



Real estate market picks up where 2019 left off

Pending sales indicate transactions will continue to climb

Lexington, KY (February 20, 2020) – The first month of a new decade saw a huge boost in real estate sales, jumping 20 percent versus 2019. Total home sales reached 828 in January compared to 691 during January last year. This is coming out of 2019, a record year in many ways, that ended up 7 percent over 2018 and, in December, posted an increase of 19 percent year-over-year.

In January, single-family home sales saw an increase in sales of 21 percent, with 781 total sales compared to 646 last year. Townhouses/condos saw a smaller increase of 4 percent in January, bringing monthly sales to 47 versus 45 in 2019.

New construction sales made up 15 percent of the total transactions for the month and rose 62 percent year-over-year, with 105 sales in January 2020 compared to 65 for the same month in 2019. New construction sales have risen, year-over-year, for seven consecutive months.

“Last year at this time, the federal government experienced the longest shutdown in history, which suppressed transactions in January,” said Greg Buchanan, president of the Lexington-Bluegrass Association of REALTORS® (LBAR). “Many federal loans, including VA, FHA and USDA, were delayed during this time which had an impact on closings. Even conventional programs like Fannie and Freddie were occasionally slower to close due to an increase in loan processing times.”

Pending sales, coming off a 13 percent increase in December, jumped a whopping 16 percent in January versus last year. The 1,161 homes under contract are the most ever for a January and the first time to exceed the 1,000 threshold for the month. Pending sales have increased, year-over-year for 13 consecutive months.

The run up in sales has again put a damper on inventory in the region. Homes for sale dropped 14 percent in January continuing to put pressure on buyers looking for property. In fact, with only 3,088 residential properties available for sale in January, that’s the lowest figure ever recorded for a single month since LBAR started tracking active data in 2006. The next closest month was in March 2018 when 3,240 homes were on the market.

The lack of inventory coupled with the increase in sales have cut into the months of inventory in the region. In January, the months of inventory dropped a staggering 27 percent, from 5.1 months last January to just 3.7 months in 2020. Homes priced in categories under \$250,000 but more than \$100,000 had less than 2.7 months of inventory with homes in the \$120,000 to \$140,000 range having only a 2 month supply available.

“It’s an interesting time for our region,” continued Buchanan. “People are staying in their homes for longer periods of time, likely due to the fact they are scared another property won’t match what they are looking for. This multiplies the lack of housing supply because homes don’t come on the market and the next buyer in line can’t move up either. It stalemates a large part of the cycle.”

But what homes do become available sell fast. Days on market in January fell 3 percent, with homes selling in an average of 59 days in 2020 versus 61 days last year. Almost half of all home sales occurred in less than a month with only 15 percent taking longer than 120 days.

With the demand still at such a high level, Central Kentucky housing prices have continued to climb with the median home price in January jumping 5 percent compared to 2019. This matches the increase from December 2019 and the total increase realized for the entire year in 2019. The overall median price hit \$173,500 in January, compared to \$165,000 in January 2019. Single-family homes increased 5 percent to \$175,000 while townhouse/condo prices dipped 10 percent to \$133,000.

The total dollar volume of home transactions jumped 25 percent in January to almost \$171 million for the month, compared to just under \$137 million last year.

Buchanan added, “As long as interest rates stay low, which is predicted by many, prices will continue to appreciate and home sales will continue to flourish. The only thing that seems to be holding back the market is the lack of inventory it seems everyone has talked about now for several years.”

The U.S. Census Bureau has reported that the homeownership rate in the country climbed to a 6-year high, increasing to over 65 percent in the fourth quarter of 2019. This comes as no surprise with a record number of sales reached in 2019 for all of LBAR and a gradual increase annually for the greater part of the past decade. In fact, the largest generational segment of homebuyers – the millennials – not only make up 48 of all home purchase mortgages, but they are also actively saving to buy a home. And the generation after them – Generation Z – according to Freddie Mac, shows that 80 percent prefer buying over renting because owning provides stability and financial security.

“Market conditions are favorable to a strong housing market,” said Buchanan. “The economy is moving, interest rates are low and demand in Central Kentucky has never been greater. People want to make this area home.”

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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