



MARCH 2026



BetterBond PROPERTY BRIEF



Early momentum for SA property – but global volatility looms

South Africa's residential property market has started the year on a cautiously positive note, with improving home loan activity and renewed buyer interest. Rising tensions in the Middle East, including the conflict involving Iran and the United States, have pushed oil prices higher and raised fears of fuel price increases and inflation. Against this backdrop, the latest BetterBond Property Brief explores current housing trends, buyer behaviour, and whether the market's early momentum can continue.



“While early indicators in the property market are encouraging, ongoing global uncertainty reminds us that confidence and affordability remain closely tied to the broader economic environment.”

STEPHAN POTGIETER,
CEO of BetterHome Group Mortgage Origination and BetterBond

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Economic Compass

The war in Iran has raised geopolitical uncertainty to a new level. Unlike the ongoing military conflict in the Ukraine, the hostilities in the Middle East are impacting on global freight shipping, while the closure of the strait of Hormuz has already caused a spike in the price of Brent crude oil. Emerging market currencies have also taken a severe dip, due to investors fleeing to the safe haven traditionally provided by US Treasuries.

A weakening domestic currency may eventually lead to a halt in the Reserve Bank's rate-cutting cycle and dampen the current mood of optimism in the residential property market. Hopefully, a ceasefire will be negotiated sooner rather than later, which should allow fundamentals to once again determine economic activity.

In South Africa's case, these fundamentals have been improving since last year, with the prime lending rate having declined by 150 basis points since September 2024 and GDP growth starting to aim higher (the National Treasury's forecast for 2026 is 1.6%). The property market has also been buoyed by the 2026/27 national budget, which included an increase in the tax exclusion from the capital gain on the sale of a primary residence from R2m to R3m and an increase in the tax bracket thresholds for inflation. The reform of the Municipal Infrastructure Grant should also lead to improvements with infrastructure maintenance at municipal level, which is a key consideration for prospective homebuyers.

1 Bond yield declines sharply

South Africa's 10-year government bond yield has declined to its lowest level in eight years (figure 1). This indicator serves as the country's benchmark long-term interest rate and declined by 330 basis points between 4 April last year and 25 February 2026. Although the war in the Middle East has taken its toll on emerging market bonds, the yield on 5 March was still 285 basis points lower than its level 11 months ago.

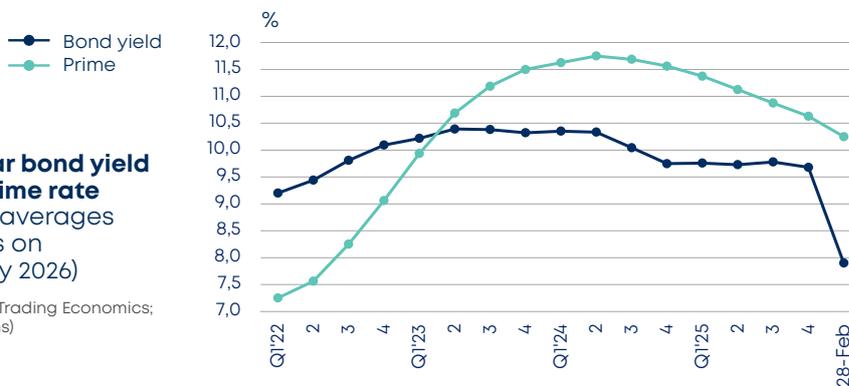


FIGURE 1

SA's 10-year bond yield and the prime rate (4-quarter averages and values on 28 February 2026)

(Sources: SARB; Trading Economics; own calculations)

Over the same period, the decline in the prime lending rate was only 100 basis points. Given the strong long-term correlation between a country's benchmark bond yield and its commercial lending rate, this suggests the Reserve Bank's rate-cutting cycle has been too cautious. Based on this relationship, the prime rate should be in a range of 8% to 9%, not the current rate of 10.25%.

The decline in the bond yield is effectively a reward for South Africa's progress with restoring fiscal stability, maintaining a strong balance of payments and reviving economic growth. A lower prime rate will enhance spending power and assist the huge task of lowering the unemployment rate.

Tourism back on track

During Q4 2025, the post-Covid recovery rate for overseas visitors to South Africa came to within a whisker of a full recovery, reaching a level of 96% (using the number of tourists in the same quarter before the Covid-19 pandemic as the denominator).

The UK remained the top source country with 350,000 visitors and a YoY growth rate of more than 15%. The US was in second position, followed by Germany, the Netherlands and France. Double-digit YoY growth rates were recorded for eight of the top twelve source countries for overseas tourists. Growth in the arrival of overseas travellers traditionally serves to stimulate the investment demand for residential properties, especially in the Western Cape.



Dr Roelof Botha
Economist

Affiliated with the Gordon Institute of Business Science (GIBS), Dr Botha is a seasoned commentator on economic issues, long-time advisor to the Optimum Investment Group and Currencies Direct, and former advisor to the National Treasury.

HIGHLIGHTS

1.6%

National Treasury's 2026 GDP growth forecast

R3 million

New exclusion from capital gains tax on residences

285 basis points

Decline in the 10-year bond yield (4 April 2025 to 5 March 2026)

Highlights



Increase in bond applications since Q4 2023



Average house price for first-time buyers



Decline in deposits for first-time buyers since Q1 2024



Average house price in the Western Cape



Share of loans for houses above R2 million

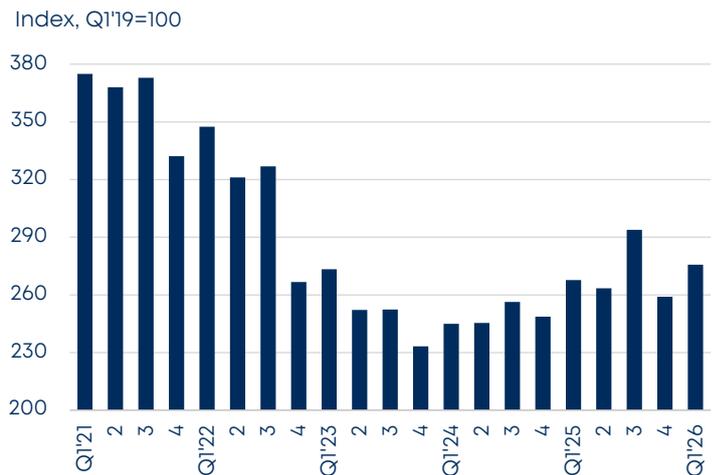


Home loan approval ratio for Greater Pretoria

2 BetterBond Index of Home Loan Applications

The first two months of 2026 started on a strong footing for home loan applications, as illustrated by **figure 2**. Although the QoQ increase in the BetterBond Index of 6.4% seems quite impressive, this figure comes off a relatively low base, due to the modest seasonal slump that occurs in Q4 of each year (related to summer holidays and business closures). The YoY increase in home loan applications is therefore more informative of conditions in the residential property market. This came in at 3%, helping to sustain the property market's recovery from the recession caused by record-high interest rates in 2023 and 2024. Since bottoming out in Q4 2023, BetterBond home loan applications have increased by 18.2%, although the current level of applications remains lower than in Q3 2021. Hopefully, further interest rate cuts are in the offing once the hostilities in the Middle East subside, which is bound to lift the BetterBond Index to even higher levels.

FIGURE 2



3 Average home purchase price

During the first two months of 2026, average house prices reached a milestone, with positive real increases recorded for both first-time buyers (FTBs) and repeat buyers through BetterBond's origination services. This marks the first such occurrence since before Q4 2024, in response to lower interest rates. When adjusted for inflation, the YoY increases in average house prices for all buyers and for FTBs amounted to 1.9% and 0.2%, respectively during the first two months of Q1 2026. In nominal terms, new record highs were recorded during January and February, namely R1.66 million for all buyers and R1.35 million for FTBs (see **figure 3**). Unfortunately, the monetary policy authorities paused the rate-cutting cycle in their January meeting. Speculation has been rife that a further rate cut would occur in March, but the war in the Middle East may prevent this, due to the double-edged inflationary effect of the higher oil price and the depreciation of the rand. Hopefully, the hostilities will end sooner rather than later.

FIGURE 3



4 Average deposit for home purchase

Deposit requirements for home loans fell steadily after peaking in early 2024, but have recently stalled, likely due to the Reserve Bank's (hopefully temporary) pause in its rate-cutting cycle (see **figure 4**). The Reserve Bank's Monetary Policy Committee (MPC) kept rates unchanged at their meeting in January, despite the economy still underperforming and unemployment remaining virtually unchanged. During Q1, the average deposit requirement for FTBs increased by 3.1% to R156,000, although this was marginally lower than a year ago. For all buyers, the deposit requirement was virtually unchanged QoQ, but marginally lower YoY, amounting to R278,000. Compared to Q1 2024, however, prospective homebuyers have something to be grateful for, as the deposit requirements for FTBs and for all buyers are currently 20% and 11% lower, respectively.

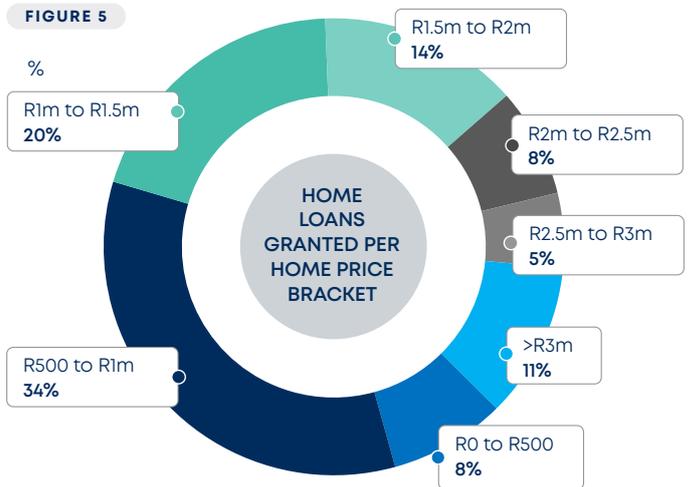
FIGURE 4



5 Percentage share of home loans granted per home price bracket (12 months to Feb 2026)

Figure 5 illustrates the composition of home loans granted per home price bracket. Over the past two years, a significant change has occurred in this composition, with a 21% increase in the allocation to houses priced at more than R3 million. Although houses priced between R500,000 and R1 million still constitute the most popular price bracket, commanding 34% of the total loans, its share has declined by 3.5% since Q1 2024. Houses priced at between R1 million and R1.5 million remain the second most popular, attracting 20% of all home loans, with the next bracket (R1.5 million to R2 million) in third place. Although houses priced at above R2 million only accounted for 24% of all loans during Q1 2026, their combined share of total home loans granted has increased by 12.8% since Q1 2024.

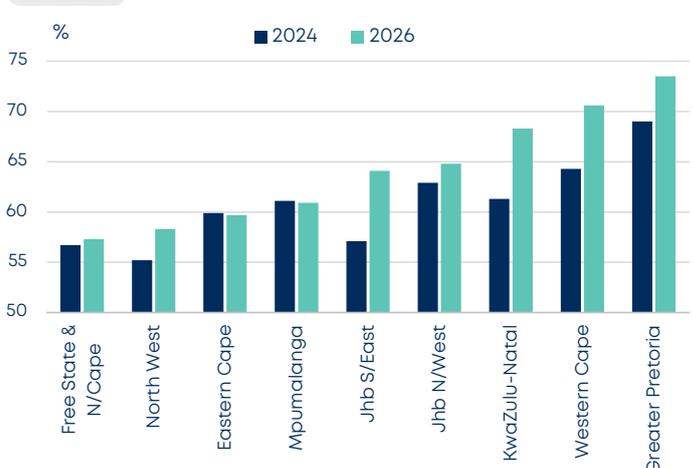
FIGURE 5



6 Loan approval ratio by region (12 months to Feb)

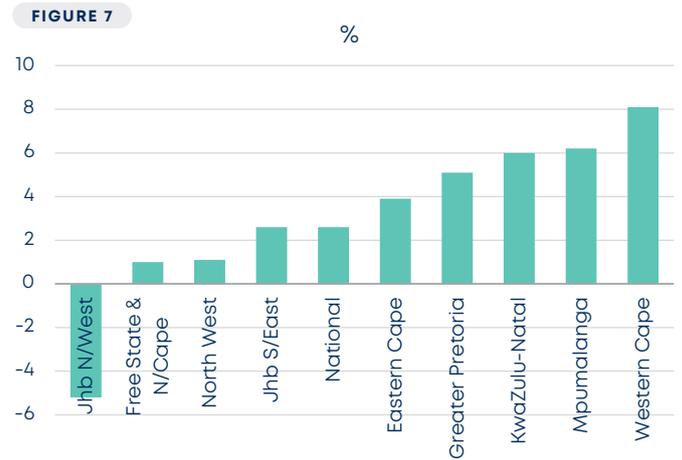
Ever since interest rates started to drop from the record highs between 2023 and September 2024, the home loan approval ratio has steadily increased, with the strongest improvements over the past two years being recorded by Johannesburg's South-Eastern suburbs and KwaZulu-Natal. Both regions recorded double-digit growth rates in loan approval ratios (see **figure 6**). Greater Pretoria boasted the highest loan approval ratio, namely 73.5%, while also managing a solid increase of 6.5% over the ratio two years ago. The Western Cape had the second highest ratio, namely 70.6% and the region's increase of 9.8% from the level in 2024 was also impressive. Only two regions failed to improve their loan approval ratios, but only marginally so.

FIGURE 6



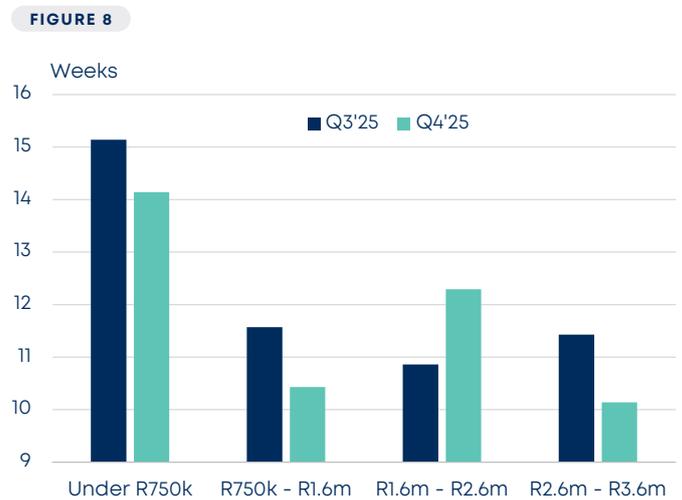
7 Percentage change in average real home purchase price by region (12 months to Feb 2025 & 2026)

The problems associated with the poor service delivery in the Johannesburg metro, especially water shortages, decaying roads and billing have taken their toll on the average house price sold in Johannesburg's North-Western suburbs, with a real YoY decline of 8.7%. Although the city's South-Eastern suburbs fared better, it still recorded a decline in the average house price, when adjusted for inflation. **Figure 7** provides a regional ranking of the YoY percentage change in average house prices, with eight of the nine regions managing to record increases. When adjusted for the Consumer Price Index, however, only five regions managed YoY growth. The Western Cape occupied the first place for both the average price (R2.27 million) and the nominal YoY increase (8.1%).



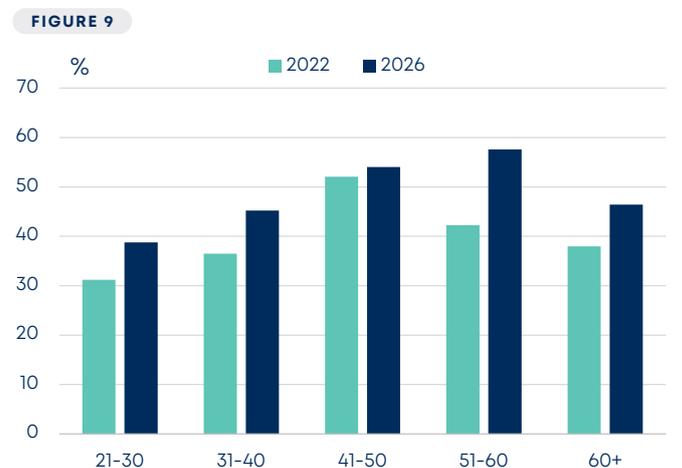
8 Average selling time for different house price categories (Q3 & Q4 2025)

The latest survey among estate agents in four provinces (Western Cape, Gauteng, Eastern Cape and KwaZulu-Natal) published in the FNB Property Barometer, reveals an increase in the activity levels in the Western Cape during Q4 2025, with the province also boasting the shortest average selling time, namely six weeks and two days. KwaZulu-Natal was in second place with an average selling time of nine weeks and four days, with Gauteng occupying the last position – just short of 14 weeks. Houses in the R2.6 to R3.6 million category were the fastest sellers at an average duration of ten weeks and one day, followed by houses priced between R750,000 and R1.6 million at ten weeks and three days. The price bracket of R1.6 to R2.6 million proved the most difficult to sell, with an increase in the selling time from ten weeks and six days to twelve weeks and two days (see **figure 8**).



9 Average annual income as a percentage of average home price by age group (12 months ended Feb)

One of the most encouraging features of the latest BetterBond data on the average incomes of homebuyers is the solid increase of affordability ratios, as illustrated by **figure 9**. Homebuyers in the age group between 51 and 60 years fared the best over the past four years, with an average annual income that amounted to 58% of their average home purchase price – an increase of 36% since 2022. Together with the age group between 41 and 50 years, the average home purchase price for these two groups is equivalent to less than two years' income (on average). For all homebuyers, the annual average increase in this ratio of affordability amounts to 5.1%. These data sets are in line with the latest quarterly employment survey published by Stats SA, which has determined an average annual increase in formal sector salaries of 4.3% over the past four years.



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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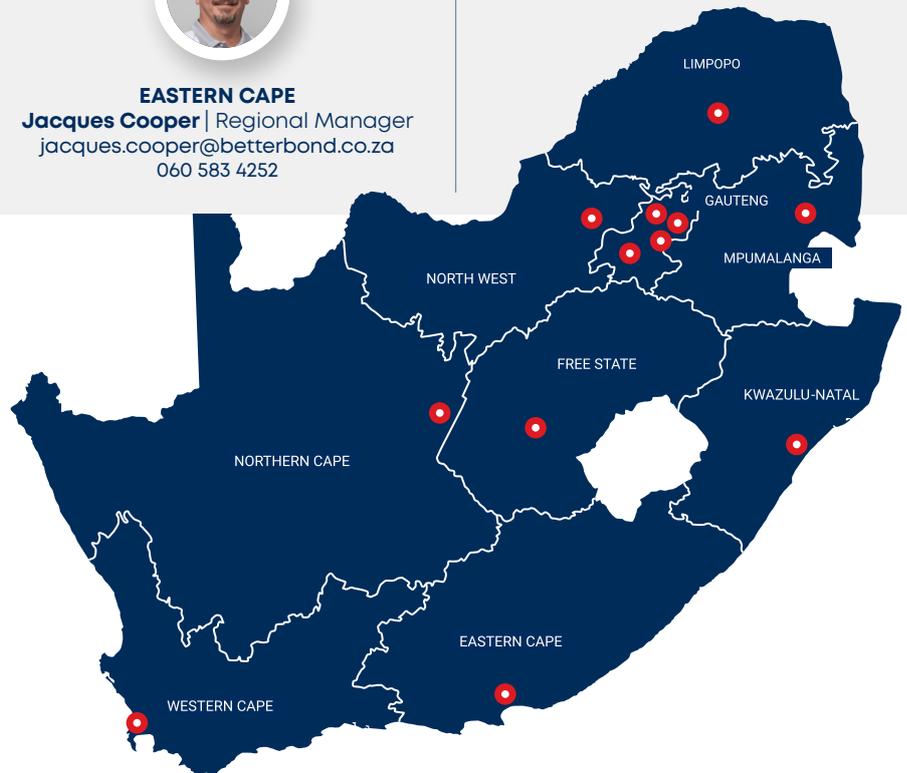
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