

# SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



MAY | JUNE 2026

## 80% See Positive Conditions in Security Industry

**Four out of every five respondents to the May-June SIA Security Market Index survey rated business conditions at their company in positive terms.**

With 19 percent describing conditions as “excellent” and 61 percent saying they are “good,” the 80 percent total marked an 8-point increase over the percentage of positive sentiments in the March-April survey. This time around, 18 percent said conditions are “average,” and 3 percent said they are “fair.” No respondents selected the “poor” option.

An audio/voice communications respondent who described conditions as good noted the challenges created by rising prices, saying, “Our raw materials and transportation costs have increased again, so we are responding by raising our prices to offset these costs in an effort to maintain our margins. Hopefully, the market will bear these necessary price increases.”

A respondent from a company specializing in physical security assessments, meanwhile, said they are “trying to establish a new market,” while an integrator lamented that “Federal funding still seems to be slow to come.” Both survey participants rated conditions at their business as average.

The Security Market Index, which has been regularly published by SIA for nearly 30 years, is calculated using a proprietary formula based on three-month projections related to five key business components. The May-June index increased 12 points from two months ago to 62. (The index had fallen 14 points in the March-April survey, which was



conducted shortly after the United States and Israel launched military operations in Iran.) The current index is five points above the rolling 12-month average of 57. An index of 50 and above indicates growth in the industry.

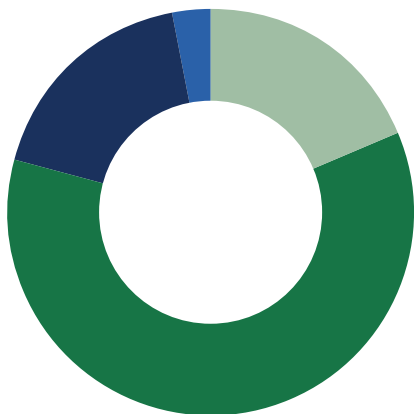
Survey respondents represented all of the main sectors of the security industry, with access control/identity management, integration and video surveillance accounting for more than half of participants.

“It’s always good to see such positive outlooks in the industry,” SIA Board of Directors Chair Mike Mathes of Convergent said. “We are fortunate to be able to do work that helps keep people safe and that improves quality of life throughout the country and around the world.”

### May - June 2026

Overall Rating of Current Business Conditions of Company

- Excellent – 19%
- Good – 61%
- Average – 18%
- Fair – 3%
- Poor – 0%



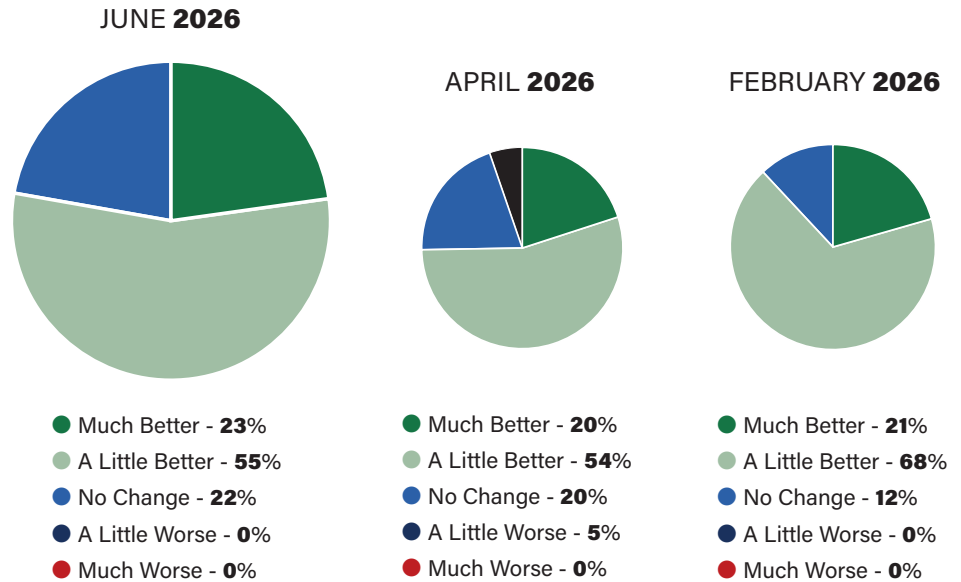
### SIA Security Market Index



# Things Likely to Get Better in Next 3 Months, Most Survey Respondents Say



## Expected Business Conditions for Companies in Next Three Months



### Most respondents to the May-June SIA Security Market Index survey expect conditions at their company to improve during the next three months.

Nearly 1 in 4 – 23 percent – said that things will likely get “much better,” while 55 percent foresee conditions getting “a little better.” Those expecting things to stay “about the same” totaled 22 percent. Nobody forecast a worsening of conditions.

Two months ago, the total percentage of respondents looking to better days ahead was 4 points lower, at 74 percent.

An integrator who expects some improvement over the upcoming quarter attributed the optimism partly to an expectation that “Federal funds should be more readily available.”

Projections regarding growth in specific business components over the next three months all showed gains from the previous survey:

- 85 percent expect to see increases in product or service sales, up from 74 percent in the March-April survey.
- 73 percent expect to increase the number of employees or hours worked, up from 56 percent.

### Percent of Respondents Saying They Will Increase Activity or Dollars in

#### JUNE 2026

CapEx: **46%**  
 Employees/Hours: **73%**  
 Marketing: **47%**  
 Product/Service Sales: **85%**  
 R&D: **51%**

#### 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%**

### Other Private Sector Economic Indicators

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

- 47 percent expect to increase marketing spending, up from 44 percent.
- 51 percent expect to increase spending on research and development, up from 43 percent
- 46 percent expect to increase capital equipment spending, up from 30 percent.

Conditions could be helped by an agreement reached in June between the United States and Iran to cease hostilities and reopen the Strait of Hormuz to commercial traffic. The closing of the strait in recent months had driven up energy prices, which resulted in higher costs for many other goods.

# Inflation Rises But Labor Market Remains Solid

Inflation in May reached its highest level in more than three years, hitting an annualized rate of 4.2 percent, according to the Bureau of Labor Statistics.

On a month-to-month basis, prices in May were 0.5 percent higher than they were in April. This came on top of a 0.6 percent month-over-month increase during that month.

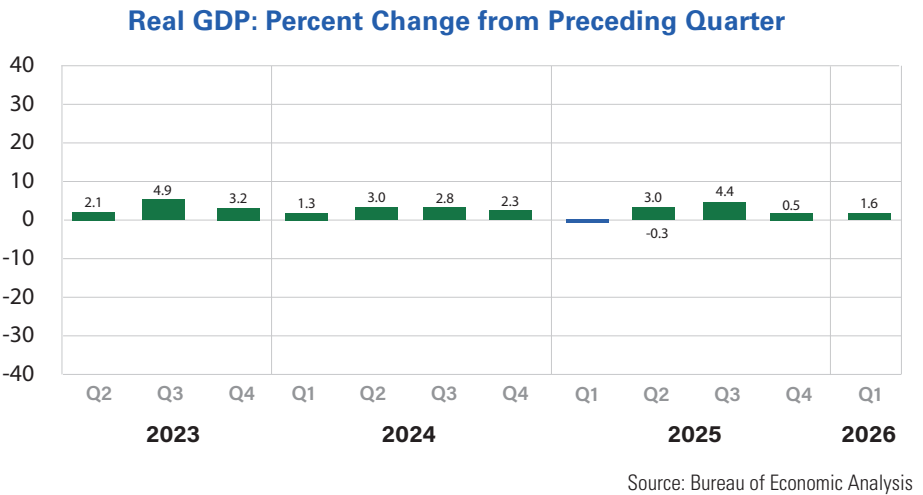
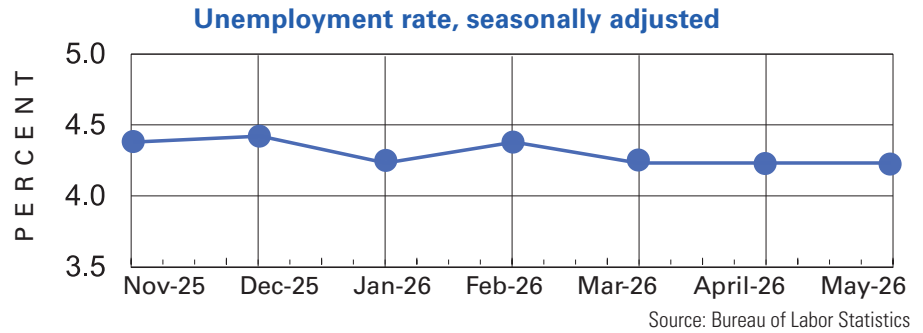
Amid the conflict in the Middle East, energy prices in May were 23.5 percent higher than they were a year earlier, with gasoline prices jumping 40.5 percent and the cost of fuel oil spiraling 58.9 percent.

Gross domestic product (GDP) grew by 1.6 percent in the first quarter of the year, up from 0.5 percent in Q4 of 2025, according to the Bureau of Economic Analysis.

“The contributors to the increase in real GDP in the first quarter were exports, investment, consumer spending, and government spending,” the bureau reported. “Imports, which are a subtraction in the calculation of GDP, increased.”

Even given the headwinds, the economy exceeded expectations by adding 172,000 jobs in May. Jobs growth has been at least that high for three months in a row following almost a year of alternating months of job gains and job losses. The unemployment rate is 4.3 percent.

The Federal Reserve in June left interest rates unchanged, as it has



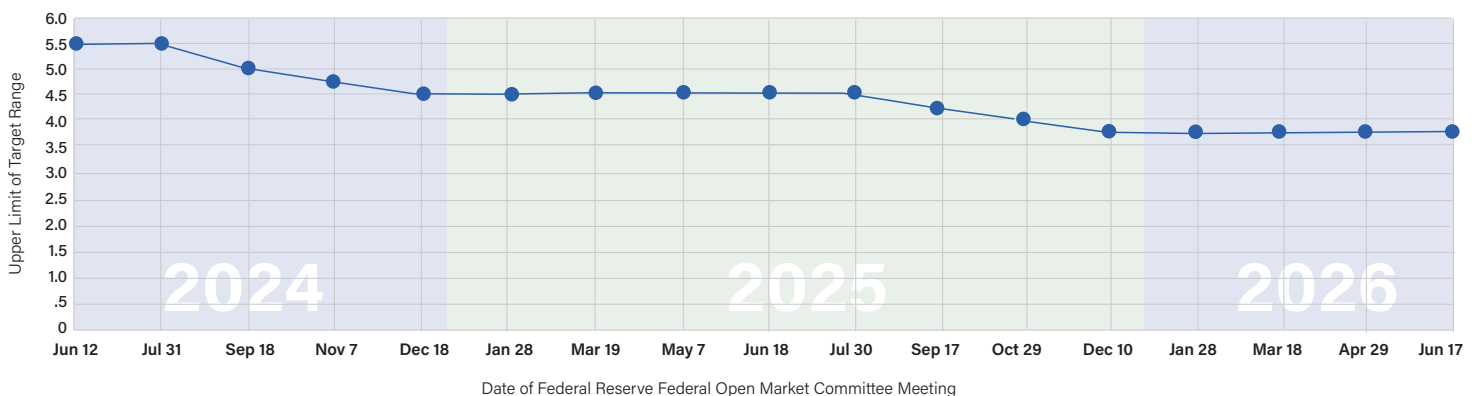
done since the start of the year. The target range for the federal funds rate remains 3.5 to 3.75 percent.

“Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East,” the Federal Reserve Federal Open Market Committee (FOMC) stated in announcing its decision to leave

rates untouched. “Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little.”

In May, Kevin Warsh took over as Fed chair, succeeding Jerome Powell, who remains a voting member of the FOMC.

## Federal Funds Interest Rate



# Impact of Rising Prices on Security Businesses

More than three-fourths of respondents to the May-June SIA Security Market Index said their businesses have been negatively affected by rising prices.

Survey participants were asked, "Tariffs and global conflicts have contributed to higher energy costs, as well as increased prices for some goods and services. Has your business been affected?" In response, 15 percent said there has been a "major negative impact" and 62 percent cited a "minor negative impact." Twenty-two percent said there has been "no noticeable impact."

The comments included:

- "We are seeing hesitation in buying and uncertainty due to political climate but business is still steady." (Manufacturers rep respondent)
- "Expect impacts to become more prominent in coming months." (Access control/identity management respondent)
- "Fuel costs absolutely impact companies with large fleets, who

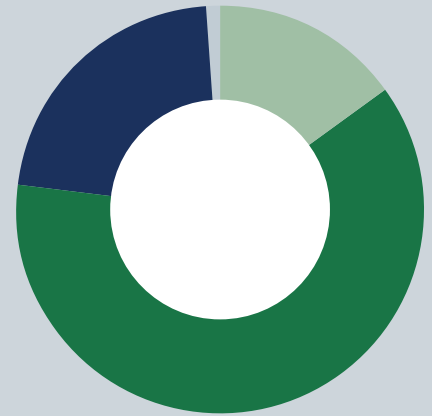
must also try to cover/pass on those increases without impacting client retention." (Security officer services respondent)

- "We have been able to restructure operations to mitigate most of the increases." (Intrusion detection respondent)
- "We are keeping a close eye on rising energy costs around our security driving services." (Security officer services respondent)

**Tariffs and global conflicts have contributed to higher energy costs, as well as increased prices for some goods and services. Has your business been affected?**

**There has been:**

- A major negative impact – **15%**
- A minor negative impact – **62%**
- No noticeable impact – **22%**
- Other – **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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