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Results of the BER Retail Survey for 2026Q1

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According to the latest BER Retail Survey, business confidence among retailers declined from 43% to 36% in the first quarter of 2026. After a year of solid optimism, supported by strong retail sales and consumer spending, retailer confidence lost momentum in 2026Q1.

However, the survey details suggest the retail sector may simply be taking a breather rather than heading for a downturn. In other words, the decline in confidence appears to reflect a normalisation from an unusually strong 2025 base rather than a broad-based collapse in consumer demand. Furthermore, confidence among wholesalers and new vehicle dealers improved in 2026Q1.

Despite a 5 point decline in confidence to 45%, *durable goods* remained the only retail category in 2026Q1 with a confidence reading still above the long-term average. Hardware retailers' optimism weakened, while furniture retailers stood out as the most upbeat retail category, benefiting from the less-restrictive interest rate environment.

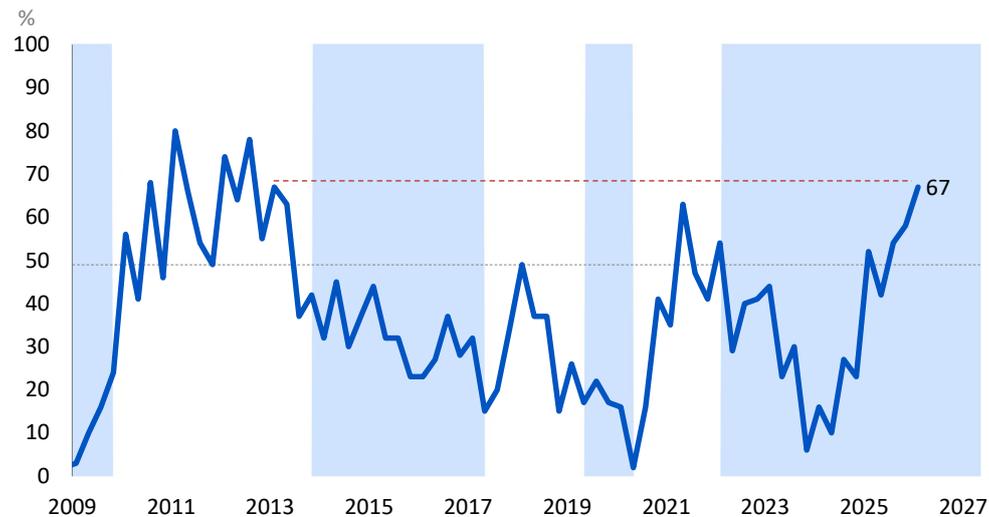
Business confidence among *semi-durable goods* retailers rose by 2 points to 32% in 26Q1. However, optimism among retailers of textiles and clothing remains far from the 81% peak reached at the start of last year, largely due to unfavourable business conditions.

Retailers of *non-durable goods* turned somewhat more downbeat in the first quarter. Food retailers' sales volume growth was limited, despite subdued food inflation, coinciding with an increase in spending on restaurants and takeaways.

Wholesale confidence rose from 42% to 50% in 2026Q1, rebounding after falling to its lowest level in about a year and a half during 25Q3. Importantly for the retail outlook, most of the recovery in overall wholesale confidence, trading conditions, and sales volumes was led by sharp rebounds in the consumer goods subsector.

New vehicle dealer confidence rose to 67% in 2026Q1, extending its recent run of strong readings. This marks the highest confidence level since 2013, surpassing even the post-COVID-19 recovery peak of 63%. Notably, after three consecutive quarters where the BER sales volume index was generally strong but stable, suggesting a potential peak in new vehicle sales, the latest increase in sales indicates that vehicle demand still has some momentum at the beginning of 2026.

Figure 1: New vehicle dealers' confidence climbs to a 13-year high



Source: BER, SARB

Note: Business cycle downturns are shaded

KEY TAKEAWAYS

On balance, the first quarter survey results suggest a trade sector that is cooling after a strong 2025 rather than one entering a broad-based downturn. Retail conditions weakened, but the resilience in durable goods retailing, the rebound in wholesale consumer goods activity, and the further buoyancy in new vehicle dealers' confidence all suggest that domestic demand has softened unevenly rather than abruptly.

The survey results reaffirm a few trends observed in 2025 regarding the overall state of the consumer. First, consumers seem to have shifted their spending towards semi-durable and durable goods, as well as towards services (e.g., restaurants, hairdressers), at the expense of non-durable goods. Second, the sustained momentum in the performance of furniture retailers and new vehicle dealers, which extended into the first quarter, highlights a growing divide between high- and lower-income consumers, with those at the upper end faring better.

The latter trend is likely to be reinforced by the 2026 Budget, which provided some welcome personal income tax relief. The near-term trade outlook, therefore, remains supported by lower interest rates, contained inflation and targeted fiscal relief, although downside risks from renewed food and fuel price pressures have become more prominent. If the recent escalation of conflict in the Middle East persists, it will certainly pose a major risk to the inflation outlook, disproportionately affecting lower-income households. The resulting rises in food and fuel prices may exacerbate the strain on these households and, by extension, non-durable retailers.

END.