2025 EY Real Estate Borrower Outlook Survey

September 2025

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Executive Summary

Over the past year, the real estate sector has continued to navigate a complex macroeconomic and geopolitical landscape. Interest rate cuts began in June 2024 and continued through 2025, a shift which has helped to stabilise financing conditions across Ireland and Europe.

Geopolitical tensions remained a significant factor influencing investor sentiment and capital flows. Heightened uncertainty around tariffs – particularly those stemming from shifting trade policies between major economies – contributed to market volatility and cautious investment behaviour.

Looking ahead, the outlook for the real estate market is cautiously optimistic. Lower interest rates, improving economic indicators and a gradual return of investor confidence are expected to support continued growth. However, affordability concerns, geopolitical uncertainty and structural shifts in demand will require careful navigation by market participants.

Against this backdrop EY's Capital & Debt Advisory team's Real Estate Borrower Outlook survey sought to establish key industry leader's view of the debt markets over the next 12 months. Below is a synopsis of the key themes running through the responses.

KEY THEMES:

1) New debt entrants to the market servicing the commercial property refinance market

The Debt Market in particular is experiencing a resurgence of interest from UK and International Lenders.

These Lenders are competing with the Domestic Banks in terms of pricing and overall terms and conditions and are attracted to the Irish commercial real estate market due to the strong economy, stabilising yields and strong rental fundamentals.

The lenders are not only bringing increased options for people facing a refinance but also supporting businesses in acquisition and development finance.

2) Refinance early – first mover advantage

With new lenders entering the market and debt availability improving, borrowers should consider engaging early in the refinancing process to secure strategic advantages. Acting ahead of the curve can unlock better terms and avoid bottlenecks as processes are taking longer in general. Timing is critical – delaying could mean missing the opportunity to capitalise on more favourable financing conditions.

Early engagement is not just about rates, it provides borrowers with time to strategically align loan structures with broader business strategy – whether that's ESG, accessing equity or amending loan structures. As market activity picks up, lender pipelines will tighten, making early movers more likely to secure timely execution.

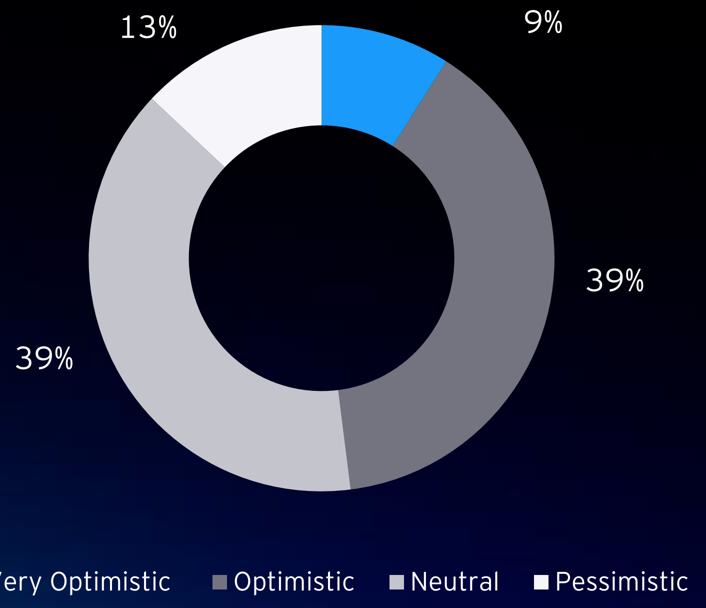
3) Debt & equity available for residential development

The enduring supply – demand imbalance coupled with the level of government underpinning that prevails within sector continues to make our residential sector attractive to capital providers from both a debt and equity perspective. The sharp decline in new home commencements year to date has resulted in a constrained pipeline for what is now a well established lender cohort, this reduced opportunity set for Lenders positions prospective Borrowers favourably when raising new debt capital.

On the equity side there is good appetite from international investors to partner with local delivery partners albeit conviction on the scale, certainty and timing of capital deployment remain key considerations.

EY's 2025 Survey examines the industry's current market outlook from a Real Estate Borrower's perspective:

Q1. How optimistic are you about debt refinancing options in the Bank and non-bank sector over the next 12 months?



Sentiment around debt financing options across traditional bank and alternative lending sectors reflects cautious optimism, with a combined 48% of respondents citing either 'optimistic' (39%) or 'very optimistic' (9%). However, 39% remain 'neutral', suggesting that many stakeholders are adopting a wait-and-see approach amid ongoing market uncertainties.

"Borrowers must remain poised to capitalise on the refinancing options available within the Irish market, particularly given evolving credit conditions and the uptake in activity from UK & international lenders.

David Martin
Partner, Head of Capital & Debt Advisory

"Borrowers who adopt a first-mover approach are gaining a competitive edge, as early engagement enables a proactive review of capital structures, and helps to mitigate delays in the diligence and credit approval processes.

Michael Armstrong
Director, Capital & Debt Advisory

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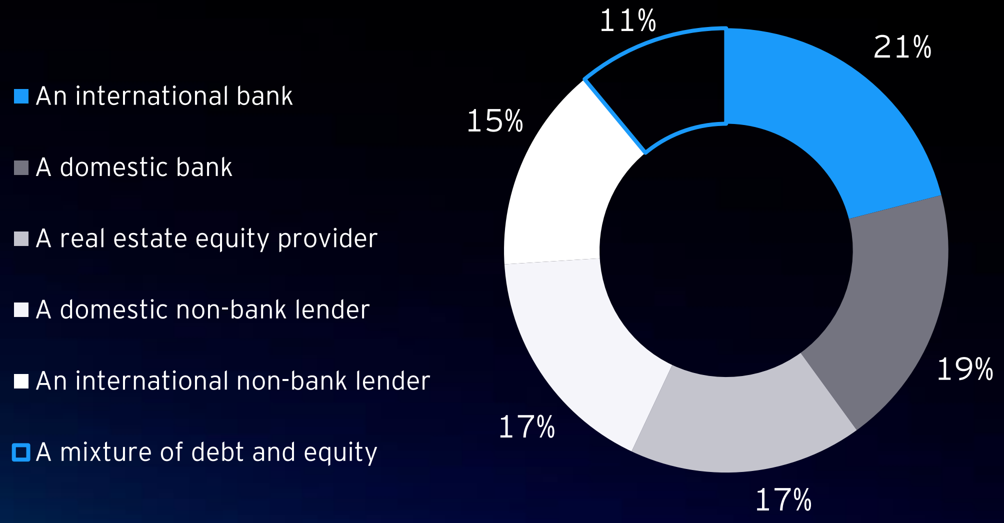
Q2. There are numerous domestic and international debt and equity funds operating in the Irish market, for your real estate investment or development needs, which are you most likely to approach to support your acquisition/development (please place in order of preference)?



Respondents revealed that international and domestic banks are most likely to be approached for real estate investment or development financing, when analysed on a weighted-average basis. Real estate equity providers received the most first preference votes, highlighting the demand for this capital source. Meanwhile, non-bank lenders play an ever-increasing role in the lending landscape.

> While traditional banks remain the cornerstone of real estate financing in Ireland, the agility and innovation of non-bank lenders are continuing to reshape how deals get done.

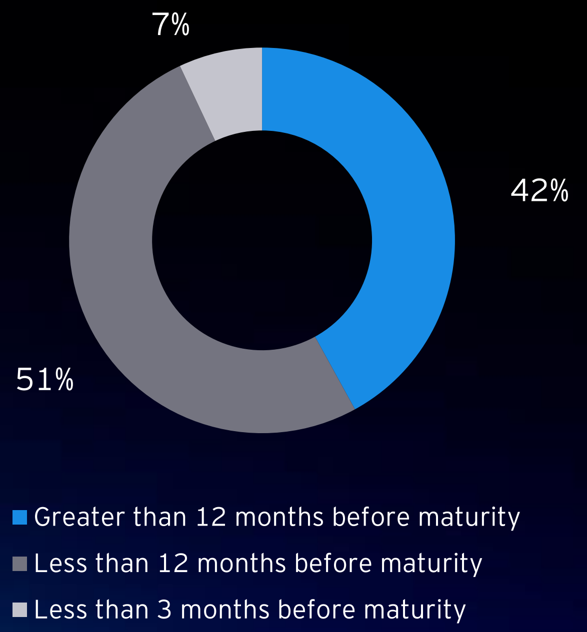
Dan Murphy
Director, Capital & Debt Advisory

> As mid-market developers face tighter lending conditions, real estate equity has become a critical enabler of project delivery — bridging funding gaps and unlocking opportunities that traditional debt alone cannot support.

David Martin
Partner & Head of Capital & Debt Advisory

EY Parthenon

Q3. Given geo-political headwinds, how early will you approach your lender to discuss refinance options? (Select one)

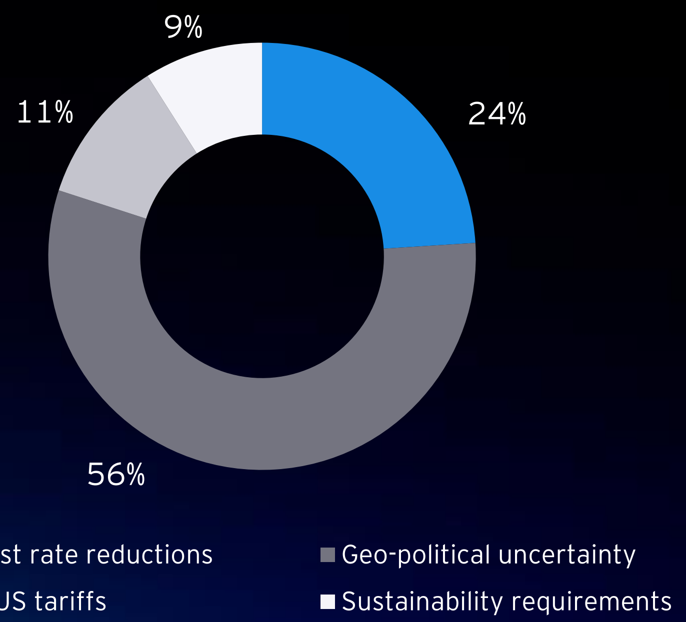


In light of current geo-political headwinds, respondents are demonstrating a proactive approach to reviewing their capital structure, with 42% noting that they plan to commence refinancing processes more than 12 months before maturity, underscoring that borrowers are becoming increasingly cognisant of the challenges and value in revisiting their debt management strategies.

> "Against a fluid macroeconomic backdrop, with more capital sources in play, borrowers face a complex market — reinforcing the value of engaging an advisor to secure the optimum funding solution.

Michael Armstrong
Director, Capital & Debt Advisory

Q4. Which of the following events do you think will have the most significant impact on borrower sentiment in the commercial real estate sector in Ireland for the next 12 months? (Select one)



A majority of respondents (56%) cited geopolitical uncertainty as a key factor impacting the commercial real estate sector over the next 12-month period, with global tensions and macroeconomic volatility expected to shape investor confidence and capital deployment strategies in the near-term. As evidenced by 24% of respondents, the ECB rate cutting cycle has acted as a tailwind, positively impacting sentiment towards the commercial real estate sector over the next 12 months.

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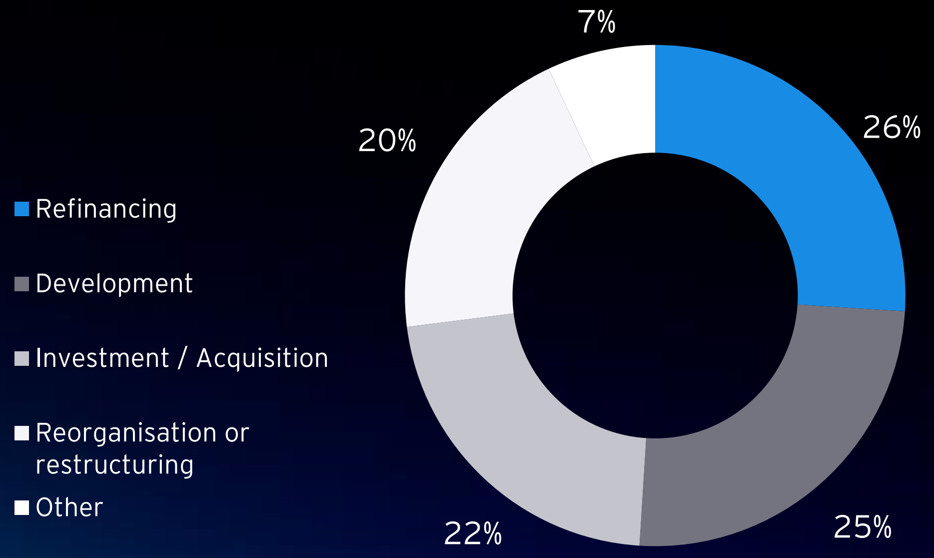
> In a world of rising uncertainty, geopolitics — not necessarily interest rates — are steering the mood of Ireland’s commercial real estate borrowers.
>
> **Dan Murphy**
> Director, Capital & Debt Advisory

Q5. How do you anticipate lending activity in the real estate sector will evolve over the next 12 months? Please specify which area you expect to see the most activity? (in order of preference)



Refinancing is expected to lead lending activity within the real estate sector over the next 12 months, indicating a strategic focus on optimising existing facilities and capital structures. Development financing also ranks highly, supported by continued government backing and policy targets aimed at addressing the national housing crisis.

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These results reflect trends being observed across European debt markets, where steep maturity walls have been the primary engine for borrowers going to the debt markets.

David Martin
Partner, Head of Capital & Debt Advisory

Q6. Briefly, what are your views of Government interventions in the residential market in Ireland?

Key Themes:

> Infrastructure and planning remain major blockers to create more land for supply

> Market distorted by inflated construction costs

> Short-term fixes rather than long-term solutions

> Calls for targeted reforms (e.g., VAT, development contributions, Irish Water rebates)

> "The survey results offer a mixed view of government involvement within the residential sector to date, outlining how there has been positive movement, but greater stability is ultimately required in order to safeguard continued growth.

Michael Armstrong
Director, Capital & Debt Advisory

Q7. How much does the area of sustainability effect your investment or capital raising decision making process (select one)?

Survey results reveal a divided sentiment on the role of sustainability in the capital raising process. While 35% view it as hugely important, a significant portion (38%) regard sustainability as less important than 1–2 years ago, suggesting a shift in the perception of ESG criteria as standard practice rather than a market differentiator.

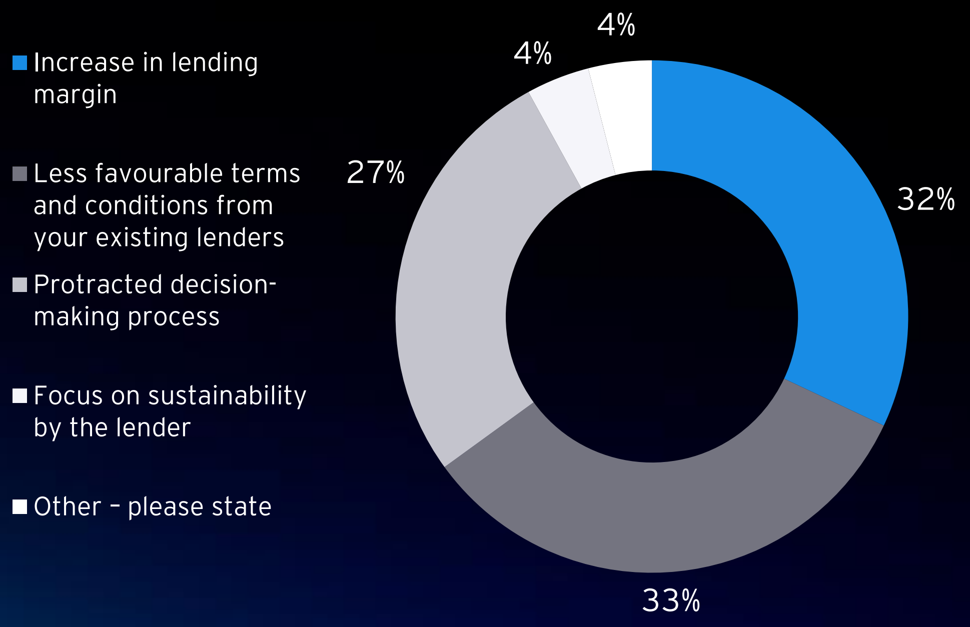
> ESG is no longer a regulatory checkbox — it's a tenant-driven imperative reshaping how buildings are designed, financed, and leased.

Dan Murphy
Director, Capital & Debt Advisory

> While ESG has become standard practice from a regulatory standpoint, pressure from blue-chip tenants is pushing developers to go above and beyond what is required by regulation.

Michael Armstrong
Director, Capital & Debt Advisory

Q8. What are the key challenges when sourcing new of refinancing existing debt (select all that apply)?



Of respondents surveyed, 65% identified rising lending margin and less favourable terms from existing lenders as the most prominent challenges in sourcing new debt or refinancing existing facilities. This signals a perceived tightening of credit conditions, with borrowers facing increased pricing and more restrictive covenant structures due to global uncertainty. Additionally, 27% of respondents noted that decision-making is taking longer, suggesting a protraction of credit approval and due diligence processes.

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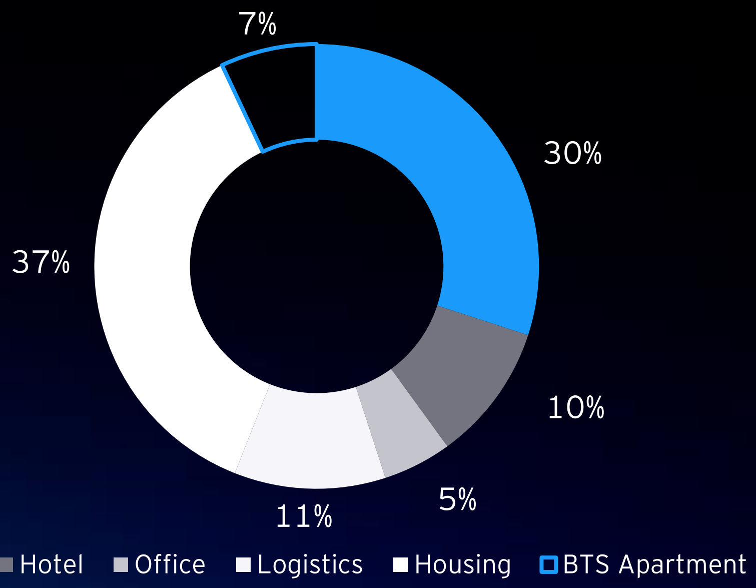
As credit conditions tighten, the timelines to credit approval and financial close have extended. This demonstrates the importance of having a strategic approach and well run process in order to ensure a timely successful completion.

David Martin
Partner, Head of Capital & Debt Advisory

Q9. Please state which of the following sectors in the terms of where you expect to see the greatest level of speculative activity over the next 12 months?



The residential sector is expected to dominate speculative activity over the next 12 months, with 74% of respondents noting this as a key area of investor focus. This sentiment reflects the reality of sustained housing demand and strong government support. Following a decline in PRS activity, it is encouraging to see a perceived uptake within the sector over the coming year, potentially aligned with previous reductions in rates and forthcoming changes to rental legislation.

> "Developer appetite is projected to focus on the residential sector, with significant focus on PRS activity in light of perspective legislative tailwinds.

Michael Armstrong
Director, Capital & Debt Advisory

Q10. In a few lines, stating what sub sector of real estate you operate in, please articulate how you are feeling about the Irish real estate market over the next 12 months

Key Views of Respondents:

> Robust demand for housing, supported by government backed initiatives

> Office market projected to stabilise following turbulent number of years

> Hotel sector now softening following post-COVID boom

> Government schemes positively addressing affordability concerns in the residential sector

> Supply-demand imbalance is driving pricing and rental expectations

> Constrained delivery fuelled by planning and financing delays

Conclusion

The survey results speak to cautiously improving sentiment emerging across the Irish real estate market, backed by stabilisation in interest rates and a proactive approach to refinancing. While optimism is building, survey results also allude to a significant neutral stance, highlighting a level of uncertainty.

The residential sector remains the dominant focus. However, apartment development continues to lag, largely due to the absence of institutional equity and unclear government policy. That being said, the PRS market is set for reform in early 2026, with new rental legislation changes that may reshape investor appetite and capital flows.

Geopolitical uncertainty is the most influential factor shaping borrower sentiment, underscoring the importance of strategic foresight in capital planning. Development and acquisition financing also rank highly, underpinned by sustained demand and policy support.

The pool of capital providers continues to increase, with traditional lenders remaining the preferred capital source, as non-bank lenders continue to gain ground due to their flexibility and the exit of some traditional banks over the last number of years. While the additional sources of capital are welcome for the market, they can create challenges in identifying the most appropriate lenders to approach. This makes it more complex for borrowers to navigate the landscape without the support of experienced advisors who can help to match the right capital to the right deal.

In summary, the survey points to a more positive outlook compared to 12 months ago, driven by strong demand fundamentals in the residential sector and a more favourable interest rate environment. Whether approaching domestic or international capital providers, early engagement and a well-articulated funding strategy will be key to securing optimal terms in a competitive market. In this environment, engaging an experienced advisor early is critical to navigating complex transactions and mitigating execution risk.

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