

Tel Aviv

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Settlement watch:

Israel's Housing market in the West Bank compared to the rest of the country

Executive Summary

This research aims to identify and highlight the differences between different regions in the Israeli housing market and specifically the West Bank housing market. The work is based on detailed official data on housing units, households and real-estate transactions.

The number of salaries needed to buy a housing unit in the WB has gone up from 87.4 in 2003 to 152.1 in 2015. The national average has increased in the same period from 125 to 162.3, the gap has decreased from 38 months of work to only 10. When looking at the distance from high demand areas, WB housing is highly cheaper than other districts.

While the area west of the barrier has similar prices as the national average with a decreasing gap, settlements east of the barrier exhibit the most affordable housing in the

country. East of the barrier trend show a moderate increase and the gap from the national average remains. West of the barrier housing units required 86.15 monthly salaries in 2003 and 154 in 2015. East of the barrier settlements saw a smaller increase from 72.7 to 110 salaries in 2015.

A large difference exists between ownership and rental affordability in the WB. Settlements display the highest affordability in ownership, but lower relative affordability in rent, with some cheaper districts. This finding is explained by the fact that short term residency is more attractive than long term.

A large portion of public initiative housing construction in Israel is executed in the West Bank. In the past 20 years, 36.3% of total construction in the region was done under governmental initiated plans, the highest rate in the country. The per capita initiated construction is also the highest in the country with 0.61 sqm, compared to 0.14 in the national average. Publicly initiated housing is an exogenous increase of supply lowering prices.

Housing units and ownership attributes are also different in the WB. Housing ownership rate is at 71.5%, west of the barrier rate is 75.5% (highest in the country) and east of the barrier is 57.8%. WB housing units are larger than in other districts, with 38.3% of the units are of 5 rooms and above. The average unit size is 4.1 (23% larger than Tel Aviv district) and 108 sqm (33.8% larger than Tel Aviv). Only WB and central district housing units are larger than national average, WB average is 15.2 sqm larger, west of the barrier 16.3 sqm and east 8.8 sqm, central district is 9 sqm larger and Tel Aviv 12.1 sqm smaller.

WB housing prices are similar to the national average (around 1.35 million NIS), while west of the barrier prices are higher than Haifa, the Southern and Northern districts and east of the barrier is the cheapest in the country (around 900 thousand NIS). When looking at price per sqm, WB housing prices are relatively lower (because of the larger housing units) and are the lowest in the country with 11,303 NIS in average, 11,822 west of the barrier and 7,789 NIS east of it.