2026: Q1
(January–March)

EPIC

Economic Performance Indicators for Cape Town

CITY OF CAPE TOWN
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Acknowledgements

The EPIC publication is a collaboration between the Economic Development and Investment, and Policy and Strategy departments of the City of Cape Town. It presents a quarterly analysis of economic and related trends in Cape Town. This edition focuses on the first quarter of 2026, covering the period from 1 January to 31 March.

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Foreword

The first quarter of 2026 presented significant challenges for economies across the globe, and Cape Town was not immune. Heightened conflict in the Middle East disrupted international trade and logistics networks, placed upward pressure on fuel costs and created uncertainty for businesses and consumers alike. These developments reverberated through global markets and were reflected in economic conditions locally.

Yet even amid these headwinds, Cape Town once again demonstrated the resilience that has become one of its defining characteristics.

One of the clearest examples of this was another successful peak tourism season. Thanks to targeted destination marketing, strong partnerships with the private sector and our continued place-branding efforts, Cape Town remained a destination of choice for visitors from around the world. This translated to economic activity across the hospitality, retail, transport and attractions sectors, while supporting businesses and the many jobs that depend on a thriving visitor economy.

While these gains are encouraging, the broader labour market remained under pressure during the quarter, with manufacturing experiencing some of the most significant employment losses. This reinforces the importance of continuing to prioritise support of the sectors that drive investment, business growth and long-term employment opportunities.

As the City's political lead for economic growth, my focus remains on creating the right conditions for businesses to invest with confidence, expand their operations and employ more people. I am acutely aware that governments do not create jobs; businesses do. So, our responsibility is to remove unnecessary obstacles, provide practical support where appropriate and maintain an environment where enterprise can flourish.

As part of this commitment, the City recently approved its enhanced Manufacturing Support Policy. This is a practical intervention designed to stimulate investment, strengthen industrial competitiveness and unlock growth across Cape Town's 33 industrial areas. It also forms part of our broader mission to make Cape Town the easiest city in Africa in which to do business by improving the investment climate and supporting industries that contribute meaningfully to economic growth.

The policy includes the following key commitments:

- Continued support for the manufacturing sector, recognising its critical role in creating employment opportunities across all skills levels, strengthening supply chains, and driving innovation and productivity.
- The expansion of support measures to all 33 industrial areas across the metro.
- The retention of financial incentives that assist with the fast-tracking of development applications.
- A broader package of non-financial support measures aimed at reducing barriers to investment and business growth.
- Targeted initiatives to attract new local and international investment into Cape Town.
- Incentives that encourage investment in green technologies and sustainable industrial development.
- The promotion of Cape Town's competitive advantages, including quality infrastructure, sound local governance and electricity grid stability.

We recognise that manufacturing remains one of the cornerstones of a diverse and competitive economy. A strong manufacturing sector supports thousands of jobs, creates opportunities for entrepreneurs, strengthens related industries and produces goods that can compete in markets across South Africa, Africa and the world.

This is particularly important in the context of the African Continental Free Trade Area (AfCFTA), which has the potential to unlock significant opportunities across the continent. With a market of more than 1,3 billion people and rules that encourage goods to be produced within Africa, the agreement presents an important opportunity for Cape Town's manufacturers to expand their reach, grow exports and access new markets.

Through our Manufacturing Support Policy, our investment promotion work, our export support initiatives and our continued focus on making it easier to do business, we are creating the right conditions for businesses to grow. Every investment secured, every business expansion supported and every export opportunity unlocked helps build a stronger local economy and creates more opportunities for residents.

While global conditions will continue to evolve, Cape Town's long-term direction remains unchanged. We will continue working alongside the private sector to grow tourism, strengthen trade, attract investment and support industries that create sustainable employment. Given our focus on practical solutions and building on Cape Town's many competitive advantages, I remain confident in our city's economic future.

Investors and manufacturers seeking further information on the Manufacturing Support Policy are encouraged to contact the City's Investment Facilitation team at investment.facilitation@capetown.gov.za.

ALD. JAMES VOS
Mayoral Committee Member for Economic Growth

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Introduction

In this 52nd edition of the quarterly EPIC publication, we present statistics and analyses related to Cape Town's key economic trends. This edition focuses on the period from 1 January to 31 March, 2026.

Gross domestic product (GDP) in the Western Cape, a proxy for GDP in Cape Town experienced non-annualised quarterly growth of 0,6% quarter-on-quarter in the first quarter of 2026. This was 0,1 percentage point higher than the national growth of 0,5%. During the quarter, eight of the ten economic sectors in the province expanded, with the largest contributors being agriculture, and financial and business services.

While the annual growth rates for the country and the province were both higher in Q1, at 2%, expected overall growth rates for 2026 remain below population growth, estimated at between 1,3% and 1,6% (BER and Quantec, 2026). The recent conflict in the Middle East also introduced significant new risks to the already fragile growth recovery. Higher fuel prices, rising input costs and increased uncertainty are expected to weigh on both household consumption and business activity throughout 2026.

For households, higher fuel and food prices will erode purchasing power. For businesses, rising costs and uncertainty may delay investment and hiring decisions. This supply side shock unfortunately came at a time when domestic momentum was beginning to build. However, despite the conflict, global growth is still estimated to reach 3,1% in 2026 (IMF, 2026), almost double the expected growth of South Africa.

Although there was a small increase in economic growth in Q1, the labour market in Cape Town experienced a decrease in employment of 32 709. This is after stellar performance in Q4 2025, when the unemployment rate dropped below 20%. Q1 2026 saw the unemployment rate rise above 20% again, to 21,4%. Cape Town's employment growth in the quarter was driven by construction, trade and private households, while losses, particularly in community, social and personal services, and manufacturing, overshadowed employment gains.

The National Treasury and the SARB's shift in price targeting came into effect in Q4 2025, with a lower 3% target and a 2–4% tolerance band. Although remaining in this band, national CPI was above 3% in the first quarter, averaging 3,2%. Rising inflation led to a 25 basis point increase in the repo rate in May, which puts further pressure on households. South African household consumption grew by a marginal 0,1% in quarter 1, which is the lowest growth rate in two years. As consumption has been a consistent driver of GDP, this new development is noteworthy, especially with the rise in the repo rate in Q2, which will further reduce disposable incomes. Consumption expectations have reflected this with the BER consumer confidence index decreasing from -7 in Q1 to -19 in Q2.

Despite this, the first quarter saw vehicle sales in the Western Cape increase by 18,3% year-on-year. The number of building plans submitted to the City also increased by 4%. Cape Town International Airport recorded year-on-year growth of 7,7% in passenger arrivals over the quarter, despite disruptions in travel caused by the war in the Middle East.

When looking at the productive sectors, there were some encouraging signs, particularly the rebound in the construction sector and year-on-year growth in overall electricity sales, despite manufacturing output decline. Businesses in the Western Cape remain relatively upbeat, with the Q2 BER Business Confidence Index increasing to 55, while South Africa's Business Confidence Index declined to 39.

JODIE POSEN
Head: Economic Intelligence, Economic Analysis Branch

Key findings for 2026: Q1

+0,6%

In the first quarter of 2026, the **Western Cape economy grew by 0,6% quarter-on-quarter** (non-annualised), while the national economy also recorded growth of 0,5%. The largest sectoral growth in the province was recorded in the agriculture sector, followed by finance, real estate and business services.

3,5%

The Western Cape recorded an **inflation rate of 3,5%** at the end of the first quarter, increasing slightly from the previous quarter. The national inflation rate was 3,1%.

1,86 m

The number of people **employed** in Cape Town decreased by 32 709 on a quarter-on-quarter basis, to a total of **1,86 million**.

743 810

Three of Cape Town's top **tourist attractions** recorded a total of **743 810** visitors.

71,1%

Accommodation establishments in Cape Town had an average **occupancy rate of 71,1%**. The international tourism market drove demand for room nights, for the first time since the Covid-19 pandemic.

3,09 m

Cape Town International Airport recorded **3,09 million air passenger movements**.

–2,9%

On a quarter-on-quarter basis, Cape Town's **trade** recorded an increase in **exports** and a decrease in **imports**. Exports were mainly led by grapes and refined petroleum. On a year-on-year basis, exports declined by **2,9%** from the levels in the first quarter of 2025.

Success stories

SHAMBROWN: Weaving creativity, culture and contemporary design into everyday living

For entrepreneur and creative visionary, Shameema Brown, building a business was never simply about selling products – it was about creating meaningful connections through design, storytelling and artistic expression.

As the founder of SHAMBROWN, a Cape Town-based textile and lifestyle brand, Shameema has successfully transformed her passion for creativity into a growing business that celebrates local craftsmanship, heritage, and contemporary design. With its thoughtfully designed homeware, apparel-inspired products and lifestyle accessories, SHAMBROWN is creating products that bring personality, warmth and authenticity into homes and everyday spaces.

A brand rooted in creativity

SHAMBROWN offers a range of beautifully designed products - each designed in-house, ensuring originality and a unique artistic identity that resonates with customers seeking meaningful, locally made products.

"At SHAMBROWN, we believe that design should tell a story," explains Shameema. "Each piece is created with intention, blending creativity, culture and functionality to create something that feels both personal and expressive."

This commitment to originality has become one of the brand's defining characteristics, setting it apart in an increasingly competitive marketplace.

Inspired by Cape Town

For Shameema, there was never a question about where to build her business. "Cape Town offers endless inspiration," she says. "The city is rich in culture, creativity, diversity, and entrepreneurial energy. It provides the perfect environment for a creative brand to grow and evolve."

The city's thriving creative ecosystem, combined with its natural beauty and strong support networks for entrepreneurs, has played an important role in SHAMBROWN's development. Access to business development opportunities and entrepreneurial support programmes has further enabled the brand to strengthen its foundations and pursue new avenues for growth.

Defining success beyond sales

While business growth remains important, SHAMBROWN measures success through more than revenue alone. For Shameema, success is reflected in the relationships built with customers, the impact of the brand's creative work, and the ability to continue growing despite challenges. She says one of the most rewarding aspects of the journey has been witnessing customers connect emotionally with the products and the stories behind them. "Knowing that people see themselves in the work and connect with the brand on a personal level is incredibly rewarding."

Navigating challenges with resilience

Like many growing small businesses, SHAMBROWN has faced challenges around scaling sustainably, securing funding for expansion and increasing brand visibility. Rather than viewing these obstacles as barriers, Shameema has approached them as opportunities for learning and growth. Through strategic partnerships, participation in development programmes, continuous skills development and strengthening the brand's online presence, SHAMBROWN continues to build momentum.

Her advice to fellow entrepreneurs facing similar challenges is simple but powerful: "Keep going, even when growth feels slow.

Innovation through design

Innovation remains at the heart of SHAMBROWN's approach to business. By combining traditional creativity with modern digital tools, evolving design trends and new creative processes, the brand continues to explore fresh ideas and product offerings. This willingness to experiment allows SHAMBROWN to remain relevant while maintaining its authentic identity.

A commitment to mindful creation is equally important. Through small-batch production methods, efforts to reduce waste and support for local creativity and craftsmanship, SHAMBROWN is building a business that values both sustainability and community impact.

Looking ahead

Among Shameema's proudest achievements is SHAMBROWN's participation in entrepreneurial development opportunities, including initiatives facilitated through Invest Cape Town. These experiences have provided valuable support while helping to strengthen the brand's long-term vision.

Over the next five years, Shameema aims to establish SHAMBROWN as a recognised lifestyle and textile brand both locally and internationally. The strategy includes expanding product ranges, strengthening the online store, increasing collaborations and building a broader customer base through strategic partnerships and digital marketing initiatives.

As SHAMBROWN continues to grow, Shameema is acutely aware that the brand's success is deeply rooted in authenticity, creativity and a passion for telling uniquely South African stories through design.

By transforming everyday objects into meaningful expressions of art and culture, SHAMBROWN is proving that local creativity has the power to inspire, connect and leave a lasting impression far beyond Cape Town's borders.

Cape Town overview 2026: Q1

Gross domestic product (GDP)

R684 b

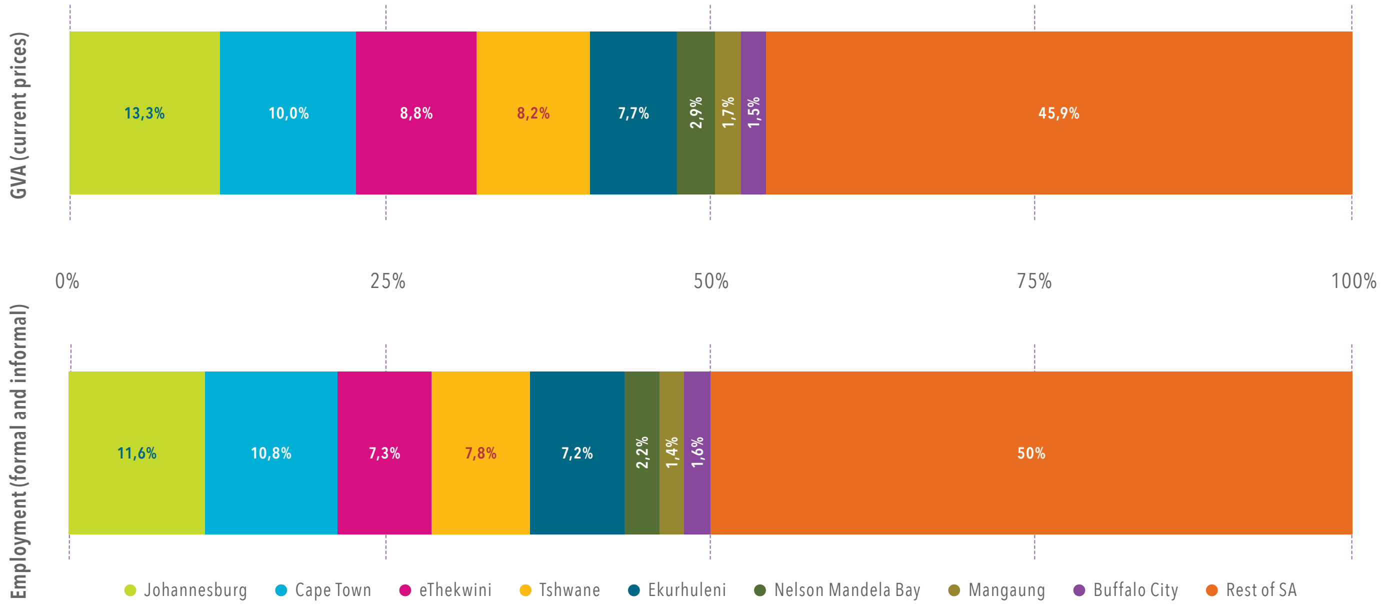
The **Western Cape** accounted for **R684 billion**[a] of the **R4,77 trillion gross domestic product (GDP)** generated by **South Africa** in the first quarter of 2026. While GDP data is not available at a city level on a quarterly basis, **Cape Town typically contributes around 72%** of the provincial GDP annually.

GDP growth rate

0,6%

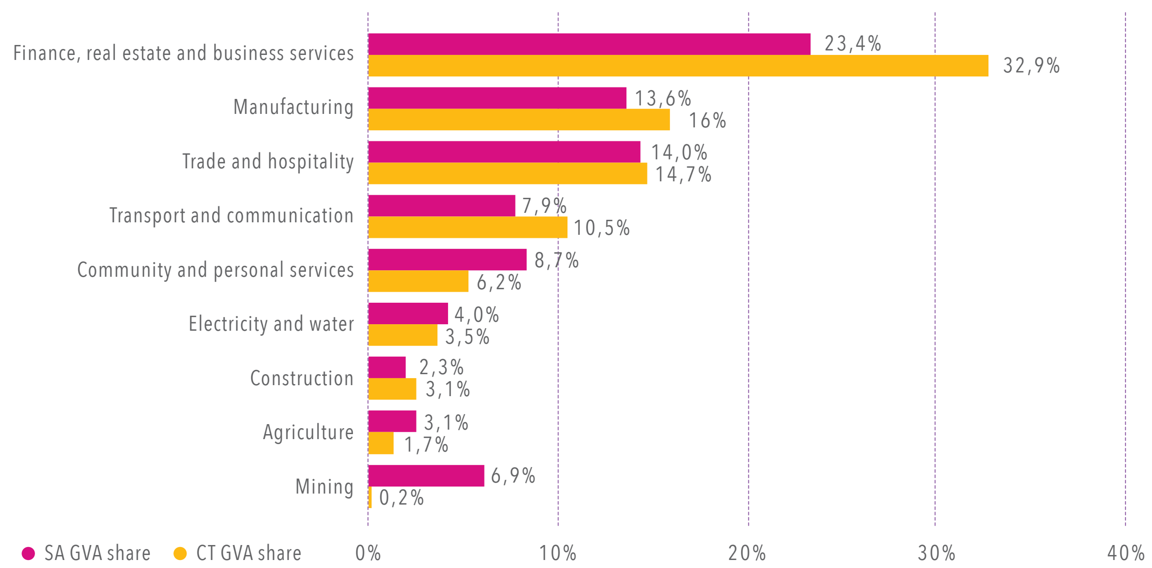
During the first quarter of 2026, the **Western Cape GDP** grew by **0,6%**, and **national GDP** grew by **0,5%**.[b]

Metro cities' gross geographic product and employment contributions to SA, 2025[d]



a, b. At constant 2015 prices, seasonally adjusted and non-annualised. Source: Quantec, 2026; Statistics South Africa, 2026.
c. Source: Statistics South Africa, 2026.
d, e. At current prices. Source: South Africa Regional eXplorer, 2025.
g. At current prices. Source: Quantec, 2026.
f. Source: City of Cape Town, 2026a; Quantec, 2026.
g. Source: Quantec, 2026.
h. Source: Cape Town Tourism, 2026.
i. Source: ACSA, 2026.

Cape Town gross value added (GVA) versus national GVA, 2025[g]



Inflation

3,5%

At the end of the first quarter of 2026, **South Africa** had an **inflation rate** of **3,1%**. The **Western Cape's inflation rate** for the same period was **3,8%**.[c]

Population

5 030 497

South Africa has a population of **63 100 945**. A total of **7 627 688** people (11,9% of the national population) live in the **Western Cape**. Of those, **5 030 497** are residents of **Cape Town**.[f]

Gini coefficient

0,64

In 2025, **South Africa** and Cape Town had a **Gini coefficient** of **0,64**.[g]

Air passengers

3 091 797

During the first quarter of 2026, **3 091 797 passengers** moved through **Cape Town International Airport**.[i]

Attractions

743 810

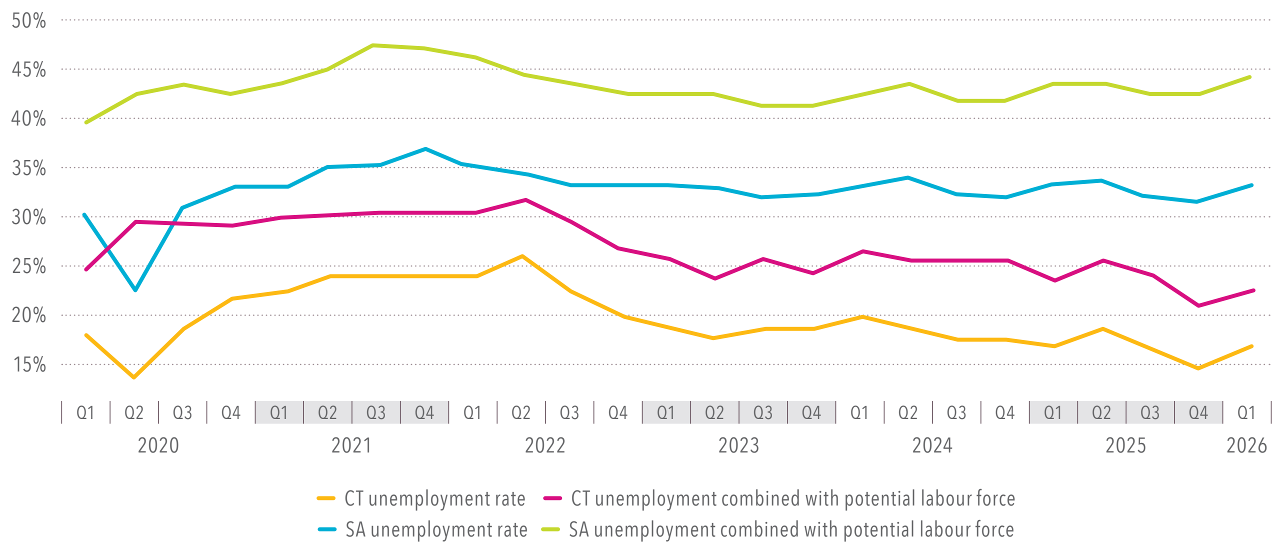
Three of **Cape Town's major attractions** recorded **743 810 number of visits** in the first quarter of 2026.[h]

Labour overview 2026: Q1

Labour market indicators

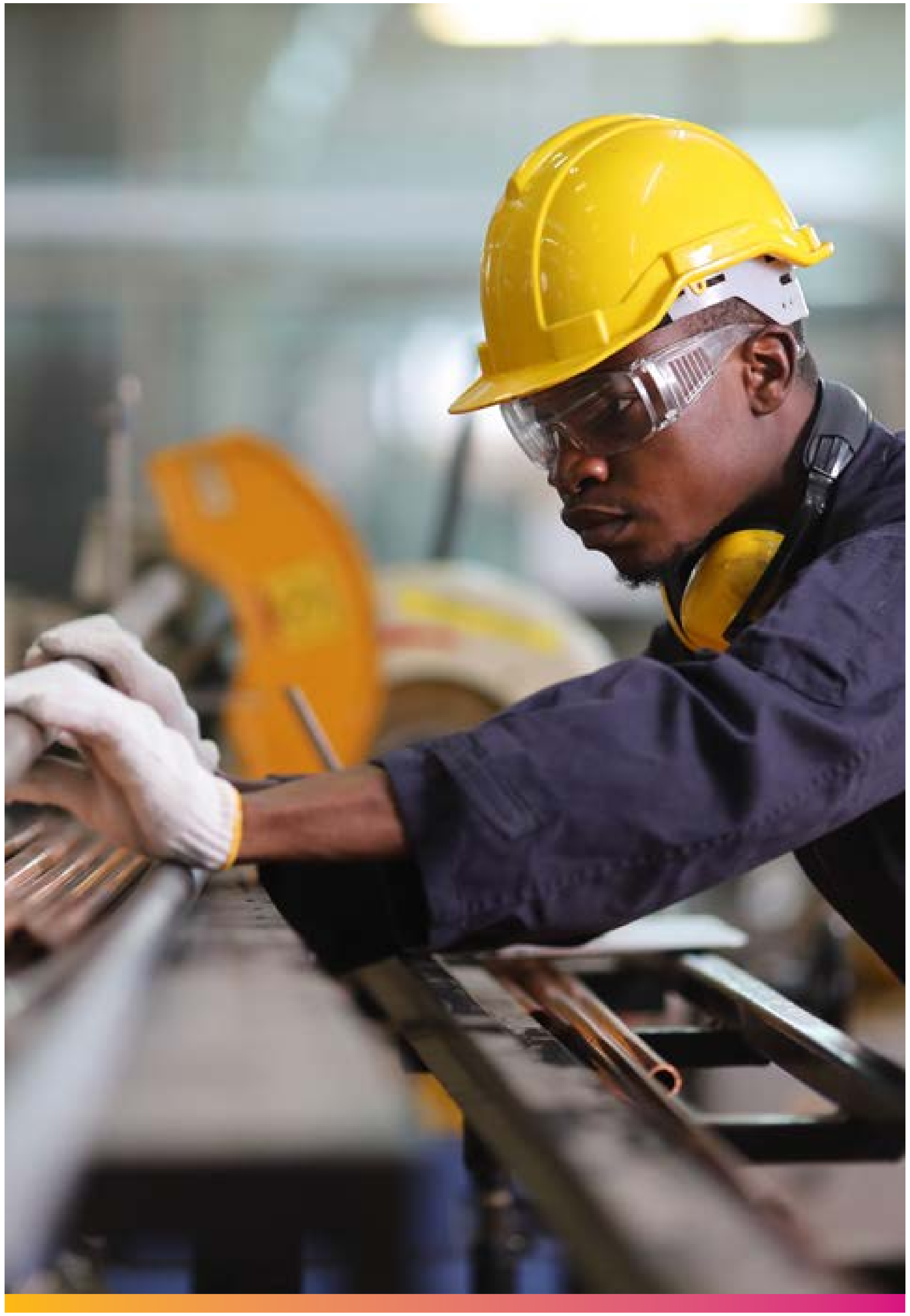
Labour force participation rate (strict) = 71,8%   Labour absorption rate = 56,5%

Unemployment[1] rates for South Africa and Cape Town, 2020 Q1 to 2026 Q1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 1, May 2026.

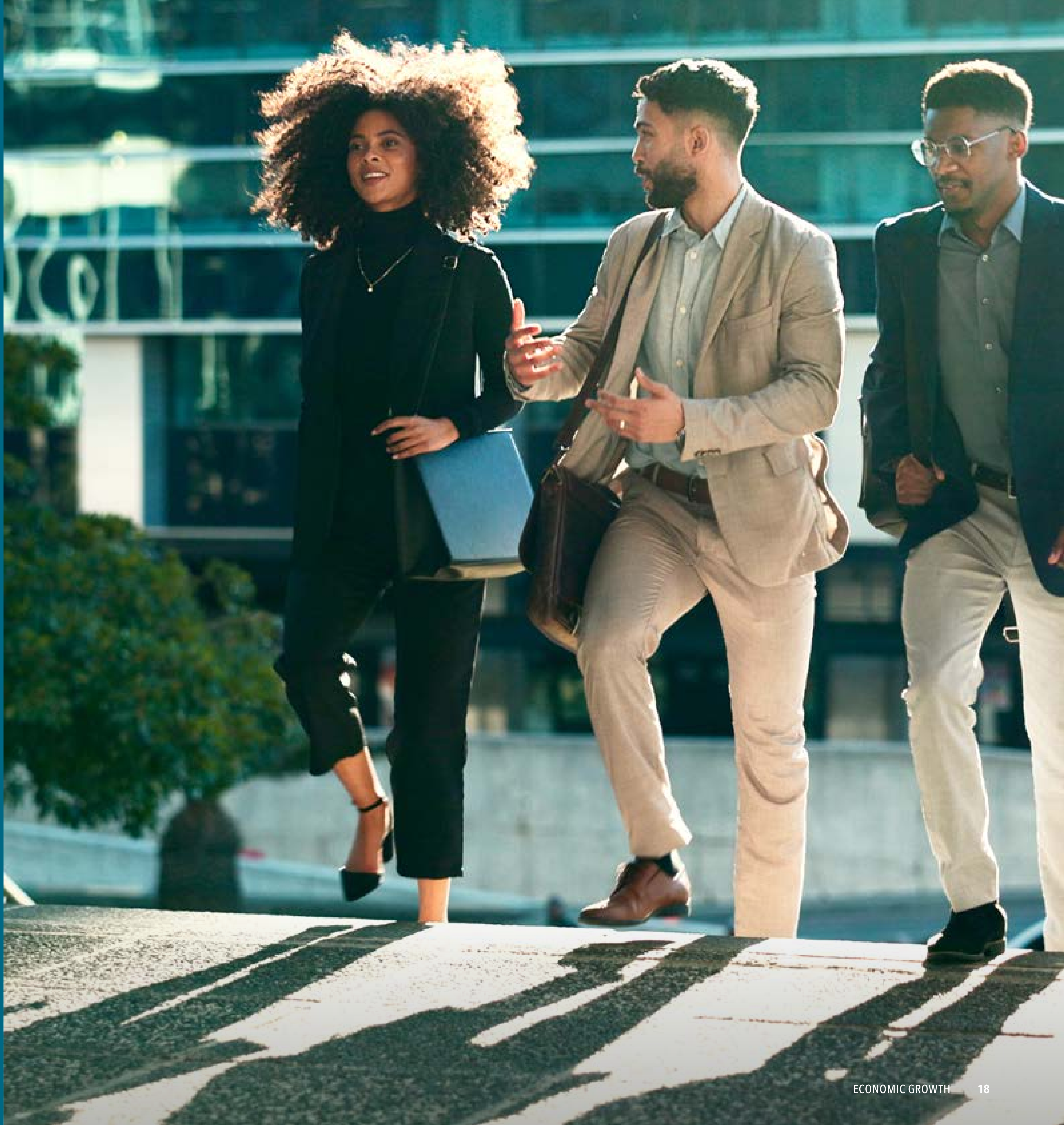
1 *The unemployment rate is officially defined to include only people who are actively seeking work. The 'unemployment rate combined with potential labour', previously known as the 'broad' definition of unemployment, includes those under the 'strict' definition as well as 'discouraged' and available potential and unavailable job seekers.*



01

Economic growth

Gross domestic product (GDP) growth is one of the most widely used measures of economic performance in a country or region. It provides an indication of the level of value-added production that takes place in an economy during a specific period. Large cities such as Cape Town are typically the loci of economic production and are therefore often the main drivers of economic growth in a region.



South Africa's quarter-on-quarter economic performance

The South African economy recorded quarter-on-quarter non-annualised growth of 0,5% for the first quarter of 2026. This is an improvement of 0,17 of a percentage point when compared to the previous quarter. This marks the sixth consecutive quarter of growth for the country and was notably better than expectations. The Bureau for Economic Research (BER, 2026a) forecast 0,3%, while the South African Reserve Bank predicted 0,2%. The BER noted, however, that the composition of the first quarter's performance was less encouraging, with the total outcome largely impacted by net exports, as domestic demand declined for the first time since 2024.

At the national level, nine sectors recorded growth in the first quarter of 2026. The largest growth rate was recorded in the agriculture sector, which grew by 3,9% and added 0,1 of a percentage point to the total national growth rate. This was followed by the finance, real estate and business services sector, which grew by 0,9% quarter-on-quarter and added the most to the total national growth rate with 0,2 of a percentage point. The trade and hospitality, mining, and transport and communication sectors each recorded growth of 0,7% and added a combined 0,2 of a percentage point to the total national growth rate.

Further growth was also recorded in the electricity and water (0,4%), general government (0,3%) and community and personal services (0,3%) sectors, adding a combined 0,1 of a percentage point to the total national growth rate for the first quarter. Construction recorded 0,2% growth, rebounding by 1,5 percentage points after its contraction in the previous quarter.

For the first quarter of 2026, manufacturing was the only sector to record a decline. Its 0,8% contraction subtracted 0,1 of a percentage point from the total national growth rate.

Several indicators point to the continuation of the challenging economic climate and the economy's strained path of recovery. The RMB/BER Business Confidence Index – while rising by 3 index points to record 47 index points in the first quarter of 2026 – shows that the majority of respondents are dissatisfied with the prevailing business conditions. Despite this, the three-point improvement means the index remains above the long-term average[2] of 42,6 index points (BER, 2026b).

Similarly, the FNB/BER Consumer Confidence (CCI) Index remains significantly low.[3] Following an improvement to -9 index points in the previous quarter, the index continued to recover, recording -7 index points in the first quarter of 2026. FNB notes that the Finance Minister's February budget speech was well received, however the surveys were undertaken prior to the US military operation against Iran, which poses a clear downside risk to the CCI as it negatively impacted on oil prices, stock exchanges, logistics and travel (BER, 2026c).

The Absa Purchasing Managers' Index (PMI) survey is an indicator of manufacturing activity. It focuses on components such as business activity, new sales orders, supplier performance, prices and employment, as well as business sentiment. The average recorded for the first quarter of 2026 was 48,4 index points, improving by 5 index points from the previous quarter. Readings below the 50-point mark throughout the quarter signal that manufacturing activity remains in contractionary territory (BER, 2026d; BER, 2026e; BER, 2026f).

2 The long-term average of the RMB/BER Business Confidence Index is based on the full dataset, starting from 1969 Q1 (BER, 2025a).
3 Consumer confidence is expressed as a net balance, derived as the percentage of respondents expecting an improvement less the percentage expecting a deterioration. The index can vary between -100 and 100. A "low" index recording (below zero) indicates that consumers are concerned about the future and suggests lower spending, while a "high" index recording (above zero) indicates increased likelihood of spending, including incurring more debt (BER, 2024).

Global economic performance and growth forecasts

In its latest World Economic Outlook (2026), the IMF recorded global growth of 3,4% for 2025, slightly higher than its last expectation of 3,3%. The headway, however, is overshadowed by escalating geopolitical conflicts, with the closure of the Strait of Hormuz having a global impact by bringing the transport of oil through the region to a halt for extended periods. The IMF noted that recent global developments have impacted forecasting assumptions and created increased uncertainty and instability.

The global growth forecast for 2026 has been downwardly revised by 0,2 of a percentage point, to 3,1%, but remains at 3,2% for 2027. Advanced economies recorded growth of 1,9% for 2025 – expected to decline to 1,8% for 2026. Emerging and developing economies recorded growth of 4,4% for 2025, in line with expectations. Similarly, forecast growth for 2026 has been downwardly revised for the region to 3,9%. Growth for 2027 was revised upward to 4,2%.

Western Cape and Cape Town economic performance

The Western Cape economy accounts for 14% of South Africa's total GDP. The province's economy recorded non-annualised quarter-on-quarter growth of 0,6% for the first quarter of 2026, with GDP of R684 billion[4] in constant 2015 prices. This quarter-on-quarter performance is an improvement of 0,15 of a percentage point from the previous quarter's growth and in line with performance at the national level.

The year-on-year data[5] for the Western Cape typically follows a similar trend to that of the country. National year-on-year growth improved by 0,5 of a percentage point to 2,0% for the first quarter of 2026. Provincial year-on-year growth improved by 0,3 of a percentage point to 2,0%.

Figure 1: Real GDP growth for the Western Cape, 2021 Q3 to 2026 Q1

Source: Quantec, 2026.

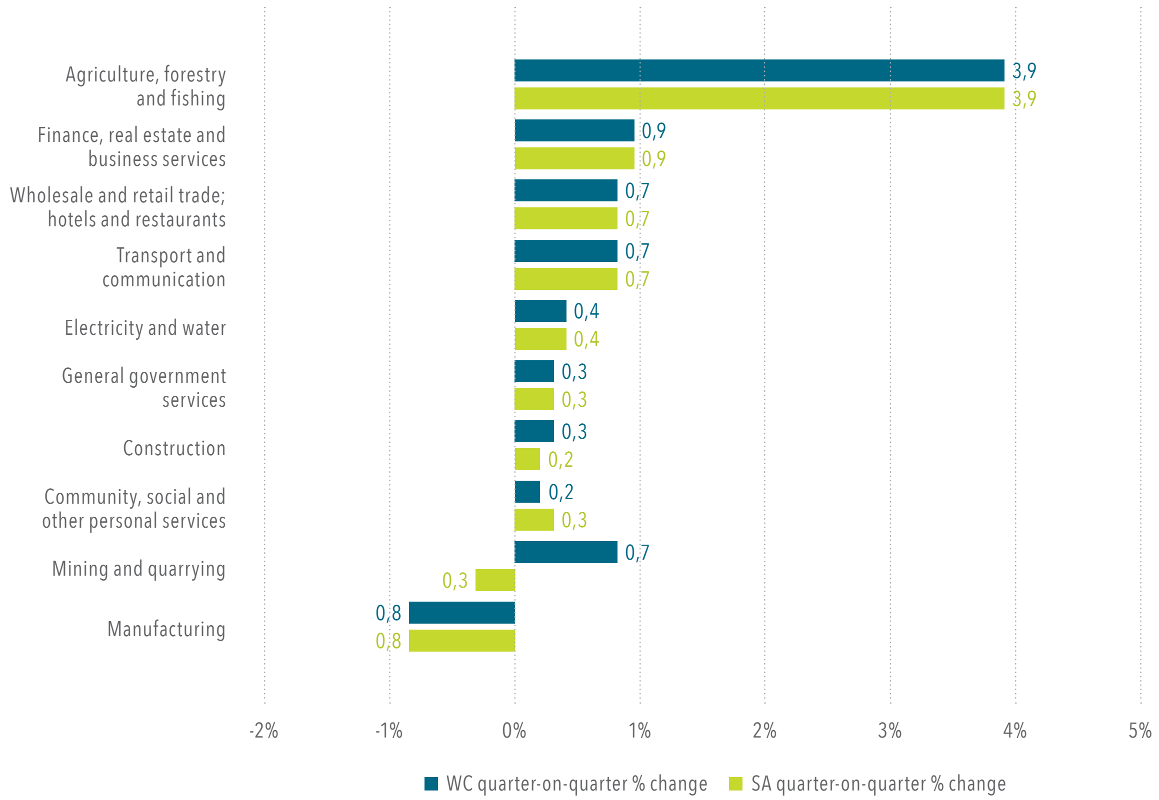
4 GDP data is reported as annualised.
5 Year-on-year GDP growth is annualised.

At a sectoral level, the Western Cape's GDP performance largely mirrored that of the national economy, with similar trends. In the first quarter of 2026, the largest sectoral quarter-on-quarter growth recorded in the province was in agriculture, which grew by 3,9% and added the second most to the total provincial growth rate with 0,2 of a percentage point.

The finance, real estate and business services sector – which is the largest by rand value – grew by 0,9% and added the most to the total provincial growth rate with 0,3 of a percentage point. This was followed by trade and hospitality, and transport and communication, each recording growth of 0,7% and adding a combined 0,2 of a percentage point to the total provincial growth rate. Further growth was recorded in electricity and water (0,4%), general government (0,3%) as well as community and personal services (0,2%). Similar to the national performance, the construction sector in the province rebounded by 1,5 percentage points to record 0,3% quarter-on-quarter growth in Q1.

Two sectors recorded contractions in the first quarter of 2026 at the provincial level. The manufacturing sector recorded the largest contraction at -0,8% quarter-on-quarter. This was the second consecutive quarterly contraction, worsening by 0,2 of a percentage point from Q4 2025. The mining sector also recorded a contraction, however, due to its small share of the provincial economy (0,1%), its decline of 0,3% did not impact the total provincial growth rate for this quarter.

Figure 2: Sectoral real GDP growth rates (non-annualised) in the Western Cape and South Africa, 2026 Q1



Contribution to growth rate (%)

WC	SA
0,15	0,1
0,29	0,2
0,09	0,1
0,07	0,1
0,01	0,0
0,02	0,0
0,01	0,0
0,02	0,0
-0,00	0,0
-0,10	-0,1

Source: Quantec, 2026.

Cape Town accounts for 72% of the Western Cape's tertiary sector output (Quantec, 2026). This means that, in the absence of city-level data for the current quarter, the city's performance is likely to follow the provincial performance for the first quarter of 2026. The finance, real estate and business, and trade and hospitality sectors' positive performance may weigh heavier at the local level, as they are among the largest contributors to the local economy (37% and 13% of GDP, respectively).

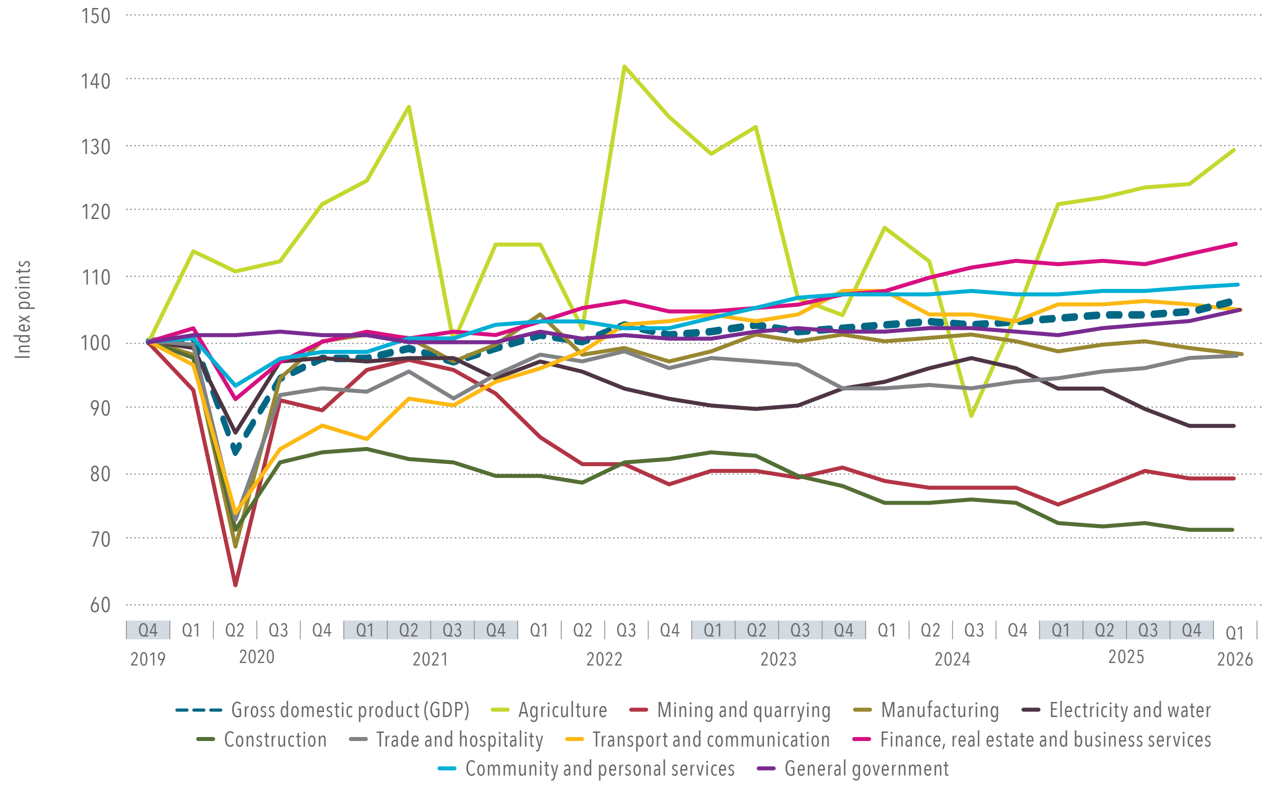
In the last 10 years, the variation between the city's GDP growth rate[6] and the provincial growth rate has been 0,2 of a percentage point on average. If this were to hold true for the first quarter of 2026, a plausible range for Cape Town's non-annualised and seasonally adjusted quarter-on-quarter economic growth in 2026 Q1 is between 0,4% and 0,8%.

While the Western Cape's total GDP has remained above pre-Covid-19 levels since the third quarter of 2022, it is useful to compare economic activity at the sectoral level to pre-Covid-19 levels to monitor economic recovery. Figure 3 illustrates that by the first quarter of 2026, economic activity in five sectors remained higher than their respective levels in the fourth quarter of 2019. These include the finance, real estate and business services; agriculture; community and personal services; transport and communication; and general government. This status has been largely unchanged since 2022 Q3.

The construction; trade and hospitality, electricity and water; and mining sectors have all been unable to surpass their respective pre-Covid-19 output levels. The manufacturing sector's output levels remained below that in 2019 Q4 for the sixth consecutive quarter – a concerning signal. Further reflecting the sector's challenges is the Absa Purchasing Managers' Index which averaged 48,4 index points for the first quarter of 2026, remaining below the 50-point mark (BER, 2026d; BER, 2026e; BER, 2026f).

6 *Based on the average of the differences over the 10-year period.*

Figure 3: Western Cape's sectoral economic activity compared to pre-Covid-19 levels (i.e. 2019 Q4)



Source: Quantec, 2026.
Note: 2019 Q4 is the base year to which all following quarters are compared as an index. Due to revisions to the source data, this table may differ slightly from other versions.

02

Inflation

Price fluctuations of goods and services in an economy are measured by the consumer price index (CPI) inflation rate and producer price index (PPI) inflation rate. The CPI measures the change in the cost of living for households, and the PPI measures the change in the cost of production, compared to their respective costs a year before.

The CPI weights have been updated as of January 2025. Revisions were also made to the basket of goods and services. All indices have been re-referenced, with December 2024 now serving as the new base period (i.e. December 2024 equals 100). Additionally, changes to the classification structure have led to updated naming conventions and the introduction of a new index for Insurance and Financial Services (Statistics South Africa, 2025a).[7]

On 12 November 2025, the South African Reserve Bank and the Minister of Finance replaced the 3–6% inflation target range with a lower 3% target and a 1% tolerance band. This shift aimed to better anchor inflation expectations, align with international best practice and support long-term economic growth through lower, more stable inflation. The transition will be phased in over two years, with anticipated benefits of lower interest rates, improved price stability and enhanced economic resilience. However, policymakers acknowledge that short-term fiscal pressures and adjustment challenges may emerge during implementation (SARB, 2025b).

7 *For more details, please consult the documentation available on the Stats SA website: https://www.statssa.gov.za/?page_id=2528*

Inflation overview

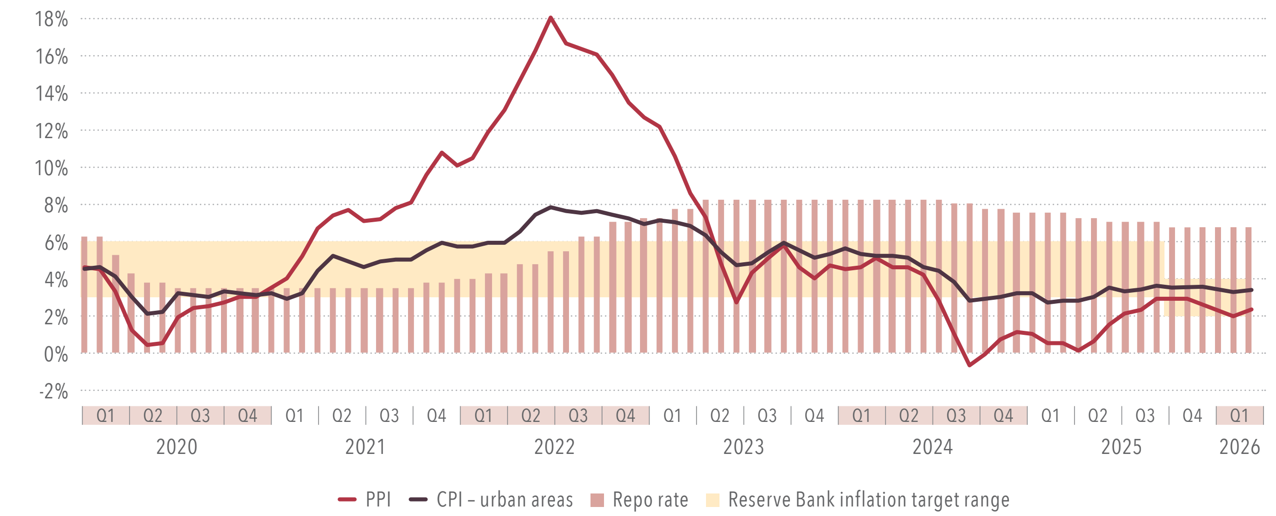
In March of the first quarter of 2026, the Consumer Price Index (CPI)[8] decreased to 3,1% compared to 3,6% at the end of the previous quarter. As illustrated in figure 4, the CPI decreased to 3,5% in January, eased further to 3,0% in February, and edged up to 3,1% in March. The quarterly average of 3,2% was above the South African Reserve Bank's (SARB) new lower 3% target, but still within the tolerance band.

The main inflation pressures at the end of the quarter were electricity and water, with high inflation also recorded for tobacco. According to the March Monetary Policy Statement (SARB, 2026a), inflation performed largely as expected, and the repo rate was left unchanged. It noted, however, that energy prices are expected to place upward pressure on inflation as geopolitical conflicts continue to impact oil routes.

For the first quarter of 2026, the Producer Price Index (PPI)[9] decreased to an average of 2,1%, after averaging 2,9% in the previous quarter. The index recorded a reading of 2,2% in January, 1,8% in February and 2,3% in March 2026. The main inflationary contributors to the PPI in March (in terms of final manufactured products) were coke, petroleum, chemical, rubber and plastic products, as well as food, beverages and tobacco products (Statistics South Africa, 2026).

Figure 4 illustrates changes in the CPI, the PPI and the repo rate. According to the March 2026 MPC statement (SARB, 2026), lending rates remain unchanged, underpinned by relatively stable economic performance by the end of 2025. While conflict emerged in the Middle East, at the time, it did not impact on policy decisions. However it was noted that upside risks in the near-term are higher. Notably, fuel prices are expected to place upward pressure on inflation.

Figure 4: CPI and PPI trends for South Africa, January 2020 to March 2026



Source: CPI and PPI, extracted from Statistics South Africa, 2026; repo rate extracted from SARB, 2026.

8 *Headline CPI is recorded and reported on for urban areas.*

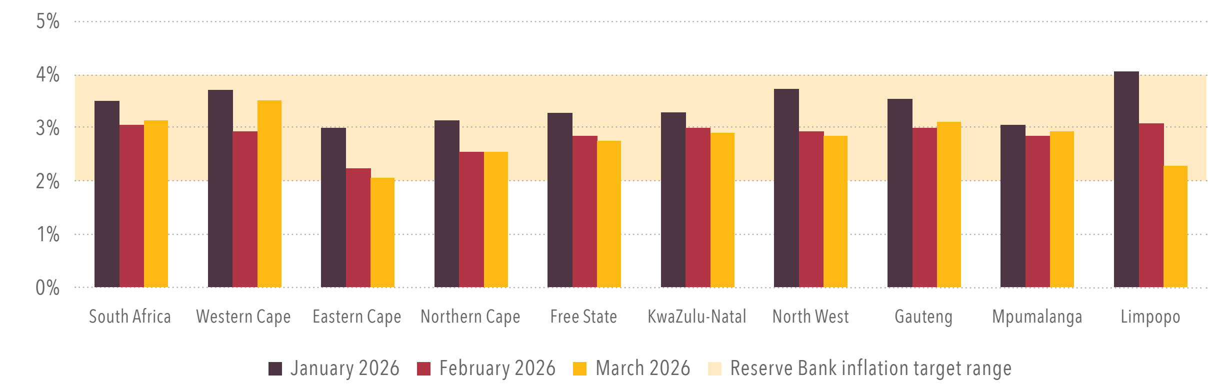
9 *According to Statistics South Africa (2024a), the PPI from, and including, January 2024 has been reweighted. Noted, however, is that the reweighting will not affect the calculations of the basket.*

Geographical inflation

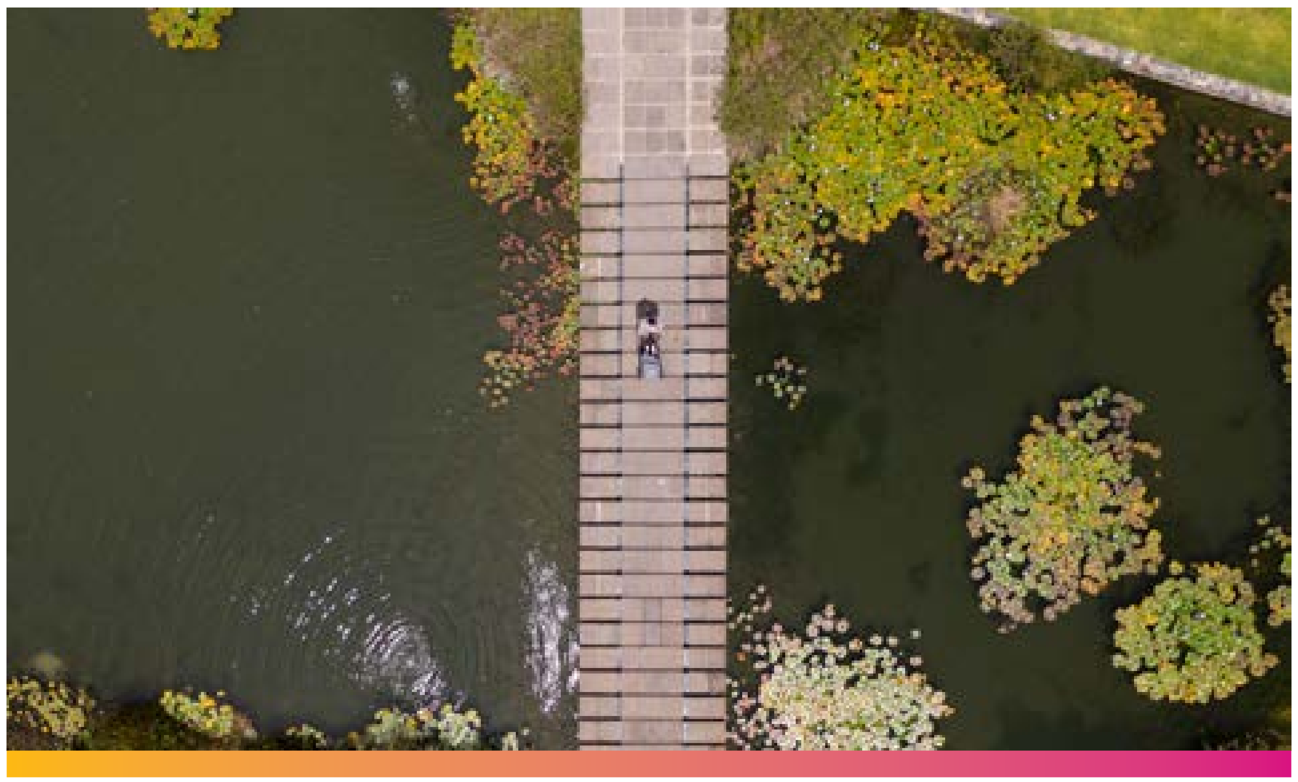
The Western Cape recorded an inflation rate of 3,5% at the end of the first quarter of 2026, which was lower than the previous quarter's 3,8%. Higher inflation than the national figure was recorded in six of the 13 categories. These categories also carry greater weight in the province's headline inflation basket, resulting in it posting an overall headline inflation rate marginally higher than that of the country.

Figure 5 illustrates inflation rates for the first quarter of 2026 across all nine provinces. Compared to the end of the fourth quarter of 2025, all nine provinces recorded decreases. The Western Cape recorded the highest average inflation rate for the quarter with 3,3%, followed by Gauteng, KwaZulu-Natal and Limpopo, each with 3,2%. The Eastern Cape posted the lowest average inflation rate at 2,5% for 2026 Q1.

Figure 5: CPI inflation rate at a provincial level, January to March 2026



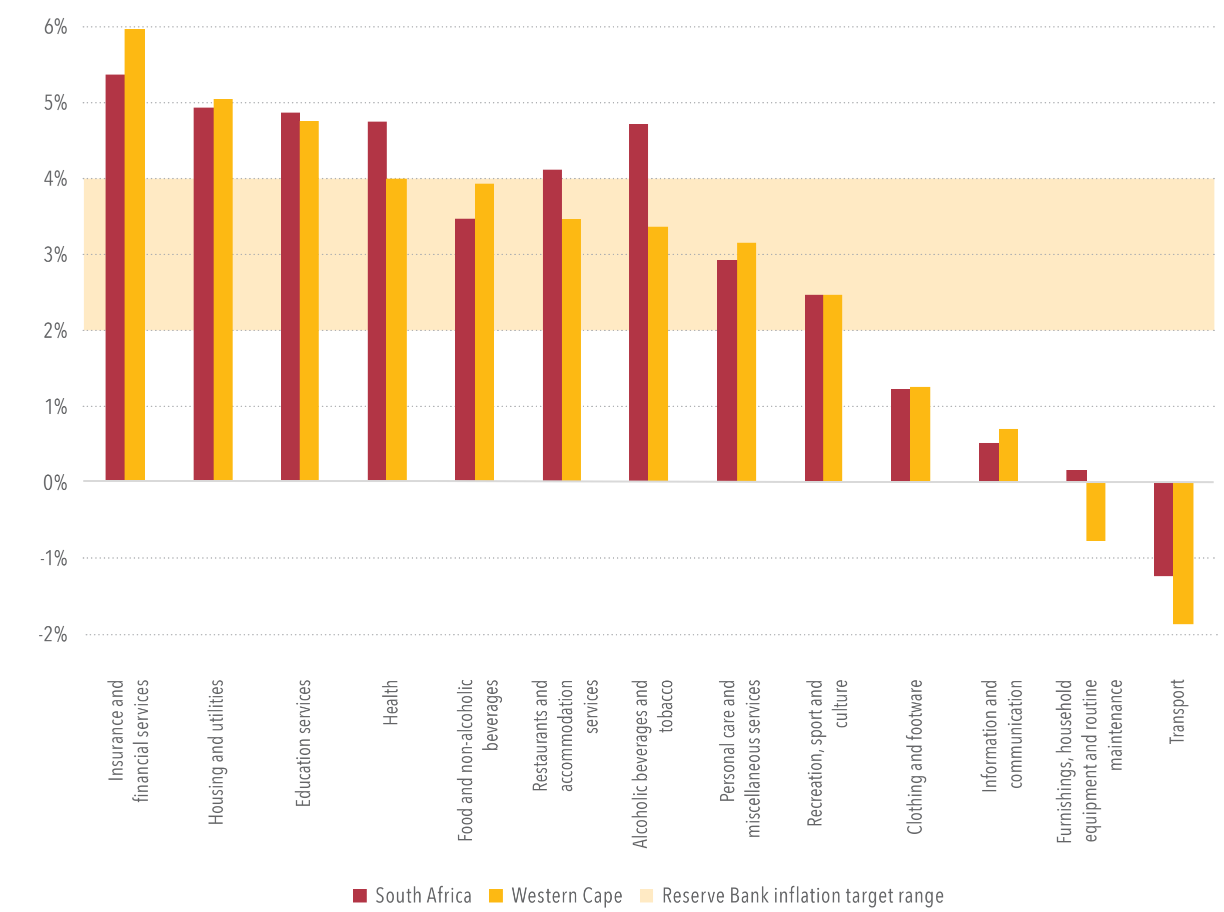
Source: Statistics South Africa, June 2026.



As indicated in figure 6, the key upward inflation drivers for both the province and the country were broadly similar. In the first quarter of 2026, in both the Western Cape and nationally, insurance and financial services recorded the highest average inflation rates, at 6,0% and 5,4%, respectively. This was followed by housing and utilities with recordings of 5,1% and 4,9%, respectively. Education services followed with recordings of 4,5% and 4,8%, respectively. Its high ranking is due to the annual update of the education component in March (Statistics South Africa, 2026b).

Transport was the only category to record average deflation in 2026 Q1, with -1,9% in the Western Cape and -1,3% nationally, as prices compared lower to the year prior. However, the survey for March prices took place prior to increases in the oil prices driven by the blockade of the Strait of Hormuz (Nordejee, 2026; Statistics South Africa, 2026b).

Figure 6: Average consumer price inflation for South Africa and the Western Cape, 2026 Q1



Source: Statistics South Africa, June 2026.

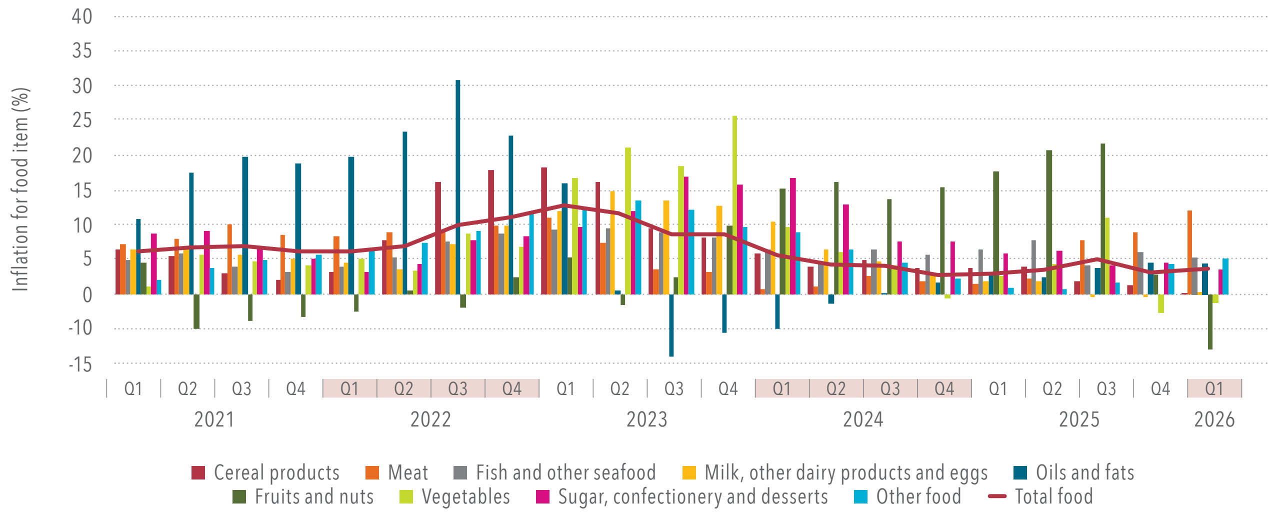
Western Cape food inflation

Figure 7 tracks food price inflation in the Western Cape. Tracking and monitoring food price changes has become increasingly important as household incomes continue to face pressure, threatening access to affordable food for many families. After easing to 3,6% in the fourth quarter of 2025, food price inflation edged up slightly to 3,8% in the first quarter of 2026.

In the first quarter of 2026, five of the nine tracked food items recorded declines from the previous quarter. The prices of fruits and nuts once again saw the largest decline for this quarter with -15,2 percentage points, as harvests matured alongside bumper yields and ample stock levels, placing downward pressure on prices (BFAP, 2026). Comparative quarterly declines were also recorded for sugar, confectionery and desserts (-1,2 percentage points), cereal products (-1,0 percentage point) and oils and fats (-0,9 of a percentage point).

The price of meat continued to rise for a fourth consecutive quarter, recording a price inflation of 11,8% for the first quarter of 2026. This marked 2,8 percentage points higher than the previous quarter, and 10,3 percentage points higher than the previous year. Meat prices rose sharply in late 2025 due to foot and mouth disease outbreaks, which disrupted livestock movement, reduced slaughter numbers and tightened supply. Effective containment measures and improved supply are expected to bring price relief going forward (BFAP, 2026).

Figure 7: Western Cape food price inflation, 2021 Q1 to 2026 Q1



Source: Statistics South Africa, June 2026.

According to the BFAP statement covering March 2026, consumers may see some price relief as grain, oilseed and meat prices are expected to ease. Seasonal trends are also expected to soften vegetable prices, while low raw milk supply is expected to place upward pressure on dairy prices.

Looking beyond the first quarter, conflict in the Middle East and resultant volatile oil market conditions are expected to place upward pressure on global oil prices and potential supply disruptions. Furthermore, despite stable electricity supply, increased tariffs from April will place upward pressure on manufacturing costs (BFAP, 2026).

03

Labour market

The labour market is the point at which economic production meets human development. As such, employment creation and unemployment reduction are top priorities for all spheres of government. Labour market performance is tracked through a variety of indicators, many of which are considered in this section.

Note: Statistics South Africa (Stats SA) has implemented changes to its methodology and standards in the Quarterly Labour Force Survey (QLFS) from 2025 Q3, aligning with international best practice recommended by the International Conference of Labour Statisticians (ICLS). These updates incorporate guidelines from:

- Statistics on work, employment and labour underutilisation (19th ICLS in 2013)
- Statistics on work relationships (20th ICLS in 2018)
- Statistics on informal economy (21st ICLS in 2023)

As a result, some indicators now have new naming conventions, and certain measures may not be directly comparable to previous QLFS data.

Cape Town's labour market performance

In the first quarter of 2026, Cape Town's working-age population increased to 3,30 million and the labour force to 2,36 million individuals, representing growth on both a quarter-on-quarter and year-on-year basis. Employment shrank by 32 709 quarter-on-quarter, but earlier growth meant there was still a year-on-year increase of 35 330. The quarterly losses reflect the trend of the greater South African labour market, which saw a decrease in employment of 344 626 individuals quarter-on-quarter. The Cape Town losses translated into a slight deterioration in labour market efficiency, with the labour absorption rate decreasing to 56,5% from 57,6% recorded in the previous quarter. The labour force participation rate also dropped slightly to 71,8% from 71,9% over the same period.

Table 1: Cape Town labour market indicators, 2026 Q1 versus 2025 Q4 and 2025 Q1

Metro	Recorded			Quarter-on-quarter change	Year-on-year change
	2026 Q1	2025 Q4	2025 Q1	(vs 2025 Q4)	(vs 2025 Q1)
Working-age population	3 298 427	3 287 804	3 254 574	10 623	43 853
Labour force	2 368 997	2 363 888	2 338 367	5 110	30 631
Employed: Total[10]	1 862 511	1 895 220	1 827 181	-32 709	35 330
Employed: Formal sector	1 469 202	1 491 037		-21 835	
Employed: Informal sector	294 309	310 319		-16 010	
Searching unemployed	506 486	468 668	511 186	37 818	-4 699
Outside the labour force[11]	929 430	923 917	916 207	5 513	13 223
Discouraged work seekers	29 875	23 239	35 650	6 636	-5 775

Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 1, May 2026.
Note: Due to changes in methodology and standards applied, there is currently no historic data for formal and informal sector employment.
'Not economically active' is renamed 'Outside the labour force'. 'Unemployed (strict)' is renamed 'Searching unemployed'.

10 'Total employment' comprises 'formal' and 'private households' employment.
11 'Outside the labour force' was previously named 'Not economically active'.

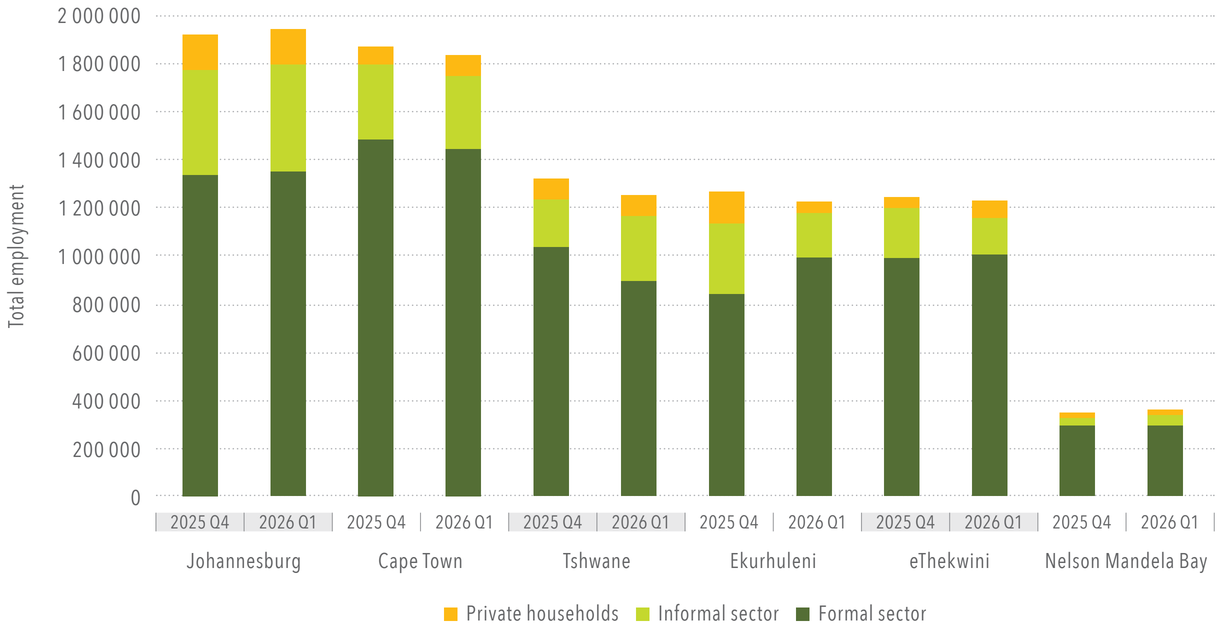
Employment comparison of metros

When assessing Cape Town's employment performance, it is useful to compare it to other metropolitan areas (metros)[12] in South Africa. In the first quarter of 2026, Cape Town maintained its position as the metro with the second-largest employed population, totalling approximately 1,86 million individuals. Johannesburg ranked first with 1,93 million employed persons, which is to be expected given its larger population base.

As seen in figure 8, when compared to the previous quarter, only two metros recorded positive employment growth and four other metros recorded contractions in their employment levels.

Johannesburg added 22 932 employed individuals, followed by Nelson Mandela Bay (up by 4 432 individuals). Tshwane experienced the largest decline in employment, with employment down by 54 239 individuals, followed by Ekurhuleni (-37 008), Cape Town (-32 709), and eThekwini (-19 386).

Figure 8: Metro employment comparison by major sector, 2025 Q4 versus 2026 Q1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 1, May 2026.

In Cape Town, formal employment decreased quarter-on-quarter by 21 835 individuals, to a total of 1,49 million individuals in the first quarter of 2026. Informal employment also contracted over the same period, decreasing by 16 010 individuals to 294 309 in total. In contrast, employment in private households rose by 5 136 quarter-on-quarter, bringing the number of individuals employed in this sector to 99 000.

12 This comparison is based on the largest six metro cities, and does not include all South African metro cities.

Unemployment in Cape Town

The number of unemployed individuals actively seeking work in Cape Town rose quarter-on-quarter by 37 818 to 506 486; however, year-on-year, Cape Town still recorded a marginal 4 700 decrease. After recording a record 16-year low unemployment rate in the previous quarter (excluding the temporary distortion caused by the Covid-19 period), there has been an increase from 19,8% in the fourth quarter of 2025 to 21,4% this quarter. The rate is still 0,5 of a percentage point lower than in the first quarter of 2025. Cape Town continued to record the lowest unemployment rate of all metropolitan areas.

The number of discouraged work seekers increased over the quarter, rising from a low of 23 239 individuals in the fourth quarter of 2025 to 29 875 individuals in 2026 Q1. The deterioration across both searching and non-searching unemployment categories, along with weaker employment outcomes, resulted in an increase in the combined rate of unemployment and potential labour force,[13] from 21,7% in the previous quarter to 23,3% in the first quarter of 2026. This rate was also lower, by 1,5 percentage points, than the same period in 2025.

Table 2: Unemployment rate[14] comparison of metros, 2026 Q1 versus 2025 Q4 and 2025 Q1

Metro	Unemployment rate			Combined rate of unemployment and potential labour force		
	2026 Q1	2025 Q4	2025 Q1	2026 Q1	2025 Q4	2025 Q1
Cape Town	21,4%	19,8%	21,9%	23,3%	21,7%	24,8%
eThekwini	32,4%	32,1%	32,5%	38,7%	34,3%	27,1%
Ekurhuleni	22,3%	24,1%	21,4%	39,6%	39,2%	38,0%
Johannesburg	34,7%	33,8%	34,3%	42,8%	41,5%	41,2%
Nelson Mandela Bay	29,8%	28,2%	22,3%	39,8%	38,9%	38,0%
Tshwane	36,8%	33,4%	33,5%	40,7%	38,1%	38,4%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 1, May 2026.

When compared to the previous quarter, only Ekurhuleni recorded a decrease in its unemployment rate, while the remaining five metros experienced increases. For the combined rate of unemployment and potential labour force indicator, all metros, including Cape Town, recorded increases quarter-on-quarter. Tshwane registered the largest increase in its unemployment rate, rising by 3,4 percentage points, and eThekwini recorded the largest increase in its combined rate, at 4,4 percentage points.

Cape Town recorded the lowest difference between its two rates of unemployment (1,9 percentage points), while Ekurhuleni recorded the largest difference (17,3 percentage points). The extent of the difference between the two rates of unemployment can be attributed to the number of discouraged work seekers and available potential work seekers in each of the metros.

13 *Following revisions to definitions and methodology, the 'combined rate of unemployment and potential labour force' is similar to the previously termed 'broad rate of unemployment'.*

14 *The 'strict' definition of unemployment includes only people who are actively seeking work. The 'broad' definition of unemployment includes those under the 'strict' definition as well as 'discouraged' and other 'non-searching' job seekers.*

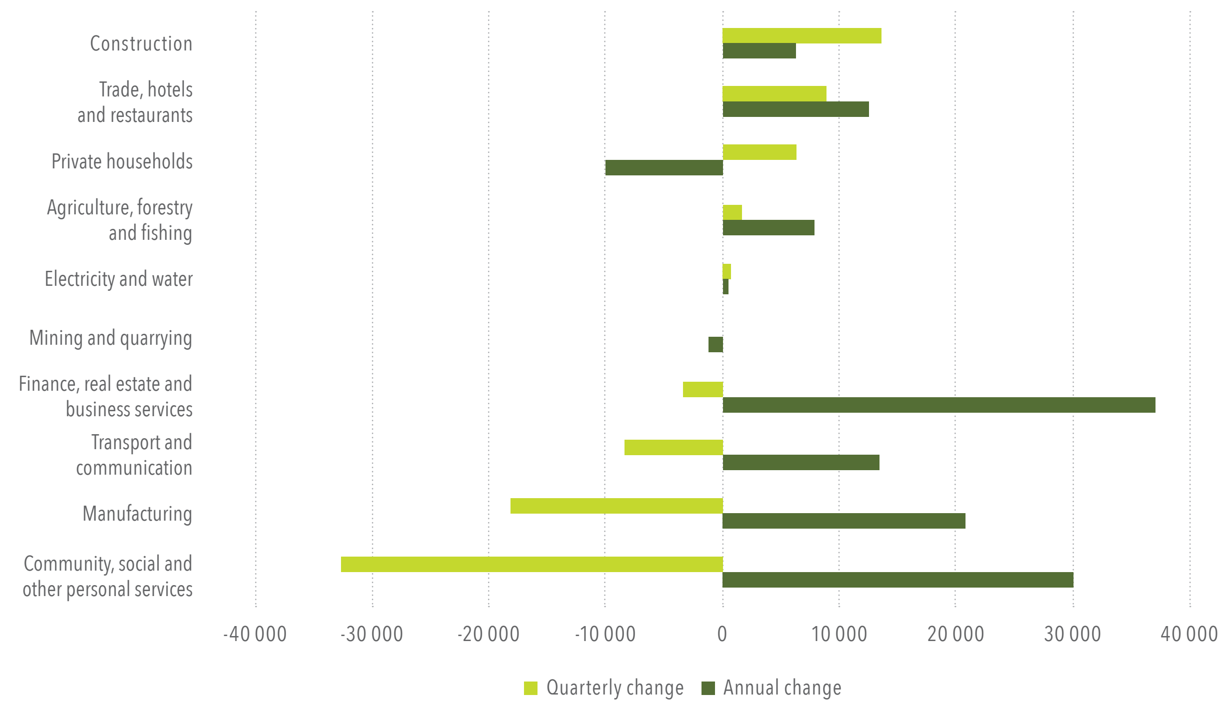
Sector employment trends for Cape Town

Figure 9 depicts the change in the level of employment by sector in Cape Town in the first quarter of 2026, compared to the fourth quarter of 2025 and first quarter of 2025. From the last quarter, construction was the largest contributor to job creation, adding 13 524 jobs. This is followed by trade, hotels and restaurants (9 132 jobs) and private households (5 136 jobs). Marginal gains were seen in agriculture, with 1 045 jobs added, and electricity and water, which added 678 jobs.

In contrast, the sectors that were the largest sources of employment contracted. The community, social and other personal services sector experienced the most significant decline, shedding 32 395 jobs. This was followed by the manufacturing sector with a drop of 18 333 jobs and the transport and communication sector, which lost 7 657 jobs. Finance, real estate and business services recorded a more modest decline of 3 144 jobs.

When compared with the first quarter of 2025, Cape Town's labour market shows a notably stronger performance, with eight sectors contributing positively to employment growth and only two sectors recording year-on-year declines. Unlike its quarterly outcome, the finance, real estate and business services sector emerged as the strongest performer on an annual basis, adding 37 172 jobs. This was followed by community, social and other personal services (up by 29 912 jobs), manufacturing (up by 21 752 jobs), and transport and communication (up by 13 450 jobs). Smaller gains were also observed in trade, hotels and restaurants (up by 12 995 jobs), agriculture (up by 8 187 jobs), and construction (up by 5 408 jobs). Employment in private households decreased by 10 049 jobs over the period.

Figure 9: Quarterly and annual change in employment per sector for Cape Town, 2026 Q1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 1, May 2026.

04

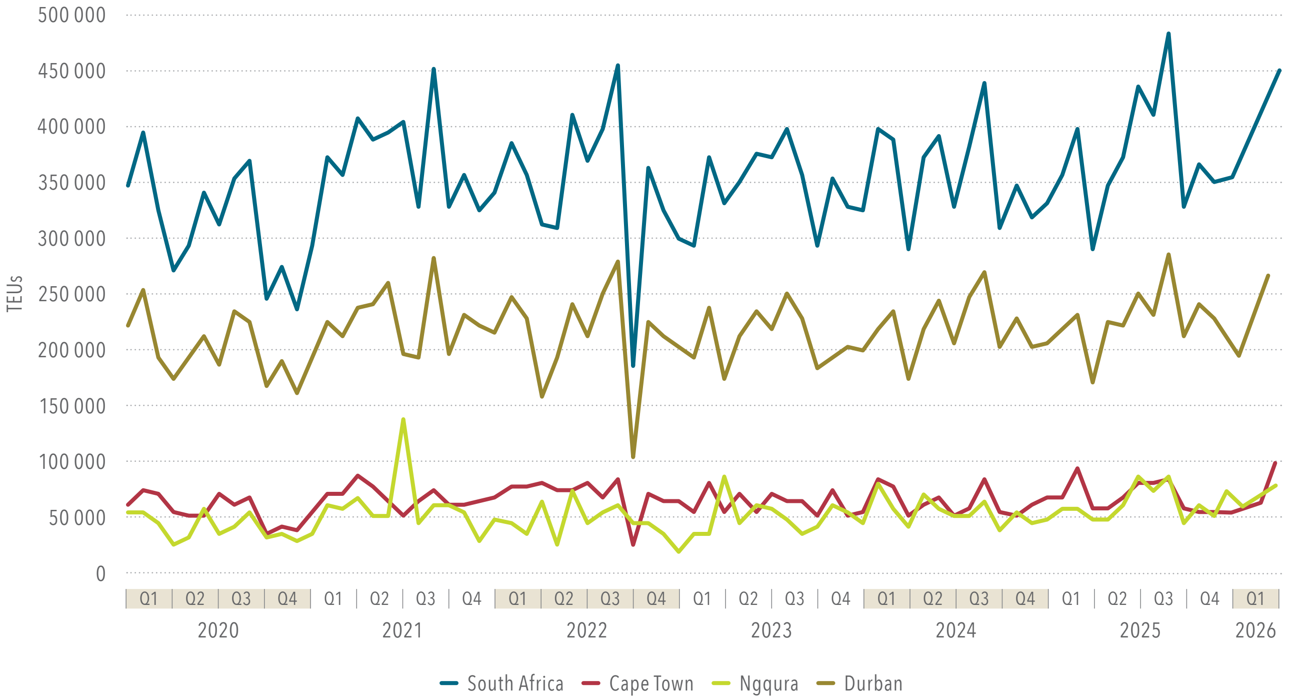
Infrastructure and trade

Cape Town is often cited as the gateway to South Africa and Africa. This status is sustained by the city's well-developed transportation infrastructure, including having South Africa's second-busiest airport, as well as (historically) its second-busiest container port. This section reviews infrastructure developments in relation to Cape Town's port and airport.

Container traffic

Container traffic typically demonstrates erratic short-term movement, as shown in figure 10. As such, it is best to compare the quarterly number of containers handled, as measured in twenty-foot equivalent units (TEUs)[15], over the period of a year. The Port of Durban[16] remained the largest container handling port in South Africa, processing a total of 700 397 TEUs in the first quarter of 2026, representing 58,7% of all containers handled in the country. It was followed by the Port of Cape Town (19,8%) and the Port of Ngqura[17] (18,3%). The rest of the TEUs handled in the country (3,3%) are shipped through the ports of Gqeberha, East London and Richards Bay.

Figure 10: Total containers handled monthly (nationally), 2020 Q1 to 2026 Q1



Source: Transnet National Ports Authority, June 2026.

As shown in table 3, the total number of containers handled at South African ports increased by 9,8% year-on-year, from 1 086 202 TEUs in the first quarter of 2025 to 1 193 057 TEUs in the first quarter of 2026. The Port of Ngqura recorded the largest year-on-year increase of 29,8% in the first quarter of 2026, notably from the smallest base. The Port of Durban recorded an increase of 6,2% year-on-year, while container handling in the Port of Cape Town increased by 1,0%.

15 A TEU (20-foot equivalent unit) is an inexact unit of cargo capacity, based on the volume of a 20-foot-long (6 m) container. There is a lack of standardisation with regard to height, ranging between 4 feet 3 inches (1,30 m) and 9 feet 6 inches (2,90 m), with the most common height being 8 feet 6 inches (2,59 m). The 40-foot (12,2 m) or 45-foot (13,7 m) containers – the sizes most frequently used – are both defined as two TEUs.

16 The Port of Durban is located in the eThekwini metro.

17 The Port of Ngqura is located in the Nelson Mandela Bay metro.

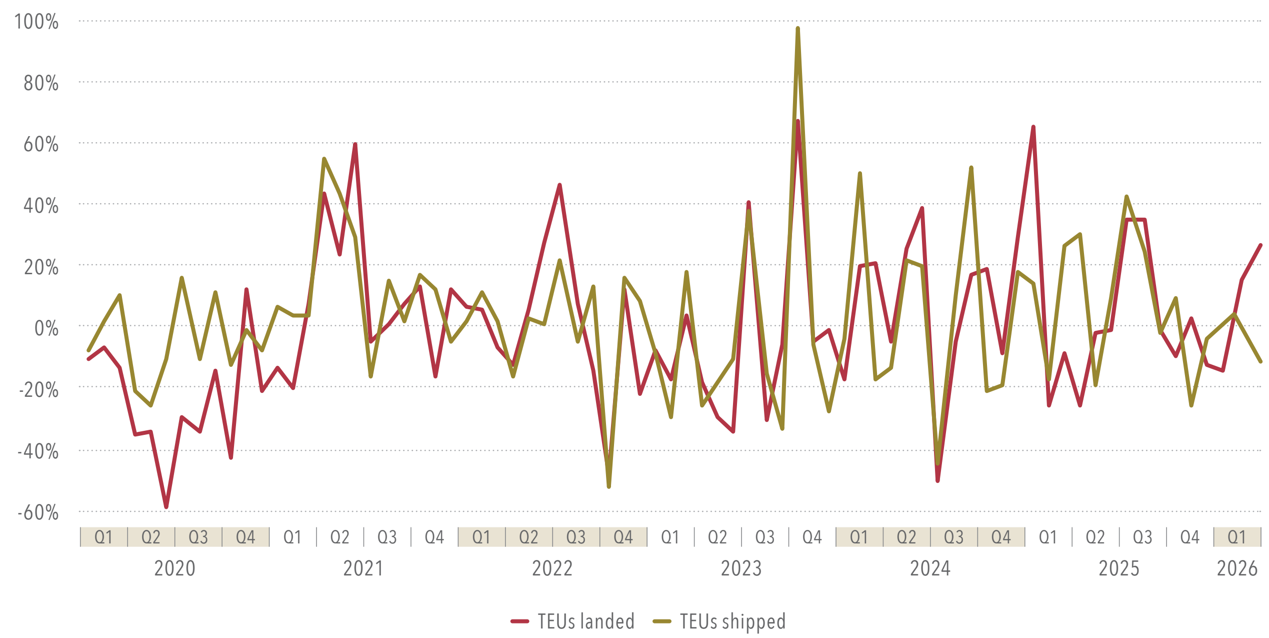
Table 3: Comparison of total[18] containers handled (in TEUs), 2026 Q1 versus 2025 Q4 and 2025 Q1

	2026 Q1	2025 Q4	2025 Q1	Year-on-year change
South Africa	1 193 057	1 044 927	1 086 202	9,8%
Cape Town	235 819	171 208	233 552	1,0%
Durban	700 397	686 342	659 241	6,2%
Ngqura	217 953	166 147	167 867	29,8%

Source: Transnet National Ports Authority, June 2026.

Shifting from total TEUs to TEUs loaded to full capacity, the Port of Cape Town recorded a year-on-year increase of 7,8% in full TEUs landed (imported), up from 59 311 TEUs in the first quarter of 2025 to 63 914 TEUs in the first quarter of 2026. Year-on-year, the number of full TEUs shipped (exported) decreased by 4,1%, from 94 720 TEUs to 90 871 TEUs.

Figure 11: Annual change in full TEUs handled (monthly) at the Port of Cape Town, 2020 Q1 to 2026 Q1



Source: Transnet National Ports Authority, June 2026.

Throughout the quarter, container handling equipment availability at the Port of Cape Town remained fairly stable; however, operations were regularly challenged by adverse weather conditions. Issues with the newly implemented truck booking system added to operational challenges, however these affected ports across the country (SAAFF, 2026).

The escalating conflict in the Middle East, and particularly the periods of closure of the Strait of Hormuz, resulted in major global shipping disruptions from late February. Overall these geopolitical conflicts dampened global shipping movements, reducing demand. With some routes either closed or experiencing sustained heightened risk, shipping networks had to be adjusted, and some services were rerouted via South Africa's coast (SAAFF, 2026). This highlights potential missed opportunities, exacerbated by the World Bank's latest Container Port Performance Index 2025 citing Cape Town as the worst ranked port in the world (Newsday, 2026). South Africa's fruit industry representatives pointed out that these poor performance results threaten the export competitiveness of local industries (Kriel, 2026).

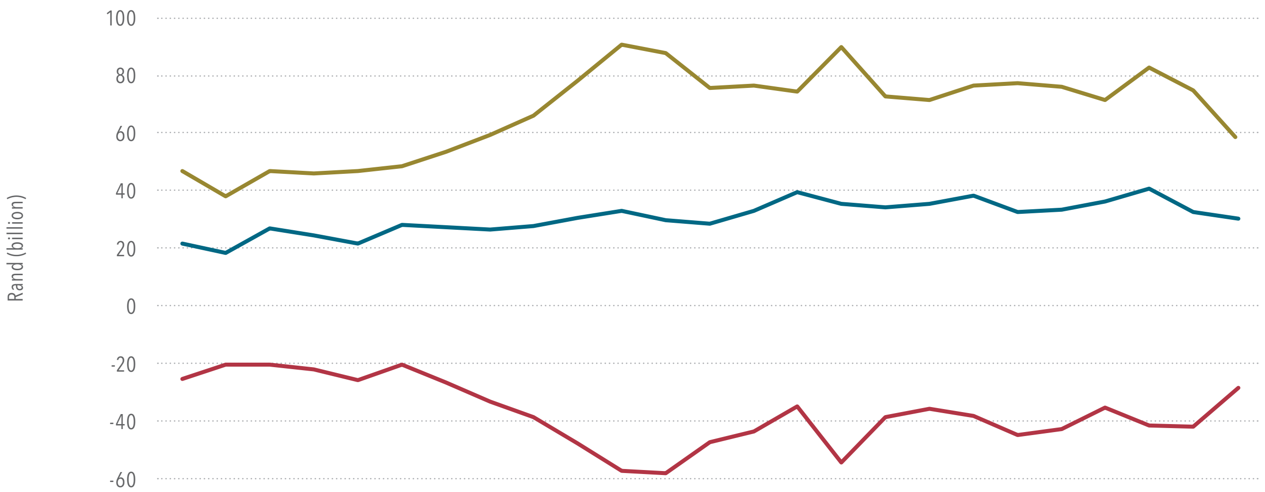
18 Total containers handled includes both full and empty TEUs logged.

Cape Town trade

In the first quarter of 2026, exports increased by 4,2% to R30,3 billion and imports decreased by 14,6% to R59,8 billion on a quarter-on-quarter basis, as illustrated in figure 12. As a result, Cape Town's trade deficit decreased to R29,5 billion, from R41,0 billion in the previous quarter. Nationally, in the first quarter of 2026, a trade surplus of R75,6 billion was realised, with South Africa's top exports for the quarter being refined petroleum oil, equipment components, and motor vehicles (Quantec, 2026).

Cape Town's total export value decreased by 2,9% compared to the first quarter of 2025, and imports decreased by 15,2%. Large year-on-year declines in imports[19] were recorded for crude oil, alcohol and spirits, and fertilisers, while large year-on-year increases were recorded for electric accumulators and gold.

Figure 12: Cape Town's trade balance, 2020 Q1 to 2026 Q1



	2020				2021				2022				2023				2024				2025				2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Export	20,3	17,1	25,3	22,2	28,4	27,7	26,3	23,8	26,1	28,9	31,6	27,0	26,2	30,7	36,9	31,8	32,4	33,3	34,5	29,5	31,2	33,4	37,3	29,1	30,3
Import	41,8	33,4	41,7	40,0	40,9	43,0	56,7	52,8	59,4	72,0	83,8	82,7	69,1	69,7	68,3	83,8	66,3	65,5	75,1	72,7	70,5	65,8	77,0	70,0	59,8
Trade balance	-21,5	-16,3	-16,4	-17,9	-12,5	-15,3	-30,4	-28,9	-33,2	-43,1	-52,2	-55,6	-42,9	-39,0	-31,4	-52,1	-33,9	-32,2	-40,6	-43,1	-39,3	-32,5	-39,7	-41,0	-29,5

Source: Quantec, 2026.

Cape Town's top 10 export products by value showed several shifts in the first quarter of 2026. Grapes recorded the highest quarter-on-quarter growth of 295% to reach R5,0 billion. This was followed by apples, pears and quinces with a 94% quarter-on-quarter seasonal increase. Citrus fruit and other fruit did not make the top 10 list, unsurprising due to the seasonal nature of these products. The largest quarter-on-quarter declines were noted in fish fillets and fish meat (-11%) and refined petroleum oil (-9%).

19 *Imports are limited to the top 10 by rand value for trend observation.*

Cape Town's top 10 exports in the first quarter of 2026 (shown in table 4) accounted for 50% of total exports. The year-on-year decrease in total exports (-2,9%) was driven by the decrease in refined petroleum oil (-25,8%). Engine parts also recorded a slight year-on-year decline (-0,1%), while the remaining eight export items in the top 10 recorded year-on-year increases – the largest being mineral substances (+98,3%) and chromium (+55,2%).

The decline in refined petroleum oil exports or re-exports can partly be explained by the conflict in the Middle East. The Middle East is also a major destination market for Cape Town berries, citrus, apples, pears and apricots.

Table 4: Cape Town's top 10 exports, 2026 Q1

Cape Town's top export categories for 2026 Q1 (HS4)[20]	Rand value (million)	% of total exports	Year-on-year change (vs 2025 Q1)
Grapes	R4 992	16,5%	0,4%
Refined petroleum oil	R2 774	9,2%	-25,8%
Apples, pears and quinces	R1 727	5,7%	20,8%
Chromium	R1 589	5,2%	55,2%
Yachts and other pleasure and sport vessels	R1 120	3,7%	6,1%
Fish fillets and fish meat	R727	2,4%	30,8%
Frozen fish	R636	2,1%	21,9%
Mineral substances	R561	1,9%	98,3%
Engine parts	R461	1,5%	-0,1%
Wine	R433	1,4%	5,3%
Total of top 10 export categories	**R15 020**	**50%**	
Total of ALL products	**R30 279**	**100%**	**-2,9%**

Source: Quantec, own calculations, June 2026.
Note: Only the top 10 exports at an HS4 level are shown in the table above.

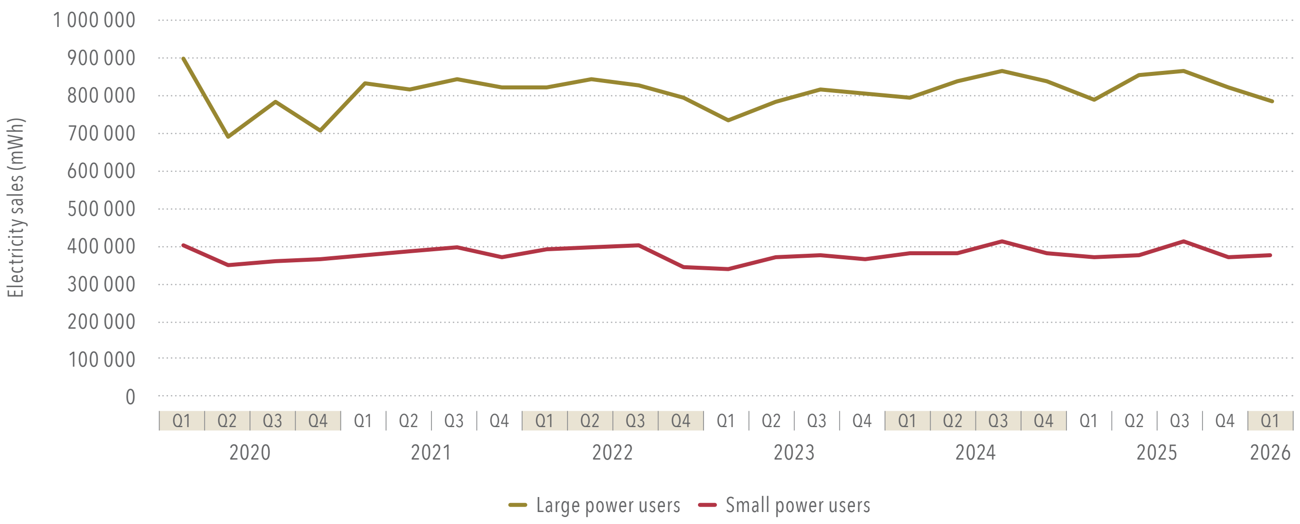
In the first quarter of 2026, Cape Town's highest-value exports were grapes (R4,99 billion) and refined petroleum (R2,77 billion). Refined petroleum, a re-export for the region, was sourced mainly from the United Arab Emirates (23%), India (18%), Kuwait (17%) and Oman (14%). The export of refined petroleum was predominantly for ship and aircraft fuelling (63%), with the largest export destinations being Lesotho and Eswatini. The Netherlands was the largest destination market for Cape Town's exports in the first quarter of 2026, receiving 11%, followed by China (9%) and Namibia (8%).

20 *The Harmonized System is a six-digit code system used internationally for the classification of products. It allows for the trading of goods on a common basis for customs purposes.*

Commercial and industrial electricity usage

Electricity is an important driver of economic activity as it is a key input in most production processes. This is especially true in economies with greater proportions of secondary and tertiary sector activities, like South Africa, including Cape Town. Consumption of electricity by large power users (LPUs) and small power users (SPUs) is therefore a good indicator of production levels in the manufacturing sector.

Figure 13: Cape Town's commercial electricity usage, 2020 Q1 to 2026 Q1



Source: Electricity Generation and Distribution, CCT, May 2026.
Note: Electricity usage is measured in megawatt-hours (MWh).

Following a decrease in the previous quarter, electricity sales to LPUs declined further in the first quarter of 2026, dropping by 3,7% on a quarter-on-quarter basis. On the other hand, the City's electricity sales to SPUs increased by 4,2% quarter-on-quarter. As in the previous quarter, there was no load-shedding in the first quarter of 2026, due to improved reliability and performance of Eskom's generation fleet. This achievement was attributed to the successful implementation of the national power utility's multi-dimensional Generation Operational Recovery Plan and enhanced maintenance protocols (Eskom, 2025a). The average Energy Availability Factor (EAF) for the first quarter of 2026 was 68,6%, which is 1,0 percentage point higher than the preceding quarter (Eskom, 2025b). However, despite the increase in energy availability, electricity sales to LPUs declined, suggesting reduced manufacturing activity in Cape Town during this period, in line with the provincial GDP data.

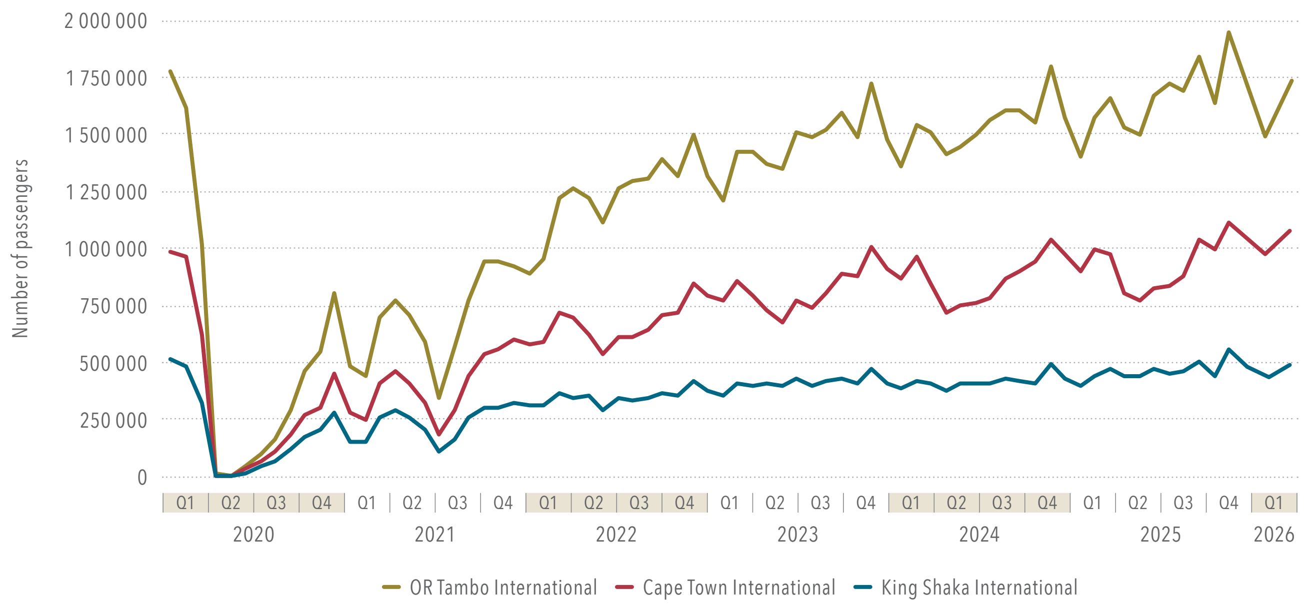
Electricity sales of LPUs in the first quarter of 2026 were lower than those in the corresponding period of 2025. LPUs recorded a slight year-on-year decrease of 0,1%. However, electricity sales to SPUs increased by 5,0% year-on-year, resulting in overall growth in sales to commercial and industrial customers.

Airport statistics

Cape Town International Airport is South Africa's second-busiest airport after OR Tambo International Airport in Johannesburg. It recorded 3,09 million passenger movements (arrivals and departures) in the first quarter of 2026, compared to 4,89 million passenger movements at OR Tambo International and 1,38 million at King Shaka International during the same period.

To account for seasonal trends, passenger statistics are best analysed on a year-on-year basis. For the first quarter of 2026, all three international airports recorded positive year-on-year growth. Total passenger movements at Cape Town International Airport (CTIA) and OR Tambo International Airport both recorded a year-on-year increase of 7,7%, with CTIA increasing by 220 246 passenger movements and OR Tambo increasing by 347 962. King Shaka International recorded the largest year-on-year increase in 2026 Q1, at 8,0% (+101 767 more passenger movements), however from a relatively smaller base. The positive year-on-year performances point to continued improvements in travel and its associated industries.

Figure 14: Total (monthly) passenger movements at South Africa's major airports, 2020 Q1 to 2026 Q1



Source: Airports Company South Africa, May 2026.

International and domestic arrivals to CTIA both increased by 7,8% year-on-year. Total passenger arrivals to CTIA in the first quarter of 2026 comprised 31,3% international arrivals and 66,8% domestic arrivals.

05 Tourism

Owing to its unique location and geology, Cape Town is one of the most scenic and recognisable cities in the world. The city boasts an abundance of world-class attractions. The combination of scenic appeal, excellent service standards and a well-developed hospitality sector underpins a historically robust tourism industry. This industry remains important for the local economy, not just because of its potential role in job creation – being one of the most labour-intensive industries in Cape Town – but also for its catalytic influence on other industries such as the real estate sector, creative industry and transport sector.

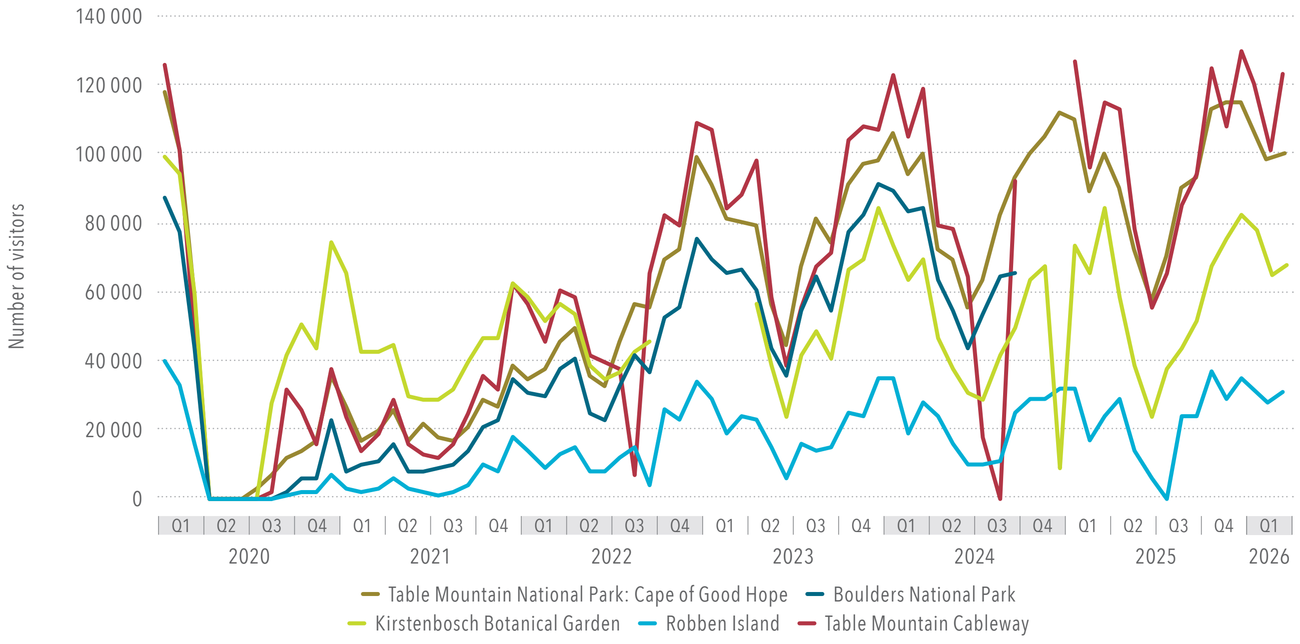
Cape Town is a well-known domestic and international tourist destination, and the city's tourism sector is a valuable contributor to the local and national economy. Cape Town Tourism's (CTT) Cape Town Accommodation Performance Review & Forecast Reports provide insight into the sector's performance (CTT, 2026a; CTT, 2026b).

During the first quarter of 2026, the surveyed establishments recorded an average occupancy rate of 71,1%, which is a notable decline from the 78,7% recorded in 2025 Q1. The average room rate of R3 627 improved by R264 year-on-year, while the revenue per room rate (R2 570) declined year-on-year (-R85).

Encouragingly for the sector, demand for accommodation during the first quarter of 2026 was driven by the international market, shifting from the domestic market for the first time since the Covid-19 pandemic. International travellers accounted for an average of 47,5% room nights sold in 2026 Q1, while 36,2% were attributed to the domestic market and 16,4% to regional travellers. As expected for the traditional peak holiday period, leisure dominated as the reason for travel in the beginning of the quarter, slowly shifting towards business towards the end of the quarter.

During the first quarter of 2026, four of Cape Town's major tourist attractions[21] recorded a total of 956 473 visits. Compared to the corresponding period in 2025, visitor numbers improved by 2,8%. In the first quarter of 2026, the Table Mountain Aerial Cableway recorded the highest number of visits, with 344 724, improving by 2,1% compared to 2025 Q1. This was followed by Table Mountain National Park: Cape of Good Hope, which recorded 312 596 visits and improved 4,9% year-on-year. Kirstenbosch National Botanical Gardens recorded 212 663 visits and recorded the only year-on-year decline of 4,6%. Robben Island recorded 86 490 visits, improving by 20,5% year-on-year, however this was from the smallest base of all the attractions.

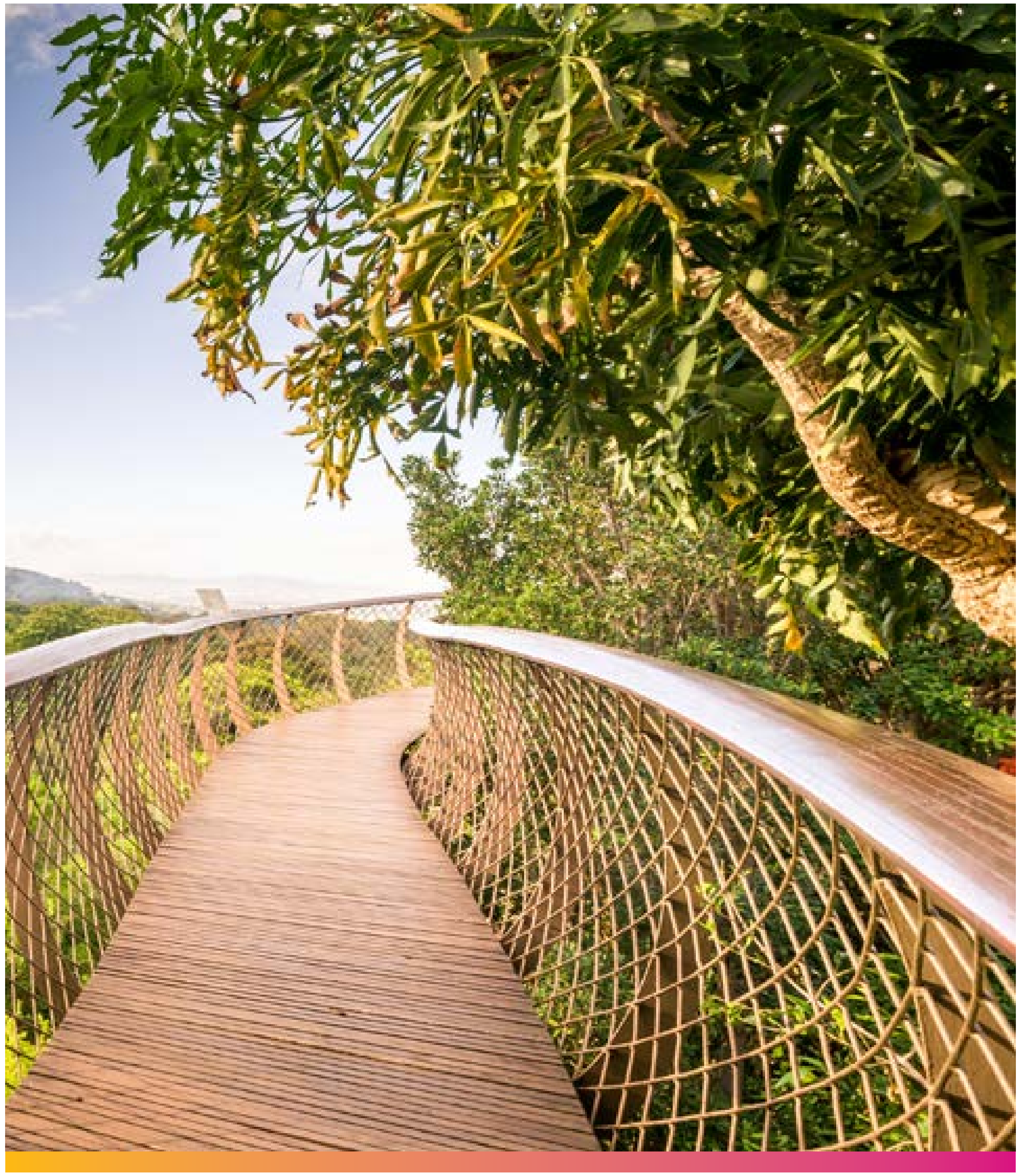
Figure 15: Number of visits to tourist destinations of Cape Town, 2020 Q1 to 2026 Q1



Source: Cape Town Tourism, June 2026.
Note: No visitor data supplied for Kirstenbosch National Botanical Garden for 2022 Q4, 2023 Q1, and 2025 Q3, and Table Mountain Aerial Cableway for 2024 Q4 (i.e. not 'zero' recordings).

21 *Includes Cape Point, Kirstenbosch National Botanical Garden, Robben Island and Table Mountain Aerial Cableway.*

Figure 15 illustrates the highly seasonal nature of Cape Town's attractions, with peak visitor activity occurring in the summer period, which spans the first and fourth quarters of the year. The lowest tourist visitor numbers are typically recorded in the second and third quarters, which fall within Cape Town's winter period. In line with the region's seasonal trends, visitor numbers remained elevated in 2026 Q1, however they declined in comparison to 2025 Q4.



06

Additional indicators

In addition to macroeconomic indicators, administrative data reveals specific consumer trends and provide strong indications of the performance of the local economy. Building plan statistics and property development are key indicators of confidence in the economy, while passenger vehicle sales mirror trends in the business cycle and are regarded as a leading indicator of GDP growth.

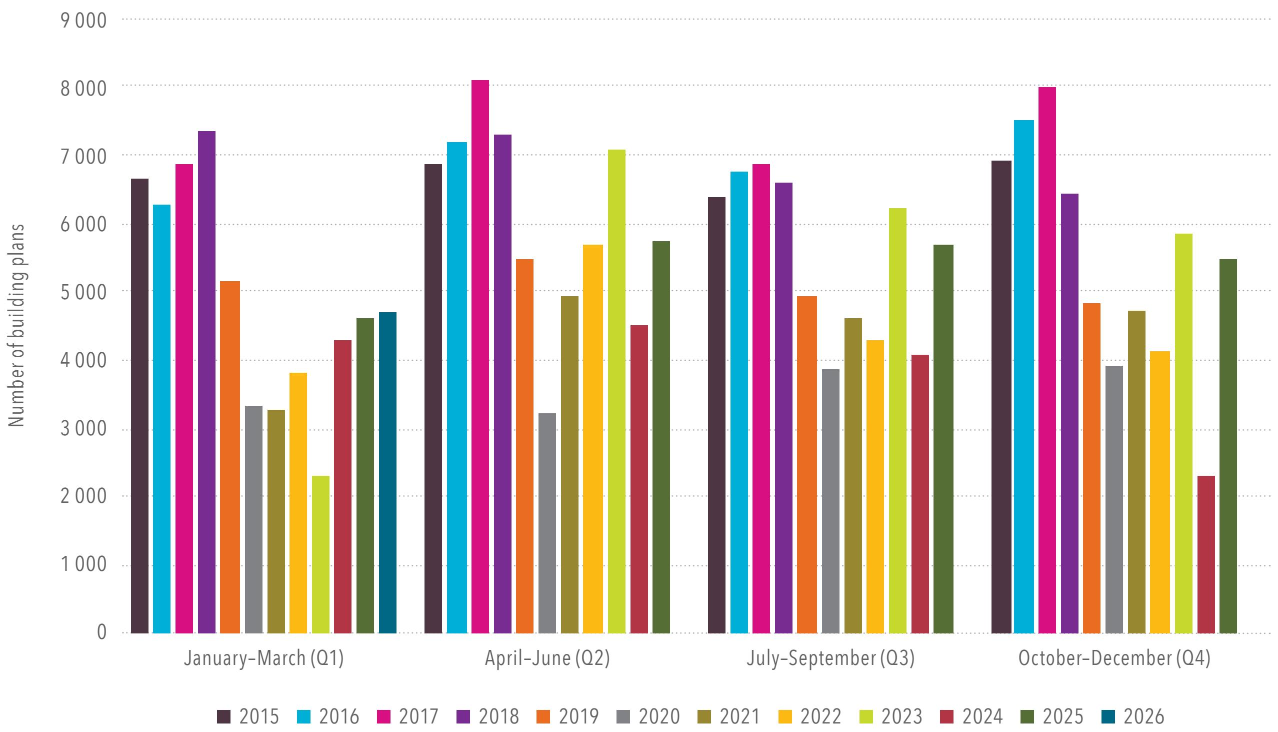
Building developments

The economic growth data shows that national output in the construction sector rebounded in the first quarter of 2026, recording non-annualised growth of 0,2% quarter-on-quarter, improving by 1,5 percentage points from the previous quarter. The year-on-year performance showed an improvement of 3,8 percentage points compared to the previous quarter, despite still being negative, recording -1,7% for 2026 Q1. The Western Cape's construction sector mirrored these national trends, recording quarter-on-quarter growth of 0,3% in the first quarter of 2026, and a year-on-year contraction of 1,7% (Quantec, 2026).

The First National Bank/BER Building Confidence Index[22] remained relatively stable in the first quarter of 2026, declining marginally by 1 point to 42 from 43 in the previous quarter. According to the BER (2026g), sentiment softened even though there was a broad improvement in activity levels and overall profitability across the sector. However, residential builders and building material manufacturers experienced weaker conditions, which likely weighed on overall confidence during the quarter.

The City's building plan data provides insight into the local construction sector. In the first quarter of 2026, the value of building completions was 55,4% lower quarter-on-quarter, despite an increase in the number of projects (+1,6%). Year-on-year, the number of completed projects rose by 74%, and the total rand value of projects increased by 57%. Building completions totalled 2 976, while building plan submissions amounted to 4 769 for the first quarter of 2026. Although plan submissions were 12,6% lower than in the previous quarter, they were still 4% higher than the same period in 2025, reflecting an improved recovery in construction planning activity (CCT, 2026b).

Figure 16: Building plans submitted to the City of Cape Town, 2015 Q1 to 2026 Q1



Source: Development Management Department, CCT, May 2026.
Note: 2023 Q1 only includes data for January and up to 20 February 2023.

22 *The FNB/BER Building Confidence Index captures the percentage of architects, quantity surveyors, contractors and manufacturers of building material who are satisfied with, or wary of, the prevailing business conditions. The index can vary between zero (indicating an extreme lack of confidence) and 100 (indicating extreme confidence).*

New vehicle sales

Total vehicle sales[23] in the Western Cape in the first quarter of 2026 increased by 6,9% to 21 005 units from 19 648 in the fourth quarter of 2025. This represents a total increase of 1 357 units. On a year-on-year basis, vehicle sales increased by 18,3% (3 248 units) from 17 757 vehicles sold in the same period in 2025. Passenger vehicle sales in the Western Cape, which represents the private consumer segment of the market, increased to 15 540 in the first quarter of 2026, from 14 623 in the fourth quarter of 2025 (6,3%). The year-on-year results showed an increase of 18,7% (+2 451 units) from 13 089 passenger vehicles sold in the first quarter of 2025. The continued positive year-on-year growth signals that the industry has maintained its recovery and growth momentum.

Nationally, passenger vehicle sales rose by 12,9% (12 756 units), from 99 146 in the first quarter of 2025 to 111 902 in the first quarter of 2026, reflecting continued recovery in the market. According to the National Association of Automobile Manufacturers of South Africa (naamsa, 2026a; 2026b; 2026c), the South African new vehicle market maintained strong momentum during the first quarter of 2026, supported by moderating inflation, cumulative interest rate reductions since late 2024, improved consumer and business confidence and strengthening domestic demand conditions. The supportive macroeconomic environment, including stable inflation within the South African Reserve Bank's downwardly adjusted target range and expectations of further monetary policy easing during 2026, contributed positively to vehicle affordability and buyer sentiment.

23 *Based on naamsa sales data, which may not account for all manufacturers.*

Abbreviations

ACSA	Airports Company South Africa
BER	Bureau for Economic Research
BFAP	Bureau for Food and Agriculture Policy
CCT/CITY	City of Cape Town
CPI	consumer price index
CT	Cape Town
CTIA	Cape Town International Airport
CTICC	Cape Town International Convention Centre
CTT	Cape Town Tourism
EAF	Energy Availability Factor
EPIC	Economic Performance Indicators for Cape Town
FNB	First National Bank
GDP	gross domestic product
GDP-R	regional gross domestic product
GGP	gross geographic product
GNU	government of national unity
GVA	gross value added
GWH	Gigawatt hours
HS	Harmonized System
IMF	International Monetary Fund
LPU	large power users
MPC	Monetary Policy Committee
MWH	Megawatt hours
NAAMSA	National Association of Automobile Manufacturers of South Africa
OEM	original equipment manufacturer
PMI	Purchasing Managers' Index
PPI	producer price index
Q	quarter
RMB	Rand Merchant Bank
SA	South Africa
SARB	South African Reserve Bank
SPU	small power users
TEU	twenty-foot equivalent unit
US	United States of America
VPI	Vehicle Pricing Index
WC	Western Cape
WEO	World Economic Outlook

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