



InterTradeIreland

TRADE & BUSINESS DEVELOPMENT BODY

CONTRACT FITTED FURNITURE

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An Ireland perspective



*Market for contract fitted furniture
is valued at IR£48m/Stg£38.2 million a year.*

*Fitted furniture markets in the Republic
and Northern Ireland are different.*

Developers use a small number of specialist manufacturers.

*Local manufacturers have established
a strong reputation for competitiveness and service.*

*Contract market in Northern Ireland
is approximately 15% of new housing starts.*

Scope of Report

In this Report, contract fitted furniture is wood based fitted kitchen furniture and bedroom fitted wardrobes that are part of an overall building contract – as distinct from individual consumer purchases. For the most part, these are standard, factory-made carcasses, with the doors, which range from plain or laminated MDF to expensive solid wood, giving design differential.

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InterTradelreland,
Enterprise Ireland,
LEDU and IDB for
Northern Ireland.

Topline Summary

The Republic of Ireland market for contract fitted kitchen and bedroom furniture (excluding associated installation costs) is valued at almost IR£48 million/Stg£38.2 million a year. The market for contract fitted kitchens in Northern Ireland was worth around IR£983,400 / Stg£786,720 in 1999.

Typical spends on fitted kitchen furniture can range from IR£600 for flats/apartments, IR£1,000 for terraced houses, IR£1,500 for semi-detached houses, up to IR£4,000 for luxury apartments.

The fitted home furniture markets in the Republic and Northern Ireland are different. In the Republic it is a contract market, where the builder of a development selects a specialist firm to fit out the kitchen and bedroom furniture. In Northern Ireland, homebuyers select their own furniture.

Developers tend to use a small number of specialist kitchen manufacturers who have the capacity and resources to handle large-scale installations.

The route to market for Irish firms is directly from the manufacturer to the builder. The builder usually has a budget for fitting out the kitchen and bedroom and contracts with a furniture supplier to fit out the entire development.

Irish manufacturers who specialise in the contract market have established a strong reputation for competitiveness and service. When developers are satisfied with a supplier, they will continue to use that supplier unless there is a good reason to change.

Promotion by manufacturers involves sales representatives approaching building contractors directly in order to identify the decision-maker for a development. British-made flat-pack kitchens are a potential threat. The high growth rate of the new build market may attract British builders using their own kitchen furniture suppliers.

The Republic of Ireland market has reached a new level of housing construction in excess of 50,000 units in 1999, which is expected to continue for at least the next decade to 2010. There will be more development outside the greater Dublin area.

In Northern Ireland, new house construction is 10,000 a year and this level is not likely to change. The contract market in Northern Ireland is about 15% of new housing starts.



Market Size

Republic of Ireland

The Republic of Ireland market for contract fitted kitchen and bedroom furniture (excluding associated installation costs) is valued at almost IR£48 million/Stg£38.2 million a year.

Market Size

Type of development	Number of completions	Typical spend on fitted kitchen furniture ¹	Estimated value of fitted kitchen furniture	Typical spend on fitted bedroom wardrobes ²	Estimated value of fitted bedroom furniture*
Flat/apartment	9,196	IR£600	IR£5.52 million Stg£4.42 million	IR£600	IR£5.52 million Stg£4.42 million
Terraced	1,697	IR£1,000	IR£1.70 million Stg£1.36 million	IR£800	IR£1.36 million Stg£1.09 million
Semi-detached	14,036	IR£1,500	IR£21.05 million Stg£16.84 million	IR£900	IR£12.63 million Stg£10.10 million
TOTAL	24,929		IR£28.27 million Stg£22.62 million		IR£19.51 million Stg£15.61 million

Source: Annual Housing Statistics Bulletin 1999, Department of the Environment

¹ Based on a survey of developers and suppliers

² Based on a survey of developers and suppliers

Stg£1 = IR£1.25

Kitchen values generally reflect house/apartment prices. The value of contract kitchen furniture used in new developments is around IR£600 for apartments/flats, IR£1,000 for terraced houses and IR£1,500 for semi-detached houses. Luxury apartments have a budget of about IR£4,000.

The contract market consists of multiple new build home schemes that include apartments/flats, semi-detached houses and terraced houses, and where the developer buys for the scheme. There are also self-build one-off dwellings and detached houses where the homeowner is the primary furniture buyer.

In 1999 9,196 flats/apartments were completed, with the largest number (2,529) in Dublin. Pressure on Dublin due to lack of building space, the designation of regional cities and towns as regional growth centres and a preference among many people to live and work outside Dublin is resulting in more developments in Kerry, Galway, Waterford and other centres. This means more widespread opportunity for fitted kitchen and bedroom manufacturers.

However, many of these apartments, especially around coastal areas, may be once off tourism projects availing of tax incentives which mainly ended in late 1999.

Northern Ireland

There is no private sector contract market in Northern Ireland for fitted home furniture. There is, however, a small market for kitchen furniture in the new social housing sector. These schemes of terraced houses or flats are the responsibility of area housing associations and not the Housing Executive.

The total number of social housing starts in NI in 1999 was 1,639. At an estimated unit cost of IR£600/Stg£480, the value of the contract fitted kitchen furniture market in 1999 was around IR£983,400/Stg£786,720. The scale of contracts is small and within the capability of regular kitchen suppliers – in contrast to the Republic where specialist firms dominate.

Market Characteristics

The fitted home furniture markets in the Republic and Northern Ireland are different. In the Republic it is a contract market, where the builder of a development selects a specialist firm to fit out the kitchen and bedroom furniture. In Northern Ireland homebuyers select their own furniture. For kitchen furniture, the builder often recommends a local supplier

Interior design TV programmes and magazines are increasingly influencing tastes in furnishing and home interiors.

Manufacturers in Ireland

Developers tend to use a small number of specialist kitchen manufacturers who have the capacity and resources to handle large-scale installations. These include:

Irish Manufacturers	
Republic of Ireland	Northern Ireland
Nolan Kitchens	WG Orr Ltd.
Acorn Kitchens	Hanna Kitchens & Bedrooms Ltd
Quality Kitchens	
Country Kitchens	
Leanes Fitted Furniture Manufacturing Co. Ltd.	

Route to Market

The route to market for Irish firms is directly from the manufacturer to the builder. The builder usually has a budget for fitting out the kitchen and bedroom and contracts with a furniture supplier to fit out the entire development.

Distribution

Physical delivery is directly from the furniture supplier to the site of the housing or apartment development, where the supplier installs the furniture.

Product and Buyer Trends

The contract market requires expertise and high volume production systems which take time to develop. Irish manufacturers who specialise in the contract market have established a strong reputation for competitiveness and service. When developers are satisfied with a supplier, they will continue to use that supplier unless there is a good reason to change.

A manufacturer who seeks to break into this market faces the challenge of strong builder-supplier relationships and must offer a competitive advantage in price, quality and service (just in time delivery and installation) and, ideally, have a relevant track record in furniture supply.

Builders of small developments and those outside major cities often use local companies who, on cost grounds, may supply imported flat-pack kitchens. Since many apartments and, to a lesser degree, houses in the Republic are bought by investors and are rented out, the standard kitchen supplied is usually accepted. House buyers can select an alternative kitchen but are not encouraged to do so (the reverse of the situation in Northern Ireland) and they pay any additional costs.

Upmarket apartments in Dublin aimed at the senior overseas executive rental market will have a continental European kitchen of about IR£4,000 value.

Most Irish kitchen furniture manufacturers source product development and design ideas from the UK and mainland Europe. Interior design magazines available in Ireland carry advertisements from UK companies. These magazines influence interior designers and building contractors in selecting kitchen furniture. Bright timbers, such as maple and beech and painted woods have been the most popular in recent years. Traditional timber-looking woods such as cherry are expected to increase considerably in popularity over the next couple of years.

Marketing and Promotion

Promotion by manufacturers involves sales representatives approaching building contractors directly in order to identify the decision-maker for a development. The property sections of the Irish Times and Belfast Telegraph usually carry details of upcoming home development projects. The builder relies on the experience and guidance of the kitchen manufacturer in deciding what designs to use.

eBusiness

Electronic commerce affects all industries. Irish manufacturers should note the development of new online construction industry marketplaces such as www.build-online.com, the Irish firm that is rolling out its trading platform across the UK and the rest of Europe. These marketplaces are likely to become the information exchange and transaction platforms in the future. Suppliers will make their catalogues available online. Buyers will issue their specifications and requirements directly from their computers. Some marketplaces will facilitate reverse auctions whereby software will automatically favour the lowest bid.

Exhibitions

These are not really relevant since the manufacturers are dealing directly with the builders.

Competitor Assessment

Builders of small developments and those outside major cities often use local companies who, on cost grounds, may begin to supply British-made flat-pack kitchens. At present, the flat-pack kitchens available in Ireland are mainly used in refurbishment. However, they are a potential threat. The high growth rate of the new build market may attract British builders who may use their own kitchen furniture suppliers.

Future Opportunities

Republic of Ireland

The market has reached a new level of housing construction in excess of 50,000 units. This is expected to continue for at least the next decade to 2010 as demand continues to exceed supply. Population and construction forecasts have been surpassed in the past few years and this is likely to continue in the future.

This is due to a combination of demographic factors:

- An increase in population and number of households as well as an expansion of the prime household-forming age group of 25-34.
- Net immigration (45,000 in 1999) which is increasing the demand for housing.
- A government initiative to attract up to 200,000 skilled immigrants over the period 2000-2006.

Semi-detached and terraced houses and flats/apartments accounted for approximately 54% of total housing completions in 1999. Therefore for every 40,000 units built each year about 21,600 could be considered to be in the contract kitchen market.

There will be more development outside the greater Dublin area. The new national motorway network, in place by 2006, will make it easier for people to live a greater distance from their place of work. The Government is preparing a national spatial development strategy, similar to that of Northern Ireland, to achieve a better geographical balance of economic activity and a more even distribution of population.

Northern Ireland

Despite a population almost half that of Republic, current new house construction in Northern Ireland is 10,000 a year - one quarter that of the Republic. This level is not likely to change, as there are no demographic factors dictating a higher build rate. Social housing accounted for some 15% of new housing starts in 1999 in Northern Ireland. Thus, about 1,500 units a year will be included in the contract kitchen market.

The Spatial Framework for Housing has allocated target housing figures to the year 2010 for areas of Northern Ireland to ensure a more balanced spread of population. These targets are centred on three areas: Belfast metropolitan area (30,000), Londonderry and regional towns (34,900) and the rural community (38,600).

Product opportunities

The National Spatial Strategy in the Republic may create opportunities for smaller local suppliers to enter or increase their business in the contract home furniture market.

Manufacturers should aim to upgrade their product offerings and develop innovative new designs. There appears to be potential for companies with innovative designs and superior products to service the high end of the market, such as executive apartments.

Appendix 1: Import Statistics

The kitchen market is primarily served by local manufacturers, but imports are growing, especially high quality flat-packs from Britain.

Details of kitchen furniture imports into Republic of Ireland for 1998 and 1999 ³		
Country of origin	Value of 1998 imports IR£	Value of 1999 imports IR£
Fitted kitchen units (CN code 94034010)		
Great Britain*	1,731,385	2,563,565
Germany	1,086,022	1,575,098
Other	407,014	441,628
Total	3,224,421	4,580,291
Wooden furniture of a kind used in kitchens (excluding seats and fitted kitchen units) (CN code 94034090)		
Great Britain*	982,571	1,053,436
Malaysia	817,946	36,715
Italy	765,915	954,513
Belgium and Luxembourg	549,306	650,652
Netherlands	235,247	225,213
Other	700,778	641,036
Total	4,051,763	3,561,565

³ Source: Central Statistics Office, External Trade Statistics.

* Republic of Ireland trade statistics list Northern Ireland and Great Britain separately so these figures do not include cross-border trade.

A more detailed breakdown of the origin of imports can be obtained from the Central Statistics Office, quoting the relevant CN code for each product. Statistics on the imports of kitchen furniture into Northern Ireland are not available as Northern Ireland is not treated separately from overall UK import statistics.

Appendix 2: Reports and Web Sites

Reports

- Annual Housing Statistics Bulletin 1999, Department of the Environment (updates available every quarter).
- Northern Ireland Housing Bulletin, Department of the Environment for Northern Ireland (updates available every quarter).

Useful web sites

Enterprise Ireland:	www.enterprise-ireland.com
Industrial Development Board for Northern Ireland:	www.idbni.co.uk
LEDU:	www.ledu-ni.gov.uk
Department of the Environment and Local Government:	www.environ.ie
Department of the Environment for Northern Ireland:	www.doeni.gov.uk www.doeni.gov.uk/statistics/housebul.htm (Housing Statistics Bulletin is available at this address)
Construction Industry Federation:	www.cif.ie
Irish Business and Employers Confederation:	www.ibec.ie
CSO:	www.cso.ie
Kompass Directory:	www.kompass.ie Listings of builders and developers can be found at this site.



InterTradelreland – Trade & Business Development Body is committed to enhancing the economies of the island of Ireland through facilitating cross-border and all-island programmes in partnership with key agencies and the business sector at all levels.



Enterprise Ireland (EI) is the Government organisation with responsibility for supporting the growth of the competitiveness, sales, exports and employment of local industry in the Republic of Ireland.



The Industrial Development Board for Northern Ireland (IDB) is responsible for stimulating growth within companies in Northern Ireland and attracting overseas investment.



LEDU, the Small Business Agency for Northern Ireland, supports local economic development and promotes the establishment and expansion of small local enterprises, primarily in the manufacturing and tradeable services sectors, whose employment is generally less than 50.

InterTradelreland, Enterprise Ireland, the Industrial Development Board for Northern Ireland and LEDU would like to thank all those buyers, distributors and industry experts who contributed their time and expertise during the course of this study. It was most appreciated.

Report Series

This market profile is accompanied by a number of similar reports giving an all Ireland retail perspective on a range of consumer product areas.

The sectors covered are

- 1 Domestic Furniture
- 2 Contract Office Furniture
- 3 Hotel Furniture
- 4 Contract Fitted Furniture
- 5 Housewares and Soft Furnishings
- 6 Giftware and Jewellery
- 7 Clothing and Footwear
- 8 Small Kitchen Appliances (2001 Release)

An additional document giving an all Ireland analysis of retail trends entitled "Ireland, A £20 billion+ Retail Market" is also part of the series.

Note

This report was researched for InterTradelreland, Enterprise Ireland, the Industrial Development Board for Northern Ireland and LEDU by Quaestus. While every effort has been made to ensure the accuracy of information provided in this report, neither Quaestus nor InterTradelreland, EI/IDB/LEDU can accept responsibility for possible errors or omissions.

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