



Home prices surge as demand continues in Central Kentucky September's median price sets a new all-time high

Lexington, KY (October 19, 2020) – Demand throughout the region has driven up home prices over the first nine months of the year. The median price of a home in September hit \$209,900, a 17 percent increase over last year when the median was \$180,000. The September median is up over 2 percent from the previous month and has spiked 21 percent from January. Home prices have risen for 19 straight months with September recording the fourth consecutive month with median prices closing above the \$200,000 level.

For the third quarter of the year, the median price is up 14 percent while year-to-date, the median price for all residential properties stands at \$195,000, up from \$177,000 last year, a change of 10 percent.

The price increase for the month, coupled with a corresponding jump in sales, pushed the total sales volume for real estate up 37 percent year-over-year, reaching over \$335 million in September from around \$245 million last year. For the year, the total volume for real estate sales closed at over \$2.5 billion, an increase of 14 percent over the \$2.2 billion closed in 2019.

“Foot traffic to properties continues to exceed last year and September showings followed several months of record highs,” said Greg Buchanan, president of the Lexington-Bluegrass Association of REALTORS® (LBAR). “The upward trajectory of prices will continue as long as inventory remains lower than what is needed to satisfy the demand in the area. But homes continue to sell at a record pace moving into the last quarter of the year.”

Home sales in the Central Kentucky region rose to a September record, marking four consecutive months of monthly record sales gains. Sales were up 17 percent for the month, reaching 1,384 compared to 1,180 in September 2019. Single-family homes drove all the growth as they jumped 19 percent for the month compared to a 3 percent drop in townhomes/condos.

Transactions have exceeded last year's total through the first three quarters of the year. With the increase in September, sales through 2020 are up 4 percent, with 11,186 sales compared to 10,729 last year at this time. For the third quarter of the year, homes sales jumped 10 percent with 4,552 homes sold this year compared to 4,154 in the third quarter of 2019.

New construction continued its growth with 137 sales in September, up 59 percent over the 86 sales reached last year. The monthly total is the seventh straight month with year-over-year increases with new construction sales increasing year-over-year in 14 of the last 15 months.

Showings for available properties jumped 15 percent in September, from 17,042 in 2019 to 19,631 this year. This has translated into more properties going under contract as pending sales in September rose 6 percent to a monthly record of 1,272, compared to 1,199 in 2019. September marked the fifth consecutive monthly record for pending transactions.

“Home sales are happening very rapidly with 73 percent of all sales occurring in a month or less according to our data,” said Buchanan. “This is pushing our available inventory into record low territory and making it difficult for many buyers to locate a property to fit their needs. It’s a very robust market and buyers need to be in a position to move on a home when they find what they want.”

September’s inventory hit an all-time low, with only 1,966 homes available, the second consecutive month of levels below the 2,000 threshold. This is a 51 percent drop from last year when inventory levels were at 3,978 homes and is 1 percent below August’s record level. September is the tenth consecutive month, starting in December, of record lows. February was the first month where housing inventory fell below the 3,000 mark with monthly declines since then.

New listings in September also fell and were down 6 percent over last year with only 1,459 coming online compared to 1,548 in 2019. With this decrease, months of inventory hovered at historic lows, reaching 1.4 months, compared to 3.4 months last year, a drop of 59 percent and tied with August as the second lowest total on record.

Homes priced from \$160,000 to \$250,000 hovered around two to three weeks of inventory available across most of the 26 LBAR counties. In the counties of Fayette, Madison, Scott and Jessamine, the four most active counties in the jurisdiction, inventory levels remain at a couple of weeks for homes priced under \$250,000. A six-month supply of inventory is often considered a balanced market, and throughout 2020, most Central Kentucky counties are far below that level.

September’s days on market (DOM) matched the August number with a decline of 14 percent year-over-year with homes taking an average of 38 days to sell, compared to 44 days last year. Seventy-three percent of homes were on the market less than a month while only 8 percent lasted more than 120 days.

“Economic conditions are strong for buyers and are getting better with low interest rates, unemployment numbers declining and consumer confidence rising a 17-year high in September,” stated Buchanan. “However, we continue to see a tightening of inventory as people are not bringing homes to market to match the demand we are experiencing. We don’t have enough homes to sell as this is an ongoing issue for our area.”

Freddie Mac reported another all-time low, the tenth record this year, as the 30-year mortgage rate hit 2.81 percent. Rates have averaged below 3 percent for several weeks, while rates a year ago hovered near 3.5 percent.

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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