



Contact: Hunt Cooper, Communications Director
hunt@bluegrassrealtors.com | 859.276.3503

Housing inventory climbs giving buyers more options

Interest rates drop from a year ago

Lexington, KY (September 23, 2024) – The number of residential properties available in the region has steadily risen throughout the year and, in August, climbed to the highest level since July 2020. Total inventory reached 3,419 properties, a 23% increase over the 2,789 homes available last year and up 2% from the previous month. August was the third consecutive month with inventory remaining over the 3,000 mark and the 10th consecutive month of year-over-year improvements.

New listings were flat from the previous month, but properties coming to market jumped ahead year-over-year by 1%. August saw new listings at 1,647 compared to 1,643 last year and have increased annually since February of this year, or seven consecutive months. Year-to-date, new listings have increased 6%, to 12,413 this year, up from 11,724 last year.

Months of inventory (MOI) continues to improve going into the fall, peaking at 2.8 in August and is the third consecutive month-over-month increase in 2024. That is 27% higher than last year when the MOI was 2.2 and notched the 28th consecutive month of year-over-year increases. August's MOI was the highest for the month since 2019 and was 8% higher than the previous month.

"Heading into the Fall, buyers have more housing options with the rise in inventory," said Randy Newsome, president of Bluegrass Realtors®. "And interest rates continuing to drop is adding another bonus for buyers, giving them more purchasing power in their house hunt."

Interest rates in August averaged 6.5%, down more than a half percent from last year's 7.07% and down from last month's 6.85%. Leading up to the Federal Reserve's decision to cut the interest rate for the first time in four years, rates have continued to fall into September. And, according to analysts, rates should continue a downward trend through next year.

Even with falling rates, transactions didn't keep pace. Overall residential sales dropped in August to 1,203 from 1,263 last year, a decrease of 5% and down 6% from the previous month. Single family sales were down 6% with 1,130 sales this year compared to 1,197 last year. Townhouse/condo sales held strong with 73 sales this year compared to 66 in 2023, a jump of 11%.

Over the first eight months of the year, sales have remained even with 8,717 homes selling in 2024 compared to 8,725 last year.

New construction sales in August slipped from the previous month by 7%, dropping from 123 sales to 114, but rose 9% from last year, marking the third straight month of year-over-year gains. For the year, sales are up 13% on new construction.



August saw pending transactions fall 4% compared to last year, with 1,174 properties under contract versus 1,223 in 2023. Homes under contract slid even more from the previous month, declining 7% from last month's 1,259 properties.

"There was some momentum in the housing market going through the summer," stated Newsome. "With rates coming down, which is what consumers have been waiting on, the expectation is the market will see strong activity through the end of the year."

Slower sales in August didn't affect home prices as they hit an all-time high for the month and the second highest on record, reaching \$280,000. This was up 8% over last year's mark of \$259,474 and marked the 66th consecutive month of year-over-year price appreciation. The monthly median was also 2% above the previous month's price of \$275,000.

Single-family homes hit a median of \$282,000, a 9% increase from the previous year's \$259,900, while townhomes/condos rose to \$265,250, up 5% from last year's \$253,500.

For the year, overall median prices have risen 8%, reaching \$275,000 compared to \$254,900 in 2023.

The total volume of real estate sold through the first eight months was just shy of \$2.75 billion, up 7% from 2023, with \$392 million of that coming in August, a 5% increase over last year's \$374 million.

Newsome continued, "The dynamics of the market are pushing prices to remain elevated. And although we seem to have gotten away from the double-digit price gains for the most part, consumers who purchased a home over the past decade have realized significant equity gains, with few exceptions."

The average time for a home to sell rose remained at just over a month, 35 days in August, up from 34 days in July. For the year, 39 days was the average time to sell, the same as last year. The median DOM rose, year-over-year, to 13 days from 9 days.

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