

SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



JULY | AUGUST 2025

"SIA is proud to see the ongoing resilience of the security industry. Even with the significant challenges that tariffs are presenting, manufacturers, integrators and others continue to thrive through innovation and a commitment to supporting security and life safety throughout our communities."

Scott Dunn

*Axis Communications
SIA Board of Directors Chair*

Positive Sentiments in Security Industry Reach 2025 High Point

Security industry leaders rated current business conditions at their highest level of the year in the July-August SIA Security Market Index survey.

With 28 percent of respondents rating conditions as "excellent" and 53 percent saying they are "good," the total positive responses – 81 percent – matched the 2025 high that was recorded in the January-February survey.

Thirteen percent of July-August respondents said that conditions are "average," 2 percent said "fair," and 4 percent said "poor."

Several commenters elaborated on their high ratings, including:

- "We are experiencing double-digit growth." – Access control/identity management provider
- "Record sales months in Q2." – Integrator
- "Quoting activity and order intake is very healthy." – Physical security products manufacturer

Several survey participants, though, said that tariffs are dampening business performance. A manufacturer who was one of the few

respondents to report "poor" conditions said, "Tariff rates are having a major impact on our ability to offer a product at affordable prices," while a representative of the audio/voice communication sector who reported "good" conditions said, "Hit Q1 and Q2 revenue targets. However, Q2 profits were lower than projected because of tariff cost."

An AI software company based in Canada, meanwhile, did not specifically call out tariffs but did note that business has been "a bit lower in the U.S., but growing rapidly in the rest of the world."

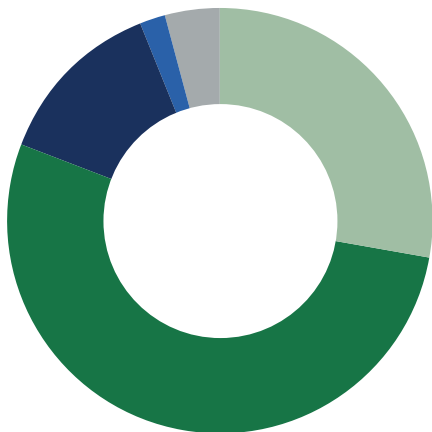
The Security Market Index measures confidence in the industry using a proprietary formula based on three-month projections related to five key business components. All major sectors of the industry were represented in the survey pool, with integrators, access control/identity management companies, and video surveillance businesses accounting for 40 percent of participants.

The July-August index increased two points to 53, two points below the rolling 12-month average of 55. An index over 50 indicates growth in the industry.

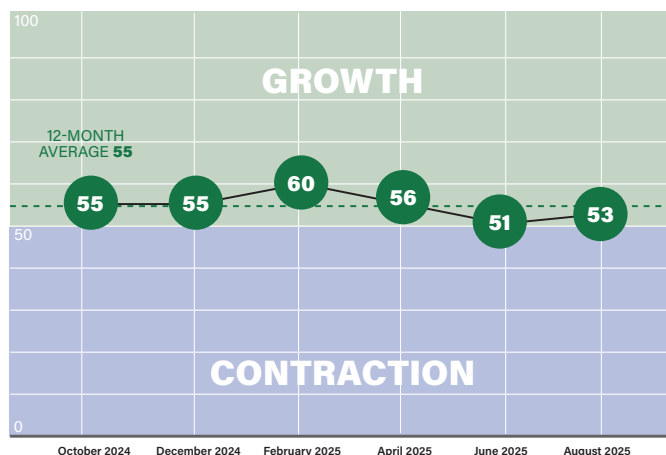
July - August 2025

Overall Rating of Current Business Conditions of Company

- Excellent – 28%
- Good – 53%
- Average – 13%
- Fair – 2%
- Poor – 4%



SIA Security Market Index



71% Foresee Growth in Next 3 Months



Most security leaders are expecting good conditions to get even better, according to the results of the latest SIA Security Market Index survey.

When asked how they expect conditions to be at their company in the next three months compared to today, 23 percent said “much better” and 48 percent said “a little better.” Twenty-three percent said “about the same,” while 6 percent expect things to get “a little worse.” In May-June, a combined 68 percent expected “much better” or “a little better” conditions.

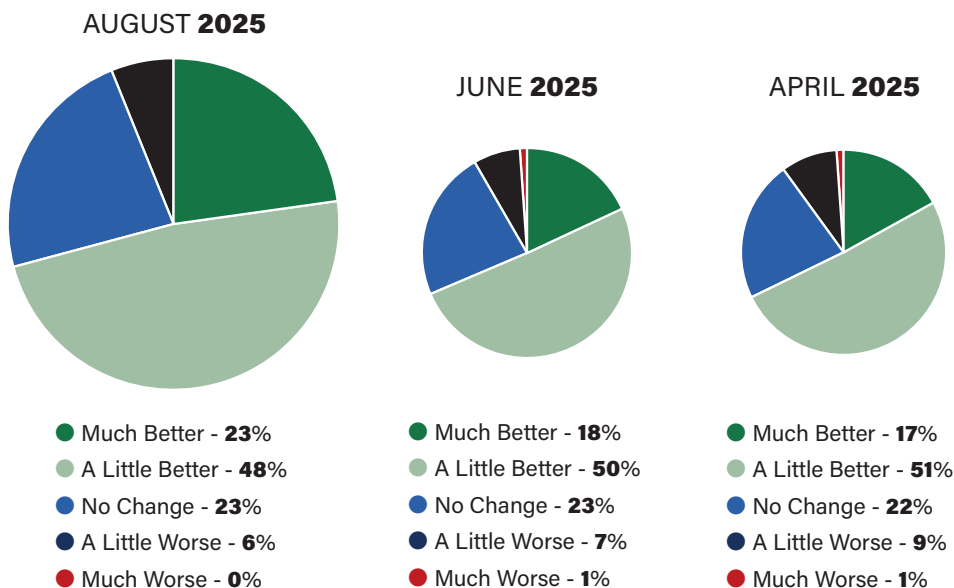
An audio/voice communication respondent – who rated current conditions as average and who expects conditions to get a little worse in the coming 90 days – noted an additional impact of tariffs beyond higher costs: “Tariffs are causing forecasting issues.”

Similarly, an access control/identity management respondent said their business is implementing “efficiency measures to safeguard against uncertain demand developments,” while a representative of the audio/voice communication sector said that, while “we are up over last year and feel good about Q3, Q4 is still more unknown than we would prefer.”

Regarding three-month forecasts for specific parts of their business:

- 73 percent expect to see increases in product or service sales, the same result as two months ago.
- 65 percent expect to increase the number of employees or hours worked, up from 56 percent in May-June.

Expected Business Conditions for Companies in Next Three Months



Percent of Respondents Saying They Will Increase Activity or Dollars in

AUGUST 2025

CapEx: **40%**
 Employees/Hours: **65%**
 Marketing: **45%**
 Product/Service Sales: **73%**
 R&D: **38%**

JUNE 2025

CapEx: **32%**
 Employees/Hours: **56%**
 Marketing: **42%**
 Product/Service Sales: **73%**
 R&D: **45%**

APRIL 2025

CapEx: **32%**
 Employees/Hours: **63%**
 Marketing: **52%**
 Product/Service Sales: **83%**
 R&D: **43%**

Other Private Sector Economic Indicators

- Institute for Supply Management Purchasing Managers Index (July) ▼
- National Association of Home Builders/Wells Fargo Housing Market Index (July) ▲
- National Association of Realtors Existing Home Sales (June) ▼
- The Conference Board Consumer Confidence Index (July) ▲

- 45 percent expect to increase marketing spending, up from 42 percent.
- 40 percent expect to increase capital equipment spending, up from 32 percent.
- 38 percent expect to increase spending on research and development, down from 45 percent.

One integrator said their R&D spending is “all driven by AI, which promises both efficiencies and new revenue opportunities,” while another said, “Customer desire to test AI allows us to spend some more on R&D, ensuring what we sell can perform as expected.”

Economy Expands, But Jobs Growth Scaled Back

A less than stellar jobs report in early August resulted in the loss of one more job.

The Bureau of Labor Statistics reported that the U.S. economy created only 73,000 jobs in July, putting the unemployment rate at 4.2 percent. In addition, it announced “larger than normal” revisions of job creation in May and June, reducing the total for the two months by 258,000 jobs. The bureau noted that “Monthly revisions result from additional reports received from businesses and government agencies since the last published estimates and from the recalculation of seasonal factors.”

Following the announcement, President Trump fired bureau Commissioner Erika McEntarfer, alleging that, under her leadership, the data were “manipulated for political purposes.”

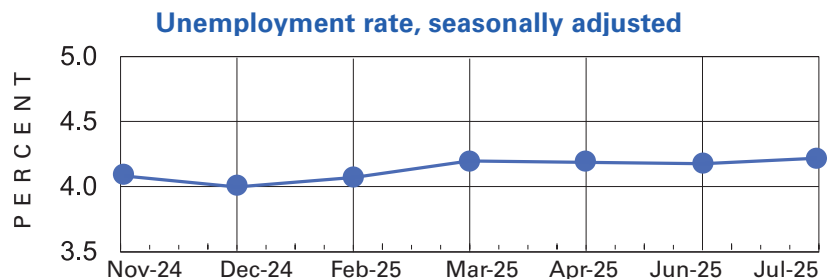
In July, the bureau reported that the consumer price index (CPI), a measure of inflation, for June increased by 0.3 percent from May and by 2.7 percent from June 2024. This was up from 2.4 percent in May and was the highest year-over-year increase since February’s 2.8 percent.

At the end of July, the Bureau of Economic Analysis reported that the nation’s gross domestic product (GDP) grew at an annualized rate of 3 percent in the second quarter,

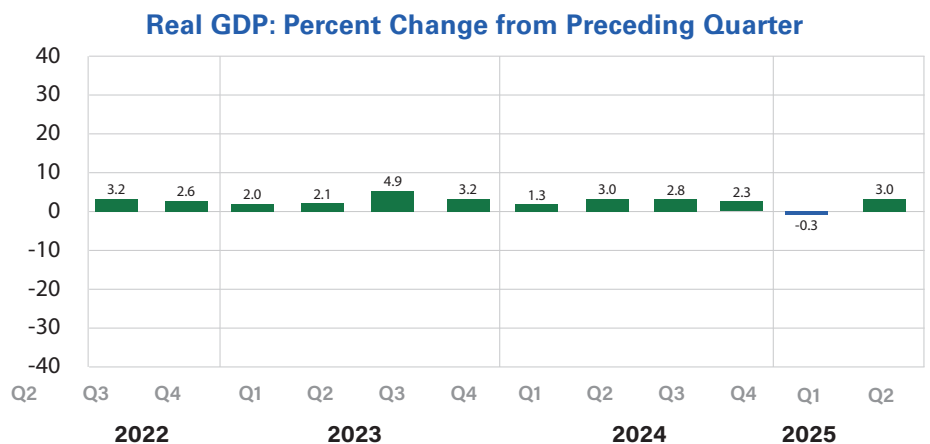
which it attributed to “a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending.”

With the economy still growing and inflation still above its target rate of 2 percent, the Federal Reserve decided at its July 29-30 meeting to leave interest rates unchanged. The

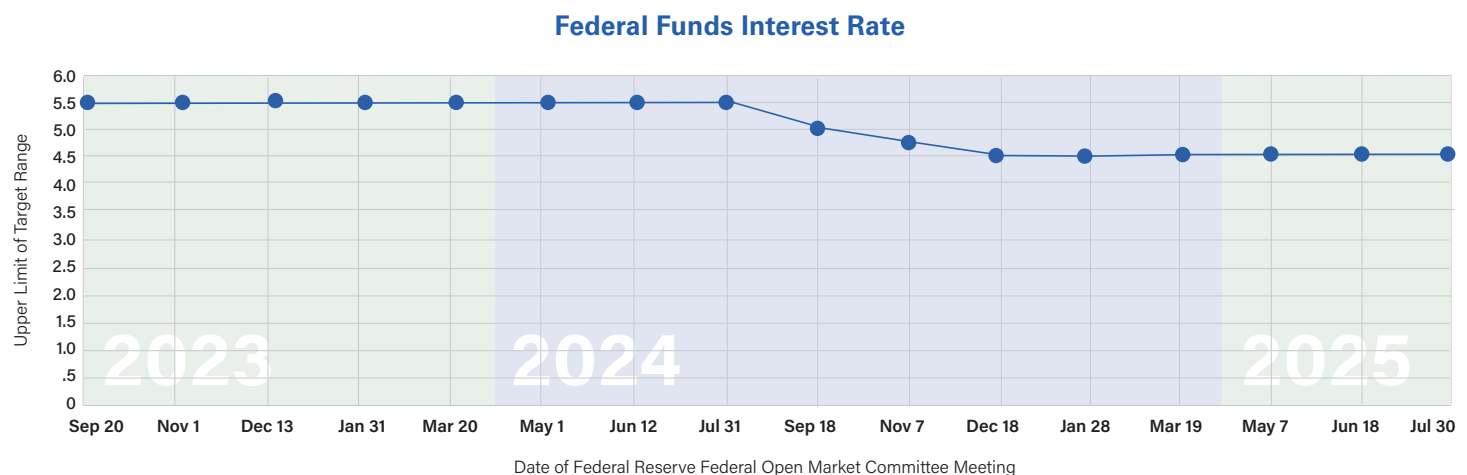
target range for the federal funds rate has been 4.25 to 4.5 percent since December. While interest rate decisions are usually unanimous, two members of the Fed’s Federal Open Market Committee dissented. Michelle Bowman and Christopher Waller wanted to reduce rates by a quarter-point.



Source: Bureau of Labor Statistics



Source: Bureau of Economic Analysis



No Industry Consensus on Impact of 'One Big, Beautiful Bill'

The major tax and spending legislation that was signed into law by President Trump on July 4 – the “One Big, Beautiful Bill Act” – is getting a mixed reaction in the security industry.

When asked, “What kind of impact do you expect this bill to have on your business,” 25 percent said the result would be positive – including 7 percent who said “very positive” – while 16 percent said it would be negative, including 3 percent who said “very negative.” The remaining 59 percent selected the “neutral/not sure” option.

“There are some decent points to some parts of the bill, but any omnibus bill is a hodge-podge and removing the federal moratorium on AI development, once again, leaves companies relying on the states,” a video surveillance respondent (who was neutral on the question) said.

An integrator, meanwhile, explained their neutral response by saying, “Given the recency of the bill passing, we are looking to see what the short-term impact will be. Our focus continues to be on how the flip-flopping of tariffs has an impact overall, as we are seeing price increases at the SKU level from manufacturers despite lack of clarity on tariffs.”

Other comments included:

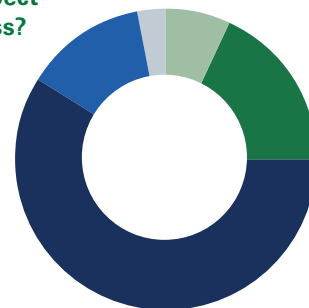
- “Time will tell. However, several cuts in the budget look like they will have a negative impact.” – Audio/voice communication provider

- “Would have been good to have federal-level AI regulation.” – Access control and video surveillance provider
- “Inclusion of tax breaks for business owners should help the overall deal climate.” – Investment bank representative
- “Not sure. Tariffs are the much bigger concern for us and our customers.” – Audio/voice communication provider
- “Tariff decision for the European region still not clear; mitigation actions prepared.” – Access control/identity management provider (The survey was conducted before the United States and the European Union announced a preliminary trade deal on July 27.)

On July 4, President Trump signed into law a major piece of tax and spending legislation known as the “One Big, Beautiful Bill Act.”

What kind of impact do you expect this bill to have on your business?

- Very Positive – 7%
- Positive – 18%
- Neutral/Not Sure – 59%
- Negative – 13%
- Very Negative – 3%



Growing Your Business? Grow It With SIA

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Behind the SIA Security Market Index

The Security Market Index, a bi-monthly survey and report, measures overall industry confidence in addition to specifics by

executives' product and service focus. A select group of top leaders, representing the SIA membership, is surveyed throughout the month of publication via a series of emails with a link to an online and confidential questionnaire.

Respondents can add comments to most recurring questions. When comments are referenced in this report, they are not attributed to any specific individuals or member firms.

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