

IMS Research Cuts 2008 Forecast for US Network Video Surveillance Market

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04 June 2008 – Network video surveillance is without doubt one of the fastest growing markets in the security industry. In a recent report from IMS Research, the US market for network cameras, video servers and NVRs is estimated to have increased by a massive 45% in 2007. However, the market has got off to a slower start in 2008 and it seems unlikely that the market will grow as fast this year as it did last year.

The main reason for the slow-down is the struggling US economy, which narrowly avoided entering a recession in the first quarter of the year, recording a modest increase of just 0.9%. Economists are divided as to whether a recession will take hold in the second quarter of the year. In this current climate of economic uncertainty, many companies are delaying capital expenditure and several major security projects have been put on hold.

The retail industry, which is the largest spender on video surveillance equipment in the US, has been particularly hard hit. Soaring energy and food prices, together with the credit crunch, have curbed consumer spending. In the first quarter of 2008 consumer spending rose just 1%, the slowest since the second quarter of 2001, when the US was suffering its last recession. As a result, many retailers are scaling back new store expansion plans which will impact sales of video surveillance equipment.

Simon Harris, Senior Research Director at IMS Research, commented: “In spite of the stagnant economy, the US market for network video surveillance products is still growing strongly, albeit at a reduced rate from 2007. We anticipate that the market will grow well above 30% in 2008 and may even top 40%, particularly if the economy picks-up in the second half of the year”.

Whilst 2008 may prove a more challenging year for suppliers of network video surveillance equipment, the long term outlook for the market is very positive. The trend from analogue CCTV to network video surveillance is still in the early stages and last year network video surveillance products accounted for less than 20% of total video surveillance equipment sales. IMS Research anticipates that the trend to network video surveillance will be ongoing over a number of years, ensuring high growth for the long term.

If you would like an interview with an expert in this area, please contact Simon Harris at simon.harris@imsresearch.com or +44 1933 40 22 55.