

Furniture retailers appear to be making a comeback as the housing market recovers. **Luke Tugby** reports on the floats and expansion plans

Will 2015 be a big year for big-ticket furniture retailers?



AFTER YEARS of struggle during the economic downturn, there is a sense that a comeback is on the cards for big-ticket furniture retailers.

If the first six weeks of the year are anything to go by, that optimism may not be misplaced.

Despite 2015 still being very much in its infancy, January and February have already brought ScS's float on the stock market and DFS has unveiled plans for an IPO. Additionally, private equity firm CBPE acquired Sofa.com for around £50m.

That bright start was further highlighted when Martin Harris, the son of Carpetright founder Lord Harris, revealed plans to open a 200-store flooring retailer in the summer.

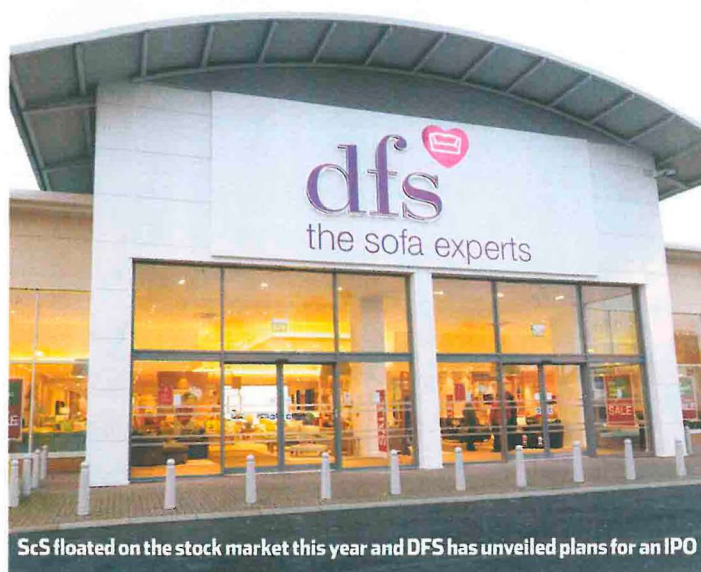
Many of the economic factors that contribute to the success of the home sector have been in good health of late.

Interest rates remain at 0.5%, the housing market continues its gradual improvement and consumer confidence is rising.

Figures from the British Retail Consortium-KPMG January Retail Sales Monitor revealed that furniture retailers had reaped the rewards of the buoyant market conditions, recording a solid performance in the sector's key month despite a tough comparable from the previous year.

Bedroom furniture proved particularly popular as the public's desire for big-ticket purchases hit its highest level since the recession.

And although footfall dipped in shopping centres and the high street in January, big-ticket retailers benefited from a 1.5% jump in traffic to out-of-town retail destinations.



ScS floated on the stock market this year and DFS has unveiled plans for an IPO



Made.com opened a London showroom last month

“Now that conditions have improved, confidence is returning and demand is back”

Matt Walton, Verdict

Rise of multichannel

Verdict retail analyst Matt Walton believes the sector will continue to perform well throughout the year. He estimates that the furniture and upholstery markets will grow 2.7% and 2.8% respectively.

Walton says: “We think 2014 was a good year for the sector and the major purchase index improved significantly. We expect that to continue in 2015.

introduced sofas into its stores.

“There's a lot of competition, a lot of development and a lot of growth.

“More and more shoppers are viewing the product in-store, but will go home and make the purchase online.”

In the furniture and floor covering sector, 5.8% of purchases were made online in 2010, but that had almost doubled to 11.4% by the start of 2015.

One online specialist is doing so well that it has opened a physical showroom. Made.com launched its high-tech London flagship in January. It features full-scale images of furniture projected onto a display so that shoppers can see what different items look like. Orders can be placed in-store on iMacs.

Walton says a key change for big-ticket retailers in 2014 was their adaptation to online, creating a “multichannel offer” that better appeals to the modern customer.

Some retailers have taken it further than others. Sofaworks has launched an augmented reality app that allows people to visualise how their new furniture would look in their home.

Walton believes the rise of multichannel will stand big-ticket retailers in good stead, but he is cautiously optimistic about the future of the sector.

“The sector is in the process of turning the corner,” he says.

“The prospects are certainly a lot more buoyant than they have been. Retailers have sharpened their offer, but the fact remains that they are so reliant on the housing market, interest rates and consumer confidence. It only takes one event to ruin those and all of a sudden big-ticket retailers will find themselves struggling again.”