FURNITURE INSIGHTS®

Smith Leonard PLLC's Industry Newsletter

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HIGHLIGHTS – EXECUTIVE SUMMARY



September 2026 new orders were up 12% compared to the prior month of August 2026, and up 8% compared to September 2025. Year to date, new orders remain up 5% over 2025.

September 2026 shipments were up 5% compared to August 2026, and up 2% from September 2025. Year to date, shipments remain up 1% from 2025.

September 2026 backlogs are up 5% compared to August 2026 and up 18% from September 2025.

Receivable levels were up 2% from August 2026, but down 3% compared to September 2025.

Inventories were flat with August 2026, and up 1% from September 2025.

Payrolls were up 5% from August 2026 and up 6% compared to September 2025, and remain up 3% year to date.

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

EXECUTIVE SUMMARY, CONT

National

Consumer Confidence

The Conference Board Consumer Confidence Index® rose by 11.4 points to 103.3 (1985=100) in November, up from 91.9 in October.

The Present Situation Index—based on consumers' assessment of current business and labor market conditions—increased by 13.7 points to 132.8.

The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—improved by 9.9 points to 83.6.

"Consumer confidence rallied again in November, potentially due to lower uncertainty following the midterm elections," said Fergus McCormick, Senior Economist, Global Indicators, The Conference Board. "After two months of consecutive increases, the headline index is back to levels of confidence last seen in January 2025. The gain in confidence was led by stronger perceptions of present and future labor market conditions. Perceptions of current and future business conditions also improved sharply. Along with the gain in headline confidence, consumers planned slightly higher spending on goods and vacations."

On a month-over-month as well as on a six-month moving average basis, plans to purchase autos and homes both improved slightly in November. Planned spending on durable goods in the month generally increased across the board.

Housing

Existing-home sales decreased by 5.5% month-over-month and decreased by 8.8% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

Month-over-month sales declined in the Midwest, South and West and held steady in the Northeast. Year-over-year sales declined in all four regions.

"Home buying is difficult when mortgage rates have climbed to their highest levels since 2000, aside from a single month in 2023. As a result, home sales fell to their lowest level since August 2010," said NAR Chief Economist Lawrence Yun.

Total Existing-Home Sales for October

- Existing-home sales decreased 5.5% month-over-month.
- Existing-home sales decreased 8.8% year-over-year to a seasonally adjusted annual rate of 3.75 million.

Single-Family Homes in October

- Sales decreased 5.8% month-over-month to a seasonally adjusted annual rate of 3.41 million and were down 8.6% from October 2025.
- The median home price was $421,900, up 0.4% from one year ago.

Condominiums and Co-ops in October

- Sales decreased 2.9% month-over-month to a seasonally adjusted annual rate of 340,000.
- Sales were down 10.5% from one year ago.

Mortgage Rates

- The average 30-year fixed-rate mortgage was 7.33% in October, according to Freddie Mac, up from 6.86% in September and 6.25% one year ago.

Sales of new single-family houses in October 2026 were at a seasonally-adjusted annual rate of 701,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 14.2 percent above the September 2026 rate of 614,000, and is 7.5 percent above the October 2025 rate of 652,000.

Compared to October 2025 on a seasonally-adjusted basis, sales were up 7.5% overall with sales up 24.7% in the South, but down 10.5% in the Midwest, down 63.4% in the Northeast, and down 16.1% in the West.

EXECUTIVE SUMMARY

Thoughts

The participants in our stats program again saw new orders, shipments, and backlogs increase year over year for the fifth straight month with year-to-date new orders remaining up 5% through September 2026 compared to 2025.

On the economic front, consumer confidence bounced back after the normal election-cycle uncertainty, but housing remains challenging in the current interest rate environment with no indications from the Fed of cuts in the short-term given their stated inflation goals.

However, as stated before, the elevated backlogs (up 18% over last year for our participants) will hopefully provide good momentum for the remainder of 2026 and into 2027 despite various headwinds with transportation, energy, and other impacted costs.

Hope everyone here in the States and beyond enjoys the holiday weekend!

EXECUTIVE SUMMARY, CONT.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 4.3 percent in the third quarter of 2026 (July, August, and September), according to the second estimate released by the U.S. Bureau of Economic Analysis (BEA). In the second quarter, real GDP increased 2.2 percent.

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

The price index for gross domestic purchases increased 2.7 percent in the third quarter, revised down 0.3 percentage point from the previous estimate. The personal consumption expenditures (PCE) price index increased 2.1 percent, and the PCE price index, excluding food and energy increased 2.5 percent, both the same as previously estimated.

HIGHLIGHTS – MONTHLY RESULTS

New Orders

According to our latest survey of residential furniture manufacturers and distributors, new orders were up 8% in September 2026 compared to September 2025.

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

New orders were up 12% compared to the prior month of August 2026.

Year to date, new orders remain up 5% compared to 2025.

ESTIMATED BUSINESS ACTIVITY (MILLIONS)

	2026		
	SEPT	AUG	9 MO
New Orders	2,642	2,324	20,266
Shipments	2,348	2,242	19,979
Backlog	2,965	2,815	

	2025		
	SEPT	AUG	9 MO
New Orders	2,469	2,122	19,312
Shipments	2,302	2,231	19,736
Backlog	2,513	2,416	

Shipments and Backlogs

September 2026 shipments were up 2% compared to September 2025. Shipments in September were up for approximately two-thirds of the participants compared to the prior year.

Shipments were up 5% compared to the prior month of August 2026.

Year to date, shipments remain up 1% compared to 2025.

September 2026 backlogs are up 18% compared to September 2025 and up 5% from August 2026.

Receivables and Inventories

Receivable levels were up 2% from August 2026, but down 3% from September 2025.

Inventories were flat with August 2026, but up 1% from September 2025.

Factory and Warehouse Employees and Payroll

The number of factory and warehouse employees were down 3% from September a year ago, and flat with the prior month.

Payroll expense was up 5% in September 2026 compared to August 2026 and up 6% compared to September 2025. Year to date, payroll expense remains up 3% compared to the same period last year.

MONTHLY RESULTS

KEY MONTHLY INDICATORS (PERCENT CHANGE)

	Sept 2026 from Aug 2026	Sept 2026 from Sept 2025	9 Mos 2026 vs 9 Mos 2025
New Orders	+12	+8	+5
Shipments	+5	+2	+1
Backlog	+5	+18	
Payrolls	+5	+6	+3
Employees	-	-3	
Receivables	+2	-3	
Inventories	-	+1	

PERCENT INCREASE/DECREASE COMPARED TO PRIOR YEAR

	New Orders	Shipments	Backlog	Employment
2025				
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
August	+11	+1	+11	-3
September	+8	+2	+18	-3

A DEEPER DIVE – NATIONAL

Consumer Confidence

The Conference Board Consumer Confidence Index® rose by 11.4 points to 103.3 (1985=100) in November, up from 91.9 in October. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—increased by 13.7 points to 132.8. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—improved by 9.9 points to 83.6.

"Consumer confidence rallied again in November, potentially due to lower uncertainty following the midterm elections," said Fergus McCormick, Senior Economist, Global Indicators, The Conference Board. "After two months of consecutive increases, the headline index is back to levels of confidence last seen in January 2025. The gain in confidence was led by stronger perceptions of present and future labor market conditions. Perceptions of current and future business conditions also improved sharply. Along with the gain in headline confidence, consumers planned slightly higher spending on goods and vacations."

McCormick continued: "Write-in responses in November were slightly less negative than previous months. While consumers continued to express frustration with high prices and rising costs, some comments cited hope for the general economy. Comments about war and conflict ticked up slightly, along with mixed feelings about elections, politics, and the direction of the labor market."

The Present Situation Index jumped for a second consecutive month in November. Net views of current business conditions—the share saying conditions are "good" versus "bad"—increased by 3.5 percentage points to +6.5%. Perceptions of current employment conditions were notably more favorable, with the labor market differential—the share of consumers saying jobs are "plentiful" minus the share saying jobs are "hard to get"—improving by 7.6 ppts to +12.4%.

The Expectations Index also increased further in November, driven by higher expectations for future business conditions and the labor market. Expected household income likewise remained optimistic. Net expectations for business conditions climbed back into positive territory, rising by 5.1 ppts to +2.3%. Net expectations for the labor market were notably less pessimistic, increasing by 9.2 ppts to just –1.2%. Net expectations for household income eased by 0.7 ppts to +6.3%.

All age groups and generations recorded an increase in confidence in November, with the greatest increase by Gen Z respondents. Improvements in confidence were largest among consumers with higher household incomes. By political affiliation, confidence among Democrats and Independents improved sharply, while confidence among Republican respondents fell slightly. Regardless, confidence among Republicans remained the highest by political affiliation.

Consumers continued to feel better about their Family's Current Financial Situation in November. Views of their Family's Future Financial Situation over the next six months remained optimistic. Asked to assess the likelihood of a US recession over the next 12 months, the share of consumers citing "not likely" as an answer advanced.

NATIONAL UPDATE

Leading Economic Indicators

The Conference Board Leading Economic Index® (LEI) for the US fell by 0.3% in October 2026 to 99.3 (2016=100), after being unchanged in September. Nevertheless, the LEI grew by 0.1% between April and October 2026, a slight reversal from its decline of 0.6% over the previous six months (October 2025 to April 2026).

"The US LEI's decline in October was mostly fueled by fewer building permits," said Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board. "Building permits data were at the weakest level since May 2020, during the pandemic. Compared to September and one year ago, permits declined across all categories, including by type of dwelling and region. The only exception was the Midwest, where total permits were up slightly since September and 8.1% over the last 12 months."

"Beyond building permits, consumer expectations for business conditions, average hours worked in manufacturing, and manufacturers' new orders for nondefense capital goods were also negative contributors. Weakness in these components more than offset gains in others, except for the ISM® New Orders Index, which was flat. However, the LEI's six-month growth rate remained positive, indicating continued economic expansion ahead, but increasingly investment-led with softer household demand. The Conference Board expects real GDP to grow by 2.3% y/y in 2026 and 2.1% y/y in 2027."

The Conference Board Coincident Economic Index® (CEI) for the US was unchanged in October 2026 at 115.1 (2016=100), following a downward revised 0.1% increase in September. Overall, the CEI rose by 0.7% over the six months between April and October 2026, up from growth of 0.4% over the previous six months. The CEI's four components—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included in the data used to determine recessions in the US. All components of the CEI besides industrial production made positive contributions last month.

The Conference Board Lagging Economic Index® (LAG) for the US was also unchanged in October 2026 at 121.3 (2016=100), following an upwardly revised 0.7% increase in September. The LAG was up 0.7% between April and October 2026, slightly below its 0.8% growth rate over the previous six months.

CONSUMER CONFIDENCE CON'T

Consumers' average 12-month inflation expectations declined for a second consecutive month in November, but remained elevated at 5.7%. Consumers still expected higher interest rates over the next 12 months. Market volatility in the first half of November notwithstanding, more consumers expected stock prices to increase rather than decrease in the next 12 months.

On a month-over-month as well as on a six-month moving average basis, plans to purchase autos and homes both improved slightly in November. Planned spending on durable goods in the month generally increased across the board.

Expected spending on services over the next six months was mixed. Anticipated spending on hotels and airfare for personal travel increased. Other increases in planned spending remained concentrated on discretionary items such as gambling and lottery, amusement parks and/or outdoor recreation, and historic sites, museums, and libraries. The top spending plans included restaurants, bars, take-out; streaming, internet, mobile services; utilities; health care; and beauty, personal care, but these categories were somewhat less prioritized compared to previous months.

Vacation plans improved, with 44.9% of consumers considering a vacation in the next six months, up 2.2 ppts in November from 42.7% in October. More consumers planned domestic trips but fewer visits to foreign countries.

Present Situation

Consumers' views of current business conditions improved in November:

- 23.3% of consumers said business conditions were "good," up from 20.8% in October.
- 16.8% said business conditions were "bad," down from 17.8%.

Consumers' views of the labor market were more positive in November:

- 30.8% of consumers said jobs were "plentiful," up from 26.2% in October.
- 18.4% of consumers said jobs were "hard to get," down from 21.4%.

Expectations Six Months Hence

Consumers were less pessimistic about future business conditions in November:

- 19.6% of consumers expected business conditions to improve, up from 17.5% in October.
- 17.3% expected business conditions to worsen, down from 20.3%.

Consumers were also somewhat less negative about the labor market outlook in November:

- 18.1% of consumers expected more jobs to be available, up from 15.3% in October.
- 19.3% expected fewer jobs, down from 25.7%.

Consumers' assessments of their income prospects also improved in November:

- 18.4% of consumers expected their income to increase, unchanged from last month.
- 12.1% expected their income to decline, up from 11.4%.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 4.3 percent in the third quarter of 2026 (July, August, and September), according to the second estimate released by the U.S. Bureau of Economic Analysis (BEA). In the second quarter, real GDP increased 2.2 percent.

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

Real GDP was revised up 0.9 percentage point from the advance estimate, primarily reflecting upward revisions to investment and consumer spending.

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

Real final sales to private domestic purchasers, the sum of consumer spending and gross private fixed investment, increased 5.8 percent in the third quarter, revised up 0.9 percentage point from the previous estimate.

The price index for gross domestic purchases increased 2.7 percent in the third quarter, revised down 0.3 percentage point from the previous estimate. The personal consumption expenditures (PCE) price index increased 2.1 percent, and the PCE price index, excluding food and energy increased 2.5 percent, both the same as previously estimated.

CONSUMER CONFIDENCE CON'T

Real gross domestic income (GDI) increased 4.4 percent in the third quarter, compared with an increase of 2.3 percent (revised) in the second quarter. The average of real GDP and real GDI also increased 4.4 percent, compared with an increase of 2.2 percent (revised).

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased $206.0 billion in the third quarter, compared with an increase of $384.0 billion in the second quarter.

A DEEPER DIVE – HOUSING

Existing-Home Sales



Existing-home sales decreased by 5.5% month-over-month and decreased by 8.8% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

Month-over-month sales declined in the Midwest, South, and West and held steady in the Northeast. Year-over-year sales declined in all four regions.

"Home buying is difficult when mortgage rates have climbed to their highest levels since 2000, aside from a single month in 2023. As a result, home sales fell to their lowest level since August 2010," said NAR Chief Economist Lawrence Yun.

"Despite fewer transactions in October, the 88 million homeowners across the country are largely in a comfortable financial position due to sizable housing wealth accumulation. The number of distressed property sales remains historically low at only 2% of all transactions," Yun said. "Based on the current underwhelming home sales pace at a time of consistent job growth, there could be sizable pent-up demand if mortgage rates decline."

National Snapshot

Total Existing-Home Sales for October

- Existing-home sales decreased 5.5% month-over-month.
- Existing-home sales decreased 8.8% year-over-year to a seasonally adjusted annual rate of 3.75 million.

Inventory in October

- Total housing inventory was 1.59 million units, up 1.3% from September and 4.6% from October 2025.
- Unsold inventory represented a 5.1-month supply, up from 4.7 months in September and 4.4 months in October 2025.

Median Sales Price in October

- The median existing-home price for all housing types was $416,700.
- The median price increased 0.4% from $414,900 one year ago, marking the 40th consecutive month of year-over-year price increases.

Housing Affordability in October

- The Housing Affordability Index registered at 100.7, down from 107.3 one year ago.
- Year-over-year, affordability declined in all four regions.
    - Northeast: down 8.7%
    - Midwest: down 7.2%
    - South: down 5.4%
    - West: down 5.2%

A DEEPER DIVE – HOUSING CONT'D

Single-Family Homes in October

- Sales decreased 5.8% month-over-month to a seasonally adjusted annual rate of 3.41 million and were down 8.6% from October 2025.
- The median home price was $421,900, up 0.4% from one year ago.

Condominiums and Co-ops in October

- Sales decreased 2.9% month-over-month to a seasonally adjusted annual rate of 340,000.
- Sales were down 10.5% from one year ago.
- The median price was $365,100, up 0.3% from October 2025.

Regional Snapshot for Existing-Home Sales in October

Northeast

- Sales were unchanged month-over-month at an annual rate of 470,000.
- Sales were down 4.1% from October 2025.
- The median price was $519,600, up 3.2% from October 2025.

Midwest

- Sales decreased 3.2% month-over-month to an annual rate of 900,000.
- Sales were down 8.2% year-over-year.
- The median price was $324,300, up 1.5% from October 2025.

South

- Sales decreased 6.5% month-over-month to an annual rate of 1.73 million.
- Sales were down 8% from October 2025.
- The median price was $360,900, down 0.4% from October 2025.

West

- Sales decreased 9.7% month-over-month to an annual rate of 650,000.
- Sales were down 14.5% year-over-year.
- The median price was $624,300, unchanged from October 2025.

REALTORS® Confidence Index for October

- The median time on market was 35 days, up from 33 days in September and 34 days in October 2025.
- First-time homebuyers accounted for 29% of sales, down from 31% in September and 32% in October 2025.
- Cash sales accounted for 29% of transactions, up from 27% in September and unchanged from October 2025.
- Individual investors and second-home buyers accounted for 20% of transactions, unchanged from September and up from 16% in October 2025.
- Distressed sales accounted for 2% of sales, unchanged from September and October 2025.

Mortgage Rates

- The average 30-year fixed-rate mortgage was 7.33% in October, according to Freddie Mac, up from 6.86% in September and 6.25% one year ago.

New Residential Sales

Sales of new single-family houses in October 2026 were at a seasonally-adjusted annual rate of 701,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 14.2 percent the September 2026 rate of 614,000, and is 7.5 percent above the October 2025 rate of 652,000.

The median sales price of new houses sold in October 2026 was $391,300. This is 0.3 percent below the September 2026 price of $392,600, and is 3.2 percent below the October 2025 price of $404,200. The average sales price of new houses sold in October 2026 was $459,900. This is 2.2 percent below the September 2026 price of $470,200, and is 12.1 percent below the October 2025 price of $523,400.

The seasonally-adjusted estimate of new houses for sale at the end of October 2026 was 470,000. This is 1.5 percent (±1.4 percent) below the September 2026 estimate of 477,000, and is 4.1 percent below the October 2025 estimate of 490,000.

This represents a supply of 8.0 months at the current sales rate. The months' supply is 14.0 percent below the September 2026 estimate of 9.3 months, and is 11.1 percent below the October 2025 estimate of 9.0 months.

Compared to October 2025 on a seasonally-adjusted basis, sales were up 7.5% overall with sales up 24.7% in the South, but down 10.5% in the Midwest, down 63.4% in the Northeast, and down 16.1% in the West.

Housing Starts

Privately-owned housing starts in October were at a seasonally adjusted annual rate of 1,309,000. This is 9.9 percent above the revised September estimate of 1,191,000 and is 2.8 percent above the October 2025 rate of 1,273,000. Single-family housing starts in October were at a rate of 864,000; this is 4.0 percent above the revised September figure of 831,000. The October rate for units in buildings with five units or more was 433,000.

Single-family starts compared to October 2025, on a seasonally-adjusted basis, were down 3.2% in total, as well as down 2.7% in the South, down 12.1% in the Midwest, down 14.5% in the Northeast, but up 7.0% in the West.

Housing Completions

Privately-owned housing completions in October were at a seasonally adjusted annual rate of 1,272,000. This is 6.5 percent above the revised September estimate of 1,194,000, but is 10.4 percent below the October 2025 rate of 1,419,000. Single-family housing completions in October were at a rate of 900,000; this is 6.3 percent above the revised September rate of 847,000. The October rate for units in buildings with five units or more was 362,000.

Single-family completions compared to October 2025, on a seasonally-adjusted basis, were down 10.7% in total, as well as down 16.6% in the South, down 9.4% in the Midwest, down 6.7% in the Northeast, but up 3.7% in the West.

A DEEPER DIVE – OTHER NATIONAL

Retail Sales

Advance estimates of U.S. retail and food services sales for October 2026, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $748.2 billion, up 0.2 percent from the previous month, and up 6.8 percent from October 2025. Total sales for the August 2026 through October 2026 period were up 6.4 percent from the same period a year ago. The August 2026 to September 2026 percent change was unrevised from up 0.8 percent.

Sales at furniture and home furnishings stores in October 2026 were down 2.3% compared to September 2026, but up 2.5% compared to October 2025 on a seasonally-adjusted basis. Year to date on a non-adjusted basis, sales were down 0.8% (down 1.5% last month).

Consumer Prices

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent on a seasonally adjusted basis in October after rising 0.6 percent in September, the U.S. Bureau of Labor Statistics reported.

The index for shelter rose 0.3 percent in October, accounting for over thirty percent of the monthly all-items increase. The food index increased 0.5 percent in October, as the food at home index rose 0.4 percent and the food away from home index increased 0.5 percent. The index for energy increased 0.7 percent over the month following a 5.2-percent increase in September.

A DEEPER DIVE – OTHER NATIONAL CONT'D

The index for all-items less food and energy rose 0.3 percent in October, as it did in September and August. Indexes that increased over the month include recreation, medical care, motor vehicle insurance, household furnishings and operations, and education. Conversely, the index for used cars and trucks and the index for communication were among the small number of major indexes that decreased in October.

Employment

Total nonfarm payroll employment rose by 165,000 in October, and the unemployment rate changed little at 4.1 percent, the U.S. Bureau of Labor Statistics reported. Employment increased in professional and business services, in health care, and in transportation and warehousing.

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

Durable Goods Orders and Factory Shipments

New orders for manufactured durable goods in October, up seven of the last eight months, increased $0.8 billion or 0.2 percent to $346.7 billion, the U.S. Census Bureau announced. This followed a 2.0 percent September increase. Excluding transportation, new orders increased 0.5 percent. Excluding defense, new orders increased 0.4 percent. Machinery, up twenty-one of the last twenty-two months, drove the increase, $0.8 billion or 1.8 percent to $46.8 billion.

On a seasonally-adjusted basis, September shipments for furniture and related products were down 0.4% compared to the prior month, while new orders were down 0.3%. On a non-adjusted basis, September 2026 year-to-date shipments for furniture and related products were up 1.8% compared to the prior year, while year to date new orders were up 1.0%.