
Australian Home & Lifestyle Retail Market Study

Project Kingfisher - Vendor Due Diligence

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1. Market Size and Growth

The Australian home and lifestyle retail market (excluding hardware and pure-play appliance retailers) is estimated at \$18.9 billion in calendar year 2025, having grown at a compound annual growth rate (CAGR) of 5.2% since 2020. Growth has been supported by sustained housing construction activity, work-from-home driven demand for home improvement, and demographic tailwinds from population growth.

1.1 Market Size by Segment

Segment	CY2023 (\$bn)	CY2025E (\$bn)	CAGR	CY2028E (\$bn)
Furniture (indoor)	\$5.8	\$6.4	+5.0%	\$7.4
Homewares & Kitchen	\$3.9	\$4.3	+5.1%	\$5.0
Textiles & Soft Furnishings	\$2.4	\$2.6	+4.2%	\$2.9
Lighting & Electrical	\$1.8	\$2.0	+5.5%	\$2.4
Outdoor & Garden	\$1.5	\$1.8	+9.5%	\$2.4
Online-Only Retailers	\$1.4	\$1.8	+13.4 %	\$2.7
Total	\$16.8	\$18.9	+5.2%	\$22.8

1.2 Key Market Drivers

Population Growth: Australia's population is projected to grow by 1.5-1.8% p.a. through 2030, driven by net overseas migration. This supports household formation and, consequently, demand for home furnishing.

Housing Construction: The National Housing Accord target of 1.2 million new homes by 2029 (subsequently revised) and elevated renovation activity provide a structural demand tailwind. Each new dwelling generates an estimated \$15,000-25,000 of home furnishing expenditure.

E-commerce Penetration: Online penetration in the home and lifestyle category increased from 6% in 2019 to approximately 14% in 2025. We project online penetration will reach 22-25% by 2030, broadly in line with the UK market trajectory with a 3-4 year lag.

Premiumisation: Consumer preference is shifting towards higher quality, sustainably sourced products. The mid-to-premium segment (>\$100 average transaction value) has outgrown the value segment by approximately 300 basis points p.a. over the last three years.

2. Competitive Landscape

2.1 Market Share Estimates (CY2025E)

Rank	Retailer	Revenue (\$bn)	Share	Positioning	Store Count
1	HomeStyle (Target Co)	\$3.1	16.4 %	Mid-Premium	187
2	IKEA Australia	\$2.8	14.8 %	Value-Mid	14 + planning studios
3	Harvey Norman (Home)	\$2.5	13.2 %	Mid-Premium	~195
4	Bunnings (Home subset)	\$1.9	10.1 %	Value-Mid	~387
5	Freedom Furniture	\$1.4	7.4 %	Mid-Premium	~60
6	Temple & Webster	\$0.9	4.8 %	Mid (online)	Online only
7	Adairs	\$0.5	2.6 %	Mid	~170
8	West Elm / Pottery Barn	\$0.3	1.6 %	Premium	~15
-	Others (independents)	\$5.5	29.1 %	Various	-

3. Consumer Trends

3.1 Customer Segmentation

Segment	% of Market	Avg Spend	Key Characteristics	Growth Outlook
Urban Professionals (25-40)	28%	\$2,800 p.a.	Design-led, sustainability-conscious, omnichannel	High (+8% p.a.)
Established Families (35-55)	32%	\$3,400 p.a.	Quality and durability focused, brand loyal	Moderate (+4% p.a.)

Segment	% of Market	Avg Spend	Key Characteristics	Growth Outlook
Downsizers (55+)	18%	\$2,100 p.a.	Premium quality, smaller formats, service-oriented	Moderate (+5% p.a.)
First Home Buyers	12%	\$4,500 p.a.*	Value-seeking, one-off large purchases	Cyclical
Renters / Transient	10%	\$1,200 p.a.	Price-sensitive, flat-pack, online-first	High (+10% p.a.)

* First home buyer spend is concentrated in the first 12 months of purchase.

4. Strategic Implications for Acquirer

HomeStyle's market-leading position in the mid-to-premium segment positions it well to capture the structural growth opportunities identified in this study. The Company's 16.4% market share provides meaningful scale advantages in procurement while remaining well below levels that would attract competition concerns.

The key strategic risks relate to: (a) IKEA's announced expansion strategy for Australia, including three new large-format stores by 2028 and a marketplace platform launch; (b) the secular shift to online, where HomeStyle's 10% e-commerce penetration lags both Temple & Webster (100% online) and the broader UK/US market trajectory; and (c) potential margin compression from rising occupancy costs as the lease portfolio comes up for renewal.