BetterBond

Property Brief

NOVEMBER 2026



South Africa's property market shows resilience despite rising costs

South Africa's property market continues to show resilience, despite the impact of higher interest rates and rising deposit requirements. Home loan applications remain 6% above 2024 levels, while average home prices have recorded real growth of 7.1%. First-time buyers have reached a new record average purchase price of R1.48 million, supported by steadily rising incomes. Household finances are also showing signs of improvement, with disposable income and financial resilience gaining ground. This edition of the BetterBond Property Brief explores the latest trends shaping home loan activity, affordability, house prices and residential construction.

"While higher interest rates and deposit requirements are putting pressure on some prospective buyers, there are encouraging signs of resilience in the market. Rising household incomes are helping to support affordability, while home prices and property activity continue to show strength. There are still challenges to navigate, but the latest figures point to a market that is holding its ground and showing signs of continued opportunity."

STEPHAN POTGIETER

CEO of BetterHome Group Mortgage Origination and BetterBond

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Economic Compass

Three cheers for the mini budget!

The annual reading of the Medium-Term Budget Policy Statement by the Minister of Finance, referred to as the "mini budget", received substantially more attention than usual, mainly due to expectations of measures to provide fuel price relief. The National Treasury did not disappoint, with a substantial reduction in both diesel and petrol prices having been announced for the last two months of the year, at an estimated fiscal cost of R10 billion, which an estimated fiscal revenue overrun of R17 billion will comfortably take care of! Other good news is related to new measures aimed at improving the ability of municipalities to engage directly with the private sector in the urgent quest to repair and expand infrastructure.



Dr Roelof Botha
Economist

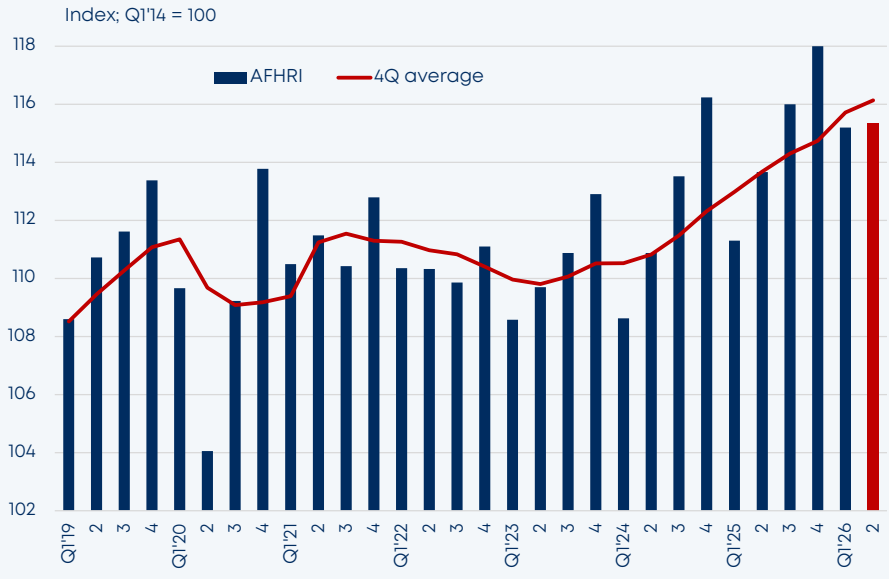
Dr Botha is an alumni faculty member of the Gordon Institute of Business Science (GIBS) and a seasoned commentator on economic issues. He is an economic advisor to BetterBond and Currencies Direct, and former advisor at the National Treasury.

1 Household finances improve (on aggregate)

The seasonally-adjusted Altron FinTech Household Resilience Index (AFHRI) recorded its ninth successive increase in Q2 2026 (figure 1), with year-on-year growth of 2.2% – considerably higher than the comparable growth rate of only 0.9% for the country's GDP.

FIGURE 1

Altron Fintech Household Resilience Index (AFHRI) Q2 2026



It is clear that the Reserve Bank's rate-cutting cycle that started in September 2024 immediately lowered the debt servicing costs of households, releasing pent-up demand that has resulted in a steady increase in the real disposable incomes of households. Hopefully, the return to higher interest rates will be short-lived and prevent the AFHRI from reversing its current trend.

HIGHLIGHTS

R17 million
Fiscal revenue overrun

R10 million
Cost of fuel levy decline

2.2%
YoY increase in the Altron Fintech Index

0.1%
CPI movement in September

Subdued CPI may prevent further rate hikes

During September, South Africa's Consumer Price Index (CPI) only ticked up by 0.1 of a percentage point to an annualised level of 4.5%, which is virtually the mid-point of the inflation target range of 3% to 6% that was abandoned by the Reserve Bank's Monetary Policy Committee (MPC) at the end of last year. It was replaced by a target point of 3%, with a so-called "tolerance level" of 4%.

The wisdom of the latter decision was questioned by several economists and business leaders, who warned that the removal of the erstwhile target range would reduce the flexibility required during short-term supply shocks, such as the current increase in fuel prices.

The September reading of the Producer Price Index (PPI) shows that the group for petrol, diesel and other fuel products, increased by 32.9% year on year. This has fed into the CPI, and it is extremely difficult to grasp how an increase in the cost of credit and capital will assist in lowering inflation emanating entirely from the supply side.

Fortunately, any progress with ending the hostilities in Eastern Europe and the Middle East is bound to lead to a sharp drop in fuel prices. For now, the October reading of the CPI will hopefully remain below 5%, which may prevent a further increase in the prime lending rate this year (via the repo rate).

Property market overview



HIGHLIGHTS

6%
Increase in loan applications over 2 years

R1.48 million
New record average home price for FTBs

7.1%
YoY real increase in average home price

13.4%
Average FTB deposit for home loans

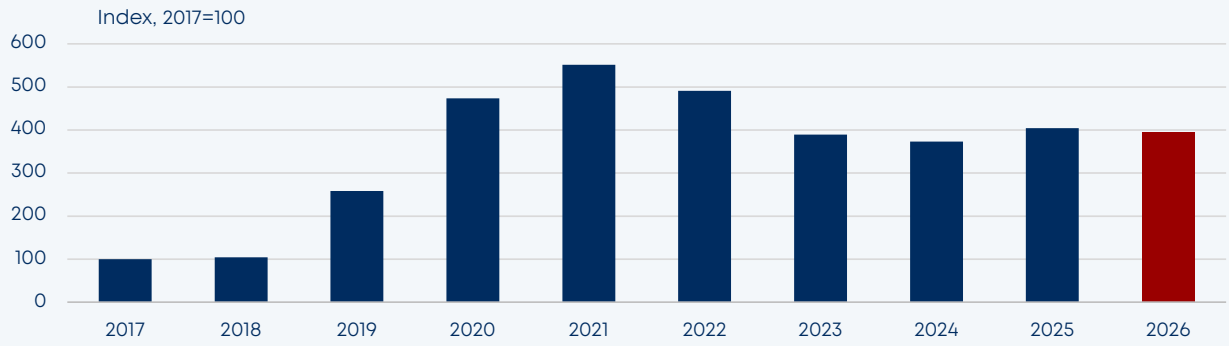
R76,800
Average monthly income of homebuyers

10%
Average annual increase in FTB income since 2021

2 BetterBond Index of Home Loan Applications

Due to a solid performance of home loan applications during Q1 2026, the annualised Index of Home Loan Applications for the 12 months ended October only declined by 2.2%. Unfortunately, the rise in the prime lending rate from 10.25% in April 2026 to 10.75% in September 2026 has dampened the appetite of some prospective homebuyers. The recent increases in lending rates are the result of a spike in fuel prices, which have been caused by the hostilities in Eastern Europe and the Middle East. An end to these hostilities, especially attacks on fuel refineries and cargo ships, is bound to reverse the upward trend in consumer inflation, which should eventually lead to a resumption of the rate-cutting cycle that commenced in September 2024. Since the recovery of home loan activity in 2024, the BetterBond Index of Home Loan Applications has nevertheless increased by a healthy margin of 6% (figure 2).

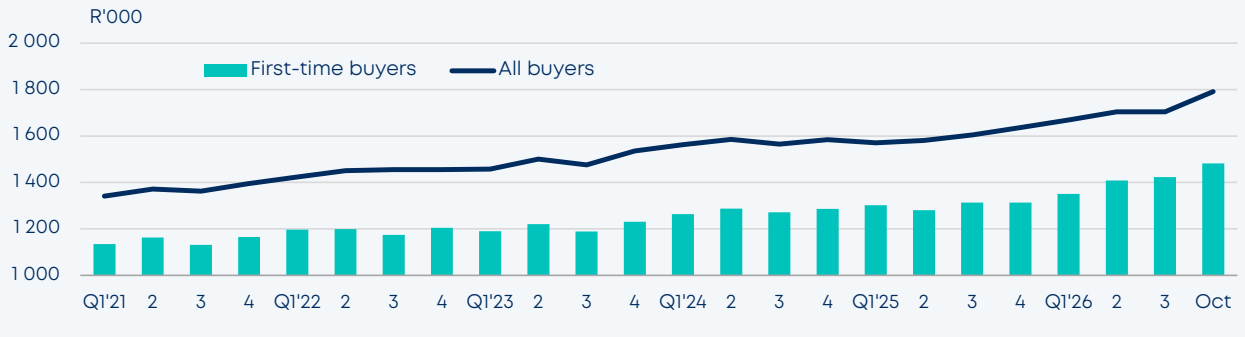
FIGURE 2



3 Average home purchase price

During October, the average home purchase price for First-Time Buyers (FTBs) increased by 16.4% YoY to a new record high of R1.48 million. This translates into a real YoY increase of 11.9%, which is also the highest increase on record. The average home purchase price for all buyers also increased at a double-digit rate, which amounted to a YoY real increase of 7.1%. One of the reasons for this trend is the growing gap between the value of building plans passed and buildings completed in the metros and larger municipalities of South Africa. During the first eight months of 2026, the ratio between the values of residential buildings built and approved plans declined to 56%, from a level of 65.8% in 2025. Figure 3 illustrates the rising trend in house prices since interest rates were lowered towards the end of 2024, which has now gathered momentum, despite two interest rate increases of 25 basis points each in May and September.

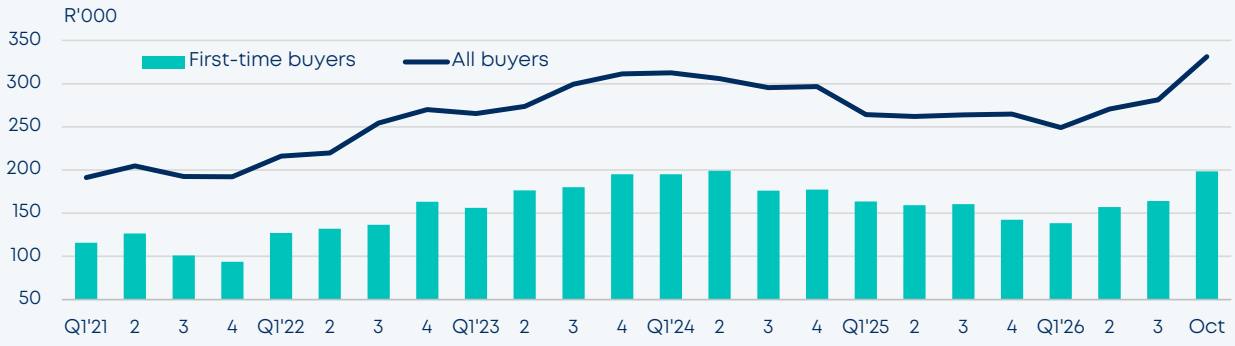
FIGURE 3



4 Average deposit for home purchase

During October, average deposits required by FTBs for accessing home loans increased to the same level as the record high interest rates of early 2024, namely just below R200,000 (figure 4). For repeat buyers, the increase in average deposit requirements reached a new record high. In real terms, however, the deposit requirement for FTBs in October 2026 was 7% lower than in Q1 2024. Fortunately, also, the ratio of average deposits to average home prices have remained marginally below the average ratio between Q3 2022 and Q4 2024, when the prime lending rate was at 11.75% and the economy was being stifled by the highest cost of credit in 15 years. In October, FTBs were required to pay an average deposit of 13.4% of the purchase price for a home – still less than the 14.2% requirement, on average, that existed between Q3 2022 and Q4 2024. The blow of higher deposits has also been softened by consistent increases in incomes.

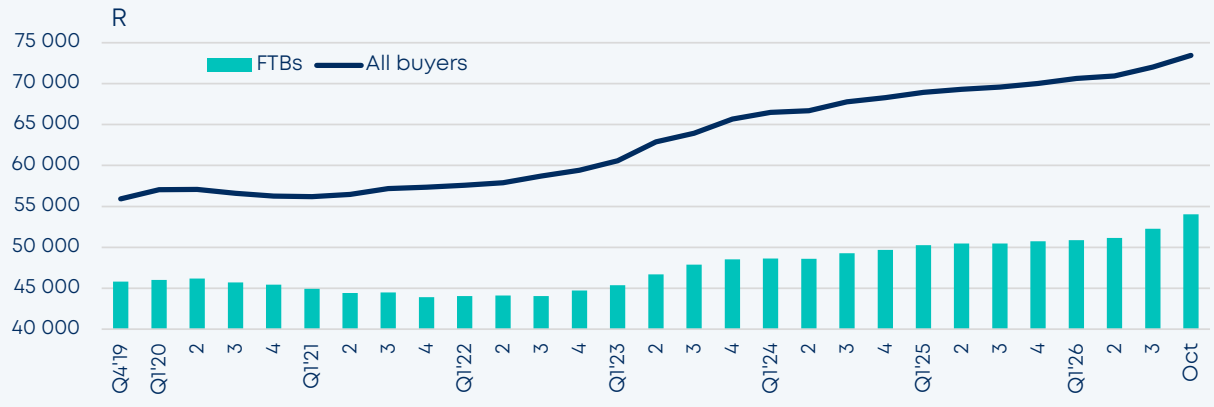
FIGURE 4



5 Average monthly income of homebuyers at constant 2026 prices (4-quarter average)

After stalling somewhat between Q2 2025 and Q2 2026, the increases in average monthly homebuyer incomes have gained considerable momentum, reaching new record highs for both FTBs and repeat buyers. Figure 5 illustrates the sustained increases in average incomes of homebuyers in real terms (based on four-quarter averages to eliminate the seasonality of bonuses, especially at year end). In October 2026, the nominal average income for FTBs was R58,200 – a new record high. For all buyers, the figure was R76,800 – also a record. Since October 2021, the average annual nominal incomes of FTBs have increased at an annual average rate of 10%. The ability of prospective homebuyers to increase their average incomes at rates that are significantly above inflation represents a key driver of residential property market activity during a period when the market was battling with exceptionally high interest rates.

FIGURE 5

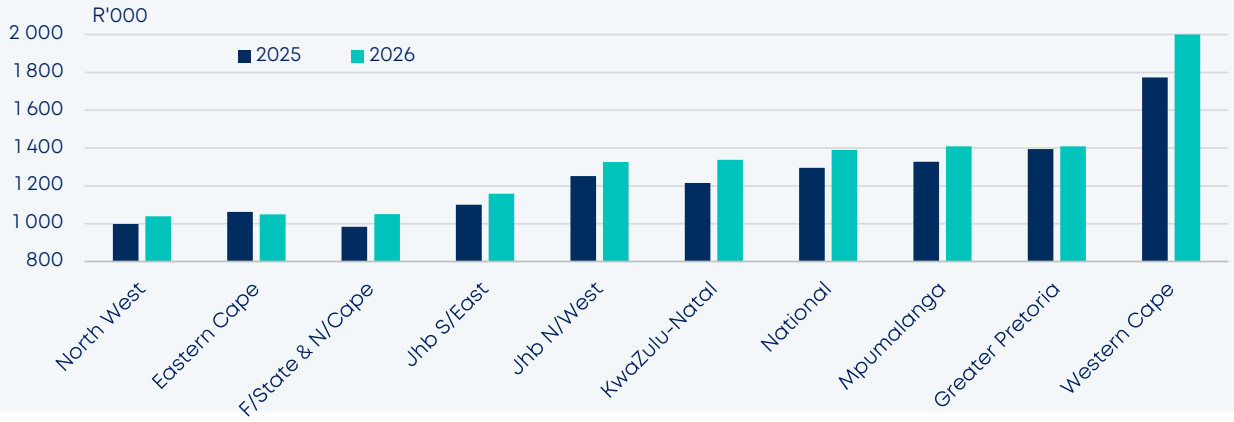


6 Regional composition of average FTB home price (12 months to October 2025 & 2026)

Over the past 12 months, the Eastern Cape is the only region to have experienced a decline in the average home purchase price for FTBs, as illustrated by figure 6. Seven other regions managed to outperform inflation by recording average home price growth of more than 4.5% (the current annualised Consumer Price Index – CPI). Leading the pack was the Western Cape, with a YoY nominal average home price growth of 12.7%, which allowed the region to break through the R2 million FTB home price barrier for the first time.

KwaZulu-Natal recorded the second highest YoY increase, namely 10%, but the region's average FTB home price remained below the national average. Also worth noting is the progress of Mpumalanga, which now shares the second highest FTB home price of R1.4 million with Greater Pretoria. The premium for home prices in Johannesburg's North-Western suburbs over the South-Eastern region has increased marginally to 14.4%.

FIGURE 6

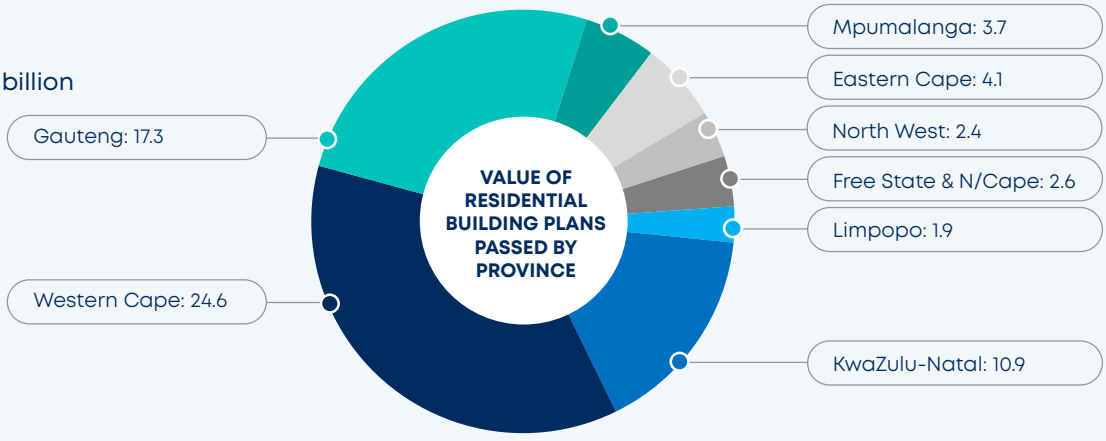


7 Value of residential building plans passed by province (Jan to Aug 2026)

The first eight months of the year has seen a welcome increase in the value of residential building plans passed in the metros and larger municipalities, namely 4.7% YoY, which managed to beat inflation by a whisker. The total for the country stood at R67.4 billion, which should act as a precursor for increased residential construction activity over the short to medium term. As has become customary, the Western Cape leads the provincial pack with plans valued at R24.6 billion, followed by Gauteng at R17.3 billion, as illustrated by figure 7. KwaZulu-Natal was in third place with plans valued at R10.9 billion and also boasted the second highest YoY increase, namely 15.5%. The tourism industry's strong recovery has driven an 88% year-on-year increase in plans passed for 'other residential buildings', which include guest houses and holiday accommodation. Demand for flats and townhouses has also remained strong, with plans passed rising by 18% year on year.

FIGURE 7

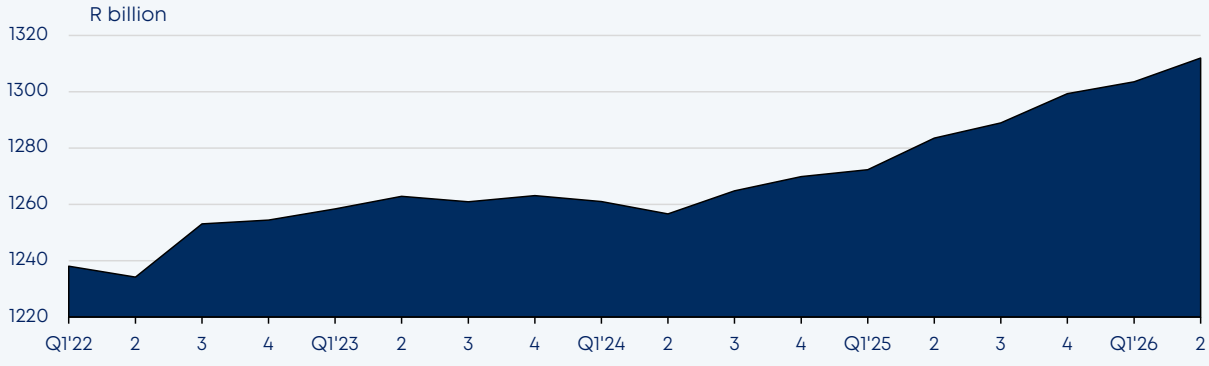
Total: R67.4 billion



8 Sustained increase in household income

According to the latest Quarterly Bulletin published by the South African Reserve Bank, total household disposable income started to recover in real terms just as the rate-cutting cycle started (during the third quarter of 2024). One of the main drivers of this welcome trend is related to the fact that lower interest rates automatically lead to lower debt servicing costs for many households. Figure 8 illustrates the new growth trend for the disposable income of households as well as the prior declining trend, which was the result of record high interest rates. Household disposable income represents one of the 20 different indicators captured by the Altron Fintech Household Resilience Index (AFHRI) and it recorded YoY real growth of 2.7% during Q2. The AFHRI also features the BetterBond house price index as a proxy for household assets that may be used to generate rental income. During Q2, no less than 15 of the 20 AFHRI indicators recorded positive YoY growth.

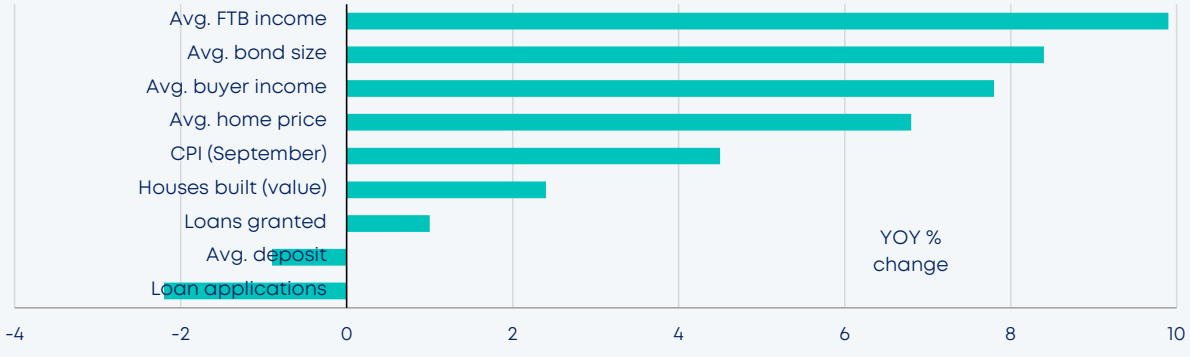
FIGURE 8



9 YoY percentage change in key residential property market metrics (12 months to October 2026)

A number of key indicators of residential property market activity have started to reflect the impact of the two interest rate increases in May and September this year, especially the number of home loan applications. Compared over a 12-month period, however, the impact has been muted, as illustrated by figure 9. Despite a marginal decline in the number of loan applications, impressive YoY increases were recorded for the average approved bond size (8.4%) and the average incomes of homebuyers (7.8%). Unfortunately, average deposits increased significantly in October (compared to earlier in 2026), but when expressed as a percentage of average house prices, these increases are more moderate. It is also important to point out that average incomes of all buyers have increased at high rates during 2026. Furthermore, a higher deposit has its merits, as it acts to reduce the monthly loan repayment.

FIGURE 9



Get in touch

Meet the people behind our regions. This map shows where our offices are located across South Africa and introduces the regional managers who lead our teams in each province. Reach out to a regional manager for support in your area.



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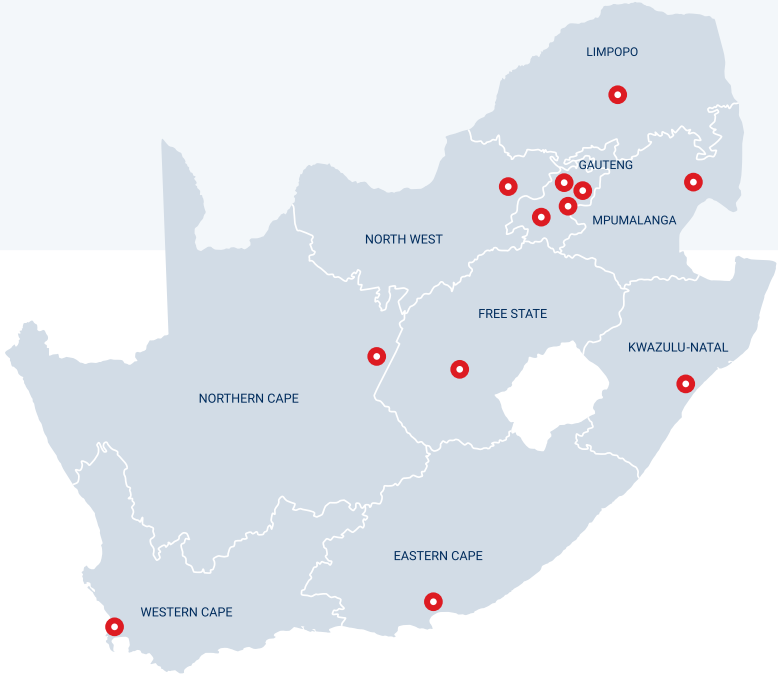
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