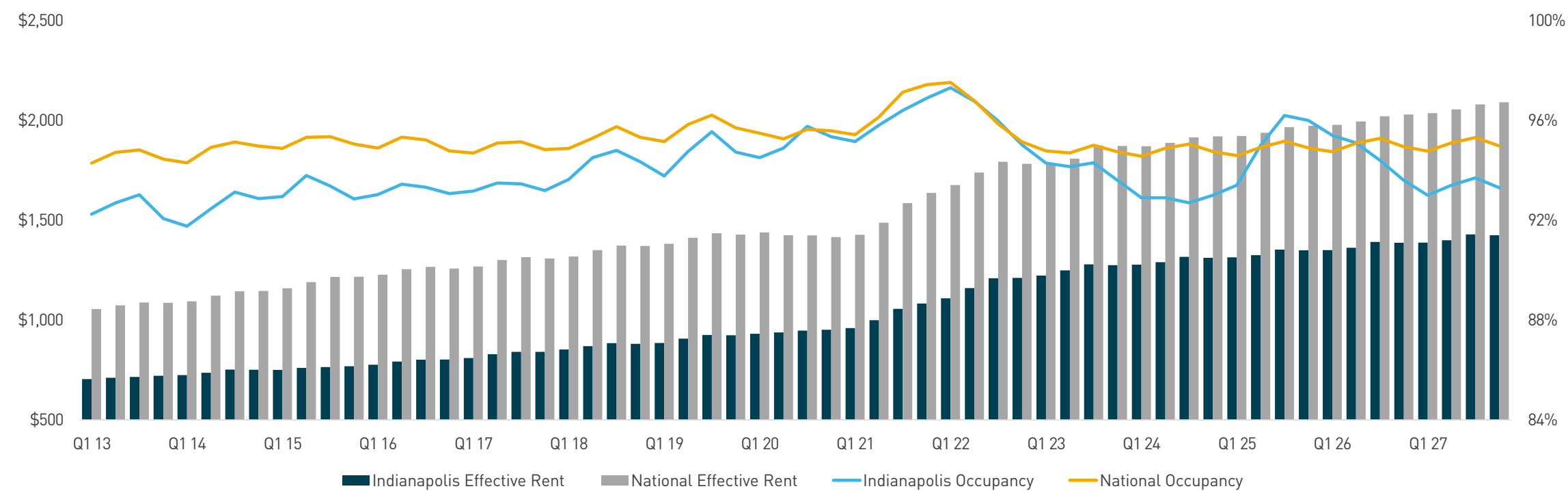
94.2%

↓ 260 BPS YOY

Rent growth in Greater Indianapolis remained above the national average, up 7.7% year over year, following 16.1% in the prior 12-month period. The most recent rise places Indianapolis among the national leaders in rent growth. Average effective rent was \$1,249 per month in the second quarter of 2023. Indy's average mortgage payment in June was \$700 more per month than the average effective rent, but only about \$370 more than Class A rentals which averaged \$1,615 in the second quarter. Operators are expected to keep upward pressure on rent. Overall, average effective rent is projected to rise another 2.1% through the end of 2023. Average effective rent is forecast to increase an additional 2.9% in 2024. Amid high inflation and continued economic uncertainty, the Indianapolis

multifamily market rested on a positive note mid-2023. Multifamily operators recorded 94.2% average apartment occupancy in the second quarter of 2023, 40 basis points higher than the pre-pandemic five-year average. Despite the supply injection on the metro's largest submarket of Carmel/Hamilton County, the drop in occupancy was less than the metro average and settled at 95.0% mid-2023. Significant operational expansions by DHL, Eli Lilly and Company, and Stevanato Group will bring high-paying jobs over the next few years that will drive additional apartment demand and fortify occupancy, particularly near their new facilities in the Carmel/Hamilton County and Greenwood/Johnson County submarkets.

## Indianapolis vs. National Effective Rent & Occupancy



Source: RealPage

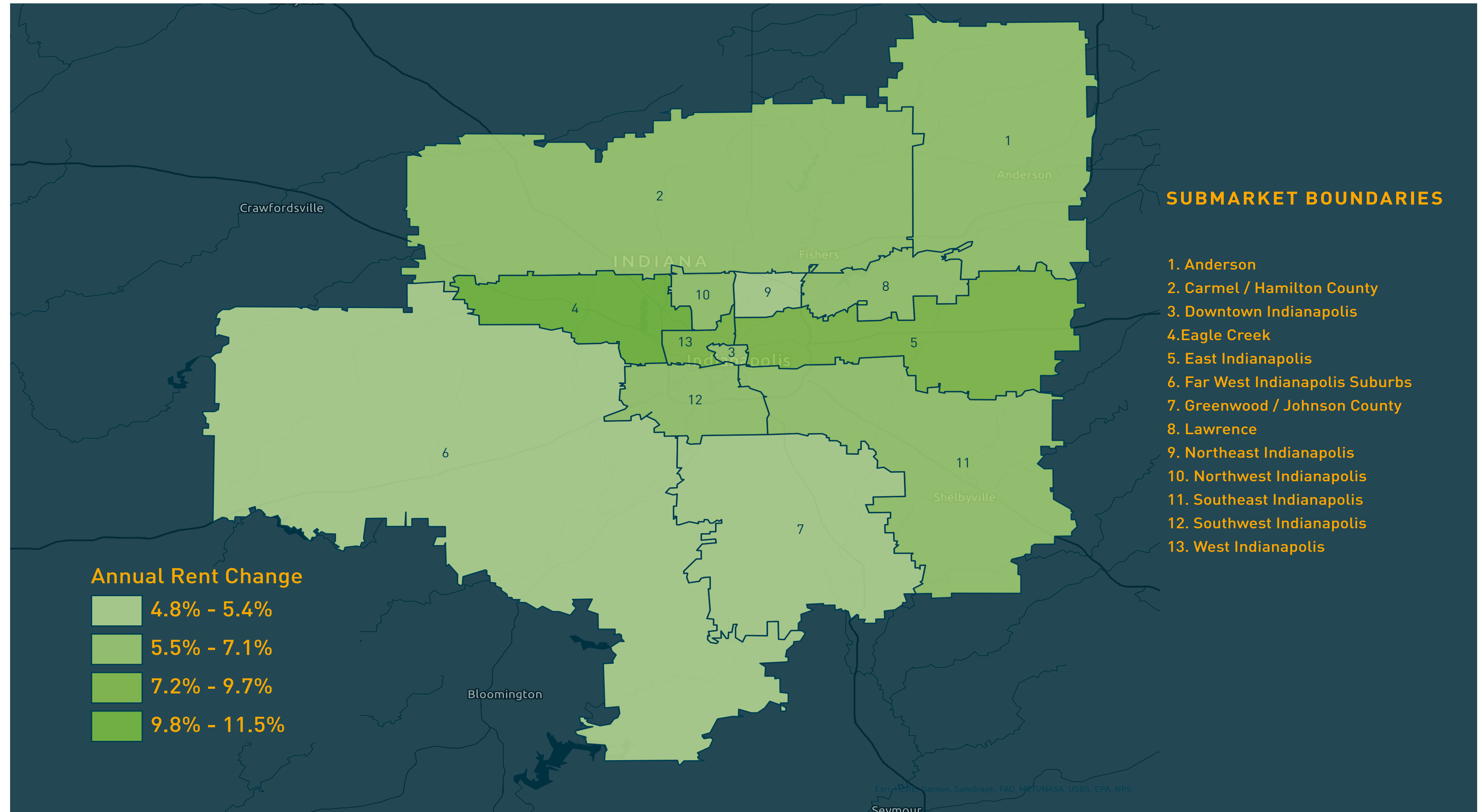
## Submarket Performance

SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Anderson	97.1%	-60	\$941	6.2%
Carmel/Hamilton County	95.0%	-220	\$1,502	7.1%
Downtown Indianapolis	93.6%	-130	\$1,568	6.2%
Eagle Creek	94.6%	-270	\$1,151	11.5%
East Indianapolis	94.3%	-130	\$1,026	8.3%
Far West Indianapolis Suburbs	94.9%	-230	\$1,393	5.0%
Greenwood/Johnson County	95.3%	-240	\$1,177	5.4%
Lawrence	92.5%	-380	\$1,194	6.7%
Northeast Indianapolis	92.7%	-410	\$1,316	4.8%
Northwest Indianapolis	93.6%	-350	\$1,127	5.8%
Southeast Indianapolis	94.7%	-120	\$1,213	6.0%
Southwest Indianapolis	93.7%	-340	\$1,070	6.7%
West Indianapolis	93.3%	-370	\$1,036	9.7%



# INDIANAPOLIS, IN SUBMARKET ANNUAL RENT CHANGE

Two submarkets exceeded the average effective rent increase observed metrowide by well over 200 basis points. The Eagle Creek submarket led the metro with an 11.5% annual increase to \$1,151 per month, while the West Indianapolis area expanded by 9.7% to \$1,036 monthly. Landlords were able to raise rents in these adjoining submarkets while keeping them among the most affordable places to live in Greater Indianapolis. These smaller neighborhoods on the west side of Indianapolis are popular among renters interested in a wide variety of outdoor activities, including Eagle Creek Park, the largest park in Indianapolis, while being just minutes from downtown. The in-demand Carmel/Hamilton County submarket owes the recent 7.1% year-over-year increase to being one of the nation's fastest-growing areas with an annual median household income of more than \$100,000, compared to the metro average of \$65,000.



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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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