



PRESS RELEASE

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THE STATE OF THE CIVIL CONSTRUCTION INDUSTRY

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Further weakness in civil construction work in Q3

- The **FNB/BER Civil Confidence Index** declined by three index points to 40 in 3Q2026.
 - The activity index fell sharply again this quarter, also weighing on profitability.
 - Sentiment was likely buoyed by expectations for better activity next quarter and reasonably upbeat order books.
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The **FNB/BER Civil Confidence Index** was stable at 43 during the first half of 2026. In 3Q2026, sentiment eased to a still-above-average 40.

The current reading means that 60% of respondents were dissatisfied with prevailing business conditions.

The index measuring activity growth declined to its worst level since 2022, underpinning the softer sentiment reading. According to Statistics South Africa, the real value of investment in construction works rose by only 0.1% year-on-year in 2Q2026, down from 4.8% in 1Q2026. The survey results point to further weakness in 3Q2026.

Tendering price competition intensified and, combined with lower activity, resulted in lower overall profitability.

More optimistically, the rating of insufficient demand for new work (a proxy for order books) remained below its long-term average. Expectations for activity next quarter were also upbeat.

In conclusion: The **FNB/BER Civil Confidence Index** lowered to 40 in 3Q2026, from 43 in 2Q2026.

“It is surprising, given the deterioration in the underlying indices measuring activity and profitability, that sentiment remains this high. The last time that there was such a synchronised weakness in the business environment was in 2Q2022, and then business confidence was at 10,” said Siphamandla Mkhwanazi, Senior Economist at FNB.

Still-optimistic expectations for activity in 4Q2026 and order books at long-term levels partially explain why sentiment remained relatively high. However, *“the risk is that sentiment in 4Q2026 could fall markedly if a further weakening in activity, against expectations, is recorded,”* Mkhwanazi warned.

“It is disappointing that despite all the noise around infrastructure investment, civil contractors have not yet seen much benefit. Meanwhile, renewable energy and mining projects that were a key source of work not too long ago seem to have lessened,” said Mkhwanazi.

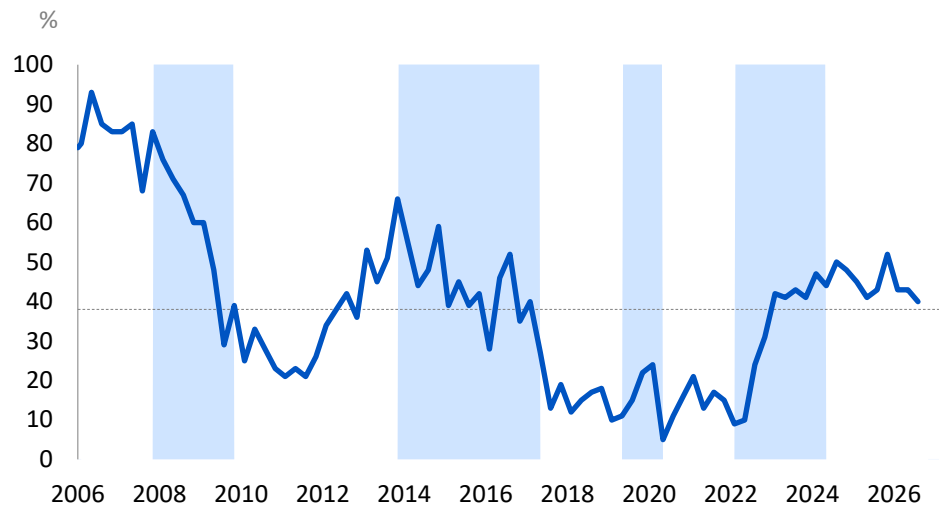
About the survey:

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 first quarter survey was conducted between 13 and 24 August 2026.

FNB/BER Civil Confidence Index*

Percentage satisfied

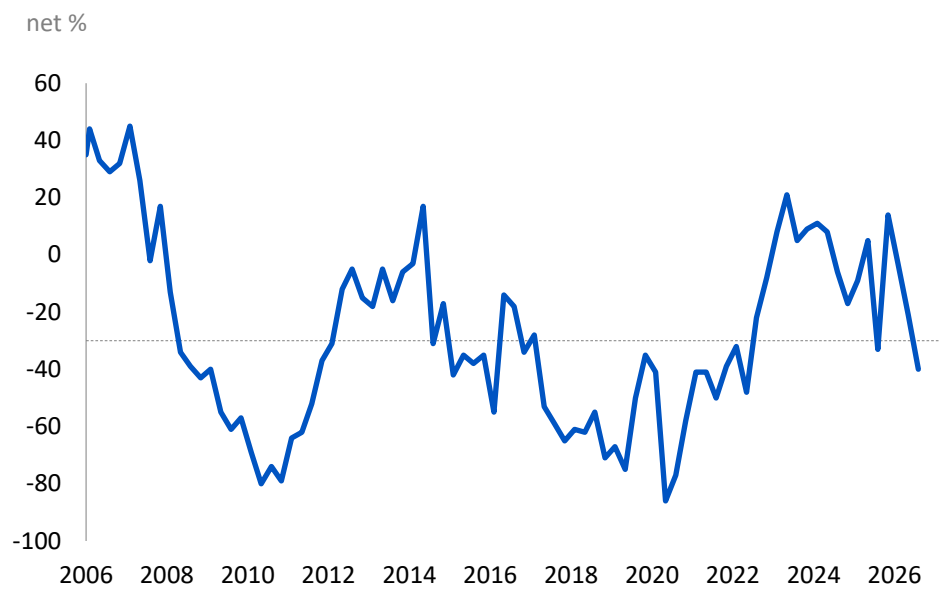


Source: BER, Stellenbosch University

*Shaded area denotes economic downturn. The last datapoint is a BER estimate

Civil construction

Growth in construction activity



Source: BER, Stellenbosch University