

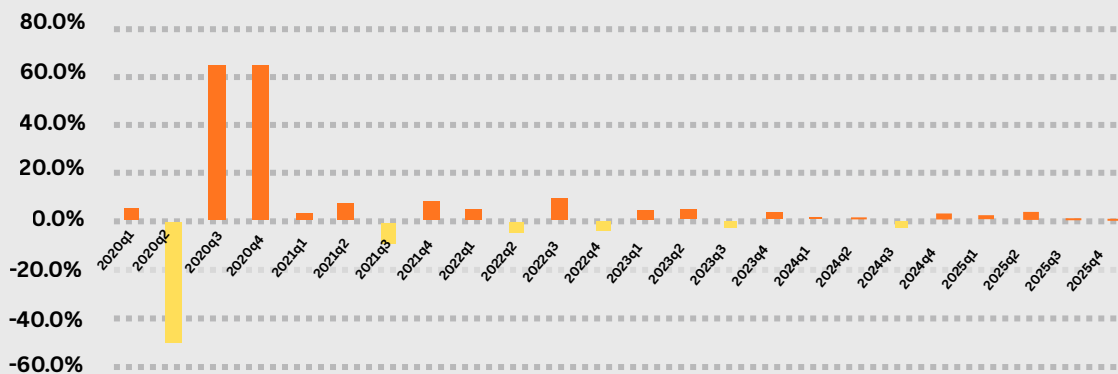
Analysing Economic Trends in KwaZulu-Natal (2010-2025)

Overview

The Moses Kotane Research Institute (MKRI) undertook an analysis of economic trends in KwaZulu-Natal to assess the province's economic performance between 2010 and 2025. The study provides evidence on economic growth, sectoral performance, labour market outcomes, major economic shocks, and spatial disparities to support evidence-based policymaking and strategic economic planning. The analysis is based on secondary quantitative data obtained from official statistical sources (Stats SA, 2025; Quantec, 2025; KZN Provincial Treasury, 2024), SA Regional eXplorer, 2026) and examines long-term trends in economic output, employment, and sectoral performance across the province.

1. Economic Growth

Over the period of 5-year KwaZulu-Natal experienced significant economic volatility during the COVID-19 pandemic, recording a sharp contraction in 2020 Q2, followed by a strong rebound in 2020 Q3.



- Economic growth stabilised at 1.4% (South African Regional eXplorer, 2026) from 2021 onwards but remained modest reflecting persistent structural constraints.
- Between 2023 and 2025, economic growth remained relatively flat with only small fluctuations, indicating that the provincial economy is struggling to achieve strong momentum
- Infrastructure constraints, weak investment, energy supply disruptions, and the effects of July 2021 unrest continue to constrain provincial economic performance.

2. ECONOMIC STRUCTURE



Manufacturing: 20% of GDP in 2020 by 2025 fallen below 17%.



Trade: 25% in 2010 to over 30% by 2024.



Transport and Logistics: Durban and Richards Bay ports are central to logistics activity, while road and rail networks connect the province to Gauteng and other regions.



Finance and Business Services: 15% of GDP in 2010 and nearly 20% by 2025.



Agriculture: 5% in 2010 to 3–4% by 2025.



Community Services: Stable contributor avergaing 18-19% of GDP.



These sectors continue to underpin provincial output, employment, and investment.

Analysing Economic Trends in KwaZulu-Natal (2010–2025)



3. Labour Market

- The labour market has shown gradual improvement following the COVID-19 pandemic; however, significant challenges remain.
- Employment increased steadily from approximately 2.17 million jobs in 2010 to a peak of about 2.30 million in 2024.
- Unemployment there was an increase of approximately 625,499 between 2010 and 2025, representing an overall growth of nearly 54%.
- Youth unemployment continues to be one of the province's most pressing socioeconomic challenges 46% in 2025.
- The informal economy remains an important source of employment and household income, from 2023 onwards, informal employment increases steadily, reaching its highest level by 2024 and 2025 at around 600,000–650,000 jobs.



4. Spatial Inequality

Economic activity is highly concentrated in eThekweni, which contributes more than 60% of KwaZulu-Natal's GDP (South African Regional eXplorer, 2026) while many rural municipalities continue to experience:

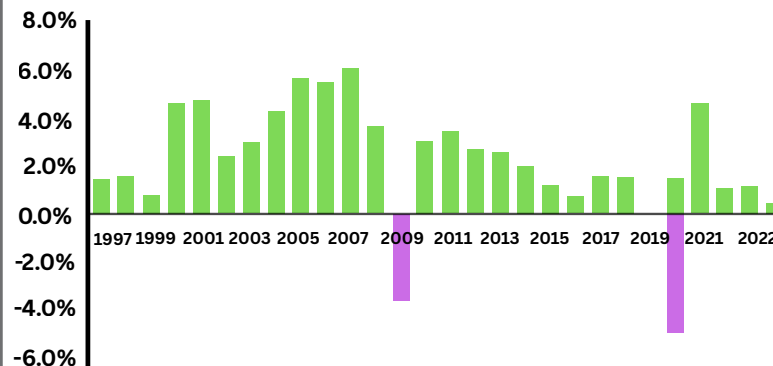
- Lower levels of investment.
- Limited employment opportunities.
- Slower economic growth.
- Higher levels of poverty.



Reducing spatial disparities remains essential for promoting balanced and inclusive provincial development.



5. Economic Outlook



The findings indicate that KwaZulu-Natal has recovered from recent economic shocks; however, growth remains modest and vulnerable to structural constraints.

Key challenges include:

- Slow economic growth.
- Persistent unemployment.
- Infrastructure constraints.
- Spatial inequality.
- Limited economic diversification.



At the same time, manufacturing, logistics, finance, tourism, and business services continue to provide opportunities for future economic growth.

Analysing Economic Trends in KwaZulu-Natal (2010–2025)



6. Policy Priorities

- **Infrastructure Investment:** Strengthening transport, logistics, energy, and digital infrastructure to improve productivity and competitiveness.
- **Industrial Development:** Support manufacturing competitiveness, industrial upgrading, and export-led growth.
- **Employment Creation:** Expand internships, apprenticeships, skills development programmes, and youth employment initiatives.
- **Support for SMMEs:** Improve access to finance, business support services, and market opportunities for small enterprises and the informal economy.
- **Regional Development:** Increase investment in rural municipalities, improve infrastructure, and strengthen local economic development to reduce spatial inequalities.



7. Key Messages

- KwaZulu-Natal's economy has recovered from recent shocks, but growth remains slow and uneven.
- Structural constraints continue to limit economic performance.
- Employment has improved, although unemployment remains persistently high.
- Economic diversification and infrastructure investment are essential for long-term resilience.
- Reducing spatial inequalities is critical for achieving inclusive and sustainable economic development.