



Home sales surge by double digits in May Price increases slow but still on track for a hot summer market

Lexington, KY (June 26, 2019) – Demand for Central Kentucky real estate is still on the rise going into the summer months. Total home sales surged 10 percent in May, hitting 1,412 total transactions in 2019 versus 1,281 in May 2018. This is the highest monthly total since June 2017 and marks the fourth straight month for year over year increases. Single family homes were up 9 percent in May versus last year while condos/townhomes jumped an impressive 25 percent. The condo/townhome market makes up just under 10 percent of all transactions for the Association. Year-to-date, total home sales are up 6 percent, reaching 5,260 total transactions in 2019 compared to 4,975 in 2018. Nationally, homes sales were down just over 1 percent in May from a year ago.

“Sales continue to be strong in the prime buying season of the year,” said Al Blevins, president of the Lexington-Bluegrass Association of REALTORS®. “The lack of sufficient inventory hasn’t slowed the market as buyers take advantage of historically low interest rates and a strong economy.”

Interest rates have hovered below 4 percent now for several weeks and the Fed has indicated that a rate cut may be possible, maybe as early as July. In fact, several forecasters are predicting that rates may hit all time lows if the economy doesn’t expand to the levels formerly projected in 2019 and 2020. These low rates give qualified buyers the ability to purchase more house for the same money.

Home price increases have been tempered so far in 2019. In May, the median price of a home rose just 2 percent year-over-year to \$176,200 from \$172,500 in 2018. For single family homes, the median price increased 3 percent to \$180,750 while condo/townhomes saw a 10 percent drop in median price to \$128,328. For the year, single family homes have seen median prices rise 4 percent while condo/townhomes are down 12 percent. Total sales volume for LBAR reached just shy of \$300 million for May, an increase of 15 percent over 2018. Year-to-date, total sales volume has now exceeded \$1 billion, an increase of over 7 percent in 2019 compared to 2018.

Nationally, home prices were up almost 5 percent in May, reaching \$277,700, and marking the 87th straight month of year-over-year gains.

Months of inventory dropped in May by 10 percent, from 2.9 months in 2018 to 2.6 months in 2019, due to the increase in the number of homes selling and sold inventory not being replaced with properties coming to the market. New listings were flat when compared to the previous year with 1,958 new listings available in May compared with 1,959 in 2018.

Total available residential inventory in May was up 1 percent at 3,680 properties available in 2019 versus 3,651 in 2018. This was also an increase of just over 1 percent from the previous month.

“Buyers are in the market actively looking for homes,” said Blevins. “However, sellers are not listing properties fast enough to cover demand and new home construction is not as robust as it should be to meet the needs of the consumer.”

Days on market increased 4 percent in May, hitting 53 days, or two days longer than in 2018. Last month, properties stayed on the market 57 days, or 7 percent longer than they did this month. The percent of homes that stayed on the market a month or less jumped to 64 percent, up 2 percent from May 2018, and the percent of homes that stayed on the market 4 months or more rose from 14 percent last May to 15 percent this month.

“The conditions in the market are right for buyers as their purchasing power is bolstered,” Blevins continued. “Most sellers have seen price appreciation over the last several years which helps their financial situation. It is a ‘best of both worlds’ scenario right now – we just need more properties to help facilitate transactions so people can meet their goals with homeownership and take advantage of the low interest rates.”

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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