

# INDIANAPOLIS IN

## Multifamily Report

**BERKADIA**<sup>®</sup>

a Berkshire Hathaway and Jefferies Financial Group company





# INDIANAPOLIS, IN EMPLOYMENT

## Jobs Added / Lost

### LAST 12 MONTHS

89,000  
↑ 9.1%

### NEXT 12 MONTHS\*

39,600  
↑ 3.7%

## Unemployment

### MID-YEAR 2021

3.7%  
↓ 800 BPS YOY

### MID-YEAR 2022\*

2.3%  
↓ 140 BPS YOY

\*Projected

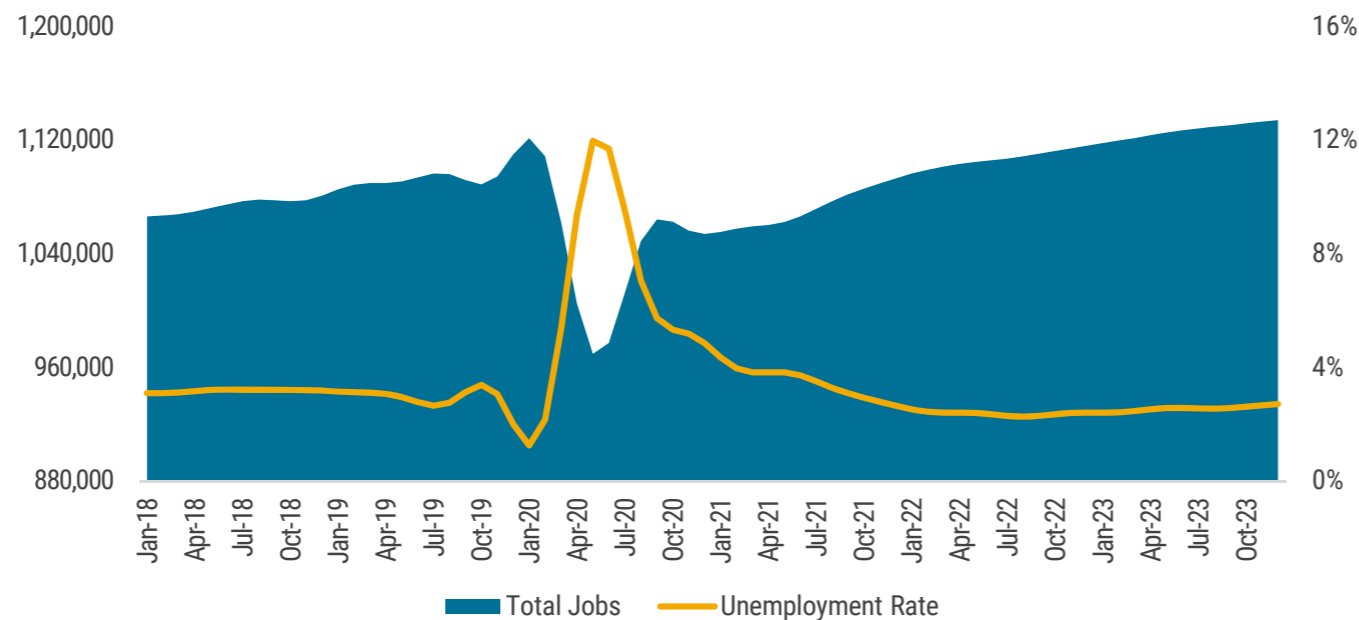
Nearly every employment sector in the Indianapolis metropolitan area recorded at least a 3.0% annual jump in payrolls through the second quarter of 2021. Exceptional business expansions and retentions persisted through an urban renewal in the state's capital over the last year and contributed to the net creation of 21,600 white-collar jobs.

Meanwhile, payrolls expanded 5.8% as 12,600 positions were filled in the trade, transportation, and utilities sector, the metro's largest industry. The economy's foundation stems from industrialized industries backed by job announcements from manufacturing and logistics firms beyond the metro's urban core. Though, the economic landscape has diversified

to include a broad range of finance, health care, and tech firms. Approximately 65% of metro workers aged 16 years and older are employed in white-collar positions today.

By mid-year 2022, the region's total workforce is projected to grow an additional 3.7%. Employers in the business, finance, and information technology sectors are eager to continue their expansion throughout the Indianapolis metro over the next 12 months amid the recovering economy. They are expected to expand payrolls by an additional 3.3% as 8,100 positions are filled.

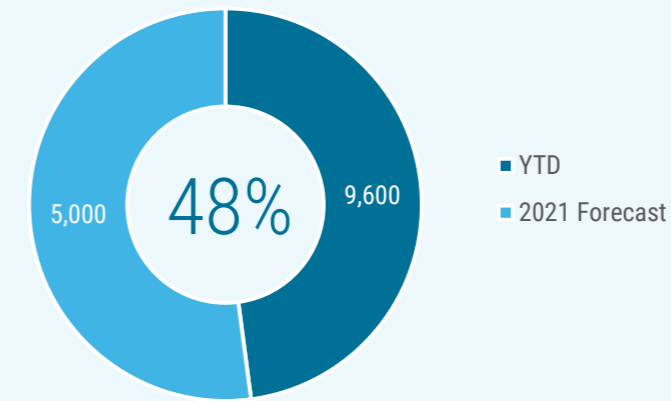
## Employment Trends



SOURCE: MOODY'S ANALYTICS

## Who's Hiring?

### LEISURE & HOSPITALITY INDUSTRY



9%  
OF ALL JOBS IN THE METRO

\$24,320  
AVERAGE ANNUAL SALARY

## Top Leisure & Hospitality Employers



1,500 JOBS



1,200 JOBS



1,000 JOBS

## In The News

- Apple establishing distribution center; 500 jobs
- Indy-based Kennect to hire over 400
- Five Below to fill more than 470 jobs in Shelby County
- Stevanto Group bringing 230 jobs to Fishers facility
- More than 400 to be hired in Indy at software company
- Consulting company expanding with 100 new jobs



# INDIANAPOLIS, IN

## DELIVERIES & ABSORPTION

### 2021 Units\*

DELIVERED

1,911

ABSORBED

1,001

### 2022 Units\*

DELIVERED

2,137

ABSORBED

-148

\*Projected

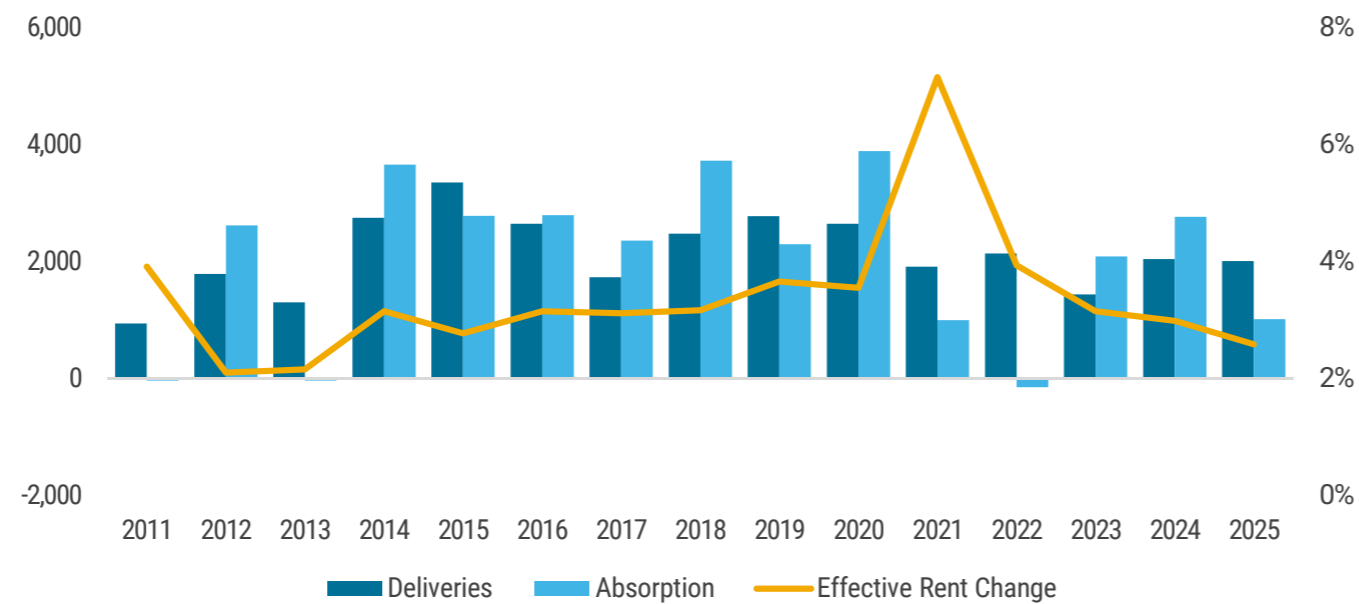
Developments are numerous in the Indianapolis metropolitan area as more than 2,000 multifamily units came online over the past year. Nearly 57% of new units were delivered to the Carmel/Hamilton County apartment submarket in response to robust population growth rates in Carmel, Noblesville, and Fishers.

The southern two-thirds of Hamilton County experienced the most residential growth in recent years largely due to its proximity to the state's capital city. In turn, net absorption in Carmel/Hamilton County reached 1,800 units and is forecast to surpass an additional 400 net units by mid-2022. Annual leasing activity doubled metrowide in the second quarter of 2021 from one year prior and went beyond the

five-year historical average by more than 20%, though it will taper gradually during the next four quarters. Even so, Indianapolis bucked economic hurdles over the past 12 months and continues to be one of the more stabilized regions in the Midwest.

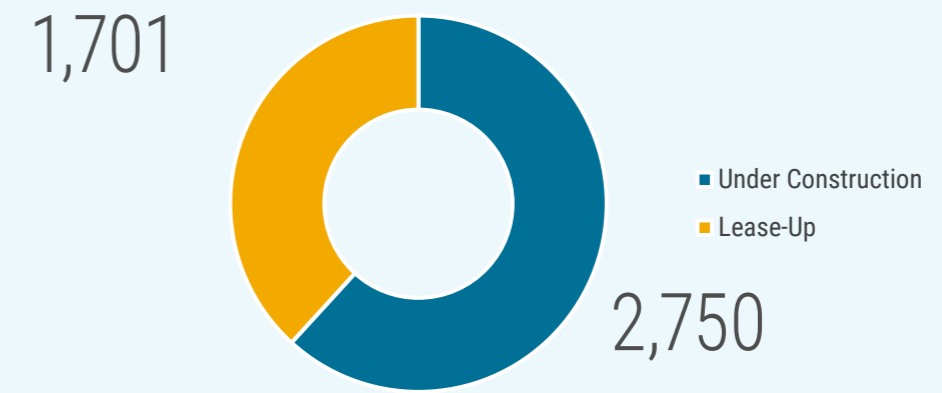
There are currently 28 properties in the Indianapolis metropolitan area under construction that are scheduled to deliver nearly 2,800 units over the next five years. The Carmel/Hamilton County submarket is projected to bring approximately 990 of these units to inventory over the next four quarters, compared to the metrowide total of 1,900.

### Deliveries, Absorption, & Effective Rent Change

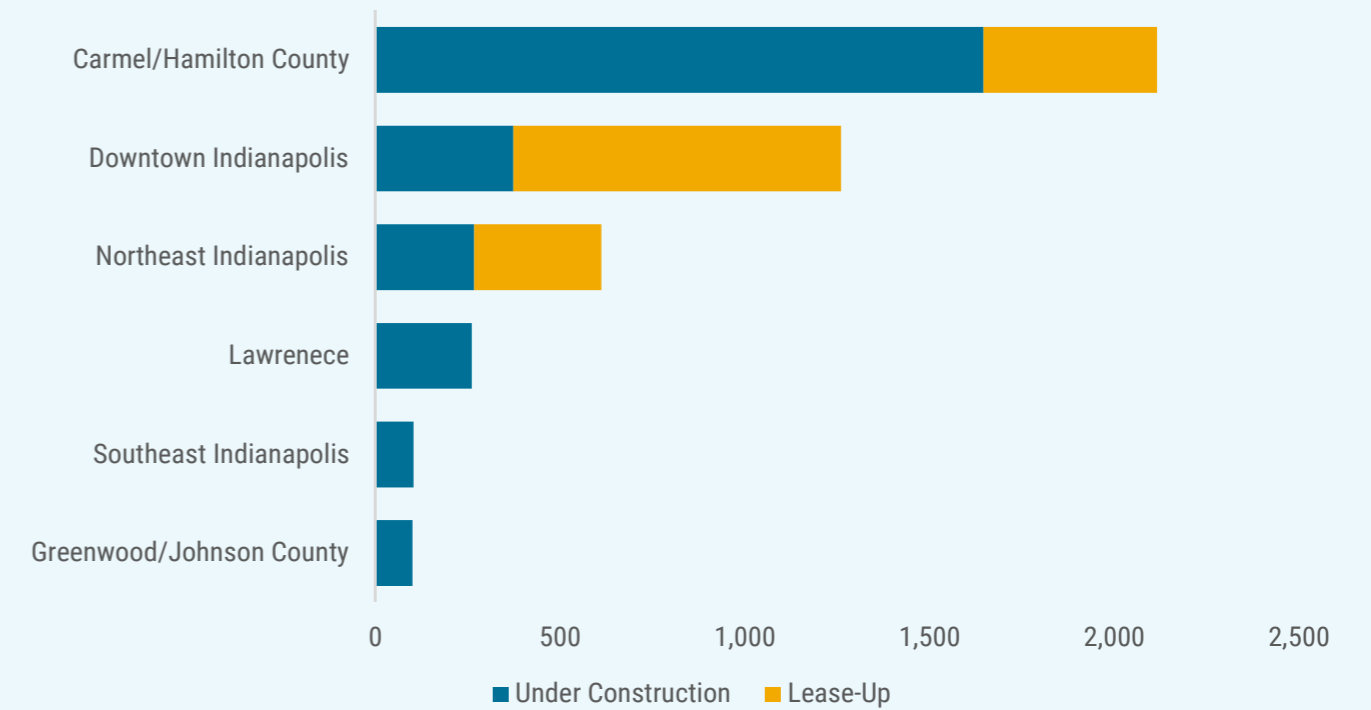


SOURCE: REALPAGE

### Market Pipeline



### Top 10 Submarket Pipelines



For a complete list of properties in the pipeline, [CLICK HERE](#)



# INDIANAPOLIS, IN RENT & OCCUPANCY

## Effective Rent

2Q 2021

\$1,001

↑ 6.9% YOY

## Occupancy

2Q 2021

95.5%

↑ 80 BPS YOY

Constraints from the pandemic tested the Indianapolis metropolitan area in 2020, but a swift recovery is underway. Apartment fundamentals in metro Indianapolis are turning in a solid performance in 2021 so far.

Since June 2020, leasing activity outpaced new deliveries by more than 1,000 units and contributed to an annual 80-basis-point increase in the metro's average occupancy rate. Occupancy reached a metrowide average of 95.5% during the second quarter of 2021, bringing in the highest rate in over a decade.

Nearly every submarket recorded an annual increase in occupancy and was led by heightened suburban demand in Greenwood/Johnson

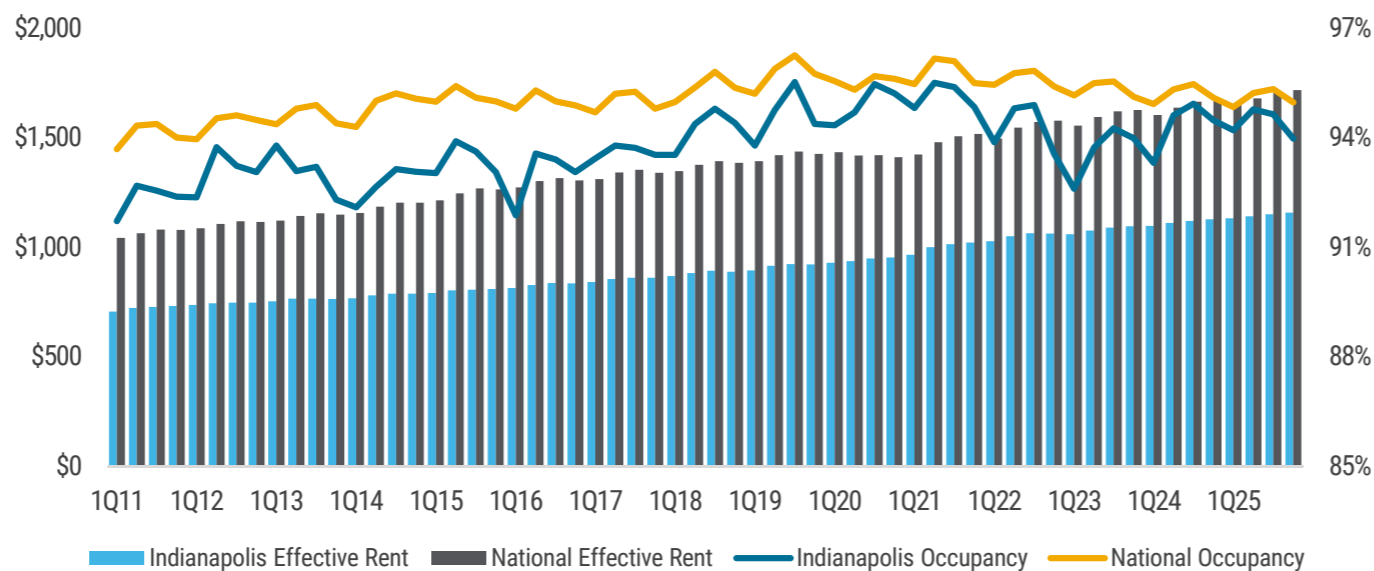
County and the Far West Indianapolis Suburbs. It will take further job recovery in white-collar positions to turn around demand in the metro's city centers.

Nonetheless, apartment operators increased rents amid the consistent inflow of new residents. Average effective rent appreciated 6.9% annually to \$1,001 per month. In one year, operators can expect occupancy rates to fall closer to the market's historic norm while residents adjust to new supply and heightened rent rates.

## Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Anderson	94.8%	0	\$871	12.5%
Carmel/Hamilton County	96.8%	270	\$1,223	8.3%
Downtown Indianapolis	89.6%	-220	\$1,303	-4.5%
Eagle Creek	95.9%	40	\$911	9.1%
East Indianapolis	94.5%	-50	\$794	4.8%
Far West Indianapolis Suburbs	97.3%	120	\$1,191	12.3%
Greenwood/Johnson County	97.8%	160	\$965	10.6%
Lawrence	96.0%	140	\$994	12.1%
Northeast Indianapolis	95.4%	180	\$1,091	7.7%
Northwest Indianapolis	96.9%	240	\$923	5.8%
Southeast Indianapolis	95.6%	-60	\$989	10.9%
Southwest Indianapolis	95.2%	100	\$866	7.6%
West Indianapolis	96.8%	40	\$816	5.2%

## Indianapolis vs. National Effective Rent & Occupancy



SOURCE: REALPAGE



# INDIANAPOLIS, IN POPULATION & MIGRATION

## 2021 Residents\*

2,131,200

↑ 1.0% YOY

## 2022 Residents\*

2,152,800

↑ 1.0% YOY

\*Projected

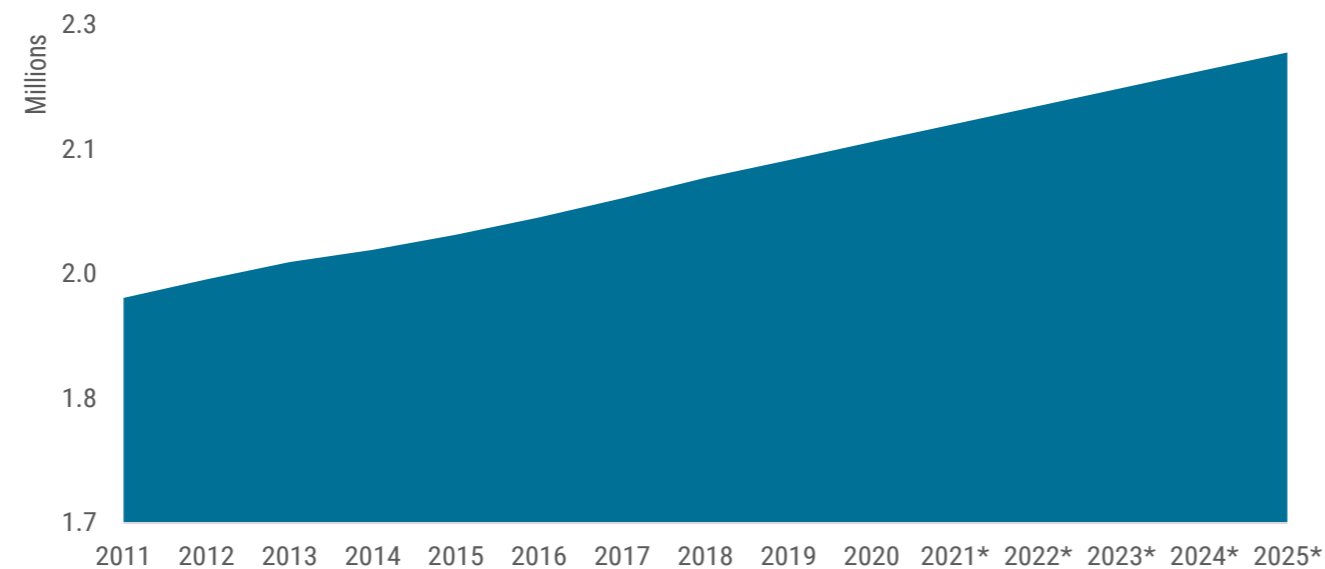
Each day, on average, Indianapolis welcomed 60 new residents between June 2020 and June 2021. According to the U.S. Census Bureau, the Indianapolis region absorbed almost 75% of the state's in-migration during the last year. Much of the metropolitan area's appeal lay in its affordability, diverse economic base, and access to spacious living options, exemplifying some of the essential characteristics many renters desired in a home during lockdown.

It's undeniable that Indianapolis' urban renewal has benefitted the region and its residents over the past several decades. The new economic landscape attracted an increasingly educated population backed by local universities and company expansions from multinational

firms like Salesforce.com Inc. and Microsoft Corp. Transformative infrastructure projects, like Block 20 and the Bottleworks District in Downtown Indianapolis, continue to unfold and shape the region to better accommodate a growing need for a live-work-play lifestyle.

The uptick in population growth will persist through the next year as an additional 21,500 net residents are projected to move into the region by mid-2022. By 2025, consistent in-migration will help push the metropolitan area's net population to more than 2.2 million residents.

## Indianapolis Population

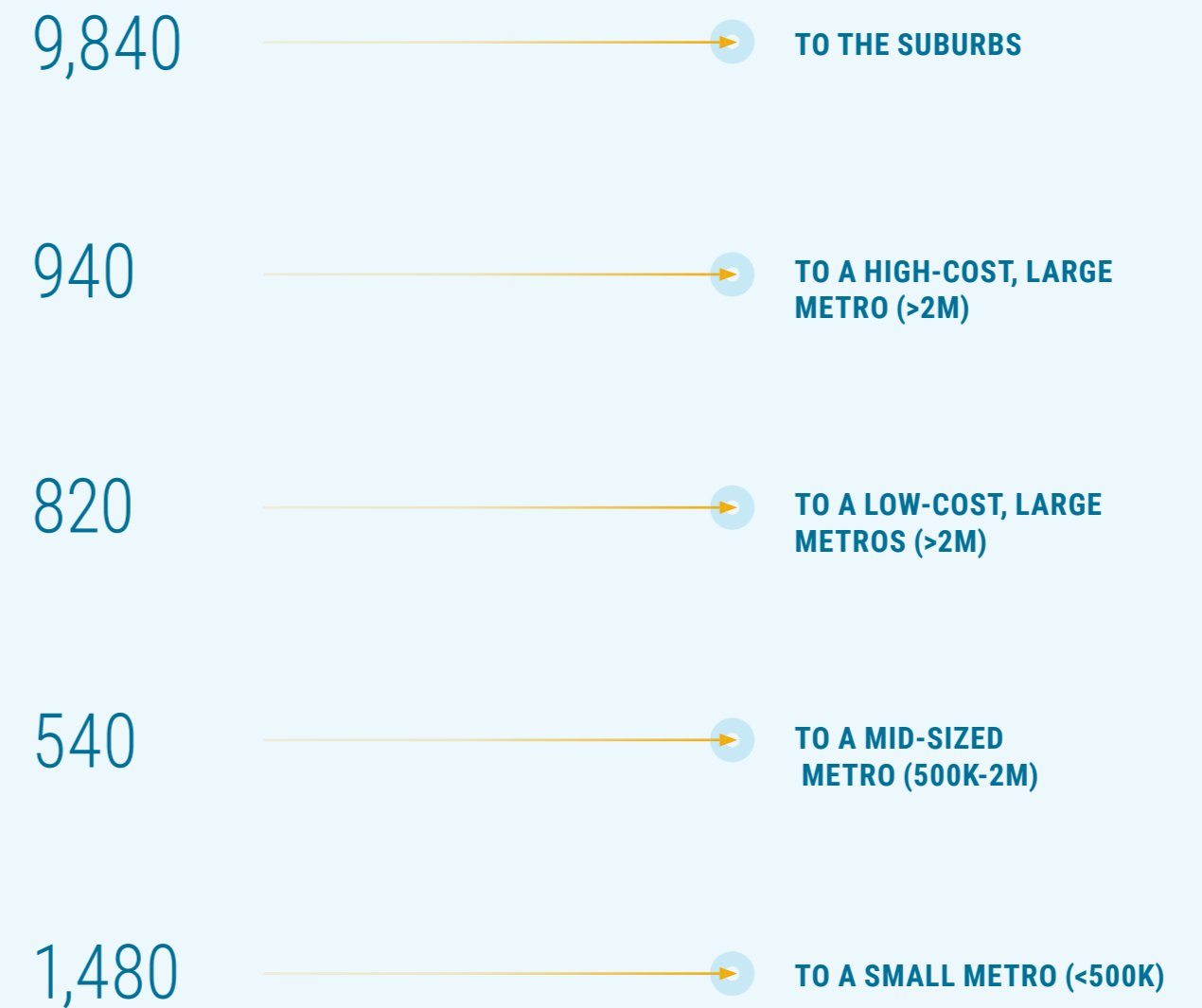


\*Projected

SOURCE: MOODY'S ANALYTICS

## Urban Migration During the Pandemic

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND





# INDIANAPOLIS, IN SALES

## 2021 Year to Date\*



VOLUME

\$233.1M



PRICE PER UNIT (AVG)

\$118,425



TRANSACTIONS

12



CAP RATE (AVG)

N/A

## What's Trading?\*



UNITS (AVG)

257



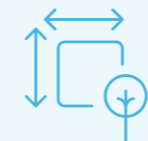
YEAR BUILT (AVG)

1980's



BUILDINGS (AVG)

16



ACRES (AVG)

25.05

\*\$10M+  
SOURCE: REAL CAPITAL ANALYTICS

## Top Buyers\*\*

BUYER	LOCATION
Spruce Capital Partners	New York, NY
Stoneweg SA	Geneva, CHE
Pepper Pike Capital Partners	Orange, OH
Birge & Held	Indianapolis, IN
Zidan Management	Indianapolis, IN

## Top Sellers\*\*

SELLER	LOCATION
Hampshire Properties	Brooklyn, NY
The Embassy Group	Suffern, NY
Emma Capital	Toronto, CAN
CORE Realty Holdings	Newport Beach, CA
Birge & Held	Indianapolis, IN

\*\*Past 24 Months

# **BERKADIA**<sup>®</sup>

Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

© 2021 Berkadia Real Estate Advisors LLC

Berkadia® is a trademark of Berkadia Proprietary Holding LLC

Commercial mortgage loan origination and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This website is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales and real estate brokerage businesses are conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. For state licensing details for the above entities, visit: [www.berkadia.com/legal/licensing.aspx](http://www.berkadia.com/legal/licensing.aspx)

The information contained in this flyer has been obtained from sources we believe to be reliable; however, we have not conducted any investigation regarding these matters and make no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. While we do not doubt its accuracy, we have not verified it and neither we, nor the Owner, make any guarantee, warranty or representation of any kind or nature about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example and do not necessarily represent past, current or future performance of the property. You and your advisors should conduct a careful and independent investigation of the property to determine to your satisfaction the suitability of the property and the quality of its tenancy for your records.