



Pending real estate sales surge in May signaling a strong summer market Traffic to available properties resumes as economy opens

Lexington, KY (June 26, 2020) – Pending sales in May reversed course from a month prior. April saw pending sales down 16 percent year over year, while May saw pending sales jump 8 percent, with 1,634 properties under contract, an all-time high, compared to 1,517 in 2019. This is a positive sign for how the summer months may play out for the real estate market.

The volume of transactions that are under contract for the month comes at a time when inventory levels dropped to an all-time low with 2,439 available residential properties, a 34 percent decrease from a year ago and down 10 percent from the previous month. May's inventory level marks the sixth consecutive month, starting in December, of record lows and rounds out the fourth straight month of levels falling below the 3,000 threshold.

“With the economy opening back up, we are seeing real estate do the same,” said Greg Buchanan, president of the Lexington-Bluegrass Association of REALTORS® (LBAR). “It’s just taking longer for closings to happen which is extending pending transactions and affecting sales volumes in the short term. This tightening of inventory will also likely put pressure on Lexington and other counties in our region to have additional conversations about growth.”

Inventory levels in Central Kentucky have been trending lower than what is typically seen in the area and the current environment has only exacerbated that fact. Months of inventory reached 2.1 months in May, compared to 2.8 months in April and down 19 percent from the 2.6 months in 2019. Homes priced from \$160,000 to \$200,000 had less than one month of inventory available across all LBAR counties. Fayette County, the county that generates the most transactions in LBAR's jurisdiction, showed inventory levels hovering around two weeks for homes under \$250,000. Madison County, the second most active, had around two weeks of inventory for homes priced between \$120,000 and \$200,000. A six-month supply of inventory is often considered a balanced market.

Days on market in May continued dropping for the year, with a 13 percent decline, hitting 46 days compared to 53 days in May 2019 while they dropped 4 percent from the previous month. Sixty-six percent of all home sales occurred in less than a month while only 13 percent of homes took longer than 120 days to sell in May.

“Interest rates are so favorable right now that buyers are out pounding the pavement trying to find available properties to purchase but it’s tough to find anything that hasn’t already gone under contract,” said Buchanan. “Now is a great time, if you are thinking about selling, or need to sell, to reach out to a REALTOR® to explore options. Inventory is needed to meet buyer demand so sellers may find it very advantageous in the current market.”

Home prices have been pushed upward due to the increased demand, reaching a median of \$193,000 for the month, a 10 percent increase over the \$176,200 median price from the year prior. May's median price was the second highest on record, following the all-time high in April and marking 15 straight months of gains. Nationally, homes

prices jumped just over 2 percent but hit a median of \$284,600, much higher than the median price seen locally. Across the country, home prices have now risen for 99 straight months.

Real estate sales in May experienced a 16 percent decline over last year, with 1,188 total sales compared to 1,412 in 2019. Single-family home sales dropped 14 percent, with 1,105 sales compared to 1,114 last year while townhouses/condos saw a drop of 34 percent with sales of 83 this year versus 125 in 2019.

New construction sales continued to climb for the third straight month with year-over-year increases. May sales hit 125, a 17 percent increase over last year's 107 sales and 5 percent more sales than April. New construction made up almost 11 percent of the market for the month.

Nationally, overall sales dropped almost 27 percent year-over-year and NAR's chief economist Lawrence Yun said that "sales completed in May reflect contract signings in March and April – during the strictest times of the pandemic lockdown and hence the cyclical low point."

Traffic to available homes hit a low mark in April but had a strong rebound in May. Appointments for showings, which hit 22,094 in May, jumped 42 percent over the previous month and increased by 7 percent year-over-year. May's traffic total was an all-time high, exceeding the previous record of 21,029 in April 2019 by 5 percent.

Buchanan added, "Late summer should see real estate sales pick up as closings return to normal and demand continues at a frenzied pace. Record low interest rates will also help spur buyers into action. As the market is dictating, most sellers who put their homes on the market continue to see quick sales and many finding themselves in multiple offer situations."

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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