



VIDEO GAMES MARKET REPORT

RALLY RESEARCH | Q2 2023

Rally

KEY TAKEAWAYS

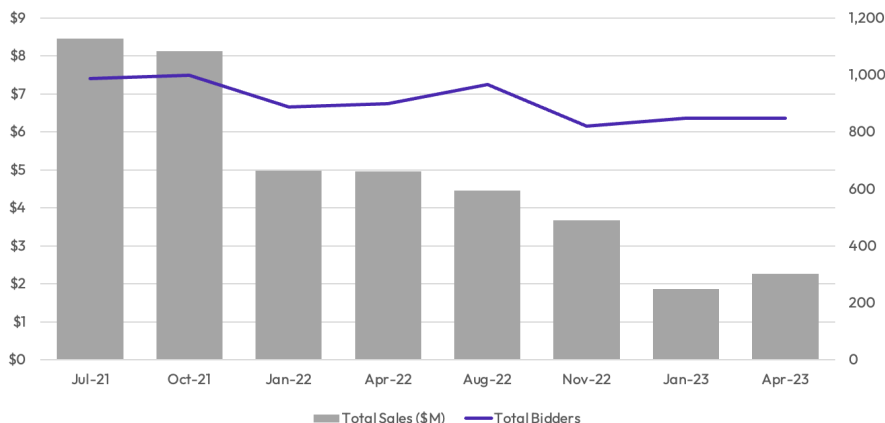


- 2022 MARKET DOWNTURN** Total auction sales and average sale price declined significantly in 2022 from prior year highs.¹
- RECENT STABILITY** The most recent major video Heritage's April Video Game Signature Auction had a 21% increase in total sales.²
- NO GRAILS FOR SALE** There have been no public video game sales above \$120,000 in 2023.³

MARKET ANALYSIS

Graded video games, a relative newcomer to the collectible ecosystem, experienced a rapid boom in demand during the pandemic alongside other alternative investments. The growth of the sealed vintage game market in 2021 coincided with the introduction of marquee video game auctions at Heritage (July 2021) and Goldin (September 2021), as well as the Collector's Universe acquisition of video game grader WATA.⁴ In the summer of 2021, record-breaking sales captured the public's attention: a copy of Super Mario 64 sold for \$1.56M in July⁵, which was quickly followed by Rally's own example of Super Mario Bros. selling for \$2M just a month later.⁶

Figure 1: Heritage Video Game Signature Auction Results¹⁷



Beginning in 2022, there was a significant correction in the video game market in both total dollar volume sold at auction and the average price per game sold. At the height of the market in Q3 2021, Heritage Video Games Signature Auction achieved \$8.4M in total sales with an average sale price of \$17k. It is important to note, however, that two games accounted for \$2.4M in sales (nearly 25% of the total volume). In the most recent Video Games Signature Auction (April 2023), Heritage had just \$2.2M in total sales with an average sale price of \$6k, representing a decline of 73% and 66%, respectively.⁷

that they would begin grading video games⁸ and those examples are beginning to appear alongside WATA-graded games at major auctions. Secondly, buyers and median sale price have remained relatively steady compared to other market metrics. From July 2021 to April 2023, unique bidders per auction only decreased by 14% as compared to a 73% decline in total auction sales, which suggests resilient demand among buyers.⁹ During that same time period, median sale price decreased by 13% while, average sale price dropped 66%.¹⁰ To understand this difference, it is useful to examine historical sales at the high end of the market.

video game market certainly experienced a contraction in 2022, but the decline in average sale price can be explained in part by the absence of the most valuable games at auction.

While it has not returned to the highs of 2021, the video game market is exhibiting some bright spots in the first half of 2023. Firstly, more grading companies are moving into the video game space. In May of last year, CGC announced

In 2021, there were six games that each sold for over \$500,000 at public auction.¹¹ In 2022, only one game sold for \$500,000 and in 2023, no game has sold for more than \$120,000.¹² The

Owners of rare examples seem to be hesitant to sell in adverse market conditions. Of the six games that sold for over half a million dollars in 2021, only one title had a comparable sale in 2022. A Hangtab example of Super Mario Bros. graded WATA 9.6 A+ sold for \$660,000 in April 2021¹³ and a similar copy graded 9.6 A sold for \$720,000 in November 2022¹⁴, representing an appreciation of 9.1%. Therefore, it appears that the top of the market may be somewhat insulated from the downturn with select copies exhibiting slight appreciation and many collectors holding on to the most valuable pieces.

Figure 2: Top 10 Video Game Auction Sales of 2023¹⁸

Title	Grade	Date	Price	Source
Legend of Zelda	CGC 9.4 A+	January 2023	\$120,000	Heritage Auctions
Duck Hunt	WATA 9.6 A++	April 2023	\$120,000	Heritage Auctions
Super Mario Bros.	WATA 8.0 A	April 2023	\$96,000	Heritage Auctions
Mario Kart 64	CGC 9.8 A++	January 2023	\$81,000	Heritage Auctions
Soccer	WATA 8.5 B+	April 2023	\$66,000	Heritage Auctions
Super Mario Bros. 3	CGC 9.8 A++	January 2023	\$60,000	Heritage Auctions
Nintendo World Championships	CGC FN+ 6.5	March 2023	\$57,500	Metropolis Comics
Sonic the Hedgehog	CGC 9.6 A	January 2023	\$50,400	Heritage Auctions
Donkey Kong	VGA 80	April 2023	\$50,400	Heritage Auctions
Legend of Zelda	WATA 9.2 A	January 2023	\$48,000	Heritage Auctions
Super Mario World	CGC 9.4 A	April 2023	\$43,200	Heritage Auctions

The results from Heritage's most recent Video Games Signature Auction in April suggest that the market has achieved some degree of stability following the 2022 decline. Total sales volume, unique bidders, total lots, and median sale price are all up from January's results.¹⁵ In addition, the April auction featured a Matte Sticker-sealed copy of Duck Hunt graded WATA 9.6 A++ that tied the record for the most expensive game of 2023 at \$120,000.¹⁶ The upcoming auctions in Q3 will reveal whether vintage video games have corrected to a new normal following a bull run or whether a headline sale of a major copy can drive up prices across the market.

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FOOTNOTES

1. All calculations for total dollar volume of video games sold at auction, the average price per game sold at auction, the median price per game sold at auction, and unique bidders per auction are based on Heritage Auctions' results for its "Video Games Signature Auctions" from July 2021 to April 2023.
2. As compared to the Heritage Auctions January Video Games Signature Auction.
3. Public auction data was collected from Heritage Auctions, Goldin Auctions and Metropolis Comics.
4. <https://hypebeast.com/2021/7/collectors-universe-wata-games-acquisition-news>
5. <https://comics.ha.com/itm/video-games/nintendo/super-mario-64-wata-98-a-sealed-n64-nintendo-1996-usa/a/7261-28137.s>
6. <https://www.nytimes.com/2021/08/06/business/super-mario-bros-sale-record.html>
7. See footnote 1
8. <https://www.cgccomics.com/news/article/10201/>
9. See footnote 1
10. See footnote 1
11. Based on historical public auction sales from Heritage Auctions, Goldin Auctions and Metropolis Collectibles.
12. See footnote 11
13. <https://comics.ha.com/itm/video-games/nintendo/super-mario-bros-wata-96-a-sealed-hangtab-1-code-mid-production-nes-nintendo-1985-usa/a/7242-93028.s>
14. <https://comics.ha.com/itm/video-games/nintendo/super-mario-bros-wata-96-a-sealed-hangtab-3-code-mid-production-nes-nintendo-1985-usa/a/7290-28064.s>
15. See footnote 2
16. <https://comics.ha.com/itm/video-games/nintendo/duck-hunt-wata-96-a-sealed-matte-sticker-first-production-nes-nintendo-1985-usa/a/7307-28027.s>
17. See footnote 1
18. As of April 20, 2023

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