DECEMBER 2017

GLOBAL STATE OF THE ECONOMY:

	IMF	The World Bank	OECD
Projected GDP Growth 2017	3.6%	2.7%	3.3%
2016 GDP Growth	3.1%	2.4%	3.0%
2018 GDP Growth	3.7%	2.9%	3.7%

GLOBAL HIGHLIGHTS

Global Growth	Risks to Global Economy
Global growth is expected to continue in 2018 as the consensus appears to be around 3.6-4% across most advanced and emerging economies. This will be largely due to an acceleration in labour productivity. *(Goldman Sachs, January 2018)*	The two biggest risks to the global economy will be Europe, where cyclical growth patterns may be stalled, and continuous tension in the oil-rich Middle East countries. *(http://ewn.co.za/2017/12/27/what-to-expect-for-the-global-economy-in-2018)*

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/Growth	R3.07 trillion (increase of 0.3% from 2015, sourced from *Statistics South Africa*)			

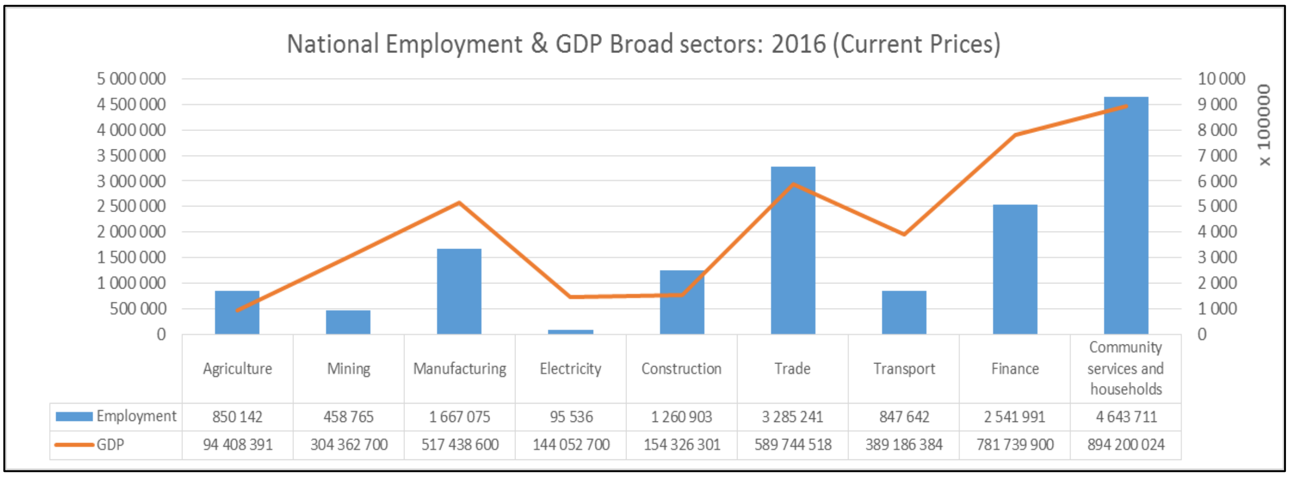
NATIONAL HIGHLIGHTS

Growth of National economy	Personal income tax revenue decreases	Main economic highlights for 2018
The national economy is expected to recover as prices for commodities pick up. Economic growth will remain constrained, however, as low business confidence, political uncertainty and high unemployment impact on fixed investment and private consumption. Economists expect the economy to grow around 1.3% in 2018. *(https://www.focus-economics.com/countries/south-africa).*	Personal income tax revenue grew at 9.4% during 16/17, below the past levels of 12% but remains the biggest contributor to revenue at 37.5%. *(News24, 13th December 2017).*	The investment market is expected to adopt a wait-and-see attitude following the change of leadership in the ANC Elective Conference, however the overall sentiment appears to be positive. The ANC January 8th Statement is expected to focus on greater radical economic transformation, agrarian reform and a final decision on the proposed free education for low-income families. *(Internal analysis at PSIR)*

NATIONAL KEY INDICATORS

INFLATION RATE	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP / UNEMPLOYMENT TRENDS
The inflation rate decreased to 4.8% in October 2017 year-on-	**93**: R12.82 **95**: R13.05	Rand/Dollar: 13.6496 Rand/Pound: 18.3372	October 2017's aggregate new vehicle sales in South Africa came in at 51 037	The country's Gross domestic product increased by 2% in the 3rd quarter of 2017.

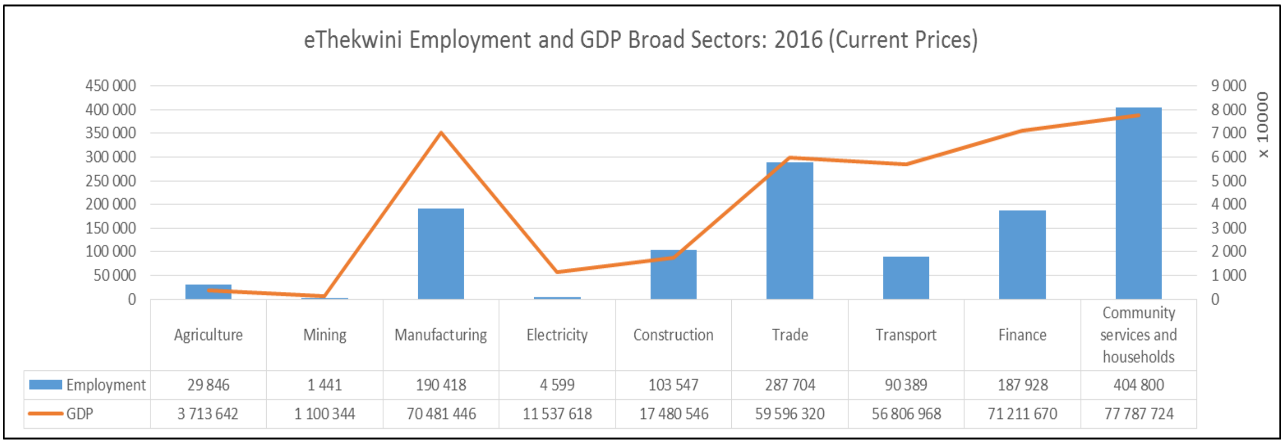
year, after 5.1% in September 2017. *(https://www.news24.com/Tags/Topics/cpi)*	As at 25th October 2017 *(SANews.gov.za)*	Rand/Euro: 16.1901 As at 30th November 2017 *(Business Day, 30th November 2017)*	units, an increase of 4,6% year-on-year, according to Naamsa. *(National Association of Automobile Manufacturers of South Africa)*	The unemployment in the 3rd quarter of 2017 remained unchanged at 27.7%. Formal employment fell by 31,000 jobs in the 3rd quarter. Jobs were lost in mining (9,000), manufacturing (5,000), despite both sectors showing GDP growth in the same quarter. *(Business Day, 13th December 2017)* *(www.politics.web.co.za)*



LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION	TOTAL EMPLOYMENT	3rd QUARTERLY UNEMPLOYMENT INCREASES TO 23.3%	POVERTY STATISTICS	ANNUAL TRADE
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)*	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)*	The City's quarterly unemployment rate increased to 23.3% during the 3rd quarter of 2017. After 21.8% in the 2nd quarter.*(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter3017.pdf)*	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)*	Total Exports: R71.8 billion (Increased by 12.3%) Total Imports: R104.7 billion (Increased by 9.3%) *(Global Insight internal database)*



EVENTS/LAUNCHES/INVESTMENT

DISCOVER DURBAN CAMPAIGN LAUNCHED	**Go!Durban prototype station complete**	**Promenade Extension**
Durban Tourism launched its Discover Durban Campaign during December 2017 to act as a game-changer for the industry and to strengthen global awareness. The city is expecting to attract 1.3-million visitors during the festive season. *(Mercury, 1st December 2017)*	The first Go!Durban prototype station structure at the Regent Street and Qashana Khuzwayo Road intersection in New Germany is completed. This is one of several stations being constructed along the C3 route of the new transport network from Pinetown to KwaMashu. *(Metro Ezasegagasini, 15 Dec 2017-25th Jan 2018)*	Work on the promenade extension, which is part of the City's R35-billion Point Waterfront Development will commence early next year. Plans will include an amphitheatre, a residential tower, retail mall and hotel. *(Metro Ezasegagasini, 15 Dec 2017-25th Jan 2018)*

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

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. . *(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 Environmental authorisation has been received for Phase 2, which includes the Cornubia Business Hub in extent of 85,000m². 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. *(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 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 15,000m^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 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. *(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 306,870m^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 will advertise publicly for a new 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. *(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. (*Catalytic Projects Update presentation September 2017)*	The developer is awaiting clearance from National Government on the Act

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

		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 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.

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