Australia Toys Market 2026 | Share, Overview & Industry Trends

Australia toys market size reached USD 2.35 Billion in 2025 and is projected to reach USD 3.12 Billion by 2034, exhibiting a CAGR of 3.10% during 2026-2034.

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Market Overview:

The Australia toys market reached USD 2,352.4 Million in 2025 and is expected to reach USD 3,122.8 Million by 2034, exhibiting a growth rate (CAGR) of 3.10% during 2026–2034. The market is experiencing sustained growth driven by the rising demand for educational and STEM-integrated toys, the cultural dominance of Australian-bred licensed content such as Bluey and The Wiggles, and the accelerating digital transformation of play experiences. With online retail already representing over 35% of category revenue and smart toys with AI projected to register an 11.43% CAGR, the industry is undergoing a fundamental shift toward hybrid digital-physical play. Sustainability commitments, collectible culture expansion, and growing adult consumer involvement are further reshaping the competitive landscape across specialty, department, and online retail channels nationwide.

Why is Hot Toys Market in Australia today?

Toys 'R' Us Australia's mid-2025 collapse released nearly USD 30 million in sales that competitors rapidly absorbed, reshaping the retail distribution landscape; LEGO announced a multi-year partnership with The Pokémon Company International in March 2025 to launch LEGO Pokémon sets starting 2026; Mattel acquired global licensing rights for DC-themed action figures with Australian shipments beginning H2 2026 and renewed its multi-year Disney partnership for Toy Story's 30th anniversary; Hasbro unveiled its "Playing to Win" strategic plan in February 2025 targeting 750 million consumers by 2027; Toys Australia announced a sustainability pledge in January 2025 to shift 40% of its product portfolio to fully recyclable and biodegradable materials by late 2026; and Australia's national toy association partnered with leading educational institutions to roll out STEM-based toy kits across 500 primary schools.

Australia Toys Market Summary:

- Educational and STEM toys are emerging as the fastest-growing segment in Australia's toys market, on track for a 5.12% CAGR through 2031 — driven by government STEM funding, early-childhood education policy focus, and growing parental demand for toys that incorporate augmented reality, coding components, and app-based learning that prepare children for a technology-oriented future while blending entertainment with developmental value.

- Licensed local content — particularly the globally successful Bluey franchise alongside The Wiggles and Play School — is commanding premium shelf space and driving significant sales volumes across action figures, plush, games, and apparel, as culturally relevant Australian-bred brands demonstrate the power of indigenous content in creating multigenerational appeal and sustaining product longevity in an increasingly competitive toy landscape.

- Online retail is rapidly becoming the dominant distribution channel, already representing 35.13% of category revenue in 2025 and forecast to grow at 4.72% CAGR — with online toy sales increasing over 15% year-on-year driven by strong demand for hybrid digital-physical toys, collectible figures, and the expansion of omnichannel strategies that blend digital convenience with in-store experiential engagement.

- The collectibles segment is experiencing explosive growth driven by blind box formats, limited-edition releases, and surprise-factor packaging that appeal to both Gen Z and Millennial consumers — with domestic players like Moose Toys and ZURU leading successful product lines featuring rich storytelling and cross-platform content, while social media unboxing videos and fan communities amplify engagement and purchasing frequency.

- Smart toys integrating AI and IoT technologies are projected to register an 11.43% CAGR through 2031, representing the highest-growth product category as manufacturers embed programmable robots, voice-interactive companions, and adaptive learning systems that evolve with a child's development — positioning technology-enabled play as a critical differentiator in the competitive Australian market.

- Sustainability is becoming a defining competitive priority, with manufacturers shifting toward recycled plastics, FSC-certified wood, organic cotton, and biodegradable packaging — while local innovators like Happy Planet Toys are gaining market traction with locally produced recycled-plastic toys, and the broader industry targets 40% fully recyclable product portfolios by late 2026 in alignment with Australia's zero-waste agenda.

- New South Wales commands the largest regional share at 29.85% of total revenue in 2025, while Queensland is forecast to emerge as the fastest-growing state market at 5.95% CAGR —

reflecting demographic shifts, tourism-driven retail activity, and the expansion of specialty toy retail beyond the traditional Sydney-Melbourne corridor into emerging growth corridors across regional Australia.

How AI is Reshaping the Australia Toys Market:

Artificial intelligence is rapidly emerging as a transformative force across the Australia toys market, fundamentally reshaping how toys are designed, manufactured, marketed, and experienced — driving a new generation of adaptive, interactive, and personalized play products that are redefining childhood engagement and positioning AI-enabled toys as the highest-growth category throughout the forecast period.

• AI-Powered Adaptive Learning Toys and Personalized Play: Machine learning algorithms embedded in smart toys are enabling real-time adaptation to a child's developmental stage, learning pace, and interaction patterns — creating personalized educational experiences that evolve progressively from basic motor skill development through advanced STEM concepts, while AI-driven voice recognition and natural language processing enable conversational play companions that respond intelligently to children's questions and commands.

• Predictive Analytics for Product Development and Demand Forecasting: AI-powered analytics platforms are enabling Australian toy manufacturers and retailers to analyze social media trends, search patterns, and consumer behavior data to predict which toy categories, characters, and play formats will resonate with target demographics — optimizing product development cycles, inventory management, and seasonal purchasing strategies across the increasingly complex Australian retail landscape.

• AI-Enhanced Augmented Reality and Hybrid Play Experiences: AI algorithms driving augmented reality applications are creating immersive play experiences that seamlessly blend physical toy interaction with digital storytelling, character animation, and gamified learning — with Australian retailers increasingly stocking AR-enabled building sets, coding robots, and interactive figurines that leverage smartphone and tablet cameras to unlock virtual worlds and educational content layers.

• Computer Vision and AI-Driven Safety Compliance: AI-powered computer vision and machine learning systems are being deployed across toy manufacturing and import inspection processes to automatically detect safety hazards, material non-compliance, and counterfeit products — helping Australian importers and the ACCC enforce stringent safety standards more efficiently while reducing the risk of hazardous toys reaching consumers through both physical and online retail channels.

• AI-Optimized E-Commerce Personalization and Marketing Automation: Natural language processing and recommendation engine algorithms are enabling Australian online toy retailers to deliver hyper-personalized product suggestions, automated age-appropriate gift guides, and targeted marketing campaigns — improving conversion rates and customer lifetime value in an online channel that already represents over 35% of category revenue and is growing at 4.72% CAGR.

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Market Trends and Insights:

• The cultural dominance of Australian-bred licensed content is reshaping product development and retail strategies, with Bluey achieving unprecedented global success that drives premium toy sales across multiple categories — while licensing agreements with The Wiggles, Play School, and emerging Indigenous-themed content are creating culturally relevant product lines that differentiate the Australian market from global competitors and strengthen emotional connections with local consumers.

• Hybrid play experiences blending physical toys with digital interfaces are becoming the defining product innovation trend, as ubiquitous access to tablets and smartphones transforms children's play patterns — driving demand for AR-enabled building sets, app-connected coding robots, and interactive figurines that combine tactile engagement with screen-based learning, while Australian toy stores expand STEM and STEAM toy ranges to meet parental demand for educational entertainment.

• The collectibles and adult consumer segment is creating a significant new growth dimension, with blind box formats, limited-edition releases, and surprise packaging driving purchasing frequency among Gen Z and Millennials — while social media unboxing videos, fan conventions, and online trading communities amplify engagement, and domestic leaders like Moose Toys and ZURU capitalize on cross-platform storytelling that extends toy brands beyond traditional age demographics.

• Sustainability-driven innovation is transforming materials, packaging, and manufacturing practices across the Australian toy industry, with the sector targeting 40% fully recyclable product portfolios by late 2026 — while local brands like Happy Planet Toys gain market traction with recycled-plastic toys, and FSC-certified wood, organic cotton, and biodegradable packaging become standard expectations among environmentally conscious millennial and Gen Z parents.

• The Toys ‘R’ Us Australia mid-2025 collapse released nearly USD 30 million in sales into the competitive market, accelerating retail consolidation and benefiting specialty stores, department chains like Big W and Kmart, and online platforms — reshaping the distribution landscape and creating opportunities for independent toy retailers and direct-to-consumer brands to capture displaced consumer traffic.

• Government STEM funding and early-childhood education policies are amplifying institutional demand for educational toys, with the national toy association partnering with leading institutions to roll out STEM-based toy kits across 500 primary schools — creating a structured pathway from classroom engagement to consumer purchasing that positions educational toys as both learning tools and retail growth drivers.

Market Growth Drivers:

Educational Demand, STEM Integration, and Digital Play Innovation

The Australia toys market is primarily driven by the accelerating demand for educational and STEM-integrated toys, with the segment on track for a 5.12% CAGR through 2031 as government funding, early-childhood education policies, and parental priorities converge to position learning-oriented play as a mainstream market requirement. Smart toys integrating AI and IoT technologies are projected to register an 11.43% CAGR, representing the highest-growth product category as manufacturers embed programmable robots, voice-interactive companions, and adaptive learning systems. The integration of augmented reality, coding components, and app-based learning into physical toys is creating hybrid play experiences that meet dual parental demands for entertainment and developmental value. These educational, technological, and digital innovation dynamics are establishing a powerful structural foundation for sustained market growth.

Licensed Content, Cultural Relevance, and Collectibles Expansion

The extraordinary commercial success of Australian-bred licensed content — particularly Bluey, which has achieved unprecedented global brand value — is driving premium toy sales across action figures, plush, games, and apparel while demonstrating the power of culturally relevant indigenous content. Nostalgia-driven franchises including Teenage Mutant Ninja Turtles, He-Man, and My Little Pony are experiencing strong revivals as parents introduce classic characters to new generations, creating multigenerational appeal. Simultaneously, the collectibles segment is expanding rapidly through blind box formats, limited editions, and surprise packaging that attract Gen Z and Millennial consumers. Domestic leaders Moose Toys and ZURU are capitalizing on cross-platform storytelling that extends brands beyond traditional age demographics, while social media engagement and fan communities amplify purchasing frequency.

E-Commerce Growth, Sustainability Commitment, and Retail Transformation

Online retail has become a pivotal growth channel, already representing 35.13% of category revenue in 2025 with a forecast 4.72% CAGR — driven by over 15% year-on-year growth in online toy sales and the expansion of omnichannel strategies that blend digital convenience with experiential in-store engagement. The Toys ‘R’ Us Australia mid-2025 collapse accelerated retail transformation by releasing nearly USD 30 million in sales that competitors rapidly absorbed. Sustainability is simultaneously reshaping the industry, with Toys Australia pledging to shift 40%

of product portfolios to fully recyclable materials by late 2026 and local innovators like Happy Planet Toys gaining traction with recycled-plastic products. These e-commerce, sustainability, and retail restructuring dynamics are collectively transforming the competitive landscape and creating new pathways for long-term market growth.

Market Segmentation:

IMARC Group's research categorizes the Australia toys market as follows:
By Product Type:
• Action Figures
• Building Sets
• Dolls
• Games and Puzzles
• Sports and Outdoor Toys
• Plush
• Others

By Age Group:
• Up to 5 Years
• 5 to 10 Years
• Above 10 Years

By Sales Channel:
• Supermarkets and Hypermarkets
• Specialty Stores
• Department Stores
• Online Stores
• Others

By Region:
• Australia Capital Territory & New South Wales
• Victoria & Tasmania
• Queensland
• Northern Territory & Southern Australia
• Western Australia

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Key Players:

The competitive landscape of the Australia toys market includes a comprehensive analysis of key player positioning, market structure, top winning strategies, competitive dashboards, and company evaluation quadrants. Some of the key players operating in the market include Hasbro, Jazwares LLC (Berkshire Hathaway Inc.), Mattel, Moose Toys, The LEGO Group, Windmill Toys, and ZURU Toys. Detailed profiles of all major companies are provided within the full IMARC Group research report.

Recent News and Developments:

Mid-2025: Toys 'R' Us Australia collapsed, releasing nearly USD 30 million in annual sales into the competitive market — accelerating retail consolidation as specialty stores, department chains including Big W and Kmart, and online platforms absorbed displaced consumer traffic, fundamentally reshaping the distribution landscape for toy retailers nationwide.

March 2025: The LEGO Group announced a new multi-year partnership with The Pokémon Company International to develop and launch LEGO Pokémon building sets starting in 2026 — combining two of the world's most iconic play brands and expected to drive significant sales growth in the Australian building sets segment.

February 2025: Hasbro unveiled its "Playing to Win" strategic plan targeting 750 million consumers globally by 2027 while securing USD 1 billion in operational savings — signaling a fundamental strategic reorientation toward digital play, direct-to-consumer channels, and franchise monetization that will reshape competitive dynamics in the Australian market.

January 2025: Toys Australia announced a new sustainability pledge to shift 40% of its product portfolio to fully recyclable and biodegradable materials by late 2026 — reflecting the industry's commitment to Australia's zero-waste agenda and growing consumer demand for eco-friendly toys from environmentally conscious millennial and Gen Z parents.

2025: Mattel acquired global licensing rights to produce DC-themed action figures and collectibles with Australian shipments beginning H2 2026, and renewed its multi-year global licensing agreement with Disney for Toy Story's 30th anniversary and the upcoming Toy Story 5 franchise — strengthening its competitive position across multiple high-value licensed toy categories.

2025: Australia's national toy association partnered with leading educational institutions to roll out STEM-based toy kits across 500 primary schools nationwide — creating structured pathways from classroom engagement to consumer purchasing and positioning educational toys as both institutional learning tools and retail growth drivers across the Australian market.

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Contact Us

IMARC Group 134 N 4th St., Brooklyn, NY 11249, USA
Email: sales@imarcgroup.com
Tel. No.: (D) +91 120 433 0800
United States: +1-201-971-6302

Elena Anderson
IMARC Services Private Limited
+ +1 201-971-6302
email us here
