

## 22. CONSTRUCTION

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The Construction industry includes activities related to construction of buildings (Division 41), civil engineering (Division 42), and specialized construction activities (Division 43), based on the Standard Industrial Classification of All Economic Activities 2011, Technical Publication No. 80, the Central Bureau of Statistics.

## SUMMARY TABLE

(Table 22.1)

Selected data on construction, civil engineering works, and gross fixed capital formation in construction.

## FINANCIAL DATA

(Table 22.2)

### DEFINITIONS AND EXPLANATIONS

**Gross fixed capital formation in construction** The total value of a producer's acquisitions, less disposals, of buildings and other construction works during the accounting period, plus certain specified expenditure on services that adds to the value of non-produced buildings and other construction works.

Investments in buildings and other construction projects are divided into three categories:

1. **Investment in residential construction** - new buildings intended for residential purposes, including large-scale additions and renovations in existing buildings. The investments include the cost of permanent installations (central heating, elevators, air conditioning, etc.).
2. **Investment in non-residential buildings** - buildings for industrial, agricultural, or commercial use, or for use as hotels (factories, warehouses, garages, agricultural structures, offices, stores, hotels, guest houses, restaurants, etc.) and public buildings used for the purposes of education, health, religion, etc.
3. **Investment in civil engineering projects** - infrastructure and engineering work (e.g., construction of roads, ports, canals and water pipes, airports, bridges, sewage systems, mines, enterprises for the production of electricity and water, drainage, and preparation of agricultural land, etc.).

## METHODS OF CALCULATION AND SOURCES OF THE DATA

The estimates for capital formation in construction are based on two main methods:

### **a) Area of construction and average price per sq. m.**

The value of capital formation during a given period is obtained by multiplying the average price per sq. m. of the area of the building under construction during that period, by type of building (e.g., residential, agricultural, industrial, offices, hotels, etc.).

### **b) Financial data on actual expenses.**

Estimates are based on financial data obtained from periodic reports on investments in construction work by companies, establishments and large institutions (including reports of the chief accountant, local authorities, and national institutions).

The revised estimates of fixed capital formation in construction for 2009 were calculated on the basis of updated data on area of construction completed in the economy, and on the basis of construction data in reports of government ministries as well as in reports of private and public companies. The price of construction per square meter in residential buildings under private construction was adjusted to data in the Input-Output tables. The data on investments of local authorities, investments in roads and other construction projects were updated on the basis of new reports.

## SURVEY OF INDUSTRIES - CONSTRUCTION

(Tables 22.3-22.4)

The data are based on the Survey of Industries which is conducted annually for every industry. The Construction Survey is based on a sample which was drawn from the Business Register established by the Central Bureau of Statistics. Table 22.3 includes profit and loss summaries of the companies. Table 22.4 presents a summary of balance sheet data for the Construction industry.

## SOURCES OF THE DATA

- a) Revenue data, based on reports to VAT.
- b) Financial statements for fiscal years and their Appendices. The statements were collected from Tax Authority files in all of the branches throughout the country.
- c) Number of employee jobs - according to the employers' reports to the National Insurance Institute.

The balance sheet data are presented at nominal (reported) values, according to Accounting Regulations No. 12 and 17 of the Israel Accounting Standards Board.

For explanations about the survey population and the sample as well as definitions, see the paragraph "The Survey of Industries", Chapter 18 – Business.

Because implementation of projects in the Construction industry can continue beyond the reported accounting year, output in Construction is calculated according to the rate of project completion.

According to the Accounting Standards (Number 2 and 4), output is defined as income from projects according to the project implementation contract, or as income from construction of buildings for sale. The output derived from projects conducted according to the implementation contract includes income from projects implemented during the year of the report. The output derived from income from construction of buildings is recorded when the rate of project completion is 25% or more, and when the cumulative compensation from sales from the beginning of the project until the end of the period of the report amounts to at least 50% of the total income from the project. This method of recording output, which is based on the Accounting Standards, leads to inconsistency between the VAT reports and financial statements for the year of the report.

Output data obtained in the Survey of Industries are higher than the data of the gross investment in construction, published in the national accounts mainly because of the double revenue that results from sub-contractors who are reported in the survey.

## EMPLOYMENT

(Table 22.5)

### SOURCES OF THE DATA

- a. Employed persons - according to Labour Force Surveys.
- b. Employee jobs of foreign workers - according to employers' reports to the National Insurance Institute.

See explanation on Employed Persons, Employees/Jobs, Employee Jobs in the Introduction to Chapter 12, Labour and Wages.

CONSTRUCTION

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# CONSTRUCTION

(Tables 22.6-22.14)

## DEFINITIONS AND EXPLANATIONS

**Construction area:** The sum of the area of all floors of the building. The area is measured between the outer surfaces of the walls. In multi-dwelling buildings it includes the common spaces.

**Stage of construction:** The main stages of construction are: construction permit, construction begun, active construction, and construction completed.

**Construction completed:** The time that construction of a building is finished, or the time that at least half of the area starts to be used (whichever is earlier).

**Construction begun:** Beginning the digging of the foundations of a building.

**Construction purpose:** The purpose for which a building was constructed: residential, or non-residential - for accommodation, for commerce and business services, for manufacturing and for agriculture, as well as public buildings.

**Residential construction:** Construction of buildings and additions intended for residential use. Includes: construction of hostels, sheltered housing, and boarding schools.

**Non-residential construction:** Construction of buildings and additions intended for accommodation, for commerce and business services, for manufacturing and for agriculture as well as construction of public buildings.

**Construction for tourist accommodation:** Construction of buildings and additions intended for accommodation of tourists from abroad and from Israel. Excluding construction of hostels, sheltered housing and boarding schools (included in "Residential Construction").

**Construction for commerce and business services:** Construction of buildings and additions intended for commercial centers, businesses, personal services, and offices.

**Construction for manufacturing:** Construction of buildings and additions intended for manufacturing and crafts.

**Construction of public buildings:** Construction of buildings and additions intended for provision of public services - education, health, welfare and religious services as well as public administration, entertainment, sports, transportation, communications, storage, and public shelters.

**Construction for agriculture:** Construction of buildings and additions intended for agricultural farms (excluding construction of greenhouses and fish ponds).

**Building:** A separate roofed structure which has been built for permanent use, can be entered by persons and is suitable or intended for protecting persons, animals or objects.

**Residential building:** A building in which at least half of the area is intended for residential purposes.

**Building under active construction:** A building in the process of active construction. Excluding buildings whose construction was halted.

**Dwelling:** A room or a suite of rooms and service areas in a permanent building, or in a structurally separated part thereof that has been built, rebuilt, or converted for residential purposes. A dwelling has access to a street (direct or via a garden or other area) or to a common space within the building (staircase, passage, gallery, etc.).

**Dwelling under active construction:** A dwelling in a building which is in the process of active construction.

**New dwelling:** A dwelling in a building that was in the process of active construction at the time of the survey, or where construction has been completed, and less than 15 months have elapsed.

**New dwelling for sale:** A new dwelling constructed for sale purposes, and for which there was no signed sales contract at the time of the survey.

**New dwelling sold:** A dwelling that was for sale, and for which a sales contract has been signed (includes dwellings sold in combination transactions).

**Storey in a building:** Every storey, including the ground floor (the storey above the foundations of the building), but excluding the leveled storey of columns (without walls) and storeys below the ground floor.

**Room:** A space in a dwelling that is enclosed by walls reaching from the floor to the ceiling or roof covering.

**Construction months:** Number of months from beginning to end of construction.

To calculate the average number of months that a building has been under construction, equal weight is given to every building, regardless of the number of dwellings in each building.

**Construction permit:** A licence issued by a planning and construction committee, which enables the applicant for the permit to begin construction.

#### CHANGES IN THE SCOPE OF MEASUREMENT

The area of coverage of the data is as detailed in Chapter 2, Population.

Since 1970, the estimates include the area of buildings for agriculture, and do not include greenhouse areas. As of 1974, estimates of illegal construction are also included.

#### METHODS OF CALCULATION AND SOURCES OF THE DATA

Estimates for delays in reporting and for illegal construction were imputed according to statistical models, and are included in the data presented in the tables. Data are obtained from the local and regional planning and construction committees, the Ministry of Construction and Housing, contractors, construction companies and dwelling sales offices. The construction data do not include construction work of the Ministry of Defence and the IDF.

### CIVIL ENGINEERING WORKS

(Tables 22.15-22.18)

#### DEFINITIONS AND EXPLANATIONS

**Civil engineering work completed:** For construction, widening or reconstruction of roads - the date of opening the road to motor vehicle traffic. For installation of water, drainage and canalization pipes - the date on which the work has been received by the person who had ordered it. Work completed also includes completion of sections of a project, and not just completion of the entire project.

**Civil engineering work begun:** Beginning the leveling, digging or quarrying for the purpose of construction, widening, or reconstruction of roads, or for the purpose of laying water, sewage or canalization pipes.

**Road:** A traffic route for all types of vehicles, usually paved by excavation or quarrying, filling with various materials and pressing with a steamroller, excluding the shoulders of the road.

**Asphalt covered road:** A road covered with an upper level of asphalt.

**Paved road:** A road covered with concrete blocks.

**Road construction:** Construction of a new route that mainly serves for movement of vehicles.

**Road width:** The total width of the road lanes used for travel or parking. Excluding road shoulders.

**Road widening:** Addition of at least one lane to the width of an existing road.

**Road reconstruction:** The demolition of an old road or parts thereof, and reconstruction of the road. Excluding repair of roads, such as repair of upper layers.

**Road:** A strip of paved earth intended for walking or riding, and on which the public has passage rights. For example: a street, train track, alley, square, path, or bridge.

**Main road:** A road used for travel across the country or between regions.

**Regional road:** A road that comes out of a main road or connects main roads.

**Access road:** A road leading to a locality, from a main or regional road.

**Urban road (formerly: local road):** A road within a local authority, where the entrance to the road is marked with a "B-24" sign, and the exit is marked with a "B-25" sign.

**Installation of a water pipe:** Laying a main water pipe and its branches (by connecting them with a building or an installation) for the purpose of carrying water, as well as laying permanent pipes for irrigation.

**Installation of a drainage pipe:** Laying of a main drainage pipe and its branches (by connecting them with a building or an installation) for the purpose of concentration and disposal of sewage.

**Installation of a canalization pipe:** Laying a main canalization pipe and its branches (by connecting them with a building or an installation), for the purpose of concentration and disposal of rainwater.

#### METHODS OF CALCULATION AND SOURCES OF THE DATA

The information on road construction and installation of water, drainage, and canalization pipes is collected by the CBS through a quarterly questionnaire administered in local authorities, government ministries, and companies that conduct infrastructure work. After deducting duplications, the data are summarized by stage of construction (begun and completed), geographical location, and technical characteristics of the project.

## SELECTED PUBLICATIONS

### SPECIAL PUBLICATIONS

1556 Survey of Residential Building Technologies in Israel,  
Buildings under Active Construction at the end of 2008  
(Internet only)

1620 Construction in Israel, 2014 (Hebrew only)

1698 Survey of Industries, 2014

### CURRENT BRIEFINGS IN STATISTICS

5, 1996 Update of Index of Input Prices in Road Construction, January  
1996 (Hebrew only)

39, 1998 Survey of Residential Building Cost  
(for buildings completed in 1995)

### CENSUS OF POPULATION AND HOUSING, 1995

2 Dwellings and Buildings - Summaries from Enumerators Records

### TECHNICAL PUBLICATIONS

66 Price Indices of Inputs in Residential Building, 1995

### JUBILEE PUBLICATIONS

(ON THE OCCASION OF ISRAEL'S 50TH YEAR)

Construction (No. 6 in the series)

### PUBLICATIONS APPEARING ONLY ON THE CBS WEBSITE

Price Index of Inputs in Residential Building, (in the Price Statistics  
Monthly).

Price Index of Inputs in Commerce and Offices, (in the Price Statistics  
Monthly).

Updated Price Indices for Building States (in the Price Statistics Monthly).