



An Economic Overview of the Western Cape

Quarter 3, 2024

26 February 2025

Introduction

The global economy grew by 3.2% in 2024, 0.1 percentage points lower than the 3.3% prediction from the International Monetary Fund (IMF) in its October 2024 World Economic Outlook (WEO). Disappointing performances in some Asian and European economies were the primary contributors to the lower growth. China also recorded growth that was below expectations. While the United States showed somewhat strong growth in the year, global inflation contributed to the decline in that year. The IMF forecasts growth at 3.3% for both 2025 and 2026. Domestically, South Africa's gross domestic product (GDP) declined by 0.3% q-o-q in the third quarter of 2024, following an increase of 0.3% in the second quarter. This was mostly due to a large drop in agricultural output. The agricultural industry decreased by 28.8% and contributed -0.7 of a percentage point to the negative GDP growth. The finance industry was the largest positive contributor, with the industry having increased by 1.3% and contributing 0.3 of a percentage point to GDP growth. For the whole of 2024, the Bureau of Economic Research (BER) forecast national GDP growth forecast at 'just' 1%. In the Western Cape (WC), economic output declined by 0.7% q-o-q in 2024Q3, following an increase of 0.3% in 2024Q2. Output in four of the ten sectors in the provincial economy fell during the third quarter. The decline in the agricultural industry was the largest contributor to the overall GDP contraction. Notably, the industry declined by 28.6% in the quarter. This report examines the Western Cape's key economic indicators, including the province's economic performance as well as employment statistics in 2024Q3

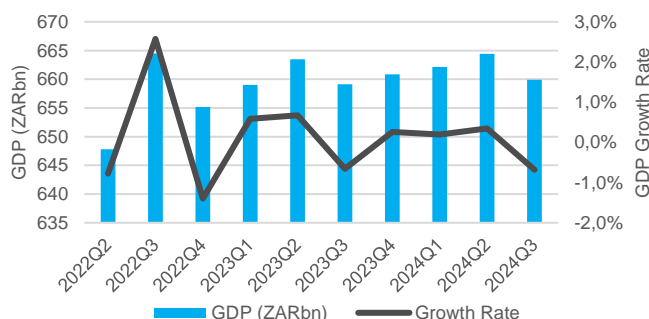
Economic activity

The Western Cape's real gross domestic product declined by 0.7% q-o-q¹ in 2024Q3, following an increase of 0.3% q-o-q in 2024Q2 (as shown in Figure 1). This brought the province's real GDP to ZAR659.90 billion in the third quarter, down from ZAR664.42 billion recorded in the previous quarter. A decline in agricultural output was the largest contributor to the overall GDP contraction in the quarter.

The national economy contracted by 0.3% in the third quarter of 2024. In terms of performance by provinces, only one out of the nine provinces reflected positive growth in the quarter, as shown in Figure 2. This was Gauteng, where output grew by 0.3% q-o-q. The biggest decline in provincial output was registered for the Northern Cape, at -2.0% q-o-q.

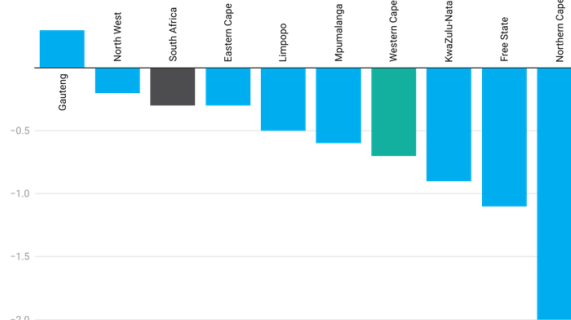
The Western Cape is the third largest economy among the nine provinces in South Africa. The province contributed 14.2% to the national GDP in the third quarter of 2024. Gauteng (with a contribution of 34.0%) and KZN (16.4%) were the top two contributors to national output. This can be seen in Figure 3.

Figure 1: Real GDP (constant 2015 prices) and economic growth, WC, 2022Q2–2024Q3



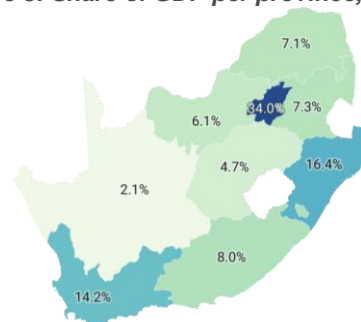
Source: Quantec (2025)

Figure 2: GDP growth rate per province, 2024Q3



Source: Quantec (2025)

Figure 3: Share of GDP per province, 2024Q3



Source: Quantec (2025)

¹ All growth rates are q-o-q. Unless otherwise stated.

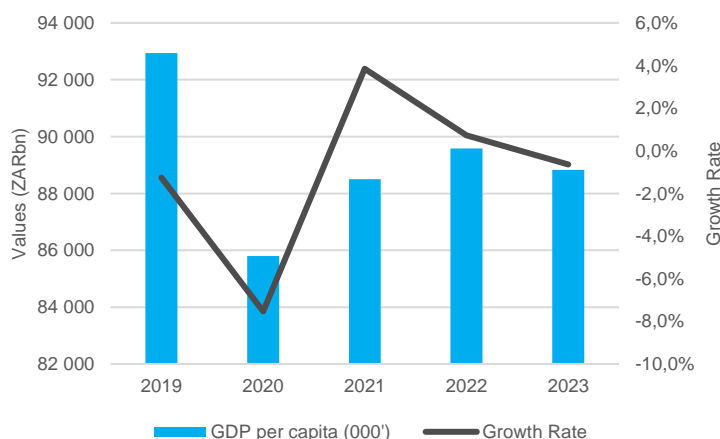
² Unless otherwise stated, growth rates are quarter-on-quarter, seasonally adjusted.

The Western Cape's real GDP per capita in 2023 was estimated at ZAR88,822, a decline of -0.6% y-o-y on the ZAR89,578 recorded in 2022 (this is shown in Figure 4). The province has the second largest real GDP per capita in South Africa (higher than the country's GDP per capita of ZAR74, 500). On average, the province's GDP per capita decreased between 2019 and 2023, with an annual average growth rate of -1.0%. Increasing population and a non-proportionate economic growth are possible contributory factors.

Growth in the primary sector in the Western Cape economy fell for the second consecutive quarter in 2024Q43, contracting by 27.5% q-o-q, as illustrated in Figure 5. Significant declines in the agriculture, forestry and fishing industry contributed to the weak performance of the primary sector. The secondary and tertiary sectors increased by 0.5% q-o-q and 1.9% q-o-q respectively in the third quarter.

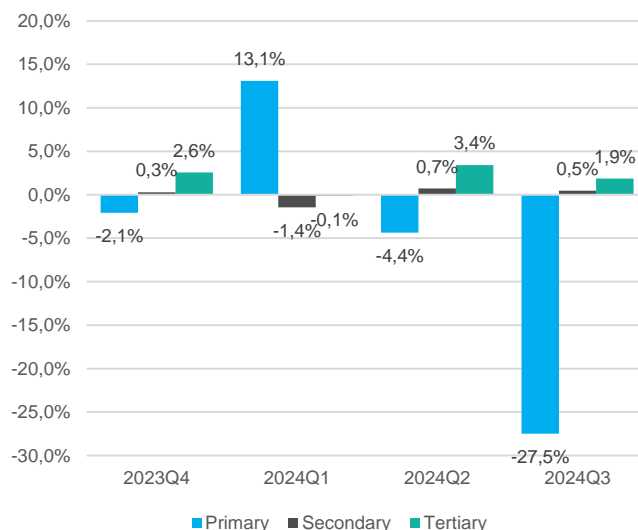
As evident in Figure six, six of the ten industries in the provincial economy recorded positive growth in the third quarter of 2024. The positive contributors to the economy were electricity and water (with a growth rate of 1.85%), followed by mining and quarrying (1.77%); finance, real estate and business services (1.41%); construction (0.87%); manufacturing (0.47%); and community, social and other personal services (1.39%). The agriculture, forestry and fishing industry was the largest negative contributor, having decreased by -28.60%. This was followed by transport and communication (-1.62%) and wholesale and retail trade; hotels and restaurants (-0.41%).

Figure 4: Real GDP per capita (value and growth rate), WC, 2019–2023



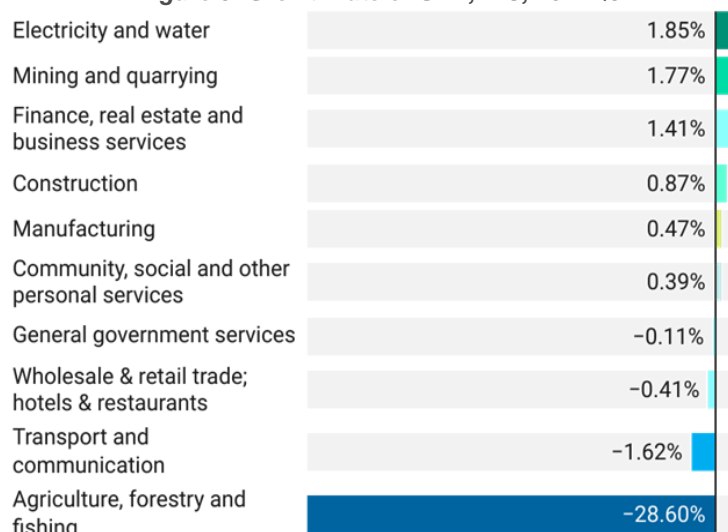
Source: Quantec (2025)

Figure 5: Growth per sector (GVA), WC, 2023Q4–2024Q3



Source: Quantec (2025)

Figure 6: Growth rate of GVA, WC, 2024Q3



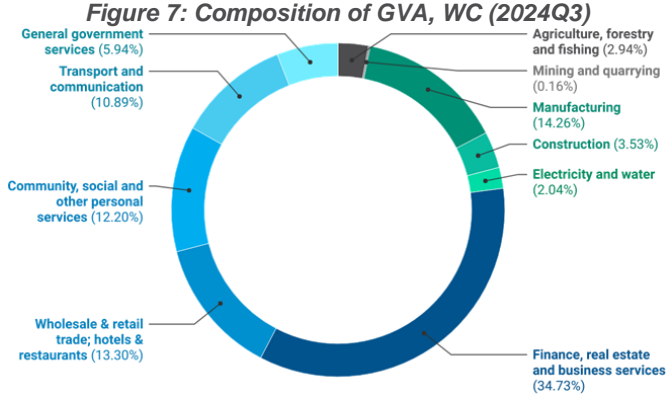
Source: Quantec (2025)

More than 70% of economic activity in the province originates from the tertiary sector. Specifically, this sector accounted for a 77% share of output in 2024Q3. As shown in Figure 7, the finance industry contributed to 34.73% of the province's GVA in this quarter. Manufacturing (with a contribution of 14.26%) had the second largest share of output, followed by wholesale and retail trade (13.30%).

Figure 8 illustrates that four of the top five industries in the Western Cape economy are part of the services sector. In recent quarters, the top five industries, in respect of their contribution to GVA, have been finance, real estate and business services; manufacturing; wholesale and retail trade, hotels and restaurants; community, social, and other personal services; and transport and communication.

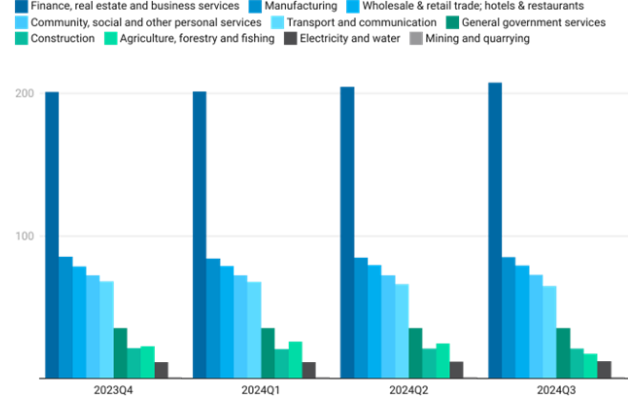
Looking at the six districts' contribution to provincial output, Figure 9 shows that the City of Cape Town accounted for the largest share (72%) of the Western Cape's economic output in 2023. The Cape Winelands, with a contribution of 11%, and the Garden Route, with a share of 8%, placed second and third respectively. Within the City, the finance industry dominated output. This sector held a majority share of 35.83% of the City's GVA in 2023. The same sector dominated the economies in the Garden Route, Cape Winelands, and Overberg.

Historically, final consumption expenditure by households has accounted for almost 60% of the Western Cape's GDP, as can be seen in Figure 10. The ratio of the province's gross fixed capital formation (GFCF) to GDP has historically been below 20%. In 2023, consumption spending accounted for approximately 56% of the GDP, increasing by 0.96 percentage points. GFCF constituted 13% of GDP, increasing by 0.34 percentage points.



Source: Quantec (2025)

Figure 8: Share of GVA per industry, WC (ZAR billion at 2015 constant prices)



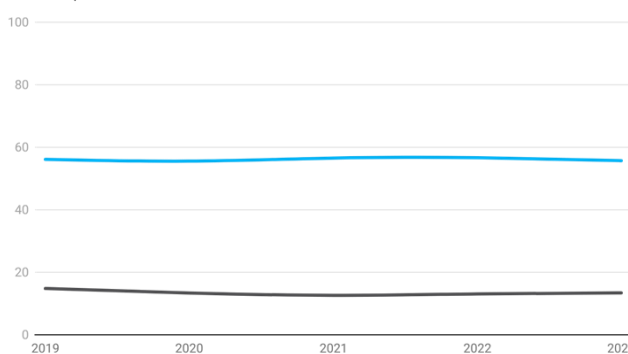
Source: Quantec (2025)

Figure 9: Sector contribution per district, WC (2023)

| | West Coast | Cape Winelands | Overberg | Garden Route | Central Karoo | City of Cape Town |
|--|------------|----------------|----------|--------------|---------------|-------------------|
| Agriculture, forestry and fishing | 23.41% | 10.02% | 11.18% | 5.64% | 17.50% | 1.59% |
| Mining and quarrying | 0.61% | 0.11% | 0.06% | 0.20% | 0.03% | 0.13% |
| Manufacturing | 18.55% | 13.95% | 13.18% | 13.19% | 2.48% | 14.04% |
| Electricity, gas and water | 1.30% | 1.56% | 1.66% | 1.98% | 4.02% | 1.93% |
| Construction | 3.18% | 4.51% | 5.03% | 3.99% | 3.27% | 3.51% |
| Wholesale and retail trade, catering and accommodation | 12.80% | 14.99% | 15.37% | 14.27% | 11.52% | 13.19% |
| Transport, storage and communication | 7.63% | 9.71% | 10.92% | 10.46% | 14.74% | 11.68% |
| Finance, insurance, real estate and business services | 16.26% | 27.93% | 27.84% | 34.15% | 14.61% | 35.83% |
| General government | 5.93% | 5.54% | 4.62% | 5.17% | 12.27% | 6.03% |
| Community, social and personal services | 10.33% | 11.69% | 10.14% | 10.96% | 19.56% | 12.07% |

Source: Quantec (2025)

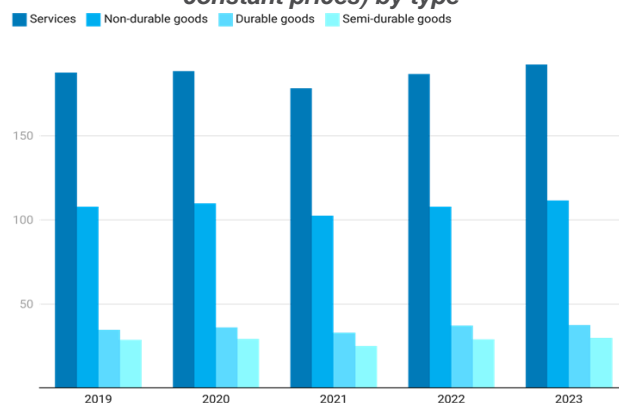
Figure 10: Ratio of consumption/capital stock to GDP, WC



Source: Quantec (2025)

Services accounted for more than half of consumption spending in the Western Cape in 2023, as shown in Figure 11. Miscellaneous services, rent, and transport and communications were the top three services on which households spent their money. Non-durable goods accounted for 29.13% of household expenditure, with food, beverages, and tobacco the top category. Consumers spent 10.07% and 8.24% of household expenditure on durable and semi-durable goods.

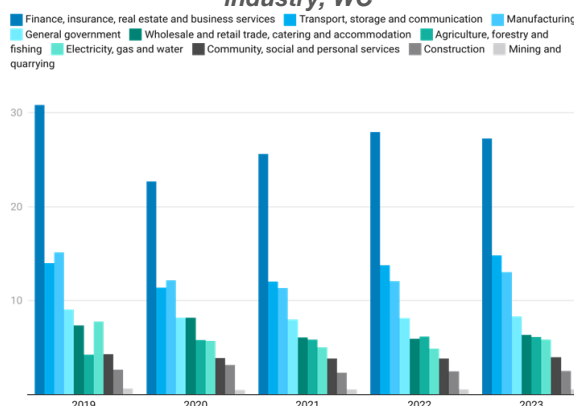
Figure 11: Consumption expenditure, WC (ZAR billions 2015 constant prices) by type



Source: Quantec (2025)

Real GFCF increased by 3.49% y-o-y in 2023. Finance; transport, storage and communication; and manufacturing were the industries with the largest share of real GFCF in 2023 (as seen in Figure 12). All industries, except mining and quarrying; finance; and agriculture, forestry and fishing, recorded negative growth rates in real capital outlays in 2023. Electricity, gas and water experienced the highest growth, at 19.23% y-o-y.

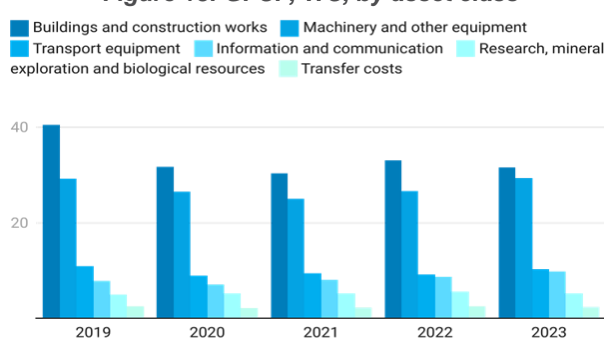
Figure 12 : GFCF, WC (ZAR billions 2015 constant prices) per industry, WC



Source: Quantec (2025)

By asset class, the two largest components of real GFCF in 2023 were buildings and construction works (with a share of 35.64%), and machinery and other equipment (33.03%). This can be seen in Figure 13. Transport contributed a share of 11.66% while the contribution from information and communication was 11.12%.

Figure 13: GFCF, WC, by asset class

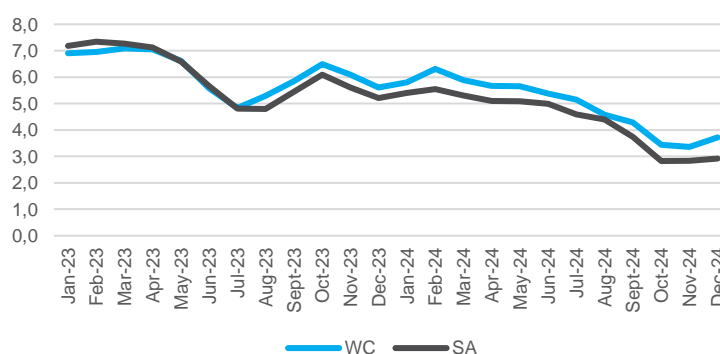


Source: Quantec (2025)

Consumer prices

Annual consumer price inflation (CPI) in the province was recorded at 3.7% in December 2024, up from 3.4% in November 2024. The December rate was modestly higher than the national rate of 2.9%, and above the lower limit of the South African Reserve Bank's inflation target range of 3%-6%. The main contributors to the 3.7% annual inflation rate were miscellaneous goods and services; housing and utilities; and education.

Figure 14: Annual Consumer price index, (year on year % change), WC and SA



Source: Quantec (2025)

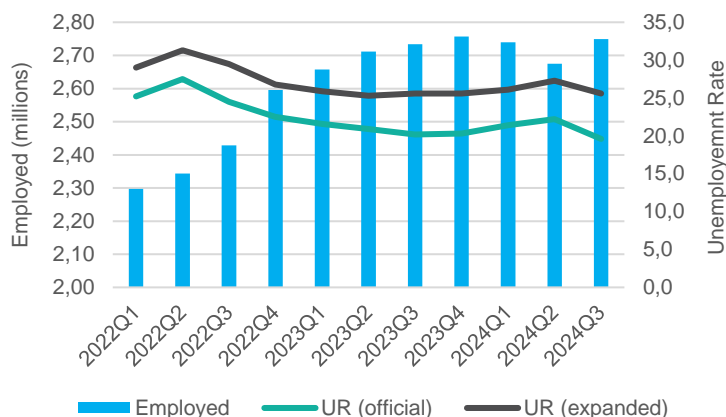
The Western Cape's official unemployment rate decreased by 2.6 percentage points to 19.6% in 2024Q3 compared to 22.2% recorded in 2024Q2. The national unemployment rate was 32.1% in 2024Q3. During this period, the province's expanded employment rate (which includes discouraged work-seekers) stood at 25.6% (41.9% for SA). An estimated 75,000 more people were employed in the province in 2024Q3 relative to the previous quarter.

The official unemployment rate and the expanded rate were relatively lower in the province compared to the rest of the country, as shown in Figure 16. In 2024Q3, the province's official unemployment rate was 19.6%, while the expanded unemployment rate was 25.6%. The official rate was down by 2.2 percentage points in 2024Q3 compared to 2024Q2, and the expanded rate was down by 1.7 points.

Those aged between 15 and 24 years experienced the highest levels of unemployment, while those aged 45–64 years enjoyed the lowest rate of unemployment. In the Western Cape, youth aged 15–19 years and 20–24 years recorded the highest unemployment rates of 55.2% and 39.3%, respectively, in 2024Q3. This can be seen in Figure 17. The high unemployment rate among those aged 15–19 years is not surprising because of various possible reasons, including the fact that this age group was likely still in school.

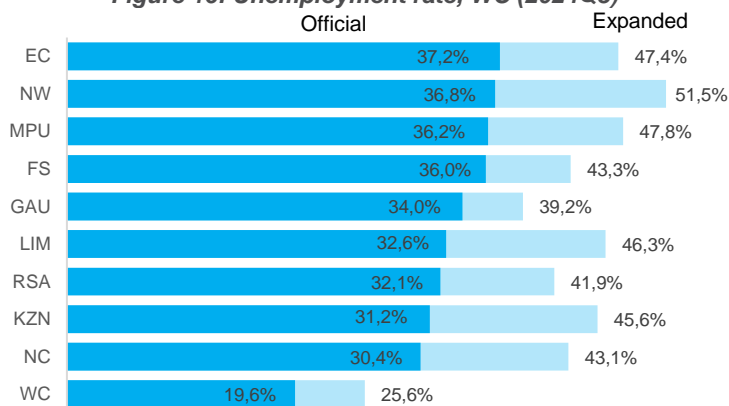
Figure 18 shows that the labour force participation rate in the province (which is the proportion of the working-age population that is either employed or unemployed) decreased by 0.7 percentage points from 68.1% in 2024Q2 to 67.4% in 2024Q3. The absorption rate was 54.2%, 1.3 percentage points higher compared to the previous quarter.

Figure 15: Number of employed and unemployment rate (UR), WC



Source: Stats SA, (2025)

Figure 16: Unemployment rate, WC (2024Q3)



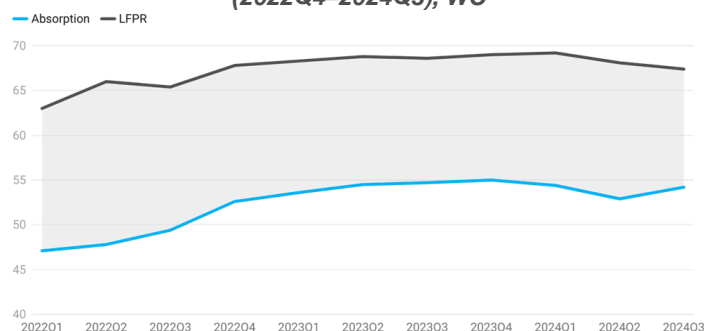
Source: Stats SA (2025)

Figure 17: Official unemployment rate by age groups, WC, 2023Q4–2024Q3

| | 2023Q4 | 2024Q1 | 2024Q2 | 2024Q3 |
|-----------|--------|--------|--------|--------|
| Age 15-19 | 60.1% | 63.1% | 69.7% | 55.2% |
| Age 20-24 | 35.1% | 38.1% | 42.2% | 39.3% |
| Age 25-29 | 27.4% | 27.4% | 28.3% | 25.0% |
| Age 30-34 | 19.1% | 18.9% | 22.1% | 19.5% |
| Age 35-39 | 20.0% | 20.3% | 22.5% | 16.3% |
| Age 40-44 | 17.0% | 18.1% | 17.6% | 17.9% |
| Age 45-49 | 12.7% | 15.8% | 14.9% | 13.2% |
| Age 50-54 | 11.3% | 14.2% | 12.0% | 11.3% |
| Age 55-59 | 10.3% | 9.0% | 7.4% | 8.0% |
| Age 60-64 | 8.0% | 1.7% | 3.5% | 0.8% |

Source: Quantec (2025)

Figure 18 : Labour force participation and absorption rates (2022Q4–2024Q3), WC



Source: Stats SA (2025)

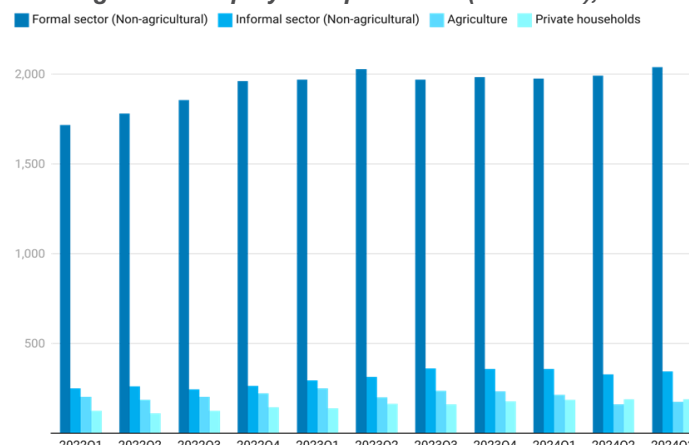
In 2024Q3, the formal sector accounted for employing 74.15% of the workforce in the Western Cape, as demonstrated in Figure 19. The informal sector followed with an employment rate of 12.59%. Next was private households (6.89%) and then agriculture (6.36%). Employment increased in agriculture (7.96%), the informal sector (5.20%) and the formal sector (2.24%). The employment rate declined for private households, by 0.04%.

The tertiary sector employed 71.97% of employees in 2024Q3. The secondary and primary sectors accounted for 21.28% and 6.75% of employees in the same quarter, respectively. During the quarter under review, community and social services, finance, trade, manufacturing, and construction were the top five contributors to employment in the province. These figures can be observed in Figure 20.

Figure 21 shows that the industries which made the greatest contribution to employment in the Western Cape in 2024Q3 were community and social services (20.83%), finance (19.26%) and trade (19.09). These were followed by the manufacturing industry with a share of 11.66%. Other key contributors to employment in the same quarter were construction (9.14%), private households (6.89%) and agriculture (6.36%).

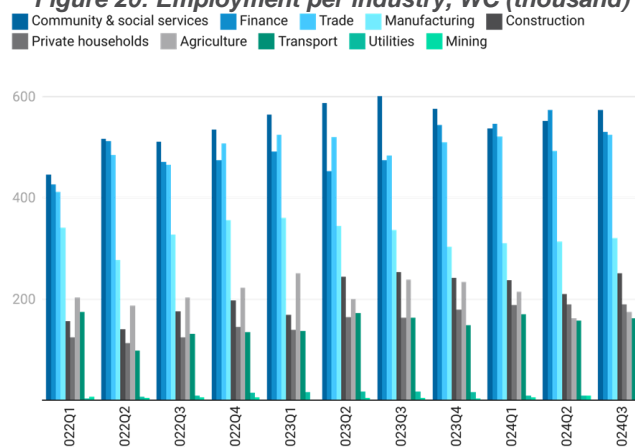
Eight out of the ten industries recorded positive growth (q-o-q) in employment during the third quarter of 2024. The top three positive contributors to employment were construction (responsible for 42,000 jobs), trade (32,000 jobs), and community and social services (20,000). The greatest number of job losses were recorded in finance, with 44,000 job losses.

Figure 19: Employment per sector (thousand), WC



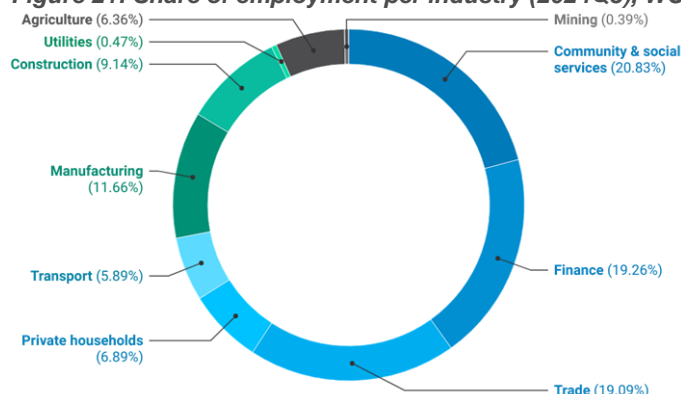
Source: Stats SA (2025)

Figure 20: Employment per industry, WC (thousand)



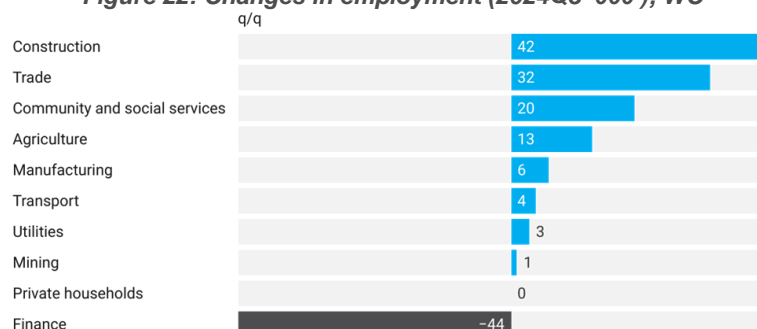
Source: Stats SA (2025)

Figure 21: Share of employment per industry (2024Q3), WC



Source: Stats SA (2025)

Figure 22: Changes in employment (2024Q3 '000'), WC



Source: Stats SA (2025)

Conclusion

The Western Cape has the third largest provincial economy in South Africa in terms of contribution to the national GDP. In respect of sectors, the tertiary sector is the largest in the province, accounting for more than 70% of the province's GVA and employment. The top three contributors to the province's economic activity in 2024Q3 were finance, insurance, real estate and business services (with a 34.73% share); manufacturing (14.26%); and wholesale and retail trade, hotels and restaurants (13.30%). On the other hand, the top three employment contributors in the quarter were community and social services (with a share of 20.83%), finance (19.26%) and trade (19.09%).

In 2024Q3, the Western Cape economy contracted by 0.7%. Four of the ten sectors in the provincial economy declined in the third quarter. These were agriculture, forestry and fishing (–28.6%); transport and communication (–1.6%); wholesale and retail trade; hotels and restaurants (–0.4%); and general government services (–0.1%). Inflation in the province increased to 3.7% in December 2024, up from 3.4% in November 2024, with miscellaneous goods and services being the main contributor to the increase.

The unemployment rate for the province decreased to 19.6% in 2024Q3 (from 22.2% in 2024Q2), while the expanded unemployment stood at 25.6%. The Western Cape unemployment rate (both official and expanded) was lower than the national rate during the same period. The top contributors to employment in this quarter were construction (42,000 jobs), trade (32,000) and community and social services (20,000).

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