

Q2'25

**iSME**  
Irish SME Association

# ISME Q2 TRENDS REPORT 2025

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## Introduction: Q2'2025 Trends Report

This survey was published in the fourth week of June 2025 with 132 SME respondents and covers the second quarter of 2025. Of those surveyed the employee breakdown is as follows:

- 1-10 41%
- 11-20 20%
- 21-30 14%
- 31-50 14%
- 100+ 7%
- Other 5%

Geographically, the breakdown is as follows:

- Dublin 30%
- Leinster (Except Dublin) 25%
- Munster 23%
- Connaught 10%
- Ulster 4%
- Multiple sites 7%
- Other 2%

The Sectorial breakdown:

- Manufacturing 17%
- Services 17%
- IT/Online Services 5%
- Wholesale 3%
- Retail 14%
- Construction 8%
- Transport & Logistics 5%
- Hospitality 15%
- Food & Drink Production 3%
- Health Sector 2%
- Agriculture 0%
- Other (Please specify) 12%

## Overall Confidence Indicators:

The Q2'25 Business Trends Quarterly survey showed 6 out of 14 confidence indicators yielding declining results.

KEY INDICATORS OVERALL	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q2'25
Business Confidence	-20%	17%	-14%	-13%	4%	-30%	-52%	-35%	-39%	-25%	-37%
Business Expectations	-35%	14%	-18%	-9%	2%	-22%	-19%	-22%	-29%	-17%	-31%
Business Environment	33%	38%	31%	48%	38%	10%	-8%	-10%	0%	9%	9%
Profitability Expectations	25%	43%	25%	28%	28%	22%	11%	21%	17%	19%	21%
Current Employment	13%	12%	19%	14%	25%	14%	1%	1%	-1%	3%	4%
Future Employment	17%	26%	26%	11%	31%	14%	-3%	-10%	-8%	2%	-1%
Current Sales	46%	33%	23%	17%	15%	9%	-4%	1%	-2%	-3%	5%
Sales Expectations	5%	30%	2%	2%	21%	9%	-7%	-18%	-6%	-2%	8%
Current Investment	32%	20%	33%	26%	34%	23%	19%	26%	22%	29%	18%
Future Investment	24%	30%	18%	24%	34%	2%	15%	14%	10%	15%	21%
Current Exports	30%	15%	-4%	9%	15%	4%	11%	12%	4%	6%	-9%
Export Expectations	30%	40%	42%	27%	39%	12%	22%	18%	29%	27%	18%
Economic Uncertainty	50%	42%	36%	42%	40%	45%	60%	39%	45%	40%	59%
Brexit	10%	11%	16%	16%	12%	8%	11%	10%	8%	5%	5%

BREXIT uncertainty remained at 5%. Business Confidence decreased from -25% to -3%. This comes with the Economic Uncertainty indicator increasing by 19%.

Business Expectations decreased this quarter, falling from -17% to -31%. The Business Environment remained at 9%, while Profitability Expectations increased from 19% to 21%.

The Current Employment confidence indicator increased by 1%, while Future Employment decreased, falling from 2% to -1%.

Current Sales continue to increase, rising by 8%. Sales Expectations increased from -2% to 8%.

Current Investment fell by 11% this quarter, while Future Investment increased by 6%.

Current Exports fell by 15%. Export Expectations decreased by 9%.

Economic uncertainty concerns remain high and have increased, rising to 59%. Brexit concerns remain steady at 5%.

## Q2'25 Manufacturing:

Our Q2'25 results for the manufacturing sector show a mixed response for many confidence indicators in the manufacturing sector. In this quarter, there were 6 decreasing confidence indicators.

KEY INDICATORS MANUFACTURING	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q2'25
Business Confidence	-22%	60%	-40%	0%	12%	-57%	-50%	-10%	-17%	-10%	5%
Business Expectations	-28%	40%	-40%	-15%	29%	-43%	-13%	-7%	-22%	3%	-14%
Business Environment	44%	60%	40%	46%	53%	-29%	0%	31%	35%	37%	36%
Profitability Expectations	30%	80%	13%	25%	31%	0%	21%	27%	19%	21%	29%
Current Employment	20%	40%	27%	23%	18%	-29%	6%	-4%	13%	25%	18%
Future Employment	20%	60%	13%	0%	59%	-29%	-6%	0%	17%	29%	14%
Current Sales	53%	80%	13%	0%	0%	-33%	7%	0%	0%	11%	19%
Sales Expectations	7%	60%	-13%	8%	31%	-50%	13%	-23%	29%	7%	38%
Current Investment	50%	0%	27%	46%	38%	-33%	0%	38%	29%	64%	14%
Future Investment	20%	80%	40%	23%	44%	-33%	13%	27%	24%	4%	33%
Current Exports	30%	33%	-20%	0%	0%	25%	33%	13%	-6%	10%	-6%
Export Expectations	21%	67%	40%	29%	25%	0%	8%	19%	47%	20%	22%
Economic Uncertainty	46%	60%	36%	42%	46%	20%	50%	30%	42%	32%	67%
Brexit	14%	0%	29%	17%	15%	0%	21%	17%	16%	0%	5%

Business Confidence increased from -10% to 5%, while Business Expectations decreased to -14%.

Profitability Expectations increased by 8%.

Future Employment in manufacturing decreased from 29% to 14%.

Current Sales increased from 11% to 19%, while Sales Expectations for the future also increased from 7% to 38%.

Current Investment decreased from 64% to 14%.

Current Exports decreased from 10% to -6%. Future Exports increased from 20% to 22%.

Current Employment decreased from 25% to 18%.

## Q2'25 Retail:

The Retail sector for Q2'25 showed Business Confidence decreasing this quarter, dropping to -56%.

KEY INDICATORS RETAIL	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q2'25
Business Confidence	0%	33%	-20%	-33%	100%	-80%	-75%	-41%	-59%	-41%	-56%
Business Expectations	-50%	0%	-80%	-17%	0%	-60%	-13%	-30%	-56%	-41%	-44%
Business Environment	50%	100%	40%	0%	100%	-40%	-13%	-26%	-19%	6%	0%
Profitability Expectations	30%	33%	25%	0%	0%	20%	0%	23%	7%	7%	20%
Current Employment	30%	0%	0%	-50%	100%	0%	13%	-19%	-16%	-18%	-12%
Future Employment	30%	0%	0%	33%	100%	-40%	-25%	-15%	-25%	-18%	-6%
Current Sales	60%	0%	-50%	-20%	100%	-40%	-13%	-19%	-25%	19%	-13%
Sales Expectations	20%	33%	-25%	0%	100%	0%	-25%	-19%	-43%	-25%	-27%
Current Investment	40%	33%	25%	-20%	0%	0%	38%	12%	-11%	13%	-7%
Future Investment	50%	67%	0%	40%	0%	-20%	50%	-8%	-7%	13%	13%
Current Exports	0%	-	-	-	-	33%	0%	17%	0%	67%	-33%
Export Expectations	0%	-	-	-	-	33%	0%	13%	0%	100%	0%
Economic Uncertainty	50%	67%	50%	40%	0%	100%	75%	52%	33%	36%	77%
Brexit	20%	67%	0%	20%	0%	60%	13%	20%	17%	7%	15%

Business Expectations also decreased, going from -41% to -44%.

Profitability Expectations increased to 20%. Current Sales decreased from 19% to -13%.

Current Investment showed a decrease of 20% from Q4'24. Future Investment remains at 13%.

Business Environment decreased to 0%, falling by 6% from last quarter.

Current Employment in retail rose by 6% this quarter, now at -12%. The expectation for Future Employment increased from -18% to -6%. Sales Expectations decreased from -25% to -27%.

## Q2'25 Services:

The Services sector for Q2'25 showed 5 of the 14 confidence indicators decreasing from the previous quarter.

KEY INDICATORS SERVICES	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q2'25
Business Confidence	8%	-21%	21%	13%	25%	20%	-52%	-35%	-25%	25%	-27%
Business Expectations	-33%	-14%	5%	0%	0%	30%	0%	-26%	20%	25%	-36%
Business Environment	46%	7%	42%	50%	50%	20%	-10%	-19%	25%	0%	-9%
Profitability Expectations	42%	46%	31%	25%	25%	43%	17%	21%	25%	33%	35%
Current Employment	0%	-7%	16%	13%	50%	20%	0%	13%	0%	-9%	11%
Future Employment	30%	14%	42%	0%	25%	20%	10%	-3%	15%	0%	0%
Current Sales	38%	0%	19%	38%	38%	0%	0%	4%	29%	-11%	12%
Sales Expectations	10%	31%	19%	25%	63%	38%	11%	-25%	47%	0%	59%
Current Investment	38%	15%	31%	38%	38%	38%	0%	36%	47%	33%	24%
Future Investment	33%	15%	0%	25%	50%	38%	11%	29%	41%	22%	18%
Current Exports	29%	50%	0%	50%	0%	0%	-25%	0%	50%	-33%	0%
Export Expectations	38%	50%	33%	25%	25%	33%	50%	0%	0%	0%	29%
Economic Uncertainty	62%	42%	46%	43%	14%	43%	61%	50%	33%	38%	54%
Brexit	10%	0%	8%	0%	0%	0%	6%	0%	0%	0%	0%

Business Confidence dropped from 25% to -27%.

Business Environment decreased from 0% to -9% while Profitability Expectations rose from 33% to 35%.

Current Employment increased from -9% to 11% while Future Employment remained at 0% this quarter.

Current Sales increased from -11% to 12%. Sales Expectations showed a dramatic increase, rising from 0% to 59%.

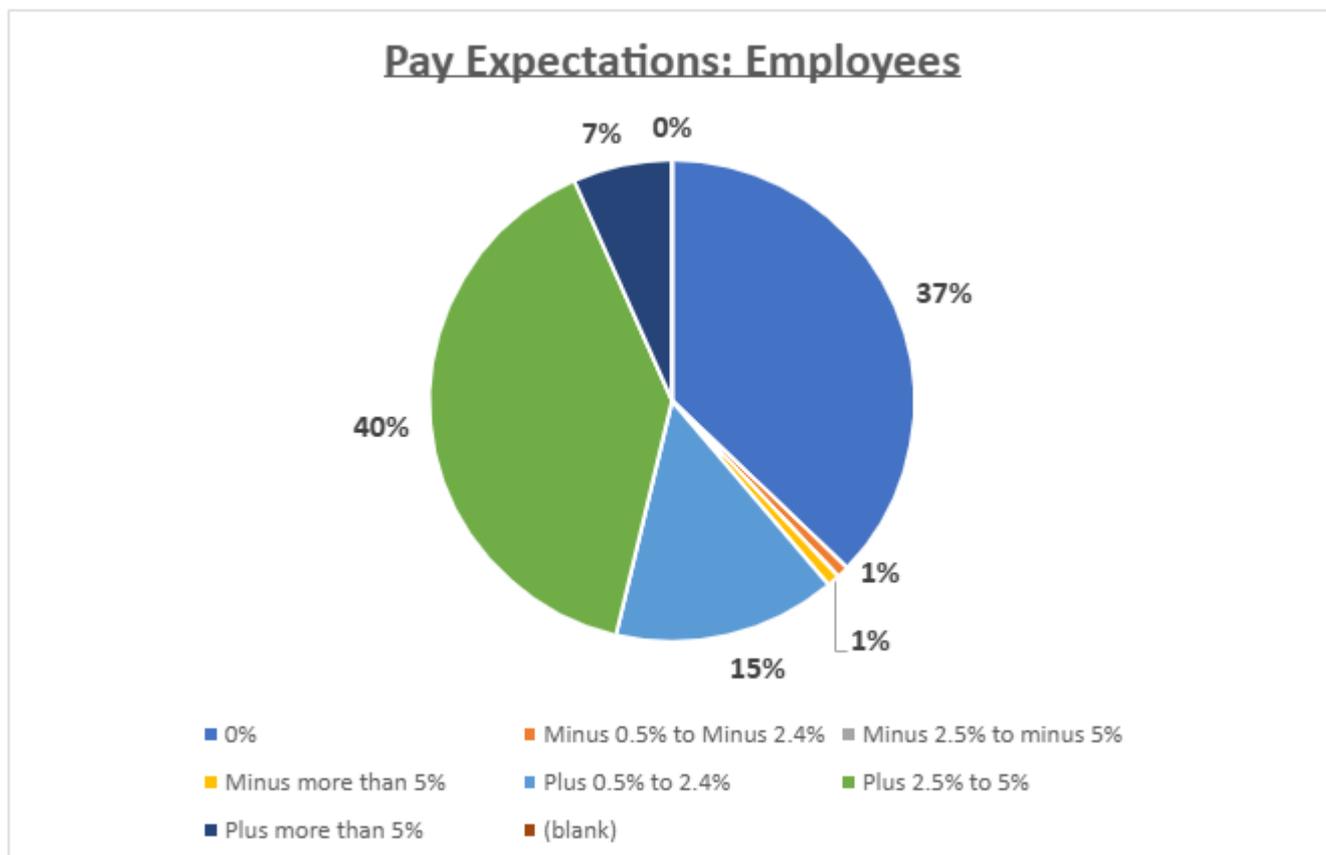
Current Investment decreased by 9%. Future Investment also decreased from 22% to 18%.

Current Exports increased this quarter from -33% to 0%, while Export Expectations also increased by 29%.

## Q2'25 Pay Expectations: Employees

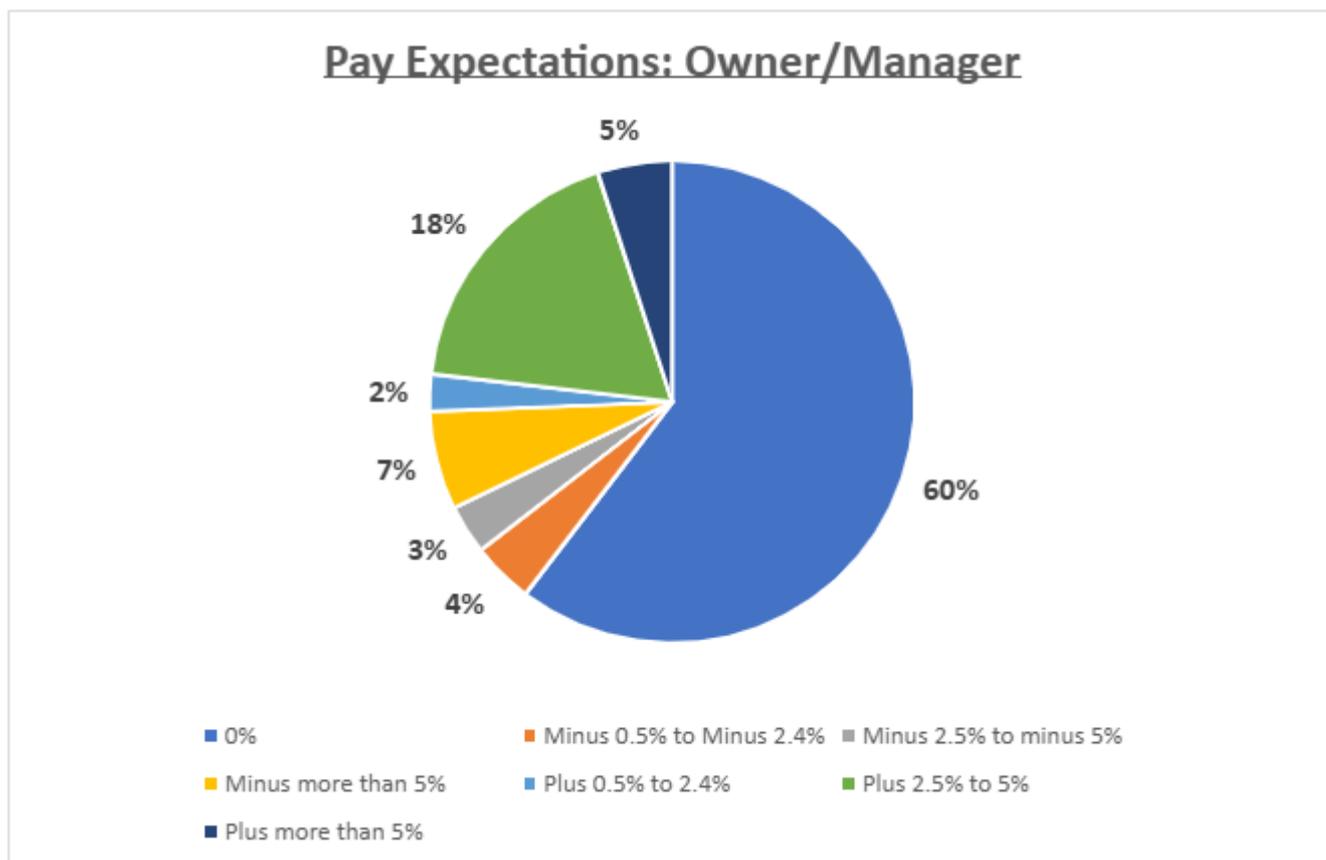
The range of pay expectations in the SME sector is very diverse. Our latest research shows that:

- 37% of SMEs will not be able to increase pay this year for their employees.
- 15% will increase employees pay by 0.5% to 2.4%.
- 40% will increase pay by 2.5%-5%.
- 2% of employers will decrease employees pay.



## Q2'25 Pay Expectations: Owner Manager

When we asked business owners about their own pay for this year, we found the following:



- 60% said they would not increase their earnings from the business.
- 5% stated they intend to increase their wages by plus 5%.
- 18% will increase their pay between 2.5%-5%.
- 2% will increase their pay between 0.5%-2.4%.
- 14% stated they were reducing their wages.

## Insurance Costs: Introduction

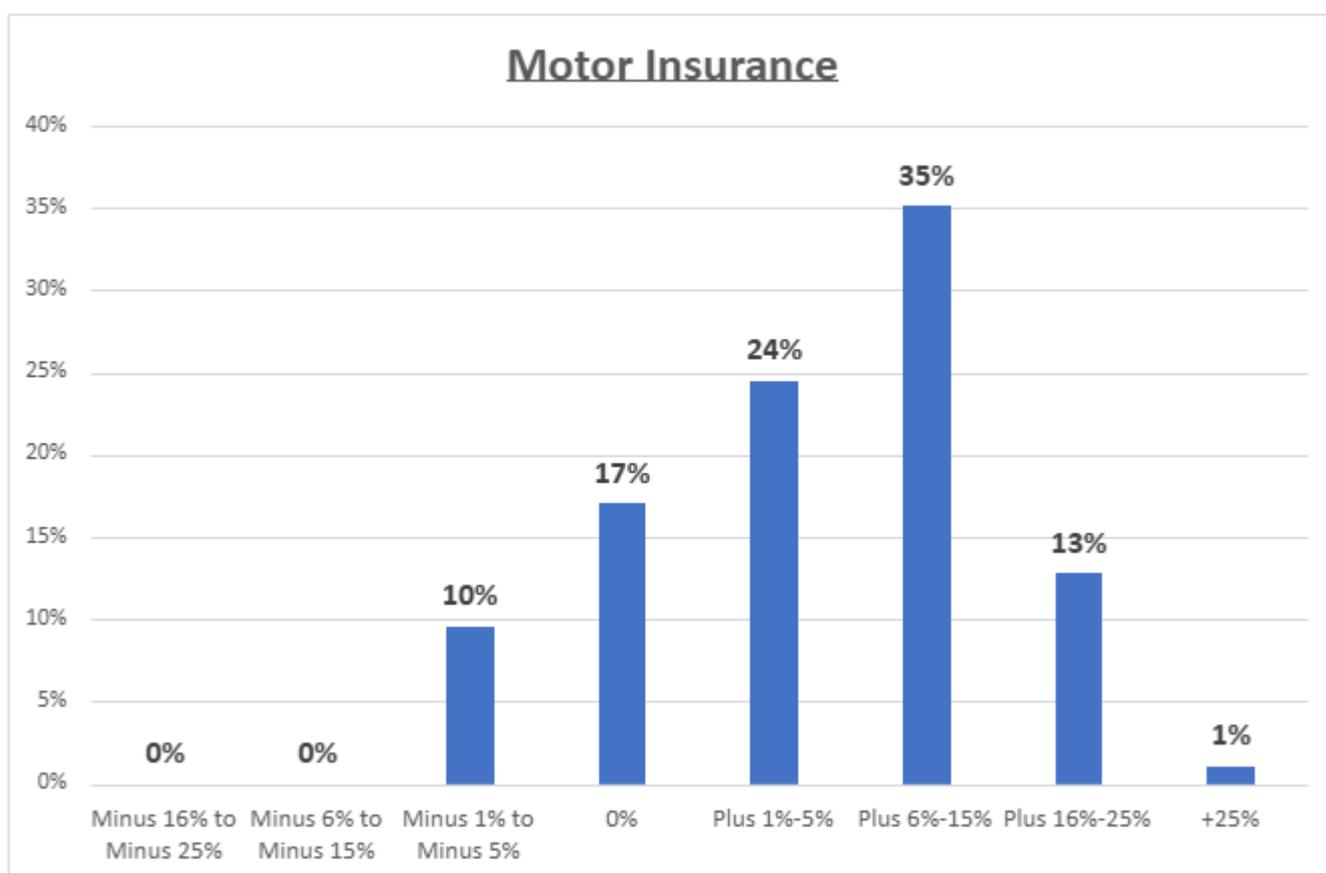
While we see continued decreases in the CSO CPI figures for personal motor insurance costs, our data shows us that businesses are still facing significant increases. The CSO does not survey commercial insurances costs in its Services Producer Price Index. In view of the very high costs of insurance in some business sectors, this omission needs to be reconsidered.

Our latest data shows us that:

36% of SMEs consider Insurance one of their immediate biggest concerns.

## Motor Insurance:

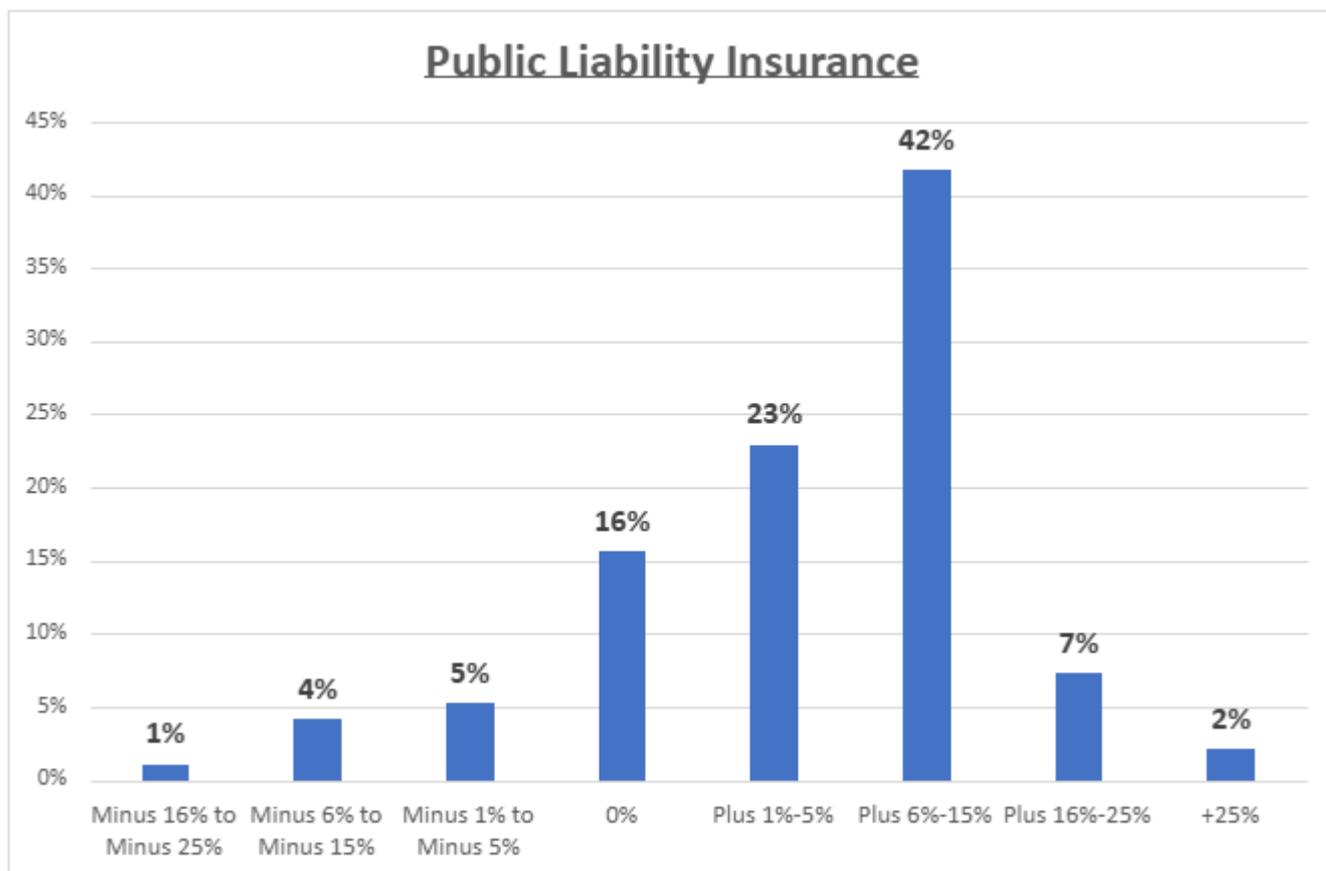
78% of respondents stated their Motor Insurance premiums increased on renewal.



- 1% of respondents noted an increase of +25%.
- 13% experienced increases of plus 16%-25%.
- 35% of respondents' premiums increased between plus 6% to 15%.
- 24% of those who responded recorded increases of plus 1%-5%.
- 17% reported no increase to premiums.
- While 10% reported a decrease.

## Public Liability Insurance:

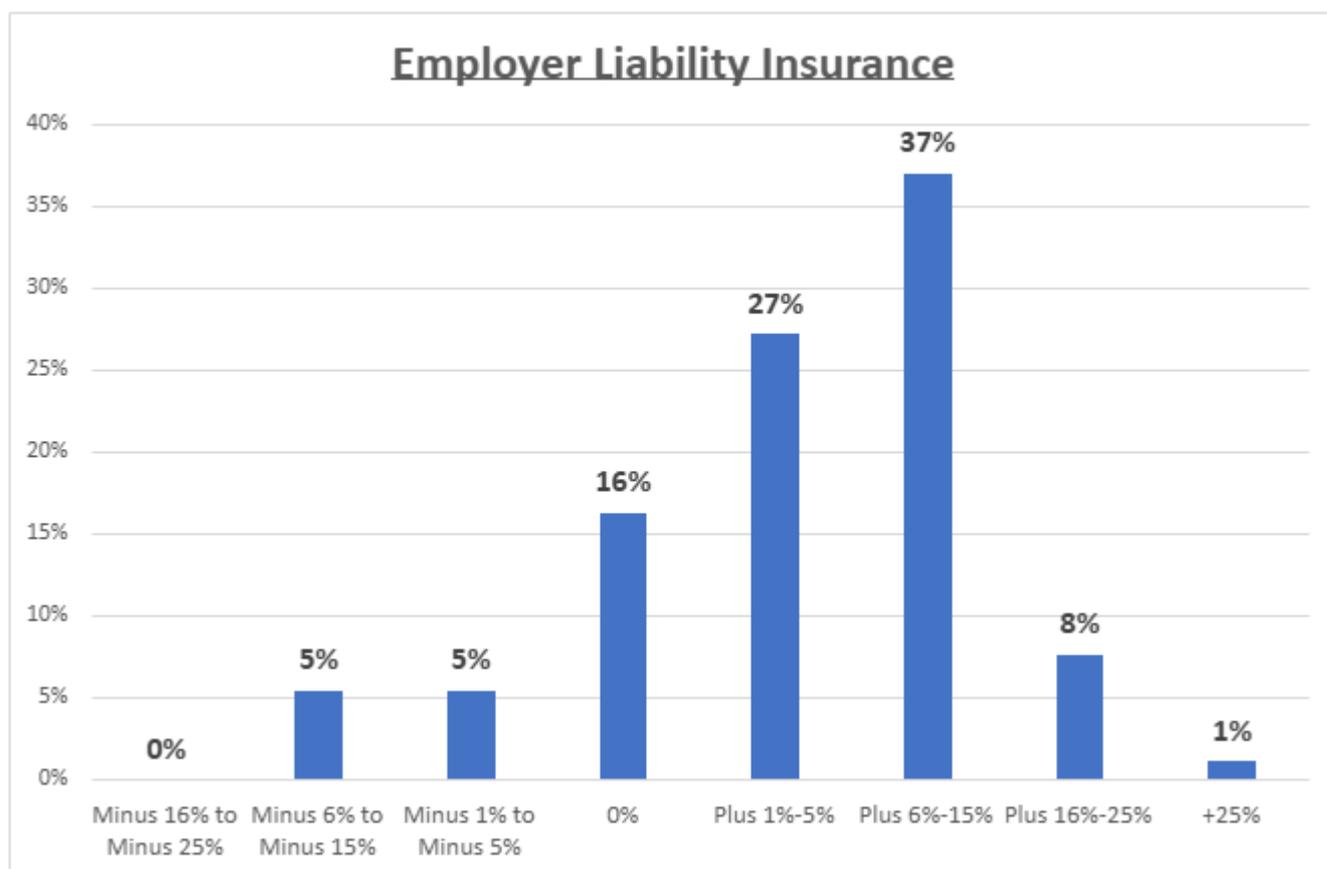
83% of respondents stated their Public Liability Insurance premiums increased on renewal.



- 23% reported increases of between 1% and 5%.
- 42% stated increases of plus 6%-15%.
- 7% reported increases of plus 16%-25%.
- 2% reported increases of +25%
- 16% reported no change.
- While 10% reported a decrease.

## Employer Liability Insurance:

85% stated their Employer Liability insurance premiums increased on renewal.



- 27% reported increases of between 1% and 5%.
- 37% stated increases of plus 6%-15%.
- 8% reported increases of plus 16%-25%.
- 1% reported increases of +25%
- 16% reported no change.
- While 10% reported a decrease.

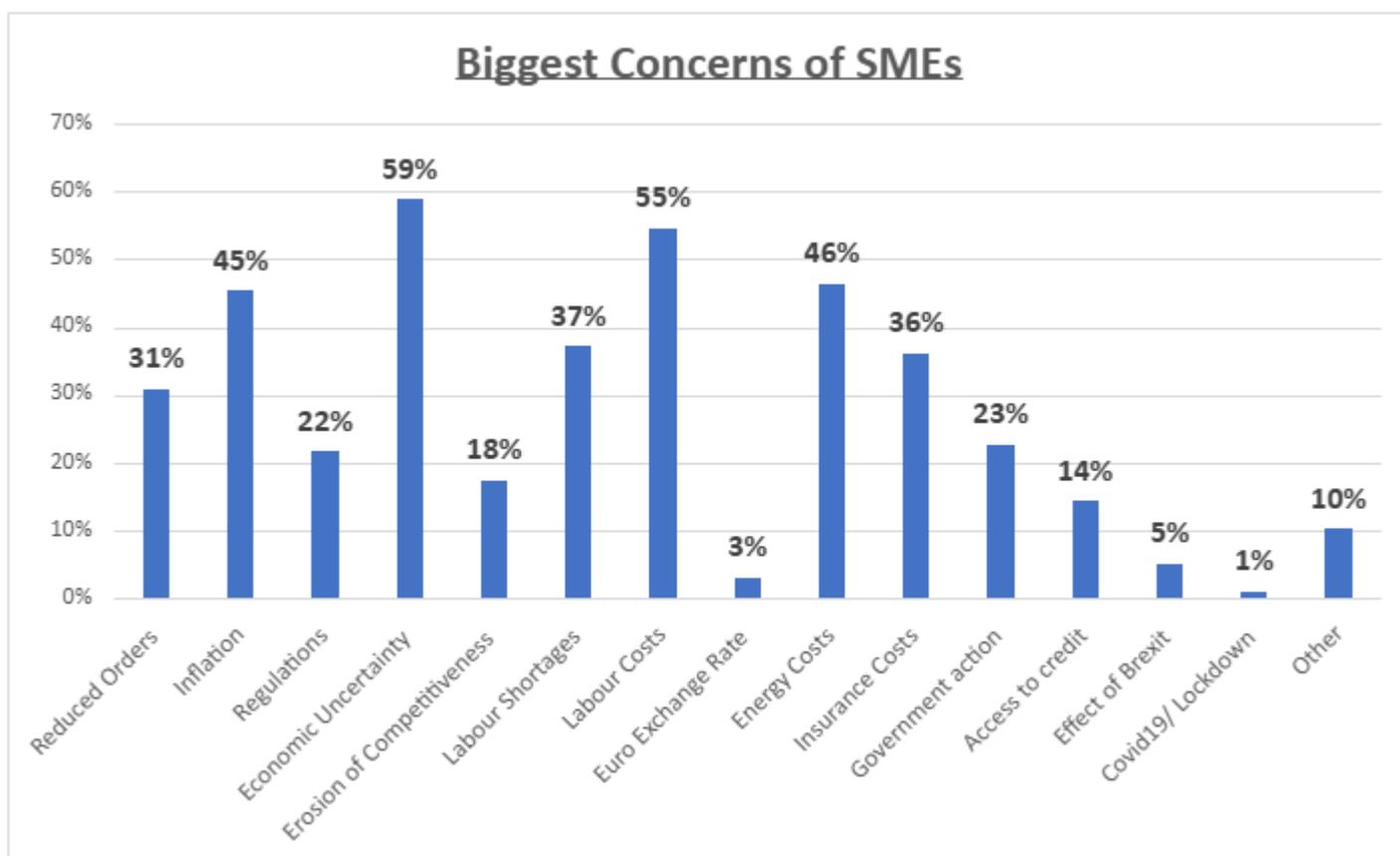
## Insurance Summary:

On the issue of insurance ISME has made several submissions to various government ministers and departments outlining the practical steps need to reduce the high costs of motor insurance. If these steps were taken on board, SMEs and the general public would see significant decreases in their premiums. The cost of insurance is an issue which ISME will continue to lobby on throughout 2025.

## Biggest concern of SMEs:

The top five concerns for SMEs in this quarter are:

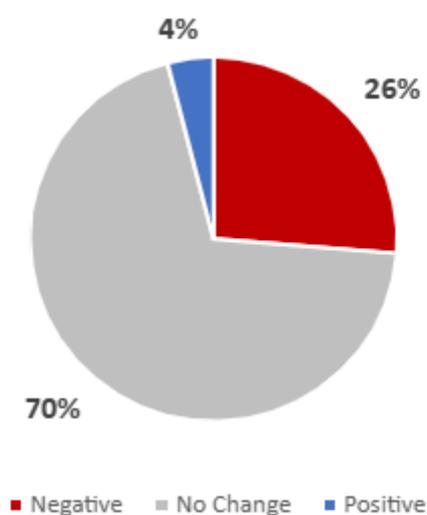
- Energy Costs at 46%.
- Labour Costs at 55%.
- Labour Shortages at 37%.
- Economic Uncertainty at 59%.
- Inflation at 45%



## BREXIT:

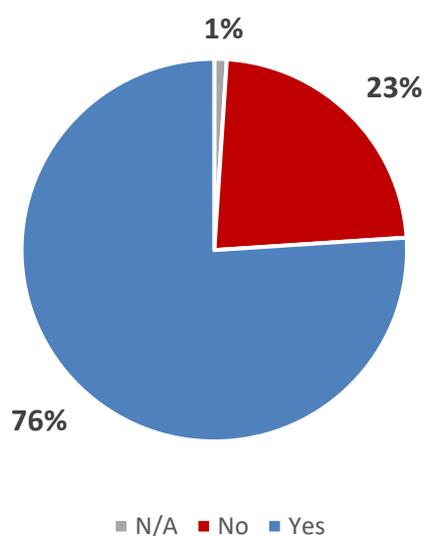
Brexit has become a slightly more significant concern this quarter, with 39% of respondents stating that it would have a negative impact on their bottom line. 4% of respondents said Brexit will have a positive impact on their business, while 70% responded with no change.

### What effect will BREXIT have on your bottom line?



## Broadband Services:

### Is your broadband service adequate?

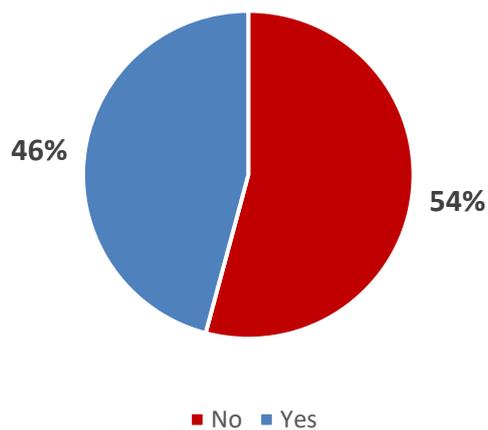


Access to proper and adequate broadband services is a key issue for many SMEs particularly those in rural Ireland. Inadequate or poor broadband service has a negative impact on business productivity. Our latest information shows that 23% of businesses are impacted by inadequate broadband.

## Retaining and Recruiting staff:

When asked 'Is your company finding it difficult to retain staff members?', 46% stated yes, they were, while 54% stated this was not a problem.

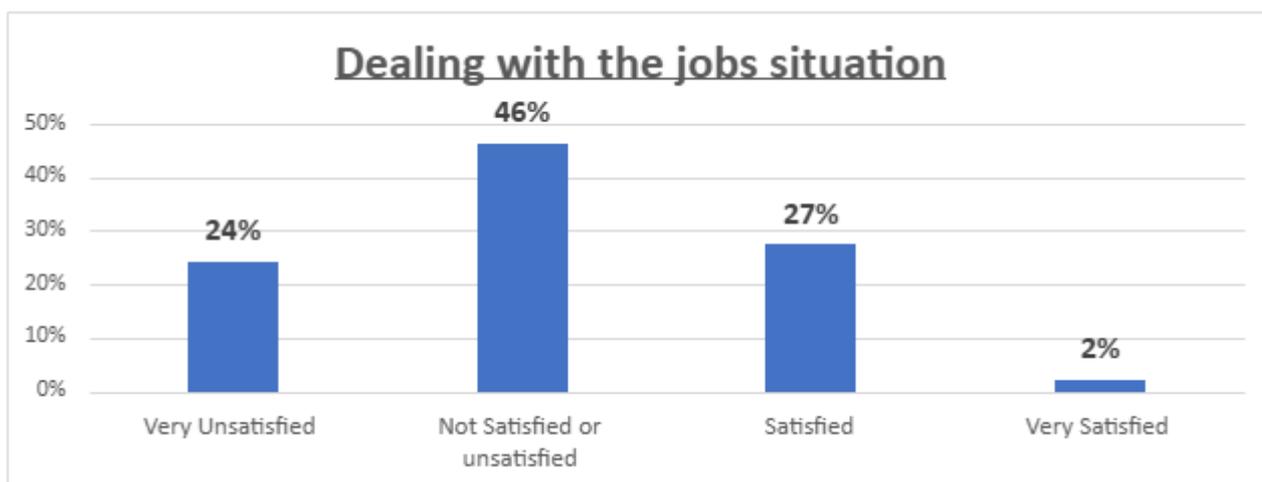
### Is your company finding it difficult to retain staff members?



## Government Performance:

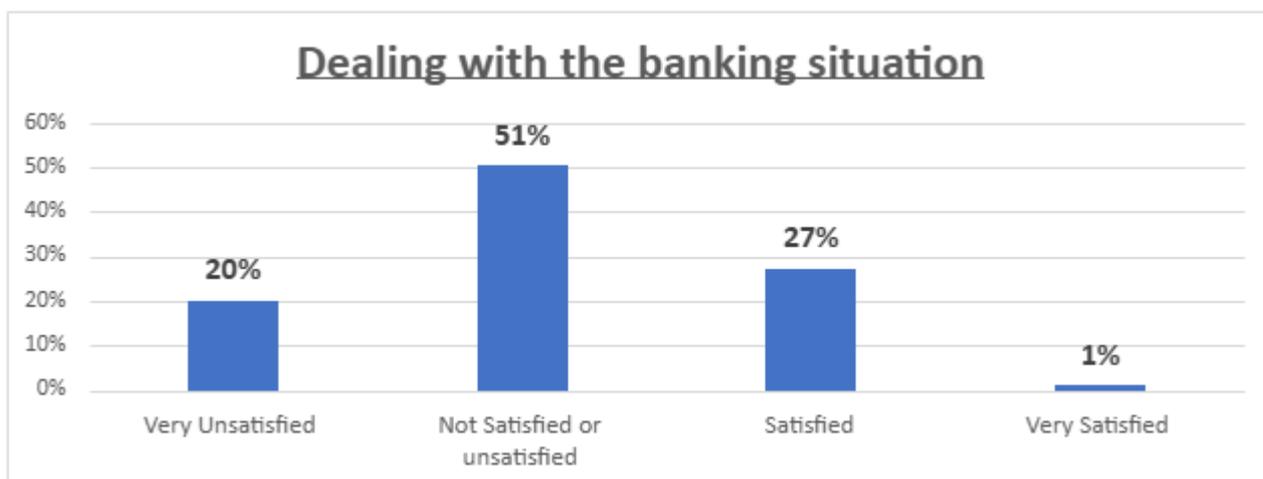
### Dealing with the job situation

- Very Satisfied: 2%
- Satisfied: 27%
- Not Satisfied or dissatisfied: 46%
- Very Dissatisfied: 24%



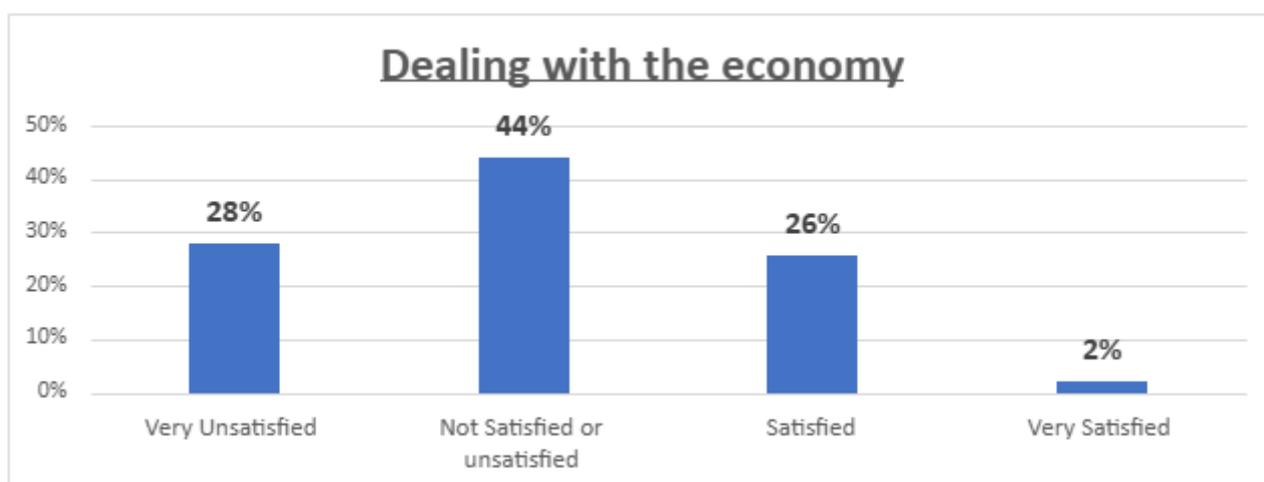
### Dealing with the banking situation

- Very Satisfied: 1%
- Satisfied: 27%
- Not Satisfied or dissatisfied: 51%
- Very Dissatisfied: 20%



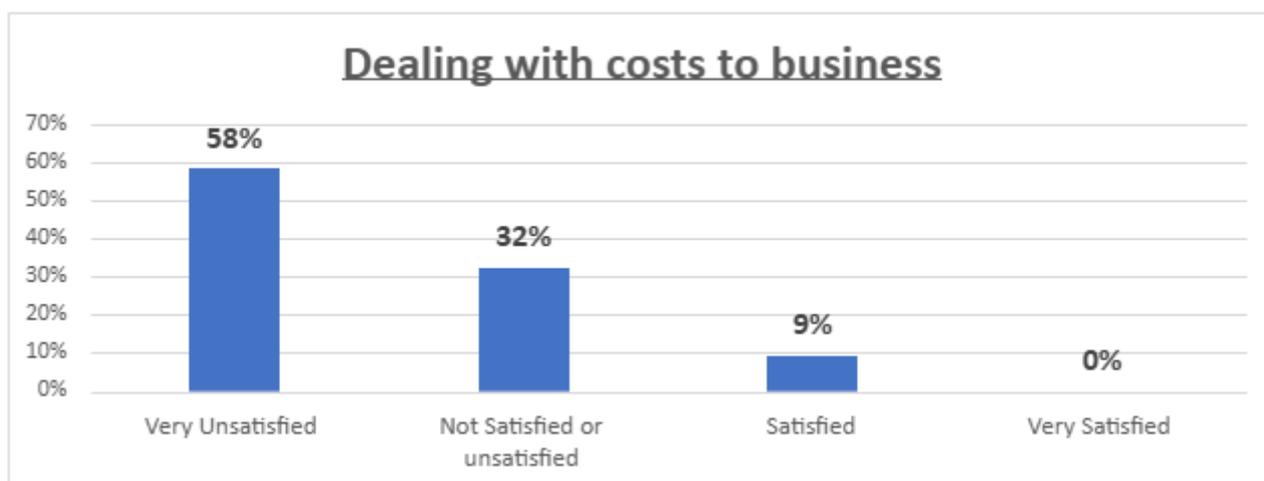
### Dealing with the economy

- Very Satisfied: 2%
- Satisfied: 26%
- Not Satisfied or dissatisfied: 44%
- Very Dissatisfied: 28%



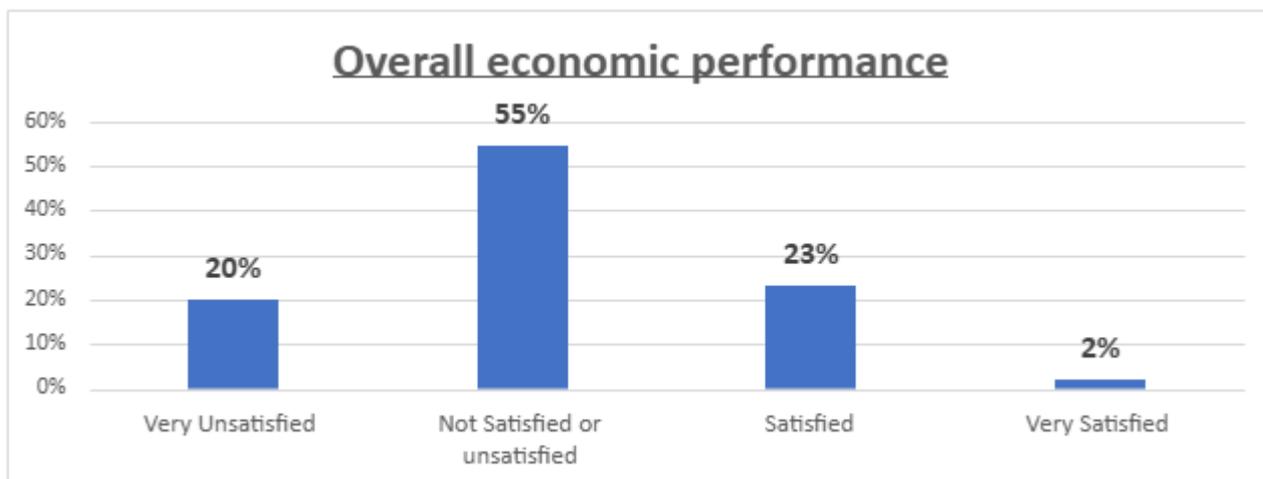
### Dealing with costs to business

- Very Satisfied: 0%
- Satisfied: 9%
- Not Satisfied or dissatisfied: 32%
- Very Dissatisfied: 58%



### Overall economic performance

- Very Satisfied: 2%
- Satisfied: 23%
- Not Satisfied or dissatisfied: 55%
- Very Dissatisfied: 20%



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#### Methodology:

This survey was published in the fourth week of June 2025, covering the second quarter of 2025. There were 132 SME owner manager respondents. The results presented in this report are calculated as the aggregate response to a survey question, i.e., the sum of all positive and negative responses. For example, a survey question may ask: "Have you increased or reduced investment in your company in the last 12 months?". The breakdown of responses is as follows: 51% "Increased", 39% "Remain Same" and 13% "Decreased". The aggregate response to this question is calculated as the sum of the positive and negative sentiment expressed in the question:  $51\% - 13\% = 38\%$ . The neutral response, "Remain Same" is not considered.