Browne Jacobson

Inward investment in the UK and Ireland in 2025

Conclusion

08 July 2025

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.

As we move further into 2025, the inward investment and M&A landscape in the UK and Ireland is being reshaped by more than capital and innovation.

A shifting global order—driven by supply chain reconfiguration, rising tariffs, regulatory divergence and new trade deals—is changing how deals are pursued, structured, and valued.

While 60% of respondents in spring 2025 anticipated higher deal volumes, macroeconomic headwinds are reshaping the path forward. Elevated interest rates, geopolitical instability, and new trade barriers are compelling firms to adopt sharper, more resilient M&A strategies.

AI will be the kingmaker of inward M&A. With 77% expecting AI to transform deal-making, the technology sector is primed for increased activity. **Companies that leverage AI to streamline diligence, enhance valuations and build competitive edge will attract premium attention.**

Expect a surge in acquisitions targeting AI capabilities, data assets and cybersecurity infrastructure.

Private equity is preparing for aggressive expansion. Following a quieter period, PE firms are well-capitalised and poised to act. With 73% predicting increased PE activity, consolidation is expected in technology, healthcare, and sustainable energy. Add-on acquisitions are the preferred strategy—offering stability, scalability, and resilience amid uncertainty.

Ireland's EU gateway strategy continues to pay off. With 82% of Irish respondents expecting increased M&A activity, the country remains a key destination for UK and US firms navigating post-Brexit Europe. Flagship deals, such as Eli Lilly's $1.8 billion expansion and Microsoft's AI investments, underscore Ireland's strategic value.

Regulatory divergence is becoming a critical factor. The UK's differing data and AI regulation is seen by some as a competitive advantage, but comes with trade-offs. Dual compliance burdens and risks to EU data adequacy may complicate cross-border deals. Investors will need to balance regulatory ease with the need for EU market access, which requires engagement with local obligations.

ESG is rising fast on the M&A agenda. While only 35% see environmental, social and governance factors as key today, this is expected to grow with increased regulatory scrutiny. Real estate and tech sectors are already adapting, and ESG alignment may soon be essential for accessing capital.

Tax and policy alignment are also coming to the fore. With 39% citing tax policy as a driver of investment, future deal-making will focus on strategic fit—with national priorities, digital capabilities, and investor expectations.

In short, this year is not a return to business as usual—it's a new era of strategic recalibration. **The winners will be those who harness AI, plan ahead of the shifting regulations, anticipate geopolitical risk and act decisively.**

Those that do won't just survive the volatility—they'll shape the next cycle of growth.

Previous
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