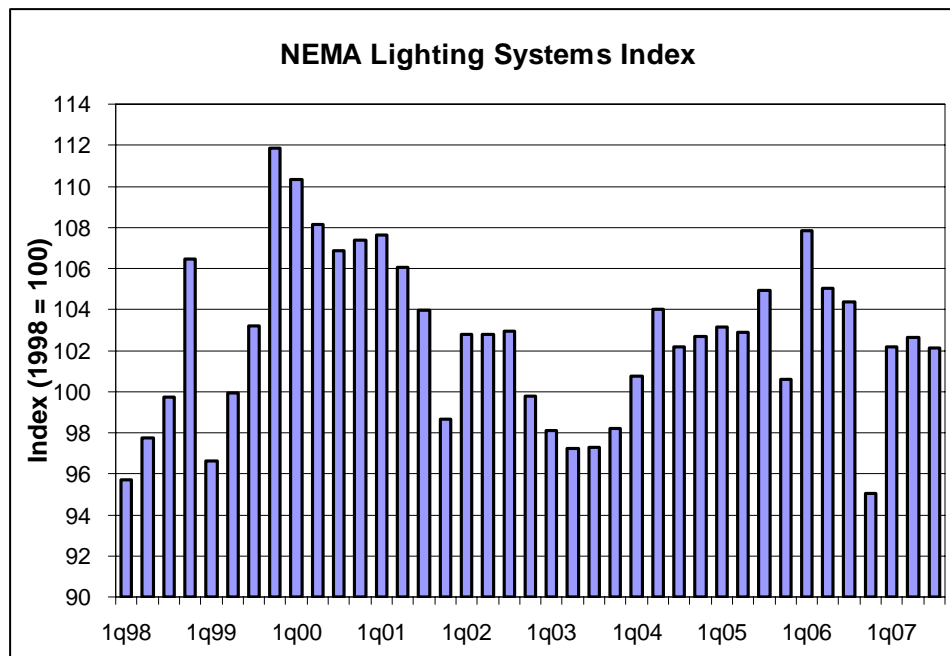


Lighting Index Edges Lower in Third Quarter of 2007

NEMA's Lighting Systems Index slipped during the third quarter of 2007, declining 0.5 percent from the second quarter of this year. Domestic demand for lighting equipment has trended lower for more than a year now as inflation-adjusted shipments have contracted on a year-over-year basis in each of the last five quarters, including the 2.2 percent drop in the most recent quarter. With respect to the index's various categories, fixtures and emergency lighting equipment saw shipments increase compared to a year ago, but ballast, miniature lamps and large lamps all experienced a decline relative to the third quarter of 2006.



Among the key end-markets for lighting equipment, the housing market remains the largest drag on demand. Single-family housing starts fell to their lowest quarterly total in 15 years during the third quarter of 2007, having contracted by an average annualized pace of nearly 30 percent since the first half of 2006. Signs of a

turnaround any time soon are not apparent either, since forward-looking indicators such as homebuilder confidence and building permit issuance paint a grim picture of future construction activity. In fact, chances are high that conditions will worsen for the U.S. housing market as a large number of subprime mortgage loans are slated to reset, presumably at higher interest rates, over the next 12 months.

By contrast, nonresidential construction activity has increased at a healthy pace and has buoyed lighting equipment demand as the housing market remains mired in recession. Real investment in

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.

commercial, industrial and other nonresidential structures has increased by an average annualized pace of well above 10 percent for nearly the past two years. Going forward, spending on office buildings, lodging and manufacturing plants is expected to slow down measurably, but the strength of corporate balance sheets and tightening vacancy rates will bolster demand for new space for the foreseeable future.

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