Limerick Chamber
Advancing business together

Business Sentiment Survey

July 2026

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Six messages that define the 2026 survey

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91% of respondents report higher operating costs, while 73% do not believe Government is helping to reduce the cost of doing business.

02 Investment is Being Impacted

48% have cancelled, delayed or reduced major investment because of rising costs, yet 69% still intend to invest over the next six months.

03 Confidence is Resilient but Cautious

54% are confident in the Irish economy and 26% expect their business situation to improve in the next six months, but confidence in Government is materially weaker (34%).

04 Governance Carries an Economic Cost

77% are concerned that uncertainty around local governance could affect delivery or Limerick's reputation, and 60% report a negative impact on business confidence.

05 AI Adoption has Crossed into the Mainstream

92% have adopted or are trialling AI and automation, with 67% already using it extensively or in some areas.

06 Commercial Rates Have an Impact on Decisions

6 out of 10 SMEs describe themselves as sensitive to rates. Any rate increase risks compounding existing cost pressures and constraining the growth capacity of locally owned businesses.

Summary

Growth Ambition Under Pressure

Businesses across Limerick and the Mid-West enter the second half of 2026 with a clear appetite to grow. 69% intend to invest over the next six months, while 40% expect to increase their workforce. Adoption of AI and automation is also accelerating: 67% are already using these technologies extensively or in some areas, and a further 25% are trialling or exploring them.

This ambition is being tested by a more difficult operating environment. Rising costs, infrastructure constraints, regulatory demands and uncertainty around delivery are reducing the capacity of businesses to invest, recruit and expand.

Costs are Shaping Business Decisions

Nine in ten respondents report higher operating costs than 12 months ago, with more than half experiencing an increase of at least 10%. Wages and salaries are the most frequently cited pressure, followed by energy. Employer payroll costs, insurance, logistics, compliance, cybersecurity and commercial rates add to the cumulative burden.

Businesses are already responding. Half have reduced margins, 45% have increased prices, 30% have delayed investment, 29% have reduced expansion plans and 27% have deferred hiring. Almost half report cancelling, delaying or reducing major investment because of higher costs.

These findings indicate that cost pressures are no longer confined to company profit and loss accounts. They are influencing prices, employment and the timing and scale of investment. Although many businesses continue to invest, their capacity to absorb further increases is limited.

Almost three-quarters of respondents do not believe that the Government is helping to reduce the cost of doing business. This points to a need for a more coordinated competitiveness response; one that considers energy, employment costs, taxation, regulation, property costs, productivity and infrastructure together.

Competitiveness Depends on Delivery

Housing supply and affordability are the most frequently identified constraints on the Mid-West's competitiveness, cited by 70% of respondents. Planning delays and inadequate infrastructure follow at 59%, while transport and mobility are cited by 35%.

These challenges directly affect the region's ability to attract workers, accommodate investment and bring projects from announcement to operation. Housing, water, energy, grid and transport capacity should therefore be treated as core economic infrastructure.

Businesses need a regional delivery programme with clear responsibilities, funded timelines and published milestones. Greater coordination across housing, planning, infrastructure, mobility and strategic employment projects would improve confidence and give investors greater certainty.

Resilient, but Increasingly Selective

Business confidence remains positive, but it is uneven. 54% of respondents are confident in the Irish economy, compared with 17% who are not. Confidence in the Government is weaker: 34% are confident, 35% are not confident and 31% are neutral.

At company level, the near-term outlook remains cautiously positive. 26% expect their business situation to improve over the next six months, compared with 14% who expect deterioration. Most respondents, 60%, anticipate broadly stable conditions.

The findings suggest that businesses continue to see underlying potential in the economy, but are becoming more selective about investment, recruitment and expansion. Confidence will increasingly depend on whether policy and infrastructure delivery translate economic strength into workable conditions for individual firms.

Governance is Affecting Confidence

Local governance has also emerged as a business concern. 77% of respondents are concerned that uncertainty around roles and decision-making could affect project delivery, investor confidence or Limerick's reputation as a place to do business.

60% report that perceived uncertainty is having a negative effect on their confidence to conduct business, invest or expand in Limerick. The result measures business perception rather than economic loss, but the strength of that perception should not be overlooked.

Clear responsibilities, transparent decision-making and regular reporting on project delivery would help reduce uncertainty. Businesses and investors need to understand who is accountable, how decisions are made and when critical projects will be delivered.

Technology Provides a Route to Greater Productivity

AI and automation are moving into mainstream business use. 67% of respondents are already using these technologies, while another 25% are trialling or exploring them.

The next challenge is effective implementation. Businesses, particularly SMEs, would benefit from practical support in areas such as management capability, workforce skills, trusted use cases, cybersecurity, data governance and access to investment. The finding is also relevant to employment. While AI adoption is increasing, 90% of respondents expect to maintain or grow their workforce over the next six months, including 40% who expect an increase. This suggests that many firms currently view technology as a means of improving productivity and supporting growth rather than simply reducing employment.

Further Costs Could Weaken Investment

Commercial rates should be considered within the wider cost environment. Six in ten SMEs describe themselves as sensitive to an increase, compared with approximately half of large organisations. The likely responses include higher customer prices, lower margins, delayed investment and reconsideration of premises or expansion plans. Larger organisations may have greater capacity to absorb an increase through lower margins, but this would still reduce the resources available for future investment and recruitment.

For Budget 2027, the central challenge is to convert resilient business sentiment into sustained regional growth. That requires action on cumulative costs, housing, enabling infrastructure, governance clarity and productivity.

Conclusion

Converting Resilience into Regional Growth

The 2026 Business Sentiment Survey describes a business community that remains ambitious, innovative and prepared to invest. It does not describe one in retreat. Investment intentions are positive, workforce expectations remain resilient and the adoption of AI and automation is accelerating.

However, that ambition is operating within increasingly tight constraints. Rising costs are reducing margins and changing decisions on pricing, recruitment and investment. Housing and infrastructure deficits are limiting the region's capacity to attract talent and accommodate growth. Regulatory demands and perceived uncertainty around local decision-making are adding further cost, delay and risk.

Resilience should not be treated as unlimited capacity. Investment that is cancelled, reduced or postponed represents a potential loss of productive capacity, employment and regional growth. Further increases in the cumulative cost of doing business could also weaken the positive investment and hiring intentions identified in this survey.

The findings point to five priorities:

1. **Reduce the cumulative cost burden.** Energy, employment costs, insurance, taxation, regulation, compliance and commercial rates should be assessed as connected competitiveness issues.

2. **Accelerate housing and enabling infrastructure.** Housing, water, energy, grid and transport capacity require funded delivery plans, clear responsibilities and published milestones.

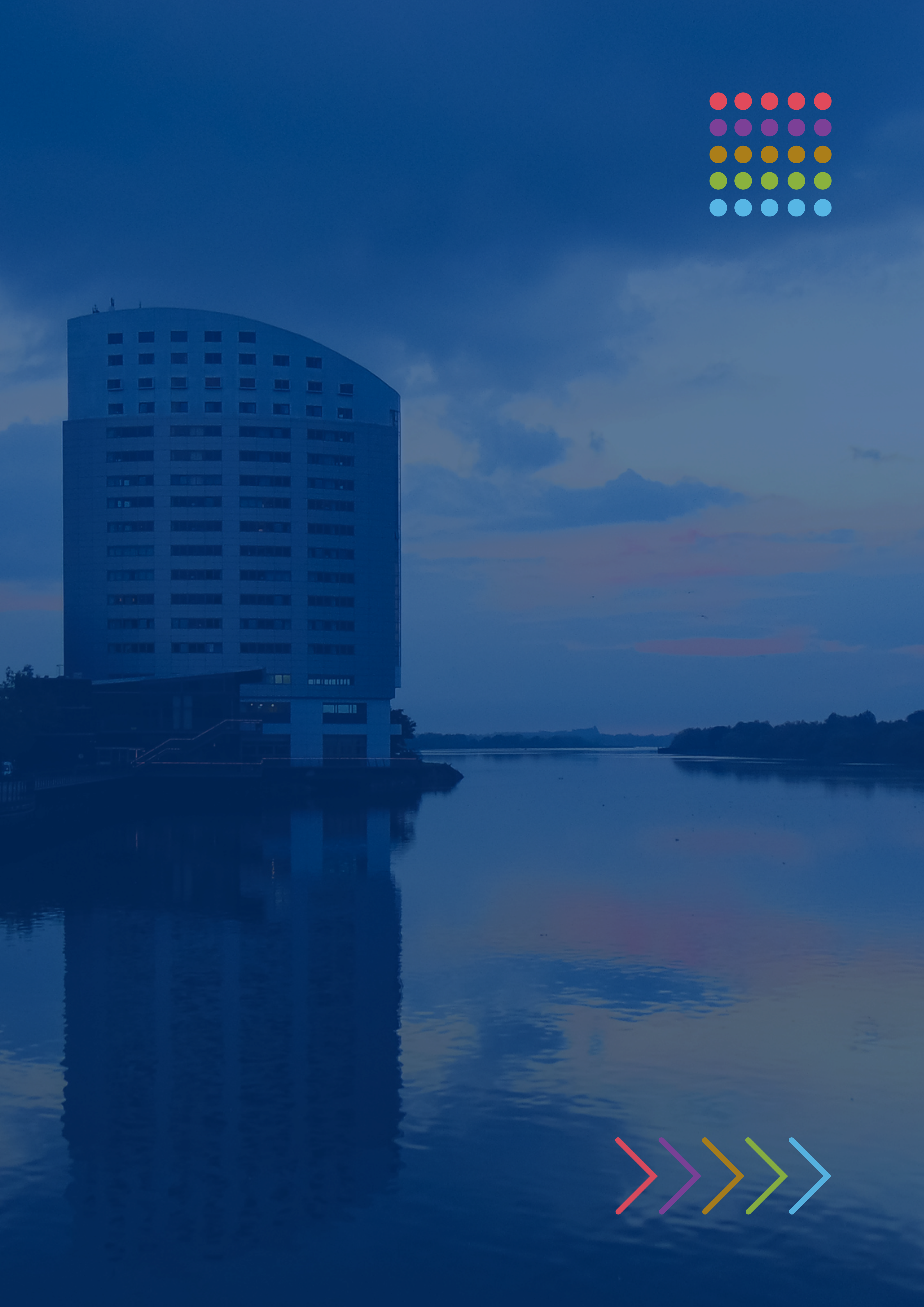
3. **Provide clarity and accountability in local governance.** Businesses and investors need transparent decision-making, defined responsibilities and consistent communication on project delivery.

4. **Protect the capacity to invest and recruit.** New policy or cost measures should be assessed for their effects on business investment, employment, pricing and regional expansion.

5. **Support productivity and responsible technology adoption.** Practical assistance with AI implementation, skills, cybersecurity, data governance and management capability can help firms convert technological interest into measurable gains.

The Mid-West has the business ambition and innovation capacity required for continued growth. The task for Budget 2027 and regional decision-makers is to create the conditions in which that ambition can translate into investment, employment and long-term competitiveness.

The message from respondents is clear: businesses are ready to grow, but growth now depends on coordinated action, credible delivery and a cost base that allows firms to invest with confidence.



Mid-West Competitiveness

Insight

Housing is the region's dominant competitiveness constraint, cited by 70% of respondents. Accelerating supply is the fastest route to improving talent attraction, affordability and investment capacity.

Insight

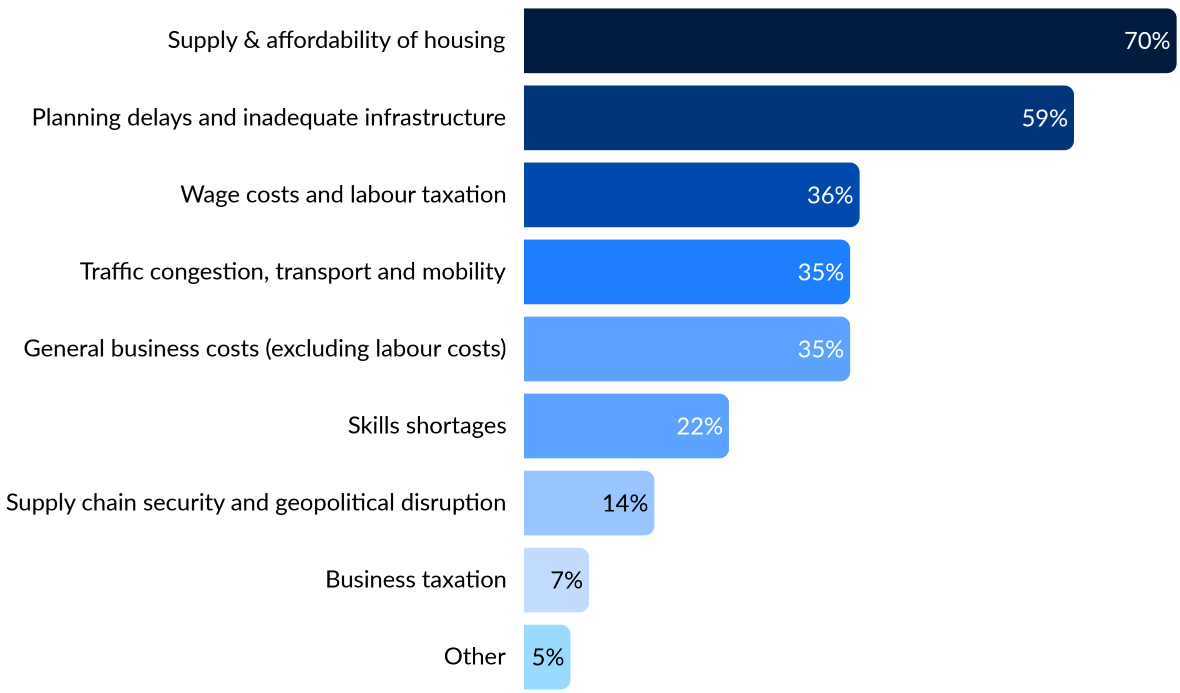
Planning and infrastructure deficits are cited by 59%, with transport and mobility at 35%. Delivery must be organised as a regional programme with clear ownership, sequencing and deadlines.

Housing & Infrastructure Constraints

Businesses identify a clear hierarchy of constraints on the Mid-West's competitiveness. The supply and affordability of housing ranks first by a substantial margin at 70%, followed by planning delays and inadequate water, energy and grid infrastructure at 59%. Wage costs and labour taxation rank at 36%, while transport and mobility and general business costs are each cited by 35%.

The message is unequivocal: housing and enabling infrastructure are enterprise policy. Without sufficient homes, the region cannot attract and retain talent at the scale required. Without timely planning, water, grid and transport capacity, investment cannot move from announcement to delivery. The Mid-West requires an accountable delivery programme that brings housing, infrastructure, mobility and strategic employment projects together, with named owners, funded timelines and published milestones.

What top factors are hampering the Mid-West's competitiveness?



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Business Priorities

Insight

Cost base is now the binding constraint on business ambition. Cost management is the most frequently cited business priority, selected by 59% of respondents.

Insight

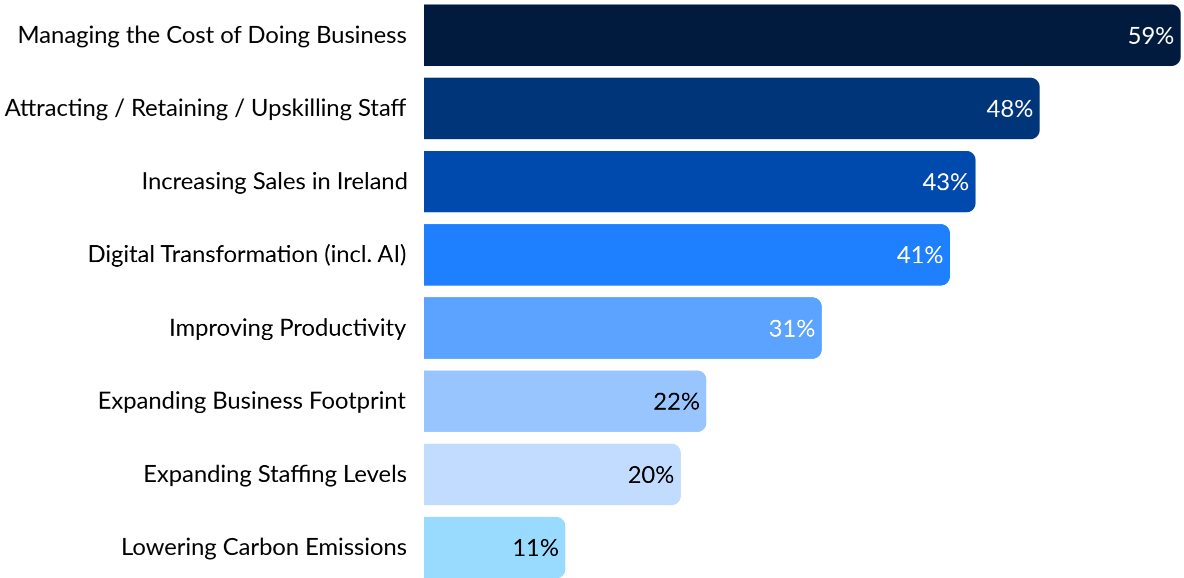
73% believe the Government is not helping to reduce the cost of doing business.

Costs, People, Sales & Digital

Business priorities for 2026 are centred on protecting competitiveness while creating capacity for growth. Managing the cost of doing business ranks first at 59%, followed by attracting, retaining and upskilling staff at 48%, increasing sales in Ireland at 43%, and digital transformation, including AI, at 41%. Improving productivity is also a priority for almost one-third of respondents.

The ranking is instructive. Firms are not stepping back from growth; they are attempting to fund growth from a cost base that has become structurally heavier. The 73% who do not believe Government is helping to reduce the cost of doing business is a clear judgement on the impact of current policy. Support must move beyond fragmented and temporary interventions towards a coherent competitiveness package that addresses employer costs, energy, talent, productivity and digital adoption in a joined-up way.

What are your company's top priorities?



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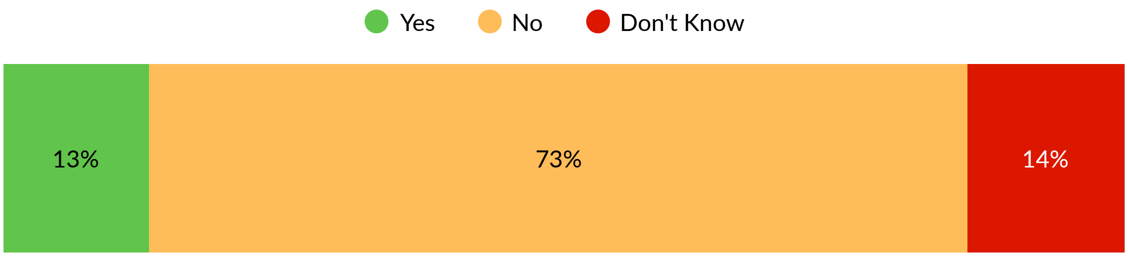
Do you believe that Government is helping to reduce the cost of doing business in Ireland?



Operating Costs

Insight

Nine in ten businesses are operating with a higher cost base than a year ago, and 51% have seen costs rise by at least 10%. A cost increase of this scale cannot be absorbed indefinitely.

Insight

Wage and energy costs dominate, but the burden is cumulative. Payroll taxes, insurance, logistics, compliance and rates are compounding pressures and must be assessed together.

Pressures Remain Broad Based

Operating cost inflation is near-universal. 91% of respondents report that overall costs increased over the previous 12 months, and no respondent reported a decrease. More than half experienced an increase of at least 10%, including 9% facing increases above 20%. This is not a short-term or isolated shock; it is a broad deterioration in the underlying cost of operating.

Wages and salaries are the most commonly cited pressure at 59%, closely followed by energy at 52%. Employer PRSI and payroll-related costs affect one-quarter of respondents, while insurance, transport and logistics, compliance, cybersecurity and commercial rates add further layers to the burden. The cumulative effect matters. Each individual increase may appear manageable in isolation, but together they weaken margins, reduce investment capacity and make job creation more expensive.

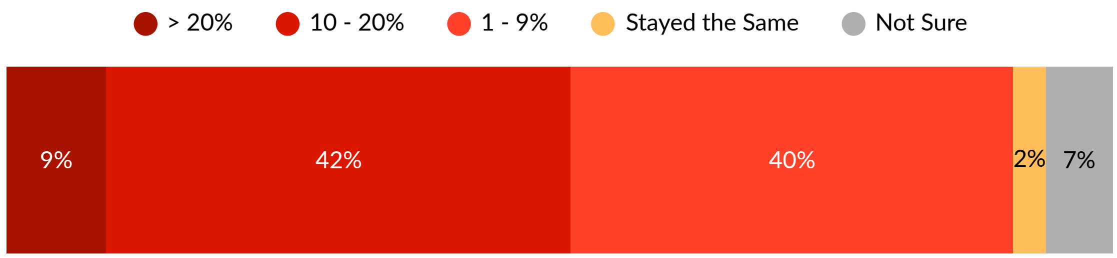
91%
Report Increased Operating Costs

42%
Report a 10 - 20% Increase

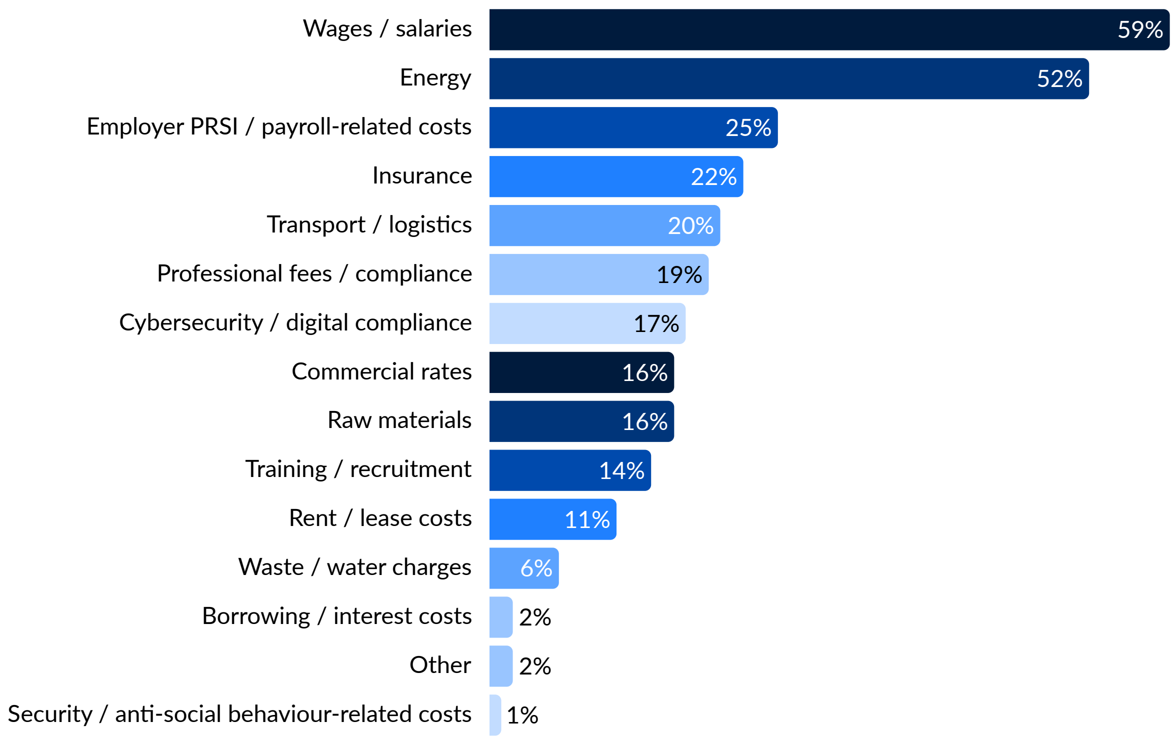
59%
Cite Increased Wages / Salaries

52%
Cite Increased Energy Costs

Compared with 12 months ago, how have your overall operating costs changed?



Which cost pressures have increased most?



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Rising Costs

Insight

Margin compression is the first response, but it is not sustainable. With 45% already passing costs through to customers, continued cost escalation will feed directly into prices and weaken demand.

Insight

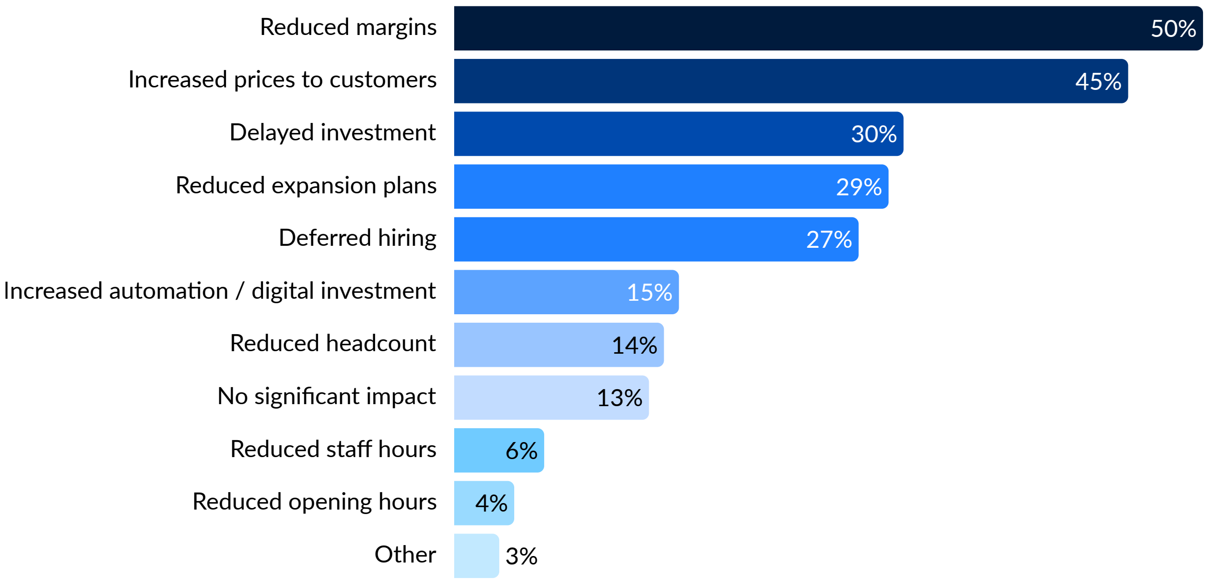
Almost half of businesses have cancelled, delayed or reduced major investment. The 20% still investing despite higher costs demonstrates cost resilience.

Reshaping Margins, Prices & Investment

Higher costs are no longer confined to the profit and loss account; they are actively reshaping pricing, investment and employment decisions. Half of respondents have reduced margins and 45% have increased prices to customers. 30% have delayed investment, 29% have reduced expansion plans and 27% have deferred hiring. Only 13% report no significant impact.

The investment consequences are particularly serious. 48% have cancelled, delayed or reduced major investment because of cost increases. By contrast, 20% are increasing investment despite the increased cost environment. That resilience is welcome, but it is not a substitute for competitiveness. The policy objective must be to release projects currently being scaled back or postponed, rather than relying on firms to absorb an ever-greater share of the burden.

Have rising costs affected your business in any of the following ways?



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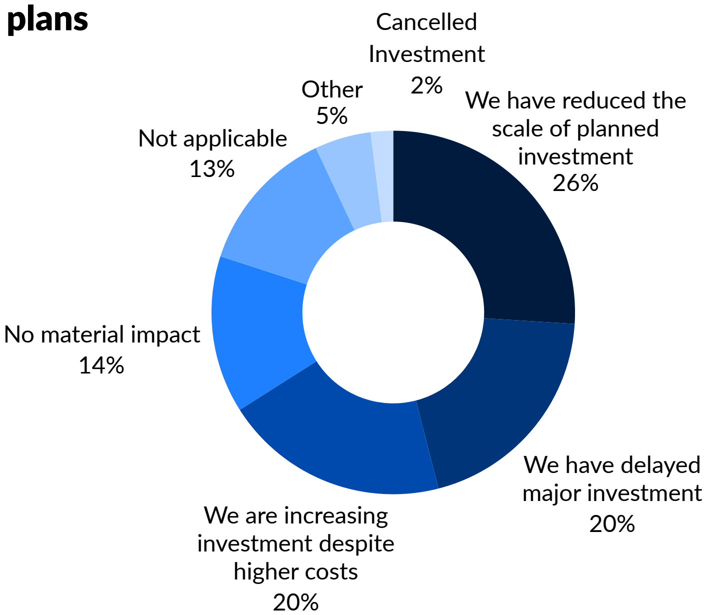
Please estimate the impact of cost increases on your organisation's investment plans



48%

Cancelled, Delayed or Reduced Major Investment

20%

Increasing Investment Despite Higher Costs

Regulation & Compliance

Insight

Nearly half of respondents face a severe or significant regulatory burden, and more than three-quarters face at least a moderate burden.

Insight

There is no single source of friction. Sector rules, employment law and data protection lead the list, reinforcing the need for coordinated implementation and proportional requirements for firms.

A Visible Burden

Regulation and compliance now represent a material operating burden for a clear majority of businesses. 46% describe the burden as severe or significant, while 77% rate it as at least moderate. Only 18% report a minor burden or no burden. The issue is therefore not resistance to standards; it is the cumulative time, cost and uncertainty created by overlapping requirements and frequent change.

The burden is dispersed across several areas:

- Sector-specific regulation ranks first (21%)
- Employment law and HR compliance follow (18%).
- Data protection and GDPR at 12%.
- Public procurement, EU regulation and tax administration each account for a further 9%.

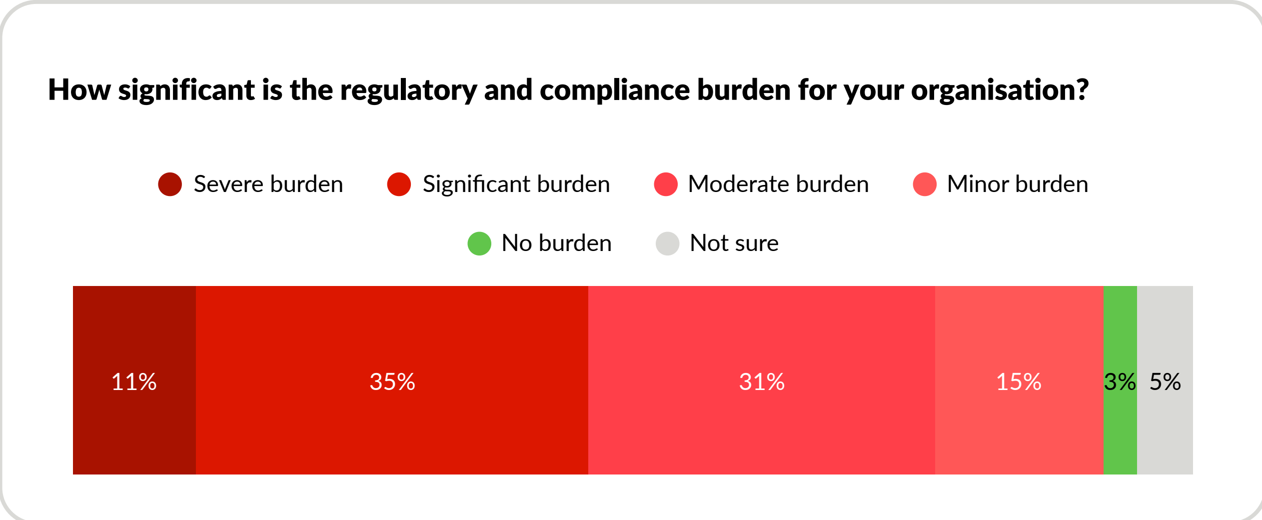
Reform must therefore be both horizontal and sector-sensitive.

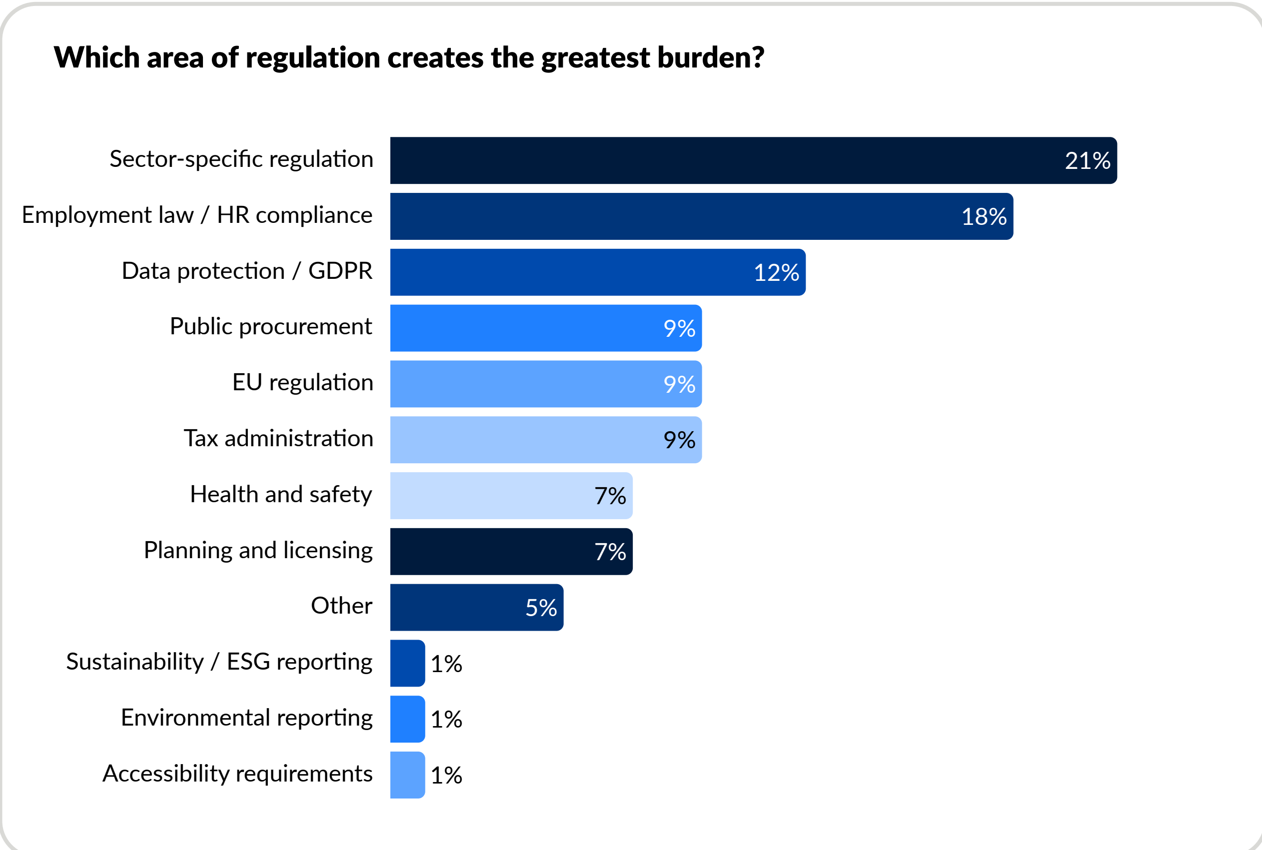
46%

Call it a Severe or Significant Burden

18%

Employment Law and HR Compliance Cited as the Top General Burden





Confidence

Insight

Confidence in the economy remains positive, but confidence in Government is evenly split between positive and negative views. The credibility gap is a warning that delivery must improve, not simply policy messaging.

Insight

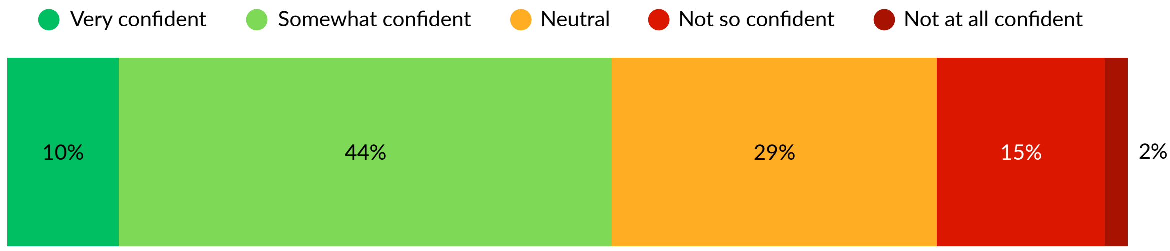
The six-month outlook has a positive balance: 26% expect conditions to improve, compared with 14% expecting deterioration, 60% expect no change.

Resilient, But Uneven

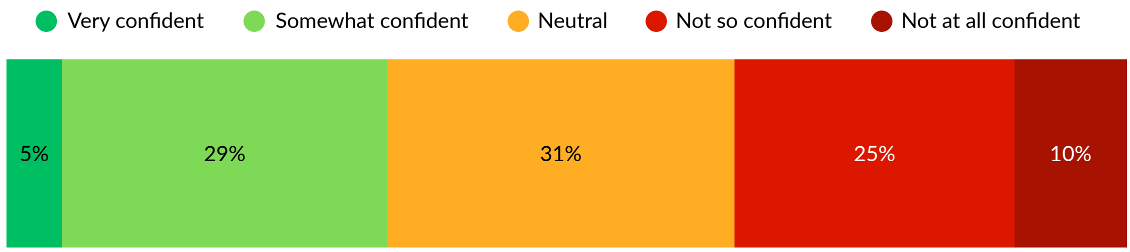
Business confidence is resilient, but it is uneven across the economy, Government and firms' own performance expectations. 54% are confident in the Irish economy and 17% are not confident. Confidence in Government is markedly weaker: 34% are confident, 35% are not confident and 31% are neutral. This gap matters because businesses distinguish between the strength of the economy and confidence in the policy response.

At company level, the outlook is cautious rather than negative. 26% expect improvement, 60% expect no change, and 14% expect a deterioration. Compared with 2025, 31% are less confident about performance in the year ahead, 23% are more confident and 46% report no change. The underlying message is clear: firms remain operationally resilient, but policy uncertainty and rising costs are limiting their willingness to take larger risks.

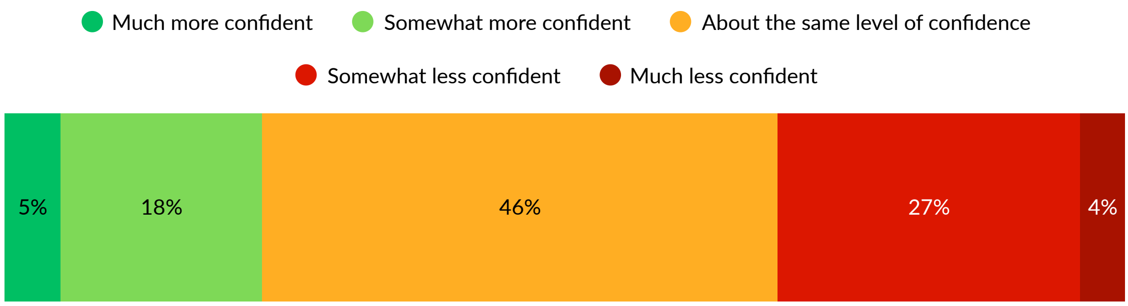
How Confident Are You in the Irish economy?



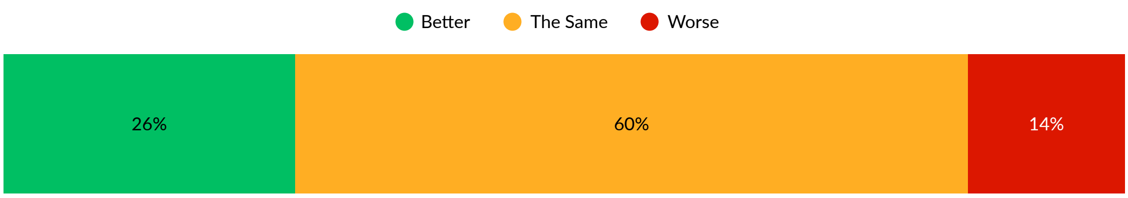
How Confident Are You in the Irish Government?



Compared with 2025, how confident are you for business performance for the coming year?



Do you expect that the business situation of your company in the next 6 months will be:



Local Governance

Insight

More than three in four respondents are concerned that governance uncertainty could affect delivery or Limerick's reputation. The business community is asking for clarity, accountability and an end to ambiguity.

Insight

60% report a negative impact on confidence to invest or expand. Therefore governance has an economic cost: when decision-making is unclear, projects slow and investment risk rises.

Governance is a Confidence Issue

The survey provides a decisive business view on local governance. 77% are very or somewhat concerned that uncertainty around roles and decision-making could affect delivery, investor confidence or Limerick's reputation as a place to do business. This is a competitiveness issue with direct implications for investment decisions.

60% say perceived uncertainty is already having a negative impact on confidence to do business, invest or expand in Limerick. A further 34% report no impact, while only 1% identify a positive impact. The required response is straightforward: clarify responsibilities, publish decision and delivery pathways, establish visible accountability for projects, and communicate progress consistently. Governance must enable delivery at the pace expected by businesses and investors.

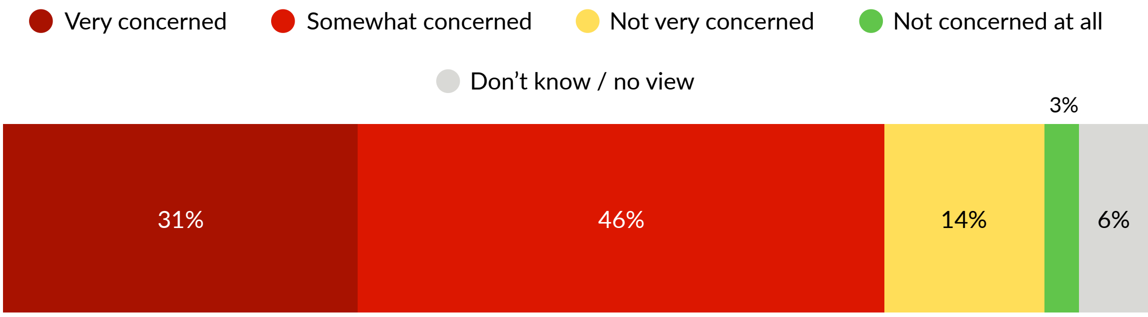
77%

Concerned Local Governance Issues Could Affect Delivery or Reputation

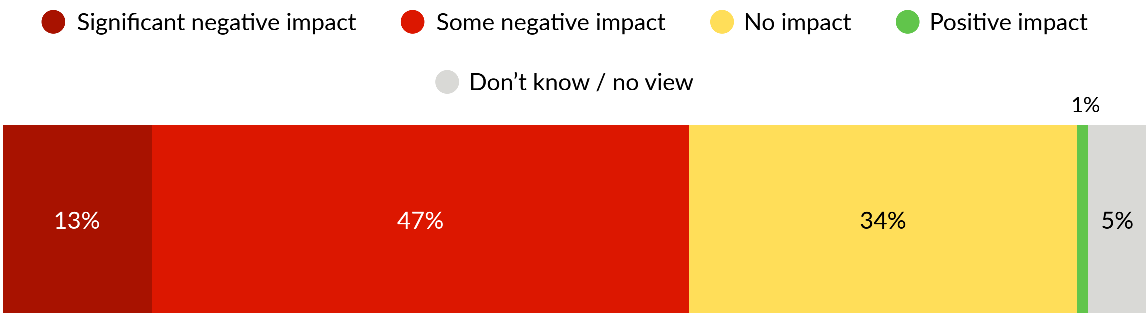
60%

Say Current Uncertainty Has a Negative Impact

Recent public discussion has highlighted questions around local governance, roles and decision-making in Limerick. From a business perspective, how concerned are you that this could affect delivery, investor confidence or Limerick's reputation as a place to do business?



To what extent, if any, does perceived uncertainty around local decision-making affect your organisation's confidence in doing business, investing or expanding in Limerick?



AI & Automation

Insight

AI adoption is no longer emerging: 67% are already using AI or automation and 92% are using, trialling or exploring it.

Insight

Only 7% report no adoption. This highlights a potential capability barrier rather than awareness - particularly skills, data readiness, cybersecurity and the cost of adoption for SMEs.

Adoption has Accelerated

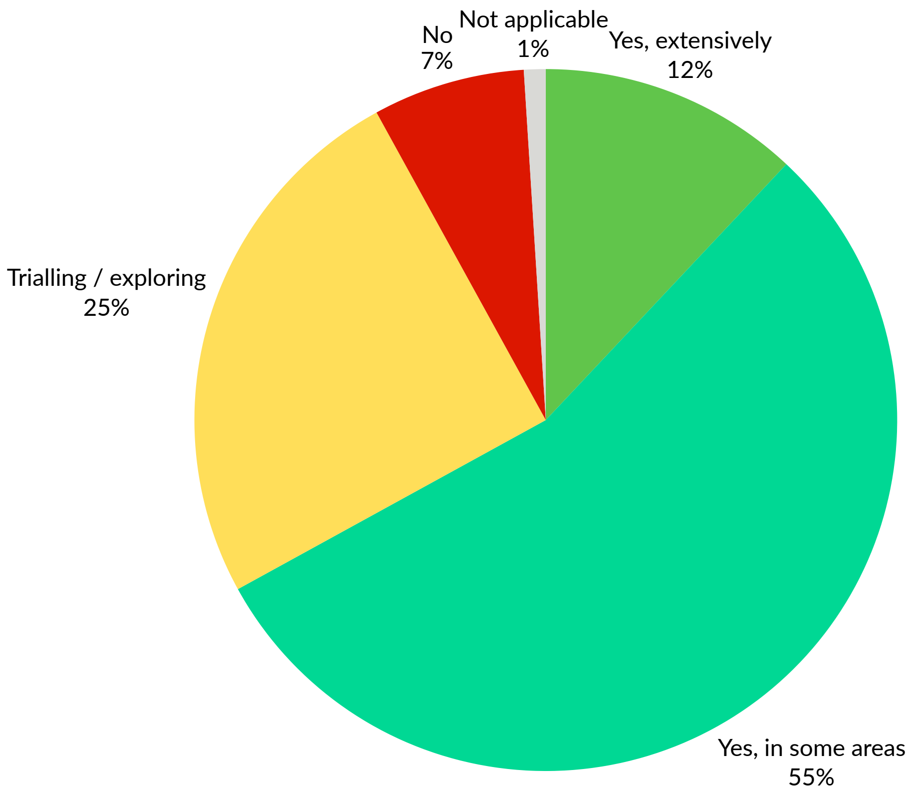
AI and automation have moved rapidly into the business mainstream. 67% of respondents are already using these technologies extensively or in some areas, while a further 25% are trialling or exploring their use. In total, 92% are active adopters or potential adopters, and only 7% report no adoption.

Businesses no longer need to be convinced that AI matters; they need practical support to implement it well. Priority areas include management capability, workforce skills, access to trusted use cases, cybersecurity, data governance and targeted investment supports for smaller firms.

92%

Have adopted AI / Automation or are trialling it

Has your organisation adopted AI or automation in any business processes?



Business Activity

Insight

Investment / hiring intentions remain positive: 69% plan to invest and 40% expect to increase staff. Despite the wider adoption of AI / automation, 4 in 10 firms expect to increase their staff and 5 in 10 expect no change.

Insight

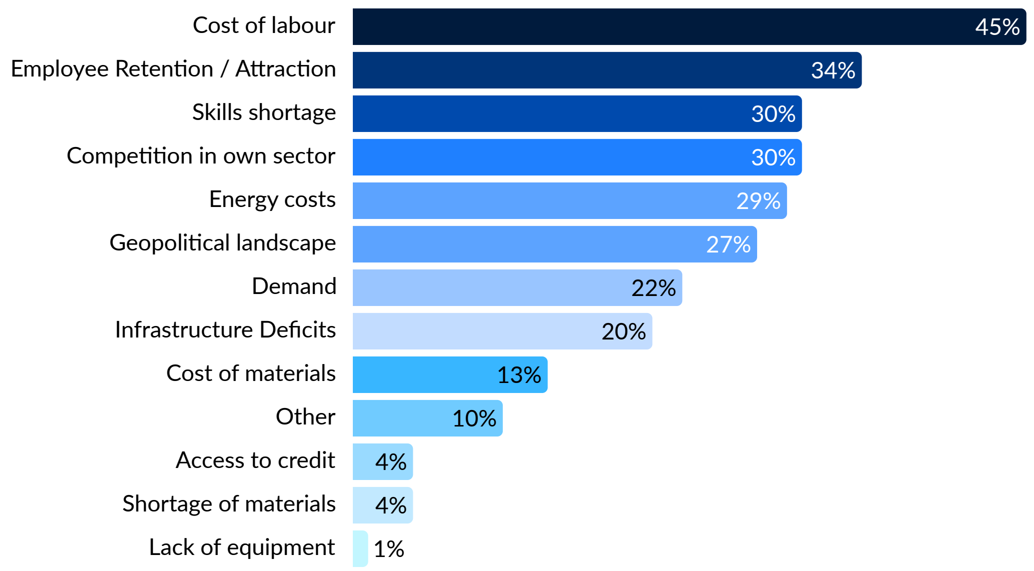
Labour cost, talent availability and skills are the leading constraints. The geopolitical landscape appears as a larger constraint at the firm level, rather than at the regional level.

Expansion Interest Remains Positive

The business community retains a clear appetite to grow. 69% intend to invest over the next six months, while 40% plan to increase workforce size and 50% expect staffing to remain stable. Only 7% plan to reduce employment. These results demonstrate that underlying demand for expansion remains intact despite a difficult cost environment.

The pace of growth is being constrained by labour and capacity pressures. Cost of labour is the leading limitation at 45%, followed by employee retention and attraction at 34%, skills shortages and sectoral competition at 30%, energy costs at 29% and the geopolitical landscape at 27%.

What factors are limiting your ability to increase business activity?



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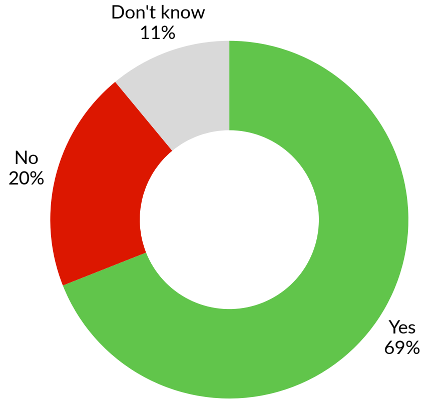
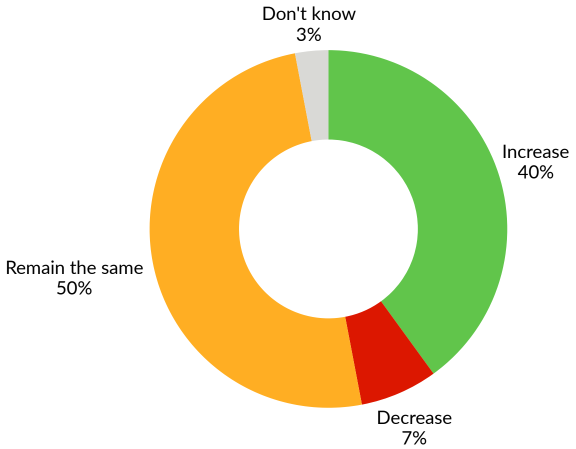
Do you intend to invest in your business in the next 6 months?



How do you intend to change your workforce size in the coming 6 months?



Commercial Rates

Insight

SMEs are slightly more sensitive to an increase in commercial rates and are more likely to pass the additional cost on to customers through higher prices.

Insight

Large organisations are less likely to increase customer prices, but this resilience comes at a cost. With 44% expecting to absorb an increase through lower margins, sustained rates pressures would ultimately weaken the resources available for investment, recruitment and expansion.

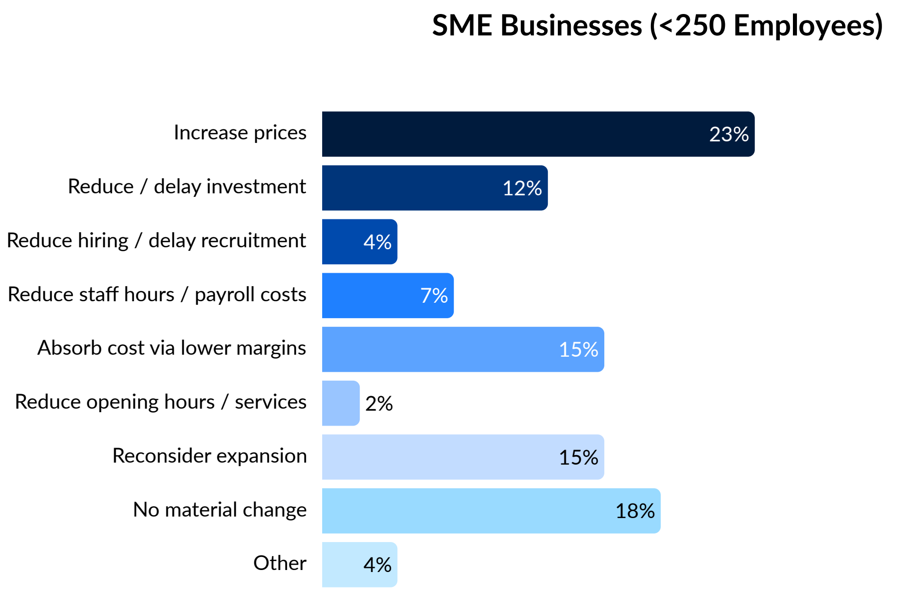
Increases Have a Direct Impact on Business Decisions

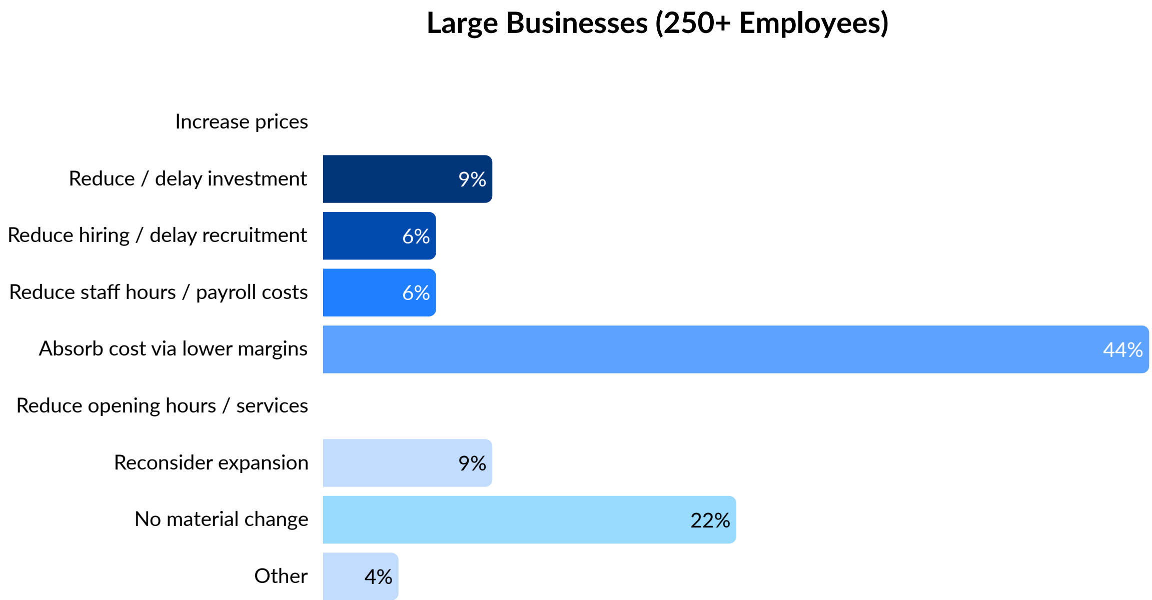
The findings demonstrate that any increase in commercial rates would have a tangible impact on businesses across both size categories. Six in ten SMEs describe their financial position as either very or somewhat sensitive to an increase, compared with half of large organisations. While larger businesses display greater capacity to withstand an increase, this should not be interpreted as an absence of impact; rather, the cost is more likely to be absorbed internally through reduced margins.

The likely response also differs materially by business size. Among SMEs, 23% would increase prices for customers, while 15% would absorb the additional cost through lower margins and 12% would reduce or delay investment. A further 15% would reconsider premises, expansion or location plans. This illustrates how higher commercial rates can feed directly into consumer prices and weaken business investment at local level.

Large organisations are considerably more likely to absorb the cost, with 44% indicating that an increase would reduce margins. However, one in five would respond by reducing or delaying investment, recruitment or payroll-related expenditure, while 9% would reconsider premises or expansion plans. Only 22% anticipate no material change. The evidence is clear: an increase in commercial rates would not simply affect profitability - it would influence pricing, investment, employment and future location decisions.

If commercial rates were to increase, how would your organisation most likely respond?





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