

The Furnishings Digest

First Quarter 2025
Volume 32, Issue #1

The latest news, views, and announcements

IN THIS ISSUE

Reading Time:
15 min

Contents:

My Concerns

- Lack of Enthusiasm?
- Too Complacent?
- Expecting More Sloppy Sales?

Inventories are STILL TOO HIGH

Logistical costs out of control

both up and down

Overall inflation, including labor, remains too high

Latest Import Statistics



For more information on our firm www.maeltd.com

CAUTION!

I AM VERY CONCERNED THAT THE HOME FURNISHINGS INDUSTRY IS ENTERING ITS THIRD YEAR OF ONGOING WEAK CONSUMER INTEREST SUFFERING FROM EXTREME COMPLACENCY AND LACK OF ENTHUSIASM! TOO MANY OF OUR STORES AND ON-LINE RETAILERS ARE LOOKING AT 2025 AS BEING MORE OF THE SAME!

We are not seeing the new product introductions that we need to spur consumer attention and interest this coming Spring.

This is partially caused by extreme inventory imbalances on almost every level: among domestic and import sources, retailers and online.

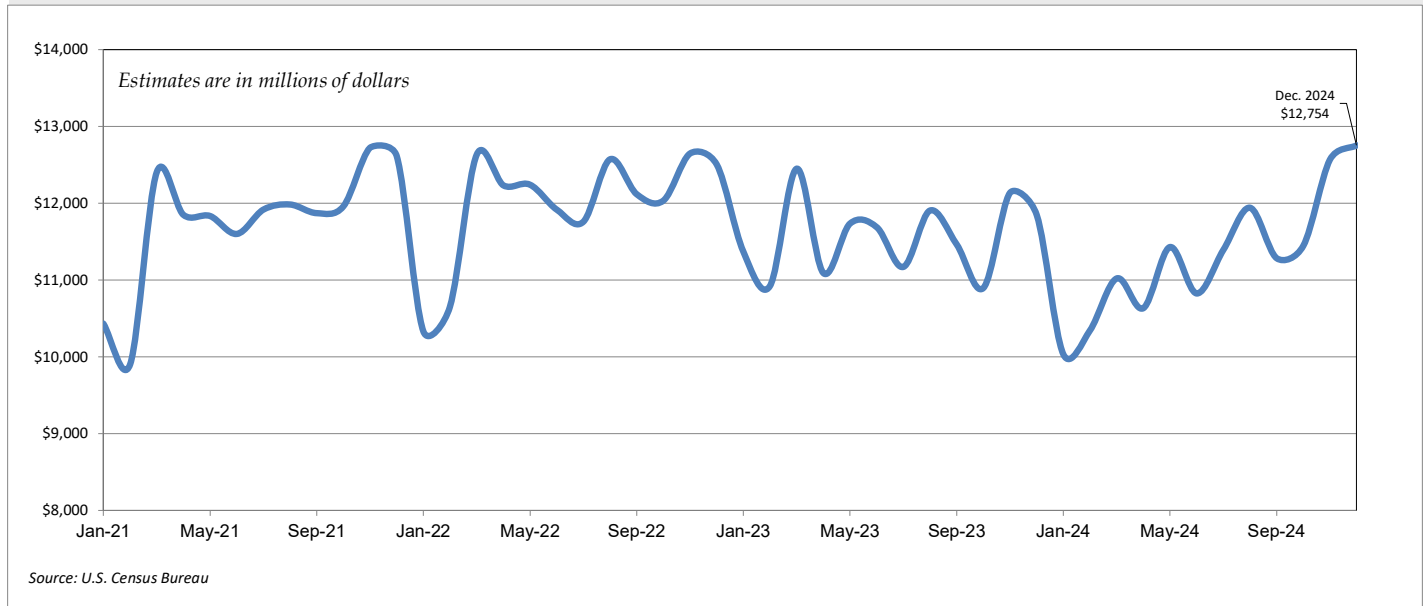
We are facing MANY challenges to our business model in our new year. Just look at the logistics with port issues, rail, and truck labor complications; a new administration threatening trade disagreements from its first day; inflation that must be brought under better control while not cuffing the recovery in home sales (which has yet to show momentum despite the Fed dropping its rates last September).

We expect that the incoming Trump administration will require six months or longer to replace many of the programs and issues it needs to positively impact our economy in a meaningful manner.

Home furnishings retailing has been beaten up in the last three years with stores being closed, internet retailers disappearing overnight, and manufacturers here and abroad failing with little or no notice.

Furniture Store Sales

Figure 1



GOOD NEWS FROM LAS VEGAS!

Going into last weekend's furniture, mattress and gift market for retailers, larger ticket home furnishings retail sales had been weak, probably reflecting the slow market for home sales in the United States. But discussions with retailers found many pleasantly surprised with consumers' activity and a slight but VERY WELCOME recent increase in purchases, led by more consumer interest in mattresses. Not a huge change to be sure, but a nice pick-up after a long drought.

This resulted in more smiles and better expectations for 2025 as a whole. In addition, the huge Las Vegas market saw a substantial attendance increase among the designer community with the addition of several of the premium more custom sources like Palecek, Vanguard, Hooker and Rock House Farm (Century, Hancock & Moore, Hickory Chair, Highland House, Maitland-Smith and more).

The recent Presidential election was a popular topic but most of the speculation was about the promised import tariffs. We did not hear about any vendor updating their price lists nor freight costs but we all expect them soon.

SO WHERE ARE WE NOW?

1. The high point of the second half of 2024 was High Point!
2. Attendance exceeded expectations slightly;
3. Prices did not inflate to the higher level predicted and most price inflation was related to logistics, like port costs and Pacific shipping.
4. Domestic wood furniture prices held steady
5. Mattress sales at retail continued to slow.

6. Generally speaking, consumer purchases of mid-to-better quality merchandise kept a steadier pace than lower end goods.
7. The constant presence of the U.S. Presidential election ended with more of a whimper than a bang with little to no consumer spending rebound afterwards.
8. Retailers generally agreed the newly introduced furniture was disappointing to consumers and did little to boost traffic.
9. The strongest product category was casual/outdoor furniture for the second year in a row. Mattress sales weakness has shocked most retailers.
10. Consumer secured and unsecured debt has risen but not to prohibitive levels.

Here Come the Ladies

1. The wave of NEW CONSTRUCTION CONTINUES IN HIGH POINT. Some say it defies logic but the investments keep coming and real estate in the much-preferred Downtown is in demand.
2. High Point, as a furniture market, maintains its leadership role globally with leading vendors still looking for locations to build corporate monuments.
3. Have you noticed a new trend amongst the vendors? Announcements in Furniture Today and our other news publications are showing massive management changes in key leadership roles. What grabs your notice is that this isn't just younger talent replacing older but young ladies taking the top roles in these often family-controlled businesses. We expect this is occurring with our domestic furnishings companies too. This has been long overdue.

President Trump:

Since on the campaign trail, it will be interesting how many of his promises will impact our industry!

Examples:

-Tariffs - Tariffs are nothing new to the President since he implemented them during his first term of office. Trump not only proposed tariffs on products from Mexico, Canada and China (our three-largest trading partners) but he also spoke about implementing 10%-20% tariffs on all countries and levies as high as 60% on some Chinese-made goods.

-Border Enforcement and Deportation of Illegals - In his inaugural speech, Trump had promised to "Secure our nation's borders" and "...will begin the process of returning millions and millions of criminal aliens back the places in which they came."

Deporting undocumented workers can have a big impact in our industry, worsening labor shortages and could also lead to a loss of high-skilled talent.

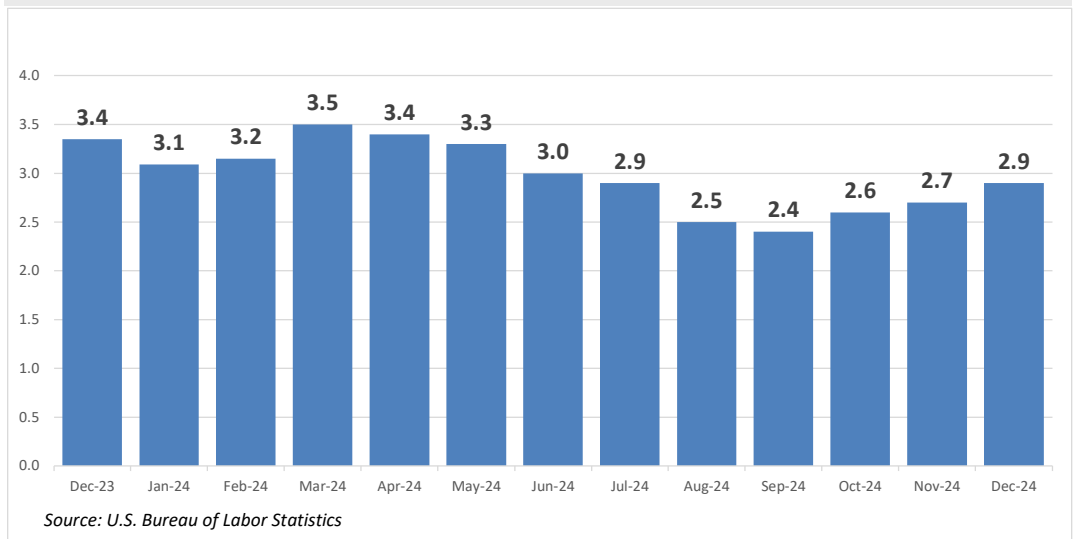
-Reacquire the Panama Canal - President Trump claimed that Panama failed to remain neutral and alleged, in his inaugural speech, that "China is operating the Panama Canal" through its "belt and road policy." With approximately 40% of all our container ships passing through, the canal is a crucial component of US trade.

Deregulations- The President promised to end the "inflation nightmare" stating that "The inflation crisis was caused by massive overspending (by the Biden administration) and escalating energy prices".

To combat this, the President declared a national energy emergency "We will drill, baby, drill". Trump wants to cut regulations and speed up approval processes to deploy more oil drilling rigs, build more pipelines, and bring more power plants onto the grid.

U.S. Inflation Rate

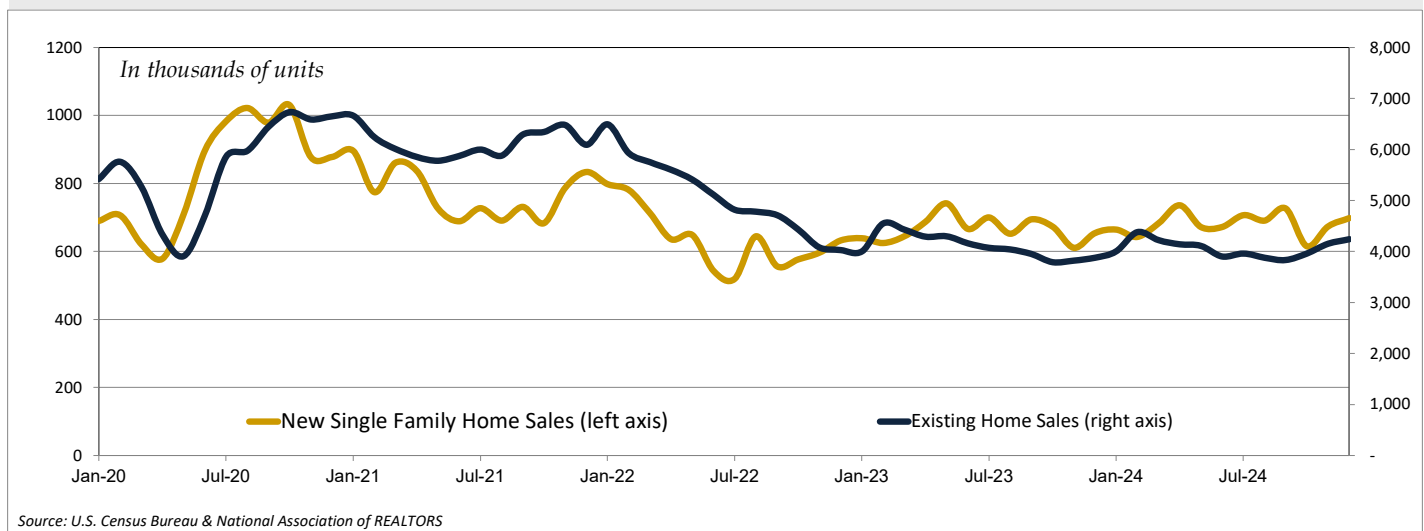
Figure 2



CLOSING THOUGHT: LOOK AROUND YOU. THERE ARE FEW CITIES THAT DO NOT HAVE AT LEAST ONE HOME FURNISHINGS STORE GOING-OUT-OF-BUSINESS SALE. In regions like the Southeast, there are multiple chains liquidating; THEN THERE IS THE WEATHER! The fire damage in Southern California is breaking records, and both North Carolina and Florida are still recovering from hurricanes in October; Can you imagine the strain on FEMA and our property and casualty insurance companies?

New Vs. Existing Home Sales

Figure 3



BUT.....historically speaking, disasters that impact residential housing have a long record of accelerating housing recoveries through insurance. Could the disasters and our inventory excesses that continue to exist factor into our having a more rapid housing recovery in 2025? Already, for sale housing inventories are up 14% as of NOW, (year vs. year) and the money is READY TO FINANCE A MULTI-YEAR RECOVERY IN HOME SALES!

Keep a close eye on your local housing market!

MAE Represents Southerland in its Acquisition by 3Z Brands/Cerberus

3Z Brands ("3Z"), a vertically integrated manufacturer, wholesaler, retailer, and direct-to-consumer distributor of award-winning sleep products, today announced its acquisition of Southerland, Inc., a leading producer of high-quality mattresses serving brick-and-mortar retailers for over 120 years.



The acquisition broadens **3Z's** national manufacturing footprint, adding four strategically located facilities in Nashville, TN; Phoenix, AZ; Tualatin, OR; and Oklahoma City, OK. The combination positions **3Z** to better serve its growing wholesale and direct-to-consumer operations while enhancing efficiencies and product innovation.

MAE served as the exclusive financial advisor to Southerland/Argosy Capital in this transaction.

LATEST IMPORT STATISTICS

We offer the following quarterly tables to show and quantify the latest important source nations for the U.S.

All Household Furniture Imports by Significant Countries

Table 1.

USD \$ (millions)

Country	1Q23	2Q23	3Q23	1Q24	2Q24	3Q24	1Q% Δ	2Q% Δ	3Q% Δ
Vietnam	1,902.4	2,204.3	2,122.9	2,413.2	2,410.0	2,688.2	26.9%	9.3%	26.6%
China	2,467.8	2,432.7	2,072.0	2,652.9	2,448.4	2,269.5	7.5%	0.6%	9.5%
Mexico	871.4	808.3	800.4	667.2	692.4	700.4	-23.4%	-14.3%	-12.5%
Canada	546.5	558.2	534.5	496.5	547.9	523.6	-9.1%	-1.8%	-2.0%
Italy	302.7	338.5	364.3	328.0	344.1	354.2	8.4%	1.6%	-2.8%
Indonesia	378.4	294.9	301.7	330.5	286.1	323.1	-12.7%	-3.0%	7.1%
Malaysia	272.1	248.0	264.8	287.9	277.1	257.0	5.8%	11.7%	-3.0%
Taiwan	141.3	174.2	176.2	133.2	136.6	164.1	-5.7%	-21.6%	-6.9%
Thailand	143.0	138.5	128.6	122.0	129.9	163.9	-14.6%	-6.3%	27.4%
India	164.1	162.1	179.3	152.4	170.2	153.5	-7.2%	5.0%	-14.4%

Wood Furniture Imports by Significant Countries

Table 2.

USD \$ (millions)

Country	1Q23	2Q23	3Q23	1Q24	2Q24	3Q24	1Q% Δ	2Q% Δ	3Q% Δ
Vietnam	1,155.5	1,288.0	1,250.3	1,385.8	1,355.2	1,567.3	19.9%	5.2%	25.3%
China	428.7	422.1	399.4	444.5	374.5	412.2	3.7%	-11.3%	3.2%
Canada	259.8	270.8	256.8	237.7	259.8	262.2	-8.5%	-4.1%	2.1%
Italy	167.3	191.2	212.5	186.9	196.3	219.1	11.7%	2.6%	3.1%
Malaysia	227.2	209.3	216.1	241.7	227.9	213.9	6.4%	8.9%	-1.0%
Mexico	236.2	200.6	199.7	193.0	196.9	203.7	-18.3%	-1.9%	2.0%
Indonesia	227.9	180.0	178.1	198.8	175.0	191.0	-12.8%	-2.8%	7.2%
India	108.2	109.2	121.6	104.3	120.7	109.8	-3.6%	10.4%	-9.7%
Thailand	74.2	83.4	67.4	61.9	71.7	82.4	-16.6%	-14.0%	22.3%
Poland	55.3	63.4	74.0	60.0	64.3	66.3	8.4%	1.3%	-10.3%

Upholstered Furniture Imports by Significant Countries

Table 3.

USD \$ (millions)

Country	1Q23	2Q23	3Q23	1Q24	2Q24	3Q24	1Q%Δ	2Q%Δ	3Q%Δ
Vietnam	501.3	626.1	604.6	737.2	726.5	798.0	47.0%	16.0%	32.0%
China	591.2	697.9	670.9	756.5	720.6	754.9	28.0%	3.3%	12.5%
Mexico	228.0	217.8	218.5	212.6	215.2	206.0	-6.8%	-1.2%	-5.7%
Italy	82.7	93.1	88.6	87.9	91.4	84.6	6.2%	-1.9%	-4.5%
Canada	87.9	76.0	65.3	70.2	72.8	61.6	-20.1%	-4.2%	-5.6%
Cambodia	44.5	48.1	40.3	49.0	50.1	42.3	10.1%	4.2%	5.0%
Malaysia	35.1	29.9	37.5	35.8	35.6	29.0	2.0%	18.9%	-22.6%
Indonesia	22.5	21.2	22.6	24.4	21.9	24.6	8.2%	3.3%	9.2%
Thailand	15.3	14.7	17.2	16.7	17.5	17.8	9.0%	19.0%	3.4%

Metal & Other Furniture Imports by Significant Countries

Table 4.

USD \$ (millions)

Country	1Q23	2Q23	3Q23	1Q24	2Q24	3Q24	1Q%Δ	2Q%Δ	3Q%Δ
China	1,446.9	1,310.3	995.1	1,451.3	1,349.6	1,092.0	0.3%	3.0%	9.7%
Vietnam	236.3	276.9	258.7	276.2	321.6	314.6	16.9%	16.1%	21.6%
Mexico	305.2	279.5	263.1	200.4	246.3	261.5	-34.3%	-11.9%	-0.6%
Canada	191.9	203.5	205.5	182.4	207.8	190.6	-4.9%	2.1%	-7.2%
Taiwan	90.4	119.0	120.8	96.8	110.1	135.8	7.0%	-7.4%	12.4%
Thailand	53.5	40.5	44.0	43.5	40.6	63.2	-18.7%	0.2%	43.5%
Italy	49.9	52.9	58.0	52.4	56.1	50.1	4.9%	6.0%	-13.7%
UK	22.8	27.3	32.5	37.0	34.6	47.7	62.6%	26.5%	46.8%
Cambodia	25.5	22.7	21.6	27.8	38.3	46.2	9.3%	68.8%	113.8%
India	42.7	40.1	43.8	38.2	39.3	35.3	-10.4%	-1.8%	-19.5%
Indonesia	40.0	25.6	21.9	41.9	29.8	29.6	4.7%	16.5%	35.5%

Mattress Imports by Significant Countries

Table 5.

USD \$ (millions)

Country	1Q23	2Q23	3Q23	1Q24	2Q24	3Q24	1Q%Δ	2Q%Δ	3Q%Δ
Indonesia	88.1	68.2	79.2	65.5	59.5	77.8	-25.6%	-12.8%	-1.7%
Laos	--	--	--	1.8	8.5	29.3	NM	NM	NM
Mexico	102.0	110.4	119.1	61.2	34.0	29.2	-39.9%	-69.2%	-75.5%
South Korea	3.1	9.9	14.9	8.0	17.8	27.4	158.1%	79.1%	84.1%
China	1.0	2.3	6.7	0.7	3.7	10.5	-34.0%	61.8%	56.9%
Singapore	2.1	7.7	5.2	9.9	4.7	9.9	382.4%	-38.9%	92.3%
Canada	6.9	7.9	7.0	6.2	7.6	9.0	-11.1%	-4.6%	29.5%
Vietnam	9.2	13.3	9.3	14.0	6.7	8.3	51.8%	-49.1%	-10.5%
Macedonia	--	--	--	0.1	4.4	6.1	NM	NM	NM
Cambodia	0.5	0.9	4.0	1.3	1.7	5.1	148.1%	83.0%	27.7%
Poland	2.0	1.8	1.4	3.0	2.8	3.2	50.2%	59.7%	135.6%
Colombia	2.8	5.7	2.4	1.3	4.5	2.7	-55.5%	-22.0%	16.6%

Furniture Imports by Category

Table 6.

USD \$ (millions)

Furniture Category	2021	2022	2023	22-21%Δ	23-22%Δ
Total Furniture	38,640.1	41,431.4	32,433.8	7.2%	-21.7%
Wood Furniture	16,063.5	17,981.4	13,553.5	11.9%	-24.6%
Upholstered Furniture	9,919.4	9,449.6	7,688.4	-4.7%	-18.6%
Metal & Other	11,325.3	12,544.8	9,843.8	10.8%	-21.5%
Mattresses	1,331.9	1,455.5	1,348.1	9.3%	-7.4%

* All import data is from the United States International Trade Commission

Monthly Numbers

Table 7.

% Change y/y	2024											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption of furniture & bedding (a)	(3.8%)	(2.6%)	(1.4%)	(0.4%)	(0.0%)	(0.6%)	(0.3%)	(0.2%)	1.8%	3.6%	1.8%	N/A
Furniture stores sales (b)	(11.8%)	(5.3%)	(11.5%)	(4.1%)	(2.6%)	(7.4%)	2.0%	0.3%	(1.5%)	5.1%	3.6%	7.7%
Furniture factory shipments (c)	(13.0%)	(5.0%)	(17.5%)	(5.0%)	(8.4%)	(8.0%)	1.6%	(9.5%)	(6.5%)	(4.2%)	N/A	N/A
% Change y/y	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption of furniture & bedding (a)	7.1%	1.4%	(1.2%)	(3.6%)	(3.4%)	(2.1%)	(1.5%)	(2.2%)	(2.2%)	(5.0%)	(1.1%)	(0.4%)
Furniture stores sales (a)	10.0%	2.5%	(1.5%)	(9.3%)	(4.2%)	(1.9%)	(5.0%)	(5.3%)	(5.4%)	(9.5%)	(4.0%)	(5.3%)
Furniture factory shipments (b)	(0.6%)	(6.5%)	(21.8%)	(28.5%)	(18.1%)	(30.7%)	(20.6%)	(10.1%)	(18.7%)	(8.1%)	(16.0%)	(14.4%)

Sources:

(a) U.S. Department of Commerce (b) U.S. Census Bureau (c) "Furniture Insights" a monthly publication by Smith Leonard

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About The Furnishings Digest

Driven by Jerry Epperson’s respected insight and long-term commitment to the furniture and mattress industries, Mann, Armistead & Epperson, Ltd. publishes The Furnishings Digest. For more information, please email research@maeltld.com or call (804) 644-1200.