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# 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.