



LED Market Insights Roundup

March 2015

ROI of Switching to LEDs

Municipalities expect to reduce annual energy costs by at least **50%** by switching existing fixtures to LED lights.

50%

LEDs are expected to become the lighting technology of choice for commercial markets within the next 10 years.

By 2023, the installed base of LED luminaires for commercial applications is expected to grow globally from \$187M in 2014 to nearly **\$2.8B**

By 2021, global revenue for the LED manufacturing & installation sector is expected to grow from \$2.7B in 2013 to more than

\$25B

20%

the annual rate of
cost decline for LED
lighting systems

U.S. Department of Energy
(DOE) programs are driving
aggressive cost reductions
for LED products

65%

the projected cost reduction of LED packages by 2020

The packaging piece of an LED unit accounts for 61% of the final cost

60%

potential increase
in energy efficiency
switching to LEDs

LED lighting upgrades can
also reduce demand on
HVAC systems by 15%

Though ROI will vary from project to project, the long-term cost savings of LEDs will come from:

- Reduced frequency of replacing lighting units
- Reduced maintenance between retrofit or replacement projects



Municipal LED Projects: Successes

40-80%

Ann Arbor, MI reduced maintenance costs for streetlights, car parking lights, and office lighting by installing LED alternatives.

Ashville, NC implemented an LED streetlight program in 2008 that had an ROI of 5.1 years and cut energy costs by

50%

Anticipated Municipal **LED Streetlight Projects**

Honolulu

is considering replacing 52,000 city-owned streetlights. Anticipated annual savings are **\$3 million**, or **\$58 per pole each year**.

Massachusetts

plans to replace 6,000 streetlights & other outdoor lights in 2 phases over the next few years. Estimated annual savings: **\$500,000**, or **\$83 per pole per year**.

Poughkeepsie, NY

is replacing 1,880 streetlights at a cost of \$3.2 million. The city's annual savings target is **\$400,000**, or **\$222 per pole per year**.

San Jose, CA

will replace 1,500 streetlights, with an estimated annual savings of **\$660,000**, or **\$440 per pole per year**.

Selling to Municipalities: Managing Expectations

Customer education is key.

LED vendors have the opportunity to add value by informing the customer and ensuring that projects meet expectations.

Cost Expectations

LED lights are **2 to 4 times more expensive** than traditional lighting.

The upfront costs associated with implementing LEDs might be too prohibitive for municipalities unless they are able to access government, manufacturer, or other subsidies.

Time Expectations

Many entities expect to see cost savings in 1 to 3 years, but in reality it might take **5 to 10 years for ROI to be realized**, depending on the project.

Design Expectations

LED products must be **compatible with the desired application** and must also be of sufficient quality to comply with **industry standards** set for energy savings.

Combining the right LED products with **smart controls** (i.e. lights that go off when not in use) is the key to maximizing energy savings for most projects.

For more information, visit:

AllLEDLighting.com

EERE.energy.gov

LEDInside.com

AmericanCityandCounty.com

MyLEDLightingGuide.com

AshevilleNC.gov

NavigantResearch.com

TheCleanRevolution.org

Connect with us:

