



Housing report in June shows lower sales, higher prices in the Bluegrass Inventory shortage may be back in play for the summer

Lexington, KY (July 24, 2019) – Real estate sales in Central Kentucky slowed in June with total transactions slipping 4 percent year-over-year. This was the first monthly decline since January and follows a double digit increase in sales from last month. Sales reached 1,322 in June versus 1,380 in 2018. Single family homes were down 3.6 percent in June versus last year while condos/townhomes dropped by 12 percent. The condo/townhome market made up just over 6 percent of all transactions for the Association.

For the first half of the year, total home sales are up 3 percent, reaching 6,624 total transactions in 2019 compared to 6,418 in 2018. Nationally, homes sales were down over 2 percent in June from a year ago.

“A slower month in June was unexpected following several solid months for sales within the region,” said Al Blevins, president of the Lexington-Bluegrass Association of REALTORS®. “The economic factors continue to be really strong so inventory shortages could finally be coming into play. It’s too early to tell as one month doesn’t necessarily suggest a trend but we will certainly be keeping an eye on the market conditions over the coming months.”

The latest national report says the new construction industry dropped in June on all three major metrics: building permits, housing starts and housing completions. In addition, locally, new listings that came on the market were down 4 percent in June versus last year. That could have an effect on future sales, however, one positive indicator for the market is that pending sales rose 3 percent in June as it has every month so far in 2019.

Interest rates dropped to an average of 3.8 percent in June on a 30-year conventional loan, down from just over 4 percent in the prior month and over 4.5 percent for all of 2018. It is expected that the Fed will cut rates later in July which may keep mortgage rates low.

“The rates we are seeing are incredible, even by historical standards” said Blevins. “If a buyer can locate a home and lock in on a mortgage now – given the current, favorable conditions seen in the market – it would be a decision that will pay off well into the future.”

The supply struggle, along with a lack of new inventory as of late, has kept unsold inventory just under a 3-month supply. In June, months of inventory hit 2.9 months, the same as it was this time last year.

Properties stayed on the market an average of 42 days in June versus 43 days in 2018, a decline of 2 percent. Compared to last month’s 53 days, homes in June flew off the shelves 21 percent faster as the weather heats up.

A strong demand for homes in the Bluegrass region has driven price increases in many of the counties in LBAR’s jurisdiction. Home prices jumped 7 percent in June over the same month in 2018 – double the percent increase that has typically been seen for most of 2019. Median prices hit \$188,700 for the month versus \$176,500 last year and \$176,200 from May. For single family homes, the median price increased 8 percent to \$192,000, up from

\$178,000, while condo/townhomes saw an 8 percent drop in median price to \$140,000. For the year, single family homes have seen median prices rise 4 percent to \$176,000 while condo/townhomes are down 10 percent, hitting \$139,950. Nationally, home prices were up just over 4 percent in June, reaching \$285,700, and marking the 88th straight month of year-over-year gains.

“Residential properties available on the market dropped by a percent in June compared to last year,” continued Blevins. “Coupled with a very strong demand, this creates an issue for buyers who are ready and willing to purchase. It’s important for those who are searching the market to stay up to date on new properties that become available so they can jump when the time is right. Buyers should get pre-qualified and keep a resource like lbar.com at their fingertips to give them immediate access to properties that come online. And using a REALTOR® - 87 percent of buyers purchased their home through a real estate agent in 2018 – is extremely important in an active market like we have right now.”

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 3,300 REALTORS® located in 22 counties: Anderson, Bath, Bell, Bourbon, Clark, Clay, Elliott, Fayette, Franklin, Harrison, Jackson, Jessamine, Knox, Laurel, Menifee, Montgomery, Nicholas, 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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