



2012 in summary and the outcome of the elections on the property market

The Israeli electoral surely showed that change is required with the high housing prices being at the top of voters agenda. This was clear when two days before the election Bibi (without looking a little pathetic) appointed Moshe Kahalon as the new head of the Israel Lands Authority.

While Kahalon was successful in changing the rules in the cellular market by increasing competition and lowering cellular packages, breaking the back of the Israel Lands Authority is considered an impossible feat but would be considered a major victory. If successful we could start to see the price of land dropping which would naturally lead to lower housing prices.

Looking at the facts on the ground, new mortgages were 4% higher in 2012 than 2011 at NIS46.6 Bill almost equaling the 2010 record of NIS 47 Bill.

New mortgage regulations came into effect from November 2012, restricting first time buyers to 75% LTV & Foreigners and Investors to 50% LTV. Mortgages for those upgrading homes has been limited to 70% LTV

Despite this, mortgages in December rose by 13% from November & November figures were 21% higher than October.

With the recession in the Euro and the US still looming, interest rates are at very low levels (good for those in prime mortgages) with inflation well within the Government's target. This is a good time to look at ones mortgage to consider refinancing.

While we don't see property prices rising at the pace they have over the past few years, we do not forecast property prices to drop significantly or at all due to continued supply demands which are likely to overshadow new mortgage restrictions.

We also don't see a quick solution to the new Governments treatment of cooling and easing the property market.

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PRIME  
RATE  
3.25%

CPI  
MADAD  
1.6%

\*

\$  
LIBOR  
0.31%

\*\*

\* Inflation for past 12 months

\*\* Based on 3 months LIBOR

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