

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

FIRST QUARTER 2025

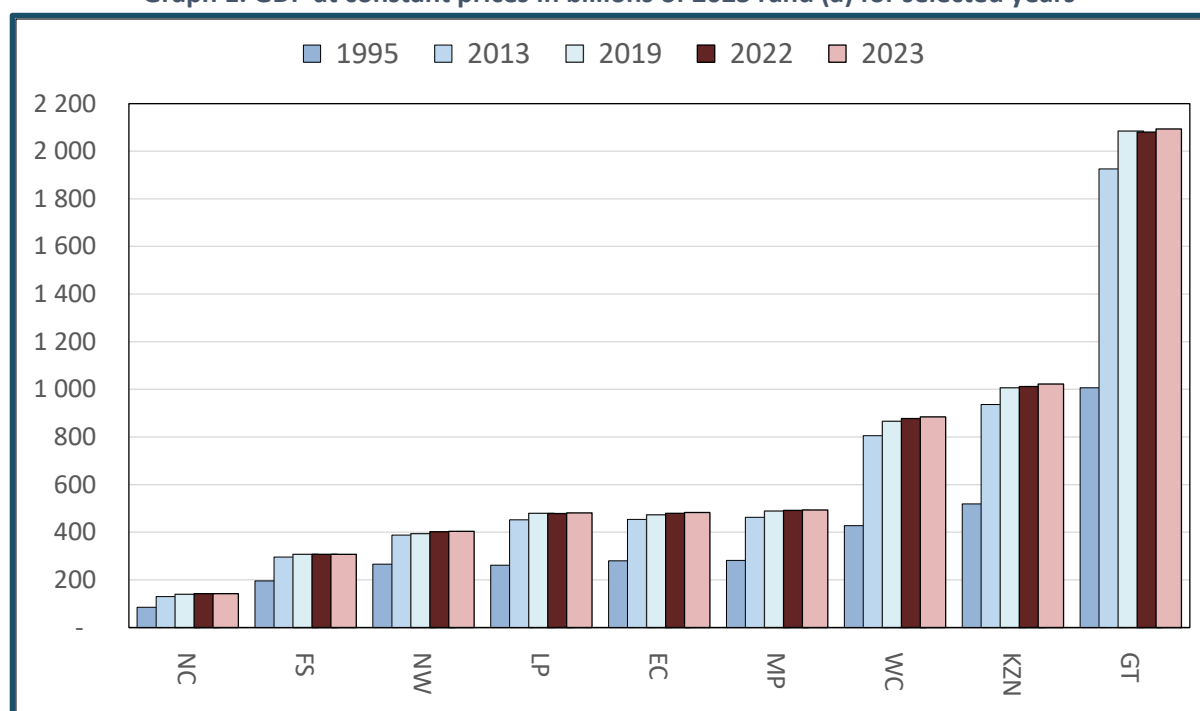
Briefing Note 1: Provincial economic developments

Lucas Mthembu and Neva Makgetla

TIPS's annual Provincial Review analyses key economic and policy developments in South African provinces. It highlights shifts in the national economic geography as shaped by the GDP, population, employment, business activity, and infrastructure at provincial level. The review includes a separate, detailed overview for each province. The 2024 review analyses provincial trends up to 2023, using the most recent data available as of early 2025. This briefing note summarises the key findings of [The Real Economic Bulletin Provincial Review 2024](#).

All provinces were affected by the 2023 economic slowdown, as national GDP grew only 0.7%, down from 1.9% in 2022. The mining-dependent provinces – Limpopo, Mpumalanga, North West, and the Northern Cape – were hit hard by declining global mineral prices. In contrast, Gauteng, KwaZulu-Natal, and the Western Cape, which contain the largest metros, increased their share in the national economy. The Eastern Cape also reported a surprising growth spurt. Still, overall, the economic structure of the provinces continues to reflect patterns of wealth and deprivation established during apartheid. (Graph 1)

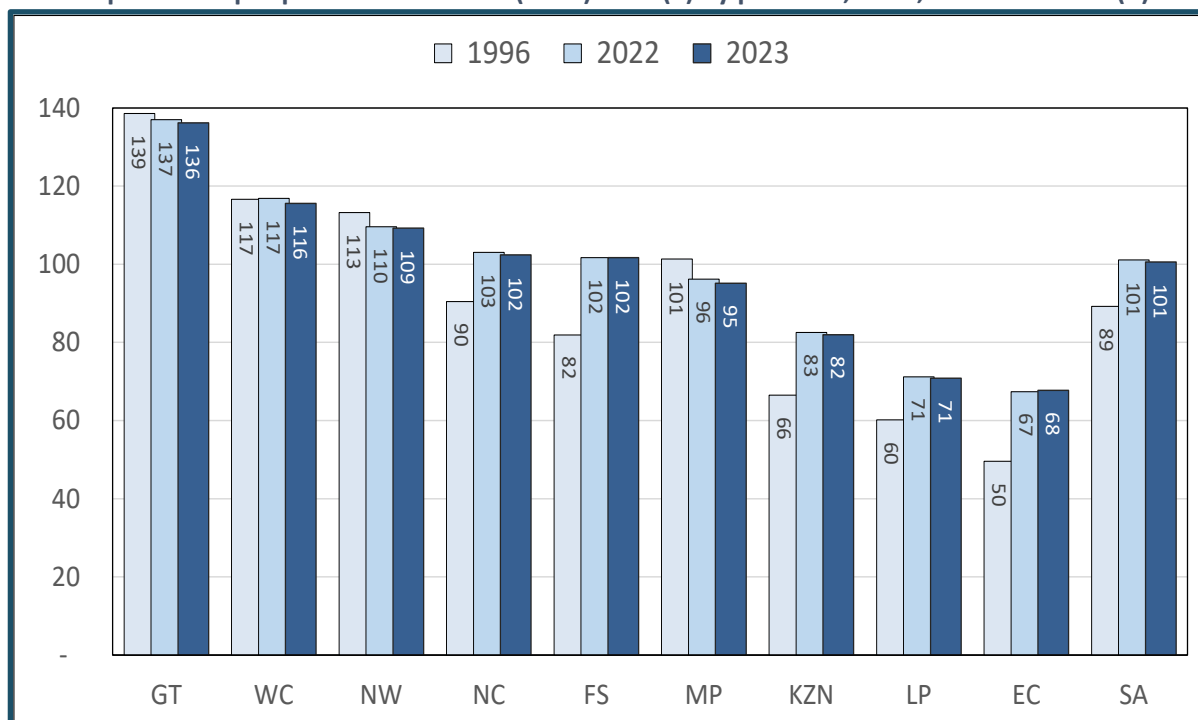
Graph 1. GDP at constant prices in billions of 2023 rand (a) for selected years



Note: (a) Reflated with provincial GDP deflator rebased to 2023. Source: Calculated from Quantec. EasyData. Standardised regional series. Accessed at www.quantec.co.za in January 2025.

Nationally, the GDP per person declined in 2023. The fall was mirrored in all of the provinces except the Eastern Cape. Over the longer run, migration to the main economic centres strongly affected value added per person. In volume terms, the figure declined slightly from 1996 to 2022 in Gauteng and the Western Cape. Nonetheless, Gauteng remained around 40% above the national average. The GDP per person grew far more rapidly in all the other provinces except for the North West and Mpumalanga (Graph 2).

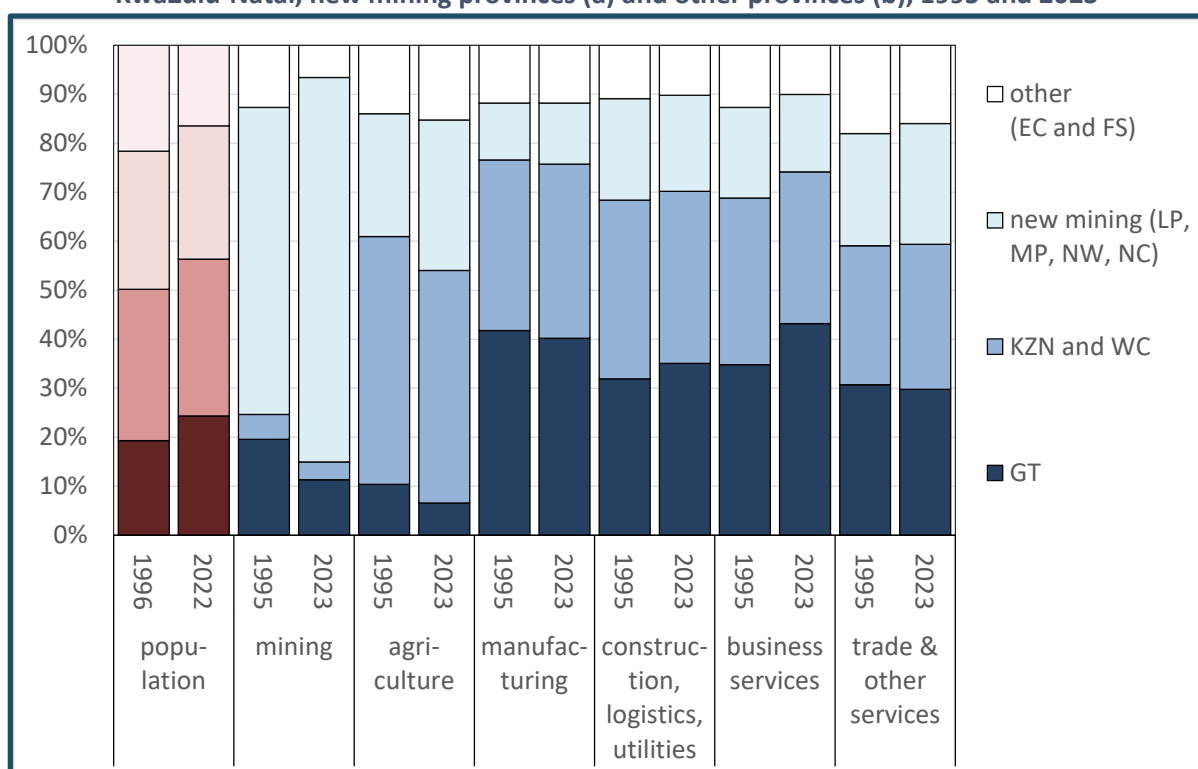
Graph 2. GDP per person in constant (2023) rand (a) by province, 1996, 2022 and 2023 (b)



Note: (a) Reflated with GVA deflator for each province rebased to 2023. (b) Quantec estimates population in millions using the growth rate from Statistics South Africa's mid-year estimate for 2023 and the 2022 Census figure for the provincial population. Source: From 1996 to 2022, population from Statistics South Africa. Census 2022. Statistical release. P0301.4. Page 4. Available at www.statssa.gov.za. For GVA and for 2023 population data, EasyData. Standardised regional series. Accessed at www.quantec.co.za in January 2025.

In every province, services continued to drive economic growth in 2023, with manufacturing lagging well behind. The provinces with major metros dominated manufacturing, but heavy industry was more important in Gauteng than in the Western Cape and KwaZulu Natal. (Graph 3) Across the board, the largest and fastest growing manufacturing industry was food processing, although its value added dipped in 2023. Services varied sharply between the main economic centres and the rest of the country. In the provinces with major metros, private business services accounted for most of growth in the sector. In the rest of the country, personal and social services were more important.

Graph 3. Share of value added in major sectors by Gauteng, the Western Cape and KwaZulu-Natal, new mining provinces (a) and other provinces (b), 1995 and 2023

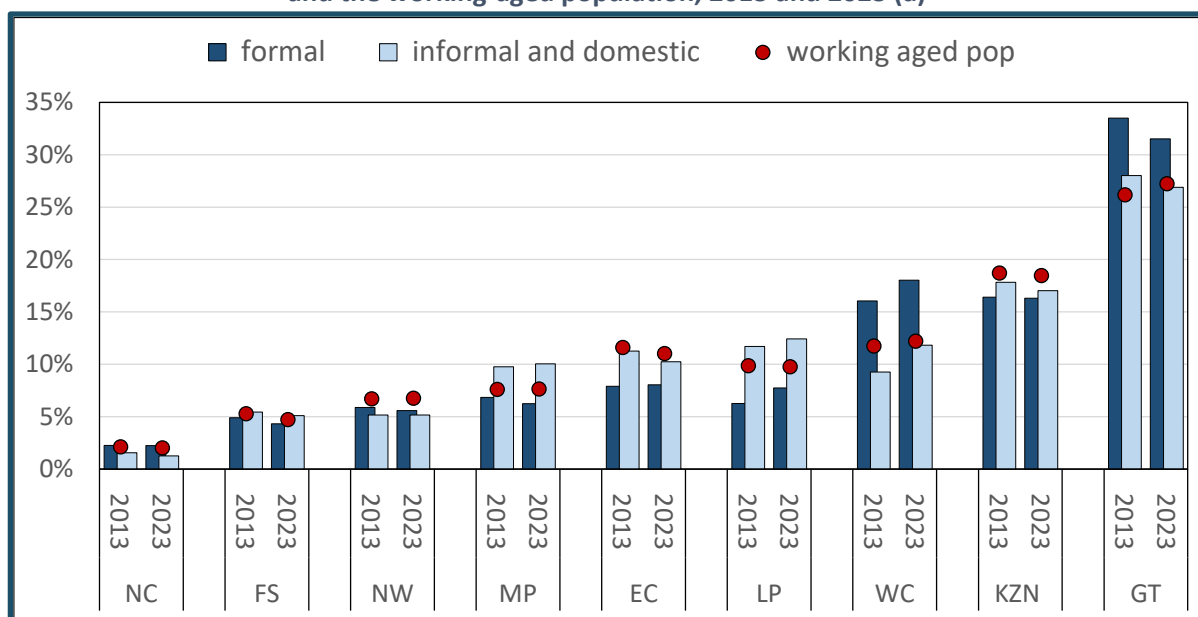


Notes: (a) Limpopo, North West, Mpumalanga and Northern Cape. (b) Eastern Cape and Free State. Source: Quantec. EasyData. Standardised regional series. Accessed at www.quantec.co.za in January 2025.

The share of employed people in the working-age population was 40% nationally, far below the international average of around 60%. The Western Cape, Limpopo, and Gauteng had the highest employment ratio at 60%, 47%, and 45%, respectively. In Gauteng and the Western Cape, the share of people in formal employment outstripped the share of the population, despite substantial in-migration especially since 1994. (Graph 4)

South Africa had 770 000 formal small businesses and 1.7 million informal small businesses in 2023. Three-quarters of formal small businesses were housed in Gauteng, the Western Cape and KwaZulu-Natal. In contrast, informal small businesses were distributed proportionately to the population. In January 2024, 70% of listed companies were headquartered in Gauteng, 25% in the Western Cape, and 6% in KwaZulu-Natal. Informal small businesses were mostly in Gauteng (30%), KwaZulu-Natal (17%), and Limpopo (14%).

Graph 4. Provincial shares in national formal employment, informal and domestic employment, and the working-aged population, 2013 and 2023 (a)



Note: (a) Data are average of four quarters, in line with Statistics South Africa's methodology for the annual figures in the Labour Market Dynamics databases. Source: Calculated from Statistics South Africa.

QLFS Trends 2008-2024Q3. Excel spreadsheet. Downloaded from

https://www.statssa.gov.za/?page_id=1854&PPN=P0211&SCH=73894 in December 2024.

Statistics South Africa is scheduled to release 2024 provincial GDP data in September 2025, and the 2025 Provincial Review will be published shortly thereafter.