PRESS RELEASE

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FNB/BER BUILDING CONFIDENCE INDEX

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Sentiment in the building sector closes 2025 off on a better footing

- The **FNB/BER Building Confidence Index** rose to a joint 10-year high of 43 in 4Q2025.
- The increase in the composite index was largely due to a significant 21-point jump in the sentiment of hardware retailers.
- Importantly, the results suggest that, on balance, work continued at a similar or somewhat faster pace than in 3Q2025.
- Work among architects ticked up and is reason for some (cautious) optimism that building activity could register a more meaningful acceleration in coming quarters.

After slipping one index point to 35 in 3Q2025, the **FNB/BER Building Confidence Index** increased to 43 in 4Q2025. This is, along with 4Q2023, the best reading in a decade and higher than the long-term average for the series of 40.

However, despite the uptick, the current index level still means that the majority (more than 55%) of respondents are dissatisfied with prevailing business conditions.

The composite index benefitted from a 21-index point rise in sentiment among **hardware retailers** off the back of improved sales. "*The jump in hardware retailer confidence returns the index to more or less the level registered at the start of the year and reaffirms some of the broader trends regarding the resilience of the SA consumer. Household income has benefitted from lower inflation, lower interest rates – including the November cut although it is too soon for that to add to sales but potentially to sentiment – and continued two-pot withdrawals*," noted Siphamandla Mkhwanazi, Senior economist at FNB.

Following a decline to 18 in 3Q2025, the business confidence of **manufacturers of building materials** rose by 14 points to 32. This is its best level since 1Q2022.

Main contractor confidence declined to 39 in 4Q2025, from 46 in 3Q2025. Sentiment moved lower despite better activity and overall profitability. Even expectations for activity next quarter were noticeably up. *"In all, sentiment merely slipped back to its long-term average following a jump in 2025Q3. The underlying trends are still promising*," said Mkhwanazi.

The index measuring growth in residential building activity showed an encouraging increase. However, keener tendering price competition meant that growth in overall profitability remained relatively downbeat. These competing factors resulted in an unchanged business confidence reading.

Non-residential builder confidence was also stable – at 50 – in 4Q2025 despite weaker activity and profitability. According to Mkhwanazi, "*non-residential building work has gained some momentum in recent quarters, but the level of investment (in real terms) is still below that of the 2010s. With this base and the broader improvement in macroeconomic fundamentals, it is unlikely that the softer activity reading this quarter reflects a decline in work. Rather, it suggests a slowdown in the growth profile".*

According to Statistics South Africa, real investment in buildings was down 9.6% year-on-year (y-o-y) in 3Q2025, an improvement compared to the 10.7% contraction in 2Q2025. On a quarterly basis, building investment was up 1.4%. The survey results point to a similar performance in 4Q2025.

The business sentiment of **architects** was up eight points in 4Q2025 off the back of better business conditions and activity. In contrast, **quantity surveyor** activity was sharply down, however business confidence held up well. "*The building pipeline provided mixed results in terms of upcoming work and suggests that there is at least some activity likely to move along the value chain*," stated Mkhwanazi.

Sub-contractor sentiment registered a significant 10-point increase.

In conclusion

The **FNB/BER Building Confidence Index** increased to a joint 10-year high of 43 in 4Q2025, from 35 in 3Q2025.

While higher, the index still suggests that more than half of respondents are dissatisfied with prevailing business conditions.

A 21-point increase in sentiment among hardware retailers boosted the composite index. However, the uptick in activity among main contractors, led by residential builders, and activity among architects is also encouraging.

"*There is reason for cautious optimism about the prospects for the building sector next year. While there are still a number of hurdles to sustained growth, lower interest rates, faster economic growth and better momentum on structural reform – not to mention the very low base - could see noticeably more pronounced growth*," said Mkhwanazi

About the survey:

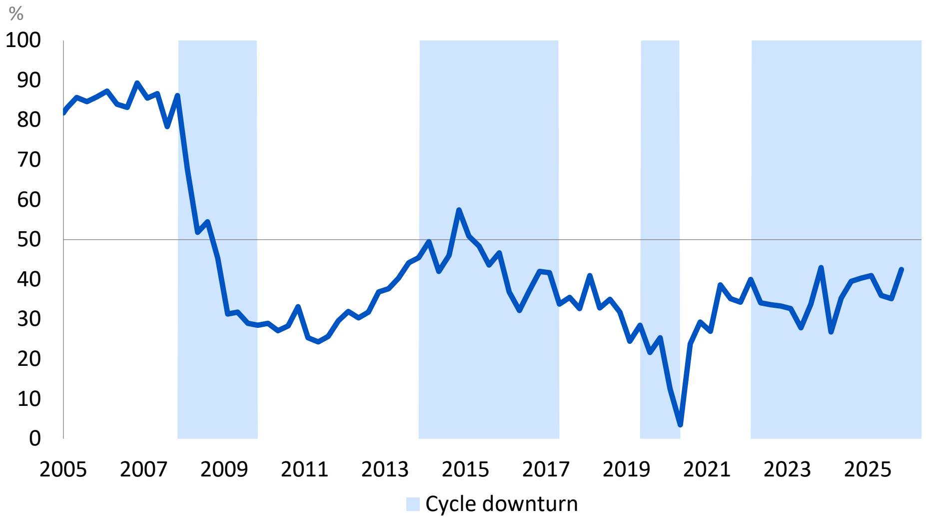
The FNB/BER building confidence index can vary between zero (indicating an extreme lack of confidence) and 100 (indicating extreme confidence). It reveals the percentage of respondents that are satisfied with prevailing business conditions in six sectors, namely architects, quantity surveyors, main contractors, sub-contractors (plumbers, electricians, carpenters and shop fitters), manufacturers of building materials (cement, bricks and glass) and retailers of building material and hardware.

In contrast to the RMB/BER BCI, which includes only main contractors, the FNB/BER building confidence index covers the whole pipeline, from planning (represented by the architects and quantity surveyors), renovations, additions, owner builders, the informal sector (represented by building material and hardware retailers) and production (manufacturers of building materials) to the actual erection of buildings by main contractors and sub-contractors.

The FNB/BER Building Confidence Index includes revised calculations for building material manufacturers and hardware retailers in line with adjustments to the broader manufacturing and retail survey results. Briefly, all the BER's survey respondents are allocated sector and firm size weights to account for their main activity type and turnover respectively. Every few years, the BER updates the sector weights to provide for changes in the composition of activity. This time, the BER also reduced the number of firm size weight categories from nine to four to agree with the classification into micro, small, medium and large firms. The updated sector weights and the new four-category firm size weights were applied to the original individual responses (the so-called microdata) to recalculate all the historical time series going back to 1992. For more information, please see the note “Business confidence changes 18Q4” and download the revised historical BCI data at www.ber.ac.za.

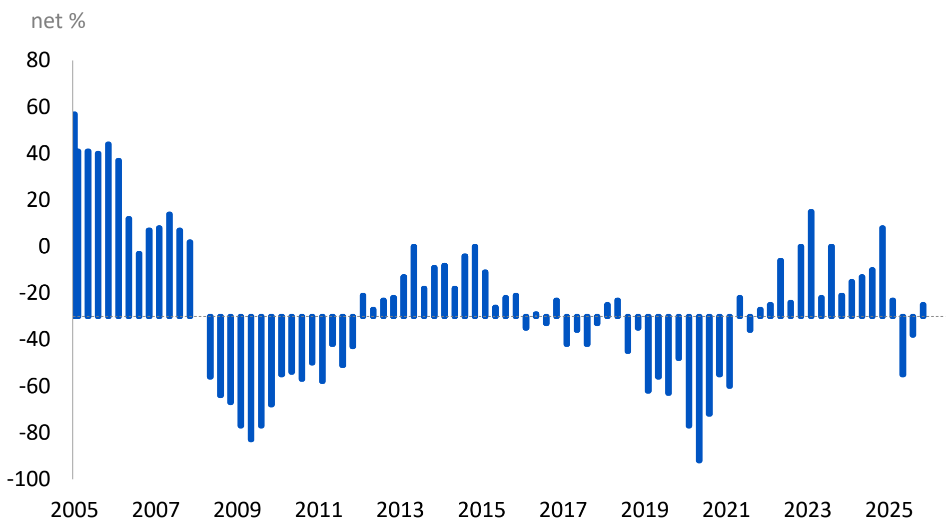
The fieldwork for the fourth quarter survey was conducted between 10 and 24 November 2025.

FNB/BER Composite Building Confidence Index



Source: BER, Stellenbosch University.

Main Contractors: Growth in building activity (Net balance)



Source: BER, Stellenbosch University.