Ron Cohen VAS
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Israel Real Estate
MARKET RECAP

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Israel Real Estate Market Recap | November 2026

Lettings in the new office towers of the Tel Aviv CBD continued in November. Four of the articles in this issue concern the supply of electricity. Israeli companies agreed acquisitions in Bulgaria and the US, while one announced that it intends to dispose of all its US holdings. House prices were lower than a year earlier. Property shares ended the period to 23 November below their level at the end of October.

Highlights in this issue include:

- Two technology occupiers signed leases on a total of seven floors in new towers in the Tel Aviv CBD, and both will vacate existing buildings in Tel Aviv.
- The Electricity Authority proposed that no single data centre should exceed 200 megawatts, having suspended new connection requests in July.
- A gas-fired power station of 870 megawatts adjacent to the Sorek desalination plant reached financial close, with finance of about ₪5.6 billion ($1.9 billion).
- Israel's largest owner of retail parks agreed to acquire seven parks in Bulgaria for about €223 million.
- The merger of two Tel Aviv developers completed at a combined value of about ₪5.5 billion ($1.8 billion), compared with close to ₪10 billion ($3.3 billion) when it was announced.

The Bank of Israel maintained its policy rate at 3.25% on 23 November. The formation of a new government remains uncertain, and the Bank's next rate decision is due in early January.

Salesforce takes five floors in Tel Aviv's ToHA 2

Salesforce, the US business software group, has taken a lease of five floors, extending to about 15,000 sqm, in the middle section of ToHA 2 in the Tel Aviv CBD. ToHA 2 is a 78-storey tower of about 300 metres which is being completed by Amot and Gav Yam, two listed commercial landlords.

We understand that the letting will enable Salesforce to bring its Israeli workforce of about 1,000 employees together in a single building.

The rent has not been disclosed. Market estimates indicate a rent of ₪130 to ₪165 ($43 to $55) psm per month on a shell and core basis. On the assumption of a five-year term, this equates to a letting worth more than ₪140 million ($47 million). Salesforce benefits from an option on two further floors.

We understand that occupation is planned for early 2028, following completion of the fitting-out works to the floors, and that the tower itself is due to be handed over shortly. Salesforce's Tel Aviv staff are at present accommodated in Alon Tower 1, Azrieli Sarona and ToHA 1, and the company has a second site in Nazareth.

Salesforce Israel was established through the acquisition of the start-up Navajo Systems in 2011 and has since completed ten acquisitions in the country. Its research and development centre is engaged in marketing intelligence based on artificial intelligence (AI), language and conversation analytics, data security and field service software. Oren Winter, who heads it, described the move as evidence of the group's long-term commitment to Israel.

ToHA 2 will provide about 160,000 sqm of office accommodation. Google has taken the top 24 floors, extending to about 60,000 sqm, on a lease for a term of ten years. The letting to Salesforce is the first to be made public since that transaction, and Amot and Gav Yam have stated that they are in negotiations in respect of further space.

Guesty takes two floors in Givatayim's Beyond tower

Guesty, the software company whose platform manages properties let on short-term rentals, has taken two floors in the Beyond tower in Givatayim, in the Tel Aviv CBD. The company is due to take occupation in early 2027 and will vacate the offices in the vicinity of Ibn Gabirol Street in Tel Aviv which it has occupied for a number of years.

The lease is for a term of five years, with an option to renew for a further five years. We understand that the total rent payable over the first term will exceed ₪60 million ($20 million). The floors have already been fitted out to Guesty's requirements.

Guesty was founded in 2013 by the brothers Amiad and Koby Soto. Its platform enables owners and management companies to administer their lettings on platforms such as Airbnb and Booking, and the company serves customers in more than 90 countries. In April 2024 it raised $130 million in a funding round led by KKR, the US private equity group.

Beyond is owned by the Tidhar

group, the Union group and Himanuta. The tower rises to about 320 metres over 78 storeys and is situated adjacent to the Ayalon motorway and the Ramat Gan Diamond Exchange district, within walking distance of Tel Aviv Savidor Central station. It opened for occupation recently, and the developers stated on opening that the majority of the office accommodation had been let. The anchor tenants are Meitar, the law firm, which has taken about 30,000 sqm, and Moon Active, the gaming company, which has taken about 22,000 sqm.

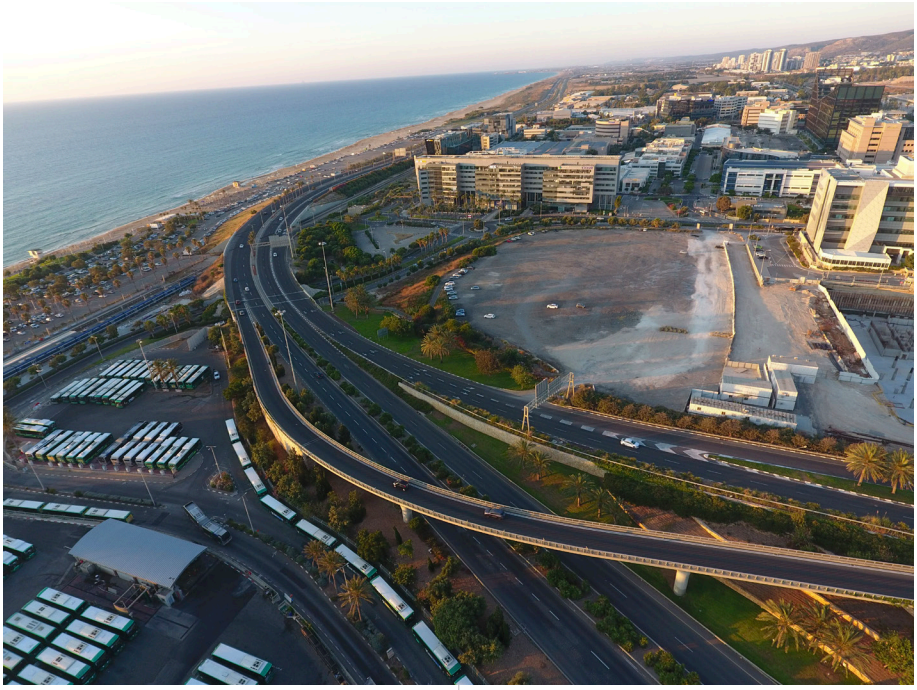
The lettings form part of a wider relocation of occupiers from existing buildings to the new towers of Tel Aviv, Ramat Gan and Givatayim, as a result of which the owners of older buildings are required to secure replacement tenants.

Rafael takes two more floors at Haifa science park

Rafael, the defence company, has entered into a five-year lease of two further floors, extending to about 4,000 sqm, in Building B of the Science and Technology Park in Haifa. The park is owned by Mivne, the listed commercial real estate group, and the Haifa Economic Corporation, a company of the Haifa municipality.

The letting is worth about ₪32 million ($10.7 million) over the term and is subject to an option to extend. The rent, which is inclusive of fitted-out offices and car parking, equates to an average of about ₪133 ($44) psm per month.

The transaction follows a lease of three floors entered into about a year ago, which is worth about ₪45 million ($15 million) over five years and is also subject to an option to extend. Rafael is already in occupation of those floors. We understand that it will take occupation of the two further floors in the coming months. Its holding will then comprise five floors, extending to about 10,000 sqm, and the two agreements will together be worth about ₪77 million ($25.7 million) over their first five-year terms.



The Matam park and the southern entrance to Haifa, June 2023. Photo: Gal Ben-David, Wikimedia Commons, CC BY-SA 4.0.

The park is situated at the southern entrance to Haifa, adjacent to the Sammy Ofer Stadium and the Matam park. It comprises three existing buildings and two proposed buildings of eight storeys, providing about 80,000 sqm in total, and is intended for technology, research and development and advanced industry occupiers. The Haifa Economic Corporation has stated that the expansion will bring hundreds of new jobs to the city.

Sorek power station reaches ₪5.6 billion financial close

Edeltech, the infrastructure developer, Menora, the insurance group, and Keystone, the infrastructure fund, have reached financial close on a gas-fired power station adjacent to the Sorek desalination plant. The group has raised finance of about ₪5.6 billion ($1.9 billion), led by Mizrahi Tefahot and Discount Bank.

Gas for the station will be supplied by Energean, the Greek gas producer listed in London and Tel Aviv, which owns the Karish field off the coast of Israel. The supply agreement is for a term of 15 years and provides for up to 7.7 billion cubic metres, at a total value of about $1.4 billion. Karish has been in production since October 2022. Energean has entered into similar agreements with two other power stations which are due to open by the end of the decade, Kesem and Dalia 2.

The group was awarded the state tender in December 2024 and placed an order for a Siemens turbine at the end of 2025, at which time such turbines were in short supply globally. The station is due to commence operation in November 2029.

The station will have a capacity of 870 megawatts. However, owing to constraints on the national transmission grid, it will receive payment for maintaining only 670 megawatts available. The winning bid was 3.18 agorot, or about one US cent, for each kilowatt kept available for an hour (the agora is

one hundredth of a shekel). This equates to up to about ₪21,000 ($7,000) per hour, in addition to payment for the electricity generated.

We note that, unusually, the developers will also construct the station. Edeltech and Keystone are forming a partnership for that purpose, with the Issa group acting as subcontractor. The companies have stated that this arrangement will reduce reliance on foreign contractors in view of the geopolitical situation. The group will hold the station for about 25 years from the commencement of generation, following which it will revert to the state.

Sorek is one of a number of power stations proposed in close proximity to Greater Tel Aviv (Gush Dan), where demand is concentrated and where new transmission lines are slow and costly to construct. Electricity consumption excluding data centres is expected to increase by about 3% per annum in the coming years, and the anticipated construction of data centres will add significantly to that demand.

Electricity Authority caps data centres at 200 megawatts

The Electricity Authority, which regulates Israel's power market, has published the full consultation document in respect of its policy on data centres. No single data centre is to exceed 200 megawatts, which is more than any existing consumer in Israel draws. New data centres connected by 2035 are limited to 1,000 megawatts in aggregate, and a further 300 megawatts is held in reserve for centres serving domestic customers only.

The document was published three months after the Authority suspended all new connection requests in July, at which time applications had reached 27 gigawatts, or three times the country's entire generating capacity. The applications included a proposal by Mega Or, the real estate company, for a centre of more than 1,000 megawatts at Hadera. The division of a large scheme into several smaller schemes in close proximity to one another will not be permitted.

Developers will be required to lodge a guarantee of ₪500,000 ($167,000) per megawatt, up to a maximum of ₪100 million ($33 million), on application. The guarantee increases to ₪2 million ($667,000) per megawatt, up to a maximum of ₪400 million ($133 million), once all approvals have been obtained, as security for adherence to the development programme.

Quotas are to be allocated to the schemes which first satisfy the statutory thresholds, which range from zoning plans to the standard requirements of a large consumer. A project which is likely to take more than seven years will be refused, and all applicants are required to submit their connection requests by 1 June 2028. The Authority is considering a further order of priority based on location, which would favour the periphery where generation exceeds consumption, on flexibility at peak demand and on generating efficiency. No decision has yet been made in that respect.

Data centres will be permitted to generate their own power on site up to the capacity of their connection, provided that it is derived from renewable sources and battery storage only. On-site generation will not confer any priority in the queue. The consultation closed on 17 November, and we understand that a decision is expected only once a new government has been formed.

Enlight and Shemen plan Haifa Bay data centre

Enlight, the renewable energy company, and Shemen Real Estate have agreed to develop a data centre of about 150 megawatts on land owned by Shemen in Haifa Bay. The scheme will be undertaken through a joint company, at a development cost of about ₪100 million ($33 million).

The parties will lodge a guarantee of ₪334 million ($111 million) with the Electricity Authority, as required under its rules, as security for the project's milestones. At the Authority's rate of ₪2 million ($667,000) per megawatt, we note that a guarantee of that amount corresponds to 167 megawatts, which exceeds the declared capacity.

The site will extend to between 41,000 and 82,000 sqm, subject to the regulatory approvals. Enlight will pay rent of ₪433,000 ($144,000) per annum for each 1,000 sqm, up to a total of ₪500 million ($167 million) over 25 years. The final size of the scheme has yet to be determined and will depend on the planning consent and on technical considerations.

The project does not involve new generation. In a departure from its practice in Israel and abroad, Enlight will rely on the existing high-voltage infrastructure in Haifa Bay, with storage as back-up to the national grid. The company has stated that on-site generation and storage will be examined during the planning stage. The scheme is one of those being prepared under the Electricity Authority's new framework, which limits new data centres to 200 megawatts and permits a combined connection of 1,300 megawatts for the first projects to secure regulatory approval by June 2028.

Government sends five power schemes to national planning

The government has approved, at a single sitting, three gas-fired power stations and two large solar schemes in the periphery. The schemes will now be referred to the

National Infrastructure Committee, which provides a comparatively expeditious planning route for national schemes. The approvals are intended to keep pace with the significant increase in electricity demand which is expected to arise from AI data centres, the transition to electric cars and growth in the population and the economy.

The stations are to be developed near Jatt by Powergen, in the Menashe regional council by the energy company of Mivtach Shamir, and in the Palmahim industrial park by IES Holdings. Subject to the Committee's approval, they are due to be connected to the grid at the beginning of the 2030s.

The Jatt station is situated adjacent to a sewage treatment plant and is wholly owned by Powergen. It could have a capacity of about 900 megawatts. The Committee will be required to consider its siting in the light of the proposed expansion of Jatt and two neighbouring communities, the anticipated closure of the treatment plant, the effect on the Hadera stream and the connections to the power, gas and diesel networks.

The Menashe station is the fourth to be promoted by the energy company of Mivtach Shamir. The others are Kesem, which benefits from all its approvals and is under construction, the expansion of the existing Alon Tavor station and a new station in Beit Shemesh. IES owns the Palmahim industrial park, where it also proposes a desalination plant and a data centre. The Gan Raveh regional council has stated that it will continue to oppose the decision and will examine all legal means available to it.

The two solar schemes are agrivoltaic, which combines farming with generation, and will remain unfenced in order to preserve the ecological corridor. One is proposed by Powergen on land of the kibbutzim Gesher HaZiv and Eilon, near Nahariya. The other is proposed by Nofar Energy at the moshav Shokeda, near the Gaza border.

G City to sell all its US holdings

G City, the commercial real estate company controlled by Chaim Katzman, the Israeli real estate investor, intends to dispose of all its holdings in the US and to concentrate on its target markets of Israel and Poland. Mr Katzman informed investors of the decision on 23 November, following publication of the third-quarter results. As a first stage, the company has placed US properties worth about $350 million on the market, and we understand that negotiations in respect of those properties are at a fairly advanced stage.

The decision has been taken as Mr Katzman, who founded the company about 35 years ago, seeks to reduce its leverage against a background of market concern over the level of its liabilities. He acknowledged the difficulty of seeing how the group would meet its 2027 and 2028 maturities. He stated that the group has a structured plan, with wide safety margins, to reduce leverage, to refinance the debt which requires refinancing and to continue to grow in Israel and Poland.

Citycon, the Scandinavian subsidiary, has a disposal programme of €850 million for the current year and has placed a property in Sweden on the market. Mr Katzman stated that the group had not encountered difficulty in raising finance in Europe. It has financed about €900 million of properties to date this year and expects to have refinanced more than €1 billion by the year end. He is also pursuing the sale of control, following the collapse of the agreement with the Israeli businessman Tzachi Abu.

In the third quarter, net operating income (NOI) decreased by 12.1% year on year to about ₪371 million ($124 million), reflecting disposals and the stronger shekel. NOI on a same-property basis increased by 7.7%. Lower income and negative revaluations resulted in a net loss of about ₪103 million ($34 million) for the quarter.

BIG enters Bulgaria with seven retail parks

BIG, Israel's largest owner of retail parks, has entered into an agreement to acquire seven retail parks in Bulgaria for about €223 million. The transaction represents its first acquisition in that country.

The acquisition will be made through BIG's European subsidiary. Three parks will be acquired in a first stage. The remaining four, which are at various stages of development, will be acquired over the following 18 months, each on completion and opening under the BIG brand. Two of the seven parks are situated in Sofia, the capital, and the remainder in other major Bulgarian cities. Together they provide about 140,000 sqm of lettable area and are expected to produce net operating income of about €16.8 million per annum.

The acquisition extends the strategy which BIG has pursued in the Balkans and eastern Europe, where it benefits from its relationships with retail chains, international tenants and lenders. Its European subsidiary already operates in Poland, Montenegro and Serbia. The parks in those countries are about 99% let and produced revenue of about ₪233 million ($78 million) in the first half of 2026.

BIG develops and operates shopping centres in Israel and abroad and holds offices and industrial buildings through its subsidiary AFI Properties. Its share price has fallen by about 10% since the beginning of the year, which gives a market capitalisation of about ₪17.7 billion ($5.9 billion).

Leumi Partners buys 8% of US landlord Harbor Group

Leumi Partners, the investment arm of Bank Leumi, has agreed to invest $100 million in Harbor Group International, a US real estate company with an extensive multifamily housing business. The transaction values Harbor Group at about $1.28 billion and will give Leumi Partners a holding of about 8%. Leumi Partners also benefits from an option to acquire further shares at the same value, which would increase its holding to 10%.

Harbor Group was founded in 1985. It acquires, refurbishes and manages commercial real estate in the US, principally multifamily rental housing but also offices and retail property, and provides finance for commercial real estate acquisitions. Its platform comprises about 500 properties, about 65,000 homes and about 465,000 sqm of commercial space. The company has about 1,600 staff and offices in the US, Israel and Hong Kong.

Harbor Group has raised capital over the years from institutional and international investors, including Israeli investors. We understand that it intends to increase its assets under management to about $60 billion in the coming years, which is almost three times the present level. The investment provides Leumi Partners with exposure both to the existing business and to that growth.

We note that the investment is being made at a low point for the sector, following the period of high interest rates and the negative revaluations to which it gave rise.

Israel Canada completes Acro merger at ₪5.5 billion

Israel Canada, the Tel Aviv developer controlled by Barak Rosen and Assi Touchmair, completed its merger with Acro, Tzahi Arbov's residential developer, on 2 November. Acro's shares were delisted, the company having been publicly traded for four and a half years.

When the transaction was announced in February, the parties stated the value of the combined company at close to ₪10 billion ($3.3 billion). On the morning of completion, following significant falls in the share prices of both companies, the combined value stood at about ₪5.5 billion ($1.8 billion).

Under the agreement, Acro was acquired at a value of ₪3.1 billion ($1.03 billion), which was about 10% above its market price at the time. Of the consideration, 60% was satisfied in Israel Canada shares and 40%, or about ₪1.24 billion ($413 million), in cash. Acro's shareholders hold about 21% of the enlarged company.

Israel Canada's own market capitalisation was about ₪7 billion ($2.3 billion) when the agreement was signed. It increased to about ₪8.5 billion ($2.8 billion) in May, prior to the decline in listed property shares. Both companies have a high level of exposure to the upper end of the Tel Aviv housing market, which has weakened during the year.

Acro develops apartments in the centre of Tel Aviv, while Israel Canada combines development with group custom build schemes, commercial real estate and hotels. The merger was intended to bring Acro's Tel Aviv development pipeline and its commercial real estate into Israel Canada. The commercial portfolio is carried at ₪1.6 billion ($533 million) and produces net operating income of ₪95 million ($32 million) per annum.

Our principal joins IVSC board meetings in Cologne

Our principal, Ron Cohen MRICS, a member of the Tangible Assets Board of the International Valuation Standards Council (IVSC), took part in the Board's meetings in Cologne in November, held as part of the IVSC AGM 2026 and hosted by HypZert, the German certification body for property valuers.

The Board spent two days completing the updates to the International Valuation Standards (IVS) ahead of the next edition, due in January 2027.

Ron also took part in the roundtable with the European Mortgage Federation and European Covered Bond Council (EMF-ECBC), hosted by the IVSC Europe Committee and the Tangible Assets Board. There he discussed with representatives of the Federation and of other banking associations how the use of artificial intelligence in valuations should be regulated.

In the wider discussions he drew on the Israeli experience of intellectual property as a source of economic value: technology developed at Mellanox, now part of Nvidia, has become one of the principal drivers of the country's growth.



Members of the IVSC Tangible Assets Board at the IVSC AGM 2026 in Cologne, November 2026. Ron Cohen is sixth from left.

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Prime residential: Ramat Aviv penthouse sells for ₪10.8 million

America Israel, the residential developer, has reported the sale of a fifth-floor penthouse on Brodetsky Street in Ramat Aviv HaYeruqa, north Tel Aviv, for ₪10.8 million ($3.6 million). The penthouse extends to 141 sqm and benefits from 88 sqm of terraces. The price equates to about ₪76,600 ($25,500) psm of built area, excluding the terraces.

The apartment forms part of an urban renewal scheme situated adjacent to Ramat Aviv Mall and Tel Aviv University, in which a block of 12 apartments has been replaced by two five-storey buildings providing 23 apartments. We understand that the building permit was granted a few months ago. The sale was reported on 1 November.

The company compares the price with its Muza project, which it is developing with Phoenix at the junction of Namir Road and Rokach Boulevard and which comprises about 450 apartments in three towers. In that project, a penthouse of 243 sqm on the 33rd floor, with a terrace of 31 sqm, was recently sold for ₪23.2 million ($7.7 million), equating to about ₪100,000 ($33,300) psm gross.

Dror Toren, who heads America Israel's residential division, stated that the luxury segment is determined by location, the quality of the asset and the alternatives available, independently of the wider market. He added that new penthouses in Ramat Aviv are in short supply.

Property shares fall less than the wider market

Israeli property shares declined by 2.7% between the end of October and 23 November, compared with a decline of 4.3% in the broader market. The TA Commercial Real Estate index is now 12.0% lower for the year to date, while the TA-125, the broad market benchmark, is 2.9% higher.

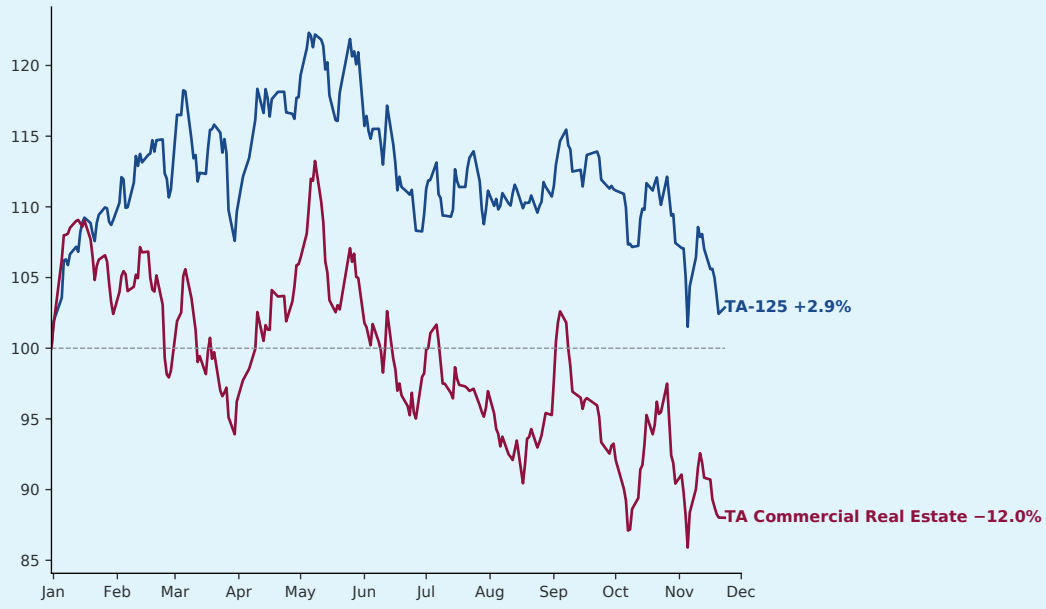
The property index closed at its lowest level of the year on 5 November, which was 5.0% below its level at the end of October. It recovered by 7.8% over the following four sessions, to 11 November, and subsequently lost the greater part of that gain, ending the period 2.5% above the low.

The Bank of Israel maintained its policy rate at 3.25% on 23 November, which was the second consecutive decision without a change. Inflation fell to 1.1% in the year to October. The US Federal Reserve and the European Central Bank have each raised rates by a quarter of a percentage point in recent months, and markets anticipate further increases from both.

The TA-125 followed a similar path. It declined by 5.5% to its low on 5 November, recovered by 7.0% by 10 November and subsequently lost 5.2%. The difference between the returns of the two indices for the year to date narrowed to about fifteen percentage points, from seventeen at the end of October.

Lettings in the new office towers of the Tel Aviv CBD continued during the month, and the next rate decision is due in early January.

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 23 November 2026. Source: Tel Aviv Stock Exchange.

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Cover photo: ToHA 2 under construction, Tel Aviv, October 2025. Oren Rozen, Wikimedia Commons, CC BY-SA 4.0. [https://commons.wikimedia.org/wiki/File:ToHa_2_021025.jpg]

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

www.roncohen.co.il