

SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



MARCH | APRIL 2026

Positive Sentiments Prevail, Despite Economic, Geopolitical Concerns

Nearly three in four respondents to the March-April SIA Security Market Index survey reported positive conditions at their company.

Almost half (49%) of survey participants rated current conditions as “good,” while 23% said that they are “excellent.” Another 19% said “average,” 7% said “fair” and 2% said “poor.” In the January-February survey, 84% reported either “excellent” or “good” conditions.

Among the positive responses, a representative of the access control/identity management sector said, “We had a strong Q1 to start the year,” while a barrier manufacturer cited “strong and growing demand.”

A respondent whose company covers multiple technology sectors noted workforce development challenges in an otherwise positive observation: “All markets are growing exponentially with the limitation being set by the lack of good labor and expertise.”

Several respondents cited factors outside the security industry as having a negative impact:

- “We are very concerned and waiting to see how things develop in the Middle East.” (Access control/identity management respondent)
- “The federal budget is still in flux.” (Integrator respondent)
- “Tariffs and geopolitics are causing a lot of delays (Video surveillance respondent)

- “High vacancy rates are hurting commercial access control.” (Access control/identity management respondent)
- “Lots of uncertainty.” (Integrator respondent)



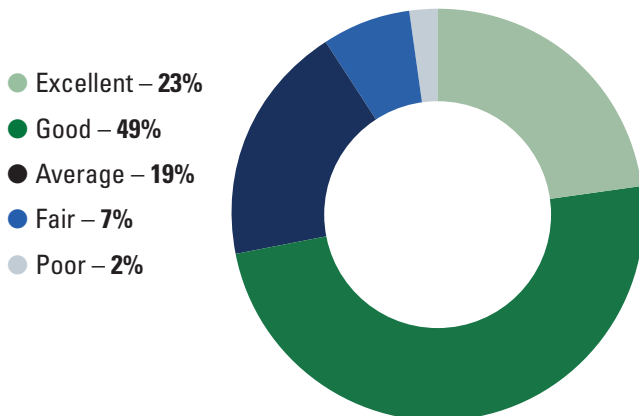
The March-April Security Market Index, which is calculated using a proprietary formula based on three-month projections related to five key business components, fell 14 points from two months ago to 50. This is five points below the rolling 12-month average of 55. An index of 50 and above indicates growth 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 more than half of participants.

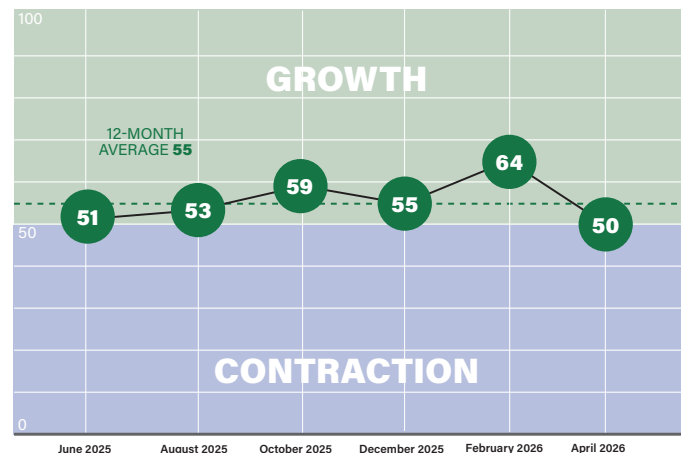
“Amid a dynamic global environment and economic uncertainty, the security industry continues to show remarkable resilience,” SIA Board of Directors Chair Mike Mathes of Convergent said. “The energy and momentum from a strong ISC West are expected to further reinforce confidence across the industry.”

March - April 2026

Overall Rating of Current Business Conditions of Company



SIA Security Market Index



Growth Largely Forecast, Notwithstanding Headwinds



Almost three-fourths of respondents to the March-April SIA Security Market Index survey expect better conditions at their company to get better during the next three months.

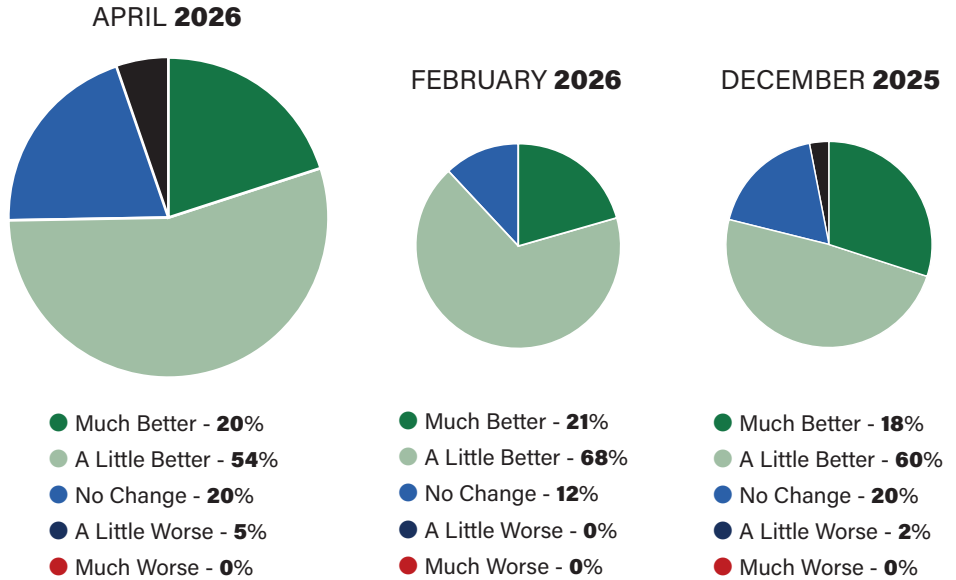
A total of 74% anticipate improvement, including 20% who say things will get “much better” and 54% who say they will get “a little better.” Twenty percent expect conditions to stay “about the same,” while 5% are bracing for things to get “a little worse.” Two months ago, a recent record of 89% of respondents forecast improvement over the coming 90 days.

“We are very concerned about the economy if the war expands,” an access control/identity management respondent said, adding, “Inflation would be big issue.” A survey participant from an audio/voice communication business, meanwhile, observed that “Costs are higher. Memory chips and gas are the big increases. And, of course, energy costs push everything up.”

Projections regarding growth in specific business components over the next three months lost some momentum from the pre-ISC West bump of two months ago.

- 74% expect to see increases in product or service sales, down from 84% in the January-February survey – “We continue the move to more software services, and remote monitoring and management software will drive that increase.” (Audio/voice communication respondent)
- 56% expect to increase the number of employees or hours worked, down from 69% – “We have some expansion planned but will hold off until we are back on budget for the year.” (Audio/voice communication respondent)

Expected Business Conditions for Companies in Next Three Months



Percent of Respondents Saying They Will Increase Activity or Dollars in

APRIL 2026

CapEx: **30%**
 Employees/Hours: **56%**
 Marketing: **44%**
 Product/Service Sales: **74%**
 R&D: **43%**

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%**

Other Private Sector Economic Indicators

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

- 44% expect to increase marketing spending, down from 64% – “With ISC West in Q1, it’s always our biggest spend quarter of the year.” (Access control/identity management respondent)
- 43% expect to increase spending on research and development, down from 53% – “To stay relevant, you have to invest in R&D.” (Integrator respondent)
- 30% expect to increase capital equipment spending, down from 39% – “We are building an integration lab and making investments in hardware and software.” (Audio/voice communication respondent)

Conflict in Iran Spreads Economic Uncertainty

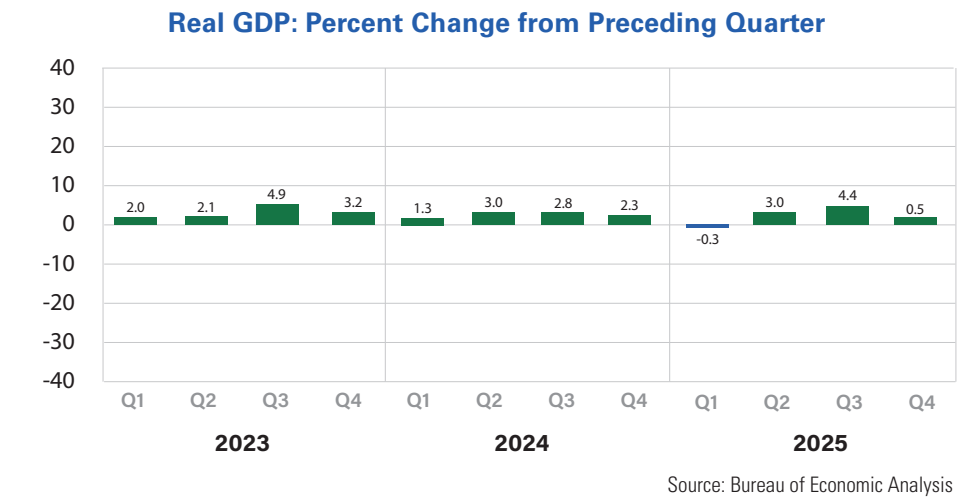
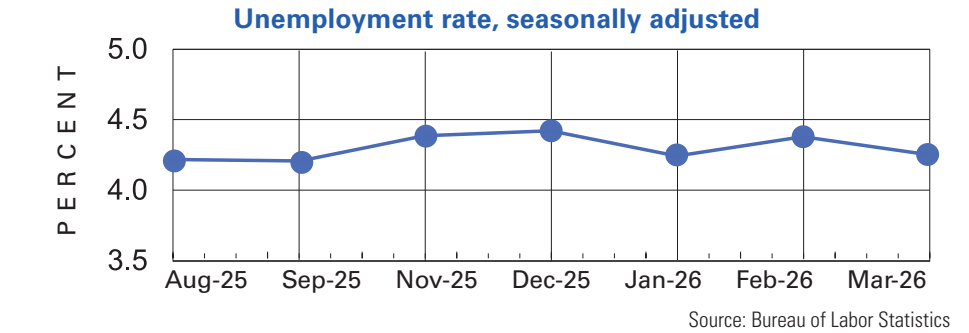
The war in Iran has been upsetting the world and national economy, largely through increased energy costs.

About 20 percent of the global supply of oil and natural gas flows through the Strait of Hormuz and Iran shut down traffic through that passage after the United States and Israel launched military action on Feb. 28. Hopes for greater stability emerged after a two-week ceasefire was announced on April 7.

Despite the uncertainty, hiring increased in March, with the U.S. economy adding 178,000 jobs, the biggest increase since December 2024, according to the Bureau of Labor Statistics. The agency reported notable gains in the health care, construction, and transportation and warehousing segments of the economy. The unemployment rate in March was 4.3%.

Prices are also on the upswing, though, with the Consumer Price Index in March recording an annual inflation rate of 3.3%. In just the preceding month, costs increased by 0.9 percent, several times the typical rate. The price of fuel oil went up by more than 30% since February, while the cost of gasoline spiked by 21% during that time.

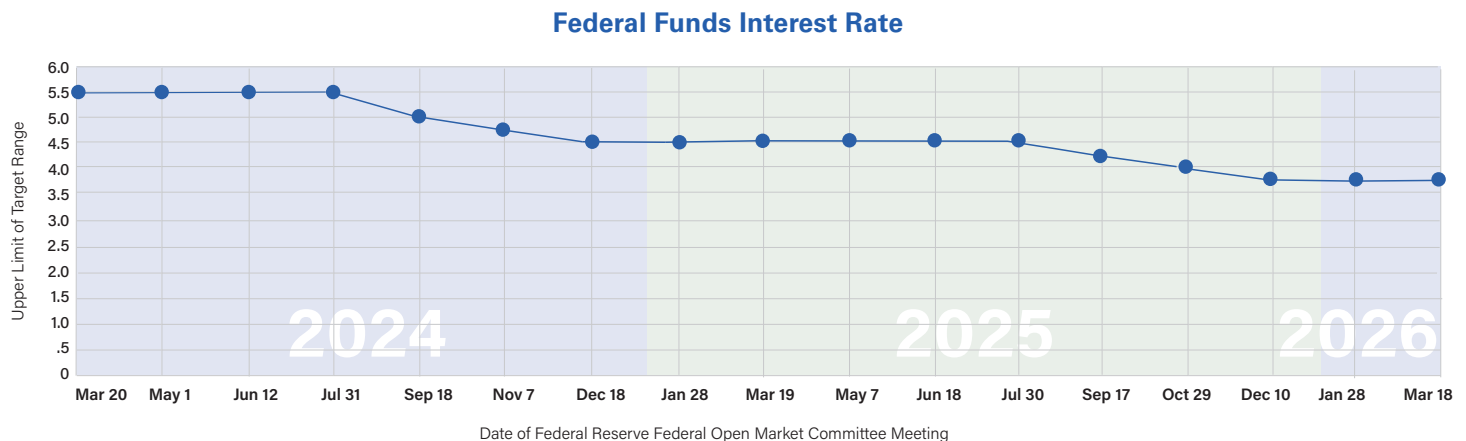
The Federal Reserve in March left interest rates unchanged. This marked the second meeting in a row with no action on the target range for the federal funds rate, which is 3.5 to



3.75 percent, following three straight rate cuts to end 2025. The Fed's target inflation rate is 2 percent, but prices have increased at a faster rate than that every month for the past six years.

"Participants generally expected that the effects of tariffs on core goods prices would diminish this year, though they assessed that the pace and timing at which these

effects would fade had become more uncertain since the time of the January meeting," the minutes of the central bank's March 17-18 meeting recorded. "Participants also expected that higher oil prices would increase inflation in the near term and delay the anticipated decline in inflation toward the Committee's 2% objective."



ISC West Lauded by Attendees

SIA Security Market Index survey participants gave the 2026 version of the nation's largest security expo and conference rave reviews.

When asked, "How would you describe your experience at ISC West this year," 92% of those who attended the March 23-27 event gave positive responses, with the majority of that group describing the event as "excellent."

The comments included:

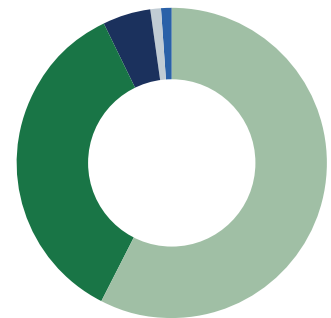
- "One of the best I have been to." (Integrator respondent)
- "Lots of traffic and productive meetings." (Security products manufacturer)
- "It was an excellent event. We had the opportunity to have important conversations in person that otherwise would have happened via Zoom." (Integrator respondent)
- "Attendance was good; even better was the quality of the meetings." (Audio/voice communication respondent)
- "I was pretty impressed in the education and the expo compared to previous years." (Integrator respondent)

ISC East is scheduled for Nov. 3-5 in New York and ISC West 2027 is scheduled for April 5-9 in Las Vegas.



How would you describe your experience at ISC West this year? (Among those who attended)

- Excellent - **57%**
- Good - **35%**
- Average - **5%**
- Fair - **1%**
- Poor - **1%**



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.



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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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