

## PRESS RELEASE

**Explosive growth in the UK LED Lighting market**

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In 2013, the UK LED lighting market was estimated to be worth £330 million at manufacturers’ selling prices (MSP). This incorporates all finished, mains-operated LED lighting products, domestic and non-domestic used within construction and building.

The LED lighting market is currently experiencing an explosion in growth as the new technology becomes more widely accepted in the mainstream lighting market, further encouraged by energy cost savings and CO2 concerns, driven by legislative changes.

The market is largely reliant on total system upgrades and new installation applications. Non-domestic end users dominated in 2013, accounting for 95% of the market in terms of value. Infrastructure is the leading sector within LED lighting with many councils replacing or planning to replace conventional street lighting with LED lighting, attracted by significant energy cost savings, lower CO2 output and long life cycles.

The Leisure & Entertainment and Health & Education sectors have been high early adopters of LED lighting and will continue to be major end use sectors in the near to medium term. Retail use is growing strongly whilst office, industrial and domestic use will expand over a longer time period.

In 2013, the LED lighting market was characterised mainly by sales of LED luminaires, accounting for an estimated 75% of the market, with the rest of the market made up by replacement LED lamps and LED controls and accessories. The use of this technology for lighting often requires installation of specific luminaires in order to achieve the full benefits. However, product development within LEDs is largely focused on development of replacement and retrofit products, greater efficiency and improved colour rendering index (CRI).

Distribution is led by direct sales as many manufacturers introduce, and have a better understanding of, the new technology, but this will change longer term. This channel is further supported by the dominance of larger public sector projects, which tend to source directly from manufacturers. Electrical wholesalers and specialist distributors are also significant players and their share is likely to grow as the technology becomes more widely established and used by the electrical contractors more widely. Retailers, including DIY, supermarket, and high street stores are the principal suppliers to the domestic market.

The supply of LED products is led by five main suppliers who are estimated to account for around 80% of the market**.** Theremainder of the market is fragmented comprising many second and third tier specialist and smaller firms.

The average price of LED lighting products has fallen in the last 12 months driven by the growing volumes of sales, manufacturing techniques and increasing competition in the UK market. However, LED products remain significantly more costly than many alternatives restricting volume sales, particularly in the domestic sector.

The LED lighting market is expected to continue to experience significant growth as the new technology further penetrates the lighting market. This is likely to be supported in the short-medium term by government cutbacks hitting public sector budgets and prompting investment in technologies which provide reductions in long term running costs.

The government is also committed to promoting energy efficient products, through their use within public sector projects and through the introduction and strengthening of energy conservation and monitoring legislation. However, the lack of product standards in the market has led to some consumer reluctance to purchase LED lamps due to poor experiences with lower quality products in the past. This may continue to restrict growth in the short term.

*“In the medium term, as the commercial and increasingly the domestic sectors utilise the new technology, and with higher volumes of housing required and increasingly sophisticated, task orientated lighting used across all markets, LED lighting will see high volume growth supported by a wider range of sectors”* said Keith Taylor, Director of AMA Research. *”We expect the market to grow rapidly until 2018, when the it is estimated to be worth in excess of £1bn.”*

The **‘LED Lighting Market Report - 2014-2018 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](http://www.amaresearch.co.uk) or by calling 01242 235724.

**Editors 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.

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

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