

PRESS RELEASE:

Building and construction industry remains in the doldrums

Pretoria 09 April 2019: The 2019Q1 cidb SME Conditions Survey suggests that the South African building and construction industry remains under tremendous pressure.

General building (GB) confidence declined by 1 index point to 33. Ntando Skosana, Project Manager for Construction Industry Performance remarked that, “sentiment remained at a very depressing level as building activity growth slowed even further”.

Across the grades, Grades 7 and 8 registered the sharpest drop in confidence – from 40 to an almost six-year low of 23. According to Skosana, “the marked deterioration in sentiment among GB class of works in Grades 7 and 8 was largely driven by weaker activity growth.”

In recent quarters, GBs in the Western Cape, who previously outperformed their provincial counterparts, also came under pressure. Skosana noted that “despite a marginal uptick to 27 index points in 2019Q1, building confidence in the Western Cape is still 30 index points lower than at the end of 2017.”

After improving from a historical low of 27 to 35 in the previous quarter, Civil Engineering (CE) confidence fell back to 31 in 2019Q1. Skosana stated that “this is alarming because at 31, close to 70% of respondents are dissatisfied with prevailing business conditions. Like with GBs, activity growth just isn’t forthcoming.”

Similar to GBs, the drop in confidence was most pronounced among CEs in Grades 7 and 8 where business confidence is now at 20 index points. The other grades also registered marginal declines in sentiment.

On a provincial level, CEs in the Eastern Cape and Western Cape experienced the sharpest deterioration in sentiment, to zero and 27 index points respectively. Despite marginal upticks in the other two provinces, confidence remained at very weak levels.

“Regardless of the movements in confidence, the latest survey results paint a picture of broad-based weakness across all grades and provinces” concludes Skosana.

About the survey:

The cidb SME business conditions survey is conducted quarterly among Grades 3 to 8 cidb-registered contractors (categorised into Grades 3 and 4, Grades 5 and 6 as well as Grades 7 and 8), both for general building and civil industries.

The main indicator used for analysis purposes is business confidence, which indicates whether respondents find the current business conditions satisfactory. A business confidence index can vary between zero (indicating an extreme lack of confidence) and 100 (indicating extreme confidence). The 50 index-point mark is interpreted as neutral.

The fieldwork for the 2019Q1 survey was conducted during the period 28 January and 4 March 2019.

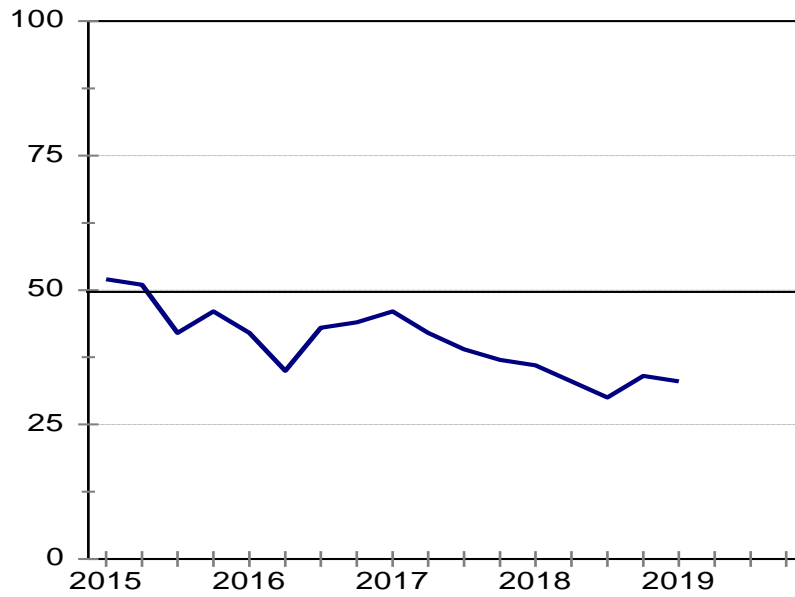
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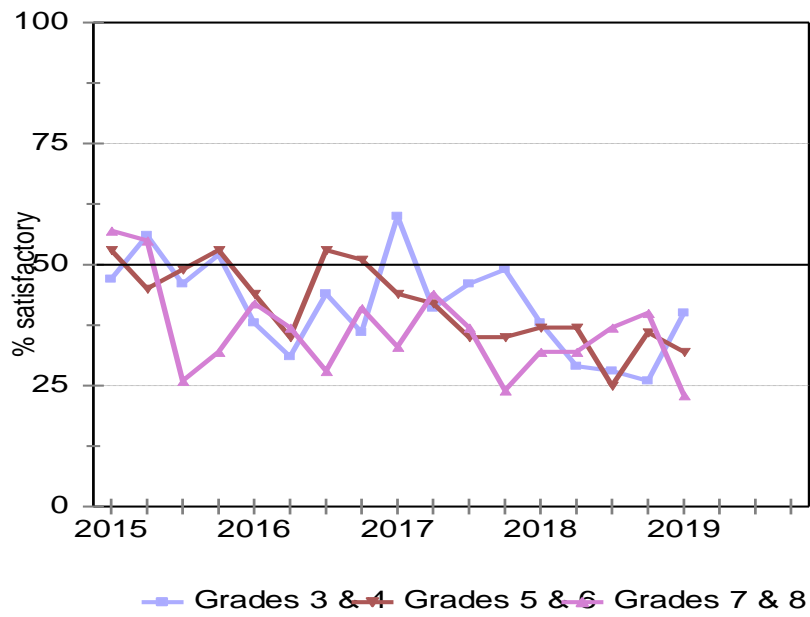
General Builders:

Business confidence



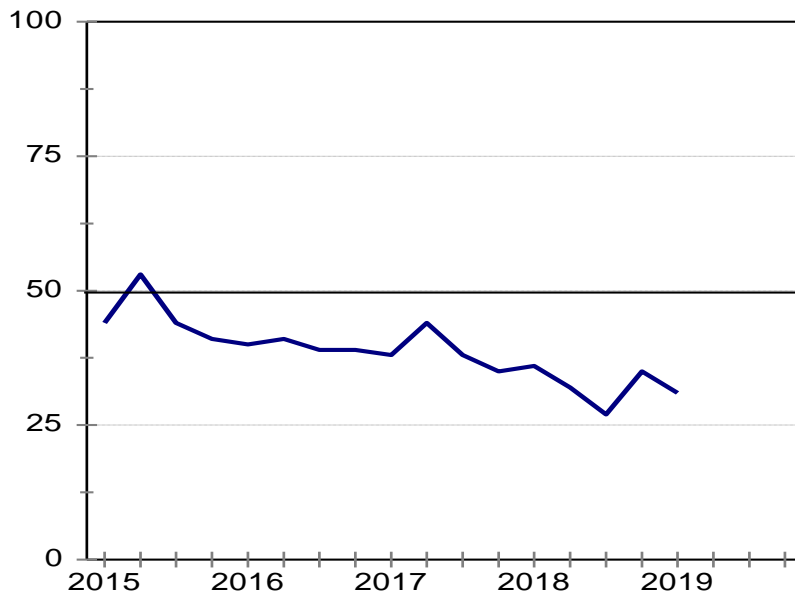
Source: BER, Stellenbosch University

**General Builders:
Business confidence per grade**



Source: BER, Stellenbosch University

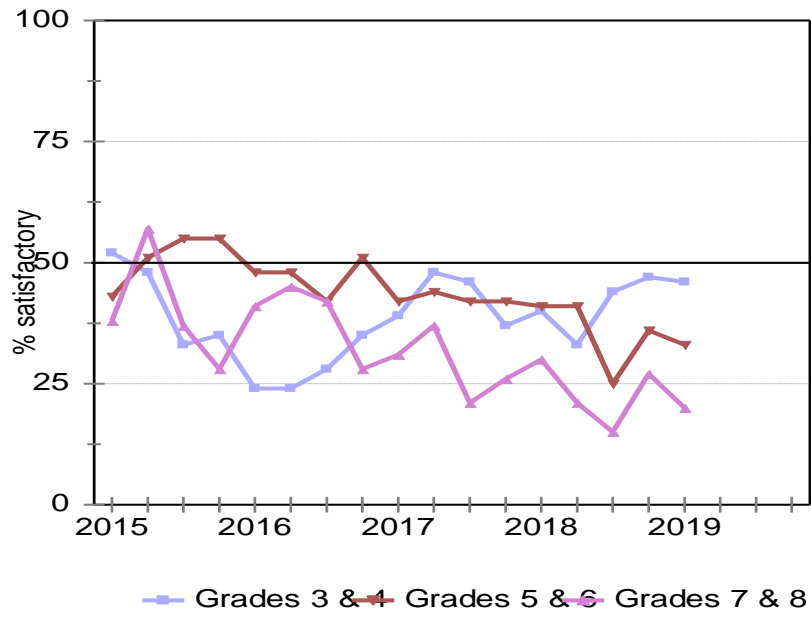
**Civil Engineers:
Business confidence**



Source: BER, Stellenbosch University

Civil Engineers:

Business confidence per grade



Source: BER, Stellenbosch University