

South Africa Economic Outlook

South African views on the cost of living, economic stability, health, and climate change

Insights from PwC's Voice of the
Consumer Survey 2025

04 December 2025



Ten key messages from this report

South Africa Economic Outlook December 2025



2

1

PwC's recently published Voice of the Consumer Survey 2025 explored the macro factors that South African consumers believe could have the greatest impact on the country in the near future. Top concerns were identified as the cost of living, economic instability, health risks, climate change, social inequality, food insecurity, and environmental damage.

2

While some headline data suggests that South African consumers have it a bit easier right now compared to recent history, the cost of living is still too steep for most people. A four-person household receiving a minimum wage income does not have enough money to afford a nutritious diet. One in five South Africans are moderately or severely food insecure.

3

To address the cost-of-living challenge, companies need a clear understanding what employees need to cover costs for housing, basic nutrition, transport, and healthcare. This calls for in-depth research into what a living wage would be—moving beyond national averages to understand what employees really need—and integrating this into strategic workforce planning.

4

South Africa's real GDP per capita declined by a cumulative 4.2% over the past 10 years. A drop in this metric is generally associated with declining standards of living and economic instability. South Africans feel the impact of economic instability at the community level where economic issues result in social challenges like crime and gender-based violence.

5

We advocate for businesses to consider the triple bottom line: people, planet and profit. Initiatives like supporting access to basic services (healthcare, recycling projects, etc.) can provide for greater community stability (healthier children, less litter, etc.) during times of economic instability. Businesses must also quantify the socio-economic impact of their actions.

6

In 2025, South Africans faced several key challenges that have (or could in the future) reduce their access to healthcare: high inflation on healthcare costs; interruption in HIV and TB treatment delivery due to funding disruptions from the US; and speculation about the reduction / elimination of medical aid tax credits.

7

South Africans expect their employers to do more to provide them with access to healthcare. Aside from directly funded healthcare benefits and contributions towards medical aid, other options to support employee wellbeing include supporting physical fitness, providing preventative care, offering mental health services, and running in-house educational programs.

8

South African workers are concerned that disruptions from extreme weather events will impact their ability to do their job. A drought-induced lack of water supply would, for example, undermine water-intensive agriculture and mining. Heat stress can make it difficult or even life-threatening for mine and farm workers to do their jobs.

9

Workers need employers to take climate action towards safeguarding their ability to do their jobs. Data analysts play a critical role by identifying physical climate risks across every location and community within a company's value chain. This analytical depth is required to understand the impact of e.g. heat stress on specific employees and the capacity to perform their role.

10

It has never been more important to engage and listen to the workforce, cultivate a people-centric environment, and support what matters most to employees. If South African companies want to deliver growth and transformation in a world of exponential innovation and technological disruption, business leaders must take care of their workers.

About this document

[PwC's Voice of the Consumer Survey 2025](#) was published in mid-October. This is always an important publication for us to delve into considering that consumer spending accounts for more than 60% of South Africa's GDP.

While this year's survey and published document were focussed on shoppers and their relationship with food and nutrition, it also contained a set of questions looking at the macro factors that South African consumers believe could have the greatest impact on their country in the near future. In the survey, South African consumers ranked their macro concerns accordingly:

1. Cost of living
2. Economic instability
3. Health risks
4. Climate change
5. Social inequality
6. Food insecurity
7. Environmental damage
8. Technology risks
9. Geopolitics

In this report, we look at their top four concerns in more detail and reflect on how these impact employee wellbeing. Importantly, we also look at what employers can do to support their employees with these challenges.

Key content in this report includes:

- Cost of living: Improving food security requires that workers earn a living wage ([page 5](#)).
- Economic instability: Employers need to make (and measure) impacts in their communities ([page 6](#)).
- Health risks: Consumers are concerned about the cost and availability of healthcare ([page 7](#)).
- Climate change: Extreme and chronic weather events impact people's ability to do their jobs ([page 9](#)).
- How we can help with employee wellbeing ([page 10](#)).



Macroeconomic forecasts (30 November 2025)				
Baseline scenario	2023	2024	2025F	2026F
ZAR/USD	18.45	18.32	18.00	18.50
Consumer price inflation (%)	5.9	4.4	3.4	4.0
Repo rate (end-of-period)	8.25	7.75	6.75	6.50
Real GDP growth (%)	0.5	0.4	0.9	1.1
Unemployment rate (%)	32.1	31.9	32.3	32.6
Probability weighted average	2023	2024	2025F	2026F
ZAR/USD	18.45	18.32	17.99	18.48
Consumer price inflation (%)	5.9	4.4	3.4	4.0
Repo rate (end-of-period)	8.25	7.75	6.75	6.48
Real GDP growth (%)	0.5	0.4	1.0	1.2
Unemployment rate (%)	32.1	31.9	32.3	32.5

Please sign up [here](#) to receive future editions of this report by email.

“

The South African economy is driven by household expenditure. However, consumers are looking at 2026 with concerns about the cost of living, economic instability, health risks, and climate change. While none of these trepidations are new, the imperative for employers to support their workers with these challenges has never been greater. Focussing on the wellbeing of the employee has tangible financial and other benefits for companies and supports the stability of local communities where employees and their families live.

Lullu Krugel, PwC South Africa Chief Economist



Cost of living: Improving food security requires that workers earn a living wage

South Africa Economic Outlook December 2025

Summary: While several macro data points suggest consumer conditions have improved in 2025, for most South Africans the cost of living is still too steep. The country’s food security challenges are more about the cost of nutrition than the availability of food. Solving workers’ cost-of-living challenges requires employers to thoroughly understand the issue (through living wage research) and using carefully thought-out structures that can increase employees’ effective take-home pay.

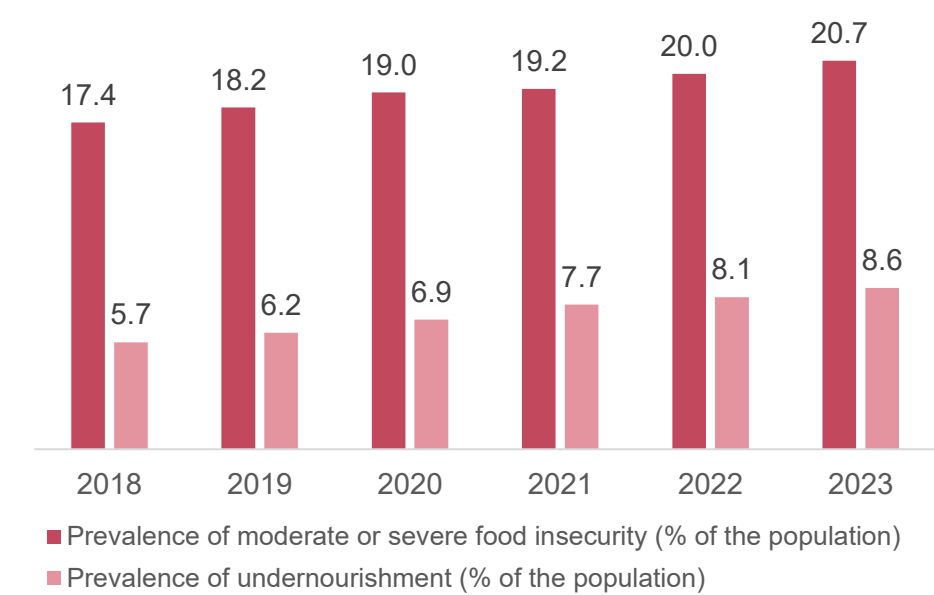
One in five South Africans are moderately or severely food insecure.

Some headline data suggests that South African consumers have it a bit easier right now compared to recent history. Consumer price inflation has been below 4.5% since August 2024 and averaged 3.2% over the past 12 months. Durable goods (like appliances and furniture) were 0.9% y-o-y cheaper in October as the stronger rand reduced the cost of imports: the country’s import basket cost 1.5% less in September (latest available data) compared to headline inflation of 3.4% during the month. Thanks to this favourable pricing environment, inflation-adjusted disposable income increased by 0.7% last year and will likely rise by double that figure in 2025. The inflation-adjusted PayInc Net Salary Index—tracking 2.1 million monthly salaries between R5,000 and R100,000—increased by an average of 2.0% y-o-y in the 12 months ending August 2025 (latest available data).

For most South Africans though, the cost of living is still too steep. In October, a full-time minimum wage worker would have earned around R5,300, based on 23 days of work. Their disposable income would decline to around R3,450 when subtracting daily taxi transport costs. At home, prepaid electricity (350kWh) in their household of four would reduce this to less than R2,300. If all the remaining income is spent on food, the household would be more than R1,400 short to pay for a basic nutritious diet. According to the Pietermaritzburg Economic

Justice and Dignity Group (PMBEJD), who tracks these numbers monthly, a basket of goods that is nutritious, ensures health and allows children to grow and develop properly, cost more than R3,700 in October for a family of four. In this context, it is unsurprising that the Stats SA General Household Survey 2024 found that 22.2% of households (14 million people) considered their daily access to food as inadequate or severely inadequate. Data from the Food and Agriculture Organisation (FAO) indicates that one in every five (20.7%) South Africans were moderately or severely food insecure in 2023 (latest available data).

Figure 1: Food insecurity and undernourishment



Source: Food and Agriculture Organisation (FAO)

Research by the Economist Intelligence Unit (EIU) found that South Africa’s food security challenge is more about affordability than availability. In its Global Food Security Index 2022 (latest available), the EIU ranked South Africa’s food availability 52nd out of 113 countries (a lower ranking is better) while affordability was ranked 70th. This speaks directly to the ability of South African incomes to pay for the food that people need. The disparity between the increase in nominal disposable income (average of 6.4% during 2022-2024) and food costs (mean of

8.3% p.a. over the three-year period) highlights that food is getting increasingly expensive by the year compared to household income levels. In other words, to maintain their food consumption levels, South African households would in recent years have had to increase the share of their total spending towards food. Alternatively, South African households would have had to purchase less nutritious or lower volumes of food to accommodate other expense categories like transport and school fees.

What can businesses do about cost-of-living pressure on their employees?

At a company level, paying employees fairly is a key part of wider sustainability measures. It provides a tangible measurement to support the social element of ESG strategies which is covered in several global reporting frameworks and the JSE Sustainability Disclosure Guidance list of metrics. Paying a living wage is also part of addressing several of the Sustainable Development Goals (SDGs), including SDG1 (no poverty), SDG8 (decent work and economic growth), and SDG10 (reduced inequalities).

According to Leila Ebrahimi, Partner and Reward & Remuneration Lead at PwC South Africa, the possible solution to cost-of-living challenges starts with understanding the issue properly. Companies should commission living wage research for their workforce, going beyond national averages to understand what employees need to cover the cost of housing, basic nutrition, transport, and healthcare in their specific circumstances, and understanding the unique social construct of their employee base. Housing represents the largest expense category after food, and our research shows us that South African companies underutilise tax-efficient options in this regard. Carefully thought-out structures could increase employees’ take-home pay.

Although somewhat 'out of fashion', geographic pay differentiation deserves consideration as well: a living wage in Polokwane differs substantially from Sandton. Companies with multi-location operations can consider developing location-adjusted pay frameworks that reflect actual living costs rather than applying uniform national scales.



Economic instability: Employers need to make (and measure) impacts in their communities

South Africa Economic Outlook December 2025

Summary: South Africa’s real GDP per capita declined by 4.2% over the past decade. The country’s associated challenges of poverty, inequality and unemployment result in many social challenges like crime and declining societal trust. To address this, we advocate for businesses to consider the triple bottom line—people, planet and profit—that drives positive impact at the community level. They also need to quantify this impact via socio-economic impact measurement.

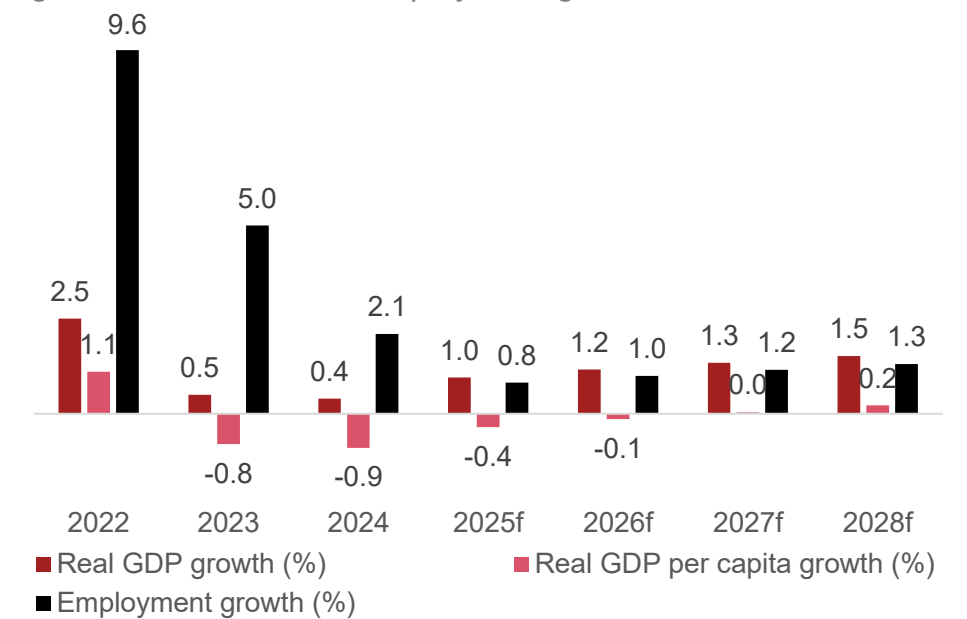
Poverty, inequality and unemployment are eroding social trust in our communities.

South Africa’s economic growth has lagged that of other emerging markets since the global financial crisis of 2008-2009. This year, for example, emerging markets and developing economies are expected to grow by an average of more than 4.0%. In turn, our forecast for real GDP growth in South Africa is currently only 1.0%. The list of reasons for South Africa’s sedated growth is long and well-known. In alphabetical order, the list starts with aging infrastructure, brain drain, corruption, debt burden (both public sector and households), energy insecurity, fiscal challenges, etc. As a result of these long-standing challenges, the country’s economic growth has frequently been below population growth of around 1.4% per annum. This resulted in real GDP per capita declining for most of the past decade, falling by 4.2% on an inflation-adjusted basis over the past 10 years. Our forecasts suggest that the negative per-capita trend will continue in 2025-2026. A decline in GDP per capita shows that inflation-adjusted output per person is declining, a trend generally associated with declining standards of living and economic instability.

Having said that, most South Africans do not spend much time pondering the state of GDP and labour metrics; they are too busy dealing with the impact of economic instability in their communities. South Africa’s triple challenges of poverty, inequality and

unemployment—all at elevated levels due to weak economic and employment growth—result in many social challenges, including crime and gender-based violence. For most communities, economic instability is associated with loss of household income, the closure of small enterprises, and a lack of quality public service delivery.

Figure 2: Economic and employment growth



Source: PwC

Note that employment growth was unusually high in 2022-2023 due to the post-pandemic jobs recovery.

These conditions also adversely affect interpersonal trust within communities. The August 2024 edition of this report ([Trust is the foundation of our future socio-economic development](#)) noted that social trust is a deep determinant of economic progress: it fosters cooperation, reduces transaction costs and encourages investment and innovation. When individuals trust each other, they engage in mutually beneficial exchanges, leading to economic growth and development. However, according to the World Value Survey, only one in four (23.3%) South Africans believe that most people in the country can be trusted. This is only a third as strong as the top performing countries globally.



What can businesses do to reduce economic instability at the community level?

Often, companies are focussed on their main bottom line (profit) when making business decisions. Instead, we advocate for businesses to rather consider the triple bottom line—people, planet and profit—that drives impact at the community level. Here, an organisation’s [societal purpose](#) plays a key role. On the people (social) front, businesses can step in to support access to basic services like healthcare (see [page 7](#)) and promote inclusive decision-making at a local government level. For the planet (environment), sustainable neighbourhoods require the private sector to run recycling programs, make use of renewable energy, and even extend their community outreach by supporting the maintenance of parks. Many of these types of initiatives can provide for greater community stability (healthier children, less litter, cleaner air, etc.) during times of economic instability. And many of these decisions can be guided by companies incorporating SDGs into their business strategy.

Beyond making a positive community-level impact, businesses must quantify the impact of their actions. It is imperative for South African companies to understand, measure and communicate their overall impact on society because it promotes trust and loyalty among stakeholders, drives sustainable business growth and contributes to the overall wellbeing of our people. When we consider socio-economic impacts, we look beyond just the jobs created by an employer. Other key considerations include the division (equity) of salaries and wages between low-, medium- and high-income households; payment of municipal and national taxes and the salaries (for doctors, teachers, etc.) that these finance; and the inclusion of local SMMEs in supply chains. In all instances, these include both direct, indirect (in the supply chain) and induced (through wage-driven spending) economic impacts. These and other impact factors are the contribution that companies make to South African communities.

Health risks: Consumers are concerned about the cost and availability of healthcare

South Africa Economic Outlook December 2025

Summary: Around 20 million South Africans do not have access to universal health coverage (UHC) due to multiple factors, including physical access and the cost of healthcare. Many of them expect employers to do more to provide them with access to healthcare. This does not necessarily have to be direct contributions to medical aid and could include supporting physical fitness, providing preventative care, offering mental health services, and running in-house educational programs.

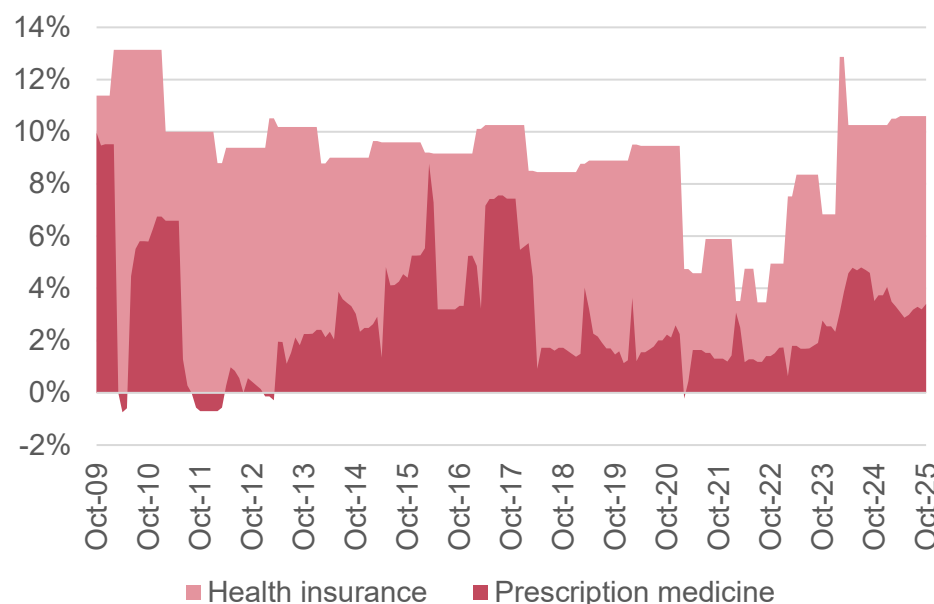
Insurance costs, funding cuts and NHI speculation raises uncertainty over health services.

South Africans are concerned about health risks like chronic illness, the cost of medicine, and mental health conditions, among other medical challenges. This year, they faced several key challenges that have (or could in the future) reduce their access to healthcare:

- Health insurance currently costs 10.6% more on average compared to a year ago. At the start of 2025, many providers of health insurance and medical aid products increased their monthly fees by two or three times the prevailing headline inflation rate due to a combination of factors, including the rising prevalence of chronic diseases, the high cost of new medical technology, and a continued increase in elective procedures after COVID-19.
- The supply of HIV and TB treatments were disrupted early this year as the Trump administration halted funding support to South Africa and other countries under the US President's Emergency Plan for AIDS Relief (PEPFAR) and US National Institutes of Health (NIH). The temporary suspension of some funding and the permanent halt of other financing schemes led to the disruption in HIV and TB treatments across hundreds of communities.

- Speculation about the reduction / elimination of medical aid tax credits to finance the National Health Insurance (NHI) made the news several times this year. The narrative implied that tax benefits for South Africans paying for private medical insurance will be removed and that this money would be redirected towards NHI funding needs. The plan would essentially increase the average tax burden on those with private medical aid and effectively increase the cost of healthcare. The National Treasury has made no decision on the tax credit issue yet.

Figure 3: Healthcare-related price inflation



Source: Stats SA

Our estimates show that around 20 million South Africans are currently without access to universal health coverage (UHC). This means that nearly a third of our population is unable to access the health services they need, when and where they need them, without financial ruin. Some 56% of South African respondents to the Edelman Trust Barometer 2023 survey said that the business sector is not doing enough to support improved access to healthcare. In other words, South Africans expect their employers to do more to provide them with access to healthcare.

What can businesses do to support their employees' access to healthcare?

Aside from directly funded healthcare benefits and contributions towards medical aid, options to support employee wellbeing and access to health services include:

Physical health and preventive care

- Employee wellness programs: Implement programs that focus on promoting healthy lifestyles and providing access to resources for mental health, nutrition, and fitness.
- Health screenings: Organise health screening events to offer regular checkups for common health issues, enabling early detection and preventive care.
- Subsidised wellness initiatives: Subsidised gym memberships, wellness apps, or activities that encourage physical activity and mental wellbeing.

Mental health and emotional support

- Employee Assistance Programs (EAPs): Establish EAPs to provide counselling and support services for employees dealing with personal or work-related stress.
- Peer support networks: Establish peer support groups or networks where employees facing similar health challenges can share experiences and offer support.
- Crisis support services: Develop contingency plans or support services to assist employees during health crises or emergencies, providing guidance and resources.

Education, financial literacy and incentives

- Awareness programs: Conduct workshops, seminars, and campaigns to educate employees about preventive care, disease management, and available healthcare benefits.
- Financial education on healthcare: Provide resources or workshops on understanding healthcare costs, insurance coverage, and how to navigate the healthcare system.
- Incentivised health programs: Create incentives that reward employees for participating in wellness activities or achieving health-related milestones.

“

Employee wellbeing is a shared responsibility. Employers play an important role in supporting the health of their people across seven dimensions of wellbeing: physical, emotional, intellectual, mental, spiritual, financial and social. These are proven drivers of performance, fulfilment and engagement. When corporate wellbeing practices are combined with individual commitment to healthy behaviours and attitudes, it leads to a positive impact not only on the individual, but on their teams and client relationships.

Alinah Motaung, PwC Africa People Leader



Climate change: Extreme and chronic weather events impact people’s ability to do their jobs

South Africa Economic Outlook December 2025

Summary: Nearly half of surveyed South Africans believe extreme weather events will impact their ability to do their job. As temperatures rise, heat stress impacts workers’ productivity (in e.g. agriculture and mining) and health. Employers need location-specific climate analysis to understand and act on the differentiated impact of changing temperatures and risk events on operations across geographies.

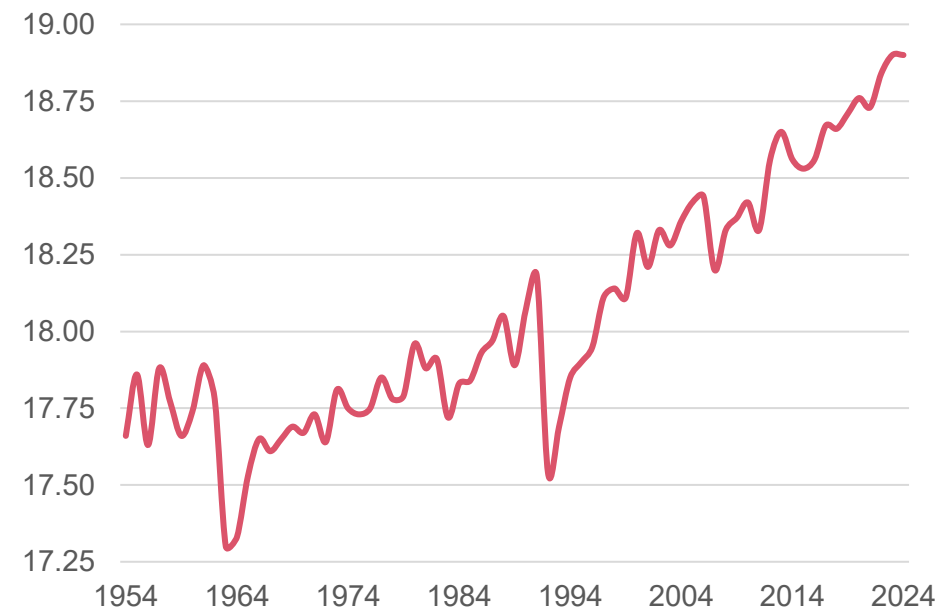
Average surface air temperature increased 0.5°C over the last decade.

In South Africa, climate-induced extreme weather events have become more frequent, intense, and unpredictable. [PwC’s Global Workforce Hopes and Fears Survey 2024](#) indicated nearly half (44%) of South African respondents believed that disruptions from extreme weather events will impact their ability to do their job. A drought-induced lack of water supply would, for example, undermine water-intensive mining operations, including ore extraction, mineral processing and dust control. Droughts have already affected mining employment in South Africa, with the industry having faced a severe drought in 2015–2017, when water scarcity led to mine closures and job losses. In the agricultural sector—the world’s thirstiest industry, accounting for 70% of the world’s freshwater consumption—droughts can reduce crop yields. Droughts in the Western Cape (2015-2018, which led to the ‘Day Zero’ water crisis in Cape Town) and Eastern Cape (2018-2021) had adverse impacts on crop production and farm employment.

Our experts believe that some 24% of maize, 35% of wheat and 84% of rice cultivation globally are at significant, high or extreme risk of heat stress by 2035. South Africa’s average mean surface air temperature already increased by 0.5°C (nearly 2%) in the decade ending 2024 to reach close to 19°C last year. This included +40°C heatwaves in Limpopo (2020), the Northwest province (2020), and the Northern Cape (2021 and 2024).

South Africans are experiencing a warmer climate in their everyday life: walking to school under the hot African sun; struggling to keep food gardens alive; and spending more money on staying cool indoors. Heat stress can make it difficult or even life-threatening for workers to do their jobs.

Figure 4: Average mean surface air temperature (°C)



Source: World Bank

The effects of climate change are increasing the cost of living, threatening food and water security, and affecting livelihoods. Vulnerable populations, including those living in informal settlements, feel these impacts more acutely. The flooding events in KwaZulu-Natal during 2022, for example, exemplifies the severe impact that the changing climate can have on communities. Our report [Net Zero Economy Index 2024: A South African viewpoint](#) warned that, due to the increased impacts of climate change, South Africa faces the possibility of a further breakdown in social cohesion at the community level. This, in turn, raises the operational and security risks for businesses in both the public and private sectors. It should be clear for corporates: addressing climate change is imperative.



What can businesses do to support climate action in their communities?

In our conversations with CEOs and other senior business leaders, we observe that executives know about the physical dangers of climate change in a general sense. Nonetheless, we find that they have less of an understanding of the specific impact that a climate-related impact (e.g. heat stress) could have on their businesses. Elaborating on this example, specific impacts from heat stress include damage to operations or infrastructure, and disruption within supply chains and communities associated with a business. The disconnect could be related to the complexity of the problem and our ability to predict and quantify potential harm; we should be aware that cognitive biases and limits may prevent us from accurately judging probability and risk. Whatever the cause, climate risks such as extreme chronic weather events should factor more heavily into a CEO’s agenda.

Both mining and farming see productivity declines as heat stress rises. Labour in both sectors often spends high numbers of hours working in environments where they are directly exposed to the impacts of heat and humidity. According to Chantal van der Watt, Director and Sustainability specialist at PwC South Africa, analysts can identify physical climate risks at a granular level, i.e. at specific locations and for affected communities in a company’s value chain. For example, our climate risk analysts found that certain PwC offices (from Tokyo to Tampa) are likely to face up to 200 days a year of potentially deadly temperatures. (See our report [Climate risks to nine key commodities: Protecting people and prosperity](#).) This kind of location-specific analytical depth is required to understand heat stress at a specific location and for a specific set of employees. In some locations, elevated temperatures can cause heat-related illnesses, while in other areas heat changes could increase the risk of exposure to new vector-borne diseases. Understanding heat stress and the location-specific impact on workers requires precision analysis and predictive analytics.

Economics services and contacts.

South Africa Economic Outlook December 2025

How we can help with employee wellbeing.

It has never been more important to engage and listen to the workforce, cultivate a people-centric environment, and support what matters most to employees. If South African companies want to deliver growth and transformation in a world of exponential innovation and technological disruption, business leaders must take care of their workers. They need to continuously evaluate the skills they need, their approach to retaining talent, and the development of their existing workforce. Our framework for employee engagement, wellbeing and retention includes:

- Leading with purpose: Our experts help establish clarity about the purpose of the organisation. Recognising how that purpose aligns with employees' needs and preferences will have a significant impact on productivity and profitability.
- Embedding personas into scenario planning: We help business leaders with dynamic scenario planning that acknowledges what their employees want in terms of how and where they work, along with an understanding of external factors.
- Upskilling employees to help ensure their future success: Organisations have a responsibility to pursue upskilling—both for employees who will be moved into different roles within their company and for those who look for opportunities outside.
- Customising benefits using data and analytics: We use advanced analytics to perform preference analyses and then let the data guide your decisions. This can provide a check on how well benefits and investments align with what employees want and need.
- Reimagining employee programs and policies: In addition to redesigning benefit plans, we help company leaders look at their broader recruitment and performance strategies—a one-size-fits-all approach will no longer suffice.

Our services

The PwC South Africa Strategy& Economics team is a specialised unit of economists who serve our clients in a variety of ways. Our services include:

Measure your impact on the economy and society

- Economic Impact Assessment (EIA)
- Socio-Economic Impact Assessment (SEIA)
- Regulatory Impact Analysis (RIA)
- Environmental, Social and Governance (ESG)
- Total tax contribution
- Localisation calculations

Make decisions about risk and investment

- Macroeconomic research
- Market entry analysis
- Country and industry risk assessments
- Commercial due diligence assistance

Plan for future economic scenarios

- ESG scenario planning
- Economic and political scenario planning
- Industry and macroeconomic modelling
- IFRS 9 audit assist

Please visit our website to learn more:

<https://www.strategyand.pwc.com/a1/en/solutions/purpose-led-economics.html>



Lullu Krugel
Partner and Chief Economist
lullu.krugel@pwc.com
+27 (0) 82 708 2330



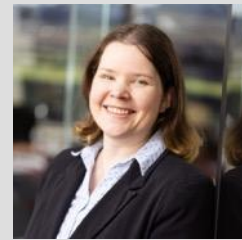
Dirk Mostert
Director
dirk.mostert@pwc.com
+27 (0) 82 800 9326



Salome Ntsibande
Senior Manager
salome.ntsibande@pwc.com
+27 (0) 72 210 1013



Christie Viljoen
Senior Manager
christie.viljoen@pwc.com
+27 (0) 82 472 8621



Vicky Hibbers
Manager
vicky.hibbers@pwc.com
+27 (0) 76 382 7632