



DEVELOPMENT THROUGH PARTNERSHIP

*cidb - SME Business Conditions Survey*



Quarter

3

2016





University of Stellenbosch

## **cidb Survey Results: 2016Q3**

*September 2016*

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# Summary

## *Building Contractors*

Confidence gained 7 points to register and index value of 41 in 2016Q3. The higher confidence was due to improved growth in profitability and building activity.

From a grades perspective, confidence among grade 3 & 4 and 5 & 6 was higher. However, grades 7 & 8 registered a 10 index point fall in confidence.

Most regions, barring KwaZulu-Natal reported higher confidence during the quarter. The confidence of general builders in the Western Cape was, at 62, particularly high.

## *Civil Contractors*

Civil contractor confidence has been relatively flat since the start of 2016. After shedding 1 point in 2016Q2, confidence was up by 1 point in 2016Q3 to 40. Better growth in profitability and (but to a lesser extent) building activity was offset by a sharp increase in tendering competition in the quarter.

Unlike with general builders, the confidence of civil contractors in grades 7 & 8 improved markedly to 47. Grade 5 & 6 confidence, however, fell by 7 index points. Grade 3 & 4 confidence was unchanged at 30.

From a regional perspective, the results were mixed. While confidence of civil contractors in the Western Cape and KwaZulu-Natal increased, that of respondents in Gauteng and the Eastern Cape decreased.

While the results do not paint a picture of a broad-based improvement in the sector, there are certain areas/grades which are outperforming this quarter. This finding is most notable in the Western Cape, where the confidence of both general builders and civil contractors rose by 10 index points or more.



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## Introduction

The cidb has contracted the Bureau for Economic Research (BER) at Stellenbosch University to conduct a business tendency survey among registered cidb contractors (Grades 3 - 8) operating in the building and civil engineering industries.

The 2016Q3 survey was carried out during the period 25 July to 29 August 2016.

The analysis that follows provides a synopsis of the survey responses received in 2016Q3, according to region and grades from participating cidb registered building and civil contractors. The detailed survey results are to be found at the end of this report.

The main indicator used for analysis purposes is **business confidence**. The business confidence index is based on the number of survey sample respondents indicating that they find current business conditions satisfactory. It is calculated as a percentage. For example, a business confidence index of 90 implies that 90% of the survey respondents regard prevailing business conditions as satisfactory. The data series can therefore vary between 0 and 100, with 50 seen as neutral. Business confidence, as measured by qualitative opinion surveys, has proved both globally and domestically to be a reliable leading indicator of business activity. Similar to business confidence, the responses relating to **constraints** are presented as percentages. For example, 50% of respondents rated a shortage of skilled labour as a constraint on their activities.

The rest of the responses are converted into net balances. For example, if the percentage of respondents rating building activity higher / the same / lower than a year ago is as follows;

Higher	Same	Lower
70	10	20

then we can conclude that the majority of participants experienced an acceleration in building activity. A net majority (i.e. the percentage of respondents rating activity higher, less the percentage rating activity lower) of 50% is registered in the above example. A net majority of -10%, for example, indicates a slowdown in building activity compared to a year ago. A value of zero therefore indicates no change, between 0 and 100 reflects a rise (or improvement) and between 0 and -100 a decline (or deterioration) compared to the same quarter a year ago.

Note: A low number of responses cause the survey results to vary noticeably between consecutive quarters. We recommend that users base their views on the trend and not on a single data point.



# 2016Q3 cidb Survey Results

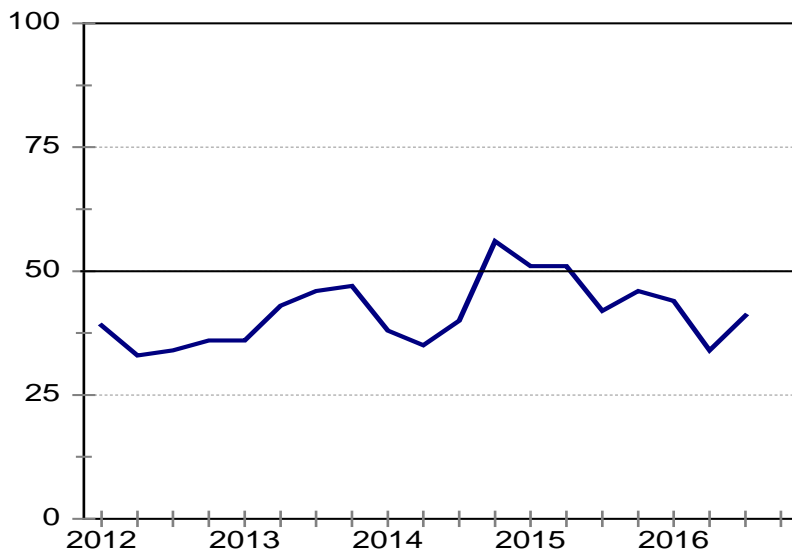
## Building Industry

### Total

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After falling to 34 in 2016Q2, the business confidence of general builders regained some ground, rising to 41 in 2016Q3.

Figure 1: Total  
Business confidence



In addition to the higher confidence, the percentage of respondents that reported that business conditions had worsened compared to a year earlier eased to 34 in 2016Q3, from 45 in 2016Q2.

A mild recovery in building activity was registered in the quarter. Whereas 47% of respondents stated that activity was lower in 2016Q2, 41% noted as such in 2016Q3.

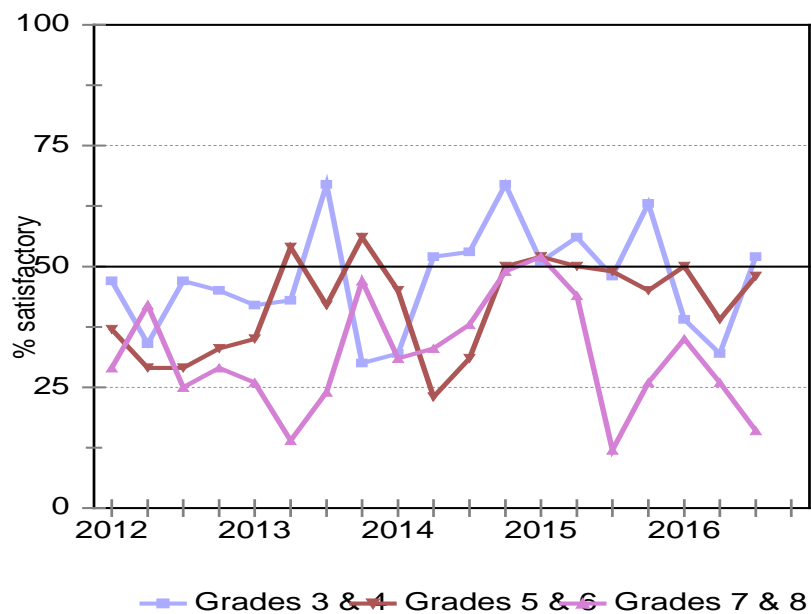
Overall profitability also improved in the quarter. A net 45% of respondents indicated that profitability was lower compared to a year earlier, down from 54% in 2016Q2. The combination of higher building activity and better profitability likely lifted confidence. Tendering competition was largely unchanged.

Building activity looks set to improve further over the near term. The number of respondents that cited the lack of new demand for building work as a constraint to business operations declined to 71% in 2016Q3, from 79% in 2016Q2. Other constraints such as the shortage of skilled labour and inadequate supply of building materials also eased.

## Grades comparison

While business confidence among grades 3 & 4 and 5 & 6 increased during the quarter, that of grades 7 & 8 fell to its lowest level in a year (see Figure 2).

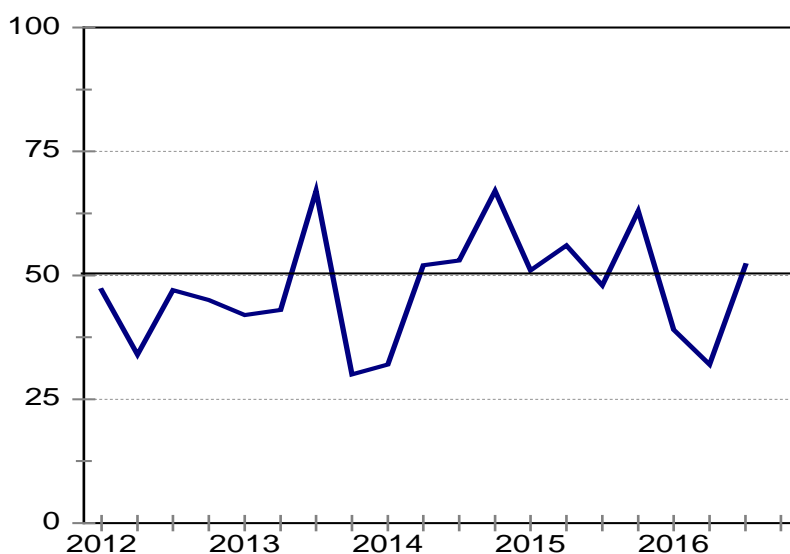
Figure 2: Business confidence per grade



### Grades 3 & 4

After falling for two consecutive quarters, business confidence improved by 20 index points to 52 in 2016Q3.

Figure 3: Grade 3 & 4  
Business confidence



The higher confidence was largely due to better profitability. In 2016Q2, 55% of respondents stated that profitability was lower compared to 2015Q2. In 2016Q3 this figure fell to 38%.

The indicators relating to tendering competition and building activity however, do not support this sharp rise in profitability. Tendering competition for example intensified. Forty-five percent of respondents noted that tendering competition was keener than a year ago, up from 37% in 2016Q2.

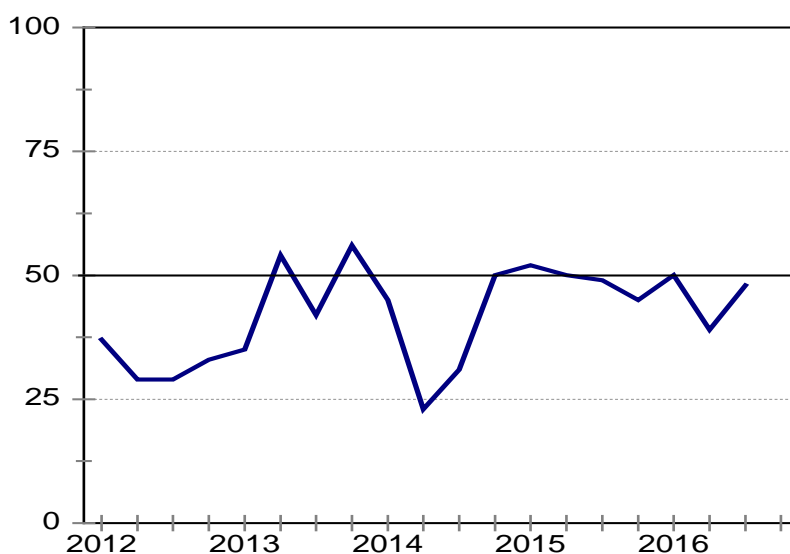
### *Grades 5 & 6*

Grade 5 & 6 confidence gained 9 points to register a level of 48 in 2016Q3.

The underlying information, however, does not support the rise in confidence. Building activity was unchanged at weak levels. In 2016Q2, 46% indicated that building activity was lower compared to the same period a year earlier, 47% reported as such in 2016Q3. Similarly, profitability deteriorated and tendering competition intensified.

Figure 4: Grade 5 & 6

### Business confidence



In contrast, the constraints to business operations eased. This may have provided some support to confidence. The rating of insufficient demand for new work as a constraint to business operations fell to 69%, from 76% in 2016Q2. Similarly, the lack of skilled labour and inadequate supply of building materials were less constraining to business operations.

### *Grades 7 & 8*

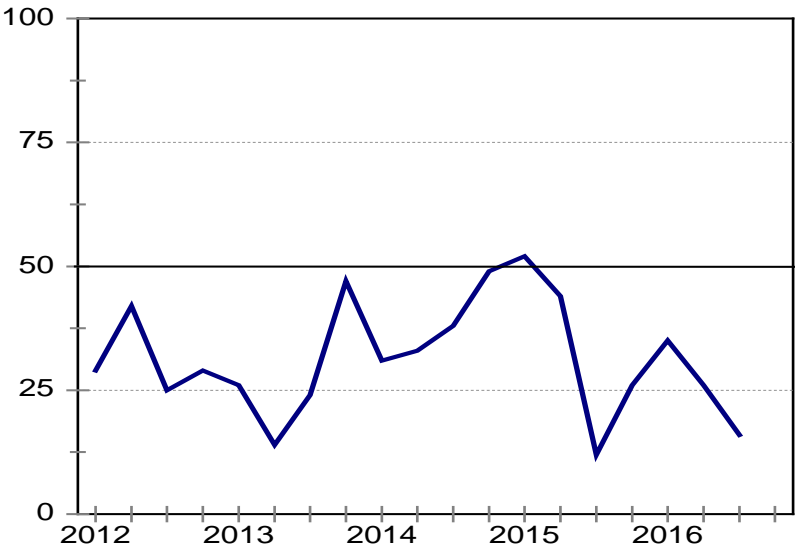
Business confidence registered a 10 index point decline to 16 in 2016Q3. This brings the cumulative fall over the last 2 quarters to 19 index points.

Confidence was lower despite a rebound in building activity. In 2016Q2, the percentage of respondents that reported lower activity rose to 61% from 30% in 2016Q1. In 2016Q3, the index improved to 35%.

As a result of the improvement in building activity, profitability was also higher. Only 37% of respondents reported that profitability was lower compared to a year earlier, up from 52% in 2016Q2.

Figure 5: Grade 7 & 8

Business confidence



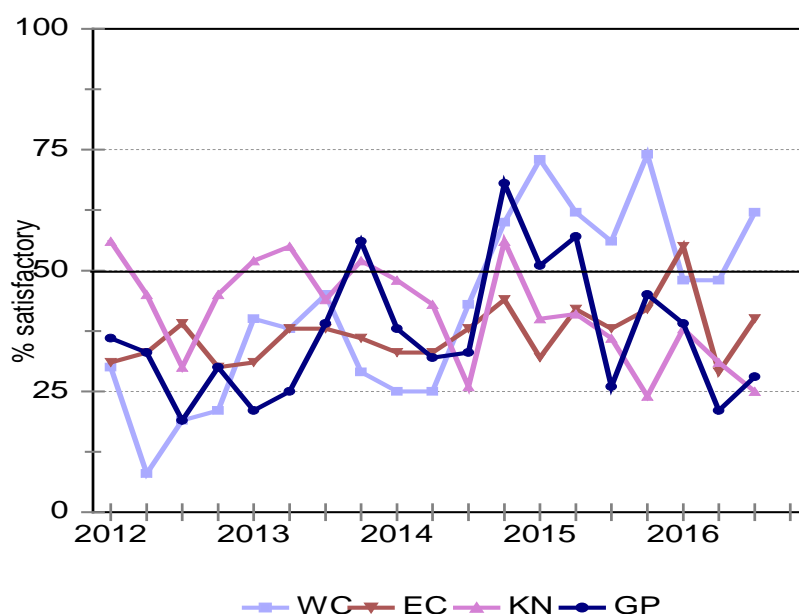
The index measuring the extent to which the lack of new building demand constrains business activity declined to 78%, from 89% in 2016Q2.

## Provincial comparison

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KwaZulu-Natal was the only province to register lower confidence during the survey quarter (see Figure 6).

Figure 6: Business confidence per province



### *Eastern Cape*

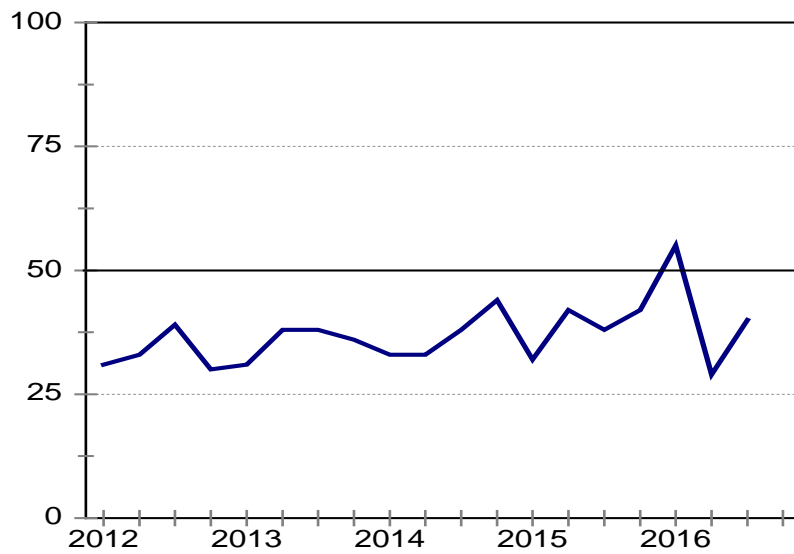
After dropping to 29 index points in 2016Q2, business confidence gained 11 points to register a level of 40 in 2016Q3.

Building activity improved somewhat, however, the current level of the index suggests that it is still relatively weak. Due to the slightly higher activity, profitability increased. In 2016Q3, a net 47% of respondents reported lower profitability compared to the same period a year ago, down from 54% in 2016Q2.

Tendering competition intensified significantly. While 58% indicated that competition was keener in 2016Q2 compared to 2015Q2, 75% stated as such in 2016Q3.



Figure 7: Eastern Cape  
Business confidence



The percentage of respondents that cited the lack of new demand as a constraint to business operations fell to 69% from 90% in 2016Q3.

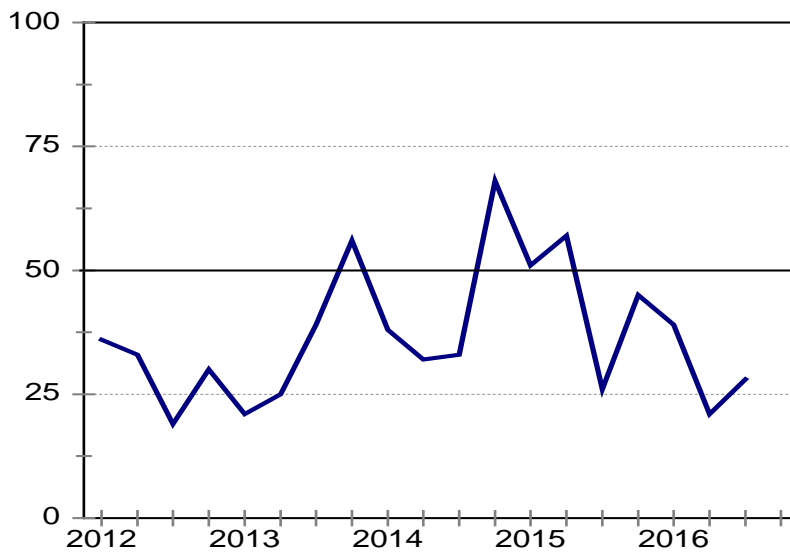
### *Gauteng*

Following a decline to 21 in 2016Q2, business confidence rose by 7 index points to 28 in 2016Q3.

The underlying data supports the higher confidence with building activity and overall profitability faring better this quarter. A net 39% of respondents revealed that overall profitability was lower compared to a year earlier, but significantly up from the 72% that stated as such in 2016Q2. This brings the level of the index to above the average recorded since the survey was first conducted in 2008Q3.

Tendering competition, in contrast, intensified. The percentage of respondents that reported keener competition compared to a year earlier jumped to 66, from 47 in 2016Q2.

Figure 8: Gauteng  
Business confidence



Respondents also noted that employment improved somewhat. The net number of contractors that reported lower employment compared to last year declined to 22% in 2016Q3, from 28% in 2016Q2. The mildly better employment was alongside a fall in the number of respondents that cited the shortage of skilled labour as a business constraint to 44, from 56 in 2016Q2.

### *KwaZulu-Natal*

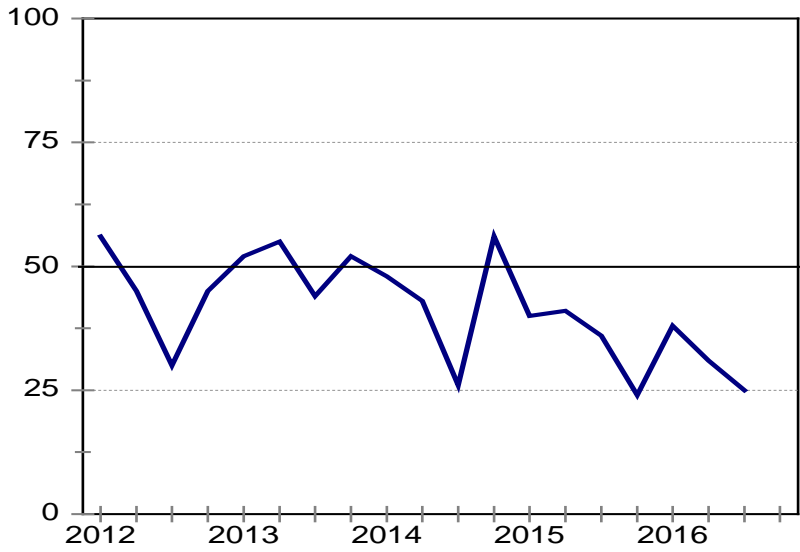
Confidence fell for the second consecutive quarter, to 25 index points, from 31 in 2016Q2.

The lower confidence can largely be explained by the notable deterioration in overall profitability. Sixty-five per cent of respondents stated that profitability was lower compared to the same period a year ago, up from 43% in 2016Q2.

Building activity and tendering competition were only marginally better during the survey quarter.

Amid the weaker profitability, employment improved. A net 35% of respondents indicated that employment was lower compared to a year ago, down from 50% in 2016Q2.

Figure 9: KwaZulu-Natal  
Business confidence

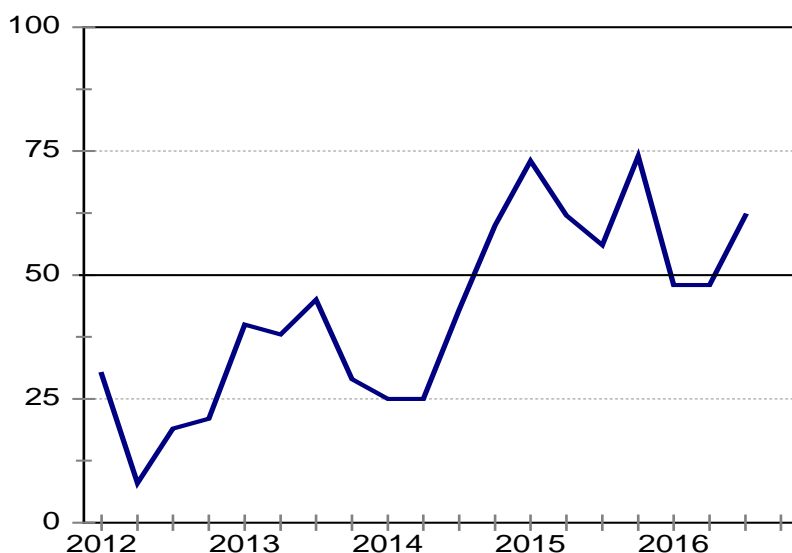


The constraints eased somewhat across the board. The percentage of respondents that cited the lack of skilled labour, inadequate supply of material, insufficient demand for new work and access to credit as constraining their business operations, all declined.

## Western Cape

Business confidence lost significant ground registering a level of 48 in 2016Q1 and 2016Q2, after a record high of 74 in 2015Q4. However, a rebound to 62 was registered in 2016Q3.

Figure 10: Western Cape  
Business confidence



While the fall registered at the start of the year may have been an overreaction to somewhat weaker data, particularly related to profitability, the improvement in confidence this quarter is not entirely supported by the underlying indicators. Building activity worsened somewhat during the quarter, but remains reasonably robust while profitability remained largely unchanged.

The only real support came in the form of tendering competition, which eased in 2016Q3. A net 43% stated that tendering competition was keener compared to a year earlier, from 57% that stated as such in 2016Q2.

The constraints to business operations, barring that measuring the inadequate supply of building materials which declined to 24%, were largely unchanged between 2016Q2 and 2016Q3.

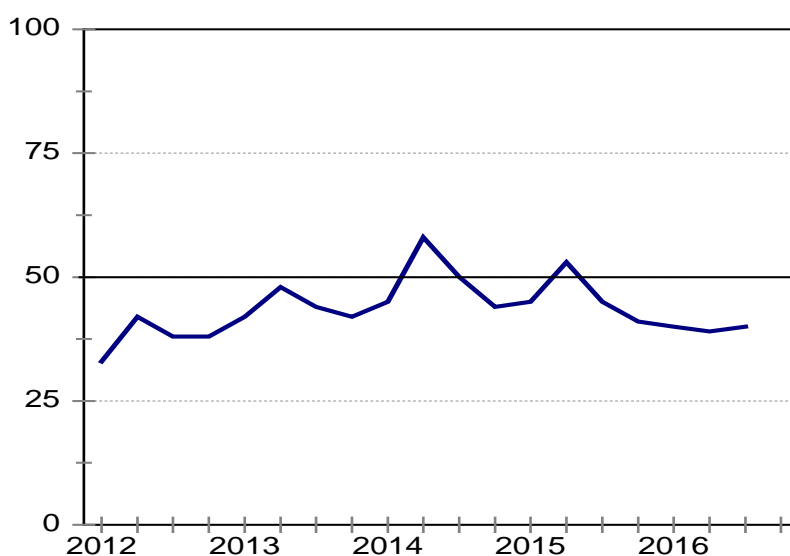
# Construction Industry

## Total

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Civil contractor confidence edged back up to 40 (the level recorded in 2016Q1) in 2016Q3, from 39 in 2016Q2.

Figure 11: Total  
Business confidence



Leading the slight rise in confidence was higher profitability on the back of an increase in building activity. Thirty-five per cent of respondents stated that profitability was lower compared to a year earlier, down from 50% in 2016Q2.

The increase in activity also benefited employment. Whereas a net 37% of respondents reported lower employment compared to a year ago in 2016Q2, only 24% stated as such in 2016Q3. This is the best level of the index in a year.

More intense tendering competition, however, countered some of the gains in profitability, likely weighing on confidence.

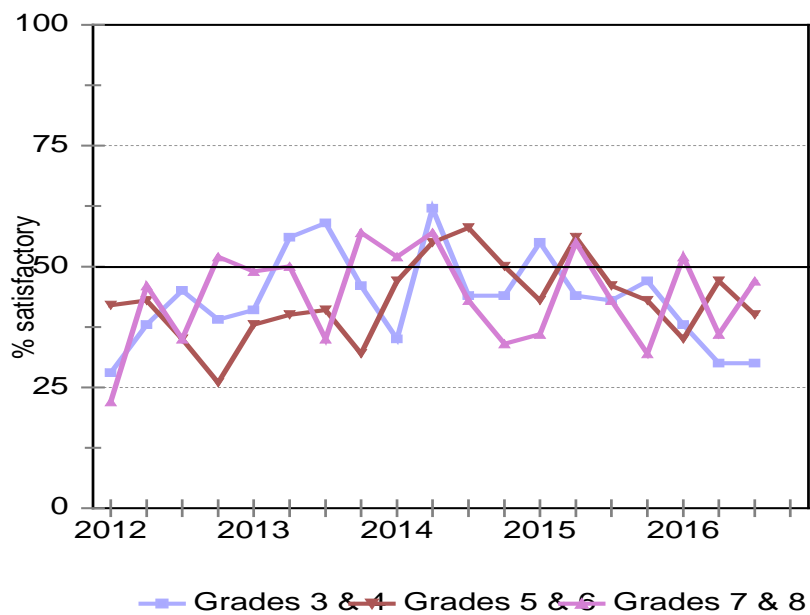
The constraints to business operations were largely unchanged between 2016Q2 and 2016Q3.

## Grades comparison

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This quarter saw the confidence of grade 5 & 6 contractors decline while confidence of grade 7 & 8 contractors increased. Grade 3 & 4 confidence was unchanged.

Figure 12: Business confidence per grade



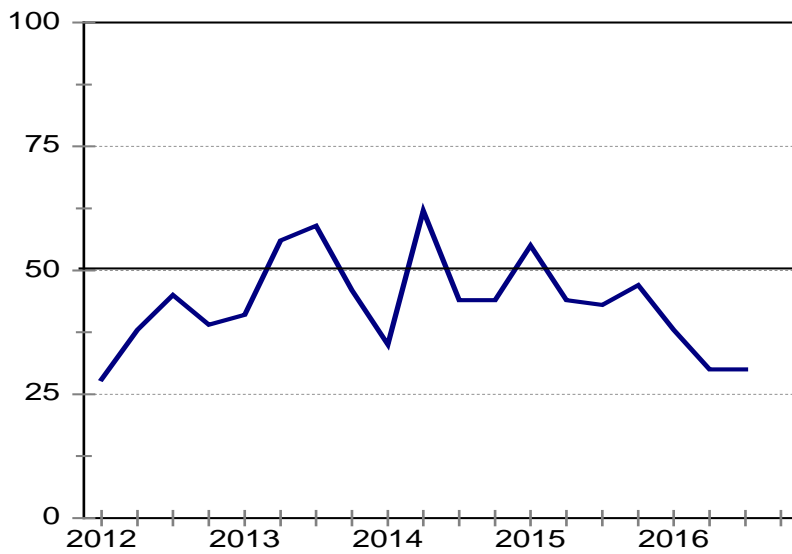
### *Grades 3 & 4*

After falling to 30 index points in 2016Q2, confidence was unchanged in 2016Q3.

The lack of change in confidence reflects quite accurately the state of the underlying indicators which all, barring tendering competition, showed little if any movement. The index measuring building activity was unchanged at -42 while the profitability index went from -54 to -52.

Tendering competition registered a noticeable deterioration. In 2016Q2, 11% net of respondents stated that tendering price competition was lower compared to a year earlier. In 2016Q3, 35% stated that it was higher.

Figure 13: Grade 3 & 4  
**Business confidence**

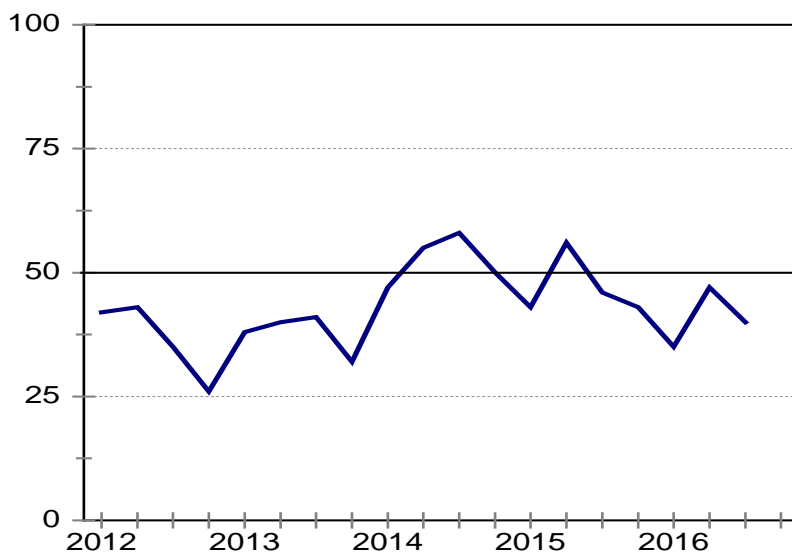


Building activity is predicted to weaken in 2016Q4. However, the expectation is that there will be some respite in the form of increased profitability.

**Grades 5 & 6**

Confidence shed 7 index points to register a value of 40 in 2016Q3.

Figure 14: Grade 5 & 6  
**Business confidence**



Tendering competition intensified in the quarter, likely weighing on confidence. Nonetheless, overall profitability improved. A net 26% of respondents reported lower profitability in 2016Q3 compared to 2015Q3, down from 51% in 2016Q2.

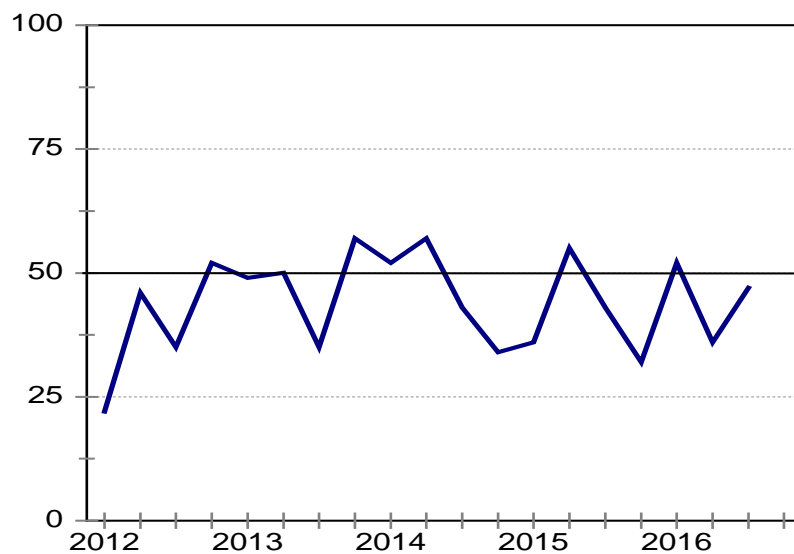
Building activity registered a marginal increase. Thirty-two per cent of respondents stated that construction activity was lower compared to a year earlier, down from 35% in 2016Q2.

Respondents are optimistic about prospects for 2016Q4. While profitability is expected to remain the same, construction activity is predicted to post a more substantial rise.

### *Grades 7 & 8*

Confidence increased to 47 in 2016Q3, from 36 in 2016Q2. The index measuring business conditions, however, remained unchanged.

**Figure 15: Grade 7 & 8  
Business confidence**



There were a number of factors which helped lift confidence during the quarter. Overall profitability was up along with less keen tendering competition and a marked rise in construction activity. Whereas a net 38% of respondents reported lower construction activity in 2016Q2 compared to a year earlier, only 20% stated as such in 2016Q3. This marks the best level of the index since 2014Q4.

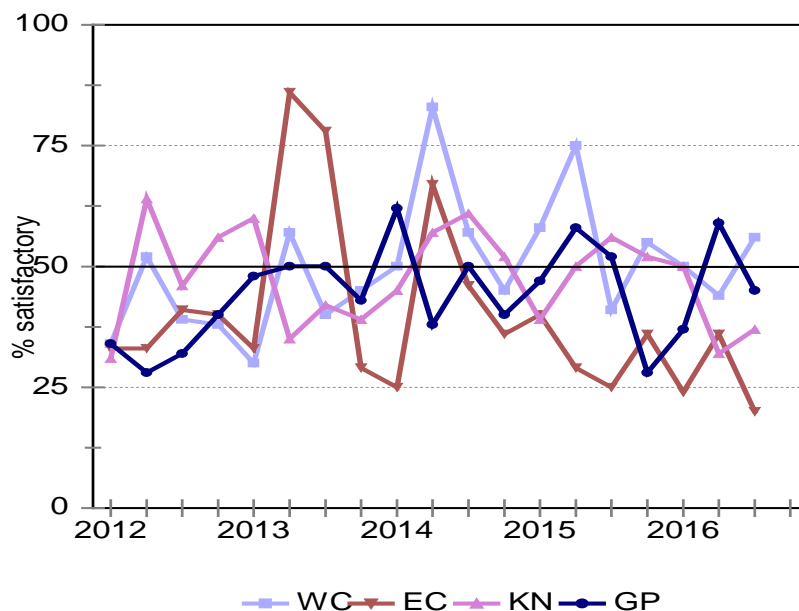


In addition, the outlook is for a further rise in construction activity in 2016Q4. Only 4% of respondents expected lower construction activity come next quarter. Also, the rating of lack of new demand as a business constraint eased to 64%, from 75% in 2016Q2.

## Provincial comparison

Regionally, the performance was mixed. Civil contractors in the Western Cape and KwaZulu-Natal registered higher confidence during the quarter. In contrast, civil confidence was lower in Gauteng and the Eastern Cape.

Figure 16: Business confidence per province



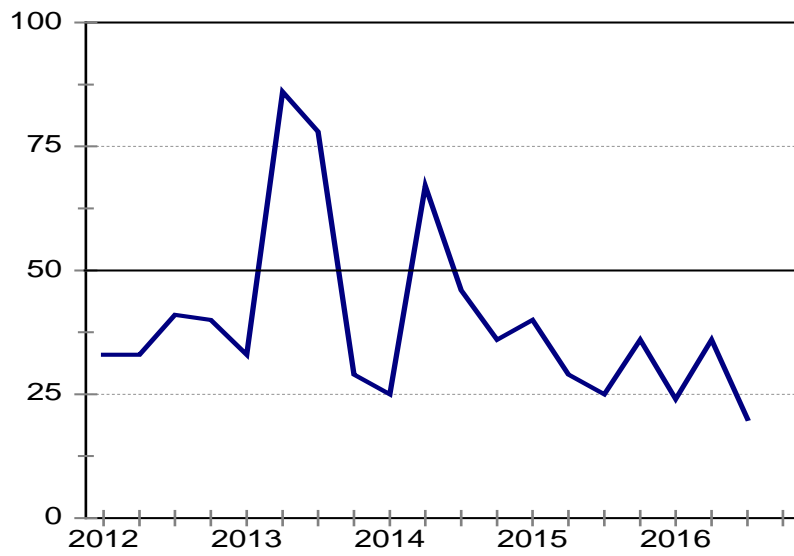
### Eastern Cape

Business confidence shed 16 points to register a level of 20 in 2016Q3. Business conditions were unchanged.

Leading the fall in confidence was a deterioration in profitability. Construction activity, however, improved along with less keen tendering price competition.

Figure 17: Eastern Cape

**Business confidence**

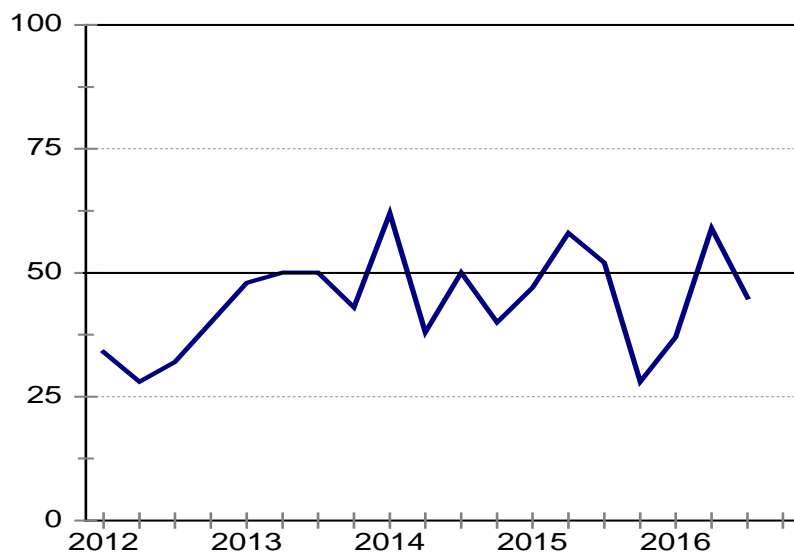


*Gauteng*

After rising for two consecutive quarters, civil contractor confidence declined to 45 index points in 2016Q3.

Figure 18: Gauteng

**Business confidence**



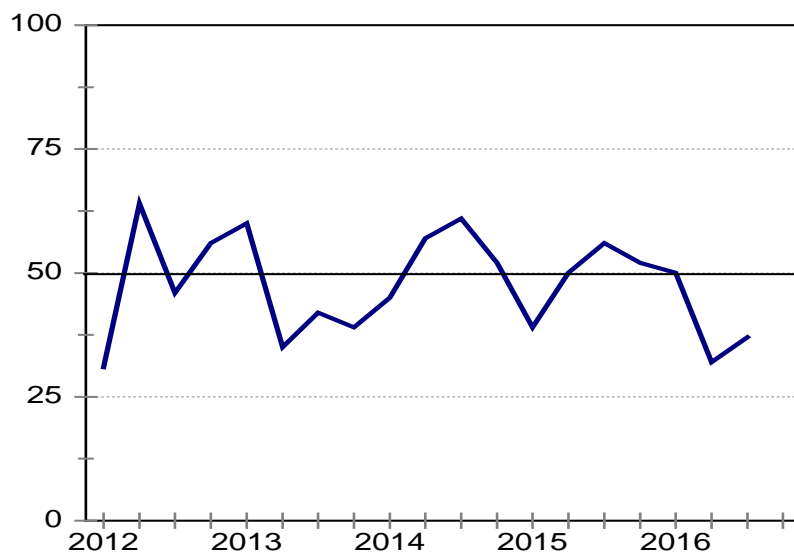
While profitability was moderately better in the quarter, construction activity was down along with a marked increase in tendering competition. A net 72% of respondents reported keener tendering price competition compared to 2015Q3, up from 53% in 2016Q2. This is the highest level of the index since 2011Q1.

In terms of constraints, the rating of insufficient new demand rose slightly to 68%, from 67% in 2016Q2. Similarly, an increasing number of respondents stated that the shortage of skilled labour is inhibiting their business operations (29% compared to 20% in 2016Q2).

### *KwaZulu-Natal*

After registering its lowest level in 4 years in 2016Q2, civil contractor confidence rose by 5 points to 37 in 2016Q3.

Figure 19: KwaZulu-Natal  
Business confidence



The higher confidence was as a result of increased construction activity which helped to lift profitability. Whereas in 2016Q2, 59% of respondents reported lower profitability relative to a year ago, only 45% stated as such in 2016Q2.

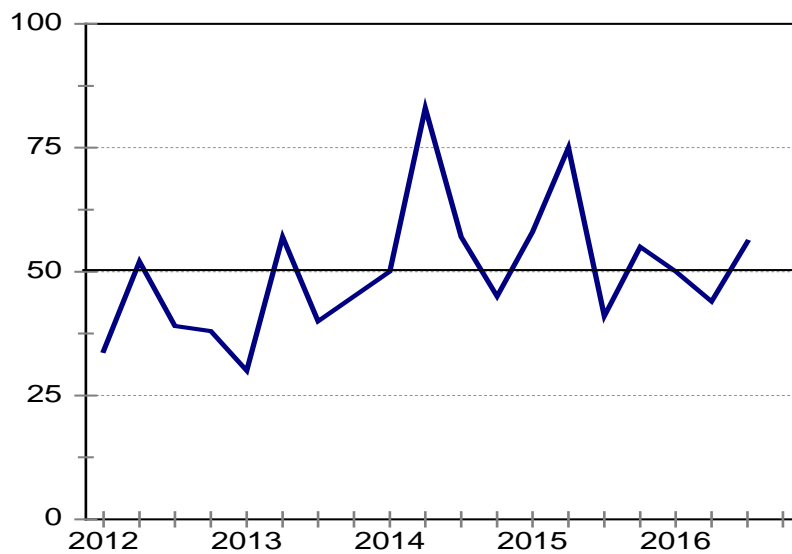
Tendering competition intensified. Fifty-five per cent of respondents rated tendering competition as keener than in 2015Q3, up from 23% in 2016Q2.

Not much change was reported among the business constraints except for a marginal deterioration in the rating of insufficient demand. Access to credit was also somewhat easier.

### *Western Cape*

Confidence among civil contractors in the Western Cape jumped 12 index points to register a level of 56 in 2016Q3. Business conditions also improved.

Figure 20: Western Cape  
Business confidence



Confidence was higher despite worsening construction activity growth. In 2016Q2, 19% net of respondents reported lower construction activity compared to a year earlier, 28% stated as such in 2016Q3.

Additionally, tendering competition intensified. Nonetheless, overall profitability improved markedly, boosting confidence. Respondents reported that the growth in overall profitability was neither higher nor lower than for the same period last year in 2016Q3. This is better than the 25% that stated it was lower in 2016Q2.

The rating of inadequate access to credit and insufficient new construction demand as constraints to their business operations eased noticeably.

**Craig Lemboe**

**Ntombizanele Bakaqana**

## **cidb Building Contractor: Survey Results**

## Building Contractors : Total

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>46</b>	<b>44</b>	<b>34</b>	<b>41</b>	
Change in business conditions <sup>1</sup>	-34	-38	-45	-34	-29
Growth in building activity <sup>1</sup>	-36	-40	-47	-41	-30
Growth in number of people employed <sup>1</sup>	-25	-28	-32	-34	-28
Growth in profitability of the business <sup>1</sup>	-43	-50	-54	-45	-34
Tendering competition <sup>1</sup>	43	38	55	54	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	47	53	51	45	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	25	30	25	23	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	69	68	79	71	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	34	33	26	29	

\* Expected.

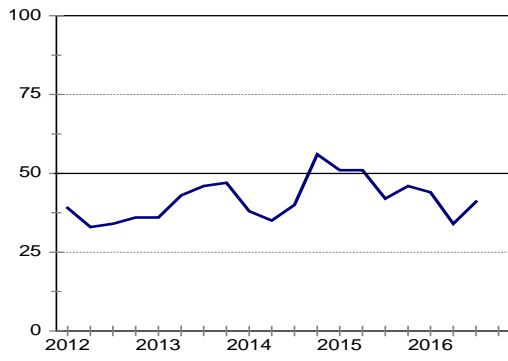
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

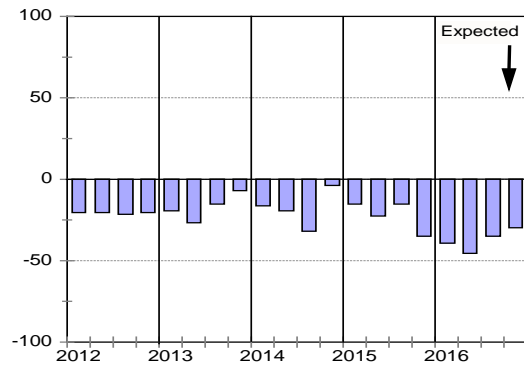
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

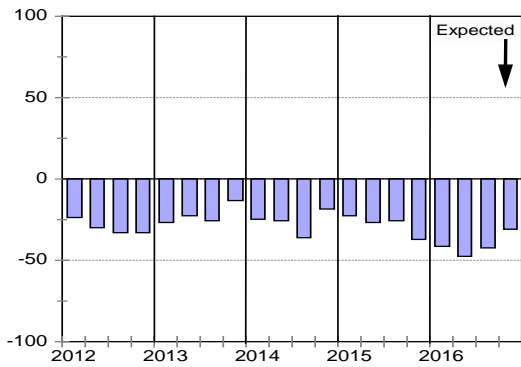
Business confidence



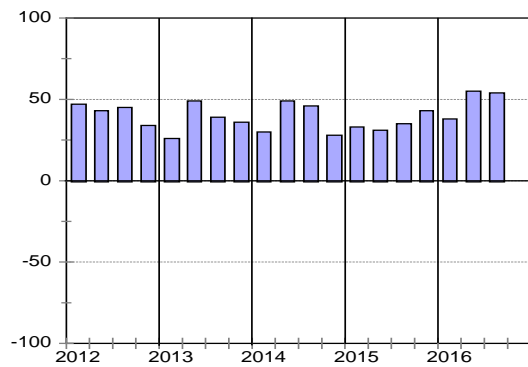
Change in business conditions



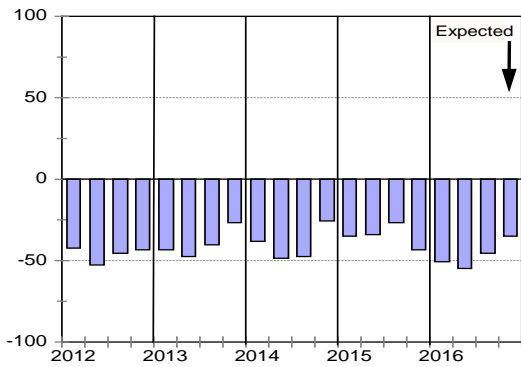
Growth in building activity



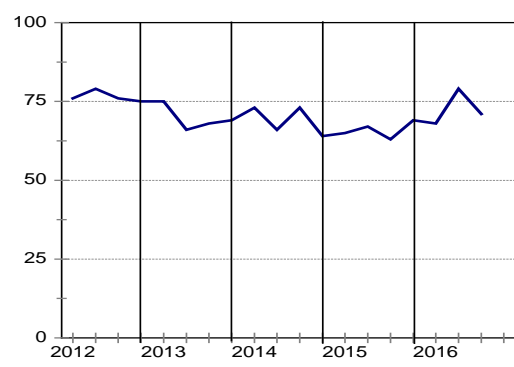
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Grades 3 & 4

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>63</b>	<b>39</b>	<b>32</b>	<b>52</b>	
Change in business conditions <sup>1</sup>	-25	-35	-50	-26	-17
Growth in building activity <sup>1</sup>	-29	-50	-31	-34	-16
Growth in number of people employed <sup>1</sup>	-13	-34	-32	-30	-5
Growth in profitability of the business <sup>1</sup>	-46	-47	-55	-38	-20
Tendering competition <sup>1</sup>	35	20	37	45	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	42	54	31	44	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	31	38	18	29	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	63	66	74	69	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	36	46	26	31	

\* Expected.

<sup>1</sup> Net balance.

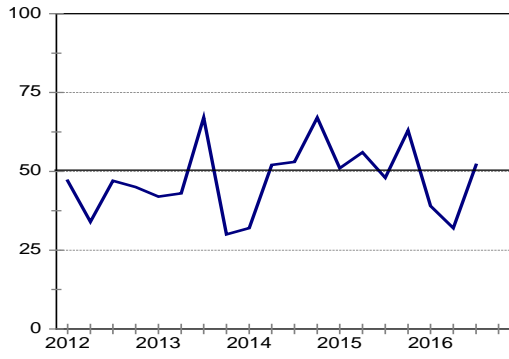
<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

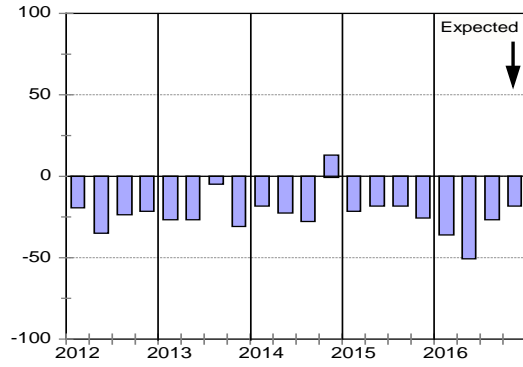
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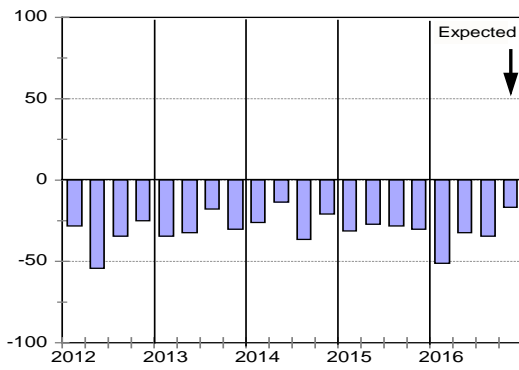
Business confidence



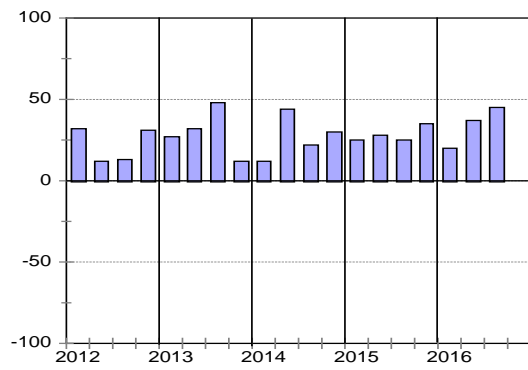
Change in business conditions



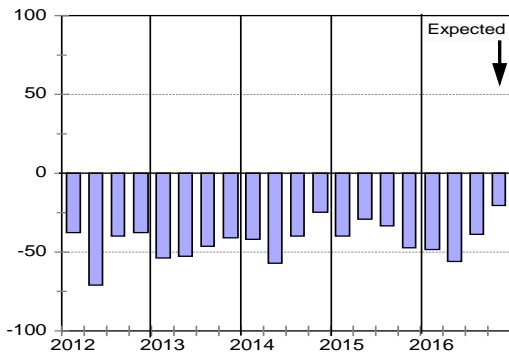
Growth in building activity



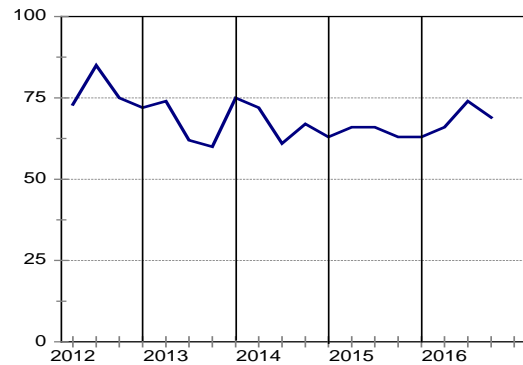
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Grades 5 & 6

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	45	50	39	48	
Change in business conditions <sup>1</sup>	-31	-33	-50	-33	-24
Growth in building activity <sup>1</sup>	-30	-34	-46	-47	-33
Growth in number of people employed <sup>1</sup>	-15	-19	-27	-34	-23
Growth in profitability of the business <sup>1</sup>	-37	-42	-53	-53	-35
Tendering competition <sup>1</sup>	39	37	60	52	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	46	52	52	46	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	21	25	24	17	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	70	67	76	69	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	34	24	22	31	

\* Expected.

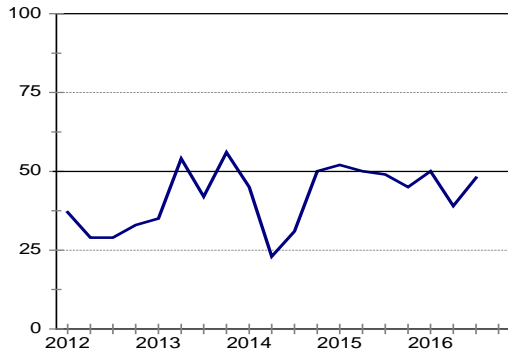
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

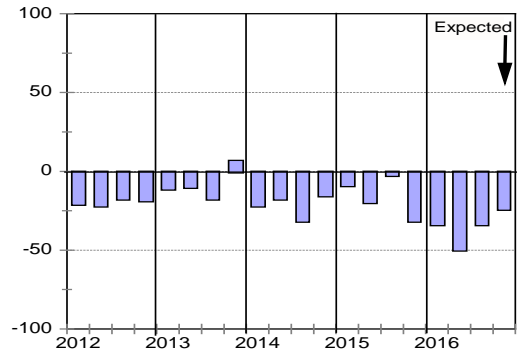
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

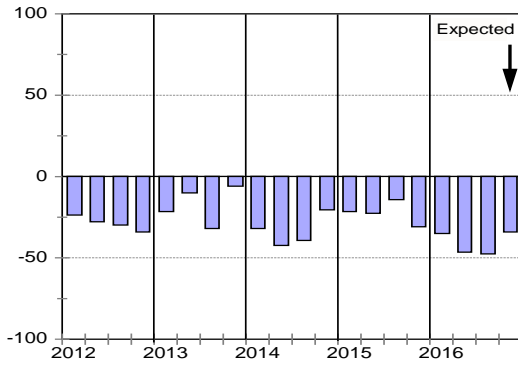
Business confidence



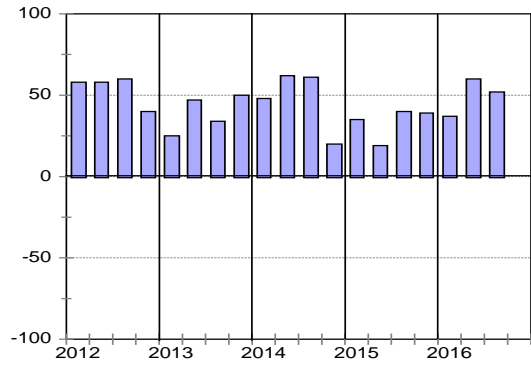
Change in business conditions



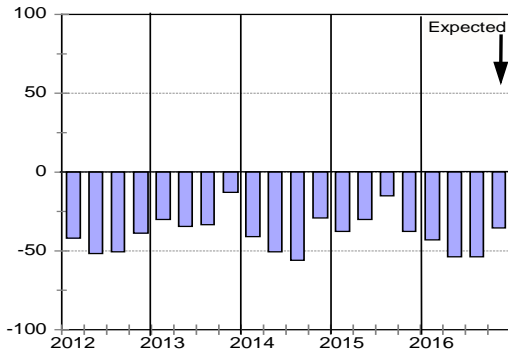
Growth in building activity



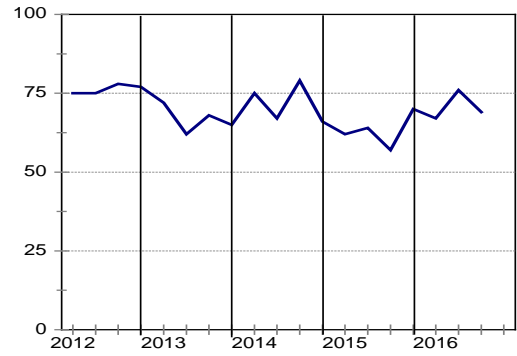
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Grades 7 & 8

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>26</b>	<b>35</b>	<b>26</b>	<b>16</b>	
Change in business conditions <sup>1</sup>	-50	-50	-31	-45	-50
Growth in building activity <sup>1</sup>	-57	-30	-61	-35	-40
Growth in number of people employed <sup>1</sup>	-62	-35	-41	-40	-55
Growth in profitability of the business <sup>1</sup>	-52	-70	-52	-37	-50
Tendering competition <sup>1</sup>	61	68	61	70	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	54	58	64	45	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	24	30	34	27	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	74	75	89	78	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	33	38	34	22	

\* Expected.

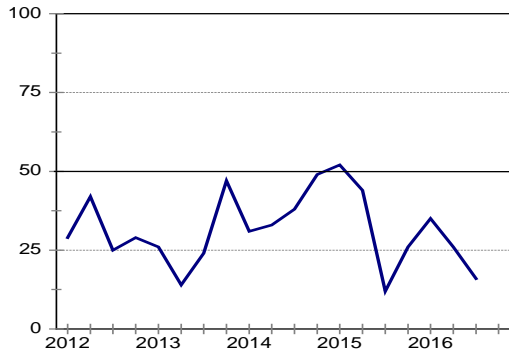
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

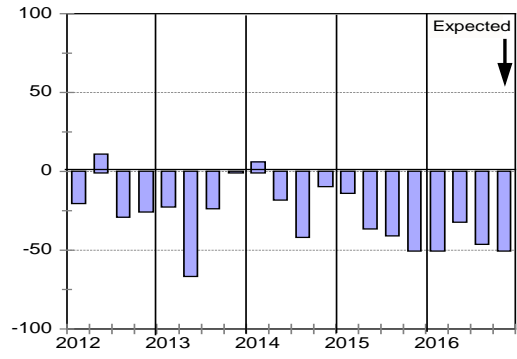
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

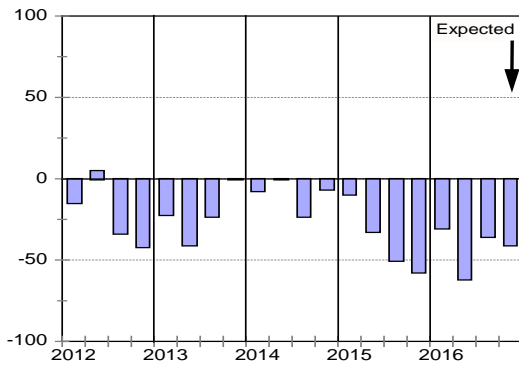
Business confidence



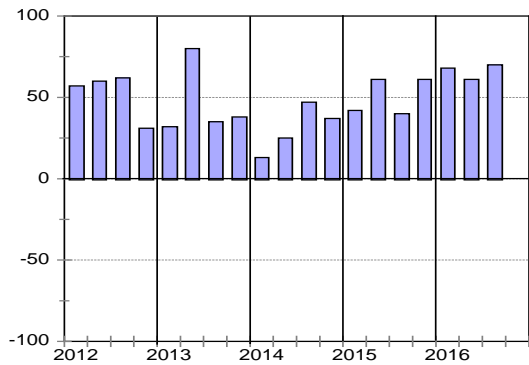
Change in business conditions



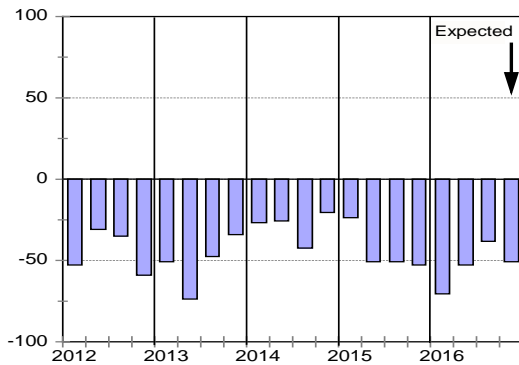
Growth in building activity



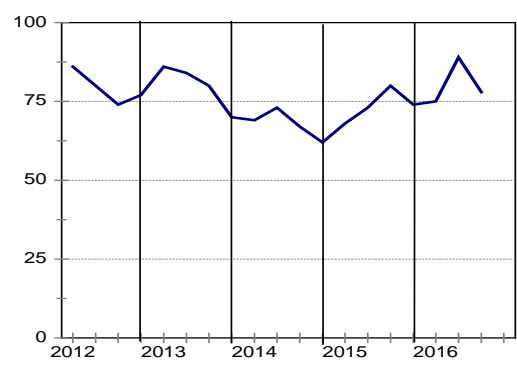
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Eastern Cape

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>42</b>	<b>55</b>	<b>29</b>	<b>40</b>	
Change in business conditions <sup>1</sup>	-55	-46	-72	-33	-33
Growth in building activity <sup>1</sup>	-50	-33	-72	-50	-46
Growth in number of people employed <sup>1</sup>	-59	-25	-50	-56	-61
Growth in profitability of the business <sup>1</sup>	-46	-59	-54	-47	-47
Tendering competition <sup>1</sup>	75	75	58	75	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	62	50	50	43	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	46	29	31	25	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	84	71	90	69	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	46	29	19	18	

\* Expected.

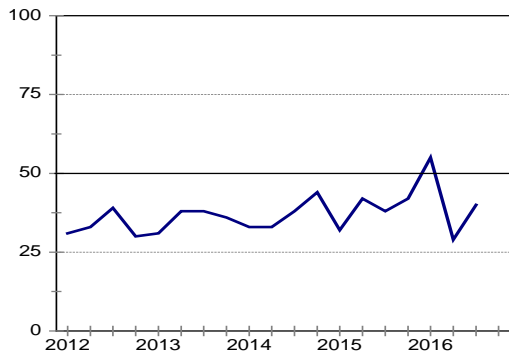
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

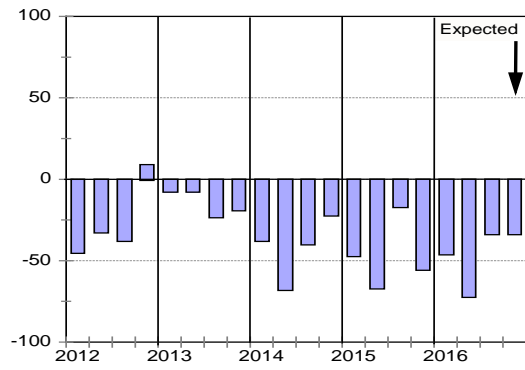
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

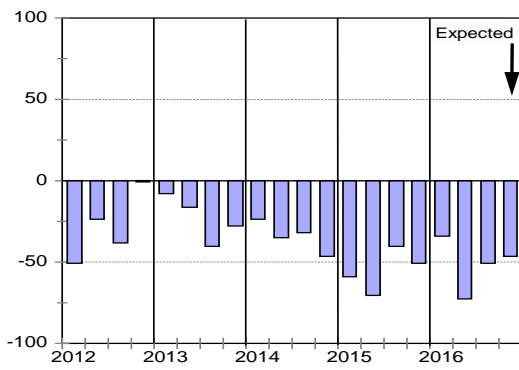
Business confidence



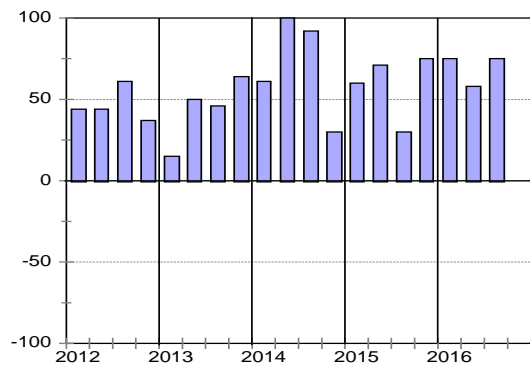
Change in business conditions



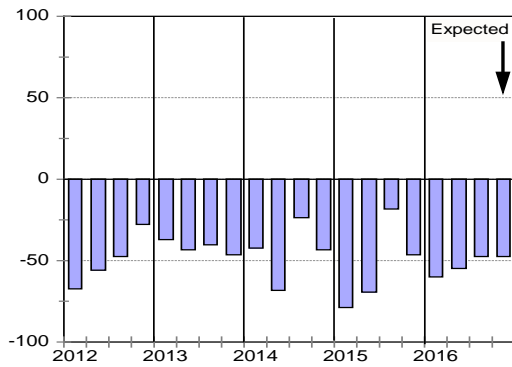
Growth in building activity



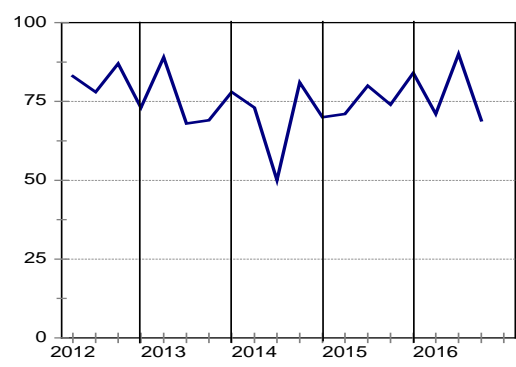
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Gauteng

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>45</b>	<b>39</b>	<b>21</b>	<b>28</b>	
Change in business conditions <sup>1</sup>	-27	-43	-61	-47	-47
Growth in building activity <sup>1</sup>	-42	-45	-53	-39	-41
Growth in number of people employed <sup>1</sup>	-10	-40	-28	-22	-23
Growth in profitability of the business <sup>1</sup>	-43	-57	-72	-39	-29
Tendering competition <sup>1</sup>	41	18	47	66	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	43	61	56	44	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	23	23	15	16	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	64	69	73	72	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	32	39	29	25	

\* Expected.

<sup>1</sup> Net balance.

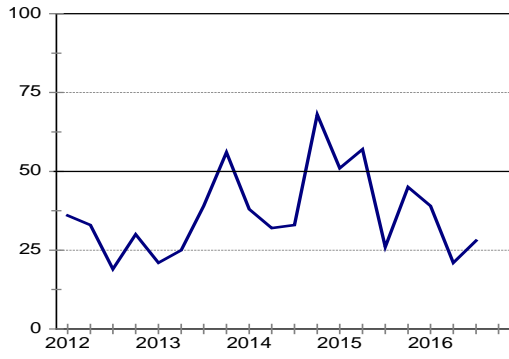
<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

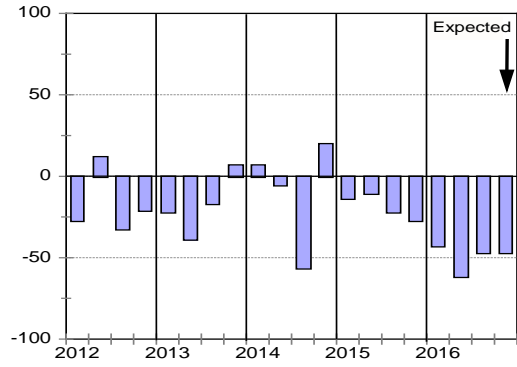
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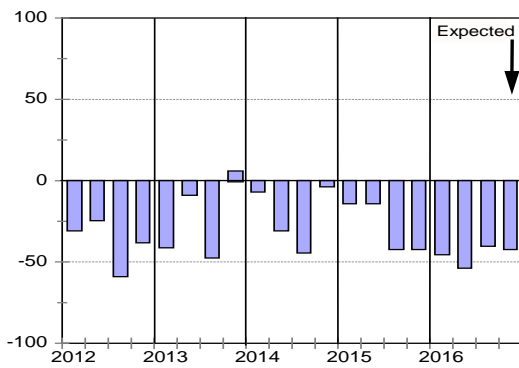
Business confidence



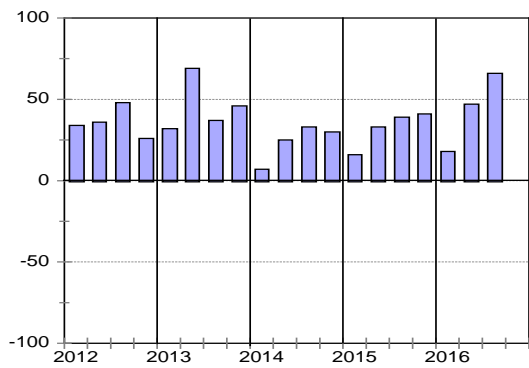
Change in business conditions



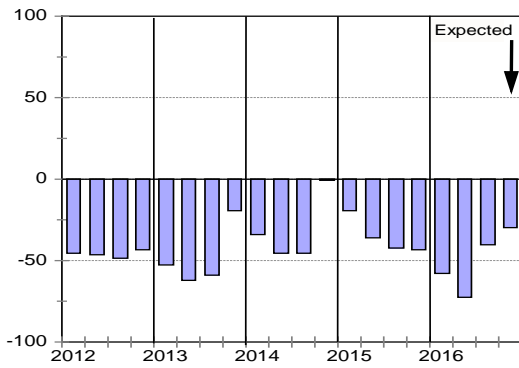
Growth in building activity



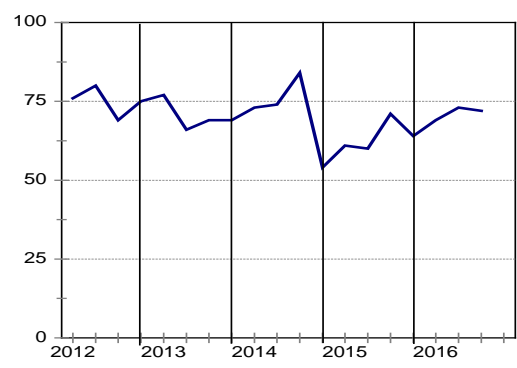
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : KwaZulu-Natal

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>24</b>	<b>38</b>	<b>31</b>	<b>25</b>	
Change in business conditions <sup>1</sup>	-52	-41	-53	-52	-33
Growth in building activity <sup>1</sup>	-50	-45	-66	-63	-41
Growth in number of people employed <sup>1</sup>	-60	-38	-50	-35	-33
Growth in profitability of the business <sup>1</sup>	-75	-55	-43	-65	-56
Tendering competition <sup>1</sup>	18	14	37	33	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	49	51	50	43	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	19	34	27	21	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	72	72	83	76	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	34	33	31	26	

\* Expected.

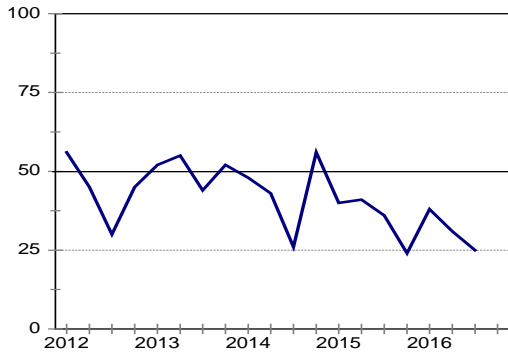
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

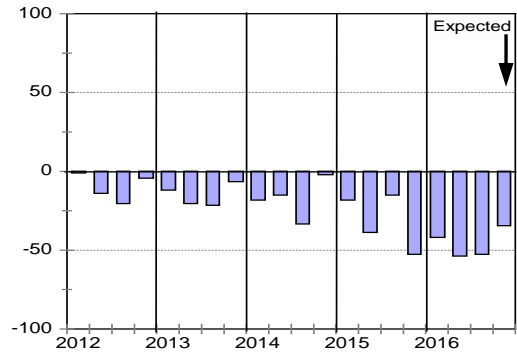
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

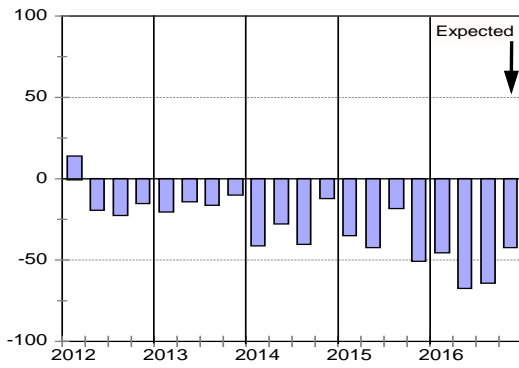
Business confidence



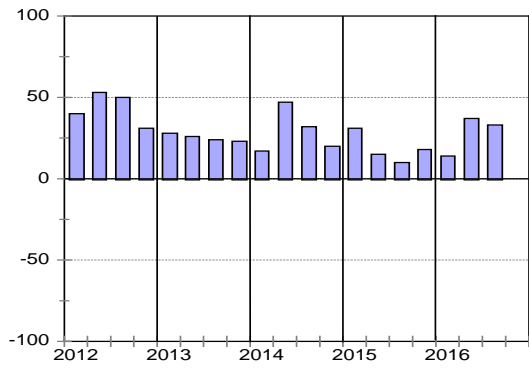
Change in business conditions



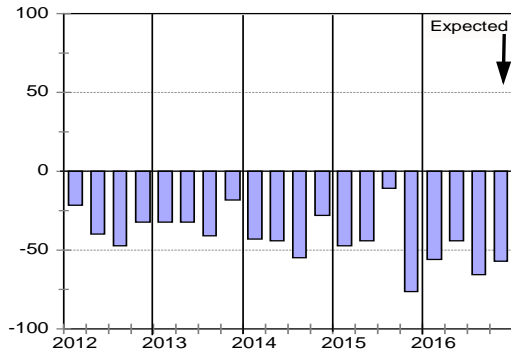
Growth in building activity



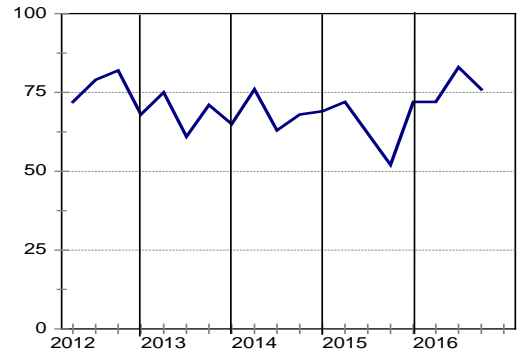
Tendering competition



Growth in profitability



Insufficient building work demand



## Building Contractors : Western Cape

	<i>15Q4</i>	<i>16Q1</i>	<i>16Q2</i>	<i>16Q3</i>	<i>16Q4*</i>
<b>Business confidence <sup>3</sup></b>	<b>74</b>	<b>48</b>	<b>48</b>	<b>62</b>	
Change in business conditions <sup>1</sup>	-9	-24	-10	-20	-30
Growth in building activity <sup>1</sup>	-4	-26	-5	-15	-14
Growth in number of people employed <sup>1</sup>	18	-3	-10	-19	-10
Growth in profitability of the business <sup>1</sup>	-9	-37	-35	-34	-19
Tendering competition <sup>1</sup>	48	56	57	43	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	45	55	50	47	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	28	34	33	24	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	63	64	69	69	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	39	31	24	45	

\* Expected.

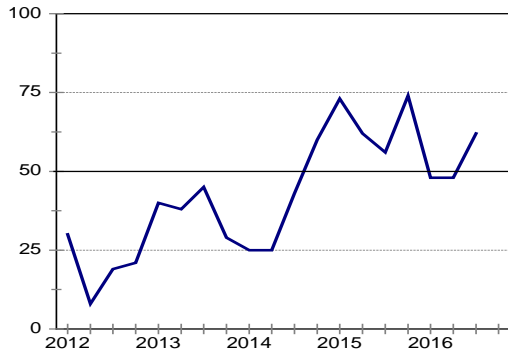
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

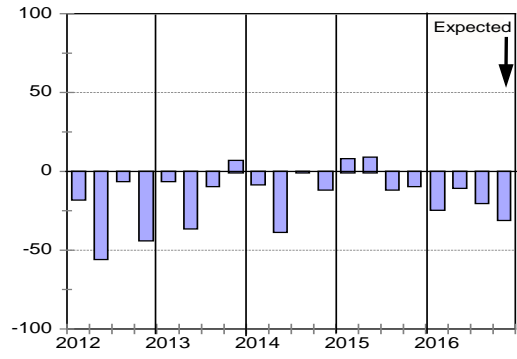
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

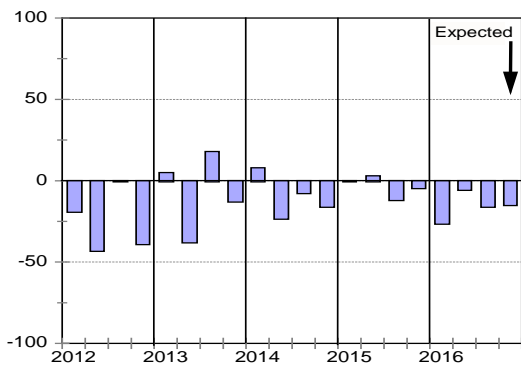
Business confidence



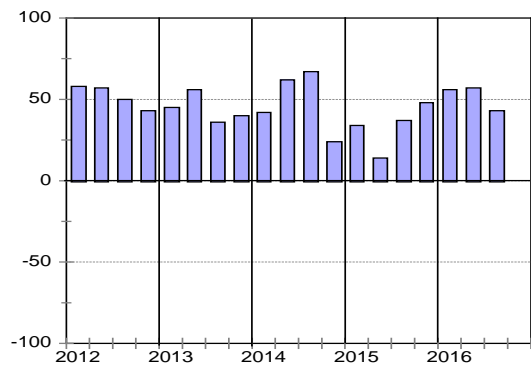
Change in business conditions



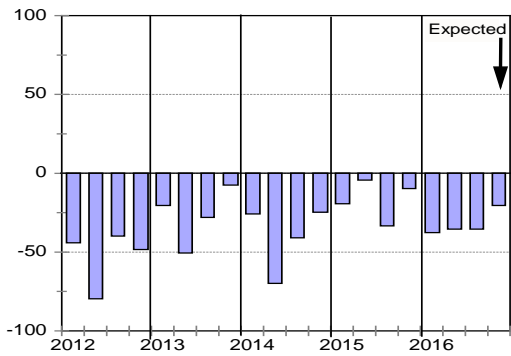
Growth in building activity



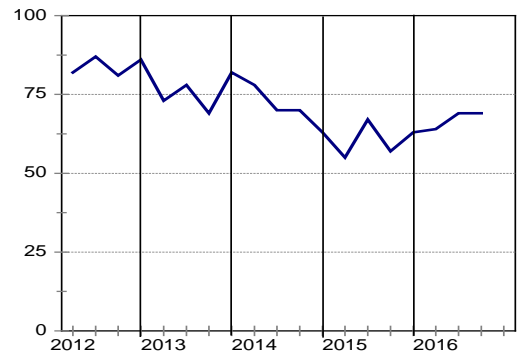
Tendering competition



Growth in profitability



Insufficient building work demand





## **cidb Civil Contractor: Survey Results**

Civil Contractors: Total

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	41	40	39	40	
Change in business conditions <sup>1</sup>	-37	-40	-35	-25	-7
Growth in construction activity <sup>1</sup>	-49	-52	-38	-31	-16
Growth in number of people employed <sup>1</sup>	-35	-37	-37	-24	-16
Growth in profitability of the business <sup>1</sup>	-47	-53	-50	-35	-29
Tendering competition <sup>1</sup>	45	47	34	56	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	47	43	43	45	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	27	28	30	28	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	71	72	72	71	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	35	29	35	35	

\* Expected.

<sup>1</sup> Net balance.

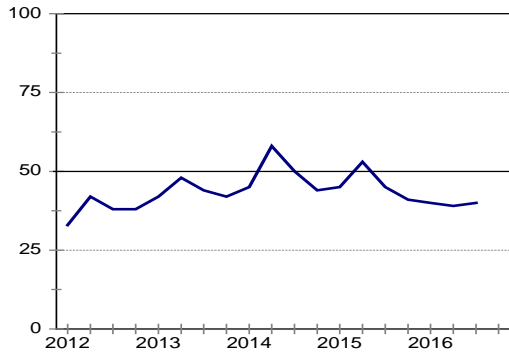
<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

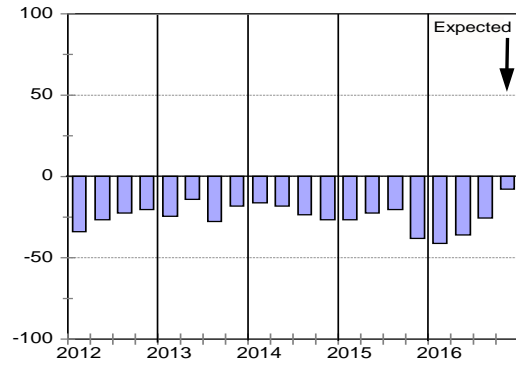
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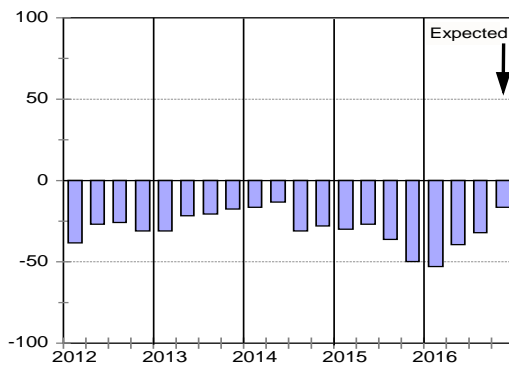
Business confidence



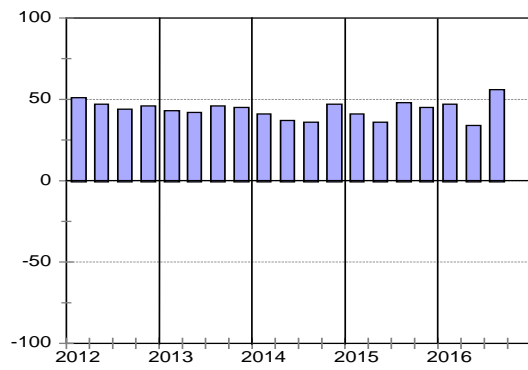
Change in business conditions



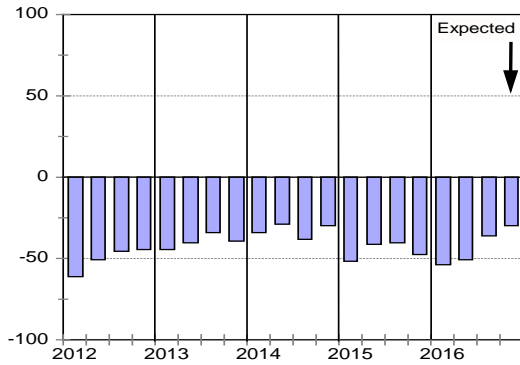
Growth in construction activity



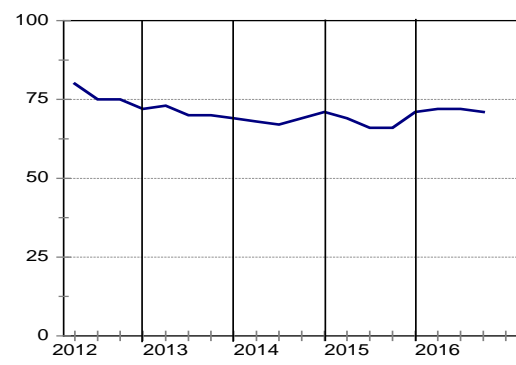
Tendering competition



Growth in profitability



Insufficient construction work demand



Civil Contractors : Grades 3 & 4

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>47</b>	<b>38</b>	<b>30</b>	<b>30</b>	
Change in business conditions <sup>1</sup>	-13	-36	-50	-45	-36
Growth in construction activity <sup>1</sup>	-27	-45	-42	-42	-53
Growth in number of people employed <sup>1</sup>	-19	-54	-40	-38	-36
Growth in profitability of the business <sup>1</sup>	-37	-59	-54	-52	-40
Tendering competition <sup>1</sup>	43	22	-11	35	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	45	50	46	43	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	29	36	33	38	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	68	65	66	69	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	50	47	50	50	

\* Expected.

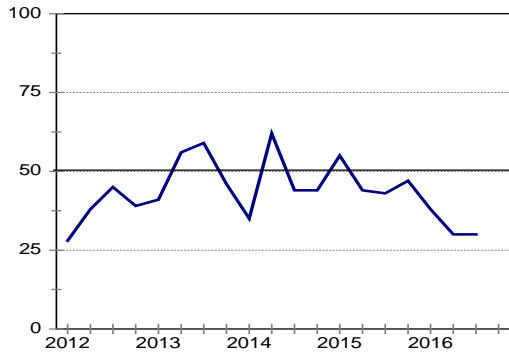
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

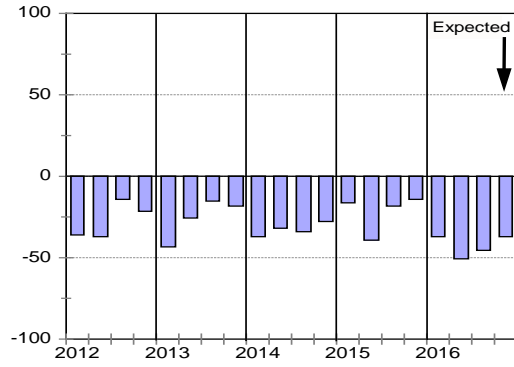
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

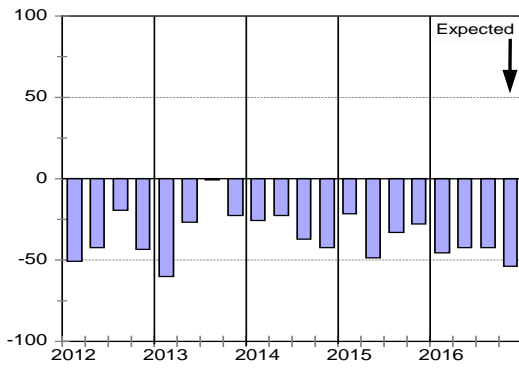
Business confidence



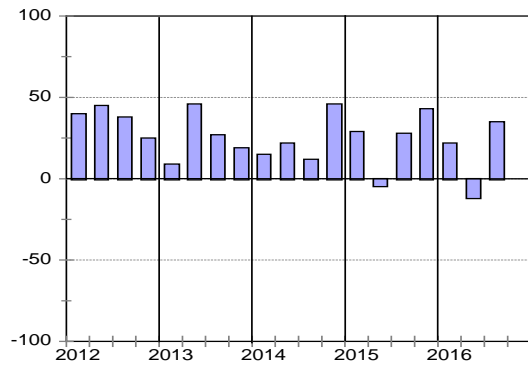
Change in business conditions



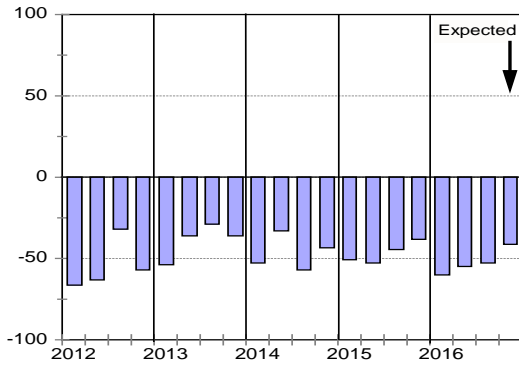
Growth in construction activity



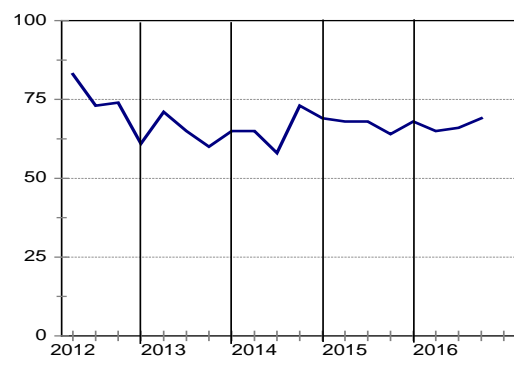
Tendering competition



Growth in profitability



Insufficient building work demand



Civil Contractors : Grades 5 & 6

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>43</b>	<b>35</b>	<b>47</b>	<b>40</b>	
Change in business conditions <sup>1</sup>	-50	-46	-32	-14	-3
Growth in construction activity <sup>1</sup>	-61	-59	-35	-32	-9
Growth in number of people employed <sup>1</sup>	-41	-31	-32	-26	-16
Growth in profitability of the business <sup>1</sup>	-50	-57	-51	-26	-26
Tendering competition <sup>1</sup>	45	45	38	57	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	54	43	46	50	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	26	25	28	28	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	75	76	73	77	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	29	24	31	37	

\* Expected.

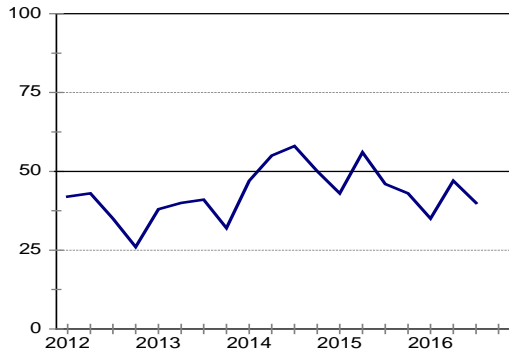
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

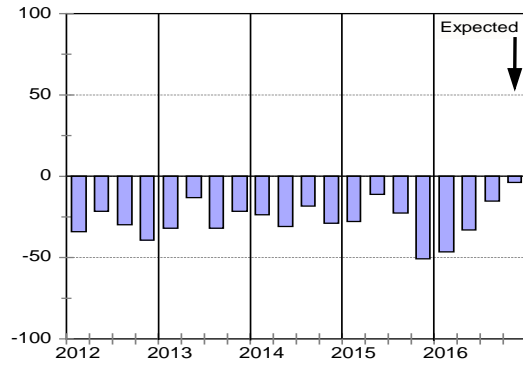
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

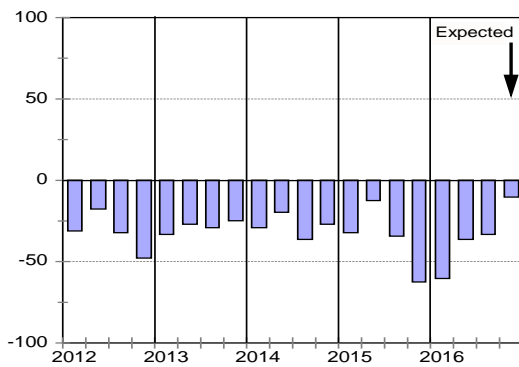
Business confidence



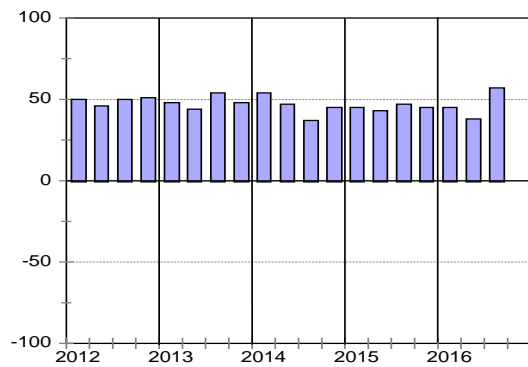
Change in business conditions



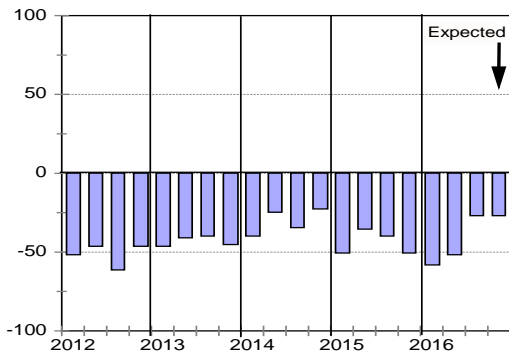
Growth in construction activity



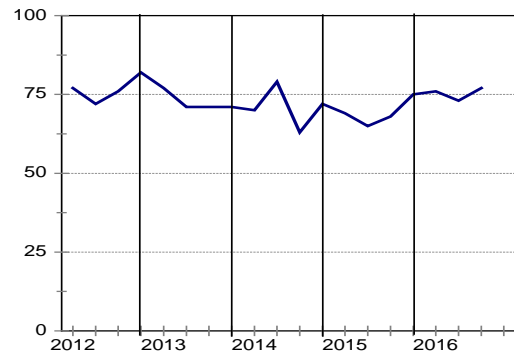
Tendering competition



Growth in profitability



Insufficient building work demand



Civil Contractors : Grades 7 & 8

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>32</b>	<b>52</b>	<b>36</b>	<b>47</b>	
Change in business conditions <sup>1</sup>	-40	-34	-23	-23	4
Growth in construction activity <sup>1</sup>	-52	-42	-38	-20	-4
Growth in number of people employed <sup>1</sup>	-42	-34	-38	-13	-7
Growth in profitability of the business <sup>1</sup>	-54	-42	-42	-32	-27
Tendering competition <sup>1</sup>	46	73	73	66	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	38	40	38	42	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	27	27	28	21	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	65	72	75	64	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	28	23	25	22	

\* Expected.

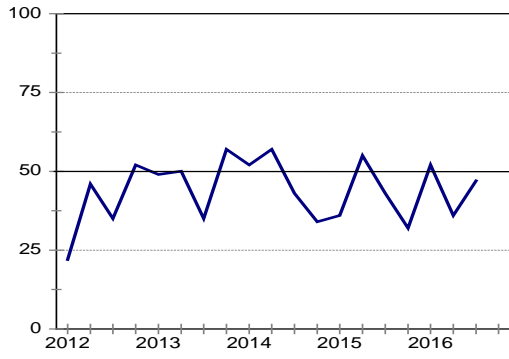
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

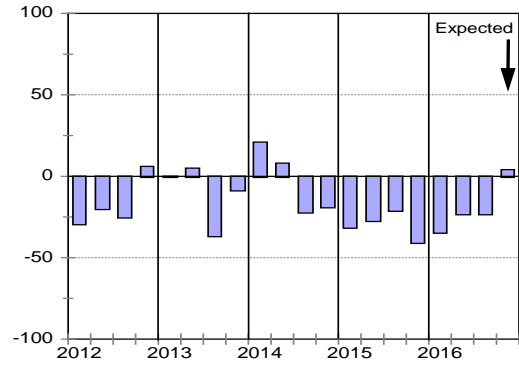
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

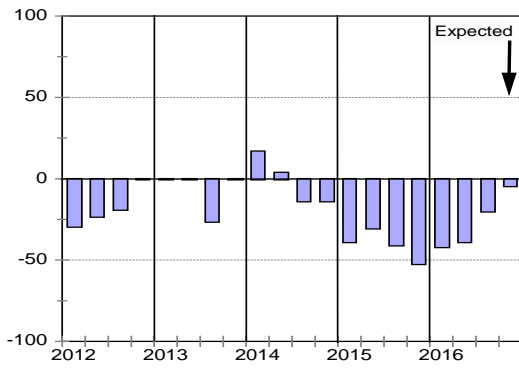
Business confidence



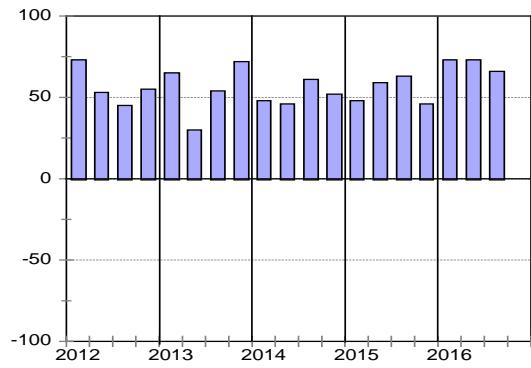
Change in business conditions



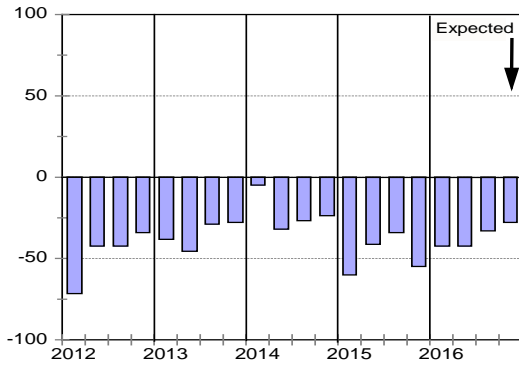
Growth in construction activity



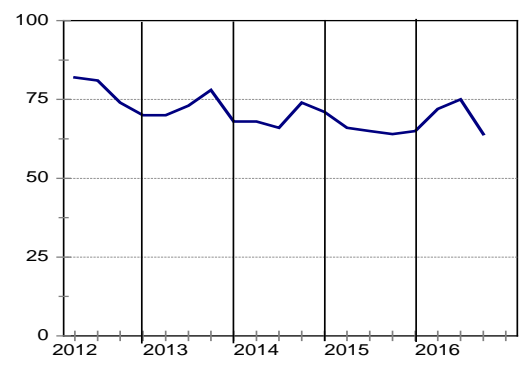
Tendering competition



Growth in profitability



Insufficient building work demand



## Civil Contractors: Eastern Cape

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>36</b>	<b>24</b>	<b>36</b>	<b>20</b>	
Change in business conditions <sup>1</sup>	-39	-57	-34	-35	13
Growth in construction activity <sup>1</sup>	-62	-57	-33	-23	13
Growth in number of people employed <sup>1</sup>	-25	-47	-8	-17	0
Growth in profitability of the business <sup>1</sup>	-37	-52	-42	-53	-20
Tendering competition <sup>1</sup>	33	24	59	50	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	50	35	46	44	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	11	19	29	23	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	77	83	80	74	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	35	30	29	38	

\* Expected.

<sup>1</sup> Net balance.

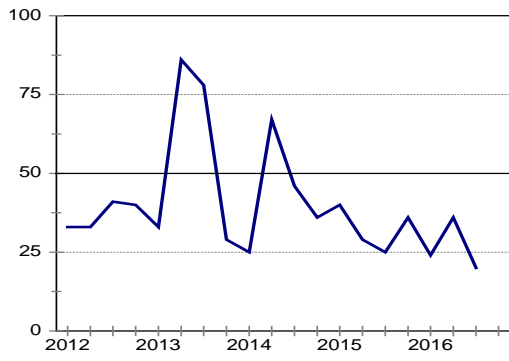
<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

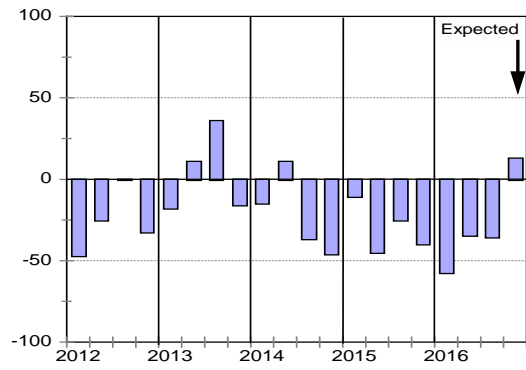
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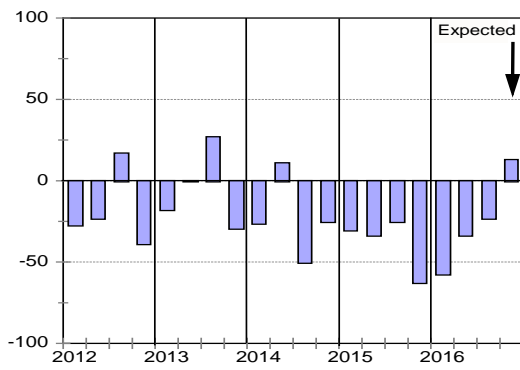
Business confidence



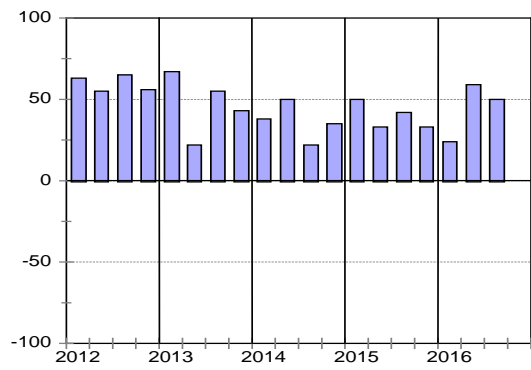
Change in business conditions



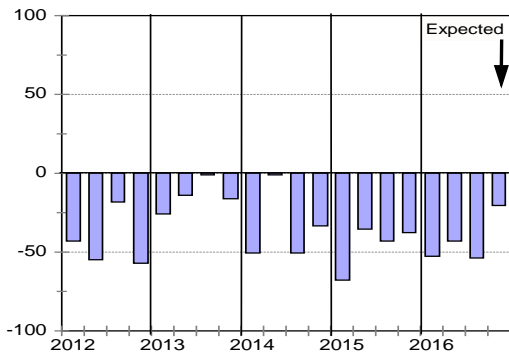
Growth in construction activity



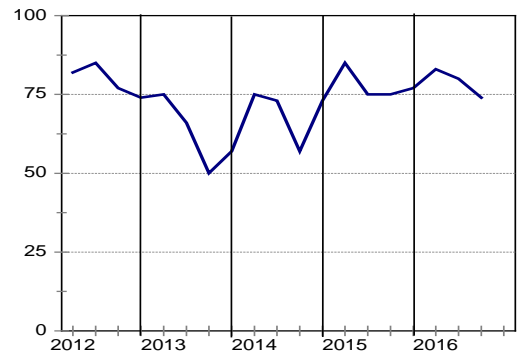
Tendering competition



Growth in profitability



Insufficient building work demand



Civil Contractors : Gauteng

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	<b>28</b>	<b>37</b>	<b>59</b>	<b>45</b>	
Change in business conditions <sup>1</sup>	-48	-42	-35	-37	0
Growth in building activity <sup>1</sup>	-60	-54	-35	-42	-13
Growth in number of people employed <sup>1</sup>	-48	-46	-35	-31	-19
Growth in profitability of the business <sup>1</sup>	-56	-57	-41	-36	-32
Tendering competition <sup>1</sup>	63	39	53	72	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	37	29	20	29	
Percentage rating inadequate supply of building materials a constraint <sup>2</sup>	33	27	17	24	
Percentage rating insufficient demand for building work a constraint <sup>2</sup>	72	64	67	68	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	44	27	38	42	

\* Expected.

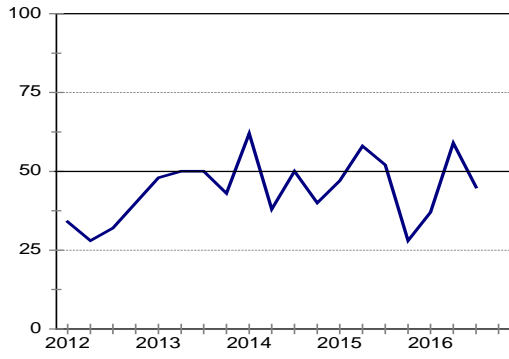
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

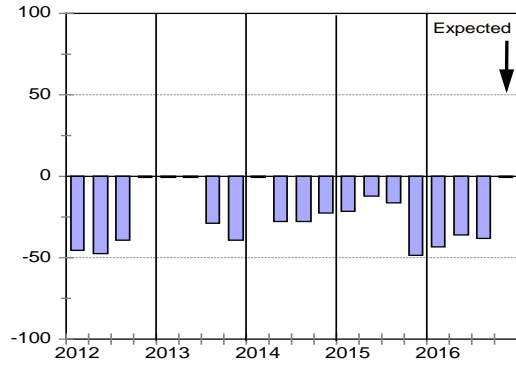
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

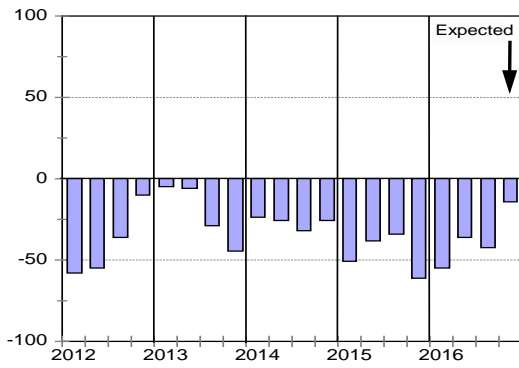
Business confidence



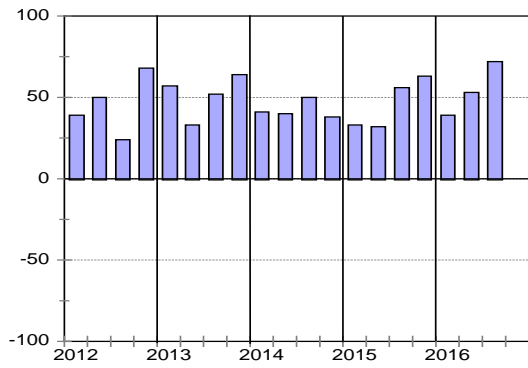
Change in business conditions



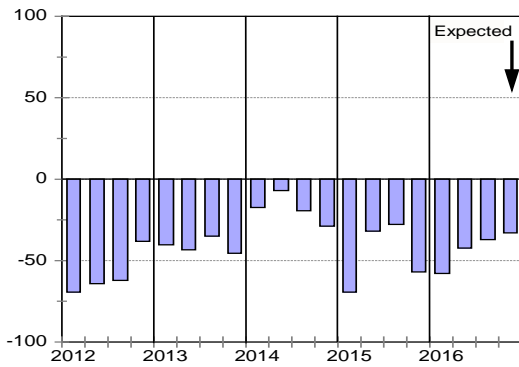
Growth in construction activity



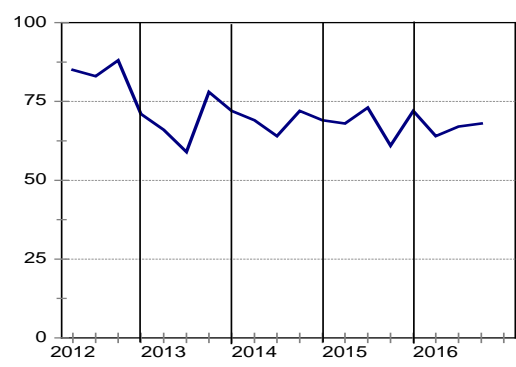
Tendering competition



Growth in profitability



Insufficient building work demand



Civil Contractors : KwaZulu-Natal

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	52	50	32	37	
Change in business conditions <sup>1</sup>	-34	-41	-31	-22	0
Growth in construction activity <sup>1</sup>	-60	-71	-50	35	-17
Growth in number of people employed <sup>1</sup>	-56	-59	-54	-40	-22
Growth in profitability of the business <sup>1</sup>	-72	-76	-59	-45	-16
Tendering competition <sup>1</sup>	28	56	23	55	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	44	64	59	58	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	32	38	43	42	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	64	84	75	78	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	40	52	36	32	

\* Expected.

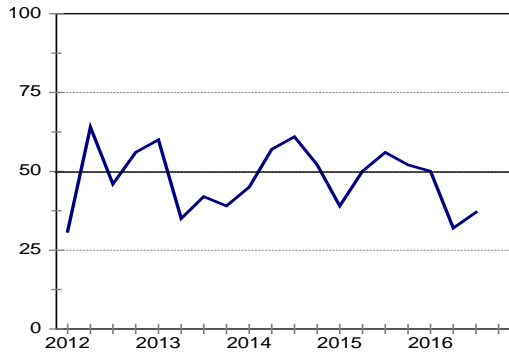
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

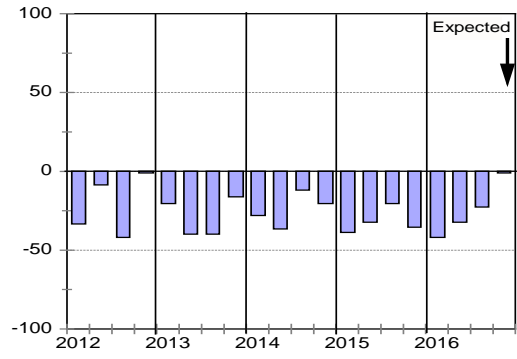
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

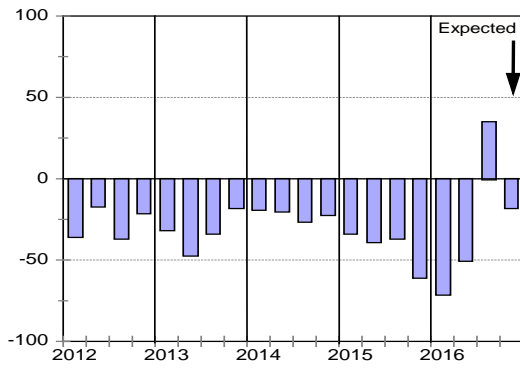
Business confidence



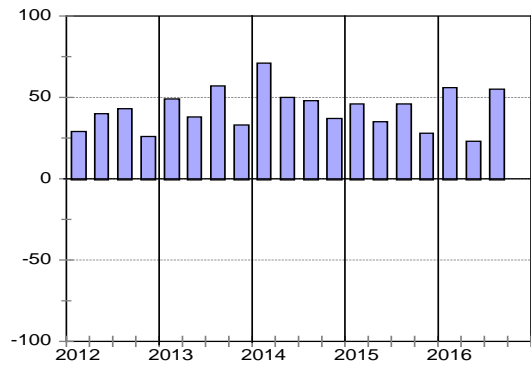
Change in business conditions



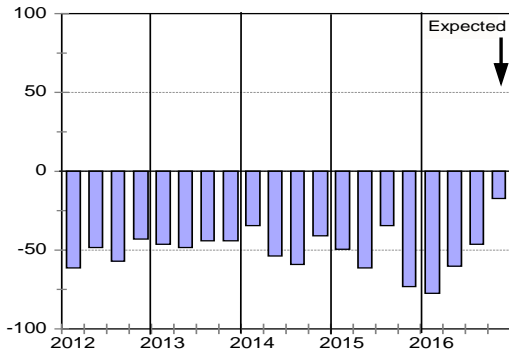
Growth in construction activity



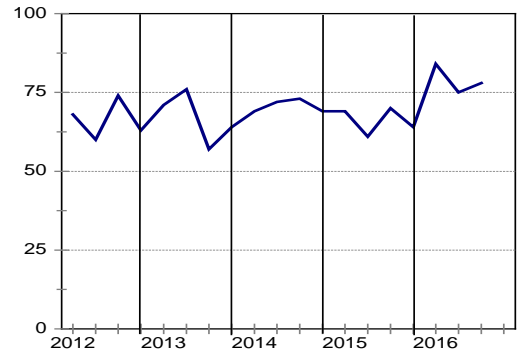
Tendering competition



Growth in profitability



Insufficient building work demand



Civil Contractors : Western Cape

	15Q4	16Q1	16Q2	16Q3	16Q4*
<b>Business confidence</b> <sup>3</sup>	55	50	44	56	
Change in business conditions <sup>1</sup>	-23	-30	-25	-11	-36
Growth in construction activity <sup>1</sup>	-13	-45	-19	-28	-31
Growth in number of people employed <sup>1</sup>	-5	-5	-6	-5	-22
Growth in profitability of the business <sup>1</sup>	-18	-37	-25	0	-40
Tendering competition <sup>1</sup>	45	60	25	61	
Percentage rating shortage of skilled labour a constraint <sup>2</sup>	61	57	43	55	
Percentage rating inadequate supply of construction materials a constraint <sup>2</sup>	22	32	28	25	
Percentage rating insufficient demand for construction work a constraint <sup>2</sup>	66	60	69	58	
Percentage rating firm's inadequate access to credit a constraint <sup>2</sup>	16	15	34	14	

\* Expected.

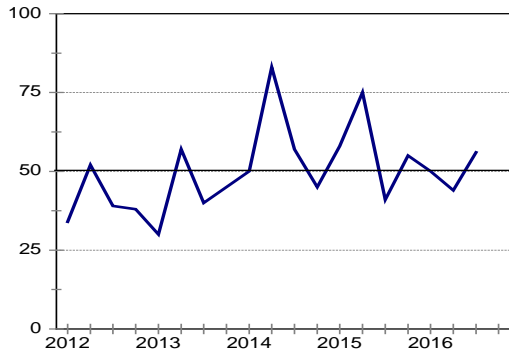
<sup>1</sup> Net balance.

<sup>2</sup> The index is calculated as follows: The answers of respondents rating a particular constraint as "serious" is weighted by 0,67%; those rating it as "slightly" by 0,33% and those rating it as "not a constraint at all" is discarded. The results are then multiplied by  $100/67 = 1,49$  to convert it to an index that can vary between 0 and 100.

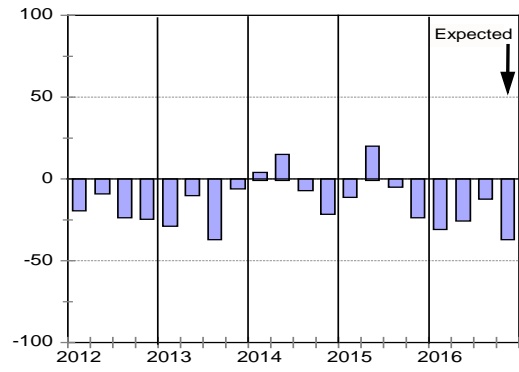
<sup>3</sup> Percentage gross rating prevailing business conditions as satisfactory.

Blank spaces indicate data not available or not asked for.

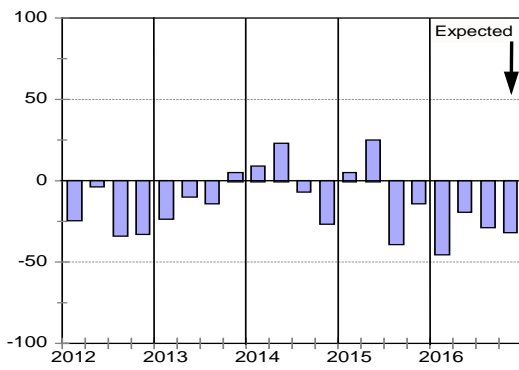
Business confidence



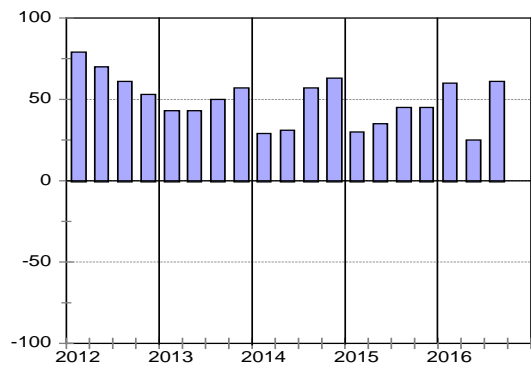
Change in business conditions



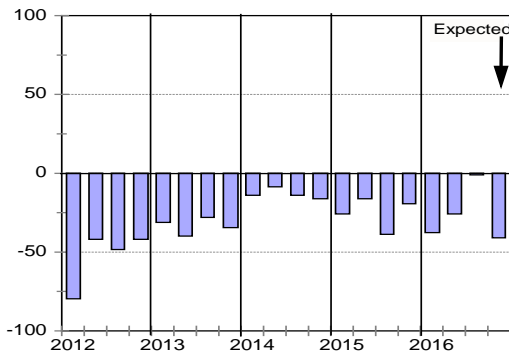
Growth in construction activity



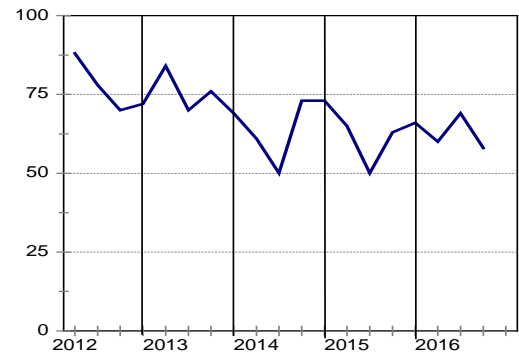
Tendering competition



Growth in profitability



Insufficient building work demand



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