



FURNITURE INSIGHTS®

Smith Leonard PLLC's Industry Newsletter

SEPTEMBER 2026



HIGHLIGHTS – EXECUTIVE SUMMARY

July 2026 new orders were up 5% compared to the prior month of June 2026 (which had been down 5% from May) and up 9% compared to July 2025. Year to date, new orders are up 5% over 2025.

July 2026 shipments were up 3% compared to June 2026 and up 8% from July 2025. Year to date, shipments are now up 1% from 2025.

July 2026 backlogs are up 2% compared to June 2026 and up 12% from July 2025.

Receivable levels were down 1% from June 2026, and also down 1% compared to July 2025.

Inventories were up 1% from June 2026, and up 4% from July 2025.

Payrolls were up 4% compared to June 2026, up 10% compared to July 2025, and up 3% year to date.

Employee levels are again materially in line with recent months and the downward trend from prior year.



James Harmon and Mark Laferriere
SL Partners

EXECUTIVE SUMMARY, CONT

National

Consumer Confidence

The Conference Board Consumer Confidence Index® fell by 6.7 points to 81.9 (1985=100) in September, down from 88.6 in August.

The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—retreated by 7.9 points to 109.3.

The Expectations Index—based on consumers’ short-term outlook for income, business, and labor market conditions—fell by 5.9 points to 63.6, its third consecutive monthly decline.

“The Consumer Confidence Index deteriorated notably in September, following two prior months of softening,” said Dana M Peterson, Chief Economist, The Conference Board.

“The Present Situation Index fell sharply, while the Expectations Index slipped further into negative territory. Consumer appraisals of current business conditions became negative for the first time since September 2024. Perceptions of the current labor market also worsened, though remained within positive territory. Over the next six months, consumers expected both business conditions and the labor market to weaken. Consumers still anticipated their household incomes to rise, but less so compared to previous months.”

On a six-month moving average basis, plans to purchase autos and homes both declined slightly in September. Among durable goods, furniture and smartphones remained the top categories consumers desired to buy over the next six months. Spending plans for refrigerators and TV sets fell the most on a six-month moving average basis, while plans for other durable goods moderated slightly.

Housing

Existing-home sales decreased by 2.0% month-over-month and 1.2% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

Month-over-month sales held steady in the West and declined in the Northeast, Midwest and South. Year-over-year sales were unchanged in the South and declined in the Northeast, Midwest and West.

“Mortgage rates and home sales move in opposite directions, so it's not surprising to see a mild dip in home buying activity due to high mortgage rates,” said NAR Chief Economist Lawrence Yun.

“Still, home prices are rising, and existing home sales are actually up 1.6% year-to-date through the first eight months of the year. Homebuying demand, despite higher interest rates, is no doubt being supported by rising wages, which grew 3.1% in August, along with 643,000 net new jobs added since the start of the year. Job creation and wage growth typically drive housing demand.”

Total Existing-Home Sales for August

- 2.0% decrease in existing-home sales month-over-month.
- 1.2% decrease in existing-home sales year-over-year to a seasonally adjusted annual rate of 3.98 million. . The last time sales activity fell below 4.0 million was in June 2025.

Single-Family Homes in August

- 2.7% decrease in sales month-over-month to a seasonally adjusted annual rate of 3.62 million, down 1.1% from August 2025.
- \$434,800: Median home price, up 1.7% from last year.

Condominiums and Co-ops in August

- 2.7% decrease in sales month-over-month to a seasonally adjusted annual rate of 360,000
- Down 2.7% from last year.
- \$371,600: Median price, up 1.5% from August 2025.

Mortgage Rates

- 6.67%: Average 30-year fixed-rate mortgage in August, according to Freddie Mac, up from 6.54% in July and up from 6.59% one year ago.

Sales of new single-family houses in August 2026 were at a seasonally-adjusted annual rate of 684,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 6.4 percent above the July 2026 rate of 643,000, and is 2.0 percent below the August 2025 rate of 698,000.

EXECUTIVE SUMMARY

Thoughts

The participants in our stats program saw new orders, shipments, and backlogs increase year over year for the third straight month marking the first time that we’ve seen such a continuous positive trend for all three categories simultaneously since (checks notes...) the COVID-boom days in mid-2021.

Certainly not expecting a return to those historic levels, but furniture continues to remain resilient with year to date new orders up 5% over 2025 for our participants on average. But of course, it is not a homogenous industry, and certain sectors are faring better than others, with high and middle generally outperforming low-end, and upholstery outpacing case goods currently.

The Fed increased rates by 0.25% in September, so it remains to be seen how that will impact an already sluggish housing market, which ultimately drives consumer furniture purchases.

However, as we said last month, hopefully the elevated backlogs will provide good momentum for the second half of our reporting year despite these and other headwinds with tariffs and transportation, among others.

We look forward to seeing many of you in High Point in a couple weeks.

EXECUTIVE SUMMARY, CONT.

Compared to August 2025 on a seasonally-adjusted basis, sales were down 2.0% overall with sales also down 26.8% in the West and down 20.7% in the Northeast, but up 3.4% in the South and up 22.5% in the Midwest.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 1.5 percent in the second quarter of 2026 (April, May, and June), according to the second estimate released by the U.S. Bureau of Economic Analysis (BEA). In the first quarter, real GDP increased 2.1 percent.

Compared to the first quarter, the deceleration in real GDP in the second quarter reflected a downturn in government spending and decelerations in investment and exports that were partly offset by an acceleration in consumer spending. Imports increased more in the second quarter than in the first quarter.

The price index for gross domestic purchases increased 5.8 percent in the second quarter, revised up 0.1 percentage point from the previous estimate. The personal consumption expenditures (PCE) price index increased 5.3 percent, revised up 0.2 percentage point, and the PCE price index excluding food and energy increased 3.6 percent, also revised up 0.2 percentage point.

HIGHLIGHTS – MONTHLY RESULTS

New Orders

According to our latest survey of residential furniture manufacturers and distributors, new orders were up 9% in July 2026 compared to July 2025.

Approximately two-thirds of participants reported increases versus decreases in July compared to a year ago.

New orders were up 5% compared to the prior month of June 2026.

Year to date, new orders are up 5% compared to 2025 (up 4% last month).

Shipments and Backlogs

July 2026 shipments were up 8% compared to July 2025. Shipments in July were up for approximately 60% of the participants compared to the prior year.

Shipments were up 3% from June 2026.

Year to date, shipments are now up 1% compared to the same period last year (flat or 0% last month).

July 2026 backlogs are up 12% compared to July 2025 and up 2% from June 2026.

Receivables and Inventories

Receivable levels were down 1% from June 2026, and down 1% from July 2025.

Inventories were up 1% from June 2026, and up 4% from July 2025.

Factory and Warehouse Employees and Payroll

The number of factory and warehouse employees were down 3% from July a year ago, but up 1% from the prior month.

Payroll expense was up 4% in July 2026 compared to June 2026, and up 10% compared to July 2025. Year to date, payroll expense is up 3% compared to the same period last year.

ESTIMATED BUSINESS ACTIVITY (MILLIONS)			
	2026		
	JULY	JUNE	7 MO
New Orders	2,365	2,266	15,300
Shipments	2,276	2,196	15,389
Backlog	2,732	2,643	
	2025		
	JULY	JUNE	7 MO
New Orders	2,170	2,051	14,721
Shipments	2,107	2,122	15,203
Backlog	2,450	2,403	

MONTHLY RESULTS – SEPTEMBER 2026

KEY MONTHLY INDICATORS (PERCENT CHANGE)

	July 2026 from June 2026	July 2026 from July 2025	7 Mos 2026 vs 7 Mos 2025
New Orders	+5	+9	+5
Shipments	+3	+8	+1
Backlog	+2	+12	
Payrolls	+4	+10	+3
Employees	+1	-3	
Receivables	-1	-1	
Inventories	+1	+4	

PERCENT INCREASE/DECREASE COMPARED TO PRIOR YEAR

	New Orders	Shipments	Backlog	Employment
2025				
July	+13	+3	-4	-3
August	-3	-6	-	-3
September	+7	+6	+2	-2
October	-1	+4	-2	-2
November	-2	-6	-1	-3
December	+1	-	-2	-3
2026				
January	-	-7	-	-4
February	+1	+2	-	-5
March	-2	+2	+1	-5
April	+3	-	-	-5
May	+8	+1	+5	-5
June	+11	+3	+11	-4
July	+9	+8	+12	-3

A DEEPER DIVE – NATIONAL

Consumer Confidence

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The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—fell by 5.9 points to 63.6, its third consecutive monthly decline.

"The Consumer Confidence Index deteriorated notably in September, following two prior months of softening," said Dana M Peterson, Chief Economist, The Conference Board. "The Present Situation Index fell sharply, while the Expectations Index slipped further into negative territory. Consumer appraisals of current business conditions became negative for the first time since September 2024. Perceptions of the current labor market also worsened, though remained within positive territory. Over the next six months, consumers expected both business conditions and the labor market to weaken. Consumers still anticipated their household incomes to rise, but less so compared to previous months."

Peterson continued: "Consumers' write-in responses regarding factors affecting the economy were mostly pessimistic in September. References to prices, the high cost of goods and services, and oil and gas prices in particular, rose to new heights, reflecting September's surge in fuel costs. Comments about war/conflict eased this month but remained elevated. Consumers also frequently cited politics, trade, and employment in their write-in responses, though to a lesser extent."

The Present Situation Index worsened in September. Net views of current business conditions—the share saying conditions are "good" versus "bad"—declined by 3.4 percentage points to -1.9%. The fall was largely driven by more consumers reporting that business conditions are "bad." Perceptions of current employment conditions also softened, with the labor market differential—the share of consumers saying jobs are "plentiful" minus the share saying jobs are "hard to get"—retreating by 2.5 ppts to just +1.7%.

The Expectations Index also declined in September. All three of its components deteriorated, with net expectations for business conditions dipping by 3.2 ppts to -9.5%. Net expectations for the labor market also became more pessimistic, declining by 3.1 ppts to -14.4%. Net expectations for household income fell by 3.0 ppts but remained in positive territory at +2.5%.

On a six-month moving average basis, confidence across all age groups and nearly all income groups trended downward. While higher-income groups remained generally more optimistic, those with a household income of \$125,000-\$149,000 reported the greatest decline in confidence over the last six months. By generation, confidence for Gen Z, followed by Millennials, remained the highest on a six-month moving average basis. Confidence among the three oldest generations—Generation X, Baby Boomers, and the Silent Generation—continued to weaken. Confidence fell in September across all political affiliations—Democrats, Republicans, and Independents.

Consumers' average and median 12-month inflation expectations rose 0.3 ppts in September to 6.1% and 5.1% respectively. The share of consumers

NATIONAL UPDATE

Leading Economic Indicators

Real gross domestic product (GDP) increased at an annual rate of 1.5 percent in the second quarter of 2026 (April, May, and June), according to the second estimate released by the U.S. Bureau of Economic Analysis (BEA). In the first quarter, real GDP increased 2.1 percent.

The contributors to the increase in real GDP in the second quarter were increases in consumer spending, exports, and investment that were partly offset by a decrease in government spending. Imports, which are a subtraction in the calculation of GDP, increased.

Real GDP increased at the same rate as in the advance estimate. An upward revision to consumer spending was partly offset by an upward revision to imports.

Compared to the first quarter, the deceleration in real GDP in the second quarter reflected a downturn in government spending and decelerations in investment and exports that were partly offset by an acceleration in consumer spending. Imports increased more in the second quarter than in the first quarter.

Real final sales to private domestic purchasers, the sum of consumer spending and gross private fixed investment, increased 4.2 percent in the second quarter, revised up 0.3 percentage point from the previous estimate.

The price index for gross domestic purchases increased 5.8 percent in the second quarter, revised up 0.1 percentage point from the previous estimate. The personal consumption expenditures (PCE) price index increased 5.3 percent, revised up 0.2 percentage point, and the PCE price index excluding food and energy increased 3.6 percent, also revised up 0.2 percentage point.

Real gross domestic income (GDI) increased 2.2 percent in the second quarter, compared with an increase of 1.2 percent in the first quarter. The average of real GDP and real GDI increased 1.8 percent, compared with an increase of 1.7 percent.

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$400.9 billion in the second quarter, compared with an increase of \$74.4 billion in the first quarter.

CONSUMER CONFIDENCE CON'T

anticipating higher interest rates over the next 12 months jumped by 5.2 ppts to 68.4%. Consumers still largely expected stock prices to rise in the next 12 months, but optimism moderated in September.

Consumers' net views of their Family's Current Financial Situation turned negative in September, as the share of consumers who said their finances were "bad" rose to overtake those saying "good" for the second time since the question was introduced four years ago. Views of their Family's Future Financial Situation over the next six months were somewhat less optimistic. The share of consumers who believed a US recession over the next 12 months is "somewhat likely" rose while those who believe recession is "not likely" declined.

On a six-month moving average basis, plans to purchase autos and homes both declined slightly in September. Among durable goods, furniture and smartphones remained the top categories consumers desired to buy over the next six months. Spending plans for refrigerators and TV sets fell the most on a six-month moving average basis, while plans for other durable goods moderated slightly.

Expected spending on services over the next six months pared back again in September. The top five planned services spending categories were: restaurants/bars/take-out, streaming/internet/mobile services, beauty and personal care, utilities, and healthcare. Beyond the top five, consumers preferred to spend on cheap thrills and necessities. Anticipated spending for many discretionary activities moderated, including hotels for personal travel, movies, airfare, and amusement parks. Household maintenance, financial services, and historical sites/museums saw minor increases in planned spending.

Despite the general pullback in planned services spending, vacation plans held up, with 42.6% of consumers planning a vacation in the next six months—up 0.5 ppts over August. However, this slight month-over-month increase was limited to domestic travel, as planned travel to foreign countries dipped in September.

Present Situation

Consumers' views of current business conditions fell in September:

- 18.5% of consumers said business conditions were "good," down from 18.8% in August.
- 20.4% said business conditions were "bad," up from 17.3%.

Consumers' views of the labor market softened in September:

- 23.6% of consumers said jobs were "plentiful," down from 24.5% in August.
- 21.9% of consumers said jobs were "hard to get," up from 20.3%.

Expectations Six Months Hence

Consumers were more pessimistic about future business conditions in September:

- 15.9% of consumers expected business conditions to improve, down from 17.0% in August.
- 25.4% expected business conditions to worsen, up from 23.3%.

Consumers were also more negative about the labor market outlook in September:

- 14.0% of consumers expected more jobs to be available, down from 14.8% in August.
- 28.4% expected fewer jobs, up from 26.1%.

Consumers' assessment of their income prospects was also less optimistic in September:

- 17.9% of consumers expected their income to increase, down from 19.0% in August.
- 15.4% expected their income to decline, up from 13.5%.

Gross Domestic Product

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A DEEPER DIVE – HOUSING

Existing-Home Sales

Existing-home sales decreased by 2.0% month-over-month and 1.2% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

The report provides the real estate ecosystem—including agents, homebuyers and sellers—with data on the level of home sales, price, and inventory.

Month-over-month sales held steady in the West and declined in the Northeast, Midwest and South. Year-over-year sales were unchanged in the South and declined in the Northeast, Midwest and West.



“Mortgage rates and home sales move in opposite directions, so it's not surprising to see a mild dip in home buying activity due to high mortgage rates,” said NAR Chief Economist Lawrence Yun. “Still, home prices are rising, and existing home sales are actually up 1.6% year-to-date through the first eight months of the year. Homebuying demand, despite higher interest rates, is no doubt being supported by rising wages, which grew 3.1% in August, along with 643,000 net new jobs added since the start of the year. Job creation and wage growth typically drive housing demand.”

“The number of months it would take to exhaust the total inventory at the current sales pace has grown to 4.9 months’ supply—its highest level in over ten years. The ample supply of homes for sale on the market is giving homebuyers better opportunities to negotiate,” Yun added.

National Snapshot

Total Existing-Home Sales for August

- 2.0% decrease in existing-home sales month-over-month.
- 1.2% decrease in existing-home sales year-over-year to a seasonally adjusted annual rate of 3.98 million. The last time sales activity fell below 4.0 million was in June 2025.

Inventory in August

- 1.62 million units: Total housing inventory, up 3.2% from July and up 5.9% from August 2025. This was the first time since November 2019 that inventory exceeded 1.6 million units.
- 4.9-month supply of unsold inventory, up from 4.6 months in July and 4.6 months in August 2025.

Median Sales Price in August

- \$429,100: Median existing-home price for all housing types
- 1.6% increase from one year ago (\$422,400)—the 38th consecutive month of year-over-year price increases.

Housing Affordability in August

The Housing Affordability Index registered at 104.7, up from 101.2 a year ago.

Year-over-year, affordability improved across all regions.

- Northeast +0.5%
- Midwest +1.7%
- South +4.5%
- West +5.9%

Single-Family Homes in August

- 1.9% decrease in sales month-over-month to a seasonally adjusted annual rate of 3.62 million, down 1.1% from August 2025.
- \$434,800: Median home price, up 1.7% from last year.

Condominiums and Co-ops in August

- 2.7% decrease in sales month-over-month to a seasonally adjusted annual rate of 360,000

A DEEPER DIVE – HOUSING CONT'D

- Down 2.7% from last year.

- \$371,600: Median price, up 1.5% from August 2025.

Regional Snapshot for Existing-Home Sales in August

Northeast

- 4.0% decrease in sales month-over-month to an annual rate of 480,000
- Down 2.0% from August 2025
- \$556,900: Median price, up 4.3% from August 2025

Midwest

- 3.1% decrease in sales month-over-month to an annual rate of 940,000
- Down 2.1% year-over-year
- \$340,400: Median price, up 3.3% from August 2025

South

- 1.6% decrease in sales month-over-month to an annual rate of 1.84 million
- Unchanged from August 2025
- \$366,500: Median price, up 0.7% from August 2025

West

- Unchanged in sales month-over-month at an annual rate of 720,000
- Down 2.7% year-over-year
- \$619,100: Median price, down 0.2% from August 2025

REALTORS® Confidence Index for August

- 31 days: Median time on market for properties, up from 29 days last month
- Unchanged from 31 days in August 2025
- 30% of sales were first-time homebuyers, up from 29% in July
- Up from 28% one year ago
- 27% of transactions were cash sales, up from 26% last month
- Down from 28% in August 2025
- 15% of transactions were individual investors or second-home buyers, up from 14% last month
- Down from 21% one year ago
- 2% of sales were distressed sales (foreclosures and short sales), unchanged from last month
- Unchanged from 2% one year ago

Mortgage Rates

- 6.67%: The average 30-year fixed-rate mortgage in August, according to Freddie Mac, up from 6.54% in July and up from 6.59% one year ago

New Residential Sales

Sales of new single-family houses in August 2026 were at a seasonally-adjusted annual rate of 684,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 6.4 percent above the July 2026 rate of 643,000, and is 2.0 percent below the August 2025 rate of 698,000.

The median sales price of new houses sold in August 2026 was \$393,700. This is 0.4 percent above the July 2026 price of \$392,200, and is 5.8 percent below the August 2025 price of \$417,900. The average sales price of new houses sold in August 2026 was \$478,700. This is 9.1 percent below the July 2026 price of \$526,400, and is 8.8 percent below the August 2025 price of \$525,100.

The seasonally-adjusted estimate of new houses for sale at the end of August 2026 was 483,000. This is virtually unchanged from the July 2026 estimate of 483,000, and is 2.0 percent below the August 2025 estimate of 493,000.

This represents a supply of 8.5 months at the current sales rate. The months' supply is 5.6 percent below the July 2026 estimate of 9.0 months, and is virtually unchanged from the August 2025 estimate of 8.5 months.

Compared to August 2025 on a seasonally-adjusted basis, sales were down 2.0% overall with sales also down 26.8% in the West and down 20.7% in the Northeast, but up 3.4% in the South and up 22.5% in the Midwest.

Housing Starts

Privately-owned housing starts in August were at a seasonally adjusted annual rate of 1,275,000. This is 2.6 percent below the revised July estimate of 1,309,000 and is 1.2 percent below the August 2025 rate of 1,291,000.

Single-family housing starts in August were at a rate of 918,000; this is 7.6 percent above the revised July figure of 853,000. The August rate for units in buildings with five units or more was 344,000.

Single-family starts compared to August 2025, on a seasonally-adjusted basis, were up 5.2% in total, as well as up 7.5% in the South, up 8.3% in the Midwest, up 7.6% in the West, but down 27.0% in the Northeast.

Housing Completions

Privately-owned housing completions in August were at a seasonally adjusted annual rate of 1,128,000. This is 11.9 percent below the revised July estimate of 1,280,000 and is 27.1 percent below the August 2025 rate of 1,548,000.

Single-family housing completions in August were at a rate of 816,000; this is 10.4 percent below the revised July rate of 911,000.

The August rate for units in buildings with five units or more was 302,000.

Single-family completions compared to August 2025, on a seasonally-adjusted basis, were down 22.9% in total, as well as down 21.1% in the South, down 16.7% in the Midwest, down 24.8% in the West, and down 43.1% in the Northeast.

A DEEPER DIVE – OTHER NATIONAL

Retail Sales

Advance estimates of U.S. retail and food services sales for August 2026, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$773.9 billion, up 1.2 percent from the previous month, and up 6.0 percent from August 2025. Total sales for the June 2026 through August 2026 period were up 6.0 percent from the same period a year ago. The June 2026 to July 2026 percent change was revised from down 0.6 percent to down 0.5 percent.

Sales at furniture and home furnishings stores in August 2026 were up 0.9% compared to July 2026 and up 1.9% compared to August 2025 on a seasonally-adjusted basis,. Year to date on a non-adjusted basis, sales were down 1.6% (down 1.7% last month).

Consumer Prices

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent on a seasonally adjusted basis in August after rising 0.1 percent in July, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all-items index increased 3.4 percent before seasonal adjustment.

The index for gasoline rose 3.9 percent in August, accounting for over one third of the monthly all-items increase. The index for energy increased 2.1 percent over the month. The shelter index rose 0.3 percent in August after rising 0.1 percent in July. The index for food increased 0.1 percent over the month, as the index for food away from home increased 0.3 percent.

The index for all-items less food and energy rose 0.3 percent after increasing 0.2 percent in July. Indexes that increased over the month include communication, lodging away from home, airline fares, education, and used cars and trucks. Conversely, the index for medical care and the index for motor vehicle insurance were among the major indexes that decreased in August.

The all-items index rose 3.4 percent for the 12 months ending August as it did for the 12 months ending July. The all-items less food and energy index rose 2.4 percent over the year, following a 2.5-percent increase over the 12 months ending July. The energy index increased 16.3 percent for the 12 months ending August. The food index increased 2.7 percent over the last year.

Employment

Total nonfarm payroll employment increased by 162,000 in August, and the unemployment rate was unchanged at 4.1 percent, the U.S. Bureau of Labor Statistics reported. Employment increased in food services and drinking places and in local government education.

The average workweek for all employees on private nonfarm payrolls edged up by 0.1 hour to 34.4 hours in August. In manufacturing, the average workweek edged up by 0.1 hour to 40.5 hours, and overtime was unchanged at 3.1 hours. The average workweek for production and nonsupervisory employees on private nonfarm payrolls remained at 33.8 hours.

Durable Goods Orders and Factory Shipments

New orders for manufactured durable goods in August, down following two consecutive monthly increases, decreased \$0.1 billion or virtually unchanged to \$338.6 billion, the U.S. Census Bureau announced. This followed a 0.9 percent July increase. Excluding transportation, new orders increased 0.3 percent. Excluding defense, new orders increased 0.1 percent. Transportation equipment, down three of the last four months, drove the decrease, \$0.7 billion or 0.6 percent to \$114.1 billion.

On a seasonally-adjusted basis, July shipments for furniture and related products were up 0.7% compared to the prior month, while new orders were also up 0.7%. On a non-adjusted basis, July 2026 year to date shipments for furniture and related products were up 1.9% compared to the prior year, while year to date new orders were up 0.8%.