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AIB retail spend outlook report

Q4 2025

AIB's detailed look at the retail sector,
highlighting trends and insights for Q4 2025.

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Retail sector spending up 2.5% in Q4 2025

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Q4 2025 saw strong performance across a range of areas in the retail sector, with overall retail spending increasing by 2.5% compared to Q4 2024. This growth was primarily driven by a robust 9.1% rise in online sales, while instore sales also saw a modest uplift of 0.4% compared to the same period in 2024. Transaction numbers rose by 1.6%, and the average spend per transaction remained stable, likely assisted by real household income increases throughout the year, supporting consumer capacity to spend into Q4.

Within the sector, spending by value rose in five of the eight tracked categories. Essential categories such as grocery and pharmacy sectors continue to see incremental growth, with grocery spend up 3.2% overall and pharmacy spend up 4.1%. Bakeries delivered the strongest performance in the grocery segment, with spend up 9.6% overall in the period.

Pet shops and supplies stores also contributed positively, up 5.5% overall.

The homeware and hardware sector experienced a 5% increase in value spend, supported by increases to both instore and online spending.

Notably, nurseries, lawn and garden centres saw the strongest growth in the homeware and hardware sector, with spend up strongly by 16.4% when compared to Q4 2024. Home supply stores and hardware stores also posted solid gains, up 8.0% and 3.6% respectively.

The jewellery category performed well in Q4, with overall spend up 4.2% pointing to consumer capacity to spend on more discretionary purchases. Spending on clothing reduced marginally by 0.3% against spending in 2024, though family clothing stores achieved notable growth of 9.2%. Overall department stores spend was

7.3% behind the comparable period in 2024, with reduced activity both instore and online.

The trends evident in Q4 2025 point to consumers continuing to prioritise essential categories, while also investing in home and garden improvements. There was an evident increase in online spending in Q4 2025 potentially driven by the poor weather conditions experienced in December.



Ciaran Foley
AIB Retail
Sector Specialist



Industry View

Consumer spend closes 2025 up 2.5% in Q4, but the channel shift tells the real story

In Q4 2025, instore spending increased by just 0.4% while online spending grew 9.1% compared to Q4 2024. The headline figures for Q4 2025 show consumer spending up 2.5% on the same period last year, bringing a positive close to a year of consistent growth. However, the more significant trend lies beneath these numbers: instore growth of just 0.4% compared to online growth of 9.1% represents a continued shift in how Irish consumers are choosing to shop.

Transaction volumes rose by 1.6%, with electrical goods recording 13.6% volume growth, indicating genuine demand. Grocery remained resilient at 3.2% overall, while Homeware & Hardware continued its strong performance with spend up 5%. Clothing contracted by -0.3%, with instore sales down -4.8%, reflecting ongoing caution around discretionary purchases.

Retail member feedback over the Christmas period was mixed: growth has not been evenly distributed. SME retailers experienced a more challenging quarter, with larger operators benefiting from established online capabilities and greater scale. This underscores the importance of the strengths independent retailers bring - personal service, community

connection and curated offerings that competitors cannot easily replicate. Investing in these differentiators, alongside building digital presence, will be key for SMEs in 2026.

The economic backdrop remains a balancing act. Wage growth has supported consumer spending, but retailers have absorbed significant cost increases across wages, energy, insurance and supply chain. For many, 2025 was a year of working harder to stand still. That said, finishing the year in growth is a testament to the resilience and adaptability of Irish retailers.

Looking to 2026, managing operating costs remains the critical challenge, while consumer spending should stay positive for those with the agility to meet customers where and how they want to shop.



Jean Mc Cabe
CEO
Retail Excellence



Key Trends

A woman and a young child are standing in a snowy outdoor setting. The woman, wearing a brown puffer jacket and a dark knit hat, is looking down at something in her hands. The child, also in a brown puffer jacket and a dark knit hat, is looking in the same direction. They are surrounded by snow-covered trees and a path. The background is a soft-focus winter scene with snow falling.

↑ **0.4%**
Instore retail

↑ **2.5%**
Overall retail spending

↑ **9.1%**
Online retail

Retail

Retail +2.5%

Year on year sales by value for the wider retail sector increased in Q4 2025 by 2.5%, driven by increased online sales of 9.1% and an uplift in instore sales of 0.4%. Total transaction numbers rose by 1.6%.

Consistent throughout 2025, hardware and electrical goods continued their increased spend trend, up 5.0% and 5.4% overall, driven by strong online growth.

Expenditure in department stores saw the sharpest decline during the quarter -7.3% overall, affected by a drop in in-store purchases -8.8% and a fall in online sales -3.7%.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	3.2%	2.4%	11.7%
Electrical Goods	5.4%	-10.4%	15.8%
Hardware	5.0%	1.7%	10.9%
Pharmacies	4.1%	2.4%	23.3%
Clothing	-0.3%	-4.8%	5.8%
Department Stores	-7.3%	-8.8%	-3.7%
Sporting Goods Stores	-0.7%	1.3%	-3.0%
Jewellery	4.2%	1.1%	12.1%

In Q4, consumers continued to increase spending on more essential categories such as groceries and pharmacies, with sales growing by 3.2% and 4.1% respectively, supported by strong online gains.

Sectors with more discretionary items showed mixed results. Jewellery performed well, up 4.2% while clothing slipped -0.3% despite a 5.8% rise online. Sporting goods stores also showed a slight decline of -0.7%.

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



Grocery

Overall Grocery +3.2%

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 3.2% in Q4, with instore channels seeing an increase of 2.4%, whilst online sales went up by 11.7%. The number of transactions in the quarter increased for instore by 1.8% and a comparative 10.6% for online transactions. Online sales represented 8.6% of total value grocery sales in the quarter.

Bakeries delivered the strongest performance in Q4, with spend up 9.6% overall, driven by a 10.1% increase in-store and a 4.8% rise online.

Category	Overall	Instore	Online
Grocery Stores	4.5%	3.9%	14.4%
Miscellaneous Food Stores	-4.1%	-6.9%	13.7%
Pet Shops and Supplies	5.5%	2.6%	12.7%
Off License / Liquor Stores	-5.5%	-7.8%	0.7%
Bakeries	9.6%	10.1%	4.8%

Grocery stores were another key contributor to growth, recording a 4.5% increase overall, supported by gains across both in-store 3.9% and online 14.4% channels.

Pet shops and supplies also performed well, up 5.5%, with online sales growing by 12.7%.

In contrast, miscellaneous food stores (such as convenience stores and speciality markets), saw a decline of -4.1%, despite strong online growth 13.7%, as in-store sales fell -6.9%.

Off licence/liquor stores recorded the steepest drop, down -5.5% overall, driven by a -7.8% fall in-store.



Homeware / Hardware

Overall Homeware / Hardware +5%

Overall, this group of subsectors (including furniture stores, home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber and building material stores) saw a 5% increase in value spend in Q4, with a 1.7% instore spend increase and a 10.9% increase to the online channel. Card spend by number of transactions was up by 5.1% 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 invested in home and garden improvements, nurseries, lawn and garden centres delivered the strongest performance in Q4, with spend up 16.4%

overall, driven by exceptional online growth of 45.3% and a 5.3% increase in-store.

Home supply warehouse stores also saw strong growth, rising 8.0%, supported by a 7.4% increase in-store and 11.5% online. Floor covering stores recorded a solid 5.6% uplift, while lumber and building materials stores grew by 4.3%, largely due to strong online sales up 11.6% despite a slight in-store decline -0.9%.

Hardware stores posted growth of 3.6%, underpinned by a jump in online sales up 15.9% in the quarter.

Furniture and home furnishings saw an overall decline of -1.6%, impacted by a -4.3% drop in-store despite a small online increase 2.8%.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	-1.6%	-4.3%	2.8%
Hardware Stores	3.6%	0.2%	15.9%
Nurseries, Lawn and Garden Supply Stores	16.4%	5.3%	45.3%
Floor Covering Stores	5.6%	3.0%	9.1%
Lumber, Building Materials Stores	4.3%	-0.9%	11.6%
Home Supply Warehouse Stores	8.0%	7.4%	11.5%



Clothing / Department Stores / Jewellery

Overall Clothing -0.3%

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 slight reduction in value spend of -0.3% for the quarter, with volume sales down 0.9%.

Clothing – Family clothing stores achieved the strongest growth in the category, up 9.2% overall, driven significant online growth. Sports and riding apparel stores saw marginal growth of 0.5% in value spend, with online up 3.0%.

Overall department stores -7.3% – Overall spend in department stores declined by 7.3% in Q4, driven by a sharp fall in in-store sales -8.8% and a smaller drop online -3.7%. Reduced in-store activity and lower average transaction sizes across both channels contributed to the decrease.

Overall jewellery +4.2% – Overall spend on jewellery increased by 4.2% in Q4, continuing the positive trend from earlier in the year. Growth was supported by gains across both channels, with in-store sales up 1.1% and online sales rising by 12.1%.

Category	Overall	Instore	Online
Shoe Stores	-1.0%	-5.1%	6.2%
Sports & Riding Apparel Stores	0.5%	-3.4%	3.0%
Family Clothing Stores	9.2%	-0.3%	36.8%
Men's, Women's Clothing Stores	-4.5%	-1.4%	-7.3%
Women's Ready-To-Wear Stores	-8.8%	-6.6%	-13.0%

Year on Year Quarter Comparison € Value

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Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	4.2%	1.1%	12.1%



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