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The explosion of SPACs looking for deals in Israel is being driven by an appetite for technology companies.

According to data from PrivateRaise, The Deal's proprietary data service tracking U.S. registered SPACs, special purpose acquisition vehicles focused on Israel have more than tripled in in 2021 compared to one year earlier. PrivateRaise is tracking 13 SPACs considering Israel as a geographic target. That number was just three last year. And of those 13, 9 of the SPACs are focused on tech deals.

In a note to its clients last month, White & Case LLP said that M&A in Israel is up significantly in 2021, and that SPACs are a part of that trend. "Israel has more startups per capita than any other country, making the explosion of interest in — and investor demand for — tech-targeting SPACs a natural fit for the opportunities that are on offer."

Another influence that makes private companies in Israel more attractive as targets for U.S. SPACs is the number of companies in Israel's tech sector. Over the last 18 months, SPACs have grown more comfortable with venture-stage companies. This is due in part to the sheer number of SPACs on the deal hunt but also the appetite of investors for companies with stories to tell and larger upsides. This has become more evident as retail investors have become more active in the SPAC sector.

October has seen a pair of SPACs register with a stated focus for targets in Israel. Finnovate Acquisition Corp. registered on Oct. 15 with plans to raise $172.5 million with EarlyBirdCapital Inc. as underwriters. The SPAC is seeking a fintech company in Israel as a target and will have 18 months to get a deal done following its IPO.

The second October SPAC is sponsored by Oppenheimer Holdings Inc. and is targeting a life sciences or healthcare company in Israel, Europe or the U.S. The SPAC registered on Oct. 8 and plans on raising $115 million with Oppenheimer & Co. and Lake Street Capital Markets LLC and like Finnovate will have 18 months to complete a business combination.

Five of the Israeli focused SPACs have gone public this year, raising an aggregate of $1 billion while the majority have yet to price offerings. The Nasdaq has been venue of choice for nine of the SPACs while the others will trade on NYSE.

Israel has become a target rich environment this year judging by the business combinations that have been announced and closed. Thoma Bravo Advantage closed a $10 billion acquisition with ironSource Ltd. (IS), a Tel Aviv-based software company on June 28, 2021. Israeli EV company REE Automotive Ltd. (REE) completed a $3.1 billion deal with 10X Capital Venture Acquisition Corp. on July 22, bringing the market trend of SPACs and EV companies doing deals to Israel.

The most recent business combination to emerge from Israel is the deal between TWC Tech Holdings II Corp. and e-services consulting firm Cellebrite DI Ltd.(CLBT). which closed with a value of $1.7 billion.

Other SPAC deals this year brought Taboola.com Ltd. (TBLA) and Otanomo Technologies Ltd. (OTMO) public in June and August, respectively. And Medtech Acquisition Corp. (MTAC) and Healthcare Capital Corp. (HCCC) have deals pending with Israel-based healthcare companies. Advertising firm Innovid Inc. has a large presence in Tel Aviv and has a $1 billion deal pending with ION Acquisition Corp. 2 Ltd. (IACB), an Israel-based SPAC.

The increase in Israeli-flavored SPACs comes at a time when the Israel Securities Authority (ISA) has issued regulations seeking to make local listing of SPACs more attractive for start-ups and younger companies. The minimum amount of capital raised must be about $124 million and IPO investors are guaranteed the right to redeem their investment should the proposed deal not appeal to them.

Other local SPAC regulations call for institutional investors in the IPO to make up at least 70% of the total investor pool and SPAC sponsors must contribute at least $12.4 million of their own capital to the SPAC. The ISA is trying to more closely tie the fortunes of sponsors to those of SPAC investors, an issue that the SEC has touched on repeatedly over the last year.

White & Case, which is currently ranked fifth in total IPO issuer proceeds and fourth in number of issuer IPOs in the PrivateRaise league tables, advised that Israel-based targets are likely to keep coming to the United States to go public despite the ISA regulations issued in May. “The US will continue to be the primary venue for SPAC raisings that eventually merge with promising tech-centric Israeli businesses; the brand association, kudos and free publicity that comes with a Nasdaq listing will likely ensure that outcome.”