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## **PRESS RELEASE**

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## **FNB/BER BUILDING CONFIDENCE INDEX**

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## Building confidence largely stable in Q1

- The **FNB/BER Building Confidence Index** shed one point to register a level of 42 in 1Q2026.
  - Big declines in the sentiment of building material manufacturers and hardware retailers were only partially offset by rising confidence elsewhere.
  - Notwithstanding the slight drop in headline confidence, builders are better off in terms of activity this quarter. Expectations for next quarter are also upbeat.
  - Overall, the gradual recovery in the building sector continued into 1Q2026 and will likely continue over the short-term. However, the pace of the recovery going forward will be constrained.
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The business mood in the building sector, as measured by the **FNB/BER Building Confidence Index**, edged somewhat lower to 42 in 1Q2026, from 43 in 4Q2025.

The current rating indicates that close to 60% of respondents across the building sector value chain are dissatisfied with prevailing business conditions.

The following changes were recorded in 1Q2026 (relative to 4Q2025): building main contractors (+11), quantity surveyors (+7), sub-contractors (+5), architects (-2), manufacturers of building materials (-13) and hardware retailers (-14).

Excluding building material manufacturer and hardware retailer confidence, sentiment of the “core” building sector ticked up to its best level since 2023 which pairs with a broad improvement in work.

There are still some key areas of concern, however. The results this quarter once again reveal the extent of the strain on **residential builders**. Activity and profitability softened and order books remained relatively weak.

*“Despite the interest rate cuts over the last year and a half, the recovery in demand for residential buildings is yet to mature. Meanwhile other interest-rate sensitive sectors in the economy, such as vehicle sales, are doing very well,”* noted Koketso Mano, senior economist at FNB.

The results are more upbeat in the **non-residential** sector, where confidence jumped to its best level in 18 years. This is largely due to a sharp uptick in work among building sub-contractors (i.e. painters, electricians etc.).

*“This continued improvement in non-residential building activity is in step with the somewhat better property dynamics,”* said Mano.

*“In the office market, for example, vacancy rates are easing which is often paired with retrofitting and renovating of existing space to accommodate new tenant preferences. At the same time, there is evidence of investment by shopping centres to provide their own electricity and water. These instances highlight some of the demand drivers within the non-residential building sector currently.”*

Average activity among **architects** registered a notable increase in 1Q2026. This suggests that the trend of better building activity will likely continue over the next few months, at least. Similarly, activity among **quantity surveyors** improved, but the level was still below the long-term average for the series. In terms of confidence, readings of 42 and 43 were recorded for architects and quantity surveyors in 1Q2026, respectively.

After increasing to 57 in 4Q2025, the business confidence of **hardware retailers** fell to 43 in 1Q2026. The lower sentiment was at odds with the underlying data which remained quite buoyant, especially sales. Expectations for next quarter are also upbeat. Meanwhile, weaker domestic and export sales and lower productivity weighed on the sentiment of **building material manufacturers**.

In conclusion

The **FNB/BER Building Confidence Index** remained relatively stable in 1Q2026, losing one point to register a level of 42.

Sentiment edged lower despite a broad improvement in activity and overall profitability. The important exceptions, however, were residential builders and building material manufacturers.

According to Mano, *“The non-residential building recovery is on track, although still off a low base, underpinned largely by additions and alterations. In contrast, new developments, especially in the residential building sector, are still relatively elusive”*.

Overall, the sector likely contributed to growth in 1Q2026, but only marginally. Moreover, while this recovery should be maintained over the short-term, the pace will be constrained.

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.

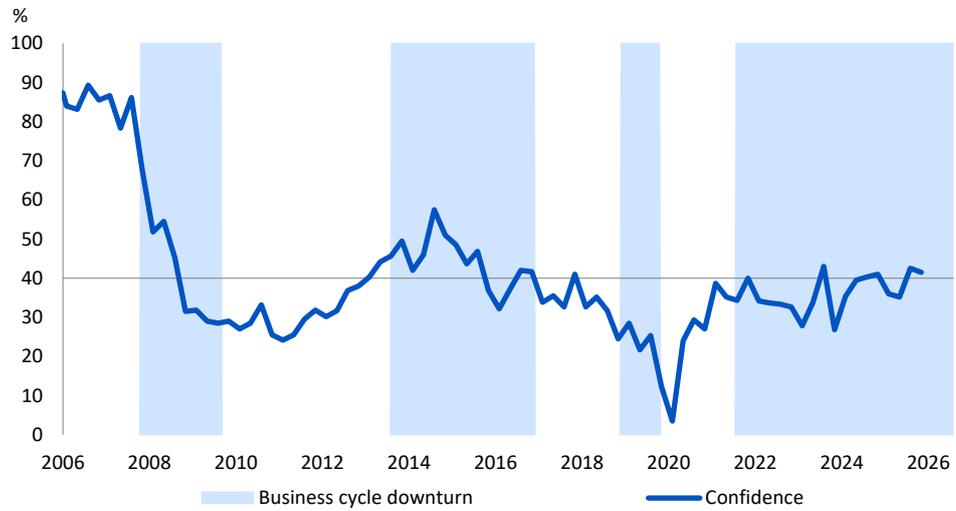
In contrast to the RMB/BER BCI, which includes only main contractors, the FNB/BER Building Confidence Index covers the whole pipeline, from planning (represented by the architects and quantity surveyors), renovations, additions, owner builders, the informal sector (represented by building material and 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](http://www.ber.ac.za).

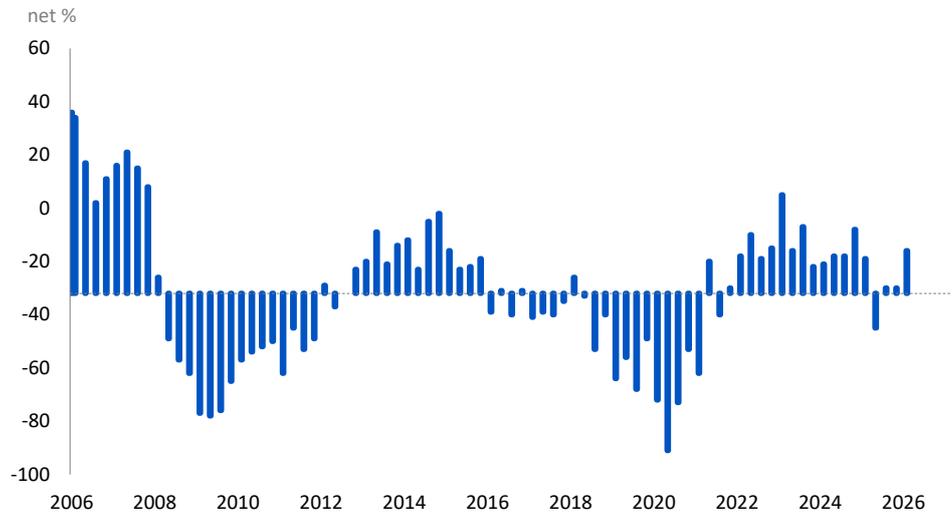
The fieldwork for the first quarter survey was conducted between 12 and 23 February 2026.

## FNB/BER Composite Building Confidence Index



Source: BER, Stellenbosch University.

## Total builders: Growth in activity (Net balance)



Source: BER, Stellenbosch University.