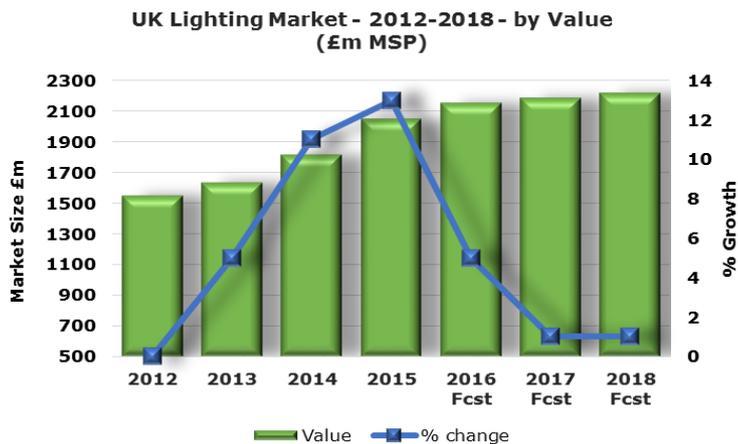




PRESS RELEASE

UK Lighting market worth over £2bn

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The UK lighting market was estimated to be worth £2 billion in 2015, having increased by 13% on the previous year. The trend towards LED technologies has driven up value growth in the market, as has the continuation of a number of finance schemes that allow for lighting replacements to be paid for from future energy cost savings. Despite market forecasts being revised downwards following the EU referendum, underlying trends remain positive.

The issue of retro-fitting of more efficient lamp products has been crucial to growth rates within the market over the last 2-3 years. This trend is, however, now having less effect on market value, as the replacement lamps average prices have fallen significantly and are now more comparable with the high volume, low value products that they are replacing. The non-residential sector has not had the momentum of the domestic sector in the last couple of years but had started to pick up, especially in the commercial office sector, though popular opinion is that this area will slow down as investors assess the risk factors associated with Brexit.

The UK market for lighting is diverse with a broad range of products and a number of end-use applications, many of which have dedicated lighting ranges. Although the lamps and luminaires sectors have continued to experience positive conditions 2014-15, lighting controls remains the sector with the highest levels of growth within the overall market. Key to this recent growth has been the “step change” experienced in the technologies of solid state lighting controls and recognition of the need for more efficient lighting systems for all end use sectors. The concepts of zoning, directional and space lighting although previously evident in the market have been brought into sharper focus by the need to cut costs, carbon emissions and save energy.

The UK lamps market has experienced significant change in recent years as European Directives have impacted on the supply and sales of certain lamp types. The phased removal of inefficient lamps from both the residential and non-residential sectors has continued to see the replacement of the traditional incandescent lamp in the domestic sector with compact fluorescents which in turn have been replaced by LEDs. In addition, the trend for improving lighting quality, particularly the trend for “whiter” light in the private commercial sector has increased demand for higher value LED and fluorescent products.

Luminaires still dominate the UK lighting market accounting for the majority share in 2015, although their overall share of the market is gradually declining. The luminaires market is more reliant on the levels of new build and refurbishment activity, particularly in the non-domestic sector, than the lamps market and these figures reflect an increase in output and rising confidence in the private commercial sector between 2013 and 2015. The recent trend has been positive with strong market growth in 2015 underpinned by investment in street lighting, rising levels of house completions as well as improvements in construction output for both the domestic and non-domestic sectors.

"Market prospects have changed markedly with the result of the EU referendum, which is forcing companies and investors to consider their financial commitments, and the construction industry was already showing signs of slowing growth in the first half of 2016" said Keith Taylor. "These deteriorating economic and construction trends are likely to affect the lighting market and while there has been good growth in the last 2 years, the next 2-3 years are expected to be much more constrained."

As market conditions become more difficult into the medium-term, annual rates of growth will fall to around 1-5% per annum to 2020. The adoption of more efficient lighting products in the medium-term will boost value underlying growth, however these products have increased life cycle expectations which may have more negative implications for the market into the longer-term. The key driver for the whole lighting market is LED lighting which has gained significant share in the non-domestic sector in recent years. However, despite the increase in demand there remains an oversupply to the global market, especially from developing countries and China, and as a result the global prices of LEDs have fallen significantly in 2015.

The '**Lighting Market Report – UK 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editor's Note:

If you would like to receive further information or would like to speak to an author of this report, please contact Anna Eriksson or Keith Taylor on (01242) 235724.

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