

SECURITY MARKET INDEX

A Bimonthly Measure from the Security Industry Association



SEPTEMBER | OCTOBER 2026

Positive Sentiments Remain High in Security Industry

Confidence in the security industry continues to be strong, with 83% of respondents to the September-October 2026 SIA Security Market Index reporting positive conditions at their business.

More than one-fourth of replies (26%) cited “excellent” conditions, while 57% said that conditions are “good.” Fifteen percent said they are “average,” while 3% said “fair.” None said “poor.”

This marks the third straight index in which at least 80% of survey participants gauged conditions as excellent or good.

Notwithstanding the largely positive sentiments, some concerns were cited with the overall economy and the potential impact on the security industry.

“Uncertainty rules the day right now,” a representative of the audio/voice communication sector who described current conditions as “good” said. “The economy doesn’t seem to be clear, so confidence in the future is lower than it was.”

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 September-October index dipped four points from two months ago to 53.

The index has seen some volatility this year, possibly because of international events. It fell 14 points in the March-April survey, which was conducted shortly after the United States and Israel launched military operations in Iran, then



increased 12 points in May-June as a ceasefire was signed. Hostilities – as well as inflation-inducing restrictions on the movement of oil – have continued since then, though, and a resolution has remained elusive. The current index is four points below the rolling 12-month average of 57. An index of 50 and above indicates growth in the industry.

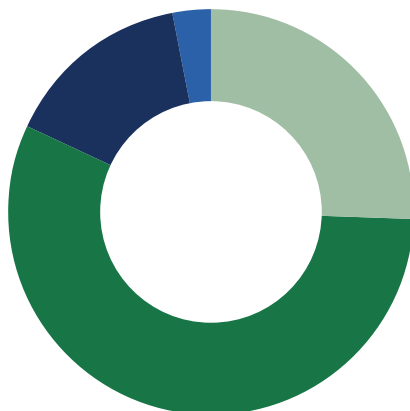
Survey respondents represented all of the main sectors of the security industry, with access control/identity management, integration, and video surveillance accounting for more than 40% of participants.

“These numbers show just how strong our industry is,” SIA Board of Directors Chair Mike Mathes of Convergent said. “Even amid geopolitical disruptions, we are able to grow because of dedicated people delivering innovative products and services that enhance safety and improve quality of life.”

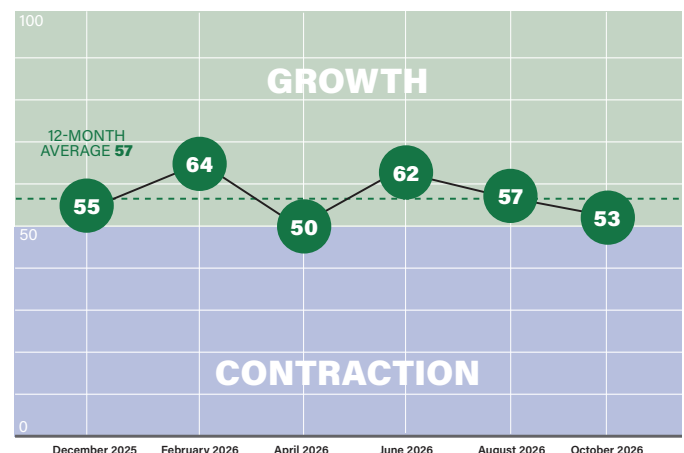
September-October 2026

Overall Rating of Current Business Conditions of Company

- Excellent – 26%
- Good – 57%
- Average – 15%
- Fair – 3%
- Poor – 0%



SIA Security Market Index



Nearly 3 Out of 4 Surveyed Expect Growth in Short Term



Most respondents to the September-October 2026 SIA Security Market Index survey expect conditions at their company to improve during the next three months.

Half of survey participants said they think things will get “a little better,” and 22% said they are expecting them to get “much better.” Twenty-seven percent anticipate no change, and 1% foresee things getting “a little worse.” No one saw “much worse” conditions in their business’s near future.

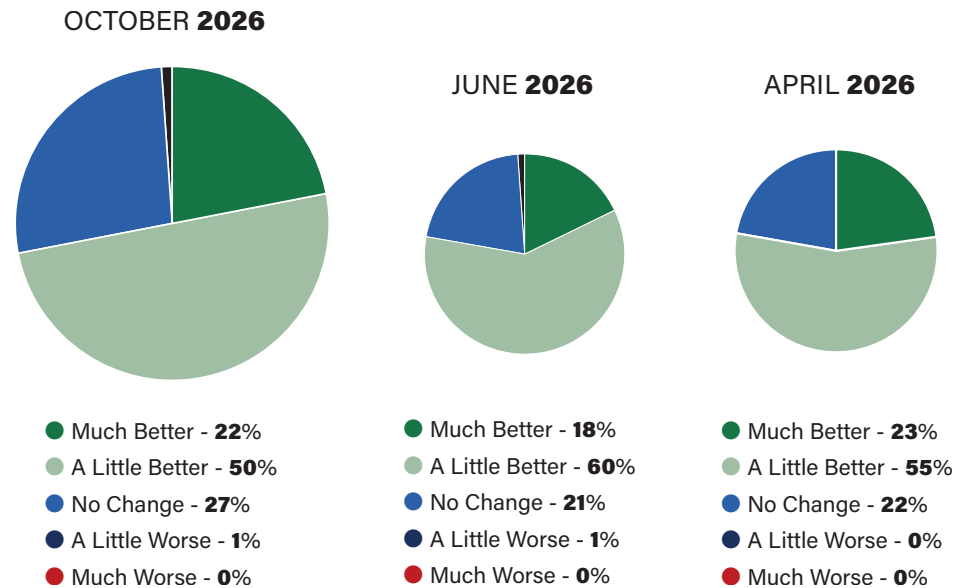
In July-August, 78 percent of respondents forecast growth.

For some companies, business is cyclical, and a representative of the perimeter security sector who provided a “little worse” response explained that theirs is a “grant driven business [so] Q4 is usually the weakest quarter of the year.”

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

- 80 percent expect to see increases in product or service sales, down from 85 percent in the July-August survey.
- 62 percent expect to increase the number of employees or hours worked, down from 68 percent two months earlier.
- 53 percent expect to increase marketing spending, up from 44 percent.
- 38 percent expect to increase spending on research and development, down from 46 percent.
- 35 percent expect to increase capital equipment spending, up from 34 percent.

Expected Business Conditions for Companies in Next Three Months



Percent of Respondents Saying They Will Increase Activity or Dollars in

OCTOBER 2026

CapEx: **35%**
 Employees/Hours: **62%**
 Marketing: **53%**
 Product/Service Sales: **80%**
 R&D: **38%**

AUGUST 2026

CapEx: **34%**
 Employees/Hours: **68%**
 Marketing: **44%**
 Product/Service Sales: **85%**
 R&D: **46%**

JUNE 2026

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

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 (September) ▼

The increase in marketing spending may be at least partly related to the upcoming ISC East expo and conference in New York City. The event is scheduled to take place at the Jacob Javits Center Nov. 3-5 and several SIA events will be held

in conjunction with it, including Honors Night, the Veterans in Security Leadership Forum, the StartUps in Security Pitch Competition, and more. Free Exhibit Hall registration for ISC East is available by using the promo code ISCE26SIA.

Fed Raises Rates for 1st Time in 3 Years

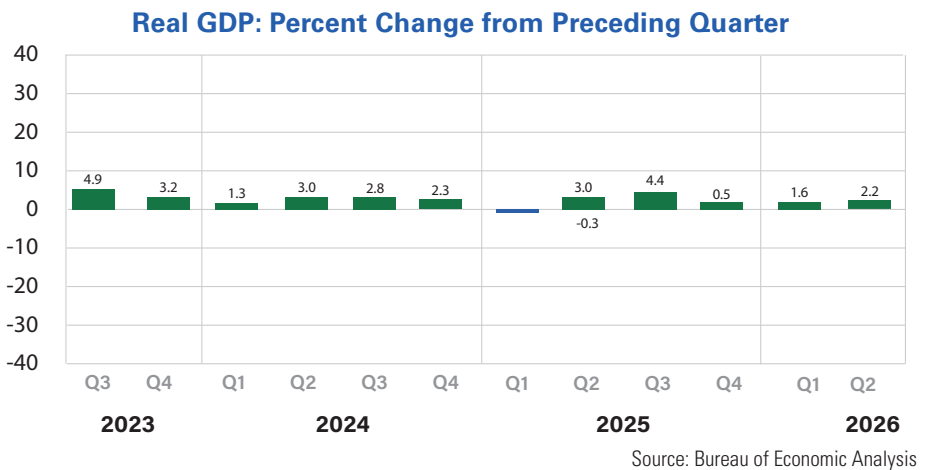
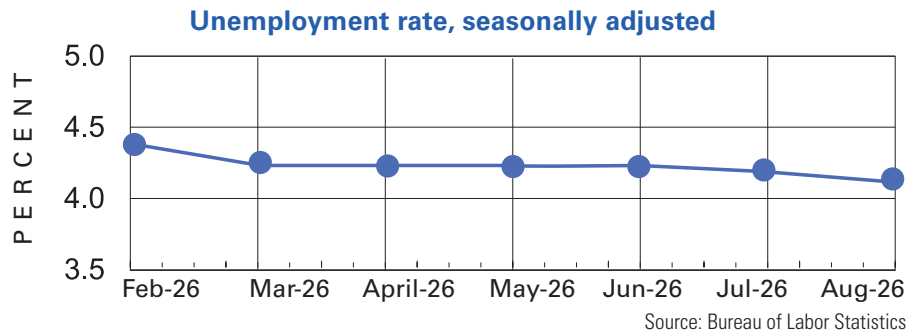
With prices continuing to rise, the Federal Reserve in September raised interest rates for the first time since 2023.

The quarter-point hike brought the target range for the Federal Funds Rate to 3.75%-4%.

"Economic activity is expanding at a solid pace," the Federal Reserve's policy-setting Federal Open Market Committee (FOMC) stated in announcing the increase. "While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. ... Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2 percent goal. The Committee will deliver price stability."

While the Fed's target is 2% annual inflation, that goal has not been met since February 2021. In August, both the Consumer Price Index from the Bureau of Labor Statistics and the Personal Consumption Expenditures price index from the Bureau of Economic Analysis – which is the central bank's preferred measure – showed annual inflation at 3.4%.

The conflicts in the Middle East and in Ukraine continue to exert upward pressure on prices, particularly energy costs, as Iran sharply restricts passage of oil tankers through the Strait of Hormuz – and its Houthi allies strike oil-related sites in Saudi Arabia – and Russia and Ukraine target each other's energy supplies and infrastructure.



Fed Chair Kevin Warsh, who was appointed this year by Donald Trump to succeed Jerome Powell, has distanced himself from the president's support for lower rates, backing the September hike and saying afterward, "The plain fact is that inflation is too high and has been for too long."

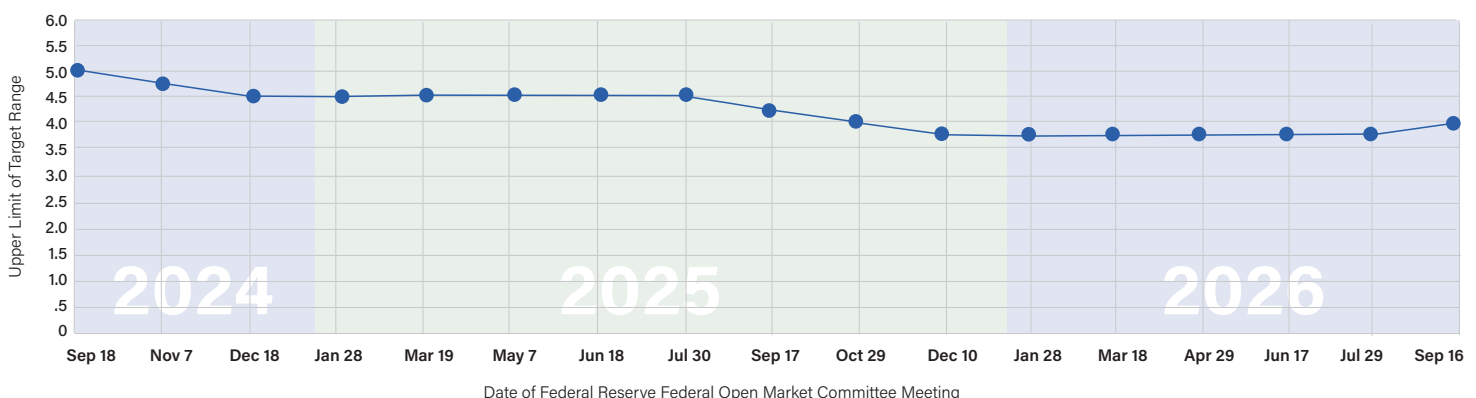
"We must be confident that underlying inflation is moving to our objective clearly and at sufficient speed," Warsh

said. "Today, the FOMC decided that this standard has not been satisfied."

The economy added 162,000 jobs in August as the unemployment rate stayed at 4.1 percent, the Bureau of Labor Statistics reported.

"Employment increased in food services and drinking places and in local government education," the bureau stated. "The information industry lost jobs."

Federal Funds Interest Rate



GOP Gets Plurality of Survey Respondents' Support

Respondents to the SIA Security Market Index September-October 2026 survey tended to favor Republicans this November.

When asked, "What result in the Nov. 3 mid-term elections do you think would be best for your business," 35% said Republicans keeping control of the House and Senate, while 22% said Democrats taking control of both chambers. Split control was cited by 4%, and 19% said the election results will make "no significant difference for my business." One out of five

respondents said they do not know the answer.

Comments from respondents included:

- "Executive orders are concerning." (Government contracting consultant respondent)
- "Current administration has approved and is funding large investments in security technology and privatization of security services. Loss of Congress would likely reverse or stall additional

funding." (Security officer services respondent)

- "It's hard to tell with the current political conditions." (Integrator respondent)
- "Someone needs to stop Trump before he ruins our economy and cultural institutions. Republicans had their chance to stand up and failed miserably, so I'm placing my hopes in the Democrats to do it." (Audio/voice communication respondent)

What result in the Nov. 3 mid-term elections do you think would be best for your business?

Republicans keep control of both chambers of Congress

35%

Democrats take control of both chambers of Congress

22%

Each party wins control of one chamber of Congress

4%

No significant difference for my business

19%

Don't know

20%



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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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