Ron Cohen VAS
Valuation and Advisory

ISSUE 6

Israel Real Estate MARKET RECAP

July 2026

www.roncohen.co.il

Israel Real Estate Market Recap | July 2026

Cover: Green Mountain's OSL2 campus at Hamar, Norway, a 90 MW data centre. Photograph courtesy of Azrieli Group, with our thanks.

Regulation set July's agenda. The Competition Authority signalled that it would not approve Melisron's ₪818 million ($273 million) purchase of a majority stake in the Golden Mall, and the deal died. Then the Electricity Authority, its connection queue swollen to 27 gigawatts of applications, froze new data-centre connections to the grid for at least 140 days. In one month, two arms of the state drew limits around the two arenas where Israeli property capital has been most eager: the big shopping centres and data centres.

Capital pressed on regardless. Azrieli mandated Goldman Sachs to bring a partner into Green Mountain at a valuation of up to €5 billion, five to six times its 2021 outlay, and Amot's admission to the GPR 15 widened Israel's presence in the global benchmarks. The listed market, though, split along the regulator's line: the TA-125 has regained 2.1% in July, while the TA Commercial Real Estate index, home to the data-centre developers the freeze touches most directly, has fallen 2.3% and now trails the wider market by nearly sixteen percentage points for the year.

This month we also launched the Israel Real Estate Monitor, our new quarterly reading of the listed property sector against its valuations. Its first finding sits well beside July's turbulence: Israeli listed property still trades at a premium to net asset value, and the premium has so far survived both a war and a correction. The Monitor results appear below.

The Golden Mall, Rishon LeZion, now wholly in Migdal's hands after Melisron's withdrawal. Photograph: Neukoln, Wikipedia, under Creative Commons CC BY-SA 3.0.

The Competition Authority objects, and Melisron abandons its ₪818 million purchase of 51% of the Golden Mall

Melisron has withdrawn from its agreement to acquire 51% of the rights in the Golden Mall in Rishon LeZion, signed with Migdal at the end of 2025 for ₪818 million ($273 million), after receiving indications from the Competition Authority that the merger would not be approved.

Melisron holds 18 shopping centres across Israel with 542,000 sqm of retail space, and the Authority's concern, according to market assessments, lies in the strong presence of its Ofer shopping mall network across the country: the Golden Mall's independence of the large mall groups has served until now as a countervailing factor. Melisron argued the reverse, saying it owns no shopping malls or retail parks in the Rishon LeZion area, which forms the core of southern Greater Tel Aviv (Gush Dan). It contended that its entry would have strengthened competition against the shopping centres other large mall companies are planning nearby, and that it could have enhanced the asset through a substantial refurbishment, the letting of currently vacant space and a sharper tenant mix.

The retreat leaves Golden Mall with Migdal, which first bought 75% in 2008 and consolidated its hold roughly two weeks earlier when it acquired the remaining 25% from the Gindi family, the mall's founders and managers since the early 1990s, for about ₪840 million ($280 million). The insurer manages some ₪600 billion ($200 billion) of assets yet holds no other shopping mall directly, and the market expects it to seek a partner able to operate the asset. For the sector the episode is a marker: the Authority has shown it will police

Transmission lines in the Negev, near Nahal HaBesor. Photograph: Oren Peles, PikiWiki via Wikipedia, under Creative Commons CC BY 2.5.

concentration among the big shopping mall groups.

Azrieli mandates Goldman Sachs to bring a partner into Green Mountain, pricing its data-centre arm at up to €5 billion

The artificial-intelligence build-out that defined the listed market's first half has moved from share prices to the deal table. Azrieli Group, the real estate investment company chaired by Danna Azrieli, has mandated Goldman Sachs to bring outside partners into Green Mountain, the Norwegian data-centre operator the group has owned outright since 2021. According to capital-market estimates, Azrieli is seeking to raise about €1 billion, at a price that would value Green Mountain at €4 billion to €5 billion, some ₪14 billion to ₪17 billion.

A raise on those terms would crystallise one of the sharpest appreciations on the group's books. Azrieli paid ₪2.8 billion ($933 million) for Green Mountain in 2021; its accounts for the first quarter of 2026 already carry the platform's assets at about ₪14 billion ($4.7 billion), and the pricing now being discussed implies five to six times the purchase price within five years. The uplift belongs to the industry as much as to the asset: data centres have become the physical backbone of artificial intelligence, and Green Mountain, which at the end of the first quarter operated four sites in Norway and a fifth in the London area, serves TikTok's international operation and artificial-intelligence computing workloads among its customers.

The Electricity Authority freezes new data-centre connections for 140 days as applications reach 27 gigawatts

On 20 July the Electricity Authority announced that it would halt the processing of applications to connect new data centres to the grid for at least 140 days, after pending requests swelled to some 27 gigawatts, around three times the average consumption of the entire economy and well above the highest peak-hour demand ever measured. The system has committed so far to about 1.5 gigawatts of data-centre connections, the equivalent of some three conventional power stations and three to four times the volume recommended by the Nagel committee; if realised, these alone would account for about 10% of national consumption by the start of the next decade, and Noga, the grid operator, says they exhaust the generating capacity available until 2035.

The rush was partly of the regulator's own making. A new framework intended to confine approvals to schemes with genuine development plans, with priority for the regions, prompted developers to file ahead of its entry into force: about 8 gigawatts of requests were on the books beforehand, and a further 19 gigawatts arrived within roughly six weeks, submission carrying no fee and no other barrier. Underneath sits a transmission network still recovering from years of under-investment: spending reached ₪5.5 billion ($1.8 billion) in 2025, short of the ₪5.8 billion ($1.9 billion) annual average the development plans require, and the Authority reports that 80% of grid projects are running late.

Mega Or, the most active builder of data centres in Israel, fell 8% on the announcement before settling about 5% lower; Keystone Infra also lost 5%. Mega Or's Mega DC subsidiary holds connection approvals across sites in Beit Shemesh, Sde Yoav, Haifa and Mevo Carmel, and is estimated to have some 14 gigawatts of applications before Noga, more than half the entire queue; its request for one gigawatt at the Hadera site it bought for ₪1 billion ($333 million) in cash now faces re-examination, the existing substation there supporting only 40 megawatts. Enlight's planned 100-megawatt facility at Ashalim likewise awaits final approval, as current regulation does not permit a data centre to run detached from the national grid.

Amot joins the GPR 15

Israel's footprint in the global property benchmarks has widened. Amot Investments, one of the two Israeli constituents of the GPR 250, the index of the world's most liquid listed property companies compiled by Global Property Research, the Amsterdam-based index provider profiled in our June issue, has now also been admitted to the European GPR 15. Melisron remains Israel's other GPR 250 constituent.

Benchmark membership carries money with it. Index-tracking funds are bound to hold the constituents of the indices they follow, so each admission channels passive international capital towards the share and broadens the register beyond the domestic institutions.

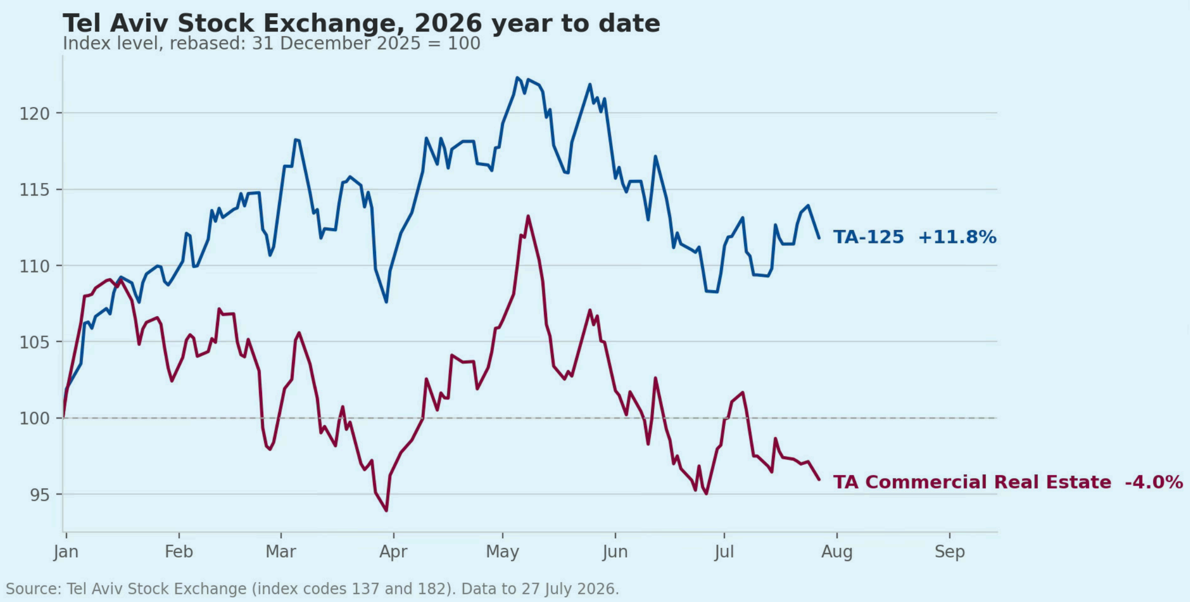
Ron Cohen VAS launches the Israel Real Estate Monitor

This month our firm launched the Israel Real Estate Monitor, a quarterly reading of the listed Israeli commercial real estate sector, now live at www.roncohen.co.il/en/monitor/. The Monitor follows six of the largest real estate investment companies and REITs on the Tel Aviv Stock Exchange whose activity lies principally in Israel. Each quarterly reading will be summarised in this recap.

At its centre is the implied market yield: the trailing four quarters' net operating income set against the value the market itself puts on the portfolios, measured as market capitalisation plus net financial debt, following the convention Nareit applies to US REITs. At the end of the first quarter the yield stood at 5.17%, up from 4.83% at the end of 2025, and 110 basis points above the 10-

Market indices: the property index parts company with the TA-125

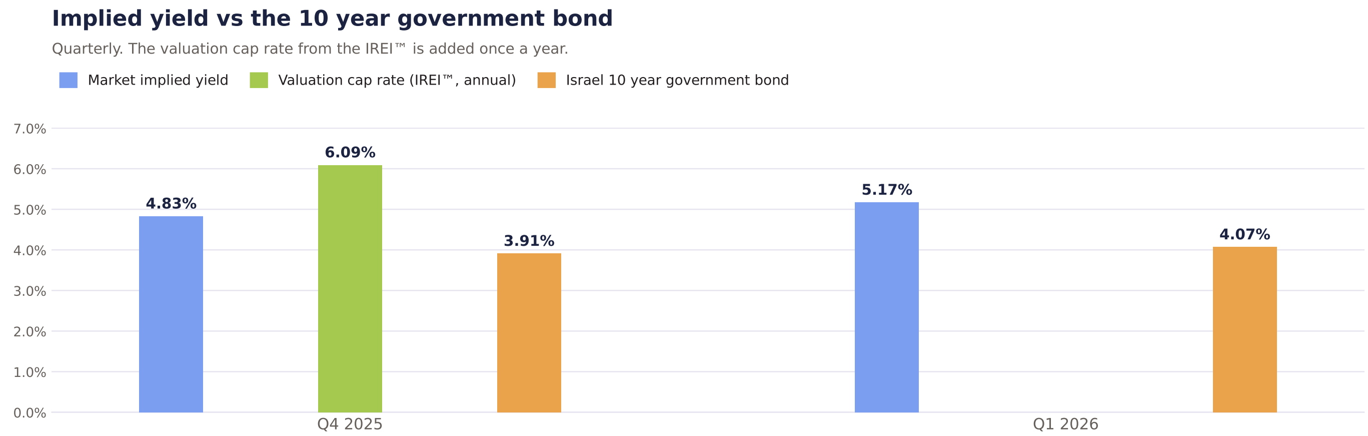
July divided the market. The TA-125 recovered 2.1% in the month to 27 July and stands 11.8% higher for the year. The TA Commercial Real Estate index moved the other way, falling 2.3% to sit 4.0% lower in 2026: the index had risen more than 13% to its peak in early May on the data-centre trade, and has since given the year's gains back as first the June correction and then the connection freeze repriced the sector's growth names. The year-to-date path of both indices, rebased to 100 at 31 December 2025, is charted below.



The TA-125 and the TA Commercial Real Estate index, rebased to 100 at 31 December 2025. Data to 27 July 2026. Source: Tel Aviv Stock Exchange.

year government bond. Against it the Monitor sets the valuation cap rate embedded in the same companies' year-end appraisals, drawn from our Israel Real Estate Index (IREI™): 6.09%.

The gap between the two is the finding. Across most major markets, listed property has traded at a discount to net asset value since interest rates rose in 2022, leaving private valuations under pressure to converge downwards on public pricing. Israel is the outlier: the valuers' cap rate sits above the market's implied yield, so the listed companies trade at a premium to their net asset value, and the premium has held. It met its first test in the first quarter, when the six companies lost about 12% of their aggregate market value against the background of the war; the gap narrowed from 126 to 92 basis points, but it did not close. The Monitor also tracks income growth (net operating income rose 3.5% year on year in the first quarter, and FFO on the Israel Securities Authority (ISA) method 18%) and sector leverage, which stands at 48%.



The Monitor's headline reading: the market implied yield against the IREI™ valuation cap rate and the 10-year government bond. Source: Israel Real Estate Monitor, Ron Cohen VAS.

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.

RON COHEN Valuation Advisory Services
2 HaPalyam Avenue
3309502 Haifa, Israel

www.roncohen.co.il