



Carmel's Strategic Position

A Real Estate Study

February 24, 2024



Purpose of the Study:

- ◆ Identify national, regional, and local economic trends to better understand Carmel's position within the region.
- ◆ Explore strategies that continue economic growth and bolster competitiveness, while also enhancing the overall well-being for Carmel's residents.

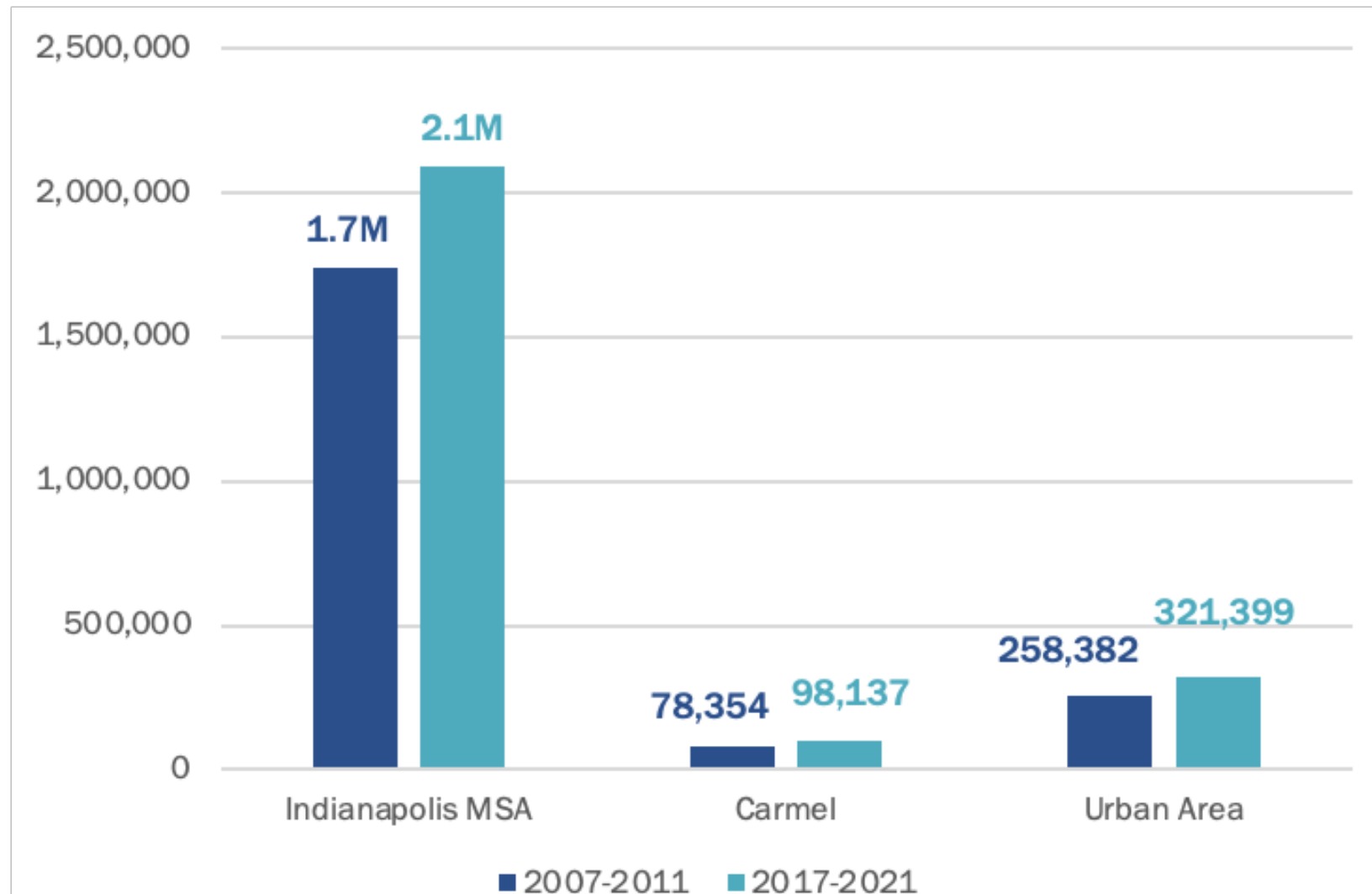


Keeping Carmel Accessible

Carmel Grew At Same Rate (25%) as the Region

Population, Carmel, Hamilton County Urban Area, and Indianapolis MSA, 2007-2011 and 2017-2021

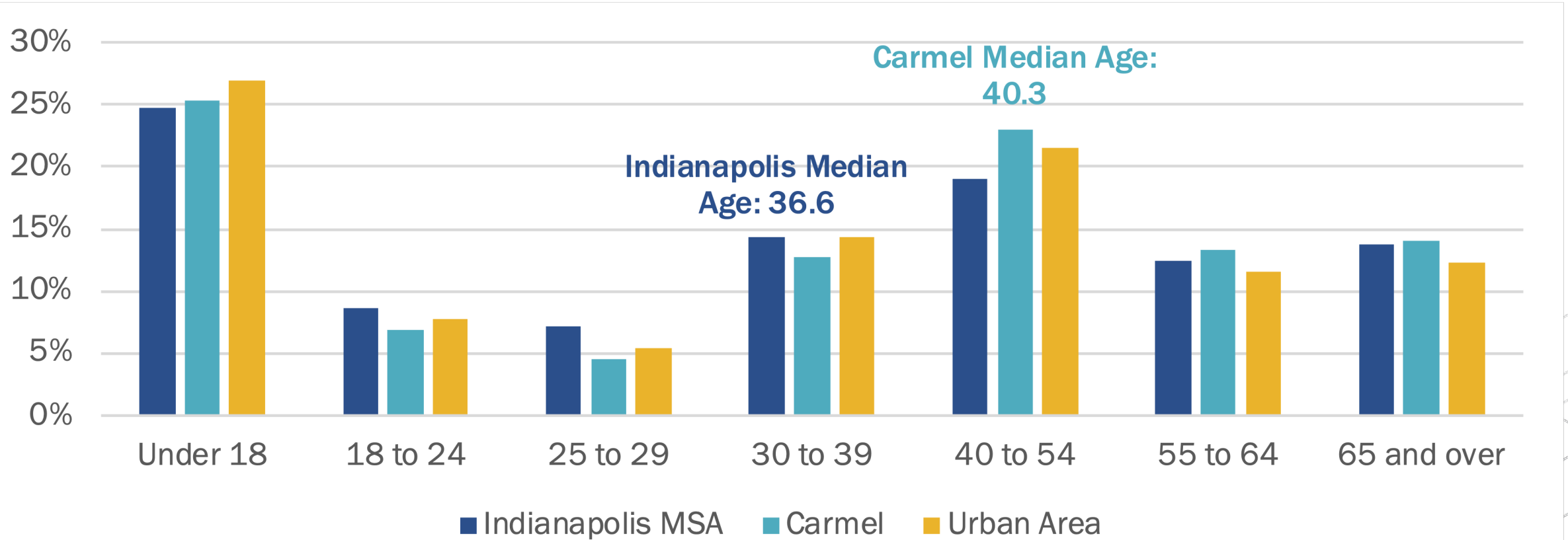
Source: 2017-2021 ACS 5-Year Estimates Subject Table B01001



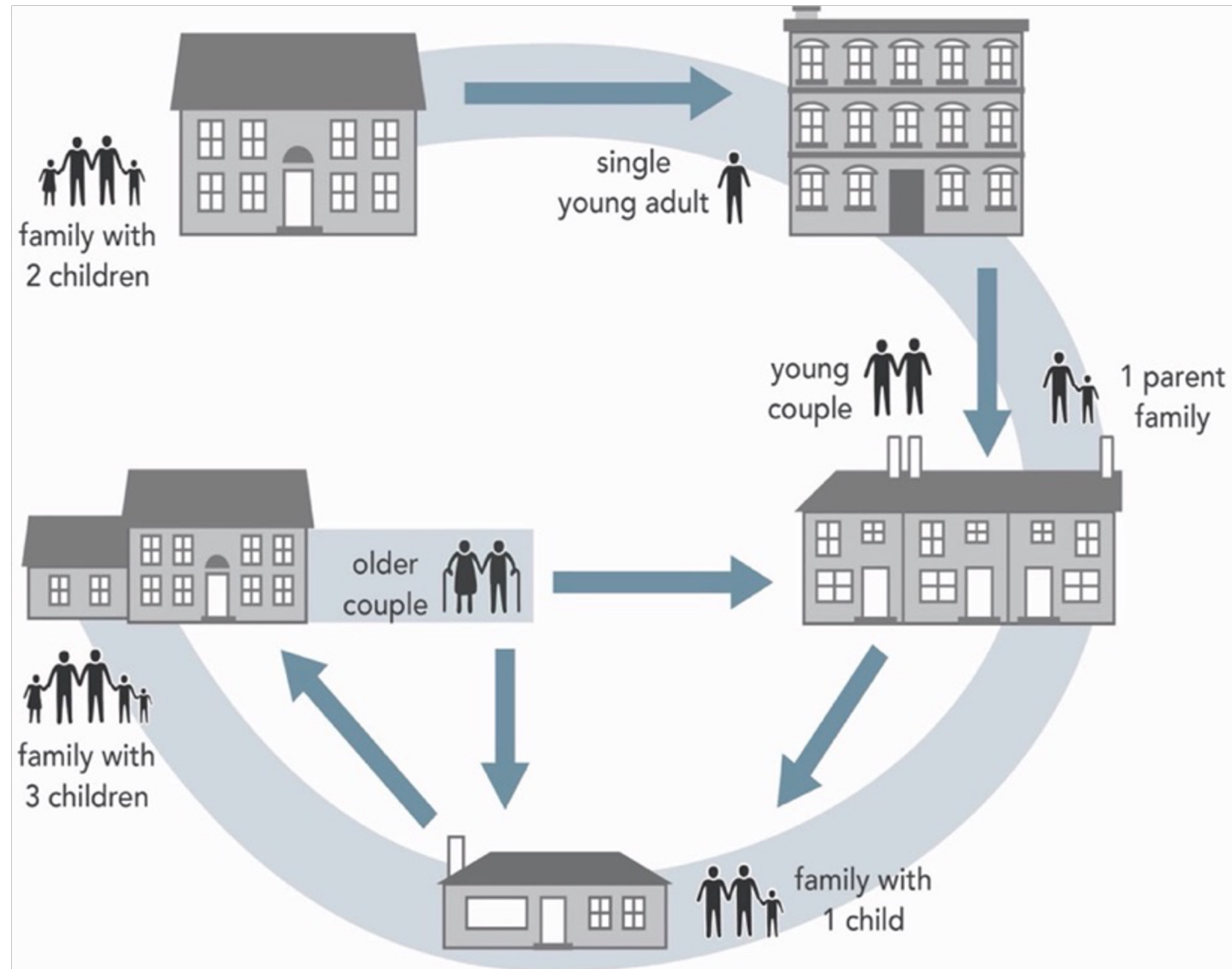
Carmel's Population Skews Older

Age Distribution of Population, Carmel, Hamilton County Urban Area, and Indianapolis MSA, 2017-2021

Source: 2017-2021 ACS 5-Year Estimates Subject Table B01001



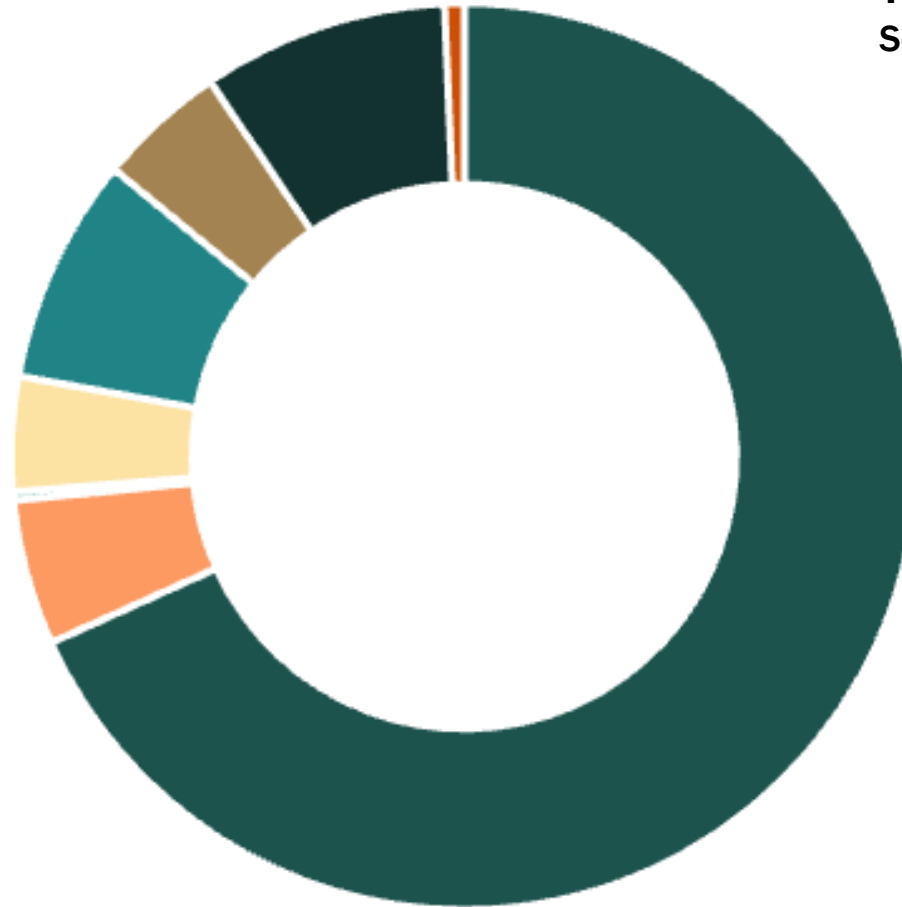
Different Ages Have Different Housing Needs



Carmel Has Predominantly Single-Family Detached Homes

Total Housing Types in Carmel

Source: ACS 1-year 2022 estimate

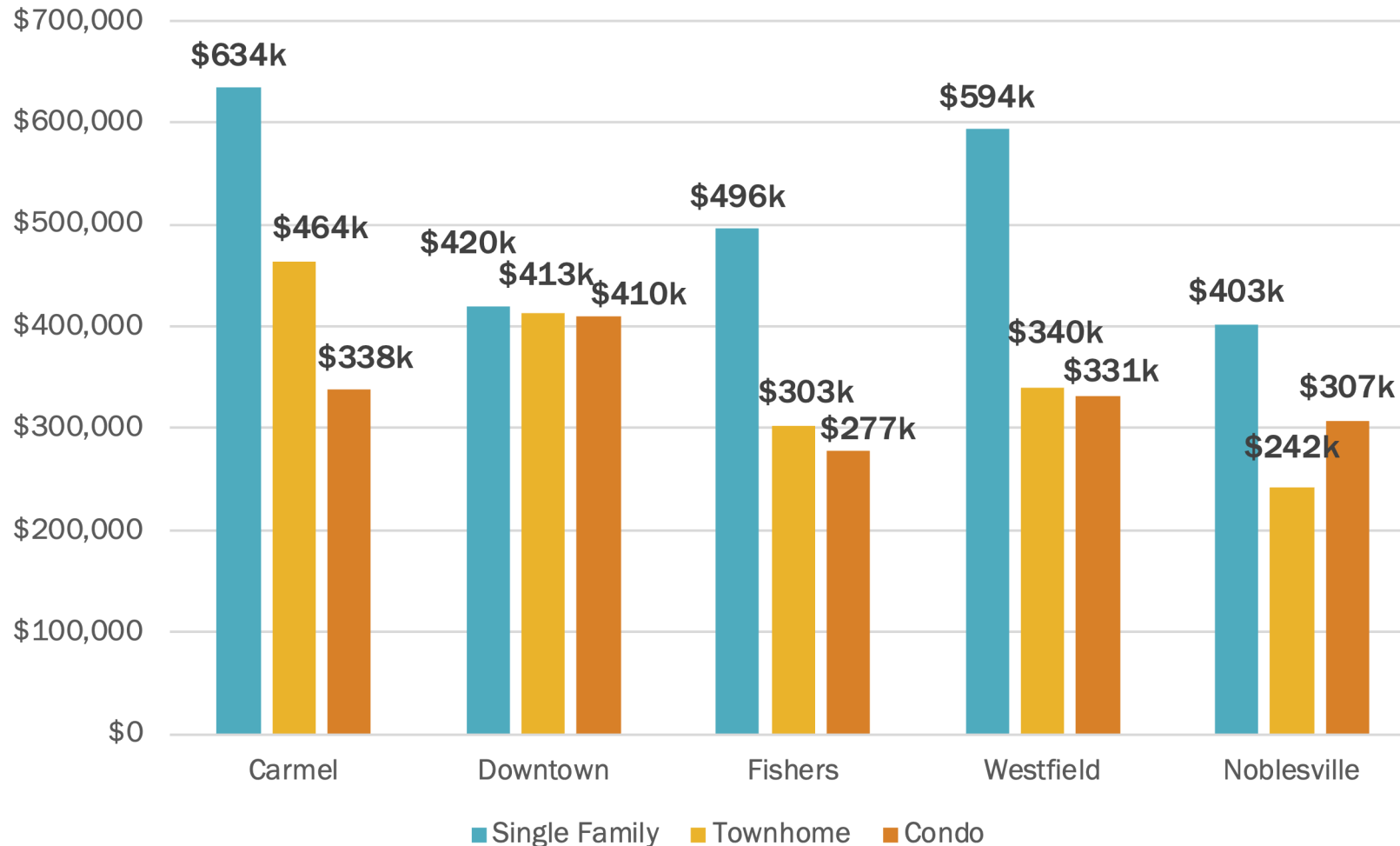


- 1-unit, detached
- 1-unit, attached
- 2 units
- 3 or 4 units
- 5 to 9 units
- 10 to 19 units
- 20 or more units
- Mobile home

Single Family Homes Cost More Than Regional Peers

Median Single Family and Townhome Sale Price by Carmel Comparable City (August 2022-July 2023)

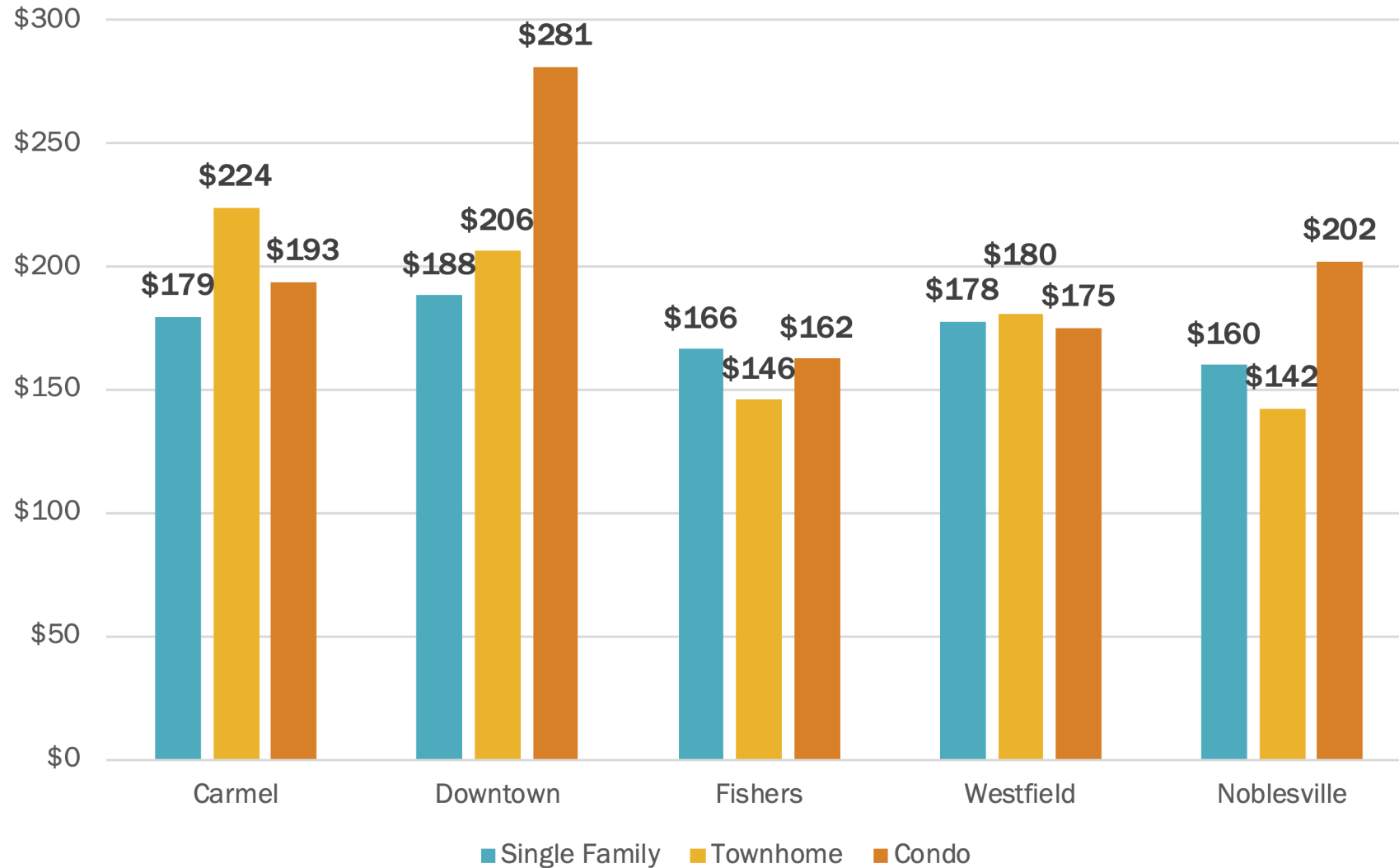
Source: Redfin



Though By Square Foot it is Closer

Single Family and Townhome Sale Price PSF by Carmel Comparable City (August 2022-July 2023)

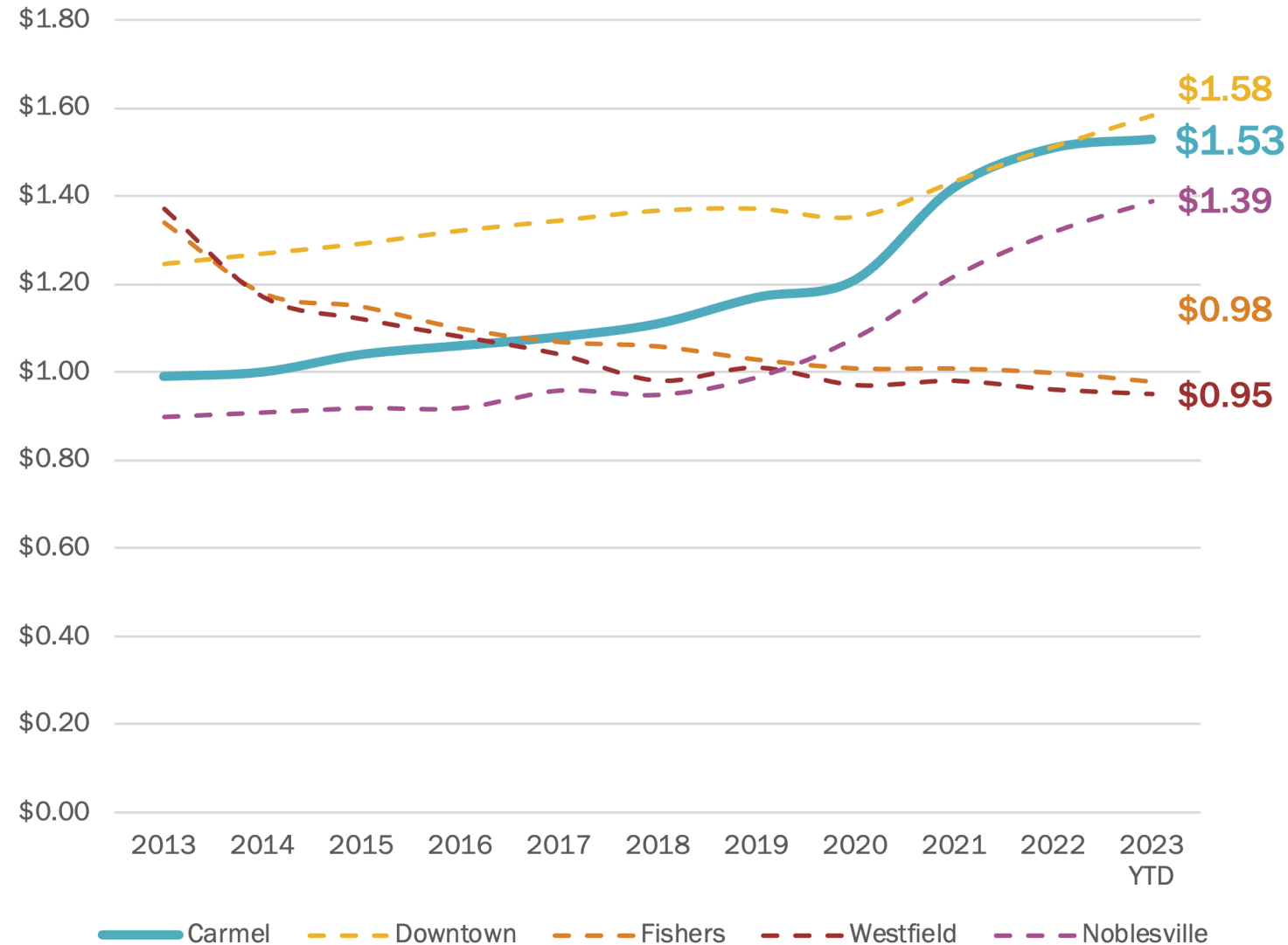
Source: Redfin



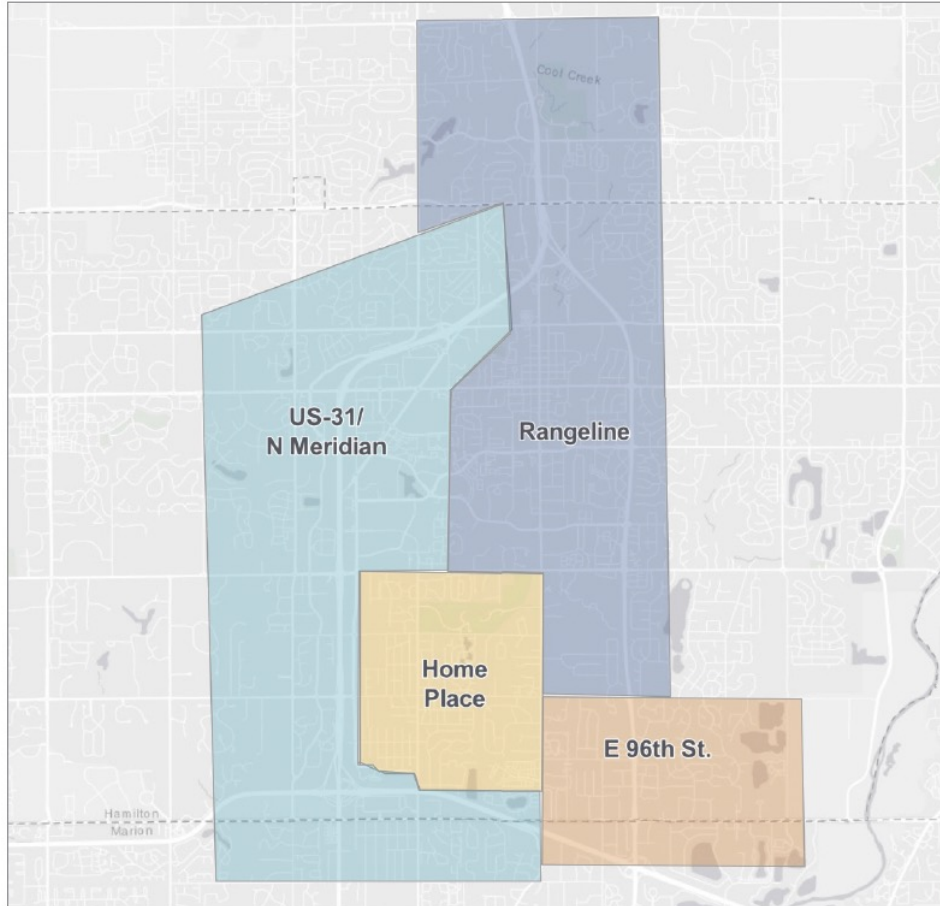
Rental Prices Have Climbed in Recent Years

Multifamily Rents per Square Foot, Carmel and Comparable Cities, 2013 to 2023 YTD

Source: CoStar

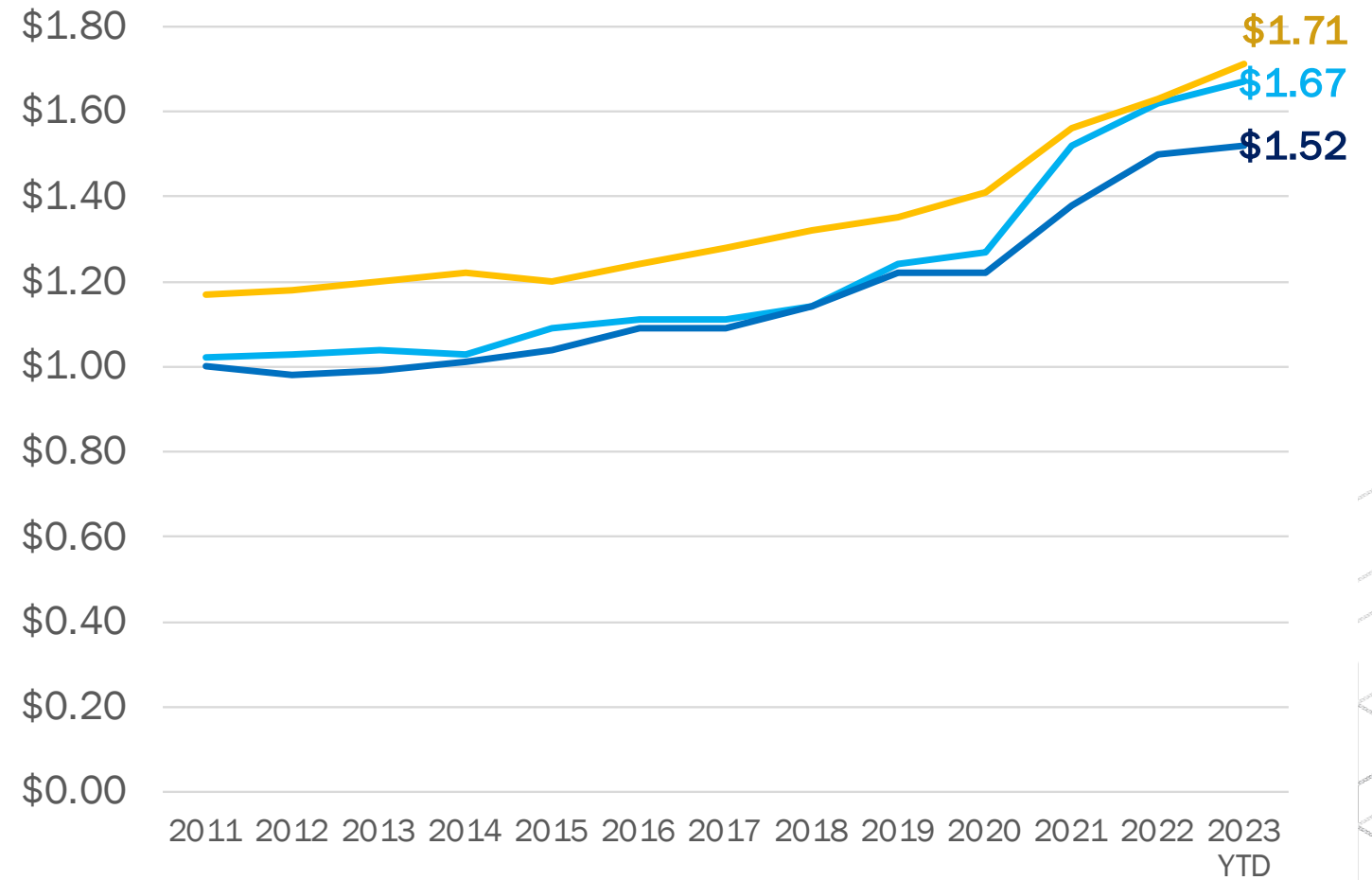


It is Fairly Consistent Across Subareas



Multifamily Rents by Carmel Sub Area, 2013 to 2023 YTD

Source: CoStar



— US-31 — Rangeline — 96th Street

It's a Great Place to Sell a Single-Family Home



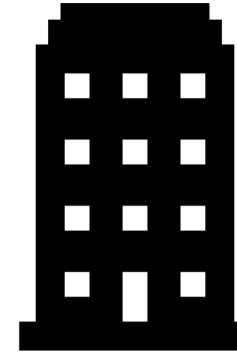
\$634,000

Median Single Family
Home Sale Price
(2023)



\$464,000

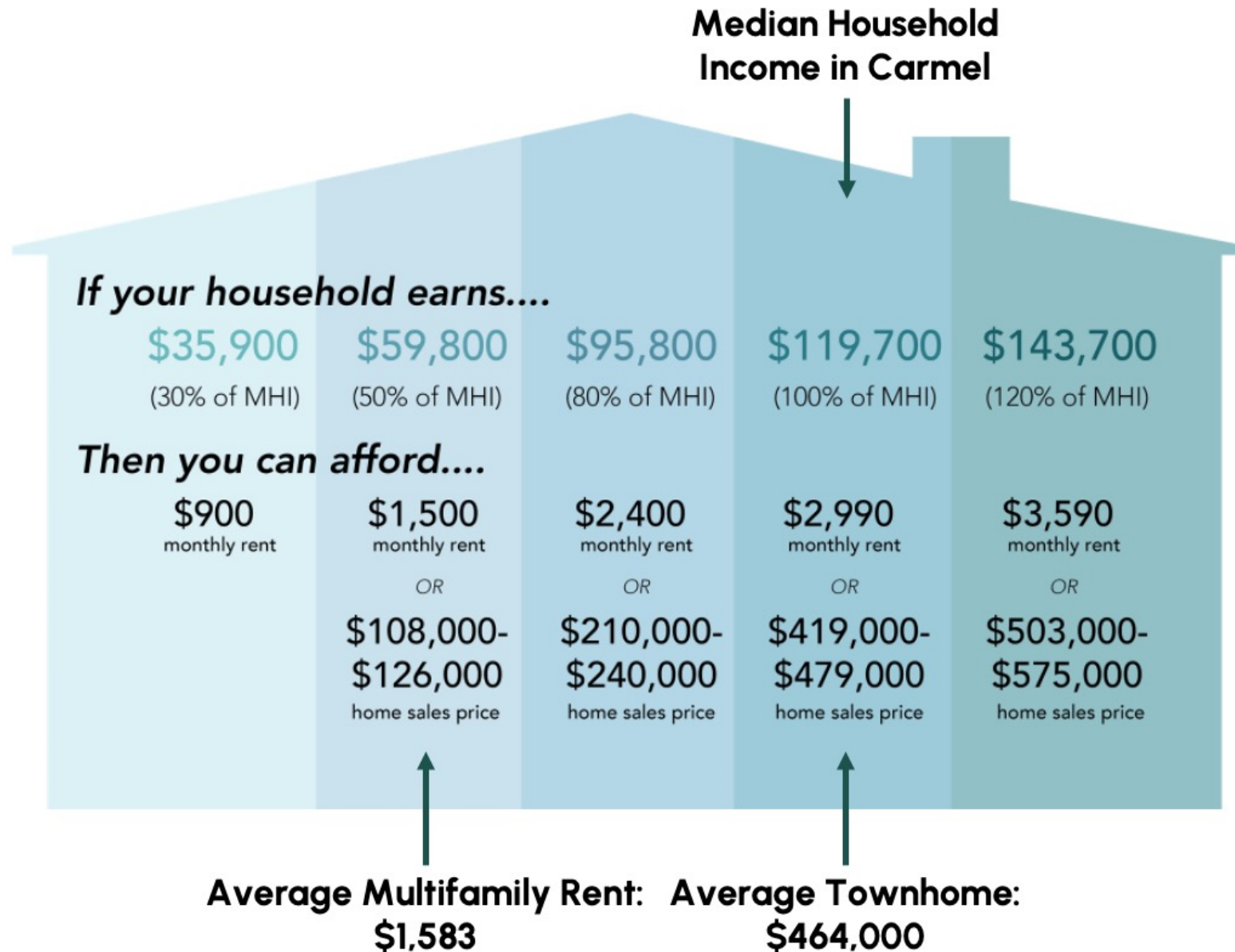
Median
Townhome Sale
Price (2023)



\$1,583

Average Rent per
Multifamily Unit
(2023)

It's not Easy to Purchase a Single-Family Home



**Average Single-Family Home:
\$634,000**

(MHI Would Need to be \$158,000)

There is Some New Supply

Multifamily Rental Unit Inventory in Carmel and Comparable Cities, 2023 YTD

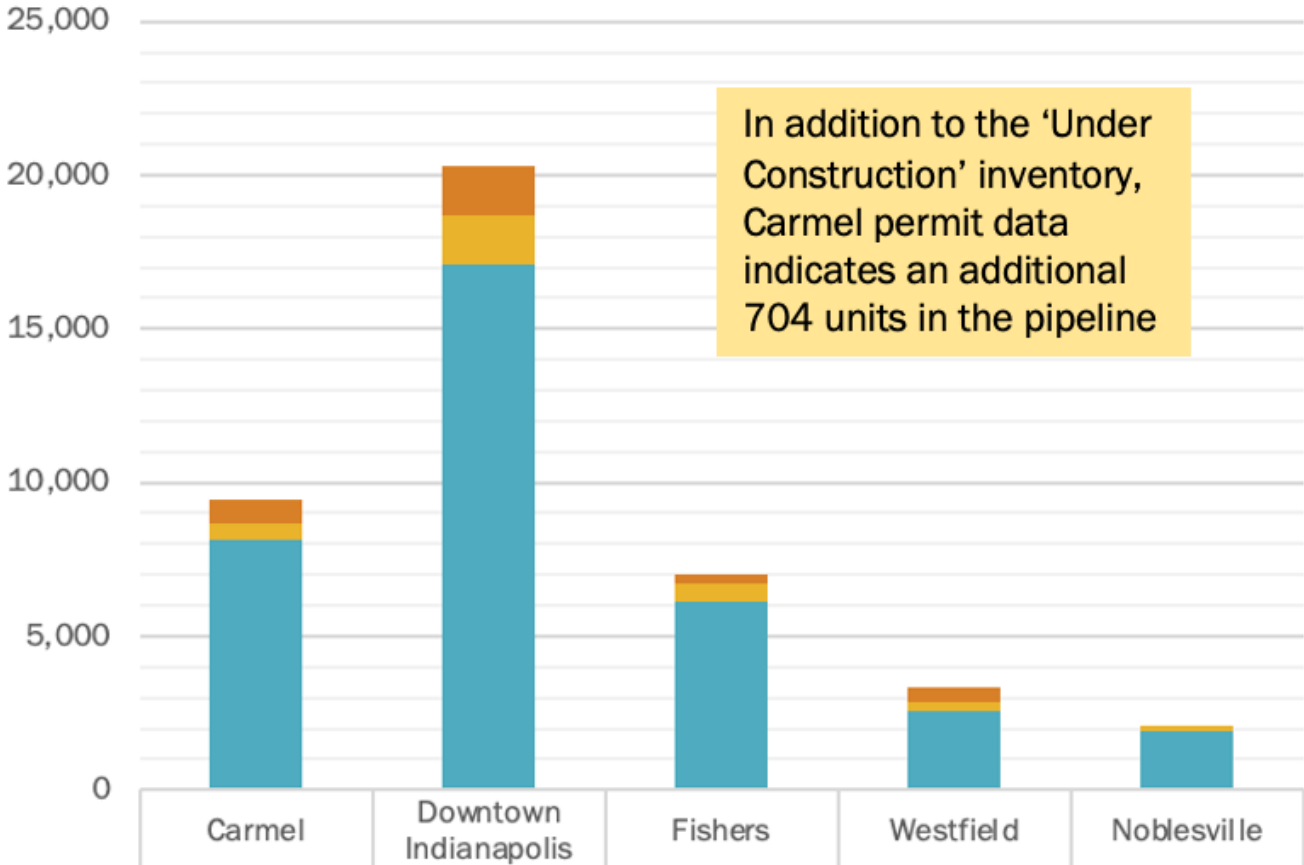
Source: CoStar

City Permit Data (2018-2023):

+ 1,640 Single Family
Homes

+ 528 Townhomes

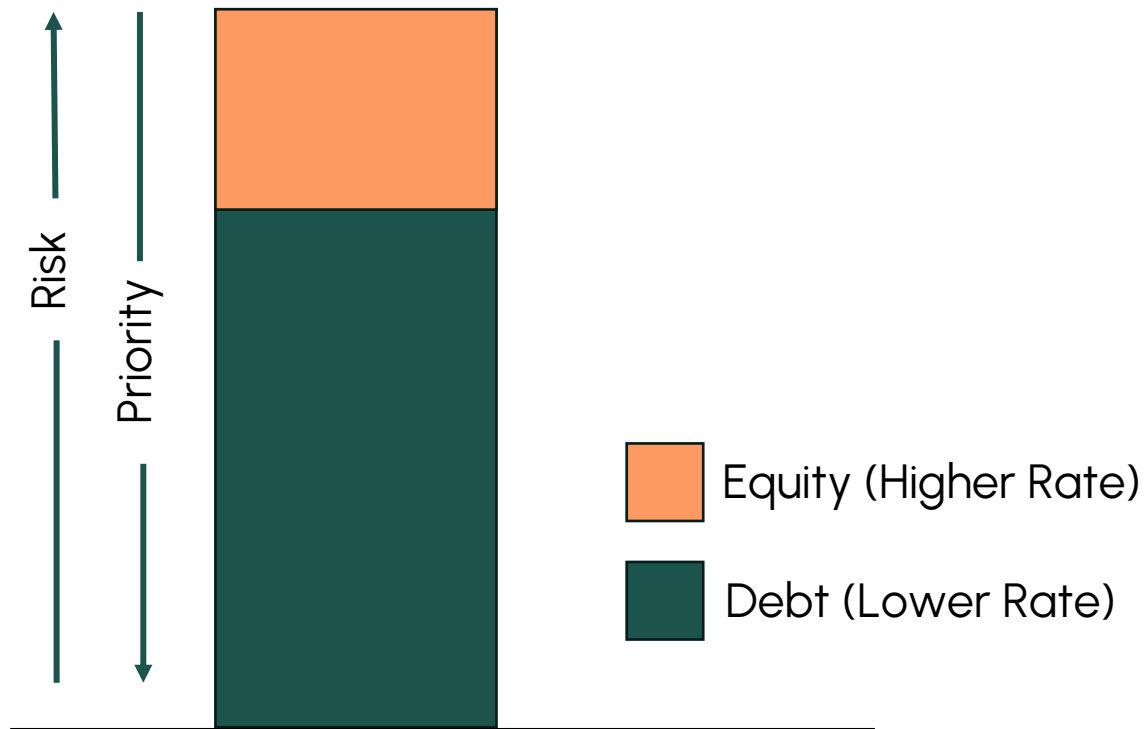
+ 2,210 Multifamily
Units



Under Construction	764	1639	280	490	0
Vacant	552	1604	567	314	193
Occupied	8134	17067	6143	2542	1927

Housing 101: Housing Development Requires a lot of Debt

Simple Capital Stack



Higher Interest Rates
=
Higher Financing Cost
=
More Difficult to Build

There are Headwinds to Housing Construction

- **Rising Risks:** Market demand shifts and increasing interest rates have heightened the risk, causing lenders to become cautious.
- **Lending Constraints:** Banks have scaled back on lending amounts (e.g., from 60-85% to around 50%) or halted lending for riskier projects.
- **Construction and Permanent Loans:** High-interest construction loans are facing conversion challenges to more favorable permanent loans due to market conditions.
- **Impact on Development:** Existing financing challenges have created a backlog of projects and hesitance towards future investments.

Missing Middle Housing is A Focus These Days

"Middle housing" encompasses a range of housing types with multiple units that are more similar in scale to single-detached homes rather than apartment buildings

MISSING Middle Housing



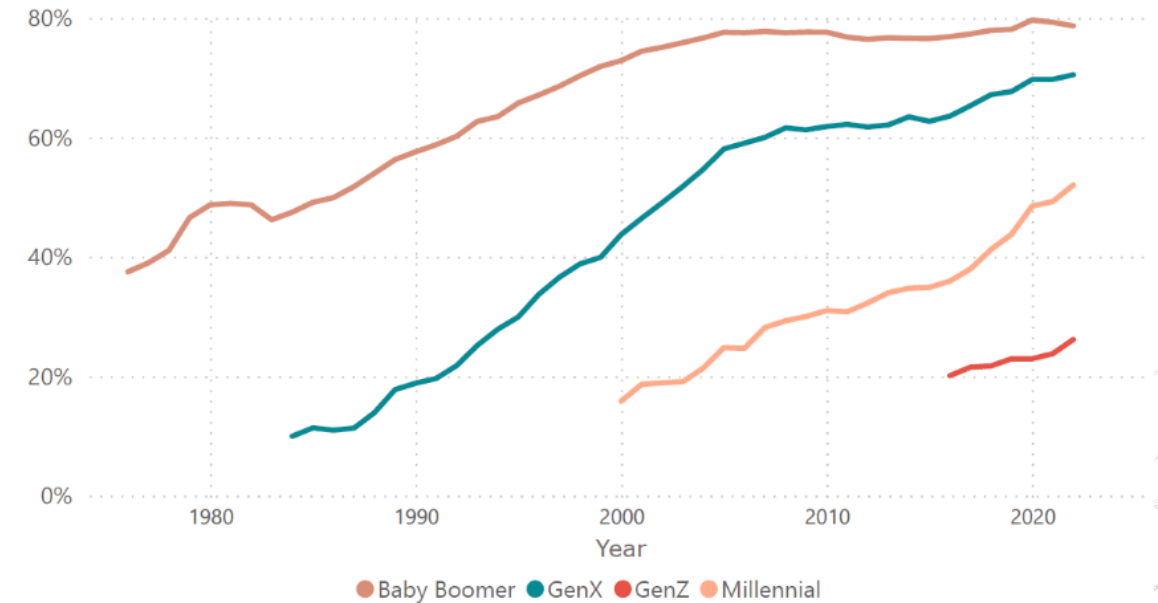
The Boomer General Has Different Retirement Goals

Demographic Changes Are Driving New Types of Housing Needs and Preferences.

- The country's **aging population is changing decisions around housing**, with growing preferences for downsizing to compact units
- **Walkable, mixed-use communities are becoming more desirable** compared with auto-oriented locations both for older and younger generations

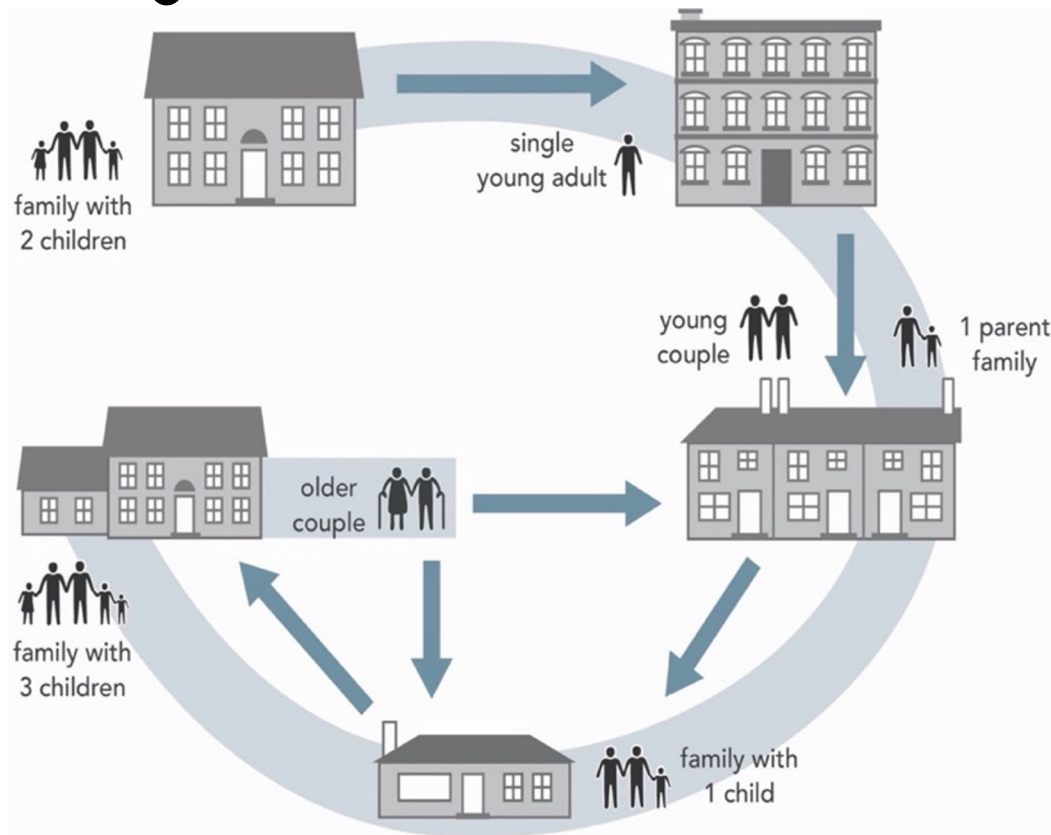
Homeownership Rates by Generational Cohort

Source: [Redfin Analysis; Current Population Surveys \(ASEC\) 1976-2022; IPUMS](#)



Smaller Homes May Allow More Movement

Targets households seeking smaller homes, lower cost housing in desirable areas, more environmentally sustainable housing, and multigenerational housing



Key Middle Housing Users:

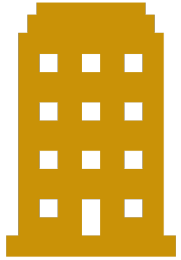
- **Older adults** seeking lower maintenance housing, Needs: Accessibility / Universal Design
- **Younger Households** and First-time Homebuyers, Needs: Attainable pricing, homeownership supports
- **Single-Person and Single-Parent Households**, Needs: Smaller units, rental and ownership options

Missing Middle Housing Benefits

- Smaller unit sizes
- More housing choices
- Blends with existing neighborhoods
- Requires less land
- More affordable homes
- Greater socioeconomic integration
- Multigenerational housing-age in place
- Expand the tax base, relieve pressure on property taxes



Keep Carmel an Accessible Community for Workers to Live In



Support Office-to-Residential Conversion

- Highlight and market new opportunities of federal funding for office to residential conversion
- Support and remove barriers to tenant improvements



Allow for Middle Housing in Transition Areas with Development Potential

- Consider expanding middle housing allowances in single family zones and near major corridors
- Strategically upzone around mixed-use developments

- Questions?