ETHEKWINI ECONOMY *'AT A GLANCE'*

MARCH 2019

GLOBAL STATE OF THE ECONOMY

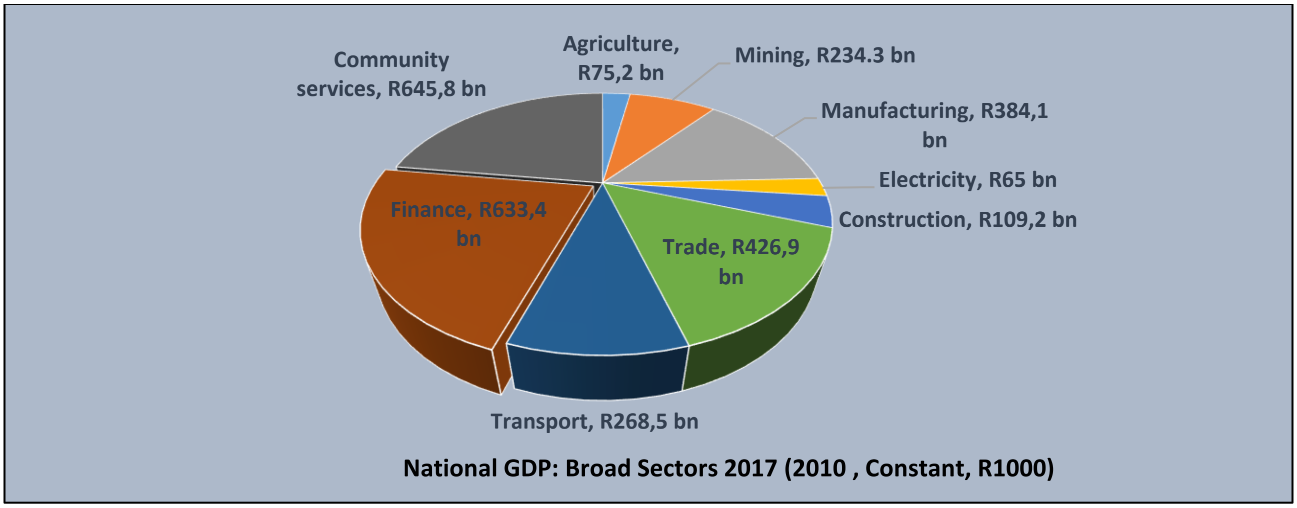
	IMF	World Bank	OECD
Projected GDP Growth 2019	3.5%	2.9%	3.5%
2018 GDP Growth	3.7%	3.0 %	3.7%
Projected GDP Growth 2020	3.6%	2.8%	3.5%

GLOBAL HIGHLIGHTS

Global debt levels increase	Global Growth in 2019
High indebtedness has characterised the global economy in the past decade across countries and sectors. This has been attributed by loose monetary policies in major economies. According to the United Nations on Trade and Development (UNCTAD), the global debt stock is approximately one-third higher than in 2008 and more than three times global domestic product (GDP). *(http://www.bi.ly/wespbrief)*	The ongoing trade conflicts and policy mistakes remain the biggest threats to global growth in 2019 and beyond – it is expected that these may get out of control if they continue to escalate. In addition the rising budget deficits in the US, high debt levels in the US, Europe and Japan all pose threats to the global economy. *(https://www.weforum.org/agenda/2019/01/what-to-expect-for-the-global-economy-in-2019/)* .

NATIONAL STATE OF THE ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth for 2019	1.7%	1.4%	1.3%	1.7%
Projected GDP Growth for 2020	2.0%	1.7%	1.3%	1.8%
2018 GDP/Growth	R3.14 trillion (Constant, 2010 Prices, **forecasted** , sourced from *Global Insight*)			



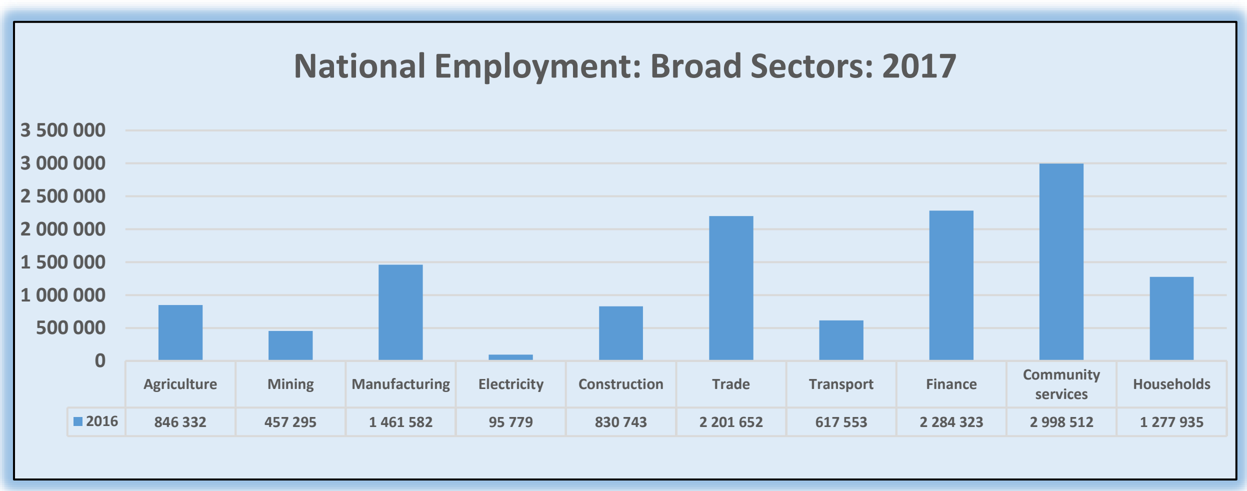
Source: Global Insight 2018

NATIONAL HIGHLIGHTS

Positive GDP growth in quarter 4 of 2018	**Renewable energy programme attracts R209 billion to economy**	**KwaZulu-Natal Budget Speech**	**Confidence Index falls in Q1: 2019**
The largest positive contributors to growth in GDP in the 4th quarter were transport (7.7%), manufacturing (4.5%) and finance industries (2.7). Negative contributions came from mining, trade and general government services. *(www.investec.co.za)*	The Renewable Independent Power Producer Procurement Programme (REIPPP) has attracted R209.4 billion in committed private sector investment into the grid-connected renewable energy generation. Renewable IPPs have also created over 38,000 jobs for youth and women from the surrounding communities. Broad-based black participation is also secured across the value chain through community participation including engineering, procurement, construction, operations and maintenance contractors where black ownership amounts to 21%. *(SANews.gov.az, 12th March 2019)*	The 2019 Budget Speech highlighted many financial challenges with austerity measures being a major theme – to effect budget cuts without impacting service delivery spending. The Cato Ridge Intermodal Freight and Logistics Hub has been identified as a catalytic Strategic Investment Projects (SIP) for freight between Durban, Gauteng and the Free State. R247 million was allocated for reconstruction and repair of houses in the eThekwini region. The increase in housing to address backlogs was also noted. *(Internal PSIR Research, 8th March 2019)*	The RMB/BER Business Confidence Index (BCI) fell to 28 in the first quarter of 2019, from 31 in quarter four of 2018, noting that 72% of businesses surveyed found conditions unsatisfactory during the quarter. *(https://www.investec.com/en_za/focus/economy/html)*

NATIONAL KEY INDICATORS

INFLATION RATE / NATIONAL EMPLOYMENT	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP
The inflation rate rose slightly to 4.1% in February 2019 from 4% in the prior month, matching market expectations. *(https://tradingeconomics.com/south-africa/inflation-cpi)* National employment in the 4th Quarter of 2018 was recorded as 16,529 million up by 0.9% from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	**93 Octane**: R15.95 **95 Octane**: R16.13 **0.05% Diesel**: R14.88 As at 2nd April 2019 *(https://www.enca.com/south-africa/petrol-price-to-increase)*	Rand/Dollar: 14.4521 Rand/Pound: 18.8295 Rand/Euro: 16.2370 As at 1st April 2019 *(Business Day, 1st April 2019)*	Sales of new vehicles continued to decline in March, but at a slower pace, sliding by 3.1% y/y to 47 718 units. This follows February's 5.3% y/y (revised upwards) dip and brings the first quarter's loss to -4.8% y/y. Rising administered costs, particularly fuel and electricity prices, coupled with lackluster income and credit growth, continue to hinder affordability, constraining new passenger vehicle demand. sale. *(https://www.carmag.co.za/news/naamsa-March-2019)*	National GDP grew by 1.4% in the 4th quarter of 2018. *(https://tradingeconomics.com/south-africa/gdp-growth)*

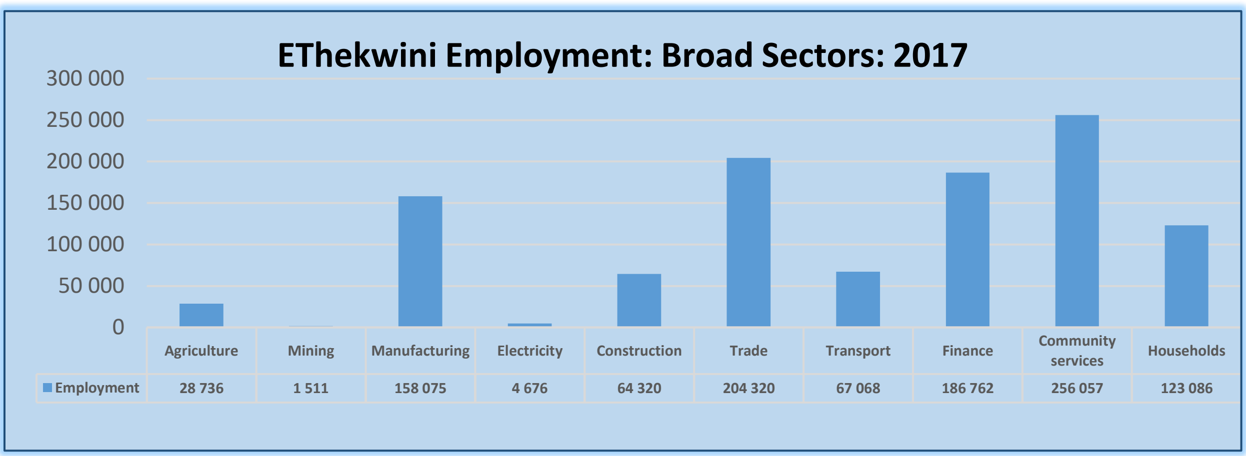


Source: Global Insight 2018

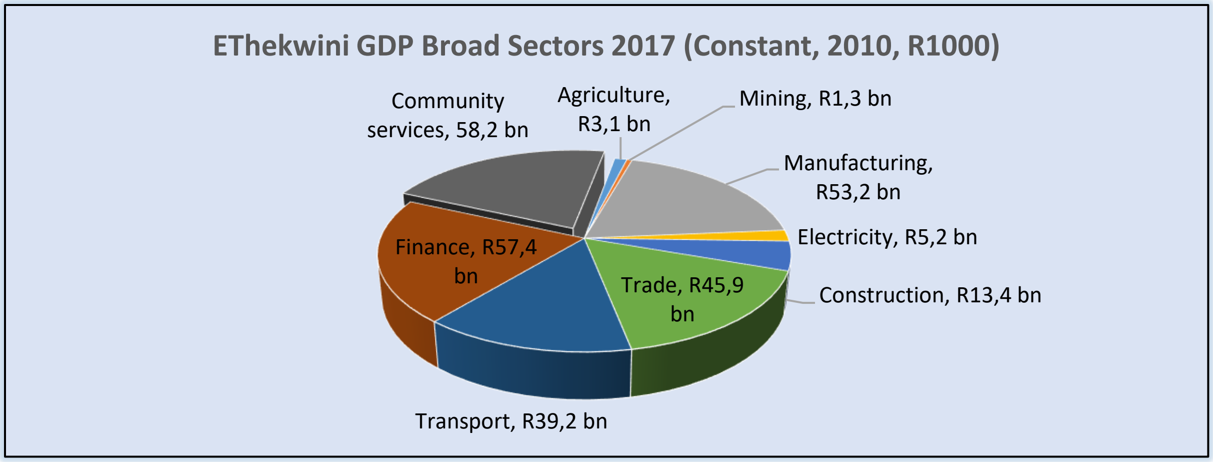
LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION	TOTAL EMPLOYMENT	Q4:2018 UNEMPLOYMENT INCREASED TO 21.8%	Development Indicators for 2017	ANNUAL TRADE 2017
R306.2 billion **forecasted** for 2018. *(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 1,179 million according to the 4th Quarterly Labour Force Survey in 2018 according to Statistics South Africa. This represented decrease of 2.7% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2018.pdf)*	The City's quarterly unemployment rate increased by 3.6 percentage points to 21.8% from 18.2% 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

SMME Workshop by Durban Chemicals Cluster	National Association of Automotive Component and Allied Manufacturing (NAACAM) Conference	R18-billion expansion for Dube TradePort	2019 International Franchise Entrepreneur Expo
The Durban Chemicals Cluster held a workshop for SMMES during Feb/Mar 2019 to address critical transformation needs within the chemicals industry, to deliver support to SMMES, the youth black industrialists and new black entrants into the sector. *(Metro Ezasegagasini 8-21st March 2019)*	The NAACAM Conference took place at the Durban ICC during March 2019. The aim was to facilitate localisation, intra-African trade and investment linkages. There was also an increased focus on sub-Saharan African opportunities with the Auto Master Plan 2035 which seeks local content and employment to achieve 1% global vehicle production by 2035. *(Mercury, Network, 13th March 2019)*	The 2nd phase of the Dube TradePort Special Economic Zone has been announced. The development is expected to attract sectors such as electronics, and aeronautical services such as aircraft maintenance and aircraft repair. The project will improve multi-modal transport access and planned aviation-linked commercial development. *(Mercury, 22nd March 2019)*	This Expo was held during March at the Durban Exhibition Centre showed business owners how to grow their businesses into franchises, funding opportunities and networking. The Expo was hosted by the City's Business Support, Tourism and Markets Unit. *(Metro, Ezasegagasini, 22 March - 4 April 2019).*

LINKS TO ECONOMIC REPORTS

Name	Description	Link
Statistical Release: GDP Fourth Quarter 2018	Report from Statistics South Africa on the country's GDP performance during the fourth quarter of 2018.	*https://gallery.mailchimp.com/269d03e82d31aba2461044c20/files/56c86d0a-dc27-4c38-913c-cb3aa18f3d3b/Gross_domestic.pdf*
Full Quarterly Bulletin – No 291 – March 2019	Report from the South African Reserve Bank on the state of the national economy during the last quarter.	*https://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=9148*

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.

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

CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
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-R35 billions of public/private sector investment. When completed, the development will create 6,750 permanent jobs and provide 11,000 construction jobs with an annual rates contribution of R200 million.	**Implementation by eThekwini Metro, in conjunction with a private developer** Construction of Bulk Infrastructure to support Phase 1 of development underway (includes promenade & bulks). The city has spent R138 million to date, with a projected year-end-expenditure of R220 million. The Promenade to be completed November 2019. The water mains construction is currently at tender evaluation stage, work will commence in May 2019 and completion anticipated in October 2020. The value of the contract is estimated R240 million
Rivertown precinct upgrade	The proposed Rivertown precinct lies to the east of Durban CBD, between the City's ICC and Durban Beachfront. The development entails a mixed-use precinct which includes providing linkages between ICC and Durban beachfront, providing opportunities for private galleries, small theatres, restaurants and other entertainment venues, promoting residential densification through social and market related housing, developing a cultural precinct that offers local and international tourists the experience of clothes, food and leisure unique to KwaZulu-Natal.	**Implementation by eThekwini Metro** Construction tender is at evaluation stage, work will commence in April 2019 for the upgrading of the Rivertown precinct intersections upgrade, construction of 28 000m^2 sidewalks with pavers finishes, sandblasting and marking of parking bays, storm water inlets, and landscaping. The completion date is February 2021. The value of the contract is R44 million. An amount of R1.8

		million, R37 million and R5.2 million to be spend for 2018/19/20/21 financial years
CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
Ntshongweni Mixed use development	The Ntshongweni Mixed Use development is strategically located at the N3 and Kassie road interchange and forms part of the SIP2 corridor between Duran-Free State-Gauteng logistic and industrial corridor. The 2000-hectare precinct is a mixed development intended to create a new economic hub in Durban's Outer West area. The precinct development will include lifestyle and tourism based development, new lifestyle estates, high quality office and business parks, freight and logistics, gold, equestrian and leisure facilities.	**Implementation by Private Developer, in conjunction with eThekwini Metro** The urgent infrastructure expected to support the development entails upgrading of Kassier road, electricity substation, water and wastewater treatment works upgrading. Project will be launched towards the end of April 2019, with a road construction value of approximately R260 million for Phase 1. The value for the upgrading of electricity, sewer and water infrastructure is approximately R69 million. The infrastructure work will be completed in 2021.
Dumisani Makhaye Development (MIDWAY CROSSING MALL DEVELOPMENT)	The development entails a Shopping Centre with a floor area of 21000 square metres, will accommodate a Sizakala Centre and Municipal Services centre (Library and Clinic). The Shopping Centre will be the first mall with a fully integrated Go! Durban feeder facility and Go! Durban safety & security centre, with an improved linkage between the Lindelani Community and Newlands community. Approximately 300 construction jobs over 18 months will be created as well 100 seasonal and permanent jobs during operational stage.	**Implementation by Private Developer, in conjunction with eThekwini Metro.** The EThekwini Electricity Department has completed relocation of Electrical power lines (Pylons) that cross over the site. Site will be handed over to the developer after the launch on 10 April 2019 for development to commence. The total budget for the development is R744 million, with eThekwini contributing R341 million and the private sector contributing R407 million. The work will be completed in 2022.

CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
Cornubia	Cornubia Shopping Mall is an 85,000m² regional shopping centre that offers a mix of food, fashion, lifestyle and sports, which are all integrated into an 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.	**Implementation by Private Developer, in conjunction with eThekwini Metro** Currently under development, with approximately 30% of the planned precincts already complete including Phase 1 housing, an industrial and business estate, a business hub and major infrastructure. Filling station and offices under construction Road contract (C9 Corridor) as part of IPTN is also under construction by ETA.
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.	**Implementation by Dube Trade Point, in conjunction with eThekwini Metro** Bulk earthworks and plat forming in progress Installation of internal services is underway
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 operations; Mr Price's new 60,000m^2 National Distribution Centre has been completed, with the construction of Pepkor's new 85,000m^2 Distribution Centre completed in December 2017. Several further significant top-structure	**Implementation by Private Developer, in conjunction with eThekwini Metro** 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

	projects are in the final stages 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.	Municipality underway to upgrade MR385.
CATALYTIC PROJECTS AT IMPLEMENTATION STAGE		
Project	**Description**	**Status/Progress**
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.	**Implementation by Private Developer, in conjunction with eThekwini Metro** Earthworks, environmental off-sets and Warehouse completed for Phase 1. Awaiting approval of building plans for Phase 2, which will include a second warehouse. Construction will take about 8 months once building plans have been approved.

CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
Centrum Site	The development of the Durban Centrum 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.	**Implementation by eThekwini Metro** Specialist technical feasibilities complete. The SCM process to appoint a Programme Manager and professional team is at evaluation stage. Appointment is expected to be concluded by May 2019. Steering committee is engaging various internal stakeholder regarding the development of Council chamber, Libraries, Go-Durban station, etc. is in progress. A report will be submitted to obtain approval for the implementation of the project before the end of the current financial year, outlining the various implementation phases and funding model
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.	**Implementation by eThekwini Metro** Evaluation of development options for the re-development of the site is currently in progress, including an assessment of the implications of the contractual issues related to current operators leasing the airport facilities is in progress. The conceptual report outlining development options will be submitted to Council for approval before the end of the financial year in order to obtain.

CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
Warwick Node	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.	**Implementation by eThekwini Metro** The initial urban designs and building plans for the mall and taxi facility were approved. However due to Go-Durban project and other factors, the original master plan is currently being revised to accommodate the revised Go-Durban inner city distribution routes, taxi holding facility, Student accommodation and social housing. Funding alternatives will be included as part of the submission of the revised master plan for approval during 2019
Durban Film City	The development of the R7.5 billion film studio in eThekwini will go ahead upon the conclusion of the legal battle related to the 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.	**Implementation by eThekwini Metro, in conjunction with Private developer** The development is currently held up by land-legal issues. The city is busy liaising with the relevant government departments as well as the developer in order to unlock these issues to effect transfer after which the relevant planning applications can be processed to enable implementation
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	**Implementation by Private Developer, in conjunction with eThekwini Metro** The negotiations between the Developer, Durban Country Club and the City are ongoing. Durban Country Club has a lease with the City and have expressed a willingness to partner subject to

	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.	the municipality agreeing to this setup. A meeting was held with the Country Club during Mar 2019, who in turn committed to providing a response to the city by the end of May 2019 regarding their interest in allowing for any redevelopment of the leased area.
CATALYTIC PROJECTS AT PLANNING STAGE		
Project	**Description**	**Status/Progress**
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.	**Implementation by Private Developer, in conjunction with eThekwini Metro** This is classified as an All Green development. The developer's application for Act 70/70 was declined. They have approached the High Court and the hearing took place in November 2018. Currently awaiting the court's outcome. In addition to sourcing funding from Development Bank of South Africa (DBSA), the developer has also approached international funders from the USA
Illovo 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.	**Implementation by Dube Trade Point (on behalf of provincial government), in conjunction with eThekwini Metro** A consultant has been appointed to complete all design planning processes. The project is currently at conceptual planning stage. Act 70/70 application submitted to provincial DAFF with letter of support from the city