Property barometer

17 November 2025

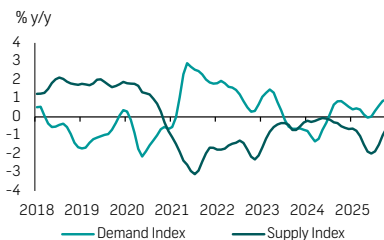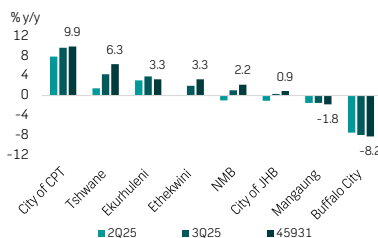| 4.9% ↓	51.80 ↔	12 weeks and three days ↑
y/y FNB HPI	Market strength index	Time on market

Figure 1: FNB HPI
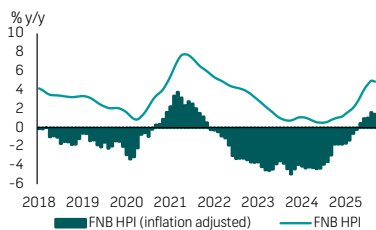
Source: FNB Economics

Figure 2: FNB Market Strength indices

Source: FNB Economics

Figure 3: Regional performance

Source: FNB Economics

Overview: Property prices appear to be peaking

The FNB House Price Index (HPI) decelerated lightly to 4.9% y/y in October, down from a revised 5.1% in September (previously 4.9%) (Figure 1). Month-on-month, prices increased by 0.1%, down from 0.4% and 0.5% in September and August, respectively, signalling that the upward momentum is slowing. Our internal market strength indicators suggest that while recent interest rate cuts have helped revive demand, constrained property supply appears to be the primary force driving the current upward price growth (Figure 2). By metropolitans, property prices are performing strongly in Cape Town and Tshwane, supported by relatively favourable demand-supply dynamics, while Mangaung and Buffalo City are under pressure, with the latter likely reflecting the impact of a frail local manufacturing sector (Figure 3).

Trends in property development

The upward trend in the supply of flats and townhouses persists, although much of this is due to base effects, following sustained decline in recent years. Year-to-date, supply of new flats and townhouses are up 21.8% compared to the same period last year, while volume of houses is down by 7.3%. Pipeline supply remains weak. Year-to-date, building plans approved by municipalities for housing units is down 5.7%, with flats and townhouses down 18.2% (Figure 4). This implies that the recovery in the current supply of flats and townhouses is not likely to endure. Overall, current and projected supply dynamics support our view of a broader residential price upcycle, underpinned by easing inflation, lower borrowing costs, and modest real wage gains.

Outlook

The formal adoption by National Treasury of a lower 3% inflation target, with a one-percentage point tolerance band, represents a significant shift in South Africa's macroeconomic framework. This move should anchor inflation expectations more firmly, align policy with international best practice, and foster a more stable and predictable economic environment. This structural shift will, over time, give the Reserve Bank greater flexibility to cut interest rates, thereby improving home loan affordability and stimulating demand. Lower inflation and interest rates will also enhance bank willingness to lend, reinforcing market confidence.
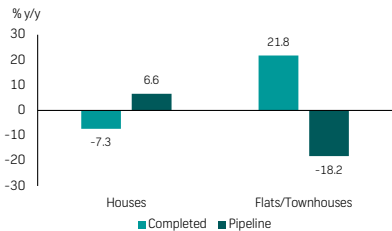
Economists

Siphamandla Mkhwanazi
Koketso Mano

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Figure 4: Construction activity, YTD

Source: Stats SA, FNB Economics

While this policy shift was broadly anticipated, its timing surprised us and raises the probability of an earlier rate cut than previously expected. Though the base case is for rates to remain unchanged through early 2026, persistent disinflation, reform momentum, and strong fiscal backing could shift the timeline forward, supporting earlier easing and improving macroeconomic resilience. This favourable environment is expected to underpin a gradual recovery in transaction volumes and sustain price growth, particularly within the supply-constrained sectional title market and leading metros.

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	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 fromthe 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 previoustransaction 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.