

Property barometer



22 September 2026

4.9% ↓
y/y FNB HPI

63% ↑
Agents satisfied

Ten weeks and one day ↓
Time on market

5.7 / 10 ↓
Activity rating

3Q26 Estate Agent Survey: Execution improves, but buyer depth remains uneven

Overview

South Africa's residential property market continues to display resilience despite a challenging macroeconomic environment. While price growth remains positive, market dynamics suggest that the recovery is increasingly being supported by limited supply and financially-resilient buyers rather than broad-based demand growth.

The FNB House Price Index (HPI) has moderated to 4.9% year-on-year (y/y), down from earlier highs this year, reflecting softening demand conditions and constrained stock levels. At the same time, the latest Estate Agent Survey points to improved market execution, with properties selling faster and expectations for near-term activity strengthening. However, underlying buyer depth remains weaker. First-time buyer participation has declined further, affordability pressures persist, and activity readings have softened compared to earlier in the year.

We therefore believe that the residential property market is shifting from a price-recovery phase towards a more balanced environment in which transaction volumes face greater pressure than prices. Supply shortages and cash-rich demand continue to support pricing outcomes, but affordability constraints remain a significant obstacle for mortgage-dependent households.

House price growth moderates

Following a strong recovery through 2025 and early 2026, house price growth has slowed. The FNB HPI eased to 4.9% y/y in August compared to 5.3% in July and earlier peaks above 6%. Nevertheless, price growth remains ahead of consumer inflation, implying that residential property continues to generate positive real returns, albeit the gap has narrowed materially.

The moderation in house price growth is broadly consistent with slowing economic activity and still-elevated borrowing costs. Demand conditions remain sufficiently strong to support further price increases, but not at the pace observed earlier in the cycle. We expect nominal house price growth to continue gradually moderating towards the 4.5% range over the remainder of the year.

Estate agent sentiment improves

Estate agent sentiment improved during the August 2026 survey wave. The proportion of agents satisfied with current market conditions rose to 63%, up from 59% in 2Q26. This places sentiment broadly in line with long-term survey averages.

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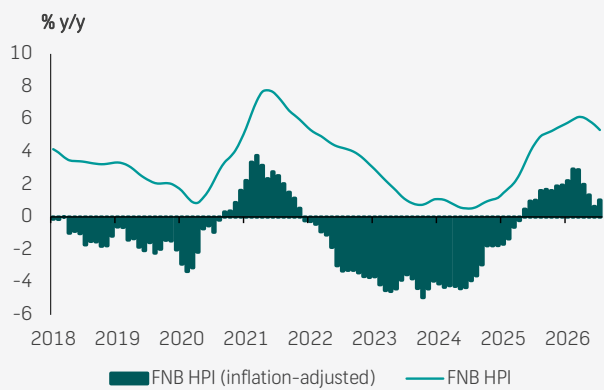
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However, it is important not to overstate the improvement. Satisfaction levels remain materially below those recorded a year ago, reflecting a market that is functioning well operationally but still lacks broad-based buyer momentum. Current activity ratings actually weakened modestly, declining from 6.0 to 5.7 out of 10. Only 15% of agents describe market conditions as highly active.

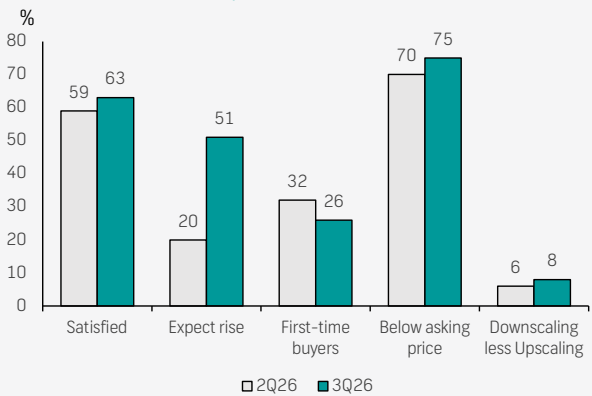
Even so, agents have become considerably more optimistic regarding the near-term outlook. The proportion expecting activity to increase over the next three months rose sharply to 51%, compared with only 20% in May. Agents cited seasonality and constrained stock levels as the key factors likely to support demand during the coming quarter.

Figure 1: FNB HPI



Source: FNB Economics

Figure 2: Expectations rebounded, while buyer depth weakened



Source: FNB Economics

Market execution remains strong

The survey continues to point to relatively healthy transaction conditions.

The average time on market declined to ten weeks and one day, the fastest selling pace recorded since 2022. Furthermore, only 53% of homes remain listed for three months or longer, better than historical norms.

At the same time, pricing power remains somewhat mixed. Approximately 75% of transactions still occur below asking price, although the average discount required to secure a sale remains relatively modest at 8%. This suggests that sellers who enter the market with realistic pricing expectations can still transact successfully without substantial price concessions.

Overall, the latest survey points to a market that is transacting efficiently despite softer demand conditions. Faster sales and relatively contained discounts also indicate that stock availability remains constrained in many areas.

Affordability remains the key constraint

The most concerning aspect of the survey is continued weakness in first-time buyer participation.

The share of first-time buyers declined to 26%, down from 32% in May and below levels recorded a year earlier. Given that first-time buyers are typically the most mortgage-dependent segment of the market, this deterioration reflects the ongoing affordability challenges facing households.



Agents continue to report that household incomes are failing to keep pace with house prices. The proportion of respondents indicating that incomes are substantially lagging property values increased further during the quarter. Combined with still-restrictive financing conditions, this is limiting demand growth in the middle and lower ends of the market.

In contrast, cash buyers remain an important source of support. Cash transactions account for roughly 20% of market activity, helping to offset weaker participation from mortgage-dependent households. Buy-to-let demand has also remained relatively resilient.

Divergence across market segments

Market performance remains highly uneven across price segments.

The strongest conditions continue to be recorded in the upper-priced market, where properties above R3.6 million achieved the highest satisfaction readings and the strongest activity ratings. Financially resilient households and greater reliance on cash purchases continue to provide support in this segment.

Conversely, affordability pressures remain evident in the lower-priced market. While homes below R750 000 still achieve relatively high success rates when priced correctly, they also record the longest selling times and the largest discounts. This reflects the tension between strong demand for affordable housing and limited purchasing power among prospective buyers.

The middle-income market remains particularly vulnerable, squeezed by affordability challenges, elevated debt-servicing costs and weak income growth.

Figure 3: Market conditions 3Q26: Price segments

Price segment	Satisfied	Activity / 10	Time to sell	Sold below ask	Discount	Downscaling	Upscaling
<R750k	62%	5.7	11w 2d	53%	12%	33%	9%
R750k-R1.6m	58%	5.5	10w 3d	88%	6%	22%	16%
R1.6m-R2.6m	59%	5.7	10w 1d	85%	7%	20%	16%
R2.6m-R3.6m	71%	5.3	8w 4d	82%	8%	22%	15%
>R3.6m	72%	6.3	9w 4d	67%	8%	9%	17%

Source: FNB Economics

Regional trends

The Western Cape continues to outperform the rest of the country on most measures.

Properties in the province sell significantly faster than elsewhere, with average time on the market under five weeks. Activity and satisfaction ratings also remain among the strongest nationally. Strong inward migration trends, supply constraints and comparatively favourable economic conditions continue to support the region.

Gauteng remains a more balanced market, although it records the longest selling times and the highest proportion of sales concluded below asking price. This points to greater bargaining power among buyers.





KwaZulu-Natal remains the weakest-performing major market in terms of satisfaction levels, with only 54% of agents indicating that they are satisfied with prevailing market conditions. Nevertheless, activity levels were relatively resilient at 5.8 out of 10, likely supported by tourism-related demand in the North Coast. By contrast, the Eastern Cape recorded the highest agent-satisfaction reading nationally, at 73%. Its activity rating of 5.7 was in line with the national average, while homes took ten weeks and four days to sell. Around 68% of transactions concluded below asking price, with an average discount of 7%. Together, these indicators point to relatively positive sentiment and balanced transaction conditions in the province, although selling times remained materially longer than in the Western Cape.

Figure 4: Market conditions 3Q26: Regions

Region	Satisfied	Activity /10	Time to sell	Sold below ask	Showhouse viewers
Gauteng	63%	5.5	12w 4d	83%	11
Western Cape	65%	6	4w 6d	60%	11
KwaZulu-Natal	54%	5.8	9w 1d	72%	7
Eastern Cape	73%	5.7	10w 4d	68%	9

Source: FNB Economics

Economic context and outlook

The survey results align closely with broader economic developments.

Economic growth weakened materially during 2Q26, with GDP contracting by 0.2% quarter-on-quarter (q/q). Household income growth remains subdued, business confidence has softened and employment conditions remain mixed. These factors are reflected in softer current activity levels and weaker first-time buyer participation.

While inflation has eased and real interest rates are less restrictive than in previous years, borrowing costs remain elevated from a historical perspective. As a result, affordability remains the dominant constraint in the housing market.

Looking ahead, we expect house prices to continue growing modestly, supported by limited stock, elevated construction costs and resilient demand at the upper end of the market. However, transaction volumes are likely to remain under pressure as affordability constraints continue to weigh on first-time and middle-income buyers.

Conclusion

The August 2026 Estate Agent Survey points to a residential property market that is functioning efficiently but remains narrowly supported. Transaction conditions have improved, homes are selling faster and agents are more optimistic about the near-term outlook. Yet beneath these encouraging signals, affordability constraints continue to limit buyer participation and demand growth.

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Monthly FNB House Price Index (% y/y)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001		-1.7	-0.7	-0.4	-0.5	0.7	3.0	5.9	8.6	10.6	11.6	11.8
2002	11.6	12.0	12.8	13.8	14.2	14.0	13.6	13.1	13.2	13.5	13.8	13.8
2003	14.0	14.5	15.3	16.2	17.1	18.2	19.3	20.3	21.4	22.9	24.7	27.0
2004	29.4	31.3	32.4	33.2	33.7	33.9	34.5	35.1	35.3	35.2	35.3	35.4
2005	34.8	33.8	32.9	31.8	30.7	29.7	28.8	27.9	26.9	25.7	23.9	21.7
2006	19.9	18.5	17.6	17.3	17.3	17.2	16.9	16.5	15.8	15.1	14.4	14.0
2007	14.0	14.3	14.9	15.7	16.3	16.6	16.3	15.5	14.5	13.2	12.0	11.0
2008	9.7	8.0	5.5	2.5	-0.4	-2.9	-4.7	-5.6	-5.8	-5.6	-5.1	-5.1
2009	-5.0	-5.0	-4.5	-3.8	-2.8	-1.8	-0.7	0.0	0.5	0.9	1.2	2.0
2010	3.0	3.8	4.4	4.9	5.0	4.9	4.8	4.6	4.6	4.5	4.4	4.1
2011	3.7	3.2	2.8	2.8	3.1	3.5	3.9	4.1	4.1	3.9	3.8	4.0
2012	4.4	4.7	5.0	5.0	4.7	4.5	4.4	4.4	4.5	4.7	4.8	4.8
2013	4.8	4.9	5.2	5.6	6.1	6.6	6.9	7.2	7.3	7.4	7.5	7.7
2014	7.8	8.0	8.1	8.1	8.1	7.8	7.6	7.3	7.0	6.7	6.5	6.3
2015	6.2	6.2	6.2	6.2	6.1	6.1	6.0	6.1	6.3	6.6	6.8	6.7
2016	6.4	5.9	5.3	5.0	4.9	4.9	5.0	4.9	4.7	4.2	3.9	3.6
2017	3.5	3.7	4.0	4.2	4.3	4.4	4.3	4.2	4.2	4.2	4.3	4.3
2018	4.2	4.0	3.7	3.5	3.4	3.4	3.4	3.3	3.3	3.2	3.3	3.3
2019	3.3	3.3	3.1	2.9	2.6	2.4	2.2	2.1	2.1	2.1	2.0	1.9
2020	1.6	1.2	0.9	0.9	1.2	1.6	2.2	2.9	3.4	3.7	4.1	4.7
2021	5.5	6.3	7.1	7.7	7.8	7.7	7.4	7.0	6.5	6.3	6.0	5.7
2022	5.3	5.1	5.0	4.7	4.5	4.3	4.2	4.1	4.0	3.8	3.6	3.2
2023	2.9	2.6	2.2	1.9	1.6	1.3	1.0	0.8	0.7	0.7	0.8	1.0
2024	1.1	1.0	0.9	0.7	0.6	0.5	0.5	0.6	0.8	1.0	1.1	1.2
2025	1.5	1.8	2.1	2.6	3.3	4.0	4.6	5.0	5.1	5.3	5.5	5.6
2026	5.8	6.0	6.1	6.1	5.9	5.7	5.3	4.9				

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ADDENDUM - NOTES:

Note on The FNB House Price Index:

The FNB Repeat Sales House Price Index has been one of our repertoire of national house price indices for some years, and is based on the well-known Case-Shiller methodology which is used to compile the Standard & Poor's Case-Shiller Home Price Indices in the United States.

This "repeat sales approach" is based on measuring the rate of change in the prices of individual houses between 2 points in time, based on when the individual homes are transacted. This means that each house price in any month's sample is compared with its own previous transaction value. The various price inflation rates of individual homes are then utilized to compile the average price inflation rate of the index over time.

The index is compiled from FNB's own valuations database, thus based on the residential properties financed by FNB.

We apply certain "filters" and cut-offs to eliminate "outliers" in the data. They main ones are as follows:

- The maximum price cut-off is R15m, and the lower price cut-off is R20 000.
- The top 5% of repeat sales price growth rates, and the bottom 5% of growth rates are excluded from the data set.
- Repeat transactions that took place longer than 10 years after the previous transaction on the same home are excluded, as are repeat transactions that took place less than 6 months after the previous transaction on the same home.
- The index is very lightly smoothed using Central Moving Average smoothing technique.

Note on the FNB Valuers' Market Strength Index:

When an FNB valuer values a property, he/she is required to provide a rating of demand as well as supply for property in the specific area. The demand and supply rating categories are a simple "good (100)", "average (50)", and "weak (0)". From all of these ratings we compile an aggregate demand and an aggregate supply rating, which are expressed on a scale of 0 to 100. After aggregating the individual demand and supply ratings, we subtract the aggregate supply rating from the demand rating, add 100 to the difference, and divide by 2, so that the FNB Valuers' Residential Market Strength Index is also depicted on a scale of 0 to 100 with 50 being the point where supply and demand are equal.

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