How We Live, Where We Buy, What We Build

2026 Fall Conference Research

data.indianarealtors.com/what-we-build

In This Presentation:

1. **Population:** Indiana is growing from international and domestic migration
2. **Households:** Households are growing much faster than population, because 76% of new households have 1-2 people
3. **Market:** Price premiums for large homes are falling while the discount for small homes lessens.
4. **New Construction:** Starter homes are disappearing from Indiana new construction market
5. **How do we build affordable product now?** We talk through the lot, the house, and regulation.

SECTION ONE: POPULATION

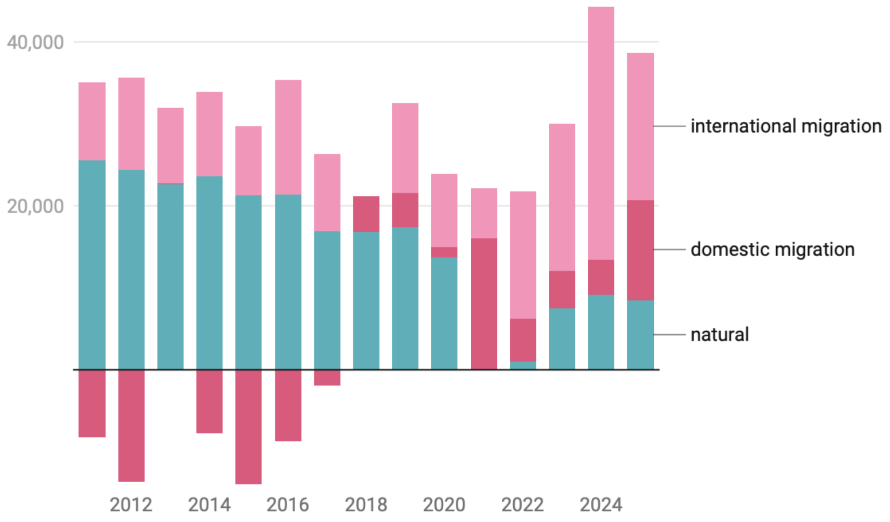
What's Driving Indiana's Population Growth?

In a decade, Indiana's growth changed from births to migration from abroad (56%) and other states (27%).

01

From '24 to '25, int'l migration fell by about half but domestic migration almost tripled

Drivers of population growth

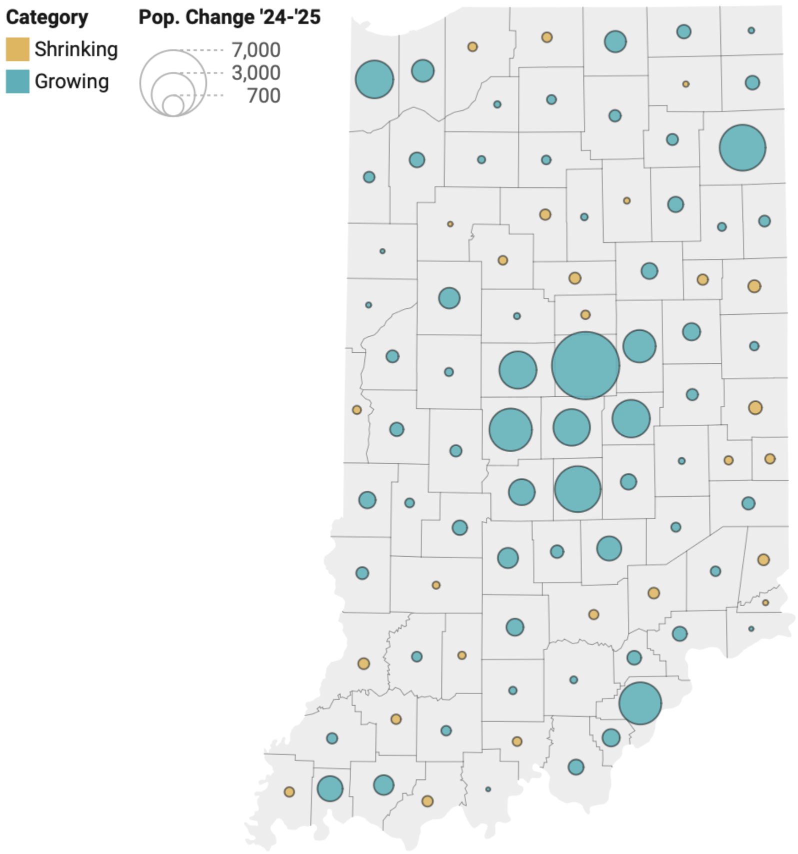


Natural = births - deaths

Get the data • Created with Datawrapper

Growth was balanced in 2025

International migration was still the top driver of growth, adding over 17,000 Hoosiers. But domestic migration increased from 4,300 in 2024 to 12,200 in 2025, the strongest year since the pandemic. Births and deaths were steady, so our population naturally increased by 8,600.



Source: U.S Census Population Estimate Program, 2025 vs. 2024 • Get the data • Created with Datawrapper

Half of counties are growing

Population change, 2024-2025

Shrinking by more than 0.25%: 14 counties

Stable change < 0.25% either direction: 35 counties

Growing by more than 0.25%: 43 counties

SECTION TWO: HOUSEHOLDS

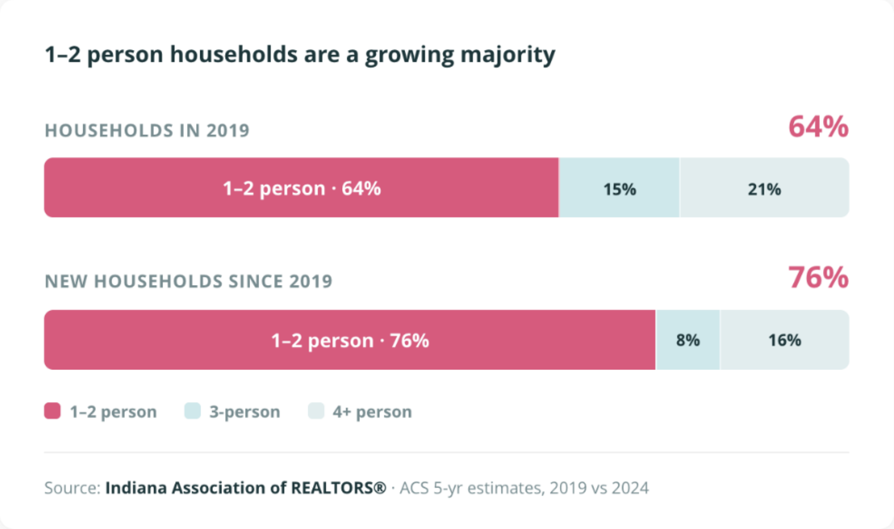
Small Households Dominate Household Growth

Between 2019 and 2024, there were nearly 8 new households for every 10 new people.

02

HOUSEHOLDS

How did households grow as fast as population?



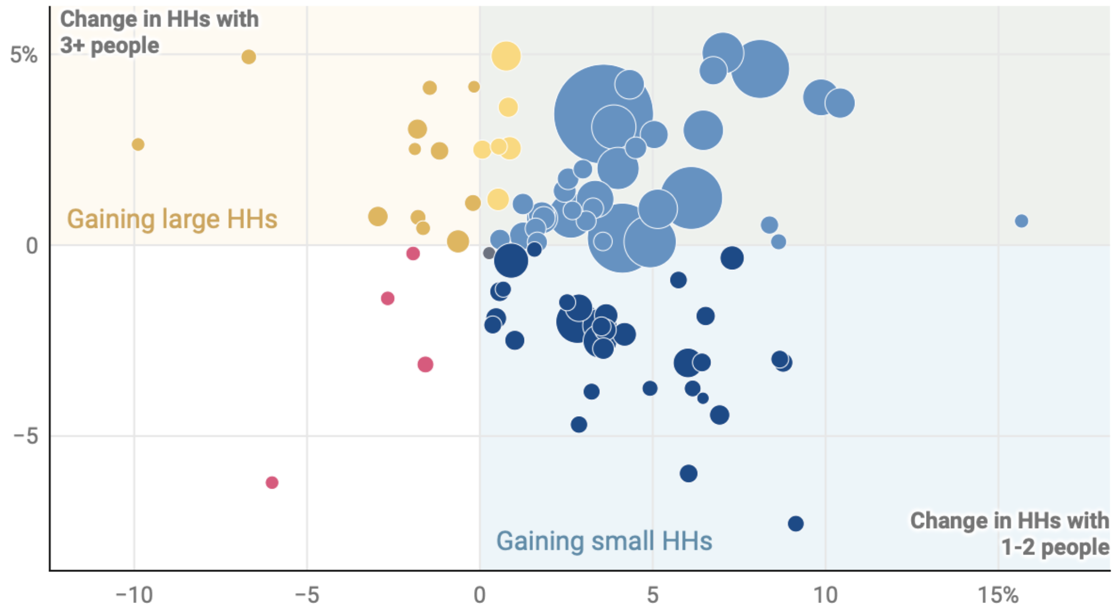
Because 76% of new households contain one or two people.

In the last five years, Indiana has added over 140,000 households, and 110,000 have been individuals or two-person households. 40% of new households contain one person and 36% contain two people.

GROWTH IN SMALL HOUSEHOLDS

Let's see how this plays out in each county.

Size = Household Count, Color = Growth category



Get the data • Created with Datawrapper

3 in 4 counties are gaining small households faster than large households

Each dot is one Indiana county. Position shows how the county's small and large household counts changed from 2019 to 2024.

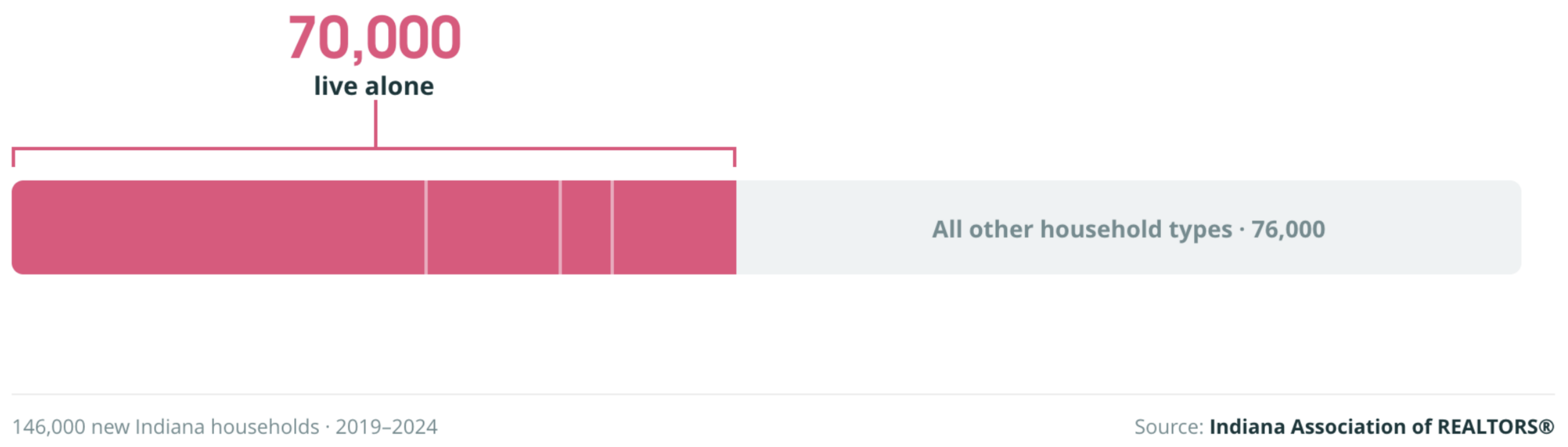
GROWTH PATTERN	COUNTIES
Gaining small, losing large	32
Gaining both, small faster	36
Losing small, gaining large	12
Gaining both, large faster	7
Declining or stable	5

NEW HOUSEHOLDS

Who are these new households?

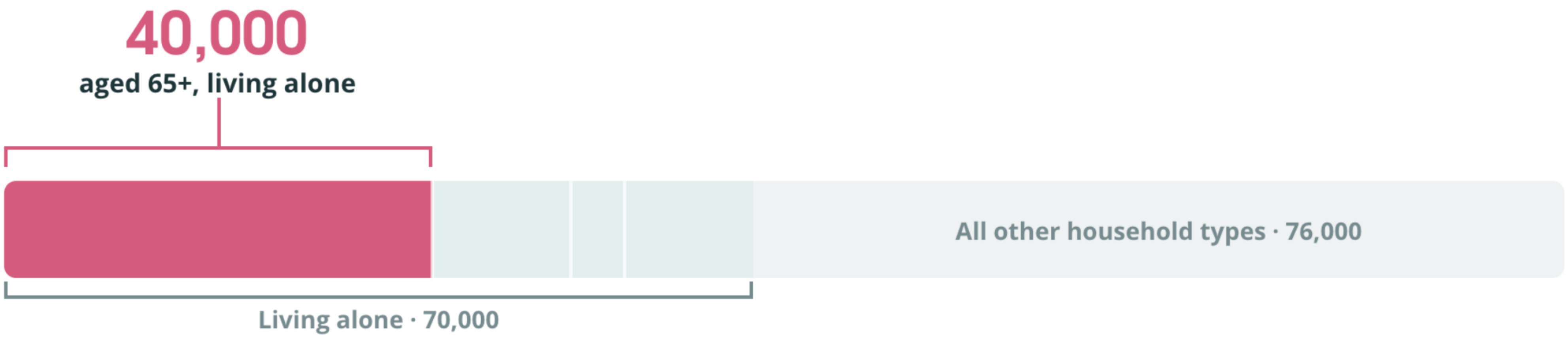
Who are these new households?

The number of people living alone increased by 70,000.



Most new households living alone are older adults.

One fourth of this increase is attributable to older adults living alone. They increased by **40,000**.



1 in 4 new households is a senior living alone

Source: **Indiana Association of REALTORS®**

NEW HOUSEHOLDS

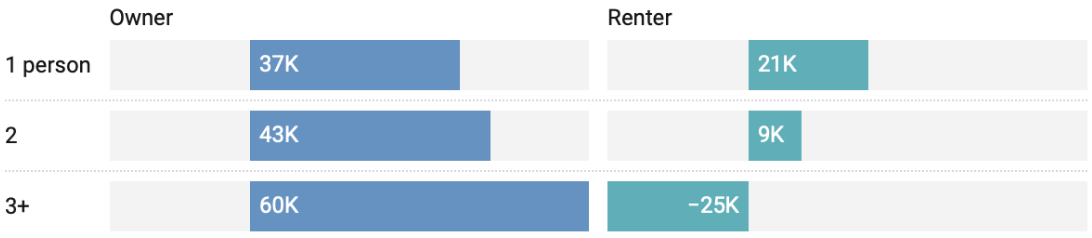
Do these new small households own homes?

Most new households were owners.

There were 80,000 new small households that own their home, compared to 30,000 that rent. Large households are still buying: There were 60,000 new 3+ person households that own their home. But with 25,000 fewer large households renting, the total number of large households only increased by 35,000.

Households with 3+ people only added 35K to Indiana's HH growth, because 60K new owners were offset by 25K fewer renters

Change in Indiana households, by household size (2019-2024)

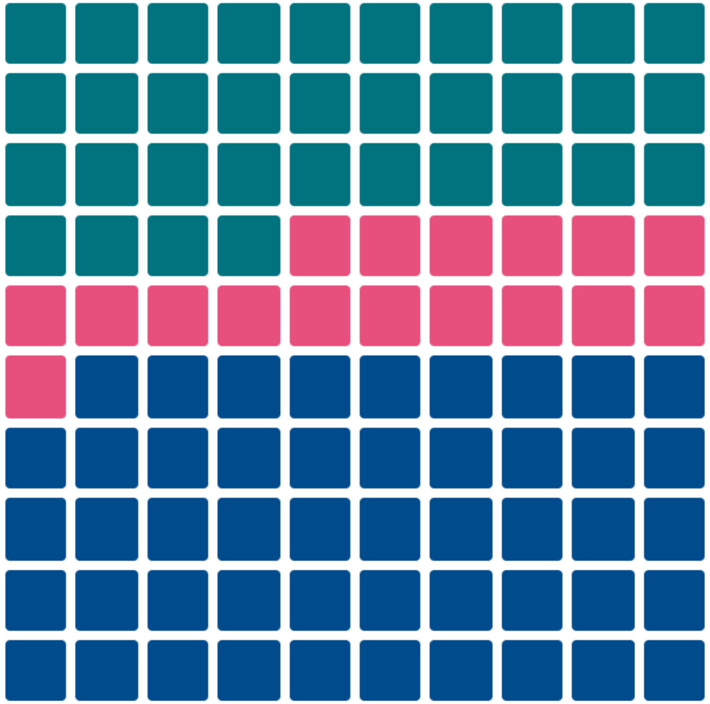


Source: ACS 5-yr Estimates, 2019 and 2024 • Get the data • Created with Datawrapper

NEW HOUSEHOLDS

Where do all these homeowner households come from?

WHERE INDIANA'S 150,000 NEW HOMEOWNER HOUSEHOLDS CAME FROM



51,000
come from more renters becoming homeowners
How we know: Increased homeownership rates

25,000
come from young adults forming households at a higher rate
How we know: Headship rates are increasing

74,000
come from demographic shifts and an aging population
How we know: Remainder of the 150,000

Each square = 1,500 net new homeowner households, 2019–2024.

Source: **Indiana Association of REALTORS®**

SECTION THREE: EXISTING HOMES

How Is This Affecting the Housing Market?

Price premiums for large homes are falling while the discount for small homes lessens.

03

Big homes used to cost more per square foot. Small homes cost less.

In 2019, a 4-bedroom home in Indiana sold for a 2% premium compared to a 3-bedroom home. A 1 or 2-bedroom home sold at meaningful 7% discount. **Buyers paid more per square foot for more square feet.**

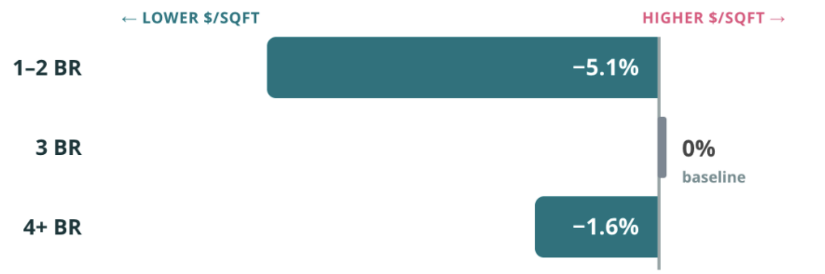
Percent difference in price per square foot versus a 3-bedroom home, controlling for location and home characteristics. Based on homes sales in 2019.

Source: **Indiana Association of REALTORS®**

But by 2024, the size premium was gone.

In 2019, buyers paid a 1.9% price-per-square-foot premium for a 4+ bedroom home over a 3-bedroom one. By 2024, that premium had collapsed to −1.6%, meaning 4+ BR homes now sell for slightly less per foot than 3-bedroom homes.

Percent difference in price per square foot versus a 3-bedroom home, controlling for location and home characteristics. Based on home sales in 2024.



Source: **Indiana Association of REALTORS®**

SECTION FOUR: NEW CONSTRUCTION

How Does Household Growth Compare to New Construction?

The homes Indiana is building don't match the households Indiana is getting.

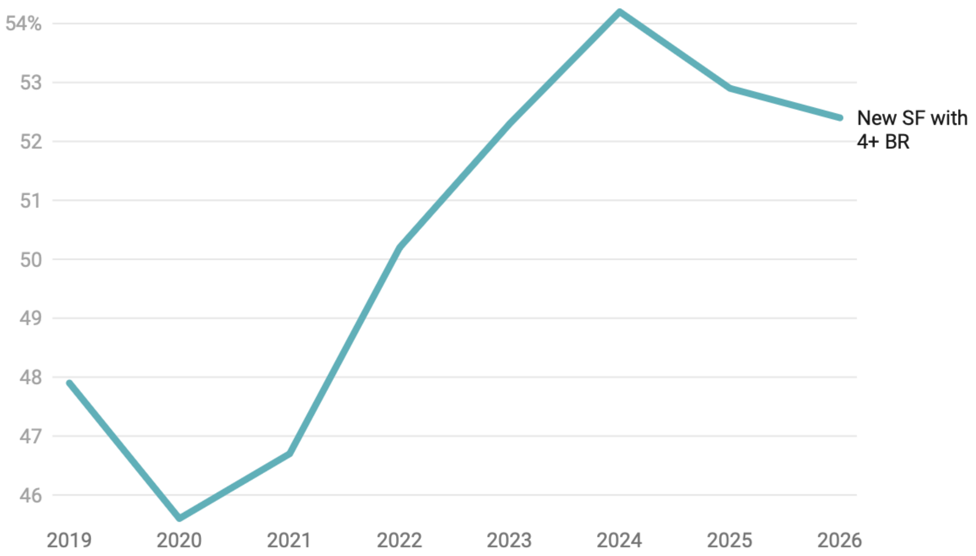
04

Demand for small homes rose, but construction of 4+ beds went from 48% → 54%

While demand points to smaller homes, builders keep adding bigger ones.

Every finding in this report so far points to a demographic need for starter homes and downsizing homes. Small households are the fastest-growing segment. Family-sized homes are losing their price premium. And yet, in 2019, 48% of new single-family homes in Indiana had four or more bedrooms. By 2024, that share had climbed to 54%. It's fallen by a couple points through 2026 so far, but it's still a majority of new construction MLS sales.

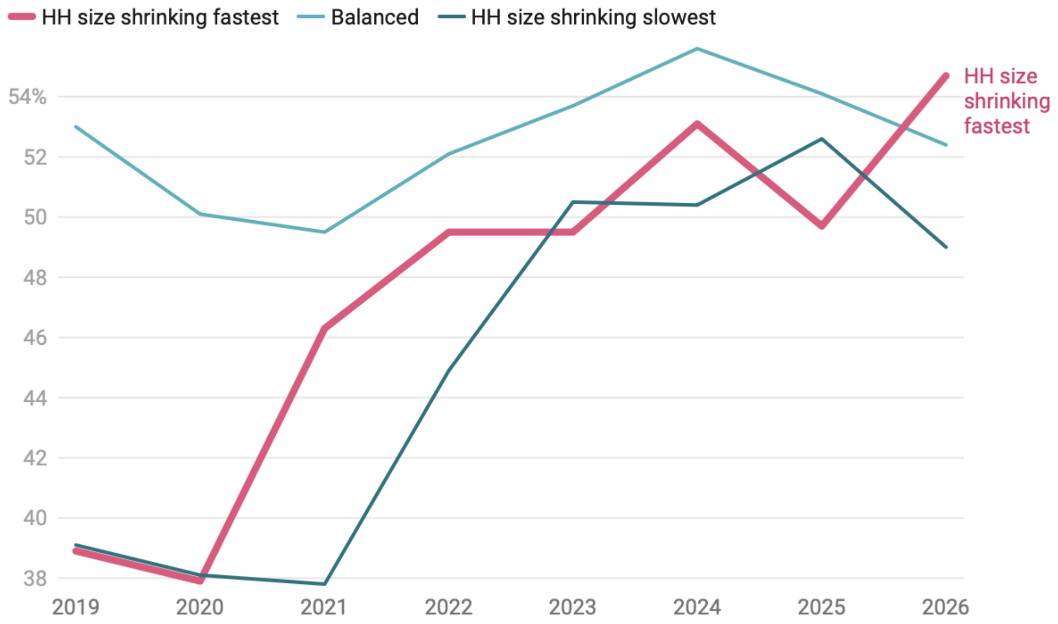
Percent of new construction sales in the MLS with 4 or more bedrooms



Get the data • Created with Datawrapper

Counties where small households are growing fast are also where 4+ bed new construction is growing fastest

Share of new construction sales in MLS with 4+ beds

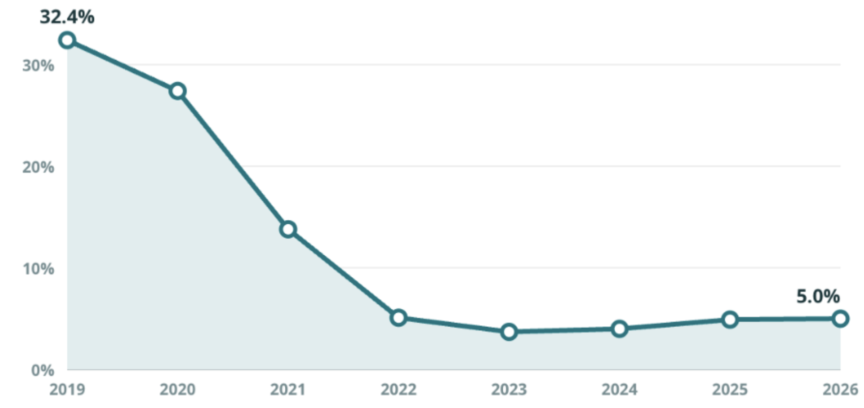


These lines sort counties into three groups based on how much small household growth outpaces large household growth.

Source: Indiana Association of REALTORS® • Get the data • Created with Datawrapper

Even where households are shrinking fastest, the mix hasn't moved.

The counties where growth in small households outpaces large households are the same counties where we saw the family-home price premium eroding. But builders in those counties delivered the same big-home mix as builders everywhere else. In fact, those are the counties with the most 4+ bed new builds.



Source: **Indiana Association of REALTORS®** MLS data

The starter home is disappearing from Indiana.

In 2019, 1 in 3 new single-family homes in Indiana sold for less than $250,000. By 2025, that fell to 1 in 20. Median new sizes barely budged, from 2,295 square feet down to 2,169. But the median price jumped from $295,000 to $380,000 in six years. Even mid-sized new construction is now well out of reach for typical first-time buyers. And smaller homes were always rare: new builds under 1,600 square feet were 15% of the market in 2019 and 16% in 2024.

SECTION FIVE: LAND, LOTS, AND THE COST OF BUILDING

How do we build affordable product now?

Builders are behaving rationally, so what exactly is stopping the small, cheap house? We talk through the lot, the house, and regulation.

05

THE LOT

Builders already shrank the lot by half.

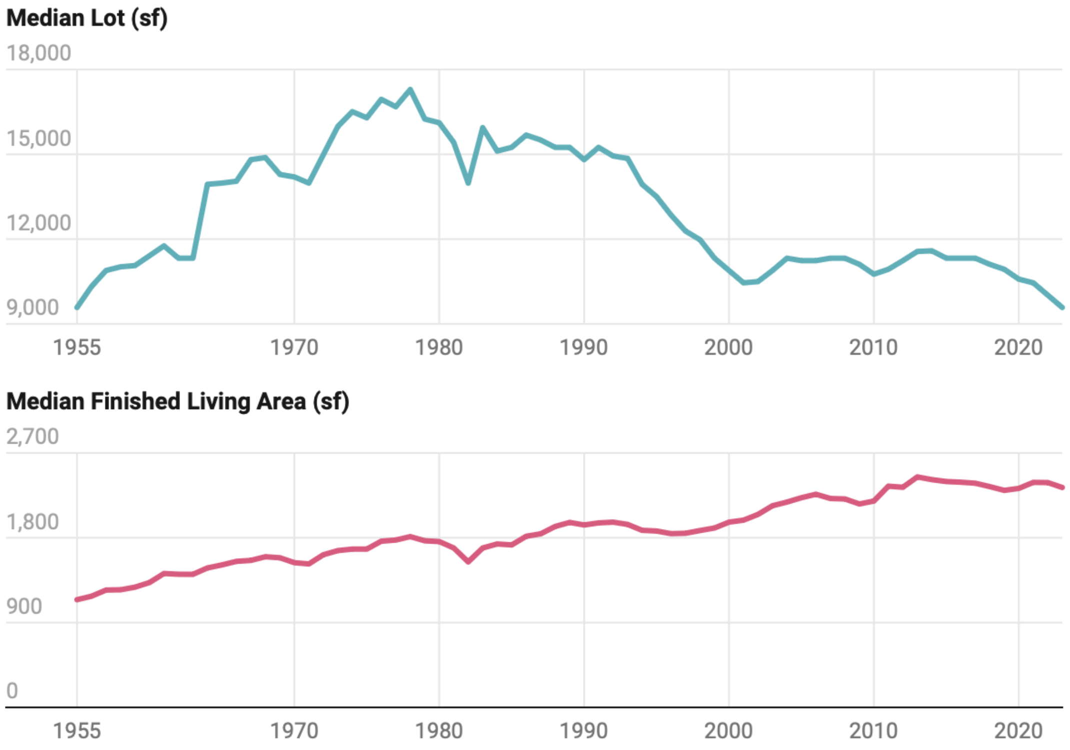
Half-acre lots were a fad

In 1955, the median lot was 9,583 s.f. In 2023, it was exactly 9,583.

Lot size peaked at 17,300 s.f. in 1978 and has fallen ever since. Most of the decline happened in the 1990s (think "vinyl villages"). Lots have fallen by a fifth since 2014 (think "smart growth suburbia").

Lot size down to 1955 level, but home size doubled

Lot size and living area by construction year

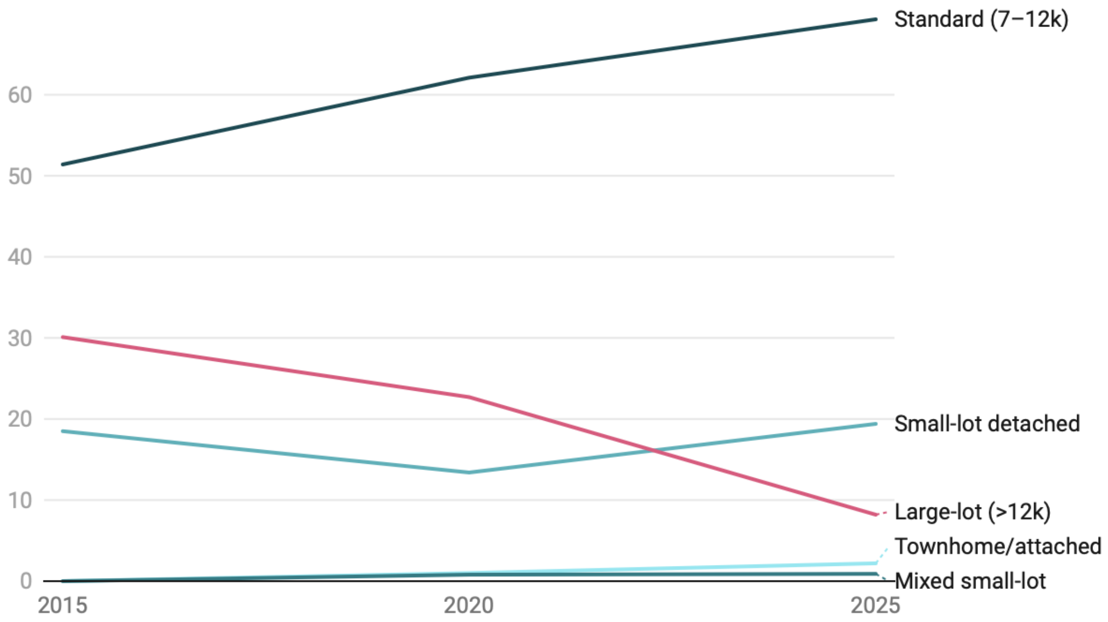


Source: IAR analysis of DLGF parcel improvement data • Get the data • Created with Datawrapper

This change is driven by the market.

Builders preferred small-lot detached subdivisions to large lots in 2025. Large-lot subdivisions once made up 30% of the market in 2015. Now they make up 8%.

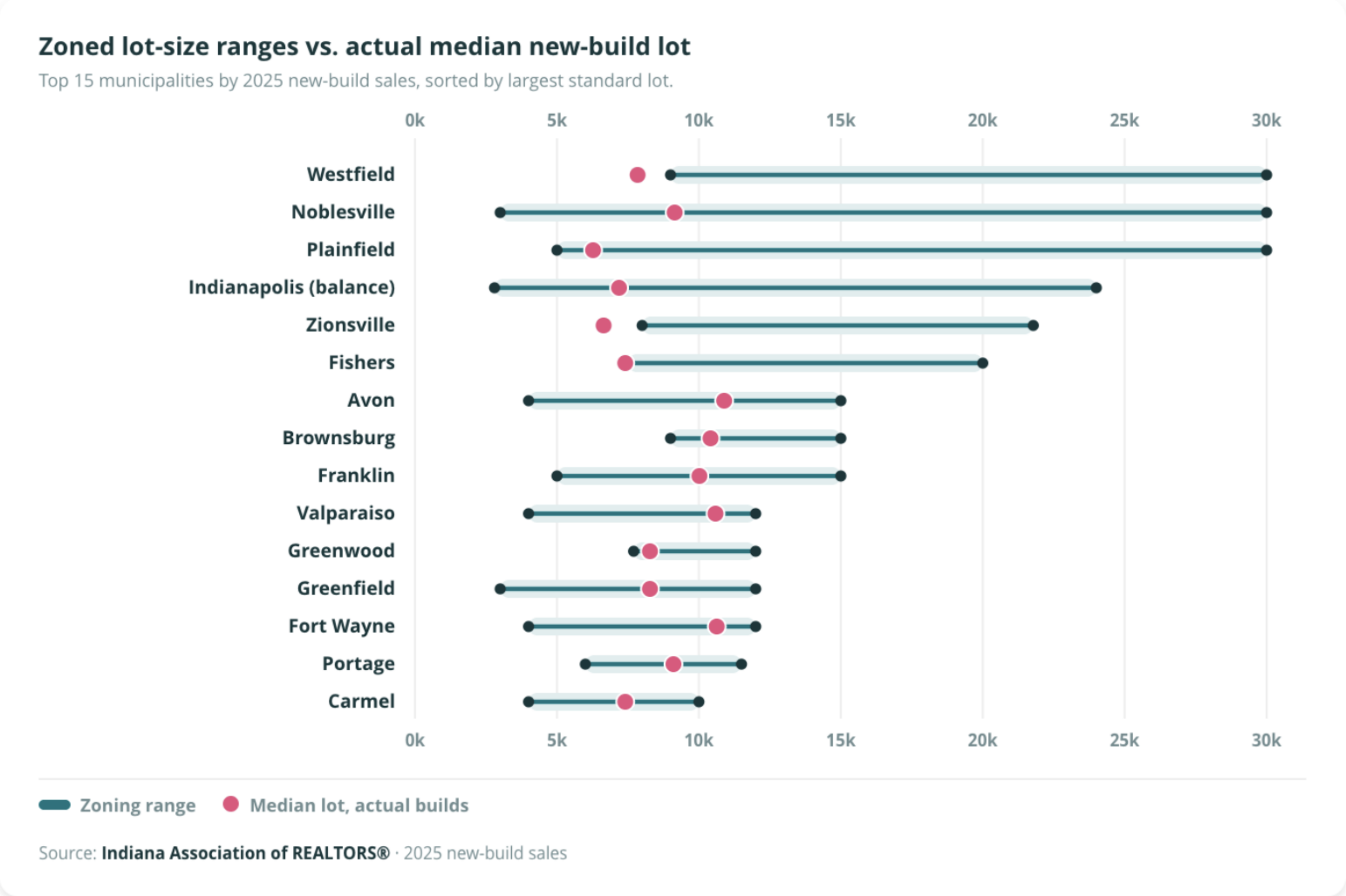
Large-lot subdivisions plummeted from 30% to 8% of new construction



New construction is estimated using seller name in sales disclosures

Source: IAR analysis of DLGF sales disclosures (2015, 2020, 2025) • Get the data • Created with Datawrapper

Does zoning keep lots large? Even where lot minimums are largest, actual lot size is around 7,000-8,000 s.f. In Westfield, Zionsville, and Fishers, the median lot is smaller than the minimum in any zone. By definition, most of their new construction must be negotiated in PUDs or with a variance.

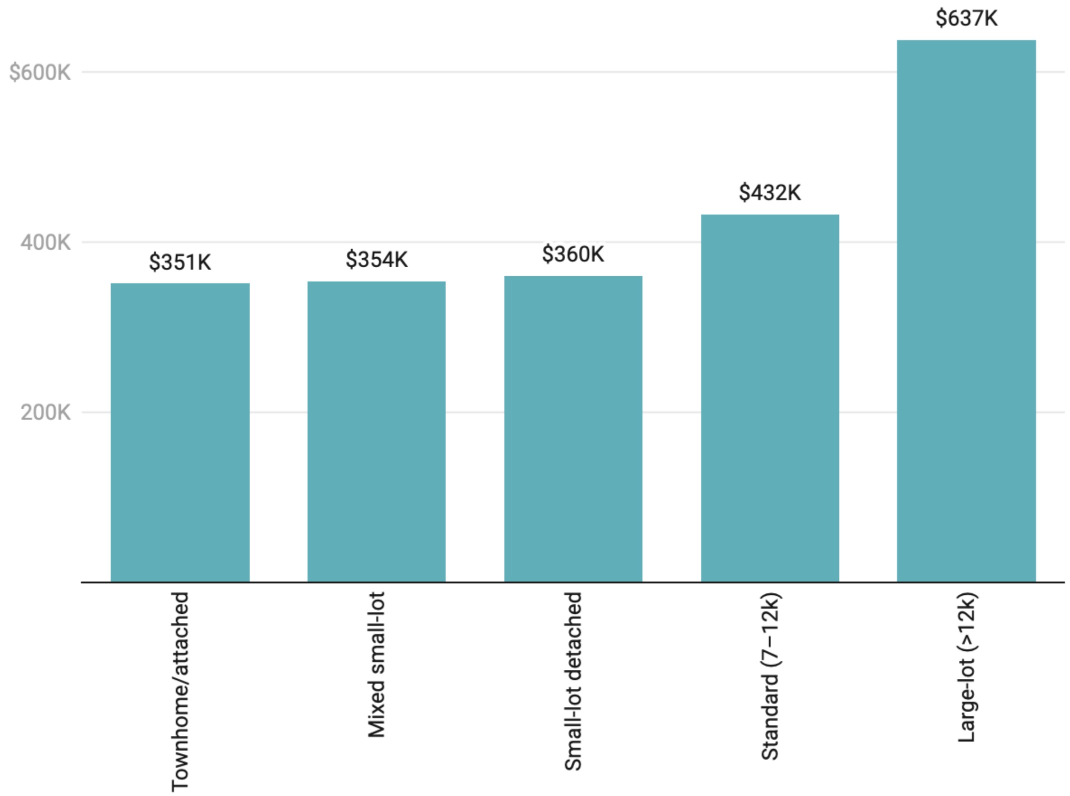


Subdivisions with smaller lots are more affordable.

For the 5,000 sales (out of 12,000) that had a subdivision name, we can construct the product mix within the subdivision. Developments dominated by small lots or attached product are 15-20% more affordable than those with standard lots. But they still don't get us back to a $250,000 home.

Subdivisions with mostly small-lot and attached product really are more affordable than other subdivisions

Median sale price of homes built in 2025 in identifiable subdivisions



This only includes sales where the subdivision was named in the sales disclosure form. This is 5,252 sales in 139 subdivisions in 7 counties. **Townhome/attached**: 60% or more of the lots are under 3,000 sf. **Mixed small-lot**: median lot under 7,000 sf *and* at least one lot under 3,000 sf. **Small-lot detached**: median under 7,000 sf, no lots under 3,000.

Source: IAR analysis of DLGF sales disclosure data (2025) • Get the data • Created with Datawrapper

THE HOUSE

So if the lot already shrank, why is a $250K home so hard to build?

What does it cost to build a house?

Construction Phase $225K-$240K

Exterior and Systems $79K-$84K
Roof, siding, windows, HVAC, plumbing, electrical

Interior Finishes $73K-$78K
Cabinets, flooring, drywall, appliances

Structure and Site Work $73K-$78K
Foundation, framing, site work

Includes construction regulation
$66-$70K for code compliance, permits +

Business $70K-$82K

Overhead $22K-$23K
Office, admin

Professional Services $21K-$22K
Finance, marketing, commission

Margin $27K-$37K
7%-10% profit margin

Finished Lot $66K-$92K
Land under the house, ready to build

Includes land development regulation
$3K-$20K+ for impacts fees, utility fees +

This adds up to typical price:
$361K - $414K

Indiana's median sale price for new construction:
$387K (based on a representative sample of 4,800 sales from the trailing 12 months through June 2026)
Median home was 2,220 s.f. with 4 beds / 3 baths

Most of a new home's price is construction, and its expensive parts don't shrink with bedrooms.

$225,000-$240,000

Typical cost of construction phase on average-priced home

Appliances and systems don't directly scale with square footage. Even if we built 2-beds at scale, they wouldn't be $250K starter homes. The 2-beds we build in 2026 sell for $326,000 (and we could only find 114 of them). 26 of them sold for under $250,000.

THE REGULATIONS

Can we eliminate regulation to get to a $250,000 home?

Impact fees should be fair and proportional to the local impact of a housing unit. That's just good government.

$3,000-$20,000+

Ballpark range of fees across Indiana

But limiting impact fees is not going to bring back the $250,000 starter home. Even if we eliminated them entirely, that would cut $3,000-$20,000 from the price, which is maybe 1%-5% of the sale price. And the policy debate is not even around eliminating them: they support critical systems like water, sewer, and parks.

Impact fees should be reformed for many good reasons, but we cannot expect radically more affordable housing from this policy change.

ZONING DISTRICTS WITH LOT MINIMUMS

Strict zoning should not limit consumer choice and affordability.

1/8 acre
Proposed cap on minimum lot size

13%
Of new construction* is above this cap and lower than the smallest lot minimum

Builders are already building small-lot developments, but they often have to go through a lengthy Planned Unit Development or zoning variance process. We should make 1/8 acre lots buildable by right — consumers and builders both want this product, and zoning hurdles add cost. In the 50 communities we studied, 13% of new construction sits in the gap between the proposed 1/8 cap and the smallest lot minimum in the community. A by-right rule removes the negotiation needed to build these neighborhoods.

** 2025 DLGF sales disclosure, new construction within the 50 municipalities we studied*

But reform won't revolutionize the cost of a new home.

$1K-$5K
Ballpark per-home cost of PUD process

$9,500
National average per-home cost of zoning + delays

If a PUD process costs $50K-$250K and is spread over 100-300 lots in a subdivision, that adds roughly $500-$2,000 per home. Delays could add $700-$3,000 per home, assuming carrying land for 6-12 months at 8-10% interest. That is a wide range of about $1,000 - $5,000 per home. National estimates of zoning and delay costs are even higher: $9,500 per home according to NAHB.

This is real money, and should be reformed. But it's not why a new house costs $387,000.

Ranges: PUD soft costs and carrying costs spread per lot (authors' estimates). National anchor: NAHB, Government Regulation in the Price of a New Home (2026): zoning approval application $7,007 + development-phase delay $2,480 per home, averaged across all approval channels. By-right approvals run about 28% faster with less variance (Journal of the American Planning Association, 2022).

THE BIGGEST IMPACT

New business models and construction models can unlock the most cost savings.

CHANGE THE BUSINESS MODEL

The value-brand model already sells at $250K in Indiana by shrinking operating and marketing costs.

$249,991

Median sale price of Century Complete homes in Indiana (2025)

Century Complete is Century Communities' no-frills, online-sales brand. They sold 132 new Indiana homes in 2025 at a median of $249,991, but only where land is cheap: the same product runs $326K in Porter County.

Smaller homes and townhouses can drop costs dramatically.

$249,842

Median sale price of homes under 1,400 square feet (Indiana, 2025)

A builder in Princeton, Indiana sold detached homes at 1,284 s.f. each for **$192K–$205K**. These were a repeated plan in a place with no zoning (Gibson County) and cheap land.

A builder in Hancock County sold 39 townhouses at a median price of **$233K** on 2,400 s.f. lots.

A new courtyard-plat community in Marion County has entry homes (attached, 1,500 s.f.) at **$235K–$246K** on 4,000 s.f. lots.

CHANGE THE CONSTRUCTION MODEL

Manufactured housing cuts the per-square-foot cost of construction roughly in half.

35¢-49¢
On the dollar for single-section construction costs

60¢-68¢
On the dollar for double-section construction costs

Harvard's Joint Center for Housing Studies priced the same house built two ways: a factory-built home costs 35–68 cents on the dollar to construct and install, depending on section type. The median new-build in Indiana (4 bedrooms, 2,220 s.f.) could cost **$280K** as a manufactured home. A two-bedroom home could cost as low as **$218K**.

** Modeled estimates, low end of range: we applied the Harvard JCHS double-section cost ratio (65¢ on the dollar) to the construction lines of our benchmark cost stack, leaving the lot, overhead, professional services, and a 10% builder margin unchanged. See Methodology.*

Manufactured housing itself is changing.

This is a CrossMod home: factory-built to HUD code, pitched roof, garage, permanent foundation. Fannie Mae and Freddie Mac appraise it against site-built homes and finance it with a conventional mortgage. Colorado firms are building entire workforce-housing neighborhoods this way. Indiana's Elkhart-area factories build this product today for export to other states.

Image: Clayton Homes

A Blueprint for Building Smaller and Smarter

Smaller lots and smaller homes to fit smaller households

- **Reforming zoning, fees and development standards** removes friction in the new construction pipeline that skews the market towards larger homes when builders could profitably be thinking smaller.
- **Removing regulatory barriers to building** also makes more construction possible, and more supply means slower price appreciation.

Serve the two cohorts that are growing

- First-time owners
- Downsizing seniors
- When they move, they make room for new migrants and growing families.