FURNITURE INSIGHTS®

Smith Leonard PLLC's Industry Newsletter

OCTOBER 2026



HIGHLIGHTS – EXECUTIVE SUMMARY



August 2026 new orders were down 4% compared to the prior month of July 2026, but up 11% compared to August 2025. Year to date, new orders remain up 5% over 2025.

August 2026 shipments were down 2% compared to July 2026, but up 1% from August 2025. Year to date, shipments remain up 1% from 2025.

August 2026 backlogs are up 2% compared to July 2026 and 17% from August 2025.

Receivable levels were up 1% from July 2026, but down 2% compared to August 2025.

Inventories were down 1% from July 2026, but up 1% from August 2025.

Payrolls were flat with July 2026, up 5% compared to August 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 7.5 points to 91.7 (1985=100) in October, up from 84.2 in September (a slight upward revision).

The Present Situation Index—based on consumers' assessment of current business and labor market conditions—increased by 8.6 points to 120.4.

The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—recovered by 6.9 points to 72.6, only partially reversing three consecutive monthly declines.

"Consumer confidence advanced in October, driven primarily by improved perceptions of current and expected business conditions," said Fergus McCormick, Senior Economist, Global Indicators, The Conference Board. "The recovery was in line with retail gasoline prices easing from September to October. Yet, despite the increase in October, consumer confidence remained on the long-term downward trend that's persisted over the past few years. Consumers planned less spending on services and durable goods over the next six months. This likely reflected higher price levels and persistent inflation, which eroded consumers' purchasing power."

On a six-month moving average basis, plans to purchase autos and homes both declined slightly in October. Planned spending on durable goods in the month dropped across the board, with expected purchases of electronics such as smartphones, personal computers, laptops, and tablets pulling back by over 1%.

Housing

Existing-home sales increased by 1.5% month-over-month and decreased by 2.2% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

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

"Despite the small monthly gain on a seasonally adjusted basis, August and September marked the two slowest months for home sales this year," said NAR Chief Economist Lawrence Yun. "Further increases in mortgage rates in recent weeks mean fewer buyers can qualify to purchase a home."

EXECUTIVE SUMMARY
Thoughts

It was good to see everyone back in High Point for the Fall Market, with traffic reported to be up 2-3% over Spring.

Lots discussions about tariffs, supply chain challenges, AI implementations, retail trends, interest rates, and the "K-shaped economy", but overall sentiment was high.

The participants in our stats program again saw new orders, shipments, and backlogs increase year over year for the fourth straight month with year-to-date new orders remaining up 5% through August 2026 compared to 2025. As stated before, hopefully the elevated backlogs (up 17% over last year) will provide good momentum for the remainder of our reporting year despite various headwinds.

Congrats to this year's Hall of Fame inductees!

Total Existing-Home Sales for September

- Existing-home sales increased 1.5% month-over-month.
- Existing-home sales decreased 2.2% year-over-year to a seasonally adjusted annual rate of 3.99 million.

Single-Family Homes in September

- Sales increased 2.0% month-over-month to a seasonally adjusted annual rate of 3.64 million, down 1.9% from September 2025.
- The median single-family home price was $422,700, up 1.2% year-over-year.

Condominiums and Co-ops in September

- Sales decreased 2.8% month-over-month to a seasonally adjusted annual rate of 350,000.
- Sales were down 5.4% from September 2025.
- The median condo/co-op price was $363,700, up 1.2% year-over-year.

Mortgage Rates

- The average 30-year fixed mortgage rate was 6.86% in September, up from 6.67% in August and 6.35% one year ago, according to Freddie Mac.

Sales of new single-family houses in September 2026 were at a seasonally-adjusted annual rate of 676,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 0.6 percent below the August 2026 rate of 680,000, and is 5.3 percent below the September 2025 rate of 714,000.

EXECUTIVE SUMMARY, CONT.

Compared to September 2025 on a seasonally-adjusted basis, sales were down 5.3% overall with sales also down 0.7% in the South, down 8.2% in the Midwest, down 17.4% in the West, but up 10.3% in the Northeast.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 3.4 percent in the third quarter of 2026 (July, August, and September), according to the advance estimate released by the U.S. Bureau of Economic Analysis (BEA). In the second quarter, real GDP increased 2.2 percent.

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.

The price index for gross domestic purchases increased 3.0 percent in the third quarter, compared with an increase of 5.6 percent in the second quarter. The personal consumption expenditures (PCE) price index increased 2.1 percent, compared with an increase of 5.0 percent, and the PCE price index, excluding food and energy increased 2.5 percent, compared with an increase of 3.3 percent.

HIGHLIGHTS – MONTHLY RESULTS

New Orders

According to our latest survey of residential furniture manufacturers and distributors, new orders were up 11% in August 2026 compared to August 2025.

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

New orders were down 4% compared to the prior month of July 2026.

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

ESTIMATED BUSINESS ACTIVITY (MILLIONS)

	2026		
	AUG	JULY	8 MO
New Orders	2,324	2,365	17,624
Shipments	2,242	2,276	17,631
Backlog	2,815	2,732	

	2025		
	AUG	JULY	8 MO
New Orders	2,122	2,170	16,843
Shipments	2,231	2,107	17,434
Backlog	2,416	2,450	

Shipments and Backlogs

August 2026 shipments were up 1% compared to August 2025. Shipments in August were up for approximately two-thirds of the participants compared to the prior year.

Shipments were down 2% from July 2026.

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

August 2026 backlogs are up 17% compared to August 2025 and up 2% from July 2026.

Receivables and Inventories

Receivables were up 1% from July 2026, but down 2% from August 2025.

Inventories were down 1% from July 2026, but up 1% from August 2025.

Factory and Warehouse Employees and Payroll

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

Payroll expense was flat in August 2026 compared to July 2026, but up 5% compared to August 2025. Year to date, payroll expense remains up 3% compared to 2025.

MONTHLY RESULTS – OCTOBER 2026

KEY MONTHLY INDICATORS (PERCENT CHANGE)

	Aug 2026 from July 2026	Aug 2026 from Aug 2025	8 Mos 2026 vs 8 Mos 2025
New Orders	-4	+11	+5
Shipments	-2	+1	+1
Backlog	+2	+17	
Payrolls	-	+5	+3
Employees	-	-3	
Receivables	+1	-2	
Inventories	-1	+1	

PERCENT INCREASE/DECREASE COMPARED TO PRIOR YEAR

	New Orders	Shipments	Backlog	Employment
2025				
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
August	+11	+1	+11	-3

A DEEPER DIVE – NATIONAL

Consumer Confidence

The Conference Board Consumer Confidence Index® rose by 7.5 points to 91.7 (1985=100) in October, up from 84.2 in September (a slight upward revision). The Present Situation Index—based on consumers' assessment of current business and labor market conditions—increased by 8.6 points to 120.4. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—recovered by 6.9 points to 72.6, only partially reversing three consecutive monthly declines.

"Consumer confidence advanced in October, driven primarily by improved perceptions of current and expected business conditions," said Fergus McCormick, Senior Economist, Global Indicators, The Conference Board. "The recovery was in line with retail gasoline prices easing from September to October. Yet, despite the increase in October, consumer confidence remained on the long-term downward trend that's persisted over the past few years. Consumers planned less spending on services and durable goods over the next six months. This likely reflected higher price levels and persistent inflation, which eroded consumers' purchasing power."

McCormick continued: "Among write-in responses in October, consumers continued to express frustration with rising costs. References to prices, the high cost of food and groceries, and oil and diesel prices rose. Comments about war and conflict eased for a second straight month but remained elevated. Mentions of jobs and employment as an area of concern also ticked up, though to a lesser extent."

The Present Situation Index rallied in October. Net views of current business conditions—the share saying conditions are "good" versus "bad"—increased by 4.8 percentage points to 3.6% following a notably negative reading last month. Perceptions of current employment conditions were moderately 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 2.4 ppts to +5.3%.

The Expectations Index was less pessimistic in October as all three of its components saw improvements. Net expectations for business conditions became less morose, rising by 5.7 ppts to –3.0%. Net expectations for the labor market also became slightly less pessimistic, increasing by 1.8 ppts to –11.1%. Consumers still expected their household incomes to rise over the next six months. Net expectations for household income improved by 3.5 ppts to +6.7%.

On a six-month moving average basis, only consumers under age 35 and those with a household income of $100k or more expressed an increase in confidence. By generation, confidence amongst Gen X, Baby Boomers, and the Silent Generation continued to trail significantly behind Gen Z and Millennials, widening a sharp generational divide that has emerged over the past two years. In October, confidence improved across all political affiliations—but much more so for Republicans.

Consumers felt better about their Family's Current Financial Situation in October after two weak months. 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, "somewhat likely" remained consumers' most cited answer. (These measures are not included in calculating the Consumer Confidence Index®)

NATIONAL UPDATE

Leading Economic Indicators

The Conference Board Leading Economic Index® (LEI) for the US was unchanged in September 2026 at 99.6 (2016=100), after a decline of 0.1% in August. The LEI grew by 0.6% between March and September 2026, a reversal from its decline of 1.1% over the previous six months (September 2025 to March 2026).

"The US LEI was flat in September. However, due to an upward revision to July's data, the Index is at a higher level than last month's report for August," said Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board. "Five out of ten components made positive contributions to the LEI in September, led by the interest rate spread and average weekly hours in manufacturing. Nevertheless, these gains were offset by a large decline in consumer expectations and much smaller negative contributions from stock prices, new orders for capital goods and building permits. The LEI's six-month growth rate increased slightly, which suggests the economy is still growing and will continue to grow, but is becoming less dependent on consumer spending and more dependent on business investment. The Conference Board now expects real GDP to grow by a 2.2% annualized rate in 2026, with our outlook for 2027 at 2.0%, higher than previously forecasted."

The Conference Board Coincident Economic Index® (CEI) for the US increased by 0.3% in September 2026 to 115.3 (2016=100), following a 0.1% increase in August. Overall, the CEI rose by 0.9% over the six months between March and September 2026, up from its 0.2% growth over the previous six months. The CEI's four component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. All components of the CEI made positive contributions last month.

The Conference Board Lagging Economic Index® (LAG) for the US increased by 0.5% in September 2026 to 121.1 (2016=100), after rising by 0.2% in August. The LAG was up 1.0% between March and September 2026, double its growth rate of 0.5% over the prior six months.

CONSUMER CONFIDENCE CON'T

Consumers' average 12-month inflation expectations declined in October but remained elevated at 5.8%. Consumers still expected higher interest rates over the next 12 months. Overall, more consumers in October expected stock prices to increase rather than decrease in the next 12 months.

On a six-month moving average basis, plans to purchase autos and homes both declined slightly in October. Planned spending on durable goods in the month dropped across the board, with expected purchases of electronics such as smartphones, personal computers, laptops, and tablets pulling back by over 1%.

Expected spending on services over the next six months was generally lower, except for movies, theater, live entertainment, and sporting events. The top five spending plans included restaurants, bars, take-out; streaming, internet, mobile services; utilities; health care; and beauty, personal care. Notably, expected spending on beauty, personal care fell from third to fifth place among services categories.

Anticipated spending on hotels and airfare for personal travel moderated. Likewise, vacation plans dipped, with 43.3% of consumers planning a vacation in the next six months, down 0.9 ppts from an upwardly revised 44.2% in September. More consumers planned domestic trips and fewer planned visits to foreign countries.

Present Situation

Consumers' views of current business conditions improved in October:

- 21.4% of consumers said business conditions were "good," up from 18.8% in September.
- 17.8% said business conditions were "bad," down from 20.0%.

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

- 26.7% of consumers said jobs were "plentiful," up from 24.3% in September.
- 21.4% of consumers said jobs were "hard to get," remaining unchanged.

Expectations Six Months Hence

Consumers were less pessimistic about future business conditions in October:

- 17.7% of consumers expected business conditions to improve, up from 16.5% in September.
- 20.7% expected business conditions to worsen, down from 25.2%.

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

- 15.2% of consumers expected more jobs to be available, up from 14.7% in September.
- 26.3% expected fewer jobs, down from 27.6%.

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

- 18.7% of consumers expected their income to increase, up from 18.1% in September.
- 12.0% expected their income to decline, down from 14.9%.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 3.4 percent in the third quarter of 2026 (July, August, and September), according to the advance 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.

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 4.9 percent in the third quarter, compared with an increase of 4.6 percent in the second quarter.

The price index for gross domestic purchases increased 3.0 percent in the third quarter, compared with an increase of 5.6 percent in the second quarter. The personal consumption expenditures (PCE) price index increased 2.1 percent, compared with an increase of 5.0 percent, and the PCE price index, excluding food and energy increased 2.5 percent, compared with an increase of 3.3 percent.

A DEEPER DIVE – HOUSING

Existing-Home Sales



Existing-home sales increased by 1.5% month-over-month and decreased by 2.2% year-over-year, according to the National Association of REALTORS® Existing-Home Sales report.

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

“Despite the small monthly gain on a seasonally adjusted basis, August and September marked the two slowest months for home sales this year,” said NAR Chief Economist Lawrence Yun. “Further increases in mortgage rates in recent weeks mean fewer buyers can qualify to purchase a home.”

“Higher inventory and lengthening days on market give buyers improved negotiating power. Home sellers need to be realistic about local market conditions, which could require price discounts and other incentives to attract buyers,” Yun said.

National Snapshot

Total Existing-Home Sales for September

- Existing-home sales increased 1.5% month-over-month.
- Existing-home sales decreased 2.2% year-over-year to a seasonally adjusted annual rate of 3.99 million.

Inventory in September

- Total housing inventory reached 1.60 million units, up 1.9% from August and 4.6% from September 2025.
- Unsold inventory represented a 4.8-month supply, unchanged from August and up from 4.5 months one year ago.

Median Sales Price in September

- The median existing-home price for all housing types was $417,500.
- Prices increased 1.3% from one year ago ($412,300), marking the 39th consecutive month of year-over-year price gains.

Housing Affordability in September

- The Housing Affordability Index registered 105.4, down from 106.7 one year ago.
- Affordability declined year-over-year in three of the four regions:
    - Northeast -4.5%
    - Midwest -3.1%
    - South -0.4%
    - West +1.0%

Single-Family Homes in September

- Sales increased 2.0% month-over-month to a seasonally adjusted annual rate of 3.64 million, down 1.9% from September 2025.
- The median single-family home price was $422,700, up 1.2% year-over-year.

Condominiums and Co-ops in September

- Sales decreased 2.8% month-over-month to a seasonally adjusted annual rate of 350,000.
- Sales were down 5.4% from September 2025.
- The median condo/co-op price was $363,700, up 1.2% year-over-year.

A DEEPER DIVE – HOUSING CONT'D

Regional Snapshot for Existing-Home Sales in August

Northeast

- Sales declined 2.1% month-over-month to an annual rate of 470,000.
- Sales were down 4.1% from September 2025.
- Median price: $523,600, up 4.7% year-over-year.

Midwest

- Sales were unchanged month-over-month at an annual rate of 930,000.
- Sales were down 2.1% year-over-year.
- Median price: $329,600, up 3.1% year-over-year.

South

- Sales increased 2.8% month-over-month to an annual rate of 1.86 million.
- Sales were down 0.5% from September 2025.
- Median price: $361,000, up 0.2% year-over-year.

West

- Sales increased 2.8% month-over-month to an annual rate of 730,000.
- Sales were down 5.2% year-over-year.
- Median price: $613,600, down 0.3% from September 2025.

REALTORS® Confidence Index for August

- Median time on market: 33 days, up from 31 days in August and unchanged from September 2025.
- First-time buyers represented 31% of sales, up from 30% in August and 30% one year ago.
- Cash sales accounted for 27% of transactions, unchanged from last month and down from 30% one year ago.
- Individual investors and second-home buyers accounted for 20% of transactions, up from 15% last month and one year ago.
- Distressed sales represented 2% of transactions, unchanged from both last month and one year ago.

Mortgage Rates

- The average 30-year fixed mortgage rate was 6.86% in September, up from 6.67% in August and 6.35% one year ago, according to Freddie Mac.

New Residential Sales

Sales of new single-family houses in September 2026 were at a seasonally-adjusted annual rate of 676,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 0.6 percent below the August 2026 rate of 680,000, and is 5.3 percent below the September 2025 rate of 714,000.

The median sales price of new houses sold in September 2026 was $400,400. This is 3.9 percent above the August 2026 price of $385,400, and is 3.9 percent below the September 2025 price of $416,800. The average sales price of new houses sold in September 2026 was $472,800. This is 0.4 percent above the August 2026 price of $470,800, and is 6.7 percent below the September 2025 price of $506,800.

The seasonally-adjusted estimate of new houses for sale at the end of September 2026 was 476,000. This is 1.0 percent below the August 2026 estimate of 481,000, and is 2.3 percent below the September 2025 estimate of 487,000. This represents a supply of 8.4 months at the current sales rate. The months' supply is 1.2 percent below the August 2026 estimate of 8.5 months, and is 2.4 percent above the September 2025 estimate of 8.2 months.

Compared to September 2025 on a seasonally-adjusted basis, sales were down 5.3% overall with sales also down 0.7% in the South, down 8.2% in the Midwest, down 17.4% in the West, but up 10.3% in the Northeast.

Housing Starts

Privately-owned housing starts in September were at a seasonally adjusted annual rate of 1,221,000. This is 5.2 percent below the revised August estimate of 1,288,000 and is 7.4 percent below the September 2025 rate of 1,319,000. Single-family housing starts in September were at a rate of 859,000; this is 4.6 percent below the revised August figure of 900,000. The September rate for units in buildings with five units or more was 349,000.

Single-family starts compared to September 2025, on a seasonally-adjusted basis, were up 2.6% in total, as well as up 8.8% in the South, up 2.6% in the Midwest, but down 8.9% in the West, and down 7.5% in the Northeast.

Housing Completions

Privately-owned housing completions in September were at a seasonally adjusted annual rate of 1,192,000. This is 2.2 percent above the revised August estimate of 1,166,000, but is 14.0 percent below the September 2025 rate of 1,386,000. Single-family housing completions in September were at a rate of 840,000; this is 2.4 percent below the revised August rate of 861,000. The September rate for units in buildings with five units or more was 339,000.

Single-family completions compared to September 2025, on a seasonally-adjusted basis, were down 11.0% in total, as well as down 15.1% in the South, down 0.9% in the Midwest, down 3.8% in the West, and down 16.7% in the Northeast.

A DEEPER DIVE – OTHER NATIONAL

Retail Sales

Advance estimates of U.S. retail and food services sales for September 2026, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $745.0 billion, up 0.8 percent from the previous month, and up 6.3 percent from September 2025. Total sales for the July 2026 through September 2026 period were up 5.5 percent from the same period a year ago. The July 2026 to August 2026 percent change was revised from up 1.1 percent to up 1.3 percent.

Sales at furniture and home furnishings stores in September 2026 were up 1.3% compared to August 2026 and up 4.9% compared to September 2025 on a seasonally-adjusted basis,. Year to date on a non-adjusted basis, sales were down 1.5% (down 1.6% last month).

Consumer Prices

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.6 percent on a seasonally adjusted basis in September after rising 0.4 percent in August, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all-items index increased 3.7 percent before seasonal adjustment.

The index for gasoline rose 9.1 percent in September, accounting for over half of the monthly all-items increase. The energy index increased 5.2 percent over the month following a 2.1-percent increase in August. The shelter index rose 0.4 percent in September after rising 0.3 percent in August. The index for food was unchanged in September, as the index for food away from home increased 0.2 percent and the index for food at home fell 0.1 percent.

The index for all-items less food and energy rose 0.3 percent in September, as it did in August. Indexes that increased over the month include recreation, used cars and trucks, education, airline fares, medical care, and apparel. Conversely, the index for communication was among the small number of major indexes that decreased in September.

The all-items index rose 3.7 percent for the 12 months ending September, a larger increase than the 3.4-percent increase reported for the 12 months ending in August. The all-items less food and energy index rose 2.6 percent over the year, following a 2.4-percent increase over the 12 months ending August. The energy index increased 20.4 percent for the 12 months ending September. The food index increased 2.5 percent over the last year.

Employment

Both nonfarm payroll employment (+29,000) and the unemployment rate (4.2 percent) changed little in September, the U.S. Bureau of Labor Statistics reported. Employment in all major industries changed little over the month.

The average workweek for all employees on private nonfarm payrolls remained at 34.4 hours in September. In manufacturing, the average workweek was unchanged at 40.6 hours, and overtime held at 3.0 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 September, up six of the last seven months, increased $6.3 billion or 1.8 percent to $345.4 billion, the U.S. Census Bureau announced. This followed a 0.1 percent August increase. Excluding transportation, new orders increased 0.5 percent. Excluding defense, new orders increased 2.2 percent. Transportation equipment, up two of the last three months, led the increase, $5.2 billion or 4.6 percent to $119.8 billion.

On a seasonally-adjusted basis, August shipments for furniture and related products were down 0.2% compared to the prior month, while new orders were down 0.4%. On a non-adjusted basis, August 2026 year-to-date shipments for furniture and related products were up 5.5% compared to the prior year, while year to date new orders were up 0.9%.