INVESTMENT REPORT

Q2 2025

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The Irish CRE investment market was slower than expected in Q2 2025. Both market turnover and the number of deals were down on Q1 and the same period last year. Despite this, the office sector saw a notable rebound, driven by a handful of large transactions that boosted average deal size significantly. Retail activity was supported by a substantial multi-county retail park portfolio sale, while the industrial and PRS sectors remained subdued. Overseas investors remained the dominant buyers and were involved in all large-scale deals, while private investors focused on smaller assets.

▼ €381.4m

Turnover

▼ 21

No of Deals

▼ €123.5m

Trinity Collection

Largest Deal

▲ 65%

Dublin

Proportion of the market

▼ 36%

Off-Market

▼ €18.2m

Average Deal Size

Over €1m deals

Arrows represent quarterly trends unless otherwise stated.

Market Backdrop

The global economy continues to face ever-evolving challenges. Geopolitical tensions persist in multiple regions, and the unpredictable nature of US policy is causing economic unease worldwide.

The US administration announced a 30% trade tariff with the EU in April, which was paused for 90 days a week later. This has caused significant uncertainty in the capital markets and is a likely contributing factor to the reduced level of CRE investment market turnover in Q2. While it is encouraging that in the weeks after the quarter's end (in mid-July), a framework of a trade agreement was reached between the US and EU, whereby the tariff rate will be 15% (including pharmaceuticals), this remains an unfavourable situation for businesses and the economy. Following the 15% agreement, the IMF released upgraded global economic forecasts, which now projects growth of 3% in 2025 and 3.1% in 2026. Downside risks now focus on the lack of trade agreements with other regions and the possibility of no permanent agreements being reached before the expiry of the temporary pauses. Despite the wider context, most major economies, including the US, EU, UK and China, are forecast to continue growing through 2025 and into 2026. While tariff-driven inflation remains a concern in some regions, interest rates are anticipated to continue to decline, which should support CRE investment.

Domestically, Modified Domestic Demand (MDD – a proxy for GDP in Ireland) is currently expected to remain resilient, forecast to grow by 3% in 2025 and 2.8% in 2026. Inflation is projected to hover between 2% and 2.2% for the remainder of this year and next, and the country will remain in full employment. With the pharmaceutical sector confirmed as included in the 15% tariff rate, there has been a lessening of the threat to this sector in Ireland for now. Pharma, along with the tech industry, are critical to Ireland's economy, and while reshoring high-value manufacturing is complex and slow, prolonged uncertainty could have weighed on activity in the CRE market.

RIGHT: Poppyfield Retail Park, Clonmel, Co. Tipperary

Activity & Demand

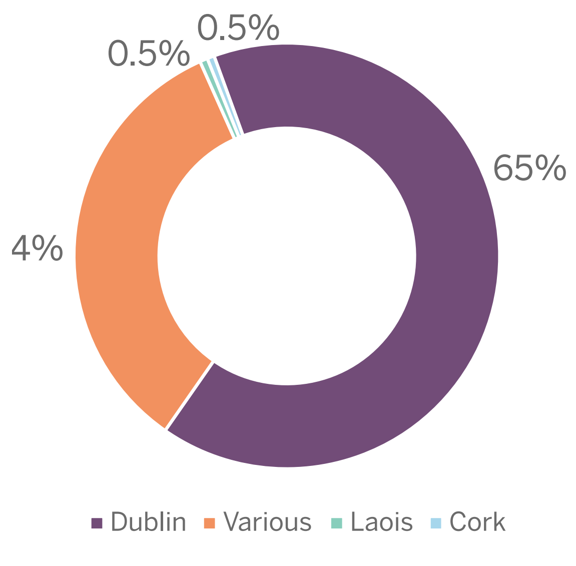
In Q2 2025, Irish investment activity reached €381.4m across 21 deals, a slowdown from both the previous quarter (€546.5m across 26 deals) and the same period last year (€514.3m across 29 deals). The average deal size was just under €18.2m, down from €21m in Q1 and €17.7m in Q2 2024. If the top three deals (each over €50m) were excluded, the average deal size drops to €6.8m in Q2 2025.

The market continues to rely on a small number of large transactions to support overall turnover. In Q2, €259.5m, or 68% of the total, was invested in assets over €50m. This was broadly in line with Q1 2025, where two such transactions accounted for 56% of activity, and Q4 2024, where deals over €50m made up 89% of the total. By comparison, Q2 2024 saw just 34% of turnover from three large transactions, with none recorded in Q1 2024. In the first half of 2025, a total of €565.5m was invested in large-scale deals, representing 61% of all activity.

Top 5 Investment Transactions Q2 2025

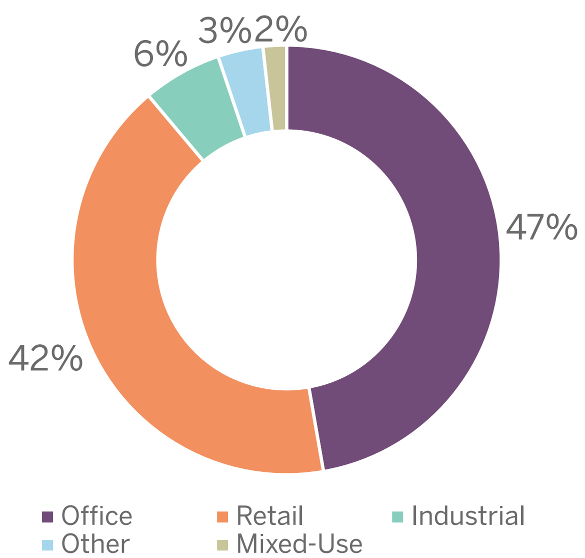
PROPERTY	LOCATION	SECTOR	REPORTED	PURCHASER
PRICE	PURCHASER	Retail Parks	€220,000,000	Realty Income
Trinity Collection	3 Counties	Retail Parks	€123,500,000	Realty Income REIT
20 Kildare Street, Dublin 2	Dublin	Office	€70,000,000	Deka Immobilien
10 Hanover Quay, Dublin Docklands, Dublin 2	Dublin	Office	€66,000,000	Pontegadea
The Infinity Building, Smithfield, Dublin 7	Dublin	Office	€42,000,000	Corum Asset Management
65-66 Grafton Street, Dublin 2	Dublin	Retail	€19,000,000	Irish Private

Activity By Location (Q2 2025)



Source: Lisney

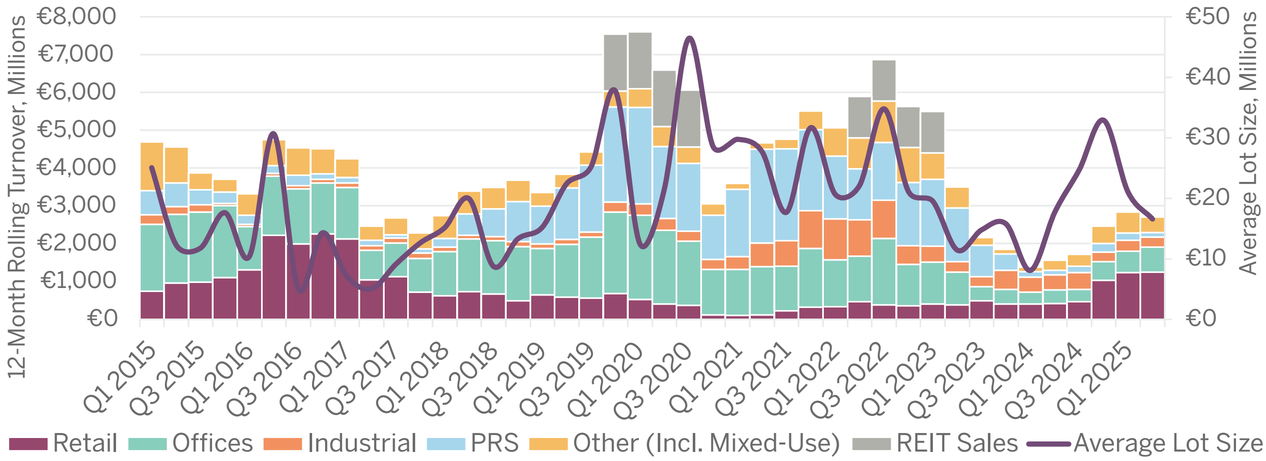
Activity By Sector (Q2 2025)



Source: Lisney

ABOVE: Belgard Retail Park, Tallaght, Dublin 24

Quarterly 12-Month Rolling Turnover by Sector & Average Lot Size (Q1 2015 – Q2 2025)



Source: Lisney

TRANSACTION TRENDS

Dublin accounted for 65% of total turnover in Q2 2025, a smaller share compared to the quarterly average of 82% since 2019. This decline is primarily attributed to the Trinity Collection, a portfolio of retail parks within three counties, representing a third of the total quarter's activity. Excluding this, Dublin led with 97% of market activity. Off-market sales made up 36% of total turnover.

INVESTOR PROFILE

The buyer profile in Q2 2025 remained diverse, with active participation from France, Germany, Spain, Switzerland, the US, and a range of private investors from Ireland. Active international buyers included Realty, Corum, Pontegadea, Deka, and Pictet. International capital accounted for 84% of total turnover, with all large-scale transactions (over €50m) backed by overseas investors. Private Irish investors were most active at the sub-€5m level, where assets continued to trade well (subject to sector, location, and capital expenditure requirements).

ASSET PREFERENCES

Investors' focus in Q2 2025 remained on assets with strong tenant covenants, longer WAULTs (typically over six years), and high ESG credentials. This is particularly relevant given the high cost of refurbishment and the difficulty of upgrading BERs in tenant-occupied buildings.

Demand was strong for resilient sectors of the market in H1 2025. Bidding activity increased on retail schemes, especially larger lots. Healthcare was also in demand with one transaction in Q2 (€4.75m) comprising three assets in Dublin, Co Kildare, and Co Clare, following three transactions in Q1 totalling €43.4m.

While investor appetite for residential assets remained strong across Europe, rental caps in Ireland have deterred many investors for quite a while now and limited new residential unit supply. Recent changes introduced by the government have been broadly welcomed, however, it remains to be seen whether they are significant enough to encourage renewed investment in the PRS sector.

€45m

The average office deal size was €45.05m in Q2 2025, up sharply from €14.6m in Q1 2025 and €15.1m in Q2 2024.

Activity By Asset Type

RETAIL

As was the case since Q1, retail remained one of the two busiest sectors in Q2 2025, with €158.7m invested across eight deals. This accounted for 41.6% of total market turnover, with an average deal size of €19.8m, down from €34m in the previous quarter, where the retail sector accounted for 50% of the activity (€272m). Looking at H1 2025, retail dominated the market, accounting for 46.4% of the total.

Investor interest in retail assets, particularly for well-performing, out-of-town, high-yielding opportunities, remained strong. Retail parks where tenants trade well remained most in demand amongst larger investors, while smaller-scale investors focused on acquiring individual prime high-street stores – larger investors have avoided from such assets in recent years given their low sustainability performance.

The sector's activity was driven by the sale of the Trinity Collection, which accounted for 32% of the total turnover and 78% of the retail sector turnover in Q2. The portfolio comprised three retail parks in Dublin, Drogheda, and Clonmel, and was sold to US investor Realty Income REIT for €123.5m. Notably, this was Realty's second substantial investment in the retail sector in Ireland in 2025. In Q1, it acquired the Oaktree Retail Park portfolio comprising eight retail parks in Navan, Bray, Sligo, Waterford, Naas, Drogheda, Galway and Limerick for €220m. Excluding the Trinity Collection deal, the retail sector accounted for just 14% of total Q2 activity.

High-street assets in Dublin continue to attract private Irish investors. It has been reported that 65-66 Grafton Street was acquired by a company controlled by entrepreneur JP McManus for €19m. The property is let to Massimo Dutti on a lease expiring in 2028. McManus (via Plainemorte) also reportedly owns two other properties on Grafton Street – No. 46 let to Three and No. 107 let to Boylesports.

The remaining six retail transactions range from €1.3m to €4.5m, and all but one are in Dublin. Tesco in Cork city centre was sold for €2.05m to an Irish investor.

OFFICES

In Q2 2025, investment in the office sector reached €180.2m across four deals, more than doubling the figure recorded in Q1 (€87.4m) and significantly ahead of the same period last year (€90.8m). Despite this improvement, turnover remained well below the 10-year quarterly average of €297m. The sector accounted for nearly half of total investment activity (47%) in Q2, its highest market share since Q2 2020 (60.4%).

The average deal size was €45.05m in Q2 2025, up sharply from €14.6m in Q1 2025 and €15.1m in Q2 2024. This was the highest average deal size since Q4 2021 (€51.5m), driven by a small number of large, high-value transactions.

Investor appetite remained highly selective, with demand focused on well-located office buildings in prime areas with strong tenant covenants. Demand for Dublin 2 offices has improved with a general view that this market is leading the office sector recovery due to the limited pipeline of new office development in the area. This was evident in the quarter, with three out of four deals located in Dublin 2.

The largest office transaction of the quarter was the €70m sale of 20 Kildare Street in Dublin 2 to Deka Immobilien, a German investor. Pontegadea, controlled by Zara founder Amancio Ortega, acquired 10 Hanover Quay in Dublin Docklands, Dublin 2 for €66m. 26-27 Merrion Square in Dublin 2 was sold for €2.2m. Outside Dublin 2, Corum Asset Management acquired The Infinity Building in Smithfield, Dublin 7 for €42m.

INDUSTRIAL

Despite a quiet quarter, investor interest in industrial and logistics assets remained healthy, particularly for well-located properties with solid tenant profiles and rental growth potential.

In Q2 2025, €22.73m was invested in the industrial sector across three transactions, accounting for 6.0% of total market activity. This was the lowest level since Q1 2024, below an already quiet Q1 2025 (€41.26m). The average deal size was €7.58m, down from €8.25m in the previous quarter and at a similar level compared to the Q2 2024 average of €7.15m.

ABOVE: 10 Hanover Quay,
Dublin 2

The largest industrial deal of the quarter was Pictet's €12.8m acquisition of Unit 1 in Stadium Business Park, Ballycoolin, Dublin 15. A unit in Ballymount Corporate Park, Dublin 12 was sold for €6.83m to Iroko Zen and Unit 13/B1 in Cookstown Industrial Estate, Dublin 24 was sold for €3.1m.

€22.5m off-market acquisition of 103 Northwest Business Park in Dublin 15. One building in Parkmore West Business Park, Galway was sold for €7.2m, while the remaining three deals were each under €5m.

PRS

Activity in the PRS sector remained, yet again, muted in Q2 2025 with no institutional-grade transactions recorded. This followed a similar Q1, where just two smaller transactions took place, totalling €10.6m, a sharp decline compared to €123m across four transactions in H1 2024.

Compared to peak years in 2019 (€2.39bn) and 2021 (€2.14bn), the decline in activity highlights the ongoing challenges facing the PRS sector, particularly around viability, construction costs, and rental market policy. While investor interest in residential assets remains, rental policy continues to dampen institutional appetite, making large-scale deals difficult to progress. As a result, developers are increasingly focusing on sales to Approved Housing Bodies (AHBs) and the Land Development Agency (LDA), which continue to purchase turnkey units and forward fund opportunities in response to the nationwide social and affordable housing shortage.

Since Q2 2023, there has not been a single quarter with more than two PRS transactions, and some quarters have recorded none. As mentioned above, it remains to be seen whether recent policy changes introduced by the government will be enough to revive institutional investment in the PRS sector.

Pricing

The table below outlines our estimated prime yields in Dublin in Q2 2025.

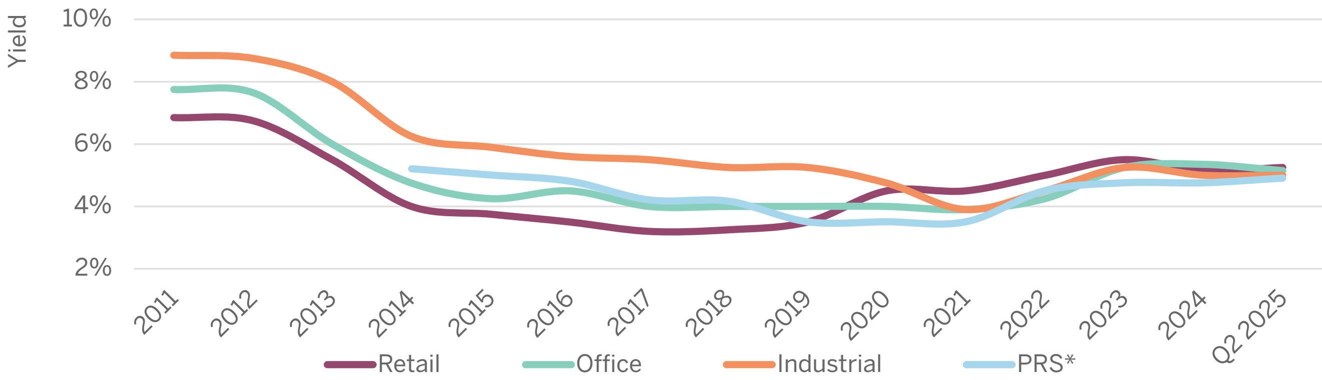
Prime Net Equivalent Yields

	RETAIL	OFFICE	INDUSTRIAL	PRS*
Q2 2025	5.25%	5.15%	5.00%	4.90%
Quarterly Change	+10 bps	-20 bps	0 bps	+15 bps
Annual Change	0 bps	-10 bps	0 bps	+15 bps

* PRS yields assume OPEX at 20% of income

Source: Lisney

Prime Net Equivalent Yields (2011 – Q2 2025)

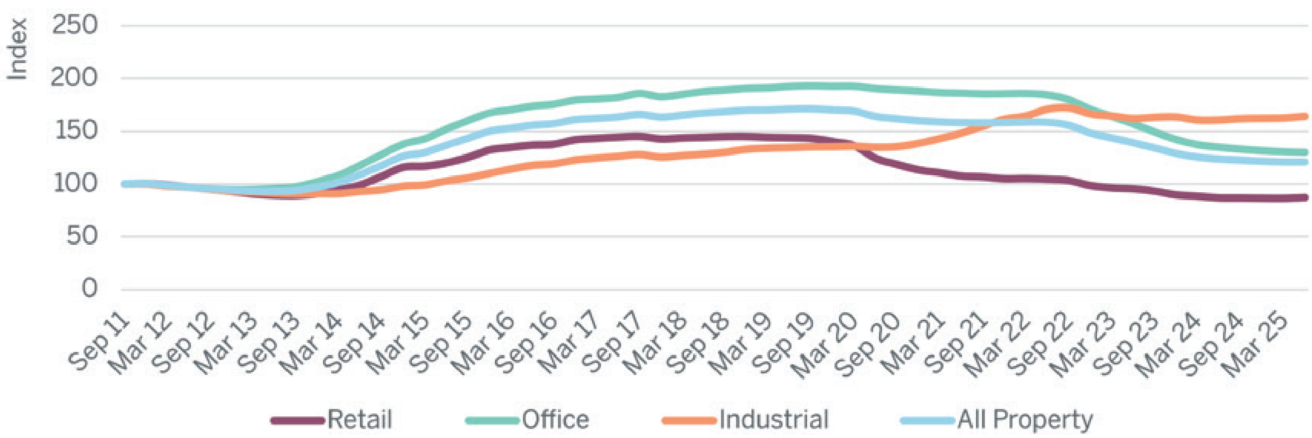


* PRS yields assume OPEX at 20% of income

Source: Lisney

The most recent MSCI / SCSI Ireland Property Index figures are for Q2 2025 where the capital value growth index fell by 2.1% for 'all property' in the year (no change in the quarter). Offices was the only sector that returned a capital value decline in Q2, and that was on both an annual and a quarterly basis.

MSCI / SCSI Capital Value Growth Index (Q4 2011 – Q2 2025)



Source: MSCI, Lisney analysis

ABOVE: 65-66 Gafton Street,
Dubin 2

Supply

At the end of June 2025, there was approximately €700m worth of on-market investment opportunities available, many of which had deals agreed. However, considering the off-market sales activity, supply is substantially larger.

€700m

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Yields are expected to harden across most sectors by the end of 2025, with offices being the exception, where stabilisation is more likely following substantial repricing over recent years.

Outlook

Activity levels are expected to improve further in the second half of 2025 and is likely to reach a turnover of €2.5bn, but this will be contingent on what comes to the market in the autumn selling season. It will also depend on how US trade policy evolves in the coming months and its wider implications.

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Forward-looking sentiment from investors seems to be cautiously optimistic but very dependent on wider global policy. Demand is expected to come from a range of sources. French investors will remain active alongside other European players, with German buyers expected to become more active in the second half of the year. Private Irish investors (typically targeting lots under €5m) will continue to be active. Irish funds are expected to seek good quality opportunities once again.

Investor confidence in the retail sector is expected to hold through 2025 with many seeking to take advantage of the 40% decline in values since early 2019.

The various domestic and European sustainability policies will continue to impact how buildings are funded and occupied. For some sectors (especially offices), there is a fear that a certain grade of building will become a stranded asset – too modern to justify the high cost of upgrading significantly, but also not meeting the sustainability standards required in the years ahead. The influence of sustainability measures is a growing trend in the industrial and logistics sector and in 2025, landlords of both new and refurbished buildings will continue to focus on sustainability and seeking certifications.

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