##### Furniture Stores

**Furniture Needs a Home**

* Quite simply, for furniture sales to increase, so must home sales. The US Census Bureau reported that sales of new single-family houses during August 2014 were at a seasonally adjusted annual rate of 504,000 units, or an 18-percent increase over July’s 427,000 homes and 33 percent more than August 2013’s 379,000 homes.
* For September 2014, sales of existing US homes decreased 1.7 percent, or an adjusted annual rate of 4.75 million; however, the median price increased 11.3 percent compared to September 2011.
* As the median price continues to increase, more owners will put their homes on the market and, coupled with mortgage rates at almost their lowest ever, most housing experts expect to see improvement in existing home sales.

**Sales Less Than Spectacular, But Satisfying**

* Although the National Retail Federation (NRF) decreased its 2014 US retail sales forecast to 3.6 percent mid-year, it is projecting a robust increase of 3.9 percent for the second half of the year, compared to 2.9 percent during the first half.
* The NRF has also estimated a 4.1-percent increase in US retail sales for the November and December 2014 holiday shopping season, compared to +3.1 percent for 2013, or a total of $616.9 billion. Online sales are expected to increase 8 to 11 percent.
* According to the US Census Bureau, August 2014 US retail sales increased 0.6 percent compared to July 2014 and 5.0 percent more than August 2013. For the furniture/home furnishings sector, the August increase was 0.7 percent over July 2014 and a 3.0-percent increase compared to August 2013.
* The most recent data from Statistics Canada reveal a 0.1-percent decrease in July 2014 retail sales, compared to June, but a 5.0-percent increase over July 2013. Furniture and home furnishings stores registered a 4.0-percent increase during July and a 7.3-percent increase, compared to July 2013.

## US Retail Sales By Selected Sectors, August 2014

|  |  |  |
| --- | --- | --- |
| Sector | Month-to-Month | Year-over-Year |
| Building material, garden equipment and supplies | +1.4% | +3.3% |
| Sporting goods, hobby, book and music | +0.9% | +4.1% |
| Furniture and home furnishings | +0.7% | +0.7% |
| Electronics and appliances | +0.7% | +0.5% |
| Health and personal care | +0.6% | +6.4% |
| Clothing and clothing accessories | +0.3% | +1.0% |
| Non-store (online) | +0.1% | +4.2% |
| General merchandise | -0.1% | +1.8% |

National Retail Federation, September 2014

**The Furniture Manufacturing Sector Seesaw**

* During September 2013, Furniture Brands International went into Chapter 11 bankruptcy. During November, Heritage Home Group, a new company, acquired the bankrupt company’s assets and brands, including Broyhill, Thomasville, Lane and others.
* During 2014, Heritage Home Group, Pearson Co. and Stanley Furniture closed one or more plants; and La-Z-Boy decided to sell its youth furnishing brand, Lea Furniture.
* Other furniture manufacturers were experiencing positive gains: Hooker Furniture reporting a 4.5-percent increase in sales for FY 2014 and Bassett Furniture Industries increased sales 2.0 percent during Q1 2014, compared to Q1 2013.
* For the period January–July 2014, new furniture factory orders increased 5 percent and shipments 6 percent, compared to the same period during 2013.

## Furniture Factory Orders Comparisons for July 2014

|  |  |  |  |
| --- | --- | --- | --- |
| Metric | Total | Change from June 2014 | Change from July 2013 |
| New orders | $1.928 B | --- | +4% |
| Shipments | $1.964 B | -11% | +11% |
| Order backlog | $1.965 B | +2% | +5% |

*Furniture Today*, October 2014

**Top 100 for a Reason**

* *Furniture Today* reported that total 2013 sales for its Top 100 Furniture Stores for 2014 increased 7.8 percent, from $31.7 billion for 2012 to $34.1 billion for 2013.
* Added to 2012’s increase of 9.9 percent, 2013 was the fourth consecutive year of annual sales growth for the Top 100 furniture stores.
* A clear sign of the recovery of the retail furniture industry is that 55 companies in *Furniture Today*’s Top 100 list have either added new stores or plan expansion during 2014 and/or 2015. This hasn’t happened since 2006.

## Expansion of US Furniture Stores on *Furniture Today*’s Top 100 2014 List

|  |  |  |
| --- | --- | --- |
| Store | New Stores | Total |
| #1: Ashley Furniture | 7 | 500 |
| #2: Ikea | 2 | 51 |
| #5: Mattress Firm | 165 | 1,635 |
| #11: Sleepy’s | 61 | 1,000+ |
| #13: Sleep Number | 25 | 400 |
| #14: Bob’s Discount Furniture | 3 | 45 |
| #18: Art Van Furniture | 5 | 92 |
| #19: Sleep Train | 29 | 100+ |
| #57: Back to Bed/Bedding Experts/Mattress Barn | 25 | 156 |

*Furniture Today*, May 2014

**A Flexible Future**

* The reduction in the size of living space is a trend that will impact the furniture industry. For 2015, the average size of a single-family home will be 2,150 square feet, or 250 square feet less than 2014, and during 2013 the average apartment had shrunk to 982 square feet.
* With this change in living space, formal dining rooms and dining room furniture are disappearing; however, consumers are replacing them with casual dining styles, such as 48” round tables and rectangular tables with benches, for more informal gatherings.
* The October 2014 issue of *Retail Now Magazine* reported that 3D printing would be a beneficial technology for furniture retailers because it will reduce their reliance on manufacturers. Stores will be able to print a replacement dining room chair, for example, and even a consumer’s own furniture design.

*Sources:* US Census Bureau Website, 10/14; Bloomberg Website, 10/14; Statistics Canada Website, 10/14; *Furniture Today* Website, 10/14; National Retail Federation Website, 10/14; *Retail Now Magazine* Website, 10/14.

*Updated*: October 2014