InterTradeIreland

All-Island Business Monitor

Key Findings Report

Q4 2025

Foreword

InterTradeIreland's quarterly All-Island Business Monitor (AIBM) is the largest and most comprehensive business survey on the island, covering business owners' views from both Northern Ireland and Ireland. A robust sample of more than 750 telephone interviews are conducted each quarter from SMEs across a range of sectors.

With 16 years of data, the survey has a lengthy time series and tracks all-island economic indicators such as business performance, profitability, business challenges, sales, employment, cross-border trade activities and specific topical issues such as the Windsor Framework, supply chains and US tariffs on a quarterly basis.

This report presents key insights from business covering the period October - December 2025.

Martin Robinson
Director of Strategy, InterTradeIreland

The business base across the island enters 2026 resilient but cautious, operating with tighter margins, restrained hiring and a clear pivot toward consolidation over expansion.

Headline indicators across Ireland and Northern Ireland remain broadly positive in the final quarter of 2025, but momentum continues to ease. Global conditions are unsettled, cost pressures remain embedded, and demand signals are mixed although broadly stable. The latest survey results reflect this backdrop, with firms trading steadily but showing greater caution around growth, hiring and investment decisions, a posture increasingly shaped by cost inflation and rising uncertainty around future demand and margin strength.

That restraint is most evident in business aspirations for 2026. Almost seven in ten firms now prioritise maintaining current performance, a marked increase on last year, while ambitions to grow turnover, increase margins and expand employment have reduced sharply, resulting in a more measured expansion outlook for 2026. The strategic emphasis has shifted toward protecting the existing position rather than scaling activity.

This consolidation mindset is reinforced by financial and trading conditions. The majority of firms continue to operate profitably, and contraction levels remain low, yet margin resilience has narrowed, and financial headroom has tightened. Sales and employment are characterised more by continuity than acceleration, and expansion activity is concentrated among larger and trade-exposed firms rather than across the wider business base.

Taken together, the findings point to an operating environment defined by disciplined consolidation: businesses are steady but selective in investment, measured in hiring and focused first on resilience. Growth is being pursued mainly in larger, export orientated businesses.

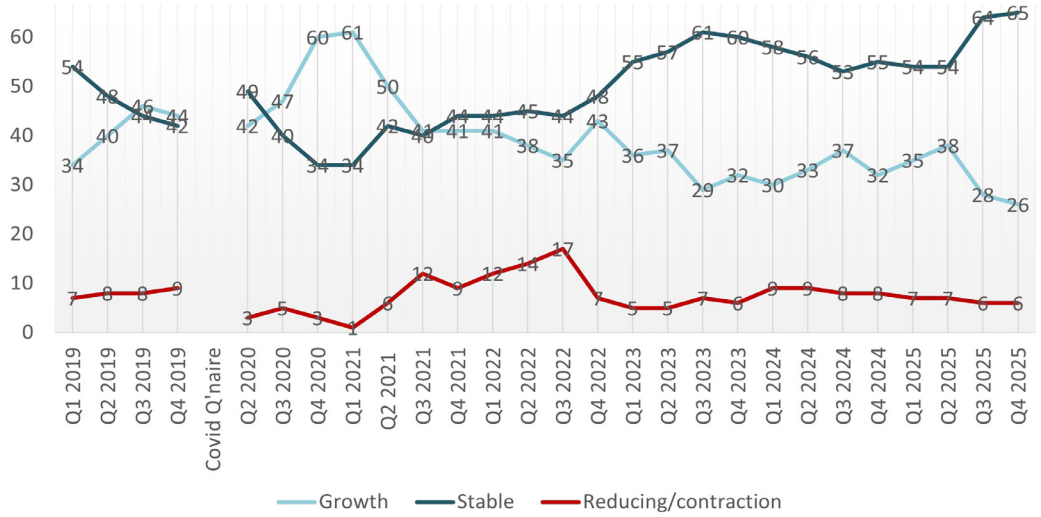
Maureen O'Reilly
Independent Economist

Business Performance

Stability strongly defines the business landscape, while growth presence continues to soften.

In Q4 2025, almost two-thirds of businesses (65%) report stable trading conditions, reinforcing stability as the dominant operating position and among the highest levels since 2018. 26% report growth — the lowest share since Q1 2018 and down from 32% in Q4 2024.

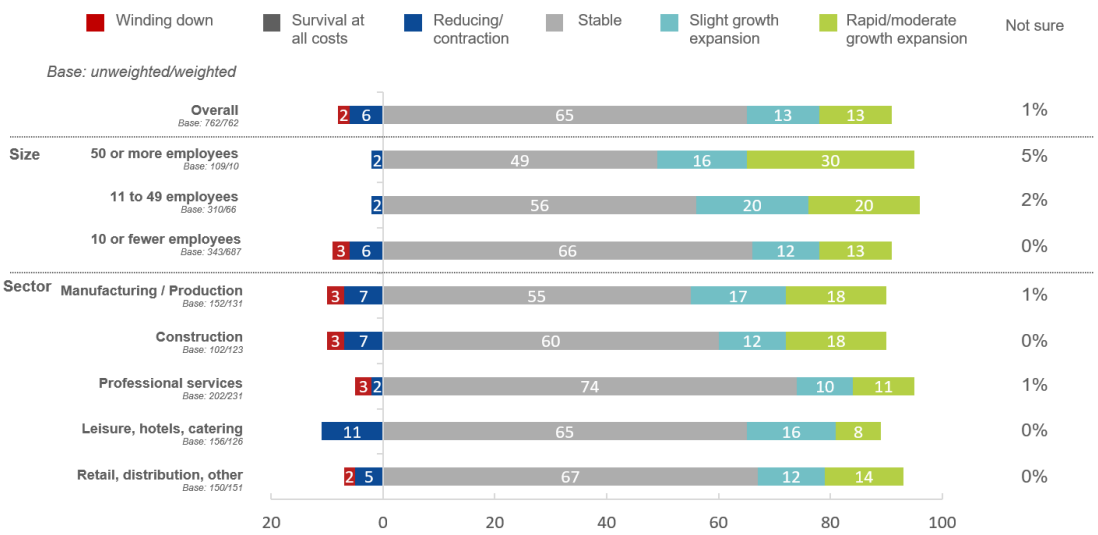
Business Position



Just 8% of firms report contraction. This remains within the high-single-digit to low-teens range observed since late 2022, indicating that distress levels continue to be contained. Year-on-year movements point to stability strengthening, while the share under pressure has eased.

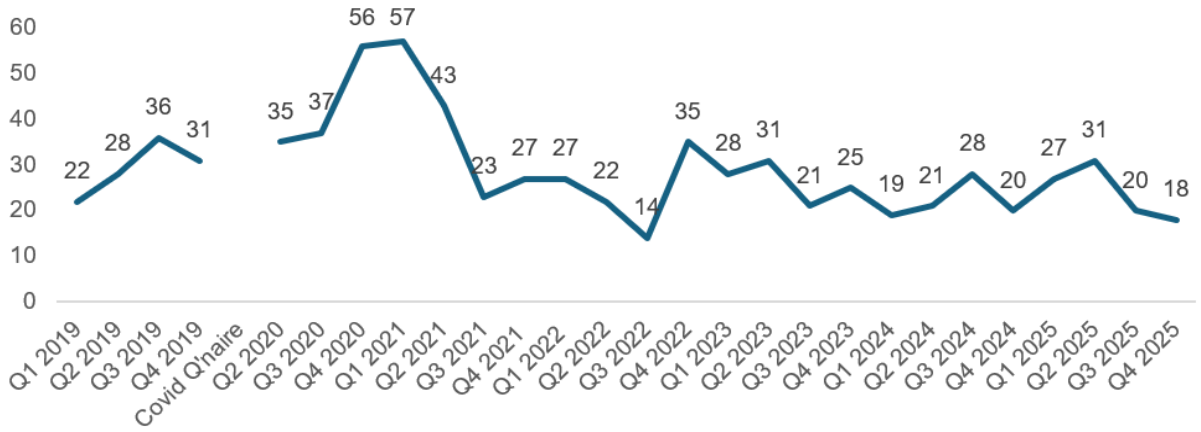
Performance patterns remain structurally consistent: growth is led by larger firms and internationally engaged businesses, while stability continues to characterise the broader business base.

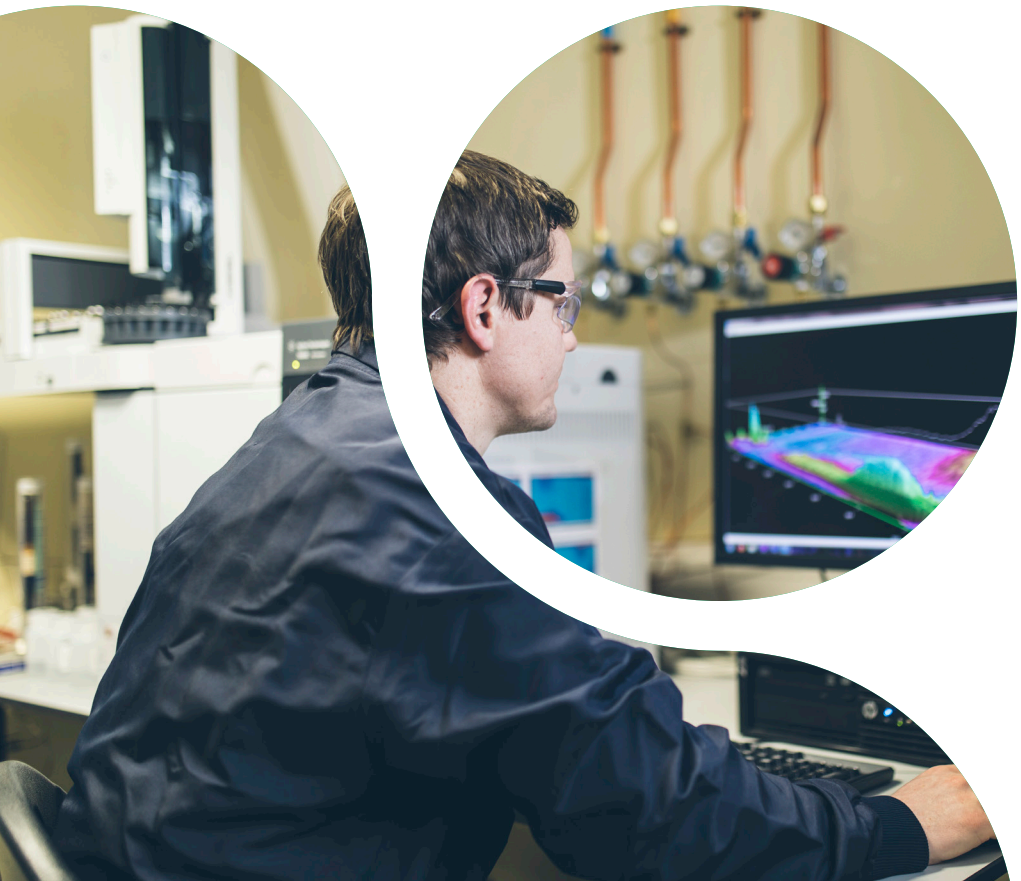
Business Performance: Size and Sector (Q4 2025)



Looking at the balance of businesses growing compared with those contracting, the Q4 2025 findings point to modest but positive momentum. The net balance stands at +18%, meaning more firms are expanding than shrinking. While this has fluctuated through 2024–2025, generally within the high-teens to high-20s range, recent movement reflects consolidation rather than deterioration.

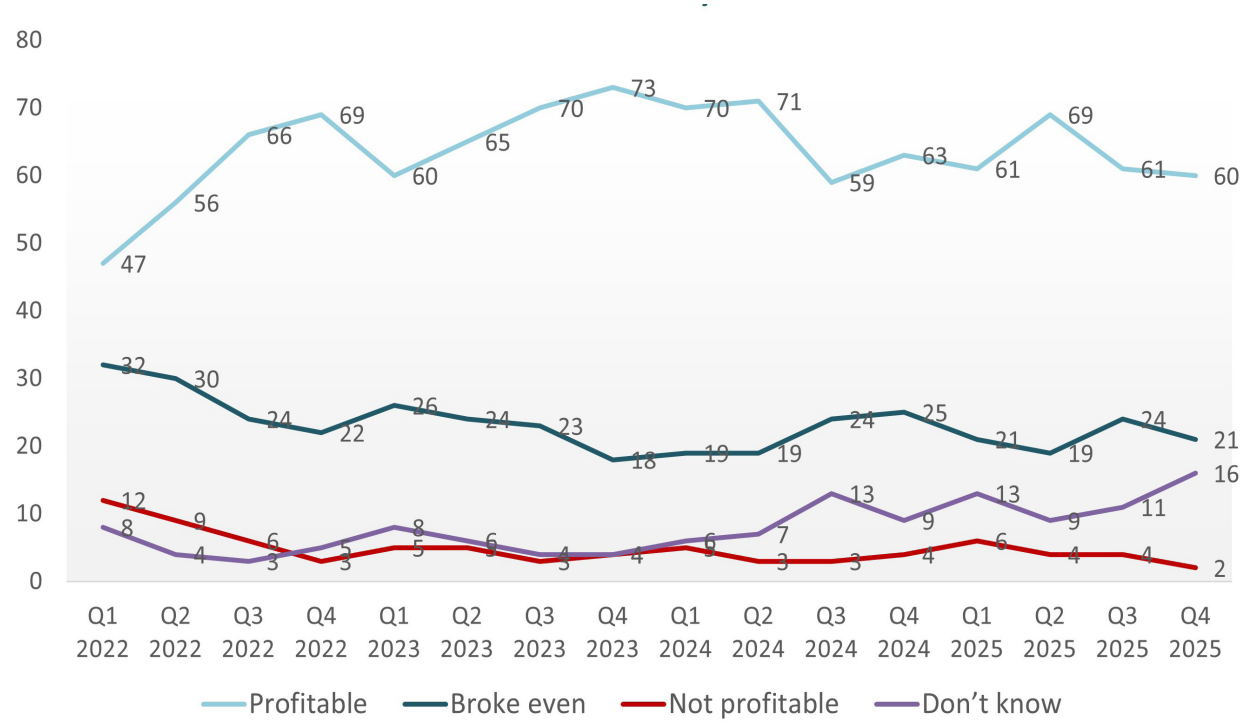
Net balance: businesses growing minus businesses contracting (2019–2025)





Profitability

Profitability still dominates, but momentum has stalled as margin resilience narrows, and uncertainty rises.



60% of firms report being profitable in Q4 2025, reinforcing profitability as the largest financial position across the business base with 14% describing themselves as very profitable. 21% are breaking even, while just 2% report being unprofitable, indicating limited acute financial distress.

Quarter-on-quarter, there has been a reshaping within profitability: the share describing themselves as very profitable has increased, offset by a decline in mid-tier profitability. Overall profitability edged down marginally (-1 point), reflecting internal recalibration rather than deterioration.

On a four-quarter average basis, profitability is around 3 points lower than 2024, signalling modest softening rather than structural weakening.

Rising uncertainty is now a more visible feature with 16% of firms now report uncertainty around their profitability position, and this share has increased over recent quarters. This suggests that while outright losses remain limited, visibility around margins and future performance has weakened.

Uncertainty is most pronounced in consumer-facing sectors, reaching 23% in hospitality, pointing to more volatile trading conditions.

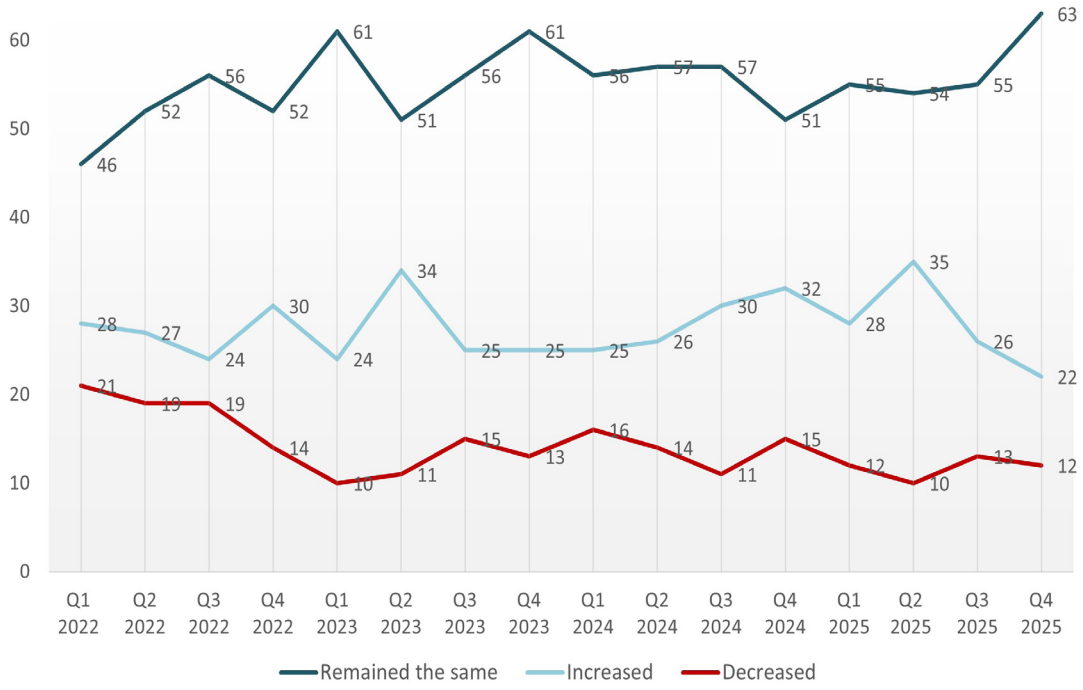
Structural resilience remains uneven:

- 70% of larger firms are profitable, compared with 60% overall.
- 67% of exporters and 65% of cross-border traders report profitability.
- 27% of larger firms report margins above 10% (vs 23% overall), with exporters and cross-border firms showing similarly stronger margin attainment.

The picture is not one of financial stress, but of cautious consolidation: profitability remains widespread, losses are low, but confidence around margin strength is less assured than a year ago.

Sales performance in Q4 2025

Stable trading conditions dominate long-term sales performance, with growth episodic rather than sustained and the lowest recorded since the post-COVID rebound period.



In Q4 2025, almost two-thirds of firms (63%) report that sales have remained unchanged over the past three months, reinforcing stability as the dominant trading position. 22% report sales growth, while 12% report declines. The % reporting sales growth is at its lowest since the post-COVID period.

Quarter-on-quarter, growth has softened while stability has increased, pointing to consolidation rather than demand acceleration in the latter part of the year. The share of business reporting falling sales remains relatively contained and broadly in line with recent periods.

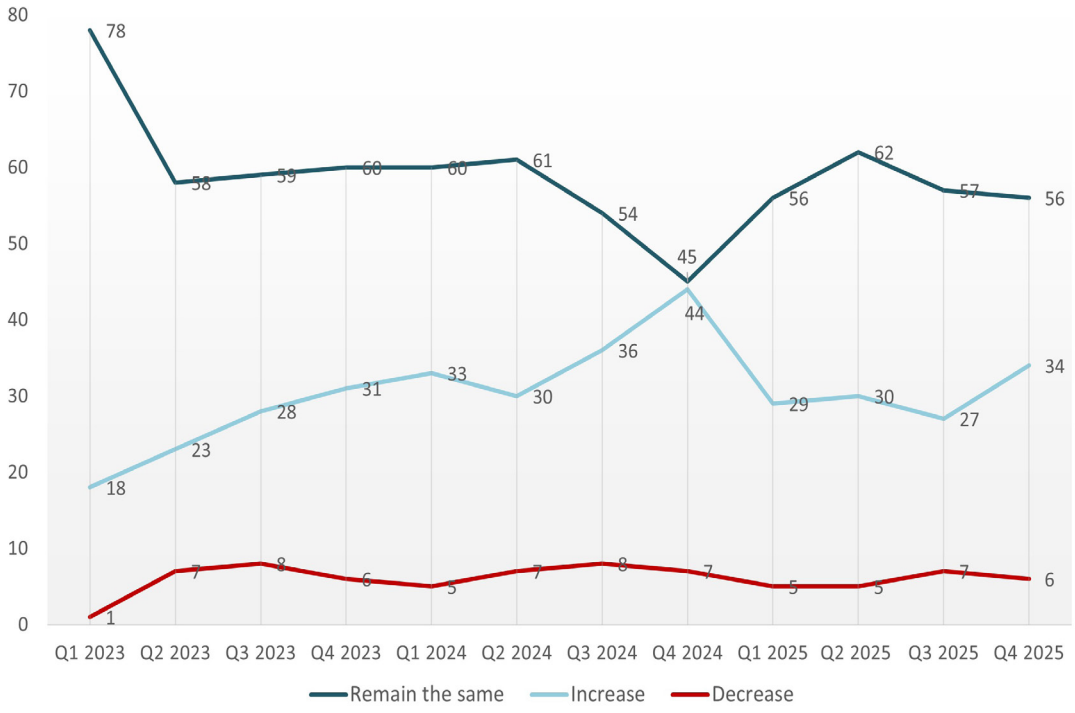
Looking across the time series, sales growth has fluctuated through the mid-20s to mid-30s range in recent years but has eased back in the latest quarter, while stability has moved upward to one of its highest points in the series. This suggests firms are maintaining trading levels rather than expanding them.

Sales growth is led by larger, internationally engaged firms and production sectors while much of the wider business base remains in holding mode.

Overall, the current sales environment is characterised by steady demand conditions, stable rather than expansionary. There is limited evidence of widespread contraction, but equally little sign of accelerating momentum. This points to steady demand conditions rather than a weakening trading environment.

Sales Forecast

Sales expectations edged up in Q4 2025 but remain anchored in flat trading conditions.



Over half of firms (56%) expect sales to remain unchanged over the next six months, reinforcing stability as the dominant forward view. 34% anticipate growth, up quarter-on-quarter, while just 6% expect a decline.

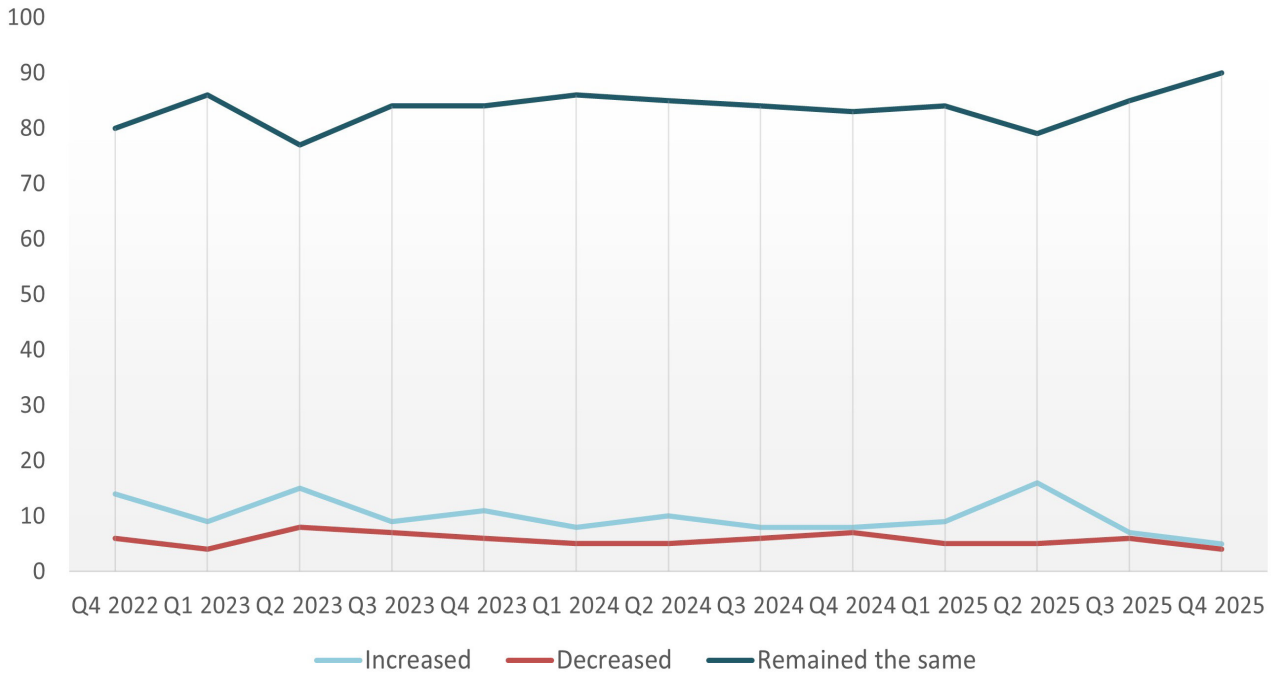
While optimism has improved from earlier in 2025, expectations remain below the peaks seen in 2024, indicating a more cautious demand outlook. As with recent performance, the forecast picture points to steady trading conditions rather than a decisive acceleration in sales momentum.



Employment

Workforce levels remain firmly held, with hiring at its lowest level since the post-COVID rebound period.

Over the past quarter has your number of employees increased, decreased or remained the same? All businesses 2022 - 2025



In Q4 2025, around 90% of firms report no change in staffing over the past three months, one of the highest stability readings in the series. Just 5% increased employment, while 4% reduced headcount, indicating very limited workforce churn.

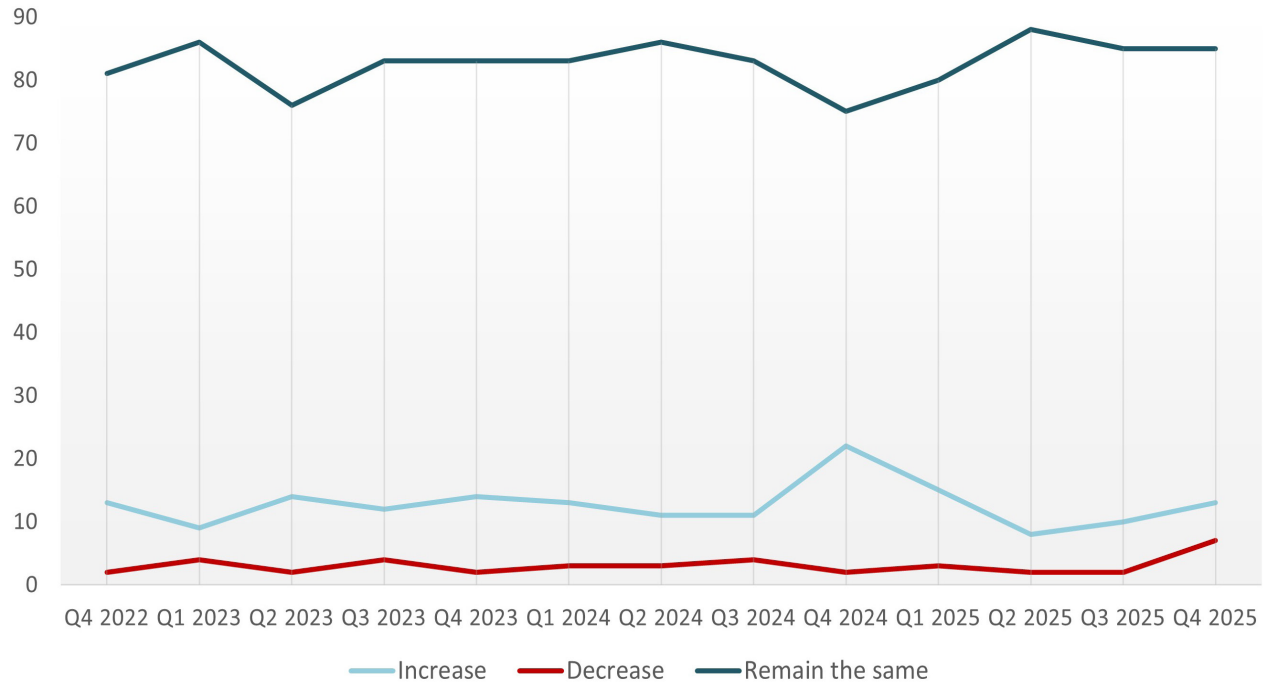
Quarter-on-quarter, both hiring and reductions eased slightly, reinforcing the shift toward greater employment stability rather than signalling momentum in either direction.

Overall, the labour market picture across the business base is steady but subdued, characterised by labour retention rather than expansion, with little evidence of widespread workforce pressure or acceleration in hiring.

Employment Intentions

Hiring expectations exceed recent workforce growth but show no sign of acceleration.

Looking ahead to the next 6 months do you expect your number of employees increased, decreased or remained the same? All businesses 2022 - 2025



Over the next six months, most firms (c.85%) expect employment levels to remain unchanged. Around 13% anticipate increasing staffing, while 6% expect reductions.

Quarter-on-quarter, hiring expectations have edged up, reversing some of the softening seen earlier in the year. However, the forward picture remains stability-led, with expansion plans concentrated among a relatively small share of firms.

Notably, hiring intent continues to run ahead of realised workforce growth. While 13% expect to increase employment, only around 5% reported doing so in the last three months, reinforcing the gap between workforce plans and actual hiring activity. On an annual average basis, expectations across 2025 remain broadly in line with 2024 levels, pointing to steady but unspectacular labour demand.

Workforce expansion plans are strongest in hospitality and construction, and among larger and internationally engaged firms. However, most businesses remain in labour retention mode.

Challenges Facing Business



Rising energy costs

56%



Rising cost of other overheads

42%



Late payments from customers

19%



Difficulties recruiting skills

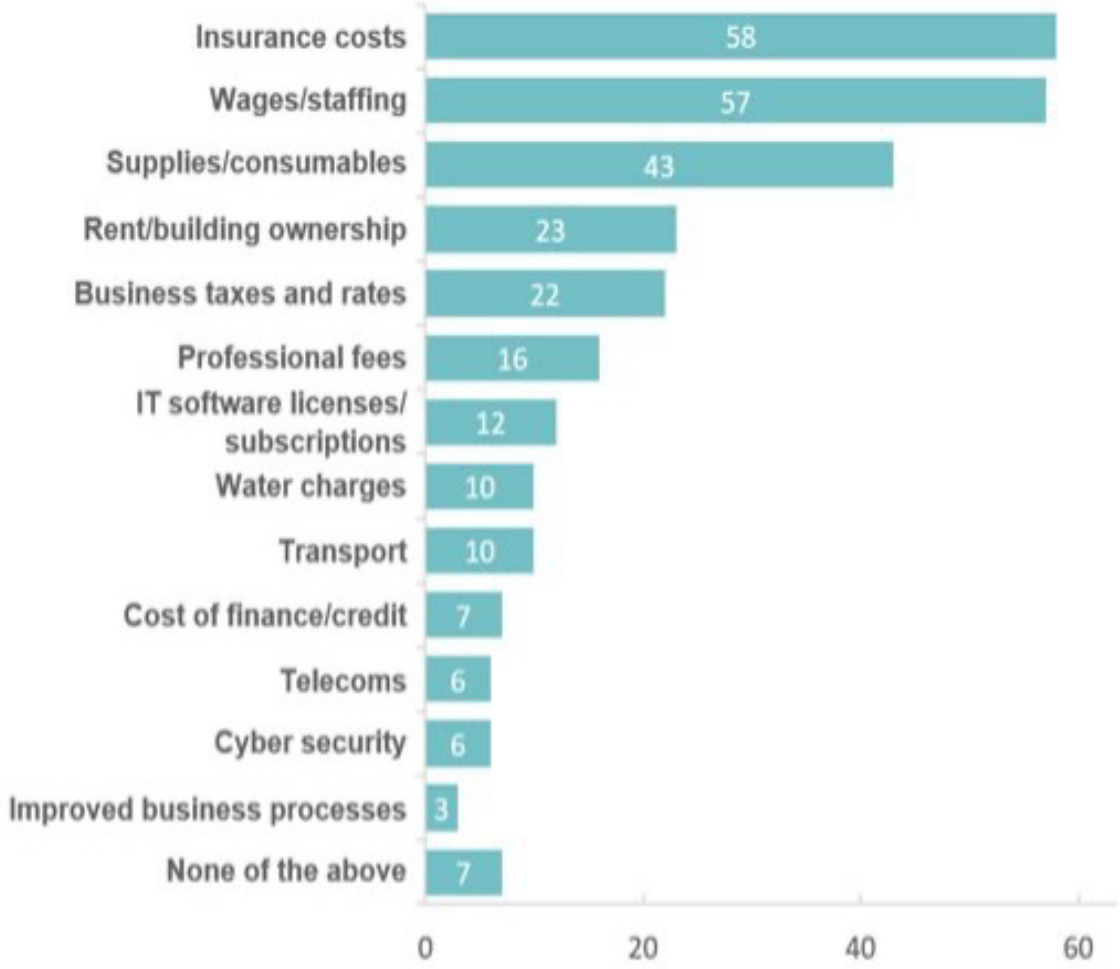
31%



Difficulties recruiting people

27%

Cost of other overheads: main concerns



Business challenges remain heavily cost-led, reinforcing a cautious operating environment.

Rising energy costs continue to dominate, cited by 56% of firms, followed by increases in other overheads (42%). These overhead pressures are driven in particular by wage and insurance costs, both of which remain elevated across the business base.

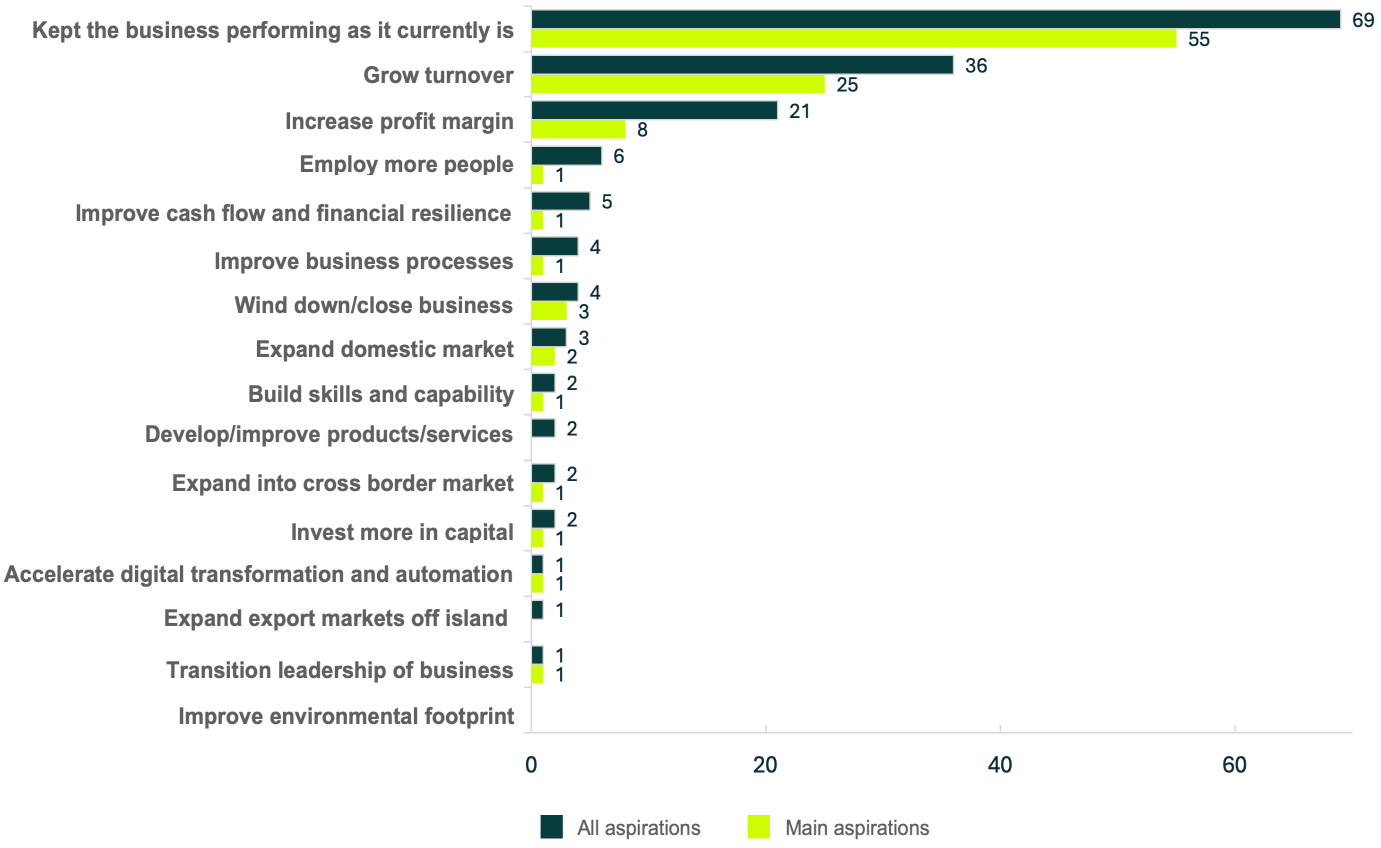
Labour availability forms the second tier of constraint, with 31% reporting skills shortages and 27% difficulty recruiting people, even as overall hiring activity remains subdued.

By contrast, financial stress and demand weakness are less widespread. 16% cite reduced demand, 12% cash flow pressure, and just 3% access to finance — indicating that the challenge environment is shaped more by cost inflation and labour constraints than by liquidity or credit risk.

Overall, firms are managing higher operating costs rather than facing a broad-based financial squeeze — but those cost pressures continue to weigh on margins, hiring appetite and growth ambition.

2026 Business Aspirations

2026 priorities centre on protecting performance rather than scaling activity



The dominant priority for the year ahead is maintaining current performance. Almost seven in ten firms (69%) cite keeping the business performing as it is as an aspiration, with 55% identifying this as their main ambition. This marks a clear positioning of operational continuity as the central planning focus.

Growth ambitions remain present but secondary. 36% of firms aim to grow turnover (25% as their primary goal), while fewer prioritise profit margin expansion or workforce growth, signalling a more cautious, consolidation-led strategic stance as businesses look ahead to 2026.

2025 - 2026 Business Aspiration Comparison

Business ambition has pivoted sharply toward consolidation and protection within a single year.

Business Aspirations: 2026 Compared to 2025

Aspiration	2026	2025	% pt. change
Keep the business performing as it currently is	69%	60%	-9%
Grow turnover	36%	41%	-5%
Increase profit margin	21%	30%	-9%
Employ more people	6%	20%	-14%
Improve cash flow and financial resilience	5%	n/a	
Improve business processes and productivity	4%	14%	-10%
Wind down or close the business	4%	3%	1%
Expand domestic market presence	3%	13%	-10%
Build skills and capability (including training and flexible skills)	2%	5%	-3%
Develop or improve products/services	2%	9%	-7%
Expand into cross-border market (NI/IE as applicable)	2%	6%	-4%
Invest more in capital (buildings/equipment)	2%	8%	-6%
Accelerate digital transformation and automation	1%	n/a	
Expand into export market(s) off island	1%	3%	-2%
Transition leadership or ownership of the business	1%	0%	1%
Improve environmental footprint	0%	4%	-4%

The most pronounced movement is the rise in firms prioritising stability. The share aiming to keep the business performing as it currently is has increased to 69%, up 9 percentage points on 2025, reinforcing operational continuity as the dominant strategic focus.

By contrast, expansion ambitions have reduced across most measures. The proportion seeking to grow turnover has fallen to 36% (-5 pts), while ambitions to increase profit margins have declined more sharply to 21% (-9 pts). Workforce expansion has seen the steepest pullback, with just 6% aiming to employ more people, down 14 points year-on-year.

Investment and transformation priorities have also receded. Fewer firms are focused on improving productivity (-10 pts), expanding domestic presence (-10 pts), developing products and services (-7 pts), or investing in capital (-6 pts). Trade expansion ambitions have similarly eased.

Only a small number of areas show any increase, most notably a marginal rise in firms considering winding down or ownership transition, though these remain low in absolute terms.

Overall, the aspiration profile signals a business base re-orienting away from expansion and toward resilience: protecting current performance first, with selective and more cautious growth ambition sitting behind it.

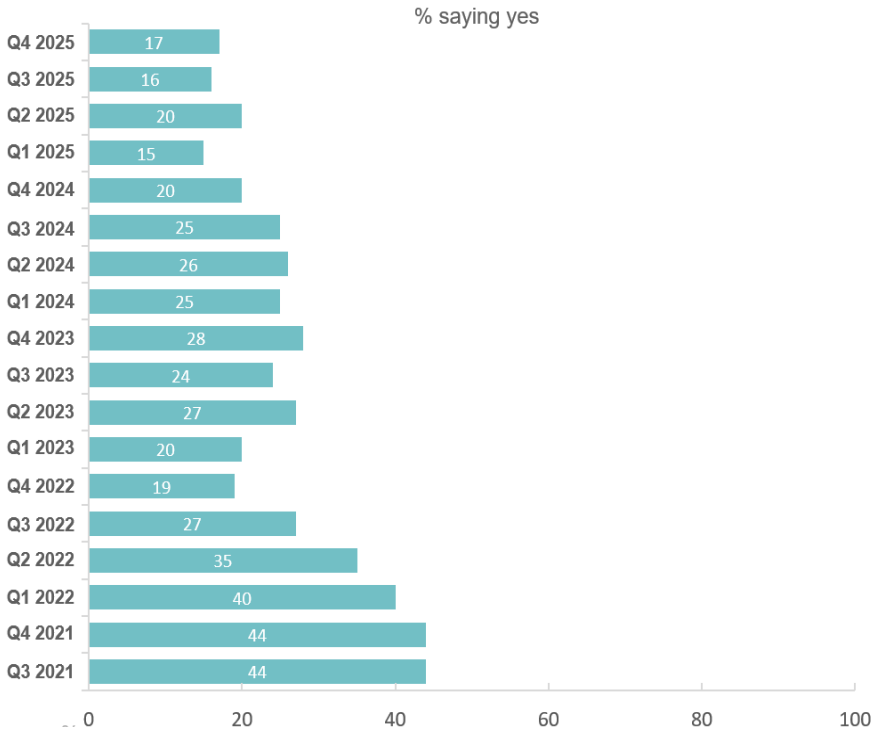
UK EU Exit & Windsor Framework

Impacts are limited and stabilising, concentrated among goods-trading and cross-border firms.

Brexit adaptation has moved beyond the transition phase for most firms. Around one third are now fully or largely adapted, while around 15% remain unadapted and half report no direct exposure to Brexit-related changes.

Ongoing impact is now limited. 17% of firms say they remain affected, down from around 40% in early 2022, indicating that Brexit is no longer a widespread business pressure.

Does your business remain impacted by Brexit?



Where impacts persist, they are concentrated among internationally exposed firms, particularly cross-border traders (38%), exporters (36%) and manufacturers (20%), rather than the domestically focused business base.

A geographic differential also remains, with 21% of Northern Ireland firms reporting ongoing impact compared with 15% in Ireland.

The findings suggest that there is limited overall impact from the Windsor Framework, with effects concentrated in goods-trading sectors. Awareness remains relatively low across the wider business base. Over half of firms report no knowledge of the Windsor Framework, with familiarity largely confined to Northern Ireland, exporters and goods-trading businesses.

Operational impacts are now limited. In Q4 2025, small minorities report effects on export processes (11%), supply chains (9%) or certification requirements (8%), down substantially from the higher levels seen during the initial implementation period.

In growth terms, the Windsor Framework is largely seen as neutral. 71% report no effect on growth, while 9% say it is limiting growth and just 2% see it as supportive. Constraint is more evident in Northern Ireland and among exporters and cross-border firms.

Very few businesses expect goods to be classified as “at risk” (4% overall), though exposure is higher among manufacturers and exporters along with Northern Ireland based businesses (7% NI vs. 2% IE).

Supply Chains

Supply chains have stabilised, with disruption now limited and concentrated.

Sourcing pressures have eased materially. Just 5% of firms report difficulties accessing products or services (8% in Northern Ireland; 3% in Ireland), meaning 95% are operating without disruption. This marks a clear shift from the reconfiguration phase of recent years toward established, functioning supply routes.

Where pressures persist, they are highly concentrated. Labour availability is now the primary constraint, cited by 28% of affected firms, particularly in construction and hospitality. Industrial inputs such as metals, electronics and machinery form a secondary tier of pressure, largely confined to manufacturing and production-linked sectors.

Cross-border sourcing is established but not universal: 22% of Ireland firms and 28% of Northern Ireland firms source goods or services across the border. Northern Ireland supply chains are more externally networked, with 32% sourcing from Great Britain alongside cross-border partners. By contrast, firms in Ireland remain more domestically anchored, with 64% reporting no external sourcing, compared with 52% in Northern Ireland.

On-island flexibility remains significant. 62% of Northern Ireland firms and 38% of Ireland firms indicate that inputs could be sourced cross-border or elsewhere on the island if required. Trade exposure deepens supply reach, with exporters and cross-border traders operating more geographically diverse sourcing models.

Overall, supply chains are functioning and largely resilient. Disruption is no longer widespread, but where pressures do arise, they are concentrated in labour-intensive and production-focused sectors.

US Tariffs

US tariff exposure remains low and narrowing, concentrated among internationally trading and manufacturing firms.

In Q4 2025, just 6% of firms report direct exposure to US tariffs, down sharply from 14% in Q1. At the same time, 91% say they are not exposed, with uncertainty falling to just 2%, indicating growing clarity and a limited sense of economy-wide risk.

Exposure is concentrated among internationally active firms. 14% of exporters and 15% of firms with cross-border sales report exposure, compared with just 4% of non-traders. Sectorally, manufacturing records the highest exposure at 19%, while construction (6%), professional services (5%), hospitality (4%) and retail (1%) remain largely unaffected.

Where exposure exists, it is primarily supply chain-led rather than purely export-driven. Among affected firms, 47% cite direct or indirect sourcing from US companies, 35% export to the US, and 41% reference broader economic or trade effects.

Concern levels are correspondingly low. 80% of firms report no concerns, up from earlier in the year. The most cited risks relate to input cost pressures (8%) and economic uncertainty (8%), rather than direct trade disruption.

Role of Cross-Border Trade

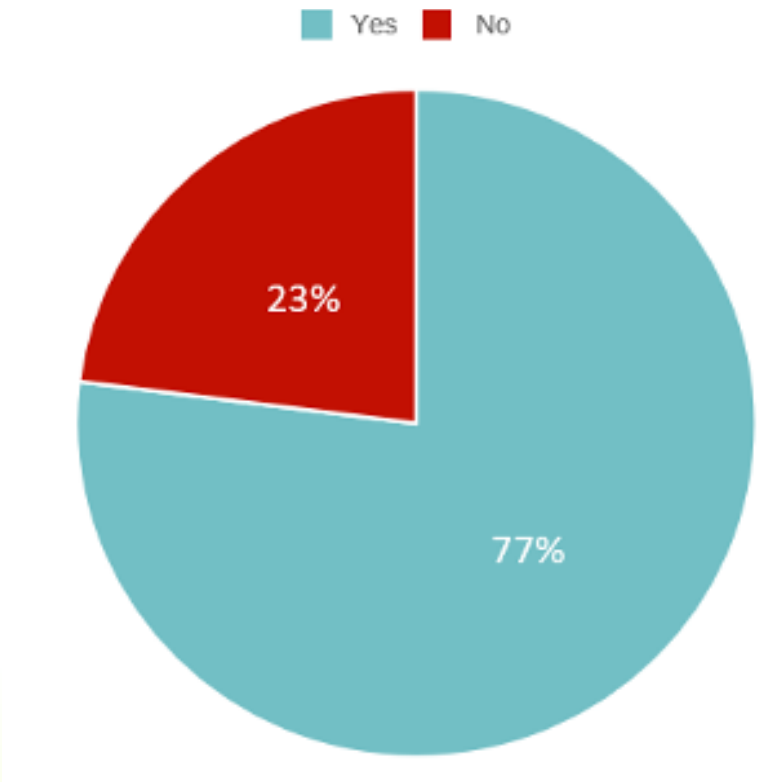
Cross-border trade remains a critical enabler of export capability and international market development.

For many firms, it serves as the first step beyond domestic trading: 44% engaged in cross-border trade before exporting more widely, while 24% began both simultaneously, reinforcing its role as a gateway to international markets.

The business value is clear. 53% say cross-border trade has been extremely valuable overall, with minimal reports of limited benefit. It also plays an important capability-building role, with around one-third saying it has helped "to a great extent" in strengthening confidence, communication, negotiation and resilience.

Operational readiness improves alongside this experience. Between 27% and 30% report strong impacts on logistics, compliance and customs understanding, all core foundations for scaling export activity.

Would you recommend cross-border trading as a stepping-stone to trading further afield?



Reflecting this combined commercial and capability value, 77% would recommend cross-border trade as a stepping stone to exporting further afield.

NI - IE Comparison

2026 aspirations reflect shared caution, with Ireland more continuity-led and Northern Ireland more expansion-leaning.

Overall business conditions remain stable and resilient across both jurisdictions. Contraction levels are low (around 6% in both markets), recent sales growth is identical (22%), and employment activity is highly static, with around nine in ten firms reporting no workforce change. Profitability remains the dominant financial position in both markets, with only small minorities reporting losses.

Cost pressures are widespread, particularly energy and overhead inflation. Brexit disruption has eased materially, with most firms now reporting no direct impact (79% Northern Ireland / 85% Ireland).

Performance is therefore broadly aligned. However, differences emerge in financial depth and external orientation.

Ireland shows somewhat stronger profitability intensity, with 62% of firms profitable compared with 56% in Northern Ireland, and a slightly smaller share operating close to break even.

Northern Ireland, by contrast, displays a more expansion-oriented profile. A higher share of firms reports growth (30% vs 25% in Ireland), while Ireland's business base is more stability-weighted (67% stable vs 60% in Northern Ireland).

These contrasts are reinforced by trade exposure. Northern Ireland firms are more export-active and cross-border integrated, and Brexit and Windsor Framework operational effects, including export processes, supply chains and certification requirements, remain more visible (affecting roughly 15%–16% in Northern Ireland vs 5%–9% in Ireland). Supply chains in Northern Ireland are also more GB-linked, whereas Ireland firms are more domestically and EU-oriented.

Looking ahead to 2026, aspirations reflect these underlying positions. Firms in both markets prioritise maintaining current performance, but this is more pronounced in Ireland (72% vs 63% in Northern Ireland). Northern Ireland businesses show a modestly stronger tilt toward turnover growth, hiring and business strengthening, indicating a more expansion-leaning though still cautious outlook.

Overall, both jurisdictions are operating from a position of stability. Ireland reflects slightly stronger margin comfort and a more consolidation-led stance, while Northern Ireland combines similar underlying resilience with greater trade exposure and a somewhat stronger growth orientation.



SUMMARY OF Q4 2025 FINDINGS

Overall, the business base is operating from a position of resilience rather than momentum — stable, largely profitable and outward-looking, but cautious in hiring, capital and expansion decisions.

The prevailing condition is one of disciplined consolidation: protecting performance, managing cost and selectively pursuing growth where market exposure and capability allow.

In summary:

- Stability has become structural - continuity is now shaping business decision-making rather than acting as a temporary holding pattern.
- Expansion exists - but within a narrow cohort concentrated among larger, mid-sized and trade-exposed firms rather than across the wider business base.
- Profitability remains positive but is tightening at the margins - with margin compression and softer outlooks signaling financial caution rather than distress.
- Demand conditions are steady, not accelerating - sales performance is anchored in “no change” trading, with forward optimism present but not translating into broad-based expansion.
- Brexit impacts have narrowed but have not disappeared.
- Workforce strategies reflect cost control - hiring appetite remains limited even where growth is expected, although skills availability continues to act as a constraint on workforce development.
- Exporters and cross-border traders out-perform - showing stronger performance and outlooks, reinforcing market diversification as a driver of resilience.
- Supply chains have stabilised but remain strategically active - disruption has eased, yet firms continue to adapt sourcing, logistics and cross-border linkages.
- A consolidation mindset is now embedded - investment, hiring and expansion ambitions have cooled as firms prioritise resilience, cost management and protecting their existing position.

METHODOLOGY

The InterTradeIreland All Island Business Monitor is a business sentiment survey that has run for over 15 years, is unique in scope, scale and regularity and has helped to fill a void in All-Island economic intelligence.

The original objectives of the AIBM survey, are still relevant today: to act as a topical indicator of business confidence, cross-border trade and business activity across the island of Ireland; and to act as an evidence base on a variety of themes of interest to business and policy makers, themes on which InterTradeIreland can build future initiatives,

Circa 750 telephone interviews are conducted with businesses across the island each quarter. The sample is structured to allow sub-analysis by location, sector, size, and export/cross-border activity and data is weighted by size and region to be representative of the number of enterprises.

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