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State of the Art



# THE TEXTILE AND FLOOR COVERINGS MARKET

# IN AUSTRALIA

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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# THE AUSTRALIAN TEXTILE AND FLOOR COVERINGS MARKET

Insights into Manufacturing, Distribution and Regulations

Publication date / June 2023

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# 1. EXECUTIVE SUMMARY

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This study about the Australian Textile and Floor Coverings Market aims to provide an introduction for Flemish manufacturers or suppliers that are interested in exporting to Australia. Before looking more closely at various aspects of this sector, this document provides a brief introduction to Australia's population and economy.

The chapter on the Australian Textile Industry is subdivided in manufacturing, wholesaling and retailing. Each sub-chapter looks at the industry's performance over the last five years and the outlook for the next five years. We also look closer to the performance of individual products and markets, as well as international trade, where possible. Each sub-chapter has an overview of main industry players. Details of these companies are available upon request by Flemish companies.

The chapter of the Australian Floor Coverings industry focuses on textile floor coverings, with a deeper look into manufacturing and retailing. These sub-chapters look into the same aspects as mentioned above. The Australian Floor Coverings industry includes some well-known Belgian players such as Unilin and Beaulieu.

In our chapter dedicated to contact lists, we provide full contact details, where possible about importers, distributors, wholesalers and retailers not mentioned elsewhere in the document. These contact details are available upon request by Flemish companies.

This document briefly introduces relevant regulation for textiles, window fittings and carpets, before providing an overview of relevant trade shows.



## 2. AUSTRALIA’S POPULATION AND ECONOMY

### 2.1 POPULATION

On 30 September 2022, Australia’s population was 26,124,814 people. The annual growth was 418,500 people (1.6%), an increase to previous periods due to the re-opening of Australia’s borders after the COVID pandemic which has allowed renewed international migration, the main driver behind Australia’s population growth.

	Population at 30 September 2022 ('000)	Change over previous year ('000)	Change over previous year (%)
New South Wales	8193.5	108.7	1.3
Victoria	6656.3	108.4	1.7
Queensland	5354.8	114.4	2.2
South Australia	1828.7	25.2	1.4
Western Australia	2805.0	50.4	1.8
Tasmania	571.9	4.1	0.7
Northern Territory	250.6	0.9	0.4
Australian Capital Territory	459.0	6.3	1.4
Australia (a)	26124.8	418.5	1.6

a. Includes Other Territories comprising Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands and Norfolk Island.

Despite the fact that Australia is a vast geographical area, approx. 90% of the Australian population lives in urban areas, with about two-thirds living in capital cities:

	ERP at 30 June 2021	2011-21 (no.)	2011-21 (%)
Sydney	5,259,764	650,815	14.1
Melbourne	4,976,157	806,791	19.4
Brisbane	2,568,927	421,491	19.6
Adelaide	1,402,393	138,302	10.9
Perth	2,192,229	358,662	19.6
Hobart	251,047	34,774	16.1
Darwin	148,801	19,695	15.3
Canberra	453,558	85,573	23.3
Total capital cities	17,252,876	2,516,103	17.1

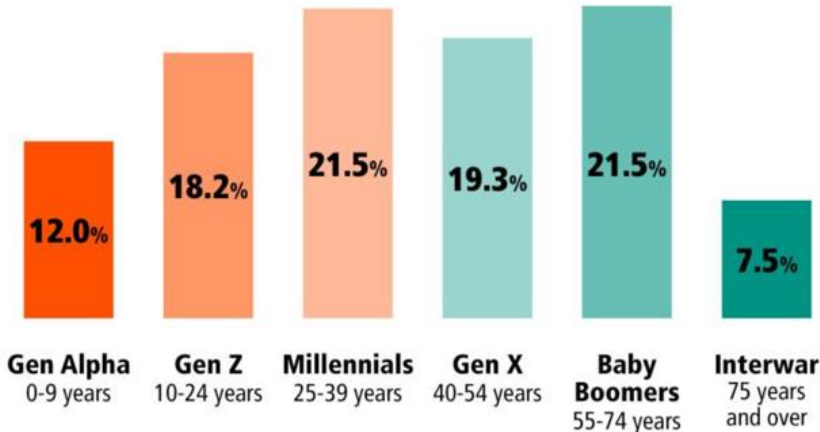
Melbourne’s population grew by 806,791 during 2021, which was the strongest performance by actual numbers for capital cities. It was followed by Sydney and Brisbane. However, looking at percentages, Brisbane and Perth grew strongest, narrowly followed by Melbourne.

The population of Australia consists of a unique composition. In 2021, there were 7.5 million migrants living in Australia. This means that 29.1% of the population was born abroad. The majority of migrants are born in the following countries: a] England – 967,000 people; b] India - 710,000 people, c] China – 596,000 people.

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The median age of the Australian population has increased over time. The median age for capital cities (37.1 years) was younger than the rest of Australia (41.8). 49.3% of the population were male with a median age of 37 years old and 50.7% of the population were female with the median age of 39 years old.

Population by generation



Australians live longer than ever before, but half of the population lives with at least one chronic condition. Many of these chronic conditions, such as overweight and obesity, insufficient physical activity and alcohol consumption, are related to lifestyle factors.

## 2.2 ECONOMY

The Australian economy is ranked 13th worldwide based on nominal GDP growth, after the country went through its first recession in 28 years in 2020. The COVID pandemic affected the Australian economy severely in 2020, 2021 and at the start of 2022 but the damage was not as severe as in other Western countries, mainly due to rapid intervention by the federal government at the time which provided a range of financial support to companies and people who lost their job as a result of the pandemic.

Due to the wide ranging COVID support package, gross government debt was AUD 894.6 billion at the end of October 2022 which will increase to AUD 1,159 trillion (43.1% of GDP) by mid-2026.

Like the rest of the world, Australia has been faced with high inflation numbers since the middle of 2022. This is mainly driven by disruptions in the supply chain due to the pandemic, but also because of natural disasters such as the floods of 2022. Additionally, the war in Ukraine has led to tensions in the energy market. Inflation in 2022 rose to 7.8% and there is no end in sight to the cost of living crisis. The Reserve Bank of Australia has been trying to control inflation since April 2022 by monthly cash rate increases. In April 2022, the cash rate was very low at 0.10% but has since increased to 4.1% (as at 6 June 2023). These continued monthly increases have been quite stressful for families who are seeing significant increases to their monthly mortgages.

GDP per capita is AUD 60,443.10 (2021, latest data available)





Other key economic indicators show the following (as at 6 June 2023):

- Unemployment rate 3.7% (employment growth is 2.9%)
- Inflation rate 7%
- Average weekly earnings AUD 1,378.60 with a household saving ratio of 3.7%

Australia’s political stability, transparent regulatory system, and sound governance frameworks underpin its economic resilience. Ranked in the global top five on the Index of Economic Freedom, Australia’s effective governance provides multinationals with a safe, secure business environment, offering:

- A business environment that is ranked 14th out of 190 economies for ease of doing business;
- A robust regulatory system noted for its strong finance and banking regulations;
- A competitive remuneration for professionals;
- A high purchasing power;
- A quality of life that is rated the 6th highest in the world.



# 3. TEXTILES

## 3.1 CUT AND SEWN TEXTILE MANUFACTURING

### 3.1.1 General

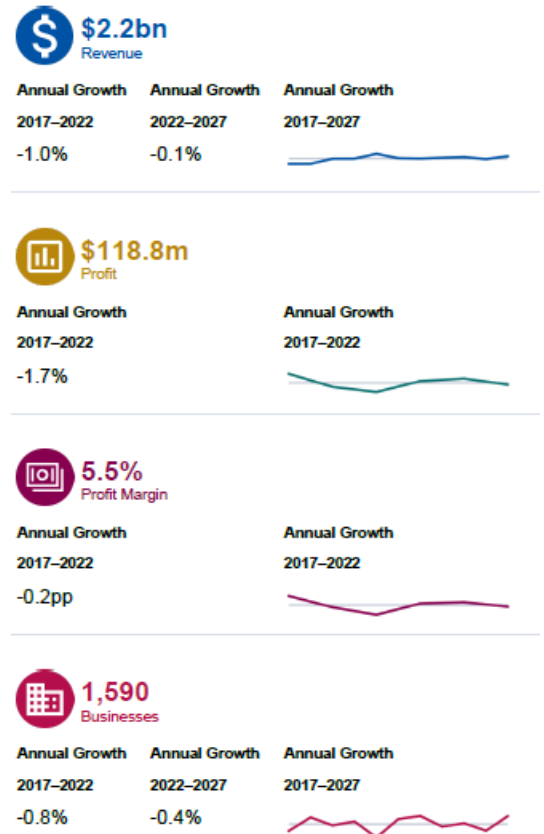
Firms in the Cut and Sewn Textile Product Manufacturing industry produce household and commercial textile goods, including curtains and blinds, awnings, linen, sails, tarpaulins, tents, towels and other textile products. Industry operators have faced mixed trading conditions over the past five years. Imports have increased steadily as a share of domestic demand over the period, taking market share from local manufacturers and forcing many firms to exit the industry. However, an increase in real household discretionary income over the period has slowed revenue declines, as improved demand conditions have allowed many firms to increase prices without affecting demand. Consequently, industry revenue is expected to decline at an annualised 1% over the five years through 2021-22, to \$2.16 billion. This trend includes an anticipated decline of 0.5% in 2022.

The effects of rising import competition have varied across product segments. Firms that primarily produce low-cost finished products, such as blankets, towels and bed linen, have faced strong price-based competition from imports. However, demand for industry goods that are less susceptible to low-cost import competition has been strong over the period.

Firms that produce premium products such as blinds and awnings have been less vulnerable to low-cost import competition. These firms have benefited from increased government stimulus and lockdowns, which have boosted consumer spending on home improvements and allowed many operators to increase demand without lowering prices. In addition, demand for more niche technical textile goods, such as coated fabrics used in agriculture, has been strong over the period. However, increased purchase costs have contributed to a marginal fall in industry profitability over the period. Many firms have responded by increasing investment in automation, leading to wages falling as a share of revenue over the period.

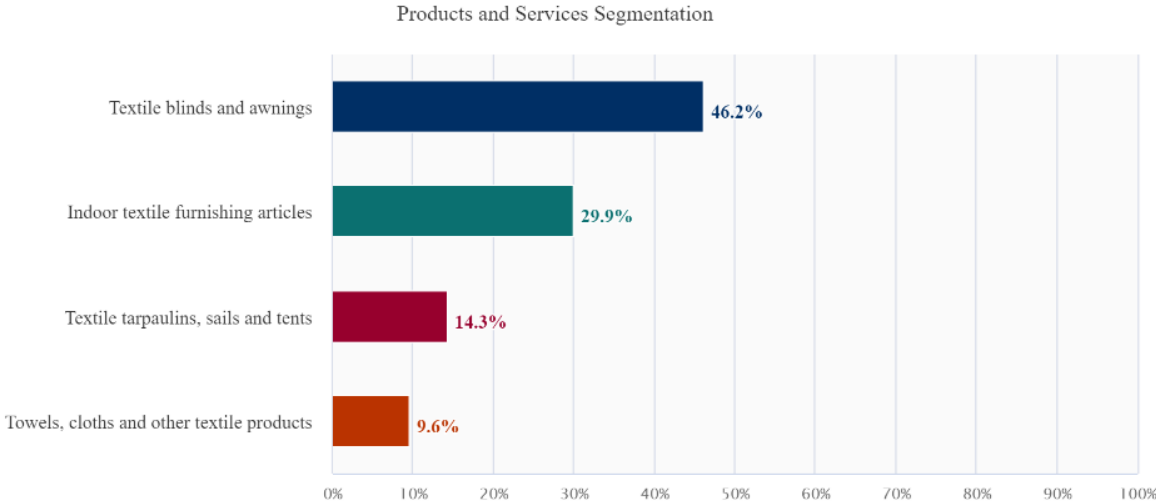
Import competition is forecast to continue growing as a share of domestic demand over the next five years. This trend is projected to contribute to a fall in enterprise numbers over the period, as small-scale operators struggle to compete with low-cost imports. However, remaining manufacturers are likely to focus on niche products or higher value-added textile goods that are less vulnerable to low-cost import competition. Industry revenue is forecast to marginally decline at an annualised 0.1% over the five years through 2026-27, to \$2.15 billion.

#### Key Statistics



### 3.1.2 Products

Companies in the Cut and Sewn Textile Product Manufacturing industry manufacture a range of textile products that are sold to downstream markets. Industry products include blankets, curtains, linen, towels, cloths, tarpaulins, sails, tents, textile blinds, awnings, pillows, cushions and other textile products. Due to the variety of textile products available, no single product makes up a significant portion of industry revenue. Rising real household discretionary income has boosted demand for premium textile products over the past five years, which has supported a rising share for product segments that are less vulnerable to competition from low-cost imports.



2022 INDUSTRY REVENUE

**\$2.2bn**

Cut and Sewn Textile Product Manufacturing  
Source: IBISWorld

#### Textile blinds and awnings

The textile blinds and awnings segment includes canvas, knitted, woven, plastic-coated, and other fabric blinds, awnings and window coverings. Operators sell products in this segment to domestic and commercial markets. Demand for textile blinds and awnings tends to grow in line with demand from single-unit residential housing construction. This segment has grown as a share of industry revenue over the past five years due to strong product innovation and economies of scale boosting output. This segment tends to be more concentrated and includes the industry’s only major player, Hunter Douglas Holdings Limited. In response to low-cost import competition, industry operators have increasingly focused on premium blinds and awnings, which has increased this segment’s share of industry revenue through higher prices. Rising real household discretionary income has boosted this segment over the past five years, which has supported demand for premium blinds and awnings.

#### Indoor textile furnishing articles

Indoor textile furnishing articles include blankets (excluding electric blankets), wall coverings, curtains, pillows, cushions, bean bags, bed and table linen, and other furnishing products. Low-cost imports have been a source of competition in the lower end of this segment, reducing demand for industry products.



However, demand for premium curtains, linen, pillows and blankets has increased over the past five years, which rising discretionary household income has supported. This trend has provided domestic manufacturers in the higher end of this segment with an opportunity to increase sales and attract higher prices for their products. These factors have contributed to this product segment maintaining a largely steady share of industry revenue.

**Textile tarpaulins, sails and tents**

Products in this segment include textile tarpaulins, sun sails, tents, annexes and coated fabrics used in mining and agricultural sectors. The institutional, manufacturing, agriculture and domestic sectors use these products due to their durability, strength and diverse practical applications. This segment has increased as a share of revenue over the past five years, largely due to increased demand from key downstream markets, such as demand from grain growing. Coated fabrics are essential in this industry to preserve crops and protect equipment from damage. In addition, the bulky nature of goods in this segment, such as shade sails, means they face limited import competition compared with some other industry segments. Consequently, many industry firms have increasingly focused on this product segment to increase their market share.

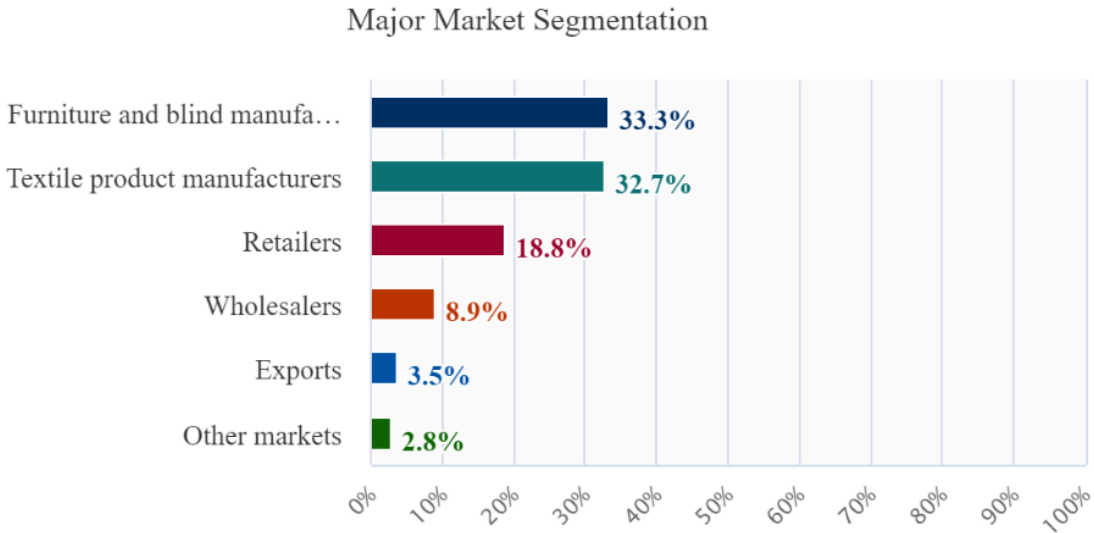
**Towels, cloths and other textile products**

This segment includes tea towels and face washers created using fabrics made wholly or predominantly of cotton or other vegetable fibres; and floor-cloths, dishcloths, dusters and other cleaning cloths. With the exception of some premium-quality bathing and face towels, operators in this segment largely compete based on price. As a result, overseas manufacturers that have access to lower labour costs have increasingly dominated the domestic market for towels and cloths, causing many industry operators to exit the industry. Consequently, towels and cloths have declined as a share of industry revenue over the past five years. Other textile products include life jackets, sleeping bags, parachutes and motor vehicle seat covers, non-apparel quilted products, flags, banners, animal rugs, textile or canvas bags and sacks, and other textile products. Motor vehicle seat cover production has declined significantly over the past five years, largely due to major motor vehicle manufacturers closing their Australian manufacturing operations during the period. Operators that produce life jackets, sleeping bags and parachutes have faced increasing competition from low-cost imports. Consequently, this segment has declined a share of industry revenue over the past five years.



### 3.1.3 Markets

Industry operators also manufacture a combination of finished goods and products that other manufacturers use as inputs. As a result, major industry markets include retailers, wholesalers and manufacturers in a range of downstream sectors. Import competition has affected some markets more than others, as wholesalers and furniture and blind manufacturers have increasingly opted for import substitutes.



2022 INDUSTRY REVENUE

**\$2.2bn**

Cut and Sewn Textile Product Manufacturing  
Source: IBISWorld

**Furniture and blind manufacturers**

Furniture and blind manufacturers represent an important market for many industry operators. In particular, the majority of pillows, cushions and bolsters that industry firms produce are used as inputs for manufacturing furniture, such as sofas, couches and sitting chairs. Similarly, many industry firms produce textile blinds and awnings that downstream manufacturers use, rather than producing finished goods themselves. This product segment has declined consistently as a share of industry revenue over the past five years, largely due to import competition from countries with lower labour and overhead costs such as China or India.

**Textile product manufacturers**

Industry goods are used extensively as inputs for a range of other textile manufacturing activities. However, manufacturers in many of these sectors have faced strong competition from imports over the past five years, with many either moving their manufacturing activities offshore or closing operations altogether. However, this market has risen as a share of industry revenue as manufacturers have shifted into more premium product segments, resulting in increased revenue. These manufacturers tend to prioritise timeliness and flexibility over low-cost alternatives, which has increased demand for local suppliers.



**Retailers**

Industry operators manufacture a range of finished products that are sold directly to downstream retailers. In particular, many manufacturers that produce wall coverings, curtains, bed and table linen, towels, pillows and cushions sell their goods directly to downstream retailers and department stores. Many operators that service this market have faced considerable competition over the past five years, as imports have largely met demand for many of the goods that this market requires. However, this segment has increased as a share of industry revenue over the period, as more manufacturers have bypassed wholesalers and sold their products directly to retailers. In addition, a sharp rise in real household discretionary income following the COVID-19 outbreak has boosted demand for retail products such as premium blinds, shutters or awnings.

**Wholesalers**

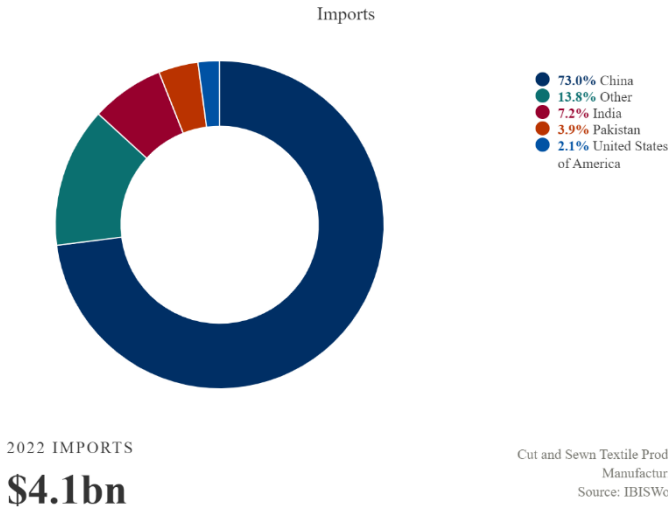
Wholesalers represent an important market for smaller industry operators, particularly those that produce finished products such as blinds and awnings, sleeping bags, tents, animal rugs, parachutes, car covers and other miscellaneous goods. However, this market has declined as a share of revenue over the past five years. Industry firms have increasingly bypassed wholesalers to sell directly to retailers and consumers.

**Exports and other markets**

Exports account for a small proportion of industry revenue, largely because manufacturers in countries such as China, India and Pakistan can typically offer global consumers lower prices in a highly price-sensitive industry. This competitive disadvantage has meant that exports have declined relative to other markets. However, a depreciating Australian dollar has made exports more competitive in the global market, which has slowed the decline in exports over the past five years. Other markets that purchase industry products include industrial, commercial, agriculture, government, education and services sectors. These are large-volume buyers of textile products for use in corporate offices, government buildings, schools, and a range of other commercial and industrial premises. This market has increased as a share of industry revenue over the past five years, largely due to increased demand for durable fabrics used in construction and agriculture, in addition to a relative decline in wholesale markets and furniture and blind manufacturers.

**3.1.4 International Trade**

Industry operators face significant competition from low-cost imports. Manufacturers in countries such as China, India and Pakistan typically have significantly lower operating costs than local manufacturers, which allows them to offer much lower prices. Competing imports are expected to grow at an annualised 11.8% over the five years through 2021-22, to account for 66.4% of domestic demand. New free trade agreements and an appreciation in the Australian dollar have made imports increasingly competitive over the past five years.





## 3.2 TEXTILE PRODUCT WHOLESALING

### 3.2.1 General

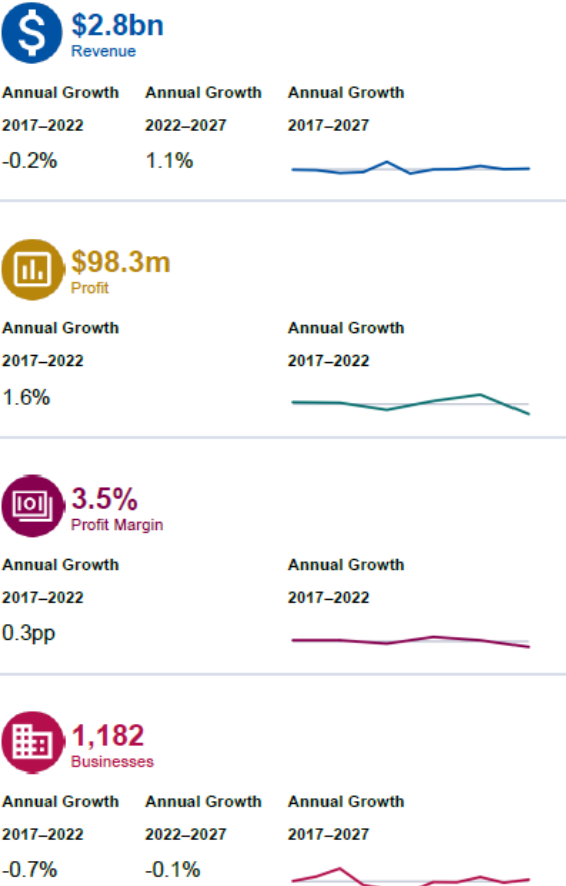
Firms in the Textile Product Wholesaling industry purchase, sell and redistribute textile products to retailers, manufacturers and other organisations throughout Australia. These products mainly include bed linen, blankets, doonas, pillows, towelling, curtains, blinds, rope and string. Textile product wholesalers connect domestic and foreign textile manufacturers with retailers and other organisations that use or sell textile products. For much of the past five years, weak disposable income growth and volatile consumer sentiment have prompted consumers to withhold discretionary spending, reducing demand for industry products at the retail level. These factors have led to retailers discounting goods to stimulate demand from consumers over the period. This trend has forced wholesalers to lower their prices, constraining profit margins. As a result, industry revenue is expected to decline at an annualised 0.2% over the five years through 2021-22, to \$2.8 billion. This includes an anticipated fall of 2.7% in 2022.

The rising prevalence of wholesale bypass has negatively affected the industry over the past five years. Growing links among manufacturers and retailers in the textile, clothing and footwear sectors to streamline supply chains and reduce operating expenses are phasing out the need for wholesalers.

Additionally, the COVID-19 pandemic has exacerbated challenges faced by the industry, as logistical delays and reduced manufacturing activity in China have heavily limited wholesalers' ability to source low-cost goods. These factors have caused industry enterprise and establishment numbers to fall over the period. However, COVID-19 lockdown measures, along with government income stimulus, induced a short-term surge in consumer spending on industry products over 2020-21. This has mitigated the decline in industry revenue over the period.

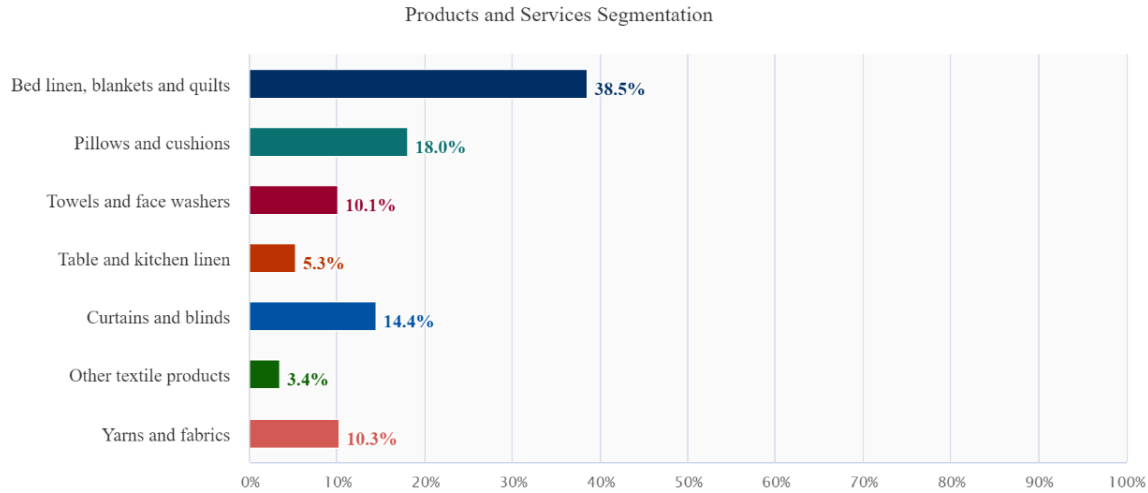
Operating conditions for industry operators are projected to improve over the next five years. Industry revenue is forecast to rise at an annualised 1.1% over the five years through 2026-27, to \$3.0 billion. Projected growth in demand from manchester retailing (= home textiles retailing), along with continued positive consumer sentiment and a steady rise in disposable income is forecast to drive industry revenue over the period. Industry profitability is also anticipated to improve as textile product wholesalers increasingly focus on premium and innovative goods.

#### Key Statistics





### 3.2.2 Products



2022 INDUSTRY REVENUE

**\$2.8bn**

Textile Product Wholesaling  
Source: IBISWorld

**Bed linen, blankets and quilts** orders have trekked higher. The bed linen, blankets and quilts segment includes sheets, pillowcases, quilts, quilt covers and blankets. The availability of affordable bed linen, blankets and quilts across discount department stores and evolving design trends showcasing current colours and patterns have bolstered segment demand. COVID-19 lockdowns and restrictions saw housebound consumers splurge on bed linen, blankets and quilts to improve the comfort and ambience of their homes. While this segment has increased in absolute size – thanks to more interest in enhancing and beautifying home interiors – its contribution to revenue has fallen because of greater growth in other sectors.

**Pillows and cushions** have made headway. Consumers often view pillows and cushions as an inexpensive way to restyle a room, thanks to their competitive pricing and vast options available to suit all home styles and budgets. Like bed linen, blankets and quilts, the COVID-19 pandemic accelerated spending on pillows and cushions as consumers sought ways to improve their living spaces. That’s why this segment has grown as a share of industry revenue.

**Curtains and blinds** have been vulnerable to substitutes. Curtains and blinds are window coverings that offer both functional and decorative features. The segment excludes products that aren’t made from textiles. Over recent years, this segment has contracted as a share of industry revenue. Growing demand for more resilient curtain alternatives – like wooden blinds – has adversely affected segment demand, as has the shift towards more streamlined and minimal window furnishings.

Orders for **yarns and fabrics** have taken a dive. Industry wholesalers sell yarns, threads, fabrics, lace and netting to apparel manufacturers for further processing and to retailers for resale to final consumers.



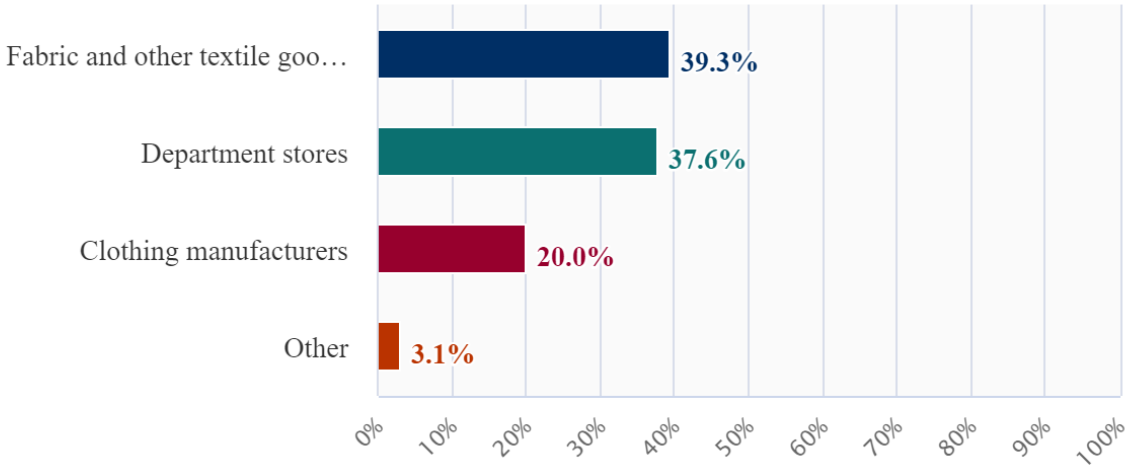
Domestic apparel manufacturers have increasingly moved production facilities offshore to countries with lower overhead costs, dragging down demand for local fabric wholesalers. The continued popularity of fast-fashion clothing over DIY trends where consumers make their own apparel has diminished consumer demand for yarns and fabrics. That’s why this segment’s contribution to industry revenue has fallen.

**Towels and face washers** options have been expanding. Towels and face washers are made from textiles that offer softness, absorbency and durability, like cotton and linen. Rising import volumes from low-cost countries have enabled wholesalers to supply a broader product range to end markets. This trend has supported an uptick in this segment’s share of industry revenue.

**Table and kitchen linen and other textile products** have gained traction downstream. Table and kitchen linen includes tablecloths, tea towels, aprons and textile placemats. Other products include tents, tarpaulins, rope, cordage and sail cloth, and only account for a minimal percentage of revenue. Celebrity and reality cooking shows (like MasterChef) have fuelled the popularity of branded and promotional items like heat mats and tea towels. The growing popularity of dining and entertaining at home has renewed consumer interest in using table and kitchen linen. This segment has grown as a share of industry revenue as consumers have increasingly demanded table and kitchen linen to integrate elegance and style into their dining settings.

3.2.3 Markets

Major Market Segmentation



2022 INDUSTRY REVENUE

**\$2.8bn**

Textile Product Wholesaling  
Source: IBISWorld



**Fabric and other textile goods** retailers have gained a greater share of industry revenue. Fabric and other textile goods retailers represent a significant and rising proportion of industry revenue. This market purchases textile products like bed linen, blankets, quilts, table linen, pillows and towels from wholesalers in bulk quantities at competitive prices. Products procured by retailers are resold to consumers via bricks-and-mortar stores or online stores operated by retailers. In turn, segment demand hinges on downstream consumer spending. Increasing wholesale bypass practices have adversely affected segment demand. Yet, logistical disruptions and pent-up consumer spending on household goods during the pandemic boosted this market's reliance on domestic wholesalers.

**Department stores** are losing ground in terms of revenue contribution. The department stores market includes both traditional department stores like Myer and David Jones, and discount department stores like BIG W, Kmart and Target.(See contact list Department Stores below) Department stores stock a range of household textiles, including bed linen, pillows, blankets and towels. These products are often sourced from wholesalers. Recently, more large retail chains in this market have been using their economies of scale and buying power to purchase inventory directly from manufacturers at favourable prices and contract terms. That's why this market's demand has slimmed.

**Clothing manufacturers** have been fading in relevance. Manufacturers purchase yarns, fabrics, lace, threads and netting from textile product wholesalers to manufacture other goods like clothing and accessories. Apparel manufacturing industries have been on a long downward trajectory as companies have increasingly moved production offshore. For this reason, this market has been falling as a proportion of revenue.

Revenue from markets like **state and federal governmental departments** has been marginal. A small proportion of sales are made to other markets, like state and federal governmental departments. Hospitals, nursing homes and the military purchase large volumes of blankets, household linen, soft furnishings and towels yearly. Government departments often award supplier contracts to larger textile product wholesalers with significant economies of scale and buying power to ensure competitive prices, quality and delivery timeliness.

### 3.2.4 Main Industry Players

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).



### 3.3 MANCHESTER RETAILING

Companies in the overview of manchester retailing (= home textiles retailing) primarily retail household textiles such as bed linen, cushions and curtains. These products are purchased from manufacturers and wholesalers, and sold through bricks-and-mortar stores or through online channels to the general public. However, businesses that operate solely online are excluded from the industry.

#### 3.3.1 General

Operators in the Manchester Retailing industry have faced a difficult trading environment over the past five years. The COVID-19 pandemic’s effects on the retail sector, combined with increasing competition from external players such as department stores and online manchester retailers, have constrained both industry revenue and profit margins. However, industry revenue has grown over the past five years, supported by trends associated with the COVID-19 outbreak, such as greater online shopping and increased demand for face mask materials. Revenue is expected to rise at an annualised 1.7% over the five years through 2022-23, to \$3.1 billion. This trend includes an anticipated decline of 4.3% in 2022 as residential construction activity, capital expenditure on private dwellings decline and interest rates increase, discouraging discretionary spending.

The Reserve Bank of Australia’s (RBA) expansionary monetary policy has also supported industry revenue growth over most of the past five years. The RBA cut the cash rate to historic lows and increased demand for industry products by providing consumers with more funds to spend on discretionary goods over the past five years. However, competition among industry operators and external players has intensified significantly, leading industry firms to pursue aggressive discounting strategies to retain their customer bases over the period. Consequently, industry profitability has declined over the period.

Industry operators are likely to face further pressures over the next five years, as external players expand their range of household textile goods and compete against industry firms across a wider range of products. Recovering residential building construction activity is forecast to support revenue growth over the period. Discretionary incomes and consumer sentiment are also projected to rise over the next five years, boosting demand for manchester.

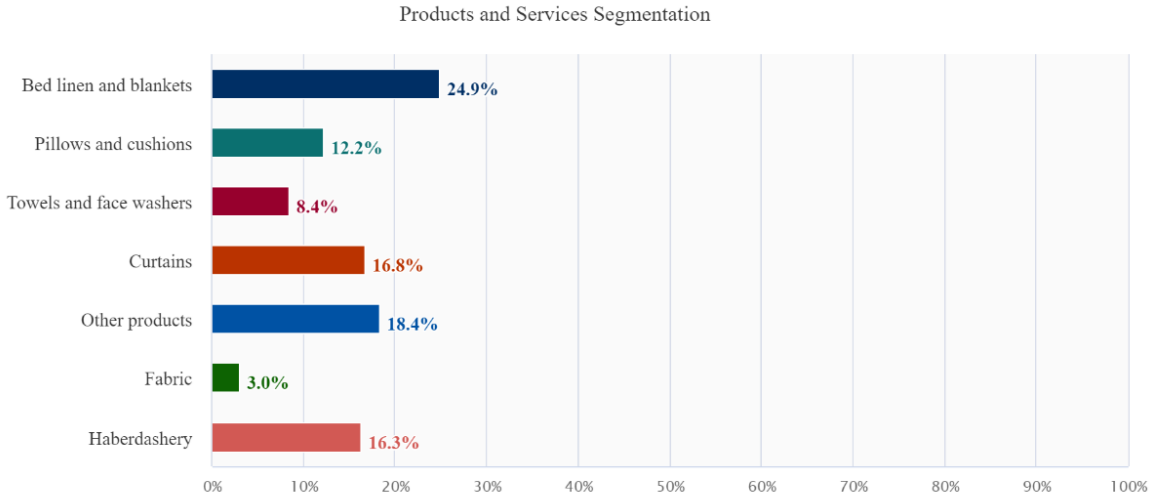
#### Key Statistics



Australia’s appreciating dollar and free trade agreements with China, Japan, India and South Korea are also forecast to support industry revenue growth over the period by making textiles sourced from these countries cheaper to import, and therefore more affordable for consumers in the retail sector. Industry revenue is projected to rise at an annualised 1.5% over the five years through 2027-28, to \$3.3 billion.

### 3.3.2 Products

Operators in the Manchester Retailing industry retail a range of household textiles, including bed linen, blankets, quilts, kitchen linen, fabric yarn and other textile goods. Each segment has fluctuated as a proportion of industry revenue over the past five years due to changes in discretionary income, consumer preferences and demand as a result of the COVID-19 pandemic. Online shopping’s rising popularity has further altered industry products’ relative popularity.



2023 INDUSTRY REVENUE

**\$3.1bn**

Manchester Retailing  
Source: IBISWorld

#### Bed linen and blankets

This segment includes bed sheets, fitted sheets, cot sheets, mattress liners, mattress protectors, pillowcases, quilt covers and blankets. This segment has decreased as a share of industry revenue over the past five years due to strong competition from external players, particularly discount department stores such as Kmart, Target and Big W. These external players have repositioned themselves as key suppliers of everyday household goods at competitive prices. Industry operators that retail high-end bed linen and blankets have also faced increasing competition from external players such as David Jones and Myer, which have expanded their ranges of bedding products and enhanced their online sales channels.

#### Curtains

Curtains make up the industry’s second-largest product segment. Volatile consumer sentiment over the past five years and ready-made curtains’ relative affordability have increased demand for curtain products that industry players retail, at the expense of costlier custom-made curtains. This segment has increased as a proportion of industry revenue over the period, as ready-made curtains can be considered a high-impact yet low-cost home improvement.



These characteristics particularly supported curtain sales during the COVID-19 restrictions, as consumers spent more time at home and generally focused more on home improvement.

**Haberdashery**

This segment comprises goods such as buttons, thread, needles, scissors, wool, zippers, elastic and pins. Haberdashery has increased as a proportion of industry revenue over the past five years, mainly due to strong sales of elastic and sewing supplies over the four years through 2022-23. In response to the COVID-19 pandemic, consumers across the country have purchased these products to make face masks both for personal use and to sell online. Furthermore, with more people confined to their homes during COVID-19 pandemic-related restrictions, consumers had more time for indoor hobbies such as sewing. As a result, this segment has substantially increased as a proportion of industry revenue over the past five years.

**Pillows and cushions**

Expenditure on pillow and cushion products has decreased over the past five years. This trend is similar to that of bed linen, as industry sales of pillows and cushions have come under significant competition from external players. Not only do discount department stores stock these products as a permanent offering, but discount supermarkets such as Aldi also offer pillows and cushions on a seasonal basis. As external players have sold pillows and cushions at discounted prices, manchester retailers have been encouraged to lower their prices. As a result, this segment has decreased as a proportion of industry revenue over the period.

**Towels and face washers**

This segment has decreased as a share of industry revenue over the past five years. This decline can be attributed to continued competition from external players over the period. Competitors such as Target regularly advertise towels at heavily discounted prices, which hinders the industry’s ability to generate revenue from these products.

**Fabric**

Similar to haberdashery, the fabric segment has grown as a share of industry revenue over the past five years as a result of trends associated with the COVID-19 pandemic. Fabric is the main input required for homemade face masks, with small online sellers seeking various designs and patterns to add a fashion element. Fabric sales have been strong over the four years through 2022-23, as several state governments made wearing face masks mandatory in public places.

**Other products**

Other products that the industry retails include table and kitchen linen, and other household textiles. This segment has decreased as a proportion of revenue over the past five years. Strong competition from supermarkets and department stores has contributed to weaker consumer demand for other household textiles, such as cushion covers, ironing board covers and laundry bags, that industry players have retailed over the period.

**3.3.3 Main Industry Players**

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).



# 4. FLOOR COVERINGS

## 4.1 CARPET & TEXTILE FLOOR COVERING MANUFACTURING

Companies in this overview manufacture carpets (= vasttapijt), rugs (=vloerkleed) or other textile floor coverings. This overview also includes companies that manufacture felt or felt products (except clothing), mats or matting of jute or twisted rags.

### 4.1.1 General

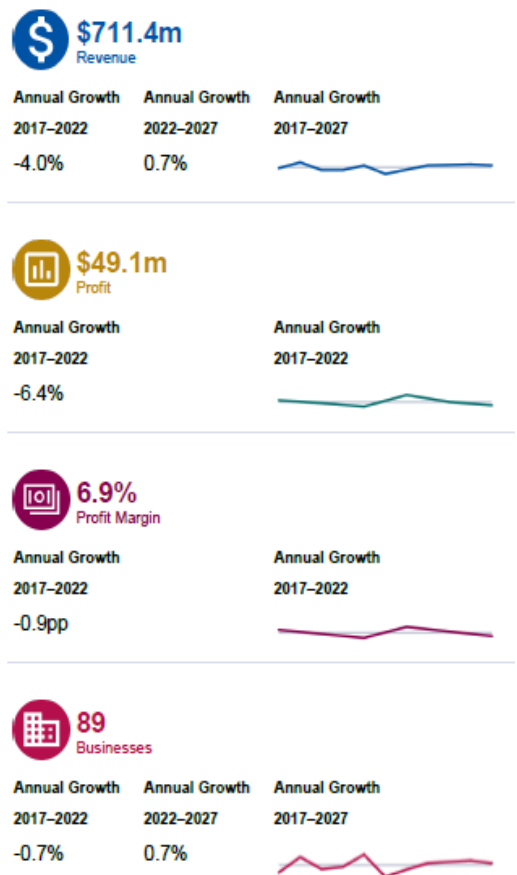
Operators in the Carpet and Textile Floor Covering Manufacturing industry have faced falling demand over the past five years, along with declining enterprise numbers and lower industry employment. Industry revenue has been constrained by declines in dwelling commencements and multi-unit apartment and townhouse construction, high import competition, and greater competition from substitute flooring products such as tiles and wooden floorboards. However, mixed demand from non-residential building construction markets has helped limit revenue falls over the period. Furthermore, new carpet designs and colours have provided the industry with new products to supply to clients, which has provided some opportunities for specialist industry firms.

Industry revenue is projected to decline at an annualised 4% over the five years through 2021-22, to \$711.4 million. This trend includes an anticipated fall of 13.9% in 2022, due to a large decline in dwelling commencements, a large demand decline from multi-unit and townhouse construction, and weaker demand from commercial, industrial and institutional building construction.

Weakness in these downstream markets is due to the COVID-19 pandemic from late 2019-20 through 2021-22, constraining demand across key markets. However, a projected decline in wool prices over the past five years has made wool carpets more competitively priced in the market, limiting demand falls.

Industry profit margins have decreased over the past five years, due to demand declines, and despite lower purchase costs as a portion of revenue. Lower wool prices have reduced purchase costs, enabling firms in the industry to pass on cost savings to downstream wholesalers, retailers and consumers. Revenue declines and lower volumes have also negatively affected profit margins over the period. Profit is expected to account for 6.9% of industry revenue in 2021-22.

#### Key Statistics

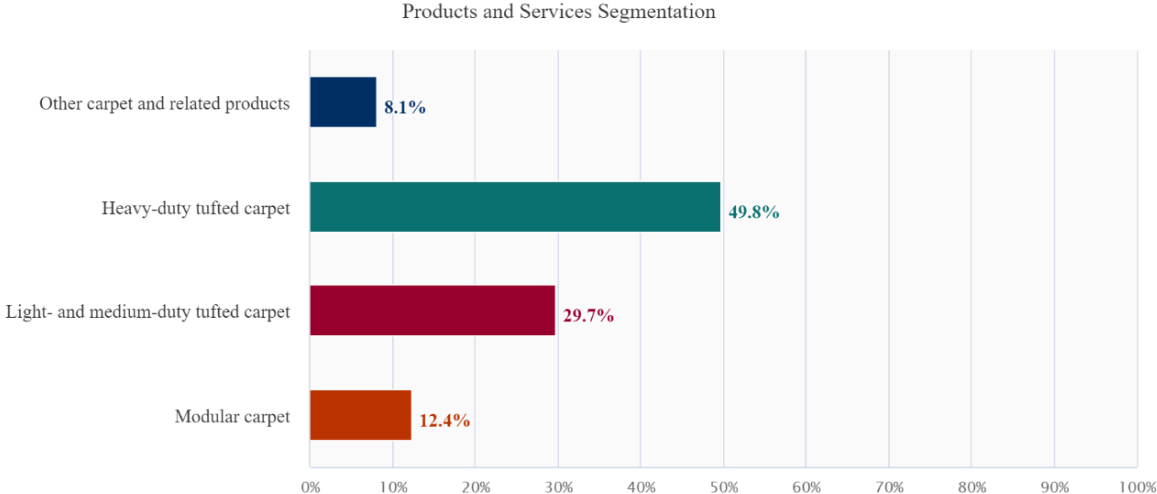


Industry operators that can adapt to increasing import competition and substitutes from timber and other flooring are likely to remain competitive over the next five years. Instead of trying to compete with cheaper imports from Asia, carpet manufacturers are anticipated to focus on producing specialised, higher value-added carpets. This is forecast to increase demand and revenue over the period. Industry revenue is forecast to increase at an annualised 0.7% over the five years through 2026-27, to total \$735.4 million.

**4.1.2 Products**

Most carpet manufactured in Australia is tufted carpet made to standard broadloom widths (3.66 metres and 4.0 metres). Tufted carpet is expected to account for approximately 80% of industry revenue in the current year, with the balance from modular and other carpets, rugs and related products. Woven carpet is the oldest type of carpet and is no longer produced in Australia due to high labour intensity.

Quantitative information about product segmentation is limited. High-quality carpets and industrial carpets that require a high-technology base have become increasingly important in the industry. Some manufacturers have shifted resources away from low-grade manufacturing over the past five years. The rising dominance of foreign competitors with lower production costs has made the Australian industry internationally uncompetitive in these segments.



2022 INDUSTRY REVENUE

**\$711.4m**

Carpet and Textile Floor Covering Manufacturing  
Source: IBISWorld

**Heavy-duty tufted carpet**

The heavy-duty tufted carpet segment has increased as a proportion of industry revenue over the past five years, due to steady commercial demand and greater use of heavy-duty carpet in houses compared with other products.





**Light- and medium-duty tufted carpet**

Light- and medium-duty tufted carpet is projected to account for 29.7% of industry revenue in 2021-22. This segment has declined as a proportion of industry revenue over the past five years, due to heavy-duty carpet becoming more popular in households. Light- and medium-duty carpet is lower priced than heavy-duty carpet and is generally used in residential markets and low-traffic commercial environments. Declines in dwelling construction numbers in 2019-20 and 2021-22 due to the COVID-19 pandemic have also contributed to this segment declining as a portion of revenue over the past five years.

**Modular carpet**

Modular or tile carpet is generally used in commercial environments including offices, institutions, government buildings and hospitality. Modular tiles are heavy-duty, long-lasting carpets that are low maintenance and easy to lay. The modular carpet segment has increased as a proportion of industry revenue over the past five years, due to the growing variety of patterns available and increased usage across various markets.

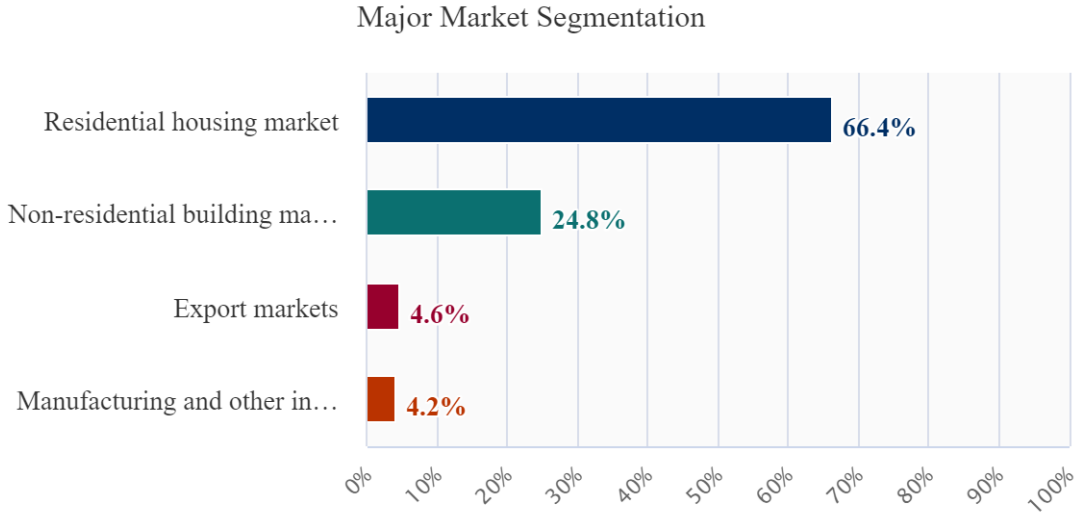
**Other carpet and related products**

Other carpet and related products are anticipated to account for 8.1% of industry revenue in 2021-22. This segment has decreased as a share of industry revenue over the past five years, due to lower production volumes compared with other product segments. The major products in this segment are fusion-bonded carpet, true and needle felts, cut pile carpet, rugs, synthetic grass, coir mats and jute matting. Fusion-bonded is the term used to describe carpets made by fusing nylon-bonded yarn into the backing. Only a small number of Australian manufacturers produce these carpets on a significant scale. Industry firms also produce true felts, which are used as inputs for carpets. Needle felting is another variety of felt used in the manufacture of textile products.



### 4.1.3 Markets

Residential and non-residential markets make up most of the industry’s revenue, with exports and other markets only accounting for a small proportion of sales. The sizes of these markets have remained relatively stable over the past five years.



2022 INDUSTRY REVENUE

**\$711.4m**

Carpet and Textile Floor Covering Manufacturing  
Source: IBISWorld

**Residential housing market**

The residential housing market is the industry’s largest market, and has decreased as a proportion of industry revenue over the past five years due to declines in the number of dwelling commencements. In particular, reduced residential building construction in 2019-20 and 2021-22 in response to the COVID-19 pandemic greatly reduced carpet demand in the residential housing market. Demand from this market can be cyclical, rising and falling in response to the number of dwellings built or renovated, and to changes in flooring trends. Further, greater use of substitute flooring products, such as tiles and floorboards, has hindered growth in this market over the period. However, demand from the residential housing market remains high, due to the popularity of higher-priced, heavy-duty carpet products, and greater demand for wool and wool-blend carpets, which can command premium prices.

**Non-residential building market**

Less than one-quarter of industry sales are generated from the non-residential building construction market. Businesses, government institutions and other organisations are large-volume carpet buyers for use in corporate offices, government buildings, schools, universities, hotels, and a range of other commercial and non-residential premises.



Despite the COVID-19 pandemic from late 2019-20 through 2021-22, this market has grown as a share of revenue over the past five years, due to smaller proportional declines from commercial and industrial building construction, and from institutional building construction, compared with dwelling commencements and multi-unit apartment and townhouse building construction. This market has also grown its use of modular carpet over the period, and is a major user of heavy-duty carpet.

**Export markets**

Exports have decreased as a share of revenue over the past five years, due to lower domestic carpet production, leading to fewer export opportunities. This decline has also coincided with a slight depreciation of the Australian dollar over the period, which generally makes domestic products more competitive in foreign markets. The four largest export destinations for industry firms in the current year are projected to be New Zealand, the United States, South Korea and Singapore.

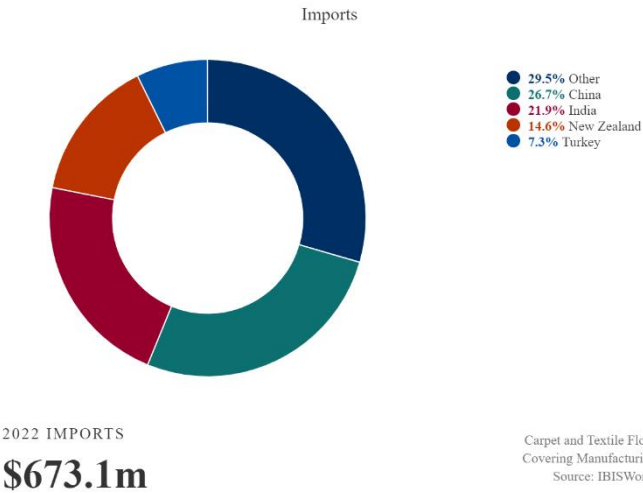
**Manufacturing and other industries**

A variety of manufacturing industries use carpet products in their production process. These include vehicle manufacturers, other transport manufacturers, matting manufacturers, and other final users. This market is projected to make up approximately 4.2% of industry revenue in 2021-22, falling as a share of revenue over the past five years due to a weak manufacturing sector.

**4.1.4 International Trade**

Local carpet manufacturers are under pressure from overseas competitors. In particular, strong competition from Chinese carpet imports represents a major threat to local textile manufacturers. Many foreign manufacturers enjoy a range of competitive advantages, including subsidies, ample labour and low wage costs.

In the current year, imports are projected to account for 49.8% of domestic demand, up from 43.9% in 2016-17. Due to stronger demand, and despite some supply disruptions associated with the COVID-19 pandemic, competing carpet imports are projected to increase at an annualised 0.8% over the five years through 2021-22, to total \$673.1 million. China and India are the two main sources of industry imports. Lower production costs give Chinese and Indian firms a competitive advantage over Australian carpet manufacturers.

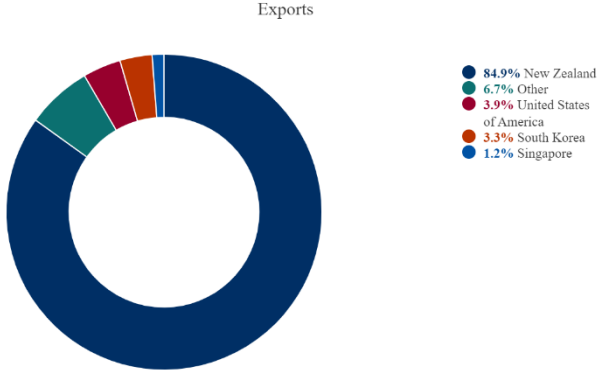


The lower prices of many Chinese and Indian imports contributed to large volume increases over the past decade. Firms in these countries have low wage costs, which keep the prices of imported products low and provide a distinct competitive advantage. New Zealand also accounts for a major share of imports, due to its close geographical proximity and historical trade ties with Australia.



New Zealand carpet producers have sophisticated manufacturing processes, making them a leader in high-end carpet manufacturing.

Exports are projected to account for 4.6% of industry revenue in the current year, down from 5.2% in 2016-17. The value of exports is expected to decrease at an annualised 6.5% over the five years through 2021-22, due to lower domestic production volumes that have reduced export opportunities. Australia’s largest export destination is New Zealand, which is anticipated to make up 84.9% of export revenue in the current year.



2022 EXPORTS  
**\$32.5m**

Carpet and Textile Floor  
 Covering Manufacturing  
 Source: IBISWorld

### 4.1.5 Main Industry Players

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).



## 4.2 FLOOR COVERINGS RETAILING

Industry operators primarily sell a range of floor covering products including carpet, timber, vinyl and rugs. Tiles made of linoleum, vinyl, cork, carpet or rubber are included in the industry. However, businesses that primarily lay floor coverings or retail ceramic tiles are excluded from the industry. Businesses that primarily operate as hardware and building supplies retailers are also excluded.

### 4.2.1 General

Trading conditions have been anything but plush for floor covering retailers. Mounting competition and volatility in residential building construction have made it hard for stores to post a sale. Yet, it hasn't all been bad news, with the outbreak of COVID-19 leading to a spike in demand for floor coverings. Unable to travel overseas, thanks to international travel bans, and stuck indoors because of lockdown periods, consumers started to spend more time at home. Greater spending on home improvement projects emerged as consumers chose to reallocate surplus holiday funds to home renovation activity. Yet, the shift in consumer spending wasn't all smooth sailing, with logistical delays causing some supply chain disruptions for retailers.

A return to COVID-normal trading conditions has presented a new set of issues for floor covering retailers. While the residential building construction markets have started to make up for lost ground, growing cost of living pressures, thanks to a surge in inflation and higher interest rates, have caused consumer sentiment and discretionary income to tumble. Consumers have all but put the brakes on discretionary spending, putting a further dent in floor covering sales.

All in all, industry revenue has been rising at an annualised 1.1% over the past five years and is expected to total \$3.6 billion in 2022-23, when revenue will dip by an estimated 7%.

Going forward, industry revenue is forecast to grow at an annualised 2.3% over the five years through 2027-28 to total \$4.0 billion. An improvement in economic conditions is set to fuel an upswing in population numbers and higher overall net migration. Yet, demand for housing and, in turn, new floor covering will stem from the multi-unit and townhouse construction market, with housing investment tumbling on the back of higher interest rates and the end of the Federal Government's house-builder subsidy.

#### Key Statistics





# 5. CONTACT LISTS

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Below are seven contact lists for the Australian textile and floor coverings industry. These lists are not exhaustive and are just an indication of the companies active in this field. FIT Melbourne does not endorse any of these companies.

## 5.1 LIST OF IMPORTERS / DISTRIBUTORS / WHOLESALERS / RETAILERS OF HOME TEXTILES

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).

## 5.2 LIST OF AUSTRALIAN MATTRESS MANUFACTURERS

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).

## 5.3 LIST OF IMPORTERS / DISTRIBUTORS / WHOLESALERS / RETAILERS OF TEXTILE FLOORING PRODUCTS

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).

## 5.4 LIST OF DEPARTMENT STORES

This contact list is available upon request by Flemish companies. Please contact [melbourne@fitagency.com](mailto:melbourne@fitagency.com).

## 5.5 LIST OF RETAILERS OF RESIDENTIAL FURNITURE

This contact list is available for the market study “The Australian Furniture Market”. It is available to Flemish companies upon request via [melbourne@fitagency.com](mailto:melbourne@fitagency.com)

## 5.6 LIST OF MAJOR INTERIOR DESIGN STUDIOS

This contact list is available for the market study “The Australian Furniture Market”. It is available to Flemish companies upon request via [melbourne@fitagency.com](mailto:melbourne@fitagency.com)

## 5.7 LIST OF RELATED ASSOCIATIONS, MEDIA AND OTHER RELEVANT CONTACTS



# 6. INTRODUCTION TO REGULATION

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## 6.1 CARE LABELLING FOR TEXTILES

[Product safety regulation in Australia](#) is a shared responsibility between the Australian Competition and Consumer Commission and the states and territories. The ACCC's role is to identify and address the risk of serious injury and death from safety hazards in consumer products.

They set out Product Safety Laws, including for care labelling for textiles, which can be viewed on [this webpage](#). The entire Care labelling for clothing and textile products: supplier guide can be found [here](#).

## 6.2 BLINDS, CURTAINS AND WINDOW FITTINGS

The [Trade Practices \(Consumer Product Safety Standard - Corded Internal Window Coverings\) Regulations 2010](#) sets out the mandatory requirements for corded internal window coverings.

The mandatory standard applies to all corded internal window coverings supplied from 30 December 2010.

For complete information about the mandatory requirements for corded internal window coverings installation services, it is recommended that you read the [Competition and Consumer \(Corded Internal Window Coverings\) Safety Standard 2014](#). The information in this standard is essential to ensure you and your business complies with the requirements of this mandatory standard from 1 January 2015.

## 6.3 AUSTRALIAN CARPET CLASSIFICATION SCHEME (ACCS)

The Australian Carpet Classification Scheme (ACCS) is a [voluntary industry labelling and grading scheme](#) for textile floor coverings manufactured in Australia or imported for use within Australia. Under the Scheme, textile floor coverings are classified by an independent Panel of experts (the [ACCS Panel](#)) in accordance with these Technical Guidelines.







About: One of Australia’s biggest interiors trade events. In 2018 the event attracted over 11,500 interior designers, decorators, retailer’s and architects from across Australia who came to do business with 350+ exhibitors at the event.

Australian International Furniture Fair

Date: 13-16 July 2023  
Location: Melbourne Exhibition Centre, 1 Convention Centre Place, South Warf (Melbourne) VIC 3006  
Contact: Same as for Décor & Design 23 listed above  
Website: <https://www.aiff.net.au/>  
About: Australian International Furniture Fair is Australia’s most comprehensive exhibition of the latest interiors products and furnishings, attended by 10,000+ interior designers, decorators, architects, and retailers.



# 8. SOURCES

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## 8.1 IBIS WORLD

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- Cut and Sewn Textile Manufacturing, April 2022
- Department Stores, January 2023
- Floor Coverings Retailers, May 2023
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- Textile Product Wholesaling, March 2022

## 8.2 OTHERS

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