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## Downtown dwellers drive occupancy surge

### Fewer apartments vacant as renters flock to city's center

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Apartment occupancy in Downtown Indianapolis has reached its highest level since the mid-1990s, according to a report released this week.

Last year, the vacancy rate dropped by 50 percent, and it could drop again this year. Only 4.2 percent of the 3,362 apartments Downtown were vacant in 2007, more than 300 fewer than the year before.

Downtown is defined in the report as the neighborhoods between 16th Street, College Avenue, South and West streets.

The vacancy rate is lower because demand is higher, experts say. More people who were homeowners have become renters because of foreclosures. Growth at Indiana University-Purdue University Indianapolis also is attracting more student renters. And the escalating cost of gas is a factor.

But most importantly, more people want to live Downtown, driving the vacancy rate to the lowest since 1996, when 1,000 fewer apartments existed, officials said.

"Downtown, I'd say, is now the coolest place to live," said George Tikijian, principal broker for Tikijian Associates Multihousing Investments Advisors who conducted the study.

Broad Ripple and Keystone at the Crossing remain popular, Tikijian said, but he believes Downtown has become the No. 1 destination for renters.

Tikijian said Indianapolis is doing a better job attracting people to live Downtown than many of its peer cities. Part of the attraction is the amenities, including a mix of restaurants, shopping and cultural offerings, he said.

"People like the idea of living where the action is, and we have a city with a lot of action," said Jim Crossin, vice president of development for Flaherty & Collins, which broke ground in March on a Downtown apartment development, Cosmopolitan on the Canal.

Builders of two of the newest apartment complexes -- J.C. Hart's 164-unit Waverley Commons at 151 S. East St. and the 218-unit Cosmopolitan on the Canal at 301 W. Michigan St. -- are fielding inquiries for leasing even though both are still under construction.

Another attraction is that prices remain reasonable, though rents are increasing. Downtown resident Casey Litwinko pays \$730 a month for a one-bedroom apartment near University Park, where she can exercise her dog. The medical marketing specialist has lived Downtown for two years after moving from Broad Ripple.

"I like to 'play' down here more, and a lot of my friends are down here," she said Thursday, as she tugged on a leash holding her black lab mix, Harvey. "Plus, I feel safe, so it's fun to be in an urban environment where I can walk."

Even with new construction and escalating rents, occupancy is expected to remain high.

"It's not a short-term phenomenon. It's a long-term phenomenon that will continue to get stronger," Tikijian said.

And it isn't just renters driving up Downtown residency. Average sales of Downtown condos topped sales of houses in 2007 for the third consecutive year. And Downtown office space vacancy, at 13.5 percent, is at its lowest in eight years, according to CB Richard Ellis, a commercial developer.

"Probably the biggest factor is that everybody wants to *live* Downtown," said Lynne Sullivan, executive director of the Indiana Apartment Association. She said singles and young urbanites are driving up the demand.

Years ago, a development like Cosmopolitan would have been completed before leasing began, said Crossin. With this project, pre-leasing will begin 90 to 120 days before the opening.

"It's booming," he said.

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