

2025: Q1
(January–March)



EPIC

Economic Performance
Indicators for 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 2025, covering the period from 1 January to 31 March.

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ADDITIONAL SOURCES OF INFORMATION

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City of Cape Town Electricity Generation and Distribution

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Foreword

Cape Town entered 2025 on solid economic footing. According to the latest Quarterly Labour Force Survey by Statistics South Africa, the city added 86 000 jobs over the past year, reaching a record-high employment level (for Cape Town) of 1,827 million people.

This stands in contrast to national figures, which show a decline in employment.

These results reaffirm the value of Cape Town's steady, service-driven approach to economic development. Through targeted programmes, partnerships, and an unrelenting focus on enabling enterprise, we continue to lay the groundwork for an economy that includes more people in meaningful work.

Of course, we know that sustainable growth does not happen by chance. We are acutely aware of global headwinds, including trade uncertainties and economic volatility. That is why we remain focused on building economic resilience.

Our support for small businesses and high-growth sectors is central to this mission. City-funded initiatives are designed to help entrepreneurs grow their operations, boost productivity, and access new markets. One example is the 'Origin8: From Start-up to Scale-up' programme, run by the Cape Clothing and Textile Cluster, which provides coaching and technical support to help local manufacturers improve production and grow. Our Smart Supplier

Programme is another example of our commitment to enterprise support, equipping small businesses with the tools and training to access large-scale procurement opportunities.

These initiatives are part of a wider, co-ordinated effort to support localisation, investment, and job creation across Cape Town's key industries, from green energy and business process outsourcing to tourism and technology.

I invite all entrepreneurs, investors, and businesses, whether established or emerging, to connect with the City's Economic Growth team through www.investcapetown.com. Its role is to provide the platform, insights and support that help people and businesses succeed in this economy. By working together, we can continue to build a stronger, more inclusive Cape Town for all.



ALD. JAMES VOS

*Mayoral Committee Member
for Economic Growth*



*"By working together,
we can continue to
build a stronger,
more inclusive
Cape Town for all."*

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Introduction

In this 48th edition of the quarterly EPIC publication, we present statistics for, and analyses of, Cape Town's key economic trends. This edition focuses on the latest quarterly developments, covering the period 1 January to 31 March 2025.

Gross Domestic Product (GDP) in the Western Cape, a proxy for GDP in Cape Town, experienced a non-annualised quarterly growth of 0,5% quarter-on-quarter in the first quarter of 2025, higher than the national growth of 0,1%. Both national and provincial performance included six of the nine sectors contracting, with the largest declines in construction and mining. Agriculture experienced the largest quarterly growth for both the country and the province, however, this was on the back of poor performance in 2024. This sector contributes proportionally less to the city's GDP. Growth in agriculture was followed by the transport and communication sector, and trade and accommodation.

When comparing economic output performance across sectors to pre-Covid-19 levels, the steepest declines have also been seen in the construction and mining sectors. Given the small role that mining plays in Cape Town's economy, the larger concern is the construction sector. Although the number of building plans submitted has risen year-on-year, the sustained decline in construction output points to a combination of suppressed investment confidence, project delays and structural constraints. The construction sector's recovery has been further constrained by non-market disruptions, including project-level intimidation and extortion by the 'construction mafias'.

Manufacturing output has also continued to decline, both in the first quarter of 2025 and compared to pre-Covid-19 levels. This was reflected in the City's power usage data, which showed the City's supply of electricity to small and large power users decreasing on a quarterly and annual basis. That said, many plants have installed small-scale embedded generation, so the measure to which City-supplied electricity correlates to manufacturing output is likely to diminish as this trend continues. The sector's underperformance is particularly concerning given its potential for employment, export growth and value-chain linkages.

The first quarter's underwhelming GDP figure resulted in downward revisions to national growth estimates for 2025. The Bureau for Economic Research (BER) dropped its forecast to a paltry 1% growth for the year, matching the IMF forecast. In the short term, 2025 economic growth revisions stem from a mix of global instability, domestic political friction and sluggish structural reform.

Together with the quarterly rise in economic growth, albeit small, the labour market in Cape Town saw the broad unemployment rate decline to 24,7% in Q1 2025 from 25,6%, in Q4 2024. Employment levels rose to their highest levels yet at 1,8 million, marking the fourth consecutive quarter of positive employment growth (Statistics South Africa, 2025). Quarterly increases in employment were driven mainly by the manufacturing sector and the finance, real estate and business services sector. When looking into the sentiment of the labour market, an important indicator is the level of discouraged workers – those unemployed who have not actively looked for work in the last 4 weeks. Positively, the number of discouraged work-seekers declined by just over 4 000 individuals in quarter 1.

Cape Town's trade and logistics indicators showed encouraging signs of recovery in the first quarter of 2025. After declines in the previous quarter, key metrics such as container movements, full container shipments and exports recorded quarterly increases. Vehicle sales also improved quarter-on-quarter, despite persistently low consumer confidence, potentially buoyed by expectations of interest rate cuts. Tourism continued its strong performance, with Cape Town International Airport recording the highest year-on-year growth in passenger arrivals nationally at 4,8%. This was largely driven by a surge in domestic arrivals, signalling a continued recovery in local tourism demand.

However, the broader context was more cautious. While Q1 brought early signs of global uncertainty, including US aid freezes and growing concerns around trade agreements, the full implications of reciprocal tariffs and geopolitical tensions had yet to materialise. On the domestic front, uncertainty around the Government of National Unity (GNU) due to friction in the national budget cycle contributed to declining confidence.

Overall, 2025 is likely to be a year defined by high uncertainty and low global demand. Fortunately, Cape Town businesses have experience in navigating unexpected hurdles and are likely to use their resilience and adaptability to hold in place and seek new opportunities in the evolving geopolitical environment.

JODIE POSEN

Head: Economic Intelligence, Economic Analysis branch

Key findings for the first quarter, 2025

 **+0,5%**

In the first quarter of 2025, the **Western Cape economy** grew by **0,5%** quarter-on-quarter (non-annualised), while the national economy recorded growth of 0,1%. The largest sectoral growth in the province was recorded in the agriculture sector.

 **3,8%**

The Western Cape recorded an **inflation rate** of **3,8%** at the end of the first quarter, which is an increase from the 3,7% at the end of the previous quarter. The national inflation rate at the end of the first quarter was lower, at 2,7%.

 **1,82 M**

The number of people **employed** in Cape Town increased by 45 137 on a quarter-on-quarter basis, to a total of **1,82 million** in the first quarter of 2025. The main contributors to employment during the period were manufacturing (+ 30 755), finance, real estate and business services (+ 14 817), and transport and communication (+ 14 305). Community, social and other personal services (- 10 203) and construction (- 8 458) sectors recorded the highest quarterly losses in employment.

 **983 568**

Six of Cape Town's top **tourist attractions** recorded a total of **983 568** international visitors in the first quarter of 2025.

 **73,6%**

Accommodation establishments in Cape Town had an average **occupancy rate** of **73,6%** in the first quarter. The domestic tourism market remains a dominant source of business for the sector.

 **2,87 M**

Cape Town International Airport recorded **2,87 million air passenger movements** in the first quarter of 2025.

 **-3,1%**

On a quarter-on-quarter basis, Cape Town's **trade** recorded an increase in **exports** and a decrease in **imports** in the first quarter. Exports were mainly led by grapes and refined petroleum. On a year-on-year basis, exports decreased by **3,1%** from the levels in the first quarter of 2024.

¹ Visitor statistics based on South Africa Tourism's Departure Survey.

Success Stories





Digitisd – Empowering Educators Through Innovation in Cape Town

Digitisd, a Cape Town-based education technology company, is reshaping how teachers engage with digital tools in the classroom. Founded by Cherith Wareley, an educator-turned-entrepreneur, Digitisd was established to address a growing need in the education sector to equip teachers with the skills and confidence to integrate technology effectively into their teaching practice.

Recognising the gap in professional support for teachers navigating the digital shift in education, Wareley launched Digitisd with a mission to bridge this divide. The company offers accessible training, digital resources and practical tools designed specifically for educators – not just learners. What sets Digitisd apart in the edtech space is its deliberate focus on empowering teachers, ensuring that they are not only familiar with digital platforms but are using them meaningfully to enhance learning outcomes.

As with many start-ups, accessibility and scalability have presented challenges, particularly in reaching educators across underserved communities. To address this, Digitisd has adopted a collaborative model – forming strategic partnerships with institutions, leveraging grant funding, and developing affordable, high-impact training solutions. These efforts have already begun to bear fruit, positioning Digitisd as an emerging leader in teacher-focused edtech.

Operating from Cape Town has been a strategic advantage. The city is not only a thriving tech and innovation hub but also offers access to a rich network of educators, funders, and education policy stakeholders. This ecosystem aligns well with Digitisd's mission and

has supported the company's growth from early-stage concept to a recognised brand in the education and technology sectors.

Digitisd's achievements reflect its impact and potential. The company has been selected for notable accelerator and innovation platforms including Innovation Accelerator Week, FSATS Labs, WomHub/Standard Chartered Top 12, and Stellenbosch University's Lion's Den Top 3. In addition, Digitisd hosted a well-received Cape Town-based social event for educators and continues to build brand awareness and industry engagement through partnerships with institutions like Cornerstone Institute.

Looking ahead, Digitisd is focused on expansion through scalable online courses, deeper institutional partnerships and the development of robust digital tools – including plans to launch an AI-driven platform for personalised teacher training. The company's long-term vision includes establishing itself as a leading edtech provider in South Africa and extending its reach to global markets.

Success at Digitisd is measured not only in business growth but in the tangible impact on educators and students. By improving teacher confidence, classroom effectiveness, and ultimately student learning outcomes, the company delivers value where it matters most – in the heart of the learning experience.

Digitisd is a compelling example of Cape Town's entrepreneurial spirit in action. It reflects how innovation, when driven by a clear purpose and supported by the right ecosystem, can generate meaningful change in key sectors of the economy.



Cape Town overview 2025: Q1

Gross domestic product (GDP)



The **Western Cape** accounted for **R669 billion^a** of the **R4,68 trillion gross domestic product (GDP)** generated by **South Africa** in the first quarter of 2025. 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.^b**

GDP growth rate



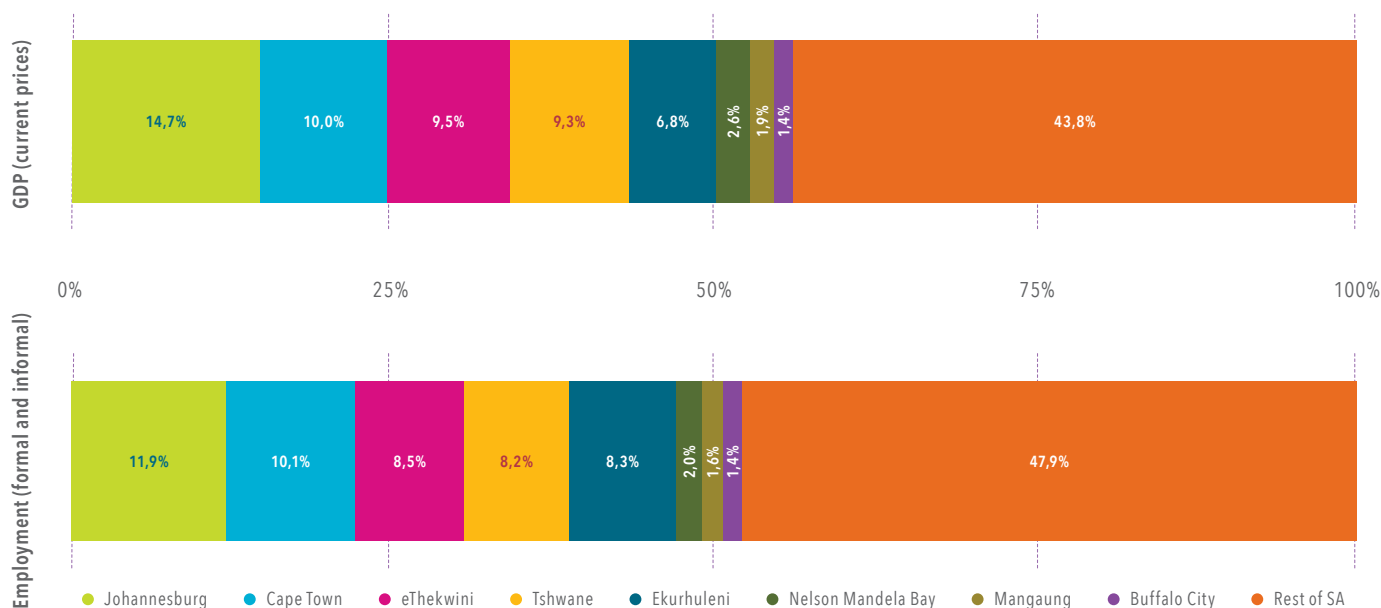
During the first quarter of 2025, the **Western Cape GDP** grew by **0,5%**, while **national GDP** grew by **0,1%.^c**

GDP per capita



In 2024, **South Africa** had a **GDP per capita** of **R114 472**, while the **Western Cape's GDP per capita** was **R139 337** and **Cape Town's** was **R152 093.^d**

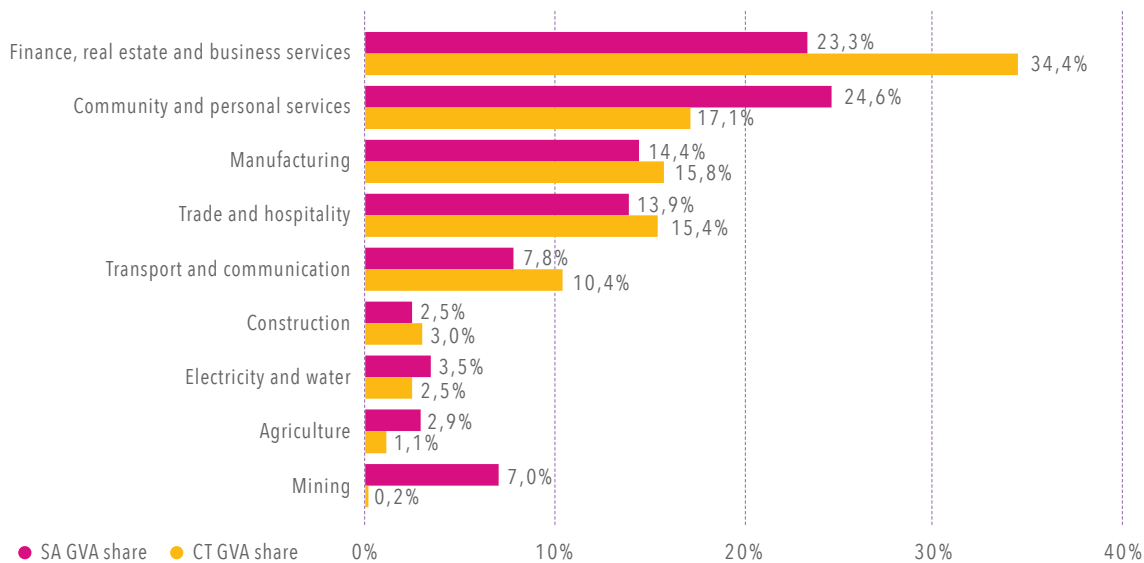
Metro cities' gross geographic product and employment contributions to SA, 2024^e



a, c. At constant 2015 prices, seasonally adjusted and non-annualised. Source: Quantec, 2025; Statistics South Africa, 2025.
b, i. Source: South Africa Regional eXplorer, 2025.
d, e, f. At current prices. Source: South Africa Regional eXplorer, 2025.
g. Source: Statistics South Africa, 2025.

h. Source: Statistics South Africa, 2024; City of Cape Town, 2025a.
j. Source: Wesgro, 2025. Note: These visitor data are based on the SAT Departure Survey, and differ from previously reported visitor numbers as recorded directly by the attractions.
k. Source: ACSA, 2025.

Cape Town gross value added (GVA) versus national GVA, 2024^f



Inflation



3,8%

At the end of the first quarter of 2025, **South Africa** had an **inflation rate** of **2,7%**. The **Western Cape's inflation rate** for the same period was **3,8%**.^g

Population



4 976 527

South Africa has a population of **63 015 904**. A total of **7 562 588** people (11,9% of the national population) live in the **Western Cape**. Of those, **4 976 527** are residents of **Cape Town**.^h

Gini coefficient



0,59

In 2024, **South Africa** had a **Gini coefficient** of **0,61**, while **Cape Town** had a slightly lower value of **0,59**.ⁱ

Air passengers



2 871 471

During the first quarter of 2025, **2 871 471** passengers moved through **Cape Town International Airport**.^k

Attractions



983 568

In the first quarter of 2025, international tourists made **983 568** visits to **six** of **Cape Town's major attractions**.^j

Labour overview 2025: Q1

Labour market indicators, 2025 Q1 (quarter-on-quarter changes)

△ Increase
▽ Decrease

Improvement
Deterioration

Working-age population:
3 254 574 ▲



Broad labour force:
2 427 313 ▲



Total employed:
1 827 181 ▲



Informally employed:
239 731 ▲

Searching unemployed:
511 186 ▼



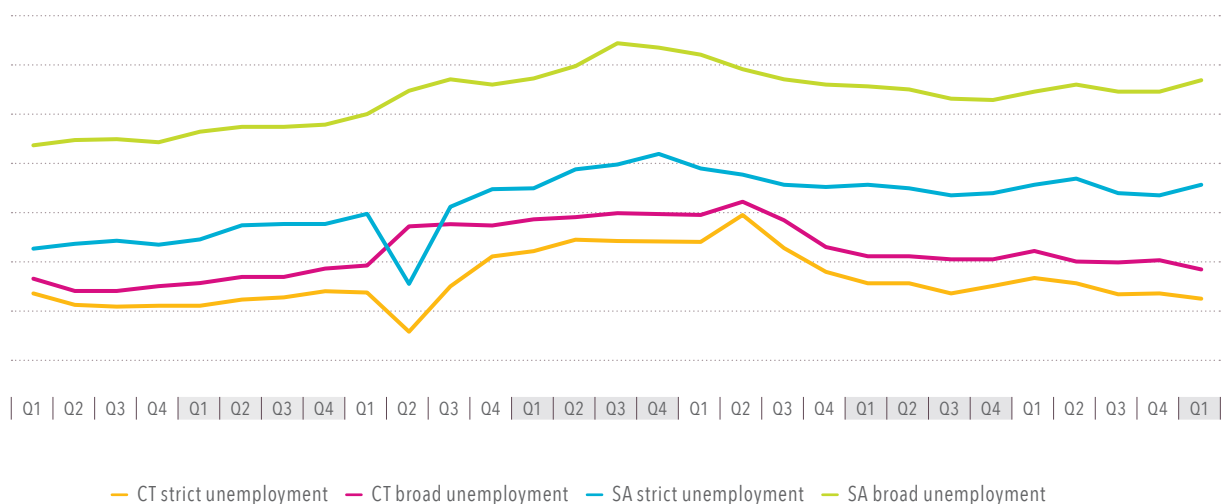
Discouraged and other non-searching unemployed:
88 947 ▼



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

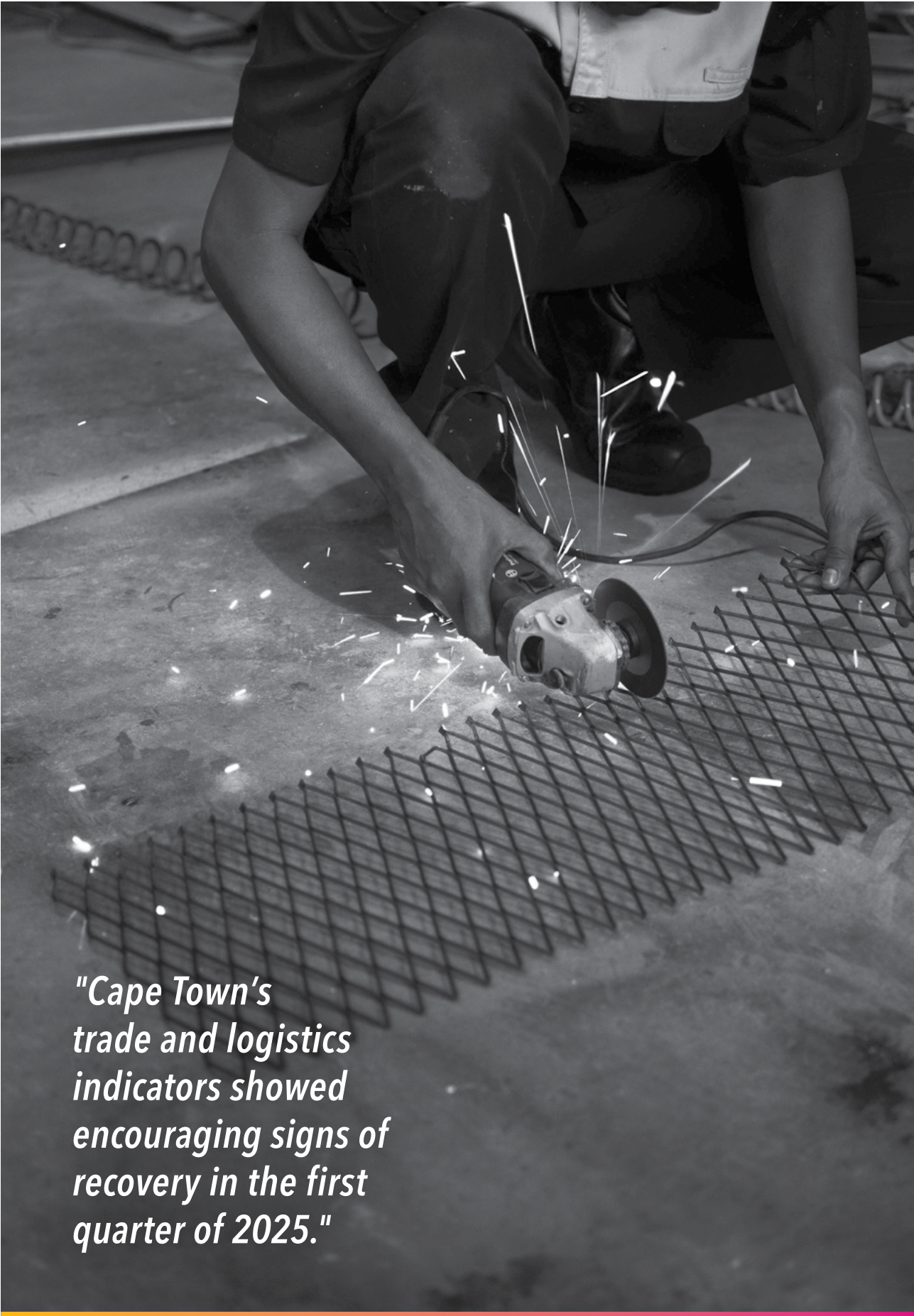
Labour absorption rate = 56,1%

Strict versus broad unemployment² rates for South Africa and Cape Town, 2018 Q1 to 2025 Q1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 1, May 2025.

² 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.



*"Cape Town's
trade and logistics
indicators showed
encouraging signs of
recovery in the first
quarter of 2025."*

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.





ECONOMIC GROWTH

South Africa's quarter-on-quarter economic performance

The South African economy performed weaker in the first quarter of 2025, recording quarter-on-quarter growth of only 0,1% (Quantec, 2025). The Bureau for Economic Research (BER, 2025a) notes the consensus was slightly more optimistic for 0,2% growth. Furthermore, the BER has revised its expectations for 2025 growth from 1,5% (April 2025; BER, 2025b) to 1,0% (June 2025; BER, 2025c).

At the national level, only four sectors recorded growth in the first quarter of 2025. The largest growth was once again recorded in the agriculture sector, which grew by 15,8% quarter-on-quarter and added the most to the total national growth rate at 0,4 of a percentage point. However, this sector remains relatively small, constituting only 3% of total national gross domestic product (GDP).

The transport and communication sector grew by 2,4% and added 0,2 of a percentage point to the total national growth rate. This also marks the first quarter of growth for the sector after contractions throughout 2024. Further growth was recorded in the trade and hospitality sector (0,5%) and the finance, real estate and business services sector (0,2%), each adding 0,1 of a percentage point to the total national growth rate.

Over the same period, six sectors recorded quarter-on-quarter contractions. The largest of these was the mining and quarrying sector, which contracted by 4,1%, and subtracted the most from the total national growth rate after manufacturing, with 0,2 of a percentage point each. This was followed by the construction sector recording a 3,8% quarter-on-quarter contraction, and electricity and water sector which contracted by 2,6% quarter-on-quarter, each subtracting 0,1 of a percentage point from the total national growth rate. Further contractions were recorded in the personal services (-0,3%) and general government (-0,2%), with a combined impact of subtracting 0,06 of a percentage from the total national growth rate in the quarter under review. Despite the number of sectors recording contractions outnumbering those recording growth,

their impact did not result in a negative national GDP growth recording for the quarter.

There are also several other indicators that point to the current challenging economic climate and the economy's strained path of recovery. The RMB/BER Business Confidence Index remained unchanged at 45 index points in the first quarter of 2025. While slightly higher than the long-term average³ (43 index points), this quarter's sentiment was underpinned by four of the five sectors dropping in confidence from the previous quarter. This was offset by a surge in confidence from new vehicle dealers (+29 index points). The first quarter results reflect that the majority of respondents across the sectors are pessimistic about the country's current business conditions (BER, 2025d).

Similarly, the FNB/BER Consumer Confidence (CCI) Index remains significantly low⁴. In the first quarter of 2025 the index plunged by 14 points to record -20 index points. FNB notes that the survey was conducted shortly after the [first] announcement of the proposed two percentage point VAT increase, which likely alarmed consumers. The measure was also taken at a time of strained diplomatic relations between South Africa and the United States (US). The sub-index measuring consumer sentiment around the "economic outlook" recorded the largest decline (-14 index points), followed by "household financial outlook" (-12 index points). Sentiment regarding "suitability of the present time to buy durable goods" dropped by 7 index points compared to the previous quarter (BER, 2025e).

The Absa Purchasing Managers' Index (PMI) survey is an indicator of manufacturing activity as 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 2025, was 46,2 index points. This remained lower than that of the previous quarter (49), highlighting that activity in the manufacturing is still subdued (BER, 2025f; BER, 2025g; BER, 2025h).

³ The long-term average of the RMB/BER Business Confidence Index is based on the full dataset, starting from 1969 Q1 (BER, 2025d).

⁴ 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 2024, the global economy generally appeared to be holding steady, despite enduring a series of prolonged and unprecedented shocks. However, the first quarter of 2025 has brought changing landscapes and increasing uncertainties. In its latest [April] World Economic Outlook (WEO), the IMF (2025) revised its projections for growth markedly down. The IMF now projects global growth of 2,8% for 2025 and 3,0% for 2026, down by 0,5 and 0,3 of a percentage point respectively, remaining slightly below the historical average⁵.

Growth for advanced economies for 2024 is recorded at 1,8%. Forecast growth has been revised down by 0,5 of a percentage point to 1,4% for 2025 and to 1,5% growth in 2026. Similarly, growth in emerging and developing economies for 2024 recorded slightly higher than expected at 4,3%. Projected growth for 2025 has been revised down to 3,7%, and to 3,9% in 2026.



5 The IMF notes a historical average of 3,7% global growth over the period 2000-2019 (2025).

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 0,5% for the first quarter of 2025, amounting to GDP of R669,5 billion. This quarter-on-quarter performance is a decline of 0,2 of a percentage point from the previous quarter's growth, and only slightly better than the performance at the national level, which declined by 0,3 of a percentage point compared to the previous quarter.

The year-on-year data⁶ for the Western Cape typically follows a similar trend to that of the country, however slight differences in the first quarter of 2025 are noted. National year-on-year growth remained unchanged at 0,5%, while provincial year-on-year growth improved by 0,2 of a percentage point to 0,9% for the quarter under review.

Figure 1: Real GDP growth for the Western Cape, 2021 Q3 to 2025 Q1



Source: Quantec, 2025.

Note: To remove the spikes as a result of the economic shocks of the Covid-19 pandemic and subsequent recovery, the graph commences from 2021 Q3.

6 Year-on-year GDP growth is annualised.

At the sectoral level, the Western Cape's GDP performance largely mirrored that of the national economy, with similar trends. In the first quarter of 2025, four sectors recorded growth. The largest sectoral growth was in agriculture which rose 15,8% quarter-on-quarter, adding the most to the total provincial growth rate (0,6 of a percentage point). This was followed by growth of 2,4% recorded in the transport and communication sector, adding 0,2 of a percentage point to the total provincial growth rate. Further growth was recorded by the trade and hospitality, and finance, real estate and business service sectors, of 0,4% and 0,2% quarter-on-quarter, respectively. Each added 0,1 of a percentage point to the total provincial growth rate.

As was the case at the national level, six sectors in the Western Cape recorded contractions in the first quarter of 2025. The largest of these was construction, with -3,8% quarter-on-quarter, however due its relatively small share of the economy, it only subtracted 0,1

of a percentage point from the total provincial growth rate. This was followed by contractions recorded in mining and quarrying (-2,8%) and electricity and water (-2,5%). Similarly, due to their small shares of the provincial economy (0,1% and 1,7%, respectively), their impact on the total provincial growth rate was negligible (a combined -0,05 of a percentage point). The manufacturing sector recorded its second consecutive quarter-on-quarter contraction of 2,0%, and subtracted the most from the total provincial growth rate, -0,3 of a percentage point. Further contractions were recorded in the community and personal services (-0,3%) and general government services (-0,2%) sectors, with a combined negative impact of -0,04 of a percentage point on the total provincial growth rate. Similar to the national level, the negative performances of these sectors in the province were insufficient to outweigh the positive impact of those sectors that experienced growth during the quarter under review.

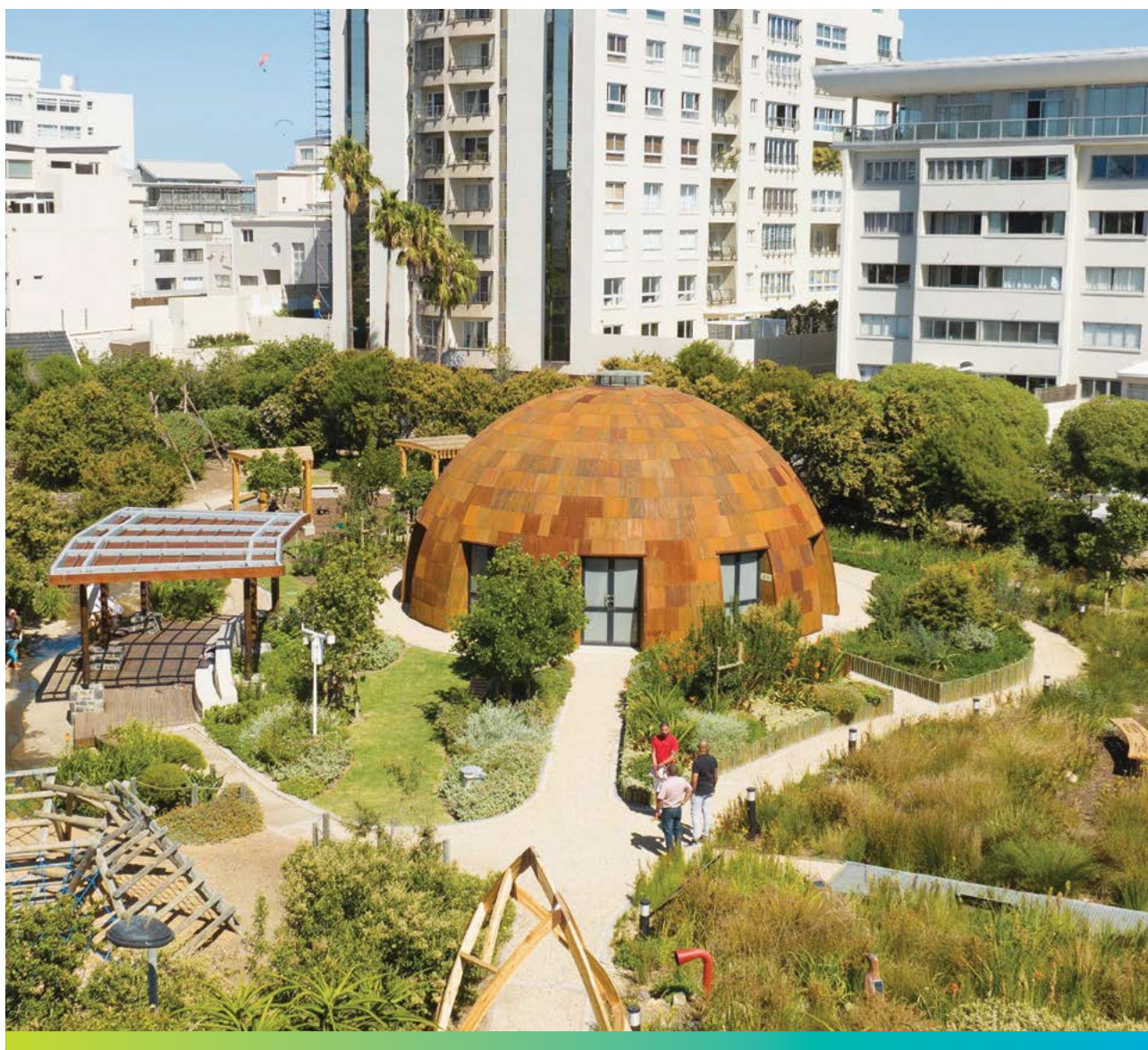
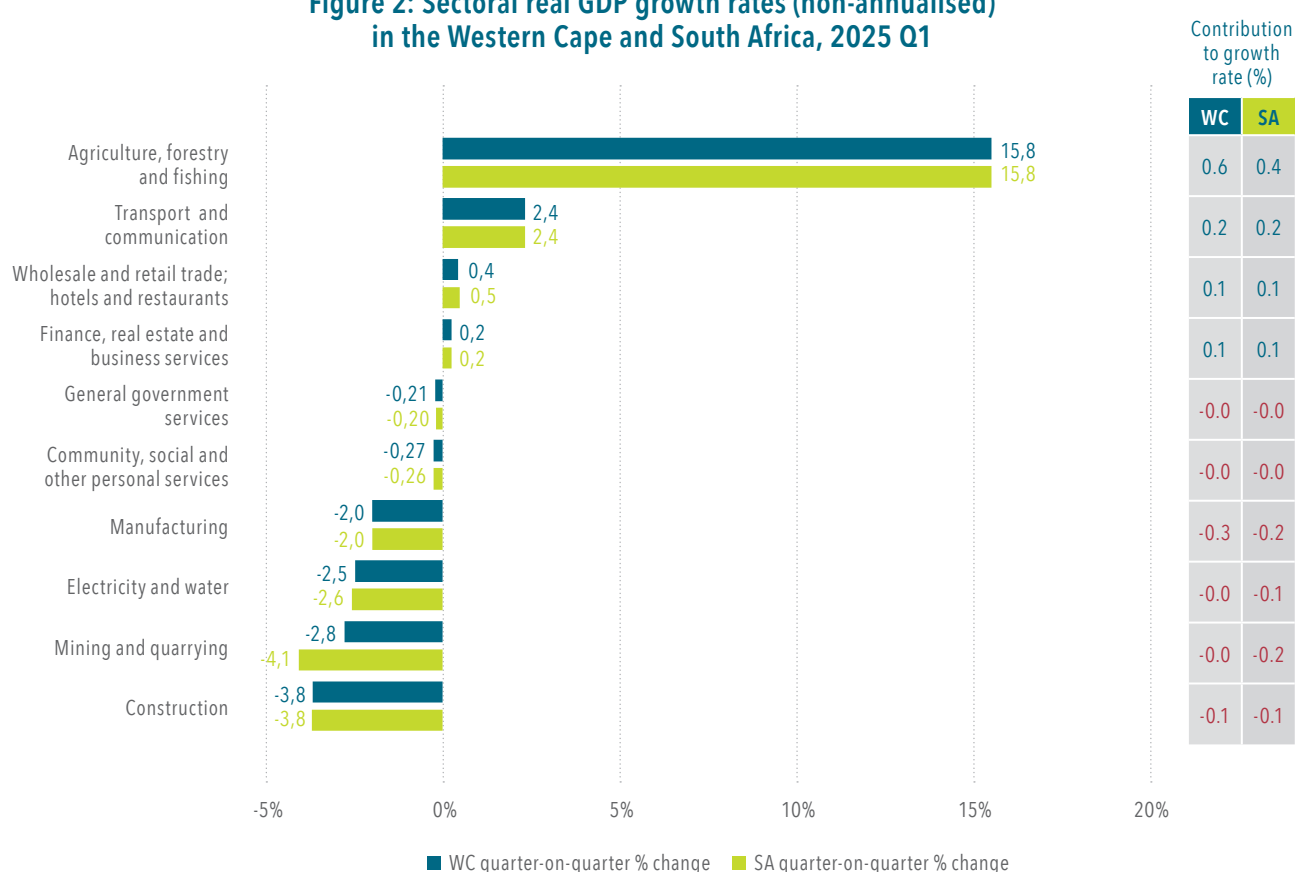


Figure 2: Sectoral real GDP growth rates (non-annualised) in the Western Cape and South Africa, 2025 Q1



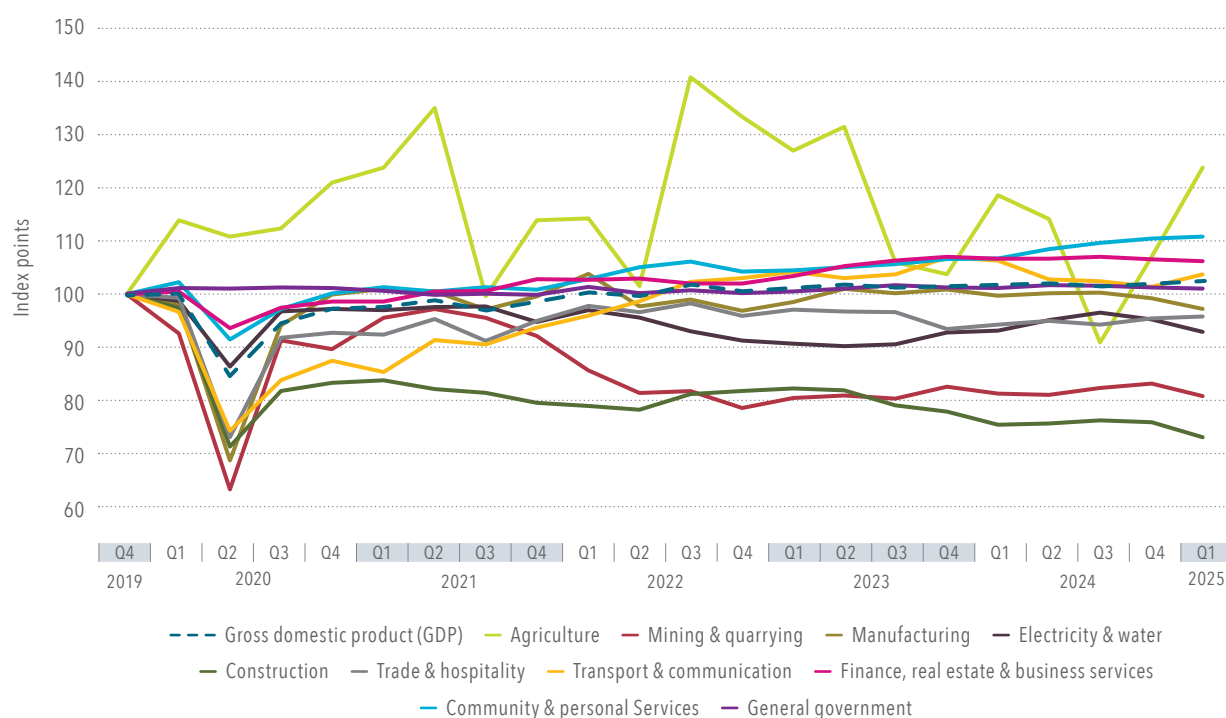
Source: Quantec, 2025.

In contrast to Cape Town's high contribution to the tertiary sector output of the Western Cape (75%), the city's contribution to the province's total primary sector GGP is only 18% (South Africa Regional eXplorer, 2025). This means it is difficult to make inferences about the performance of the city's primary sector based on primary sector GGP performance in the Western Cape. However, even if Cape Town's primary sector (agriculture, in particular) did mirror provincial trends, it is unlikely that this would have had as large a positive impact on the overall growth rate of the city, as the primary sector contributes only 1% to Cape Town's total GGP (compared to the 4,2% it contributes to the provincial economy).

The performance of the city's economy in the first quarter of 2025 was likely mainly influenced by the finance, real estate and business services, community and personal services, manufacturing, and trade and hospitality sectors. In 2024 these comprised 36%, 16%, 12% and 12% of the city's economy, respectively. In the first quarter of 2025, two of these recorded growth at the provincial level, and two contracted. Weighing greatest amongst these sectors, the positive performance of the finance sector may have a greater impact on Cape Town's economy. However, with such mixed sectoral performances in this quarter, it is even more difficult to make inferences with confidence. In the last 10 years, the variation between the city's GDP growth rate and the provincial growth rate⁷ has been 0,1 of a percentage point on average. In the first quarter, Cape Town's growth may be between 0,4% and 0,6%.

⁷ 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, 2025.

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.

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 2025, economic activity in five sectors remained higher than their respective levels in the fourth quarter of 2019. These include: finance, real estate and business services; community personal services; agriculture; transport and communication; and general government.

The construction, trade and hospitality, electricity and water, and mining sectors have all been unable to surpass their respective pre-Covid-19 output levels. This quarter also saw the manufacturing sector's output level remain below that of 2019 Q4 for a second consecutive quarter, reflected on in the Absa Purchasing Managers' Index, which stayed below 50 points throughout the first quarter (BER, 2025f; BER, 2025g; BER, 2025h).

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, 2025)⁸.

⁸ For more details, please consult the documentation available on the Stats SA website: https://www.statssa.gov.za/?page_id=2528.





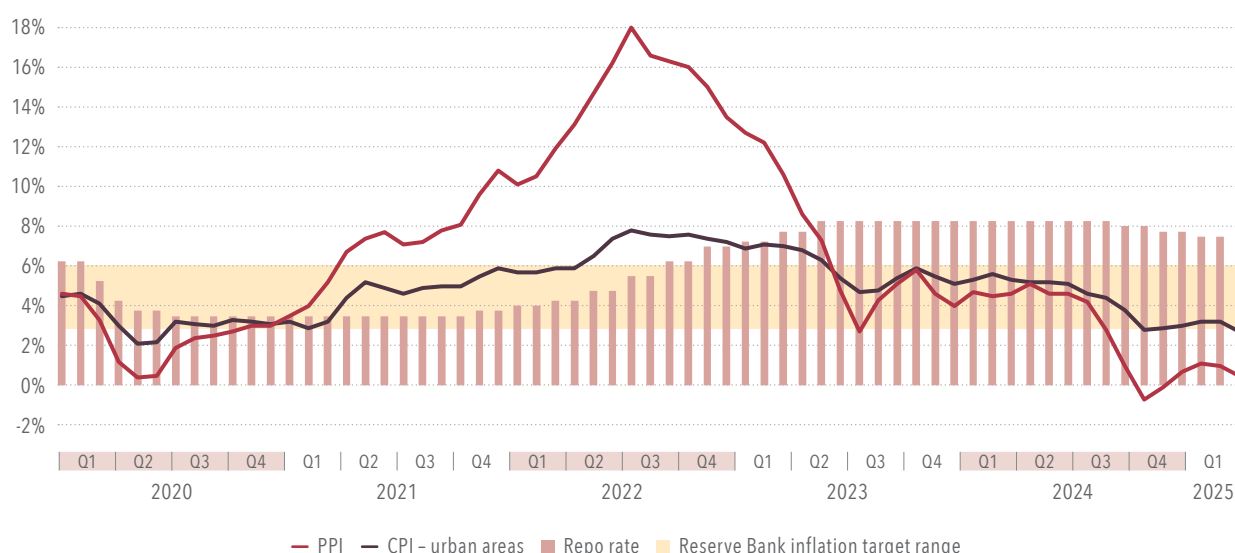
Inflation overview

In the last month of the first quarter of 2025, the Consumer Price Inflation (CPI⁹) decreased to 2,7% compared to 3,0% recorded at the end of the previous quarter. As illustrated in Figure 4, the CPI increased to 3,2% in January and remained unchanged in February, thereafter decreasing to 2,7% in March. The recording for March was the lowest since June 2020 (2,2%). The average CPI for the quarter remained within the South African Reserve Bank (SARB) inflation target, however significantly below the mid-point target of 4,5%. According to the SARB Monetary Policy Committee (MPC) statement of March 2025, inflation has remained within the lower half of the target range, although it has shown a slight upward trend in recent months. Goods inflation continues to be subdued – a trend expected to be temporary – while services inflation is higher, but still below the 4,5% midpoint target. The latest inflation forecast incorporates several new factors, including the reweighting of the CPI by Statistics South Africa and the impact of global oil prices. As a result, the inflation outlook has been revised downward, with headline inflation now projected at 3,6% for 2025 and 4,5% for 2026.

For the first quarter of 2025, the Producer Price Index (PPI¹⁰) increased to an average of 0,87%, after averaging -0,03% in the previous quarter. The index recorded low monthly readings of 1,1% in January, decreasing to 1% in February and further to 0,5% in March 2025. The main inflationary contribution to the PPI in March (in terms of final manufactured products) came from food, beverages and tobacco products (Statistics South Africa, 2025).

Figure 4 illustrates changes in CPI, PPI and the repo rate. As indicated in the graph, the repo rate decreased by 25 basis points in January to 7,5% from 7,75%. According to the January 2025 MPC statement (SARB), the key reasons for the repo rate decrease were lower inflation and improved inflation expectations. Inflation in 2024 slowed significantly, dropping from 5,3% at the beginning of the year to 3% by year-end. This decline was largely driven by goods-prices, including food inflation reaching a 15-year low, as well as lower fuel costs. Inflation expectations have now aligned more closely with the SARB's midpoint target, supporting the decision to reduce the repo rate in January. The repo rate remain unchanged at the March meeting.

Figure 4: CPI and PPI trends for South Africa, January 2020 to March 2025



Source: CPI and PPI, extracted from Statistics South Africa, 2025; repo rate extracted from SARB, 2025.

⁹ Headline CPI is recorded and reported on for urban areas.

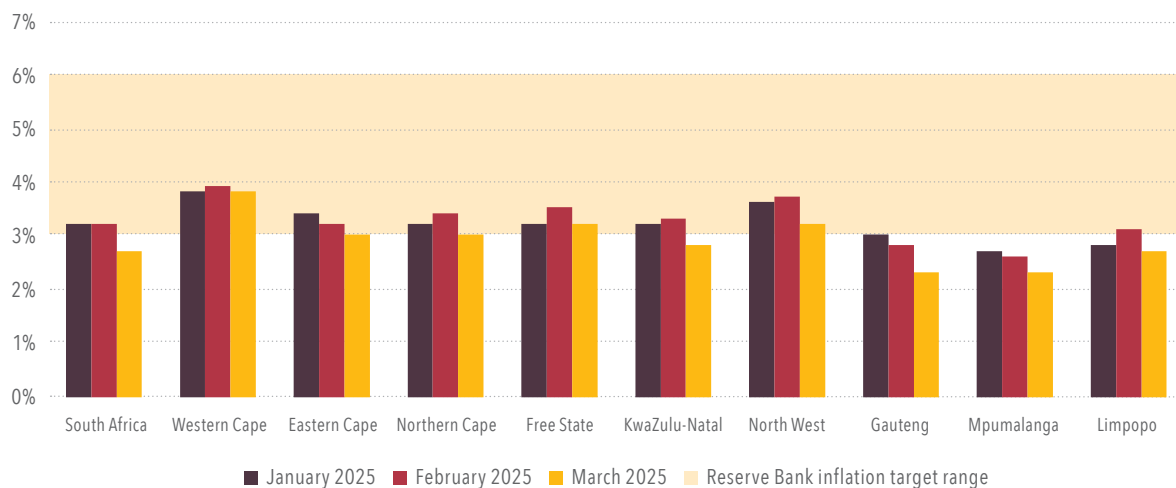
¹⁰ According to Statistics South Africa (2024a), the PPI from, and including, January 2024 has been reweighted. Noted, however, is that the reweighting will not affect the calculations of the basket.

Geographical inflation

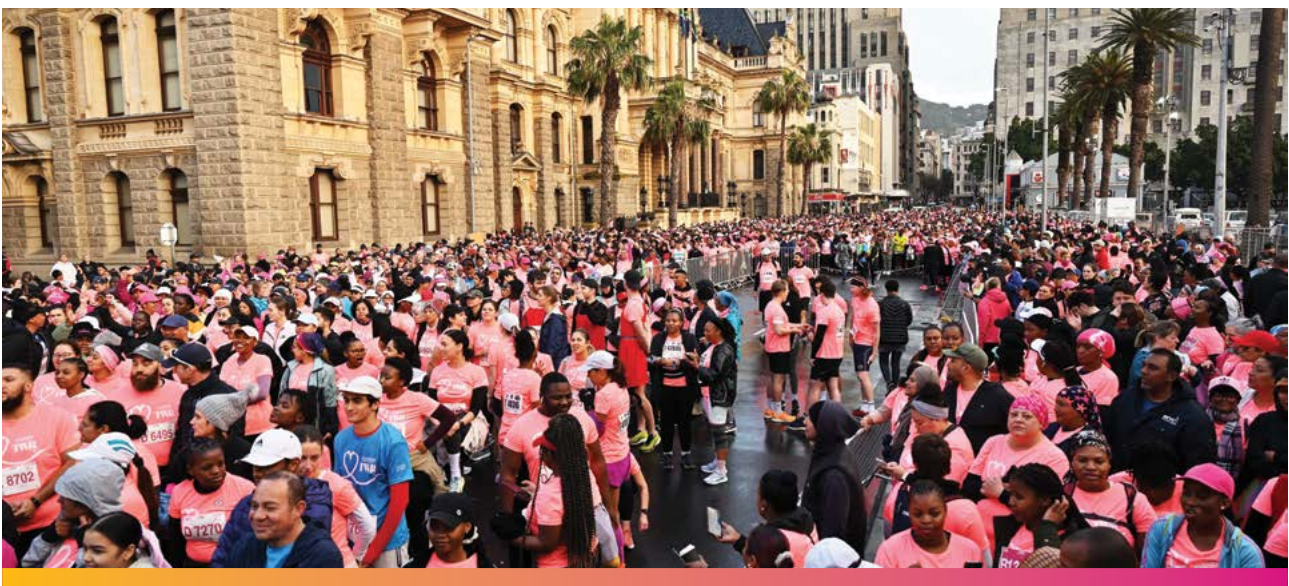
The Western Cape recorded an inflation rate of 3,8% at the end of the first quarter of 2025, which is slightly higher than at the end of the previous quarter (3,7%). The Western Cape's inflation performance was mixed, recording lower inflation rates than the national average in six of the 12 categories and higher rates in the remaining six. However, the categories with higher inflation rates had a greater overall impact, resulting in the province recording a higher overall inflation rate than the country.

Figure 5 illustrates inflation rates for the first quarter of 2025 across all nine provinces. Compared to the end of the fourth quarter of 2024, three provinces recorded increases, five provinces recorded decreases and one province remained unchanged. The Western Cape recorded the highest average inflation rate of 3,8% for the quarter under review. This was followed by the North West (average inflation rate of 3,5%) and then Free state (average inflation rate of 3,3%). Mpumalanga recorded the lowest average inflation rate, at 2,5%, in the first quarter of 2025.

Figure 5: CPI inflation rate at a provincial level, January to March 2025



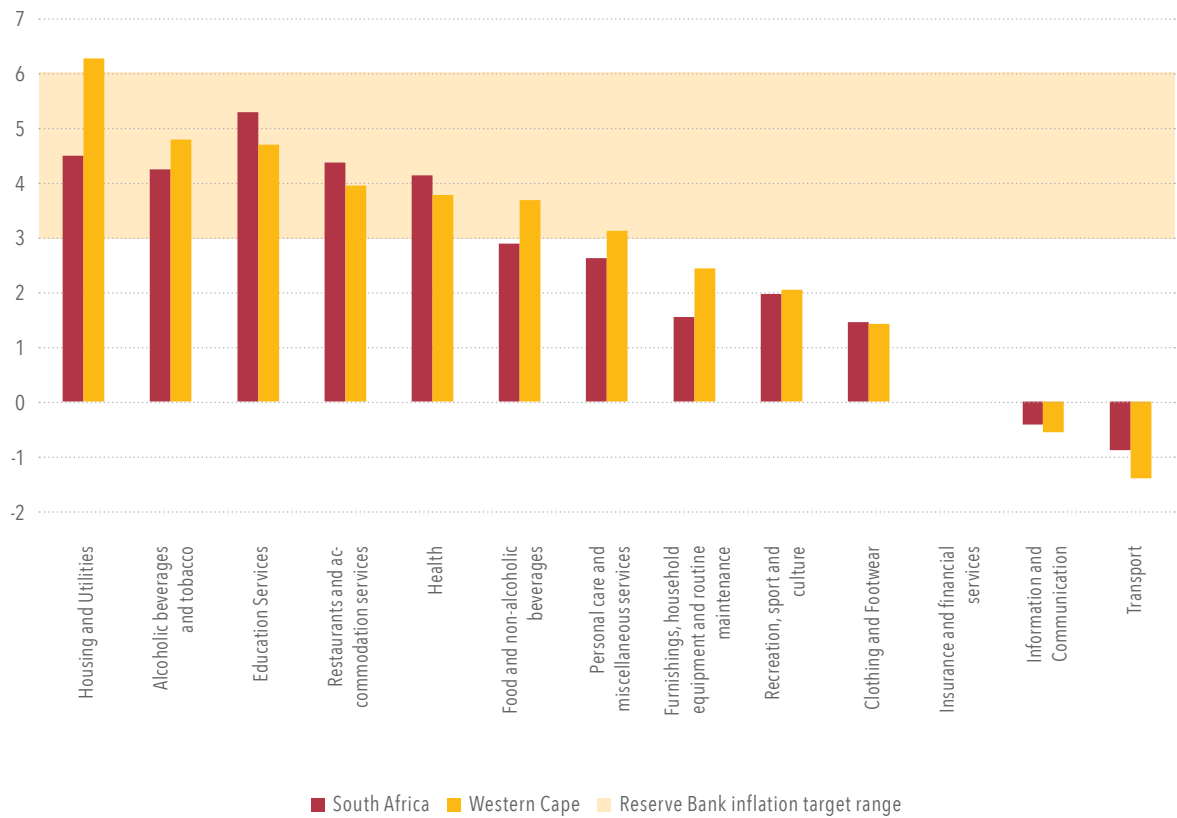
Source: Statistics South Africa, May 2025.



As indicated in Figure 6, one of the main upward drivers of inflation for the Western Cape for the first quarter of 2025 was housing and utilities (average inflation of 6,4%) whereas nationally it was education services (average inflation of 5,4%). The alcohol, beverages and tobacco category recorded the second-highest average inflation rate (4,9%) in the province, while the restaurants and accommodation services category recorded the second-highest average inflation rate (4,4%) nationally.

According to Statistics South Africa (2025c), education fees (surveyed annually in March) increased by 4,5% in 2025, down from a 6,4% rise in 2024. The monthly CPI data show that education increased by average 5,4% in the first quarter of 2025 at the national level, and 4,8% at the provincial level. In March, prices of actual rentals, under the housing rents category, increased at a higher rate in the Western Cape (5,7%) compared to national levels (2,9%). The province often experiences higher property values, while increased demand for buy-to-let properties as well as population growth (Libera, 2025), all contribute to upward pressure on housing and utilities price inflation.

Figure 6: Average consumer price inflation for South Africa and the Western Cape, 2025 Q1



Source: Statistics South Africa, May 2025.
Note: As 'insurance and financial services' is a new price index, there is no annual percentage change as yet.

Western Cape food inflation

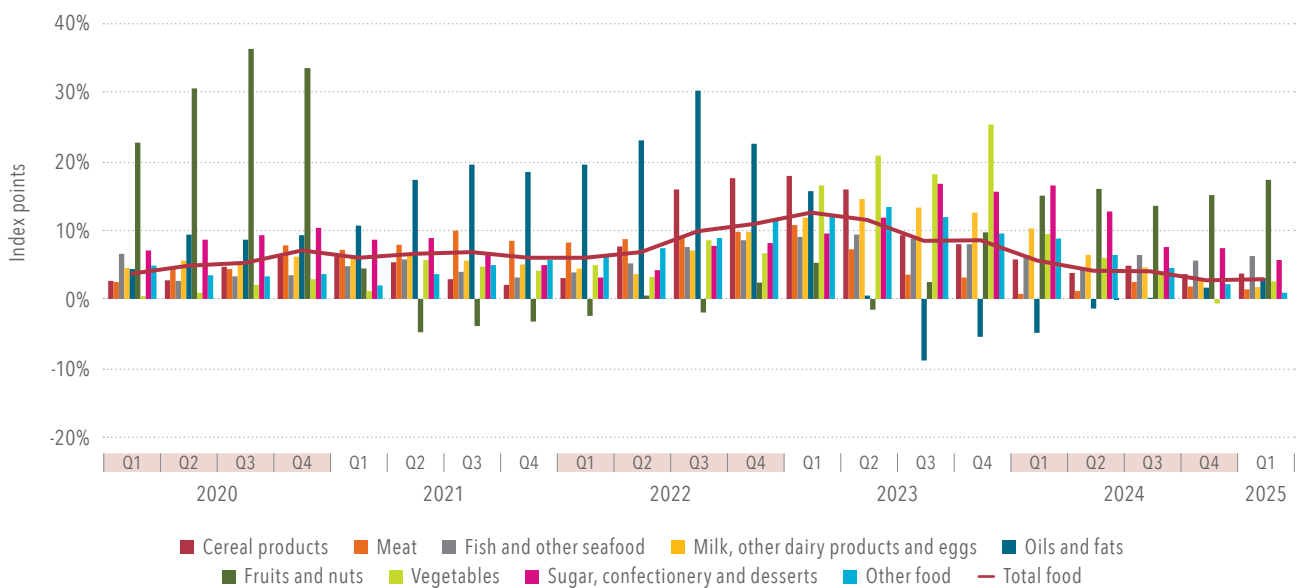
Tracking and monitoring food price changes has become increasingly important as household incomes continue to face pressure, threatening access to affordable food for many families. Figure 7 tracks food price inflation in the Western Cape, which has been on an upward trend since the beginning of 2020 until the first quarter of 2023. Since then, it has been on a declining trend. In the first quarter of 2025, average food price inflation increased to 2,9% from 2,7% in the fourth quarter of 2024.

For the first quarter of 2025, four of the nine food items that are tracked recorded decreases when compared to the previous quarter. Sugar, confectionery and desserts saw the largest decrease, recording price inflation of 5,8%, down from the 7,5% in the fourth quarter of 2024. According to the USDA's Sugar Annual Report for

South Africa (2025), sugar prices in South Africa have dropped due to improved weather conditions boosting sugarcane production for 2025/26. The resulting increase in domestic supply has reduced reliance on imports. Additionally, falling global sugar prices have influenced local pricing and led to tariff adjustments. This was followed by the milk, other dairy products and eggs category, which declined to a price inflation reading of 1,8%, down from the 3% in the previous quarter. The vegetable category saw the largest price inflation increase from -0,6% in the previous quarter to 2,6%.

Fruits and nuts price inflation recorded the highest increase for the first quarter, 17,6%, and was one out of only two categories to record inflation rates above the upper end of the inflation target range (6%).

Figure 7: Western Cape food price inflation, 2020 Q1 to 2025 Q1



Source: Statistics South Africa, May 2025.

According to the BFAP statement covering March 2025, food inflation is expected to rise moderately due to global uncertainty, particularly around US policy shifts and local political instability, which may pressure the rand. The withdrawal of the proposed VAT

hike has eased some consumer concerns. Additionally, a strong summer crop harvest is expected to lower feed costs and staple food prices, though animal disease outbreaks remain a key risk to meat and dairy supply.

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.





Cape Town's labour market performance

In the first quarter of 2025, Cape Town's working-age population (3,2 million individuals) and labour force (2,3 million individuals) increased on both a quarter-on-quarter and year-on-year basis. Employment in Cape Town rose significantly on a quarter-on-quarter basis (up by 45 137 individuals) and year-on-year (up by 85 684 individuals), reaching a total of 1,8 million individuals. This represents the highest recorded employment level in Cape Town since the inception of the Quarterly Labour Force Survey in 2008 and marks the fourth consecutive quarter of positive employment growth. The labour absorption rate increased to 56,1% (from 54,9% in Q4 2024), and the labour force participation rate rose to 71,8% (from 70,8% in 2024 Q4). Both rates also recorded increases relative to the first quarter of 2024.

The number of discouraged work-seekers decreased on a quarter-on-quarter basis (down by 4 048 individuals), bringing the total to 35 650 individuals at the end of the first quarter of 2025. However, on a year-on-year basis, the number of discouraged work-seekers increased by 1 943 individuals. Decreases in both searching and non-searching unemployed categories contributed to a decline in the broad unemployment rate from 25,6% in the previous quarter to 24,7%. On a year-on-year basis, the broad unemployment rate decreased by 1,8 percentage points. At 24,7%, Cape Town's broad unemployment rate remains the lowest of all metropolitan areas in South Africa.

Table 1: Cape Town labour market indicators, 2025 Q1 versus 2024 Q4 and 2024 Q1

Metro	Recorded			Quarter-on-quarter change	Year-on-year change
	2025 Q1	2024 Q4	2024 Q1	(vs 2024 Q4)	(vs 2024 Q1)
Working-age population	3 254 574	3 243 115	3 207 664	11 459	46 911
Broad labour force	2 427 313	2 395 265	2 370 262	32 048	57 052
Strict labour force	2 338 367	2 296 057	2 288 203	42 310	50 164
Employed: Total ¹¹	1 827 181	1 782 044	1 741 498	45 137	85 684
Employed: Formal sector	1 475 258	1 455 253	1 379 946	20 005	95 312
Employed: Informal sector	239 731	217 394	239 978	22 337	- 247
Unemployed (strict)	511 186	514 013	546 706	- 2 827	- 35 520
Not economically active	916 207	947 058	919 460	- 30 851	- 3 253
Discouraged work seekers	35 650	39 698	33 707	- 4 048	1 943
Other not economically active	880 557	907 360	885 753	- 26 803	- 5 196

Source: Statistics South Africa, Quarterly Labour Force Survey, 2025 Quarter 1, May 2025.

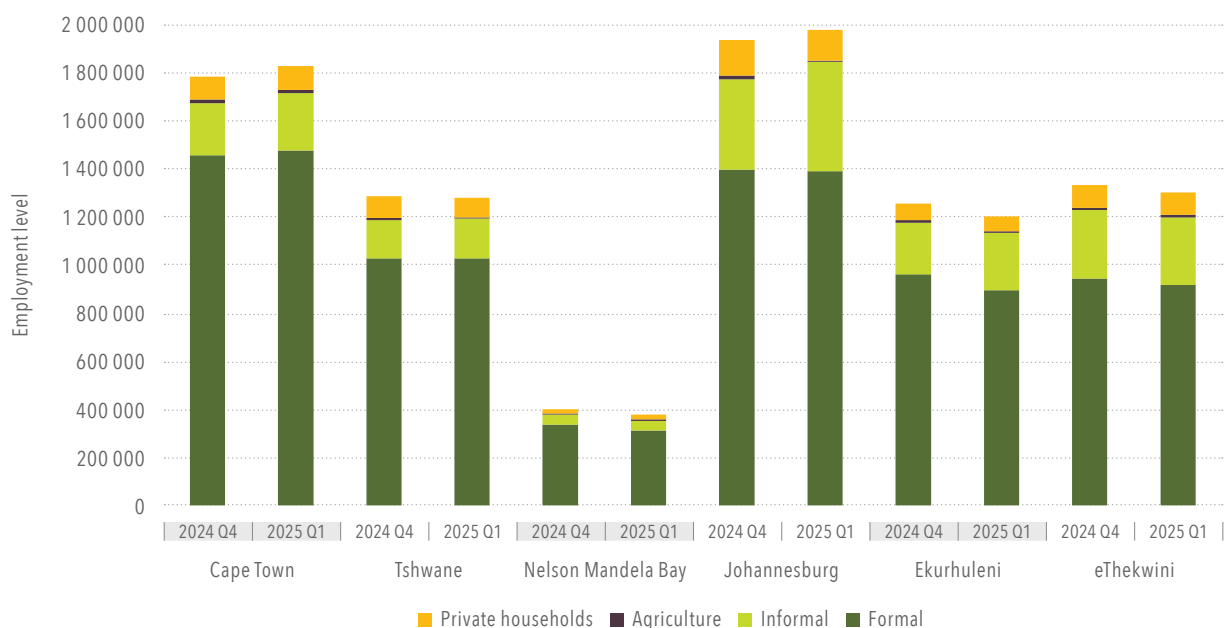
¹¹ 'Total employment' comprises 'formal', 'informal', 'agriculture' and 'private households' employment.

Employment comparison of metros

When measuring Cape Town's job-creation performance, a comparison with other metros¹² in the country is helpful. In the first quarter of 2025, Cape Town continued to have the second highest number of employed people, at 1,8 million individuals. This was second only to Johannesburg, where 1,9 million people were employed. This is to be expected, as Johannesburg has a larger population than Cape Town.

As seen in Figure 8, when compared to the previous quarter, two of the metros recorded positive employment growth and four metros recorded negative employment growth. Cape Town added the most to employment (up by 45 137 individuals) followed by Johannesburg (up by 42 077 individuals). Ekurhuleni experienced the largest decline in employment, losing 52 943 jobs, followed by eThekweni (down by 32 059 individuals), Nelson Mandela Bay (down by 23 082 individuals), and Tshwane (down by 5 651 individuals).

Figure 8: Employment comparison with other metros by major sector, 2025 Q1 vs 2024 Q4



Source: Statistics South Africa, Quarterly Labour Force Survey, 2025 Quarter 1, May 2025.

In Cape Town, formal employment increased on both a quarter-on-quarter basis (up by 20 005 individuals) and a year-on-year basis (up by 95 312 individuals), reaching a total of 1,47 million individuals for the quarter. Informal employment increased on a quarter-on-quarter basis, rising by 22 337 individuals, bringing the total to 239 731 at the end of the first quarter. However, it declined slightly year-on-year, with a decrease of just 247

individuals. The agricultural sector recorded employment losses compared to the previous quarter (down by 3 939 individuals) and the first quarter of 2024 (down by 902 individuals). Employment in private households increased by 6 734 individuals quarter-on-quarter, but declined by 8 480 individuals compared to the same period in 2024.

¹² This comparison does not include all South African metro cities.

Unemployment in Cape Town

The number of unemployed individuals actively searching for work in Cape Town decreased on both a quarter-on-quarter basis (down by 2 827 individuals) and a year-on-year basis (down by 35 520 individuals), reaching a total of 511 186 individuals at the end of the quarter. The strong increase in employment, combined with the decline in unemployment, led to a drop in the strict unemployment rate from 22,4% in the fourth quarter of 2024 to 21,9% in 2025 Q1. The strict unemployment rate is also 2 percentage points lower than in the first quarter of 2024 (23,9%).

The youth unemployment rate in Cape Town, defined as the strict unemployment rate for individuals aged 15 to 24 years old, was estimated at 45,2% in the first quarter of 2025. This reflects a decrease from 46,1% in the previous quarter and is also lower

than the rate recorded a year ago (47,1%). While this remains notably below the national youth unemployment rate of 62,4% recorded in the first quarter of 2025, it is nonetheless high by average developing country standards and continues to pose a key challenge for economic policymakers in the city.

While comparisons of Cape Town's unemployment trends with those of the country as a whole are important, it is perhaps more relevant to compare these Cape Town trends to other metros that have similar labour market dynamics (Table 2). In the first quarter of 2025, Cape Town had the lowest broad unemployment rate of 24,7% (down from 25,6% in 2024 Q4), while eThekweni had the lowest strict unemployment rate of 21,4% (up from 17,1% in 2024 Q4) compared to all the other metros.

Table 2: Unemployment rate¹³ comparison of metros, 2025 Q1 versus 2024 Q4 and 2024 Q1

Metro	Official (strict)			Expanded (broad)		
	2025 Q1	2024 Q4	2024 Q1	2025 Q1	2024 Q4	2024 Q1
Cape Town	21,9%	22,4%	23,9%	24,7%	25,6%	26,5%
eThekweni	21,4%	17,1%	22,0%	38,0%	35,6%	37,2%
Ekurhuleni	32,5%	31,1%	32,8%	41,1%	39,2%	40,6%
Johannesburg	34,3%	34,7%	32,5%	38,0%	38,4%	35,7%
Nelson Mandela Bay	22,3%	21,8%	32,4%	27,1%	26,2%	33,0%
Tshwane	33,5%	32,8%	35,1%	34,4%	37,8%	38,0%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2025 Quarter 1, May 2025.

When compared to the previous quarter, two of the metros experienced decreases in their strict unemployment rates, while four metros experienced increases. According to the broad unemployment definition, two metros experienced decreases, while four metros experienced increases. eThekweni recorded the largest increase in both its strict unemployment rate (up by 4,3 percentage points) and its broad unemployment rate (up by 2,4 percentage points). This was followed by Ekurhuleni, which also experienced increases in both measures. Cape Town recorded the largest decrease in its strict unemployment rate (down by

0,5 percentage points) and in its broad unemployment rate (down by 0,8 percentage points). Johannesburg followed, with decreases in both unemployment rates as well.

Cape Town recorded the lowest difference between its two rates of unemployment (2,9 percentage points), while eThekweni recorded the largest difference of 16,6 percentage points. The extent of the difference between the two rates of unemployment can be attributed to the number of discouraged work seekers in each of the metros.

¹³ 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

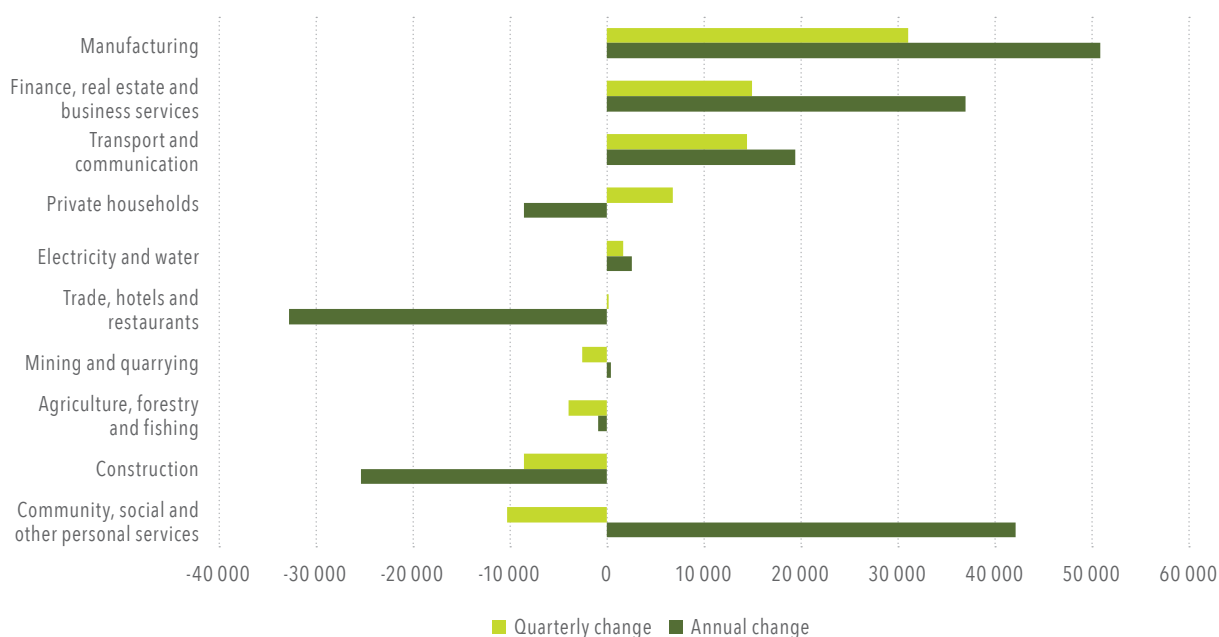
Figure 9 depicts the change in the level of employment by sector in Cape Town in the first quarter of 2025, compared to the first and fourth quarter of 2024. On a quarter-on-quarter level, six sectors recorded employment gains, while four sectors experienced employment losses. The manufacturing sector contributed the most to job growth, adding 30 755 jobs, followed by finance, real estate and business services (up by 14 817 jobs) and transport and communication (up by 14 305 jobs). Employment growth was also recorded in private households (up by 6 734 jobs), electricity and water (up by 1 640 jobs), and trade, hotels and restaurants (up by 185 jobs).

The community, social and other personal services sector saw the largest job losses, shedding 10 203 jobs, followed by construction (down by 8 458 jobs) and agriculture (down by 3 939 jobs) sectors. The mining and quarrying sector also experienced a decline, with employment down by 2 514 jobs.

Compared to the first quarter of 2024 (year-on-year basis), six sectors recorded employment gains, while four sectors experienced declines. Similar to the quarterly trend, the manufacturing sector led job creation with 50 384 jobs added. This was followed by community, social and other personal services (up by 41 721 jobs), finance, real estate and business services (up by 36 622 jobs) as well as transport and communication (up by 19 214 jobs). The electricity and water sector also posted gains (up by 2 521 jobs), along with a marginal increase in the mining and quarrying sector (up by 383 jobs).

However, the trade, hotels and restaurants sector reported the highest year-on-year job losses (down by 32 464 jobs), followed by construction (down by 25 131 jobs). Employment also declined in the private households (down by 8 480 jobs) and agriculture (down by 902 jobs) sectors compared to the same period in 2024.

Figure 9: Quarterly and annual change in employment per sector for Cape Town, 2025 Q1



Source: Statistics South Africa, Quarterly Labour Force Survey, 2025 Quarter 1, May 2025.

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.



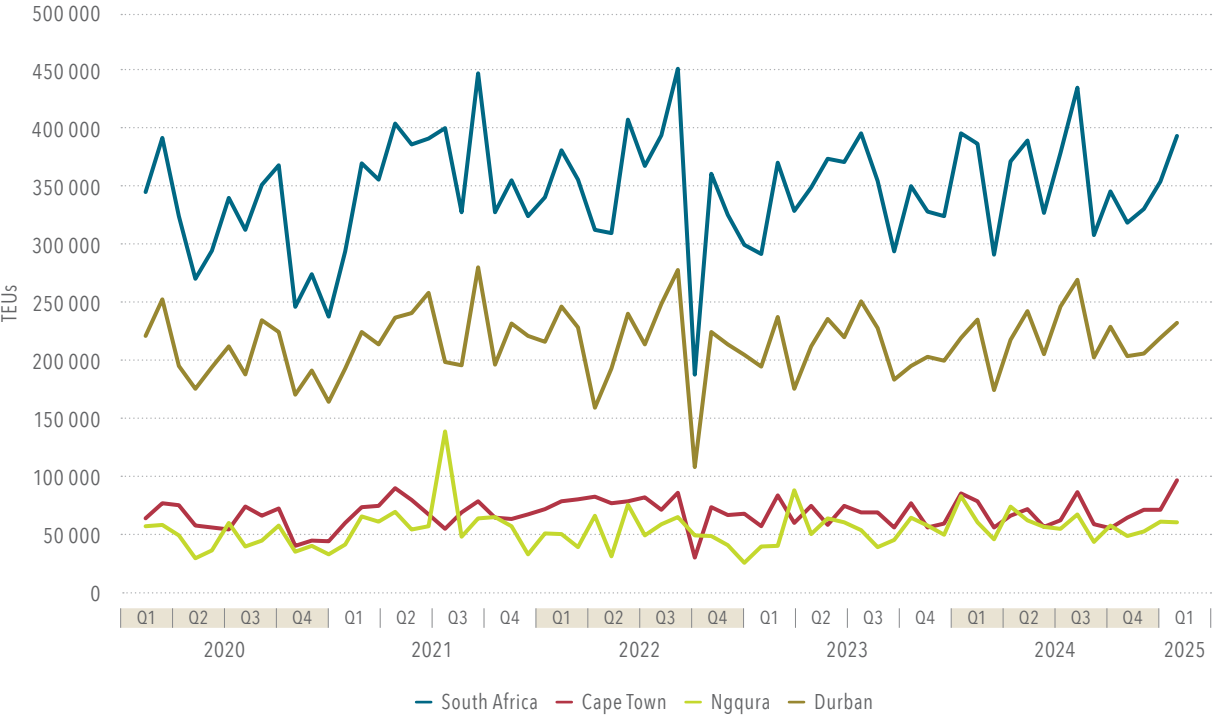


Container traffic

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 (TEUs¹⁴) – over the period of a year. The Port of Durban¹⁵ remained the largest container handling port in South Africa, handling a total of 659 241 TEUs in the first quarter of 2025.

The Port of Durban accounted for 61% of all containers handled in the country, followed by the Port of Cape Town (21,5%) and the Port of Ngqura¹⁶ (15,5%). The remainder of TEUs handled in the country (2,4%) are shipped through the ports of Port Elizabeth, East London and Richards Bay.

Figure 10: Total containers handled monthly (nationally), 2020 Q1 to 2025 Q1



Source: Transnet National Ports Authority, May 2025.

As shown in Table 3, the total number of containers handled at South African ports decreased by 2,6% on a year-on-year basis, from 1 115 563 TEUs in the first quarter of 2024 to 1 086 202 TEUs in the first quarter of 2025. The Port of Cape Town recorded a year-on-year

increase of 7,2%, and the Port of Durban 0,5%. The Port of Ngqura experienced a year-on-year decrease of 10,5% TEUs shipped in the first quarter of 2025.

¹⁴ 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.

¹⁵ The Port of Durban is located in the eThekweni metro.

¹⁶ The Port of Ngqura is located in the Nelson Mandela Bay metro.

Table 3: Comparison of total¹⁷ containers handled (in TEUs), 2025 Q1 versus 2024 Q4 and Q1

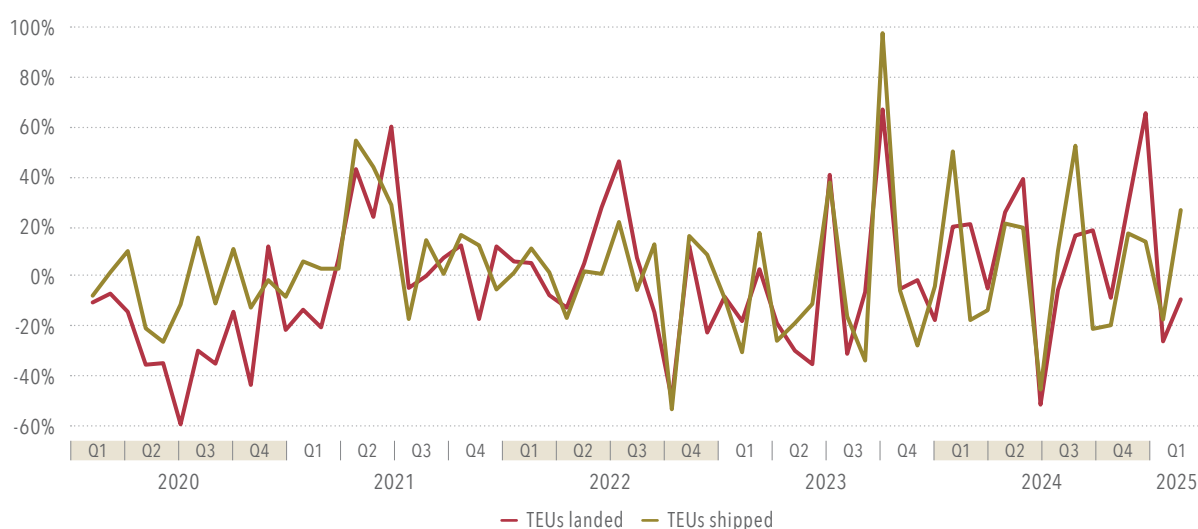
	2025 Q1	2024 Q4	2024 Q1	Year-on-year change
South Africa	1 086 202	978 867	1 115 563	-2,6%
Cape Town	233 552	172 603	217 907	7,2%
Durban	659 241	635 855	655 903	0,5%
Ngqura	167 867	143 569	187 607	-10,5%

Source: Transnet National Ports Authority, May 2025.

Shifting from total TEUs to TEUs loaded to full capacity, the Port of Cape Town recorded a year-on-year increase of 2,8% in full TEUs landed (imported), from 57 713 TEUs in the first quarter of 2024 to

59 311 TEUs in the first quarter of 2025. For the same year-on-year period, the number of full TEUs shipped (exported) increased by 6,3%, from 89 077 TEUs to 94 720 TEUs.

Figure 11: Annual change in full TEUs handled (monthly) at the Port of Cape Town, 2020 Q1 to 2025 Q1



Source: Transnet National Ports Authority, May 2025.

Transnet Port Terminals continue to pursue development programmes aimed at enhancing operational efficiency at South African ports. Despite facing continued operational challenges, there remains demand for port capacity (Pillay, 2025). Reporting by the Southern African Association of Freight Forwarders (SAFF, 2025) warns, however, that South Africa continues to struggle with competitiveness and maintaining its share of regional trade, which has been on a slow-declining trend (TradeMap, 2025).

Strong winds added further to operational disruptions in the first quarter of 2025. Over 200 operational hours were estimated to have been lost as a result, with a particularly negative impact on agricultural exports (BizCommunity, 2025a). The increasing intensity and frequency of Cape Town's notorious winds have garnered growing concerns, with researchers from the Council for Scientific and Industrial Research (CSIR) and the Alliance for Collaboration on Climate and Earth Systems Science investigating the economic impact of these disruptions, as well as providing support to mitigate them (BizCommunity, 2025b).

¹⁷ Total containers handled includes both full and empty TEUs logged.

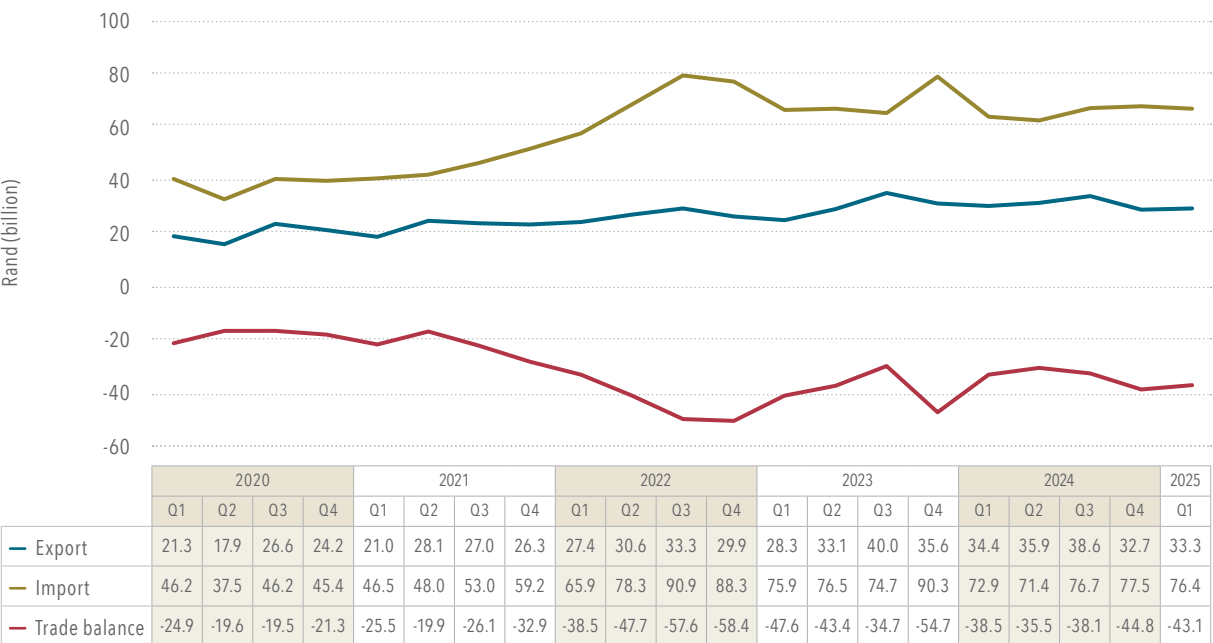
Cape Town trade

In the first quarter of 2025, exports increased by 1,8% to R33,3 billion and imports decreased by 1,5% to R76,4 billion on a quarter-on-quarter basis, as illustrated in Figure 12, which shows the quarterly trade balance for Cape Town. As a result, Cape Town's trade deficit decreased to R43,1 billion, compared to R44,8 billion in the previous quarter. Nationally, in the first quarter of 2025, a trade surplus of R27,8 billion was realised with South Africa's top

exports for the quarter being gold and platinum, as well as motor vehicles, coal and iron ore (Quantec, 2025).

The value of total exports decreased by 3,1% compared to the first quarter of 2024 (year-on-year), while imports increased by 4,8%. Large year-on-year increases in imports¹⁸ were recorded for electric generating sets and rotary converters, as well as fertilizers.

Figure 12: Cape Town's trade balance, 2020 Q1 to 2025 Q1



Source: Quantec, 2025.

¹⁸ Imports were isolated to the top 10 imports by rand value for observing trends.

Focusing on Cape Town's top 10 export products by rand value, the largest quarterly growth was seen in grapes (235%), followed by apricots, cherries, peaches (including nectarines), plums and sloes (155%), and apples, pears and quinces (109%). The majority of top 10 export products remained unchanged from the previous quarter, with yachts, apricots (et. al.), and frozen fish joining the list, replacing seasonal products. Conversely, chromium exports saw the largest quarter-on-quarter decline of 48%, however, this product is not produced locally.

Cape Town's highest-value imports in the first quarter of 2025 were refined petroleum and crude petroleum, worth R25,6 billion and

R8,6 billion respectively. Refined petroleum was imported primarily from Asia and Western Asia.

Cape Town's top 10 exports in the first quarter of 2025, shown in Table 4, accounted for 42,1% of total exports. The year-on-year decline in total exports (-3,1%) was driven by a significant drop in chromium and refined petroleum oil exports, which fell by 37% and 33% respectively year-on-year. Positively, several of the top 10 export products recorded year-on-year growth. The largest year-on-year growth was recorded by yachts and other sport and leisure vessels (39%) as well as frozen fish (36,5%). These products are regularly in the top 10 export list.

Table 4: Cape Town's top 10 exports, 2025 Q1

Cape Town's top export categories for 2025 Q1 (HS 4) ¹⁹	Rand value (million)	% of total exports	Year-on-year change (vs 2024 Q1)
Grapes	R4 031	12,1%	-11,5%
Refined petroleum oil	R3 807	11,4%	-32,7%
Apples, pears and quinces	R1 437	4,3%	-4,7%
Yachts and other pleasure and sport vessels	R1 263	3,8%	39,3%
Jewellery with precious metal	R821	2,5%	17,0%
Fish fillets and fish meat	R601	1,8%	12,4%
Frozen fish	R543	1,6%	36,5%
Beauty and skincare	R531	1,6%	2,3%
Chromium	R528	1,6%	-37,1%
Apricots, cherries, peaches (including nectarines), plums and sloes	R464	1,4%	0,6%
Total of top 10 export categories	R14 027	42,1%	
Total of ALL products	R33 320	100%	-3,1%

Source: Quantec, own calculations, May 2025.

Note: Only the top 10 exports at an HS4 level are shown in the table above.

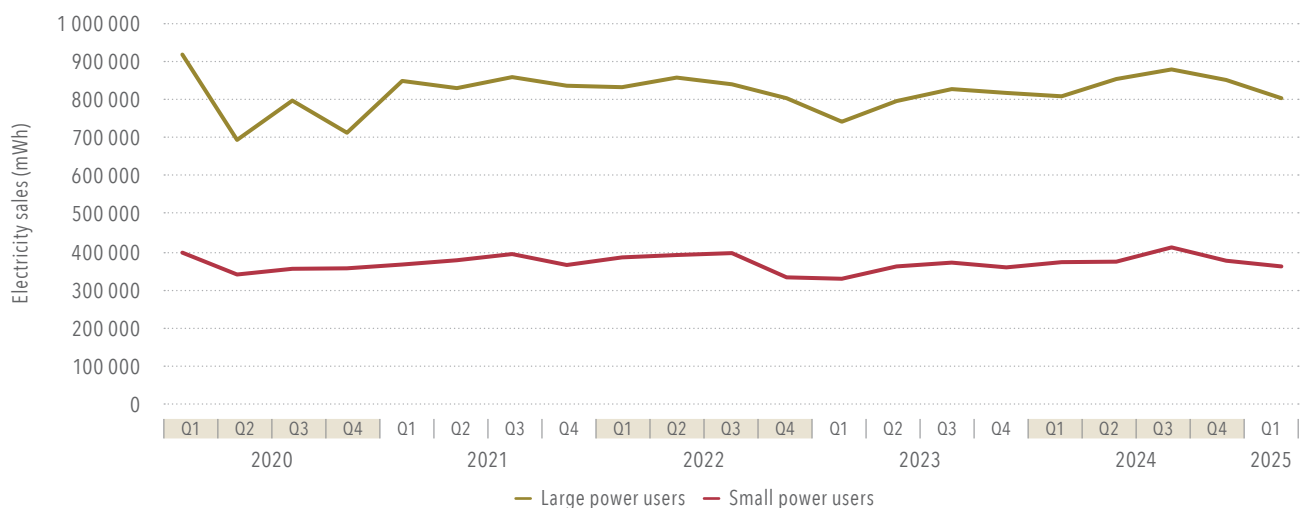
¹⁹ The Harmonised System is a six-digit code system used internationally for the classification of products. It allows for the trading of goods on a common basis for customs purposes.

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, such as those of 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 2025 Q1



Source: Electricity Generation and Distribution, CCT, May 2025.

Note: Electricity usage is measured in Megawatt hours (MWh).

Following a decrease in the previous quarter, electricity sales to LPUs continued to decline in the first quarter of 2025, dropping by 5,6% on a quarter-on-quarter basis. The City's electricity sales to SPUs also decreased by 3,6% quarter-on-quarter. While there was no load-shedding in the fourth quarter due to improved reliability and performance of Eskom's generation fleet, several breakdowns in the first quarter of 2025 led to power outages (Eskom, 2024; Eskom, 2025a). These breakdowns required extended repair times, leading to the depletion of emergency reserves and ultimately the return of load-shedding, albeit temporarily.

The average Energy Availability Factor (EAF) for the first quarter of 2025 was 56,9%, 3,4 percentage points lower compared to the preceding quarter (Eskom, 2025b). The reduced energy availability contributed to the decline in electricity sales to LPUs and SPUs, suggesting a decrease in manufacturing activity in Cape Town during this period. Similarly, electricity sales to LPUs and SPUs in the first quarter of 2025 were lower than in the corresponding period in 2024. LPUs recorded a slight year-on-year decrease of 0,7%, while electricity sales to SPUs declined by 2,8% year-on-year.

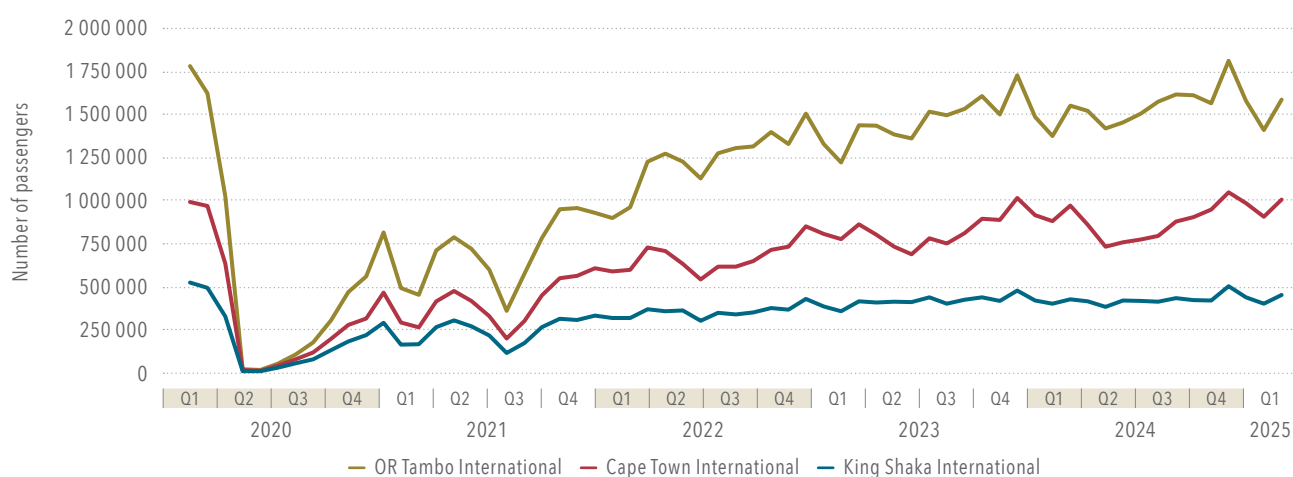
Airport statistics

Cape Town International Airport is South Africa's second-busiest airport after OR Tambo International Airport in Johannesburg. It recorded 2,87 million passenger movements (arrivals and departures) in the first quarter of 2025, compared to 4,54 million passenger movements at OR Tambo International and 1,27 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 2025, all three international airports recorded positive year-on-year

performances. Total passenger movements at Cape Town International recorded the largest year-on-year increase of 4,7% year-on-year, representing a total of 128 439 more passenger movements than observed in the first quarter of 2024. Total passenger movements at OR Tambo International increased by 3,7% (+ 162 181) year-on-year in the first quarter of 2025, and King Shaka International by 3,9% (+ 48 055). The continued positive year-on-year performances point to improvements in travel and its associated industries.

Figure 14: Total (monthly) passenger movements at South Africa's major airports, 2020 Q1 to 2025 Q1



Source: Airports Company South Africa, May 2025.

Of the three airports, Cape Town International recorded the highest year-on-year growth in passenger arrivals in the first quarter of 2025, improving by 4,8%. International arrivals increased by 2,8%

year-on-year, and domestic arrivals by 5,4% year-on-year. Total passenger²⁰ arrivals in the first quarter of 2025 comprised 31% international arrivals and 67% domestic arrivals.

²⁰ 'Total passenger movements' are made up of 'international', 'regional', 'domestic' and 'unscheduled' categories.

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 long-standing and highly 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, 2025a; CTT, 2025b).

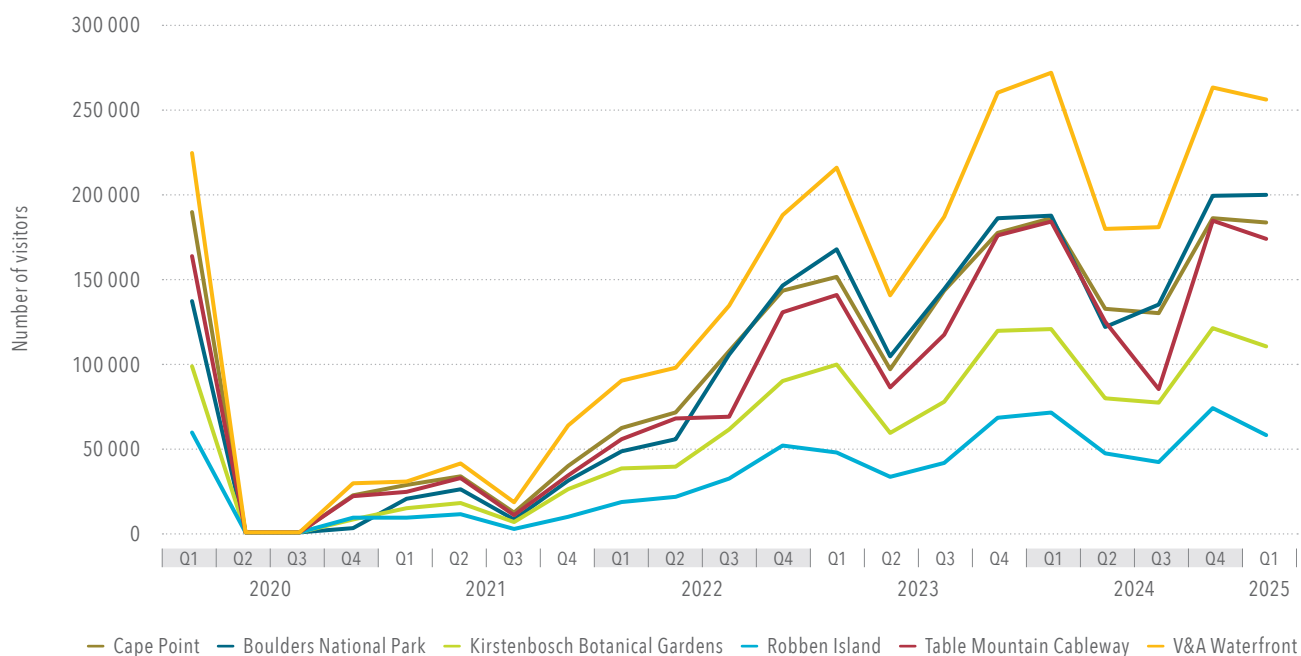
During the first quarter of 2025, the surveyed establishments recorded an average occupancy rate of 73,6%, coming in on par with the forecast demand of 73,5% for the period. The average room rate (R2 967) and revenue per room rate (R2 197) were both notably higher than forecast, by R163 and R137 respectively. These indicators also all recorded improved performance when compared to the recordings for the first quarter of 2024.

Demand for accommodation during the first quarter of 2025 continued to be driven mainly by the domestic market, which

accounted for an average of 59% of room nights sold. Demand from international travellers constituted 29%, and within Africa 12%. In the quarter under review, leisure dominated as the primary reason for international travel, and business for regional travel. Domestic travel was split for the domestic market, with predominantly leisure in January and business in March, reflecting seasonal trends.

The South Africa Tourism's Departure Survey gauges the attractions visited by international tourists while they are in South Africa. While the survey data, based on a sample, is not as comprehensive as visitor numbers recorded directly by the establishments (which records both local and tourist visits), it is a useful indicator of activity in the tourism sector. Preliminary results of the survey reveal that, during the first quarter of 2025, six of Cape Town's major tourist attractions²¹ welcomed a total of 983 568 international tourists, reflecting a year-on-year decline of 3,9%.

Figure 15: Number of International tourist visits to six tourist destinations of Cape Town, 2020 Q1 to 2025 Q1



Source: Wesgro, June 2025.

Note: The SAT Departure Survey data will differ from all visitor numbers officially recorded at the respective establishments, where entry is captured through fees. To note, this differs from reporting in previous editions, which was based on officially recorded visitors.

21 Includes Cape Point, Boulders National Park, Kirstenbosch Botanical Gardens, Robben Island, Table Mountain Aerial Cableway and the V&A Waterfront.

Figure 15 illustrates the highly seasonal nature of Cape Town's attractions, with peak visitor activity occurring in the summer period, namely 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 declined slightly in the first quarter of 2025, when compared to the previous quarter, signalling the end of the peak visitor period.



06

Additional indicators

In addition to macroeconomic indicators, administrative data reveal specific consumer trends and provide strong indications of the performance of the local economy. In particular, building plan statistics and property development are key indicators of the levels 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

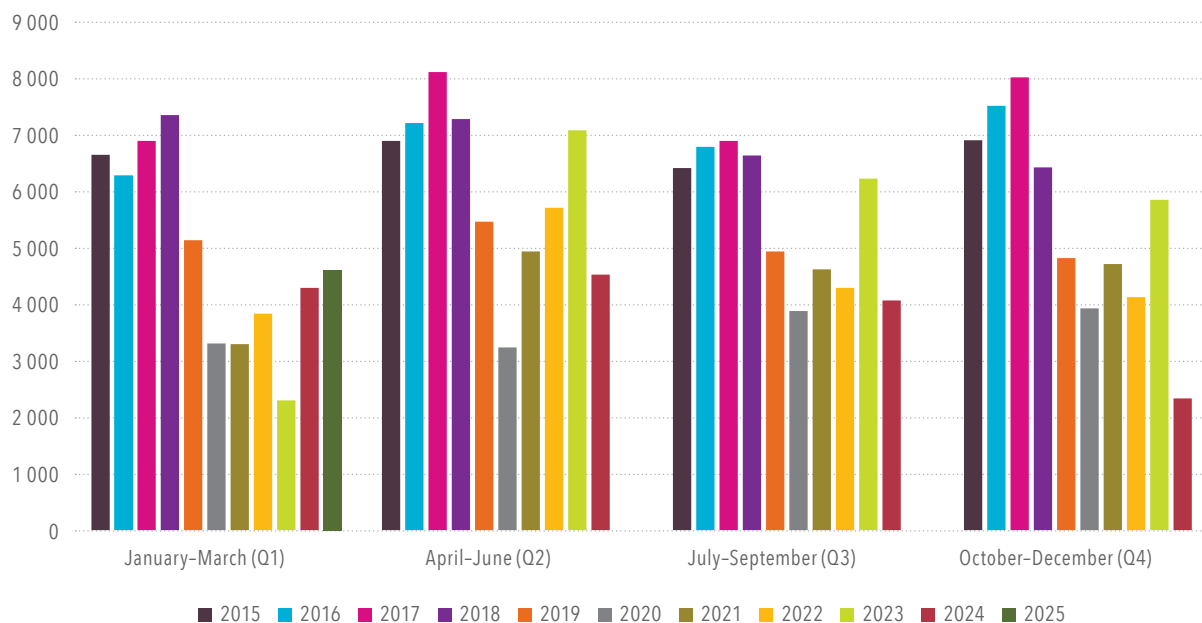
The economic growth data for the first quarter of 2025 shows that national output in the construction sector contracted by 3,8% quarter-on-quarter (non-annualised growth). This contraction worsened when compared to that seen in the previous quarter. Average growth post Covid-19 remains negative, highlighting the sector's challenge in sustaining consistent growth momentum. The sector's year-on-year contraction of 3,2%, also worsened by 0,9 of a percentage point from the year-on-year results for 2024 Q4. The Western Cape's construction sector mirrored these national trends, recording a quarter-on-quarter contraction of 3,8% in the first quarter of 2025 and a year-on-year contraction of 3,2%, the latter declining by 0,7 of a percentage point from the year-on-year results of the previous quarter (Quantec, 2025).

The First National Bank/BER Building Confidence Index²² improved by 1 index point to record 41 index points in the first quarter of 2025. Sentiment results were mixed, with three survey segments reporting higher confidence (hardware retailers, quantity surveyors

and building sub-contractors) and three reporting lower confidence compared to the previous quarter. Despite the mixed performance within the index, there remains a positive outlook for the future on the expectation of improved demand following previous architect activity levels (BER, 2025i).

The City's building plans data provide insight into the construction sector. In the first quarter of 2025, the value of building completions was 44% lower quarter-on-quarter, alongside a drop in number of projects (-15%). At a year-on-year level, the number of projects was down by 9%, however the total rand value of projects increased by 7,6%. Building plan submissions totalled 4 599 for the first quarter of 2025, while building completions amounted to 1 713. This represents an improvement of 97% in submitted plans compared to the previous quarter and an 8% year-on-year improvement compared to the first quarter of 2024 (CCT, 2024d).

Figure 16: Building plans submitted to the City of Cape Town, 2015 Q1 to 2025 Q1



Source: Development Management Department, CCT, May 2024.

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.

New vehicle sales

Total vehicle sales in the Western Cape in the first quarter of 2025 increased by 6,1% (or 1 014 units) to 17 762 units sold, from the 16 748 in the fourth quarter of 2024. On a year-on-year basis, vehicle sales increased by 13,8% (2 150 units) from 15 612 vehicles sold in the same period in 2024. Passenger vehicle sales in the Western Cape, which represent the private consumer segment of the market, increased to 13 089 in the first quarter of 2025, from 12 129 vehicles in the fourth quarter of 2024 (+7,9%). The year-on-year results showed an increase of 22,8% (+2 431 units) from 10 658 passenger vehicles sold in the first quarter of 2024, marking the third consecutive quarter of year-on-year growth following four quarters of decline. This is a positive signal for the industry.

Nationally, passenger vehicle sales rose by 20,5% (16 853 units), from 82 293 in the first quarter of 2024 to 99 146 in the first quarter of 2025, reflecting continued recovery in the market. According to the March 2025 review by the National Association of Automobile Manufacturers of South Africa (2025), in March 2025, South Africa's automotive sector demonstrated notable resilience

and growth, with increases in both domestic new vehicle sales and exports. This performance was underpinned by stable inflation at 3,2% year-on-year in February and prior monetary easing, which supported consumer sentiment and credit availability. Despite ongoing macroeconomic uncertainties, the industry demonstrated its capacity to adapt to global geopolitical shifts and maintain consistent upward momentum over the long term.

Looking ahead, at the start of April 2025, the Automotive Business Council raised concerns over the impact of the tariffs proposed by the US. These measures threaten to disrupt automotive trade and burden US consumers with higher costs. The US is South Africa's third-largest automotive export market, with vehicle exports reaching R35 billion in 2024 (6,5% of South Africa's total vehicle exports). A proposed 25% tariff threatens major manufacturers in SA such as BMW, Ford and Toyota. In Cape Town specifically, the Daimler Truck company in Atlantis could be seriously impacted if the proposed tariffs are implemented (naamsa, 2025b).



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
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:	Harmonised 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
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
US:	United States of America
TEU:	twenty-foot equivalent unit
VPI:	Vehicle Pricing Index
WC:	Western Cape
WEO:	World Economic Outlook

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