

FURNITURE INDUSTRY OVERVIEW 2013

It has been a long time since the 2008 economic crisis that threatened to cripple the financial stability of the world. 5 years have passed and it seems that we are fast coming to the first sight of global recovery in the coming years.

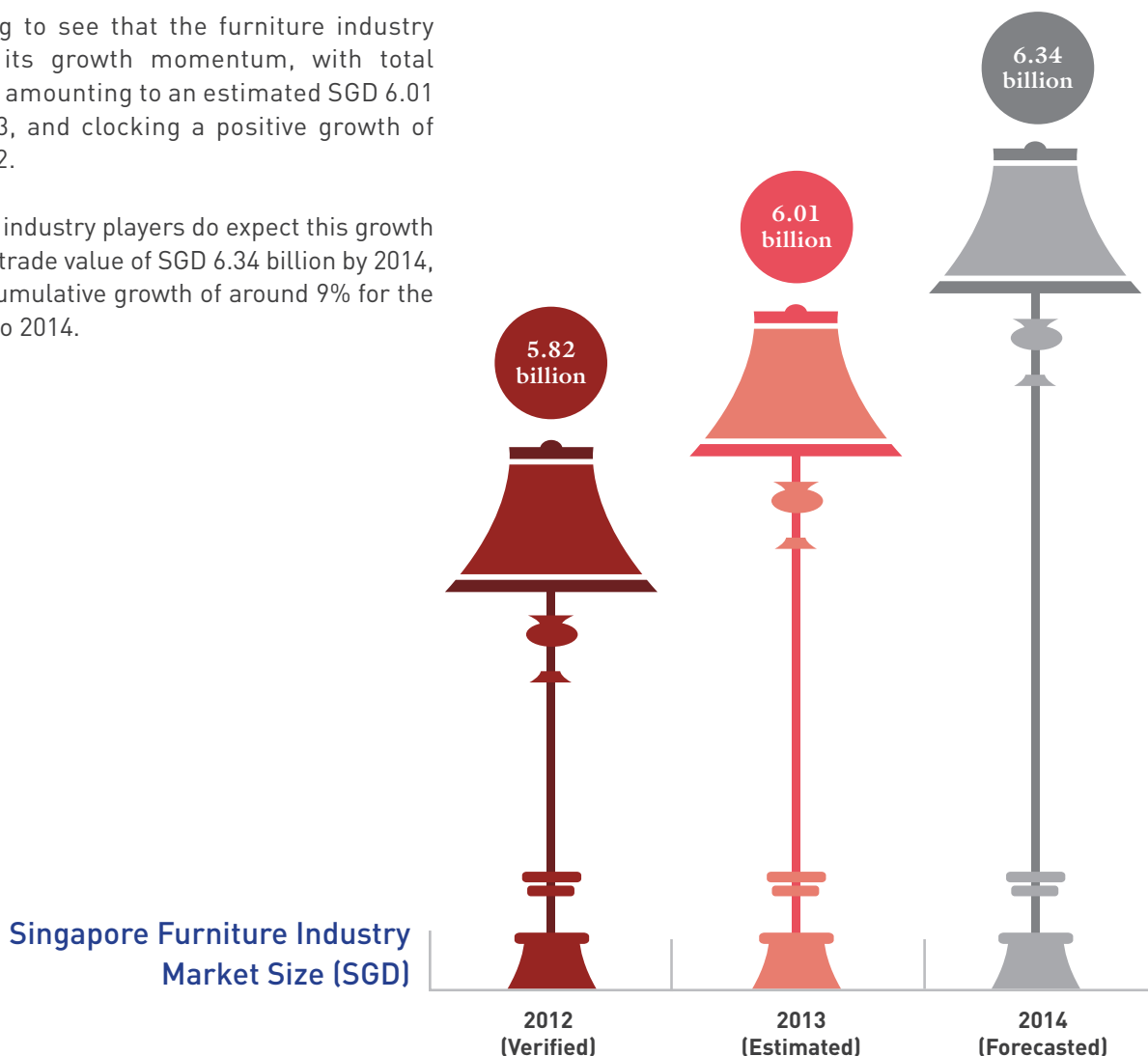
Singapore has kept up well despite the global turmoil and these collective efforts translate into modest economic growth in 2013. According to the Singapore Ministry of Trade and Industry (MTI), the Singapore economy experienced a 4.1% growth in 2013, exceeding the 1.9% growth in 2012. Moving forward, the Singapore economy is expected to continue on its recovery and significant spill-over effects into the furniture industry is anticipated.

It is heartening to see that the furniture industry has regained its growth momentum, with total furniture trade amounting to an estimated SGD 6.01 billion for 2013, and clocking a positive growth of 3.3% from 2012.

Looking ahead, industry players do expect this growth to reach a total trade value of SGD 6.34 billion by 2014, resulting in a cumulative growth of around 9% for the period of 2012 to 2014.

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Projected cumulative growth of around 9%
from 2012 to 2014

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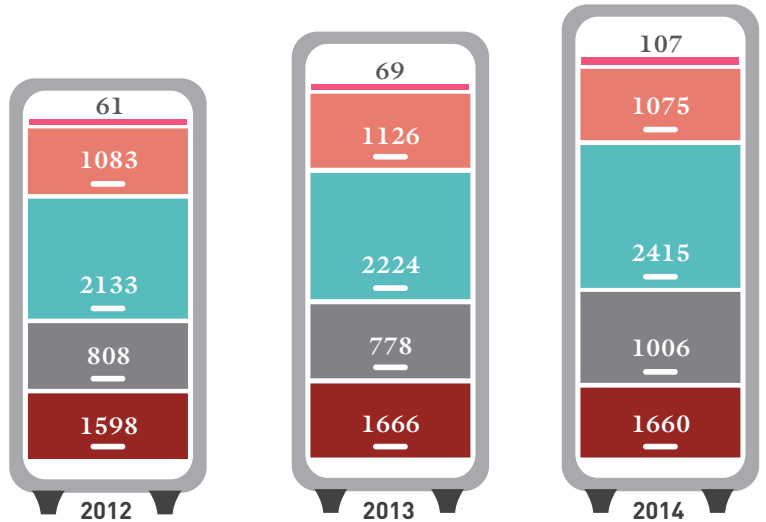
Where Do We Expect Most Growth To Come From?

Based on the Annual Furniture Industry Survey 2013-14 commissioned by the SFIC and supported by SPRING Singapore, amongst the various classifications that were chosen to represent the furniture industry in Singapore, designers are expected to possess the greatest growth potential (+75% by 2014).

Contract manufacturers and retailers are expected to contribute positive growth, whilst manufacturing and wholesale sectors are expected to flat-line in 2014.

Furniture Industry Market Size Breakdown (2014-14) (SGD Mil)

- Designer ●
- Wholesaler ●
- Contract Manufacturer ●
- Retailer ●
- Manufacturer ●



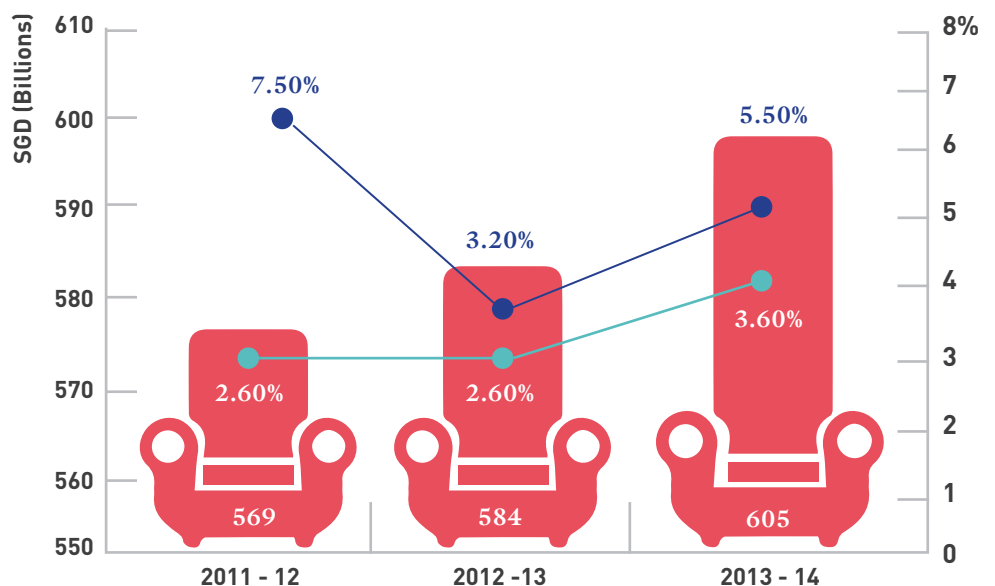
Singapore Industry Set To Outpace Global Counterparts

Despite the general positive outlook, it is cautioned that the older years of dramatic growth are over. The industry has performed considerably well in the earlier years, with a year on year growth rate of about 16% for the 2010-11 period and about 7.50% for the 2011-12 period.

Industry players expect much more modest growth within the Singapore furniture industry in the year ahead. Nevertheless, current expectations do still exceed projected global averages, and there is considerable potential for next few years.

Singapore Growth vs. Global Growth (%)

- Global Furniture Market Size ●
- YOY Rates Singapore ●
- YOY Rates Global ●



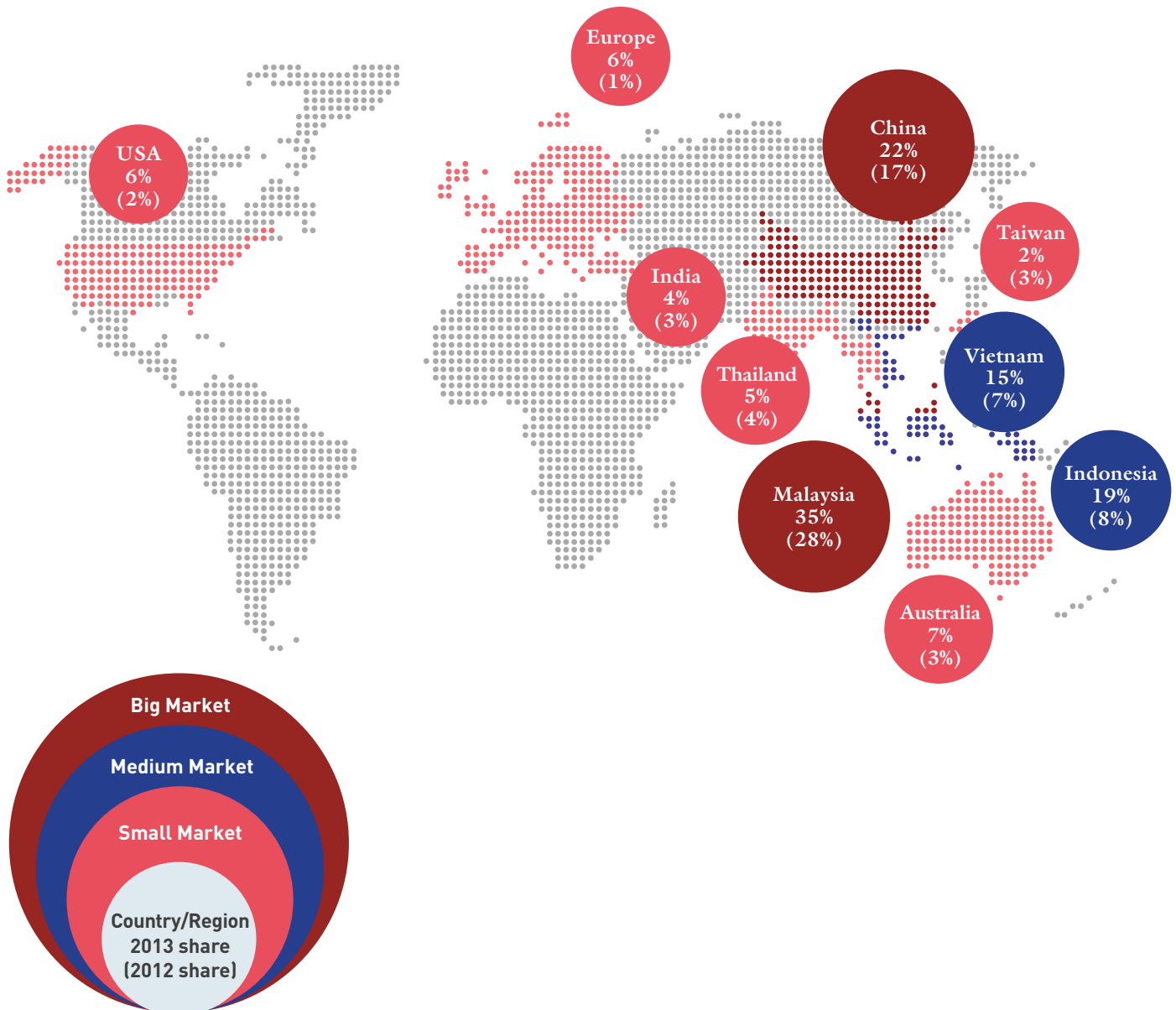
Source: Market Line April 2013: Report on the Global Furniture and Floor Coverings

Internationalisation Trends

Internationalisation has long been a focal point of businesses in Singapore. As a country measuring one full marathon across and a half marathon from top to bottom, Singapore offers limited expansion possibilities domestically. In view of this, many furniture companies have since sought their fortunes overseas.

Consistent with findings from the year before, Malaysia and China remain the top overseas locations for operations. Industry players often cite the lack of access to necessary resources, especially land and labour for production facilities in Singapore, and have thereby relocated the majority of their production facilities overseas.

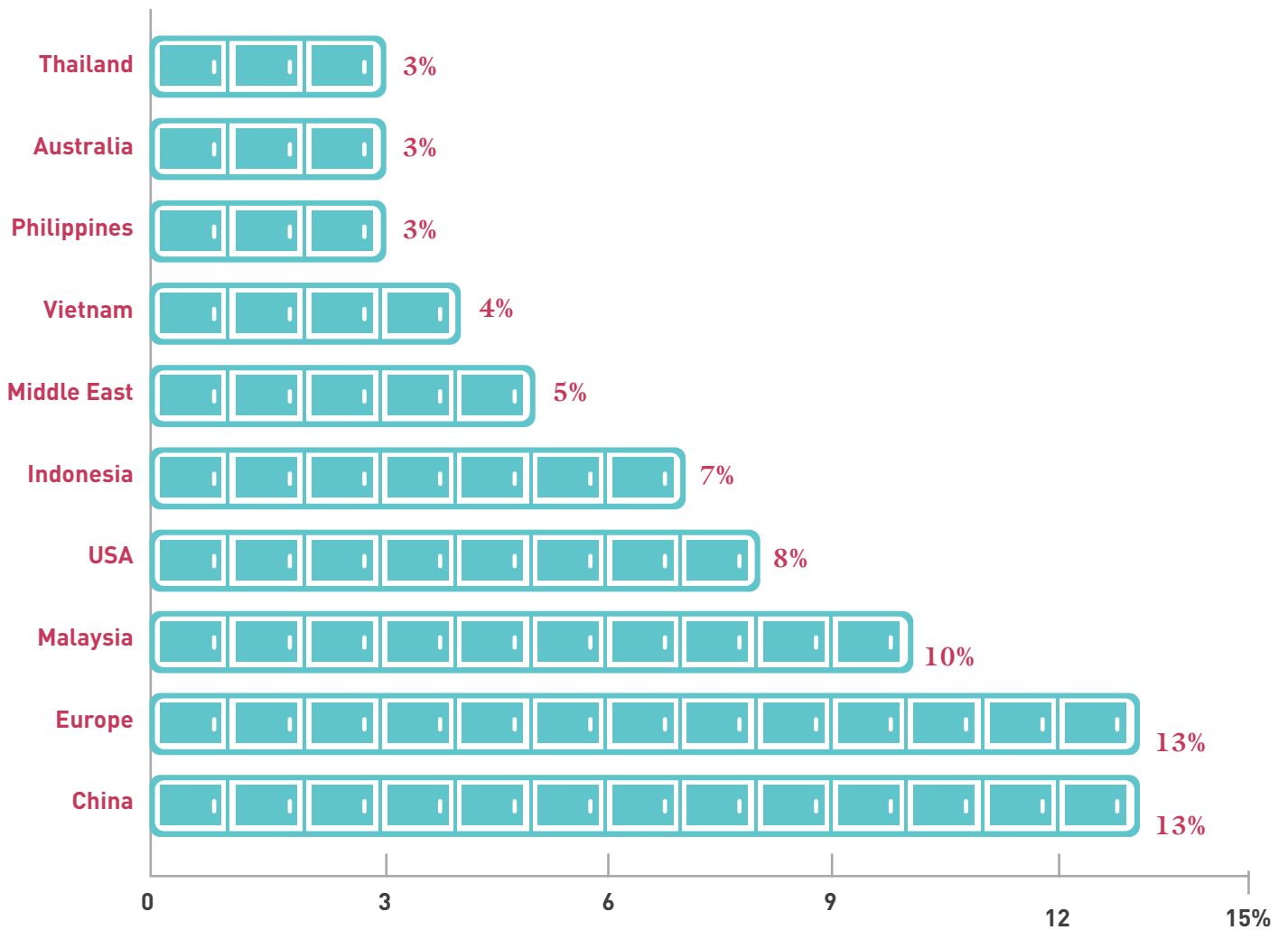
Top Locations For Overseas Expansion



Where Are The Markets For Future Growth?

As expected, larger businesses are more likely to possess operations overseas. Of the overseas operations recorded, 85% belonged to Singapore furniture businesses with revenue of SGD 5 million and above. In fact, 44% of these establishments belong specifically to firms with revenues of SGD 20 to 79.9 million. It is apparent that internationalisation is highly related to the business and it scales up rapidly when firms reach the SGD 5 million revenue mark.

Top Sales Markets (Next 3 Years)



Source of all charts: Annual Furniture Industry Survey commissioned by SFIC, supported by SPRING Singapore and researched by BDO Consultants