

# The Furnishings Digest Newsletter

First Quarter 2024  
Volume 31, Issue #1

The latest news, views, and announcements

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## 2024

Many see a new year as nothing but a change in a calendar but it is more if you think about it. We have new laws, new corporate and governmental budgets, additional taxes, and an opportunity to create a new plan of action. Years become points of time for memories of things good and bad. 2001 - World Trade Center tragedy; 1941 - Pearl Harbor; 1957 - best looking Chevrolet ever; 1970, 1975, 1980, 1982, 1990, 2000, 2008, and 202? - recessions; 1948 - my birth year; 1946-1964 - birth years for baby boomers; and so forth. Do you doubt 2020 will be remembered for Covid? 2020-2021- best years for furniture and mattress sales in our memories? 2022-2023 - worst years for furniture and mattress sales in our memories?

In addition, people, companies, schools, and government entities all use years to mark significant events, especially rare things like births, deaths, weddings (can you believe my lovely wife and I were married in 1969, 54 years ago? By the way, a lot of our friends got married then too. We were 20 and 21 years old, near the average age back then).

What were your best years in business, in sports, in life? Many of have a peak in sports or business and are discouraged when each year does not meet that goal. Listening to some, they peaked in high school or college. Those were their "Glory Days".

I had a friend who was a superstar bond trader on Wall Street, a small-town boy who could compete successfully on a global scale for a decade before his brokerage house crashed in 1988. From feast to famine overnight, or as he told me, he had to sell his yacht but got to keep the inflatable skiff. He wanted a job with no mental pressure every day so he began driving a taxi in New York.

Decades later he explained to me life was the same only the scale changed. He used to trade \$millions in bonds, but then he does \$hundreds in taxi rides. He said his best day was when he got a business man late for a flight at Kennedy. Using alleys, sidewalks, and one-way streets the wrong way, the man made his flight and tipped my friend generously. Same day, he saw a formally dressed man in a panic waving in the street. He was late for his wedding and needed to get to church in another part of the city. My friend was a hero again and got another record tip. He said that one day ruined him. Every day afterwards that he didn't make four digits driving his cab, he felt like a failure and the pressure to have another record day was huge. Eventually he got divorced and moved to Kissimmee, Florida where he got a modest salaried job at a theme park working for a rodent. No pressure finally.

Entering the new year, in some ways we have no pressure because both 2022 and 2023 were both so bad, they should allow us to show improvement. Do you think we will have the port problems going forward like we just suffered through? The foam shortages? The labor issues? And so much more that makes us cringe?

Right now, we have some larger stores in a conundrum: they bought inventory in 2022 at high cost because for months we suffered both a shortage of containers and cross-Pacific shipping charges of \$25,000 and up vs. the more normal \$3,000. These stores can sell off this dated inventory and book huge losses or sit with quantities of inventory that penalizes cash flow. These are issues that can destroy some retailers and importers. And all of us can name high-profile names that are no longer around already.

Looking at the multiple issues we, as an industry, faced and SURVIVED in recent years, some only affected imports while others impacted domestic vendors too. Keep in mind that our different products have different degrees of imports:

It is easy to see that four of our six major product categories are almost completely dependent on imports and the required logistics and foreign affairs that you must deal with to be successful. And even the domestically sourced upholstery and mattresses often depend upon imported components, in some parts like:

Electrical and electronic parts and mechanisms;  
Fabric and leather covers; Pre-cut frames and foam;  
Drawer pulls and slides; Carved components;  
Recliner and adjustable bed mechanisms; and  
Customized parts

PERCENT OF U.S. SALES IMPORTED:	
Decorative accessories/wall art.	90%+
Casual and outdoor furniture.	90%
Wood residential furniture.	90%
Metal and "other" furniture.	90%
Upholstered residential furniture	48%
Residential mattresses.	30%
Decorative accessories/wall art	90%+
Source: Mann, Armistead & Epperson	

## DEMAND

If anyone of us doubted consumer demand was dependent upon housing turnover, we have witnessed the proof over the last three years.



## Looking Generations Ahead

Did you know that the age group that recorded the largest gains in personal wealth from 2019 to 2022 were those younger than 35? Why? Great jobs? Massive intelligence? NO. They are on the early cutting edge of a massive wealth transfer from our older generations to our younger.

But who controls most of our personal wealth? According to the Federal Reserve, as of 2022, Americans aged 55 to 74 control 48.1% of our wealth--almost half! But if you consider our older population too, Americans over 55 control an amazing 72.5% of our nation's wealth in 2022, that is almost 3/4ths of our investments, real estate, insurance, and other assets. Just imagine the changes that will occur when these population seniors pass their assets on to their children and other heirs!

Younger people who are struggling (like all prior generations) to accumulate adequate funds to pay for their educations, first homes, credit purchases like **FURNITURE AND MATTRESSES**, consumer electronics, apparel, vehicles and more should be able to make long deferred purchases. Not all, but many will go from struggling with finances to being comfortable.

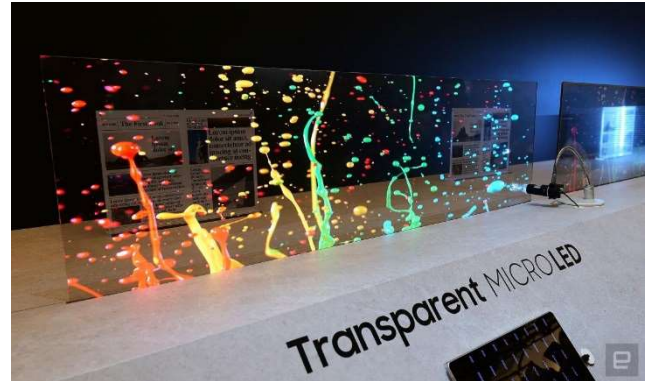
PLEASE THINK SERIOUSLY ABOUT WHAT THIS WILL MEAN FOR YOUR BUSINESS, FAMILY AND COMMUNITY! Large investors are paying attention to this and want to participate in this massive demographic shift and will not let this pass them by. We have a massive housing shortage! Who will benefit?

Our experienced partners at Mann, Armistead & Epperson are willing to assist you in planning for your future.

Both Jimm Mann and Mike Watson will be attending the upcoming Las Vegas Market. We hope to see you there!

## SPEAKING OF LAS VEGAS

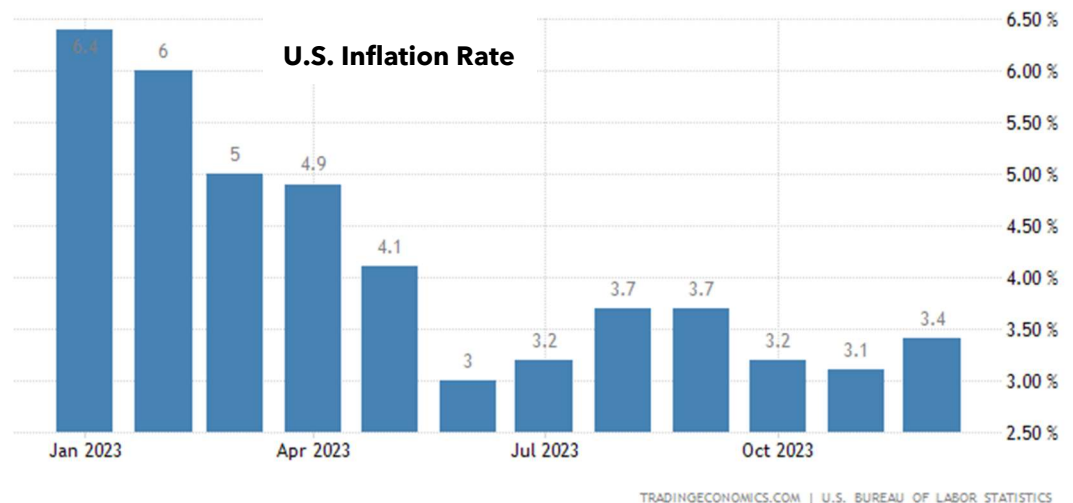
Have you paid attention to news from the Consumer Electronics Show running now in Vegas? The reviews are very encouraging with many saying innovative new products are a huge draw. Mentioned often is Samsung's new transparent HDTV's.



We expect the Las Vegas Furniture and Mattress Show AND MORE (gifts, tabletop, wall decor, floor coverings, etc.) will have a large quantity of new offerings to give retailers what they need to get the new year started. It isn't just a mattress market anymore!

## WOULD YOU BELIEVE GOOD NEWS?

As usual Wall Street and others waited anxiously in early December for the Federal Reserve's announcement about its opinion on inflation and how it would react with interest rates. All the talking heads had placed their bets, as usual, on up, down or no action and were spending the day making up excuses for why they were wrong. This is not something you take for granted. Just last summer, after stating they were making progress on inflation, they knocked us out by raising the rates again, making many economists look silly, something that they do well. I fell for the Fed's fake-out myself and got stuck telling folks that rates would NOT be raised last summer. I did not handle being wrong well.



The late year decision to keep rates where they were and the discussion saying rates could decline in 2024 sounds so good after the increases for years and it sends an important signal to the stock market, banks and other lenders, the entirety of the troubled housing market and the economy as a whole that the Fed is once again looking to spur the economy, and not try to reign it in.

The Federal Reserve never has an easy task, but 2024 has a bunch of challenges from the various wars around the world, global distractions like Yemen and its canal, ongoing inflation and shortages and, for the United States, a dreaded Presidential Election.

Can we see a stronger economy and better consumer confidence and spending in 2024? Yes, especially with our Fed helping.

Without question, the U.S. needs to show a more positive, consistent economy after the last several years.

## Product Categories

We are asked often to quantify different rooms or product categories. We only contrast wood/upholstered/metal and other furniture/ and mattresses.

The following table presents information that Furniture Today provides in its annual "Planning Issue" each December. We provide many years so you can see trends. The numbers are dollars of retail sales, not wholesale/factory cost as used in our import statistics.

You will notice that we could use more subsets to do a better analysis of retail square footage. Categories like power motion, massage chairs, home office task chairs, leather and others would be helpful.

## Furniture & Mattress Sales by Segment

Wood	2018	2019	2020	2021	2022	CAGR
Master Bedroom	\$11.5	\$11.8	\$11.9	\$12.3	\$12.6	2.3%
Youth, Other Adult Bedroom	6.5	6.7	6.7	6.9	7.1	2.2%
Casual Dining	5.7	5.9	6.0	6.1	6.3	2.5%
Formal Dining	7.2	7.4	7.4	7.6	7.9	2.3%
Entertainment Furniture	7.3	7.5	7.6	7.7	7.9	2.0%
Curios	1.9	2.0	2.0	2.0	2.1	2.5%
Occasional Tables	5.9	6.0	6.1	6.3	6.5	2.5%
Home Office	6.8	7.0	7.2	7.5	7.6	2.8%
<b>Upholstery</b>						
Stationary Sofas/Sleepers	17.0	17.4	17.5	18.4	18.4	2.0%
Stationary Chairs	2.4	2.4	2.4	2.6	2.6	2.0%
Reclining Chairs	5.1	5.3	5.4	5.6	5.7	2.8%
Swivel/ Glider Rockers	1.6	1.7	1.7	1.7	1.8	3.0%
Motion Sofas	5.2	5.5	5.5	5.8	6.1	4.1%
Futons	2.4	2.5	2.5	2.6	2.6	2.0%
<b>Mattresses/ Other</b>						
Mattresses	16.0	16.8	17.0	18.5	19.5	5.1%
Infant Furniture	1.4	1.5	1.5	1.4	1.4	0.0%
Outdoor Furniture	4.8	5.0	5.0	5.0	5.2	2.0%
Other	2.7	2.1	2.0	2.4	2.6	-0.9%
<b>Totals</b>	<b>\$111.4</b>	<b>\$114.5</b>	<b>\$115.4</b>	<b>\$120.4</b>	<b>\$123.9</b>	<b>2.7%</b>

Source : Furniture Today

## LATEST IMPORT STATISTICS

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

### All Household Furniture Imports by Significant Countries

Table 1.

USD \$ (millions)

Country	1Q22	2Q22	3Q22	1Q23	2Q23	3Q23	1Q%Δ	2Q%Δ	3Q%Δ
Vietnam	2,590.5	3,179.0	2,594.8	1,903.1	2,205.3	2,125.0	-26.5%	-30.6%	-18.1%
China	4,076.9	3,907.4	2,840.3	2,470.7	2,433.8	2,073.0	-39.4%	-37.7%	-27.0%
Mexico	840.4	890.3	871.8	871.6	808.3	800.2	3.7%	-9.2%	-8.2%
Canada	516.9	567.5	519.9	547.0	558.3	534.5	5.8%	-1.6%	2.8%
Italy	337.9	431.0	411.0	302.7	338.5	364.3	-10.4%	-21.5%	-11.4%
Indonesia	515.4	551.0	396.4	378.5	294.9	301.6	-26.6%	-46.5%	-23.9%
Malaysia	455.0	488.2	392.2	272.1	247.4	262.9	-40.2%	-49.3%	-33.0%
India	222.8	255.3	191.6	164.4	162.1	184.8	-26.2%	-36.5%	-3.5%
Taiwan	257.9	234.6	201.3	141.9	174.3	176.4	-45.0%	-25.7%	-12.3%
Thailand	194.7	214.4	204.4	144.4	138.8	128.6	-25.8%	-35.3%	-37.1%

### Wood Furniture Imports by Significant Countries

Table 2.

USD \$ (millions)

Country	1Q22	2Q22	3Q22	1Q23	2Q23	3Q23	1Q%Δ	2Q%Δ	3Q%Δ
Vietnam	1,515.8	1,918.3	1,742.5	1,155.6	1,288.6	1,251.7	-23.8%	-32.8%	-28.2%
China	732.1	653.2	528.9	425.9	423.9	398.7	-41.8%	-35.1%	-24.6%
Canada	251.4	274.6	258.8	260.2	271.0	257.1	3.5%	-1.3%	-0.7%
Malaysia	389.0	410.0	329.6	227.4	209.1	216.3	-41.5%	-49.0%	-34.4%
Italy	186.3	242.7	237.8	167.3	191.2	212.4	-10.2%	-21.2%	-10.7%
Mexico	293.8	301.9	276.2	236.3	200.6	199.7	-19.6%	-33.6%	-27.7%
Indonesia	308.0	330.3	250.4	228.0	179.9	178.1	-26.0%	-45.5%	-28.9%
India	150.6	172.3	127.0	108.4	109.2	124.2	-28.0%	-36.6%	-2.2%
Poland	66.5	105.9	109.3	55.2	63.5	73.9	-17.0%	-40.0%	-32.4%
Thailand	96.4	99.7	96.5	75.5	83.5	67.4	-21.7%	-16.2%	-30.2%

### Upholstered Furniture Imports by Significant Countries

Table 3.

USD \$ (millions)

Country	1Q22	2Q22	3Q22	1Q23	2Q23	3Q23	1Q%Δ	2Q%Δ	3Q%Δ
China	1,126.3	1,048.7	908.5	592.6	698.6	670.3	-47.4%	-33.4%	-26.2%
Vietnam	750.6	859.1	550.2	501.7	626.2	605.1	-33.2%	-27.1%	10.0%
Mexico	253.8	256.7	242.3	228.0	217.8	218.5	-10.1%	-15.2%	-9.8%
Italy	99.1	121.4	107.6	82.7	93.1	88.6	-16.5%	-23.3%	-17.7%
Canada	82.9	85.6	67.1	87.9	76.0	65.2	6.1%	-11.2%	-2.8%
Cambodia	57.2	67.0	31.9	44.6	48.0	40.3	-22.2%	-28.4%	26.5%
Malaysia	50.3	53.0	42.9	35.1	29.9	37.5	-30.3%	-43.5%	-12.7%
Indonesia	29.2	35.5	26.8	22.5	21.2	22.6	-22.9%	-40.3%	-15.9%
Thailand	37.4	44.7	34.1	15.3	14.7	17.2	-59.0%	-67.1%	-49.6%

### Metal & Other Furniture Imports by Significant Countries

Table 4.

USD \$ (millions)

Country	1Q22	2Q22	3Q22	1Q23	2Q23	3Q23	1Q%Δ	2Q%Δ	3Q%Δ
China	2,216.6	2,203.9	1,402.3	1,451.2	1,310.1	1,003.0	-34.5%	-40.6%	-28.5%
Mexico	202.8	249.3	255.3	305.3	279.6	263.0	50.5%	12.2%	3.0%
Vietnam	303.1	389.4	297.3	236.6	277.0	258.8	-22.0%	-28.9%	-13.0%
Canada	171.5	196.8	184.2	191.9	203.5	205.2	11.9%	3.4%	11.4%
Taiwan	147.8	142.0	117.1	90.5	119.0	121.0	-38.8%	-16.2%	3.3%
Italy	48.9	62.1	60.6	49.9	52.9	58.0	2.2%	-14.8%	-4.3%
India	52.4	64.0	51.2	42.7	40.1	46.7	-18.4%	-37.4%	-8.8%
Thailand	60.7	69.9	73.8	53.6	40.5	44.0	-11.7%	-42.1%	-40.4%
United Kingd	21.4	35.2	34.5	22.5	27.2	32.5	5.1%	-22.7%	-5.9%
Indonesia	53.4	64.6	45.5	40.0	25.6	21.9	-25.1%	-60.5%	-51.9%
Cambodia	19.4	26.0	41.0	25.5	22.7	21.6	31.3%	-12.8%	-47.2%

## Mattress Imports by Significant Countries

Table 5.

USD \$ (millions)									
Country	1Q22	2Q22	3Q22	1Q23	2Q23	3Q23	1Q%Δ	2Q%Δ	3Q%Δ
Mexico	90.0	82.4	98.0	102.0	110.4	119.0	13.3%	34.0%	21.5%
Indonesia	124.9	120.5	73.7	88.0	68.3	79.1	-29.5%	-43.3%	7.4%
Burma	3.9	6.7	4.0	10.1	24.3	41.4	159.2%	264.9%	925.0%
Taiwan	48.2	39.6	36.3	10.5	21.6	22.8	-78.2%	-45.3%	-37.1%
South Korea	3.4	4.4	1.6	3.1	11.1	20.6	-7.1%	154.3%	1188.1%
Kosovo	40.0	48.1	26.1	24.9	23.7	12.6	-37.8%	-50.6%	-51.9%
Philippines	8.9	6.1	7.0	3.1	7.1	9.5	-65.2%	17.1%	35.5%
Vietnam	21.0	12.2	4.8	9.2	13.5	9.3	-56.0%	10.5%	92.3%
Canada	11.1	10.5	9.7	6.9	7.9	7.0	-37.8%	-24.8%	-28.2%
Italy	3.6	4.8	5.0	2.7	1.3	5.2	-24.1%	-73.2%	4.4%
India	8.7	7.2	4.3	3.0	4.2	4.9	-65.6%	N/M	14.4%
Singapore	1.7	1.2	2.1	0.4	4.6	4.1	-74.3%	296.5%	90.1%

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

## INVESTING IN HOME FURNISHINGS COMPANIES TODAY: MERGERS AND ACQUISITIONS

In the universe of acquirers of home furnishings businesses today, there are strategic buyers already in home furnishings, foreign buyers looking to establish a stronger presence in North America, wealthy families who make long-term investments for stability and growth, and investment funds that buy companies to improve and grow them usually with the expectation to sell these investments in five to seven years, often called "private equity investors". There are thousands of these funds of all sizes, various interests and expertise, and with different preferences. It is an important part of our business to be aware of and have contacts with these possible acquirers.

Our home furnishings universe is furniture, mattresses and accessory manufacturers, importers, retailers and suppliers.

A key to acquirers' interest in home furnishings is the encouraging outlook for our population mix, the increasing demand for residential housing, and the growing importance of the home in everyone's lives with new technology that allows more people to work, study, shop, be entertained and to communicate from their homes.

**Mann, Armistead and Epperson** would like to meet with companies that wish to learn more about the current market and demand for home furnishings companies.

## Monthly Numbers

Table 6.

% Change y/y	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption of furniture & bedding (a)	8.2%	1.9%	(0.1%)	(3.6%)	(2.7%)	(1.0%)	(0.5%)	(1.5%)	(1.5%)	(4.2%)	(2.2%)	
Furniture stores sales (a)	6.8%	0.1%	(3.1%)	(11.6%)	(5.8%)	(3.4%)	(7.3%)	(6.9%)	(7.1%)	(12.0%)	(7.5%)	
Mattress factory shipments (b,d)	N/A	N/A	(10.9%)	N/A	N/A	1.6%	N/A	N/A	N/A	N/A	N/A	
Furniture factory shipments (c)	(3.5%)	(6.5%)	(16.5%)	(28.5%)	(18.1%)	(28.5%)	(20.6%)	(17.0%)	(20.5%)	(8.1%)	N/A	

### Sources:

(a) U.S. Department of Commerce (b) International Sleep Products Assoc. (c) "Furniture Insights" a monthly publication by Smith Leonard (d) quarterly shipments



## About Mann, Armistead & Epperson, Ltd.

Mann, Armistead & Epperson, Ltd. is a privately owned investment banking and corporate advisory firm. Our clients deal directly with the founding partners, who bring to the table over 120 years of aggregate investment banking experience. While possessing specialized professional experience in the furnishings industry, the firm has extensive experience in a wide range of industries. Please see our website at **MAELTD.com**.

The professionals at Mann, Armistead & Epperson, Ltd. specialize in the following services:

- Merger, acquisition, sell-side and buy-side advisory services including fairness opinions where appropriate.
- Corporate finance and strategic advisory services, such as advising on capital formation, balance sheet and bank debt restructurings, valuations and other specialized professional services.
- Furnishings industry research and extensive expertise accumulated in over five decades.

The certificates are as follows:

- SHERWOOD BEDDING**: has sold a majority ownership interest, previously held by **STEINHOFF INTERNATIONAL HOLDINGS N.Y.** to a wholly-owned subsidiary of **TEMPUR+SEALY**. The undersigned acted as financial advisor to Sherwood Bedding Holdings, LLC in this transaction.
- KINGSDOWN**: Kingsdown, Incorporated has merged with **Owen & Company USA Holdings, Inc.** which is an affiliate of **Owen & Company, Ltd.** the owner of the rights to manufacture and sell products in Canada under the Kingsdown brands. The undersigned acted as financial advisor to Kingsdown, Incorporated in this transaction.
- CORSICANA BEDDING, INC.**: with its owners and management have completed a recapitalization in partnership with an investment group led by **LONG POINT CAPITAL**. The undersigned served as financial advisor to Corsicana Bedding, Inc. in this transaction.
- SYMBOL**: Symbol Mattress, formerly known as Eastern Sleep Products Company, Inc., and Thatford Leasing, LLC, has sold all of its stock and membership interests to **Corsicana Bedding, LLC**. The undersigned acted as financial advisor to Eastern Sleep Products Company, Inc., and Thatford Leasing, LLC in this transaction.
- Mor**: has sold a majority ownership interest to **Healthcare Co., Ltd.** A public company registered on the Shanghai Stock Exchange d/b/a **MLILY**. The undersigned acted as financial advisor to Mor Furniture For Less, Inc. in this transaction.
- Rent-A-Center, Inc.**: has acquired substantially all of the assets of **C/C Financial Corp.** d/b/a **Merchants Preferred**. The undersigned acted as financial advisor to Rent-A-Center, Inc. in this transaction.
- Badcock HOME FURNITURE & more**: W. S. Badcock Corporation has been acquired by **Franchise Group, Inc.** The undersigned acted as financial advisor to W. S. Badcock Corporation in this transaction.



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### About the Furnishings Digest Newsletter

Driven by founding partner Jerry Epperson's respected insight and long-term commitment to the furniture and mattress industries, Mann, Armistead & Epperson, Ltd. publishes the Furnishings Digest Newsletter. For more information, please email [research@maeltd.com](mailto:research@maeltd.com) or call (804) 644-1200.