

Intelligent Investment

# Irish Retail Market 2025

MARKET REPORT

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An analysis of economic, policy and consumer trends, occupier markets, development and investment.

CBRE RESEARCH  
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CBRE

## IRISH RETAIL

# Key Themes Currently Shaping Irish Retail

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# Retail and the Irish Economy

The retail sector in Ireland – encompassing retail trade, food and beverage services, and motor trades – is a vital component of the national economy, though its significance is often overlooked. It makes a substantial contribution to employment, particularly in regional areas, and consumer activity within the sector plays a key role in economic growth.

## Employment & Economic Value

Although the sector is closely interconnected with the economic cycle, it is frequently underappreciated by policymakers as a significant contributor to both national employment and economic output.

According to a retail economy study conducted by the Central Statistics Office (CSO) published in March 2023, a **total of 361,500 people** were employed in the sector, equating to **16% of the national workforce** at that time. Over 70% of these positions were in locations outside Dublin and while many retail roles are entry-level and relatively low-paid, the sector often serves as an important gateway to the labour market for young people and newcomers to Ireland, particularly in regional locations.

Consumption underpins economic activity in developed countries, and in Ireland, estimates suggest that turnover in the retail economy can amount to €60bn annually, accounting for **approximately 12% of Ireland's GDP**, a material percentage, which ought to mean that the government and policymakers give greater attention to supporting the sector.



## Government Supports & Policy

### Rising Costs vs. Thin Margins

In the last two years, retailers, particularly in food and beverage services, have had to grapple with well-publicised **input cost inflation**, while the national minimum wage has risen nearly 30% to €13.50 per hour since the start of 2022 and increased staff pension and sick leave entitlements have been mandated.

Considering that this is an industry that broadly operates on thin margins – a [survey](#) by AI accountancy software group Outmin found that food-led hospitality businesses in Ireland averaged an **operating margin of just 0.8%** in Q1 2024 – then clearly such rising costs can present huge challenges, as evidenced by the increase in restaurant closures throughout 2024 and into 2025.

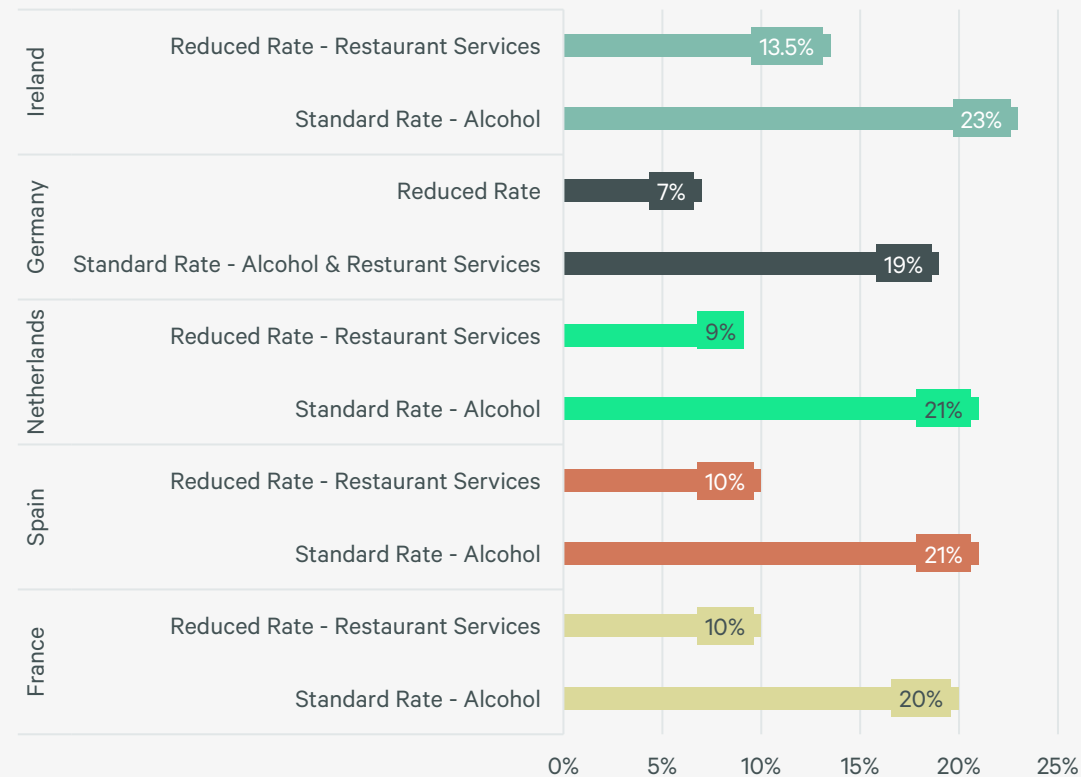
### Pre-Election VAT Commitment Should Be Honoured

In the lead-up to the November 2024 Irish general election, Fine Gael pledged to reduce the VAT rate for food-led hospitality businesses from **13.5% to 9%**. This promise was included in the [Programme for Government](#). However, recent reports suggest that this proposed reduction may be deferred until July 2026.

It is worth noting that the VAT rate in Ireland applicable to restaurant services, currently at 13.5%, is higher than in Spain (10%), France (10%) and the Netherlands (9%). Germany’s VAT rate is higher (19%) for ‘food consumed on the premises’. However, both Germany and France have lower rates for takeaway services.

While we acknowledge the fiscal impact of a reduction to Ireland’s VAT rate, policymakers must recognise the sector’s economic and employment value. We believe that supporting indigenous retailer at this time, especially as export-led industries face headwinds from global trade shifts, is more important than ever. And this government should be doing everything they can to **follow through on their pre-election promise** and Programme for Government agenda, even if that means being more creative with the solution.

FIGURE 1  
European VAT Rate Comparison



Source: CBRE Research

## Consumer Economic Trends

Despite some recent global macroeconomic uncertainty post-‘Liberation Day’ – which did have a material impact on Irish consumer sentiment – the domestic consumer economy continues to demonstrate strength, supported by a number of favourable indicators. In fact, multiple economic metrics that gauge Irish consumer spending power are currently at or approaching record highs.

- **Employment:** Currently 2.8 million people are in-employment nationally, an all-time high.
- **Consumer Spending:** Personal consumption expenditure hit €37bn in Q1 2025, an all-time high.
- **Annual Earnings:** Mean and median individual earnings in 2024 were €65,356 and €44,816 respectively, both all-time highs for the country.
- **Household Deposits:** At the end of July, €167bn was being held on deposit by households, also an all-time high.

### Retail Sales Rising, But Spending Patterns Shifting

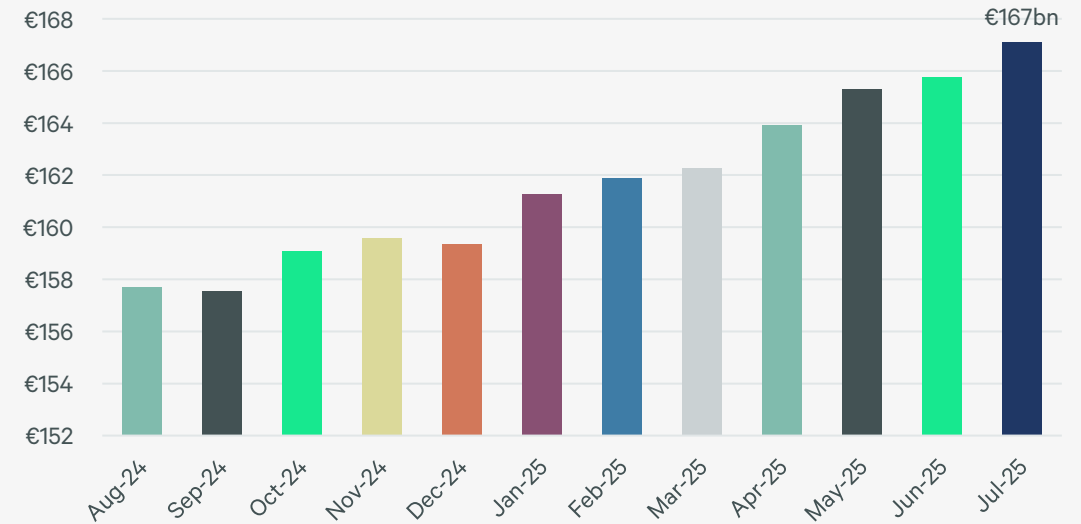
**Consumer prices** have now started stabilising after a period of accelerated inflation – the latest data shows the Irish CPI 12-month rate was +1.7% to July. But as illustrated in the data points above, despite the pressure of rapidly rising prices in 2023 and 2024, consumer spending power and wealth in Ireland remains in rude health.

However, it is not entirely clear how much of this consumer wealth is actually flowing through to spending in the traditional retail sectors. **Retail sales** data for June shows that national sales volumes rose +3% year-on-year, with strong growth in Furniture (+12.3%) and Clothing & Footwear (+5.9%) reported.

A cross-section of retailers are reporting that while consumer spending power is clearly there, there is a growing proportion of spend focused on alternatives to traditional retail, including experiential and leisure pursuits like travel, food, wellness, fitness and golf, which all continue to grow in popularity and take a greater share of spending, while online commerce continues to account for at least 15% of all sales.

FIGURE 2

### Irish Household Deposits (€billions)



Source: Central Bank of Ireland

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Multiple economic metrics that gauge consumer spending power in Ireland are currently at or approaching record highs

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## Occupier Market - Food & Beverage (F&B)

### Evolving Consumer Tastes

The leasing market for high street units in Dublin has steadily improved since the pandemic, though the face of retail continues to evolve subtly, shifting from products to experiences. In this context, premium food & beverage (F&B) offerings have increasingly established a presence in the city over the past year. Key drivers of this change include:

- A continued shift in preference from **product to experience** among consumers
- Changing behaviours among **Gen Z and Gen Y**, moving away from traditional pub and club culture towards healthier dining options, wellness and fitness experiences
- An **increasingly prosperous** and corporate consumer base in the city

### F&B Deal Momentum Growing

A number of new upmarket F&B deals have been signed in Dublin this year:

- **Gloria by Big Mamma:** Known for its theatrical Italian dining concept, Gloria Osteria restaurants have enjoyed growing popularity across Europe, and in June, signed a 20-year lease for 702 sq m at 41 Westmoreland St., expecting to open later this year.
- **Mowgli:** In July, the popular Indian street food brand, Mowgli, with a strong UK presence, signed for 302 sq m at 41–46 South Great George's St. on a 20-year lease, marking its debut in the Irish market.
- **The Ivy Asia:** Following the success of The Ivy at One Molesworth St., The Ivy Asia signed a 25-year lease for 1,161 sq m at No. 12 Dawson St. in March, with its opening planned for later this year.
- **Mark Moriarty Studio:** In June, renowned chef Mark Moriarty and IPUT Real Estate reached a long-term lease agreement for Unit 4A at Wilton Park. Moriarty will establish a dedicated food and events space at the premises.
- Additionally, Danish juice chain **Joe & the Juice** are reportedly in advanced negotiations for prime space in the city.



Big Mamma



Mowgli



The Ivy Asia

## Occupier Market - High Street

### Prime High Street Vacancy Falling

Occupier demand for units on prime streets like Grafton St. and Henry St. has not only stabilised but has also become increasingly competitive over the past 12 months. There is a flow of new occupiers actively entering Dublin City Centre and vying for now relatively scarce prime retail space. The **vacancy rate\*** is now just 4.4% and 6.4% on the two streets, respectively – with both rates down coming off double-digit highs during and in the aftermath of the pandemic.

**Guideline gross Zone A rents** for the best units on Grafton St. remain steady at €5,597 psm, while prime rents for units on Henry St. have risen to €3,229 psm, albeit both remain behind pre-pandemic rates by 10% and 6%, respectively. Given the limited supply, lower vacancy rates and increased competition for space, we anticipate that rents can continue to trend back towards pre-pandemic levels in the coming two years.

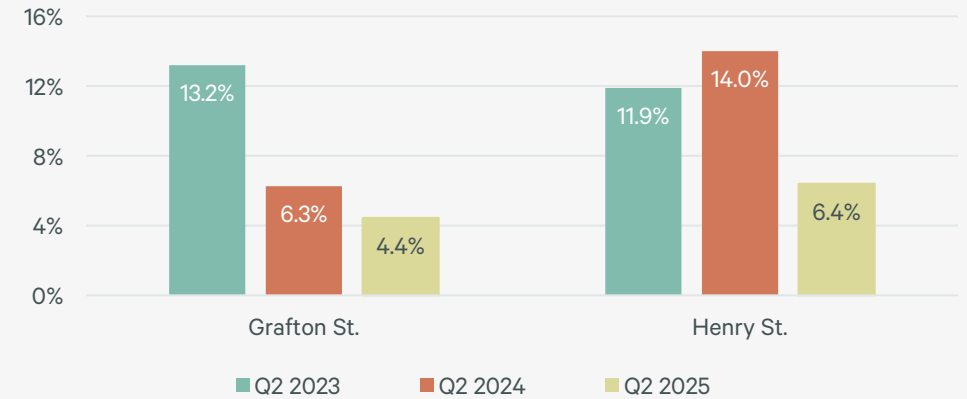
### Solid Deal Flow North & South of the Liffey

With space now tighter on the larger prime streets, deal flow is more constrained, but a number of notable deals have been completed so far this year.

- **Northside:** Nordic lifestyle brand **Normal** has agreed to a long-term lease of the former River Island unit, which is located in the Ilac Shopping Centre but has prominent frontage onto Mary St. The Nordic brand is known for its affordable, everyday lifestyle products and the flagship store is set to open in November. In addition to this deal, several new lettings have been completed on Henry St., including **Accessorize** and **Dylan Oaks**, while **Zara** and **Sports Direct** are now set to open in the former Debenhams unit in April 2026.
- **Southside:** South of the Liffey, jewellery and accessories brand **Lovisa** has signed for 10 years at No. 11 Grafton St. (formerly The Body Shop unit), while Swedish fashion brand **Arket** is set to open a flagship store at Grafton Place in the coming weeks in a further boost to the Dawson St./Nassau St. development.

FIGURE 3

Vacancy Rate\*



Source: CBRE Research; \*Calculated on a per unit basis

FIGURE 4

Take-Up 2025

Quarter	Tenant	Sector	Address	Approx. Size Sq M
Q2	Normal	Fashion	Ilac Shopping Centre/Mary Street	1,500
Q1	Arket	Fashion	3 Grafton Place	1,021
Q2	Accessorize	Accessories	19 Henry Street	706
Q1	Dylan Oaks	Jewellery	1 GPO	196
Q2	Lovisa	Jewellery	11 Grafton Street	174

Source: CBRE Research

## Occupier Market – Shopping Centres

Take-up in Dublin’s prime shopping centres has remained resilient throughout the year, with footfall and trading performance remaining stable. According to MSCI data, the national **vacancy rate** – measured on a per square metre basis – across shopping centres included in the MSCI Irish index stood at just 3.1% at the end of June 2025, an improvement from 5.5% in June 2024.

### Prime Centres Approaching Full Occupancy

- **Dundrum Town Centre** reported that jewellery retailer **Pandora** has signed a lease for an over 200 sq m unit on Level 1 in Q2. Other positive developments include **Zara** announcing a major upgrade and refurbishment of its existing unit, expanding its footprint by over 40% to over 3,500 sq m in April.

Spanish fashion brand **Pull&Bear** has also invested significantly in an internal relocation within the centre, tripling its footprint to nearly 800 sq m and has opened in recent weeks. While **Zara’s** enhanced store is scheduled to open in 2026 and **Hollister** has also entered a new lease and is reconfiguring its store at the centre.

Subsequently, In July, **JD Sports** reopened its expanded store, nearly doubling its footprint to over 2,000 sq m and offering a more immersive shopping experience. The cinema entrance area has also been refurbished as part of a broader repositioning strategy aimed at enhancing social and entertainment offerings.

- **Liffey Valley Shopping Centre** last year became the only retail centre in Ireland and the UK to achieve an ‘Outstanding’ rating under the BREEAM-In Use certification. At the beginning of Q3, sushi operator **Musashi** signed a long-term lease at the centre as it continues its strategic national expansion. **Wingstop** have also taken space at the centre in recent weeks and are expected to open before year-end.
- **Blanchardstown Centre** is nearing full occupancy, and its new owner, SVP, is expected to make significant investments in the centre, with a particular focus on enhancing its food & beverage offering. New tenants at the centre this year include **Kiko**, **The Fragrance Shop** and **Umai**.

FIGURE 5

**Vacancy Rate\***



Source: \*MSCI Ireland Index National Shopping Centres

FIGURE 6

**Take-Up 2025**

Quarter	Tenant	Sector	Shopping Centre	Approx. Size Sq M
Q3	Musashi	F&B	Liffey Valley	260
Q3	Wingstop	F&B	Liffey Valley	250
Q2	Pandora	Jewellery	Dundrum	208
Q2	Oakberry	F&B	Ilac	183
Q2	The Fragrance Shop	Cosmetics	Blanchardstown	114

Source: CBRE Research

## Occupier Market – Retail Parks & Supermarkets

Retail parks across Ireland are operating at near full occupancy, with MSCI reporting a national **vacancy rate** of just 3.9%. The closure of 26 **New Look** stores – a small proportion of which were located in retail parks – has had minimal impact, as the majority of these units have since been re-let or are under offer.

Consumers are increasingly being drawn to retail parks for their convenience, ease of access, and larger-format stores. Anchor tenants at parks, such as large supermarkets and hardware chains, continue to play a key role in driving consistent footfall and supporting trade in ancillary units.

### Population Growth Underpinning Supermarket Requirements

Recent Irish migration data released by the CSO indicates that **Ireland’s population** increased by 78,300 in the 12 months to April 2025, reaching 5.46 million. This marks a remarkable rise of 2 million people – or 56% – since 1990.

Such sustained population growth, particularly in areas like Fingal and counties in the Greater Dublin Area, continues to drive strong demand for supermarket and grocery services, with operators expanding steadily to meet this requirement.

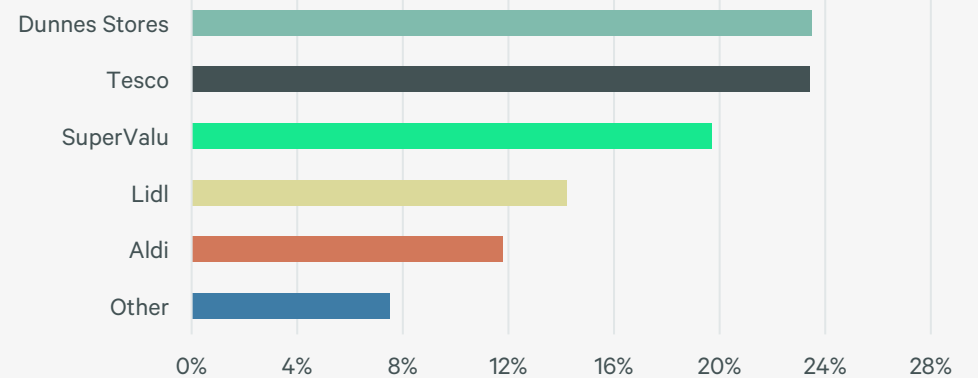
- **Lidl Ireland** is actively growing its portfolio while also upgrading existing stores as it gains market share. According to the latest Kantar data\*, Lidl now holds 14.2% of the national grocery market – up from 13.6% in April 2024 – making it the fastest-growing major retailer in the sector. New Lidl store openings this year include Carndonagh (Co. Donegal) and Claregalway (Co. Galway), alongside a flagship Net Zero Energy store in Maynooth, the first of its kind in Ireland.
- **Tesco, Dunnes Stores, and Musgraves (SuperValu)** also remain in expansion mode. Tesco has announced a €40m investment to open 10 new stores nationwide over the next 12 months. Meanwhile, Dunnes Stores has strategically acquired Lucan Shopping Centre for €38m and purchased the former Union Café site in Mount Merrion.

FIGURE 7  
Retail Parks  
Take-Up

Quarter	Tenant	Sector	Retail Park	Approx. Size Sq M
Q1	Dreams Bedding	Furniture	Westend	3,900
Q3	JYSK	Furniture	Sallynoggin	2,040
Q2	JYSK	Furniture	Airside	950
Q1	Snap Fitness	Leisure	Naas	850
Q3	American Golf	Sports	Blanchardstown	560

Source: CBRE Research

FIGURE 8  
Grocery  
Market  
Share\*



Source: Kantar Ireland; \*12 weeks ending 10.08.25

## Development

Retail rents started to decline in Ireland from 2018 and 2019 onwards following the rise of online commerce. Despite rents having stabilised and risen marginally in recent years, the viability of constructing new retail property has been significantly impacted. In the last ten years there has been limited retail development activity nationally, with a few exceptions, primarily extensions, redevelopments, or specialised fuel stations and supermarkets.

Recent construction cost inflation has further exacerbated the viability challenge, widening the gap between **development costs and capital values**. Compounding this issue, many retailers are now seeking shorter lease terms, which presents a challenge for developers who typically require longer-term commitments to justify new construction.

### Viability Gap & Policy Considerations

Retail parks are arguably the most in-demand retail subsector at present, with consumers increasingly drawn to their convenience and larger stores offering broader product ranges. This demand has led to ultra-low vacancy rates in retail parks across Ireland. However, despite this, no new standalone retail parks have been constructed in response.

In Figure 9, we present a worked example illustrating the costs associated with constructing a suburban retail park under a range of assumptions. Our analysis estimates a **construction cost of €3,935 psm**, excluding land costs. When estimated land costs are included, the **total cost rises to €4,034 psm**.

Average rents for a retail park in a Greater Dublin Area location are estimated at nearly €270 psm in the very best case scenario. Assuming a net yield of 7%, this implies a **capital value of €3,844 psm**, resulting in a gap between build cost and capital value particularly when land costs are included.

Policymakers and planners should note that population growth and increased housing delivery, especially in areas outside Dublin, will necessitate supporting retail infrastructure. Addressing the viability gap in retail development will be essential to ensure that growing communities have access to adequate retail services.

FIGURE 9

### Retail Park Construction Cost vs. Capital Value

Estimated Cost of Constructing a Retail Park vs. Current Estimated Capital Value				
Construction Cost	Cost Psm		Capital Value	Cost Psm
Hard Cost (incl. Car Parking & Public Spaces)	€2,972		Rent (Blended)	€269
Professional Fees (excl. legal)	€370		Net Yield	7%
Development Contributions & Utilities	€156			
Contingency	€300			
Finance Costs @ 6%	€137			
<b>Total Cost excl. Land &amp; Fit-Out</b>	<b>€3,935</b>		<b>Capital Value</b>	<b>€3,844</b>
Land Cost	€99			
<b>Total Cost incl. Land Cost</b>	<b>€4,034</b>		<b>Capital Value</b>	<b>€3,844</b>
Assumptions				
Scheme includes an anchor supermarket, ancillary retail units and car parking in a GDA location				
Build Size	7,867 sq m			
Site Size	8 acres			
Land Cost (€400k per acre)	€3.2m			
60% leverage on construction cost				
Excludes VAT				
<i>All costs are estimated and approximate based on CBRE assumptions and research</i>				
<i>Some calculations have been rounded</i>				

Source: CBRE Research

## Investment

Disciples of Warren Buffett's investment principles will be familiar with the concept of an **'economic moat'**, a competitive advantage that one company has over others in the market that is difficult or impossible to erode. We have documented the investment case for retail property in our [retail research](#) over the last two years, and there are a number of supportive factors that remain in place, including favourable debt costs, strong occupational fundamentals and attractive entry-level valuations and yields. But the fact that competitors struggle to build new parks and centres viably to act as competition to existing stock is an incredibly strong 'moat' that protects asset values in the long run, and this continues to underpin the investment case in our view.

### Most Invested Sector in H1; A Mix of Investors Active

Retail was the most invested sector in the Irish market in 2024 and maintained its top position in H1 2025, accounting for **46% of total capital deployed**. Over €430m was invested across 16 transactions, with retail parks continuing to attract strong interest – representing 80% of all retail investment this year.

The sale of Oaktree's portfolio of eight retail parks across Ireland was the largest deal in H1. Realty Income Corporation acquired the assets for €220m. Realty were also the purchasers of the Trinity Collection, Marlet's portfolio of three retail parks in Louth, Dublin and Tipperary, for €124m.

The **sale of Jarvis St. Shopping Centre** attracted strong interest in June and July with competitive bidding from a mix of international and domestic investors. The successful bidder, Pradera, is a new entrant to the Irish market and is reportedly paying €115m for the asset, 4% below the €120m guide price. The deal is expected to close by the end of Q3.

Realty Income Corporation (now owners of 13 retail parks in Ireland) and Pradera are deploying significant capital this year, but other recently active investors include a mix of US institutions, such as SVP, UK&I asset managers like Eagle Street, French SCPIs including Corum AM, Iroko Zen and Inter Gestion, along with a selection of family offices.

FIGURE 10  
Investment  
Deals H1 2025

Property	Sale Price (Approx.)	Purchaser	Vendor
Oaktree Retail Parks Portfolio	€220m	Realty Inc. Corp.	Oaktree
Trinity Collection	€124m	Realty Inc. Corp.	Marlet
65-66 Grafton Street	€19m	Private Investor	IPUT & Aviva
78-79 Grafton Street	€15m	RGRE	Receivership
70 Grafton Street	€13m	RGRE	Receivership

Source: CBRE Research

FIGURE 11  
Investment  
Yields (EY)

Sector	Equivalent Yield	12 Month Change	Outlook
Prime High Street	5.25%	-25 bps	Stable
Prime Retail Parks	6.50%	-	Stable
Prime Shopping Centres	8.25%	-	Stable
Prime Supermarkets	5.75%	-	Stable

Source: CBRE Research

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