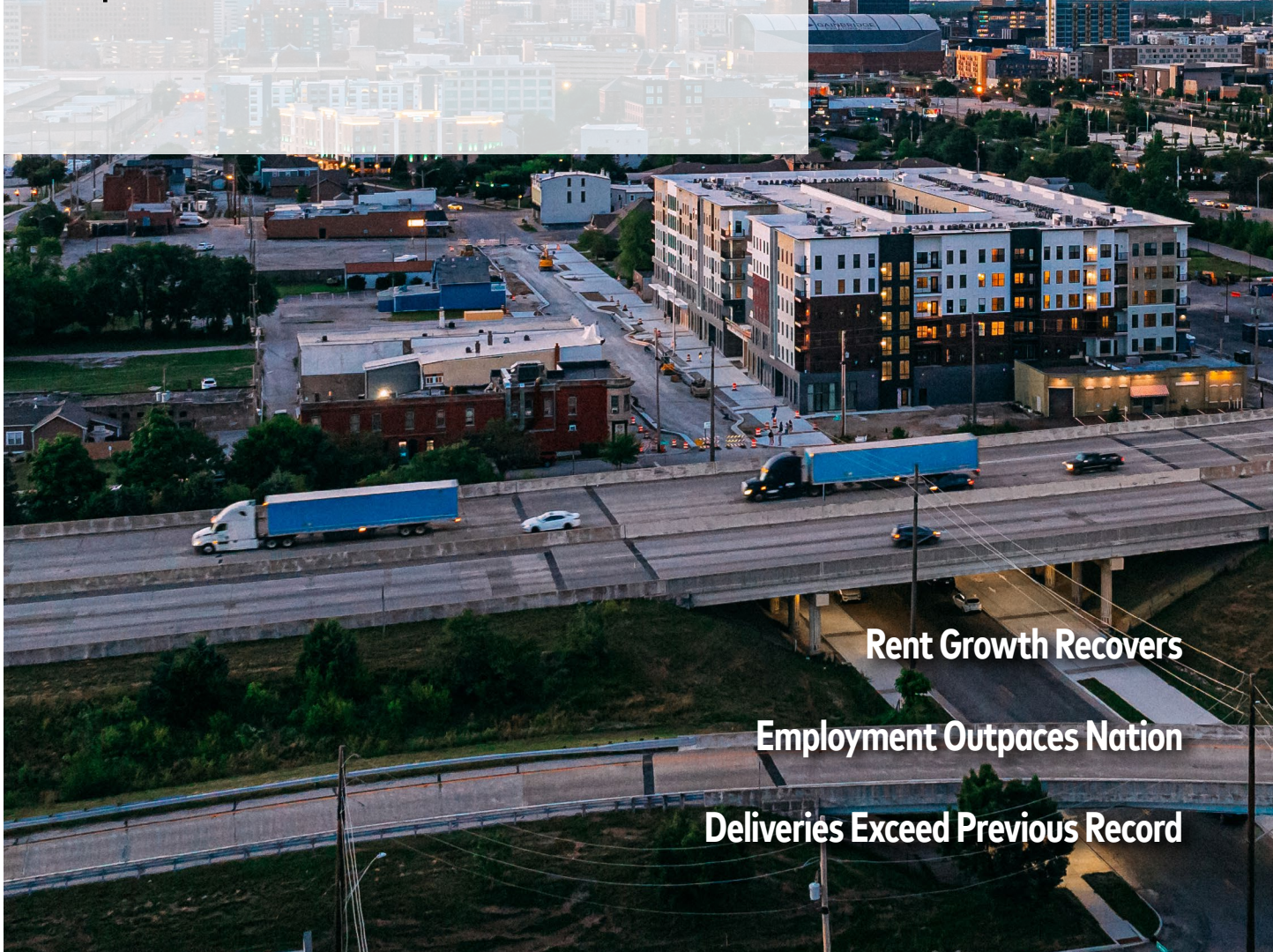




MULTIFAMILY REPORT

Indy's Strong Start

April 2025



Rent Growth Recovers

Employment Outpaces Nation

Deliveries Exceed Previous Record

INDIANAPOLIS MULTIFAMILY



Solid Deliveries, Job Gains In Indy

The Indianapolis multifamily market started the year with good momentum across fundamentals, in line with other large Mid-western markets. Average advertised asking rents were up 0.2% on a trailing three-month basis through February, to \$1,295, 20 basis points above the U.S. figure, which remained flat for the second consecutive month. Year-over-year, rents were up 3.2%, ranking seventh among the top 30 metros tracked by Yardi Matrix. Four of the top five metros for year-over-year rent growth were in the Midwest. Indianapolis ranked behind Kansas City, Mo. (4.1%), Columbus, Ohio (3.8%), Chicago (3.6%) and Detroit (3.5%).

Employment growth remained solid, at 2.4% year-over-year through December, ahead of the U.S. by 110 basis points. Unemployment clocked in at 4.1% in January, just 10 basis points above the national average, according to preliminary data from the Bureau of Labor Statistics. The metro remained on track, as no major shifts in unemployment were registered last year. Over the 12-month period ending in December, Indianapolis added 30,000 net jobs, with education and health services (7,600 jobs) and leisure and hospitality (7,400 jobs) leading gains.

Last year marked the highest total deliveries in the past eight years, with 5,958 units completed. This year will likely become the second best year for volume, as the metro had 8,785 units under construction. Yardi Matrix expects roughly 4,800 of this total to come online.

Recent Indianapolis Transactions

Valley Forge



City: Indianapolis
Buyer: Kent Avenue Group
Purchase Price: \$9 MM
Price per Unit: \$65,000

Market Analysis | April 2025

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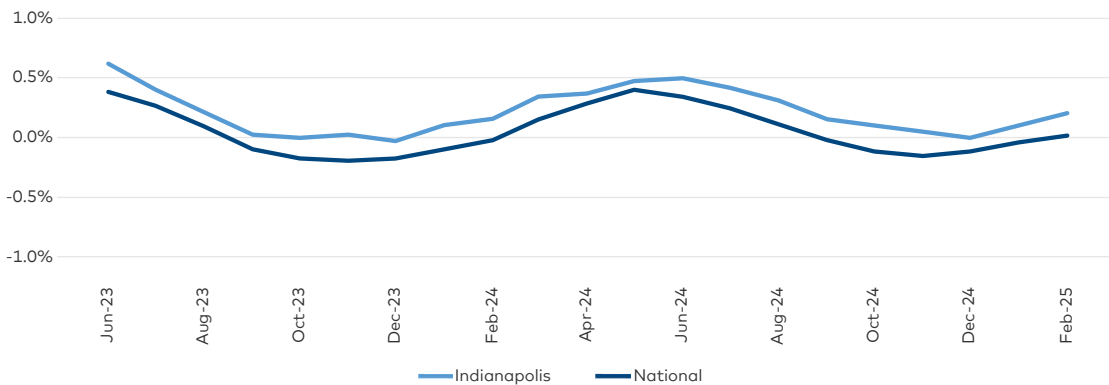
Tudor Scolca-Seuşan

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RENT TRENDS

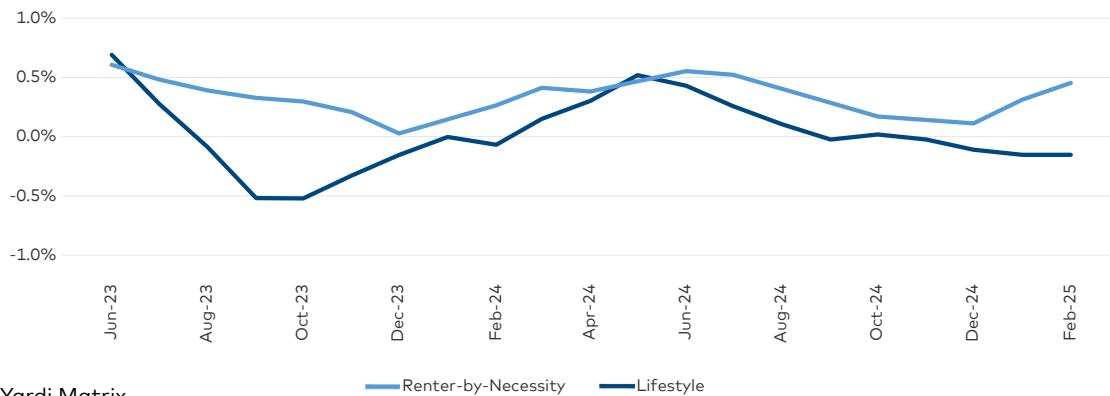
- ▶ Indianapolis' advertised asking rents were up 0.2% on a trailing three-month (T3) basis through February, to \$1,295. The rate was 20 basis points above the U.S. figure, which remained flat for a second consecutive month. Indianapolis' performance in 2024 consistently outpaced the U.S., with the year-over-year rate as of February up 3.2%—placing the metro seventh among the top 30 metros in the nation.
- ▶ The quality segments point to a different growth trend. Average advertised asking rents for working-class Renter-by-Necessity assets were up 0.5% through February, to \$1,177, following a solid year. The upscale Lifestyle segment saw a 0.2% decline, to \$1,543, for the third consecutive month of contractions.
- ▶ The occupancy rate for stabilized assets in Indianapolis ticked up 10 basis points year-over-year through February, to 93.9%, below the 94.5% national figure. The Lifestyle rate climbed 10 basis points, to 94%, while RBN occupancy remained flat, at 93.8%.
- ▶ Average rent growth year-over-year through February was strongest in Greenwood–East (up 10.3% to \$1,199), Indianapolis–Perry East (10.1% to \$1,071), Muncie (7.4% to \$903), Indianapolis–Franklin (7.1% to \$1,260) and Indianapolis–Perry West (6.5% to \$1,138).
- ▶ Average advertised asking rents for Indianapolis' SFR sector ticked down 0.2% year-over-year through February, to \$1,776, while occupancy was down 20 basis points, to 95.8%.

Indianapolis vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Indianapolis Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Indianapolis' employment growth clocked in at 2.4% year-over-year through December last year, outperforming the national figure by 110 basis points. While the U.S. average remained mostly unchanged in the second half of 2024, Indianapolis' rate ticked up 40 basis points from June to December.
- ▶ In January, Indianapolis' unemployment rate was 4.1%, just 10 basis points above the national figure, according to preliminary data from the BLS. This was an uptick from the 3.6% figure recorded a year prior, and 90 basis points higher than last year's lowest rate of 3.2% in April. The metro outpaced the nation throughout 2024, clocking in 40 to 50 basis points below the U.S. rate.
- ▶ Over the 12-month period ending in December, Indianapolis added 30,000 net jobs, with all but one sector on a positive track. The metro's second-largest sector, education and health services, led growth, with 7,600 jobs added, followed by leisure and hospitality (7,400) and professional and business services (5,400). Information recorded the only net loss, shedding 200 positions.
- ▶ Stellantis' upcoming EV battery plants in Kokomo, Ind., some 60 miles north of downtown Indianapolis, recently hit a milestone. The two facilities, planned for development via a joint venture with Samsung SDI, won a commitment from the U.S. government in December, which could result in a loan of up to \$7.5 billion.

Indianapolis Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	218.3	16.3%
70	Leisure and Hospitality	130	9.7%
60	Professional and Business Services	198.1	14.8%
90	Government	182.1	13.6%
55	Financial Activities	82.4	6.2%
15	Mining, Logging and Construction	70.4	5.3%
30	Manufacturing	115	8.6%
80	Other Services	50.2	3.8%
40	Trade, Transportation and Utilities	276.9	20.7%
50	Information	12.9	1.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Indianapolis' population remained on a positive trend over the past decade. From 2021 through 2022, the metro gained 19,967 residents, up nearly 1.0%. Meanwhile the U.S. population grew 0.4%.

Indianapolis vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Indianapolis	2,029,472	2,050,933	2,089,990	2,109,957

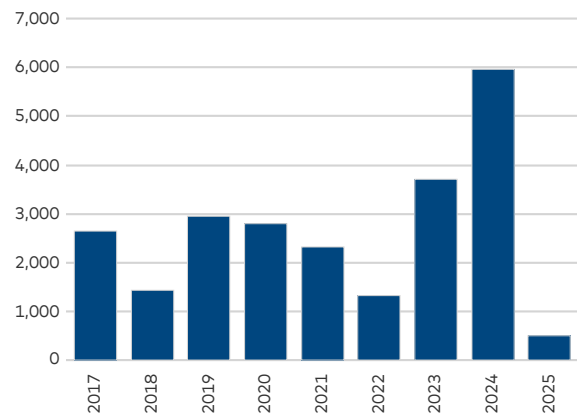
Source: U.S. Census

SUPPLY

- ▶ As of February, Indianapolis had 8,785 units under construction and an additional 11,000 units in the planning and permitting stages. Developers continued to bet on the market's upscale segment, as nearly 82% of all units under construction were in Lifestyle assets. Fully affordable units made up just 11.2%, while the remaining units were all in RBN projects.
- ▶ Last year, developers in Indianapolis completed 5,958 units, which accounted for 3.2% of existing stock. Although this figure was 30 basis points below the national average, 2024 was Indianapolis' best year for completions in the past eight years. From 2017 to 2024, the metro added an average of 2,892 units annually. In the first two months of 2025, two multifamily assets were completed, totaling a combined 503 units. Should market conditions hold, Yardi Matrix expects 2025's total to reach 4,800 units, which would make it the second-best year for completions over an eight-year period.
- ▶ A total of 3,810 units broke ground last year across 20 projects. Indianapolis maintained its supply expansion momentum, as this figure was only slightly below the 4,054 units and 17 developments that construction started on in 2023.

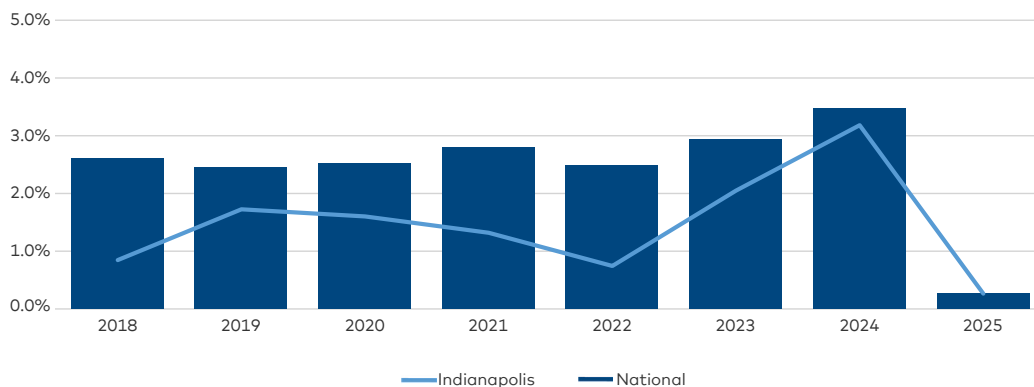
- ▶ A few northern and central submarkets comprised more than half of Indy's under-construction pipeline. Indianapolis–Washington East led activity (1,316 units underway), followed by Indianapolis–Center (1,022), Westfield–Noblesville (811), Carmel (762) and Fishers (723).
- ▶ In February, Cityscape Residential completed The Steadman, a 263-unit luxury community in Carmel, Ind. Stock Yards Bank & Trust Co. provided a \$20 million construction loan.

Indianapolis Completions (as of February 2025)



Source: Yardi Matrix

Indianapolis vs. National Completions as a Percentage of Total Stock (as of February 2025)



Source: Yardi Matrix

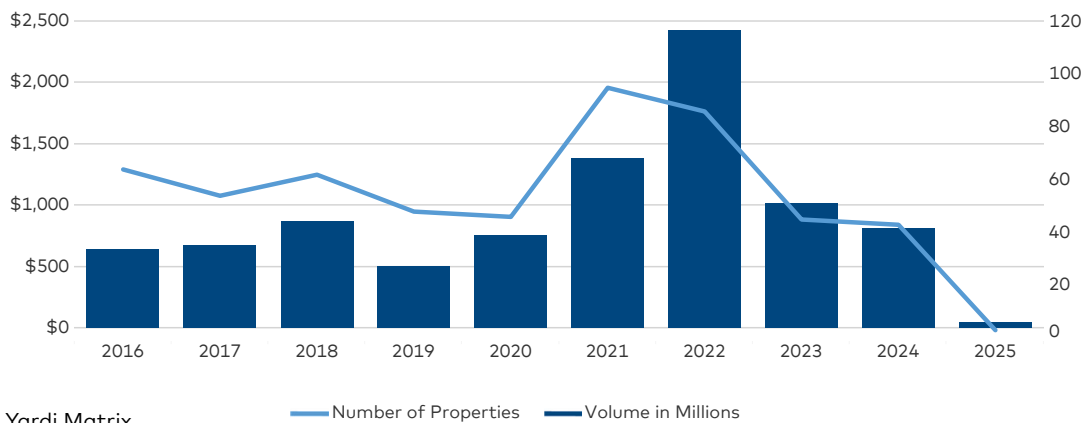
TRANSACTIONS

- ▶ Indianapolis investors traded \$814 million in multifamily assets last year, \$197 million less than in 2023. This was a return to more moderate activity following the 2021 and 2022 outlier years, when a respective \$1.4 billion and \$2.4 billion traded. Last year's volume was still higher than the annual average recorded between 2015 and 2020—\$665 million.
- ▶ Economic uncertainty coupled with the high number of completions last year put downward

pressure on Indianapolis' average per-unit price, which clocked in at \$112,621 for 2024's sales. This was a 2.9% decrease year-over-year, in contrast with the national average, which rose 3.9%, to \$194,060.

- ▶ Investors continued to bet on the market's RBN segment, as these assets made up the bulk of last year's sales—36 properties traded for a total of \$614 million, at an average of \$99,614 per unit. Meanwhile, seven Lifestyle assets changed hands for \$199 million, at \$188,435 per unit.

Indianapolis Sales Volume and Number of Properties Sold (as of February 2025)



Source: Yardi Matrix

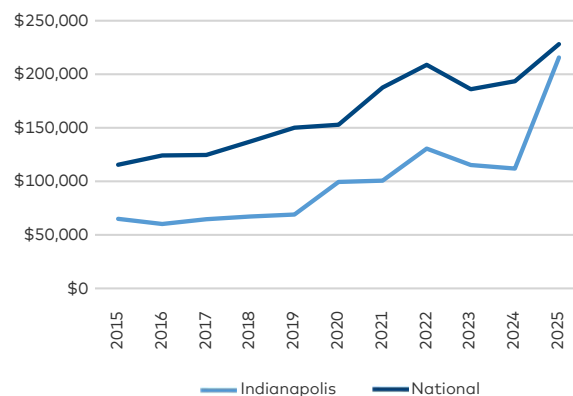
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Greenwood–East	156
Westfield–Noblesville	115
Indianapolis–Washington East	101
Indianapolis–Wayne East	95
Indianapolis–Lawrence	74
Indianapolis–Wayne West	50
Indianapolis–Warren	48

Source: Yardi Matrix

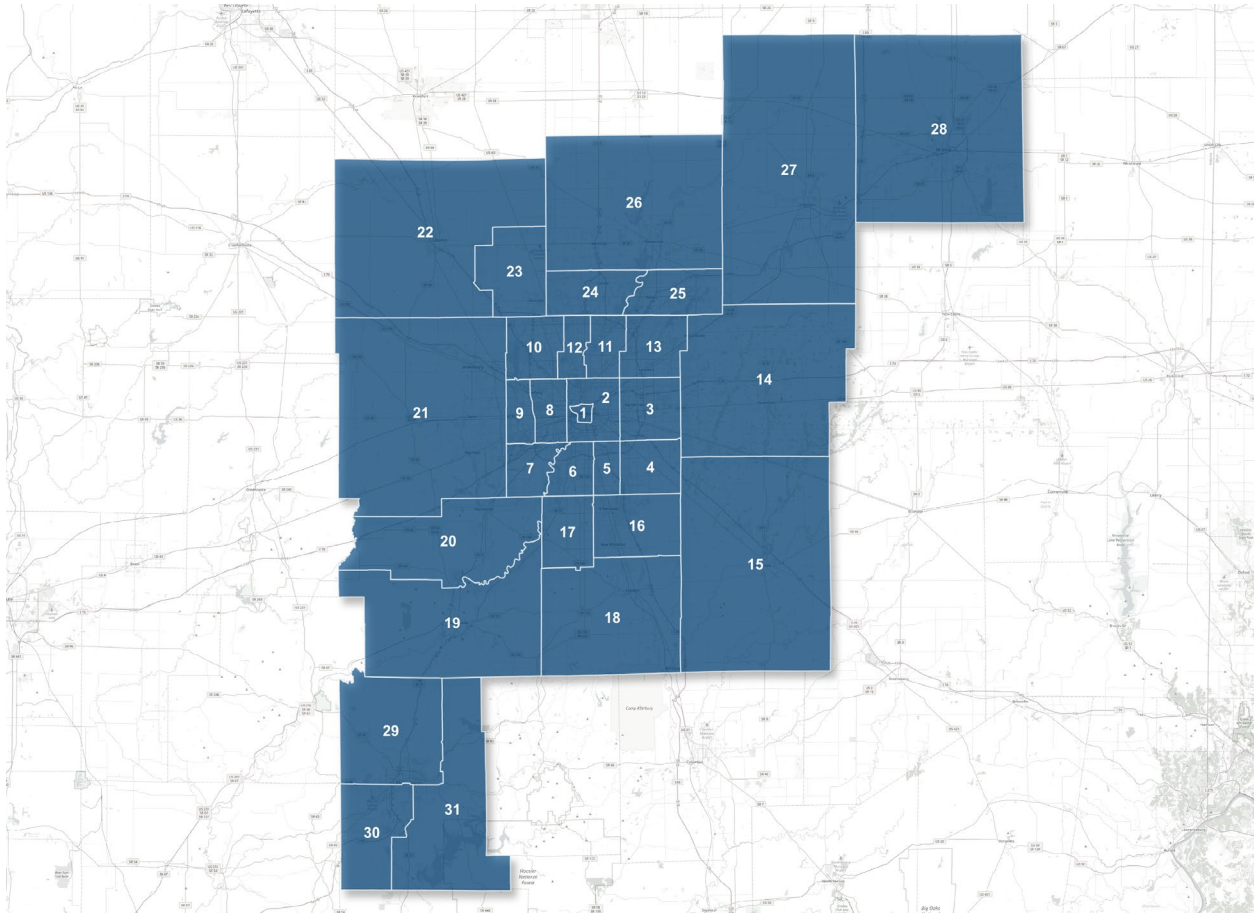
¹ From March 2024 to February 2025

Indianapolis vs. National Sales Price per Unit



Source: Yardi Matrix

INDIANAPOLIS SUBMARKETS



Area No.	Submarket
1	Indianapolis–Downtown
2	Indianapolis–Center
3	Indianapolis–Warren
4	Indianapolis–Franklin
5	Indianapolis–Perry East
6	Indianapolis–Perry West
7	Indianapolis–Decatur
8	Indianapolis–Wayne East
9	Indianapolis–Wayne West
10	Indianapolis–Pike
11	Indianapolis–Washington East
12	Indianapolis–Washington West
13	Indianapolis–Lawrence
14	Greenfield
15	Shelbyville
16	Greenwood–East

Area No.	Submarket
17	Greenwood–West
18	Franklin
19	Martinsville
20	Mooresville
21	Plainfield–Brownsburg–Avon
22	Lebanon
23	Zionsville
24	Carmel
25	Fishers
26	Westfield–Noblesville
27	Anderson
28	Muncie
29	Bloomington–North
30	Bloomington–West
31	Bloomington–East

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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