2026: Q2
(April–June)



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 second quarter of 2026, covering the period from 1 April to 30 June.

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ADDITIONAL SOURCES OF INFORMATION

City of Cape Town Development Management
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City of Cape Town Electricity Generation and Distribution
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Foreword

Global pressures continued to weigh on Cape Town's economy in the second quarter of 2026. But, while we cannot control the global economy, we can shape our response to it here at home. To me, leadership in government and business means finding practical solutions that give people a better chance to improve their lives.

I was therefore encouraged by the outcomes of the South Africa Investment Conference at the start of the quarter. President Cyril Ramaphosa announced R415 billion in investment commitments towards projects, along with R474,8 billion in financing secured from financial institutions over the next five years.

Importantly, these commitments included major investments destined for Cape Town. Our City team helped secure these investments through sustained engagement and investment facilitation. I have met personally with several of the investors. It is rewarding to see those discussions turn into firm commitments with the potential to create jobs.

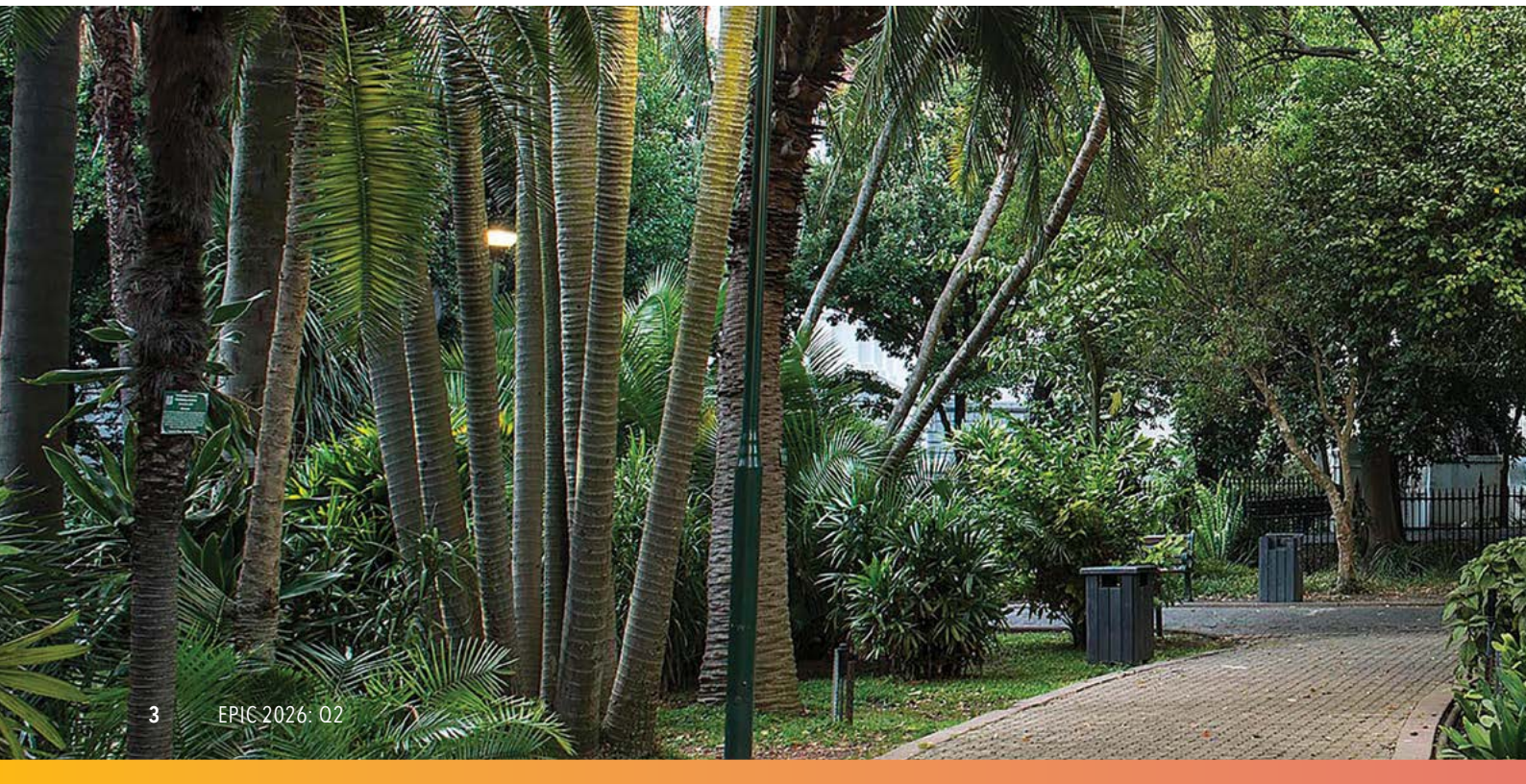
We have worked hard to make Cape Town attractive to investors and easier for businesses to establish themselves and grow, and we are seeing encouraging results.

One of our key aims throughout this latest term of office has been to make Cape Town the easiest place to do business in Africa. That starts with removing the obstacles businesses encounter every day. Our Ease of Doing Business Index helps us identify bottlenecks and shorten municipal turnaround times, including for building plan approvals and business licences. We have also expanded support to help small businesses get started and grow.

I am proud of what our teams have achieved and happy to share what we have learnt with other metros. Stronger cities benefit South Africa as a whole.

During the quarter, we also made progress on plans to put well-located municipal land to better use. Two significant proposals were announced.

The first is the proposed release of the municipal parking lot at the Civic Centre in the CBD for affordable housing and mixed-use development. It could attract substantial private investment, generate approximately R230 million in sale revenue and an estimated R50 million a year in rates and services revenue. The development is also expected to support around 3 500 jobs across construction and related sectors over its construction and life cycle, while creating new residential opportunities, including affordable housing.



The second concerns the King David Mowbray Golf Course precinct and surrounding City-owned land in Mowbray and Pinelands. The draft concept includes affordable housing combined with commercial and recreational facilities, a school, public open space and a proposed new train station.

Both proposals are still subject to public engagement and statutory processes, but our view is that well-located public land should be used in ways that bring lasting benefits to residents. So, these proposals are about using the assets entrusted to us to draw investment and bring more people closer to work and opportunity.

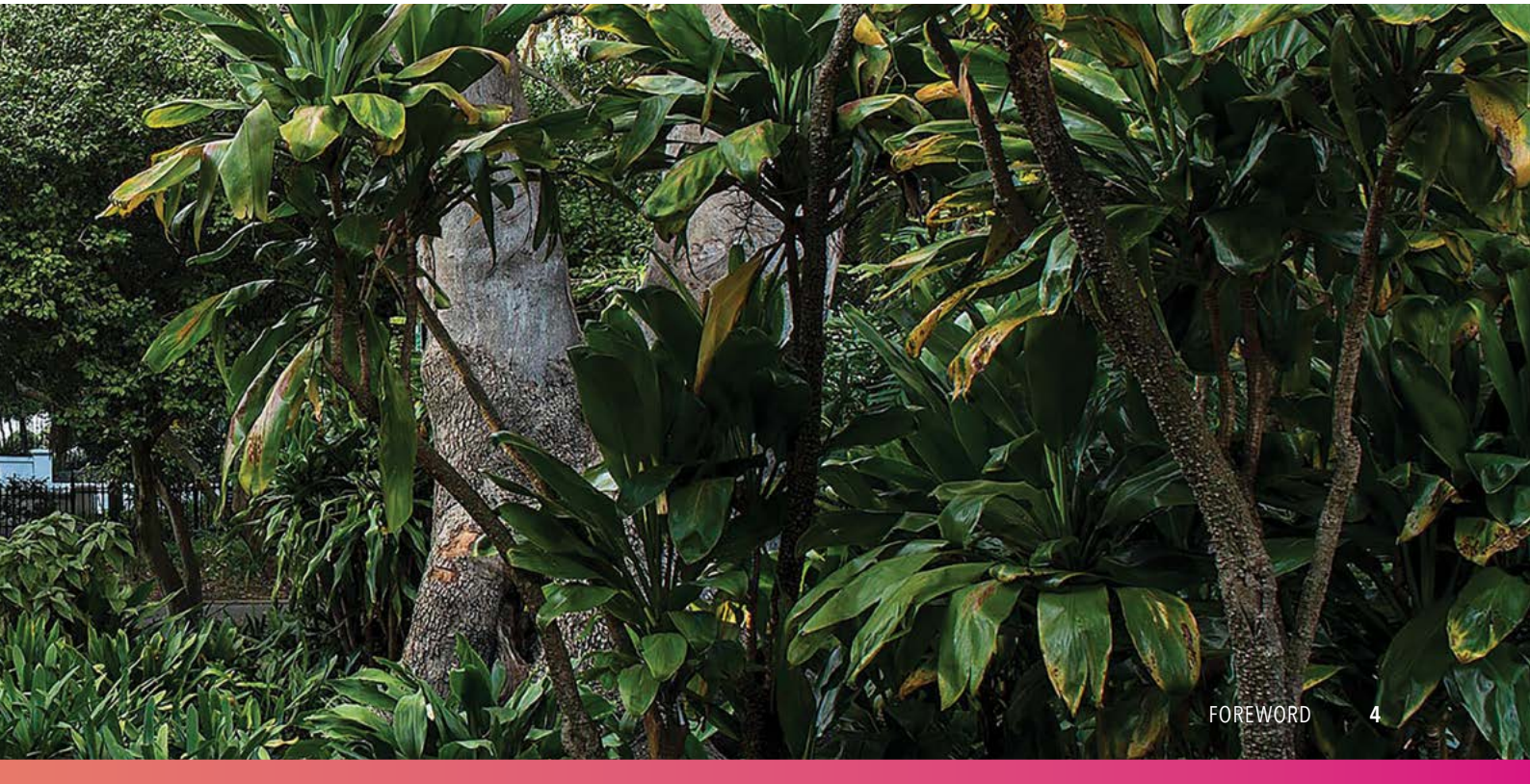
I want to thank the officials in my Economic Growth Directorate and across the City for their continued work on behalf of Capetonians. Economic growth depends on cooperation across government and with the private sector. Progress takes persistence and a willingness to solve problems together. Much of this work happens out of the spotlight. Reliable electricity and water services, timely applications and direct support for businesses all make Cape Town a better place to live and invest.

Economic growth must make a difference to daily life. It must give more Capetonians the opportunity to earn a living and build a more secure future for their families.

That is the work to which my team and I remain committed.



ALD. JAMES VOS
Mayoral Committee Member for Economic Growth



Contents

Acknowledgements 02

Foreword 03

Introduction 07

Key findings for the second quarter, 2026 08

Success stories: Monatea – bottling the spirit of the Cape for a global audience 09

Cape Town overview 2026: Q2 13

Labour overview 2026: Q2 15

01. Economic growth 17

South Africa's quarter-on-quarter economic performance 19

Global economic performance and growth forecasts 20

Western Cape and Cape Town economic performance 21

02. Inflation 25

Inflation overview 27

Geographical inflation 28

Western Cape food inflation 30

03. Labour market 31

Cape Town's labour market performance 33

Employment comparison of metros 34

Unemployment in Cape Town 35

Sector employment trends for Cape Town 36

04. Infrastructure and trade 37

Container traffic 39

Cape Town trade 41

Commercial and industrial electricity usage 43

Airport statistics 44

05. Tourism 45

06. Additional indicators 49

Building developments 51
New vehicle sales 52

Abbreviations 53
Reference list 54

List of tables

Table 1: Cape Town labour market indicators, 2026 Q2 versus 2026 Q1 and 2025 Q2 33
Table 2: Unemployment rate comparison of metros, 2026 Q2 versus 2026 Q1 and 2025 Q2 35
Table 3: Comparison of total containers handled (in TEUs), 2026 Q2 versus 2026 Q1 and 2025 Q2 40
Table 4: Cape Town's top 10 exports, 2026 Q2 42

List of figures

Figure 1: Real GDP growth for the Western Cape, 2021 Q3 to 2026 Q2 21
Figure 2: Sectoral real GDP growth rates (non-annualised) in the Western Cape and South Africa, 2026 Q2 23
Figure 3: Western Cape's sectoral economic activity compared to pre-Covid-19 levels (i.e. 2019 Q4) 24
Figure 4: CPI and PPI trends for South Africa, January 2020 to June 2026 27
Figure 5: CPI inflation rate at a provincial level, April to June 2026 28
Figure 6: Average consumer price inflation for South Africa and the Western Cape, 2026 Q2 29
Figure 7: Western Cape food price inflation, 2022 Q1 to 2026 Q2 30
Figure 8: Metro employment comparison by major sector, 2026 Q1 versus 2026 Q2 34
Figure 9: Quarterly and annual change in employment per sector for Cape Town, 2026 Q2 36
Figure 10: Total containers handled monthly (nationally), 2021 Q1 to 2026 Q2 39
Figure 11: Annual change in full TEUs handled (monthly) at the Port of Cape Town, 2021 Q1 to 2026 Q2 40
Figure 12: Cape Town's trade balance, 2021 Q1 to 2026 Q2 41
Figure 13: Cape Town's commercial electricity usage, 2021 Q1 to 2026 Q2 43
Figure 14: Total (monthly) passenger movements at South Africa's major airports, 2021 Q1 to 2026 Q2 44
Figure 15: Number of visits to tourist destinations of Cape Town, 2021 Q1 to 2026 Q2 47
Figure 16: Building plans submitted to the City of Cape Town, 2016 Q1 to 2026 Q2 51

Introduction

In this 53rd 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 April to 30 June 2026.

The second quarter of 2026 saw the realisation of the negative impacts of the geopolitical threats to the economy, which we had identified in the previous edition of EPIC. The war in the Middle East and its impact on global oil prices have materially affected South Africa and Cape Town's economic performance. Fuel price increases have weighed on both recorded headline inflation (rising to 5% at the end of June) and inflation expectations, postponing a previously anticipated rate-cutting cycle by the South African Reserve Bank and resulting instead in another rate hike in September.

While a hawkish Reserve Bank has ensured that South Africa has kept a relatively strong lid on second-round inflation in the face of considerable supply-side pressure, it is now clear that the war in the Middle East has halted the country's economic growth momentum and stalled the budding recovery. This is evident in GDP growth figures for the second quarter, which recorded a 0,2% contraction of the economy in both South Africa and the Western Cape, following six quarters of positive growth. At both the national and provincial levels, the largest sectoral drags on growth were manufacturing and the wholesale and retail trade sectors, the latter despite an uptick in consumer spending. At least part of this decline can be attributed to dampened tourist activity.

Total passenger movements at all three of the major airports in South Africa decreased in the second quarter. At Cape Town International Airport, international arrivals increased by 3,6%, reinforcing the buoyancy of this tourist segment. In contrast, domestic arrivals declined by 6,8% and accommodation establishments reported lower occupancy rates than for the same period in 2025. This reflects both the increased price of air travel over the past six months and the constraints facing South African households more generally.

It has, however, been encouraging to see the continued gross value added (GVA) growth of the construction sector, after many quarters of decline. The City's data indicates that the value of completed construction projects in the second quarter of 2026 increased by 30,6% year-on-year, corroborating the GVA finding.

Cape Town's labour market did not escape the general malaise of the South African economy in the second quarter, recording a decline in most of its labour market indicators. However, given the strength of its performance in the previous two quarters, employment in Q2 was still up (57 046) and the unemployment rate down (by 1,4 percentage points) when compared to the same period in 2025.

The impact of geopolitical shocks was also evident in Cape Town's international trade data in the second quarter, with the city's trade deficit widening to R56,2 billion, driven by the increased price of petroleum imports. While exports grew by 16,6% in the second quarter, products such as jewellery and yachts recorded declining values. This is the result of an entirely different geopolitical shock, namely the imposition of higher tariffs by the US on certain South African exports. The impact is also evident in the fact that the US has now dropped out of Cape Town's top three export destinations.

What the second quarter's economic data proves is that Cape Town is inextricably tied to the global economy through commodity prices, tourism, sentiment, investment and trade. So, when global risks multiply, they are felt locally throughout our economy. Over the short to medium term, risks and uncertainty are likely to persist. As much as the market may have priced in supply disruptions in the Strait of Hormuz, emerging risks such as proposed diesel export bans could place renewed pressure on fuel prices. But while this uncertainty places downward pressure on global growth prospects, it is counterbalanced by something equally uncertain, namely the expected productivity boost from increasing levels of AI adoption.

In an increasingly volatile, uncertain, complex and ambiguous (VUCA) world, Cape Town's success will be determined by its ability to position itself to maximise its resilience to the kind of geopolitical shocks that have characterised the last year, while also exploiting the transformative potential inherent in the geopolitical and technological step changes we are currently seeing.

PAUL COURT
Chief Economist, City of Cape Town

Key findings for 2026: Q2

Note: Unless otherwise indicated, all data pertains to the second quarter of 2026.

-0,2%

In the second quarter of 2026, the **Western Cape economy contracted by 0,2% quarter-on-quarter** (non-annualised), the same as the national economy. The largest sectoral contractions in the province were recorded in the mining and manufacturing sectors.

5,9%

The Western Cape recorded an **inflation rate of 5,9%** at the end of the second quarter, increasing slightly from the previous quarter. The national inflation rate was 5,0%.

1,84 m

The number of people **employed** in Cape Town decreased by 19 431 on a quarter-on-quarter basis, to a total of **1,84 million**.

637 458

Four of Cape Town's top **tourist attractions** recorded a total of **637 458** visitors.

60,0%

Accommodation establishments in Cape Town had an average **occupancy rate of 60,0%**.

2,46 m

Cape Town International Airport recorded **2,46 million air passenger movements**.

12,7%

On a quarter-on-quarter basis, Cape Town's **trade** recorded an increase in **exports** and **imports**. Exports were mainly led by refined petroleum and citrus fruit. On a year-on-year basis, exports improved by **12,7%** from the levels in the second quarter of 2025.

Success stories




monatea
organic
sparkling
cold-brew
rooibos
HIBISCUS
BERRY
BUCHU
0 sugar
0 kCal
ZERO
0 caffeine
0 sweetener

Monatea: Bottling the spirit of the Cape for a global audience

For many entrepreneurs, an idea for a business comes from identifying a gap in the market. For Tsepo Montsi, co-founder of Monatea, it started with a desire for a specific drink of an exceptional quality, that he simply could not find.

Today, Monatea is transforming one of South Africa's most iconic indigenous ingredients into a premium beverage brand with global ambitions. Based in Cape Town, Monatea produces premium cold-brewed sparkling rooibos drinks inspired by the Cape Floral Kingdom. The brand aims to bring a distinctly South African alternative to conventional soft drinks and deliver that to an international audience.

Rooted in the Cape

Cape Town is central to Monatea's identity. The Western Cape is the only place where rooibos grows naturally, and the Cape Floral Kingdom provides a rich source of botanical inspiration. Operating in the region keeps the company close to the growers and ingredients behind its drinks.

The city also offers skilled talent, a growing food and beverage industry and established export infrastructure. So, for Monatea, it is a good base from which to take its product to markets beyond South Africa.

A new chapter for rooibos

Monatea's success lies in its ability to reimagine rooibos for modern consumers. Rather than relying on sugar or artificial sweeteners, the company has developed beverages that layer certified organic rooibos with fruits, herbs, spices and indigenous botanicals to create complex flavour profiles. The result is a refreshing, clean-label drink that caters to consumers seeking healthier, more mindful lifestyle choices without sacrificing taste.

"It's frustrating to look at a beverage menu and realise that most options aren't compatible with a mindful lifestyle," says Tsepo. "We wanted something genuinely healthy, genuinely delicious and sophisticated enough to enjoy in any setting without it feeling like a compromise, and without sugar, sweeteners or alcohol."

This commitment to zero-compromise has become a defining feature of the brand and a key differentiator in an increasingly crowded beverage market.

Innovation meets persistence

Building a premium beverage business is no easy task, particularly when competing against some of the world's largest consumer brands.

Over the past six years, Monatea has invested heavily in product development, quality systems and technical expertise. The company has refined its recipes and production processes to achieve the consistency and shelf stability required for both retail and export markets.

The brand has also earned and maintained rigorous certifications, including EU and USDA Organic certification for five consecutive years, as well as Halaal and Kosher certification. These credentials not only strengthen consumer trust but also support access to international markets.

For Tsepo, however, one of the company's greatest achievements is simply its resilience and persistence. "Our biggest achievement is that we're still in the fight! We started this business six years ago alongside many other food and beverage startups, very few of which are still around. But we back ourselves, we back our products, and we're steadily moving towards a future where Monatea is the global ambassador for the awesomeness that is South Africa."



Scaling responsibly

As demand grows, Monatea's focus is on scaling sustainably and strategically. But growth brings practical challenges, particularly the cost of increasing production and keeping enough stock available.

Monatea wants to strengthen its position in South African retail and hospitality while developing export markets. Its international focus includes the UK, Europe, North America and selected Asian markets.

The company is working with retailers and distributors, improving production planning and taking part in export-readiness programmes. Sampling remains important because customers often need to taste an unsweetened drink before they understand its appeal.

Innovation also remains central to the business. Tsepo is exploring new products and production methods, including a centrifugal cold-brewing process. The challenge, he says, is staying focused on the existing range while developing new ideas.

Creating shared value

Sustainability is woven into Monatea's business model. The company uses certified organic rooibos and works with South African suppliers. It also recognises the need to protect indigenous botanical knowledge and meet benefit-sharing requirements when using these resources commercially. As Monatea grows, it hopes to create jobs and more opportunities for local growers and suppliers.

Looking ahead

Tsepo wants Monatea to become a recognisable South African brand abroad, without losing the connection to Cape Town that shaped it. His ambition for the next five years is for Monatea to be known worldwide as the "**Official Taste of Summer in Cape Town.**"

Visit the Monatea website at **drinkmonatea.com.**

Cape Town overview 2026: Q2

Gross domestic product (GDP) | Western Cape



R680 b

The **Western Cape** accounted for **R680 billion**[a] of the **R4,75 trillion gross domestic product (GDP)** generated by **South Africa** in the second 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.

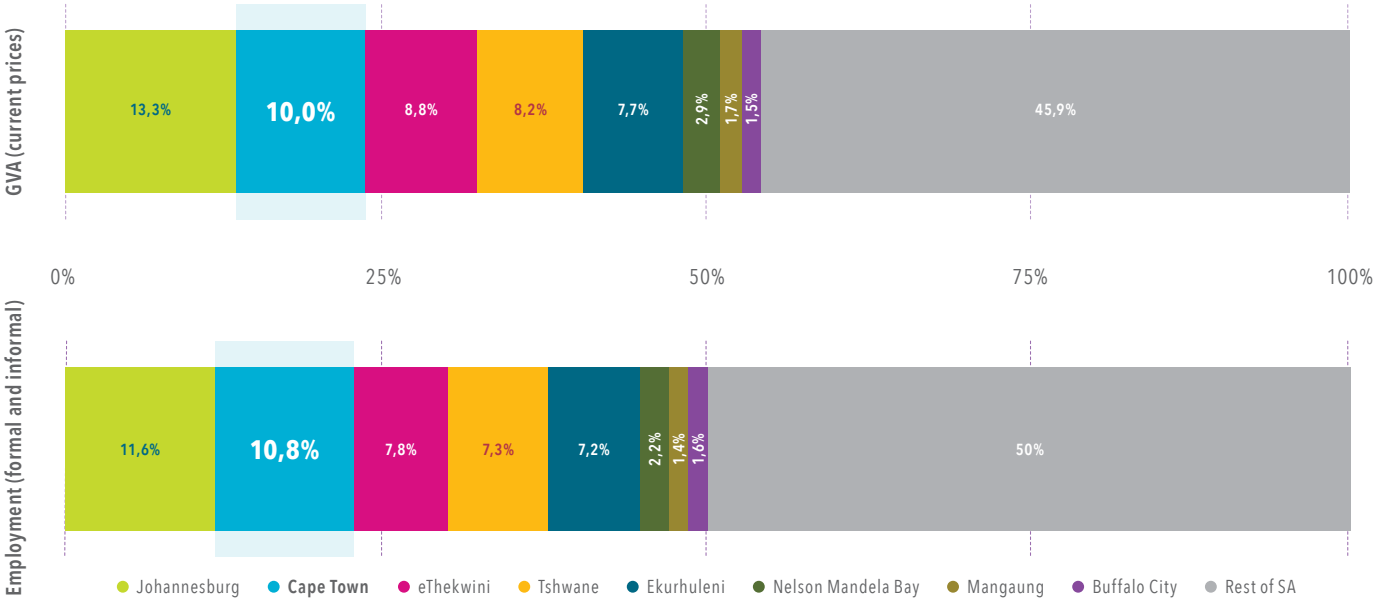
GDP growth rate | Western Cape



-0,2%

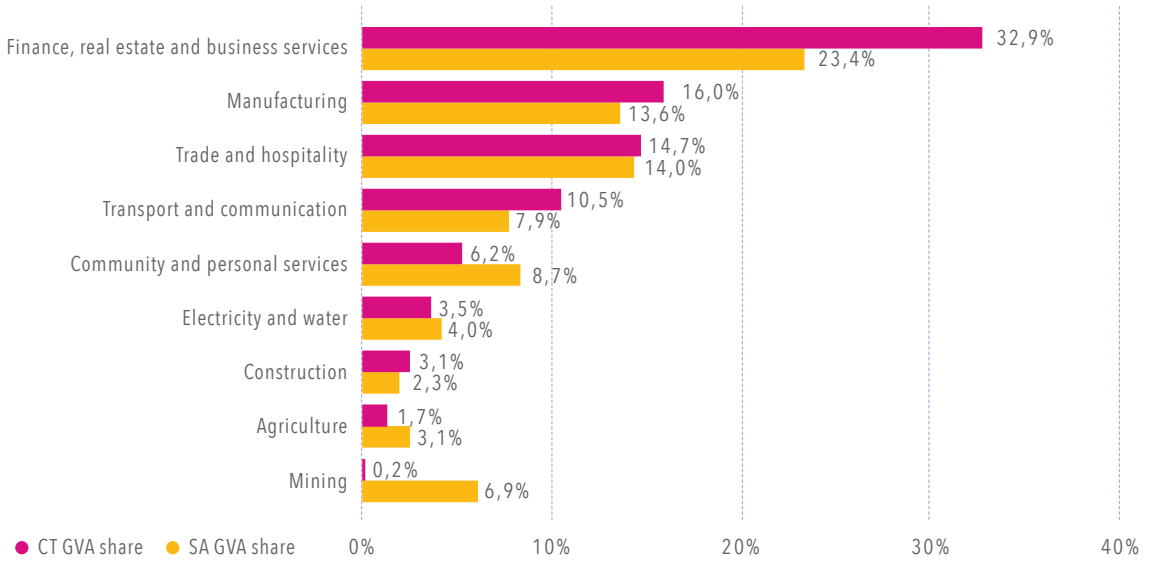
During the second quarter of 2026, the **Western Cape GDP** and **national GDP** contracted by **0,2%**.[b]

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: 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[e]



Inflation | Western Cape

5,9%

At the end of the second quarter of 2026, **South Africa** had an **inflation rate** of **5,0%**. The **Western Cape's inflation rate** for the same period was **5,9%**.[c]

Population | Cape Town

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 | Cape Town

0,64

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

Air passengers | Cape Town International

2 456 065

During the second quarter of 2026, **2 456 065 passengers** moved through **Cape Town International Airport**.[i]

Attractions | Cape Town

637 458

Four of **Cape Town's major attractions** recorded **637 458 visits** in the second quarter of 2026.[h]

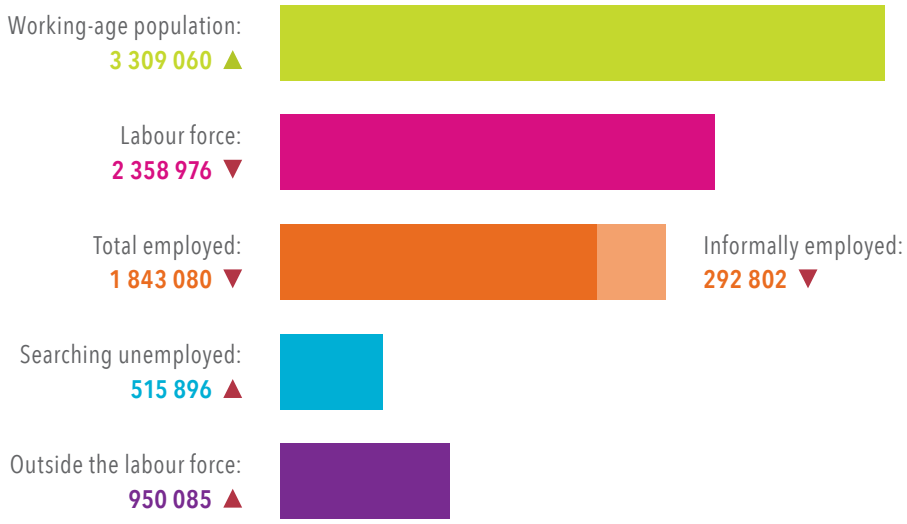
Labour overview 2026: Q2

Labour market indicators[1]

Quarter-on-quarter changes:

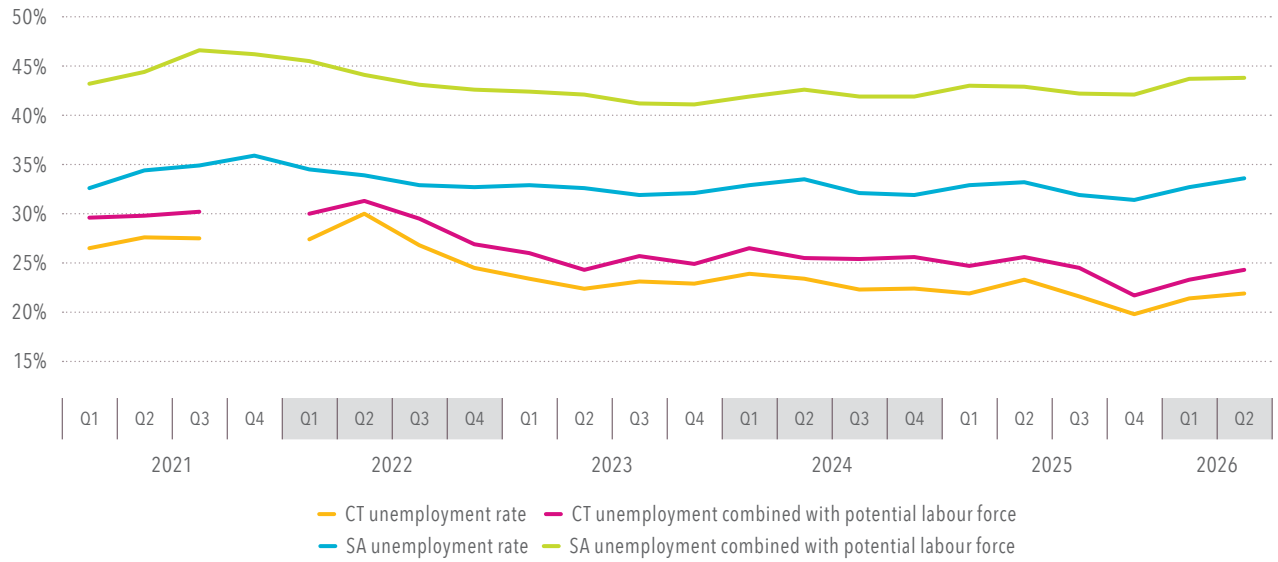
△ Increase
▽ Decrease

Improvement
Deterioration



Labour force participation rate (strict) = **71,3%** Labour absorption rate = **55,7%**

Unemployment rates for South Africa and Cape Town, 2021 Q1 to 2026 Q2



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 2, August 2026.
Note: No city-level data published for 2021 Q4.

1 *All full figures are totals for the quarter under review. 'Unemployed (strict)' has been renamed 'Searching unemployed'. 'Not economically active' has been renamed 'Outside the labour force'. The unemployment rate is officially defined to include only people who are actively seeking work. The 'unemployment rate combined with potential labour force', 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.




SIRDICKS

South Africa's quarter-on-quarter economic performance

The South African economy contracted by 0,2% quarter-on-quarter (non-annualised) in the second quarter of 2026. This is a decline of 0,66 of a percentage point when compared to the previous quarter (0,4%), following six consecutive quarters of growth. The Bureau for Economic Research (BER, 2026a) noted that this quarter comes on the back of heightened geopolitical conflict which placed upward pressure on oil and fuel prices. The country's performance is slightly worse than the Bloomberg and Reuters consensus forecast for a 0,1% contraction. Alongside the downwardly revised 2026 Q1 performance, the BER notes that lower momentum going into the second half of the year places further pressure on total growth for 2026 which is currently estimated at 1,3% (BER, 2026b).

At the national level, seven sectors recorded growth in the second quarter of 2026. The largest growth rate was recorded in the electricity and water sector, which grew by 1,0%. However, due to its small share of the economy (2%), it added minimally to the total national growth rate. This was followed by general government, which also recorded 1,0% quarter-on-quarter growth, and transport and communication (0,9%), each adding 0,1 of a percentage point to the total national growth rate. The community and personal services sector recorded 0,6% growth and added 0,1 of a percentage point to the total national growth rate. Growth was also recorded in construction (0,4%), agriculture (0,3%) and finance, real estate and business services (0,3%).

While only three sectors recorded contractions in the second quarter of 2026, their impact outweighed the contributions of the growing sectors. The largest contraction was recorded in the mining sector, with -3,0% quarter-on-quarter, subtracting 0,1 of a percentage point from the total national growth rate. The trade and hospitality sector recorded a contraction of 1,9% quarter-on-quarter, and manufacturing -1,8% quarter-on-quarter, each subtracting 0,2 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 declined by 8 points to 39 index points in the second quarter of 2026, indicating that most respondents are dissatisfied with the prevailing business conditions. This resulted in the index falling below the long-term average[2] of 40 index points (BER, 2026c).

Similarly, the FNB/BER Consumer Confidence Index (CCI) remains significantly low.[3] Following several quarters of gradual improvement, the index dropped from -7 in the previous quarter to -19 index points in the second quarter of 2026. FNB notes that the sharp decline in consumer sentiment is attributed to the geopolitical conflict with Iran as well as the continued closure of the Strait of Hormuz, notably placing pressure on fuel prices (BER, 2026d).

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 second quarter of 2026 was 50,2 index points, improving by 1,8 index points from the previous quarter. Some readings below the 50-point mark during the quarter signal that manufacturing activity remains in contractionary territory (BER, 2026e; BER, 2026f; BER, 2026g).

2 *The long-term average of the RMB/BER Business Confidence Index is based on the full dataset, starting from 1969 Q1 (BER, 2026c).*

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 International Monetary Fund (IMF) revised its expectations for global growth for 2026 down from 3,1% to 3,0%. The downward revision reflects the continued conflict in the Middle East and disruptions to crude oil supply, despite being partly offset by demand for, and adoption of, AI technologies. Growth for 2027 was upwardly revised by +0,2 of a percentage point, to 3,4%.

Growth expectations for 2026 have been similarly revised downward to 1,7% for advanced economies and 3,8% for emerging and developing economies. Growth for 2027 was revised upward, to 1,8% for advanced economies and 4,5% for emerging and developing economies.

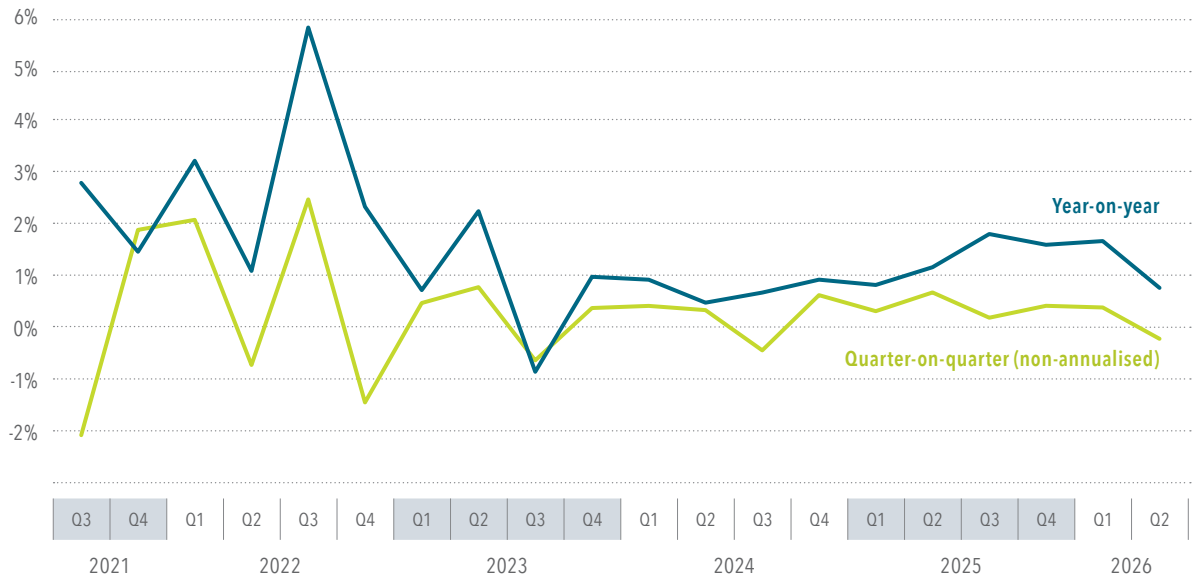


Western Cape and Cape Town economic performance

The Western Cape economy accounts for 14% of South Africa's total GDP. The province's economy recorded a non-annualised quarter-on-quarter contraction of 0,2% for the second quarter of 2026, with GDP of R680 billion[4] in constant 2015 prices (R1,09 trillion in current prices). This quarter-on-quarter performance is a decline of 0,61 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 dropped by 1,1 percentage points to 0,9% for the second quarter of 2026. Provincial year-on-year growth declined by 0,9 of a percentage point to 0,8%.

Figure 1: Real GDP growth for the Western Cape, 2021 Q3 to 2026 Q2



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 second quarter of 2026, seven sectors recorded growth while three sectors recorded contractions.

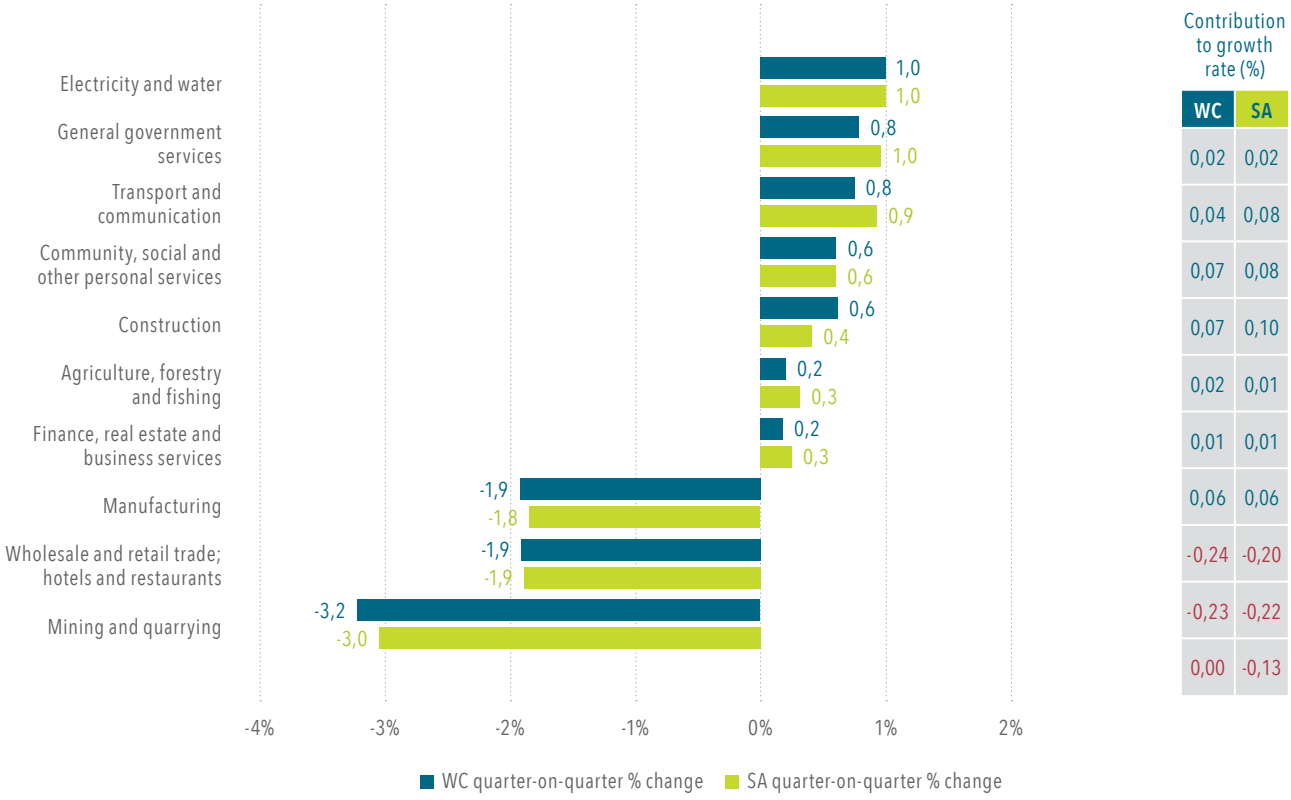
The largest sectoral quarter-on-quarter growth recorded in the province was in electricity and water which grew by 1,0%, adding minimally to the total provincial growth rate. This was followed by general government and transport and communication, which each recorded 0,8% quarter-on-quarter growth, and added 0,04 and 0,07 of a percentage point, respectively, to the total provincial growth rate.

The construction sector recorded its second consecutive quarter of growth, improving by 0,2 of a percentage point to record 0,6% for the second quarter. The community, social and personal services sector also recorded 0,6% quarter-on-quarter growth and added 0,07 of a percentage point to the total provincial growth rate. Further growth was recorded in agriculture and finance, real estate and business services, each recording growth of 0,2% quarter-on-quarter, adding 0,01 and 0,06 of a percentage point to the total provincial growth rate.

The mining sector recorded the largest contraction at the provincial level in the quarter under review, with -3,2% quarter-on-quarter. However, due to its small share of the economy (0,1%) its impact on the growth rate was insignificant. The manufacturing as well as trade and hospitality sectors each recorded contractions of 1,9% quarter-on-quarter, and each subtracted 0,2 of a percentage point from the total provincial growth rate for the second quarter. Combined, these contractions outweighed the contributions of the growing sectors in Q2.



Figure 2: Sectoral real GDP growth rates (non-annualised) in the Western Cape and South Africa, 2026 Q2



Contribution to growth rate (%)

WC	SA
0,02	0,02
0,04	0,08
0,07	0,08
0,07	0,10
0,02	0,01
0,01	0,01
0,06	0,06
-0,24	-0,20
-0,23	-0,22
0,00	-0,13

Source: Quantec, 2026.

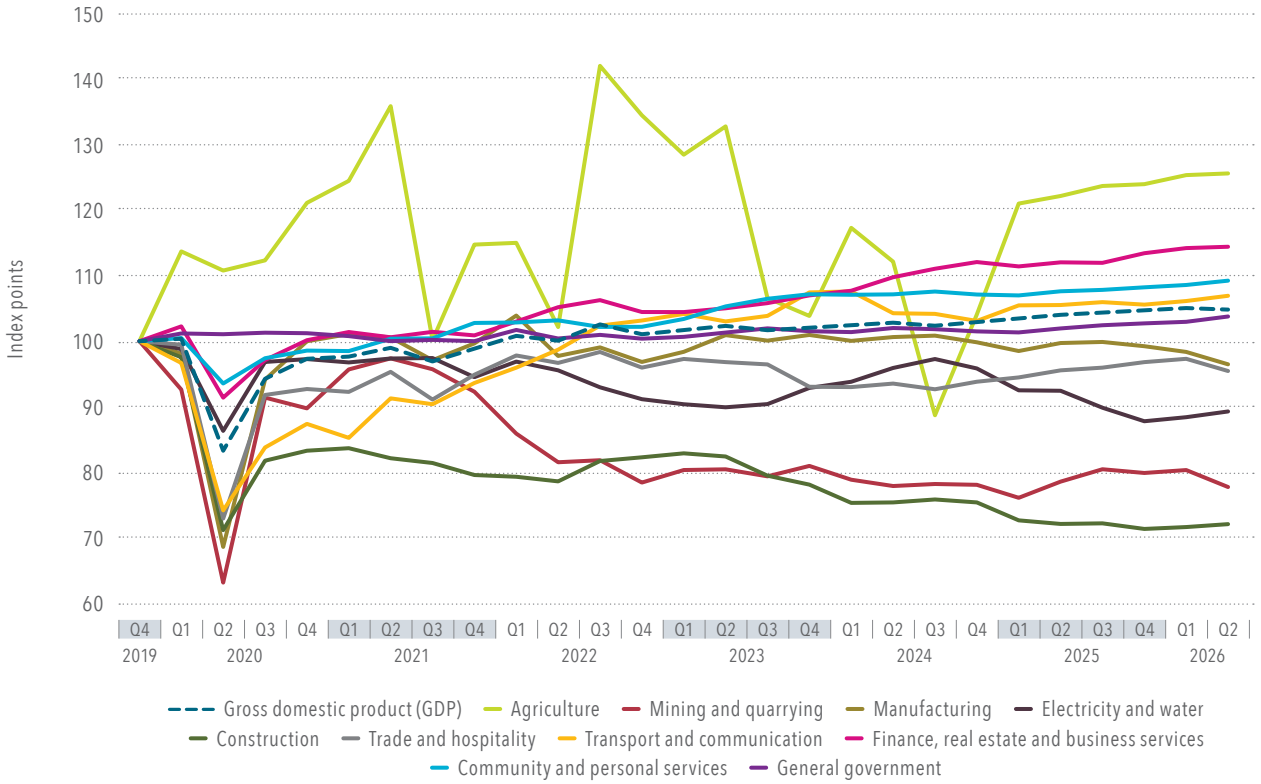
Cape Town accounts for 72% of the Western Cape's total output (Quantec, 2026). This means that, in the absence of city-level data for the current quarter, the city's performance is likely to follow the provincial performance for the second quarter of 2026. The positive performance of the finance, real estate and business, and transport and communication sectors may carry greater weight at the local level, as they are among the largest contributors to the local economy (37% and 12% of GDP, respectively).

In the last 10 years, the variation between the city's GDP growth rate and the provincial growth rate[6] has been 0,2 of a percentage point on average. If this were to hold true for the second quarter of 2026, a plausible range for Cape Town's non-annualised and seasonally adjusted quarter-on-quarter economic growth in 2026 Q2 is between 0,0% and -0,4%.

While the Western Cape's total GDP has remained above pre-Covid-19 levels since the third quarter of 2022, it is useful to

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 period, 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.

compare economic activity at the sectoral level to pre-Covid-19 levels, to monitor economic recovery. Figure 3 illustrates that by the second quarter of 2026, economic activity in five sectors remained higher than their respective levels in the fourth quarter of 2019. These sectors are: the finance, real estate and business services; community and personal services; agriculture; 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 those achieved in 2019 Q4 for the seventh consecutive quarter, a concerning signal especially as the index has been dropping further over the last three quarters.

Reflecting the sector's challenges is the Absa Purchasing Managers' Index which averaged 50,2 index points for the second quarter of 2026. While the index remains relatively low, it surpassed the 50-point mark for the majority of the quarter (BER, 2026e; BER, 2026f; BER, 2026g).

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 were updated in 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).[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, 2025).



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



Inflation overview

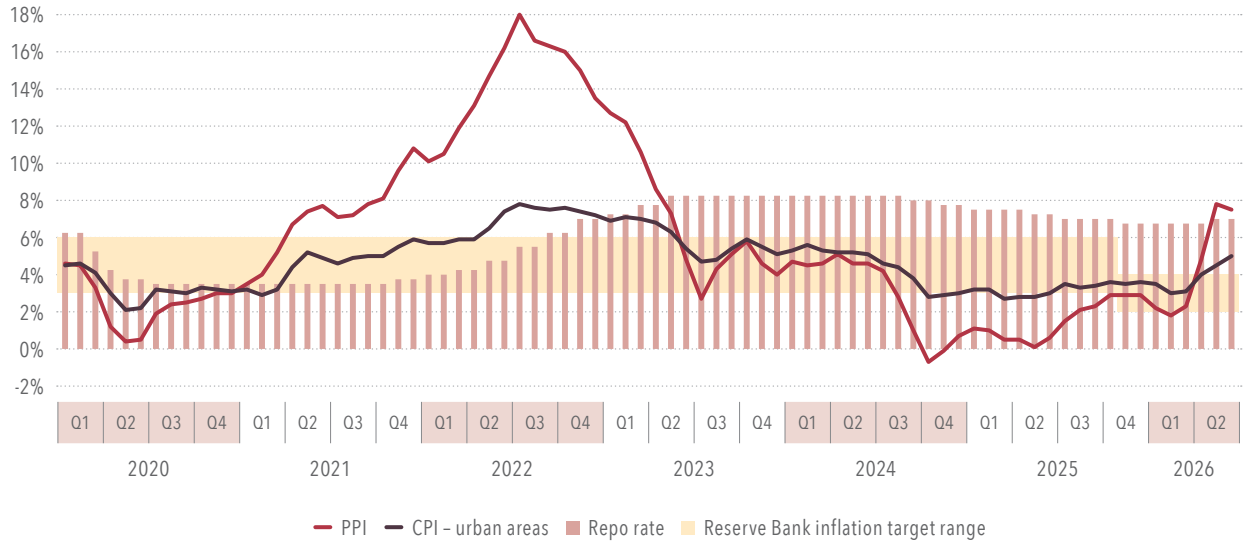
In June 2026, the Consumer Price Index (CPI)[8] increased to 5,0% compared to 3,1% at the end of the previous quarter. As illustrated in figure 4, the CPI increased to 4,0% in April, with further increases to 4,5% in May and 5,0% in June. The quarterly average of 4,5% exceeded the upper limit of the South African Reserve Bank's (SARB) tolerance band[9] around its new lower 3% target for the first time since it was implemented.

The main inflation pressures at the end of the quarter were transport, housing and utilities, and insurance and financial services. According to the July Monetary Policy Statement (SARB, 2026a), inflation has faced upward pressure from oil price volatility because of geopolitical conflict around the Strait of Hormuz. The heightened uncertainty has dampened investor sentiment, while business and consumer sentiment also remain muted.

For the second quarter of 2026, the Producer Price Index (PPI)[10] rose to an average of 6,7%, after averaging 2,1% in the previous quarter. The index recorded a reading of 4,8% in April, then climbed to 7,8% in May before a slight decrease to 7,5% in June 2026. The main inflationary contributors to the PPI in June (in terms of final manufactured products) were coke, petroleum, chemical, rubber and plastic products, as well as paper and printed products (Statistics South Africa, 2026).

Figure 4 illustrates changes in the CPI, the PPI and the repo rate. The repo rate was raised by 25 basis points in May, to 7%, underpinned by heightened upward inflationary pressures (SARB, 2026a). According to the July 2026 MPC statement (SARB, 2026b), the repo rate has since been left unchanged. Globally, two of the major central banks (Bank of Japan and the European Central Bank) increased their lending rates while three opted to leave their respective rates unchanged. Price stability remains a focus. Locally, growth is expected to slow in the second and third quarters of 2026.

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



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

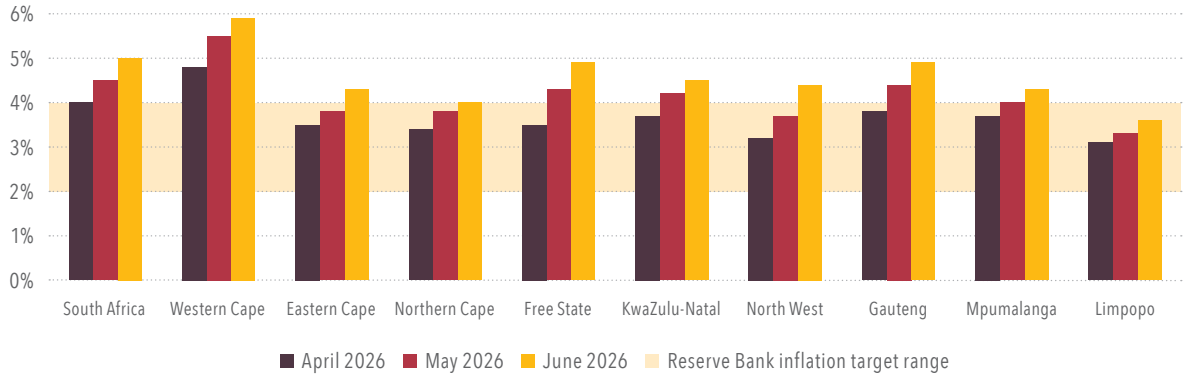
8 *Headline CPI is recorded and reported on for urban areas.*
9 *The South African Reserve Bank and National Treasury formally changed the inflation target on 12 November 2025, replacing the long-standing 3–6% range with a new point target of 3% and a 1 percentage point tolerance band (National Treasury, SARB, 2025).*
10 *According to Statistics South Africa (2024), 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 5,9% at the end of the second quarter of 2026, notably higher than the previous quarter's 3,5%. Higher inflation than the national figure was recorded in eight of the 13 categories. Some of 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 second quarter of 2026 across all nine provinces. Compared to the end of the first quarter of 2026, all nine provinces recorded increases. The Western Cape recorded the highest average inflation rate for the quarter with 5,4%, followed by Gauteng and the Free State, each with 4,9%. Limpopo posted the lowest average inflation rate at 3,3% for 2026 Q2.

Figure 5: CPI inflation rate at a provincial level, April to June 2026



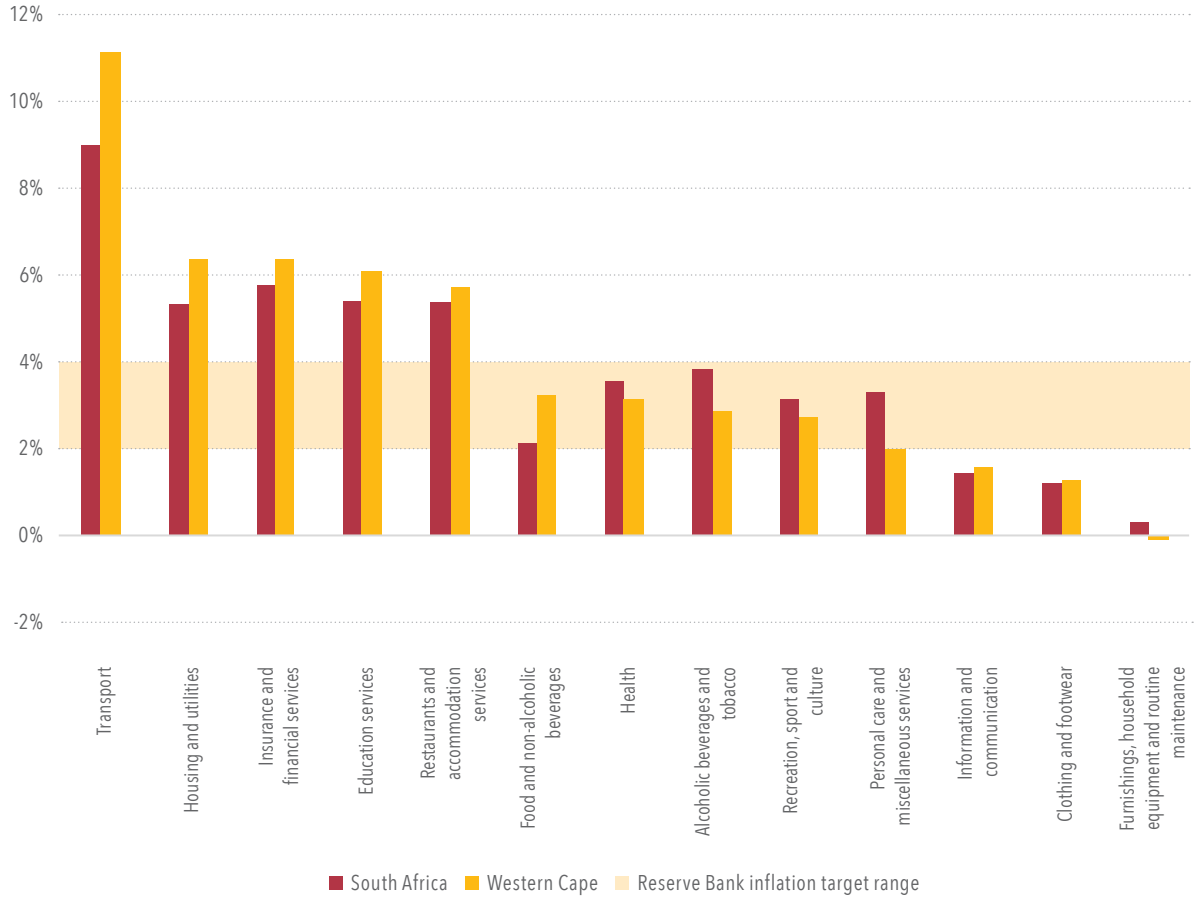
Source: Statistics South Africa, September 2026.



As indicated in figure 6, the key upward inflation drivers for both the province and the country were broadly similar. In the second quarter of 2026, in both the Western Cape and nationally, transport recorded the highest average inflation rates, at 11,1% and 9,0%, respectively. This was followed by housing and utilities with recordings of 6,4% and 5,3%, respectively. Insurance and financial services followed with recordings of 6,4% and 5,8%, respectively.

Furnishings, household equipment and routine maintenance was the only category to record average deflation in 2026 Q2, with -0,1% in the Western Cape.

Figure 6: Average consumer price inflation for South Africa and the Western Cape, 2026 Q2



Source: Statistics South Africa, September 2026.

Western Cape food inflation

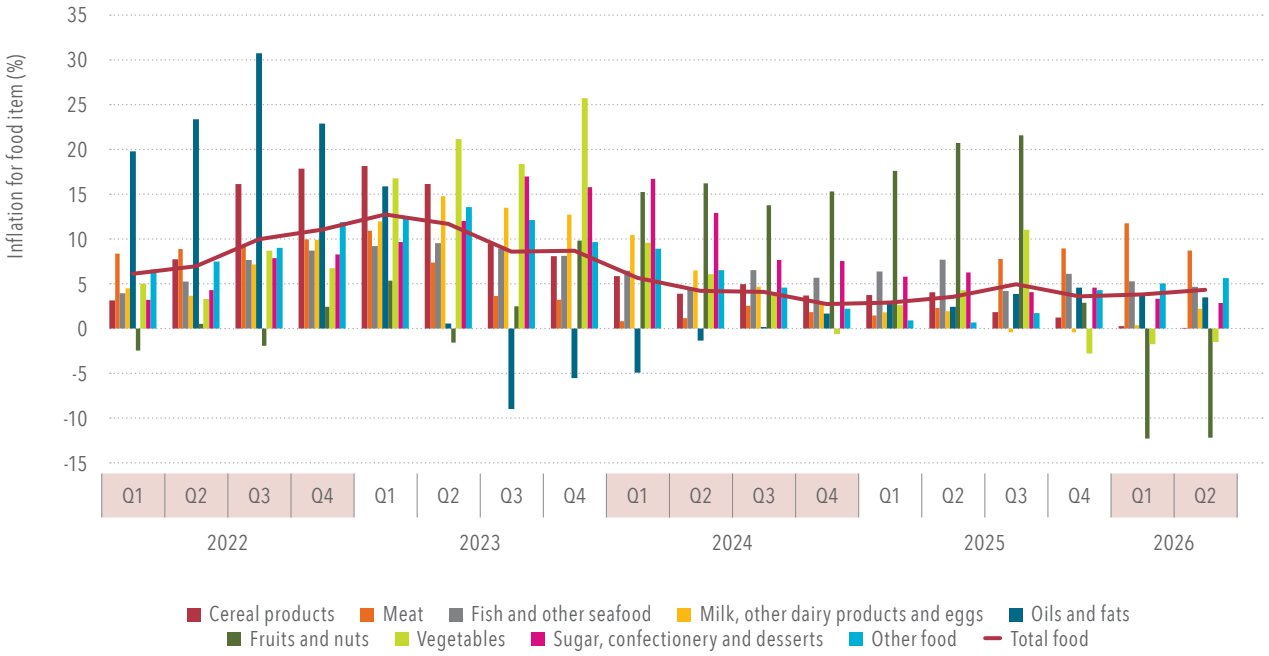
Figure 7 tracks food price inflation in the Western Cape. Monitoring food price changes has become increasingly important as household incomes continue to face pressure, threatening access to affordable food for many families. Food price inflation continued to edge upwards, recording 4,3% in the second quarter of 2026, up from 3,8% in quarter 1.

In the second quarter of 2026, seven of the nine tracked food items recorded price increases. Meat recorded the highest price inflation in Q2 at 8,7%, which was 3 percentage points lower than in the previous quarter. Beef remains under pressure while vaccination efforts continue (BFAP, 2026). This was followed by other food with 5,6% price inflation, and fish and other seafood with 4,7% price inflation. The largest increase in price inflation was recorded in milk, other dairy products and eggs whose price inflation rose by 1,8 percentage points compared to the previous quarter.

Prices of fruits and nuts fell by 12,2%, representing the largest decline, but only improving by 0,1 of a percentage point from the previous quarter's price deflation. Vegetable prices fell by 1,5%, also easing slightly from the previous quarter.

According to BFAP (2026), fuel and electricity price inflation – driven largely by geopolitical instability – continues to place pressure on consumers. Food commodity prices are expected to remain relatively moderate in the short term, with meat price inflation expected to continue its downward trend. However, looking ahead, the El Niño weather cycle may reduce planting activity going into 2027, an upside risk to prices.

Figure 7: Western Cape food price inflation, 2022 Q1 to 2026 Q2



Source: Statistics South Africa, September 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 second quarter of 2026, Cape Town's working-age population increased to 3,31 million but the labour force decreased to 2,36 million individuals. However, both are higher on a year-on-year basis. Employment shrank by 19 431 quarter-on-quarter, but earlier growth meant there was still a year-on-year increase of 57 046. The quarterly losses reflect the trend of the greater South African labour market, which saw a decrease in employment of 15 657 individuals quarter-on-quarter. The Cape Town losses translated into a deterioration in labour market efficiency, with the labour absorption rate decreasing to 55,7% from the 56,5% recorded in the previous quarter. The labour force participation rate also dropped to 71,3% from 71,8% over the same period.

Table 1: Cape Town labour market indicators, 2026 Q2 versus 2026 Q1 and 2025 Q2

Metro	Recorded			Quarter-on-quarter change	Year-on-year change
	2026 Q2	2026 Q1	2025 Q2	(vs 2026 Q1)	(vs 2025 Q2)
Working-age population	3 309 060	3 298 427	3 266 037	10 633	43 023
Labour force	2 358 976	2 368 997	2 329 274	-10 021	29 702
Employed: Total[11]	1 843 080	1 862 511	1 786 034	-19 431	57 046
Employed: Formal sector	1 447 792	1 469 202		-21 410	
Employed: Informal sector	292 802	294 309		-1 507	
Searching unemployed[12]	515 896	506 486	543 240	9 410	-27 344
Outside the labour force[13]	950 085	929 430	936 763	20 655	13 322
Discouraged work seekers	30 856	29 875	23 742	981	7 114

Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 2, August 2026.
Note: Due to changes in methodology and standards applied, there is currently no historic data for formal and informal sector employment.

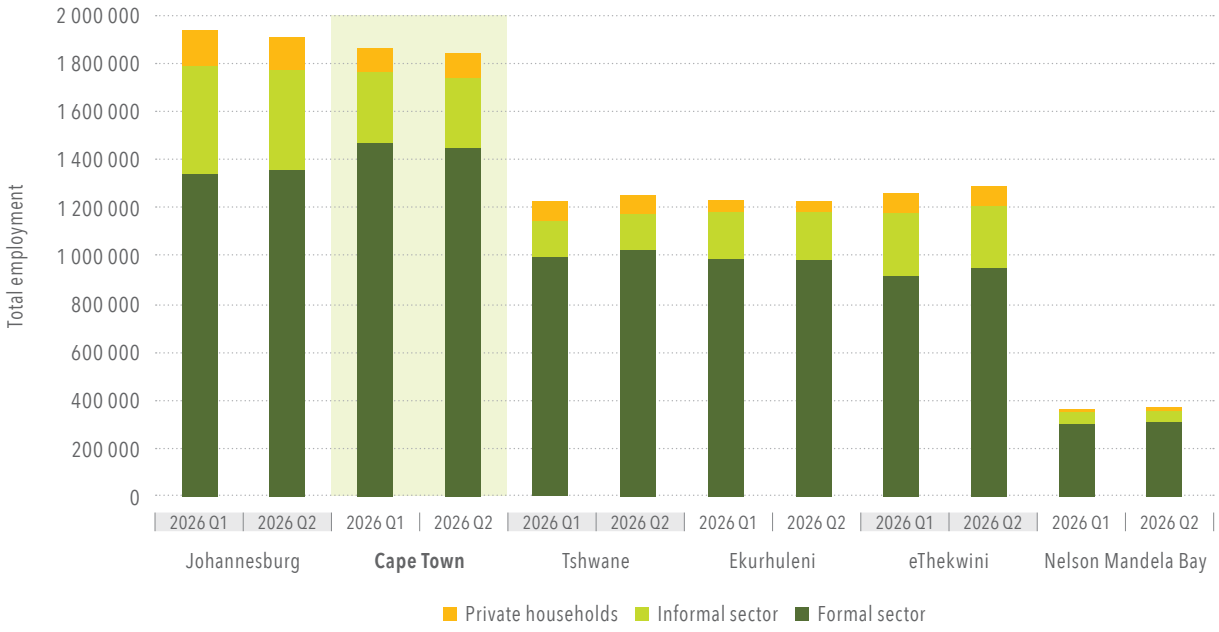
11 *'Total employment' comprises 'formal' and 'private households' employment.*
12 *'Searching unemployed' was previously named 'Unemployed (strict)'.*
13 *'Outside the labour force' was previously named 'Not economically active'.*

Employment comparison of metros

When assessing Cape Town's employment performance, it is useful to compare it to other metropolitan areas (metros)[14] in South Africa. In the second quarter of 2026, Cape Town maintained its position as the metro with the second-largest employed population, totalling approximately 1,84 million individuals. Johannesburg ranked first with 1,91 million employed persons, which is to be expected given its larger population base.

As seen in figure 8, when compared to the previous quarter, three metros recorded positive employment growth, and three other metros recorded contractions. eThekwini added 30 457 employed individuals, followed by Tshwane (up by 21 975 individuals) and Nelson Mandela Bay (6 923). Johannesburg experienced the largest decline in employment, with employment down by 27 903 individuals, followed by Cape Town (19 431) and Ekurhuleni (2 777).

Figure 8: Metro employment comparison by major sector, 2026 Q1 versus 2026 Q2



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 2, August 2026.

In Cape Town, formal employment decreased quarter-on-quarter by 21 410 individuals, to a total of 1,45 million individuals in the second quarter of 2026. Informal employment also contracted over the same period, decreasing by 1 507 individuals to 292 802 in total. In contrast, employment in private households rose by 3 486 quarter-on-quarter, bringing the number of individuals employed in this sector to 102 485.

14 *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 9 410 to 515 896; however, year-on-year, Cape Town still recorded a decrease of 27 344. After the unemployment rate reached a 16-year low in the fourth quarter of 2025 (excluding the temporary distortion caused by the Covid-19 period), there has been a second consecutive quarterly increase, reaching 21,9% this quarter. The rate is still 1,4 percentage points lower than in the second quarter of 2025.

The number of discouraged work seekers increased over the quarter, rising marginally from 29 875 individuals in the first quarter of 2026 to 30 856 individuals in 2026 Q2. 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,[15] from 23,3% in the previous quarter to 24,3% in the second quarter of 2026. This rate was also lower, by 1,3 percentage points, than in the same period in 2025.

Table 2: Unemployment rate[16] comparison of metros, 2026 Q2 versus 2026 Q1 and 2025 Q2

Metro	Unemployment rate			Combined rate of unemployment and potential labour force		
	2026 Q2	2026 Q1	2025 Q2	2026 Q2	2026 Q1	2025 Q2
Cape Town	**21,9%**	**21,4%**	**23,3%**	**24,3%**	**23,3%**	**25,6%**
eThekwini	34,6%	32,4%	34,7%	42,7%	38,7%	42,7%
Ekurhuleni	21,2%	22,3%	26,8%	37,8%	39,6%	42,1%
Johannesburg	35,9%	34,7%	33,0%	40,1%	42,8%	37,3%
Nelson Mandela Bay	33,1%	29,8%	26,4%	38,1%	39,8%	35,0%
Tshwane	34,2%	36,8%	30,8%	38,8%	40,7%	35,0%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 2, August 2026.

When compared to the previous quarter, only Ekurhuleni and Tshwane recorded decreases in unemployment rates, while the remaining four metros experienced increases. For the combined rate of unemployment and potential labour force indicator, Cape Town and eThekwini recorded increases quarter-on-quarter. Tshwane registered the largest decrease in its unemployment rate, falling by 2,6 percentage points, and eThekwini recorded the largest increase in its combined rate, at 4 percentage points.

Cape Town recorded the lowest difference between its two rates of unemployment (2,4 percentage points), while Ekurhuleni recorded the largest difference (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 and available potential work seekers in each of the metros.

15 *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'.*

16 *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.*

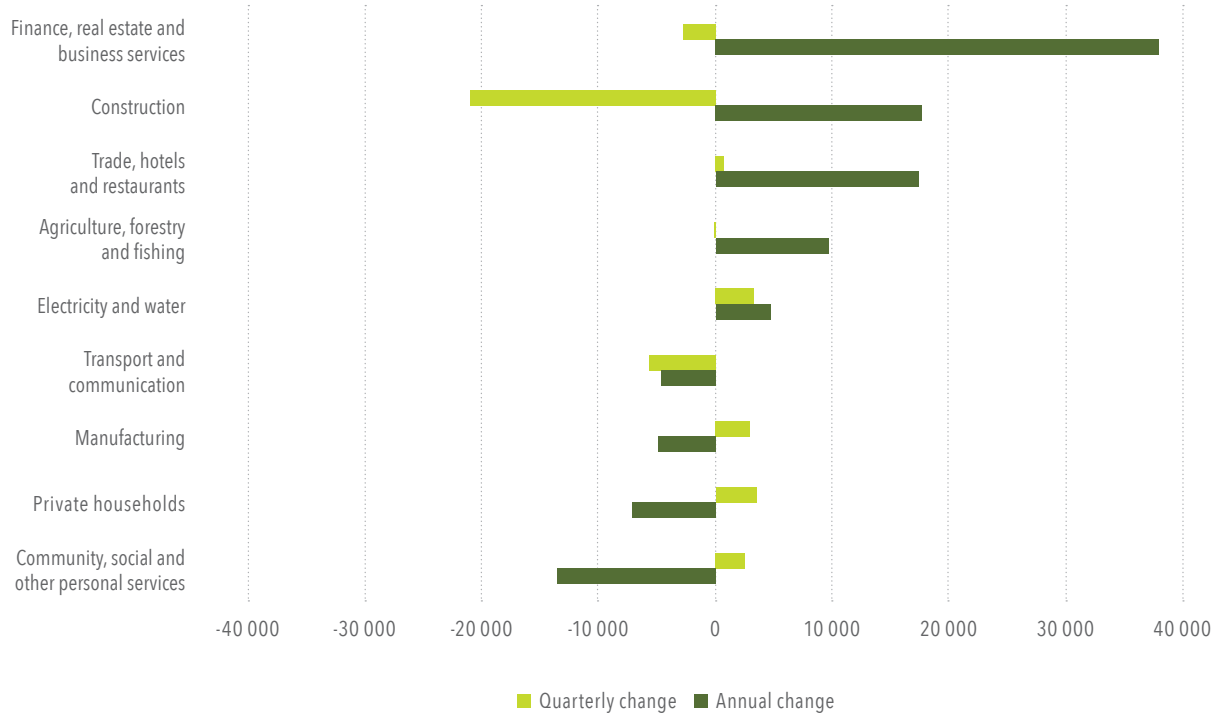
Sector employment trends for Cape Town

Figure 9 depicts the change in the level of employment by sector in Cape Town in the second quarter of 2026, compared to the first quarter of 2026 and the second quarter of 2025. From the last quarter, private households were the largest contributor to job creation, adding 3 486 jobs. This was followed by electricity and water (3 291 jobs), manufacturing (2 925 jobs), and community, social and other personal services (2 528 jobs). Marginal gains were seen in the trade, hotels and restaurants sector, with 691 jobs added.

In contrast, construction experienced the most significant decline, shedding 21 014 jobs. This was followed by the transport and communication sector with a drop of 5 704 jobs and the finance, real estate and business services sector, which lost 2 756 jobs. Agriculture, forestry and fishing recorded a more modest decline of 124 jobs.

When compared with the second quarter of 2025, Cape Town's labour market shows a notably stronger performance, with five sectors contributing positively to employment growth and four 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 37 968 jobs. This was followed by construction (up by 17 667 jobs); trade, hotels and restaurants (up by 17 364 jobs); and agriculture, forestry and fishing (up by 9 641 jobs). A smaller gain was observed in electricity and water, which was up by 4 699 jobs. Employment in community, social and other personal services decreased by 13 565 jobs over the period, with decreases also seen for private households (down by 7 122 jobs), manufacturing (4 957 jobs), and transport and communication (4 651).

Figure 9: Quarterly and annual change in employment per sector for Cape Town, 2026 Q2



Source: Statistics South Africa, Quarterly Labour Force Survey, 2026 Quarter 2, August 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.

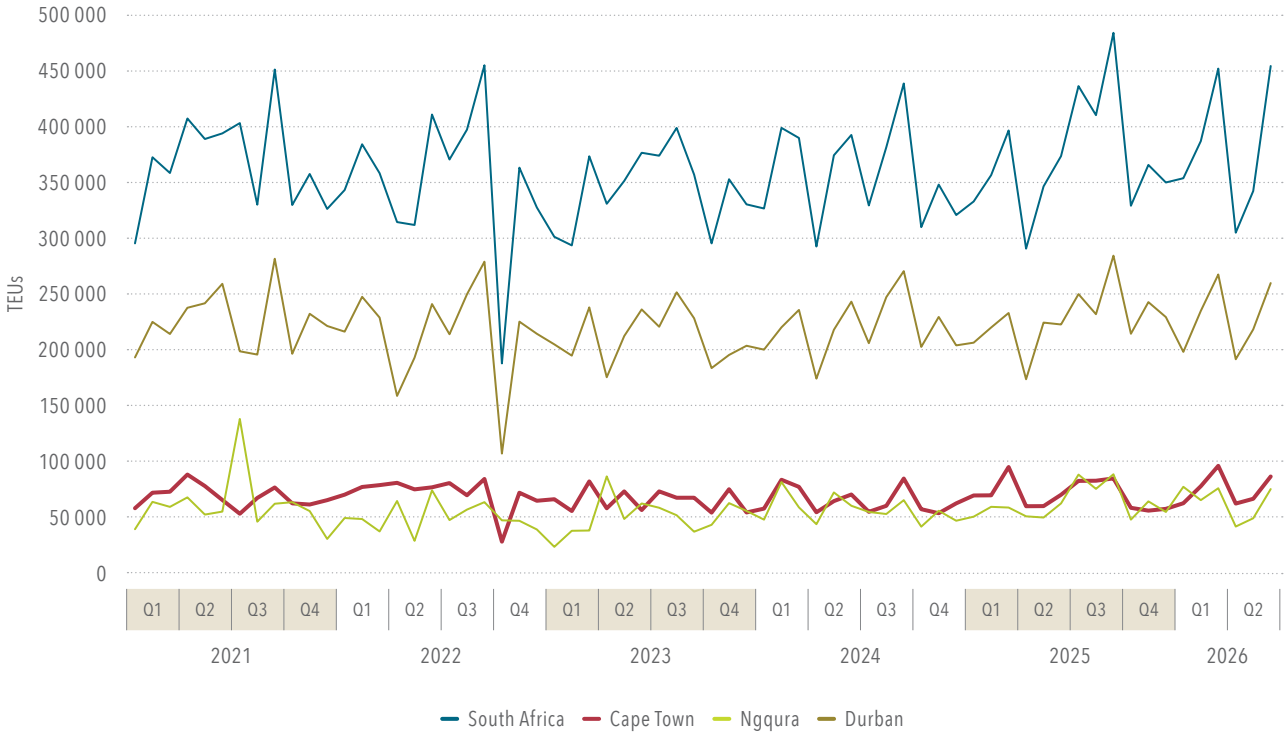



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Container traffic

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)[17], over the period of a year. The Port of Durban[18] remained the largest container handling port in South Africa, processing a total of 669 503 TEUs in the second quarter of 2026, representing 60,8% of all containers handled in the country. It was followed by the Port of Cape Town (19,5%) and the Port of Ngqura[19] (15,0%). The rest of the TEUs handled in the country (4,7%) are shipped through the ports of Gqeberha, East London and Richards Bay.

Figure 10: Total containers handled monthly (nationally), 2021 Q1 to 2026 Q2



Source: Transnet National Ports Authority, August 2026.

As shown in table 3, the total number of containers handled at South African ports increased by 9% year-on-year, from 1 010 806 TEUs in the second quarter of 2025 to 1 101 818 TEUs in the second quarter of 2026. The Port of Cape Town recorded the largest year-on-year increase of 13,4% in the second quarter of 2026. The Port of Durban recorded an increase of 7,9% year-on-year, while container handling in the Port of Ngqura increased by 1,9%.

17 *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.*

18 *The Port of Durban is located in the eThekwini metro.*

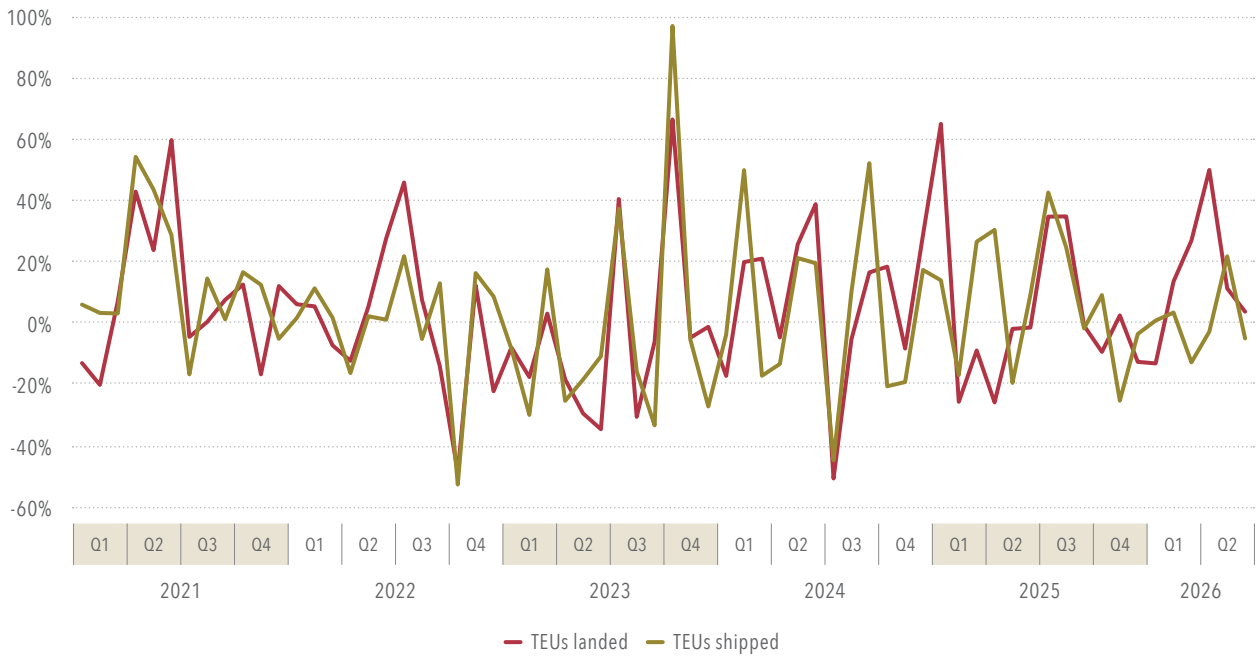
19 *The Port of Ngqura is located in the Nelson Mandela Bay metro.*

Table 3: Comparison of total[20] containers handled (in TEUs), 2026 Q2 versus 2026 Q1 and 2025 Q2				
	2026 Q2	2026 Q1	2025 Q2	Year-on-year change
South Africa	1 101 818	1 193 057	1 010 806	9,0%
Cape Town	**214 692**	**235 819**	**189 341**	**13,4%**
Durban	669 503	700 397	620 536	7,9%
Ngqura	165 319	217 953	162 284	1,9%

Source: Transnet National Ports Authority, August 2026.

Shifting from total TEUs to TEUs loaded to full capacity, the Port of Cape Town recorded a year-on-year increase of 18,3% in full TEUs landed (imported), up from 49 384 TEUs in the second quarter of 2025 to 58 445 TEUs in the second quarter of 2026. Year-on-year, the number of full TEUs shipped (exported) increased by 3,1%, from 82 345 TEUs to 84 929 TEUs.

Figure 11: Annual change in full TEUs handled (monthly) at the Port of Cape Town, 2021 Q1 to 2026 Q2



Source: Transnet National Ports Authority, August 2026.

During the second quarter of 2026, container handling equipment availability at the Port of Cape Town remained stable, with the Cape Town Container Terminal maintaining consistent availability of seven out of nine cranes and 29 out of 32 rubber-tyred gantries (RTGs) (SAAFF, 2026). However, operations were regularly challenged by adverse weather conditions, with windbound stoppages interrupting activity.

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, through the second quarter. By mid-July, ship arrivals through the Strait of Hormuz averaged only 14 vessels per day, constrained by conflict-related risks. 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). With turnaround time improving by 35% compared to this time last year, and reduced long-wave-related downtime, among other operational improvements, rerouted traffic along South Africa's ports could present an opportunity to improve the Port of Cape Town's previously weak reputation (Roos, 2026).

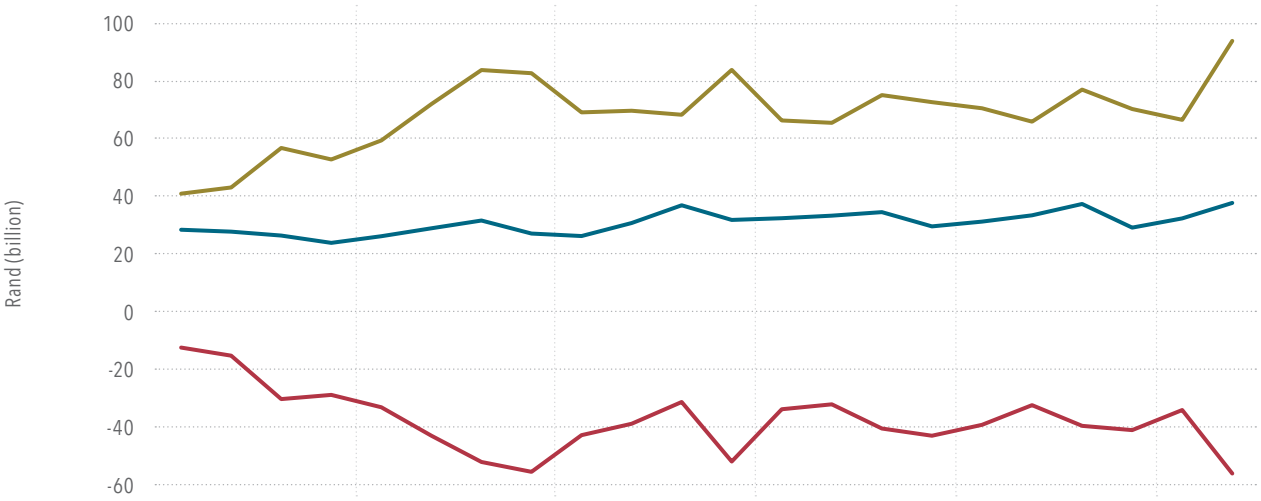
20 *Total number of containers handled includes both full and empty TEUs logged.*

Cape Town trade

In the second quarter of 2026, exports increased by 16,6% to R37,7 billion and imports increased by 41,2% to R93,9 billion on a quarter-on-quarter basis, as illustrated in figure 12. As a result, Cape Town's trade deficit increased to R56,2 billion, from R34,2 billion in the previous quarter. Nationally, in the second quarter of 2026, a trade surplus of R36,2 billion was realised, significantly down from the previous quarter's R72,8 billion surplus. South Africa's top exports for the quarter were platinum, gold, and motor vehicles (Quantec, 2026).

Cape Town's total export value increased by 12,7% compared to the second quarter of 2025, and imports increased by 42,5%. Among the top 10 import products into Cape Town for this quarter, the large year-on-year increases in imports were recorded for fertilisers, motor vehicles and telephone sets, while the largest year-on-year decline was recorded for ethyl alcohol.

Figure 12: Cape Town's trade balance, 2021 Q1 to 2026 Q2



	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
Export	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	32,3	37,7
Import	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	65,9	77,0	70,3	66,5	93,9
Trade balance	-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	-41,2	-34,2	-56,2

Source: Quantec, 2026.

Cape Town's top 10 exports in the second quarter of 2026 (shown in table 4) accounted for 48,5% of total exports. The largest year-on-year increase was recorded in refined petroleum oil (73,0%). Notable year-on-year increases were also recorded in frozen fish (+21,6%) and fish fillets and meat (+16,5%). Declines were observed for beauty products (-28,9%), as well as wine, engine parts and yachts and other vessels for pleasure or sports.

Cape Town's top 10 export products by value showed several shifts in the second quarter of 2026. Citrus had the highest quarter-on-quarter growth of 1 038% to reach R4,56 billion. This is due to the seasonality of citrus fruits, with notably lower exports in the first quarter of the year. This was followed by refined petroleum with a quarter-on-quarter increase of 77,0%, also driven by price increases due to the closure of the Strait of Hormuz. The largest quarter-on-quarter decline was seen for yachts and other pleasure vessels (-46%). The additional 10% tariff imposed by the US, following the earlier 30% tariff, has affected exports of yachts, jewellery, engine parts and beauty products from Cape Town.

The significant increase in refined petroleum oil exports (primarily a re-export) can partly be explained by the conflict in the Middle East, impacting logistics as well as increasing the price of petroleum oil.

Table 4: Cape Town's top 10 exports, 2026 Q2

Cape Town's top export categories for 2026 Q2 (HS4)[21]	Rand value (million)	% of total exports	Year-on-year change (vs 2025 Q2)
Refined petroleum oil	R4 897	13,0%	73,0%
Citrus fruit	R4 558	12,1%	15,5%
Apples, pears and quinces	R3 046	8,1%	3,4%
Chromium	R1 584	4,2%	12,8%
Fish fillets and meat	R1 117	3,0%	16,5%
Engine parts	R726	1,9%	-12,2%
Frozen fish	R718	1,9%	21,6%
Yachts and other vessels	R613	1,6%	-5,2%
Wine	R498	1,3%	-12,8%
Beauty and skincare products	R489	1,3%	-28,9%
Total of top 10 export categories	**R18 246**	**48,5%**	
Total of ALL products	**R37 616**	**100%**	**12,7%**

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

In the second quarter of 2026, Cape Town's highest-value exports were refined petroleum (R4,90 billion) and citrus (R4,56 billion). Refined petroleum, primarily a re-export for the region, was sourced mainly from India (22%) and Belgium (17%), and additionally from the United States of America (14%) and Oman (13%). The export of refined petroleum was predominantly for ship and aircraft fuelling (52,8%), with the largest export destinations being Lesotho and Eswatini. China was the largest destination market for Cape Town's exports in the second quarter of 2026, receiving 8,6%, followed by Namibia (8,3%) and the United Kingdom (5,7%), with the US falling out of the top three due to additional tariffs.

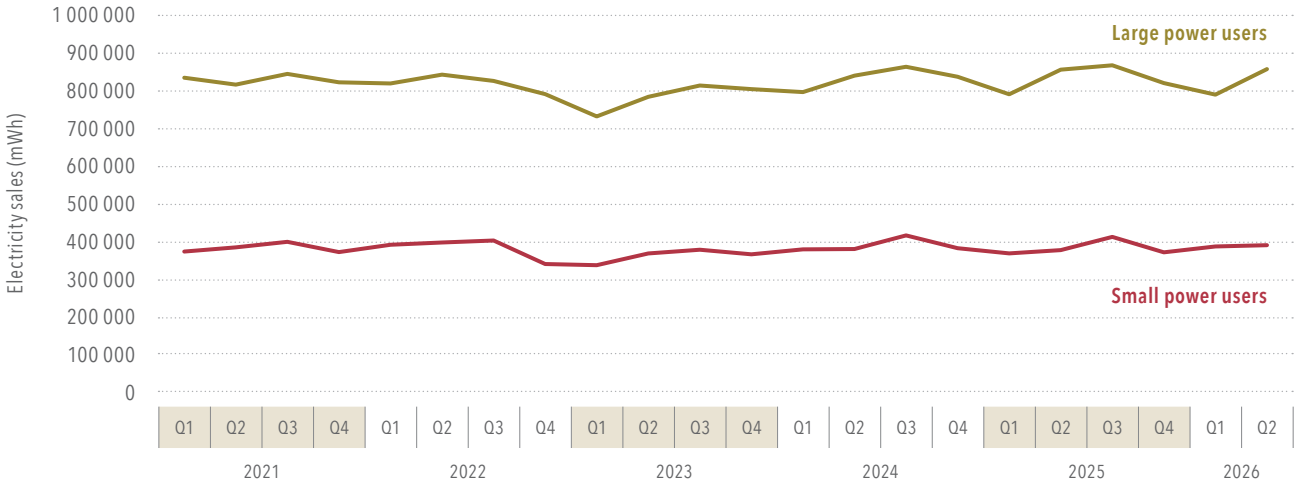
21 *The Harmonized System is a six-digit code system used internationally for the classification of products. It allows for the trading of goods on a common basis for customs purposes.*

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, 2021 Q1 to 2026 Q2



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

Following a decrease in the previous quarter, electricity sales to LPUs grew in the second quarter of 2026, rising by 8,6% on a quarter-on-quarter basis. The City's electricity sales to SPUs also increased by 0,9% quarter-on-quarter. There was once again no load-shedding in the second quarter of 2026 because of improved reliability and performance of Eskom's generation fleet. This achievement was attributed to the successful implementation of the national power utility's multidimensional Generation Operational Recovery Plan and enhanced maintenance protocols (Eskom, 2026a). The average Energy Availability Factor (EAF) for the second quarter of 2026 was 64,1%, 4,6 percentage points lower than the preceding quarter (Eskom, 2026b). Despite the decline in energy availability, electricity sales to LPUs and SPUs grew, suggesting increased manufacturing activity in Cape Town during this period.

Similarly, electricity sales to commercial and industrial customers in the second quarter of 2026 were higher than those in the corresponding period of 2025. LPUs recorded a slight year-on-year increase of 0,2%, while electricity sales to SPUs rose by 3,5% year-on-year.

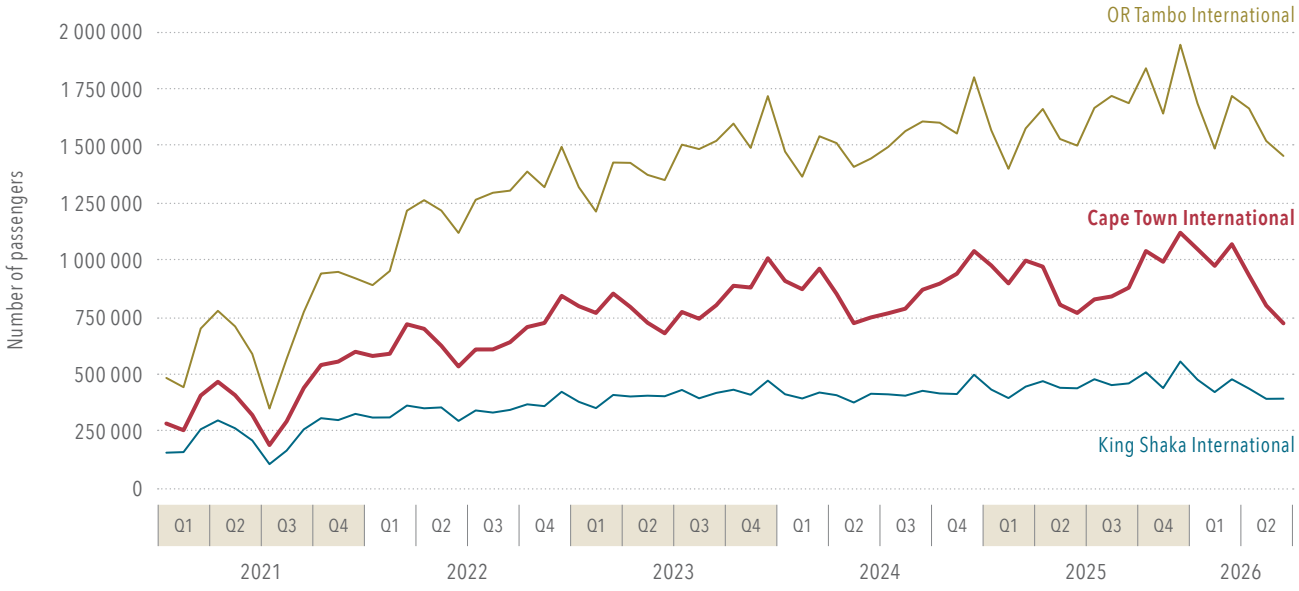
Airport statistics

Cape Town International Airport is South Africa's second-busiest airport after OR Tambo International Airport in Johannesburg. It recorded 2,46 million passenger movements (arrivals and departures) in the second quarter of 2026, compared to 4,64 million passenger movements at OR Tambo International and 1,22 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 second quarter of 2026, all three international airports recorded a year-on-year decline.

Total passenger movements at Cape Town International Airport (CTIA) recorded a year-on-year decline of 3,4%, decreasing by 87 457 passenger movements. OR Tambo recorded a year-on-year decline of 1,1%, decreasing by 51 812. King Shaka International recorded the largest year-on-year decline in 2026 Q2, at 9,4% (-126 547 passenger movements). The year-on-year declines suggest a weakening in passenger activity during the second quarter of 2026, indicating softer demand for air travel compared with the same period in 2025.

Figure 14: Total (monthly) passenger movements at South Africa's major airports, 2021 Q1 to 2026 Q2



Source: Airports Company South Africa, August 2026.

Encouragingly, international arrivals to CTIA increased by 3,6% year-on-year and domestic arrivals decreased by 6,8%. Total passenger arrivals to CTIA in the second quarter of 2026 comprised 25,6% international arrivals and 72% domestic arrivals. While not impacting on this quarter's travel, the nationwide anti-illegal immigrant and xenophobic protests of 30 June may impact on the following quarter as they gained global attention and raised concerns particularly among other African nations (Nkosi, 2026).

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 labour-intensive industry supports the local economy through job creation and demand for services in real estate, the creative industry and transport.





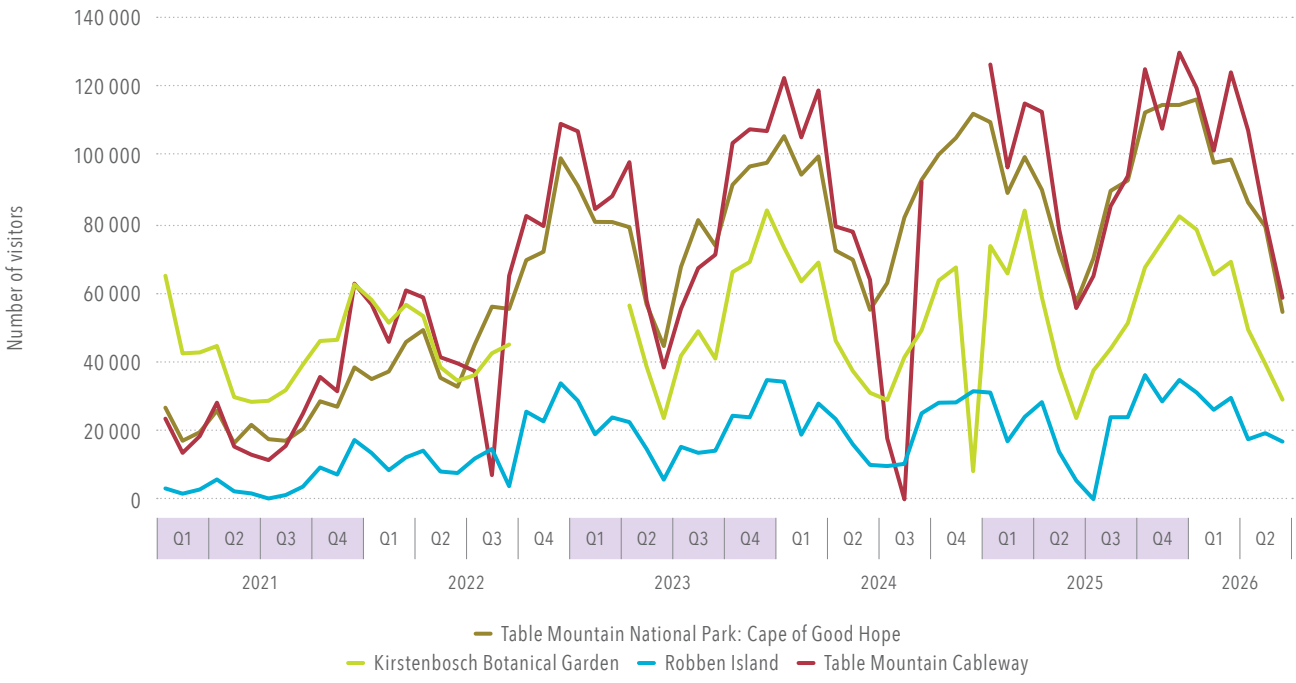
Cape Town is a well-known domestic and international tourist destination, and the city's tourism sector is a valuable contributor to the local and national economy. Cape Town Tourism's (CTT) Cape Town Accommodation Performance Review & Forecast Reports provide insight into the sector's performance (CTT,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

During the second quarter of 2026, the surveyed establishments recorded an average occupancy rate of 60,0%, only slightly lower than the 61,8% recorded in 2025 Q2. The average room rate of R2 596 improved by R216 year-on-year, while the revenue per room rate (R1 463) declined year-on-year (-R104). This indicates that hotels charged more per occupied room, but sold fewer rooms overall.

Indicative of Cape Town's seasonality, demand for accommodation during the second quarter of 2026 was driven by the domestic market, as the region entered its winter months. Domestic travellers accounted for an average of 52% room nights sold in 2026 Q2, while 34% were attributed to the international market and 13,9% to regional travellers. Among international visitors, leisure was the dominant reason for travel to Cape Town in the second quarter, while business outperformed among regional and domestic travellers.

During the second quarter of 2026, four of Cape Town's major tourist attractions[22] recorded a total of 637 458 visits. Compared to the corresponding period in 2025, visitor numbers improved by 9,7%. In the second quarter of 2026, the Table Mountain Aerial Cableway recorded the highest number of visits, with 246 605, followed by Table Mountain National Park: Cape of Good Hope, which recorded 219 857 visits; both recorded improvements of 11,7% compared to 2025 Q2. Kirstenbosch National Botanical Garden recorded 117 582 visits, 2,9% higher than the previous year. Robben Island recorded 53 414 visits, increasing by 8,4% year-on-year, although this was from the smallest base of all the attractions.

Figure 15: Number of visits to tourist destinations of Cape Town, 2021 Q1 to 2026 Q2



Source: Cape Town Tourism, September 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).

22 *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 lower visitor activity occurring in the winter period, which spans the second and third quarters of the year. The highest tourist visitor numbers are typically recorded in the first and fourth quarters, which fall within Cape Town's summer period. In line with the region's seasonal trends, visitor numbers decreased in 2026 Q2 in comparison to 2026 Q1.



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. 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.





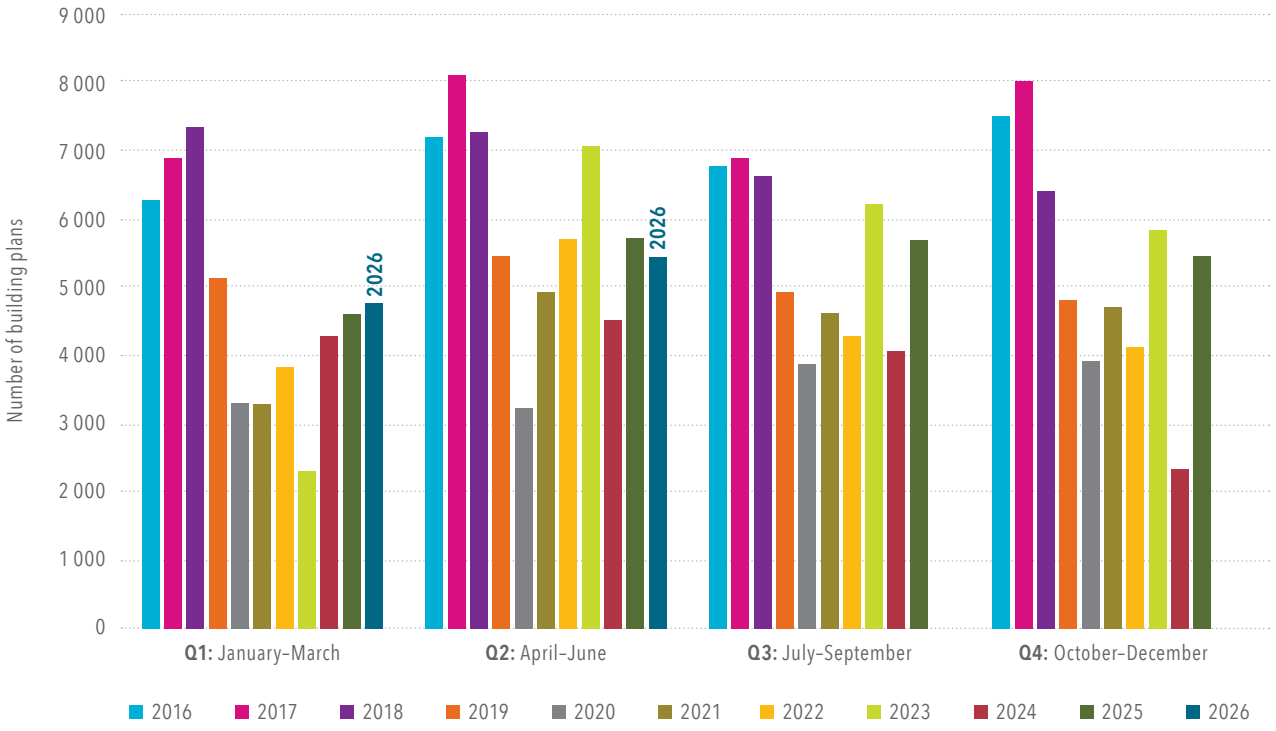
Building developments

The economic data shows that growth in national construction output remained positive in the second quarter of 2026, recording non-annualised growth of 0,4% quarter-on-quarter. This second consecutive quarter of growth is an improvement of 0,2 of a percentage point from the previous quarter. The year-on-year performance, while negative, improved a further 1,2 percentage points to record -0,6% for 2026 Q2. The Western Cape's construction sector mirrored these national trends, recording quarter-on-quarter growth of 0,6% in the second quarter of 2026, while its year-on-year performance improved to 0,0% (Quantec, 2026).

The First National Bank/BER Building Confidence Index[23] fell by 4 points to 38 in the second quarter of 2026, from 42 in the previous quarter. According to the BER (2026h), the decline in sentiment reflects a substantial weakening in both activity levels and overall profitability during the quarter, with geopolitical conflict placing upward pressure on costs in the industry.

The City's building plan data provides insight into the local construction sector. In the second quarter of 2026, the value of building completions increased by 12,5% quarter-on-quarter, despite a 19,6% decline in the number of completed projects. At the year-on-year level, the number of completed projects rose by 34%, while the total rand value of completed projects increased by 30,6%, indicating that the increase in completions was supported by higher-value projects. Building completions totalled 2 394, while building plan submissions amounted to 5 430 in the second quarter of 2026. Although building plan submissions increased by 13,9% compared with the previous quarter, they were 5% lower than in the same period in 2025, suggesting that construction planning activity remained relatively strong on a quarterly basis, but had weakened slightly compared with the previous year (CCT, 2026c).

Figure 16: Building plans submitted to the City of Cape Town, 2016 Q1 to 2026 Q2



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

23 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[24] in the Western Cape in the second quarter of 2026 decreased by 3,5% to 20 270 units from 21 009 in the first quarter of 2026. This represents a total decline of 739 units. On a year-on-year basis, vehicle sales increased by 17,3% (2 985 units) from 17 285 vehicles sold in the same period in 2025.

Passenger vehicle sales in the Western Cape, which represent the private consumer segment of the market, decreased to 15 366 in the second quarter of 2026, from 15 544 in the first quarter of 2026 (-1,1%). The year-on-year results showed an increase of 20% (+2 558 units) from 12 808 passenger vehicles sold in the second quarter of 2025. The continued positive year-on-year growth signals that the industry has maintained its recovery and growth momentum, despite the quarter-on-quarter decline recorded in the second quarter of 2026. Nationally, passenger vehicle sales rose by 16,7% (15 245 units), from 91 498 in the second quarter of 2025 to 106 743 in the second 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 its positive growth momentum during the second quarter of 2026, despite a progressively more challenging macroeconomic environment. Rising global oil prices contributed to higher domestic fuel costs and increased inflationary pressures, while the South African Reserve Bank increased the repo rate by 25 basis points to 7,0% in May, raising borrowing costs for consumers and businesses. Consumer confidence also weakened during the second quarter. Despite these headwinds, vehicle demand remained resilient, supported by essential mobility needs, replacement demand, fleet renewal activity and government procurement. The temporary extension of fuel levy relief during May and June provided some short-term support to consumers and businesses, while greater competition and increased emphasis on affordability and value also supported market activity.



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

Abbreviations

ACSA	Airports Company South Africa
AI	Artificial Intelligence
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 user
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
SAAFF	Southern African Association of Freight Forwarders
SARB	South African Reserve Bank
SPU	small power user
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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