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# The Furnishings Digest

Fourth Quarter 2025
Volume 32, Issue #4

The latest news, views, and announcements

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## WE HOPE EVERYONE HAS A GREAT HIGH POINT MARKET

Whether you are there to shop the market negotiating the best possible deal that is available, visiting showrooms to see what new technologies or styles are being offered, or even just there to maintain long-term personal friendships, we hope that it will be a successful one.

The current environment in our industry is filled with uncertainties and challenges but there is also potential to take advantage of as well. We will be well represented this High Point Market to discuss any opportunities with you. Schedule an appointment with Jimm Mann jmm@maeltd.com; Howard Armistead wha@maeltd.com; or Mike Watson mwatson@maeltd.com and we will see you at the market.

## DE MINIMIS

On August 29th, through an executive order signed by President Trump, suspended the "de minimis" trade exemption for all imports into the United States. It was originally enacted under the Tariff Act of 1930, allowing people to avoid paying import tariffs and taxes and even inspections on small value items. The threshold was set at $200 until President Obama raised it sharply to $800 in 2016.

The de minimis loophole was closed for imports from China and Hong Kong on May 2nd, which impacted retailers such as Temu and Shein. It was reported that more than 30% of daily packages that qualified for the de minimis exception came from those two companies.

If you search through the Shein and Temu websites for furniture, almost all of the pieces are still being offered with free shipping. Most of the furniture are being shipped from U.S. warehouses, presumably stocked up when the tariffs subsided and explicitly says that there are "no extra charges upon delivery". It will be interesting to see if Shien and Temu will be able to continue offering free shipping going forward.

The closing of the de minimis may be a hit for the American consumer but it might be advantageous for the furniture industry. The United States had enjoyed the flood of tax-free, non-inspected goods for a long time, but its end might give domestic retailers a little more even playing field. For instance, a $500 sofa online from China would have avoided 30% ($150) going directly to the consumer on top of avoiding the scrutiny placed on by Customs and Border Patrol. It's a shock to the system at the moment, however, over time as things begin to stabilize it will eventually become the new normal.

## CONSUMERS ARE STILL SPENDING

Despite inflation and tariffs threats that have been looming over the heads of consumers, Americans have been shopping and spending. Actually, data from the Census Bureau says that spending on retail and food services were up 0.6 percent month-over-month in August and up 5.0% from August of 2024. (Furniture and home furnishing store sales were up 1.5% month-over-month and 2.9% over last August).

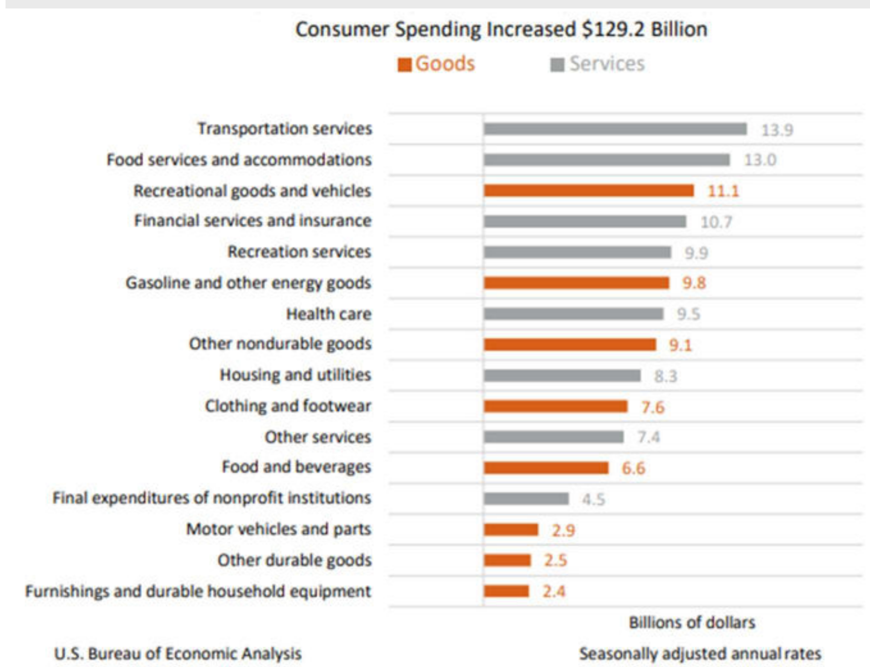
### How can this be?

Firstly, consumers are starting to get tariff fatigue, tired of all the waiting and seeing that they've been doing expecting the other shoe to drop at any moment.

People are spending where they can, not necessarily spending frivolously but they're seeking out the best deals and values available and taking advantage. Perhaps not taking that family trip to Europe but maybe having a nice dinner out, making memories.

The Bureau of Economic Analysis just announced on August 27th that consumer spending increased by $129.2 billion in the month of August or 0.6% at a monthly rate after a 0.5% gain in April.

**Changes in Monthly Consumer Spending, Aug 2025 Figure 1**



The "Furniture" segment, we see that Americans spent $14.3 billion, up $89.6 million since July. (*Seasonally Adjusted at Monthly Rates, data from the Bureau of Economic Analysis*)

Secondly, people are creatures of habit and tend to buy things that they are already used to buying. If increases are passed down to the consumer and they find it marginal they will more than likely buy that particular good, although grudgingly perhaps.

**Disposable Personal Income, Outlays and Saving (Aug 2025)** **Figure 2**

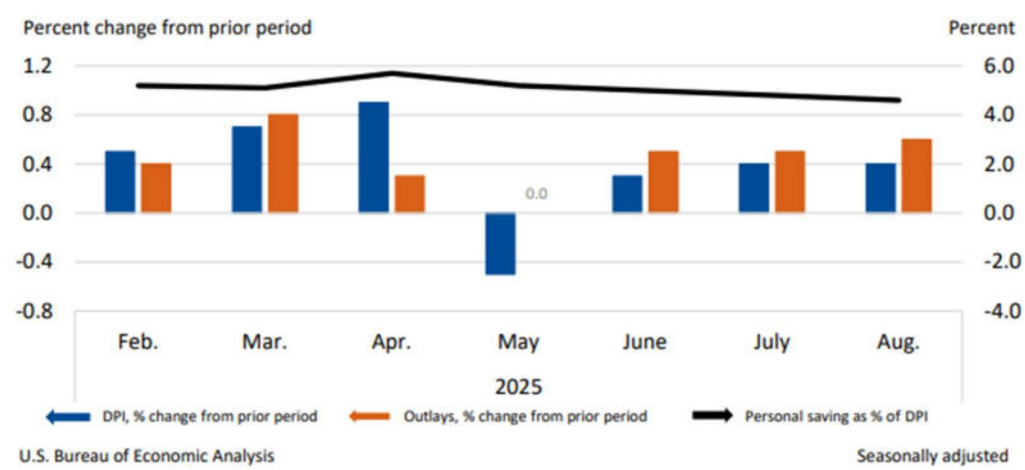
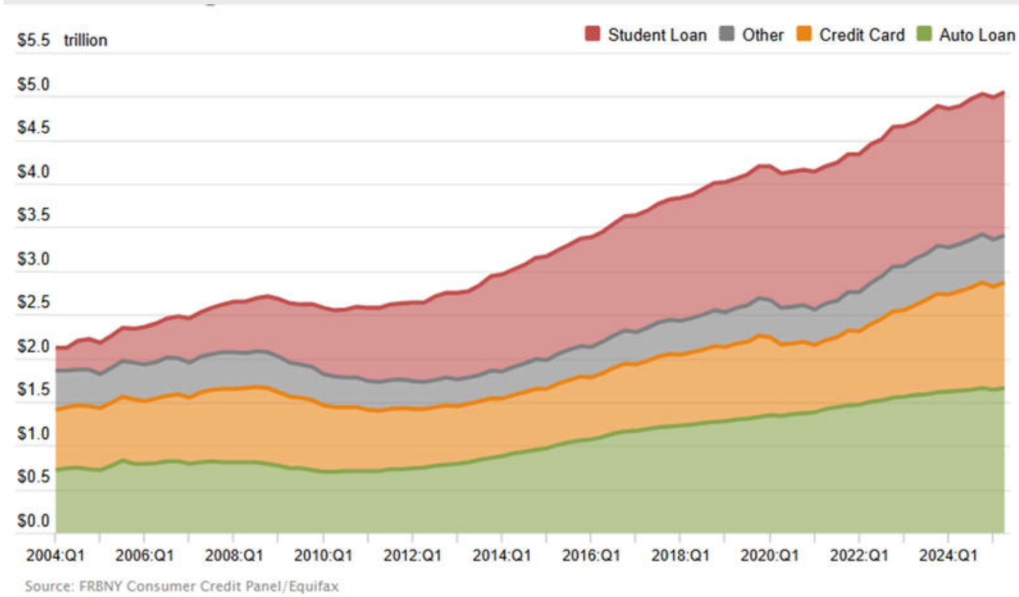



**Figure 2** shows that disposable personal income has been increasing for the third consecutive month, however, outlays have been growing at a slightly higher rate.

Which means, thirdly, with spending up and outlays higher than disposable income, Americans are having to either dip into their savings or put more things on credit.

According to the Federal Reserve Bank of New York, total household debt increased by $185 billion in the second quarter of 2025 hitting a record $18.39 trillion.

**Non-Housing Debt Balance** **Figure 3**




Of the portion of non-housing debt (which accounted for $5.04 trillion of total debt), credit card balances rose by $27 billion in the second quarter totaling $1.21 trillion in outstanding debt, an increase of 5.9% from a year ago.

## MILLENNIALS AND GEN Z ARE SPENDING TOO


Speaking of debt, younger consumers are doing it a little more differently these days. Buy Now, Pay Later (BNPL) is something that has been growing rapidly amongst Millennials and Gen Z. Basically, it's a short-term financing option that breaks up purchases into bite-sized payments (typically, three or four). Young people are using it for almost anything these days even DoorDash. If you've ever shopped for something online under payment options, after credit card, PayPal, Apple Pay you might have noticed Affirm or Klarna.

What's so appealing about these BNPLs is that they typically have a low barrier for entry, not requiring a hard credit check which is even more attractive to consumers who don't qualify for traditional lines of credit or bank loan.

Which leads into furniture, considerably a little more expensive than McDonalds delivered to you, but the BNPL gives shoppers another avenue to buying furniture that either couldn't afford to or not qualify for previously. Rather than saving up for many months, consumers can get it now and repay it gradually, instant gratification.

Companies like Wayfair and IKEA have already teamed up with Klarna offering flexible installments.

## TRUMP ON SOCIAL MEDIA


It seems that furniture has been a hot topic recently in the White House. Back in late August, President Trump announced that his administration would investigate imports of furniture into the U.S. that would lead to higher tariffs to a "rate yet to be determined" by October.

Fast forward a month and he announced, on social media, a 50% tariff on kitchen cabinets and bathroom vanities, as well as a 30% tariff on upholstered furniture, that would go into effect October 1st. It is still unclear as to if this new levy will be stacked on the tariff deals made over the summer or if will replace them.


According to the President, the tariffs have been created to stop the "flooding" of furniture into the U.S. from other countries.

He continued stating, "It is a very unfair practice, but we must protect, for national security and other reasons, our manufacturing process."

A few days later, the President posted about furniture again stating that to make North Carolina GREAT again, he would be imposing substantial tariffs on any country that doesn't make furniture in the U.S.


That same day the White House released a fact sheet detailing his proclamation on addressing the "Threat to National Security from imports of Timber, Lumber, and Their Derivative Products". In it the Proclamation imposes a 25% global tariff on certain upholstered furniture increasing to 30% on January 1st.

The tariff action specifically targets key HTS codes covering upholstered seating, wooden cabinets, vanities, and furniture parts.

- **9401.61.4011 – Upholstered Seats (Chairs, Barstools, etc. with Wooden Frames)** → 25% tariff, rising to 30% in 2026
- **9401.61.6011 – Upholstered Seats (Sofas, Ottomans, etc. with Wooden Frames)** → 25% tariff, rising to 30% in 2026
- **9403.40.9060 – Wooden Cabinets** → 25% tariff, rising to 50% in 2026
- **9403.60.8093 – Other Wooden Furniture / Cabinets and Vanities** → 25% tariff, rising to 50% in 2026
- **9403.91.0080 – Other Parts of Cabinets and Vanities** → 25% tariff, rising to 50% in 2026

While most countries will face the full tariff rates, a few key trade partners received capped rates:

- United Kingdom → tariffs capped at 10%
- European Union & Japan → tariffs capped at 15% (including base duty)
- All other origins → subject to full 25–50% tariffs

Furniture prices in the United States have already increased over the past few months as Trump imposed tariffs on countries including China and Vietnam, our top two sources of imported furniture. The United States imported approximately $20 billion dollars in furniture from those two countries combined in 2024, according to U.S. International Trade Commission data. Additional furniture tariffs may potentially add billions of dollars in added costs to already rising furniture prices.

This creates an incentive to consider alternative sourcing options from exempted regions.

## DOES THIS AFFECT USMCA?

The proclamation states, "if any wood product is subject to tariffs pursuant to both this proclamation and IEEPA Canada or IEEPA Mexico [Executive Order 14289 of April 29, 2025 (Addressing Certain Tariffs on Imported Articles), as amended], the wood product shall be subject to the duties imposed pursuant to Section 232 Lumber and Timber, and not those imposed by IEEPA Canada or IEEPA Mexico".

Meaning, although there will not be stacking of tariffs, there will be no carve-outs for goods that are compliant with the U.S.-Mexico-Canada Agreement.

## TRUMP MAY DECLARE NATIONAL HOUSING EMERGENCY…SOON

Treasury Secretary Scott Bessent recently announced the Trump administration is preparing to call a national housing emergency. This would be the first national emergency relating to housing since the housing bubble crisis in 2008.

He noted that interest rate cuts from the Federal Reserve could help ease post-pandemic housing prices, but stressed that the administration is also exploring its own options to lower expenses and boost supply.

### Is there an emergency?

In a short answer, YES. The U.S. housing crisis has been something that has been developing for the past two decades, driven by a persistent housing supply shortages.

The crisis worsened after the COVID-19 pandemic, where rental prices skyrocketed then followed by an increase in interest rates to counter inflation. The pandemic also made the costs to build higher through labor shortages and supply-chain disruptions.

**May 2025 Housing Statistics** — **Figure 4**

| | M/M | Y/Y |
|---|---|---|
| Housing Starts | (8.5%) | (6.0%) |
| Single Family | (7.0%) | (11.7%) |
| Multi-Family | (11.0%) | 15.8% |
| Housing Permits | (3.7%) | (11.1%) |
| Single Family | (2.2%) | (11.5%) |
| Multi-Family | (6.7%) | (10.8%) |
| Housing Under Construction | (1.5%) | (13.3%) |
| Housing Completions | 8.4% | (8.4%) |
| New Single Family Home Sales | 20.5% | 15.4% |
| Existing Home Sales | (0.2%) | 1.8% |
| Existing Home Inventory | (1.3%) | 11.7% |

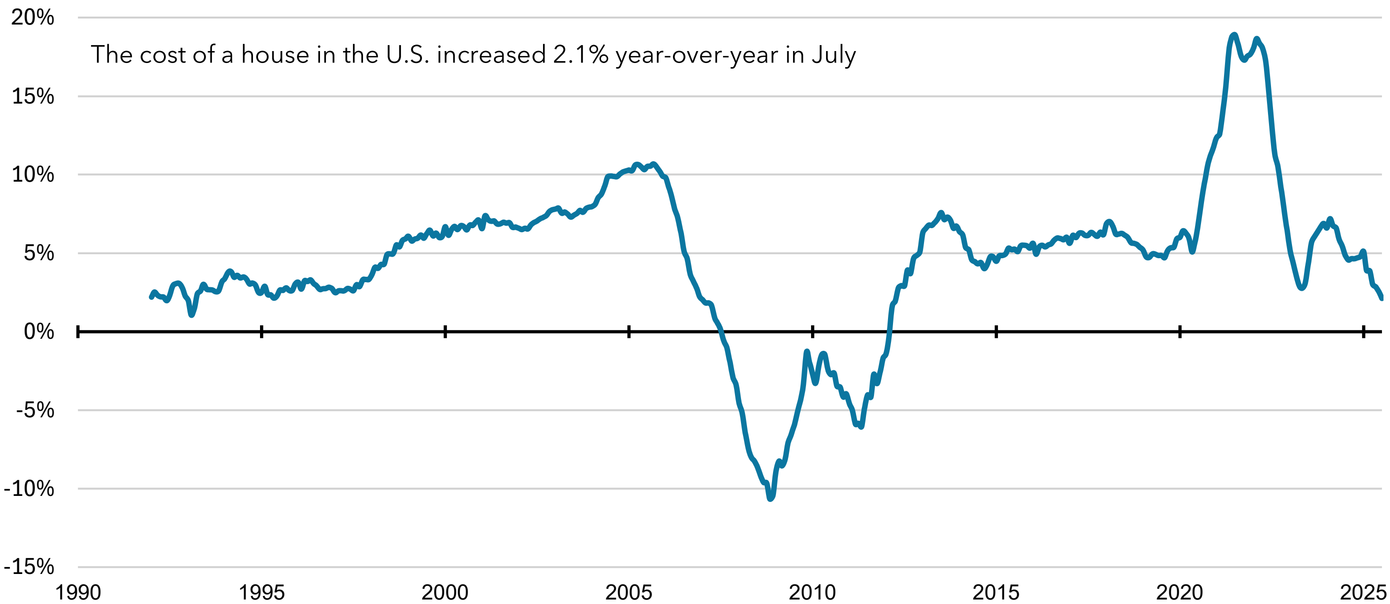
*Source:*

*U.S. Census Bureau & National Association of Realtors*

Currently, Zillow estimates that the country faces a shortage of 4.7 million homes which has been keeping home prices at a high level. That, in conjunction with higher interest rates, the lack of supply has made homeownership progressively out of reach for many Americans. Although inventory has increased recently, much of the demand drop is due to homebuyers struggling to afford new purchases.

According to the House Price Index (HPI) Monthly Report from the Federal Housing Finance Agency, U.S. house prices fell 0.1% in July on a month-to-month basis. However, on a year-over-year basis, home prices were up 2.1 in July. That is a consecutive Y/Y increase in home prices since March of 2012 (**Figure 5**).

**Annual Change in U.S. House Prices** **Figure 5**




*Source: U.S. Federal Housing Finance Agency*
*Note: Year-Over-Year Percent Change of Seasonally Adjusted Data*

A study by Realtor.com in January calculated that a typical household would need to earn $118,530 annually to afford a median-priced home of $402,500 (median-price in August 2025 - $413,500). However, the required median income is approximately 42% more than the actual median household income of $83,730 in 2024, according to the Census Bureau.

## What Can Be Done?

While Bessent stopped short of outlining specific steps, he said officials are studying ways to standardize local building and zoning codes, reduce closing costs and may even consider tariff exemptions on certain construction materials.

There are some avenues the Trump administration could take to help lower housing costs. He could make exemptions for some key items, such as lumber and steel, in an effort to bring down the cost of new homes.

The administration could explore reducing closing costs through a tax credit. Similar to the $8,000 that was offered from 2008 to 2010 during the Great Recession. Although an unintended consequence of offering buyer tax credits is inflating buyer demand. Buyers might flock to purchase a home to take advantage of a tax credit, further driving up home prices in areas where inventory is already scarce.

## LATEST IMPORT STATISTICS

We offer the following quarterly tables (1 – 6, all sourced from the United States International Trade Commission) to show and quantify the latest important source nations for the U.S.

We have been waiting to see what impacts the tariffs would have on our furniture imports and now we got them. Vietnam and China remained the top two exporting countries of furniture to the United States. However, exports from China plummeted drastically both year-over-year (-42.9%) and quarter over quarter (-42.8%).

Our neighbors, Canada and Mexico are also exporting less furniture as well, in almost all categories. Total furniture exports to the U.S. dropped by 15.8% and 17.6%, respectively.

South Eastern Asian countries are showing strong signs growth. Indonesia, Malaysia, Cambodia and Thailand all showed double-digit growth, on a year-to-year basis.

**All Household Furniture Imports by Significant Countries** Table 1.

USD $ (millions)

| Country | 1Q24 | 2Q24 | 1Q25 | 2Q25 | 1Q%Δ | 2Q%Δ |
|---|---|---|---|---|---|---|
| Vietnam | $2,414.5 | $2,408.6 | $2,826.5 | $2,713.0 | 17.1% | 12.6% |
| China | 2,653.5 | 2,454.8 | 2,452.3 | 1,401.7 | -7.6% | -42.9% |
| Mexico | 669.8 | 692.3 | 621.4 | 512.2 | -7.2% | -26.0% |
| Canada | 496.4 | 547.7 | 476.1 | 401.1 | -4.1% | -26.8% |
| Indonesia | 330.3 | 285.8 | 386.0 | 367.0 | 16.9% | 28.4% |
| Italy | 328.6 | 343.5 | 306.2 | 341.5 | -6.8% | -0.6% |
| Malaysia | 286.9 | 277.4 | 318.9 | 306.2 | 11.1% | 10.4% |
| Cambodia | 111.2 | 131.5 | 174.4 | 181.8 | 56.9% | 38.2% |
| Thailand | 122.2 | 129.9 | 164.5 | 160.1 | 34.7% | 23.3% |
| India | 152.0 | 170.6 | 158.9 | 154.5 | 4.5% | -9.4% |
| Poland | 79.2 | 84.0 | 77.9 | 120.4 | -1.6% | 43.3% |

**Wood Furniture Imports by Significant Countries** Table 2.

USD $ (millions)

| Country | 1Q24 | 2Q24 | 1Q25 | 2Q25 | 1Q%Δ | 2Q%Δ |
|---|---|---|---|---|---|---|
| Vietnam | $1,386.1 | $1,353.5 | $1,532.4 | $1,475.4 | 10.5% | 9.0% |
| China | 443.9 | 374.9 | 407.1 | 238.5 | -8.3% | -36.4% |
| Malaysia | 240.5 | 228.2 | 264.8 | 233.0 | 10.1% | 2.1% |
| Canada | 237.6 | 259.8 | 222.0 | 205.7 | -6.6% | -20.8% |
| Italy | 187.0 | 196.1 | 171.8 | 194.4 | -8.1% | -0.9% |
| Indonesia | 198.6 | 174.8 | 201.4 | 192.0 | 1.4% | 9.8% |
| Mexico | 193.0 | 196.9 | 184.2 | 170.0 | -4.5% | -13.6% |
| India | 104.1 | 120.9 | 108.8 | 112.2 | 4.5% | -7.2% |
| Poland | 60.4 | 65.3 | 50.1 | 83.8 | -17.1% | 28.4% |
| Thailand | 62.1 | 71.7 | 72.9 | 71.9 | 17.3% | 0.3% |

## Upholstered Furniture Imports by Significant Countries

Table 3.

USD $ (millions)

| Country | 1Q24 | 2Q24 | 1Q25 | 2Q25 | 1Q%Δ | 2Q%Δ |
|---|---|---|---|---|---|---|
| Vietnam | $736.8 | $726.8 | $866.7 | $867.8 | 17.6% | 19.4% |
| China | 756.3 | 724.1 | 670.9 | 370.3 | -11.3% | -48.9% |
| Mexico | 212.9 | 214.9 | 180.3 | 158.5 | -15.3% | -26.3% |
| Italy | 88.4 | 90.9 | 80.8 | 95.2 | -8.5% | 4.7% |
| Cambodia | 49.0 | 50.1 | 65.0 | 64.1 | 32.6% | 28.1% |
| Canada | 70.2 | 72.8 | 65.5 | 56.4 | -6.6% | -22.5% |
| Malaysia | 35.8 | 35.6 | 42.7 | 34.3 | 19.3% | -3.7% |
| Thailand | 16.7 | 17.5 | 18.5 | 22.6 | 11.0% | 29.4% |
| Indonesia | 24.4 | 21.9 | 24.4 | 20.7 | 0.1% | -5.2% |

## Metal & Other Furniture Imports by Significant Countries

Table 4.

USD $ (millions)

| Country | 1Q24 | 2Q24 | 1Q25 | 2Q25 | 1Q%Δ | 2Q%Δ |
|---|---|---|---|---|---|---|
| China | $1,451.9 | $1,349.0 | $1,372.8 | $792.3 | -5.4% | -41.3% |
| Vietnam | 277.5 | 321.5 | 415.8 | 358.1 | 49.8% | 11.4% |
| Mexico | 200.5 | 246.4 | 238.5 | 166.6 | 19.0% | -32.4% |
| Canada | 182.5 | 207.6 | 176.8 | 126.1 | -3.1% | -39.3% |
| Taiwan | 96.8 | 110.0 | 98.4 | 94.0 | 1.6% | -14.5% |
| Thailand | 43.4 | 40.6 | 72.5 | 65.0 | 67.1% | 59.9% |
| Cambodia | 27.8 | 38.2 | 64.2 | 61.3 | 131.1% | 60.2% |
| United Kingdom | 37.1 | 34.5 | 41.2 | 55.4 | 11.0% | 60.7% |
| Italy | 52.3 | 56.0 | 53.4 | 51.7 | 2.0% | -7.7% |
| Indonesia | 41.9 | 29.8 | 56.5 | 49.1 | 35.0% | 64.9% |
| Malaysia | 9.3 | 12.6 | 10.1 | 36.4 | 8.2% | 189.7% |

## Mattress Imports by Significant Countries

Table 5.

USD $ (millions)

| Country | 1Q24 | 2Q24 | 1Q25 | 2Q25 | 1Q%Δ | 2Q%Δ |
|---|---|---|---|---|---|---|
| Indonesia | $65.5 | $59.4 | $103.8 | $105.3 | 58.4% | 77.3% |
| Laos | 1.8 | 8.6 | 20.4 | 18.1 | 1057.4% | 109.1% |
| Mexico | 63.4 | 34.1 | 18.3 | 17.1 | -71.1% | -49.9% |
| Canada | 6.2 | 7.6 | 11.8 | 13.0 | 92.5% | 72.0% |
| Vietnam | 14.0 | 6.7 | 11.7 | 11.6 | -16.1% | 72.7% |
| Poland | 3.0 | 2.8 | 6.8 | 11.4 | 124.0% | 303.9% |
| Spain | 3.5 | 0.8 | 2.3 | 5.1 | -33.3% | 556.4% |
| South Korea | 7.5 | 15.9 | 10.9 | 4.7 | 45.0% | -70.6% |
| Turkey | 1.8 | 1.6 | 2.6 | 4.2 | 39.1% | 161.3% |
| Singapore | 9.6 | 4.8 | 4.1 | 3.9 | -57.2% | -19.5% |
| Cambodia | 1.3 | 1.7 | 2.8 | 3.3 | 114.0% | 94.2% |
| Colombia | 1.3 | 4.4 | 1.5 | 2.8 | 17.6% | -36.8% |

**Furniture Imports by Category** Table 6.

USD $ (millions)

| Furniture Category | 2022 | 2023 | 2024 | 23-22%Δ | 24-23%Δ |
|---|---|---|---|---|---|
| Total Furniture | $41,362.3 | $32,416.9 | $33,881.6 | -21.6% | 4.5% |
| Wood Furniture | 17,959.3 | 13,544.1 | 14,374.3 | -24.6% | 6.1% |
| Upholstered Furniture | 9,448.6 | 7,684.8 | 8,454.2 | -18.7% | 10.0% |
| Metal & Other | 12,507.7 | 9,828.7 | 10,156.7 | -21.4% | 3.3% |
| Mattresses | 1,446.7 | 1,359.3 | 896.5 | -6.0% | -34.0% |

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

Monthly Numbers Table 7.

| % Change y/y | 2025 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total consumption of furniture & bedding (a) | 4.1% | 7.7% | 8.1% | 8.2% | 7.2% | 5.2% | 5.6% | 6.8% | | | | |
| Furniture stores sales (b) | 6.9% | 3.0% | 6.9% | 8.0% | 5.2% | 4.3% | 6.2% | N/A | | | | |
| Furniture factory shipments (c) | 3.5% | (5.5%) | 1.0% | (1.5%) | (2.5%) | (4.0%) | 2.5% | N/A | | | | |

| % Change y/y | 2024 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total consumption of furniture & bedding (a) | (4.0%) | (2.2%) | (1.0%) | 0.1% | 0.7% | 0.1% | 1.0% | 0.6% | 3.1% | 4.9% | 4.0% | 10.1% |
| Furniture stores sales (b) | (12.4%) | (5.0%) | (10.7%) | (4.4%) | (3.1%) | (6.5%) | 1.6% | (0.4%) | (0.5%) | 4.5% | 3.2% | 8.4% |
| Furniture factory shipments (c) | (13.0%) | (7.0%) | (17.5%) | (5.0%) | (8.4%) | (8.0%) | 1.6% | (9.5%) | (6.5%) | (4.2%) | 1.8% | (3.0%) |

*Sources:*

*(a) U.S. Department of Commerce (b) U.S. Census Bureau (c)"Furniture Insights" a monthly publication by Smith Leonard*

## ABOUT MANN, ARMISTEAD & EPPERSON, LTD.

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