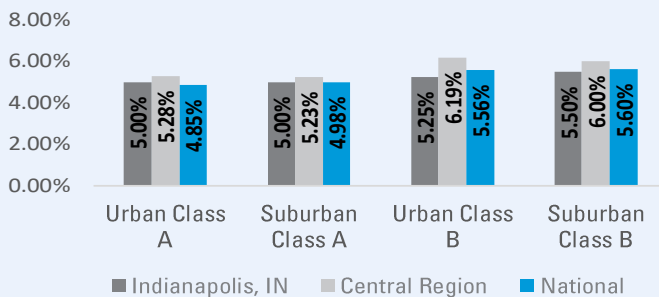


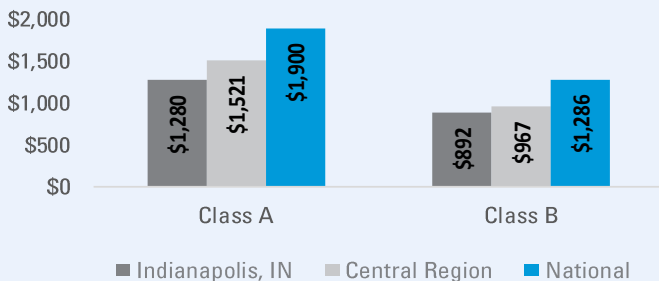
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	↔	↓
Asking Rent (\$/Unit)	↑	↑
Vacancy Rate (%)	↓	↓

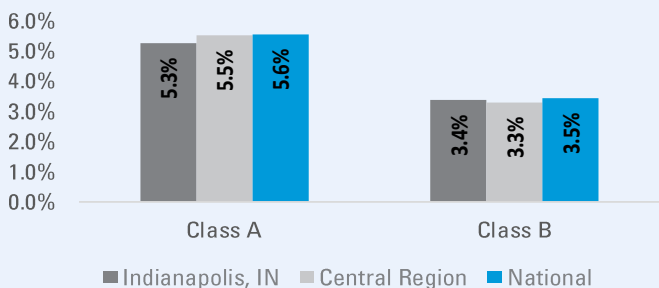
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



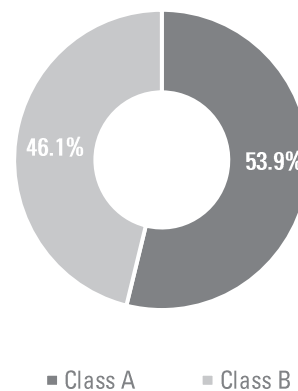
Vacancy Rates (%)



Indianapolis, IN Multifamily Market Overview

The multifamily sector continues to be one of the stronger real estate markets in Indianapolis but has experienced decline in activity in the last six months. The Indianapolis market has experienced positive population, household income and employment growth over that reported in 2021. However, rising cost of living and soft labor market projections are resulting in lower rent increases. Further, interest rate hikes and inflation are causing most local, regional and national investors to hold off on multifamily acquisitions. The higher interest rates and significant decreased level of acquisition will result in lower asking prices. The uncertainty in the economic health for the multifamily market in Indianapolis is also reflected in the slowdown of new construction. The slow pace of development is projected to continue throughout most of 2023. Conversations with other real estate brokers and lenders in the market yield for recovery projections in late 2023 and into 2024. Some predicting that transactional activity will be back to "pre-pandemic normal" by 2024. As is true with the national economic forecasts, the pace of recovery will be contingent upon inflation decelerating in the next 12-18 months, resolution of geopolitical issues which have had negative effects on the US economy and a steady labor market throughout the recovery process. The Indianapolis multifamily sector has declined in the first six-months of 2022. However, the slow pace of new construction will precipitate decreased vacancy and stable to increased rents in the next 12 months. The multifamily sector will remain one of the stronger investment opportunities in the Indianapolis market.

Distribution of Total Inventory



131,050 Units
Multifamily Inventory

2.05% - 12 Mo. Proj.
Construction/Inventory

2023 INDIANAPOLIS, IN MULTIFAMILY ANNUAL REPORT

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Change In Value Next 12 Months



+/- 0%

Urban Class A

+/- 0%

Urban Class B



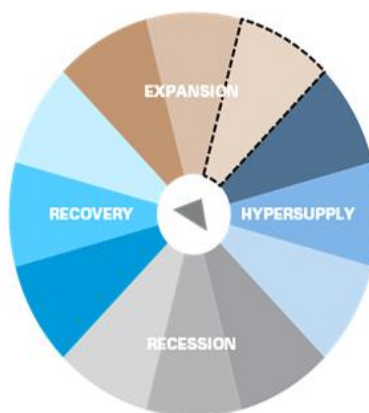
+/- 0%

Suburban Class A

+/- 0%

Suburban Class B

Market Cycle: Expansion Stage 3



- Med/High Rental Rate Growth
- Moderate/High New Construction
- Moderate/High Employment Growth
- Decreasing Vacancy Rates
- High Absorption

Forecasts

Indianapolis, IN 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 50-74 bps
Discount Rate	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps
Reversion Rate	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps	Increase 50-74 bps
Construction (Units)	2,693			
Market Rent Change	+5.50%	+6.50%	+5.00%	+5.00%
Expense Rate Change	+5.00%	+5.00%	+4.00%	+4.00%
Years to Balance	2			

Indianapolis, IN 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+14.24%			
Change in Value	Increase 3%-3.9%	Increase 2%-2.9%	Increase 3%-3.9%	Increase 2%-2.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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