



An Empirical Analysis of Malaysian Wooden Furniture Export Performance from 2020 to 2024

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ABSTRACT. Malaysia's furniture sector is positioned within the top 10 largest furniture exporters worldwide, with approximately 80% of its output designated for foreign markets. The Malaysian government promotes the growth of the timber sector through various initiatives under the National Timber Industry Strategic Plan (NTISP). In recent years, the industry has transitioned from generic products to design-centric offerings, enhancing Malaysia's prominence on the global stage. Malaysia is a notable destination for international purchasers, particularly in the mid to high-end market, owing to its focus on aesthetics and quality. The furniture industry in Malaysia is undergoing substantial global growth, marked by its competitive advantages, superior quality products, and a positive market forecast. However, despite this favorable trend, the industry faces considerable challenges that jeopardize its long-term viability. Significant challenges include the limited ability of regional SMEs to penetrate export markets, resulting from a lack of understanding of international market dynamics and inadequate investment in research and development. The constraints hinder competitiveness and raise concerns about the sustainability of Malaysia's furniture export industry in an increasingly competitive global landscape. This study analyzes the trends, status, and challenges of Malaysia's furniture export sector, employing data from the Malaysian Timber Industry Board (MTIB). Comprehending export performance and market dynamics allows industry stakeholders to formulate strategic solutions that reduce risks, improve global competitiveness, and guarantee sustainable growth. The study will offer practical recommendations to overcome substantial economic and operational obstacles, thereby enhancing the resilience and strength of the Malaysian furniture export sector.

Key words: *Malaysia; Wooden furniture; Export; Medium-size enterprise*

1. INTRODUCTION

The furniture industry can be examined through the lens of bioresource technology by highlighting sustainable material procurement, eco-friendly manufacturing methods, and innovative product design. This involves utilizing renewable resources such as timber from sustainably managed forests, exploring alternative materials like bamboo or agricultural byproducts, and developing bio-based adhesives and finishes. The timber industry in Malaysia has undergone systematic growth, transitioning from a focus on primary products like logs, sawn timber, veneer, and plywood to an emphasis on value-added products such as reconstituted panel products, mouldings, BJC, and furniture.

The furniture industry in Malaysia is a segment of the manufacturing sector, consisting of small and medium-sized enterprises (SMEs). The agricultural sector, fundamental raw materials sector, business services sector, and

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manufacturing sector constitute the components of Malaysian SMEs. The Malaysian wood-based furniture sector has substantially contributed to the nation's economic advancement, especially regarding export revenue. The Malaysian wood-based furniture sector has significantly contributed to the country's economic growth, especially in terms of export revenue. It generates employment opportunities for a varied spectrum of individuals, encompassing the educated, semi-educated, unskilled, and illiterate, thus promoting economic growth (Karim & Said, 2024; Ratnasingam, 2023).

Multiple factors have bolstered the resilience of Malaysia's furniture industry. These factors include its strategic location and accessibility, the presence of a skilled workforce, the implementation of innovative manufacturing techniques, the adoption of sustainable practices, and supportive government initiatives (Norhazaedawati, 2022; Salleh, 2024). Furthermore, the success of Malaysia's furniture industry is closely linked to the resurgence of rubberwood as an essential timber resource. The transition has revitalized the industry, establishing Malaysia as a prominent manufacturer and supplier of wooden furniture to over 160 countries. The Malaysian furniture industry demonstrates a combination of innovation and efficiency, bolstering its competitiveness and sustaining its market standing. The Malaysian government's New Industrial Master Plan 2030 identifies the furniture industry as a crucial economic contributor (Amir et al., 2023). Consequently, significant focus has been directed towards this sector, expecting a considerable impact on the nation's economic growth. Statista forecasts that the sector will yield revenue of US\$4.33 billion in 2024. The market is anticipated to grow at a Compound Annual Growth Rate (CAGR) of 4.01% from 2024 to 2029 (Abdullah et al., 2023). The Malaysian Timber Industry Board (MTIB) reports that Malaysia's furniture exports totalled RM 9.693 billion from January to May 2024, demonstrating sustained growth despite global economic difficulties (Murughan et al., 2024). The Malaysian furniture sector is positioned within the top ten global exporters, with around 80% of its output allocated to foreign markets, particularly the United States, Japan, and Australia.



Figure 1. Types of wooden furniture exported from Malaysia

The Malaysian furniture industry is experiencing considerable growth; nonetheless, various deficiencies and challenges persist within the sector. The recognised problems encompass substandard product quality, production inefficiencies, and elevated production costs. The cumulative effect indicates that the industry faces growing challenges in maintaining its position in both domestic and international markets. Small and medium-sized regional producers face significant challenges in accessing export markets, primarily due to a lack of knowledge and information regarding international marketplaces. The current documentation pertaining to information analysis is inadequately comprehensive. The future of the furniture industry remains precarious if this issue continues and inadequate research and development is undertaken. This study seeks to analyse the trends and patterns associated with the export of wooden furniture from Malaysia to diverse countries globally. The objective is to identify prospective export markets and evaluate the export competitiveness of Malaysian furniture products. The discussions will provide valuable insights for the future advancement of Malaysia's wooden furniture industry in the export market. The collected data will aid local wooden furniture producers and provide insights into forthcoming trends in the export market. Comprehending prevailing trends and forecasting future market dynamics is essential for mitigating losses and facilitating long-term planning of production and marketing strategies for furniture manufacturers. Recommendations may be developed to address the economic challenges faced by Malaysian furniture companies, contingent upon the significant correlations of these variables with export performance.

2. METHODOLOGY

The data collection regarding the export of wooden furniture encompasses a five-year duration from 2020 to 2024. Data were analysed and extracted from the Annual Reports of the Department of Statistics Malaysia (DOS) and the Malaysia Timber Industry Board (MTIB). Interviews were conducted to obtain opinions and perspectives from MTIB as a responsible agency and authority. The interviews analyse the export trend and the top five destination countries for exports concerning the present condition of furniture production in Malaysia. The export trend of wooden furniture products was examined using regression models and time series analysis. This study examines the export trends of four categories of furniture products, emphasising high demand from six destination regions: America, Asia, Europe, Oceania/Pacific, Africa, and other countries.

3. RESULTS AND DISCUSSION

The analysis results regarding the trend of wooden furniture exports were produced for the five-year period from 2020 to 2024. This is succeeded by an examination of the categories of wooden furniture exported during this timeframe and an assessment of the export trends of wooden furniture to six principal destination regions. The global demand for wooden furniture has seen a minor decrease but remains consistent and stable in volume over the past five years.

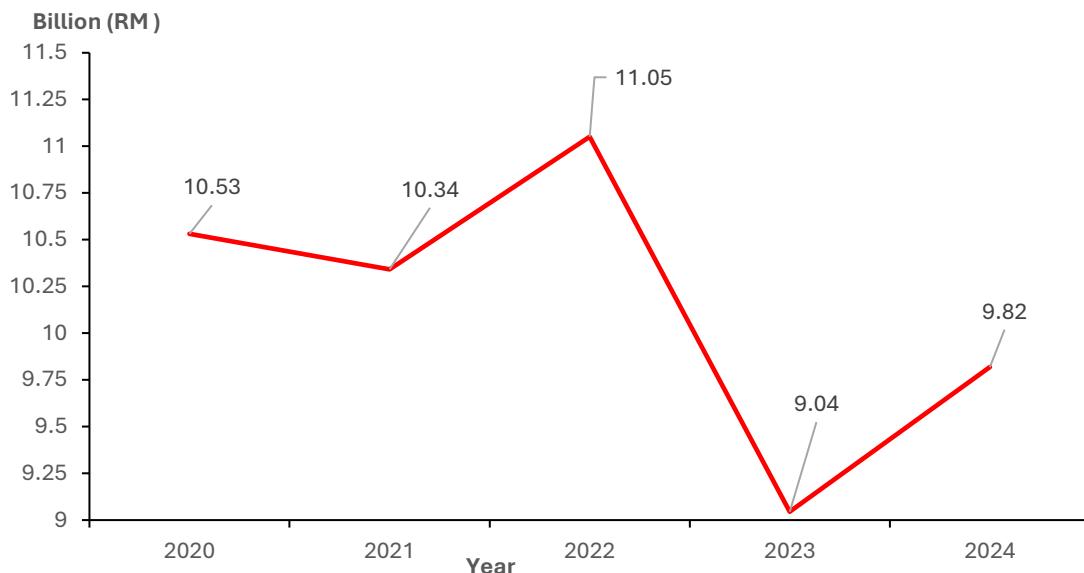


Figure 2. The export trend of Malaysia's wooden furniture from 2020 to 2024

Figure 2 depicts the total export of wooden furniture in 2022, totalling RM11.050 billion. Furniture exports rose by 6.42% in 2022 relative to the prior year. The Malaysian Furniture Council (MFC) reported an 18% rise in furniture exports during the initial seven months of 2022 compared to the corresponding period in the prior year, notwithstanding numerous challenges facing the industry. The substantial growth stemmed from the efforts of the Malaysia External Trade Development Corporation (MATRADE) and the Malaysian Timber Council (MTC) in advocating for furniture products on a global scale. The US dollar further augmented the rise in export value (Topcu, 2023).

In 2023, exports of wooden furniture declined to RM9.04 billion, a decrease from RM11.05 billion in 2022. The decrease in export value was primarily affected by the US market, which represents 49% of the overall export market. The downturn in the US market is attributable to consistently low furniture demand, which is affected by the detrimental impact of high interest rates on the housing sector (Murughan et al., 2024; Nor et al., 2024). This circumstance has made housing progressively unaffordable, resulting in a decline in home sales transactions. The reduction in Malaysian furniture exports to the US in 2023 is primarily due to the prohibitive housing market encountered by US homebuyers, resulting from the Federal Reserve's interest rate hikes. The increases resulted in two main problems: (i) the creation of a “lock-in” effect among existing homeowners who are locked into much lower mortgage rates, motivating them to stay in their homes rather than sell and purchase new properties at higher rates; and (ii) the rise in expenses for home builders in the construction of new residences (Ratnasingam, 2023).

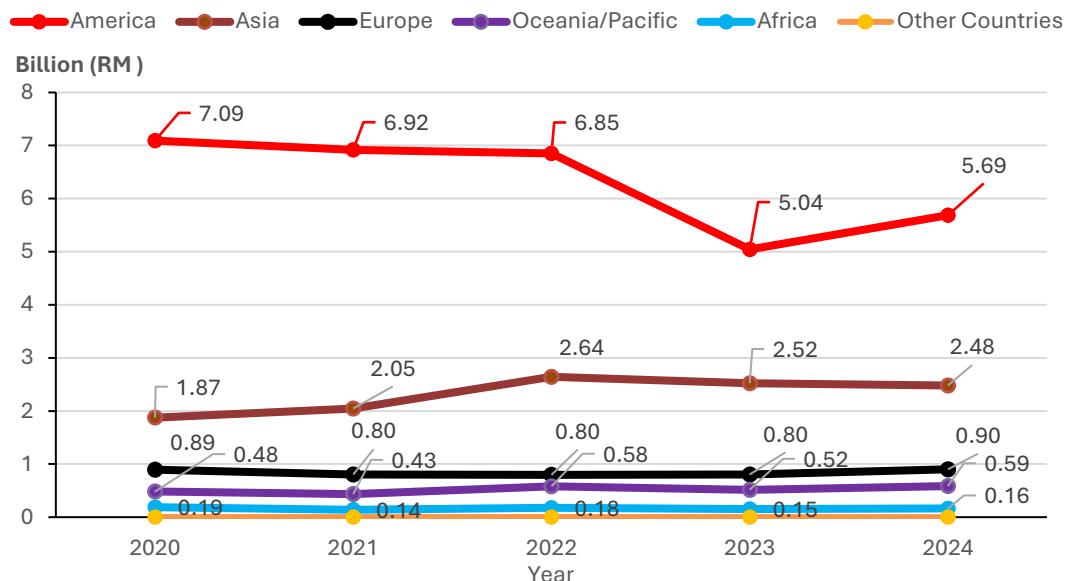


Figure 3. Five-year export trends of wooden furniture by region

Figure 3 depicts the trajectory of wooden furniture exports from 2020 to 2024. Malaysia's principal export destinations comprise the United States, United Kingdom, Australia, Japan, Singapore, Canada, Saudi Arabia, China, and the United Arab Emirates. This constituted roughly 51.2% of total exports from 2020 to 2025. The United States, Japan, and the United Kingdom remained the primary export markets for Malaysia's wooden furniture. The United States is the foremost market for Malaysian wooden furniture, followed by the Asian region, which demonstrates a growing trend in imports. During the first three years of the five-year span from 2020 to 2022, the trend was favourable before being affected by the global economic recession caused by the Covid-19 pandemic. The demand from the Asian market remained stable for three years, from 2020 to 2022, before undergoing a slight decline thereafter. This persistent trend originated from the ASEAN Free Trade Agreement (AFTA) between Malaysia and ASEAN nations, which granted preferential market access for Malaysian goods via diminished tariffs, leading to cost reductions from the removal or decrease of customs duties.

The export trend of wooden furniture to America, Asia, and Europe has remained stable from 2020 to 2024 among the six principal destination regions. In 2023, a notable decline transpired due to the economic crisis that commenced early in the year, with repercussions continuing to endure to the present day. The absence of diversification in the region has led to a decline in volume in recent years. Competition in the Eastern Pacific Rim has intensified.

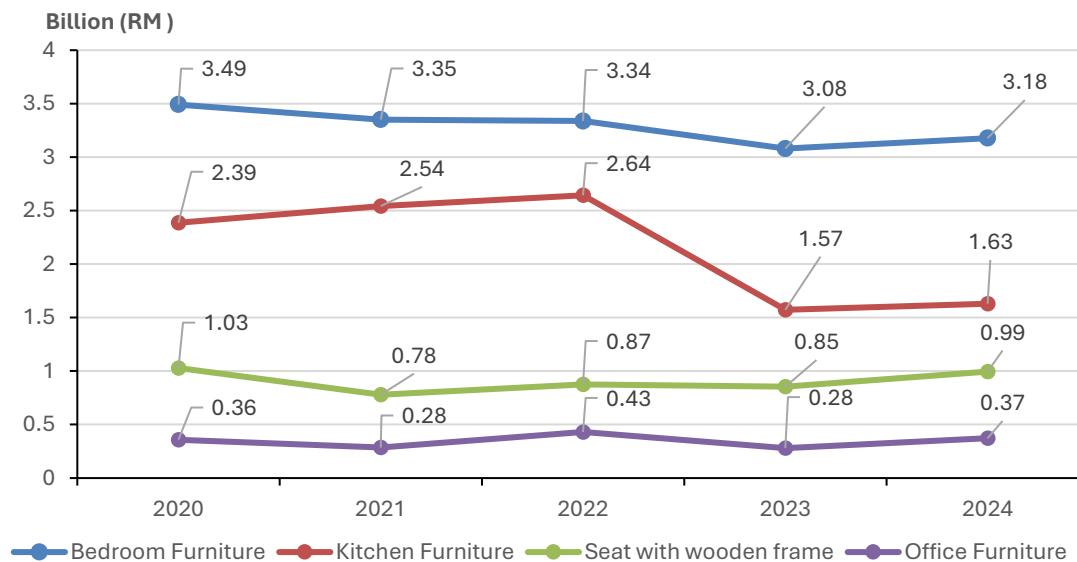


Figure 4. Export trends categorized by furniture type from 2020 to 2024

Figure 4 illustrates the export trends categorised by furniture type for the years 2020 to 2024. The principal exports of Malaysian furniture include wooden bedroom furniture, kitchen furniture, wooden-framed seating, and office furniture. Throughout the five-year span, bedroom furniture consistently exhibited the highest export volume among the four categories, succeeded by kitchen furniture seating with wooden frames and office furniture. In 2020, it peaked at RM49 billion, subsequently declined in the following years, and then rebounded to RM3.18 billion by 2024. A notable trend in the bedroom furniture market is the rising demand for space-efficient solutions. As urbanisation continues to increase, many individuals inhabit smaller apartments or condominiums defined by limited space (İnce & Taşdemir, 2024; Karim & Said, 2024). The prevalence of multifunctional furniture, such as beds with storage compartments and collapsible desks, has risen. These innovative designs allow customers to optimise their living space while preserving comfort and aesthetics. The market is experiencing a trend of heightened adoption of sustainable materials in bedroom furniture. Consumers are increasingly emphasising environmental sustainability and are actively seeking furniture made from eco-friendly materials (Nor et al., 2024). This includes furniture made from sustainable wood sources and recycled or upcycled materials. Manufacturers are responding to this trend by offering a wider range of sustainable alternatives, catering to environmentally aware consumers.

Furthermore, Malaysia's established reputation for manufacturing high-quality wooden bedroom furniture has augmented its attractiveness, especially in major markets like the United States, United Kingdom, and Japan. Strategic international marketing efforts by governmental organisations, including the Malaysia External Trade Development Corporation (MATRADE) and the Malaysian Timber Council (MTC), significantly contributed to the maintenance and growth of export demand for this category. In contrast to bedroom furniture, office furniture consistently recorded the lowest export volumes, commencing at RM0.36 billion in 2020 and concluding at merely RM0.37 billion in 2024, exhibiting minimal variation throughout the period. The decline in performance can be attributed to the global shift to remote work environments, which reduced the demand for office furniture as companies deferred or curtailed their investments in physical office spaces. The economic uncertainties stemming

from the COVID-19 pandemic and escalating operational costs dissuaded businesses from investing in non-essential office enhancements (Maulana et al., 2024; Salleh, 2024).

4. CONCLUSION

This analysis provides a comprehensive assessment of Malaysia's wooden furniture export performance from 2020 to 2024, emphasising significant trends, current conditions, and emerging challenges in the industry. Malaysia's international standing is robust, especially in the United States, Japan, and the United Kingdom; nonetheless, export performance has encountered volatility owing to external economic pressures, fluctuating consumer demand, and regional competition. Bedroom furniture consistently constituted the predominant category in exports; however, other segments, such as office furniture, encountered stagnation in growth, partly attributable to global shifts in work dynamics. The results highlight systemic obstacles that hinder the enduring viability of the industry, particularly for small and medium-sized enterprises (SMEs). Significant obstacles encompass restricted market access, insufficient investment in research and development, and a lack of comprehension regarding international trade regulations. The challenges have impeded the industry's capacity to progress and innovate in a swiftly transforming global market. The Malaysian furniture industry must undergo a strategic transformation to maintain its competitive edge. This transformation should prioritise market diversification, product innovation, brand enhancement, and the execution of targeted policy support for SMEs. Confronting these essential challenges will allow the sector to navigate global uncertainties more adeptly and prepare for sustainable development in the future.

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AUTHOR CONTRIBUTIONS

Data curation: Najihah Ramli & Siti Noorbaini Sarmin; Formal analysis: Najihah Ramli, Siti Noorbaini Sarmin, Mazlin Kusin; Project administration: Nurrohana Ahmad, Siti Noorbaini Sarmin & Siti Zalifah Mahmud; Writing—original draft: Najihah Ramli, Siti Noorbaini Sarmin & Norhafizah Rosman; Writing—review & editing: Najihah Ramli, Siti Noorbaini Sarmin, Ainul Munirah Abdul Jalil, Siti Zalifah Mahmud, Norhafizah Rosman, Nurrohana Ahmad & Mazlin Kusin. All authors have read and agreed to the published version of the manuscript.

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DATA AVAILABILITY

The data that support the findings of this study are available from the corresponding author upon reasonable request.

COMPETING INTEREST

The authors declare that there are no competing interests.

COMPLIANCE OF ETHICAL STANDARDS

Not applicable.

SUPPLEMENTARY MATERIAL

Supplementary material is available on the publisher's website along with the published article.

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