

# Metro Housing Outlook:

## Indianapolis - Q2 2024

### Overview:

- The recovery period for the local economy in the Indianapolis metro continues to be robust. For the period ending Q2 2024, job growth in the metro was approximately 2.1% compared to 1.5% nationally.
- Apartment fundamentals in the metro are continuing to soften. For the period ending Q2 2024, vacancies inched up to 7.25%, up 25 basis points from the previous quarter. Furthermore, rent growth continues to perform modestly, coming in at 0.75% during the same period.

### Market Strengths:

- The metro has a favorable demographic profile. Population growth is forecasted to keep outpacing the national average over the next five years at a rate of 0.9% compared to 0.4% nationally. Additionally, the prime renting cohort (ages 20-34) is expected to expand at nearly 0.4% in the metro versus a 0.4% decline nationally, as young professionals and relocating Midwesterners seeking job opportunities and a lower cost of living are expected to continue driving growth.
- Indianapolis has one of the highest industrial diversity scores in the country, with its score of 0.76 ranking in the top 5% nationally. The lack of dependence on one sole employment sector to spur economic activity has helped the metro recover jobs faster, as the local economy benefits from economic activity in multiple employment sectors.
- The manufacturing sector has been a bright spot for the metro and has been significantly outperforming the national average. For the period ending Q2 2024, manufacturing in the metro expanded by 1.9% compared to 0% nationally. According to Moody's Analytics, the metro will benefit from both automobile and pharmaceutical manufacturing over the short term and long term, as the metro catches up with pent-up demand for automobiles and supply chain issues continue to ease. Pharmaceutical manufacturing will aid in the long-term growth of the local sector, as the industry does not outsource production as frequently as other types of manufacturing.

### Market Weaknesses:

- The local education and health services employment sector was a top performer throughout the economic downturn, as COVID-19-related products were in high demand. As society has pivoted, demand for COVID-19 products has waned and, in turn, has caused the local employment sector to focus on other aspects of health-related products. However, the sector is poised to get back on track to being an above-average performer, as demand for diabetes and weight loss medicines continues to increase significantly.

### Outlook:

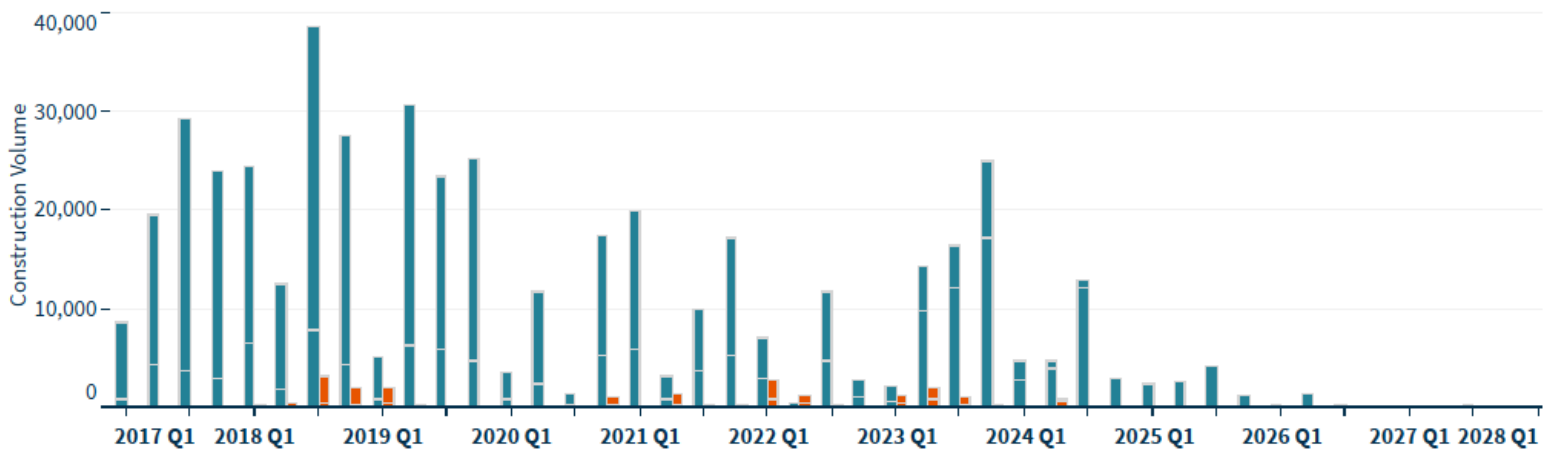
- Apartment fundamentals are softening after a brief period of recovery. The period of softening can be attributed to both the current economic environment and recent elevated levels of completions. In the long term, a well-diversified economy, strong job market, and favorable demographic trends will aid in absorption of new supply.
- Indianapolis's economy continues to be a steady performer where almost all employment sectors are experiencing growth. Although the metro's low business costs are attractive, ongoing concerns around talent acquisition and retainment continues to curb new business investment. Likewise, the quality of the jobs being added to the metro is becoming more of an issue, as more employers increase hiring in sectors concentrated with more low-wage jobs. However, employment industries such as biosciences and pharmaceutical manufacturing should continue to balance the quality of jobs in the metro.



## Multifamily Apartment Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

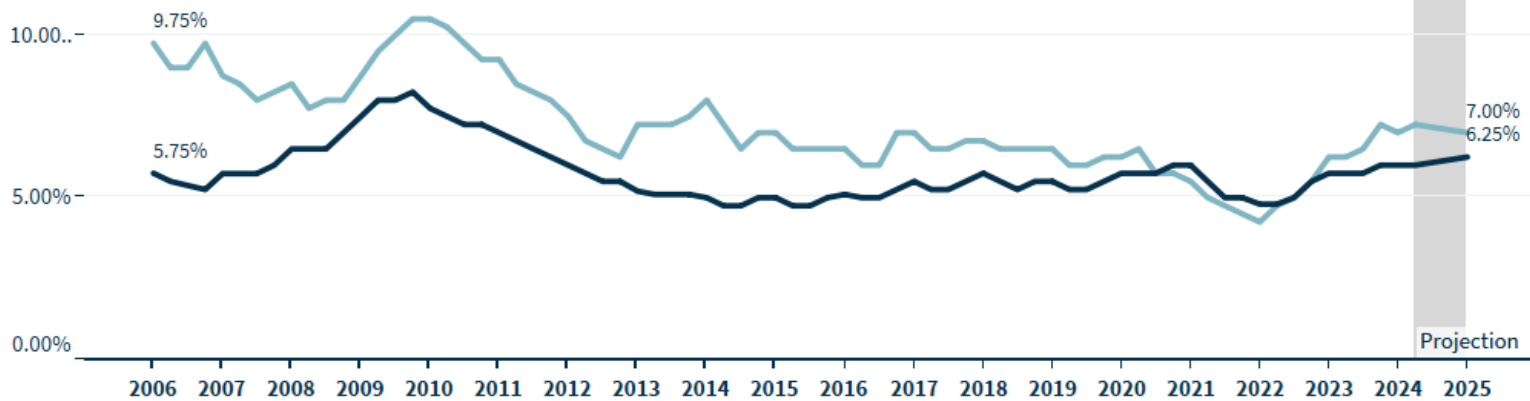
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Indianapolis | National

Q2 2024 Vacancy Rate:

7.25%

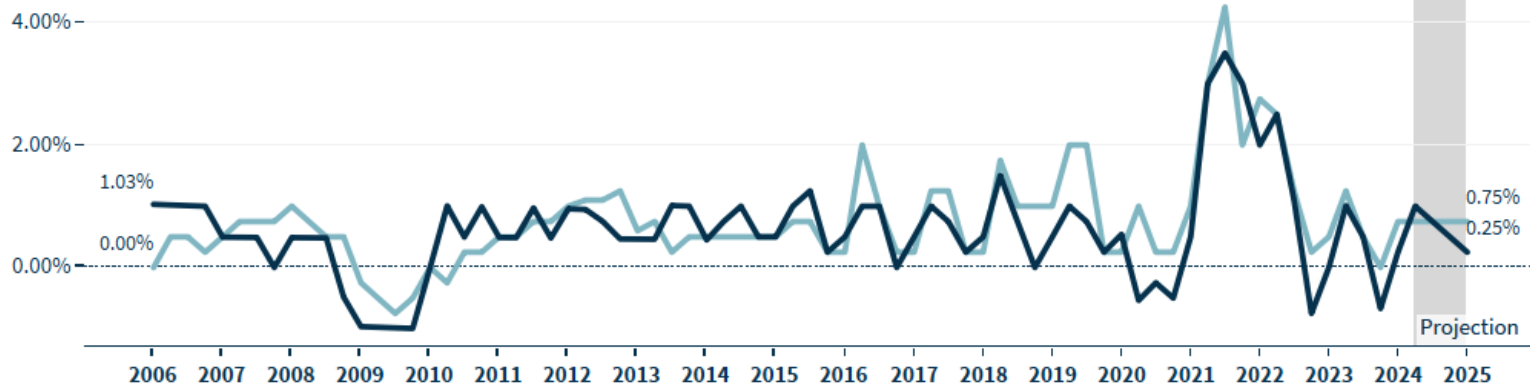


### Asking Rent Growth

Indianapolis | National

Q2 2024 Asking Rent:

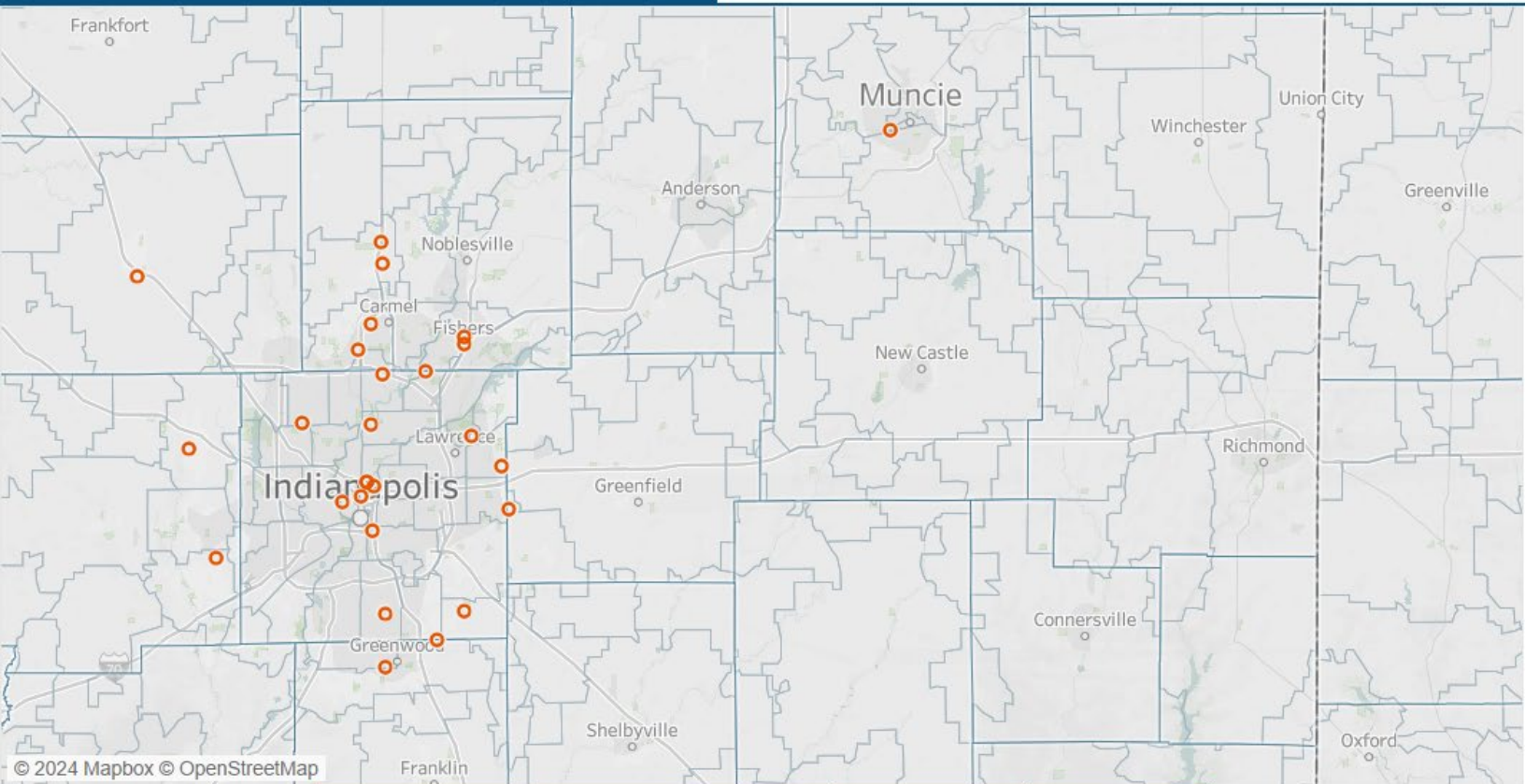
\$1,240



Source: Fannie Mae Multifamily Economics and Research



# Multifamily Construction: Bidding & Underway



MultiHousingSubmarketName	Apartments	Units
Carmel/Hamilton County	7	1,541
Downtown Indianapolis	2	451
Eagle Creek	1	238
East Indianapolis	5	703
Far West Indianapolis Suburbs	1	293
Greenwood/Johnson County	2	634
Lawrence	1	220
NA	1	120
Northeast Indianapolis	3	1,053
Northwest Indianapolis	1	30
Southeast Indianapolis	2	413
Southwest Indianapolis	1	93
<b>Grand Total</b>	<b>27</b>	<b>5,789</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Indianapolis Q2 2024

## Multifamily Economics and Market Research Team

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### Sources Used

- Moody's Economy.com
- Moody's CRE/REIS
- CoStar
- Real Capital Analytics
- RealPage
- Greenstreet
- Dodge Data and Analytics SupplyTrack Pipeline
- CBRE-Econometric Advisors
- Yardi

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