

3. GLOBALIZATION PROCESSES AND THEIR IMPACT ON THE STRUCTURE OF THE TEL AVIV METROPOLITAN AREA

3.1 INTRODUCTION

The chapter deals with processes of change in the functional structure of the Tel Aviv Metropolitan Area (TAMA) in the wake of economic globalization processes of the 1980s and 1990s. Of all the components making up the spatial organization of the TAMA, the chapter focuses on the development of two Central Business Districts (CBD) in metropolitan Tel Aviv: the traditional central city business arena and a new emerging center. Rather than heralding the formation of a polycentric urban structure, the new Tel Aviv CBD represents a real-estate led response at generating a new center of gravity for economic activity in Tel Aviv. The new center therefore competes vigorously with the established center. A further unique feature of the developing metropolitan structure is the *ex nihilo* nature of the new development. Instead of following the well-known pattern of incremental CBD expansion via new building at the margins of the established center, the new Tel Aviv business district represents an attempt at re-directing growth to a new location altogether.

Traditionally, the Tel Aviv CBD developed in the southern area of Tel Aviv in the location of the original site of the first neighborhood of the city of Tel Aviv, the Ahuzat Bayit quarter established in 1909. It grew consistently and systematically to become the managerial and financial center of the metropolitan area and in many instances served as the nerve-center of the entire Israeli economy, a role which it still fulfills today. Over the last decade or two however, the growth of the CBD stabilized and its areal extent changed only slightly.

Challenging the established CBD, a secondary center emerged in an area that was sparsely occupied by industrial workshops, garages and a municipal swimming pool. In terms of jurisdictional responsibilities the new center is located outside the Tel Aviv city limits and within the neighboring municipal jurisdiction of the city of Ramat Gan. Its most significant locational advantage is its proximity to the major highway of the metropolitan area (Netivei Ayalon – Highway No. 2), which is the backbone of the transportation system for the entire region (Figure 3.1). This new CBD has emerged in direct proximity to the Diamond Exchange (Bourse) which is the control center of the entire diamond industry in Israel. All import and export flows of diamonds and other precious stones are transacted via the Ramat Gan location. The Diamond Exchange is located about three kilometers to the north-east

of the traditional CBD and has become the focal point for the development of the alternative CBD attracting much of the high-rise office development in the metropolitan area of Tel Aviv. While the initial buildings near Diamond Exchange were of medium height (15 to 30 stories), later construction built in the 1990s rose to heights of 50 to 60 floors. At present, the area of the new CBD is developing outwards in a north-east direction as a collection of post-modern, high-rise office buildings. While the new center does still not match the old CBD in terms of total floor space and number of employees, it nevertheless has accumulated a critical mass of office, research and design space serving some of Israel's leading firms in high-tech and the producer services sector.

This chapter analyzes whether there are significant differences in terms of composition of the economic sectors between the two CBDs and tests the hypothesis that the new CBD is strongly related to economic globalization processes, which occurred in Israel during the 1980s and 1990s. Two different but inter-related aspects of Tel Aviv's functional structure are considered in the analysis that follows. The first deals with the emergence of a new CBD alongside an established center as a response to the needs of a metropolitan economy undergoing processes of globalization. The second outlines the emergence of a new socio-spatial residential structure which is a direct result of the growing number of foreign workers occupying the lowest level neighborhoods in Tel Aviv. A highly segregated micro-geography has emerged as a further urban response to the challenges of globalization and a distinct enclave of foreign workers of significant size and particular way of life has been formed.

3.2 THE TWO CBDS OF THE TEL AVIV METROPOLITAN AREA

In order to highlight the role of governance structure affecting functional structure in metropolitan Tel Aviv, we first broadly sketch the jurisdictional limits of the TAMA and the role of the planning authorities that serve this area. We then highlight the different tax regimes operating across the different jurisdictions that comprise the metropolitan region. In purely administrative terms, the metropolitan area is composed of three territorial units (defined by the Israel Central Bureau of Statistics). These are the Tel Aviv District and the Central District and the smaller Ashdod natural area at the southern border of the Central District (Figure 3.1). The population of the TAMA was 2.65 million (2001), which comprised 42 percent of Israel's total population (CBS, 2001). The TAMA has grown around the historical core of the city of Tel Aviv-Yafo over the past fifty years to comprise at present more than 25 towns, 33 local authorities, and 13 regional councils, which include 198 villages. Tel Aviv is the central city of the metropolitan area. It is surrounded by rings of built-up area of descending density and declining intensity of commuting streams to the metropolitan core - the city of Tel Aviv.

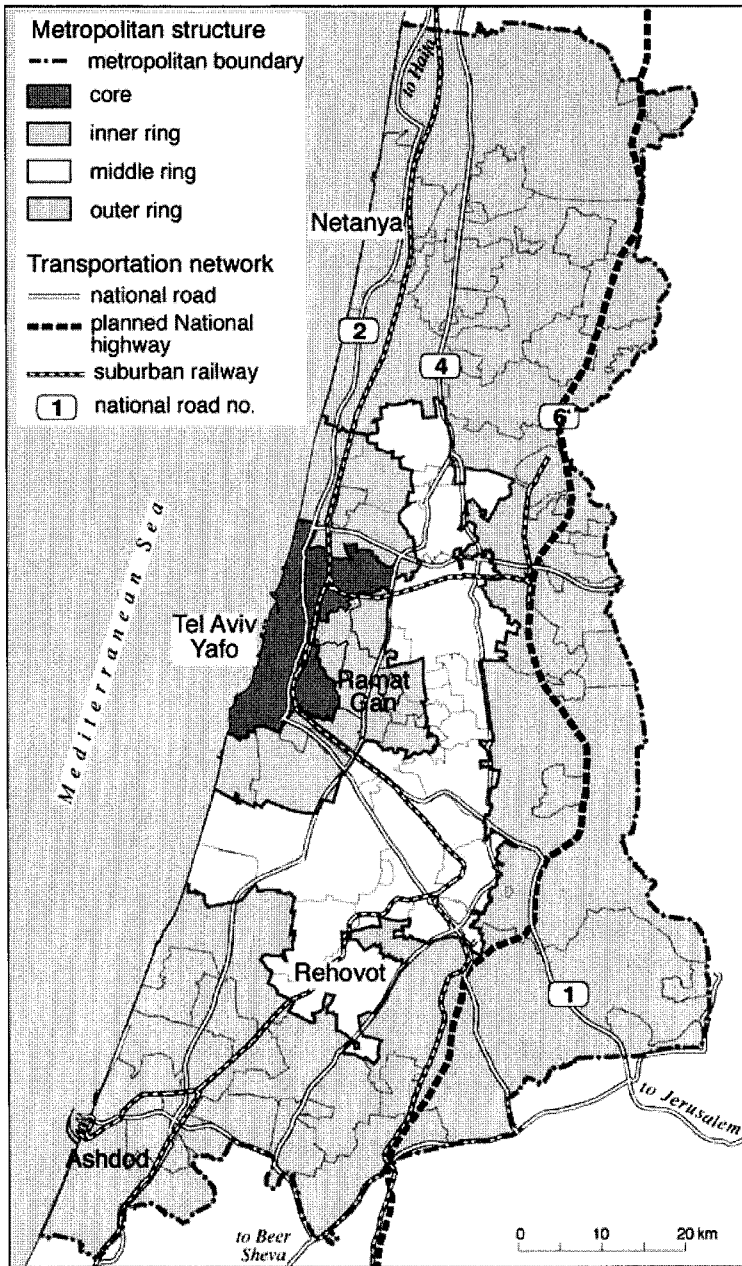


Figure 3.1 Tel Aviv-Yafo metropolitan area: basic structure and main transportation network



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