



Construction & housing conditions in Israel 1985-2010



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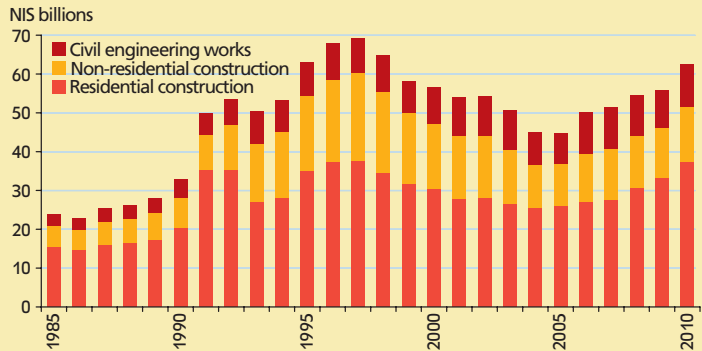
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December 2011

Investments

- Activities in the Construction industry include three components: residential construction (the main component); non-residential construction (e.g., public buildings, buildings for manufacturing, and buildings for business services); and civil engineering works (construction of roads and bridges, and installation of water, sewage, and canalization pipes). Investments in the construction industry are made partially by the government sector, and partially by the private sector.
- Following the major wave of immigration to Israel in the early 1990s (about 376,000 immigrants arrived in 1990-1991), investments in the Construction industry increased. In 1989, prior to this wave of immigration, investments in the Construction industry amounted to NIS 28 billion. Afterwards, investments in Construction increased gradually each year, reaching a peak of NIS 69 billion in 1997. After 1997, investments in Construction declined for several years, and then increased again. By 2010, investments in Construction amounted to NIS 63 billion - 168% more than in 1985, and 10% less than in 1997. (All of the amounts presented here are in 2005 prices.)

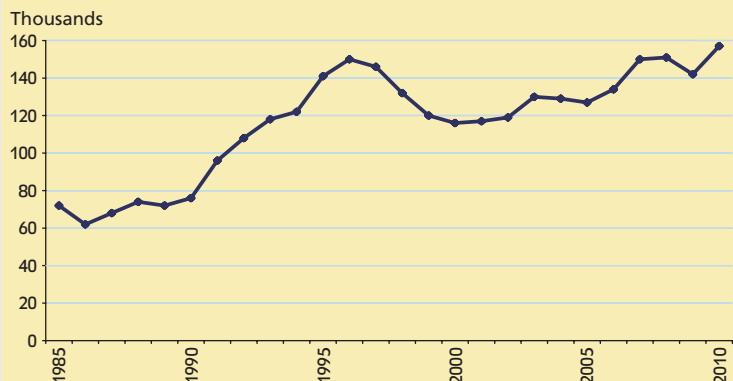
1 Investments in the construction industry, by purpose, NIS billions (at 2005 prices), 1985-2010



- Since 2000, the share of the Construction industry in the GDP has been decreasing - from 7% in 2000 to 5.6% in 2005, and 5.1% in 2010.
- In 2010, 60% of the investments in the Construction industry were for residential construction, 23% were for non-residential construction, and 17% were for civil engineering works. The share of investments in residential construction out of all investments in the Construction industry reached a peak in 1991 (71%). Afterwards, the share of investments in residential construction declined gradually, reaching a low point of 52% in 2001-2003. Since then, there has been an increase in the share of investments in residential construction.
- In 2010, 157,400 Israelis and 26,000 foreign workers (16,300 from the Palestinian Authority, and 9,700 from abroad) were employed in the Construction industry.

Employed persons

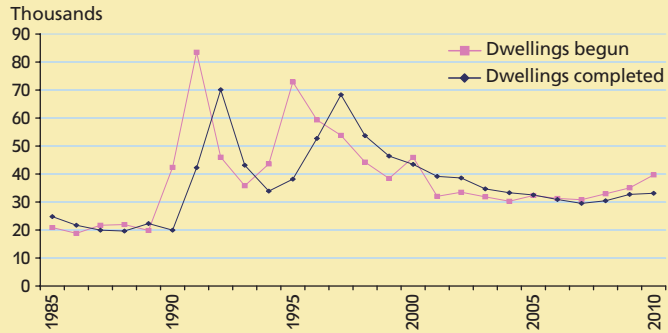
2 Israelis employed in the Construction industry, thousands, 1985-2010



Residential construction

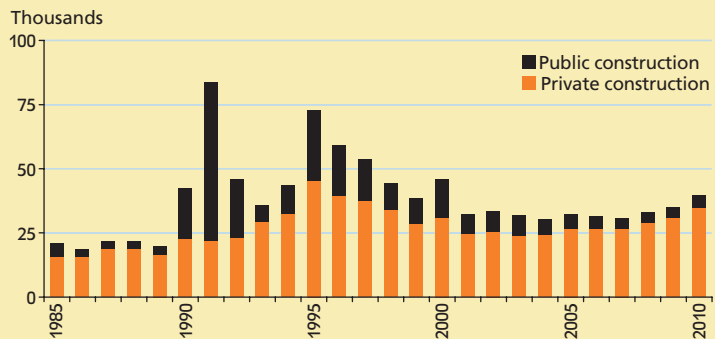
- After 1995, when construction began on 72,000 dwellings, the number of dwellings begun diminished consistently, reaching about 30,000 in 2004-2007. Since 2007, the number of dwellings begun has been rising, and in 2010 it reached 40,000.

3 Dwellings begun and dwellings completed, thousands, 1985-2010



- The rate of dwellings completed in 2010 was 4.3 per 1,000 residents. Between 1985 and 1989, the rate was 5 per 1,000 residents, and the average annual rate in the 1990s was 8.5 per 1,000 residents. In the peak year, 1992, the rate was 13.7.
 - The rate of dwellings completed in Israel in 2009 (4.4 per 1,000 residents) was higher than in Sweden (2.6), Denmark, (2.9), Hungary (3.2), Finland (4.1), and Poland (4.2); it was similar to the rate in Belgium (4.5), and lower than in the Netherlands (5).
- Source: UN Economic Commission for Europe.
- In 2010, 22,000 new dwellings were sold (in 2009 - 20,000 and in 2008 17,000).
 - In periods when there were a large number of new immigrants and the Construction industry had to respond to the high demand for housing within a short time, the share of public construction increased. In the late 1980s, when there was a slump in the Construction industry, the share of public construction was low (15% of all dwellings begun). In the 1990s, the share of public construction rose to an annual average of 36% (in the peak year, 1991, the share was as high as 74%). In the 2000s, the share of public construction declined to an average of 20% per year, and in 2010 the share was 12%.

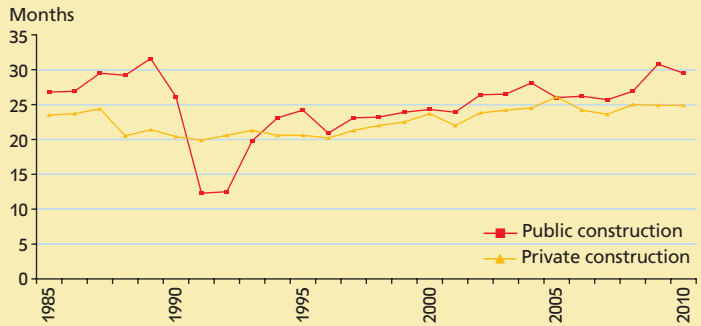
4 Dwellings begun, by construction initiator, thousands, 1985-2010



Residential construction (cont'd)

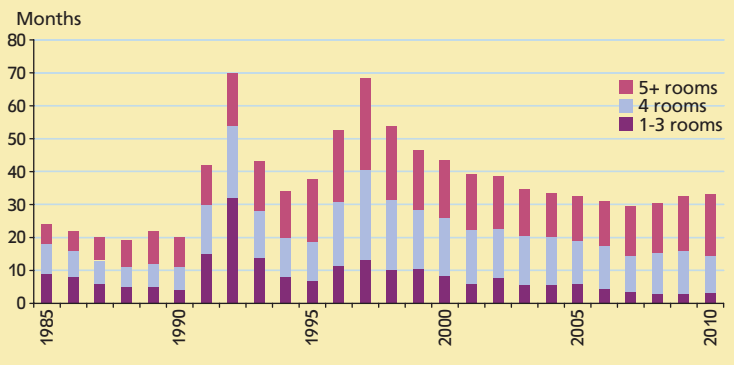
- The average duration of construction for dwellings that were completed in 2010 was 26 months - 25 months for private construction, and 30 months for public construction.
- During the peak period of construction at the beginning of the 1990s, when a large wave of immigrants arrived in Israel from the Former Soviet Union, the duration of construction for dwellings under public construction was significantly shortened - from 32 months in 1989, to 12 months in 1991 and 1992.

5 Months of construction for dwellings completed, by construction initiator and date of completing construction, 1985-2010



- In 2010, large dwellings (five rooms or more) comprised over half of all dwellings that were completed; four-room dwellings comprised 34%, and small dwellings (1-3 rooms) comprised 9%.
- With the steep rise in the scope of construction at the beginning of the 1990s, the number of small dwellings (with 1-3 rooms) increased by a factor of 8 (from about 4,000 in 1990 to about 32,000 in 1992). As a result, the share of small dwellings out of all dwellings that were completed during that period increased from 20% to 46% in 1990 and 1992, respectively. In recent years, the share of small dwellings has decreased gradually.

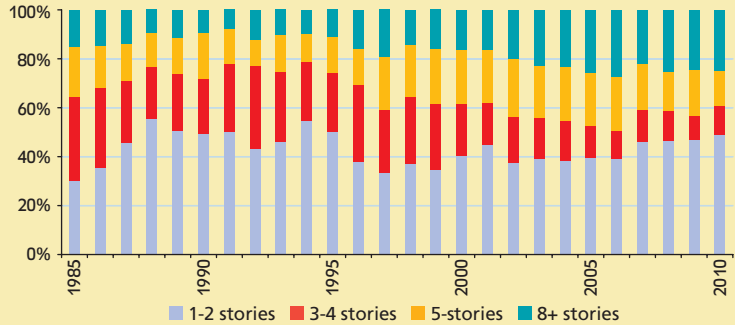
6 Dwellings completed, by number of rooms in the dwelling, thousands, 1985-2010



Residential construction (cont'd)

- The share of dwellings completed in buildings with eight stories or more increased from 15% in 1985 to 25% in 2010.

7 Dwellings completed, by number of stories in the building, percentages, 1985-2010



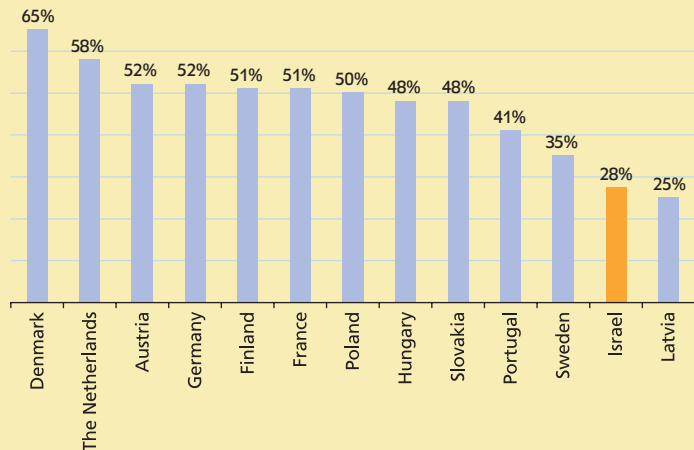
- The share of single dwellings (dwellings in single-family houses) out of all dwellings completed increased from 23% in 1996 to 29% in 2010.

8 Dwellings completed, by number of dwellings in the building - percentages, 1996, 2000, and 2010

Year	Total	Number of dwellings in the building			
		1	2-9	10-29	30+
1996	100	23	22	23	32
2000	100	24	24	24	28
2010	100	29	25	19	27

- The percentage of single dwellings was lower in Israel than in many European countries. In 2009, single dwellings comprised 28% of all dwellings completed, whereas the average in European countries shown in Diagram 9 was 48%.

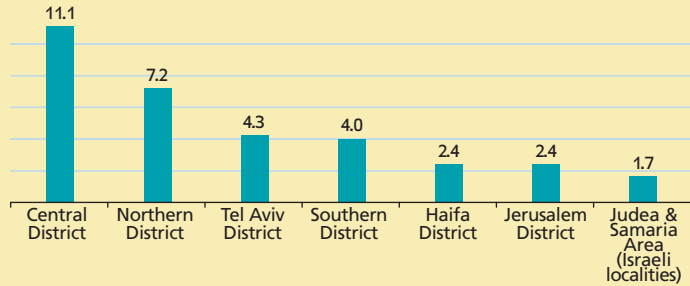
9 Percentage of single dwellings out of all dwellings completed, by selected countries, 2009



Residential construction, by district

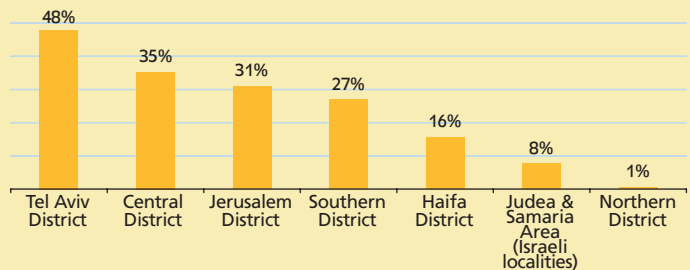
- Over half of all dwellings completed in 2010 were in the Central District and in the Northern District (34% and 22%, respectively).
- The number of dwellings completed in 2010 was 13% lower than the number of dwellings completed in 1995 (a year in which there was intensive construction in order to absorb the influx of immigrants). In the Haifa District, the number of dwellings completed diminished by 37%; in the Jerusalem, Central, and Southern districts there was a decline in the number of dwellings completed, which ranged from 20% to 24%. In the rest of the districts, there was an increase in the number of dwellings completed in 2010.

10 Dwellings completed, by district, thousands ,2010



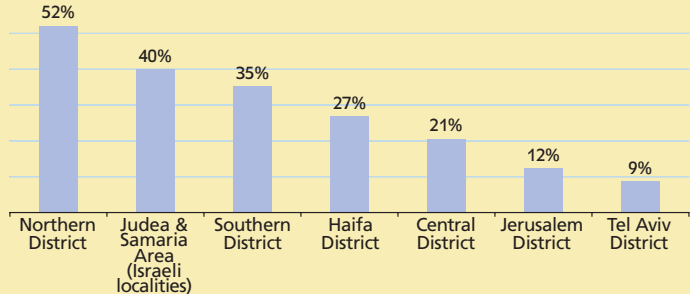
- The share of public construction of all dwellings completed in 2010 was 15%. In the Tel Aviv District, all construction was private; in the rest of the districts, the share of public construction ranged from 4% in the Haifa District to 29% in Israeli localities in the Judea and Samaria Area.
- The proportion of dwellings that were completed in buildings with eight stories or more out of all dwellings completed in 2010 ranged from (1%) in the Northern District to 48% in the Tel Aviv District.

11 Percentage of dwellings in buildings with 8 stories or more out of all dwellings completed, by district, 2010



- The percentage of single dwellings in the Northern District was largest (52%), and the percentage of those dwellings in the Tel Aviv District was smallest (9%).

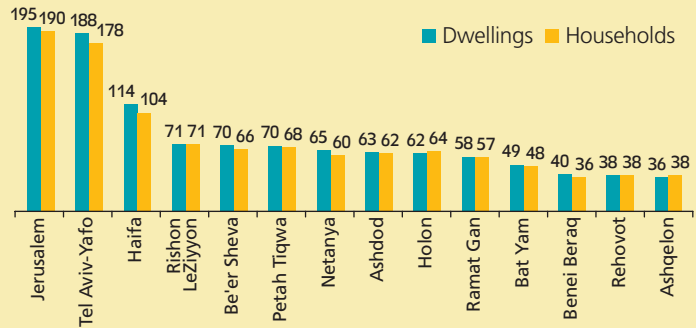
12 Percentage of single dwellings out of all dwellings completed, by district 2010



Residential construction in selected localities

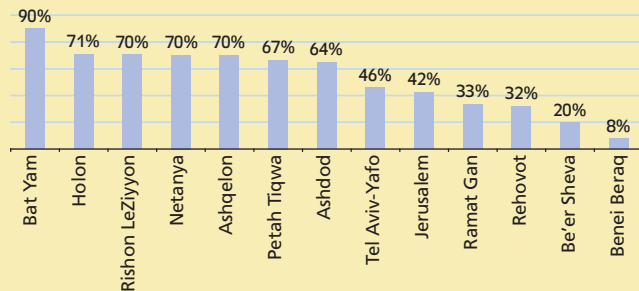
- Except for Ashqelon and Holon, the stock of dwellings in the large cities (with 100,000 residents and more) in 2010 was greater than or equal to the number of households. In Tel Aviv-Yafo and in Haifa, the number of dwellings exceeded the number of households by 10,000, and in Jerusalem and Netanya - by 5,000.

13 Number of residential dwellings (stock) and number of households in the large cities, thousands, 2010



- The rates of growth in the stock of residential dwellings between 2000 and 2010 were: Bat Yam - 3%, Haifa - 7%, Ramat Gan - 8%, Holon - 9%, Tel Aviv Yafo - 12%, Benei Beraq - 13%, Jerusalem - 14%, Rehovot - 15%, Be'er Sheva - 17%, Netanya - 18%, Ashqelon - 20%, Petah Tiqwa - 21%, and Ashdod 22%.
- The largest number of dwellings completed in 2010 was in Jerusalem (1,814 dwellings), followed by Netanya (1,533 dwellings).
- In 11 of the 14 large cities (excluding Bene Beraq, Bat Yam, and Holon), over 500 dwellings were completed in 2010.
- In Ashdod, Ashqelon, and Be'er Sheva the number of dwellings completed was lower than in 2000 (a decline of 67%, 67%, and 60%, respectively).

14 The percentage of dwellings completed in buildings with more than 8 stories in selected cities, 2010

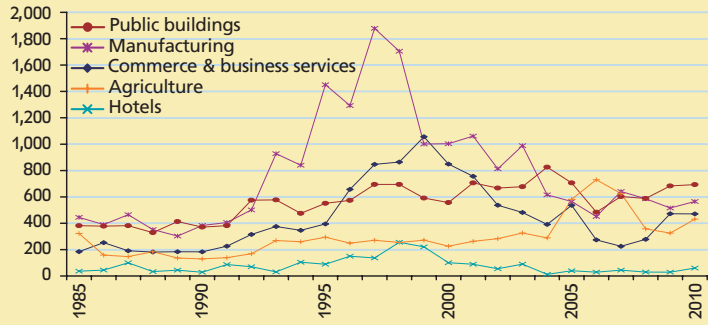


- The percentage of dwellings completed with four rooms or more was lowest in Tel Aviv Yafo (51%). In most of the large cities, the percentage was over 80%.

Non-residential construction and civil engineering works

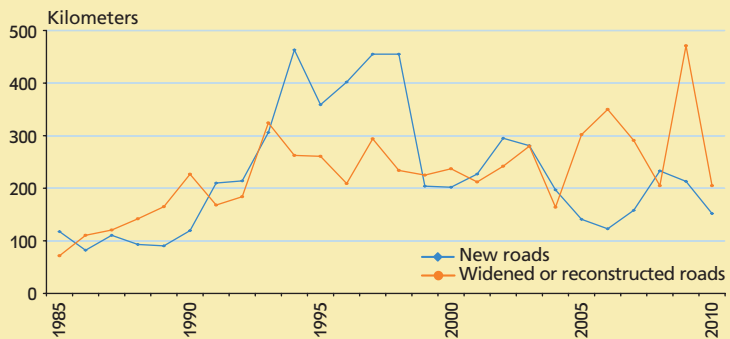
- In 2010, non-residential construction was completed in an area of 2.2 million square meters: 31% of this area was designated for public buildings; 25% for manufacturing, 21% for commercial buildings and business services; 19% for agriculture, and 3% for hotels.
- 1997 was a peak year for non-residential construction, which was completed in an area of 3.8 million square meters.

15 Area of non-residential construction completed, by purpose, thousands of square meters, 1985-2010



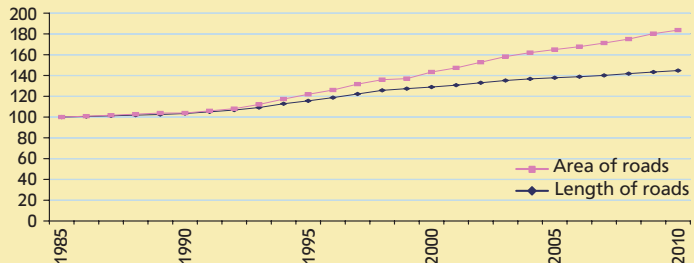
- In 2010, 152 kilometers of new roads were constructed, and 205 kilometers of existing roads were widened or reconstructed.

16 Road construction completed, kilometers, 1985-2010



- At the end of 2010, the total length of roads constructed in Israel was 18,470 km. (compared with 12,760 km. at the end of 1985), and their total area was 155,263 thousand sq. m. (compared with 84,530 in 1985). Between 1985 and 2010, the length of roads in Israel increased by 45%, and the area of roads increased by 84%.

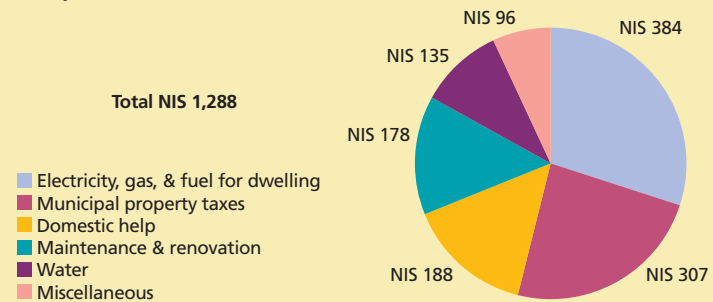
17 Length and area of roads, indices of change, 1985-2010
1985=100



Housing expenditure & dwelling ownership¹

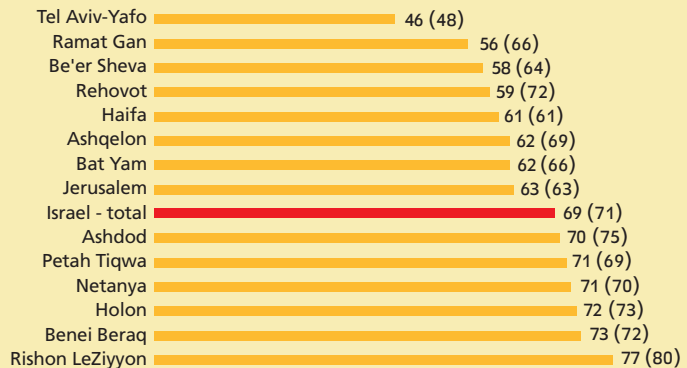
- In 2010, the average monthly consumption expenditure of households in Israel was NIS 13,496. Of that amount, 25% (NIS 3,380) was for housing (the largest component of expenditure). Maintenance expenditure comprised 9.6% of the average monthly household consumption expenditure (NIS 1,289).
- Of the total housing expenditure, NIS 2,282 was for rent in rented dwellings, and NIS 1,098 was for consumption of housing services in owned dwellings, i.e., for rent that would have been paid if the owners had been renting a similar dwelling.
- Between 2000 and 2010, the expenditure for housing increased by 27%. This was the highest increase of all consumption items. By comparison, health expenditure increased by 23%, transport and communications expenditure increased by 16%, and dwelling and household maintenance expenditure increased by 13%.
- The share of housing expenditure out of the total consumption expenditure increased from 22% in 2000 to 25% in 2010.
- The share of rental fees out of the total monthly housing expenditure increased from 17.5% in 2000 to 18.6% in 2010.
- The share of dwelling and household maintenance expenditure remained unchanged.
- The largest component of the monthly dwelling and household maintenance expenditure was electricity, gas, and fuel for the home, which amounted to NIS 384 (30%).

18 Components of monthly dwelling and household maintenance expenditure, NIS, 2010



- In 2010, 69% of all households in Israel lived in owned dwellings, 26% lived in rental dwellings, and the rest lived in key money dwellings or in free housing. In 2000, the percentage of households that lived in owned dwellings was 71%.

19 Percent dwellings owned by households in localities with more than 100,000 inhabitants, 2000*, 2010

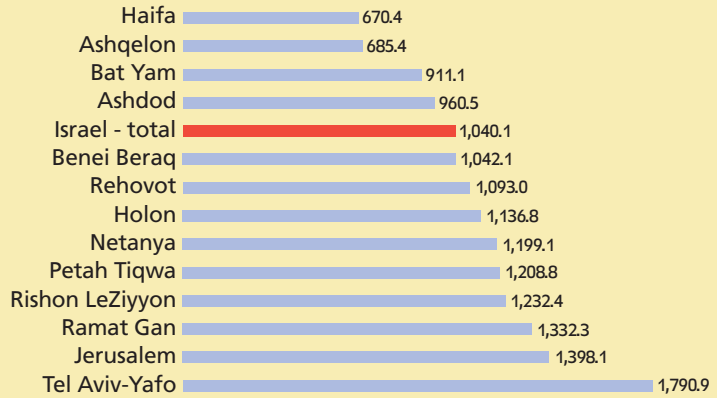


*In parenthesis - 2000

¹Source: Household expenditure survey

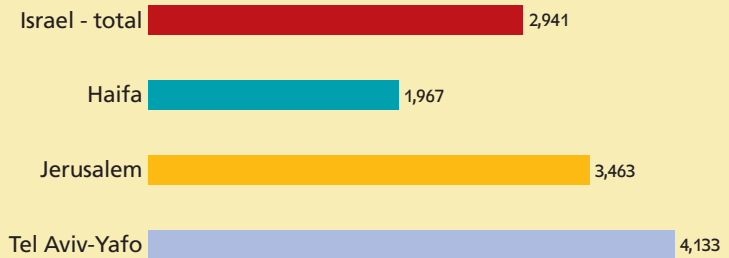
Prices of dwellings & monthly rent

20 Prices of dwellings (with 1.5 to 5 rooms) in localities with more than 100,000 inhabitants, NIS thousand, 2010



Source: Taxes Authority. Processing by CBS.

21 Monthly rent (in dwellings with 1.5 to 5 rooms) in the three largest cities, NIS, 2010



22 Indices of prices of dwellings and of monthly rent, 2010-2000
December 1999 = 100

