

Indoor Amusement Centers in India: A Booming Market

Indoor Amusement Centers (IACs), also known as Family Entertainment Centers (FECs), are indoor facilities that offer a variety of entertainment options for individuals or groups. They typically feature a combination of rides, games, activities, and attractions designed to provide recreational and leisure experiences, often incorporating immersive elements and opportunities for social engagement. The entertainment sector has evolved, with consumers now valuing experiences over products.

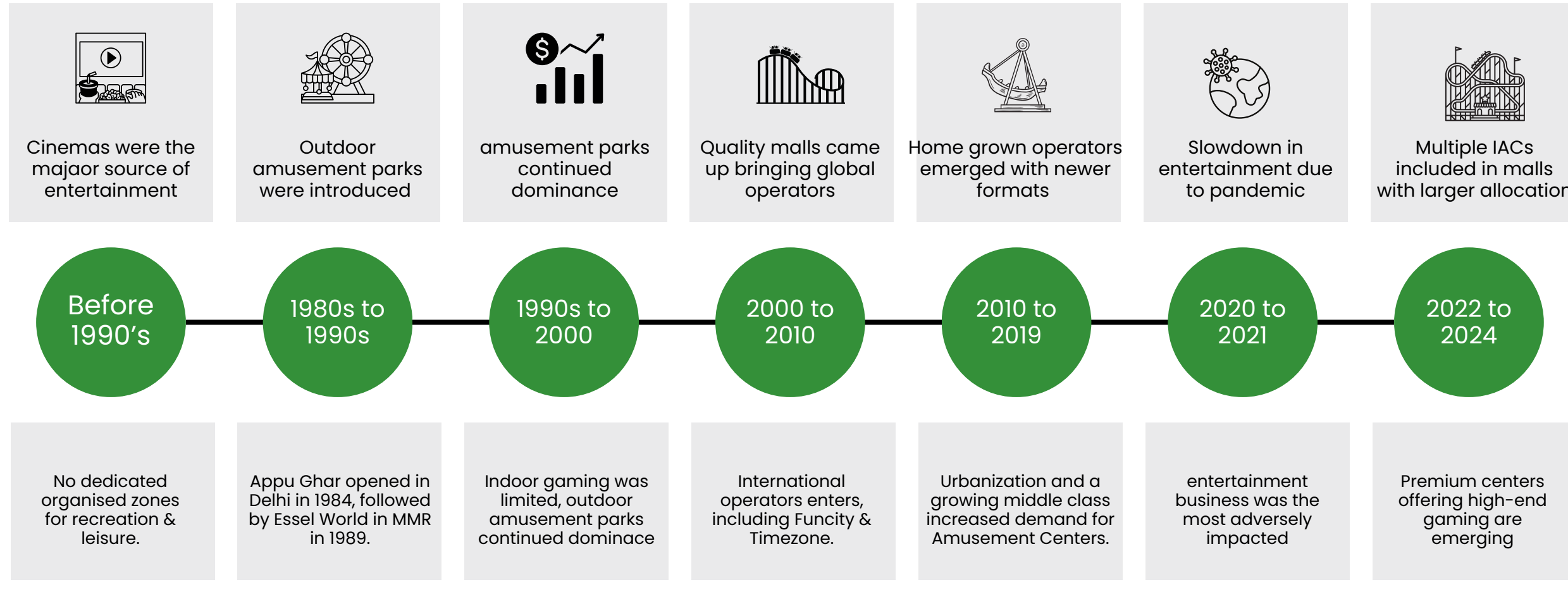
India Has
~6.6 mn sq ft
of Indoor Amusement Center

Projected to Grow to
₹9,218Cr
in annual revenues by 2030

Evolutions of the Amusement Centers:

Indoor Amusement Centers have transformed over two decades, with international and new local operators introducing premium formats. These centers are now essential to retail developments, driving foot traffic and enhancing appeal. India has ~6.6 mn sq ft of operational Indoor Amusement Center space across 500+ centers. They're increasingly found in malls, catering to all age groups, and in standalone complexes offering unique experiences. By 2028, Indoor Amusement Center stock could reach ~11 mn sq ft. Larger retail developments and malls are expected to accommodate more expansive and innovative centers. Further, standalone Indoor Amusement Center that offer a variety of entertainment concepts under one roof are expected to become increasingly popular in the coming years.

Evolution of Indian Amusement Centers



Drivers of Growth

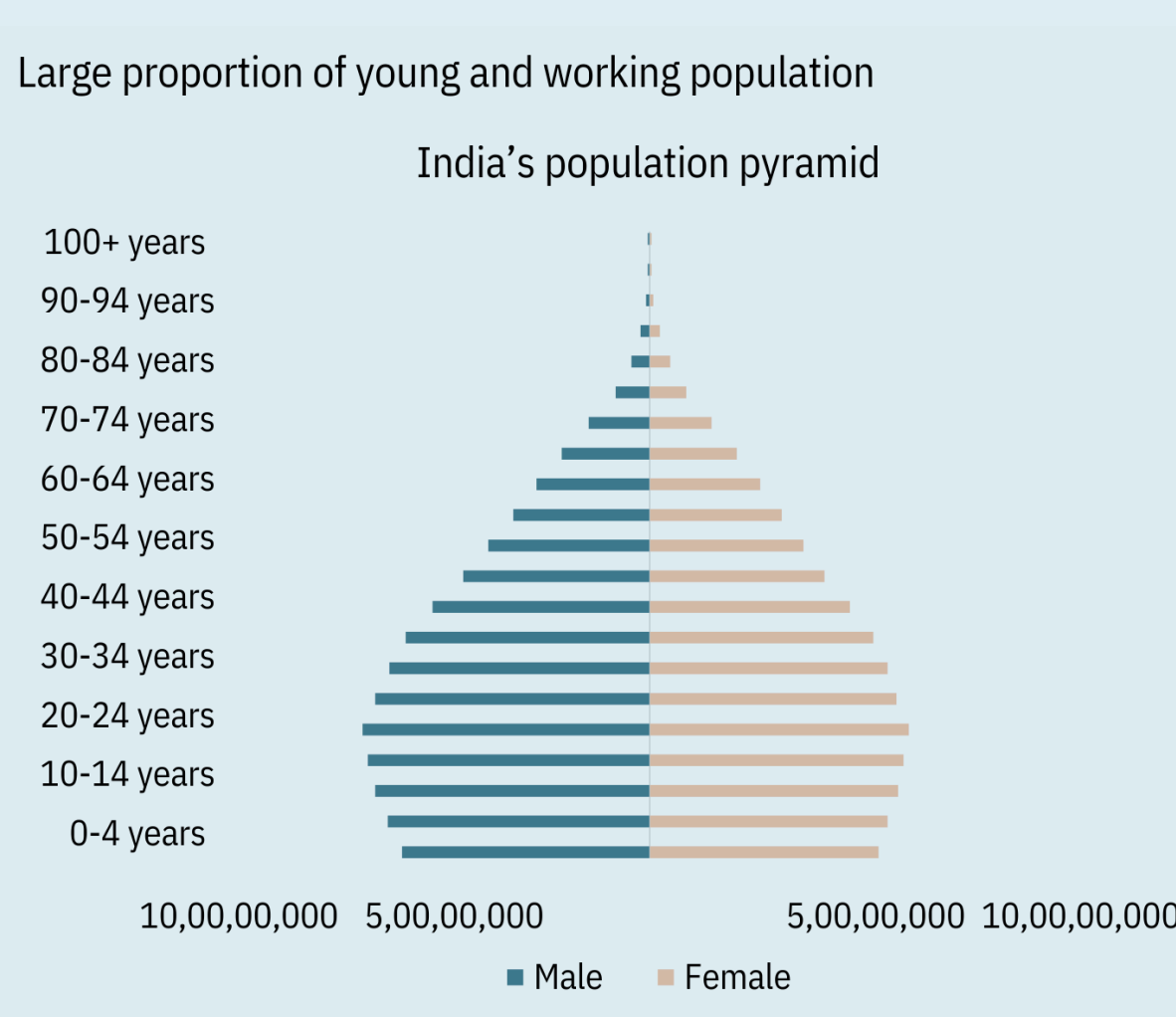
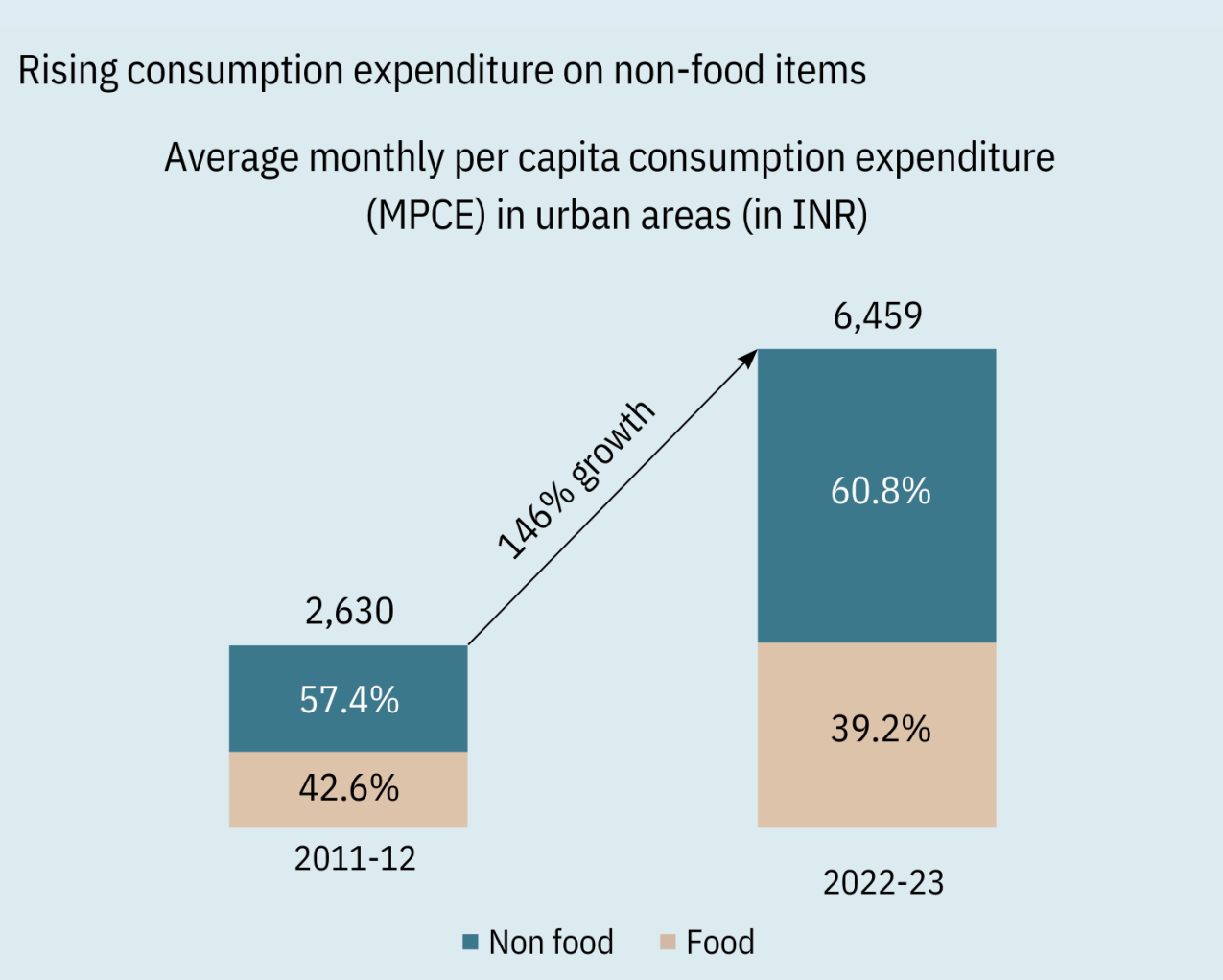
"Several factors are fuelling the growth of the IACs market in India."

Experience Economy: The sources highlight a cultural shift where consumers are prioritising experiences over products. They seek unique and immersive experiences, driving demand for retail destinations that serve as social meeting places.

Demographic Dividend: With a significant youth population, India presents a massive market for entertainment options. Approximately 67% of the population is below 45 years old, comprising active consumers for entertainment offerings like movies, sports, music, gaming zones, amusement centers, and other leisure activities.

Rising Consumption Expenditure: An increase in consumer spending on non-food and discretionary items, including entertainment, is significantly contributing to market growth. Entertainment is ranked 5th out of the 21 items in the consumption expenditure.

Experience economy and substantial demographic dividend to propel consumption



- Greater proportion of consumer expenditure on non-food and discretionary items such as consumer services, entertainment, education and durable goods.
- Entertainment is ranked 5th out of the 21 items in the consumption expenditure

- Significant demographic dividend--67% of population below 45 years
- This age group comprises active consumers for entertainment options such as movies, sports, music, gaming zones, amusement centers and other leisure activities.

Urban Space Revitalisation: Government initiatives aimed at enhancing public spaces are creating opportunities for entertainment operators. These projects are attracting businesses, improving public spaces, and boosting tourism. Examples include the Sabarmati Riverfront Development in Ahmedabad and the Chambal Riverfront Restoration in Kota.

Market Evolution and Trends

The IACs market has undergone significant evolution in India, transitioning from basic arcades to sophisticated, multi-format entertainment hubs.

The following trends highlight this market evolution:

From Arcades to Large-scale Centers: The journey began with small-scale gaming arcades in neighbourhood markets, evolving into premium bowling alleys, and eventually encompassing diverse entertainment concepts within expansive malls.

Premiumisation: Operators are investing in larger, more diverse facilities to cater to the growing demand for premium experiences. High-end gaming equipment, luxurious lounges, and immersive attractions are becoming increasingly common.

Clustering: Operators are open to co-existing within malls and entertainment complexes, creating clusters that offer a variety of options for different age groups. This collaborative approach enhances the overall entertainment experience and attracts a wider consumer base.

Strategic Integration: Entertainment is now considered an integral component of retail developments, driving foot traffic and enhancing the overall appeal. Developers are strategically allocating space for entertainment zones to create a more holistic and engaging consumer experience.

Focus on Compliant Spaces: Organised entertainment operators are prioritising visitor safety, leading to a demand for fully compliant and high-quality spaces. This trend favours malls and necessitates upgrades to standalone complexes to meet safety standards.

Rise of Domestic Operators: Indian operators are playing a crucial role in shaping the market, introducing premium formats and adapting global concepts to local preferences. This indicates a growing maturity and innovation within the Indian entertainment industry.

Consumer Profile

The target audience for IACs is broad and diverse, encompassing various age groups, income levels, and lifestyle preferences.

Key consumer segments include:

Families: IACs offer a family-friendly environment where parents and children can engage in various activities together. This makes them attractive destinations for weekend outings, birthday celebrations, and family gatherings.

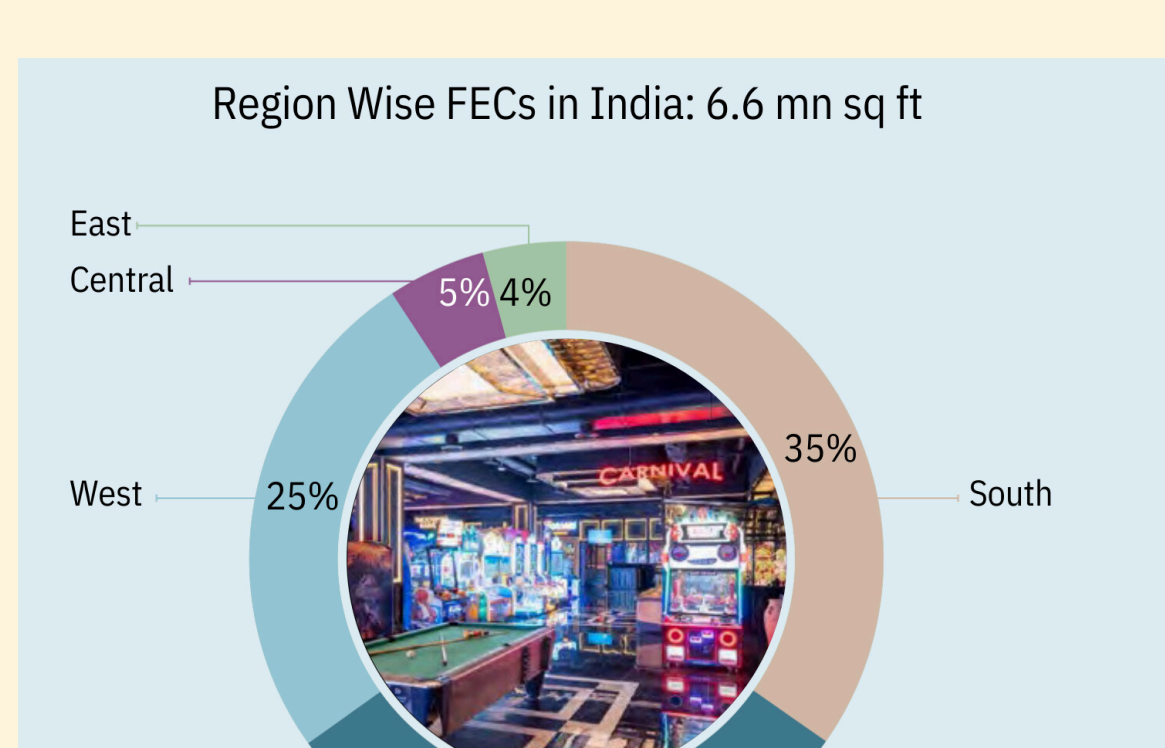
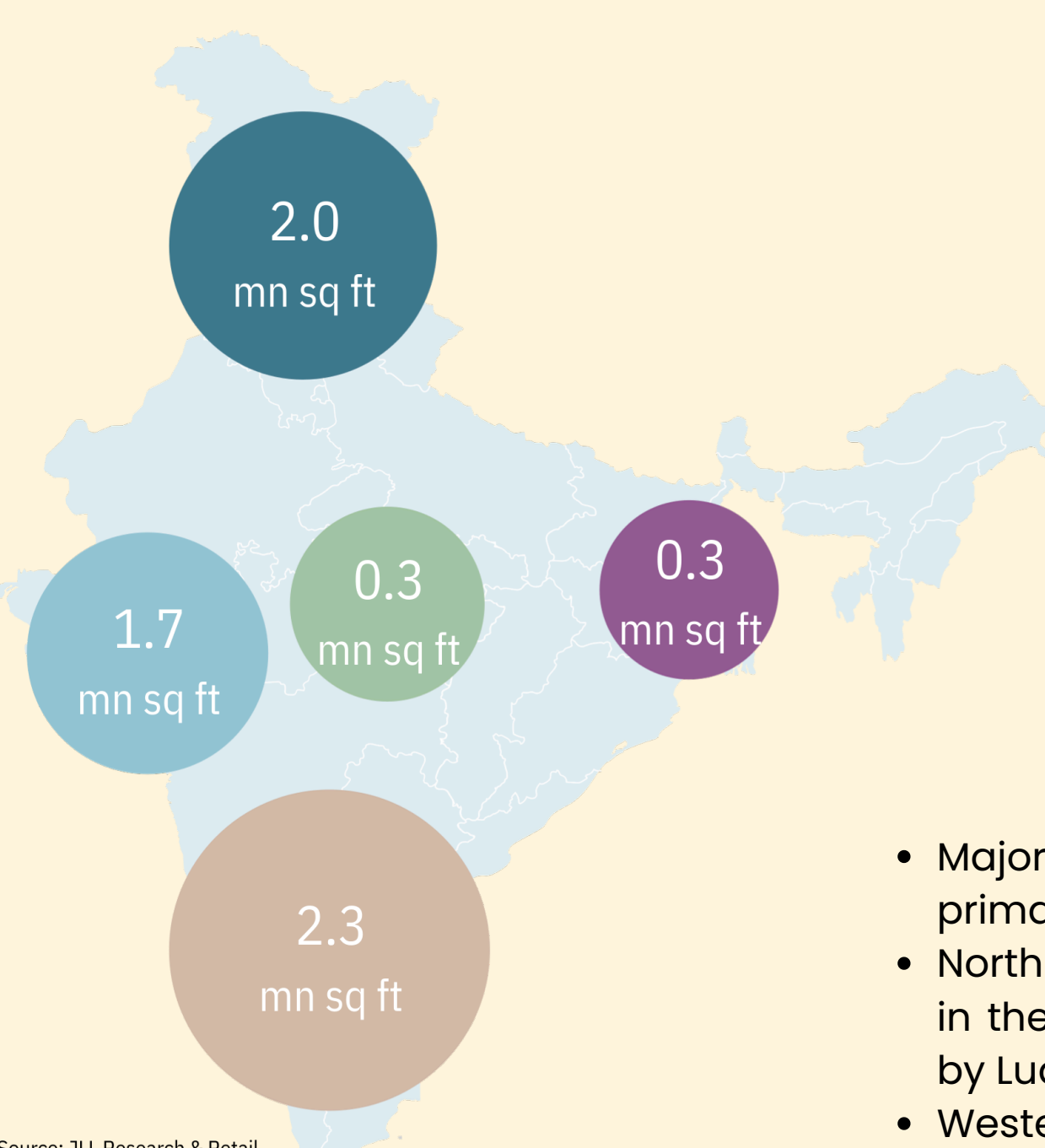
Millennials and Gen Z: These tech-savvy generations are drawn to the immersive and interactive experiences offered by VR gaming zones, escape rooms, and competitive socialising centers. They are key drivers of the demand for innovative and engaging entertainment formats.

Corporate Groups: IACs are increasingly becoming venues for corporate events, team-building activities, and social gatherings. Eentertainment centers and competitive socialising venues are particularly popular for such occasions.

Tourists: As tourism grows, IACs are attracting both domestic and international tourists seeking entertainment and leisure options. The development of world-class amusement parks and entertainment hubs is contributing to this trend.

Geographic distribution:

Regional dominance of South India with the highest concentration of IACs



- Majority of the IACs in India are located in South India, primarily in Bengaluru, Hyderabad and Chennai.
- North India boasts the second highest concentration of IACs in the country, led by the National Capital Region, followed by Ludhiana and Lucknow.
- Western part of the country ranks third, with MMR and Pune leading the pack.
- 40% of the IACs in the east region are in the city of Kolkata.

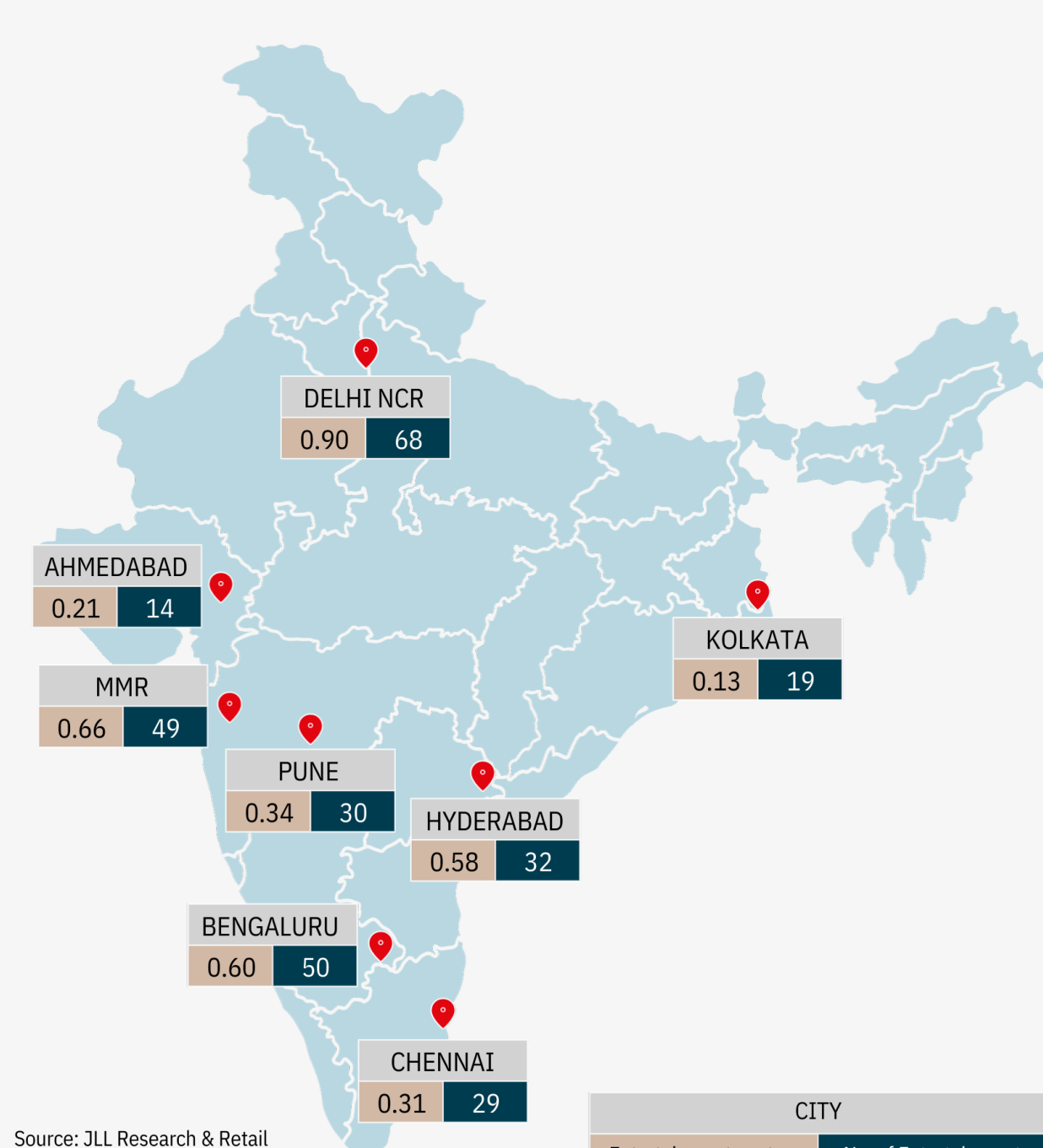
Tier 1 cities - NCR leads with highest concentration of IACs

- The top 8 cities (Delhi NCR, Mumbai Metropolitan Region (MMR), Bengaluru, Hyderabad, Pune, Chennai and Ahmedabad) have

- 60% of the total operational IACs in the country.

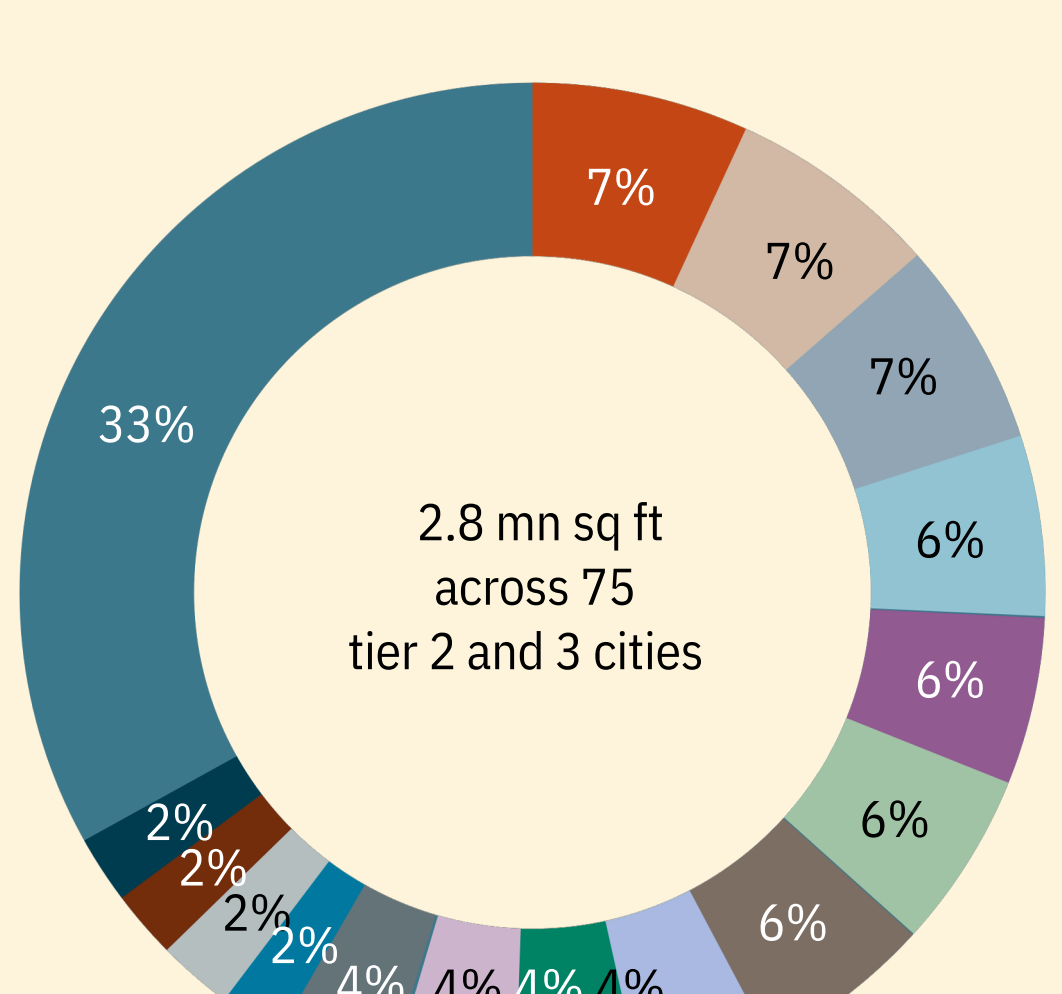
- These metro cities have close to 3.75 million sq ft of indoor entertainment space across 291 centers.

- Metro cities, with their access to quality retail spaces, were the pioneers in introducing amusement centers in the country.



Tier 2 cities: 230+ IACs, 2.8 mn sq ft of IACs stock

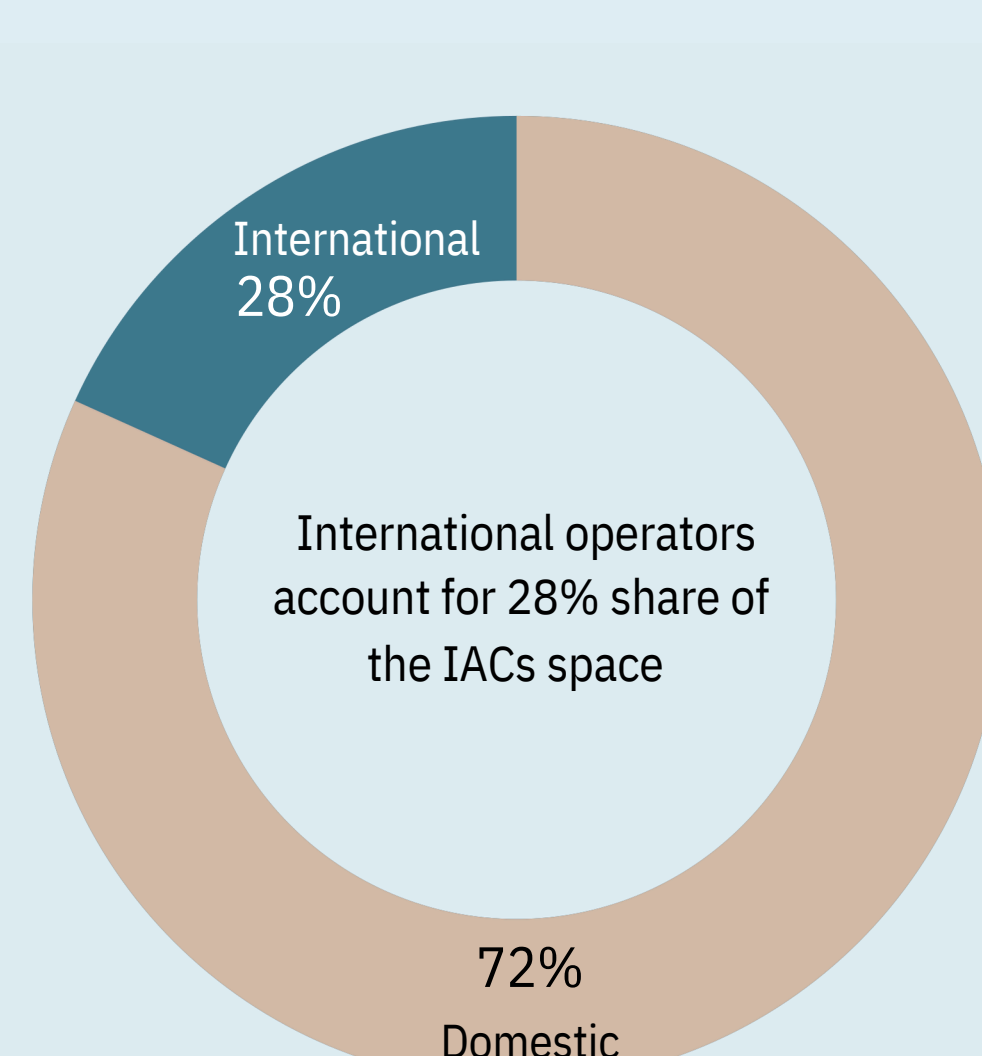
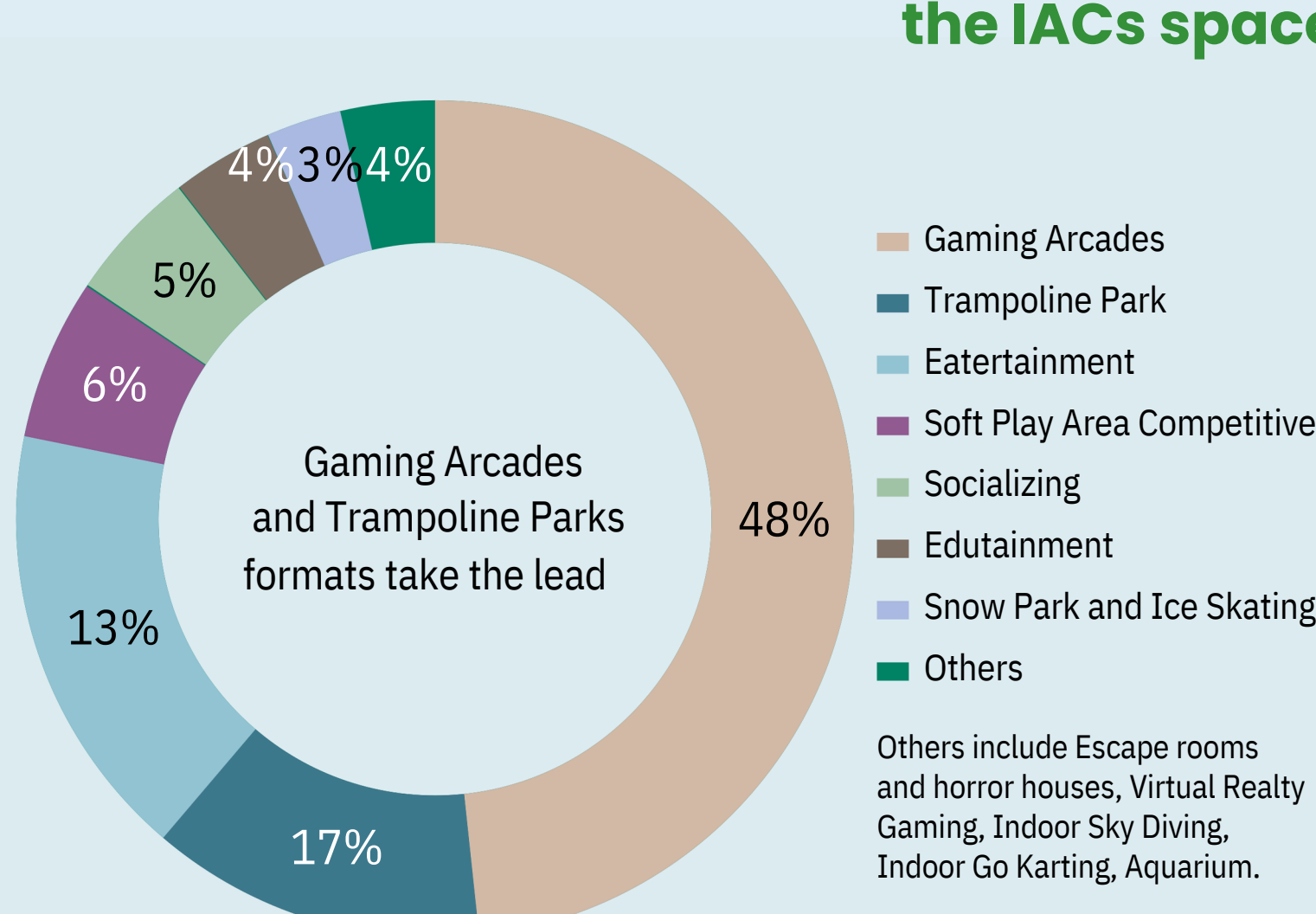
Top leading Tier 2 & 3 cities



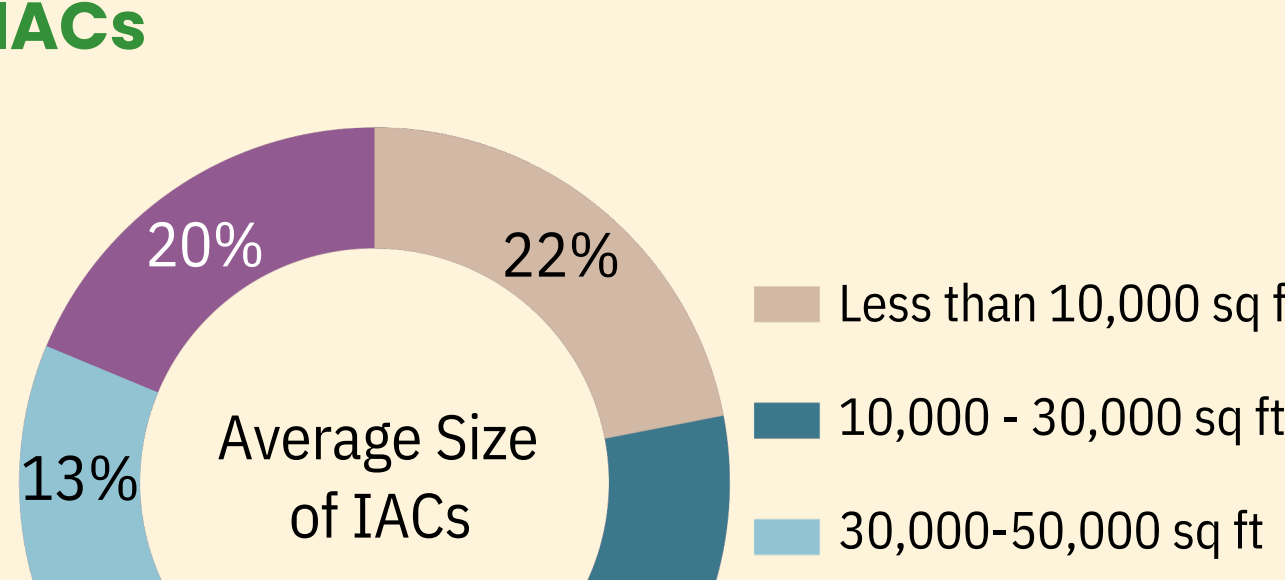
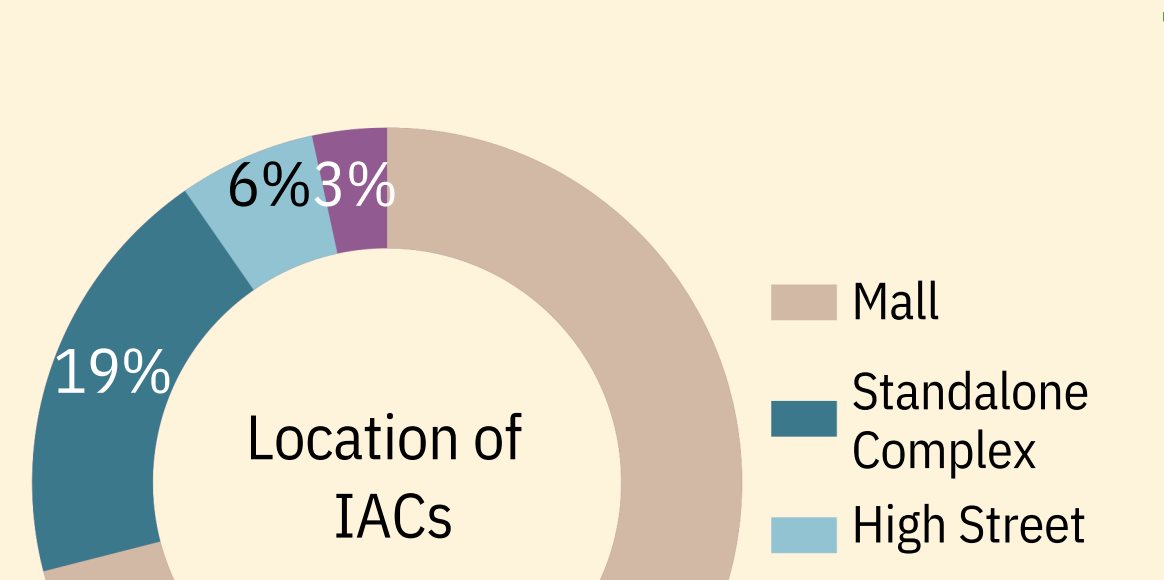
- There are a total of 232 IACs in smaller cities, providing a combined entertainment space of 2.8 million sq ft.
- The top 7 cities (Jaipur, Lucknow, Ludhiana, Kochi, Surat, Indore and Chandigarh) have 41% of the total Amusement Centers amongst Tier 2 & 3 cities.

Category split and operator split:

Indian operators dominate the IACs space



Shopping malls are the hub for IACs



Market Opportunity:

The Indian IACs market presents a significant and growing opportunity for investors.

Key factors supporting this claim include:

Untapped Potential: With a projected growth from INR 4,350 crore to INR 9,218 crore in annual revenues by 2030, the market is still developing and offers substantial room for expansion.

Increasing Mall Space: The anticipated addition of over 56 mn sq ft of Grade A mall space by 2028, with 6-8% typically designated for entertainment, indicates a significant pipeline for new IACs.

Demand in Tier 2 and 3 Cities: As consumer demand rises in smaller cities, operators are expanding into these markets with large-sized centers, capitalising on competitive real estate rentals and the lack of quality entertainment options.

Government Initiatives: Government focus on enhancing public spaces and promoting tourism is creating a favourable environment for the growth of the entertainment sector.

From the Managing Partner's desk:



GAURAV VK SINGHVI
Managing Partner,
Avinya Ventures

The Indian IACs market is a vibrant and dynamic sector fuelled by a growing demand for immersive experiences and a favourable demographic landscape. While challenges exist, the market's significant growth potential, resilience, and integration with the retail sector make it an attractive investment opportunity.

As the market evolves and matures, innovative formats, premium offerings, and strategic partnerships will be key to success in this exciting and evolving entertainment landscape. Wishing you and your family a happy and prosperous New Year.