

CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN CYPRUS

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the domestic furniture market in Cyprus. The information is complementary to the information provided in the CBI market survey 'The domestic furniture market in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.nl/marketinfo>

1. Market description: consumption and production**Consumption**

- The domestic furniture market in Cyprus is valued at € 70 million in terms of retail sales.
- This is the second smallest in the EU and is similar to a cluster of other countries, including Estonia and Luxembourg.
- Entry to the EU caused price rises and the sector experienced growth due to a building boom.

Table 1 Consumption of domestic furniture in Cyprus, 2001-2005, € million

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Cyprus	60	66	70	0.8	93	240	3.1

Source: National Trade Associations, Eurostat, Trade Estimates (2006)

- Since 2003, consumption is increasing again after a fall in 2002. Further increases are likely in the next few years. Much of future demand will be taken up by growing numbers of overseas people moving to the island. Volume increases have not always been reflected in the market value.
- In terms of the selected product groups, it is estimated that upholstered furniture is the largest group, accounting for 21% of sales; dining and living room furniture 19%; kitchen furniture 15%; bedroom furniture 14% and other furniture 31%.

Production

- Furniture production is valued at € 82 million in 2005. Eurostat does not provide production figures for Cyprus, indicating that production is dominated by small enterprises.
- Production has been growing faster than the European average in recent years.
- Growth is forecast to continue, underpinned by strong demand for domestic furniture generated by the tourist industry.

Trends

- The labour unions are strong in Cyprus and unemployment is low, so companies find it difficult to attract and keep skilled workers. Consequently production is changing to lower volumes of higher quality goods for both the domestic and export markets.
- Although there are big name retail operations active on the island, particularly from Germany and Italy, much of the domestic consumption is still concentrated on local production and mid-range imported goods.
- The impact of EU membership and the continuing globalisation of the furniture trade means that the protectionism of the past has to end. This will be reflected in the increasing amount of international products available on the market.

Opportunities and threats

- Cyprus offers opportunities for exporters from developing countries, mainly due to the growth opportunities in the domestic market. As many of the customers are from overseas, they are likely to have an interest in a wide range of styles not always available from domestic producers.
- As local production focuses on higher market products, opportunities will also present themselves at the lower end of the market.

Useful sources

- The Cyprus Furniture and Woodworking Association – <http://www.pasyvex.com.cy>
- The Cyprus Chamber of Commerce – <http://www.ccci.org.cy>
- Cyprus National Statistics – http://www.mof.gov.cy/mof/cystat/statistics.nsf/index_en/index_en?OpenDocument
- Information on producers can be found at <http://www.cyprusfurniture.com>

2. Trade: imports and exports**Imports**

- In 2005, Cyprus' imports of domestic furniture were valued at € 89 million or 28,000 tonnes. Cyprus was the fifth smallest EU importer by value and fourth smallest by volume. This is broadly the same level of imports as Lithuania, Latvia, Luxembourg and Estonia.
- Imports were up by 85% in value, and up over tenfold in volume between 2001 and 2005. Exports were less than 10% of imports. A large proportion of production is taken up by domestic consumption. There is an increasing reliance on imports as domestic consumption grows.
- Almost 26% of Cyprus' imports valued at € 23 million (44% by volume) come from developing countries. The leading developing country suppliers are China (€ 9.7 million), Malaysia (€ 5.1 million), Indonesia (€ 2.2 million), Syria (€ 1.4 million), India (€ 0.9 million) and Egypt (€ 0.8 million). Smaller suppliers are Serbia-Montenegro, Vietnam, and Pakistan. Importers registering large increases were China, Malaysia, Syria and Egypt. Indonesian imports were static.
- Other furniture was the largest product group with imports valued at € 29.1 million (33% of total by value and 35% by volume). Imports were significantly up over the period, particularly in volume terms. Dining and living room furniture was the next largest group by value (€ 13.8 million). Kitchen (€ 11 million), upholstered (€ 10.7 million), non-upholstered (€ 9.2 million), bedroom (€ 8 million), furniture parts (€ 4.9 million) and rattan (€ 1.8 million) were the value of imports of the other product groups.

Exports

- In 2005, Cyprus' exports of domestic furniture were valued at € 10 million or 2,000 tonnes. Between 2001 and 2005 the value and volume of exports were up by over 85%. Only Malta and Luxembourg had lower exports in the EU.
- Around 52% of exports were intra-EU. Saudi Arabia was the largest destination country, followed by Greece and the UK. Some re-exporting took place with Greece due to the cultural and linguistic similarities. Nearly 67% of Cypriot exports were other furniture.

Opportunities and threats

- Imports to Cyprus from developing countries have been increasing rapidly since Cyprus joined the EU. Although it is a small country, there are many opportunities for developing country exporters. Production has been increasing, but imports have largely exceeded this.
- Opportunities are greatest in all categories with the exception of kitchen furniture, furniture parts and rattan furniture.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

- Cyprus National Statistics - http://www.mof.gov.cy/mof/cystat/statistics.nsf/index_en/index_en?OpenDocument

3. Trade structure

- Cyprus has a small furniture market and much importing of furniture and many of the larger outlets serve the large numbers of overseas residents who live in Cyprus for part or all of the year.
- There are a large number of furniture retailers on the island, mainly in the capital. Big name retailers are from Germany and Italy, but local manufacturers and mid-range imported goods make up the bulk of sales.
- Interesting importers for developing country exporters include Blue Elephant (<http://www.citylink.com.cy/be/>), Marnico Furnishings (<http://www.marnico.com.cy>) and A & F Steptoes (<http://www.step toes.biz>). Also visit <http://www.cyprusfurniture.com> and <http://www.prunabon.com>.
- Retailer Habitat (<http://www.habitat.net>), franchiser Singways (<http://www.singways.net>), Home Designs in Paphos and Bo Concept are all present on the island.
- More information on trade structure can be found at <http://www.cyprustrade.gov.uk> or the Ministry of Commerce, Industry & Tourism (<http://www.mcit.gov.cy>).

4. Prices

- In a recent comparative price study for furniture in the EU, prices above the European average. They were higher than the new EU countries, and many of the other major European markets. Prices are likely to rise in future as new overseas residents furnish their homes. Furniture prices rose higher than other goods in 2005.
- For up to date furniture prices, see leading retailers Home Designs (Tel +357 26 936821), Bo Concept (<http://www.boconcept.com.cy>) and franchise operation Singways (<http://www.singways.net>).

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>

6. Business practices

- There are no special local business characteristics but it is a good rule of thumb to ask how your contact would prefer to be addressed. Punctuality is expected and appreciated and business dress should be smart.
- Payment terms of duration of up to 90 or 180 days are widely requested and normal caution should be exercised in dealings with firms not previously supplied.
- The Cypriot State Fairs Authority is responsible for organising the Ideal Home Exhibition in Nicosia at the end of September each year. See <http://www.csfa.org.cy>.
- The Cyprus Furniture and Woodworking Association can be found at <http://www.pasyvex.com.cy>. The Cyprus Chamber of Commerce may be a useful source (<http://www.ccci.org.cy>).
- There is no specific furniture trade publication.

This survey was compiled for CBI by **Source** in collaboration with Mr. Johan Jonkers

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