



UK DIY & Gardening Monthly

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DIY & Gardening
-3.8%

DIY & Gardening retail sales declined 3.8% in March year-on-year, according to Retail Economics.

UK Retail Sales
6.0%

Retail sales rose 6.0%, year-on-year, in March, according to Retail Economics.

Home & DIY Inflation
6.6%

Shop prices at Household Goods stores rose 6.6% year-on-year in March, according to the ONS.

Average Weekly Sales
£161m

Average weekly sales for DIY & Gardening were £161m in March, according to Retail Economics.

DIY & Gardening Forecast
X.X%

Retail Economics forecasts DIY & Gardening sales to dip X.X% YoY in 2023

Report
at a glance



DIY & Gardening

- DIY & Gardening sales fell 3.8% YoY in March, according to the Retail Economics Retail Sales Index.
- Retail Economics estimates DIY & Gardening inflation was 9.8% YoY in March, while ONS data shows the wider Household Goods category faced 6.6% YoY shop price inflation in the month, pointing to a sharp decline in sales volumes.
- ONS data shows sales volumes in the Household Goods category fell 7.6% YoY in March.

DIY & Gardening sales fell 3.8% YoY in March

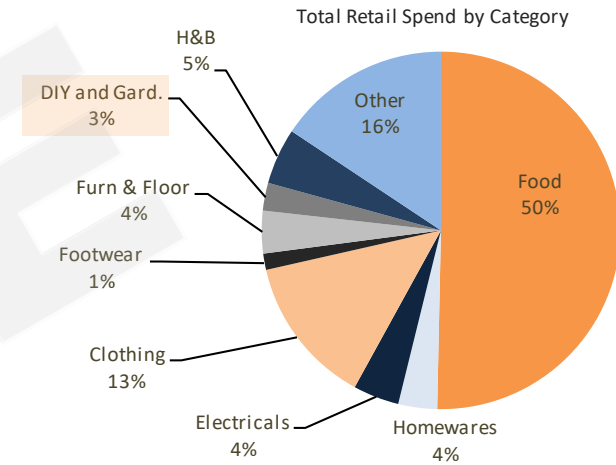
Sector Growth Rankings	Mar-23	3 month avg.	6 month avg.	12 month avg.
Food	11.0%	9.9%	8.8%	6.3%
Footwear	7.8%	7.9%	7.5%	9.6%
Clothing	5.4%	5.3%	4.4%	6.8%
Health and Beauty	5.2%	5.8%	5.4%	4.3%
Furn & Floor	2.9%	2.6%	2.6%	-0.7%
Homewares	-0.8%	-1.4%	-1.0%	-2.7%
Electricals	-1.8%	-2.6%	-2.8%	-3.1%
DIY and Gardening	-3.8%	-2.1%	-3.5%	-5.2%

Source: Retail Economics

Retail market overview

- Retail sales rose by 6.0% YoY in March according to the Retail Economics Retail Sales Index (Fig 1), against an 4.7% rise in the previous year.
- Several factors impacted headline performance in the month, including: adverse local and international weather (discouraging spring sales and impacting fresh food); an earlier Mother's Day this year; and inflation.
- Retail sales volumes have been in decline on an annual basis for 13 consecutive months, as inflation persists (10.1% YoY in March).

DIY & Gardening accounts for 3% of retail spend in March

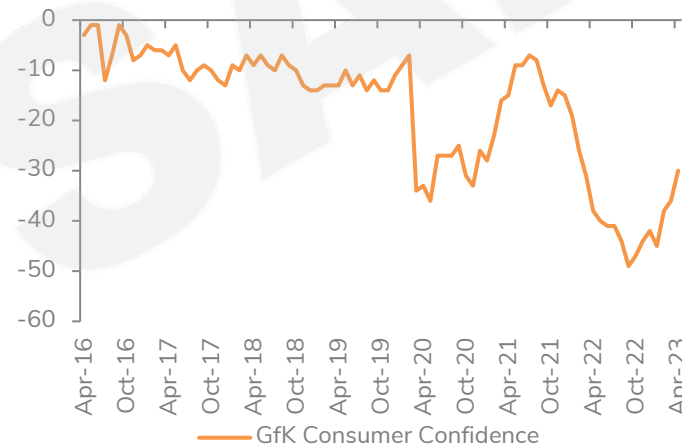


Source: Retail Economics

Consumer confidence edges up

Consumer confidence is on the rise

- Consumer confidence increased two points to -36 in March, and a further six points to -30 in April (GfK)
- The GfK Major Purchase Index increased four points to -33 in March and another five points to -28 in April.
- However, both measures remain firmly in negative territory, and the impact of changes to consumer confidence on spending typically lags by three to six months, pointing to weak demand for DIY & Gardening in the near term.



Source: GfK

2023 DIY Forecasts

- Retail Economics forecasts DIY & Gardening sales to dip X.X% YoY in 2023, with sales totalling £XX.Xbn. This comes on the back of a 4.5% sales decline in 2022.
- High inflation, rising interest rates and a potential recession will leave consumers questioning whether now is a good time to invest in home renovation projects.
- Demand for low value DIY and repair items should prove resilient over the winter months as people spend more time indoors, plus these are often 'essential' distress purchases.

DIY & Gardening forecast for 2023



Source: Retail Economics

DIY & Gardening – Retail Economics Index: March 2023

- DIY & Gardening sales fell 3.8% YoY in March, according to the Retail Economics Retail Sales Index.
- Retail Economics estimates DIY & Gardening inflation was 9.8% YoY in March, while ONS data shows the wider Household Goods category faced 6.6% YoY shop price inflation in the month, pointing to a sharp decline in sales volumes.
- ONS data shows sales volumes in the Household Goods category fell 7.6% YoY in February; data from Barclaycard shows Home Improvements and DIY spend growth fell 9.0%.

Harsh macro backdrop

- Demand for DIY & Gardening products remained weak in March against a tough macroeconomic backdrop.
- Headline inflation eased to 10.1% in March from 10.4% in February but remained close to a 40-year high and above the 9.8% forecast by economists.
- Both regular pay and total pay declined 2.3% and 3.0% YoY respectively in real terms in the three months to February (ONS).
- Food inflation surged to 19.1% in March, up from 18.0% in February, putting further pressure on non-essential spending.
- Consumer confidence nonetheless increased two points to -36 in March, and a further six points to -30 in April (GfK). However, the effects of this are unlikely to be felt for up to six months.
- Households are therefore likely to hold off spending on large home improvements projects in the near-term, but may be considering smaller purchases in preparation for the summer months.

More time indoors

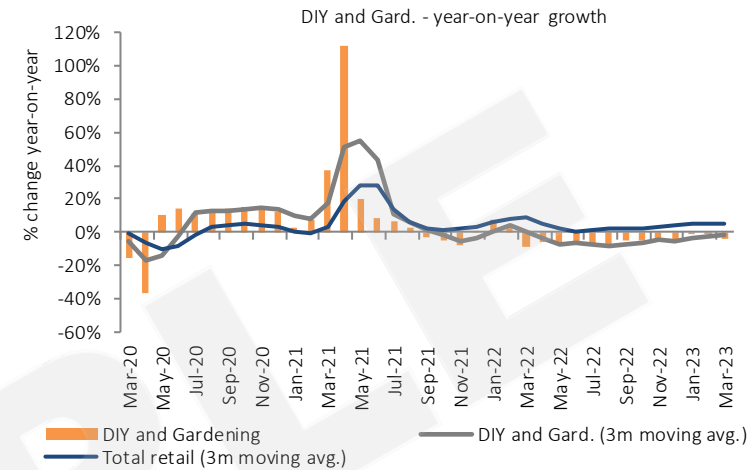
- While a dry and mild February saw households make an early return to spending on gardening products, March was the wettest for 29 years and the sixth wettest on record.
- This resulted in sales of outdoor plants, and seeds and bulbs falling 32.0% and 13.1% respectively in the month, while sales of garden furniture and barbeques fell 58.0%, as households spent more time indoors (GCA).

Cost-of-living effects

- While households did not spend much time outdoors in March, consumers are increasingly investing in kitchen gardens as they look to grow their own fruit and vegetables in response to record-high food inflation.
- ManoMano saw sales of Grow Bags and greenhouses increase 45% and 41% MoM respectively in March.
- Energy efficient products also remain popular as living costs remain high, with Marks Electrical reporting particularly strong sales of A-rated energy-efficient washing machines and tumble dryers in the four months to 31 March.

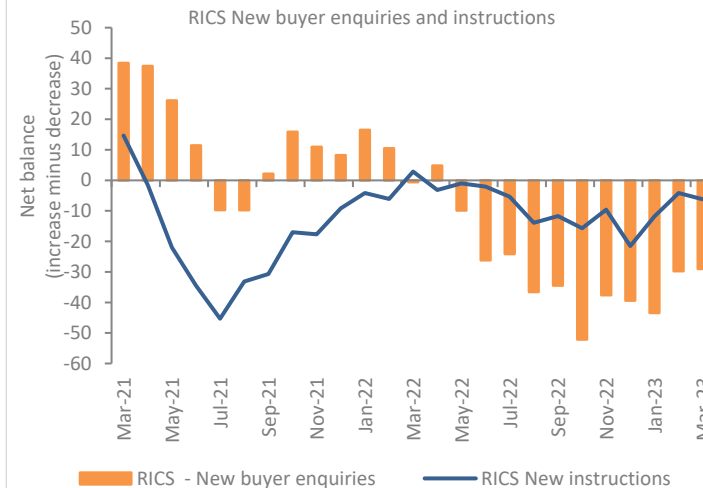
Housing market stabilising

- The annual rate of house price growth was 1.6% in March, the weakest recorded since October 2019, while the monthly rate of growth increased 0.8% in the month (Halifax).
- Inventory levels are still down and while near-term sales expectations eased considerably in March (net balance of -29% compared to -47% in February), they remain pessimistic (RICS).
- Households that decide not to move in the current climate may choose to spend on home improvements projects as an alternative.
- High property prices and mortgage rates have additionally pushed up demand for rental properties.



Source: Retail Economics

Inventory levels remain low



Source: RICS

DIY & Gardening Year-on-year

-3.8%

DIY & Gardening sales fell 3.8% YoY in March (Retail Economics)

Home & DIY Inflation

Year-on-year

6.6%

Shop prices at household goods stores increased 6.6% year-on-year in March (ONS)

Demand for DIY & Gardening products remained weak in March against harsh macroeconomic backdrop.

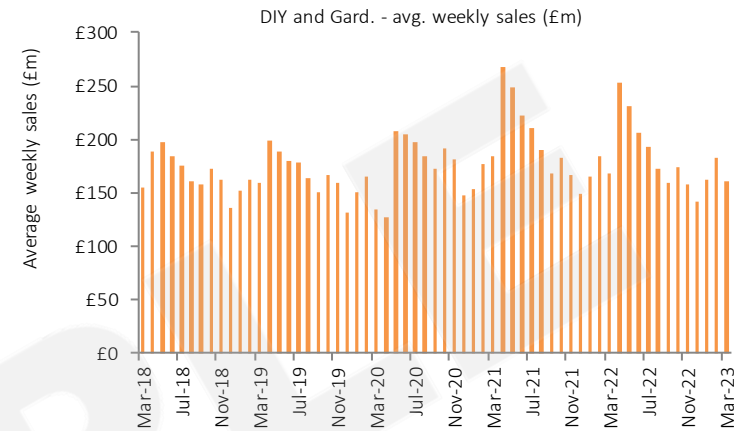
- Demand for rentals increased 51% compared to the five-year average in the four weeks to 8 March, while the stock of homes for rent had fallen 33% (Zoopla).
- This could drive demand for smaller, essential DIY products among those able to secure rental properties.

Growing focus on digital and convenience

- Cash-strapped consumers continued to seek out discounts and preferred to shop for DIY & Gardening products in-store in March, with value player B&M discreetly discontinuing its e-commerce trial in February.
- However, while cost-of-living pressures have led to the short-term curtailment of online shopping habits, these still remain more widespread than before the pandemic, and are set to grow.
- A strong online presence is indeed key to attracting younger consumers. [Retail Economics consumer channel behaviour data](#) reveals 39% of Millennials prefer to buy DIY & Gardening products online.
- Indeed, in its Q1 2023 trading update, Toolstation revealed downloads of its app had surpassed one million and that a third of customers now prefer to buy products through the app rather than in-store.
- DIY & Gardening consumers are also looking to buy products more often at smaller convenience stores rather than making trips to retail parks and large outlets.
- B&Q, which already has eight B&Q Local convenience stores in London, plans to open at least 50 small and medium-sized stores across the country in response to increased demand.

Outlook

- Although wet weather disrupted normal spending patterns on gardening products in March, this spending is likely to resume as the weather improves.
- According to eBay UK, 33% of consumers plan to invest in their outdoor space earlier this year than in previous years, with 62% saying they are likely to spend more time in their gardens over the summer due to price pressures..
- Households will also be more inclined to spend on non-essential DIY projects as the weather improves, particularly those who are disincentivised to move house by high borrowing costs.
- The housing market nonetheless looks set to stabilise in the long-term, driven by strong wage growth and relatively lower borrowing costs, prompting further spending on home improvements as part of house moves.
- Inflation is predicted to drop sharply by the end of 2023, as wholesale energy prices fall and government assistance with energy bills is extended.
- However, recessionary behaviours are likely to remain entrenched in the near-term, as inflation remains close to 40-year highs and real incomes continue to fall.
- DIY & Gardening retailers will outperform if they can combine sensitivity to consumers' recessionary behaviour in the short-term, while closely following the trajectory of long-term digital, convenience and sustainability trends.



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar 26 February – 01 April 2023

DIY and Gardening	Annual % growth	Avg. weekly spend (£m)
Oct-22	-5.0%	£173
Nov-22	-4.7%	£158
Dec-22	-5.5%	£142
Jan-23	-1.3%	£163
Feb-23	-0.8%	£182
Mar-23	-3.8%	£161

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar 26 February – 01 April 2023

Average weekly sales

£161m

Average weekly spend on DIY & Gardening in the UK in March

DIY & Gardening 2023 Forecast

Retail Economics forecasts DIY & Gardening sales to drop X.X% YoY in 2023

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DIY & Gardening Outlook

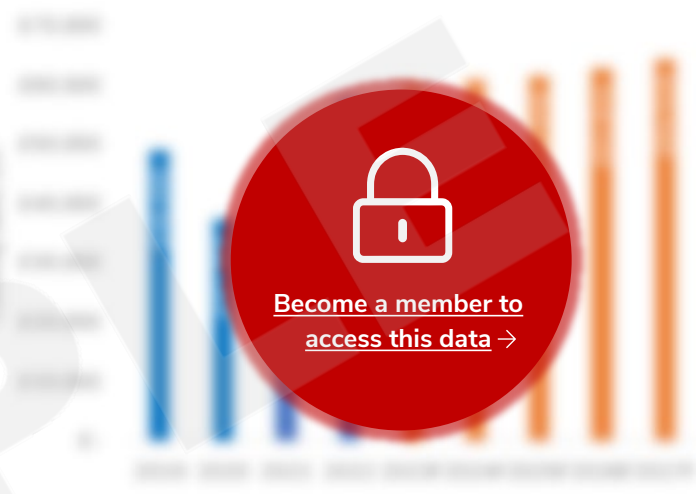
- DIY & Gardening sales are under significant pressure as cost-of-living pressures intensify and the housing market loses momentum.
- Tough comparatives after a DIY spending boom during the pandemic also underpin the weaker sales performance, as lockdown habits unwind.
- Retail Economics forecasts DIY & Gardening sales to dip X.X% YoY in 2023, with sales totalling £XX.Xbn. This comes on the back of a 4.5% sales decline in 2022.
- High inflation, rising interest rates and a potential recession will leave consumers questioning whether now is a good time to invest in home renovation projects.
- While the market backdrop remains challenging, new structural trends such as more working from home and greater consumer focus on energy saving and efficiency will provide support to DIY sales.
- Demand for low value DIY and repair items should prove resilient over the winter months as people spend more time indoors, plus these are often 'essential' distress purchases.
- For those willing and able, DIY is also much cheaper than hiring a tradesman or replacing with brand new.
- The second-hand economy (e.g. upcycling, repairs) will take on greater importance as cash-strapped consumers seek affordable ways to improve their living spaces.
- Over the medium-term (2023-2027), Retail Economics forecasts DIY & Gardening sales to grow by a CAGR of X.X%, reaching total sales of £XX.Xbn by the end of 2027.
- Retail Economics forecasts online DIY & Gardening sales to rise by X.X% in 2023. Online penetration will remain well above pre-pandemic levels, at XX.X% of total sales.

Retail Economics DIY & Gardening Forecasts



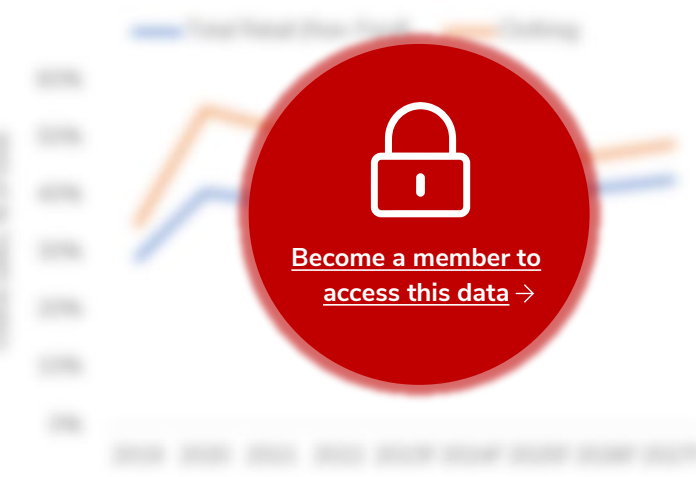
Forecasts updated quarterly. Last update: February 2023

DIY & Gardening sales forecast to ease to £XX.Xbn in 2023



Source: Retail Economics

Online to account for XX% of DIY & Gardening sales in 2023



Source: Retail Economics

DIY & Gardening 2023 Forecast

£XX.Xbn

Retail Economics forecasts DIY & Gardening sales to drop X.X% YoY in 2023

Online DIY & Gardening 2023 Forecast

X.X%

Retail Economics forecasts Online DIY & Gardening sales to rise X.X% YoY in 2023

High inflation, rising interest rates and a potential recession will leave consumers questioning whether now is a good time to invest in home renovation projects.

Latest developments

- **Toolstation** saw total sales increase 8.6% and like-for-like sales increase 4.6% in Q1 2023. Downloads of the Toolstation app have now passed one million and almost a third of customers prefer using the app to purchasing from Toolstation.
- **B&M** removed the option of ordering goods online from its website in February 2023, leaving only a website on which to browse goods available in-store. This follows a trial of home delivery for large and bulky products in June 2022, which was later expanded to cover around 1,000 items.
- **eBay** launched its first collection of Garden Essentials in the UK, offering outdoor furniture at affordable prices.
- **Screwfix** aims to exceed its ambitious store opening goal after a record-breaking year of 87 new store launches in 2022. The company plans to reach its 1,000 store target in the UK and Ireland, with 870 already open. Additionally, Screwfix will exclusively use renewable electricity and air source pumps for heating to reduce carbon emissions.
- **Marks Electrical** saw full-year revenue increase by 21.5% to a record £97.8m. Sales increased 20% to £24.8m in the four months to 31 March, with the retailer recording an exit growth rate of 21.2% YoY in the final month. Sales of A-rated energy-efficient washing machines and tumble dryers were particularly strong.
- **Wickes** saw adjusted profit fall 11.3% YoY to £75.4m for the year to 31 December 2022. The retailer reported revenue of £1.56bn, up 1.6% from £1.53bn the year before. Like-for-like sales increased 3.5% over the year and were 22.8% higher than pre-pandemic levels.
- **B&Q** plans to open at least 50 small and medium-sized stores across the country in response to increased demand for more convenience stores. The retailer already has eight B&Q Local high street outlets in London.
- **Topps Tiles** saw sales rise 9.5% YoY to £130.5m in the 26-weeks to 1 April. Topps Group attributed £9m to the acquisition of Pro Tiler Tools and launch of Tile Warehouse in 2022, and increased its mix of sales to trade customers to 59%. Like-for-likes were up 4.3% in the first half. Online sales rose by £1.1m to £10.1m. The retailer said gross margin percentages were expected to increase in its second half, as supply chain pressures eased and cost price rises came down.

Total DIY & Gardening Market

Retail Economics forecasts DIY & Gardening sales to total £XX.Xbn in 2023

Gardening
48.4%

Gardening accounts for 48.4% of total DIY & Gardening sales

B&Q plans to open at least 50 small and medium-sized stores across the country in response to increased demand for more convenience stores.



Most consumers (64%) are Omnichannel shoppers when buying apparel, regularly switching between online and in-store.

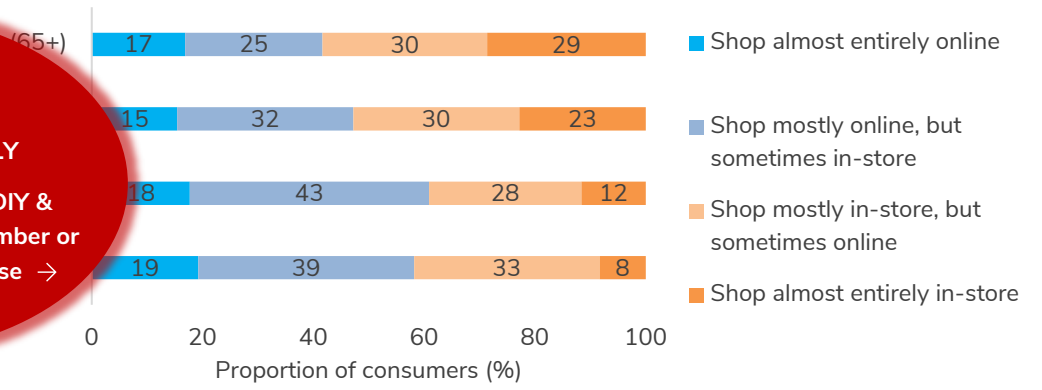
UK Omnichannel Retail 2023
Understanding consumer segmentation for in-store & online market trends

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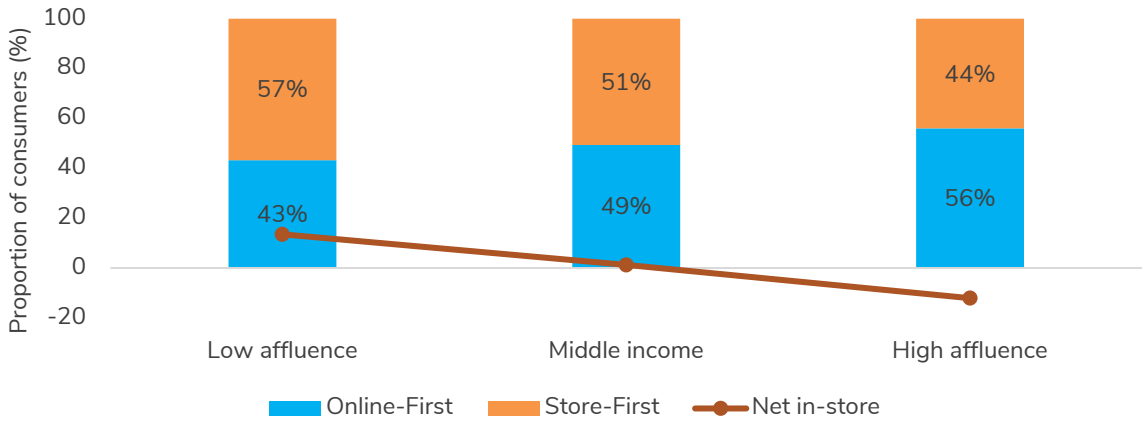


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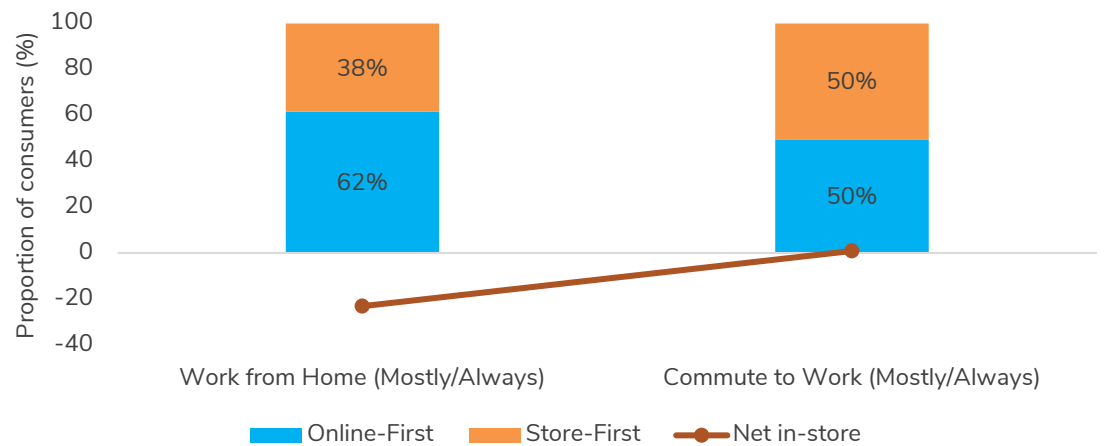
Age: Millennials & Gen Z are online-first, Gen X & Boomers are store-first



Income: Least affluent shop more in-store, Most affluent shop more online



Work location: Even split between online and physical channels for commuters



Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

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↓ Consumer Confidence



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We're trusted by world class corporations...

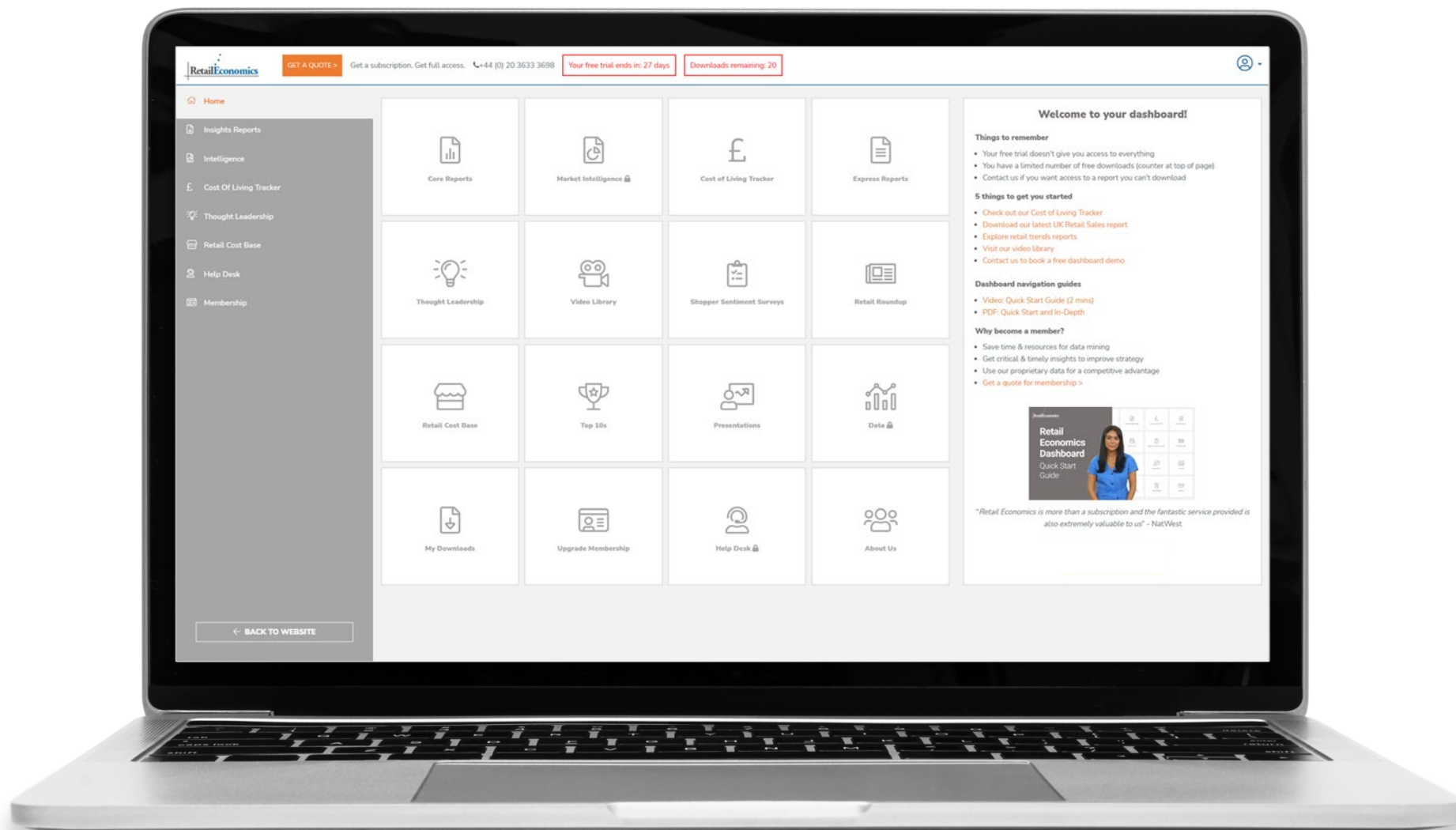
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Monthly overview of all key retail categories with macroeconomic insights in a summary format

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Key economic charts published every month for the UK & other international markets

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Tracks impact of inflation, earnings growth & discretionary spending on household income groups (monthly)

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About

Retail Economics is an independent economics consultancy focusing on the retail and consumer industry. Our membership service empowers you with a deeper understanding of the key economic drivers within the UK retail industry, giving you a competitive edge needed to make critical business and investment decisions.



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