

Market Pulse

Analysis of the key trends in the SME sector,
prepared by Fitzgerald Power on a quarterly basis.

Q1 2025



Summary Q1 2025

Irish Economy

The Central Bank Quarterly Bulletin for Q1 2025 states that Ireland’s economy grew 2.7% in 2024, with broad-based gains in consumer spending, investment, and exports. Retail sales rebounded late in the year, but labour demand plateaued, and inflation rose, led by services and energy costs. Modified Domestic Demand expanded 1.3% year-on-year in Q4, with government spending also supporting growth. The domestically focused sectors grew 2.1%, while MNE-dominated sectors contracted slightly by 0.9%. Early 2025 indicators show a slowdown, as retail sales and traditional sector output weakened, though employment remained strong.

Global Economy

The global economy entered 2025 on solid ground, supported by easing inflation and resilient US growth. However, risks from policy uncertainty and geopolitical tensions remain high, requiring business adaptability. Euromonitor International’s Q1 2025 baseline forecast predicts global GDP growth at 3.2% in 2025 and 2026, with inflation expected to fall to 4.1% in 2025.

Labour Market

According to the latest Central Bank quarterly report, employment growth is expected to slow but labour market conditions will remain tight. After strong gains since 2021, growth is forecast at 2.2% in 2025 and 1.9% by 2027, down from 3.4% in 2023. This trend reflects steady projected growth in overall economic activity through 2027.

Inflation

Eurostat figures state that the euro area annual inflation rate was 2.2% in March 2025, down from 2.3% in February. A year earlier, the rate was 2.4%. European Union annual inflation was 2.5% in March 2025, down from 2.7% in February. A year earlier, the rate was 2.6%. The primary drivers of inflation were services, food and alcohol, and energy.

Irish GDP

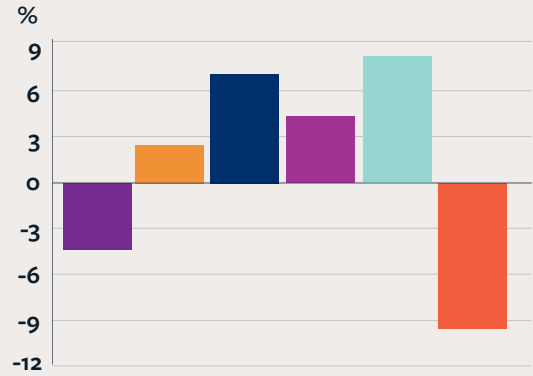
Irish GDP grew by 13% in Q1 2025 compared to the same period last year, according to data released this morning by the Central Statistics Office. This sharp increase is most likely driven by a surge in pharmaceutical production as firms moved to mitigate the impact of impending US tariffs. The data reflects how external trade dynamics continue to significantly shape Ireland’s economic performance.

Revenue Pulse

The total value of seasonally adjusted annual sales was down by 1.1% when compared to the same period last year.

Sales Growth

Annual change to March 2025



Sector

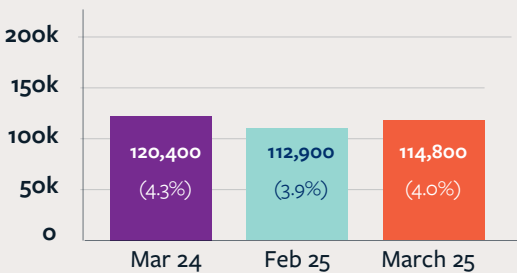
- Motor Trades -4.3%
- Department Stores 2.7%
- Food, Beverage & Tobacco 6.8%
- Clothing, Footwear & Textiles 5.1%
- Hardware, Paints & Glass 7.9%
- Bars -9.2%

SOURCE: CSO

Employment Pulse

The number of people unemployed decreased by 5,600 in March 2025 when compared to the same period in 2024.

Unemployment Rate

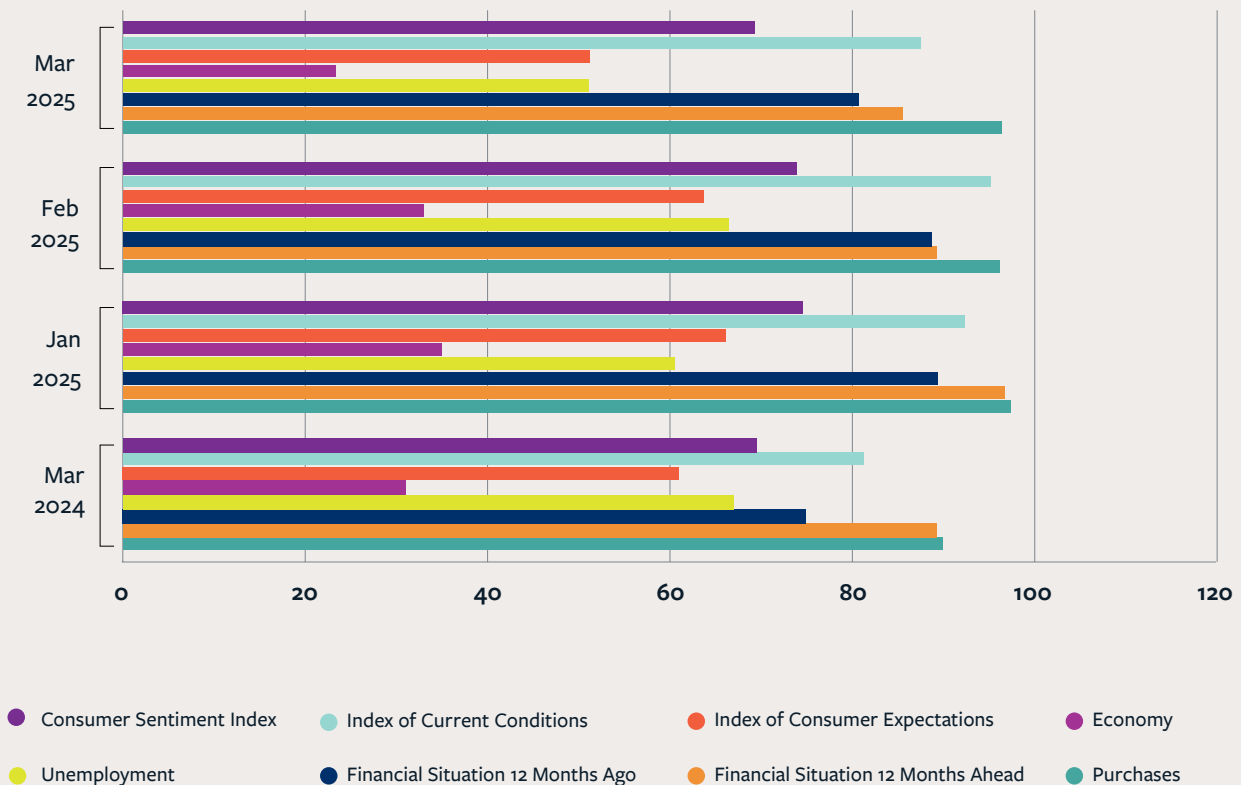


SOURCE: CSO

Consumer Pulse

Irish consumer confidence fell to a nine-month low in March, driven by fears of a US-EU tariff war and its impact on the economy. Rising household costs and job market concerns added to the pressure, causing the sharpest monthly sentiment drop in over two years.

Credit Union Consumer Sentiment Index

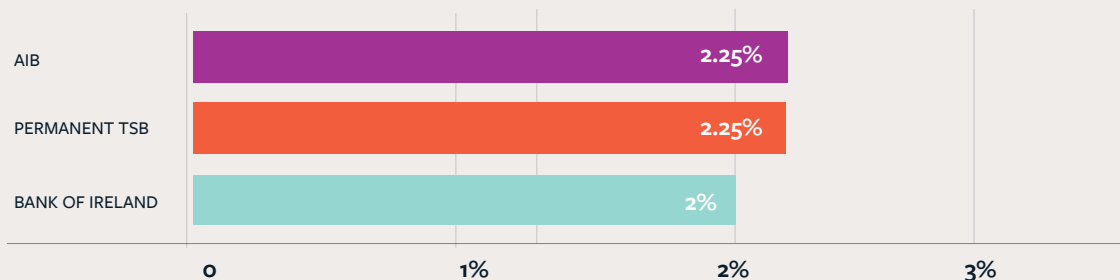


SOURCE: CREDIT UNION

Deposit Rate Pulse

12-month fixed bank deposit interest rates have decreased for Permanent TSB and Bank of Ireland over the 1st quarter, a trend that will likely continue as European Central Bank interest rates are further reduced.

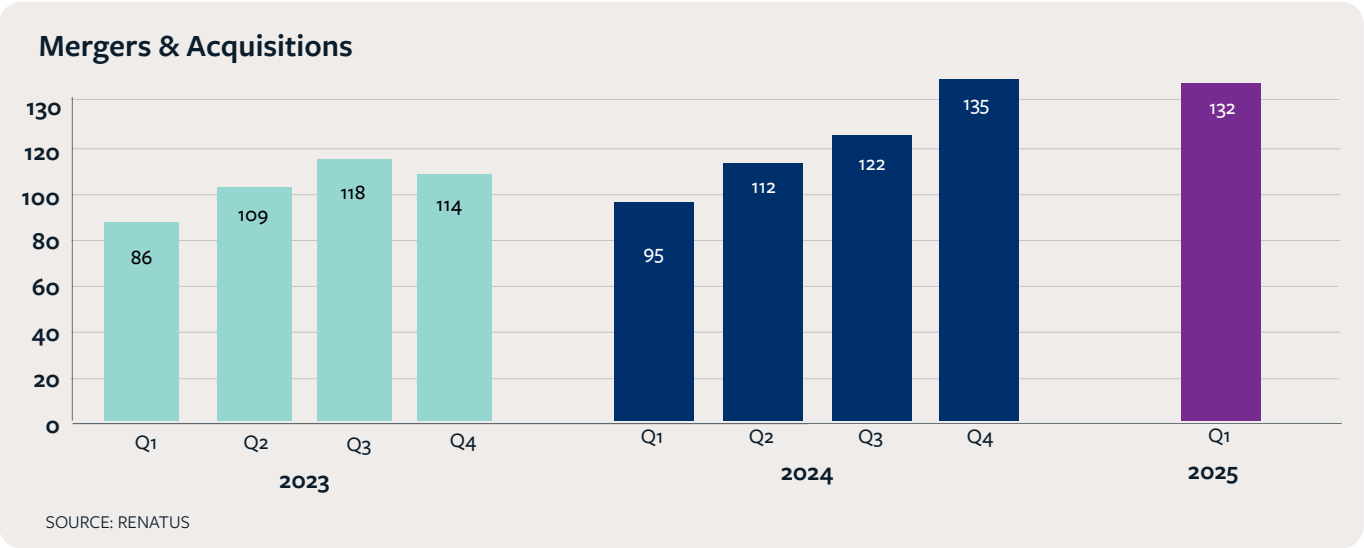
Bank Deposit Rates



SOURCE: FITZGERALD POWER

Mergers & Acquisitions Pulse

The Renatus M&A report for Q1 2025 shows Ireland's M&A market recorded strong growth in Q1 2025, with 132 deals completed, a 39% increase on Q1 2024. Private equity activity and trade-backed acquisitions were key drivers, alongside resilient SME participation. Financial services remained the most active sector, with rising interest in distribution and logistics. While global trade uncertainties pose risks, Q1 results demonstrate the underlying strength of the Irish market.



With 132 deals recorded in Q1 '25, Irish M&A is outpacing '24 & '23 levels.

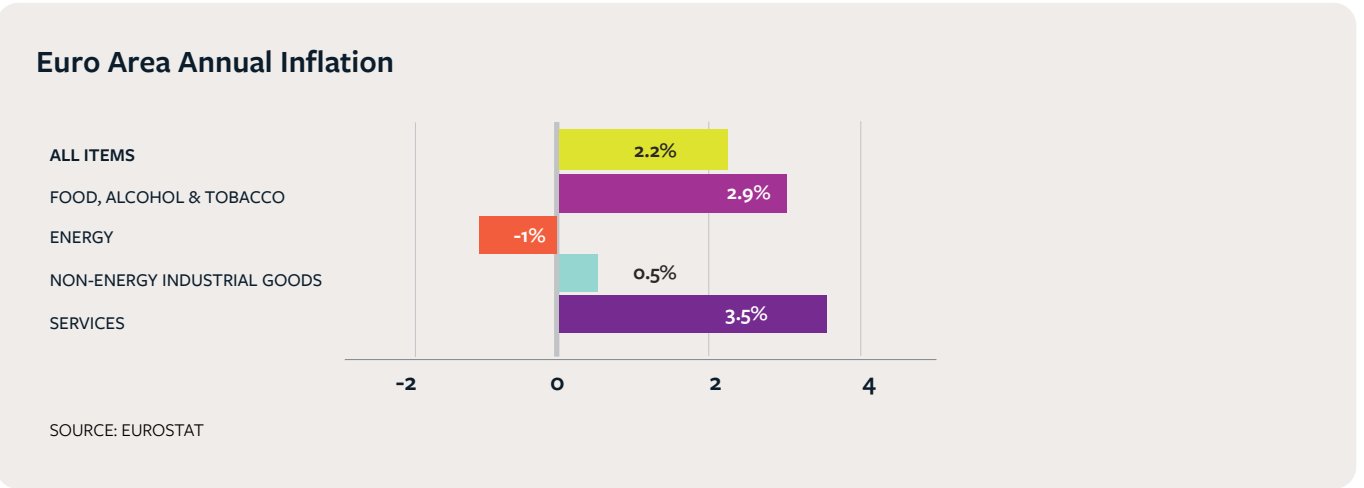
Irish-based entities completed 39 acquisitions in Q1 '25, up from 31 in Q1 '24

Of the 132 transactions in Q1 '25, 51 (c. 39%) were conducted by international acquirers compared to 28 in Q1 '24 (c. 29%).

SOURCE: RENATUS

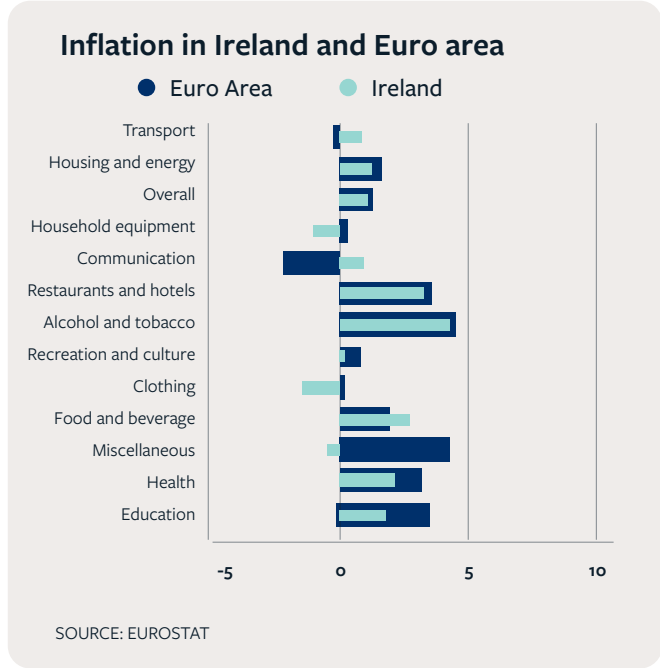
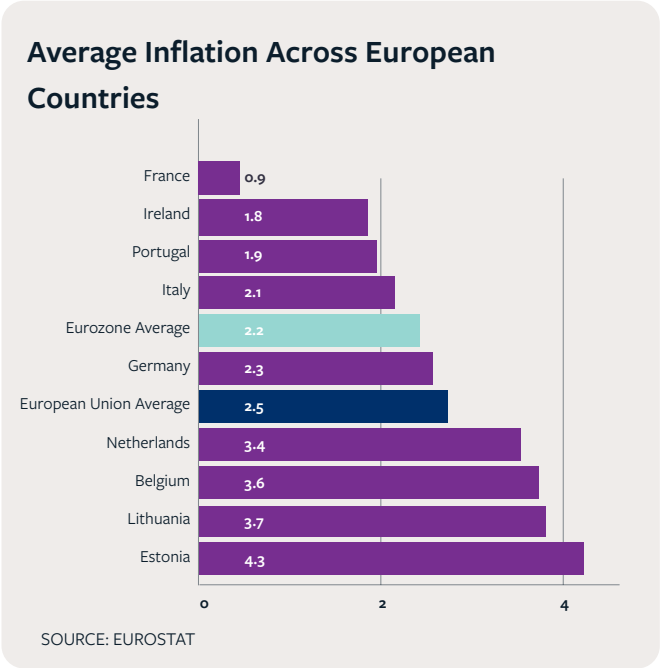
Inflation Pulse

The euro area annual inflation rate was 2.2% in March 2025, down from 2.3% in February. A year earlier, the rate was 2.4%.



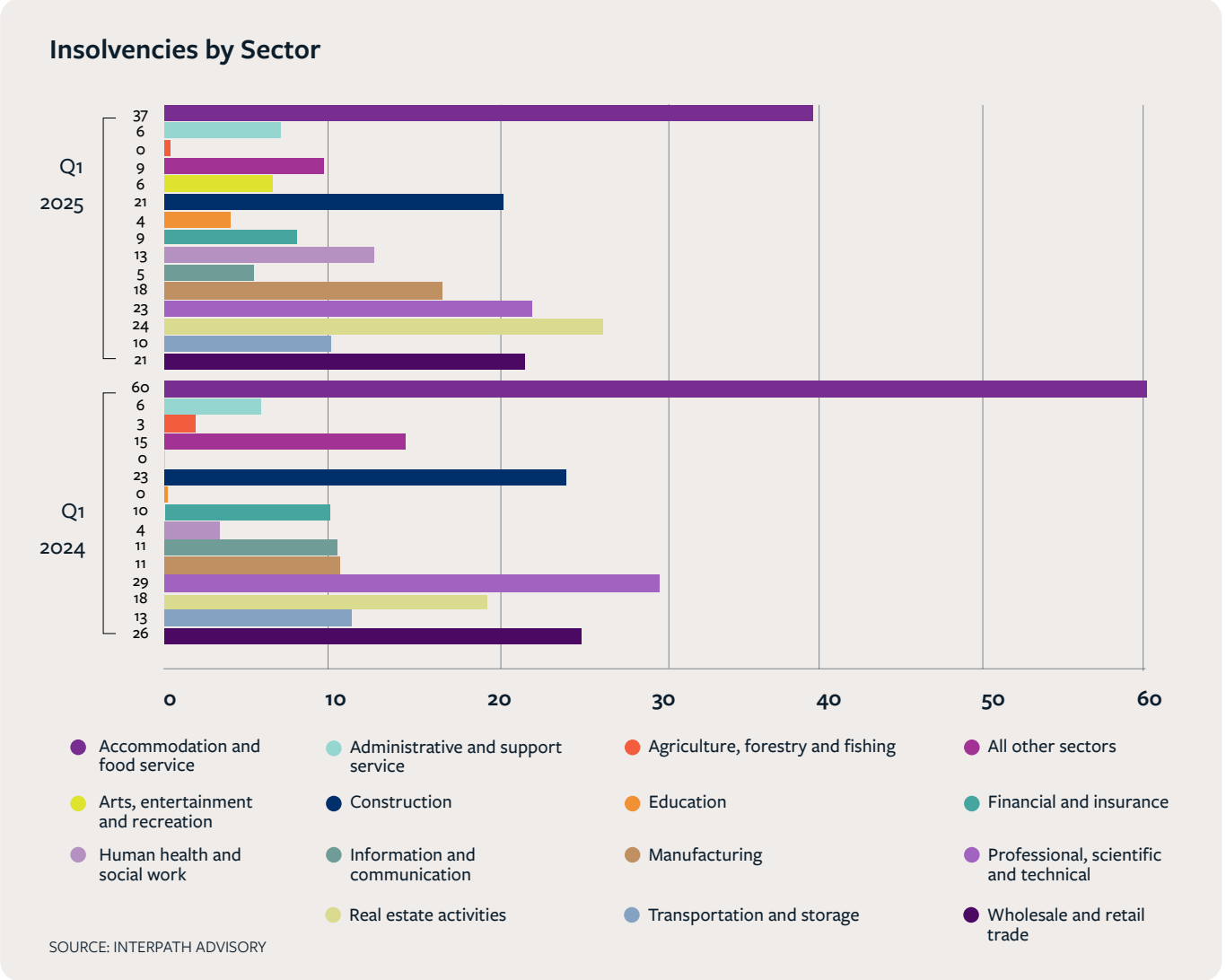
Ireland's level of inflation at 1.8% is below the Eurozone average of 2.2%.

Ireland is on a par, or below, the Euro Area average for inflation in most components, apart from Transport, Communication and Food & Beverage.

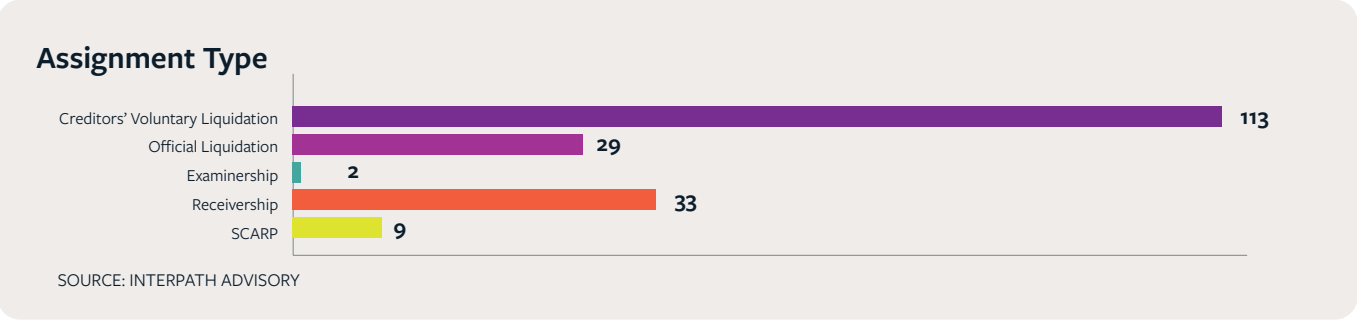


Insolvency Pulse

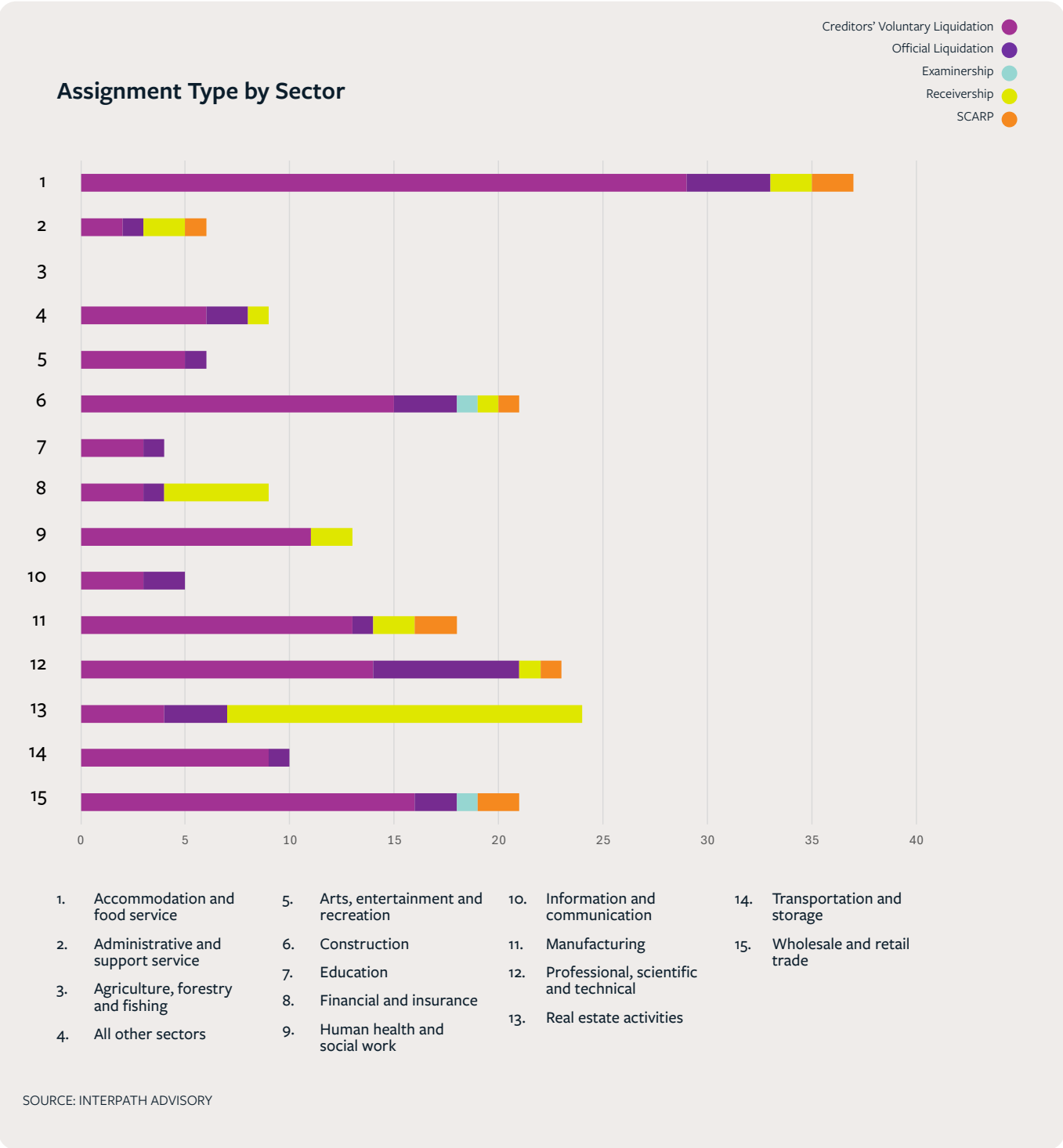
Data provided by Interpath Advisory shows a total of 206 insolvencies were recorded in Q1 2025 which is a decrease of 10% from Q1 in the previous year.



The majority of insolvencies have been voluntary liquidations.



There is considerable variation in type of insolvency by sector.



Fitzgerald Power is a leading financial advisor to the Irish SME sector.

We provide accountancy, corporate finance and taxation advice to businesses across the country.

We'd love to hear from you so please get in touch if you think we can help.

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