

# GLOBAL SPOTLIGHT

## Tel Aviv, Israel



**Tel Aviv is Israel's economic hub, home of the Tel Aviv Stock Exchange, many corporate offices and research and development centers.**

- Real estate market activity in Tel Aviv continues to show significant growth. The commercial market has prospered as a result of the increase in the economic activity in the country.
- For the past two years the office rent in Tel Aviv has increased by almost 50% due to the lack of new construction. In addition, the development of Israel's high-tech sector has generated a high demand of manpower and office space.
- The retail sector remains strong with growing demand for space. Rental rates for downtown Tel Aviv have increased by almost 50-70%. Demand is so strong that existing tenants in shopping centers are being offered an evacuation fee up to US \$150,000 to give up their space and pass their lease agreement to a new tenant.
- In the logistics sector, sales and leasing has increased due to the rise in economic activity and imported products. Technology and the transition to automated warehouses have forced companies to relocate.
- REITs are enabling a large number of insurance companies as well as financial institutions to invest in the purchase of assets. These activities result in Class A offices renting to AAA tenants with yields above 7%. There is strong demand from foreign investors to acquire profitable assets in the country, with the assumption that the value will rise.

## Tel Aviv At A Glance

<b>Population</b>	<b>Metropolitan Area: 3,150,800 (2006)</b>
<b>Location</b>	<b>Middle East bordering the Mediterranean Sea, between Egypt and Lebanon</b>
<b>GDP</b>	<b>\$165 billion</b>
<b>Inflation</b>	<b>2.4%</b>
<b>Interest</b>	<b>5.3%</b>
<b>Unemployment</b>	<b>7.4% (Israel)</b>
<b>Conversion</b>	<b>1 USD = 3.6 NIS</b>

Property	Rent/SF/Year		Vacancy Rate
	Low	High	
City Center Office Class A	\$20.85	\$24.53	4.4%
Suburban Office Class A	\$14.72	\$16.31	8.8%
Industrial Bulk Warehouse	\$6.12	\$9.81	11%
Retail City Center	\$98.10	\$147.16	5.5%

**NAI Yair Levy offers local market expertise in Israel.**

## About NAI Global:

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### At A Glance

375	Offices
55	Countries
8,000	Professionals
\$45 billion	Annual Transaction Volume
250	MSF of Property Management

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