1. Residential Market Overview

2. Government Policies and Programs within the Housing Sector

3. Construction potential in Israel
RESIDENTIAL MARKET
OVERVIEW
Characteristics of the Residential Units

Existing 2,457 m
residential units

- High density units 61%
- Single Family units 39%

2,582m Households

Anticipated types of
residential units over the next
decade

- Single Family units 29%
- 3–6 Stories 15%
- 4–7 Stories 28%
- 10 Stories and up 28%

Potential of 1m units
Israel’s Housing Shortage: Causes and Triggers

Housing Construction and Population Growth

Source: Central Bureau of Statistics, Project Groundbreakings and Completions
Production Process

Land ownership

- Private: 7%
- State: 93%

Government goal: 60,000 unit groundbreakings each year

The Apartment Production Process

1. Zoning
2. Evacuation
3. Infrastructure
4. Permit
5. Construction
GOVERNMENT POLICIES AND PROGRAMS WITHIN THE HOUSING SECTOR
Residential Units Approved by the Planning Authorities

Source: Interior Ministry, Annual Report 2014

2015 Nationwide
100,000 Units

Residential Units

<table>
<thead>
<tr>
<th>Year</th>
<th>North</th>
<th>Haifa</th>
<th>Center</th>
<th>Jerusalem</th>
<th>South</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>23,749</td>
<td>24,630</td>
<td>23,409</td>
<td>24,506</td>
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<td>2008</td>
<td>24,597</td>
<td>25,545</td>
<td>24,620</td>
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<td>2009</td>
<td>25,456</td>
<td>26,351</td>
<td>25,560</td>
<td>26,257</td>
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<td>27,160</td>
<td>26,351</td>
<td>27,101</td>
<td>25,500</td>
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<td>2011</td>
<td>27,553</td>
<td>28,230</td>
<td>27,600</td>
<td>27,951</td>
<td>26,051</td>
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<td>2012</td>
<td>28,661</td>
<td>29,360</td>
<td>28,600</td>
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<td>2013</td>
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<td>30,660</td>
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<td>27,051</td>
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<tr>
<td>2014</td>
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<td>32,059</td>
<td>30,651</td>
<td>30,951</td>
<td>27,551</td>
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<td>32,514</td>
<td>33,459</td>
<td>31,651</td>
<td>32,951</td>
<td>28,051</td>
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<td>2016*</td>
<td>34,000</td>
<td>35,000</td>
<td>33,000</td>
<td>34,000</td>
<td>30,000</td>
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</table>

*2016 Development Targets
Vacating IDF Bases

IDF bases and defense industries in central Israel

IDF Bases
- 60,000 Units

Defense Industries
- 40,000 Units

Development of 100,000 Units

Israel Military Industries: 30,000 Units
Sde Dov: 17,000 Units
Tel HaShomer: 20,000 Units
Tzrifin: 17,000 Units
Sirkin: 12,000 Units
"HaKirya": 1,000 Units
"Shalishuf": 1,200 Units

North
Center
Jerusalem
Transportation Infrastructure for Residential Projects

Roads and Public Transport Budget (According to the State Budget) (Million NIS)

- North
- Center
- Jerusalem

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget (Million NIS)</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>8,450</td>
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<td>2011</td>
<td>9,902</td>
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<td>10,291</td>
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<td>2013</td>
<td>11,848</td>
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<td>2014</td>
<td>12,191</td>
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<td>2015</td>
<td>11,232</td>
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Framework Agreements

- **Municipality**
  - Development
  - Costs & Timeline

- **Developers**
  - Infrastructure
  - License & Permits

- **Residents**
  - Educational and Public Facilities

- **Government**
  - Increased Housing Stock
  - Accelerated Development
  - High Demand Areas

- **Planning Certainty**
- **Cooperation**
- **Transparency**

**Nationwide 210,000 Units**

- Haifa 34,000
- Center 108,000
- Jerusalem 8,000
- South 57,000

**Regions**
- North
- Center
- Jerusalem
Urban Regeneration

PINUY BINUY
Demolition of old buildings and intensive new construction

TAMA 38
Expansion and reinforcement of old buildings

Potential for urban renewal

Nationwide
810,000 Units
Potential of 10,000 new housing units per year

North 55,000
Haifa 155,000
Center 410,000
Jerusalem 105,000
South 85,000
The “Residential Price” Plan

In 2015-2017 all land tenders will be subject to the “Resident Price”

- Can be sold only to non-home owners – by lottery
- Price reduction of at least NIS 50,000 as compared to market prices.
- Construction according to uniform specifications.
Rental Market

International Comparison – Percentage of Rentals

Policy measures to Encourage Concern long term rental market

- Publishing state tenders
- Purchase of entire buildings
- New zoning is directed to rental housing
- Tax benefits and building rights for rental projects
- Additional 20,000 Student dormitories beds

Note: The above statistics do not include Kibbutz housing or units rented from family members and close friends.

Source: Central Bureau of Statistics, National Social Survey, 2013; Survey data processed by Paz Group
Residential Units Under Construction

Source: Central Bureau of Statistics, Construction in Israel
Residential Market Needs

40,000 Units

27 Months
Summary & Call For Action

Opportunity for Foreign construction companies

- Demand for residential units
- Need for housing prices reduction
- Increased construction capability
- Shortened construction period
- Diverse residential market
- Government Support and actions
Thank you