

EPIC

ECONOMIC PERFORMANCE
INDICATORS FOR CAPE TOWN

2024 QUARTER 3
(JULY-SEPTEMBER)



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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 third quarter of 2024, covering the period from 1 July to 30 September.

ECONOMIC CONTENT WRITTEN BY THE ECONOMIC ANALYSIS BRANCH, POLICY AND STRATEGY DEPARTMENT

Manager: Economic Analysis
Paul Court

Project lead
Jodie Posen

Project manager and author
Dilshaad Gallie

Authors
Monique Petersen
Luzaan Lesch
Alfred Moyo

MARKETING, DESIGN AND DISTRIBUTION BY THE INVEST CAPE TOWN TEAM,
ECONOMIC DEVELOPMENT AND INVESTMENT DEPARTMENT

Manager: Tourism and Place Marketing
Rory Viljoen

Head: Investment Positioning
Clayton Barnes

Project manager
Caryn Williams

Email
economic.research@capetown.gov.za | info@investcapetown.com

Online access
www.capetown.gov.za/EPIC

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City of Cape Town Development Management
Lizanne Ryneveldt

City of Cape Town Electricity Generation and Distribution
Gary Ross



FOREWORD

The third quarter of 2024 was a period of significant and expanded economic opportunity for Cape Town, supporting the City's commitment to creating a thriving economy that benefits all residents.

In August, I convened a session with Cape Town's 11 Special Purpose Vehicles (SPVs) to outline the City's expectations and reaffirm their critical role in driving economic growth. These SPVs represent key sectors – from technology to clothing manufacturing and call centres – that not only upskill Cape Town's workforce but also create employment opportunities and inject dynamism into our economy.

Over the last five years, these partnerships have contributed an impressive R45 billion to Cape Town's economy, resulting in 50 000 new jobs. This milestone reflects the success of our collaborative efforts and reaffirms our belief in the transformative power of partnerships.

At the heart of this programme lies a guiding principle of "people, places and products". We are focused on empowering individuals through skills development, supporting diverse business locations across the city and showcasing Cape Town's top-tier products on global platforms.

To continue building momentum, we have also advanced several strategic projects involving City-owned land to unlock further economic opportunities. One highlight was the Mayoral Committee's approval for the release of land in Rondebosch East for a mixed-use development. This project, with a potential yield of 800 residential units, will blend affordable housing, open market

housing, public open space and retail opportunities, creating a vibrant and inclusive space. In another significant move, preparations commenced for the auction of a prime 9,2-hectare industrial property in Wynland Industrial Park, Kraaifontein – a sought-after location along the N1 corridor. This development forms part of our proactive approach to releasing well-positioned land for private-sector investment, ensuring that economic growth reaches every corner of Cape Town.

These interventions are part of the City's strategy to mitigate the effects of global economic instability and geopolitical tensions, demonstrating our resilience and agility in challenging times.

None of this progress would be possible without the dedicated efforts of my team within the Economic Growth Directorate and our partners across various organisations. Together, we are building an economy that inspires hope and confidence.

This City government is unwavering in its commitment to creating the conditions for development and prosperity. Through collaboration, innovation and bold action, we are laying the foundation for a brighter and more inclusive future for all Capetonians.



ALD. JAMES VOS
*Mayoral Committee Member
for Economic Growth*

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INTRODUCTION

In this 46th edition of the quarterly EPIC publication, we present statistics for, and analyses of, Cape Town's key economic trends. This edition focuses on the latest quarterly developments, covering the period 1 July to 30 September 2024.

After recording growth of 0,3% in quarter 1, provincial GDP experienced a non-annualised quarterly contraction of 0,7% quarter-on-quarter in the third quarter of 2024, slightly higher than the national contraction of 0,3%. Provincial year-on-year growth for the quarter was only 0,1%. These results were unexpected, given the consensus forecasts of quarter-on-quarter growth of 0,5% for South Africa. The contraction was driven primarily by underperformance in the agricultural sector, particularly a decline in field crop activity. In recent quarters, the agricultural sector output, as reported by the Department of Agriculture, has undergone significant revisions. While there may be an upward revision for the third quarter, the impact on South Africa's annual GDP for 2024 is clear, with the annual forecast now well below 1%.

Fortunately for Cape Town, underperformance by the agricultural sector should not have the same negative impact that it has had on the province or the country. This is due to the relatively small contribution of around 1% by this sector to the city's economy. Finance, real estate and business services, and manufacturing contributed the most to quarterly growth. The absence of load-shedding remains positive for manufacturing production as well as the electricity and water sector, both of which improved. In the third quarter, the manufacturing sector performed above pre-Covid-19 output levels for the first time this year. This was reflected in the City's power usage data, which showed the City's supply of electricity to small and large power users increasing on a quarterly basis. The more reliable electricity supply also contributed to an increase in business and consumer confidence, the latter reaching its highest reading since 2019, buoyed by the two-pot retirement system, anticipated interest rate cuts and a lower consumer price index (CPI).

The national headline CPI for September continued its downward trend, declining to 3,8% (4,3% in the Western Cape). With the CPI dropping below the 4,5% midpoint target of the Monetary Policy Committee, a rate-cutting cycle was initiated in September, followed by a second 25-basis-point reduction in November. Inflation

forecasts remain around 4,5% until 2026, supported by stronger exchange rates and lower oil prices. The Reserve Bank governor has been vocal recently about lowering the inflation target in South Africa to below the mid-point of 4,5%, while acknowledging the volatile nature of price fluctuations. The current environment of lower inflation presents an opportunity to adjust policy in this direction. However, if future price increases occur due to external supply shocks or rising utility costs, interest rates may remain higher for longer to curb this inflation. Such prolonged high interest rates would, in turn, dampen investment and consumer demand, both of which are already subdued, further constraining economic growth.

In contrast to the economic performance, the labour market in Cape Town saw improvements in quarter 3, with the unemployment rate dropping to 22,3% from 23,4% in quarter 2 (Statistics South Africa, 2024). Increases in quarterly employment were driven mainly by the community services sector, which also saw the largest annual decreases in employment, signalling positive temporary performance or recovery. Quarterly labour gains were also seen in the construction and private households sectors, including domestic workers. The labour market indicator that remains of the greatest concern, and reached its highest level yet, was the number of discouraged work seekers in Cape Town. The number of those that were not employed, wanted to work, but had given up looking for work in the last month could fill the Cape Town stadium.

While economic output surprised on the downside, other non-agricultural sectors continued to tick upwards. Quarterly figures improved for trade and logistics indicators such as containers handled and exports. Electricity reliability continued to positively influence manufacturing output and employment as well as improve confidence. This steady progress, together with lower inflation and the start of the rate cutting cycle should impact positively on quarter 4 results, particularly on the demand side. Although there is momentum in many areas, the pace remains slow and anticipated growth stimulators such as reforms by the Government of National Unity (GNU), rate cuts and the two-pot system have yet to make a meaningful impact.

JODIE POSEN
Head: Economic Intelligence: Economic Analysis

KEY FINDINGS FOR THE THIRD QUARTER, 2024



In the third quarter of 2024, the **Western Cape economy** contracted by 0,7% quarter-on-quarter (non-annualised), while the national economy recorded a contraction of 0,3%. The largest sectoral growth in the province was recorded in the electricity and water sector.



The Western Cape recorded an **inflation rate** of 4,3% at the end of the third quarter, which is a decrease from the 5,4% at the end of the previous quarter. The national inflation rate at the end of the third quarter was lower, at 3,8%.



The number of people **employed** in Cape Town increased by 6 447 on a quarter-on-quarter basis, to a total of 1,75 million in the third quarter of 2024. The main [positive] contributors to employment during the period were the community, social and other personal services (+34 769) and construction (+14 580) sectors. The finance, real estate and business services (-26 686) and transport and communication (-10 381) sectors recorded the highest quarterly losses in employment.



Cape Town's top five **tourist attractions** recorded a total of 694 176 visitors in the third quarter of 2024.



Accommodation establishments in Cape Town had an average **occupancy rate** of 55,8% in the third quarter. The domestic tourism market remains a dominant source of business for the sector.



Cape Town International Airport recorded 2,42 million **air passenger movements** in the third quarter of 2024.



On a quarter-on-quarter basis, Cape Town's **trade** recorded an increase in both **exports** and **imports** in the third quarter. Exports were mainly led by citrus fruit and refined petroleum. On a year-on-year basis, exports decreased by 5,7% from the levels in the third quarter of 2023.

01

SUCCESS STORIES



LUNGA MOMOZA – EMPOWERING LOCAL ENTREPRENEURS THROUGH E-COMMERCE INNOVATION

Lunga Momoza's entrepreneurial journey began in high school when he started selling thrifted clothing to his classmates. This early experience ignited a passion for business and innovation that was strengthened when a representative from a university programme visited his school, introducing him to the Launch Lab incubator. This encounter left a lasting impression, and Lunga knew that he wanted to pursue a career in tech. He eventually realised this ideal when he established his tech start-up, Basket E-commerce, in 2017.

Lunga's story is one of resilience, creativity and a commitment to uplifting his community through technology. However, the journey was not without its challenges; securing initial funding was a significant hurdle, but Lunga and his team were determined to overcome it. By participating in UVU Africa's hackathons, they not only gained valuable experience but also secured their first funding of R10 000 that allowed them to start building their business.

Harnessing the support of tech businesses in Cape Town

Lunga has witnessed first-hand the growth of Cape Town's tech landscape. He highlights events like UVU Africa's hackathons and the Global Start-up Awards, noting the impressive turnout and increasing interest from young entrepreneurs. For Lunga, the growth of the tech industry in Cape Town is more than just a trend; it is a movement that is transforming communities and creating opportunities for many.

One of the key milestones for Basket E-commerce was onboarding their first 250 customers/merchants within just six months. This achievement was particularly significant given that Lunga and his team were still students at the time, balancing academics with the demands of running a start-up. The early success in Stellenbosch's Kayamandi and Khayelitsha townships validated their vision and affirmed the potential of their business model.

Influence of community and partnerships

Attending entrepreneurship events and networking with like-minded individuals have been instrumental in Lunga's journey, not only deepening his passion for tech but also motivating him to pursue his dream of launching a tech start-up. Partnerships have also played a crucial role in Basket E-commerce's growth. Recently,

the company collaborated with a micro-financing start-up that aligns perfectly with their business model. This partnership has helped to address a significant challenge faced by many informal merchants in Cape Town, namely access to quick credit or capital, which traditional banks often do not provide.

To stay ahead of technological trends, Lunga and his team adopted a chatbot system two years ago, well before the AI boom. This decision not only kept them competitive but also helped streamline their operations. Looking ahead, they are exploring further AI applications, particularly in the micro-financing sector, to continue enhancing their services.

Lunga attributes much of his success to mentorship, which he likens to "building a plane while it is flying". "Having a mentor who understands your journey and aligns with your goals is invaluable in navigating the complexities of entrepreneurship."

Like any entrepreneur, Lunga has faced setbacks. In 2023, after months of discussions with an angel investor, the deal fell through just days before payroll. This unexpected turn forced the company to downsize and rethink its strategy. Despite this setback, Lunga remains committed to his vision and continues to push forward. He advises fellow entrepreneurs to seek grant funding in the early stages, as it provides the flexibility to refine their business model and set a clear direction.

Future goals

Lunga's immediate goal is to expand Basket E-commerce's services to other townships in the Cape Town region. In the long term, he aims to scale the business to Johannesburg and eventually to countries like Botswana and Namibia. He is also focused on attracting the right tech talent to support this growth.

Opportunities in Cape Town's tech sector

Lunga sees immense potential for tech entrepreneurs in Cape Town, particularly in sectors like health and logistics. He believes that innovative solutions in these areas can address significant challenges and create successful ventures. His journey is a testament to the power of perseverance, innovation and community support.



CAPE TOWN OVERVIEW

– 2024 Q3

GROSS DOMESTIC PRODUCT (GDP)



The **Western Cape** accounted for **R660 billion**^a of the **R4,64 trillion gross domestic product (GDP)** generated by **South Africa** in the third quarter of 2024. While GDP data are not available at a city level on a quarterly basis, **Cape Town typically contributes around 72% of the provincial GDP annually**.^b

GDP GROWTH RATE



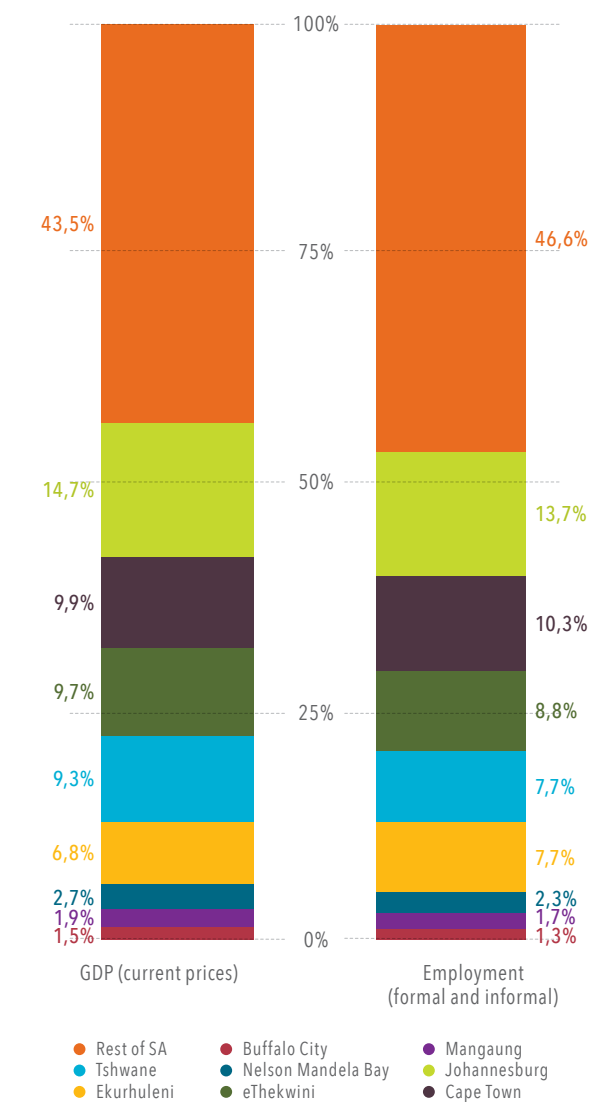
During the third quarter of 2024, the **Western Cape GDP** contracted by **0,7%**, while **national GDP** contracted by **0,3%**.^c

GDP PER CAPITA

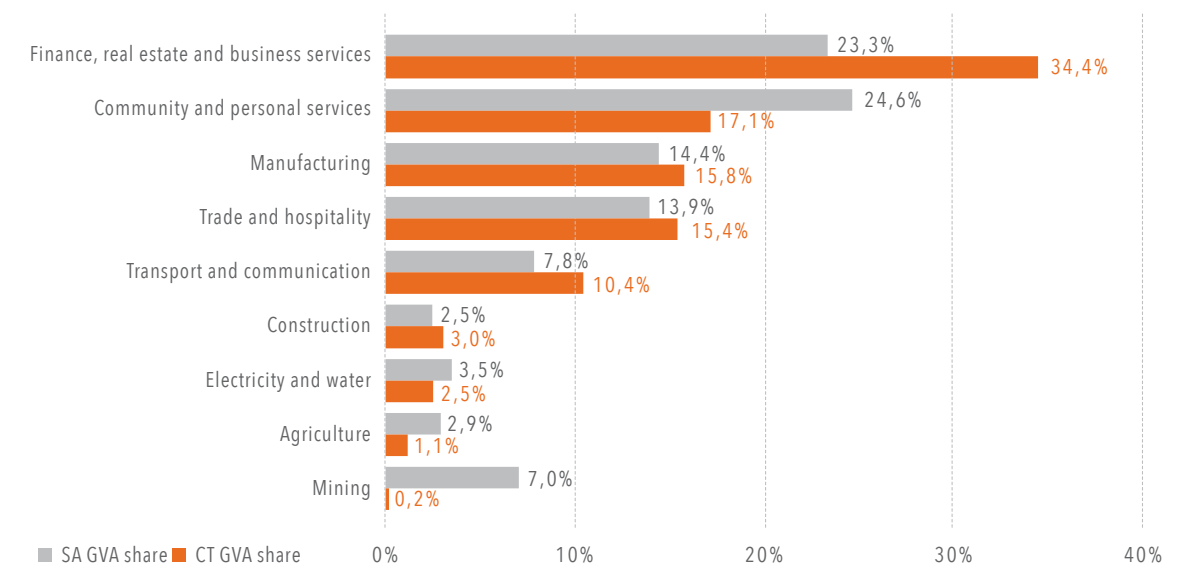


In 2023, **South Africa** had a **GDP per capita** of **R111 090**, while the **Western Cape's GDP** per capita was **R134 449** and **Cape Town's** was **R145 306**.^d

METRO CITIES' GROSS GEOGRAPHIC PRODUCT AND EMPLOYMENT CONTRIBUTIONS TO SOUTH AFRICA, 2023^e



CAPE TOWN GROSS VALUE ADDED (GVA) VERSUS NATIONAL GVA, 2023^f



INFLATION



At the end of the third quarter of 2024, **South Africa** had an **inflation rate** of **3,8%**. The **Western Cape's inflation rate** for the same period was **4,3%**.^g

POPULATION



South Africa has a population of **62 027 503**. A total of **7 433 020** people (11,9% of the national population) live in the **Western Cape**. Of those, **4 772 846** are residents of **Cape Town**.^h

GINI COEFFICIENT



In 2023, **South Africa** had a Gini coefficient of **0,61**, while **Cape Town** had a slightly lower value of **0,60**.ⁱ

AIR PASSENGERS



During the third quarter of 2024, **2 423 644 passengers** moved through **Cape Town International Airport**.^k

ATTRACTIONS



In the third quarter of 2024, **tourists and residents** made **694 176** visits to Cape Town's five **major attractions**.^j

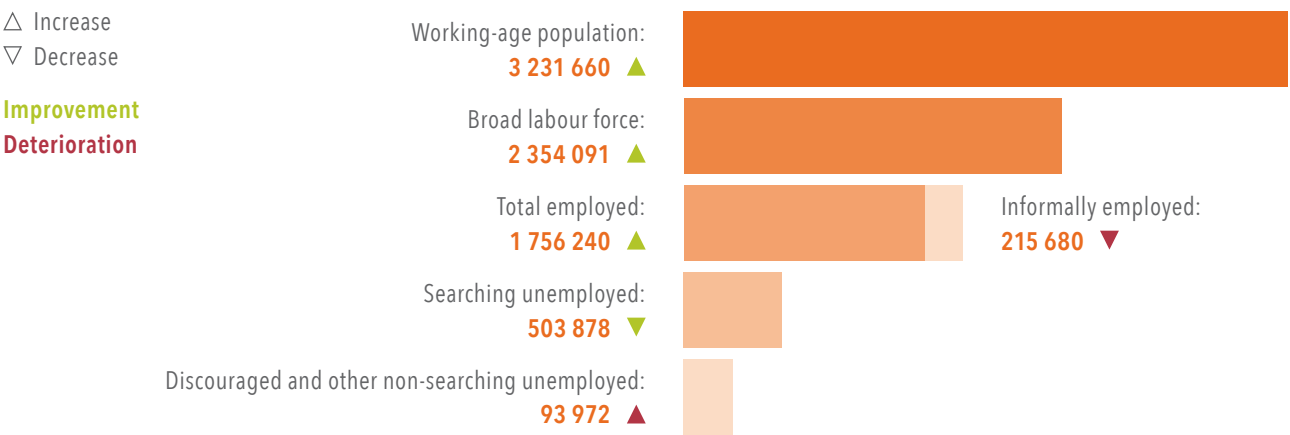
a, c. At constant 2015 prices, seasonally adjusted and non-annualised. Source: Quantec, 2024; Statistics South Africa, 2024.
b, i. Source: South Africa Regional eXplorer, 2024.
d, e, f. At current prices. Source: South Africa Regional eXplorer, 2024.

g. Source: Statistics South Africa, 2024.
h. Source: Statistics South Africa, 2024; City of Cape Town, 2023a.
j. Source: Wesgro, 2024.
k. Source: ACSA, 2024.

LABOUR OVERVIEW

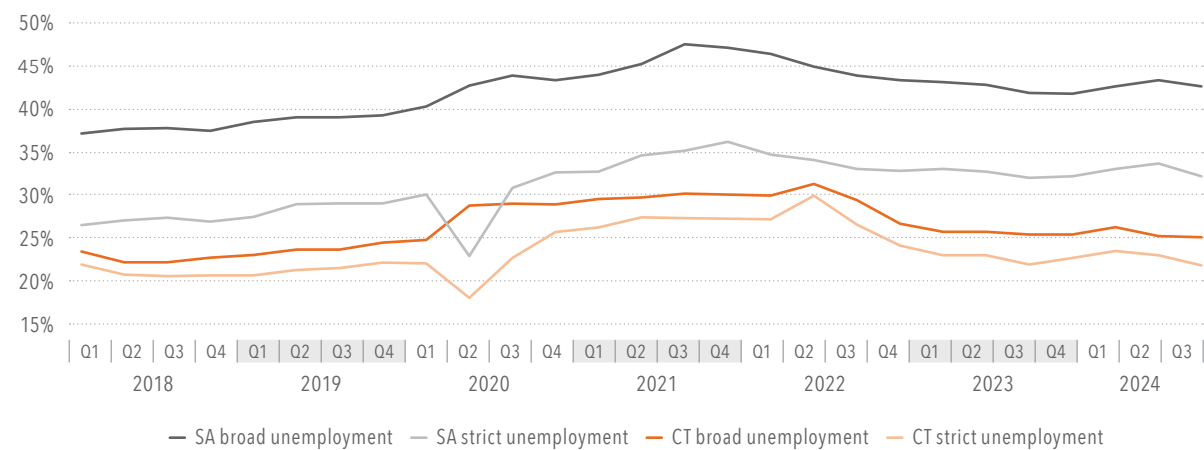
2024: QUARTER 3

LABOUR MARKET INDICATORS, 2024 Q3 (QUARTER-ON-QUARTER CHANGES)



Labour force participation rate (strict) = 69,9% Labour absorption rate = 54,3%

STRICT VERSUS BROAD UNEMPLOYMENT¹ RATES FOR SOUTH AFRICA AND CAPE TOWN, 2018 Q1 TO 2024 Q3



Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 3, November 2024.

¹ 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.



02 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.



SOUTH AFRICA'S QUARTER-ON-QUARTER ECONOMIC PERFORMANCE

After recording 0,3% quarter-on-quarter growth in the previous quarter (non-annualised and revised down by 0,1 of a percentage point), the South African economy contracted by 0,3% quarter-on-quarter in the third quarter of 2024. This was far from the Bureau for Economic Research's (BER) expectations of 0,4% growth, which is not often the case. The BER notes that the surprising results for the third quarter can be attributed to a "grossly underperforming agricultural sector" (BER, 2024a).

At the national level, four sectors contracted in the third quarter of 2024. The largest of these was in the agriculture sector, which contracted by 28,8% quarter-on-quarter and subtracted the most from the total national growth rate at -0,7 of a percentage point. This was followed by the transport and communication sector, which contracted by 1,6% and subtracted 0,1 of a percentage point from the total national growth rate. Other sectors that contracted over the quarter were trade and hospitality (-0,4%) and general government (-0,1%), resulting in miniscule subtractions from the total national growth rate.

Over the same period, six sectors recorded quarter-on-quarter growth. The largest of these was the electricity and water sector, which grew by 1,6%. However, due to its small share of the economy (2,4%), its positive contribution to the total growth rate was negligible. This was followed by the finance, real estate and business services sector, which grew by 1,3%, and mining and quarrying, which grew by 1,2%, adding 0,3 and 0,1 of a percentage point respectively to the total national growth rate. The construction sector recorded quarter-on-quarter growth of 1,1% in the quarter under review, with negligible impact on the total national growth rate. Further growth was recorded in the personal services (0,5%) and manufacturing (0,5%) sectors, each adding 0,1 of a percentage point to the total national growth rate. In total, these positive contributions were not enough to outweigh the large negative impact by the sectors that contracted in the third quarter.

There are several additional indicators that point to the current challenging economic climate and the economy's strained path of recovery. The RMB/BER Business Confidence Index recorded 38 index points in the third quarter of 2024. While this is an improvement of 3 index points from the previous quarter, it still shows that just a little under a quarter of the respondents are satisfied with the prevailing business conditions. RMB notes that this quarter's results reflected cautious optimism, being the first business sentiment survey since the formation of the Government of National Unity (GNU). Respondents continue to note constraints such as weak demand, however sentiment regarding business conditions moving forward has improved slightly (BER, 2024b).

Similarly, the FNB/BER Consumer Confidence Index remains significantly low². After improving slightly to -10 index points in the previous quarter, the index further improved by 5 index points to record -5 in the third quarter of 2024. While this shows that consumers remain under pressure, FNB notes that it is the highest reading since the first half of 2019. The continued, albeit slow, improvement is viewed as an encouraging signal moving into the future. Notably the improvements over the past six and 12 months point to a marked improvement in consumers' willingness to spend, and offer a positive outlook for consumer spending for the remainder of the year (BER, 2024c).

The Absa Purchasing Managers' Index (PMI) survey is an indicator of manufacturing activity given that it focuses on components such as business activity, new sales orders, supplier performance, prices and employment, as well as business sentiment. After ending the previous quarter below the 50-point mark (recording 45,7 index points in June 2024), the Absa PMI rebounded to 52,4 index points in July 2024, driven by improved business activity, including new sales orders as well as exports. The index contracted (by 8,8 index points) in August with a recording of 43,6 index points, however regained the loss in September, improving to 52,8 index points. Absa notes that the latest level includes signals of strong optimism for improving business conditions (BER, 2024e).

² 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, 2024d).

A GLOBAL COMPARISON OF ECONOMIC PERFORMANCE

The global economy continues to face an array of challenges to growth, including: low momentum (by historical standards) due to the long-term consequences of the Covid-19 pandemic (2024a); disruptions to productivity and shipping of commodities; and continued and increasing geo-economic tensions and fragmentation. In its latest [October] World Economic Outlook (WEO), the IMF (2024b) expects the global economy to "remain stable yet underwhelming". Its forecast for global growth for 2024 remains unchanged at 3,2%, decreasing slightly to 3,2% growth in 2025. Medium-term forecasts remain lower than pre-Covid-19 averages, attributed to persistent challenges such as weak productivity and ageing populations.

Forecast growth for advanced economies has been upwardly revised (by 0,1 of a percentage point) to 1,8% for 2024, and 1,8% for 2025. This follows recorded growth of 1,7% for advanced economies in 2023. Emerging and developing economies, which recorded growth of 4,4% in 2023, are expected to grow at 4,2% for both 2024 (unchanged from the previous forecast), and 2025 (revised down by 0,1 of a percentage point) in the latest IMF forecast. Growth forecasts for South Africa improved notably to 1,1% for 2024 (upwardly revised by 0,2 of a percentage point) and 1,5% for 2025 (upwardly revised by 0,3 of a percentage point) (IMF, 2024b). These October adjustments would not have taken quarter 3 results into account, which surprised on the downside. The BER has forecast South African growth below 1% for 2024.



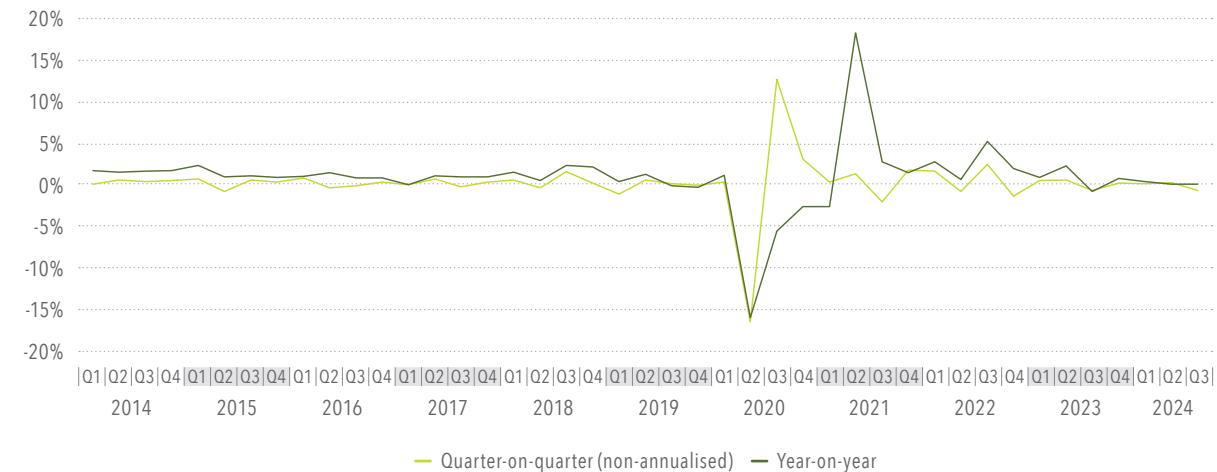
WESTERN CAPE AND CAPE TOWN ECONOMIC PERFORMANCE

The Western Cape economy accounts for 14% of South Africa's total gross domestic product (GDP). Similar to the national economy's performance (-0,3%), the province's economy recorded a (non-annualised) quarter-on-quarter contraction of 0,7% for the third quarter. However, quarter-on-quarter performance was worse at the provincial level, deteriorating by 1,1 percentage points from the previous quarter's growth (compared to -0,7 of a percentage point difference at the national level).

The year-on-year data³ for the Western Cape, which usually follows a similar trend to that of the country as a whole, deviated slightly in the third quarter of 2024. Following a decline in the previous quarter, national year-on-year growth recorded a slight improvement (+0,1 of a percentage point) in the third quarter of 2024, for year-on-year growth of 0,4%. The Western Cape economy recorded year-on-year growth of 0,1% in the quarter under review, largely unchanged (-0,03 of a percentage point) from the previous quarter.



FIGURE 1: REAL GDP GROWTH FOR THE WESTERN CAPE, 2014 Q1 TO 2024 Q3



Source: Quantec, 2024.

At the sectoral level, the Western Cape's GDP performance largely mirrored that of the national economy, with similar trends. In the third quarter of 2024, four sectors contracted. Based on provincial gross value added (GVA) data, which excludes taxes and subsidies, the agriculture sector recorded the largest contraction in the province at -28% quarter-on-quarter. This sector also subtracted the most from the total provincial growth rate, at -1,2 percentage points. The impact on growth was more significant at the provincial level due to the sector's larger share of the provincial economy (2,9%) than at the national level (2%).

The transport and communication sector recorded the second-biggest contraction of 1,6% and subtracted 0,2 of a percentage point from the total provincial growth rate. Contractions were also recorded in the trade and hospitality (-0,4%) and general government (-0,1%) sectors, subtracting 0,1 and 0,0 of a percentage point, respectively, from the total provincial growth rate.

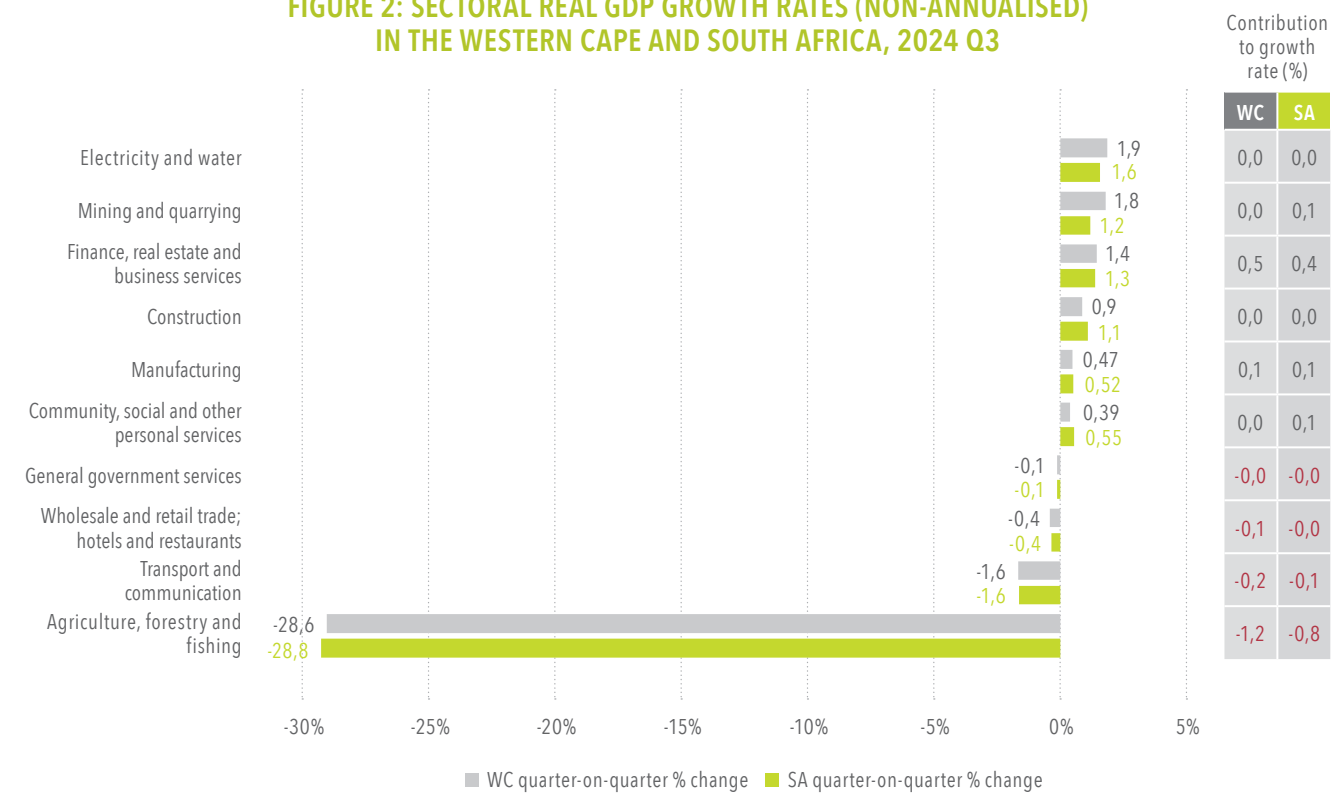
As at the national level, six sectors in the Western Cape recorded growth in the third quarter of 2024. The largest quarter-on-quarter growth in the province was recorded in the

electricity and water (1,9%), and mining and quarrying (1,8%) sectors. However due to their small share of the provincial economy (2% and 0,2%, respectively), their impact on the total provincial growth rate was minimal at 0,04 and 0,00 of a percentage point, respectively. This was followed by the finance, real estate and business services sector, which grew by 1,4% quarter-on-quarter and added the most to the total provincial growth rate at 0,5 of a percentage point.

The construction sector grew by 0,9% in the third quarter of 2024, improving 0,5 of a percentage point from the previous quarter. The continued momentum is welcomed for the sector, coming after four consecutive quarters of contractions. Personal services grew by 0,4% quarter-on-quarter, however, as was the case with the construction sector, this had a minimal positive impact on the total provincial growth rate. Growth of 0,5% was also recorded in manufacturing, which added 0,1 of a percentage point to the total provincial growth rate. Similar to the national performance, the positive growth of these sectors in the province was not enough to offset the impact of those sectors that experienced contractions during the quarter under review.

3 Year-on-year GDP growth is annualised.

FIGURE 2: SECTORAL REAL GDP GROWTH RATES (NON-ANNUALISED) IN THE WESTERN CAPE AND SOUTH AFRICA, 2024 Q3



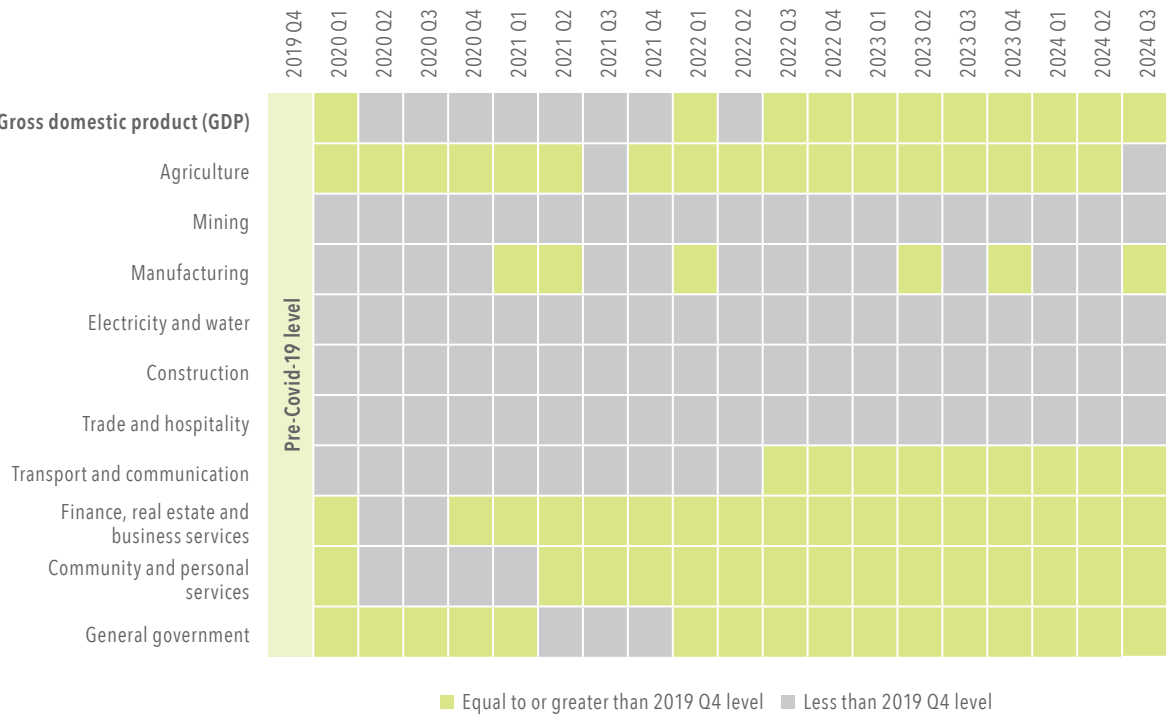
Source: Quantec, 2024.

In contrast to Cape Town’s high contribution to the tertiary sector output of the Western Cape (77%), the city’s contribution to the province’s total primary sector GGP is only 19% (South Africa Regional eXplorer, 2024). This means it is difficult to make inferences about the performance of the city’s primary sector based on primary sector GGP performance in the Western Cape. However, even if Cape Town’s primary sector (agriculture, in particular) did mirror provincial trends, it is unlikely that this would have had as large a negative impact on the overall growth rate of the city, as the primary sector contributes only 1% to Cape Town’s total GGP (compared to the 4,2% it contributes to the provincial economy).

The performance of the city’s economy in the third quarter of 2024 was likely driven by the finance, real estate and business services, community and personal services, trade and hospitality, and manufacturing sectors. In 2023 these comprised 39%, 17%, 13% and 13% of the city’s economy, respectively. The predominantly positive performances of these sectors are likely to have a greater impact on Cape Town’s economy than their contribution to provincial growth. In the last 10 years, the variation of the city’s GDP growth rate from the provincial growth rate⁴ has been 0,1 of a percentage point on average. In the third quarter it may be between -0,6% and -0,8%, but most likely higher than -0,6% due to the poor performance of the agricultural sector.

4 Based on the average of the differences over the 10-year period.

TABLE 1: WESTERN CAPE’S SECTORAL ECONOMIC ACTIVITY COMPARED TO PRE-COVID-19 LEVELS (I.E. 2019 Q4)



Source: Own calculations based on Quantec data, 2024.
Note: Based on GDP in constant 2015 prices. 2019 Q4 is the base quarter to which all following quarters are compared. Due to revisions to the source data, this table may differ slightly from previous versions.

While the Western Cape’s total GDP has remained above pre-Covid-19 levels since the third quarter of 2022, it is useful to compare economic activity at the sectoral level to pre-Covid-19 levels, to accurately assess economic recovery. Table 1 illustrates that by the third quarter of 2024, economic activity in five sectors remained higher than their respective levels in the fourth quarter of 2019. These include: finance, real estate and business services; community personal services; transport and communication; general government; and manufacturing. The manufacturing sector has returned to this status after two consecutive quarters of economic activity lower than in quarter 4 of 2019.

The construction, trade and hospitality, electricity and water, and mining sectors have all been unable to surpass their respective pre-Covid-19 output levels. This quarter also saw the agriculture sector revert to output levels below those of quarter 4 in 2019, after 11 consecutive quarters of output higher than pre-Covid-19 levels.

03 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.



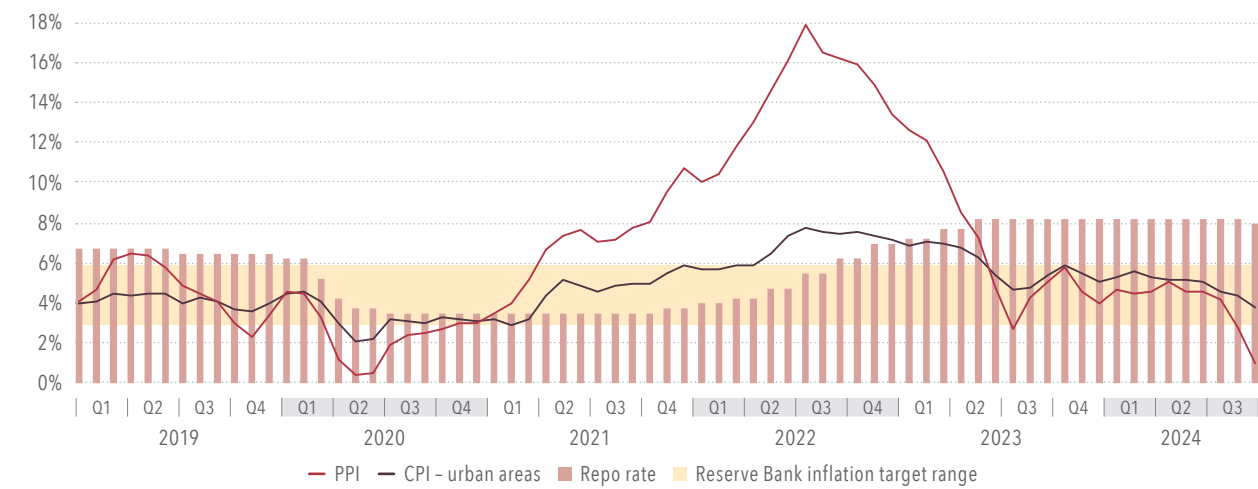
INFLATION OVERVIEW

In the last month of the third quarter of 2024, the CPI⁵ decreased to 3,8% compared to 5,1% recorded at the end of the previous quarter. As illustrated in figure 3, the CPI decreased to 4,6% in July and further to 4,4% in August and to 3,8% in September. The recording for September is the lowest since March 2021 (3,2%). The CPI remained within the inflation target range for this quarter, going below the mid-point target range (4,5%) of the South African Reserve Bank (SARB) in the second of the three months. According to the SARB Monetary Policy Committee (MPC) statement of September 2024, global and domestic factors have improved, leading to a better economic outlook for the remainder of 2024. Global economic conditions have become more favourable with global inflation easing, encouraging key central banks to lower their interest rates since August. This has helped to strengthen the South African rand. Furthermore, inflation expectations improved with growth forecasts, suggesting recordings below 4,5% until 2026, supported by a stronger exchange rate and lower oil prices. The MPC also noted the need for caution around the implementation of the two-pot system, which could increase consumer spending, adding potential upside risks to inflation.

For the third quarter of 2024, the PPI⁶ decreased to an average of 2,7%, after averaging 4,8% in the previous quarter. The index recorded monthly readings of 4,2% in July, decreasing to 2,8% in August and 1% in September 2024. This is the lowest reading for the PPI since June 2020 (0,5%). According to the BER (2024f), the PPI came in below its expectations of 1,3% – the second consecutive month of a significant drop in producer inflation driven by price decreases in the chemicals sector. The main inflationary contributors to the PPI in September (in terms of final manufactured products) were the prices of food products, beverages and tobacco products; and metals, machinery, equipment and computing equipment (Statistics South Africa, 2024).

Figure 3 illustrates changes in CPI, PPI and the repo rate. As indicated in the graph, the repo rate decreased by 25 basis points in September to 8% from 8,25%. This is the first drop in the repo rate since 2020. According to the MPC statement of September 2024 (SARB), key reasons for the drop in the repo rate were improved global conditions and economic growth prospects for the country as well as a stronger rand. Headline inflation also fell to below the mid-point target of 4,5%, with an improved inflation outlook for the next two years. In terms of upside risks to the interest rate, the MPC will also monitor the impact of the two-pot system on consumer spending and inflation.

FIGURE 3: CPI AND PPI TRENDS FOR SOUTH AFRICA, JANUARY 2019 TO SEPTEMBER 2024



Source: CPI and PPI, extracted from Statistics South Africa, 2024; repo rate extracted from SARB, 2024.

⁵ Headline CPI is recorded and reported on for urban areas.

⁶ According to Statistics South Africa (2024a), the PPI from, and including, January 2024 has been reweighted. Noted, however, is that the reweighting will not affect the calculations of the basket.

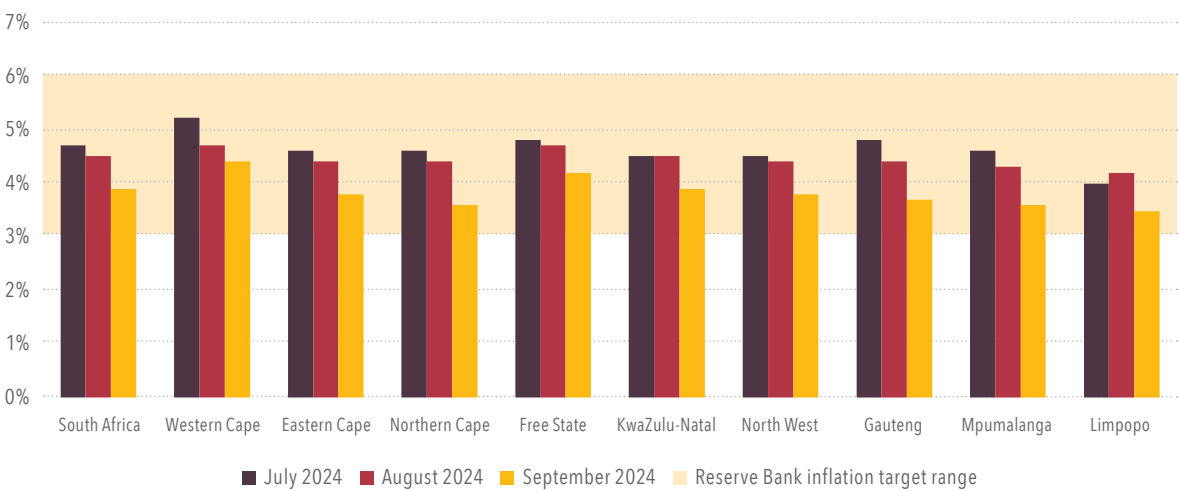
GEOGRAPHICAL INFLATION

The Western Cape recorded an inflation rate of 4,3% at the end of the third quarter of 2024, which is lower than at the end of the previous quarter (5,4%). The Western Cape recorded higher average inflation rates in five out of the 12 broad categories than the country as a whole.

Figure 4 illustrates inflation rates for the third quarter of 2024 across all nine provinces. Compared to the end of the second

quarter of 2024, all provinces recorded decreases, remaining below the upper end of the inflation target range of 6%. The Western Cape recorded the highest average inflation rate of 4,7% for the quarter under review. This was followed by the Free State (average inflation rate of 4,5%) as well as KwaZulu-Natal and Gauteng, both recording an average inflation rate of 4,2%. Limpopo continued to record the lowest average inflation rate, at 3,8% in the third quarter of 2024.

FIGURE 4: CPI INFLATION RATE AT A PROVINCIAL LEVEL, JULY TO SEPTEMBER 2024



Source: Statistics South Africa, October 2024.



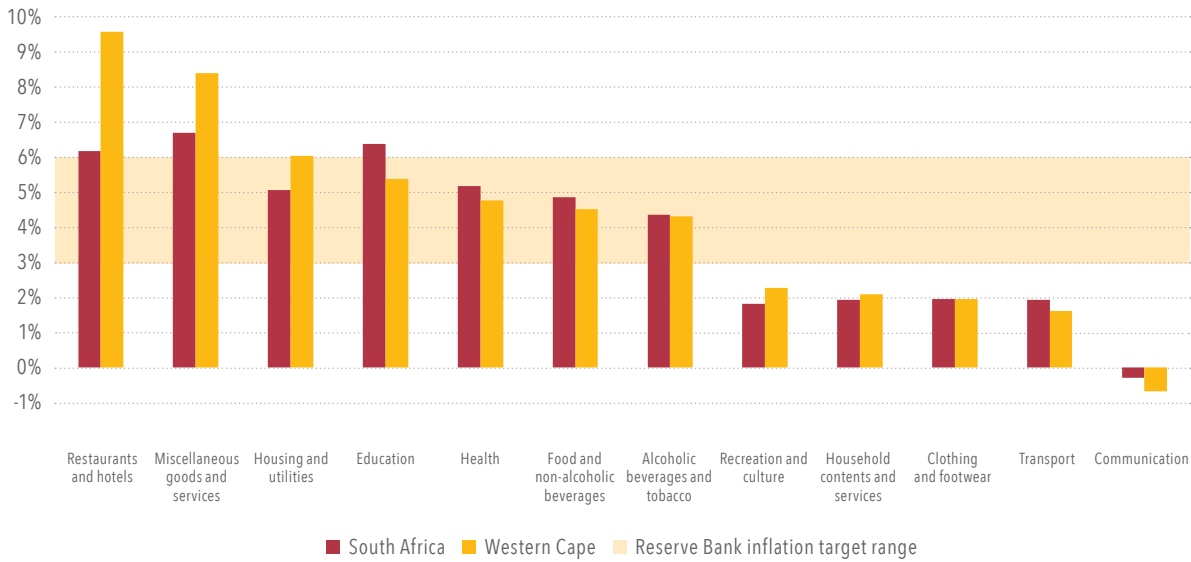
WESTERN CAPE FOOD INFLATION

As indicated in figure 5, one of the main upward drivers of inflation for both South Africa and the Western Cape for the third quarter of 2024 was restaurants and hotels, which recorded an average inflation rate of 6,1% for the country and 9,5% for the province. This was followed by the miscellaneous goods and services category, which recorded an average inflation rate of 6,6% for the country and 8,3% for the province. Its sub-category of insurance continues to be the main driver at both the country (average inflation rate of 7,9%) and provincial (9,2%) level, due to annual price increases in various medical aids in the first quarter of 2024.

The majority of municipalities implemented increases in water and electricity tariffs and property rates in July. These are captured in the housing and utilities category (Statistics South Africa, 2024b) and could explain why the average inflation recordings in this category, for the country (5,6%) and the province (6%), are hovering near the upper end of the target range.

According to Statistics South Africa (2024c), softer transport inflation was the main influence on headline inflation. In September, the transport category entered deflationary territory for the first time in 13 months. This can be attributed to the fourth successive month of fuel price declines as well as a slowdown in vehicle price increases for this period. Transport inflation recorded an average inflation rate of 1,9% for the country (from a previous 5,6%) and 1,6% for the province (from a previous 6,2%).

FIGURE 5: AVERAGE CONSUMER PRICE INFLATION FOR SOUTH AFRICA AND THE WESTERN CAPE, 2024 Q3

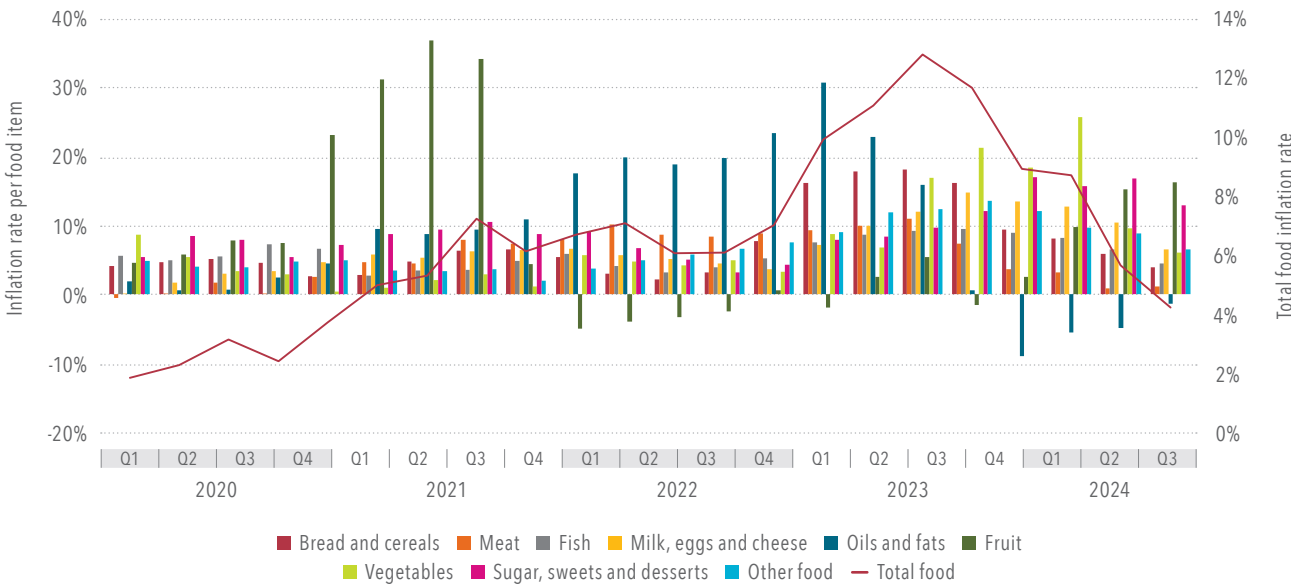


Source: Statistics South Africa, October 2024.

Tracking and monitoring food price changes has become increasingly important as household incomes continue to face pressure, threatening access to affordable food for many families. Figure 6 tracks food price inflation in the Western Cape, which has been on an upward trend since the beginning of 2020. The Western Cape's average food price inflation hovered above 6% for 13 quarters from the third quarter of 2020, but re-entered the inflation target range during the first quarter of 2024. In the third quarter of 2024, average food price inflation declined to 4,1% from 4,2% in the second quarter. This is the lowest reading for Western Cape average food price inflation since the first quarter of 2020 (when an average of 3,7% was recorded).

For the third quarter of 2024, five of the nine food items that are tracked recorded decreases when compared to the previous quarter. Sugar, sweets and desserts saw the largest decrease, recording price inflation of 7,7%, down from the 12,9% of the second quarter. According to the BFAP statement for September 2024, the sugar prices were largely driven by concerns surrounding sugar availability during the 2024/25 season. This was followed by fruit, which declined to 13,8% price inflation, down from the 16,2% in the previous quarter. Although it declined, it remained the category with the highest average inflation rate for the third quarter. The fish category saw the largest increase from 4,4% price inflation in the previous quarter to 6,6% for the third quarter.

FIGURE 6: WESTERN CAPE FOOD PRICE INFLATION, 2020 Q1 TO 2024 Q3



Source: Statistics South Africa, October 2024.

The outlook for food price inflation remains relatively stable, however it is expected to increase moderately. Key upside risks include Eskom's double-digit increase in electricity prices and rising labour costs that could see input costs increasing throughout the value chain. Positively, fuel prices have decreased

over the last four months keeping inflation at bay, further supported by the stronger performance of the rand. If the GNU continues implementing its proposed reforms, along with a recovery in summer crop volumes and a stronger rand, food price inflation could ease further in 2025 (BFAP, 2024).

04 LABOUR MARKET

The labour market is the point at which economic production meets human development. As such, employment creation and unemployment reduction are top priorities for all spheres of government. Labour market performance is tracked through a variety of indicators, many of which are considered in this section.



CAPE TOWN'S LABOUR MARKET PERFORMANCE

In the third quarter of 2024, Cape Town's working-age population (3,23 million individuals) increased on both a quarter-on-quarter and year-on-year level. The [strict] labour force, on the other hand, decreased when compared to the previous quarter and on a year-on-year level, to record 2,26 million individuals. Positively, Cape Town's employment increased on a quarter-on-quarter level (up by 6 447 individuals) and on a year-on-year level (up by 11 570 individuals) to record a total of 1,75 million individuals. The labour absorption rate remained unchanged at 54,3% for the third consecutive quarter, while the labour force participation rate (LFPR) decreased slightly (71% to 69,9%) when compared to the previous quarter. This is the third straight quarter that the LFPR has recorded a decline. Both rates recorded decreases when compared to the third quarter of 2023.

The number of discouraged work seekers increased on a quarter-on-quarter basis to a total of 48 014 individuals at the end of the third quarter. This is the highest recording for this category since the start of the QLFS. On a year-on-year basis, the number of discouraged work seekers is higher by 8 128 individuals.

The decrease in searching unemployment and the increase recorded in employment outweighed the [net] increases in the non-searching categories resulting in a marginally lower broad unemployment rate of 25,4% from a previous 25,5% in the second quarter of 2024. This rate is lower by 0,3 of a percentage point when compared to the same period in 2023. At 25,4%, Cape Town's broad unemployment rate remained lower than any of the other metros in South Africa.

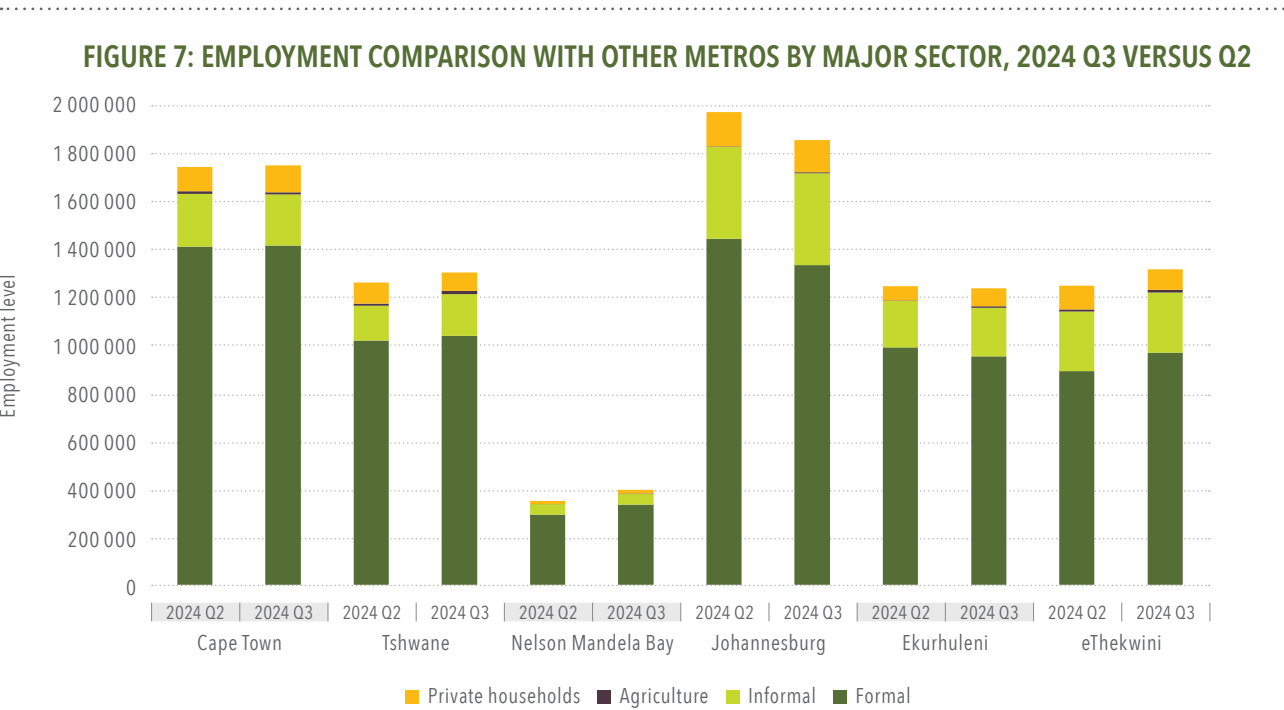
TABLE 2: CAPE TOWN LABOUR MARKET INDICATORS, 2024 Q3 VERSUS 2024 Q2 AND 2023 Q3					
Metro	Recorded			Quarter-on-quarter change	Year-on-year change
	2024 Q3	2024 Q2	2023 Q3	(vs 2024 Q2)	(vs 2023 Q3)
Working-age population	3 231 660	3 219 778	3 183 533	11 882	48 127
Broad labour force	2 354 091	2 349 484	2 346 659	4 608	7 432
Strict labour force	2 260 119	2 285 445	2 269 399	-25 327	-9 280
Employed: Total ⁷	1 756 240	1 749 794	1 744 671	6 447	11 570
Employed: Formal sector	1 418 742	1 414 697	1 385 602	4 045	33 141
Employed: Informal sector	215 680	221 798	234 653	-6 118	-18 973
Unemployed (strict)	503 878	535 652	524 729	-31 773	-20 850
Not economically active	971 541	934 333	914 134	37 209	57 407
Discouraged work seekers	48 014	33 093	39 886	14 922	8 128
Other not economically active	923 527	901 240	874 248	22 287	49 279

Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 3, November 2024.

EMPLOYMENT COMPARISON OF METROS

When measuring Cape Town's job-creation performance, a comparison with other metros⁸ in the country is helpful. In the third quarter of 2024, Cape Town continued to have the second highest number of employed people, at 1,75 million individuals. This is second only to Johannesburg, where 1,86 million people were employed. This is to be expected, as Johannesburg has a larger population than Cape Town.

As seen in figure 7, when compared to the previous quarter, four of the metros recorded positive employment growth and two metros recorded negative employment growth. eThekweni added the most to employment (up by 69 122 individuals) followed by Nelson Mandela Bay (up by 46 138 individuals). Johannesburg recorded the largest drop in employment (down by 115 930 individuals) followed by Ekurhuleni (down by 6 821 individuals).



Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 3, November 2024.

In Cape Town, formal employment increased quarter-on-quarter (up by 4 045 individuals) and year-on-year (up by 33 141 individuals) to record 1,41 million individuals for this quarter. Informal employment decreased on both a quarter-on-quarter (down by -6 118 individuals) and year-on-year (down by -18 973 individuals) level to record a total of 215 680 individuals

at the end of the third quarter. Similar to informal employment performance, the agriculture sector recorded losses when compared to the previous quarter and to the third quarter of 2023. Private households recorded employment gains when compared to the previous quarter and to the same period in 2023.

7 ⁷ 'Total employment' comprises 'formal', 'informal', 'agriculture' and 'private households' employment.

8 ⁸ This comparison does not include all South African metro cities.

UNEMPLOYMENT IN CAPE TOWN

Positively, the number of (searching) unemployed people in Cape Town decreased on a quarter-on-quarter (down by 31 773 individuals) and on a year-on-year (down by 20 850 individuals) level to record a total of 503 878 individuals at the end of this quarter. The increase in employment and decrease in unemployment resulted in a lower strict unemployment rate (22,3%) compared to the second quarter of 2024 (23,4%). The strict unemployment rate is lower by 0,8 of a percentage point than it was in the third quarter of 2023 (23,1%).

The youth unemployment rate in Cape Town, defined as the strict unemployment rate for individuals aged 15 to 24 years old, was estimated at 48,7% in the third quarter of 2024, decreasing from 50,9% in the previous quarter. However, the figure is higher than

the 45% recorded in the third quarter of 2023. While this remains notably below the national youth unemployment rate of 60,2% recorded in the third quarter of 2024, it is nonetheless high by average developing country standards and continues to pose a key challenge for economic policymakers in the city.

While comparisons of Cape Town's unemployment trends with the country as a whole are important, it is perhaps more relevant to compare these Cape Town trends to other metros that have similar labour market dynamics (table 3). In the third quarter of 2024, Cape Town had the lowest broad unemployment rate of 25,4% (down from 25,5% in 2024 Q2), while eThekwini had the lowest strict unemployment rate of 20,6% (down from 23% in 2024 Q2) compared to all the other metros.

TABLE 3: UNEMPLOYMENT RATE ⁹ COMPARISON OF METROS, 2024 Q3 VERSUS 2024 Q2 AND 2023 Q3						
Metro	Official (strict)			Expanded (broad)		
	2024 Q3	2024 Q2	2023 Q3	2024 Q3	2024 Q2	2023 Q3
Cape Town	22,3%	23,4%	23,1%	25,4%	25,5%	25,7%
eThekwini	20,6%	23,0%	22,5%	36,0%	37,5%	36,4%
Ekurhuleni	32,0%	33,4%	29,5%	40,2%	39,6%	39,3%
Johannesburg	33,7%	34,3%	32,6%	37,1%	36,6%	36,9%
Nelson Mandela Bay	24,5%	30,9%	32,0%	28,1%	33,2%	34,2%
Tshwane	33,9%	35,3%	34,9%	37,8%	38,9%	39,1%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 3, November 2024.

When compared to the previous quarter, all the metros experienced decreases in their strict unemployment rates. According to the broad unemployment rate definition, four metros experienced decreases while two metros experienced marginal increases. Nelson Mandela Bay recorded the largest decrease in its strict unemployment rate (down by 6,4 percentage points) and in its broad unemployment rate (down by 5,1 percentage points). Ekurhuleni recorded the largest increase in its broad unemployment rate (up by 0,6 of a percentage point) followed by Johannesburg (up by 0,5 of a percentage point).

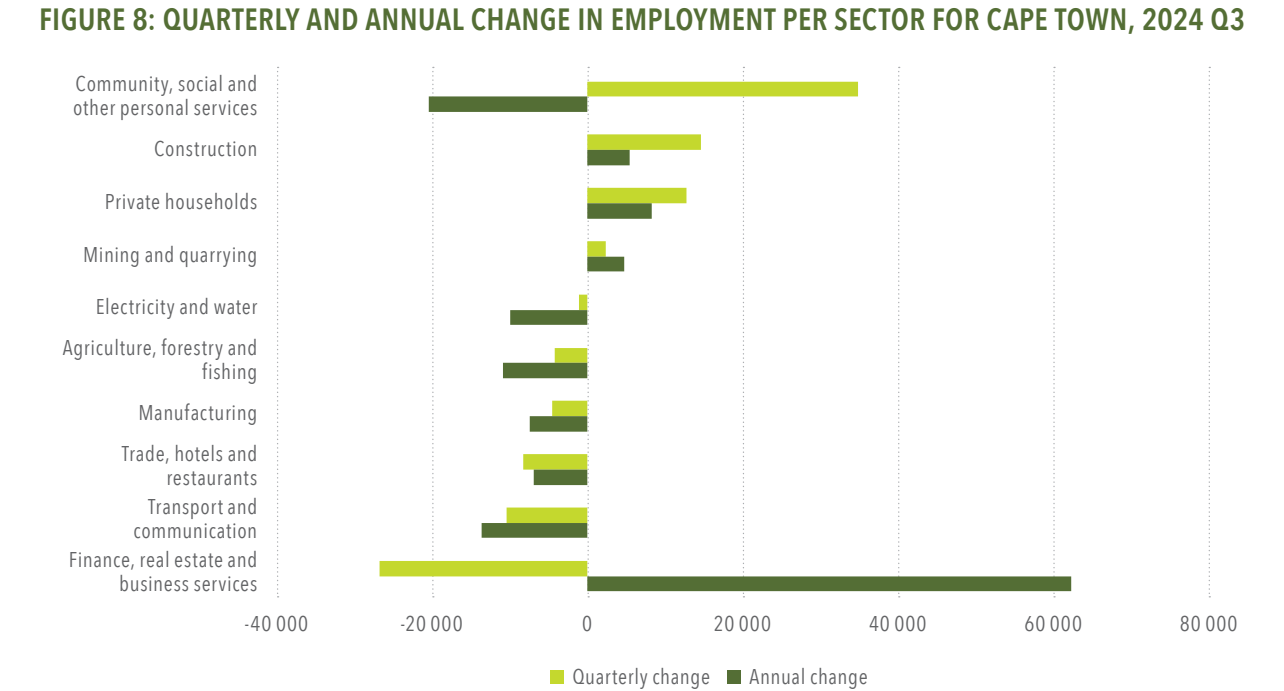
Cape Town recorded the lowest difference between its two rates of unemployment (3,1 percentage points), while eThekwini recorded the largest difference of 15,5 percentage points. The extent of the difference between the two rates of unemployment can be attributed to the number of discouraged work seekers in each of the metros.

⁹ 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 8 depicts the change in the level of employment by sector in Cape Town in the third quarter of 2024 compared to the second quarter of 2024 and the third quarter of 2023. On a quarter-on-quarter basis, four sectors recorded employment gains, while six sectors had employment losses. The community, social and other personal services sector added the most to employment (up by 34 769 jobs), followed by the construction sector (up by 14 580 jobs). Further contributions to employment growth were also made by the private households (up by 12 704) and the mining and quarrying (up by 2 359 jobs) sectors.

The finance, real estate and business services sector shed the most jobs (down by 26 686 jobs) quarter-on-quarter, followed by transport and communication (down by 10 381 jobs) as well as the trade, hotels and restaurants (down by 8 255 jobs) sectors. Employment losses were also recorded in the manufacturing (down by 4 541 jobs), agriculture (down by 4 185 jobs) and the electricity and water (down by 1 066 jobs) sectors.



Source: Statistics South Africa, Quarterly Labour Force Survey, 2024 Quarter 3, November 2024.

Six sectors recorded employment losses when compared to the third quarter of 2023 and four sectors recorded employment gains. The finance, real estate and business services sector delivered a solid performance by adding the most to employment (up by 62 128 jobs). This was followed by private households (up by 8 254 jobs), construction (up by 5 439 jobs) and the mining and quarrying (up by 4 736 jobs) sectors. Community, social and other personal services (down by 20 348

jobs) shed the most jobs compared to the same period in 2023. This was followed by transport and communication (down by 13 561 jobs), the agriculture (down by 10 852 jobs) as well as electricity and water (down by 9 891 jobs) sectors. Employment losses were also recorded in the manufacturing (down by 7 389 jobs) as well as the trade, hotels and restaurants (down by 6 896 jobs) sectors when compared to same period a year ago.

05 INFRASTRUCTURE AND TRADE

Cape Town is often cited as the gateway to South Africa and Africa. This status is sustained by the city's well-developed transportation infrastructure, including having South Africa's second-busiest airport, as well as (historically) its second-busiest container port. This section reviews infrastructure developments in relation to Cape Town's port and airport.

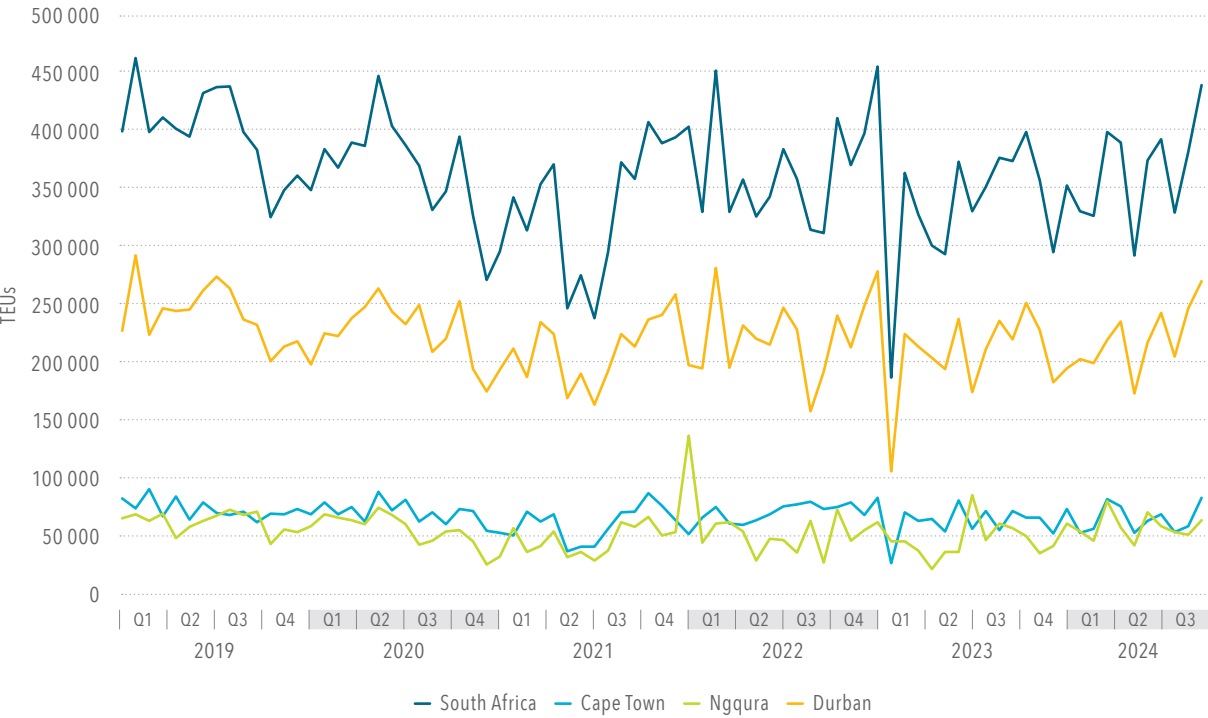


CONTAINER TRAFFIC

Container traffic typically demonstrates erratic short-term movement, as shown in figure 9. As such, it is best to compare the quarterly number of containers handled, as measured in twenty-foot equivalent units (TEUs),¹⁰ over the period of a year. The Port of Durban¹¹ remained the largest container handling port in South Africa, handling a total of 723 540 TEUs in the third quarter

of 2024. The Port of Durban accounted for 62,9% of all containers handled in the country, followed by the Port of Cape Town (17,3%) and the Port of Ngqura¹² (15%). The remainder of TEUs handled in the country (4,8%) are shipped through the ports of Gqeberha, East London and Richards Bay.

FIGURE 9: TOTAL CONTAINERS HANDLED MONTHLY (NATIONALLY), 2019 Q1 TO 2024 Q3



Source: Transnet National Ports Authority, October 2024.

As shown in table 4, the total number of containers handled at South African ports increased by 1,8% on a year-on-year basis, from 1 130 006 TEUs in the third quarter of 2023 to 1 149 826 TEUs in the third quarter of 2024. The Port of Durban recorded a year-on-year increase of 3,3%, and the Port of Ngqura a year-on-

year increase of 17,5%, the latter, however, from a notably smaller base. The Port of Cape Town experienced a year-on-year decrease of 4%, from 207 490 TEUs handled in the third quarter of 2023 to 199 141 TEUs in the third quarter of 2024.

¹⁰ 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.

¹¹ The Port of Durban is located in the eThekwinini metro.

¹² The Port of Ngqura is located in the Nelson Mandela Bay metro.

TABLE 4: COMPARISON OF TOTAL¹³ CONTAINERS HANDLED (IN TEUs), 2024 Q3 VERSUS 2024 Q2 AND 2023 Q3

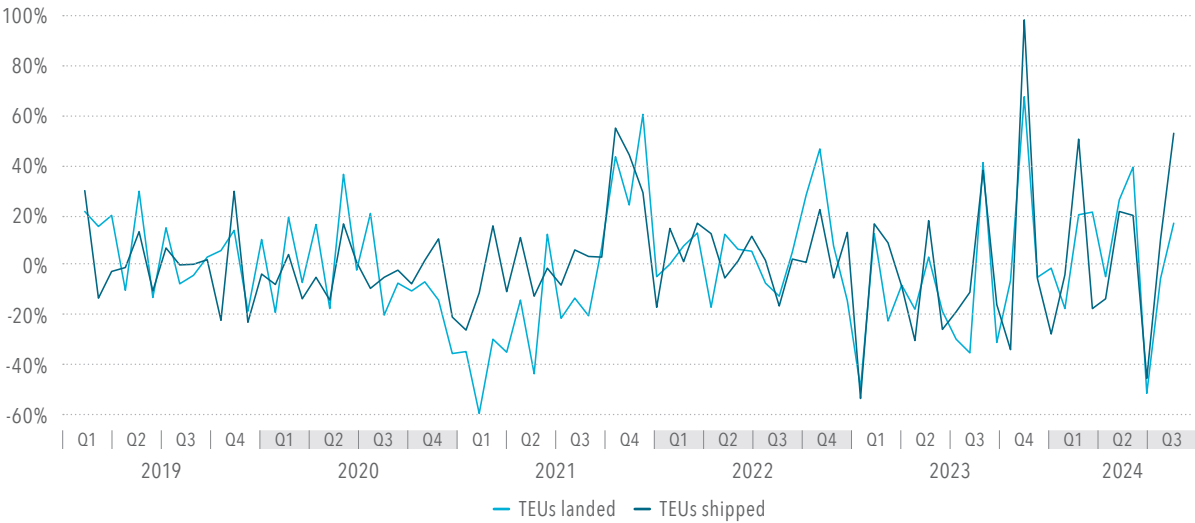
	2024 Q3	2024 Q2	2023 Q3	Year-on-year change
South Africa	1 149 826	1 059 608	1 130 006	1,8%
Cape Town	199 141	188 625	207 490	-4,0%
Durban	723 540	635 121	700 370	3,3%
Ngqura	172 271	175 609	146 662	17,5%

Source: Transnet National Ports Authority, October 2024.

Shifting from total TEUs to TEUs loaded to full capacity, the Port of Cape Town recorded a year-on-year decrease of 18,7% in full TEUs landed (imported), from 66 605 TEUs in the third quarter of 2023 to 54 179 TEUs in the third quarter of 2024.

For the same year-on-year period, the number of full TEUs shipped (exported) decreased by 5,8%, from 86 331 TEUs to 81 311 TEUs.

FIGURE 10: ANNUAL CHANGE IN FULL TEUs HANDLED (MONTHLY) AT THE PORT OF CAPE TOWN, 2019 Q1 TO 2024 Q3



Source: Transnet National Ports Authority, October 2024.

Congestion at the Port of Cape Town remains a critical issue, with up to 500 trucks often waiting daily to unload containers. The delays are attributed to inefficiencies such as the absence of a modern booking system such as those used in the Durban and Richards Bay ports to optimise truck scheduling. Additionally, operational disruptions, including

staff break schedules that temporarily halt truck access, exacerbate the problem. While Transnet has invested in infrastructure improvements, including rubber-tyred gantries and standardised ship repair equipment, these measures have yet to resolve the broader systemic delays that hinder port functionality (Claasen, 2024).

¹³ Total containers handled includes both full and empty TEUs logged.

CAPE TOWN TRADE

In the third quarter of 2024, exports and imports increased on a quarter-on-quarter basis, as illustrated in figure 11, which shows the quarterly trade balance for Cape Town. Exports increased by 4,8% to R34,9 billion and imports increased by 8,8% to R75,9 billion. As a result, Cape Town's trade deficit increased to R41 billion, compared to R36,5 billion in the previous quarter. Nationally in the third quarter of 2024, a trade surplus of R34,8 billion was realised with South Africa's top exports for the quarter being platinum and gold, as well as iron ore, coal and motor vehicles (Quantec, 2024).

Focusing on Cape Town's top 10 export products by rand value, the largest quarterly growth was seen for seasonal citrus fruits (108%), followed by coal and briquettes (30%). The top 10 export products remained unchanged from the previous quarter, however the majority recorded quarter-on-quarter declines in their respective rand value for the third quarter of 2024.

The largest year-on-year growth in Cape Town's exports was recorded for chromium (70%), which is not locally mined, and

antiques (30%). The logistical rerouting of chromium, coal and other mineral substance exports due to infrastructure failures continues to drive the increase of non-local commodity exports from the Port of Cape Town. In line with the start of the annual citrus season, citrus was the highest-value export from Cape Town in the third quarter of 2024, worth R6,3 billion, followed by refined petroleum (R4,5 billion).

Cape Town's highest-value imports in the third quarter of 2024 were refined petroleum and crude petroleum, worth R18,8 billion and R14 billion respectively. Refined petroleum was imported primarily from Oman and the United Arab Emirates. A notable portion of refined petroleum exports was for refuelling of ships and aircrafts, while some was also re-exported from Cape Town to other African countries.

The value of total exports decreased by 5,7% compared to the third quarter of 2023, while imports increased by 16,4%. Large year-on-year increases in imports were recorded for petroleum gas as well as crude oil.

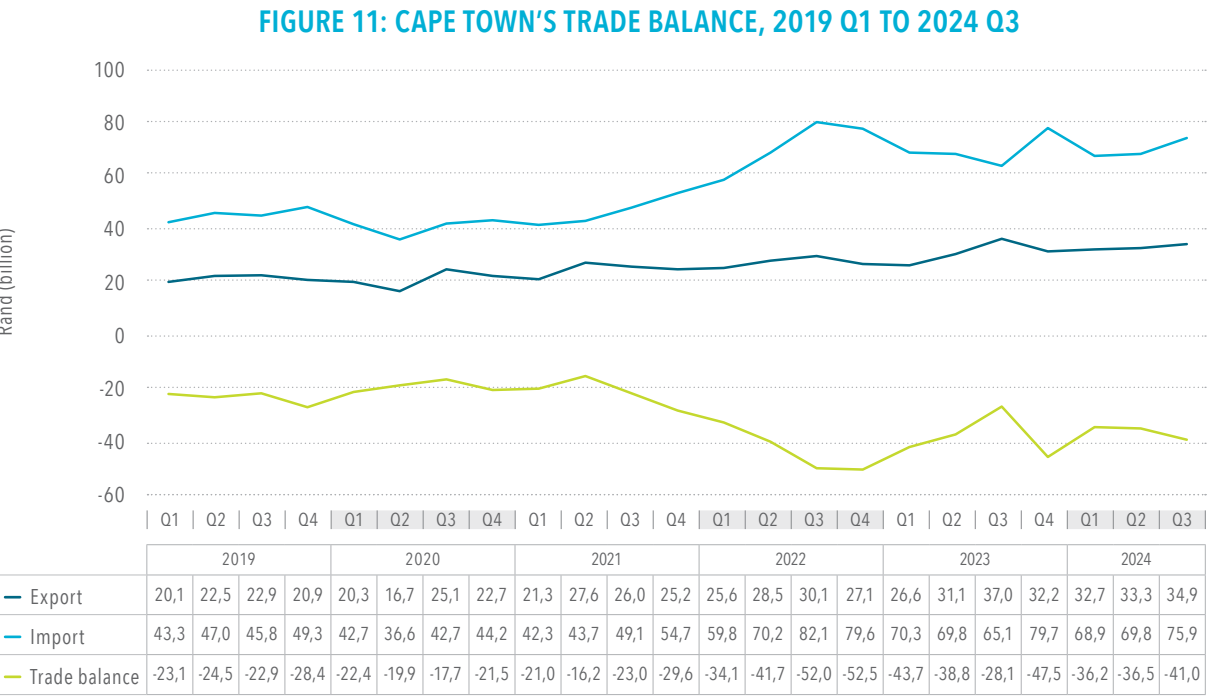
Cape Town's top 10 exports in the third quarter of 2024, shown in table 5, accounted for 50,5% of total exports. The rise in annual export value was further impacted by an increase in the export of non-local commodities. Coal exports experienced the largest year-on-year decline in value (down 54%). Coal was likely being exported from

more conveniently located mines as national exports only declined by 6,5%. Export items that are typically found in the top 10, but have now been overtaken by non-local commodities, include grapes and wine. On a quarterly basis, the top 10 exports have largely remained consistent.

TABLE 5: CAPE TOWN'S TOP 10 EXPORTS, 2024 Q3

Cape Town's top export categories for 2024 Q3 (HS 4) ¹⁴	ZAR million	% of total exports	Year-on-year change (vs 2023 Q3)
Citrus fruit	R6 297	18,1%	-4,5%
Refined petroleum oil	R4 496	12,9%	-33,0%
Chromium	R1 641	4,7%	70,2%
Apples, pears and quinces	R1 367	3,9%	6,1%
Coal and briquettes	R762	2,2%	-54,1%
Fish fillets and fish meat	R683	2,0%	14,1%
Jewellery with precious metal	R649	1,9%	12,6%
Antiques	R648	1,9%	29,8%
Engine parts	R594	1,7%	-18,6%
Beauty and skincare	R494	1,4%	20,8%
Total of top 10 export categories	R17 630	50,5%	
Total of ALL products	R34 884	100%	-5,7%

Source: Quantec, own calculations, November 2024.
Note: Only the top 10 exports at an HS4 level are shown in the table above.



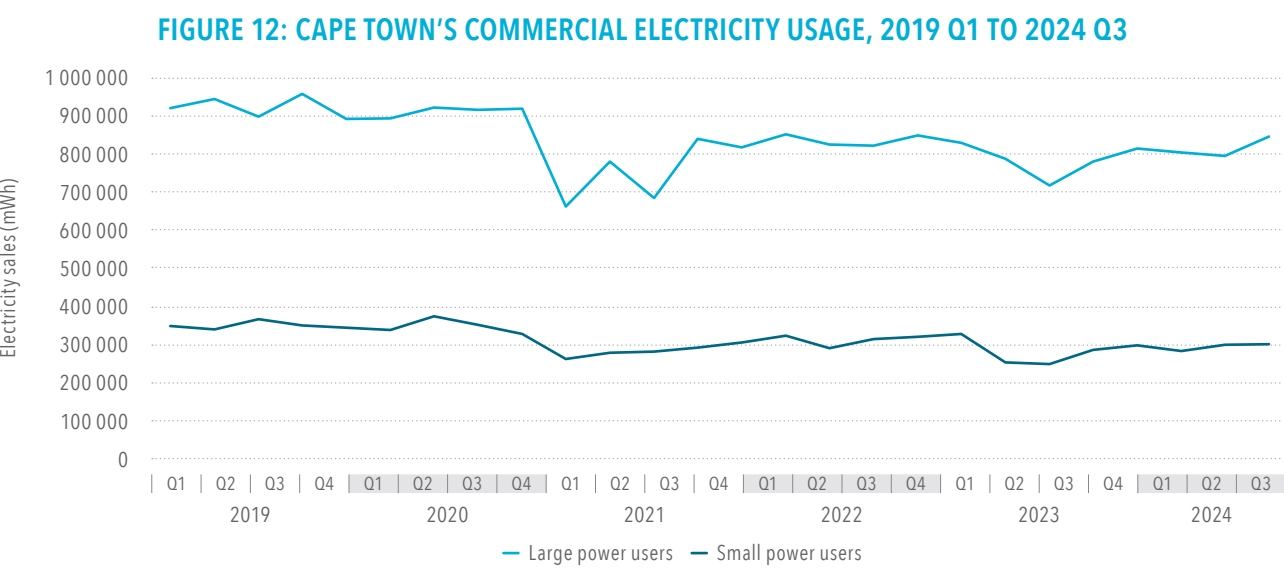
Source: Quantec, 2024.

14 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, such as those of South Africa and 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.



Source: Electricity Generation and Distribution, CCT, November 2024.
Note: Electricity usage is measured in Megawatt hours (MWh).

Following an increase in the previous quarter, electricity sales to LPUs continued to grow in the third quarter of 2024, rising by 2,8% on a quarter-on-quarter basis. The City's electricity sales to SPUs also grew by 9,5% quarter-on-quarter. As with the second quarter, there was no load-shedding in the third quarter of 2024 as a result of improved reliability and performance of Eskom's generation fleet. This achievement was attributed to the successful implementation of the national power utility's multi-dimensional Generation Operational Recovery Plan and aggressive planned maintenance (Eskom, 2024a; Eskom, 2024b). The Unplanned Capacity Loss Factor (UCLF) for the period from 1 April to 26 September 2024 was 9% lower than in the same

period in the previous year. This decrease in UCLF contributed to an improvement in the Energy Availability Factor (EAF), which reached 63,3% during the period (Eskom, 2024b). The continued suspension of load-shedding in the third quarter of 2024 contributed significantly to the growth in electricity sales to LPUs and SPUs and suggests an increase in manufacturing activity in Cape Town.

Similarly, electricity sales to LPUs and SPUs in the third quarter of 2024 were higher than in the corresponding period in 2023. LPUs recorded an increase in electricity sales of 6,1% year-on-year, while electricity sales to SPUs grew by 10,0% year-on-year.

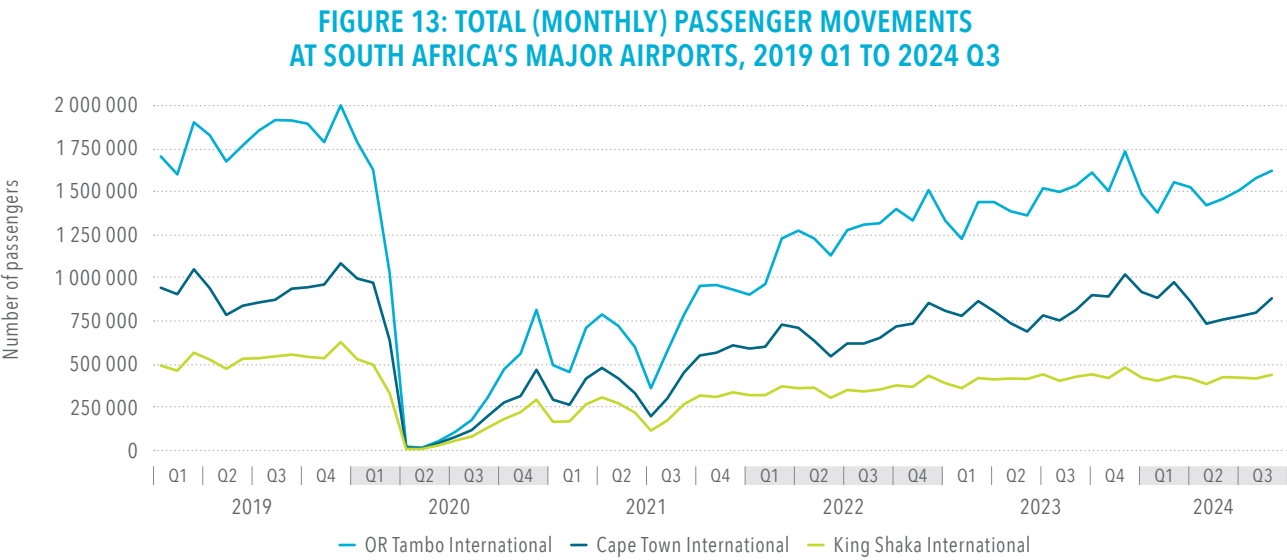
AIRPORT STATISTICS

Cape Town International Airport is South Africa's second-busiest airport, after OR Tambo International Airport in Johannesburg. It recorded 2,42 million passenger movements (arrivals and departures) in the third quarter of 2024, compared to 4,67 million passenger movements at OR Tambo International and 1,24 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 third quarter of 2024, all three international airports recorded positive year-on-year performances. Total passenger movements at Cape Town International increased by 4,6% year-on-year, representing a total of 105 881 more passenger movements than observed in the third quarter of 2023. Total passenger movements at OR Tambo International increased by 3,4% (+153 555) year-on-year in the third quarter of 2024, and King Shaka International by 0,1% (+1 384). The continued positive year-on-year performances point

to improvements in travel and its associated industries. Testament to the quality of South Africa's airports, Cape Town International placed second in AirHelp's 2024 listing of the world's best airports, second by a small margin to the Doha Hamad Airport in Qatar. OR Tambo placed sixth out of 239 (AirHelp, 2024).

Due to the significant disruption to air travel in 2020 because of the Covid-19 pandemic, and the subsequent slow recovery of travel and associated industries, year-on-year performance figures may not be an accurate view of the sector's recovery. After briefly recording higher than overall pre-Covid-19 levels in the first quarter (by 0,6%) since resuming travel¹⁵, total air passenger movements at these three airports in the third quarter of 2024 remained 15,6% lower than the third quarter of 2019. Cape Town's total air passenger movements remain the closest to pre-Covid-19 levels (lower by 8%) compared to OR Tambo (lower by 17%) and King Shaka (lower by 22%), as illustrated in figure 13.



Source: Airports Company South Africa, November 2024.

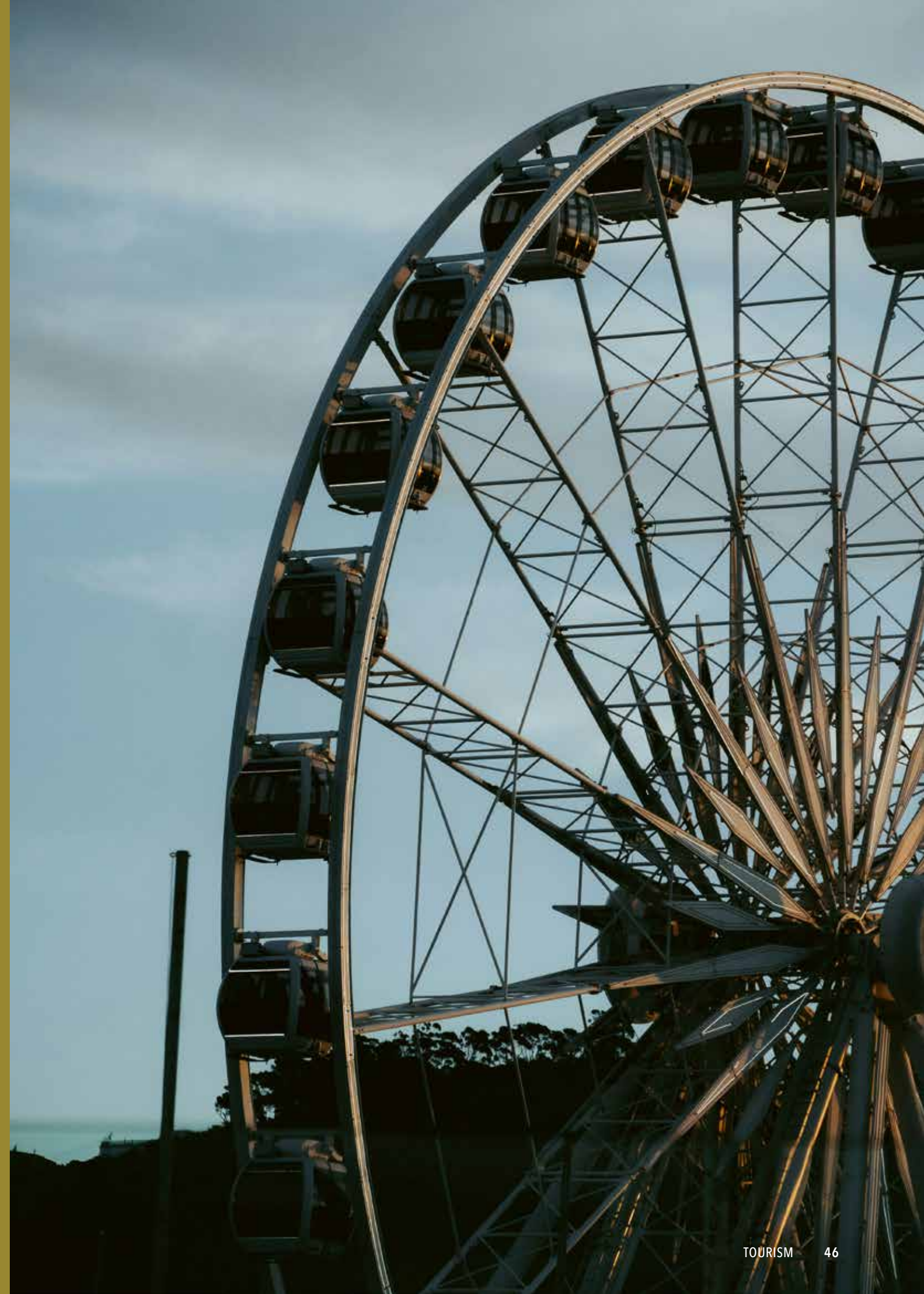
Of the three airports, Cape Town International recorded the highest year-on-year growth in passenger arrivals in the third quarter of 2024, improving by 4,9%. Its international arrivals increased by

6,7% year-on-year, and domestic arrivals by 3,9% year-on-year. Total passenger¹⁶ arrivals in the third quarter of 2024 included 24% international arrivals and 74% domestic arrivals.

¹⁵ While South Africa's lockdown commenced on 15 March 2020, many other countries already had restrictions in place during the first quarter of 2020.
¹⁶ 'Total passenger movements' are made up of 'international', 'regional', 'domestic' and 'unscheduled' categories.

06 TOURISM

Owing to its unique location and geology, Cape Town is one of the most scenic and recognisable cities in the world. The city boasts an abundance of world-class attractions. The combination of scenic appeal, excellent service standards and a well-developed hospitality sector underpins a historically robust tourism industry. This industry remains important for the local economy, not just because of its potential role in job creation – being one of the most labour-intensive industries in Cape Town – but also for its catalytic influence on other industries such as the real estate sector, creative industry and transport sector.



Cape Town is a well-known domestic and international tourist destination, and the city's tourism sector is a long-standing and highly valuable contributor to the local and national economy.

Cape Town Tourism's (CTT) Cape Town Accommodation Performance Review & Forecast Report provides insight into the sector's performance. The reports covering the months of July, August and September 2024 had an average response rate¹⁷ of 28 tourism accommodation establishments, the majority of which are based in the Cape Town metropolitan area (CTT, 2024a; CTT, 2024b; CTT, 2024c).

During the third quarter of 2024, the surveyed establishments recorded an average occupancy rate of 55,8%, coming in notably lower than their forecast demand (60,6%) for the period. While the survey sample sizes are not comparable, it is worth noting that Statistics South Africa's Tourist Accommodation reports (2024) recorded a national average occupancy rate of 36,9% for the third quarter of 2024.



17 Prior to the pandemic the surveys recorded averages of around 100 responses per month.

18 Includes Cape of Good Hope, Boulders Beach, Table Mountain Aerial Cableway and Robben Island. Excludes the V&A Waterfront. To note, there is no visitor data recorded/available for Kirstenbosch National Botanical Gardens for 2022 Q4 and 2023 Q1.

The average room rate (R1 747) was lower than forecast, however on par with the industry data recorded for the same period in 2023; while the revenue per room rate (R980) recorded was lower than both its forecast amount as well as that recorded in the previous year.

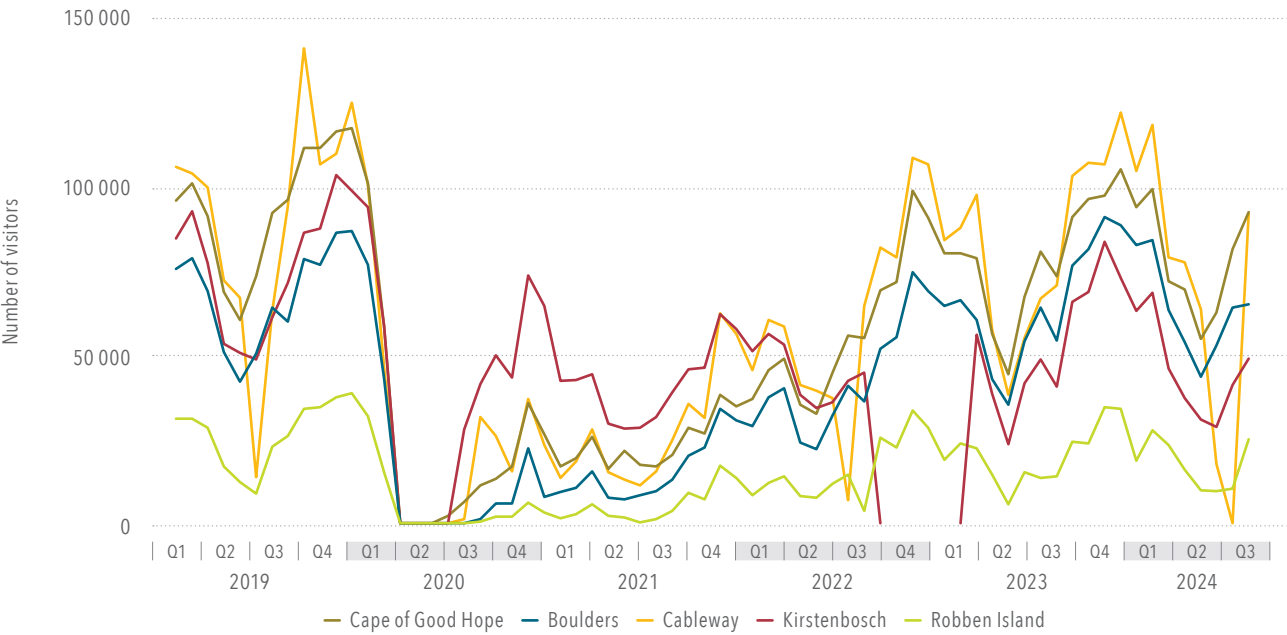
Demand for accommodation during the third quarter of 2024 continued to mainly be driven by the domestic market, which accounted for an average of 53% of room nights sold. Demand from travellers from within Africa constituted 15%, and international travellers 32%. In the quarter under review, business dominated as the primary reason for domestic and regional travel, while leisure led for international visitors.

During the third quarter of 2024, Cape Town's five major tourist attractions¹⁸ recorded a total of 694 176 visits, translating to a year-on-year decline of 9%, the first since 2021. Visitor numbers remain lower by 18% when compared to the third quarter of 2019 (pre-pandemic level).

In the third quarter of 2024, the Table Mountain National Park: Cape of Good Hope recorded the highest number of visits (237 467), as well as the highest year-on-year improvement, by 6,8%. This was followed by Boulders Beach, which recorded 182 664 visits, representing a year-on-year improvement of 5,5%. Kirstenbosch National Botanical Gardens received 119 240 visitors, translating to a year-on-year decline of 9,2%. These visitor numbers may have been negatively impacted by changes (since April 2023) that introduced limitations to accessing the SANBI Gardens through certain Botanical

Society memberships. The last benefits came to an end in March 2024 (South African National Biodiversity Institute, 2024). Table Mountain Aerial Cableway recorded 109 887 visits in the third quarter of 2024. The seven-week annual maintenance closure period¹⁹ was a significant contributor to this notable year-on-year decline of 43,2% (Table Mountain Aerial Cableway, 2024), given that the destination only closed for maintenance for two weeks in the previous year (Table Mountain Aerial Cableway, 2023).

FIGURE 14: TOTAL (MONTHLY) VISITS TO THE TOP FIVE TOURIST DESTINATIONS OF CAPE TOWN, 2019 Q1 TO 2024 Q3



Source: Wesgro, November 2024.
Note: No visitor data supplied for Kirstenbosch National Botanical Gardens for 2022 Q4 and 2023 Q1 (i.e. not 'zero' recordings).

Figure 14 illustrates the highly seasonal nature of Cape Town's attractions, with peak visitor activity occurring in the summer period from November to March. The lowest tourist visitor numbers are typically recorded between May and July, which fall within Cape

Town's winter period. In line with the region's seasonal trends, visitor numbers remain muted in the third quarter of 2024, when compared to quarter 2.

19 Table Mountain Aerial Cableway was closed for seven weeks for its annual maintenance schedule, from 15 July to 1 September 2024.

07 ADDITIONAL INDICATORS

In addition to macroeconomic indicators, administrative data reveal specific consumer trends and provide strong indications of the performance of the local economy. In particular, building plan statistics and property development are key indicators of the levels of confidence in the economy, while passenger vehicle sales mirror trends in the business cycle and are regarded as a leading indicator of GDP growth.



BUILDING DEVELOPMENTS

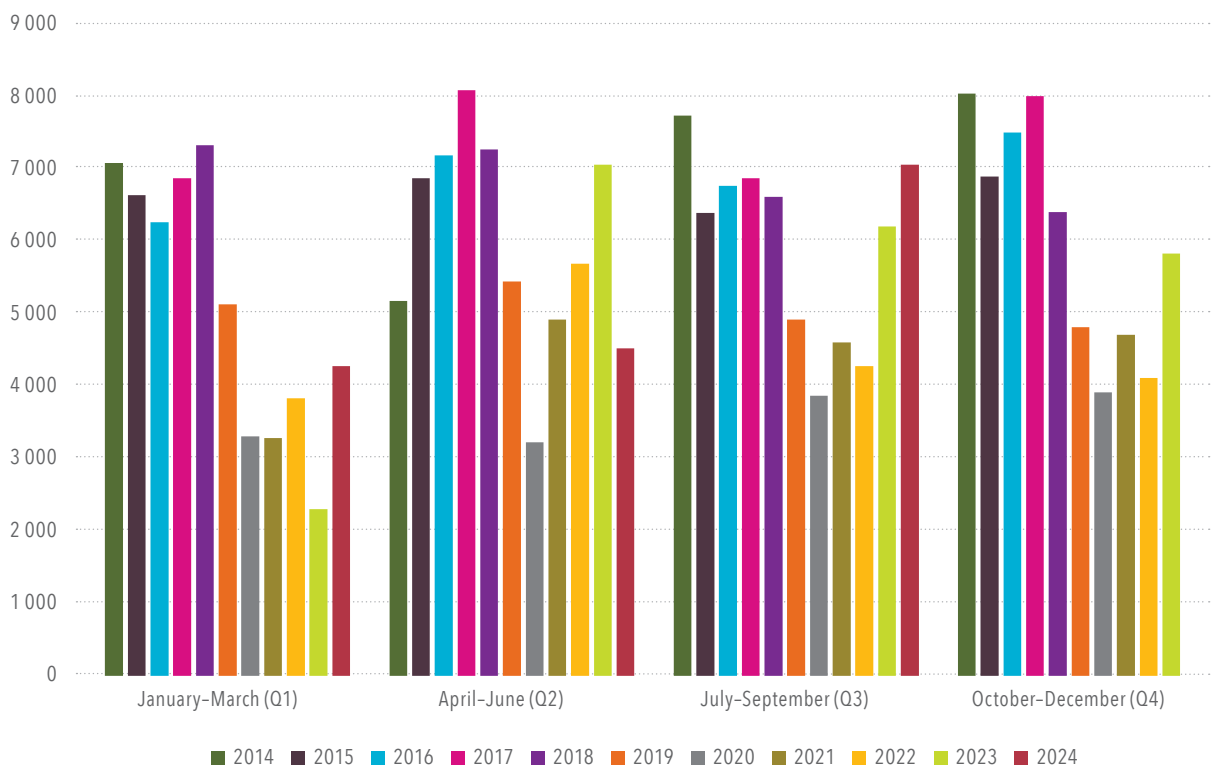
The economic growth data for the third quarter of 2024 show that national output in the construction sector grew by 1,1% quarter-on-quarter (non-annualised growth). This growth is a further improvement from the previous quarter's rebound of 0,5%, after four consecutive quarterly contractions. While still a poor performance, the sector's year-on-year decline of 3% in the third quarter of 2024 is an improvement of 4,3 percentage points from the year-on-year results for 2024 Q2. The Western Cape's construction sector mirrored these national trends, recording quarter-on-quarter growth of 0,9% in the third quarter of 2024 and an improved year-on-year contraction of 3,4% (Quantec, 2024).

The First National Bank (FNB)/BER Building Confidence Index²⁰ improved by five index points, to 40 index points in the third quarter of 2024. The residential building sector remained

weak for the quarter, but non-residential construction showed improvement. Additionally, early-stage activity in the building pipeline showed promising signs (BER, 2024g).

The sentiment embedded in the Building Confidence Index is often also evident in some of the City's building plan data. In the third quarter, building completions were 15,2% higher quarter-on-quarter. At a year-on-year level, despite being lower in number of projects (-11%), building completions were 25,9% higher in rand value. Building plan submissions totalled 4 054 for the third quarter of 2024, while building completions totalled 1 781 (CCT, 2024d). This represents a decline of 10,3% in submitted plans compared to the previous quarter and a 35% year-on-year drop compared to the third quarter of 2023.

FIGURE 15: BUILDING PLANS SUBMITTED TO THE CITY OF CAPE TOWN, 2014 Q1 TO 2024 Q3



Source: Planning and Building Development Management Department, CCT, November 2024.
Note: 2023 Q1 only includes data for January and up to 20 February 2023.

NEW VEHICLE SALES

Total vehicle sales in the Western Cape in the third quarter of 2024 increased by 7,1% (or 1 003 units) to 15 227 units sold from the 14 224 in the second quarter of 2024. On a year-on-year basis, vehicle sales decreased by 1% (-159 units) from 15 386 vehicles sold in the same period of 2023. Passenger vehicle sales in the Western Cape, which represent the private consumer segment of the market, increased to 10 660 in the third quarter of 2024 from 9 859 vehicles in the second quarter of 2024 (+8,1%). The year-on-year results showed an increase of 5,6% (+568 units) from 10 092 passenger vehicles sold in the third quarter of 2023. This is the first quarter showing an increase in passenger vehicle sales in the Western Cape after four consecutive quarters of year-on-year declines.

At a national level, passenger vehicle sales increased year-on-year by 4,5% (3 767 units), from 84 243 units in the third quarter of 2023 to 88 010 units in the third quarter of 2024. This is the first increase after six consecutive quarters of year-on-year declines. According to the third quarter review by the National Association of Automobile Manufacturers of South Africa (naamsa, 2024), the recovery was driven by a rebound in passenger car sales, supported by seasonal demand from

the rental industry and rising interest in affordable imported brands. The growth signals a release of pent-up demand despite ongoing economic pressures such as high household debt and constrained affordability. The new energy vehicle²¹ (NEV) market continues to increase strongly each quarter. NEV sales increased from 2 034 units in the third quarter of 2023 to 3 824 in the third quarter of 2024 – an increase of 88%.

The third quarter of 2024 marked a turning point for South Africa's automotive industry, affirming expectations of recovery in the latter half of the year. Aggregate vehicle sales increased compared to the previous quarter, driven by increased demand for passenger cars, bolstered by seasonal rental purchases and a gradual improvement in affordability following the Reserve Bank's first interest rate cut in four years. Consumers also expect rates to decline further as noted by the MPC, making vehicle financing into 2025 more affordable. While commercial vehicle sales remained under pressure, the overall market trajectory suggests that the industry is beginning to benefit from the anticipated easing of economic conditions in the second half of the year (naamsa, 2024).



²⁰ 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.

²¹ 'New energy vehicles' include traditional hybrid and plug-in hybrid, and battery electric vehicles (naamsa, 2024).

ABBREVIATIONS

ACSA:	Airports Company South Africa
BER:	Bureau for Economic Research
BFAP:	Bureau for Food and Agriculture Policy
CCT/City:	City of Cape Town
CPI:	consumer price index
CT:	Cape Town
CTICC:	Cape Town International Convention Centre
CTT:	Cape Town Tourism
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
JSE:	Johannesburg Stock Exchange
LPU:	large power users
MPC:	Monetary Policy Committee
naamsa:	National Association of Automobile Manufacturers of South Africa
PMI:	Purchasing Managers' Index
PPI:	producer price index
Q:	quarter
QLFS:	Quarterly Labour Force Survey
RMB:	Rand Merchant Bank
SA:	South Africa
SARB:	South African Reserve Bank
SPU:	small power users
TEU:	twenty-foot equivalent unit
VPI:	Vehicle Pricing Index
WC:	Western Cape
WEO:	World Economic Outlook
ZAR:	South African rand

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