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AIB retail spend outlook report

Q3 2025

AIB's detailed look at the retail sector,
highlighting trends and insights for Q3 2025.

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Consumer spend to Retail grows at a solid pace up 4.2% in Q3 2025

In Q3 2025, instore spending increased by 2.9% and online spending by 9.0% compared to Q3 2024

In each of the first three quarters of the year consumers have spent more compared to the same period in 2024. Consumer spending in Q3 2025 increased by 4.2% on foot of 5% growth achieved in Q2 and 1.7% in Q1 compared to the same periods last year. A significant contribution to the increase in retail sector sales comes from the spending in grocery which was up 4.6% in value sales and markedly up 3.4% on transaction volume in the quarter pointing to more goods being bought.

In Q3, instore value sales were up 2.9% in total which is split between growth in five out of the eight subsectors and contrastingly some fall back in three subsectors namely electrical goods (-5.4%) clothing (-3.3%) and department stores (-4.4%) against Q3'24. Online value sales performed well in the quarter with consumer spend up in seven subsectors. Only spend to sporting goods stores online (-5.7%) saw some

contraction. Overall online value sales were up 9% in the quarter.

The Homeware & Hardware subsector, potentially benefitting from the milder weather conditions achieved strong growth across both sales channels with instore sales up 5.5% and online sales up 6.9%. Garden and Homeware values saw the largest growth. However, Furniture stores, Hardware stores and Building materials stores are the key contributing categories which dictate overall subsector performance and each achieved growth in the quarter against Q3'24. The data points to consumers spending more on the home in the first three quarters of the year when compared to 2024.

When considering some drivers of overall performance, the labour force grew by 2.3% in Q2 according to CSO data and in addition population numbers are increasing year on year which support increased capacity in the system. Average weekly earnings growth has outpaced

consumer price inflation increases in the first two quarters (5.6% & 5.3% respectively YoY) of 2025 suggesting real growth in wages. Consumer price inflation for the quarter has averaged at 2.1%. This increase in real income is likely supporting consumer capacity to spend into Q3.

Consumer spending has remained robust and resilient year to date in 2025. With a stable domestic economy projecting a modest growth outlook for the next 12 months, consumer spend growth trends are likely to continue.



Ciaran Foley
AIB Retail
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Retail
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Industry View

Warm summer drives higher retail spending

The data for Q3 2025 presents a nuanced picture of Irish retail. Overall value sales grew by 4.2% with transaction volumes up 3.4%, though much of this growth is attributable to price increases rather than increased consumption. Beneath these headline figures lie important trends that warrant careful attention.

The quarter benefited from favourable weather conditions, particularly supporting outdoor and seasonal sectors such as hardware, DIY and garden centres. We also witnessed the continued acceleration of digital commerce, with online sales growing at 9% compared to in-store growth of 2.9% – a trend that reflects the evolving nature of Irish shopping behaviour.

Of particular note is the divergence in performance across retail categories. While grocery showed growth of 4.6%, this largely reflects inflation within the category as increased operating costs become embedded in the supply chain. Homeware sectors demonstrated solid performance, however discretionary categories including clothing and electrical

goods experienced subdued performance. It is worth noting that cost pressures exist across all categories, but discretionary sectors compete in a global economy where there is limited room to increase prices, placing additional strain on margins. This shift in consumer spending patterns towards essential goods, combined with price-driven rather than volume-driven growth, indicates households are exercising significant caution with their budgets.

As we approach the critical Christmas trading period, this report serves as an important barometer of current retail conditions across Ireland.



Jean Mc Cabe
CEO
Retail Excellence



Key Trends

↑ **2.9%**

Instore retail

↑ **4.2%**

Overall retail spending

↑ **9.0%**

Online retail

Retail

Retail +4.2%

Year on year sales by value for the wider retail sector increased in Q3 2025 by 4.2%, driven by increased instore sales of 2.9% and an uplift in online sales of 9.0% versus the same period in 2024. Total transaction numbers rose by 3.4% with average spend per transaction remaining relatively stable in the period pointing to normalising price inflation.

Spending by value rose in seven of the eight sectors. Expenditure at department stores saw a slight decline during the quarter, affected by a drop in in-store purchases, which was offset by a 7.8% rise in online sales.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	4.6%	4.1%	10.4%
Electrical Goods	6.8%	-5.4%	14.9%
Hardware	6.1%	5.5%	6.9%
Pharmacies	6.4%	4.9%	29.3%
Clothing	1.3%	-3.3%	7.9%
Department Stores	-1.7%	-4.4%	7.8%
Sporting Goods Stores	1.8%	6.9%	-5.7%
Jewellery	3.0%	1.0%	8.4%

In Q3, consumers continued to increase spending on more essential and inelastic categories such as groceries and pharmacies, with sales growing by 4.6% and 6.4% respectively.

Sectors with more discretionary items, like jewellery, sporting goods stores, and clothing, showed varied results in the quarter compared to 2024, with all seeing an increase.

Consistent with Q1 and Q2, both hardware and electrical goods stores experienced increased spending, with online sales channels making a notable contribution.

For the purposes of this report, we've used our data across these eight categories to analyse retail spend trends.



Grocery

Overall Grocery +4.6%

When referring to the grocery sector we are discussing the retail categories listed in the table below. The grocery sector overall saw spend value increase by 4.6% in Q3 with instore channels seeing an increase of 4.1%, whilst online sales went up by 10.4%. The number of transactions in the quarter increased for instore by 3.8% and a comparative 9.6% for online transactions. Online sales represented 8.3% of total value grocery sales in the quarter.

Grocery stores was the main driver of growth in the quarter with spend up 6.0% driven by increases to both instore and online sales.

Miscellaneous food stores such as convenience stores and speciality markets saw a value spend decrease by -1.2% which is in contrast from the 3.2% increase in Q2 2025.

In Q3 spend across the pet shops and supplies category showed a modest increase in spend up 2.8% in the quarter. This is in line with the previous quarter, after significant increases in 2024.

Off License / Liquor Stores saw value spend decrease by -6.8% in Q3 2025 driven by reduced instore sales down -8.5%.

Category	Overall	Instore	Online
Grocery Stores	6.0%	5.5%	14.9%
Miscellaneous Food Stores	-1.2%	-3.5%	14.3%
Pet Shops and Supplies	2.8%	1.0%	7.2%
Off License / Liquor Stores	-6.8%	-8.5%	-1.5%
Bakeries	16.6%	17.7%	6.0%



Homeware / Hardware

Overall Homeware / Hardware +6.1%

Overall, this group of subsectors (including furniture stores, home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber, building material stores) saw a 6.1% increase in value spend in Q3, with a 5.5% instore spend increase and a 6.9% increase to the online channel. Card spend by number of transactions was up by 5.6% against the same period in 2024. Three categories, 'furniture, home furnishings', 'hardware stores' and 'lumber, building material stores' make up the majority of spend to this sector.

As consumers focused on enhancing their home comfort, sales of furniture and home furnishings rose by 2.3%. Additionally, with warmer weather conditions in Q3 compared to the previous year, sales at nurseries and garden centres increased by 13.6%, similar to the pattern seen in Q2 2025.

Overall spend across all six subsectors in the Homeware/Hardware category. Home Supply Warehouse Stores saw a notable rise in Q3 of 15.3% driven by increased spend both instore and online. Expenditure at lumber and building materials stores also saw a notable rise.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	2.3%	1.5%	3.4%
Hardware Stores	2.0%	0.1%	8.2%
Nurseries, Lawn and Garden Supply Stores	13.6%	6.5%	30.9%
Floor Covering Stores	3.9%	0.9%	8.2%
Lumber, Building Materials Stores	7.6%	8.0%	7.0%
Home Supply Warehouse Stores	15.3%	14.0%	23.1%



Clothing / Department Stores / Jewellery

Overall Clothing +1.3%

This category of subsectors such as shoe stores, sports and riding apparel stores, family clothing stores, men's, women's clothing stores and women's ready-to-wear stores saw an overall uptake in value spend of 1.3% for the quarter.

Clothing - Sports and riding apparel continued a strong rate of growth +2.6% in the clothing category, across both instore and online. 'Shoe stores' and 'Family Clothing Stores' saw similar spend increases in the quarter up 3.5% and 3.3% respectively.

Overall department stores -1.7% - Department stores spend was down marginally for the period. Decreased average transaction sizes both instore and online, as well as reduced instore spend, can be attributed to the decrease.

Overall jewellery +3.0% - Consumer spending on jewellery gained pace following on from growth in Q1 and Q2 against 2024. Spending on jewellery was up strongly in both instore and online spend.

Category	Overall	Instore	Online
Shoe Stores	3.5%	-0.8%	12.7%
Sports & Riding Apparel Stores	2.6%	1.7%	3.3%
Family Clothing Stores	3.3%	-1.2%	13.8%
Men's, Women's Clothing Stores	0.6%	5.3%	-4.2%
Women's Ready-To-Wear Stores	-2.7%	-3.0%	-2.2%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Department Stores	-1.7%	-4.4%	7.8%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	3.0%	1.0%	8.4%



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