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# Major Report on the Non-Domestic Lighting Equipment Market – UK 2005

AMA Research have published the 3rd Edition of the UK Non-Domestic Lighting Market. The report is comprehensive, informed and up to date, reviewing industry trends, as well as future opportunities and threats.

The report analyses market size and trends, market structure and key company shares. Also covered is the mix of the major product sectors for lamps and luminaires and a review of supply and distribution structures.

Emphasis is given to both qualitative and quantitative assessment of market developments, with interpretation of relevant data as a basis for forecasts of future prospects. The report is available now, giving excellent value for money at only £565.

## Editors Note:

Enclosed is a summary of the report for your attention. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

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- Please include our **web address and telephone number on any review printed**, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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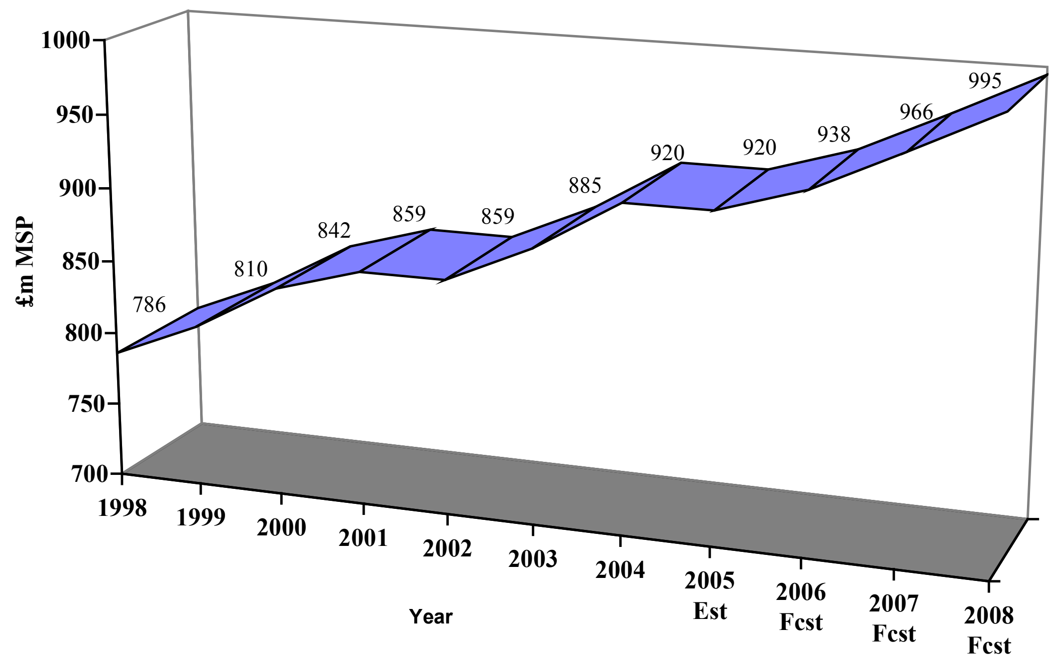
## SUMMARY

The UK Non-Domestic Lighting Equipment Market is defined to include three key product sectors: Lamps, Luminaires and Lighting Controls. Overall market value is estimated at **£920m** in 2004, with the development of the market between 1998 and 2004 illustrated in the chart below, with forecasts to 2008:-

**Chart 1: The UK Non-Domestic Lighting Equipment Market 1998-2008 £m MSP**




*Source: AMA Research/Trade Estimates*

The development of the overall non-domestic lighting market is significantly influenced by trends in industrial and commercial construction and has therefore exhibited slow to moderate levels of growth over the last few years. The retail, entertainment and warehousing sectors have benefited from the consumer spending boom, while the industrial and commercial office sectors have been adversely affected by the recession in manufacturing and an oversupply of office space in London and the South East. While the market has also benefited from government investment in health and education, it has been adversely affected by a growing level of imports from low wage economies such as China and the Far East.

Also impacting upon the market over the last few years has been a growing level of legislation aimed at reducing carbon dioxide emissions. While Part L of the Building Regulations, introduced in 2002, has encouraged modern buildings to maximise utilisation of natural daylight, the requirement for greater energy efficiency has resulted in increased usage of added-value energy saving products and lighting controls.

The downturn in consumer spending since mid 2004 and its negative impact on the retail and entertainment sectors, combined with continued difficulties in the manufacturing sector, is likely to feed through to a market slowdown in 2005. Subsequently the outlook is likely to be one of modest growth, with a steady improvement in the commercial office sector, a significant number of projects in the health and education sectors and infrastructure developments including airport extensions, 'Crossrail', the cross London rail link, and a number of major PFI street lighting schemes. In the medium to longer term, the market will also receive a boost from developments in connection with the 2012 Olympics.

Luminaires account for the largest share of the non-domestic lighting market at approximately 61%. Lamps have a share of around 28%, with lighting controls accounting for the remaining 11%.

The **lamps** sector is valued at around £258m in 2004 and has exhibited more steady levels of growth than other sectors of the non-domestic lighting market, being less dependant upon economic factors due to the significant ongoing demand for replacements. Discharge lamps represent the largest subsector with 32% of the lamps market, followed by Tungsten Halogen with 29%, Compact Fluorescents (15%), Fluorescent Tubes (12%) and Incandescent (4%). Fibre Optics and LED's are currently experiencing rapid growth, however at present their share of the market is small, accounting for some 4% each.

There are a wide variety of **luminaires** used in non-domestic applications, with this sector valued at some £560m in 2004. Growth in this sector is more volatile than in the lamps sector, reflecting its dependence upon commercial and industrial new build and RMI. Luminaire sales have also been adversely affected in recent years by the highly cost-competitive nature of the electrical contracting market, driving the specification of cheaper 'own brand' and imported ranges. However, the increasing emphasis on appearance in the commercial sector has encouraged the use of more expensive design oriented ranges.

The **lighting controls and components** sector has experienced good levels of growth in recent years to a value of around £102m in 2004. The sector has benefited in particular from increasing legislation relating to energy efficiency and the impact of rising fuel bills. The majority of commercial office installations now incorporate lighting control systems, however there remains considerable potential for further growth reflecting the continuing drive to reduce carbon dioxide emissions and the relatively low penetration of installations in some other sectors such as retail.

The **distribution** of non-domestic lighting equipment is dominated by wholesalers and distributors who account for around 62% by value, with this channel comprising general electrical wholesalers/distributors and specialists who supply primarily lighting equipment. Direct supply accounts for an estimated 29%, with other channels of distribution - including DIY multiples and builders merchants - accounting for approximately 9%.

The non-domestic lighting market is characterised by two polarised groups of **suppliers**, with a small number of large manufacturers, most of whom are active across a wide range of products sectors and a large number of small players, the majority of whom are active in just one or two niche subsectors. Major players include **Zumtobel Group Companies**, **Phillips**, **Osram**, **SLI**, **GE Lighting**, **Cooper Lighting Security Ltd** and **Fitzgerald**.

Key **end use application areas** for non domestic lighting equipment include commercial offices (21%), entertainment & leisure (17%), healthcare (17%), education (14%), retail (13%), industrial (9%) and infrastructure (5%), with 'other' applications such as prisons and the MOD accounting for 4%. Sectors likely to offer the greatest potential for growth over the next few years include healthcare, education, infrastructure and commercial offices.