

South Africa's housing market set for recovery in 2026

05 Jan 2026

The South African housing market is expected to enter a stronger recovery phase in 2026, driven by improving economic fundamentals, a favourable interest rate outlook and continued demand in lifestyle and coastal regions.



Samuel Seeff, chairman of the [Seeff Property Group](#), says the market will end 2025 on firmer ground than last year, with next year likely to perform even better – provided current positive trends hold. However, it will remain a “tale of two markets”, with the Cape continuing to outperform while [Gauteng](#) and parts of the inland market lag behind until service delivery challenges are addressed.

READ: [Garden Route attracts more families, professionals beyond holidays and retirement](#)

Cape property market remains a seller’s market

The Cape continues to dominate national property performance, supported by strong semigration, stock shortages and sustained buyer demand. For the Seeff Group, 2025 has been another record year in terms of turnover, largely driven by high-growth regions in the [Western Cape](#).

Seeff says confidence has been boosted by South Africa’s exit from the FATF grey list, an S&P credit rating upgrade to BB, improved employment data and a more positive economic outlook signalled by government and the Reserve Bank.

Gauteng property market still offers buyer opportunities

While the Cape remains firmly in seller territory, Gauteng and much of the inland market continue to favour buyers. More balanced stock levels and slower price growth mean buyers can still find good value, particularly in established suburbs and well-priced estates.

National house price growth has improved to around 4.5%, slightly ahead of inflation. The Cape is performing well above this at approximately 7%, while Gauteng has recorded growth of around 2%.

READ: [Selling your home over the festive season: What to expect and how to avoid delays](#)

Interest rate outlook improves property affordability

The interest rate environment is now the most supportive it has been in several years. Inflation averaged just under 3.3% in 2025, comfortably within the Reserve Bank’s proposed 2–4% target

range.

Seeff expects at least two further interest rate cuts in the first half of 2026, potentially starting in January. Since mid-2024, rate cuts have significantly improved affordability, reducing monthly bond repayments and freeing up disposable income for households.

Bank lending and rental market support continued growth

Banks remain supportive of the property market, offering faster approvals and competitive rate concessions to qualifying buyers. This has helped stimulate transaction volumes and buyer confidence.

The rental market is expected to remain strong in 2026, driven by urbanisation, semigration and ongoing stock shortages in high-demand areas. Rental growth is likely to stay positive, supporting investor interest.

KwaZulu-Natal South Coast property market gains momentum

The KwaZulu-Natal South Coast has emerged as a high-value coastal alternative, attracting retirees, families, holiday-home buyers and remote workers. Improved accessibility, including the revival of [Margate](#) Airport with daily direct flights to OR Tambo International Airport, has strengthened appeal for Gauteng buyers.

According to [Pam Golding Properties](#), demand across the region is supported by affordability, lifestyle benefits and growing infrastructure investment.

Affordable entry points in the lower South Coast

The lower South Coast, from [Mtwalume](#) to Margate, continues to see steady activity. Vacant land in [Hibberdene](#) and Umtwalume is priced from around R80,000 to R250,000, while sectional title apartments start at approximately R700,000.

READ: [Why buying property now builds wealth in more ways than one](#)

Freehold family homes priced between R1.2 million and R2.5 million remain popular among permanent residents, with beachfront homes commanding premiums from about R2.5 million.

Port Edward and San Lameer attract lifestyle and investment buyers

Further south, Port Edward continues to attract both lifestyle and investment buyers. Vacant stands range from R150,000 to R190,000, while beachfront homes typically sell between R3.5 million and R6 million.

San Lameer remains a standout for its resort-style living, strong holiday rental demand and established infrastructure.

Infrastructure investment boosts long-term confidence

Ongoing development across the South Coast is strengthening long-term prospects. New retail centres, medical facilities and a proposed private hospital are underway, while major transport projects such as the Msikaba and Mtentu bridges are improving regional connectivity.

Pennington and Amanzimtoti show continued demand

Pennington continues to see strong interest from Gauteng and inland KZN semigrants. Vacant stands range from R230,000 to R400,000, sectional title units from R800,000 to R1.2 million, and freehold homes from R1.2 million to R2.5 million.

In Amanzimtoti, demand remains largely local, particularly in the sectional title market. Prices generally range from R750,000 to R1.8 million, while prime homes can reach between R3 million and R20 million.

Property market outlook for 2026

With interest rates easing, confidence improving and lifestyle-driven demand accelerating in coastal regions, the outlook for 2026 is increasingly positive.

Seeff advises buyers and investors not to delay decisions, warning that rising prices in high-demand areas could see those who wait miss opportunities as the market moves into a stronger recovery cycle.

Want all the latest property news and curated hot property listings sent directly to your inbox? [Register for Property24's Hot Properties, Lifestyle and Weekly Property Trends](#)

newsletters or follow us on **Twitter**, **Instagram** or **Facebook**.