

**FOR THE FIRST TIME, THE ISRAEL LAND AUTHORITY AND  
THE TOURISM MINISTRY TO PUBLISH A TENDER TO  
ESTABLISH A NATIONAL CHAIN OF 5 BUDGET HOTELS -  
AN ADDITION OF NEARLY 1000 HOTEL ROOMS**

**Tourism Minister Yariv Levin: "The option of establishing a budget hotel chain in various locations around Israel will encourage international hotel chains to invest and build in Israel. This will add to the supply of hotel rooms at a budget level, thereby offering cheaper vacations for families and FITs and encouraging tourists to stay in Israel for longer periods - which will ultimately lead to cheaper vacations in Israel."**

**Adiel Shomron, Acting Director, Israel Land Authority: " This is the first time that we are marketing land in one bundle without fixing a minimum price in order to allow one entrepreneur to win and build five budget hotels to internationally-recognized standards so that families and FITs can enjoy hotel accommodation at an affordable price."**

*Jerusalem, December 9, 2015* - A unique tender - the first of its type- is to be published in the coming days by the Israel Land Authority and the Tourism Ministry, which includes the acquisition of lease rights for five plots designated for hotels, located throughout the country, in order to establish a chain of budget hotels.

In keeping with Tourism Ministry policy to lower the price of vacationing in Israel by, among others, increasing the supply of budget hotel rooms and creating competition in the hospitality market, the ministry has been working for some time to facilitate budget hotel chains to build a large number of inexpensive hotel rooms throughout the country. The tender is also in line with a worldwide trend in the hotel industry, in which international chains (such as for example Hilton and Carlton) establish budget brands. There are hundreds of budget hotel brands worldwide, and the ministry hopes that the tender will generate international interest in entering the Israeli market.

The hotels will be built in the following areas:  
Eilat - 150 rooms in the center of the city (Mafiya district)  
Mizpe Ramon - 100 rooms in the Spice Quarter  
Dead Sea - 300 rooms in Ein Bokek  
Kiryat Gat - 100 rooms near the northern entrance to the city  
Nazareth - 200 rooms near the northern entrance to the city

The tender is only applicable for entrepreneurs who will receive a recommendation from the Tourism Ministry. First, the winning company will sign a five year contract for the development of five hotels, and following this, lease agreements will be signed for 49 years.

Planning and construction of the hotels will be carried out in accordance with the physical standards for planning and classification of tourist accommodation facilities of the Tourism Ministry. The entrepreneur will have flexibility regarding the mix of room



types (double, suite, studio) in every hotel up to a maximum of 40% of total hotel rooms for studios and suites. This, instead of the 20% as defined in the physical standards.

The entrepreneur must commit to at least 100 rooms of C or D Tourism Ministry classification. For the remaining building rights, the entrepreneur can build the hotel to another, higher standard in accordance with the physical standards for planning and classification of tourist accommodation facilities of the Tourism Ministry. The entrepreneur will not be able to sell hospitality units.

According to the Tourism Ministry, the benefits in building a budget hotel chain at one time, as opposed to building an individual hotel are, among others: reduced building costs, reduced subcontracting costs and reduced marketing costs. These will all lead to lower prices. Another advantage is for the tourist to extend his stay in the country, with a package that includes several hotels together throughout Israel.