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# FURNITURE MARKET IN HONG KONG

FLANDERS INVESTMENT & TRADE MARKET SURVEY



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# INTRODUCTION

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Hong Kong's economy is characterized by free trade, low taxation and minimum government intervention. There is no customs tariff on goods (including furniture and furnishing products) imported into the city. Hong Kong ranks as the world's most open and the 7th largest trading economy, with the mainland of China as its major trading partner.

The economy of Hong Kong rebounded quickly in 2010 from the global financial crisis in 2009. Its GDP in 2019 was US\$373 billion and GDP per capita US\$49,334 in the same year. However, Hong Kong's gross domestic production shrank 5.3 percent in the first three months of 2020. It was the steepest contraction since 1990, due to the coronavirus pandemic and continued local protests since June 2019. Year-on-year, the economy shrank 8.9 percent in the period, the sharpest contraction on record. It is expected that the recession will deepen in the second half of the year.

Hong Kong is also the most expensive city in the world when it comes to housing. In a recent report of CBRE's "Global Living 2020", an average property in Hong Kong now costs US\$1.25 million. On the other hand, Hong Kong has a very high concentration of rich people in the world, surpassing New York City, Tokyo, and Paris according to recent reports. Hong Kong's property market has been doing well in the last 20 years, notwithstanding some fluctuations. The property price has stayed high in the past two decades, thanks to the limited available space that Hong Kong has for housing.

## Flourishing furniture market

Many homeowners, especially owners of luxury homes, like to spend money on home decorations, furniture and other home furnishing products. The local furniture market has been progressing well thanks to the flourishing property market. The active property market and long-term growing economy are the major supporters for furniture sales.

In Hong Kong, customers can find various foreign brands. High-end furniture comes mainly from Europe. Low to middle-priced products are from Mainland China and some other Asian countries. The furniture industry is a manufacturing sector in Hong Kong with a long history. Nowadays, Hong Kong companies produce mostly in Mainland China (either OEM or own brands).

Custom-made furniture are quite common in Hong Kong. Most people live in relatively small apartments; as such, they need furniture that fits into narrow or odd-shaped spaces. Bespoke furniture is something Hong Kong can do well and inexpensively. Local designers have become very good at coming up with ways to save space and maximize the usage of every square foot.





## 2. FURNITURE IMPORTS

The table below shows the imports of furniture to the Hong Kong market from 2015 to 2019.

Imports of furniture and parts (9403) (in US\$ thousand)					
Exporter	2015	2016	2017	2018	2019
World	584,529	551,163	597,445	607,875	577,517
China	466,039	437,297	456,038	466,497	446,078
Italy	34,656	34,216	35,913	44,192	47,423
Germany	18,885	13,614	31,332	22,211	13,514
U.S.A.	13,287	11,913	11,997	11,604	8,679
Japan	4,775	6,944	7,838	8,443	7,810
United Kingdom	4,933	4,351	6,302	5,444	7,222
Thailand	2,783	7,018	5,136	4,507	5,938
Taipei, Chinese	4,858	4,332	4,631	6,238	5,384
Malaysia	6,969	6,565	7,486	6,204	5,357
Viet Nam	1,382	1,856	3,893	5,264	4,665
France	2,609	2,311	3,872	3,994	4,346
Indonesia	5,127	2,491	4,207	4,944	3,972
Korea, Republic of	1,142	1,934	1,642	2,264	2,152
Singapore	2,539	1,915	2,923	2,952	1,977
Denmark	611	855	1,524	3,211	1,505
Spain	950	1,246	1,391	973	1,334
Australia	701	1,509	1,021	795	1,281
Switzerland	790	954	1,079	1,459	1,193
Macao, China	1,065	1,276	706	822	1,173
Netherlands	3,482	2,540	2,474	850	1,135
Finland	284	97	251	454	958
Canada	428	634	701	403	767
Belgium	416	609	863	476	387

The figures show that China is the biggest supplier to Hong Kong, taking up 77% of the share, followed by Italy, Germany, USA and Japan. This should not be a surprise: after more than 20 years of rapid growth in its furniture industry, China has now become the world's largest furniture production base and exporter. In fact, about 70% of furniture suppliers are based in Guangdong province, which is located next to Hong Kong. Therefore, cross-border shopping and the shipping of goods to Hong Kong are very convenient and easy.

Belgium does not yet export a large amount of furniture products to Hong Kong, so there definitely is an opportunity here. Most furniture products from Belgium are for outdoor use. A few Belgian brands are known in this niche market for their contemporary designs and high quality. These products are a must for luxury villas, apartments and hotel projects.

The furniture retail sector in Hong Kong includes local manufacturers, shops that sell foreign brands and furniture centres.

### 3. LOCAL MANUFACTURERS

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Hong Kong furniture manufacturers on the local retail market do mostly bespoke and standard furniture. Here is a list of some of the better-known brands:

- Sprue: [www.sprue.hk/residential-projects/](http://www.sprue.hk/residential-projects/)
- Décor 8: [www.decor8.com.hk/](http://www.decor8.com.hk/)
- Emoh Design: [www.emohdesign.com/](http://www.emohdesign.com/)
- Chameleon: [www.cdihk.com/woodwork/](http://www.cdihk.com/woodwork/)
- Reddie: [www.reddie.co/](http://www.reddie.co/)
- Artura Ficus: [www.arturaficus.com/](http://www.arturaficus.com/)
- Centro: [www.centro.hk/index](http://www.centro.hk/index)
- Cors: [www.cors.com.hk](http://www.cors.com.hk)

### 3.1 FOREIGN BRAND SHOPS

The following are the most well-known brands in Hong Kong:

- **IKEA** ([www.ikea.com.hk](http://www.ikea.com.hk)): IKEA has been in Hong Kong for many years and is a brand known to all consumers. It has three stores in Hong Kong (Causeway Bay, Kowloon Bay and Shatin). IKEA has good after-sales services.
- **BoConcept** ([www.boconcept.com/en-hk/](http://www.boconcept.com/en-hk/)): This contemporary Danish brand has made a lot of promotional campaigns in Hong Kong. It has three stores in Hong Kong aimed at middle-class consumers.
- **Calligaris** ([www.calligaris.com/en-mt/shop/hong-kong](http://www.calligaris.com/en-mt/shop/hong-kong)): Italian brand, one shop in Hong Kong.
- **Theodore Alexander by Royal Collection** ([www.royalcollectionhk.com](http://www.royalcollectionhk.com)): High-end U.S. brand. One shop,
- **Molteni & C Armani/Dada** ([www.molteni.it](http://www.molteni.it)): Italian designer furniture. Two shops.
- **Modulnova Hong Kong** ([www.modulnova.hk](http://www.modulnova.hk)): Italian. Contemporary kitchens, modern baths and livings.
- **B&B Italia Hong Kong** ([www.maxalto.it](http://www.maxalto.it)): Italian, one shop.
- **Giorgetti** ([www.giorgettimedia.com](http://www.giorgettimedia.com)): Italian, one shop.
- **Baxer** ([www.hongkong.baxter.it](http://www.hongkong.baxter.it)): Italian, one shop.
- **Timothy Oulton** ([www.timothyoulton.com/stores/hong-kong-inspiration-store/](http://www.timothyoulton.com/stores/hong-kong-inspiration-store/)): U.K., two shops.
- **Ligne Roset** ([www.lignerosehk.com/](http://www.lignerosehk.com/)): French, two shops.
- **Natuzzi** ([www.natuzzi.com](http://www.natuzzi.com)): Italian, two shops.
- **Roche Bobois** ([www.roche-bobois.com/en-PT/showrooms/hong-kong](http://www.roche-bobois.com/en-PT/showrooms/hong-kong)): French, one shop.

### 3.2 MULTI-BRAND STORES

- **Farrington Interiors** ([www.farringtoninteriors.com/](http://www.farringtoninteriors.com/))
- **Ulferts** ([www.ulferts.com.hk/](http://www.ulferts.com.hk/))
- **Establo** (<https://establo.hk/pages/contact-us>)

### 3.3 FURNITURE CENTRES

Furniture centres offers customers a wide range of price and style choices. The main ones are located in residential areas.

- **HomeSquare in Shatin** ([www.homesquare.com.hk/en/shop](http://www.homesquare.com.hk/en/shop))  
In this centre you can find IKEA, Tree, BoConcept, Natuzzi Italia, Indigo Living, Décor Collection, Kuka Home, Dynasty Home, Joineur, Homeless, Centro etc.
- **Horizon Plaza in Aberdeen** (<http://www.horizonplazahk.com/?lang=1>)  
Furniture shops include: Indigo, Infurniti Homes, MOD, Natuzzi, Nook Living, Riche Bobois, Ovo, Tequila Kola, Tree etc..



## 4. ONLINE RETAIL

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Hong Kong's recent political turmoil and the coronavirus outbreak have given a tremendous boost to online shopping. Consumers are buying more groceries, clothes and even furniture online. The coronavirus keeps consumers home, so they shop online and get their goods delivered to their homes.

With the advancements in credit card processing technologies by Paypal, AliPay WechatPay and ApplePay, more and more furniture retailers are finding new ways to boost their sales through online channels. Even though online sales figures are still relatively small, in 2019 there was an 8.1% increase in sales, as customers are increasingly choosing to make their purchases online after having visited the furniture store to look at the product from different angles.

The following companies do only online sales:

- **iDecorate** ([www.idecorateshop.com/pages/idecorate-concept-store](http://www.idecorateshop.com/pages/idecorate-concept-store))
- **Stockroom** ([www.stockroom.com.hk/](http://www.stockroom.com.hk/))

## 5. INDUSTRY TRENDS

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Competition is strong in the furniture industry. In order to boost their sales, many manufacturers try to find ways of offering new concepts to the consumer, whose demands keep on increasing. The following trends are observed:

### 5.1 ECO-FRIENDLY FURNITURE

More and more users are concerned about their own health and the environment. Increasingly, they prefer eco-friendly furniture, e.g. formaldehyde-free products. Some brands make furniture from recycled products, such as reclaimed wood and old teak from wood buildings, while others are designing furniture by using materials from sustainable resources. Some brands emphasize on their commitment to sustainability and forest conservation.

### 5.2 AESTHETIC DESIGNS

Hong Kong is a cosmopolitan city, with influences from around the world. Innovation and stylish simplicity are the key words. Traditional types of Western or Chinese style furniture do not appeal to most consumers anymore. Consumers look for innovative designs, stylish looks, maximum storage facility, quality materials etc. A simple and clean look, rich in understated detail and carefully crafted, that is what people are looking for.



### 5.3 MULTIFUNCTIONAL DESIGNS

Compactness and multifunctionality are a big trend in Hong Kong. Apartments in Hong Kong are on average the smallest in the world (45 m<sup>2</sup>). To compare, an average one-bed flat in London is 51 m<sup>2</sup> and in Manhattan it is 66 m<sup>2</sup>. Therefore, there is a growing demand for multi-functional furniture. Furniture design is expected to become more compact and multifunctional to maximise the living area.

### 5.4 ERGONOMIC AND HEALTH CONSIDERATIONS

Ergonomic chairs and adjustable keyboard trays are popular in workplaces because of the growing prevalence of chronic pain and injury.

Consumers are becoming increasingly aware of the importance of health in relation to the furniture that they use. For example, many feel that a quality mattress and good pillows can improve their sleep quality, while others feel that natural materials reduce allergy symptoms.

### 5.5 WORKING FROM HOME

The Covid-19 pandemic has rapidly changed the way companies and governments view working from home. This new way of working is common now and it drives the demand for home working furniture. Furniture designs that focuses on merging home and office will become more popular.

### 5.6 QUALITY MATERIALS AND GOOD AFTER-SALES SERVICES

In the high-end sector, people expect high quality, long-lasting, natural materials. The use of various natural woods, durable materials and European furniture parts is highly welcomed by consumers. Good after-sales services as well as easy care and cleaning are expected from high-end products.



## 6. FACTORS TO CONSIDER

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### 6.1 INCREASING NUMBER OF SMALL HOUSEHOLDS

It is predicted that childless or one-child couples are projected to increase in numbers in the coming 10 to 20 years, due to social changes in Hong Kong. Producers should take this into account when coming up with new designs.

### 6.2 SMALLER LIVING AREAS

As land for housing expansion remains very scarce, the size of apartments will remain small. Young people will find it difficult to finance the purchase of larger flats and will be on the lookout for ever smaller living space. Hence the demand for multifunctional and innovative space saving designs.

### 6.3 SLUGGISH ECONOMY

In the coming years, it is expected that Hong Kong's economy will remain sluggish. We do not foresee much growth in the customer base for high-end furniture. Also, top hotels and high-end service apartments are a major source of demand of upmarket furniture. However, hotels in Hong Kong are facing their most difficult times due to the lack of incoming tourists. As a result, the demand for furniture drops accordingly. We expect the same sluggish demand to continue from high-end restaurants, exclusive clubs and luxurious residential developments, which often require outdoor furniture.

### 6.4 HIGH COST OF SHOP SPACE

Hong Kong is very expensive when it comes to renting a space. As of June 2019, Causeway Bay in Hong Kong was the most expensive retail location worldwide; retailers paid around US\$ 2,671 per square foot per year. Upper 5th Avenue in New York was the second most expensive location, followed by New Bond Street in London. (Statista)

Even as rental prices are under pressure due to the Covid-19 situation, Hong Kong's shop rentals remain among the highest in the world.





## 9. SUMMARY

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The Hong Kong furniture market remains attractive for furniture producers in Belgium. However, it should be noted, that the expectations of consumers and designers in Hong Kong have evolved in recent years. There is a trend towards products that focus on design, sustainability, quality, space saving and multi-functionality.

Do you want to learn more about your chances on the Hong Kong market? Then do not hesitate to contact our FIT office in Hong Kong.

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