



## 2025 Furniture Sector Outlook

In an uncertain economic climate in 2024, investors and companies adopted a “wait-and-see” approach, prolonging a slowdown in home sector mergers and acquisitions (M&A) activity. Valuation gaps between buyers and sellers, combined with risk-averse sentiment, made it challenging to close deals or justify large-scale acquisitions. Many market participants leveraged a relatively quiet dealmaking environment to gain momentum and execute initiatives that optimize positioning for a transaction.

Despite renewed enthusiasm headed into 2025, markets are now less optimistic about the initial M&A outlook. Until the dust settles on tariff policy changes, it is making it difficult for investors to underwrite forecasts until there are fewer unknowns. Strategic acquirers have been shifting focus to internal matters as they manage both uncertainty and new headwinds. Yet, there remains optimism regarding M&A for the latter half of 2025, contingent upon increased clarity around the new changes and their impacts. As companies navigate through a more stable macroeconomic environment, the potential for renewed M&A activity is becoming evident, driven by the interplay of market stability and strategic financial planning.

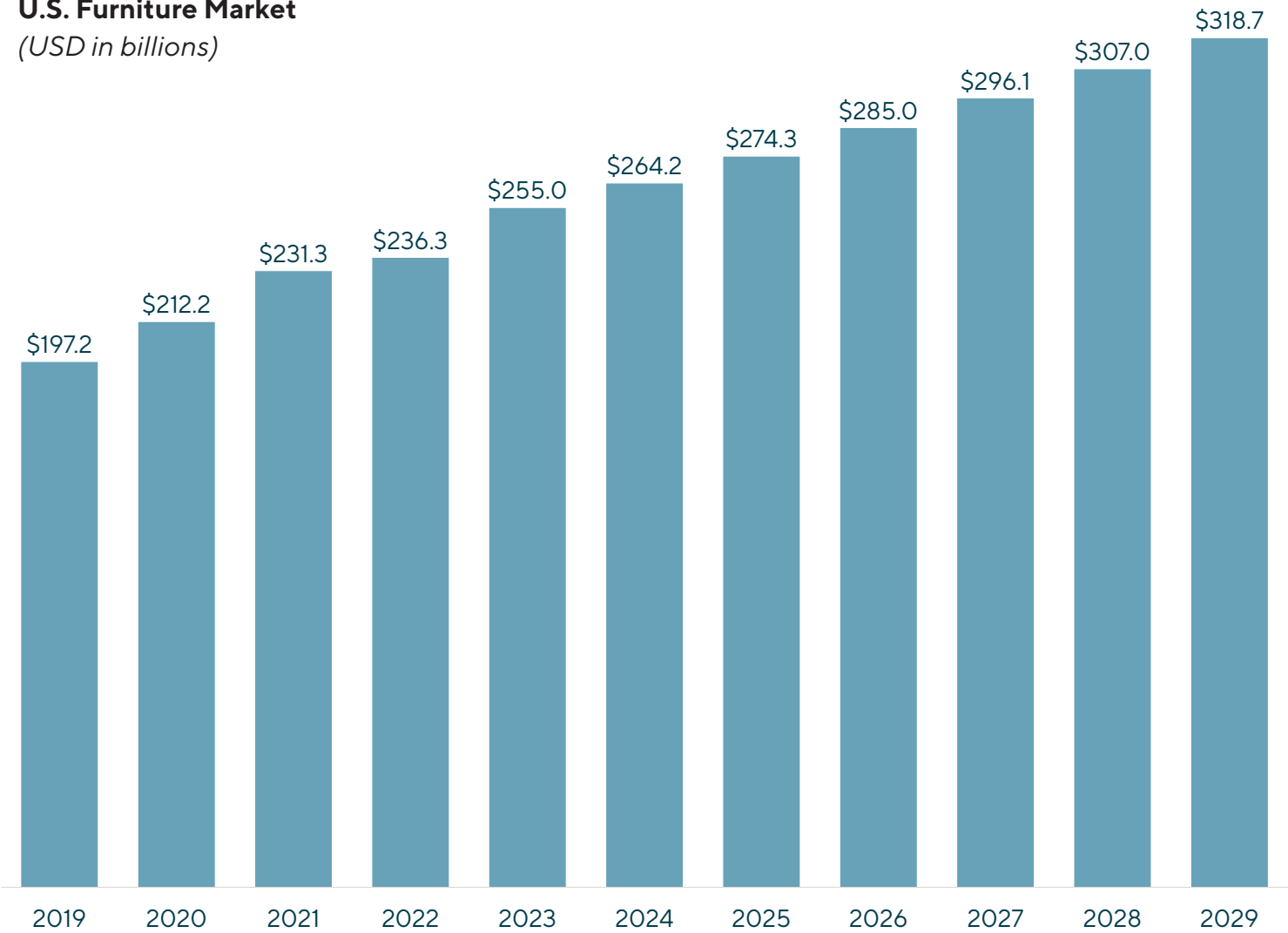
The furniture sector’s evolving landscape demands an advisor with the expertise to navigate its complexities. Lincoln International’s global team is uniquely positioned to help private equity firms and corporations identify high-value acquisition targets, execute strategic transactions, and unlock long-term growth.

Steady, Consistent Momentum

While there was both a spike and pull-forward of demand at the peak of the pandemic impact, the market has retained much of the overall spike and is expected to achieve a record year in 2025 with continued growth into the future.

U.S. Furniture Market

(USD in billions)



Source Statista Market Insights 2025

Renewed Optimism in 2025

Despite a sluggish 2024, several factors—including reduced competition, favorable demographic trends and a shift in consumer preferences—position the industry for a rebound in revenues especially later in 2025. These positive indicators suggest a likelihood of recovery, fueled by both economic conditions and evolving consumer needs.

Wall Street Consensus Over Time

Company (\$ in millions)	2024E Sales			2025F Sales			YoY Growth (%)	
	(12/31/23)	(Today)	% Change	(6/30/24)	(Today)	% Change	2024E	2025F
Home Furnishings								
ARHAUS®	\$1,325	\$1,275	(3.9%)	\$1,491	\$1,381	(8.0%)	(0.3%)	8.2%
Bassett®	400	328	(21.7%)	397	335	(18.8%)	(15.0%)	1.8%
ETHAN ALLEN®	717	630	(13.8%)	647	628	(3.0%)	(12.1%)	(0.3%)
L A Z B O Y®	2,118	2,087	(1.5%)	2,148	2,161	0.6%	0.3%	3.6%
LOVESAC	766	669	(14.5%)	771	719	(7.1%)	(6.4%)	7.5%
RH	3,267	3,199	(2.1%)	3,562	3,662	2.7%	4.2%	14.5%
wayfair®	12,560	11,779	(6.6%)	12,913	12,033	(7.3%)	(2.2%)	2.2%
WILLIAMS SONOMA	7,614	7,584	(0.4%)	7,912	7,596	(4.2%)	(1.6%)	0.2%
Home Furnishings Mean	\$3,596	\$3,444	(8.1%)	\$3,730	\$3,564	(5.6%)	(4.1%)	4.7%

Source: Capital IQ

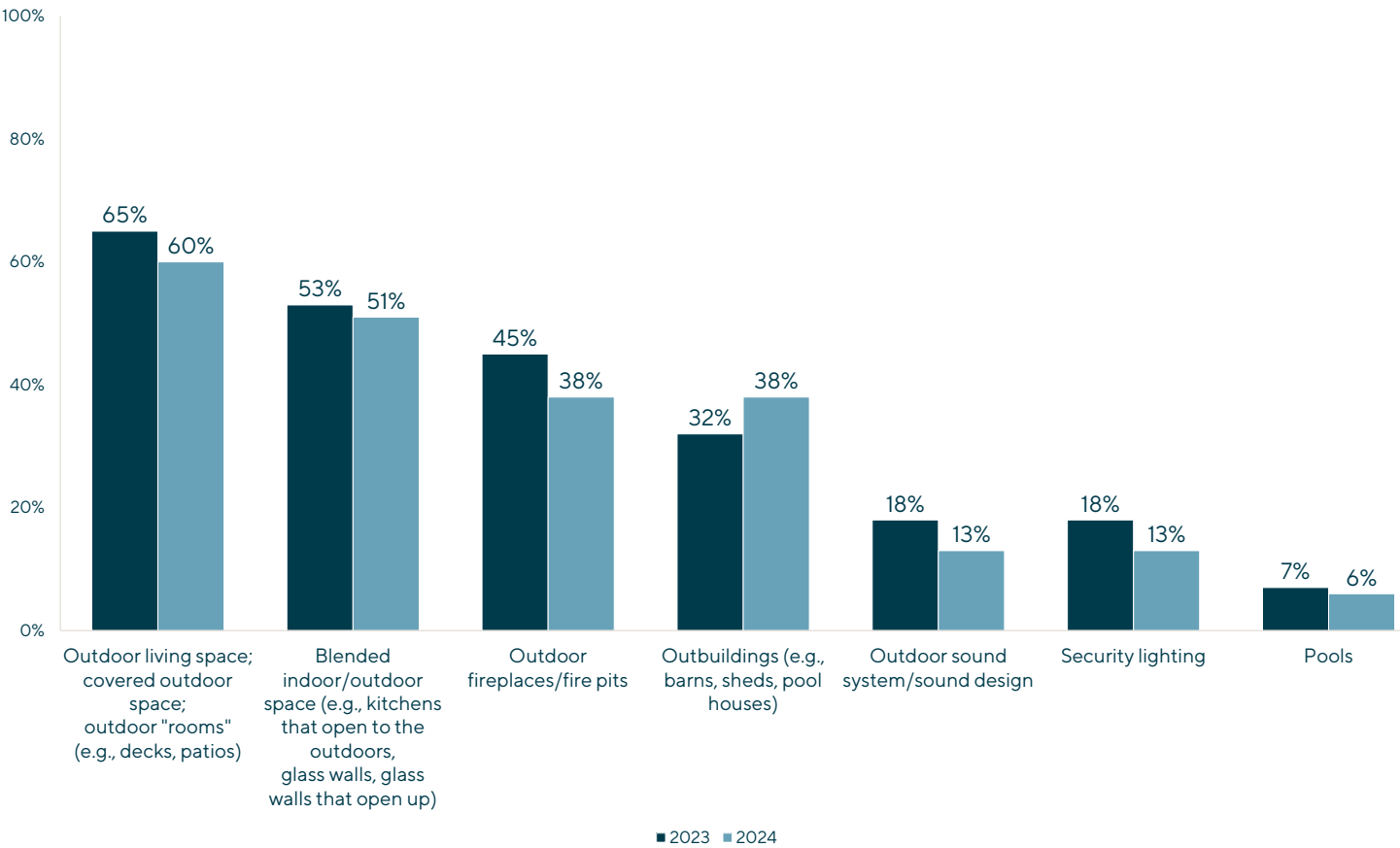
COVID Spurred an Enduring Focus on Outdoor Spaces

The popularity of living spaces has remained high, especially since the COVID-19 pandemic. This trend is reflected in the AIA Home Design Trends Survey, where hundreds of architecture firms have consistently ranked outdoor living spaces as the most popular exterior feature since 2014.

Outdoor Living Spaces Popularity

Outdoor Living Spaces and Blended Indoor/Outdoor Spaces Continue to Top the List of Exterior Features in Homes

(% of respondents reporting popularity of exterior features “increasing” minus % reporting “decreasing”)



Source: AIA

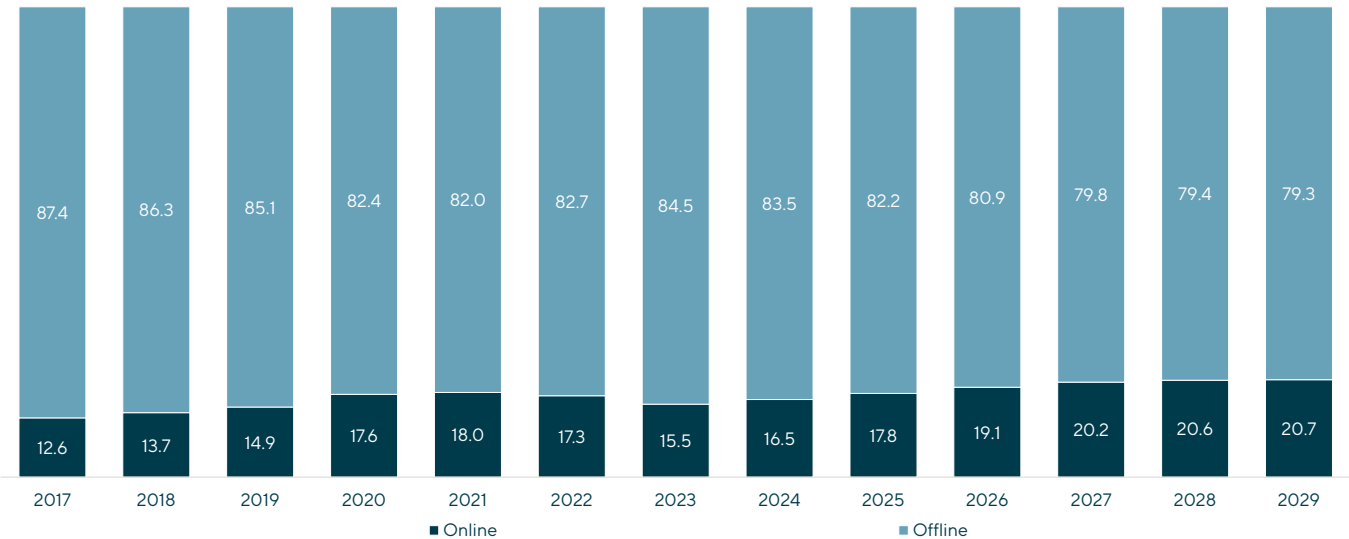
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Overall, U.S. e-commerce trends are stable to slightly improving, with discretionary spending showing the most significant growth. While certain categories like home furnishings and pets are underperforming, companies like Etsy, eBay and Amazon are experiencing positive growth trajectories.

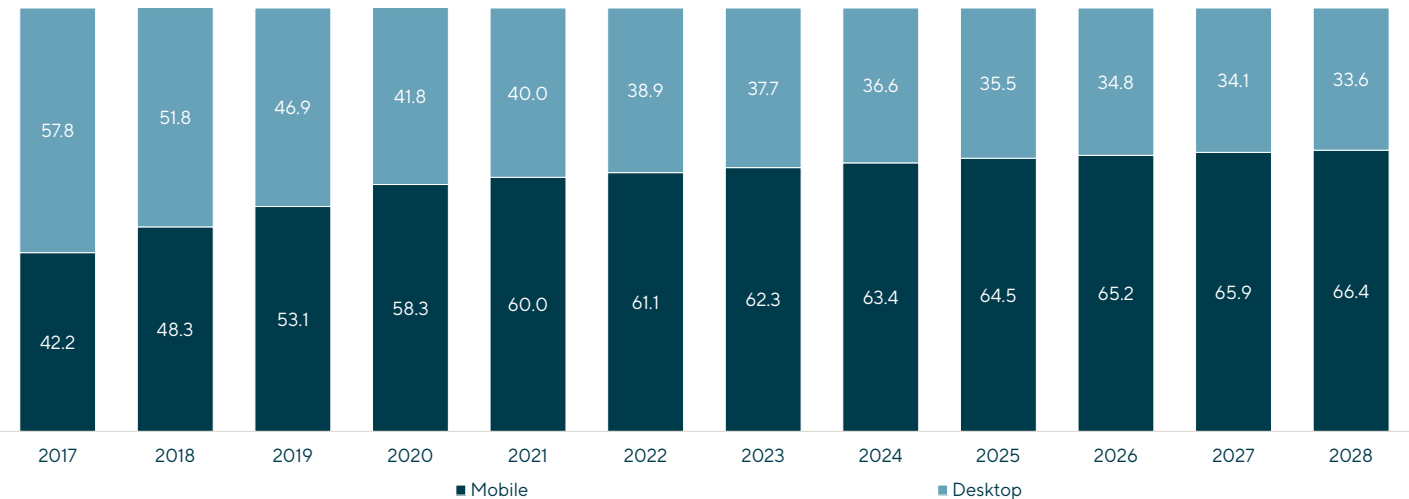
## In-Store Will Remain Dominant, Despite Higher E-Comm Growth

Consumers still strongly prefer to make large furniture purchases in-store, although e-commerce is steadily gaining traction in the long-term. Overall, U.S. e-commerce trends are stable to slightly improving, with discretionary spending showing the most significant growth. While certain categories like home furnishings and pets are underperforming, companies like Etsy, eBay and Amazon are experiencing positive growth trajectories.

### Online & Offline Split (In percent)



### Mobile/Desktop Split (In percent)



## U.S. Market Prepared for Uncertain China Furniture Exports

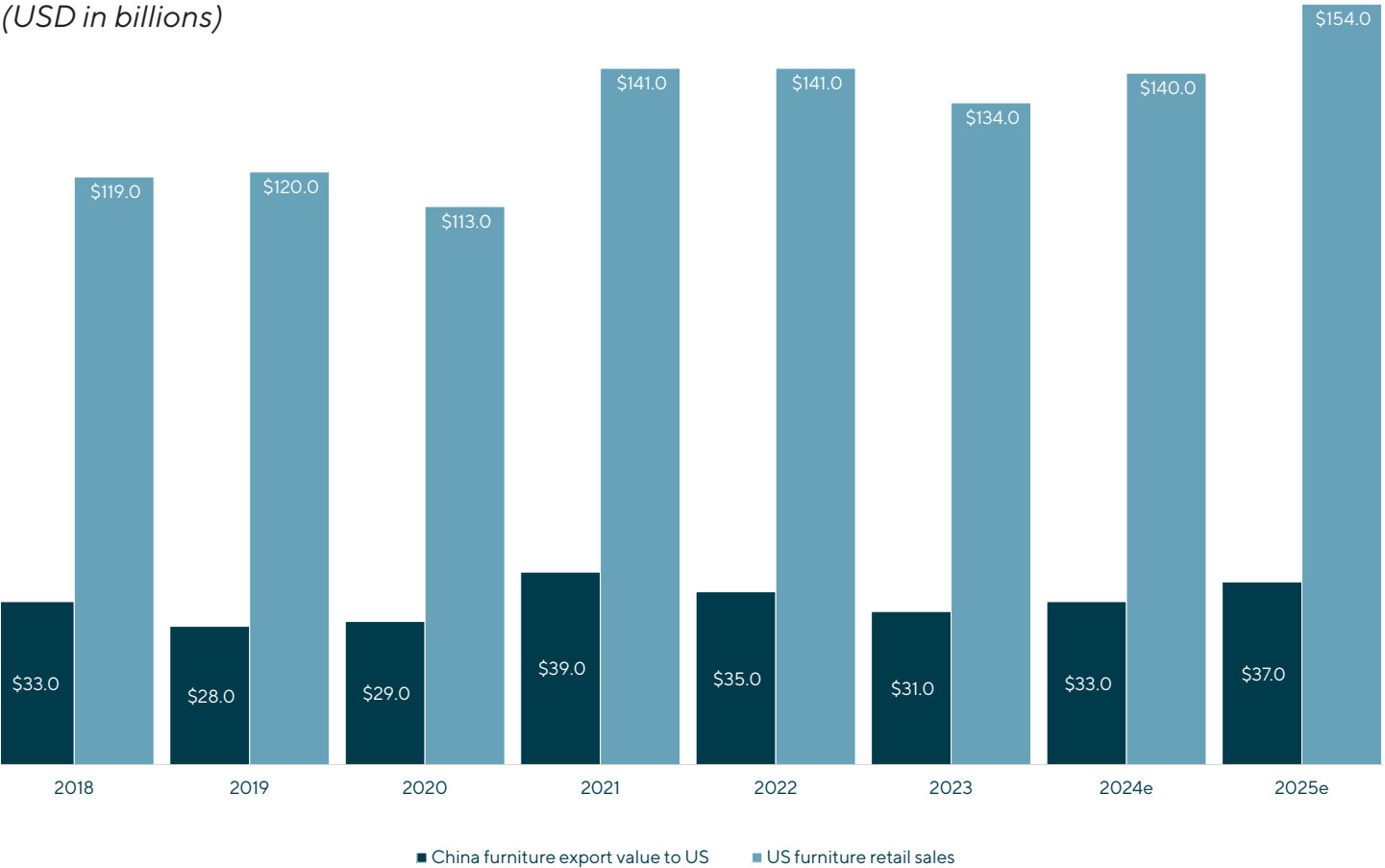
The United States, as the largest consumer and importer of furniture, faces renewed challenges amid escalating tariffs on China’s furniture exports. Recent tariff increases, alongside broader economic uncertainty, have created headwinds for margins and scalability. Some investment initiatives and deals have been delayed, underscoring the need for companies to remain flexible and proactive in their strategies.

However, the industry is no stranger to disruption. The 2018 trade war and 2023 post-COVID 11% year-over-year decline tested the resilience of global furniture players. By 2024, China’s furniture exports rebounded as U.S. distributors re-stocked following interest rate cuts and a recovery in consumer demand. Firms with diversified manufacturing networks and adaptive business models captured market share, proving their ability to navigate challenging conditions.

As the risks and realities of tariffs evolve, companies that mitigate supply chain disruptions and explore alternative sourcing options are poised to succeed. Pricing expectations may remain volatile, but the industry’s capacity to withstand economic pressures and innovate underscores its attractiveness for investors and sponsors.













### China Furniture Exports to the United States

(USD in billions)



## Recent Lincoln Transactions

Lincoln International has had strong momentum in furnishings since Q3 2024 with several successful transaction outcomes across a wide range of subsectors and transaction types.

 has sold <b>LAURA ASHLEY</b> to  a portfolio company of  Sell-Side 	<b>BURROW</b>  has been sold to   Sell-Side 	 and founders  have sold   to an investor group Sell-Side 	  has acquired a divested portfolio of stores from   Acquisition Financing 
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As a trusted advisor in the furniture sector, Lincoln has a proven history of delivering optimal transaction results. Our team brings unparalleled industry insights, access to global buyers and investors and a commitment to delivering superior outcomes. Connect with us today to explore the opportunities and trends shaping the future of the furniture market.

Ready to discuss the opportunities ahead for you?  
Connect with a senior professional at [connect@lincolnternational.com](mailto:connect@lincolnternational.com)