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Apartment rents are a key indicator of the work-from-home trajectory as well as mobility and affordability.

Nowhere is this more pronounced than in smaller markets that got a lot bigger during the pandemic and the months thereafter, according to new [analysis](#) from RealPage researcher, Kim O'Brien.

She finds that markets such as Boise City, Gainesville, Augusta, Cape Coral, Ann Arbor, and Santa Maria have underperformed larger ones lately.

While the U.S. overall has seen moderate occupancy decline in the past five years, some small apartment markets are logging significantly worse performances.

Since 2018, occupancy nationwide has come down by 110 basis points (bps), falling to 94.3% as of October 2023, according to RealPage.

“But the pace of decline is twice as deep across some small apartment markets,” O'Brien said.

“For the most part, these are markets that benefited from an influx of residents leaving larger, more expensive cities in the early days of the pandemic. As such, most enjoyed a solid recovery from the 2020 economic slump.

“When occupancy and rent growth surged, developers kicked up building efforts to a degree that these small markets – some with less than 24,000 existing units – had yet to witness.”

But when the “dust settled,” O’Brien said, “these locales were left with historically high construction volumes and demand levels that fell below pre-COVID norms, causing occupancy to slip.

Kyle Scheiner, Partner, Romer Debbas, tells GlobeSt.com, “The increased return to work mandates from employers have made pandemic relocation hot spots underperform their past few years of high occupancy and record rental rates. With return to office, renters have to make a decision between higher pay or lower cost of living.”

Boise City’s occupancy slipped 440 bps in the past five years, the most among the nation’s 150 largest apartment markets. It’s at 93.3% as of October.

The rush to serve those moving to Boise City contributed to the slide.

Boise City saw jobs surge in the 2021-2022 timeframe and employment is up 18.4% since 2018, second only to Austin, but inventory growth in Boise was also one of the strongest in the U.S., swelling by 30.4% in the past five years. Only Huntsville, Ala., topped that growth.

A similar scenario has played out in other small markets, such as Gainesville and Deltona dropping about 400 bps. Other small Florida markets Palm Bay and Port St. Lucie saw their occupancy come down by about 300 bps. The

same can be said for panhandle town Crestview. Cape Coral saw occupancy slip by 260 bps.

Augusta is the least occupied small market on RealPage's list with occupancy down fell 300 bps in the past five years to land at just 91.9% in October.

The mostly student housing-based Ann Arbor is the only Midwest market to see occupancy dive so significantly in the past five years, with a setback of 280 bps.

In California, occupancy in Vallejo and Santa Maria dropped 270 bps in the past five years.