



# INDIANA

INDIANA UNIVERSITY PUBLIC POLICY INSTITUTE PUBLIC POLICY RESEARCH FOR INDIANA

SEPTEMBER 2013

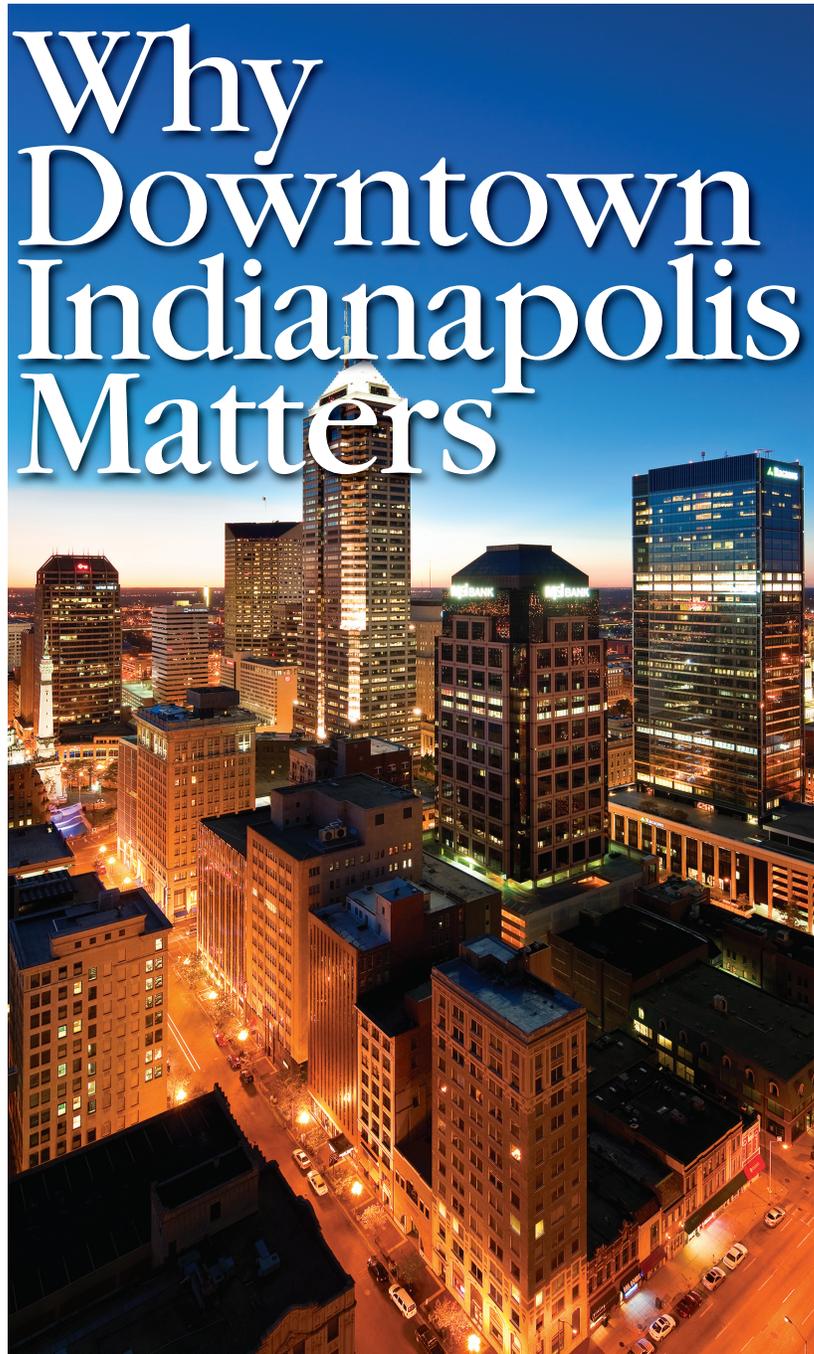
In simple terms, downtown Indianapolis is the heart of Indiana's economy. In a 2.6 square mile area, (0.007 percent of the state's land area) are 3.8 percent of all Indiana jobs. And it's not just how many jobs are in downtown Indianapolis that matters, but the characteristics of those jobs, including industry sector and pay level.

The jobs in downtown Indianapolis and the Indianapolis region attract graduates from Purdue, Indiana, Ball State, Indiana State, IUPUI, and Indiana's many other fine colleges and universities. Thirty percent of all downtown workers have college degrees and an additional 57 percent have attended some college.

Downtown is important for more than just jobs. Between 1990 and 2012 approximately \$9.3 billion have been invested by the public, private, and not-for-profit sectors in arts, culture, sports, recreational, and educational amenities and in convention center expansions, life science, and other commercial buildings and upscale housing options.

Whether for the jobs or for the amenities, downtown Indianapolis has emerged an attractive option for both visitors and residents. Many of the newcomers to Indiana and downtown Indianapolis work in life sciences, engineering, or in education; others are medical school students, or graduate and undergraduate students, some of who will remain in Indiana after they've received their degrees.

The interdependency of the Indianapolis region and the remainder of Indiana is not always obvious and, at times, results in a debate over how limited resources are invested. In that context, it is not particularly surprising that some Hoosiers, including residents of Marion County, see a thriving downtown Indianapolis and conclude that it does not need any help. However, as stated in the Marion County Tax Alliance report (Greater Indianapolis Chamber of Commerce, 2002), "many people who reside outside Marion County work in and/or visit Indianapolis without paying for any of the services they receive and sometimes without paying for the amenities they use." The report also states that "the complex and individualized deals have been successful in building amenities which benefit the economy of Central Indiana with little attention to funding ongoing public services."



Downtown Indianapolis is a nationally recognized asset that is a source of pride for all Hoosiers. The television images and media coverage of downtown's magnificent sporting facilities, great public spaces, and thriving entertainment and commercial districts, provided through events such as the Super Bowl or the Final Four, are presented to national and international audiences.



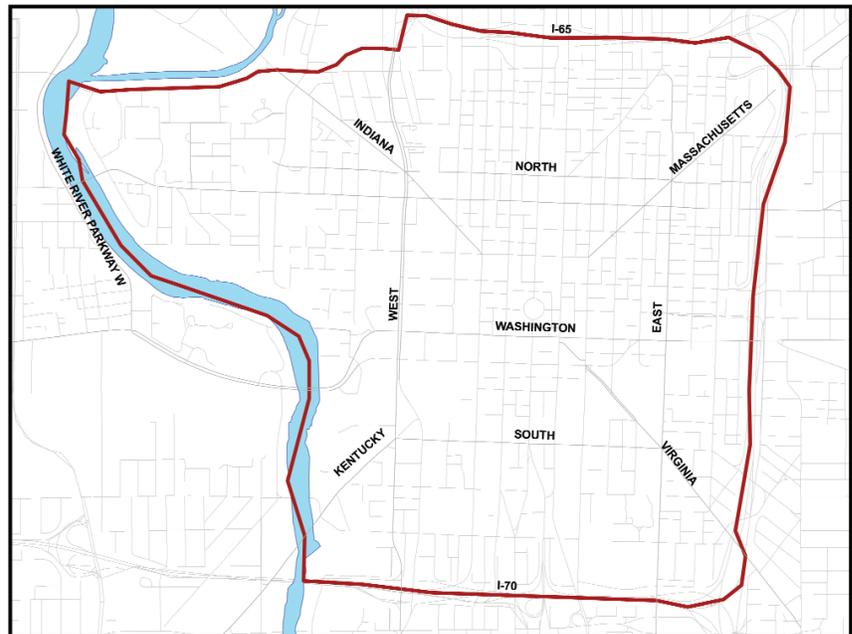
The downtown Indianapolis we know today did not happen overnight, and will require ongoing hard work and a collective effort to remain an important economic asset and iconic image. In fact, the thriving downtown we proudly display to visitors is actually a complicated web of public, private, and not-for-profit investment in the facilities, infrastructure, and services that over the last 30 years changed the city's image—and, by extension, the state's—from India-no-place to Super Bowl host city.

While there are many reasons why downtown Indianapolis is important to the city, county, region, and state, this report, funded by Indianapolis Downtown, Inc., strives to present a data-based argument for why downtown Indianapolis matters. Sources of the data presented here include the Census, Indiana Business Research Center, and the Greater Indianapolis Chamber of Commerce, but some of the information comes from developers of residential properties in downtown Indianapolis. Indianapolis Downtown, Inc., identified several apartment/condominium projects for inclusion in a short survey about who lives in these properties. The developers provided information regarding the number of households in their facilities, and some demographic data regarding age, income, previous place of residence (preferably zip code), and profession. These data were not identifiable by resident, and once obtained were aggregated for the downtown area, so not identifiable by residential property either. Throughout this report, those data are referred to as *developer data*.

### The collective future of Indiana and Indianapolis—changing demographics

While some may think that the rest of the state of Indiana and the city of Indianapolis have competing interests, the reality is that the collective future of Indiana, the Indianapolis region (MSA)<sup>1</sup>, and downtown Indianapolis (see Map 1) are inextricably linked through a series of interdependent relationships. According to the US Census Bureau's demographers, between 2010 and 2040, the Indianapolis region's population will grow 32 percent while the rest of the state will only grow 6 percent. More importantly, the workforce (ages 25-64) is projected to grow 19 percent in the Indianapolis

Map 1: Downtown Indianapolis

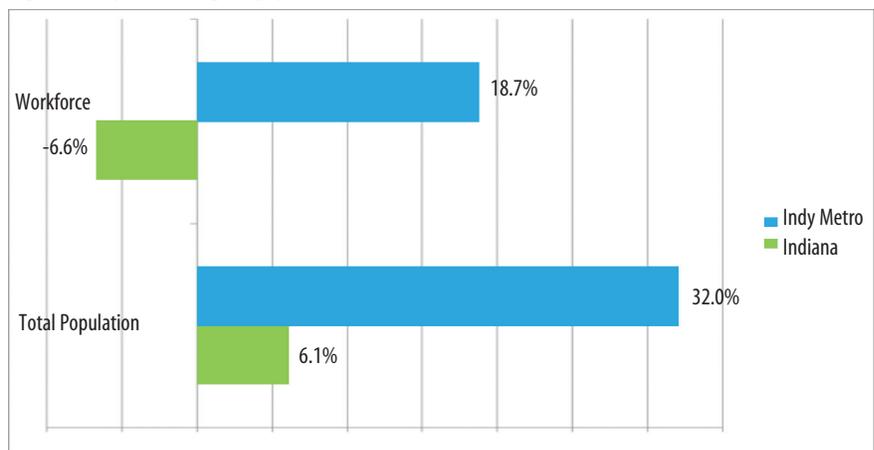


Note: There are several definitions of "downtown." This map represents the boundaries used in this analysis.

region, while declining 7 percent in the rest of Indiana (Indiana Business Research Center [IBRC], 2012) (Figure 1).

In the long run, the region and downtown Indianapolis cannot continue to grow without a thriving Indiana. For example, in 2010, there was a net migration of over 20,000 households into the Indianapolis region from the rest of the state, while the net migration from the Indianapolis region to the rest of the nation was approximately 2,000 households (Internal Revenue Service, 2010, calculations by the IU Public Policy Institute).

Figure 1: Projected change in population and workforce, 2010 – 2040



Source: Calculations by the IU Public Policy Institute from data retrieved from Indiana Business Research Center, Stats Indiana Population Projections 2010-2050

<sup>1</sup>The MSA includes Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Putnam, and Shelby counties.



Downtown Indianapolis appears to be an important asset in the effort to address outmigration to other states. According to developer data, 38 percent of their residents moved downtown from out of state. Additionally, downtown Indianapolis may also help keep the graduates of Indiana colleges in the state. Of the 26 percent of the residents of the downtown apartment complexes who previously lived in other Indiana counties, 61 percent are under the age of 30 and work in professions that might be associated with college graduates (Developer data, May/June 2013). Furthermore, according to a national survey of college graduates, the desire of college graduates to live in cities has increased from 60 percent in 2000 to 94 percent in 2010 (P.U.M.A., 2013).

From this perspective, downtown Indianapolis and the region that surrounds it is Indiana's primary asset in keeping our college graduates in state, while also attracting workers from other states. The challenge is that by 2040 there will be fewer young potential college graduates in much of the rest of the state, thus putting the future of both the state and the region at risk. For Indianapolis to grow the rest of the state must thrive, and for the rest of the state to thrive Indianapolis must continue to bring attention, visitors, and new residents to Indiana.

### Where the jobs are

In 2011, 31 percent of all the jobs in Indiana were located in the Indianapolis region, an increase from 28.9 percent in 2001. The historical trends and population projections indicate that the region's share of Indiana's jobs will continue to grow. Over half of all the jobs in the region are in Marion County (59 percent in 2011). While Marion County's share of the region's jobs has declined (down from 66 percent in 2001), downtown employment remains strong—growing from 16 percent of all jobs in Marion County in 2001 to 19 percent in 2011 (US Census, 2011, calculations by IU Public Policy Institute).

Almost 4 percent of all jobs in Indiana are located in downtown Indianapolis, which occupies only 0.007 percent of the state's land area. In fact, there are 42,844 jobs per square mile in downtown Indianapolis compared to 67 jobs per square mile across the rest of the state. Furthermore, many of the jobs in downtown Indianapolis are relatively higher-paying jobs—50 percent of them pay \$3,334 or more per month (the highest income level reported by the US Census tool *OnTheMap*), compared to 18 percent of jobs in the rest of Indiana. From a different perspective, while downtown has 4 percent of all jobs in Indiana, 11 percent of all jobs paying \$3,334 or more per month are located downtown (US Census, 2011, calculations by IU Public Policy Institute).



As one might expect, higher-paying jobs attract well educated workers. Thirty percent of all downtown workers have college degrees and 57 percent have some college, while in the rest of the state only 18 percent of all workers hold bachelor's degrees or higher and 44 percent have some college (US Census, June 2012, calculations by IU Public Policy Institute).

Many of these downtown jobs are in the most competitively advantaged industry clusters in the state. Forty percent of all downtown jobs are in three key sectors (life sciences, education, and finance). If you venture just north of the interstate that serves as the northern border of downtown to the IU Health Methodist complex the number of life science jobs increases from 16,076 to 26,697 or 8 percent of all life science jobs in Indiana (US Census, 2011, calculations by IU Public Policy Institute).

The jobs in Marion County and in downtown Indianapolis support residents of other counties in the metro region and beyond. In total, 202,287 individuals commute into Marion



County for work—60,544 of those commuters are headed to jobs in downtown Indianapolis. Thus, downtown Indianapolis supports some of the state’s most important industry clusters, has the geographically densest level of employment, has many of the highest-paying jobs, provides employment opportunities to residents across the region and state, and helps attract and retain many of the best educated members of the state’s workforce.

### Key investments downtown in industry sectors important to the state

In another example of the interconnections between downtown Indianapolis and the state’s economy, a major driver of job growth in life sciences, has been the investment in facilities in and around the downtown area. Between 1990 and 2012, the public, private, and nonprofit sectors collectively invested \$9.3 billion in downtown Indianapolis (Indianapolis Downtown, Inc. & Urban Initiatives, 2013) (Figure 2). Over 50 percent (\$5 billion) was spent on life sciences and education. Key investments in life sciences included the Lilly Tech Center and Corporate Center expansions, as well as ongoing expansions of IU Health on the IUPUI campus including the Simon Cancer Center and the construction of Eskenazi Health (Indianapolis Downtown, Inc., 2013a).

Key investments also have been made to support the downtown’s ability to attract visitors, particularly in the sports and convention/tourism sectors. Between 1990 and 2012, over \$1 billion was invested in sports facilities including Lucas Oil Stadium, Bankers Life Fieldhouse, and Victory Field. Over \$376 million has been invested in the ongoing expansion of the Convention Center, and approximately \$826 million has been spent on construction of new hotels and renovations to existing hotels downtown. To induce additional visitor spending, over \$300 million has been invested in Circle Centre and other retail facilities.

As might be expected, these investments have created improved favorable perceptions of downtown and led to an increased demand for residential units. The *other* category in Figure 2 does include residential investment through 2012, but there are currently almost \$600 million in new residential projects under construction/in development downtown. The vast majority of the new residential investment is in upscale or student-oriented apartments (3,775 units) with 120,000 square feet of



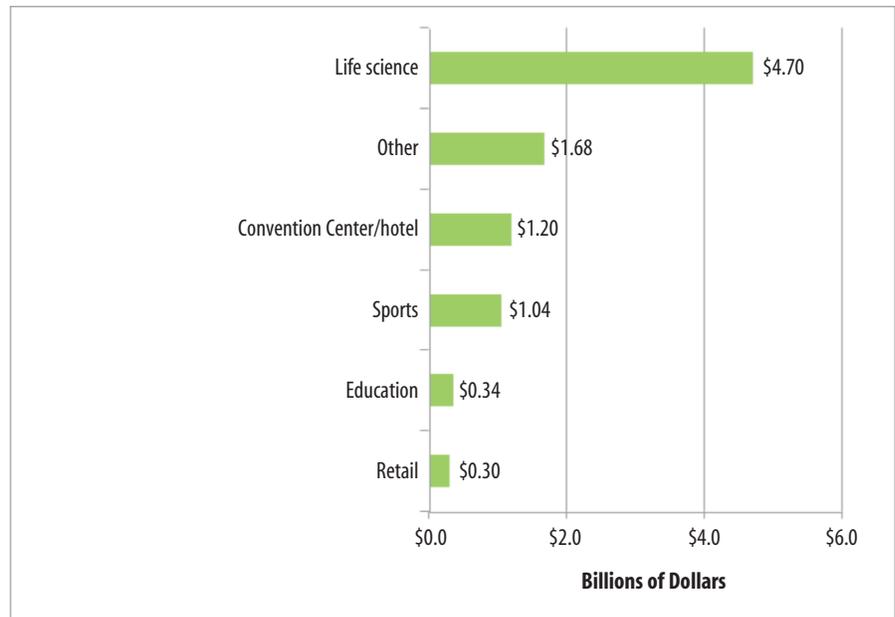
supporting first floor retail (including a new downtown grocery), and an additional 136,000 square feet of life science facilities at the IU School of Medicine Neuroscience Research Building (Indianapolis Downtown, Inc., 2013a; and developer data).

### Amenities and facilities in downtown Indianapolis

#### Tourism—visitors and hospitality

For residents of Indiana, the Indianapolis downtown attractions contribute to a high quality of life, providing access to the sports, culture, and history that reinforce our Hoosier heritage and likely

Figure 2: Investments in downtown Indianapolis, 1990 – 2012



Source: Indianapolis Downtown, Inc., and Urban Initiatives, June 2013

Note: *Other* includes Circle Centre, State Government Center, Indiana State Museum, improvement to monuments, etc.



keeps many residents in the state and contributing to our economy. Out-of-state visitors to downtown Indianapolis benefit Indiana’s economy and fiscal position through spending on entertainment and other goods, while hopefully returning home with positive images of the region and state.

The Visit Indy website states that in 2012 there were 22 million visitors to Indianapolis and that they spent about \$3.6 billion while visiting (Visit Indy, 2013). While it is difficult to know how many have visited downtown or how many of these visitors were from inside or outside the state, it is clear that downtown provides a wide array of visitor friendly attractions. Perhaps as importantly, Indianapolis benefits from having two organizations, Indianapolis Downtown, Inc., and Visit Indy, working toward promoting those attractions and arranging conventions and festivals.

Additionally, many of the facilities that drive the hospitality industry’s contribution to the state and local economy are property tax exempt facilities (some permanent, for example, the Indiana Convention Center and Lucas Oil Stadium; and others temporarily, for example, the JW Marriot) and are located on some of the most valuable real estate in the state. While the sports facilities and convention business are sustained by a variety of visitor taxes, the property tax exempt status makes paying for the public services that support the investments more challenging.

**Sports**

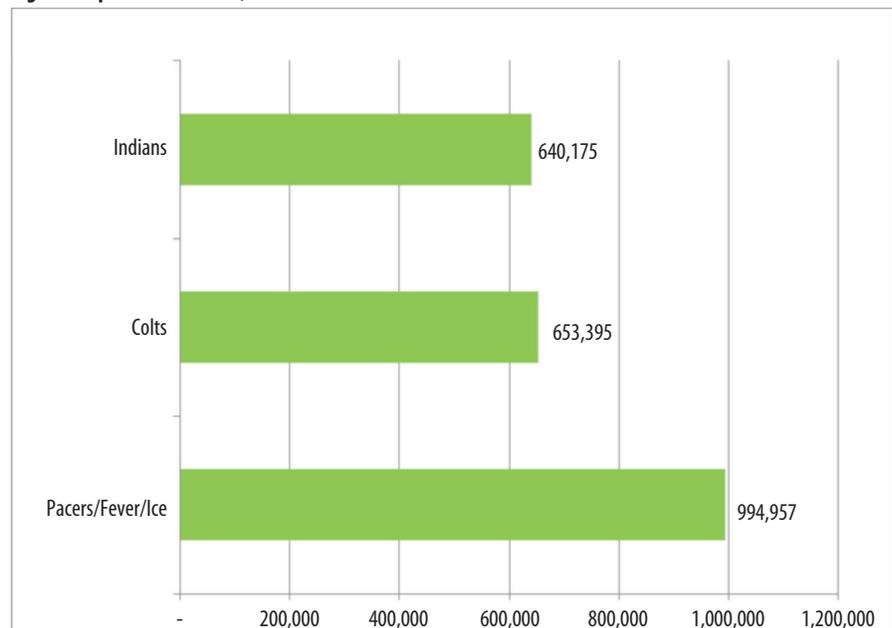
NCAA headquarters is located in downtown Indianapolis, and the downtown hosts a wide array of amateur sports including (on a biennial basis) the Big Ten men’s and women’s basketball tournaments (nearly 150,000 visitors) and the Big Ten Football Championship (41,260 in 2012). Additionally, almost 80,000 fans attend the IHSAA boys’ basketball and football championships at Bankers Life and Lucas Oil, respectively. It is very exciting for young men and women from around the state to have the opportunity to play in the same arenas as some of their favorite professional athletes. Additionally, there are many other regular events such as the Circle City Classic (sponsored by Black Expo), the Indiana/Kentucky boys and girls all-star basketball games, and the Crossroads Classic (featuring Purdue, Indiana, Butler, and Notre Dame).



While amateur sports were an important catalyst in the downtown revitalization strategy, professional sports teams and facilities account for many of the visitors today. Both Lucas Oil Stadium (653,395 visitors), home of the Indianapolis Colts, and Bankers Life Fieldhouse (994,957 spectators), home of the Indiana Pacers, the Indiana Fever, and occasionally the Indiana Ice are recognized as among the finest facilities in the nation. Also included among our professional franchises are the Indianapolis Indians who play at Victory Field and attracted 640,175 spectators in 2012 (Figure 3).

In addition to professional and annual events, a wide range of high profile sporting events that attract visitors to Indiana and downtown Indianapolis occur on a less regular basis. Among the

**Figure 3: Sports attendance, 2012**



Source: Indianapolis Downtown, Inc., 2013b



most important contributors to the state and local economy are events such as: the Final Four (men’s and women’s); NCAA basketball tournament regional games (men’s and women’s); Olympic qualifiers in swimming, gymnastics, and track and field; and the 2012 Super Bowl, which alone had an estimated total economic impact of \$324 million (Rockport Analytics, 2012).

Downtown sports are clearly an important part of downtown’s vitality and make significant economic and fiscal contributions to support downtown, the region, and the state.

**Arts, culture, museums, and the zoo**

Downtown Indianapolis is home to many of the state’s finest arts, cultural, historical, and museum facilities. In addition to sports facilities and parks and green spaces, the White River State Park includes many downtown attractions. The Indianapolis Zoo drew over one million visitors in 2012, the Eiteljorg Western Art Museum attracted 141,000 visitors, the Indiana State Museum 131,731 visitors, and outdoor concerts were held on the Lawn (Figure 4). In 2012, nearly 144,000 patrons attended the Indiana Symphony Orchestra performances, and 119,265 visited the Indiana Repertory Theater (including high school field trips from all across the state), 95,653 attended a show at the IMAX, and 93,771 visited the Indiana Historical Society Building. Near the Mass Avenue area, over 235,000 patrons attended performances at the Murat Center, and many others attended non-sporting events at Bankers Life and Lucas Oil stadium. There are numerous festivals downtown (craft beer, local wine, blues, ribs, arts, fireworks, farmers markets) and Fridays on Georgia Street, all of which provide entertainment for residents of Indiana and attract spending from visitors from other states (Indianapolis Downtown, Inc., 2013b).

**Conventions**

In 2012, conventions generated 1,187,147 room nights, up from 1,099,350 in 2011 (an 8 percent increase). These visitors spent \$3.6 billion and support 66,000 jobs in the tourism and hospitality industries (Rockport Analytics & DK Shifflet & Associates, 2012).

**Additional amenities**

The Indianapolis Cultural Trail is a world-class urban bike and pedestrian path that connects neighborhoods, cultural districts, and entertainment amenities, and serves as the downtown hub for the entire central

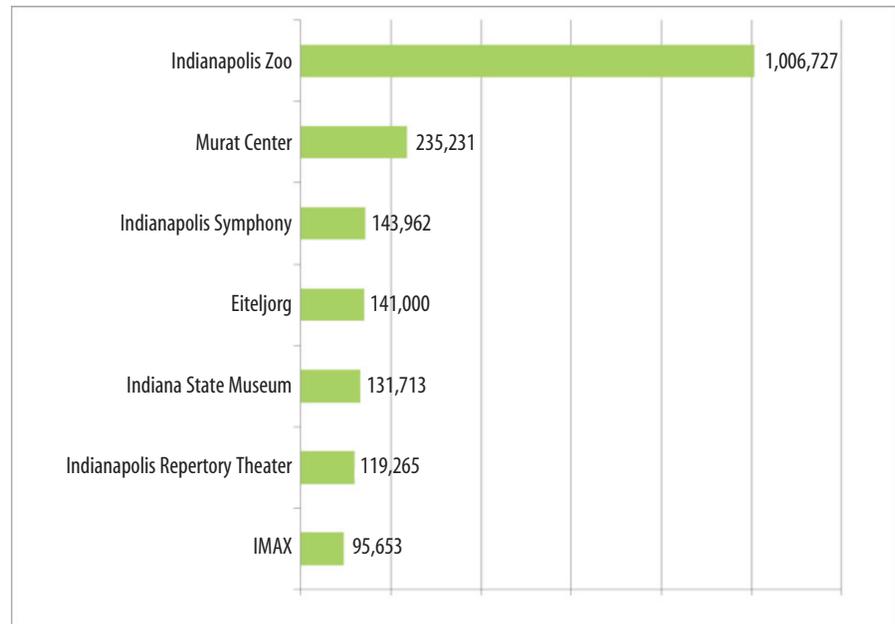


Indiana greenway system. The \$62.5 million project is expected to attract over 1,000,000 walkers, runners, and bicyclists annually. Other key amenities include the Canal Walk improvements (\$61 million), the renovated Central Library, and planned renovation and improvements to Monument Circle (Indianapolis Downtown, Inc., & Urban Initiatives, 2013; Walk Indianapolis, 2013).

**Residential magnet**

As previously discussed, the Indianapolis region and downtown Indianapolis are expected to grow at a higher rate than the rest of the state (which will actually experience a decline in the key

Figure 4: Entertainment and attractions attendance, 2012



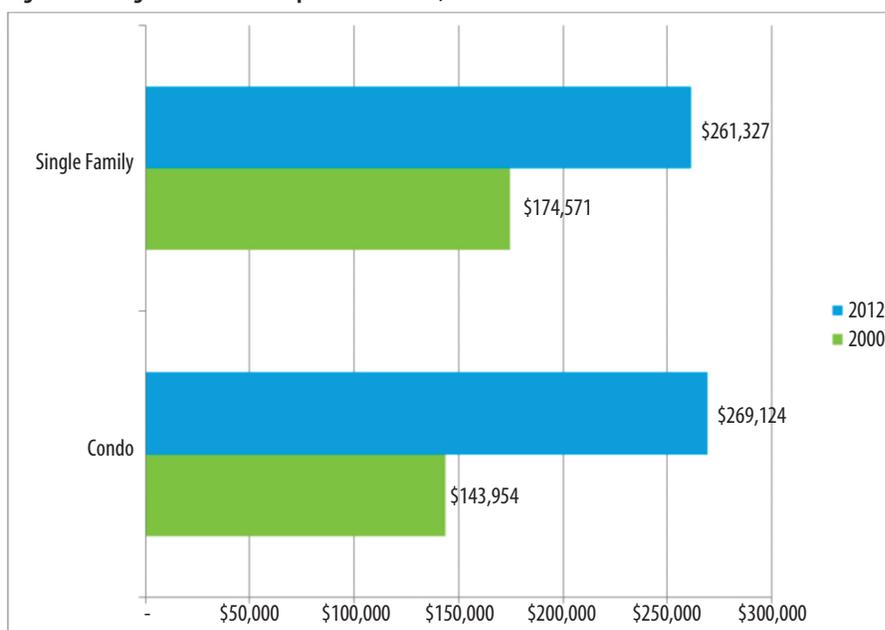
Source: Indianapolis Downtown, Inc., 2013b

workforce demographic of ages 24-64). Downtown has traditionally played a supportive residential role, by providing a positive contribution to the image of the region and state and by hosting many of the facilities and events that contribute to a high quality of life in the region. In the past few years downtown's role residentially has changed into a more active one as an increasing number of empty nester baby boomers (born between 1946 and 1964), and young millennials (born between 1977 and 2003) are choosing to live in the downtown area rather than in the Indianapolis suburbs.

The real estate market reflects this increase in perceived attractiveness. Single family home sales have been increasing in both volume and housing value. In 2000, there were 103 sales of single family homes and condos, and in 2012 there were 220 (during a depressed national residential market). The average price of a single family home increased from \$174,571 in 2000 to \$261,327 in 2012, and condo prices increased from \$143,954 in 2000 to \$269,124 (Figure 5). In comparison, between 2000 and 2012 the average sale price of a home in Marion County increased by 11 percent (from \$106,573 in 2000 to \$118,314 in 2012) while single family homes downtown increased by 50 percent and the sales price of condos increased by 87 percent (MIBOR, 2013). In the rental market vacancies have been decreasing (from 6.6 percent in 2009 to 3.5 percent in 2012), while the number of units continues to grow rapidly (from 3,590 in 2009 to 4,738 in 2012) (Tikjian Associates data as cited in Indianapolis Downtown, Inc., 2013a).

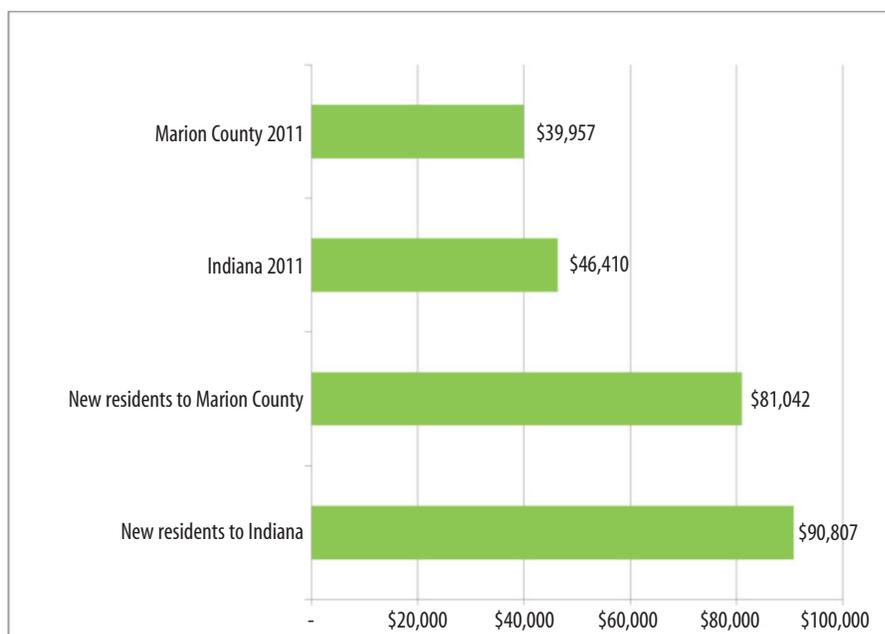
While the Indianapolis region is a net household exporter to other states, 38 percent of all households in recently surveyed complexes lived in other states prior to moving downtown and 26 percent moved downtown from other Indiana counties. Most of the households fit either the millennial or baby boomer profile and many work in life sciences, education, finance, or in a technical field such as engineering. The average household income of residents that are new to Indiana is \$90,807 and the average for relocated Hoosiers is \$81,042 (Developer data, May/June 2013). As

**Figure 5: Average residential sales prices downtown, 2000 and 2012**



Source: MIBOR, 2013

**Figure 6: Household income**



Sources: Stats Indiana, retrieved from [http://www.stats.indiana.edu/uspr/a/us\\_profile\\_frame.html](http://www.stats.indiana.edu/uspr/a/us_profile_frame.html) July 2013; and developer data

Notes:

The categories *New residents to Marion County* and *New residents to Indiana* are not comprehensive. This information is from the developer data that includes only selected downtown residential apartment/condominium properties.

Those included in *New residents to Marion County* are not included in *New residents to Indiana*.

Figure 6 shows, the new residents attracted to downtown from outside Marion County are bringing new wealth with them. This is especially true for immigrants attracted from out-of-state.



## Downtown matters to the future of Indianapolis, the region, and the state

The investments made in downtown Indianapolis have created a place that is nationally respected as a great downtown. And, with 4 percent of all Indiana’s jobs, and a key attractor of human capital and investments in life sciences, Indy’s great downtown holds together and drives both the region and state’s economy. While the recent Super Bowl might be viewed as the high water mark of downtown Indianapolis in the modern era, it is also the beginning of a new era that builds upon the risks taken and investments made by the generation of civic leaders that led us from Naptown to the Super Bowl.

Moving forward, we must recognize that downtown Indianapolis represents the core of Indiana’s most thriving region and is essential to the region’s and, indeed, Indiana’s economic vitality. To guarantee that it remains a strong and vital asset, we must not only maintain it but continually seek ways to improve it.

### References

Greater Indianapolis Chamber of Commerce. (2002). Marion County Tax Alliance final report. Indianapolis: Greater Indianapolis Chamber of Commerce.

Indiana Business Research Center. (2012, March). Stats Indiana, population projections 2010 – 2050. Retrieved from [www.stats.indiana.edu/topic/projections.asp](http://www.stats.indiana.edu/topic/projections.asp) May 2013.

Indianapolis Downtown, Inc. (2013a, April). Downtown Indianapolis 2012 economic indicators. Indianapolis: Indianapolis Downtown, Inc.

Indianapolis Downtown, Inc. (2013b, April). IDI attraction counts. Indianapolis: Indianapolis Downtown, Inc.

Indianapolis Downtown, Inc., and Urban Initiatives. (2013, June). Private report on downtown investment by Urban Initiatives for Indianapolis Downtown, Inc.

Internal Revenue Service. (2010). SOI tax stats migration data. Retrieved from [www.irs.gov/uac/SOI-Tax-Stats-Migration-Data](http://www.irs.gov/uac/SOI-Tax-Stats-Migration-Data) May 2013.

MIBOR. (2013, March). Special report for Indianapolis Downtown, Inc.

P.U.M.A. (2013, May). Global trends revisited. PowerPoint Presentation to Velocity Planning Committee, Indianapolis, IN.

Rockport Analytics. (2012, July). The economic impact of Super Bowl XLVI: Accounting the full economic benefits to the Indianapolis Metropolitan Area. Retrieved from <http://www.indystar.com/assets/pdf/BG192278719.PDF> June 2013.

Rockport Analytics & DK Shifflet. (2012, December). Study for Visit Indy. Retrieved from <http://www.insideindianabusiness.com/newsitem.asp?ID=56955>

US Census. (2011) OnTheMap, Area Profile Analysis Primary Jobs. Retrieved from <http://onthemap.ces.census.gov/> June 2013.

Visit Indy. (2013). Visit Indy website. Accessed <http://visitindy.com/indianapolis-about-icva> June 8, 2012.

Walk Indianapolis. (2013, June). Indianapolis Cultural Trail 300 S. Meridian Street Retrieved from [www.walkindianapolis.org/trail.html](http://www.walkindianapolis.org/trail.html) June 2013.

## Indiana University Public Policy Institute

The IU Public Policy Institute delivers unbiased research and data-driven, objective, expert analysis to help public, private, and nonprofit sectors make important decisions that directly impact quality of life in Indiana and throughout the nation. Using the knowledge and expertise of our staff and faculty, we provide research and analysis that is free of political and ideological bias, and that addresses a wide range of issues to deliver data and insights needed to make informed decisions. We help leaders, citizens, businesses, and organizations solve problems, seize opportunities, and effect positive change. A multidisciplinary institute within the Indiana University School of Public and Environmental Affairs (SPEA), our efforts also support the Indiana Advisory Commission on Intergovernmental Relations (IACIR).

**Author: Drew Klacik**, senior policy analyst



*Indianapolis Downtown, Inc. provided information and support for this report. IDI exists to continually improve Downtown Indianapolis. IDI is action-oriented and empowered to address, in partnership with the public and private sectors, critical issues that affect the growth, well-being and user-friendliness of Downtown. IDI focus on three areas: development, management and marketing.*



**SCHOOL OF PUBLIC AND ENVIRONMENTAL AFFAIRS**

INDIANA UNIVERSITY  
IUPUI