

SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



SEPTEMBER | OCTOBER 2025



When asked how they would rate current business conditions for their company, 84 percent replied either "excellent" or "good."

Positive Sentiments Prevail in Security Industry

Security leaders are feeling very good about business right now, according to the results of the September-October SIA Security Market Index survey.

When asked how they would rate current business conditions for their company, 84 percent replied either "excellent" (34 percent) or "good" (50 percent). This is the highest positive response to the question in 2025, improving upon the 81 percent result in the July-August survey.

Twelve percent described conditions as "average," while 4 percent said "fair." No survey participants gave a response of "poor."

"It is odd we find business so far this year very, very good," a respondent from the audio/voice communication sector said. "I say odd because we thought there would be a downturn in the market after the tariff issue. [But] we are sure there will be an effect that we have yet to see."

Several other commenters also referred to tariffs, but in less benign terms.

An access control/identity management representative, who described the state of their business as "average," said, "Federal government DOGE/cost cutting and the unpredictable tariff situation have deteriorated our business conditions."

And an integrator who said that conditions are "good" lamented that, "In light of the economic uncertainty with tariffs and job reports, people seem to be hesitant to commit money."

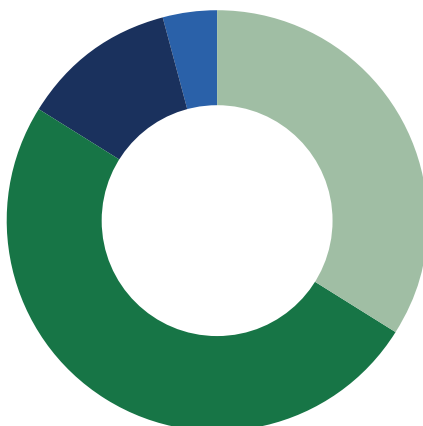
The Security Market Index measures confidence in the industry using a proprietary formula based on three-month projections related to five key business components. All major sectors of the industry were represented in the survey pool, with integrators, access control/identity management companies, and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

The July-August index increased for the second month in a row to 59, three points above the rolling 12-month average of 56. An index over 50 indicates growth in the industry.

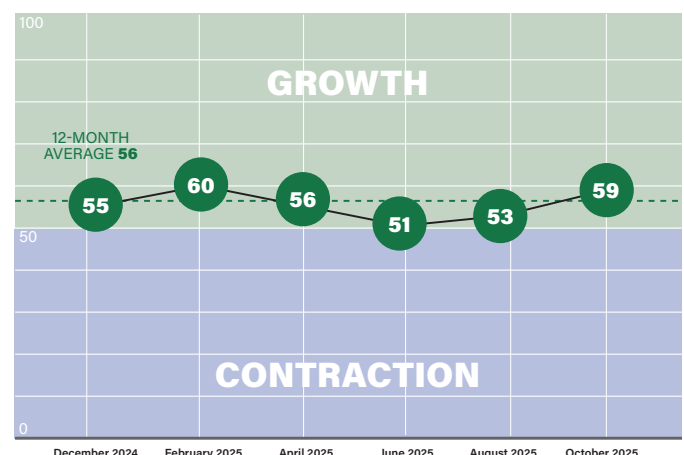
September - October 2025

Overall Rating of Current Business Conditions of Company

- Excellent – 34%
- Good – 50%
- Average – 12%
- Fair – 4%
- Poor – 0%



SIA Security Market Index



Business Projections Strong Through End of Year



The vast majority of security leaders appear to expect the good times to continue through at least the end of the year.

A combined 79 percent of respondents to the September-October SIA Security Market Index survey said that conditions at their company are likely to get either “much better” (30 percent) or “a little better” (49 percent) during the next three months. This marks an 8-point improvement over the results from two months ago.

Eighteen percent said they expect conditions to be “about the same” and 3 percent said they will probably get “a little worse.” Nobody said conditions will get “much worse.”

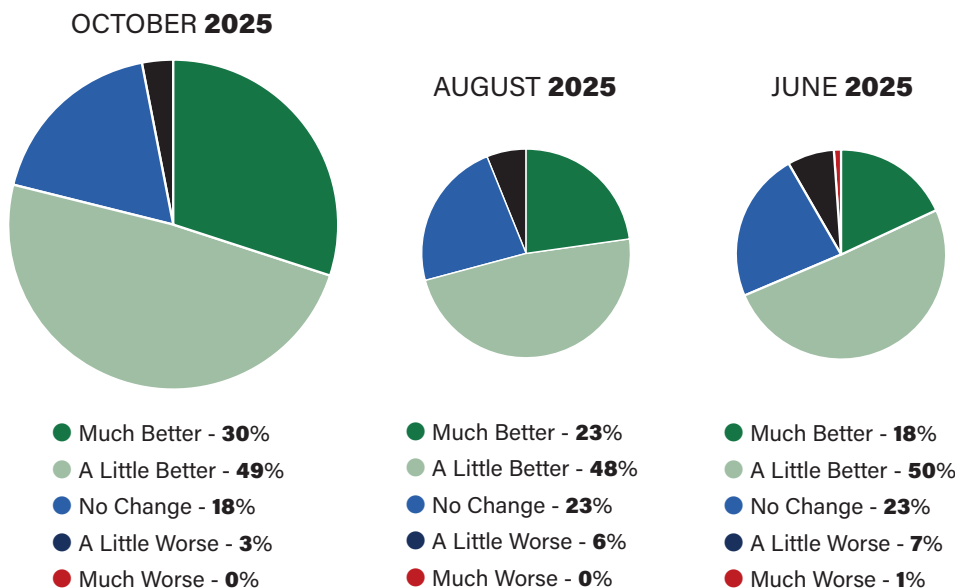
One of the few “little worse” respondents, a representative of the residential security sector, explained their rating with one punctuated word: “Tariffs!”

Some respondents, though, are feeling positive effects from increased duties on imports, including a survey participant from the electronic access control hardware sector who said, “Made in the USA has presented recent advantages while others are struggling with supply chain and tariff increases.”

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

- 78 percent expect to see increases in product or service sales, up from 73 percent in the July-August survey
- 68 percent expect to increase the number of employees or hours worked, up from 65 percent
- 49 percent expect to increase marketing spending, up from 45 percent

Expected Business Conditions for Companies in Next Three Months



Percent of Respondents Saying They Will Increase Activity or Dollars in

OCTOBER 2025

CapEx: **35%**
 Employees/Hours: **68%**
 Marketing: **49%**
 Product/Service Sales: **78%**
 R&D: **50%**

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%**

Other Private Sector Economic Indicators

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

- 50 percent expect to increase spending on research and development, up from 38 percent
- 35 percent expect to increase capital equipment spending, down from 40 percent

Some respondents noted the impact that artificial intelligence is having on their operations:

- “Adding AI to decrease people hours but increasing productivity and output.” (Access control/identity management sector)
- “AI is creating greater efficiencies with the same headcount.” (Security platforms sector)
- “Leveraging AI for greater impact.” (Security platforms sector)

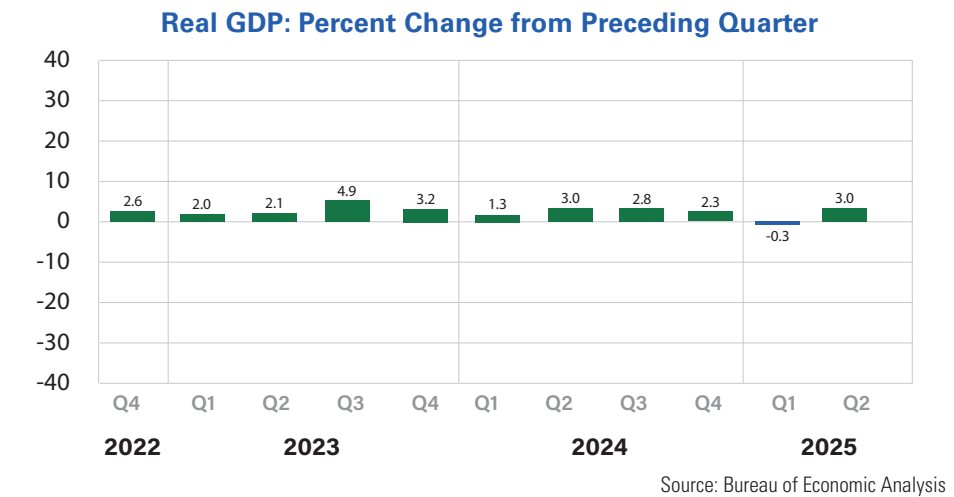
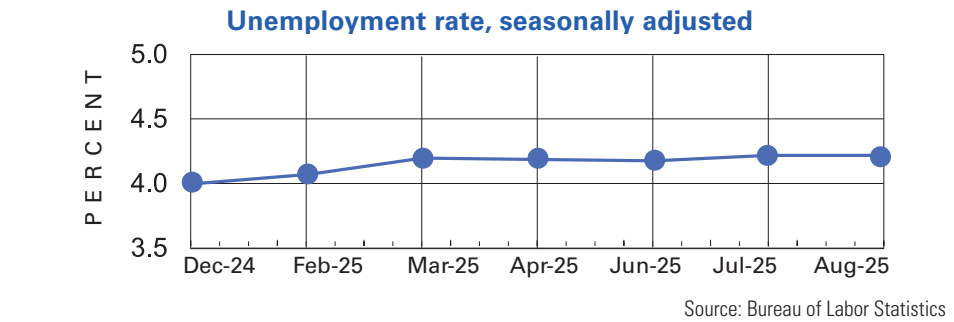
Federal Reserve Cuts Interest Rates as Jobs Growth Slows

The Federal Reserve in September sought to stimulate the economy by cutting interest rates by a quarter of a point, the first change in rates since December 2024.

The Fed has been hesitant to provide much incentive for growth because of inflation levels that remain elevated. In August, the Consumer Price Index came in at 2.9 percent, while the central bank's target rate of inflation is 2 percent.

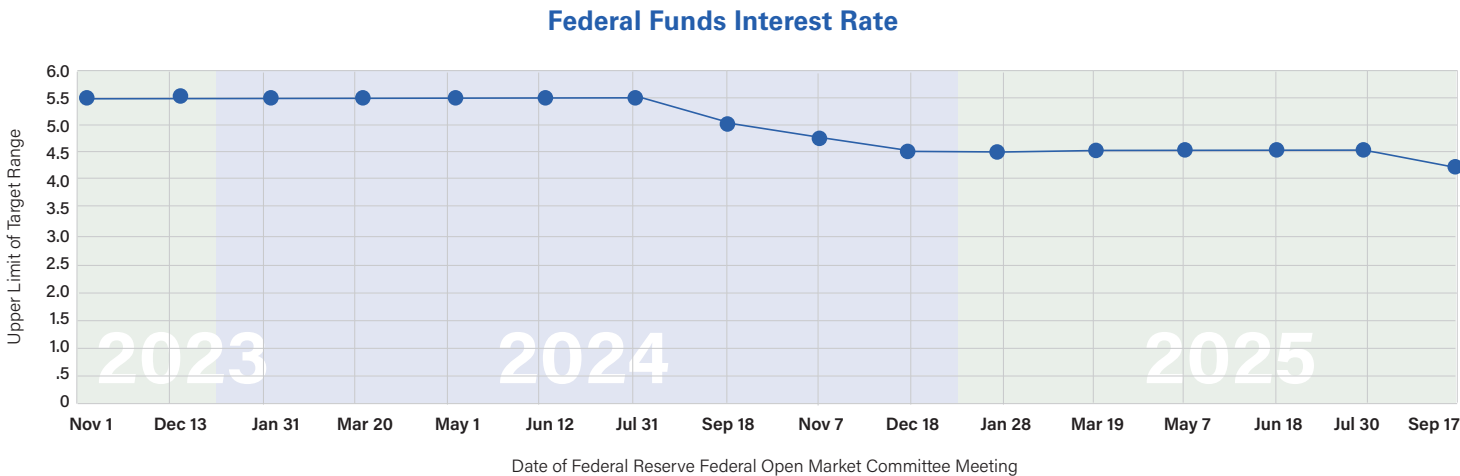
A weakening labor market pushed the Fed toward a cut, though. The economy has created a net of only 107,000 jobs since May, according to the Bureau of Labor Statistics, and the agency recently reduced its calculation of the total number of jobs created during the 12 months ending this past March by 911,000, the biggest downward revision since the year 2000. The unemployment rate is now 4.3 percent.

"If we ease too aggressively, we could leave the inflation job unfinished and need to reverse course later to fully restore 2 percent inflation," Federal Reserve Chair Jerome Powell said in Sept. 23 remarks to the Chamber of Commerce in Rhode Island. "If we maintain restrictive policy too long, the labor market could soften unnecessarily. When our goals are in tension like this, our framework calls for us to balance both sides of our dual mandate. The increased



downside risks to employment have shifted the balance of risks to achieving our goals." Powell also pointed to trade policy as a leading cause of higher prices. "Incoming data and surveys suggest that those price increases largely reflect higher tariffs rather than

broader price pressures," he said, adding, "Near-term measures of inflation expectations have moved up, on balance, over the course of this year on news about tariffs. Beyond the next year or so, however, most measures of longer-term expectations remain consistent with our 2 percent inflation goal."



Most Security Leaders See AI as Vital to Their Business

Three out of four respondents to the SIA Security Market Index survey said that artificial intelligence is a key factor for their business.

When asked, "How important are AI technologies for the products and/or services that you provide," half of survey participants said they are "very important" and one-fourth said they are "important." Nineteen percent assessed AI as "somewhat important," while only 6 percent said the technologies are "not important at all."

"We use AI across all departments," a survey participant from the security platforms sector said.

An electronic access control hardware respondent said their company is "deploying numerous AI tools to drive efficiency and productivity," while a representative of a company that specializes in critical event response management predicted that "Overall enhancements of the user interface using AI techniques will be increasingly important."

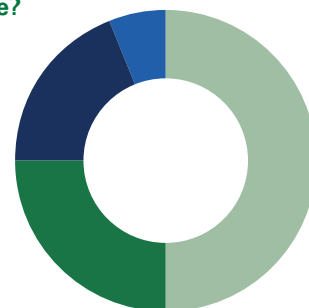
An audio/voice communication respondent who described AI as "somewhat important" to their business said the impact may not be large now, but it will grow.

"What AI brings to the table today is nice but not a market changer," they said. "It will be, and every day it will improve and be more important. It will be key to be able to adjust to the market developments quickly."



How important are AI technologies for the products and/or services that you provide?

- Very Important – **50%**
- Important – **25%**
- Somewhat Important – **19%**
- Not Important at All – **6%**



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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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