



STATE OF THE ECONOMY

*Presented to the Durban Chamber of Commerce and Industry
09/09/2021*

"Make better informed decisions with cutting-edge economic insight"

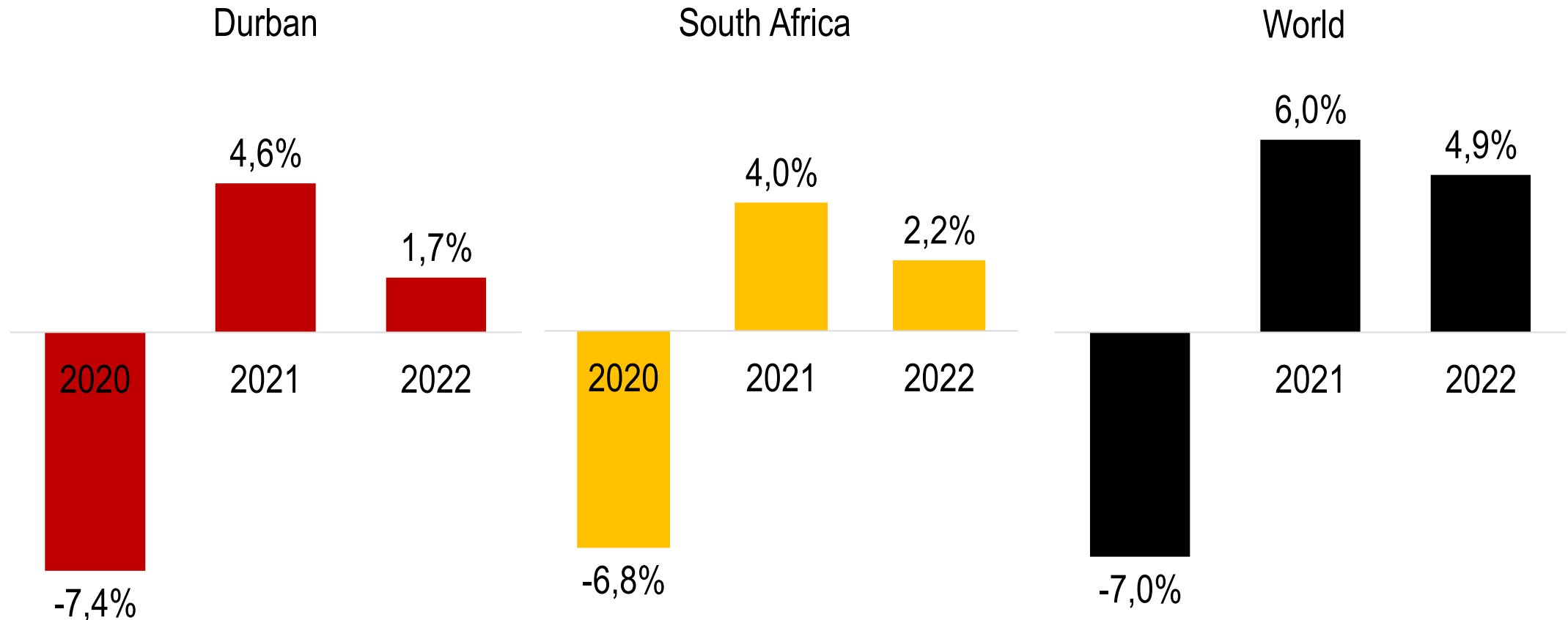


AS AT SEPTEMBER 2021



GDP PROJECTIONS

WORLD, SOUTH AFRICA AND DURBAN (2020-2022)



Emerging economies will grow at 6,3% this year, according to the IMF. African economies will grow at 4,1%. This places South Africa on par with its African counterparts. Vaccine access has emerged as the dividing factor of economic recovery.

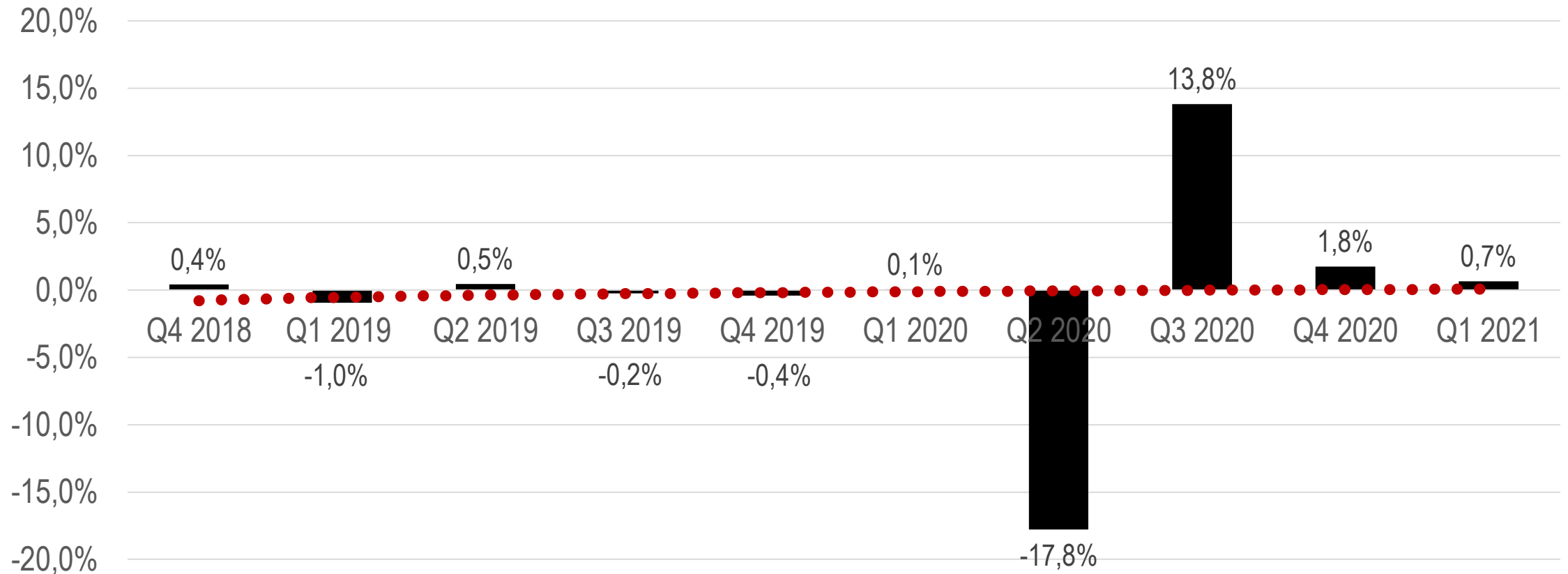
SOUTH AFRICA GROWTH PROSPECTS

GOOD NEWS!

- **Commodity boom** which is lifting national growth – good agricultural output and growth in precious metals.
- **Tax revenue increase:** Tax revenue amounted to R377-billion for the period from April to June 2021, an increase of 56.2% on the previous year. This will increase government's spending power.
- **RCL has reported a return to profit** and even though the chicken side is still struggling, the business as a whole is doing well.
- **Checkers has recorded a profit** and created 4000 new jobs.
- **Renewable energy** is another area of growth and the City has put out a request for interest on IPPs for 400mw. This is attracting significant interest and will create growth.
- **Tech and innovation** present inherent opportunities for economic growth which is essential for the City's future.

DURBAN'S GROWTH TRAJECTORY

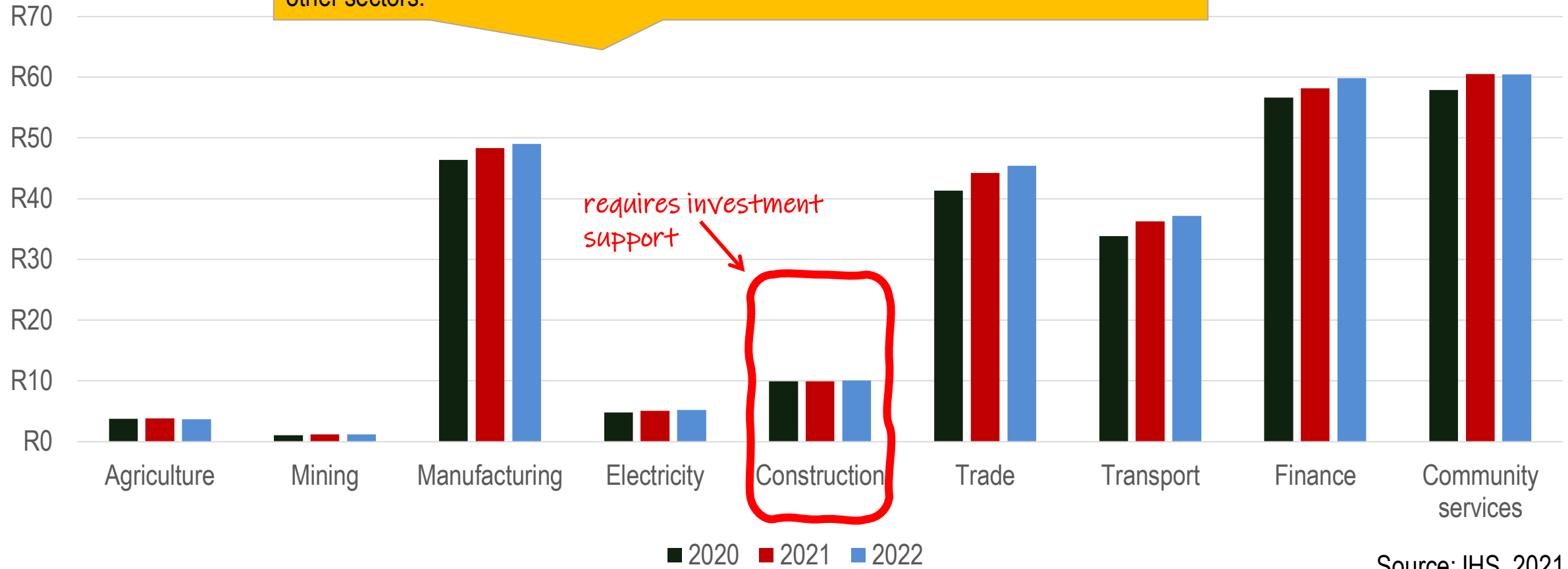
PROLONGED DAMPENED GROWTH, NEW OPPORTUNITIES WILL BE A LIFELINE



GDP PROJECTIONS OF DURBAN'S BROAD SECTORS

2020-2022 (CONSTANT, 2010 PRICES, R1000)

Major manufacturing sectors are petroleum, food, metals. Food and metals will recover fastest. Manufacturing sectors which will struggle are clothing and textiles, furniture and other sectors.



Source: IHS, 2021

Manufacturing, trade and business/ finance are the fastest recovering sectors. Construction, energy and agriculture will struggle to recover and require more assistance.

NET ECONOMIC IMPACT: **-R12.8 BILLION**

BASED ON 720 RESPONSES

JOBS AT RISK: 91 000

91 000



VALUE OF LOST SALES AND STOCK: R

R40 BN



VALUE OF DAMAGE TO PROPERTY: R15 BN

R15 BN



VALUE OF LOST EQUIPMENT AND MACHINERY: R20 BN

R20 BN



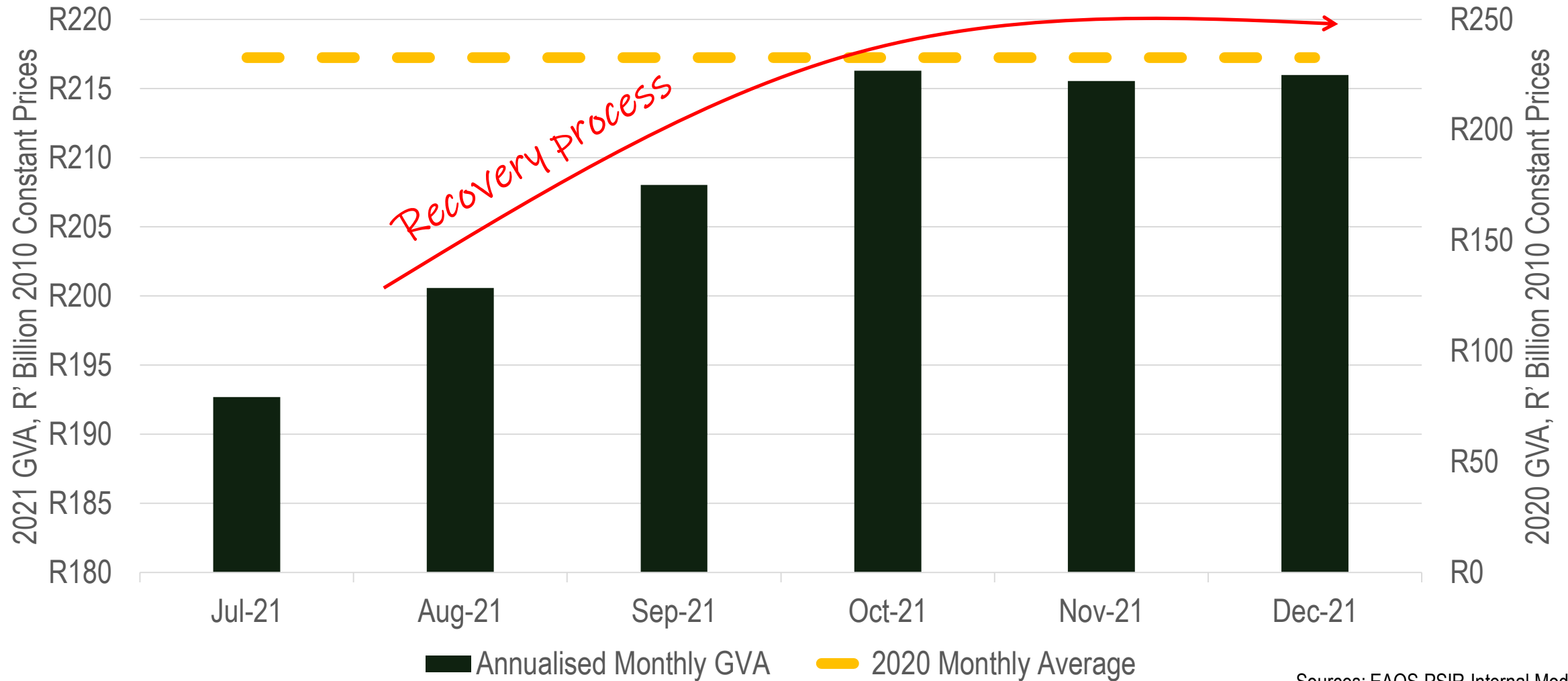
BUSINESSES *NEGATIVELY* IMPACTED:

16 000



DURBAN'S FORECASTED ECONOMIC PERFORMANCE

FULL RECOVERY EXPECTED IN 2022



Sources: EAOS PSIR Internal Modelling,
Quantec, 2020



PRELIMINARY SURVEY RESULTS

720

Survey Respondents

41,824

JOBS IMPACTED

7,789

JOBS CONFIRMED LOST

R2.32bn

DAMAGE TO PROPERTY

R566.45M

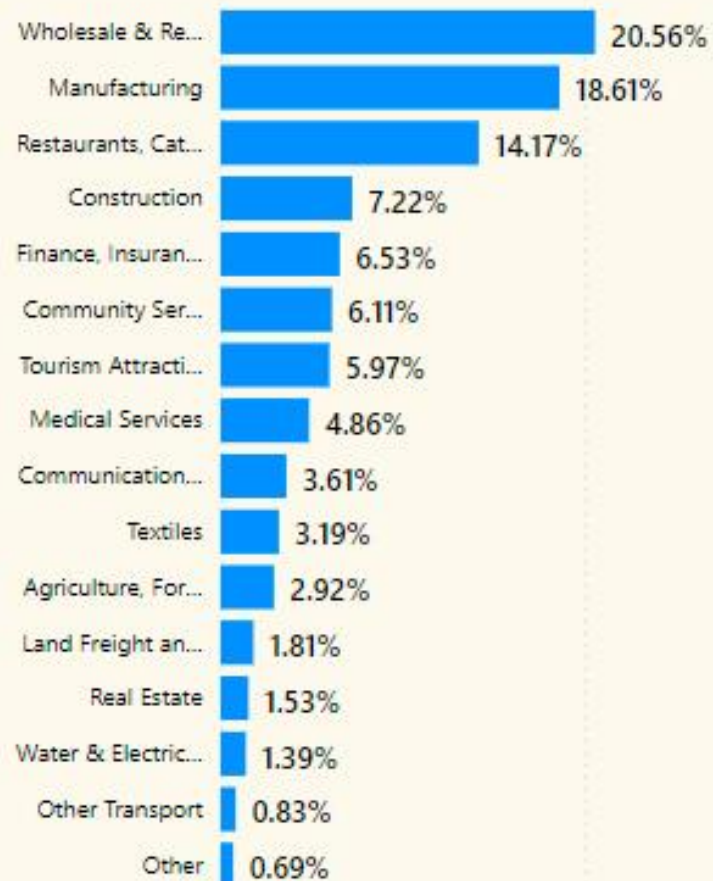
DAMAGE TO MACHINERY AND EQUIP.

R1.07bn

STOCK LOST TO LOOTING

INDUSTRY SECTORS OF RESPONDENTS [Click graph to Filter Map]

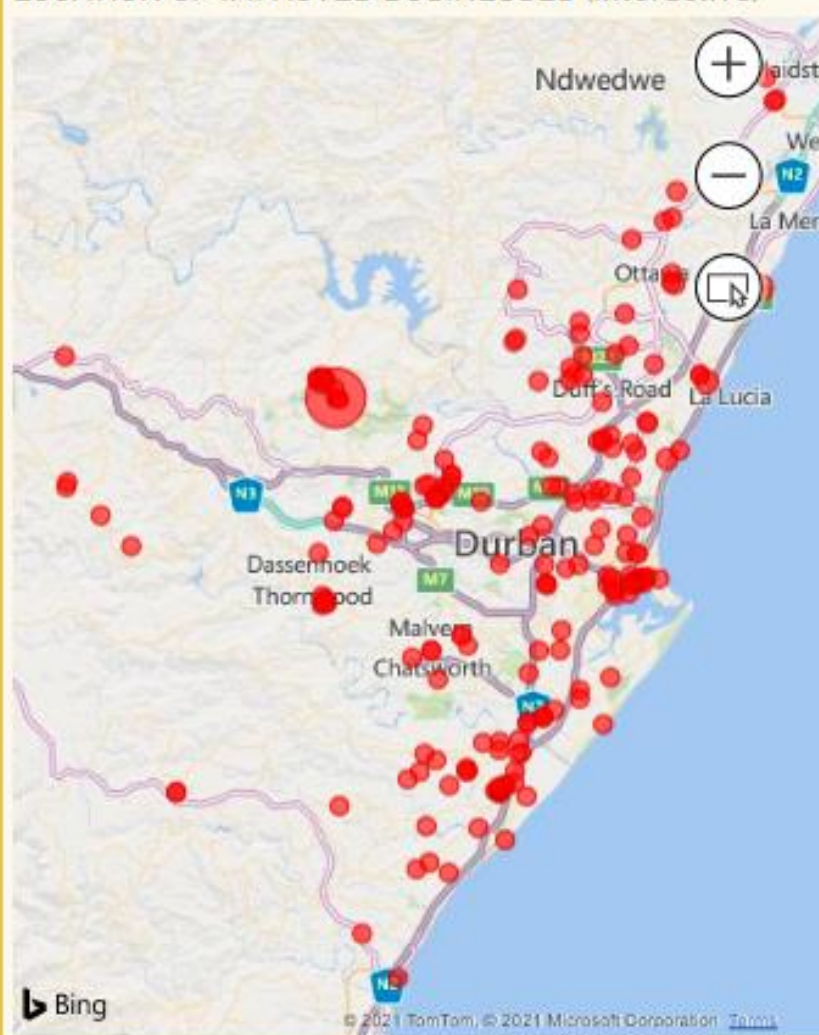
INDUSTRY SECTOR



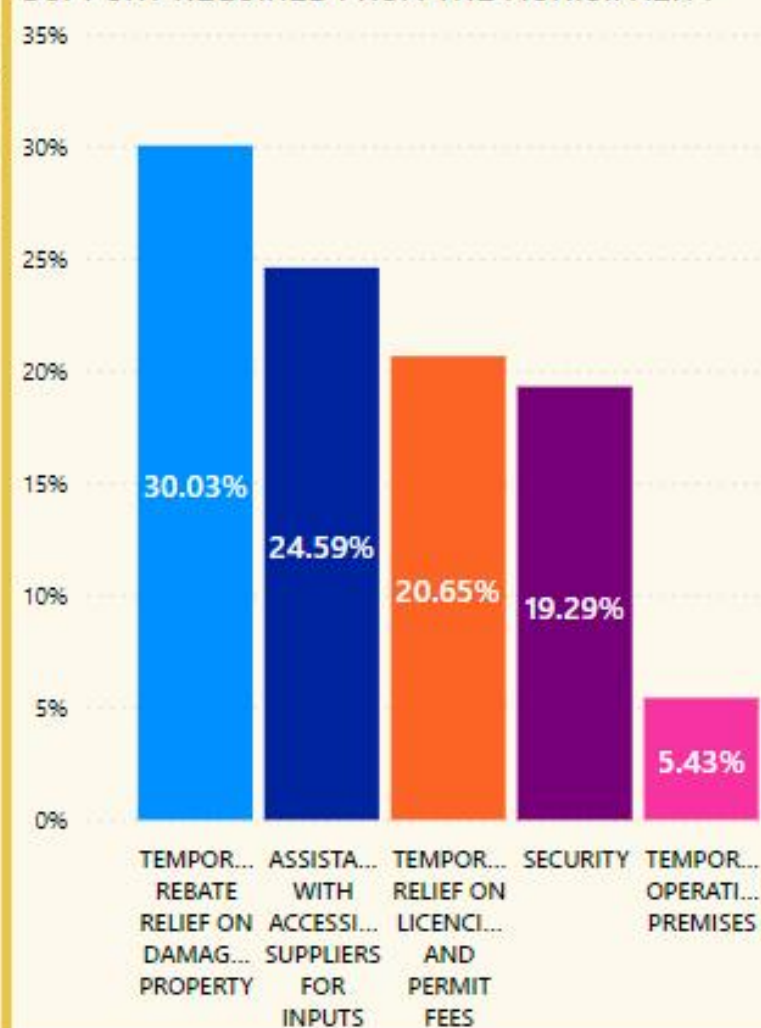
0%

20%

LOCATION OF IMPACTED BUSINESSES (Interactive)



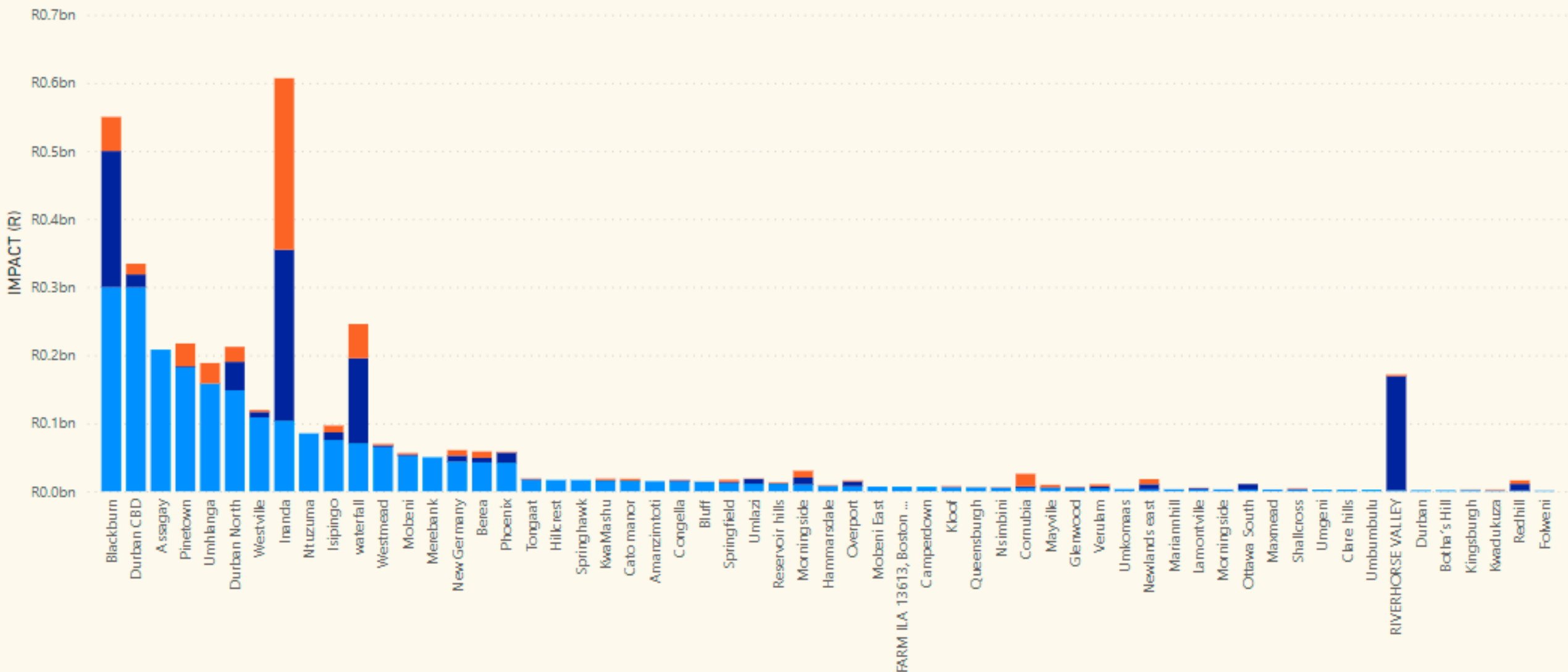
SUPPORT REQUIRED FROM THE MUNICIPALITY



IMPACT ON BUSINESSES PER SUBURB

IMPACT TO BUSINESSES BY SUBURB

● DAMAGE TO PROPERTY ● STOCK LOST TO LOOTING & DESTRUCTION ● DAMAGE TO MACHINERY AND EQUIP.





OVERALL IMPACT ON BUSINESSES

41,824

JOBS IMPACTED

7,789

JOBS CONFIRMED LOST

R2.32bn

DAMAGE TO PROPERTY

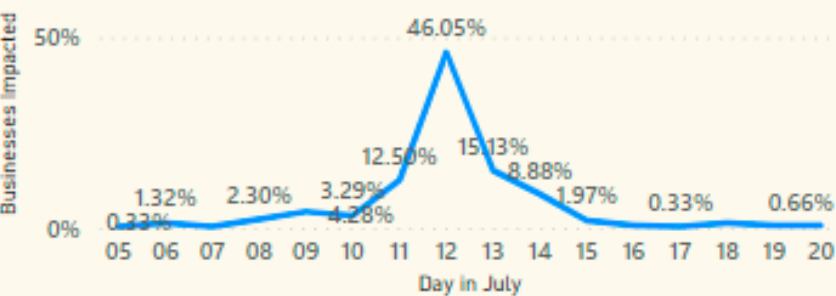
R566.45M

DAMAGE TO MACHINERY AND EQUIP.

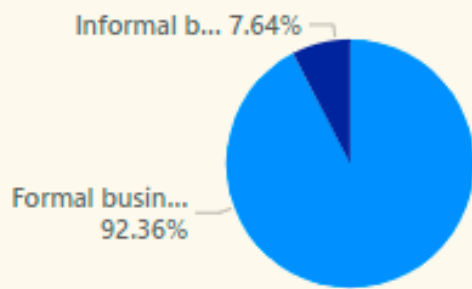
R1.07bn

STOCK LOST TO LOOTING

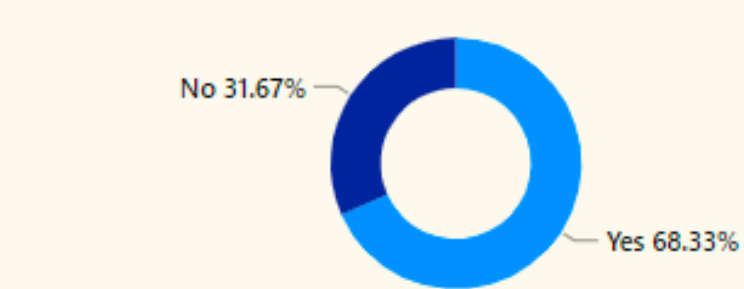
Timeline of impact to businesses



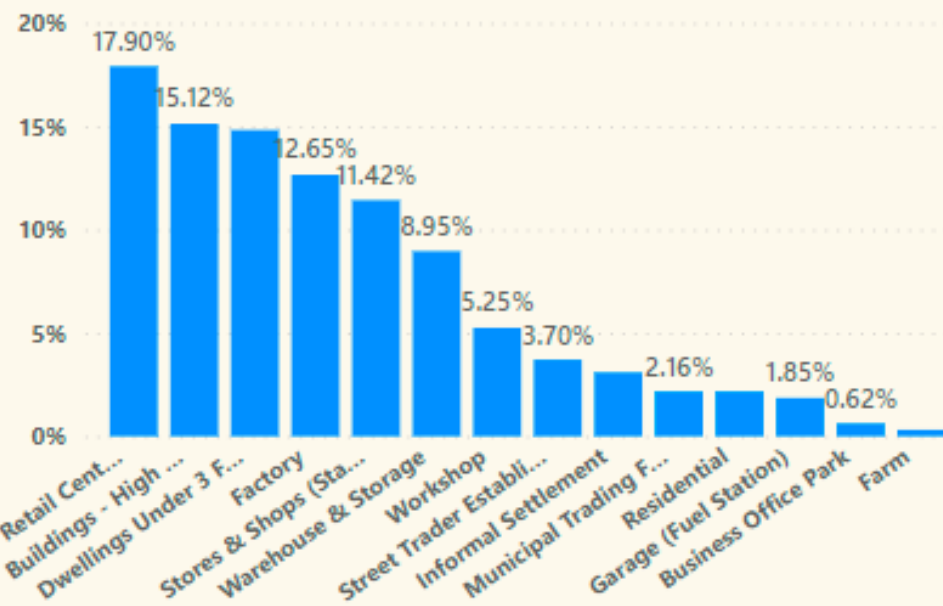
TYPE OF BUSINESS



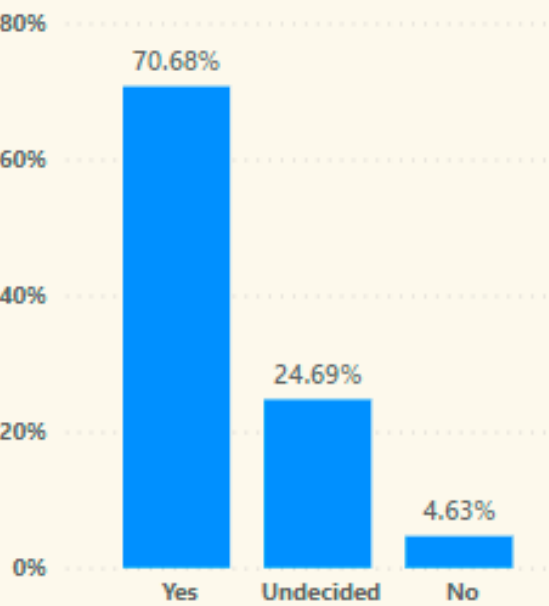
IS THE BUSINESS CURRENTLY OPERATING?



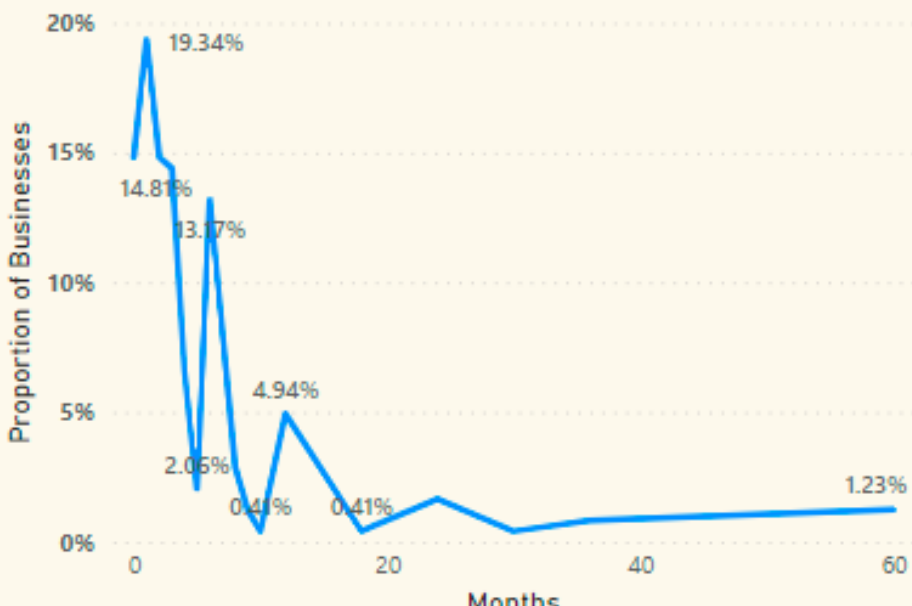
TYPE OF PROPERTY IMPACTED



WILL THE BUSINESS BE ABLE TO RE-OPEN

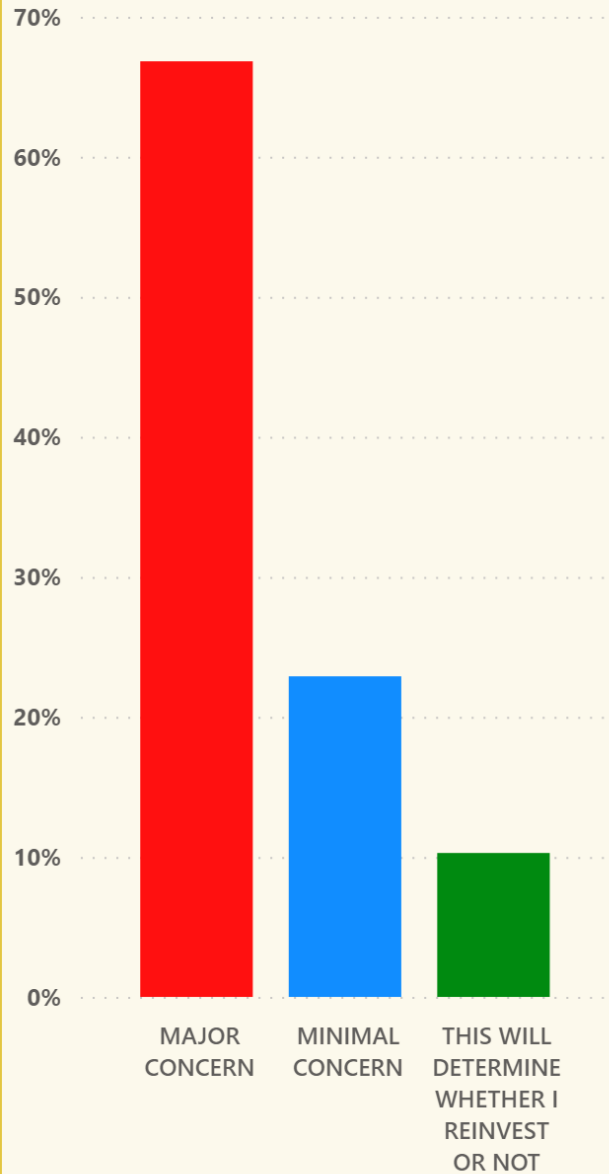


TIME NEEDED TO RE-OPEN

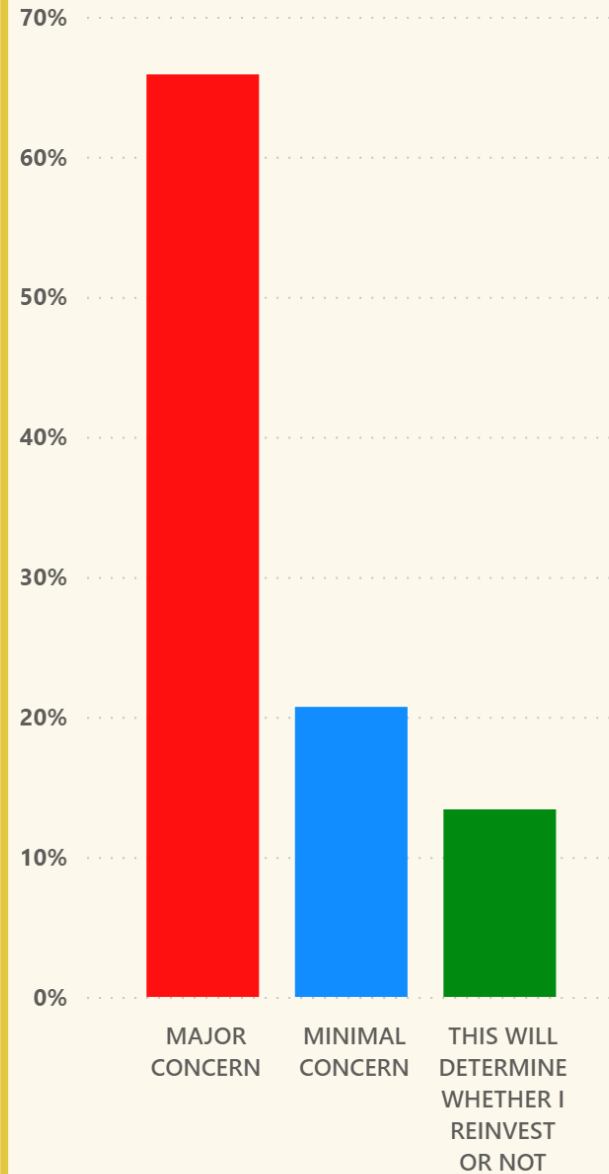


BUSINESS CONCERNS BY CATEGORY

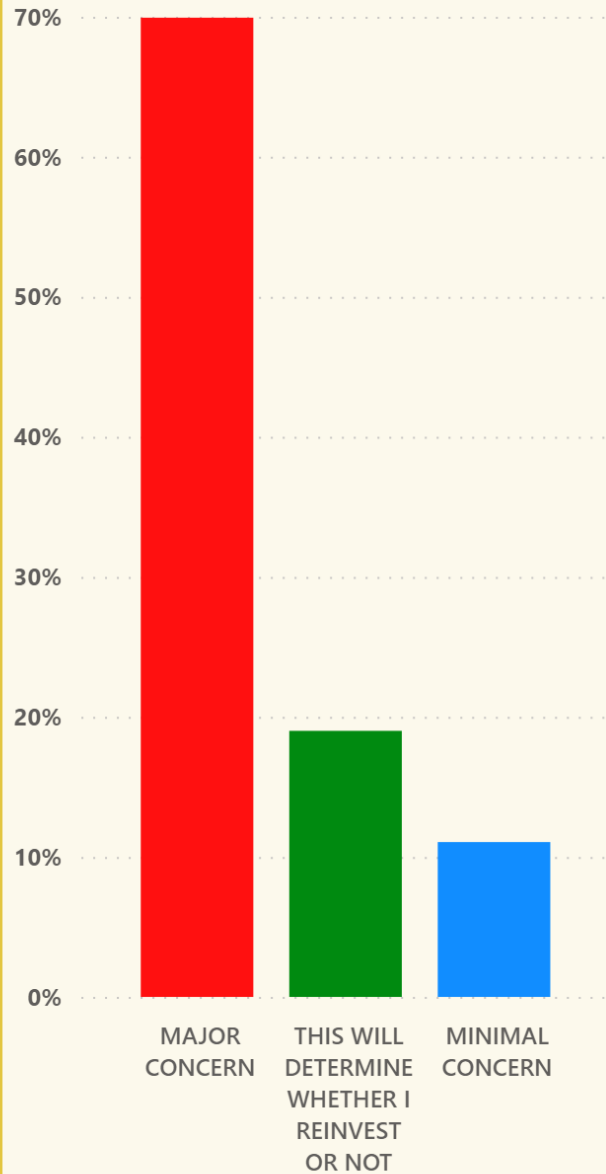
Supply Chains/ Availability of Inputs



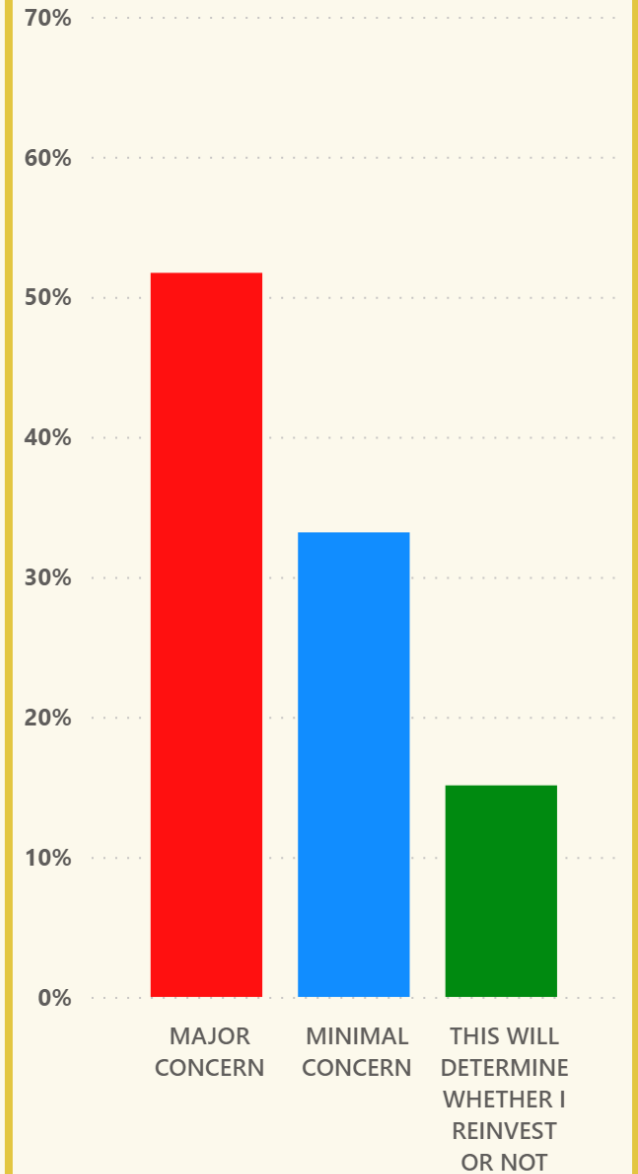
Cost of Inputs



Security

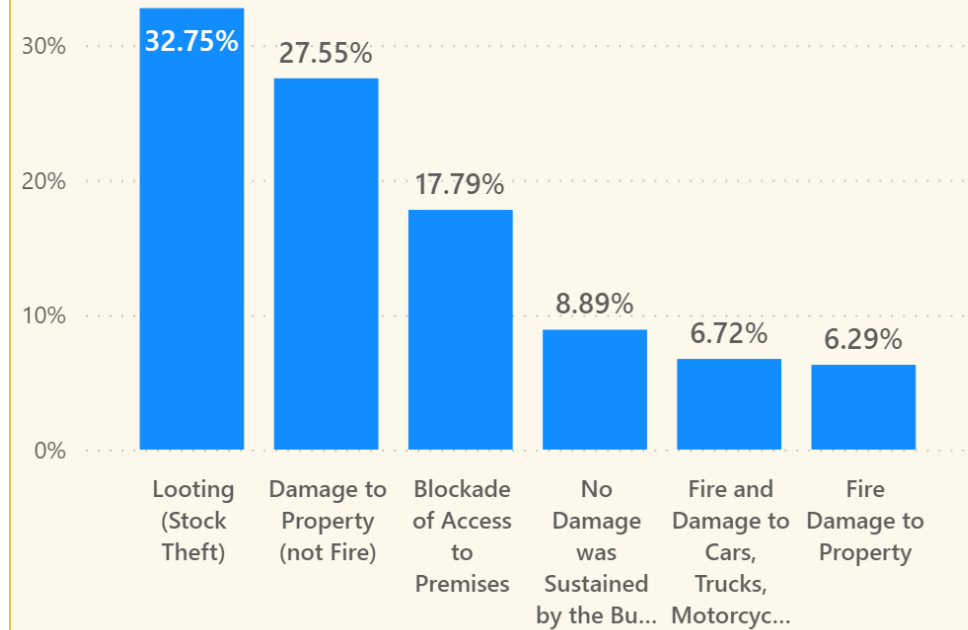


Cost of Capital to Re-establish

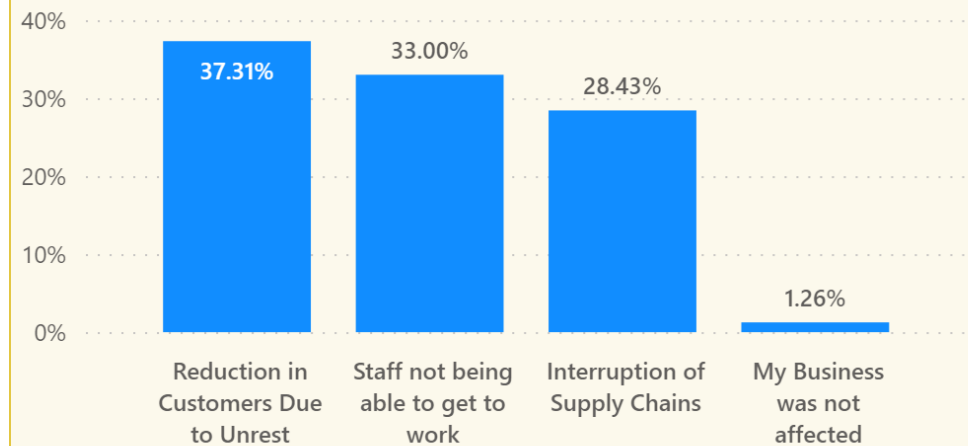


IMPACT ON BUSINESSES - 2

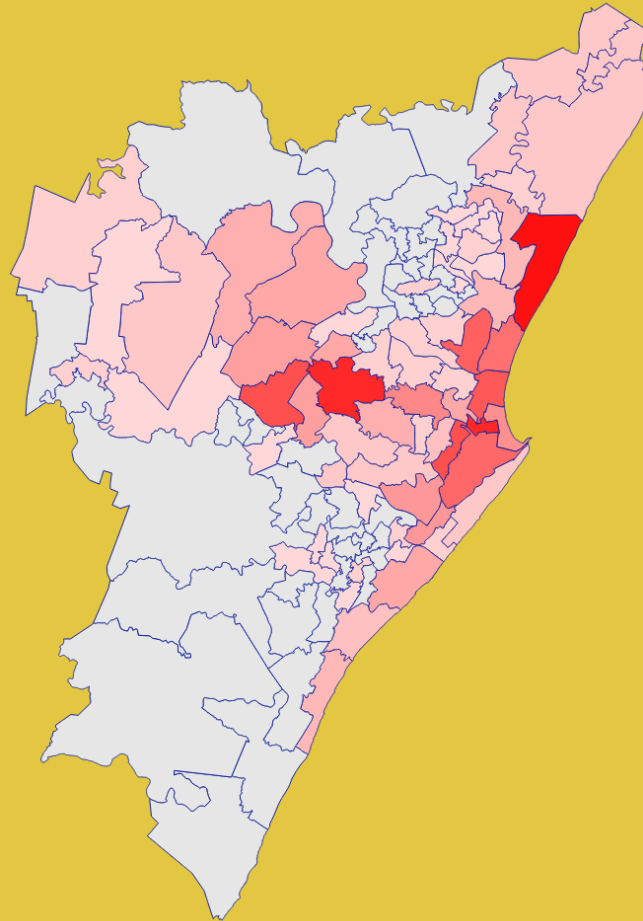
TYPE OF DAMAGE SUSTAINED



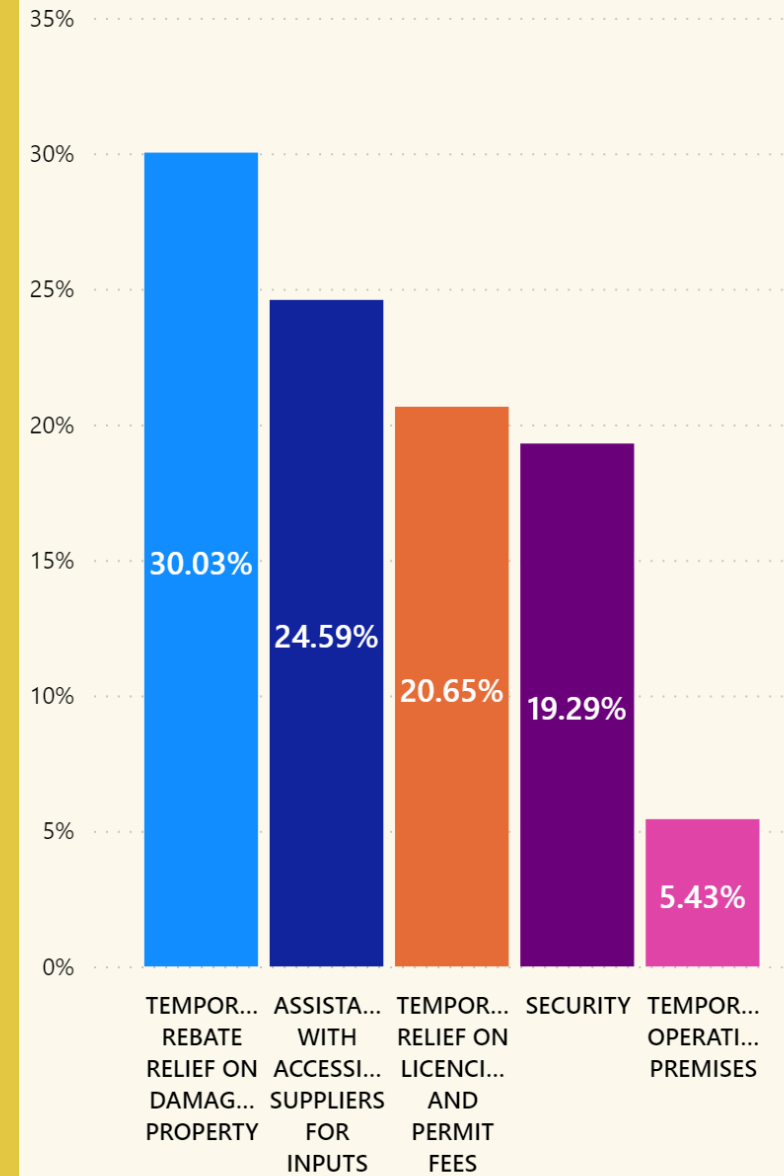
ADDITIONAL IMPACT OF UNREST ON BUSINESS



WARD IMPACT MAP

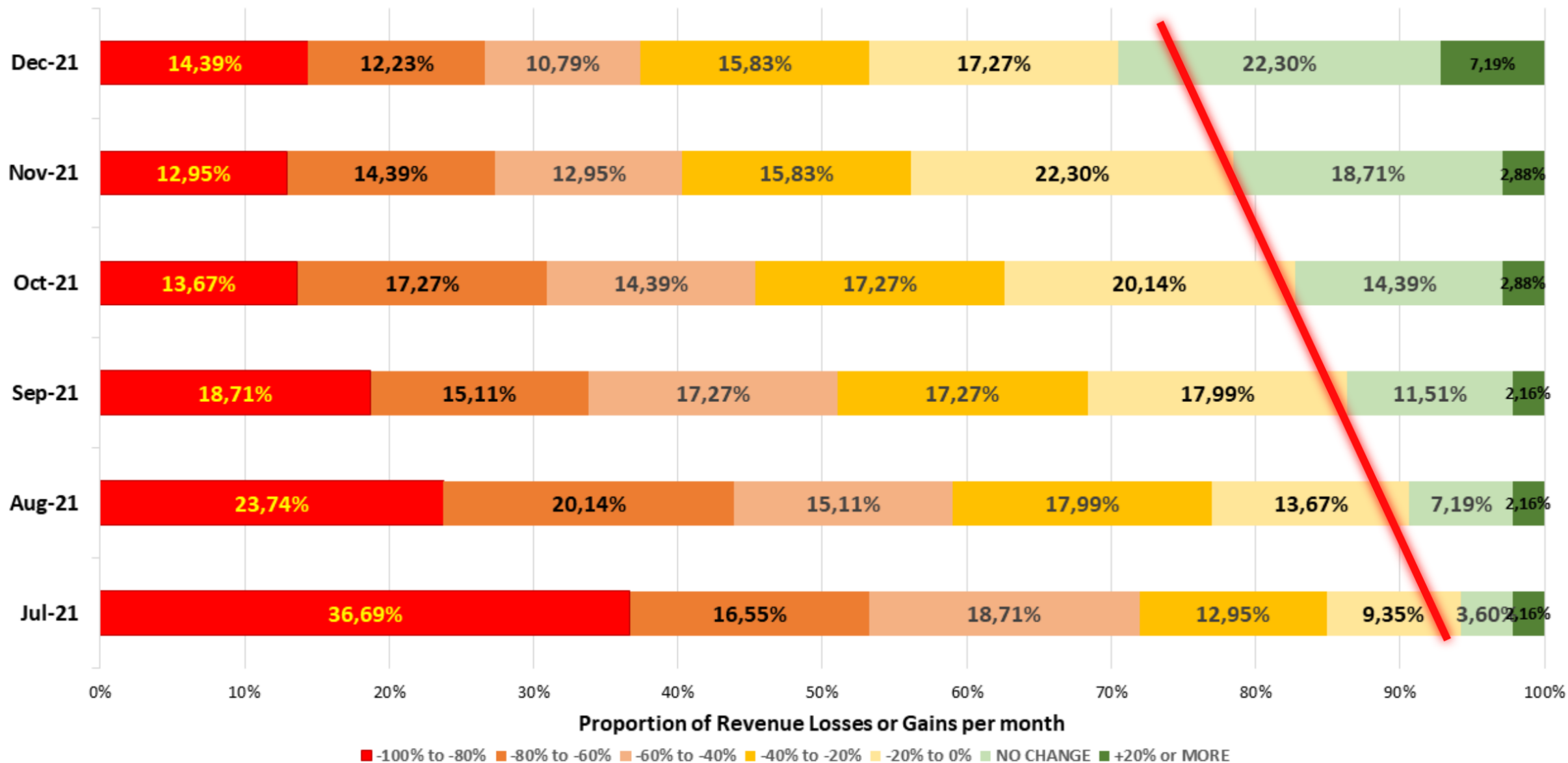


SUPPORT REQUIRED FROM THE MUNICIPALITY



Impact of Unrest on Business Revenues

GREEN ZONE - Only a small % of Businesses are not affected





JOBS IMPACT



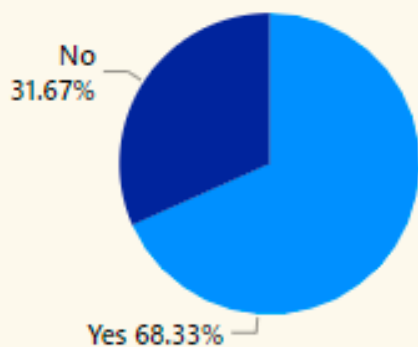
41,824

JOBS IMPACTED

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JOBS CONFIRMED LOST

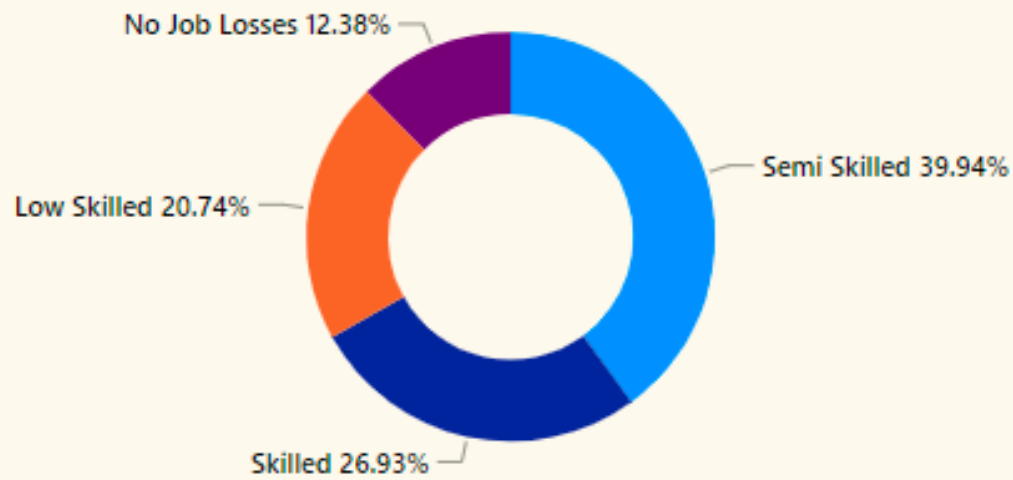
IS THE BUSINESS CURRENTLY OPERATING?



JOBS LOST by BUSINESS TYPE

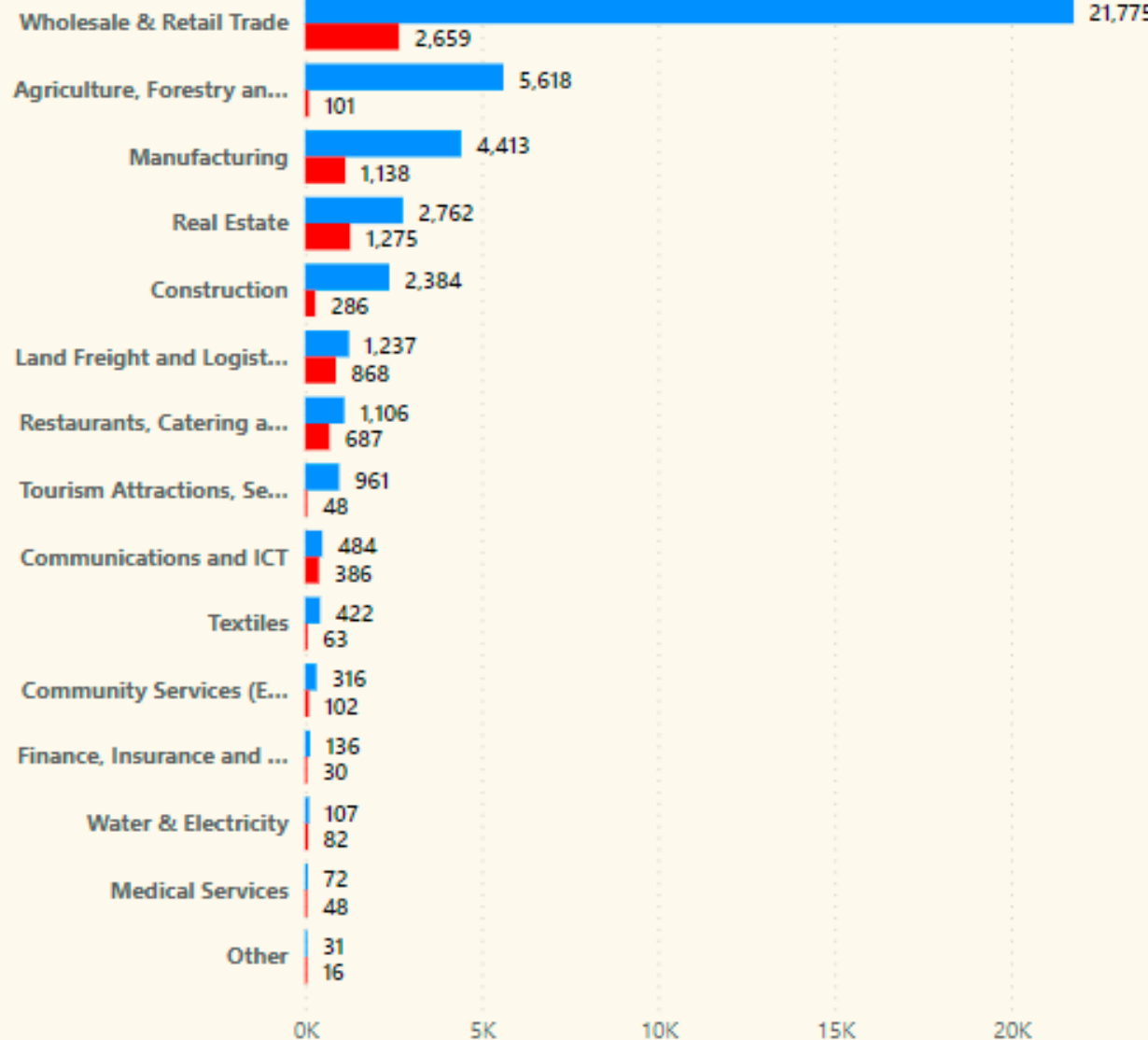


SKILL CATEGORY OF MAJORITY JOB LOSSES

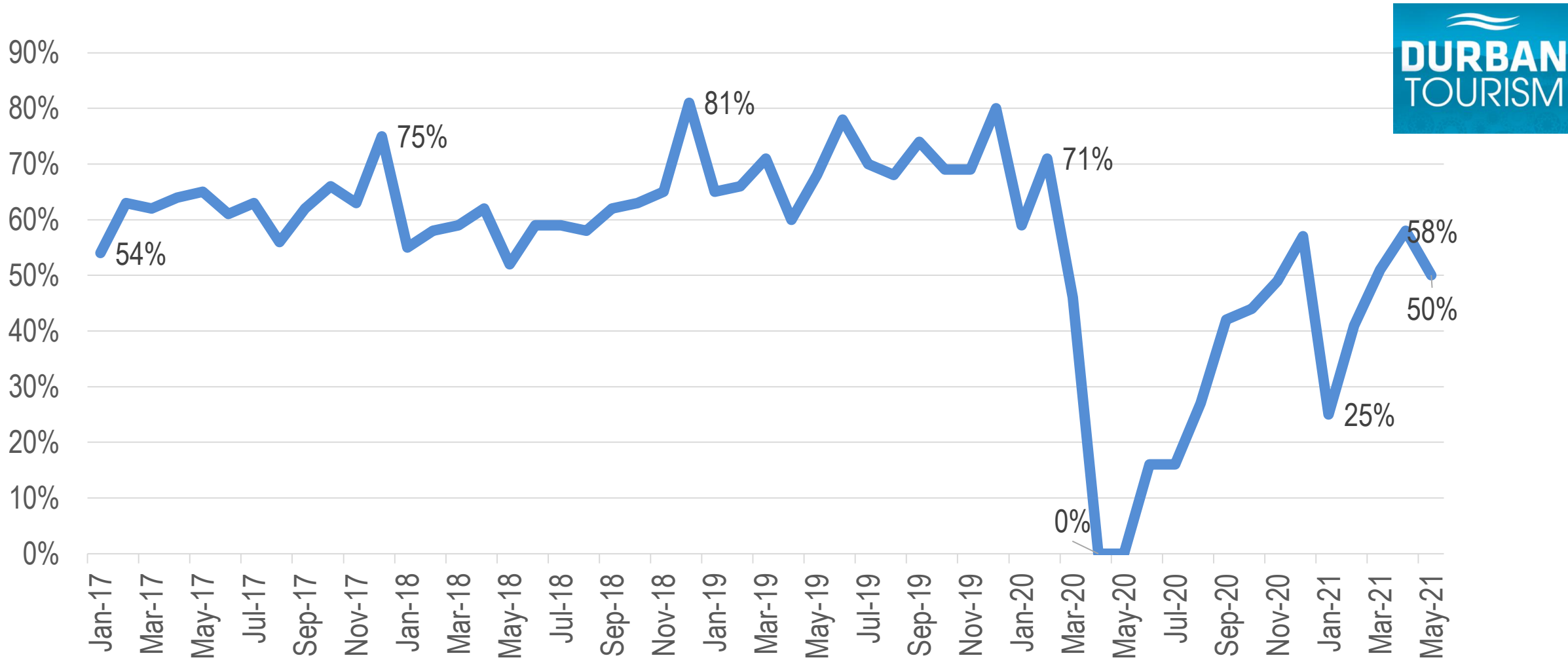


JOBS IMPACT per SECTOR

● NUMBER OF PEOPLE NORMALLY EMPLOYED ● ANTICIPATED JOB LOSSES

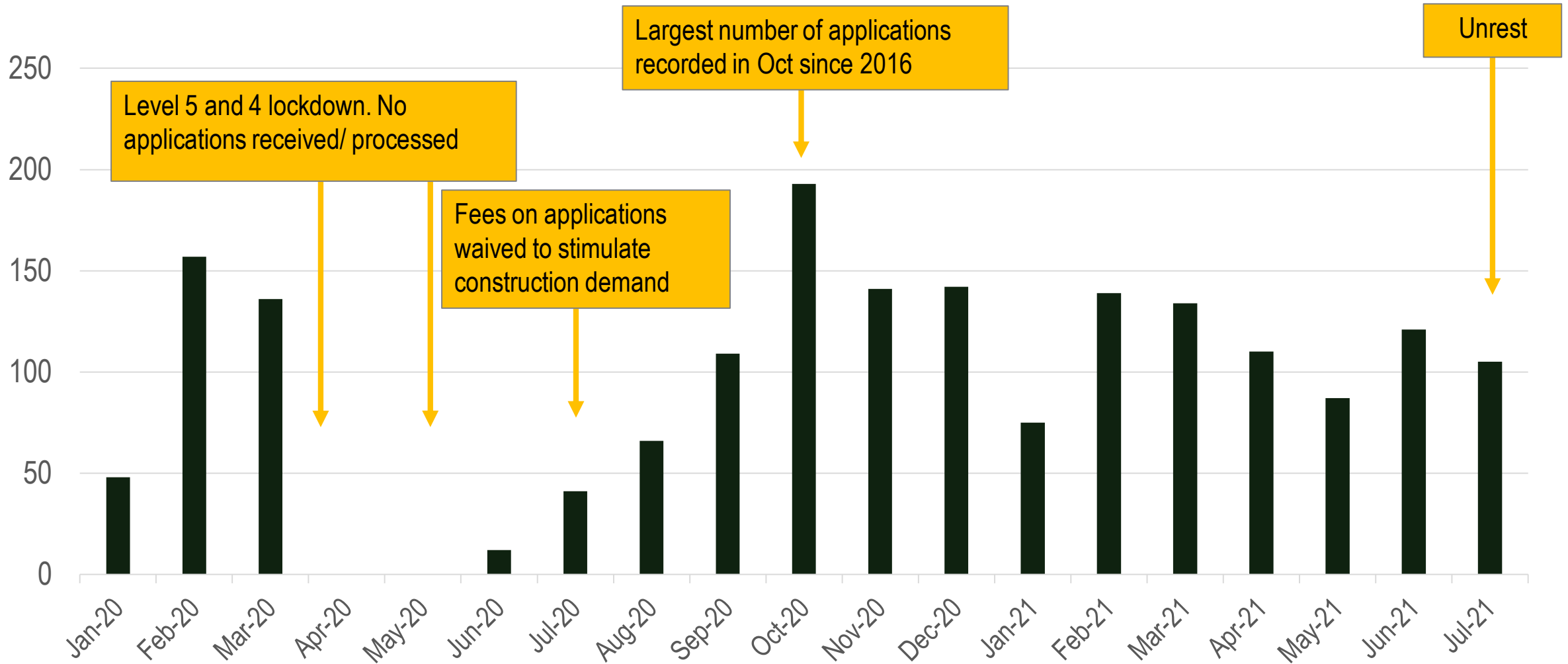


TOURISM: OCCUPANCIES HAVE MAINLY BEEN DRIVEN BY BUSINESS TOURISM



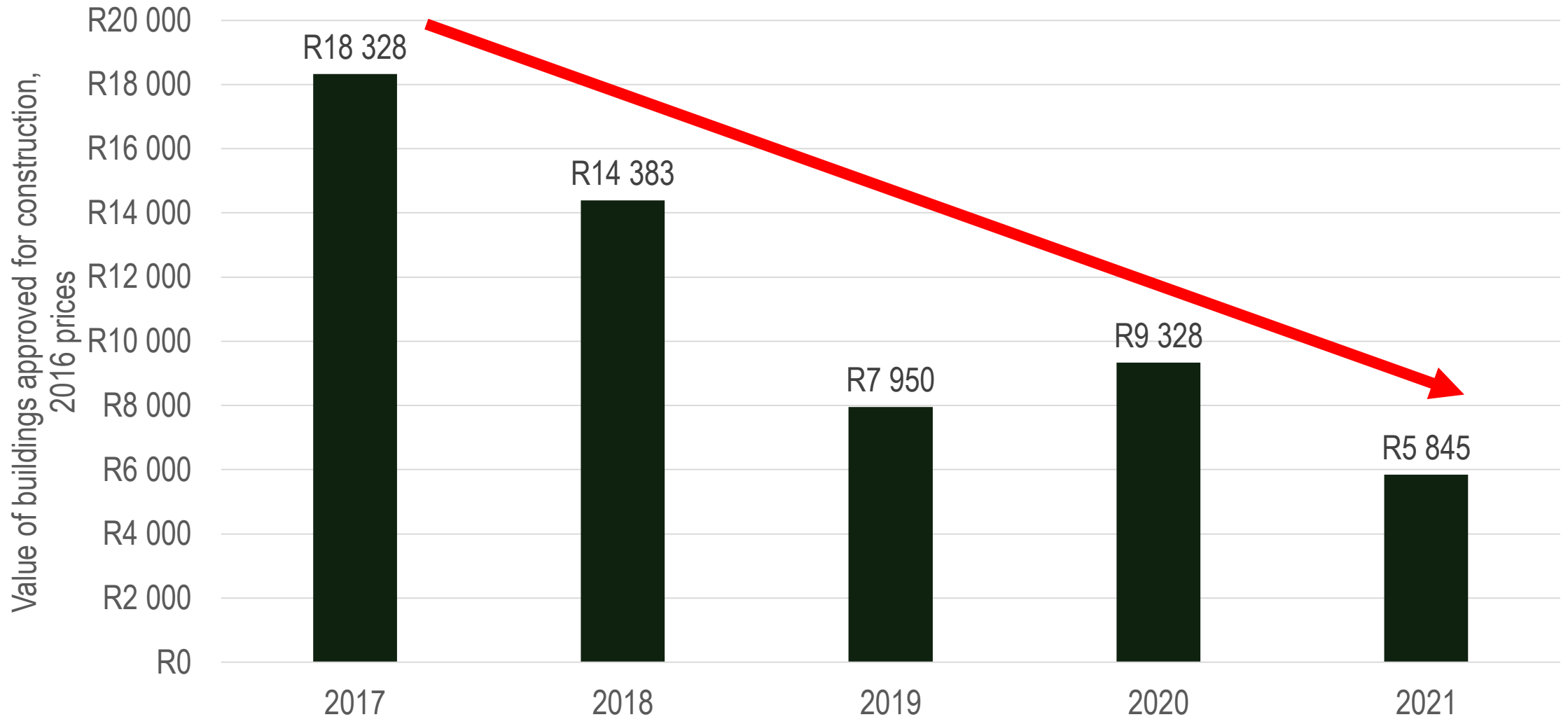
TRENDS IN NEW CONSTRUCTION APPLICATIONS

R6,9 BILLION IN INVESTMENT PLANNED



24 industrial properties and 9 commercial properties.

WHAT IS THE ROOT CAUSE OF DECLINING APPLICATION VALUES?



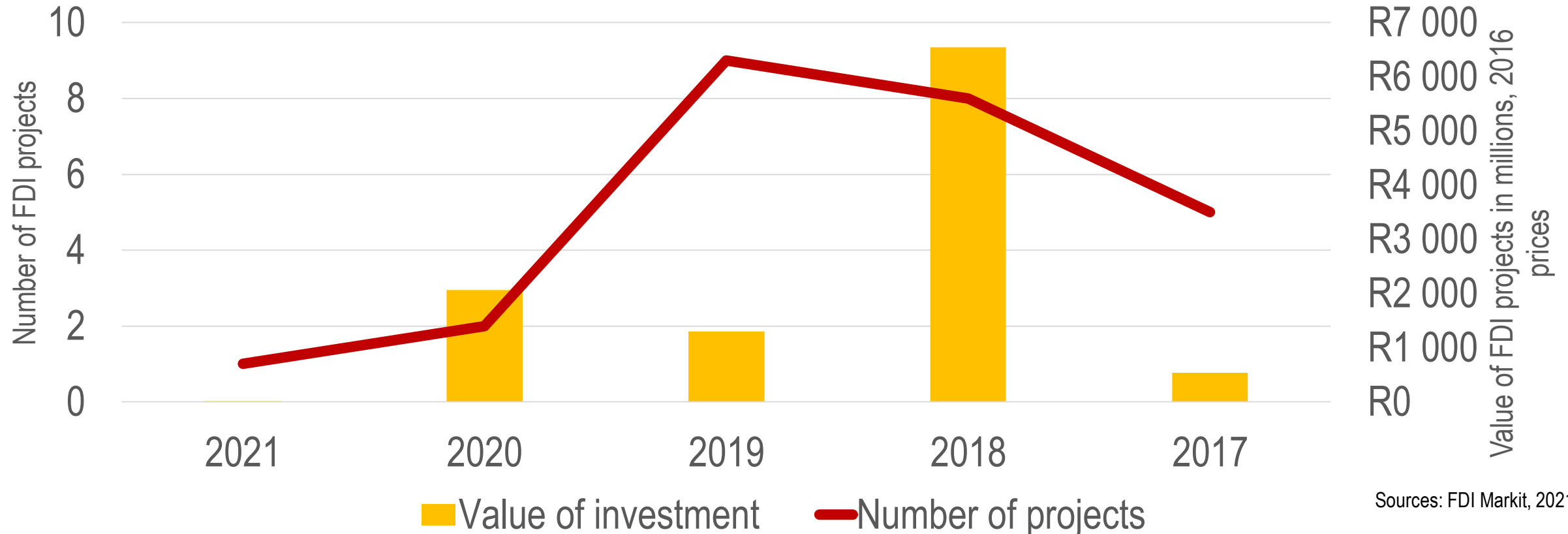
Sources: Development Planning Unit, 2021

FOREIGN DIRECT INVESTMENT(FDI) GAINS IN DURBAN'S ECONOMY



Despite COVID,
**R3,5 bn in
FDI attracted**
in 2020/2021 financial year

- **Toyota is Durban's main investment** attracted in 2020 (R2,43 bn).
- Number of announced projects: In 2020, Durban experienced a **significant decline of 71%** compared to the previous year



THE JOB MARKET

UNEMPLOYMENT IN DURBAN IS AT ITS HIGHEST IN HISTORY

AS AT JUNE 2021/ COMPARED TO MARCH 2021



Strict unemployment: 26% (up from 20,6%)



Number unemployed: 376 000 (up by 84 000)



Exp unemployment: 36,9% (up from 34,9%)*



Number employed people : 1,07 million (down by 51 000)



Likelihood of being employed in Durban: 42,7% (down 5%)



Strict youth unemployment: 31,5% (delayed one quarter, up from 30,7%)

THE CITY'S RESPONSE



Unrest Impact - One Stop Centre

- ☐ 6 to 12 month 75% rates holiday for completely non-functional buildings
- ☐ Re-evaluation of property value for completely damaged buildings (only if 75% rates holiday is not selected)
- ☐ Waiving of full building plan submissions for rebuilding of damaged properties
- ☐ Post construction brownfields development rates rebate (Economic Development Incentive Policy)
- ☐ Disconnection of services due to damaged buildings
- ☐ Waiving of reconnection fees where services have been disconnected due to unrest
- ☐ 3 month extension on rates holiday for Bed and Breakfasts (up to 64% rates relief)
- ☐ Rental holiday for SMMEs located on municipal properties that are non-functional due to the unrest
- ☐ 3 month rental holiday to informal traders, from 1 July 2021

Just under 200 applications received and processed (or referred) to date



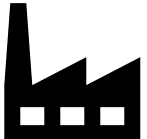
THE CITY'S RESPONSE



SAKHA ITHEKU
SHAPE DURBAN



SFA 1: A compact, productive, and liveable city that connects citizens with economic opportunities



SFA 2: Re-industrialised economy through localisation and investment in targeted industries



SFA 3: An inclusive and shared economy



SFA 4: Government that is capable, customer-centric, enabling, efficient and integrated



SFA 5: Vibrant tourism destination that celebrates its cultural and creative endowments

CONCLUSIONS

- **Vaccination progress** has generally determined the pace of global growth
- South Africa's economy in a good position due to global factors, and **renewable energy** provides growth opportunities locally.
- eThekweni economy is forecasted to grow at under 5% this year. However, this is optimistic.
- **Looting** has been devastating to the progress made by the economy and a significant drive of unit is required to rebuild the City
- Questions remain over the nagging issues resulting in the **decline in real investment** by domestic private sector in the City's economy.
- The City has been proactive in responses to assist business post the unrest, having set up the **One Stop Centre** with a range of concessions to encourage rebuilding building by business.
- Finally, the City's **Five Year Economic Recovery and Shared Growth Path 2022 – 2027** is in draft form, in response to Durban's stagnant economic growth and will be presented to ECOD shortly.

"Make better informed decisions with cutting-edge economic insight"

THE DURBAN EDGE



The Durban EDGE



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