

SUPPLY CHAIN INSIGHTS

2023 NOVEMBER

FURNITURE, FIXTURES & EQUIPMENT

The Contract Furniture Industry business is improving post-pandemic. The market size was valued at \$45 Billion in 2022 and is expected to expand at a compound annual growth rate of 5 - 6%, reaching \$60B million by 2028. Government, education and health sectors are currently leading the way and SourceBlue has seen aviation projects picking up speed as well. Geographically, the South and Midwest have the strongest occurrence of projects.

TRENDS

SUSTAINABILITY

- » Impact on the environment is becoming an even larger consumer concern in the coming years and the furniture industry is responding. From sourcing materials to the treatment of workers to the final stages of production, many brands are focusing heavily on developing sustainable furniture products from start to finish

COLLABORATION

- » Flexible design continues to be a leading trend in office space design with adaptive workplace layouts. Spaces are designed to be versatile, creating zones to support different work styles in their open and modular layouts. Flexible workstations (which can be rearranged to suit different situations), adaptable technology infrastructures (so devices can easily be connected to the networks), mobile/remote work support (such as video conferencing facilities), versatile meeting spaces (from boardrooms to huddle rooms) and multi-functional common areas (that can be used for team meetings, events and social gatherings) are outnumbering private offices and workstations.

TECHNOLOGICAL ADVANCEMENTS

- » The integration of modern technology in office spaces continues to evolve, with features like smart lockers and meeting pods becoming more popular. These technological advancements cater to the needs of today's hybrid workforces and foster efficient communication and collaboration.

DIVERSITY AND INCLUSION

- » Creating inclusive environments that celebrate diversity is a priority in office design, which in turn influences the office furniture industry.

VOCABULARY

COM (Customer's Own Material) refers to when a customer has not found the desired fabric in a manufacturer's standard offering and wants to use something unique. This adds complexity with additional textile vendors and coordination with manufacturer facilities and is seen more and more often on projects.

Biophilic Design is an approach to architecture and interior design that focuses on bringing natural experiences to the built environment. These experiences have been proven to reduce stress, enhance mood, and improve creativity and productivity. Think plants, living walls, natural light and earthy colors.

Contract Furniture refers to commercial grade furniture and is largely project based. The manufacturers use list prices and discount from that based on the size of the project. Contract furniture goes through rigorous testing and safety requirements to meet the heavy-use and needs of a public environment. It is mostly made to order and has longer lead times, but the discount structure for large projects can make it very affordable.

OUR SUBJECT MATTER EXPERT



MARI MAGMER
FF&E PROJECT MANAGER
SUPPLY CHAIN PLATFORM TEAM

As an accomplished FF&E Project Manager with over 27 years of dedicated experience in the Contract Furniture Business, Mari has navigated the industry working both directly for manufacturers and in product sourcing roles.

Throughout Mari's career, she has honed her skills in overseeing projects from conception to completion, ensuring the successful delivery of quality furniture solutions. For the past four years, Mari has brought her extensive knowledge and expertise to SourceBlue.

MECHANICAL PRODUCTS

Electrification continues to drive heat pump and heat recovery chiller applications. The hydrofluorocarbons (HFC) refrigerant phaseout is disrupting production capacity as manufacturers scramble to introduce new models utilizing low global warming potential (GWP) refrigerants.

New entrants in the U.S. modular air-cooled and water-cooled chiller arena include multiple manufacturers from China, Europe and Korea.

New generation Vapor Injection (VI) scroll compressors, optimized for heat pump applications, provide better efficiency and increased capacity at low ambient temperatures. Larger tonnage (>15 tons) VI scroll compressors utilizing low GWP refrigerants R454 or R32 in commercial scroll chillers or heat pumps are in high demand and short supply and may affect manufacturing lead-times.



ANDY VEZOS
MECHANICAL PRODUCTS MANAGER
SUPPLY CHAIN PLATFORM MANAGER

ELECTRICAL PRODUCTS

Automatic Transfer Switches (ATS) average lead times have reduced by three weeks. The current range, depending on features and sizing, is still hovering in the 36-40 week range. Breaking out ATS's as separate packages allows for better visibility and direct monitoring of the fabrication status.

Switchgear manufacturers are expanding capacity through new plants or expansion of existing facilities. This added capacity will also be used to satisfy existing demand which limits the positive impact on current delivery commitments. Overall, these efforts should provide improved certainty of product lead times, but it will take some time for the facilities to become fully operational and reduce the stress on the supply chain.

Lead time for Uninterruptible Power Supply (UPS) systems has improved over the last quarter. Most vendors can supply equipment from 28 to 32 weeks after release. It is best practice to verify these dates with the vendors before making any project commitments.



KEVIN BURKE
ELECTRICAL PRODUCTS MANAGER
SUPPLY CHAIN PLATFORM MANAGER

LIGHTING PRODUCTS

Price increases are expected in January 2024 across the board for lighting and controls. Many manufacturers will only hold pricing if released to fabrication by December 31st.

Please update and secure all bids before year-end, and speak to your vendors to confirm if pricing will be held based on award versus release to fabrication by December 31st.



MIKE VERBEEK
LIGHTING PRODUCTS MANAGER
SUPPLY CHAIN PRODUCT MANAGER

FINISH PRODUCTS

Demand for Furniture and Architectural Products in Healthcare and Aviation projects have proven to be most resilient to the fluctuations of interest rates. SourceBlue maintains multiple supply chain solutions to provide these projects with their needs.

Plumbing and Appliance finishes are key drivers to lead times and costs. So much so, that some typically standard colors like bronze on fixtures and white on appliances are losing popularity and becoming custom options that can have supply chain impacts.

New technology manufacturing has allowed for porcelain material to becoming prevalent in more applications. This efficiency in thickness allows for its use as countertops and wall panels. This represents a potential impact on projects due to lack of experience in the installation market.



NATE GOLDMAN
FINISH PRODUCTS MANAGER
SUPPLY CHAIN PLATFORM MANAGER



FOR MORE INFORMATION, PLEASE CONTACT

SUZANNE BENNETT, OPERATIONS MANAGER
SDBENNETT@SOURCEBLUE.COM