

Intelligent Investment

2025 Ireland Real Estate Market Outlook

REPORT

CBRE RESEARCH
IRELAND



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Introductory Note

- Welcome to the **36th edition of CBRE Ireland's Outlook report**, in which we analyse the main drivers of Irish commercial real estate performance in the last year and what will be key in 2025.
- The real estate sector continues to adjust and evolve in the face of cyclical factors such as the changing cost of capital, and structural changes including increasing digitalisation and the influence of sustainability in the built environment. At CBRE Ireland we have continued to **adapt and grow our business lines** to reflect this ongoing evolution and to best serve our clients in 2025.
- We continue to see an expansion of our clients' interests within the capital markets, with increased enquiries into sectors like **healthcare, renewables, digital infrastructure, and operational real estate (OPRE)**. To best serve our clients in the years ahead, we have now consolidated our healthcare and OPRE brokerage teams into our Capital Markets department.
- The Irish planning system has posed challenges to developers and investors over recent years. The **Planning and Development Act 2024** was signed into law last year and will present both opportunities and new interpretations for our client base. Over the past year, CBRE Ireland has formed a new planning advisory team and made significant additions to our architecture and design teams, which are now encompassed within our Development division.
- Ireland's built environment will continue to adapt to **ambitious climate goals** laid out under the Climate Action Plan and we have continued to invest in our Sustainability department by growing headcount and expanding its offering to support our clients in meeting these goals.



Myles Clarke
Managing Director
Ireland

The easing of monetary conditions delivered renewed momentum in real estate markets in H2 2024, which we expect will be maintained in the year ahead, albeit not without certain risks and challenges from an ever-changing global economic and political landscape.

As we embark on 2025, I would like to thank all the great people at CBRE Ireland for the amazing work delivered each day in supporting our clients and all of our partners that help us deliver the dynamic business that we are today.

I also want to thank our clients for trusting us to advise you in the last year and look forward to helping you to identify opportunity and navigate change in 2025.

Executive Summary

- Despite global economic uncertainties and geopolitical instability, **Ireland's domestic economy will continue to grow in 2025**, given its healthy financial profile, robust employment levels and continued real wage growth.
- A reliance on corporation tax receipts and foreign direct investment from the U.S. will continue to come under the spotlight however, particularly under the **protectionist policies** of the Trump administration.
- In contrast to global trends, Ireland has re-elected a **broadly centrist government**, which will seek to address key issues influencing real estate, from rent regulation to taxation and planning. This will provide more opportunities for investors and developers, particularly in the residential sector this year.
- European real estate valuations have largely stabilised in response to the ECB's recent more accommodative monetary policy, and despite stubborn inflation in the Euro Area and a selloff in the bond markets in early 2025, **base interest rates will continue to tick down over the next 12 months**, but perhaps more slowly than previously anticipated. This will be supportive of transactional activity and development across sectors.
- Irish investment spend was 40% below the long-term average in 2024 but will improve in 2025. The sale of the Blanchardstown Shopping Centre and One & Two North Dock has shown that **institutional capital will be active** where pricing is attractive, and some new capital is already emerging this year with a focus on residential assets.



Colin Richardson
Head of Research
Ireland

Following some formidable challenges to the real estate sector since the pandemic, it appears that the Irish market has now reset, and a new cycle is underway across sectors.

The MSCI Ireland total return index turned to positive territory in Q3 2024 following eight consecutive negative quarterly returns, Irish real estate yields are now stable across all sectors under coverage by CBRE Research, while interest rates will continue to decline over the next 12 months.

The threat of U.S. implemented trade tariffs is a concern to investment and to certain occupational markets, but the start of this new cycle will present opportunities across sectors in 2025.

Executive Summary contd.

- Rail, bus, road, and port infrastructure, alongside utility and housing infrastructure, all require upgrading or new development as Ireland's population grows. With a revised National Planning Framework and a new Planning and Development Act in place, there is **huge opportunity in development** in 2025.
- Rising house prices, strong demand and shrinking developable residential land banks among some of the country's traditional homebuilders mean that **residentially zoned and serviced land** will remain highly sought after in 2025. The pricing of such land will remain highly competitive.
- Despite continued 'rightsizing' in the office sector, generational moves by large accountancy and technology companies agreeing to take up new HQ space in Dublin has shifted sentiment drastically. The **vacancy rate has now peaked** and will start to decline this year, as office construction slows.
- After a significant slowdown in 2024, a **rebound in logistics take-up** is expected this year, and while retail was the most invested sector in the market in 2024, many smaller **retailers had to deal with some significant operational challenges** and will see a further increase to minimum wage this year.
- Hotels were particularly sought-after real estate last year, and **another busy year of hotel transactions** is in store for 2025, while demographic trends continue to support **demand for infrastructure-linked healthcare assets**, such as private hospitals and primary care centres.
- **Artificial intelligence and the digital economy** will drive demand for data centres worldwide in 2025. In Ireland, pressure will grow to address grid connectivity and power supply constraints.

Despite continued 'rightsizing' in the office sector, generational moves by large accountancy and technology companies agreeing to take up new HQ space in Dublin has shifted sentiment drastically.

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Economy



Government can provide some policy certainty

35th Dáil Éireann

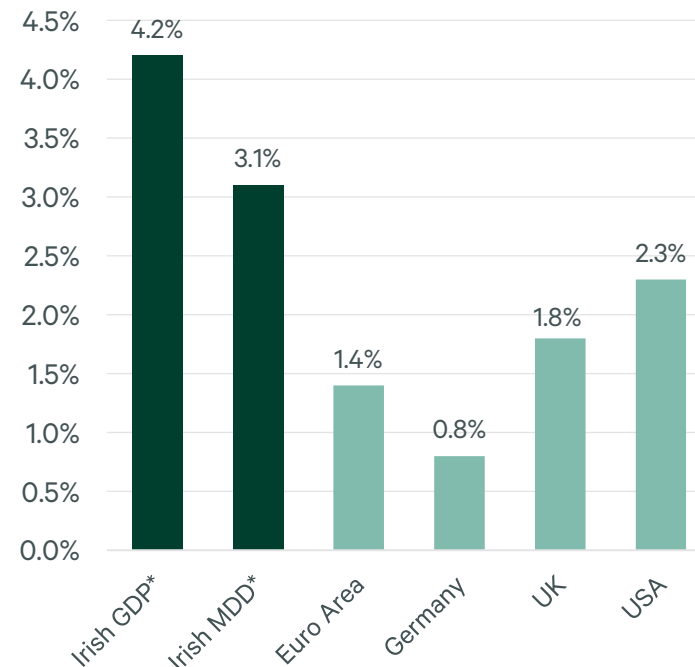
Ireland's two traditionally dominant centrist parties, Fianna Fáil and Fine Gael, captured 86 of 174 Dáil seats in the November 2024 Irish general election. Both parties, along with a selection of independents, have formed a new coalition, issued a draft programme for government and will commence governance imminently.

The re-election of a centrist government for a five-year term will be positive for real estate activity across sectors, particularly as it provides at least some certainty and continuity around regulation and policy.

This government will have substantial financial capacity to continue to invest heavily in national priorities such as housing and infrastructure with ambitious targets having been laid out under Housing for All and the National Planning Framework.

With another term of governance ahead of them, policymakers can now also be more flexible and supportive of measures to encourage institutional investment in the residential market.

Figure 1: Economic Growth Forecasts, GDP 2025 (F)



Source: *Central Bank of Ireland; CBRE Research

Healthy Financial Profile

Ireland recorded a general exchequer surplus of €12.8bn in 2024 with €11bn of this coming from payments ordered by the European Courts of Justice in relation to the Apple tax case.

These tax receipts have contributed to a healthy national financial profile, as evidenced by Ireland's credit rating, which is ranked among the most competitive in Europe.

While the domestic financial backdrop is healthy on paper, there are growing criticisms of Irish government expenditure by the Irish Fiscal Advisory Council, citing an overreliance on 'windfall' corporation tax receipts from a small cohort of companies.

Rate Cuts & Growth Outlook

The ECB will continue to cut interest rates over the next 12 months, but the pace by which they act may be slower than previously anticipated due to some stubborn inflation in the Euro Area.

Against this backdrop, the Central Bank of Ireland is forecasting Irish GDP expansion of 4.2% in 2025 and modified domestic demand (MDD) growth of 3.1%.

Trumpnomics & FDI

Donald Trump has now assumed office as the 47th United States president. From an Irish perspective, this raises some questions, primarily as to whether his administration will implement some of its 'America First' protectionist policies outlined during his campaign.

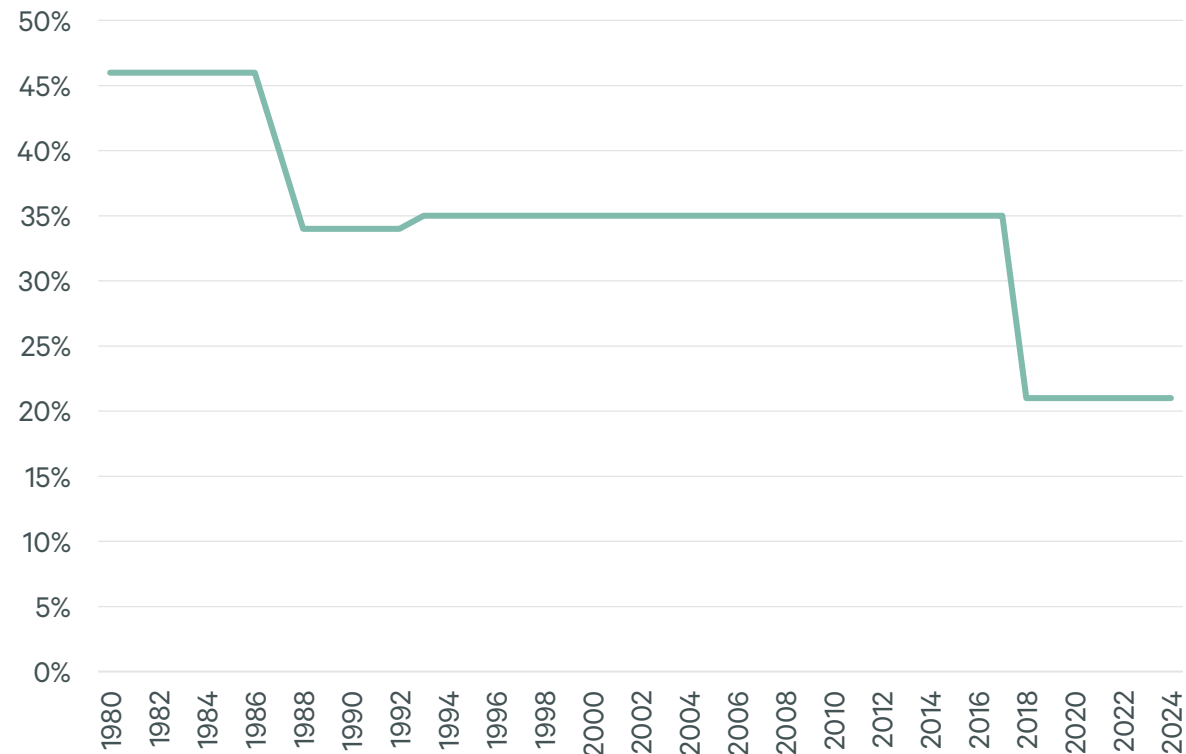
The pledge to reduce the U.S. corporate income tax rate from 21% to as low as 15% for corporations that make their products in the U.S. is raising particular concern. It took two years for President Trump to adjust corporate income tax during his first term in office, but with the House and the Senate both now majority Republicans, policy approval could prove easier.

What would a reduction in U.S. corporate income tax mean for multinational corporations (MNCs) already operating in Ireland and for future foreign direct investment (FDI) into the country?

Importantly, regardless of a change to corporate tax rates, the large technology and pharmaceutical companies operating in Ireland have established deep ties here, with long-term staffing, offices, and university links in place. These companies also require a European HQ for access to the EU trade market, which Ireland provides, alongside an English-speaking, educated workforce. Ireland's investment case remains compelling to these groups.

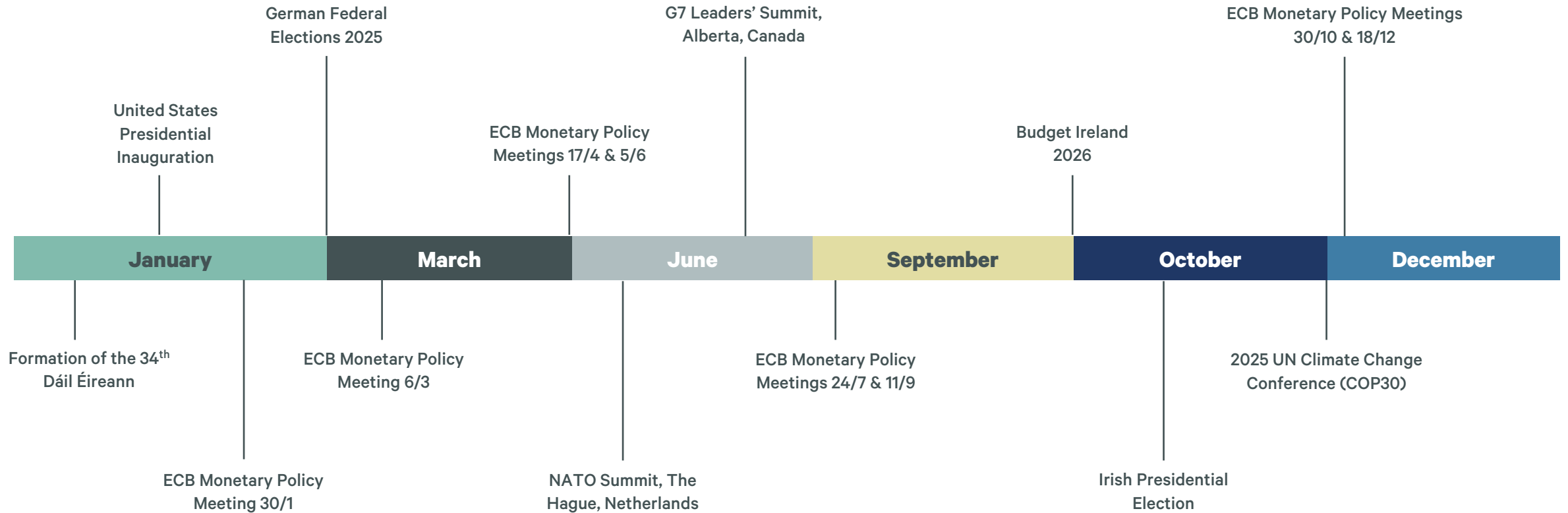
Conversely, cuts to taxes and market deregulation will support the growth of many of these MNCs, as evidenced by the rise in their stock market valuations since the election, and this could in fact lead to the growth of Irish MNC operations.

Figure 2: United States Federal Corporate Tax Rate*



Source: Trading Economics; *From 1980 to 2018, corporate income tax was assessed on a stepped basis; this graph refers to the rate that applied to companies in the highest bracket of income.

Economic & Political Calendar 2025



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Capital Markets



Key Takeaways

- ECB base rates will continue to tick down in 2025 and debt availability will improve as more lenders move away from a risk-off approach to real estate. Liquidity events and the end of fund life will also contribute to a generally **more liquid trading environment in the year ahead.**
- Transactional activity picked up materially towards the end of last year, and a total of €2.4bn of investment trades completed in 2024, a 30% increase year-on-year. A continued increase in investment is expected in 2025, likely **trending towards €3bn.**
- Retail was the most invested sector in 2024, with the largest transaction of the year being the sale of the Blanchardstown Centre to Strategic Value Partners. **Office and residential investment should increase this year** as some more forced office sales are expected and notable residential buildings are being prepped for sale.
- Real estate lending will increase and there will be a more even balance in demand **between acquisition financing and refinancing**, which will again improve market liquidity.
- CBRE Ireland guideline yields are now marked ‘stable’ across all sectors under coverage. **Irish prime yields are expected to remain largely unchanged** in 2025 across sectors such as offices, logistics, and retail.



Liquidity to improve as the cycle turns

Investment Environment

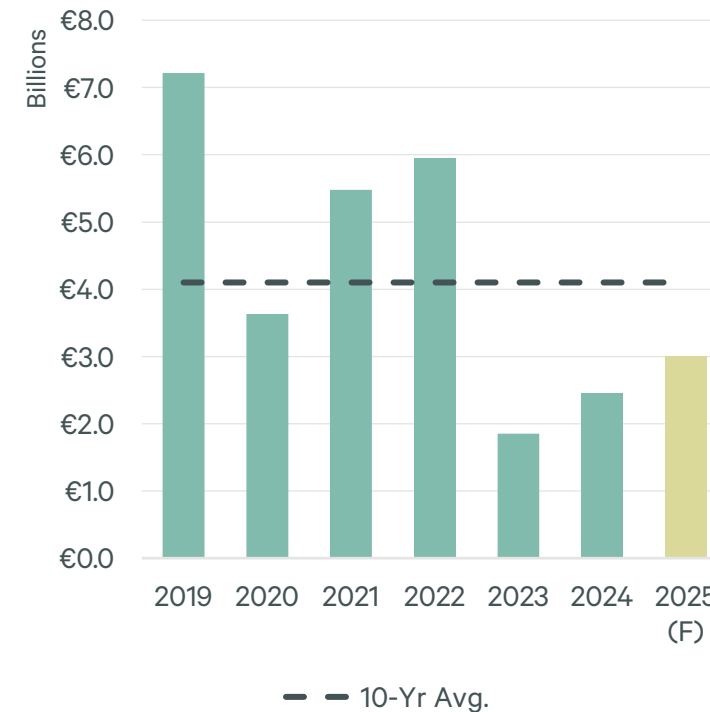
Ireland enjoys robust economic fundamentals and a low 10-year government bond yield that ensures a wider spread to prime real estate yields compared to other jurisdictions. When combined with lower interest rates and increased debt availability, undoubtedly, there is a much healthier environment for investment in store in 2025.

The MSCI Ireland total return index turned to positive territory in Q3 2024 following eight consecutive negative quarterly returns and at this point in the cycle investors can generally expect moderate capital growth and solid returns over the next five years on Irish assets.

Prime Dublin assets in sectors like offices, logistics and residential are currently offering core and core-plus returns, and more investment is expected in these sectors this year.

Retail assets are still offering high yields, particularly shopping centres and retail parks. But many of the large Irish assets have traded over the last three years, so while there is one large retail parks transaction set to close in H1, investment will slow in the sector thereafter.

Figure 3: Ireland Investment Volumes



Source: CBRE Research

Mark to Market

More value-add and opportunistic plays are evident in secondary Dublin offices.

Private equity (PE) is currently active in this space with many investors pursuing discounted Dublin offices that, in certain cases, are priced below replacement cost. An example of this is the deal that saw Starwood Capital acquire One & Two North Dock (a BER A3-rated building) for a price of just €420 psf (€85m) in Q4 last year.

CBRE guideline ‘Secondary Dublin Office’ yields have expanded peak to trough from 5.0% to 8.0% over the past three years, implying asset valuation declines of up to 60%. However, despite guideline yields having expanded, some lenders and borrowers have not yet fully realised value declines on their books, necessitating more assets being marked to market this year.

The completed sales of office buildings such as One & Two North Dock, Connaught House, and 20 on Hatch have established firm, transparent, and comparable pricing for secondary office buildings and this could result in additional forced office sales in 2025.

Increased acquisition financing

Refinancing vs. Sale

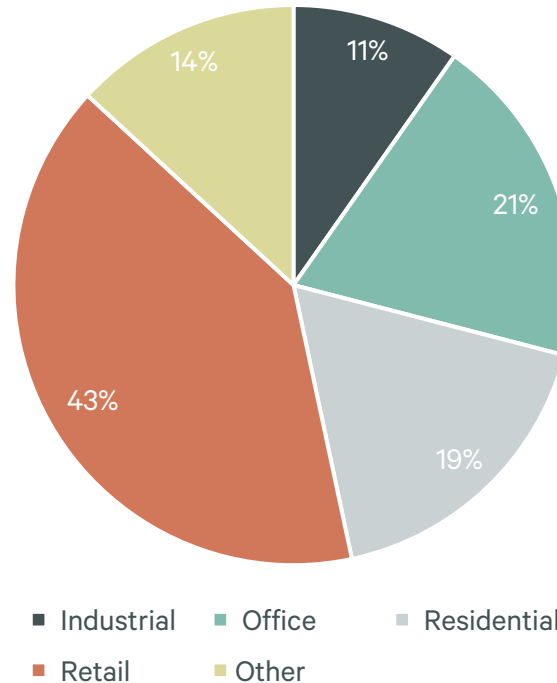
Over the past year, an increasing number of owners opted to refinance loans on large-scale real estate assets instead of initiating a sale.

This was largely due to limited market liquidity, lower asset valuations, and the expectation of valuation improvements over the next two to three years, which could lead to a more profitable sale in the future.

Notable large-scale asset refinancings in the last year across office and retail assets included 60 Dawson Street (loan size of €125m), Liffey Valley Shopping Centre (€400m), and Dundrum Town Centre (approx. €350m), while Blackstone extended a €900m loan facility that it previously provided to Henderson Park for the acquisition of the Green REIT portfolio.

However, with investment activity increasing in 2025 there will be a more even balance between borrowers seeking acquisition finance and those seeking to refinance, which will again improve market liquidity.

Figure 4: Ireland Investment by Sector 2024



Source: CBRE Research

Continued Growth in Alternatives

Real estate investors will continue to broaden their cross-section of interests in 2025.

Both core and opportunistic capital will continue to be drawn towards Irish healthcare assets in the coming year, as government-backed income provide safe, stable returns and demographics trends indicate strong demand into the future.

Investors will increasingly also seek out real estate in other alternative sectors like data centres, renewables, infrastructure, self-storage and private debt, all of which are supported by fundamental structural growth trends.

In a similar vein to 2024, when Blackstone and Starwood Capital both engaged in M&A in the data centre sector in Ireland, the mechanism by which investors get exposure to alternative sectors this year will vary from standard real estate transactions to M&A and credit.

Funding & Yield Analysis

The ECB main refinancing rate declined from a peak of 4.5% to close at 3.15% by the end of 2024, with the ECB deposit rate down from 4.00% to 3.00% over the same timeframe.

Further cuts to base interest rates are expected in 2025 but the path to these cuts has been blurred by recent Euro Area inflation readings and a selloff in global bond markets.

Swap rates declined heavily in the second half of 2024. The 3M EURIBOR (5Y) fell to below 2% in December having reached a cyclical peak of over 3.25% in September 2023.

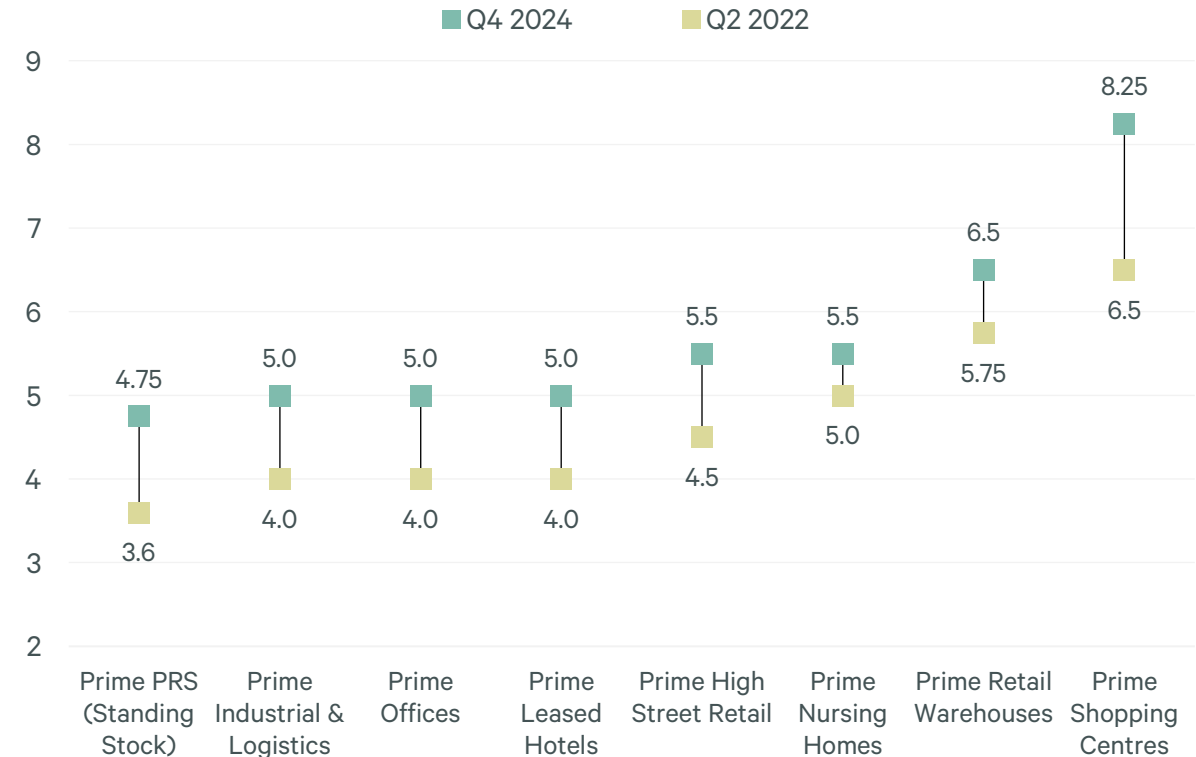
But in January swap rates ticked back up and have been trading as high as 2.4%. The forward curve points to a return to a rate closer to 2.0% by year-end, however.

Real estate investment yields continued to expand through the early part of 2024 before stabilising in H2. There was no yield expansion across any of the real estate subsectors covered by CBRE Ireland from October onward, and all are now trending 'stable'.

Prime Dublin yields in offices (5.0%), logistics (5.0%), and retail, including warehouses (6.5%) and shopping centres (8.25%), will remain largely unchanged in 2025.

Interestingly, real estate yields in certain European markets started to compress in late 2024, including prime offices in Paris and Munich, prime residential in Amsterdam, prime hotels in London, and prime logistics in Madrid.

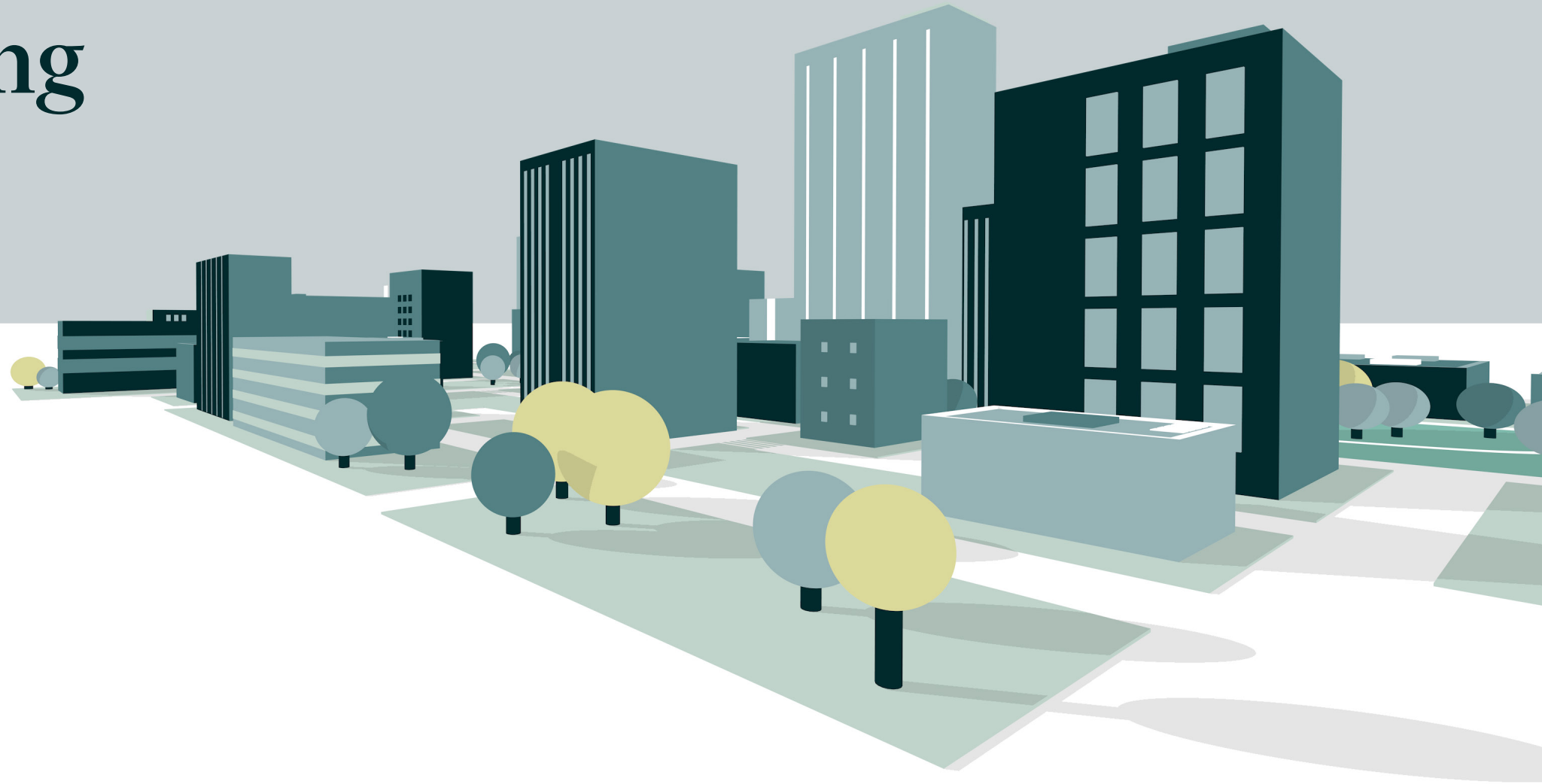
Figure 5: CBRE Investment Yields (EY %): Q2 2022 - Q4 2024



Source: CBRE Research

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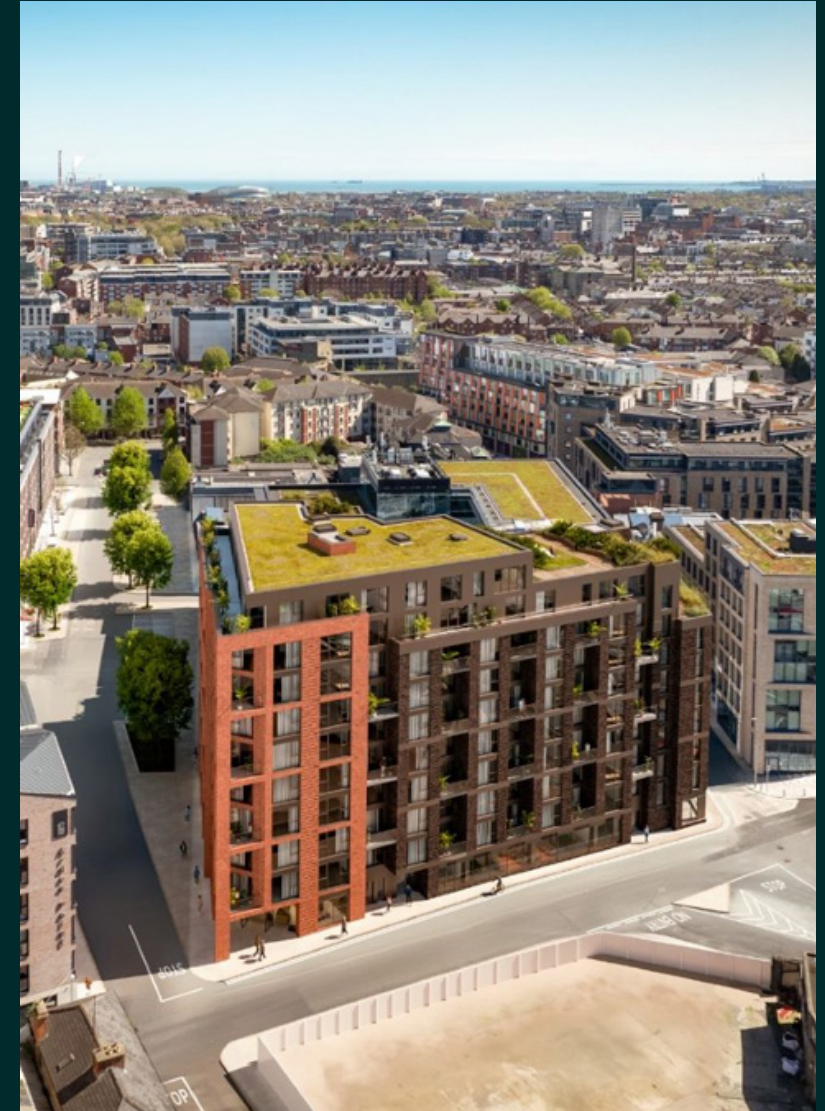
Living



Key Takeaways

- The rent regulations currently in place in the Irish market have contributed to a significant slowdown in residential investment over the last two years. **‘Rent Pressure Zone’ legislation will expire in December 2025**, and over the course of this year a review of this regulation should garner a greater focus from policymakers.
- **Dublin apartment completions declined** by nearly 20%* in 2024. This coming year will see a number of notable large-scale private and social apartment schemes delivered, but by 2026 and beyond, new Dublin apartment supply will decline considerably.
- Dublin open-market rents (quoting) rose 5.2% in the 12 months to Q3 2024, per daft.ie. The average rent for a city centre property is now over €2,400 p.m. CBRE are **forecasting Dublin rental growth in 2025** will range between +2.5% and +3.5%.
- Residential transactions remained low in 2024 and totalled just €466m. The largest deal was the sale of Point Campus PBSA for almost €150m to Greystar. Liquidity will improve in 2025, with **some notable assets on or coming to the market**, including 18 Newmarket Square, Dublin 8, and a notable, stabilised, large-scale city centre asset.
- **New capital has emerged** that is expressing an interest in residential in Ireland and it will be active in 2025. While from a debt perspective, refinancing opportunities for institutional grade rental stock are attracting strong interest and competitive terms.

*Based on Q1-Q3 2023 vs. Q1-Q3 2024



Regulatory change could reignite investment

Rent Regulation Review

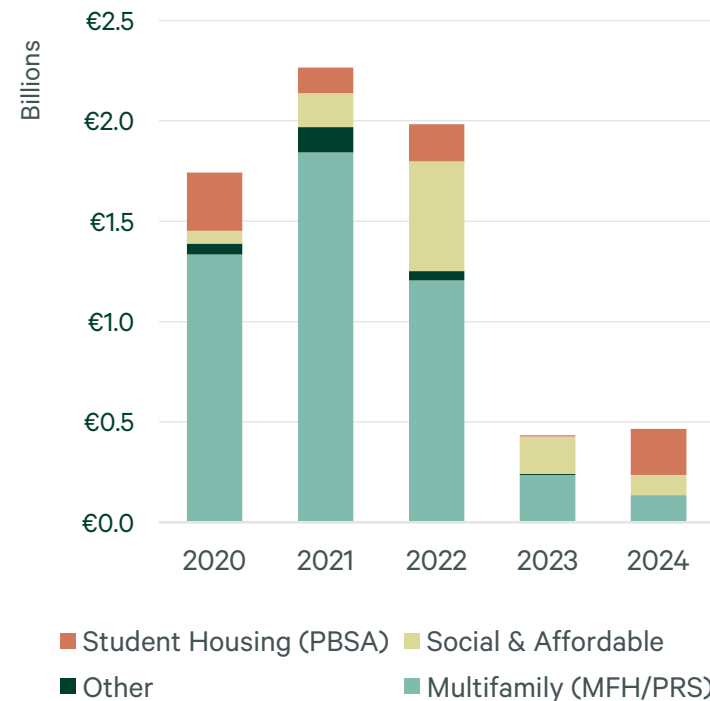
Institutional investment supported the development of at least 2,000 Irish private rental apartment units per year during the period 2018-2022.

However, over the last two years, essentially no new forward structured investment trades have been completed in the Irish market, and as such we can expect private rental apartment construction completions to decline materially post-2025.

Irish rent regulations have been consistently highlighted by investors as lowering the long-term return on investment to below the hurdle rate required to make many acquisitions and development viable.

CBRE understands that government policymakers acknowledge the negative impact that rent regulations are currently having on supply in the private market and that a review of regulation will be carried out in advance of the RPZ legislation expiring in December 2025. This would help a rebound of investment in the sector, which is imperative to meet government housing targets.

Figure 6: Ireland Residential Investment Volumes



Source: CBRE Research

Linking Rent Reviews to Leases

One change to regulation that would support more investment in the sector is to adjust the rent review to apply to the individual tenant's lease as opposed to being tied to each specific property/unit.

This would mean that when a tenancy ends the rent for the next tenant would be based on the open market level at that point in time, as opposed to the property still being tied to the lower of 2% per annum or the rate of HICP. This is a key change that would improve viability.

Declining Dublin Completions

In the first nine months of 2024, Dublin apartment completions totalled 4,731 units—a near 20% decline compared to the same period in 2023. There will be a similar number of apartments delivered in Dublin in 2025 as in 2024, but a falling proportion of these new units will be available to rent in the private market.

By 2026, the completion of private apartments in Dublin will significantly decrease, as the majority of recent apartment commencements are social and affordable in tenure.

Active capital, transactions & pricing

Accretive returns and the improved availability of debt could attract core buyers back to the market in 2025. Notably, German pension fund DWS has raised a core fund of approx. €1bn and is looking to deploy this capital across Europe.

Other European funds, some with a presence in Ireland and others with no current presence here, have also enquired about opportunities for 2025.

U.S. institutional groups Greystar and Hines made large-scale residential (PBSA) acquisitions in Dublin in the second half of last year and could seek to continue to grow their respective residential portfolios in the year ahead.

While there has been a lack of recent transactional activity in the private rental sector, CBRE guideline prime yields for stabilised stock are now 4.75% and stable.

The upcoming sale of buildings like 18 Newmarket Square in Dublin 8 and a notable large-scale city centre asset will test this yield level. Given the smaller number of institutional-grade residential investment opportunities in the market this year, both sale processes could attract stronger interest and more competitive pricing than many anticipate.

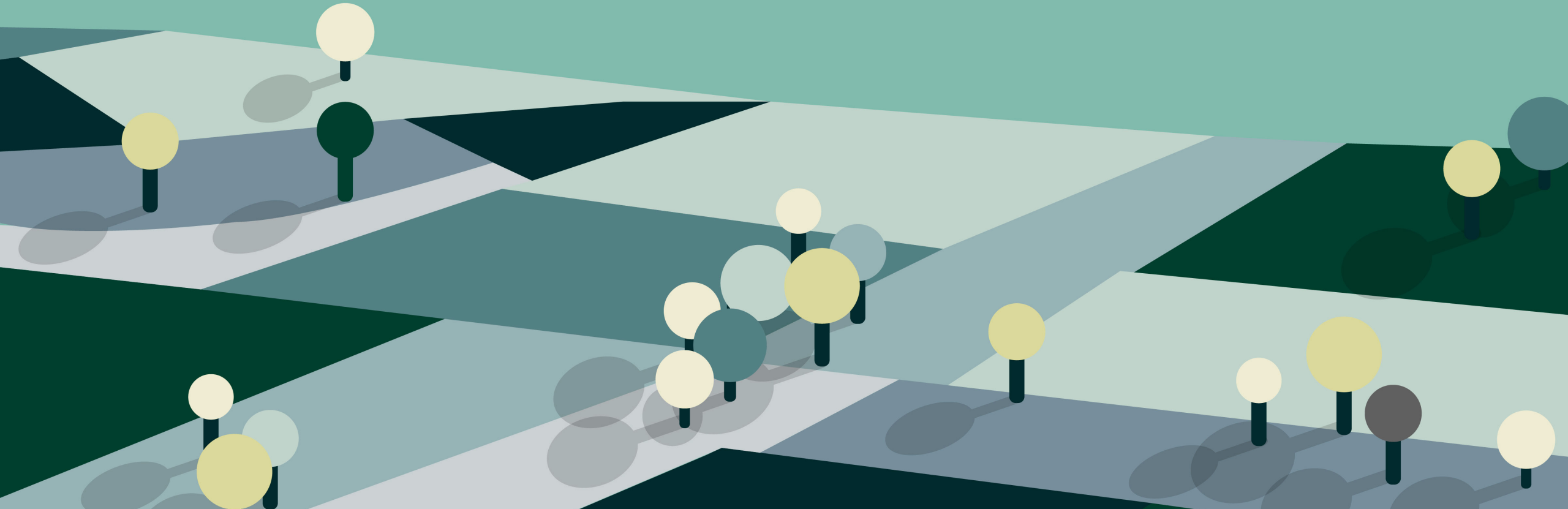
Figure 7: Notable Dublin Apartment Stock Reaching Practical Completion in 2025

Development	Postcode	No. Units	Developer/Investor
The Carriageworks*	Dublin 1	702	Eagle Street
Marshalls Yard*	Dublin 3	554	Eagle Street
Glass Bottle, Sandymount Strand*	Dublin 4	570	RGRE & Lioncor
Claremont, Howth	Dublin 13	512	Marlet
Belmayne, Clongriffin	Dublin 17	260	Kajima
Alta Verde, Blackrock	Co. Dublin	241	Lioncor
18 Newmarket Square	Dublin 8	134	Revelate Capital
East Wharf, East Wall	Dublin 3	105	MKN

Source: CBRE Research; *Large-scale schemes that will complete over 2025/26

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Development



Key Takeaways

- The revised National Planning Framework targets up to 50,500 new dwelling completions per year and infrastructure goals such as the delivery of DART+ West and Metro North. State capital will support achieving these objectives and this will **underpin demand for development land** over the next decade.
- **The Planning and Development Act 2024** will see the introduction of statutory timelines, urban development zones, and judicial review reform, marking a significant move to streamline the planning process. While the Act has its critics, overall it should enhance and support the development of housing in Ireland this year and beyond.
- **Annual land sales rebounded strongly** to over €900m in 2024. The sale of the former Jury's Inn site to the US Embassy and the sale of over 100 acres of residential land at Donabate were two of the largest deals of the year. Another notable transaction was the sale of the Kenure LRD site (18.5 acres) in Rush, Co. Dublin to Ballymore.
- In 2024, nearly 60% of all capital deployed was for land with residential development potential and **developers remain focused on the residential sector** entering 2025. However, **some large commercial sites are also coming to market**, including, potentially, the receivership sale of Camden Yard in Dublin 8.
- While there are ambitious targets and plenty of capital available for residential development, developers are consistently highlighting **the lack of zoned and serviced land available for sale** in Ireland.



A generational development cycle

Infrastructure Development

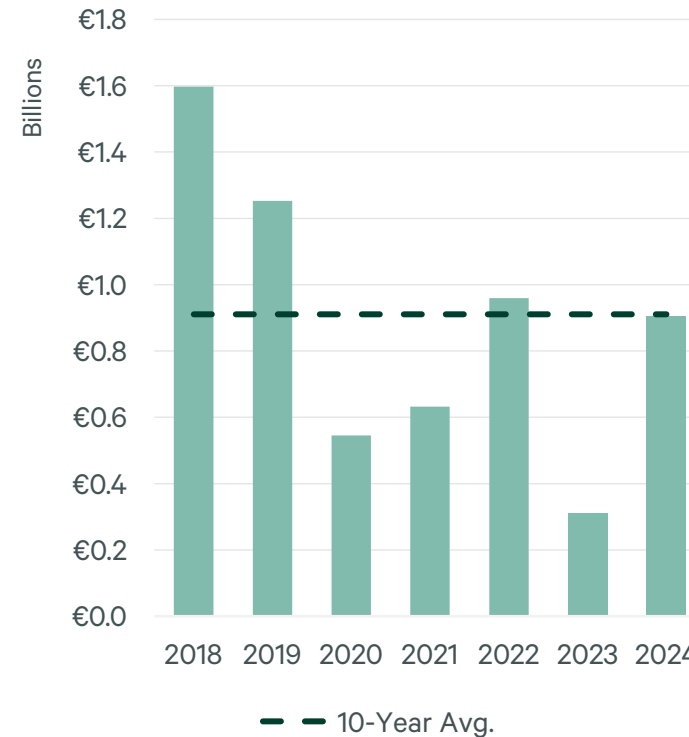
Ireland is fortunate to have a substantial amount of capital available for investment in national infrastructure over the next ten years, and Budget 2025 allocated additional funds to Irish Water and for housing development. Rail, bus, road, and port infrastructure, alongside utility and housing infrastructure, all require upgrading and new development as Ireland’s population grows.

With a revised national planning framework and new planning legislation in place, there is huge opportunity in planning and development in 2025 and beyond.

Legislation & Tax

The Planning and Development Act was signed into law in 2024, providing the introduction of longer development plan periods—from six to ten years—and the establishment of Urban Development Zones. Importantly, statutory timelines for appeals and changes to the judicial review process will enhance decision-making, transparency and lower development risk in the years ahead. Following a delayed introduction,

Figure 8: Ireland Development Land Sales



Source: CBRE Research

the first payment date of the Residential Zoned Land Tax (RZLT) will be this year, and this could start to stimulate some additional site sales.

Land Sales

Land sales rebounded strongly in 2024 with the total spend of €903m, marginally behind the 10-year average for the market. Developers have been hugely focused on the residential sector over the last two years, and with good reason: demand remains strong, as reflected in national residential property prices increasing by nearly 10% in the year to October. Alongside rising prices, the various state initiatives, including cost rental, shared equity, and the active acquisitions by Approved Housing Bodies (AHBs) and Local Authorities, can de-risk certain residential developments.

While this focus on the residential sector will continue, AHBs and local councils are being more competitive in the pricing they will pay for stock. Also, some more stability in the commercial sectors will lead to more interest in suitable land available for the development of hotels, industrial, healthcare, and potentially offices.

Demand for zoned land with planning

Housing Targets

New dwelling completions nationally will again miss targets in 2024, likely reaching a similar level to 2023, when just under 33,000 units were delivered. A decline in national apartment completions, which were down 18% to the end of Q3, is one of the reasons that higher numbers have not been delivered.

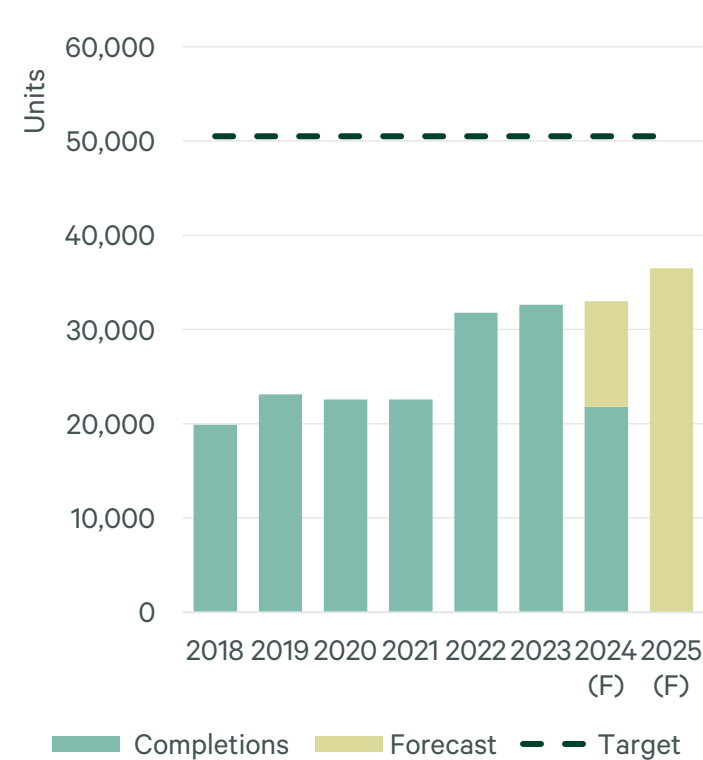
Housing starts reached a record high in 2024 and overall completions will increase in 2025 to potentially 36,500 units, but again falling below targets.

Undoubtedly the level of government capital, regulatory change, and exit mechanisms will support growth in residential development over the medium term; however, there are significant impediments to achieving national housing targets of up to 50,500 units per annum. Primarily the undersupply of appropriately zoned and serviced land available for development, particularly in the Eastern and Midlands regions.

Build Costs

The stabilisation of build costs will also provide impetus for development activity. The CSO WPI

Figure 9: Ireland New Dwelling Completions



Source: CSO

was up just 0.9% in the 12 months to November, compared to an inflation rate of +15.9% two years prior in November 2022. This will be supportive of housing development over the next 12 months.

Land Pricing

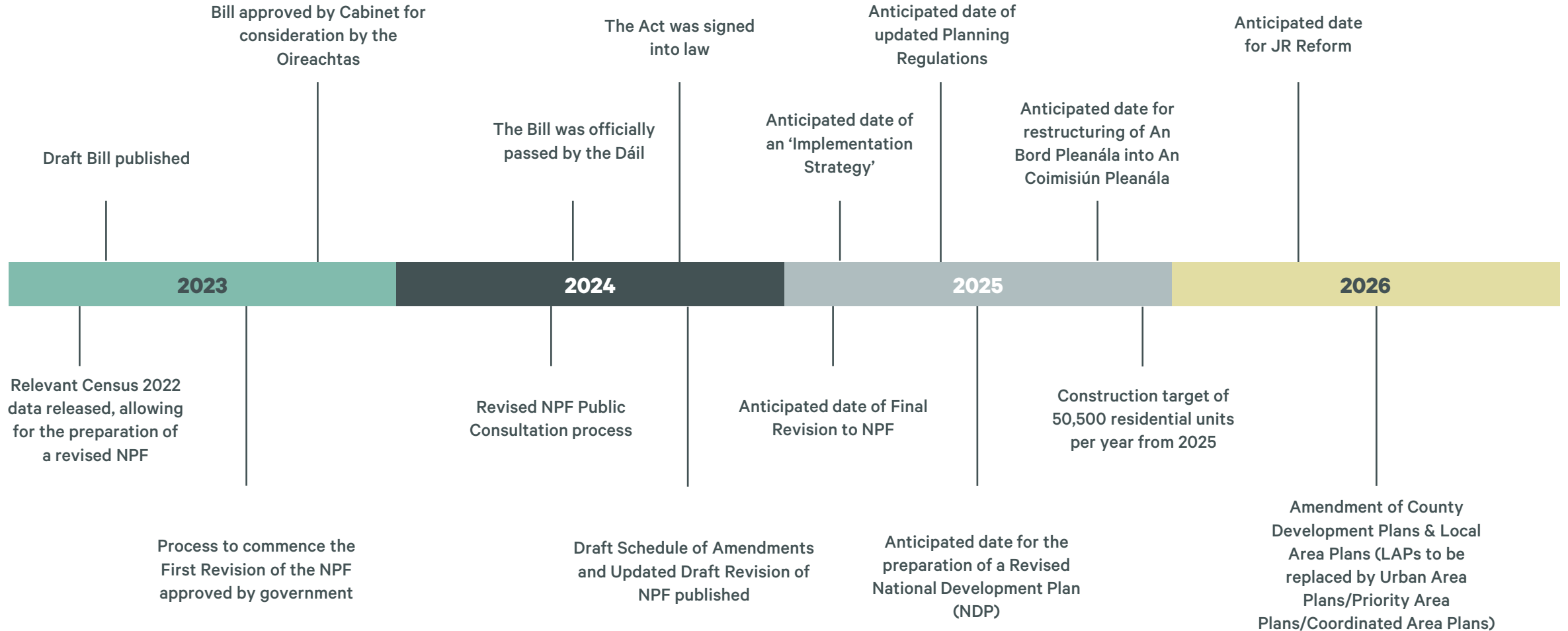
Despite the swift rise in interest rates, which has seen commercial property and institutional private rental sector asset valuations decline in the last two years, the pricing of both residential and commercial land has remained competitive and will continue to do so in 2025.

The undersupply of suitable residentially zoned land often means that there is strong competition for any suitable medium- to large-scale sites that come to market.

Large Scale Residential Development

The LRD planning process has proven to be a less contentious planning route in comparison to the SHD process. This is providing developers with more confidence in the planning of sites suitable for LRD applications (100+ units), particularly housing-centric developments.

Planning Reform



07

Office/ Occupier



07

Office/
Occupier

Key Takeaways

- **Bifurcation** remains a key theme in Dublin offices. The availability of sustainable space in the core city centre will continue to shrink this year, while more decisions will be made in relation to non-sustainable buildings (i.e. to sell, refurbish or repurpose).
- Over the next 12 months, 62,000 sq m of Dublin office stock is due to reach practical completion, **the lowest amount since 2015**, with over 55% of this already pre-let. The vacancy rate will now start to decline from its current level of 18.6%.
- Total take-up rebounded strongly to 210k sq m in 2024, just over 10% below the long-term market average. Workday should complete its lease of College Square in H1 this year, which will **boost overall take-up in 2025** to a level largely in line with 2024.
- Three of the 'Big 4' accountancy firms and the main technology groups in Dublin have agreed 'generational office moves' in recent years, settling on new long-term HQ space in the city. **The next wave of take-up** will likely be in smaller deals and is expected to come from legal firms, smaller technology companies, and the public sector.
- Prime Dublin office rents were unchanged in 2024 at €62.50 psf (€673 psm). CBRE expects **prime rents to reach €65.00 psf** (€700 psm) in 2025, as the supply of sustainable stock in core locations continues to tighten.



Image courtesy of IPUT Real Estate Dublin

Continued recalibration in 2025

Shrinking Prime Availability

Despite the overall Dublin vacancy rate being its highest since 2013, the amount of available sustainable space in the core city centre is shrinking, and this is particularly noticeable in Dublin 2.

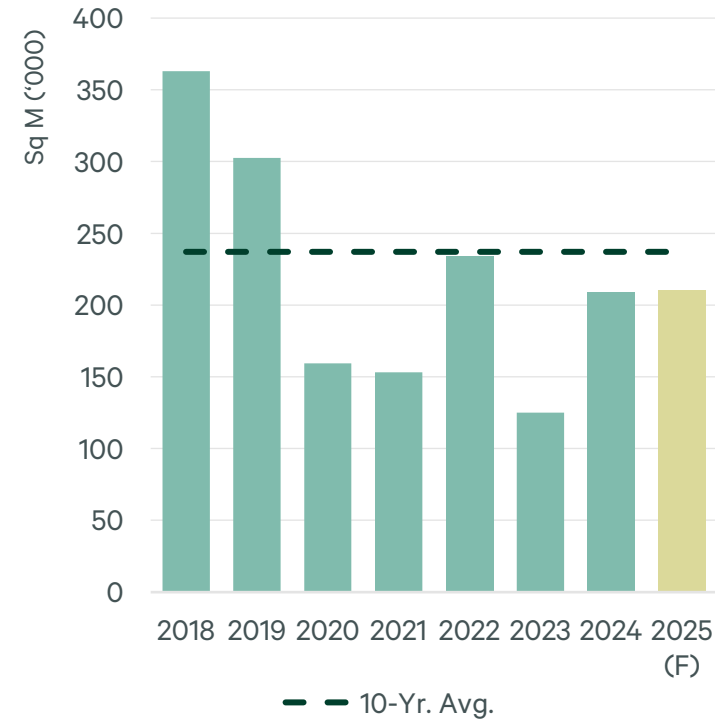
Over the past year, there has been a discernible decrease in the availability of well-located modern space due to deals like the assignment of the majority of Wilton Park, the letting of space in buildings like Cadenza and the Shipping Office, and the soon-to-be-completed letting of College Square.

There has also been a (smaller) reduction to vacancy and availability in Dublin 4, through the sale of Seamark at Elm Park.

In the beginning of 2024, CBRE Research brought attention to the scarcity of office buildings in the 'super prime' district of Dublin 2, specifically St. Stephen's Green, Molesworth St., and Dawson St. This tightness has now extended further into the surrounds of Dublin 2.

CBRE calculates that over 25% of all building stock in Dublin 2 has Grade A+ sustainability

Figure 10: Annual Dublin Office Take-Up



Source: CBRE Research

credentials. Of this sustainable space, 74,000 sq m is currently available to lease. Average annual take-up in Dublin 2 since 2016 is >100,000 sq m. Therefore, we can expect this market to become even more competitive in 2025.

Next Wave of Take-Up

With many large accountancy and technology groups having agreed 'generational office moves' in recent years, where will the next batch of take-up come from?

Several of the mid-tier Dublin law firms have active requirements while some of the 'Big 5' have upcoming lease events in the next five to six years and may start to evaluate opportunities to meet sustainability corporate governance goals.

Several smaller technology groups also have requirements and there appears to be the start of an artificial intelligence occupier eco-system in Dublin that has the potential to grow.

The share of take-up accounted for by the public sector also continues to increase as sustainability regulatory deadlines draw closer. The next wave of take-up will likely come from these sectors.

Development: first mover advantage?

Just 62,000 sq m of new Dublin city office stock will reach completion in 2025, the lowest level since 2015.

In 2024, just two Dublin office buildings commenced construction, One Adelaide Road and part of the Waterfront South Central development; both buildings had secured a pre-let or pre-acquisition agreement prior to commencement.

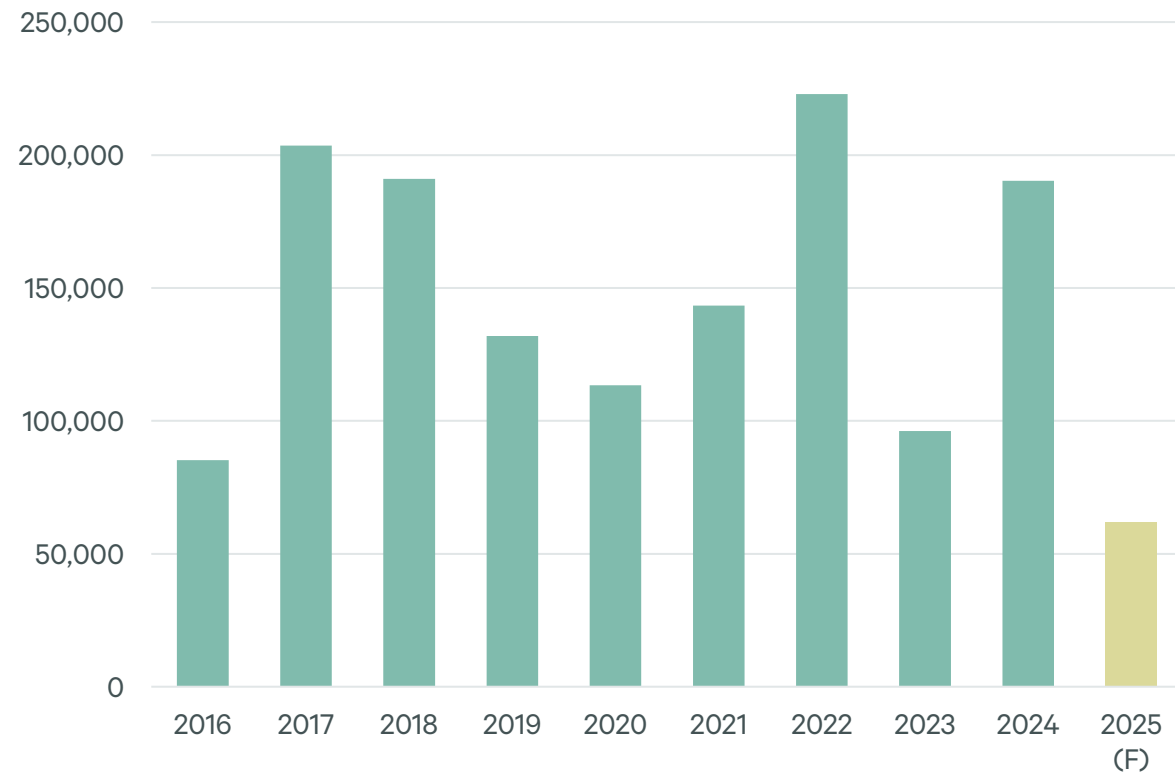
Sites at One Pembroke in Dublin 4 (Gresham House Real Estate) and Clanwilliam Court/Marine House in Dublin 2 (Hibernia Real Estate Group) are being cleared and could commence development in 2025.

Office Plans Altered

Development sites with active planning permissions for offices such as a Marlet-owned site on Cardiff Lane/Macken St. and a Chartered Land site at Parkgate St. have submitted applications to replace the office content in the planned development with a hostel and apartments, respectively.

Arguably, considering the shrinking development pipeline, developers with the risk appetite and capital to start construction this year could deliver into a market with little well-located, sustainable competition in 2027/28.

Figure 11: Dublin Office Construction Completions (Sq M)



Source: CBRE Research

Rightsizing: office employment vs. demand

Employers and employees alike have fundamentally changed how they use the office since the Covid-19 pandemic. But how has this altered space requirements, if at all?

Historically in Dublin a company needed between 9 and 10 sq m of office space for every employee. There was a direct correlation between job creation (office-based) in Dublin and the amount of office space that was taken up in the city. However, this correlation has weakened since the pandemic.

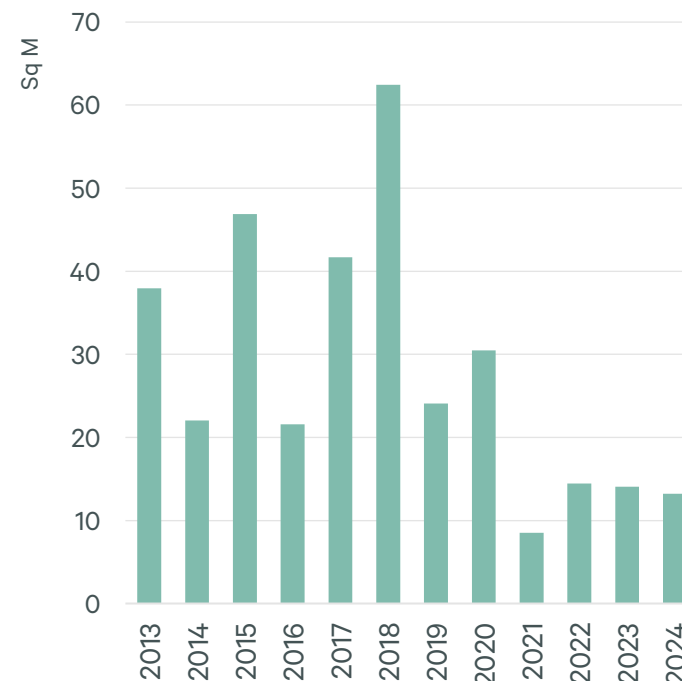
In the five years prior to the pandemic, for every new office-based role created in Dublin, there was 39 sq m of Dublin office take-up. In 2024, for every office-based role created, there was just 13 sq m of take-up.

While this ratio is unlikely to revert to the pre-pandemic rate, it will likely increase in 2025, as there is an increased focus among occupiers on encouraging and, in some cases, enforcing in-office attendance.

Office Attendance

In a [survey](#) of Dublin corporate office occupiers conducted by CBRE Ireland in March 2024,

Figure 12: Office Take-Up/Office-Based Job Creation



Source: Oxford Economics, CBRE Research

Explanation: Total annual Dublin office take-up divided by the number of new office-based jobs created in the same year

employers reported that they were seeing an in-office attendance rate of 50% on average across the working week at their workplaces.

However, as the year progressed, an increasing number of technology and professional services companies initiated in-office attendance mandates at a global level (mainly in the U.S.).

CBRE Ireland has observed that while there has been a pick-up in office attendance in 2024, many of these mandates are not as enforceable in Irish offices due to more stringent data protection regulation.

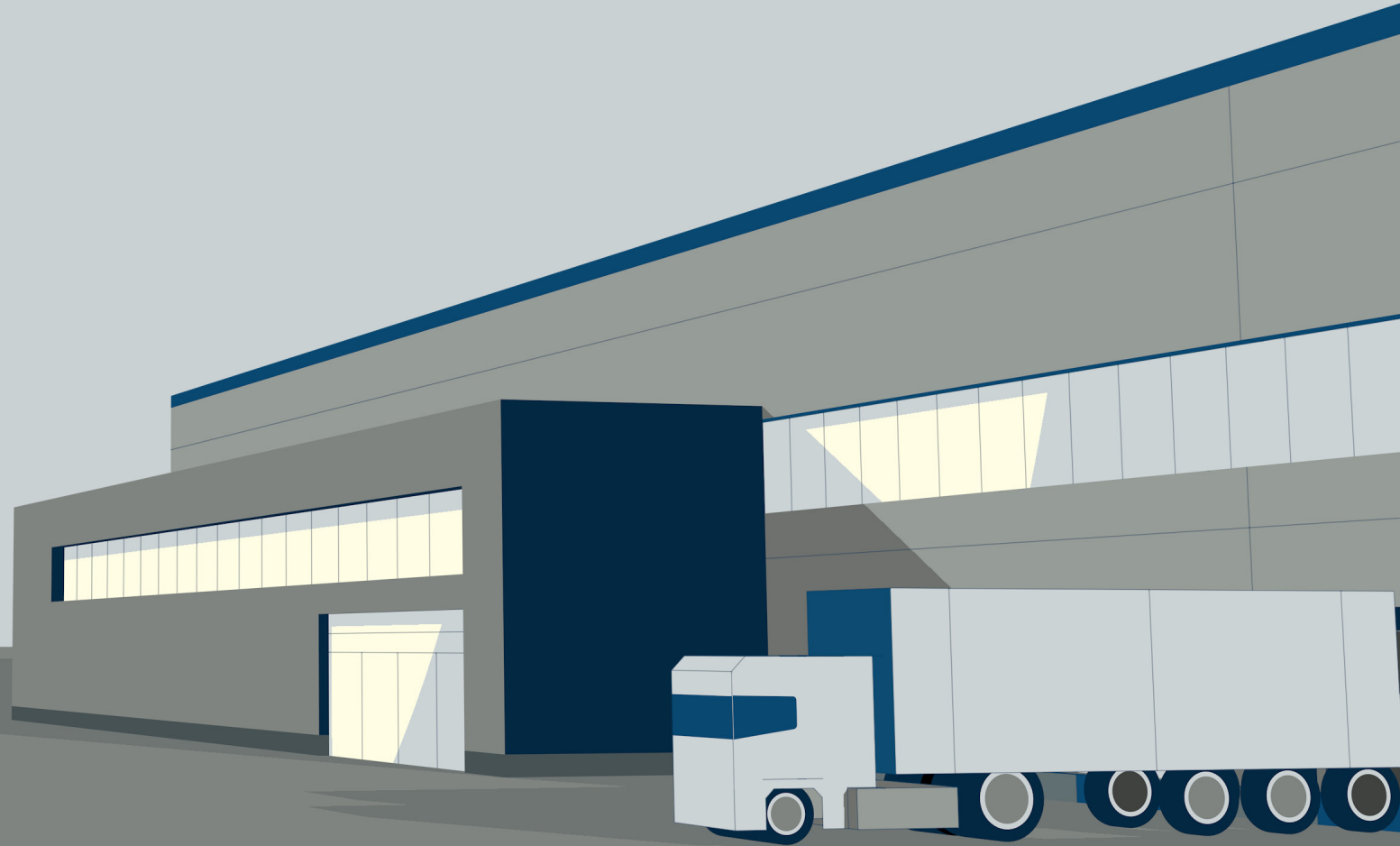
CBRE will complete the same survey again in March 2025 and a higher in-office attendance level among surveyed firms is expected.

Workplace Solutions

An increase in corporate occupiers focusing on the design strategy of their workplace is anticipated in the upcoming year, leveraging technology, enhancing wellness, and creating a destination effect rather than a purely functional one and rethinking the design of the office.

08

Industrial & Logistics



08

Industrial &
Logistics

Key Takeaways

- The Irish industrial & logistics sector was exposed to global economic uncertainty in 2024. Entering 2025, there are **several mid-to-large scale requirements** for space in Dublin that should lead to a rebound in activity, but the prospect of U.S. tariffs on global trade is a concern for the sector.
- Annual take-up in Dublin fell by 50% to just under 150,000 sq m in 2024, the lowest level since 2011. **Increased levels of nearshoring and Ireland's strong economic performance** should be positive catalysts for Dublin to see improved activity in 2025.
- **Retail-led expansion has been prevalent** in the last year, with Sports Direct and JYSK involved in the two largest Dublin occupational transactions of 2024. Ireland's strong consumer spend should underpin continued retail-led take-up in 2025.
- IPUT at Nexus Logistics Park, Park Developments at Ellipse, and Mountpark at Grange Castle West hold the **largest developable landbanks** for 'big box' logistics in Dublin at present. Subject to demand, more construction will commence at these sites in 2025.
- **Prime rents** are forecast to rise again in 2025 to €14.50 psf (€156.10 psm) underpinned by higher build costs and improving demand. **Prime yields** will remain steady at 5%, and **investment** will account for its traditional 10%-15% of Irish spend.



Image courtesy of IPUT Real Estate Dublin

Retail-led demand to drive take-up

Demand

Third party logistics operators (3PLs) have accounted for the largest share of take-up in Europe over the last year, with demand predominantly driven by operators expanding their network, while retail-led leasing activity was also strong in 2024.

In Ireland, domestic personal consumption rose +2.3% in the year to Q3 2024, retail sales (excl. motor trades) also rose by over 1.2% to November, despite inflationary pressures. Consumer spending will further improve as inflation stabilises in 2025.

This will translate into continued retail-led take-up this year in Dublin.

Goods Exports & Imports

The nominal value of Irish goods exports and imports has risen by a compounded 7% and 9% between 2018 and 2023.

In 2024, Ireland’s export of goods grew by 14% in the first 11 months of the year compared with the same period of 2023. Imports have fallen by 5% in the same period. The economic fundamentals that drive demand remain incredibly strong.

Figure 13: Annual Dublin I&L Take-Up



Source: CBRE Research

Nearshoring in Europe

The Red Sea Crisis has caused another wave of supply chain disruptions, resulting in nearshoring discussions moving up the priority list. This could mean a significant year for nearshoring in Europe, with the potential to increase leasing activity.

Ireland has benefitted from increased nearshoring in the aftermath of Brexit but could see more of a benefit from this trend ongoing throughout Europe.

Trade Tariffs

Both Irish and European occupiers will closely monitor the implementation of any proposed trade policies by the incoming Trump administration in the U.S.

While CBRE do not expect developments in 2025, discussions could already influence strategic decisions from global corporate entities. This sort of macro-uncertainty has the potential to weigh on take-up; however, analysis of the largest Dublin occupiers shows that the majority are serving a more localised market, with few exporting directly to the U.S.

Competing prime development sites

Dublin Development

Development in Dublin slowed in 2024 in response to a decline in build-to-suit activity. Notably, there was no build-to-suit take-up from April to December in the Dublin market.

The vacancy rate in Dublin remains sub 2%, so development is the primary option for corporate occupiers seeking 'big-box' space.

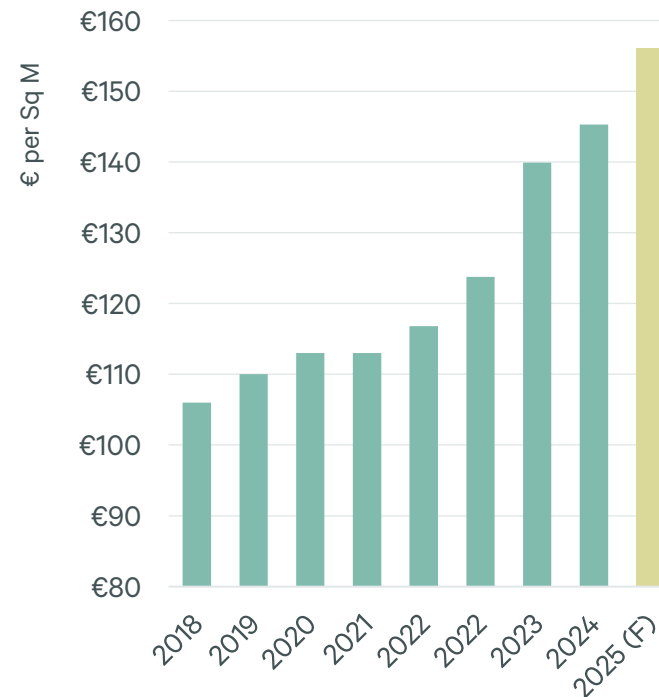
A total of approx. 170,000 sq m of stock is under construction in Dublin at present, due for delivery in 2025, with 25% of this pre-let or reserved. There are also a number of sites with planning permission granted that can be activated subject to demand.

There are three large developable land banks ready for the next wave of big box occupiers.

Nexus Logistics Park on the northside offers exceptional credentials from a specification, amenities and sustainability standpoint, while Mountpark, Grange Castle West is located on the southside (N7 corridor).

In 2025, there will likely be more construction activity in these parks, along with Park Developments' Ellipse scheme at Northwest Logistics Park.

Figure 14: Prime Dublin I&L Rents



Source: CBRE Research

Rents, Investment & Yields

CBRE Ireland are expecting strong rental growth in 2025 in response to both improved demand but also due to inflation in build costs driven by enhanced fire regulation in new buildings. CBRE are forecasting prime rents to grow to €14.50 psf (€156 psm) in 2025.

In 2024, investment declined to €258m (-50% year-on-year). Deka made its debut Irish logistics acquisition buying Primeline Group's Ashbourne distribution units, the largest investment transaction of the year.

Should the occupational market improve, at least one institutional grade portfolio is likely to come to market in 2025 which will attract sustainability-focused investors.

Excluding 2023, when it was the most invested sector for the first time on record, investment in the industrial sector has historically accounted for 10-15% of Irish investment, and this is again likely in 2025.

Prime yields will hold at 5% in 2025, while secondary Dublin yields are pricing at 6% and are also stable.

09

Retail



Key Takeaways

- Several new stores opened on Dublin's high streets in 2024 and there are now just 7 vacant units on Grafton Street. Shopping centres also continue to experience strong leasing momentum as evidenced by the **low vacancy rate** of 5.4%* at the prime centres.
- In 2024, two **experiential retail concepts**, *Pitch* and *Supersocial*, were introduced in Dublin. *Barry's*, *Flight Club*, *Bounce*, and *Lane7* are scheduled to open in 2025. Additionally, notable brands such as *Everyman Cinema* and *Hijingo* currently have requirements for space in Ireland.
- Retail faced **some operational challenges** in 2024, driven by inflation and government changes to employee entitlements. While cost inflation has stabilised, an additional minimum wage increase in 2025 will prove challenging, particularly for the **F&B sector**, leading to further erosion of profit margins.
- **National retail parks currently boast the lowest vacancy** rate across all retail subsectors in the Irish market and this is leading to moderate rental growth. Hardware and homeware providers such as *Homebase*, *The Range* and *B&Q* all continue to grow their presence at retail parks in Ireland.
- Retail was the **most invested sector** in the Irish market for the first time since 2016, accounting for 43% of total spend. Given the myriad of retail assets that traded or were refinanced in 2024, there will be a slowdown in investment in the sector in 2025.

*Source: MSCI IPD Index Q3 2024, Vacancy Rate - Floorspace



Healthy leasing momentum in Dublin

Strong Demand Drivers in Place

Ireland’s labour market is in rude health, with data from the CSO showing the national employment rate is at an all-time high. The strong labour market, real income growth and more moderate inflation will further boost retail sales volumes in 2025.

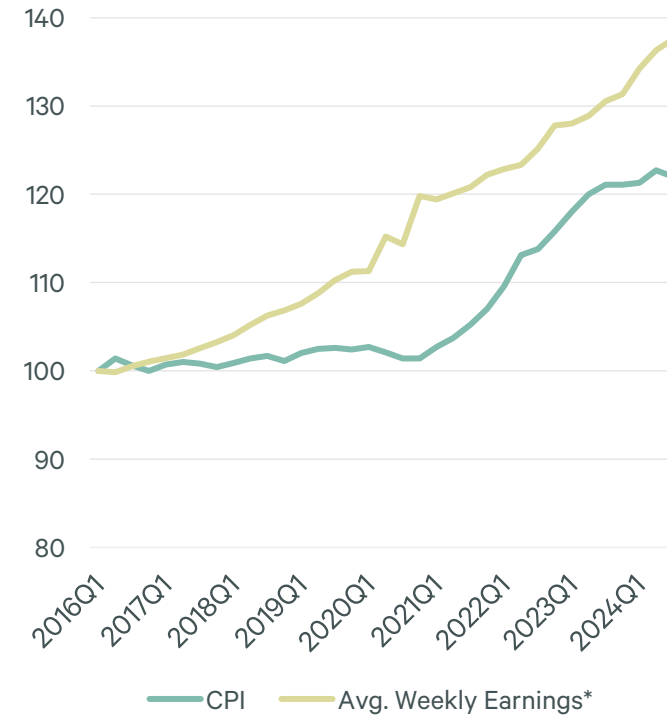
New Openings

New stores that opened on Grafton St. in 2024 include *Swatch*, *New Balance* and *Alo Yoga*. The popularity of high-end athleisure brands in Dublin is evident in recent leasing activity, with *Sweaty Betty* having opened on South Anne St. in 2023 and *Lululemon* having opened on Grafton St. in 2021. Notably, *Lululemon* recently reported a 30% increase in revenue year-on-year for the Irish arm of its business.

Blanchardstown SC also saw several new openings in recent months, including *The North Face* and *Hobbs*. New stores in Dundrum TC include *Mango* and *Space NK*, while *JD Sports* also doubled its footprint at the centre.

The arrival of new brands such as *Alo Yoga* and *New Balance*, as well as the expansion of existing

Figure 15: CPI vs Earnings (Index Rebased 2016 = 100)



Source: CSO; *Seasonally adjusted

brands like *Mango* and *Space NK*, are strong indicators of the occupier confidence in the Dublin retail market.

Notable City Centre Signings

Dublin city centre will see a raft of new openings in 2025. Spanish fashion retailer *Mango* will open on Grafton St. at unit 112-113. *Build-a-Bear Workshop* has also signed at 47 Grafton St. on a 10-year lease. Contemporary Italian fashion brand *Subdued* is set to open its first Irish store at No. 3 Grafton St. *Kiko*, an Italian make-up brand, is also opening on both Grafton and Henry St. in 2025.

Also, on the northside, the former *Debenhams* store on Henry St., which has lain vacant since 2020, is due to reopen with a *Sports Direct* store and Ireland’s first *Everlast* gym. The building was acquired in 2022 by Frasers Group.

Experiential Retail & Leisure

Experiential retail & leisure is a growing trend in the Dublin market. 2024 saw the arrival of two new experiential retail offerings: *Pitch* and *Supersocial*. This trend has been in the UK for several years, and operators are now recognising the opportunity in the Irish market.

Spotlight on F&B

Restaurant Closures

Over 600 restaurants closed across the country in the year to October 2024, with notable closures including *Rustic Stone*, *the Chophouse* and *Dillinger's*. As well as cost inflation across energy and food prices, restaurants have seen several cost increases across other areas.

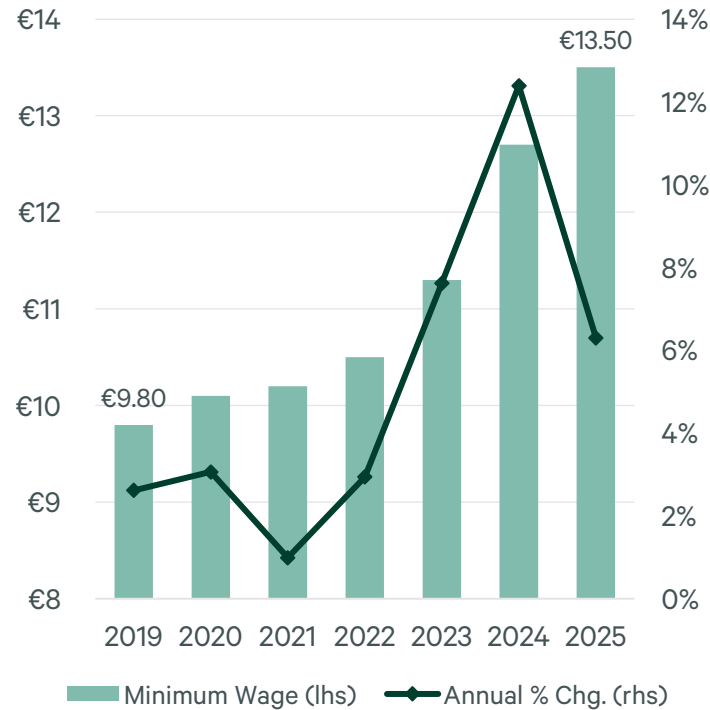
An €0.80 increase in **minimum wage** will come into effect from January 2025, moving the national minimum wage to €13.50. This follows a €1.40 hike at the start of 2024. Since 2022 the minimum wage has increased by nearly 30%.

The **VAT rate** on hospitality and tourism reverted to 13.5% in September 2023. This was previously lowered to 9% in 2020 during the COVID-19 Pandemic.

The introduction of the **auto-enrolment pension** scheme is another additional cost for restaurateurs. Under the scheme, every employee earning >€20,000 p.a. will now be automatically enrolled in a pension scheme.

Last year marked the end of the **Debt Warehousing Scheme**, a pandemic support scheme whereby businesses could defer tax

Figure 16: Ireland National Hourly Minimum Wage



Source: Citizens Information

payments. Effective from May 2024, businesses had to either pay their outstanding debt or liaise with revenue to arrange phased payment. This liability pushed many restaurants into closure.

Outlook and New Openings

Goods cost inflation has now stabilised but further increases to labour costs will weigh on F&B operators. The new Programme for Government offers some relief to restaurateurs by stating an intention to reduce the VAT rate for food-led hospitality to 9%.

A host of high-end restaurants have opened in Dublin last year and these are performing well. *Allta*, an upmarket offering, opened at Capital Dock and *Kicky's*, a Mediterranean-inspired restaurant, opened on South Great George's St.

There is a strong line up of openings in store for 2025. A popular restaurant group with several venues across Europe is finalising a lease for a landmark building close to College Green.

An upmarket Asian street food franchise is set to open at a separate city centre building in Dublin this year. The brand is established across the UK, and this will be their first franchise in Ireland.

Following a bumper year, investment will fall

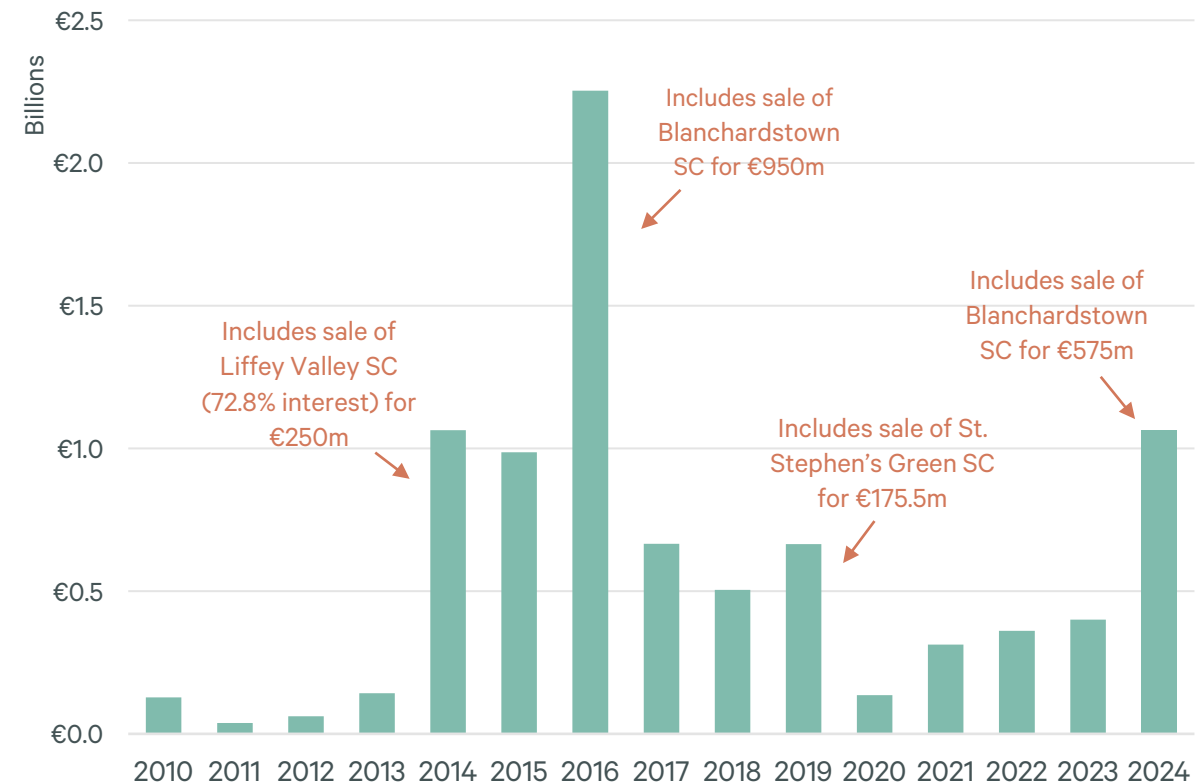
For the first time since 2016, the retail sector was the most invested sector in Ireland in 2024, with full-year spend reaching over €1.0bn. While this was largely driven by the sale of the Blanchardstown Shopping Centre in Q4, interestingly, retail was also the most invested sector in the first three quarters of 2024. A total of 27 retail assets traded in 2024.

The largest transaction of the year was the sale of the Blanchardstown Centre for almost €575m to SVP. The sale included a shopping centre, two retail parks, a 5-storey office block, external retail units, and a land plot with planning permission for nearly 1,000 apartments.

The Square, a shopping centre in Tallaght, also traded in 2024 at a price of approx. €130m. The shopping centre was acquired by Eagle Street in Q3. Additionally, loans on some large-scale retail assets were refinanced in 2024, including Liffey Valley Shopping Centre and Dundrum Town Centre.

Considering the number of assets that have traded or been refinanced in 2024 and given the size of the Irish market, fewer retail assets will be brought to the market in 2025, and therefore investment spend will be lower. CBRE understands, however, that Realty Income Corporation is close to acquiring a portfolio of eight retail parks at a reported price of approx. €200m. This transaction will bolster investment volumes in the sector in 2025.

Figure 17: Ireland Retail Investment Volumes 2010-2024



Source: CBRE Research

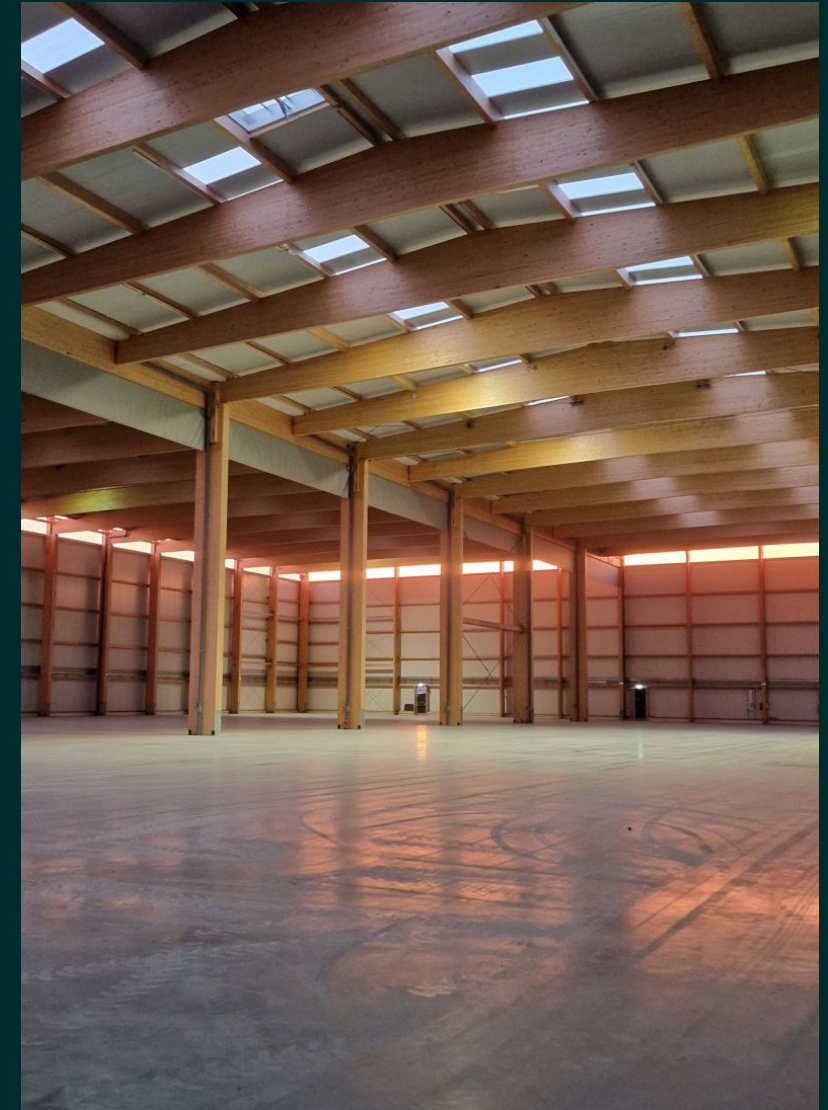
10

Sustainability



Key Takeaways

- The **Corporate Sustainability Reporting Directive** (CSRD) came into effect for large public interest entities in 2024, with the first CSRD-compliant annual report due in 2025. The next phase applies to companies not subject to the NFRD who meet two or more of the following criteria: have >250 employees, >€40m in turnover, or >€20m in total assets.
- Companies in scope for the CSRD must report on their **EU Taxonomy** (EUT) alignment. Through the EUT, companies are required to disclose to what degree their CapEx, OpEx and turnover has contributed to the six EUT objectives. The EUT is particularly relevant when constructing new builds, renovating existing buildings and acquiring buildings.
- Corporate **office occupiers** continue to seek **highly sustainable buildings**. Approx. 60% of Dublin office take-up in 2024 comprised highly sustainable stock, i.e. with a BER rating of at least A3 and strong LEED or BREEAM credentials. This trend will continue in 2025.
- There are currently no industrial buildings under construction in Dublin without a LEED Gold/minimum BER A3 credential. **Glulam timber frames**, rainwater harvesting, and on-site renewable energy generation are just some examples of features being employed to achieve these high ratings.
- The focus on sustainability is evident across all sectors. In 2024 the first **BREEAM In-Use** ‘Excellent’ credential was awarded for an Irish **residential** building. Similarly, Liffey Valley SC was awarded a BREEAM In-Use ‘Outstanding’, the first Irish **retail centre** to achieve this.



Sustainability a focal point across all sectors

Carbon Savings on Redevelopments

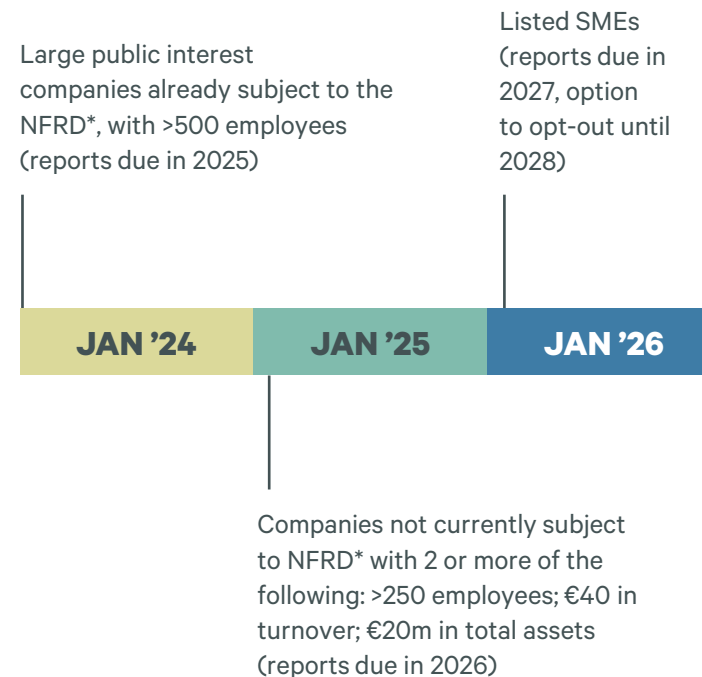
Almost 60% of Dublin office take-up in 2024 comprised ‘highly sustainable stock’. The bifurcation in demand for new, sustainable offices and older, secondary stock continues to widen and there is now a growing number of ‘stranded’ non-sustainable offices in Dublin.

There can be an estimated up to 80% carbon saving in the redevelopment of an existing building compared to the demolition and construction of a new build. IPUT’s recent redevelopment of Fifteen George’s Quay is an example of this. IPUT retained the building’s original structure, while also increasing the footprint by 50%. The LEED Platinum redevelopment achieved an embodied carbon saving of 58%.

Glulam Timber in Industrial

Features such as solar PV panels and EV chargers are becoming commonplace in new industrial developments. Glue-laminated (glulam) timber frames are also becoming more prevalent. IPUT pioneered the use of glulam in

Figure 18: CSRD Timeline for Compliance



Source: CBRE Ireland; *NFRD = Non-Financial Reporting Directive

Ireland at Quantum Logistics Park, and Bain Capital and Newpark RE have mirrored this at Vantage Business Park. IPUT’s Nexus Logistics Park is also offering occupiers the option of glulam units in 2025.

BREEAM In-Use: Residential & Retail

OPUS Six Hanover Quay, a prime PRS development in Dublin 2, recently achieved a BREEAM In-Use ‘Excellent’ certification. This marks the first residential building in Ireland to be awarded ‘Excellent’. The luxury apartment development was built in 2019 and was acquired by Pontegadea in 2023. Other landlords are following suit and the owner of another prime city centre PRS development is currently targeting a BREEAM In-Use ‘Excellent’ certification.

Liffey Valley SC was recently awarded a BREEAM In-Use ‘Outstanding’ for its sustainability efforts. Notably the shopping centre is the first retail centre in Ireland or the UK to receive this accolade. The shopping centre has implemented several sustainability initiatives including switching entirely to LED lighting and installing energy-usage monitoring smart meters.

11

Hotels



11
Hotels

Key Takeaways

- Despite some challenges to trading performance, the hotel sector was active from a deals perspective in 2024 and transactional activity will be strong again in 2025. However, there will be **continued challenges to room rates**, with a substantial amount of new bed stock set to open in Dublin in 2025.
- Total transaction volumes for 2024 in the Irish hotel market were €890m, with a further €30m of hotel development site sales and €60m of hostel transactions also closing. The sector experienced its busiest year since 2006. CBRE anticipates **transaction volumes approaching €800m** in 2025, with visibility on several pending deals.
- A total of 612 new hotel rooms were delivered in Dublin in 2024, taking total room stock to nearly 27,500. An additional **1,500 rooms are due to be delivered in 2025**. This will have implications for room rates in the year ahead.
- **Dublin's hostel market** has seen renewed interest, with a number of hostels transacting and some planning applications lodged this year.
- The country's hotel market continues to monitor the debate around the current **passenger cap at Dublin Airport** and the lifting of the cap is key to the sector.
- Yields for prime leased hotels are now stable, in line with the wider real estate market, where it is clear that asset pricing has troughed. However, **CBRE expects prime leased hotel yields to compress during 2025** and stabilise at under 5%



Busy year of deals as supply increases

An exceptional year of transactions in 2024 will continue into 2025. Established hotel operators, institutional investors, family offices and high-net-worth individuals continue to show a strong appetite to acquire hotels that have sustained operational profits and healthy margins in the face of cost inflation.

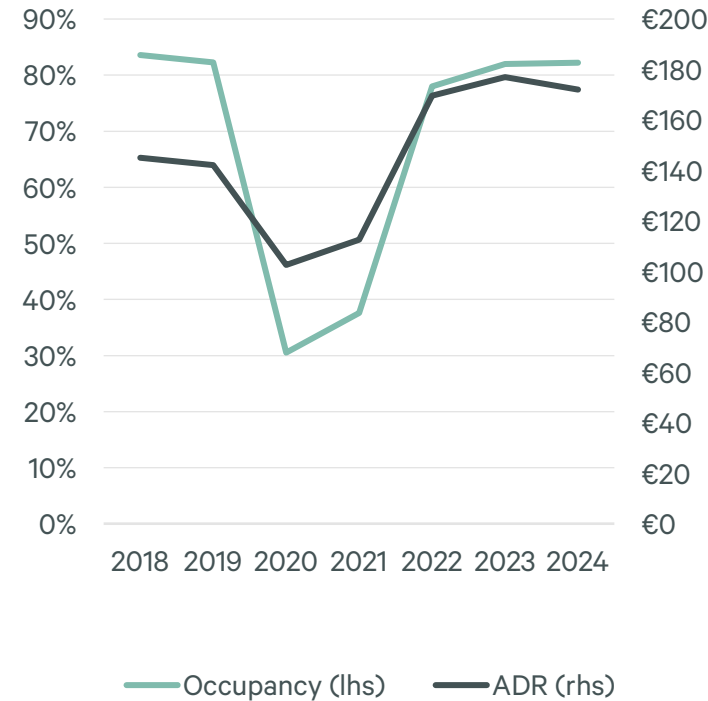
The sale of a majority stake in the Dean Hotel Group portfolio to Lifestyle Hospitality Capital (LHC) and the disposal of the Shelbourne Hotel to Archer Hotel Group drove 2024 transaction volumes, however CBRE understands that there will again be strong portfolio and platform deal activity in 2025.

Operational Performance

Hotel operational performance dipped slightly in the opening months of 2024 but rebounded in the second half of the year due to seasonal factors and stable inflation.

However, Dublin average daily rates (ADR) ended 2024 down 3% year-on-year from €177 to €172. Occupancy remained strong, at 82%, over the 12 months of 2024, broadly in line with 2023.

Figure 19: Dublin Hotel Trading Performance



Source: STR

This year-on-year decline in some operational performance metrics should be taken in the context that 2023 was an exceptional year for trading activity but it is also partly due to the absorption of the VAT increase and an increase in new hotel stock, particularly in the budget and midscale categories in 2024.

Dublin ADR will likely continue to experience pressure in 2025, due to the level of new hotel bedrooms due to open this year.

Supply

Dublin hotel supply pipeline remains active, with just over 1,500 bedrooms expected to be delivered in 2025 across a mix of hotel classifications. This equates to approx. 5% of current hotel room stock.

Some notable openings in 2024 included the 272-bedroom Ruby Molly on Arran Street East and the 152-bedroom Chancery Hotel in Dublin 8, while this year the 129-room Hoxton Hotel (former Central Hotel) and the 247-room CitizenM are scheduled to open.

Dublin tourist hostels: an emerging market

Dublin Tourist Hostels

The tourist hostel business model is based on lower-cost rooms sold at a high volume and supported by ancillary sales, all with a lower cost base than traditional hotels. Structural growth in travel among 18–30 year olds underpins demand. There is currently an undersupply of purpose-built hostels in Dublin and investors and developers have identified this gap in the market to meet demand.

In the last year, European operator Clink has opened a 600-bed purpose-built hostel on Abbey St. Also in Dublin 1, Jacobs Inn Hostel was acquired by Spanish operator Azora for a reported price of >€45m, while Firethorn Trust and SW3 acquired a development site at Sackville Place with planning permission for a 588-bed hostel.

There have also been several examples of planning applications being granted for hostels in the last year, including Marlet securing permission for a 496-bed hostel on Macken St. and Redrock Developments being granted permission for a 665-bed hostel on Foley St.

Figure 20: Irish Hotel Transaction Volumes



Source: CBRE Research

Dublin Airport Passenger Cap

Dublin Airport's passenger cap of 32 million passengers per year continues to pose a threat to the hotel industry. Global air passenger traffic is forecast to double by 2042. With the current cap in place, Ireland will be excluded from this growth.

Dublin Airport handled over 33 million passengers from January to December 2024. The High Court's recent ruling to pause the effects of the Irish Aviation Authority's (IAA) decision to limit passenger numbers to 25.2m between late March and October 2025 is a positive precedent.

An increase to the Dublin Airport passenger cap is expected in 2025, which would benefit Ireland's structural growth and is necessary to continue attracting investment into the sector.

Yields

Dublin prime leased hotel yields are currently 5% and trending stronger. Investment sales are rare in the Irish market, but this yield level will be tested in the coming months.

12

Healthcare



12

Healthcare

Key Takeaways

- This **defensive asset class** continued to attract interest from international capital across each of the subsectors of nursing homes, primary care centres (PCCs), and private hospitals in 2024.
- **Transaction volumes were strong** in the last 12 months (€600m) due to the sale of several nursing homes and the Beacon Private Hospital. One of the **most notable investment deals in 2024** was the Healthcare Activos acquisition of three turnkey nursing homes for €56.7m.
- All subsectors of healthcare, including beds, PCCs, diagnostics, hospital capacity, residential care, and senior living, continue to face a **shortage of stock**.
- However, **development is likely to remain subdued in 2025** as current National Treatment Purchase Fund (NTPF) backed Fair Deal rates (for nursing homes), and HSE rents (for PCCs) continue to result in weak equilibria between gross development value and development costs. It is hoped that the HSE's re-tendering of PCC locations may unlock some future development.
- Despite great willingness by capital to enter the sector, each subsector has its nuances with regards to funding, rents, and operations, while all have the common theme of a need for **government intervention to unlock development**.



Nursing Homes & PCCs

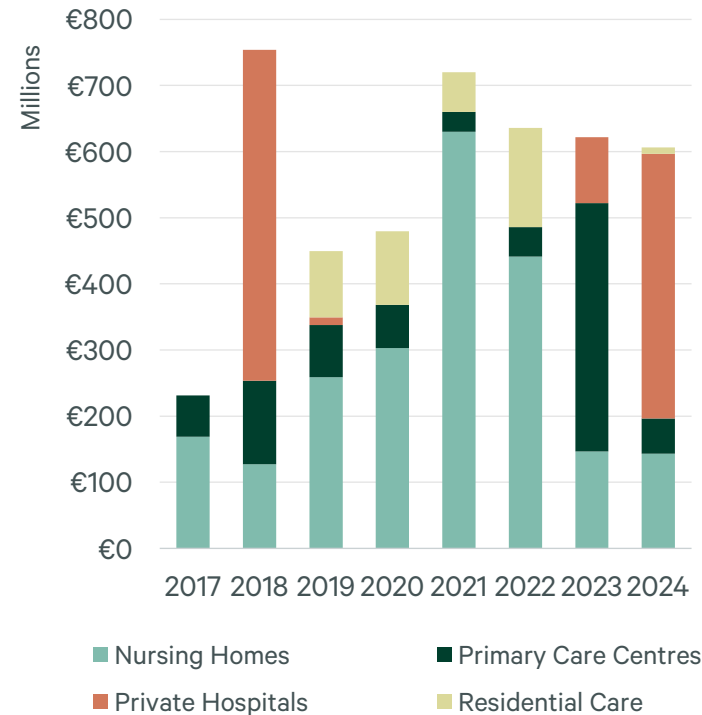
Nursing Homes

With a healthy mix of going concern and investment transactions in the nursing home market, deals done in 2024 were broadly on par with 2023 at approximately €150m. Although the nursing home sector continued to grapple with higher operating costs and staffing challenges, occupancy levels remained strong, and higher historic NTPF Fair Deal rates helped many operators stay in positive territory.

However, for those operational companies with an ‘asset light’ strategy, the burden of high and increasing rents, linked to CPI uplifts, has placed further pressure on their ability to cover costs and produce basic profit margins. In 2024, HIQA standards around premises and fire safety continued to be scrutinised, leading to the loss of beds in many homes, primarily in multi-occupancy rooms.

Of the 416 nursing homes registered with HIQA, half have 55 beds or less. Many of these smaller homes have poor configurations, lack future-proofing, and are at risk of becoming unviable. Without adequate supports or incentives to future-proof these homes to meet HIQA standards, many

Figure 21: Irish Healthcare Transaction Volumes



Source: CBRE Research

areas of the country could see local nursing homes closing, leaving communities with no care facility for the elderly.

Fair Deal Rates

NTPF awarded substantial increases in Fair Deal rate reviews in 2024, but Dublin's average rate still lags significantly behind all other counties. The latest increases, while welcome, still fall far short of what is required to sustain rural homes.

Primary Care Centres

Virtually all PCC developments have stalled ahead of the HSE re-tendering process which will hopefully see higher rents improve the equilibrium with development costs, albeit the introduction of ‘buy back’ clauses will alter how these developments are underwritten.

Around 10 Primary Care Centres transacted in 2024, with Valley Healthcare being the most active buyer. Yields have remained stable in the sector throughout 2024, largely due to strong demand for government-backed long-income assets with CPI-linked rent reviews.

Deals & Outlook

Transactions

With fewer than 20 private hospitals in Ireland, transactions are rare. The sale, therefore, of the Beacon Hospital in 2024 marked a substantial transaction in the healthcare sector. Having transacted at a price of approx. €400m, it was Macquarie's first investment into the healthcare sector in Ireland.

Similarly, the nursing home market saw a new entrant into Ireland, with Spanish investor Healthcare Activos acquiring three turnkey nursing homes from Orpea, now rebranded to EMEIS.

Three potential buyers typically emerge as the frontrunners in Irish the market for quality operating nursing homes, with each of these well-funded groups demonstrating a sustained interest in opportunities in 2025.

Yields

Overall, prime yields across the healthcare sector remain stable – Nursing Homes at 5.5% and Primary Care Centres at 5%. The focus on ESG and Building Energy Ratings are at the forefront of all deals as buyers look to 2030 targets and beyond.

Outlook for 2025

Looking forward to 2025, further transactions are likely across all healthcare subsectors. A number of well-funded groups are seeking acquisitions in the nursing home sector, with many willing to take on homes with CapEx requirements and improvements. Development in the nursing home space is only likely in prime city suburban locations.

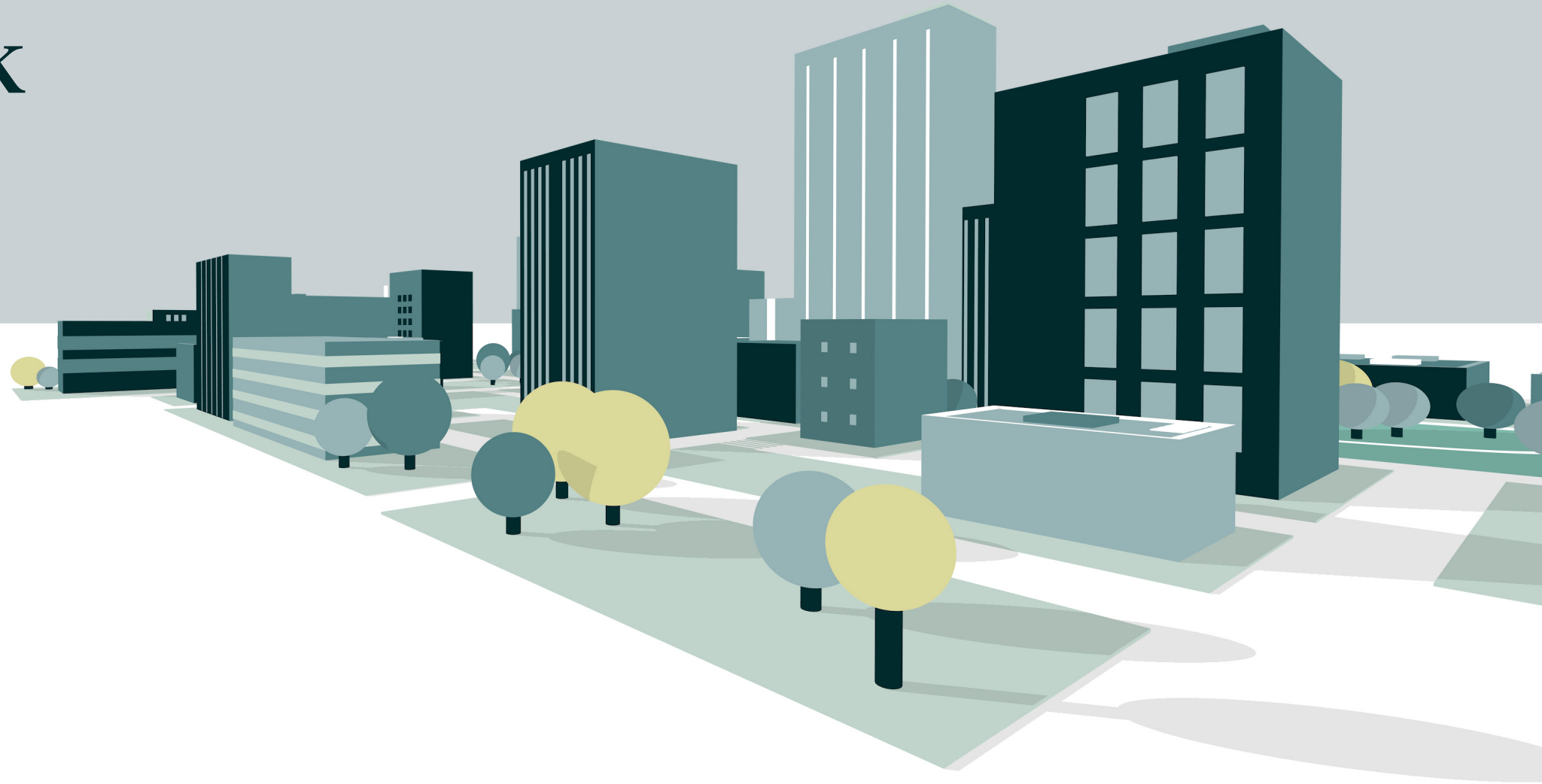
Figure 22: Top Healthcare Transactions 2024

Quarter	Property	Purchaser	Price (€m)
Q1 2024	Beacon Private Hospital	Macquarie Capital	Approx. €400.0
Q3 2024	3 EMEIS nursing homes	Healthcare Activos	€56.7
Q1 2024	Zest Primary Care Centres	Valley Healthcare	€18.5
Q2 2024	Sunhill Nursing Home, Louth	Evergreen	P&C
Q2 2024	Ashbury Private Nursing Home	Glas Care (DIF)	P&C

Source CBRE Research

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Cork



Key Takeaways

- **Office take-up** in Cork was just 20,500 sq m in 2024. The largest Cork office leasing deal of the year was at Penrose Dock, where Qualcomm took 1,856 sq m of space. The OPW also signed for 1,808 sq m at Two Navigation Square, and this letting together with current reserved space will bring Two Navigation Square to full occupancy.
- Demand for modern **warehousing and distribution facilities** has increased significantly over the past 4 years and the expansion of the Port of Cork will accelerate this further. Phase 2 of Blarney Business Park commenced construction in December while construction is ongoing at Evergreen Business Park in Little Island.
- Cork's **residential market** remains severely undersupplied, with new completions continuing to fall below the required rate and just 310 apartments delivered in the first three quarters of 2024. The undersupply of rental stock is particularly acute and has resulted in rents rising by approx. 50% since 2019.
- There continues to be strong **demand for development sites** across all zonings. Total development land sales in the Cork Metropolitan Area in 2024 amounted to €33m across 96 acres.
- **Investment spend** in Cork totalled just over €106m in 2024, below the long-term average for the market of approx. €140m. Spend was bolstered by two large-scale retail transactions: the sale of Mahon Point Retail Park to Corum AM for €50m and the sale of Blackpool SC to Lugus Capital/Patron Capital for approx. €48m.



Modern logistics development continues

Offices

While full year office take-up in Cork was down approx. 30% year-on-year in 2024 and below the long-term average for the market, the level of ‘reserved’ stock (8,435 sq m) is encouraging. Office vacancy remains high at 14.4%, however the market is relatively small and therefore this could be quickly absorbed.

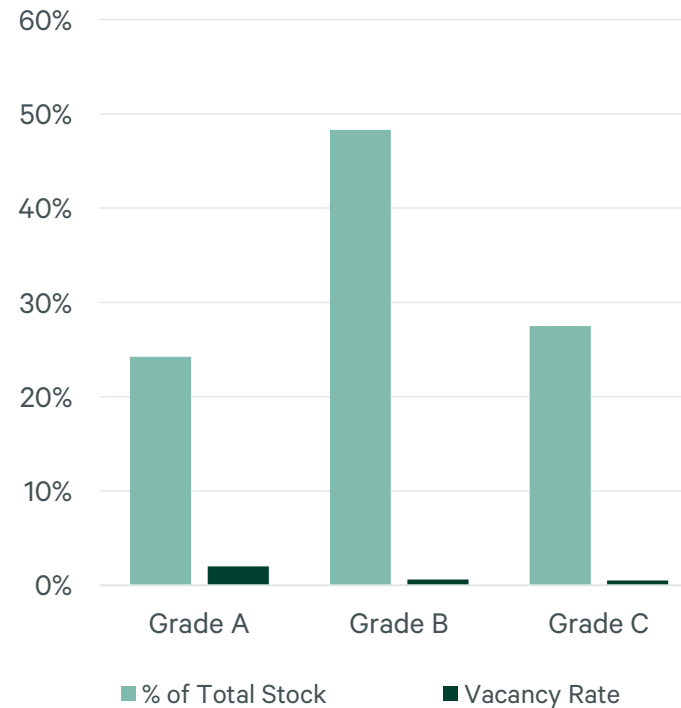
A slowdown in foreign direct investment (FDI), however, may impact office leasing volumes in Cork in 2025, as the market is particularly reliant on FDI.

Prime office rents in Cork remained unchanged in 2024 at €375 per sq m (€35 psf). CBRE expects rents to remain stable in Cork in 2025.

Two Horgan’s Quay, a 15,000 sq m LEED Gold office building, is currently the only building in the Cork office pipeline nearing completion.

There are currently no other offices under construction in Cork City, albeit construction will likely commence in 2025 at Blocks C&D of Navigation Square, measuring 12,075 sq m in total, and on a second office building at the City Gate Plaza development in Mahon.

Figure 23: Cork I&L Stock by Grade* and Vacancy



Source: CBRE Research; *proportion of total market

Industrial & Logistics

Modern industrial space in Cork continues to be highly sought after by occupiers, as demonstrated by the low vacancy rate of less than 1%.

Guideline prime Cork industrial & logistics rents rose to €145 per sq m (€13.50 per sq ft) in 2024, an increase of 8.5% year-on-year. This follows a 12% increase year-on-year in 2023. The supply demand imbalance in the market has placed upward pressure on rents, and this will likely continue in 2025, albeit at a more moderate rate.

Cork’s first LEED Gold industrial unit was delivered at Blarney Business Park in 2024. The 2,500 sq m unit, Block 9005, was recently leased to Paardekooper, a Dutch sustainable packaging manufacturer. A further 5,240 sq m of stock is under construction at Blarney Business Park.

Construction also continues at Evergreen Business Park. Building E400 (3,100 sq m) was also pre-let in Q4 2024, and E100 comprising (5,950 sq m) is due to complete in March 2025. All five units at the park are targeting a LEED Gold certification.

Residential market undersupplied

Residential

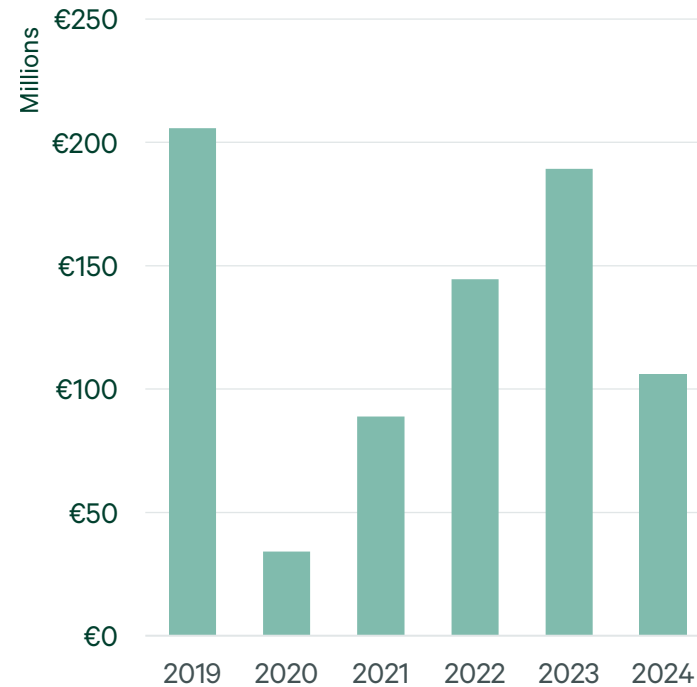
The undersupply of private rental stock continues to push rents up in Cork. Quoting rents on prime, 2-bed apartments are now €2,400-€2,500 p.m. The current undersupply, coupled with the limited new supply in the pipeline, indicates that rents will continue to trend upwards in 2025.

Glenveagh recently lodged a new planning application for 176 apartments on the Former Ford Distribution site in the South Docklands. This application follows a previous planning grant for over 1,000 apartments on the same site. Works are currently ongoing on the site.

Clarendon Properties, in partnership with BAM and the LDA, are delivering 302 apartments at Horgan's Quay. Construction is underway and the apartments are due to be delivered in late-2026.

Cork City Council have partnered with JCD to deliver 217 cost rental apartments at the site of the former Sextant pub and Carey's Tool Hire on Albert Quay. Construction on the 'Railyard Apartments' scheme is due to commence in early 2025.

Figure 24: Cork Investment Volumes*



Source: CBRE Research; *excludes multi-county portfolio sales

Hotels

The average room rate in 2024 in Cork was €152 per night, down slightly year-on-year. Occupancy levels were also down marginally but still remain high at 78%.

A planning application has been lodged for the construction of a 171-bedroom Premier Inn at the Leisureplex complex, formerly Coliseum Cinema. This follows the recent opening of a €30m, 187-bedroom Premier Inn at Morrisons Quay.

Investment Activity

Investment spend was driven by two large retail deals – the sale of Mahon Point Retail Park for €50m and the sale of Blackpool Shopping Centre for approx. €48m.

The Opera Lane retail portfolio will likely transact in H1 this year. The scheme is located beside Cork's primary high street, St. Patrick's Street, and is anchored by Next and H&M. It is guiding €22m.

Yields on prime office and industrial are now stable at 6.50% and 6.00%. Albeit few prime investable opportunities arise in these sectors in Cork, so this yield level has not yet been tested.

Contacts

Research Contacts

Colin Richardson

Director
Research & Consultancy
colin.richardson@cbre.com

Emer Geissel

Analyst
Research & Consultancy
emer.geissel@cbre.com

Niall Little

Analyst
Research & Consultancy
niall.little@cbre.com

Business Contacts

Myles Clarke

Managing Director
CBRE Ireland
myles.clarke@cbre.com

León Murray

Director
Planning
leon.murray@cbre.com

Rachael McGinley

Director
Sustainability
rachael.mcginley@cbre.com

Meadhbh McClean

Chief Operating Officer
CBRE Ireland
meadhbh.mcclean@cbre.com

Kyle Rothwell

Executive Director
Capital Markets
kyle.rothwell@cbre.com

Paddy Conlon

Executive Director
Offices
paddy.conlon@cbre.com

David McConnell

Executive Director
Building Consultancy
david.mcconnell@cbre.com

Aidan Reynolds

Executive Director
Valuations
aidan.reynolds@cbre.com

Christian Judd

Senior Director
Corporate Finance
christian.judd@cbre.com

Alan Moran

Executive Director
Offices
alan.moran@cbre.com

Paul Murphy

Senior Director
Cost Management
paul.murphy@cbre.com

Enda MacMahon

Senior Director
Professional Services
enda.macmahon@cbre.com

Peter Keegan

Director
Corporate Finance
peter.keegan@cbre.com

Daniel Shannon

Executive Director
Offices
daniel.shannon@cbre.com

Paul Collins

Executive Director
Hotels
paul.collins@cbrehotels.com

Terry Devlin

Director
Business Rates
terry.devlin@cbre.com

Shane Cahir

Senior Director
Investment Properties
shane.cahir@cbre.com

Garrett McClean

Executive Director
Logistics & Data Centres
garrett.mcclean@cbre.com

Maureen Bayley

Senior Director
Healthcare Valuations
maureen.bayley@cbre.com

Edward Smyth

Senior Director
Property Management
edward.smyth@cbre.com

Peter Garrigan

Senior Director
Development Land
peter.garrigan@cbre.com

Bernadine Hogan

Senior Director
Retail
bernadine.hogan@cbre.com

Brian Edwards

Managing Director
Cork Office
brian.s.edwards@cbre.com

Ann Marie O'Byrne

Senior Director
Hotels & Licensed Valuations
annmarie.o'byrne@cbrehotels.com

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