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Housing inventory continues to rise, giving buyers more options

Sales and prices trend up, point to strong market demand

Lexington, KY (August 26, 2026) – Inventory levels remained above 4,000 homes for a third consecutive month, marking the first time that has occurred since the start of the pandemic in 2020. July's inventory of 4,399 homes was 10% higher than the 4,002 homes available a year ago, marking 33 consecutive months of year-over-year inventory growth. The rise in available homes has given buyers more options due to the highest July inventory level seen in seven years. Over the previous month, inventory grew by 3%.

The increase in inventory for July pushed the months of inventory (MOI) up slightly to 3 months compared to June when it was 2.9, a 3% jump. July's MOI was the first increase in 2026 and was the highest July total since 2019. Compared to last year, the MOI rose 7% from 2.8 months.

"The market has needed an injection of homes to come online for quite some time," said Mike Inman, president of Bluegrass Realtors®. "However, we can definitely use more selection as demand remains strong. The market is moving toward a better balance, but it's happening more gradually than we would like to see."

The market saw the average number of days on market (DOM) in July rise for the first time since March. At 41 days, the average was up 3%, or one day, from the previous month. Average DOM was unchanged from July 2025, while the median increased by one day (14 to 15) compared to the same month last year. For the year, homes have been staying on the market for an average of 50 days, slightly longer than the 48 days in 2025.

Sales activity continued its momentum in July, with total transactions increasing 4% from last year. July's 1,487 sales, compared to 1,429 in 2025, marked the highest total for the month in five years and extended the year-over-year growth streak to eight consecutive months. For the year, home sales are up 7% with 8,515 transactions versus 7,975 in 2025.

July's single-family sales rose 8%, with 1,411 homes sold compared to 1,310 last year, while townhouse and condo sales dropped 36% from 119 units in 2025 to 76 this year. Townhouses and condos represented just under 5.5% of the market.

New construction sales in July hit the second highest total since 2010 and the most new home sales in six years. With 162 sales, the July number was 30% higher than a year ago when it was 125 and 2% higher than the previous month's 159 sales.

Pending sales posted a 2% year-over-year decline in July, with 1,358 homes going under contract compared to 1,388 in July 2025. The decline ended a four-month streak of year-over-year increases. However, pending sales remain up 6% year-to-date.

New listings in July increased 2% from the previous month, with 1,987 homes entering the market compared to 1,952 in June. However, new listings were down 1% from July 2025, when 2,004 homes were listed. Year-to-date, new listings are up 8%, with 13,074 homes entering the market compared to 12,097 during the same period last year.

"Buyers are benefiting from more choices and a little more time to make decisions, while sellers continue to see strong demand and historically high prices," continued Inman. "That combination is a positive sign for the health of the market."

The median home price reached a record $310,000 in July, increasing 6% from $292,000 a year ago and up 3% from the previous record of $300,000 set in June. Year-to-date, the median home price is $294,900, up 4% from $284,900 in 2025.

Single-family home prices in July increased 7% to $311,000, from $290,000 last year while townhouse and condo prices dipped 5% to $277,500 from $293,500 in 2025.

The total value of real estate transactions reached $539 million in July, a record high, with both sales volume and prices on the rise. This represents an 8% increase from the $498 million recorded during the same month last year. For the year, the volume of transactions hit $2.9 billion in 2026, a 10% jump, compared to $2.6 billion last year.

The average 30-year fixed mortgage rate was 6.54% in July, up slightly from 6.49% in June. The July rate was also below the 6.72% average recorded a year ago. Mortgage rates have remained relatively stable through the summer and are expected to remain primarily in the mid-6% range through the remainder of the year. While modest declines are possible, a return to rates near 6% or below appears unlikely without a significant improvement in inflation or broader economic conditions.

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