For the life you're after

AIB retail spend outlook report

Q2 2026

AIB's detailed look at the retail sector, highlighting trends and insights for Q2 2026

Retail sector spending up 1.2% in Q2 2026

Q2 2026 Retail Card Spend growth of 1.2% was supported by stronger online sales with instore sales flat compared to Q2 2025.

In Q2 2026, overall retail card spend increased by 1.2% in value year-on-year, reflecting more modest growth across the retail sector. This slower growth was supported in the main by stronger online transactions which went up 4.6%, while in-store spending was broadly flat at +0.1%.

Overall retail sales transaction volumes were -0.6% behind the same quarter in 2025 pointing to some impact from sticky inflation during the first half of 2026. It is however evident that consumer demand for retail remains strong. Consumers continue to show capacity to spend yet are becoming more discerning and seeking value for money. In addition, there is an ongoing evolution in consumer purchasing behaviour, with digital channels playing an increasingly important role alongside physical retail.

Essential categories continued to demonstrate resilience with grocery value spend increasing by 1.6% supported by growth in both in-store and online channels. Despite value growth, the number of transactions fell by -0.5%, indicative of food price inflation in the period. Pharmacy spending saw value growth of 6.3% in Q2 2026 driven by higher demand for community pharmacy dispensing and over the counter product sales.

The homeware and hardware sector experienced moderate value growth of 1.6%, with gains spread across in-store (+1.7%) and online (+1.6%). Volume growth of 0.9% overall suggests continued incremental demand as consumers focus on enhancing and refreshing the home and garden.

More discretionary categories showed divergent trends. Spending with clothing stores, department stores and sporting goods stores were all behind the same period in Q2 2025. All three categories were likely impacted by the long spell of good weather with instore transactions down 4.4%, 3.6% and 6.7% respectively.

While some slower growth was seen in Q2 2026, consumer fundamentals remain supportive for retail trading. Wage growth continues to exceed inflation, employment remains near record levels and the domestic economy continues to expand providing a generally favourable backdrop despite ongoing inflationary pressures.

Ciaran Foley
AIB Retail
Sector Specialist

Based on AIB personal customer card spend data for Q2 2026

Retail Excellence Ireland

Industry View

Irish Retail Spend Grows as Cost Pressures Persist

Q2 2026 presented a mixed trading environment for Irish retailers, with consumer spending continuing to grow but at a more moderate pace than in recent quarters.

Overall retail card spend increased by 1.2% compared with Q2 2025, although transaction volumes declined by 0.6%, highlighting the ongoing impact of inflation on shopping behaviour. Growth remained concentrated online, where spending rose by 4.6%, while in-store sales were broadly unchanged. Online continues to drive a competitive discount environment, where consumers are shopping around for value and are less loyal than instore.

Retailers also faced a number of external challenges during the quarter, including heightened geopolitical uncertainty linked to the conflict in Iran, which contributed to volatility in energy markets and increased fuel costs. This drove consumers to cut back on non-discretionary purchase such as clothing and footwear and to shop online. Combined with unseasonal weather patterns that affected seasonal purchasing trends, these factors resulted in varied performance across sectors. Q2 2025 brought mild weather early in the quarter, which contributed to high comparison figures for many retailers this Q2.

Nevertheless, strong employment, rising wages and continued expansion in the domestic economy helped underpin consumer confidence and supported positive, albeit slower, growth in retail spending. Retail remains in a fragile state of elevated cost base, significantly higher than pre Covid, matched with robust retail sales. We did see two notable retail chains announce closures during Q2 with 15 and 100 stores closing in each business, which showcases the pressure the sector is under.

Jean McCabe
CEO
Retail Excellence

Based on AIB personal customer card spend data for Q2 2026

Key Trends

↑ **0.1%**
Instore retail

↑ **1.2%**
Overall retail spending

↑ **4.6%**
Online retail

Based on AIB personal customer card spend data for Q1 2026

Retail

Retail +1.2%

Year on year sales by value for the wider retail sector increased in Q2 2026 by 1.2%, driven by increased online sales of 4.6% and instore sales remaining stable with +0.1% change, versus the same period in 2025.

Total transaction numbers fell by 0.6%, contrastingly average spend per transaction increased by 1.8% indicating change in spend mix or some price inflation pressures in the period.

As shown in the below table, spending by value rose in six of the eight sectors. Expenditure in Clothing Stores declined during the quarter by 4.4% overall, affected by a drop in in-store purchases while online sales grew marginally by +0.6%.

In Q2, consumers continued to increase spending on more essential and inelastic categories such as groceries and pharmacies, with sales growing by 1.6% and 6.3% respectively, supported by strong online gains of 5.5% and 10.1%.

Sectors with more discretionary items showed mixed performance. Electrical Goods saw strong growth of +9.9% overall, driven by online spending (+12.4%) while Jewellery posted modest overall growth of 1.5%. Department stores and Sporting Goods Stores recorded declines of 3.6% and 6.7% in the period.

Consistent throughout last year, hardware saw continued growth of 1.7% overall, with increases both instore and online (+1.7% and +1.6%).

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Groceries	1.6%	1.2%	5.5%
Electrical Goods	9.9%	5.1%	12.4%
Homeware / Hardware	1.7%	1.7%	1.6%
Pharmacies	6.3%	6.0%	10.1%
Clothing	-4.4%	-8.5%	0.6%
Department Stores	-3.6%	-9.8%	18.1%
Sporting Goods Stores	-6.7%	-12.2%	1.8%
Jewellery	1.5%	-0.3%	5.9%

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

Based on AIB personal customer card spend data for Q2 2026

Grocery

Overall Grocery Stores +1.6%

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 1.6% in Q2, with instore channels seeing an increase of 1.2%, whilst online sales increased by 5.5%. The number of transactions in the quarter decreased for instore by -0.6%. Online spend saw strong growth but represented 8.3% of total value grocery sales in the quarter.

Pet Shops & Supplies delivered the strongest performance in Q2, with spend up 3.9% overall, driven by a 5.2% increase in-store and a 1.1% rise online.

Grocery stores were another key contributor to growth, recording a 2.7% increase overall, supported by gains across both in-store (2.3%) and online (10.5%) channels.

Bakeries recorded incremental growth overall +1.2%, with performance supported by strong in-store growth of 1.9% offsetting a decline online of –5.2%.

Off licence / liquor stores recorded a double digit decline, down 10.3% overall, driven by a falls in both in-store sales -8.7%, and online sales -15.2%.

Miscellaneous food stores (such as convenience stores and speciality markets) saw a decline of 5.4% overall, driven by a contraction in in-store spend (6.3%), while online spend fell modestly by 0.5%.

Category	Overall	Instore	Online
Grocery Stores	2.7%	2.3%	10.5%
Miscellaneous Food Stores	-5.4%	-6.3%	-0.5%
Pet Shops and Supplies	3.9%	5.2%	1.1%
Off License / Liquor Stores	-10.3%	-8.7%	-15.2%
Bakeries	1.2%	1.9%	-5.1%

Based on AIB personal customer card spend data for Q2 2026

Homeware / Hardware

Overall Homeware / Hardware +1.7%

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 1.7% increase in value spend in Q2, with a 1.7% instore spend increase and a 1.6% increase in the online channel. Spend by number of transactions was up by 1% against the same period in 2025. Three categories, 'furniture, home furnishings', 'hardware stores' and 'lumber, building material stores' continue to make up the majority of spend to this sector.

Home Supply Warehouse stores delivered the strongest performance in the quarter, with spend increasing by 11.9% overall, supported by robust growth across both in-store 10.5% and online channels 20.7%.

Hardware stores recorded modest growth overall of 0.6%, with instore spend behind by 0.6% in the quarter and offset by strong online growth 4.2%, while floor covering stores posted marginal growth.

In contrast, nurseries, lawn and garden centres saw a decline overall of 1.9%, driven by a contraction in in-store spend of 7.9%, despite continued strength in the online channel which grew by 16%.

Furniture and home furnishings spend declined -3.5% in Q2.

Category	Overall	Instore	Online
Furniture, Home Furnishings etc	-3.5%	-4.3%	-2.5%
Hardware Stores	0.6%	-0.6%	4.2%
Nurseries, Lawn and Garden Supply Stores	-1.9%	-7.9%	16.0%
Floor Covering Stores	0.3%	1.2%	-1.0%
Lumber, Building Materials Stores	3.1%	3.0%	3.3%
Home Supply Warehouse Stores	11.9%	10.5%	20.7%

Based on AIB personal customer card spend data for Q2 2026

Clothing / Department Stores / Jewellery

Overall Clothing -4.4%

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 decrease in value spend of -4.4% for the quarter, with volume sales down – 5.0%.

Clothing – Aside from sports and riding apparel stores, each clothing category saw instore spend decrease in the quarter. Online clothing spend overall was relatively flat up marginally by 0.6%.

Overall department stores 3.6% – Overall spend in department stores decreased by -3.6% in Q2, driven by a decrease in instore spend –9.8% and offset by a positive 18.1% increase in online spending.

Overall jewellery +1.5% – Overall spend on jewellery increased by 1.5% in Q2, continuing the positive trend from Q1 of this year. Growth was supported by gains in online sales rising by 4.6%.

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Shoe Stores	-4.5%	-5.5%	-2.6%
Sports & Riding Apparel Stores	3.3%	8.7%	-1.3%
Family Clothing Stores	-2.2%	-9.5%	13.0%
Men's, Women's Clothing Stores	-4.1%	-3.3%	-4.9%
Women's Ready-To-Wear Stores	-8.2%	-18.6%	0.4%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Department Stores	-3.6%	-9.8%	18.1%

Year on Year Quarter Comparison € Value

Category	Overall	Instore	Online
Jewellery	1.5%	-0.3%	4.6%

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