

And the #1 bond market in Europe for property is in...Israel

A comparative deep dive into the size and shape of the country's US\$50 billion real estate corporate bond market.

Research note for the IREF community

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KEY FINDINGS

Israel is Europe's largest national real estate bond market, #3 in the world

A small market, but a high percentage of capital markets intermediation of debt and equity as compared to Europe and beyond.

US\$50bn

real estate bonds on TASE

#1 largest in Europe and #3 globally.

52%

of real estate debt in Israel is bonds

Highest bond share in the world.

54%

of non-financial corporate bonds

Real estate share of corporate bonds in Israel.

Why: a large listed sector

32% of Israeli commercial property is held by listed companies (Europe 5%). Listed landlords tend to be larger and tend to use bonds more often.

With a unique twist

74% of real estate corporate bonds on TASE are CPI-linked.

Only Sweden is remotely similar

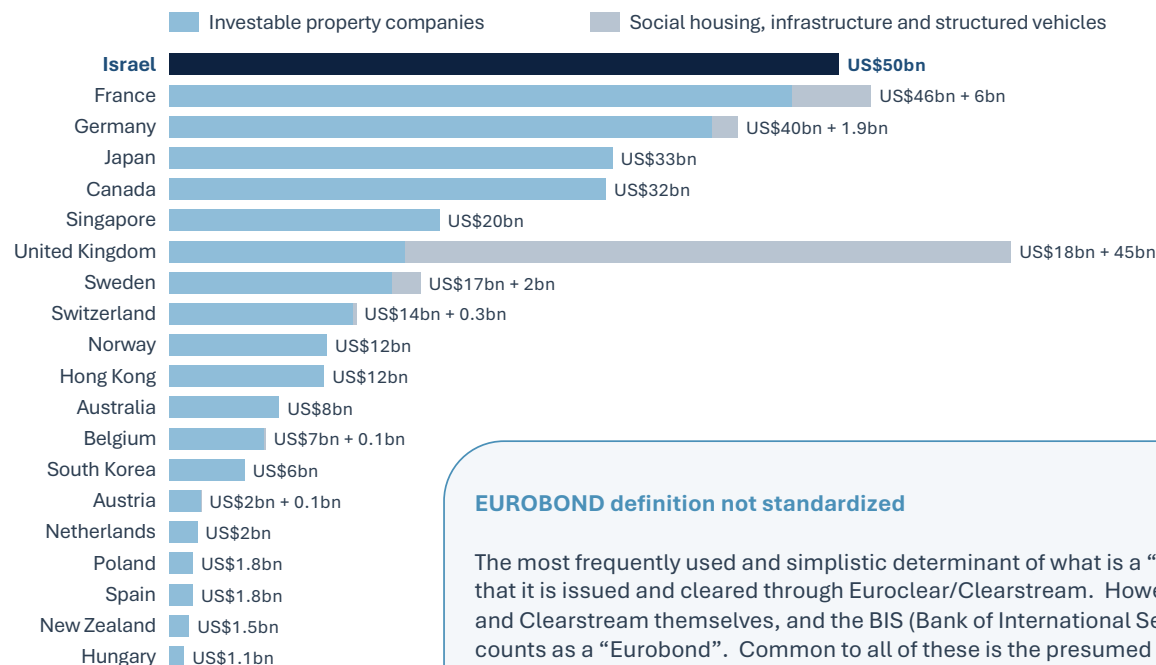
Real estate is about 42% of Swedish non-financial corporate bonds.

Source: Bank of Israel, Composition of debt balance of the non-financial business sector by industry (updated 29 July 2026); IREF calculations. Industry L (real estate activities), CBS Standard Industrial Classification 2011. LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. EPRA, Global Real Estate Total Markets Table, Q4 2025 (listed data December 2025; GDP and commercial real estate estimates December 2024). Sveriges Riksbank, Financial Stability Report 2022:2. TASE; FTSE Russell.

SIZE · NATIONAL REAL ESTATE BOND MARKETS

Israel is Europe's largest national market for property company bonds

#3 worldwide after US and international Eurobond markets



PROPERTY COMPANIES, US\$BN

#	Market	US\$bn
1	United States	398
2	Eurobonds (global issuers)	231
3	Israel	50
4	France	46
5	Germany	40
6	Japan	33

EUROBOND definition not standardized

The most frequently used and simplistic determinant of what is a “Eurobond” is whether the security ISIN begins with “XS” which indicates that it is issued and cleared through Euroclear/Clearstream. However, the International Capital Markets Association, as well as Euroclear and Clearstream themselves, and the BIS (Bank of International Settlements) each use their own and slightly different definitions for what counts as a “Eurobond”. Common to all of these is the presumed intent by the issuer to raise capital from international investors. For the purposes of this analysis, we are relying on the older convention and classify only those “XS” securities that also are governed by law outside the issuer’s home country as “Eurobonds”. For the avoidance of doubt, we classify “XS” bonds under home law as domestic bonds (e.g. Vonovia and Deutsche Wohnen debt securities using German law; UK issuers using English law).

Source: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Grey: UK housing associations and PFI vehicles, French HLMs, Specialfastigheter, GEWOBA, Howoge, Amidar, US military housing, repackaging vehicles. US excluded for scale.

Official data from Bank of Israel on real estate bonds amounts to ILS 148.6 billion

The LSEG and TASE classify real estate companies differently

	Bank of Israel	LSEG (Refinitiv)
Classification	CBS Standard Industrial Classification 2011 (UN-based)	TRBC (The Refinitiv Business Classification)
Real estate	Section L, real estate activities	Real estate sectors incl. REITs (mortgage REITs excluded here)
Holding companies	Financial and insurance (Section K)	By the business they control
Construction	Separate (Section F)	Separate (Industrials)
Universe	Israeli companies, bonds in Israel	Bonds by issuer country of risk = Israel
Tradable RE bonds	NIS 148.6bn (31 March 2026)	NIS 151.4bn (276 bonds)
<i>In US\$ equivalent</i>	<i>US\$46.9bn (at NIS 3.1654/US\$)</i>	<i>US\$47.8bn (276 bonds)</i>

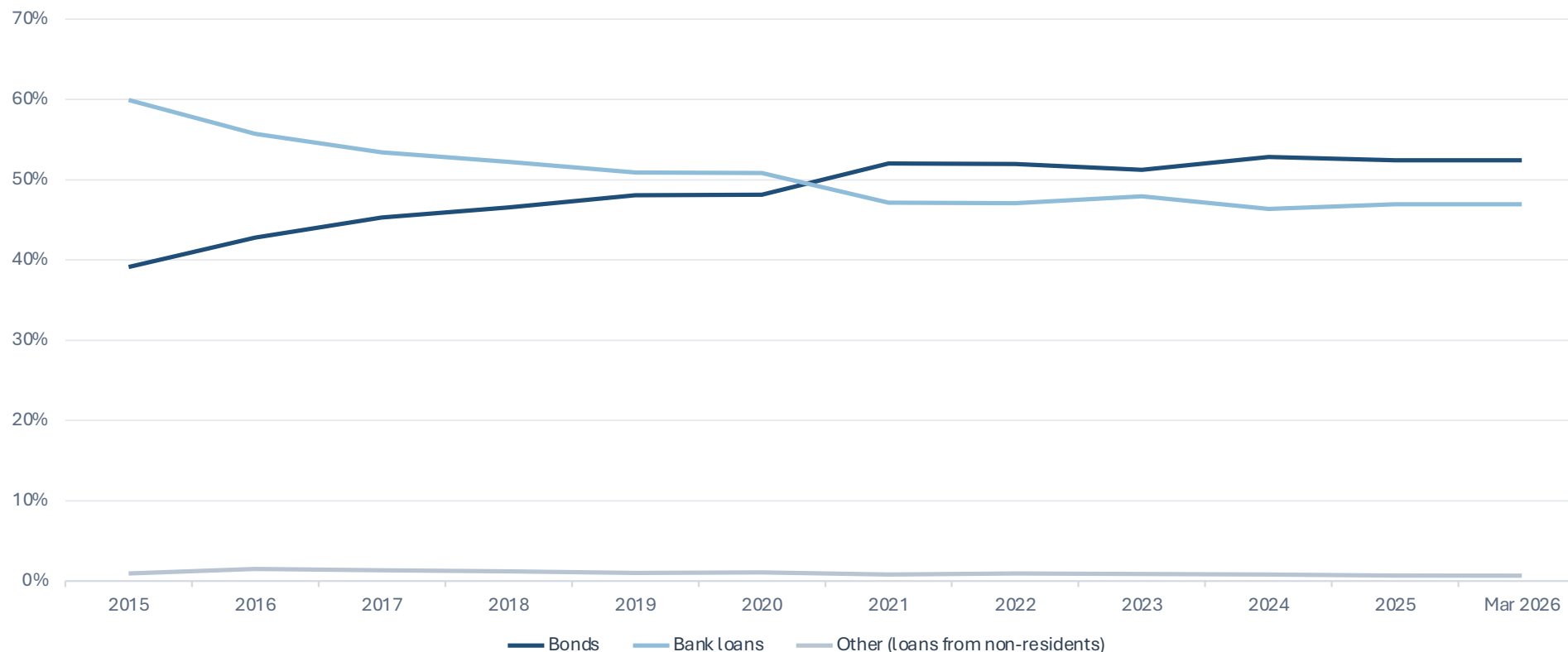
Both the Bank of Israel and LSEG figures correspond generally but not precisely to TASE's investment property sector (7.1.1 in Israel, 7.1.2 abroad). All attempt to categorize property developers separately. In the TASE they fall within Construction (7.2) which has a further NIS 35bn of TASE corporate bonds.

As in our earlier note on equity sector classification, every authority draws the real estate line in a different place.

Source: Bank of Israel, Industry L (real estate activities) based on CBS Standard Industrial Classification 2011. LSEG (Refinitiv) bond data based on TRBC real estate sectors excluding mortgage REITs.

Bonds fund 52.4% of Israeli real estate debt, up from 39.1% in 2015

Real estate activities only: construction is excluded

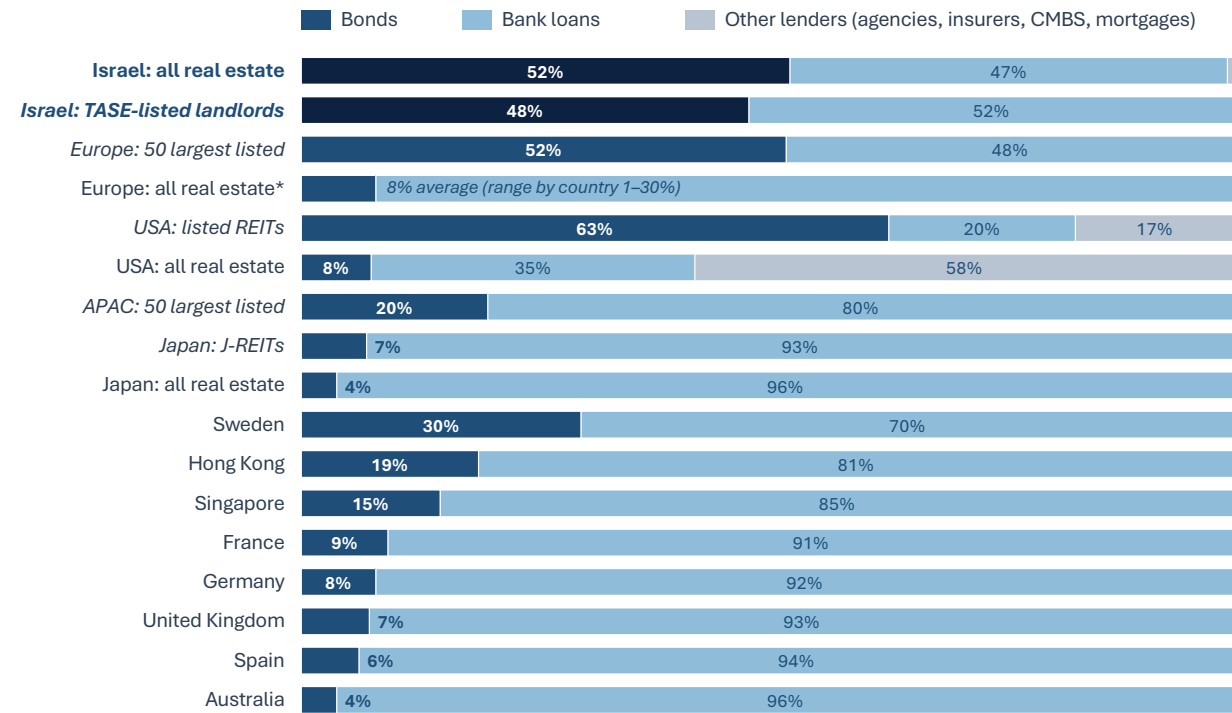


Source: Bank of Israel, Composition of debt balance of the non-financial business sector by industry (updated 29 July 2026); IREF calculations. Industry L (real estate activities), CBS Standard Industrial Classification 2011. Year-end points; Mar 2026 latest. Bonds: tradable and non-tradable bonds in Israel. Other loans (non-residents) 0.7%. Sweden: Sveriges Riksbank, Financial Stability Report 2022:2 (capital-market share of property companies' loans).

BANK VERSUS BOND MIX · AN INTERNATIONAL COMPARISON

Listed companies tend to use more bonds

US REITs and Europe’s largest listed real estate companies also rely heavily on bonds



LISTED VS ALL, BONDS SHARE

Market	Listed	All
Israel	48%	52%
Europe	52%	6–30%
USA	63%	8%
APAC	20%	4–19%
Japan	7%	4%

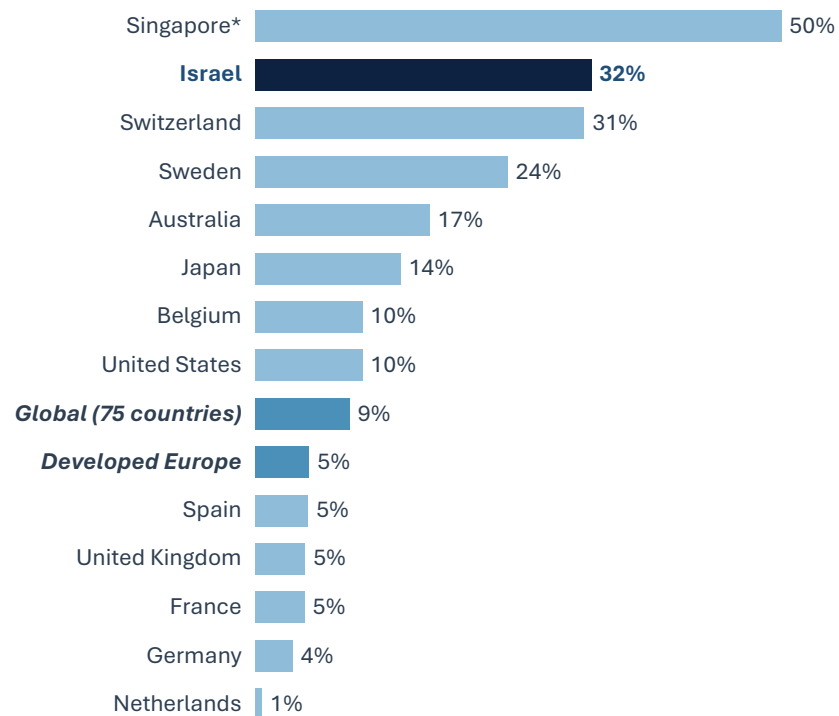
Stock exchange listed landlords borrow about half in bonds in the USA and Europe, like Israel.

Source: Bonds = real estate corporate bonds, excluding CMBS. Israel: Bank of Israel, Industry L. USA all: MBA mortgages by holder, Q2 2026, plus US\$410bn of real estate company bonds (LSEG). US REITs: Nareit T-Tracker Q2 2026. J-REITs: Sumitomo Mitsui Trust Research, June 2026. Listed Israel/Europe/APAC: IREF, Refinitiv global real estate universe, company total debt vs LSEG bonds. Sweden: Sveriges Riksbank. * Weighted average of nine national markets (France, Germany, UK, Spain, Sweden, Finland, Austria, Netherlands, Italy); range 1% (Italy) to 30% (Sweden). Others: bank loans from ECB consolidated banking data (Q1 2026; approximate), Bayes (UK), Bank of Japan, HKMA, MAS; bonds from LSEG.

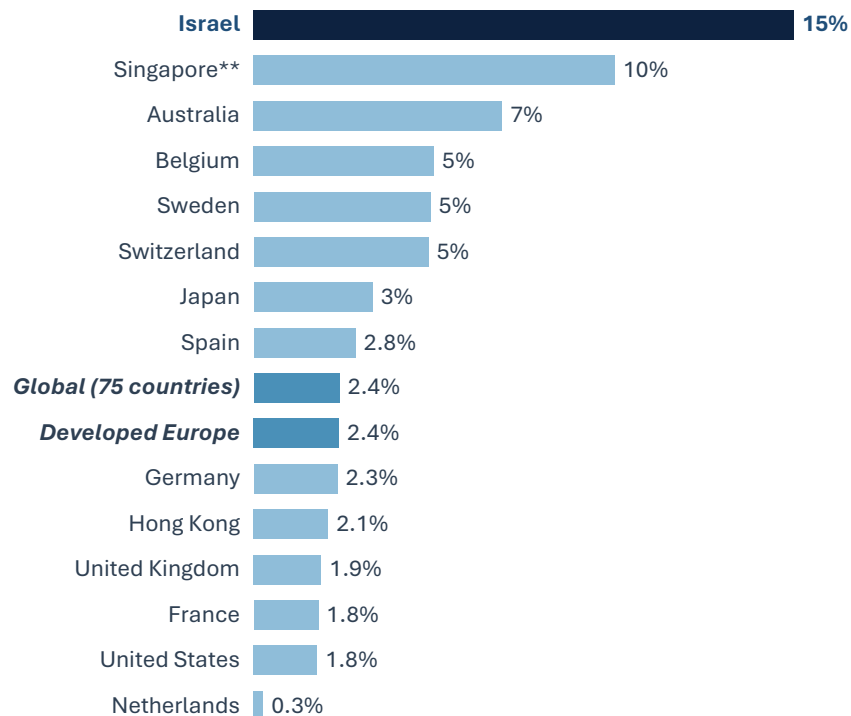
A third of Israel's commercial property is listed versus Europe at 5%

Listed landlords are the bond issuers

LISTED REAL ESTATE, % OF COMMERCIAL REAL ESTATE



LISTED REAL ESTATE, % OF STOCK MARKET

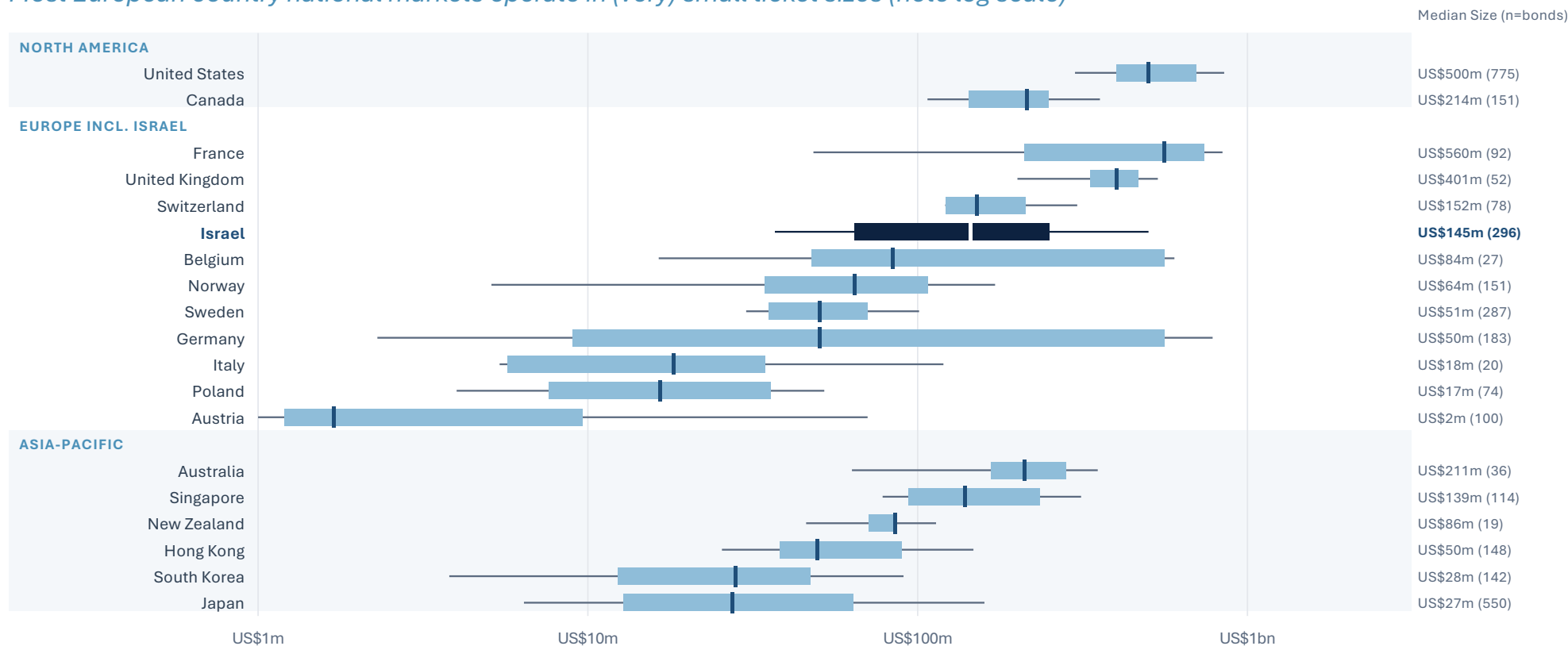


Source: EPRA, Global Real Estate Total Markets Table, Q4 2025 (listed data December 2025; GDP and commercial real estate estimates December 2024). Commercial real estate is EPRA's top-down estimate (about 45% of GDP); listed real estate = market value of all listed property companies; Hong Kong omitted (EPRA 86%: developers with mainland portfolios vs a Hong Kong-only base). * Much property abroad. ** REITs and property trusts, ~10% of SGX at 30 June 2026 (REITAS); EPRA's 19.9% includes developers. Companies: TASE, 27 October 2026: 63 investment-property companies with shares listed on TASE (44 in Israel, 7.1.1; 19 abroad, 7.1.2), plus 45 that list only bonds; EPRA counts 66.

SIZE BY MARKET VARIES · EUROPEAN NATIONAL MARKETS ARE MOSTLY FOR SMALL SIZE PAPER

The median Israeli real estate corporate bond is US\$145m

Most European country national markets operate in (very) small ticket sizes (note log scale)

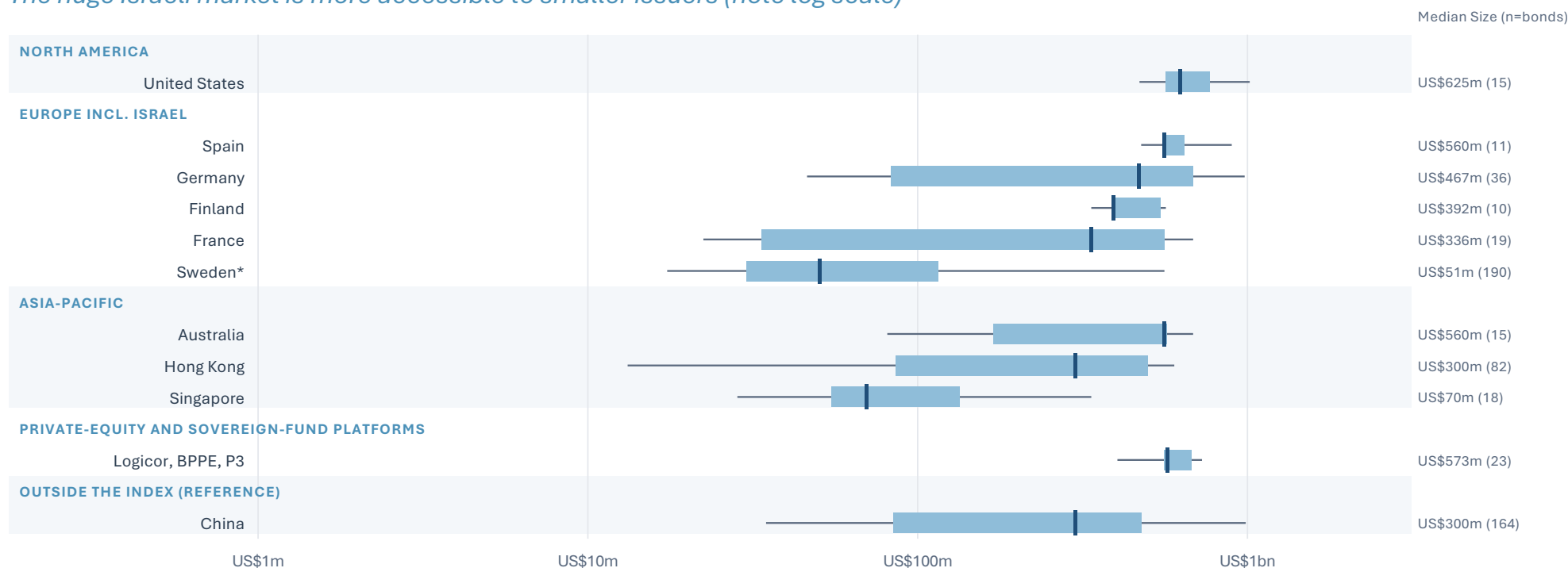


Source: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Box: interquartile range of amount issued (US\$, log scale); line: 10th to 90th percentile; tick: median. Israeli series are often reopened, so amount issued includes taps. Social-housing, infrastructure and structured-finance vehicles excluded in all markets (France US\$5.8bn, UK US\$45.1bn; smaller amounts in Sweden, Germany, Switzerland, Austria, Belgium, Israel and the US). Poland is outside the FTSE EPRA Nareit Developed index (emerging market).

SIZE BY MARKET VARIES · EUROBOND SIZE IS LARGER AND INDEX DRIVEN

Typical eurobond issue is US\$300m or more

The huge Israeli market is more accessible to smaller issuers (note log scale)



* Sweden: 150 of 190 are small placements under foreign-law (mostly English) note programmes (96 in kronor from Vasakronan, Rikshem) whereas its 40 benchmark-size issues have a median of US\$560m. US REITs' euro notes are New York-law, so domestic (US: 15 eurobonds left).

Source: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Eurobonds: XS ISIN plus Refinitiv governing law outside the issuer's home country (27 October 2026), by issuer country; Aroundtown and Grand City (Luxembourg) shown under Germany, as in EPRA. Social housing excluded; Yuzhou Group moved to China. Markets with 10+ bonds. PE/sovereign-fund platforms (Luxembourg, US\$13.4bn) shown separately. Box: interquartile range; line: 10th–90th percentile; tick: median.

SIZE BY MARKET VARIES · INDEX MINIMUM SIZE RULES ARE SIMILAR

Eurobond issuance size is driven by index eligibility rules

Index inclusion rules set minimum sizes of €250–500m per bond.

MINIMUM AMOUNT OUTSTANDING, CORPORATE BONDS

Index family	USD	EUR	GBP	CHF	Other rules
Bloomberg Global / Pan-European Aggregate	300m	300m	200m	300m	By currency of issue; fixed rate; ≥1 year to maturity
FTSE Russell WorldBIG / Pan-European BIG	500m	500m	300m	300m	By currency and market of issue; ≥1 year
ICE BofA Global & European Corporate / HY	250m	250m	100m	–	Country of risk; ≥18 months at issue
J.P. Morgan GCI (JULI)	250m	250m	150m	–	Country of risk; ≥24 months at entry
S&P iBoxx EUR Benchmark (Liquid)	–	500m	–	–	Euro only; liquid variants 750m+ per bond

Issuer-level tests. The broad indices test each bond only. Some liquid variants also require a minimum total outstanding per issuer: iBoxx EUR Liquid non-financials €3–5bn of senior bonds in the benchmark; J.P. Morgan’s JULI historically US\$1bn of fixed-rate bonds.

Shekel bonds fall outside the pan-European indices, which select by currency of issue.

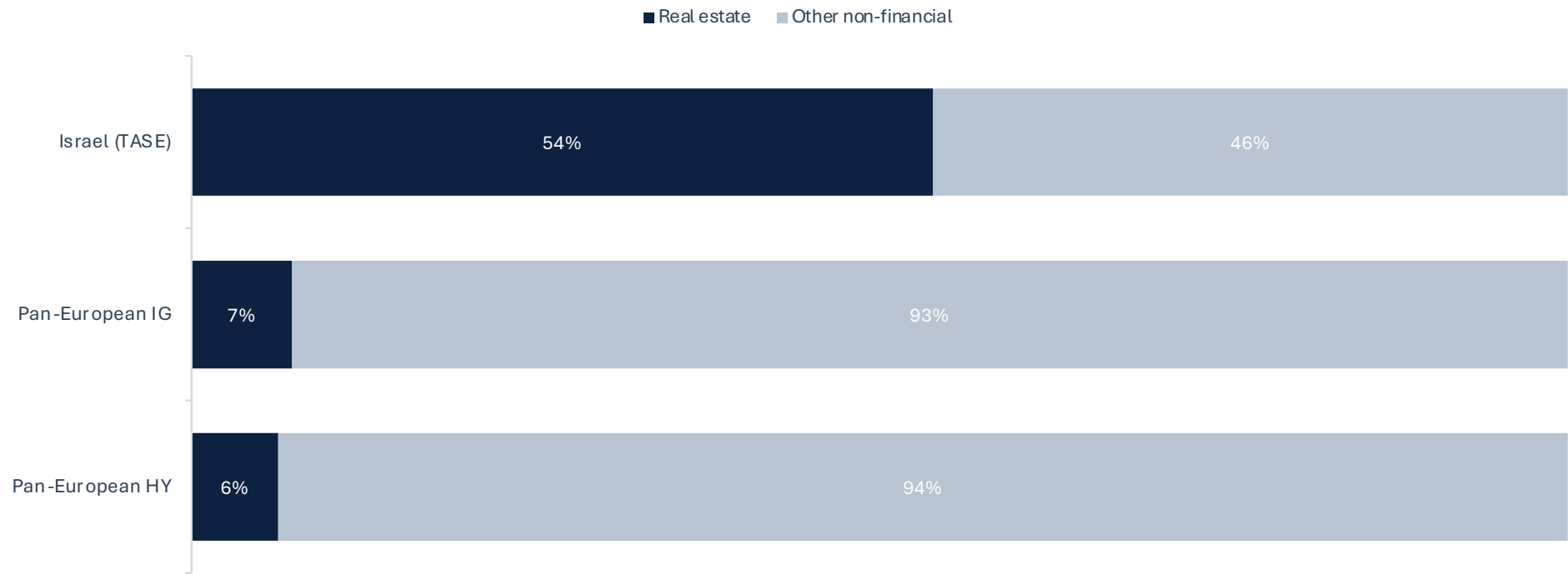
Source: Index rules: Bloomberg Global Aggregate and Pan-European Aggregate (September 2026); FTSE Fixed Income Index Guide v3.2 (September 2026); ICE Bond Index Methodologies (April 2025); J.P. Morgan GCI (March 2025) and JULI; iBoxx EUR Benchmark and Liquid Corporates methodologies (September 2026); IREF summary. Higher floors apply to government bonds.

SHARE · REAL ESTATE IN THE CORPORATE BOND MARKET

Real estate is 54% of Israel’s non-financial corporate bonds; in Europe, 7%

Every Israeli bond portfolio holds real estate (as every Israeli equity portfolio does)

MIX OF NON-FINANCIAL CORPORATE BONDS



Source: Tel Aviv Stock Exchange, All Corporate Bonds index (NIS 673.4bn) and rating and linkage sub-indices, sector weights and market values as of 26 October 2026; IREF calculations. Non-financial = excluding banks, insurers, financial services and structured notes (NIS 360.5bn); investment property includes foreign issuers on TASE. The Bank of Israel measure (Industry L) is 39.4%. Europe: FTSE Pan-European Broad Investment-Grade Corporate and High-Yield Market indices (EUR, GBP, CHF; Refinitiv, 26 October 2026), market value: IG €3,480bn, HY €387bn; real estate matched bond by bond to LSEG TRBC real estate issuers, social housing excluded. Index rules exclude small and unrated issues (page 11). Sweden: Sveriges Riksbank, Financial Stability Report 2022:2. Stock market: EPRA, Global Real Estate Total Markets Table, Q4 2025 (listed data December 2025; GDP and commercial real estate estimates December 2024).

Israel's real estate high-yield market is US\$20bn about the same as Eurobond HY

39% of Israeli real estate bonds are HY-equivalent, against 13% in Europe; with developers, Israel's is larger

US\$20bn

Israel: 39% of real estate bonds

HY-equivalent (iIA group and below or unrated)

US\$26bn

Europe: 13% of real estate bonds

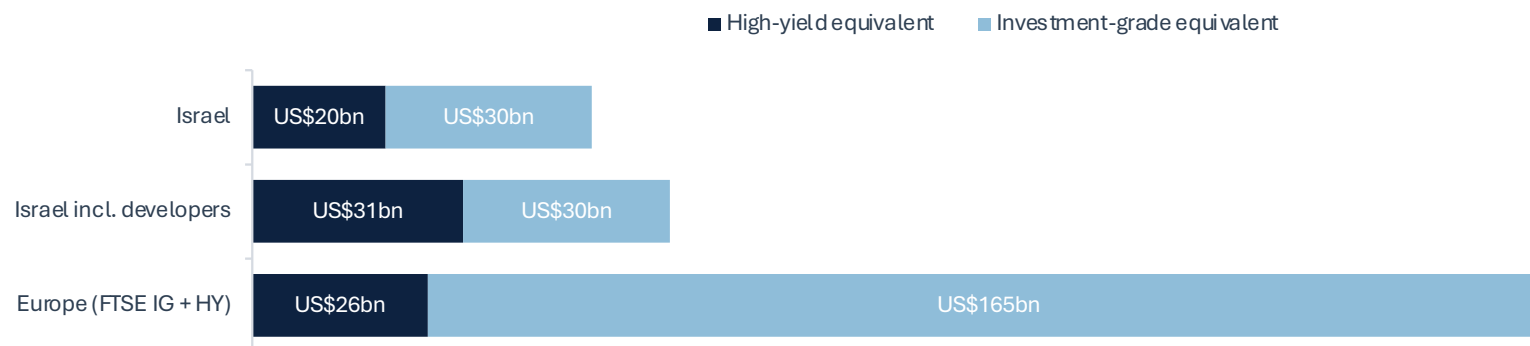
Real estate in the FTSE Pan-European HY index

US\$31bn

Israel incl. developers

Adding TASE construction-sector bonds (7.2) increased the total by a further NIS 35.2bn (almost all HY-equivalent).

REAL ESTATE BONDS, US\$BN



Source: Israel: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Bonds from TASE Tel-Bond rating indices (page 14). Developers: TASE All Corporate Bonds index, construction weight, 26 October 2026, split by the Tel-Bond AA–AAA and A indices; NIS 0.2bn iIAA– or better, NIS 19.6bn iIA, NIS 15.4bn outside the rating indices; NIS 3.078/US\$ (Bank of Israel, 26 October 2026). Europe: FTSE Pan-European Broad IG Corporate and HY Market indices, market value, 26 October 2026; €1 = US\$1.122. Israeli amounts are face value; European, market value.

61% of Israeli real estate bonds are IG-equivalent, 39% HY

A core of iLAA–iLAAA landlords and a full high-yield market beside it, both funded at home



Local rating	International equivalent	US\$bn	Share	Bonds	Median bond	CPI-linked
iLAA– to iLAAA	Investment grade	30.3	60.7%	112	US\$172m	84%
iLA– to iLA+	High yield	13.9	27.8%	100	US\$122m	61%
iLBBB	High yield	0.4	0.8%	6	US\$69m	68%
Not in a TASE rating index (47 issuers)	High yield	5.3	10.6%	79	US\$41m	51%
All real estate bonds on TASE		49.8	100%	297	US\$110m	73.7%

Developers add almost no IG...

TASE construction-sector bonds (7.2), excluded by the CBS and LSEG definitions, add only US\$0.1bn of iLAA– or better.

...but US\$11bn of HY

NIS 35.2bn in all. With them, Israel’s HY-equivalent property bonds rise from US\$20bn to US\$31bn.

Source: Tel Aviv Stock Exchange, All Corporate Bonds index (NIS 673.4bn) and rating and linkage sub-indices, sector weights and market values as of 26 October 2026; IREF calculations. Each bond’s band from TASE’s Tel-Bond rating indices (CPI-linked and Shekel; AA–AAA, A, Yields) matched by ISIN; bonds outside the indices take their issuer’s band; IREF equivalence. Median bond = amount outstanding. Amounts: LSEG, 25 October 2026. Developers: TASE construction weight split by Tel-Bond indices, NIS 3.078/US\$ (page 13).

STRUCTURE · CPI-LINKED CORPORATE BONDS

74% of Israeli real estate bonds are CPI-linked with no peers abroad

Outside Israel there are no private-sector real estate corporate issuer of CPI-linked bonds

74%

Israel

Real estate corporate bonds on TASE with CPI-indexed principal

85% / 37%

Property in Israel / abroad

Israeli landlords borrow in CPI-linked shekels; issuers with foreign assets mostly in unlinked shekels.

None

Private-sector issuers elsewhere

22 of 4,057 bonds are flagged (<0.1% of value): 8 UK quasi-public, 14 German and Austrian notes that are not CPI-linked.

A better match to income

The largest PnL item for most real estate investment companies is interest cost (20-30% of revenue), a reflection of the fact that real estate is one of the most (perhaps the most) capital intensive businesses. With rental income tracking inflation there is a logical and natural hedge to debt costs that follow inflation.

Not unique, but unique in scale

Outside of Israel all index-linked corporate bonds come from regulated or government-contracted issuers, not private sector businesses.

Source: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Field "Is Index Linked Principal". Quasi-public: issuers with a government contract or regulated mandate (PFI: Meridian, HPC King's College, United Healthcare, Inspired Education; housing associations: L&Q, Places for People; university housing: Campus Living Villages Goldsmiths, Ottoway), US\$0.6bn. The other 14 flagged notes (US\$0.2bn) carry fixed, zero or profit-linked coupons. Tel Aviv Stock Exchange, All Corporate Bonds index (NIS 673.4bn) and rating and linkage sub-indices, sector weights and market values as of 26 October 2026; IREF calculations. UK: Oxera, Agenda, July 2015 (Bloomberg data). A deeper dive on CPI-linked debt follows in a separate note.

On rent indexation, Israel is European, not Anglo-Saxon

British legal roots and close US ties, yet Israeli leases are CPI-linked like continental Europe's

EUROPE (EMEA)

✓ Israel	CPI-linked as standard	✓ Luxembourg	Annual CPI
✓ Belgium	Annual (health index)	✓ Netherlands	Annual CPI
✓ Czechia	Annual (euro HICP)	✓ Norway	Annual CPI
✓ Denmark	Annual (net price index)	✓ Poland	Annual (euro HICP)
✓ Finland	Annual CPI	✓ Portugal	Annual CPI coefficient
✓ France	Annual (ILAT / ILC)	✓ Spain	Annual CPI
✓ Germany	CPI index clauses	✓ Sweden	Annual CPI
✓ Hungary	Annual (euro HICP)	✓ Switzerland	CPI-indexed leases
✓ Italy	Annual, ≤75% of ISTAT	✗ United Kingdom	Open-market rent reviews

NORTH AMERICA

✗ United States	Fixed annual steps
✗ Canada	Fixed rent steps

ASIA-PACIFIC

✗ Japan	Renegotiated at renewal
✗ Hong Kong	Fixed, then market
✗ Singapore	Fixed, then market
~ Australia	Fixed steps or CPI

✓ Rents indexed to CPI

✗ Not indexed

~ Mixed

Israel and Sweden: Europe’s two real estate bond outliers

Alike in how much property is listed and bond-funded

	Israel	Sweden	Rest of Europe
Real estate bonds, US\$bn	49.8 domestic	18.7 domestic + 29.0 eurobonds	France 46.4 domestic (next largest)
Bonds, share of real estate debt	52.4% (2026)	30% (2021)	6–9% (France, Germany, Spain, UK)
Real estate, share of corporate bonds	54% of non-financial	42% of capital-market debt	7.1% (pan-European IG and HY)
Listed share of commercial property	32%	24%	5%
Real estate, share of stock market	15%	5%	2.4%
CPI-linked	74%	None	None (private issuers)

In common

Both have real estate sectors highly intermediated by capital markets, much more so than any other country in Europe.

Source: LSEG (Refinitiv) bond data, downloaded 25 October 2026; TRBC real estate sectors excluding mortgage REITs; outstanding bonds only; IREF calculations. Bank of Israel, Composition of debt balance of the non-financial business sector by industry (updated 29 July 2026); IREF calculations. Industry L (real estate activities), CBS Standard Industrial Classification 2011. Sveriges Riksbank, Financial Stability Report 2022:2 (bonds 30% of property companies’ loans in 2021; property companies 42% of Swedish companies’ bonds and commercial paper). EPRA, Global Real Estate Total Markets Table, Q4 2025 (listed data December 2025; GDP and commercial real estate estimates December 2024). TASE; FTSE Russell. Rest of Europe: national bank-lending data as on page 7.

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