

Report

Ireland Investment & Funding

Q3 2025

Attractive Entry Point for
Investment; Deal
Momentum Improving

CBRE RESEARCH
NOVEMBER 2025

CBRE



Attractive Entry Point for Investors; Deal Momentum Improving

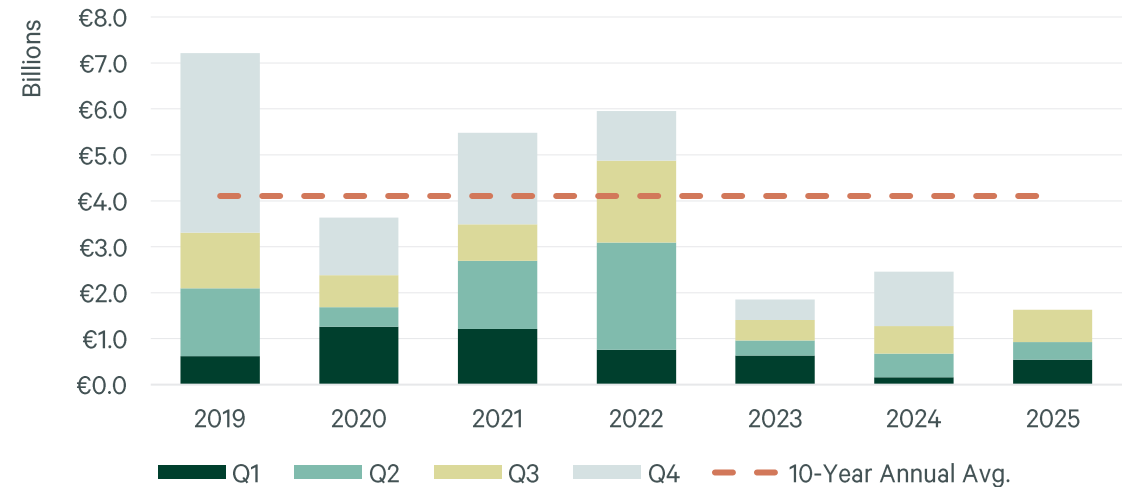
▲ €699m	▲ €21m	▲ 37%	▲ €260m	▶ 2.00%	▲ 2.26%
Investment Volumes Q3 2025	Average Deal Size Q3 2025	Residential Proportion of Q3 2025 Investment	Residential Investment Q3 2025	ECB Deposit Rate	EURIBOR 3M Swap 5-Year Term

Note: Arrows indicate change from previous period.

Q3 Highlights

- MSCI Ireland Index capital growth in Q3 was virtually flat at -0.06%, following consecutive declines since Q2 2022
- This marks the early stage of a new pricing cycle for Irish commercial real estate and presents an attractive entry point for investors
- Investment transactional activity was solid in Q3, while a busy end to the year is anticipated with a variety of deals set to close in a range of sectors
- Investment volumes rose to nearly €700m in Q3 taking year-to-date spend to €1.6bn
- Private rental sector deals accounted for nearly 40% of investment, with the two largest transactions of Q3 being Spencer Place (approx. €180m) and Birchwood Court (€80m)
- The residential sector has returned to sharp focus for investors following several proposed regulatory changes, while a number of secondary office deals closed in Q3 and enquiries in relation to the sector generally are increasing
- The sale of a number of notable industrial lots is also progressing, which is occupying the time of market participants in Q4

FIGURE 1: Ireland Investment Volumes - All Sectors



Source: CBRE Research

Macro Overview

Inflection Point in the Pricing Cycle Presents Opportunity

The Irish MSCI Property Index* showed further signs of stabilisation in Q3. Capital value changes across all sectors were nearly flat at -0.06%, signalling a potential turning point in the pricing cycle after consistent value declines since Q1 2022. Total returns (income return + capital value growth) for the index turned positive in Q3 last year and remain on a positive trajectory.

As we stated in [our research](#) at the outset of the year, with interest rates falling and pricing stabilising after a period of significant disruption, this year presents an attractive entry point for investment into Irish commercial real estate. Historically, the years following a pricing cycle inflection have delivered some of the strongest returns for investors.

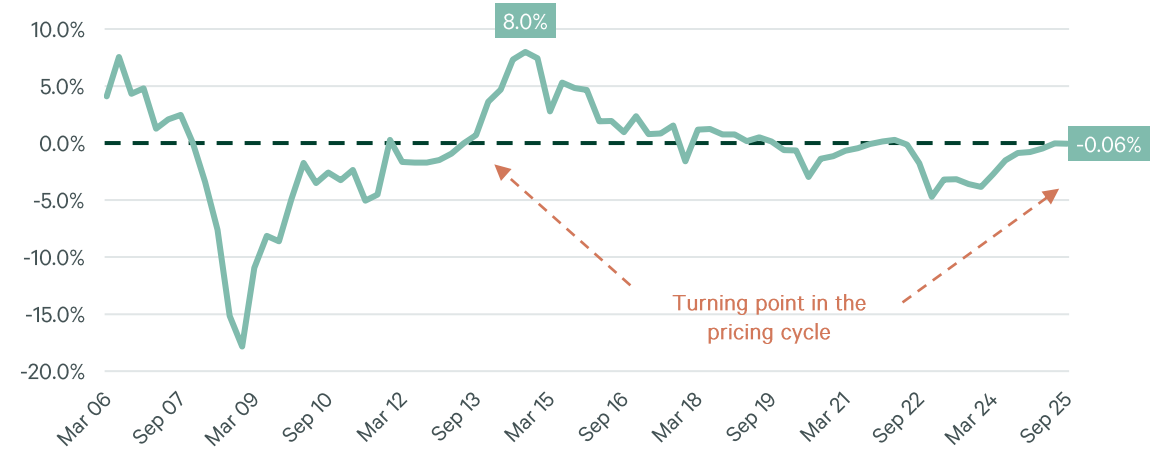
Indeed, the asset class offers both income and capital growth potential at a time when equity valuations, particularly on U.S. indices, appear elevated. While yields on low-risk sovereign bonds are relatively attractive, credit markets remain tight for risk assets in both Europe and the U.S. and do not offer the long-term capital appreciation and asset management opportunities compared to real estate.

Private family office backed capital has recognised this entry opportunity early, and has been increasingly active over the last three years in the Irish market as pricing has rebased. But with interest rates falling, more institutional investors are coming back to the market, albeit the depth of liquidity particularly for core assets in sectors like offices remains limited.

Positive Macro Backdrop Highlighted at EXPO Real

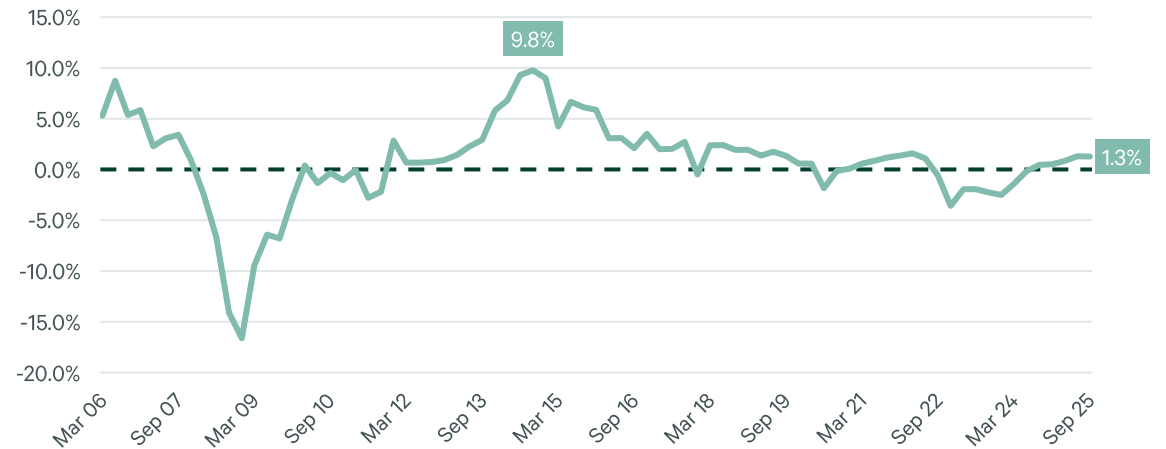
From an Irish perspective, the macro and demographic backdrop remains supportive of real estate investment. At EXPO Real 2025, investor feedback consistently highlighted Ireland’s strong economic fundamentals and the outlook for growth being comparatively positive. Ireland will have a debt-to-GNI ratio of just 60% by the end of 2025, following a budget surplus exceeding €10bn. As [Budget 2026](#) outlined, significant capital will be allocated to residential and infrastructure development.

FIGURE 2: MSCI Ireland Index - Quarterly Capital Growth - All Sectors



Source: MSCI: *Index reflects a portfolio of Irish Properties totaling €5bn in value primarily in office (67%), industrial (14%) & retail (17%)

FIGURE 3: MSCI Ireland Index - Quarterly Total Return - All Sectors



Source: MSCI: *Index reflects a portfolio of Irish Properties totaling €5bn in value primarily in office (67%), industrial (14%) & retail (17%)

Market Overview

Solid Levels of Liquidity Across a Range of Sectors

The Irish investment market continued its solid momentum through the last quarter, with volumes reaching nearly €700m in Q3, bringing year-to-date turnover close to €1.6bn. This total is 25% ahead of the same period in 2024, but leaves the market on track for another year of activity well below the 10-year average, which is just over €4bn.

Also worth noting is that hotel trading assets sit outside these investment volumes. Hotels is a sector that has been favoured around Europe and in Ireland over the last two years, and in 2024 and 2025, a substantial level of capital has been transacted in the sector. This includes over €1bn worth of Irish trades set to close this year, driven by the impending sale of the Dalata Hotel Group.

Busy End to the Year in Store for the Market

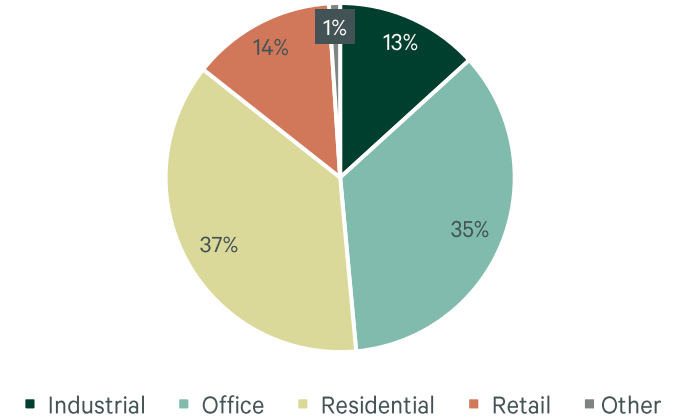
The outlook for deal flow in Q4 is positive, with investment volumes expected to match or surpass Q3's strong €700m performance. A substantial pipeline of transactions is progressing across industrial & logistics, private rental apartments, PBSA, and offices, with several large-scale deals anticipated to close before year-end. Investment strategies behind this sale activity include capital recycling and portfolio rebalancing, the disposal of older assets to meet future ESG targets, and vendors taking advantage of a market with more stable asset pricing.

While momentum is clearly improving, liquidity is unlikely to hit the €3bn target that we had [previously forecast](#) for 2025; current projections suggest a more realistic range of €2.2-€2.4bn which will be marginally lower than last year's €2.5bn.

Conversion Rates Improving

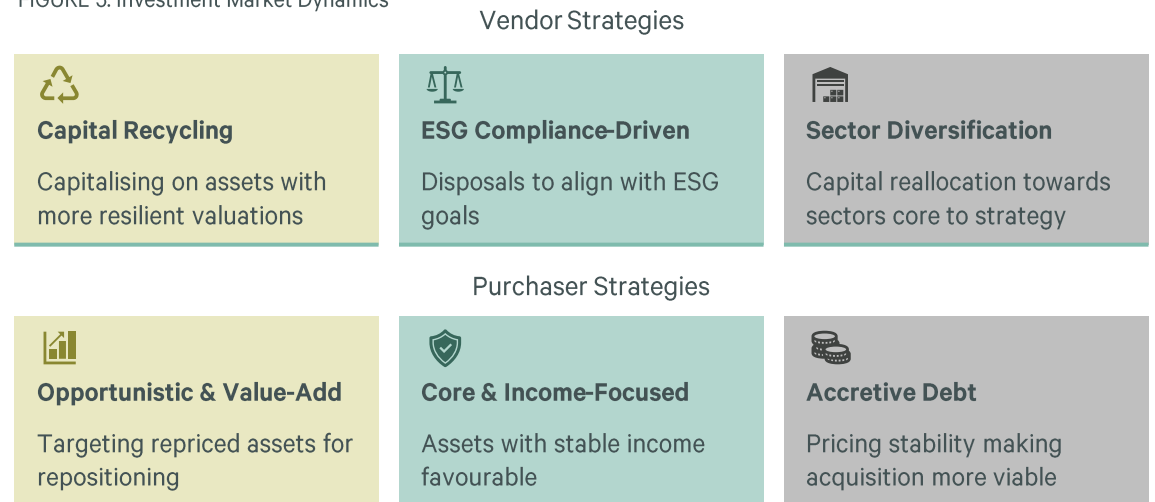
Notably, sale conversion rates have improved materially this year, with the vast majority of assets brought to market - across core, core-plus, and value-add strategies - ultimately transacting. Even assets initially perceived as challenging sales have been finding buyers, and the number of properties failing to sell has significantly declined.

FIGURE 4: Ireland Investment Volumes by Sector Q3 2025



Source: CBRE Research

FIGURE 5: Investment Market Dynamics



Source: CBRE Research

FIGURE 6: Key Irish Investment Property Transactions Q3 2025

Property	Location	Primary Sector	Sub Sector	Sale Price (Approx.)	Purchaser	Vendor
Spencer Place	Dublin 1	Residential	PRS	€180m	Ardstone Capital	RGRE & Fortress Capital
Birchwood Court	Dublin 9	Residential	PRS	€80m	Ardstone Capital	Receivership
Park West Portfolio	Dublin 12	Industrial & Logistics	Light Industrial	€65m	ICG	Harcourt Developments
24-26 City Quay	Dublin 2	Office	City Office	€55m	Corum AM	Irish Life
1&2 Shelbourne Buildings	Dublin 4	Office	City Office	€35.8m	Arkéa	IPUT Real Estate

Source: CBRE Research

Office & Retail Most Invested Sectors YTD

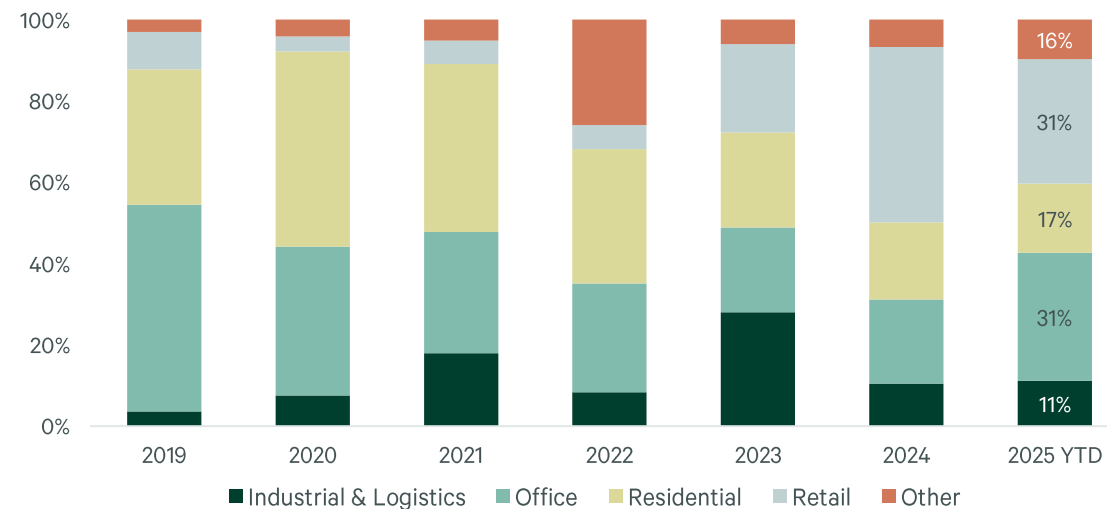
Both Q3 and year-to-date figures show a relatively balanced sectoral split in investment. Offices and retail each account for 31% so far this year, while residential represents 17% of total activity. Q3 marked a turning point for residential investment, in which it was the most invested sector for the quarter, reversing the earlier trend where retail and office were more dominant.

Offices: Improving fundamentals in the Dublin office market, a push for return-to-office among major occupiers, and a range of 'value opportunities' coming to market have led investors back to the sector after a number of years.

Retail: Retail remains an attractive sector, although a lot of large-scale stock has now traded or been refinanced over the last three years. Some lower-value high street assets are set to close in Q3, alongside the sale of Jervis Shopping Centre.

Industrial & Logistics: A number of processes are dominating Q4 market activity, with three notable lots for sale. The largest of these is unlikely to close before the new year. While there has been a slowdown in domestic investment over the last two years, it remains "the darling" of the investment market across Europe at this time, particularly of the core sectors.

FIGURE 7: Ireland Investment Volumes By Sector Year-to-Date (Q1-Q3)



Source: CBRE Research

Residential Investment Overview

Investment Activity Rebounding

Residential investment volumes totalled €260m in Q3. The largest deal was for Spencer Place in Dublin’s North Docklands, acquired for approx. €180m, followed by Birchwood Court in Santry, which traded for €80m. Both assets were acquired by Ardstone Capital, who continue to expand their footprint and are now emerging as one of the largest institutional landlords in Ireland, behind only IRES REIT and Kennedy Wilson.

Several residential investment transactions remain active heading into Q4. The sale of two private rental apartment assets, 18 Newmarket Square and a stabilised West Dublin property, are progressing and will bring total investment in private rental apartments to approximately €400m by year-end. This is more than the total amount of investment in the sector in the previous two years combined.

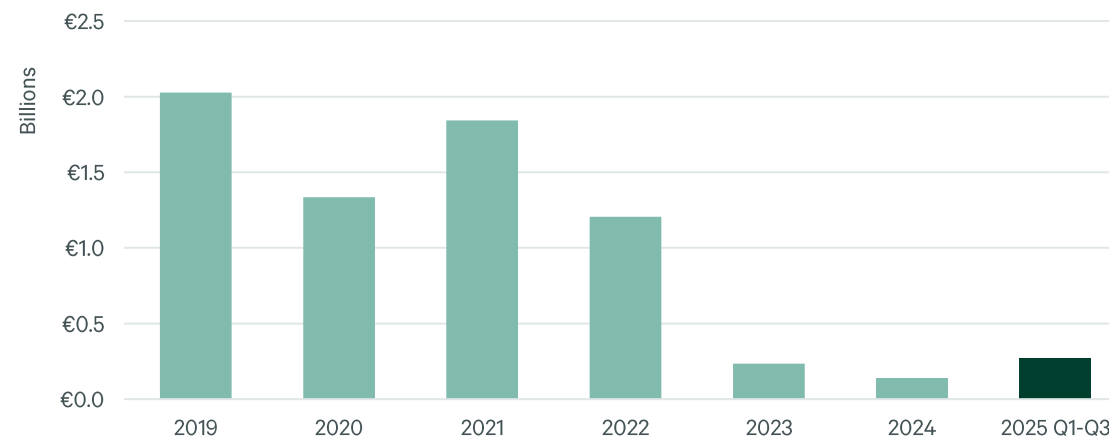
A number of additional private rental assets sales, some large-scale (€100m+), are also ongoing off market, some with targeted sales processes that will carry over into next year. Separately, in the PBSA sector, at least three separate sale processes could conclude in the final quarter of the year totalling €200m in value.

Impact of Regulatory Change on the Private Rental Sector

The year has been marked by a series of policy developments including proposed changes to rent control regulations, a review of apartment design standards, and a VAT rate reduction on (practically complete) apartment sales, all intended to improve viability for development and investment.

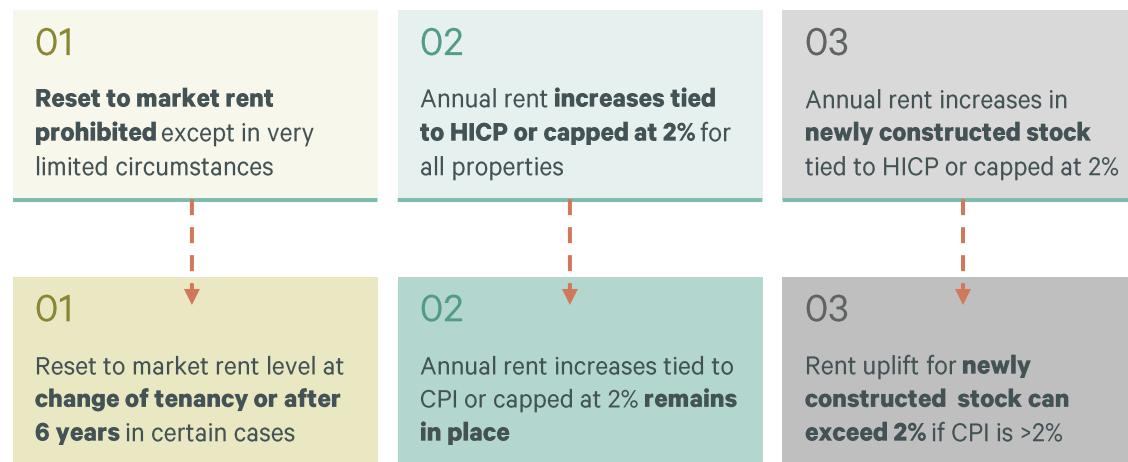
The main advantage of the proposed changes is that landlords will have the right to reset rents to market rates at the end of a tenancy, where previously this was not the case. This change offers greater flexibility and certainty for investors and when coupled with exceptional demand and chronic undersupply of rental units, we expect these changes will accelerate investment from next year. Indeed there has been an increased number of enquiries in relation to the proposed purchase or sale of assets ahead of next year already.

FIGURE 8: Ireland Private Rental Apartment Investment Volumes*



Source: CBRE Research; *Solely PRS investment, excludes PBSA and Social Housing investment

FIGURE 9: Current Rent Control Regulations vs. Proposed Changes*



Source: CBRE, gov.ie

*Legislation drafting is underway with full implementation from March 2026

Interest Rates & Yields

Eurozone inflation continued to moderate through Q3, easing to 2.1% in October from 2.2% in September, broadly in line with the ECB’s medium-term target of 2%. Core inflation remains slightly elevated at 2.4%, reflecting persistent price pressures in services despite declining energy costs.

Against this backdrop, the ECB has held interest rates steady for the third consecutive meeting, signalling a pause in its easing cycle after a series of cuts earlier in the year. The deposit facility rate remains at 2.00%, the main refinancing rate at 2.15%.

Policymakers reiterated that monetary policy is “in a good place” and emphasised a data-dependent, meeting-by-meeting approach, with no pre-commitment to further cuts.

Yield Trends So Far in 2025

There has been little change in Irish real estate yields this year with stability being the overriding theme. We have seen compression in three of our series:

- Prime (leased) hotels yields have compressed by 25 bps in Q1
- Prime high street yields have compressed by 25 bps in Q3
- Secondary retail park yields have compressed by 125 bps over the course of this year.

Outlook for Yields in Q4

CBRE continues to monitor ongoing transactions for any shifts in yields. Movements in private rental apartment yields will largely depend on the full implementation of rent control changes scheduled for March 2026.

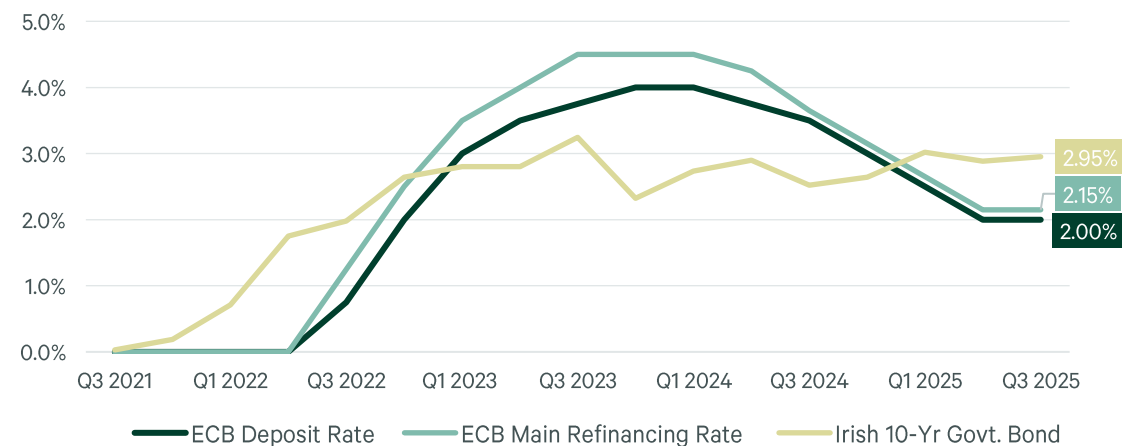
We note that two high street retail transactions are currently pricing below our guideline yields, while upcoming large-scale industrial & logistics and PBSA deals are expected to provide further insight into pricing trends across those sectors.

FIGURE 10: Prime Irish Investment Yields (EY%)

Sector	Q2 2022	Q1 2025	Q3 2025	Trend Outlook
Prime Residential (PRS) (Standing Stock)	3.6%	4.75%	4.75%	Stable
Prime Office	4.0%	5.00%	5.00%	Stable
Prime Industrial & Logistics	4.0%	5.00%	5.00%	Stable
Prime Leased Hotels	4.0%	5.00%	4.75%	Stable
Prime PBSA	4.50%	5.25%	5.25%	Stable
Prime High Street Retail	4.50%	5.50%	5.25%	Stable
Prime Nursing Homes	5.75%	5.50%	5.50%	Stable
Prime Retail Warehouse/Parks	5.75%	6.50%	6.50%	Stable

Source: CBRE Research

FIGURE 11: ECB Interest Rates (End of Period) vs. Irish 10-Year Govt Bond Yield



Source: ECB, Oxford Economics

Funding Environment

The Irish real estate financing market in 2025 has been marked by renewed liquidity and competitive lender appetite, underpinned by a more accommodative interest rate environment and stabilising yields. Some notable deals closed in recent months including the refinancing of College Square, where Standard Chartered Bank provided a €238m green loan facility to M&G and Marlet Property Group.

The living sectors, particularly rental apartments and PBSA, are firmly in favour among lenders who are actively competing for exposure to these segments, with plenty of term sheets at competitive margins for stabilised and development opportunities. Encouragingly, we are also seeing office portfolio deals of scale, alongside robust activity in the industrial & logistics sector, which remains a core target for both domestic and international capital.

Loan to value ratios have steadily crept up for the most attractive sectors, particularly residential, while the incremental cost of finance at elevated leverage levels has shrunk. These effects are the result of an increasingly competitive debt market.

The outlook for 2026 is encouraging, with expectations of further rate stability and continued institutionalisation of alternative sectors, including healthcare, data centres, and operational real estate, which are gaining traction in Ireland. Some M&A and debt funding transactions in these asset classes are already in advanced stages and are anticipated to close before year-end or early next year.

Swap Rates Support Debt Accretion

The 3-month EURIBOR swap rate has seen a significant decline from its peak in late 2023. At that time, rates were hovering around 3.96%, reflecting the height of the tightening cycle. Throughout 2024 and into 2025, the rate has steadily fallen in response to the ECB's pivot toward easing and moderating inflationary pressures.

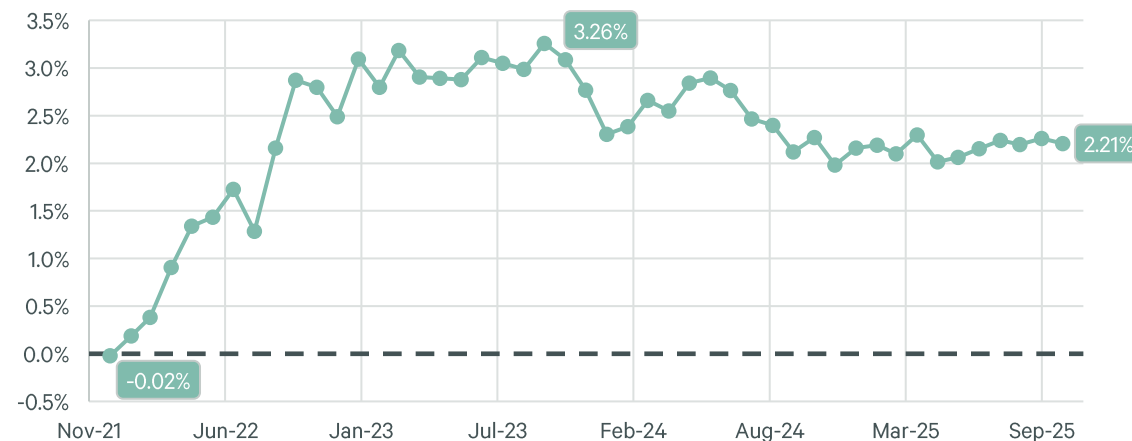
As of late October, the rate stood at 2.21% having closed Q3 at 2.26%, marking a year-to-date decline of roughly 100 bps below the 2023 peak. This has clearly made debt more accretive and contributed to a pick up in investment volumes and refinancing mandates.

FIGURE 12: Notable Financing Transactions H2 2025

Property	Sector	Reported Deal Size	Structure	Investor	Funder(s)
Hibernia Portfolio	Office	€700m	Refinance	Brookfield	Confidential
College Square	Office	€238m	Refinance	Marlet Property Group	Standard Chartered
Kavanagh Court	PBSA	€81m	Refinance	GSA	Bank of Ireland
Confidential	Industrial & Logistics	Confidential	Refinance	KKR/Palm Capital	Confidential

Source: CBRE Research

FIGURE 13: 3M EURIBOR Swap Rates (5 Year) – End of Month



Source: Chatham Financial

Figure 14: Birchwood Court, Santry, Dublin 9; Sold in Q3 to Ardstone Capital



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