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PRESS RELEASE

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THE STATE OF THE CIVIL CONSTRUCTION INDUSTRY

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Civil contractor activity failed to maintain momentum in Q1

- The **FNB/BER Civil Confidence Index** fell to 43 in 1Q2026.
 - Weaker sentiment was somewhat in step with the lower readings for activity and profitability growth. s
 - Despite the deterioration in activity this quarter, the outlook remains reasonably upbeat on the back of expectations for an improvement in work in 2Q2026 and order books which remain better than the long-term average.
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The **FNB/BER Civil Confidence Index** declined to 43 in 1Q2026, from 52 in 4Q2025, returning the index to the level last recorded in 3Q2025.

The current reading means that more than 55% of respondents were dissatisfied with prevailing business conditions.

“Following the relatively upbeat confidence reading at the end of last year, the outcome for this quarter is disappointing. The softer sentiment reading, however, aligns with weaker construction activity. Importantly, the trend in activity growth over the last few quarters remains positive,” noted Siphamandla Mkhwanazi, senior economist at FNB.

According to Statistics South Africa (Stats SA), the real value of investment in civil construction was down only 0.2% year-on-year in 4Q2025, from a 2.9% contraction in 3Q2025. Growth in construction work likely contracted at a slightly faster pace in 1Q2026.

Looking ahead, work is expected to pick up in the short term. Order books – as measured by the rating of the lack of new construction demand as a business constraint – remained stable at just below the long-term average. In addition, respondents themselves expect an uptick in activity next quarter.

Overall, civil contractors are more pessimistic than what is suggested by the underlying trends, especially in activity. Factors weighing on sentiment, as cited by respondents, include delayed payments from clients, a lack of tenders, and a lack of investment in the energy grid. The latter is particularly relevant to the pace of work related to renewable energy generation.

In conclusion: The **FNB/BER Civil Confidence Index** declined to 43 in 1Q2026, from 52 in 4Q2025, returning to its 3Q2025 level.

Sentiment weakened despite relatively supportive trends in activity, profitability and order books when compared to long-term averages.

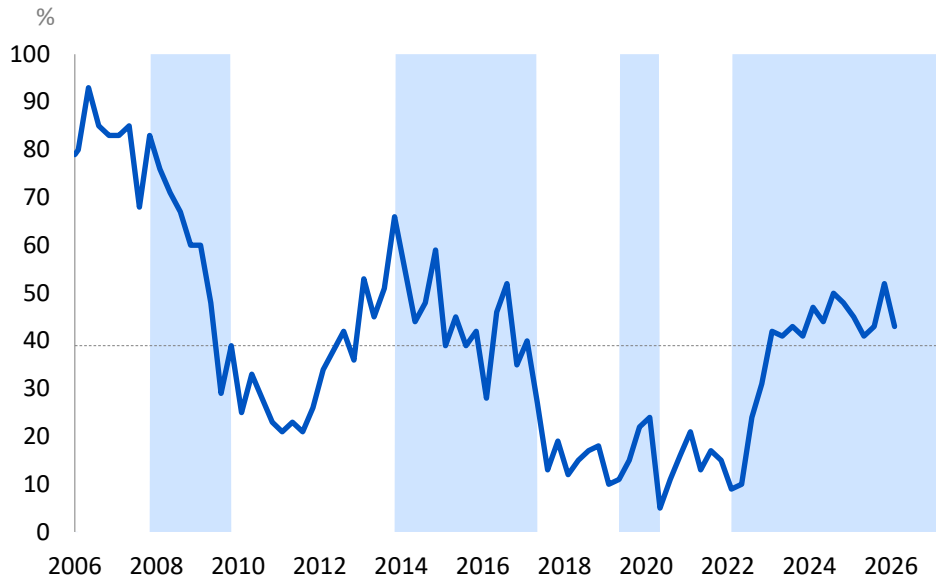
According to Mkhwanazi, *“although work in the civil construction sector likely slowed in 1Q2026, it is still on a broadly upward trajectory. Further progress, however, is likely to remain constrained.”*

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.

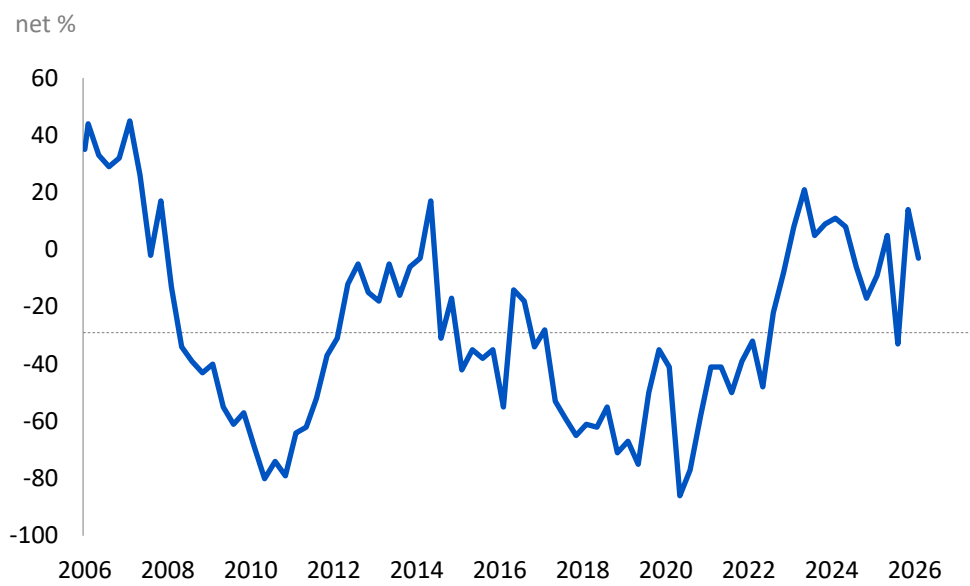
The first quarter survey was conducted between 12 and 23 February 2026.

FNB/BER Civil Confidence Index
Percentage satisfied



Source: BER, Stellenbosch University

Civil construction
Growth in construction activity



Source: BER, Stellenbosch University