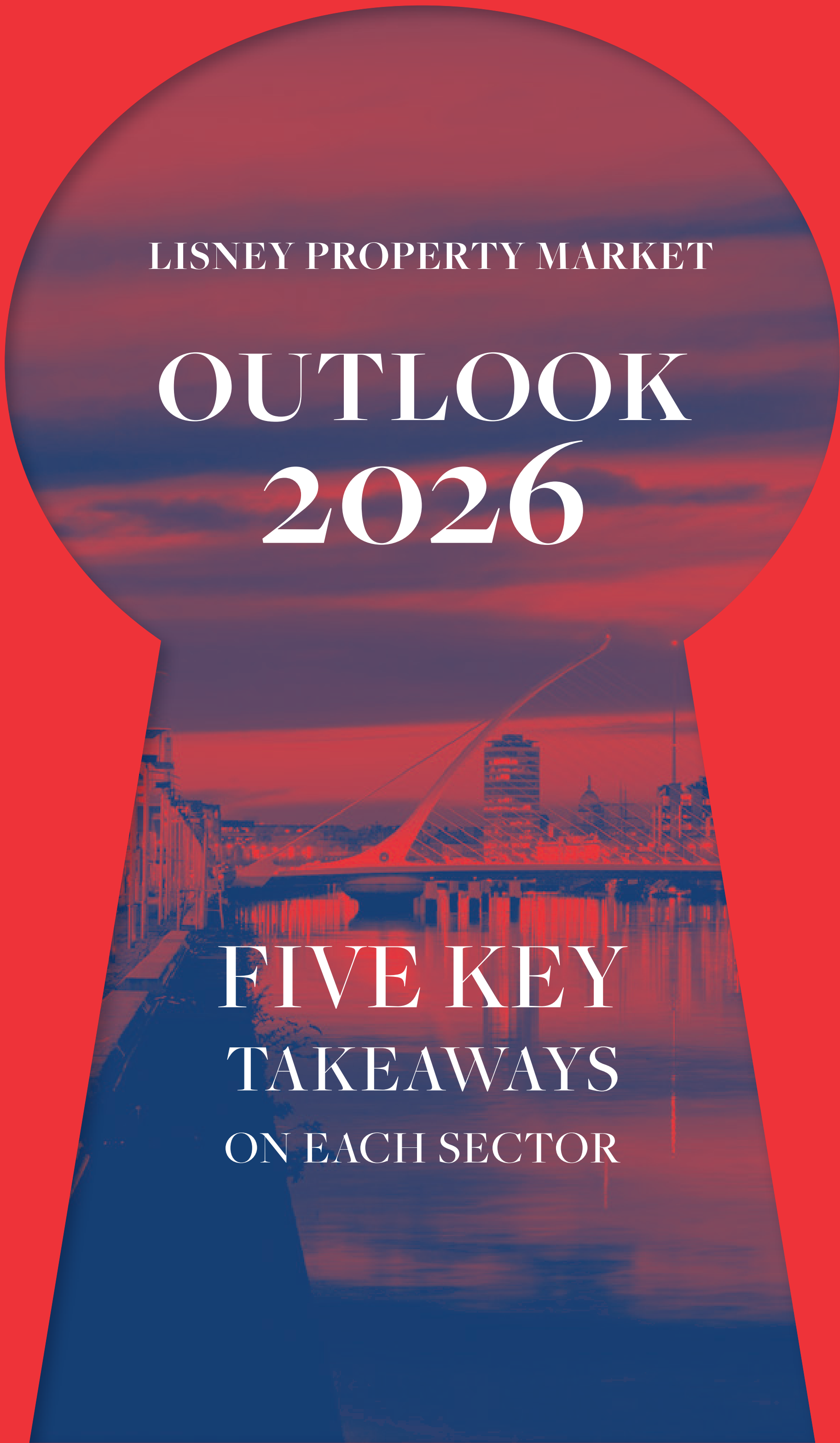
Lisney Sotheby's International Realty

Lisney Commercial Real Estate



LISNEY PROPERTY MARKET

OUTLOOK 2026

FIVE KEY TAKEAWAYS

ON EACH SECTOR

UNLOCKING THE FUTURE OF PROPERTY

CONTENTS

INTRODUCTION

David Byrne
Managing Director

As we enter a new year, our world continues to be marked by ongoing volatility, shaped by geopolitical tensions, shifting trade relationships, inflationary pressures and rapid technological change.

In the year ahead, Ireland's property market will operate against a backdrop of change, adjustment and opportunity as it has done for many years now.

While there were notable global challenges and uncertainties in 2025, activity across most Irish property sectors has proved robust, supported by strong underlying demand and Ireland's resilient economic fundamentals.

Although challenges remain, we believe 2026 will be a year of opportunity, one that will reward informed decision-making and a longer-term perspective.

Demand is set to remain strong, pricing should trend upward in many sectors, and supply constraints, particularly for prime, sustainable, and well-located properties of all classes, will remain a defining feature of the market.

In the context of ongoing global uncertainties, decision-making will be more discerning and informed, but momentum is expected to build across both residential and commercial markets.

Our Outlook 2026 report brings together our key expectations across all sectors of the Irish property market for the year ahead and, as ever; we look forward to working with you to support informed property decisions and achieve the best possible outcomes for you.

MARKET CONTEXT

Given the highly globalised nature of the Irish economy, Ireland's property market is sensitive to shifting global macroeconomic, geopolitical, and environmental conditions.

The world economy continues to face pressures from international tensions and rising trade protectionism, while domestically, there has been notable resilience in the economy but with divergent sectoral performances. In addition, Ireland continues to grapple with persistent constraints in infrastructure and housing, alongside elevated business and household costs.

International upheavals and the rapid pace of change in recent months has heightened uncertainty and complicated forward-looking assessments on the Irish economy and property market. Notwithstanding, most commentators believe the outlook for the economy appears relatively favourable in the absence of any unforeseen events. The ESRI recently projected (based on scenarios and an underlying range of assumptions) annual average economic growth of 2.3% in modified gross national income (GNI*) out to 2030 and 2.1% from 2031 to 2035. While this shows a potentially strong pathway, there remains a fundamental vulnerability in public finances from corporation tax, particularly from the pharmaceutical and tech industries.

In the property market, experience shows unanticipated external shocks can have a major impact on demand, supply and pricing. However, we believe 2026 will be a good year with demand either remaining steady or increasing across all parts of the commercial and residential market, with increased pricing. Supply constraints, particularly for prime, best-in-class accommodation will continue to be a feature of the market, potentially holding back activity levels.

1

RESIDENTIAL SALES & LETTINGS

RESIDENTIAL SALES & LETTINGS

01 Buyer **activity** will remain strong in 2026, although purchasers will be making more thoughtful and informed decisions. Demand will be underpinned by favourable domestic economic conditions, including high employment levels, elevated household savings, and lower interest rates. However, after 13 years of sustained price growth, affordability in certain price brackets will come into sharper focus. While prices will continue to move upward due to supply constraints, it will be at a slower pace; likely around 5% growth overall this year compared to 7% last year and 11% in 2024. Many transactions will comprise chain sales, which will mean longer processes and the greater potential for deals to fall through, a trend that was notable last year. Closings will also be delayed by more robust legal and financing due diligence. However, it is positive that probate processing times have improved considerably, which means these sales should proceed more quickly.

02 **Demand** will be concentrated on turnkey homes that do not require any structural works, only need minimal cosmetic upgrades, and demonstrate strong energy efficiency (ideally with A or B BERs). This reflects construction cost inflation, labour shortages, and limited appetite for renovation risk, as well as higher utility costs and the availability of green mortgages. Coastal properties, homes in well-connected suburbs, and those within established school catchments will continue to outperform the broader market with purchasers willing to pay meaningful premiums where key lifestyle criteria are met.

> "Prices will continue to move upward due to supply constraints"

Ananda, St. George's Avenue,
Killiney, Co. Dublin

Aranmore, 21 Avoca Avenue,
Blackrock, Co Dublin

03 Ireland's residential market will remain defined by a structural **supply** deficit in 2026. The number of homes available for sale will fall short of underlying demand. New home completions will continue to under-perform due to delivery challenges, a situation that may worsen before it improves, particularly against a backdrop of strong population growth (+1.5% per annum). While chain sales will remain prevalent, it is encouraging that bridging finance is now available from one pillar bank. This is positive development for market liquidity, and it is hoped that other lenders will follow suit. It will materially assist homeowners wishing to right-size, many of whom have been constrained in recent years, and should, in turn, support supply levels, particularly in popular well-established suburban areas.

04 At the **upper-end** of the market in Dublin and Cork, as well as in the country homes segment, demand from both Irish and overseas buyers will be healthy in 2026. Activity will however remain sensitive to international geopolitical developments, macroeconomic conditions and broader sentiment. Buyers will continue to act cautiously and selectively, proceeding where properties are realistically priced and align closely with lifestyle requirements. Homes brought to the market with aspirational pricing strategies are likely to experience extended selling periods, increased negotiation and more pronounced price-chipping.

05 The **rental market** remains exceptionally tight, with demand continuing to materially outstrip supply across all major urban centres. Despite increased investment by State-backed bodies into cost-rental affordable schemes and renewed investor interest in PRS, the rental sector is expected to remain constrained in the medium term. A key structural issue is the widening divergence between rents for new and existing tenancies (up to 20%), arising from rent control legislation. This distortion, combined with broader regulatory burdens and rising operating costs, has accelerated the exit of small landlords from the market in recent years, a trend that will persist into 2026. New rental legislation due in March 2026 will introduce separate regulatory frameworks for small and large landlords. While the ability to reset rents to market levels every six years represents some progress, annual rent increases will remain capped at CPI or 2%, whichever is lower. For many small landlords, these reforms are unlikely to be sufficient to halt further exits. As a result, until PRS and cost-rental delivery gains meaningful scale, upward pressure on rents is expected to continue.

2

DEVELOPMENT LAND & NEW HOMES

DEVELOPMENT LAND & NEW HOMES

01 Sales **activity** in the development land market across the GDA has remained relatively steady over recent years, with annual market turnover averaging approximately €500m. Activity is expected to improve in 2026, as many market participants delayed transactions pending the release of the new housing policy in November. The increased certainty provided by this policy, together with the continued implementation of the new Planning & Development Act and the review of the National Planning Framework, is expected to support stronger demand.

02 **Demand** will remain strongest for ready-to-go residential development sites within the GDA and in the immediate environs of all major urban centres nationwide. Most housebuilders, including those publicly listed, are expected to maintain active site acquisition programmes. In addition, the LDA will be a significant source of demand, having been particularly active in acquiring large-scale residential sites over the past year. Many developers will also demonstrate a growing appetite for un-zoned and strategic reserve lands to support their longer-term development pipeline. The fact that the Zoned Residential Land Tax is not payable on such lands provides time to formulate development strategies and secure finalised planning permissions without immediate tax exposure. Related to this, local authorities have been seeking proposals from stakeholders to re-zone lands for residential development to help accelerate housing delivery, and this should add to supply

03 **Construction indicators** across the development pipeline were materially weaker in 2025 than what is required, and substantial improvements are unlikely in 2026. Housing completions are estimated at 32,000 in 2025, falling well short of the 50,000 to 60,000 per year targets that have been set. Following a robust 2024 due to the temporary waiver on development contributions and water connections, commencement notices dropped considerably (-75%) last year. Planning grants are estimated to be slightly ahead of 2024 but below 2023 and 2022, with approximately 34,000 homes granted

Hartwell Road, Kill

Wellfield Malahide, Co. Dublin

permission. These outcomes reflect a combination of persistent infrastructural constraints, particularly in relation to utility capacity and connections, elevated construction costs and associated viability challenges, delays in securing development funding, and broader macro-economic uncertainty, all of which continue to weigh on delivery across the sector.

04 High-density **apartment** schemes are critical to materially increasing housing delivery levels, particularly within urban areas. However, notwithstanding strong demand, the viability of new developments has remained challenging across most locations. Proposed amendments to the apartment design guidelines (albeit, currently subject to legal uncertainty following a referral by the High Court to the European Court of Justice arising from a Judicial Review) have the potential to deliver meaningful cost efficiencies and partially bridge the existing viability gap. In addition, the reduction in VAT on new apartments to 9% as announced in Budget 2026 is expected to provide further support to delivery. We strongly believe that the Croí Cónaithe (Cities) Scheme has significant potential to facilitate increased apartment delivery; however, adjustments to the timing of payments to builders are required to ensure that smaller-scale developers can effectively avail of the scheme.

05 The Government announced the new **housing plan** 'Delivering Homes, Building Communities 2025 – 2030' last November. It outlines strategies aimed at significantly increasing home delivery numbers with significant investment going into the LDA and utility providers to improve the infrastructural deficit within the country. The stated goal of delivering 300,000 new homes by 2030 is highly ambitious, but it does reinforce the policy intent and funding commitment to address Ireland's housing shortage. Continuation of the first-time buyer schemes (with potential uplifts in qualifying limits) will be an important part of this delivery, as will continued reform of the planning system.

> "Activity is expected to improve in 2026, as many market participants delayed transactions pending the release of the new housing policy in November"

3

INVESTMENT & FINANCE

INVESTMENT & FINANCE

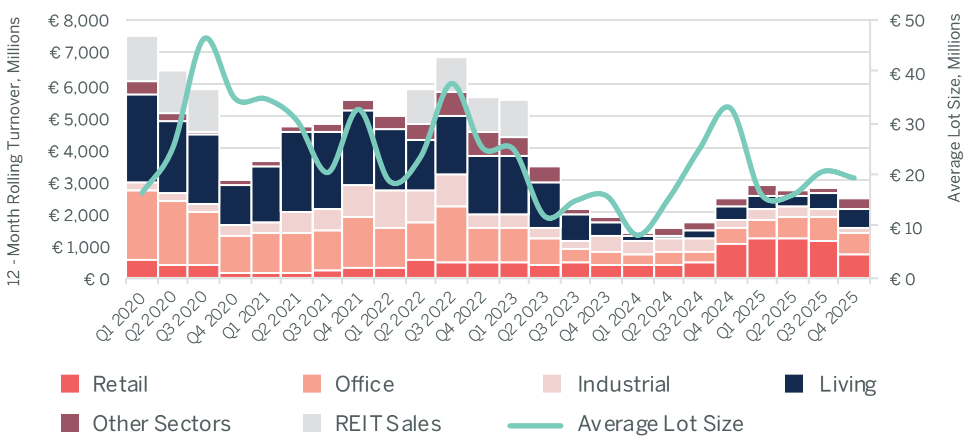
01 Global geopolitical tensions and associated economic uncertainty continue to form an important **backdrop** to the Irish CRE investment market. While interest rates have improved, there remains an absence of competitive domestic debt. This gap is increasingly being filled by alternative non-bank lenders. In addition, debt capital is also being provided through sponsorship structures. Given the relatively high returns, limited day-to-day involvement, and the ability to reduce risk exposure, some participants who would previously have invested directly are now gaining exposure to CRE through debt provision. This trend is expected to continue into 2026, alongside more sporadic and opportunistic one-off lending activity.

02 With a greater number of investors in the market and pricing stabilised, **activity** in Ireland's CRE investment sector will be stronger in 2026. Market turnover has totalled €2.5bn in each of the past two years and while 2025 concluded slightly below the expectations set 12 months earlier, it nonetheless represented a solid performance given the broader backdrop of global uncertainty. In the absence of any major external shocks, turnover is likely to exceed €3.25bn this year, perhaps reaching €3.75bn. An assets' sustainability credentials, including a roadmap for improvements, will be a key due diligence consideration, and will impact demand and pricing across all sectors.

03 **Yields** across all key sectors began to soften in mid-2022 as interest rates rose, with performance diverging thereafter. Office yields were most affected due to occupational change and sustainability considerations. While prime office yields remain around 110 bps higher than four and a half years ago, they improved by approximately 35 bps last year and are expected to compress further in 2026 as demand deepens. The other traditional sectors of retail and industrial have been more resilient, with yields generally 65 to 100 bps above mid-2022 levels while alternatives such as living and healthcare have held up well. Further yield compression is expected in 2026 across these sectors, the extent of which will depend on wider market conditions.

12 Month Rolling Investment Market Turn-Over (2020 - 2025)

Source: Lisney



04 **Demand** in 2026 will be driven by a broad range of investor types. International investors are expected to remain the dominant participants for larger lot sizes, while private Irish investors will continue to focus on smaller-scale opportunities. Investors from Germany and other mainland European countries, as well as North America, will generally target prime assets. French SCPIs are also expected to be active, selectively pursuing opportunities that meet their return requirements.

05 In recent years, retail parks and industrial premises have been the preferred investment **sectors**. While these asset classes will remain in demand, investor requirements will broaden. With prime pricing now more clearly established following several notable transactions, well-located office buildings with strong BERs will experience increased interest and a greater depth of bidding. Similarly, as many retail parks have already traded, investor focus will move to key shopping centres where trading performance and footfall are strong. 2026 is also likely to see the return of meaningful levels of activity in the PRS market. While underlying demand for PRS has remained resilient, transaction volumes have fallen sharply. In the five years prior to mid-2023, annual turnover on a rolling basis averaged close to €1.8bn. However, this declined significantly, with just €375m completed last year, a figure greatly assisted by strong H2 activity. This contraction in completed deals was driven by a combination of elevated interest rates and construction costs, apartment viability challenges, and restrictive rental legislation. With interest rates now lower, construction costs having plateaued, and new rental legislation due in March (allowing a rental re-set every six years), the risk profile associated with PRS has reduced significantly, supporting a recovery in investment activity.

> “International investors are expected to remain the dominant participants for larger lot sizes”

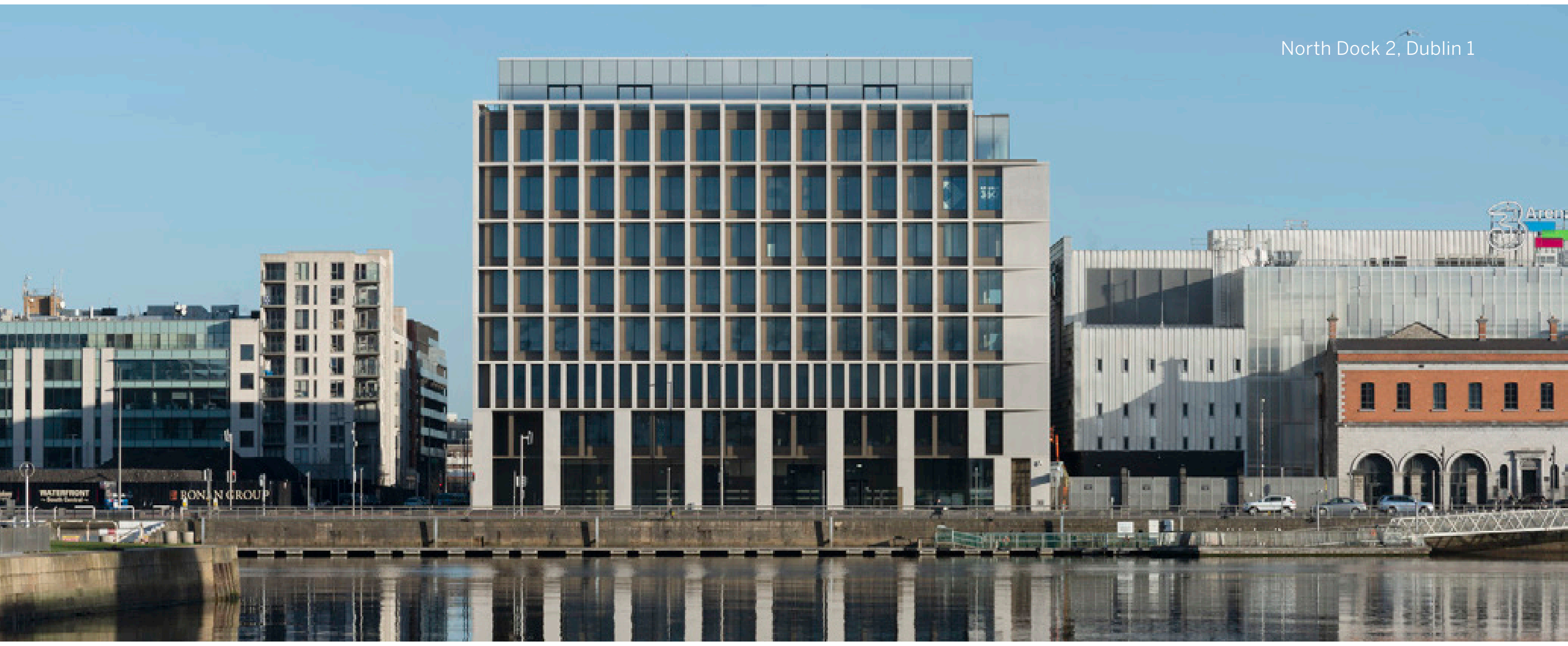
10 Hanover Quay, Dublin 2

4

OFFICES

OFFICES

> "Supply is significantly tighter and we anticipate a pinch point in this type of space in mid-2026"



North Dock 2, Dublin 1

01 In 2025, office market **take-up** reverted to the 10-year average figure of 240,000 sqm. We believe this is a stabilised annual take-up figure in the medium-term despite the exceptionally strong years in 2017, 2018 and 2019, where activity was up to one-third higher. In arriving at this view, we have had regard to general market characteristics and dynamics, including the international nature of occupiers (and the factors that impact them), as well as underlying indigenous demand. However, this forecast is dependent on supply levels and the availability of adequate stock to support occupier requirements.

02 Occupiers' flight to quality will continue in 2026. Corporate tenant **demand** will remain focused on Grade A+ high specification, tech enabled, net zero, city centre offices to meet sustainability commitments and attract talent within vibrant, amenity-rich environments. For smaller, more cost-conscious businesses, they too want the best-in-class buildings in central locations, but their decisions will be dictated by affordability. In recent years, they benefited from the flexibility that was on offer through fully fitted grey space, which provided cheaper solutions. However, this opportunity will diminish further in the months ahead and the capital expenditure necessary to carry out fit-out works will be a barrier for some to occupy new, best-in-class buildings, even if the rent is affordable.

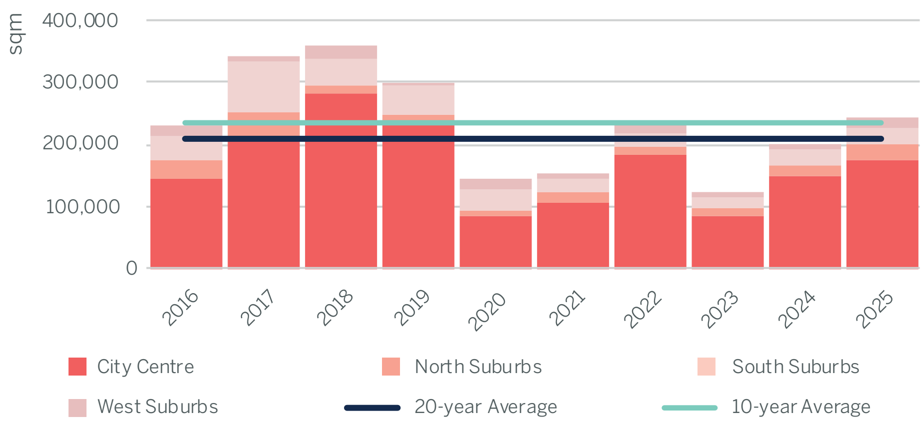
03 While the headline vacancy rate across Dublin has fallen by about half a percentage point a quarter in the last year, it remains elevated at 14%. However, it is very important to delve deeper into the specifics in terms of quality and location. For premium accommodation in the CBD, supply is significantly tighter and we anticipate a **pinch point** in this type of space in mid-2026. This anticipated shortage of prime space will likely trigger several trends including rising rents, longer term-certain, reduced incentive packages, increased demand for less sought-after city districts (such as D1 and D8), accelerated refurbishment of vacant Grade B buildings, and shortened timelines to commence delayed development.

04 While rents have remained stagnant of late, as the supply squeeze tightens, rents will begin to move up. This is ultimately what is required to justify **new development** and get more construction finance into the market. Rent is a function of construction cost plus margin - often referred to as the economic rent or profit point needed for a scheme to be viable. The economic rent for a new, net zero, Grade A+ building in the city centre is excess €807 psm (€75 psf). Prevailing top rates for already constructed buildings (with different building cost profiles from the past) are between €678 psm and €700 psm (€63 psf - €65 psf). In the absence of falling build costs (which have increased more than 30% in the last five years), which is unlikely, that leaves a viability gap of about €108 psm (€10 psf). Rents for new buildings will need to be at the economic level for the office development pipeline to significantly move forward again.

05 New building alone will not meet medium-term demand for high quality space and **refurbishment** programmes must also expand. Under EU targets, one-in-four offices buildings will need upgrades in the next five years. Such retrofits will be essential to prevent asset obsolescence but will also be critical in assisting with the supply crunch. There is no one-size-fits-all strategy and landlords and developers will need to carry out detailed cost / benefit analyses, judging what level of works are viable, what spend will bring greatest benefits, and what will be the improvements in energy efficiency and Grade.

Take Up By Region (2016 - 2026)

Source: Lisney



5 Harcourt Road, Dublin 2

5

RETAIL

RETAIL

01 Irish **consumers** now span a spectrum, from strong savers to those strained by the cost of living, with many falling somewhere in between. As a result, overall retail sales volumes have remained relatively static over the past three years as the differing behaviours of these cohorts effectively balance each other out. Yet perhaps surprisingly in this context, the retail property market was at its busiest level in almost two decades in 2024 and 2025, a trend we expected to continue in 2026.

36 Grafton Street, Dublin 2

02 Both Irish and international multiples along with specialty **retailers** have been active, signalling confidence in the Irish retail market. This activity includes first-time market entry as well as network expansion, reflecting retailers' continued prioritisation of high-footfall, experience-led locations. Demand for Dublin's central retail core (Grafton Street and Henry Street/Mary Street catchments) remains strong, and key shopping centres continue to attract occupier interest. However, the scarcity of prime pitches is putting pressure on rents and prompting a gradual hardening of lease terms. Even so, deal structures are expected to retain a degree of post-2020 flexibility, as landlords balance the need to capture rental growth with maintaining occupancy and supporting retailer performance.

03 **F&B** operators are expected to be a key driver of retail demand in 2026, supported in part by the reintroduction of the reduced 9% VAT rate from July 2026. This will enhance margins and improve the viability of new openings, encouraging both independent operators and branded chains to expand, particularly in high-footfall urban locations and established suburban centres. However, the sector will continue to face significant pressure from elevated and rising operational costs including staff, utilities, insurance, and supply-chain inflation, which will challenge profitability. Beyond cost pressures, cultural and behavioural shifts are also expected to shape performance. Younger consumers are more health-conscious, reducing discretionary F&B spending. In addition, the growing uptake of GLP-1 appetite-suppressant medications may redirect consumer spending towards healthcare costs while reducing calorie consumption. As a result, while expansion activity will remain visible, the market will also see further casualties of weaker operators and businesses that are over-leveraged. Overall, the sector's growth trajectory in 2026 will be characterised by selective expansion coupled with ongoing churn.

04 A lack of **supply** in key retail locations is increasingly evident, with competition for prime units intensifying. The vacancy rate on Grafton Street and Henry Street / Mary Street has fallen, underscoring the depth of occupier demand. This shortage is particularly notable given that no new shopping centres or retail parks have been delivered in almost two decades. Although demand for shopping centre space is more selective, retail parks continue to attract strong interest, especially in out-of-town regional centres. Prevailing rents are below economically required levels when considered alongside elevated construction costs, financing constraints, planning uncertainty, and broader macroeconomic risks. As a result, no meaningful new pipeline is expected in the medium term, reinforcing upward pressure on prime rents and limiting retailers' expansion options.

05 **Sustainability** will remain a long-term consideration for retailers and landlords. Ireland's Climate Action Plan and initiatives like the 'Return' scheme are driving change, albeit gradual. As consumers place more value on quality, eco-friendly practices and ethical sourcing, retailers aligning with these expectations through store design, supply chain practices, sustainable packaging and transparency are likely to gain a competitive advantage.

> "The retail property market was at its busiest level in almost two decades in 2024 and 2025"

6

INDUSTRIAL

INDUSTRIAL

01 **Demand** for industrial and logistics space will be healthy in 2026 and in line with long-term averages but below the elevated levels seen during the post-Brexit and pandemic boom. With greater certainty around US tariffs, several on-hold requirements are likely to re-activate where the focus will be on modern, well-located premises. Demand from the pharmaceutical industry will be muted due to ongoing reshoring and tariff-related cost concerns. Retailers and 3PL operators will continue to drive demand, particularly for larger units, while those in the mechanical and electrical sector will support activity in smaller size categories due to the ongoing expansion of data centres.

02 Despite healthy occupier demand, **activity** levels in 2026 may fall short of the 10-year average of almost 300,000 sqm. We expect take-up to range between 220,000 sqm and 250,000 sqm, potentially constrained by limited supply, particularly of larger buildings, while mid-size deals will continue to drive the market. Affordability concerns among certain occupier groups (such as 3PL where rising costs are impacting their business models) may also weigh on activity given that prime rents have almost doubled in the last decade.

03 With the vacancy rate hovering around 2% since early 2022 (approximately 200,000 sqm), and little likelihood of meaningful increases in the medium-term, **supply** will be tight and well below what is required in a functioning market. Premises smaller than 1,000 sqm will continue to make up the bulk of the number of available units (currently two-thirds) with only a handful of units larger than 5,000 sqm available. For occupiers with specific requirements, they may need to pursue design-and-build / agreement-for-lease arrangements with developers.

“Demand for industrial and logistics space will be healthy in 2026 and in line with long-term averages”

04 Entering 2026, about 110,000 sqm of new space is under **construction** with just over 70% currently available (albeit some under active negotiation). Even if all available space were to reach PC vacant, it would add only around one percentage point to the vacancy rate or equate to roughly 4.5 months of average take-up, highlighting how limited the immediate development pipeline is relative to underlying demand. A further 255,000 sqm has planning permission across several key business parks (equivalent to less than one year's take-up) but this pipeline is unevenly distributed across Dublin regions with more than 80% in the north and northwest. The lack of meaningful new supply in the southwest corridor will have medium-term consequences by restricting occupier choice, constraining take-up volumes, and potentially pushing further development activity into Co. Kildare.

05 For larger occupiers, developers, investors, and their funders, **sustainability** will remain a central focus in the industrial and logistics market, shaping both new development and refurbishment strategies. Occupiers are increasingly driven by the operational cost advantages of buildings with B3 or better BER ratings, particularly in an environment of elevated energy prices and tighter corporate carbon reporting requirements. At the same time, developers and investors are incentivised by improved access and cheaper finance for greener assets, and in new builds are focused on LEED Gold and A2 standards. This is reinforcing a structural shift in capital allocation towards sustainable stock and accelerating the obsolescence of non-compliant buildings. In spite of this, given the growth in rents in recent years, there will be a place for less green buildings, particularly among smaller, more localised occupiers.

Ballymount Logistics Hub,
Dublin 12

7

LICENSED & LEISURE

LICENSED & LEISURE

Peter's Pub,
Dublin 2

01 We expect 2026 **activity** levels in Dublin's licensed premises market to remain broadly consistent with the past three years – averaging about 20 deals. Where properties are appropriately priced, they will attract competitive interest and transact quickly. However, purchaser demand will be selective, with established and well-capitalised operators prioritising core city-centre locations due to stronger trading fundamentals, opportunities for premium pricing, and more consistent footfall, which together help to mitigate the elevated cost pressures. The strong interest witnessed in 2025 for opportunities within the George's Street / Fade Street / Drury Street district highlights the market's continued focus on prime city-centre locations. This area, together with Temple Bar, Camden Street / Wexford Street, Grafton Street / Dawson Street south of the River Liffey, and Capel Street to the north, is expected to remain most attractive to potential purchasers in 2026, should suitable opportunities arise.

Flying Enterprise,
Cork

> "Potential for an uptick in supply in 2026, driven by long-established publicans opting to retire due to strong purchaser demand"

02 Four of the 19 Dublin transactions in 2025 comprised **leasehold interests**, all of which were located on prime Dublin 2 pitches. While freehold ownership remains the preference for most operators, the increase in leasehold activity reflects heightened selectivity around ultra prime location. As a result, further leasehold transactions are expected to occur in the medium-term.

03 There is potential for an uptick in **supply** in 2026, driven by long-established publicans opting to retire due to strong purchaser demand and trading conditions becoming increasingly challenging. This generational shift is expected to represent a key source of premises coming to the market, particularly within the prime city-centre freehold segment, where assets benefit from established trading histories and proven performance.

The Kings Head,
Galway

04 Outside of Dublin, the market is mixed. Key **regional** cities and tourist hotspots will remain active and in demand. Like Dublin, the premises must benefit from scale, have consistent footfall and be able to sustain high turnover levels including seasonal trade. In smaller urban and rural areas, the appetite for licensed premises is much more limited and the closure of non-viable businesses will continue. Consequently, there will be an increase in the availability of pub licences. The value of these licences will continue to range between €50,000 and €55,000 with supermarkets and convenience stores the main purchasers for off-licence purposes.

05 Cost inflation, layered on top of an already elevated cost base, is expected to remain the most significant **headwind** for the pub trade in 2026. Operators will continue to face constrained staff availability and upward pressure on wages, alongside further increases in utilities and insurance costs, collectively weighing on margins and operational flexibility. The reintroduction of the reduced 9% VAT rate for hospitality from July 2026 is expected to provide some margin relief for food-led operators. However, while many operators have implemented price increases, there is a growing risk of consumer resistance, especially outside prime city-centre and tourist locations. This limits the ability of secondary and rural pubs to fully pass on cost increases, particularly at a time when drinking patterns continue to evolve.

The Queens,
Dalkey, Co. Dublin

8

NURSING HOMES

NURSING HOMES

01 Ireland's **ageing demographic** profile is set to be a key structural driver of demand for retirement accommodation and healthcare facilities over the medium to long term. CSO estimates from April 2025 indicate that the population aged 80 and over had reached almost 210,000, representing a 41% increase over the past decade. Forecasts suggest this cohort is projected to expand by a further 60% by 2035, reaching approximately 335,000 people aged 80+. The pace of growth in this older age segment is materially faster than overall population growth (at 11%), implying a sustained and intensifying requirement for age-appropriate housing, assisted living and long-term care provision. As a result, demand pressures will deepen, particularly in urban and suburban locations.

02 The Irish **nursing home sector** has continued to evolve through consolidation and the development of larger, more efficient facilities, with many older homes exiting the market or being extended to meet modern standards. As of end-2025, there were 544 registered nursing homes providing approximately 32,350 bed spaces across the country, a figure that has remained largely static over the past five years following steady growth between 2013 and 2020. Using the HSE's indicative assumption that 5% of people over 65 years old require residential or nursing home care, current demand equates to approximately 43,100 beds, implying an immediate shortfall of 10,750 beds (33%). With a growing older population, this structural deficit is expected to widen further over the medium term, underpinning sustained demand for new, modern nursing home developments.

03 Partially addressing this shortfall, there are currently 49 nursing home projects under **construction** in Ireland, delivering approximately 3,070 additional bed spaces. Most of this activity relates to new developments (34 schemes) with the balance comprising 15 extensions to existing facilities. While the medium to long-term pipeline appears supportive, delivery risk remains material. Planning permission has been granted for a further 5,900 bed spaces across 114 schemes, yet construction has not commenced on these projects, and a number are likely on hold. This means a significant proportion of consented supply may not ultimately progress to completion.

> There are currently 49 nursing home projects under construction in Ireland, delivering approximately 3,070 additional bed spaces

04 The Government allocated an additional €215m to older persons' services for 2026, of which €92m is directed to **Fair Deal** (NHSS – Nursing Home Support Scheme). This funding uplift is intended to support expanded capacity, enhance quality standards, and enable 500 more individuals access financial support for long-term residential care. While this represents a positive intervention from a funding perspective, it does not materially alter the underlying structure of the scheme and the political pressure for sector reform, especially around asset treatment. Throughout 2025, the average Fair Deal rate paid to a private operation only increased by €79 per week, while payments to the public operators increased by €69. On average, public-sector nursing homes receive 50% more than those in the private sector.

05 A continuing trend in 2026 will be the persistence of **operational pressures** across the nursing home sector; driven by rising costs, ongoing staffing shortages and regulatory requirements. Staff costs can account for up to two-thirds of total revenue in private and voluntary homes, while broader operating expenses continue to increase at a pace that exceeds growth in income. This widening cost / revenue imbalance is expected to sustain financial pressure on many operators, leaving margins constrained despite consistently high occupancy levels and strong underlying demand.

10

STUDENT ACCOMMODATION

STUDENT ACCOMMODATION

> International students now account for 15.4% of total enrolment (43,000 students), up from just 10% (23,500) ten years ago

01 Enrolment in Irish Higher Education Institutions reached 278,880 students in the 24/25 academic year, including 215,600 **full-time students**. Those in full-time education have increased by almost 20% in the past decade, reinforcing the structural expansion in demand for student housing. International students now account for 15.4% of total enrolment (43,000 students), up from just 10% (23,500) ten years ago, a trajectory that is expected to continue as Ireland becomes a more attractive option to students from across the world. This international cohort has a high reliance on purpose-built student accommodation, further intensifying demand pressures within the sector.

02 Higher education in Ireland is heavily concentrated in the main urban centres with Dublin accounting for 42% of all students nationally, followed by Cork (13%), Limerick (11%) and Galway (10%). These city regions represent the most acute and sustained sources of **demand** for purpose-built student accommodation, both currently and over the medium to long term, given their scale, growth trajectories and limited capacity for students to enter the wider residential rental market.

03 Ireland currently has 49,000 PBSA bed spaces – one for about a quarter of all full-time students. Total **stock** has increased by 57% since 2014 with development activity most pronounced in Dublin, Cork and Galway. Dublin has recorded exceptional growth of around 120% over the period. As at end-2025, approximately 4,900 PBSA beds were under construction across 15 schemes. Notably, 43% of this pipeline comprises new on-campus accommodation at UCD. Beyond committed supply, an estimated 13,500 beds have secured planning permission but have not commenced construction, of which up to one-third may not ultimately proceed, while a further 3,000 beds remain within the planning system awaiting determination.

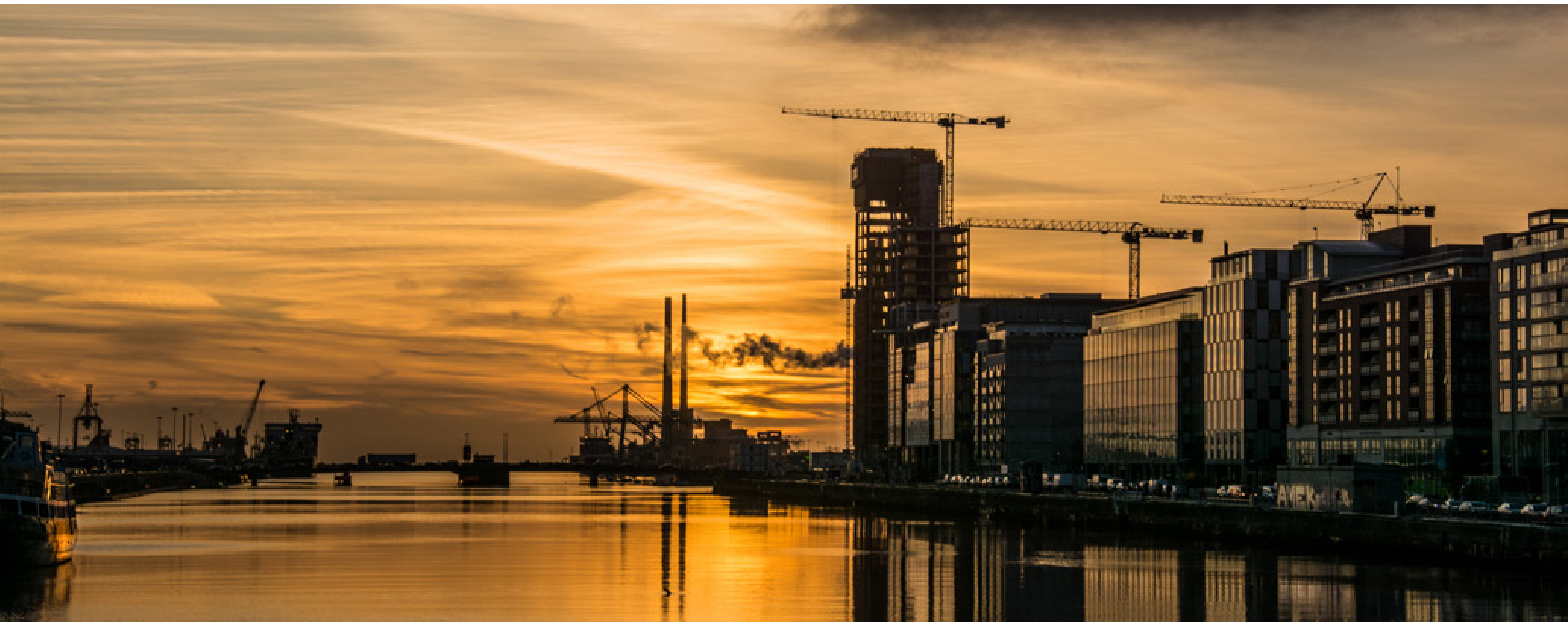
04 Various pieces of rental **legislation** have impacted the PBSA market in recent years, notably lettings being brought within the remit of the RTB, limiting annual rental increases to a maximum of 2% in rent pressure zones, and limiting tenancies to maximum of 41 weeks unless students request a longer term. In terms of the latter, on average about one-third of tenancies are for the full calendar year with the remainder let for 41 weeks. With these academic term lettings, most schemes enter the tourism market in the summer months where occupancy levels vary depending on location and proximity to tourist attractions and leisure facilities.

05 Further legislative changes are proposed from March 2026. While not yet enacted, the draft provisions anticipate the introduction of **market rent reviews** every three years, but with additional annual increases permitted linked to CPI and capped at 2%. This framework will limit the extent to which rents in operating schemes diverge from those achieved by newly delivered accommodation over time. As currently drafted however, the legislation does not permit any rent reset prior to its commencement, implying that existing schemes may continue to lag market levels for a further three and a half years. This may be an oversight and could change in the enacted legislation. However, if it is not, then it will mean some students are effectively subsidising others.

9

HOTELS

HOTELS



01 The 2026 outlook for the Irish hotel property market remains solid with several deals ongoing entering the new year. This follows on from very busy years in 2024 and 2025 with the combined value of opportunities trading significantly outweighing the preceding years. 2025 **activity** was dominated by the exceptionally large sale of the Dalata Hotel Group (and the hotel assets within it) as well as the sale of Dublin properties within pan-European portfolios and the sale of Citywest Hotel to the State. These deals accounted for three-quarters of turnover in the hotel property market turnover, highlighting their significance to overall market activity.

02 **Demand** will continue to come from both operators and investors in the short-term, reflecting sustained confidence in the sector's underlying fundamentals. This interest also underscores the strong global appetite for 'beds' or living-sector assets, which benefit from defensive, counter-cyclical characteristics, income resilience and long-term demand drivers. In the current environment of economic uncertainty and constrained supply, these attributes continue to support capital allocation to the sector.

03 Overseas arrivals to Ireland continued to grow through 2024 and 2025, driven primarily by strong gains from mainland Europe, which is now well above pre-pandemic levels. Arrivals from Great Britain remain below 2019 volumes, while growth from the US has moderated. Notwithstanding, the **tourism sector** remains highly exposed to US visitors, who account for approximately one-third of tourism revenue and represent the highest-spending market. While transatlantic seat capacity has expanded and overall passenger volumes have surpassed pre-pandemic levels, downside risks remain from the US administration's tariff regime and ongoing airport capacity constraints. Even a modest softening in US demand would create a revenue gap that European and UK markets would struggle to offset.

04 In the latter part of 2025, approximately 4,000 **hotel beds** were under construction across Ireland, with around 71% located in Dublin. In addition, close to 9,000 beds (60% of which are in Dublin) have been granted planning permission over the past five years but have not yet commenced. It is likely that a significant proportion (perhaps half) of these permissions will not proceed with many developments now on indefinite hold. As a result, and notwithstanding the existing potential pipeline, Dublin is expected to remain structurally undersupplied with hotel beds over the medium-term.

05 Operational costs will continue to present significant challenges for the hotel sector in 2026 with most operators remaining under **sustained margin pressure**. As with the F&B and licensed sectors, elevated cost bases, labour shortages and evolving consumer behaviours will impact hotel profitability, resulting in increasingly polarised performance by location, scale and market mix. While occupancy levels remain strong (reaching into the 80% range in Dublin) and room rates resilient, overall profitability and margins remain below levels achieved six years ago. For food-serving businesses, the reintroduction of the reduced 9% VAT rate from July 2026 will provide some marginal support, however, cost control will remain a key focus. Well-capitalised operators with scale and pricing power will likely fare better, while smaller, more labour-intensive businesses will continue to face structural challenges.

> “Tourism sector remains highly exposed to US visitors, who account for approximately one-third of tourism revenue”

10

CORK CRE

CORK CRE

1st & 2nd Floors, Navigation Square 1, Albert Quay, Cork City

Unit 7A & 7B Anchor Business Park, Little Island, Cork

01 Many of the trends across Dublin's occupational and investment CRE markets are also relevant to Cork but can often have about a 12-month lag. Global tensions and the macroeconomy had an impact on this market during 2025 with demand and activity levels generally at or just behind that of recent years. In spite of this, 2026 is likely to be a better year. In particular, development within the living sector will progress, from hotels and student accommodation to apartments and houses. The **commercial rates** revaluation process began in 2025 with Tailte Éireann analysing valuation data throughout 2026. Proposed valuation certificates will be issued in Q1 2027 and it will be important for occupiers to engage with the process and meet the 40-day representations deadline where evidence indicates that a valuation is excessive. Inevitably, there will be winners and losers in this process with sectors such as industrial and retail parks likely to face increases, whereas certain ratepayers occupying prime retail, office and hospitality sectors can anticipate reductions.

02 The **investment** market in Cork was focused on smaller lot sizes in 2025 with larger deals largely absent. For deals priced over €1m, the market turnover was approximately €44m (or 1.8% of the national spend) with one very large deal making up half of all activity. International buyers were absent from the market except for one healthcare investor, and demand mostly stemmed from domestic investors seeking high returns with several small office and light industrial properties sold. Activity levels should improve across all price bands in 2026, but will again be driven by domestic private investors.

03 The Cork **office** market got a boost in December 2025 when Apple took possession of its new 21,600 sqm of office accommodation at its extended campus in Hollyhill. Outside of this, market activity was in line with the long-term average, totalling 21,500 sqm with activity increasing as the year progressed. Supply has been reasonably steady in the last two years with the vacancy rate at 10.7%. Rents have shown a similar pattern, generally static since the final quarter of 2024 but an upward trajectory is likely to begin in 2026.

Apple, Hollyhill Industrial Estate, Cork

04 Despite the reasonably good levels of **industrial** occupier demand, take-up fell well short in 2025 when compared to more recent years. Activity continues to be held back by supply constraints, a dynamic that will persist in 2026. The key trend in the market is the fact that the vacancy rate has been hovering around 2% since 2020, well below what is required in a functioning market. New space is under construction, mainly in Little Island, but more will be required to commence in the short-term as rents continue upwards and occupiers become frustrated with the lack of options, particularly those with larger requirements.

> "Development within the living sector will progress, from hotels and student accommodation to apartments and houses"

05 Cork's **retail** property market has performed well over the past two years, supported by more positive consumer trends. In 2025, five new stores opened on Patrick Street, including Urban Outfitters and Seasalt, while a further six stores opened on Oliver Plunkett Street. As a result, vacancy rates currently stand at 13% and 6% respectively. Vacancy levels at Merchant's Quay Shopping Centre remain elevated, with 12 of the units unoccupied. However, prospects are improving with a planning grant received for a new multi-cultural food court, Wing's World Cuisine, which will occupy several vacant units and include a new evening-time entrance from Patrick Street. There was further positive news for the neighbouring high-profile former Debenham's premises, which has received planning permission for subdivision into four retail units alongside the development of residential and hotel accommodation. With momentum continuing to build, sustained activity is anticipated in Cork's prime retail market in 2026.

CHAIR

Catherine Duffy
Non-Executive Director & Chairperson

MANAGING DIRECTOR

David Byrne
Managing Director

TRANSACTIONAL

HEAD OF COMMERCIAL

James Nugent
Senior Director

INVESTMENT

Thomas Byrne
Director

OFFICES

Paul Hipwell
Senior Director

Conor Lennon
Divisional Director

Deborah Mahon
Divisional Director

INDUSTRIAL

Sean Gormaley
Chartered Surveyor

Cathal Daughton
Consultant

RETAIL

Jennifer Prunty
Surveyor

DEVELOPMENT LAND

Shane O'Connor
Director

Cathal Daughton
Consultant

NEW HOMES

Frank McSharry
Director

Stephanie Patterson
Divisional Director

LICENSED & LEISURE

Tony Morrissey
Director

Rory Browne
Divisional Director

Shane Markey
Divisional Director

ADVISORY

VALUATION & ADVISORY

Brian Gilson
Senior Director

Ronan Diamond
Senior Director

Daniel Cahill
Director

Shane O'Beirne
Director

Jason O'Neill
Director

Jason Fielden
Divisional Director

Fintan McCluskey
Divisional Director

RESEARCH & CONSULTANCY

Aoife Brennan
Senior Director

Ausra Marcelyte
Senior Research & Data Analyst

PROPERTY MANAGEMENT

Tom McCarthy
Director

Jennifer Gaffney
Divisional Director

CORK CRE

Gerard O'Callaghan
Director

Tom McCarthy
Director

Jennifer Gaffney
Divisional Director

NORTHERN IRELAND

Gareth Johnson
Managing Director, NI

David McNeills
Director, NI

Ciaran O'Kane
Director, NI

John Coyle
Director, NI

RESIDENTIAL

DUBLIN SALES

David Byrne
Managing Director

David Bewley
Senior Director

Stephen Day
Senior Director

Louise Kenny
Director

Rory Kirwan
Director

Ann-Marie McCoy
Director

Barry Connolly
Divisional Director

Robyn Espey
Divisional Director

Tracey Gilbourne
Divisional Director

Michelle Kealy
Divisional Director

Robert Lawson
Divisional Director

CORK SALES

Trevor O'Sullivan
Divisional Director

Eileen Neville
Senior Negotiator

Laura Pratt
Senior Negotiator

COUNTRY HOMES & ESTATES

James O'Flaherty
Senior Negotiator

Nicola Vance
Senior Negotiator

LETTINGS

Aoife Hanlon
Director

Holly Stockwell-Quinn
Divisional Director

Shaun Rigley
Divisional Director

ABOUT LISNEY

Shaping Ireland's Property Landscape Since 1934

Lisney was established in 1934 and has evolved over the past nine decades into one of Ireland's leading firms of chartered surveyors and property consultants. While we are proud of our heritage, we are firmly focused on the future. Our resilience through war, political change, recessions and market fluctuations is rooted in our ability to adapt to the curve.

Full Service, Multi-Disciplinary Firm

Lisney offers comprehensive property services throughout Ireland. Recognised as a premium brand, the firm operates in both the commercial and residential property markets, trading as Lisney Commercial Real Estate and Lisney Sotheby's International Realty. We advise on the disposal and acquisition of various property interests as well as providing a range of corporate advisory services. Our client base includes leading financial institutions, corporate clients, developers, private investors and state-backed bodies.

Expertise You Can Trust

Our people are crucial to our success and with a staff of 120 people, Lisney operates across five offices in Dublin, and one each in Cork and Belfast. Being independently owned, all shareholders of Lisney work full-time in the organisation as Senior Directors. Every property advisor in the company is a member of a relevant professional body such as the Royal Institute of Chartered Surveyors (RICS), Society of Chartered Surveyors Ireland (SCSI), Institute of Professional Auctioneers & Valuers (IPAV) and Chartered Institute of Arbitrators (CIArb).

Bespoke Advice, Not Boilerplate

While we provide transactional and advisory services on all real estate types, we do not believe in one-size fits- all solutions. Instead, we focus on providing bespoke services and advice to our clients. We are not focussed on trying to cross sell services to other internal departments or sister companies. This allows us to we work with best-in-class third-party service providers to ensure our clients are robustly represented in all aspects of any instruction.

Decades of Market Intelligence

Every recommendation we make is backed by decades of proprietary research. Our reports are among the most respected in Ireland, offering deep insights into market trends and performance. Lisney has been producing annual reviews and outlooks on the property market since 1958, the first commercial real estate advisors in Ireland to do so. This long-term perspective allows us to deliver unmatched trend analysis and strategic foresight.

Lisney

Sotheby's

INTERNATIONAL REALTY

Lisney

COMMERCIAL REAL ESTATE