

## **German furniture brands: Reports**

### **German Furniture on Course for Success Worldwide**

**Axel Schramm, President of the German Furniture Industry Association**

Thursday, 11.01.2018



Axel Schramm, President of the German Furniture Industry Association. Photo: VDM

The German furniture industry was able to achieve stable sales development in 2017. And that following 2015 and 2016, two years with strong sales and considerable increases of 6.2 per cent and 3.2 per cent. Turnover from January till September 2017 was roughly EUR 13.3 billion and thus slightly below that of the same period a year earlier. Domestic demand was lower due to the downturn in the construction industry and the declining number of building permits. On the other hand, German furniture

manufacturers were able to increase their foreign sales. Furniture “made in Germany” is growing in popularity all over the world.

On the domestic home furniture market, development was very mixed. The cabinet furniture producers report an increase of 2.1 per cent to about EUR 5.5 billion now. Due to the reduction in housing construction activity, kitchen furniture producers have registered a decline of 3.4 per cent to ca. EUR 3.5 billion in comparison to the same period the year before. The mattress industry has also experienced negative development with a decrease in sales of 1.5 per cent to EUR 660 million. The upholstered furniture industry has reported a statistical decline in sales of 3.8 per cent to EUR 730 million. However, that figure has to be put into perspective and is actually higher – there are German producers who have moved their production outside the country and the foreign production locations are not included in the official statistics.

Export sales developed more dynamically in the first three quarters of 2017 than the domestic market did. While domestic sales declined by 0.7 per cent to about EUR 9 billion, foreign sales rose by one per cent to about EUR 4.3 billion. The industry’s export rate increased slightly from January till September 2017 to 32.4 per cent. Especially the countries outside the EU proved to be important growth markets for the German furniture industry during the year. Most notably, furniture exports to China increased by more than 20 percent from January till September 2017 in comparison to the previous year. And sales of German furniture to Russia increased strongly again during 2017 for the first time in three years. German furniture exports to the USA were also significantly higher again after the initial uncertainty caused by Trump’s election. There were also positive signs from other important growth markets such as Japan, India, South Korea, Brazil, and Canada. Within the EU, at least the biggest sales markets such as France and the Netherlands have stabilized. However, the British market in particular continues to cause us worry because of the unsolved Brexit situation. All in all, the export business proved itself as second source of revenue for the German furniture industry during the year 2017. The export activities of the German furniture producers over many years continue to bear fruit and develop positively.

All over the world, having a well-furnished home is becoming more important for most people. The reason for that development is that more and more people in the “emerging markets”, the big ones such as India and China, are enjoying greater prosperity. They have higher incomes and can spend more money on furnishing their homes. Worldwide sales of furniture have doubled in the past ten years to about EUR 377 billion. For the year 2018, an increase of 4 per cent in worldwide furniture sales is expected. If we look at the worldwide trade volume in our sector – which has more than doubled in the past ten years – we also have reason to be optimistic.

The world’s biggest producer of furniture, by the way, is the People’s Republic of China with a 31 per cent total share. The USA produces 14 per cent of all furniture, followed by Italy with 7 per cent and Germany with a 6 per cent share of world production. At 6 per cent, Germany is in fourth place in the world, a very significant position in the ranking.

In the year 2016, there were 1009 furniture producers in Germany with 20 or more employees with a total of ca. 101,800 employees. The number of companies with 50 or more employees was 493 on average during the first three quarters of 2017 and thus 1.4 per cent lower than the previous year’s level; the number of their employees declined slightly by 0.3 per cent to about 83,900.