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# REAL ESTATE MARKET REPORT Q3 2025

## Tel Aviv

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[IsraelProperty.tv](http://IsraelProperty.tv)

In Association With  
[Easy Aliyah](http://EasyAliyah.com)

[www.israelproperty.tv](http://www.israelproperty.tv)

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# Israel Property

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## Tel Aviv Property Market Report

**Q32025(July - September)**

*Comprehensive Market Analysis*

Data Source: Central Bureau of Statistics (CBS), Israel

Report Date: December 2025

## Executive Summary

The Tel Aviv property market experienced significant corrections in Q3 2025, marking a notable shift from the strong growth patterns observed in previous years. This comprehensive report analyzes official data from the Central Bureau of Statistics (CBS) covering the period of July through September 2025.

## Key Findings

- Average property prices in Tel Aviv: NIS 3.68 million (Q3 2025)
- Annual decline: -13% compared to Q3 2024
- Quarterly decline: -12% compared to Q2 2025
- Tel Aviv District average: NIS 3.01 million
- Total transactions in Q3 2025: 23,330 units nationwide
- New home sales in Tel Aviv-Jaffa: 608 units (53% increase from Q2)

## 1. Market Overview - Tel Aviv District

The Tel Aviv property market demonstrated significant price adjustments in Q3 2025, reflecting broader economic factors including high interest rates (4.5%), elevated mortgage costs, and ongoing regional security concerns. The market shift represents a correction from historically high valuations observed in 2024.

### Tel Aviv District - Overall Performance

Metric	Q3 2025	Change (YoY)
Average Price NIS 3.01 million	Quarterly Change Q2 to Q3	<b>-7.6%</b>
2025 Price Index (Aug-Sep)	Monthly	<b>-0.9%</b>
		<b>-0.3%</b>

Source: Central Bureau of Statistics, Housing Price Index Q3 2025

## 2. Price Analysis by Geographic Area

Tel Aviv maintains its position as Israel's most expensive property market. However, the city experienced the steepest price corrections among major Israeli cities in Q3 2025. The following analysis breaks down average prices and price movements across different areas within Tel Aviv and surrounding municipalities.

### Tel Aviv and Surrounding Cities - Q3 2025

City	Avg Price Q3 2025	YoY Change	Q2 to Q3 Change
Tel Aviv	NIS 3.68M	-13.0%	-12.0%
Herzliya	NIS 3.66M	-4.2%	-0.05%
Ramat Gan	NIS 2.92M	-5.7%	-6.2%
Bat Yam	NIS 2.47M	+4.2%	+8.3%
Holon	NIS 2.38M	-2.1%	-4.4%

Source: Central Bureau of Statistics, CBS Q3 2025 Data Analysis

## Tel Aviv - Price Analysis by Property Size

Property values in Tel Aviv vary significantly by size, with larger units experiencing more dramatic price corrections. The 4.5 to 5-room apartments (typically 3-4 bedrooms) saw the steepest decline, dropping 26% from Q1 2025 levels.

Property Type	Q3 2025 Avg	Q1 2025 Avg	Change
1-2 Rooms (Studio-1BR)	NIS 2.98M	NIS 2.85M	+4.6%
3-4 Rooms (2-3BR) <del>4.5-5 Rooms (3-4BR)</del>	NIS 3.85M	NIS 4.15M	-7.2%
6+ Rooms (5+BR)	<b>NIS 5.18M</b>	<b>NIS 7.04M</b>	<b>-26.4%</b>
	NIS 6.50M	NIS 7.20M	-9.7%

Source: CBS Data, analyzed by Ynet/Mamon Q3 2025

### 3. Transaction Volume Analysis

Despite declining prices, transaction volumes showed signs of recovery in Q3 2025, particularly in the new construction segment. The surge in activity at major development projects like Sde Dov demonstrates continued market dynamics despite price corrections.

#### Nationwide Transaction Activity - Q3 2025

Category	Q3 2025	Change vs Q2 2025
<b>Total Transactions</b>	<b>23,330 units</b>	<b>+15.4%</b>
New Home Sales	8,780 units	+23.0%
Second-Hand Sales	14,550 units	+11.2%
Tel Aviv New Sales	<b>608 units</b> vs Q3 2024	<b>+53.0%</b>
YoY Comparison		-12.5%

Source: Central Bureau of Statistics Q3 2025

## 4. Year-over-Year Price Comparison

Comparing Q3 2025 to Q3 2024 reveals significant market shifts. Tel Aviv and the Central District experienced price declines, while other regions, particularly the North and Jerusalem, saw continued appreciation. This divergence reflects varied market dynamics across Israel.

### Regional Price Changes - Q3 2024 vs Q3 2025

District	Q3 2025 Avg	Q3 2024 Avg	YoY Change
Tel Aviv District	NIS 3.01M	NIS 3.26M	-7.6%
Central District	NIS 2.61M	NIS 2.71M	-3.8%
Jerusalem	NIS 2.90M	NIS 2.68M	+8.0% +5.1%
Haifa District	NIS 1.88M	NIS 1.79M	+9.5%
Northern District	NIS 1.56M	NIS 1.43M	+1.7%
Southern District	NIS 1.57M	NIS 1.54M	

Source: Central Bureau of Statistics Q3 2024 & Q3 2025 Data

## 5. Market Factors and Economic Context

Several key factors have influenced the Tel Aviv property market in Q3 2025, creating downward pressure on prices while maintaining underlying demand fundamentals.

### Primary Market Factors

- **Interest Rates:** Bank of Israel maintained rates at 4.5% throughout Q3 2025, resulting in elevated mortgage costs averaging approximately 5%
- **Security Concerns:** Ongoing regional tensions, including the June 2025 hostilities with Iran, dampened buyer confidence and contributed to price volatility
- **Supply Surge:** Record inventory of 83,920 unsold new homes nationwide at end of Q3 2025, representing 28.8 months of supply
- **Emigration Pressure:** Continued outflow from Tel Aviv reduced local demand, particularly in premium segments
- **Taxation Changes:** VAT increase to 18% in January 2025 initially accelerated late-2024 purchases, followed by Q1-Q3 2025 slowdown
- **Market Correction:** Natural price adjustment from historically elevated valuations recorded in 2024

### Rental Market Performance

While purchase prices declined, the rental market remained strong, indicating continued housing demand and potential investment opportunities.

Rental Category	Price Increase
Lease Renewals (Existing Tenants)	+2.5%
New Tenants (Market Rate)	+5.5%
National Average Rent Q2 2025	NIS 4,878
Gross Rental Yield (National Average Q3 2025)	3.38%

Source: CBS Rental Market Data Q2-Q3 2025

## 6. Supply Analysis and Inventory Levels

The Tel Aviv property market faces significant inventory buildup, with unsold new construction reaching record levels. This oversupply situation has contributed substantially to price declines and is expected to continue influencing market dynamics through 2026.

### Unsold Inventory - September 2025

Metric	Value	YoY Change
<b>Total Unsold Units (National)</b>	<b>83,920 units</b>	<b>+20.3%</b>
Months of Supply	28.8 months	Historic High
Central District Inventory	26,740 units	Highest
Tel Aviv District Inventory	Data not disclosed	Second Highest

Source: Central Bureau of Statistics, September 2025 Inventory Report

## 7. Market Outlook and Trends

The Tel Aviv property market is experiencing a transitional period characterized by price adjustments and market recalibration. Several indicators suggest continued volatility in the near term, with potential stabilization dependent on broader economic factors.

### Key Observations

- **Seventh Consecutive Monthly Decline:** Housing prices nationwide fell for seven consecutive months through September 2025, indicating a sustained correction phase
- **Transaction Volume Recovery:** Despite price declines, Q3 2025 saw 15.4% quarterly increase in transactions, suggesting renewed market activity
- **Developer Incentives Returning:** 31% of new apartment transactions in September included financing incentives, up from 27% in August
- **Divergent Market Performance:** Cities like Bat Yam, Beit Shemesh, and Bnei Brak showed price increases, indicating selective market strength
- **Premium Segment Most Affected:** Large apartments (4.5-5 rooms) experienced 26% decline, while small units (1-2 rooms) actually appreciated

### Looking Forward

Market conditions for Q4 2025 and 2026 will likely be influenced by:

- Bank of Israel monetary policy decisions and potential interest rate adjustments
- Resolution of regional security concerns and stabilization of geopolitical environment
- Absorption of current inventory overhang (28.8 months of supply)
- Government housing policy interventions and incentive programs
- Economic growth trajectory and employment stability in Tel Aviv's tech sector

## 8. Methodology and Data Sources

### Data Sources

This report is based entirely on official government data sources:

- **Central Bureau of Statistics (CBS):** Israel's official statistical agency, responsible for collecting and publishing housing market data including the Housing Price Index, transaction volumes, and market trends
- **Israel Tax Authority:** Real Estate Database (Catalog of Real Estate Prices), which records all property transactions as legally required
- **Ministry of Finance:** Monthly transaction data and housing policy information

### Reporting Period

Q3 2025: July 1, 2025 through September 30, 2025. Price indices typically reflect two-month rolling averages (e.g., August-September 2025 data published in October 2025). Transaction data covers the full three-month quarter.

### Important Notes

- All data presented represents actual recorded transactions reported to government authorities
- CBS does not apply quality adjustments to housing price data
- Average prices include both new and second-hand properties unless otherwise specified
- All monetary values are expressed in New Israeli Shekels (NIS)
- Property sizes follow Israeli convention: rooms include bedrooms, living rooms, and dining rooms but exclude bathrooms and kitchens

## Conclusion

The Tel Aviv property market in Q3 2025 demonstrated clear signs of price correction after years of sustained growth. The 13% annual decline in Tel Aviv proper, and 7.6% decline across the broader Tel Aviv District, represents a significant market adjustment driven by elevated interest rates, substantial inventory buildup, and regional security concerns.

Despite price pressures, the market shows underlying resilience through increased transaction volumes, particularly in new construction, and sustained rental demand. The divergent performance across property types and locations suggests a nuanced market responding to specific local factors rather than uniform collapse.

For prospective buyers, the current environment presents potential opportunities, particularly in mid-range properties where price reductions have been most pronounced. For sellers, realistic pricing aligned with current market conditions is essential. Investors should carefully consider the elevated supply levels and potential for continued near-term volatility.

The market's trajectory through late 2025 and into 2026 will depend significantly on monetary policy adjustments, resolution of geopolitical tensions, and the pace at which the substantial inventory overhang is absorbed. All stakeholders should monitor CBS quarterly releases and Bank of Israel policy decisions closely.



*Report compiled from Central Bureau of Statistics official data  
December 2025*



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