ETHEKWINI ECONOMY *'AT A GLANCE'*

NOVEMBER 2018

GLOBAL STATE OF THE ECONOMY

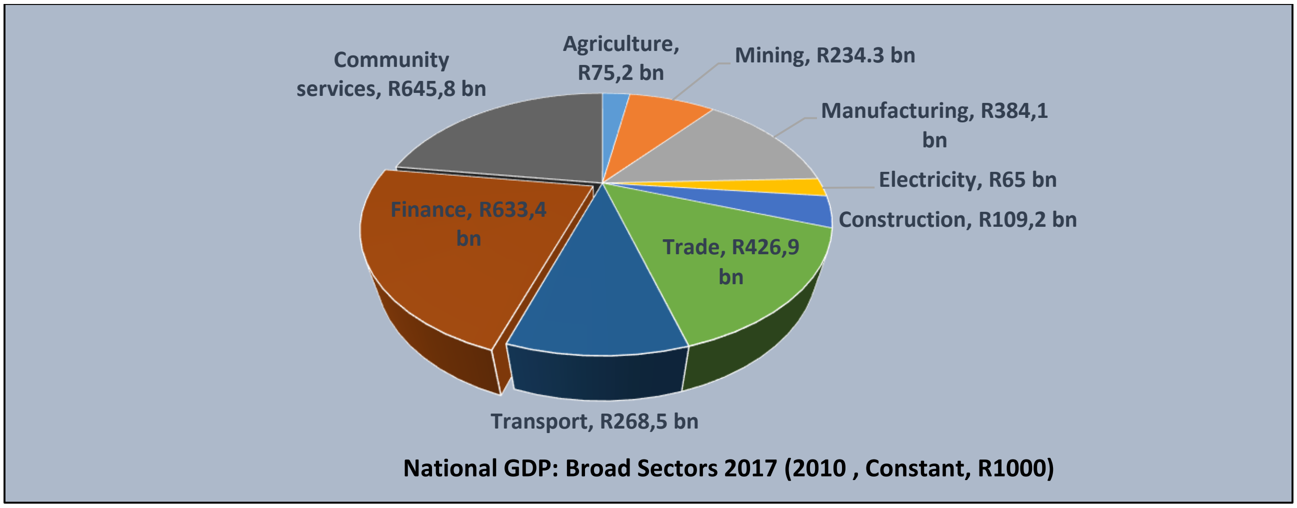
	IMF	World Bank	OECD
Projected GDP Growth 2018	3.7%	3.1%	3.7%
2017 GDP Growth	3.6%	3.1%	3.6%
2019 GDP Growth	3.7%	3.0%	3.9%

GLOBAL HIGHLIGHTS

Global Economic Highlights
Although growth reached 3.1% during 2017, there are signs the world GDP growth has levelled off, as evidenced by the drop in global industrial production and merchandise trade growth since the beginning of 2018, especially in trade-intensive capital and intermediary goods sectors. Manufacturing activity has slowed in developed and developing economies. *(World Economic Situation and Prospects http://www.bit.ly/wespbrief)*

NATIONAL STATE OF THE ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth for 2018	0.7%	0.8%	1.0%	1.9%
Projected GDP Growth for 2019	1.7%	1.8%s	1.3%	2.1%
2017 GDP/Growth	R3.12 trillion (Constant, 2010 Prices, increase of 1.3% from 2016, sourced from *Global Insight*)			



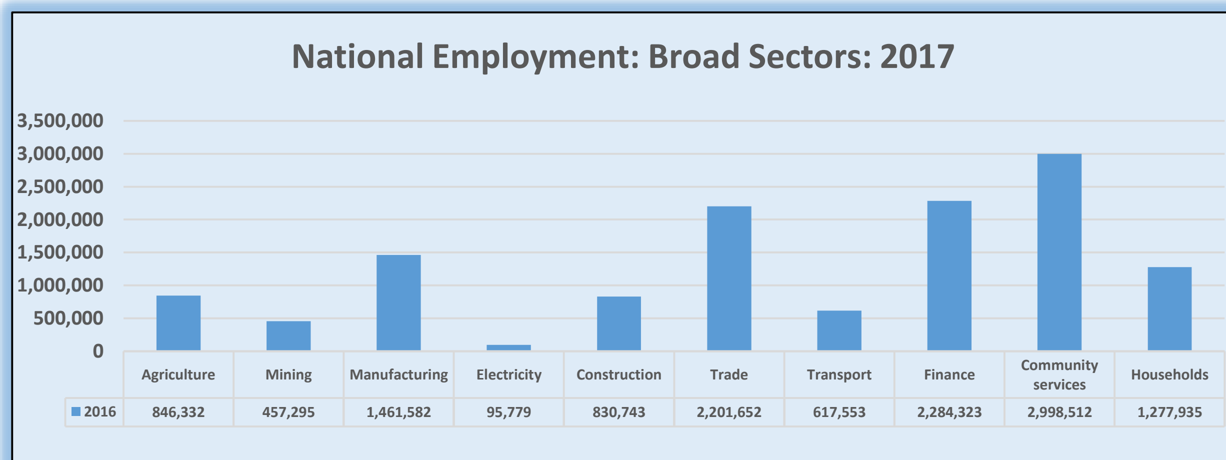
Source: Global Insight 2018

NATIONAL HIGHLIGHTS

Decline in economic activity	Land Expropriation Recommendation by Review Committee	Business Confidence falls to lowest level	SA leads with FDI in 2017
The Standard Purchasing Index (PMI) fell to 46.90 points from 48 points in September – the fourth consecutive contraction since July 2014, due to a number of economic factors leading to weak demand. *(Mercury, 6th November 2018)*	Parliament's Constitutional Review Committee has recommended that the Constitution be amended to provide for the expropriation of land without compensation. This decision has followed after many months of public consultations and written submissions. *(Mercury, 16th November 2018)*	The Business Confidence index fell to its lowest level since the 2nd quarter of 2017. The Index dropped 3 points to 31 in the 4th quarter from 34 previously. One of the main reasons has been attributed to policy uncertainty around government's land reform plans. *(Mercury, 28th November 2018)*	The 2018 Ernst & Young Africa Attractiveness survey reported that SA retained its position as the top FDI destination during 2017. The top 5 destinations were, SA with, Morocco, Kenya, Nigeria and Ethiopia. *(SANews, 28th November 2018)*

NATIONAL KEY INDICATORS

INFLATION RATE / NATIONAL EMPLOYMENT	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP
The annual inflation rate in South Africa increased to 5.1% in October of 2018 from 4.9% in the previous month and in line with market expectations. It was the highest inflation rate since July, mainly driven by cost of transport. *(http://www.inflation.eu/inflation-rates/south-africa/inflation-south-africa.aspx)* National employment in the 3rd Quarter of 2018 was recorded as 16,4 million up by 0.6% from previous quarter *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	**93 Octane**: R15.01 **95 Octane**: R14.65 **0.05% Diesel**: R14.19 As at 5th December 2018 *(https://www.enca.com/south-africa/petrol-price-to-increase-on-wednesday)*	Rand/Dollar: 13.8699 Rand/Pound: 17.6881 Rand/Euro: 15.6998 As at 4th December 2018 *(Mercury, 5th December 2018)*	New vehicle sales at 49,670 units had shown a decline of 974 vehicles or a fall of 1, 9% compared to the 50644 vehicles sold in September last year. The September, 2018 aggregate export vehicle sales represented a record number and at 36781 vehicles had registered an improvement of 440 units or a gain of 1,2% compared to the 36341 vehicles exported in September last year. *(National Association of Automobile Manufacturers of South Africa)*	The national economy shrank by a seasonally adjusted annualized 0.7% in the 2nd quarter of 2018, following a 2.6 percent contraction in the 1st quarter. It was the second consecutive period of contraction, as output fell for agriculture, transport and trade. *(https://tradingeconomics.com/south-africa/gdp-growth)*

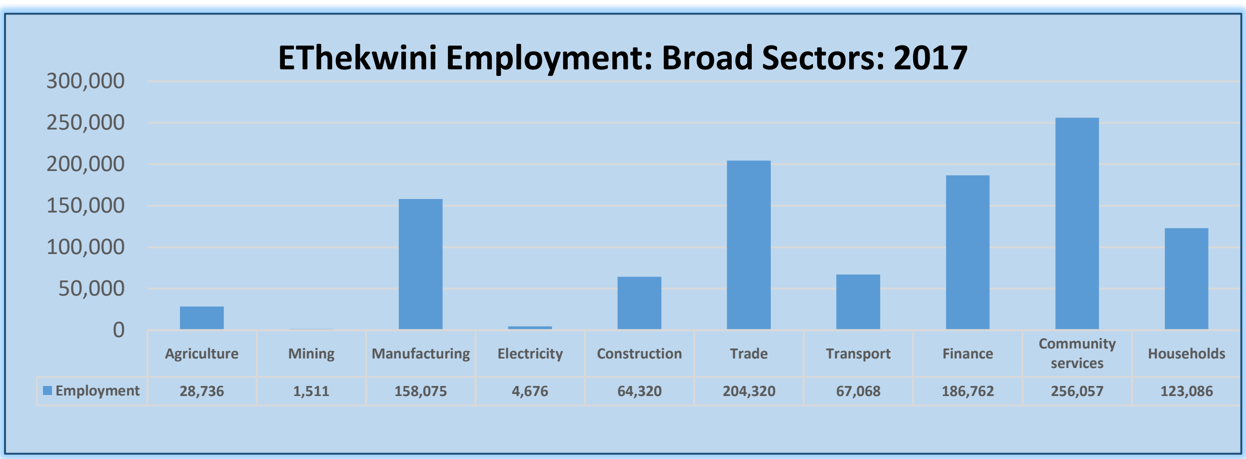


Source: Global Insight 2018

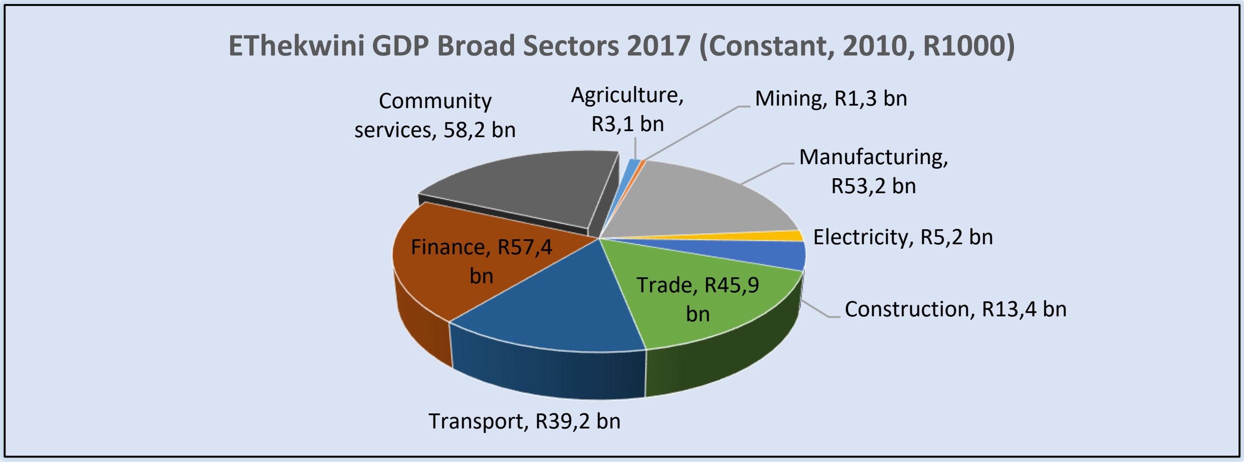
LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION	TOTAL EMPLOYMENT	Q3:2018 UNEMPLOYMENT DECREASED TO 18.2%	Development Indicators for 2017	ANNUAL TRADE 2017
R304.4 billion in 2017 Increased by 0.4% *from 2016.* *(Global Insight updated database)* The eThekwini population was recorded as 3,866,505 in 2017 according to Global Insight (Increased by 1.4%) ***(Global Insight internal database)***	Formal Sector employment recorded as approximately 1,211 million according to the 3rd Quarterly Labour Force Survey in 2018 according to Statistics South Africa. This represented a decrease of 0.9% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	The City's quarterly unemployment rate decreased by 1.1 percentage points to 18.2% from 19.3% in the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	Human Development Index: **0.67** Gini coefficient: **0.63** Functional Literacy: Total illiterate: **345,146** Total literate: **2,577,044** *(Source: Global Insight)*	Total Exports: R72.7 billion (Increased by 1.6%) Total Imports: R105.5 billion (Increased by 0.75%) *(Global Insight internal database)*



Source: Global Insight 2018



Source: Global Insight 2018

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

World Football Summit	Shape Durban Conference	Global Entrepreneurial Week
Durban will host the World Football Summit in 2020. The event will involve 80 countries and 160 teams with an estimated economic impact of R800 million for the City. *(Mercury 28 November 2018*)	Businesses and government convened at the Durban ICC during 21-23 November to commence the process of developing the City's *Accelerated and Inclusive Economic Growth Strategy* for the next 5 years. The focus of the conference was to forge partnerships across the diverse group of stakeholders in the region. The process identified 7 theme areas that will guide the Strategy. *(KZN Network, 28th November 2018).*	The City held a series of workshops during the Global Entrepreneurial Week with the objective of empowering small and emerging local entrepreneurs. The overall theme of the workshops was 'Recognizing women, youth and inclusion in entrepreneurship as well as connecting ecosystems'. *(EThekwini Info, 3rd December 2018).*

LINKS TO ECONOMIC REPORTS

Name	Description	Link
The Case for Investing in South Africa	Report from the GTAC website showcasing South Africa's infrastructure and market economy for foreign direct investment.	https://gallery.mailchimp.com/269d03e82d31aba2461044c20/files/31c2b0b9-0bfb-43f8-9229-004fb3d38945/SA_Investment_Case_Entire_Report_Final_19_October_2018_compressed.pdf

CATALYTIC PROJECTS **(updated as new information received from Catalytic Projects Unit)**

Project	Description	Status/Progress
Cornubia	Cornubia Shopping Mall is an 85 000 m² regional shopping centre that offers a mix of food, fashion, lifestyle and sports, which are all integrated into an	Phase 1: 2,500 units mostly complete and occupied. Cornubia Industrial and Business Estate sites sold and operational.

	outdoor family-orientated shopping experience in KwaZulu-Natal. The centre is strategically located within 1km from the Umhlanga/Mount Edgecombe interchange and is directly connected to the New Umhlanga Town Centre. It has great visibility and is easily accessible from the from N2 highway, the M41 and Cornubia Boulevard. . *(www.Cornubia.co.za)*	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. Phase 2: EIA and WULA approved. N2 Business Park, Retail Mall and Call Centre under construction Environmental authorisation has been received for Phase 2, which includes the Cornubia Business Hub in extent of 85,000m^2. The 65,000m^2 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 20,000m^2 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. *(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[1] and ICDS[2] 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 Project 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 15,000m^2 Malda Pack facility having started business operation in; Mr Price's new 60,000^2 National Distribution Centre was completed during June 2017 and with construction of Pepkor's new 85,000m^2 Distribution Centre programmed which comprises part of phase 1 was completed in December 2017. Several further significant top-structure projects	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.

[1] Integrated Rapid Public Transport Network
[2] Inner City Distribution System

	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. *(www.keystoneinvestments.co.za).*	
Virginia Airport	The City received an unsolicited bid from Seaworld Investment Holdings (Pty) Ltd for a 306,870m^2 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 has re-advertised publicly for new development proposals 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. *(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. *(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 an unsolicited bid 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 over the 20-year development... (*Catalytic Projects Update presentation 2018)*	The developer is awaiting clearance from National Government on the Act 70/70 and WULA[3]. The Developer has also applied for funding from the Development Bank of South Africa (DBSA).
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 development will accommodate at least 100 hectares of developable industrial land. The approval of the South Illovo Local Area Plan will include the development of 3,792 residential homes, 1,316,207m^2 of industrial space and 51,810m^2 of commercial space. The project will create 6,000 construction- and 2,600 permanent jobs. (*Catalytic Projects Update presentation 2018)*	The SCM process is underway to appoint a suitable consortium to undertake Township establishments and rezoning. The major infrastructure upgrades are being negotiated.

[3] Water Use Licensing & Permitting for all section 21 activities

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 2018)*	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 2018)*	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 update.