# UK retail growth stalls ahead of Budget amid cautious consumer spending



Retail sales growth in the UK experienced a noticeable slowdown in September 2024, reflecting the mounting pressures on household finances ahead of the upcoming Budget announcement. Data from the British Retail Consortium (BRC) and KPMG show that total retail sales increased by 2.3% year-on-year—above September 2024’s 2.0% growth and slightly higher than the 12-month average of 2.1%, yet marking the weakest growth in several months. This deceleration signals the caution shoppers are exercising amidst rising inflation and economic uncertainty as the festive season approaches.

Food retail demonstrated a 4.3% year-on-year rise in sales, primarily driven by inflation rather than an increase in volume purchased. This inflationary effect on food costs has been a persistent feature for consumers, who are facing higher prices across essentials. Meanwhile, non-food sales growth was significantly subdued, climbing only 0.7% compared to 1.7% last September and falling below the 12-month average of 0.9%. The online non-food sector also saw a marked slowdown, with sales up just 1% against 3.4% last year, reflecting more targeted spending patterns. Milder weather conditions contributed to consumers delaying their autumn and winter wardrobe refreshes, although electrical sales enjoyed a boost, buoyed by the release of Apple’s latest iPhone and watch models.

Industry experts have highlighted the dual impact of economic pressures and the imminent Budget on retailer and consumer behaviour. Helen Dickinson, chief executive of the British Retail Consortium, pointed out that rising inflation and a potentially taxing Budget are weighing heavily on household spending plans, especially as consumers begin to brace for higher bills. She urged the government to consider exempting large anchor stores from new business rates to alleviate inflationary pressures that threaten both retail jobs and investment. Similarly, Linda Ellett, KPMG’s UK head of consumer retail and leisure markets, noted that while household goods and new mobile phone releases drove some growth, overall spending remains cautious. Non-food sales, growing modestly at about 1.2% on average, highlight consumers’ selective spending habits as retailers prepare for the crucial ‘golden quarter’ of the year.

Barclays’ data further corroborates this cautious sentiment. They reported a 0.7% decline in consumer card spending year-on-year for September, a significant drop from 0.5% growth recorded in August. Essential goods spending continued its downward trajectory with a 2.6% fall, marking a fifth consecutive monthly decline, while non-essential spending rose just 0.2%, the slowest in 15 months. Despite this, consumer confidence in managing personal finances reached its highest point in over four years, with 78% expressing confidence in their budgeting ability and 74% optimistic about their household finances. This paradox suggests that while consumers are tightening their belts, they remain determined to navigate the cost-of-living squeeze effectively. Barclays' Karen Johnson noted that shoppers are prioritising affordable "pick-me-up" purchases in categories like clothing, furniture, and beauty, which have shown resilience.

Other analyses suggest a mixed picture for retail spending more broadly. KPMG data from September 2024 indicated a modest retail sales increase of 0.4% month-on-month, driven in part by stronger wage growth and a healthy employment outlook which buoy household optimism. However, certain sectors such as motor vehicles showed uneven performance, and the uncertainty around business rates reform complicates retailer confidence for investment and staffing decisions heading into the holiday season. The possibility of a new business rates surtax remains a looming threat, potentially exacerbating pressures on retailers already contending with tight margins and cautious consumer behaviour.

In summary, the UK retail sector stands at a crossroads as households brace for the Budget while managing inflationary headwinds. The interplay of cautious consumer spending, resilient pockets of demand—especially in affordable categories and new technology releases—and looming fiscal policies shapes a complex environment for retailers during the critical lead-up to Christmas. The coming weeks and Budget announcements will be key in determining whether this cautious spending becomes a restrained holiday season or if confidence and spending can be revitalised.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/), [[2]](https://www.reuters.com/world/uk/uk-consumer-spending-slows-ahead-reeves-budget-retailers-say-2025-10-13/), [[3]](https://www.standard.co.uk/business/business-news/budget-retail-spending-kpmg-retailers-barclays-b1252739.html), [[5]](https://www.ajbell.co.uk/news/articles/uk-annual-retail-sales-growth-slows-23-september-brc-kpmg)
* Paragraph 2 – [[1]](https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/), [[3]](https://www.standard.co.uk/business/business-news/budget-retail-spending-kpmg-retailers-barclays-b1252739.html), [[5]](https://www.ajbell.co.uk/news/articles/uk-annual-retail-sales-growth-slows-23-september-brc-kpmg)
* Paragraph 3 – [[1]](https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/), [[3]](https://www.standard.co.uk/business/business-news/budget-retail-spending-kpmg-retailers-barclays-b1252739.html), [[5]](https://www.ajbell.co.uk/news/articles/uk-annual-retail-sales-growth-slows-23-september-brc-kpmg), [[2]](https://www.reuters.com/world/uk/uk-consumer-spending-slows-ahead-reeves-budget-retailers-say-2025-10-13/)
* Paragraph 4 – [[1]](https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/), [[2]](https://www.reuters.com/world/uk/uk-consumer-spending-slows-ahead-reeves-budget-retailers-say-2025-10-13/)
* Paragraph 5 – [[4]](https://kpmg.com/us/en/articles/2024/september-2024-retail-sales.html), [[2]](https://www.reuters.com/world/uk/uk-consumer-spending-slows-ahead-reeves-budget-retailers-say-2025-10-13/), [[1]](https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/), [[3]](https://www.standard.co.uk/business/business-news/budget-retail-spending-kpmg-retailers-barclays-b1252739.html)

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## Bibliography

1. <https://www.irishnews.com/news/uk/retail-spending-slows-as-budget-looms-large-AW3PXGJU5JJSPJVFH465EHNAYY/> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-consumer-spending-slows-ahead-reeves-budget-retailers-say-2025-10-13/> - UK consumer spending saw its weakest growth in four months this September, increasing by only 2.3% year-on-year, down from August's 3.1% rise, according to the British Retail Consortium (BRC). The slowdown is attributed to rising energy prices and uncertainty surrounding Finance Minister Rachel Reeves' upcoming budget. Barclays reported a 0.7% annual fall in broader consumer spending, with essential item purchases dropping 2.6%—marking the fifth consecutive monthly decline. Non-essential spending edged up only 0.2%, the slowest growth in 15 months. Nonetheless, household financial confidence hit a four-year high, fueled by wages outpacing inflation. Still, about half of Barclays' survey respondents said they were adjusting spending ahead of the budget, with one-third increasing savings. Retailers now face tough decisions on hiring and investment for the holiday season amid uncertain business rates due in April.
3. <https://www.standard.co.uk/business/business-news/budget-retail-spending-kpmg-retailers-barclays-b1252739.html> - Retail sales growth in the UK slowed in September, with total sales increasing by 2.3% year-on-year, compared to 2% in September 2024 and above the 12-month average growth of 2.1%, according to British Retail Consortium (BRC) and KPMG data. Food sales rose by 4.3%, driven largely by inflation rather than volume growth. Non-food sales growth slowed to 0.7%, down from 1.7% last September and below the 12-month average growth of 0.9%. Online non-food sales increased by just 1%, compared to 3.4% in September 2024 and below the 12-month average growth of 1.8%. Milder weather led shoppers to delay updating autumn and winter wardrobes, but electrical sales saw a boost due to the release of Apple’s latest iPhone and watch. BRC chief executive Helen Dickinson noted that rising inflation and a potentially taxing Budget are weighing on households' minds as they plan their Christmas spending. Retailers also face difficult decisions about investment and hiring over the 'golden quarter' due to uncertainty over business rates bills arriving in April. The future of many large anchor stores and thousands of jobs remains in jeopardy while the Treasury keeps the risk of a new business rates surtax on the table. By exempting these shops when the Budget announcements are made, the Chancellor can reduce the inflationary pressures hammering businesses and households alike.
4. <https://kpmg.com/us/en/articles/2024/september-2024-retail-sales.html> - In September 2024, retail sales rose by 0.4%, stronger than expected, following a 0.1% increase in August. Excluding the impact of automobile and gasoline station store sales, which showed no change and down 1.6%, respectively, retail sales surged 0.7%. This was the second strongest reading that year, reflecting a resilient consumer despite affordability concerns and election uncertainty. The September employment report provided optimism for households, showing stronger wage growth, a lower unemployment rate, and more than one-quarter million new jobs created. However, spending on motor vehicles and parts did not show up in the September retail sales data, despite unit sales picking up sharply.
5. <https://www.ajbell.co.uk/news/articles/uk-annual-retail-sales-growth-slows-23-september-brc-kpmg> - The UK's annual retail sales growth decelerated in September ahead of the UK government budget due late November, data published by the British Retail Consortium and KPMG showed. UK annual total retail sales growth slowed to 2.3% in September from 3.1% in August, but was better than growth of 2.0% in September 2024. Food sales growth decelerated to 4.3% in September from 4.7% in August, while beating September 2024’s figure of 2.3%. Non-food sales were up 0.7% in September, down from 1.8% in August and lower than 1.7% in September 2024. Helen Dickinson, chief executive of the British Retail Consortium, said: 'With the budget looming large, and households facing higher bills, retail spending rose more slowly than in recent months. Milder weather meant shoppers delayed refreshing autumn and winter wardrobes and growth in food sales was largely inflationary rather than volume growth. Meanwhile, electrical sales were buzzing thanks to the release of the new iPhone and Apple Watch.'
6. <https://www.standard.co.uk/business/business-news/retail-sales-see-strongest-growth-in-six-months-b1186463.html> - Retail sales in the UK saw their strongest growth in six months as shoppers updated their winter wardrobes and started the school year with new computers and uniforms. Total UK retail sales were up 2% on last September, above the 12-month average growth of 1.1%, according to the BRC-KPMG Retail Sales Monitor. However, ongoing concerns among consumers about the financial outlook kept demand for big-ticket items such as furniture and white goods low. Food sales were up 3.1% year-on-year over the three months to September, although this was against growth of 7.4% last September and below the 12-month average growth of 4.4%. Linda Ellett, UK head of consumer, retail and leisure markets at KPMG, said: 'September saw modest, but welcome, sales growth for retailers. Children’s clothing, footwear and accessories saw a boost from the start of the school year, with household budgets feeling slightly less constrained for some parents compared to last year. Similarly, the return to work after summer holidays also led to an upturn in adult clothing and footwear sales. With record rainfall levels in some counties, the cold and wet weather in September sped up purchases of extra layers and wet weather gear. With energy prices having again risen, all eyes now turn to the Budget and what impact that will have on household discretionary spending in the final quarter of the year.'