



MULTIFAMILY REPORT

Indy Reopens Amid Solid Performance

Summer 2020

Rent Growth Persists in Upscale Segment

Transaction Activity Holds Through May

State Jobless Rate Below Nation

INDIANAPOLIS MULTIFAMILY



Full Reopening Looms, Rental Market Endures

Although most industries have seen significant impact from measures taken to mitigate the pandemic, Indianapolis' rental sector recorded flat rent gains on a trailing three-month basis through May. Meanwhile, the U.S. rate was down 20 basis points. This was mainly due to the metro's upscale segment, where a supply imbalance has kept demand high and rents on the rise—up 0.3%.

However, the metro's economy as a whole is relatively vulnerable to fallout from the ongoing health crisis, due to a smaller share of well-insulated jobs compared to other U.S. metros. Although the state's 12.3% unemployment rate was 100 basis points lower than the national figure as of May, smaller employment shares in financial activities, government, and professional and business services mean that the metro's job market may continue to struggle. The state is engaged in a five-stage reopening plan, with the last phase permitting conventions, festivals and similar activities, pointing to some positivity this summer.

Transaction pace has actually been nearly on par with 2019, at \$228 million, trailing the previous year's same five-month total by only \$10 million. The average price per unit has also climbed, reaching \$108,814, up \$33,000 over 2019's average. With construction deemed an essential service during the lockdown, development activity was solid, with 4,293 units underway across the metro.

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Recent Indianapolis Transactions

Settlers Run



City: Danville, Ind.
Buyer: Spruce Capital Partners
Purchase Price: \$38 MM
Price per Unit: \$123,684

Saratoga Crossing



City: Plainfield, Ind.
Buyer: Spruce Capital Partners
Purchase Price: \$33 MM
Price per Unit: \$136,667

Parc Bordeaux



City: Indianapolis
Buyer: Cyclone Investment Group
Purchase Price: \$16 MM
Price per Unit: \$79,320

Barclay Square



City: Bloomington, Ind.
Buyer: Woodington Management
Purchase Price: \$11 MM
Price per Unit: \$75,650