cape town & western cape research

An Economic Overview of the Western Cape

Quarter 4, 2024

May 2025

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the western cape tourism, trade and investment promotion agency - an independent agency established under provincial law

The global economy grew by 3.3% in 2024, in step with the prediction from the International Monetary Fund (IMF) of 3.3% in its October 2024 outlook. The IMF's global growth forecasts for 2025 and 2026 have been revised down markedly in its April 2025 outlook, reflecting higher effective tariff rates and a highly unpredictable environment. Growth is forecast at 2.8% for 2025, down from the 3.3% in the January outlook update. For 2026, global growth is forecasted at 3.0%. Global headline inflation is expected to decline at a slightly slower pace than what was expected in January.

South Africa's gross domestic product (GDP) grew by 0.6% q-o-q in the last quarter of 2024, following a contraction of 0.1% in the third quarter. The growth was led by agriculture, finance and trade on the production side and by household spending on the expenditure side. Annually, the economy grew by 0.6% in 2024 compared to 2023, growing slower in relation to the Reserve Bank predictions. The Bank has revised its 2025 growth forecast for the country down to 1.7%, attributing this to subdued demand and supply-side weaknesses. The Western Cape's GDP expanded by 0.8% q-o-q in 2024Q4, recovering from -0.4% in 2024Q3. The growth was led by agriculture, finance, wholesale retail trade and mining; all of which grew in the quarter. Agricultural output expanded by 17.55%, up from by-28.6% in the previous quarter. For the whole of 2024, the provincial economy grew by 0.5%. This report examines the Western Cape's key economic indicators in 2024Q4.

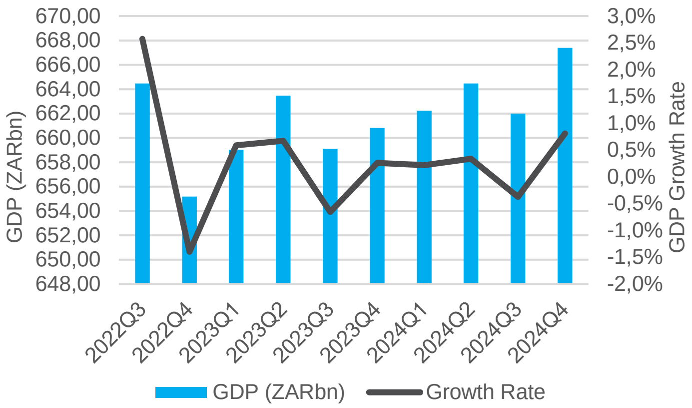
Economic activity

As shown in Figure 1, the Western Cape's real GDP expanded by 0.8% q-o-q in 2024Q4, following a decline of 0.4% q-o-q in 2024Q3. This brought the province's real GDP to ZAR667.38 billion in the quarter, up from ZAR662.00 billion in the third quarter. Output growth in agriculture, finance, wholesale retail trade and the mining sectors contributed to the positive performance.

The national economy expanded by 0.6% in the fourth quarter of 2024 with positive contributions from all provinces. As Figure 2 shows, the leading provinces with higher growth rates were the Northern Cape (1.1%), followed by the Free State (1.0%) and the Western Cape (0.8%). The Gauteng economy grew at 0.5%, while KwaZulu-Natal, North West and Mpumalanga each grew by 0.6% .

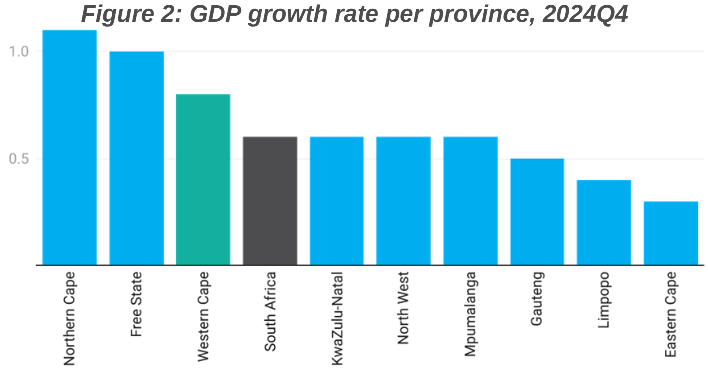
The Western Cape is the third largest economy among the nine provinces in South Africa. The province's contribution to national GDP was 14.3% in the fourth quarter of 2024. Gauteng (with a contribution of 33.9%) and KZN (16.5%) were the top two contributors to national output. This can be seen in Figure 3.

Figure 1: Real GDP and economic growth, WC, 2022Q3–2024Q4



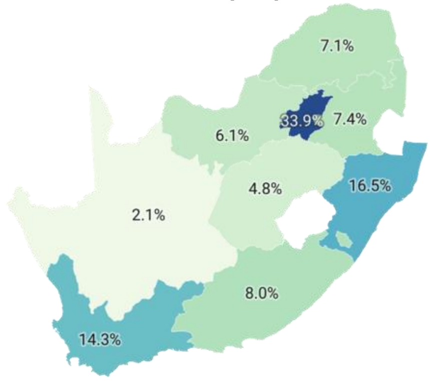
Source: Quantec (2025)

Figure 2: GDP growth rate per province, 2024Q4



Source: Quantec (2025)

Figure 3: Share of GDP per province, 2024Q4



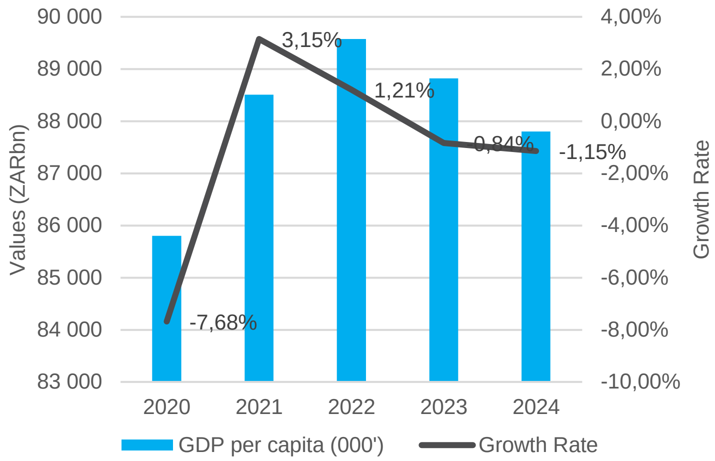
Source: Quantec (2025)

The Western Cape's real GDP per capita in 2024 was estimated at ZAR87,803, a decrease of 1.15% y-o-y from ZAR88,822 in 2023 (this is shown in Figure 4). The province had the second largest real GDP per capita in South Africa in 2024 (higher than the country's GDP per capita of ZAR73,938). On average, the province's GDP per capita decreased between 2019 and 2023, with an annual average growth rate of -1.1%. Increasing population and a non-proportionate economic growth are possible contributory factors.

The province's primary sector output grew by 16.8% in 2024Q4, following two consecutive quarter declines, as illustrated in Figure 5. Significant improvements in outputs from agriculture, forestry and the fishing industry contributed to the primary sector's better performance. The secondary sector declined from 0.5% in 2024Q3 to -0.7% in the fourth quarter. The tertiary sector increased to 0.5% in 2024Q3 from 0.4% in 2024Q3.

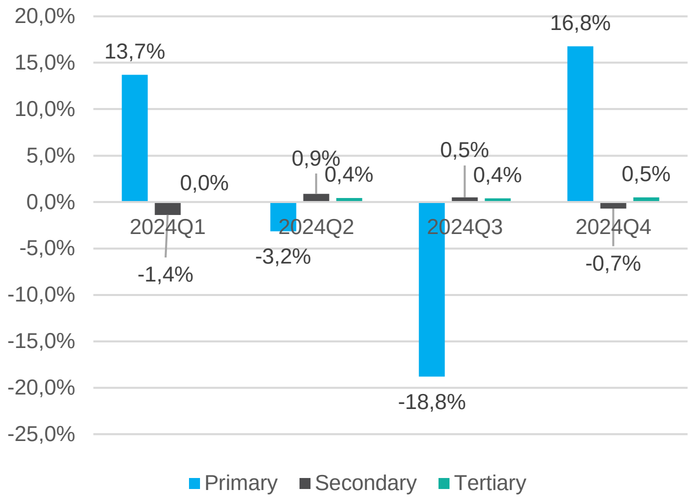
Figure 6 shows that four out of the ten industries in the provincial economy grew in the fourth quarter of 2024. These were agriculture, forestry and fishing (with a growth rate of 17.55%); finance, real estate and business services (1.23%); wholesale and retail trade, hotels and restaurants (1.20%); and mining and quarrying (0.15%). Electricity and water experienced the largest decline in output, decreasing by 1.23%. This was followed by transport and communication (-1.02%), manufacturing (-0.64%); and construction (-0.63%).

Figure 4: Real GDP per capita (value and growth rate), WC, 2020–2024)



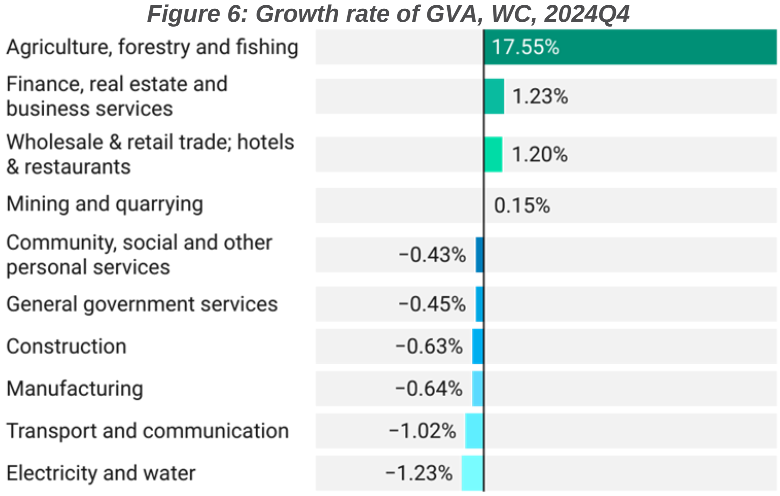
Source: Quantec (2025)

Figure 5: Growth per sector (GVA), WC, 2024Q1–2024Q4



Source: Quantec (2025)

Figure 6: Growth rate of GVA, WC, 2024Q4



Source: Quantec (2025)

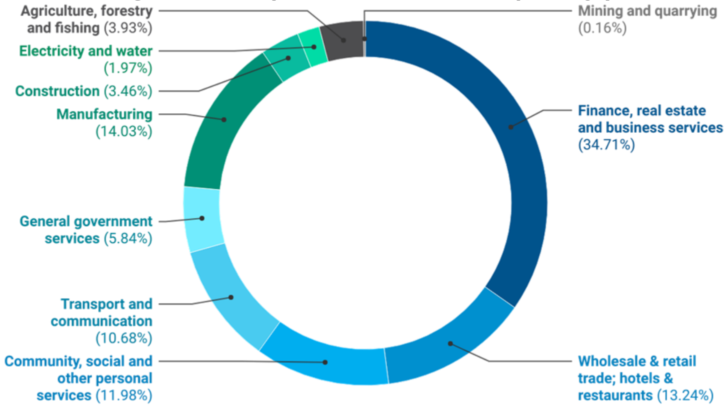
More than 70% of economic activity in the Western Cape comes from the tertiary sector. Specifically, this sector accounted for a 76% share of output in 2024Q4. As shown in Figure 7, the finance industry contributed to 34.71% of the province's gross value added (GVA) in this quarter. Manufacturing (with a contribution of 14.03%) had the second largest share of output, followed by wholesale and retail trade (13.24%).

Figure 8 shows 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 district contribution to provincial output, Table 9 illustrates 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.

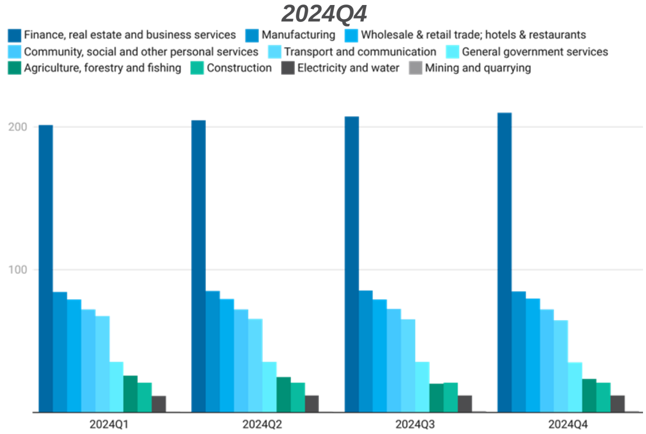
Historically, final consumption expenditure by households has accounted for almost 60% of the Western Cape's GDP, as can be seen in Figure 10. The ratio of the province's gross fixed capital formation (GFCF) to GDP has historically been below 20%. In 2023, consumption spending accounted for approximately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

Figure 7: Composition of GVA, WC (2024Q4)



Source: Quantec (2025)

Figure 8: Share of GVA per industry, WC (ZAR billion), 2024Q1–2024Q4



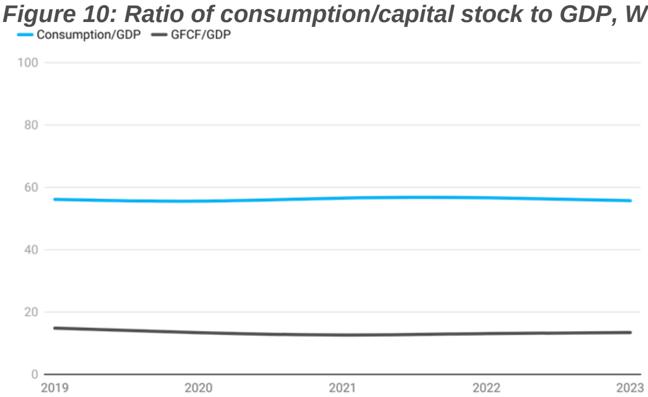
Source: Quantec (2025)

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)

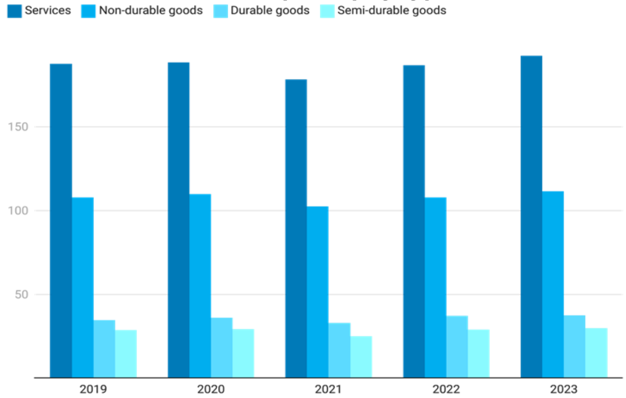
Figure 10: Ratio of consumption/capital stock to GDP, WC



Source: Quantec (2025)

Figure 11 shows that services accounted for more than half of consumption spending in the Western Cape in 2023. 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.

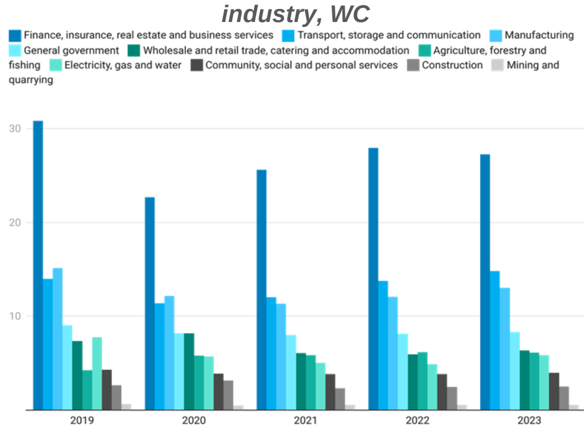
Figure 11: Consumption expenditure, WC (ZAR billions 2015 constant prices) by type



Source: Quantec (2025)

Real GFCF increased by 3.49% y-o-y in 2023. Finance; transport, storage; and 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, insurance, real estate and business services; 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.

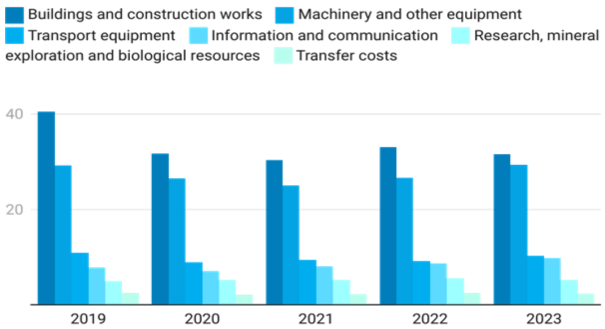
Figure 12 : GFCF, WC (ZAR billions 2015 constant prices) per industry, WC



Source: Quantec (2025)

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

Figure 13: GFCF, WC, by asset class

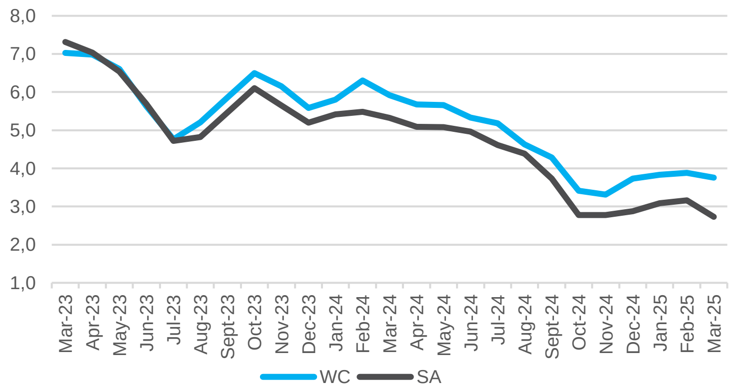


Source: Quantec (2025)

Consumer prices

Annual consumer price inflation (CPI) was 3.8% in March 2025, down from 3.9% in February 2025. This was a decrease of 0.1 percentage points y-o-y during the month. The December rate is above the lower limit of the South African Reserve Bank's inflation target range. The main contributors to the 3.8% annual inflation rate were restaurants and accommodation services; housing and utilities; and alcoholic beverages and tobacco.

Figure 14: Annual Consumer Price index, WC (year on year % change)



Source: Quantec (2025)

Labour market

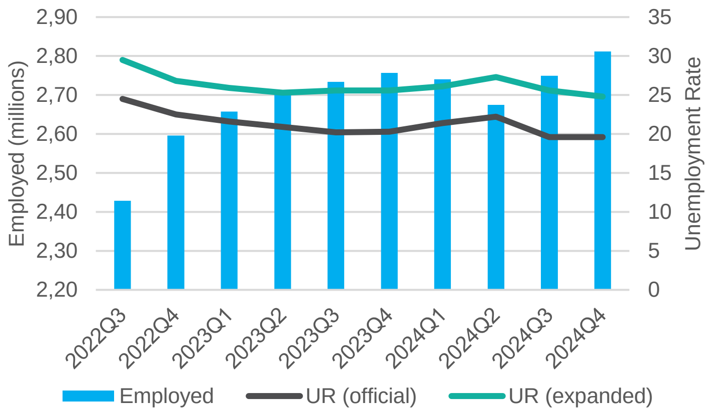
The Western Cape's official unemployment rate stood at 19.6% in 2024Q4, unchanged from 19.6% in 2024Q3 (as shown in Figure 15). The national unemployment rate was 31.9% in 2024Q4. During this period, the province's expanded employment rate (which includes discouraged work-seekers) stood at 24.8% (41.9% for South Africa). An estimated 2.81 million people were employed in 2024Q4, with an additional 62,000 jobs in relation to 2024Q3.

Both the official unemployment rate and expanded unemployment rate were relatively lower in the Western Cape compared to the rest of the country, as shown in Figure 16. In 2024Q4, the province's official unemployment rate was 19.6%, while the expanded unemployment rate was 24.8%. The official rate remained unchanged in 2024Q4 in relation to 2024Q3, and the expanded rate was down by 0.8 percentage points.

In respect of age, those aged 15–24 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 48.3% and 39.6% respectively in 2024Q4. This can be seen in Figure 17. The high unemployment rate among those aged 15–19 years was not surprising because of various possible reasons, including the fact that this age group was likely still in school.

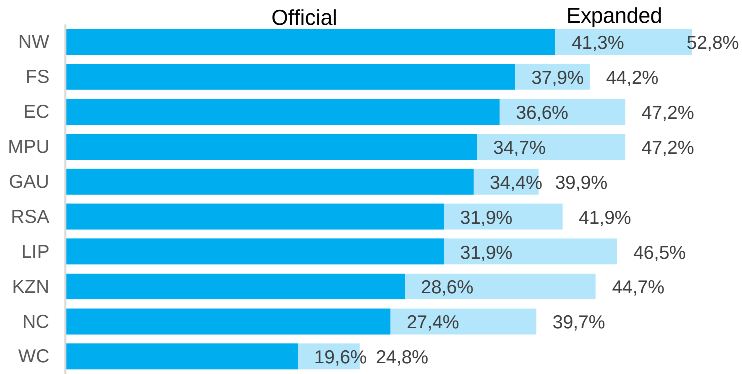
Figure 18 shows that the labour force participation rate in the Western Cape increased by 1.3 percentage points from 67.4% in 2024Q2 to 68.6% in 2024Q3. This refers to the proportion of the working-age population who are either employed or unemployed. The absorption rate was 55.2%, 1.0 percentage points higher compared to the previous quarter.

Figure 15: Number of employed, and unemployment rate, WC



Source: Stats SA, (2025)

Figure 16: Unemployment rate per province (2024Q4)



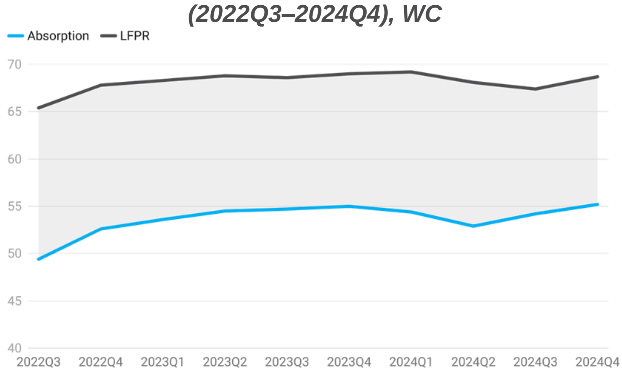
Source: Stats SA (2025)

Figure 17: Official unemployment rate by age groups, WC

	2024Q1	2024Q2	2024Q3	2024Q4
Age 15-19	63.1%	69.7%	55.2%	48.3%
Age 20-24	38.1%	42.2%	39.3%	39.6%
Age 25-29	27.4%	28.3%	25.0%	22.4%
Age 30-34	18.9%	22.1%	19.5%	19.9%
Age 35-39	20.3%	22.5%	16.3%	19.0%
Age 40-44	18.1%	17.6%	17.9%	17.7%
Age 45-49	15.8%	14.9%	13.2%	13.4%
Age 50-54	14.2%	12.0%	11.3%	13.4%
Age 55-59	9.0%	7.4%	8.0%	6.3%
Age 60-64	1.7%	3.5%	0.8%	3.9%

Source: Quantec (2025)

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



Source: Stats SA (2025)

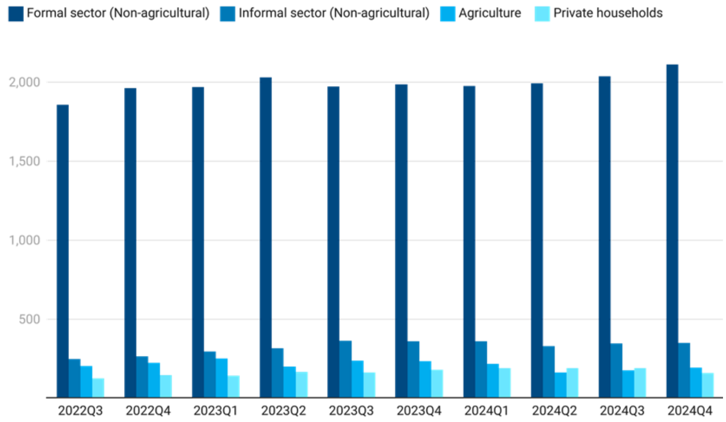
In 2024Q4, the formal sector accounted for 75.08% of total employment levels in the Western Cape (as demonstrated in Figure 19). The informal sector followed with an employment rate of 12.44%. Next was agriculture (6.86%) and then private households (5.63%). Employment increased in agriculture by 10.25%; in the formal sector by 3.55%; and in the informal sector by 1.05%. The employment rate declined in private households, by 16.55%.

The tertiary sector accounted for 72.78% of employment in 2024Q4. The secondary and primary sectors were responsible for 20.00% and 7.22% of those employed 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 2024Q4 were community and social services (with a share of 21.62%), finance (20.88%) and trade (18.11%). These were followed by the manufacturing industry (10.91%). Other key contributors to employment in the same quarter were construction (8.72%), agriculture (6.86%) and transport (6.55%).

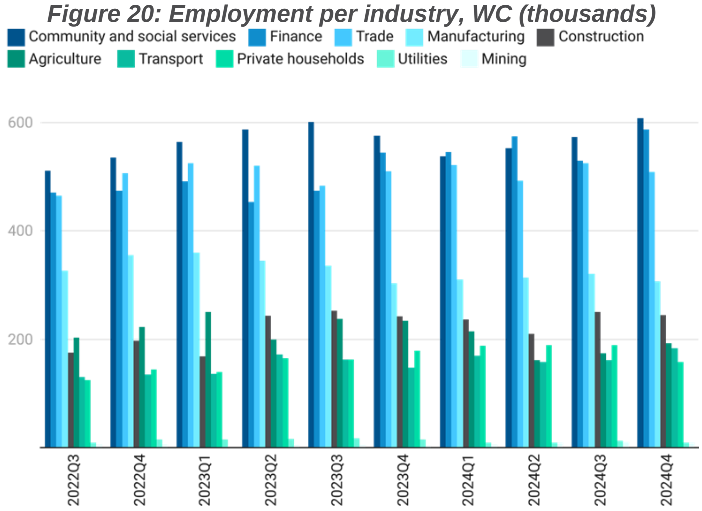
Figure 22 shows that only four of ten industries recorded positive growth (q/q) in employment during the third quarter of 2024. These sectors included finance (57,000 jobs), community and social services (35 000 jobs), transport (22,000 jobs) and agriculture (18,000 jobs). The greatest number of job losses were recorded in private households, with 31,000 job losses, and in trade, with 16, 000 job losses.

Figure 19: Employment per sector (thousand), WC



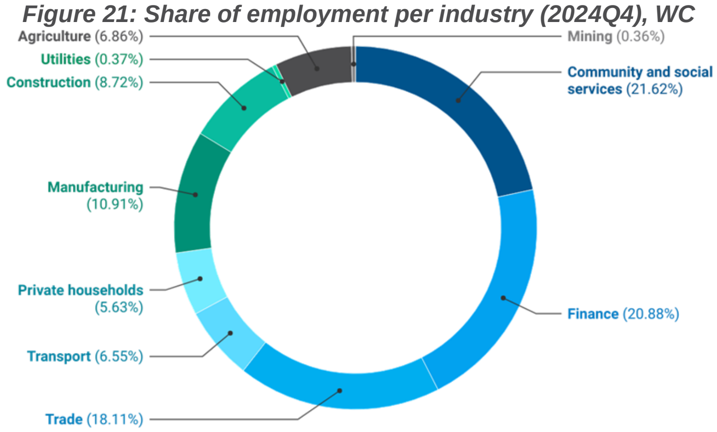
Source: Stats SA (2025)

Figure 20: Employment per industry, WC (thousands)



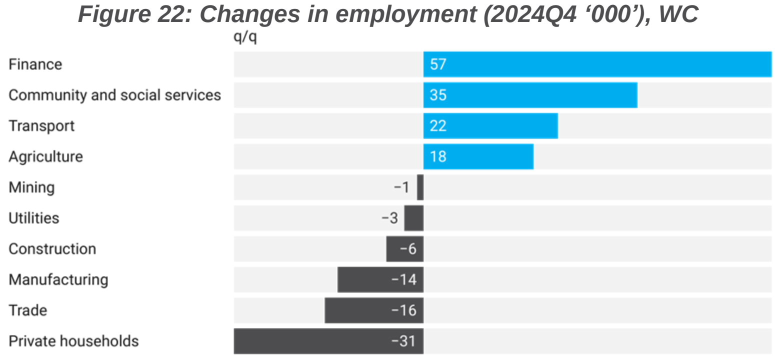
Source: Stats SA (2025)

Figure 21: Share of employment per industry (2024Q4), WC



Source: Stats SA (2025)

Figure 22: Changes in employment (2024Q4 '000'), WC



Source: Stats SA (2025)

Conclusion

The Western Cape has the third largest provincial economy in South Africa with regard to 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 2024Q4 were finance, real estate and business services (34.71%), manufacturing f 14.03%), and wholesale and retail trade; restaurants and hotels (13.24%). On the other hand, the top three employment contributors in the quarter were community and social services (21.62%), finance (20.88%) and trade (18.11%).

In 2024Q4, the Western Cape economy grew by 0.8%. Four of the ten sectors in the provincial economy increased in the fourth quarter. These were agriculture, forestry and fishing (17.88%); finance, real estate and business services (1.23%); wholesale and retail trade; hotels and restaurants (1.20%); and mining and quarrying (0.15%). Inflation in the province decreased to 3.8% in March 2025, down from 3.9% in February 2025, with restaurants and accommodation services being the main contributor to inflation.

The unemployment rate for the province remained at 19.6% in 2024Q4, while the expanded unemployment rate decreased by 0.8 percentage points to 24.8%, from 25.6% in Q3. 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 finance (57,000 jobs), community and social services (35,000 jobs), transport (22,000 jobs) and agriculture (18,000 jobs).