



UK Consumer Spending Outlook

Q1 2026

Executive summary: Planning for uncertainty: cautious growth with major downside risks

Overall, **we expect some growth in 2026**, but the outlook depends heavily on how events in the Middle East unfold. **If the conflict is short-lived**, we see consumer **spending growing by around 1.4%**, supported by easing cost pressures and stable wages. However, if it **continues for 6 months** or more we could see **spend growth contracting slightly by -0.2%** (year-on-year) as energy costs impact disposable incomes

This breadth of outcomes tells us that **2026 will unpredictable. Businesses that plan around a single set of outcomes risk being caught out.** Instead, our advice is to **stay flexible** and ready to adjust plans quickly depending on how the situation develops

More specifically we'd recommend

- ▲ **Protect your value / price architecture** to ensure you have sufficient range depth and promotional capacity to react to changing circumstances
- ▲ **Lock in costs where possible** (especially energy and key inputs) to reduce exposure
- ▲ **Tighten spending discipline and stock management** by prioritising critical investments and building flexibility into non-essential spend
- ▲ **Protect cash** by improving working capital (inventory, receivables, payment terms)
- ▲ **Stress-test your plan** against a both scenarios and identify trigger points for action

If you're interested in exploring more insights from our Consumer Spending Model, or if you'd like to discuss how we can help you, get in touch with us today.

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Key factors influencing the consumer outlook

- ▲ **Geopolitical risks represent an acute source of uncertainty.** The war in Iran has driven oil prices to historic highs, sending shockwaves rippling through global markets. Should the conflict persist, the economic consequences for the UK are likely to manifest primarily through higher fuel and energy costs. This would place renewed pressure on household budgets and erode consumer purchasing power, particularly for lower-income households who face disproportionate exposure to energy costs.
- ▲ **Labour market dynamics warrant close attention.** Unemployment in the UK has recently risen to its highest level in five years. Youth unemployment has increased particularly sharply and now rests noticeably above pre-pandemic levels. A broader deterioration across the labour market would weaken income growth and curtail spending capacity, particularly among younger consumer cohorts.
- ▲ **Savings behaviour will prove instrumental in shaping spending outcomes.** Supported by wage growth and higher interest rates, many consumers have been actively saving to strengthen their financial buffers. However, the pace at which households choose to draw down these reserves remains uncertain. Sustained consumer caution and a preference for saving would limit spending recovery.
- ▲ **Taken together, these factors underscore the breadth of potential outcomes for UK consumer spending.** Whilst our pre-crisis scenario anticipates modest growth as real incomes recover, the outlook remains finely balanced, contingent on the interplay of energy price volatility, labour market developments, and household financial behaviour. Negative developments in any of these areas could dampen consumer spending, taking us closer to our downside scenarios. On the other hand, should energy prices hold, labour market conditions remain firm, and consumer confidence outperform expectations, our upside scenario forecasts healthy growth in consumer spending.

Insights shaping consumer spending in 2026

Spending growth is expected to be **most pronounced among higher-income households and dual-income families.** Whilst we project that overall consumer spending growth in 2026 will reach approximately **1.4% in our pre-crisis scenario**, several higher-income segments are forecast to outperform this. **Dual-income households and professional families** should see **spending growth of approximately 1.2–1.6%**, supported by stronger income trajectories and greater capacity for discretionary spending.

In sharp contrast, **younger renters, single-parent households, and lower-income groups** remain **more exposed to housing and energy costs and labour market risks.** In our two downside scenarios, growth for some of these segments approaches **zero or turns negative**, reflecting the compounding effect of higher housing costs and energy prices, heightened unemployment risk, and constrained financial reserves.

At a category level, **discretionary sectors including travel, leisure, recreation, and hospitality present the strongest upside potential**, contingent on an improvement in consumer confidence. In our pre-crisis scenario, categories such as **recreation and culture** are forecast to **grow by approximately 2%**, while **package holidays and restaurants and hotels** are expected to deliver **growth in the region of 2–3%**.

Context

The opening months of 2026 have been marked by escalating geopolitical conflict, persistent trade frictions, and a consumer base whose priorities and spending habits continue to evolve. Although the macroeconomic backdrop is showing signs of improvement, with inflation retreating from recent peaks and wage increases lending support to household incomes, growth has been slower than expected and consumers remain cautious.

In light of the ongoing uncertainty surrounding events in the Middle East, Baringa's economists have modelled four scenarios for this Q1 2026 report. A **pre-crisis scenario** reflects the outlook we had assumed prior to the recent escalation. This effectively represents **disruption in the Strait of Hormuz lasting only a matter of weeks**, with no meaningful impact on energy prices.

We also include **two downside scenarios**. The first (D1) assumes a **three-month disruption in the Strait of Hormuz**, while the second (D2) models a more severe **six-month disruption**. Lastly, we include an **upside scenario**, reflecting a realistically positive outlook.

Given the unusually high level of instability, we have **not assigned explicit probabilities** to our pre-crisis and downside scenarios. Rather, the scenarios are intended to **capture a broad range of plausible outcomes**, providing retailers and CPG companies with a robust framework for planning in the year ahead.

Navigating constant change to reach real value

In these uncertain times, businesses must be prepared to adapt their strategic responses materially, depending on how events unfold.

Baringa can help you navigate these choices. We blend unique resources like our Consumer Spending Model, with deep consumer products and retail expertise to shape sharper strategies and unlock value through transformation

If you're interested in exploring more insights from our Consumer Spending Model, or if you'd like to discuss how we can help you, get in touch with us today.

Section A: Cautious growth with major downside risks

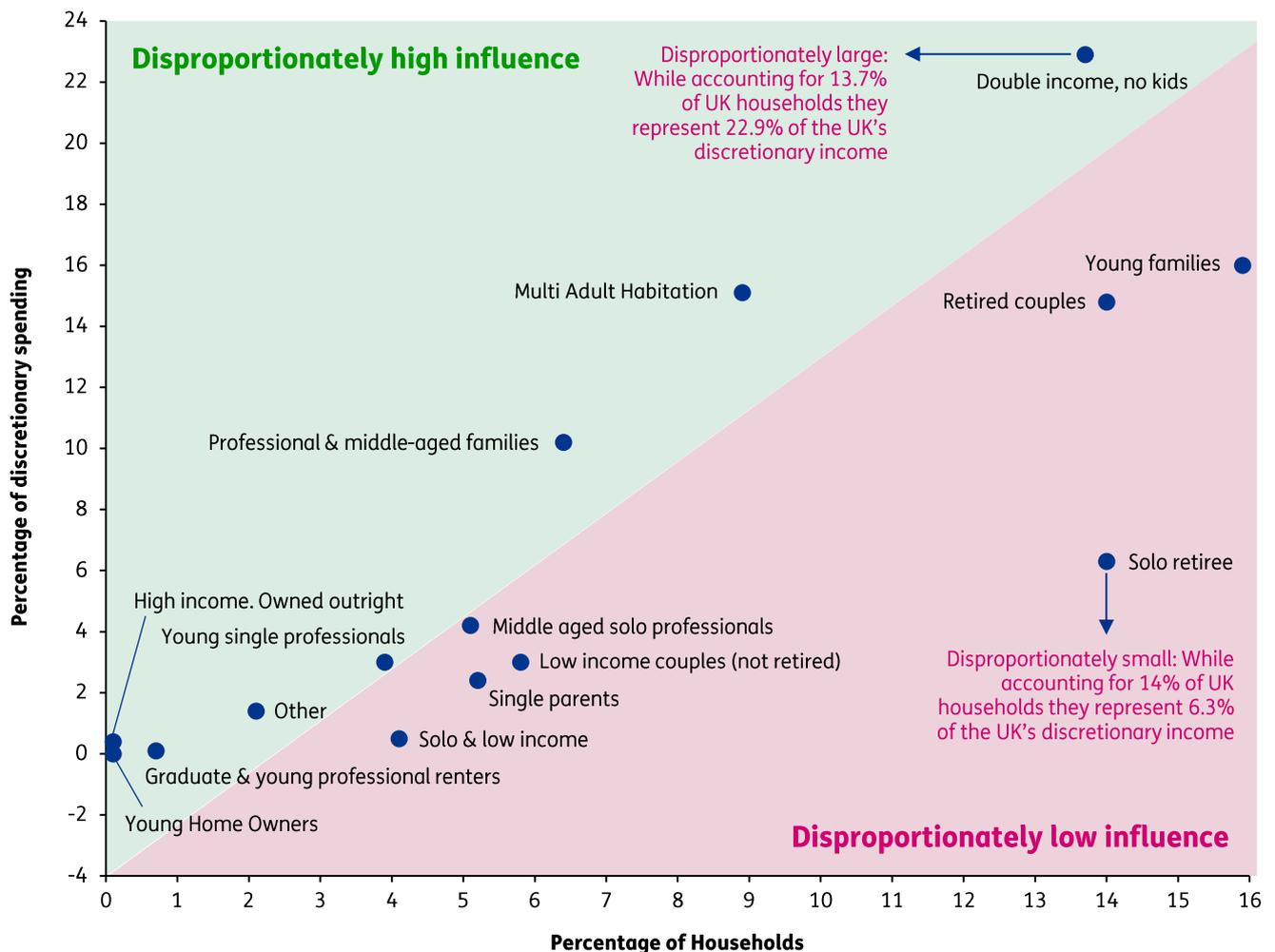
Reflecting on the previous year's spending patterns

2025 unfolded against a backdrop of political unsteadiness in the UK, compounded by persistent concerns over global trade and geopolitical turbulence. The economy delivered positive but subdued growth, with **real GDP rising by 1.3%** over the course of the year. Reflecting this muted environment, **consumer spend grew by just 1%** in 2025.

Key segments played an outsized role in consumption

In 2025, the **strongest spending gains** came from **double-income households without children** and **professional middle-aged families**, who together contributed an estimated **£1.5bn to annual growth**. Young homeowners and retired couples also recorded meaningful increases in expenditure, supported by easing inflation and stronger real income growth. In contrast, **spending remained flat or fell among lower-income households, single parents, and graduate renters**, where persistent cost pressures and elevated savings rates continued to constrain consumption.

Discretionary spend population weighting per consumer segment in 2025



Source: Baringa Consumer Spending Model

Four scenarios for consumer spending in 2026

In the wake of the pandemic and subsequent inflation shock, the foundations of UK consumer spending have shifted repeatedly. If the opening months of 2026 are any indication, there is little sign that this volatility is about to stabilise. To reflect the elevated degree of uncertainty in the macroeconomic outlook, Baringa’s economists have generated four scenarios for 2026:

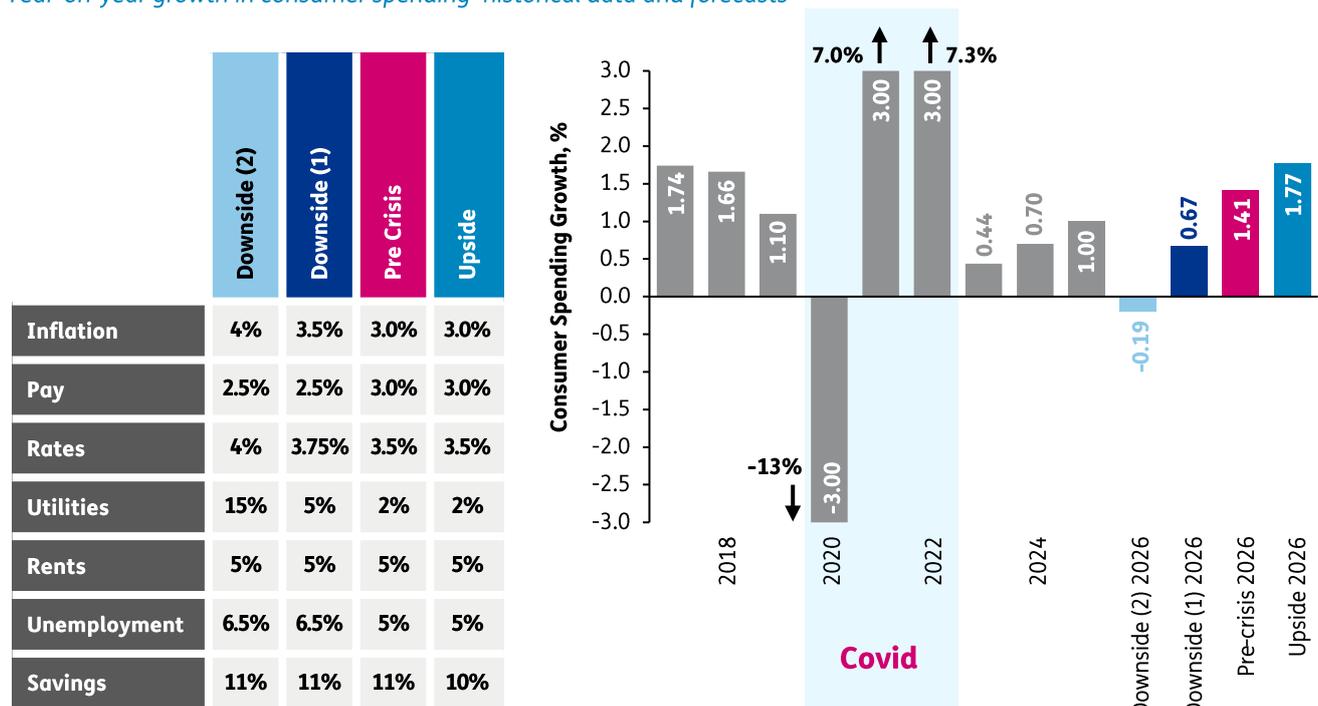
1. **A pre-crisis scenario**, where conflict in the Middle East concludes within a matter of weeks, with limited pass-through to energy prices
2. **Downside scenario one (D1)**, assuming a three-month disruption to the Strait of Hormuz
3. **Downside scenario two (D2)**, modelling a more severe six-month disruption
4. **An upside scenario**, reflecting a realistic set of positive macroeconomic conditions.

Spending growth is projected at approximately **1.4% in our pre-crisis scenario**. This gradual improvement reflects the combined effect of easing inflation and continued wage growth, both of which are supporting a recovery in real household incomes. Although interest rates remain elevated relative to pre-pandemic levels, the stabilisation of inflation alongside a resilient labour market provides a credible foundation for sustained consumer spending. That said, persistently high savings rates continue to constrain discretionary expenditure across a significant proportion of households.

Both **downside scenarios** reflect the recent escalation of geopolitical tensions and trade frictions. Should the conflict in the Middle East prove prolonged, it risks driving energy prices higher, placing upward pressure on inflation, and eroding consumer confidence. Given the prevailing uncertainty, we have not attached explicit probabilities to any scenario. Instead, our estimates are modelled on the anticipated duration of disruption in the Strait of Hormuz. Accordingly, under D1, consumer **spending growth could slow** to approximately **0.7% in D1**, whilst under **D2** it would turn negative, **contracting to -0.2%**.

Retailers and CPGs should monitor these macroeconomic indicators closely, with particular attention to how shifts in the broader economic environment might influence consumer purchasing decisions. Baringa’s Consumer Spending Model is designed to bridge this gap, helping businesses translate macro conditions into the micro-level insights that inform more effective decision-making.

Year-on-year growth in consumer spending- historical data and forecasts



Source: Baringa Consumer Spending Model

Findings based on the Baringa Consumer Spending Model

The Baringa Consumer Spending Model analyses expenditure patterns from the 28 million households in the UK. Unlike standard consumer surveys, our model is based on solid economic fundamentals, granular household-level data, and robust scenario analysis. It examines differences in spending across household size, regional locations, household age, and other demographic factors to offer a comprehensive overview of purchasing behaviours across multiple consumer groups and product categories.

		Consumer Surveys	Baringa Consumer Spending Model
Pros	Timely	✓	✓
	Repeatable	✓	✓
	Driven by Economic Fundamentals (Accuracy)	✗	✓
	Scenario Tool	✗	✓
Cons	Sentiment Driven (Volatile)	✓	✗
	Self-Perception Problem (Human Bias)	✓	✗

Wide forecasting range reflects the depth of prevailing economic and political uncertainty

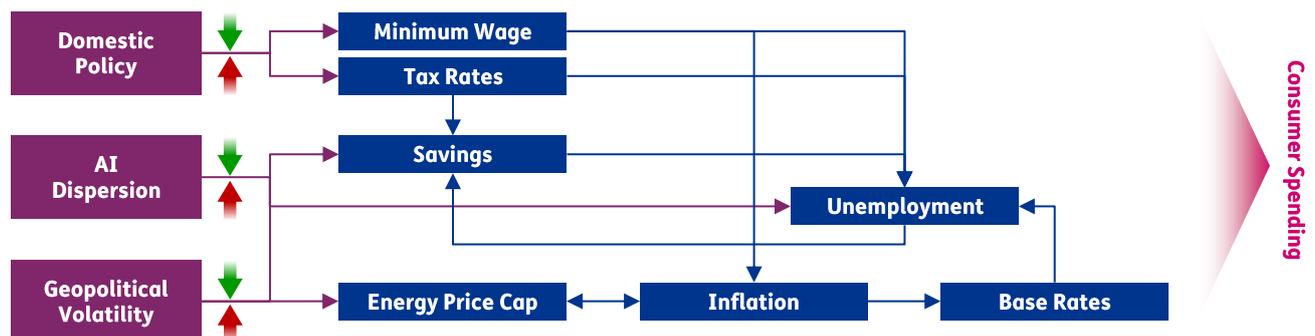
Our forecasting range remains relatively wide, reflecting several significant sources of uncertainty in the economic outlook. **Domestic policy decisions**, particularly those relating to taxation and the minimum wage, will bear directly on household incomes and savings behaviour. Separately, the **economic implications of artificial intelligence (AI) adoption** remain highly uncertain, with the potential to generate considerable **dispersion in productivity growth and labour market outcomes**.

Compounding these domestic pressures, **ongoing geopolitical volatility** continues to pose **material risk to energy markets, inflation, and interest rates**. The escalation of military action in the Middle East has rapidly disrupted energy supply, threatened global supply chains, and unsettled financial markets. Relative to previous geopolitical shocks, including the war in Ukraine, the current conflict may have greater economic consequences, given the Gulf region's central role in global energy supply and shipping infrastructure.

Collectively, these factors give rise to a **broad range of potential macroeconomic outcomes** and, by extension, a **wider distribution of consumer spending forecasts**. Our pre-crisis scenario for 2026 plots a stable course, while our downside scenarios account for a worse-than-expected macroeconomic outlook hitting consumer spending. Finally, in our upside scenario, energy prices remain lower than anticipated, boosting consumer confidence and encouraging people to loosen the purse strings.

With further disruption a credible prospect, retailers and CPGs that prioritise resilience and remain closely attuned to shifting macroeconomic dynamics will be best placed to sustain commercial performance through the year ahead.

Sources of uncertainty: domestic policy, AI impact on labour market, geopolitical volatility]



Section B: Key factors influencing the consumer outlook

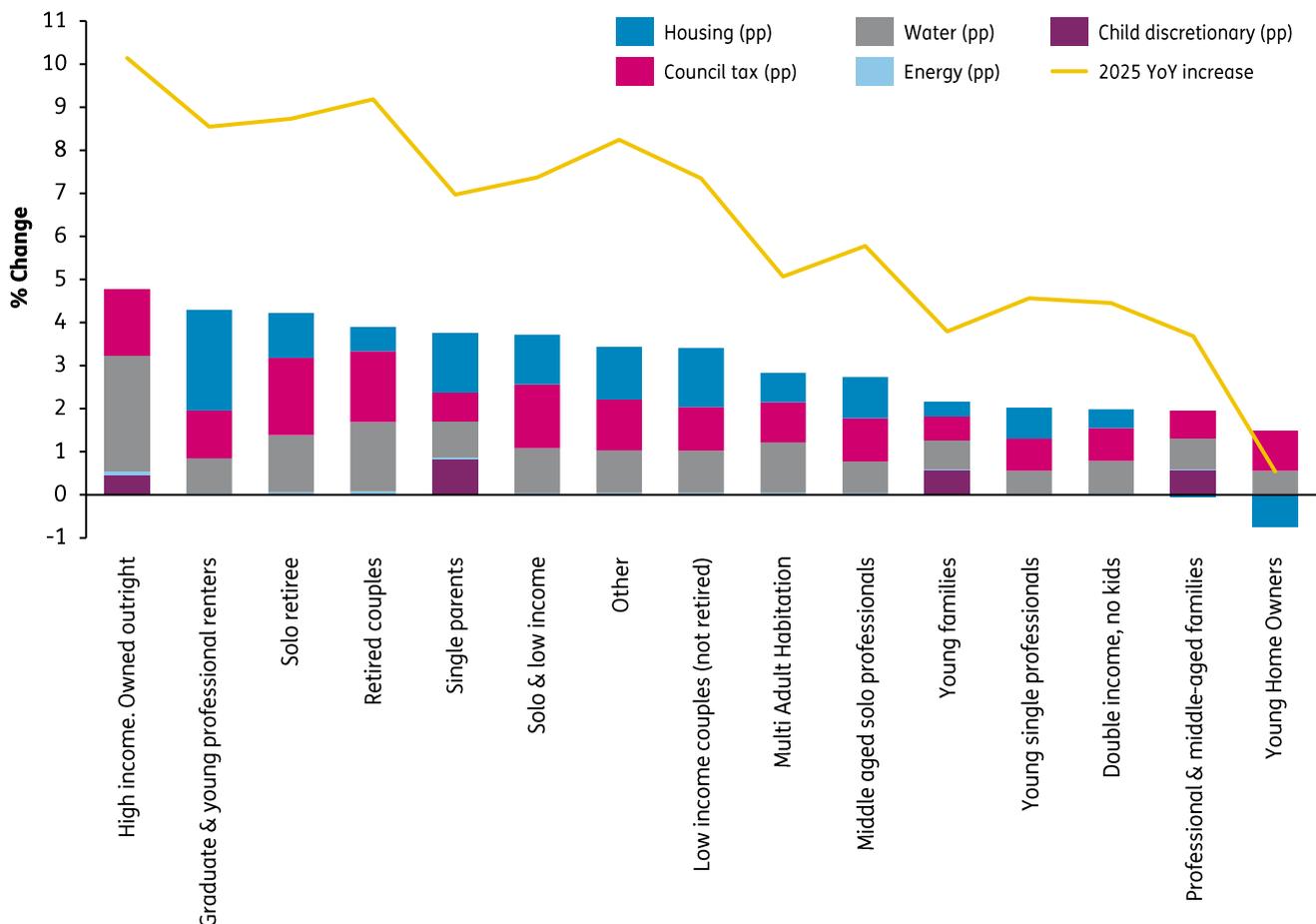
Year-on-year cost increases considerably more modest than in 2025

In our **pre-crisis scenario**, we expect the **cost pressures facing households in 2026 to ease** relative to the pronounced hikes recorded in 2025. Across most consumer segments, the year-on-year rise in core household costs should be significantly lower, reflecting moderating inflation and more stable energy prices. Whilst essential costs including housing, council tax, and utilities continue to rise, the pace of increase is generally more measured than in the previous year, offering some relief to household budgets and supporting a modest recovery in discretionary spending.

The picture remains mixed across consumer segments, however. **Higher-income households and outright homeowners** continue to **face the largest increases in absolute cost terms**, driven primarily by housing and council tax pressures. By contrast, **lower-income and younger households** remain **disproportionately exposed to essential cost increases** relative to their incomes, a dynamic that continues to constrain spending capacity.

Overall, whilst costs continue to grow across most segments under our pre-crisis scenario, the deceleration relative to 2025 should provide a modest but meaningful tailwind bolstering consumer spending in 2026.

Percentage change in costs by consumer segment, 2025 central versus 2026 –pre-crisis scenario



Source: Baringa Consumer Spending Model

Household budgets hinge on mortgage rates and energy bills

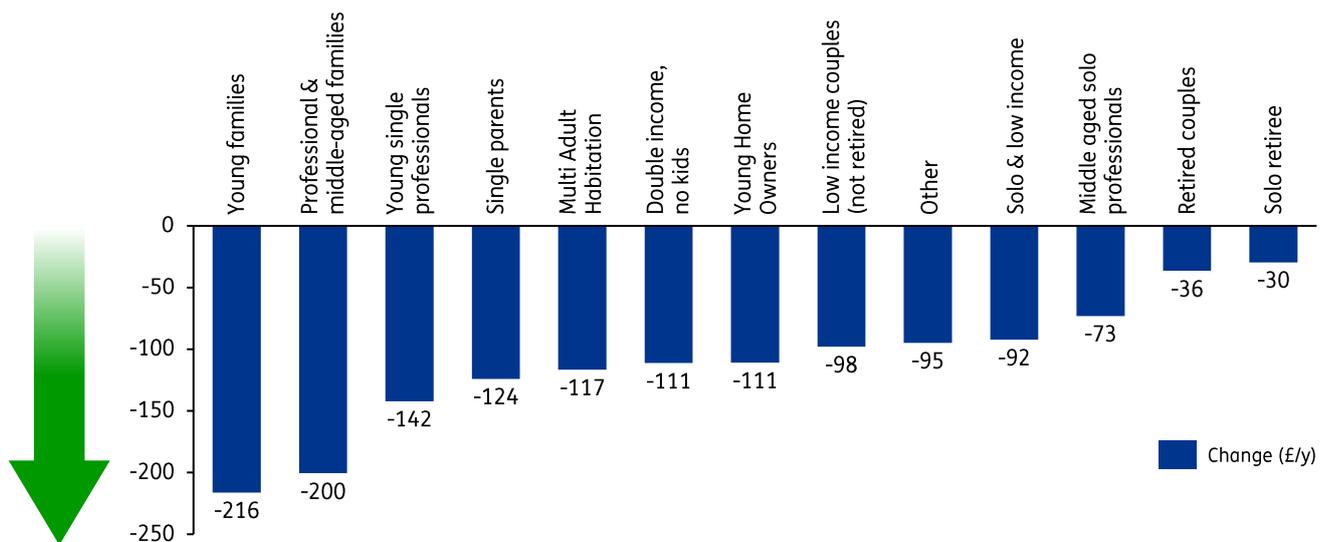
Mortgage costs and energy prices represent two of the most consequential variables shaping household budgets in 2026. Both remain highly sensitive to prevailing political and economic conditions.

In our **pre-crisis and upside scenarios**, mortgage costs are expected to **decline** across most consumer segments as interest rates ease and a greater proportion of households move off higher fixed-rate products. The largest savings are anticipated among younger families and professional households, who are typically more exposed to mortgage costs.

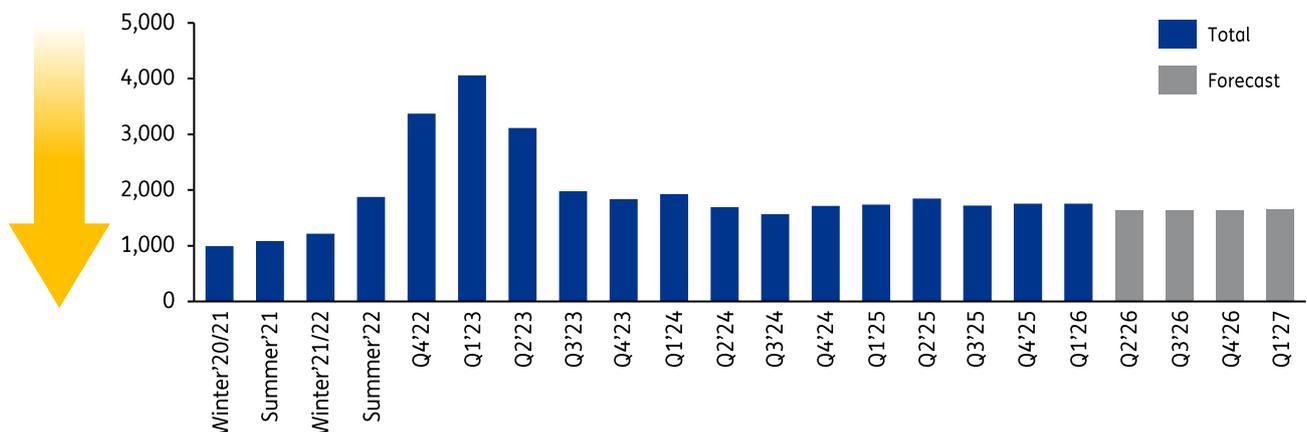
Concurrently, **energy costs are expected to remain well below the peaks** seen during the energy crisis of 2022-23. The energy price cap has fallen sharply since then and is projected to remain relatively stable until the end of the year.

In our **downside scenarios**, however, a sustained period of elevated wholesale energy costs could drive a **sharp increase in household energy bills**. Should the conflict in Iran prove to be a protracted one, heightened uncertainty would likely **prompt mortgage lenders to raise rates** and withdraw products, compounding the pressure on household finances.

Mortgage Costs changes across consumer segments (£/ year) pre-crisis scenario



Energy price Cap, £ (pre-crisis scenario)



Source: Baringa Consumer Spending Model

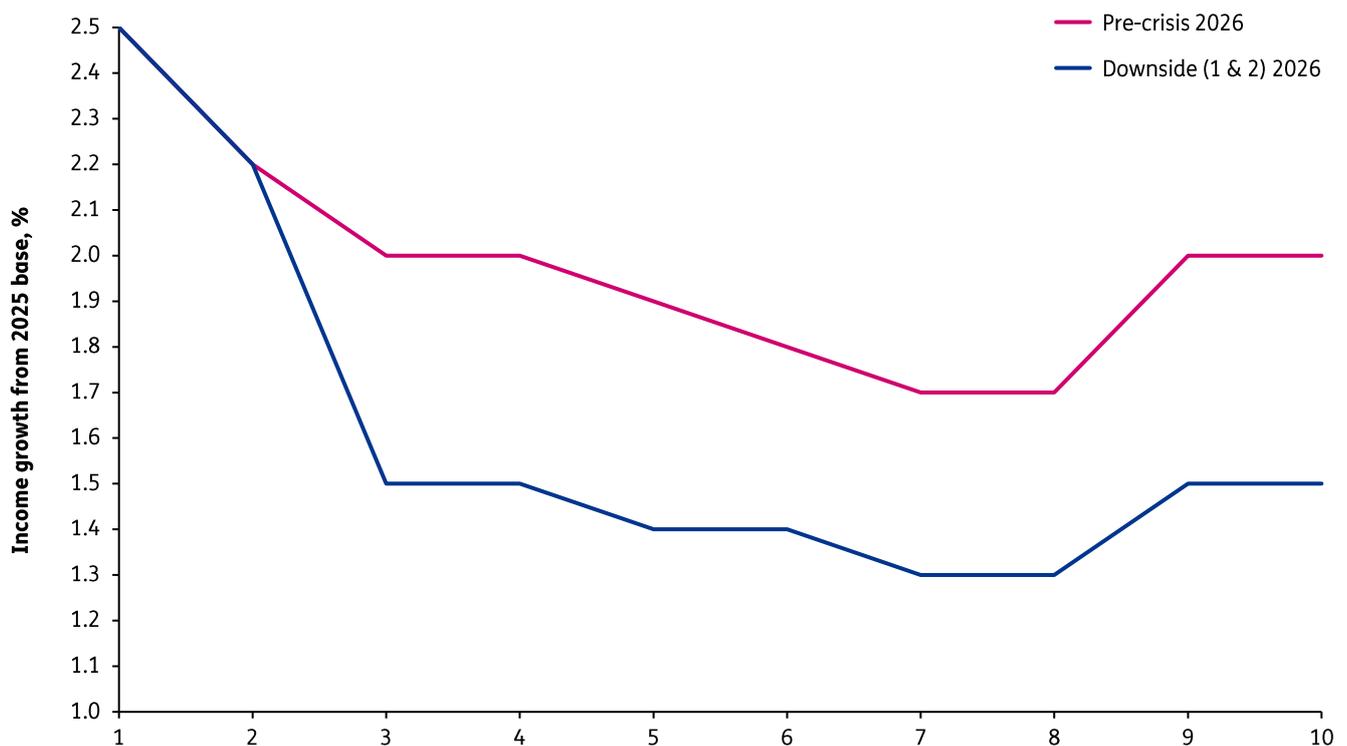
Rising wages lift real household incomes

Wage growth continues to reinforce household incomes in 2026, with positive income growth anticipated across all deciles. In our **pre-crisis scenario**, **pre-tax household wages** are forecast to rise by approximately **1.7–2.2%** across most of the income distribution.

Growth should be **most pronounced among lower-income households**, reflecting continued increases in the minimum wage and persistent labour shortages in lower-paid sectors. Wage rises are more subdued for those in the middle of the income distribution.

In our **downside scenarios**, **income growth slows** across all deciles, **but remains positive**. Sustained wage growth therefore represents an important structural support to household spending, particularly among lower-income groups, whose higher propensity for consumption means that incremental income gains translate more directly into spending.

Household pre-tax income growth by income decile, %



Source: Baringa Consumer Spending Model

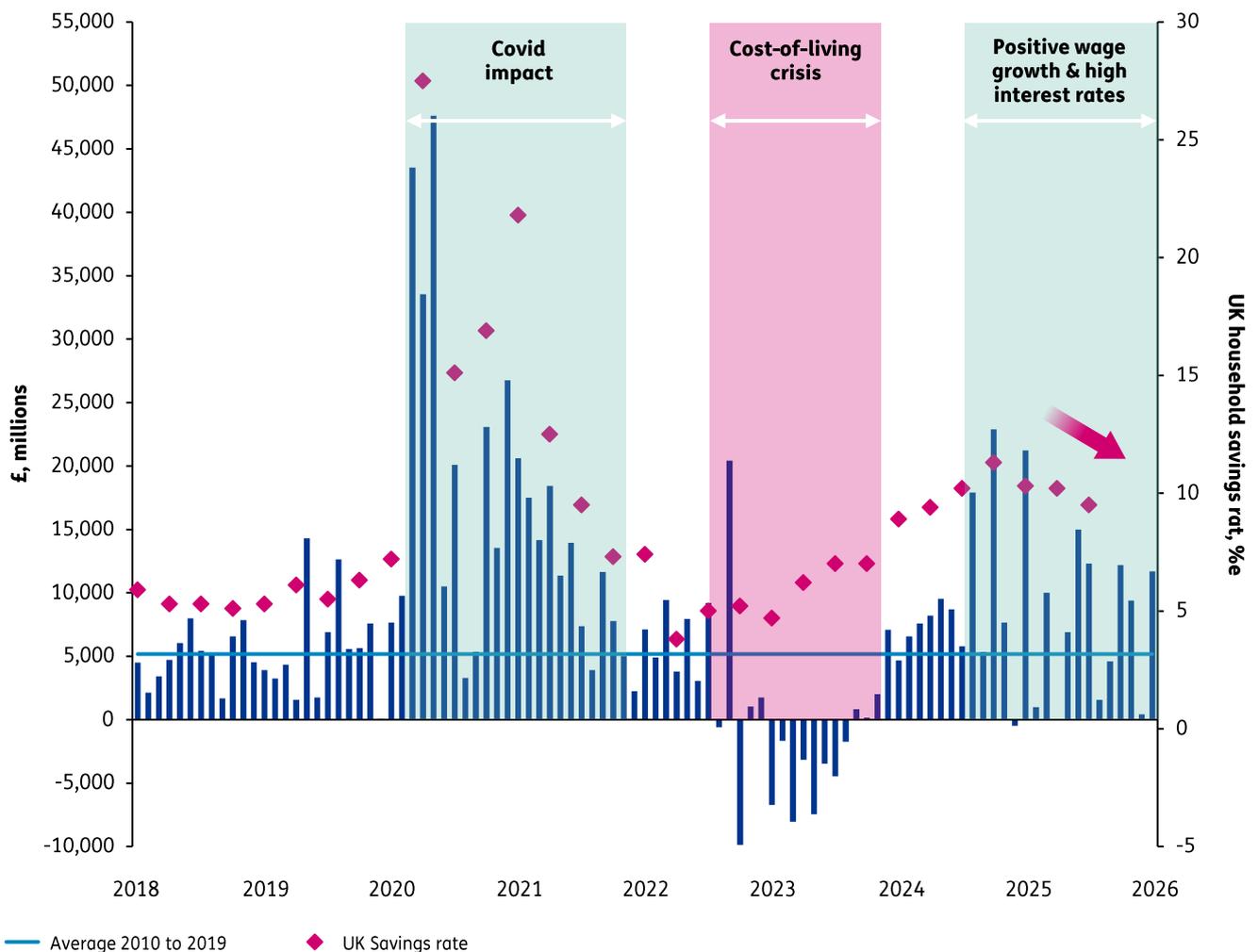
Savings rates are (slowly) starting to fall

Whilst household savings remain above pre-pandemic levels, there are early signs that **savings rates are beginning to gradually decline**. Following the sharp accumulation of deposits during the pandemic, households drew down savings during the cost-of-living crisis as inflation and energy prices surged. More recently, stronger wage growth and higher interest rates have supported a rebuilding of household savings, reflected in higher retail deposits.

As cost pressures ease and real incomes begin to recover, households are increasingly positioned to shift from precautionary saving towards consumption. While the adjustment remains gradual, the early decline in savings rates suggests that **some release of excess savings is probable in 2026**, offering a modest additional tailwind to consumer spending.

The extent to which this materialises, however, is contingent on the broader economic environment. In a climate of renewed uncertainty or inflationary pressure, consumer confidence could deteriorate quickly, prompting households to revert to more cautious financial behaviour.

Monthly changes in sterling retail deposits, seasonally adjusted



Source: ONS

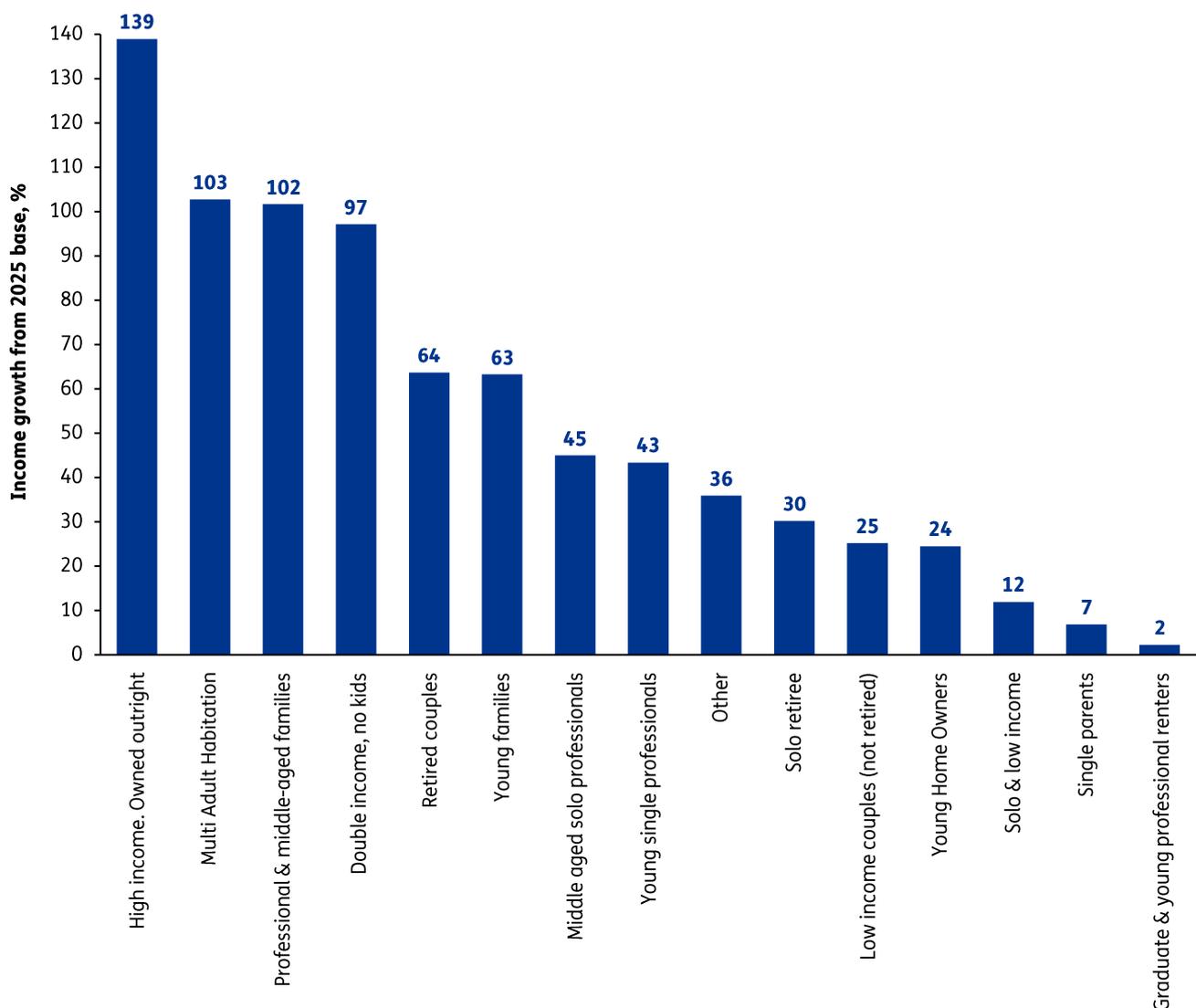
Discretionary income growth

Improvements in household incomes combined with easing cost pressures are expected to translate into **stronger discretionary income across most consumer segments**. However, the scale of this improvement varies significantly depending on household structure, housing tenure, and income levels.

Households with lower fixed housing costs, such as **outright homeowners**, see the largest increases in discretionary income, as rising wages are less offset by housing and mortgage expenses. Similarly, **professional families** and **multi-adult households** benefit from multiple income sources, supporting stronger gains in disposable income.

By contrast, households facing higher housing costs, particularly **younger renters** and **single-parent households**, see much smaller improvements in discretionary income. As a result, while discretionary income growth is positive across most segments, **the recovery in consumer spending power remains uneven across the population**.

Post-tax income growth after fixed costs per month, £



Source: Baringa Consumer Spending Model

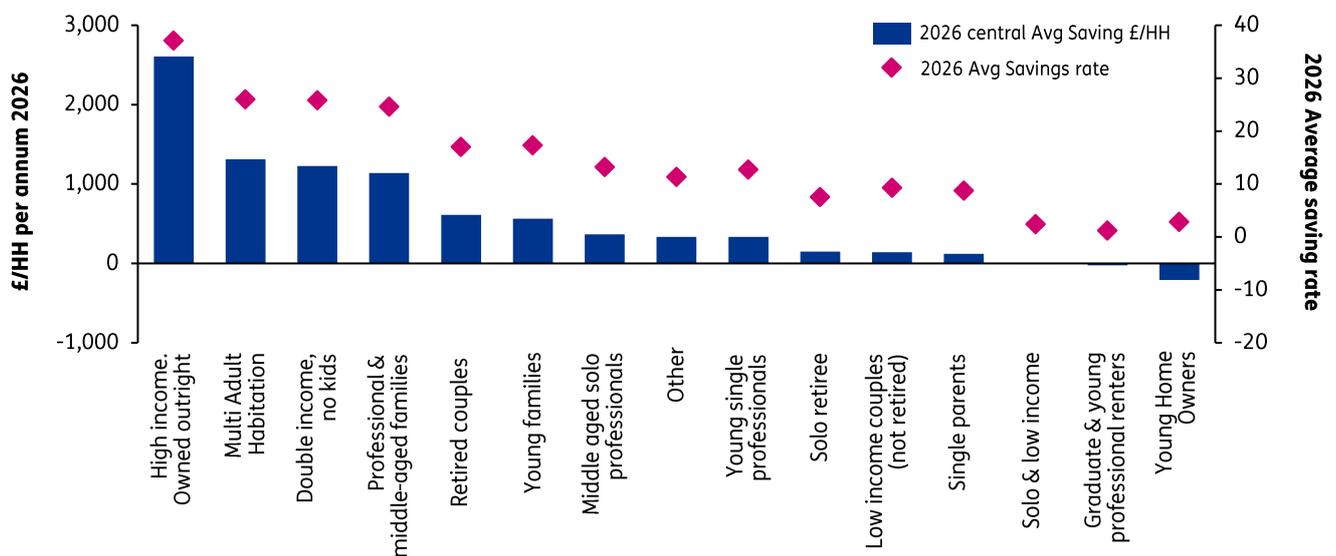
Upside scenario: Higher discretionary incomes prompt consumers to loosen the purse strings

In our upside scenario, stronger consumer spending is driven by households reducing precautionary savings and directing a greater share of income toward consumption. Whilst many households continue to maintain positive savings balances, **a modest decline in saving rates would release additional spending power into the economy.**

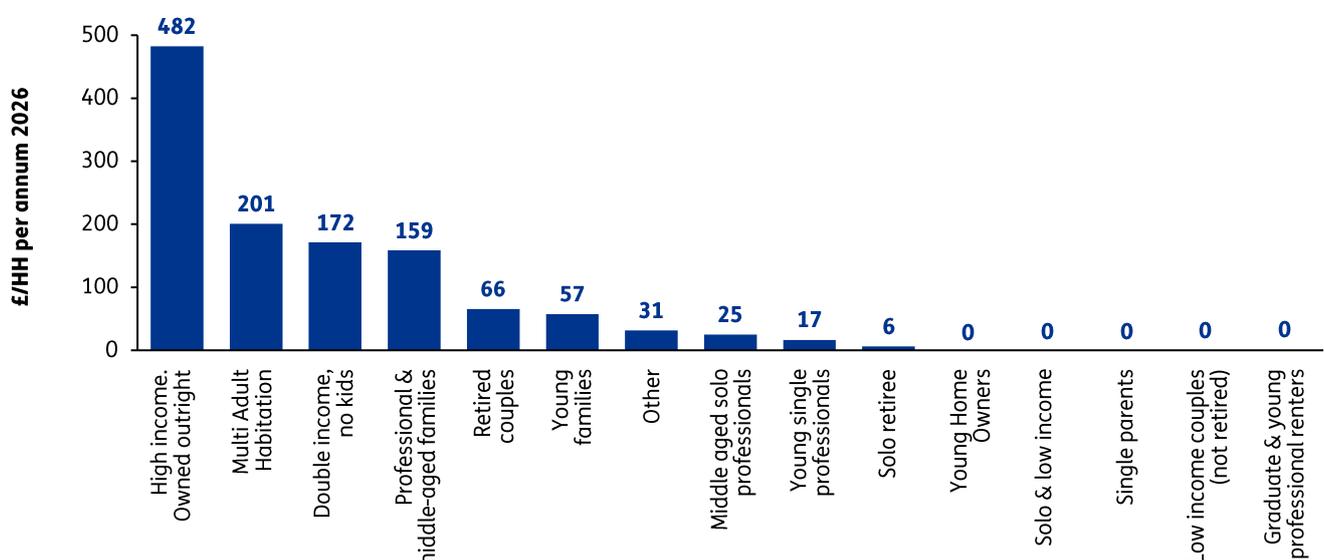
Higher-income households and outright homeowners hold the largest savings buffers and therefore **carry the greatest capacity to increase expenditure** should consumer confidence improve. Accordingly, these groups account for the most significant increase in additional expenditure in our upside scenario.

Across the economy, even modest reductions in savings rates can translate into meaningful increases in aggregate consumer spending. The **release of accumulated savings** therefore represents **one of the most important upside risks** to the 2026 consumer spending outlook.

Average saving £/HH pre-crisis assumptions 2026 per annum



Extra money being spent within the economy in our upside scenario



Source: Baringa Consumer Spending Model

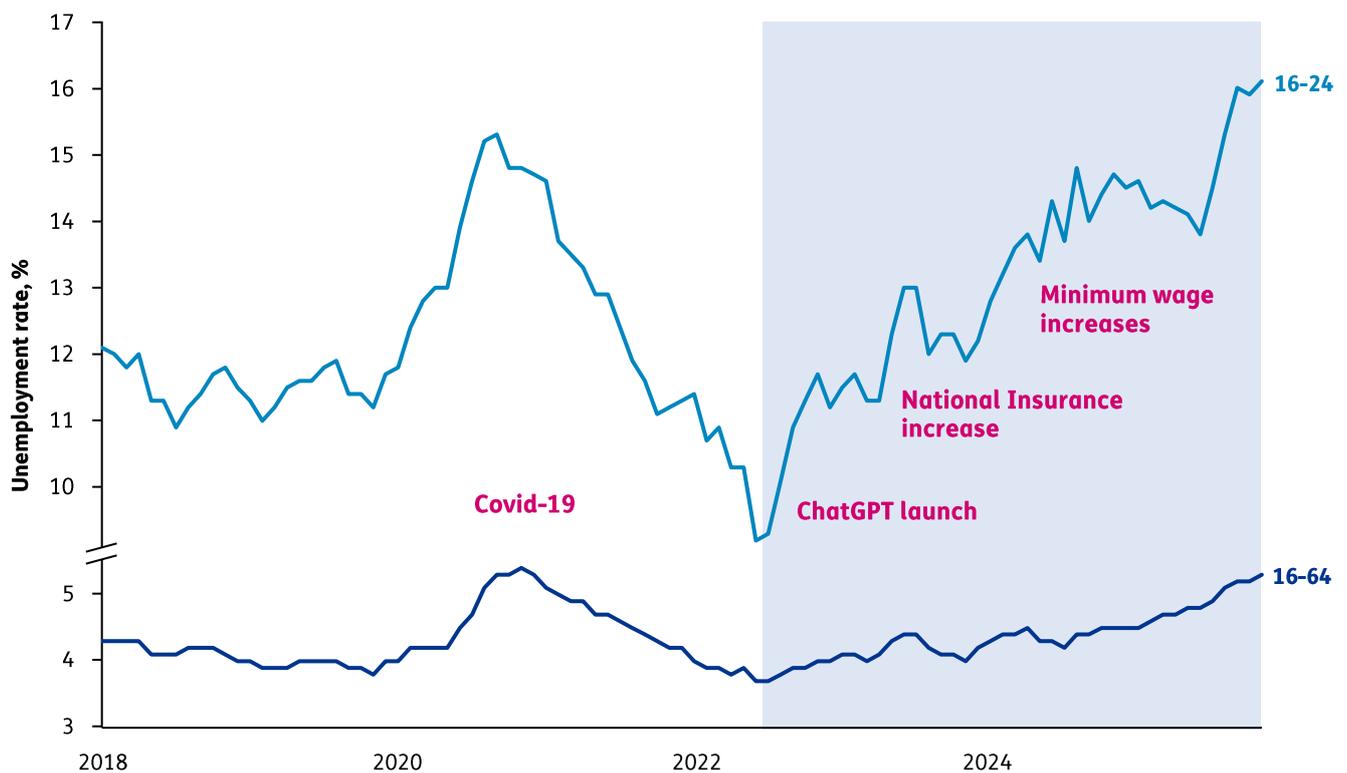
Unemployment is rising, particularly among young people

Unemployment in the UK has recently risen to its highest rate in nearly five years. In the three months to December 2025, the **unemployment rate reached 5.2%**, according to the Office for National Statistics (ONS). Younger workers are bearing the brunt of this downturn, with **unemployment among those aged 16-24 climbing to 16.1%**, its highest level in over a decade.

Several factors may be contributing to this trend. Policy changes, including increases in National Insurance contributions and the minimum wage, have raised labour costs for employers and may be weighing disproportionately on entry-level roles typically filled by younger workers. Structural shifts in the labour market and the early adoption of AI tools may also be dampening demand for certain junior positions.

While it remains too early to draw firm conclusions, the rise in youth unemployment highlights a potential area of labour market weakness that could influence income growth and consumer spending, particularly among younger households.

Unemployment rate %



Source: ONS

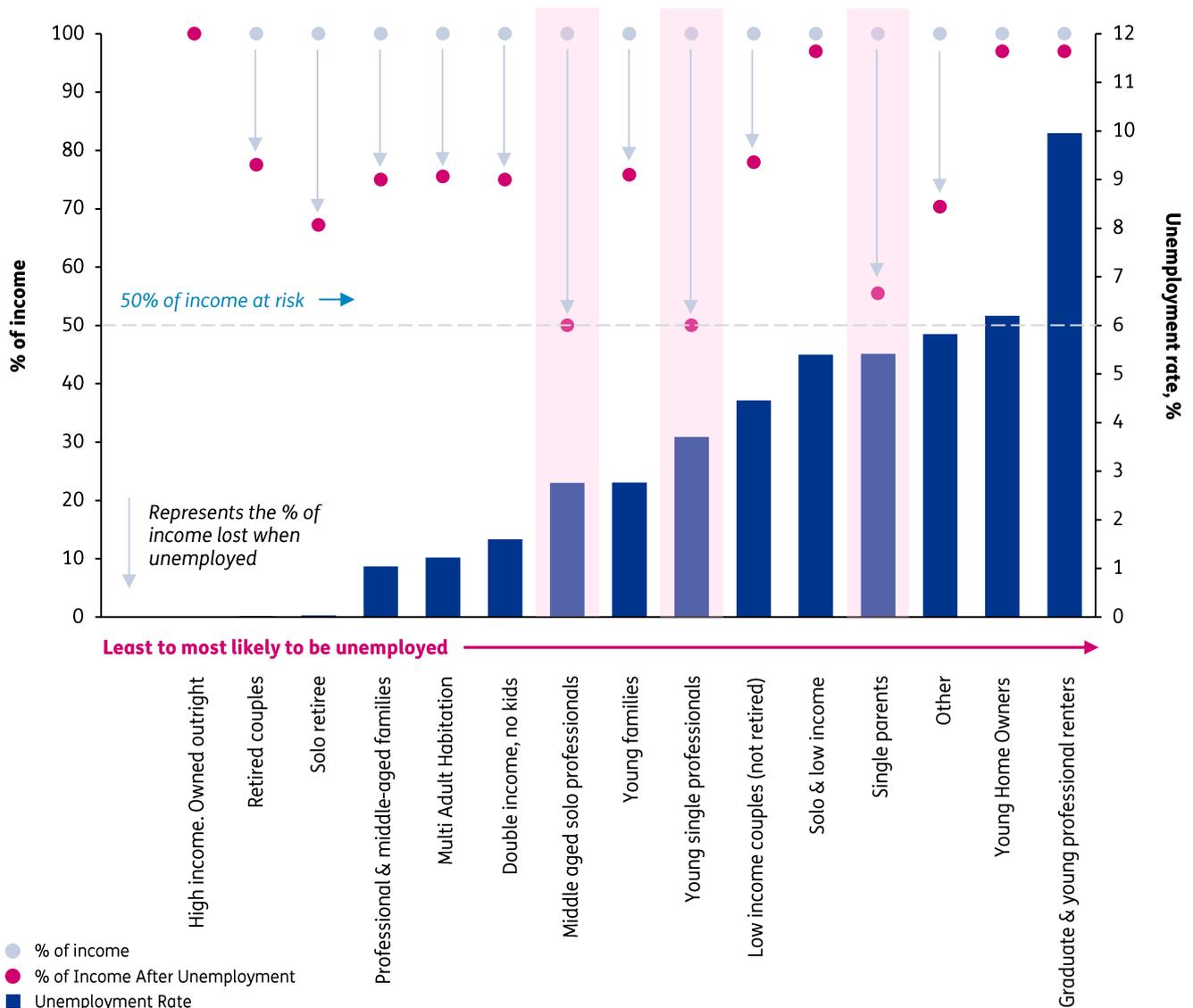
Downside scenarios: Higher unemployment and income loss

In our **downside scenarios**, a weakening labour market drives **rising unemployment** and a **loss of income** for affected households. The chart below illustrates both the probability of unemployment across different consumer segments and the potential income impact of job loss.

Higher-income households and **retirees** are generally **less exposed to unemployment risk**, meaning their income levels remain relatively stable even in a downturn. By contrast, **younger households, renters, and lower-income groups** face a **higher probability of unemployment** and therefore greater income volatility.

Unemployment can result in a substantial reduction in household income, with earnings typically falling by around half once individuals move onto unemployment support. As a result, even a modest rise in unemployment can exert a disproportionate drag on consumer spending, particularly among segments already facing tight financial constraints.

Unemployment rate and income lost in our downside (1) scenario



Source: Baringa Consumer Spending Model

Geopolitical conflict and its impact on energy prices: a major downside risk

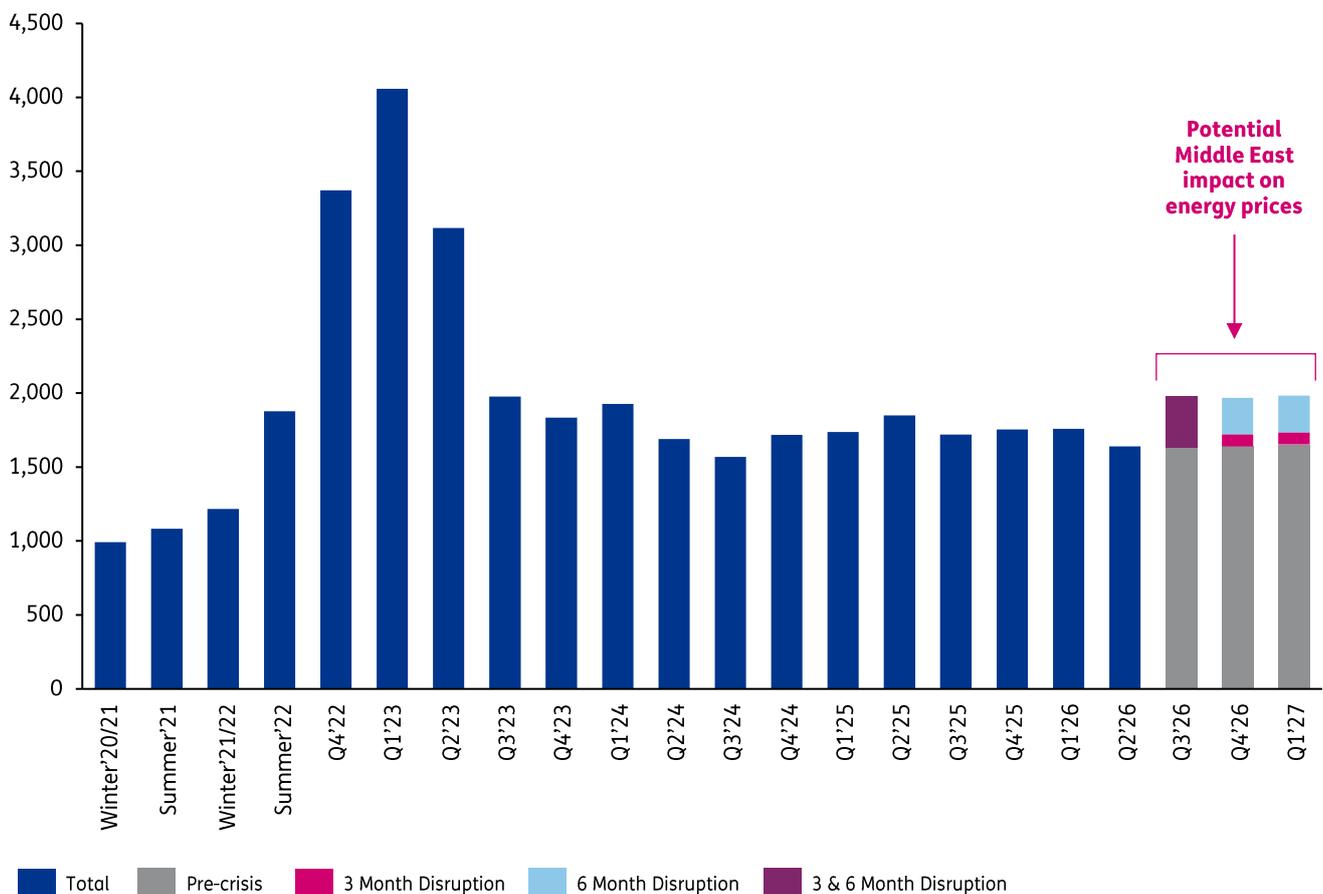
Tensions in the Middle East represent a significant downside risk to the consumer spending outlook, due to the impact on energy prices. Whilst the UK energy price cap has stabilised and remains well below the peaks seen during the 2022-2023 energy crisis, it remains sensitive to developments in global markets.

Escalating conflict and the closing of the Strait of Hormuz have sent oil prices surging and pushed up shipping costs, with UK consumers beginning to feel the effects at the petrol pump. Given the UK's exposure to global gas prices, a prolonged conflict could exert further upward pressure on wholesale prices and feed through into the domestic energy price cap.

Our pre-crisis and downside scenarios reflect the potential impact of this upheaval on retail energy prices, calibrated to the duration of the disruption. In our **pre-crisis scenario**, where conflict in the Middle East concludes within a matter of weeks, the **effect on energy prices** is expected to be **limited and short-lived**. Our **downside scenarios**, by contrast, incorporate a period of **sustained energy price elevation**, with the associated impact on UK retail bills expected to materialise from July 2026. Under **D1**, which models a three-month disruption to the Strait of Hormuz, we project a **5% increase in household energy bills**. Under **D2**, where disruption extends to six months, that figure **rises to an estimated 15%**. In either case, upward pressure on the cost of everyday goods would likely follow.

Such conditions would place renewed strain on household budgets and weigh on consumer spending more broadly. Energy markets therefore remain one of the most consequential macroeconomic variables in the consumer outlook, and warrant close and continued attention.

Potential implication of the Middle East conflict on the energy price Cap, £



Source: Baringa Consumer Spending Model

Section C: Insights shaping consumer spending in 2026

2026 promises gradual recovery, albeit with marked differences across consumer segments

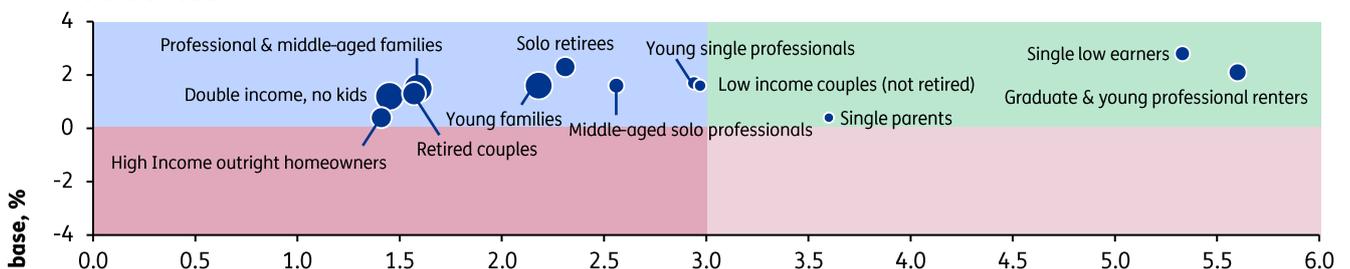
In 2026, the recovery in consumer spending is expected to remain gradual and unevenly distributed across demographic and income groups. The diagrams on this page represent expected spending growth and spending elasticity (i.e. sensitivity to income changes) among different consumer segments in our pre-crisis and downside scenarios for 2026.

Overall, the segmentation highlights where consumer spending growth is most likely to be concentrated in 2026, and which groups carry the greatest sensitivity to changes in the macroeconomic outlook. Segments positioned to the left of the distribution tend to exhibit greater resilience, with spending that is less sensitive to income fluctuations, while those to the right display greater volatility and a stronger response to shifts in income.

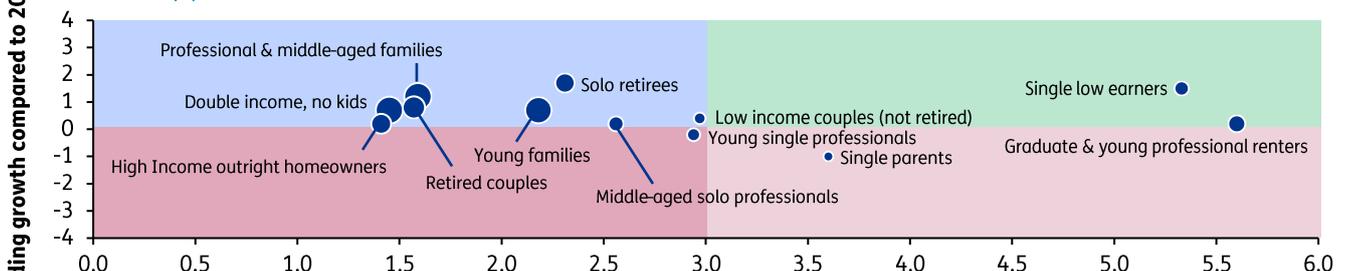
Read together, the diagrams serve as a visual indicator of breadth of our forecasting range, which is itself a reflection of prevailing macroeconomic uncertainty. The contrast between pre-crisis and the D2 scenario is particularly striking. In our pre-crisis scenario, all consumer segments are expected to record positive spending growth, with cohorts such as solo retirees and graduate and young professional renters showing particular strength and resilience. Under D2, however, growth deteriorates noticeably across all segments, with several groups including single parents, single low earners, and graduate and young professional renters, falling deep into negative territory.

The scale of this divergence underscores how sensitive the consumer outlook remains to the path of the broader economy, and how much the fortunes of certain segments hang on macroeconomic conditions staying broadly on track.

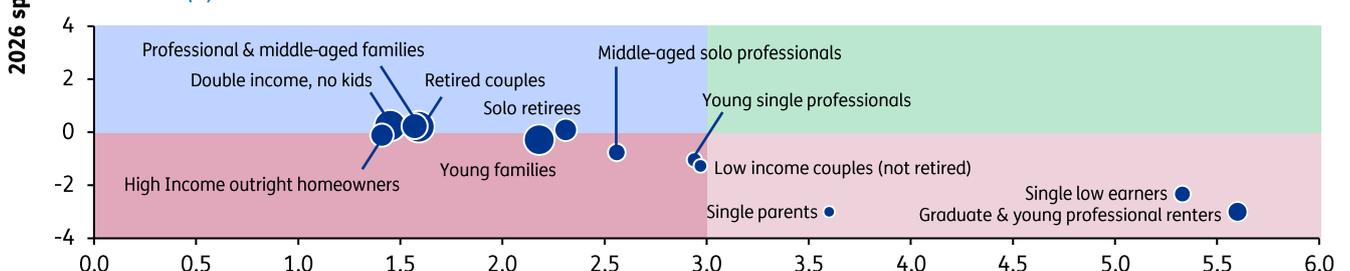
Pre-crisis 2026



Downside (1) 2026



Downside (2) 2026



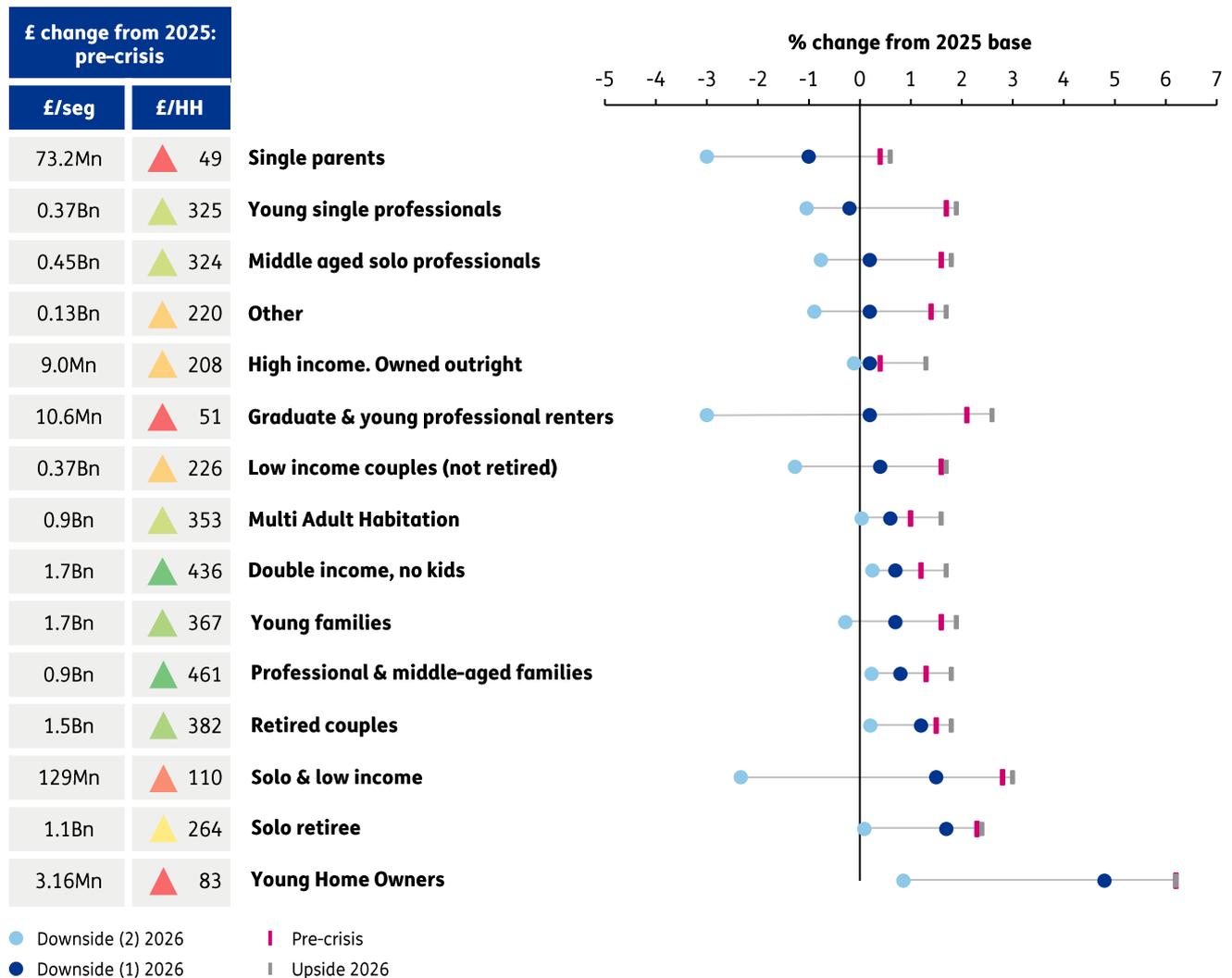
Growth for most segments, but it remains volatile

Consumer spending outcomes vary significantly across segments in our scenarios, reflecting differences in income growth, cost pressures, and spending sensitivity. Whilst most segments recorded modest spending increases in our pre-crisis scenario, the range of outcomes widens substantially in both the upside and downside scenarios.

The UK consumer landscape remains bifurcated. **Higher-income households** and **dual-income families** demonstrate the greatest resilience, typically contributing the largest absolute increases in spending, a reflection of their larger share of disposable income and higher overall consumption levels. Certain smaller segments, such as graduates and young professional renters, can also deliver strong percentage growth even where their contribution to total spending remains more limited.

More financially stretched households, including single parents and lower-income renters, demonstrate **greater downside risk**. Spending within these segments is more sensitive to changes in income and employment conditions, meaning that a deterioration in the economic environment could lead to sharper contractions in consumption.

Consumer segment spending change from 2025



Source: Baringa Consumer Spending Model

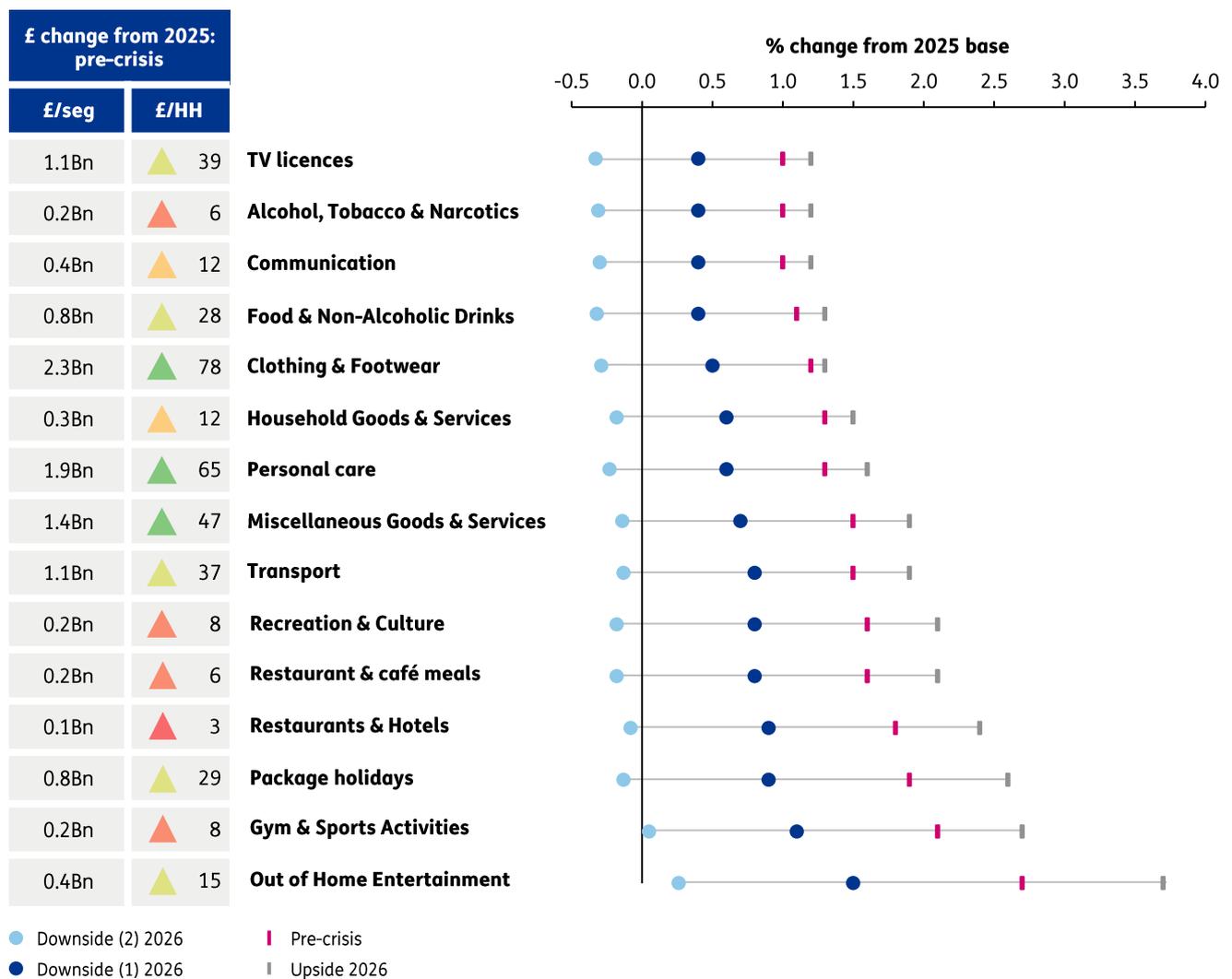
Discretionary sectors show the strongest upside potential

Consumer spending growth varies considerably across product categories in all of our scenarios. **Essential categories** such as food, communications, and household goods tend to exhibit relatively **stable demand**, with limited variation between downside and upside outcomes.

In contrast, **discretionary categories display much greater sensitivity** to the economic outlook. Spending on restaurants, holidays, recreation, and out-of-home entertainment tends to surge when household incomes improve, but is also more susceptible to contraction in a downturn.

In our **pre-crisis scenario**, most categories record **modest spending increases** as real incomes gradually recover. However, the spread between downside and upside scenarios illustrates how shifts in household confidence, savings behaviour, and income growth could produce materially different outcomes across consumer-facing sectors.

Absolute change across consumer spending in our scenarios



Source: Baringa Consumer Spending Model

A broadly positive outlook for regional spending growth

The Q1 outlook for regional consumer spending growth in 2026 remains broadly positive, though differences across the UK persist.

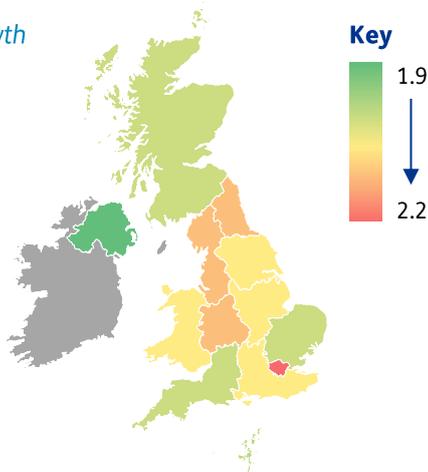
In our **pre-crisis scenario**, most regions are expected to record **modest growth**, reflecting the gradual recovery in real incomes as inflation eases and wages continue to rise. The South West, South East, and East of England and parts of Scotland demonstrate relatively stronger performance, while several areas across the Midlands and northern England experience more moderate growth.

Across both **downside scenarios**, weaker economic conditions produce a more subdued regional picture, with **spending growth slowing** across most areas. The regional pattern remains broadly consistent, with the South West and East of England retaining comparatively greater resilience. Of note is a degree of variability within northern England. Under D1, the North West demonstrates stronger resilience than the North East, whereas under D2 this relationship reverses, with the North West experiencing the most significant downturn in growth.

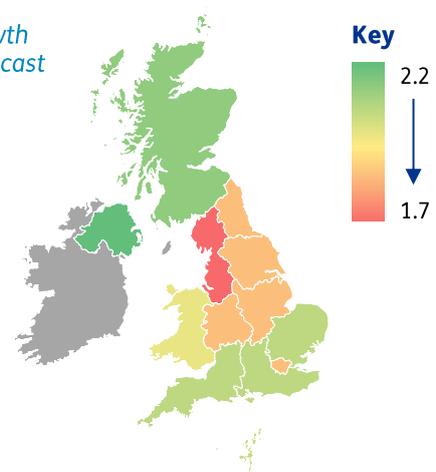
Our **upside scenario** presents a more positive outcome, with rising incomes and improving consumer confidence **lifting spending across most regions**. Growth becomes more broadly distributed across the UK, although regional differences in household income and labour market conditions continue to shape the pace and profile of recovery.

Across all scenarios, the direction of travel is broadly consistent. However, regional disparities in income growth and household financial resilience mean that the momentum of consumer spending continues to vary across the UK.

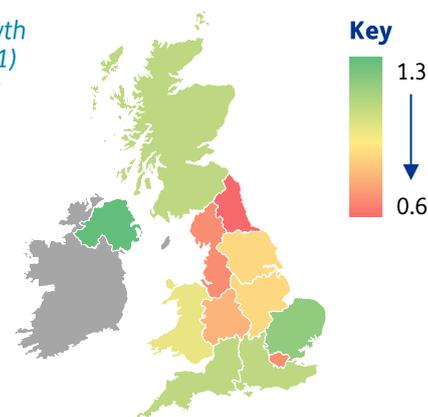
Regional growth in Pre-crisis assumptions 2026



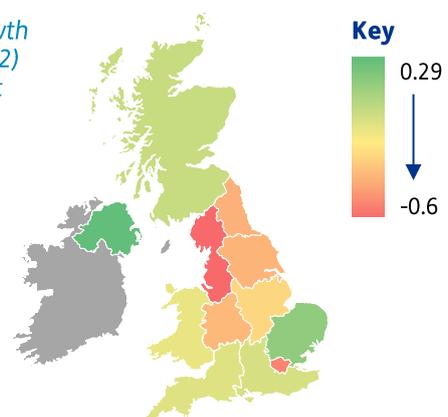
Regional growth in Upside forecast 2026



Regional growth in Downside (1) 2026 forecast



Regional growth in Downside (2) 2026 forecast



Source: Baringa Consumer Spending Model

Appendix

Consumer Segments

Segments	Descriptor
1. Double Income, No Kids	2 earning adults without children, with a combined income over £40,000 a year.
2. Professional & Middle-aged Families	Mid-income level families (over £40,000), where the head of household is over 45. This household includes 2 or more adults and children.
3. Solo Retiree	Lone individuals above 65 who have retired.
4. Young Single Professionals	Young individuals in full time employment, living alone with no dependents (children or elderly)
5. Middle Aged Solo Professionals	Middle aged individuals in full time employment, living alone with no dependents. Aged between 45-64.
6. Graduate & Young Professional Renters	Young individuals social or private renting as groups of 2 or more, without children or elderly dependents.
7. Retired Couples	Older generation individuals living as 2 adult households and without children.
8. Single Parents	Single adult household with children.
9. Young Families	Families with parents ages 16-40 and children.
10. Solo & Low Income	Lone adult living below full time employment annual income above the age of 25.
11. Low Income Couples (Not Retired)	Adult couples living below minimum full time employment wage for both individuals, without children or elderly dependents.
12. High Income, Owned Outright	Households with income over 100k per year (pre-tax) and who own their housing outright, without a mortgage.
13. Multi Adult Habitation	Three or more adults living on a single property, where the head of household is over 45 years old.
14. Young Home Owner	Head of household is under 35 years old and has bought their property (owned outright or with a mortgage).
15. London Families	Households based in London with children and no elderly dependent.
16. Other	Any remaining households not captured by the above groupings.

ONS Product Categories

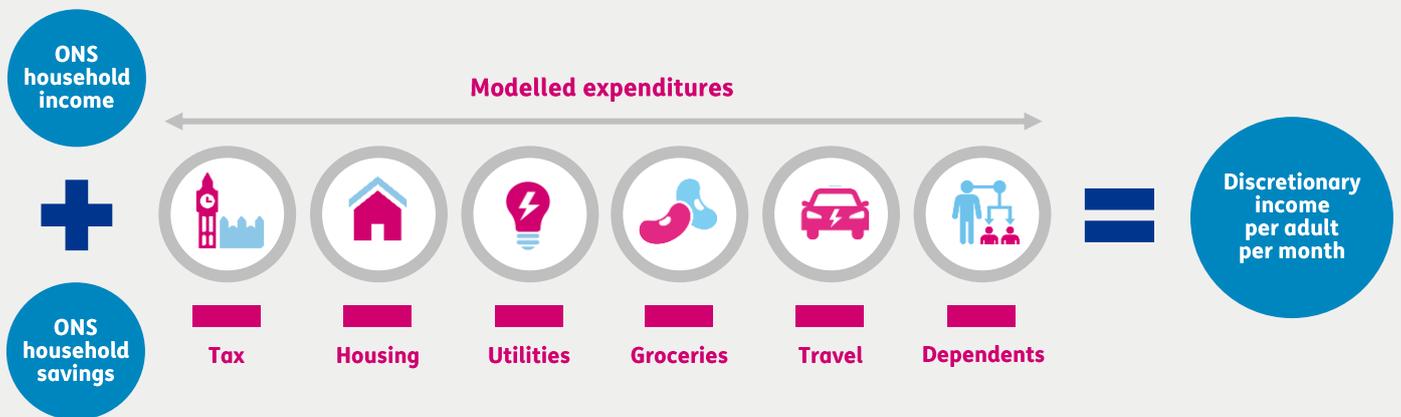
Segments	Descriptor
1. Food & Drinks	All food and non-alcoholic beverages bought through shops (not restaurants)
2. Alcoholic drink, tobacco & narcotics	Alcoholic drinks, tobacco products, and narcotics spending
3. Clothing & Shoes	Men's, Women's and children's clothing, accessories and footwear
4. Household goods & services	Furniture, furnishings, household appliances, utensils, equipment, and maintenance goods and services
5. Transport	Purchase of vehicles, operation of personal transport and transport services
6. Communication	Post, telephone, internet subscription fees and combined telecom services
7. Recreation & culture	Equipment (e.g. TVs), gardens, pets, services (e.g. cinema), newspaper, books, package holidays
8. Education	Education fees and other ad hoc expenditure
9. Restaurants & hotels	Catering services, accommodation services
10. Personal care	Beauty, toiletries, hairdressing
11. Misc. goods & services	Personal effects, insurance, other services

Appendix: Modelling approach

We modelled expenditures for approximately 28 million households across the UK, providing a comprehensive analysis of consumer spending patterns at both national and regional levels.

Modelling assumptions incorporate regional cost variations, including rents, council tax and food costs, as well as household-composition-based adjustments for expenditures such as mortgages and child-related costs.

Drawing on ONS household income data, the model derives a discretionary income figure per adult, which serves as the basis for calculating spending capacity and sensitivity across different consumer segments.





UK Consumer Spend Report

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