# ETHEKWINI ECONOMY *'AT A GLANCE'*

JUNE 2019

## GLOBAL STATE OF THE ECONOMY

| | IMF | World Bank | OECD |
|---|---|---|---|
| **Projected GDP Growth 2019** | 3.3% | 2.9% | 3.2% |
| **2018 GDP Growth** | 3.6% | 3.1 % | 3.7% |
| **Projected GDP Growth 2020** | 3.6% | 2.8% | 3.4% |

## GLOBAL HIGHLIGHTS

| G20 Leaders committed to global economic challenges | Trade Tensions and policy uncertainty damaging growth prospects |
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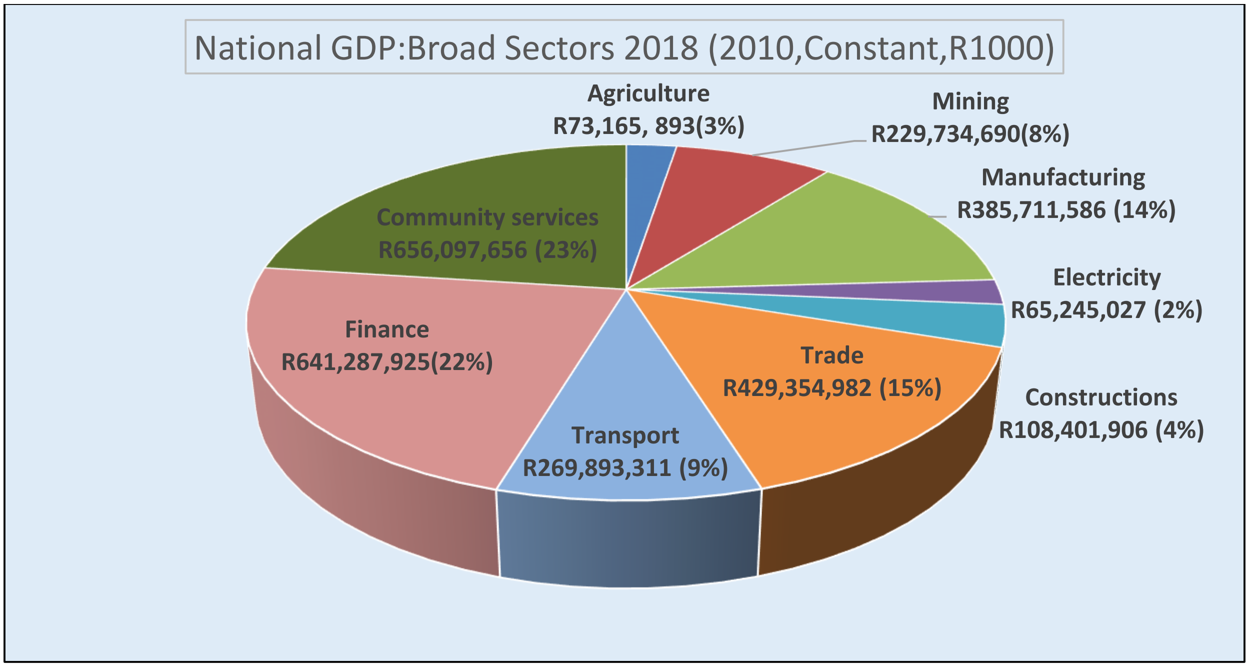
| The G20 leaders who met on 28/29th June 2019 at Osaka, Japan, have committed to make efforts to address major economic challenges. They have vowed to create a virtuous cycle of growth by addressing inequalities and create a society where all individuals can make use of their full potential. The leaders have acknowledged that global growth appears to be stabilising and is generally projected to pick up moderately later in 2019 and into 2020. *(SA New, 1s July 2019).* | High trade tension and policy uncertainty continue to harm prospects for global economic growth. Brexit uncertainty has persisted longer than expected, geopolitical uncertainties have intensified in some areas and weather-related shocks such as cyclone Idai have had severe localized impacts. Other factors include disruptions to the automobile sector in Europe, power outages in South Africa and oil production cuts by OPEC and other oil producers. *(http://www.bit.ly/wespbrief)* |

## NATIONAL STATE OF THE ECONOMY

| | South African Reserve Bank | IMF | The World Bank | OECD |
|---|---|---|---|---|
| **Projected GDP Growth for 2019** | 1.3% | 1.2% | 1.3% | 1.2% |
| **Projected GDP Growth for 2020** | 1.8% | 1.7% | 1.3% | 1.8% |
| **2018 GDP/Growth** | R3.14 trillion (Constant, 2010 Prices, 0.8% growth from 2017 , sourced from *Global Insight*) | | | |



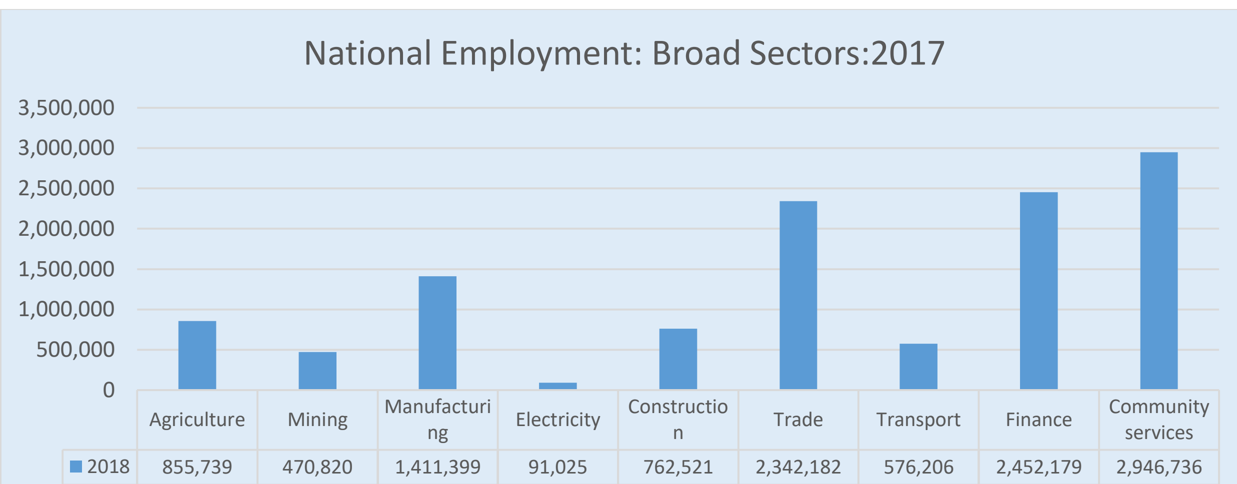

Source: Global Insight 2018

## NATIONAL HIGHLIGHTS

| National Treasury welcomes IMF recommendations | GDP declines by 3.2% in first quarter of 2019 | State of the Nation Address 2019 Highlights |
|---|---|---|
| The National Treasury has welcomed the IMF's proposed policy recommendations following their recent key risks identified during a visit during May 2019. They suggested structural reforms such as strengthening governance, encouraging competition, increasing labour market flexibility and reducing the cost of doing business. National Treasury will commence working to address the issues raised. *(SANews, 4th June 2019)* | SA's GDP contracted by 3.2% in the quarter 1 of 2019, the largest quarterly drop in 10 years after increasing by 1.4% in the fourth quarter of 2018. The drop was driven mainly by shrinkages in the manufacturing (-8.8%0 and mining (-10.8%) sectors. There were also decreases in the trades, catering and accommodation sector, wholesale, retail and motor trade as well as transport, storage and communication. *(Statistics South Africa, 4th June 2019)* | The President's State of the National Address on 20th June 2019, has placed economic recovery, growth and jobs at the centre of policy. Of equal concern is the need to improve the country's education, skills and health. The 7 priorities to take SA forward are economic transformation and job-creation; education, skill and health; consolidating the social wage through reliable and quality basic services; spatial integration, human settlements and local government; social cohesion and safe communities; a capable, ethical and developmental state and a better Africa and World. *(SA News, 21 June 2019)* |

## NATIONAL KEY INDICATORS

| INFLATION RATE / NATIONAL EMPLOYMENT | PETROL PRICE | EXCHANGE RATES | VEHICLE SALES | QUARTERLY GDP |
|---|---|---|---|---|
| Consumer inflation increased to 4.5% in May 2019, slightly up from the 4.4% recorded in April 2019 according to StatsSA.<br><br>*(https://tradingeconomics.com/south-africa/inflation-cpi)*<br><br>National employment in the 1st Quarter of 2019 was recorded as 16,291 million, down by 237,000 from previous quarter (-1.4%). *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)* | **93 Octane**: R15.61<br><br>**95 Octane**: R15.17<br><br>**0.05% Diesel**: R15.47<br><br>As at 3rd July 2019<br><br>*(https://www.enca.com/south-africa/petrol-price-to-increase)* | Rand/Dollar: 13.9678<br><br>Rand/Pound: 17.5783<br><br>Rand/Euro: 15.7678<br><br>As at 4th July 2019<br><br>*(Mercury, 4th July 2019)* | **New Car Sales Summary - June 2019**<br><br>The National Association of Automobile Manufacturers of South Africa (Naamsa) reports that new vehicle sales continued to decline in June 2019, although lower passenger car sales had been offset by growth in some of the commercial vehicle segments.<br>The aggregate domestic sales at 45 939 units showed a decline of 724 units or 1.6% from the 46 663 vehicles sold in June 2018.<br><br>*(https://www.cars.co.za/motoring_news/new-car-sales-in-sa-Junel-2019/46602/)* | National GDP decreased by 3.2% in the 1st quarter of 2019. *(https://tradingeconomics.com/south-africa/gdp-growth)* |

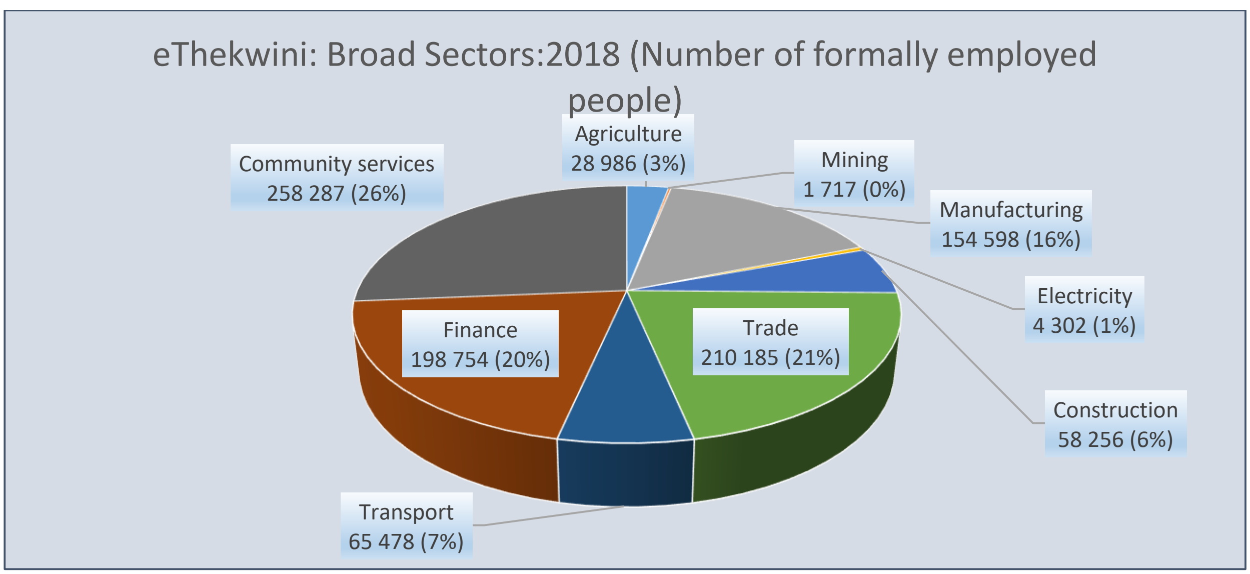



Source: Global Insight 2018

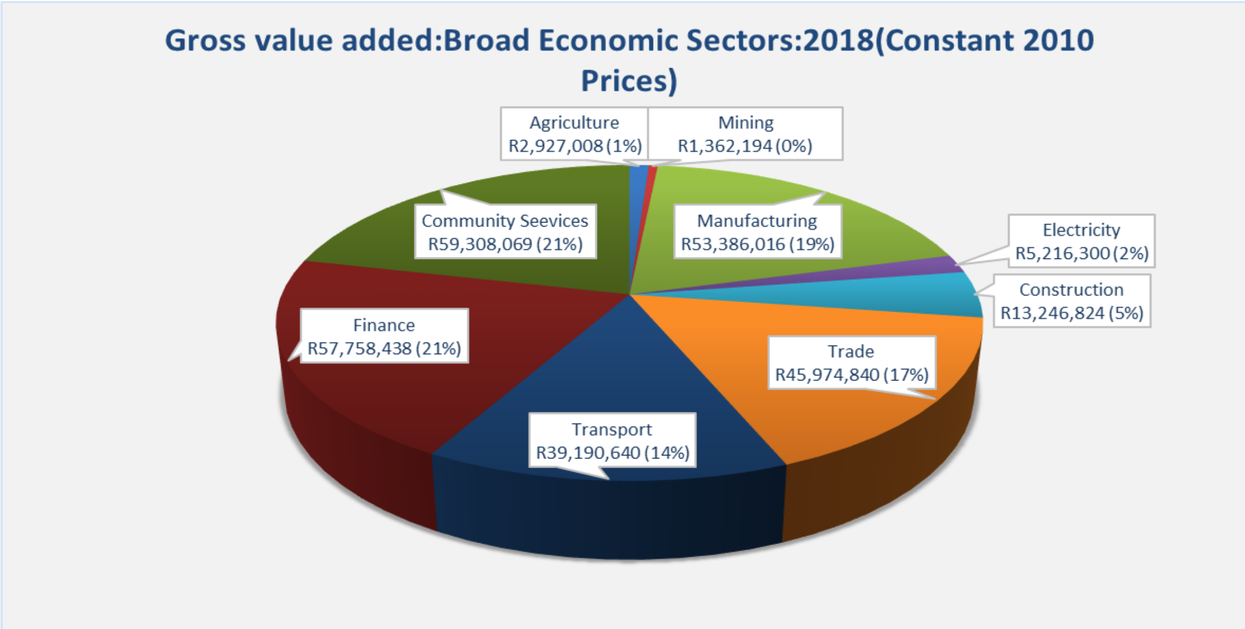
**LOCAL STATE OF THE ECONOMY**

**ETHEKWINI INDICATORS**

| **GDP / TOTAL POPULATION** | **TOTAL EMPLOYMENT** | **Q1:2019 UNEMPLOYMENT INCREASED TO 23.0%** | **Development Indicators for 2018** | **ANNUAL TRADE 2018** |
|---|---|---|---|---|
| R305.9 billion, 0.9% growth from 2017. *(Global Insight 2019)*<br><br>The eThekwini population was recorded as 3,918,863 in 2018 according to Global Insight (Increased by 1.4%) ***(Global Insight 2019)*** | Formal Sector employment recorded as approximately 1,160 million in the first Quarterly Labour Force Survey in 2019 according to Statistics South Africa. This represented decrease of 1.6% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2019.pdf)* | The City's quarterly unemployment rate increased by 1.2 percentage points to 23.0% from 21.8% in the previous quarter. Number of unemployed is at 347,000, down by 18,000 from previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2019.pdf)* | Human Development Index: **0.66**<br><br>Gini coefficient: **0.62**<br><br>Functional Literacy:<br><br>Total illiterate: 340,675<br>Total literate: 2,625,882<br><br>*(Source: Global Insight 2019)* | Total Exports: R82,7 billion (Increased by 13.8)<br>Total Imports: R114, 5 billion (Increased by 8.5%)<br>*(Global Insight 2019)* |




Source: Global Insight 2018




Source: Global Insight 2018

## ETHEKWINI EVENTS/AWARDS/INVESTMENTS

| **Africa's Leading Cruise Port** | **R62-billion facelift for City** | **9th South African Aids Conference** | **Comrades Marathon brings R700m into KZN economy** |
|---|---|---|---|
| The Port of Durban has been named Africa's leading cruise port at the World Travel Awards. The City also won two other categories: Leading City Destination and Leading Meetings and Conference Destination. *(https://www.facebook.com/1419967674/posts/10219953333089915/)* | The City is planning a rejuvenation project for the inner-city to the tune of R62-billion that involves major changes to the Old Drive-In, Rivertown Precinct and the beachfront promenade. Other work relate to a R240-million upgrade of the water mains in the Mahatma Gandhi Road precinct. Rivertown's Development entails a city investment of R44-million with R2-million allocated for the Centrum Site *(Old Drive-in). (Mercury, 12th June 2019)* | The 9th Aids Conference was held at the Durban ICC during 11-14th June 2019. The theme of the Conference was 'Unprecedented Innovations and Technology: HIV and Change'. The event drew in scientists, medical practitioners, researchers and activists in the health sector. *(Metro, Ezasegagasini, 14 June -27 June 2019).* | The KZN Province has announced that the 94th Comrades Marathon in 2019 has boosted the provincial economy by R700-million. *(Metro, Ezasegagasini, 14 June -27 June 2019).* |

## ETHEKWINI EVENTS/AWARDS/INVESTMENTS (CONTINUED)

| Go!Durban to commence operation in September 2019 | Six City Beaches to receive pilot Blue Flag Status | uShaka Marine World wins 3 awards | Furniture Cluster networking session |
|---|---|---|---|
| The Go!Durban project is expected to be operational in September 2019, within the C3 corridors. Approximately 10 stations are ready, 22 buses available with 38 drivers employed to commence transporting residents from Bridge City, in KwaMashu to Pinetown. The purchase of 50 minibuses is also underway to be delivered by mid-2020. In line with the city's Radical Economic Transformation Framework, the winning contractor is required to train diesel mechanic artisans from within the city. *(EThekwini Weekly Bulletin, 24 June 2019).* | The City will apply to include 6 beaches under the Pilot Blue Flag Programme – these include Vetches, Anstey's, North, South, uMhlanga Main and Umdloti Main. The City currently has two Blue Flag Status beaches – uShaka and Westbrook. For a Blue Flag Status, each beach must comply with 33 criteria which covers water quality, environmental information and educational campaigns, environmental management and safety and services. *(EThekwini Weekly Bulletin, 24 June 2019).* | UShaka Marine World received 3 awards. The theme park took 3rd place as the Coolest Local Entertainment place in the Sunday times Generation ceremony in Sandton. It also won the Employer of Choice Award in the Public Sector category at Future HR Awards and the 3rd was the Top Municipality Award in the annual Standard Bank Top Business Awards. *(EThekwini Weekly Bulletin, 24 June 2019).* | The City's Furniture Cluster recently held a networking session with the African Institute for Interior Design Profession to encourage industry discussion. The Cluster has partnered with the institute to develop relationships between furniture manufacturers and the interior design fraternity. *(EThekwini Weekly Bulletin, 24 June 2019).* |

## LINKS TO ECONOMIC REPORTS

| Name | Description | Link |
|---|---|---|
| ***IMF visit to South Africa*** | Report of an IMF visit to South Africa and presented a suite of preliminary findings and recommendations on growing the national economy. | *https://www.imf.org/en/News/Articles/2019/06/03/pr19191-south-africa-imf-staff-concludes-visit-to-south-africa* |
| | | |

*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**<br><br>Construction of Bulk Infrastructure to support Phase 1 of development underway (includes promenade & bulks).<br><br>The city has spent R300.4 million as at the end of 2018/19 financial year.<br><br>The Promenade to be completed November 2019.<br><br>The tender process for water mains construction is finally concluded. Appointment is awaiting the conclusion of Appeal lodged by one of the bidders. Work is anticipated to commence July 2019 and completion anticipated in November 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**<br><br>Construction for the upgrading of the Rivertown precinct commenced in June 2019. The completion date is February 2021.<br><br>The value of the contract is R44 million. An amount of R38.8 million and R5.2 million to be spend for 2019/20/21 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**<br><br>The urgent infrastructure expected to support the development entails upgrading of Kassier road, electricity substation, water and wastewater treatment works upgrading. Construction work for the upgrading of Kassier road is anticipated to commence in Aug 2019, with a value of approximately R260 million. 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.**<br><br>Letter of Award has been issued on 28 June 2019 to appoint developer as implementing agent for the municipal infrastructure. Construction work is anticipated to commence in July 2019 after the finalisation of the MOA with the developer. The total budget for the development is R744 million, with eThekwini contributing R350 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**<br><br>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<br><br>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**<br><br>Bulk earthworks and plat forming in progress<br>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**<br><br>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 |

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| | 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**<br><br>Earthworks, environmental off-sets and Warehouse completed for Phase 1.<br><br>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** | | |
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| **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 | **Implementation by eThekwini Metro** |

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| | 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. | Specialist technical feasibilities complete.<br><br>Tender for the appointment of a Programme Manager and professional team is at Appeal stage. Appointment is expected to be concluded by July 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 Council by Oct 2019 to obtain approval for the implementation of the project 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, which was rejected. A study to establish best development scenarios has been commissioned. On completion of this, Council will open this up for public tender. | **Implementation by eThekwini Metro**<br><br>The draft development options report was accepted by CIC on 24 June 2019. It will be submitted to Council sitting in August 2019 for approval. |
| **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**<br><br>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 |

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| | | 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**<br><br>The development is currently held up by land-legal issues. The High Court hearing was postponed from July to August 2019 |
| **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. | **Implementation by Private Developer, in conjunction with eThekwini Metro**<br><br>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.<br><br>To date no response has been received. |
| **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**<br><br>This is classified as an All Green development.<br><br>The developer's application for Act 70/70 was declined. They have approached the High Court |

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| | | 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**<br><br>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 |