Real Estate in Indiana

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When you own ten properties or zero. Your first home or your $2.3M mansion. This is how I think about this as a real estate broker and negotiator in Indianapolis.

This work applies to both buying a home for yourself and investment properties. Any home you purchase is an investment. Therefore, what is the best way to get a good *value* for a house? Treat it the same way as a business.

There isn't a *secret* in real estate; the secret is simply: your team being more knowledgeable than the other side.

What follows is what I know, laid out as plainly as I can say it. This document reflects my experience and research as a licensed real estate broker in Indiana. It is educational, not legal or financial advice. Every market and deal is different. Work with qualified professionals.

-Nolan

If you want additional reading, I've read these books/papers, and they are good:

- The Book on Rental Property Investing by Brandon Turner
- Making it in Real Estate V1: Starting Out as a Developer by John McNellis
- Goldman Sachs Case for Commercial Real Estate
- The Story and Lessons Behind Invitation Homes: Blackstone's Acquisition of 50,000 Single-Family Homes for $10 Billion Between 2012 and 2016
- Never Split the Difference by Chris Voss
- Estimating Rehab Costs by J Scott
- Understanding the Return Profiles of Real Estate Investment Vehicles by Zell/Lurie Real Estate Center at Wharton School of Business/UPenn
- Economic Implications of Housing Supply by Harvard and Wharton
- Charting a 22-year roller coaster of investor activity by John Burns
- 7 Reasons Multifamily Should Be in Your CRE Portfolio by Janover
- I Owned 6 Homes and Lost It All with Real Estate Investing
- How to Wholesale Real Estate by Jamil Damji
- The State of the Nation's Housing 2025 by Harvard University Joint Center for Housing Studies
- How a 27-Year-Old Buys Rental Property in an Expensive Market Using Group Homes & House Hacks
- Gray Capital Value Add Case Studies - Indiana
- 6 Reasons We Lost Money on Our First Rental Property
- Millionaire Real Estate Agent by Gary Keller
- Fundamentals of Real Estate Appraisal 9th Edition
- Real Estate by the Numbers: A Complete Reference Guide to Deal Analysis by J Scott
- Selling Buildings by Bob Knakal
- Foreclosures- Bidding to Buy: A Step-By-Step Guide by Aaron Amuchastegui
- Top Markets for Multifamily Investment Report Fall 2025 by ARBOR REIT
- Wealth without Cash - Creative Finance by Pace Morby
- The Complete Guide to Buying and Selling Apartments V2 by Steve Berges

Contents

START HERE

The Three Things Worth Skipping To

These sections come up most in my day-to-day. If you only read three things, make it these.

1.2 Townhomes: The Hidden Trap

Townhomes look attractive because maintenance is lower. But you do not own the land.

In Carmel, Indiana, I have seen townhomes for $250,000 that would be worth $400,000 if they sat on their own lot. You are buying a structure without the asset underneath it; therefore, the appreciation of value on the property is different. That doesn't mean townhomes/condos are never worth it, but make sure you weigh your options.

However, if you do a flip investment, a townhouse/condo requires **0** investment in the exterior, unlike a traditional single-family house.

> ***The reduced maintenance is true. But the reduced ownership is realer.***

2.3 The HVAC, Furnace, and Mechanical Info Nobody Talks About

The first four digits of an appliance serial number tell you the build year. Two houses can look identical on paper but be completely different purchases depending on what is inside.

> ***If a seller's disclosure lists mechanicals as Unknown, that means they are old. New mechanicals get bragged about in the listing. Old ones get hidden behind the word Unknown. Unknown is a tell.***

6.1 How to Find a Buyer for a Distressed Property

Most people list it and wait. I would search the tax records instead. Find owners nearby who already own multiple properties in that area. If they own property there and have not sold it, they clearly like the area. They might want more.

> ***Also search tax records for cash buyers in your submarket. Investors who have bought with cash multiple times before will buy again. Build a list.***

PART 1

What Should I Buy?

1.1 Single Family vs. Multifamily: What Nobody Tells You

Most people frame this as a debate. It is not. They do different things.

Single family gives you higher appreciation. When you sell, you could make more. Your buyer pool is bigger because anyone can buy a house. But your vacancy risk is brutal. If your tenant leaves, your income goes from 100% to zero overnight.

But multifamily gives you higher cash flow.

A duplex gives you two rent checks instead of one. If one tenant leaves, you still have 50% of your income coming in. **But** appreciation is lower, and your buyer pool shrinks. Not everyone wants to buy a duplex.

The real danger with single-family is that you are betting on the value going up. What happens if the major employer leaves? What if a better neighborhood develops nearby? What if new construction floods the market? You are exposed in ways you cannot fully control.

> ***This is why value-add investing makes sense to me. Instead of banking on the neighborhood getting better, you take an old property from a C to an A+ yourself. You get your money back through the work, not through hope alone.***

1.2 Townhomes: The Hidden Trap

Townhomes look attractive because maintenance is lower. But you do not own the land.

In Carmel, Indiana, I have seen townhomes for $250,000 that would be worth $400,000 if they sat on their own lot. You are buying a structure without the asset underneath it. That doesn’t mean townhomes/condos are never worth it, but make sure you weigh your options.

However, if you do a flip investment, a townhouse/condo requires **0** investment in the exterior unlike a traditional single family.

> ***The reduced maintenance is real. But the reduced ownership is realer.***

1.3 Where to Find Multifamily

There are 200,000 single-family homes in the Indianapolis area. There are only 10,000 multifamily properties in the Indianapolis area. 8,000 of those multifamily are in Indianapolis. 75% of those Indianapolis properties are built before the Great Depression and are clustered around downtown Indy.

That age profile matters. Pre-Depression construction typically means knob-and-tube wiring, cast iron plumbing, and different insulation. When underwriting, treat these as known capital expenditures, not surprises. A property that looks clean on the surface may have deferred mechanical work priced into the seller's basis or hidden entirely.

> ***If you want multifamily in Indianapolis, you are not fishing in a big pond. You are fishing in a very small one. Know where to cast.***

PART 2

How Do You Analyze What You Are Looking At?

2.1 How I Actually Price a Property

Most people price a home in their mind by bedrooms and bathrooms. That is the wrong way to do it.

Here is the right way:

1. Filter by neighborhood only first, not city.
2. Match within plus or minus 10 to 15 percent of square footage, not bedroom count.
3. Only compare the same number of stories.
4. Built within 10 years of each other.
5. Look at sold properties in the last 180 days. Expand to 365 days if you have less than 4x properties.
6. If you still lack four comparable properties, expand to a half mile radius, then to school district.

Ask yourself: How much new construction is nearby? **A house in Westfield competing with brand new builds is a different story than a house in an established Broad Ripple neighborhood.** Compare against what else is currently on the market.

2.2 Dishonest Pricing Strategies (Comp. Adjustments)

Section 2.1 teaches how to pick comps. Online, you will read that typical dollar adjustments for a $300K to $500K house are:

- Backs onto a busy road: subtract $10K per lane
- Private cul-de-sac: add $20K-30K
- Recently painted and updated: add $10 per sqft
- Badly needs paint and updating: subtract $10 per sqft
- Higher-end finishes (granite, stainless, new cabinets): add $10 per sqft
- Swimming pool: add $20K-$60K
- Large yard: add $10K-$40K
- Single story: add $20K
- Gated community: add $20K if the comps sit outside the gate

But I don’t believe a word of it. **Everyone is guessing at home value.** You are trying to be a better guesser. The person who looks at the most sales data guesses best. When anyone gives you concrete numbers, take them with a grain of salt. What if this neighborhood is next to a landfill? What if your run-down home is next to mansions? In Indy, those adjustments are totally different in Carmel vs Greenfield vs Mars Hill.

2.3 The HVAC, Furnace, and Mechanical Info

The first four digits of an appliance serial number will tell you the build year.

This matters more than most people realize. Two houses can look identical on paper but be completely different purchases. Comparable houses: one with brand new mechanicals and the other with 15-year-old mechanicals are not worth the same price.

An HVAC system that costs roughly $10,000 new and lasts 15 to 20 years. If it is 10 years old, you discount $5,000 off the purchase price. ($10,000 divided by 20 years, multiplied by 10 years remaining.)

> ***If a seller's disclosure lists mechanicals as Unknown, that means they are old. New mechanicals get bragged about in the listing. Old ones get hidden behind the word Unknown. Unknown is a tell. The new 2026 Indiana seller's disclosure now requires ages to be listed.***

2.4 Adding Bedroom Value

If a property has a den you can convert to a bedroom, you can add $10,000 or more in value.

You do not need a major renovation. Either push the wall back and add a door, or frame a small closet with 2x4s and drywall. The closet is what legally makes it a bedroom in most cases. A slightly smaller room with a closet beats a larger room without one on appraisal.

Three bedrooms is the sweet spot for most buyers and renters. One for the parents, one for a kid, one for an office. Four bedroom homes are good but your buyer pool could start narrowing. Two bedroom homes have less options.

2.5 Determining Offer Price

This is the simplest framework.

Take the total annual rental income and divide by two. That 50 percent is a rule of thumb to cover expenses before your mortgage. Divide that number by the return you want your money to make. The result is your purchase price.

Example	Two-unit property. Each unit rents for $1,400/month.
Annual Rent	$1,400 x 2 units x 12 months = $33,600
Net Operating Income	$33,600 / 2 = $16,800
Purchase Price (6% cap)	$16,800 / 0.06 = $280,000

> ***One important rule: your cap rate needs to be higher than your interest rate to make positive cash flow. If your cap rate is 6% but your mortgage rate is 7%, you are losing money every month before you account for anything else.***

Cap rate: Your cap rate is your capitalization rate, or what your property ‘caps out at’; meaning cap rate is your return percentage.

2.6 How a Wholesaler Prices a Flip

Wholesalers use **ARV: After Repair Value.** Meaning, what the property would sell for if it were fully updated and finished. The offer is a percentage of that number.

National wholesalers recommend:

- Cosmetic remodel: Maximum offer = ARV x 70%
- Full gut remodel: Maximum offer = ARV x 50%

If you are looking at homes in an area with **low appreciation and low demand**, national wholesalers recommend *50% cosmetic and 30% for a gut rehab*. **High demand and high appreciation** markets run *80% for cosmetic and 60% for gu*t.

Indianapolis wholesalers recommend:

- Maximum offer = (ARV x 70%) - Repair Costs - Your Finders Fee

The formula is simple. The inputs are not.

ARV is an estimate built on assumptions. What condition is it actually in? What level of finishes are you underwriting? What if you have one comparable sale instead of four? What if the market softens before you finish the work? Every one of those variables moves the number.

This is why wholesaler pricing is not normal pricing. A traditional appraisal works backward from what sold. Wholesaler pricing works forward from what might sell, after work that has not happened yet, in a market that will be different by the time you finish.

Focus on the area you are in.

Caution: a low demand vs high demand area (50/80%) isn't just city specific like Indianapolis vs Shelbyville. But different submarkets too. Burdette Park at I-65 and 22nd Street in Indy is totally different than Carmel at Main Street and Keystone Ave.

The formula gives you a ceiling. Your judgment sets that real number.

2.7 Indy Example Rehab Pricing Index

Item	Cost
Flooring, installed	$4 / sqft
Wall paint	$3 / sqft
Interior paint (labor only)	$1 to $3 / sqft
Exterior paint	$1 to $2 / sqft
Windows, replacement	$400 to $650 each
Roof	$400 to $550 per square
Sheetrock, new install	$0.75 to $1.50 / sqft
Framing walls	Labor $6 to $12 / linear ft, material $4 to $7
Concrete (new)	$1 to $2 / sqft
Single garage door	$400 to $500

Double garage door	$800 to $1,000
Secure and rekey	$250 to $300
Trash out	$0 to $3,000
Power wash	$250
Deep clean	$250 to $500

PART 3

How Do I Negotiate and Buy It Right?

3.1 The Dual Offer Strategy

If you need to make a low offer without insulting the seller, send two offers at the same time.

Offer	Type	Close	Price
Offer 1	Financed	30 days	80% of list
Offer 2	All cash	5 days	60% of list

> ***The seller stops comparing your 60% cash offer to list price. They compare it to your financed offer instead. The gap between the two offers becomes the anchor, not the gap to list price.***

You must be genuinely prepared to do the financed offer. But if you are, this works.

3.2 100% Earnest Money

If you are paying cash and you know you want the property, send your entire offer as earnest money. **Check with your title company for restrictions.** 100% earnest money puts cash within the seller's hand immediately and can help when you are offering low.

3.3 On Overpaying

Do not do it.

If you overpay, you are working for the seller for years. Every month you service that mortgage on an asset you overpaid for, you are paying for your mistake in pricing.

> ***Your job as a buyer is not to teach a seller what their property is worth. They will learn by the property sitting on the market, or another buyer will overpay, and that becomes their problem.***

You underwrite it, find fair value, send the offer, and let time do the work. Part of my job, as the real estate broker, is to stay in touch with the other side so I know when the seller might be open to talking again.

3.4 Reading the Other Side

People who have money are happy to provide it and prove it. Those who do not have the money will give you every excuse in the book as to why they cannot show you.

> ***The information people withhold is often more useful than what they share.***

A construction company says they have permits but will not show you? That tells you something. A buyer on a property of yours says they are pre-approved but will not send the letter? That tells you something too.

3.5 Do Not Do Underhand Deals

I do not do ‘gotcha real estate.’ If we have an inspection response due at midnight and the original contract says the other side automatically accepts your revision if they do not respond in time, that means I will give them 24 hours to respond. Not midnight. Not the technical deadline. A real chance to make a real decision.

That is how I have gotten buyers 32% reductions in price. By giving the other side an option. Not trapping the seller.

> ***A trapped party is not a closed party. They are a resentful party looking for an exit. Real estate contracts have more escape hatches than people realize.***

A willing party is different. Even if they are not happy about what they agreed to, they own the decision. They chose it. That psychological ownership is what keeps a deal together when things get hard, and something always gets hard before closing.

The “gotcha” move might feel like winning. But it is usually the beginning of losing, just slower.

Part 4

Finance

4.1 Commercial/Business Finance

Recourse and non-recourse loans. With recourse, the lender can come after your personal assets if the deal fails. With non-recourse, the property is the collateral and the worst case is losing your down payment. **Most conventional bank loans are full recourse**. Most conduit loans are non-recourse.

Points and basis points. A point is 1%. A basis point is 1/100 of a percent. It took me too long to understand this.

DSCR. Debt service coverage ratio. Most lenders want a minimum of 1.0 to 1.20. Treat 1.20 as your own floor so the property covers its debt with room left. (Your yearly total income divided by yearly total mortgage payment = DSCR)

Seasoning. Most lenders want you to own the property about 12 months before they will refinance it. Plan your **BRRRR** timeline around that, not around when the work is done.

Credit. 700 and above is generally treated as creditworthy. Conduit lenders weight personal credit less because the loan is secured differently. Hard money lenders will evaluate the property not pull your personal debt-to-income.

4.2 Seller Financing

The only assumable loans are government loans. You will hear gurus talk of seller financing. Typically, I hear seller financing only working in commercial real estate. Like a 75/15/10 split. 75% loan, 15% seller financing, 10% down payment.

Most “seller financing” information is B.S. spewed by B.S. course sellers.

The reason seller financing doesn’t work is that banks are wising up to the practice and catching when a seller doesn’t own a home outright and sells to another person. Therefore, they call the loan due, and now you have to come up with the cash.

However, for an investment property, you could do a partnership instead. No property rights are transferred, but the buyer gets added as a partner. Then in the new partnership agreement, you define proof of mortgage payment, property condition clauses, and more while keeping the seller's mortgage amount.

However, as a seller, you often get screwed. But one option is that you get paid your profit up front as a down payment by the buyer, versus eventually getting refinanced out of the deal.

4.3 Seller Finance structures worth knowing:

- **75/10/15:** bank 75%, seller carries 10%, you put 15% down
- **80/10/10:** bank 80%, seller carries 10%, partner or family puts up last 10%

Seller carry is not only payments. A carryback can be structured as equity instead of monthly payments, where the seller shares profits and sometimes capital gains at sale. Payments can be monthly, quarterly, annual, or all due at sale.

4.4 Do I take a loan/debt or form a partnership and give up equity?

Debt beats giving up equity. Paying points on borrowed money usually costs less than handing over a permanent share of the deal. You keep the upside.

Draw schedules protect you from bad contractors. Have the title company cut draw checks to both borrower and lender, so each phase is verified complete before the next release.

Positive leverage is when your cap rate beats your loan constant. Your borrowed money earns more than it costs. Negative leverage is the reverse and you are paying to own the property.

Part 5

Foreclosure

5.1 Why Foreclosure

What is an “easy” way to get a home at ***below market*** value? **Don’t go to the market.** Foreclosure bidding can be a key area where you might find good deals.

5.2 Overview

The odds. About 20% of properties scheduled for foreclosure auction go for sale on a given day. Owners pay the mortgage to keep the house alive, or someone buys the property off-market.

Go fishing, not hunting. Auctions are a numbers game. If you focus on only one house, it’s like hunting for one thing at a time. Fishing means you can have multiple lines out at one time. Get as many lines out as you can.

Max bid formula. Resale price - agent commissions - rehab costs - past due taxes/ liens - miscellaneous overhead - closing costs - desired profit = max bid. Most investors want 10% to 20% return.

Build the list yourself. In Indianapolis, go to the websites of surrounding counties. Every foreclosure needs a legal notice filed. Capture the legal description, address, lender name, loan document number, and sale date. Then pull county tax records. Building your own list is key to be the most informed person compared to other people who only look at the property the day of auction. Some auctions are in person, most are now online.

Drive by the foreclosed house and drop in. Photos from the street tell you the neighborhood and whether the address is real. Knocking tells you occupancy and sometimes the inside. Be decent about it. Someone in foreclosure is having a bad year and does not need buzzards. A neighbor will often tell you more than anything online.

What to say at the door: "There is an online notice that this property was scheduled for foreclosure and I wanted to confirm that was true." At the neighbor's: "I am wondering if you know whether anyone lives next door." If they ask why you are there, tell the truth.

Liens that go away in foreclosure: HOA dues, state tax liens, hospital liens, mechanics liens filed after the deed of trust.

Liens that survive: court orders, lis pendens, UCC liens, mechanics liens that predate the deed of trust, federal tax liens until the 120-day window passes or they are paid.

Lien position matters most. Buy first position mortgage/liens. If you buy a second position mortgage/lien, the first mortgage does not go away, **and you inherit it.**

BONUS

How Do I Find a Buyer?

6.1 How to Find a Buyer for a Distressed Property

Most people list it and wait. Here is an alternative.

I would search the tax records for owners nearby who already own multiple properties in that area. If they own property there and have not sold it, they clearly like the area. They might want more. I have had buyers found this way, and it is a lesson I learned the hard way after closing a property.

Also, search tax records for cash buyers in your submarket. Investors who have bought with cash multiple times before will buy again. Build a list.

> ***Know wholesalers too. They have buyers you do not.***

Glossary of Terms

Capital: Cash/Money

Net Operating Income (NOI): Total income minus operating expenses. Does not include debt service.

Debt Service: Your mortgage payment.

Cash Flow: Pre-tax cash a property produces after all expenses, including debt service.

Distressed Property: A property where the condition, the owner's situation, or both have created a gap between current price and actual value.

Capitalization Rate/Cap Rate: Expected return on a property if purchased with all cash. NOI divided by purchase price.

Think Capital = **money**; rate = **return**. Therefore, Cap Rate = **Money return**

Capital Expenditures/CapEx: Major repairs or replacements that extend the life of the property. Roof, HVAC, plumbing, electrical, windows. Not day-to-day maintenance. These are the big-ticket items you budget for in advance, because they are coming whether you plan for them or not.

Think Capital = **money**; Expenditures = **spending**. Therefore, CapEx = **Money Spending**

Cash on Cash: Cash flow divided by cash invested. Measured at time of purchase.

BRRRR: Buy, Rehab, Rent, Refinance, Repeat. The core idea is to recycle capital and improve return on equity over time.

Leverage: A small capital (cash) input that controls a larger asset or produces a larger output.

50% Rule: On a rental, operating expenses can be roughly 50% of gross rent. NOI is the other 50%.

1031 Exchange: A mechanism for deferring capital gains tax by rolling proceeds from one asset sale directly into another qualifying asset.

IRR (Internal Rate of Return): Compounded return on an investment over time. Uses XIRR in Excel. Some investors live by this metric, others say they hate it. The argument against it: IRR requires you to predict the future. IRR is like estimating annual rainfall to the inch. You can guess. But you cannot know.

Assignment Real Estate: Finding a discounted property, putting it under contract, and selling that contract to another buyer for a fee. The assigner might never own the property. Or they can close with the owner before they resell it. Some good and bad apples. Do your due diligence. (Also called wholesaling)

ARV (After Repair Value): Price the home would sell for (based on other homes that have sold) if your home was in perfect condition.

Class A/B/C/D: property class by age and condition. There is no formula. A is new. D is 30+ years and rough.

Summary

Every key insight in one place. Photograph this page. Keep it.

WHAT TO BUY

- Single family = higher appreciation, higher vacancy risk.
- Multifamily = higher cash flow, smaller buyer pool.
- Value-add beats hope. Create the upside; do not wait for it.
- Townhomes: you are buying a structure, not an asset. Appreciation might be lower.

HOW TO ANALYZE

- Price by neighborhood, square footage, stories, and age. Not bedrooms.
- Read HVAC and Furnace serial numbers. First four digits = build year and week.
- Unknown age on a disclosure = old. New gets bragged about.
- HVAC: $10K over 20 years. Discount accordingly for age.
- A den plus a closet equals a bedroom. A bedroom adds $10K+.
- Annual rent / 2 / target cap rate = your offer price.
- Cap rate must exceed your interest rate or you are cash-flow negative.

HOW TO NEGOTIATE

- Two offers at once: financed at 80%, cash at 60%. The gap is your anchor.
- 100% earnest money in cash deals can get you a better deal by showing commitment.
- Do not overpay. You will work for the seller for years.
- What people hide tells you more than what they show.
- A trapped party is not a closed party. Give them a choice.
- One firm no beats five soft ones.

HOW TO FIND BUYERS

- Search tax records for nearby multi-property owners. They buy again.
- Build a list of cash buyers in your submarket.
- Know wholesalers. They have buyers you do not.

The team that knows more wins. More about the market. More about the property. More about the numbers. That is what this doc is for.

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