

State of Israel

Media Release

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Projections of Israel Population until 2065

- At the end of 2015, the population of Israel¹ was 8.5 million residents. The population is expected to reach 10 million residents by the end of 2024, 15 million residents by the end of 2048, and by the end of the projection period, 2065, it is expected to reach 20 million residents.
- There are no significant changes expected in the composition of the general population regarding the division between Jews and Others² and Arabs. The share of the Jews and Others population in 25 years (2040) is expected to remain similar to its share in 2015 (79%), as well as the share of the Arab population (21%). In 50 years (2065), the share of the Jews and Others population is expected to rise to 81%, while the share of the Arab population is expected to fall to 19%.
- The proportion of the ultra-Orthodox population is expected to rise from 11% of the total population in Israel in 2015 to 20% in 2040 and 32% in 2065. Among the group of Jews and Others, the ultra-Orthodox population is expected to rise from 14% in 2015 to 24% 2040 and 40% in 2065.

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¹ The population estimates include only the population recorded in the population registry.

Residents who are not registered in the population registry are not included in the estimate even if they have been in Israel more than a year. Population estimates do not include the population of foreign workers residing in Israel. This population was estimated at about 183,000 persons at the end of 2015, and some of them resided in Israel more than a year.

² Jews and Others include Jews, non-Arab Christians and those persons not classified by religion in the Ministry of Interior.

- The composition of the population of children aged 0-14 is expected to change: In 2015, the share of Jews and Others in the population of children aged 0-14 was 75%, of which 19% were ultra-Orthodox. In 50 years, the proportion of Jews and Others will increase to 84% of the children's population, of which 49% will be ultra-Orthodox. The share of the Arab children who were 25% of those aged 0-14 in 2015 will fall to 15% in 50 years.
- The composition of the working-age population (25-64) is also expected to change: In 2015, the share of Jews and Others in the working-age population was 81.2%, of which 7.5% were ultra-Orthodox. At the end of the projection period, a sharp rise is expected in the share of the ultra-Orthodox within the working-age population, reaching 26.0%. The proportion of Arabs of working age is expected to rise from 18.8% to 21.8%
- The process of aging in Israel continues. In 2015, 11.1% of the population were aged 65 and over (939,000 people). In 2040, the proportion of those aged 65 and over is expected to rise to 14.3% (1.9 million people) and in 2065 to 15.3% (3 million people).
- The aging process intensifies at the very mature ages. The share of those aged 85 and over out of the population of those aged 65 and over is expected to increase from 13% in 2015 to 18% in 2040 and 24% in 2065.
- The share of persons aged 85 and over in the total population is expected to increase from 1.4% in 2015 to 2.5% in 2040 and 3.6% in 2065.

The following are the main findings of the population projection conducted by the Central Bureau of Statistics on the basis of population estimates for the end of 2015. This projection replaces the previous projection based on the population at the end of 2010. The previous projection was for 25 years (2010-2035) in age groups of 5 years and in periods of 5 years, with details for the following population groups: Jews and Others, Jews, Moslems, Arab Christians, and Druze.

In light of user demand, the projection range was extended to 50 years. The projection was conducted according for each year of age and for a single year, and the population groups determined for the projection were changed to the following groups: Jews and Others (excluding ultra-Orthodox), the ultra-Orthodox, and Arabs. The ultra-Orthodox population has no official definition. The basis for estimating the ultra-Orthodox population was self-determination, as investigated in the Social Survey conducted by the Central Bureau of Statistics from 2002-2014, with additional information from the Population Registry. The estimate does not take into

consideration possible transitions between the ultra-Orthodox population and the rest of the Jewish population. For these reasons, this estimate may be inaccurate.

The population projection presented here does not presume to predict the future. Its main goal is to provide a general framework for decision makers in Israel for planning purposes, for example:

- The National Economic Council relies on the projection for the purpose of calculating regional population projections, which are the basis for regional planning by government bodies, in accordance with Government Resolution 2457 (DR/131) of March 2017.
- The National Insurance Institute uses the long-term population projection of Israel to determine future demographic assumptions used to prepare the full actuarial report, the balance sheet and the financial report of the NII.
- The Bank of Israel's Research Department uses the population projection to formulate policy recommendations and analyses that depend on Israel's future demographic situation, and in particular the project for forecasting Israel's long-term economic growth and long-term analyses of policy measures in the areas of budget, welfare, economy, electricity and infrastructure.

The results of the projection are based on possible scenarios for future changes in the population starting in 2015. These scenarios were built on the basis of past trends by using statistical models, consultations with experts in the field and with the guidance of an advisory committee established specifically for this purpose by the Public Council for Statistics. In this Media Release, we focus on presenting the findings according to the medium variant scenario. In this presentation of the findings according to this variant, the results of the high variant and the low variant should also be taken into consideration. They represent the reasonable range of uncertainty about the realization of the medium variant.

It is important to note the correlation between the results of the population projection and planning. On the one hand, the population projection influences planning, on the other hand, planning influences the future and causes a change in the reality as it was measured in the projection. Therefore, the Central Bureau of Statistics updates the projection every five years.

Population Composition

At the end of 2015, the population of Israel numbered 8.5 million residents. The population is expected to reach 10 million residents by the end of 2024, 15 million by the end of 2048, and by the end of the projection period in 2065 it is expected to reach 20 million residents. In comparison, 50 years ago, in 1965, the population of Israel numbered 2.6 million persons. Since 1965, the population has tripled. In the next 50 years, by 2065, the population is expected to double. Table 1 presents the projection results according to the three variants.

| Table 1. Population of Israel by Population Groups, Projection Variants 25 and 50 Years |
|---|
| Later, in Millions |

| Population | End of 2015 | End | of | 2040 | End | of | 2065 |
|-----------------|--------------------|------|--------|------|------|--------|------|
| Group | Population base | High | Medium | Low | High | Medium | Low |
| Total | 8.5 | 14.2 | 13.2 | 12.3 | 24.9 | 20.0 | 15.6 |
| Jews and Others | 6.7 | 11.2 | 10.4 | 9.6 | 20.3 | 16.1 | 12.4 |
| Thereof: Ultra- | | | | | | | |
| Orthodox | 0.9 | 3.0 | 2.6 | 2.3 | 9.1 | 6.4 | 4.2 |
| Arabs | 1.8 | 3.0 | 2.8 | 2.6 | 4.6 | 3.8 | 3.2 |

- At the end of 2015, the Jews and Other population numbered 6.7 million persons. In 25 years, in 2040, this population is expected to number about 10 million persons. In 50 years it is expected to number about 16 million persons.
- In the next 25 years, the share of Jews and Other in the total population is expected to remain stable at around 79%, as in 2015. In 50 years, the share of Jews and Others is expected to increase to 81%.
- The share of the ultra-Orthodox population is expected to rise from 11% of the total population in Israel in 2015 to 20% in 2040 and 32% in 2065. Among the population of Jews and Others, the ultra-Orthodox population is expected to rise from 14% in 2015 to 24% in 2040 and 40% in 2065.
- At the end of 2015, the Arab population numbered 1.8 million persons. In 2022, the total population is expected to be about 2 million persons. In 30 years, in 2045, the Arab

population is expected to number 3 million persons, and towards the end of the forecast period, in 2065, the Arab population is expected to number 3.8 million persons.

 In the next 25 years, the share of the Arab population in the total population is expected to be stable at around 21% as it was in 2015. In 50 years, the share of the Arab population is expected to fall to 19%.

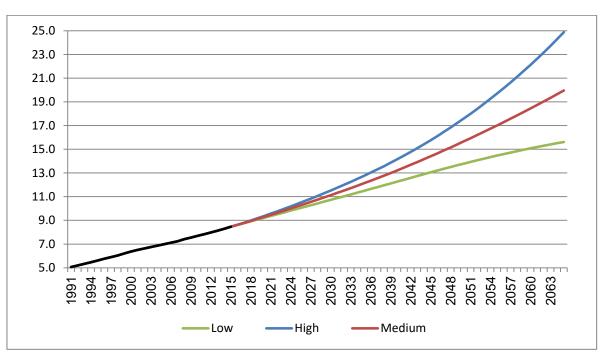


Diagram 1 - Total Population of Israel, 1991-2065, According to Three Variants, in Millions

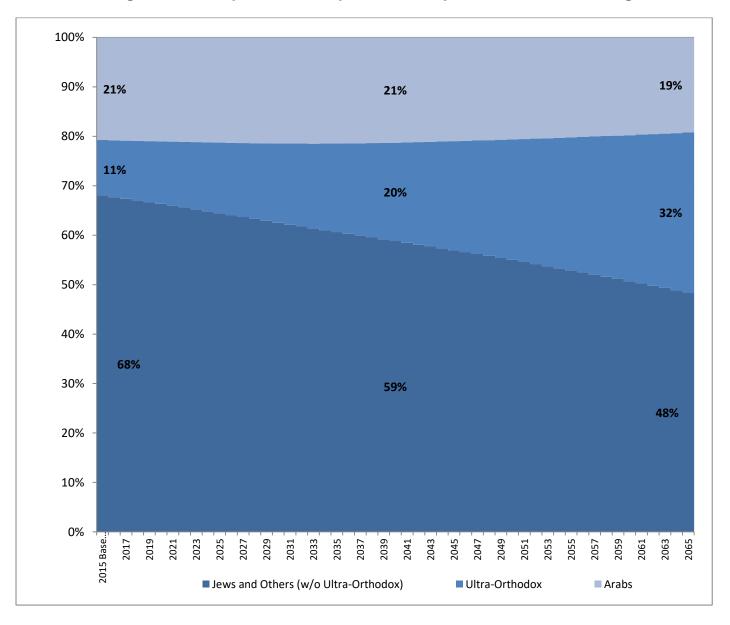


Diagram 2 – Composition of Population Groups, 2015-2065, Percentages

Age Composition of Population

Children aged 0-14

- At the end of 2015, the number of children up to age 14 was 2.4 million, which constituted 28% of the total population of Israel. They are expected to number 3.7 million children by the end of 2040 and 5.5 million by the end of 2065. Their relative share of the population is expected to be around 28% throughout the projection period.
- Despite the stability in the share of children aged 0-14 in the total population, there are expected to be changes in the composition of the population at that age. At the end of 2015, 75% of the children were Jews and Others (56% Jews and Others excluding the ultra-Orthodox and 19% were ultra-Orthodox) and 25% Arabs. The share of Jews and Others children (excluding ultra-Orthodox) is expected to drop to 35% in 50 years. The share of Arabs in the children's population is also expected to decrease to 15% in 2065. At the same time, the proportion of ultra-Orthodox children in 2065 is expected to increase to 49%.

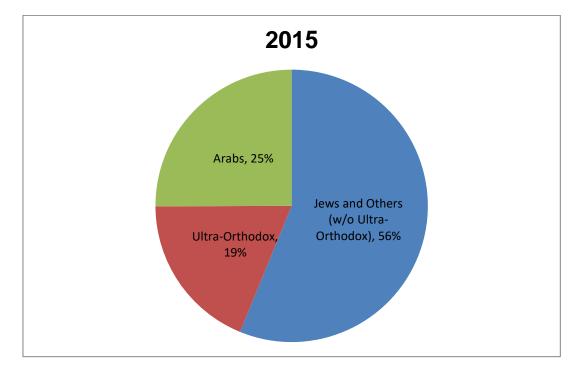
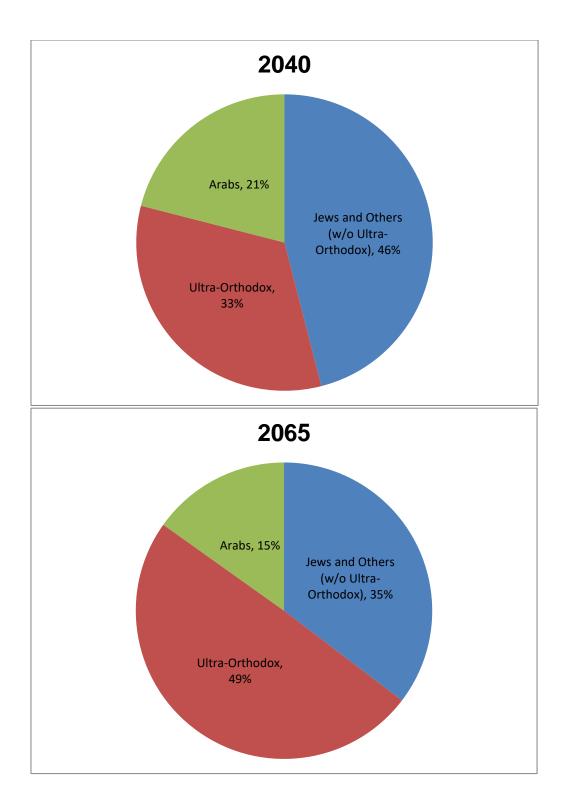


Diagram 3 - Persons Aged 0-14 by Population Group in 2015, 2040 and 2065, Percentages



Persons of the Main Working Ages (25-64)

- At the end of 2015, the number of persons of the main working ages (25-64) was 3.9 million, which constituted about 45% of the total population of Israel. This group is expected to number 5.6 million at the end of 2040, and 8.3 million at the end of 2065. The relative share of the population is expected to change somewhat 42.4% and 41.8% in 2040 and 2065, respectively.
- In 2015, the share of Jews and Others at working age was 81.2% (73.7% Jews and Others excluding the ultra-Orthodox and 7.5% ultra-Orthodox), and the share of Arabs was 18.8%. The share of Jews and Others is expected to fall to 78.2% in 2065, while the share of Arabs is expected to rise to 21.8%. The most notable change is the sharp rise in the share of ultra-Orthodox at working age, which is expected to rise to 26.0% at the end of the projection period.

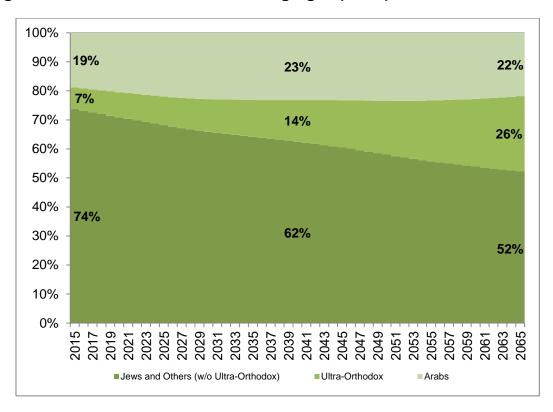


Diagram 4 - Persons of the Main Working Ages (25-64), 2015-2065, Percentages

Aging of the Population – Aged 65 and Over

- At the end of 2015, the population aged 65 and over numbered 939,000 persons (11.1% of the total population). In recent years the process of aging of the Israeli population has accelerated. The population aged 65 and over is expected to number 1.9 million in 2040 (14.3% of the total population) and 3.0 million in 2065 (15.3% of the total population).
- At the end of 2015, 89% of all those aged 65 and over were Jews and Others (excluding ultra-Orthodox), 3% were ultra-Orthodox, and 8% were Arabs. At the end of 2040, the composition of persons aged 65 and over is expected to be: Jews and others (excluding ultra-Orthodox) 79%, ultra-Orthodox 6% and Arabs 15%. At the end of 2065, the composition of this group is expected to be: Jews and Others (excluding ultra-Orthodox) 6%, ultra-Orthodox 11% and Arabs 21%.
- The aging process intensifies at the very mature ages. The share of those aged 85 and over out of the total population of those aged 65 and over is expected to increase from 13% in 2015 to 18% in 2040 and 24% in 2065. The share of persons aged 85 and over in the total population is expected to increase from 1.4% in 2015 to 2.5% in 2040 and 3.6% in 2065.

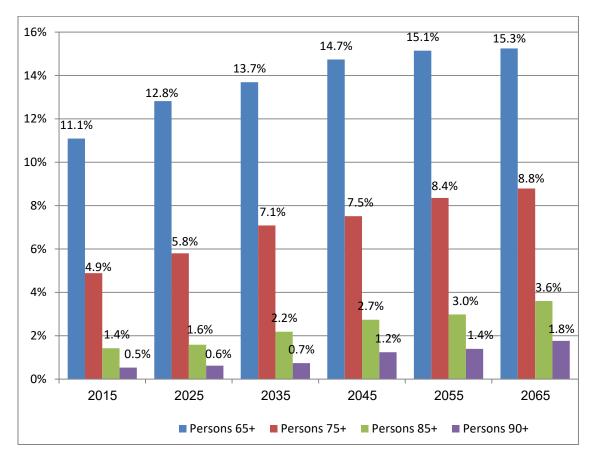


Diagram 5 – Elderly Population by Age at Selected Years, Percentage of Total Population