Quality Inside – Made in Europe
Germany and Italy remain main production countries

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Germany and Italy are Western Europe's largest furniture producing countries. Both countries account for around 9 percent of global production turnover and account for around 40 percent of furniture production in Europe. At the same time, the region accounted for 26 percent of global furniture production in 2018.

The market research institute CSIL (Italy) estimates global furniture production for 2018 at around 460 billion dollars (approx. 420 billion euros). Furniture manufacturers in Europe account for 26 percent of this figure. Around 54 percent are manufactured in the Asia-Pacific region, with China alone accounting for around 39 percent. CSIL estimates the share of America at 17 percent and that of the Middle East and Africa at 3 percent. According to the European Furniture Industries Confederation (EFIC), there are almost 120,000 furniture producers in Europe employing around one million people. EFIC puts the turnover of these companies at around 100 billion euros, with German producers, followed by Italian companies, making the largest contribution.

Germany: weakening demand

In Germany, the structure of the furniture industry has consolidated in recent years and the number of furniture factories with more than 50 employees has fallen by 18 percent since 2005. The industry currently employs around 85,000 people.
According to the Association of the German Furniture Industry (VDM), in 2018 the German furniture industry was able to achieve a turnover of almost 18 billion euros and thus slightly exceed the previous year's result by 0.6 percent. However, since sales had fallen slightly in the previous year, the result was the same as in 2016. 32.4 percent of sales were generated from exports.
The slight increase in turnover was due to the positive development in the kitchen and office segments. Both achieved sales of EUR 4.9 billion and EUR 2.2 billion, respectively, and thus contributed a total of 40 percent to industry sales. With a share of 40 percent, however, the "other furniture" segment (living room, dining room and bedroom furniture, small pieces of furniture, non-upholstered seating furniture, furniture components, etc.) is the largest single segment, with sales of 7.1 billion euros in 2018. The turnover of the manufacturers of shop and contract furniture amounted to 2 billion euros, upholstered furniture achieved a turnover of 920 million euros and mattresses 780 million euros.
While furniture exports increased by 2.2 percent to 10.9 billion euros, imports declined slightly by 0.7 percent. At 12.7 billion euros, however, they exceeded exports, resulting in a foreign trade deficit of 1.8 billion euros. The purely arithmetical furniture consumption is 19.8 billion euros. More than a quarter of all imported furniture came from Poland in 2018.

Minus expected in 2019

Following the positive development in 2018, the German furniture industry did not make a successful start to the current year. According to information from the industry association VDM (Verband der deutschen Möbelindustrie), companies suffered a decline in sales of 1.8 percent to 8.9 billion euros in the first half of

2019. However, the individual product segments developed differently: kitchen furniture manufacturers increased by 1.4 percent to around 2.5 billion euros, the office furniture industry even increased its sales by 1.6 percent to around 1.1 billion euros. Manufacturers of shop furniture and other contract furniture were 1.4 percent up on the previous year and achieved sales of around 910 million euros. Manufacturers of upholstered furniture registered a decline, with sales from January to June 2019 falling by 3 per cent to around EUR 470 million. The sales trend for other furniture (residential furniture and furniture components) was also more negative than the industry average at minus 5.4 percent to EUR 3.5 billion. Sales in the mattress industry also declined. Their turnover fell by 4.2 percent to around 390 million euros. The negative industry result in the first half of 2019 was not least attributable to the decline in domestic demand, which could not be offset by the positive export results. The German furniture industry generates only one third of its sales abroad. In the reporting period, exports increased by 2.4 per cent to 5.7 billion euros. Imports were also affected by the negative development on the domestic market. These fell by 0.7 per cent to 6.7 billion euros. Accordingly, the foreign trade deficit fell by 17 per cent to around 1 billion euros. As the VDM further informs, more than 55 per cent of the value is attributable to the three most important supplier countries Poland, China and the Czech Republic. Due to the weak business development in the first half of the year and the negative signs for the second half of 2019, VDM anticipates a decline in industry sales of 1.5 to 2 per cent for 2019 as a whole.

Italy: on course for recovery

Italy is the second largest furniture producer in Europe and one of the largest furniture exporters. In 2018 the Italian companies sold 51 per cent of their production abroad. The production of furniture is handled by 18,600 companies employing around 130,000 people. As the statistics also include smaller companies with fewer than 50 employees, the statistical data cannot be compared with the German data.
The turnover of the furniture manufacturers is estimated by the industry association Federlegno-Arredo at 16.4 billion euros for 2018, which corresponds to an increase of 2 per cent compared to the previous year. Furniture manufacturers thus accounted for 38.5 per cent of the total turnover of the wood and furniture industry, which is estimated at 42.6 billion euros for 2018. If other furnishing sectors such as bathroom furnishings (-0.5%), office furnishings (1%) and lighting (+0.2%) are added to the pure furniture turnover, this results in a turnover of 27.4 billion euros, which was 1.9 per cent higher than the previous year's figure. In terms of exports, however, the industry was only able to increase by 0.9 per cent.
According to Federlegno-Arredo, domestic demand for furniture grew by 1.8 per cent in the year under review, not least due to a government subsidy programme. Introduced in 2013, this "Bonus Mobili" program grants tax breaks to all those who purchase new furniture or larger, energy-efficient built-in electrical appliances as part of renovation and maintenance work on their property. The tax savings amount to 50 per cent up to a total amount of 10,000 euros and thus a maximum of 5,000 euros. Divided over ten years, a maximum deduction of 500 euros per year can be claimed. However, imports also benefited from the furniture bonus, with growth estimated at 5 per cent.
The Italian market research institute CSIL expects the Italian furniture industry to continue its positive development, as the extension of the "Bonus Mobili" to the current year has once again created sales incentives. While exports are expected to increase by 1.6 per cent, market researchers are forecasting domestic demand to grow by 1 per cent. The increase in production turnover is expected to be equally high. CSIL also sees the further development of the market as positive. Since exports are expected to increase by 3 per cent over the next two years, furniture production could increase by 2 per cent. *Richard Barth*

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Links

- [VDM – Verband der Deutschen Möbelindustrie]
- [CSIL Milano – Centre for Industrial Studies]
- [EFIC – European Furniture Industries Confederation]

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- W_sp0119_Markt.pdf