



## **Real estate sales rebound, indication of a strong summer ahead** **Inventory issues highlighted as more properties needed to satisfy the market**

**Lexington, KY (July 20, 2020)** – The spring real estate season finally arrived but waited until the summer to finally heat up. After two consecutive months of year-over-year declines in home sales due to the ongoing pandemic, June real estate closed transactions jumped by 7 percent to 1,408 total residential sales, compared to 1,322 in 2019. This marks the fifth highest month on record for total real estate sales.

Year-to-date, real estate sales are just 1 percent short of where they were in 2019, with 6,564 sales in 2020 compared to 6,624 sales last year.

Single-family home sales rose 6 percent, with 1,318 sales compared to 1,242 last year while townhouses/condos saw an increase of 13 percent with sales of 90 this year versus 80 in 2019.

New construction in June rose to the highest level in 2020 with 162 sales, an 84 percent increase over the June 2019 total of 88 sales and continued its climb for the fourth straight month with year-over-year increases. New construction made up 11.5 percent of the market for the month.

The increase in total sales follows back to back months of record numbers of pending sales. June saw transactions under contract increase 24 percent over last year and reach a new all-time high with 1,703 pending sales.

“The pandemic certainly hasn’t cut into the demand for housing in Central Kentucky,” said Greg Buchanan, president of the Lexington-Bluegrass Association of REALTORS® (LBAR). “It was predicted, as we moved through the quarantine, that the market would rebound quickly and the selling season would be pushed back a few months. That is certainly playing out locally as buyers are out in full force, however, inventory is suffering more now because of the demand level.”

Inventory levels throughout the region were low before the crisis hit and the shortage has only intensified over the past several months. Months of inventory plummeted to 1.6 months in June, compared to 2.9 months last year, a drop of 45 percent and down 24 percent from the 2.1 months seen in May. Homes priced from \$160,000 to \$250,000 had just over 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 around two weeks or less for homes priced under \$250,000. In Madison County, homes in the \$120,000 to \$140,000 had levels in the three-day range while Scott County didn’t have any homes listed for sale in that same price category. A six-month supply of inventory is often considered a balanced market.

Total residential housing inventory dropped to an all-time low with 2,276 available residential properties, a 41 percent decrease from a year ago and down 7 percent from the previous month. June’s inventory level marks the seventh consecutive month, starting in December, of record lows and the fifth straight month of levels falling below the 3,000-unit mark.

“Our market needs a more robust supply of homes to meet the needs of buyers who want to purchase real estate in the Central Kentucky region,” stated Buchanan. “Sellers who may have temporarily put their plans on hold, or who didn’t think it was the right time, should strongly consider listing during the summer months. All the right conditions exist to make it an ideal time to sell.”

After a slower than usual start to the spring season for buyer traffic, mainly due to the uncertainty brought on by the pandemic, housing demand has surged over the previous two months. Appointments for available homes experienced consecutive record-breaking months in May and June. Showings jumped 21 percent in June from last year, reaching 24,181 appointments, and was 6 percent higher than May, the previous record month.

An increase in demand has pushed home prices upward for 16 straight months, with June hitting a record high. The median price of a home hit \$200,000 for the first time ever, a 6 percent increase over last year when the median was \$188,700. Single-family homes increased 6 percent to a median of \$204,000 while townhouses/condos jumped 18 percent to \$165,000. Year-to-date, median prices stand at \$190,000, up from \$175,000 last year, a change of 9 percent.

Total sales volume for real estate sales increased 10 percent year-over-year, reaching \$326 million in June, up from just under \$300 million in 2019. For the year, the total volume for real estate sales closed north of \$1.4 billion, an increase of 5 percent over the \$1.3 billion closed in 2019.

Buchanan added, “Pent-up demand is going to be a big driver of the market through the coming months. Buyers are locking in record low interest rates and those will remain for the foreseeable future. Builders are putting up homes but the demand is pushing those timelines out to over a year in some cases. What the market needs is for existing homes to be listed to alleviate the supply problem we are currently facing.”

Mortgage rates averaged a record low 3.16 percent in June, according to the Federal Reserve Bank of St. Louis. As of the middle of July, according to Freddie Mac, interest rates had fallen below 3 percent for the first time since tracking began in 1971, almost 50 years ago. The Mortgage Bankers Association also reported that applications for mortgages were on the rise, with the unadjusted mortgage purchase index up 16 percent year-over-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](http://www.lbar.com) for up to the minute real estate listings and buying and selling resources.*

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