



# State of the Furniture & Mattress Industries:

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Yesterday – Today - Tomorrow

TUESDAY JUNE 15<sup>TH</sup>

“JERRY” EPPERSON, JR. CFA

MANN, ARMISTEAD & EPPERSON, LTD.

INVESTMENT BANKERS and ADVISORS



# Yesterday... 🎵 All the imports seemed so far away 🎵

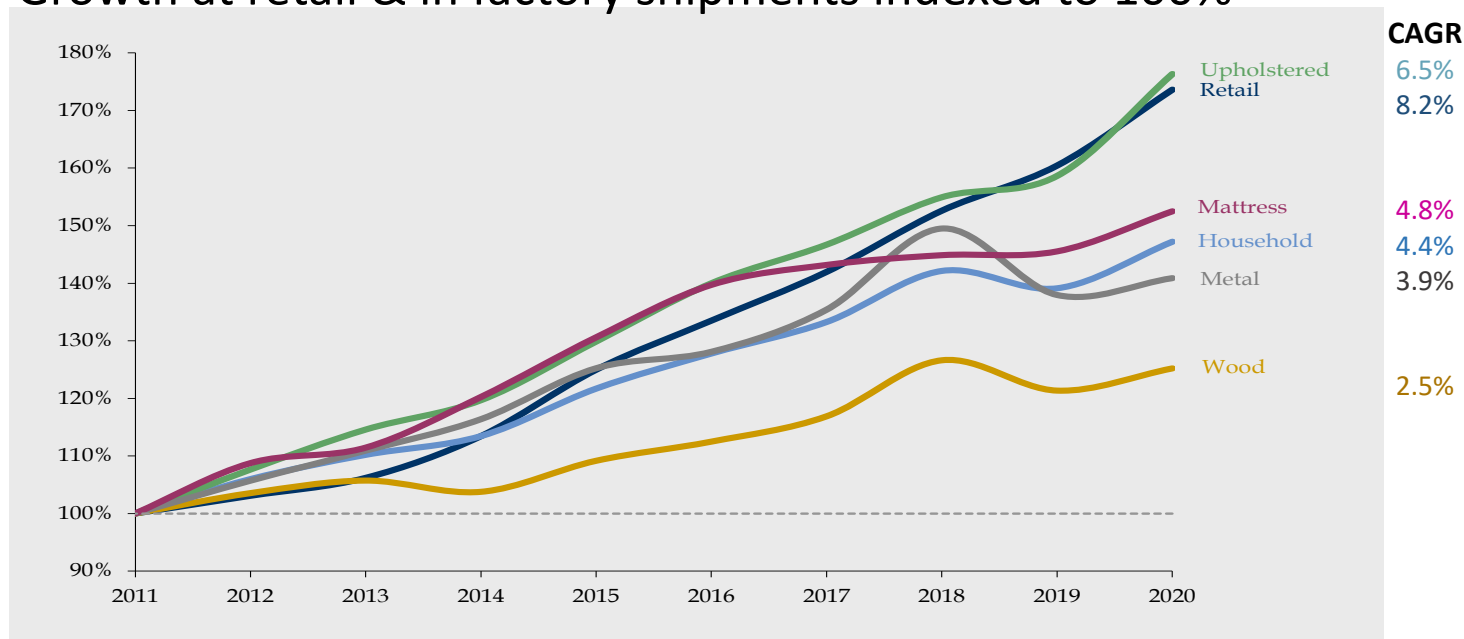
Year	Total	Wood	Upholstered	Metal	Mattress	Source Nations
1979	9.3%	-	-	-	-	Taiwan, Canada, Denmark, Italy
1986	14.0%	-	-	-	-	Taiwan, Canada, Eastern Europe
1993	20.4%	24.8%	5.7%	23.3%	0.9%	Taiwan, Canada, Italy
2000	37.9%	43.0%	16.4%	61.2%	1.5%	China, Vietnam, Canada
2010	54.4%	70.6%	39.5%	85.5%	5.3%	China, Vietnam, Canada, Mexico
2020	60.8%	86.1%	42.2%	92.2%	17.3%	China Vietnam, Malaysia, Mexico

Sources: ISPA, USITC



# Yesterday

## Growth at retail & in factory shipments indexed to 100%





# Yesterday

## Largest Furniture Importers

Top 5 Importers		TEU in 2020	Other - Furnishings Related		TEU in 2020	Other - Furnishings Related		TEU in 2020
Rank			Rank			Rank		
1	Walmart	930,000	12	IKEA	113,902	38	Living Spaces	34,311
2	Target	650,000	13	Williams-Sonoma	89,710	79	Raymour & Flanigan	17,655
3	Home Depot	520,130	18	Rooms- to-Go	70,000	81	Coaster of America	17,069
4	Lowe's	330,000	23	Bob's Discount	54,646	83	American Furniture Warehouse	16,525
5	Ashley Furniture	296,000	29	Amazon	46,259	98	Badcock Home Furniture	14,213
			30	Dorel	43,141	100	Zinus	13,679

Source: JOC.COM



# Yesterday

## 2020 Was a **TRAINWRECK** of a Year!

- Contentious Presidential Election
- Global Pandemic
- Extreme Unemployment
- Recession in second quarter; worst in modern times

 **SCMP TODAY** | INTERNATIONAL EDITION

Wednesday 9th June, 2021

### Latest: Coronavirus death toll, infections and vaccinations

<b>173,977,068</b> Confirmed Covid-19 cases		Cases	Deaths
<b>3,746,770</b> total deaths	<b>2,184,789,416</b> total vaccinated	United States	33,391,092 598,326
		India	29,089,069 353,528
		Brazil	17,037,129 476,792
		France	5,781,556 110,299
		Turkey	5,300,236 48,341

Sources: Johns Hopkins University, WHO, Our World in Data, health authorities

Last Updated: 10 Jun, 02:29PM

 SCMP

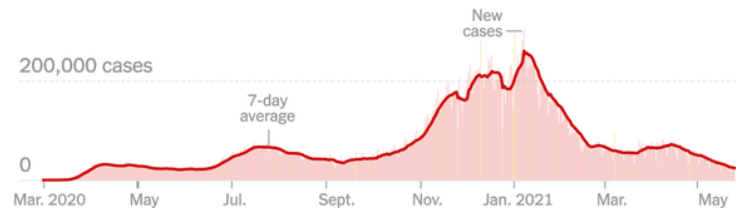


# Yesterday

2020 Was a TRAINWRECK of a Year!

- U.S. National Shutdowns
- Extraordinary government benefits, incentives, and spending
- Extreme disruption to global logistics, employment, etc.
- Rush to create vaccine

New reported cases by day in the United States



	TOTAL REPORTED	ON MAY 25	14-DAY CHANGE
<b>Cases</b>	<b>33.1 million+</b>	<b>22,581</b>	<b>-37%</b> →
<b>Deaths</b>	<b>590,628</b>	<b>695</b>	<b>-12%</b> →
<b>Hospitalized</b>		<b>27,311</b>	<b>-23%</b> →

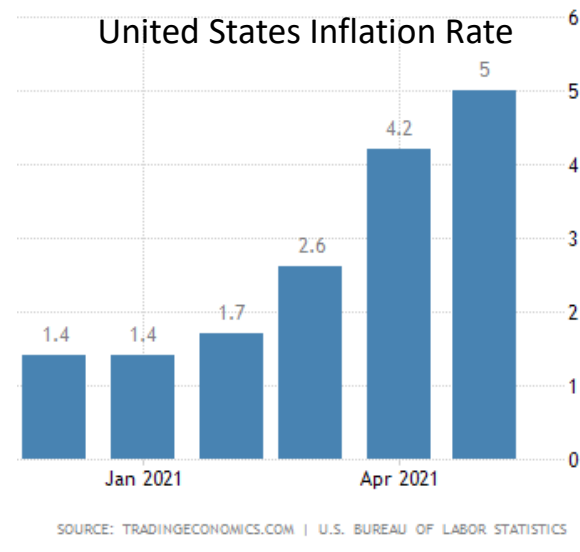
Source: The New York Times



# Today

2021 is a **ROCKETSHIP** of a Year!

- Employment gains beyond expectations
- Stock market hits records (DJIA 34,000+)
- Interest rates are stable (vs. inflation)
- Booming housing year

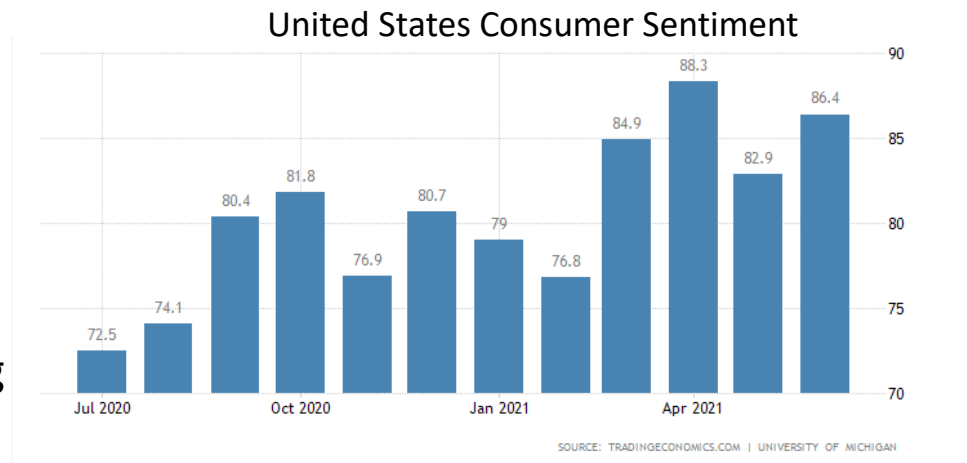




# Today

2021 is a **ROCKETSHIP** of a Year!

- Additional governmental incentives, benefits
- Retail strength – especially home-related
- Consumer confidence strong

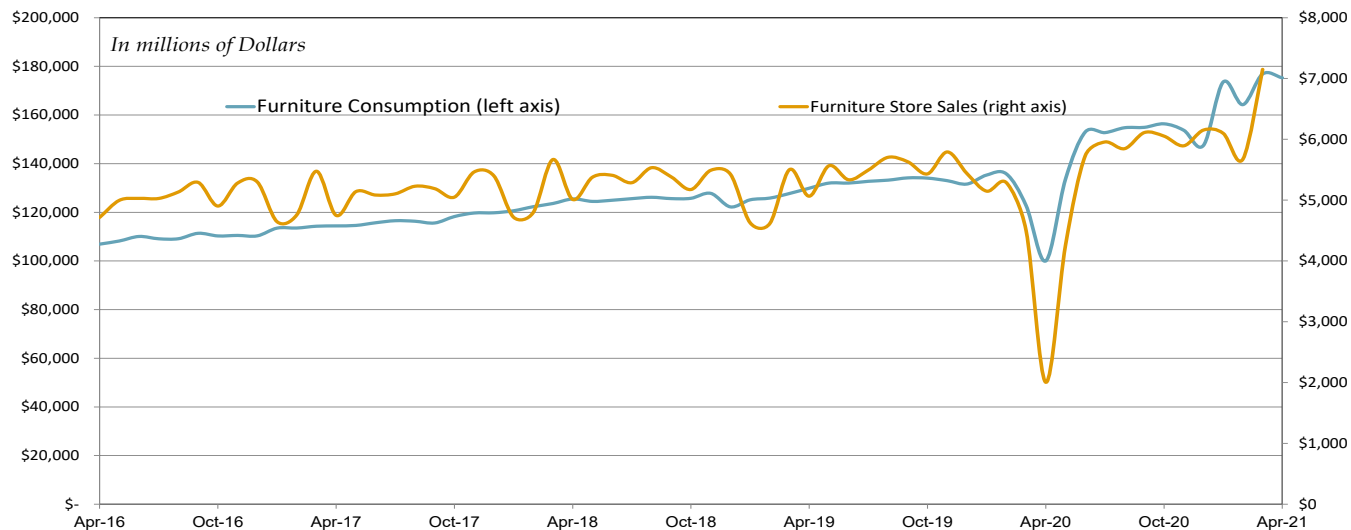






# Today

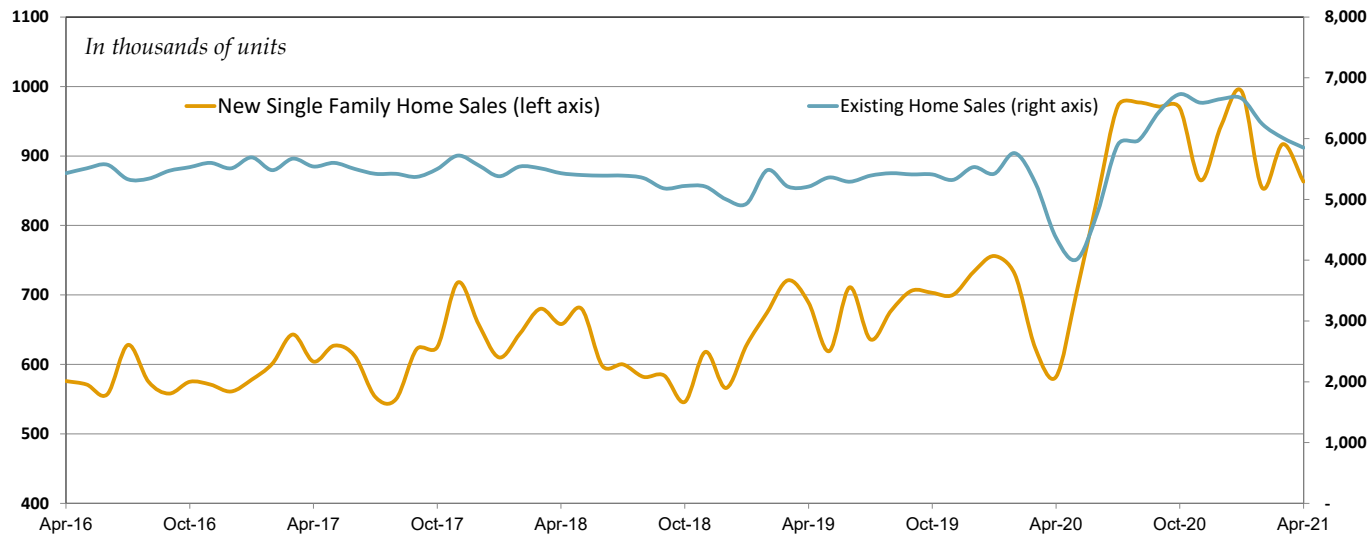
## Consumption Expenditures of Furniture & Mattresses





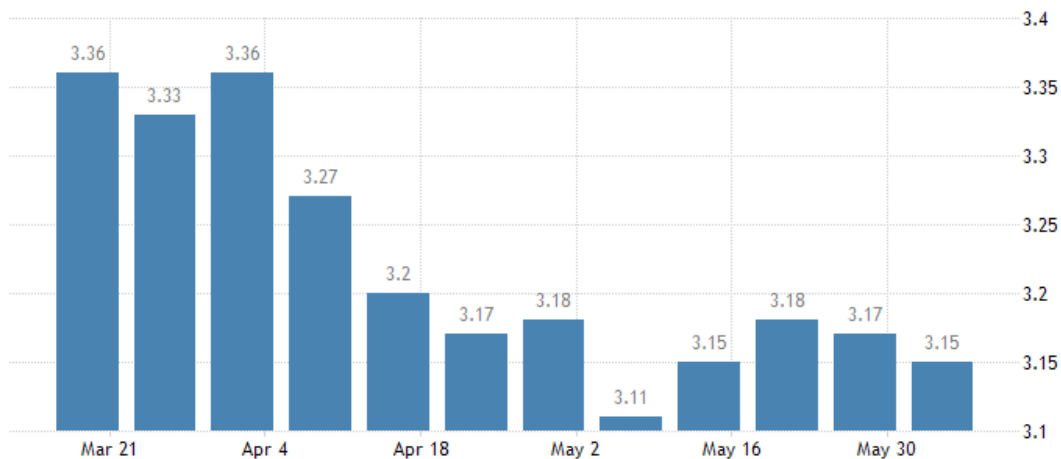
# Today

## **NEW** vs. **EXISTING** Home Sales



# Today

## Mortgage Rates



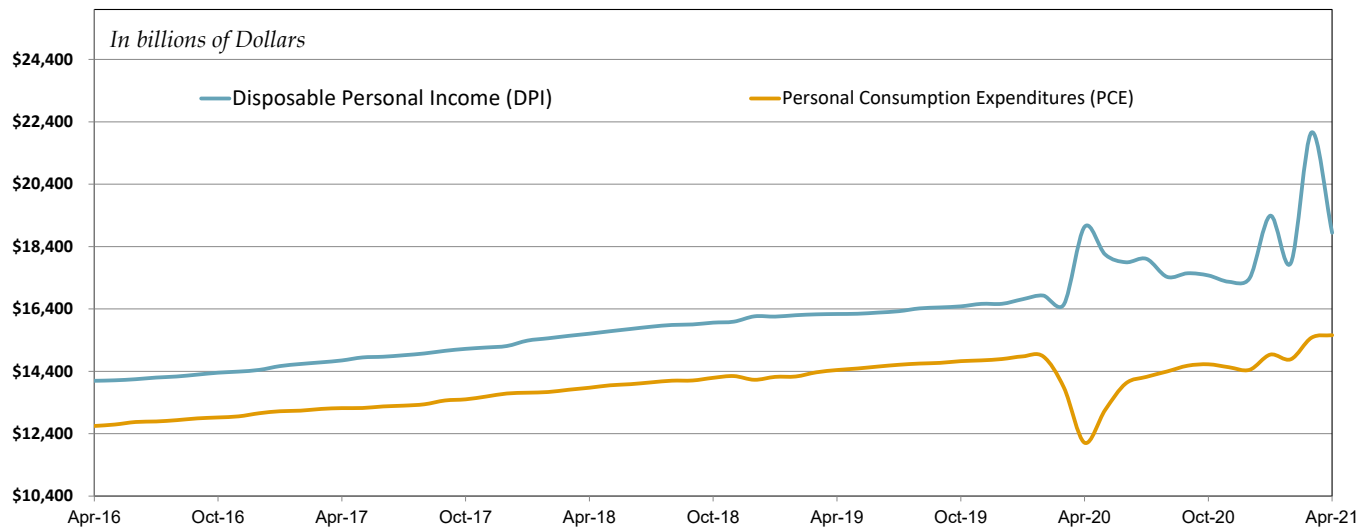
SOURCE: TRADINGECONOMICS.COM | MORTGAGE BANKERS ASSOCIATION OF AMERICA





# Today

## Total Consumer Spending vs. Disposable Income



# Today

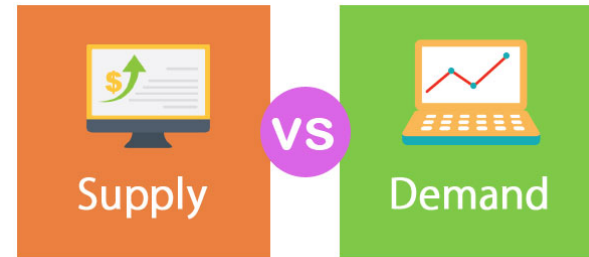
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- Reach for the TUMS!
- Port congestion (constipation?)
- Obscene costs of shipping (\$14,000+)
- Shortage of containers
- MALWARE blackmail of retailers and infrastructure
- Inflation – gas prices and everything else



# Today

- FOAM shortage
- Workers not returning to work
- Domestic factories shortage of parts, labor, and energy
- LOOOONNGG delivery dates
- Great demand →→→ Poor supply



# Tomorrow, Tomorrow...



- Failure to deliver furnishings in 2021 will enhance demand in 2022
- Strong housing activity in 2021 will create demand in 2022
- Consumer credit is in-line; capacity is available
- Interest rates will increase
- Incomes will rise
- Employment will continue to increase



# Tomorrow, Tomorrow...

- Logistics and supply chain will catch up in 2022

- Less transportation disruption

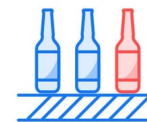
- Fewer price increase in logistics



Raw materials



Supplier



Manufacturing



Customer



Retail



Distribution



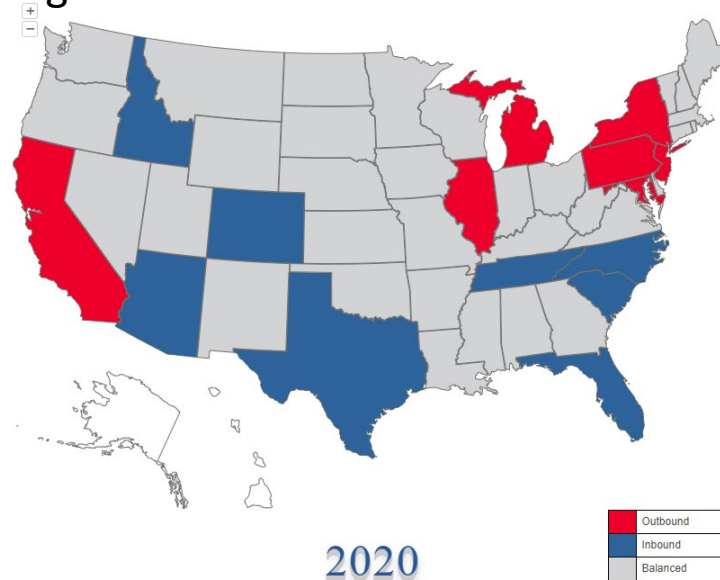


# Tomorrow, Tomorrow...

- Consumer spending to rise in restricted segments:

- |           |                    |                   |
|-----------|--------------------|-------------------|
| - movies  | - restaurants      | - sporting events |
| - theater | - large gatherings | - shopping        |
| - travel  | - gambling         | - museums         |

- More population migration, primarily north to south



# Tomorrow, Tomorrow...

## Demographic Positives

- Fastest growth in key 35-54 age groups
- Maturing families and income
- Women & minorities have same education and job opportunities



### Generation X

*MTV Generation, Baby Busters*

- Aren't afraid to voice opinions
- Spend less time in the office
- Realistic and pragmatic



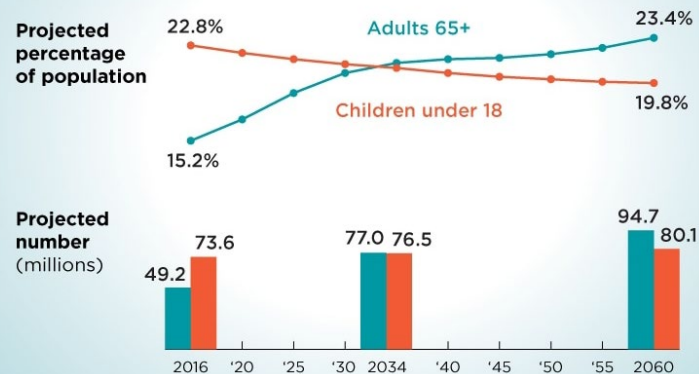


# Tomorrow, Tomorrow...

## Demographic Positives

- Higher home ownership
- Higher birth rates expected
- Age of population is positive until 2034
- Inheritances

For the First Time in U.S. History Older Adults Are Projected to Outnumber Children by 2034



Note: 2016 data are estimates not projections.

United States<sup>®</sup>  
**Census**  
Bureau

U.S. Department of Commerce  
U.S. CENSUS BUREAU  
[census.gov](https://www.census.gov)

Source: National Population Projections, 2017  
[www.census.gov/programs-surveys/popproj.html](https://www.census.gov/programs-surveys/popproj.html)



Shopping Center

Sports Arena

Work Station / Office

University

Dating/Visits

Family & Loved Ones

Restaurant

Game Central

Communication Hub

Bank

Phone  
Zoom  
Facebook  
Twitter

Movie Theater

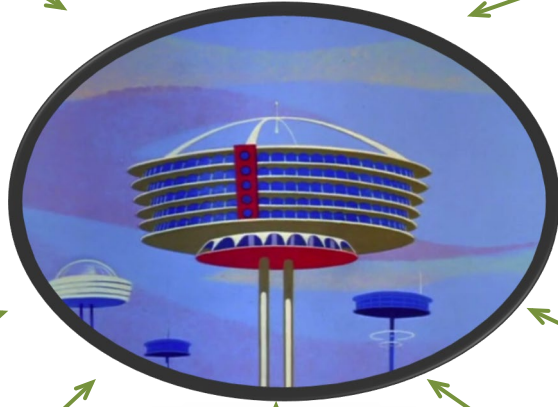
Church

Health Care

Library

Fitness Center

Online Bill Pay  
Checking/Saving  
Investments  
Loans



THE *Jetsons*

# Tomorrow, Tomorrow...

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Growing interest in the home by consumers and investors





**KINGSDOWN**

Kingsdown, Incorporated

has merged with

Owen & Company USA Holdings, Inc.

which is an affiliate of

Owen & Company, Ltd.

the owner of the rights to manufacture

and sell products in Canada under

the Kingsdown brands.

The undersigned acted as financial advisors to Kingsdown, Incorporated in this transaction.

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INVESTMENT BANKERS and ADVISORS



Rent-A-Center, Inc.

has acquired substantially all of the assets of

C/C Financial Corp.

d/b/a

Merchants Preferred



The undersigned acted as financial advisor to Rent-A-Center, Inc. in this transaction.

**MANN, ARMISTEAD & EPPERSON,**  
INVESTMENT BANKERS and ADVISORS



with certain management shareholders have completed a recapitalization in partnership with

**GAIN/LINE**

FINANCIAL PARTNERS

has initiated the transaction and acted as financial advisor to Southern Motion, Inc. in this transaction.

**MANN, ARMISTEAD & EPPERSON, LTD.**  
INVESTMENT BANKERS and ADVISORS

**Mor**<sup>®</sup>

*furniture for less*

has sold a majority ownership interest to

**Healthcare Co., Ltd.**

*A public company registered on the Shanghai Stock Exchange*

d/b/a

**MLILY**<sup>®</sup>

The undersigned acted as financial advisor to Mor Furniture For Less, Inc. in this transaction.

**MANN, ARMISTEAD & EPPERSON, LTD.**  
INVESTMENT BANKERS and ADVISORS

**SYMBOL**<sup>®</sup>

Symbol Mattress

*formerly known as*

Eastern Sleep Products Company, Inc., and  
Theftford Leasing, LLC,

has sold all of its stock and membership interests

to

**Corsicana Bedding, LLC**

**CORSICANA**

MATTRESS COMPANY

The undersigned acted as financial advisor to Eastern Sleep Products Company, Inc., and Theftford Leasing, LLC in this transaction.

**MANN, ARMISTEAD & EPPERSON, LTD.**  
INVESTMENT BANKERS and ADVISORS



# Free Furnishings Newsletter

If you would like to be on our distribution list,

please contact [research@maeltd.com](mailto:research@maeltd.com)

MANN, ARMISTEAD & EPPERSON, LTD.  
MEMBER FINANCIAL INSTITUTIONS

**Furnishings Digest Newsletter**  
February-March 2015

**Jerry Epperson**  
Managing Director

Celebrating 44 Years of Proprietary Furniture Research

**LET'S TALK HOME FURNISHINGS RETAIL.** Could retail be any better? Of course, but it is getting more difficult to compare. December retail consumption of furniture and mattresses was +6.2%, the best ever. The media reports: <http://www.usdoj.gov/DOJ/oeo/20150212a>, also the best for the year by a lot.

**RETAIL REPORT:** In December sales were up 2.2% on top of a 7.2% gain in 2013, according to the IFA Furniture. (It was used to say that was the best for the year.)

The gains continued in January as mattress sales grew +12.2% with units up 7.2%. Granted, the first quarter of 2014 had the worst winter weather in 25 years but 2013 weather has been less than pleasant, especially in the northeast. There you see. Furniture sales are strong for the year. That explains why the full year finished over 4% for the fourth string, especially in the mattress department.

Retail numbers for January are more exciting than June. Total consumption of furniture and mattresses including all different types of seating grew an impressive 1.2%, but, our government very heavily taxes some sales. (Retail, 5.6%, upper retail. Retail sales early in 2014 because of the record snow. I estimate this to be the "most likely" to be revised outside Jan. 2015.)

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption Furniture & Mattresses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.2%
Furniture	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%
Mattresses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.0%

**Helping this was 7.0 million in retail.** Almost twice the number in 2014. Why? The 2013 government had done record for 2013 to be low and year. The didn't think they would ever pass up a good reason to keep your money.

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a named Partner on every deal

## Contact

Mann, Armistead & Epperson, Ltd.

119 Shockoe Slip

Richmond, Virginia 23219

T. 804.644.1200

F. 804.644.1226

[research@maeltd.com](mailto:research@maeltd.com)