



THE 2022 ALTAGAMMA-BAIN HIGH-END DESIGN MARKET MONITOR

- **High-end design is on the up, and is leading the way in the post-Covid recovery, picking up eight times faster than the other sectors of the luxury industry.**
- **The key markets: Asia with its second wave of urbanization, and the US, with its rising trend for rural real estate**
- **Trends: the increasing importance of home, and the hybridization of exterior and interior spaces**
 - **Strategic focus: digital and contract**

Milan, June 9th, 2022 - In 2021 the global market for **high-end design furnishings** (HEDF) was worth around **€40 billion, which translates to a post-pandemic rebound 8 times greater** than the other sectors of the luxury industry (fashion, cars, experiences), and a **7% increase on pre-pandemic results. The sector could grow even more, up to €60 billion** in 2026, if it manages to capitalize on a number of key opportunities, including China's second wave of urbanization, the opposing "city exodus" trend in the US, and the increasing focus on contract and digital.

These are just a few insights from the **2022 Altagamma - Bain Design Market Monitor**, presented today at the 60th edition of Salone del Mobile.Milano, with Altagamma Chairman Matteo Lunelli and the President of the Salone, **Maria Porro**. The study was carried out by Bain & Company and presented by **Claudia D'Arpizio**, Senior Partner and Global Head of Fashion & Luxury for the global strategic consulting company.

The figures were commented on by **Maria Porro**, President of Salone del Mobile.Milano and Marketing and Communication Director for Porro, **Carola Bestetti**, CEO of Living Divani, and **Roberto Gavazzi**, CEO of Boffi | De Padova, in a panel discussion moderated by **Stefania Lazzaroni**, General Manager of Altagamma.

The report identifies some macro trends that will guide the evolution of HEDF in the coming years. First of all, the growing trend for '**cocooning**' and the need for **self-expression** that have reshaped individuals' relationships with their homes (and will continue to do so). Home is increasingly seen as a personal haven, also in view of the greater amount of time spent there, and this ignites demand across all product categories. **Spaces are also becoming increasingly hybridized**, thanks to home playing a larger role in people's lives, the "**ruralization**" of wealth (above all in the US, with increasing numbers of high-net-worth individuals spending more time outside major metropolitan areas), the **second wave of urbanization in Asia**, and the demand for **a more refined aesthetic in commercial and retail spaces**.

According to **Matteo Lunelli, Chairman of Altagamma**: "*High-end design is one of the sectors that reacted best to the pandemic crisis, with 14% growth in 2021, which ended with results up 7% on 2019 figures, thanks to consumers rediscovering the domestic dimension. The Altagamma-Bain Monitor indicates great scope for development and it is estimated that the market could rise from the current €40 billion to €60 billion by 2026. Italian brands play a leading role, with a 25 percent market share, and they will be able to capitalize on these major opportunities by boosting managerialization, investing in sustainability and developing international operations in China and the US, both of which have expanding real estate markets*".

"The high-end furnishings sector, for which Salone del Mobile in Milan represents the foremost international showcase, not only embodies the pinnacle of Italian creativity, but also confirms how Italian companies are thriving, strengthening their positioning globally, and getting excellent results even in challenging times. Their focus on sustainability, research and the value of craftsmanship drives growth and brings results, as proven



by the data presented in the study, and these are also key elements when it comes to moving into new markets interested in superlative Italian-made products", explained **Maria Porro, President of Salone del Mobile.Milano.**

Claudia D'Arpizio, Senior Partner and Global Head of Fashion & Luxury at Bain & Company, observed that "While in the decade before COVID-19 the design market was underperforming compared to other luxury sectors, in the last two years it has benefited from people reconnecting with home, and the rise of high-end real estate and local consumption, and this growth is expected to remain strong in the coming years. In this context, the companies in the sector will have to engage in a strategic rethink and make the leap from being producers to being retailers, with the aim of making the most of the change in consumer behavior, including factoring in rental options and a circular approach. Thanks to their prominent role, Italian brands will be able to lead the way, driving change by leveraging their signature blend of entrepreneurial talent, innovation and creativity. "

Below are the main findings of the Altagama-Bain Design Market Monitor:

HIGH-END DESIGN FURNITURE MARKET – VALUE

- **Before the pandemic, the average annual growth of the sector (+4%) was more moderate than other high-end sectors,** because it benefited less from Asian/Chinese consumption and control over the final leg of the distribution channel, core drivers above all for personal luxury goods and automotive.
- **In 2020 the downturn (-6%) was lower than in other luxury sectors, and in 2021 recovery was stronger: +7%** for a market value of about €40 billion, making it **one of the best performing sectors of the luxury industry.**
- In the coming years, **the market is expected to accelerate** compared to past patterns: a growth of 5-7% per year, with an estimated value of around **€50-60 billion** by 2026. Contributing factors: the role of **digital channels** (from 7% to 8-10% of the market), that of contract managed directly by head offices (from 10% to 11-13%), a **deeper penetration in new markets** (primarily the Asian market, from 17% to 23%), and an **increasing level of branding.**
- Italian brands represent about 25% of the total market value.

THE HIGH-END DESIGN FURNITURE MARKET – FEATURES

The market is:

- **fragmented,** due to the high number of players
- characterized by a prevalence of firms specialized in a single macro-category (e.g. lighting, kitchens, living rooms & bedrooms), which account for around 65-70% of the market
- mostly engaged in **wholesale distribution** (about 70% of the market)
- **mainly "unbranded"** (only 30-35% of the market regards branded products)

The trends that will guide the evolution and growth of the market:

- people's new relationship with their homes, now seen as personal havens, and where they are spending an increasing amount of time: an average of 3.5 days a week are spent at home, compared to 2.6 pre-Covid
- the **hybridization of spaces is set to continue:** as home becomes increasingly important, internal and external environments are intermingled
- the **'ruralization' of wealth** in Western markets (especially the US): a growing number of high-net-worth individuals are **looking for homes** or spending more and more time **outside major metropolitan areas**



- in the emerging economies (China, South-East Asia) the forecast **second wave of urbanization** will boost the **real estate and construction market (expected to rise from €2.6 trillion in 2015 to €5 trillion by 2026)**
- the growing demand for a **refined aesthetic** in commercial and retail spaces

CHALLENGES AND OPPORTUNITIES FOR HIGH-END COMPANIES

- intercept the changes in lifestyle habits
- evolve **business models** (e.g. rental, circularity) and adopt a **flexible approach to change**
- shift the focus from being “producers” to being “retailers”
- embrace more ambitious **sustainability** objectives
- focus on communication designed to build brand image and create an engaging narrative around **lifestyle and experiences**
- **improve the quality of distribution networks, with a more selective approach and greater control.**
- introduce **new skills** in management teams

FONDAZIONE ALTAGAMMA

Founded in 1992, Altagamma gathers Italy's top cultural and creative companies, which promote the country's excellence, distinctive identity and lifestyle worldwide. With a uniquely transversal approach, Altagamma has 25 partners and represents 112 brands from seven different industries: fashion, design, jewelry, food, hospitality, automotive and yacht-building, which together boast more than 10,000 years of history. Altagamma's mission is to boost the growth and competitiveness of Italy's cultural and creative companies, thus making an effective contribution to the Italian economy. In a worldwide market worth almost € 1,200 billion, the Italian high-end sector has a turnover of € 126 billion, and accounts for 7.4% of the country's GDP. 53% of its revenues comes from exports. The sector employs more than 1,900,000 people directly and indirectly. www.altagamma.it

SALONE DEL MOBILE.MILANO

Launched in Milan in 1961 as a vehicle for promoting Italian exports of furnishing and accessories, the Salone Internazionale del Mobile is the global benchmark event for the furnishing and design sector. The Salone is held in Milan in April every year, along with the biennial EuroLuce exhibition in odd years and EuroCucina and the International Bathroom Exhibition in even years, and in tandem with the annual International Furnishing Accessories Exhibition and Workplace3.0. These events are flanked by FTK (Technology For the Kitchen), EuroCucina's collateral event, and S.Project, the exhibition devoted to design products and decorative and technical furnishing solutions. Since 1998, the trade fair has been complemented by SaloneSatellite, the launchpad for young designers and a point of reference for companies on the look out for new talent. Under the umbrella of the Salone del Mobile.Milano, these events cover a net area of almost 210,000 square meters at the Fiera Milano trade show center in Rho, showcasing more than 2,300 of the most dynamic and creative companies on the global market each year. <https://www.salonemilano.it/en><https://www.salonemilano.it/it>

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