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Irish Economic Chartbook

AIB Economic Research Unit

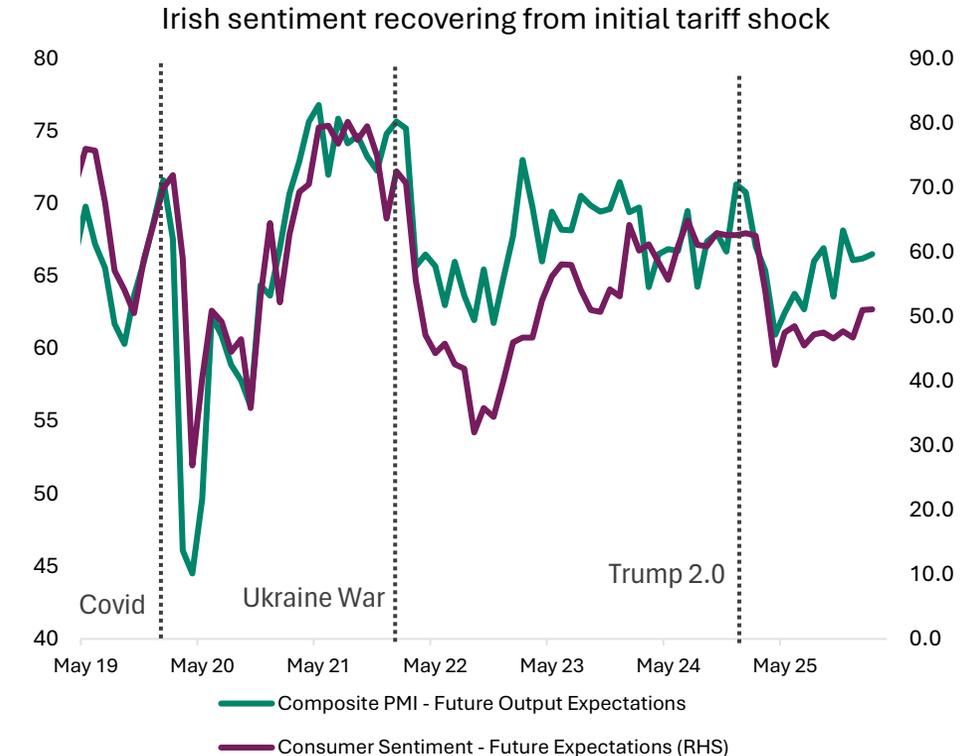
March 2026

Irish economy robust despite global risks



For the 70
years since

- Latest macro data point to robust growth profile, with consumer and business confidence recovering despite current geopolitical volatility.
- Strong economic growth in 2025, boosted by goods exports (+16%), driven by emergence of weight-loss pharma production in Ireland.
- Labour market resilient, with annual jobs growth at 2% in Q4 2025, and unemployment remains low at 4.7% (Jan '26).
- Supply constraints continue in housing & infrastructure, but Gov. policy and spending commitments could spur faster growth. Housing completions topped 36k in 2025, ahead of estimates.
- Industry surveys, including AIB's PMIs suggest private sector activity has remained robust so far in 2026
- Risk to the outlook tilted to the downside in current global climate, but public and private sector balance sheets in very healthy position.

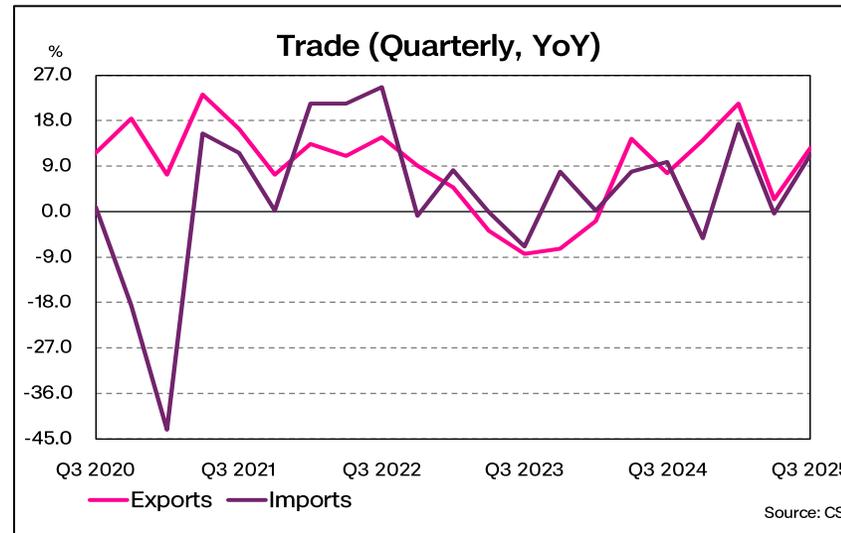
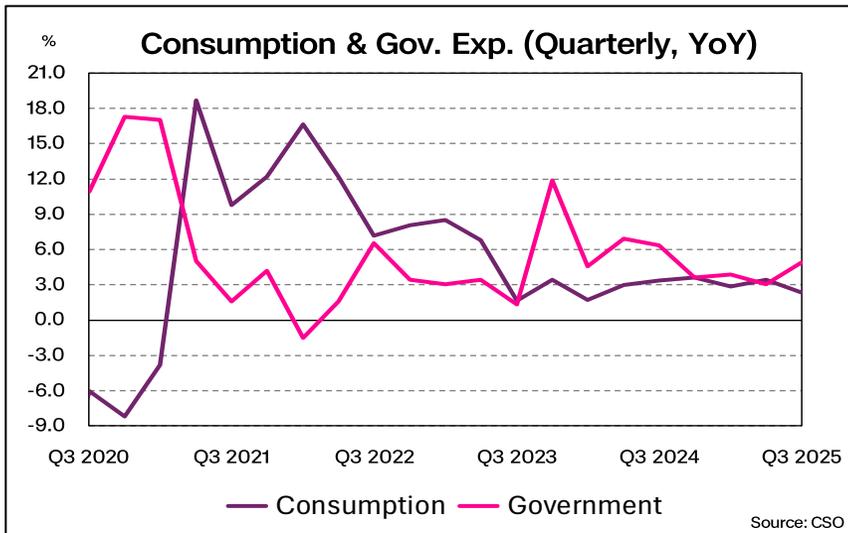
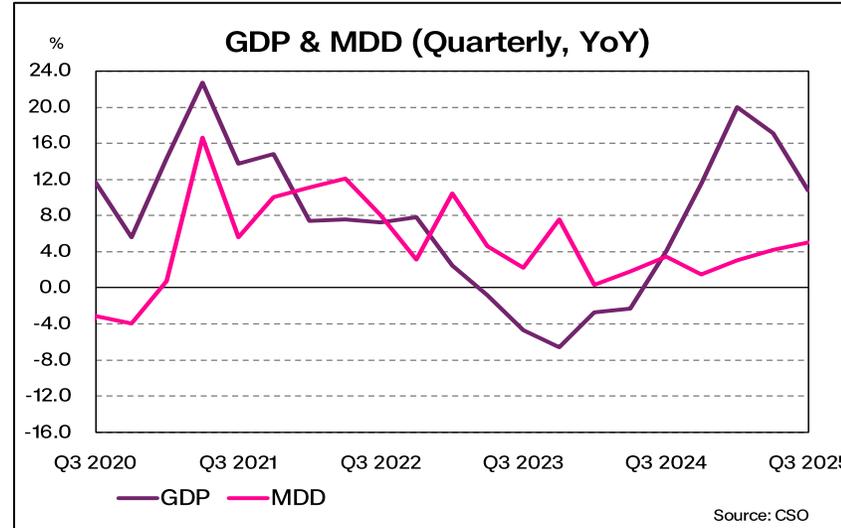
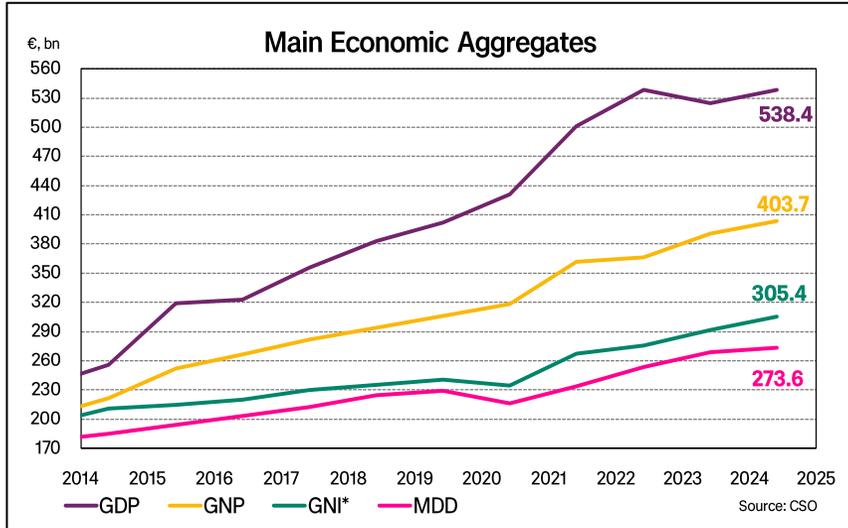


Sources: S&P Global, Refinitiv

Irish economy performing strongly



For the 10th year in a row

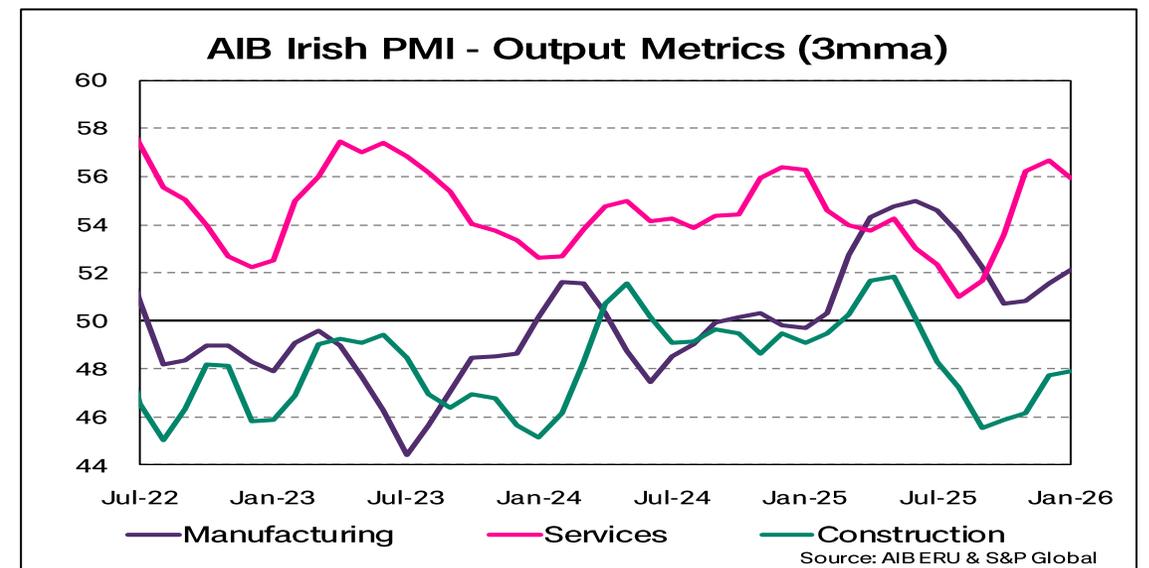
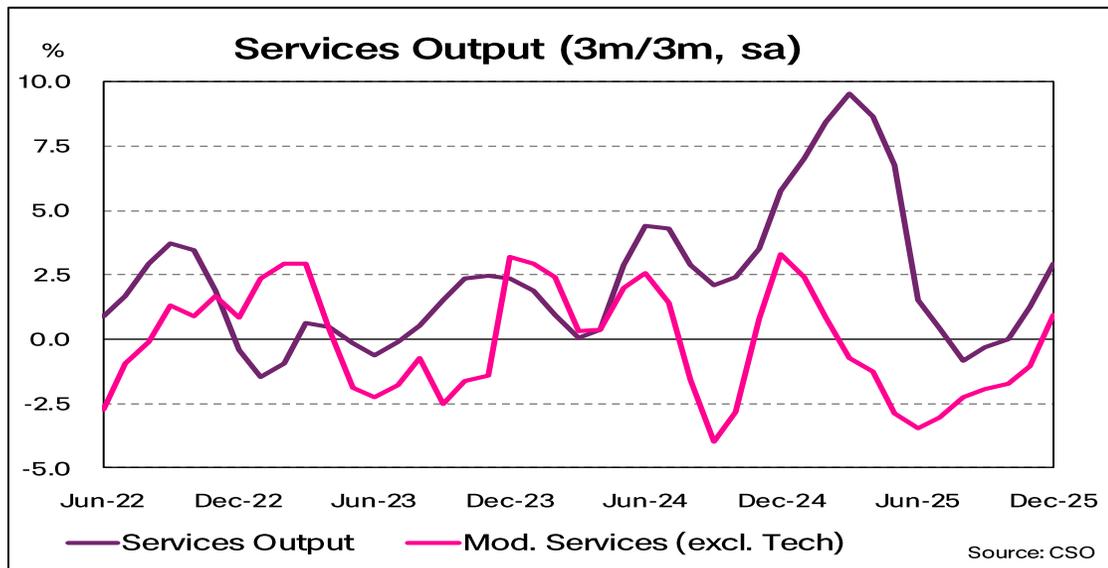
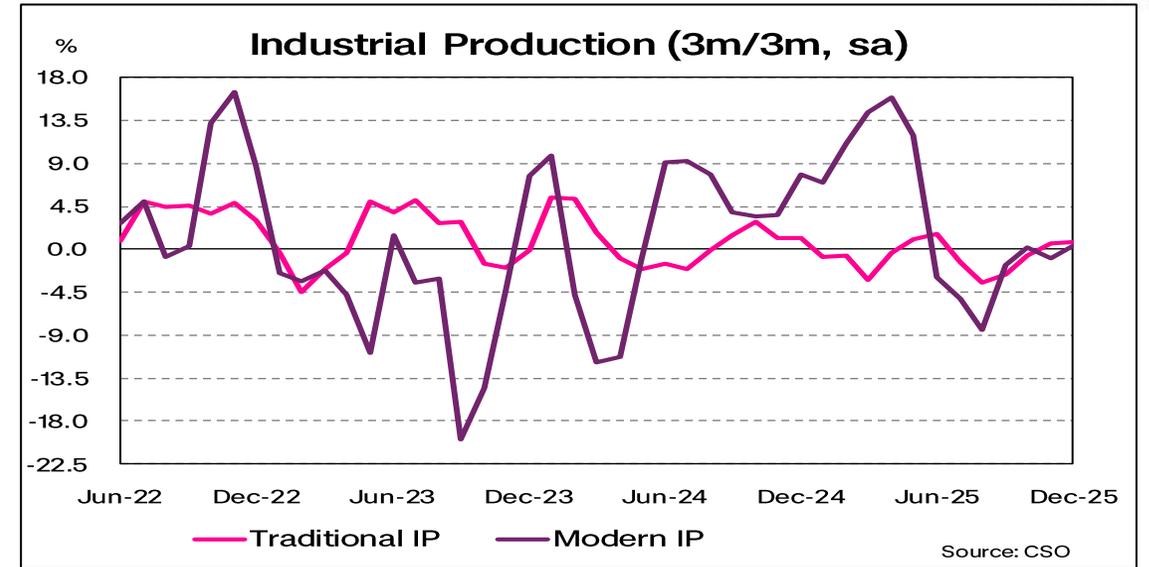
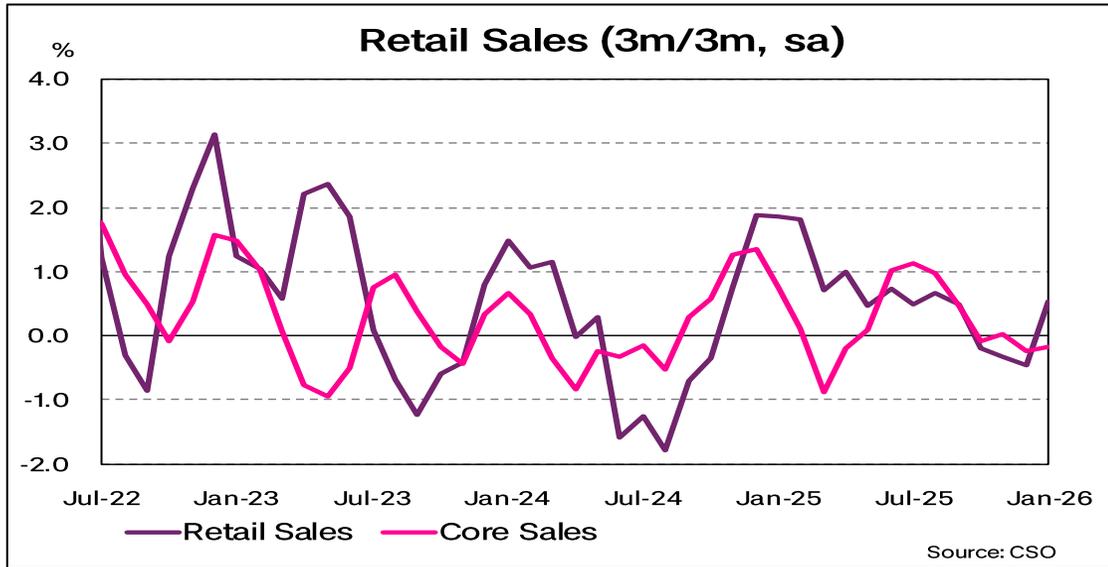


- GNI* (Modified Gross National Income) up 4.8% in 2024.
- GDP rockets 16% higher in the first three quarters of 2025 – Significant boost from exports.
- MDD (Modified Domestic Demand) expanding at a robust pace – up by 4.1% YoY so in 2025.
- Overall, economic growth has remained solid throughout 2025.

More recent activity measures have been mixed



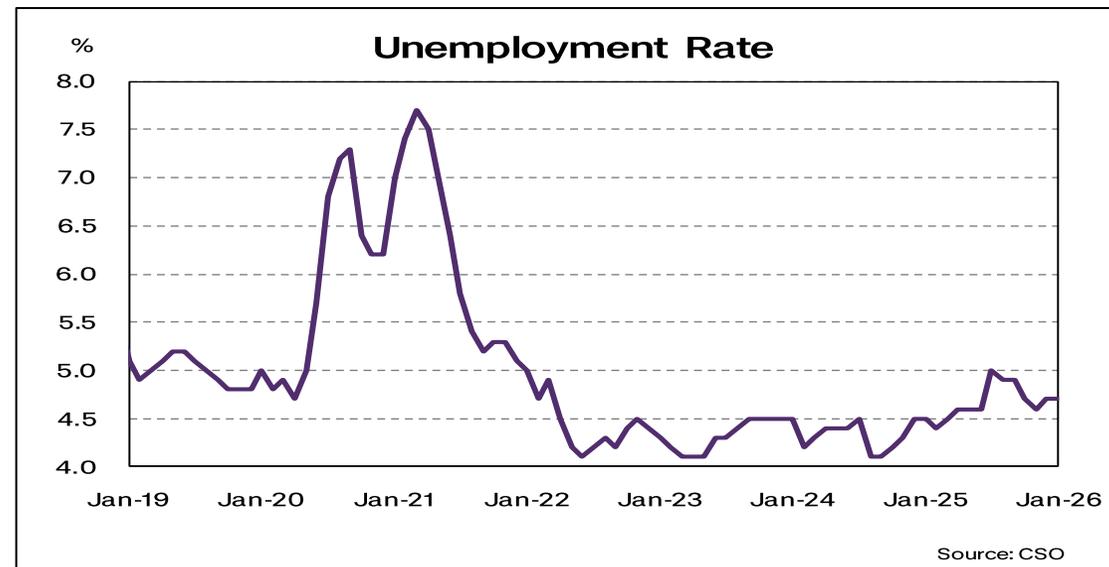
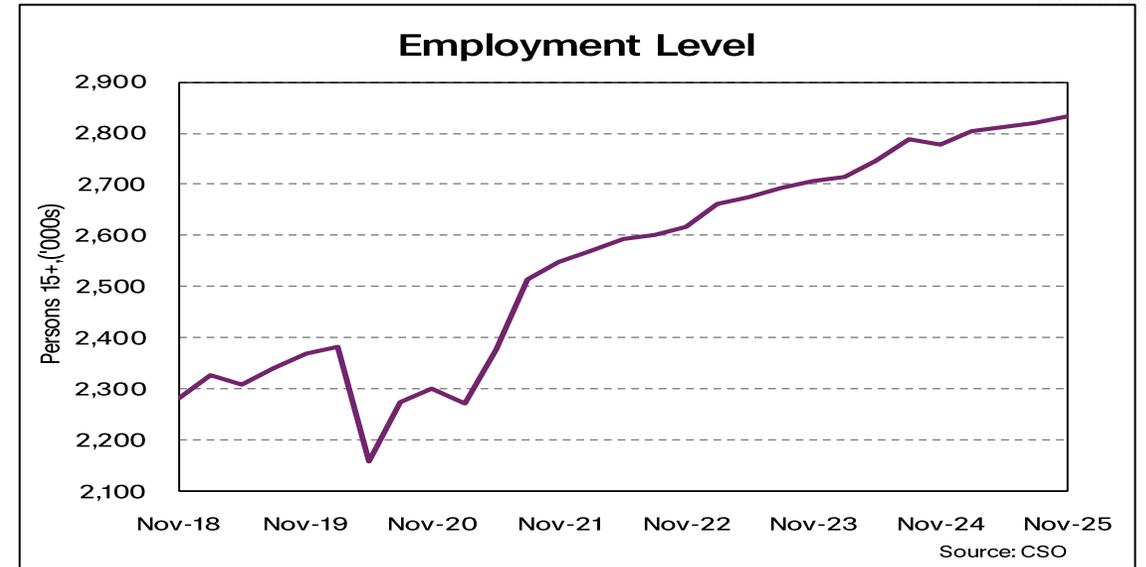
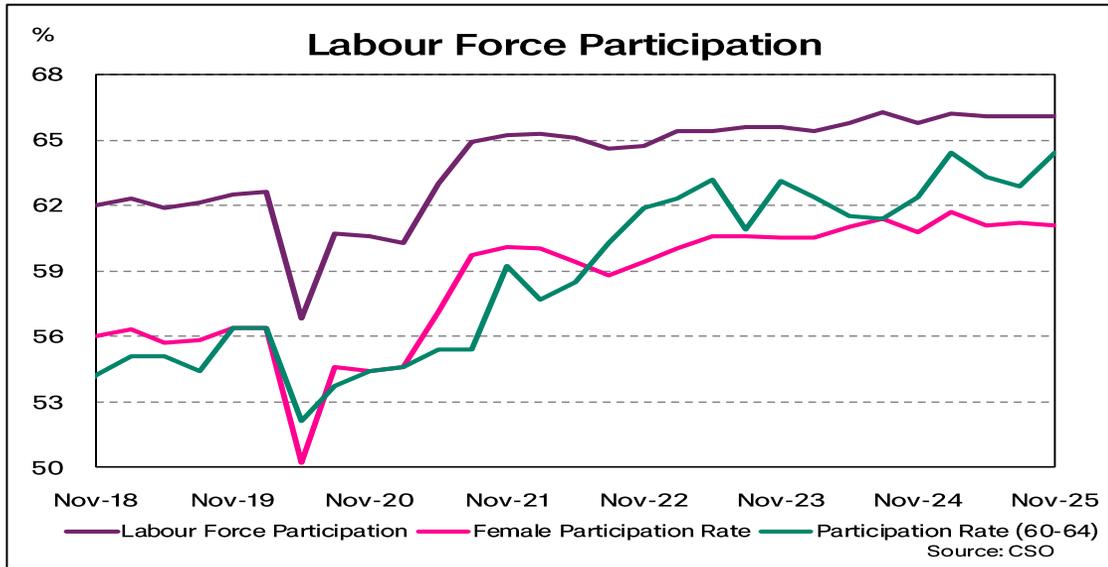
For the first time



Labour market has been strong post-COVID..



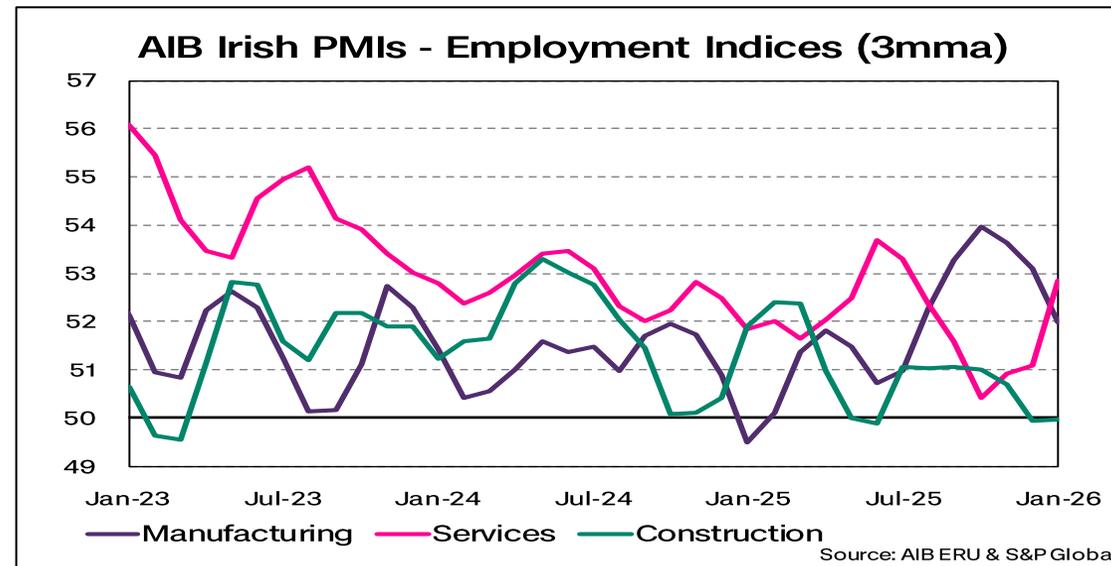
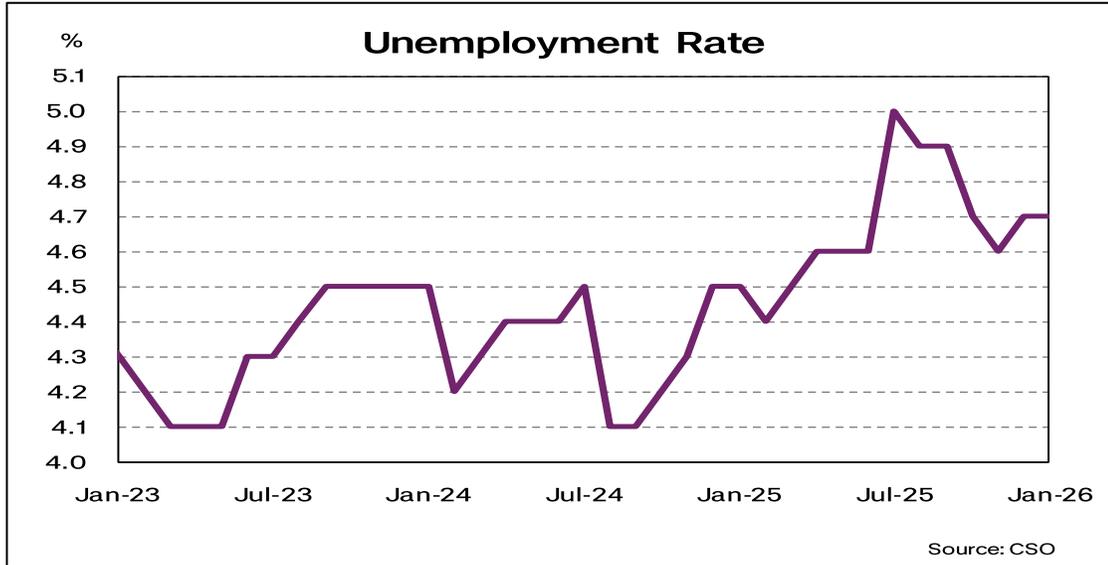
For the People



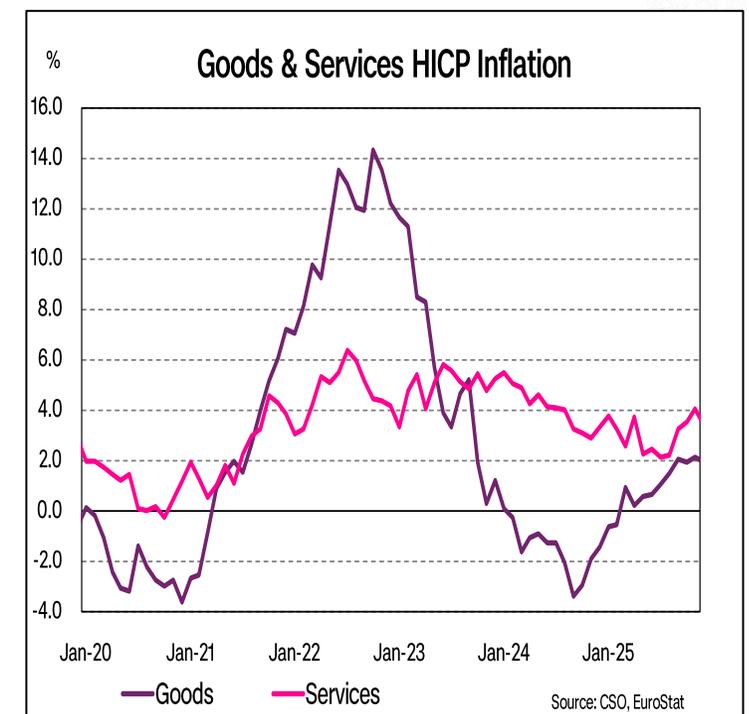
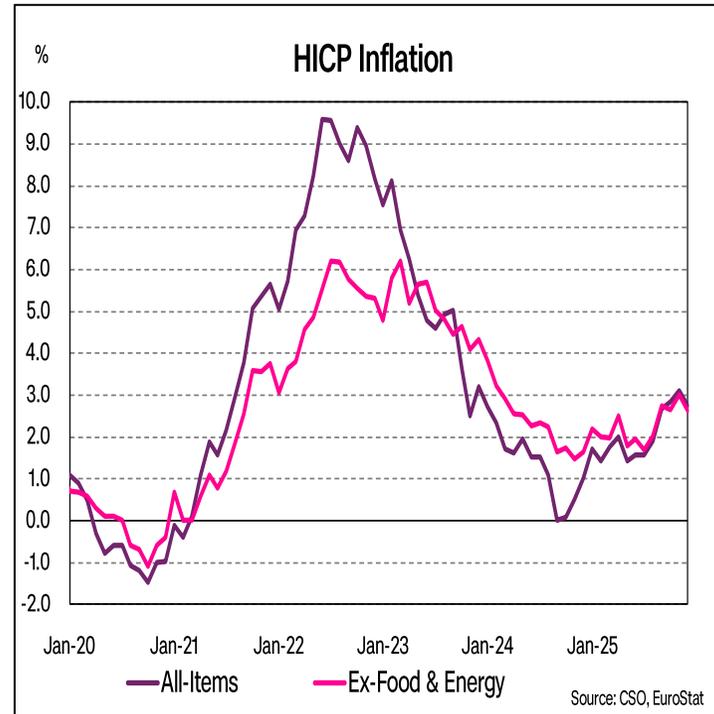
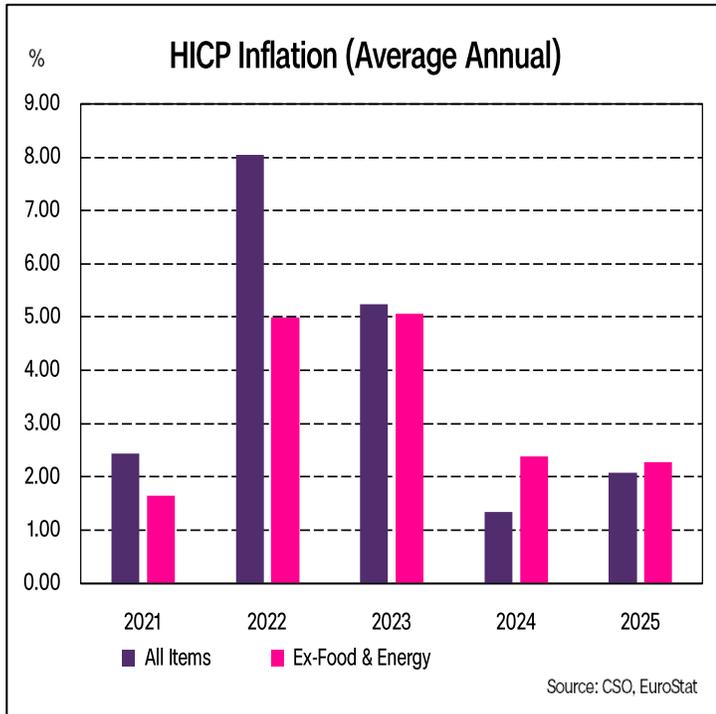
..However, there are signs that hiring is cooling



For the first time

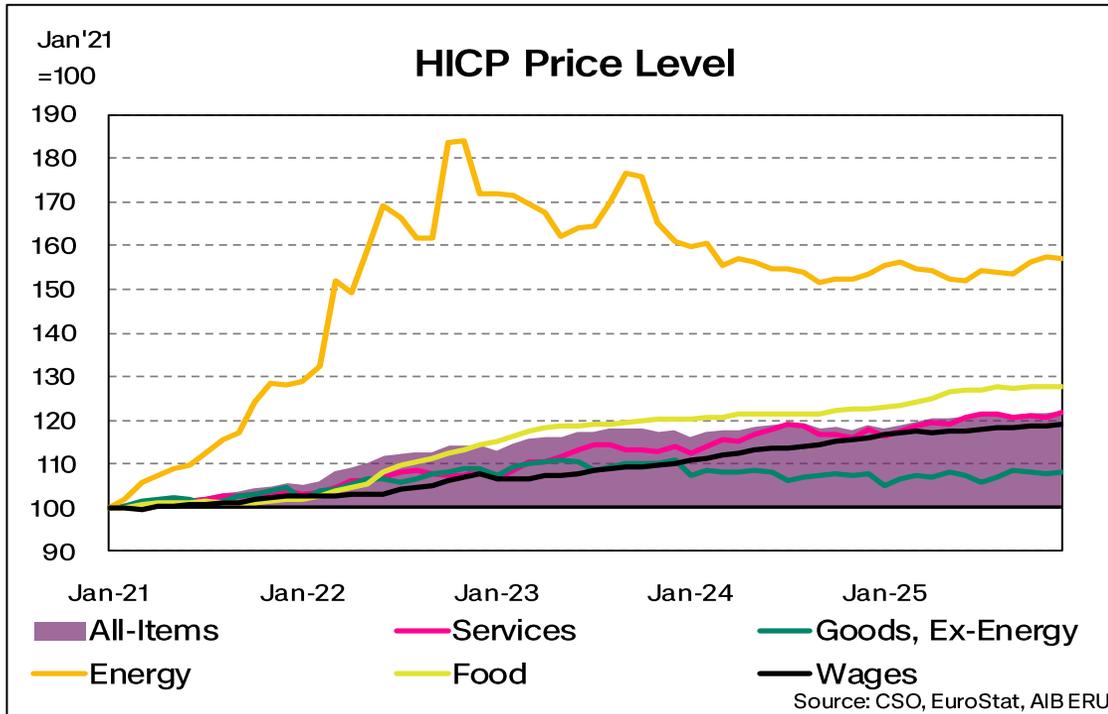


Inflation elevated of late, but expected to fall



- Inflation spiked in 2022, averaging over 8%. It remained elevated throughout 2023 also.
- However, over the past 18 months, inflation has been close to 2%.
- Inflation has risen recently (currently at 2.4% - Feb 2026) but this has largely been due to base effects (third-level fees, end of energy credits etc).

Solid real wage growth over the past two years



- Although inflation has eased, prices are circa 20-25% higher since the start of 2021.
- Importantly, energy and food prices have significantly outpaced wage growth.
- Average nominal wages have grown c.21% over the same period, so still lag price increases
- However, real wage growth has been positive for the past two years.

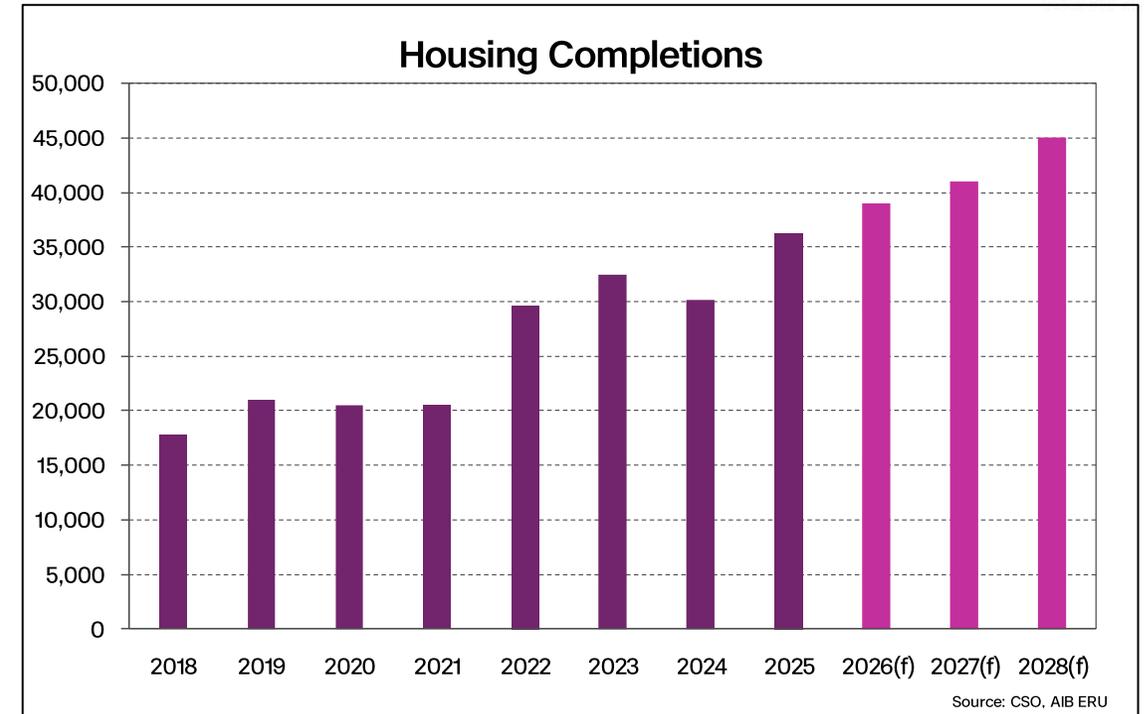
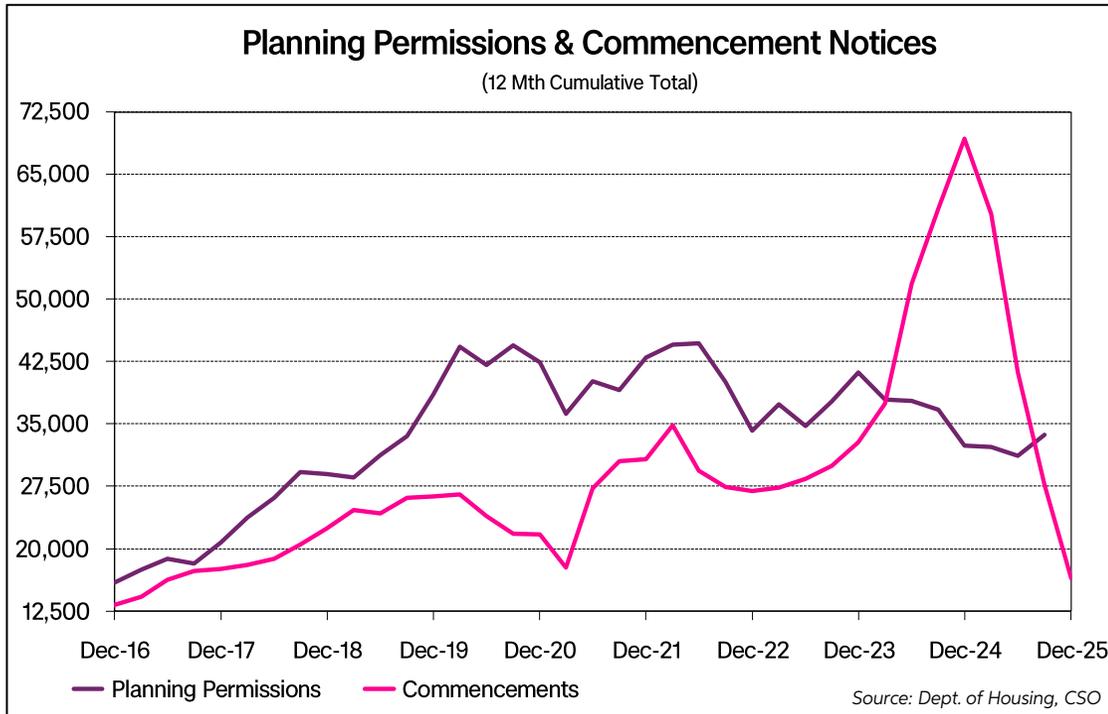


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Housing Market



Housing completions expected to rise

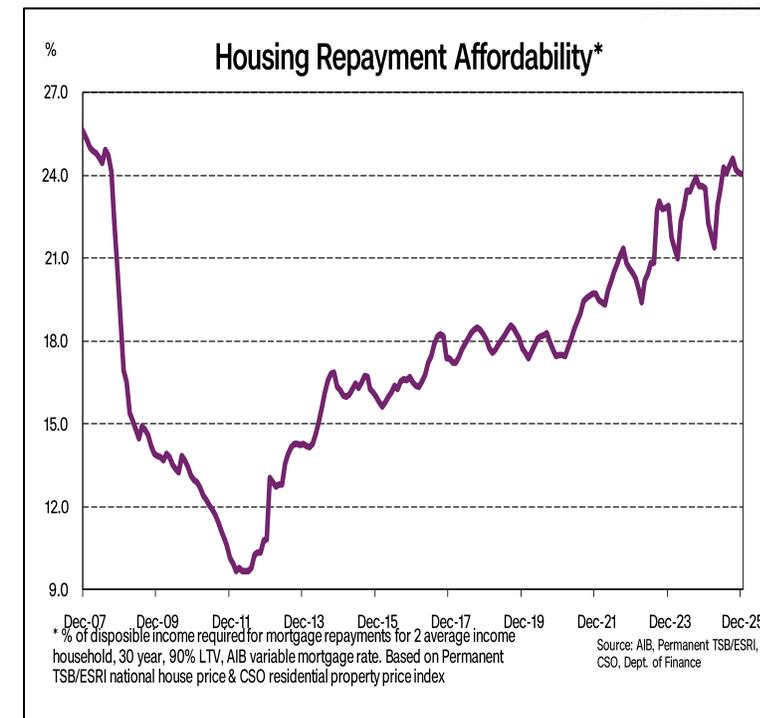
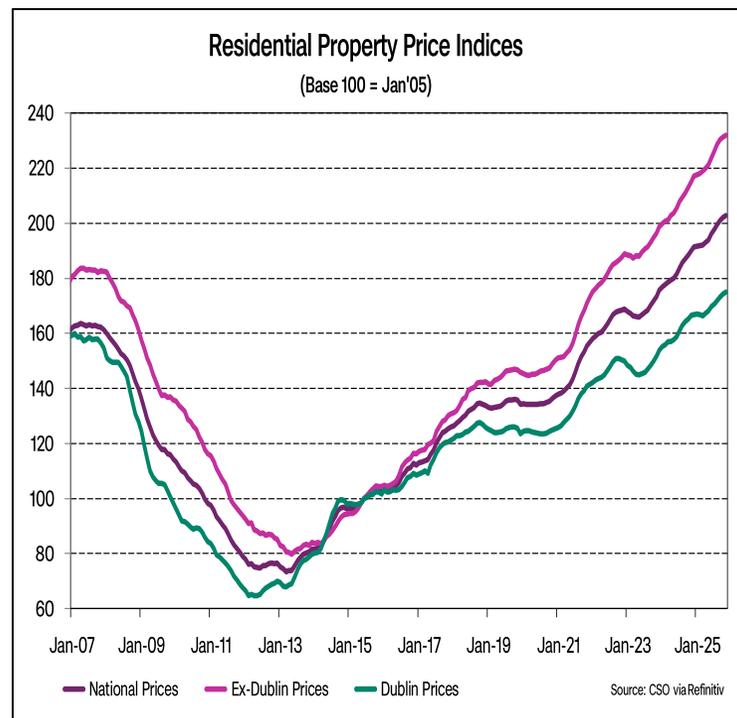
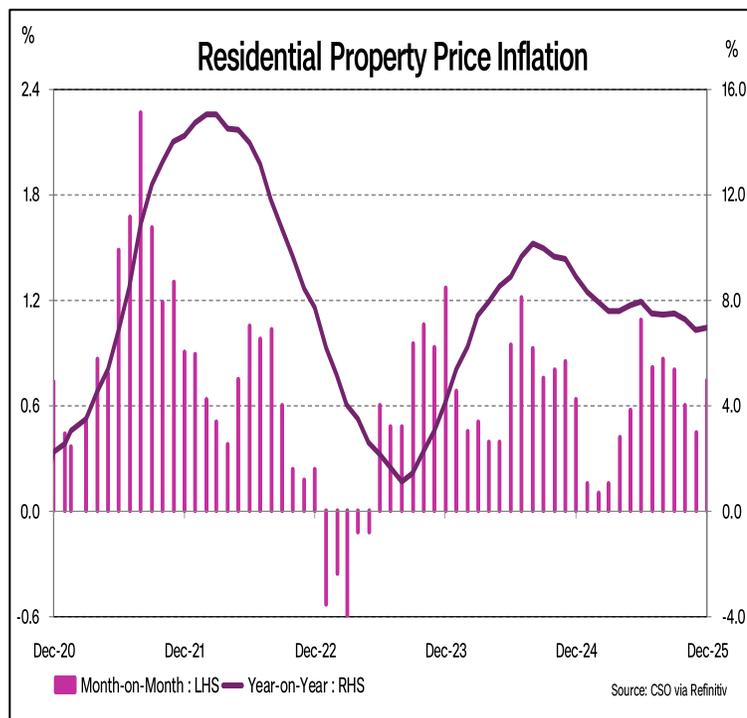


- Around 30,000 homes completed in 2024, down from 32,500 in 2023.
- Completions up 20% in 2025 to over 36k. Further increases expected in the coming years.
- Just 16,400 commencements registered in 2025, down 71.4% compared to 2024, as surge in prior year unwound due to policy changes.
- Circa 26,700 planning permissions granted in 2025 (to Q3), up by 4.9%.

House prices continue to rise sharply



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- Residential Property prices rose by 8.5% in 2024, and strongly by 7.6% in 2025.
- Property prices nationally are 25% above their Celtic Tiger peak, albeit still c.6% below peak in real terms
- The trend of deteriorating affordability has accelerated post-COVID, but falling interest rates could reverse this trend somewhat

Housing & Infrastructure delivery a key focus



For the 175
years ahead

National Development Plan (NDP) Review 2025

- NDP Review 2025 represents Ireland's long-term strategy for capital investment.
- Total investment of €275.4bn planned for between 2026-2035.
- €202.4bn is to be funded by the Exchequer, with €102.4bn allocated to departments for 2026-2030.
- The NDP will also draw on funding from the Escrow proceeds, the ICNF and from monies earned via bank share sales.
- Focus on water, energy, transport & housing.

Delivering Homes, Building Communities 2025-30

- Main target is to deliver 300k homes by 2030.
- This includes 72k social homes and 90k affordable housing units.
- Investment of €20bn per annum, as well as €50bn for housing and water infrastructure.
- Focus on utilising zoned land & a more efficient planning process under the Planning & Development Act 2024.
- Grants of up to €70k to tackle vacancy & dereliction.
- Adoption of MMC for at least 25% of new social & affordable homes with expansion of apprenticeships.

Accelerating Infrastructure Report & Action Plan

- Whole of government response to systemic delays in infrastructure
- Aims to reform judicial review process to cut average timeline from 18 to 9 months.
- 30 actions under four pillars; Legal reform, Regulatory simplification, Coordination & delivery and Public acceptance.
- Enact legislation (such as the Critical Infrastructure Bill) to fast-track nationally significant projects.
- Establishment of a framework to coordinate across utilities.

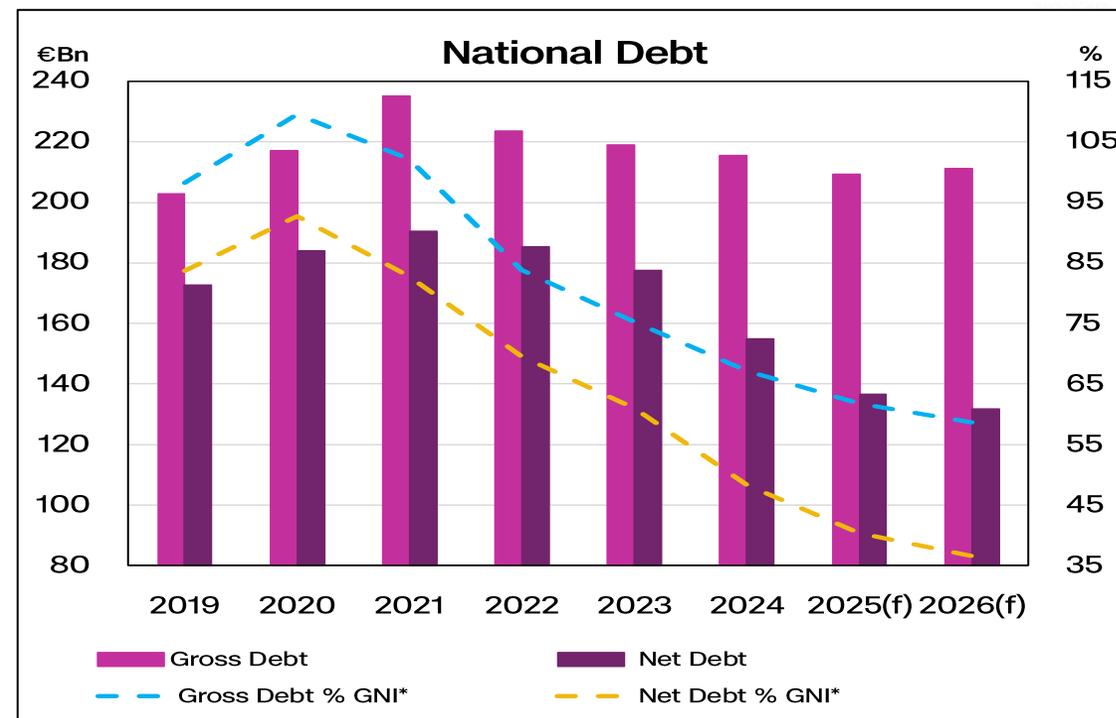
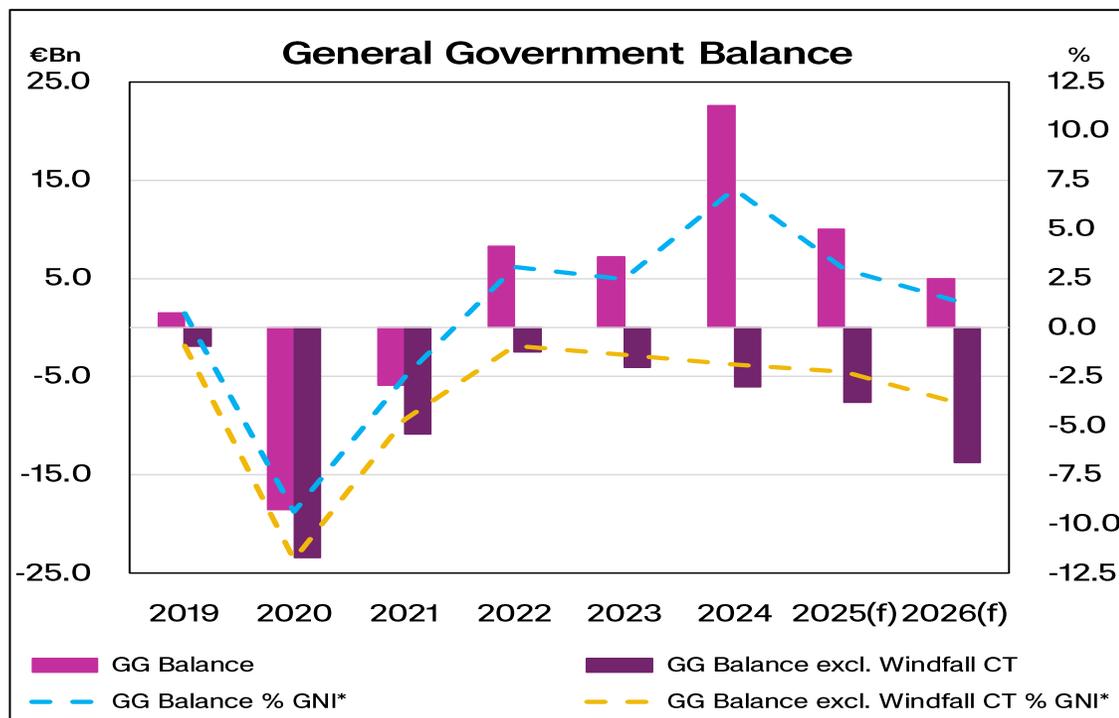


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National Balance Sheet

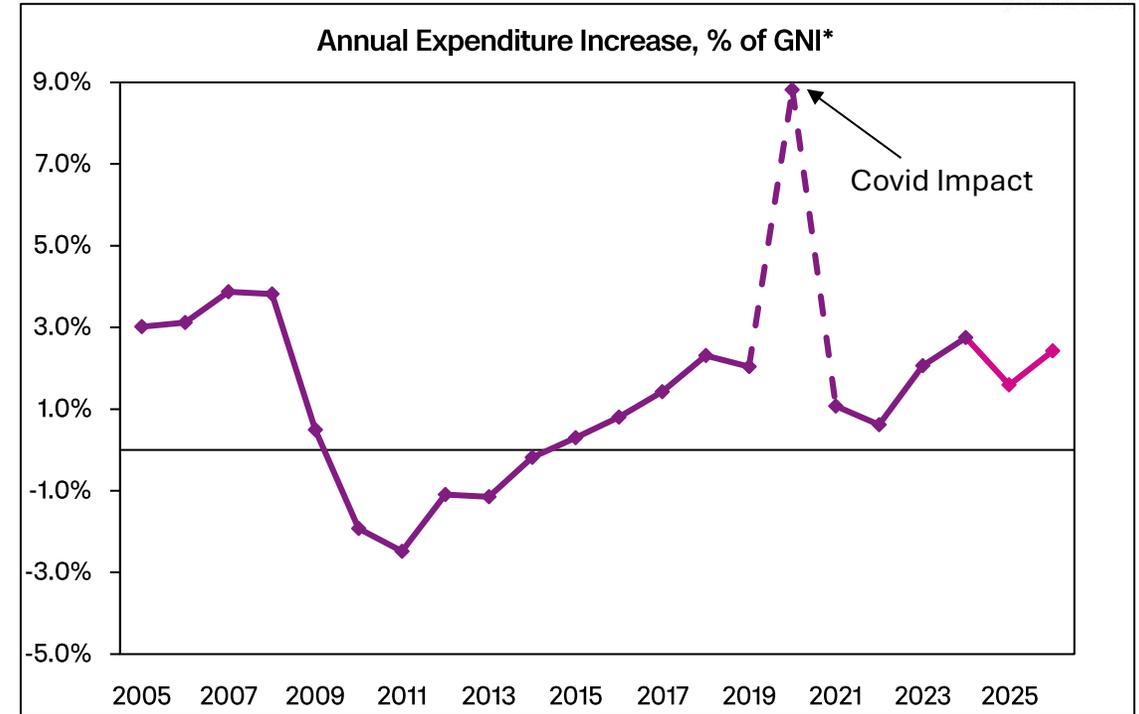
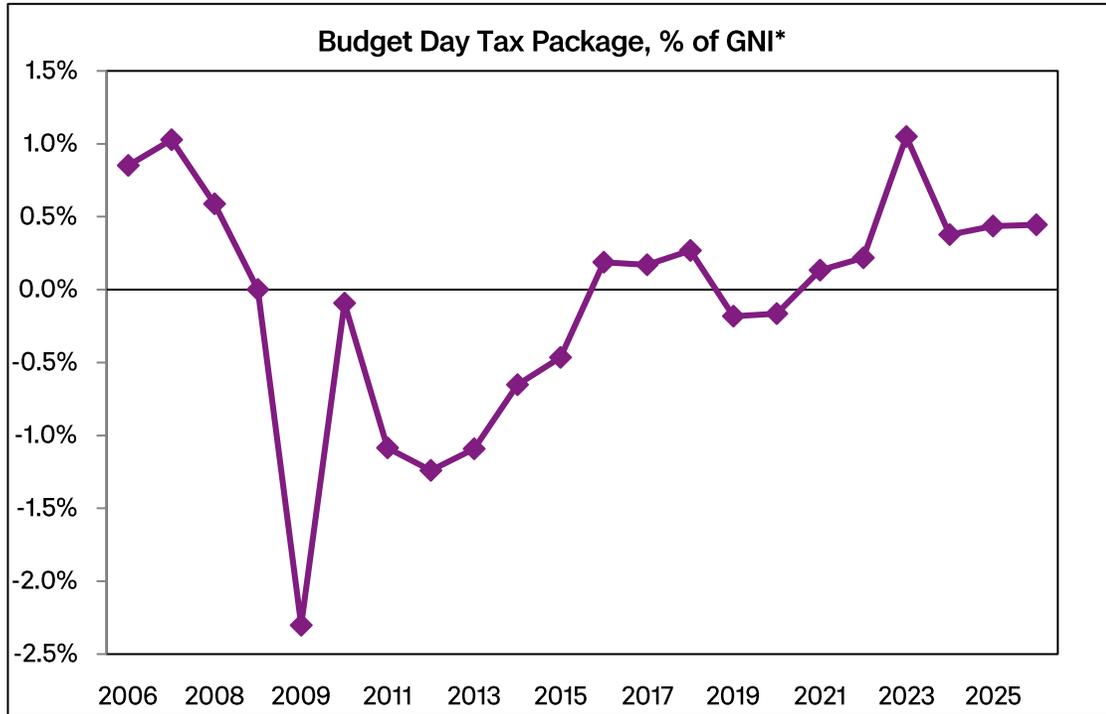


Gov. finances supported by windfall CT receipts



- Government set to register a surplus once more in 2025 & 2026.
- However, substantial levels of “windfall” corporate tax receipts are masking significant increases in expenditure.
- Both gross and national debt are falling as a share of GNI*.

Expansionary fiscal policy to continue in 2026



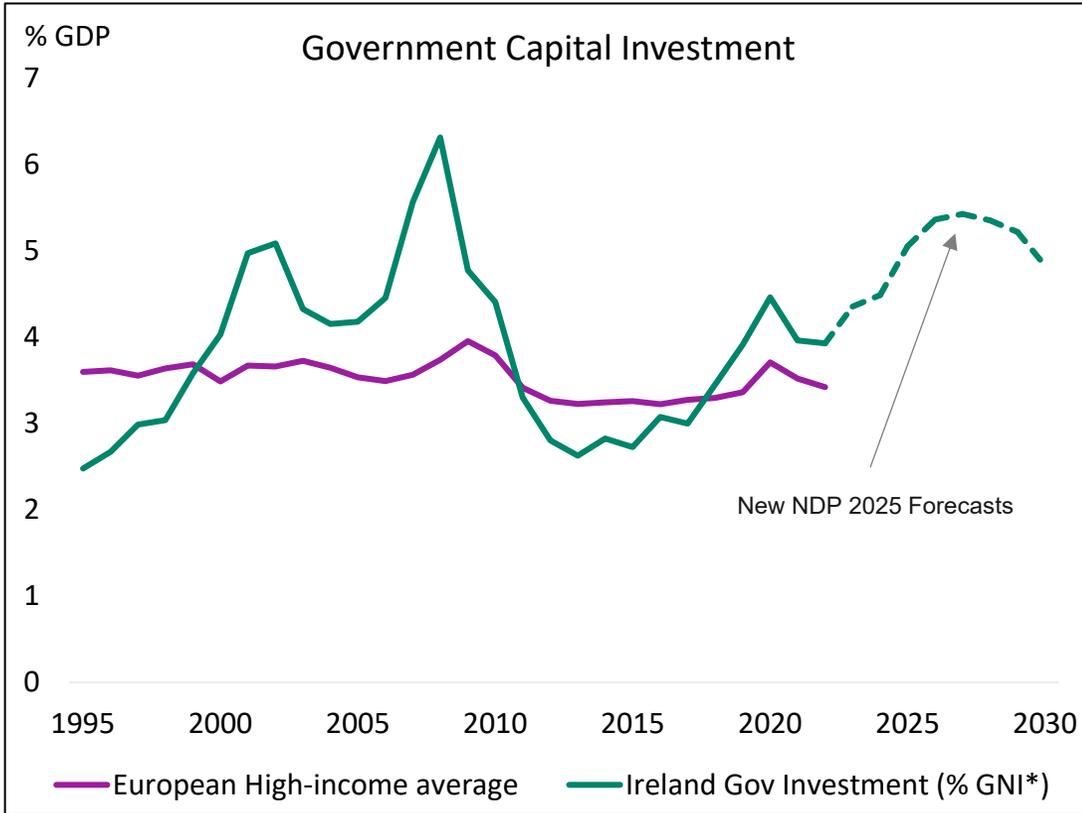
Sources: Dept of Finance, AIB ERU

- Planned spending increase worth c.2.5% of GNI* in 2026 is significant, albeit short of 3%+ increases during 2004-2007 period
- Tax package at 0.4% of GNI* is well short of tax cuts worth 1% of GNI* during 2004-2007 period

Infrastructure spending to reach record levels



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The way forward



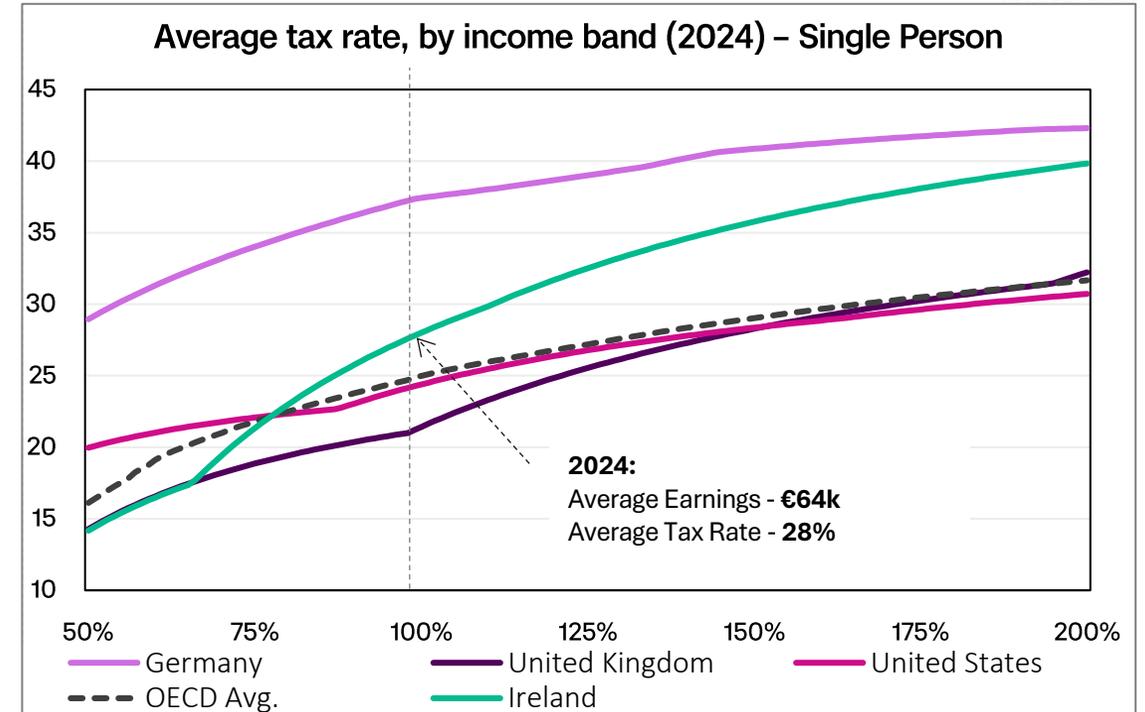
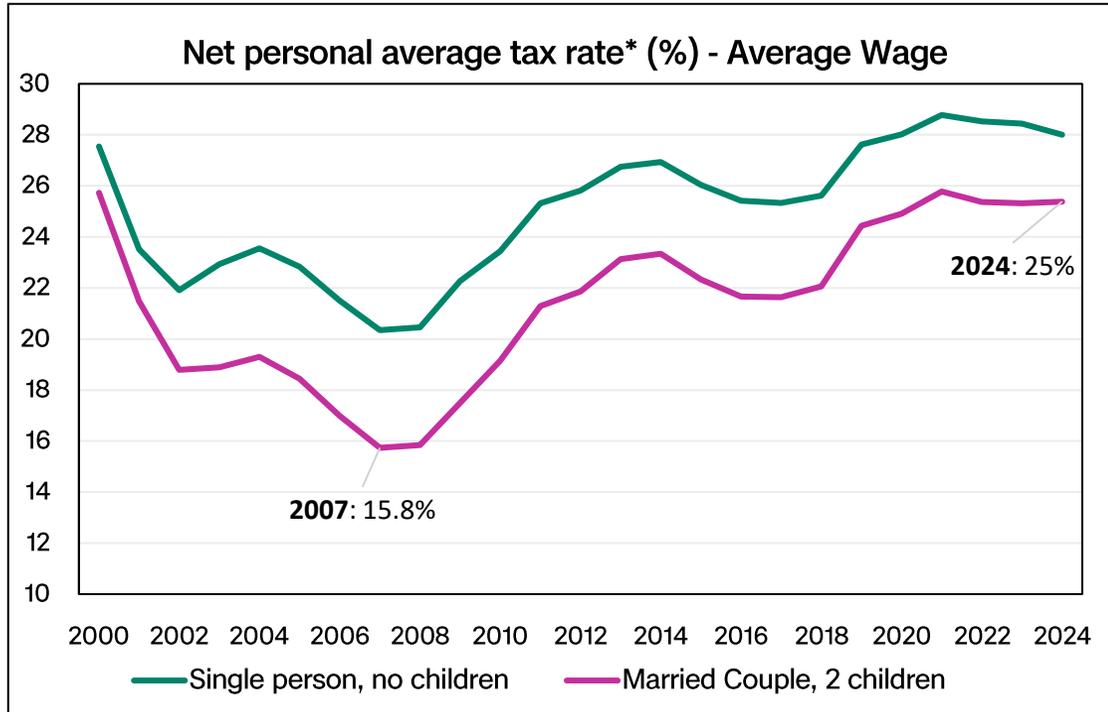
€ billions		National Development Plan Allocation (2026-2030)
Ministerial Vote Groups		2026-2030
Housing, Local Government and Heritage		36.0
<i>of which: Housing and Other</i>		28.3
<i>of which: Water</i>		7.7
Transport		22.3
Health		9.3
Education		7.6
Climate Environment and Energy		5.6
Further and Higher Education, Research, Innovation and Science		4.6
Others		17.1
Total Exchequer		102.4
Non-Exchequer funding		29.7
Total NDP Funding		132.1

- Big ramp up in capital spending planned over the next five years – 40% will go to housing and transport
- Investment is expected to peak above 5% of % of GNI*, well ahead of European peers

Income tax rates elevated vs. peers, will rise further



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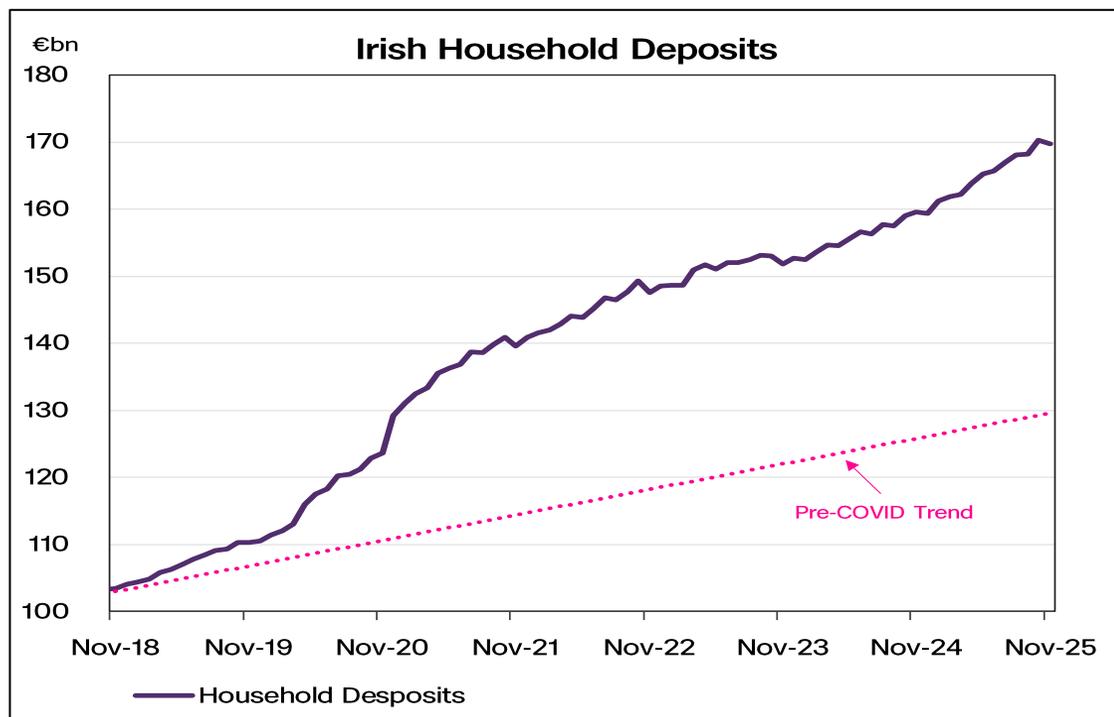


Sources: OECD

* Including cash transfers from state such as welfare payments

- Income tax freeze implies a take hike as prices and wages push households into higher tax brackets.
- Net income tax rates (including cash transfers), have been steadily increasing in recent years, with Ireland having relatively high tax rates versus OECD peers

Household have low debt and high savings

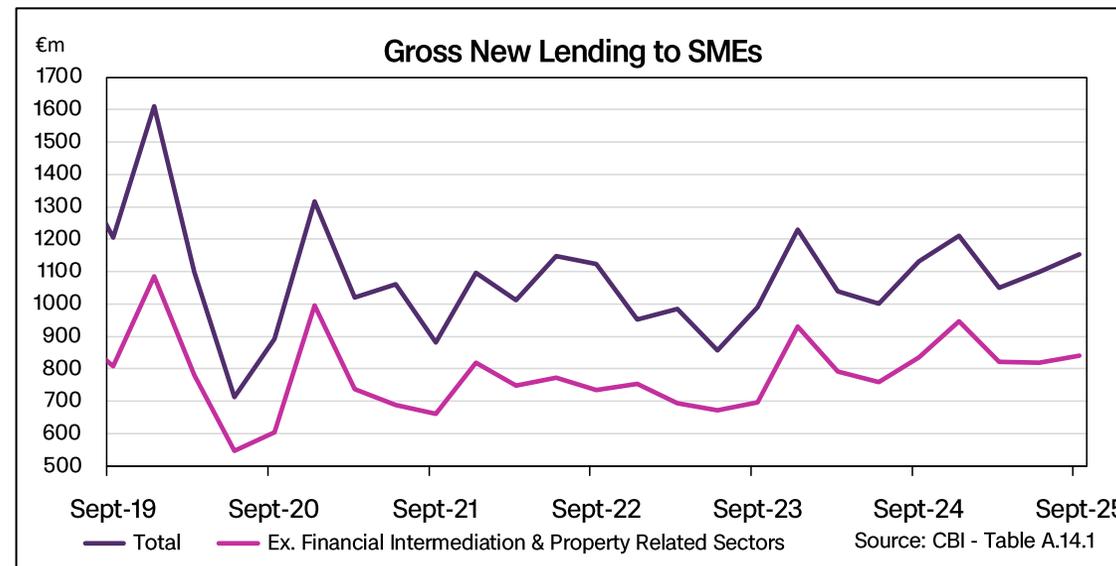
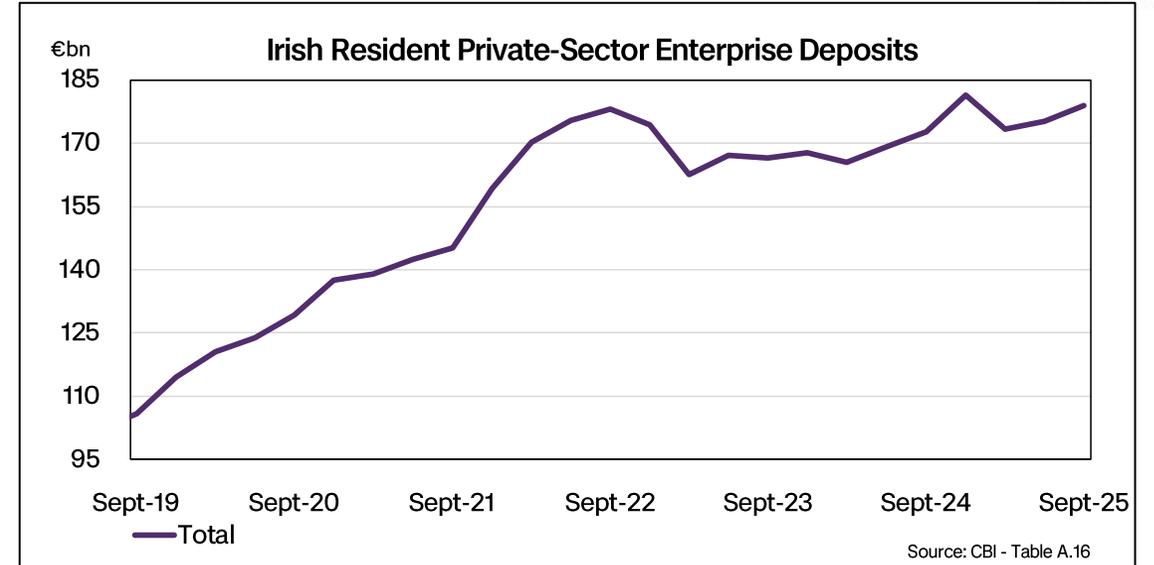
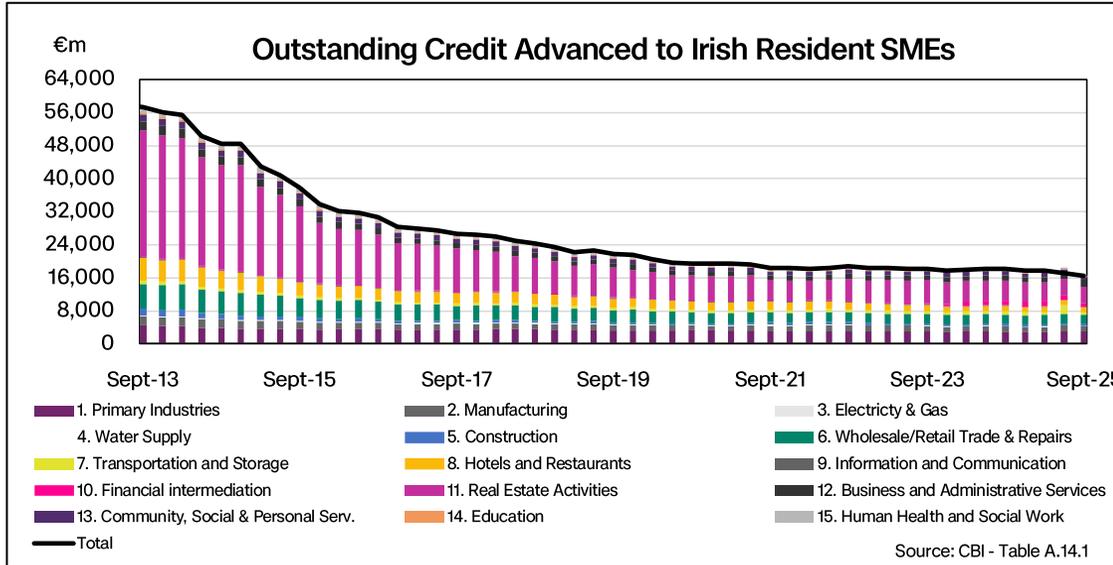


- Household deposits have continued to rise very sharply post-COVID.
- Household debt to income ratio around 82%, less than half of the peak of 210% seen in 2010.
- Deleveraging and savings build-up indicates that on aggregate, households have room to spend.

Indigenous firms have also deleveraged



For the first time

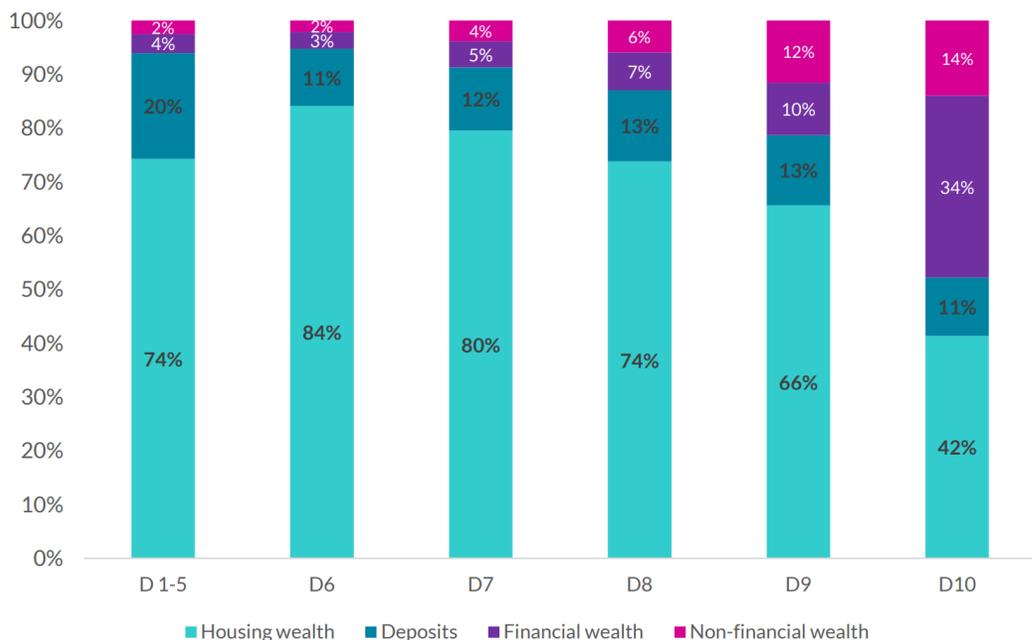


Investment incentives coming for Irish households?

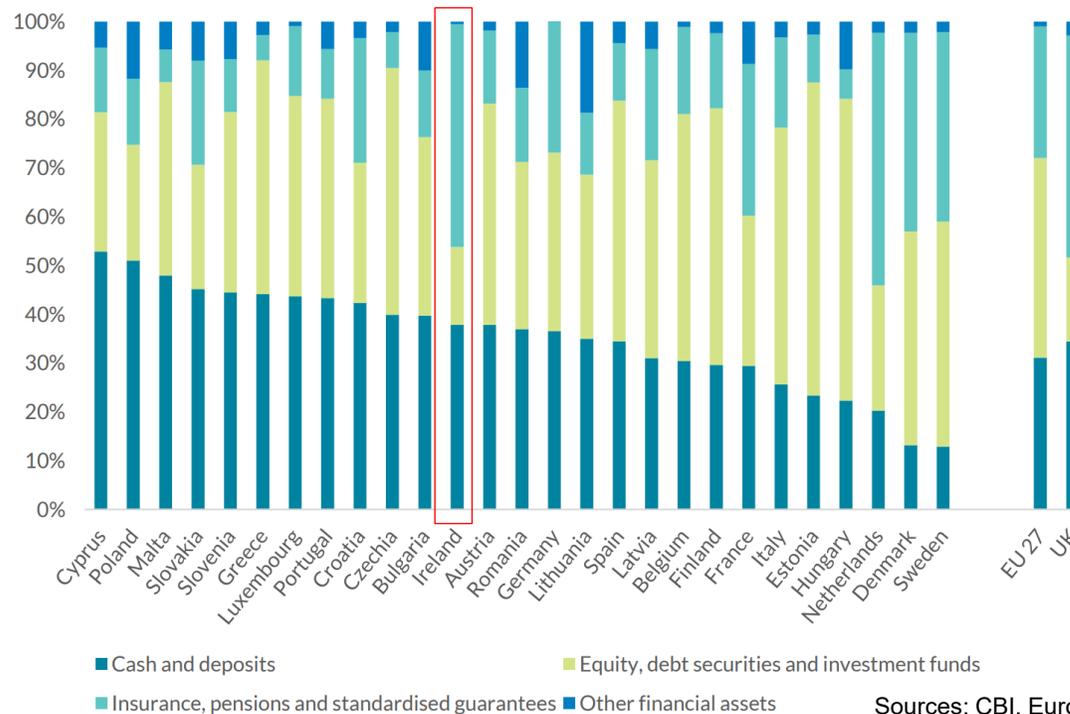


For the 7th year in a row

Asset allocation across household wealth deciles



Breakdown of financial assets vs. European peers



- Irish households largely recycle retained income into cash deposits, pensions, and housing.
- Cash & despts 38% of financial assets (EZ avg: 30%, US: 11%)
- Direct equity/debt holdings exceptionally low at 2.3% (EU: 7.5%), albeit indirect equity exposure high via pensions/insurance plans (46% of fin. assets)

Sources: CBI, Eurostat

- Government developing policies to incentivise household investment, part of broader EU push to deepen capital markets. This may include tax incentives similar to UK 'ISA' or Swedish 'ISK' products
- Ireland has low direct equity and debt market exposure, but relatively high indirect through pensions system

Risks to the Outlook



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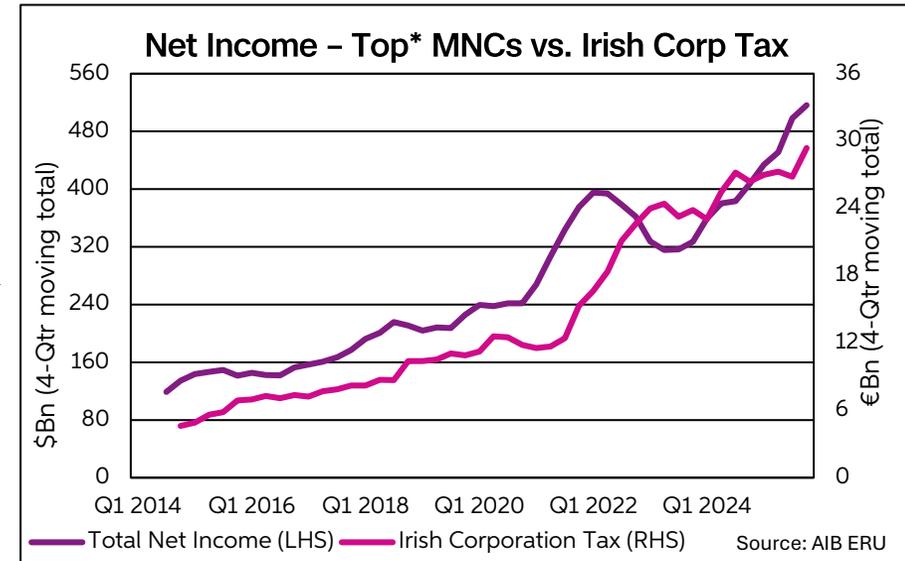
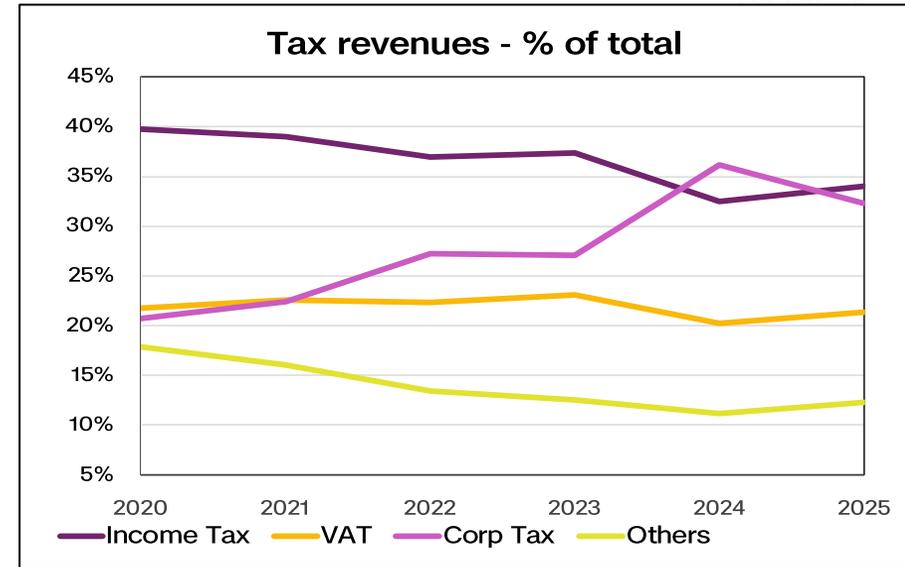
Two-sided risks for the Irish economy

Upside Risks

- COVID savings glut for households could support consumer spending and stronger growth.
- FDI export sector still exposed to rapidly expanding pharma & tech sectors.
- Rapid population growth likely to ease, but forecasts have consistently undershot.
- Predictable political environment amid global uncertainty – key for attracting investment.
- EU fiscal stimulus could boost growth in Ireland’s largest trading partner.

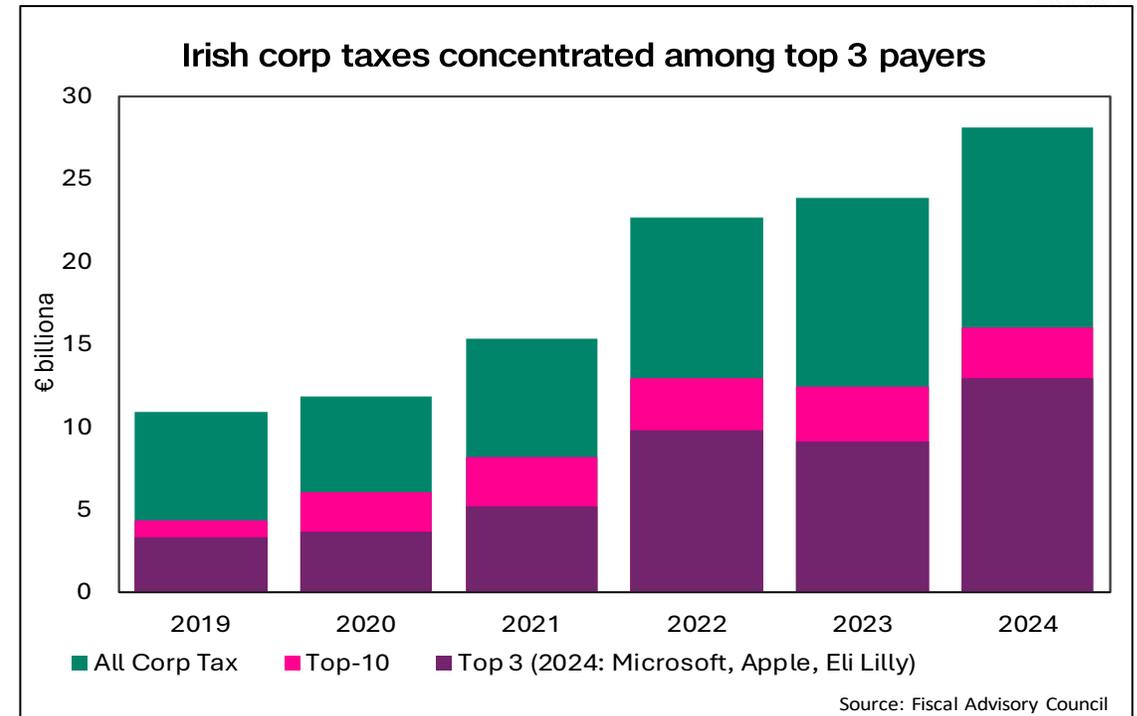
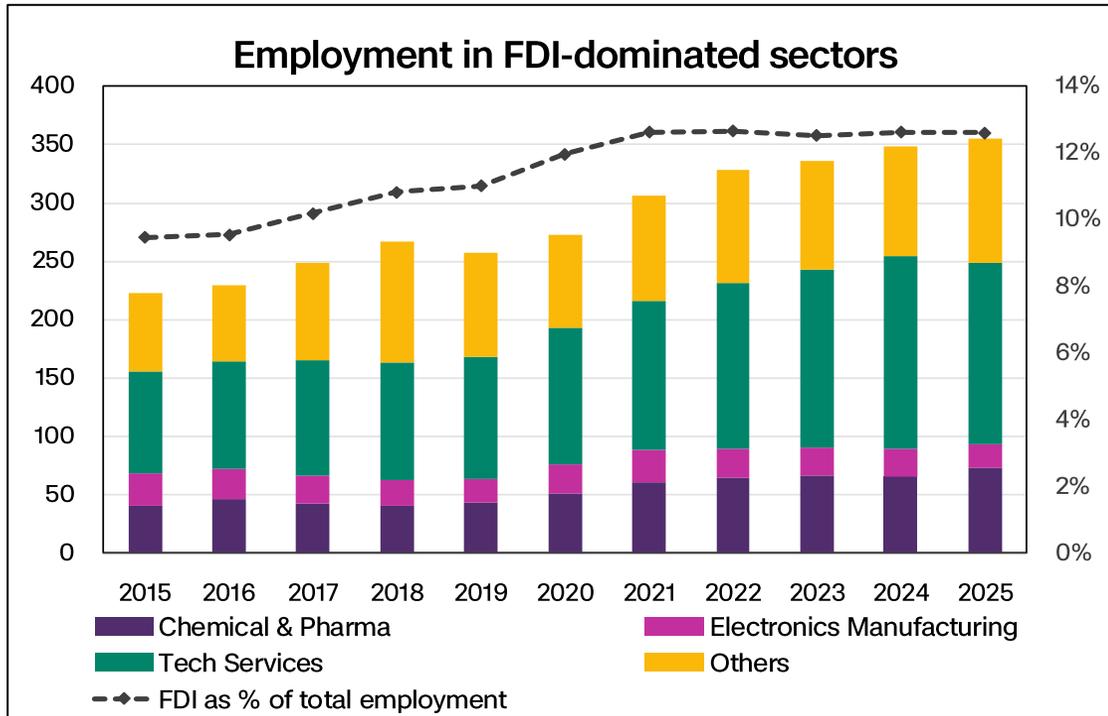
Downside Risks

- Open Irish economy vulnerable to geopolitics, including US trade policy or energy shocks.
- Concentration risk from reliance on a small number of MNC’s for investment, exports & tax receipts – top 3 firms accounted for 46% of all Corporation taxes in 2024.
- Reliant on UK/EU energy impots. Could be impacted by disruptions to European gas supplies, hybrid threats to infrastructure.
- Capacity constraints – labour, electricity, water, infrastructure, & housing.



* Apple, Microsoft, Eli Lilly, Meta, Alphabet, Pfizer, MSD, J&J, Coca Cola, AbbVie, Medtronic, Intel

US MNCs a large share of GDP/taxes but not jobs



- US MNCs directly employ a small (albeit a well-paid) cohort of the overall workforce of 350k (12% of all employment).
- However output/investment from these companies is vast, accounting for over 50% of turnover and GVA for Irish economy, and over 80% of exports
- Top 10 US firms accounted for 57% of Corp tax in 2024, with Top-3 (Apple, Microsoft, Eli Lilly) 46% of all Corp Tax

US a key trade partner in goods – pharma dominates



For the 17th year in a row



Surge in Irish exports to US is not just due to tariffs



For the 7th year in a row



Overall surge in goods exports in 2025 to US driven in part by tariff front running

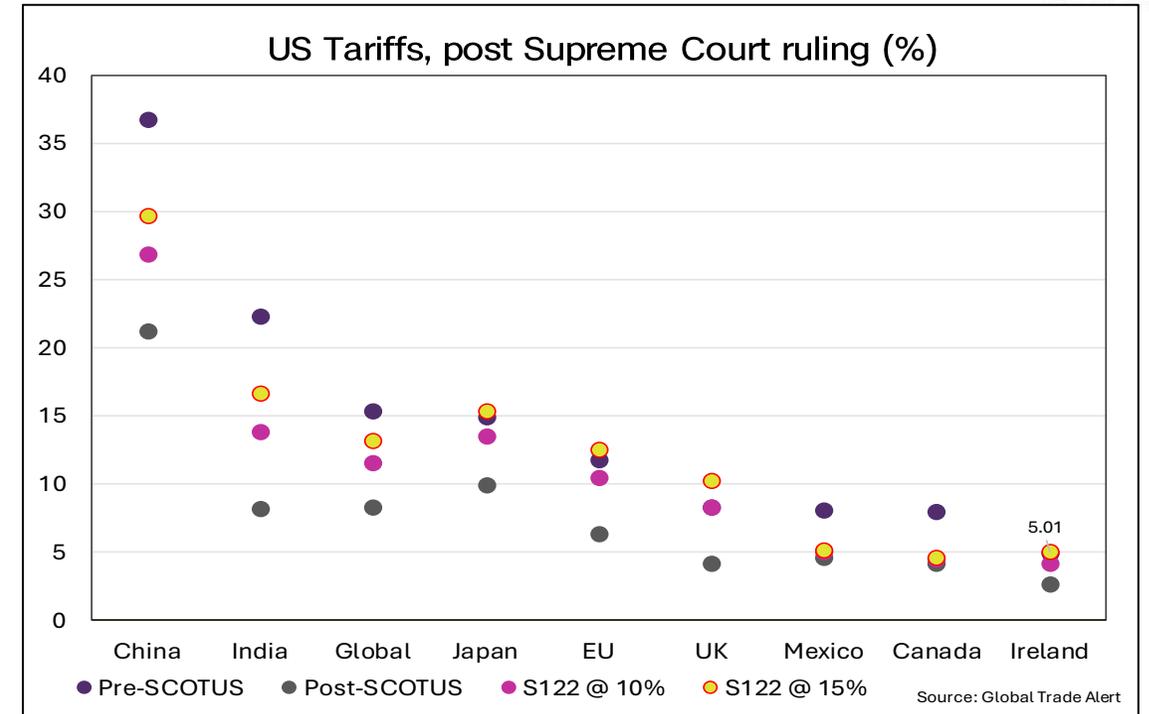
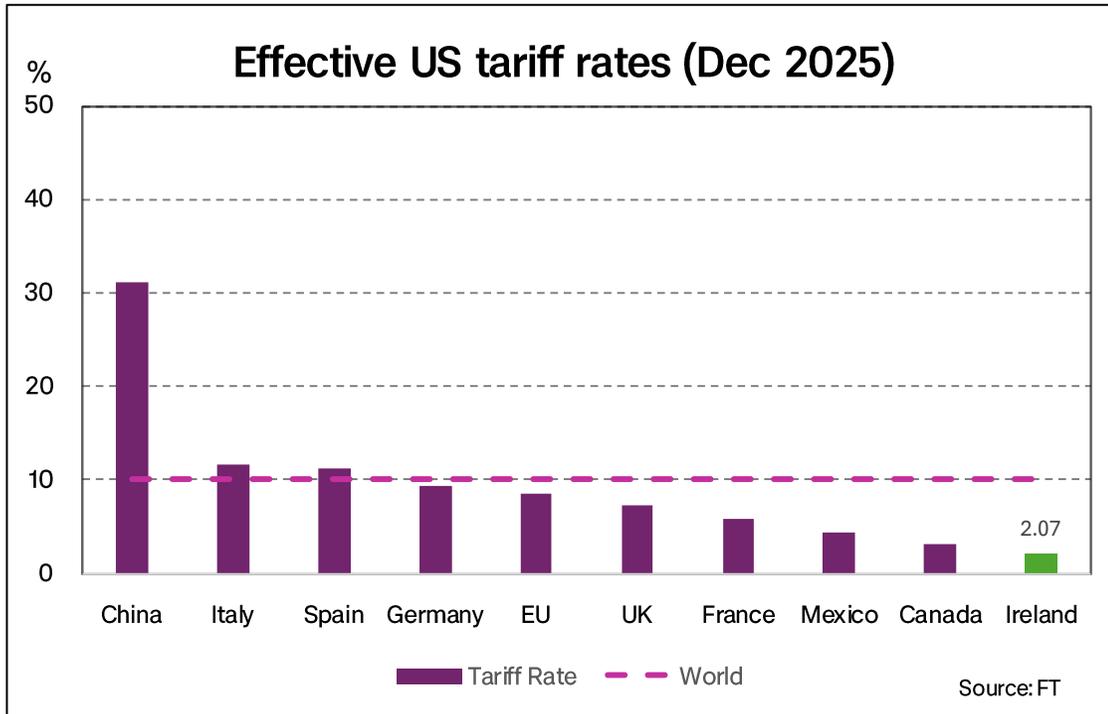
However, an additional key driver is the ramp up in production of weight-loss drugs (Eli Lilly), reflected in a surge in “organic chemicals” exports to the US

Source: Eurostat

Ireland avoids worst US tariffs, per pharma exemption



For the Pharma Sector

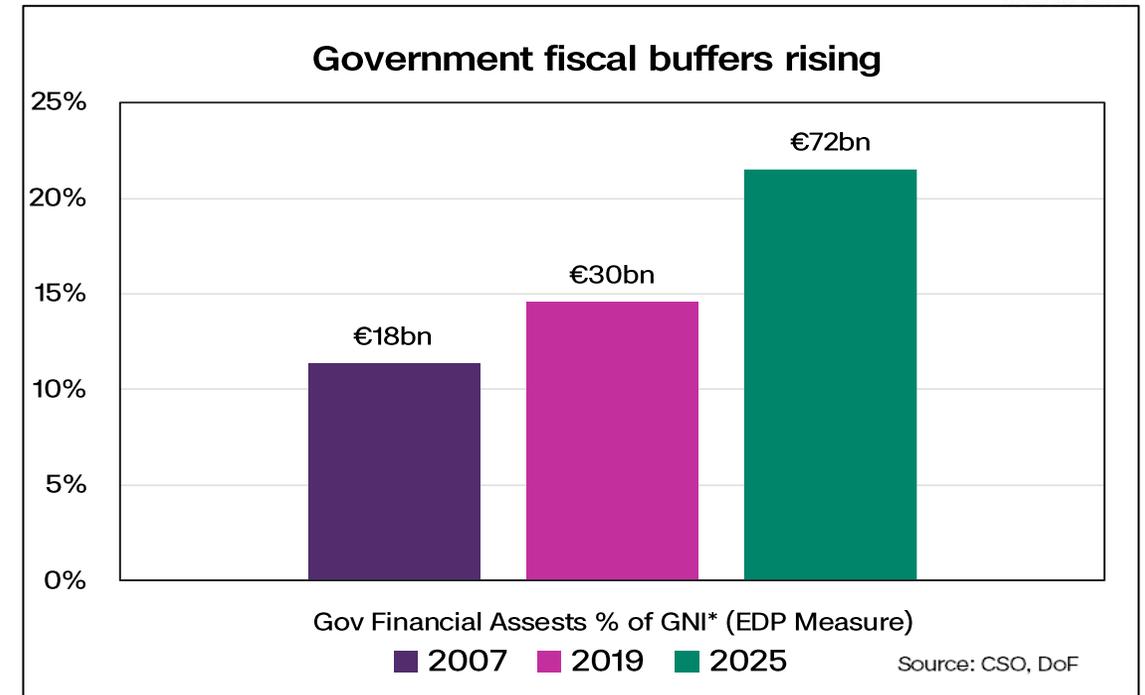
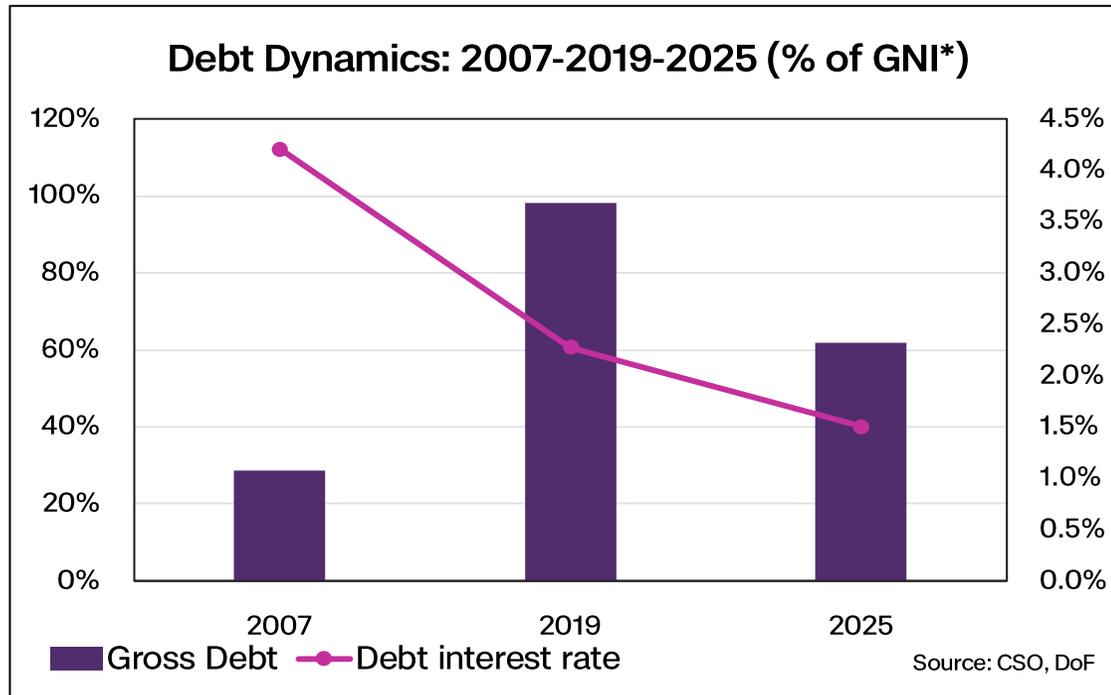


- Ireland has largely avoided US tariffs, given exemption for chemicals and pharma with EU-US trade agreement
- However, removal of IEEPA (reciprocal) tariffs by US Supreme Court adds uncertainty on future path. Ongoing US 'Section 232' investigation into pharma means risk of higher tariffs on Irish exports remains

Could the public finances weather an FDI shock?

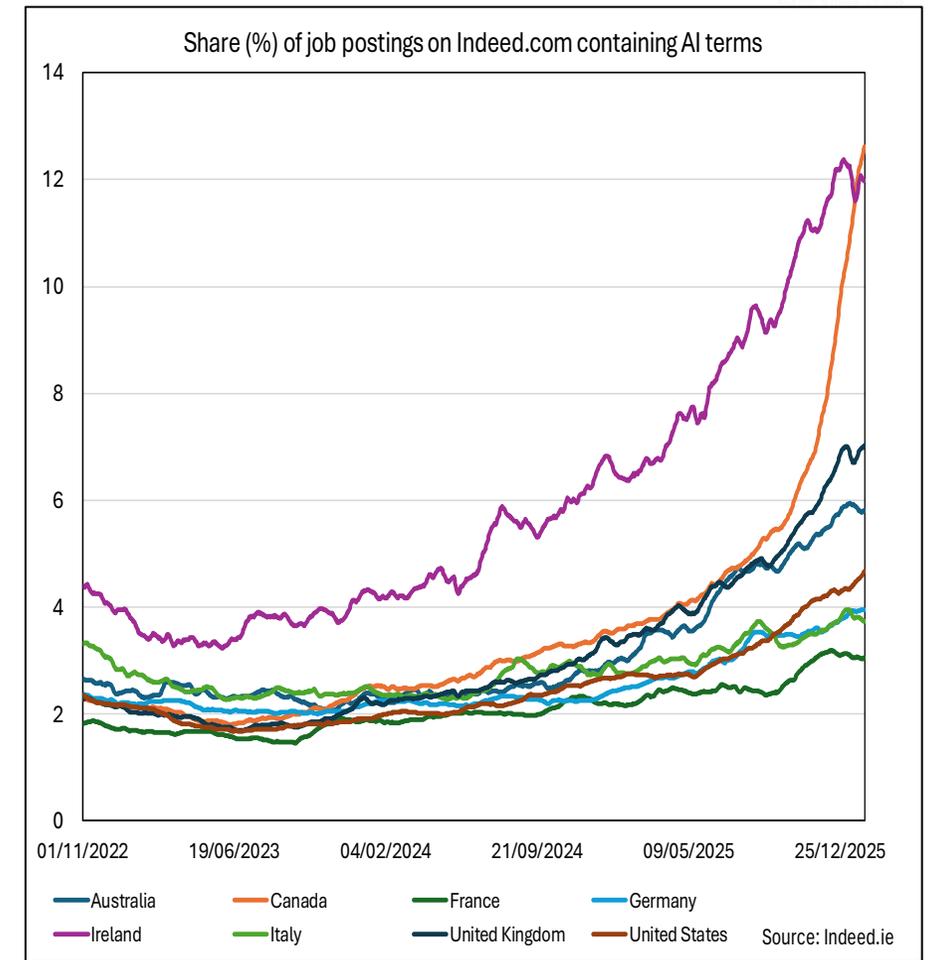
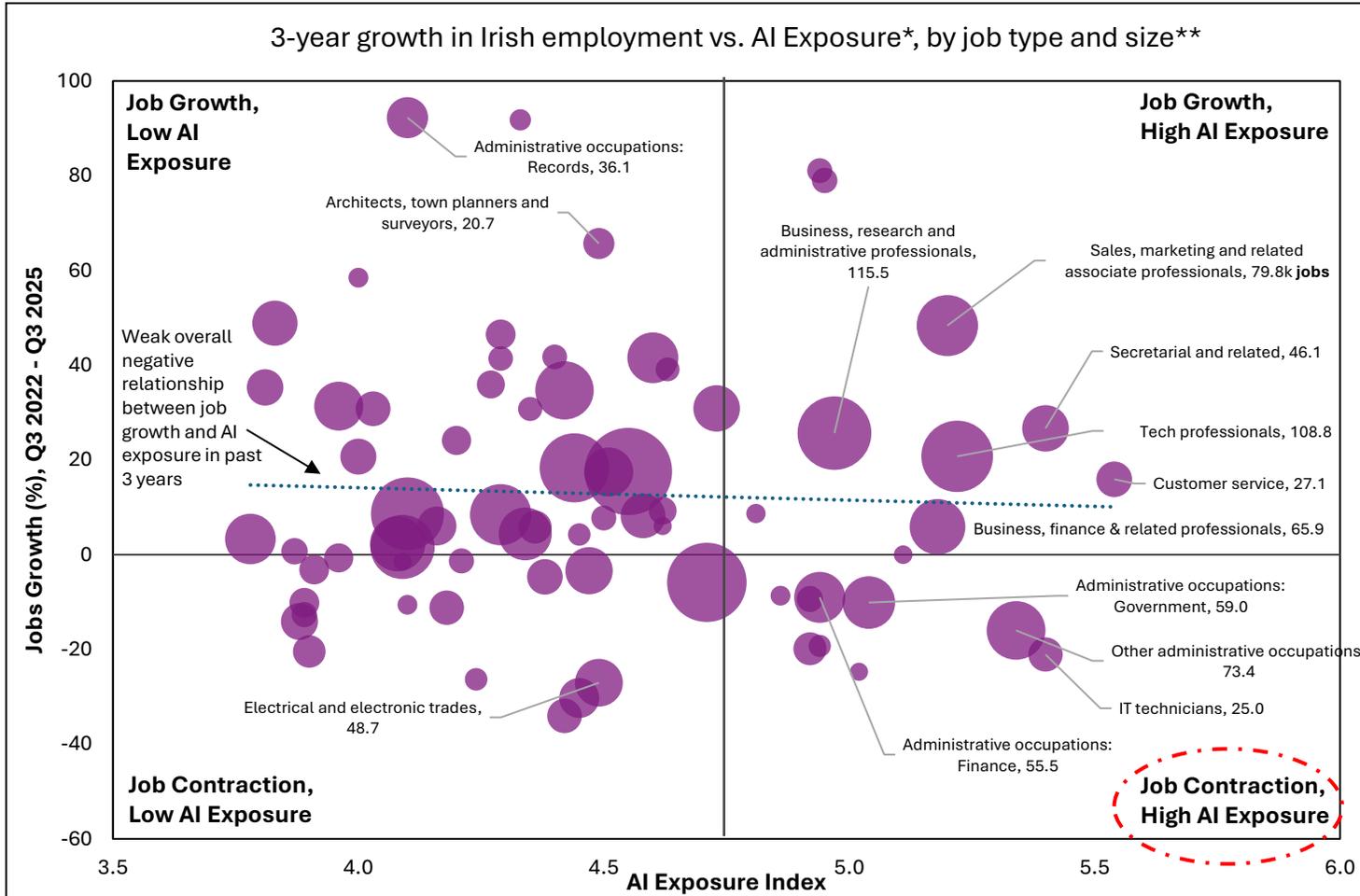


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- Stock of debt is higher than pre-GFC, but debt interest costs are much lower (c. 1.5% of GNI*)
- Gov. has built-up fiscal buffers – main financial assets were c.€60bn in 2024, set to rise to €72bn in 2025 (22% of GNI*)
- Sovereign wealth funds to grow in the coming years – Gov. should accelerate transfers from windfall CT receipts.
- Significant resilience also from high savings/low debt in the private sector, but Gov. could go further given FDI risks

AI complementary rather than job-replacing so far

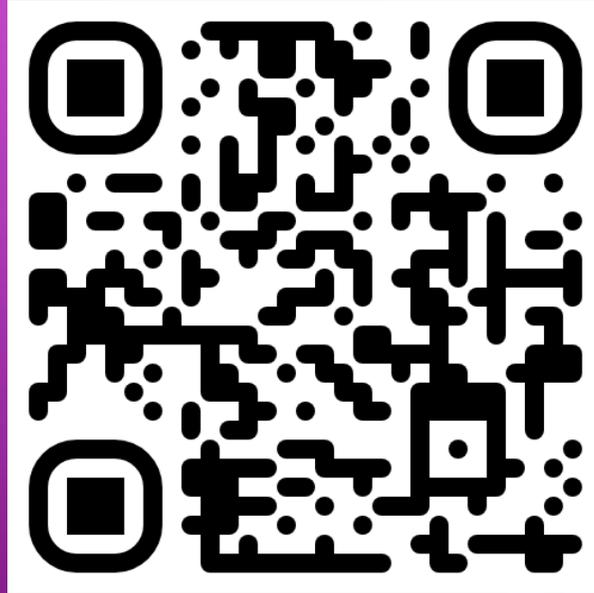


*AI exposure index based on methodology developed by Dept. of Finance in: Fitzgerald, Coates, Williamson, Gannon and Daly, (2024), [Artificial Intelligence: Friend or Foe?](#)

**Bubble size denotes size (in thousands) of employment base in Ireland (1-year avg. to Q3 2025) for each job type

Sources: AIB ERU, CSO, Dept of Finance

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→ aib.ie/investorrelations/economic-research

David McNamara
Chief Economist
david.g.mcnamara@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Daniel Noonan
Economist
daniel.x.noonan@aib.ie

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