What's Going on with At Home? Breaking Down the Bankruptcy and Tariff Turmoil

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If you've ever wandered the aisles of At Home hunting for that perfect throw pillow or quirky wall art, the news might come as a surprise: the home décor staple has filed for Chapter 11 bankruptcy. So, what happened? And how do tariffs tie into the story? Let's break it down.

A Quick Look at At Home

At Home started from humble beginnings, with one store in Schertz, Texas, selling pottery, housewares and crafts. Over the course of 46 years, the company has grown into a national retailer with 260 stores in 40 states selling affordable merchandise focused on home and holiday décor and furnishings. Even though At Home has an omnichannel platform, almost all of its sales, about 93%, come from in-store shoppers, and its product lineup skews budget-friendly, with the average item costing under $20.

Due to the diversity of merchandise sold by At Home, its competitors span a wide range of retailers ranging from store-focused retailers, such as HomeGoods and Michaels, to home improvement giants like Home Depot and Menards and online retailers like Amazon and Wayfair. The company was bought by a private equity firm in 2021 for a hefty $2.8 billion. But here's a key stat: about 90% of At Home's products come from overseas suppliers, mainly in China, Vietnam, Turkey, and Mexico.

What Led to the At Home Bankruptcy?

Several factors contributed to At Home's decision to file for Chapter 11 bankruptcy. The company experienced supply chain disruptions, high interest rates, rising operating costs and a decline in consumer demand within the home décor sector following a period of increased online shopping by consumers during the COVID-19 pandemic.

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Financially, At Home carried over $1.6 billion in debt. Although the company underwent a liability management transaction in May 2023 resulting in a cash infusion of $200 million, its financial performance did not meet projections, raising concerns about its ability to meet upcoming debt maturities.

In addition, shifting U.S. tariff policies created increased cost pressures and uncertainty in planning. With a high percentage of its products sourced from international suppliers, At Home was particularly affected by changes in import tariffs. The company even cited tariffs as a contributing factor in its bankruptcy filing.

Tariff Changes in 2025 and Impact on At Home

In early 2025, multiple tariff policies were introduced that significantly affected global trade and caused uncertainty for retail companies, including At Home. A 20% tariff on Chinese imports took effect in January, followed by a 10% tariff on all imports and reciprocal tariffs on goods from approximately 60 countries beginning April 2. A 90-day pause on these reciprocal tariffs (excluding China) was announced on April 9. On April 10, the tariff on Chinese goods increased sharply to 145%, before being temporarily reduced to 30% on May 12 along with implementation of a 90-day pause. On June 11, China and the United States reached a preliminary agreement that provides for a Chinese import tariff of 55%; however, this agreement has yet to be finalized.

At Home has been particularly impacted by these changes due to its reliance on overseas sourcing, with China being the largest country of origin for its products. Although the company began diversifying its supply chain in late 2024, the long lead times involved limited its ability to respond quickly. The rising tariffs increased input costs, which were difficult to absorb or pass on to consumers given the company's narrow profit margins and the price sensitivity of its products. Additionally, the unpredictability in trade policy complicated inventory planning, as the company sources most products months in advance and does not maintain large inventory storage.

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The Path Forward: Restructuring & Cautious Optimism

At Home's second act is in reach. At Home filed Chapter 11 bankruptcy having entered into a restructuring support agreement (RSA) with its lenders that sets forth a comprehensive restructuring plan for the company. The RSA provides for financing to the company during and after bankruptcy and the conversion of over $1.6 billion of the company's debt to equity so long as the company satisfies certain conditions, including timing milestones and a unique tariff condition event.

The timing milestones require At Home to emerge from bankruptcy in late October 2025, giving the company a few months to respond to any potential tariff increases this summer and demonstrate it is financially strong enough to withstand subsequent tariff headwinds. The tariff event condition in the RSA requires the company to demonstrate that any tariff increase that may occur while the company is in bankruptcy will not result in a significant decline in the company's profitability.

What This Means for Retailers

At Home's situation shows how sensitive retailers can be to trade policy changes, especially when they rely heavily on imports. Global trade policies and economic pressure can combine to create the perfect storm for vulnerable retailers.

The impact of tariffs on retailers depends on several key factors, including their level of exposure to China, the extent of diversification in their supplier network, inventory flexibility, and their ability to absorb added costs or negotiate concessions with suppliers. A retailer's overall financial health also plays a critical role in how well it can manage these pressures. In the current environment of ongoing tariff uncertainty, many businesses are working to navigate rising costs, shifting consumer demand, and the potential for long-term operational challenges.

For now, retailers are playing a high-stakes game of wait-and-see. Tariffs are likely to shift again. Notably, just last week, President

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Trump announced a 30% tariff on EU and Mexico imports effective August 1. Consumer demand could bounce back or soften further. But for At Home, the coming months will be critical as the company works through the bankruptcy process against the backdrop of ongoing trade negotiations and the uncertain impact of tariff policy on sourcing, pricing, and long-term viability.

While At Home is one of the first national retailers to file bankruptcy this year due to the financial impact of recent tariff increases and the trade-related uncertainty that has followed, it will likely not be the last. As retailers grapple with these challenges, our team is closely watching to see how these trade policies will shape the local and global economic landscape. Please contact the authors or any attorney with our Retail and Shopping Center Finance team, who can help you address the uncertainty and guide you through the current evolving retail environment.

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