

News

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FOR IMMEDIATE RELEASE

THIRD-QUARTER 2008 LIGHTING SYSTEMS INDEX REACHES TEN-YEAR LOW, NLB STATES.

Silver Spring, MD: The National Lighting Bureau (NLB) reports that just-released, third-quarter-2008 NEMA Lighting Systems Index data show that lighting equipment shipments contracted 4.3% from second-quarter 2008's level, reaching a ten-year low.

Established in 1998, the NEMA Lighting Systems Index is a composite measure of lamps, luminaires, ballasts, emergency lighting, exit signs, and other lighting products shipped nationally and internationally from the United States by the 450 companies that comprise the National Electrical Manufacturers Association (NEMA). NEMA members manufacture a wide range of products used in the generation, transmission, distribution, and control of electricity, as well as innumerable end-use products in addition to those used in lighting. The value of NEMA members' annual shipments totals \$100 billion.

The Index uses 2002 data for its 100-point benchmark; third-quarter 2008 performance receded to the 92.5-point level. The prior low point was reached during the fourth quarter of 2006 (93.5), followed by the first quarter of 1999 (94.5).

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The third quarter's discouraging performance was expected by the National Lighting Bureau, even though data from the prior two quarters indicated expansion rather than contraction: Second-quarter-2008 Index performance was about 1.5% ahead of first-quarter performance, which itself exceeded fourth-quarter-2007 results by 1.1%. NLB Communications Director John P. Bachner said at the time, "To the extent these data are taken as a cause for optimism, they could be misleading. While [increased shipments are] certainly something to be thankful for, the U.S. lighting market still remains depressed. It's down 3.5% from its year-ago level, and down more than 8% from the start of 2006, all because of troubles in the U.S. housing market."

NEMA Economic Analysis Director Brian Lego observed that "lighting equipment demand continues to take a significant hit from the residential market" on both the supply side and demand side. "On the supply side, builders are loath to begin new homes as many local markets are bloated with inventories caused by record foreclosure rates. On the demand side, a weaker economy is prompting a pullback in household growth and creating a disincentive for consumers to make major purchases such as a new home. Moreover, lenders have reined in standards for loans, which will also reduce the ability of consumers to buy a new home. Even consumer purchases of energy-efficient lighting equipment such as CFLs have taken a hit as of late, as buyers have balked at their higher first-cost pricing."

The impact of the housing-market slowdown has for several quarters been offset by continued construction in the nonresidential market. However, as Mr. Lego reported, that source of support "is beginning to wane as inflation-adjusted outlays on commercial and industrial construction projects declined during the third quarter of 2008, marking the first such drop since 2005. Five consecutive quarters of shrinking corporate profits, slow-to-thaw credit markets and tougher lending terms have eroded the prospects for construction activity going forward, and thus will lead to diminished demand for lighting equipment."

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The NEMA Lighting Systems Index can be viewed at www.nlb.org/Index/.

Established in 1976, the National Lighting Bureau is a not-for-profit, independent, lighting information source sponsored by professional societies, trade associations, manufacturers, and agencies of the U.S. government. For more information, refer to the NLB website (www.nlb.org) or contact NLB staff by telephone (301/587-9572) or e-mail (info@nlb.org).

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