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Lighting as a Service (LAAS) Market Forecasts to 2032 – Global Analysis By Component (Hardware, Software and Maintenance Services), Installation, Application, End User and By Geography

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Abstracts

According to Stratistics MRC, the Global Lighting as a Service (LAAS) Market is accounted for $2.1 billion in 2025 and is expected to reach $14.7 billion by 2032 growing at a CAGR of 32.0% during the forecast period. Lighting as a Service (LaaS) operates on a subscription basis, enabling users to benefit from lighting solutions without owning the equipment. Under this model, third-party providers manage the installation, maintenance, and upgrading of energy-efficient lighting systems, typically featuring LEDs, while customers pay a recurring fee for the illumination provided. LaaS has gained traction for its cost-effectiveness and environmental benefits, easing the financial burden for businesses and local authorities. It leverages advanced technologies like remote control, energy consumption monitoring, and predictive maintenance to enhance efficiency.

According to the International Energy Agency (IEA), energy consumption increased in 2022, and despite the declining carbon intensity of electricity, CO2 emissions from lighting experienced a slight rise in the same year.

Market Dynamics:

Driver:

Growing demand for energy-efficient and smart lighting solutions

Governments and organizations worldwide are adopting LED-based smart lighting

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solutions to reduce energy consumption and carbon footprints. The shift towards service-based models, which eliminate upfront capital costs and provide maintenance, further accelerates adoption. Additionally, the rising adoption of IoT-enabled lighting systems enhances operational efficiency and remote monitoring capabilities. These factors collectively boost the demand for LaaS in commercial, industrial, and municipal sectors.

Restraint:

High initial setup costs and long payback periods

Despite offering long-term cost savings, the initial implementation costs of LaaS can be a restraint for some businesses, especially small and medium enterprises. Upgrading traditional lighting infrastructure to smart, connected systems requires significant investment. Moreover, concerns regarding the payback period and return on investment (ROI) may deter companies from transitioning to LaaS. Additionally, reliance on third-party providers for ongoing service and maintenance raises concerns about vendor dependency and long-term contractual obligations.

Opportunity:

Expansion in healthcare and retail sectors

Hospitals and healthcare facilities require optimized lighting solutions to enhance patient comfort and operational efficiency, driving the demand for service-based lighting models. Similarly, the retail sector is increasingly integrating dynamic and customizable lighting solutions to improve customer experiences and energy savings. The ability of LaaS to offer adaptive lighting, energy monitoring, and automated controls aligns with the evolving needs of these sectors, boosting market expansion.

Threat:

Data security and privacy concerns

Cybersecurity threats, including unauthorized access and hacking of connected lighting networks, pose challenges for service providers and end-users. Additionally, regulatory compliance requirements related to data privacy and security can impact the adoption of LaaS, particularly in sectors with stringent data protection laws. Any breach or system failure in smart lighting infrastructure could lead to operational disruptions and

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reputational damage for service providers.

Covid-19 Impact:

The COVID-19 pandemic significantly disrupted the Lighting as a Service (LaaS) market, causing delays in installations and supply chain interruptions due to lockdowns and travel restrictions. Many businesses postponed lighting upgrades as they prioritized essential operations, leading to a temporary decline in demand. However, the pandemic also highlighted the importance of energy efficiency and cost-saving solutions in the recovery phase. The shift towards remote work and sustainable practices further boosted interest in flexible, subscription-based lighting models post-pandemic.

The hardware segment is expected to be the largest during the forecast period

The hardware segment is expected to account for the largest market share during the forecast period enabling advanced functionalities and seamless integration. Components such as LED luminaires, sensors, controllers, and gateways form the backbone of LaaS systems, ensuring energy efficiency and smart capabilities. High-quality hardware enhances performance, reliability, and scalability, making it easier for service providers to offer tailored solutions. Innovations in IoT-enabled devices and connectivity further drive market growth

The streetlights segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the streetlights segment is predicted to witness the highest growth rate due to driving demand for energy-efficient and smart lighting solutions. Municipalities and urban planners increasingly adopt LaaS models to upgrade traditional streetlights with LED technology, reducing energy consumption and maintenance costs. Smart streetlights equipped with sensors and IoT connectivity enable real-time monitoring, fault detection, and adaptive lighting, enhancing operational efficiency and public safety.

Region with largest share:

During the forecast period, the Asia Pacific region is expected to hold the largest market share propelled by rapid urban development and a thriving construction industry. Strong need for energy-saving lighting in nations such as China, India, and Japan, alongside expanding commercial and industrial activities, underpins this leadership. Moreover,

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supportive governmental regulations favoring sustainability and smart urban projects boost LaaS uptake in diverse sectors. The concentration of prominent lighting firms and providers strengthens market reach and growth potential in the region.

Region with highest CAGR:

Over the forecast period, the North America region is anticipated to exhibit the highest CAGR, fueled by cutting-edge technology integration and a keen emphasis on energy conservation. The region’s well-developed framework for intelligent lighting, especially in the U.S. and Canada, supports the swift rise of subscription-driven lighting services. Moreover, tough ecological standards and corporate green pledges heighten the need for LaaS in commercial and civic applications. Also, a growing inclination toward adaptable, budget-friendly lighting solutions propels North America’s fast-paced growth in this field.

Key players in the market

Some of the key players in Lighting as a Service (LAAS) Market include Eaton, Signify Holdings, Siemens, Seiko Epson Corporation, OSRAM GmbH, Lutron Electronics Co., Inc, LumenServe Inc, Lumenix, Lighthouse, LEDVANCE GmbH, Koninklijke Philips N.V., IGOR INC, Honeywell International Inc., General Electric Company, Every Watt Matters, Enlighted, Inc, Electricity Supply Board (ESB) Group, Stouch Lighting and Digital Lumens Incorporated.

Key Developments:

In January 2025, Signify introduced next-generation AI-powered smart lighting solutions under its Philips Hue brand, enhancing LaaS offerings for commercial buildings. This system integrates IoT and AI to enable remote monitoring and adaptive lighting control, achieving up to 30% energy savings.

In November 2024, Lighthouse announced a $370 million Series C investment led by KKR to accelerate platform innovation and growth, supporting the expansion of AI and business intelligence capabilities for over 70,000 hospitality properties globally.

In February 2024, Siemens and its subsidiary Enlighted partnered with Zumtobel Group to integrate Enlighted's smart sensor technology into Zumtobel's lighting products, offering advanced smart building solutions.

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Components Covered:

- Hardware
- Software
- Maintenance Services

Installations Covered:

- Indoor Installation
- Outdoor Installation
- Remote Monitoring Systems

Applications Covered:

- Residential Complexes
- Streetlights
- Sports Arenas
- Specialty Lighting
- Other Applications

End Users Covered:

- Commercial
- Industrial
- Municipal/Public Sector

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- Other End Users

Regions Covered:

- North America
  - US
  - Canada
  - Mexico
- Europe
  - Germany
  - UK
  - Italy
  - France
  - Spain
  - Rest of Europe
- Asia Pacific
  - Japan
  - China
  - India
  - Australia
  - New Zealand

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South Korea

Rest of Asia Pacific

South America

Argentina

Brazil

Chile

Rest of South America

Middle East & Africa

Saudi Arabia

UAE

Qatar

South Africa

Rest of Middle East & Africa

What our report offers:
- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2024, 2025, 2026, 2028, and 2032
- Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)
- Strategic recommendations in key business segments based on the market estimations
- Competitive landscaping mapping the key common trends
- Company profiling with detailed strategies, financials, and recent developments
- Supply chain trends mapping the latest technological advancements

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Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

- Company Profiling
  - Comprehensive profiling of additional market players (up to 3)
  - SWOT Analysis of key players (up to 3)
- Regional Segmentation
  - Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)
- Competitive Benchmarking
  - Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

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Note: Tables for North America, Europe, APAC, South America, and Middle East & Africa Regions are also represented in the same manner as above.

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