# ECONOMY AT A GLANCE

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT ISSUE | NOVEMBER 2017

## GLOBAL STATE OF THE ECONOMY

| | International Monetary Fund | The World Bank | OECD |
|---|---|---|---|
| Projected GDP Growth for 2017 | 3.6% | 2.7% | 3.3% |
| 2016 GDP Growth | 3.4% | 2.4% | 3.0% |
| 2018 GDP Growth | 3.7% | 2.9% | 3.7% |

## GLOBAL HIGHLIGHTS

### Global Growth

Global growth is improving following a recovery in industrial activity and an increase in global trade, after two years of slow growth. In emerging markets and developing economies, obstacles to growth among commodity exporters are slowly diminishing. Global growth is projected to grow to 2.7% in 2017 per the World Bank. (Global Economic Prospects, 2017)

### Risks to Global Economy

While global growth is recovering, it remains weak in many countries as they try to boost potential output and build resilience against downside risks such as changes in consumer trends. (IMF Economic Outlook, October 2017)

## NATIONAL STATE OF THE ECONOMY

### NATIONAL GDP GROWTH AND FORECASTS

| | South African Reserve Bank | International Monetary Fund | The World Bank | OECD |
|---|---|---|---|---|
| Projected GDP Growth for 2017 | 0.7% | 0.7% | 0.6% | 1.1% |
| Projected GDP Growth for 2018 | 1.2% | 1.1% | 1.1% | 1.7% |
| 2016 GDP | R3.07 trillion (increase of 0.3% from 2015, sourced from Statistics South Africa) | | | |

## NATIONAL HIGHLIGHTS

### New SA Tourism Projects

Several new tourism projects were announced at the World Travel Market in London by the Thebe Tourism Group. These include the Mandela Presidential Centre in Johannesburg; the Kruger Shalati Development in Skuluza in the Kruger National Park and the Blyde Community Project on the Panorama Route in Mpumalanga. *(SANews, 7th November 2017).*

### Business Confidence Down

The SA Chamber of Commerce & Industry business confidence fell to 92.9 points in October from 93 points in September, as growth expectations lowered.
*(Mercury, 9th November 2017)*

### Key Highlights

Economic growth is projected to be weak in 2017 and is expected to pick up in 2018 as private consumption and exports rise from the anticipated recovery in commodity prices and growth in export markets. The political uncertainty has led to credit ratings downgrades, weighing heavily on monetary policies. Future growth will be dependent on a stable political environment.
*(OECD Economic Outlook, Volume 2017 Issue 1)*

### SA drops 6 places in World Bank's investor-friendly rankings

The World Bank report ranks SA as the 82nd most investor-friendly country in 2017, from 74th last year. The reasons put forward are corruption, weak rand, credit downgrades and political turmoil. In addition the low growth has also contributed to the drop from the investment recession and policy uncertainty.
*(Mercury, 24th November 2017)*

## NATIONAL KEY INDICATOR

### INFLATION RATE

The inflation rate decreased to

**4.8%**

in October 2017 year-on-year, after 5.1% in September 2017.
*(https://www.news24.com/Tags/Topics/cpi)*

### PETROL PRICE

**93: R12.82**
**95: R13.05**

As at 25th October 2017
*(SANews.gov.za)*

### EXCHANGE RATES

**R/$: 13.6496**
**R/£: 18.3372**
**R/€: 16.1901**

As at 30th November 2017
*(Business Day, 30th November 2017)*

### VEHICLE SALES

October 2017's aggregate new vehicle sales in South Africa came in at 51 037 units, an increase of

**4,6%**

year-on-year, according to Naamsa.
*(National Association of Automobile Manufacturers of South Africa)*

### QUARTERLY GDP / UNEMPLOYMENT TRENDS

The country's Gross domestic product increased by

**2,5%**

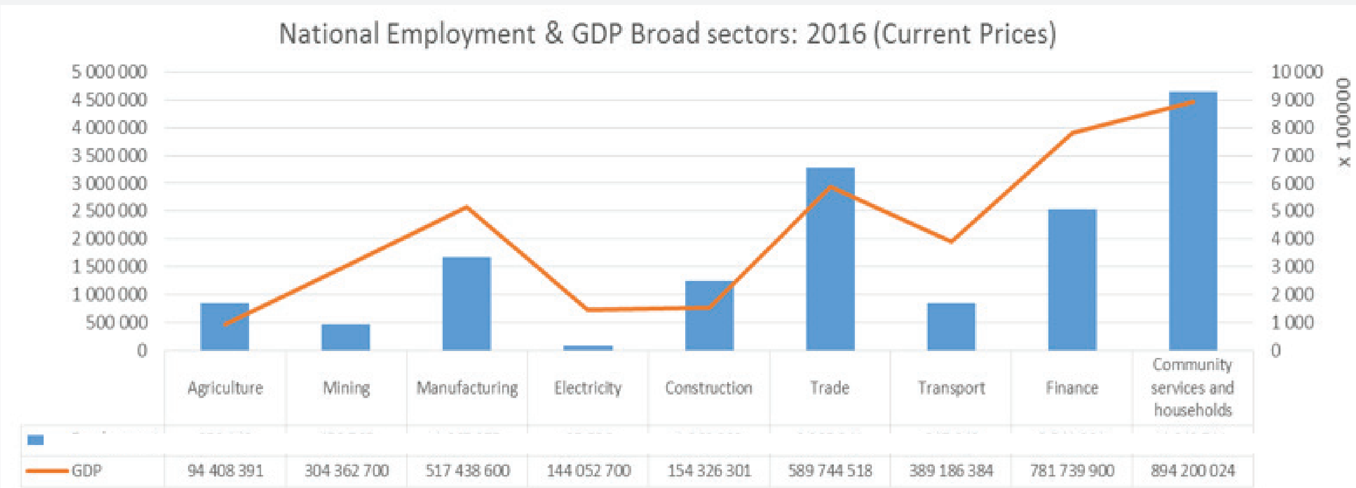
in the second quarter of 2017.

The unemployment in the 2nd quarter of 2017 remained unchanged at

**27,7%**

*(www.politics.web.co.za)*

## NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



## LOCAL STATE OF THE ECONOMY

### ETHEKWINI HIGHLIGHTS

#### GDP / TOTAL POPULATION

**R302.3 ↑**

billion in 2016
Increased by 1.0% from 2015.
(Global Insight internal database)

The eThekwini population was recorded as 3,820,174 for 2016 according to Global Insight (Increased by 1.4%) (Global Insight internal database)

#### TOTAL EMPLOYMENT

Formal Sector employment recorded as

**1,184**

million according to the 2nd Quarterly Labour Force Survey in 2017 Statistics South Africa. This represented an increase of 0.5% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*

#### 2nd QUARTERLY UNEMPLOYMENT UNCHANGED

The City's quarterly unemployment rate was unchanged at

**21.8%**

during the 2nd quarter of 2017. *(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*

#### POVERTY STATISTICS

Of eThekwini's 851,855 people living below the poverty line in 2016,

**98, 7%**

are African, while 0, 53% are Asian, 0, 75% are colored and 0.01% white. This means that 25.2% of the African, 6.1% of the coloured, 0, 7% of the Asian and 0.04% of the white population are living below the food poverty line. *(Source: Global Insight)*

#### ANNUAL TRADE

Total Exports:

**R71.8 bn**

(Increased by 12.3%)

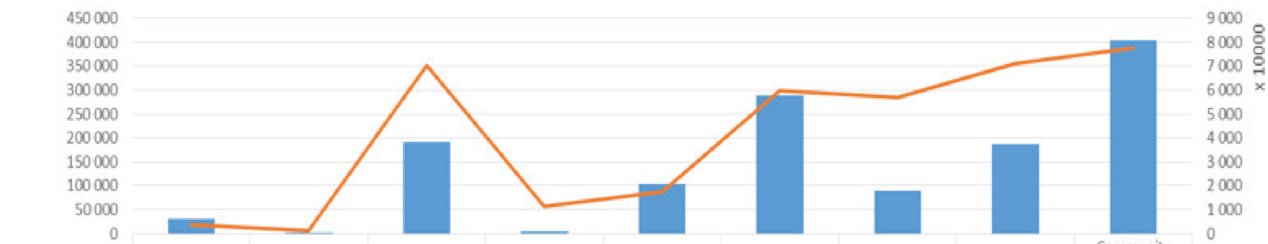
Total Imports:

**R104.7 bn**

(Increased by 9.3%)
*(Global Insight internal database)*

### ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2016

eThekwini Employment and GDP Broad Sectors: 2016 (Current Prices)




| | Agriculture | Mining | Manufacturing | Electricity | Construction | Trade | Transport | Finance | Community services and households |
|---|---|---|---|---|---|---|---|---|---|
| Employment | 29 846 | 1 441 | 190 418 | 4 599 | 103 547 | 287 704 | 90 389 | 187 928 | 404 800 |
| GDP | 3 713 642 | 1 100 344 | 70 481 446 | 11 537 618 | 17 480 546 | 59 596 320 | 56 806 968 | 71 211 670 | 77 787 724 |

### EVENTS/LAUNCHES/INVESTMENTS

#### DURBAN'S ICC LEADING CONFERENCE CENTRE

The city's International Convention Centre was named as 'Africa's Leading Meetings and Conference Centre' at the 24th World Travel Awards Gala Ceremony. It's the 16th time that the centre has won this title since 2001.(Mercury Network, 1st November 2017).

#### ETHEKWINI MUNICIPALITY RECEIVES MERIT AWARD

The Municipality received a merit award at the International society of City and Regional Planners 2017 for Excellence. The event, held in the United States was given to the Municipality for its inner city spatial vision and regeneration strategy. (Mercury Network, 8th November 2017)

#### ETHEKWINI WINS EPWP KAMOSO AWARD / SAICE AWARD

The eThekwini Municipality won 2 awards in the 2nd KwaZulu-Natal Expanded Public Works Programme (EPWP) Kamoso Awards during October 2017. The award was in recognition of the Cleansing and Solid Waste Citywide cleansing programme. During 2016/17 the city's EPWP programme created 15,000 job opportunities with R334 million spent on wages. (Metro Ezasegagasini, 3-16th November 2017).

The City's Engineering Unit has won the South African Institute of Civil Engineers (SAICE) Award at the SAICE Award Gala during November 2017. The award for the M25-C9 Underpass Interchange, which is part of the Integrated Rapid Public Transport Network. (EThekwini Weekly Bulletin, 3rd November 2017

#### LAUNCH OF INVEST DURBAN

The launch of the Invest Durban Strategy took place at the Durban ICC on 24th November. The initiative is expected to improve the city's international business profile and accelerate investment promotion for the eThekwini region. The change followed on the identification of the need for South African cities to aspire and implement global best practices as was recommended by the World Bank in a related study.
(http://kzntopbusiness.co.za/site/kzn-top-businesses/Invest-Durban/page/276)

## CATALYTIC PROJECTS

| PROJECT | DESCRIPTION | STATUS/PROGRESS |
|---|---|---|
| Cornubia | The Construction of the first 486 units in Phase 1a Housing is complete. Presently, 995 of the 2,180 units have been completed as part of Phase 1b. Cornubia Industrial and Business Estate is 100% sold and 13 businesses are already operational in the area.<br>(www.Cornubia.co.za) | Phase 1: 2,500 units mostly complete and occupied. Cornubia Industrial and Business Estate sites sold and operational Phase 2: EIA and WULA approved. N2 Business Park, Retail Mall and Call Centre under construction. The 65,000m2 Cornubia Shopping Mall opened in September 2017 is almost fully occupied, with 1,100 permanent jobs while approximately 2,500 temporary jobs were created during construction. A 2nd phase will allow for expansion of a further 70 stores totalling 20,000m2 in the future. When complete the entire development will create 48,000 permanent jobs. |
| Dube TradePort | The Dube TradePort has attracted over R1.4-billion investment to date. Dube TradeZone has secured Samsung Electronics; Amsted Reelin, Rossi SA, Ukuphanta and DB Schenker. The latest business to locate at the TradeZone is Yangtze Optics Africa Cable and Cipla Biotec. Planning is underway for Dube TradeZone 2, as well as Dube AgriZone Phase 2. The Tradeport will eventually provide 150,000 permanent jobs with a total rates contribution of R180-million annually. The complete investment value is R13-billion.<br>(www.dubetradeport.co.za). | Trade Zone 1, Dube City & Agrizone 1 complete. SEZ status for Tradezones received. New Link road from uShukela Highway constructed. Planning underway for subsequent phases (Trade Zones 2 & 3; Support Zone 2 & AgriZone2) |
| Point Waterfront | One of the key catalytic projects in the city – and also forms part of the City's initiative to redevelop and regenerate the inner-city. The first phase commenced in 2017 and relates mostly to the provision of infrastructure. The balance of the project will cover a 10-15-year horizon at between R30-R35billion of public/private sector investment. When completed, the development will create 6,750 permanent jobs and provide 11,0000 construction jobs with an annual rates contribution of R200-million. (www.durbanpoint.co.za). | Infrastructure to support Phase 1 of development underway (includes promenade & bulks). Negotiations to align with Cruise Terminal currently in process with Transnet |
| Centrum Site | The development of the Durban Centrum site entails a mixed-use precinct of IRPTN and ICDS bus stations, a new super basement parking garage with public service buildings, integrated with high-density residential, hotel, retail and commercial development. The 28-hectare site comprises the largest single area of the central city and provides the potential for comprehensive redevelopment. It is expected that this site will complement the adjoining central business district while trying to preserve the city's heritage in terms of its historic buildings. The total investment value is R9.4-billion to provide 3,350 construction- and 1,350 permanent jobs with an annual rates contribution of R67-million. (http://www.kzntopbusiness.co.za) | Specialist technical feasibilities complete. To appoint Programme Manager and professional consortium for detailed design. |
| Keystone | The 152-hectare, R6.5-billion Keystone Park Light Industrial Warehousing and Logistics Precinct is currently being developed by Keystone Park CC, located immediately adjacent to the N3 Hammarsdale interchange. Development activity commenced during January 2015 with the 15,000m2 Malda Pack facility having started business operation in; Mr Price's new 60,0002 National Distribution Centre was completed during June 2017 and with construction of Pepkor's new 85,000m2 Distribution Centre programmed to be complete by December 2017. Several further significant top-structure projects are in the final states of being packaged. This regional catalytic development will generate substantial employment opportunities including around 3,500 temporary construction jobs at peak and approximately 6,500 permanent employment opportunities and annual rates of R2-million when fully completed.<br>(www.keystoneinvestments.co.za). | Electricity: New permanent Eskom supply cables installed. Water & Western Aqueduct Link: Water infrastructure being delivered through the Western aqueduct link. MR385: Discussion between DoT, the Developer and eThekwini Municipality underway to upgrade MR385. |
| Virginia Airport | The City received an unsolicited bid from Seaworld Investment Holdings (Pty) Ltd for a 306,870m2 mixed-use development including commercial, retail, residential, leisure and educational components at the Virginia Airport site. The bid was assessed by a technical task team comprising Supply Chain, Development Planning, Environmental and Management and the office of the Deputy City Manager Departments. It was noted that the bid satisfied the minimum requirements of the supply chain policy.(extracted from internal reports within the PSIR Dept.) | The City has rejected the unsolicited bid and will Advertise for proposals for an alternate development for the site |
| Durban Film City | The development of the R7.5-billion film studio in eThekwini will go ahead after being delayed by land transfer issues with the South African National Defence Force (who still own a portion of the land at the former Natal Command site). The city will try and fast-track the transfer of the land to commence construction of a motion picture, media, resort and entertainment precinct with the potential to create approximately 4,000 to 5,000 permanent jobs and attract film makers from around the world.<br>(http://www.sabc.-co.za/news/a/d2f4558042a8ef11bea8ffd3d964e9e6/Durban-to-begin-developing-its-own-film-studio) | High-level conceptual site development framework and vision for site. Consultants preparing rezoning and consolidation application for submission |
| Durban Iconic Tower | The City received a proposal from the Durban Tower Development Company in 2016, to build a R6-billion, 88-storey skyscraper near the Moses Mabhida Stadium, which would become the highest building in the southern hemisphere. It will be built over the next 5 years and become operational by 2021 should construction commence in 2018, following approval of the project. The proposed location is on the site of the Durban Country Club and the premises of the Natal Mounted Rifles. The project may serve as a potential catalyst to future large-scale development within the Durban Inner city and the greater metropolitan area.<br>(https://businesstech.co.za/news/general/116170/a-look-at-the-r6-billion-skyscraper-proposed-for-durban/) | The City's Real Estate Unit is investigating an appropriate model to advertise for proposals for a high-density, mixed-use development with the site. |
| Finningley Growth Sphere | The proposed R45-billion development will include schools, universities, an airfield, as well as a mix of residential options, retail and commercial with agricultural and industrial developments. Annual rates estimated at R12-billion and approximately 27,000 permanent jobs. (Catalytic Projects Update presentation September 2017) | The developer is awaiting clearance from National Government on the Act 70/70 and WULA . The Developer has also applied for funding from the Development Bank of South Africa (DBSA). |

## CATALYTIC PROJECTS

| PROJECT | DESCRIPTION | STATUS/PROGRESS |
|---|---|---|
| Illovu Auto Supplier Park | The R6.5-billion Auto Supply Park (ASP) development is a strategic economic priority for both national and provincial government. The project will create 6,000 construction- and 2,600 permanent jobs. (Catalytic Projects Update presentation September 2017) | The SCM process is underway to appoint a suitable consortium to undertake Township establishments and rezoning. The major infrastructure upgrades are being negotiated. |
| Warwick Node Redevelopment | The R1/3-billion Warwick Precinct is the dominant public transport node within the municipality and the projects will include a proposed Berea Station Mall, a proposed taxi-holding facility, a cold room storage and the erection of a bovine head facility. Annual rates estimated at R250, 000 with 3,500 construction- and 2,670 permanent jobs. (Catalytic Projects Update presentation September 2017) | The urban designs and building plans are completed for the mall and taxi facility and awaiting city's approval. Alternative forms of infrastructure funding are being explored through inter-alia public-private partnerships. |
| Clairwood Logistics Park | This R4.5-billion logistics park is aimed at supporting the logistics, commercial and surrounding light industrial developments in the broader South Durban Basin. (Catalytic Projects Update presentation September 2017) | The Environmental Impact Assessment has been approved and most of the site preparation is done. Currently busy with bulk earthworks. |

EThekwini Economy at a glance: Policy Strategy Information & Research Dept. (PSIR): ref denny.thaver@durban.gov.za

*Although care has been taken to source the most up-to-date information for this edition, new information may come on stream during the editing, layout and printing of the 'Economy at a Glance' publication and it may not be possible to make any updates at the time.*