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Other services survey results 2026Q2

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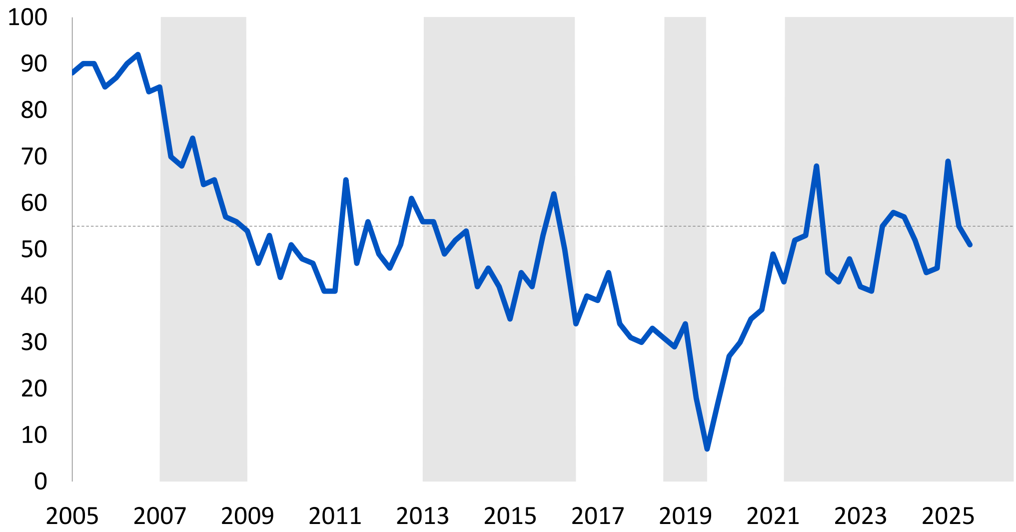
Confidence in the Other Services sector[1] declined by 4 points, reaching 51 in the second quarter of 2026. It remains one point above its long-term average and higher than it was at this time last year. This decline in confidence reflects deteriorating business conditions driven by rising geopolitical uncertainty and mounting domestic challenges, particularly for businesses operating in metros facing service delivery and governance failures.

Figure 1: Other Services confidence, 2026Q2
Percent



Source: BER and SARB. The shaded areas indicate cyclical downturns as demarcated by the SARB.

Overall confidence was dragged lower by poor confidence in the business services and transport services subsectors, while hospitality and real estate provided some offset. In

[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.

business services, which is typically the most stable subsector, confidence has fallen to below-average levels, marking a statistically significant change. This decline is largely driven by worsening business volumes and an increase in the extent to which insufficient demand has become a constraint on doing business. Respondents in business services frequently cite municipal inefficiencies, administrative hurdles and the broader operating environment as business constraints.

Respondents in the real estate sector reported weak volumes and business conditions; however, despite these statistically significant declines, confidence has increased. Confidence is well above the long-run average and has returned to its 2025Q4 level. Factors supporting the real estate subsector include lower interest rates compared to a year ago, despite a dramatic worsening in the interest rate outlook during the second quarter, and relatively high prices, which enhance commissions and profitability. Additionally, the sector's non-residential real estate component has performed notably well, adding to optimism among respondents. The divergence between confidence and realised activity suggests that respondents may be looking beyond current trading conditions and focusing more on profitability and longer-term market prospects.

Transport services confidence declined to its lowest level in three years. High fuel costs are a significant factor contributing to the weakness in transport services, especially for diesel, which represents a substantial input in this subsector. However, fuel costs alone cannot explain the deterioration in confidence, suggesting that weak demand and increased competition are also weighing on sentiment.

Confidence among hospitality respondents remained unchanged in 2026Q2. While business conditions declined, business volumes increased slightly. The hospitality sector continues to benefit from a strong tourism recovery, with overseas arrivals in early 2026 remaining well above year-earlier levels and close to pre-pandemic norms. This positive momentum likely supported strong volumes and sustained confidence in the subsector. The outlook for the next season, however, remains unclear. The immediate risks of travel have abated as the world moves closer to a peace deal in the Middle East. However, it remains unclear to what extent geopolitical uncertainty has altered the outlook for hospitality heading into the next season.

IN SUMMARY

While confidence in Other Services remains above the headline RMB/BER BCI, the gap has narrowed noticeably in recent quarters. The deterioration in business services and transport is particularly concerning given their importance to broader economic activity. The survey results suggest that elevated uncertainty, rising costs and ongoing challenges in the domestic operating environment are weighing on sentiment. However, confidence remains above its long-term average, and resilience in hospitality and real estate suggests that the setback is not yet broad enough to signal a material deterioration across the entire sector.