



Ron Cohen VAS
Valuation and Advisory

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Israel Real Estate
MARKET RECAP

April 2026

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Israel Real Estate Market Recap | April 2026

April has been the first month of negotiation rather than fighting in the Middle East conflict. A conditional Iran ceasefire took effect on 8 April; a Lebanon ceasefire followed on 16 April. The US naval blockade of Iran remains in place, the Strait of Hormuz is contested, and the Lebanese front has not fully quieted. The broader equity market read it as a turning point: the TA-125 closed April at 4,312, up 9.4% on the month and 68% on the year — a record high reached during the ceasefire weeks.

The real assets market has been busy. Leumi Partners' ₪9.75 billion (\$3.25 billion) pre-money valuation for a 20% stake in Edeltech is the largest in a two-year wave of institutional capital flowing into Israeli power generation, mapped in the chart that follows. Mega Or's ₪1 billion (\$333 million) acquisition of the former Alliance tyre site in Hadera continues the data centre theme; new REIT legislation effective end-March opens c. ₪3.8 billion of development capacity to the three listed REITs, with data centres explicitly in the frame.

The 2025 Israel Real Estate Index, published this month, delivered an 8.9% total return on a 6.2% income return — the direct market continuing to deliver, while the listed sector tracks the news cycle.

Leumi Partners leads consortium to acquire 20% of Edeltech at c. ₪9.75 billion (\$3.25 billion) pre-money valuation

Leumi Partners, the real assets arm of Bank Leumi, led by Viktor Vakrat, is leading a consortium of international infrastructure and energy investors alongside Israeli institutions in acquiring a 20% stake in Edeltech, one of Israel's largest private power producers. The consortium signed a memorandum of understanding with sole owner Ori Edelsburg for a total investment of ₪2–2.3 billion (\$667–767 million), implying a pre-money valuation of approximately ₪9.75 billion (\$3.25 billion) and a post-money valuation of approximately ₪11 billion (\$3.67 billion). The investors will hold their stake through a dedicated SPV, with Leumi providing

financing of 30–40% of the investment. Roughly half the proceeds will be injected into Edeltech to fund asset enhancement and expansion into synergistic sectors including solar energy and data centres in Israel and the United States, with the balance of approximately ₪1 billion (\$333 million) paid to the Edelsburg family. Edeltech has also agreed to pursue a public listing within approximately three years. Tamir Cohen, former CEO and Chair of Shikun & Binui, is advising Edeltech on the transaction and on its entry into US power generation and data centres. Looking ahead, Edeltech may pursue further M&A including a potential acquisition of the controlling stake in Shikun & Binui Energy (67%), currently trading at a market capitalisation of approximately ₪3.35 billion (\$1.12 billion), which is Edeltech's partner in the Ramat Hovav and Hagit East power stations.

Sela Binui and Issta sell 3,700 sqm retail asset near Sheba Medical Centre for ₪125.6 million (\$42 million)

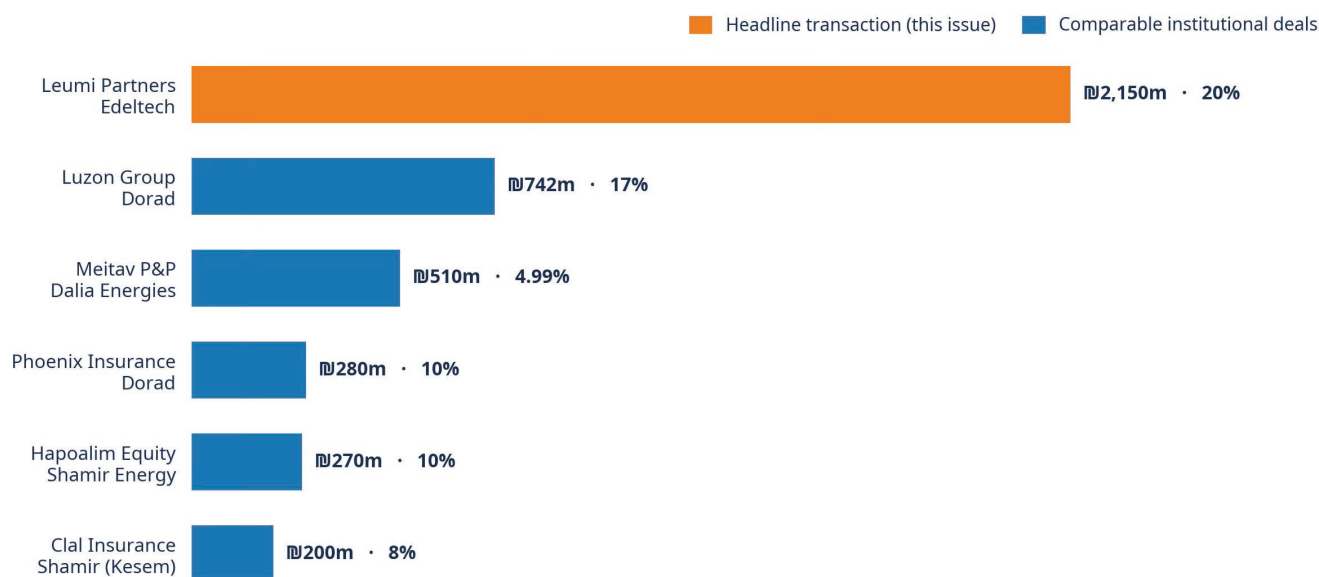
Sela Binui and Issta sold a 3,700 sqm retail asset with approximately 100 parking spaces near the northern entrance to Sheba Medical Centre to a private buyer for ₪125.6 million (\$42 million). The property forms part of the "New Ramat Efal" residential project on Derech Sheba, between the Aluf Sade interchange and the hospital entrance, with the retail space occupying the ground floors of the residential buildings. The asset is nearly fully occupied by a diversified tenant mix including Tiv Ta'am, Good Pharm, Mitbar and Autelo. The estimated annual yield on full occupancy is approximately 7%.



Edeltech's Dorad power station, south of Ashkelon — 860 MW combined-cycle, the flagship asset in the company's 2.9 GW portfolio. Source: Edeltech.

Institutional Capital Flows into Israeli Power | Selected Deals 2024–2026

Bar length and ₪m figure show the consideration paid by the investor; the percentage is the stake acquired in the target company.



Source: Ron Cohen VAS analysis. Edeltech consideration shown at midpoint of ₪2.0–2.3 billion range.

The transaction completed prior to the regional escalation that began at the end of February 2026. Proceeds will be used by Issta to repay bank debt and shareholder loans.

Mega Or acquires former Alliance tyre factory site in Hadera for ₪1 billion (\$333 million); data centre planned

Mega Or, the listed commercial property company controlled by Tsachi and Efrat Nachmias, acquired the 180-dunam land parcel of the former Alliance tyre factory in Hadera's industrial zone for ₪1 billion (\$333 million), paid in full in cash at signing. The acquisition was made through subsidiary Mega DC, which plans to develop a large-scale data centre on the site. The land comes with approximately 95,000 sqm of existing buildings and operational infrastructure, an electricity substation, high and extra-high voltage connections and a natural gas connection, all of which materially shorten typical data centre development timelines. The site is zoned principally for industrial use and sits alongside Route 4. Mega DC currently manages seven data centre projects at

various stages, six under development and one operational in Modi'in, and partnerships with technology companies including NVIDIA. In January, Mega DC signed a contract to provide Dutch company Nebius with 80 MW of data centre capacity across two facilities in Masmiya and Beit Shemesh, at a total investment of \$880 million. The sale process was managed by Mor Ziv, Head of Real Estate Investment at JLL Israel. Mega Or's share price is expected to enter the TA-35 index at the next rebalancing on 7 May.

Legislative change unlocks c. ₪3.8 billion (\$1.27 billion) of development capacity for listed Israeli REITs

Legislation that came into force at the end of March 2026 raises the cap on development activity by listed Israeli REITs from 5% to 25% of the value of their income-producing portfolio. The change applies to the three REITs listed on the Tel Aviv Stock Exchange: Reit 1, Sela Real Estate and Menivim. Together they hold approximately ₪19 billion (\$6.3 billion) of income-producing assets at end-2025, comprising ₪9.3 bil-

lion (\$3.1 billion), ₪6.0 billion (\$2.0 billion) and ₪3.6 billion (\$1.2 billion) respectively. The higher cap creates approximately ₪3.8 billion (\$1.27 billion) of incremental development headroom across the three platforms, distributed ₪1.85 billion (\$617 million) at Reit 1, ₪1.2 billion (\$400 million) at Sela and ₪0.7 billion (\$233 million) at Menivim.

The change addresses a structural feature of the Israeli market: the direct transaction market is thinner than its US or major European institutional counterparts, and assembling scale through acquisition has been difficult. Development typically delivers 200–300 bps of additional yield over acquisition (unlevered returns moving from a 6–7% purchase yield to a 9–10% development yield on completion), with the uplift representing the developer profit margin captured in-house rather than paid through the acquisition price. The reform was led by a working group at the Israel Tax Authority under Shai Aharonovich, after a decade of sector advocacy.

Of particular interest is the data centre angle. Standing data centre

stock has been effectively closed to REIT acquisition, with owners reluctant to sell and the rare available opportunities priced at a substantial scarcity premium. The new cap could open the sector to REIT-led development, although the Israel Tax Authority has yet to rule on the treatment of data centre income: land and shell construction sit clearly within the REIT regime, but operating revenues from server hardware and power supply do not. The expected resolution is REIT ownership of the real estate while IT customers retain the hardware, but a formal ruling is pending.

Prime residential: two high-end Tel Aviv apartments sell for c. ₪100,000 per sqm

Two notable prime residential transactions in Tel Aviv. YBOX sold a 550 sqm penthouse at the Gat Rimon project overlooking Park HaMesila for ₪55 million (\$18.3 million), to a French businessman who recently relocated to Israel. The price implies approximately ₪100,000 per sqm. The apartment is part of the Ybox Art project, comprising two 40-storey mixed-use towers with hotel, office, gallery and entertainment uses, designed by Moshe Tzur with interiors by Italian designer Piero Lissoni. Separately, a 314 sqm penthouse with a private pool on Sprintzak Street sold for ₪32 million (\$10.7 million), also at approximately ₪100,000 per sqm. The buyer is reported to be a senior technology executive. The asset sits within a six-storey TAMA 38 urban renewal project developed by Yitzhaki Hasson.

Israel Real Estate Index: 2025 results

The 2025 Israel Real Estate Index (IREI), produced annually by Ron Cohen VAS, delivered a total return of 8.9%, comprising 6.2% income return and 2.7% capital growth. The index covers 1,037 assets with a total value of ₪129.8 billion (\$43.3 billion) across eight institutional platforms.

Industrial and logistics led the sec-

tors at 9.8% total return (6.5% income, 3.3% capital growth), followed by retail at 9.6% (6.5% income, 3.1% capital growth) and offices at 8.5% (6.0% income, 2.5% capital growth). Retail is the largest sector by value at ₪54.1 billion (\$18.0 billion, 41.7% of the index), closely followed by offices at ₪52.4 billion (\$17.5 billion, 40.4%).

Over five years the IREI has delivered an annualised total return of 10.7%, with a three-year volatility of just 0.5% and a Sharpe ratio of 2.47. The income return has remained stable throughout the six-year series, ranging from 5.4% to 6.3%, providing a consistent yield floor regardless of capital market conditions. Capital growth has been the variable component, from negative 1.6% in the Covid year of 2020 to 7.6% in the post-Covid recovery of 2021.

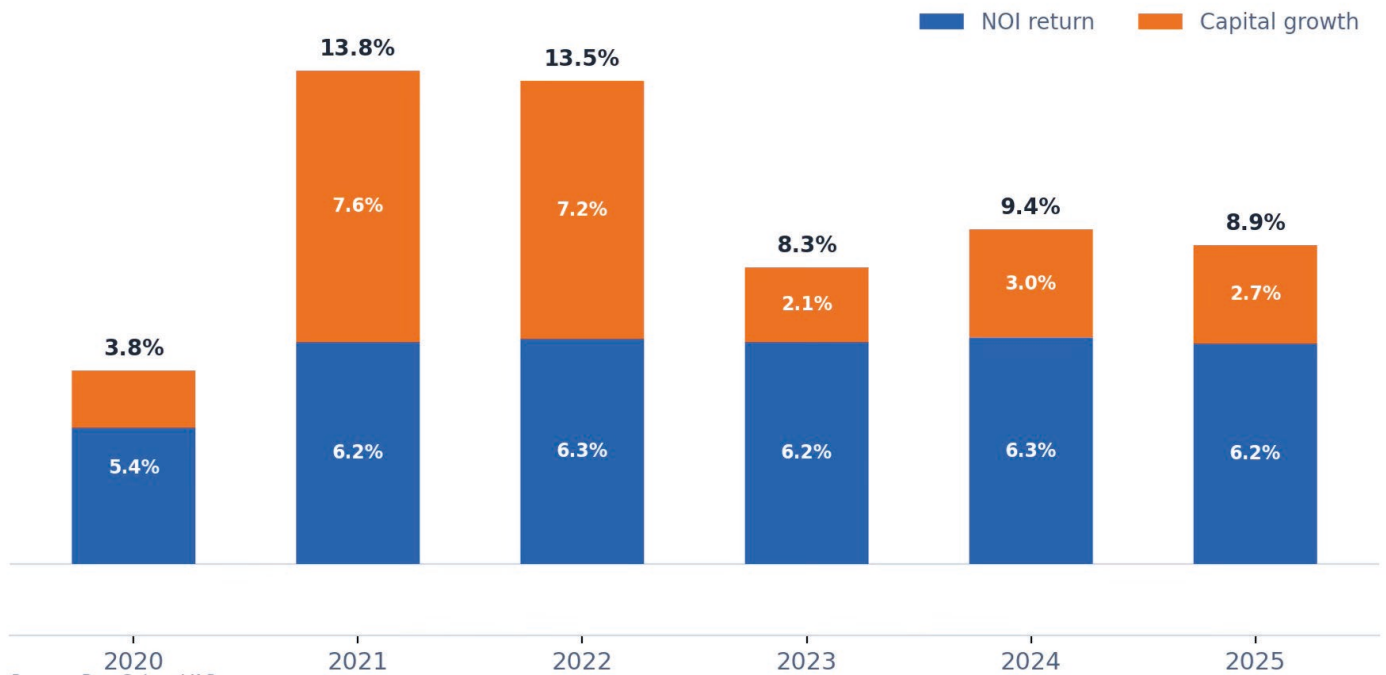
The international picture is striking. Over the six years from 2020 to 2025, the IREI delivered a positive total return in every year, averaging 9.6% annually with peaks of close to 14% in 2021 and 2022. By contrast, the MSCI Global Property Index posted three consecutive negative years in 2022 (negative 1.5%), 2023 (negative 3.1%) and 2024 (negative 2.1%), averaging 3.0% over the six-year period, approximately one third of the IREI. The divergence reflects the greater sensitivity of global office markets to the rate rises that began in 2022 and to structural shifts in remote working patterns, trends that have only begun to reverse in the past year or two.

The Israeli picture reflects the structural features of the direct commercial market: a stable indexed income return, ownership concentrated among a small number of well-capitalised platforms, and a domestic demand backdrop that has remained resilient through the pandemic and multiple geopolitical shocks. Israel's sociable Mediterranean culture has driven a high rate of return to the office and to shopping centres, closer to the East Asian pattern than to the North American or European one.

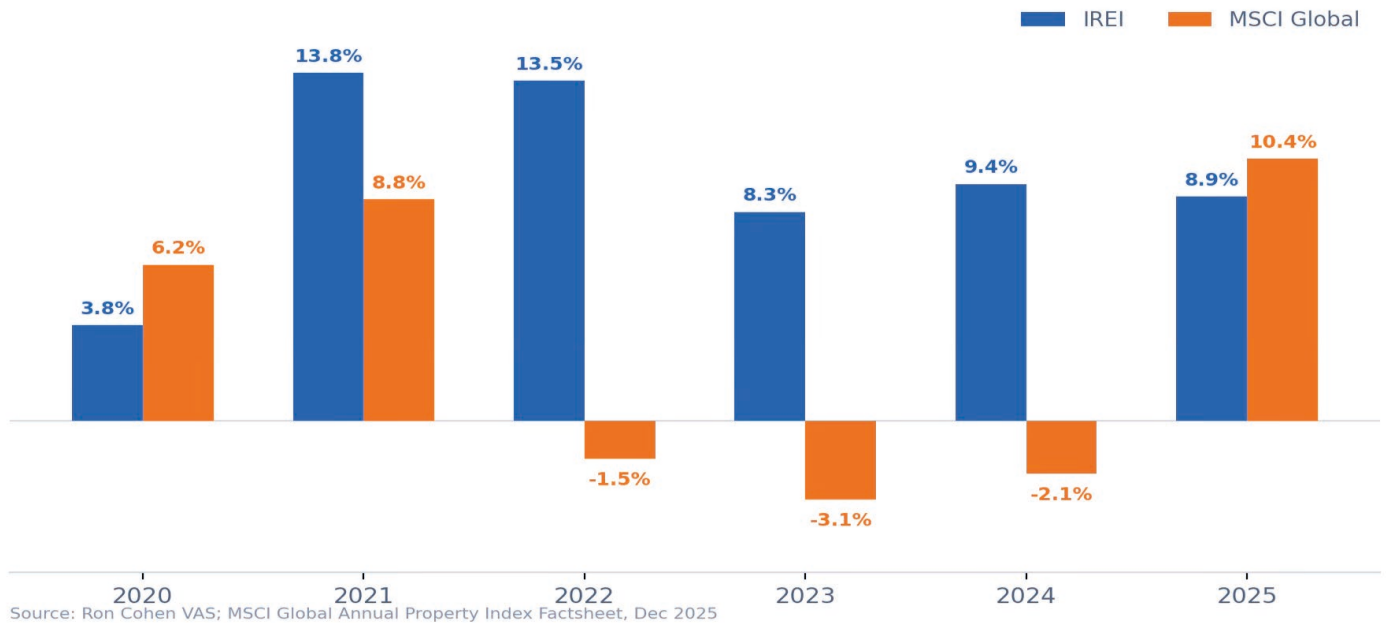
For international investors used to mapping Israel onto higher-risk frameworks, the IREI provides a different frame of reference: a direct commercial real estate market with both higher yields and lower volatility than its OECD peers.

The IREI is Israel's only direct commercial real estate index and has been cited in the Bank of Israel's Financial Stability Report. Full interactive results are available at roncohen.co.il. With thanks to MSCI for kindly providing the data from their Global Annual Property Index.

Israel Real Estate Index (IREI) | Annual Total Returns 2020-2025



IREI vs MSCI Global | Total Return 2020-2025 (standing investments, USD)



Note: USD figures converted at ILS/USD 3.00. Any comments and additional information are welcome.

Ron Cohen VAS is the only RICS regulated real estate valuation and advisory firm in Israel, providing independent advice based on detailed market knowledge and understanding. Services include real estate valuations for financial reporting, expert witness, acquisitions and disposals, development viability, tax and statutory valuations. Clients include institutional investors, REITs, multinational technology companies, accountancy firms and charities. The firm collaborates with Colliers on cross-border valuation assignments in Israel.



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