

Three overlooked Indy-area markets

Cash Flow Close to Home

Three underrated rental markets around Indianapolis, the scorecard I use to judge any market, and the math that tells you whether a deal really pays.

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A note before we start

The best cash flow is rarely where the headlines point

Buying a rental in 2026 asks more of you than it did a few years ago. Prices have settled at a higher floor, borrowing costs are no longer a gift, and the easy wins are gone. That is not bad news. It just means the investors who do well are the ones who pick markets and deals on purpose.

Most new investors I talk to start by chasing whatever city a podcast just crowned. By the time a market is famous, prices have usually caught up to the rents, and the only way the numbers work is to assume appreciation or a perfect refinance later. That is a bet, not a plan.

Central Indiana gives you a different option. Within an hour of downtown Indianapolis there are pockets where entry prices, renter demand, and operating costs still line up in your favor. They are not glamorous. They are steady, and steady is what pays the mortgage.



What you will walk away with

01

A three-part market test

A simple way to judge any market on day-one math, tenant depth, and staying power.

02

A cash flow method

A line-by-line way to underwrite a property so the number you see is the number you keep.

03

Three local markets

Anderson, Beech Grove, and Lawrence, and why each one keeps flying under the radar.

None of this promises that every deal will work. What it gives you is a clear way of thinking, conservative habits, and room for error. Whether this is your first door or your fifth, the goal stays the same: **income, not stress.**

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Part one

The three-part market test

You do not need a spreadsheet with forty tabs to size up a market. You need to answer three honest questions, in order. If a market fails the first one, the other two do not matter.

1. Day-one math

Can rent cover the whole cost of owning on the day you close? Start by comparing typical purchase prices with typical rents for the same kind of home. When prices run far ahead of rents, cash flow depends on everything going right.

Lower price points buy you breathing room. That room is what absorbs a vacant month, a surprise water heater, or an insurance renewal that jumps. In expensive markets, one missed assumption can flip a deal negative.

Affordability also decides how far you can go. When each door takes less cash, you can buy a second and third without draining your reserves or stretching your debt.



2. Tenant depth

Will good tenants keep wanting to live here? Demand shows up as short vacancy periods, quick lease-ups, and renters who stay more than a year. Look below the citywide numbers. Two neighborhoods a mile apart can perform completely differently.

Jobs drive demand. A market leaning on healthcare, logistics, education, government, and manufacturing at the same time is far safer than a one-employer town. Population matters too: slow, steady growth tends to support rents without inviting a flood of competing buyers.

3. Staying power

Will the numbers still hold in five years? Stability is what lets you plan, forecast, and add doors without constantly reacting to surprises.

- **Operating costs.** Taxes, insurance, utilities, and repair costs vary widely by market. Strong rent means little if expenses climb faster.
- **Landlord rules.** Clear, balanced landlord-tenant laws and predictable court timelines lower your risk, especially if you do not live nearby.
- **Rent behavior.** Modest, consistent rent growth beats a boom that reverses. Predictable income is easier to manage than a spike.

WHY INDIANA GETS A SECOND LOOK

- Indiana caps property tax bills as a share of assessed value, with non-homestead residential property (including rentals) generally capped at 2%. That helps keep one of your biggest expenses predictable.
- The state is widely considered landlord-balanced, with a defined, court-driven process for nonpayment.
- Insurance is the line to watch. Hail and wind claims have pushed premiums up across the Midwest, so get real quotes before you offer.

Day-one math tells you cash flow is possible. Tenant depth tells you it will last. Staying power tells you it can be repeated.

Putting it together

A market needs all three to support a cash-flow-first plan. Using the same test every time keeps emotion out of it and gives you a process you can reuse as you grow.

Next, a scorecard that turns these ideas into a number, followed by the property-level math.

Part two

The Indy cash flow scorecard

Score a market before you spend hours on individual listings. Rate each factor from **1** (works against cash flow) to **5** (works strongly for it). A 3 means mixed or unclear.

1. Price to rent

FACTOR 1 OF 6

Can typical rents carry typical prices and full expenses?

- Median price compared with median rent for the same home type
- Cash needed to buy one door
- Whether a deal still works with conservative inputs

SCORE (1) (2) (3) (4) (5) NOTES _____

2. Rent durability

FACTOR 2 OF 6

Are rents backed by real local wages?

- Rent trend over the past several years
- Rent growth compared with wage growth
- How rents held up during the last slowdown

SCORE (1) (2) (3) (4) (5) NOTES _____

3. Occupancy

FACTOR 3 OF 6

How quickly do homes lease, and how long do renters stay?

- Vacancy at the city and neighborhood level
- Typical days to lease a rental
- Seasonal swings in leasing activity

SCORE (1) (2) (3) (4) (5) NOTES _____

4. Job base

FACTOR 4 OF 6

How many different industries support renters here?

- Count of major employers and sectors
- Recent openings, expansions, or closures
- Reliance on one company or industry

SCORE (1) (2) (3) (4) (5) NOTES _____

5. Carrying costs

FACTOR 5 OF 6

Will expenses slowly eat the margin?

- Effective property tax rate
- Insurance quotes for a typical rental
- Age of housing stock and typical repair costs

SCORE (1) (2) (3) (4) (5) NOTES _____

6. Operating climate

FACTOR 6 OF 6

How workable is it to own and manage here?

- Eviction timelines and court process
- Local registration, inspection, or licensing rules
- Availability of reliable managers and trades

SCORE (1) (2) (3) (4) (5) NOTES _____

Reading your total

____ / 30

25 to 30 A strong cash flow market. Start analyzing deals.**13 to 18** Cash flow will be hard. Move with caution.**19 to 24** Workable with trade-offs. Underwrite carefully.**Under 13** Better suited to a growth or appreciation play.

Part three

Cash flow, done honestly

Cash flow is what is left each month after every expense and the loan are paid. It is not appreciation, tax savings, or principal paydown. Those are nice. Cash flow is what keeps you in the game when something breaks.

Step 1. Set rent from leased comps

Base rent on homes that actually leased, not on asking prices. Match size, condition, and location as closely as you can. If comparable rents land between \$1,500 and \$1,650, underwrite at the low or middle end. I can pull leased rental comps from the MLS for any address you are considering.

Step 2. List every expense

This is where new investors get surprised. Your monthly number should include:

- **Loan payment** (principal and interest)
- **Property taxes and insurance**
- **Vacancy**, even in a strong area
- **Repairs**, budgeted monthly, not when something fails
- **Capital reserves** for roofs, HVAC, sewer lines, and water heaters
- **Management**, even if you plan to self-manage



Budget for management even if you do it yourself. Your time has a price, and your future self will want the option.

Step 3. Subtract, then stress test

Rent minus total expenses is your monthly cash flow. Then ask what happens if rent comes in 5% lower, or the home sits empty an extra month. If a small miss turns it negative, the deal is not ready. **Step 4** is judging the result against your goals, using cash flow per door and cash-on-cash return so you can compare options side by side.

A worked example

Same street, two different deals

Two similar three-bedroom homes on the same Indy-area street. One is bought at full retail. The other is bought right: a dated listing that had sat for a while, purchased \$35,000 lower and rented slightly below its neighbor.

MONTHLY LINE ITEM	RETAIL BUY \$185,000	BOUGHT RIGHT \$150,000
Monthly rent	\$1,650	\$1,575
Loan payment (75% LTV, 6.75%, 30 yr)	\$900	\$730
Property taxes	\$242	\$192
Insurance	\$125	\$117
Vacancy (6%)	\$99	\$94
Repairs (6%)	\$99	\$94
Capital reserves (7%)	\$116	\$110
Management (9%)	\$148	\$142
Total monthly expenses	\$1,729	\$1,479
Monthly cash flow	-\$79	+\$96
Annual cash flow	-\$943	+\$1,152
Cash invested (25% down + ~3% closing)	\$51,800	\$42,000

Illustrative only. Taxes, insurance, rates, and rents are assumptions for teaching purposes; your numbers will differ.

What this shows

The rent barely changed. The purchase price changed everything. **Cash flow is made when you buy**, not after. Paying retail forces you to hope for appreciation; buying right gives you a property that stands on its own.

Where the margin comes from

- Listings with long days on market
- Dated homes that scare off retail buyers
- Off-market sellers who value speed and certainty
- Self-managing early (the \$142 becomes yours)

Avoid these

Five mistakes that fake cash flow

01 Skipping vacancy and reserves

Every home turns over and every roof wears out. Leaving these out does not remove the cost, it just hides it until it hurts.

02 Underwriting at the top of the rent range

The best-renovated comp is not your rent. Use the middle and let upside be a bonus.

03 Leaving out management

Even if you self-manage, the line keeps your numbers honest and your options open.

04 Counting on quick rent growth

If a deal only works after two years of raises, it does not work today.

05 Guessing at insurance and taxes

Get a real quote and check the county assessor. Reassessment after a sale can change your tax bill.



If a deal only works under perfect conditions, it is too risky. Cash flow should work on day one.

With the method in hand, let's look at three nearby markets that consistently pass the three-part test and let deals work with conservative inputs.

Part four

Three underrated markets around Indianapolis

Each of these offers a different version of the same opportunity: steady rental income without needing perfect timing. As you read, focus on how each one lines up with the three-part test, not on which sounds most exciting.

MARKET 01 · MADISON COUNTY

Anderson

About 35 miles northeast of downtown along I-69, Anderson is a former auto manufacturing city that has spent years rebuilding its employment base. Entry prices sit well below Hamilton County, which is exactly why the rent-to-price ratio is attractive.

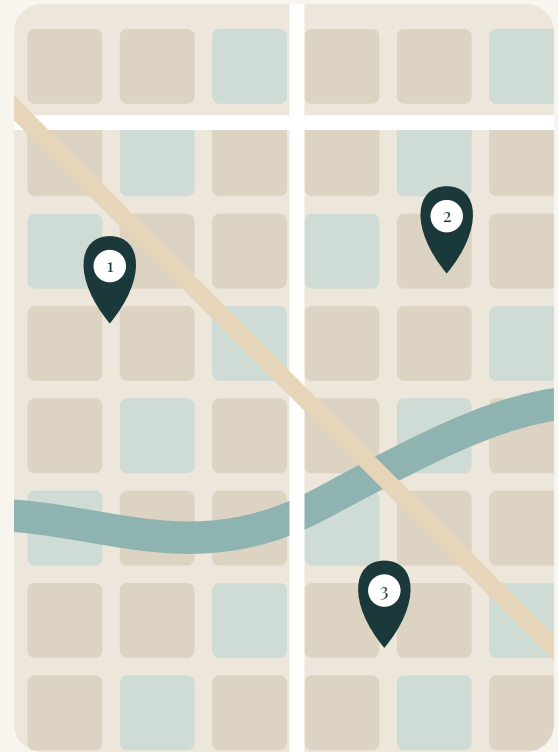
Today the job picture leans on distribution and manufacturing along the I-69 corridor, healthcare, and Anderson University, plus residents who commute south toward Fishers and Noblesville. That mix supports a large, steady renter base.

WHY IT WORKS

- Low entry prices leave room for real expenses
- Deep renter demand from local and commuting workers
- Less investor competition than Indy's core

WATCH FOR

- Big block-by-block differences in quality
- Older homes with aging systems
- Slower appreciation; buy for income



MARKET 02 · SOUTHEAST MARION COUNTY

Beech Grove

A small, independent city completely surrounded by Indianapolis, roughly ten minutes from downtown. Beech Grove has its own school district, a walkable Main Street, and quick access to I-465, I-65, and I-74. Amtrak's long-running heavy maintenance shops are here too.

Housing is mostly compact homes from the 1920s through the 1950s. Prices tend to sit below the Indy median while rents hold up because of location and the small-town feel. Tenants here often stay put.

Watch for: original sewer laterals, older wiring and plumbing, and limited inventory. Scope the sewer line on every purchase.



MARKET 03 · NORTHEAST MARION COUNTY

Lawrence

Lawrence grew around the former Fort Benjamin Harrison, now home to Fort Harrison State Park and a major federal finance center that remains a large employer. It sits near Castleton's retail and job hub with easy I-465 and I-69 access.

Much of the housing is 1960s through 1990s ranches, split-levels, and two-stories. These homes tend to have fewer surprises than century-old stock, rent well to families, and offer balanced prices.

Watch for: performance varies by pocket, and some subdivisions have HOA leasing caps or rental restrictions. Read the covenants before you offer.



Side by side

How the three compare

FACTOR	ANDERSON	BEECH GROVE	LAWRENCE
Price point	Lowest of the three; well under the metro median	Below the Indy median	Near or slightly below the metro median
Typical housing	Older single-family, some doubles	1920s to 1950s bungalows and cottages	1960s to 1990s ranches and two-stories
Renter demand	Large renter base, local and commuter	Steady; long tenant stays	Strong family demand
Job drivers	Logistics, manufacturing, healthcare, university	Proximity to downtown, rail shops, south side employers	Federal center, Castleton retail, healthcare
Cash flow profile	Strongest on paper; needs tight management	Modest and consistent	Balanced cash flow with appreciation upside
Main watch-out	Street-level variance	Aging systems, sewer lines	HOA leasing restrictions
Best fit	Income-first investors who will manage closely	First-time buyers who want close-in and simple	Investors wanting lower maintenance and steady tenants

General characteristics for comparison. Pricing and rents move; ask me for current figures on any area.

Using these examples

None of these markets is perfect or risk-free. They are examples of places where the fundamentals support a cash-flow-first approach and conservative underwriting still leaves room for income.

Instead of chasing the biggest projected return, they offer something more valuable for most investors: room to learn, grow, and operate without everything having to go right.

The goal is not the flashiest market. It is the one where you can buy responsibly, sleep at night, and do it again.

Put it to work

Your next six moves

Information does not build a portfolio. Action does. This guide is not meant to crown one city; it is a process you can repeat on any market you are considering.

01**Pick one market**

Choose the one that fits your budget, risk comfort, and drive time. Run it through the scorecard.

02**Learn it street by street**

Drive it on a weeknight and a Saturday. Learn which blocks lease fast and which sit.

03**Underwrite every deal the same way**

Leased-comp rent, full expenses, vacancy, reserves, and management. Every time.

04**Build your local bench**

Line up a property manager, contractor, inspector, and insurance agent before you buy. I can introduce you to people I trust.

05**Start small, learn fast**

Your first rental does not have to be perfect. It has to be responsible and teach you something.

06**Review quarterly**

Once you own it, run it like a business. A quarterly look at income, expenses, and repairs keeps you ahead.



Cash-flow investing in 2026 is about discipline, not hype. Choose the right market, underwrite conservatively, follow the same process every time, and you can build income without burning out. **One market, one deal, one decision at a time.**



Let's talk about your next move

Ready to run the numbers on a real property?

I help investors across Indianapolis and Central Indiana find, analyze, and buy rentals that make sense on day one. That includes on-market and off-market opportunities, leased rent comps, and an honest opinion on whether a deal pencils.

Send me an address, a neighborhood, or just your budget. I will run it through this exact framework with you.

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