

Indianapolis Multifamily Market Overview

2023



CBRE

TOP REASONS TO INVEST

PRIME, CENTRALIZED LOCATION

Nearly 80% of the nation's population can be reached within a one-day drive from Indianapolis, proving to be a critical feature amid the shifting landscape of e-commerce and logistics

STRONG CORPORATE BASE

More than 10 Fortune 500, Fortune 1,000, regional, national, and international corporations have headquarters or a large presence in the metro area

LOW COST OF DOING BUSINESS

Indiana is ranked in the top 10 best states for business tax climate

SUPERIOR TRANSPORTATION INFRASTRUCTURE

Indianapolis ranks #1 in pass through highways. Known as the "Crossroads of America," there are 11 highways and eight interstate spokes connecting to the city's beltway, more than any other city in the nation

EXCEPTIONAL HIGHER EDUCATION INSTITUTIONS

More than 20 colleges and universities within 70 miles of the city, providing a highly skilled workforce which is increasingly choosing to build a life and remain in the city post-graduation

RICH CULTURE AND QUALITY OF LIFE

The city draws attention for being vibrant and sophisticated, as well as culturally rich, and hospitable

The Star of the Midwest

Now widely regarded as an emerging star of the Midwest, the Indianapolis Metro has earned its place as the nation's rent growth leader in the back-to-back months of October, November, and December of 2022 according to Yardi Matrix. The metro has outperformed many major markets while maintaining its characteristic affordability. According to research from CBRE Econometric Advisors, the average metro rent of \$1,201.82/unit suggests that the Indianapolis Metro will deliver outsized rent growth in times of distress, while remaining one of the most affordable metro's in the nation with a 25.7% rent-to-income ratio. This critical feature positions this mid-size market as an effective hedge investment strategy. It was well demonstrated during the coronavirus as Indianapolis performed remarkably well throughout the pandemic.

#1

in the Nation for Year-over-Year Rent Growth

Yardi Matrix October, November, & December 2022

#1

Overall Business Infrastructure

CNBC's America's Top States for Business, 2021

#2

Large MSAs for Employment Concentration

PR Newswire, 2019

#3

Best City in America for Jobs in 2020

Glassdoor, 2020

#4

Cost of Doing Business

CNBC's America's Top States for Business, 2019

#8

Overall Top State Business Climate

Site Selection Magazine, 2018

Indianapolis Economics

Situated along the banks of the White River, the Indianapolis Metro is home to world-class motor sports events, multiple professional sports teams, and globally respected universities. The city of Indianapolis has a diversified economy with major contributions from life sciences, technology, logistics, and education. The metro offers numerous incentives to employers to bring their operations to Indianapolis with the cost of business 6% lower than the national average. Nearly 60 new developments plan to break ground in 2021-2022 alone, with more than \$4.1 billion in capital investments. The collective growth and accomplishments of the past decade have contributed to an influx of new and institutional investment setting up the city for continued stability as we enter a decade of unprecedented growth.



#1 IN THE NATION FOR Y-O-Y RENT GROWTH IN OCTOBER, NOVEMBER, & DECEMBER 2022

Yardi Matrix shows that only Indianapolis produced double-digit year-over-year growth in December: Indianapolis (11.4%), San Jose (9.0%), Kansas City (8.3%), Miami (8.1%) and Orlando (8.0%)

- Yardi Matrix, Jan 2023

MARKET	RENT GROWTH
INDIANAPOLIS	11.4%
SAN JOSE	9.0%
KANSAS CITY	8.3%
MIAMI	8.1%
ORLANDO	8.0%

INDIANAPOLIS AFFORDABILITY

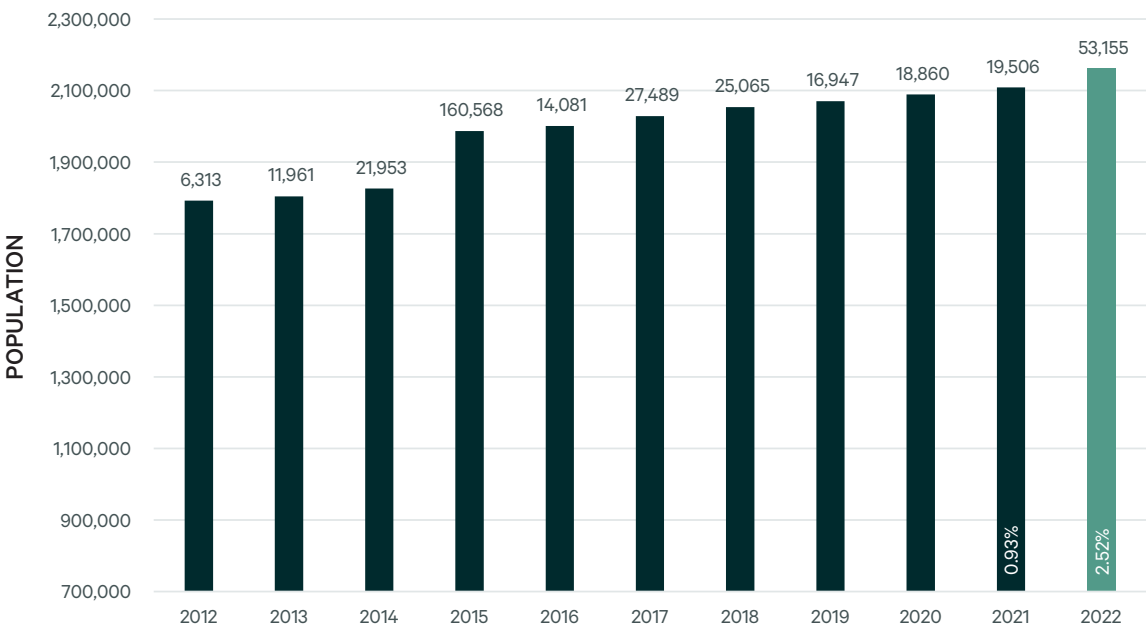
Indianapolis metro multifamily fundamentals continue to benefit from controlled levels of new supply which are less than the national average. Further, as the nation's rent growth leader, the Indianapolis Metro still maintains its affordability. The metro's effective rent is \$575 (\$0.66 per SF) less than the national average.

- AxioMetrics, 2022

Metro Economic Statistics

2022 Population Growth

The delta is shown for each year while the delta percentage is located in the bar of the last two years



Source: CBRE Research, Q3 2022

METRO AT A GLANCE

2.1M

Population

2.2M+

2027 Population Projection

70K

2022 Businesses

1.1M

Employment

14.4%

Household Growth (2010-2022)

\$99K

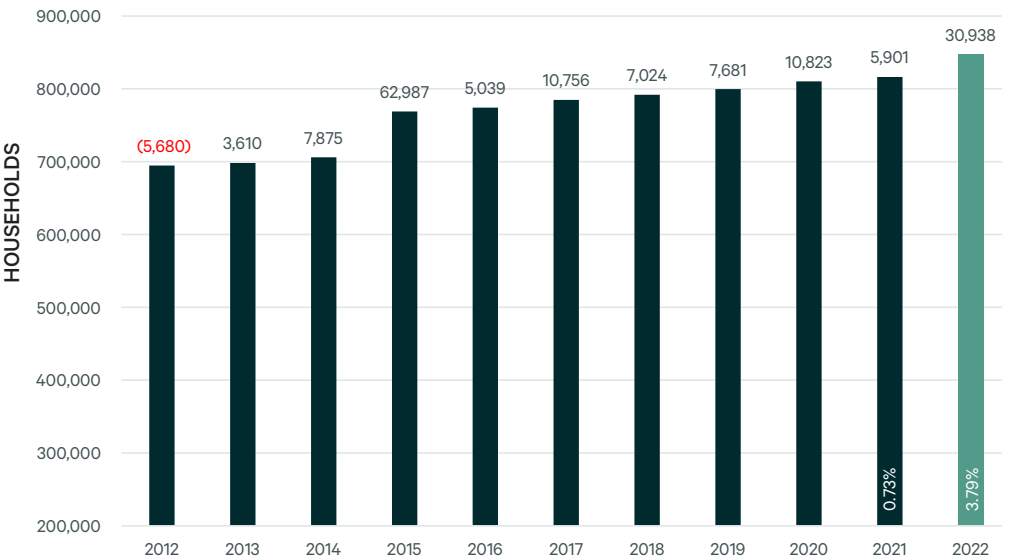
Average Household Income





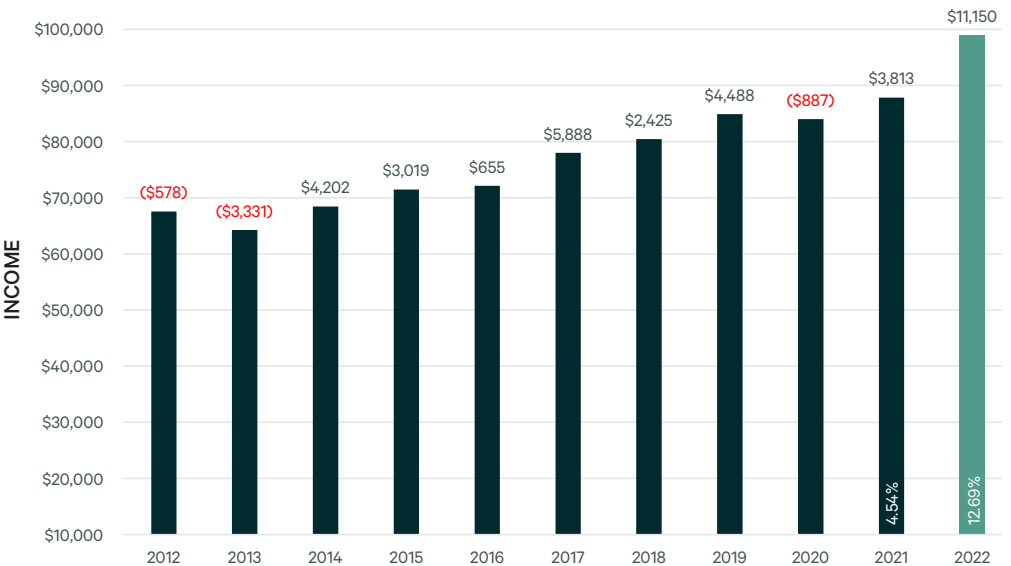
Metro Economic Statistics

Average Household Growth



Source: CBRE Research, Q3 2022

Average Household Income



Source: CBRE Research, Q3 2022

A Leader in Life Sciences

LIFE SCIENCES

Indianapolis' life sciences sector provides residents with notable economic opportunity. **Ranked No. #2 in the nation for worldwide life science exports**, central Indiana's health care and life sciences sector has an \$84 billion annual economic impact according to Indiana's Economic Development Corporation, or "IEDC". With significant employers such as Eli Lilly & Co., Elanco, Anthem, Roche Diagnostics, IUPUI and Dow AgroSciences, the region's life sciences companies look for Indianapolis' innovation ecosystem and focus on emerging technology as a reason to choose and grow in the area.

TECHNOLOGY

From tech giants to startups, a myriad of companies have found Indianapolis to be rich and fertile soil to plant their thriving tech operations. The Indianapolis region has formed a position of power in marketing technology, anchored by giants such as Salesforce, Infosys, Genesys and TechPoint. The city's tech ecosystem has emerged as one of the strongest among mid-size cities in the nation. According to TechPoint research, almost half of Indiana's information technology workforce calls the Indianapolis region home. Overall, **CBRE research has ranked Indianapolis as the 14th fastest growing tech market in the nation.**

#2

Highest Concentration of
Biopharmaceutical Jobs

#2

For Worldwide Life Sciences
Exports in the U.S.

8,000+

Tech Industry
Establishments Statewide

87,000+

Tech Industry Jobs

Source: IEDC, 2022

Top 5

State for Life Sciences

\$10.5B

In Worldwide Exports

2,282

Life Sciences Companies

\$7B+

Transactions in the
Last Decade in Tech
Transactions

\$16.4B

Tech Sector
Economic Contribution

23

Certified Tech Parks

Source: IEDC, 2022

A Leader in Infrastructure

True to its motto, “Cross Roads of America,” Indiana has more miles of Interstate Highway per square mile than any other state. The Indiana state motto can be traced back to the early 1800s. In the early years, river traffic, especially along the Ohio, was a primary means of transportation. Today, more major highways intersect in Indiana than in any other state.

LOGISTICS AND WAREHOUSING

According to the IEDC, the logistics sector is a \$78 billion industry statewide and has placed Indianapolis atop the mid-size markets nationally. **Over \$650 billion in goods move through Indiana annually**, making it the fifth-largest state for commercial freight traffic and an ideal location for warehousing and logistic hubs. Additionally, 80% of the nation’s population is within a 24-hour drive of the metro. Indiana has established itself as an integral location for sustainable logistics growth with dozens of airports, 4,000 miles of rail, and 8 interstates.

Indianapolis International Airport is once again at the top of the J.D. Power North America Airport Satisfaction Survey for medium-sized airports. This is the third time in the past four years Indianapolis has been at the top, and the fifth time overall.

— IBJ Sept. 21, 2022



#1

Best Airport in North America
Airport Council International, 2021

#1

International Ports
Indy Chamber, 2022

#1

In Pass-Through Highways
Indiana Economic Development, 2022

#1

State for Infrastructure
CNBC Top States for Business, 2022

Top Rated Education

The Indianapolis Metro draws on close relationships with some of the state’s top universities such as Indiana University, Purdue University, The University of Notre Dame, Rose-Hulman Institute of Technology and Butler University. It continues to benefit from a state-wide focus to reinvest in education to not only educate but retain top talent in Indiana. As a result, the state has the third highest rate of higher education in the Midwest, fostering a growing, young, talented, and educated labor force increasingly choosing to call this their permanent place of residence.



Indianapolis Developments



RECENT DEVELOPMENT ACTIVITY	INVESTMENT
INDY ELEVEN SOCCER STADIUM	\$1B
PAN AM PLAZA HOTEL	\$550M
GAINBRIDGE EXPANSION	\$360M
BOTTLEWORKS DISTRICT	\$300M
INFOSYS EDUCATION SYSTEM	\$245M
ELANCO GLOBAL HEADQUARTERS	\$100M
STUTZ BUILDING REDEVELOPMENT	\$100M
220 MERIDIAN APARTMENT CONVERSION	\$80M



In the News

ELANCO INDIANAPOLIS HEADQUARTERS

Elanco Animal Health Inc. plans to build their new headquarters west of downtown Indianapolis. The company currently has just over 1,000 employees global, and expects to add about 1,000 jobs at the Indianapolis facility. The city and state plan to build a mixed-use development along Oliver Street in the anticipation that the development will create jobs for Indianapolis.

— IEDC July 21, 2022

PAN AM PLAZA TRANSFORMATION

Kite Realty recently unveiled plans to transform the Pan Am Plaza into a \$550 million hotel and add nearly 200,000 square feet of space to the current convention center. The plans ultimately call for two new Hilton hotels with a combined 1,400 rooms. Both hotels will be connected to the Indiana Convention Center expansion

— IBJ Aug. 2, 2022

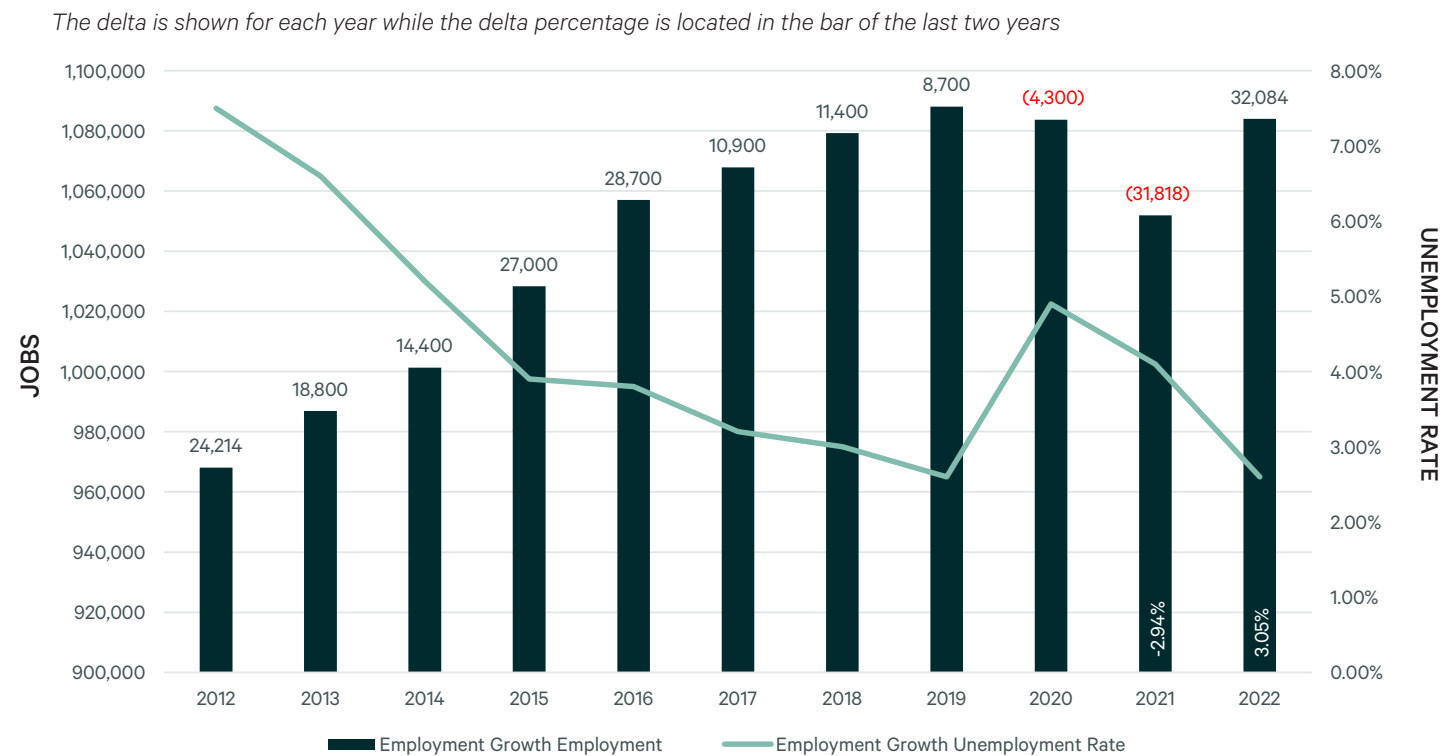
STUTZ \$100M REDEVELOPMENT

The historic Stutz Motor Car Co. factory just north of downtown Indianapolis is in the process of a \$100M redevelopment. The renovations will reconfigure much of the Stutz interior space and add new restaurants, shops, event and office spaces. Additionally, as many as 500 apartments on the campus are in the plans.

— IBJ Dec. 13, 2022

Indy Metro Talent

2022 Employment Growth



MAJOR CORPORATE HEADQUARTERS		# EMPLOYEES
ELI LILLY & CO. FORTUNE 500 #145		± 11,000
SIMON PROPERTY GROUP FORTUNE 500 #497		± 5,000
ELEVANCE HEALTH FORTUNE 500 #28		± 5,000
ROLLS ROYCE NORTH AMERICA		± 4,000
ALLISON TRANSMISSION FORTUNE 1000 #839		± 2,800
CALUMET FORTUNE 1000 #705		± 2,000
ONE AMERICA		± 2,000
SALESFORCE REGIONAL FORTUNE 500 #190		± 2,000
KAR GLOBAL		± 1,500

MIDWEST WHITE COLLAR EMPLOYMENT		
	METRO	CBD
MINNEAPOLIS	68.10%	88.20%
INDIANAPOLIS	64.90%	80.10%
KANSAS CITY	64.50%	64.70%
ST. LOUIS	64.20%	68.60%
MILWAUKEE	64.10%	60.90%
DETROIT	64.00%	74.20%
CHICAGO	63.80%	90.60%
CLEVELAND	63.70%	69.10%

MAJOR EMPLOYERS



IU Health

± 31,000



± 22,000



Franciscan
HEALTH

± 15,000



Community
Health Network

± 13,000



Ascension

± 12,000



± 11,000

IUPUI

± 7,000



± 5,000

Élevance
Health

± 5,000



± 4,200



± 4,000



± 4,000



Allison
Transmission

± 2,800



ONEAMERICA®

± 2,000

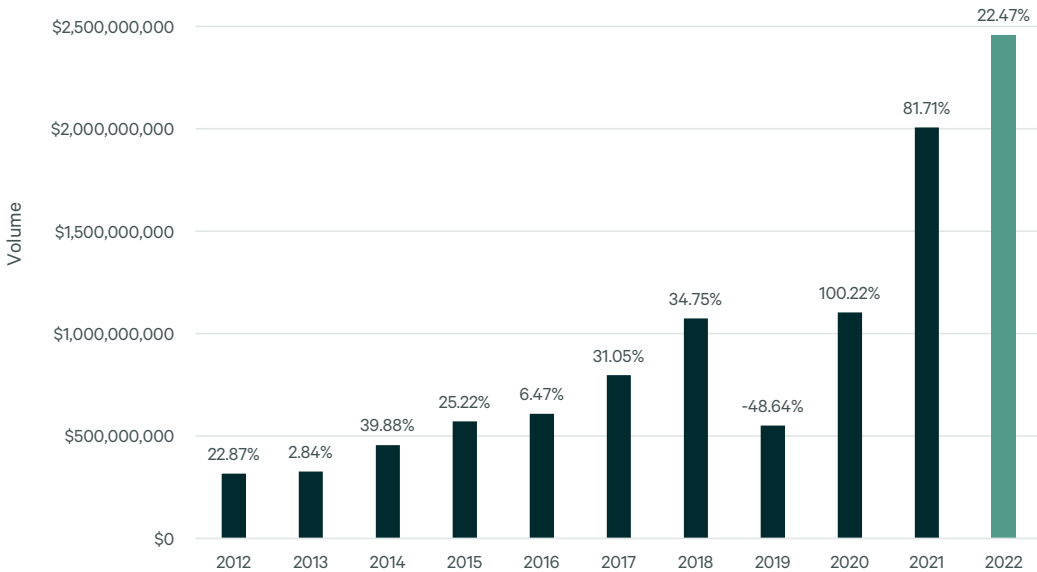
FIFTH THIRD BANK

Metro Multifamily Statistics

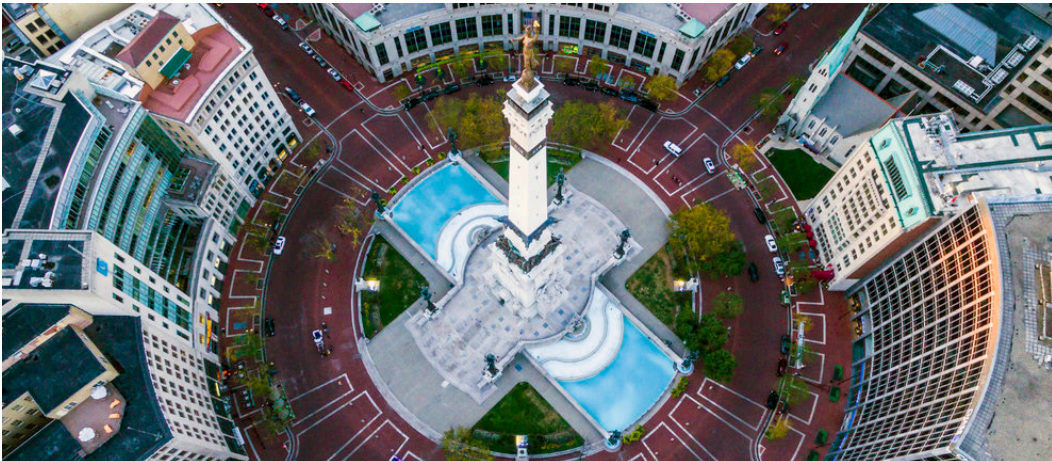
The collective Indianapolis offering and the accomplishments and accolades of the past ten years has contributed to an influx of new and institutional investment dollars seeking exposure in this stable, dynamic, and fertile market. 2022 multifamily transaction volume has increased by 640% over 2012. To the right are just some of the institutional sources with exposure in the Indianapolis Metro.

Sales Transactions 2012-2022

The delta percentage is shown above each bar



Source: CBRE Research, Q3 2022



Insitutional Sources

- AION Partners
- Boston Capital
- Covenant Capital
- CPPIB
- DLP Capital Advisors
- DRA Advisors
- Eagle Realty
- GIC
- GoldOller
- Goldman Sachs
- Greystone
- Harbor Group
- Hartford Investment Management
- Independence Realty Trust
- Inland
- Investcorp
- JP Morgan
- Lubert-Adler Partners
- Pacific Equities Cap Management
- Sentinel
- Strategic Cap Partners
- Stepstone
- Stoneweg SA
- TGM Associates
- Virtus
- 3650 REIT

Metro Multifamily Statistics

Indianapolis Average Monthly Mortgage Payment vs. Rent (\$)

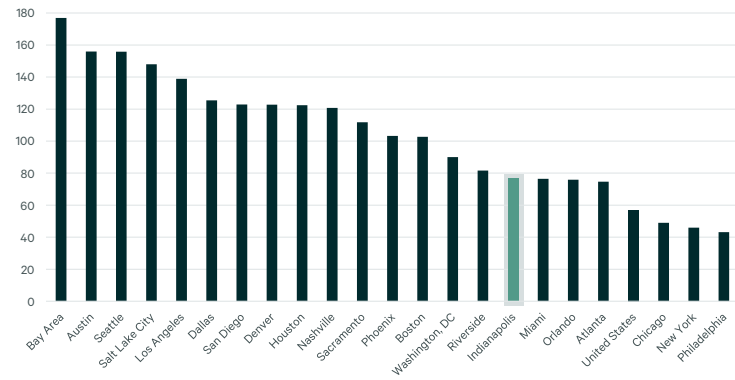
The gap between the cost of owning vs. renting has never been higher. This will continue driving renter demand and keep occupancy rates higher for longer.



Source: CBRE Research, CBRE Econometric Advisors, Realtor, Freddie Mac, August 2022.

Monthly Payment Premium of Owning Over Renting (%)

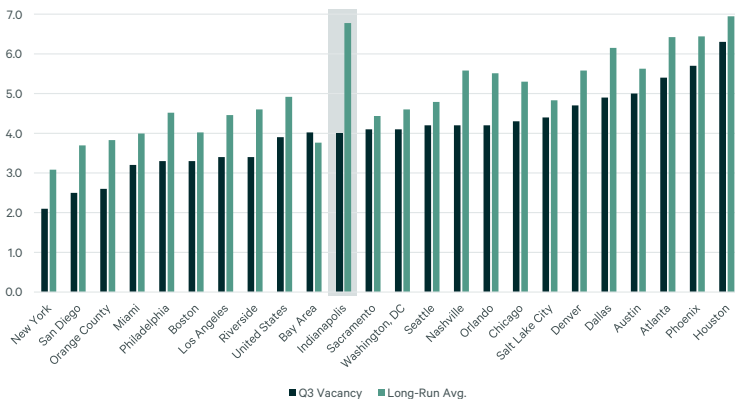
The combined effect of dramatic home price appreciation and rapid expansion of mortgage rates has made owning a challenge.



Source: CBRE Research, CBRE Econometric Advisors, Realtor.com, U.S. Census, Q3 2022.

Vacancy Rate (%)

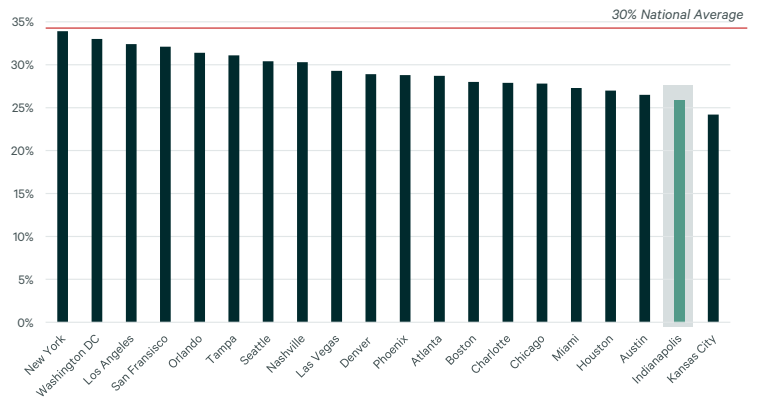
Nearly all markets remain well-below their respective long-run average vacancy, with Indianapolis being nearly 3% below the long-run average.



Source: CBRE Research, CBRE Econometric Advisors, Realtor.com, U.S. Census, Q3 2022.

Rent-to-Income Ratio (%)

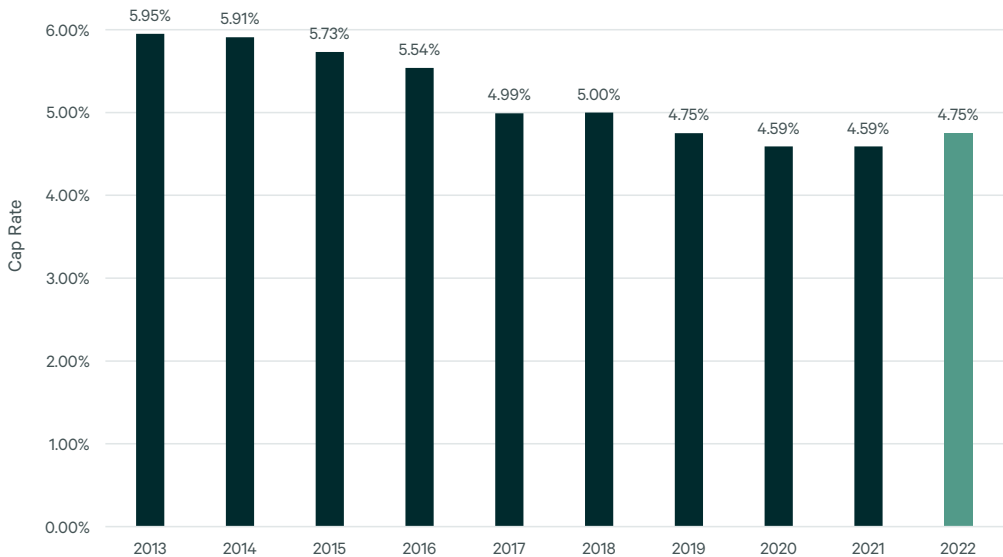
Indianapolis has remained one of the most affordable metros in the nation with the average being below the 30% rent burden threshold.



Source: CBRE Research, Yardi Matrix, Q3 2022

Metro Multifamily Statistics

Cap Rates 2013-2022



Source: CBRE Research, Q3 2022

Risk Premium



Source: CBRE Research, Q3 2022





Live, Work, and Play in Indianapolis

Indianapolis' new trajectory of growth is driven primarily by a rapidly expanding hospitality sector.

As the state's capital and most populous city, Indianapolis boasts a lively and walkable downtown, the world's largest children's museum, many sports teams, and plenty of recreation trails. Cost of living at Indianapolis is 5.5% lower than the national average. Next 10-year job growth is projected at 9.2% over the next ten years, and unemployment rate is 2.8% as of November 2022. With a low cost of living, opportunities for higher education, and a booming job market, Indianapolis has emerged as a remarkable vibrant place to call home for both businesses and residents alike.

Attractions

- Soldiers and Sailors Monument
- Indiana State House
- Indiana Convention Center
- Indiana State Museum
- Eiteljorg Museum
- Indianapolis City Market
- Indianapolis Motor Speedway
- White River State Park
- Indianapolis Canal Walk
- Victory Field
- Gainbridge Fieldhouse
- Lucas Oil Stadium
- Indiana University Indy



Downtown Indianapolis is a busy urban core with fine dining, world-class sporting events, high-end cultural attractions, and a strong corporate base.

Live, Work, and Play in Indianapolis

Sport events are catalysts for development and can increase positive change throughout the Indianapolis region. Indianapolis is home to the NCAA, Indiana Sports Corp, the Dallara IndyCar Factory, and a wide array of professional sports teams. When it comes to athletic events, Indy knows a thing or two about competition.

Indianapolis to Host Men's and Women's Final Four

Indianapolis has been selected to host the Women's and Men's NCAA Basketball Final Four in 2028/2029 at Lucas Oil Stadium with Indiana Sports Corp., the Horizon League, and IUPUI sharing hosting duties. The selection marks the 10th time Indianapolis has won a bid to host the college basketball championship event and will mark the fourth time Indianapolis will host the men's and women's Final Fours in consecutive years.

— IBJ Nov. 22, 2022

World-Class Sporting & Events

- NCAA Championships
- NBA All-Star Game
- NFL Combine
- Big Ten Football Championship
- Big Ten Basketball Championship
- Indianapolis 500
- NASCAR Brickyard 400
- Circle City Classic
- Olympic Trials
- Super Bowl XLVI
- Indycar Grand Prix Air Race

Home to Top Sports Teams in America

- Indianapolis Colts
- Indiana Pacers
- Indianapolis Indians
- Indy Fuel Hockey
- Indy Eleven Soccer



Metro Hot Spots

WESTFIELD

Westfield is home to Grand Park, a nationally recognized, 400-acre planned, youth and adult recreational sports village, surrounded by expanding dining, retail and entertainment venues.

The quickly evolving community features an award-winning school district, numerous trails and parks, and convenient access to downtown Indianapolis.

2022 Average Household Income: \$139,851

ZIONSVILLE

Zionsville is often regarded as offering one of the most sought-after lifestyles of any town in Indiana with average housing values more than double the Indianapolis Metro averages.

A popular destination, the renowned Zionsville “Village”, features tree-lined cobblestone streets, and an abundance of local restaurants, shops, and entertainment.

2022 Average Household Income: \$175,566

MASS AVE

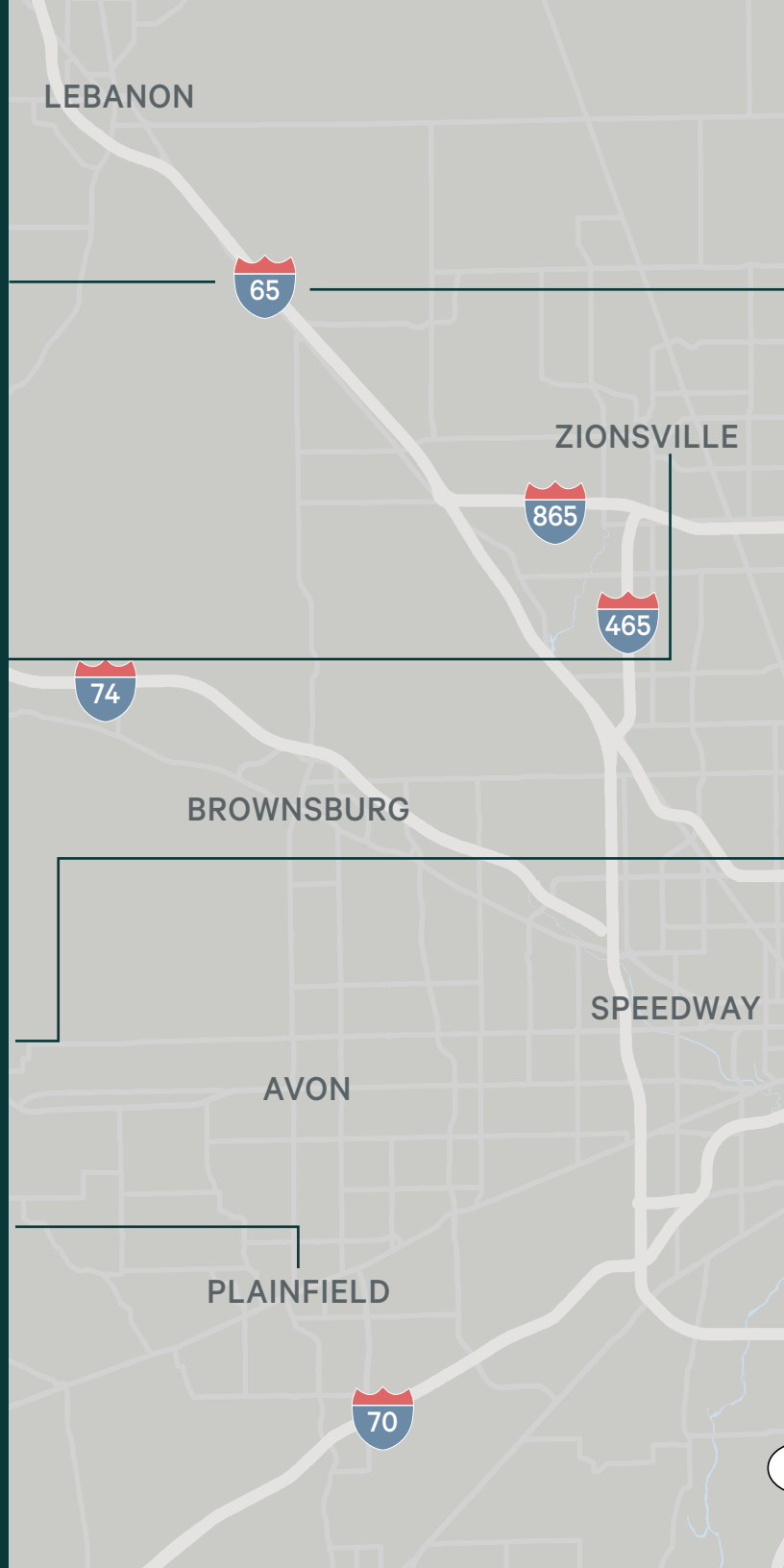
Massachusetts Avenue is a five-block area of downtown Indianapolis rich in bars, restaurants, and local shops. Listed on the National Register of Historic Places in 1981, Mass Ave is often regarded as the best area to eat and drink in the city.

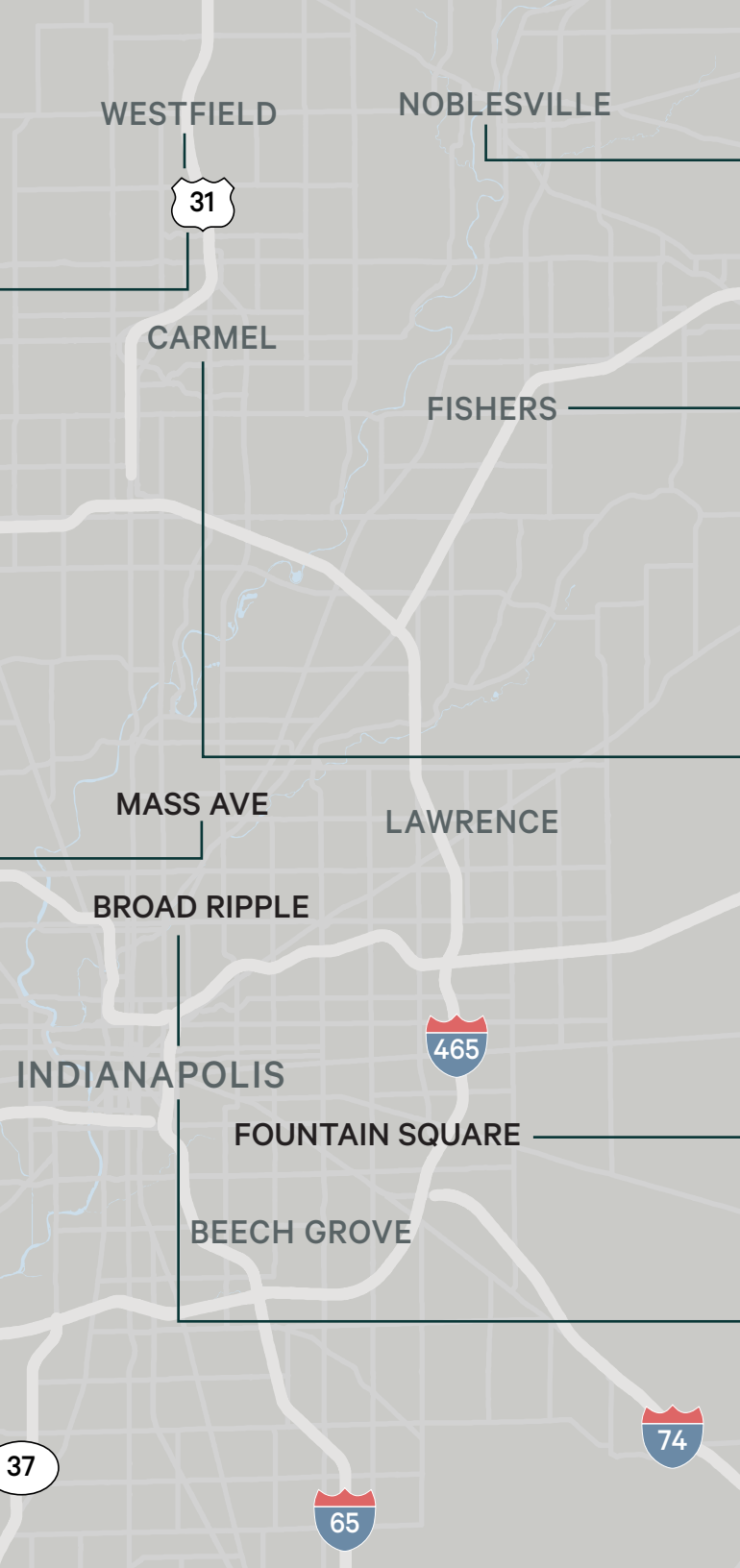
PLAINFIELD

Plainfield, located less than 10 miles from the downtown core, is on the expanding west side of Indianapolis, which is considered the city’s logistics hub.

Plainfield’s rich employment base is a major draw for highly-educated residents choosing to move close to where top employers continue to locate.

2022 Average Household Income: \$90,813





NOBLESVILLE

Noblesville, Indiana is a destination mixed with hip vibes and historic roots. The thriving city offers things to do like shopping around the square, concerts, and festivals at the Federal Hill Commons.

2022 Average Household Income: \$124,040

FISHERS

Located on I-69, less than 30 minutes from downtown Indianapolis, Fishers is an accessible and fast-growing community with a rich blend of growing and established businesses.

The Nickel Plate District, Fisher's developing downtown is currently undergoing a \$157M mixed-use makeover.

2022 Average Household Income: \$157,701

CARMEL

The City of Carmel is a rapidly growing, award-winning city located just north of Indianapolis. Carmel is known for its highly-desirable school system and safe, distinct residential neighborhoods rich in affluent estate homes.

Carmel's downtown Arts & Design District features restaurants, shops, cultural attractions, and an Autograph Collection boutique hotel.

2022 Average Household Income: \$175,496

FOUNTAIN SQUARE

Known for its funky mix of locally owned restaurants, art galleries, and live-music scene, Fountain Square is a rapidly evolving cultural destination just southeast of downtown.

BROAD RIPPLE

One of Indianapolis' designated cultural districts, Broad Ripple Village is a lively neighborhood with an abundance of bars, locally owned restaurants and boutique shops.

Located two miles from Butler University, Broad Ripple is home to hot night-life as well as beautiful greenways and parks.



TOP RANKINGS



#1 RENT GROWTH FOR OCTOBER, NOVEMBER, & DECEMBER 2022

- YARDI MATRIX, 2022

#1 AIRPORT IN NORTH AMERICA

- AIRPORTS COUNCIL INTERNATIONAL, 2022

#1 CONVENTION CITY IN THE U.S.

- USA TODAY

BEST PLACES TO TRAVEL

- TRAVEL + LEISURE, 2021

BEST PLACES TO GO IN 2021

- CONDE NAST TRAVELER, 2021

TOP 100 PLACES TO LIVE

- LIVABILITY, 2021

AMERICA'S NEXT GREAT FOOD CITIES

- FOOD + WINE, 2021

AIRBNB'S TOP DESTINATIONS

- AIRBNB, 2021

STEVE LAMOTTE JR.
Executive Vice President
+1 317 269 1018
steve.lamotte@cbre.com

DANE WILSON
Senior Vice President
+1 317 269 1057
dane.wilson@cbre.com

ROSS WETTERSTEN
Associate
+1 317 269 1083
ross.wettersten@cbre.com

©2023 CBRE, Inc. This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. CBRE and the CBRE logo are service marks of CBRE, Inc. and/or its affiliated or related companies in the United States and other countries. All other marks and photos displayed on this document are the property of their respective owners.

Sources: Business Insider, CBRE, Inc., Chief Executive, Downtown Indy, Inc., Environmental Systems Research Institute (ESRI), Fast Reports, Food & Wine, Forbes, HoosierData.In.Gov, Indianapolis Business Journal (IBJ), Indy Chamber of Commerce, Kiplinger, Money Magazine, Niche.com, Nielsen, Patch.com, Software.org, Time Magazine, Travel & Leisure, U.S. Bureau of Labor Statistics, U.S. Census Bureau, U.S. News & World Report.

CBRE