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Housing and Construction

Apartments

Apartment prices

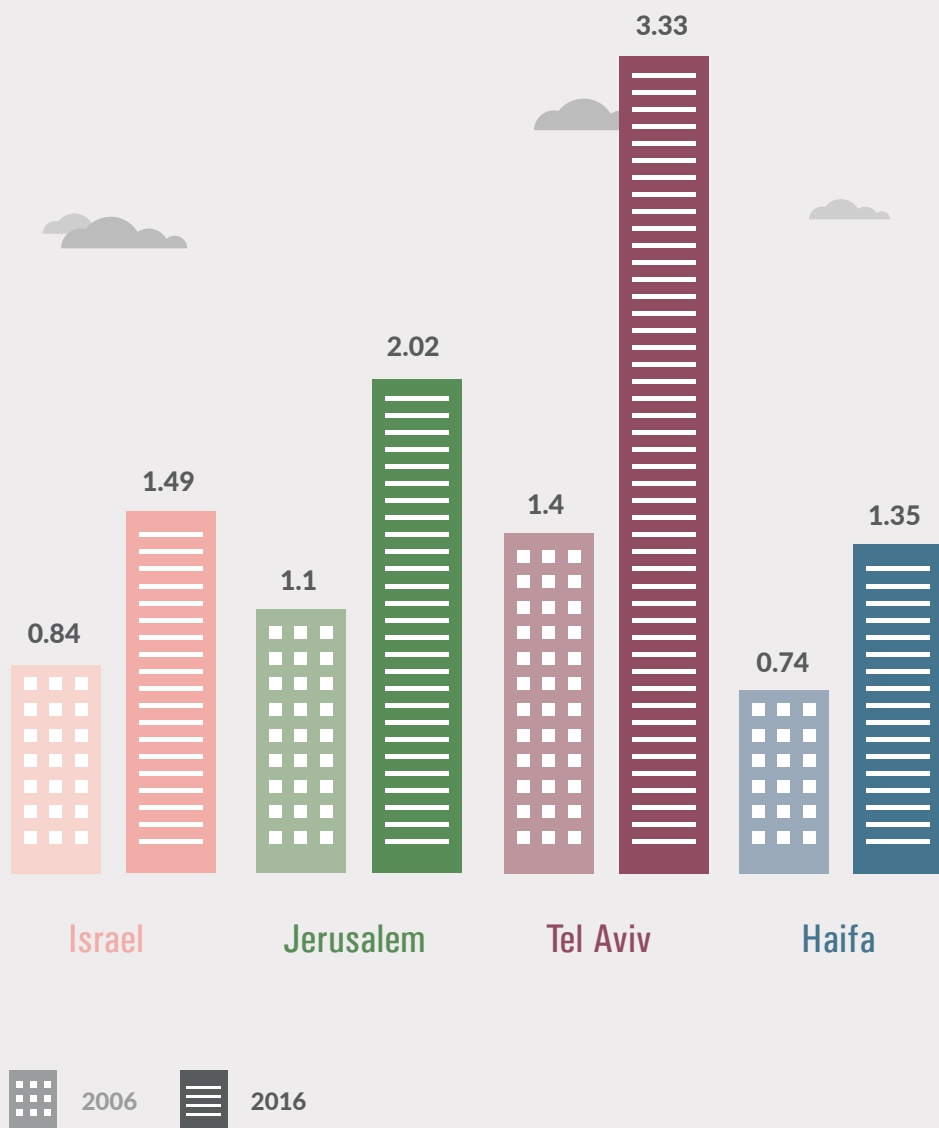
Construction starts

Construction completions



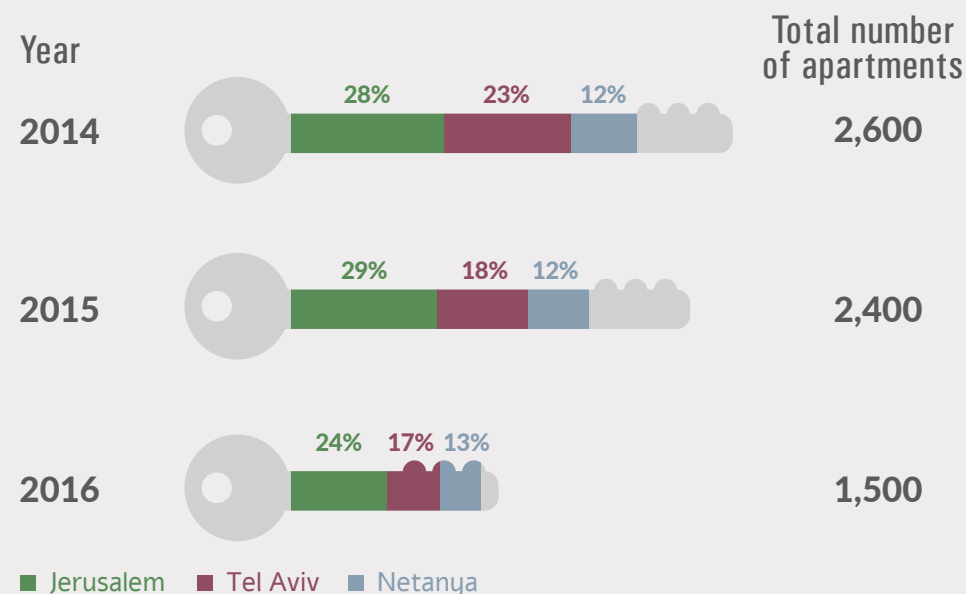
Housing and Construction

Apartment Prices in Israel, Jerusalem, Tel Aviv, and Haifa, 2006, 2016



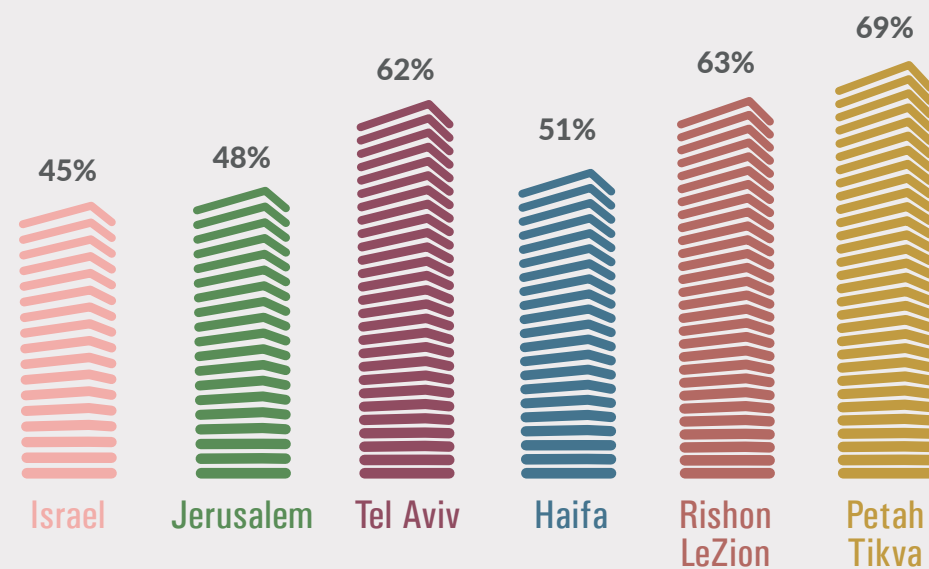
Average price of a 3.5–4 room apartment, in millions (NIS)

Apartment Purchases by Foreign Residents, 2014–2016



The percentage of apartments purchased by foreign residents in the given city out of all apartments purchased by foreign residents in Israel

Construction Starts of Apartments in Tall Buildings, 2012–2016



Apartments that were built in buildings with 8 or more floors as a percentage of all the apartments whose building began in 2012–2016.

Apartments

As of the end of 2016, Jerusalem had 218,300 residential apartments:^{28,29} 164,700 apartments (76%) in Jewish neighborhoods and 52,900 apartments (24%) in Arab neighborhoods. The percentage of apartments in Jewish neighborhoods was higher than the percentage of Jerusalem's Jewish population, which stood at 63% at the close of 2015. The percentage of apartments in Arab neighborhoods was lower than the percentage of Jerusalem's Arab population, at 37%. The reason for this discrepancy lies in the relatively large size of households within the Arab population (5.2 persons) relative to the Jewish population (3.3 persons).

In 2016 the average area of an apartment in Jerusalem was 81 square meters (m²). During 2002–2016, the average area of an apartment in Jerusalem increased by 5 m², from 76 to 81 m². The average area of an apartment in neighborhoods with a majority Jewish population was comparable to that in neighborhoods with a majority Arab population – 82 and 79 m², respectively.

The Jewish neighborhoods that recorded the smallest average apartment size were Giv'at HaMatos (35 m²), Katamon Tet (48 m²), and the vicinity of HaMadregot St. in Nahlaot (49 m²). Neighborhoods with the largest average apartment size were recorded in the vicinity of HaHoresh Road in Ramot Alon (146 m²),

Motza Tahtit and Ramat Motza (130 m²), Malha (128 m²), the vicinity of Avraham Raful St. in Pisgat Ze'ev East (127 m²), and the vicinity of Israel Zarhi St. in Ramot Alon (126 m²).

The Arab neighborhoods with the smallest average apartment size were the Shu'afat Refugee Camp (35 m²), the Old City neighborhoods of the Muslim Quarter (45 m²), the Christian Quarter (46 m²), and the Armenian Quarter (62 m²), and Silwan (62 m²). Neighborhoods with the largest average apartment size were Beit Hanina (95 m²), Kafr 'Akb (90 m²), New Anata (87 m²), and Beit Safafa (87 m²).

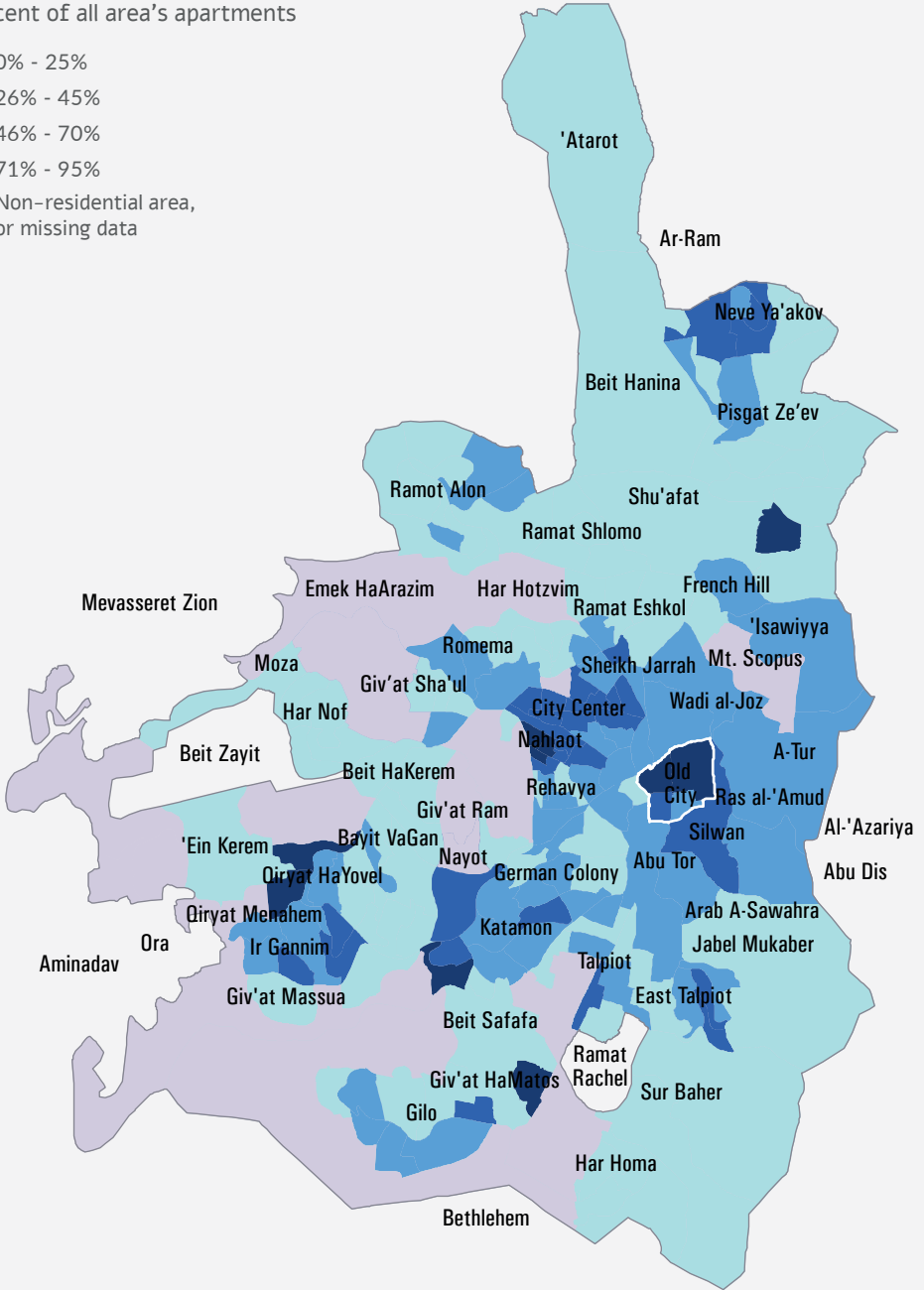
²⁸ Including apartments not designated as part of any specific neighborhood or geographical area.

²⁹ This figure is based on data for the collection of arnona, the municipal tax.

Small* apartments in Jerusalem, 2016

Percent of all area's apartments

- 0% - 25%
- 26% - 45%
- 46% - 70%
- 71% - 95%
- Non-residential area, or missing data



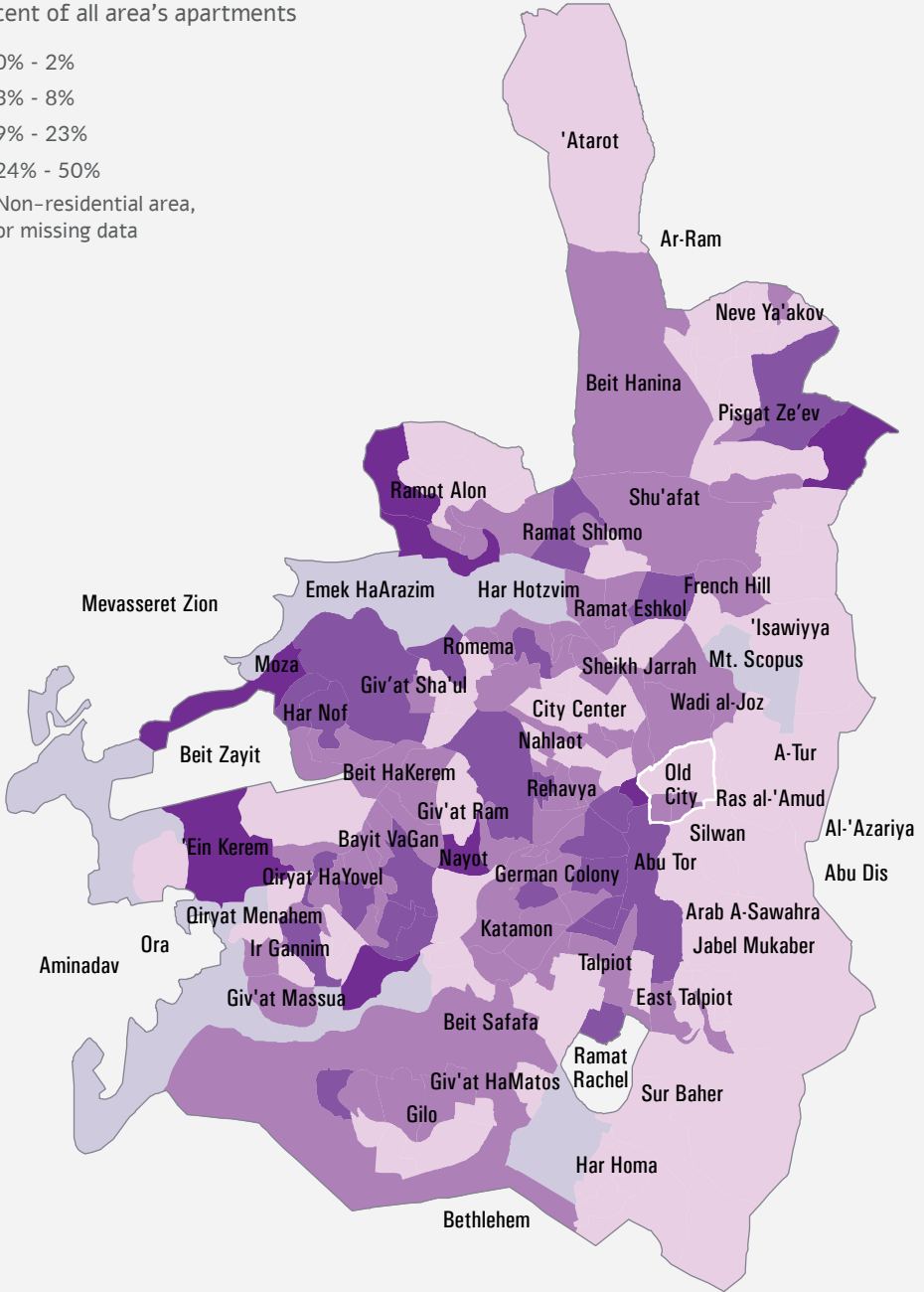
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* Sized 60 square meters or less

Large* apartments in Jerusalem, 2016

Percent of all area's apartments

- 0% - 2%
- 3% - 8%
- 9% - 23%
- 24% - 50%
- Non-residential area, or missing data



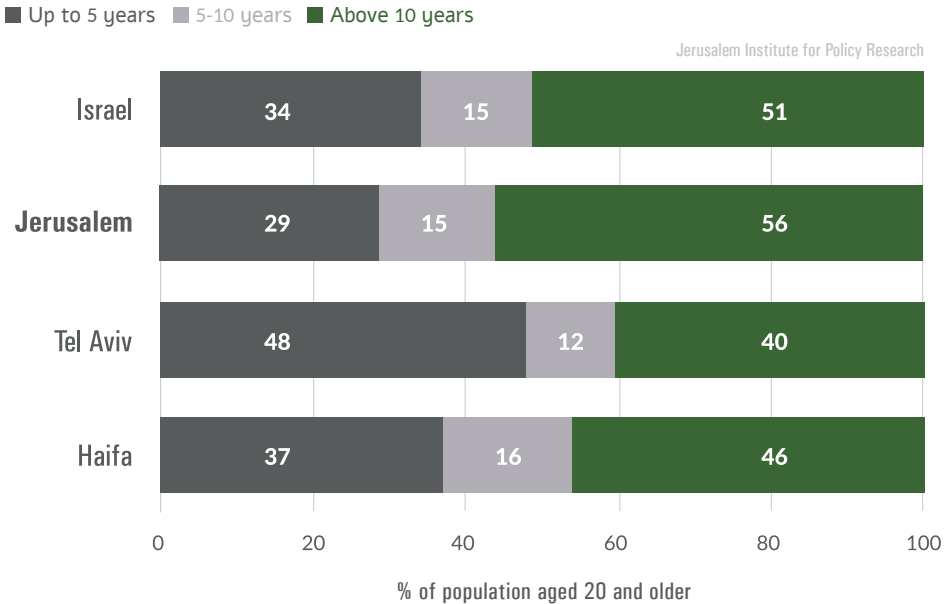
* Sized 140 square meters or more

The CBS Social Survey found that during the period 2013–2015 (on average), 78% of Jerusalem residents aged 20 and older were satisfied or very satisfied with their residential apartment. This is lower than the figures for Haifa and Israel (85%) and for Tel Aviv (88%). Regarding the area in which they reside, 77% of Jerusalem residents aged 20 and older were satisfied or very satisfied. The figure for Jerusalem was lower than the figures for Israel (85%), Tel Aviv (92%), and Haifa (83%).

The Social Survey also examined duration of residence in the current

apartment (in cities with a population of more than 200,000 residents). It found that during the years 2013–2015 (on average), Jerusalem had the highest percentage of residents who had resided in their current dwelling for more than ten years, at 56%. In Israel the percentage of residents who had lived in their current dwelling for more than ten years was 51%, in Haifa 46%, and in Tel Aviv 40%. A total of 29% of Jerusalem residents had lived in their current dwelling for a period of up to five years. In Israel the percentage was 34%, in Tel Aviv 48%, and in Haifa 37%.

Residential Seniority in Housing Units for Population Aged 20 and Older in Israel, Jerusalem, Tel Aviv, and Haifa, 2013–2015 (Average)



Apartment prices

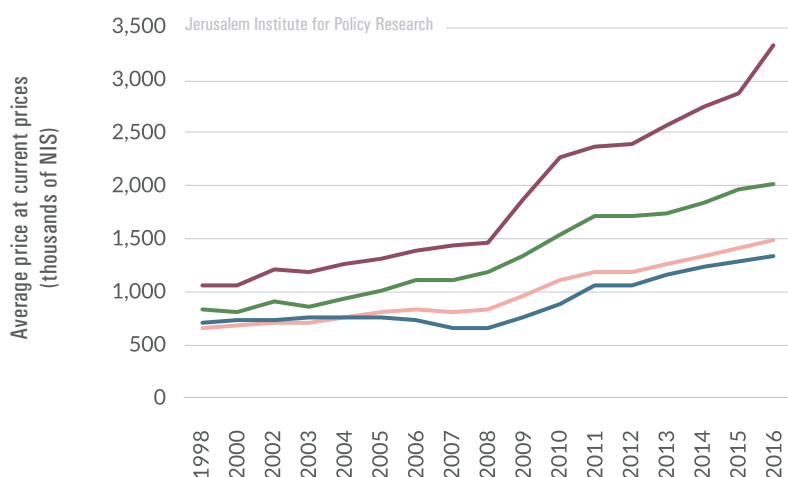
The average price in 2016 for a 3.5-4 room apartment in Jerusalem – NIS 2,017,000 – was higher than the average for Israel (NIS 1,493,700) and for Haifa (NIS 1,348,200) but significantly lower than the average price in Tel Aviv (NIS 3,327,300).

An examination of average apartment prices over the past years indicates an increase. For example, the average price for a 3.5-4 room apartment in Jerusalem rose from NIS 1,723,100 in 2011 to NIS 2,017,000 in 2016 – a 17% increase. Israel recorded a price increase of 26%, while in Tel Aviv prices rose by 40% and in Haifa by 26%.

The increase of the average price of an apartment in Jerusalem varies by apartment size. The smaller the apartment, the steeper the price increase. This phenomenon is not unique to Jerusalem; it is characteristic of Israel and the other major cities as well. During the years 2011-2016, for example, the price of 1.5-2 room apartments in Jerusalem rose by 33%, compared with a 21% increase in the price of 2.5-3 room apartments and 17% for 3.5-4 room apartments.

Average Price of Privately Owned 3.5-4 Room Apartments in Israel, Jerusalem, Tel Aviv, and Haifa, 1998-2016

■ Tel Aviv ■ Jerusalem ■ Israel ■ Haifa



In 2016 the average rent for a 3.5-4 room apartment in Jerusalem – NIS 4,700 – was higher than the average for Israel (NIS 4,100) and Haifa (NIS 3,100) but significantly lower than the price in Tel Aviv (NIS 6,500). Comparable differences in rent can be seen among apartments within other size categories as well.

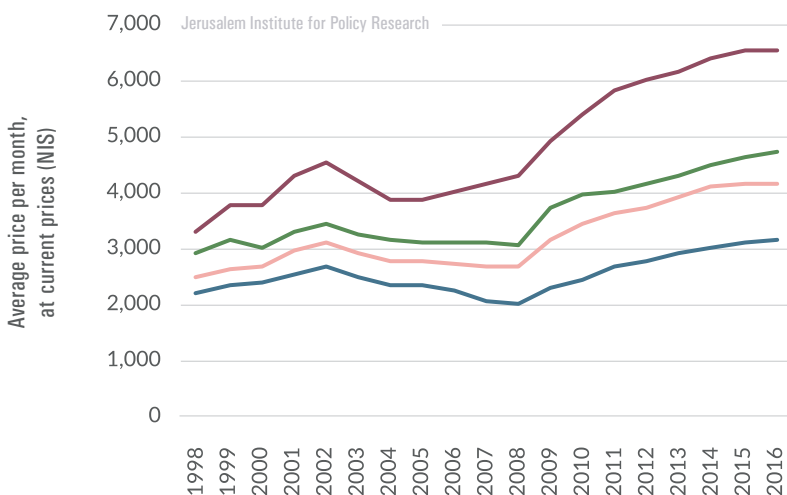
Rental prices have also risen in recent years. For example, the average rent for a 3.5-4 room apartment in Jerusalem rose from NIS 4,000 in 2011 to NIS 4,700 in 2016 – an 18% increase. The increase

in Haifa was comparable to that in Jerusalem (17%), while the rates for Tel Aviv and Israel were slightly lower – at 15% and 12%, respectively.

A comparison between the average rental increase for a 3.5-4 room apartment in Jerusalem and the average price increase for apartments of the same size indicates that the average increase in rental costs (18%) and in apartment prices (18%) were the same.

Average Monthly Rental Prices for 3.5-4 Room Apartments in Israel, Jerusalem, Tel Aviv, and Haifa, 1998-2015

■ Tel Aviv ■ Jerusalem ■ Israel ■ Haifa



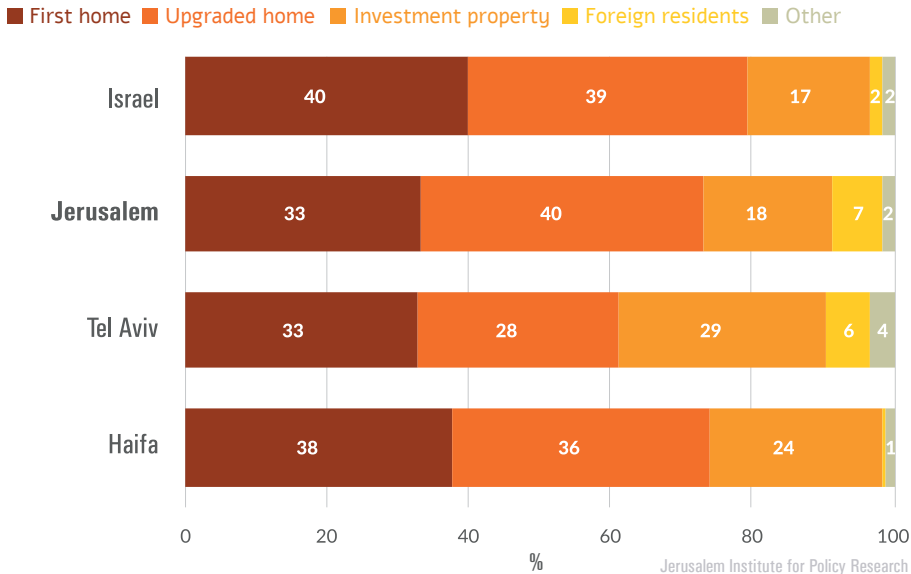
Profile of homebuyers

Among those who purchased apartments in Jerusalem in 2016, 33% were first-time homebuyers. This is identical to the figure for Tel Aviv and lower than the figures for Israel (40%) and Haifa (38%). Among buyers in Jerusalem, 40% improved their housing situation³⁰ – comparable to the figure for Israel (39%) and higher than the figure for Haifa (36%) or Tel Aviv (28%). Those purchasing an apartment as an investment³¹ constituted 18% of buyers in Jerusalem, comparable to the figure for Israel (17%) and lower than the figures for Tel Aviv (29%) and Haifa (24%). Foreign residents³² constituted 7% of apartment purchasers in Jerusalem. In Tel Aviv 6% of apartment purchasers were foreign

residents, and in Netanya foreign purchasers accounted for 7%.

Foreign residents demonstrated a preference for Jerusalem: in 2016 about a quarter (24%) of foreign residents who purchased an apartment in Israel chose Jerusalem, while 17% chose Tel Aviv. Apartments purchased by foreign residents in these two cities accounted for about 40% of all apartments bought in Israel by foreign residents. Netanya is also a popular option among foreign residents seeking an apartment in Israel, 13% of whom purchased apartments in this city.

Home Buyer Characteristics in Israel, Jerusalem, Tel Aviv, and Haifa, 2016



30 These include purchasers of a single apartment, which is not their first apartment, who sold their previous apartment or declared that they would sell it within two years.
 31 Purchasers of an apartment who already own at least one additional apartment.
 32 Foreign residents who purchased an apartment in Israel for the purpose of either residence or investment.

Construction starts

In 2016 construction was started on 2,100 apartments, the lowest number in the past five years. The peak year for housing construction starts in Jerusalem during the past decade was 2013, at 3,500. During 2014–2015 the trend declined, with 3,100–3,200 construction starts per year. Presumably, as land reserves diminish and construction in Jerusalem becomes increasingly based on urban renewal, the number of housing construction starts per year can be expected to decline as well.

The neighborhoods with the highest numbers of housing starts in 2016 were the City Center (170 apartments – accounting for 8% of the total), Nayot and Mishkenot HaUma (159 – 8%), North Beit Hanina (158 – 8%), Sur Baher (100 – 5%), and Romema (86 – 4%).

Most of the housing construction starts consist of large apartments; small apartments are a rare commodity. In 2016 only 8% of housing construction starts in Jerusalem comprised 1–2 rooms. In Israel and Haifa, 1%–2% of the apartments were of this size, and in

Tel Aviv – 13%, the largest proportion of apartments in this category among the cities. The proportion of 3-room apartments is also relatively small: 8% in Jerusalem (4%–7% in Israel and Haifa). Tel Aviv has a relatively high proportion of 3-room apartments, which constituted 42% of the housing construction starts this year. Jerusalem had a notably sizable proportion of large apartments: 42% of housing starts comprised 4-room apartments and 41% were apartments of 5 or more rooms.

Housing Starts in Israel, Jerusalem, Tel Aviv, and Haifa, by Number of Rooms, 2016

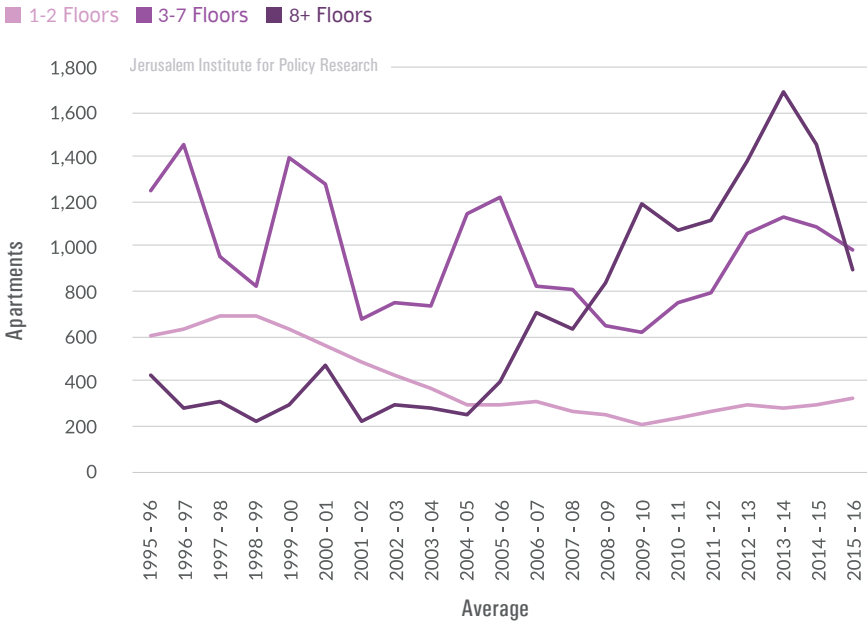
	Total number of apartments	Total	1-2 rooms	3 rooms	4 rooms	5 or more rooms
		Percent				
Israel	52,400	100	2	7	42	49
Jerusalem	2,050	100	8	8	42	41
Tel Aviv	2,530	100	13	42	23	22
Haifa	920	100	1	4	57	38

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For many years Jerusalem maintained a policy of refraining from construction in valleys and from construction of tall buildings. In recent years, however, the lack of available space for construction, reluctance to build in open spaces close to the city, and changing perspectives on planning have led to an increase in the number of approvals for construction of tall buildings.

In 2016, 38% of the apartments under construction in Jerusalem were located in buildings with 8 or more stories. This is lower than the figures for Israel (47%), Tel Aviv (65%), and Haifa (42%). The relatively low figure for Jerusalem results from the desire to preserve historical contours and to retain the panorama visible from the Old City and its surroundings, among other factors.

Housing Construction Starts in Jerusalem, by Number of Floors per Building, 1995 – 2016



The total area covered by construction starts for all purposes in Jerusalem in 2016 was 595,600 m², constituting 5% of the total area of construction starts in Israel. This was higher than the total for Tel Aviv (531,100 m² – 5%) and significantly higher than the total for Haifa (164,500 m² – 1%).

In 2016, 69% of the area covered by construction starts in Jerusalem was for residential purposes. The figure for Israel was higher, at 81%. In Tel Aviv 61% of the area covered by construction starts was for residential purposes, and in Haifa 93%. Other salient purposes in Jerusalem included transportation and telecommunications (10%) and education (7%). In Tel Aviv, the main purposes aside from housing were commerce (16%), and accommodation services (15%).

Construction completions

The year 2016 set the record for construction completions in the past decade. During this year construction was completed on 3,100 residential apartments. During the two preceding years, construction was completed on 2,500–2,700 apartments.

The neighborhoods in which the most construction was completed in 2016 were Bak'a, Abu-Tor and Yemin Moshe (354 apartments – 11% of the total), Romema (252 – 8%), Geula and Mea She'arim (181 – 6%), Neve Ya'akov (166 – 5%), and North Beit Hanina (163 – 5%).

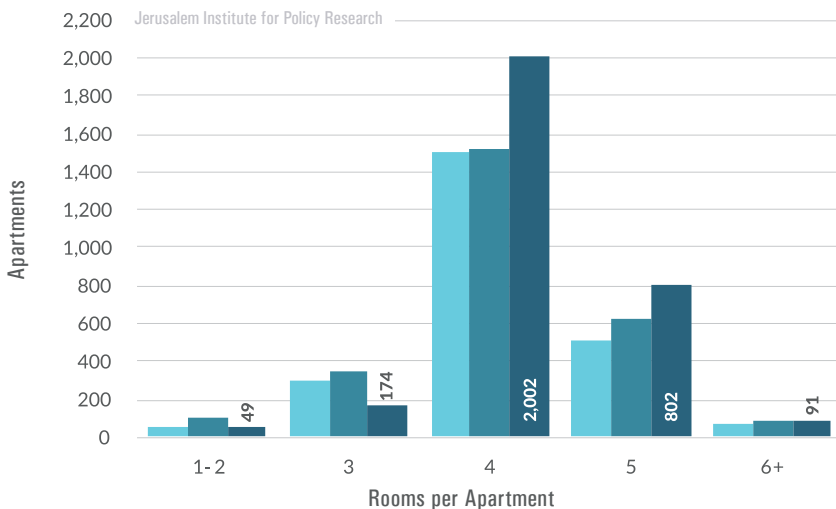
Jerusalem had a sizable majority of large apartments among completed apartments: about two-thirds (64%) of the construction completions in Jerusalem in 2016 comprised 4 rooms, and 29% comprised 5 or more rooms.

The percentage of small apartments was extremely low: 2% of the completed apartments had 1–2 rooms, and 5% had 3 rooms.

The proportion of large apartments in Israel overall is notable: 52% of housing completions comprised 5 or more rooms, and 42% comprised 4 rooms. In Tel Aviv, in contrast, the proportion of small apartments, relative to other cities, is notable: 12% of completed apartments had 1–2 rooms, and 16% comprised 3 rooms.

Housing Completions in Israel, Jerusalem, Tel Aviv, and Haifa, by Number of Rooms, 2014–2016

■ 2014 ■ 2015 ■ 2016



Housing Completions in Israel, Jerusalem, Tel Aviv, and Haifa, by Number of Rooms, 2016

	Total number of apartments	Total	1-2 rooms	3 rooms	4 rooms	5 or more rooms
		Percent				
Israel	45,460	100	1	5	42	52
Jerusalem	3,120	100	2	5	64	29
Tel Aviv	2,410	100	12	16	41	31
Haifa	540	100	-	5	60	34

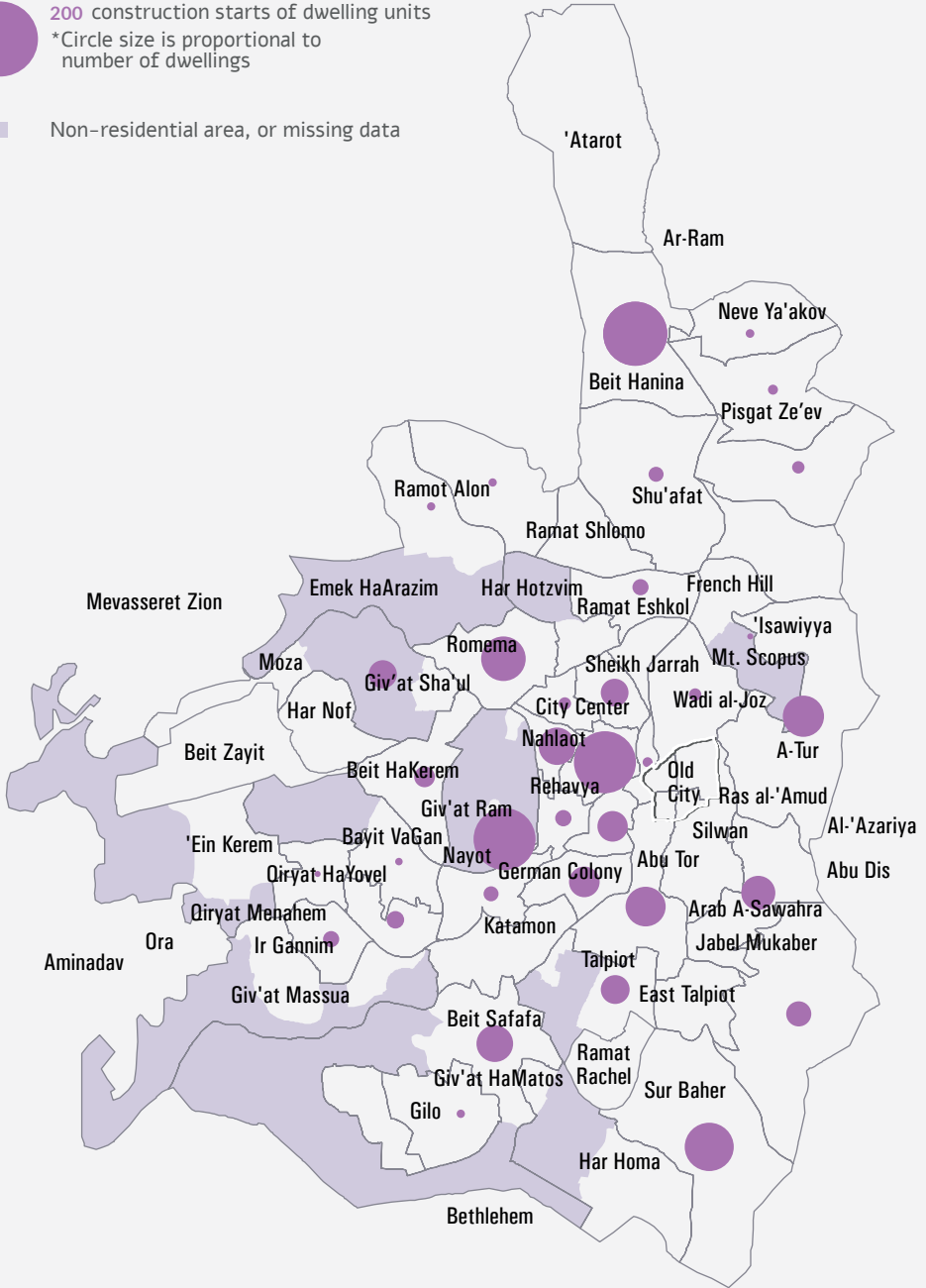
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The total area covered by construction completions for all purposes in Jerusalem in 2016 was 780,700 m², accounting for 7% of the area covered by all construction completions in Israel. This was higher than the figures for Tel Aviv – 491,500 m², accounting for 5% – and for Haifa – 82,300 m², the equivalent of less than 1%.

In 2016, 86% of the area covered by construction completions in Jerusalem was for residential purposes, compared with 79% in Israel and 83% in Tel Aviv. Other salient construction purposes in Jerusalem were, in descending order, education (4%), healthcare (3%), and commerce (3%). In Tel Aviv the main purposes aside from residential were office space (12%), and education and commerce (2% each).

Construction Starts in Jerusalem, 2016

- 200 construction starts of dwelling units
*Circle size is proportional to number of dwellings
- Non-residential area, or missing data



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Construction Completions in Jerusalem, 2016

- 200 dwelling units whose construction was completed
*Circle size is proportional to number of dwellings
- Non-residential area, or missing data

