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PRESS RELEASE

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THE STATE OF THE CIVIL CONSTRUCTION INDUSTRY

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Civil contractor sentiment registers further weakness in Q1

- The **FNB/BER Civil Confidence Index** declined to 45 in 1Q2025, from 48 in 4Q2024.
 - Despite an improvement in activity, overall profitability deteriorated.
 - Respondents expect work to regain momentum in 2Q2025. This is supported by a mild improvement in the rating of insufficient new demand as a business constraint.
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Following a decline to 48 in 4Q2024, the **FNB/BER Civil Confidence Index** fell a further three points to register a level of 45 in 1Q2025.

The current reading means that more than half (55%) of respondents are dissatisfied with prevailing business conditions.

The lower sentiment was underpinned by weaker overall profitability and a worsening in the rating of current business conditions. Activity, however, was somewhat better. Data from Statistics South Africa (Stats SA) showed that the real value of construction works contracted by 3.4% year-on-year in 4Q2024, from a 3.6% annual decline in 3Q2024. A further improvement in spending on construction works is likely next quarter. According to Siphamandla Mkhwanazi, Senior Economist at FNB, *“for a while now, surveys have suggested that activity in the civil construction industry is very slowly, but surely, gaining momentum. However, this is probably inadequate to address South Africa’s pressing infrastructure needs”*.

The measured constraints to business operations were broadly lower this quarter than at the end of 2024. The rating of insufficient new demand as a business constraint (a proxy for order books) was only somewhat better and supports the overall view that work is set for a protracted improvement, at best. Interestingly, the rating on the availability of construction material fell to its

lowest level since before the COVID-19 pandemic. *“With the closure of AMSA now confirmed for 2Q2025, and if negotiations to keep it open fail, it is highly likely that shortages of construction material will soon be a key concern to contractors again,”* noted Mkhwanazi.

In conclusion: The **FNB/BER Civil Confidence Index** shed three points to register a level of 45 in 1Q2025.

Weaker overall profitability and business conditions largely account for the deterioration in sentiment. Activity, however, improved while the rating of the lack of new demand as a constraint was moderately lower.

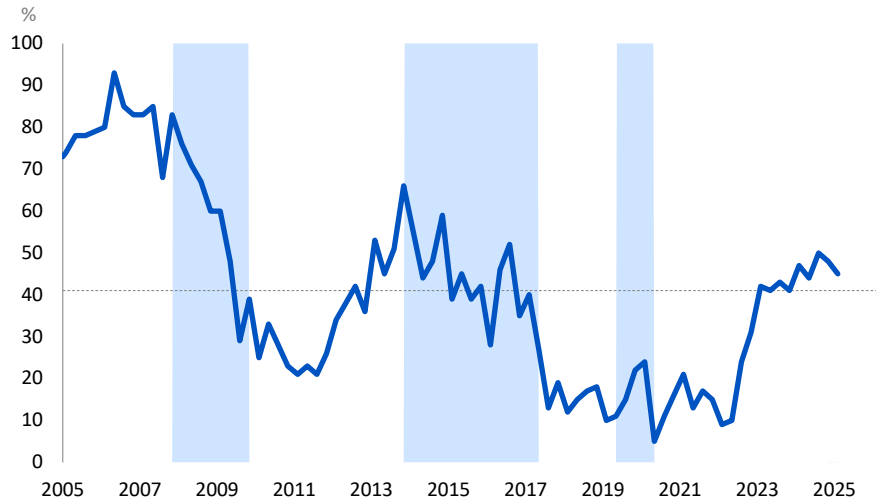
“Growth in activity is, compared to the longer-term average, not faring too poorly. However, the amount of work currently under way is not enough to address South Africa’s deep infrastructure backlog while order books are consistent with only a lukewarm improvement going forward,” said Mkhwanazi.

About the survey:

The FNB/BER civil confidence index can vary between a maximum of 100 (which indicates that all respondents were satisfied with prevailing business conditions) and a minimum of zero (indicating that all respondents were dissatisfied). A level of 50 indicates that the respondents are equally divided between those satisfied and dissatisfied.

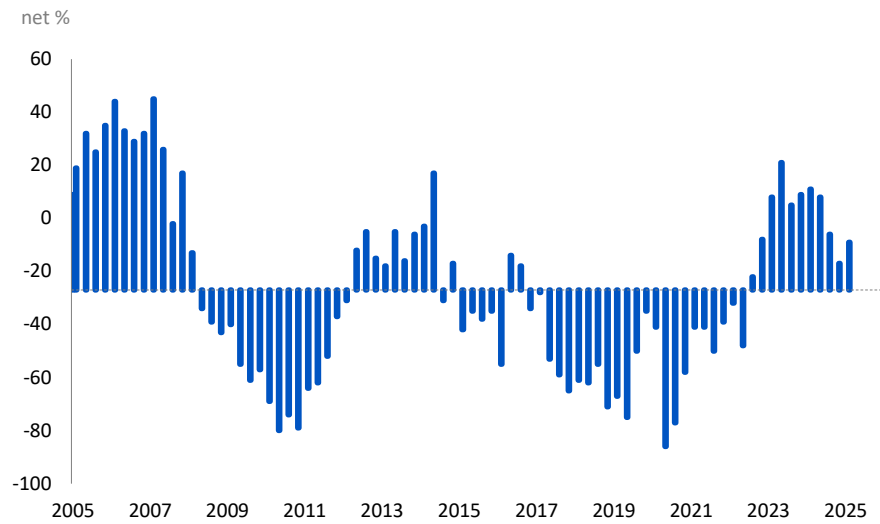
The fieldwork for the first quarter survey was conducted between 5 and 24 February 2025.

FNB/BER Civil Confidence Index
Percentage satisfied



Source: BER Stellenbosch University

Civil construction
Growth in construction activity



Source: BER Stellenbosch University