

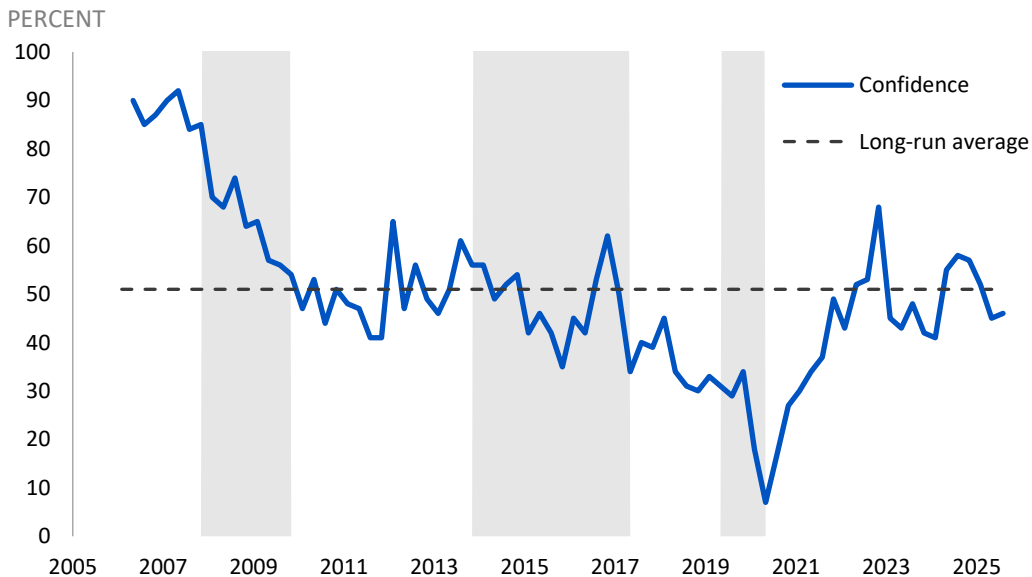
PRESS RELEASE | 23 SEPTEMBER 2025 | FOR IMMEDIATE RELEASE

Other services survey results 2025Q3

Enquiries: Katrien Smuts, Economist | 072 408 1213 | ksmuts@sun.ac.za

Confidence in the Other Services¹ sector ticked up marginally in 2025Q3. However, at 46 index points, it remains below the long-run average, and underlying activity indicators remain weak. Moreover, confidence levels across 2025 continue to track below those of 2024, signalling a broader slowdown in this segment of the economy. That said, Other Services confidence still exceeds the broader RMB/BER Business Confidence Index (BCI), although the gap has narrowed in recent quarters.

Figure 1: Other Services confidence and long-run average



Source: BER and SARB

While overall confidence held steady in the Other Services sector in Q3, the underlying conditions do not support this result. **Realised business volumes** fell below their historical average, and **business conditions** declined, although the latter remains broadly in line with

¹ Hotels, restaurants, transport, real estate and business services make up the Other Services sector. They are denoted as “other” services to distinguish them from the retail, wholesale and motor trade sectors, which are also part of the services sector but included in the RMB/BER business confidence index (BCI). The Other Services sector is not included in the BCI due to its lagging business cycle characteristics, i.e., it recovers/deteriorates later than the BCI sectors. Although the Other Services sector contributes a considerable 22% (2019) to GDP and employment, the BER does not include it in the BCI to safeguard its advanced signalling properties.

long-run norms. There was also a notable decline in **profitability**, which is consistent with what we see volumes doing. **Average selling prices**, in contrast, ticked up, aligning with official data pointing to a slight acceleration in consumer price (CPI) inflation, likely driven in part by higher input costs such as the electricity tariff hike in July.

Two broader trends may explain these outcomes. First, we see South African consumers under intense economic pressure. After two-pot withdrawals temporarily bumped consumers' spending power, this effect appears to be fading. The strain is evident in the weak results in the real estate and hospitality subsectors. **Real estate** activity fell in the third quarter, a disappointing outcome, particularly in light of the 125 basis points of repo rate cuts since 2024Q3. The decline in business volumes, combined with a notable deterioration in business conditions, weighed on confidence in the subsector.

Meanwhile, despite a sharp increase in **hospitality confidence**, realised business volumes in this subsector moved deeper into negative territory. This likely reflects weak domestic demand, as overseas arrivals (which surged in July) should have provided a stronger lift to volumes if local conditions were more supportive.

Second, the challenging operating environment, particularly stemming from bureaucratic inefficiencies and municipal mismanagement, continues to weigh on sentiment in the Other Services sector. **Transport confidence** slid amid domestic and global constraints. This was reflected in higher readings for all four constraints surveyed, increasing above their long-term averages, suggesting the business environment has worsened notably. Even in **business services**, where confidence increased, the survey results point to limited optimism. The slight improvement may reflect temporary relief during a period of relative political calm on the domestic front in Q3. However, respondents remain sceptical about the outlook.

WHERE TO FROM HERE?

The outlook for the Other Services sector remains closely tied to developments in the broader South African economy. As momentum in other key sectors falters, the spillover effects are increasingly evident, whether through declining confidence, weaker activity levels, or both.

Barring a seasonal uptick in transport and hospitality, and the lagged impact of slightly lower interest rates, there are few near-term catalysts in sight that could significantly boost the sector. Demand conditions remain subdued and structural headwinds continue to weigh on consumers. That said, there is some hope that progress on structural and labour market reforms will help improve the broader business environment. In turn, this could support stronger and more sustainable growth in services over the medium term.

Copyright & Disclaimer

This publication is confidential and only for the use of the intended recipient. Copyright for this publication is held by Stellenbosch University.



Although reasonable professional skill, care and diligence are exercised to record and interpret all information correctly, Stellenbosch University, its division BER and the author(s)/editor do not accept any liability for any direct or indirect loss whatsoever that might result from unintentional inaccurate data and interpretations provided by the BER as well as any interpretations by third parties. Stellenbosch University further accepts no liability for the consequences of any decisions or actions taken by any third party on the basis of information provided in this publication. The views, conclusions or opinions contained in this publication are those of the BER and do not necessarily reflect those of Stellenbosch University.