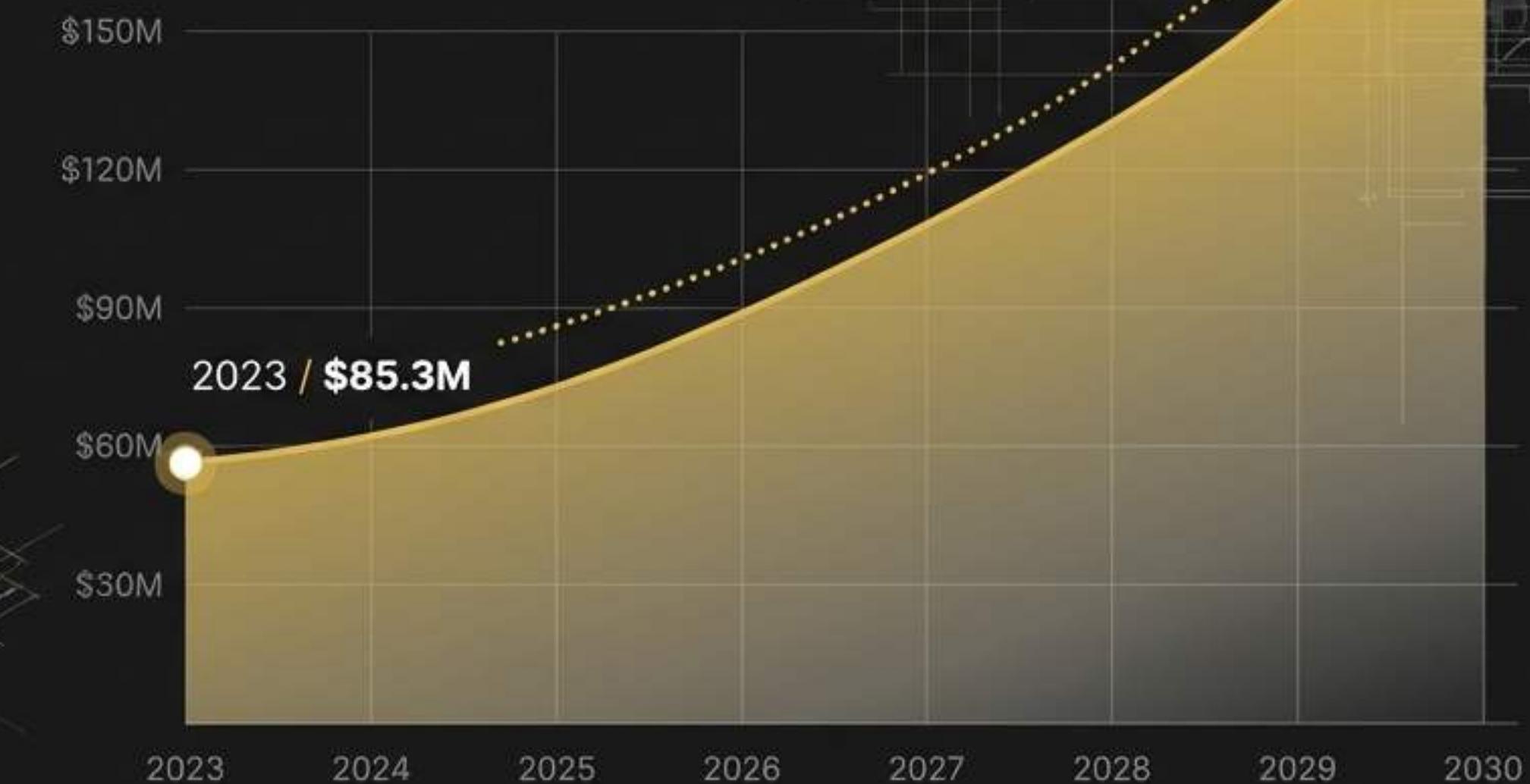
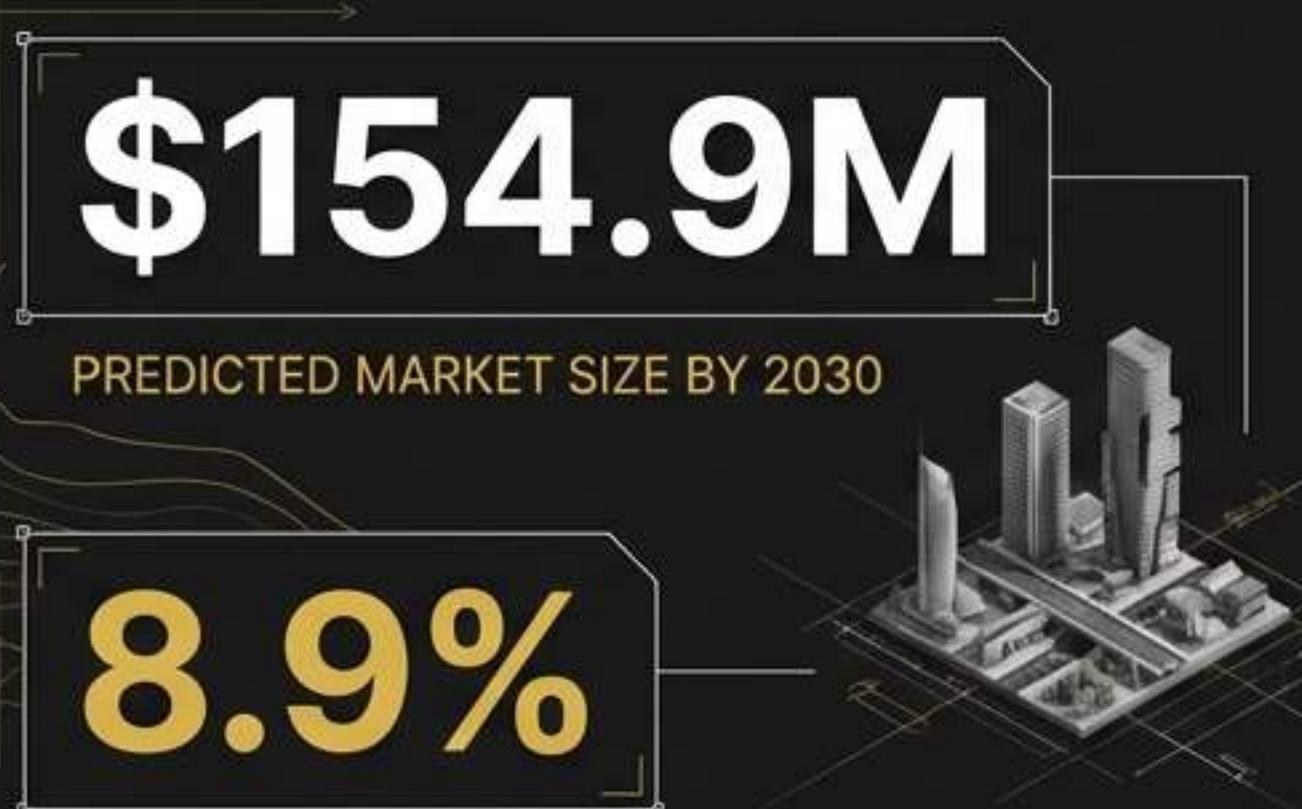


Forged in Uncertainty: The Unshakable Foundation of Israeli Real Estate

A Strategic Analysis of Market Resilience and
Future Trajectory | 2025-2026

The Israeli Real Estate Market Defies Gravity, Projecting 8.9% Annual Growth Through 2030

Despite facing unprecedented geopolitical and economic headwinds, Israel's real estate market demonstrates profound resilience. Driven by deep-seated demand, robust capital inflows, and strategic infrastructure expansion, the market is forecast to grow from a valuation of USD 85.3 million in 2023 to USD 154.9 million by 2030. This presentation unpacks the paradox of a sector thriving amidst crisis.



A Nation Navigating a Perfect Storm of Economic and Fiscal Pressure.

The war has exerted significant pressure on Israel's economy, forcing a shift in national priorities and resources. This environment is characterized by increased government spending, a rising debt burden, and slower overall economic growth, creating a challenging backdrop for all industries.



0.9% GDP Growth

A stark slowdown, implying a per capita decline of -0.4%.



6.8% Budget Deficit

A significant expansion, financed by increased debt.



68% Debt-to-GDP Ratio

Up sharply from 62% at the end of 2023.



-0.8% Business Output

The business sector was particularly affected, contracting compared to 2023.

A Tale of Two Markets: The Paradox of a Strained Supply Chain and Insatiable Demand

The Cracks - Supply Crisis



The Foundation - Demand Boom



The Construction Sector's Foundation is Tested by Labor and Cost Crises

The construction industry faced a severe contraction, directly impacting the supply of new properties. A critical shortage of workers, exacerbated by the prohibition on Palestinian labor, combined with rising material prices and high interest rates to create a deeply challenging operational environment.



Labor Shortage

Prohibition on Palestinian workers, a significant part of the workforce, led to a sharp decline in labor supply.



Rising Input Costs

Residential construction input prices rose 6.4% over 12 months, driven by a 10.2% increase in wages and 3.6% in materials.



Investment Collapse

Real investment in residential construction plummeted by -14.4% in 2024.



Firms have been sacrificing their profit margins to help keep prices stable, but that is only a temporary fix.

Industry Analysis, 2026 Construction Forecast

Unyielding Demand Forms the Bedrock of Market Resilience

The Israeli real estate market's strength is not speculative but grounded in powerful, long-term fundamentals. A combination of robust international and domestic capital, transformative infrastructure projects, and persistent demographic pressure underpins its consistent performance.



1. Global Capital Inflows

Israel's reputation as a technology and innovation hub continues to attract significant cross-border real estate investment. Sovereign wealth funds, pension pools, and international private equity firms are deploying capital.



2. Infrastructure-Led Expansion

Recent large-scale investments in rail, light rail, and highway projects are reshaping Israel's urban footprint and unlocking new development corridors.



3. Inelastic Demographic Need

Long-term annual demand for housing is estimated at ~65,500 units (2026-2035), driven by population growth and a housing stock shortage developed over two decades.

A Proven History of Stability: Israeli Real Estate as a Safe Haven in Crisis

Real estate's appeal as a tangible, stable asset is amplified in Israel. Historical performance during global shocks demonstrates a unique resilience compared to other markets. This pattern reinforces investor confidence that assets will hold their value over time, even in periods of global economic uncertainty or regional tension.



Unlike stocks or currencies that can lose value overnight, real estate typically moves in a slower, more stable pattern. This sense of control and security is why real estate is called a 'safe haven.'

The New Blueprint: Capital and Development are Pivoting to High-Growth Sectors.

In response to market dynamics, developers and investors are channeling resources into specific segments poised for strong performance. The focus is shifting towards rental properties to meet affordability challenges and specialized housing to serve new demographic needs.

The Multifamily Sector

Driven by buyers priced out of single-family homes who are turning to rentals or townhouses and condominiums.



+6%

Expansion in 2025

+5%

Further Growth in 2026

Senior & Health-Focused Real Estate

Israel's demographic shift toward an older population is creating a compelling demand for purpose-built senior living.



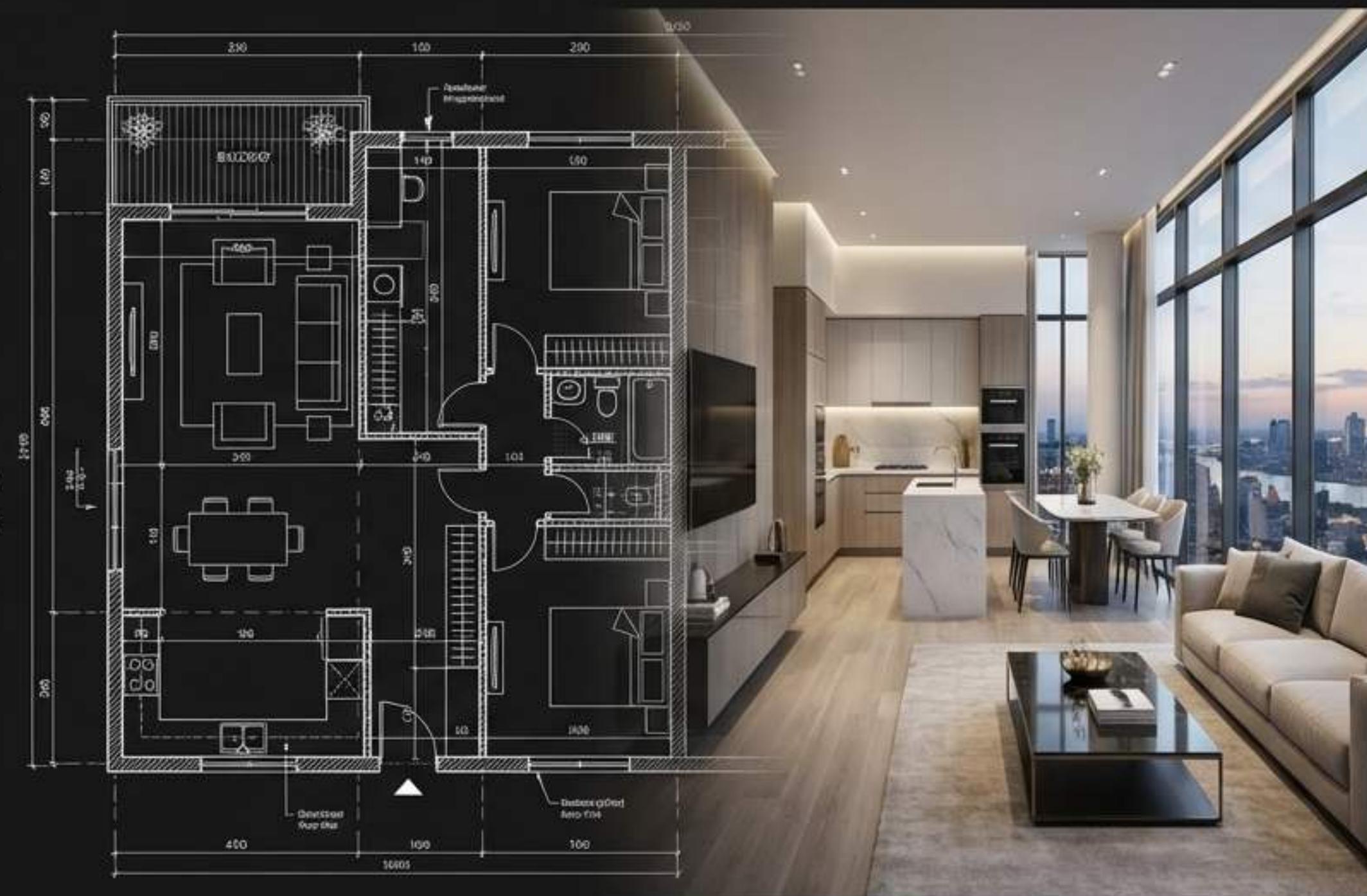
A resilient, countercyclical asset class with strong occupancy fundamentals.

“Buying on Paper” Makes a Comeback as a Strategic Entry Point.

The practice of buying a home before it is built is experiencing a resurgence in 2025. For buyers, it offers a way to enter the market at a lower price point with **flexible payment terms**. For **developers**, it **secures cash flow** in a challenging financing environment.

Pros

- **Lower Price:**
"Apartments are *cheaper* in a new project... Once it's building is complete, the price instantly increases."
- **Attractive Financing:**
"You can purchase with a **20% down payment**", the balance only being due either 2 or 3 years later."
- **Customization:** Buyers have a say in selecting finishes.



Cons to Manage

- **Wait Time:** "Your home won't be ready for some time."
- **Developer Risk:** Potential for delays requires due diligence.
- **Price Index Adjustment:** The final price adjusts with the builder's price index.

Government as a Catalyst: New Policies to Accelerate Housing Supply

The Israeli government is actively intervening to address the housing supply shortage through large-scale agreements and urban renewal initiatives. These programs are designed to incentivize municipalities and streamline the development process for thousands of new housing units.



A Deep Dive into the Multifaceted Israeli Real Estate Market

The market is comprised of diverse segments, each with its own drivers and investor profiles. Understanding this landscape is key to identifying specific opportunities.

By Property Type

- Residential (Apartments, Single-Family Homes, Condos)
- Commercial (Office Spaces, Retail, Co-working, Warehouses)
- Industrial (Manufacturing Plants, Data Centers)
- Land (Urban Plots, Suburban/Rural)

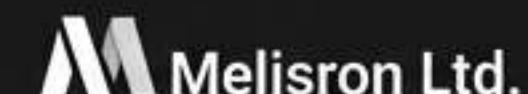
By Property Value

- Affordable Housing
- Luxury Housing
- Ultra-Luxury Housing

By End User

- Individual Buyers (First-time, Repeat, Seniors)
- Business Entities (Startups, SMEs, Large Corps)
- Institutional Investors

Key Market Players

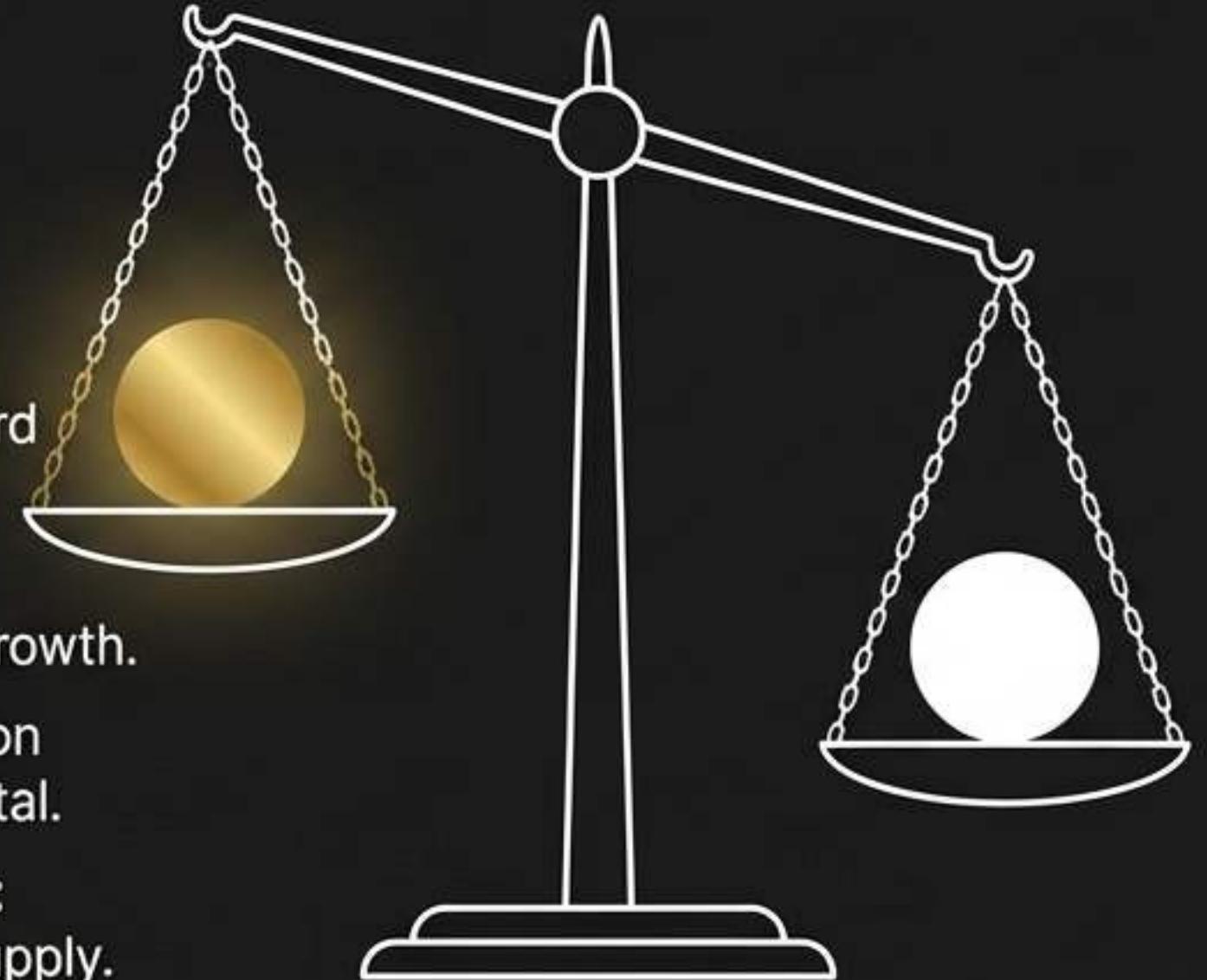


A Synthesized Outlook: Balancing Enduring Strengths with Navigable Headwinds.

The Israeli real estate market's trajectory will be shaped by the interplay between its foundational strengths and persistent challenges. A strategic approach requires acknowledging both sides of the equation.

Opportunities

- + **Proven Resilience:** A track record of stability through past crises.
- + **Persistent Demand:** Driven by demographics and population growth.
- + **Strong Capital Inflows:** Attraction for foreign and institutional capital.
- + **Strategic Government Support:** Proactive policies to increase supply.



Risks & Headwinds

- **Elevated Interest Rates:** Makes borrowing more expensive for buyers.
- **Construction Bottlenecks:** Labor shortages and cost volatility delay delivery.
- **Geopolitical Uncertainty:** Regional stability remains a key variable.



The Defining Characteristic: A Market Whose Strength is Forged, Not Found.

The resilience observed in Israel's real estate market is not a temporary anomaly; **it is a fundamental feature shaped by inelastic demand, a culture of long-term investment, and a history of navigating uncertainty.**

For the strategic investor, the market is not defined by the absence of risk, but by its **proven capacity to withstand it**. Its value proposition lies not in fast returns, but in steady, long-term growth and stability.

Projected to reach **USD 154.9 million** by 2030.