



**BER** BUREAU for  
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## **PRESS RELEASE**

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# **THE STATE OF THE CIVIL CONSTRUCTION INDUSTRY**

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## Civil contractor sentiment holds steady in Q2

- The **FNB/BER Civil Confidence Index** was unchanged at 43 in 2Q2026.
  - Despite sharply weaker activity, overall profitability remained relatively high, supporting sentiment.
  - Regarding the outlook, the index measuring firms' rating of insufficient new demand as a business constraint (a proxy for order books) moved further below its long-term average, signalling somewhat better order books (the index is inverted).
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After falling from 52 to 43 in 1Q2026, the **FNB/BER Civil Confidence Index** held steady in 2Q2026.

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

The index measuring activity growth deteriorated for the second consecutive quarter. However, it remained above the long-run average. Additionally, the survey showed strong activity growth in 2Q2025 and, because respondents are asked to compare the current quarter to a year ago, base effects may also result in a weaker index reading.

According to Statistics South Africa, the real value of construction works rose by a significant 5.1% year-on-year (y-o-y) in 1Q2026, following a 0.2% y-o-y contraction in 4Q2025.

*“Based on the survey results, growth in construction works likely eased this quarter. This is in large part due to the higher cost environment and the uptick in general economic uncertainty resulting from the US-Iran war. We should see work regain momentum if the current Middle East peace deal holds and normal trade flows resume. Demand from, among others, the energy, mining and*

*transport infrastructure sectors, will persist,”* remarked Siphamandla Mkhwanazi, Senior Economist at FNB.

The higher cost environment has also resulted in much keener tendering price competition. Yet sentiment remained supported by a relatively upbeat reading for overall profitability, unchanged from last quarter.

*“For existing contracts, firms seem to have been able to pass on some of the higher input costs to clients,”* noted Mkhwanazi.

Encouragingly, order books (as represented by the rating of insufficient new demand as a business constraint) also held up well.

In conclusion: The **FNB/BER Civil Confidence Index** was steady at 43 in 2Q2026.

The effect of weaker activity growth and keener tendering price competition on sentiment this quarter was offset by stable overall profitability and somewhat better order books.

*“On balance, the results were encouraging. The negative effect of rising input costs on work was expected, and activity should rebound once these cost pressures normalise, which is looking increasingly likely given the latest geopolitical developments,”* said Mkhwanazi.

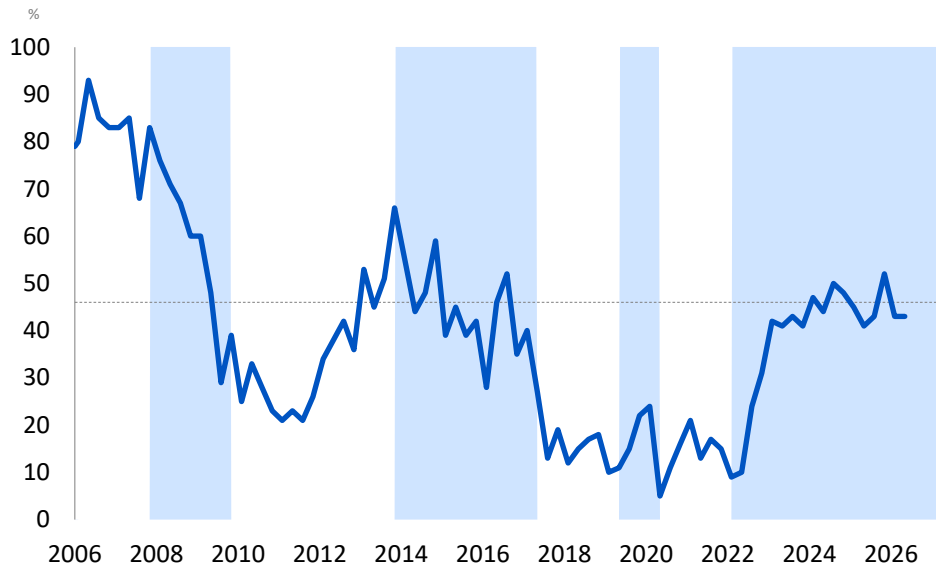
About the survey:

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 14 and 25 May 2026.

### FNB/BER Civil Confidence Index

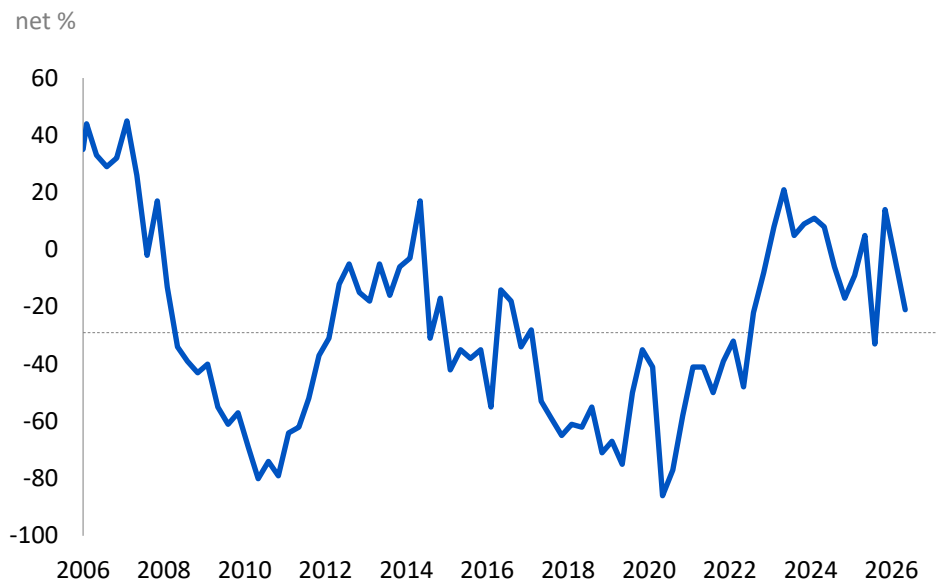
Percentage satisfied



Source: BER, Stellenbosch University

### Civil construction

Growth in construction activity



Source: BER, Stellenbosch University