CBRE

2025
Israel
Real Estate Market Overview

REPORT

CBRE RESEARCH
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Contents

Introduction

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The year 2025 opens after a challenging period for the Israeli economy, but also one that highlighted the **resilience, flexibility, and recovery** capabilities of the local economy.

Despite the ongoing fighting, uncertainty, and pressures on the labor and construction markets, the year 2024 ended with **improvement in key indices**, sharp increases in the capital market, and a renewed sense of stability among investors and developers.

The economy enters 2025 with several prominent trends:

- **Interest and Inflation on a Downward Trend** - In line with the Bank of Israel's forecasts, the interest rate is expected to decrease gradually throughout the year, and inflation is converging back to its target. These trends are expected to ease project financing and improve the investment viability of income-producing real estate.
- **A Tight Yet Balancing Labor Market** - The acute shortage of construction workers that emerged at the beginning of the war has narrowed significantly, and the unemployment rate remains low. At the same time, the office sectors continue to experience adjustments due to the slowdown in high-tech.
- **Stable Demands in Logistics and Commerce** - E-commerce continues to drive demand for storage and logistics space, while commercial centers enjoy high occupancy rates and recovering revenues.
- **High-Tech Returns to Cautious Growth** - Following an ~ 30% increase in investment volume in 2024, 2025 is expected to be a year of consolidation: more fundraising, less volatility, but still caution on the part of investors.
- **The Capital Market Signals Optimism** - The sharp increases in the TA-35 and TA-125 indices at the end of 2024 strengthen the sense of confidence and provide a tailwind for the real estate sector.

Despite the challenges, 2025 ended with a combination of stability, recovery, and new opportunities. Developers, investors, and local authorities continue to operate out of belief in the growth potential of the Israeli market.

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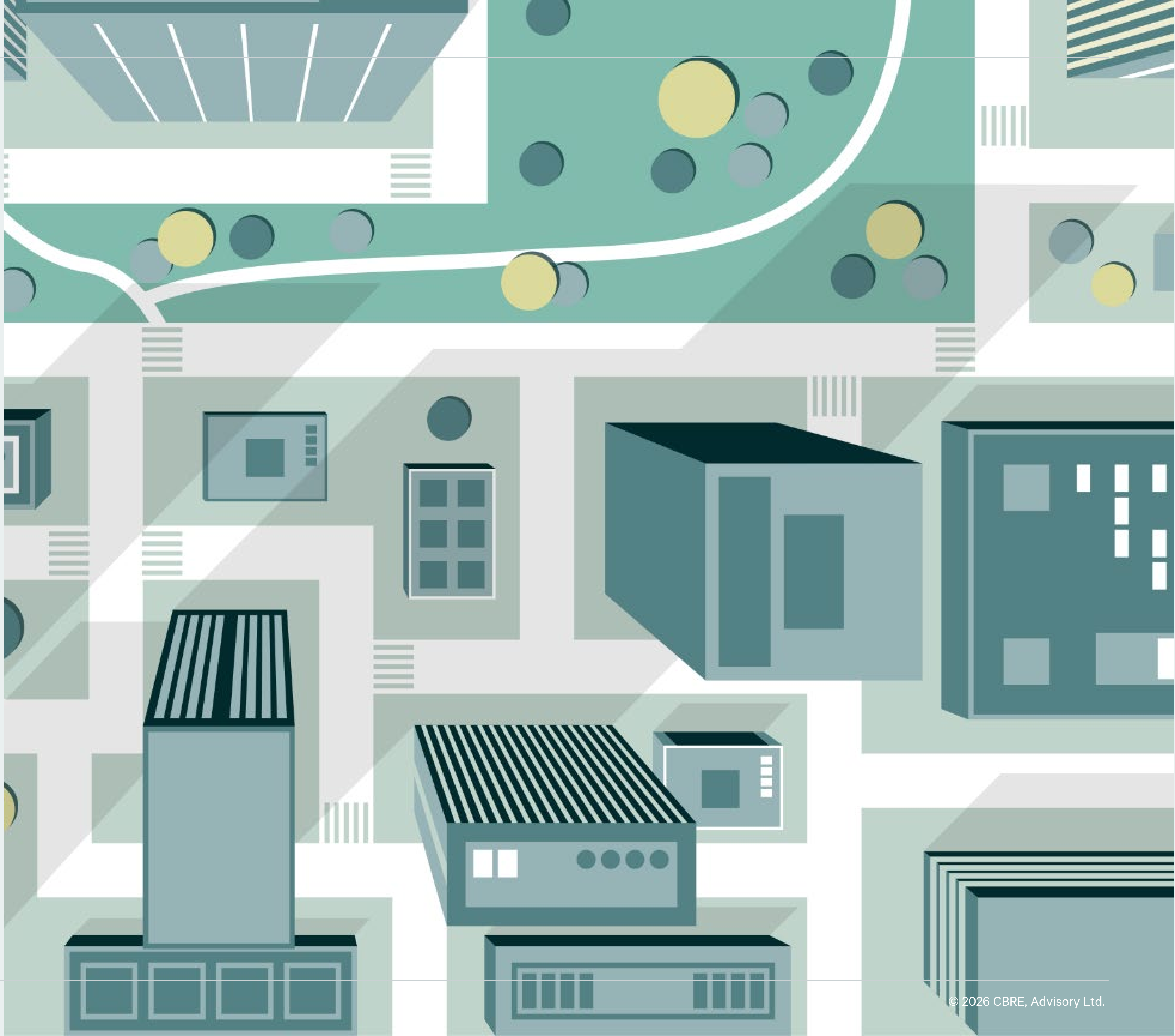
National Overview

The Economic and Business Conditions in Israel



Israel's Economic And Business Environment

The Key Story: A ceasefire, economic recovery and a return to confidence in the markets

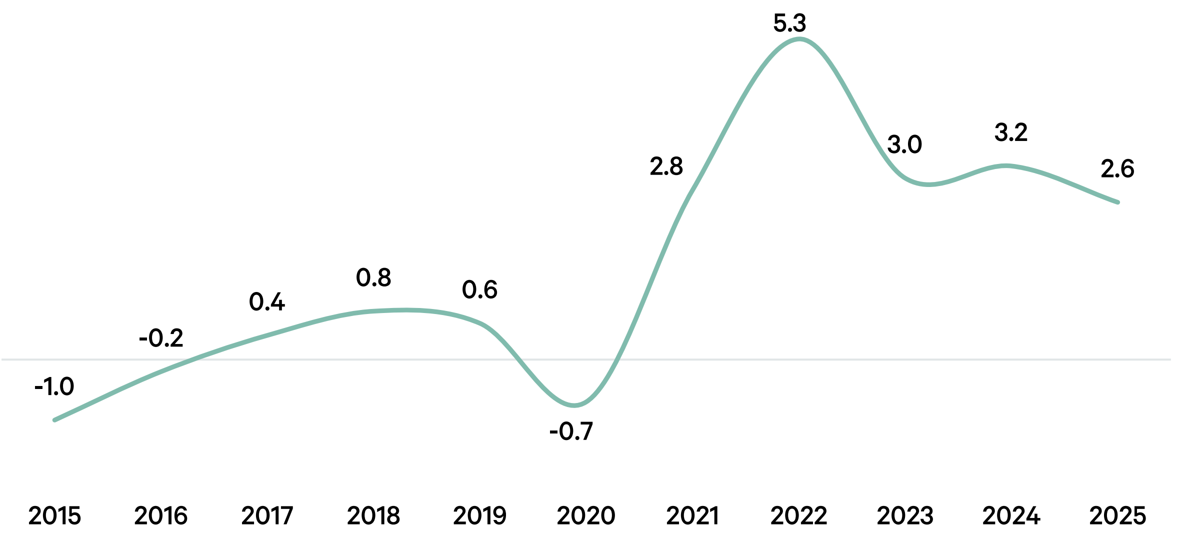
The year 2025 was marked by both a geopolitical and economic turning point. The ceasefire agreement between Hamas and Israel that entered into effect in October, and the ceasefire between Iran and Israel in June, following Operation Rising Lion, marked the beginning of the easing of the economic constraints that had characterized the economy since the outbreak of the war - first and foremost, the release of reservists from army service and their return to employment in the business sector. According to an assessment by the Bank of Israel's Research Department (January 2026), GDP in Israel in 2025 grew at a real rate of 2.8%, after only 1.0% growth in 2024. However, the GDP gap is still ~ 3.5% relative to the long-term trend.
Inflation moderated to a rate of 2.6%, back to the government's target range (of 1%-3%), compared with 3.3% in 2024.

The convergence of several factors – the appreciation of the shekel, the relaxation of economic constraints, and the decline in the risk premium - allowed for the Bank of Israel's decision to reduce interest in November 2025, to a rate of 4.25%, after remaining unchanged throughout 2024. The budget deficit was significantly reduced from 6.8% of GDP in 2024 to 4.8% in 2025, due to an increase in tax revenues above the long-term trend and a reduction in defense expenditures after the ceasefire. Gross public debt stood at 68.5% of GDP, and according to the Bank of Israel's forecast, it is expected to remain at this level in 2026 through 2027.

Israel's risk premium fell sharply after the ceasefire and approached its level on the eve of the "Iron Swords" war.
The local capital market experienced a record year: the indices TA 35 and TA 125 soared by ~ 51%, a dramatic overperformance compared to the S&P 500, which rose by only 16.4%. The shekel strengthened considerably, with an appreciation of ~ 12.5% against the dollar, reflecting a return of trust from both foreign and local investors.
The high-tech sector showed a strong recovery, with Israeli companies raising ~ $11 billion and including estimates, ~ $13.6 billion, a figure that represents an increase of 14% compared to 2024, with the cyber sector alone accounting for 44% of total fundraising. The "exits" amounted to ~ $17.8 billion, and together with pending transactions – including Wiz ($32 billion), CyberArk ($26.7 billion) and Armis ($7.75 billion), the total amount will reach a record of $88 billion. In the income-producing real estate market, the construction input index increased by only a moderate rate of 2.5%.

Looking ahead, the Bank of Israel expects accelerated growth of 5.2% in 2026 and 4.3% in 2027, with a gradual decrease in interest rates to 3.5% and inflation converging to around the target center. However, the Governor of the Bank of Israel emphasized that fiscal challenges remain significant: the total cost of the war is estimated at ~ ILS 352 billion, and responsible policies are required to ensure a downward debt trajectory alongside investment in civilian growth engines.
The year 2025 opened with particularly low inflation rates, since in December 2024, the annual rate had been 3.2%.
In the first months of the year, the cumulative annual rate of the Consumer Price Index fell below 1%, however, during the second half of the year, there was a gradual increase, with an annual record rate of 3.3% recorded in August.
On an annual basis, the Consumer Price Index rose by 2.6% and the core index excluding housing was 2.3%, both within the Bank of Israel's inflation target range.

Figure 1: Annual Change in The Consumer Price Index, 2014–2025 (%)



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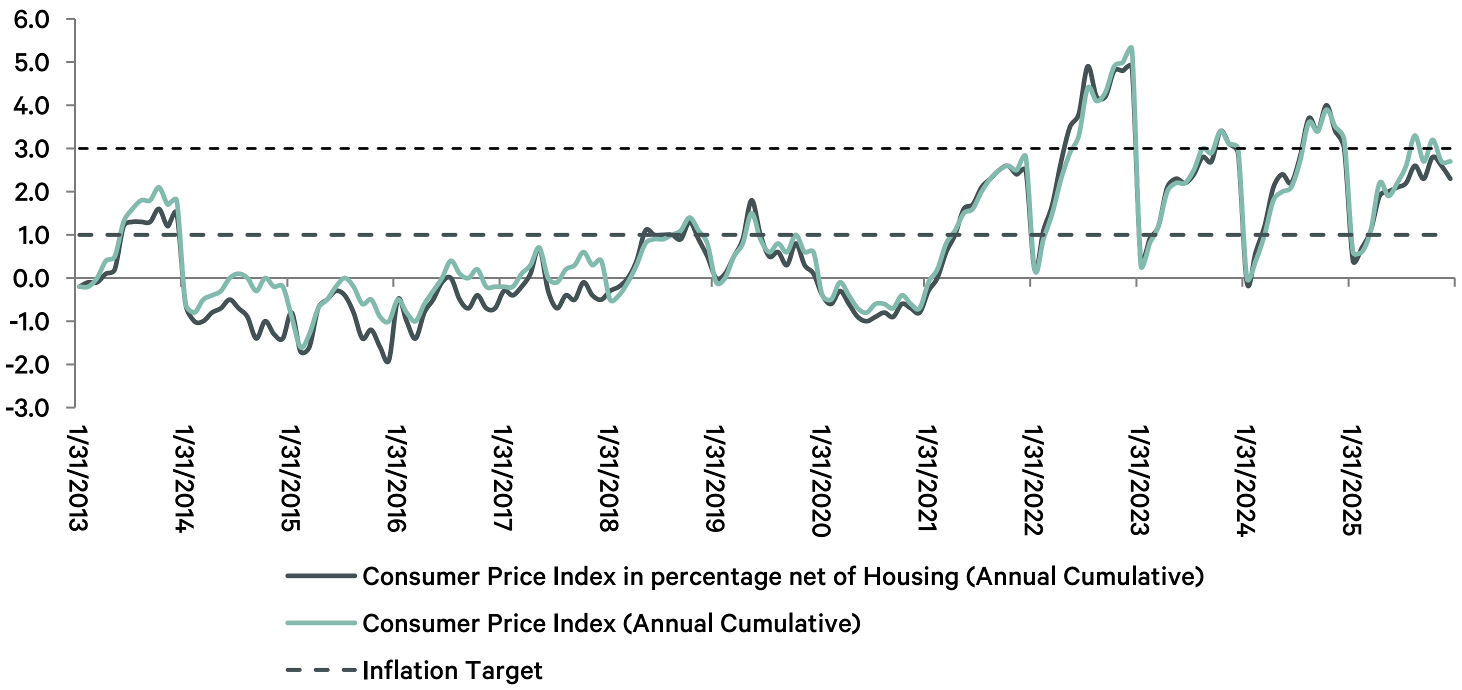
The Construction Input Price Index for Commercial and Office Buildings rose by a cumulative 2.5% in 2025, a clear continuation of the deceleration trend observed since the index's peak in 2021 (8.1%).
While the index recorded an increase of 3.1% in 2024, a further slowdown was registered in 2025.

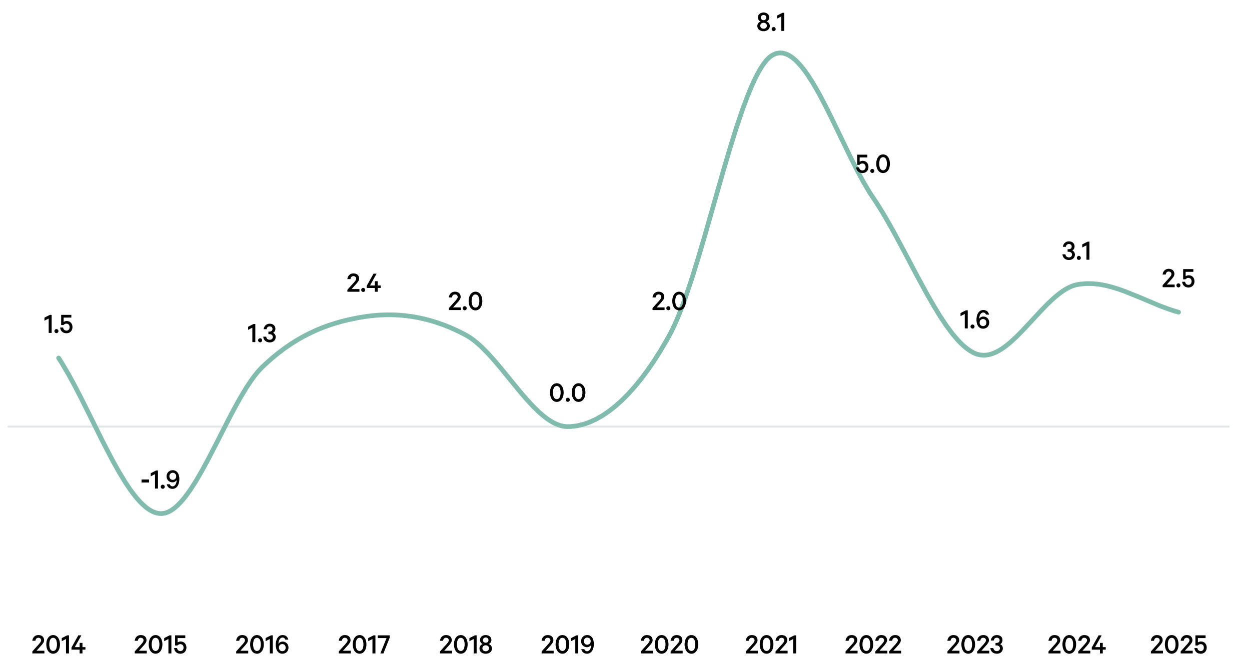
It is worth noting that in January 2025, an exceptional single-month increase of 1.1% was recorded, a portion of which is attributed to 2024.
The decline in the growth rate of the Input Index is influenced by the stabilization of global raw material prices and the easing of supply chain pressures that characterized the years 2021–2022.

Figure 2: Figure 2: Monthly Change in the Consumer Price Index (Headline CPI and Core CPI Excluding Housing Prices), Annual Rate



Source: Bank of Israel Inflation Target

Figure 3: Annual Change in the Construction Input Price Index for Commercial and Office Buildings, 2013–2025



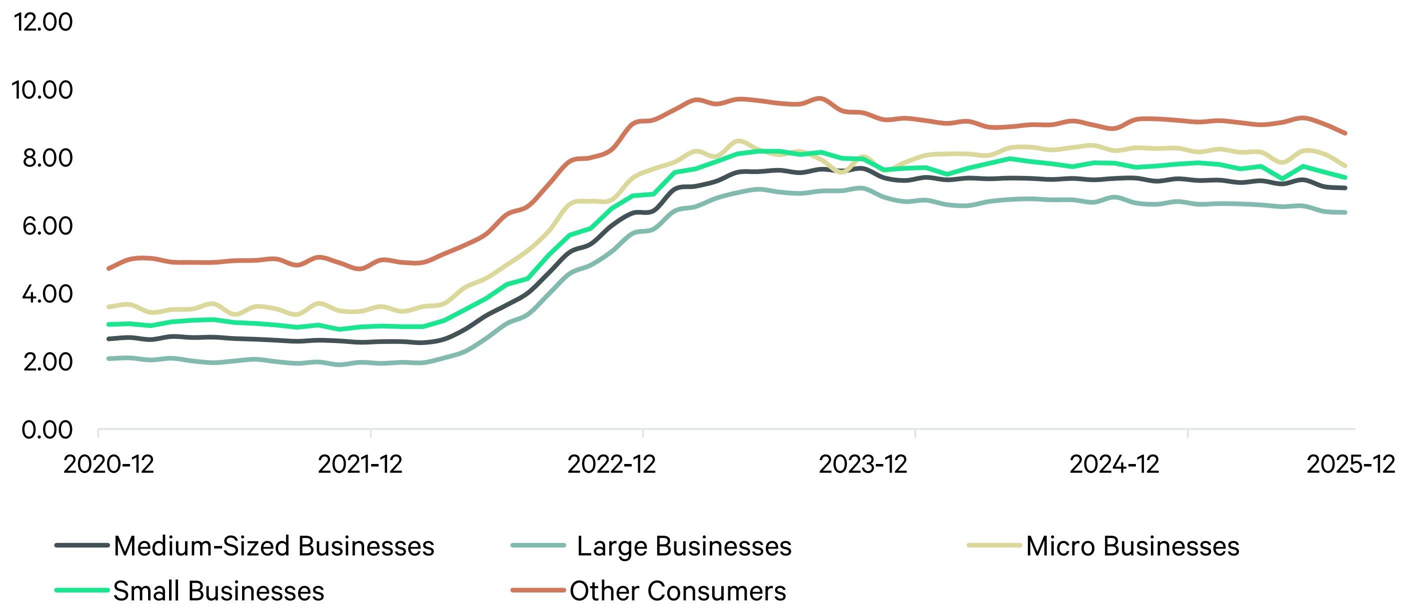
The Bank of Israel continued to take a cautious approach, similar to the world's leading central banks, and left the interest rate at its current level, until clearer signals of moderation in inflation are noted. As a result, the interest rate remained without significant change throughout the year, with an annual average of 4.34% compared to 4.38% recorded in 2024.

The bank interest rate on business credit showed a moderate downward trend during the year: interest rates for large businesses dropped from 6.71% in January to 6.37% in December 2025, a decrease of 34 basis points. The interest rates for medium sized businesses dropped from 7.35% to 7.09%, and the interest rate for consumers dropped from 9.14% to 8.70%. This trend indicates the beginning of an easing of credit terms even in the absence of an official interest rate reduction.

Gross domestic product grew in 2025 at a real rate of 2.8% compared to growth of only 1.0% in 2024. The blow to the economy was mainly reflected in supply constraints in the labor market, but the ceasefire in October 2025 eased these constraints, mainly thanks to the release of reservists from army duty and their return to employment. However, the GDP gap is still ~ 3.5% relative to the long-term trend. The Bank of Israel expects a significant acceleration in growth in the coming years – 5.2% in 2026 and 4.3% in 2027 - against the background of the reduction of excess demand, the expansion of investments in the economy and the continued easing of supply constraints.

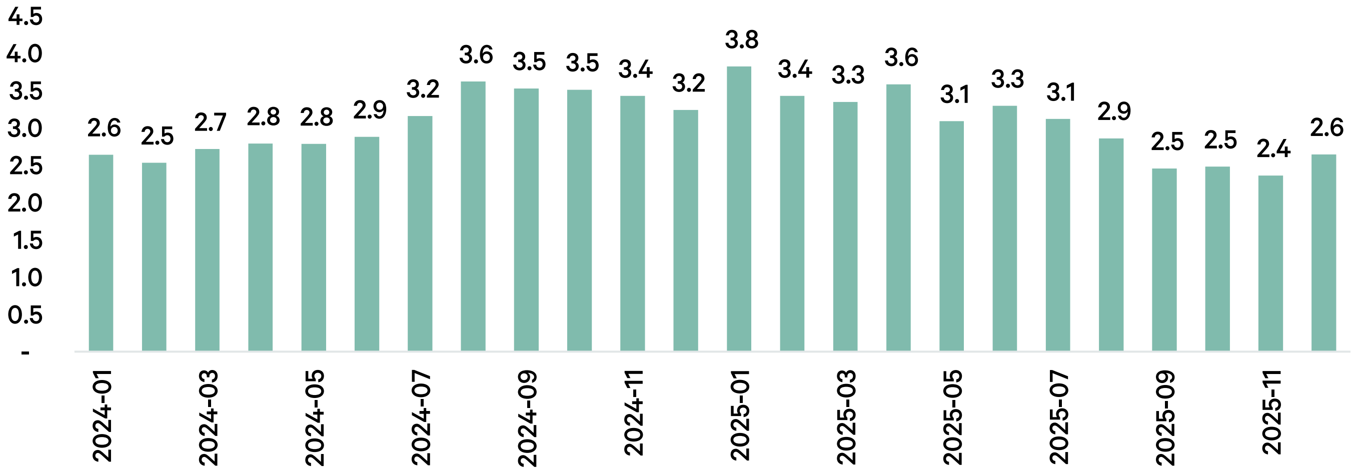
* The interest rate was lowered in November 2025 from 4.5% to 4.25% after the ceasefire went into effect in October 2025.

Figure 5: Annual Change in the Average Interest Rate on Bank Credit - Unindexed Shekel Segment



Source: Bank of Israel

Figure 4: Inflation, 2024–2025



Source: Bank of Israel

	2024 (Actual)	2025 (Estimate)	2026 (Forecast)	2027 (Forecast)
GDP Growth	1.0%	2.8%	5.2%	4.3%
Inflation	3.3%	2.5%	1.7%	2.0%
Adjusted Employment Rate (25-64)	77.8%	78.2%	80.1%	81.1%
Broad Unemployment Rate (25-64)	3.5%	3.4%	3.3%	3.5%
Bank of Israel Interest Rate (Q4 Average)	4.5%	4.25%	3.5%	-
Government Deficit (% of GDP)	6.8%	4.8%	3.9%	3.6%
Public Debt (% of GDP)	67.6%	68.5%	68.5%	68.5%

The gap between government bond yields and income-producing offices' yields continued to narrow.

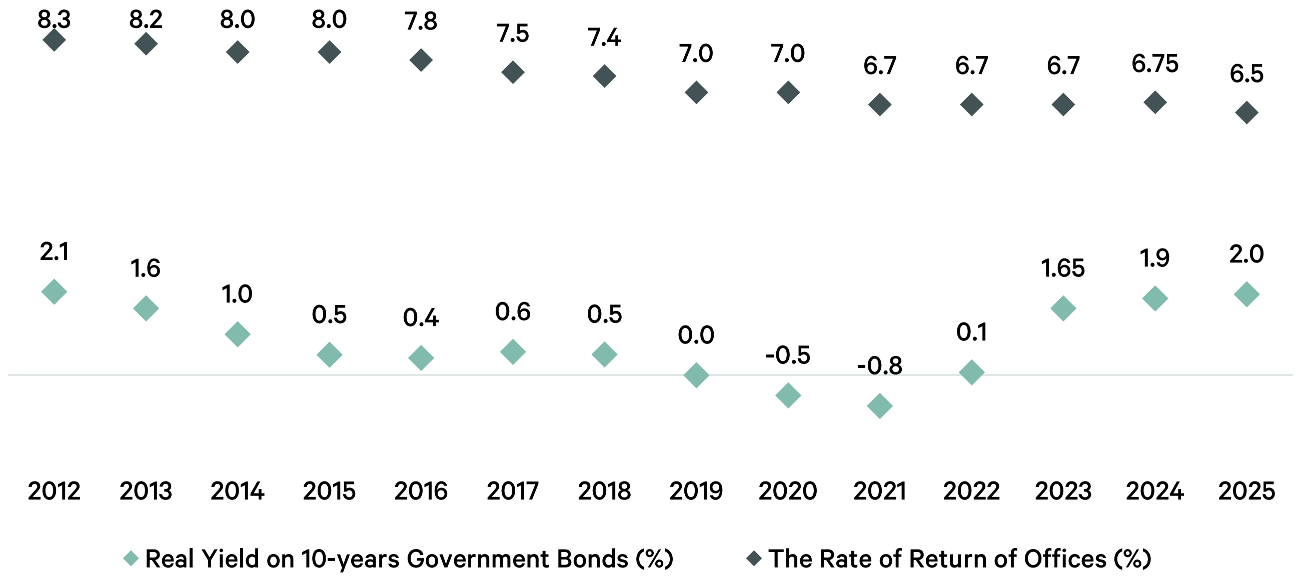
In recent years, this reduction is due both to the increase in government yields due to the high interest rate setting and a decline in the rates of return on offices due to the increase in property values.

In 2025, the real yield on 10 year government bonds stood at 2.0%, while office yields remained unchanged at 6.75%. This gap, which stood at ~ 4.75% points, indicates a level that reflects a stable risk premium in the income-producing real estate market.

The labor market continued to tighten in 2025, with an average unemployment rate of 3.06%, a slight increase from 3.01% in 2024. During the year, there was a moderate increase in unemployment in the second half, with the extreme figures ranging from a low of 2.8% in January and February to a high of 3.3% in October.

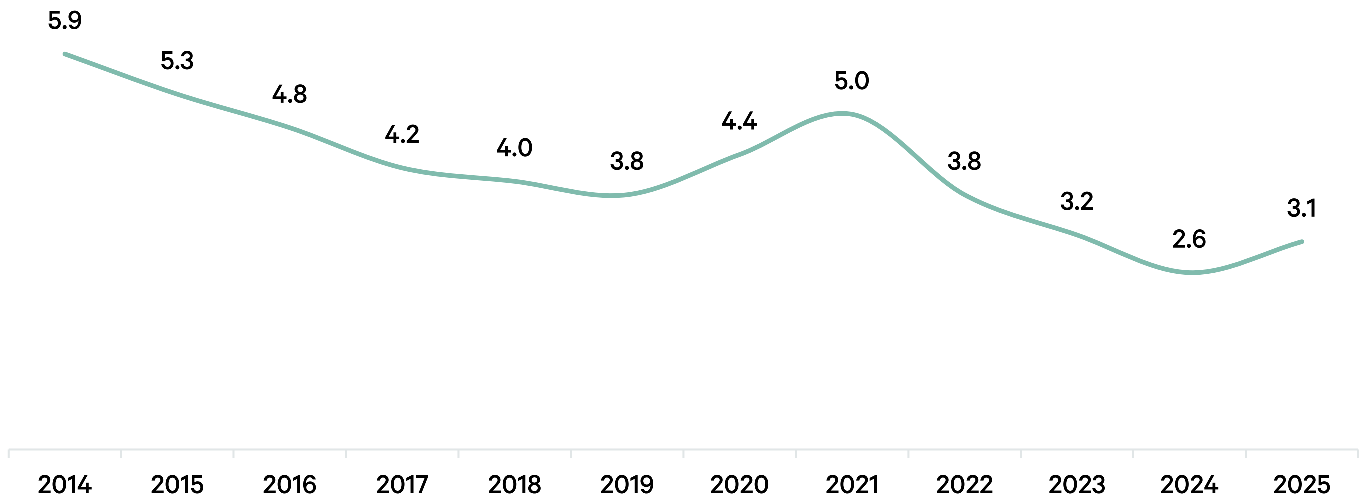
According to the annual data published by the Central Bureau of Statistics, the unemployment rate in 2025 was 3.1%, compared to an annual rate of 2.6% in 2024. This trend may indicate adjustment processes in the labor market after a period of war, this includes the return of workers who were hired during the emergency period.

Figure 6: The Spread Between Bond Yields and Office Yields 2012-2025



Source: Data processing by the Bank of Israel and the Government Appraiser's review

Figure 7: Unemployment Rate, 2014–2025 (%)



As of the end of 2025, the number of jobs in all sectors of the economy stood at ~ 4,172,900, representing an annual growth of ~ 2.1% compared to the previous year. This growth rate is noticeably moderate compared to 2024, which recorded a high annual growth of ~ 4.2% following the return of workers to the labor market with the lull in the fighting.

While in 2024 we saw a sharp and rapid growth, which was a base effect after the decline in employment with the outbreak of the war, the year 2025 marks a return to a sustainable growth rate of between 1% and 2%, which is typical of an economy at full employment.

The total number of employee posts in the office-oriented industries reached ~ 916,600 at the end of the year, presenting a similar situation.
Below is a breakdown of the trends according to major sectors:

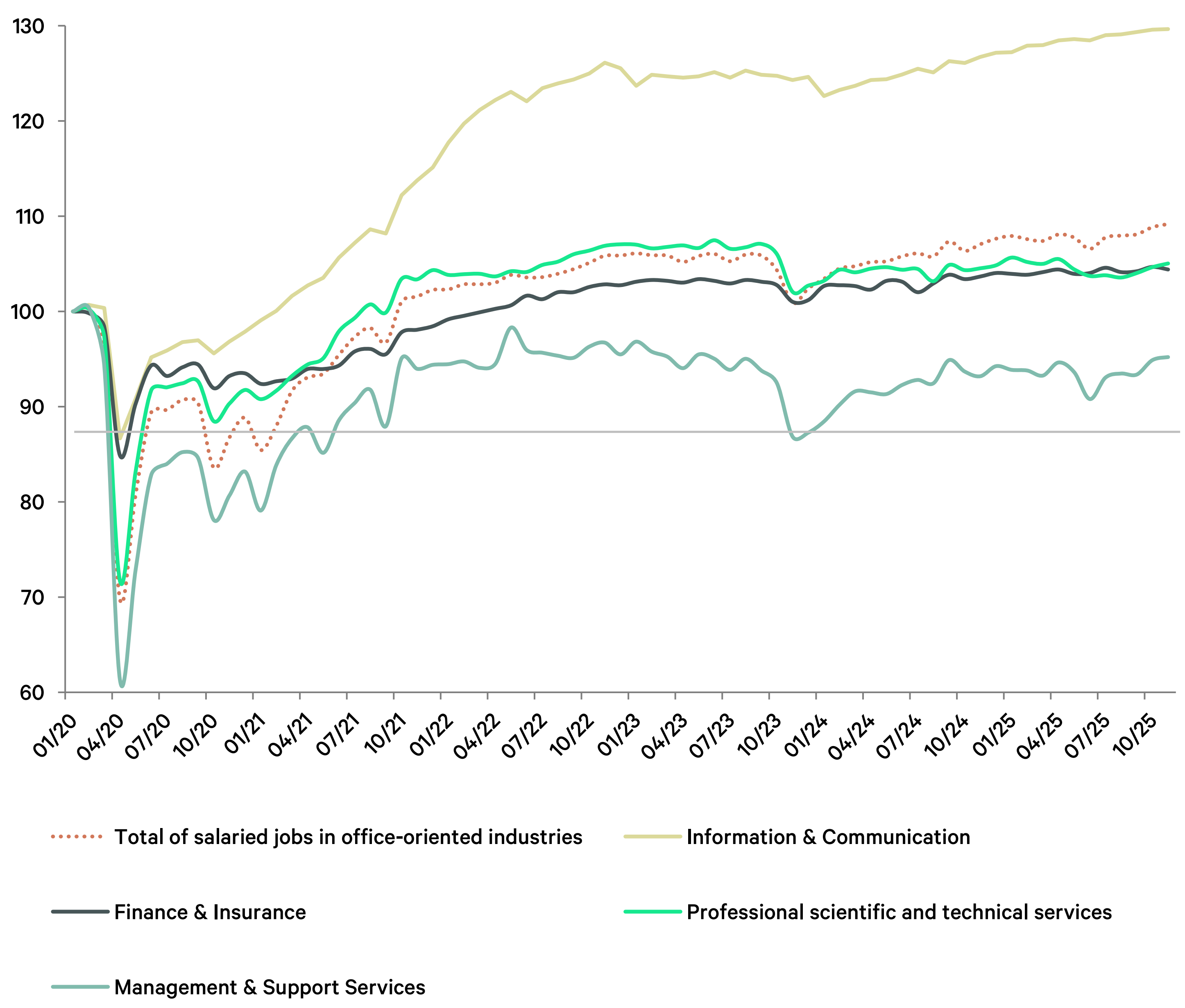
- The Information and Communications Sector (high-tech): stood out with the highest figure ever recorded at 261,500 jobs. This is an annual increase of ~ 2.3%, which indicates the return of demand for technological labor, against the background of the accelerated wave of capital raising.
- Management and Support Services Sector: presented an annual increase of 2.2%.
- Financial Services Sector: remained stable, with a moderate increase of 0.7%.
- The Scientific and Technical Professional Services Sector: recorded the most minor increase of just 0.5%.

According to the Bank of Israel's forecast for 2026-2027, the unemployment rate in Israel is expected to remain low. At the same time, inflation is expected to stabilize in the mid-range of the target at a level between 1.7% and 2.0%. In addition, the interest rate is expected to gradually decline to a level of 3.5% in the fourth quarter of 2026.

	2025 (Estimate)	2026 (Forecast)	2027 (Forecast)
GDP Growth	2.8%	5.2%	4.3%
Inflation	2.5%	1.7%	2.0%
Employment Rate	78.2%	80.1%	81.1%
Bank of Israel Interest Rate	Q4 Average – 4.25%		

Source: Bank Of Israel

Figure 8: Number of Employee Jobs in Office-Oriented Sectors



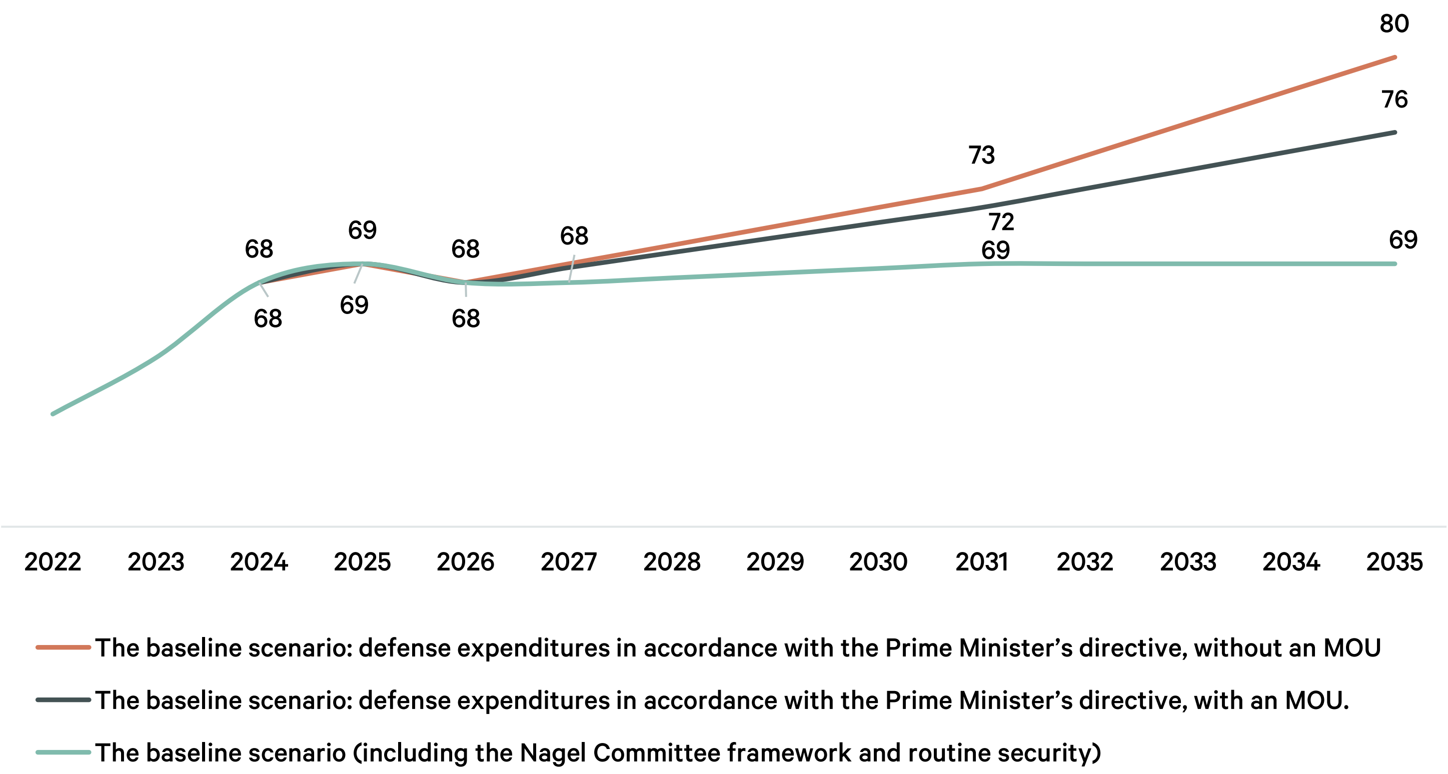
Source: CBS

Gross public debt in 2025 stood at ~ 68.5% of GDP, compared to ~ 68% in 2024 and 60% on the eve of the war. According to the forecast of the Bank of Israel (January 2026), the debt ratio is expected to remain at 68.5% also in the years 2026-2027, and without budget adjustments, it is not expected to decrease.

The total cost of the war in the years 2023-2026 is estimated at ~ ILS 352 billion, and the portion of defense expenditure jumped to ~ 8% of GDP – the highest in the OECD.

On the other hand, the government deficit was significantly reduced from 6.8% in 2024 to 4.8% in 2025, and is expected to continue to decline to 3.9% in 2026. The reduction is supported by an increase in tax revenues and the ceasefire that went into effect in October 2025. The Bank of Israel emphasizes the "fiscal trilemma": maintaining a declining debt path, alongside high defense spending and the need to increase civilian investments in growth engines - with the portion of civilian spending in Israel (33% of GDP) being significantly lower than the OECD average (42%).

Figure 9: Evolution of the Debt-to-GDP Ratio



Source: Presentation by the Governor of the Bank of Israel to the Finance Committee, January 2026, Mnistry of Finance

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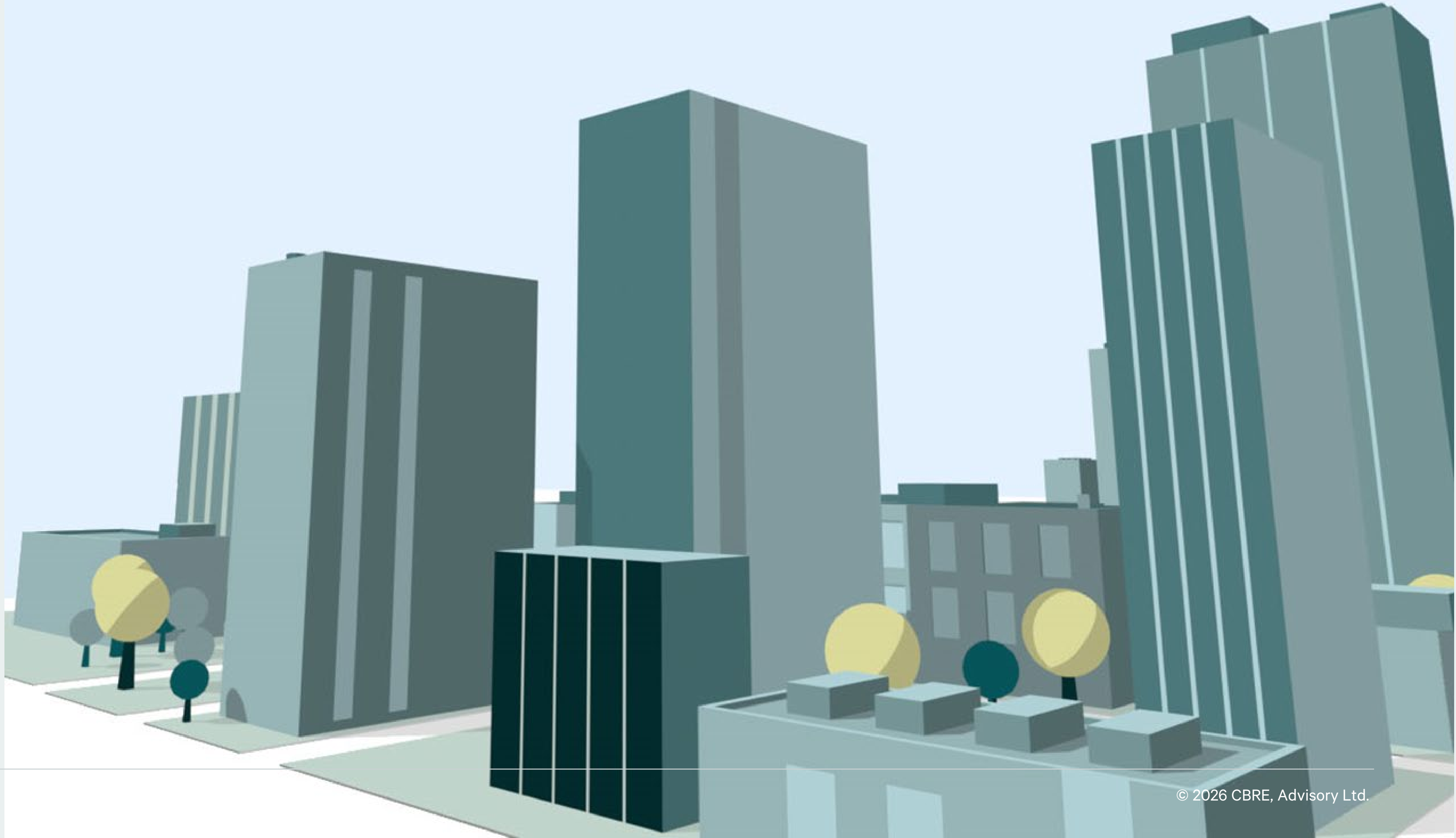
National Overview

Capital Markets



Capital Markets

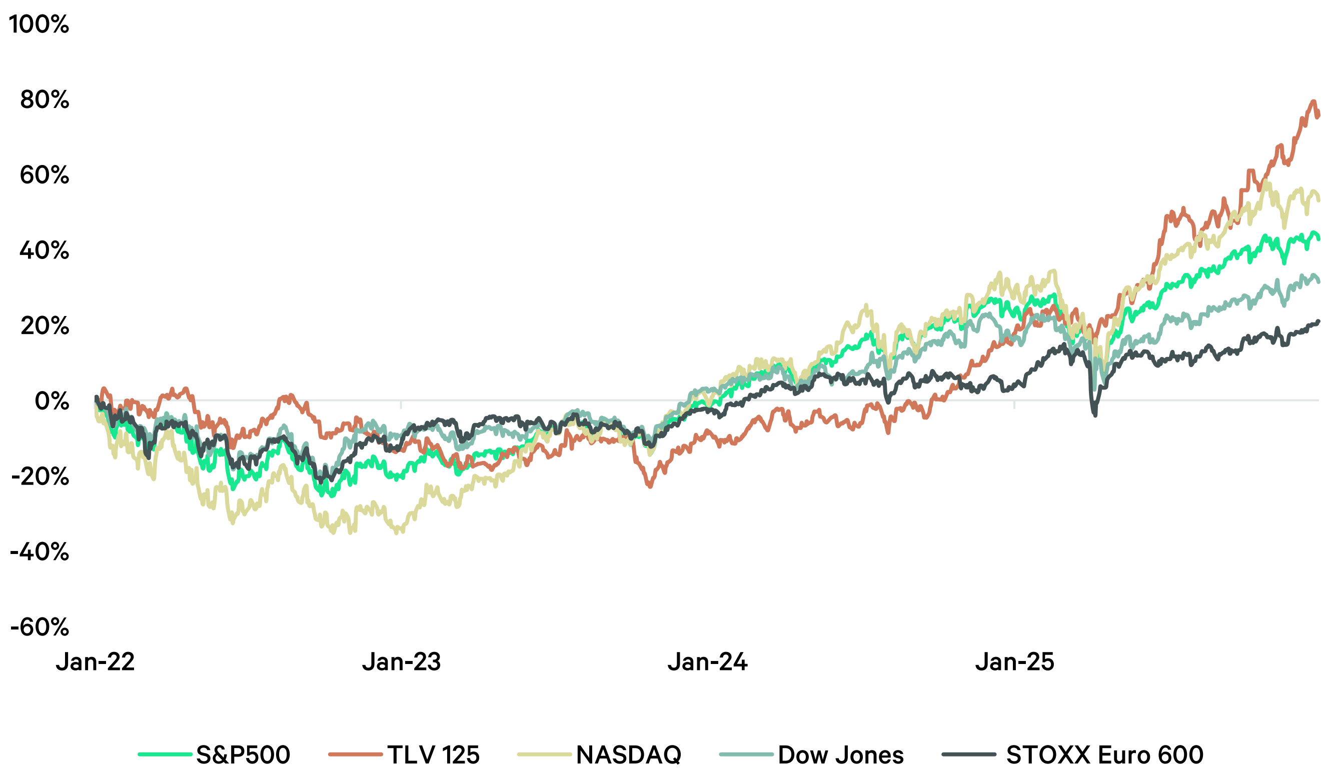
2025 was a record year for global capital markets, with most of the world's leading indices posting double-digit gains.

- The American S&P 500 Index rose by 16.4%
- The Nasdaq 100 Index, led by technology companies, rose by 20.2%
- The Dow Jones Index rose by 13.0%
- The European markets also performed strongly, with a 19.0% increase in EURO STOXX 50 and 21.5% increase in the FTSE 100.

2025 was the Tel Aviv Stock Exchange's best year in decades.

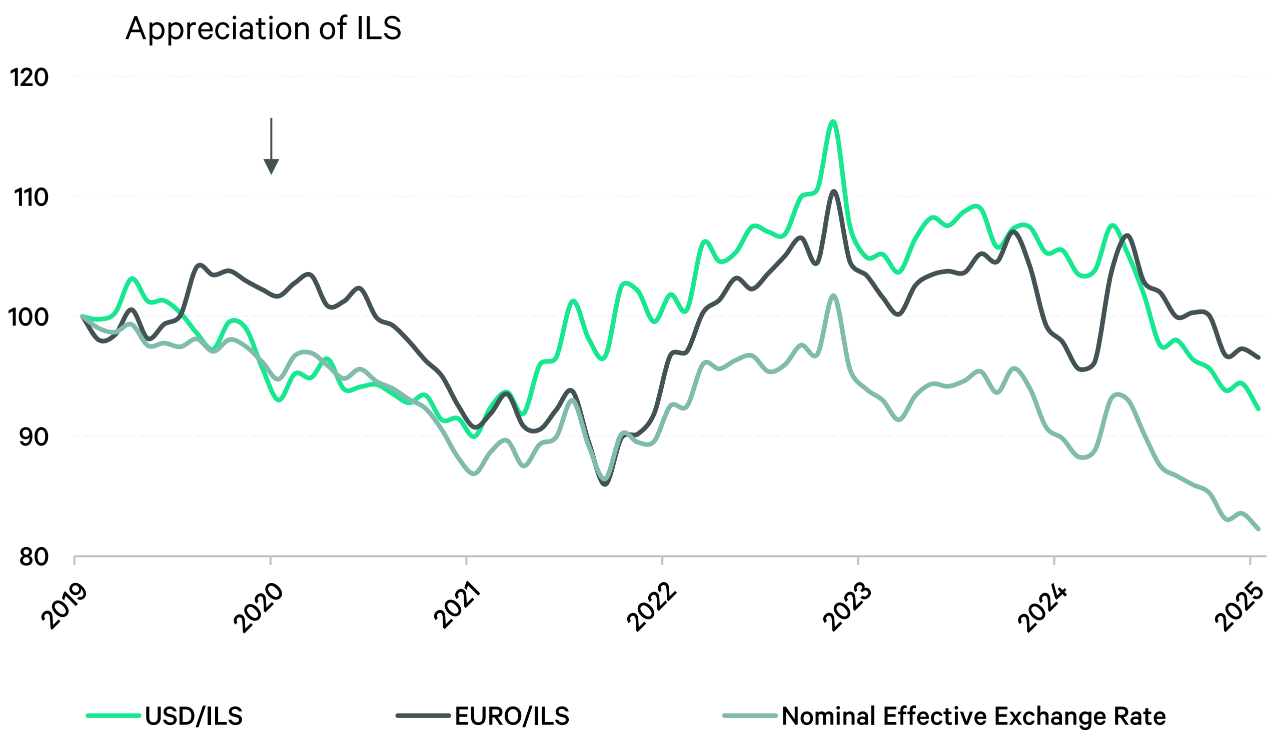
- The TA 35 Index rose from a level of 2,395 points at the end of 2024 to 3,632 points at the end of 2025 – an increase of 51.6%.
- The TA 125 Index showed similar performance with an increase of 51.0%. This is an exceptional outperformance relative to global markets, reflecting the sharp economic recovery, the return of foreign investments and growing optimism regarding the state of the economy.
- The corporate bond market performed strongly: the Tel Bond 40 Index rose by 17.8%, the Tel Bond 20 by 15.5% and the Tel Bond Bank-Linked Index by 10.6%.

Figure 10: Global Equity Indices Yields, 2022–2025



Source: The Tel Aviv Stock Exchange

Figure 11: USD/ILS and EUR/ILS Indices and Exchange Rates



Source: Bank of Israel

The shekel-dollar exchange rate was on a sharp downward trend throughout 2025. At the end of 2024, the rate was ILS 3.647 per US$1, and by the end of 2025 it had reached ILS 3.190 per US$1, representing an appreciation of ~ 12.5%. The average annual rate was ILS 3.453 per US$1, compared to ILS 3.699 per US$1 in 2024, which is a decrease of 6.7%.

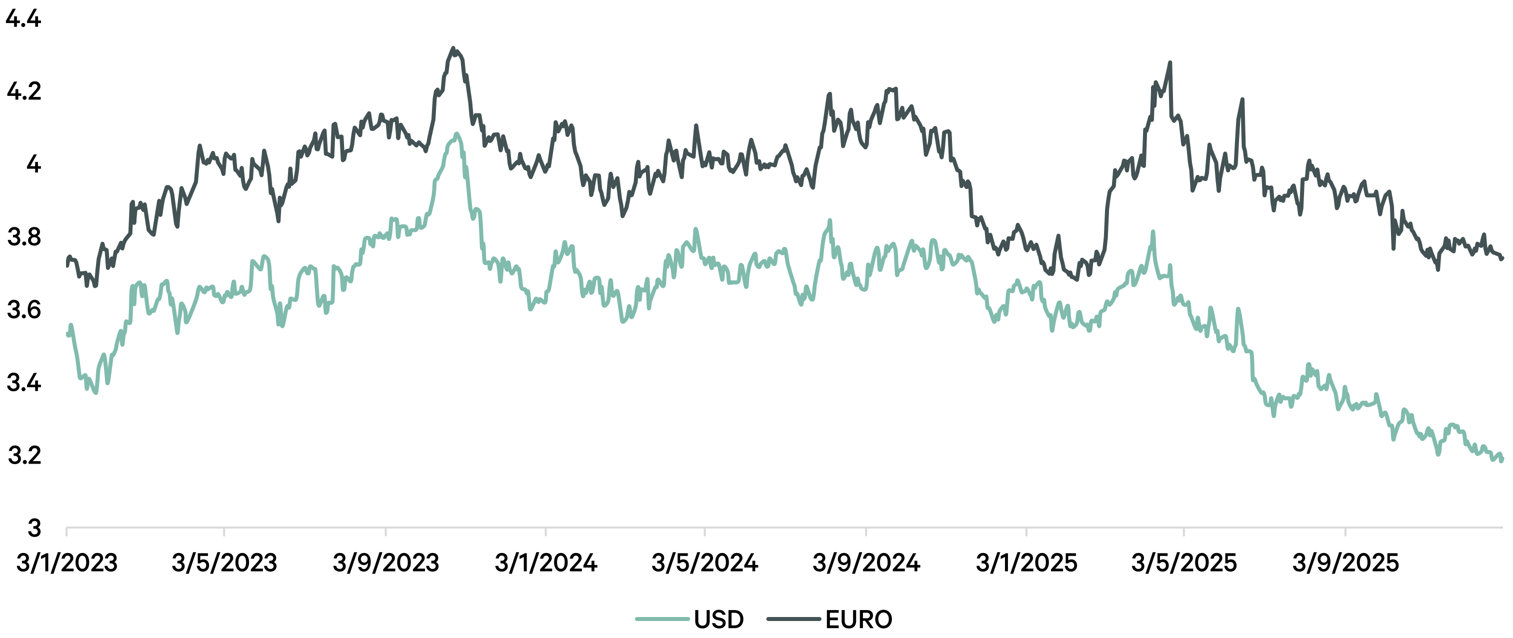
There was also an appreciation against the euro, although more moderate: the euro-shekel exchange rate fell from ILS 3.796 at the end of 2024 to ILS 3.746 at the end of 2025, with an annual average of ILS 3.893 compared to ILS 4.002 in 2024.

The sharp appreciation reflects the return of capital flows to the Israeli economy, sharp increases in the stock market, significant capital raisings in high-tech, and an improvement in the country's risk premium.

The year 2025 was characterized by broad increases in stock markets around the world, with European and Asian markets leading the way for the first time in many years, at the expense of the American dominance that characterized previous years. The American stock market continued its growth trend with a 16.4% increase in the S&P 500 Index and a 20.2% increase in the Nasdaq 100 Index, led by the AI trend and large technology companies, however, the yield figures were low compared to 2024.

Global financial markets showed a marked trend change compared to previous years, in which European markets tended to underperform compared to the US market. Throughout the year, there was a significant turnaround, with the EURO STOXX 50 Index rising 19.0%, the German DAX Index surging 23.4% and the British FTSE 100 Index rising 21.5%, all three outperforming the US S&P 500 Index. At the same time, Japan's NIKKEI 225 Index also stood out with a 26.2% surge.

Figure 12: EUR / USD Representative Exchange Rate 2023-2025



	2020	2021	2022	2023	2024	2025
New York S&P 500	16.3%	27%	-19.7%	17.2%	24.6%	16.4%
New York NASDAQ 100	43.6%	21.4%	-33.1%	60.8%	24.9%	20.2%
Europe EURO STOXX 50	-5.1%	22.2%	0.2%	8.7%	8.3%	19%
London FTSE 100	-14.3%	14.3%	0.9%	3.8%	5.7%	21.5%
Frankfurt DAX 30	3.5%	15.8%	-1.9%	10.7%	18.7%	23.4%
Tokyo NIKKEI 225	16%	4.9%	-9.4%	28.2%	19.2%	26.2%
Tel Aviv 35	-11%	26%	-9.2%	3.8%	28.4%	51.60%

Source: The Tel Aviv Stock Exchange

The Local Stock Exchange

The Tel Aviv Stock Exchange experienced an exceptional record year. The ceasefire in October, the sharp decline in the risk premium, and the accelerated economic recovery catapulted the Tel Aviv indices to unprecedented increases. The TA 35 Index and TA 125 Index recorded increases of ~ 51%, a statistic that shows dramatic outperformance compared to all the world's leading markets.

Three major indices recorded their highest returns in a decade:

- TA Technology Index: leapt by 57.2%
- TA Tech Elite Index: increased by 56.4%
- TA 5 Banks Index: recorded an increase of 55.8%

The broader indices also performed very strongly throughout the year:

- TA 90 Index: recorded an increase of 46.6%
- TA 60 SME Index: rose by 38.1%
- TA Real Estate Index: presented an increase of 24.7%

These impressive increases were broad and were reflected in all sectors, a trend that reflects a full return of confidence of both local and foreign investors in the Israeli economy.

Annual yield comparison of leading indices in Israel

	2020	2021	2022	2023	2024	2025
Tel Aviv -35	-11%	26%	-9%	3.8%	28.4%	51.6%
Tel Aviv -90	18%	29%	-18%	4.3%	30.9%	46.6%
Tel Aviv -125	-3%	26%	-12%	4.1%	28.6%	51%
Tel Aviv - SME60	16%	24%	-33%	7%	42.1%	38.1%
TA-Growth	29%	6%	-33%	4.8%	34.4%	24%
Tel Aviv - Tech Elite	39%	4%	-30%	14%	9.4%	56.4%
Tel Aviv - Technology	38%	7%	-27%	17%	12.2%	75.2%
Tel Aviv Banks - 5	-22%	58%	-4%	10.4%	37.5%	55.8%
Tel Aviv - Real Estate	-5%	46%	26%	7.8%	25.7%	24.7%

Source: The Tel Aviv Stock Exchange

Companies Financials*

Company	Gav Yam		Amot Investment		Azrieli Group		Sella Capital Nadlan		Melisron	
	Annual 2024	Annual 2025	Annual 2024	Annual 2025	Annual 2024	Annual 2025	Annual 2024	Annual 2025	Annual 2024	Annual 2025
Value of income-yielding assets (ILS)	12,000,000,000	13,200,000,000	20,600,000,000	17,726,000,000	31,296,000,000	32,148,000,000	5,800,000,000	6,000,000,000	25,561,000,000	25,559,000,000
Properties in development	7	7	5	5	13	10	2	-	14	15
Leverage rate	57%	58.7%	44%	42.6%	34%	36%	60%	60%	42.7%	40.4%
ALS Lease agreements without properties in development	5.2 Years	5.1 Years	5.1 Years	5.1 Years	6.1 Years	6.1 Years	4.3 Years	4.1 Years	3.4 Years	3.9 Years
Income-yielding spaces (Sqm)	1,180,000	1,300,000	1,860,000	1,860,000	1,428,000	1,439,000	547,000	547,000	1,076,000	909,000
Occupancy rate	95%	97%	92.3%	93.3%	98%	98%	95%	-	96.6%	98.2%
Weighted average effective interest rate indexed to the CPI	1.77%	2.30%	1.90%	2.02%	2.40%	2.90%	1.96%	2.03%	2.35%	2.48%
Average capitalization rate for the value of income-yielding assets	6.80%	6.73%	6.42%	6.33%	6.99%	6.83%	6.80%	6.92%	6.98%	6.84%
NOI Annual (ILS)	692,000,000	759,000,000	1,043,000,000	1,060,000,000	2,302,000,000	2,527,000,000	350,000,000	356,000,000	1,510,000,000	1,614,000,000
FFO - Forecast for next year (ILS)	425,000,000	460,000,000	830,000,000	810,000,000	-	-	242,000,000	258,000,000	1,464,000,000	1,558,000,000

*Based on the reports of public companies in their annual financial statements as reported on the Israel Securities Authority website

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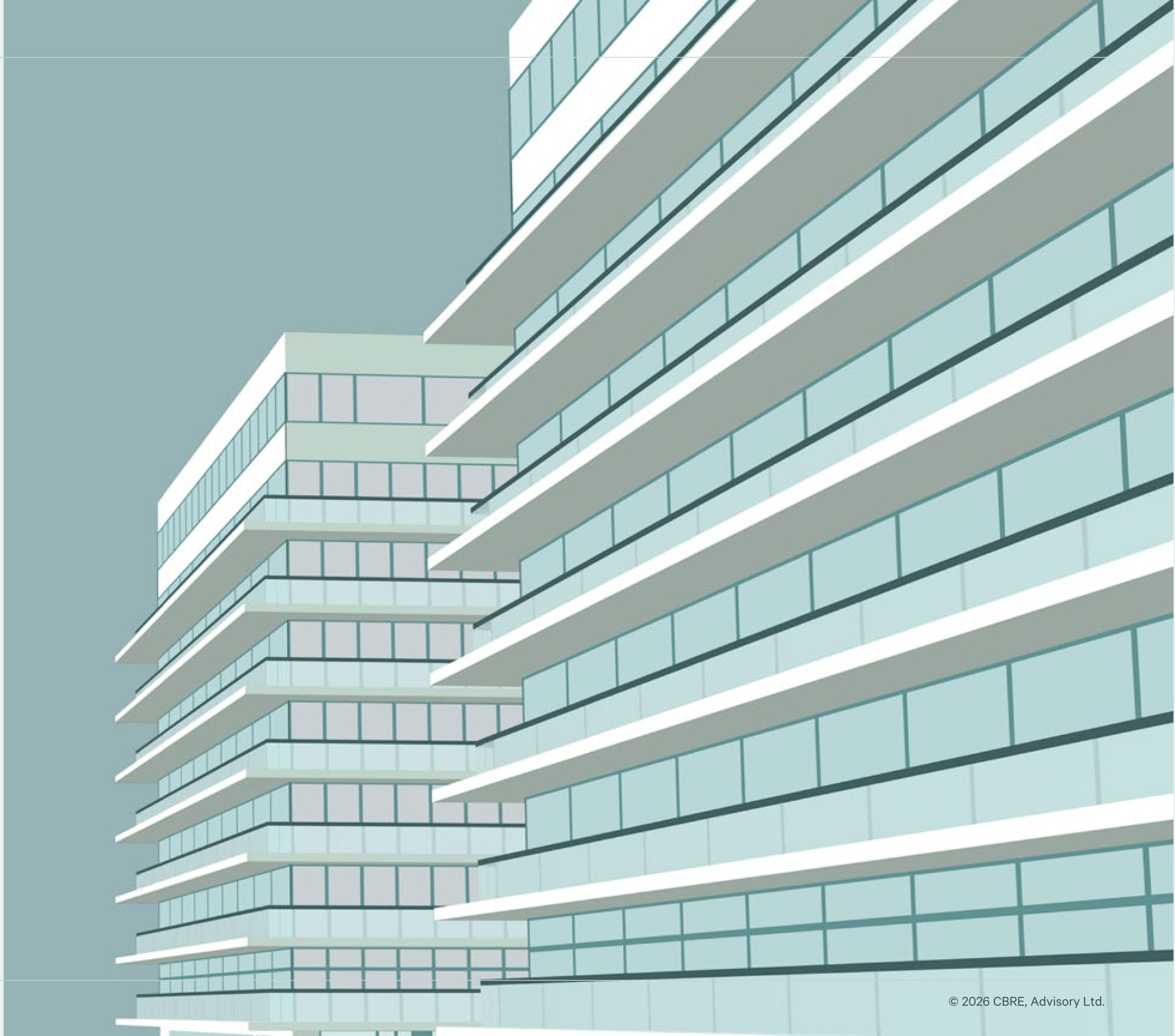
National Overview

The High-Tech Sector



High-Tech Sector

The year 2025 marked a clear positive turning point in the activity of the Israeli high-tech sector. After two years of slowing down and downsizing (2023-2024), there has been a dramatic jump in capital raising and investments, along with a significant decline in the wave of layoffs.

Total capital raised by Israeli high-tech companies in 2025 reached $13.6 billion. This represents an increase of 14% compared to the total $9.6 billion raised in 2024. This is the highest annual capital raising rate since 2022, and it is a clear sign of the recovery of the Israeli technology industry.

The fourth quarter of 2025 stood out especially with $4.535 billion capital raised. This is the strongest quarter recorded since the fourth quarter of 2021, when the volume of capital raised was $8.2 billion. The current figure indicates a positive momentum that may continue into 2026.

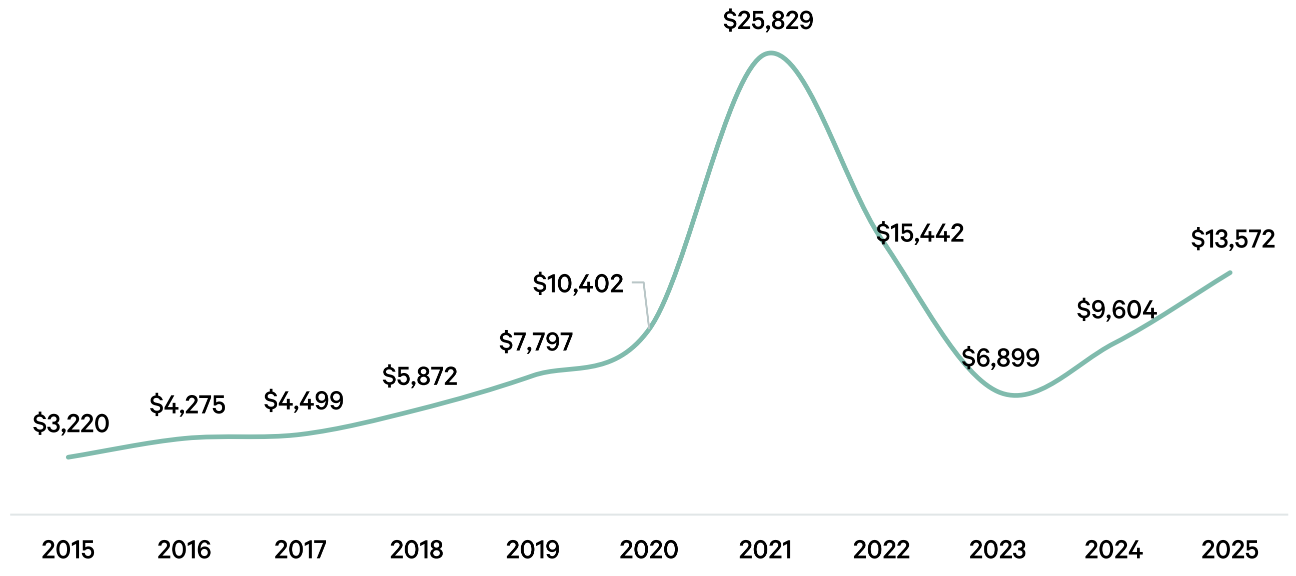
The number of new start-ups opened in 2025 is estimated at ~ 750 companies, compared to an estimate of ~ 700 in 2024. This is a halt to the multi-year downward trend and even a moderate increase that may signal a change in trend. However, the level is still significantly lower than the 2015-2017 peak of over 1,000 companies opened per year.

A clear positive sign for the stabilization of the employment situation in the high-tech sector was recorded recently, following the global wave of layoffs of 2022-2023 and local repercussions of the war. As part of this trend, there has been a dramatic 38% decline in the number of layoffs, with 2,352 employees laid off in 2025 compared to 3,817 employees laid off in 2024. Most of the layoffs in 2025 were concentrated in the first half of the year, with no layoffs at all recorded in November and December, evidence that reinforces the recovery picture.

Capital Raising Volume Between 2021-2025 (Quarterly)

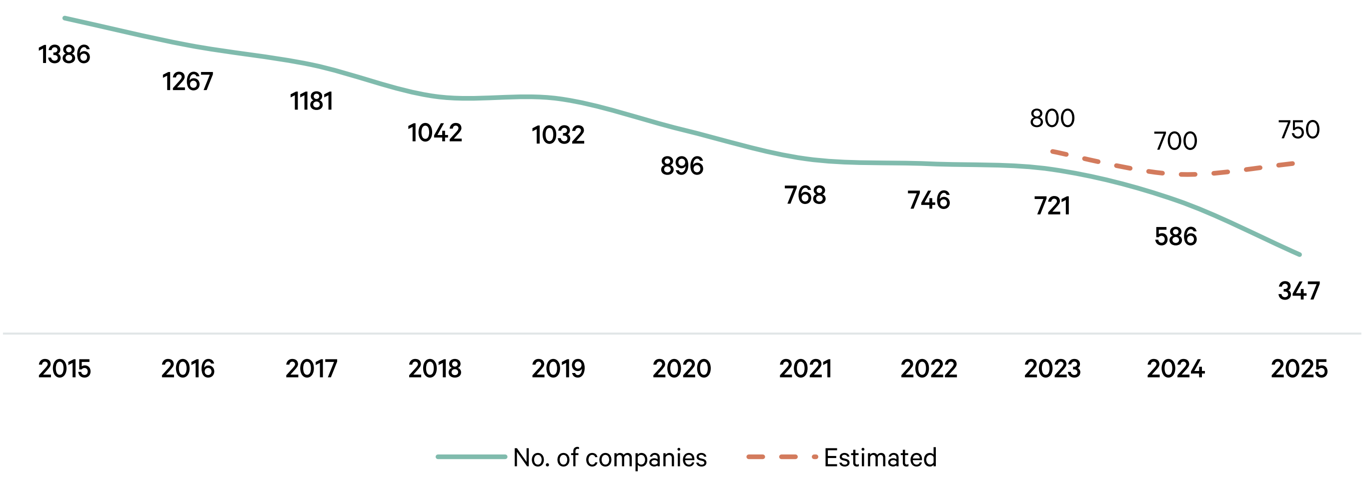
Quarter	2021	2022	2023	2024	2025
1	5,450	5,828	1,762	1,715	2,794
2	6,455	4,809	1,980	3,051	3,321
3	5,682	2,654	1,710	2,457	2,922
4	8,242	2,151	1,447	2,381	4,535
Annual total (ILS billion)	25,829	15,442	6,899	9,604	13,572

Figure 13: Capital Raising Volumes of Israeli Startup Companies, 2015–2025 ($ Millions)



Source: IVC-LeumiTech Israeli Tech Review Q4/2025

Figure 14: Number of High-Tech Companies Established, 2015-2025



Source: IVC-LeumiTech Israeli Tech Review Q4/2025

The high-tech sector is considered the engine of the Israeli economy. In international comparison, its share of employment in Israel is high and its share of GDP is even higher, and so the positive change in trends in the high-tech sector is significant news for employment, GDP, and the economy in Israel in general.

Most activity in high-tech companies continues to focus on central cities, with ~ 60% of employees in the sector working in the cities of Tel Aviv, Herzliya, Petah Tikva and Kfar Saba, where ~ 45% of the existing companies may be found.

The national average size for a company is 80 employees, however, it can be seen that the further away you are from the cities of Tel Aviv and Ramat Gan, the average number of employees per company increases. One may infer from this that large and well-established companies prefer locations in areas where rents are lower and with greater accessibility for employees, compared to smaller companies, which in the early stages of growth, prefer a more central and attractive location and are less sensitive to the cost of rent.

Figure 15: Distribution of High-Tech Companies by Israeli Cities – As a Percentage of Total Companies in Israel

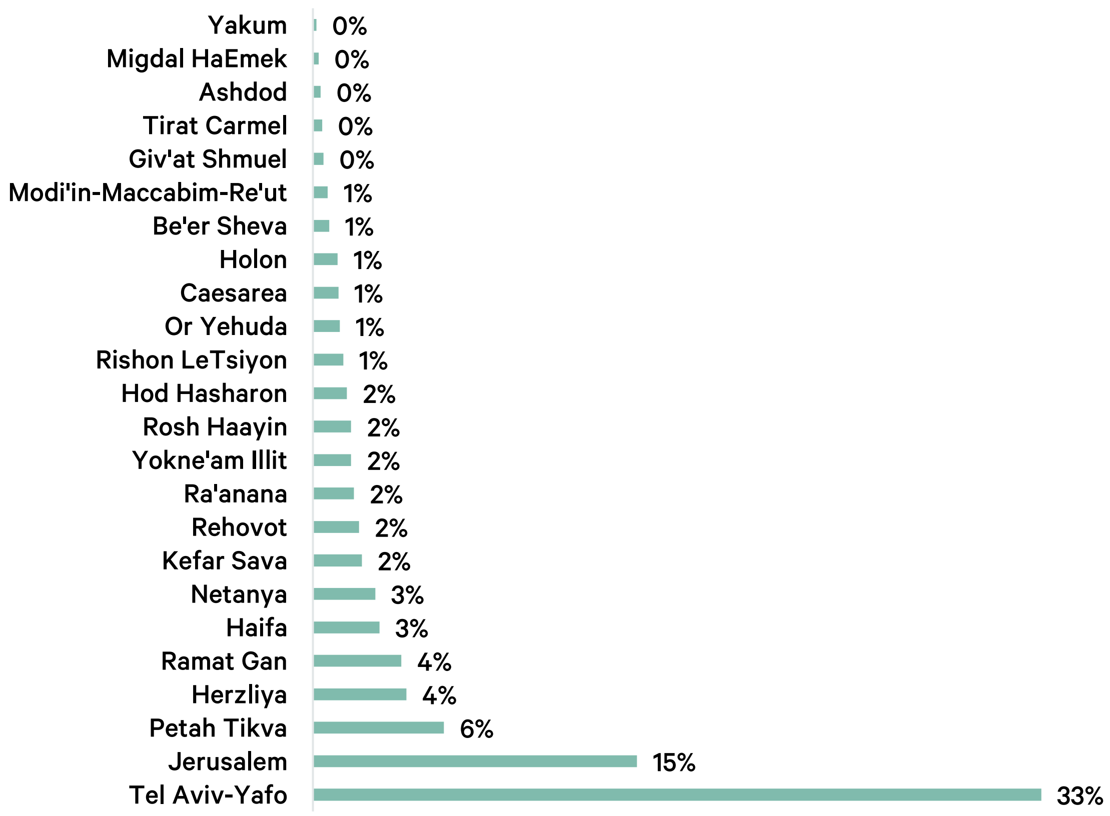
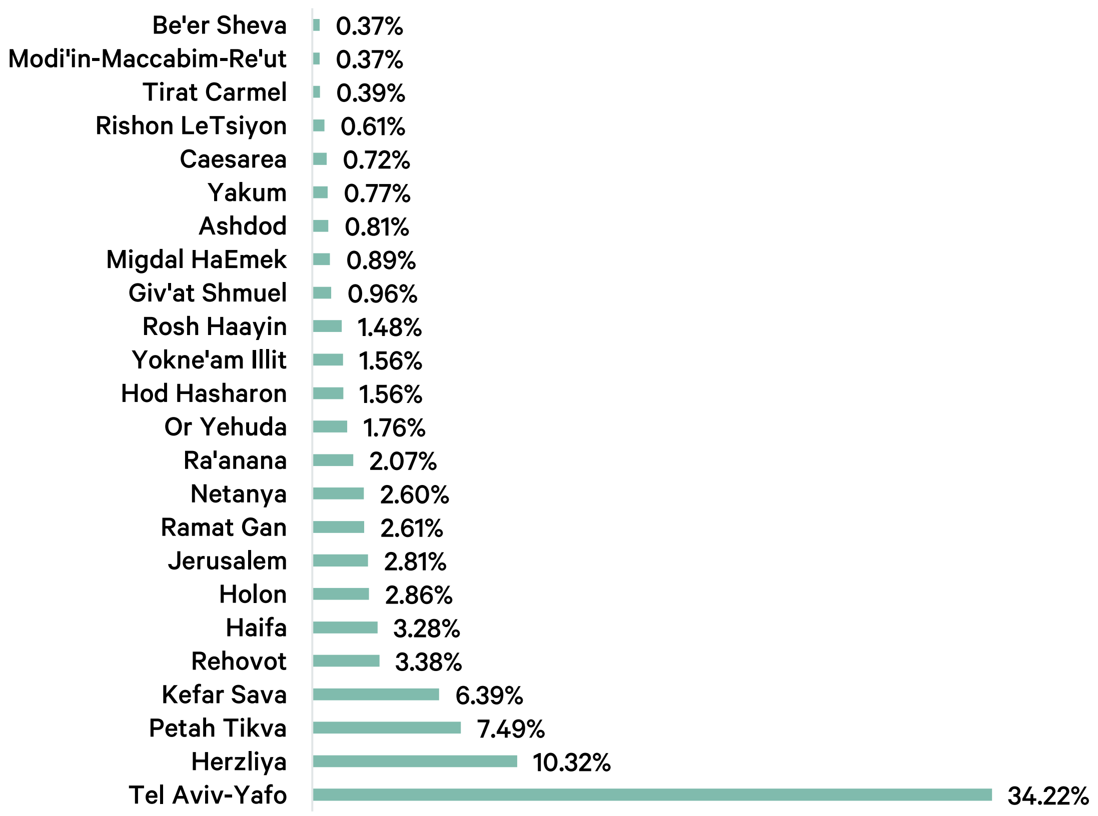
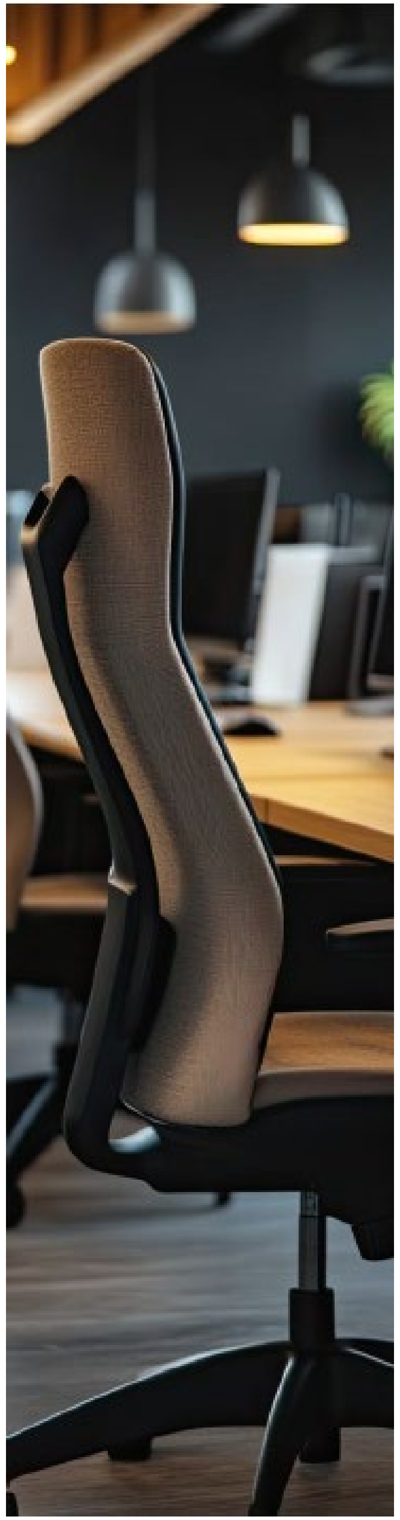


Figure 16: Distribution of High-Tech Employees by Company Location – As a Percentage of Total High-Tech Workforce in Israel





04

National Overview

Income Producing Real Estate

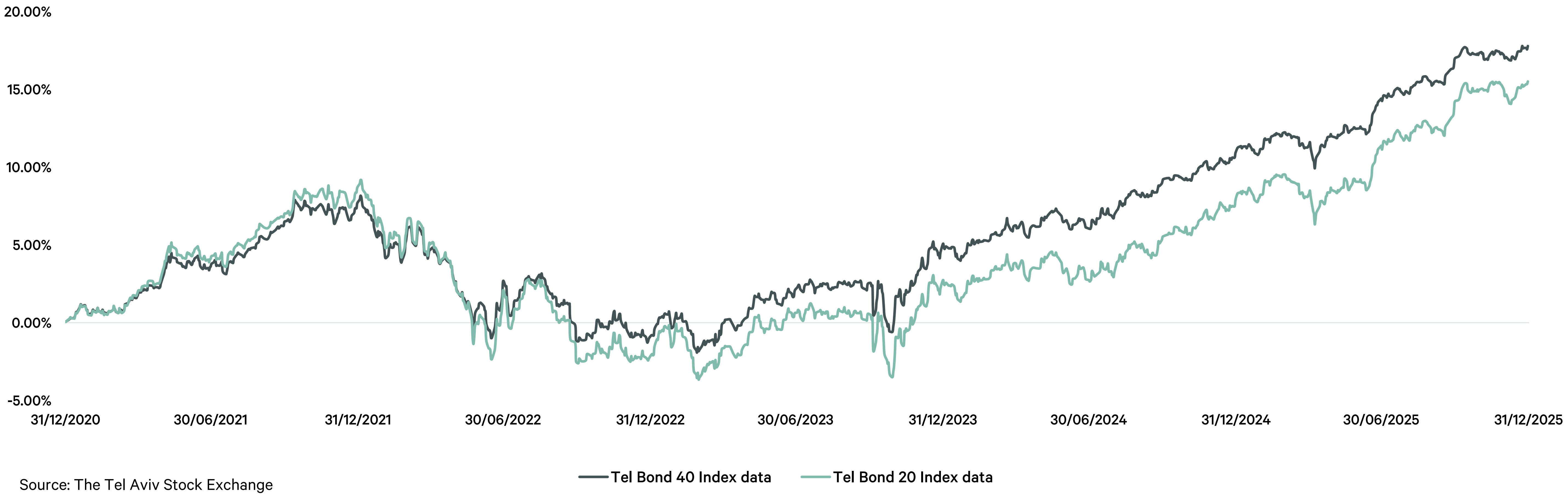
Income Producing Real Estate

Yield rates on income-producing offices in demand areas remained at 6.75%, similar to 2024, and at 6.7% during the years 2021 through 2023. This trend stood out in the 2025 summary, as income-producing real estate companies benefited from continued high demand for Class A assets in central locations, against the backdrop of accelerated economic recovery and capital market increases.

A decline in the yields reflects an increase in property values, and not necessarily an increase in rents. The combination of the high interest rate environment with declining yields, narrows the gap vis-à-vis government bonds, and may question the feasibility of purchases of new assets.

The Tel Bond 40 Index, which reflects the corporate bond market and is an indicator of real estate companies' financing costs, rose by 17.8% in 2025. This is a strong performance that indicates investor confidence in yielding real estate companies.

Figure 17: Daily Yields of Key Tel Bond Indices: Short-Term Corporate Bonds

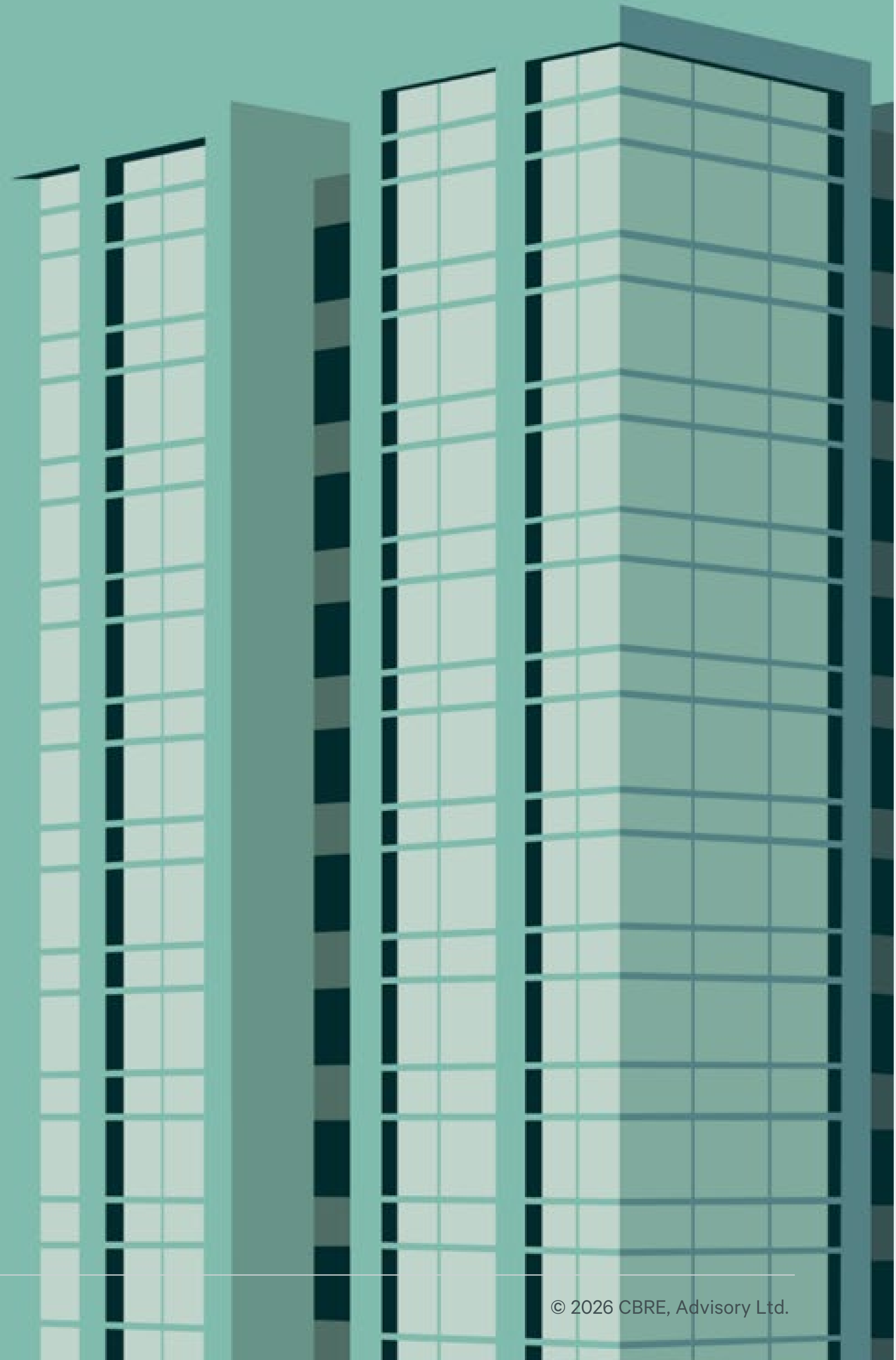


Source: The Tel Aviv Stock Exchange

05

Overview of The Commercial Real Estate Market in Israel

Office Market



Office Market

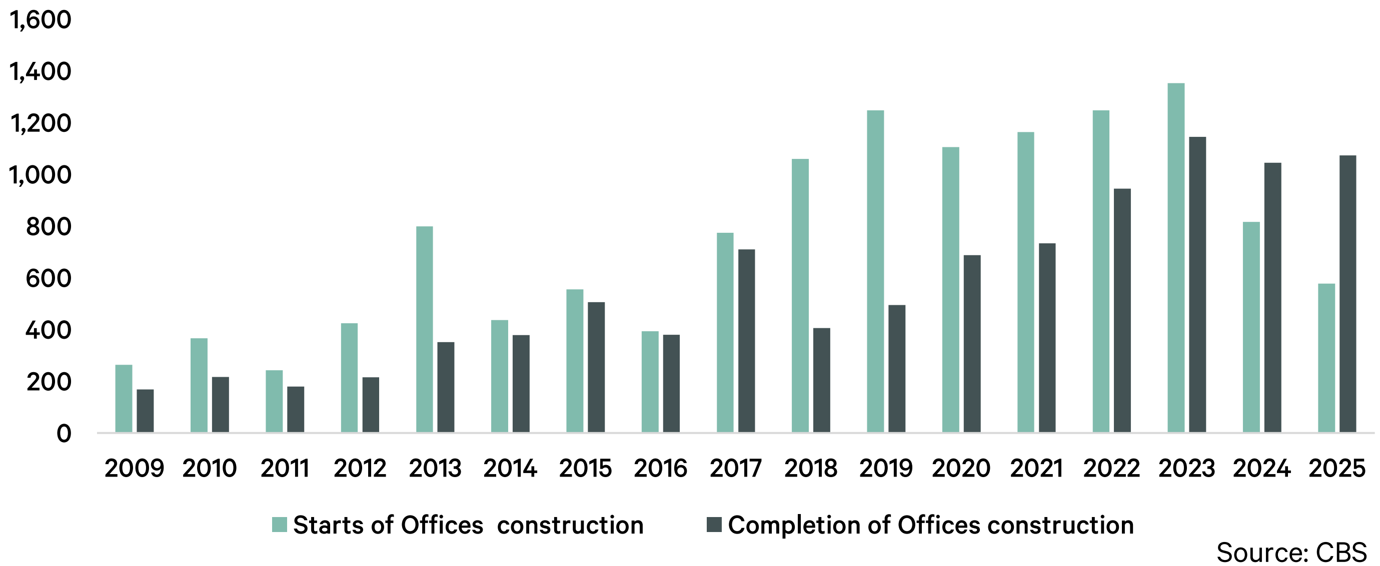
The office market is experiencing a positive turnaround in 2025 against the background of the recovery in high-tech hiring and a strong wave of capital raising in the fourth quarter. The demand for high-quality Class A office space in central locations, especially in Tel Aviv and Ramat Gan, remained high and stable and in some places even showed a positive trend.

However, with that, the gaps in the office market remain pronounced: while in premium properties in Tel Aviv, occupancy rates are high, in the second-tier cities (Holon, Petach Tikvah, Bnei Brak) supply remains high with low occupancy rates. This trend intensified in 2023-2024 and there are no indications of a significant change in 2025.

An analysis of the 2025 financial reports of the publicly traded companies presents a picture of ~ 6.4 million sqm of office space assessed to be under project commencement (execution, planning, registration and construction) and ~ 2 million sqm of space that will be delivered into market by the end of 2029.

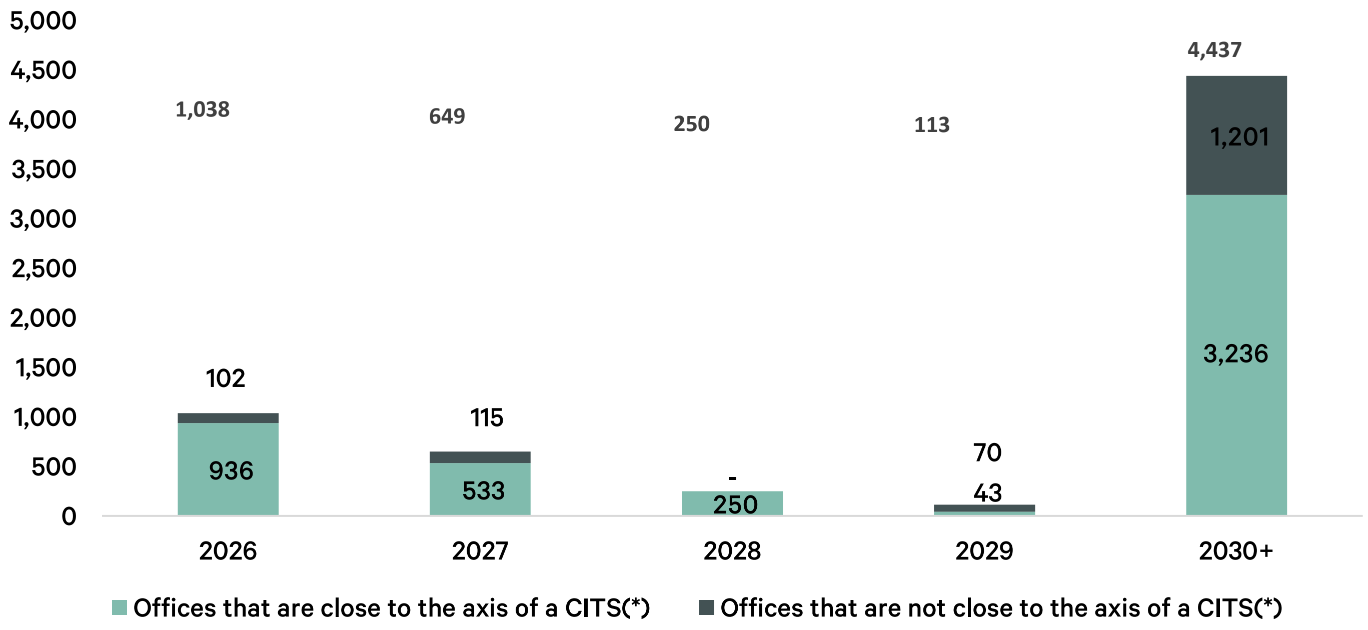
The locations of the projects currently being promoted are concentrated mainly in the vicinity of central transportation systems. As of 2025 ~ 4.4 million sqm of office space is in the development, planning and permitting process (with an anticipated completion date of 2030 onwards). ~ 3.2 million sqm of the office space is planned in proximity of the commuter-intensive transportation systems.

Figure 18: Office Building Starts and Completions Nationwide, 2009–2025 (Thousand Sqm)



Source: CBS

Figure 19: Projected Nationwide Office Space by Year of Completion (Thousand Sqm)



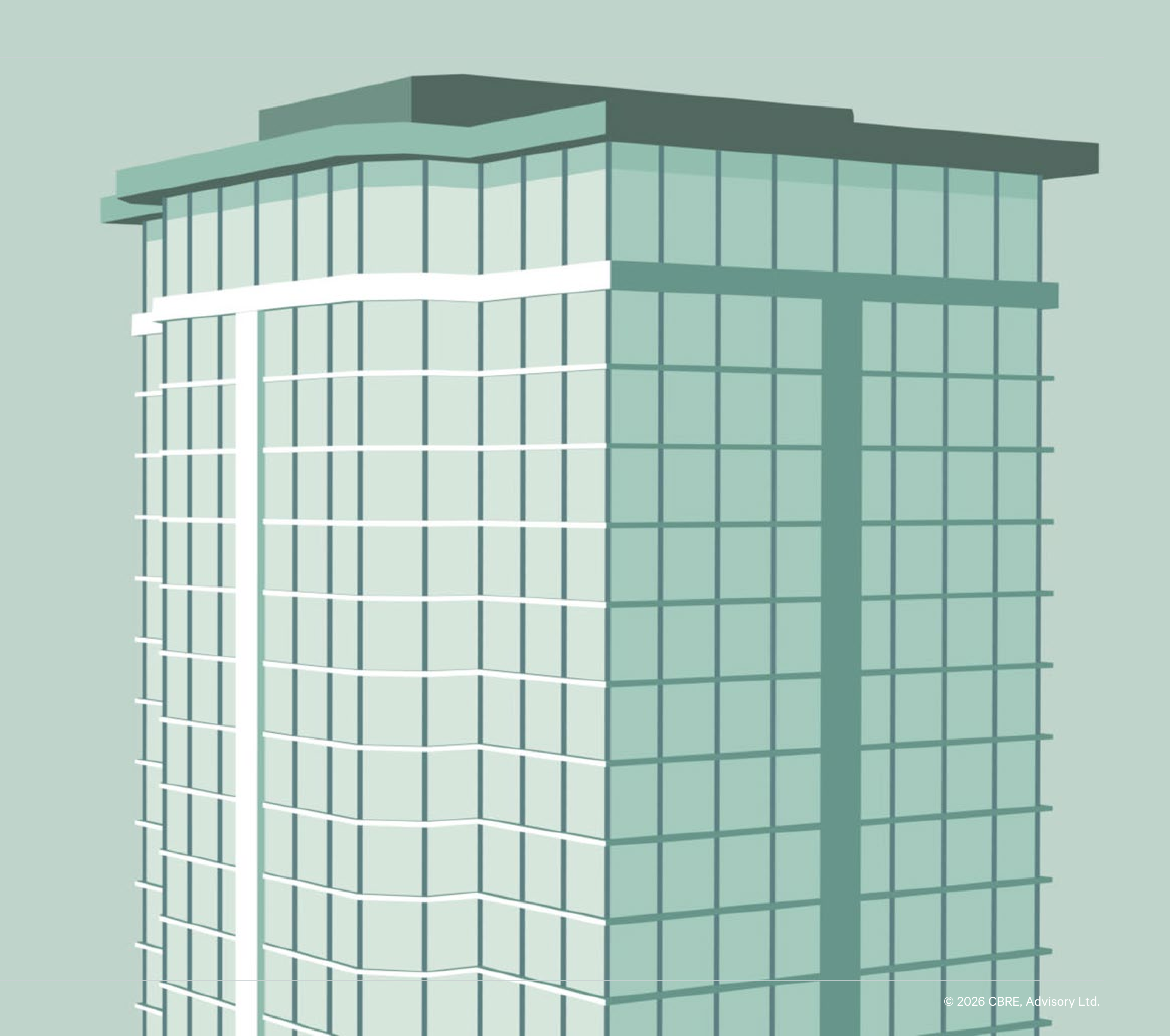
(*)CITS: Commuter-Intensive Transportation System

Source: CBS

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



Tel Aviv

In 2025, there is a trend of partial recovery in the office market, especially in prime assets, as large companies continue to enter into significant transactions even during a period of economic uncertainty. At the same time, significant gaps are recorded between properties, with some of the new towers suffering from large volumes of vacant space, especially in areas outside of core demand.

On the other hand, some of the new towers in Tel Aviv show low occupancy rates, with reports of buildings in which many of the floors are empty, mainly in new projects outside the core demand areas.

- Rafael purchased 6.5 office floors in Acro Real Estate's Cosmopolitan project in the Hassan Arafe compound for ~ ILS 521 million. The project is expected to be occupied in 2030.
- JFrog leased 15,000 Sq m in Blue Square Real Estate's East & project for a period of 6.5 years, with 2 extension options reaching up to 13 years in total, for a consideration of ILS 500 million.
- Monday leased an additional 11,000 Sq m in the Azouri Eco Tower on HaMasger Street.
- Workday leased 4,000 Sq m in the Landmark Tower.
- Pentera leased 4,000 Sq m in the Azrieli Triangular Tower.

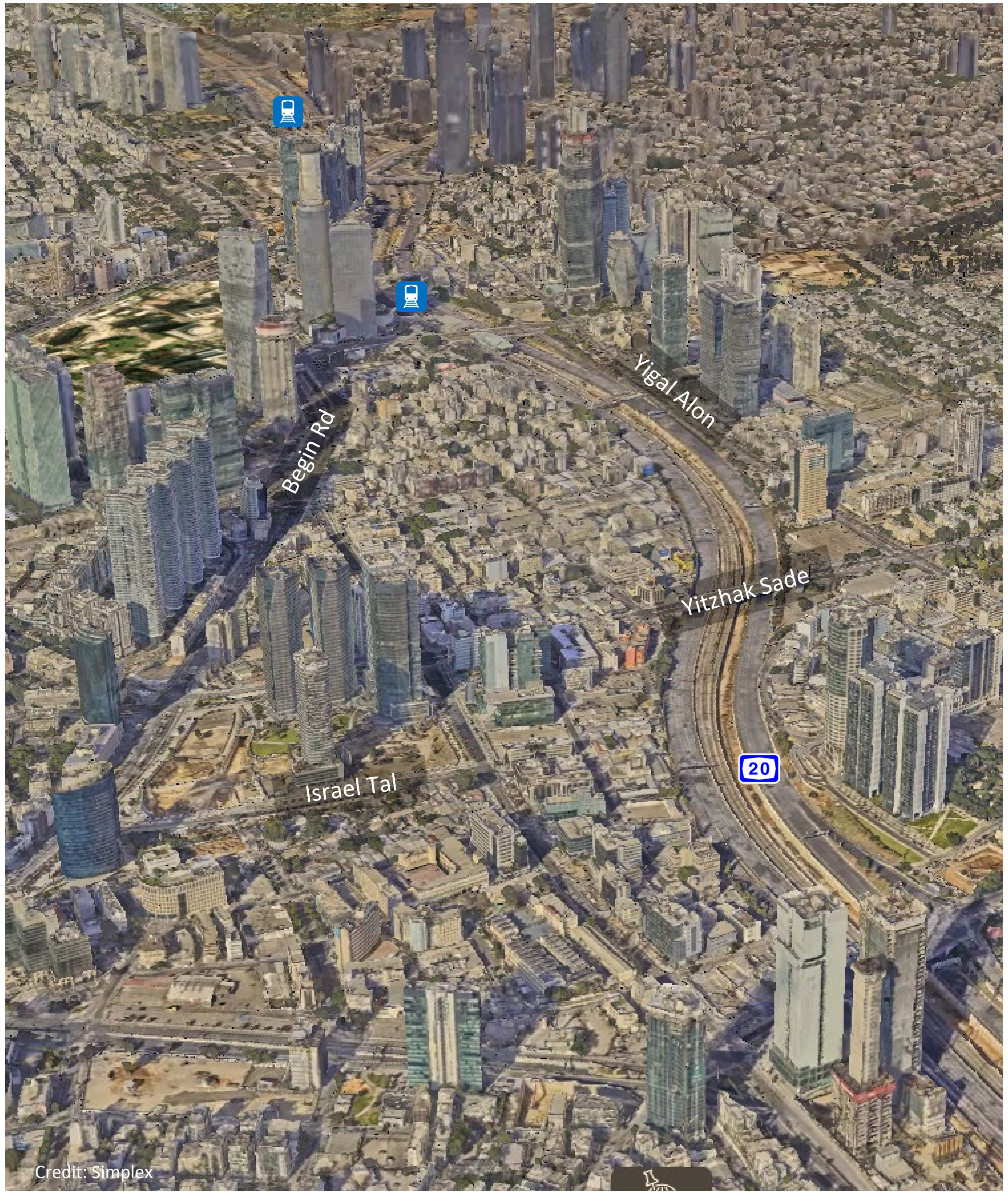
The city continues to develop southward in the office sector as well, partly due to a shortage of land in the city center and urban planning that encourages development along public transportation routes, including the light rail and future metro.

The data indicates a fragmented market: on the one hand, large transactions and re-leases of significant amounts of space in prime towers, and on the other hand, excess supply, mainly in new buildings outside the areas of core demand, as well as in old buildings.

Today, the principal submarkets of office space can be found in the following areas – Sarona, the heart of Tel Aviv Rothschild Blvd, city center, Yigal Alon Street and the Menachem Begin axis; the offices of the following leading companies are located in Tel Aviv - Amazon, Google, Palo Alto, NVIDA, KPMG, Check Point, WeWork, Deloitte, Bank Leumi and Discount Bank.

During 2025, new specific plans are in the planning and deposit process that add building rights in the scope of ~ 43,000 Sq m for employment purposes and ~ 4,000 Sq m for commercial purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 25 large scale active projects in Tel Aviv, in various stages of development (including planning, permit and construction) comprising of ~ 1,184,000 sqm of office space and 68,000 sqm of commercial space. These projects are intended to be delivered into the market over the next decade. Out of the office space, ~ 434,000 sqm are already under construction, whilst ~ 860,000 sqm are in the development, permit and planning stages.



Central Employment Areas in Tel Aviv

01 Menachem Begin Axis –

The city's main employment area, spanning the length of Menachem Begin Way, forming the main skyline of Tel Aviv and characterized by modern skyscrapers. This business area is highly accessible via the Ayalon highway interchanges, railway stations and in the light rail stations (the red line) and the planned M1 metro line which will travel along the entire axis.

- The tenant mix in this submarket is mainly based on leading high-tech companies, large law offices and financial institutions that populate the modern towers. Even during the current period, this submarket continues to attract significant investment transactions, including the acquisition of rights in existing projects by institutional entities, a trend that indicates continued confidence in the strength and attractiveness of these prime locations.

<u>Significant projects under construction in this submarket:</u>

- **Azrieli Spiral Tower:** Connection to the existing Azrieli towers, ~150,000 Sq m for employment (~13,000 Sq m are for commerce), built by the Azrieli Group.
- **Former "Egged House" Office Tower:** North of the Azrieli Mall, ~180,000 Sq m for employment.
- **"Kalka House" Compound:** A plan to maximize rights and construct a mixed-use skyscraper in its place, ~75,000 Sq m, initiated by the ILDC (~60 floors).
- **Tara Compound Nahalat Yitzhak:** A combination deal by the Prashkovsky company to construct a mixed-use project, ~34,000 Sq m for employment.

<u>Leading companies in the area:</u>

- Samsung
- Meitar Law Office
- Intel
- Microsoft
- NIKE
- FBC & Co.

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 145	98.5%

*Based on AS IS price levels

Credit - ShU studio - stock.adobe.com

02 Sarona Submarket –

The Sarona Submarket is located in between Kaplan Street from the north, Menachem Begin Way from the east, HaHashmonaim Street from the south and Ibn Gabirol Blvd from the west, whilst the majority of the office buildings in this submarket line both sides of Ha'Arba'a Street.

This submarket is considered one of the city's main prime and in-demand areas, characterized by modern skyscrapers that are mostly leased to leading high-tech companies, law offices, financial institutions, professional freelancers and government offices. The strength of this submarket was evident over the past year with the vacating of Meta's offices in the Azrieli Sarona Tower; the Azrieli Group managed to re-lease in a short period of time, ~ 60% of the vacated floors at higher rents, and later completed the occupancy of the remaining floors, a trend that attests to strong demand and a particularly high level of attractiveness, which positions this submarket as one of the leading employment centers in Tel Aviv.

<u>Significant projects under construction in the compound:</u>

- **Grand Central Tower (Ma'ariv House):** ~48,000 Sq m for offices, initiated by the ILDC.
- **'Darom HaKirya' Hotel Project:** ~40,000 Sq m for hotel use and 2,000 Sq m for commerce.

<u>Leading companies in the area:</u>

- Amazon
- Meta
- KMPG
- Tenable
- Cato Networks
- Optibus

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 150	98%

*Based on C&S price levels

03 Hassan Arfa Submarket –

This submarket is in the heart of the city of Tel Aviv, between Yitzhak Sadeh Street from the north, Menachem Begin Way from the west, HaMasger Street from the east and David Chachmi Street from the south. This is a developing area that is experiencing a significant construction boom, featuring a combination of new modern towers alongside existing buildings. The submarket has good accessibility and is close to the Carlibah station located on the Red and Green Lines of the light railway.
The tenant mix of this submarket is primarily leading high-tech companies, law offices, and professional freelancers occupying the modern skyscrapers that characterize this submarket, although occupancy levels are still slightly lower compared to the city's central prime areas.

Principal Projects under Construction in this Submarket:

- **Cosmopolitan 1,2 Project:** At the corner of Yitzhak Sadeh st. and HaMasger st., ~175,000 Sq m for offices and commerce, developed by Acro Real Estate.
- **Vitania Tower:** At the La Guardia intersection, ~100,000 Sq m for a mixed-use complex.
- **YBOX Project:** ~26,000 Sq m for offices and ~6,500 Sq m for residential in a mixed-use complex, developed by YBOX.
- **Rival Compound (Gravity):** ~110,000 Sq m in a mixed-use complex for offices and a lifestyle center, developed by Carasso.
- **"Levanda 53" Tower:** ~12,500 Sq m, developed by the REIT Menivim fund.

Leading companies in the area:

- Nvidia
- Monday
- Quantum Machines
- Yotpo
- Papaya Gaming

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 140	94%

*Based on AS IS price levels

04 Yigal Alon Submarket –

This employment zone spans Yigal Alon Street, bounded by Tozeret Ha'aretz (north), Aminadav (south), Yigal Alon (west), and Ha'askala (east). Combining modern skyscrapers with older properties, the submarket features excellent accessibility via the Ayalon freeway, and future Purple Line light rail and M1 & M2 metro stations.

The tenant mix mainly comprises leading high-tech firms, prominent law firms, financial institutions, and advertising agencies. Highlighting local investment, REIT 1 acquired ~45% of the Sipholux Project for ~ILS 127 million. This anchor transaction reflects institutional trust in high-demand assets, reinforcing the submarket as one of the city's primary employment hubs.

Principal Projects under Construction in this Submarket:

- **ToHa 2:** North of HaShalom Rd, ~160,000 sqm of office space, developed by Amot and Gav-Yam.
- **HaSolelim Project:** At the corner of HaSolelim st. and HaShalom Rd, ~85,000 sqm of office space, developed by Mivne.
- **Sipholux Tower:** On Yigal Alon st., ~40,000 sqm of office space (15% for hospitality), developed by Libental.
- **East &:** On Totzeret HaAretz st., ~30,000 sqm of office space, developed by Blue Square Real Estate.
- **Lexus Tower:** Near HaShalom Rd, ~62,000 sqm for employment (offices and commerce), developed by Union Properties.

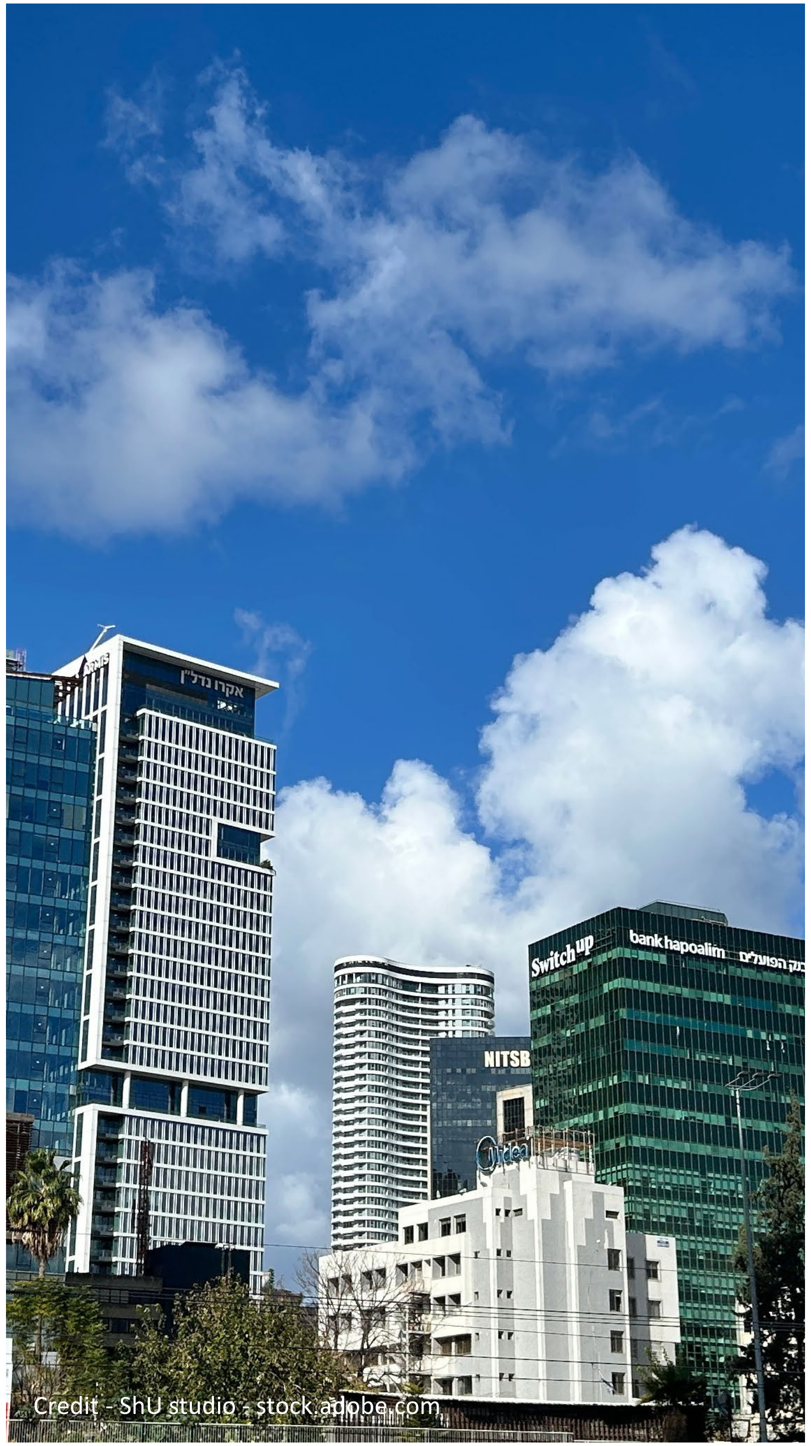
Leading companies in the area:

- Google
- Motorola
- AT&T
- Checkpoint
- TikTok
- Palo Alto

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 130	96%

*Based on AS IS price levels

*In ToHa Tower, average rents are higher, at ~ILS 160/sqm



Credit - ShU studio - stock.adobe.com

05 Rothschild Blvd Submarket –

This submarket extends from the Tel Aviv city center southwest to the Neve Zedek neighborhood and the beachfront. Its diverse architectural styles reflect the city's various development periods.

The area enjoys good accessibility, driven primarily by the operational light rail Red Line. Its tenant mix occupies a blend of modern, mixed-use skyscrapers, older office buildings, and preserved historic properties, led by startups, financial institutions, and capital market firms. A notable anchor transaction occurred this year with the purchase of the UBANK Tower on Rothschild Boulevard for ~ILS 150 million. This move aligns with the investment trend in existing assets within the historic center, signaling strong investor confidence in the area.

Principal Projects under Construction in this Submarket:

- **Canada Israel Tower:** At the intersection of Herzl st. and Yehuda HaLevi st., a ~40-floors mixed-use project including ~24,000 sqm of office and commercial space and ~11,000 sqm of residential space, developed by Canada Israel.
- **Rothschild Tidhar Tower:** At the intersection of Herzl st. and Rothschild Blvd., a 40-floors mixed-use project for commercial, residential, office, and hotel uses, developed by Tidhar.
- **LYN House:** Bounded by Lilienblum, Yehuda HaLevi, and Nahalat Binyamin St's., a mixed-use project with ~17,000 sqm of office and commercial space, developed by JTLV.

Leading companies in the area:

- Jerusalem Bank
- Autodesk
- First International Bank Of Israel
- Meta
- Atera
- Artlist

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 80	94%

*Based on AS IS price levels

06 Ramat HaChayal –

This submarket is in northeast Tel Aviv, bounded by Raoul Wallenberg St. (north/east), HaBarzel St. (east), and open areas. This active hub features a mix of older and modern properties, including mixed-use buildings.

Tenants primarily comprise advertising, telecommunications, and high-tech firms, alongside the prominent Assuta Hospital complex. Future accessibility will improve substantially with the light rail Green Line and M3 metro line running along Raoul Wallenberg St.

Principal Projects in this Submarket:

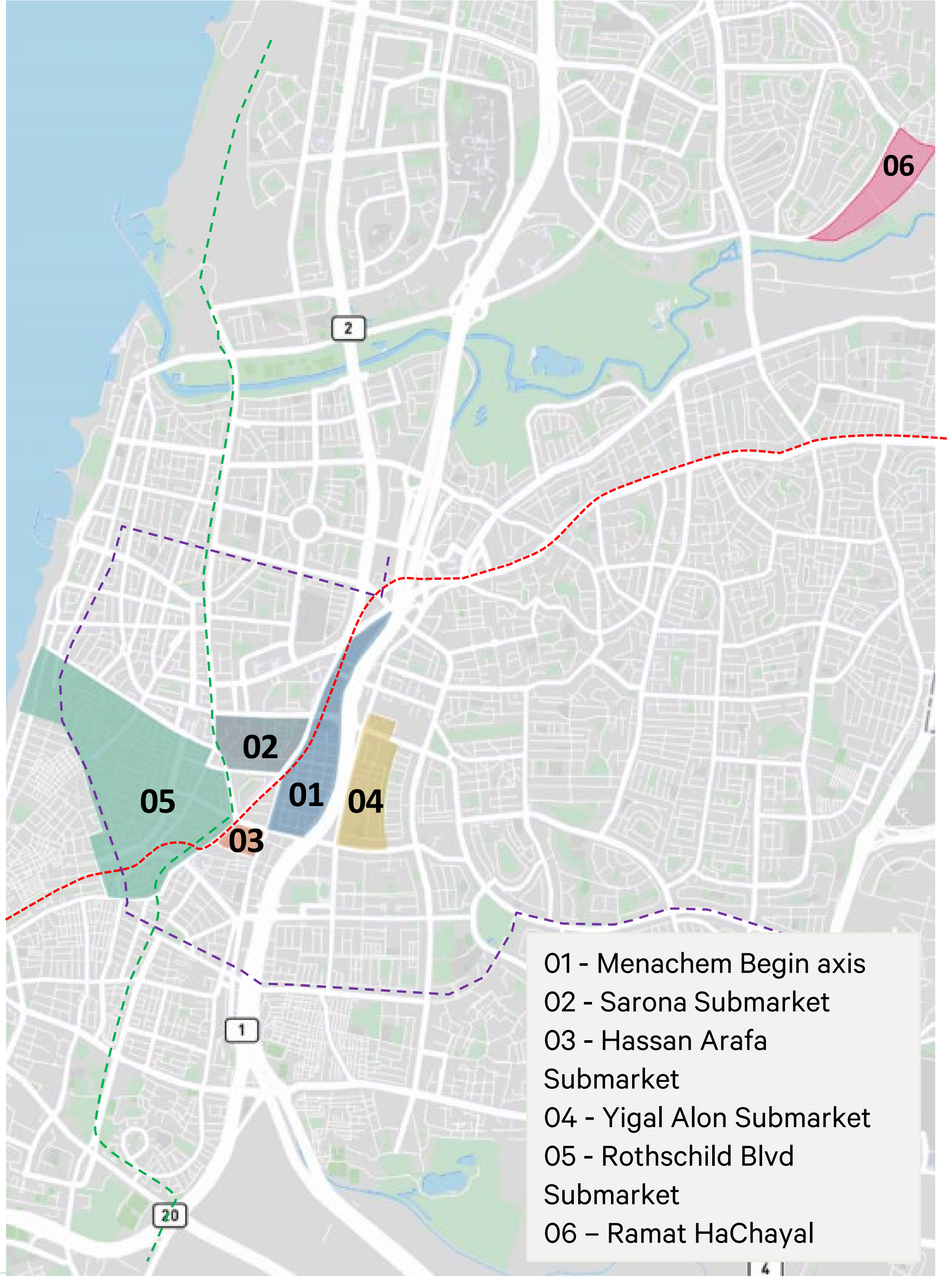
- **Tidhar and Ybox Tower:** At 16 Raul Wallenberg Street, ~23,500 Sq m for employment (offices and commerce), developed by Tidhar and Ybox companies (~20 floors).
- **Vitania Teva Tower:** At 122 Devora HaNevia St, ~20,000 Sq m for employment (offices and commerce), developed by Vitania (~17 floors).
- **Ziv Towers:** At 24 Raul Wallenberg Street, ~18,000 Sq m for employment (offices and commerce), ~11 floors developed by Rad Bynet Properties.
- **Amot on the Park:** At 30 HaBarzel Street, a project consisting of ~13,400 Sq m for employment (offices and commerce), including ~8 floors, developed by Amot.

Leading companies in the area:

- Assuta
- Keshet 12
- Philip Morris
- Clal Insurance
- Bynet Group

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

*Based on AS IS price levels

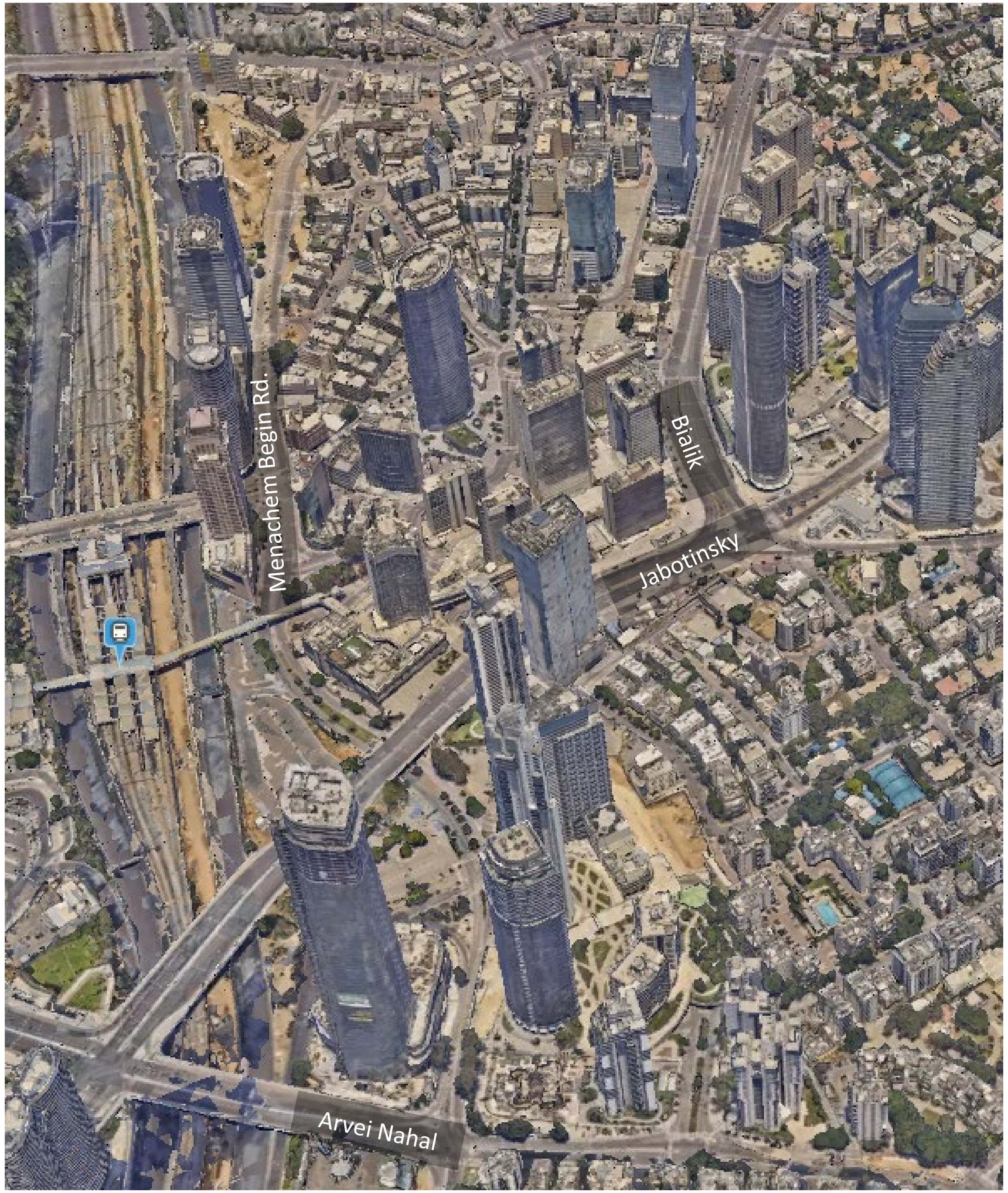


Ramat Gan

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 and excess supply in the new towers is leading to a slowdown in the rate of occupancy, particularly in older properties that are not of a high construction standard.

In terms of planning trends, during 2025, certain specific plans were approved that add ~ 219,000 sqm building rights for employment purposes and ~ 25,600 sqm for commercial purposes, alongside additional plans that are in the planning and submission stages that are expected to add ~ 65,300 sqm in building rights for employment purposes and ~ 1,800 sqm for commercial purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 6 large scale projects being promoted in the city, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 31,000 sqm for office space and employment purposes and ~ 228,000 sqm for mixed employment purposes and commercial use; out of the aforementioned areas, ~ 227,000 sqm are already under construction – led by Vertical City complex, whilst an additional ~ 32,000 sqm are in the development, permit and planning stages.



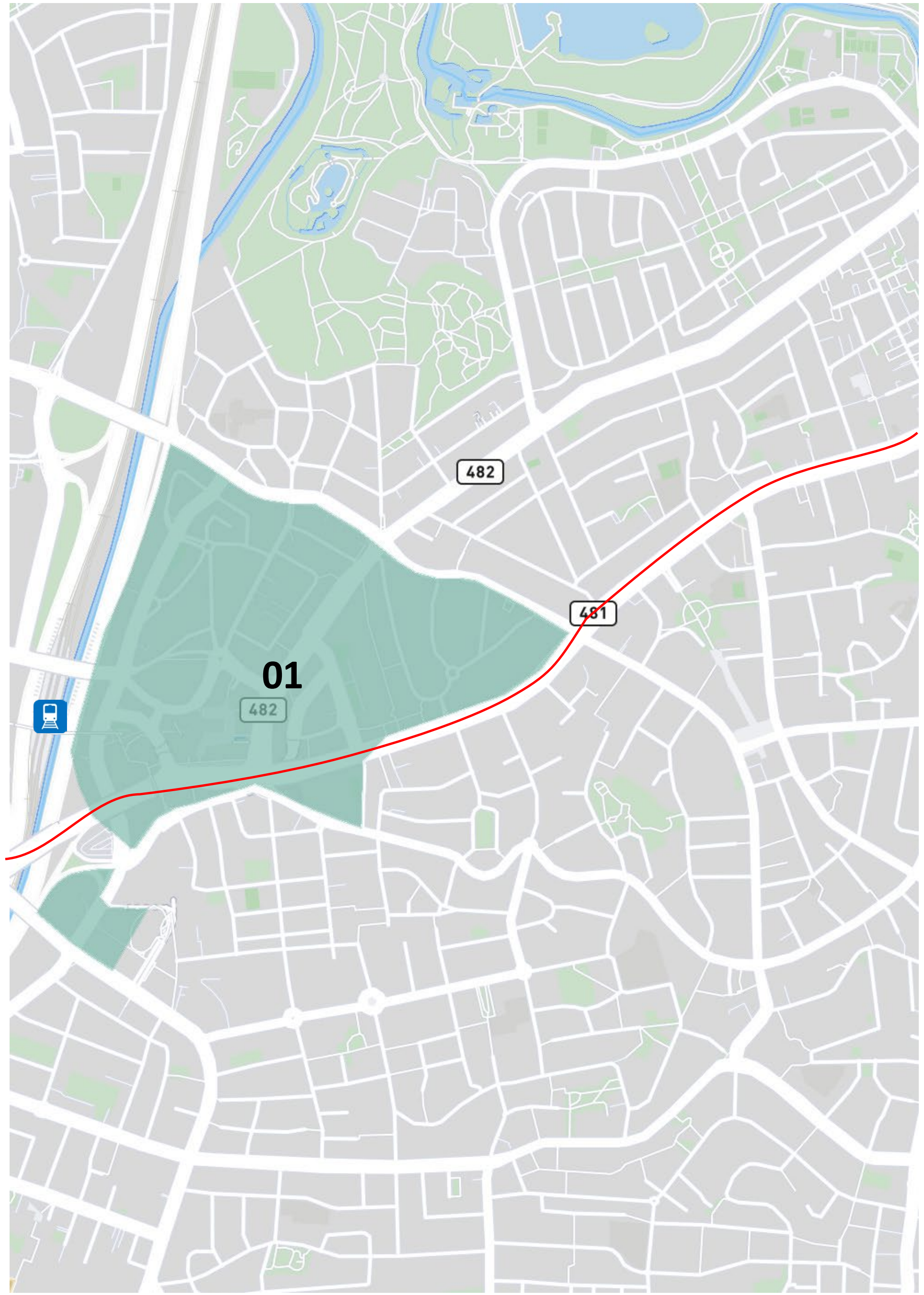
Principal Employment Areas in Ramat Gan

01 The Diamond Exchange Submarket –

This submarket is situated between the axis of Jabotinsky Street from the south, Bialik Street from the north, Aba Hillel Way from the east and the Ayalon freeway from the west. It is very accessible via Ayalon freeway and the Savidor Central train station as well as the light railway Red Line. In addition, metro lines MI and M2 are intended to pass through this area in the future.
The submarket is characterized by high occupancy rates in the Class A type office buildings, alongside an ever-increasing supply of office space in Class B type office buildings. This submarket is characterized by skyscrapers, mostly leased to financial institutions, leading law offices and high-tech companies.

Principal Projects under Construction in this Submarket:

- **Vertical Project:** In the northwest part of the complex, near Bialik St., a ~160,000 sqm mixed-use complex, developed by Canada Israel.
- **HaYetsira Complex:** ~50,000 sqm of office space and ~1,000 sqm of commercial space, developed by Ashtrom.
- **Tuval Project:** ~36,000 sqm of office space, developed by Sela Capital Real Estate.
- **Exchange Project:** ~63,000 sqm of office and commercial space, developed by Azorim.
- **Beyond:** On Arvei Nahal St., ~120,000 sqm of employment (office and commercial) space, developed by Tidhar and Union.



Leading companies in the area:

- Menora Mivtachim
- Harel Insurance
- Mizrahi-Tefahot Bank
- Taboola
- HSBC
- F5
- Mobileye
- Dynamic Yield
- Ayalon Insurance

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

*Based on c&s price levels

*In Atrium Tower, average rents are higher, at ~ILS 150/sqm.
*In the Beyond project, Givatayim, rents stand at ILS 120/sqm for shell and core.

Petach Tikva

The employment areas in Petah Tikva, led by Kiryat Arieh, continue to develop at a high pace and present a significant supply of new office space; while the operation of the light rail's Red Line has significantly improved accessibility to this area, the slowdown in the high-tech industry is showing its signs in the rate of occupancy in Petach Tikvah and creating excess supply, which is reflected in large areas of vacant space amounting to tens of tens of thousands of Sq m that have been empty for a long time.

The overall planning potential of the city stands at ~ 18 million sqm for employment purposes, whilst during 2025, certain specific plans were approved that add ~ 2.2 million sqm building rights for commercial purposes, alongside additional plans that are in the planning and submission stages that are expected to add ~ 3.4 million sqm in building rights for employment purposes and ~ 7,500 sqm for commercial purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 7 large scale projects being promoted in the city, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 53,000 sqm of office space and ~ 11,000 sqm for commercial use and ~ 31,000 sqm for logistical and storage purposes; out of the aforementioned office areas, ~ 15,000 sqm are already under construction, and ~ 80,000 sqm are in the development, permit and planning stages.

The Principal Business Areas in Petach Tikva

01 Kiryat Arieh –

This area is located in the north west area of the city, extending an area equal to 2,250 dunam and constitutes the principal business center of Petach Tikva.

Jabotinsky axis delimits the area from the south, Route 4 from the west and the train tracks from the north. The area enjoys great accessibility, thanks to the proximity of main traffic arteries, the proximity of the train station (adjacent to the city football stadium) and the Red Line of the light railway.

This area, which in the past, was characterized as a traditional industrial zone, over the years has been transformed into a leading area comprising of large areas of office complexes, leased to prominent high-tech companies, alongside substantial amount of traditional industrial areas which are still being used, and continually go through a process of development, renewal and conversion into new projects.

Significant projects under construction in this submarket:

- **VICA Project:** ~130,000 sqm for offices and commerce, developed by Vitania and Carasso.
- **Kaniel Compound (Phases B-D):** ~190,000 sqm for offices and commerce, developed by BIG.
- **Gefen Tower:** ~38,000 sqm for offices, developed by Carasso.
- **Basel Park Project:** ~38,000 sqm for offices, developed by Sufrin.

Leading companies in the area:

- Marvell
- CyberArk
- Intuit
- IBM

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

*Based on C&S price levels

Credit: ShU studio - stock.adobe.com

02 HaSivim Industrial Area –

The industrial area is located in the western part of Petach Tikvah; and is characterized primarily by industrial buildings and older office buildings alongside new construction, whilst the tenant mix in the area is varied and includes high-tech companies, professional freelancers and insurance companies.

Principal Projects under Construction in this Submarket:

- SIV Park by Allied and Migdal will develop ~ 23,500 sqm of office space.
- Global Towers 2 will develop ~ 68,000 sqm of office space.

Leading companies in the area:

- Yad 2
- Zap
- Align Technologies
- AIG
- Shekel Insurance
- Docusign

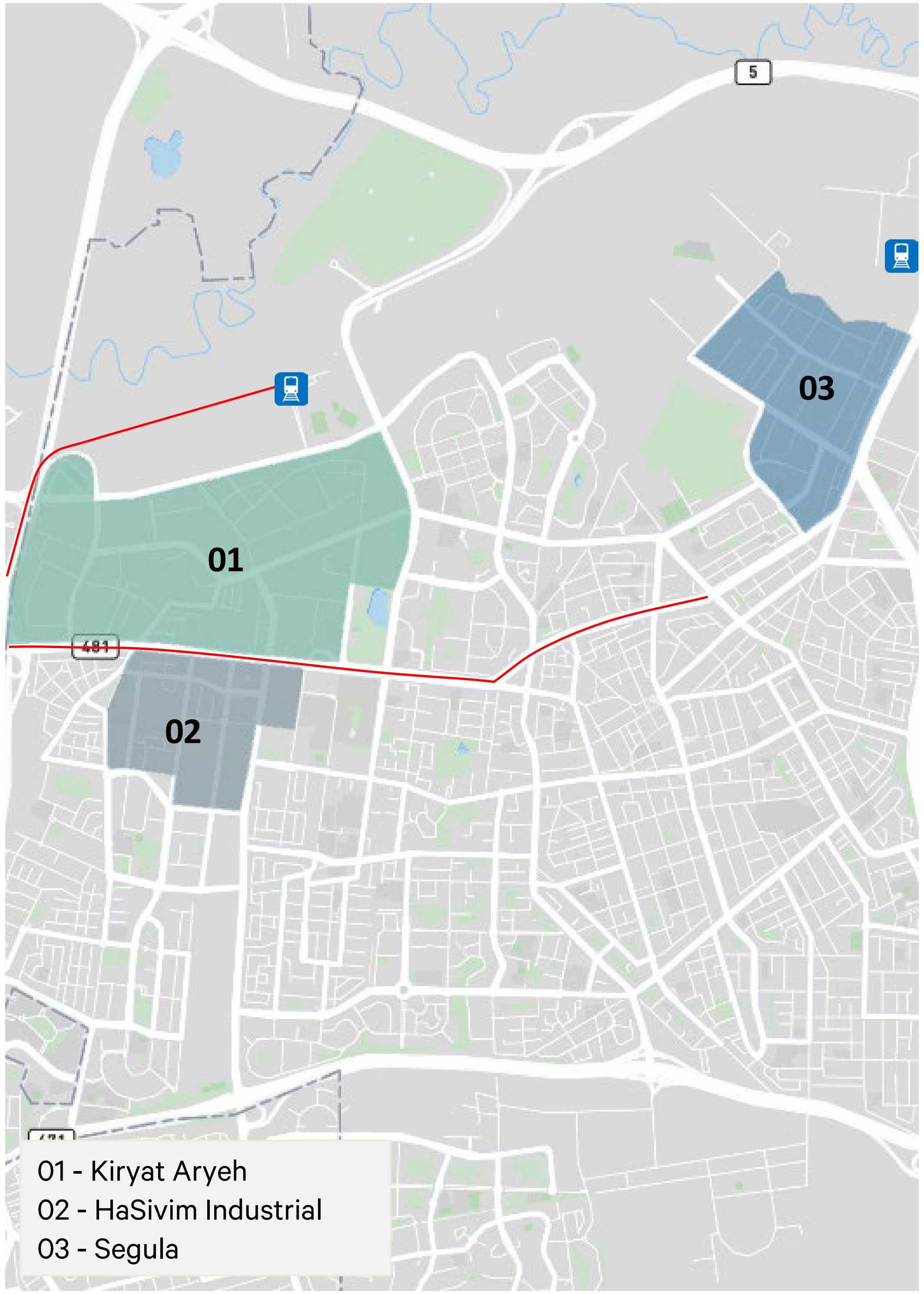
*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 45	60%

*Based on C&S price levels

03 Segula Area –

The industrial area, also known by the name of 'Yarkon Business Park', located in the north east part of the city and characterized by a tenant mix of professional freelancers, garages, factories for heavy industries, halls and event complexes, alongside large commercial areas (Power Centers), with no Class A type office buildings.

In the second half of 2023, a renewal plan was approved for the Segula Industrial Area, expected to add ~ one million sqm for employment purposes – based on the "Segula" train station and the future M2 metro station.



Leading companies in the area:

- Airobotics
- Isotopia Molecular
- Comparts

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

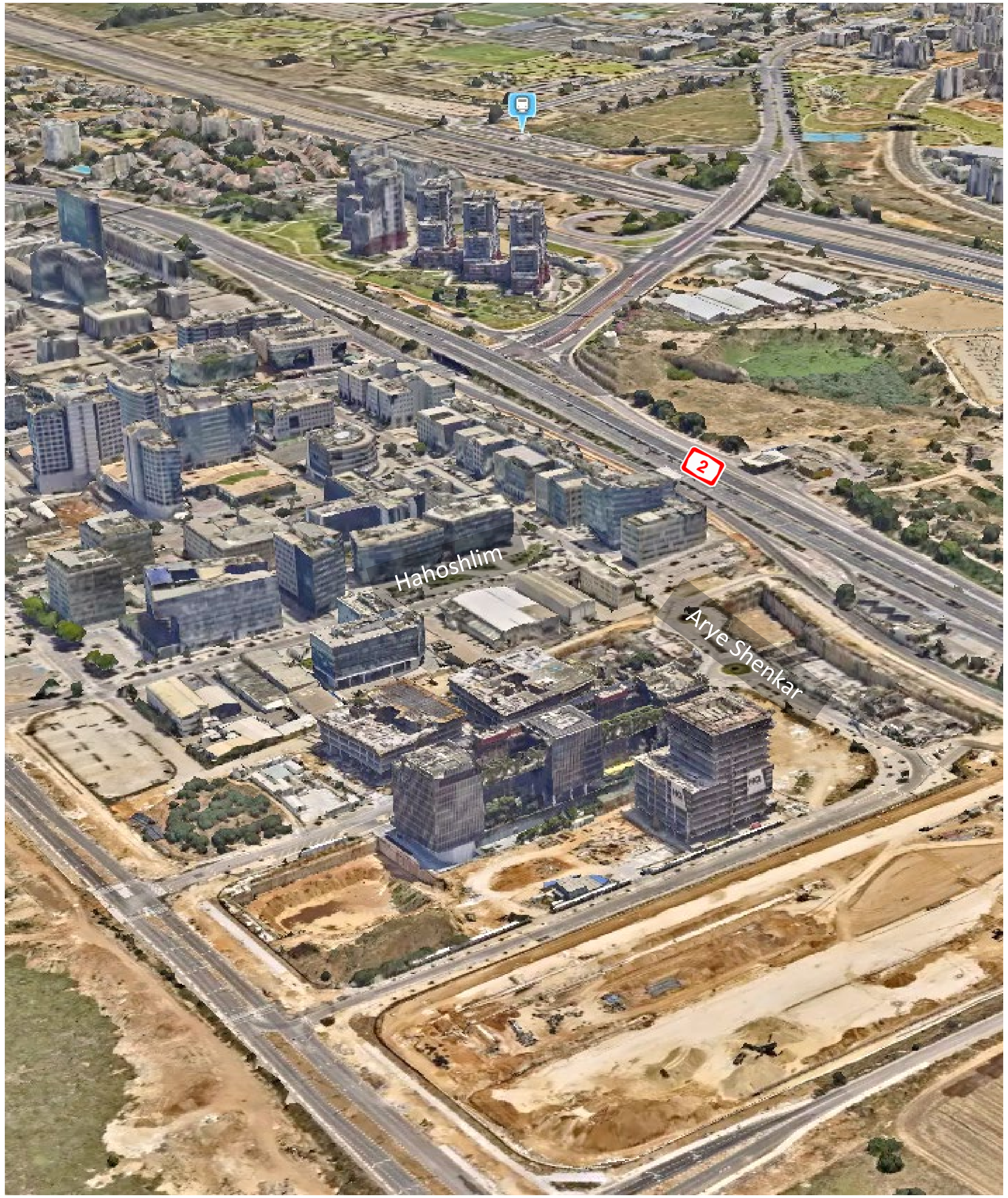
*Based on AS IS price levels

Herzliya

The Herzliya Pituach area is a central hub for international high-tech companies, with a high-quality work environment and good accessibility. The approval of the outline plan HR/2440 for the renewal of the Herzliya Pituach Industrial Area increases the building rights by adding ~ two million sqm for employment purposes, alongside ~ 300,000 sqm for retail and entertainment purposes and ~ 200,000 sqm for tourism. This plan will substantially change the character of this employment area – marking the necessary transition from low rise buildings to a dense area full of high-rise towers. In 2025, a certain trend of change in demand is evident. There have been cases of high-tech companies moving from Herzliya Pituach to alternative areas, including to Raanana, as part of a trend seeking to lower operating costs and achieve efficiency.

During 2025, certain new plans are in the process of development and submission that will add ~ 19,600 sqm in building rights for employment purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 7 large scale projects being promoted in Herzliya, in various stages of development (planning, permit and construction) comprising of ~ 400,000 sqm of office space and employment purposes, that are intended for occupation over the coming decade. Out of the office areas, ~ 125,000 sqm are already under construction, and ~ 275,000 sqm are in the development, permit and planning stages.



Herzliya Pituach Business Area

01 Herzliya Pituach –

This area is situated in the south western part of the city and is deemed to be its principal business center, the area extends 850 dunam and is built out alongside Route 2. The area enjoys good accessibility – the main entry point is via the Shira junction alongside the activity of the train station that is situated in close proximity; in the future, accessibility will substantially improve when the Green Line of the light railway will pass through the area.

The tenant mix in this area is characterized by a combination of new, built to suit campuses for leading high-tech companies, alongside older employment and commercial structures.

Significant projects under construction in this submarket:

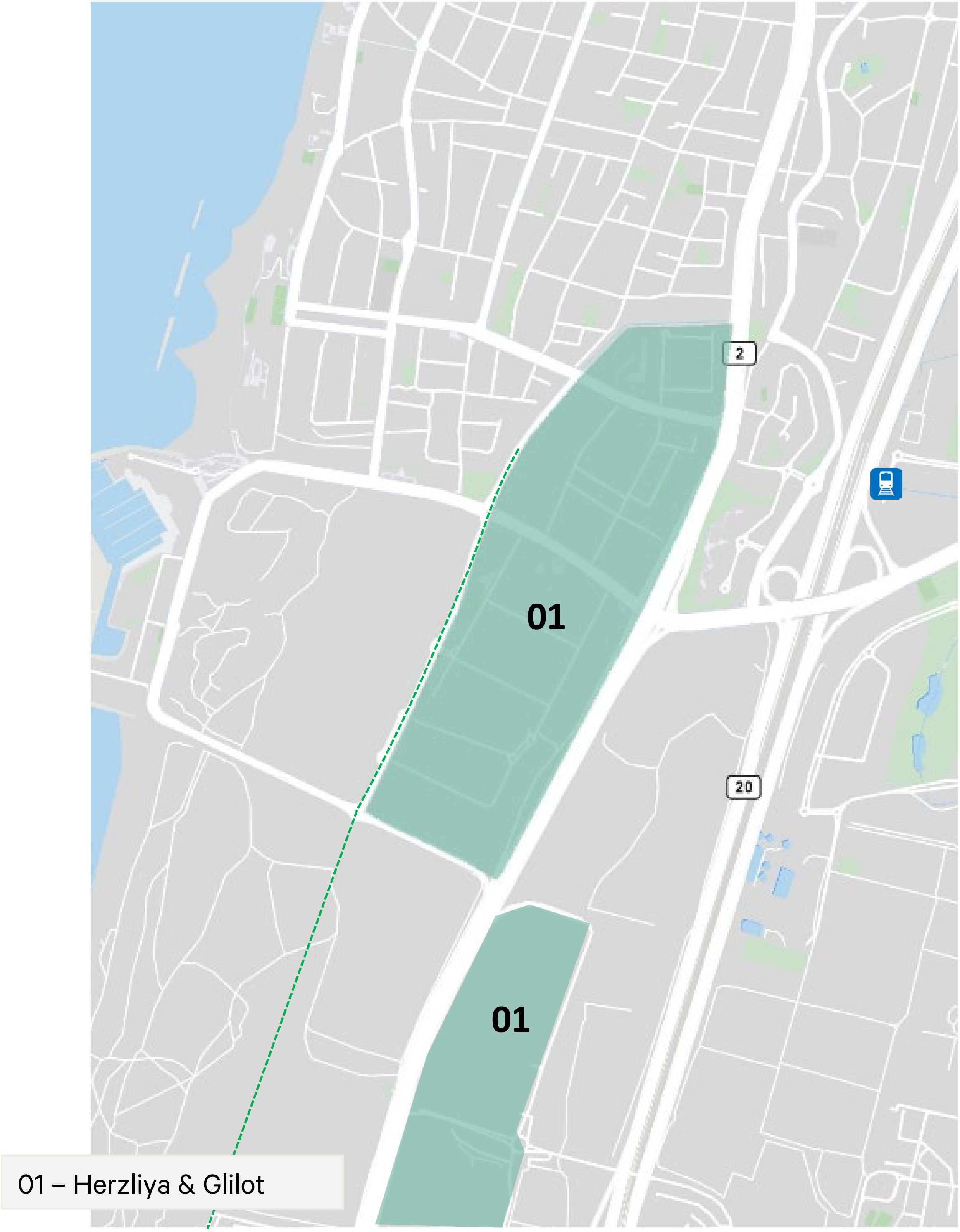
- **HQ Campus (Buildings 1+2):** ~ 50,000 Sqm of offices and retail by Tidhar, Acro Real Estate, Israel Canada, Shviro, and Naor Holdings
- **South Gate Project:** ~ 41,000 Sqm for offices and ~ 4,600 Sqm for retail by Prashkovsky
- **Allied Cities Project:** ~ 80,000 Sqm for offices and ~ 30,000 Sqm for retail by Allied and BIG
- **SolarEdge Campus:** ~ 35,000 Sqm by Azrieli Group
- **Mivne Building:** ~ 24,500 Sqm by Mivne Company
- **Alonei Yam Project:** ~ 70,000 Sqm in 3 towers by Blue Square
- **Maskit 25 Building:** ~ 10,000 Sqm for offices

Leading companies in the area:

- Microsoft
- AppsFlyer
- Accenture
- Apple
- Varonis
- GM

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

*Based on C&S price levels



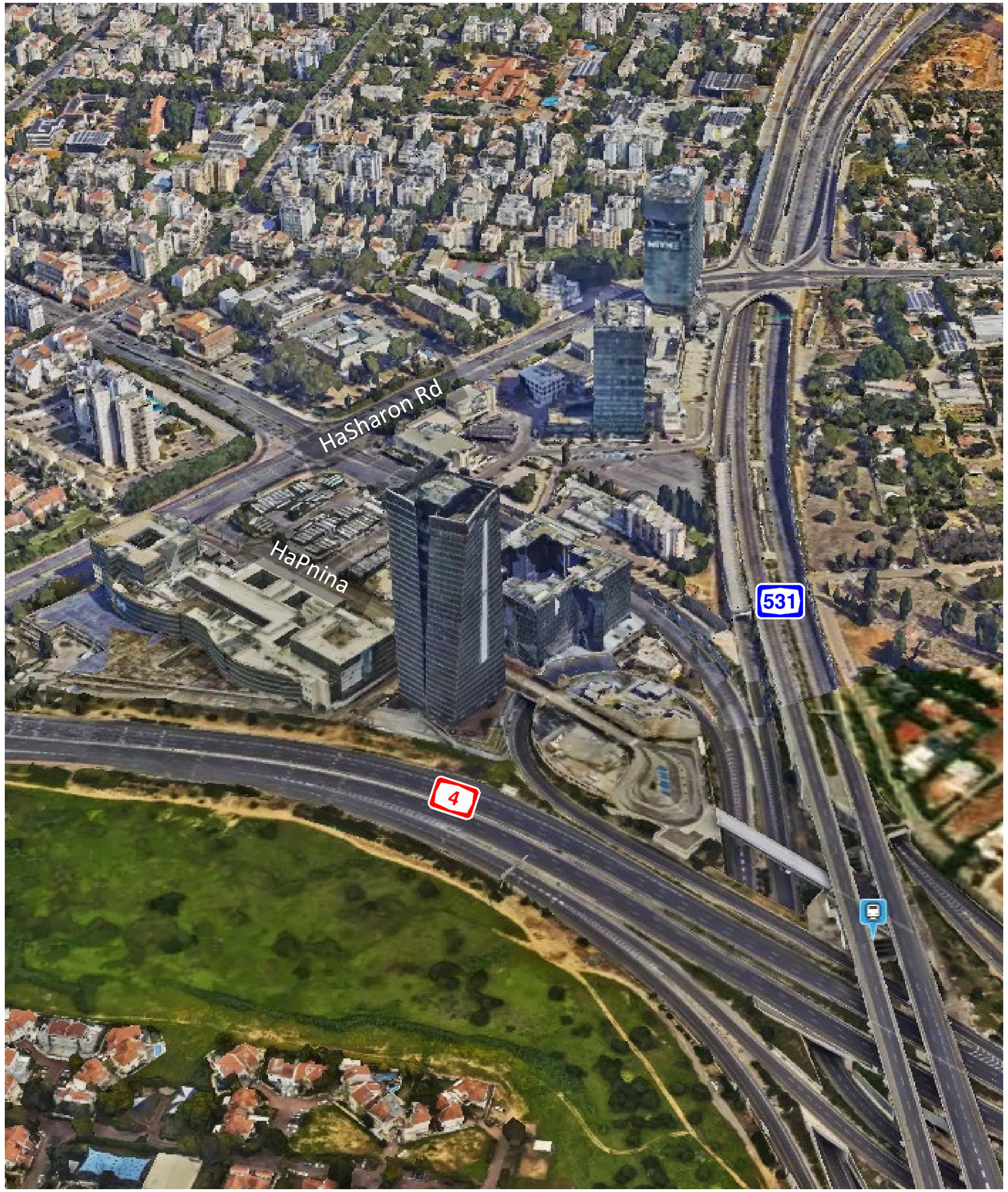
Ra’anana

The city of Ra’anana provides an alternative for high-tech companies that wish to locate their offices in the Sharon area. Route 531 and the railway stations have considerably improved accessibility to the city.

In 2025, Raanana continues to establish itself as an attractive alternative to other more expensive employment areas in the center of the country.

REIT 1 reported an improvement in the occupancy of office properties in the city and an increase of ~ 9% in revenues in 2025, information that indicates the strengthening of demand in this area. In addition, the move by companies from Herzliya to the Raanana area contributes to the strengthening of demand and improvement in occupancy levels.

During 2025, certain new plans are in the process of development and submission that will add ~ 1.8 million sqm in building rights for employment purposes.



Credit: Simplex

The Principal Business Areas in Ra’anana

01 Kiryat Etgarim –

Located in the north-east area of the city, extending 900 dunam. Kiryat Etgarim is the main business center of Ra’anana. Weizman Blvd provides the southern border, Keren Hayesod Blvd from the west and agricultural land from the north. At present, Kiryat Etgarim is principally accessed via the Kfar Saba-Ra’anana North junction. Accessibility is expected to improve with the opening of an additional entrance when the construction of the Ra'anana North bypass road is completed. In the more distant future, the area will also be served by the M1 metro (that is expected to pass through the area).

The area is in a continuous development momentum and presents a tenant mix that combines built to suit office complexes for high-tech companies, older office buildings alongside traditional industry. However, the occupancy rates in the area are relatively low, the trend illustrated in new lease agreements reflecting a decrease in rental prices of between 5% and 10%.

Leading companies in the area:

- Nvidia
- Eli Lilly
- NICE
- Amdocs
- Elbit
- SAP

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 55	70%

*Based on C&S price levels

02 South Ra’anana Junction –

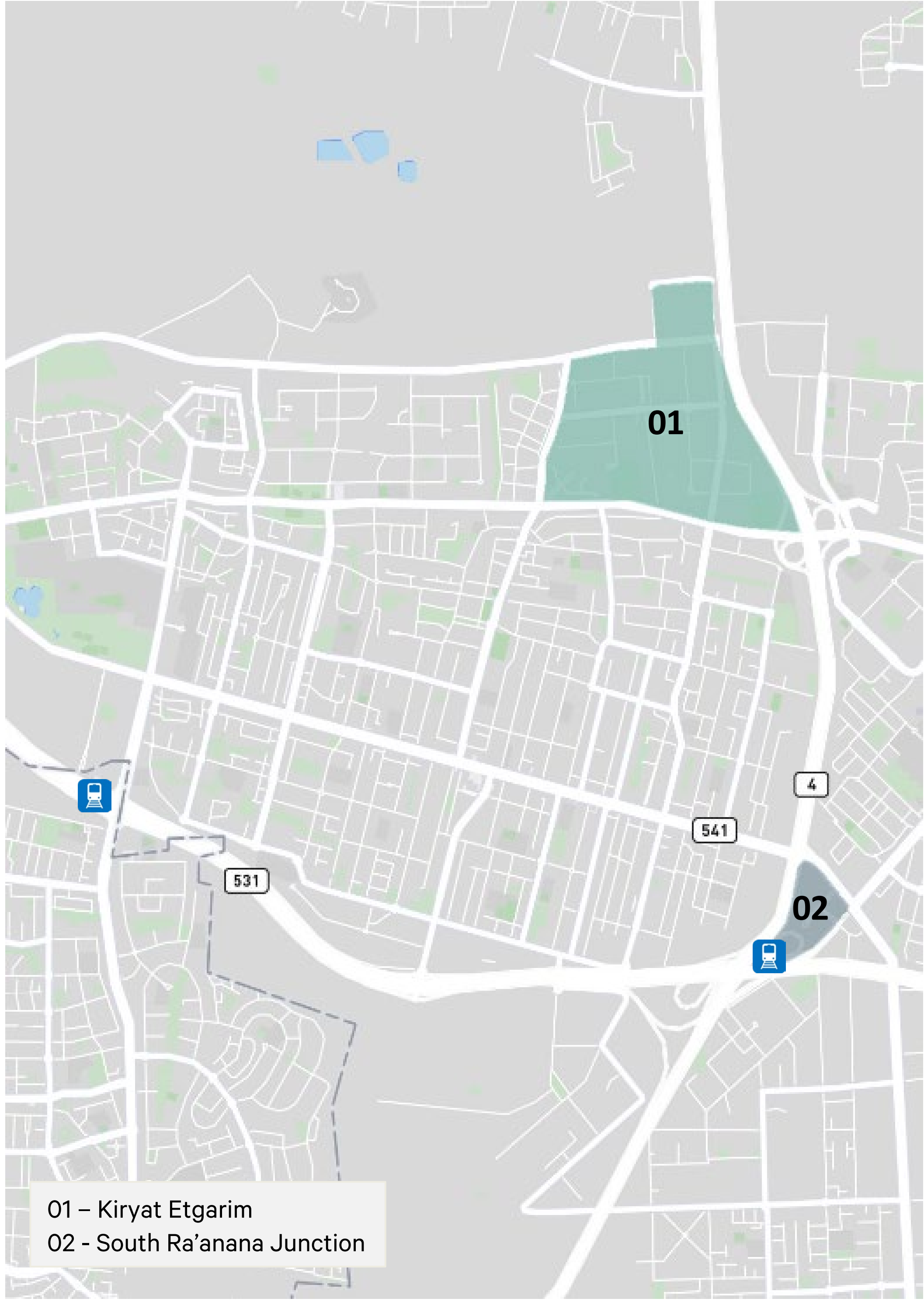
The industrial area located by South Ra’anana Junction adjacent to the city of Kfar Saba. This area is characterized by a large concentration of pharmaceutical companies and leading high-tech companies. The tenant mix in this area combine modern and new office towers alongside older structures, mostly rented to technological, scientific and medical companies.

Leading companies in the area:

- Zoom Info
- Red Hat
- Deloitte
- Abra
- Philips

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 60	80%

*Based on C&S price levels



Bnei Brak

Bnei Brak was previously known for the multiple "Syndicate Group" projects located in the city; however, in recent years the city has changed its character, and many new towers have been built now with a higher standard of finishings. These towers are often developed by financial institutions thus permitting, with greater ease, the lease of large floor plates to anchor tenants. The commencement of operations of the Red Line of the light railway along the Jabotinsky axis has assisted in strengthening the complex.

The 'LYFE' Project developed by 'Ashtrom' and 'Dan Real Estate' populated the first two towers and the third tower of the project is set to be built. Two towers of the 'Hachsharat HaYishuv' complex and 'BBC Tower' are in advanced stages of population. The BBC area in Bnei Brak continues to develop as an alternative to Tel Aviv, with the construction of new office towers with a high level of finish. In 2025, a large-scale plan was submitted for the development of northern Bnei Brak, including ~ 2 million Sq m of employment and commerce alongside a new train station, a move expected to significantly increase the supply of offices in this area.

According to reports filed by publicly traded companies, as of this date, there are ~ 2 large scale projects being promoted in Bnei Brak, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 87,000 sqm for office space and employment purposes.

The Principal Employment Area in Bnei Brak

01 BBC area –

The BBC area is the principal and sole business center of Bnei Brak, located in the northwest area of the city, forming a boundary along 3 cities – Bnei Brak, Ramat Gan and Tel Aviv. The BBC area extends for ~ 900 dunam. The area is bound by Jabotinsky axis to the south, Sheshet Hayamim Way and Aba Hillel northwards and Ben Gurion Way from the west.

This employment area is characterized by new and modern office buildings and enjoys good accessibility, due to its immediate proximity to the "Bnei Brak" train station and the route of the light railway Red Line. The tenant mix in this area is mostly based on business companies and organizations, while most of the space is leased to professional freelancers.

<u>Significant projects under construction in this submarket:</u>

- **LYFE Project Towers C+D:** ~ 86,000 Sqm for offices and ~ 2,000 Sqm for retail, a joint project by Ashtrom Properties and Dan Real Estate

Adjacent to the BBC district, the Lehi district is developing, where additional office towers are expected to be built, including:

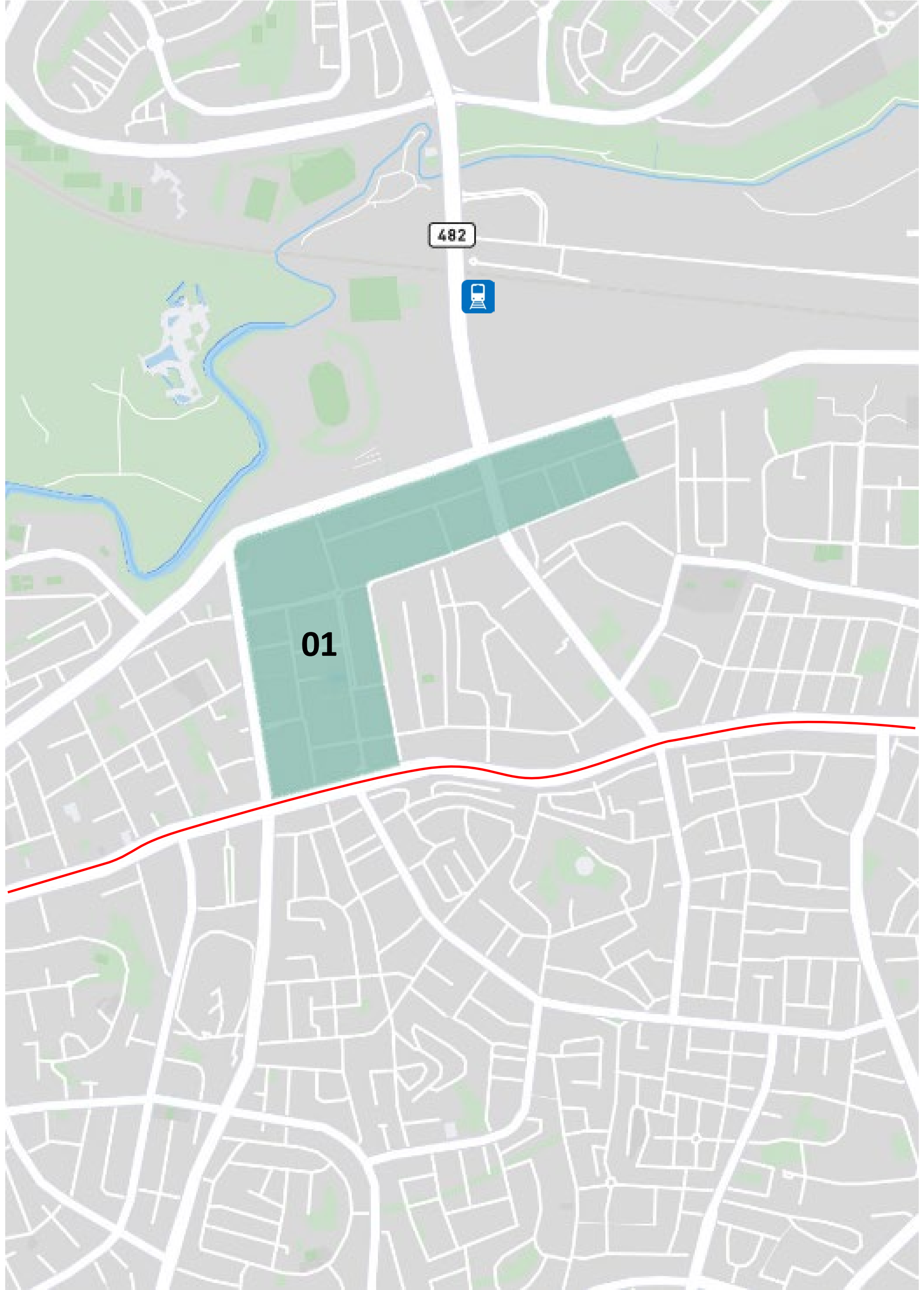
- **Project by 'Sufrin' company:** ~ 80,000 Sqm for offices
- **Project by 'Amot' company:** ~ 50,000 Sqm for offices

<u>**Leading companies in the area:**</u>

- Rooms by Fattal
- Isracard
- Max
- Phoenix Gama
- eToro
- Visa Cal
- Meitav

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

*Based on C&S price levels



Holon

Over the last few years, the Holon employment area has become a significant focus for business activities. Due to the new transportation arteries – connecting of Route 4 inter-junctions and routes of the Green Line of the light railway – this area has gained momentum and has been transformed from an industrial zone to an area full of office buildings. Large-scale supply has affected the rate of occupancy of the new projects. Similar to other areas in the metropolis, here too there are gaps between new properties and their actual occupancy, with some projects dealing with excess supply in the short term.

During 2025, new specific plans are in the planning and submission process, adding building rights to an extent of ~ 143,300 Sq m for employment purposes and ~ 13,400 Sq m for commercial purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 4 large scale projects being promoted in Holon, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 250,000 sqm for office space and employment purposes and ~ 17,000 sqm for logistic and industrial purposes.

Out of the office areas, ~ 18,000 sqm are already under construction, and ~ 252,000 sqm are in the development, permit and planning stages.

Credit: Simplex

The Principal Employment Areas in Holon

01 Holon Business Area –

This employment area, is located in the eastern side of Holon and extends for ~ 700 dunam, it is, in fact, the only modern employment area in Holon. The area enjoys good accessibility due to its proximity to Route 4 and Jerusalem Blvd., with the principal entry point being via the East Holon junction. In the future, accessibility is expected to substantially improve when the Green Line of the light railway will pass through the area.

Over the last few years, the area saw a massive development and construction boom, during which new projects were promoted and established by leading companies such as – Amot, Azrieli, Mivne and Gav Yam, comprising in total of ~ 400,000 sqm, these buildings are today experiencing a slower than expected rate of occupancy due to the large supply in the market.

The tenant mix in the modern complex is characterized principally by professional freelancers and financial bodies, alongside the industrial areas in the city - A and B, which are characterized as traditional industrial and labor areas.

<u>Significant projects under construction in this submarket:</u>

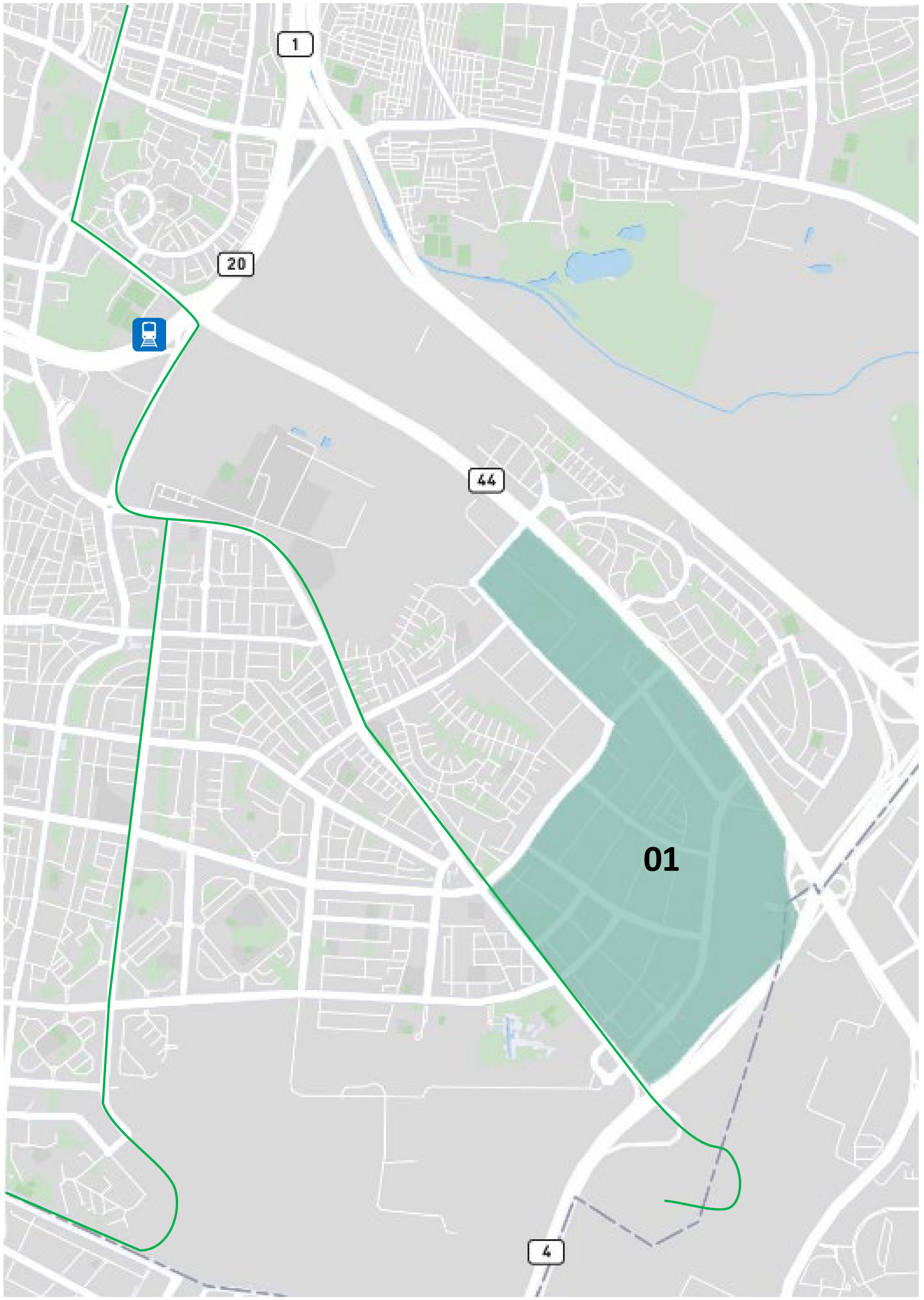
- **Azrieli Holon 3 Project:** ~ 250,000 Sqm for offices and retail
- **Gav-Yam 3 Project:** ~ 22,000 Sqm for offices

<u>Leading companies in the area:</u>

- Sapiens
- Bezeq
- Halman-Aldubi Group
- Amidar
- NTA
- DealHub
- Oron Holdings and Investments Ltd

*Avg. rental fees (sqm\Office)	Avg. occupancy rate
ILS 45	70%

*Based on C&S price levels



Ness Tziona & Rehovot

The Science Park, jointly located in the Ness Ziona and Rehovot locales has become a hub for technological companies in the Coastal Plain area, partly due to its proximity to the Weizman Institute of Science in Rehovot, which is a focal point for research and development in the fields of science and technology. Both cities are easily accessible by private and public transportation, including proximity to national roadways via Road 431.

During 2025, Ness Ziona and Rehovot approved certain new plans that add ~ 9.6 million sqm of building rights for employment purposes and ~ 6.5 million sqm for commercial purposes. Certain new plans are in the process of planning and submission that will add ~ 21,700 sqm in building rights for employment purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 5 large scale projects, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 114,000 sqm for office space and employment purposes and ~ 26,000 sqm for commercial purposes.

Out of the office areas, ~ 86,000 sqm are already under construction, and ~ 54,000 sqm are in the development, permit and planning stages.

Credit: Simplex

The Central Employment Area of Rehovot/Ness Ziona

01 Science Park (Tamar Park) –

The business and technology park - "Tamar Park", which is located jointly in Rehovot and Ness Ziona, may be found on the border between the north part of Rehovot and the southern part of Ness Ziona, is in continuous development.

The park enjoys good access to transportation due to its proximity to the Rehovot train station and in the future, accessibility is expected to substantially improve to the entire Dan Region, with the establishment of a metro station of M1 metro line.

The mix of tenants in the area is characterized by dedicated office complexes for high-tech companies and advanced laboratories, alongside modern office buildings and extensive commercial spaces, which house a wide range of large international technology companies alongside small startups companies.

Significant projects under construction in this submarket:

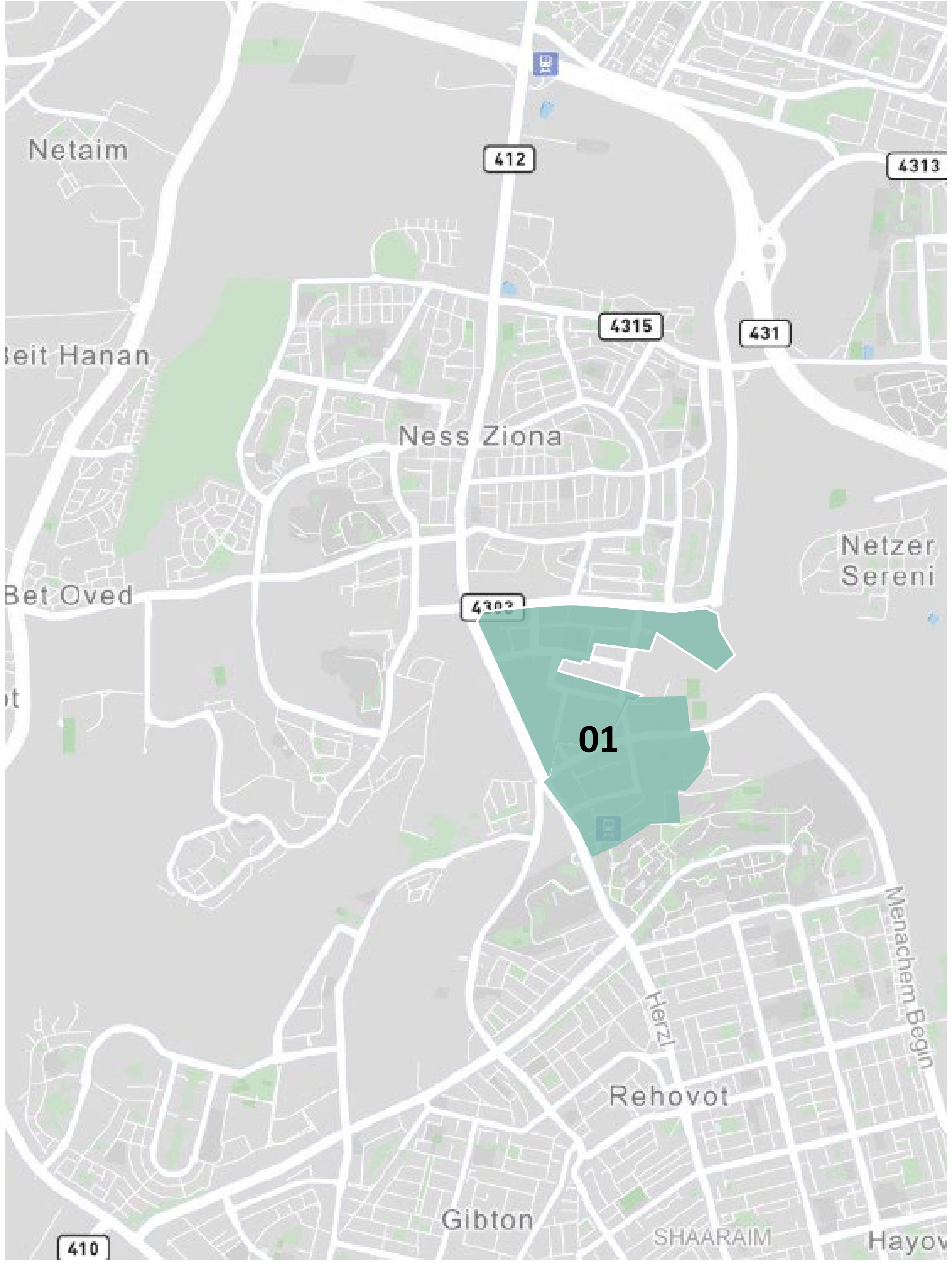
- **Vitania Stages A-C:** ~ 105,000 Sqm of offices
- **Sha'ar HaMada Park (Stage B):** ~ 31,000 Sqm by Isras company
- **Gav-Yam Rehovot Park 5:** ~ 17,000 Sqm
- **Africa Israel:** ~ 34,000 Sqm of offices and retail

Leading companies in the area:

- Applied Materials
- Elbit
- Electra
- Stratasys
- HP
- LDP
- Nova Measuring Instruments
- Landa Corporation Ltd
- Johnson & Johnson

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

*Based on C&S price levels



Jerusalem

Jerusalem, the capital of Israel, is the most highly populated city in Israel, with a variety of industrial areas, employment zones and advanced high-tech parks. Jerusalem continues to develop significant employment areas, notably the city's entrance district.

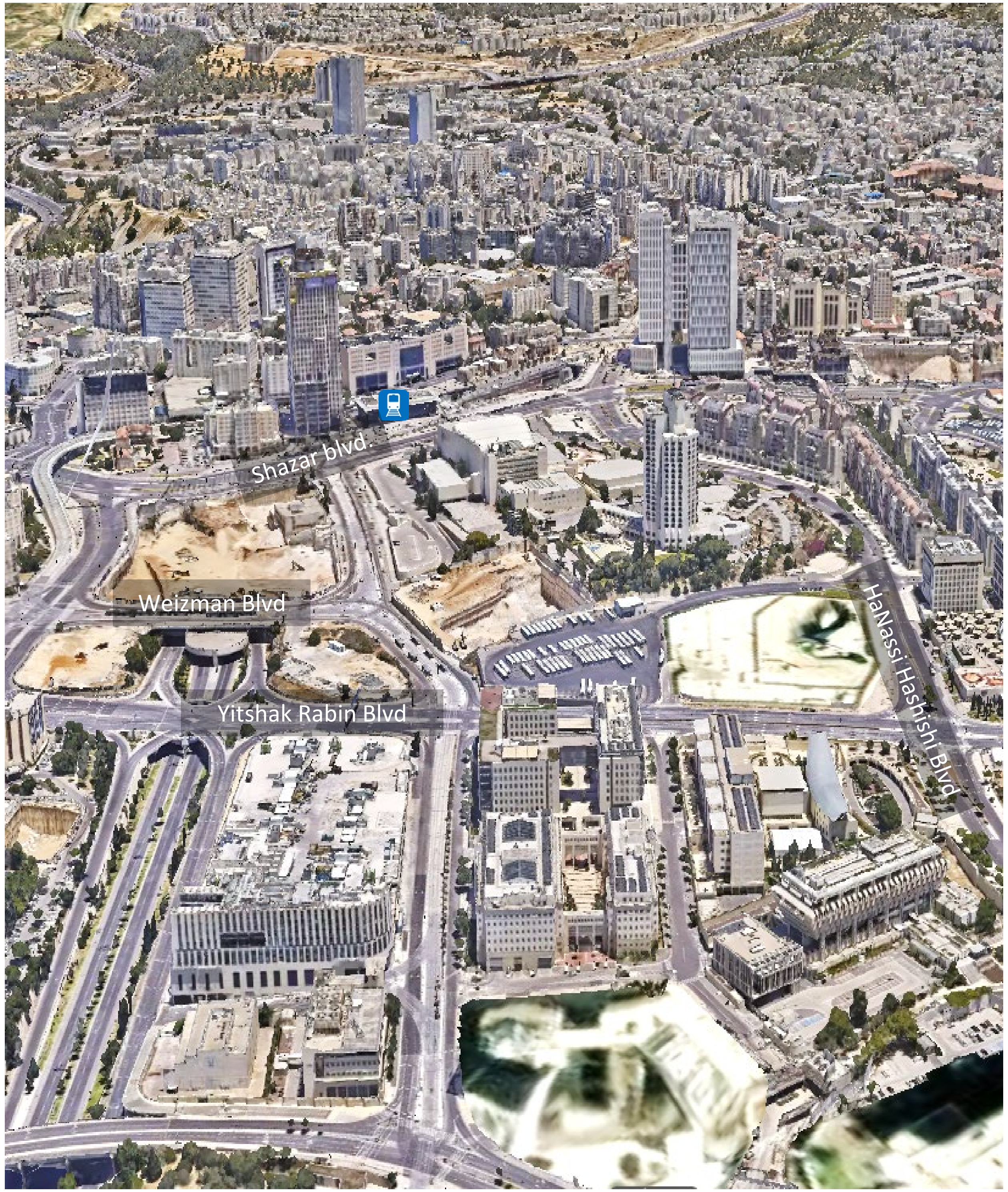
A transaction was recorded in which the Colmobil Group purchased an office complex in the city for ~ ILS 140 million, for its own use, which indicates stable demand from end users. In addition, companies and government entities continue to be primary anchor tenants in the city, alongside the development of new employment areas.

The new district at the entrance to the city includes construction of over one million square meters, of which ~ 500,000 Sq m will be for employment purposes. As part of this development, a 40-story Merom Tower comprising of ~ 80,000 Sq m for employment and commerce purposes, is being built, the first of ~ 20 towers planned in the district, located near the Yitzhak Navon train station and three light rail lines. Alongside this, plans are being advanced for the Justice Tower, which will include 40 floors comprising of ~ 58,000 Sq m for government offices and public administration, as well as for the Post Office building complex, which includes ~ 40,000 Sq m for employment and commerce on 40 floors, alongside ~ 200 residential units.

During 2025, Jerusalem approved certain new plans that add ~ 207.7 K sqm of building rights for employment purposes and ~ 91.3 K sqm for commercial purposes. Certain[DS2.1] new plans are in the process of planning and submission that will add ~ 12.3 K sqm in building rights for commercial purposes.

According to reports filed by publicly traded companies, as of this date, there are ~ 19 large scale projects being promoted in Jerusalem, in various stages of development (planning, permit and construction) that are intended to be delivered into the market over the next decade, comprising of ~ 378 K sqm for office space and employment purposes and ~ 94 K sqm for commercial purposes.

Out of the office areas, ~ 263 K sqm are already under construction, and ~ 243,000 sqm are in the development, permit and planning stages.



Credit: Simplex

The Principal Employment Areas in Jerusalem

01 Har Hotzvim –

The industrial area of Har Hotzvim is located in the north eastern part of Jerusalem extending over ~ 530 dunam, it is presently deemed to be principal business area of the city. The area enjoys good transportation accessibility due to its unique location - with the Golda Meir Interchange bordering it to the southeast, Menachem Begin Road to the northwest, and close by, direct access to Route 1.

In the future, accessibility is expected to improve significantly when the Blue Line of the light rail will pass through the area.

The mix of tenants in this submarket is characterized by old office buildings and structures, mostly leased to high-tech and technology companies, government institutions, professional freelancers, and advanced manufacturing facilities.

Significant projects under construction in this submarket:

- **Vitania Project:** ~ 55,000 Sqm for offices

Leading companies in the area:

- Mobileye
- Siemens
- NDS
- Matrix
- Intel
- Beck-Tech

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

*Based on AS IS price levels

02 Givat Shaul –

The Givat Shaul employment area is located in the west of Jerusalem and is characterized by a combination of traditional industrial facilities and various government offices, alongside substantial new builds due to the recent construction boom.

In the future, accessibility is expected to significantly improve with the operation of the Green Line of the light railway, for which infrastructure works are currently under way. The Green Line will serve this area and connect it directly with the city center. The tenant mix is varied, mostly including professional freelancers, manufacturing plants located alongside government offices and institutions.

Significant projects under construction in this submarket:

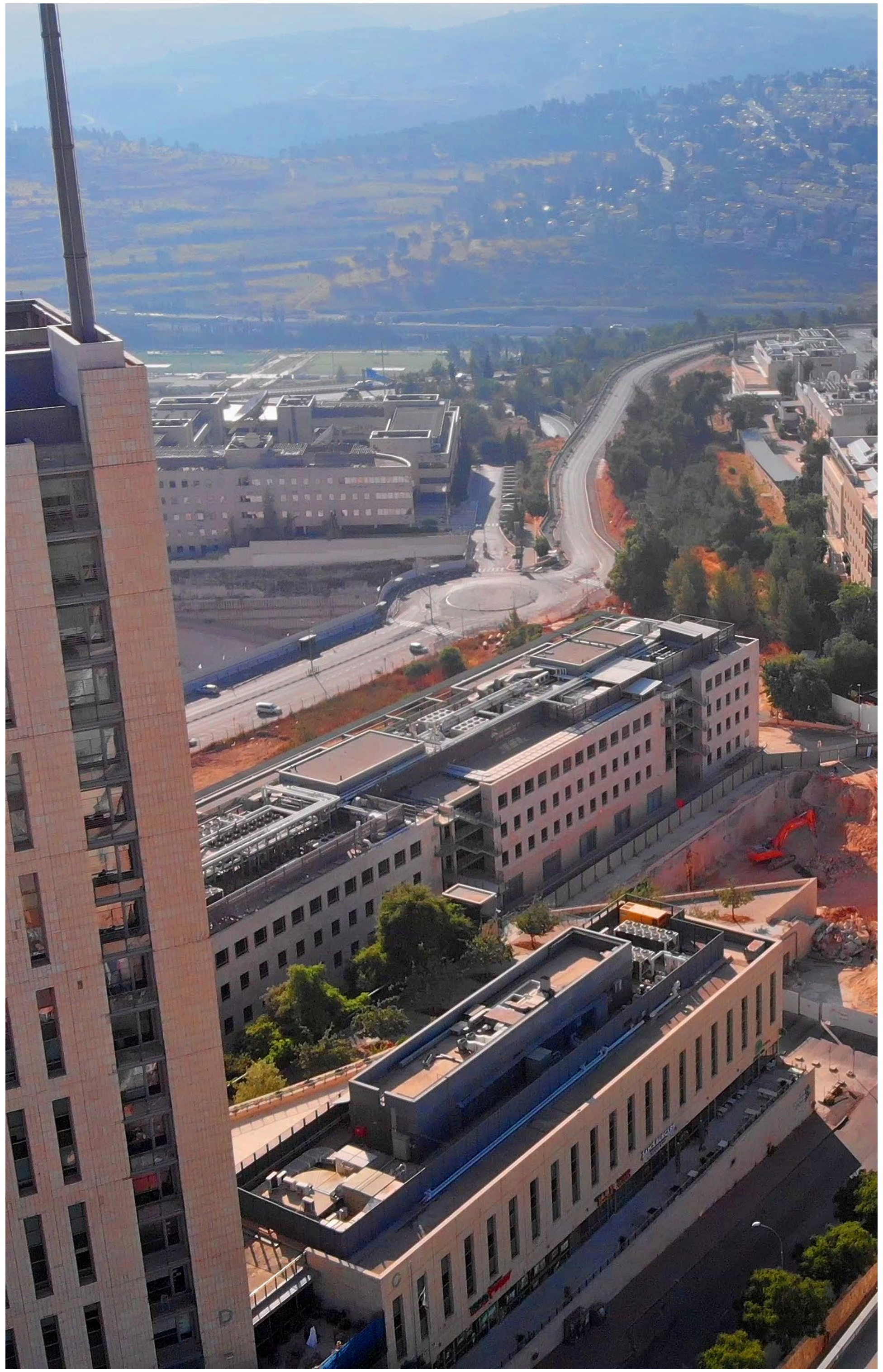
- **‘Atid’ Towers:** ~ 85,000 Sqm by Sufrin company for offices and ~ 15,000 Sqm for retail
- **2 projects by Mivne company:** Givat Shaul and Kanfei Nesharim, ~ 26,000 Sqm for offices

Leading companies in the area:

- Barlev Development
- Registrar of Inheritance Affairs
- Ministry of Finance

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

*Based on AS IS price levels



03 City Entrance District –

The City Entrance district is in the initial establishment stage, located adjacent to the Chords Bridge and the Yitzhak Navon train station. This district is expected to be a leading area that will compete with Har Hotzvim industrial area for the title of the central business location of Jerusalem. The future mixed usage of the district will include modern employment, commerce, residential and hotel areas, on a significant scale.

The current mix of tenants in the surrounding area is currently characterized by old office buildings, mostly leased to high-tech companies, government institutions, professional freelancers and manufacturing plants.

Principal Projects under Construction in this Submarket:

- **The Capital:** ~ 48,000 Sqm for offices and retail. One of the buildings is almost completed and development works have begun
- **Jerusalem City Gate:** ~ 104,000 Sqm above-ground, by BSR and JTLV (two 40 floors towers alongside two low buildings)
- **Marom Tower:** ~ 80,000 Sqm, 40 floors high, project under construction

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

*Based on C&S price levels

04 Talpiot –

Located in southeast part of Jerusalem, this area has undergone a significant change over the years, with the traditional industrial areas that characterized it in the past, being mostly converted into bustling commercial areas and modern offices.

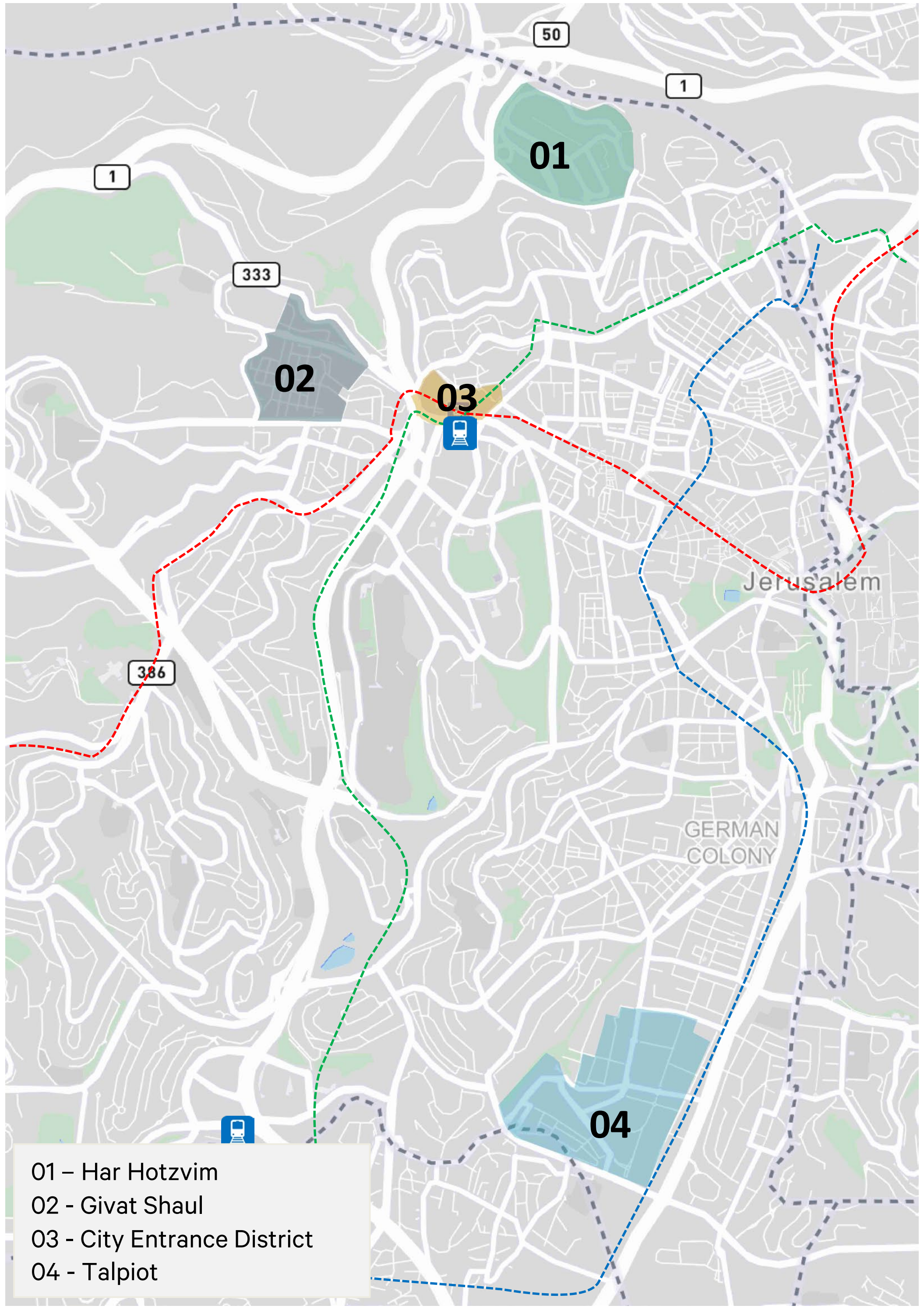
As a result of this process, the current tenant mix in the area is based mainly on professional freelancers, alongside diverse retail and commercial businesses.

Principal Projects under Construction in this Submarket:

- **Belilius Center Eastern and Western Compound:** ~ 54,000 Sqm for retail and offices
- **HaPardes Compound:** mixed-use compound, a 30 floors tower including 114 housing units, and ~ 35,000 Sqm for retail, employment, special housing, and public uses
- **HaTnupha Compound (Sufrin):** ~ 50,000 Sqm for retail and offices

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

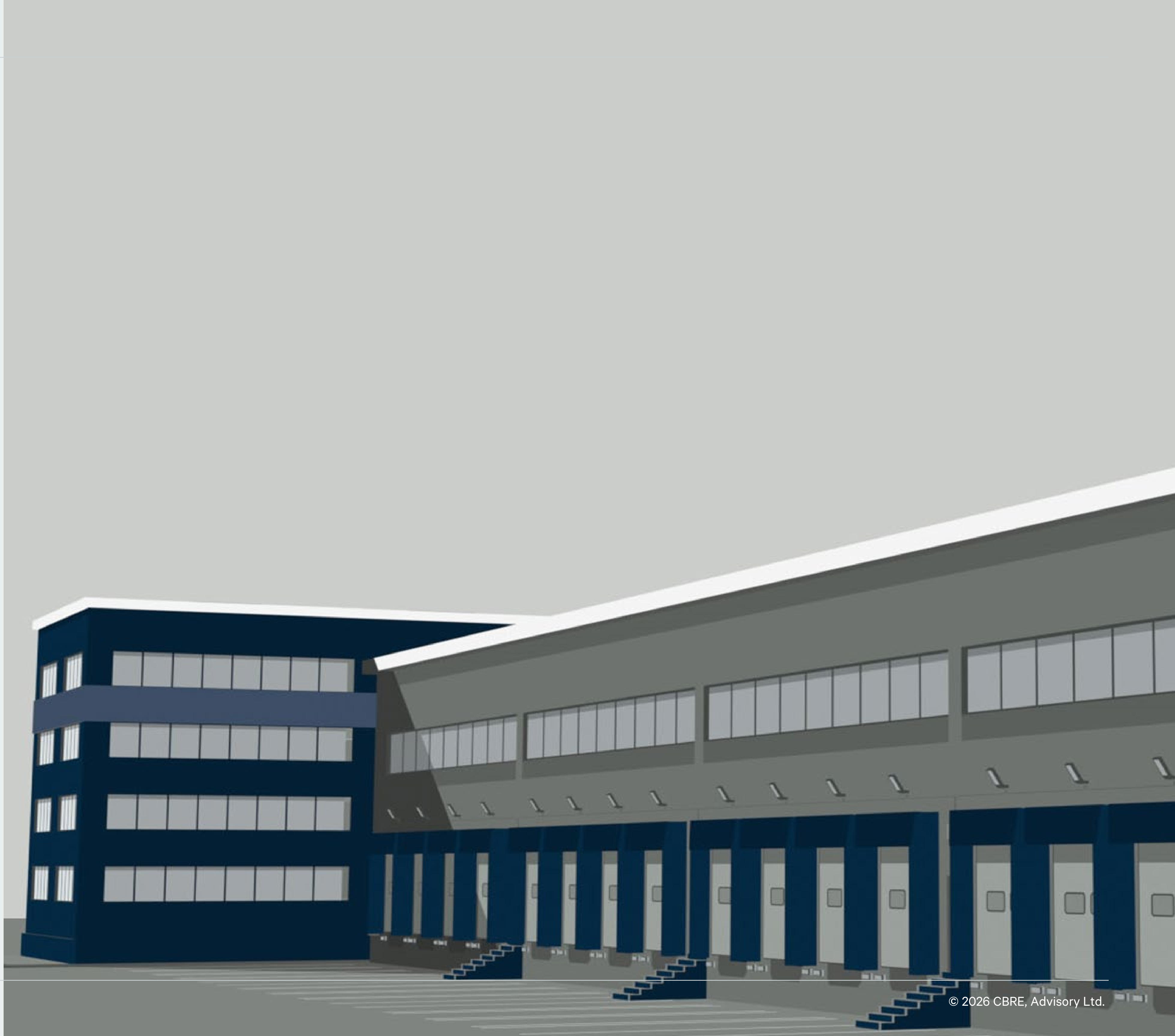
*Based on AS IS price levels



07

Overview of The Commercial Real Estate Market in Israel

Storage And Logistics Market



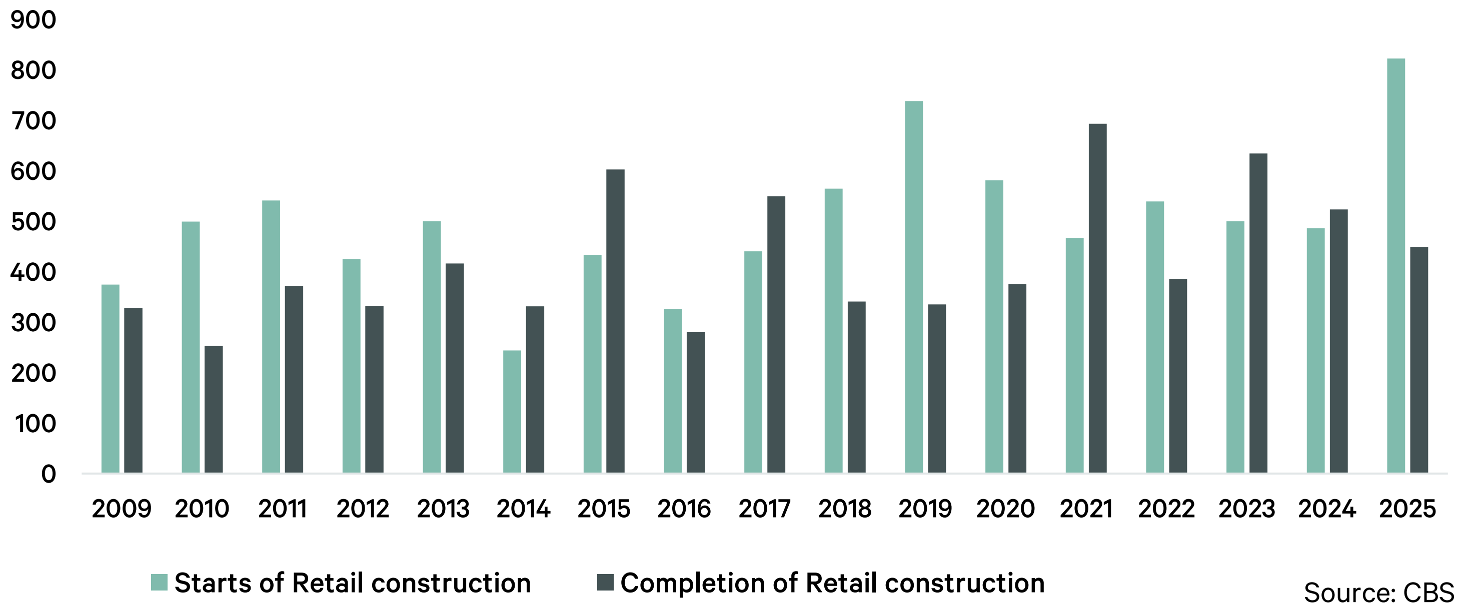
Storage And Logistics Market

An area of ~ four 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.

Amongst the main trends leading this growth are the following:

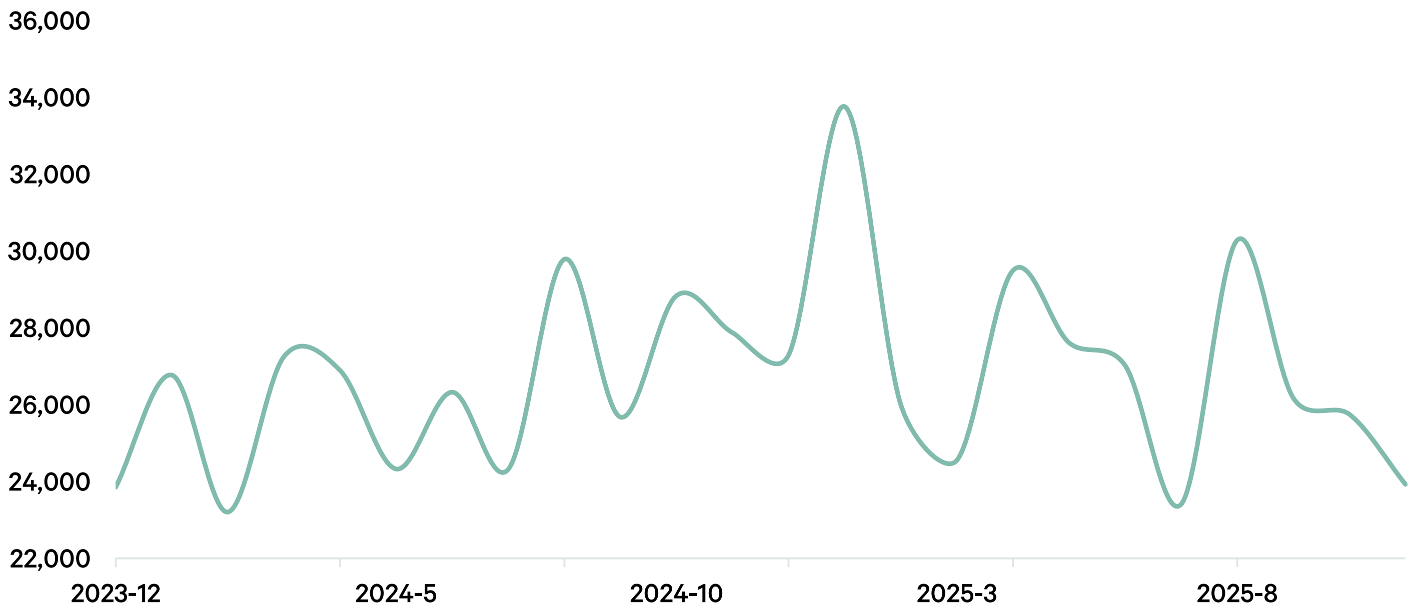
- **Reduction in Construction Starts and Completions:** There was a reduction in construction starts for storage purposes in 2025 compared to the peaks recorded in 2022 through 2023, alongside a decline in the volume of construction completions. This trend may indicate a certain slowdown in the rate of expansion of the supply of logistics space.
- **Increase in Demand for Goods Following Population Growth:** The population in Israel grew by an annual average of ~ 2%. Based upon the forecast of the Central Bureau of Statistics, the population in Israel is expect to reach ~ twenty million residents by the year 2065. The pace of the growth of the population dictates the pace of increase of consumption, which in turn effects the growth and development of the manufacturing and import businesses, and consequently – on the demand for logistical space in Israel.
- **Port Development and Expansion:** Following the increase in imports of goods to Israel and exports from Israel, a process began for the development of new ports and expansion of existing ports, to provide solutions for all the goods exported from Israel and those imported into Israel.
- **Increase in Online Shopping:** Consumer trends both in Israel and worldwide show a move to online purchasing. The rate of online purchases out of total made consumption is especially high among the age group of between 16-24, a figure indicating that the future trend is expected to continue and strengthen.
- **Move to Third Party Mechanized Storage Facilities:** Many companies in the market have moved to automated storage facilities which are located in efficient and effective locations. In parallel, many companies are outsourcing their logistical needs across the entire value chain to entities that specialize in the establishment of centers for multiple tenants.
- **Growth in the Volume of Imports:** Between 2020 and 2025, the volume of goods imported into the country grew by over 40%, with imports reaching ~ ILS 324 billion in 2025, a figure that represents an increase of ~ 2% compared to 2024.
- Part of the growth in imports can be attributed to expanding access to international trade routes through the development of new and existing ports, alongside the observed increase in domestic consumption as well as reforms to expand customs exemptions, such as the "What's good for Europe is good for Israel" reform.

Figure 20: Logistics and Warehousing Building Starts and Completions Nationwide, 2009–2025 (Thousand Sqm)



Source: CBS

Figure 21: Goods Imports to Israel, 2017–2025 (ILS Million)



The Demand for Storage and Logistical Space is based upon Several Fundamental Location Factors:

- Good transportation accessibility to main arteries
- Closeness to the ports
- Proximity to manufacturing centers
- Closeness to consumption centers and potential customers
- Attractive land value
- Closeness to potential workforce that will operate the logistical centers
- Conveyance adjacent to the railway – thus embodying a significant advantage in land transportation costs

Most Logistical Centers are Operated in One of the Following Three Principal Models:

- Self Development and Operation:
  Large companies that purchase land and operate their own logistical centers. This model is enabled due to the companies' financial capacity. 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.

Main Storage Configurations in the Market Include:

- Standard storage height of 12 m: the most common storage structure in Israel, low cost to build. This building structure 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, low operating costs and minimal workforce requirements. On the other hand, high start-up cost and expertise is required.

*TPL–Third party logistics

The Current Situation Of The Logistics' Market

The logistics industry in Israel remains stable also in 2025, as seen by the following trends:

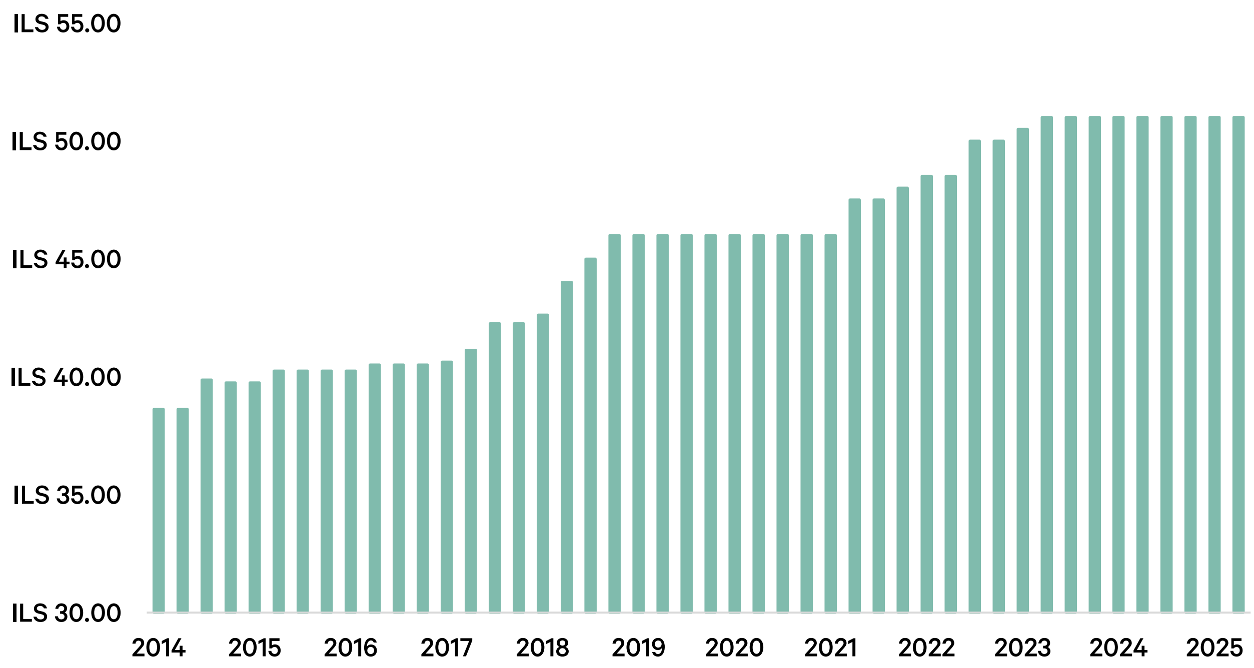
Land Prices and Rental Amounts: land prices in the areas of high demand - those found along Route 6, surrounding the Israeli ports and alongside wide main highways – remain high, however, the upward trend of recent years has halted. In parallel, rents for built-up logistics buildings and open storage space remained stable.

Activities of the Ports: the activities of the new sea ports, Haifa Bay and the Southern Port of Ashdod continue to contribute to increasing container capacity of the economy. The ports are expected to double their capacity from 3 million TEU to 6 million TEU, thus leading to an anticipated annual import increase of between 3-4%.

Involvement of Institutional Entities: The entry of financial institutions into this market continues, especially evident among the insurance companies, who partner with developers.

Technological Solutions and Construction Height: Due to scarce availability of land and structures, we note technological developments in the distribution center industry. These solutions seek to maximize storage area by increasing the height of storage space over and above the standard 12 meters through the utilization of automatic mechanization processes that can reach up to a height of 40 meters.

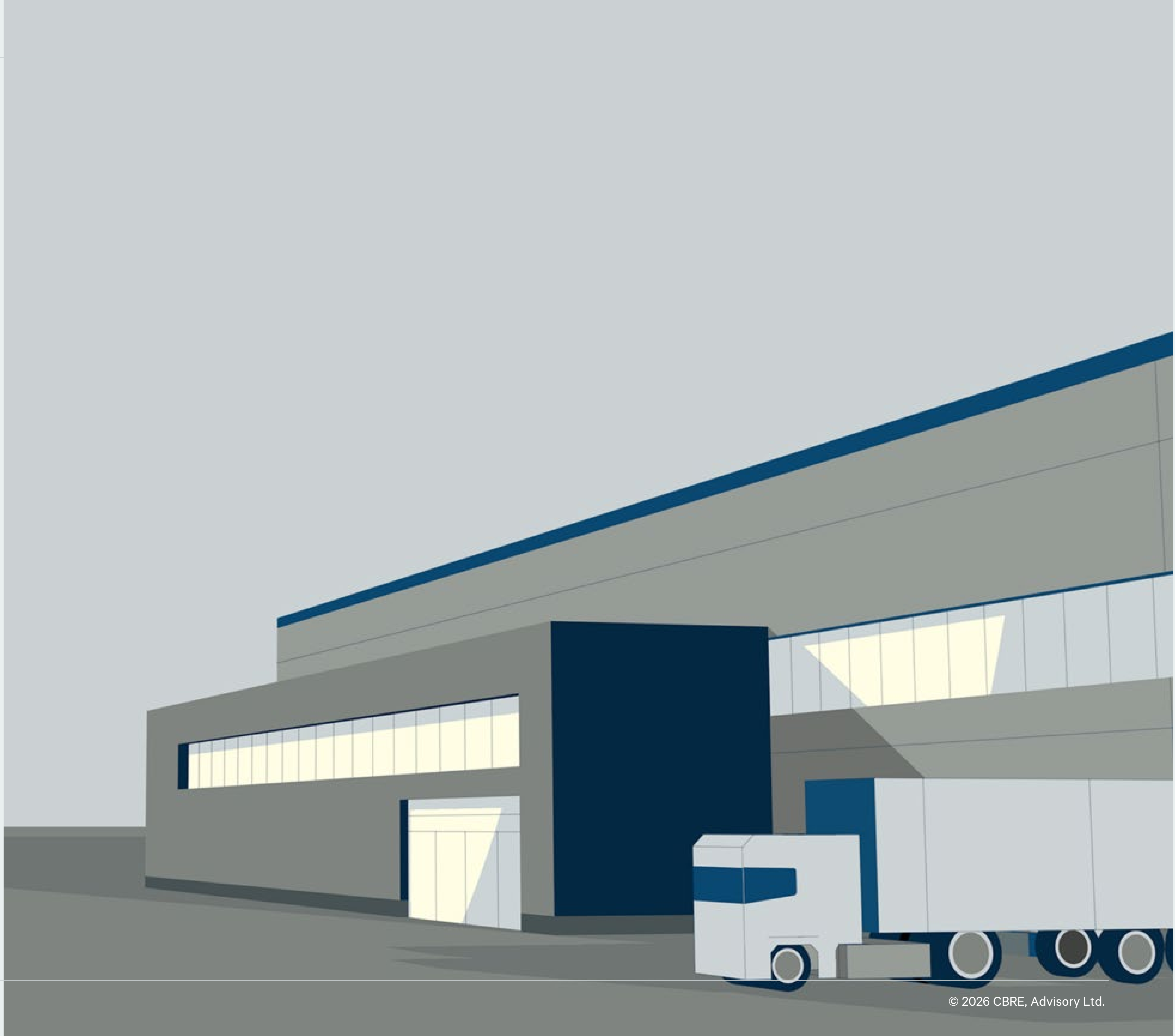
Figure 22: Average logistics rental rates in Israel 2014–2025 (ILS /Sqm)



08

Regional Overview – Logistics

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



Regional Overview - Logistics

01 Ashdod

The proximity to the two Ashdod ports constitutes the principal pulling factor for the storage and logistics' activities in the Ashdod area. We note a scarcity of transactions in 2025, alongside the continuing development and growth of the new port, which however, is still experiencing a partial scope of container movement and a low level of activity as compared to that which had been expected. Recently, to the rear of the port, "Anilog" (the largest automated logistics center in Israel) has been built by the companies Ewave and Aspen, at an estimated investment of over one billion ILS. As a result of this, the area is characterized by a mix of tenants that mainly include logistics companies operating in the port, bonded warehouses and open container storage areas.

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)
ILS 55	ILS 7.5 million

*New Class A logistics centers

02 Modiin / Shoham

The proximity of this site to Route 6, the Ben Gurion International Airport and its central location between the central Dan Region, Jerusalem, North and South of Israel – constitutes the principal attraction of many companies to this area. This area is characterized by companies operating independent central logistic facilities for their national 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)
ILS 55	ILS 6.5 million

*New Class A logistics centers

03 Caesarea

The industrial area of Caesarea is characterized by joint ventures with the Caesarea Assets Corporation; the tenant mix is varied, including industrial companies, manufacturing facilities alongside companies involved in import, distribution and retail.

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)
ILS 45	ILS 4 million

*New Class A logistics centers

04 Haifa

The proximity to the two ports in Haifa and the Haifa airport constitutes the principal pulling factor for the storage and logistical activities in this area. Alongside a scarcity of transactions during 2025, the activities of the new port continue to develop (even though it is still operating at a partial capacity and at lower activity rates than expected), the area is characterized by tenants including mostly logistical companies that are active in the port, bond warehouses (bonded), open storage of containers and chemical companies.

Leading companies in the area:

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

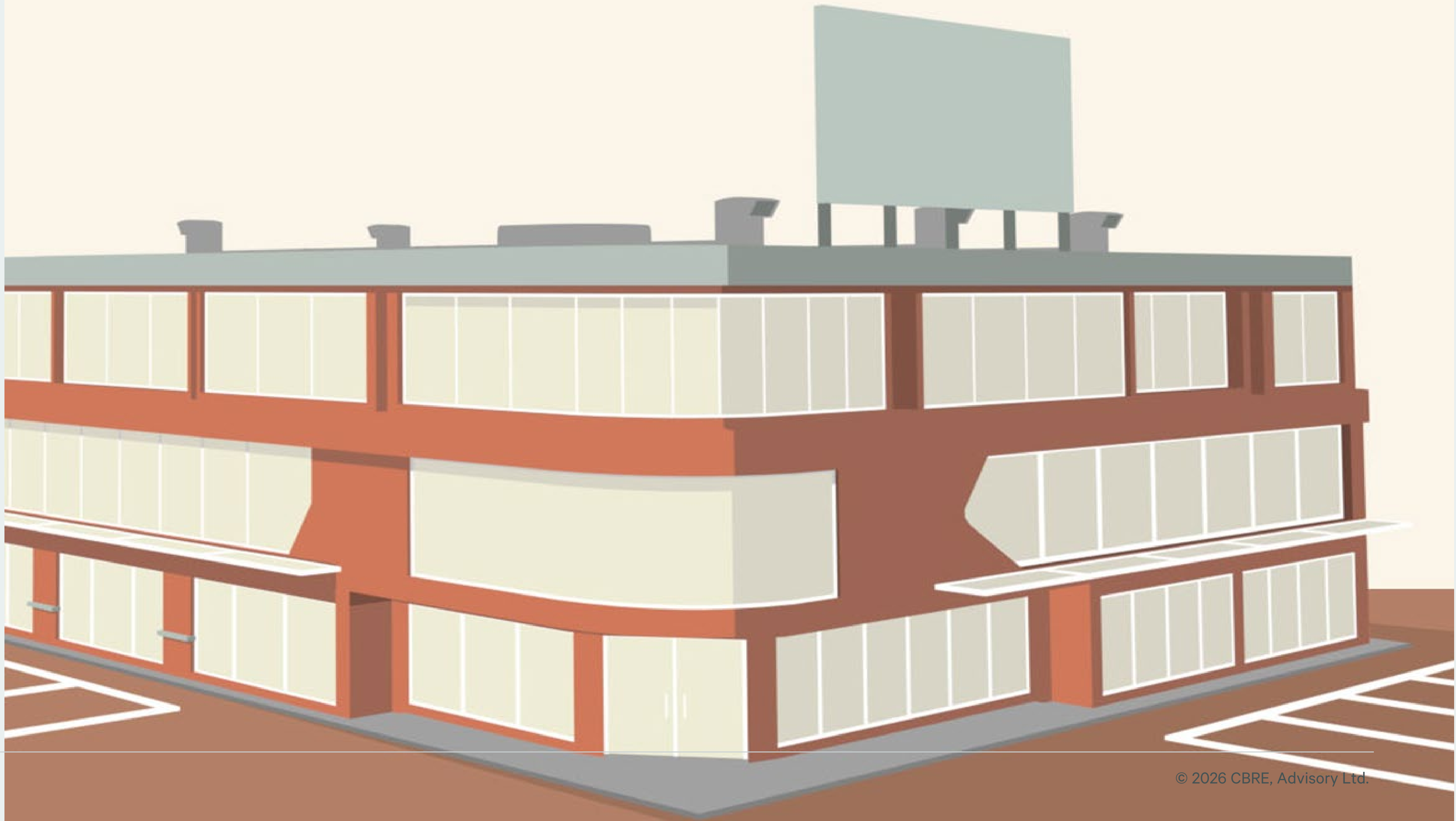
*Average Rent(sqm/Storage)	Average (Price/1,000 sqm)
ILS 45	ILS 4 million

*New Class A logistics centers

09

Overview of The Commercial Real Estate Market in Israel

Retail Market



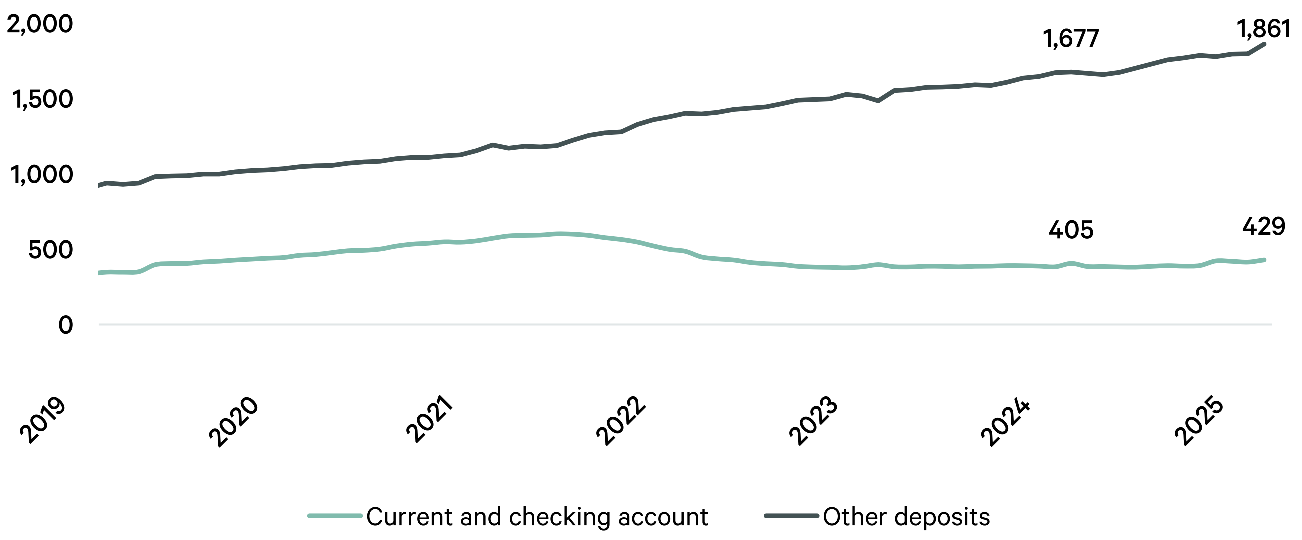
Retail Market

The year 2025 continued the positive trend in the retail sector, with an increase in credit card purchases and mall redemptions. Private consumption received a boost from accelerated economic growth of 4.5% and capital market gains that contributed to a positive "wealth effect."

The number of construction starts for commercial space has been steadily declining since 2018, and this trend continued in 2025. This can be attributed to the increase in online purchases and changes to building requirements.

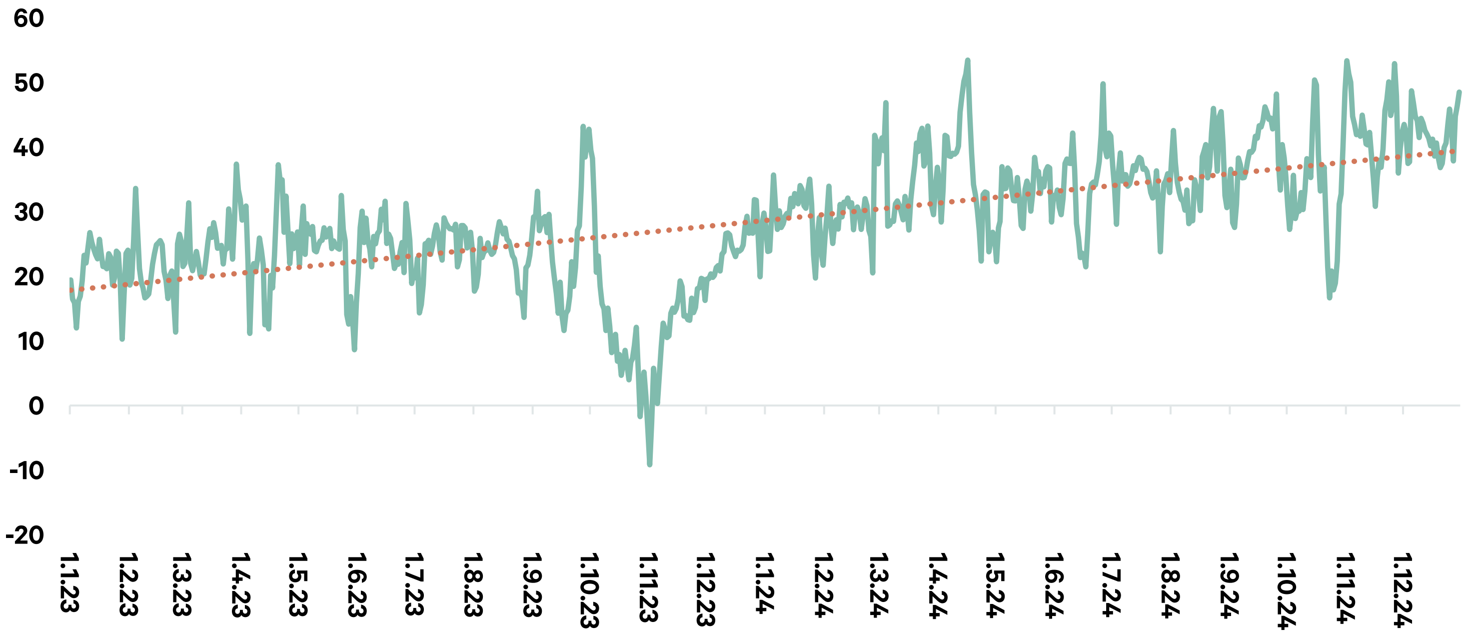
The public's current account balances continued to remain stable during 2025 and stood at ~ ILS 429 billion, a figure that represents a moderate increase from ILS 405 billion recorded in 2024. At the same time, there was a significant increase in the public's other deposits, which grew from ILS 1,677 billion in 2024 to ILS 1,861 billion in 2025, a trend reflected in the diverting of funds toward interest-bearing deposits, due to the high interest rate environment.

Figure 22: Public Current and Time Deposits, 2019–2025 (ILS Billion)



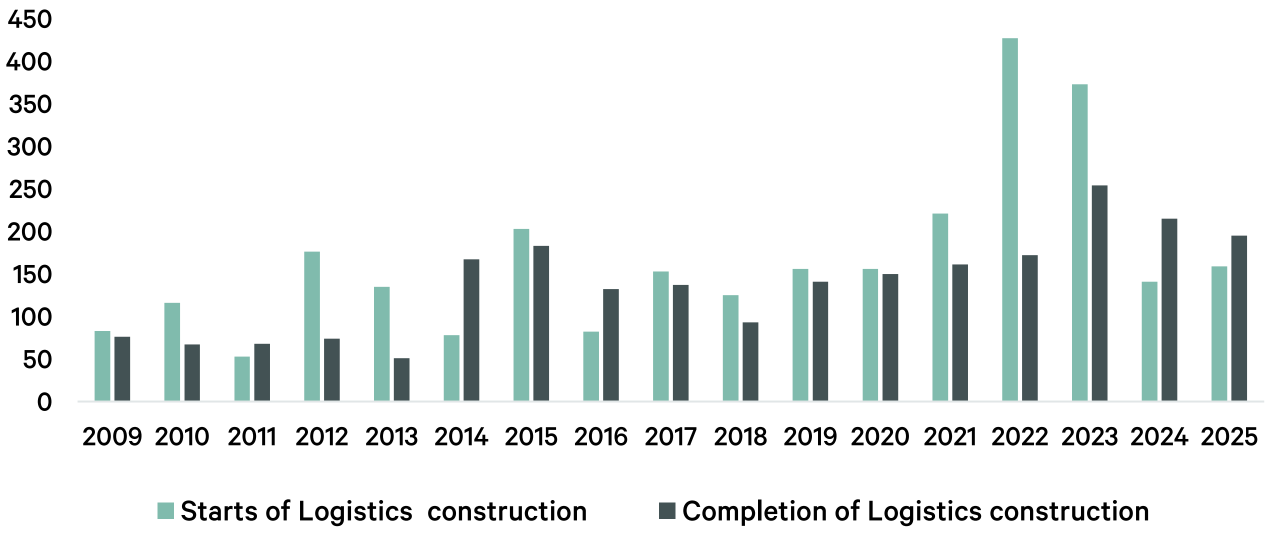
Source: Bank of Israel Processing

Figure 24: Change in Credit Card Purchase Volume (%)



Source: Bank of Israel

Figure 23: Retail Building Starts and Completions Nationwide, 2009–2025 (Thousand Sqm)



Source: CBS

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