



No. 41 | First Half of 2018

# Natam Report

Research Report of the Offices and Industrial Market

**Natam**

# No. 41

Introduction .....	3
Survey of Office Market in the Tel Aviv Area .....	4
Survey of Office Market in the Periphery of Tel Aviv .....	6
Survey of Office Market in Haifa and the Northern Region .....	8
Survey of Office Market in Jerusalem .....	10
Survey of Office Market in Beer Sheva .....	12
Survey of Industrial and Logistics Buildings .....	13
Survey of Income Bearing Real Estate Market .....	15

# Introduction

## Principles of the Survey:

The Natam report surveys office and industrial properties in various regions in Israel and provides a representative sample for comparing rental prices and occupancy rates. In this survey we refer to 2 classes of office buildings: Class A and Class B, in light of the quality and price differences between them. All of the surveyed office space is available for occupancy within 6 months.

## The buildings included in the survey meet the following criteria:

### Class A:

- At least 10,000 square meters of built space above the ground floor.
- Full central air-conditioning systems and multiple elevators.
- High standard internal finishing in the public spaces.
- Maintained by a professional management company.
- Asking rental prices reflect new offices that include landlord contribution towards finishing of 2,500 NIS per gross square meter (as of the date of the survey).

### Class B:

- At least 5,000 square meters of built space above ground floor.
- Good / Reasonable standard of internal finishing in the public spaces.
- Buildings which are perceived as lower quality than Class A buildings and are appropriate for tenants seeking a less expensive alternative.

## Economic Trends

- The supply of offices that entered the office market in Tel Aviv during 2017, which had an evident impact on the market during the second half of 2017, continues to have an impact during the first half of 2018; the average occupancy rate in Class A office buildings in the Tel Aviv area increased, as did the average rental price. It is expected that the trend of rising occupancy rates in Class A buildings shall continue, however in a moderate manner.
- The high occupancy rates in the Class A office building market in Ra'anana and Herzliya are expected to remain high for the next 3-4 years. The currently existing land reserves in these areas are only expected to become occupied in 5 years.
- The upward trend of the prices of industrial and logistics lots, which partially derived from the quick growth of E-commerce, also continued during the beginning of 2018 and is expected to also continue during the second half of the year.

## Office Space Marketed by NATAM:



## Survey of Class A Office Buildings in the Tel Aviv Area

The survey examined **65** Class A buildings in 9 central areas in the Tel Aviv area, which constitute a representative sample of all of the office areas located in this urban district. The total area of the surveyed buildings is **2,126,726 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Ramat Hahayal	13	244,186	95.41%	94.05%	80.81	80.62	19.58	696.15
M.Begin Corridor	15	704,573	86.30%	90.83%	105.39	113.91	20.97	1,074.06
City	5	104,204	98.59%	97%	122.40	124.77	22.20	1,160
Central Tel Aviv	2	29,850	93.05%	98.44%	105	115	22.50	1,125
Manshia	2	45,287	94.97%	91.42%	77.50	70	20.25	600
Yigal Alon Corridor	7	313,268	83.73%	90.97%	100.83	106	18.29	1,071.43
Courthouse	6	134,624	95.84%	96.46%	115.56	110	22.50	1,275
Bnei Brak	5	263,280	97.17%	97.78%	71.75	73.40	17.50	685
Ramat Gan-Bourse	10	287,454	96.22%	94.96%	92.91	96.42	20.20	880
<b>Total/ Average</b>	<b>65</b>	<b>2,126,726</b>	<b>91.13%</b>	<b>93.39%</b>	<b>96.91</b>	<b>98.90</b>	<b>20.44</b>	<b>932.68</b>
			<b>The Change</b>		↑ <b>+2.47%</b>		↑ <b>+2.05%</b>	

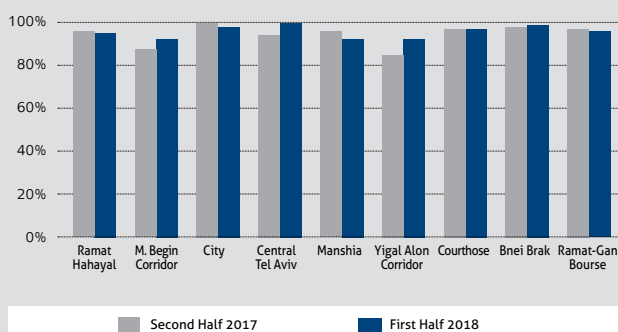
### Data Analysis

- The average occupancy rate in the Tel Aviv Class A office buildings increased during the first half of 2018 by approximately 2.47% compared to the previous six month period. This increase can be attributed to the supply of office space that entered the Tel Aviv office market last year, a significant portion of which is already occupied. Increased occupancy levels are evident in the two main areas where office space supply entered the market – there was an almost 9% increase in the average occupancy level in the Igal Alon area and the occupancy level along the Menachem Begin axis increased by approximately 5.5%.
- The average rental asking price for offices in this market increased by approximately 2.05% in accordance with the increase in the occupancy levels. There was a increase of approximately 9.52% in the average rental price in the central Tel Aviv area, further to a shortage of available office spaces in this area (approximately 99% of the offices in this area are occupied). The Tel Aviv City area continues to be the area with the highest rental prices.

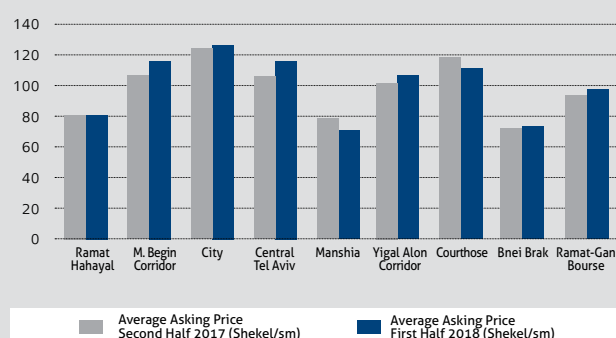
### Forecast

- This office market is expected to continue to have high occupancy rates and the upward trend of the occupancy rates is expected to continue during the upcoming six month period, however more moderately than during this six month period. High-tech and technology companies are continuing to grow as are the collaborative workspace companies, which are gaining momentum and are expected to be in need of additional space.
- We anticipate that during the second half of 2018 the rental prices shall remain stable. However, a slight decline in prices is anticipated in office buildings that are characterized by multiple owners, due to competition with the new single-owned office buildings, that are highly occupied

**Occupancy Rate of Class A Office Buildings Comparison to Previous Six Month Period**



**Rental Prices Class A Office Buildings Aviv Comparison to Previous Six Month Period**



# Survey of Class B Office Buildings in the Tel Aviv Area

The survey examined **51** Class B buildings in 9 central areas in the Tel Aviv area, which constitute a representative sample of all of the office areas located in this urban district. The total area of the surveyed buildings is **637,326 square meters**.

## Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Ramat Hahayal	9	92,455	97.10%	94.07%	68.81	67.76	18.46	583.33
M.Begin Corridor	12	129,656	84.74%	85.88%	72.89	72.96	20.58	716.67
City	3	53,210	93.50%	91.92%	75	75	19.50	917
Central Tel Aviv	3	35,836	95.81%	96.14%	93.33	91.67	22	966.66
Manshia	4	57,035	96.14%	95.16%	58.75	58.75	23.25	669.50
Yigal Alon Corridor	7	100,975	91.78%	92.80%	70.20	69.71	18.64	636
Courthouse	2	25,400	91.71%	94.82%	92.33	92.50	21	1,225
Bnei Brak	3	44,593	94.30%	94%	58.33	58	16	500
Ramat Gan-Bourse	8	98,166	92.28%	90.33%	69.07	68.50	19.13	668.75
<b>Total/ Average</b>	<b>51</b>	<b>637,326</b>	<b>92.39%</b>	<b>91.71%</b>	<b>73.19</b>	<b>72.76</b>	<b>19.84</b>	<b>754.51</b>

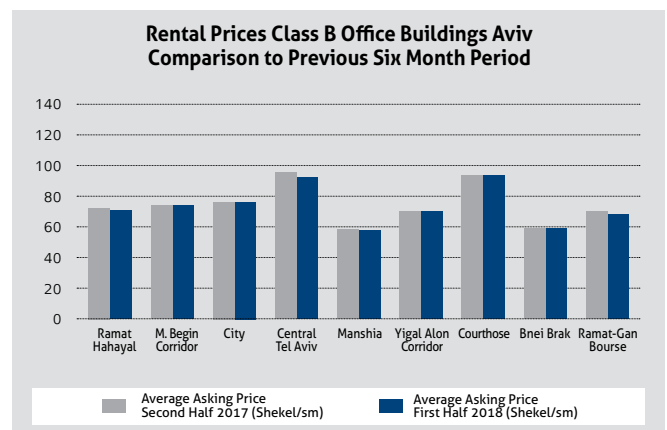
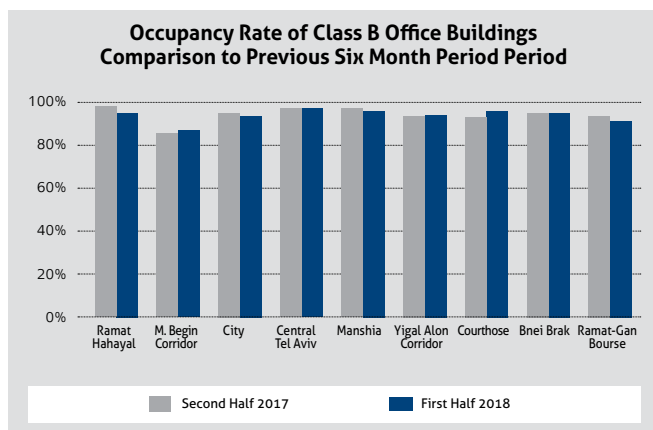
**The Change**      ↓ **-0.73%**      ↓ **-0.58%**

## Data Analysis

- The downward trend in occupancy rates in the Class B office market in the Tel Aviv area, which continued throughout 2017, also continued during the first half of 2018, although the decline was slight. The highest average occupancy rate in this market is in the center of Tel Aviv, where the average is 96.14%. In most of the areas the occupancy rates remained stable with no significant changes.
- Concurrently with the decline in the average occupancy rates there was also a slight decline in the average rental price. The asking rental prices in all of the surveyed areas also remained stable during this six month period. The average rental prices in the area of the center of Tel Aviv and in the Courthouse area are significantly higher than the prices in the other areas.

## Forecast

- It is expected that the moderate decline in rental prices in the Class B office buildings in Tel Aviv will continue since the asset owners in these buildings wish to maintain the attractiveness of their assets by lowering prices. Additionally, lessees in Class B buildings are expected to continue to take advantage of the market competition with Class A buildings and to improve the terms of their rent.



## Survey of Class A Office Buildings in the Periphery of Tel Aviv

The survey examined **64** Class A buildings in 8 central areas located up to 30 kilometers from the center of Tel Aviv. The total area of the surveyed building is **965,593 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Herzliya Pituach	16	220,767	94.66%	95.67%	96.53	98.38	19.75	631.25
Ben Gurion Airport Area	7	133,000	91.37%	89.92%	64.58	67.86	19.29	450
Petach Tikva	13	204,475	88.62%	90.67%	70.16	69.77	18.81	482.69
Netanya - Poleg	7	120,475	98.45%	97.01%	75	73.57	18.57	491.67
Netanya - Poleg	8	93,700	96.27%	98.21%	57.73	57.50	12.88	333.13
Rehovot - Ness Ziona	5	77,000	86.58%	82.92%	67	70.40	12.80	430
Kfar Saba / Hod Hasharon	4	52,336	95.18%	95.64%	73	75	18	425
Rosh Haayin	4	63,840	88.70%	81.78%	48.84	46.75	14.50	350
<b>Total/ Average</b>	<b>64</b>	<b>965,593</b>	<b>92.27%</b>	<b>92.30%</b>	<b>69.10</b>	<b>69.90</b>	<b>16.82</b>	<b>449.22</b>
<b>The Change</b>			↑ <b>+0.03%</b>		↑ <b>+1.15%</b>			

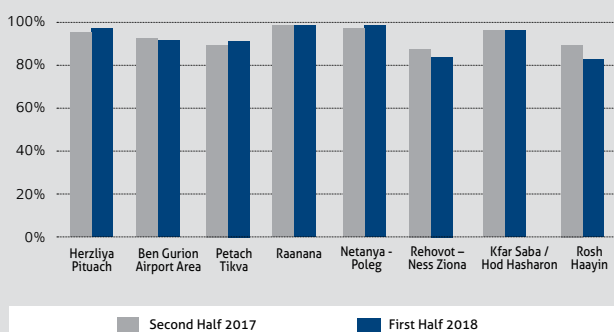
### Data Analysis

- The average occupancy rate and the average price per square meter for this six month period in the Class A office building market in the Tel Aviv periphery remained almost identical to the averages of the previous six month period. The upward trend in occupancy rates and prices which occurred throughout 2017 in Herzliya Pituach is continuing. The occupancy rates in Ra'anana and Netanya also remained very high.
- The average rental price in the office market in the Tel Aviv periphery during this six month period is 69.9 NIS per square meter. The Herzliya area continues to be the business area with the highest average rental price compared to the other areas in this survey, with an almost 2% increase compared to the previous six month period.

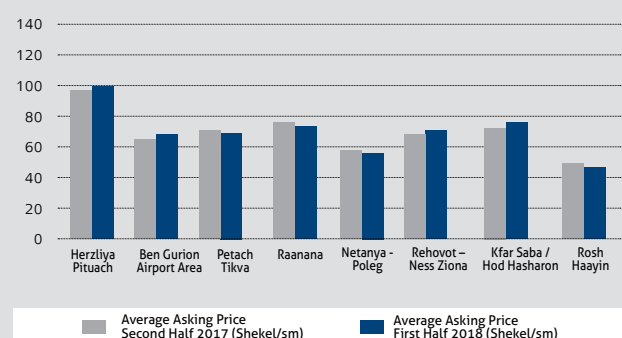
### Forecast

- Occupancy rates in Herzliya and Ra'anana are expected to remain high in this market in the upcoming years due to the fact that established high-tech companies are relocating from Class B buildings to Class A buildings in order to upgrade the working environment. The A TOWER building in Ra'anana which is expected to be completed in approximately a year is expected to be fully occupied upon the completion of its construction, leading to continued full occupancy in the area. The situation in Herzliya is similar, there is limited supply of independent floors and medium size office space in Class A buildings.

Occupancy Rate of Class A Office Buildings Comparison to Previous Six Month Period



Rental Prices Class A Office Buildings Aviv Comparison to Previous Six Month Period



## Survey of Class B Office Buildings in the Periphery of Tel Aviv

The survey examined **61** Class A buildings in 8 central areas located up to 30 kilometers from the center of Tel Aviv. The total area of the surveyed building is **617,386 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Herzliya Pituach	13	113,036	97.07%	95.45%	79.87	78.38	18.69	576.92
Ben Gurion Airport Area	10	82,295	96.02%	92.92%	60.69	59.45	15	440.91
Petach Tikva	8	95,900	96.09%	95.10%	53.33	53.13	13.25	400
Netanya - Poleg	6	43,477	88.10%	94.71%	65	65.83	17.17	441.67
Netanya - Poleg	4	83,232	93.39%	93.56%	50.91	48	9.50	275
Rehovot - Ness Ziona	6	69,192	94.51%	96.31%	60.64	62.83	12.33	375
Kfar Saba / Hod Hasharon	8	73,124	96.84%	98.16%	64.63	65	17.69	361.25
Rosh Haayin	6	57,130	89.75%	92.56%	40.53	40.83	14.83	333.33
<b>Total/ Average</b>	<b>61</b>	<b>617,386</b>	<b>94.37%</b>	<b>94.90%</b>	<b>59.45</b>	<b>59.18</b>	<b>14.81</b>	<b>352.17</b>
<b>The Change</b>			↑ <b>+0.56%</b>		↓ <b>-0.45%</b>			

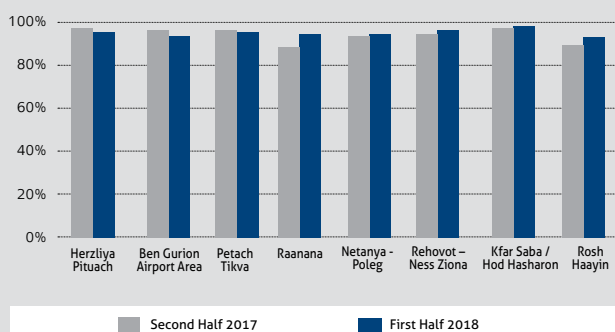
### Data Analysis

- The average occupancy rate in the Class B office market in the periphery of Tel Aviv increased by 0.56% during the first six months of 2018 compared to the previous six month period. The average occupancy rate in Ra'anana increased by almost 8%. This increase places Ra'anana among the cities with the highest occupancy rates in the area, contrary to the situation in the previous six month period.
- The average rental price in this office market is 59.18 NIS per square meter. The Herzliya Pituach area continues to be the area with the highest rental price per square meter in the Sharon area, in particular, and in the Tel Aviv periphery, in general.

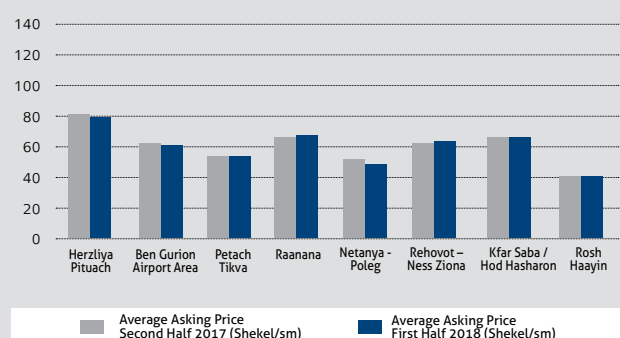
### Forecast

- The Class B office building market in Herzliya and Ra'anana is expected to maintain high occupancy rates which primarily stem from marketing steps taken by asset owners who are attempting to reduce relocations to Class A buildings by renting out areas that are fully adapted to the clients' needs without increasing rental prices.

Occupancy Rate of Class B Office Buildings Comparison to Previous Six Month Period



Rental Prices Class B Office Buildings Aviv Comparison to Previous Six Month Period



## Survey of Class A Office Buildings in Haifa and the Northern Region

The survey examined **12** Class A buildings located in 3 central areas in Haifa and the northern region. The total area of the surveyed buildings is **170,170 square meters**.

### Summary of the Survey's Data

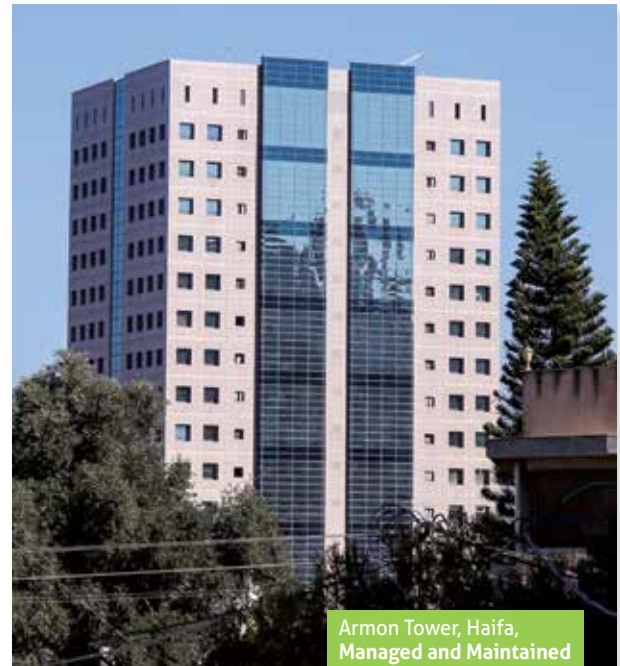
Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Haifa - City	3	33,700	98.33%	89.08%	60	59.33	15.47	400
Yoqneam	3	30,000	62.33%	71%	69.2	70	11.67	350
Matam Haifa	6	106,470	98.69%	98.12%	63.57	63.40	17.83	350
<b>Total/ Average</b>	<b>12</b>	<b>170,170</b>	<b>92.02%</b>	<b>91.55%</b>	<b>64.26</b>	<b>64.24</b>	<b>14.99</b>	<b>366.677</b>
<b>The Change</b>			↓ -0.51%		↓ -0.03%			

### Data Analysis

- The average occupancy rate during the first six months of 2018 remained almost identical to the average during the previous six month period (a decline of approximately 0.51%). In the MATAM area the average occupancy rate declined slightly (a decline of approximately 0.5%), as opposed to the cities of Yokneam and Haifa where there were significant changes in the average occupancy rates, in Haifa the average occupancy rate decline by almost 10%, while in Yokneam it increased by approximately 13.9%.
- Concurrently with the very slight decline of the average occupancy rate in the area, the average price per square meter also remained almost unchanged with a decline of approximately 0.03%. This is the case in all of the areas in the survey. The asking rental prices remained relatively stable during this six month period.

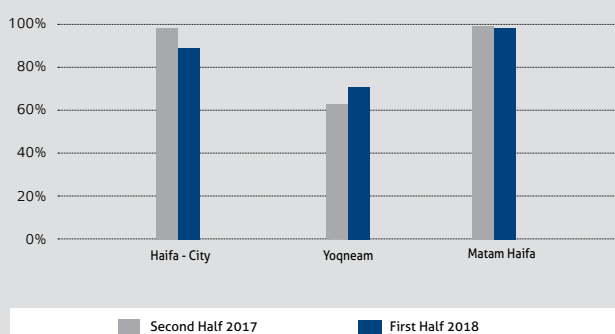
### Forecast

- Continued stability in this office market is expected, as are high occupancy rates in the Matam area. Construction has begun on a number of projects in the vicinity of the Matam park - the second stage of the Sha'ar Hacarmel (The Carmel Gate) Ofer Park, a new high-tech part in the Checkpost area and a number of new projects in Yokneam - which are expected to solve the existing shortage of space in the park.

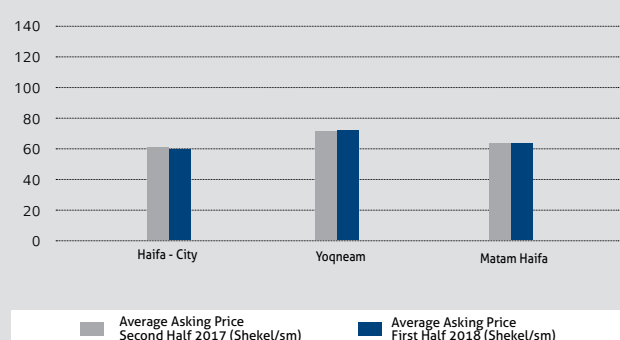


Armon Tower, Haifa, Managed and Maintained by Natam

Occupancy Rate of Class A Office Buildings Comparison to Previous Six Month Period



Rental Prices Class A Office Buildings Comparison to Previous Six Month Period





# Survey of Class B Office Buildings in Haifa and the Northern Region

The survey examined **18** Class B office buildings located in 4 central areas in Haifa and the northern region. The total area of the surveyed buildings is **207,442 square meters**.

## Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Haifa - City	3	48,740	83.79%	70.89%	45.32	45.19	16	366.67
Yoqneam	4	41,500	96.80%	98.84%	57.56	58.75	13.25	350
Matam Haifa	4	47,352	97.57%	98.73%	59.4	60	20	350
Nesher / Chekpost	7	69,850	93.84%	94.85%	55	54.9	10	264.29
<b>Total/ Average</b>	<b>18</b>	<b>207,442</b>	<b>92.92%</b>	<b>90.90%</b>	<b>54.32</b>	<b>54.70</b>	<b>14.81</b>	<b>332.74</b>
<b>The Change</b>			↓ <b>-2.17%</b>		↑ <b>+0.69%</b>			

## Data Analysis

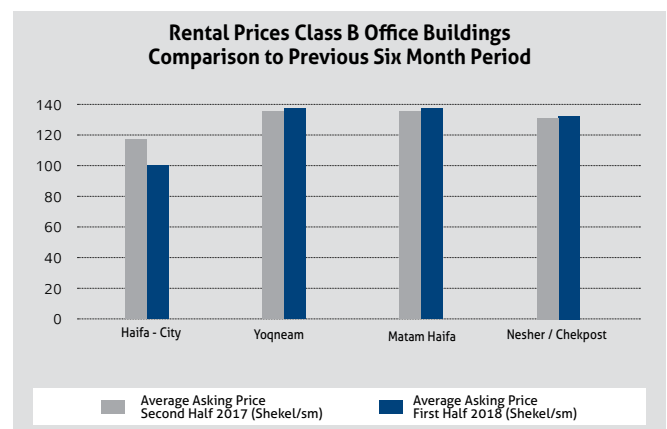
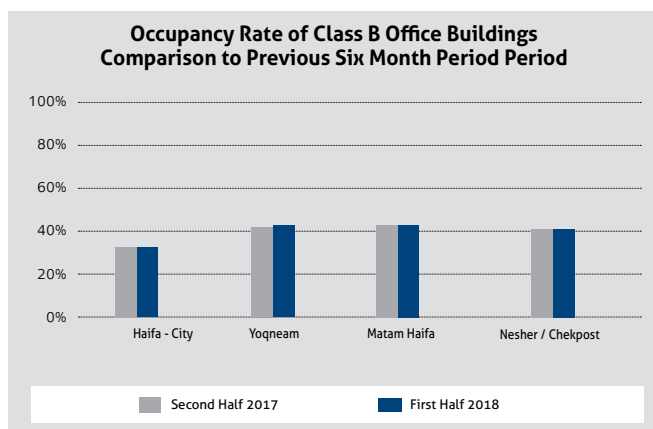
- The average occupancy rate in the Class B office building market in Haifa and the Northern region declined by 2.17% compared to the previous six month period and is currently 90.90%. This decline derives from the relative decline of the occupancy rates in the area of the city of Haifa. However, there were moderate increases in the average occupancy rates in the other surveyed areas.
- The average rental price per square meter during this six month period remained almost unchanged compared to the previous six month period and is currently 54.7 NIS. The highest average rental price per square meter in this office market is 60 NIS per square meter, at the Matam business park.

## Forecast

- This office market is expected to remain stable during the second half of 2018, without sharp changes in the occupancy rates or the rental prices.



Erco Nesher House, Managed and Maintained by Natam



## Class A Office Buildings in Jerusalem

The survey examined **13** Class A buildings located in 5 central areas in the Jerusalem region. The total area of the surveyed building is **168,852 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Givat Shaul	5	68,552	99.89%	99.64%	85	84	16.80	520
Har Hotzvim	4	66,240	97.04%	99.55%	76.33	78	20	575
Central Jerusalem	2	11,500	82.87%	98.26%	87.50	80	17	675
Malha	1	20,000	98.50%	86.50%	90	85	20	500
Talpiot	1	2,560	100%	100%	85	85	22	550
<b>Total/ Average</b>	<b>13</b>	<b>168,852</b>	<b>97.59%</b>	<b>97.96%</b>	<b>84.80</b>	<b>82.40</b>	<b>19.16</b>	<b>564</b>
			<b>The Change</b>		↑ <b>+0.37%</b>		↓ <b>-0.47%</b>	

### Data Analysis

- The average occupancy rates in the Jerusalem Class A office market increased during the first half of 2018 by approximately 0.37%. There was an approximately 18.57% increase in the occupancy rate in the city center area. On the other hand, in the Malcha area the occupancy rate declined by approximately 12.18%. In the other areas the occupancy rates remained relatively stable without significant change.
- The average rental price per square meter in Jerusalem during this six month period is 82.4 NIS. There was a decline in the average price per square meter in the city center area, despite the increase in the occupancy rate in this area, due to the infrastructure works being performed at the entrance to the city. In the Malcha area large scopes of office spaces became vacant and there was a subsequent decline in the prices in the area.

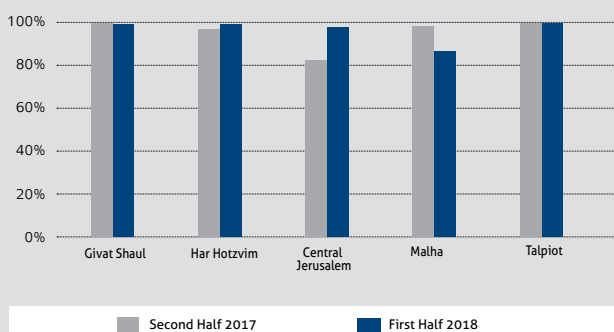
### Forecast

- A decline in rental prices in the Jerusalem area is expected in light of the vacant areas in the market as well as additional areas that are expected to become vacant shortly, except in the Har Hotzvim area which is expected to maintain an upward trend of occupancy rates and rental prices.

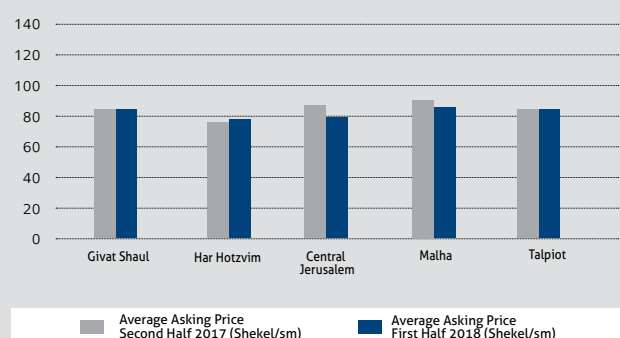


Hadar Nechasim House,  
Managed and Maintained  
by Natam

Occupancy Rate of Class A Office Buildings  
Comparison to Previous Six Month Period



Rental Prices Class A Office Buildings  
Comparison to Previous Six Month Period



## Class B Office Buildings in Jerusalem

The survey examined **20** Class B office buildings located in 5 central areas in the Jerusalem region. The total area of the surveyed building is **196,619 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Givat Shaul	3	31,500	97.24%	87.62%	78.33	77.33	14	503.33
Har Hotzvim	5	67,586	99.63%	98.22%	66.67	65	15	500
Central Jerusalem	2	25,200	97.22%	97.42%	70	67.50	17.5	650
Malha	4	31,400	91.72%	92.68%	66.25	66.73	12	462.50
Talpiot	6	40,933	95.58%	94.45%	65	69.16	10	405
<b>Total/ Average</b>	<b>20</b>	<b>196,619</b>	<b>96.08%</b>	<b>94.75%</b>	<b>69.25</b>	<b>69.15</b>	<b>13.81</b>	<b>504.17</b>
			<b>The Change</b>		↓ <b>-1.38%</b>		↓ <b>-0.14%</b>	

### Data Analysis

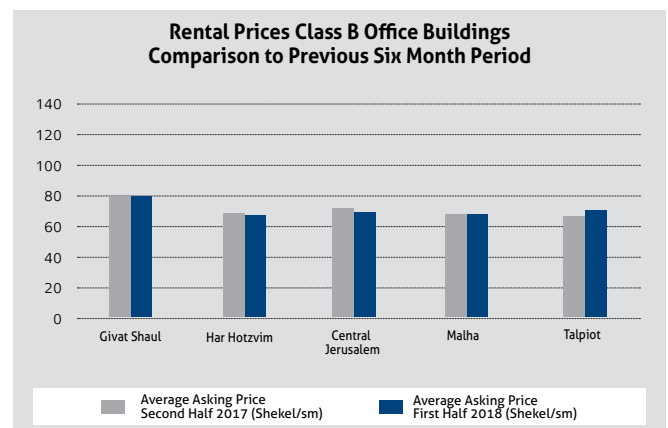
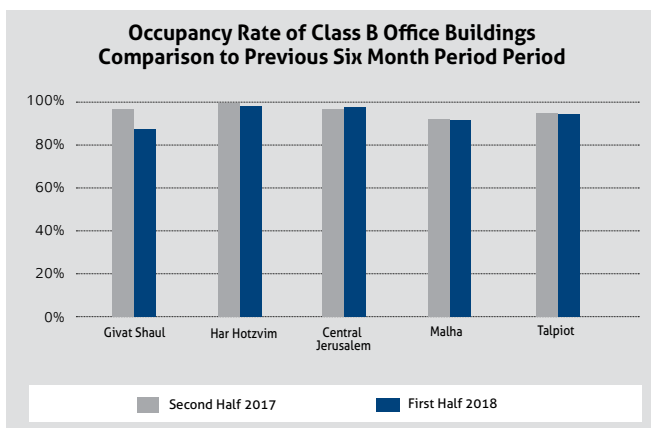
- Similarly to the previous six month period, the occupancy levels in the Class B buildings in Jerusalem continue to be high in most of the areas, except in the Givat Shaul area where there was a decline of almost 10% in the occupancy level.
- The asking price per square meter declined by approximately 0.14% compared to the previous six month period and is currently 69.15 NIS. The rental fees remained stable during this six month period in most of the areas. Additionally, despite the decline in the occupancy level in Givat Shaul, the average rental price in this area remains the highest among the other prices in the city of Jerusalem.

### Forecast

- The occupancy rates in Class B buildings in Jerusalem are expected to continue to be high and the rental prices are expected to remain stable.



Hadarim House, Har Hotzvim, Managed and Maintained by Natam



## Survey of Office Buildings in the Beer Sheva Area

The survey examined **11** buildings located in central areas in the Beer Sheva area. The total area of the surveyed buildings is **130,675 square meters**.

### Summary of the Survey's Data

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Gav-Yam Negev Park	1	18,000	100%	100%	70	65	20	–
<b>The Change</b>			<b>No Change</b>		<b>↓ -7.14%</b>			

Location	Number of Buildings in Survey	Total Space in Survey (sm)	Occupancy rate Second Half of 2017	Occupancy rate First Half of 2018	Average Asking price Second Half of 2017 (Shekel/sm)	Average Asking price First Half of 2018 (Shekel/sm)	Average management fees (Shekel/sm)	Parking (Shekel/sm)
Hi-Tech Park Omer	4	36,200	99.31%	97.65%	43	44	10.25	–
Beer Sheva City	4	66,975	98.06%	98.73%	64.38	62.50	15	350
Advanced Technologies Park	2	9,500	82.53%	79.47%	43	42.50	10	290
<b>Total/ Average</b>	<b>10</b>	<b>112,675</b>	<b>97.15%</b>	<b>96.76%</b>	<b>50.13</b>	<b>49.67</b>	<b>11.75</b>	<b>320</b>
<b>The Change</b>			<b>↓ -0.4%</b>		<b>↓ -0.91%</b>			

### Data Analysis

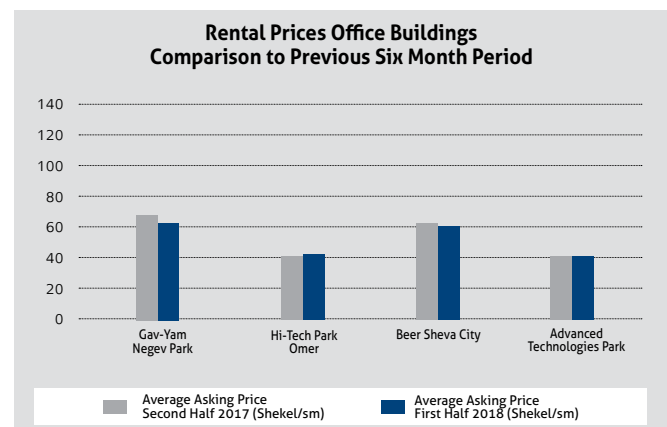
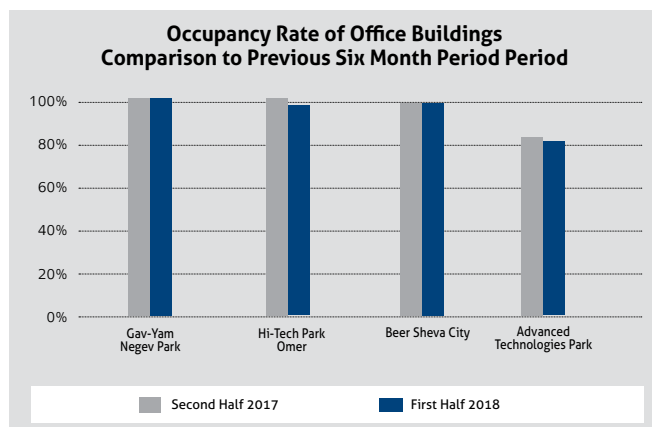
- The Gav-Yam Negev Park is maintaining full occupancy and the average price per square meter is 65 NIS.
- The occupancy rates in Beer Sheva and its vicinity during the first half of 2018 continue to be high, with average occupancy of 96.76%.
- The rental prices per square meter in the area have remained relatively stable compared to the previous six month period. The average asking price per square meter in Beer Sheva and its vicinity is 49.67 NIS.

### Forecast

- There is still significant shortage of new office space in the Beer Sheva area, which could impact the rental prices. The construction of a number of projects in the center of the city and in its eastern part, is expected to be completed during 2019.



Gav Yam Negev, High-Tech Industrial Park in Beer Sheva



## Survey of Industrial and Logistics Buildings Market

The Natam report surveys a number of industrial areas in various regions in Israel.

### Class A Industrial Buildings

A modern industrial building, minimum 12m. height, sprinklers, dock levelers, operational area accessible for loading and unloading.

### Class B Industrial Buildings

A long standing industrial building, minimum 5m. height, operational area accessible for loading and unloading.

### Survey of Average Asking Rental Prices per Square Meter – Industrial/Logistics Buildings

		Class A	Class B
Central Area	Lod / Ramla	42–43 Nis	32–33 Nis
	Modin Shoham	43 Nis	–
	Holon / Rishon Lezion / Bat Yam	45–50 Nis	35–37 Nis
Hasharon Area	Caesarea	35–42 Nis	30–33 Nis
	Emek Hefer	38–40 Nis	30–34 Nis
	Kfar Saba / Kadima	43–45 Nis	35–40 Nis
	Netanya	45 Nis	30 Nis
Shfela Area	Ashdod / Kanot / Yavne	40 Nis	32–35 Nis
Southern Area	Kiryat Gat	35 Nis	28–30 Nis
	Ashkelon	30–32 Nis	27–28 Nis
	Sderot / Netivot / Ofakim	25 Nis	18–20 Nis
	Beer Sheva	22–28 Nis	20–25 Nis
Jerusalem	Mishor Adumim	32 Nis	24 Nis
	Atarot	40 Nis	32 Nis
	Beit-Shemesh, Har Tov, Tzora	35–36 Nis	28–30 Nis
Northern Area	Haifa and the Northern Region	25–28 Nis	20–22 Nis

\* The figures relate to the average rental prices of the ground floor.



Tzora Park, Industrial and Logistics Areas. For Rent, Marketed by Natam

## Survey of Average Asking Sale Prices per 1,000 Square Meter for Industrial and Logistics Lots

Central Area	Petach Tikva - Segula	3,000,000 – 3,500,000 Nis	Shfela Area	Shoham	3,000,000 Nis
	Petach Tikva – Kiryat Arie	3,500,000 – 4,000,000 Nis		Modi'in - Yishpro	2,500,000 Nis
	Holon	4,000,000 – 5,000,000 Nis		Modi'in – Li Gad	2,500,000 – 3,000,000 Nis
	Rishon Lezion	4,000,000 Nis		Beer Tuvia	2,000,000 Nis
	Lod / Remla	3,000,000 Nis		Yavne	2,500,000 Nis
Sharon Area	Emek Hefer	2,220,000 Nis	Ashdod	3,000,000 – 3,500,000 Nis	
	Caesarea	2,000,000 Nis	Kanot	2,800,000 – 3,000,000 Nis	
	North Netanya	2,500,000 – 3,000,000 Nis	Shfela Area	Kiryat Gat	1,500,000 Nis
	South Netanya	3,000,000 – 3,500,000 Nis		Beer Sheva	800,000 – 1,000,000 Nis
	Kfar Saba- Industrial Area	4,000,000 Nis		Ashkelon	1,200,000 Nis
Northern Area	Kfar Saba 50	3,200,000 – 3,500,000 Nis	Jerusalem	Mishor Adumim	500,000 – 700,000 Nis
	Haifa Bay	2,000,000 Nis		Beit Shemesh	1,500,000 Nis
	Tirat Carmel	2,000,000 Nis			
	Checkpoint / Neshar Carmel	1,800,000 – 2,000,000 Nis			
	Carmel	1,600,000 Nis			

### Data Analysis

- The upward trend of prices for industrial and logistics lots which derived partly from the quick growth of E-commerce, also continued during the beginning of 2018 and is expected to also continue during the second half of the year.
- An increase in demand for advanced modern logistics and industrial buildings (Class A) which are built in accordance with the client's needs, is evident.



Illustrations for illustration only



Delouya Center, Beer Sheva, Areas.  
For Rent, Marketed by Natam

## Survey of Income Bearing Real Estate Market

During the first half of 2018 the income bearing real estate market was characterized by significant demand, particularly for industrial and logistics buildings.

### Industry and Logistics

During the first half of 2018 the upward trend in prices for industrial and logistics lots, which partially derived from the quick growth of E-commerce, continued. There was an approximately 10% increase in the prices of lots in a number of areas in the center of the country; in Modi'in approximately 2.5 NIS million per 1,000 square meters, in Shoham approximately 3 million NIS per 1,000 square meters and in the Kfar Saba industrial zone, approximately 4 million NIS per 1,000 square meters.

The prices of lots in Ashdod increased by a higher rate of approximately 15% and reached a price range of 3-3.5 million NIS per 1,000 square meters. Additionally, the rental fees for Class A industrial and logistics buildings increased to approximately 40-45 NIS per square meter and are expected to remain high also during the second half of 2018.

The prices of logistics centers maintained a price range identical to the previous six month period, ranging between 5,000 NIS and 6,000 NIS per square meter on the ground floor in a new building in the center of the country and near the main north-south roads, and 3,500 NIS to 4,500 NIS per square meter for Class B buildings in secondary locations in the country.

### The Office Market

Despite the construction of hundreds of thousands of square meters of office space in Tel Aviv, an approximately 2% increase was evident in the rental prices for Class A buildings in Tel Aviv and there is relative stability in the rental prices for Class B buildings.

Sale prices ranged between 17,000 NIS and 19,500 NIS per square meter (shell and core) for new offices in Class A buildings in prime locations in Tel Aviv. These price levels reflect a return of less than 6.5% compared to the rent fee payments.

An average increase of approximately 1% in rental prices for offices in Class A buildings was also evident in other cities in the Gush Dan region, as was a decline in the rent fees of offices in Class B buildings. The asking prices per square meter in the Tel Aviv periphery area (Kfar Saba, Netanya, Petach Tikva, Rehovot) ranged between 8,000 NIS and 10,000 NIS per square meter, depending on the location and quality of the asset.



Hazorea 14-12, Emek Sara Industrial Zone,  
Marketed and Managed by Natam



Hatzoref 9, Beer Sheva,  
Marketed and Managed by Natam

# Natam Group

Comprehensive real estate services to the commercial real estate market.

For more than 30 years Natam has been leading the Israeli commercial real estate market, offering its clients unique experience, knowledge, and uncompromising professionalism.

## All Services - One Choice



# Natam

**Head Office:** 53 Igal Alon St. Tel Aviv  
Telephone: 03-6894242 | e-mail: [info@natam.co.il](mailto:info@natam.co.il)

**Offices Throughout the Country**  
Herzliya | Haifa | Jerusalem | Beer Sheva



The Julio Shutz Fund, founded by the Natam Property Group in cooperation with Shutaf, supports inclusion for children with special needs in the community.

**The report was prepared by Natam Research Department Disclaimer:**  
This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, our company is not responsible for any damage and/or loss suffered as a result of any errors in the report. The report cannot be copied or photographed without receiving approval.