



The Durban EDGE is eThekweni Municipality's platform to provide cutting-edge economic intelligence and insight to economic decision makers. The brand was established in 2011 by the City's Economic Development Unit. The Durban EDGE produces publications, economic info releases, as well as on-demand seminars; an annual release on the State of the Durban Economy; and topical research papers.

Each release includes reliable data on the global, domestic, and local economy, designed to assist researchers, investors, business leaders, politicians, and other key stakeholders.

**Deputy Head:** Dr Ajiv Maharaj

**Approved and edited by:** Dr. Sthembiso (Felix) Mthimkhulu

**Contributors:** Siphelele Thusi, Zama Hadebe,

Nohlakanipho Mnguni, Denny Thaver, and Sthembiso (Felix) Mthimkhulu

**Enquiries:** [Felix.Mthimkhulu@durban.gov.za](mailto:Felix.Mthimkhulu@durban.gov.za)

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identifies major challenges going forward, and offers some recommendations on how the city can boost GDP.

## EThekweni GDP Annual Growth Performance

Within this broader context, eThekweni's GDP grew modestly by 0.3 per cent in 2024, reflecting a slow but steady recovery in an environment still shaped by structural constraints.

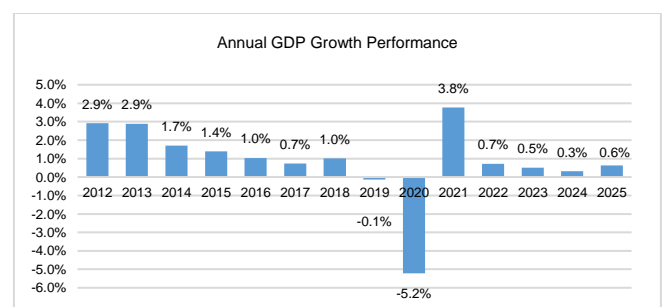
For 2025, growth is expected to improve slightly to around 0.7 per cent, suggesting that while the pace of expansion remains moderate, the economy is on a firmer footing compared to recent years.

Over the longer term, since 2012, the city has averaged about 0.9 per cent annual growth, with performance marked by periods of both resilience and weakness. The early part of the decade (2012–2015) delivered stronger gains above 1.5 per cent, before growth began to taper off.

The sharp contraction of -5.2 per cent in 2020 due to the COVID-19 pandemic was followed by a solid rebound of 3.8 per cent in 2021, underscoring the city's ability to recover from shocks. Since then, however, growth has remained subdued, generally below 1 per cent.

The 2025 outlook reflects cautious optimism. Growth of 0.7 per cent remains modest but signals steady progress and resilience. While not yet strong enough to significantly shift jobs and livelihoods, it lays a foundation for improvement, provided ongoing constraints are carefully managed

Figure 1: EThekweni GDP Annual Growth Performance



Source: S&P Global Insight, 2025

## ETHEKWINI'S ECONOMIC GDP PERFORMANCE IN Q2 2025

### Introduction

The global economy is projected to grow by 4.1 per cent in 2025 and 3.1 per cent in 2026, according to the IMF's July 2025 World Economic Outlook Update. While these figures mark a slight improvement from earlier forecasts, the overall outlook remains clouded by trade tensions, geopolitical instability, and slowing growth in major markets.

For South Africa, growth prospects remain modest at 1.0 per cent in 2025 and 1.3 per cent in 2026, constrained by structural challenges, energy supply issues, and weak investment sentiment. On a national level, the economy expanded by 0.8 per cent, supported by gains in manufacturing and trade. However, renewed headwinds, particularly the expiry of the African Growth and Opportunity Act (AGOA) and the 30 per cent rise in U.S. tariffs on exports, pose additional risks to domestic producers and export competitiveness.

This data story reports on eThekweni's GDP performance in the second quarter of 2025. It also presents the sectoral output from the broad sectors, compares Durban with the other main metropolitan cities' output in the same period, assesses its performance over the past 17 quarters,

## Quarterly GDP Growth Performance

After a slow start to the year, eThekwin’s real GDP expanded by 0.6 per cent in the second quarter of 2025, increasing from R450.3 billion to R452.9 billion. This modest gain followed a slight contraction of -0.04 per cent in the first quarter, signalling the first signs of renewed momentum in local economic activity. The improvement reflects gradual stabilisation across key sectors, though the overall pace of recovery remains restrained.

On a year-on-year basis, eThekwin’s output was R873.7 million higher than in the same quarter of 2024, translating to 0.2 per cent annual growth. While this marks a positive shift, it underscores the city’s ongoing structural challenges, including logistical inefficiencies, weak private investment, and persistent service delivery constraints—particularly around the Durban Port, a crucial node in both domestic and regional trade. These obstacles continue to limit the city’s ability to fully leverage its economic potential.

In comparison, other major metropolitan economies also experienced modest gains during the same period. Cape Town and Johannesburg both grew by 0.6 per cent and 0.7 per cent, respectively, while Ekurhuleni achieved the strongest growth among the metros at 0.8 per cent, expanding from R315.2 billion to R317.7 billion. Tshwane recorded a 0.5 per cent increase, reflecting the overall subdued but positive momentum across the country’s urban centres.

Collectively, these results point to a broad yet fragile urban recovery, underpinned by continued infrastructure investment and a gradual rebound in consumer and business confidence. However, sustaining this recovery will require targeted interventions to address the structural barriers that continue to constrain long-term growth and productivity.

Figure 2: EThekwin Quarterly Growth Performance



Source: S&P Global Insights, 2025

## Sectoral Performance Overview

The second quarter of 2025 reflected a broad-based improvement across eThekwin’s economy, with seven of nine major sectors recording positive growth. The rebound was supported by stronger industrial activity, increased consumer spending, and stabilising service industries.

The manufacturing sector was the main driver of growth, expanding by R1.19 billion, signalling renewed recovery in food processing, metals, and automotive production after sustained contractions in previous quarters. Trade followed with gains of R826.8 million, boosted by higher retail and tourism-related spending. Community services rose by R551.9 million, reflecting the expansion of public employment and municipal service programmes. Finance remained resilient with an increase of R393.2 million, driven by growth in financial intermediation, insurance, and property-related activity. Agriculture contributed R104.1 million, aided by favourable weather and agro-processing linkages, while smaller gains were recorded in mining (R23.8 million) and electricity (R9.1 million).

However, the transport sector declined by R716.4 million, affected by high fuel prices and freight inefficiencies, while construction contracted by R56.9 million due to delayed infrastructure projects and limited private investment.

Over the past five quarters, finance, trade, and community services have emerged as the most consistent growth sectors, collectively contributing approximately R7.3 billion in net gains. Specifically, finance added R3.6 billion, trade R2.4 billion, and community services R1.3 billion. Their sustained performance underscores eThekwin’s

structural shift toward a service-led, resilient economy, cushioning the city against volatility in capital- and transport-intensive sectors.

restore visitor numbers to pre-pandemic levels by aggressively marketing Durban's beaches, cultural attractions, and its proven capacity to host international conferences, festivals, and sporting events.

**Table 1: EThekwini Sectoral Gain/Loss in GDP**

SECTORAL GAIN/LOSS	2024Q3	2024Q4	2025Q1	2025Q2
<b>Agriculture</b>	-R988,289,548	R638,550,298	R772,842,999	R104,146,178
<b>Mining</b>	R3,614,260	-R7,362,540	-R48,270,199	R23,766,601
<b>Manufacturing</b>	R32,874,371	-R696,267,917	R1,253,549,590	R1,194,650,000
<b>Electricity</b>	R88,210,073	-R113,349,418	-R204,841,925	R9,078,651
<b>Construction</b>	R25,618,148	-R86,798,209	-R425,856,935	-R56,956,295
<b>Trade</b>	-R500,918,201	R606,228,391	R79,514,135	R826,808,856
<b>Transport</b>	-R316,781,822	-R905,455,102	R403,805,796	-R716,432,799
<b>Finance</b>	R1,138,340,146	R1,002,196,777	R336,467,795	R393,158,796
<b>Community services</b>	R145,410,269	-R550,864,105	-R398,391,169	R551,878,651

Source: S&P Global Insights, 2025

From a governance perspective, the City needs to ensure policy certainty, efficient service delivery, and enhanced urban safety to strengthen investor confidence and business competitiveness. These efforts should be embedded within an inclusive economic framework that prioritises township regeneration, SMME development, and the formalisation of the informal economy, ensuring that economic growth is broad-based, sustainable, and socially inclusive.

## Conclusion

EThekwini's GDP growth of 0.6 per cent in the second quarter of 2025, while modest, represents a welcome improvement following the negative growth of 0.04 per cent recorded in the first quarter. This slight upturn suggests that the city may be entering a gradual growth path, though sustained progress will depend on addressing persistent challenges such as investor confidence, service delivery, and the high cost of doing business. Encouragingly, the Durban Business Confidence Index (DBCI) has remained above the 50-point benchmark for five consecutive quarters, indicating positive sentiment among local businesses. However, recurring feedback from the surveys highlights poor service delivery as a major concern that continues to undermine business operations and investment appetite.

To accelerate growth and move GDP expansion closer to three per cent or more, eThekwini must fully leverage its comparative and competitive advantages. This requires strengthening port and logistics infrastructure to improve trade efficiency, revitalising the manufacturing sector with a focus on green energy, the digital economy, and agro-processing, and incentivising localisation through greater awareness of the City's Incentives Policy. At the same time, skills development and training must be aligned with the evolving needs of key industries to ensure a capable local workforce. The tourism sector also presents a major opportunity for recovery and growth; the city must work to