

---

# The state of virtual production.

**Q1 Market Update**

**2025**

---

TIM MOORE | VU TECHNOLOGIES



# A year of radical transformation

The 2030 virtual production industry market forecast has grown to over

\$8b

a 32% increase on the initial 10 year industry projections from 2020.<sup>2</sup>

In the wake of back to back labor strikes, the media and entertainment industry experienced a decline of historic proportions in 2023, with a 52% decrease in production spending compared to the previous year and so much collateral damage that the effects have yet to be fully tallied.

However, virtual production earnings have bounced back, with 35% growth in the corporate and education sector, while seeing a 7% decrease in production spending in the entertainment sector, over the same period in 2023.<sup>1</sup>

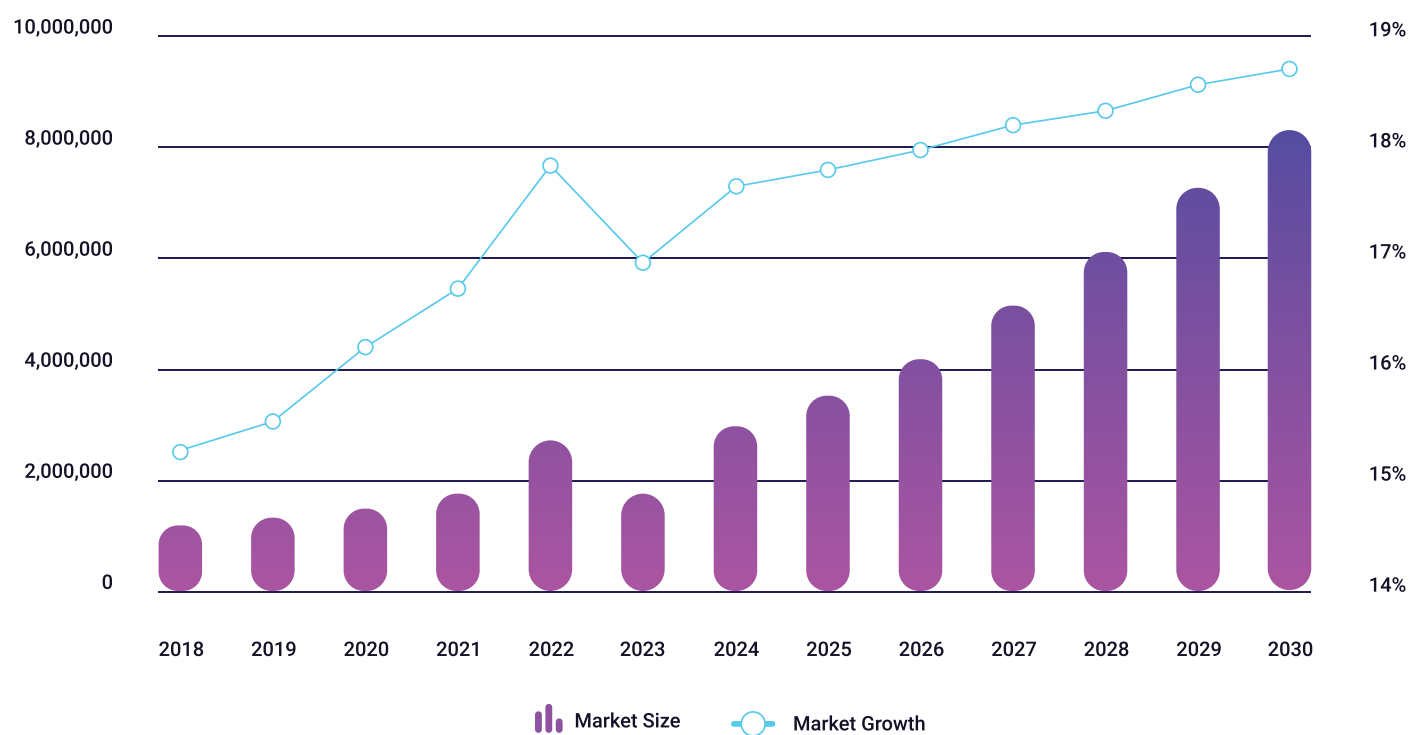
The market is forecasted to be a tale of two cities. As the volatile Media and Entertainment market continues to stifle

investment in the industry, a rising number of corporate and higher education virtual studios is set to be the highest growth sector this year. With compounding disruption and volatile labor markets, radical transformation is quickly approaching

The continued pace of innovation in the production industry has been relentlessly accelerating with advancements in computer graphics, and new creative workflows that are coming out so quickly it is outpacing the market's ability to commercialize them into viable solutions.

With another looming strike on the horizon for M&E and innovations in generative AI continuing to redefine how content is created, this year is expected to be one of the most transformative years in the industry since the shift to digital in early 2000.

## Global virtual production market size<sup>3</sup>



# Key insights

---

This executive report takes a look at the transformation and trends in the virtual production industry for 2025 as well as key insights from the growing community of virtual production studios around the world.

01

**We have reached the tipping point of advanced computer graphics.**

02

**The AI crash is coming.**

03

**Challenges and opportunities facing virtual production in 2025.**

04

**Small is the new big.**

05

**Virtual production 2.0. from science experiment to industry standard.**

06

**The expanding use case for virtual production on campus.**

07

**The compelling business case for virtual production.**

08

**The rise of the gen AI studio.**

09

**It's not how big you are. It's how big you think.**



---

**We have  
reached the  
tipping point  
of advanced  
computer  
graphics.**

**We are at a unique moment in time where new innovations in real-time computer graphics and paradigm shifts in AI-powered workflows are allowing creators to make content at super human speeds.**

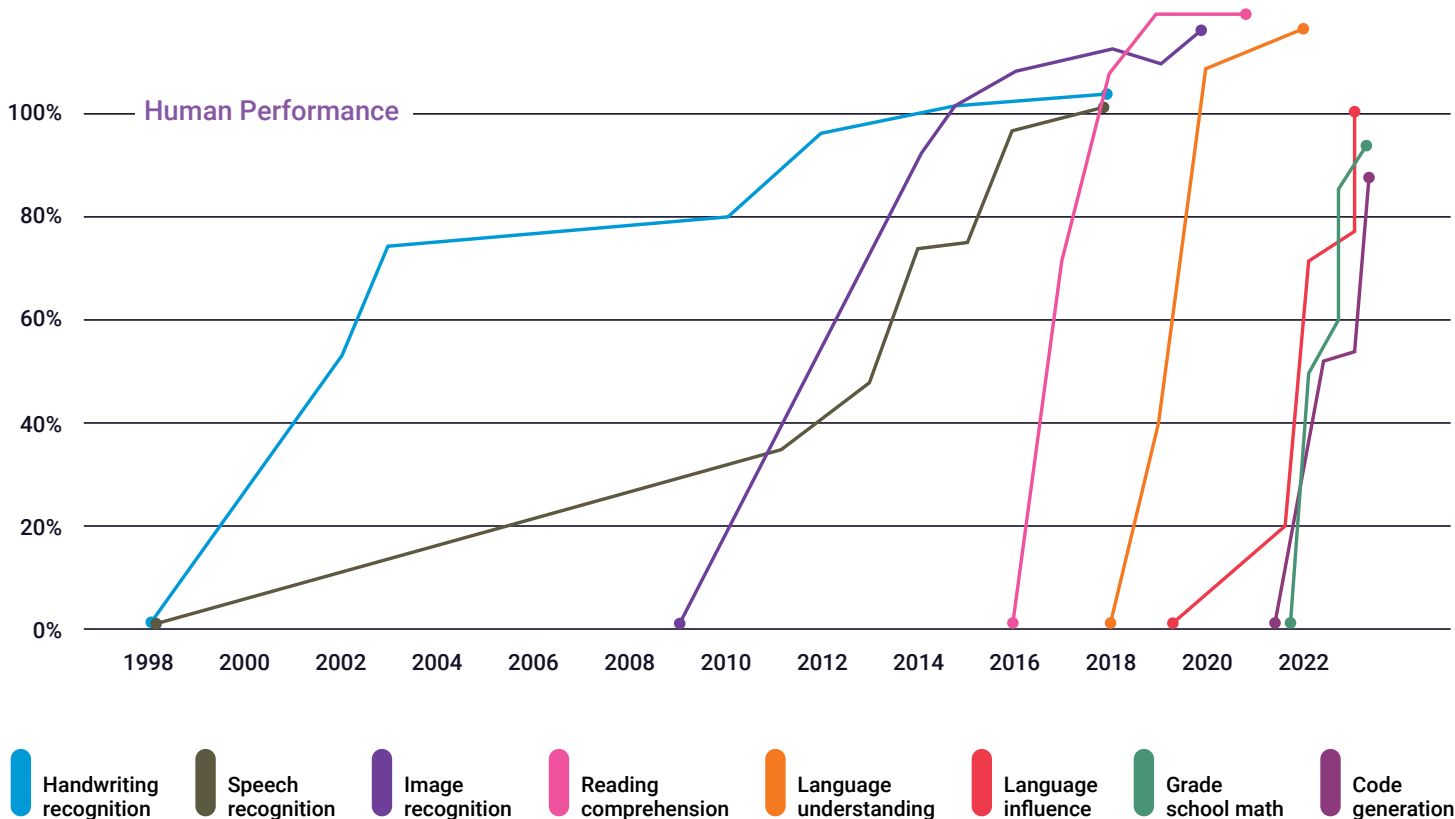
**For years, the human brain was the greatest processor in the world, but now there is a new species of AI in town and it's reaching human like capabilities in almost every category of communication, including visual communication.**

Having one brain is good, but having 100 brains is even better. Using AI as a companion is a growing trend this year as it helps to accelerate creative tasks for experienced artists as well as allowing more non-technical creators to participate in the content creation process. With early reports suggesting that hybrid AI workflows are making content creation time 80% more efficient, pairing real-time technology like virtual production to generative AI is allowing the creators of tomorrow to create content at the speed of thought.

**The technology itself  
doesn't do anything.  
The artist using the  
technology does.**

VFX Supervisor on films like Lion King, Avatar and The Jungle Book

# AI reaching human-like capabilities<sup>3</sup>



# Want to read more?

Register for the full white paper.

[vu.network/state-of-virtual-production](https://vu.network/state-of-virtual-production)



**thank you.**