

Led Lighting Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The LED lighting market is expected to register a CAGR of 10.5% over the forecast period. The need for outdoor LED lighting has historically been subjected to moderate growth due to the significant change in demand for LED technology with improved features and usage. This is projected to fuel the development of the market during the forecast period.

Key Highlights

The government's support through different regulations that promote investments in energy-efficient lighting technologies has expanded the applications of LED lights across different industrial, commercial, and residential sectors. Furthermore, lighting accounts for nearly 10% of household electricity usage and 18-40% of commercial premises. There is a growing demand for energy saving worldwide, creating scope for the market. The transition to energy-efficient lighting is expected to reduce the global electricity demand for lighting by 30-40% in 2030.

Countries across the world are widely adopting LED lighting. For instance, New York planned to replace 250,000 streetlights with LEDs, which was to be followed by the replacement of decorative lights in urban areas. Further, Barcelona (Spain) deployed more than 3,000 smart streetlights based on LED technology, which gathers information about pollution, humidity, noise, and the overall environment.?

Moreover, the US Department of Energy (DOE) anticipated that LED is a favorably energy-efficient lighting technology and has the potential to change the future of lighting in the United States fundamentally. The widespread use of LED lighting has a significant potential impact on energy savings in the United States. Further, by 2035, most lighting installations are expected to use LED technology.

The growing consumer awareness about the environment, the durability of these lights, and the government mandates for energy efficiency drive the increasing adoption of LEDs. For instance, as part of its green initiatives, the Chennai Airport bought six sets of LED base lights for disaster relief to make its lights and fixtures energy-friendly.

Product innovation by various companies also continues to rise in the market growth. In July 2022, Realme India launched Realme Smart LED bulbs in India. The product has a rated power rating of 9W with an input voltage of AC 120~250V. The lights can be controlled using the Realme Link application, Google Home, or Amazon Alexa.

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However, owing to the increase in import duties from China, several companies have started shifting production lines and sourcing LED lighting solutions and components from other countries, further increasing the installation cost of manufacturing facilities and the bargaining power of raw material suppliers.

Furthermore, the COVID-19 pandemic had a powerful impact on the market. Its effect was observed at the first or starting node of the market value chain, i.e., lighting product manufacturers. Additionally, the market witnessed a halt in production and disruption in the supply chain, leading to weakened industrial output growth and declining light manufacturing output across significant manufacturing hubs.?

LED Lighting Market Trends

Commercial Segment Expected to Witness Significant Growth Rate

In the current market strategy, LED light bulbs are witnessing the early adoption phase of the product life cycle. However, continued technological advancement in LED lighting poised these product offerings to enter and advance through the growth phase. Lumileds Holding introduced its new LUXEON 2835 commercial LEDs. These LEDs are engineered and designed to support the increasing demand for high-volume, high-efficacy mid-power LEDs to serve commercial indoor lighting applications. Typical commercial indoor applications include troffers, panels, and high-bay, among other formats.

Advancements in light-emitting diode technology have authorized LED lighting products to penetrate the commercial lighting demand with enormous growth potential. Commercial buildings, including offices, stores, restaurants, hospitals, and schools, account for almost 20% of US energy consumption, and 38% is attributed to lighting.

In addition, major American manufacturers are actively developing the LED lighting business with the rising LED lighting penetration rate. LED commercial lighting demand is vital in the US market, among which the demand for troffer, panel lights, tunnel lights, and high bay lights is growing fastest. These lights are working toward intelligent and optical communications and other new application areas.

According to the long-term energy forecast for Annual Energy Outlook, the US Energy Information Administration expects LED lighting to continue to grow, meeting up to 95% of the commercial lighting demand by 2050.

Overall, rapid urbanization and the increasing construction activities in the commercial sectors of different countries are expected to fuel the market demand during the forecast period. For instance, in June 2022, Wipro Lighting announced the creation of a new business unit combining commercial lighting and seating solutions. It aims to offer more comprehensive solutions to its customers in the B2B (business-to-business) space and deliver more value. Such developments will further drive market growth.

North America is Expected to Hold Significant Market Share

According to the US Energy Information Administration, LED lights have become commercial buildings' second most common bulb type. Laws such as the Energy Independent and Safety Act of 2007 have significantly impacted the growing use of more efficient lighting options by establishing minimum efficiency requirements for producing new light bulbs.

The development of the LED lighting market in the region can be attributed to the declining manufacturing cost of LEDs and the increasing need for energy-efficient and sustainable lighting. For instance, Brazil, which used to export LEDs, has established many manufacturing facilities to accelerate their adoption in commercial, industrial, and government public sectors.

For instance, in February 2022, Kelly Wearstler, an American designer, collaborated with Tech Lighting on a new collection of lighting products defined by pure geometries and sophisticated materiality. The exhibition, intended for indoor and outdoor use, is versatile, minimal, and technologically up-to-date.

The government also regulates lighting systems used in commercial spaces, limiting energy consumption. For example, the

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Federal Energy Management Program (FEMP) guides the acquisition of commercial light-emitting diode (LED) luminaires in the United States. Such trends are anticipated to drive the market's growth during the forecast period. Furthermore, buildings are among the largest consumers of electricity worldwide. However, according to estimates, 80% of the energy efficiency potential of buildings is not utilized. For instance, Rio de Janeiro consumes 60% more public lighting energy than New York City.

LED Lighting Market Competitor Analysis

The LED lighting market is fragmented due to many regional and international players like Heliospectra AB?, Dialight PLC?, Eaton Corporation?, General Electric Company, and OSRAM GmbH. With a prominent share in the market, these major players are focusing on expanding their customer base across foreign countries. These companies leverage strategic collaborative initiatives to increase their market share and profitability. However, with technological advancements and product innovations, mid-size to smaller companies are expanding their market presence by securing new contracts and tapping new markets.

May 2022 - SYSKA LED introduced the Syska LED Recessed SMD Downlight (Glowlick-SSK-SLP). This is an ideal lighting solution for indoor applications because it can be used in stores, malls, homes, showrooms, and office spaces.

February 2022 - Signify entered a partnership with Gerard Lighting Group, a manufacturer of electrical lighting products. This acquisition aimed at strengthening its position in the lighting markets of Australia and New Zealand, as well as to provide growth opportunities, such as those between Pierlite's luminaire offerings and Signify's connected lighting solutions.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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