

SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



JANUARY | FEBRUARY 2026



“The innovation and resilience of SIA members steered them through a fair amount of uncertainty resulting from government budget and trade disruptions last year, but we are now looking ahead to an outstanding 2026.”

Scott Dunn, SIA Board of Directors Chair

Confidence Swells in Security Industry

Confidence in the security industry is hitting new highs, according to the results of the January-February SIA Security Market Index.

When asked to rate current business conditions for their company, 31% described them as “excellent,” while 53% said “good,” and 12% said “average.” The 84% positive sentiment was a four-point improvement over the results in November-December.

A respondent from the audio/voice communication sector said, “We saw our sales levels come back to [the] 2023 level, which was a banner year for us,” while a facial recognition technology provider said their sector “is really growing.”

An integrator who was one of the few “poor” responses, lamented that there is “no federal budget in place yet; still operating under a CR,” referring to the continuing resolution that expired and resulted in a brief partial government shutdown after the Security Market Index survey closed.

Notwithstanding concerns about the federal budget process, it is notable that participants in

the most recent survey did not mention tariffs, which were frequently cited by respondents as having a negative impact on the industry in 2025.

The January-February Security Market Index, which is calculated using a proprietary formula based on three-month projections related to five key business components, increased nine points to 64 from the end of 2025. This is eight points above the rolling 12-month average of 56. An index over 50 indicates growth in the industry.

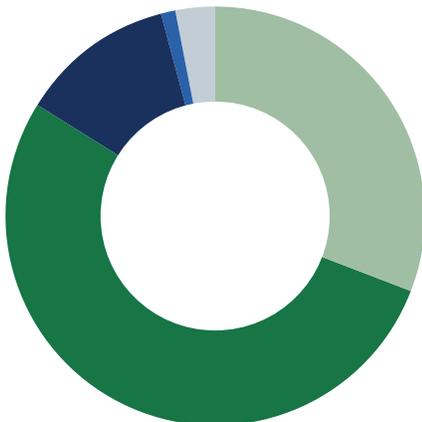
Survey respondents represented all of the main sectors of the security industry, with access control/identity management, integration and video surveillance accounting for just over half of participants.

“We are thrilled to see the security industry start the year so strong,” SIA Board of Directors Chair Scott Dunn said. “The innovation and resilience of SIA members steered them through a fair amount of uncertainty resulting from government budget and trade disruptions last year, but we are now looking ahead to an outstanding 2026.”

January - February 2026

Overall Rating of Current Business Conditions of Company

- Excellent – 31%
- Good – 53%
- Average – 12%
- Fair – 1%
- Poor – 3%



SIA Security Market Index



Short-Term Industry Outlook Very Bright



Nearly nine out of 10 respondents to the January-February SIA Security Market Index expect conditions at their company to improve in the next three months.

Two thirds of survey participants said they think that conditions will get “a little better,” while more than one-fifth expect things to get “a lot better.” The total of 89% expecting some level of improvement is 11 points higher than in November-December and the highest in recent memory. The remaining respondents in the current survey all indicated that conditions during the coming 90 days will likely be “about the same” as they are now.

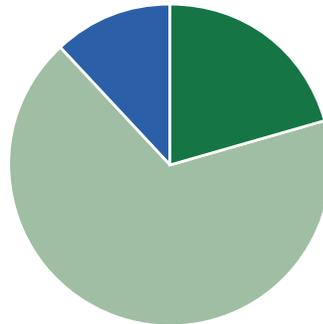
“They are really good right now so ‘a little better’ is great,” an audio/voice communication respondent said, while a representative of a monitoring center similarly said, “They are already really good.” A consultant, meanwhile, predicted, “We expect to continue to grow our sales to meet the past year’s 30% growth.”

Projections regarding growth in specific business components over the next three months are trending strongly positive:

- 84% expect to see increases in product or service sales, up from 75% in the November-December survey.
- 69% expect to increase the number of employees or hours worked, up from 54%.
- 64% expect to increase marketing spending, up from 51%.

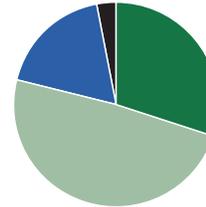
Expected Business Conditions for Companies in Next Three Months

FEBRUARY 2026



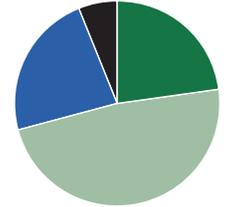
- Much Better - **21%**
- A Little Better - **68%**
- No Change - **12%**
- A Little Worse - **0%**
- Much Worse - **0%**

DECEMBER 2025



- Much Better - **18%**
- A Little Better - **60%**
- No Change - **20%**
- A Little Worse - **2%**
- Much Worse - **0%**

OCTOBER 2025



- Much Better - **30%**
- A Little Better - **49%**
- No Change - **18%**
- A Little Worse - **3%**
- Much Worse - **0%**

Percent of Respondents Saying They Will Increase Activity or Dollars in

FEBRUARY 2026

CapEx: **39%**
 Employees/Hours: **69%**
 Marketing: **64%**
 Product/Service Sales: **84%**
 R&D: **53%**

DECEMBER 2025

CapEx: **43%**
 Employees/Hours: **54%**
 Marketing: **51%**
 Product/Service Sales: **75%**
 R&D: **49%**

OCTOBER 2025

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

Other Private Sector Economic Indicators

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

- 53% expect to increase spending on research and development, up from 49%.
- 39% expect to increase capital equipment spending, down from 43%.

The sharp increases being forecast in sales, labor and marketing may be related to ISC West (www.iscwest.com) coming

up in March. The largest security expo and conference in the United States is scheduled for March 23-27 in Las Vegas. Free registration for the expo hall is available by using the discount code “ISCW26SIAEXPO” while a single-day or full conference education pass is 20% off after entering the code “ISCW26SIAEDU” during registration.

U.S. Economy Grows as Hiring Slows

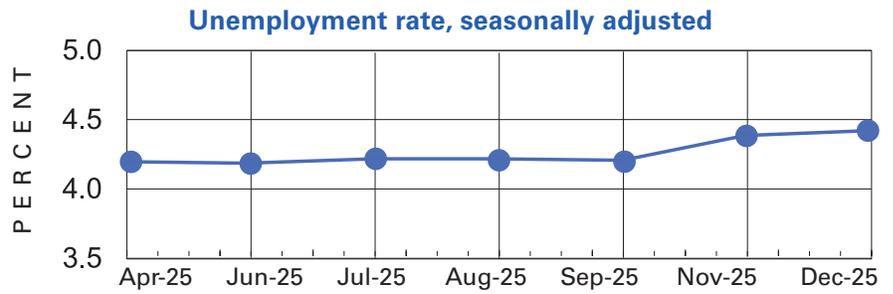
The U.S. economy experienced strong growth during the third quarter of 2025, with gross domestic product expanding by 4.4 percent during the July-to-September period, according to the Bureau of Economic Analysis.

Normally, the bureau would have released data for Q4 in late January, but the agency is still catching up after the Oct. 1-Nov. 12 federal government shutdown.

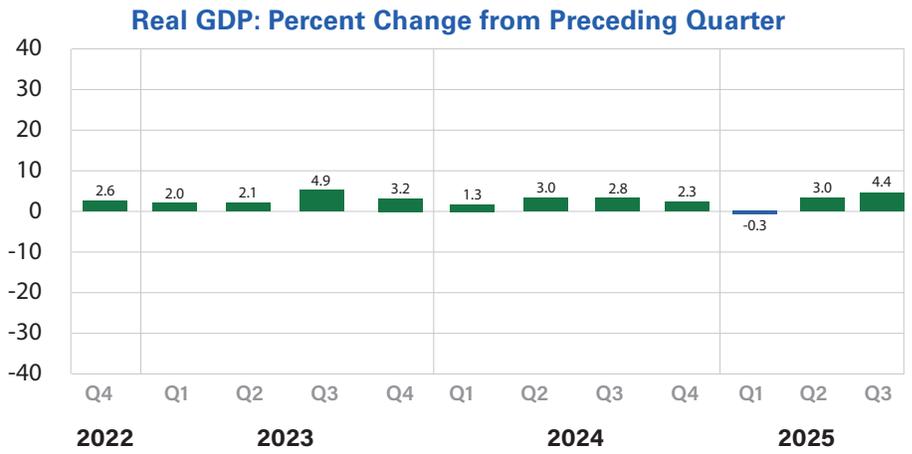
The mid to late-summer growth, BEA noted, resulted from increases in consumer spending, exports, government spending and investment. In addition, the Trump administration's trade policies had an impact on the number, since imports – which declined as the nation increased tariffs – are subtracted in the GDP calculation. The economy grew by 3.8 percent in the second quarter.

Notwithstanding the healthy growth numbers, the number of jobs created in the United States in 2025 dropped 2 million from the 2024 total to 584,000, according to the Bureau of Labor Statistics. This included 50,000 jobs in December when the unemployment rate was 4.4 percent. (This bureau is also a bit behind following the shutdown.)

The Federal Reserve had expressed some concerns about the labor market during the last half of 2025 as it reduced interest rates three meetings in row. At the central bank's January 27-28 meeting, however, it



Source: Bureau of Labor Statistics



Source: Bureau of Economic Analysis

chose to leave the federal funds rate unchanged at 3.5 to 3.75 percent.

"Available indicators suggest that economic activity has been expanding at a solid pace," the Federal Reserve Federal Open Market Committee said in announcing the decision. "Job gains have remained low, and the unemployment rate has shown some signs of stabilization. Inflation remains somewhat elevated."

The Fed might have acted differently if not for inflation continuing to remain about its target of 2 percent. The Consumer Price Index in December showed an annual increase in prices of 2.7 percent, the same as in November, the Bureau of Labor Statistics reported. Inflation has not been at or below 2 percent since February 2021.

Federal Funds Interest Rate



Date of Federal Reserve Federal Open Market Committee Meeting

Survey Respondents Back Research on AI, Data Centers

SIA periodically publishes research papers for its members. In the January-February Security Market Index, SIA asked survey participants to identify the topics they would be most interested in.

AI led the results, with 18% selecting it. (Respondents could choose multiple topics.) Following that was an overview of the U.S. security market at 15%, industry evolution at 13%, vertical markets analysis at 11%, and an overview of the global security market at 10%. Convergence and cybersecurity were next on the list, with 9% each.

The vertical market identified most often was data centers, with health care and education also receiving several mentions.

Other comments included:

- “For AI, what is being used the most by end users and what is needed most next. For convergence, what is the landscape with these larger dealers buying up smaller dealers.” (Video surveillance respondent)
- “There seems to still be a line drawn between providers of physical and cyber. In order to be a true holistic provider, you must embrace both sides and understand the market convergence.” (Consultant respondent)
- “With all the federal government changes, additional information regarding funding for security at the federal and state level is very valuable.” (A/V communications respondent)
- “Resiliency and evolution as an industry – either we change or we will become obsolete.” (Distributor respondent)



Which security topics are you most interested in?

- AI – **18%**
- U.S. security market – **15%**
- Industry evolution – **13%**
- Vertical markets analysis – **11%**
- Global security market – **10%**
- Convergence – **9%**
- Cybersecurity – **9%**



Growing Your Business? Grow It With SIA

SIA Membership gives you access to the information, exclusive research and personal and business connections you need to expand and thrive.



Join SIA Today!



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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