

ADVERTORIAL

The Law of Supply and Demand

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In March 2015, elections were held for the 20th government of the State of Israel. At the time, Moshe Kachlon founded a new political party called Kulanu. His platform for the election stressed his plan to bring down real estate prices in Israel, due to the fact that prices were skyrocketing year by year. The most dramatic rise in prices took place between 2008 and 2013.

In Jerusalem, for example, prices went up between these years by 48 percent; in Ramat Gan, by 65 percent; and in Be'er Sheva, by a huge 109 percent. Prices were rising rapidly. The finance minister who served before Kachlon, Yair Lapid, attempted to deal with this problem as well, but didn't actually manage to do much. Therefore, Kachlon was determined to bring real estate prices down.

When he was elected to office and became the finance minister, Kachlon made sure to obtain control of all ministries and offices related to real estate — the Finance and Housing ministries, and the Israel Land Authority, ensuring that his party held those positions. He began by waging war with the investors in this market, raising the purchase tax on buyers of a second apartment, as well as demanding that they provide 50 percent of the equity.

Moreover, the Treasury wanted to implement a costly tax on owners of three apartments or more. This law faced great opposition and the High Court of Justice eventually decided to rescind this tax. The intent of this law was to discourage investors and thereby free up apartments, giving average buyers looking to purchase their first home a chance to enter the market.

However, the unavoidable reality is that market conditions are based on supply and demand. Instead of swelling the supply, increasing the number



of apartments, forcing prices to go down so that regular people are able to buy, Kachlon tried to fight solely against the demand. The reason this failed is because the weight that the investors hold in the Israeli real estate market isn't very significant. The statistics, mentioned later on in this article, show that he didn't manage to accomplish much with this strategy. Kachlon attempted to wage a psychological war with the public, announcing that prices would soon be decreasing.

The Israel Land Authority, however, wasn't selling land to developers because this wasn't part of their overall plan. The government-sanctioned plan at the time was Mechir Lamishtaken, and all the land sold was in areas included in that plan. Private developers had nowhere to build new apartments, which resulted in a drop in the number of new developments in the market, as the statistics show. Consequently, Kachlon also depleted the income of the Finance Ministry, because instead of receiving taxes from the people and using that money to help average people buy homes, he kept working in the opposite direction.

Yet statistics show that the popu-

lation is growing, and the need for additional housing is as urgent as ever. Over the last year, 168,441 babies were born in Israel, while 41,165 people died. Registered marriages totaled 61,181 in 5778, while 24,868 divorces were filed. A total of 24,496 new immigrants arrived in 5778, up from 23,770 the previous year. The population is projected to grow to 10 million by the end of 2024.

Looking back at 2017, more than 50 percent of the apartments that were approved by the government were located either in the north or the south of the country. In Jerusalem, plans for only 5,600 apartments were approved for construction in 2017. This means that the majority of apartments that were approved by the government were not even in the densely populated regions of the country. It seems that the government is trying to boost the market by building apartments in regions where demand is low. In areas where demand is high, the government is not managing to approve many plans. Looking at the number of apartments that began the construction process in 2017, we see a dramatic drop of

14 percent in comparison with previous years. Out of the total number of apartments being built in 2017, only 8 percent of the apartments were in Jerusalem. Relative to construction rates in Jerusalem from previous years, this translates to 24 percent less apartments.

The fact is that the real estate market in Israel is a market of solid buyers, the majority of whom live in the apartments they purchase. Only around 2 percent of homeowners in Jerusalem own three apartments or more. This is not a market of speculating investors. It's a market of people who own their apartments; less than 10 percent of these homeowners own two apartments.

Data in the recent report published in August 2018 by Israel's Central Bureau of Statistics shows that the number of apartments on the market went up between May and June 2018 by close to 1 percent. This shows that even though there were a few months when real estate was stable, and in some places there was even a slight decrease, the real estate market is starting to climb again. The reason is because the demand for apartments is still much stronger than the psychological war that the government is trying to wage against buyers. There are still so many potential homeowners interested in buying.

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Around Israel

Speaking to Army Radio, he said: "I want the *chareidim* to continue to develop — outside of Teveria.

"Today the *chareidim* comprise 22 percent of the population in Teveria; they mustn't reach 30 percent."

Kobi said he would make Teveria a tourist destination "and the cafes will be open on Shabbos."

"I will prevent the construction of buildings for the *chareidi* population in the city," he declared.

The shocking statements provoked furious reactions.

"Your words are a disgrace," said UTJ Chairman MK Rabbi Menachem Moses. "Teveria was *chareidi* long before you were born, and great

Rabbanim lived there.

"Would you dare make such comments against Ethiopians or Russians? Your words are anti-Semitism."

Itzik Alron, the adviser to Labor Party Chairman Avi Gabbay, said that the comments were "disgusting, the fruits of the anti-*chareidi* incitement nurtured by Yair Lapid," while journalist Yaki Adamker described Kobi as an "anti-Semite."

Journalist Aryeh Ehrlich wrote that "in a civilized country, such a despicable racist would have been taken in handcuffs to the police station for investigation, plus a permanent removal order from the

mayor's office. But since he was inciting against *chareidim* everything continues as usual."

Kobi's election campaign was run on anti-*chareidi* incitement, including the slogan: "Better an Arab town than a *chareidi* one."

BNEI BRAK

The Volunteer Wedding Speaker

Rabbi Yishai Shaul Dvir, a resident of Bnei Brak, heard a *shiur* from Harav Yitzchak Zilberstein and decided to implement the lessons taught.

At the *shiur*, Rav Zilberstein

elaborated on the importance of the day of a *chasunah* and the *seudah*, saying that it is unthinkable for the whole *seudah* to pass without any *divrei Torah* being delivered.

The guests are expected to speak *divrei Torah* at the table, but what if they don't?

Rabbi Dvir, who attended the Rav's *shiur*, decided to take action. Every evening he traipses from hall to hall in Bnei Brak and asks the *mechutanim* for permission to speak. After receiving their permission, he takes the microphone and delivers a five-minute *dvar Torah* followed by a *tefillah*, and he then leaves, looking for the next hall.