

The Belgian furniture industry in 2021: Resurgence in the first half of the year, cooldown after the summer

The Belgian furniture industry

Key figures (2020)

- 725 companies
- 9,906 employees
- Turnover: €2.07 billion
- Export share: 57%
- Share in total turnover of the Belgian wood and furniture industry: 40%

Summary of developments in the first half of 2021

- Turnover: €1,179 billion, +25.6% compared to first semester of 2020 (coronavirus lockdown); +12.1% compared to first semester of 2019.
- Investments: €38.8 billion (+24.5%).
- Production capacity utilisation rate: 87%.
- Exports in first 6 months +24.6% compared with the same period in 2020. France, Germany and the Netherlands remain the major markets.
- Imports in the first half +39% compared with the same period in 2020.

General context

The Belgian furniture sector felt the full impact of the coronavirus pandemic in the first and second quarter of 2020. The closure of furniture and sleep specialist outlets and the lockdown at home and abroad initially caused turnover to plummet.

However, the travel (and other) restrictions led to a real renovation wave and a stronger resurgence of demand after the first lockdown than was originally anticipated and, towards the end of 2020, turnover almost equalled the 2019 level. Demand continued at a high level in the first half of 2021 too, although manufacturers were also seeing the flipside here: a significant rise in the prices of materials, including for raw materials, due to an imbalance in supply and demand and trouble with transport.

Since the summer of 2021, when we could travel again, we can identify a (slight) drop in demand for furniture and interior furnishings. Indeed, it remains unclear how the market will develop in the coming weeks and months. The Brussels Furniture Fair will hopefully provide some clarity there.

First semester of 2021: significant rise in turnover in all segments

Evolution of turnover in the furniture industry by product group									Sales prices
In million EURO	2019	2020	20/'19	6m 2019	6m 2020	6m 2021*	6m '21/'19	6m '21/'20	6m '21/'20
Chairs and seating, dining room, sitting room, bedroom, garden and patio furniture	828.4	812.9	-1.9%	424.3	375.3	485.9	14.5%	29.5%	+2.6%
Office and shop furniture	461.9	430.9	-6.7%	230.0	196.1	227.4	-1.1%	16.0%	+3.6%
Kitchen furniture	409.1	429.4	5.0%	196.8	198.7	240.7	22.3%	21.1%	+3.9%
Mattresses and bases	392.0	394.1	0.5%	201.0	169.5	225.9	12.4%	33.3%	+8.1%
Total furniture industry	2,091.4	2,067.3	-1.2%	1,052.1	939.6	1,179.9	12.1%	25.6%	+2.6%

Source: FPS Economy, VAT returns

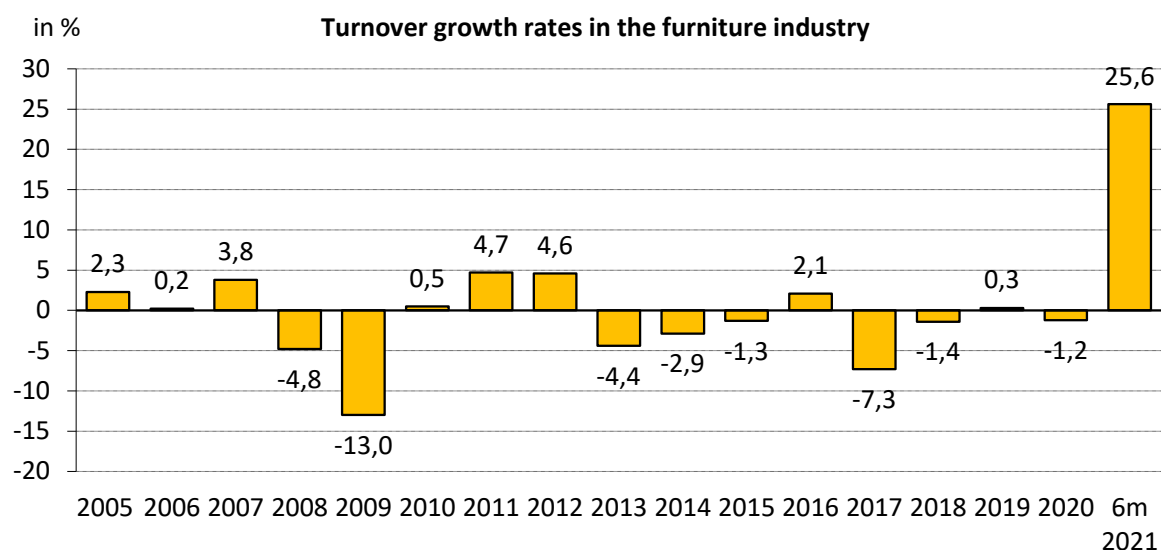
* Provisional data

The Belgian furniture industry generated a **turnover** of 1,179.9 million Euros in the first half of 2021, a rise of 25.6% compared with the first half of 2020. The turnover in the sector had fallen sharply then compared to the previous year due to the coronavirus pandemic. Compared to the first half of 2019, turnover rose by 12.1%. The significant rise in material prices, including for raw materials, certainly played a role here too, but in general, this points to healthy demand from consumers in that period.

The negative consequences of the coronavirus pandemic remained quite limited in 2020. Total turnover dropped slightly by 1.2%. As had been anticipated, office and shop furniture saw the greatest blows (-6.7% on an annual basis). The damage to domestic furniture (-1.9%) was limited to a degree, while mattresses, bed bases and kitchen furniture recorded some positive figures.

In the first 6 months of 2021, the positive zeal that caused a strong resurgence after the first lockdown period in 2020 continued. Domestic furniture recorded a 29.5% rise in turnover (14.5% compared to 2019), an indication of the healthy demand from consumers, both at home and abroad. Mattresses and bed bases did even better at 33.3% (+12.4% compared to 2019), although sales prices rose considerably more there than in the other subsectors. High raw material prices for foam are by no means unusual there. Kitchen furniture built upon its zeal from the previous years and saw a 21 to 22% rise in turnover compared to both 2020 and 2019. Finally, while office and shop furniture did rise by 16% compared to the first 6 months of 2020, it continued to record negative figures compared to 2019.

Alongside this, the entire sector is having to deal with a sharp rise in prices for materials (including for raw materials), components and transport, whether or not linked to coronavirus and the mismatch that has arisen between supply and demand.



Investments and production capacity utilisation rate

During the first half of 2021, the Belgian furniture industry invested EUR 38.8 million, i.e. a rise of 24.5% compared to the same period in 2020. Alongside this, over the entire year of 2020, a 14.9% fall in investment value was recorded (totalling €73.4 million).

Investments rose sharply in the office and retail furniture subsector and in domestic furniture. Mattresses and bases also saw a considerable rise in investment. Only kitchen furniture saw less investment for the second year in a row.

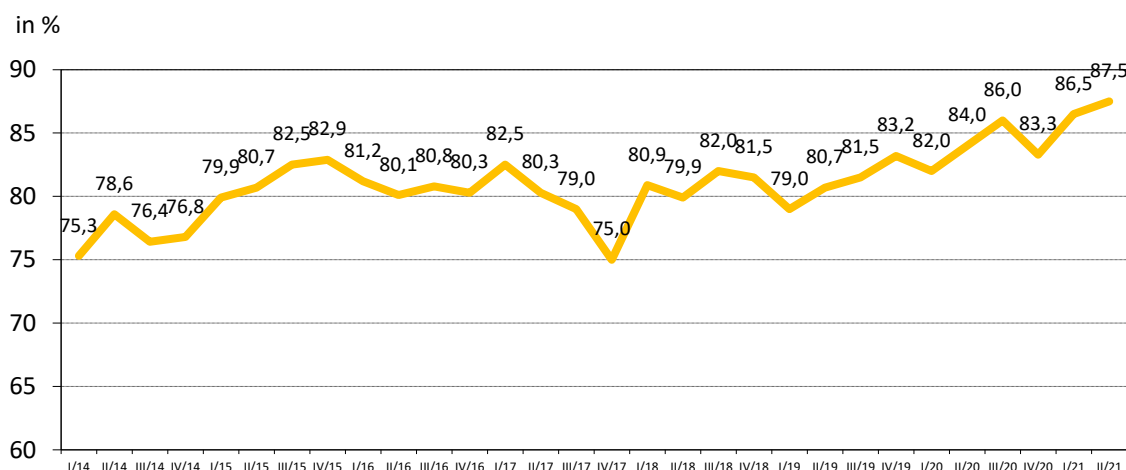
Evolution of investments in the furniture industry						
In million EURO	2019	2020	20/19	6m 20	6m 21*	6m 21/20*
Chairs and seating, dining room, bedroom, garden and patio furniture	40.4	35.7	-11.6%	14.5	20.6	+42.1%
Office and shop furniture	11.7	8.7	-25.6%	3.2	5.4	+68.8%
Kitchen furniture	23.7	20.8	-12.2%	9.5	8.2	-13.7%
Mattresses and bases	10.5	8.2	-21.9%	4.0	4.6	+15.0%
Total furniture industry	86.3	73.4	-14.9%	31.2	38.8	+24.5%

Source: FPS Economy, VAT returns

* Provisional data

The Belgian furniture industry's production capacity utilisation rate remains high. In 2020, this amounted to 83.8% on average; in the first half of 2021, the utilisation rate fluctuated around 87%.

The Belgian furniture industry's production capacity utilisation rate.



Source: National Bank of Belgium

Slight fall in employment in the furniture sector

Employment in the Belgian furniture industry stood at 9,906 staff across 725 companies in 2020.

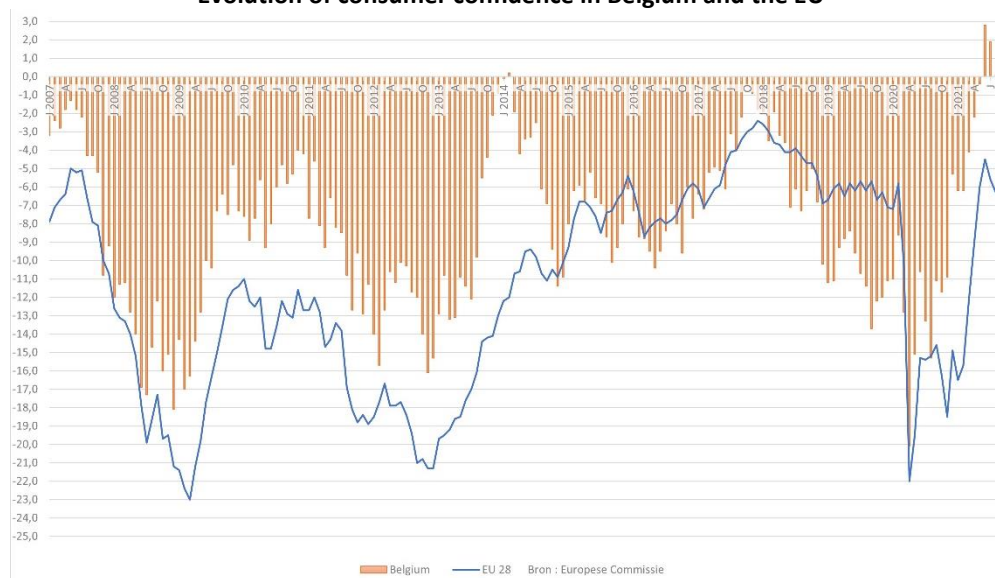
Employment fell somewhat faster than in previous years, which can be attributed to the closure of one of the major production companies. Nonetheless, total employment remains robust compared to other sectors in the economy.

Consumer confidence: trend reversal

Having remained below the European average for some time, consumer confidence in Belgium has been climbing back up since 2020 and has been plainly positive since June 2021, at least for several months. This is likely due to the lifting of the coronavirus restrictions.

The sector has responded to the restoration of consumer confidence by alerting consumers to the importance of their own residential and home-working environment through the “ferm gerief” (home decor) campaign (www.fermgerief.be). This campaign provided a platform for Belgian furniture and interior solution providers.

Evolution of consumer confidence in Belgium and the EU



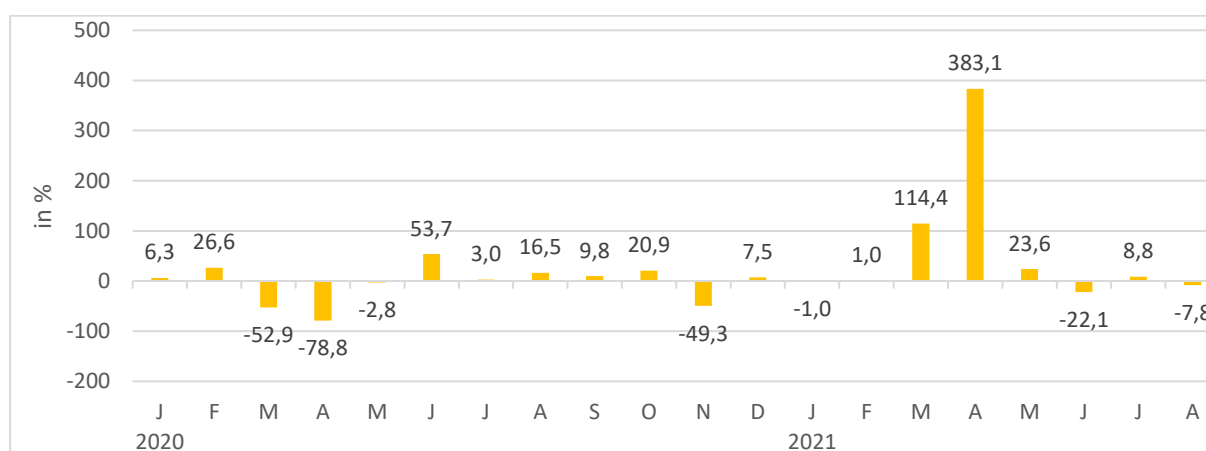
Source: European Commission

Order rate in the furniture trade rises, particularly in the first and second quarter

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 2021 rose cumulatively by 15.8%. Good results were achieved in the first (+20.4%) and second (+27.4%) quarters in particular. In the months of July and August, on the other hand, sales were disappointing, notwithstanding the normally active sales period. On average, the rise amounted to just 0.4%.

This confirms the signs from the market that the strong resurgence since the 2021 summer period has slowed immensely.

Furniture industry orders received over time (cumulative for 8m 2021 = +15.8%)



Source: National Bank of Belgium

Foreign trade is following the general growth trend

In the first half of 2021, **Belgian furniture exports** (including transits) rose in value by 24.6% compared to the first half of 2020. Furniture exports amounted to €861 million.

To start with, good results were achieved within the European Union, with an increase in exports of 22.5%. For example, exports to the most major export market France (+37.5%) and third market Germany (+39.1%) resumed, but there was a rather less understandable drop in exports to the Netherlands by 10.9%. The reasons for this warrant further investigation. There were also some stronger percentage rises to Italy and Ireland, although the turnover volume is considerably lower than in the top 3. Alongside this, 89.5% of exports are going to EU countries.

Exports to the UK, which now counts as a non-EU country, practically doubled in the first half of 2021.

We also observe a rise in **furniture imports**: +39%. Imports from the European Union grew by 29.5% to €957 million. This represents a share of 61.8%. The lion's share of furniture from the EU still comes from the Netherlands, Germany and Poland. China sharply increased its share of imports to 24.5% (+73.1%). Turkey's share of imports remained steady (3.6%). Imports from Vietnam and Indonesia are also becoming ever more significant.

Foreign trade in the furniture industry (incl. metal and plastic)									
Countries	Belgian imports				Belgian exports				Coverage
	Share	6m2020	6m2021	6m	Share	6m2020	6m2021	6m	rate
	6m2021 in %	1000 EUR	1000 EUR	21/20	6m2021 in %	1000 EUR	1000 EUR	21/20	6m2021 (Exp/imp)
France	5,7	68 243,6	88 933,3	30,3	37,6	235 412,8	323 601,3	37,5	363,9
The Netherlands	14,5	169 431,8	224 454,6	32,5	23,7	228 741,1	203 895,4	-10,9	90,8
Germany	13,5	171 898,3	209 017,6	21,6	14,9	91 948,3	127 913,8	39,1	61,2
Italy	6,4	65 389,8	99 658,7	52,4	2,5	9 726,3	21 312,4	119,1	21,4
Luxembourg	0,1	582,2	1 191,9	104,7	1,8	10 971,5	15 888,0	44,8	1 333,0
Spain	0,7	8 366,7	10 122,6	21,0	1,6	9 178,6	14 194,5	54,6	140,2
Poland	7,8	89 061,0	120 152,3	34,9	1,3	9 378,1	11 577,5	23,5	9,6
Ireland	0,1	291,2	1 510,1	418,6	1,0	2 581,4	8 215,1	218,2	544,0
Sweden	1,4	21 210,2	22 152,9	4,4	0,8	5 289,5	7 170,5	35,6	32,4
Austria	0,4	2 068,4	5 792,4	180,0	0,8	4 823,6	6 788,9	40,7	117,2
Portugal	0,4	4 037,4	5 634,2	39,6	0,6	3 297,3	5 139,8	55,9	91,2
Czech Republic	2,3	32 760,0	35 172,4	7,4	0,6	1 667,9	4 734,3	183,8	13,5
Denmark	1,6	13 912,4	25 553,3	83,7	0,5	5 100,5	4 318,3	-15,3	16,9
Latvia	0,8	11 046,5	12 472,1	12,9	0,4	1 834,7	3 235,5	76,4	25,9
Cyprus	0,0	0,1	0,1	-33,6	0,3	239,6	2 561,4	968,9	3 607 621,1
Romania	3,3	42 029,3	51 657,9	22,9	0,2	1 104,9	1 925,1	74,2	3,7
Hungary	0,7	9 444,2	11 383,7	20,5	0,2	2 252,1	1 878,2	-16,6	16,5
Greece	0,0	48,9	66,0	35,0	0,2	799,6	1 344,2	68,1	2 035,5
Slovakia	1,3	19 369,9	20 506,2	5,9	0,1	778,3	1 052,5	35,2	5,1
Finland	0,3	3 760,8	5 386,7	43,2	0,1	995,9	1 003,3	0,7	18,6
Estonia	0,1	1 076,5	1 895,9	76,1	0,1	959,5	954,5	-0,5	50,3
Bulgaria	0,1	1 457,9	1 229,6	-15,7	0,1	524,4	515,5	-1,7	41,9
Malta	0,0	0,0	0,1	-	0,0	289,4	323,1	11,7	250 468,2
Croatia	0,0	811,0	598,6	-26,2	0,0	192,3	306,6	59,4	51,2
Slovenia	0,2	3 238,2	3 053,3	-5,7	0,0	301,9	277,3	-8,2	9,1
Lithuania	0,0	24,2	61,3	153,4	0,0	277,4	260,5	-6,1	424,7
European Union	61,8	739 560,5	957 657,9	29,5	89,5	628 666,8	770 387,7	22,5	80,4
United Kingdom	1,0	8 877,8	14 760,1	66,3	3,0	12 636,7	25 730,2	103,6	174,3
United States	0,2	3 070,5	3 442,6	12,1	1,8	10 591,3	15 892,7	50,1	461,6
Switzerland	0,1	2 371,4	1 525,3	-35,7	1,4	9 968,9	12 390,3	24,3	812,3
Brazil	0,0	529,7	703,4	32,8	0,4	3 068,6	3 750,4	22,2	533,2
Israel	0,2	2 538,8	2 627,5	3,5	0,4	2 087,3	3 260,8	56,2	124,1
China	24,5	219 653,2	380 207,5	73,1	0,3	2 866,6	2 905,6	1,4	0,8
Australia	0,0	57,4	68,4	19,1	0,3	2 127,0	2 516,9	18,3	3 681,5
UAE	0,0	33,6	75,5	124,5	0,2	1 224,0	1 395,3	14,0	1 848,3
Canada	0,1	476,7	843,1	76,9	0,2	1 376,9	1 378,3	0,1	163,5
South Korea	0,0	231,4	187,3	-19,0	0,1	725,4	1 226,2	69,0	654,6
Norway	0,0	137,5	64,2	-53,3	0,1	1 195,1	1 037,7	-13,2	1 616,5
Japan	0,2	2 692,5	2 411,4	-10,4	0,1	1 713,4	914,7	-46,6	37,9
D.R Congo	0,0	0,0	0,5	-	0,1	726,5	900,1	23,9	193 984,7
Russia	0,0	35,9	59,3	65,2	0,1	621,8	887,7	42,8	1 496,0
Cameroon	0,0	23,5	11,1	-52,5	0,1	482,5	875,0	81,3	7 855,0
Morocco	0,0	216,2	399,6	84,8	0,1	602,3	832,4	38,2	208,3
Senegal	0,0	6,9	24,4	252,2	0,1	271,8	752,9	177,0	3 081,0
South Africa	0,0	71,8	142,6	98,5	0,1	169,4	721,8	326,2	506,3
Hong Kong	0,3	1 047,5	4 890,9	366,9	0,1	424,1	699,2	64,9	14,3
Qatari	0,0	1,4	0,0	-100,0	0,1	97,4	688,7	607,2	-
Iceland	0,0	1,2	0,0	-100,0	0,1	391,4	677,7	73,2	-
Saudi Arabia	0,0	0,4	5,0	1 276,2	0,1	456,7	645,4	41,3	12 990,1
Taiwan	0,1	1 211,5	1 344,1	10,9	0,1	747,0	575,0	-23,0	42,8
Ghana	0,0	0,0	0,2	-	0,1	245,3	533,5	117,5	306 626,4
Côte d'Ivoire	0,0	0,0	0,6	-	0,1	507,5	520,8	2,6	92 995,2

Turkey	3,6	42 457,1	55 661,9	31,1	0,0	249,6	408,5	63,7	0,7
Thailand	0,3	3 220,1	4 200,4	30,4	0,0	194,3	406,7	109,3	9,7
New Zealand	0,0	2,0	0,0	-100,0	0,0	187,7	373,8	99,1	–
Lebanon	0,0	160,2	271,5	69,5	0,0	185,4	323,4	74,4	119,1
Mexico	0,0	243,4	296,5	21,8	0,0	284,2	313,0	10,1	105,6
Indonesia	2,8	34 166,5	44 124,0	29,1	0,0	527,4	238,7	-54,7	0,5
Ukraine	0,8	8 116,0	12 112,1	49,2	0,0	106,6	237,5	122,7	2,0
Egypt	0,0	250,6	327,0	30,5	0,0	229,6	199,7	-13,0	61,1
India	1,1	10 335,0	16 761,0	62,2	0,0	172,1	196,3	14,0	1,2
Algeria	0,0	0,0	0,0	–	0,0	97,1	185,7	91,3	–
Serbia	0,4	6 501,7	6 171,5	-5,1	0,0	71,9	103,3	43,8	1,7
Malaysia	0,5	3 571,3	8 143,1	128,0	0,0	73,3	89,3	21,8	1,1
Vietnam	1,6	19 173,9	24 318,4	26,8	0,0	112,4	48,2	-57,1	0,2
Bosnia-Herzegovina	0,1	1 458,3	1 716,3	17,7	0,0	7,3	21,6	193,9	1,3
Total other countries	0,3	2 592,2	4 682,0	80,6	0,6	4 280,0	5 525,1	29,1	118,0
Total	100,0	1 115 095,6	1 550 238,1	39,0	100,0	690 770,7	860 767,7	24,6	55,5

Source: Institute of National Accounts

Forecasts: supply problems may curb recovery further

According to the forecasts from the Federal Planning Bureau (press communiqué of 9 September 2021), the Belgian economy is set to record a 5.7% recovery in 2021, following a 6.3% shrink in 2020. 3% growth is anticipated for 2022, supported by exports and private consumption in particular. In the eurozone, the most significant export zone for the wood and furniture industry, economic growth is set to be 4.8% in 2021, after a fall of 6.5% in 2020. In 2022, the economy of the eurozone is anticipated to grow by 4.4%. Whether the economic recovery genuinely progresses and to what extent will depend, among other things, on further limiting the spread of coronavirus, as well as the extent to which households spend the savings they have built up during the coronavirus crisis and companies are able to resolve bottlenecks, such as disruptions to supply.

As international trade picks up, Belgian exports in 2021 and 2022 are set to record a growth in volume of 7% and 5.7% respectively. Along with dynamic domestic demand, this will lead to rising import requirements. The growth in import volume is set to end up at 6.5% in both years.

Inflation has been considerably higher than anticipated in recent months, largely due to the unexpectedly high prices for natural gas and electricity. In the coming months, inflation is expected to rise further. A gradual drop in energy prices is anticipated in the course of 2022, which will lead to a cooldown in inflation.

High prices for basic products and materials (including for raw materials), coupled with long delivery times and a lack of transport facilities, will continue to weigh heavily on the productivity and competitiveness of furniture companies, which cannot always pass on the price rises to the consumer, who will also continue to need to wait longer for the goods ordered to be delivered.

This makes it necessary to take account of a potential weakening of the recovery within the Belgian furniture sector or the Belgian furniture market in the second half of 2021 and in early 2022. Nonetheless, businesses remain positive and are continuing to invest in innovation and product development, and in opening up new markets, in collaboration with their federation Fedustria, a structural partner of Flanders Investment and Trade.

Source: Fedustria

Fedustria is the Belgian federation of the textile, woodworking and furniture industries. In Belgium, we represent some 1,700 companies (more than 90% of which are SMEs), which together create 36,000 direct jobs and generate a turnover of €9.2 billion, 70% of which comes from exports.

Taken separately, the Belgian furniture industry accounts for a turnover of €2.1 billion and employs around 10,000 people.

For more information:

Filip De Jaeger, T +32 (0)2/528 58 61, mob. +32 (0)486/89 81 84, e-mail filip.de.jaeger@fedustria.be