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Housing inventory starts year on a positive note

Real estate sales narrow the year-over-year spread

Lexington, KY (February 23, 2024) – Housing inventory reached its highest January level since the start of the pandemic in 2020. With 2,769 homes on the market compared to 2,727 last year, the 2% increase broke a nine consecutive month stretch of year-over-year declines.

With the continued slowdown in sales and inventory numbers up, months of inventory (MOI) remained above 3 for the third consecutive month. The 3.9 months tallied in January was the highest it's been since December 2019, or 49 months. This represented a 5% increase from a year ago when it was 3.7 months and up 18% from the previous month of 3.3 months.

Randy Newsome, president of Bluegrass Realtors®, commented, "Demand should pick up as we move into the spring market so any uptick in inventory will help buyers in their search. And if interest rates do continue to scale down, any improvement in inventory will get absorbed by the market relatively quick just as it has in the past few years."

And homes are selling at a faster clip to start the year than they did last year. January's days on market (DOM) remained consistent with the previous two months, averaging 39 days, but dropped 6 days from last year. January's drop in DOM was the first year-over-year decline in 18 months. The median DOM decreased by three days year-over-year, from 25 days in January 2023 to 22 days in 2024.

Home sales closed the gap in January compared to last year. With 718 total residential sales this year, the decline was only 4% compared to last year's 744 sales. January's single-digit decrease for the month was the closest year-over-year spread since June 2022 when homes sales reversed course and decreases became the trend. Single-family home sales stood at 665, marking a 5% drop over the 697 sold in 2023. Townhouse/condo sales increased by 13% to 53, the second consecutive month with year-over-year gains.

New construction sales continued their upward trend with a 29% boost in January, rounding out three consecutive strong months. January ended with 80 sales compared to 62 last year.

"Although sales have remained depressed over the last year and a half, much of that occurred due to the interest rate spikes in 2022," Newsome emphasized. "January's sales were only off by a few dozen and now that rates are starting to drop, we may see a change in sales moving later into the year as borrowing costs become more attractive. Prices, however, are still on the rise."

Median home prices continued their ascent with January tallying the 59th consecutive month of year-over-year price appreciation. Prices rose to \$258,000 in January compared to \$242,900 in 2023, a jump of 6%. The median reached an all-time high for the month of January.

Single-family homes landed at \$258,950 in January, a 7% jump, while townhomes/condos experienced a 3% drop, moving back to \$243,450.



The total volume of residential real estate sold in January retreated slightly with a 3% decline to just over \$208 million, down from \$214 million last year. The monthly total was still the fourth highest January on record.

After ending the year on an upturn, the number of new listings in January took a 10% drop from the previous year. The total number of properties entering the market saw a 10% drop, reaching 1,041 compared to 1,157 in 2023. The total was an all-time January low and was discouraging as the market could use an influx of new homes into the market to offset the potential buyer demand on the horizon.

Newsome concluded, "The industry is preparing for news from the Feds on the interest rates going into the spring market. Many experts are predicting, starting in March, a lowering of the national rate which should boost buyer demand. Our region will need the inventory to satisfy buyers and keep prices in check."

But the market hasn't headed in that direction just yet as pending sales in January dropped 10% to 917, the lowest total since 2016, from 1,014 in the prior year. Sales under contract did represent a 9% jump from December, a trend that usually plays out to start a new year.

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