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FNB/BER BUILDING CONFIDENCE INDEX

Issued by First National Bank

Wednesday, 10 September 2025

Builders remain downbeat in 3Q2025 despite improved activity

- The **FNB/BER Building Confidence Index** shed one point to register a level of 35 in 3Q2025.
- An 11-point rise in the business confidence of main contractors was offset by a sharp decline in the business mood of quantity surveyors.
- Encouragingly, building activity recovered following the slump in 2Q2025 and is now around long-term average levels.
- Over the short-term, activity is likely to continue improving. However, weaker architect activity in 3Q2025 may see the momentum ease going forward.

The **FNB/BER Building Confidence Index** registered a level of 35 in 3Q2025, from 36 in 2Q2025. This marks the third consecutive decline in building sentiment.

The current reading means that the majority (65%) of respondents are dissatisfied with prevailing business conditions.

Compared to 2Q2025, the following changes to sentiment were registered: main contractors (+11), building sub-contractors (+4), hardware retailers (+1), architects (-2), building material manufacturers (-7) and quantity surveyors (-12).

The 11-point rebound in **main contractor** confidence to 46 from 35 in 2Q2025 supported overall sentiment. This was largely due to an improvement in residential builder sentiment underpinned by better activity and overall profitability. Encouragingly, non-residential building activity also bounced back following a slight weakness in 2Q2025. Importantly, the rating of insufficient demand for new non-residential buildings, a proxy for order books, declined to its lowest level since 2023Q1. According to Siphamandla Mkhwanazi, senior

economist at FNB, *“following a disappointing second quarter of 2025, building activity seems to have moved back to average levels in the third quarter. Moreover, it seems as if work in the non-residential building sector continues to emerge from its years-long slump”*.

Data from Statistics South Africa (Stats SA) showed that investment in buildings, in real terms, declined by an annual rate of 10.8% in 2Q2025. The survey results suggest a much less pronounced decline in 3Q2025.

While building activity improved this quarter, work earlier on in the building value chain (**architects** and **quantity surveyors**) slowed in 3Q2025. *“The decline in work among quantity surveyors is not concerning as it simply returned to levels seen in 1Q2025. In contrast, the sharp drop in architect activity was surprising. That said, it is too early to draw firm conclusions, as part of the decline reflects base effect– architect activity had already begun recovering last year. Also, at the current level, activity is in line with its long-term trend,* remarked Mkhwanazi.

The business confidence of **hardware retailers** increased to 36 in 3Q2025, from 35 in 2Q2025. Last quarter, confidence was sharply down even though sales growth remained robust. Sales eased in 3Q2025 and the index is now more in sync with sentiment. *“The slowdown in hardware sales is not an unexpected outcome as many of the factors supporting consumer spending, such as low inflation and access to finance through pension reform, over the last few months are set to provide less of a boost in the second half of 2025,”* said Mkhwanazi.

Building material manufacturer confidence remained the lowest of the sectors surveyed, at 18, from an already downbeat 25 in 2Q2025. Despite more restrained increases in production costs, a significant fall in production volumes depressed sentiment.

The confidence of **building sub-contractors** increased to 37, from 33 in 2Q2025, on the back of better activity and overall profitability.

In conclusion

After losing five points in 2Q2025, the **FNB/BER Building Confidence Index** shed one point to register a level of 35 in 2Q2025.

According to Mkhwanazi, *“the index has been moving within a narrow – albeit low – band since the middle of last year. This means that, while sentiment in the industry isn’t tanking, there is little lifting the business mood across the building value chain”*.

Building activity improved in 3Q2025 largely off the back of a rebound in non-residential work. Residential work is also better but still underperforming. This lifted main contractor confidence.

“Looking ahead, building activity may come under increased pressure given that both architect and quantity surveyor activity eased this quarter. However, the sharp improvement in non-residential builder order books suggests that the slow, but consistent, improvement in building work will most likely be maintained in coming quarters,” said Mkhwanazi

About the survey:

The FNB/BER building confidence index can vary between zero (indicating an extreme lack of confidence) and 100 (indicating extreme confidence). It reveals the percentage of respondents that are satisfied with prevailing business conditions in six sectors, namely architects, quantity surveyors, main contractors, sub-contractors (plumbers, electricians, carpenters and shop fitters), manufacturers of building materials (cement, bricks and glass) and retailers of building material and hardware.

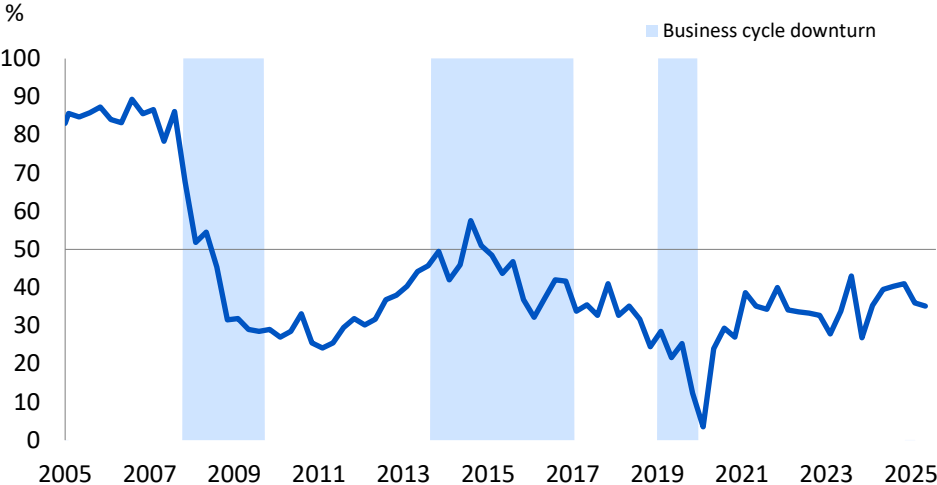
In contrast to the RMB/BER BCI, which includes only main contractors, the FNB/BER building confidence index covers the whole pipeline, from planning (represented by the architects and quantity surveyors), renovations, additions, owner builders, the informal sector (represented by building material and hardware retailers) and production (manufacturers of building materials) to the actual erection of buildings by main contractors and sub-contractors.

The FNB/BER Building Confidence Index includes revised calculations for building material manufacturers and hardware retailers in line with adjustments to the broader manufacturing and retail survey results. Briefly, all the BER’s survey respondents are allocated sector and firm size weights to account for their main activity type and turnover respectively. Every few years, the BER updates the sector weights to provide for changes in the composition of activity. This

time, the BER also reduced the number of firm size weight categories from nine to four to agree with the classification into micro, small, medium and large firms. The updated sector weights and the new four-category firm size weights were applied to the original individual responses (the so-called microdata) to recalculate all the historical time series going back to 1992. For more information, please see the note "Business confidence changes 18Q4" and download the revised historical BCI data at www.ber.ac.za.

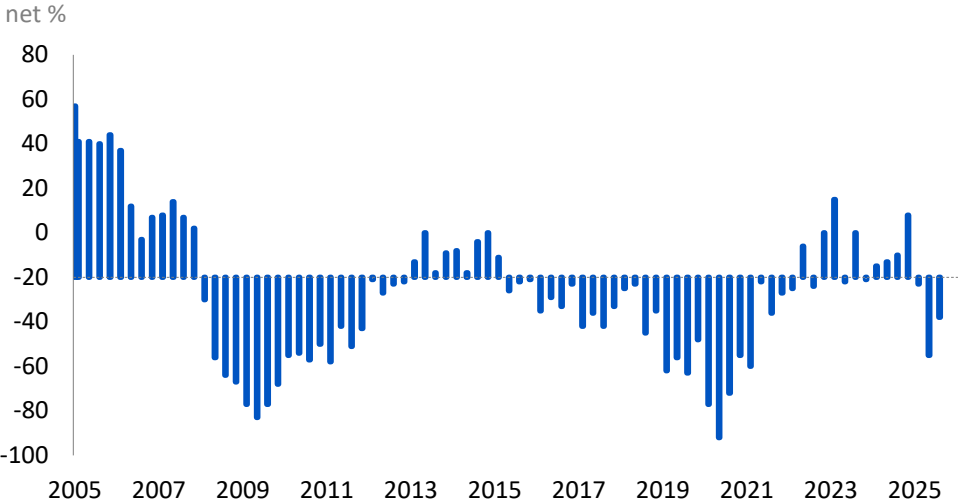
The fieldwork for the third quarter survey was conducted between 6 and 25 August 2025.

FNB/BER Composite Building Confidence Index



Source: BER, Stellenbosch University.

Main Contractors: Growth in building activity (Net balance)



Source: BER, Stellenbosch University.