



Inventory shortages continue even as home sales rise

Seventy-two percent of homes sold in less than a month

Lexington, KY (September 25, 2020) – Home sales in the Central Kentucky region rose in August, marking three consecutive months of positive sales gains, according to data from the Lexington-Bluegrass Association of REALTORS® (LBAR). The monthly total was the second highest ever on record, hitting 1,460 sales, up 5 percent from last year's total of 1,389.

Transactions have exceeded last year's total through the first 8 months of the year. With the increase in August, sales through 2020 are up 3 percent, with 9,762 sales compared to 9,509 last year at this time.

New construction continued its growth with 123 sales in August, up 14 percent over the 108 sales reached last year. The monthly total is the sixth straight month with year-over-year increases with new construction sales increasing year-over-year in 13 of the last 14 months.

August's pending sales were up double digits for the month, rising 10 percent over last year when pending transactions reached 1,427. The 1,568 pending sales in August was the most ever for the month and is the fourth consecutive month of year-over-year records.

"Homes that come on the market are generally going under contract extremely fast," said Greg Buchanan, president of the Lexington-Bluegrass Association of REALTORS® (LBAR). "There simply isn't enough supply to keep up with the demand the area has been experiencing over the last several years. Buyers actively looking for homes are moving quickly which is driving down available inventory across the board."

New listings in August were down 13 percent over last year with only 1,620 coming online compared to 1,853 in 2019.

August's inventory hit an all-time low, with only 1,993 homes available, the first time levels dropped below the 2,000 threshold in a month. This is a 50 percent drop from last year when inventory levels were at 4,018 homes and is 6 percent below July's level, which was the previous record low. August is the ninth consecutive month, starting in December, of record lows. February was the first month where housing inventory fell below the 3,000 mark with monthly declines since then.

Months of inventory neared historic lows in August, reaching 1.4 months, compared to 2.9 months last year, a drop of 52 percent and the second lowest total on record. Homes priced from \$140,000 to \$250,000 hovered around two to three weeks of inventory available across all 26 LBAR counties. In the counties of Fayette, Madison, Scott and Jessamine, the four most active counties in the jurisdiction, inventory levels were, in some cases, a couple of weeks for homes priced under \$250,000. A six-month supply of inventory is often considered a balanced market, demonstrating how tight inventory has become in many of the Central Kentucky counties. Fayette County

specifically is struggling with housing inventory, with homes under \$250,000 sitting on two weeks or less of available homes for sale and virtually no inventory for homes priced between \$140,000 and \$160,000.

The inventory crunch has also affected days on market (DOM), as August saw a decline of 14 percent year-over-year with homes taking an average of 38 days to sell, compared to 44 days last year. Seventy-two percent of homes were on the market less than a month while only 10 percent lasted more than 120 days.

“Prices are consistently being pushed higher due to the lack of inventory,” stated Buchanan. “Almost every county in our jurisdiction is struggling to find enough housing for the demand we are experiencing. Sellers who need to list their property are finding it to be a great time to be in the market.”

The median price of a home in August hit \$205,000, a 12 percent increase over last year when the median was \$182,500. Home prices have risen for 18 straight months due to the increase in demand. August marks the third consecutive month with media prices closing above the \$200,000 level.

Year-to-date, the median price for all residential properties stands at \$194,500, up from \$176,000 last year, a change of 11 percent.

Total sales volume for real estate sales increased 21 percent year-over-year, reaching just over \$350 million in August, up from just over \$290 million last year. For the year, the total volume for real estate sales closed at \$2.2 billion, an increase of 11 percent over the \$2 billion closed in 2019.

Foot traffic to homes continues its surge increasing 13 percent in August, with 22,577 appointments compared to 20,053 last year. The August total slowed slightly from the previous month after experiencing three consecutive record-breaking months starting in May.

Buchanan continued, “Buyers are in the pipeline ready to go with mortgage rates at historically low levels and many of the economic indicators improving. This region needs listings so move-up buyers can purchase their next home and first-time buyers can get in the market with a strong selection of inventory.”

Freddie Mac reported the lowest monthly rate on record for August as the 30-year hit 2.94, the first time a monthly rate was published below 3 percent. Freddie Mac, along with other industry experts, including the National Association of REALTORS® chief economist, are predicting rates to hover at or below 3 percent for the remainder of the year.

As the region’s leading advocate for homeownership, Lexington-Bluegrass Association of REALTORS® (LBAR) understands the value and joy of owning a home. LBAR represents more than 3,500 REALTORS® located in 26 counties: Anderson, Bath, Bell, Bourbon, Clark, Clay, Elliott, Estill, Fayette, Franklin, Harrison, Jackson, Jessamine, Knox, Laurel, Lee, Madison, Menifee, Montgomery, Nicholas, Owsley, Powell, Rowan, Scott, Whitley and Woodford Counties. Visit www.lbar.com for up to the minute real estate listings and buying and selling resources.

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