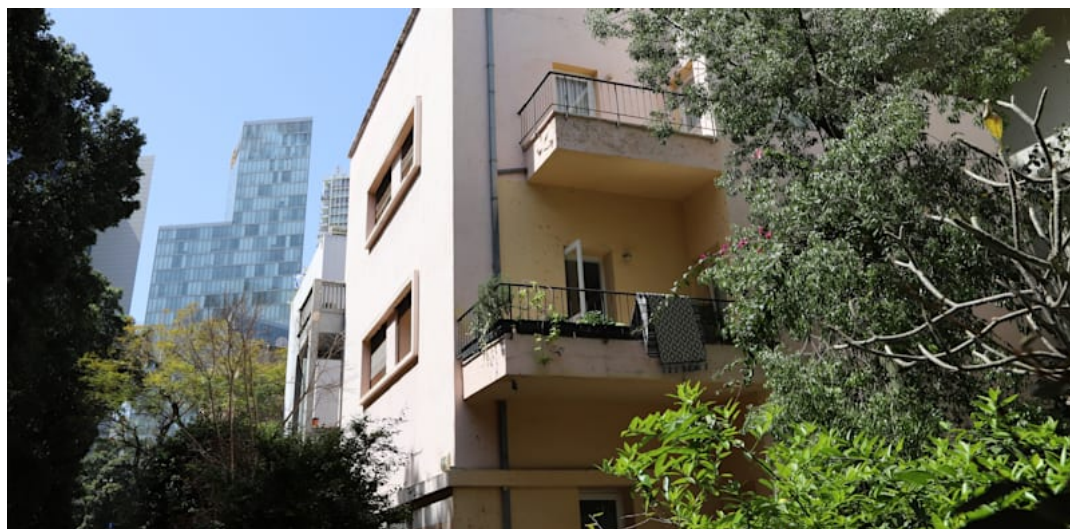


Tel Aviv apartment rents falling



Tel Aviv rental apartment credit: Shutterstock

7 Apr, 2024 16:40 **Anat Daniely Lev and Bar Lavi**

With demand down and supply up as Airbnb apartments are released for long term rentals, Tel Aviv landlords are struggling to find tenants.

Various data indicate that Tel Aviv apartment rents are falling and there is significant difficulty in leasing homes, especially apartments without a security room. According to data from the Yad2 real estate website provided to "Globes" there has been a 6.8% decrease in rents of four-room apartments in Tel Aviv, with the average rent in the first quarter falling to NIS 7,483. The average rent in three room apartments fell a more moderate 4.9%.

Yad2 CMO Ayelet Nitsan explains that the war and the market situation have led to apartments rented to tourists on Airbnb being released onto the general rental market and influencing the fall in rents.

She says, "The trend in falling rents in Tel Aviv was seen mainly in the last quarter of the year. The war and the economic situation in the market led to a decrease in activity in the rental market and tenants who did not have to move apartments did not do so. Many

Nasdaq Jan	S&P 500 Jan	TA Bluet Jan	TA35 Jan	USD/EUR Jan	NIS/EUR Jan	NIS/USD Jan
22 17:55	22 18:10	22 17:31	22 17:24	22 18:10	22 17:59	22 17:58
▲ +1.24% 20000.84	▲ +0.66% 6080.25	▲ +0.14% 180.17	■ -0.57% 2527.33	■ -0.07% 1.0421	■ -0.45% 3.6706	■ -0.27% 3.5212

Postponement of the start of the academic school year delayed new demand from students. In addition, a significant decrease in tourism from abroad released a large number of Airbnb apartments onto the market, which increased supply in the city. All of these led to an increase in supply at the same time."

Both Yad2 and WeCheck (presented later) survey rents on offer. In contrast, the Central Bureau of Statistics surveys the actual rents appearing in contracts that are signed each quarter. The most recent figures were published on March 15, reflecting rents in the final quarter of 2023. These figures actually showed a rise of 1.47% for 3.5-4 room apartments to NIS 8,072 per month. In 2023 the average rent in Tel Aviv for 3.5-4 room apartments rose 8.14% to NIS 8,072 from NIS 7,464 in 2022.

Falls in the highest demand neighborhoods

In order to understand how significant the decrease is in the city's neighborhoods most sought-after by young people, a segmentation by neighborhoods was undertaken by "Globes" for WeCheck, which provides a variety of tech-based financial solutions. The data show falls in the highest demand areas of Tel Aviv, in the city center and in the Old North.

For example, in District 3, the Old North, 3-4 room apartments were rented in February 2024 at monthly rents of NIS 7,916, a 17.9% decrease in the district in just one year. This is a significant figure since the district is a leader in urban renewal and there are many tenants whose apartments were demolished for reconstruction and are looking for alternative housing. Slighter decreases were recorded in District 1, where rents fell 8.6% in the past year.

WeCheck CEO Rami Ronen says that the slowdown in the housing market combined with higher interest rates has impacted the rental market. "2023 was a complicated year for the Israeli economy. The hike in the Bank of Israel's interest rate, the cost of living rise and the slowdown in the real estate market also trickled down into rents and created pressures to lower prices throughout the city, which fell 5% on average. Tel Aviv is one of the busiest markets in the country and is usually characterized by rising rents and high demand. In recent times, apartment owners have been forced to lower rents, in order to attract relevant tenants.

"An examination of the change in rents in relation to the size of the apartment reveals an interesting situation. Small apartments in Tel Aviv (1-2 rooms) saw a rent increase in all parts of the city, by about 5% on average, while larger apartments (3 rooms and more) saw a sharp drop in rents of 9%. The large apartments are for families and a large part of them

are without security rooms, which lowered demand during this period."

Real estate agents: "Since the start of the war tenants have been breaking contracts."

Real estate agents are acutely conscious of falling rents in the market. Tivuch 1% CEO Avi Shauly, who specializes in Tel Aviv, Givatayim and Ramat Gan, says that many apartments are standing empty. "There has been an upheaval in the rental market and there is a drop in rents for apartments that do not have a security room.

"Most of the apartments in the heart of Tel Aviv are old and without security rooms, and there are hardly any public shelters in the buildings, so tenants broke contracts there, mainly families with young children or pregnant women, who want to live in an apartment with a security room. It started at the beginning of the war, but it is still happening. Some have moved to the new north or to the east to Givatayim and Ramat Gan, to apartments that do have security rooms."

Shauly says that there are apartments that are standing empty: "Property owners have not yet fully realized the new situation and are still demanding high sales or rental prices and thus there are empty apartments in Tel Aviv, Ramat Gan and Givatayim and they are trying to rent them out. In the past this was very rare. There are also far fewer inquiries and an apartment that is without a security room is really hard to rent.

The agent Rubi Tzuk from Tzuk Real estate, who specializes in the northern neighborhoods of Tel Aviv, says that there is very little supply of apartments for rent. "I work in the northern neighborhoods and this is not a period when tenants are moving, which is in the summer months. People are looking for apartments to rent starting from May to July and August, and therefore there is not much supply in the market right now. There are rental properties here and there, but there is not much demand during this period. Landlords offering apartments for rent at the moment, are offering properties that were abandoned at the beginning of the war and remain empty. "A week ago, I brokered a rental deal for a 2.5-room apartment in the Neve Sharet neighborhood. The apartment is 50 square meters, renovated, with all the furniture and electrical appliances in an old 60-year-old building, and it was rented for NIS 4,700 a month. It's a relatively good price, but it took time to find tenants. Right now it's not the time to rent and it's difficult to find tenants quickly, so we lower the price to find a tenant and sign a contract that runs until the end of June 2025."

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14 April, 2024

complete nonsense. Rents for apartments are NOT going down in Tel Aviv.

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