



The INSIDER NEWSLETTER

Information and Inspiration to begin your week

Featured brands: Global and Magnuson Group

NEED TO KNOW NUMBERS



\$71.46 ↓
Oil price per barrel



\$2,139 ↓
40-foot shipping container



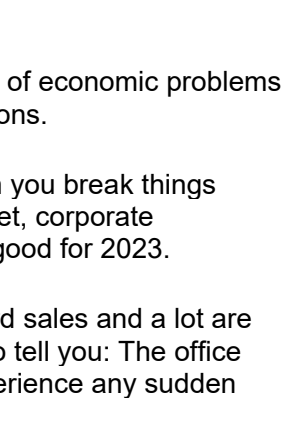
\$3.31 ↓
Gallon of regular gasoline



\$1,763 ↓
NYSE American Steel Index

STOP TRYING TO TALK YOURSELF INTO A RECESSION

Content by Rob Kirkbride, Write Office



I get it. The economy is definitely giving mixed messages, but when you break things down to what really matters for the industry — namely the job market, corporate profitability and commercial real estate — things are looking really good for 2023.

Many companies are finishing up the year with record or near-record sales and a lot are dialing back expectations for 2023, which is prudent. But I'm here to tell you: The office furniture industry might slow down a bit in 2023, but if we don't experience any sudden shocks, 2023 is going to be a very, very solid year.

Here's why:

Employment/Jobs

Hiring and the jobs market remains surprisingly strong, though it is tightening slightly, which is good news for employers still looking for the right talent. Hiring new employees means adding new/more office furniture.

From October 2021 to October 2022, nonfarm payroll employment increased in 46 states and was essentially unchanged in 4 states and the District of Columbia. The largest percentage increase occurred in Texas (5.4 percent), followed by Florida (5.0 percent) and Oregon (4.5 percent). The largest job increases occurred in California (695,500), Texas (694,200), and Florida (457,400).

The Great Resignation seems to be cooling a bit, but job churn remains historically high. The U.S. Bureau of Labor Statistics reported that beginning in March 2021 and carrying over into 2022, the rate of job quitting in the U.S. reached highs not seen since the bureau began measuring job openings and turnover in December 2000. Forbes reported that by the end of 2021, 47.8 million people left their jobs for other positions as compared to 37.7 million people who quit in 2017.

Though the trend began in 2021, has continued into 2022, and is projected to continue into 2023, the rate of job quitting appears to be slowing. The number of quits has declined month over month for the past six months. Nevertheless, the number of workers leaving their jobs — whether due to residual effects of the pandemic, taking a better job or position, choosing an opportunity for remote work or a hybrid schedule, higher pay and better benefits, or just seeking a different life experience — is still very high historically speaking. Thus, companies are finding themselves competing for the best and brightest talent and are using creative ways to attract and retain a high-performing workforce — including remodeling offices and creating better workplace experiences — good news for the office furniture industry.

Corporate Earnings

Corporate profits in the nonfinancial sector hit a record high of \$2.08 trillion in the third quarter even as 40-year-high inflation continues to squeeze American consumers. Profits adjusted for inventories and capital consumption rose \$6.1 billion from the second to third fiscal quarters, the Commerce Department reported recently, continuing a red-hot recovery from the flash recession caused by pandemic shutdowns.

Following a two-quarter dip in 2020, quarterly profits have surged by more than 80 percent over the last two years, from around \$1.2 trillion to more than \$2 trillion, adding weight to arguments that the private sector is driving inflation by exploiting consumer expectations to keep prices elevated.

Regardless of the why, corporate profits remain high, which is good news for the office furniture industry that relies on corporate profitability to drive sales.

Commercial Real Estate

Commercial real estate continues to suffer, especially in major metro areas. Since January, shares of SL Green and Vornado (owners of the Merchandise Mart), two publicly traded REITs that are among New York's biggest office owners, have fallen by half. Fresh signs of strain came last week. Blackstone, the private equity firm, told investors it would restrict redemptions in a \$125 billion commercial real estate fund.

According to J.P. Morgan's 2023 Real Estate Outlook, there may be challenges ahead. Retail is at a crossroads, and the future of office space is unclear. Plus, supply chain issues persist, and inflation remains near 40-year highs, prompting the Fed to steadily increase interest rates. But there are a few bright spots in the commercial real estate forecast. Multifamily properties continue to perform well, and the hot streak for industrial properties remains.

Overall Outlook for 2023

That's why I remain guardedly bullish about the office furniture economy for 2023. Corporate profitability remains quite strong and the jobs market is steady, if not growing. Commercial real estate remains a serious problem, especially for major metro areas and communities where the technology sector dominates.

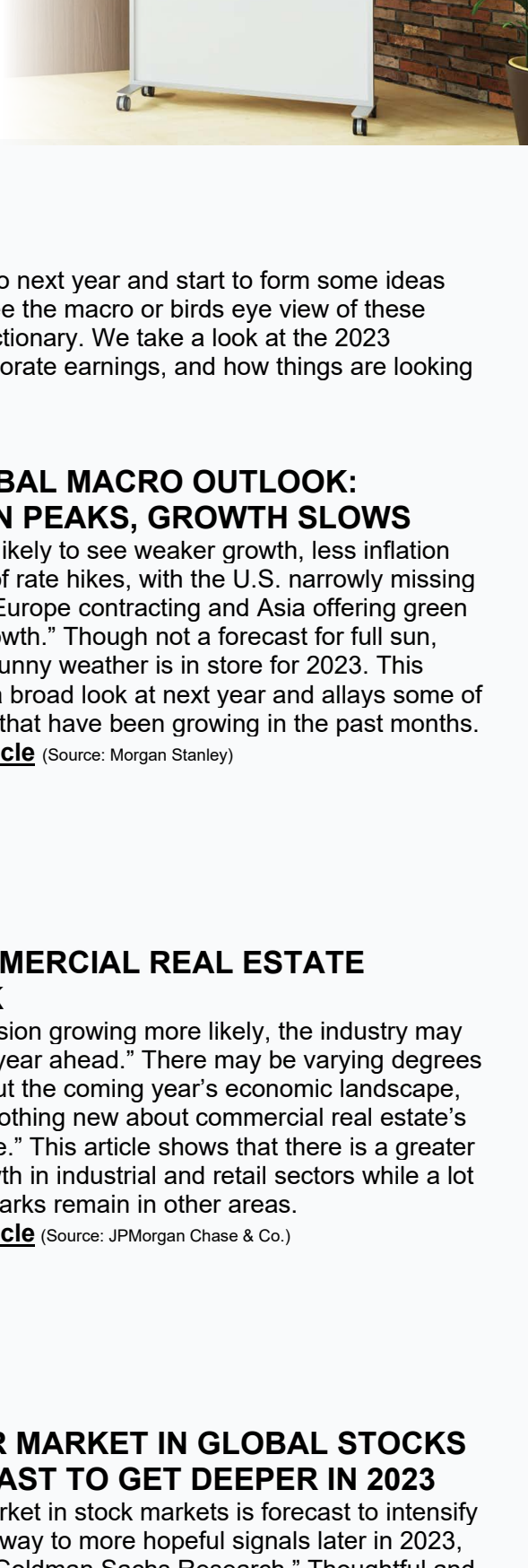
Macroeconomic factors are moving in the industry's favor as well. The worst of the pandemic appears behind us. China is slowly moving to open its economy as it relaxes its Zero Covid policy. And while the war in Ukraine grinds on, the hope for peace remains. If the war ends sooner than expected or if China's move toward a more open economy is easier than thought, the economy could quickly heat up again.



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MUST READS

Using these articles as a lens, we can look into next year and start to form some ideas and make some rough plans. It is helpful to see the macro or birds eye view of these projections to be more proactive and less reactionary. We take a look at the 2023 landscape for jobs, corporate real estate, corporate earnings, and how things are looking overall.



2023 GLOBAL MACRO OUTLOOK: INFLATION PEAKS, GROWTH SLOWS

"Next year is likely to see weaker growth, less inflation and the end of rate hikes, with the U.S. narrowly missing a recession, Europe contracting and Asia offering green shoots for growth." Though not a forecast for full sun, some partly sunny weather is in store for 2023. This article takes a broad look at next year and allays some of the concerns that have been growing in the past months.

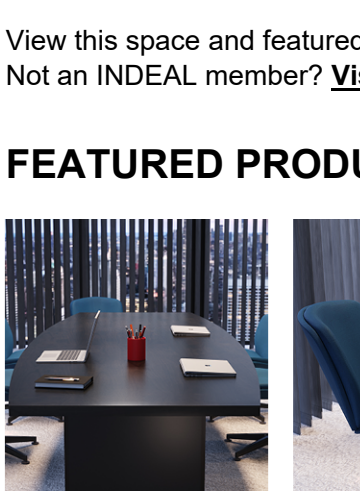
[Read the article](#) (Source: Morgan Stanley)



2023 COMMERCIAL REAL ESTATE OUTLOOK

"With a recession growing more likely, the industry may face a tough year ahead." There may be varying degrees of gloom about the coming year's economic landscape, "But there's nothing new about commercial real estate's cyclical nature." This article shows that there is a greater hope for growth in industrial and retail sectors while a lot of question marks remain in other areas.

[Read the article](#) (Source: JPMorgan Chase & Co.)



THE BEAR MARKET IN GLOBAL STOCKS IS FORECAST TO GET DEEPER IN 2023

"The bear market in stock markets is forecast to intensify before giving way to more hopeful signals later in 2023, according to Goldman Sachs Research." Thoughtful and detailed, this 2023 market exploration is objective and helpful; providing cause and effect examples of how the market looks like it might unfold and why. Goldman Sachs is a reputable and dependable source for clinical financial forecasts, and having information that is presented in a way that is less dramatic and more about the facts can be preferable.

[Read the article](#) (Source: Goldman Sachs)



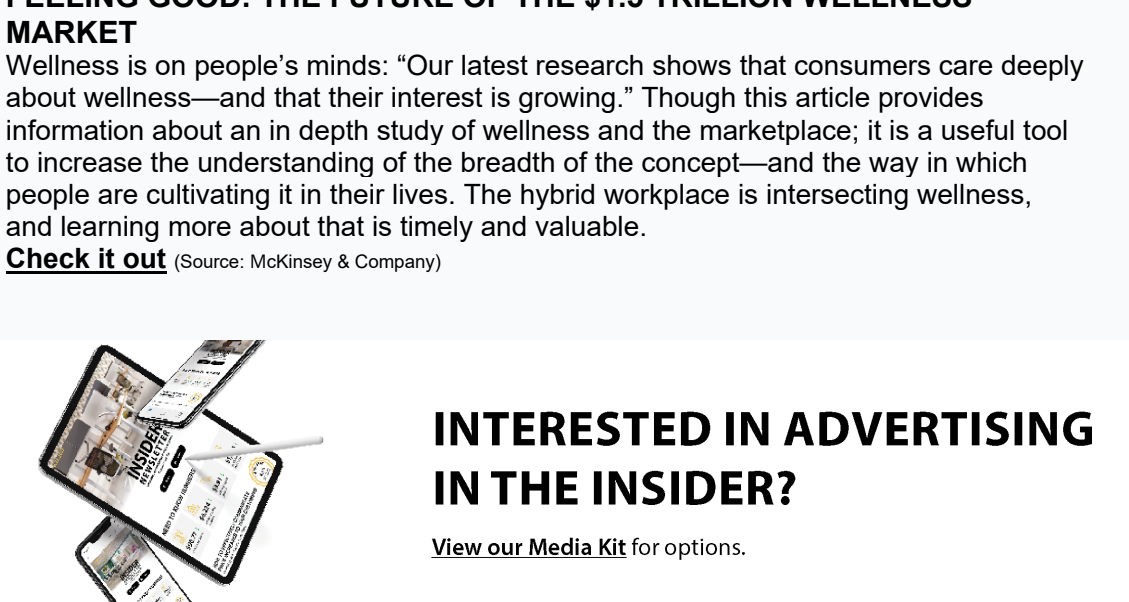
SIGNIFICANT JOB LOSS EXPECTED IN 2023 AS U.S. LABOR MARKET REBALANCES

"While the U.S. labor force has recently returned to pre-COVID levels, it remains more than 4 million people below the pre-COVID trend. Excess retirements during the pandemic, lower immigration, lingering impact of COVID on work absenteeism, and the entrenched trend of the aging U.S. labor force have all contributed to the lack of recovery in the participation rate." This concise but toothy piece about the coming year's projections provides solid indications of what to expect from the job market throughout 2023.

[Read the article](#) (Source: Fitch Ratings)

PERFECT YOUR PROJECT

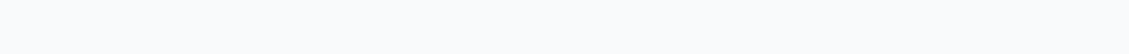
This week's most sought-after solutions for your spaces.



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FEATURED PRODUCTS



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2. [Spirit](#) | Indiana Furniture

3. [KickStart](#) | Indiana Furniture

4. [CIRKEL](#) | Magnuson Group

TIPS AND TRICKS

Helpful hints to support your A-game.

BE PRODUCTIVE

THE SURPRISING WAY TO INCREASE PRODUCTIVITY

"For some time, U.S. businesses have been struggling with productivity losses due to two main factors: the destruction of attention and the lack of collaboration." This piece looks at how it is vital that we transform workplace productivity. And provides a solution that could impact the flow of the workday and the way we read email/messages.

[Check it out](#) (Source: Chief Executive Group)

BE WELL

FEELING GOOD: THE FUTURE OF THE \$1.5 TRILLION WELLNESS MARKET

Wellness is on people's minds: "Our latest research shows that consumers care deeply about wellness—and that their interest is growing." Though this article provides information about an in depth study of wellness and the marketplace; it is a useful tool to increase the understanding of the breadth of the concept—and the way in which people are cultivating it in their lives. The hybrid workplace is intersecting wellness, and learning more about that is timely and valuable.

[Check it out](#) (Source: McKinsey & Company)

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