



The Industry Voice for Workplace Solutions

news release

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Furniture Industry Braces for Challenging Year

Grand Rapids, MI – The Business and Institutional Furniture Manufacturers Association (BIFMA) International recently released the latest quarterly forecast published by the economic consulting firm Global Insight. Worse-than-anticipated economic data for the fourth quarter of 2008 contributed to a more pessimistic outlook for office furniture consumption and shipments. The latest forecast predicts 2009 office furniture shipments will contract 19% as compared to 2008 volumes. Orders are expected to decline 25%.

President Obama has inherited an economy contracting more sharply than at any time since the winter of 1981– 82. Rather than looking forward to a full recovery, consumers and businesses alike are searching for signs of moderation in the pace of the current slowdown. Office furniture consumption during the fourth quarter of 2008 dropped 7.3% compared to the same period in 2007, while shipments fell 6.7%. The decline in consumption was more than double previous expectations, and the decline in shipments came in 1.9% lower than previous expectations.

As 2009 and 2010 approach, there is little good news. Businesses will continue to be hampered by falling profits and consumers by falling employment. Real GDP fell 3.8% in the fourth quarter of 2008, and further steep declines are expected in the first half of 2009. The commercial and office sectors will be stalled by restricted credit and waning demand. As downturns in these sectors arrived late, their recoveries will also lag behind the general economy's recovery by several quarters. Given the grim outlook, office furniture demand is expected to decline on a year-on-

year basis throughout 2009 and begin to climb again during the second half of 2010.

About BIFMA

BIFMA's mission is to lead, advocate, inform and develop standards for the North American office and institutional furniture industry. BIFMA is a not-for-profit organization that provides an effective forum for Members to cooperate and collaborate on appropriate industry issues. We develop voluntary product and industry standards that support safe, healthy and sustainable environments; publish key industry statistics; advocate for legislation and government regulation that have a direct impact on the health of the industry; and facilitate meaningful dialog and education to support our core services and the industry we serve.