Statistics digest for the UK furniture industry

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Executive summary

This digest is an essential read for anyone operating in the furniture sector and is a distillation of information that is primarily sourced from the web sites of government bodies such as the Office for National Statistics (ONS), HM Revenue and Customs, Communities and Local Government and the Bank of England. The available data (covering the period 2015 to 2018, plus some 2019 estimates) have been analysed and compiled to produce the following series of reports:

- Consumer credit and lending
- House starts and sales.
- Consumer spend.
- The structure of the UK furniture manufacturing industry, its size, distribution and number of employees.
- Furniture manufacturers' turnover, imports and exports.
- Trading relationships with the rest of the world and an analysis of trade gaps.

All data sources are referenced within the report and are publicly available to organisations wishing to undertake their own statistical analyses.

The industry structure figures cover furniture manufacturing as a whole and, in addition, data are presented for the following sub sectors:

- Office and shop furniture.
- Kitchen furniture.
- Mattresses.
- Other furniture.

Turnover, import and export data are presented for the above sub sectors. It has also been possible to analyse each of these sub sectors in more depth. As such, trade figures are shown for a range of contract, office and domestic product groups.

A brief commentary, largely focussing on medium term trends and the changes between 2017 and 2018, supports the tabulated and graphical data and includes highlights such as:

The UK furniture and furnishings sector

- Total 2018 turnover for the combined furniture and furnishings manufacturing sectors (comprising codes 13.92, 13.93 and 31) was £12.2 billion, representing a year on year increase of 3.1%. The largest portion of which was furniture manufacturing with a turnover of £9.01 billion.
- Turnover emanated from 8707 companies employing 123,000 individuals.
- Furniture and furnishings sales continued to rise into 2019 with first and second quarter consumer expenditures being respectively 5.8% and 4.8% higher than for the equivalent periods in 2018.
- Furniture and furnishing sales in 2018 (£16.7 billion) accounted for 26.4% of overall sector sales, a slight increase on the 2017 figure of 25.9%.
- The wider sector, including specialist retail, but excluding general retail, comprised over 52,500 VAT registered companies supporting in the order of 339,000 jobs.

Consumer credit and lending

- Total net unsecured lending to individuals, having increased on a regular basis over previous years, started to fall in 2009 bottoming out at £207.1 billion in June 2012. Since then it has continued to increase, reaching £351.7 billion at the end of 2018 (a year on year increase of 8.8%).
- When considering this in value terms, such lending is now one quarter (25%) of that secured on dwellings when compared to around a fifth (22%) in 2015/2016.
- Some of this increase in lending was attributable to credit cards (2.7% from 2017 to 2018) whilst other lending saw an increase year on year of 10.5%.
- Total net lending continued to rise into 2019, with latest data (March 2019) indicating an outstanding value of £358.2 billion, which was 8.5% more than the outstanding net lending figure of £330.2 billion in March of the previous year.

House starts and sales

- Following a fall in new UK dwelling starts in recent years, a marked increase in the number of starts in 2016/17 of 15,520 (8.7%) was indicative of further fluctuations in the market which has continued into 2017/18 and year on year growth of 2.3% (equating to an additional 4,550 new starts).
- 2017/18 saw the highest number of new dwelling starts in the UK (198,930) since 2007/08 when the sector peaked at 219,090, with the majority of these in England totalling 165,770, just over 83% of the UK total.
- Provisional data for 2018/19 hints at a slight fall in dwellings starts for Wales (1.2%) and England (0.4) with comparably notable increases for both Scotland (16.1%) and Northern Ireland (12%).
- Any increases in the building of new homes have significant potential for increasing domestic furniture sales however, putting this into context, annual dwellings starts remains below those recorded in the four years prior to the 2008 financial crisis, when they were typically of the order of 220,000 to 235,000.
- The number of non-residential transactions has remained relatively buoyant in recent years however the latest figures show a sharp decline into negative growth of -1.6% year on year.
- In comparison the residential market in the UK, which had slipped into negative growth across all countries during 2016/17 saw an increase of 4.3% overall during 2017/18 thanks in part to an uplift of 14.2% in Northern Ireland and 8.2% in Wales.
- Total transactions for 2018 were slightly higher than the previous year 1.331 million equating to an increase of 3.7%

Consumer spend

- Total consumer expenditure increased between 2015 and 2018 to £1,302 billion (a 7.9% increase over the period, and 1.6% increase year on year).
- Consumer expenditure on furniture & furnishings was almost £17 billion in 2018 and far exceeded all other spend in the sector. This represented year on year growth of 10.5%.
- The most significant growth in expenditure was in the furnishings, household equipment and routine maintenance sector which exceeded £60 billion for the first time (£63.32 billion).
- The second area showing the most significant growth over the period was health (21%) with year on year growth from 2017 to 2018 of 9.7% when compared with 6.9% in the previous year.

- Latest data shows that furniture and furnishings sales continued to rise into 2019 with first and second quarter consumer expenditures being respectively 5.8% and 4.8% higher than for the equivalent periods in 2018.
- Furniture and furnishing sales in 2018 (£16.7 billion) accounted for 26.4% of overall sector sales, a slight increase on the 2017 figure of 25.9%.
- Education expenditure dipped into negative growth of -0.2% year on year following signs of annual growth of 2.9% and 5.5% from 2015 to 2017.
- Average weekly retail internet sales for all products included within this analysis grew to £1.32 billion in September 2019, reflecting a year on year increase of 11.8% and equating to 18.1% of all retail sales.

Furniture industry trends

- By 2015, furniture manufacturing equated to 1.6% of the UK's total manufacturing turnover and 4.6% of registered enterprises. These figures have remained the same from 2015 to 2018 indicating that whilst UK manufacturing overall has grown, furniture manufacturing has grown at an equivalent rate.
- Total provisional turnover in 2018 was £9.01 billion, which was 3.1% higher than the previous year and an overall increase over the period from 2015 to 2018 of 13.1%.
- In 2018, 6,379 UK furniture manufacturers employed an average of 93,000 individuals, representing an increase of 2% year on year in respect of number of manufacturers and an increase of 4.5% in relation to personnel.
- Despite its turnover being 1.6% of the total for UK manufacturing, the furniture sector employed 3.6% of all UK manufacturing personnel, which is estimated to have equated to 2.4% of the UK manufacturing wage bill.
- Following a period of decline from 2015 to 2017, turnover in the "office and shop furniture" sector grew by 9.4% between 2017 and 2018 from £2.02 to £2.21 billion. Although the initial indication of a potential recovery is encouraging, this sector has yet to reach the 2015 peak of £2.25 billion
- Three consecutive years of growth in the "kitchen" sub-sector from 2016 to 2018 of 46.4% overall has resulted in turnover of £2.44 billion. The number of enterprises also continued to grow by 6.7% from 2017 to 2018 to 1,413.
- Following an extended period of growth from 2012, 2017/18 year on year figures for both the number of companies and turnover slipped into negative growth in the "mattress" sub-sector. Turnover of £0.83 billion in 2018 reflected a 10.9% growth in the period from 2015 to 2018 and 47% since 2012.
- "Other furniture" remains the industry's largest sub sector, accounting for 39.2% of sector turnover in 2018.
- Greatest growth over the period from 2016 to 2018 occurred within the "kitchen" sector, with manufacturer sales and other income increasing by 10.8% and 28.5% respectively.
- The industry is dominated by micro and small to medium size businesses with just 310 companies (3.3%) operating at turnovers in excess of £5 million (an increase of 10 when compared to the previous year).
- 150 companies turned over more than £10 million which is slightly higher than the previous year (145).
- Latest data indicates 6,360 companies in the sector, an increase of 1.6% when compared with 6,260 last year, with most of this growth seen in the number of companies turning over less than £1 million.
- Just over 82% of companies turn over less than £1 million and the largest percentage of companies are in the £100k to £250k turnover band (31.8%).

- In the "mattress" and "office and shop" sectors the percentage of smaller companies is lower than for the other sectors (54.3% and 67.4% of businesses within these sectors turn over less than £1 million respectively).
- The "mattress" sector has proportionately more large companies than the others with 20% of companies turning over more than £5 million. In comparison 11.2% of companies within the "office and shop" sector turn over more than 5 million followed by "kitchen" (3.6%) and "other furniture" (3.4%) sectors.
- There remains a significant proportion of extremely small companies within the whole furniture manufacturing sector with 55.7% of organisations operating at turnovers of less than £250,000.
- In 2018, around 78% of companies employ less than ten people and only 40 companies (0.63%) employ more than 250.
- The South East has proportionately more companies than any other region (13.6%) and, when combined with London, accounts for 24.7% of all UK furniture manufacturers.
- When considering turnover by region Yorkshire and the Humber, has a larger proportion of higher turnover (£5 million +) furniture manufacturers than elsewhere in the UK (9.3% of companies in the region).

International trade

- The total provisional estimate for UK furniture manufacturer sales in 2018 was £7.13 billion. When adding on other manufacturer sales and income derived from other activities however, the total attributable turnover for the furniture manufacturing sector increased by 4.3% to an estimated £9.63 billion.
- In terms of product sales, imports decreased fractionally to 51.2% of the home market which, based on manufacturing, export and import data, was estimated to be £12.04 billion.
- The total home market, including income derived from other sources was £14.55 billion (about £0.40 billion higher than in 2016.
- Imports of furniture into the UK in 2018 decreased by (-2.3%) to £6.17 billion compared with the previous year's figure of £6.31 billion. Indications for 2019 are that this figure could decrease further to around £6.06 billion due to continuing uncertainty surrounding the impact of the UK's departure from the EU.
- The majority of imports again originated from China (£2.02 billion), with its share of imports into the UK dipping slightly to 32.8% when compared to 34% the previous year.
- In purely financial terms Italy retained its position of second in the hierarchy of furniture exporters to the UK, albeit following year on year growth of just 1.2%. Poland and Germany remained in third and fourth positions respectively. Despite negative growth of -7.9%, there remains a reasonable gap between Germany and Vietnam in fifth position. In round terms, these having been displaced by France countries accounted for 9.5%, 9.4% and 8.3% of furniture imports into the UK respectively at around half a billion pounds each.
- The value of 2018 imports from the European Community was £ 2.74 billion, a slight decrease of -1.7% on the previous year (£2.79 billion).

  Initial estimates for 2019 based on data extrapolation indicate a potential decrease of around -8.75% in furniture imports from the EU itself to around £2.51 billion. In contrast, imports from non-EU countries may rise to £3.55 billion.

- Furniture exports have continued to grow in recent years from £1.06 billion in 2016 to £1.25 billion in 2018 (18.7% over the period). Year on year export growth between 2017 and 2018 of 5.6% accounted for an additional £66.4 million.
- Exports to Europe have grown over the period from 2016 to 2018 by 24.5% with year on year growth of 7.7% between 2017 and 2018 (£55.76 million).
- Exports to the Irish Republic continue to grow year on year and reached £0.28 billion in 2018, an increase of 8.3% from 2017. In 2018 it received 22.2% of all UK furniture exports.
- There was a significant year on year increase of UK furniture exports to the UAE (23.8%), which received 2.5% of all UK furniture exports, and moved from tenth to eighth position with a total value of £32.22 million.
- Exports to China appear to have slowed considerably following previous year on year growth over 2016/17 of 10.5%. In 2018 the market received £32.16 million of goods (around 2.56% of all furniture exports), a sharp decrease of 26.9% when compared with the previous year (around £44 million).
- Despite the uncertainty surrounding the UK's imminent exit from the European Union, exports to countries within the EU have remained relatively stable overall since 2014, although 2017/18 saw a marginal increase with 62.4% of all exports going to the EU when compared with 61.3% during 2016/17. Preliminary figures for 2019 indicate this could potentially rise again to around 65%.
- 2018 saw the negative trade gap narrow from £5.13 billion to £4.92, although the decrease was slightly less than preliminary figures released in 2017 suggested. Initial figures suggest that the gap may reduce further to -£4.87 billion by the end of 2019.
- Whilst the previous section highlighted exports to European countries as a positive asset, the reality is that many of these countries continued to export more to the UK than vice versa. However this narrowed in 2018 to £1.96 billion when compared with £2.06 billion in the previous year.
- The main positive trade gap, as in previous years, was with the Irish Republic which has widened from £0.20 billion in 2017 to £0.23 billion in 2018. Preliminary figures for 2019 indicate a turnaround however, with a potential decrease to £1.99 billion.
- The most striking figures were in respect to Belgium which moved from a negative trade gap of -£10.4 million in 2017 to a positive trade gap of £5 million in 2018.

1.0 Introduction

This Statistics Digest is the Association's compilation of published statistics and market information which has been sourced primarily from the Office for National Statistics (ONS), HM Revenue and Customs, The Bank of England and the Communities and Local Government web sites. It comprises both national economic factors of a general nature (these will have a direct influence on the market demand for furniture) and data specific to the furniture manufacturing industry and its different sectors.

The digest incorporates the latest available statistical information, relating to 2018 and, for certain criteria, also presents "time series data". In addition, where available and relevant, preliminary 2019 estimates are provided.

A full list of analyses is summarised in the "Contents" pages.

It is important to recognise that all statistics should be treated with caution and are only as good as the raw data from which they are compiled.

Whilst every attempt has been made to utilise standard core sets of data and to adopt a consistent approach, including in relation to dates of release, data inconsistencies and corrections do occur from time to time and, under these circumstances, the best available figures have been employed.

2.0 Furniture source data

The data and information contained within this digest relate to most furniture items that would normally be found in the home (domestic), office and contract sectors of the UK furniture market.

The majority of furniture statistics are sourced from time series data available online through the Office for National Statistics and by using industry SIC (Standard Industrial Classification of Economic Activities) and CN (Combined Nomenclature) codes.

Specific sources of information for each of the analyses within the report are referenced below the tabulated data. This enables the source data to be readily accessed should individuals, or organisations, wish to carry out more in depth analyses for themselves.

Traditionally, it has been preferable to differentiate between office, domestic (home) and contract furniture. However, in many cases these sectors overlap within the classification codes. Every attempt has been made to differentiate between office and domestic sectors but contract data are inevitably masked within these two sub sectors.

In addition, some "non-furniture" items tend to be included within national statistics for furniture and, equally, items that might readily be described as furniture are often omitted, or included within the SIC codes for another industry sector.

3.0 Standard Industrial Classification (SIC)

3.1 Introduction

The United Kingdom Standard Industrial Classification of Economic Activities (SIC) is used to classify business establishments and other standard units by the type of economic activity in which they are engaged. It provides a framework for the collection, tabulation, presentation and analysis of data.

UK manufacturing information within this report is compiled using the SIC (07) classification system, which facilitates consistency when comparing statistical data (note that pre 2008 data were compiled using a different set of SIC codes thus making time series comparisons with such data unreliable).

World trade figures are compiled using the Combined Nomenclature Classification system (CN numbers) as defined within the Official Journal of the European Union, L312. The Combined Nomenclature classification system is slightly different to the SIC (07) system. However, the two systems do cross reference thus facilitating valid comparisons between UK manufacturing, imports and exports.

Full details of the two classification codes, and their comparability, are presented in the subsequent section of this report.

3.2 SIC and CN code systems

31.0 Manufacture of furniture

This division includes the manufacture of furniture and related products of any material except stone, concrete and ceramic. The processes used in the manufacture of furniture are standard methods of forming materials and assembling components, including cutting, moulding and laminating. The design of the article, for both aesthetic and functional qualities, is an important aspect of the production process. The division is sub divided into the following categories and sub categories:

31.01 Manufacture of office and shop furniture

- 31001150 (CN 94013000) - Swivel seats with variable height adjustments EXCLUDING: - medical, surgical, dental or veterinary seats – barbers’ or similar chairs
- 31001190 (CN 940179) - Non-upholstered seats with metal frames EXCLUDING: - medical, surgical, dental or veterinary seats - barbers' or similar chairs - swivel seats
- 31011100 (CN 94031051 + 94031058 + 94031091 + 94031093 + 94031098) - Metal furniture for offices INCLUDING: - tables and desks - cupboards and cabinets - display units and bookcases EXCLUDING: - seats - armoured or reinforced safes
- 31011200 (CN 940330) - Wooden furniture of a type used in offices INCLUDING: - fixed pedestals, moveable pedestals - desks and tables - cupboards, cabinets and bookcases - shelves, racking, screens and panels EXCLUDING: - seats
- 31011300 (CN 94036030) - Wooden furniture for shops EXCLUDING: - seats

This class excludes blackboards; car seats; railway car seats; aircraft seats; medical, surgical, dental or veterinary furniture; modular furniture attachments and installation; partition installation; laboratory equipment furniture installation.

31.02 Manufacture of kitchen furniture

- 31001290 (CN 940169) - Non-upholstered seats with wooden frames EXCLUDING: - swivel seats
- 31021000 (CN 94034) - Wooden kitchen furniture INCLUDING: - wooden units for fitted kitchens EXCLUDING: - seats

31.03 Manufacture of mattresses

- 31031100 (CN 940410) - Mattress supports INCLUDING: - wooden or metal frames fitted with springs or steel wire mesh - upholstered mattress bases - with wooden slats - divans
- 31031230 (CN 94042110) - Mattresses of cellular rubber INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses
- 31031250 (CN 94042190) - Mattresses of cellular plastics INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses
- 31031270 (CN 94042910) - Mattresses with spring interiors EXCLUDING: - of cellular rubber or plastics
- 31031290 (CN 94042990) - Mattresses EXCLUDING: - with spring interiors - of cellular rubber or plastics

This class excludes inflatable rubber mattresses and rubber waterbed mattresses.

31.09 Manufacture of other furniture

- 31001170 (CN 940171) - Upholstered seats with metal frames EXCLUDING: - swivel seats - medical, surgical, dental or veterinary seats - barbers' or similar chairs - for motor vehicles - for aircraft
- 31001210 (CN 940140) - Seats convertible into beds EXCLUDING: - garden seats or camping equipment
- 31001230 (CN 94015) - Seats of cane, osier, bamboo or similar materials
- 31001250 (CN 940161) - Upholstered seats with wooden frames INCLUDING: - three piece suites EXCLUDING: - swivel seats
- 31001300 (CN 940180) - Other seats INCLUDING: - plastic garden seats, camping seats EXCLUDING: - for aircraft - for motor vehicles - swivel seats - seats convertible into beds - seats of cane, osier, bamboo or similar - seats with wooden or metal frames - medical, surgical, dental/veterinary seats - barbers' or similar chairs
- 31001400 (CN 94019030 + 94019080) - Parts for seats EXCLUDING: - for medical, surgical dental or veterinary seats - for barbers' and similar chairs - of a kind used for aircraft
- 31002030 (CN 94039010) - Parts of metal furniture EXCLUDING: - for seats - medical, surgical, dental or veterinary furniture - for SPECIALLY DESIGNED furniture for hi-fi systems, videos or televisions
- 31002050 (CN 94039030) - Parts of wooden furniture EXCLUDING: - for medical, surgical, dental or veterinary furniture - for seats
- 31002090 (CN 94039090) - Parts of furniture other than of wood or metal EXCLUDING: - for seats - for medical, surgical, dental or veterinary furniture
- 31091100 (CN 940320) - Metal furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, shops, workshops EXCLUDING: - medical, surgical, dental or veterinary furniture - seats

- 31091230 (CN 940350) - Wooden furniture for the bedroom INCLUDING: - headboards EXCLUDING: - builders' fittings for cupboards to be built into walls - mattress supports - lamps and lighting fittings - floor standing mirrors - seats
- 31091250 (CN 94036010) - Wooden furniture for the dining-room and living-room EXCLUDING: - floor standing mirrors - seats
- 31091300 (CN 94036090) - Wooden furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, workshops EXCLUDING: - shop, medical, surgical, dental or veterinary furniture - for bedroom, dining-room, living-room or kitchen - seats
- 31091430 (CN 940370) - Plastic furniture INCLUDING: - headboards EXCLUDING: - medical, surgical, dental or veterinary furniture - seats.
- 31091450 (CN 94038) - Furniture of materials other than metal, wood or plastic INCLUDING: - headboards EXCLUDING: - seats.

4.0 National economic factors

A number of national economic factors will have a bearing on the UK market demand for furniture, in particular those for domestic or household furniture. Consumer demand remains seasonal and dependent upon general economic conditions. However, manufacturers and retailers may endeavour to influence demand through product and price offers. Furthermore, furniture purchases are made in competition with expenditure on other consumer durables and discretionary spending on items such as holidays or cars.

Demand for office and contract furniture is also affected by general economic conditions and in particular construction activity. However, demand in these sectors can also be influenced by other, innovation driven factors.

This section highlights the main UK economic indicators (such as credit, expenditure and borrowing) and also considers issues such as rates of new build and property transactions. Data on consumer spending is also included.

4.1 Net unsecured lending to individuals (outstanding amounts) (2015 - 2018)

Series name	Series code	£millions (seasonally adjusted)			
		December 2015	December 2016	December 2017	December 2018
Total net lending	**LPQVZRI**	**262,944**	**291,313**	**323,112**	**351,672**
Credit cards	LPQVZRJ	63,451	66,739	70,341	72,271
Other lending	LPQVZRK	199,493	224,574	252,771	279,400

Source: Bank of England interactive statistics. September 30 2019. www.bankofengland.co.uk

It is worth noting that towards the end of 2008 total net unsecured lending to individuals, having increased on a regular basis over previous years, started to fall. This bottomed out at £207.1 billion in June 2012, a decline of around 12.9% in the space of approximately 4 years.

Since then it has continued to increase, reaching £351.7 billion at the end of 2018 (a year on year increase of 8.8% which in itself is a moderate decrease in growth when compared with the previous 2 years which saw growth of 10.8% and 10.9% respectively).

Some of this increase in lending was attributable to credit cards, although at 2.7% this represents a notable decrease in growth when compared to previous years (5.4% seen from 2016 to 2017 and 5.2 % from 2017 to 2018)). Overall growth over the period (2015 to 2018) of 13.9% can be mainly attributed to growth over the first 2 years.

At the end of 2018, other lending was 10.5% greater than at the end of 2017 (£279.4 billion), although this is comparatively lower than the annual increase over 2015/16 and 2016/17 respectively of 12.6% it nevertheless contributes to overall growth over the 3 year period of 40.1%

Total net lending continued to rise into 2019, with latest data (March 2019) indicating an outstanding value of £358.2 billion, which was 8.5% more than the outstanding net lending figure of £330.2 billion in March of the previous year.

4.2 Total lending to individuals (outstanding amounts) (2015 - 2018)

Series name	Series code	£millions (seasonally adjusted)			
		December 2015	December 2016	December 2017	December 2018
Total lending to individuals and housing associations	**LPQVTXC**	**1,549,980**	**1,613,905**	**1,691,277**	**1,759,411**
Lending secured (on dwellings) to individuals and housing associations	LPQVTXK	1,287,036	1,322,591	1,368,165	1,407,740
Unsecured lending to individuals	LPQVZRI	262,944	291,313	323,112	351,672

Source: Bank of England interactive statistics. September 2019. www.bankofengland.co.uk

Total outstanding lending, including that secured on dwellings, has increased by 13.5% since 2015, peaking at £1,759 billion in 2018. Outstanding lending at the end of 2018 was 4% higher than at the end of 2017, a slight percentage decrease when compared with the previous year (4.8% from 2016 to 2017).

Whilst there was a gradual rise in lending secured on dwellings, which increased by 2.9% from the end of 2017 to the end of 2018, this was comparatively lower than the previous year (3.4%). At the end of 2018 lending secured on dwellings reached £1,407 billion and preliminary data for 2019 indicates that this figure increased further to £1,435 billion by September of that year.

As reported in the previous section, unsecured lending rose by 8.8% from 2017 to 2018 and by 10.9% from 2016 to 2017. These comparatively large percentage increases in unsecured lending have impacted on the overall increases reported in the first paragraph. When considering this in value terms, such lending is now one quarter (25%) of that secured on dwellings when compared to around a fifth (22%) in 2015/2016 having increased by 33.7% over the same period.

4.3 Permanent dwellings started by national government office (2015/16 - 2017/18)

Number of dwellings					
Financial Year	United Kingdom	England	Wales	Scotland	Northern Ireland
2014/15	174,110	144,480	6,960	16,680	5,990
2015/16 Ŗ	178,860	147,090	6,710	18,040	7,020
2016/17Ŗ	194,380	160,280	6,870	19,500	7,720
2017/18	198,930	165,770	6,040	19,600	7,520

Source: Office for National Statistics (ONS) People, population and community, Housing datasets. UK House building, permanent dwellings started and completed. Tables 2a; 2b; 2c; 2d; and 2e. November 2019

Note: In previous issues of this annual digest information has been collated from Communities and Local Government statistical data sets on house building, specifically Table 208 House building permanent dwellings started by tenure and country. In late 2019, these tables were discontinued as a result of the reorganisation of existing tables and this data is now published by the Office for National Statistics. Further information can be found in the House Building: new build dwellings statistical release ('Devolved administration statistics').

Ŗ – Figures for 2015 – 2017 have been revised since the issue of the 2017 FIRA Statistics Digest, revised figures have been included in this report.

The total UK figure does not always equate to the sum of the individual parts due to rounding to the nearest 10.

Historically, the number of dwellings starts in the United Kingdom almost halved between 2007/8 and 2008/9. Since then they have continued to increase gradually (despite a slight blip between 2011 and 2013). Whilst this decline reversed significantly in 2013/14 with starts increasing by 35,020 (27.15%), 2014/15 again saw a reduction in growth with 10,030 (new starts (6.4%). This dip in growth continued into 2015/16 with the number of starts just 3,030 greater than the previous year (1.8% increase), initially thought to be indicative of significant slowdown in the sector.

However a marked increase in the number of starts in 2016/17 by 15,520 (8.7%) was indicative of further fluctuations in the market which has continued into 2017/18 with an increase of 2.3% (equating to an additional 4,550 new starts) on the previous year. Whilst further single figure growth is predicted into 2018/19 it is worth noting that 2017/18 saw the highest number of new dwelling starts in the UK (198,930) since 2007/08 when the sector peaked at 219,090.

Dwellings starts in Wales have generally fluctuated in the five thousands over the previous 10 years, with the exception 2014/15 which saw a 20% increase compared with the previous year. This was immediately followed by a sharp decrease in starts of 3.6% in 2015/17. Whilst 2016/17 showed some tentative signs of recovery with a 2.4% increase, latest figures for 2017/18 show a significant fall of 12.1% with the total number of new starts dropping to 6,040, the lowest since 2014.

England has seen the greatest growth over the tabulated period, with year on year increases from 2014/15 to 2017/18 of 6.7%, 1.8%, 9% and 3.4% respectively.

Scotland has also faired comparatively well over the period to 2016/7, benefiting from more consistent year on year increases of 6.3%, 8.2% and 8.1% respectively, although latest figures show a significant reduction in growth to just 0.5%.

The majority of dwellings starts in 2017/18 took place in England and totalled 165,770, just over 83%of the UK total.

Provisional data for 2018/19 hints at a slight fall in dwellings starts for Wales (1.2%) and England (0.4) with comparably notable increases for both Scotland (16.1%) and Northern Ireland (12%).

Any increases in the building of new homes have significant potential for increasing domestic furniture sales however, putting this into context, annual dwellings starts remains below those recorded in the four years prior to the 2008 financial crisis, when they were typically of the order of 220,000 to 235,000.

4.4 Number of annual UK property transactions above £40,000 (2015 – 2018)

Financial Year	United Kingdom	England	Wales	Scotland	Northern Ireland
Residential number of transactions					
2015	**1,201,740**	1,033,880	49,880	94,650	23,330
2016	**1,328,510**	1,143,560	54,940	104,520	25,490
2017	**1,158,330**	985,630	51,510	97,600	23,590
2018	**1,208,010**	1,024,850	55,750	100,480	26,930
Non-residential number of transactions					
2015	**114,590**	97,060	5,030	9,610	2,890
2016	**119,920**	103,580	5,370	7,570	3,400
2017	**128,170**	110,730	5,880	7,840	3,720
2018	**126,160**	109,140	5,920	7,730	3,370
Total number of transactions					
2015	**1,316,330**	1,130,940	54,910	104,260	26,220
2016	**1,448,430**	1,247,140	60,310	112,090	28,890
2017	**1,286,500**	1,096,360	57,390	105,440	27,310
2018	**1,334,170**	1,133,990	61,670	108,210	30,300

HM Revenue and Customs (HMRC) UK Property Transactions Statistics. Tables T1 and T4. November 2019. Not seasonally adjusted.

1. Property transactions are allocated to the month in which transactions were completed.
2. Not all England and Northern Ireland Stamp Duty Land Tax (SDLT) returns for transactions in the latest month will have been received by HMRC when figures are compiled. An estimate is therefore made to account for these unreceived returns. This estimate is based upon an average of transactional change over the previous financial year. Because of this, month-on-month changes for the most recent data should not be given too much weight. Although HMRC endeavour to provide the most accurate estimates, the inherent seasonality of property transactions mean that upward or downward revisions are expected in proceeding months.
3. From April 2015, SDLT was replaced by Land and Buildings Transaction Tax (LBTT) in Scotland and HMRC stopped collecting data for transactions in Scotland. HMRC are using LBTT data from Revenue Scotland to continue the series. However, there might be some discontinuities for the Scottish component of the series after April 2015. The number of LBTT transactions in July, August, September, October, November and December 2019 have been estimated by HMRC. This was due to the unavailability of LBTT data in time to produce these publications. These estimations were based upon transaction counts for July, August, September, October, November and December 2018 with year-on-

growth estimated in line with England and Northern Ireland SDLT transactions. HMRC will endeavour to revise these figures once more accurate data is available.

4. From April 2018, SDLT was replaced by Land Transaction Tax (LTT) in Wales and HMRC stopped collecting data for transactions in Wales. LTT transactions from April 2018 to the penultimate month have been taken from figures published by the Welsh Revenue Authority (WRA) (see 'Hyperlinks' subheading within 'R1 Background' tab for a link to this publication). The number of transactions in Wales have been estimated by HMRC for December 2019. This reflects a change in HMRC's methodology for providing Welsh transactions in the latest month. Prior to July 2019, transactions for the latest month had been grossed up from preliminary data received for the latest month. The new estimation is based upon transaction counts for December 2018 with year-on-growth estimated in line England and Northern Ireland SDLT transactions. HMRC will revise these estimated figures within future publications in line with future LTT figures as published by the WRA.

Whilst the number of non-residential transactions remained relatively buoyant from 2015 to 2017 (4.7% and 6.9% year on year increases respectively) the latest figures for 2017 to 2018 show a sharp decline into negative growth of -1.6%, although preliminary figures indicate this could potentially recover to -0.6% for 2018/19.

In comparison the residential market in the UK, which had slipped into negative growth across all countries during 2016/17, saw an increase of 4.3% overall during 2017/18 thanks in part to an uplift of 14.2% in Northern Ireland and 8.2% in Wales.

Total transactions for 2018 were slightly higher than the previous year 1.334 million equating to an increase of 3.7%

There were some regional differences but these were again somewhat hidden by the much larger numbers of transactions in England compared to elsewhere. Whilst Scotland, England and Northern Ireland saw positive growth in the residential sector, this was balanced by negative growth in the non-residential sector or -1.4%, -1.4% and -9.4% respectively. Only Wales showed growth in both sectors, albeit just 0.7% in non-residential.

4.5 Household final consumption expenditure summary (2015 – 2018)

Series name	Series code	£millions			
		2015	2016	2017	2018
Food and non-alcoholic beverages	ADIP	88,948	95,238	98,489	99,979
Alcoholic beverages and tobacco	ADIS	42,392	40,997	40,441	40,776
Clothing and footwear	ADIW	62,597	64,769	65,309	65,584
Housing; water; electricity; gas and other fuels	ADIZ	323,872	335,515	333,401	338,082
Furnishings; household equipment & routine maintenance of the house	ADJF	51,625	54,318	58,374	63,320
Health	ADJM	21,297	21,974	23,493	25,768
Transport	ADJQ	159,842	166,828	168,961	169,467
Communication	ADJU	21,045	21,445	21,494	20,800
Recreation and culture	ADJV	125,699	133,419	140,978	142,990
Education	ADMJ	27,134	27,918	29,467	29,411
Restaurants and hotels	ADMK	117,650	119,941	120,547	118,978
Miscellaneous goods and services	ADMN	152,223	156,649	166,810	171,988
Total domestic expenditure	ABQJ	1,194,064	1,239,011	1,267,764	1,287,084
Net tourism	ABTG	12,402	13,923	13,958	15,313
Grand total	**ABPF**	1,206,496	1,252,934	1,281,722	1,302,397

Source: Office for National Statistics (www.ons.gov.uk), Time Series Data, Consumer Trends, Table 0KN Household final consumption expenditure. September 2019.

Note 1: Chained volume measures (CVM), not seasonally adjusted

Total consumer expenditure increased between 2015 and 2018 to £1,302.4 billion (a 7.9% increase over the period, and 1.6% increase year on year).

In recent years the most significant growth in expenditure has been seen in net tourism, largely due to meteoric growth of 80.7% from 2014 to 2015. However this sector has seen significant decrease in growth in both 2016 and 2017 to a low of just 0.3% (£13.96 billion). Whilst growth over 2017 to 2018 of 4.7% has contributed to an overall increase of 17.9% over the period, this is not as significant as other sectors.

In contrast, and of more importance, is the continual steady growth seen in furnishings, household equipment and routine maintenance sector which has not only increased over the whole period by 22.7%, (year on year growth from 2015 of 5.2%, 7.5% and 8.4% respectively), but exceeded £60 billion for the first time (£63.32 billion).

The second area showing the most significant growth over the period was health (21%) with year on year growth from 2017 to 2018 of 9.7% when compared with 6.9% in the previous year.

Whilst household expenditure on alcohol and tobacco, had gradually declined from 2014 to 2017 resulting in a 3 year period of negative growth, there was an increase in expenditure in this category from 2017 to 2018 of 1.3% to £40.78 billion

Expenditure on recreation and culture, which had been reasonably stable from 2015 to 2017 with year on year growth of 6.2%, 6.1% and 5.7% respectively, dipped to a comparative 2.1% from 2017 to 2018 although this still equated to an additional £2.94 billion to reach a high of £142.99 billion.

Education expenditure experienced dipped into negative growth of -0.2% year on year following signs of annual growth of 2.9% and 5.5% from 2015 to 2017. Overall for the period of 2015 to 2018, expenditure on education increased by 8.4% to £29.41 billion.

4.6 Consumer expenditure on furnishings, household equipment and routine maintenance of the house (2015 – 2018)

Series name	Series Code	£millions			
		2015	2016	2017	2018
Household textiles	ADJH	6,099	6,631	8,180	8,649
Household utensils	ADJJ	6,519	7,079	7,970	8,355
Furniture and furnishings	**ADPD**	**13,528**	**14,040**	**15,141**	**16,730**
Carpets and other floor coverings	ADPE	4,181	3,742	3,448	3,582
Repair of furniture etc.	ADPF	19	19	31	36
Major household appliances whether electric or not	ADPG	6,308	6,342	6,554	7,114
Small electric household appliances	ADPH	1,486	1,476	1,341	1,509
Repair of household appliances	ADPI	542	646	717	927
Tools and equipment	ADJK	4,853	5,257	5,669	6,142
Non-durable household goods	ADPL	3,133	3,446	3,455	3,659
Domestic services and household	ADPM	4,972	5,640	5,868	6,617
Total	**ADJF**	51,625	54,318	58,374	63,320

Source: Office for National Statistics (www.ons.gov.uk), Time Series Data, Consumer Trends, Table 05KN Household final consumption expenditure. November 2019

Note 1: Chained volume measures (CVM), not seasonally adjusted

Note 2: categories excluded from the above table which contribute to total figures in ADJF - Furniture and furnishings, carpets and other floor coverings ADJG; Household appliances ADJI; Major tools and equipment ADPJ; Small tools and equipment ADPK; Goods and services for routine household maintenance ADJL

As reported previously, expenditure for the whole furnishings, household goods and routine maintenance sector rose by 22.7% from 2015 to 2018, reaching £63.3 billion, an increase of 8.4% year on year.

Consumer expenditure on furniture & furnishings was almost £17 billion in 2018 and far exceeded all other spend in the sector. This represented a 23.8% increase from 2015, with year on year growth of 3.8% and 7.8% for 2016 and 2017 respectively. Growth from 2017 to 2018 was notably higher at 10.5%.

The most significant growth over the whole period (2015 – 2018) was in repair of furniture, furnishings and floor coverings (89.5%) which, as identified in the 2017 statistical digest, may be a potential indicator of a change in perspective in relation to re-use and the circular economy. The figure for furniture and furnishings repair of £36 million in 2018 indicated a turnaround following a decline from 2014 to 2015 (-9.5%) and a somewhat static period from 2015 to 2016. Of particular note is the year on year growth seen from 2016 to 2017 of 63.2%, although recent figures showed that this had slowed slightly to 16.1% over 2017 to 2018.

The most significant growth from 2017 to 2018 was in repair of household appliances (29.3%) to £927 million. Year on year growth over 2015 to 2017 of 19.2% and 11% respectively has contributed to overall growth over the period of 71%.

The greatest percentage reductions in expenditure from 2015 to 2018 was in carpets and other floor coverings (-14.3%) which was impacted by a significant fall from a high point over 2014/15 of £4.18 billion into negative growth in both 2015/16 (-10.5%) and 2016/17 (-7.9%). Year on year growth over 2017 to 2018 of 3.9% saw consumer spend climb back to £3.58 billion.

4.7 Furniture and furnishings retail sales in 2019

Period	Series Code	£ millions		
		2018	2019	% difference
Quarter 1	ADPD	3,889	4,109	5.8%
Quarter 2	ADPD	3,977	4,163	4.8%

Furniture and furnishings sales continued to rise into 2019 with first and second quarter consumer expenditure being respectively 5.8% and 4.8% higher than for the equivalent periods in 2018.

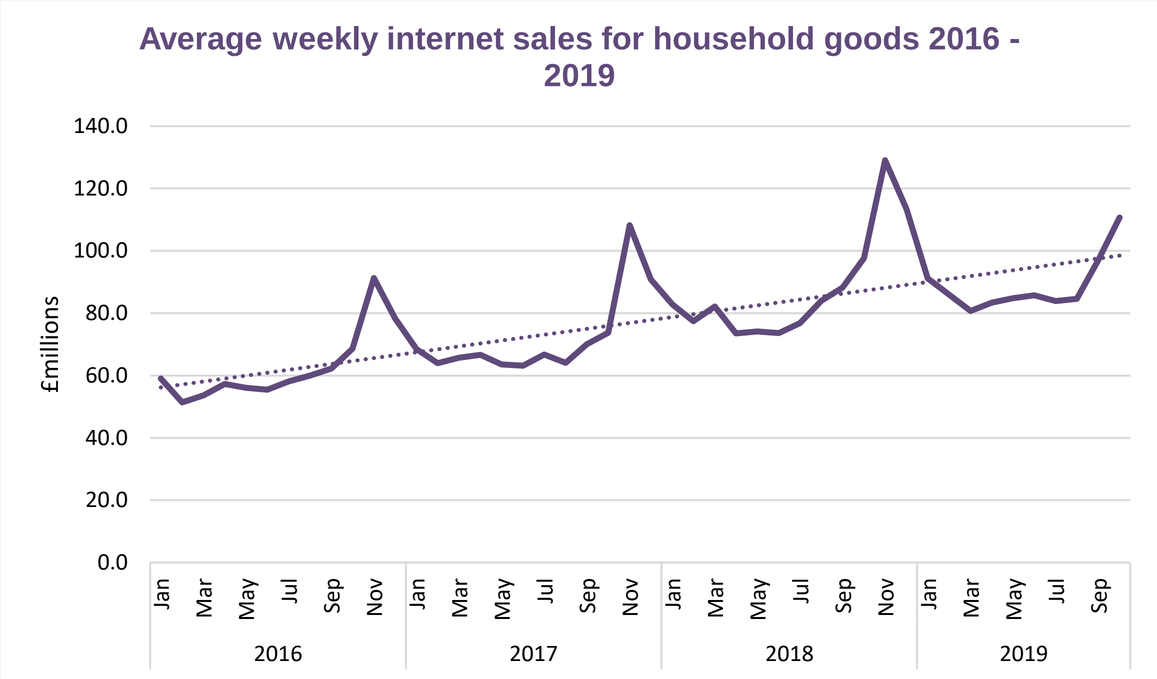
Furniture and furnishing sales in 2018 (£16.7 billion) accounted for 26.4% of overall sector sales, a slight increase on the 2017 figure of 25.9%.

It is acknowledged that these figures will differ significantly from the 2017 statistics digest, published in March 2019. This is due to a processing error identified by ONS which affects the annual chained volume measure (CVM) and implied deflator for a small number of household final consumption expenditure (HHFCE) components.

This error, announced in November 2019, affects figures for 2017, 2018 and 2019 and has an impact on top level HHFCE, total gross domestic product (GDP) and Real Household Disposable Income (RHDI). At component level, the biggest impact is on the UK tourist and foreign tourist expenditure HHFCE categories.

The figures declared may be subject to further amendments by ONS when the next periodic revisions are scheduled.

4.8 Average weekly internet sales for household goods (not seasonally adjusted) (2016 – 2019)



Source: Office for National Statistics (www.ons.gov.uk), Internet sales (not seasonally adjusted). ICPNSA2.

Average weekly retail internet sales for **all** products included within this analysis grew to £1.32 billion in September 2019 (non-seasonally adjusted), which reflected an 11.8% increase since September 2018. This equated to 18.1% of all retail sales compared with 17.2% at the same time the previous year.

Statistical data currently available from ONS does not separate furniture and furnishings internet sales from the wider “household goods sector”. However, the household goods sector itself has continued to grow internet sales with year on year growth in September 2018 equating to 26% (compared with September 2017), although this in itself is over 1/2 of the marked growth seen over the period from 2016 to 2018. Initial figures show year on year growth from September 2018 to 2019 as 10.1% which is more comparative with growth levels seen from 2014 to 2015 (11%).

September 2019’s value of £97 million per week for household goods equates to 14.6% of all retail sales in the sector. This is fractionally higher than the previous 2 years (12.8% and 11.1% respectively). It is interesting to note that during 11 months in 2018, year on year value grew in double figures, whereas during 2019 to date, year on year value has grown in single figures for at least 7 months.

The chart clearly illustrates this rise in internet sales within the household goods sector from 2016 to 2019, although there is some seasonal fluctuation around the trend line with the December peaks reflecting Christmas sales.

Ideally, it would be possible to ascertain more accurate data for furniture and furnishings but the detail does not appear to be publicly available. However, one government source (“Retail sales, internet index categories and their percentage weights, 2018”) suggests that the category defined as “Furniture, lighting equipment and household articles not elsewhere classified” accounted for 2.6% of the UK’s internet market in 2018, compared with 2.3% the previous year.

5.0 Structure of the UK furniture manufacturing industry

2017 data for this section is deemed provisional and are likely to change as the ONS refines its statistics. Earlier data may also change slightly (although normally to a lesser degree as these have already been re-assessed by the ONS).

5.1 The size of the UK furniture industry (2015 to 2018)

The time series data sourced from the Annual Business Survey within this section need to be treated with some caution because the Office for National Statistics (ONS) expanded its Business Survey Population in 2015 to include a population of solely Pay-As-You-Earn (PAYE) based businesses. Figures for 2016 figures were compiled using this new population and estimates for the 2015 data were calculated to assess the impact of the inclusion of these additional businesses.

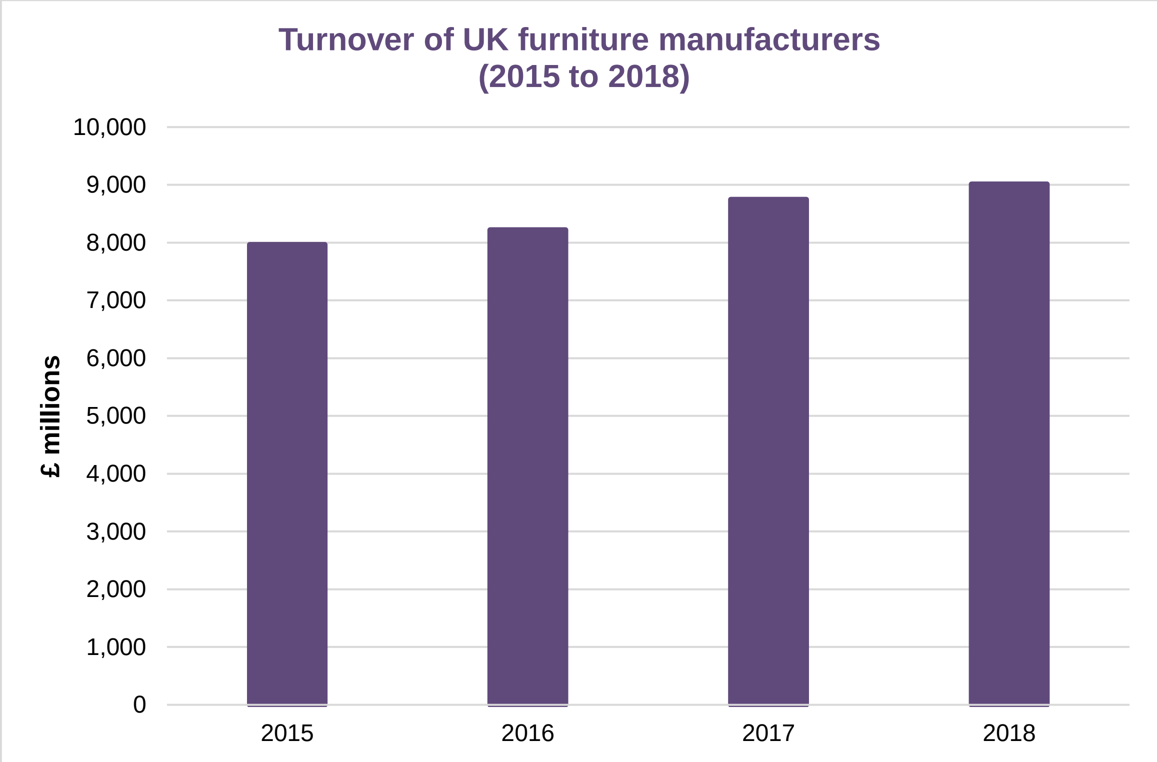
The impact is that data prior to these two years do not include the extended population and, as such, comparisons over an extended period of time remain indicative.

Manufacture of Furniture		2015	2016	2017	2018
Number of enterprises	Number	5,999	6,223	6,254	6,379
Total turnover	£ million	7,968	8,218	8,744	9,014
Approximate gross value added at basic prices	£ million	3,177	3,321	3,577	3,822
Total purchases of goods, materials and services	£ million	4,845	4,917	5,196	5,221
Total employment - point in time	Thousand	81	89	84	91
Total employment - average during the year	Thousand	80	88	89	93
Total employment costs	£ million	1,961	2,023	2,195	2,180

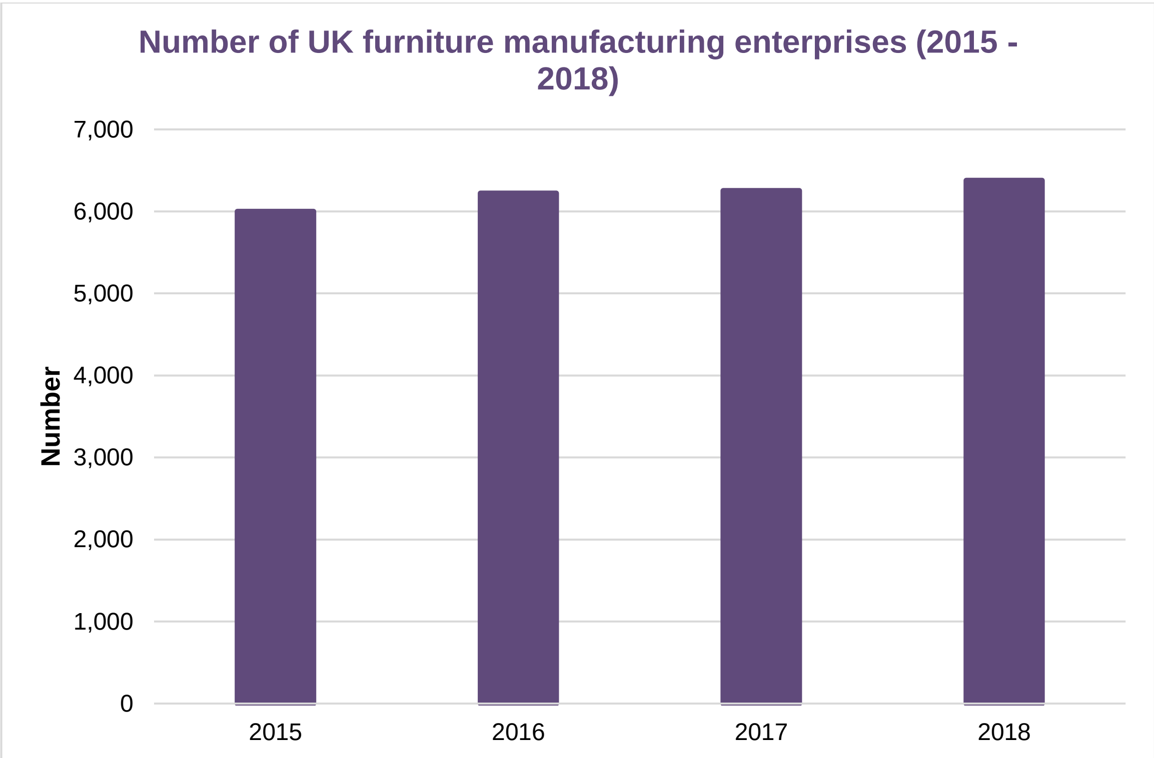
Source: Office for National Statistics, Annual Business Survey Reports. Section C. Manufacturing Nov. 2018

Note 1: Total employment - point in time, and Total employment - average during the year, are from the Business Register and Employment Survey (BRES). Caution is advised when combining financial data from the ABS with employment data from BRES due to differences in methodology.

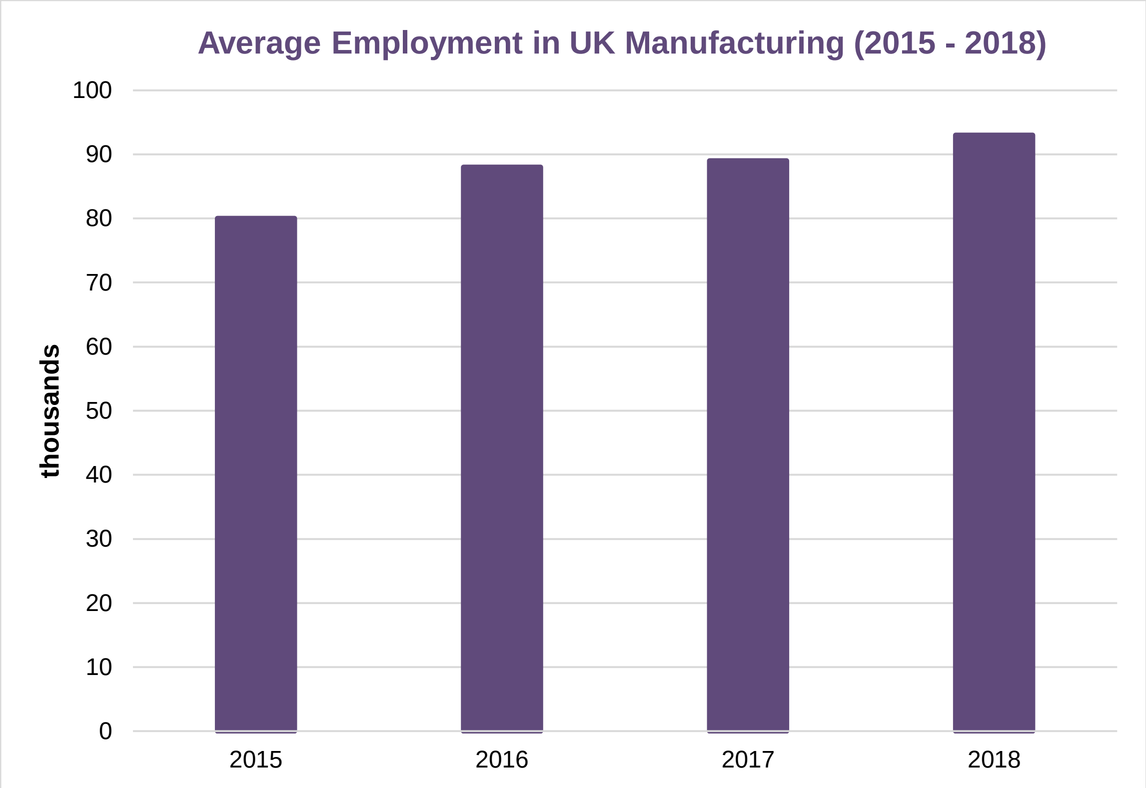
Note 2: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.



Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.



Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.



Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1. Another impact of this is that 2015 employment data was not available.

It is useful to look at the furniture sector as a whole to establish general trends. However, this section also summarises the performances of the four constituent sub sectors (offices, kitchens, mattresses and other furniture) because trends within each of these sub sectors are often masked by the trends of the whole sector.

Total provisional turnover in 2018 was £9.01 billion, which was 3.1% higher than the previous year and an overall increase over the period from 2015 to 2018 of 13.1%.

The ONS announced early in 2018 that they were to stop the publication of Turnover in Production and Services Industries (TOPSI) data, which was based on the Monthly Business Survey (MBS). The final release of TOPSI in its familiar form was 10 November 2017.

From December 2017, the Index of Production and Index of Services bulletins each contained an additional annex covering the Monthly Business Survey data used in the compilation of that bulletin.

By 2015, furniture manufacturing equated to 1.6% of the UK's total manufacturing turnover and 4.6% of registered enterprises. As these figures have remained the same from 2015 to 2018 this may be indicate that whilst UK manufacturing overall has grown, furniture manufacturing has grown at an equivalent rate.

It is difficult to draw employment comparisons over time due to the statistical issues highlighted earlier in this section. Sufficed to say that, in 2018, 6,379 UK furniture manufacturers employed an average of 93,000 individuals. This represented an increase of 2% on 2017 and 6.3% over the period from 2015 to 2018 in respect of number of manufacturers and an increase of 4.5% and 16.2% respectively in relation to personnel.

It is worth noting at this point that these figures relate only to those companies whose registration details include reference to business activities (SIC codes) that are captured within this report. Where these codes are either incomplete or incorrect, the corresponding details will not be captured meaning that the actual manufacturing figures could be higher than those stated.

Despite its turnover being 1.6% of the total for UK manufacturing, the furniture sector employed 3.6% of all UK manufacturing personnel, which is estimated to have equated to 2.4% of the UK manufacturing wage bill.

Provisional data for 2018 suggest that employment costs for UK furniture manufacturing have decreased by 0.7% on the previous year.

The Annual Business Survey further segregates furniture manufacturing into the following sub sectors.

31.01 Manufacture of office and shop furniture

31.02 Manufacture of kitchen furniture

31.03 Manufacture of mattresses

31.09 Manufacture of other furniture

Data for these sub sectors are in the subsequent tables:

SIC Code and category	Units	2015	2016	2017	2018
31.01 Manufacture of office and shop furniture					
Number of enterprises	Number	900	910	903	900
Total turnover	£ million	2,252	2,044	2,021	2,210
Approximate gross value added at basic prices	£ million	848	832	807	972
Total purchases of goods, materials and services	£ million	1,415	1,218	1,204	1,248
Total employment - point in time	Thousand	20	22	18	19
Total employment - average during the year	Thousand	19	21	19	20
Total employment costs	£ million	543	530	546	566

Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.

SIC Code and category	Units	2015	2016	2017	2018
31.02 Manufacture of kitchen furniture					
Number of enterprises	Number	1,228	1,267	1,324	1,413
Total turnover	£ million	1,667	2,018	2,335	2,440
Approximate gross value added at basic prices	£ million	654	713	837	959
Total purchases of goods, materials and services	£ million	1,029	1,293	1,520	1,479
Total employment - point in time	Thousand	17	18	20	22
Total employment - average during the year	Thousand	17	18	21	22
Total employment costs	£ million	393	451	527	536

Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.

SIC Code and category	Units	2015	2016	2017	2018
31.03 Manufacture of mattresses					
Number of enterprises	Number	139	157	174	172
Total turnover	£ million	746	822	850	827
Approximate gross value added at basic prices	£ million	336	334	332	332
Total purchases of goods, materials and services	£ million	412	491	517	497
Total employment - point in time	Thousand	7	7	8	8
Total employment - average during the year	Thousand	6	7	8	9
Total employment costs	£ million	174	193	194	192

Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.

SIC Code and category	Units	2015	2016	2017	2018
31.09 Manufacture of other furniture					
Number of enterprises	Number	3,732	3,889	3,853	3,894
Total turnover	£ million	3,303	3,334	3,538	3,537
Approximate gross value added at basic prices	£ million	1,340	1,442	1,602	1,560
Total purchases of goods, materials and services	£ million	1,989	1,915	1,954	1,997
Total employment - point in time	Thousand	38	42	39	42
Total employment - average during the year	Thousand	37	41	41	43
Total employment costs	£ million	850	849	928	885

Note: Time series comparisons are affected pre and post 2015. An explanation is at the start of Section 5.1.

A number of significant trends have emerged in relation to each sub sector:

Office and shop furniture

- Following a period of decline from 2015 to 2017, turnover grew by 9.4% between 2017 and 2018 from £2.02 to £2.21 billion.
- Although the initial indication of a potential recovery is encouraging, this sector has yet to reach the 2015 peak of £2.25 billion
- Numbers of businesses continued to fluctuate in recent years, hovering around 900.

Kitchen furniture

- Turnover in the “kitchen” sub sector had historically fallen significantly from a high of £1.70 billion in 2008 to a low of £1.15 billion in 2011. Whilst turnover increased to £1.73 billion by 2014, 2015 was a comparatively poor year, with turnover dropping back £1.68 billion.
- Whilst the following 3 years of consecutive growth from 2016 to 2018 suggests that the fall in 2015 was just a blip, this year on year growth has been slowing in itself from 21.1% in 2015/16, 15.7% in 2016/17 and just 4.5% over 2017/18. Nevertheless overall growth over the period of 46.4% has resulted in turnover of £2.44 billion
- The number of enterprises also continued to grow by 6.7% from 2017 to 2018 to 1,413, an increase of just over 15% over the period.

Mattresses

- Following an extended period of growth from 2012, year on year figures for both the number of businesses (-1.1%) and turnover (-2.7%) dipped into negative growth between 2017 and 2018 in this sub-sector. Whilst a degree of caution is needed when comparing pre-2015 with post-2015 data, the £0.83 billion turnover in 2018 reflected a 10.9% growth in the period from 2015 to 201 and 47% since 2012.
- When considering the overall period from 2015 to 2018, company numbers have increased by 59% although the 172 registered companies in 2018 equates to a slight decrease when compared with the previous year.

Other furniture

- Time series data indicate that in recent years 2010 was the best year for this sub sector in terms of turnover, peaking at £3.44 billion. Over subsequent years, turnover continued to decrease, dropping to £2.88 billion in 2012.
- However, since 2012 there has been sustained, albeit fluctuating, growth with 2017 turnover reaching £3.54 billion, a figure which has remained static into 2018 with just -0.03% variance in turnover year on year. When considering growth over the period from 2015 to 2018 the number of businesses has increased by 4.3% to 3,894 (1.06% year on year) whilst turnover has increased overall by 7.1%.
- “Other furniture” is the industry’s largest sub sector, accounting for 39.2% of sector turnover in 2018, although it is noted that this has reduced slightly in comparison with the previous year when this sub-sector represented 40.5% of the whole. It is worth noting that any movement in this sub-sector can have a significant influence on overall performance figures and as such may reflect the overall position for the whole furniture sector.

5.2 Manufacture by product groupings

5.2.1 Introduction

The broad sub sector groupings within the previous section can be broken down further into different product groupings using the PRODCOM 31 report issued by ONS. It is important to recognise that there are differences between UK production data collated for the Annual Business Survey (Section 5.1) and those collated for the PRODCOM reports referenced in this section. This is attributable to a number of factors such as:

- PRODCOM focuses on products and the Annual Business Survey (ABS) on activities.
- Samples of companies contributing data differ.
- Report timing (ABS uses financial year end data and PRODCOM uses calendar year end data).
- Inclusion or exclusion of income derived from non-manufacturing activities within PRODCOM.

A full explanation of the relevant criteria is accessible via the ONS web site.

At the time of publication of this Statistics Digest, 2018 PRODCOM data are classed as “Intermediate”, with both 2017 and 2016 being classed as final.

5.2.2 Manufacture of furniture (2016 to 2018)

Product Description	2016 Final estimates	2017 Final estimates	2018 Intermediate estimates
	£ billions	£ billions	£ billions
Division 3101 Office and shop			
Manufacture of furniture and other sales	1.27	1.14	1.13
Other income	0.82	0.93	0.98
TOTAL	2.08	2.07	2.12
Division 3102 Kitchen			
Manufacture of furniture and other sales	1.62	1.55	1.80
Other income	0.84	1.04	1.08
TOTAL	2.46	2.59	2.88
Division 3103 Mattresses			
Manufacture of furniture and other sales	0.81	0.81	0.81
Other income	0.05	0.03	0.04
TOTAL	0.86	0.84	0.86
Division 3109 Other furniture			
Manufacture of furniture and other sales	3.66	3.50	3.38
Other income	0.09	0.22	0.40
TOTAL	3.75	3.72	3.78
Division 31 Total for all furniture			
Manufacture of furniture and other sales	7.36	7.00	7.13
Other income	1.79	2.22	2.50
TOTAL	9.15	9.22	9.63

Source. Office for National Statistics (ONS) PRODCOM 31. Dec 2019.

Slight discrepancies in totals are due to rounding errors.

“Manufacture of furniture and other sales” equates to total UK manufacturer sales of products in this group including other manufacturer sales

“Other income” comprises merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out

S = estimate due to suppressed data

Available data indicates somewhat contrasting growth over the period from 2016 to 2018 for the furniture sector as a whole, equating to negative growth of -3.1% for manufacturer sales and other income versus a positive increase of 5.2% for all income associated with the sector (sales plus activities such as work done, waste products, merchanted goods etc.).

This is largely affected by year on year figures for 2016/17 which showed a decrease in manufacturer sales and other income of -4.9% but growth in total income for the sector of 0.73%.

Year on year figures for 2017/18 present a slightly different picture with an increase in both manufacturer sales and other income of 1.9% and in total income for the sector of 4.5%.

In contrast, the fluctuation in other income over 2016/17 of 23.9% and between 2017/18 of 12.5% has contributed to overall growth of 39.5% over the period which may be significant when considering the relatively small movements in manufacturer sales and other income and total income during this time.

In pure manufacturer sales the “office and shop” sector performed relatively poorly with sales down by -0.6% from 2017 to 2018 to £1.13 billion, although this is an improvement on the previous year which saw a decrease of -9.8% year on year. All other income however showed growth of 5.6% over the same period from 2017 to 2018. When considering the extended period from 2016 to 2018, whilst manufacturer sales and other income was down by 10.3% the total income for the sub-sector increased by 1.8% largely due to other income growth of 20.4%.

Greatest growth overall over the period from 2016 to 2018 occurred within the “kitchen” sector, with manufacturer sales and other income increasing by 10.8% and 28.5% respectively. Following a dip in sales over 2016/17, 2018 was a particularly good year, with sales increasing to £1.8 billion (16.2%) and a total increase incorporating other income of 11%.

The “mattress” sector also saw mixed results over these periods. Whilst manufacturer sales and other income dipped to -0.17% over the broader period from 2016 to 2018, 2017/18 saw a marginal increase of 0.31%. Total income figures for this sub sector reflects these trends, with a decrease of -2.1% from 2016 to 2017 and increase of 1.5% from 2017 to 2018.

Over recent years the “other furniture” sub-sector has typically been less susceptible to dramatic fluctuations than the other divisions. However, the period from 2016 to 2018 saw a significant increase in other income of 336% against a marked decrease of -7.5% in sales. Total turnover figures (including all activities) for 20116/17 showed a marginal decrease of -0.9% whilst 2017/18 figures showed an uplift of 1.8%.

Turnover trends derived from the PRODCOM report differ from those sourced from the Annual Business Survey (Section 5.1). It is important to recognise that both sets of data are provisional / intermediate and will change as and when they are confirmed. However, PRODCOM data would appear to reinforce the trends identified via ABS data, although the magnitudes of these trends tend to differ slightly.

5.2.3 Office and shop (2016 to 2018) – Division 3101

Product Description	**2016**	**2017**	**2018**
Office and shop	£000s	£000s	£000s
Total turnover of businesses attributable to this sector including:	2,082,057	2,072,947	2,118,632
31001150 (CN 94013000) - Swivel seats with variable height adjustments EXCLUDING: - medical, surgical, dental or veterinary seats - barber or similar chairs	171,784	182,288	189,700
31001190 (CN 940179) - Non-upholstered seats with metal frames EXCLUDING: - medical, surgical, dental or veterinary seats - barbers' or similar chairs - swivel seats	31,650	24,236	18,890
31011100 (CN 94031051 + 94031058 + 94031091 + 94031093 + 94031098) - Metal furniture for offices INCLUDING: - tables and desks - cupboards and cabinets - display units and bookcases EXCLUDING: - seats - armoured or reinforced safes	228,823	236,673	242,217
31011200 (CN 940330) - Wooden furniture of a type used in offices INCLUDING: - fixed pedestals, moveable pedestals - desks and tables - cupboards, cabinets and bookcases - shelves, racking, screens and panels EXCLUDING: - seats	489,681	439,220	423,324
31011300 (CN 94036030) - Wooden furniture for shops EXCLUDING: - seats	316,346	236,446	234,670
All other income including: other income as part of manufacturer sales and other income comprising merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out	817,044	931,544	984,022

Source. ONS PRODCOM 31. December 2019. Slight discrepancies in totals are due to rounding errors.

5.2.4 Kitchen (2016 to 2018) – Division 3102

Product Description	2016	2017	2018
Kitchen	£000s	£000s	£000s
Total turnover of businesses attributable to this sector including:	2,460,131	2,587,655	2,875,048
31001290 (CN 940169) - Non-upholstered seats with wooden frames EXCLUDING: - swivel seats	7,384	5,789	6,250
31021000 (CN 94034) - Wooden kitchen furniture INCLUDING: - wooden units for fitted kitchens EXCLUDING: - seats	1,608,322	1,538,869	1,788,637
All other income including: other income as part of manufacturer sales and other income comprising merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out	837,715	1,039,674	1,076,720

Source. ONS PRODCOM 31. December 2017. Slight discrepancies in totals are due to rounding errors.

5.2.5 Mattresses (2016 to 2018) – Division 3103

Product Description	2016	2017	2018
Mattresses	£000s	£000s	£000s
Total turnover of businesses attributable to this sector including:	860,677	842,428	855,102
31031100 (CN 940410) - Mattress supports INCLUDING: - wooden or metal frames fitted with springs or steel wire mesh - upholstered mattress bases - with wooden slats - divans	267,380	222,126	208,123
31031230 (CN 94042110) - Mattresses of cellular rubber INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses	9,739	10,240	11,233
31031250 (CN 94042190) - Mattresses of cellular plastics INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses	31,064	45,859	42,959
31031270 (CN 94042910) - Mattresses with spring interiors EXCLUDING: - of cellular rubber or plastics	438,233	468,647	487,956
31031290 (CN 94042990) - Mattresses EXCLUDING: - with spring interiors - of cellular rubber or plastics	63,551	60,703	60,271
All other income including: other income as part of manufacturer sales and other income comprising merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out	46,610	32,195	42,382

Source. ONS PRODCOM 31. December 2019. Totals discrepancies due to rounding errors and suppressed data.

S = estimates due to supressed data for work done and waste products

5.2.6 Other furniture (2016 to 2018) – Division 3109

Product Description	2016	2017	2018
Other furniture	£000s	£000s	£000s
Total turnover of businesses attributable to this sector including:	3,748,474	3,715,250	3,781,083
31001170 (CN 940171) - Upholstered seats with metal frames EXCLUDING: - swivel seats - medical, surgical, dental or veterinary seats - barbers' or similar chairs - for motor vehicles - for aircraft	153,223	140,580	132,714
31001210 (CN 940140) - Seats convertible into beds EXCLUDING: - garden seats or camping equipment	11,989	13,197	8,803
31001230 (CN 94015) - Seats of cane, osier, bamboo or similar materials	0	0	0
31001250 (CN 940161) - Upholstered seats with wooden frames INCLUDING: - three piece suites EXCLUDING: - swivel seats	1,090,066	1,002,271	924,739
31001300 (CN 940180) - Other seats INCLUDING: - plastic garden seats, camping seats EXCLUDING: - for aircraft - for motor vehicles - swivel seats - seats convertible into beds - seats of cane, osier, bamboo or similar - seats with wooden or metal frames - medical, surgical, dental/veterinary seats - barbers' or similar chairs	31,738	29,405	24,142
31001400 (CN 94019030 + 94019080) - Parts for seats EXCLUDING: - for medical, surgical dental or veterinary seats - for barbers' and similar chairs - of a kind used for aircraft	186,712	208,834	217,323
31002030 (CN 94039010) - Parts of metal furniture EXCLUDING: - for seats - medical, surgical, dental or veterinary furniture - for SPECIALLY DESIGNED furniture for hi-fi systems, videos or televisions	36,732	38,971	38,377
31002050 (CN 94039030) - Parts of wooden furniture EXCLUDING: - for medical, surgical, dental or veterinary furniture - for seats	225,620	192,699	211,305
31002090 (CN 94039090) - Parts of furniture other than of wood or metal EXCLUDING: - for seats - for medical, surgical, dental or veterinary furniture	26,843	23,813	20,111
31091100 (CN 940320) - Metal furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, shops, workshops EXCLUDING: - medical, surgical, dental or veterinary furniture - seats	571,694	545,991	567,103
31091230 (CN 940350) - Wooden furniture for the bedroom INCLUDING: - headboards EXCLUDING: - builders' fittings for cupboards to be built into walls - mattress supports - lamps and lighting fittings - floor standing mirrors - seats	542,430	557,566	515,380
31091250 (CN 94036010) - Wooden furniture for the dining-room and living-room EXCLUDING: - floor standing mirrors - seats	130,353	126,074	104,441
31091300 (CN 94036090) - Wooden furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, workshops EXCLUDING: - shop, medical, surgical, dental or veterinary furniture - for bedroom, dining-room, living-room or kitchen - seats	531,804	517,038	494,664

31091430 (CN 940370) - Plastic furniture INCLUDING: - headboards EXCLUDING: - medical, surgical, dental or veterinary furniture - seats.	87,272	71,529	60,534
31091450 (CN 94038) - Furniture of materials other than metal, wood or plastic INCLUDING: - headboards EXCLUDING: - seats.	7,429	10,332	13,098
All other income including: other income as part of manufacturer sales and other income comprising merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out	91,021	218,166	397,069

Source. ONS PRODCOM 31. December 2019. Slight discrepancies in totals are due to rounding errors.

Notes for tables in Section 5.2

Some totals differ from the sum of the individual parts due to rounding and / or the impact of suppressed data.

5.3 The wider furniture and furnishings sector

A number of the industry's trade associations have a broader remit than furniture manufacturing, particularly in relation to soft furnishings, carpets and repair / refurbishment. **2018** data for the wider furniture and furnishings sector are also available within the ABS report and are presented below.

SIC Code and Category 2018	Number of enterprises.	Total turnover £millions	Total employment average during the year Thousands
13.92 Manufacture of made-up textile articles, except apparel	2,223	2,212	25
13.93 Manufacture of carpets and rugs	105	973	5
31 Manufacture of furniture	6,379	9,014	93
46.15 Agents involved in the sale of furniture, household goods, hardware and ironmongery	1,182	423	3
46.47 Wholesale of furniture, carpets and lighting equipment	2,497	5,034	22
46.65 Wholesale of office furniture	404	904	4
47.53 Retail sale of carpets, rugs, wall and floor coverings in specialised stores	3,849	2,434	22
47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	10,189	14,060	108
74.1 Specialised design activities *	23,585	7,535	62
77.29 Renting and leasing of other personal and household goods	1336	799	11
95.24 Repair of furniture and home furnishings	770	188	4

Summary			
Manufacturing	8,707	12,199	123
Wholesale and agencies	4,083	6,361	29
Retail	14,038	13,786	120
Design*	23,585	7,535	62
Leasing	1336	799	11
Repair	770	188	4
Total	52,519	40,868	349

*This is the wider specialist design arena and not all will design furniture and furnishings but the data does not allow further segmentation.

Source: Office for National Statistics, Annual Business Survey Reports. November 2019.

Total 2018 turnover for the combined furniture and furnishings manufacturing sectors (comprising codes 13.92, 13.93 and 31) was £12.2 billion, representing a year on year increase of 3.1%. This turnover emanated from 8707 companies employing 123 thousand individuals. Furniture manufacturing continued to lead the way with a turnover of £9.01 billion.

2018 figures suggest a £188 million turnover for furniture and furnishings repair which equated to a fall of -14.5% on the previous year, despite a 1.7% increase in companies providing this service.

Whilst total turnover for all of the sectors within this section of the report does not in itself represent a valid statistic due to double counting (retail vs manufacturing), it could however be argued that in 2018 the wider sector, including specialist retail, but excluding general retail, comprised over 52,500 VAT registered companies supporting in the order of 339,000 jobs.

5.4 Breakdown of the UK furniture industry by turnover, number of employees and by region

5.4.1 Data sources

The total numbers of companies and employees within this section are slightly different to those reported in Section 5.1. This is because data have been collated from a different source (UK Business Activity, Size and Location). In addition, the data are the latest figures available as published in November 2019. However, it remains important to use data from this source so that a breakdown of the comparative sizes and locations of businesses within the furniture sector can be reported.

When analysing within these data sets it is important to recognise that the lowest common denominator appears to be 5, which will impact on the significance of results from some of categories that display lower totals and may also mean that some “totals” in one table differ slightly from “totals” in other tables.

Important note:

The ONS announced the closure of its Data Explorer (beta) service on 12 May 2017. A replacement service is under development stage and will ultimately become the platform for UK Business, Size Activity and Location open data. In the interim ONS recommended that data should be accessed via their NOMIS service for more detail and analysis. However, on review and breakdown of this data a number of inaccuracies were noted. As such the source of data in this section has reverted back to the original source as used in previous years for continuity and consistency.

5.4.2 Number of furniture manufacturers by turnover band

The industry is dominated by micro and small to medium size businesses with just 310 companies (3.3%) operating at turnovers in excess of £5 million (an increase of 10 when compared to the previous year). 150 companies turn over more than £10 million which is slightly higher than the previous year (145).

Latest data indicates 6,360 companies in the sector, an increase of 1.6% when compared with 6,260 last year. Most of this growth has been in the number of companies turning over less than £1 million (by 100), although there has been a slight increase in the number of organisations in both the £5 to £10 million (10) and £10 to £50 million (5) brackets, although it is recommended that provisional indicators for the highest bracket is treated with some caution due to errors previously identified between the reporting systems In contrast, the number of business in the £1 to £5 million bracket decreased over the year (by 5), although it is likely that this has contributed to growth in other areas. Typically growth, particularly in the higher turnover brackets is assumed to be due to growth rather than new entrants.

Just over 82% of companies turn over less than £1 million and the largest percentage of companies are in the £100k to £250k turnover band (31.8%).

In the “mattress” and “office and shop” sectors the percentage of smaller companies, although this has increased year on year, is lower than for the other sectors (54.3% and 67.4% of businesses within these sectors turn over less than £1 million respectively). Conversely, in the “other furniture” and “kitchen” sectors it is significantly higher at 85.8% and 85.5% respectively.

The “mattress” sector has proportionately more large companies than the others with 20% of companies turning over more than £5 million, although this is 13% less than in 2017. In comparison, 11.2% of companies within the “office and shop” sector turn over more than 5 million, followed by “kitchen” (3.6%) and “other furniture” (3.4%) sectors.

There remains a significant proportion of extremely small companies within the whole furniture manufacturing sector with 55.7% of organisations operating at turnovers of less than £250,000. It is noted that whilst the number of companies within this bracket has increased by 1.7% year on year, the percentage balance in relation to turnover remains the same as 2017.

	Turnover size band (£ thousands)										
	0 to 49	**50 to 99**	**100 to 249**	**250 to 499**	**500 to 999**	**1000 to 1999**	**2000 to 4999**	**5000 to 9999**	**10000 to 49999**	**50000 +**	**Total**
3101 Office and shop furniture	70	85	210	100	135	110	85	55	40	5	895
3102 Kitchen furniture	65	215	435	280	210	90	65	25	20	5	1,410
3103 Mattresses	0	20	40	20	15	20	25	15	15	5	175
3109 Other furniture	350	715	1,340	565	360	240	180	70	55	5	3,880
Total number of companies	485	1,035	2,025	965	720	460	355	165	130	20	6,360

Source: ONS. UK Business Activity, Size and Location. November 2019. Table 9

5.4.3 Number of furniture manufacturers by employment size band

The turnover pattern is to an extent reflected in the employment figures with 78.1% of companies employing less than ten people (an increase of 2% year on year) and only 40 companies (0.63%) employing more than 250. There are five less companies within the largest employment size band (250+) than in the previous year. However, the impact of the percentage decrease of companies in this size band, compared with last year, is minimal (0.55%) due to the increase in numbers of companies attributed to the whole sector.

As expected, this trend is different in the “mattress” sector, with 48.6% of mattress manufacturers employing less than 10 people, whilst 2.9% employ more than 250.

The “office and shop” sector, whilst similar to the other non-mattress sectors at the higher levels of employment, also has fewer companies employing less than 10 people (65.4%), compared with the remaining sectors.

	Employment size band (numbers)							
	0 - 4	5 - 9	10 - 19	20 - 49	50 - 99	100 - 249	250 +	Total
3101 Office and shop furniture	450	135	110	105	60	25	10	895
3102 Kitchen furniture	890	250	155	70	25	10	10	1,410
3103 Mattresses	65	20	20	35	20	10	5	175
3109 Other furniture	2,530	625	360	230	75	50	10	3,880
Total number of companies	3,935	1,030	645	440	180	95	35	6,360

Source: ONS. UK Business Activity, Size and Location. November 2019. Table 4

5.4.4 Regional distribution of furniture manufacturers

The subsequent table illustrates that furniture manufacturing companies are generally evenly spread around the United Kingdom with no single, significant geographical hub. However, there are some notable exceptions to this broad conclusion.

The North East, Scotland and Wales have significantly fewer furniture manufacturers than other regions (2.6%, 3.7% and 3% respectively). Although the North East has remained quite static in number of businesses, this has increased for both Scotland and Wales by 4.3% and 5.6% respectively. Northern Ireland has seen manufacturer numbers remain the same although this region still accounts for 5.3% of all furniture manufacturers.

The South East continues to have proportionately more companies than any other region (13.6%) and, when combined with London, accounts for 24.7% of all UK furniture manufacturers.

37.4% of “office and shop” furniture manufacturers are in London, the South East and the East, with 20% based in the East and West Midlands regions.

“Mattress” manufacturing by contrast is more regionalised than other sub sectors with 57.1% based in Yorkshire and The Humber, an increase year on year of 1.55%. Conversely, none are recorded in the adjacent North East region, in Wales or Northern Ireland despite 5 new businesses being recorded in this last region in 2017. 14.3% of “mattress” manufacturers are in the combined East & West Midlands region, an increase on 2017, whilst the North West accounts for a further 11.4%.

Northern Ireland has slightly more “kitchen” manufacturers than other regions (12.8%), with the next most significant regions being the South East at 12.1% followed by the South West (10.6%) with the North West accounting for 10.3%.East and South East (both 10.2%).

Wales, Scotland and Northern Ireland comprise lower numbers of “other furniture manufacturers”, accounting for 10.8% collectively. However in general, and with the exception of the North East (static at 2.6%) there is a relatively even geographical spread throughout England.

Despite this broad trend, there is still a small hub of “other furniture manufacturers” in the East (11.2%) and the combined regions of London and the South East account for 27.2%.

Government office region	Number of companies				
	3101 Office and shop	3102 Kitchen	3103 Mattresses	3109 Other	Total
North East	20	45	0	100	165
North West	100	145	20	405	670
Yorkshire and The Humber	110	105	100	390	705
East Midlands	95	125	10	345	575
West Midlands	85	125	15	345	570
East	135	140	5	435	715
London	90	135	5	475	705
South East	110	170	5	580	865
South West	80	150	10	385	625
Wales	20	40	0	130	190
Scotland	30	50	5	155	240
Northern Ireland	20	180	0	135	335
Total number of companies	895	1,410	175	3,880	6,360

Source: ONS. UK Business Activity, Size and Location. November 2019. Table 2

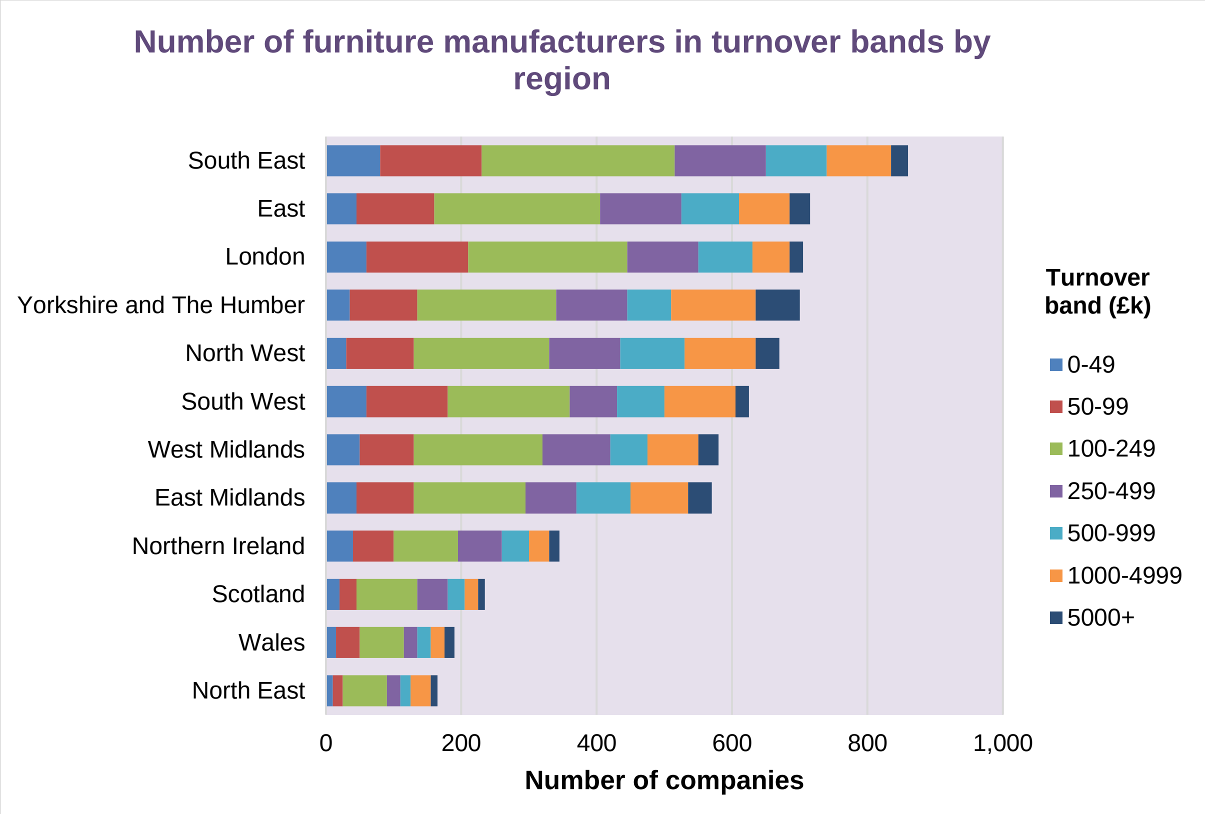
5.4.5 Regional distribution of furniture manufacturers by turnover

Previous sections describe how, in pure numbers of enterprises terms, UK furniture manufacturers are generally spread throughout England with no single, significantly large hub, apart from Yorkshire and the Humber for "mattresses".

Analysis of turnover by region adds an extra dimension to this conclusion and shows that Yorkshire and the Humber (with 9.3% of companies in the region), followed by Wales and the East Midlands and North East (with 7.9%, 6.1% and 6.1% respectively), have a larger proportion of higher turnover (£5 million +) furniture manufacturers than elsewhere in the UK.

Conversely, the South East and the East have more companies than other regions, but are primarily made up of companies whose turnover is less than £1 million (86% and 85.3% respectively). In the London region, this percentage is as high as 89.4% (although this last is fractionally less than last year.

The dominance of small companies is also apparent in Scotland (87.2%) and Northern Ireland (87%) although Northern Ireland does have a slightly higher proportion of companies in the £5 million+ category.



Source: ONS. UK Business Activity, Size and Location. November 2019. Table 8

5.4.6 Regional distribution of furniture manufacturers by employment

Employee distribution by region tends to mirror that of the turnover data presented in the previous section. The South East has more companies than anywhere else (580) employing less than 10 people.

However, as a percentage of each region’s total, London has proportionately more of these lower tier employers (75.9%). Whilst this is notably lower than last year’s percentage (85.3%) it does not reflect the overall increase in company numbers of 6.8% across the region.

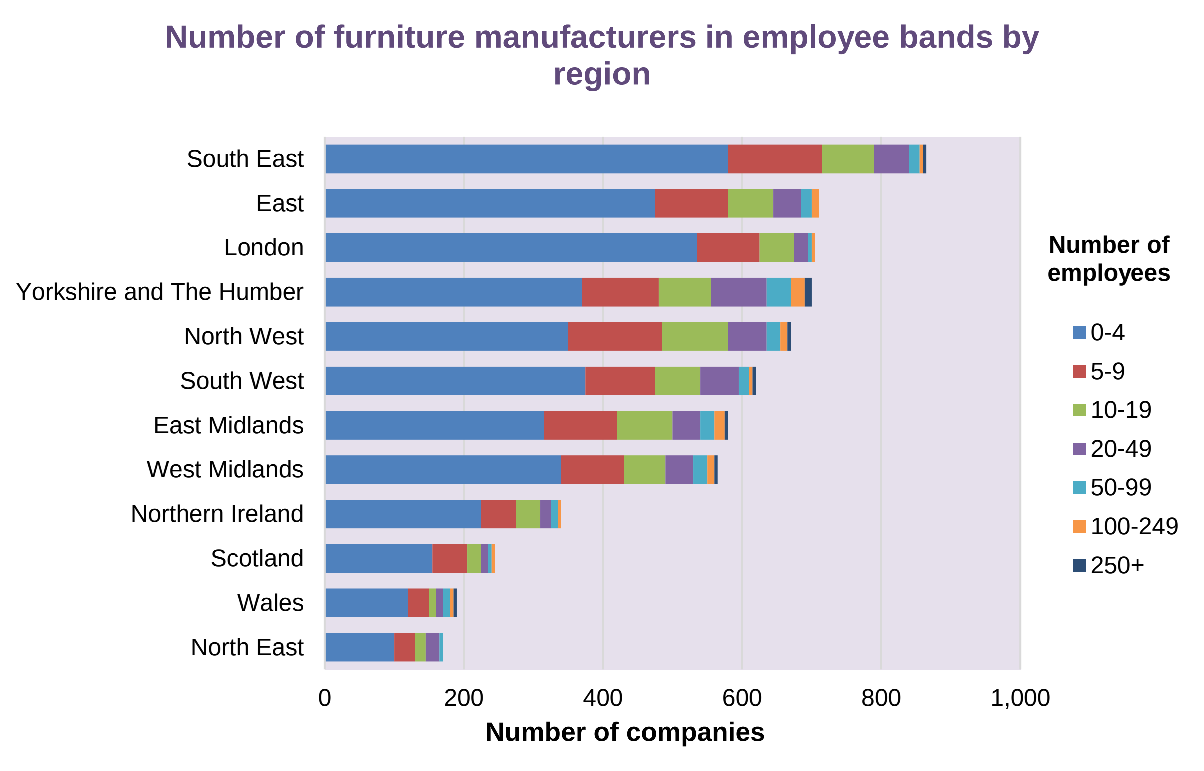
Regions with proportionately more companies employing larger numbers of individuals (50+) are Yorkshire and the Humber (65 companies equating to 9.3%), followed by the East Midlands (40 companies equating to 6.9%) and the West Midlands and North West (35 companies equating to 6.2% and 5.2% respectively.

Wales has a greater percentage of companies employing more than 50 individuals than anywhere else, with the exception of Yorkshire and the Humber, (10.5%), although the numbers of companies concerned are only 20. This represents a 33% increase in organisations employing 50 or more individuals, whilst a decrease of 14.3% is noted in in organisations employing between 5 and 9 individuals in Wales (30 companies in total). The number of companies employing over 250 individuals remains static at 5 equating to 2.6% of all companies in the region.

When considering overall growth, Scotland has seen the largest regional increase in companies with 11.4% year on year, although this is within the two lowest brackets of 0-4 employees and 5-9 employees (10.7% and 11%.

All regions, with the exception of the North West (-2.9%), North East (-1.5%) and East (-1.4%) regions, showed positive overall growth in the number of companies within each area.

It should be noted however, as explained earlier in the report, a degree of caution is needed when interpreting these data as the lowest common denominator is 5, meaning that rounding errors are likely to be significant, particularly where small numbers of companies are involved. An example of this is the decrease in company numbers seen in the North East region which, if figures are to be taken at face value, appears to have lost 5 companies in pf the two highest employment brackets.



Source: ONS. UK Business Activity, Size and Location. November 2019. Table 3

6.0 Furniture markets

6.1 Introduction

World trade figures used to be sourced from the ONS but, due to coherence issues associated with the data, they are now extracted from HM Revenue and Customs records (www.uktradeinfo.com). These data categorise product groups using the Combined Nomenclature Classification system as defined within the Official Journal of the European Union, L312.

UK production figures are still sourced via the ONS PRODCOM report. These data are categorised using both the SIC Code System and the aforementioned CN classification system.

As such, data from both sources can be cross referenced (although small errors may accrue due to the coherence issues referred to at the start of this Section) thus enabling estimates of the UK home market to be calculated.

The two coding systems are summarised Section 3.2 of this report.

It is also important to reinforce (as detailed in Section 5.2.1) that there are differences between UK production data collated for the Annual Business Survey (Section 5.1) and those collated for the production information within this section. Whilst both the Annual Business Survey and PRODCOM collate total turnover, there are distinct differences between the two in that PRODCOM focuses on products and ABS focuses on activities. The total value of production for business in an industry group (PRODCOM) may be different to the turnover reported by ABS for the same industry group as enterprises may carry out other activities, besides production, that contribute to turnover.

6.2 Trade data by product groupings

6.2 1 Manufacture of furniture (2018) – Division 31

Product Description	Sales	Exports	Imports	Trade gap	Home market	Imports as a % of home market
	£billions	£billions	£billions	£billions	£billions	%
UK manufacturer sales of products in this group	7.130	1.255	6.171	-4.916	12.045	51.2%
All other income including: other income as part of manufacturer product sales and other income comprising merchanted goods, work done, waste products, non-production income such as services, net carry in / carry out	2.500	-	-	-	2.500	-
Total turnover attributable to this sector	9.630	1.255	6.171	-4.916	14.545	42.4%

The total provisional estimate for UK furniture manufacturer sales of products in 2018 was £7.13 billion, an increase of 1.9% when compared to last year. When adding on other manufacturer sales and income derived from other activities however, the total attributable turnover for the furniture manufacturing sector increased by 4.3% to an estimated £9.63 billion.

In terms of product sales, imports decreased fractionally to 51.2% of the home market (0.5 percentage points lower than in 2017) which, based on manufacturing, export and import data, was estimated to be £12.04 billion (3.6% higher than the previous year). The total home market, including income derived from other sources was £14.55 billion (about £0.40 billion higher than in 2016).

The following tables summarise manufacturing product sales for product groupings plus associated UK trade data (imports and exports).

6.2.2 Office and shop (2018) – Division 3101

Product Description	Sales	Exports	Imports	Trade gap	Home market	Imports as a % of home market
	£000s	£000s	£000s	£000s	£000s	%
Office and shop – Total UK manufacturer sales of individual products listed in this group	1,108,801	242,142	499,832	-257,691	1,366,492	37%
31001150 (CN 94013000) - Swivel seats with variable height adjustments EXCLUDING: - medical, surgical, dental or veterinary seats - barber or similar chairs	189,700	47,711	127,334	-79,623	269,323	47%
31001190 (CN 940179) - Non-upholstered seats with metal frames EXCLUDING: - medical, surgical, dental or veterinary seats - barbers' or similar chairs - swivel seats	18,890	17,993	128,134	-110,141	129,031	99%
31011100 (CN 94031051 + 94031058 + 94031091 + 94031093 + 94031098) - Metal furniture for offices INCLUDING: - tables and desks - cupboards and cabinets - display units and bookcases EXCLUDING: - seats - armoured or reinforced safes	242,217	99,032	112,374	-13,343	255,560	44%

31011200 (CN 940330) - Wooden furniture of a type used in offices INCLUDING: - fixed pedestals, moveable pedestals - desks and tables - cupboards, cabinets and bookcases - shelves, racking, screens and panels EXCLUDING: - seats	423,324	43,797	91,948	-48,151	471,475	20%
31011300 (CN 94036030) - Wooden furniture for shops EXCLUDING: - seats	234,670	33,608	40,041	-6,433	241,103	17%
All other income not included in the above total for the division	984,022	N/A	N/A	N/A	984,022	N/A

6.2.3 Kitchen (2018) – Division 3102

Product Description	**Sales**	**Exports**	**Imports**	**Trade gap**	**Home market**	**Imports as a % of home market**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**%**
Kitchen **Total UK manufacturer sales of individual products listed in this group:**	1,794,887	61,293	192,363	-131,070	1,925,957	10%
31001290 (CN 940169) - Non-upholstered seats with wooden frames EXCLUDING: - swivel seats	6,250	21,018	99,677	-78,659	84,909	117%
31021000 (CN 94034) - Wooden kitchen furniture INCLUDING: - wooden units for fitted kitchens EXCLUDING: - seats	1,788,637	40,275	92,686	-52,411	1,841,048	5%
All other income not included in the above total for the division	1,076,720	N/A	N/A	N/A	1,076,720	N/A

6.2.4 Mattresses (2018) – Division 3103

Product Description	Sales	Exports	Imports	Trade gap	Home market	Imports as a % of home market
	£000s	£000s	£000s	£000s	£000s	%
Mattresses **Total UK manufacturer sales of individual products listed in this group**	810,542	69,521	156,229	-86,708	897,250	17%
31031100 (CN 940410) - Mattress supports INCLUDING: - wooden or metal frames fitted with springs or steel wire mesh - upholstered mattress bases - with wooden slats - divans	208,123	19,474	22,088	-2,614	210,737	10%
31031230 (CN 94042110) - Mattresses of cellular rubber INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses	11,233	237.314	3,011	-2,774	14,007	21%
31031250 (CN 94042190) - Mattresses of cellular plastics INCLUDING: - with a metal frame EXCLUDING: - water-mattresses - pneumatic mattresses	42,959	11,186	50,374	-39,188	82,147	61%
31031270 (CN 94042910) - Mattresses with spring interiors EXCLUDING: - of cellular rubber or plastics	487,956	29,036	42,220	-13,184	501,140	8%
31031290 (CN 94042990) - Mattresses EXCLUDING: - with spring interiors - of cellular rubber or plastics	60,271	9,587	38,536	-28,949	89,220	43%
All other income not included in the above total for the division	42,382	N/A	N/A	N/A	42,382	N/A

6.2.5 Other furniture (2018) – Division 3109

Product Description	Sales	Exports	Imports	Trade gap	Home market	Imports as a % of home market
	£000s	£000s	£000s	£000s	£000s	%
Other furniture **Total UK manufacturer sales of individual products listed in this group**	3,332,734	1,205,665	5,020,803	-3,815,138	7,147,872	70%
31001170 (CN 940171) - Upholstered seats with metal frames EXCLUDING: - swivel seats - medical, surgical, dental or veterinary seats - barbers' or similar chairs - for motor vehicles - for aircraft	132,714	35,870	135,022	-99,153	231,867	58%
31001210 (CN 940140) - Seats convertible into beds EXCLUDING: - garden seats or camping equipment	8,803	4,374	21,859	-17,486	26,289	83%
31001230 (CN 94015) - Seats of cane, osier, bamboo or similar materials	0**	903	4,208	-3,305	3,305	127%
31001250 (CN 940161) - Upholstered seats with wooden frames INCLUDING: - three piece suites EXCLUDING: - swivel seats	924,739	93,941	730,990	-637,048	1,561,787	47%
31001300 (CN 940180) - Other seats INCLUDING: - plastic garden seats, camping seats EXCLUDING: - for aircraft - for motor vehicles - swivel seats - seats convertible into beds - seats of cane, osier, bamboo or similar - seats with wooden or metal frames - medical, surgical, dental/veterinary seats - barbers' or similar chairs	24,142	45,416	160,074	-114,657	138,799	115%

31001400 (CN 94019030 + 94019080) - Parts for seats EXCLUDING: - for medical, surgical dental or veterinary seats - for barbers' and similar chairs - of a kind used for aircraft	217,323	111,035	834,989	-723,954	941,277	89%
31002030 (CN 94039010) - Parts of metal furniture EXCLUDING: - for seats - medical, surgical, dental or veterinary furniture - for SPECIALLY DESIGNED furniture for hi-fi systems, videos or televisions	38,377	422,226	228,241	193,986	-155,609	-147%
31002050 (CN 94039030) - Parts of wooden furniture EXCLUDING: - for medical, surgical, dental or veterinary furniture - for seats	211,305	15,160	346,779	-331,620	542,925	64%
31002090 (CN 94039090) - Parts of furniture other than of wood or metal EXCLUDING: - for seats - for medical, surgical, dental or veterinary furniture	20,111	45,597	85,815	-40,218	60,329	142%
31091100 (CN 940320) - Metal furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, shops, workshops EXCLUDING: - medical, surgical, dental or veterinary furniture - seats	567,103	176,568	544,168	-367,600	934,703	58%
31091230 (CN 940350) - Wooden furniture for the bedroom INCLUDING: - headboards EXCLUDING: - builders' fittings for cupboards to be built into walls - mattress supports - lamps and lighting fittings - floor standing mirrors - seats	515,380	33,913	464,841	-430,928	946,308	49%
31091250 (CN 94036010) - Wooden furniture for the dining-room and living-room EXCLUDING: - floor standing mirrors - seats	104,441	77,006	673,128	-596,122	700,563	96%

31091300 (CN 94036090) - Wooden furniture for domestic use and for banks, bars, churches, cinemas, hotels, laboratories, libraries, museums, pubs, restaurants, schools, workshops EXCLUDING: - shop, medical, surgical, dental or veterinary furniture - for bedroom, dining-room, living-room or kitchen - seats	494,664	96,444	644,874	-548,430	1,043,094	62%
31091430 (CN 940370) - Plastic furniture INCLUDING: - headboards EXCLUDING: - medical, surgical, dental or veterinary furniture - seats.	60,534	27,276	108,277	-81,001	141,535	77%
31091450 (CN 94038) - Furniture of materials other than metal, wood or plastic INCLUDING: - headboards EXCLUDING: - seats.	13,098	19,936	37,538	-17,602	30,700	122%
All other income not included in total for the division	397,069	N/A	N/A	N/A	397,069	N/A

Notes for tables 6.2.1 to 6.2.5

N/A = Data not applicable

S = Suppressed, or partially suppressed as disclosive in the source tables

Some totals differ from the sum of the individual parts due to rounding and / or the impact of suppressed data.

** The data for cane, osier and bamboo seats highlight the potential for slight statistical errors / misinterpretations. UK manufacturer sales were registered as 0, yet there were £903,000 of exports. This could be due to import and re-export which is likely to occur in other product groupings too. Alternatively, whilst PRODCOM appears to record sales for CN 940150 only, HM Revenue and Customs (UK Trade Data) record import/export data for CN 940150, 940151, 940152, 940153 and 940159.

Note: Data excludes estimates and below threshold figures as per previous annual digests

6.3 Trade by country

6.3.1 Introduction

Data comprise the top importing and exporting countries to and from the UK.

Global regions and other individual country breakdowns are available by interrogation of the UK Trade Info web site (www.uktradeinfo.com).

6.3.2 Imports

Imports of furniture into the UK in 2018 decreased by (-2.3%) to £6.17 billion compared with the previous year's figure of £6.31 billion. Indications for 2019 are that this figure could decrease further to around £6.06 billion, potentially due to continuing uncertainty surrounding the impact of the UK's departure from the EU.

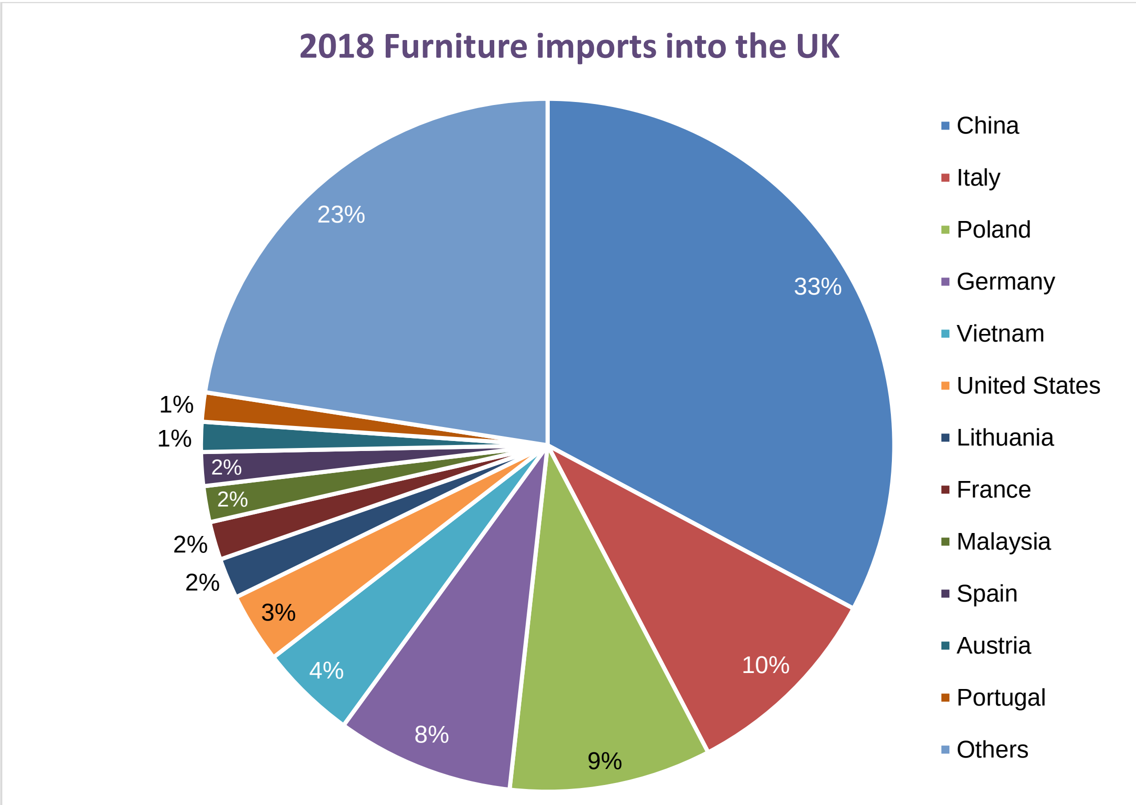
The majority of imports again originated from China (£2.02 billion), with its share of imports into the UK dipping slightly to 32.8% when compared to 34% the previous year.

In purely financial terms Italy retained its position of second in the hierarchy of furniture exporters to the UK, albeit following year on year growth of just 1.2%. Poland and Germany remained in third and fourth positions respectively. Despite negative growth of -7.9%, there remains a reasonable gap between Germany and Vietnam in fifth position. In round terms, these having been displaced by France countries accounted for 9.5%, 9.4% and 8.3% of furniture imports into the UK respectively at around half a billion pounds each.

Other changes in the hierarchy over the year saw Malaysia and Spain drop to ninth and tenth respectively having been displaced by France who, with an increase of 9.7% year on year (import value of £0.11 billion) moved from tenth to eighth.

The value of 2018 imports from the European Community was £ 2.74 billion, a slight decrease of -1.7% on the previous year (£2.79 billion) and 8.8% (£0.22 billion) over the period from 2016 to 2018.

Initial estimates for 2019 based on data extrapolation indicate a potential decrease of around -8.75% in furniture imports from the EU itself to around £2.51 billion. In contrast, imports from non-EU countries may rise to £3.55 billion, a potential increase of 3.7%, although it should be remembered that these values may change.



6.3.3 Exports

Furniture exports have continued to grow in recent years from £1.06 billion in 2016 to £1.25 billion in 2018 (18.7%) over the period) with year on year export growth between 2017 and 2018 of 5.6% accounting for an additional £66.4 million.

Whilst exports to Europe have grown over the period from 2016 to 2018 by 24.5%, year on year growth of 7.7% between 2017 and 2018 (£55.76 million) is far from the annual double digit growth seen on average since 2015. Growth in exports to non-EU countries has similarly slowed with growth over the period from 2015 to 2017 being 21.4%, whilst from 2016 to 2018 this was 10.2%.

The prediction for 2019 is that overall exports could decrease by approximately 5.3% to £1.19 billion, although it is important to recognise that the latest editions of these data are provisional and the calculation based on extrapolation.

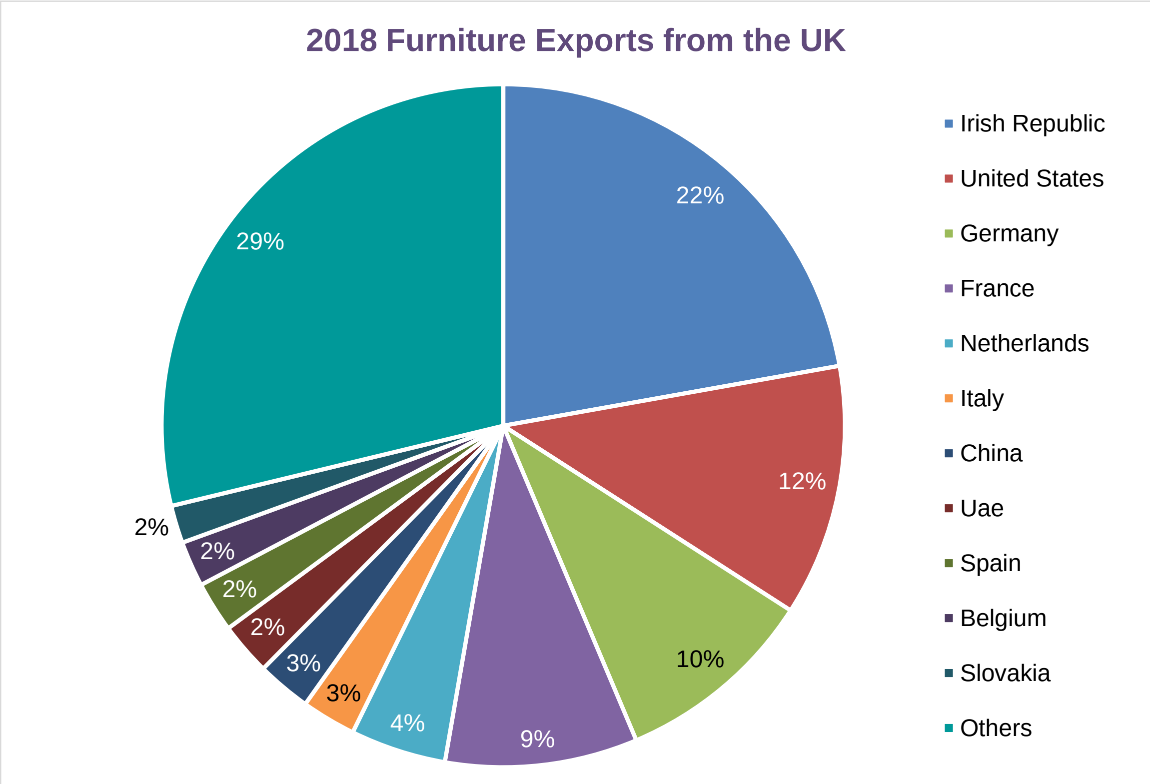
Exports to the Irish Republic continue to grow year on year and reached £0.28 billion in 2018, an increase of 8.3% from 2017. Although in 2018 it received 22.2% of all UK furniture exports, a slight increase when compared to the previous year (21.3%) this has remained reasonably stable over the last 4 years.

There is no movement in second, third and fourth positions in the table with the USA, Germany and France receiving 11.9%, 9.5% and 9.1% of UK furniture exports respectively. Whilst Germany saw a year on year increase of 8% (equating to an additional £8.86 million), France and the USA saw increases of 5.5% and 2.3% respectively.

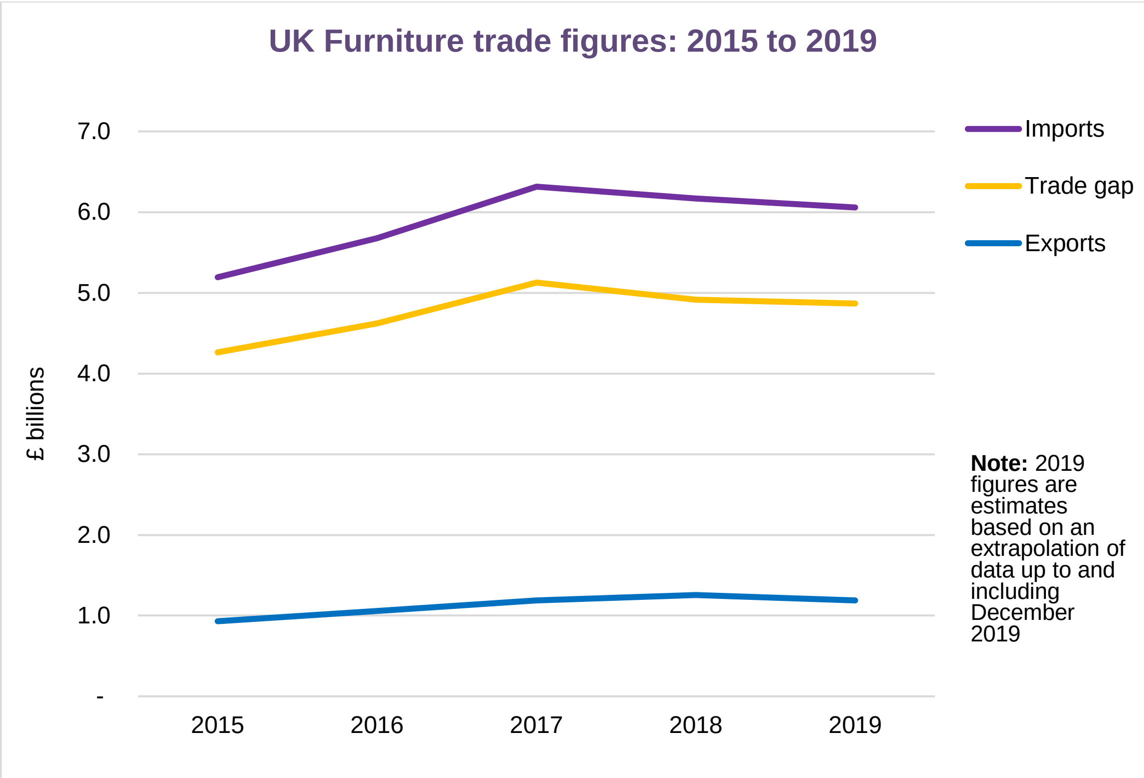
There was a significant year on year increase of UK furniture exports to the UAE (23.8%), which received 2.5% of all UK furniture exports, and moved from tenth to eighth position with a total value of £32.22 million.

Of further note is the considerable increase in exports to Slovakia in 2018 (198% year on year equating to £22.4 million), although this accounted for just 1.8% of all UK exports.

Exports to China appear to have slowed considerably following previous year on year growth over 2016/17 of 10.5%. In 2018 the market received £32.16 million of goods (around 2.56% of all furniture exports), a sharp decrease of 26.9% when compared with the previous year (around £44 million). Early estimates for 2019 based on extrapolated data, indicate a further substantial decrease in exports of up to 41%



6.3.4 Trade gaps and trends



Note: 2019 figures are estimates based on an extrapolation of data up to, and including, November 2019.

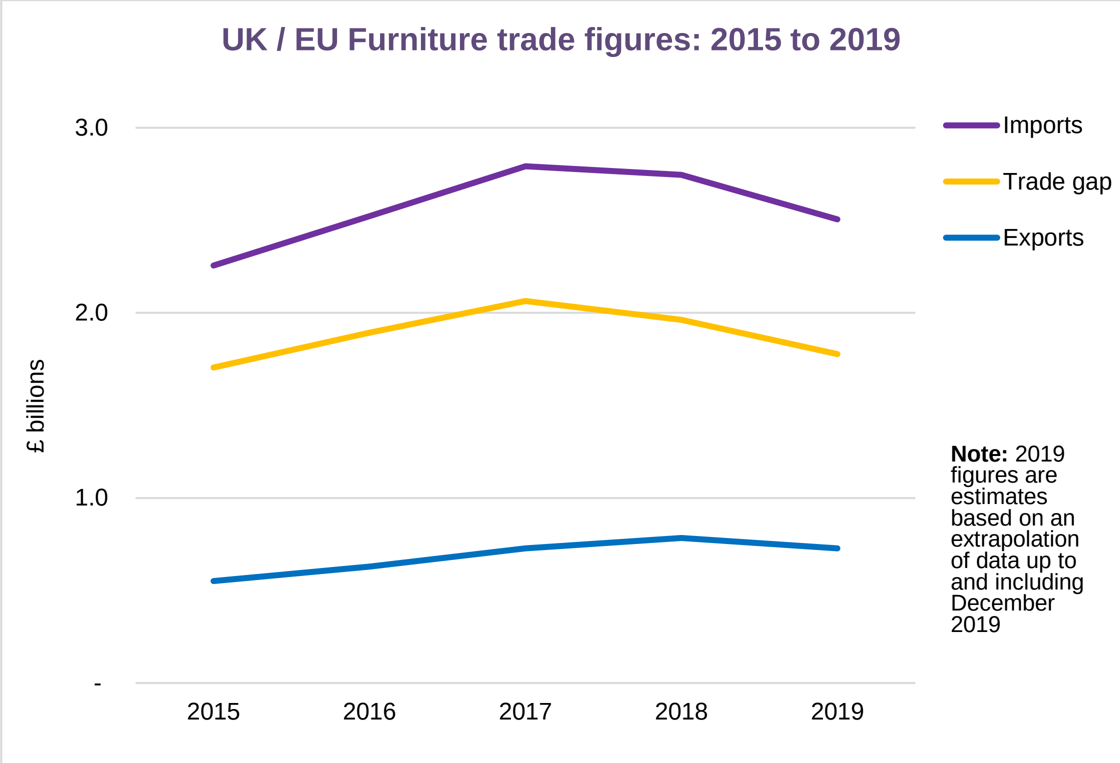
Total furniture imports into the UK have decreased year on year with the provisional figure for 2018 being £6.17 billion. This may be indicative of the continued uncertainty over the UK's departure from the EU.

Extrapolations based on import data published up to November suggest that this downward trend could continue into 2019, with imports into the UK decreasing to around £6.06 billion once the full year figures are confirmed.

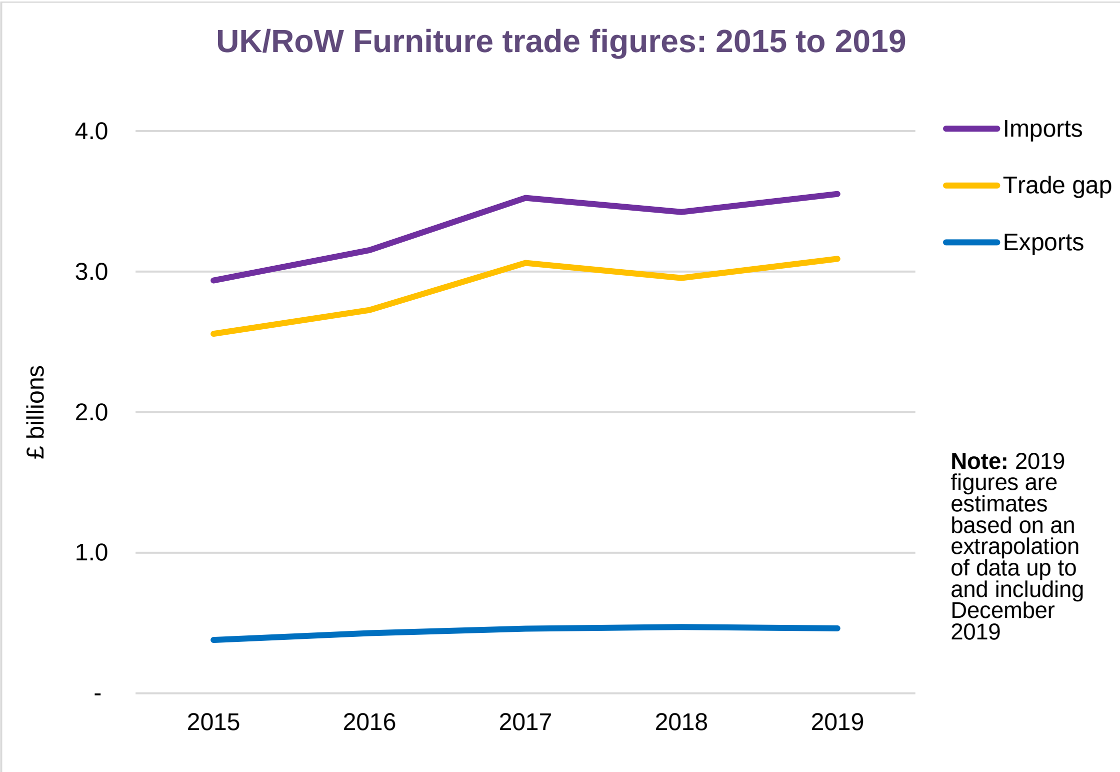
Although the UK furniture sector's export performance historically appears relatively static, particularly when compared with the larger values attributable to imports, exports have gradually increased since 2012, exceeding £1 billion in 2016 and peaking at £1.25 billion in 2018 representing a 5.6% increase year on year and 18.7% over the period 2016 to 2018.

Initial estimates for 2019, based on extrapolations from November data, are that this figure could mirror the dip in imports and slip to £1.19 billion, a fall of around 5.3%.

Despite the uncertainty surrounding the UK's imminent exit from the European Union, exports to countries within the EU have remained relatively stable overall since 2014, although 2017/18 saw a marginal increase with 62.4% of all exports going to the EU when compared with 61.3% during 2016/17. Preliminary figures for 2019 indicate this could potentially rise again to around 65%.



Note: 2019 figures are estimates based on an extrapolation of data up to, and including, November 2019.



Note: 2019 figures are estimates based on an extrapolation of data up to, and including, November 2019.

2018 saw the negative trade gap narrow from £5.13 billion to £4.92, although the decrease was slightly less than preliminary figures released in 2017 suggested. Initial figures suggest that the gap may reduce further to -£4.87 billion by the end of 2019.

Perhaps an indicator of the UK's stronger export performance, the 2018 negative trade gap with China (the largest for the sector) decreased to £1.99 billion (from £2.1 billion in 2017). This was followed by negative trade gaps with Poland, Italy and Germany, which equated to £0.57 billion, £0.55 billion and £0.39 billion respectively.

Whilst the previous section highlighted exports to European countries as a positive asset, the reality is that many of these countries continued to export more to the UK than vice versa. However this narrowed in 2018 to £1.96 billion when compared with £2.06 billion in the previous year.

The main positive trade gap, as in previous years, was with the Irish Republic which has widened from £0.20 billion in 2017 to £0.23 billion in 2018. Preliminary figures for 2019 indicate a turnaround however, with a potential decrease to £1.99 billion.

After this there were a number of countries with which the UK benefited from much smaller positive trade gaps in 2018, with Saudi Arabia at £12.1 million, Ghana at just below £9 million (an increase of £2.3 million) and Nigeria at £7.8 million (an increase of £2.4 million). Russia follows with a positive trade gap of £7.4 million, approximately £1 million less than the previous year.

The most striking figures were in respect to Belgium which moved from a negative trade gap of -£10.4 million in 2017 to a positive trade gap of £5 million in 2018.

Tabulated UK furniture trade figures for 2018

Country	Exports (£millions)	Imports (£millions)	Trade gap (£millions)
Irish Republic	278.31	48.87	229.44
Saudi Arabia	15.73	3.59	12.14
Ghana	9.22	0.27	8.96
Nigeria	7.96	0.14	7.83
Russia	12.51	5.13	7.38
Kuwait	6.78	0.63	6.14
Qatar	7.55	2.43	5.12
Gambia	5.13	0.00	5.12
Belgium	27.03	22.04	4.98
France	114.17	109.58	4.59
India	7.64	6.86	-72.76
Austria	8.78	86.15	-77.37
Romania	3.05	80.80	-77.76
Portugal	4.17	84.09	-79.92
Malaysia	1.30	103.75	-102.46
Lithuania	1.02	116.08	-115.06
Vietnam	1.67	277.65	-275.98
Germany	119.64	510.09	-390.45
Italy	32.31	587.96	-555.64
Poland	14.78	580.95	-566.17
Others	540.46	1524.61	-984.15
China	32.16	2024.47	-1992.31
Total	**1253.72**	**6177.31**	**-4923.59**

6.4 The impact of seats for transport

The UK's PRODCOM and Annual Business Survey statistics for furniture manufacturing used to incorporate data associated with seating for transport. However, this policy was discontinued a number of years ago. The world trade figures reported in previous sections have been sifted to remove the transport seating data so that there is a consistency of statistical approach when analysing UK manufacturing in the light of imports exports, trade gaps and home markets.

it could be argued that e transport seating data should be included as they broadly fit within the furniture sector.

The following table demonstrates how this sector impacts on the trade data presented previously.

Tabulated UK transport seat trade figures for 2018

Product	Exports (£millions)	Imports (£millions)	Trade gap (£millions)
Seats for aircraft (940110)	637.45	39.41	598.03
Seats for motor vehicles (940120)	56.33	68.78	-12.45
Parts for aircraft seats not elsewhere specified (94019010)	250.1	284.27	-34.17
Total	943.88	392.46	551.42

Whilst seats for motor vehicles and parts of seats for aircraft have little impact on the trade gap, the UK is nevertheless a major provider of seats for aircraft with an export business that was worth £0.64 billion in 2018. Although this value has decreased year on year by 21%, overall growth over the period from 2016 to 2018 was 16.6%. The majority of this production (£0.44 billion or 69.7%) was sent outside the EU when compared to £0.58 billion in the previous year.

A small increase in imports of parts for aircraft seats of 1.14%, combined with a decrease of 1.7% in exports, has seen the negative trade gap for this sub-sector widen from -£26.69 million in 2017 to -£34.17 million in 2018.

The total export market for all products within this group in 2018 was worth £0.94 billion, a decrease of just under 15%, which in turn has reduced the positive trade gap by 25.8% to £0.55 billion when compared to the previous year.

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