

The Belgian furniture industry in 2023: Challenging market conditions

The Belgian furniture industry

Key figures (2022)

- **722 companies**
- **9,763 employees**
- **Turnover: 2.3 billion euros**
- **Change in activity by volume: -14%**
- **Export share: 57%**
- **Share in total turnover of the Belgian woodworking and furniture industry: 33%**

Summary of developments in the first half of 2023

- Turnover: EUR 1.106 billion, -5.6% compared with the first half of 2022. Real decrease in volume by 11.8% due to 6.2% increase in output prices
- Investments: EUR 48.2 million (+30.6%)
- Production capacity utilisation rate: 74.2%
- Exports: -12.2% compared with the same period in 2022. France, the Netherlands and Germany have seen a sharp downturn but remain the major sales markets
- Imports: -17.4% compared with the same period in 2022

General context

Since the second half of 2022, the Belgian furniture industry has seen falling demand both on the domestic and international markets. The sharp rise in inflation, higher costs for energy and raw materials, and an uncertain future as a result of geopolitical developments have damaged consumer confidence. The perfect storm that we predicted last year has since developed into a veritable hurricane in 2023.

What is more, following the coronavirus pandemic, many consumers chose to spend their available family budget (again) on leisure (travel, hospitality) rather than on decorating their homes, which had been given the necessary attention during the pandemic and this had boosted the sector considerably.

Notwithstanding the government's measures to support consumers via the energy allowance, coupled with Belgium's familiar principle of automatic wage indexation (which ensured a good 16% wage increase in 2021/2022) to maintain buying power, there has been no turning the tide in 2023. On the contrary: demand has remained low, including in construction, and a similar situation can be seen in neighbouring countries or on export markets. The furniture sector is therefore in turbulent times and the initial negative impact has already manifested itself, with insolvencies on the production side and store closures on the retail side. The sector has now set its sights on 2024, which will hopefully see a revival in fortunes.

First six months of 2023: Turnover fell both in value and volume

Turnover Development in the Belgian Furniture Industry							Sales prices	Turnover in volume
In EUR millions	2021	2022	'22/'21	6 m 2022	6 m 2023*	6 m '23/'22	6 m '23/'22	6 m '23/'22
Chairs and seating, dining room, living room, bedroom, bathroom, garden and patio furniture	933.8	929.5	-0.5%	489.3	466.1	-4.7%	+9.0%	-13.7%
Office and shop furniture	489.6	572.8	17.0%	287.6	275.9	-4.1%	+4.3%	-8.4%
Kitchen furniture	482.9	513.5	6.3%	262.8	262.2	-0.2%	+13.5%	-13.7%
Mattresses and bases	365.8	247.7	-32.3%	131.7	101.8	-22.7%	+3.0%	-25.7%
Furniture industry	2,272,1	2,263,5	-0.4%	1,171,4	1,106	-5.6%	+6.2%	-11.8%

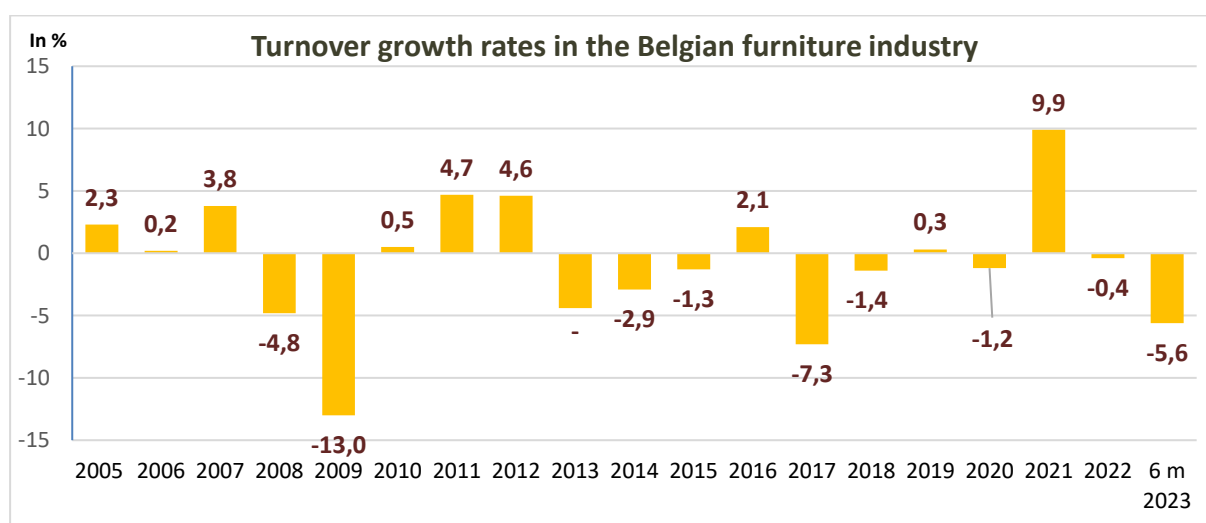
Source: FPS Economy, VAT returns

* Provisional data

In the first half of 2023, turnover in the Belgian furniture industry amounted to 1,106 million euros, a drop of 5.6% compared with the first half of 2022. During the same period, however, output prices increased by 6.2%, so in real terms (volume), we recorded a de-facto fall in turnover of 11.8%. In 2022, the fall in turnover over the year amounted to 0.4%.

These price increases can be attributed to increased raw material, material, energy and wage costs.

Following a marked increase in turnover in 2022, office and shop furniture saw a fall of 4.1% in the first half of 2023, while turnover for home furniture fell by 4.7%. The first half of 2022 still saw a modest increase of 1.9%. Kitchen furniture is stabilising partly because fewer and fewer permits are being issued for new homes. The higher interest rate for home loans is certainly related to this. Turnover in mattress and bed base products fell significantly and the insolvency of one major Belgian producer earlier this year will have certainly been a factor in this.



Source: FPS Economy, VAT returns

Investments and production capacity utilisation rate

During the first half of 2023, the Belgian furniture industry invested EUR 48.2 million, an increase of 30.6% compared with the same period in 2022; a total of EUR 86.1 million was invested in 2022, an increase of 15.4% compared with 2021. The significant investment volume seems to reflect the regained confidence of producers in the future.

Producers of office and shop furniture, as well as of kitchens, invested considerably during the first 6 months of 2023, while the home furniture product group also saw a considerable increase in investment. The mattresses and bed bases product group saw a sharp fall in investment, however.

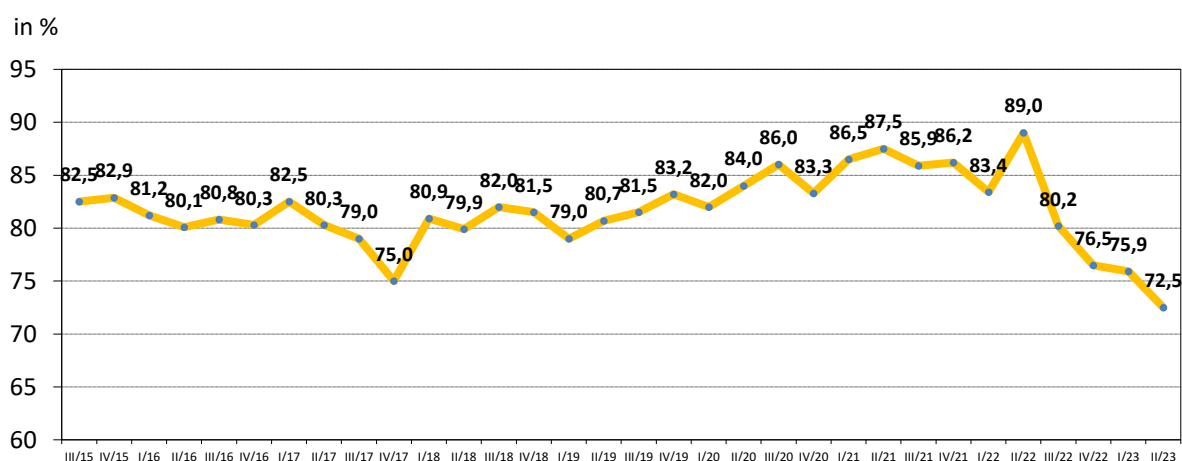
Development of investments in the furniture industry						
In EUR millions	2021	2022	22/21	6 m 22	6 m 23*	6 m 23/22*
Chairs and seating, dining room, bedroom, garden and patio furniture	40.0	43.9	+9.8%	19.0	24.0	+26.3%
Office and shop furniture	10.2	12.0	+17.6%	5.4	10.1	+87.0%
Kitchen furniture	17.5	23.3	+33.1%	7.8	13.2	+69.2%
Mattresses and bases	6.8	6.9	+1.5%	4.8	1.0	-79.2%
Total for furniture industry	74.6	86.1	+15.4	36.9	48.2	+30.6%

Source: FPS Economy, VAT returns

* Provisional data

The production capacity utilisation rate in the Belgian furniture industry has held steady at over 80% over the last few years, but has seen a decline since the third quarter of 2022. The second quarter of 2023 saw a ten-year low at 72.5%

The Belgian furniture industry's production capacity utilisation rate.



Source: National Bank of Belgium

Employment remains steady in the Belgian furniture sector

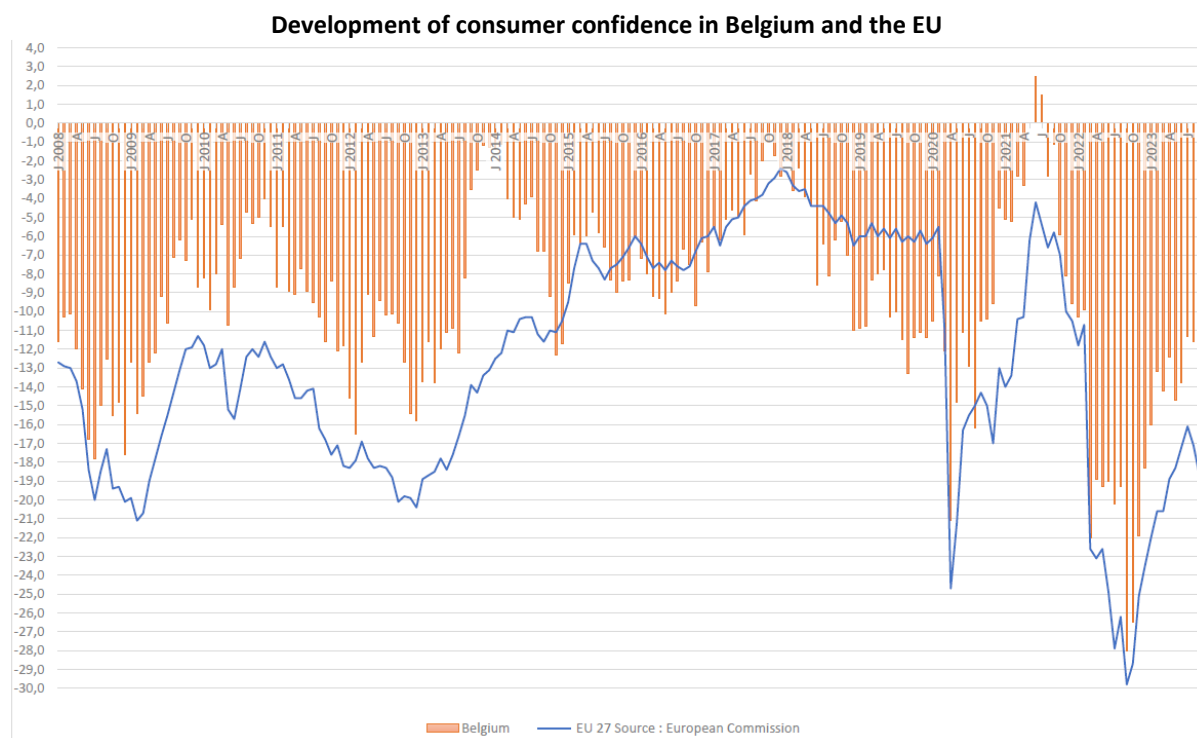
722 companies employed 9,763 people in 2022, down 61 units from 2021. Employment thus remained fairly steady.

Despite the falling level of economic activity, companies remain on the lookout for technically skilled workers to compensate for the outflow of older workers. Fedustria has launched campaigns to encourage young people to start education and find jobs in the furniture sector.

Consumer confidence reaches a historic low

Following a historic low in mid-2022, confidence among consumers in Belgium and across Europe recovered slightly before falling again in the summer of 2023.

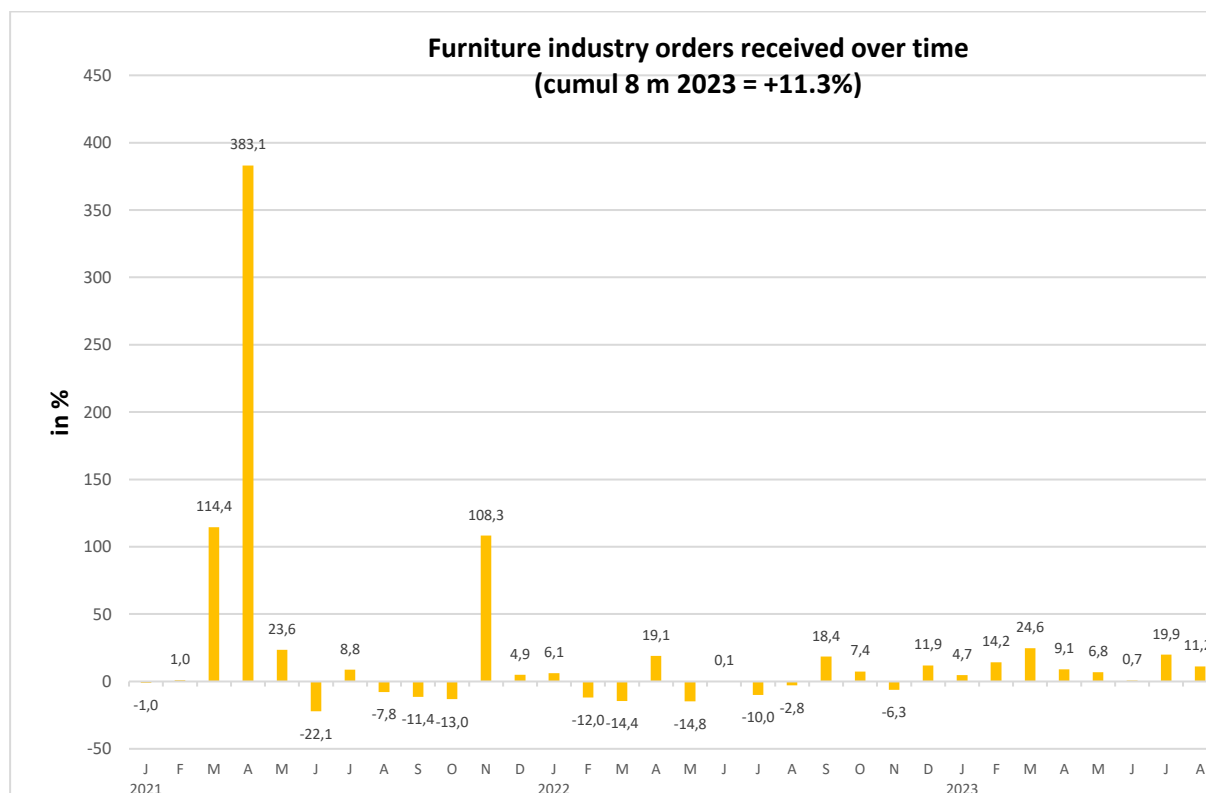
Key factors with an impact on confidence have remained largely unchanged: inflation has remained relatively high, prices fell only to some extent, and the war in Ukraine is at a stalemate without any prospect of a solution. We recently saw the Hamas attack on Israel and the response resulting from it, which has also had an impact on the European and Belgian economies.



Increasing order rate in the furniture trade

According to the monthly survey by the National Bank of Belgium, the orders received in the Belgian furniture trade in the first eight months of 2023 rose cumulatively by 11.3%. Following an increase of 13.0% in the first quarter of 2023, the increase in orders during the second quarter remained limited to 5.7%, only to accelerate again to 15.7% in July–August.

This contrasts somewhat with the signals we are seeing in the market and in retail. On the other hand, the increases can also be explained by the fall in sales in 2022 and higher prices.



Source: National Bank of Belgium

Foreign trade: both import and export of furniture fall

In the first half of 2023, **Belgian furniture exports** (including transits) declined in value by 12.2% compared with the first half of 2022. However, taking into account the associated cost increase, this does mean a greater decrease in volume. Furniture exports amounted to just short of 802 million euros. While France remains the largest foreign market, it saw a decline of 23.5%. The country now accounts for a good third of furniture exports. The Netherlands (-7.8%) and Germany (-9.3%) also lost relative importance. Total exports to EU countries fell by 13.5%. An increase in exports to certain countries or regions could be seen, but all in all, sales remained limited.

Imports of furniture fell sharply by 17.4%, primarily due to a fall in imports from the Far East, with China (-30.6%), Indonesia (-49.8%) and Vietnam (-54.8%) showing the most notable decreases. China remained the most important origin country, however, with a share of 24.8%. Lower volumes of furniture arrived from Eastern Europe, mainly due to a not-unexpected decrease from Belarus (-76.1%), even though furniture is not subject to the sanctions imposed by the EU. We saw a 3.7% decrease in furniture imports from other EU countries. After China, the Netherlands and Germany remain the most important furniture suppliers on the Belgian market.

Foreign trade in the furniture industry (incl. furniture made of metal and plastic)									
Countries	Belgian imports				Belgian exports				Percentage share 6m2023 (Exp/imp)
	Share 6m2023 in %	6m2022 1,000 EUR	6m2023 1,000 EUR	6m 22/21	Share 6m2023 in %	6m2022 1,000 EUR	6m2023 1,000 EUR	6m 22/21	
France	6.1	82,346.5	74,058.1	-10.1	34.3	359,564.3	274,911.1	-23.5	371.2
Netherlands	16.5	201,719.8	200,668.2	-0.5	24.9	216,704.5	199,773.2	-7.8	99.6
Germany	13.5	169,514.6	164,180.7	-3.1	16.1	142,238.2	129,016.2	-9.3	78.6
Spain	0.8	10,122.6	11,100.6	9.7	2.4	14,194.5	20,505.8	44.5	184.7
Italy	6.4	83,746.9	77,597.3	-7.3	2.9	19,171.1	23,540.8	22.8	30.3
Luxembourg	0.1	1,132.5	830.1	-26.7	1.6	14,759.9	12,941.7	-12.3	1,559.0
Poland	8.5	107,829.5	103,704.8	-3.8	1.1	8,951.5	8,878.5	-0.8	8.6
Ireland	0.1	490.5	1,534.6	212.8	1.3	8,515.9	10,103.9	18.6	658.4
Austria	0.3	2,912.6	3,345.5	14.9	0.8	6,787.9	6,743.7	-0.7	201.6
Portugal	0.4	4,303.5	4,485.9	4.2	0.7	4,795.7	5,509.0	14.9	122.8
Sweden	1.3	17,250.6	15,431.4	-10.5	0.5	4,622.3	3,843.9	-16.8	24.9
Czech Republic	0.7	11,791.5	8,023.5	-32.0	0.8	4,497.1	6,506.1	44.7	81.1
Denmark	2.3	27,507.9	27,580.6	0.3	0.4	3,902.2	2,965.9	-24.0	10.8
Lithuania	1.2	13,943.1	14,025.9	0.6	0.3	1,998.0	2,671.0	33.7	19.0
Romania	2.2	29,642.6	27,334.2	-7.8	0.2	1,984.2	1,260.2	-36.5	4.6
Greece	0.0	150.4	123.5	-17.9	0.3	2,078.7	2,185.9	5.2	1,770.6
Hungary	0.7	9,348.0	8,687.0	-7.1	0.1	1,910.1	726.0	-62.0	8.4
Estonia	0.2	842.1	2,064.6	145.2	0.1	875.6	548.7	-37.3	26.6
Cyprus	0.0	3.6	0.1	-98.4	0.3	876.7	2,193.5	150.2	3,916.912.5
Slovakia	0.1	3,088.4	951.5	-69.2	0.1	857.7	841.7	-1.9	88.5
Finland	0.4	5,002.2	5,076.2	1.5	0.1	853.3	773.8	-9.3	15.2
Malta	0.0	5.5	2.1	-62.0	0.0	566.5	361.5	-36.2	17,363.1
Slovenia	0.1	498.3	640.8	28.6	0.0	502.3	351.8	-30.0	54.9
Croatia	0.1	728.2	950.3	30.5	0.1	429.1	469.0	9.3	49.4
Bulgaria	0.2	2,493.4	2,981.2	19.6	0.3	399.2	2,054.6	414.7	68.9
Latvia	0.0	189.2	387.6	104.9	0.0	205.1	136.3	-33.5	35.2
European Union	62.2	787,912.2	758,470.3	-3.7	89.4	829,210.7	716,981.9	-13.5	94.5
United Kingdom	0.7	10,579.8	8,451.6	-20.1	2.4	22,932.9	19,142.6	-16.5	226.5
Switzerland	0.1	1,299.5	1,062.9	-18.2	1.4	10,497.5	11,084.4	5.6	1,042.8
Norway	0.0	25.7	30.4	18.1	0.1	867.5	896.1	3.3	2,950.1
Ukraine	0.8	11,236.2	9,947.2	-11.5	0.0	49.0	150.6	207.5	1.5
Serbia	0.7	8,173.5	8,768.2	7.3	0.0	102.2	152.1	48.8	1.7
USA	0.3	2,993.7	4,101.7	37.0	2.4	17,526.4	19,439.8	10.9	473.9
Canada	0.0	259.0	78.7	-69.6	0.2	2,596.5	1,298.7	-50.0	1,649.6
Australia	0.0	17.4	148.3	750.4	0.2	3,599.2	1,451.8	-59.7	979.2
Israel	0.3	3,693.0	3,355.9	-9.1	0.5	2,375.9	4,389.7	84.8	130.8
Singapore	0.0	0.8	87.6	10,934.0	0.1	2,002.4	471.2	-76.5	537.9
China	24.8	435,104.5	302,056.0	-30.6	0.2	1,646.3	1,736.7	5.5	0.6
Hong Kong	0.1	602.4	692.5	15.0	0.1	583.8	822.7	40.9	118.8
Turkey	3.8	53,455.8	46,790.9	-12.5	0.0	256.7	230.1	-10.4	0.5
Indonesia	2.7	64,636.0	32,436.7	-49.8	0.0	291.8	237.5	-18.6	0.7
Thailand	0.2	5,352.1	2,187.8	-59.1	0.1	542.4	532.5	-1.8	24.3
Taiwan	0.0	1,792.5	608.4	-66.1	0.1	245.2	416.4	69.8	68.5
India	0.7	22,334.7	8,907.6	-60.1	0.1	538.5	496.9	-7.7	5.6
Malaysia	0.3	10,094.9	3,989.4	-60.5	0.0	79.9	112.7	41.0	2.8
Vietnam	1.4	38,189.4	17,264.7	-54.8	0.0	42.4	188.4	344.8	1.1
Japan	0.1	918.7	883.8	-3.8	0.1	1,124.9	1,062.1	-5.6	120.2
Total for other countries	0.6	17,795.58	11,315.82	-36.4	0.1	23,062.53	17,751.53	-23.0%	156.9
Total	100	1,475,159.18	1,218,932.42	-17.4	100	913,205.53	801,878.33	-12.2	65.8

Source: INR

No light at the end of the tunnel yet

In the wake of the energy crisis and high inflation, the central banks raised their key interest rates following a long period of zero or negative interest rates, with the intention of tempering runaway inflation. This has only been partially successful and has resulted in high interest rates for businesses and consumers. Construction has therefore become that bit more expensive and this has also had an impact on the furniture sector, since fewer new buildings means fewer new fitting projects and interiors/exterior spaces that do not come about until the end of the building process.

The recent flare-up of violence in the Middle East has since caused fresh tensions in the energy markets and resulted in further uncertainty among both consumers and producers. The latter are not anticipating an upturn in the furniture market right now and are setting their sights on 2024 and 2025.

Even so, they are not giving up and are working hard on their own future, with a focus on product development, design and innovation, not forgetting the challenges set by the European Green Deal geared towards circularity and sustainability.

Fedustria is supporting its member businesses in this process and has also launched a project this year that aims to encourage young people to seek training and jobs in the woodworking and furniture sectors.

The federation is also assisting its members in their promotion and export activities by organising group stands and prospecting trips abroad. The latter initiatives are being carried out in collaboration with FIT, Flanders Investment & Trade (with which it has a strategic partnership), and AWEX, the Walloon Export and Foreign Investment Agency.

Source: Fedustria

Fedustria is the Belgian federation of the textile, woodworking and furniture industries. In Belgium, we represent some 1,660 companies (more than 90% of which are SMEs), which together create 36,200 direct jobs and generate a turnover of EUR 12 billion, 70% of which comes from exports.

Taken separately, the Belgian furniture industry accounts for a turnover of EUR 2.3 billion and employs around 9,800 people.

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