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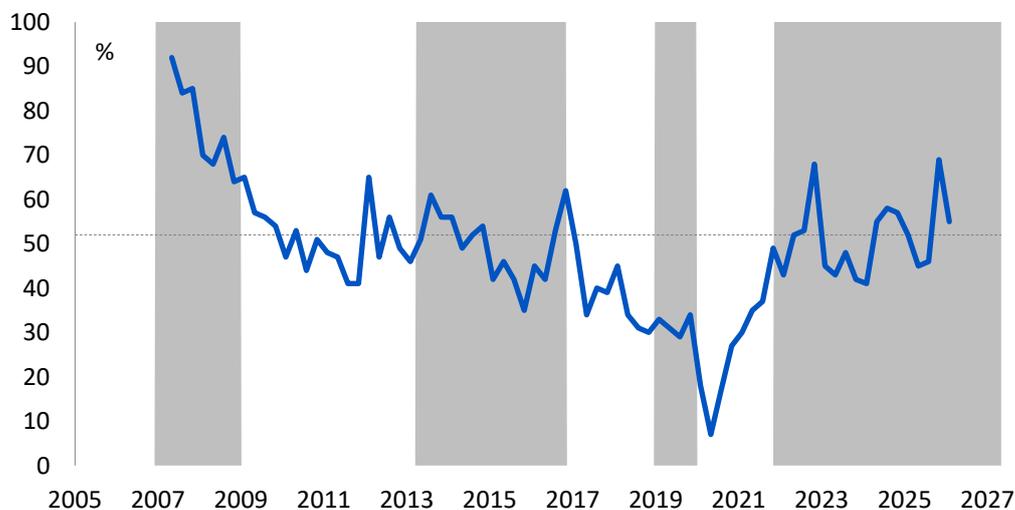
Other services survey results 2026Q1

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Other Services¹ confidence declined by 14 points to 55 in the first quarter of 2026. Though this is a statistically significant decline, at 55, confidence remains comfortably above both the 2025 average and the long-run average. The results suggest that the decline in confidence largely reflects a normalisation from the exceptionally strong fourth quarter rather than a broad deterioration in the sector.

Figure 1: Other Services confidence

Percent



Source: BER and SARB. The shaded areas indicate cyclical downturns as demarcated by the SARB. The SARB changed its business cycle estimates in October 2025.

Realised business conditions and business volumes also declined in 2026Q1, though both remain above their historical averages and continue to support the current level of confidence. Notably, the survey was conducted during a period of improving sentiment toward

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.

the South African economy as a whole, yet confidence declined across all four services subsectors, highlighting the role of sector-specific dynamics.

Hospitality confidence corrected sharply after reaching a 20-year high in 2025Q4. Business confidence and volumes in the hospitality subsector declined substantially, reflecting households being on a slightly weaker footing than this time last year, as well as less tourism activity following the surge in overseas visitors around the G20 events throughout 2025.

Transport services also saw sharp corrections in Q1. Throughout 2025 and into this year, business volumes in transport have fallen meaningfully and remain low. Weak demand and financial constraints have intensified, helping to explain the subdued activity. Against this backdrop, it is unsurprising that business confidence in the transport subsector deteriorated by a statistically significant 30 points.

Though real-estate confidence fell, underlying conditions remain high by historical standards. The final quarter of 2025 was an outlier in terms of confidence levels, which partly explains the correction in the first quarter of this year. Both business conditions and volumes remain comfortably above their long-run average levels. Real estate volumes benefit particularly from a lower interest-rate environment and greater political stability.

Business services confidence, meanwhile, moved largely sideways, while fundamentals remain solid. Both business conditions and business volumes increased slightly and remain above long-run averages. Consistently fewer respondents now list insufficient demand as a serious constraint than two years ago.

IN SUMMARY

Some areas of concern remain. The hospitality and transport subsectors have weakened, partly normalising after a strong Q4, but transport remains the weakest performing sector. Red tape remains the most pressing constraint overall, while higher average selling prices may increasingly feed through to services and headline inflation.

On the positive side, business conditions and volumes in Other Services remain above average despite q-o-q declines. Profitability strengthened as average selling prices increased. Real estate performed solidly, supported by lower interest rates, while conditions in business services remained broadly business-as-usual. Employment is flat overall but still above average, while insufficient demand is easing as a serious constraint (except in the transport subsector). Furthermore, expectations across Other Services improved, signalling potential stabilisation ahead. However, escalating tensions in the Middle East could disrupt the positive momentum, even though the transmission channels for South Africa are mainly indirect: higher oil prices, a weaker rand, imported inflation and tighter financial conditions.

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