

Inward investment in the UK and Ireland in 2025: Sector focus

10 July 2025  Gavin Cummings

380+ C-suite leaders from £100m+ businesses across the [manufacturing](#), [real estate and construction](#), [retail and supply chain](#), [technology](#), and [energy and infrastructure](#) sectors share their optimistic outlook for M&A inward investment deals in the coming year.

Foreword by Gavin Cummings, Partner and Co-head of Corporates Strategy

In the second part of our comprehensive report on inbound [M&A](#) and inward investment trends for 2025, we are focusing on the pivotal sectors shaping the landscape. Following the insights in the first part of our report, we now turn our attention to the specific sectors that are at the forefront of M&A activities. This detailed exploration is crucial for stakeholders looking to navigate the complexities of the market and identify opportunities for growth and investment.

The year 2025 has unfolded with its share of global challenges and opportunities, influencing various sectors in unique ways. From manufacturing and industrials to technology and energy, each sector responds differently to the economic and geopolitical currents. Our in-depth analysis, supported by a survey of 383 C-suite executives across businesses with turnovers exceeding £100m, provides a sector-specific snapshot of the current M&A climate from this spring.

This foreword aims to show the essence of our findings, setting the stage for more nuanced analysis that follows in the report. As you delve into the executive summary and the detailed sector sections, you will find insights that are both reflective of respondents' feedback and with the knowledge we have now of current geopolitical challenges; predictive of future movements.

1. **Manufacturing and industrials** show a robust optimism, driven by strategic consolidations and technological advancements. This sector's resilience in the face of economic fluctuations highlights its crucial role in the broader economic framework.
2. **Real estate and construction** exhibit cautious optimism. Despite facing high insolvency rates and ongoing economic pressures, strategic investments in this sector are poised to yield long-term benefits, particularly in areas like logistics and data centres.
3. **Retail and supply chain**, especially in [fashion and beauty](#), are increasingly leveraging technology to drive growth. This sector's focus on digital transformation and models such as membership programmes to drive consumer engagement is pivotal in navigating the competitive market landscape.
4. **Technology** remains a standout sector with strong confidence in M&A activities, undeterred by the complex geopolitical landscape. The sector's rapid embrace of AI and digital innovations continues to attract significant investment, positioning it as a leader in transformative growth.

Energy and infrastructure present a more muted outlook, reflecting the sector's sensitivity to policy changes and public sentiment. However, strategic M&A could be key to securing resilience and sustainability in energy supplies and infrastructure systems.

Our goal with this report is to provide a comprehensive analysis that not only informs but also empowers decision-makers to act with confidence. The insights and expert commentary from our lawyers here at Browne Jacobson are designed to help stakeholders

understand the intricacies of the market and make strategic moves that align with current conditions and prospects.

We trust this report will serve as a valuable tool for those looking to understand and capitalise on opportunities within these key sectors, ensuring readiness for challenges and opportunities that lie ahead in 2025.

Thank you for your continued engagement with our analysis.

Executive summary

1. 84% of food and drink respondents anticipate increased M&A activity in the next 12 months – the most confident of all sectors surveyed, driven by investor appetite, consolidation opportunities and a strong policy environment.
2. 65% of manufacturers in the food and drink sector are diversifying product and service offerings to attract inward investment, while 78% cite increased confidence due to UK government policy, including the removal of labelling requirements and support for regulatory flexibility.
3. 81% of respondents in food and drink expect government incentives to influence investment, the highest figure across sectors, reflecting strong alignment with recent policy changes aimed at reducing uncertainty and encouraging innovation.
4. Despite rising food input costs (up 15% since 2023) and ongoing inflation, only 36% of food and drink respondents consider economic instability a major barrier to inward investment, suggesting resilience in investor sentiment.
5. 96% of food and drink manufacturers recognise the importance of technology and intellectual property (IP) in driving deals. The sector also leads on AI adoption, with 75% believing it could affect valuations or reshape the market – the highest across sectors.
6. In real estate and construction, 65% of respondents expect more inbound M&A, with activity focused on logistics, data centres, and regional development. The sector shows steady confidence despite having the highest insolvency rates (17% of all UK business insolvencies to Jan 2025).
7. 49% of real estate respondents think the new UK government has boosted confidence in the market, though opinions are split. Just under half (47%) believe government incentives will support inward investment.
8. ESG factors are increasingly influential. 97% of real estate and construction respondents acknowledged ESG's role in M&A decisions, with 40% actively prioritising sustainable practices to attract investment.
9. Fashion and beauty retailers remain cautious, with only 44% forecasting an increase in inward M&A. However, the sector is highly focused on innovation: 88% say access to technology and IP is key to attracting investment, and 49% cite diversifying their offering as a critical strategy.
10. Private equity (PE) activity is rising across sectors: 60% of fashion and beauty respondents and 86% of technology corporates anticipate increased PE involvement in 2025. The energy and infrastructure sector also sees growing interest, with 50% expecting more PE investment.
11. ESG is an increasingly prominent factor in M&A decisions, especially in the technology sector, where 55% say ESG significantly shapes dealmaking. In fashion and beauty, 81% report that ESG considerations now play a meaningful role in transactions.
12. Digital transformation and e-commerce are top drivers for retail M&A, with 31% of fashion and beauty respondents pointing to digital tech as a key factor. E-commerce expansion and improved logistics capabilities are viewed as central to attracting inbound investment.
13. Technology sector shows strongest M&A confidence, with 59% of respondents expecting an increase in inbound deals and 39% anticipating a significant rise – more than double any other sector. This is driven by rapid innovation in AI, cloud infrastructure and cybersecurity.
14. Government incentives are expected to play a major role in technology investment, with 89% of tech respondents believing these will shape inbound M&A. In contrast, only 36% of fashion and beauty retailers believe government incentives will significantly influence investment decisions in their sector.
15. AI is reshaping deal strategies, especially in technology, where 89% say it will drive M&A activity in the next 3–5 years. By contrast, the fashion and beauty sector is more divided, with 45% expecting an impact and 46% not.

16. Energy and infrastructure sector shows muted optimism, with just 22% predicting M&A growth and 32% expecting a decline. Regulatory challenges and capital intensity are likely driving hesitancy, though long-term fundamentals remain strong.

Methodology

The research was conducted by Censuswide, among a sample of 383 CEOs, CFOs, board members, and general counsel from across the key sectors of **energy and infrastructure, technology, retail and supply chain, food and drink and construction** in the UK and ROI. The data was collected between 23.01.2025 - 10.04.2025.

Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

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