

SELF-STORAGE

Indianapolis Metro Area

2H23

Economic Trends

Over the initial seven months of 2023, employers added a net of nearly 9,300 business and professional services positions, aiding a 3.9 percent gain across traditionally office-using industries. Although hiring within these sectors is expected to curtail over the second half of the year, and these jobs typically have higher annual salaries, marketwide household income growth will increase from 2022's figure and exceed its 1.8 percent long-term average by 140 basis points this year.

Demographic Trends

A second year of net migration inflows on par with pre-pandemic norms will help lift Indianapolis' population growth rate to 1 percent in 2023, its highest figure since 2018. This gain is backed by a 3 percent increase in the 65-plus segment. A higher rate of growth among this cohort is a boon for self-storage demand as this age demographic typically possesses family heirlooms likely to be passed down, requiring additional space.

Supply and Demand Trends

Construction totals in 2023 remain well below recent norms, descending from a four-year period ending in 2021 in which developers completed an average of 920,000 square feet. As a result, inventory expansion totals 2.6 percent in 2023, which will be a six-year low and trail Indianapolis' 3 percent long-term average. A smaller delivery slate marginally tames the pace of vacancy expansion, though the rate still elevates to 6.0 percent.

Rent Trends

Easing retail sales growth amid slowing employment gains and persistent inflationary pressures, combined with a second consecutive period of triple-digit-basis-point vacancy hikes, sustains rent declines in 2023. This year's adjustment pushes the metro's average asking rate down to \$0.89 per square foot, though still 8.5 percent above its 2019 measure.

FORECAST

EMPLOYMENT

▲ +2.3%

CONSTRUCTION

▼ 500,000
square feet

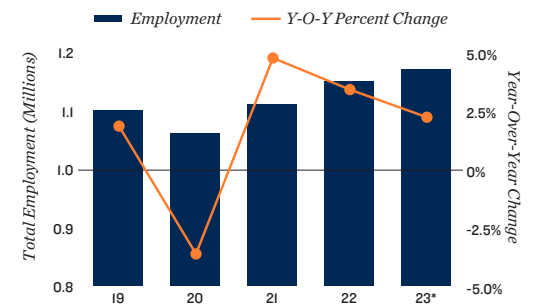
VACANCY

▲ 130
basis points

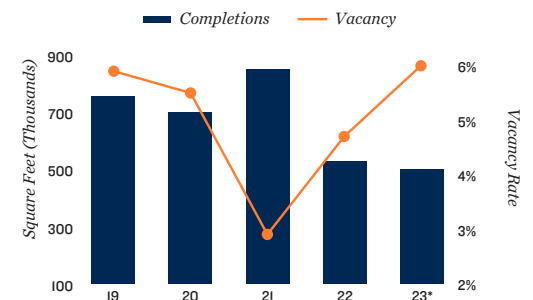
RENT

▼ -2.2%

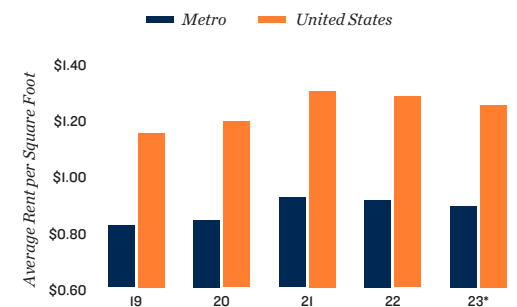
Employment Trends



Supply and Demand Trends



Rent Trends



* Forecast

Sources: BLS; Moody's Analytics; Radius+; Yardi Matrix; U.S. Census Bureau

Self-Storage Division

Steven Weinstock

Senior Vice President, Director

Tel: (630) 570-2200 | steven.weinstock@marcusmillichap.com

For information on national self-storage trends, contact:

John Chang

Senior Vice President, Director | Research & Advisory Services

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

Price: \$500

© Marcus & Millichap 2023 | www.MarcusMillichap.com

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Note: Metro-level employment growth is calculated based on the last month of the quarter/year. Asking rent is based on a standard 10-foot by 10-foot unit. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Moody's Analytics; Yardi Matrix; Radius+; U.S. Census Bureau.