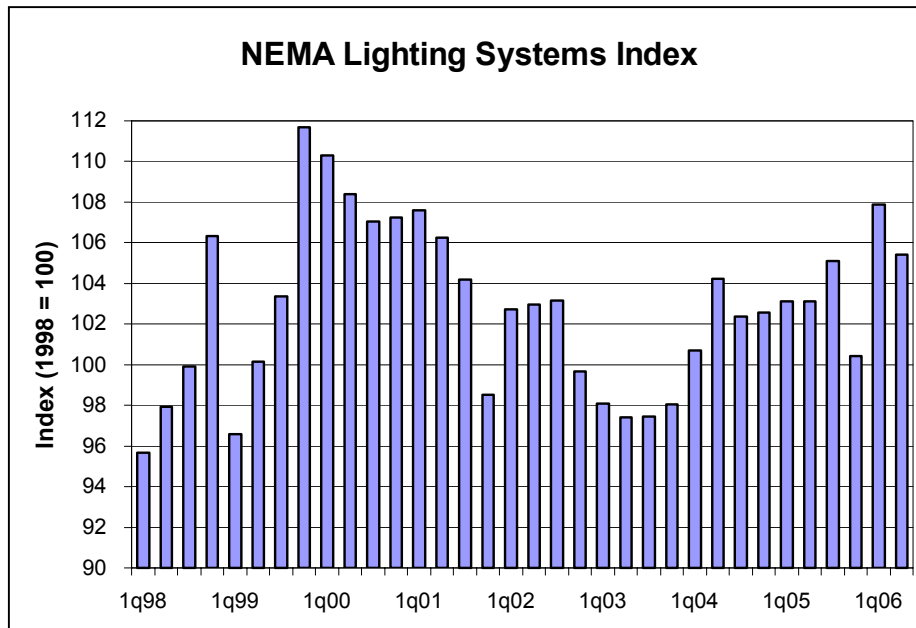


## Lighting Equipment Demand Eases During Second Quarter of 2006

After registering a six-year high in the first quarter of 2006, NEMA's Lighting Systems Index declined 2.3 percent during the second quarter. As in the prior quarter, the topline index was bolstered by gains in domestic shipments of emergency lighting, fixtures and fluorescent ballasts. However, lower shipments for both large and miniature lamps pushed the index lower. Although demand is weaker when compared to a strong first quarter, the overall level of domestic shipments remains healthy, as evidenced by the index's 4.6 percent gain from a year ago and 13 percent growth over the past three years.



Demand for residential-use lighting systems is likely to lose steam. A wide array of data indicates the U.S. housing market has cooled considerably in the past six months. Indeed, construction of new single-family homes has plummeted nearly 20 percent since January and inventories of unsold

homes have soared; also, publicly traded homebuilders have offered weak outlooks, as many are offering significant discounts in erstwhile hot markets to entice buyers.

By contrast, systems specialized for commercial, industrial and outdoor applications are expected to see demand remain strong going forward. Investment in nonresidential structures jumped nearly 13 percent on an annualized basis during the second quarter of 2006, marking the third consecutive quarter construction activity increased at or near a double-digit pace. With profit margins still at unprecedented levels and capacity constraints on the rise due to growth in employment and manufacturing output, spending on new office, industrial and other commercial facilities is expected to rise at nearly a double-digit pace through the end of 2007, yielding measurably stronger demand for new lighting equipment.

The NEMA Lighting Systems Index is a composite measure of NEMA-member companies' U.S. shipments of a variety of lighting products, including lamps, luminaire, ballasts, emergency lighting, and exit signs. Product shipments data are drawn from NEMA statistical surveys and are adjusted for inflation and seasonal fluctuations.

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