



JULY 2025

Leveling up – gaming going mainstream



Brad Reynolds
Portfolio Manager



Mandy Shek
Senior Analyst

The history of gaming is nearly as old as recorded human history itself, with archaeologists having found evidence of dice and gaming dating from over 5,000 years ago. The earliest video games can be dated back to the mid-twentieth century, while the 1970s saw the first steps in the commercialization of this new industry.

Now, over half a century on from the release of the first commercially successful games, gaming has become a mass-market form of entertainment. The video games industry is thus reaching a level of maturity and market significance that makes it impossible for equity investors to ignore.

The state of play

After decades of steady growth, the total number of active gamers was estimated at around 3.3 billion people in 2024, set to reach 3.5 billion in 2025 – nearly half the global population. This represents a growth of over one billion gamers over the last nine years. While these figures have certainly been driven by the advent of mobile gaming on smartphones, we have also seen the growing ubiquity of platforms such as Steam, Switch and PlayStation across many households.



**Embracing
Disruption**

[SG.ALLIANZGI.COM](https://sg.allianzgi.com)

This growth has led to the global video games being worth an estimated USD 200 billion, forecast to grow to around USD 500 billion by 2030 – 50% bigger than in 2013. Indeed, in the US alone, the sector is forecast to enjoy compounded annual growth of 12% in the coming years.

Alongside this, games developers have been successfully diversifying income streams through live services, while the industry price point for AAA games – those that are typically produced with a high budget and distributed via major publishers – has now reached over USD 70.

Keystone launches

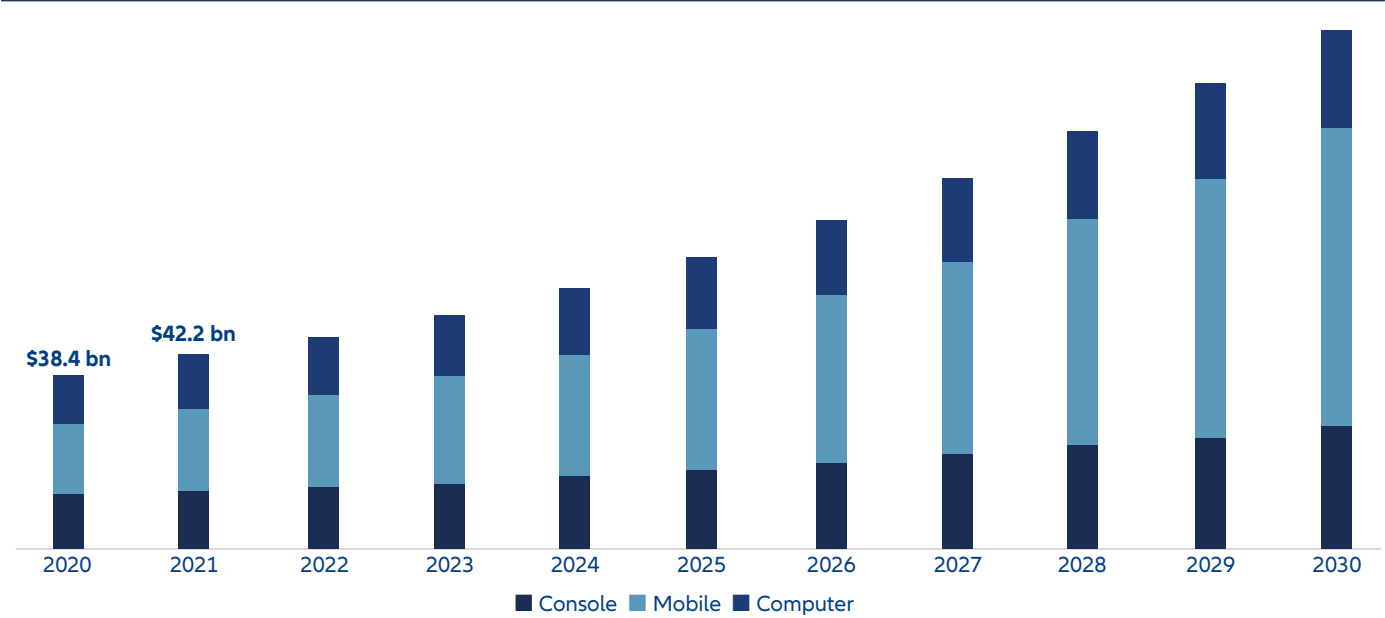
Several contemporary examples highlight the size and importance – and earning power – of the contemporary video gaming industry.

June this year saw the much-anticipated launch of the Nintendo Switch 2, with 3.5 million units being sold globally in just four days. This compares extremely favourably with its predecessor, which shifted around

2.7 million units in its first month in March 2017. While the launch was set to be the highlight of the year in this sector, the Switch 2’s success nevertheless surprised many analysts with raising their forecasts for software sales in the coming years, and thus also their outlook for Nintendo itself. Indeed, conservative guidance here may leave even more room for expectations to be further beaten in the coming years.

Looking at a purely gaming software company, Take-Two Interactive – publisher of the acclaimed Grand Theft Auto (GTA) franchise is preparing for the next installment, GTA VI, scheduled for release in May next year. It is anticipated that it will provide the kind of industry focal point for 2026 that the release of the Switch 2 did for 2025. Anticipation around GTA VI is unprecedented for this sector, with the game’s trailer reaching 475 million views within the first 24 hours of its release. Indeed, the launch of this game – and its subsequent fortunes – will likely provide a watershed moment in terms of the gaming industry’s ascent to mass market maturity.

Exhibit 1: US video game market, size by device 2020-30 (USD billions)



Source: Boston Consulting Group, 2023

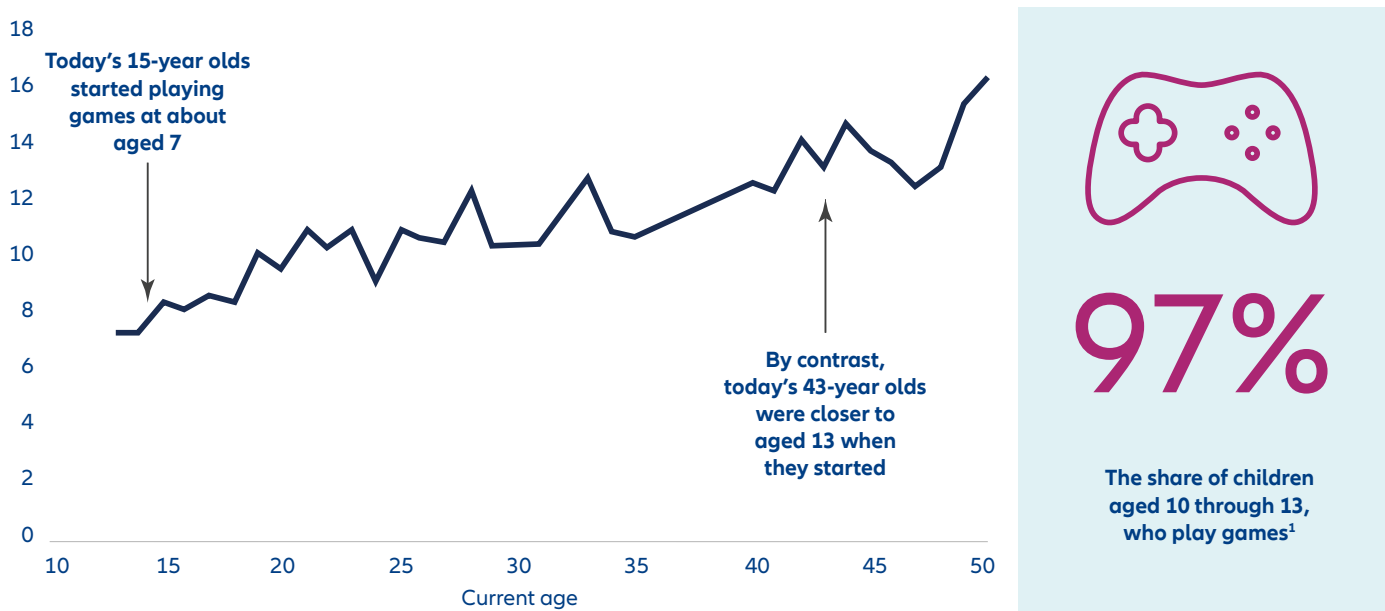
Promising growth

While tastes and trends in any entertainment or artistic industry can be highly fickle, the two examples given show the contemporary significance of the sector, both in terms of its current earnings power and its growing cultural significance. And we believe that trends and tailwinds supporting industry growth are set to continue unabated for some time. For instance,

adults that began gaming as children are increasingly carrying the pastime with them into adulthood, while children are beginning gaming at ever earlier ages.

These trends bode well for continued future growth and equity investors would be wise to continue paying close attention to this industry – if they’re not doing so already.

Exhibit 2: Starting age for playing games



Source: Boston Consulting Group, 2023

Securities mentioned in this document are for illustrative purposes only and do not constitute a recommendation or solicitation to buy or sell any particular security. These securities will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date.

Investing involves risk. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security.

The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

This material has not been reviewed by any regulatory authorities. In mainland China, it is for Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations and is for information purpose only. This document does not constitute a public offer by virtue of Act Number 26.831 of the Argentine Republic and General Resolution No. 622/2013 of the NSC. This communication's sole purpose is to inform and does not under any circumstance constitute promotion or publicity of Allianz Global Investors products and/or services in Colombia or to Colombian residents pursuant to part 4 of Decree 2555 of 2010. This communication does not in any way aim to directly or indirectly initiate the purchase of a product or the provision of a service offered by Allianz Global Investors. Via reception of this document, each resident in Colombia acknowledges and accepts to have contacted Allianz Global Investors via their own initiative and that the communication under no circumstances arises from any promotional or marketing activities carried out by Allianz Global Investors. Colombian residents accept that accessing any type of social network page of Allianz Global Investors is done under their own responsibility and initiative and are aware that they may access specific information on the products and services of Allianz Global Investors. This communication is strictly private and confidential and may not be reproduced, except for the case of explicit permission by Allianz Global Investors. This communication does not constitute a public offer of securities in Colombia pursuant to the public offer regulation set forth in Decree 2555 of 2010. This communication and the information provided herein should not be considered a solicitation or an offer by Allianz Global Investors or its affiliates to provide any financial products in Brazil, Panama, Peru, and Uruguay. In Australia, this material is presented by Allianz Global Investors Asia Pacific Limited ("AllianzGI AP") and is intended for the use of investment consultants and other institutional / professional investors only, and is not directed to the public or individual retail investors. AllianzGI AP is not licensed to provide financial services to retail clients in Australia. AllianzGI AP is exempt from the requirement to hold an Australian Foreign Financial Service License under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order (CO 03/1103) with respect to the provision of financial services to wholesale clients only. AllianzGI AP is licensed and regulated by Hong Kong Securities and Futures Commission under Hong Kong laws, which differ from Australian laws.

This document is being distributed by the following Allianz Global Investors companies: Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin); Allianz Global Investors (Schweiz) AG; Allianz Global Investors UK Limited, authorized and regulated by the Financial Conduct Authority; in HK, by Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; in Singapore, by Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; in Japan, by Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424], Member of Japan Investment Advisers Association, the Investment Trust Association, Japan and Type II Financial Instruments Firms Association; in Taiwan, by Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan; and in Indonesia, by PT. Allianz Global Investors Asset Management Indonesia licensed by Indonesia Financial Services Authority (OJK).