H1 2026

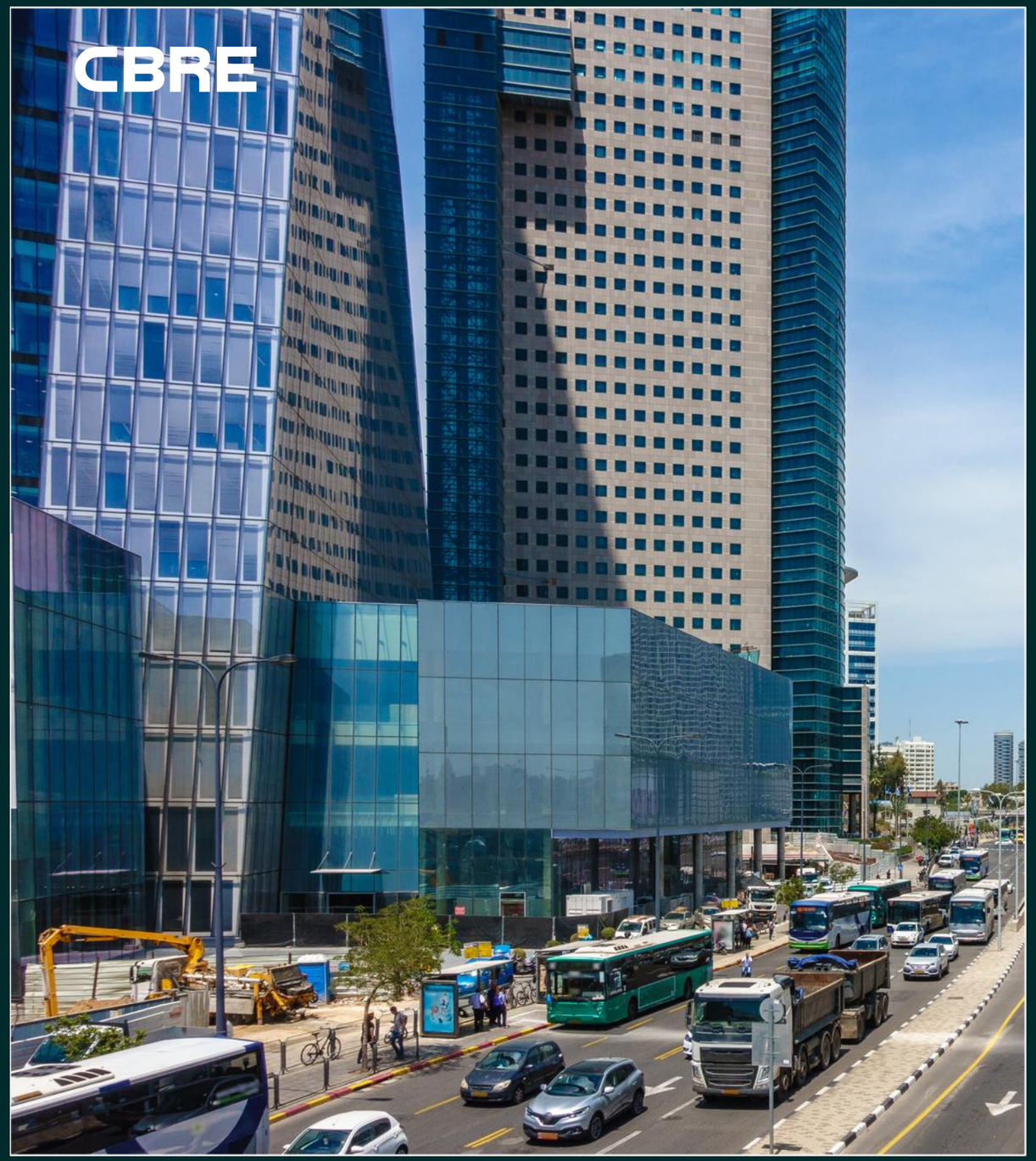
Israel

Market Overview

REPORT

CBRE RESEARCH

November 2026



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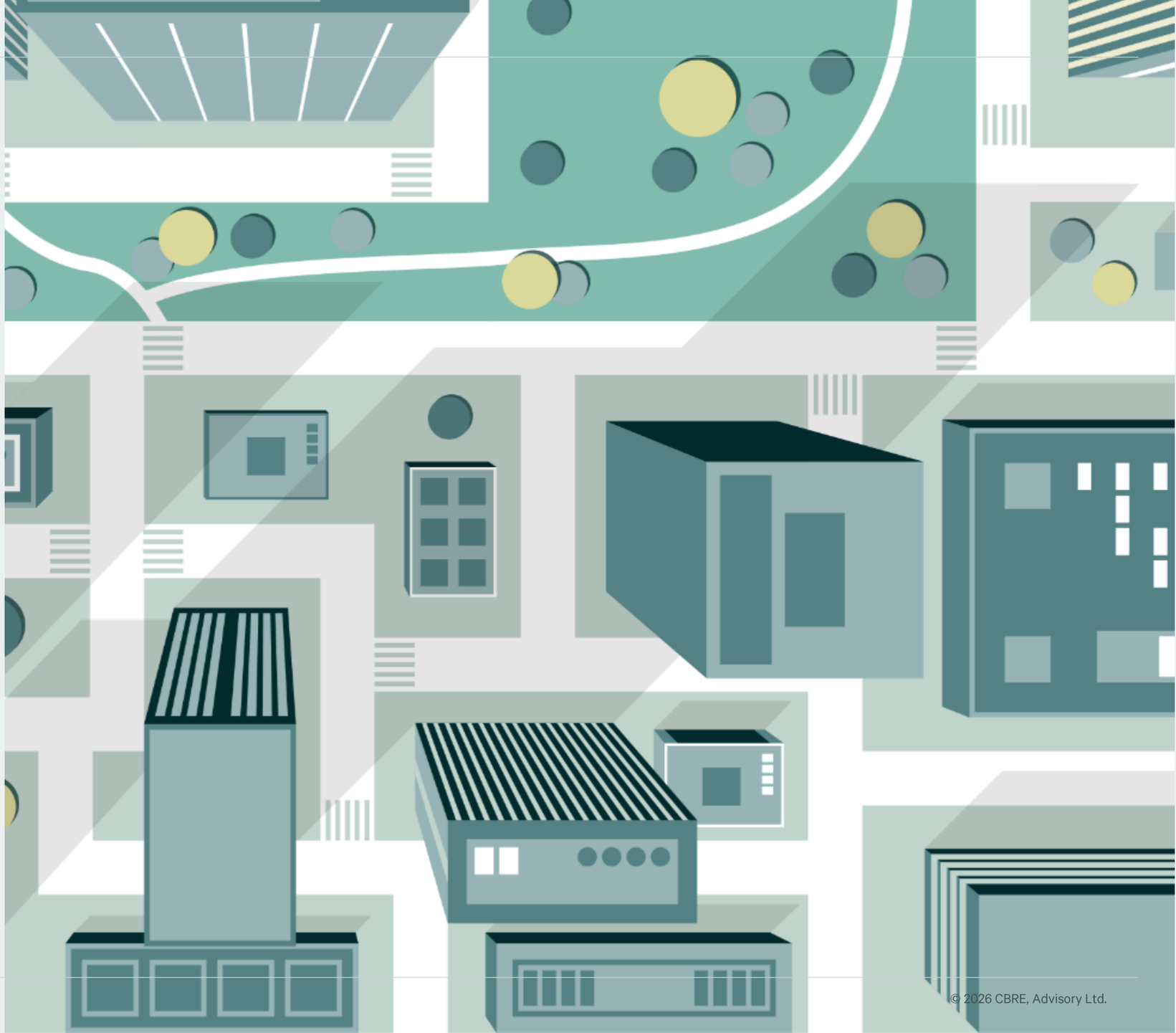


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01

National Overview

The Economic and Business Conditions in Israel



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The Economic and Business Conditions in Israel

The first half of 2026 began with positive momentum, following the ceasefire in Gaza and the return of the hostages in October 2025, and amidst a moderate inflationary environment. This trend was interrupted at the end of February when Israel, in conjunction with the United States, launched Operation "Roaring Lion" against Iran, in parallel with the continuation of the fighting in Lebanon. The mobilization of reserve forces, employee absenteeism, and disruptions to consumption, tourism, and supply chains affected economic activity. Following the ceasefire with Iran in April, there was a recovery in activity during the second quarter; however, security-related uncertainty remains high.

The forecast of the Bank of Israel's Research Department (March 2026) lowered the growth projection for 2026 to 3.8% and projected 5.5% growth for 2027. Inflation was estimated at 2.2% for 2026, with labor supply identified as a major constraint on the economy.

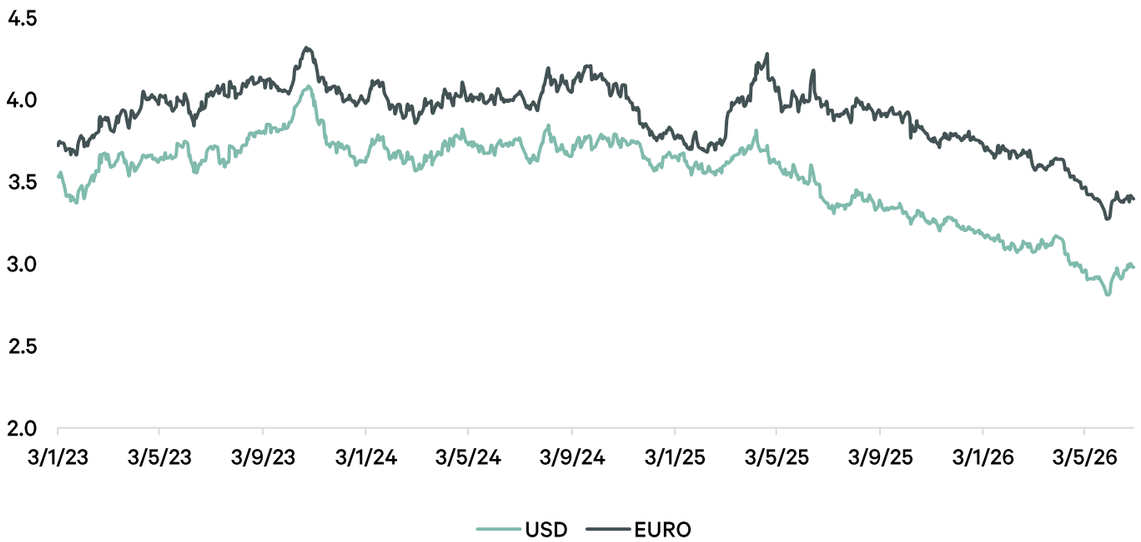
Actual inflation continued to moderate and in June, stood at 1.6% for the previous 12 month period. Concurrently, the interest rate declined from 4.25% at the end of 2025 to 3.75% by the end of the period. It should be noted that since then, and up to the time of writing this review, two additional interest rate cuts have taken place, and the interest rate currently stands at 3.25%.

The shekel strengthened by 6.6% against the dollar, and the TA-35 index rose by 12.0%, trends that reflect a decline in the risk premium and provide gradual support for financing conditions.

On the other hand, the fiscal environment remains challenging. The deficit target was raised to 4.9% of GDP, driven by an increase in the defense budget; in March, the Bank of Israel estimated a deficit of 5.3% and a debt-to-GDP ratio of ~ 70.5%.

The real estate market presented a mixed picture: the residential sector maintained a moderate level of activity, with signs of improvement in new apartment sales toward the end of the half-year mark; the office market continued to show a divergence between high-quality properties in high-demand areas and secondary-tier assets; and the logistics and industrial markets remained stable. The decline in inflation and interest rates provides some relief to the sector, but continued improvement depends, to a large extent, on security developments, fiscal policy, and the risk premium.

Chart 1: Representative USD/ILS Exchange Rate, 2023 – H1 2026





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During this period, the trend of the shekel appreciating against the dollar continued and even strengthened. The dollar exchange rate fell from NIS 3.190 at the end of 2025 to NIS 2.978 on June 30, 2026, a decline of 6.6%. Over the course of the half-year, the dollar exchange rate dropped below the NIS 3.00 threshold for the first time, reaching a low of NIS 2.811 at the end of May.

In parallel, the inflation rate moderated and settled within the Bank of Israel's target range (1%–3%). At the same time, the rise in prices of inputs in the construction sector continued; the input price index for commercial and office construction increased by ~ 1.7%, following an increase of about 2.5% in 2025.

Chart 3: Annual Cumulative Change in the Commercial and Office Construction Input Price Index, 2013 – H1 2026

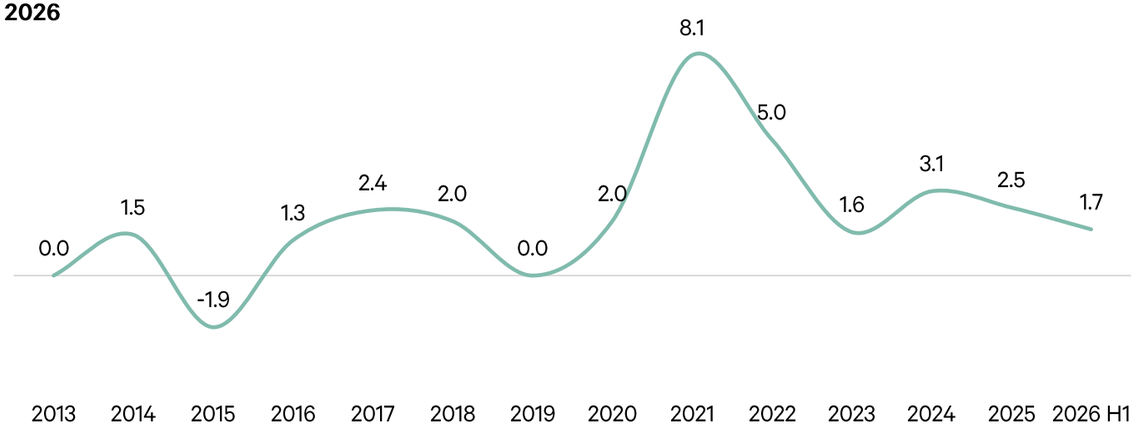
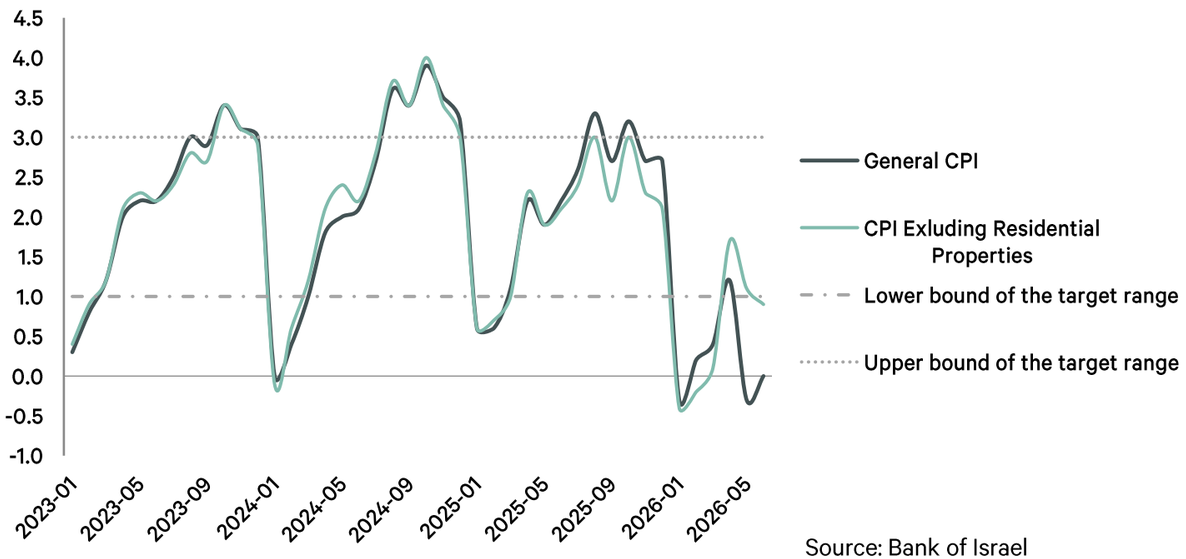
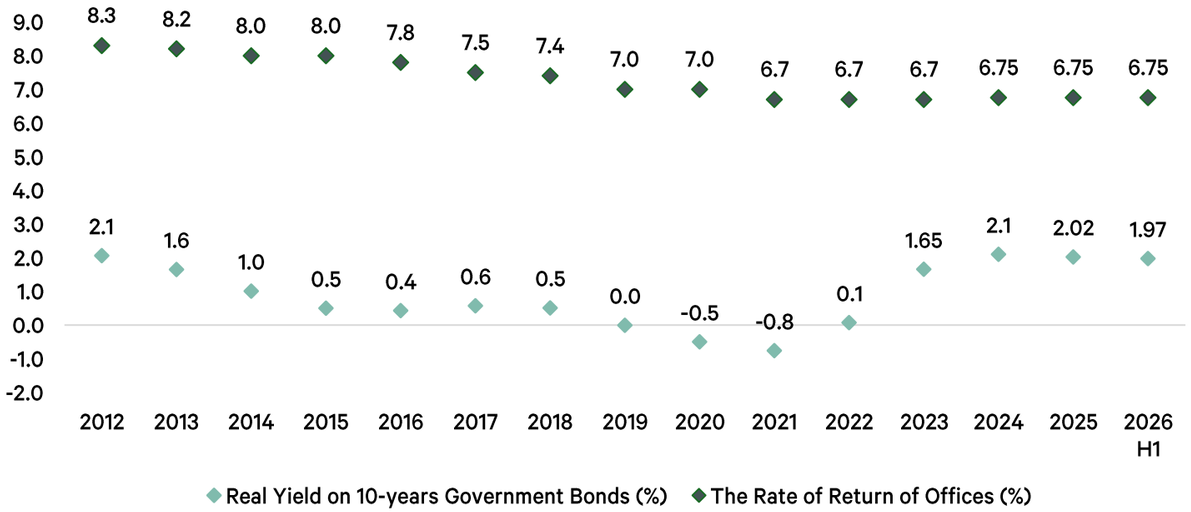


Chart 2: Annual Cumulative Change in the Consumer Price Index (Headline CPI and Core CPI Excluding Housing), 2023 – June 2026



Source: Bank of Israel

Chart 4: Spread Between Government Bond Yields and Office Yields, 2012 – H1 2026



Source: Bank of Israel

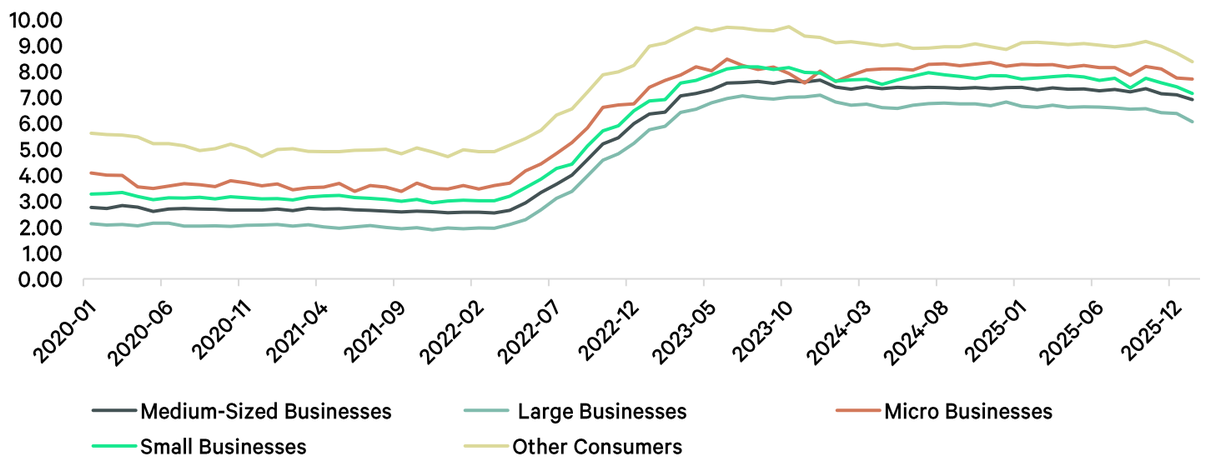
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Against the backdrop of economic and security developments during this period, the Bank of Israel lowered the interest rate twice: in January, from 4.25% to 4.0%, and in May, following the ceasefire, to 3.75%. In March, at the height of Operation "Roaring Lion", the Monetary Committee left the interest rate unchanged.

Bank interest rates on business credit continued its downward trend: the rate for large businesses fell from 6.37% in December 2025 to 6.05% in January 2026; the rate for medium-sized businesses, from 7.09% to 6.91%; and the rate for small businesses, from 7.40% to 7.15%.*
The gap between the yield on government bonds and the yields of income-producing office properties continues to narrow:

Despite this trend of narrowing which we have observed in recent years, the gap between the real yield on 10-year government bonds and the yield on office properties remains at a level similar to that recorded in 2025. Labor market data indicates a decline in unemployment rates, with the unemployment rate in Israel falling to 2.8% as of the middle of the year.

Chart 5: Average Interest Rate on Unindexed NIS Bank Credit, 2020 – Jan 2026



*Bank credit interest rate data is current as of January 2026 (latest Bank of Israel release).

Source: Bank of Israel

Chart 6: Unemployment Rate During the First Half of 2026 (%)

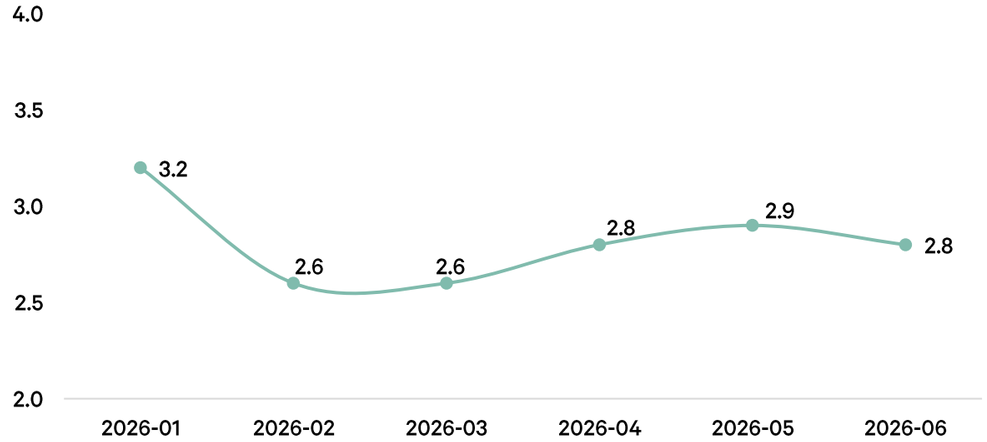


Chart 7: Unemployment Rate in Israel Compared to Western Countries as of April 2026 (% of Labor Force, Seasonally Adjusted)



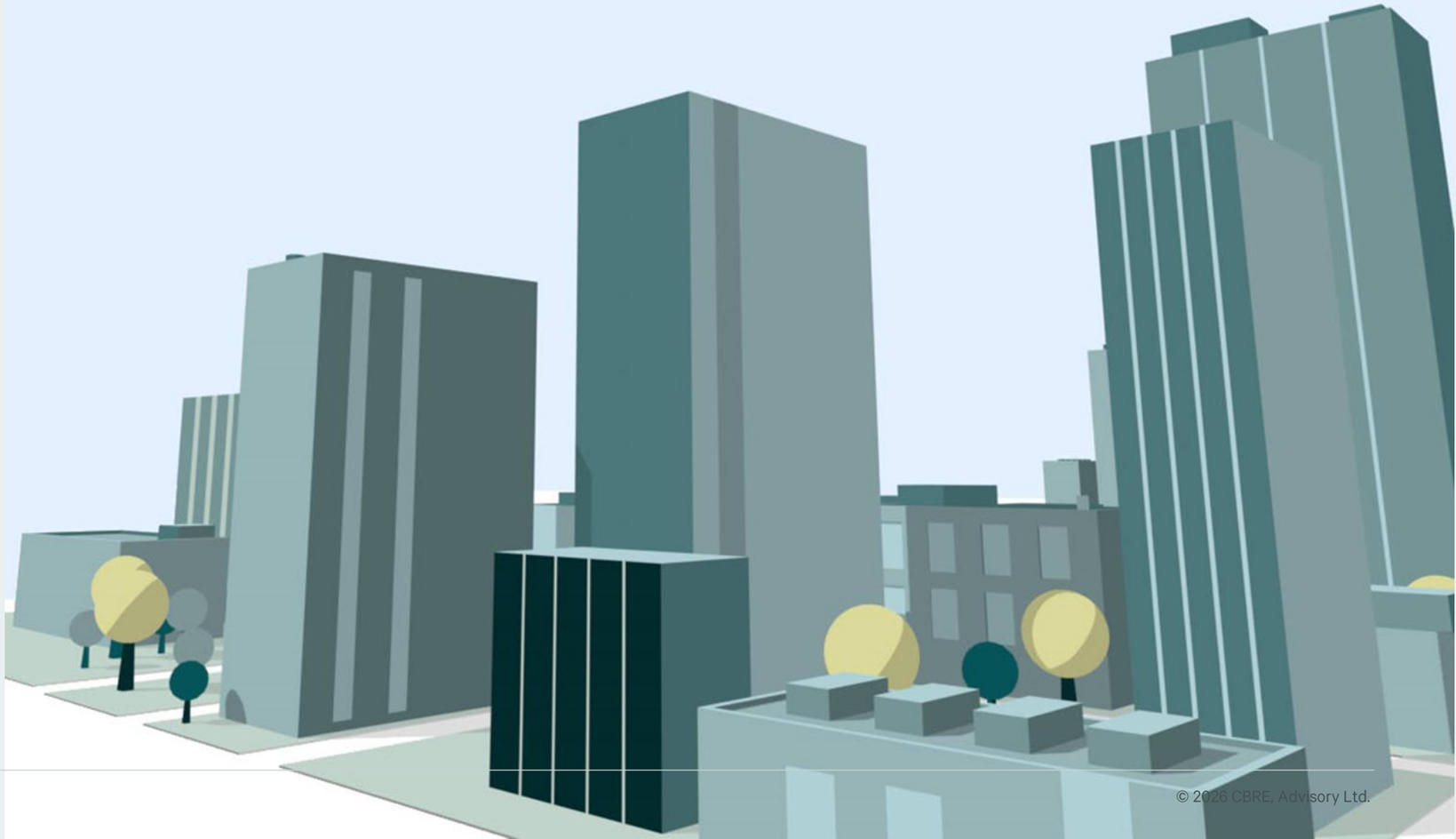
Source: OECD (2026)

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02

National Overview

Capital Markets



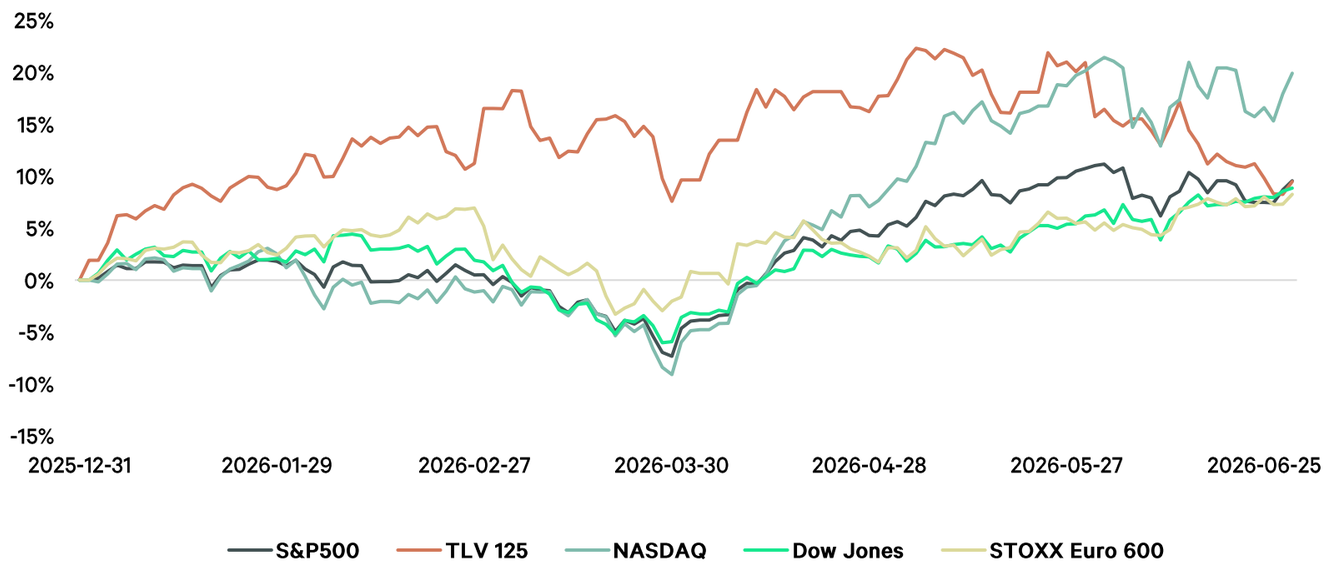
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The Capital Market

Stock markets in Israel and globally continued to show a positive trend during the period, alongside significant volatility. The TA-125 Index posted a return of ~ 9.5% (the TA-35 Index – ~ 12.0%), similar to the S&P 500 Index, which yielded ~ 9.6%. Over the period spanning from the beginning of 2025 through the end of the first half of 2026, the TA-125 Index recorded a cumulative return of ~ 65%, compared to ~ 27.5% for the S&P 500 Index.

There was a variation in the performance of the indices during the period: the Tel Aviv Stock Exchange saw significant gains in the first few months of the year, followed by a moderation in June. Meanwhile, stock markets in the U.S. and Europe posted recoveries following declines recorded in March. The NASDAQ 100 index rose by ~ 19.9%, the S&P 500 by about 9.6%, and the European EURO STOXX 50 by 9.2%. Despite market volatility, most major indices ended the first half of the year with positive returns.

Chart 8: Major Indices Performance Year to Date through H1 2026 (Daily Data)

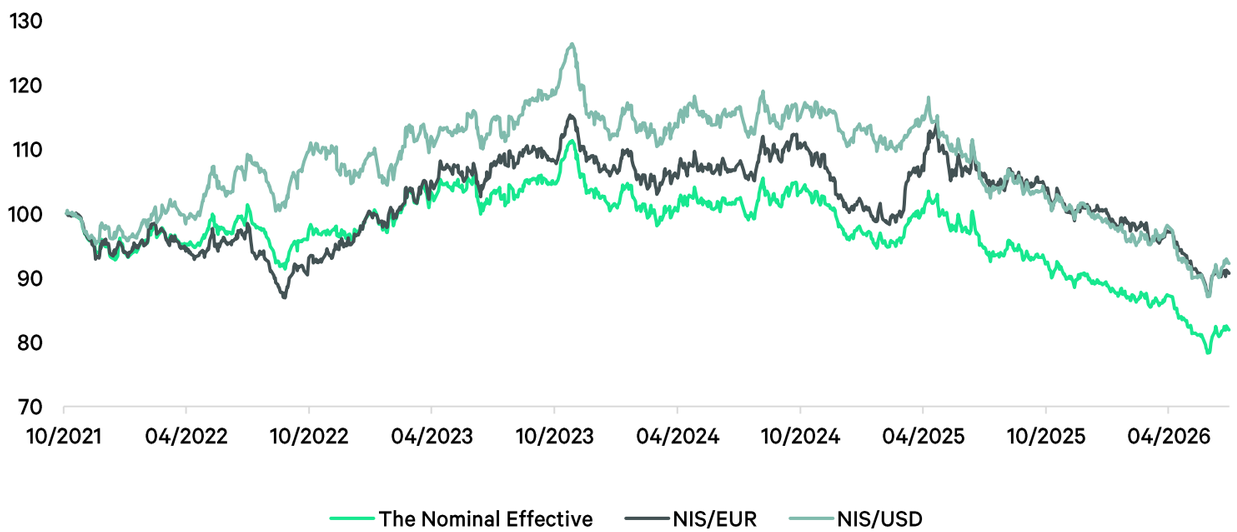




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The foreign exchange market was characterized by a strengthening of the shekel against the US dollar, alongside volatility in the exchange rate. At the beginning of the year, the dollar exchange rate stood at ~ NIS 3.19; it reached a low of about NIS 2.81 by the end of May, before recovering moderately to ~ NIS 2.98 by the end of June. Over the first half of the year, the dollar exchange rate declined by ~ 6.6% compared to the end of 2025, reflecting a strengthening of the shekel. A similar trend was observed in the euro exchange rate, which fell from ~ NIS 3.75 at the end of 2025 to about NIS 3.39 by the end of June 2026, a decline of ~ 9.4%. These developments reflect a significant strengthening of the local currency against major currencies during the first half of the year, notwithstanding the volatility in currency markets.

Chart 9: Performance of the NIS/USD and NIS/EUR Exchange Rate Indices and the Nominal Effective Exchange Rate (5 Oct 2021 = 100).



Source: Bank of Israel

Annual yield comparison of leading indices in Israel

	2020	2021	2022	2023	2024	2025	H1 2026
Tel Aviv - 35	-11%	26%	-9%	3.8%	28.4%	51.6%	13.6%
Tel Aviv - 90	18%	29%	-18%	4.3%	30.9%	46.6%	5.4%
Tel Aviv - 125	-3%	26%	-12%	4.1%	28.6%	51%	12%
Tel Aviv - SME60	16%	24%	-33%	7%	42.1%	38.1%	13.8%
TA - Growth	29%	6%	-30%	4.8%	34.4%	24%	-2.4%
Tel Aviv - Tech Elite	39%	4%	-30%	14%	9.4%	56.4%	16.2%
Tel Aviv - Technology	38%	7%	-27%	17%	12.2%	57.2%	23.6%
Tel Aviv Banks - 5	-22%	58%	-4%	10.4%	37.5%	55.8%	-0.7%
Tel Aviv - Real Estate	-5%	46%	26%	7.8%	25.7%	24.7%	2.2%

Annual Returns Comparison: Leading Global Indices vs. Israel

	2020	2021	2022	2023	2024	2025	H1 2026
New York S&P 500	16.3%	27%	-19.7%	26.3%	23.30%	16.4%	9.55%
New York NASDAQ 100	43.6%	21.4%	-33.1%	44.2%	24.9%	20.2%	19.9%
Europe EURO STOXX 50	-5.1%	22.2%	0.2%	14.50%	7.70%	19.4%	9.2%
London FTSE 100	-14.3%	14.3%	0.9%	3.8%	5.7%	21.5%	5.7%
Frankfurt DAX 30	3.5%	15.8%	-1.9%	20.30%	18.7%	23.1%	2.6%
Tokyo NIKKEI 225	16%	4.9%	-9.4%	28.2%	19.2%	26.2%	39.2%
Tel Aviv 35	-11%	26%	-9.2%	3.8%	28.4%	51.6%	11.9%

Source: Tel Aviv Stock Exchange

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Companies' financials

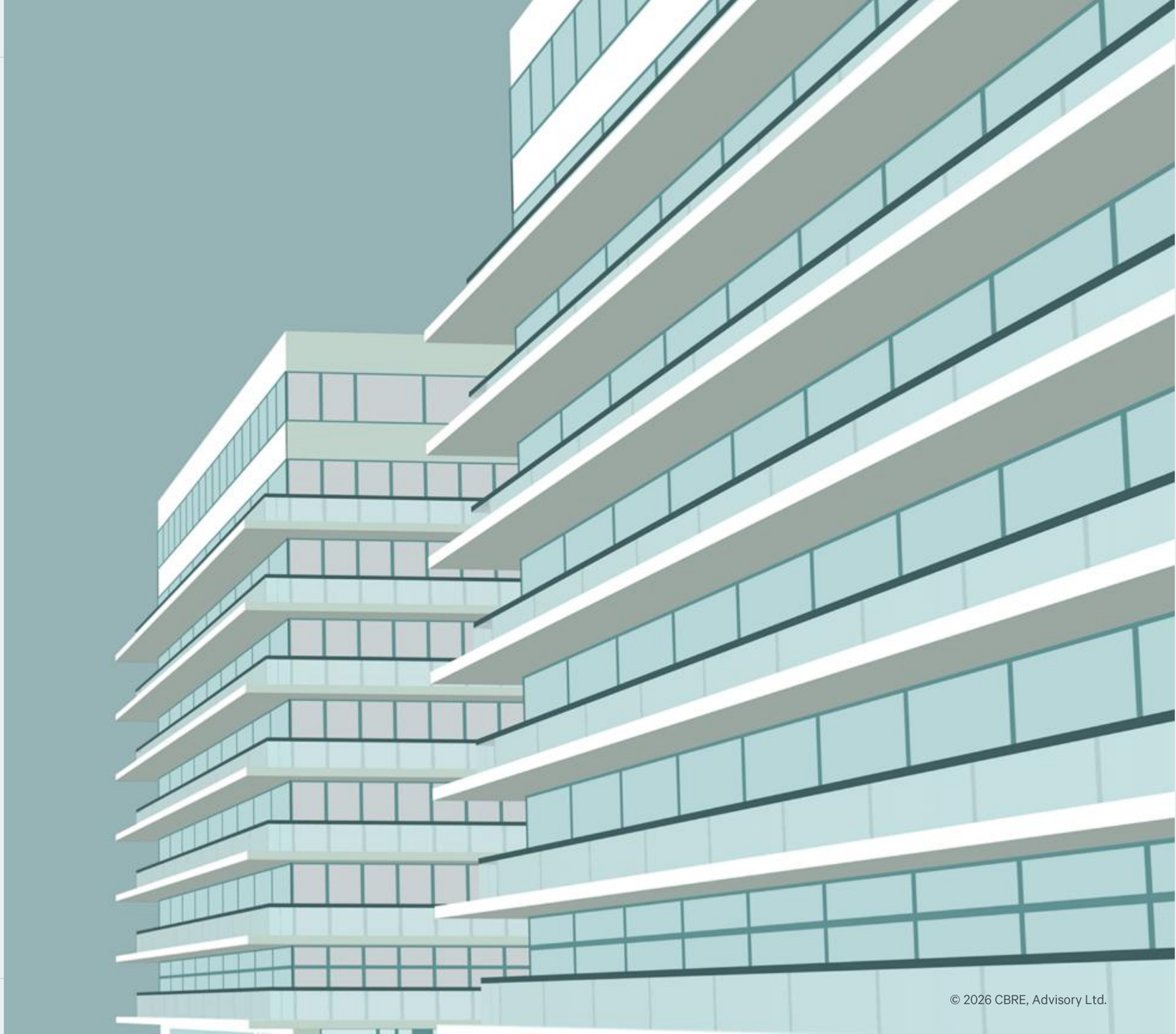
Company	Gav Yam		Amot Investment		Azrieli Group		Sella Capital Nadlan		Melisron	
	Annual 2025	H1 2026	Annual 2025	H1 2026	Annual 2025	H1 2026	Annual 2025	H1 2026	Annual 2025	H1 2026
Value of income-yielding assets (NIS)	13,200,000,000	13,400,000,000	17,726,000,000	17,941,000,000	32,148,000,000	32,275,000,000	6,000,000,000	6,616,000,000	25,559,000,000	25,847,000,000
Properties in development	7	6	5	6	10	9	-	-	15	20
Leverage rate	58.7%	59.8%	42.6%	43.5%	36%	37%	60%	60%	40.4%	40.4%
ALS Lease agreements without properties in development	5.1 Years	4.8 Years	4.8 Years	4.7 Years	6.1 Years	6.5 Years	4.1 Years	4.7 Years	3.9 Years	3.9 Years
Income-yielding spaces (Sqm)	1,300,000	1,300,000	1,860,000	1,860,000	1,439,000	1,466,000	547,000	613,000	909,000	1,067,000
Occupancy rate	97%	97%	93.3%	91.9%	98%	97%	-	-	98.2%	96.4%
Weighted average effective interest rate indexed to the CPI	2.30%	2.30%	2.02%	2.07%	2.90%	3.00%	2.03%	2.18%	2.48%	2.53%
Average capitalization rate for the value of income-yielding assets	6.73%	6.60%	6.33%	6.34%	6.83%	6.83%	6.92%	6.58%	6.84%	6.77%
NOI Annual (NIS)	759,000,000	-	1,060,000,000	-	2,527,000,000	-	356,000,000	-	1,614,000,000	-
NOI H1 (NIS)	-	410,000,000	-	540,000,000	-	651,000,000	-	184,000,000	-	814,000,000

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03

National Overview

The High-Tech Sector



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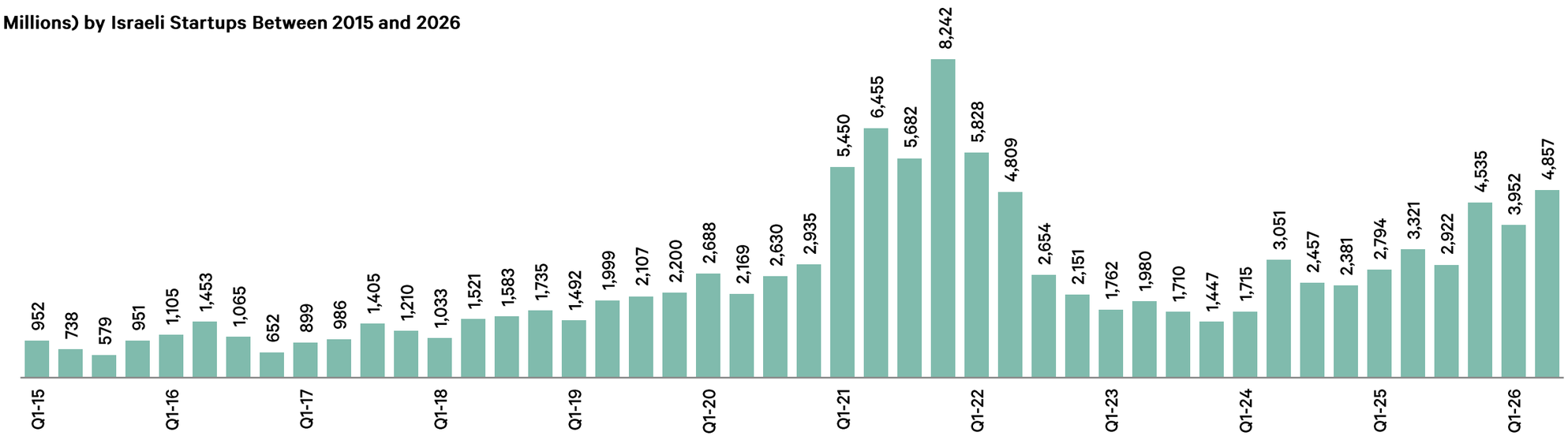
The High-Tech Sector

The Israeli high-tech sector has continued to show signs of stabilization following a prolonged period of slowdown in its activities, amid economic and geopolitical developments in recent years. Despite a recovery in the volume of capital raised, investment activity remains highly concentrated; while the total amount of capital raised is increasing, the number of investment deals remains low compared to the years preceding the crisis. The slowdown in the industry over the past few years has been influenced by a combination of factors, including the global economic slowdown that began in 2022, a high interest rate environment, uncertainty within the Israeli economy, and the repercussions of the war that broke out in October 2023. Concurrently, the expanding adoption of artificial intelligence technologies and shifts in the spending structures of technology companies are influencing investment patterns and workforce requirements within the industry.

Nevertheless, data for the period indicate a continued recovery in the volume of capital raised within the sector. Israeli high-tech companies raised ~ $8.8 billion during this period of which ~ $4.9 billion in the second quarter and $4.0 billion in the first quarter representing an increase of ~ 23% between the two quarters. The total amount raised during this six-month period was ~ 44% higher than in the corresponding period last year which accounted for ~ 65% of the total capital raised throughout 2025 (~ $13.6 billion).Alongside the increase in the volume of investments, the trend of capital concentration in a limited number of companies primarily those in advanced growth stages continues. This trend is reflected in a rise in the average capital raised per transaction, coupled with a relatively low number of transactions compared to previous periods.

This data points to a recovery in investment activity within the Israeli high-tech sector; however, it does not yet indicate a return to broad based growth across the startup ecosystem, nor does it suggest a significant increase in employment in the sector. In May 2026, the number of salaried positions in the high-tech sector stood at ~ 397,000 , ~ 9.5% of all salaried positions in the economy reflecting no significant change compared to the same period the previous year. A wave of layoffs at established software companies was offset by hiring in the defense and hardware sectors; however, the industry has continued to stagnate since 2022.

Chart 10: Total Capital Raised (in $ Millions) by Israeli Startups Between 2015 and 2026



Source: IVC-LeumiTech Israeli Tech Review

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04

National Overview

Income Producing Real Estate



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Income Producing Real Estate

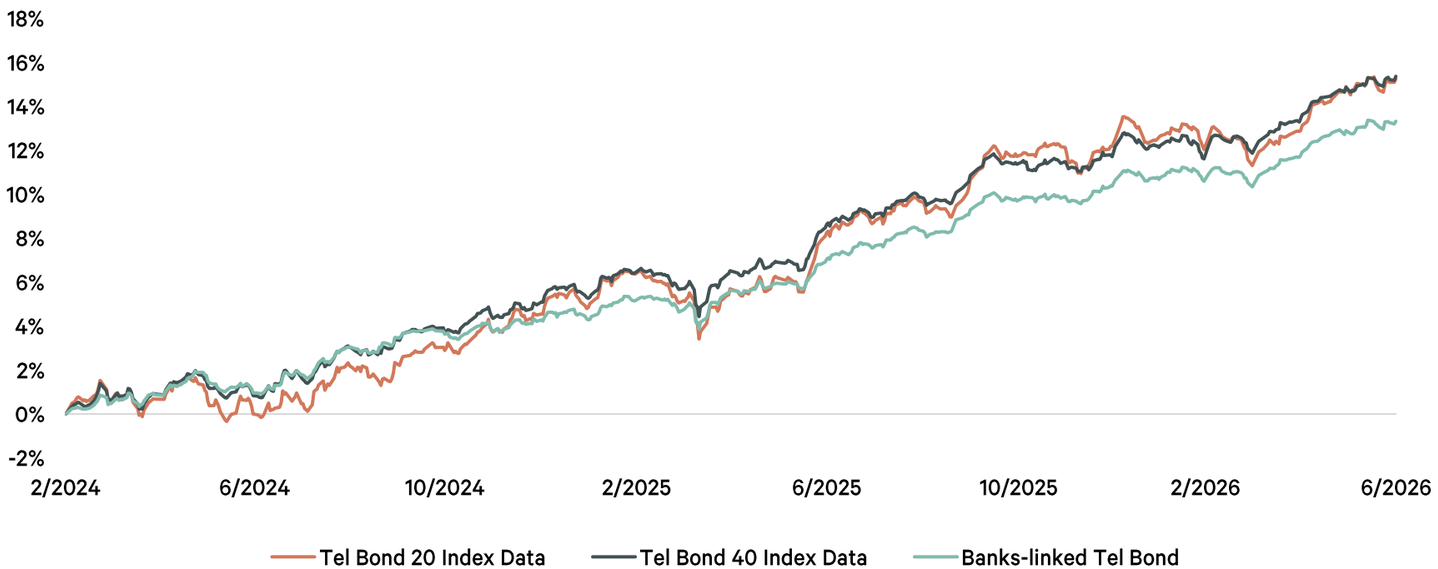
The income-producing real estate market in Israel has continued to face economic and geopolitical challenges, alongside signs of recovery in certain sectors. Growth in private consumption and a rebound in capital raising within the high-tech sector are supporting economic activity and the potential for demand in retail and office space; however, economic and security-related uncertainty continues to influence the decisions of tenants and investors.

At the same time, the market continues to adapt to structural changes, including the expansion of hybrid work models, more efficient space utilization, and a growing demand for flexible leasing solutions, particularly within the office sector. Conversely, the increase in credit card transaction volumes points to continued growth in consumer activity, which in turn supports the demand for retail space.

By way of summary of the reviewed period, the income-producing real estate market in Israel presents mixed trends, with variations across the office, retail, and other property sectors. Alongside existing challenges, the recovery of economic activity and the adaptation of assets to changing market needs may support the sector's stability and its continued development.

Corporate bond indices, which serve as an indicator of financing costs for real estate companies, continued to rise in the first half of 2026: the Tel-Bond 40 index rose by ~ 3.1%, and the Tel-Bond 20 index by ~ 2.6%.

Chart 11: Corporate Bond Yields – Key Indices (Daily Data)





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05

Overview of The Commercial Real Estate Market in Israel

Office Market



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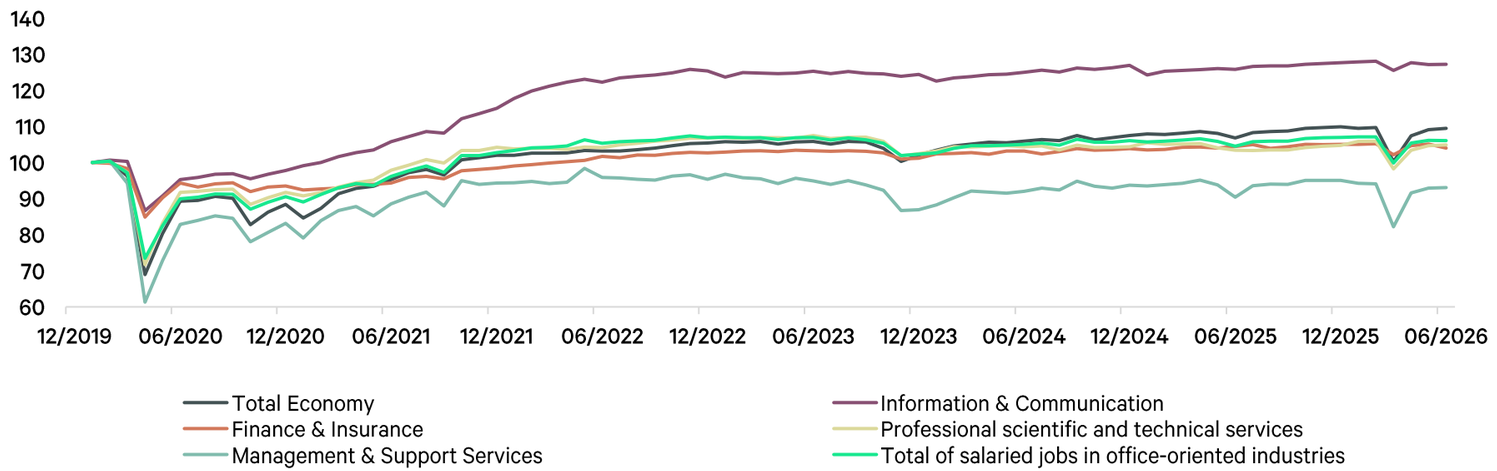
Office Market

As of June 2026, the number of salaried positions held by Israelis in the economy stood at ~ 4.16 million (seasonally adjusted data),an increase of ~ 2.1% compared to June 2025. A sharp decline in the number of positions was recorded in March 2026, against the backdrop of the war; however, a recovery took place in the subsequent months.

There is difference in employment trends across office-based sectors. In the information and communications sector, which encompasses a significant portion of high-tech activity, the number of jobs has grown by a cumulative 27% compared to January 2020, although this growth has levelled off over the past year.
The professional services and financial sectors have seen moderate growth of ~ 4%–5%, while the management and support services sector has experienced a cumulative decline of ~ 7%.

At the same time, the office market continues to navigate shifts in work patterns, driven by efficiency initiatives, the transition to hybrid work, and the increasing integration of artificial intelligence tools. These trends are fuelling demand for flexible leasing solutions, including subleasing, short-term lease agreements, and "plug-and-play" (move-in ready) office spaces. Furthermore, the recovery in capital raising within the high-tech sector during the first half of 2026 may bolster demand for office space, even though no significant expansion in industry employment has yet been observed.

Chart 12: Employee Jobs in Office-Oriented Sectors, January 2020 to June 2026 (Index: January 2020 = 100)



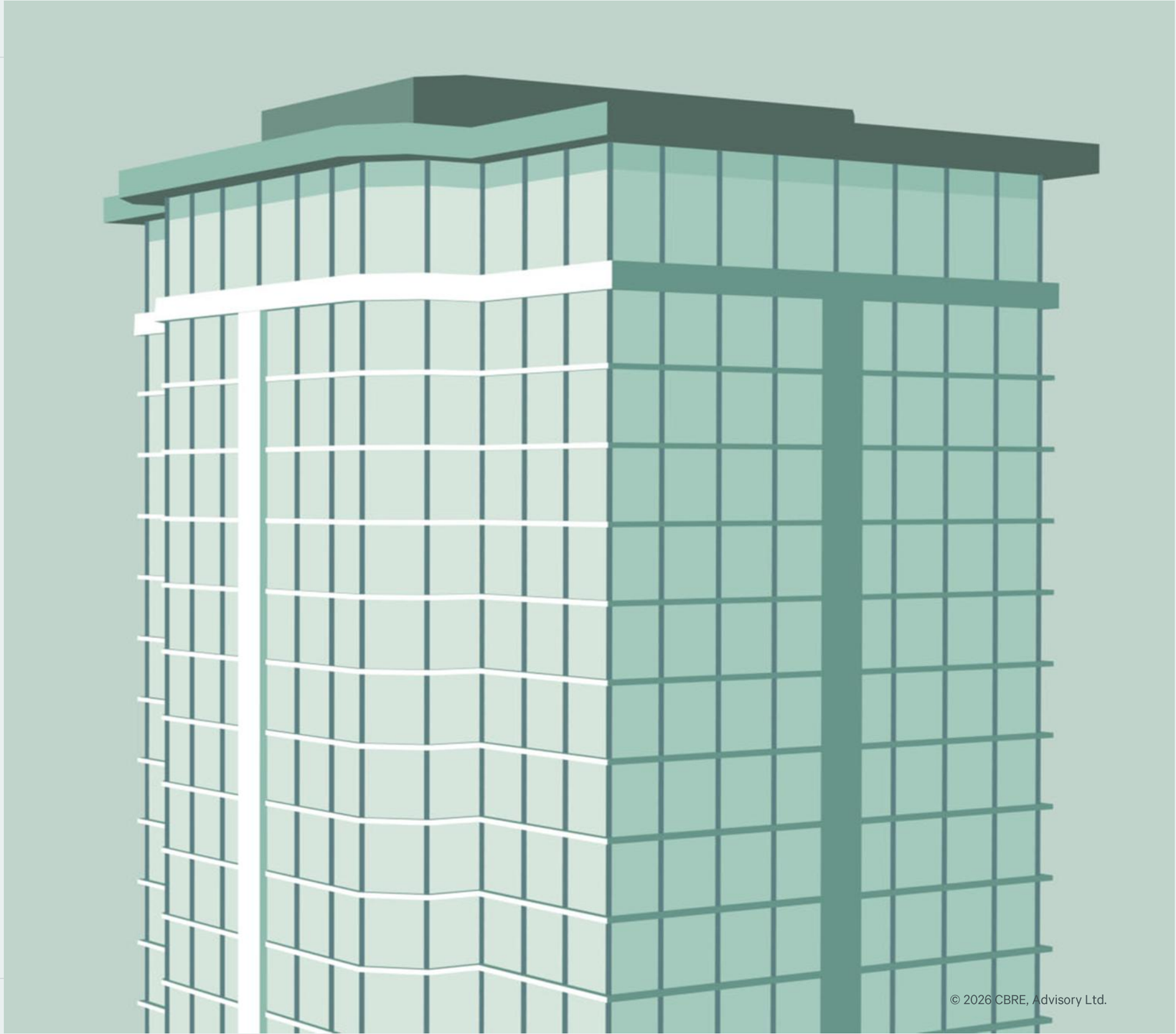


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06

Regional Overview – Office Space

1. Tel Aviv
2. Ramat Gan
3. Petach Tikva
4. Herzliya
5. Ra'anana
6. Bnei Brak
7. Holon
8. Ness Tziona & Rehovot
9. Jerusalem



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Tel Aviv

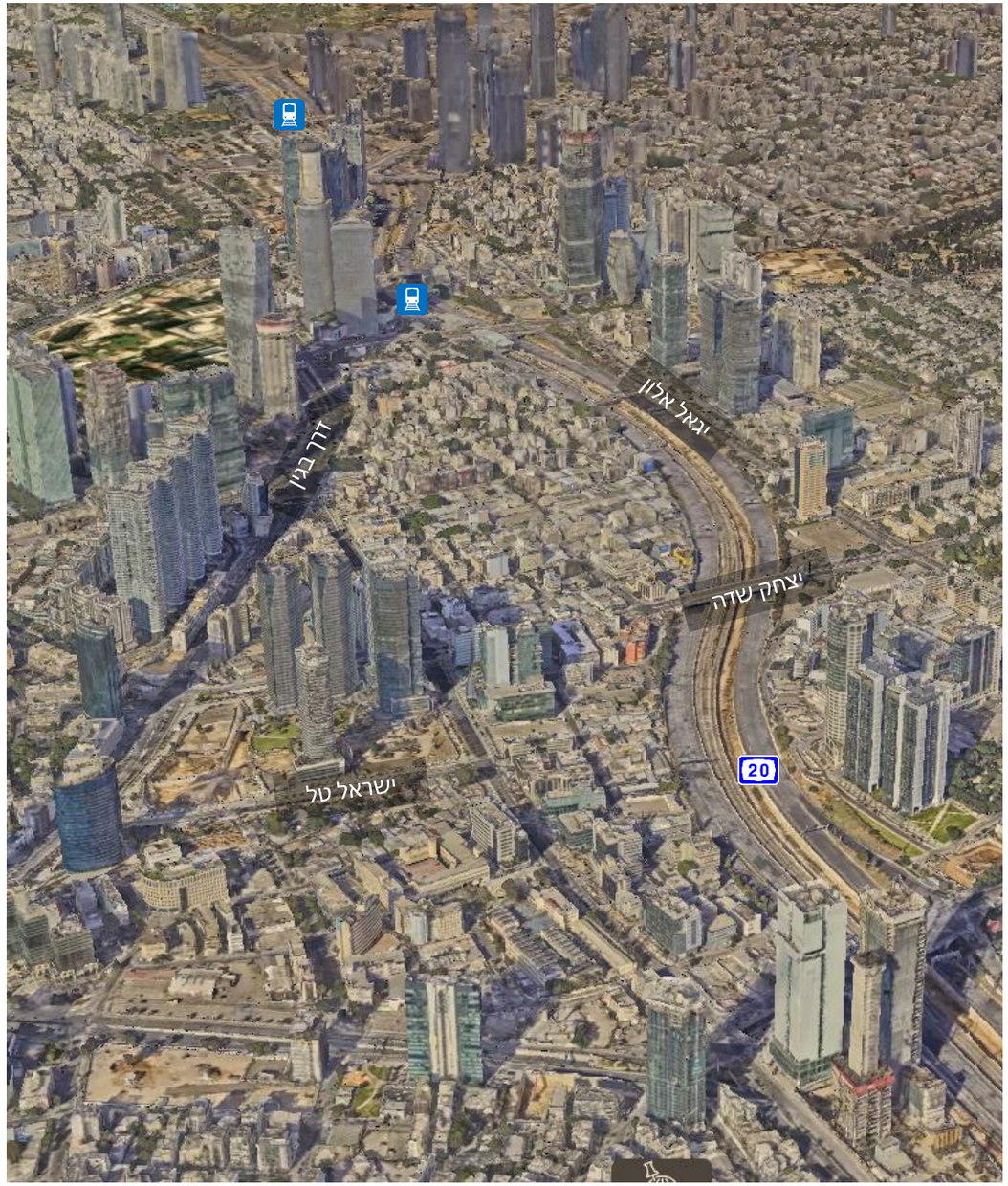
During this period, we note a certain recovery in the Tel Aviv office market, particularly with respect to high-quality, new office towers in central locations, driven by a resumption in capital raising in the high-tech sector. Concurrently, new office towers with a high completion standard, are gradually being occupied as large companies relocate to these properties. Consequently, older buildings are facing occupancy challenges and intensifying competition, partly due to tenant preference for modern buildings with excellent transport accessibility.

This trend expands the differentiation in the city's office market, as building quality, the standard of finishes, accessibility to public transportation, and flexibility in space utilization serve as key factors in leasing decisions.

The offices of the following leading companies are located in Tel Aviv - Amazon, Google, Palo Alto, NVIDIA, Check Point, Deloitte, WeWork, KPMG, Bank Hapoalim, Bank Leumi and Discount Bank.

The principal submarkets for office are: Sarona, the heart of Tel Aviv Rothschild Blvd, city center, Yigal Alon Street and the Menachem Begin axis.

The updated Outline Plan for Tel Aviv, TA/5500, deposited in late 2025, outlines the city's development trajectory for the coming decades. It emphasizes increased building rights, mixed-use development, and the creation of employment hubs in the vicinity of mass transit systems and planned metro stations. As of the time of this review, the plan is going through the objections stage and has not yet come into effect.



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Tel Aviv

01. Menachem Begin Axis

The main business district extending along Menachem Begin Road forms Tel Aviv's primary skyline, featuring modern high-rise towers predominantly occupied and leased by leading high-tech companies, law firms, and financial institutions. The area benefits from maximum accessibility thanks to its proximity to the Ayalon Highway and its interchanges, heavy rail stations, Light Rail stations (the Red Line), and in the future, the planned metro lines, particularly the M1 Metro Line, which will run along the entire corridor.

Leading companies in the area: Microsoft, NIKE, FBC & Co, Samsung, Meitar Law, Intel

NIS 150	98.5%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

02. Sarona Submarket

The area, bounded by Kaplan Street, Menachem Begin Road, Ibn Gabirol Boulevard, and HaHashmonaim Street, encompasses the Sarona complex and the HaArba'a Street area, which together form one of Tel Aviv's key high-demand business districts. The area is characterized by modern office towers occupied by high-tech companies, consulting firms, law firms, and financial institutions. It is also home to the significant lease transaction signed by Wiz at Landmark Tower B.

Leading companies in the area: Amazon, Meta, Tenable, Cato Networks, Optibus, KPMG

NIS 150	99%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels

03. Hassan Arafe Submarket

Located between Yitzhak Sadeh Street, Menachem Begin Road, HaMasger Street, and David Hachmi Street, is a rapidly developing business district undergoing significant construction, combining new developments with existing buildings. The area benefits from excellent accessibility and proximity to the Carlebach Red Line Light Rail station, attracting technology companies, law firms, and financial institutions, while occupancy levels continue to rise and approach those of the city's leading prime demand hubs.

Leading companies in the area: Nvidia, Monday, Quantum Machines, Yotpo, Papaya Gaming, Intel

NIS 145	96%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels



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Tel Aviv

04. Yigal Alon Submarket

A major business district extending along Yigal Alon St., bounded by Yigal Alon St. to the west, Aminadav Street to the south, Totzeret Ha'Aretz St. to the north, and HaHaskala St. to the east. Featuring a mix of new office towers and older buildings with excellent accessibility to the Ayalon Highway and upcoming light rail & metro lines. The ongoing construction of TOHA 2 will further expand modern office supply in the area. The tenant mix consists primarily of high-tech companies, law firms, financial institutions, and advertising agencies.

Leading companies in the area: Google, Motorola, AT&T, Check Point, TikTok, Palo Alto

NIS 130*	98%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

**In the TOHA tower, rental fees are higher, averaging ~ 160 NIS/sqm.

05. Rothschild Blvd Submarket

The City Center district extends southwest toward Neve Tzedek and the seafront, featuring a diverse mix of architectural styles across development periods. Served by the Red Line, the area combines modern high-rise towers, mixed-use projects, and historic preservation buildings with older offices. The tenant mix consists primarily of start-up companies, financial institutions, and capital market firms.

Leading companies in the area: Meta, Atera, Bank of Israel, Bank Jerusalem, Autodesk, Artlist

NIS 88**	94%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

**In the Rothschild 22 tower, rental fees are higher, averaging ~ 180 NIS/sqm.

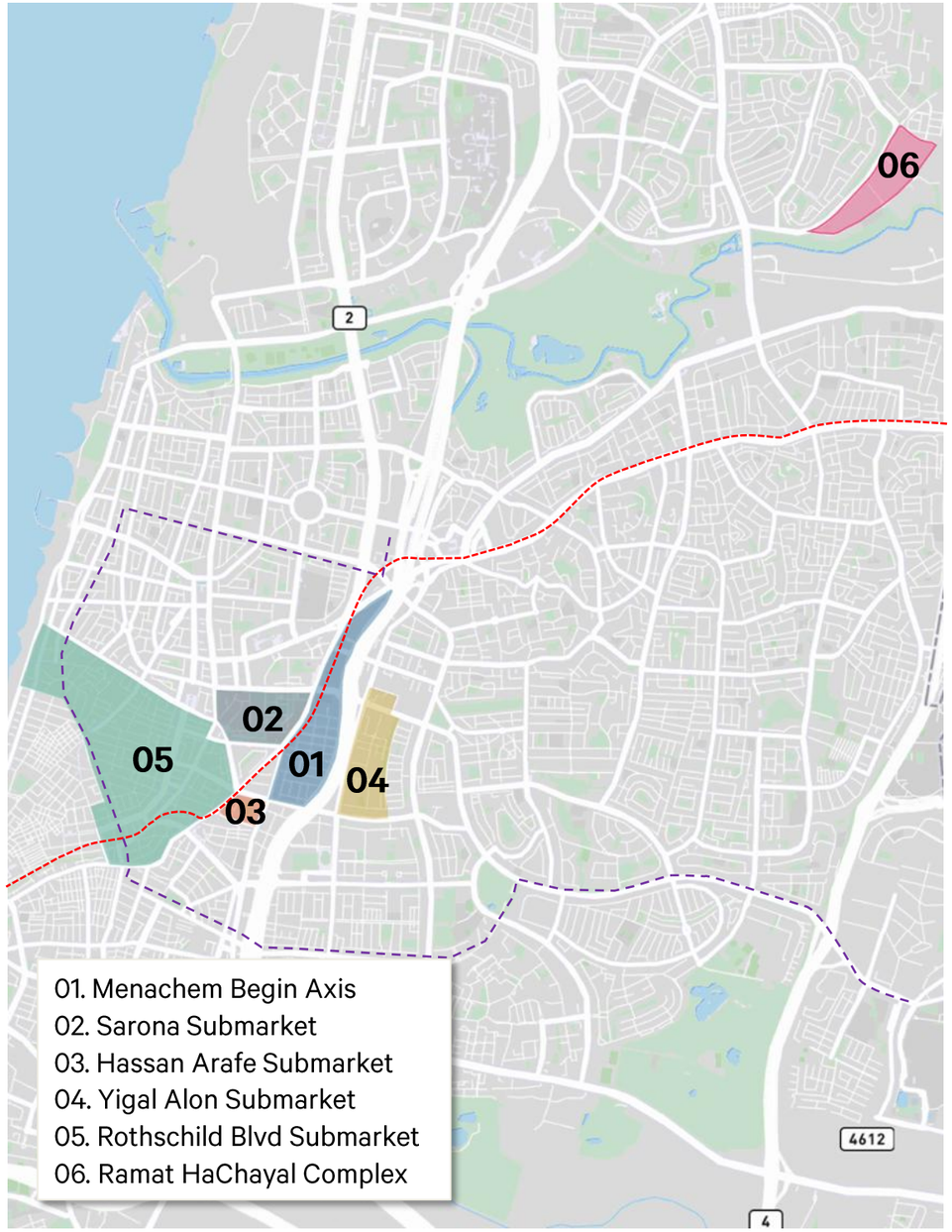
06. Ramat HaChayal Complex

This area is in northeastern Tel Aviv, bounded by Raoul Wallenberg St., to the north and west, HaBarzel St., to the east, and open areas. It is a major business hub featuring a mix of established and modern office buildings, some incorporating mixed-use developments. The tenant mix consists primarily of advertising, media, and high-tech companies, alongside Assuta Hospital. The area is expected to benefit from a significant improvement in public transportation accessibility, with the Green Line of the Light Rail and the M3 Metro Line planned to run along Raoul Wallenberg St.

Leading companies in the area: Assuta, Keshet 12, Philip Morris, Clal Insurance, RAD Group

NIS 55	90%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels



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Ramat Gan

The Diamond Exchange is the prime business area of Ramat Gan, due to its strategic location with boundaries of 3 cities – namely, Ramat Gan, Givatayim and Tel Aviv. Many deem Ramat Gan to even be a natural "extension" of the Tel Aviv city center. This area is experiencing significant development momentum, following the approval of the Outline Plan RG/1800 which provides for additional building rights and encourages the urban renewal and high-rise construction. Although at the same time, pressure is being felt on rental prices in some of the properties, with excess supply in the new towers contributing to a slowdown in the rate of occupancy, particularly in properties that are not of a high construction standard.

Nearby, in the Givatayim area, preparations are underway for the occupancy of the Beyond project, which features an office tower spanning ~ 120,000 Sqm, alongside commercial space. Significant lease agreements have been signed for this project with leading companies and firms, including Moon Active and the law firms of Meitar and Lipa Meir. This anticipated increase in supply is likely to intensify competition among older office buildings in the area and reinforce the trend of relocating to new, high-quality properties.

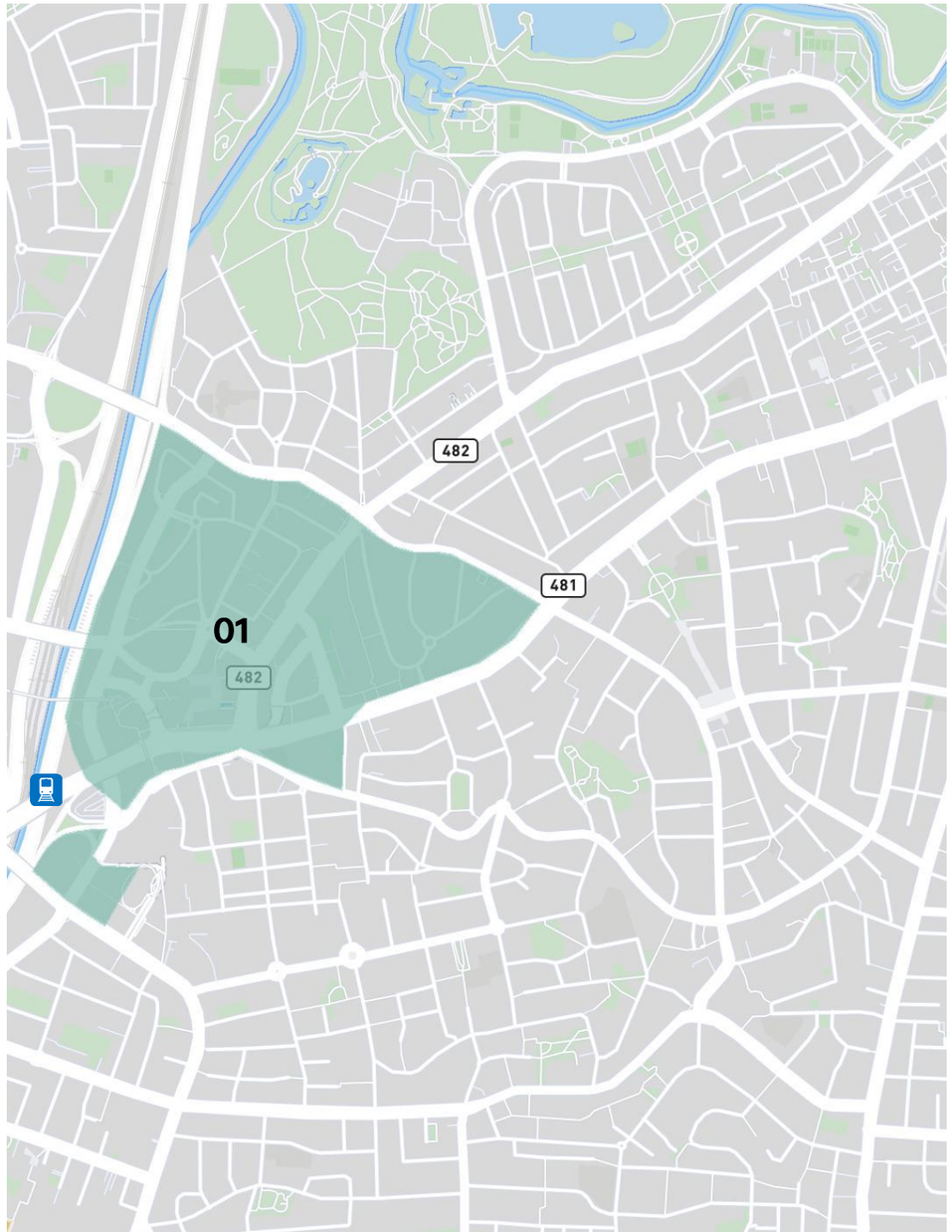
01. The Diamond Exchange Submarket

The area is bounded by Jabotinsky Street, Bialik Street, Abba Hillel Road, and the Ayalon Highway, and benefits from excellent accessibility via Israel Railways, the Light Rail, and the future Metro network. The district is characterized by high occupancy rates and a mix of Class A and Class B office buildings. The tenant mix is diverse and includes insurance and financial companies, banks, law firms, high-tech and cybersecurity companies, business services firms, and companies from the diamond industry.

Leading companies in the area: Menora Mivtahim, Harel Insurance, Mizrahi Tfahot, HSBC, F5, Mobileye, Taboola, Dynamic Yield

NIS 95*	96%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels



**In the Atrium tower, rental fees are higher, averaging ~ 150 NIS/sqm.
In the Beyond project in Givatayim, rental fees stand at 120 NIS/sqm for C&S.

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Petach Tikva

The employment areas in Petah Tikva, led by Kiryat Arieh, continue to develop at a high pace with a significant supply of new office space. The operation of the light rail's Red Line has improved accessibility to this area, however, at the same time, the slowdown in the high-tech industry is affecting the pace of occupancy. The surplus supply is reflected also in significant amounts of vacant space, with some areas experiencing tens of thousands of Sqm of long- term vacant space.

01. Kiryat Arye Industrial Area

Covered 2,250 dunams in the northwest of the city, serves as the main Central Business District (CBD), and is bordered by Jabotinsky Road to the south, Highway 4 to the west, and the railway tracks to the north. The area enjoys high accessibility due to its proximity to major traffic arteries, the light rail, and the train station near the stadium. Over the years, it has evolved from a traditional industrial hub into an advanced business center. Today, the area combines extensive office complexes leased to leading high-tech companies. Alongside this, a significant volume of traditional industrial space continues to undergo development, renewal, and conversion into new projects.

Leading companies in the area: Marvell, CyberArk, Intuit, IBM

NIS 53	70%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels

02. HaSivim Industrial Area

Situated in western Petah Tikva, the area features a combination of established industrial and office buildings alongside modern new developments. The tenant mix comprises high-tech and technology companies, insurance and financial services firms, professional services providers and business services companies, while also retaining a presence of traditional industrial activity.

Leading companies in the area: Zap, Docusign, AIG, Shekel Insurance, Yad 2, Align Technologies

NIS 45	60%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels

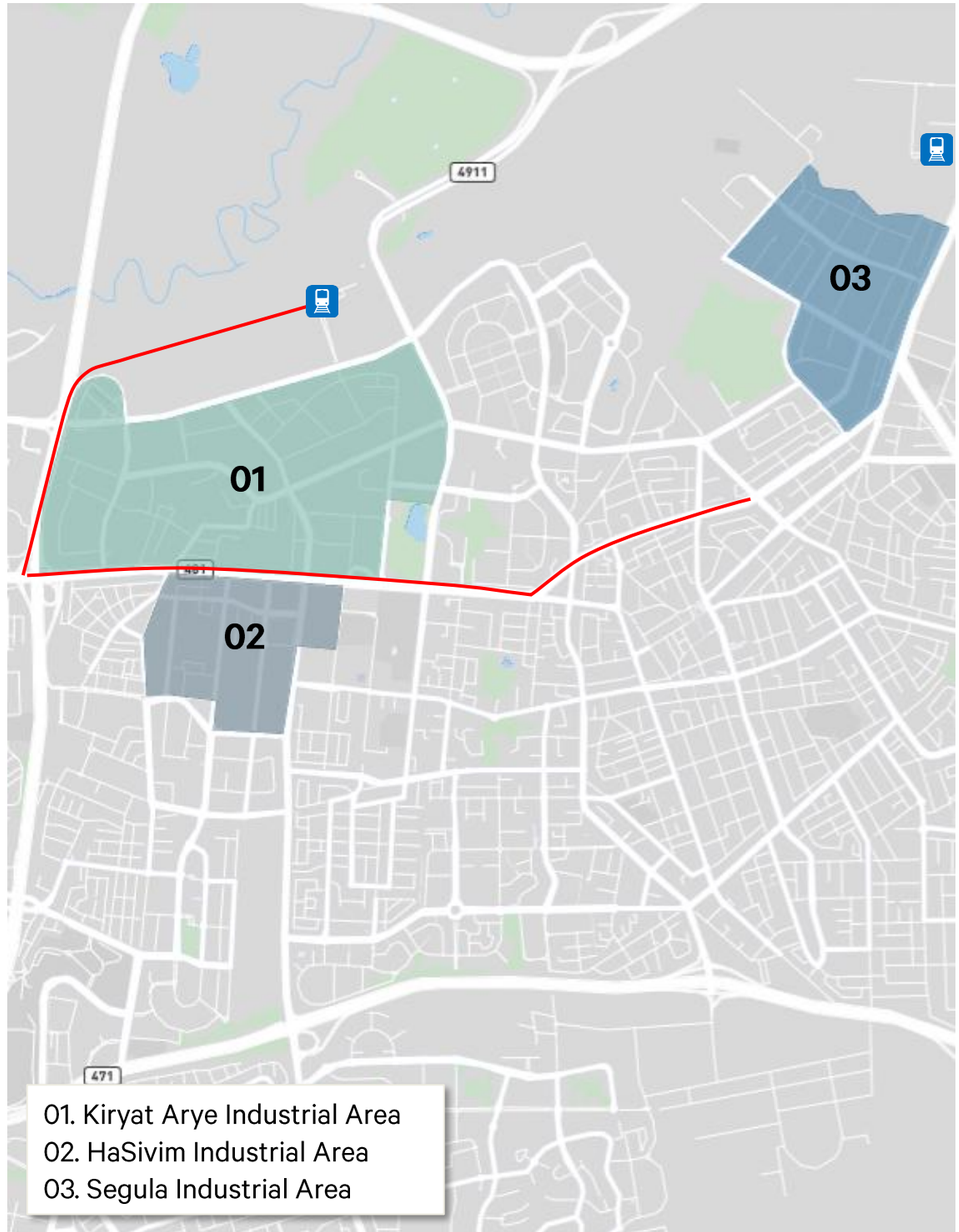
03. Segula Industrial Area

The area comprises industrial facilities, garages, commercial properties, and event venues, with a major urban renewal plan advancing ~ 1 million Sqm of additional employment space near the railway station and planned M2 Metro line. Dominated by older properties with limited modern office supply, the tenant mix consists primarily of industrial and manufacturing firms, workshops, garages, trade and distribution companies, professional service providers, and event venues.

Leading companies in the area: Airobotics, Isotopia Molecular, Comparts

NIS 45	80%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels



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Herzliya

Herzliya Pituach continues to serve as a major hub for international high-tech and technology companies, thanks to the concentration of leading companies, a high-quality work environment, and accessibility to major transportation arteries. At the same time, a divergence in demand persists—favoring new, high-quality office buildings over older properties—driven by corporate efficiency initiatives and the exploration of alternative leasing options in nearby areas at lower costs.

The Outline Plan HR/2440 for the renewal of the Herzliya Pituach Industrial Zone provides for a significant transformation in the character of this employment area, increasing building rights, transitioning gradually toward higher-density, vertical development, and integrating employment, commercial, leisure, and residential uses within the existing industrial and tourism zones.

01. Herzliya Pituach Business Area

Covering ~ 850 dunams in the south-western part of the city along Highway 2, the area serves as a major central business district (CBD). It enjoys excellent accessibility via the Hasira Interchange, a nearby railway station, and the future Green Line of the Light Rail. The tenant mix comprises international high-tech and technology companies, cybersecurity and software firms, financial institutions, law firms, and business services providers.

Leading companies in the area: Apple, Veronie, Microsoft, Accenture, AppsFlyer, GM

NIS 90	88%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels



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Ra’anana

Ra'anana continues to solidify itself as a significant employment center in the Sharon area, attracting high-tech and technological companies and business services. The city’s accessibility, via Route 531, Route 4, and the Ra'anana West and Ra'anana South train stations, combined with its proximity to Herzliya and Kfar Saba, strengthens its standing as a competitive alternative to the more expensive employment hubs in the central part of the country.

During the period under review, cost-benefit considerations have become increasingly important in the selection of office space; Ra'anana offers companies the opportunity to locate in high-quality business complexes at costs that are relatively lower than those in Herzliya Pituach or Tel Aviv.

01. Industrial Area Kiryat Etgarim

The industrial area constitutes the city’s main employment hub, bordered by Weizmann Street, Atidim Street and Highway 4. It features a mix of established industrial and commercial properties alongside modern office developments, with convenient access to Highway 4 and the Kfar Saba–Ra’anana North Interchange. Looking ahead, connectivity is expected to improve significantly with the development of the planned M1 Metro line, which will serve the area. The tenant mix comprises international high-tech and technology companies, R&D centers, software, telecommunications and defense companies, alongside traditional commercial and industrial uses.

Leading companies in the area: Amdocs, Elbit, SAP, Nvidia, Eli Lilly, NICE

NIS 50	70%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels

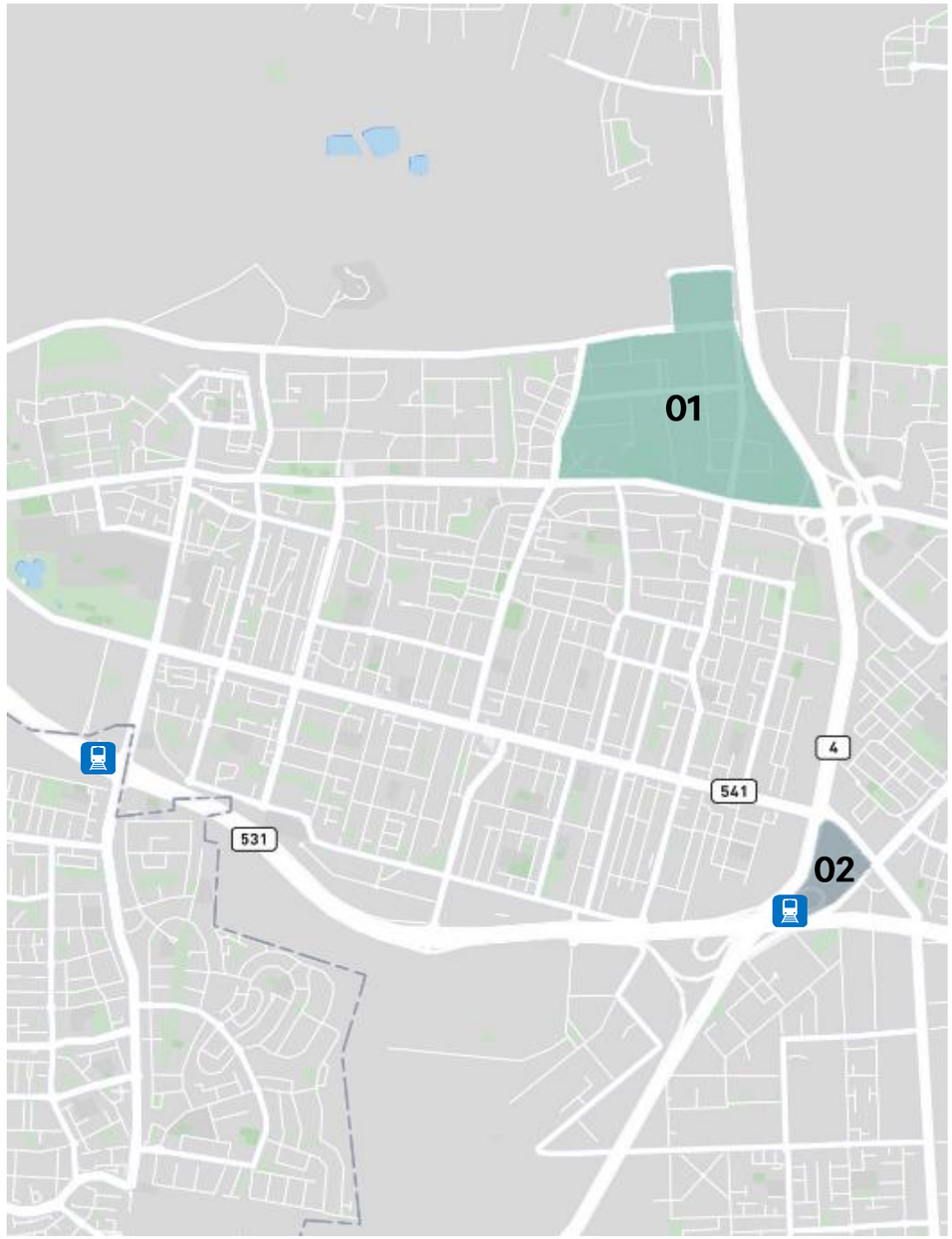
02. Industrial Area South Ra’anana Junction

Located at Ra’anana South Junction, adjacent to Kfar Saba, the industrial area is characterized by a significant concentration of pharmaceutical and high-tech companies. The area comprises a mix of modern, newly developed office buildings alongside older properties, with occupiers primarily from the technology, life sciences and healthcare sectors.

Leading companies in the area: Zoom Info, Red Hat, Deloitte, Abre, Philips

NIS 55	80%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels



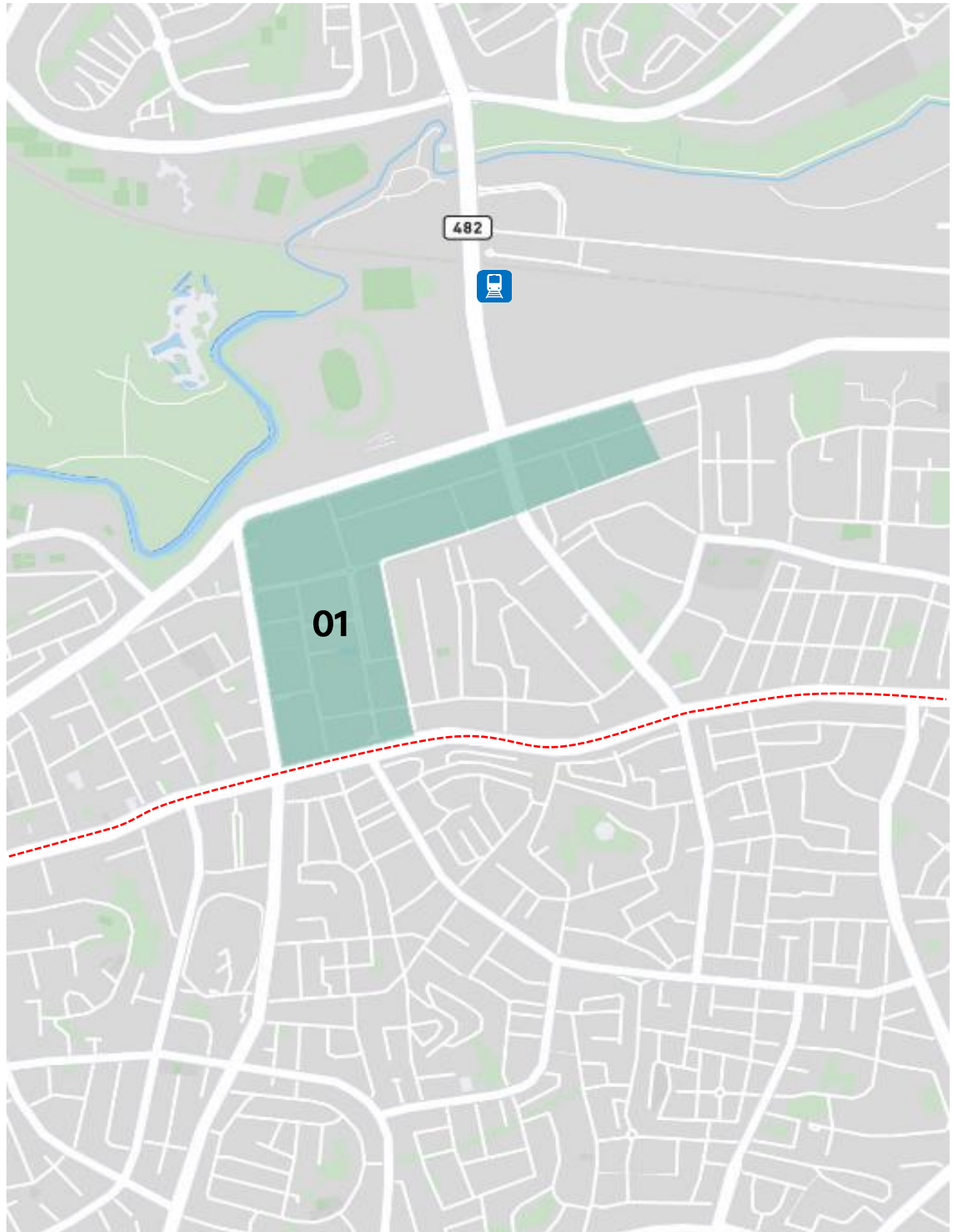
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Bnei Brak

The BBC area continues its transition from a district characterized by Syndication Group to a hub for employment, featuring large office towers developed by real estate companies and institutional investors. This development enables the attraction of anchor tenants and large-scale lease transactions, while intensifying competition among new office buildings and the existing stock.

The operation of the Light Rail's Red Line along Jabotinsky Street, which began in August 2023, improves accessibility to the area and supports its standing as an alternative to office hubs in Tel Aviv and Ramat Gan.

At the same time, the construction and promotion of large-scale projects continue, including the LYFE complex—a joint venture between Ashtrom and Dan Real Estate, and the Nimrodi Tower, developed by Hachsharat HaYishuv. Furthermore, in November 2025, a plan was submitted to the District Committee for the development of a new commercial and employment complex in northern Bnei Brak, in the vicinity of HaLehi Street. The project, which comprises a planned area of ~ 2 million Sqm, also includes a new train station. This represents a potential long-term addition to the supply; however, as it is currently in the planning stages, it is not expected to impact supply in the short term.



01. The BBC complex is the principal business area

Covering ~ 900 dunams in north-western Bnei Brak, at the convergence of the municipal boundaries with Ramat Gan and Tel Aviv, the BBC complex constitutes the city's sole central business district (CBD). It is bordered by Jabotinsky Road to the south, Sheshet Hayamim Road and Abba Hillel Road to the north, and Ben Gurion Road to the west. The district is characterized by modern office developments and enjoys excellent accessibility, supported by its proximity to the Red Line of the Light Rail and the Bnei Brak railway station. The tenant mix is primarily composed of professional services firms and independent professionals.

Leading companies in the area: ROOMS by Fattal, Isracard, Max, eToro, Visa Cal, Meitav, Phoenix Gama

NIS 87	85%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

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Holon

The employment area in Holon continues to develop as a hub for office-based employment in the southern part of the Tel Aviv metropolitan area, undergoing a gradual transition from general industrial and workshop structures to modern commercial and employment office complexes. The area's proximity to Highways 4 and 20, combined with the Green Line of the Light Rail, currently under construction is expected to enhance accessibility and strengthen the area's overall appeal.

The significant supply of office space added in recent years continues to impact the pace of occupancy and the level of competition among projects. Whilst high-quality new buildings enjoy a relative advantage in attracting tenants, the current and future volume of supply exerts pressure on occupancy rates and rental rates, particularly in older properties and in projects that have not yet established a stable occupancy base.

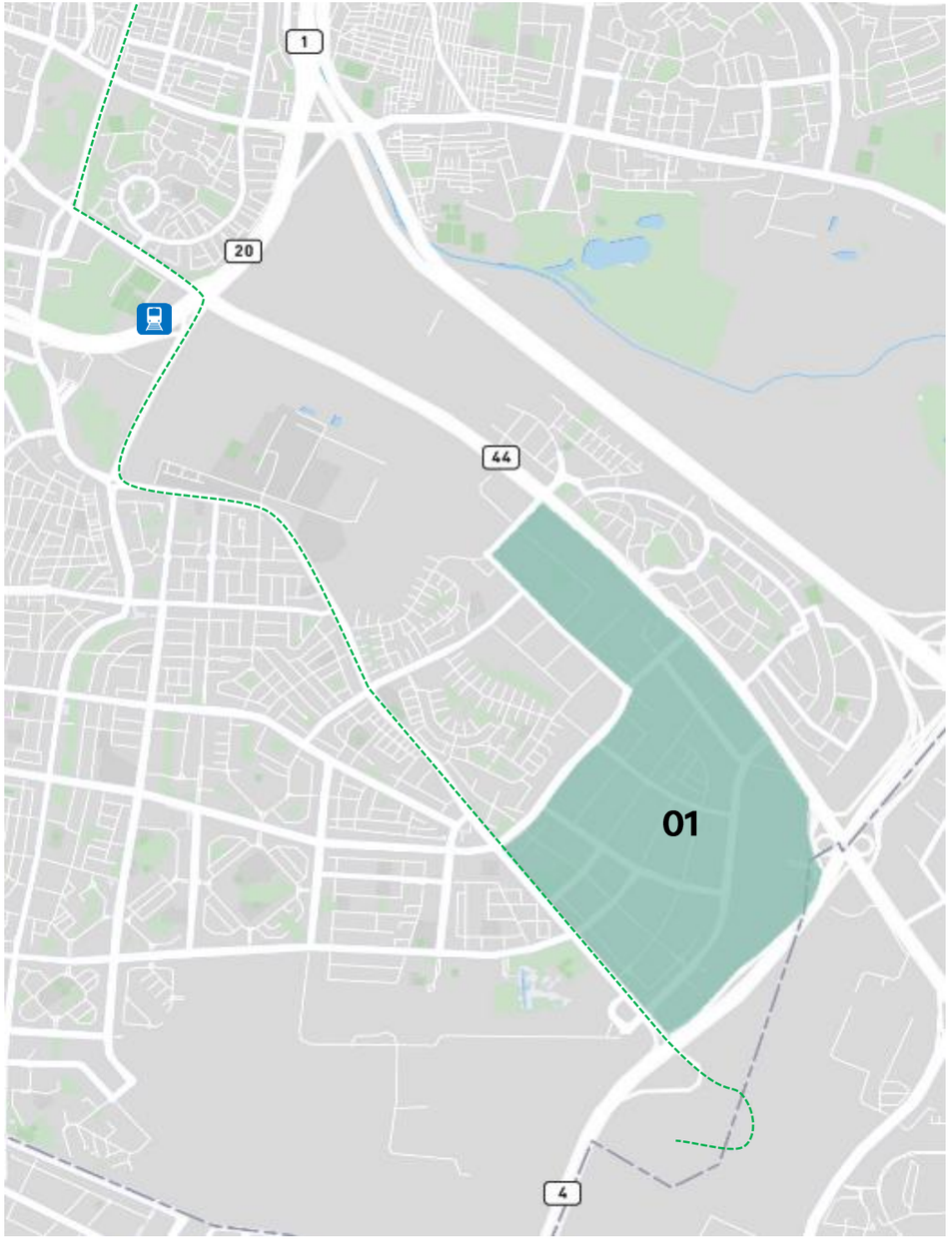
01. The Science Park (Tamar Park)

The employment zone in the eastern part of the city, adjacent to Highway 4 and the Holon East Interchange, spans ~ 700 dunams. In recent years, the area has undergone significant development, integrating modern office and commercial complexes alongside older industrial buildings—such as projects by Azrieli, Amot, Mivne, and Gav-Yam. The extensive volume of construction is intensifying competition for tenants, while accessibility is expected to improve in the future with the launch of the Light Rail's Green Line. The tenant mix includes technology and software companies, telecommunications firms, financial and banking institutions, infrastructure companies, government offices, and independent professionals.

Leading companies in the area: Sapiens, Bezeq, Halman Aldubi Group, Amidar, NTA, DealHub, Oron Group Investments & Holdings Ltd

NIS 45	75%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels



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Ness Tziona & Rehovot

The Science Park, jointly located in the Ness Tziona and Rehovot locales has become an employment hub for technological companies, research & development and the high-tech industry in the Coastal Plain area. Its proximity to the Weizman Institute of Science in Rehovot, the concentration of international companies and research centers, alongside accessibility to routes 431 and 4 and the Rehovot train station, all contribute to its status as a regional employment hub. The development and expansion of employment areas within the park continue, with an emphasis on office complexes, laboratories, and facilities tailored for technology companies.

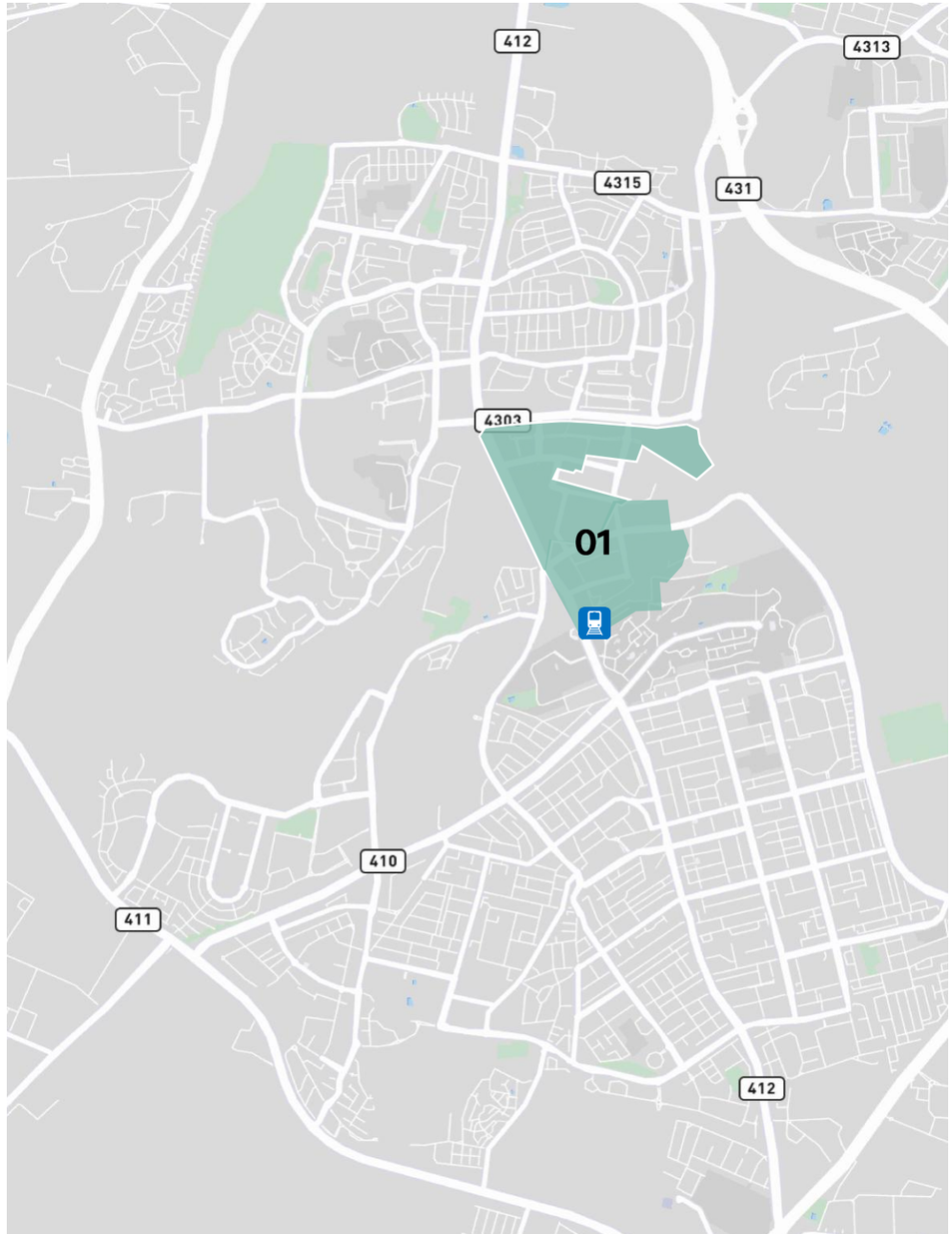
01. The Science Park (Tamar Park)

Located across northern Rehovot and southern Ness Tziona, the park benefits from convenient access to the railway station and is expected to gain further connectivity with the future M1 Metro line. The park comprises a mix of R&D facilities, laboratories, modern office developments, and commercial and service space. The tenant mix primarily consists of international high-tech and technology companies, semiconductor and electronics firms, biotechnology and medical device companies, alongside laboratories and business services providers.

Leading companies in the area: Applied Materials, Elbit, Electra, Stratasys, HP, LDP, Nova Measuring Instruments, Landa Corporation Ltd, Johnson & Johnson

NIS 55	80%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on C&S price levels



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Jerusalem

Jerusalem, the most populous city in Israel, serves as a major employment hub for the government, public, and high-tech sectors. In the first half of 2026, development continued on the City Entrance Quarter, which is planned to include approximately 1.2 million square meters and around 20 towers reaching up to 40 floors for employment, commerce, hospitality, and residential use. The area benefits from high accessibility to the Yitzhak Navon railway station, the Central Bus Station, and the light rail lines. Prominent projects such as the Marom Tower (under construction), the Government Complex, and the Law Courts are expected to significantly strengthen the city's metropolitan status.

01. Har Hotzvim

Covering ~ 530 dunams in north-western Jerusalem, the industrial park is a major high-tech and employment hub, benefiting from convenient access to Begin Road, Golda Meir Boulevard and Highway 1. The park comprises a mix of R&D facilities, office space and industrial facilities, alongside new developments and planned upgrades to the light rail infrastructure. The tenant mix primarily consists of international technology companies, semiconductor and defense companies, biomedical firms, government institutions and professional services providers.

Leading companies in the area: Beck Tech, Mobileye, Siemens, DNS, Matrix, Intel

NIS 77	90%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

02. Givat Shaul

Located in western Jerusalem, the employment area combines traditional industrial uses and government offices with significant new development currently underway. The Green Line of the Light Rail, which is currently under construction, is expected to serve the area and significantly improve connectivity to the city center. The tenant mix primarily comprises professional services providers, manufacturing companies and government offices.

Leading companies in the area: Barlev Development, Registrar of Inheritance Affairs, Ministry of Finance

NIS 70	85%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels



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Jerusalem

03. City Entrance District

Located in western Jerusalem, adjacent to the Chords Bridge and Yitzhak Navon Railway Station, the new employment district is currently under development. The district is planned to comprise ~ 1.2 million Sqm across 20 towers, offering a mix of office, retail, residential, hospitality and public uses. Upon completion, it is expected to emerge as a major employment hub, supported by its excellent public transport connectivity.

NIS 80	90%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

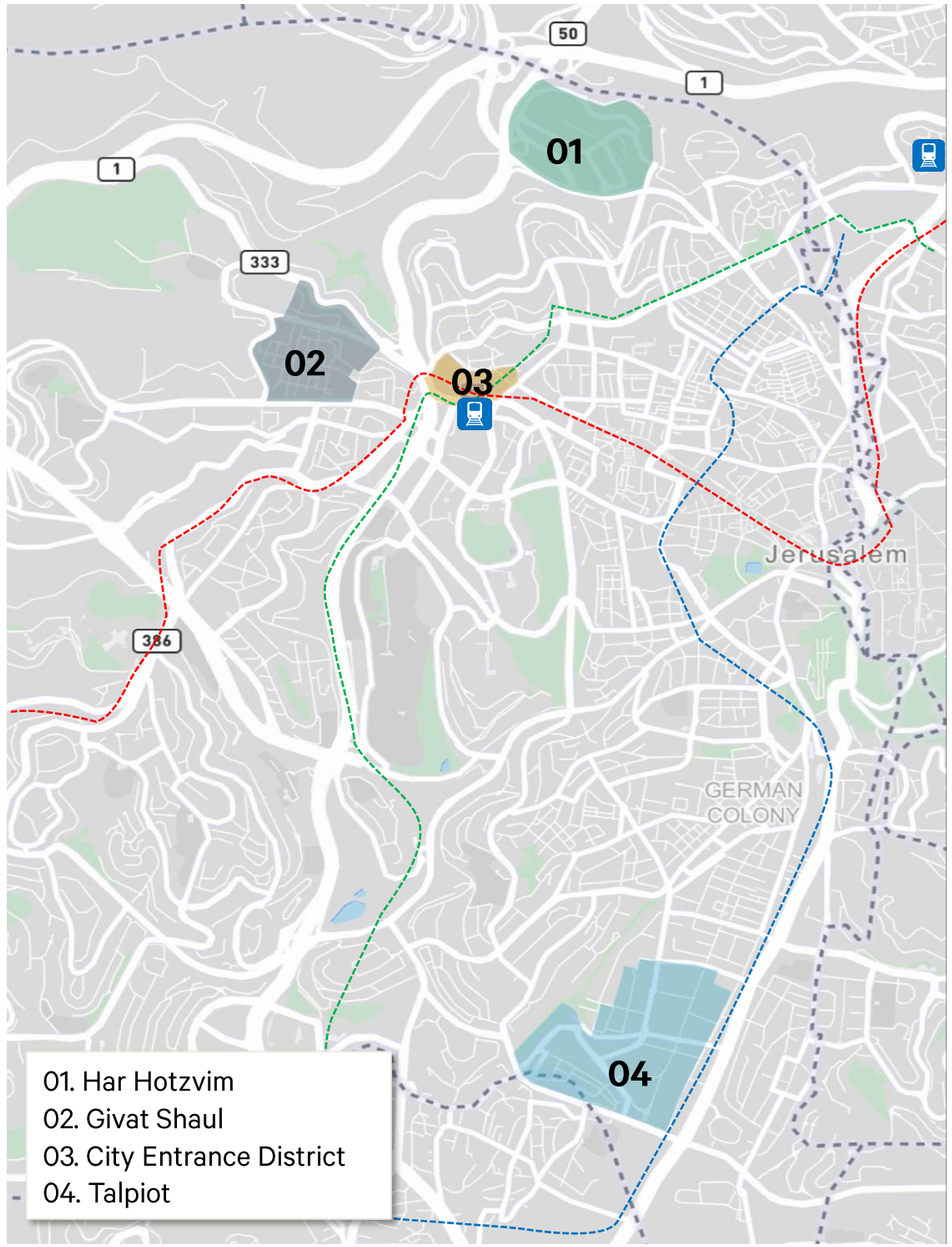
*Based on C&S price levels

04. Talpiot

Located in south-eastern Jerusalem, the Talpiot employment area is undergoing significant transformation under a master plan designed to establish a mixed-use urban district. The plan includes the enhancement of the Pierre Koenig corridor and integration with the Light Rail network. The tenant mix primarily comprises business services firms, professional services providers, public-sector entities and organizations, as well as small and medium-sized technology companies.

NIS 73	85%
*Avg. rental fees (sqm\Office)	Avg. occupancy rate

*Based on AS IS price levels

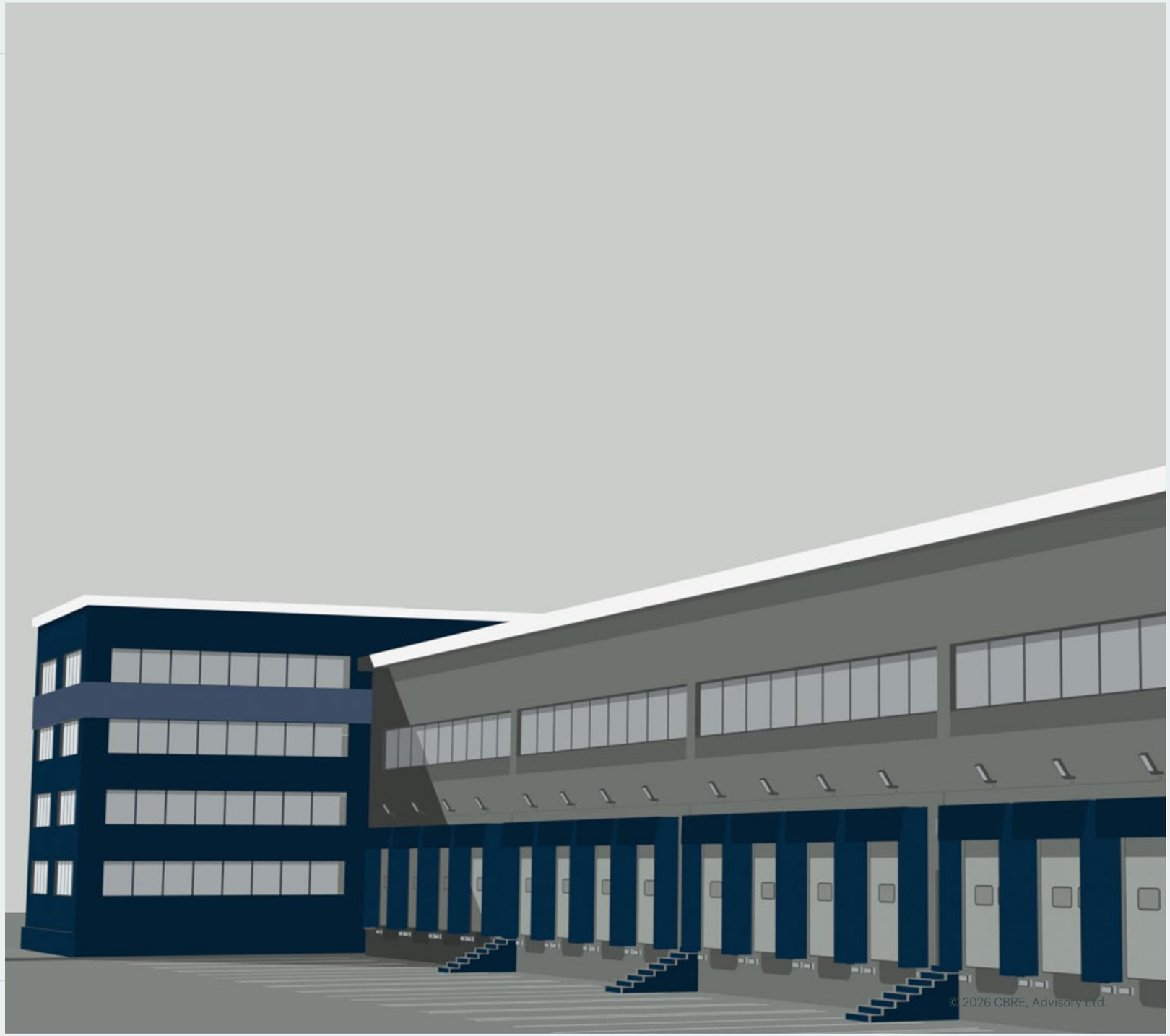


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07

Overview of The Commercial Real Estate Market in Israel

Storage And Logistics Market



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Storage And Logistics

An area of ~ 4 million Sqm in Israel is designated to the storage and logistics market. Over the last decade, this sector has experienced a boom, growing over 10% per annum.

In recent years, the storage and logistics sector in Israel has been characterized by a significant development momentum, peaking between 2022 and 2023. However, starting in 2024, a slowdown in the pace of new construction has become evident. During the period under review, construction starts for storage space totalled only ~ 15,000 Sqm, compared to ~ 189,000 Sqm for the entirety of 2025. Conversely, the volume of completed construction reached ~ 175,000 Sqm, a figure reflecting the continued completion of projects initiated in previous years, alongside a significant slowdown in the scope of new development.

<u>Among the main trends supporting the demand for storage and logistics space in Israel are:</u>

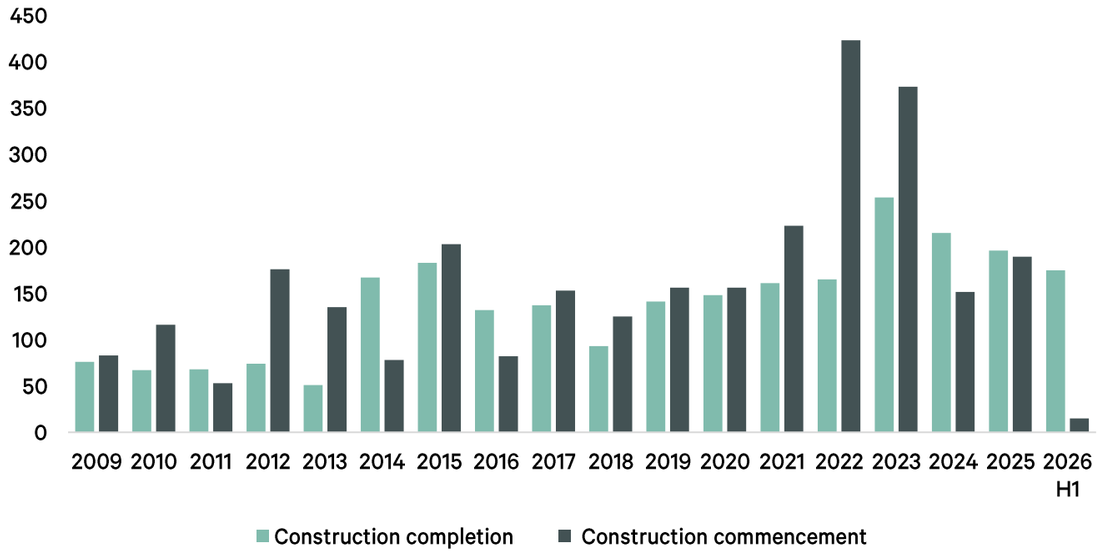
• **Population Growth and Private Consumption** – The ongoing growth of Israel's population drives an expansion in the demand for consumer goods, which in turn boosts production, import, and distribution activities. This trend increases the need for storage space and logistics centers capable of meeting the economy's requirements.

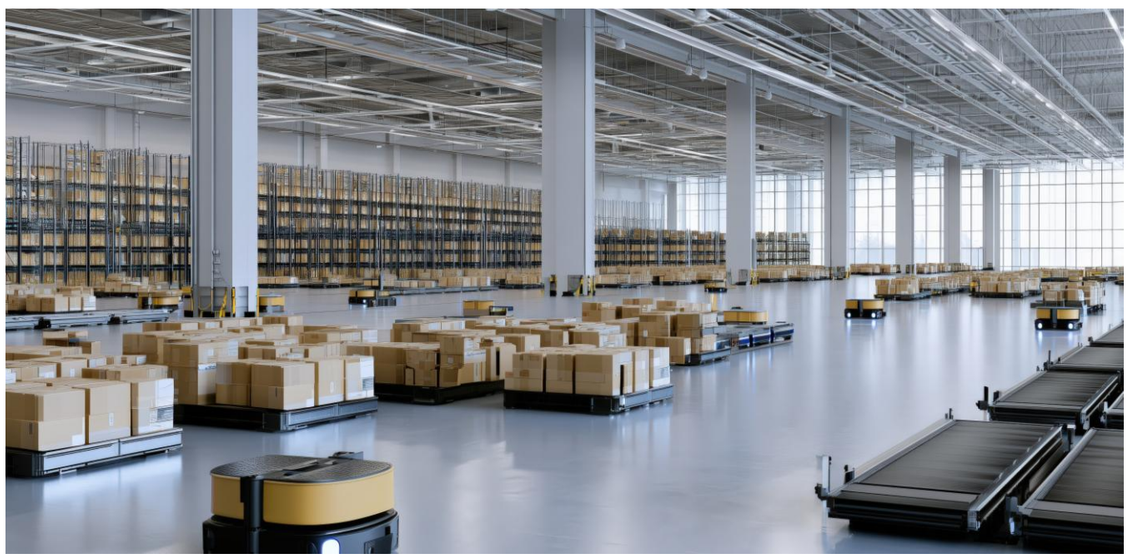
• **Development in international trade and supply chains** – The expansion of port infrastructure and the need to improve supply chain efficiency are driving demand for advanced logistics centers. At the same time, geopolitical and security-related uncertainty underscores the importance of functional continuity, operational flexibility, and efficient inventory management.

• **Expansion of e-commerce** – The growth in the volume of online purchases and shifts in consumer habits are driving demand for distribution centers, logistics warehouses, and storage facilities near population hubs; these enable shorter delivery times and improved efficiency within the distribution network.

• **Transition to automated warehousing and logistics outsourcing** – The growing adoption of automated storage and picking systems, alongside advanced inventory management solutions, enables more efficient utilization of storage space. Concurrently, there is an increasing reliance on logistics companies that specialize in outsourced warehousing and distribution services (3PL), including the operation of multi-tenant logistics centers.

Chart 13: Warehousing Construction in Israel, 2009 to H1 2026 (Thousands of sqm)





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The demand for storage and logistics space stems from several location features:

- Good transportation accessibility to main arteries
- Closeness to the ports
- Proximity to manufacturing centers
- Closeness to consumption centers and potential customers
- Attractive land cost
- Closeness to potential workforce who will operate the logistical centers
- Transportation by rail - embodies a significant advantage in the costs of land transportation.

Most logistics centers are operated in one of 3 main ways:

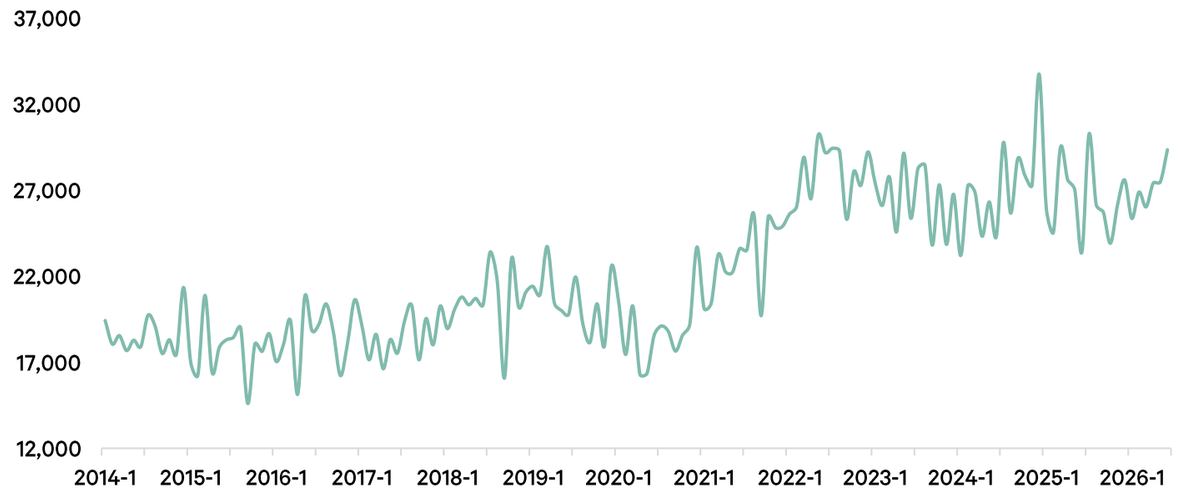
- Self Development and Operation:
  Large companies that purchase land and operate their own logistical centers. This model is enabled due to the companies' economic capability. The typical clients in this model are large companies and organizations. Sometimes this model is in partnership with income producing real estate companies.

- Development by One company For a Single Tenant or Several Tenants:
  Build to specification/suit structure for the tenant(s); with a lease commitment of between five to ten years. The clients in this model are typically small to medium sized companies.

- Development by a Real Estate Company and Operation by a TPL Company:
  Third party set up/lease of a logistical center and its operation, with respect to equipment, manpower and management. In this model the logistical center serves multiple clients according to the storage needs of each client.
  Use of TPL services provides organizations with flexibility to meet their specific storage needs. The clients in this model are typically small to medium sized companies that do not have their own storage facilities or alternatively require flexibility with respect to volume of their ongoing storage needs, all of which are partially or wholly outsourced.



Chart 14: Merchandise Imports to Israel, 2014 to H1 2026 (NIS Millions)



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Storage And Logistics

The main storage configurations are:

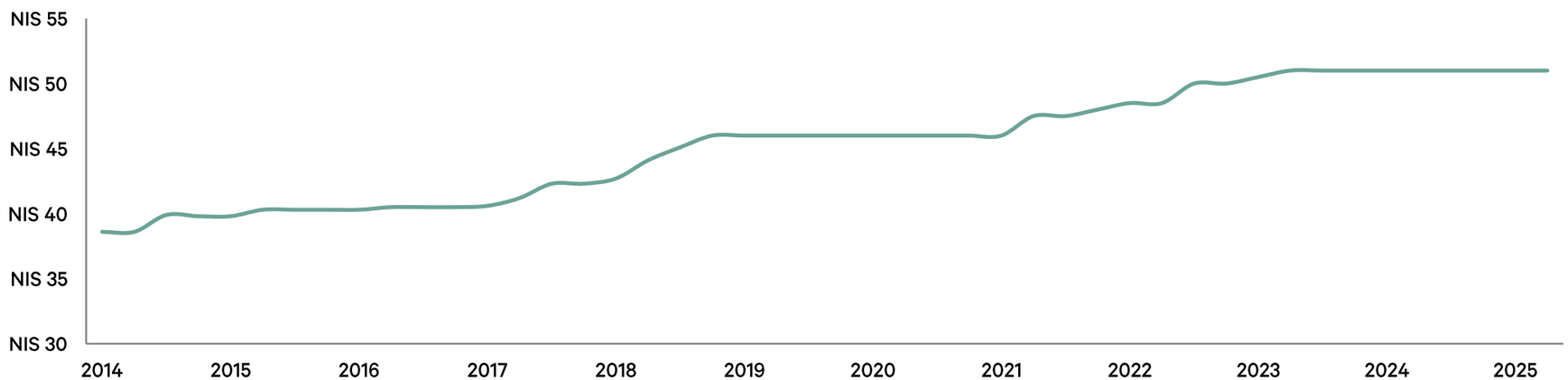
- Standard storage height of 12 m: the most common storage structure in Israel, low cost to build, matches the basic building rights for industrial purposes and suits standard forklifts.
- Mechanized storage height of between 20-40 m: the most efficient storage structure, with a maximum number of pallets per sqm of floor plate, maximum number of pallets per storage volume, high construction cost, expertise is required, low operating costs and minimal workforce requirements.

A Look At The Current Situation Of The Logistics' Market

During the first half of 2026, the logistics sector remained stable. Land prices in high-demand areas, located along Highway 6, in the vicinity of Israel's ports, and adjacent to major cross-country highways, remained high; however, the upward trend observed in previous years has halted. Rental rates for existing logistics facilities and open storage areas remained stable.

The activity of the new seaports, the Bay Port in Haifa and the Southern Port in Ashdod, continues to contribute to increasing container capacity. These ports are expected to double container capacity from 3 million TEU to ~ 6 million TEU, thereby accommodating the anticipated continued growth in imports.

Chart 15: Average Logistics Rent in Israel, 2014–2025 (NIS / sqm)



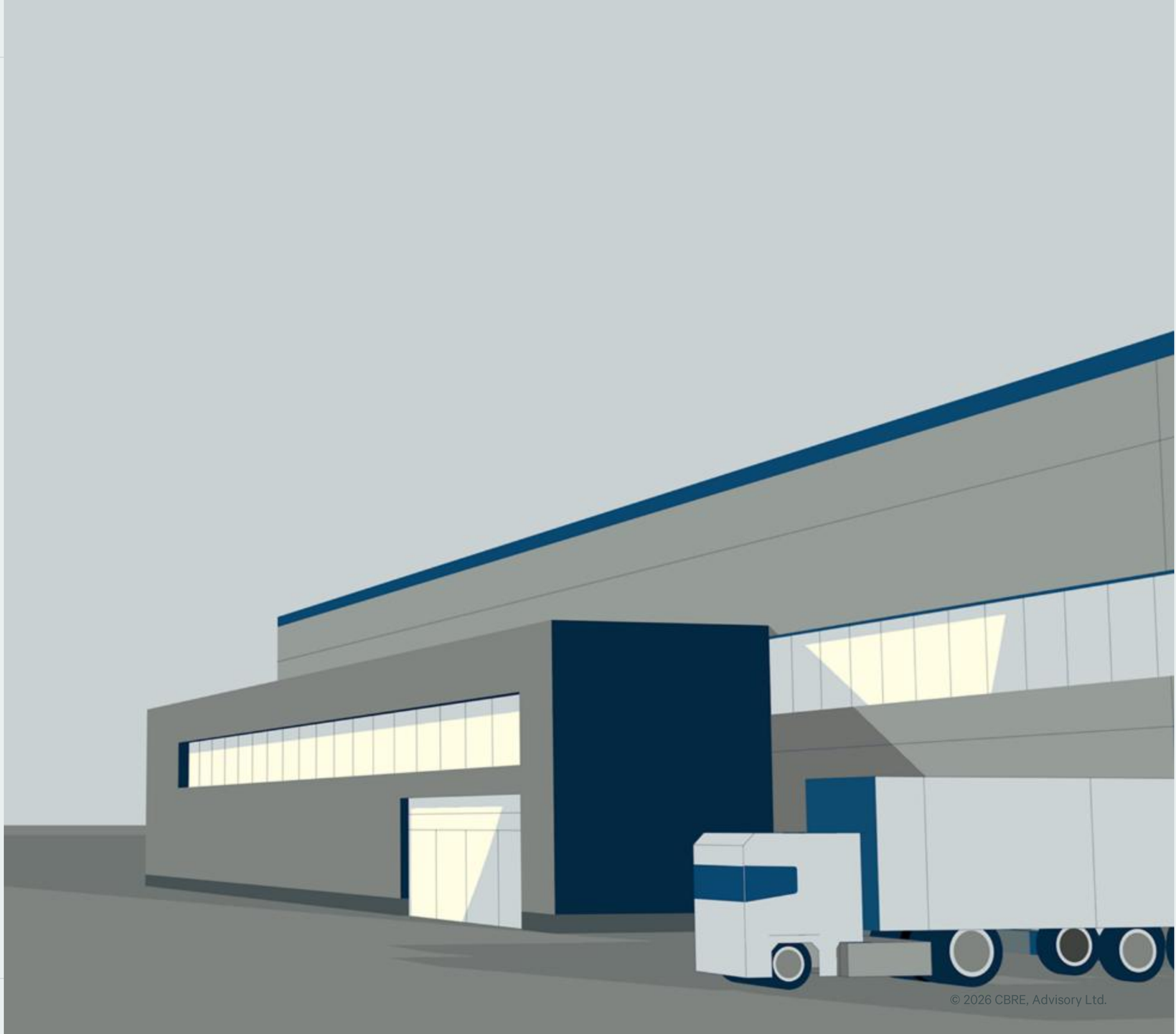


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08

Regional Overview – Logistics

1. Ashdod
2. Modiin/ Shoham
3. Caesarea
4. Haifa



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Regional Overview – Logistics

01 Ashdod

The proximity to the Ashdod port and the Southern Port constitutes the key growth engine for the storage and logistics' activities in the area. Proximity to the Port of Ashdod and the Southern Port continues to serve as a key growth engine for warehousing and logistics operations in the area. The volume of activity at the Ashdod port continued to grow during this period, with an increase of ~ 2.6% in container handling and about 7% in bulk cargo compared to the corresponding period last year. Furthermore, the ongoing development of the Southern Port and intensifying competition between the ports are helping to strengthen the status of the Ashdod area as a national logistics hub.

Leading companies in the area:

- Fridenson
- Ewave / Aspen
- Globus Logistics
- Sela Logistics
- Tzadok Tevet Group
- Orshar
- Gold Bond Conterm
- 207 Group
- Overseas Commerce

*Average Rent (sqm/Storage)	Average (Price/1,000 sqm)
NIS 55	NIS 6 million

*New Class A logistics centers

02 Modiin / Shoham

The Modi'in/Shoham area continues to serve as one of Israel's central logistics hubs, thanks to its strategic location near Highway 6 and Ben Gurion Airport, as well as its accessibility to the country's major transportation arteries. These advantages drive demand from companies with nationwide operations, establishing the area as one of the highly sought-after destinations for warehousing and logistics activities.

Leading companies in the area:

- Teva - SLE
- Shufersal
- Tnuva
- Yochananoff
- Orian
- Gamida Group
- Carmel Winery
- Osem
- UMI
- DHL

*Average Rent (sqm/Storage)	Average (Price/1,000 sqm)
NIS 55	NIS 6 million

*New Class A logistics centers

03 Caesarea

The Caesarea Industrial Park serves as a hub for industrial, storage, and logistics activity, concentrating warehouse spaces that serve manufacturing companies, importers, and distributors. Development in the area continues, inter alia, through collaborations and transactions with the Caesarea Assets Corporation, which is considered a leading entity in developing and managing properties within the complex.

Leading companies in the area:

- Diplomat
- Caesarea Assets Corporation
- Decathlon
- Delta
- Golf Group
- Schestowitz
- Comasco
- Fritz

*Average Rent (sqm/Storage)	Average (Price/1,000 sqm)
NIS 45	NIS 3.5 million

*New Class A logistics centers

04 Haifa

The Haifa area serves as a central logistics hub in the north, thanks to its proximity to the ports, the airport, and main transportation arteries. The development of Bay Port supports the demand for warehousing and distribution, alongside the progress of the strategic plan for Haifa Bay: the target date for the cessation of petrochemical operations is 2029 (although alternative energy facilities are expected to be completed by 2031), and throughout 2026, interim solutions are being promoted to ensure supply continuity alongside the advancement of permits and execution.

Leading companies in the area:

- Overseas Commerce
- Fridenson
- LogistiCare
- DSV
- Tzadok Tevet Group

*Average Rent (sqm/Storage)	Average (Price/1,000 sqm)
NIS 45	NIS 3.5 million

*New Class A logistics centers

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09

Overview of The Commercial Real Estate Market in Israel

Retail Market



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Retail Market

The volume of credit card purchases continued to grow during the period, reflecting a growth in consumer activity in the economy.
The average daily purchase volume stood at ~ NIS 1.53 billion, compared to about NIS 1.40 billion in the corresponding period last year, an increase of ~ 8.8%.

During March, a sharp decline in purchase volume was recorded, reaching a low of about NIS 1.14 billion per day; however, starting in April, a significant recovery in consumer activity took place, which continued throughout the second quarter. By the end of June, the purchase volume reached ~ NIS 1.68 billion per day, a figure indicating a return to high levels of activity, comparable to those seen at the beginning of the year.

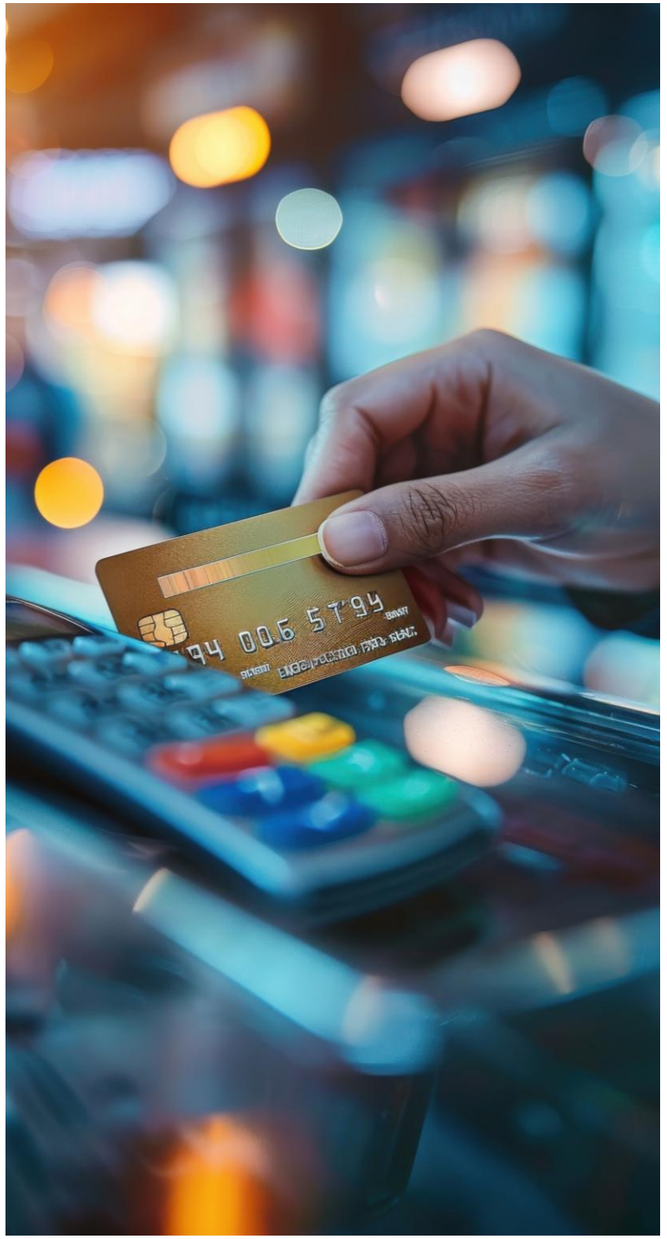
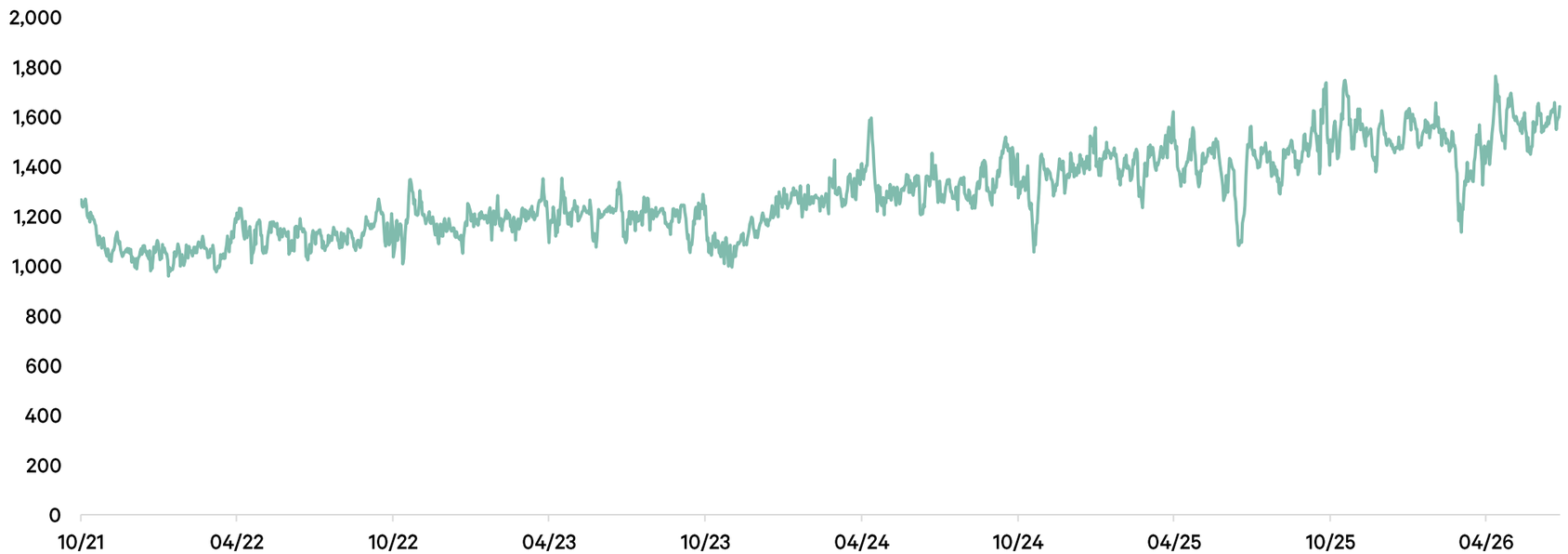


Chart 16: Credit Card Purchase Volume (NIS Millions, Seasonally Adjusted, 7-Day Moving Average)



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