

# Indianapolis 2024 Market Forecast

## MARKET SNAPSHOT



**AVERAGE RENT**  
**\$1,213** 4Q 2023  
**\$1,256** 4Q 2024



**2024 RENT CHANGE\***  
**3.5%**



**OCCUPANCY RATE**  
**92.0%** 4Q 2023  
**91.6%** 4Q 2024



**2024 OCCUPANCY CHANGE**  
**-30 BASIS POINTS**



**EMPLOYMENT\*\***  
**1.16M** 2023  
**1.18M** 2024



**UNEMPLOYMENT RATE\*\*\***  
**3.1%** 2023  
**3.8%** 2024

\* The rent change figure represents the change of the rental rate based on the entire year, beginning to end.

\*\* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

\*\*\* Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

## KEY TAKEAWAYS

- Indianapolis's apartment market absorbed 2,200 units last year, with a slight oversupply risk in 2024 as new supply slightly outpaces absorption. Occupancy rates may dip slightly from 91.9% to 91.8%, with Fishers/Noblesville and Johnson County as key demand hotspots.
- The metro expects nearly 5,000 new units, particularly in Carmel/Zionsville/Westfield and Fishers/Noblesville, indicating the suburbs' continued attractiveness for development.
- Rent growth in Indianapolis is set to rebound to 3.5% by the end of 2024, with Putnam and Shelby Counties leading. Downtown Indianapolis will show slower growth, and the highest rents will remain in Carmel/Zionsville/Westfield.
- Investment transactions decreased by 56.9% in 2023 but showed recovery in the last quarter. The market's resilience is bolstered by a positive economic outlook for 2024, including significant job growth driving apartment demand.

## Supply & Demand

### 2024 FULL YEAR FORECAST

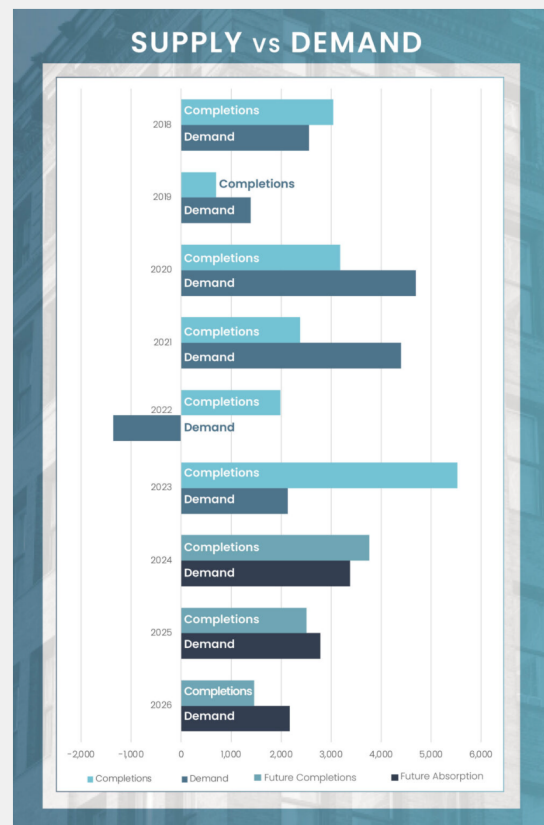


**3,378 Units**  
 FORECASTED ABSORPTION



**4,864 Units**  
 FORECASTED NEW SUPPLY

## Annual Demand Vs Completions



## Demand / Occupancy Outlook

The Indianapolis apartment market has shown notable resilience and growth over the past year, absorbing approximately 2,200 units. As we progress into 2024, this trend is expected to continue, with a projected absorption increase to 3,378 units. However, this positive absorption trend is slightly overshadowed by the forecasted introduction of 4,864 new units to the market, raising a minor concern of oversupply. Despite this, the current occupancy rate stands strong at 92.0%, with only a marginal anticipated decline to 91.6% by the end of 2024.

A key indicator of this market's health is the revival of rental demand towards the end of 2023, which has been a promising sign for apartment operators and investors in Indianapolis. This resurgence is particularly evident in the Fishers/Noblesville and Johnson County submarkets. These areas are expected to lead in rental demand, accounting for a combined annual net absorption of 1,305 units, further underlining the market's ongoing vitality. This balanced view of the market's prospects reflects both its resilience and the challenges posed by new supply, providing a comprehensive overview of the Indianapolis apartment market as it moves into 2024.

## New Supply Outlook

Indianapolis has maintained a consistent yet balanced influx of new apartment developments over the years. In the upcoming four quarters, the market's apartment market is poised to grow by 4,864 units. Notably, 44% of these new additions are concentrated in the Carmel/Zionsville/Westfield and Fishers/Noblesville submarkets, areas that have traditionally been focal points for developers. The Carmel/Zionsville/Westfield submarket, in particular, is expected to lead in 2024, comprising 28% of the ongoing construction and contributing 1,112 units. Following closely is the Fishers/Noblesville submarket, representing 15% of the total units under construction with 1,031 units. This development trend underscores the continuing allure of Indianapolis' suburbs for both developers and residents.

# Occupancy & Rent Trends

## RENT VS OWN MONTHLY PAYMENT



**\$2,407**

Average Monthly Mortgage Payment



**\$1,213**

Average Monthly Rent

## RENT vs OCCUPANCY



## 2024 RENT TRENDS OUTLOOK

Mirroring the national trend, Indianapolis is experiencing a gradual slowdown in rent growth, with the rate tempering to 2.6%. However, it's noteworthy that the city is still outpacing the overall U.S. market, where rent growth has dipped to less than one percent. Indianapolis' ability to surpass the national average can be attributed to several factors, including its diverse economic landscape and relatively more affordable housing. This affordability is highlighted by the comparison of household incomes, which are on par with the national average, while rents in Indianapolis are approximately 25% lower.

As we look ahead to 2024, the forecast suggests a continuation of subdued rent growth in the first half of the year. This trend is expected to shift post-spring, with the momentum likely to increase during the summer leasing season, a period traditionally associated with higher rent growth. By the end of 2024, rent growth in Indianapolis is projected to climb to 3.5%. The performance across Indianapolis' 24 submarkets will vary, with forecasts ranging from a low of 3.0% in Downtown Indianapolis to a high of 4.3% in Putnam County.

## Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
Putnam County	97.5%	97.3%	-0.2%	\$891	\$929	4.3%
Shelby County	97.9%	97.7%	-0.2%	\$823	\$858	4.3%
Morgan County	96.5%	96.2%	-0.2%	\$856	\$892	4.2%
Outlying Hamilton County	96.5%	96.1%	-0.4%	\$946	\$986	4.2%
Outlying Johnson County	95.1%	94.8%	-0.3%	\$1,355	\$1,411	4.1%
South Madison County	94.0%	93.7%	-0.3%	\$1,274	\$1,325	4.0%
North Madison County	97.9%	97.7%	-0.2%	\$867	\$901	4.0%
Downtown Plainfield	93.8%	93.6%	-0.2%	\$1,402	\$1,458	4.0%
Brown County	93.5%	93.1%	-0.4%	\$656	\$682	3.9%
Anderson	91.0%	90.6%	-0.5%	\$889	\$924	3.9%
Hancock County	95.5%	95.4%	-0.1%	\$1,279	\$1,329	3.9%
South Marion County	92.6%	92.3%	-0.3%	\$1,149	\$1,192	3.7%
Southeast Indianapolis	92.4%	92.1%	-0.4%	\$1,125	\$1,166	3.7%
Carmel/Zionsville/Westfield	93.6%	93.5%	-0.1%	\$1,544	\$1,599	3.6%
Johnson County	94.8%	94.6%	-0.2%	\$1,202	\$1,245	3.6%
Outlying Hendricks County	89.2%	88.6%	-0.7%	\$707	\$733	3.6%
Central Marion County	90.0%	89.5%	-0.5%	\$985	\$1,019	3.5%
Fishers/Noblesville	94.1%	93.9%	-0.2%	\$1,437	\$1,487	3.5%
Inner Hendricks County	94.8%	94.6%	-0.2%	\$1,428	\$1,478	3.5%
North Washington Township	89.6%	89.2%	-0.4%	\$1,249	\$1,292	3.4%
Northwest Marion County	93.5%	93.2%	-0.3%	\$1,120	\$1,159	3.4%
Northeast Marion County	86.8%	86.4%	-0.5%	\$1,142	\$1,180	3.4%
Outlying Boone County	95.3%	95.1%	-0.2%	\$1,339	\$1,383	3.3%
Downtown Indianapolis	91.6%	91.3%	-0.3%	\$1,481	\$1,526	3.0%
<b>Market</b>	<b>92.0%</b>	<b>91.6%</b>	<b>-0.3%</b>	<b>\$1,213</b>	<b>\$1,256</b>	<b>3.5%</b>

## Submarket Construction Pipeline

Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering in the Next 4 Quarters
Anderson	2,346	0	0%	0.0%	0
Brown County	15	0	0%	0.0%	0
Carmel/Zionsville/Westfield	12,853	2,530	20%	28.2%	1,112
Central Marion County	33,359	735	2%	8.2%	507
Downtown Indianapolis	11,143	1,175	11%	13.1%	370
Downtown Plainfield	2,995	300	10%	3.3%	0
Fishers/Noblesville	11,504	1,344	12%	15.0%	1,031
Hancock County	2,404	589	25%	6.6%	252
Inner Hendricks County	5,668	709	13%	7.9%	608
Johnson County	8,838	346	4%	3.9%	118
Morgan County	733	0	0%	0.0%	0
North Madison County	421	0	0%	0.0%	0
North Washington Township	13,953	657	5%	7.3%	421
Northeast Marion County	10,370	0	0%	0.0%	0
Northwest Marion County	19,643	150	1%	1.7%	0
Outlying Boone County	3,297	44	1%	0.5%	43
Outlying Hamilton County	221	0	0%	0.0%	0
Outlying Hendricks County	66	0	0%	0.0%	0
Outlying Johnson County	569	0	0%	0.0%	0
Putnam County	395	0	0%	0.0%	0
Shelby County	1,144	0	0%	0.0%	0
South Madison County	261	0	0%	0.0%	0
South Marion County	12,516	0	0%	0.0%	0
Southeast Indianapolis	10,454	404	4%	4.5%	402
<b>Market</b>	<b>165,168</b>	<b>8,983</b>	<b>5%</b>	<b>100.0%</b>	<b>4,864</b>



165,168

4Q 2023 Unit Inventory



8,983

Number of Units Under Construction



4,864

Number of Units UC Delivering in the Next 4 Quarters

# Sales Activity

As we enter 2024, the multifamily investment scene in Indianapolis can be described as moderately active. The final quarter of 2023 concluded with a total of seven individual assets changing hands, amounting to \$207.5 million. The overall transaction volume for the year comprised 31 deals, amounting to \$676.8 million. This represents a 57% decline from the previous year. In terms of the 2023 transactions, there was a noticeable shift in the buyer profile. Looking ahead, the Indianapolis market retains its attractiveness, largely thanks to its robust job growth and relative affordability. These elements are anticipated to offer attractive opportunities, particularly if interest rates find a stable footing. While investors might initially approach with caution, potentially biding their time for pricing adjustments in the near future, the latter half of the year will likely see an uptick in transaction activity in the Indianapolis market.

## ▲ Most Active Buyers (Previous 24 Months)

1. Pepper Pike Capital Partners
2. Zidan Management
3. Birge & Held
4. The Connor Group
5. Pedcor Management

## ▲ Most Active Sellers (Previous 24 Months)

1. Sterling Group
2. Virtus RE Capital
3. TWG Development LLC
4. Brookfield AM
5. Birge & Held

\*Most Active Buyers and Sellers are based on the sale volume of apartment units.

TRANSACTION VOLUME  
**\$676.8M (p)**

2023 Transaction Volume

**-56.9%**

Y-O-Y Change

**31 YTD**

Individual Transaction Count

**\$141.5k\***

Price Per Unit

**0.2%**

Annual PPU Price Change

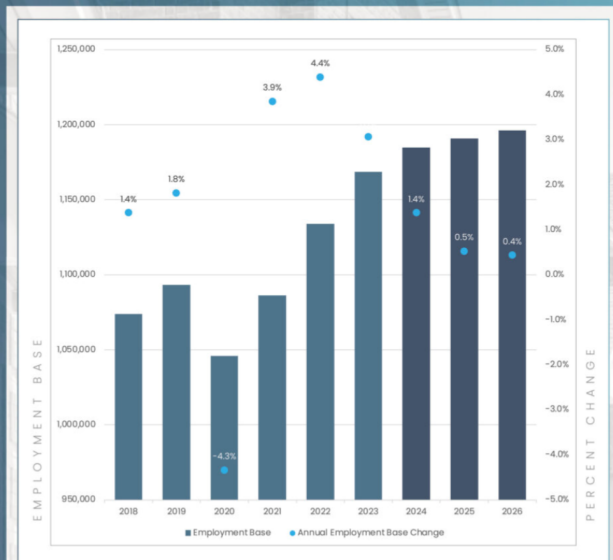
\* Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

# Employment Forecast

## EMPLOYMENT SECTOR FORECAST



## Forecasted 2024 Employment Sector Growth

Sector	Employment Change 2023 to 2024	Percent Change
<b>Overall Employment</b>	<b>16,100</b>	<b>1.4%</b>
Manufacturing	1,700	1.7%
Construction	100	0.0%
Trade, Transport, & Utilities	1,600	0.7%
Information	0	0.0%
Financial Activities	1,300	1.7%
Professional & Business Services	1,700	0.9%
Education & Health Services	4,600	2.6%
Government	1,000	0.8%
Leisure & Hospitality	3,600	3.2%
Natural Resources & Mining	100	0.0%
Other Services	300	0.7%

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# Economic Outlook

The Indianapolis apartment market is entering 2024 with strong growth prospects, underpinned by the city's thriving job market and overall economic health. The metro area is on track to add approximately 16,100 new jobs by the end of the year, reflecting a 1.4% increase. This job creation is a significant driver of economic vitality, particularly in burgeoning submarkets such as Carmel and Downtown Indianapolis.

Contributing to this economic dynamism are major corporations like Corveva, Elanco, Rolls-Royce, and Eli Lilly. Their presence establishes Indianapolis as a key job center, with a notable emphasis on the Professional and Business Services sector. This influx of jobs and corporate investment is a critical factor in bolstering apartment demand within the market. The convergence of these positive trends—robust job creation, the expansion of key submarkets, and the presence of major industry players—points to a promising future for the Indianapolis apartment market, characterized by ongoing progress and stability.

Sources: Costar; Yard Matrix; BLS; MSCI; Moody's Analytics

TO GAIN FURTHER INSIGHTS INTO THE INDIANAPOLIS MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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