



Ron Cohen VAS  
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Israel Real Estate

# MARKET RECAP

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# Israel Real Estate Market Recap | May 2026

May has been the second month of the regional ceasefire. The Lebanon truce was extended by a further 45 days and the US and Iran are reported to be near a 60-day pause, though the Strait of Hormuz remains effectively closed and intermittent strikes continue. The broader trajectory has been one of containment, and capital markets have stayed conspicuously buoyant: Brent crude eased to around \$92 a barrel while the TA-125 extended its record run past 4,480, up more than 65% year-on-year. The same confidence carried into the primary market, where Tidhar completed the year's largest real estate initial public offering on the Tel Aviv Stock Exchange.

In the direct real estate market, defence-sector expansion has become a material force in commercial leasing, exemplified by Elbit Systems' lease of an entire 40,000 sqm building at Nes Ziona.

Energy infrastructure is being built at pace: renewable installation reached a record 1.3 GW in 2025, led by private producers such as Edeltch, alongside a parallel build-out of gas-fired capacity to meet rising demand from electric vehicles and, increasingly, data centres. Here the binding constraint is no longer capital but the physical grid, long neglected and now the limiting factor on further renewable connection.

Also in this issue: institutional capital continues to deepen across specialist strategies, from Ruby Capital's developer finance fund to Rent

It REIT's accumulation of rental housing. Operators are recycling capital through asset-light structures, as in Isrotel's sale of its Port Tower interest while retaining management, and international high-net-worth buyers continue to enter Tel Aviv prime residential, with the Vidor family's purchase in Neve Tzedek.

### **Isrotel sells 50% of Port Tower Hotel, Tel Aviv to Pie Siam for c. ₪50 million (\$16.7 million); long-term operating lease retained**

Isrotel agreed to sell its 50% interest in the Port Tower Hotel in Tel Aviv to its existing partner Pie Siam (TASE: PIES, controlled by Shlomo Dahokay) for approximately ₪50 million (\$16.7 million), with Pie Siam taking 100% ownership on completion. The

153-room hotel on HaYarkon Street, close to the old Tel Aviv Port, opened in 2022 and has been operated by Isrotel from opening; Pie Siam acquired its original 50% interest in 2014 when it joined the project as an equal partner. Isrotel will continue to operate the hotel under a long-term lease of approximately 24 years, with an option to extend by a further 11 years. The rent structure combines a fixed base with a turnover-linked element, preserving Isrotel's operating cash flow from the asset following its exit from ownership.

For Isrotel, the transaction reflects a shift towards an asset-light model: monetising direct property ownership while retaining the long-term operating economics. The hotel generated approximately ₪6.3 million (\$2.1 million) of management fees for Isrotel in 2025, an income stream now preserved without the capital tie-up of underlying ownership. The proceeds give the company financial flexibility to support its stated strategy of expansion into Greece and Italy, alongside approximately ten Israeli projects currently in construction and planning. For Pie Siam, the deal deepens its position in a sought-after Tel Aviv Port location with an established operator already in place, balanced against the property-level risk of holding hospitality real estate in the prevailing security context.

### **Harel Insurance commits c. ₪150 million (\$50 million) to Ruby Capital's Sapphire 2 real estate fund**

Harel Insurance committed approximately ₪150 million (\$50 million) to Ruby Capital's Sapphire 2 fund, a c. ₪840 million (\$280 million) ve-



The Tel Aviv skyline

hicle providing preferred equity to Israeli real estate developers. Harel joins existing institutional investors Migdal, Meitav, Leumi Partners and HaCsharah Insurance, alongside private investors. Approximately ₪200 million (\$67 million) has been deployed across seven projects to date. The fund targets two underwriting use cases: equity completion for developers acquiring land at Israel Land Authority (ILA) tenders, and equity for urban renewal schemes.

Ruby Capital, founded in 2015 and affiliated with the Rubinstein family's Ruby Ventures of Toronto, has emerged as one of the larger non-bank real estate financing platforms in Israel. The company reports approximately ₪20 billion (\$6.7 billion) of active credit facilities supporting more than 10,000 residential units across more than 30 municipalities, and was included in the Dun's 100 ranking of leading Israeli companies in 2025. CEO Yaakov Nitzan was previously head of non-traded real estate credit at Harel Insurance, where he built the firm's housing finance platform.

**Rent It REIT acquires 52 rental units at Aura City, Hadera for ₪108.5 million (\$36 million)**

Rent It, a residential REIT focused on rental housing, agreed to acquire 52 units from developer Aura at the Aura City project in central Hadera for ₪108.5 million (\$36 million), for long-term rental. The units were bought at a 20% discount to Aura's list prices, equivalent to a 10% discount to its achieved sale prices. The consideration is part cash, part equity: approximately ₪88.5 million (\$30 million) in cash, with the balance settled through the allocation of 2.22 million Rent It shares to Aura at ₪9 per share, around 5.87% of the company, making Aura a substantial shareholder in Rent It. Aura City comprises four 22-storey towers totalling 460 units near Hadera's central bus station and is currently in its occupancy phase; handover of the acquired units is expected in



*Neve Tzedek, Tel Aviv's oldest neighbourhood, where Marius Nacht sold a 1.5-dunam assemblage on Sheloush Street to the Vidor family.*

June 2026. Rent It was founded by Sharon Tussia-Cohen, former CEO of the Nitsba income-producing group, and holds more than 400 rental units across various projects. Its shareholders include the investment arm of Bank Hapoalim, Clal Insurance, Migdal Insurance and the Mivtachim pension funds. The transaction is part of a widening trend of REITs accumulating residential blocks for long-term rental: Abu Family REIT, controlled by developer Tzachi Abu, bought 35 units in an Ashdod scheme for ₪46 million (\$15 million) in late 2025 and a further block in Rehovot in January. The pattern reflects the gradual institutionalisation of Israel's rental housing sector, long underdeveloped relative to its US and European counterparts.

**Prime residential: Marius Nacht sells 1.5-dunam Neve Tzedek assemblage to the Vidor family for ₪130 million (\$43 million)**

Marius Nacht, the Check Point co-founder, sold two adjacent plots in Tel Aviv's Neve Tzedek to Alan and Sharon Vidor for ₪130 million (\$43 million). The 1.5-dunam (1,500 sqm) land assemblage on Sheloush

Street implies a sale-side land value of approximately ₪87,000 per sqm, comparable to the prime built residential pricing for the wider area. Nacht acquired the plots in 2007 as part of a larger ₪64 million (\$21 million) transaction that also included the adjacent Beit Sheloush residence; the house is understood to be separately marketed at c. ₪100 million (\$33 million) but is not part of the present sale.

Alan Vidor is CEO of TOGA Group, one of Australia's larger private property and hospitality platforms. The Vidor family has long-standing philanthropic ties to Israel, particularly in the Arava region, channelled in part through JNF Australia. The Neve Tzedek purchase is reportedly a personal rather than corporate transaction, and continues the trend of international high-net-worth buyers stepping into Tel Aviv prime residential.

**Elbit Systems leases 40,000 sqm at Nes Ziona from Vitania for c. ₪544 million (\$181 million)**

Elbit Systems agreed to lease an entire 40,000 sqm building from Vitania at the Nes Ziona Science Park,

on a term of 24 years and 11 months with a first break option at 17 years and 9 months. Total rent to the first break is approximately ₪544 million (\$181 million), with occupancy expected in July. The building, part of the Vitania Landa project, combines industrial space, laboratories and offices over approximately 40,000 sqm, with a 23,000 sqm underground car park. It was originally developed for Benny Landa's Landa Digital Printing, which collapsed.

The lease is part of a broad expansion in real estate demand among Israeli defence companies since the onset of the Middle East and Russia-Ukraine conflicts, with surging demand for weapons systems, defence technologies and intelligence capabilities driving an unprecedented order backlog and a rapid build-out of new production and laboratory infrastructure. Vitania, controlled by the Unger family and managed by Yariv Bar Dea, trades on the Tel Aviv Stock Exchange at a market capitalisation of approximately ₪971 million (\$324 million) and holds an income-producing portfolio of approximately 200,000 sqm. The defence-sector leasing wave has provided a ready source of long-term institutional tenants for assets that might otherwise have struggled to re-let, as the repurposing of the Landa building illustrates.

### Renewable energy installation reaches record 1.3 GW in 2025; grid capacity the binding constraint

Israel's Electricity Authority reported that 1.3 GW of renewable generation capacity came online during 2025, an all-time record, surpassing the previous high of 1.1 GW in 2022. Installed renewable capacity has more than doubled since 2021. Renewables supplied 16.7% of electricity consumed in 2025, up from 14.6% in 2024, the majority solar and split between ground-mounted and dual-use installations on rooftops and agricultural land. Consumption from renewables is rising by approximately 2.1 percentage points a year; on that trajectory Israel would reach approximately 25% by 2030, short

of its official 30% target, though the subsequent 35% target for 2035 looks more attainable.

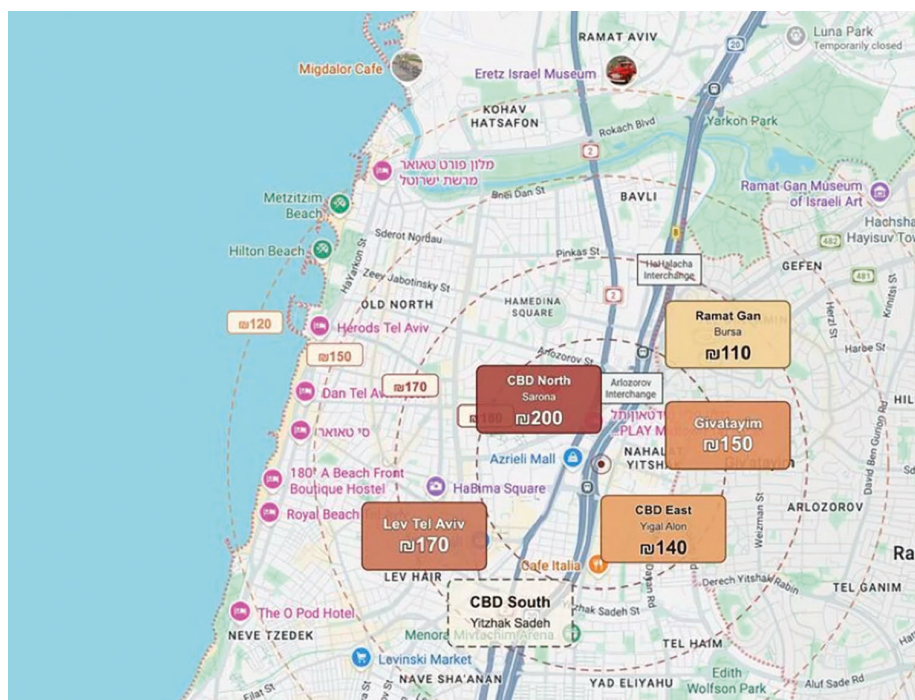
The private generators, led by producers such as Edeltech, are driving the transition, with approximately half of their capacity now renewable. Demand is rising sharply, driven by electric vehicles and, increasingly, the power requirements of data centres, prompting a parallel build-out of gas-fired capacity. The binding constraint on further renewable connection is the physical grid, neglected for years: the Electricity Authority's development plan calls for average annual investment of ₪5.8 billion (\$1.9 billion), but 2025, a record year, reached only ₪5.5 billion (\$1.8 billion), with the grid operator still refusing or only partially approving many connection requests for lack of capacity. Israeli electricity nonetheless remains cheap by European standards, at approximately 15 euro cents per kWh against an EU average of 18.

### Greater Tel Aviv prime office rents at May 2026

Ron Cohen VAS analysis reveals a sharp west-east gradient in pri-

me office rents across Greater Tel Aviv. The Sarona compound on the Tel Aviv side of the Ayalon Highway commands ₪200 per sqm per month for prime space, compared to ₪110 psm at Ramat Gan's Bursa district immediately across the motorway. The map below shows the principal submarkets and their headline rents at May 2026.

On the Tel Aviv side, North CBD is the premium pole. The district is built around the Azrieli Centre and has absorbed the restored 1871 German Templar colony. It will soon host the Azrieli Spiral Tower, the tallest in Israel upon completion at 323 m (for comparison, the tallest in London, The Shard, stands at 310 m). Tenants include Google, Meta and the major Israeli law and accountancy firms. Immediately south, South CBD/Yitzhak Sadeh is the next-generation cluster, with a maturing development pipeline. Lev Tel Aviv, covering the older central business district closer to the Mediterranean and the historic axis around Rothschild Boulevard, sits at ₪170 per sqm. The East CBD/Yigal Alon along the Ayalon, including the ToHa towers, the Alon Towers and Electra Tower, sits at ₪140.



Prime office rents (₪ per sqm per month) across Greater Tel Aviv submarkets, May 2026. Source: Ron Cohen VAS analysis

## In brief

### **Tidhar Group completes year's largest TASE IPO.**

Property developer Tidhar Group completed the year's largest IPO on the Tel Aviv Stock Exchange this week, raising approximately ₪1.75 billion (\$583 million) from institutional investors at a pre-money valuation of c. ₪6.55 billion (\$2.18 billion). The shares are expected to start trading at a market capitalisation of c. ₪8 billion (\$2.67 billion), implying a price-to-book multiple of approximately 1.9x. Of the gross proceeds, approximately ₪1.5 billion is raised into the company, with the balance representing partial monetisations by the founders (Gil Geva, Aryeh Bechar and Mark Wisman, each formerly holding c. 27.7%) and Harel Insurance (formerly 14.94%). Proceeds will fund operations, repay a ₪150 million mezzanine loan from Harel, and support a ₪500 million dividend later in the year. Demand exceeded ₪4 billion against an original target valuation of ₪7-7.5 billion.

Black Cube takes second floor at Discount Tower. Business intelligence firm Black Cube has doubled its footprint at Discount Tower on Yehuda HaLevi Street in Lev Tel Aviv, taking Floor 19 alongside its existing Floor 26. The lease covers c. 1,000 sqm of new space at ₪167 psm (₪2 million / \$670,000 annual rent) on a five-year term, supporting a planned headcount expansion of c. 40 against the firm's current 200-strong team. Black Cube was founded in 2010 by former IDF Military Intelligence officers Avi Yanus and Dan Zorella, and has offices in Tel Aviv, London and Madrid.

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