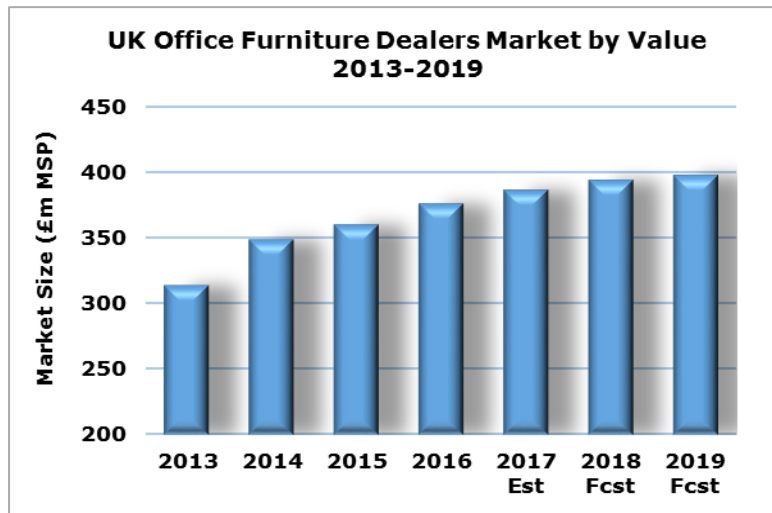




PRESS RELEASE

UK office furniture dealers' market increased by 4.5% in 2016

May 2017 – Cheltenham, UK



The UK office furniture dealers' market has shown consistent growth since 2012, with an increase of 4.5% estimated in 2016. The sector is expected to show solid growth in the next few years, though at gradually declining rates. The steady increase in the office furniture dealers' market has largely been the result of buoyant growth in the UK economy and strong recovery in office construction, rising business confidence and the surge in quality fit-out projects.

The two main distribution channels for office furniture are via the dealer network, which accounts for around 45% of the market, and direct to end users. Mail order, online sales and retail outlets make up the remainder. Office furniture dealers have lost share within the office furniture market in recent years as companies seek to reduce costs by dealing directly with the manufacturers and, as a result, the office furniture dealers' market is forecast to grow at a slower rate than the overall furniture market over the next five years.

Public sector contracts have declined in recent years, also having a negative effect on the dealers' channel. The recent growth in internet sales, particularly e-auctions and e-procurement delivering cost savings, has also had a negative impact on the dealers' market. In addition, a large proportion of home office furniture is supplied in flat pack form by specialist manufacturers and importers and sold through retail furnishing outlets or online, by companies such as IKEA, Argos and Tesco Direct.

The office furniture dealers' market is extremely fragmented with over 2,000 companies operating in the UK, largely single branch enterprises. Whilst supply capacity pressures as the market was restricted resulted in some consolidation, supply continues to exceed demand, maintaining high levels of competition.

There is significant polarisation of supply - whilst some suppliers focus on low cost markets, an increasing number are targeting the premium segment, offering high end products with a range of additional services in order to avoid direct price comparison.

In terms of product trends, the demand for smaller, sit/stand or height adjustable desks should stay strong, reflecting technological developments and changing work practices, while the demand for wave desks and benching systems is also expected to continue. The market for ergonomic seating is also believed to be resilient, along with demand for more casual seating for reception, meeting and leisure or breakout areas. However, the storage sector is forecast to decline, reflecting the gradual adoption of electronic storage and the greater use of electronic data.

Fiona Watts, editor at AMA Research, commented: *"Despite recent solid growth, prospects for the office furniture sector are less certain. The continuing uncertainties regarding the form and process of Brexit are not currently conducive to speculative or substantial investment in new commercial premises. Therefore, it is likely that institutional investment in office building will fall in the short-medium term, while other factors that may provide a barrier for the office furniture dealers' market include a reduction in capital investment from many large-scale public sector organisations."*

The '**Office Furniture Dealers Market Report – UK 2017-2021 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

If you would like to receive further information or wish to speak to an author of this report, please contact Anna Eriksson on (01242) 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

AMA Research Ltd
Montpellier House
Montpellier Drive
Cheltenham
Gloucestershire GL50 1TY
Tel: +44 (0)1242 235724
Fax: +44 (0)1242 262948
E-mail: annaeriksson@amaresearch.co.uk
Website: www.amaresearch.co.uk