

Q3 2022 PitchBook-NVCA Venture Monitor First Look

Market continues slowdown, but deal count unexpectedly high

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The PitchBook-NVCA Venture Monitor First Look is a preliminary release of top-line venture industry figures for the US market, intended as a first-to-market source of key datasets and findings. It will serve as a preview of the full PitchBook-NVCA Venture Monitor, which will be released in full shortly after these initial figures are made public. The methodology behind the First Look and the full Venture Monitor remains the same and consistent with previous editions barring any explicit changes incorporated over time. Based on that methodology and PitchBook's current estimation calculations, there could still be minute disparities between these initial estimates and the final confirmed figures in the full report, but that likelihood remains minimal.

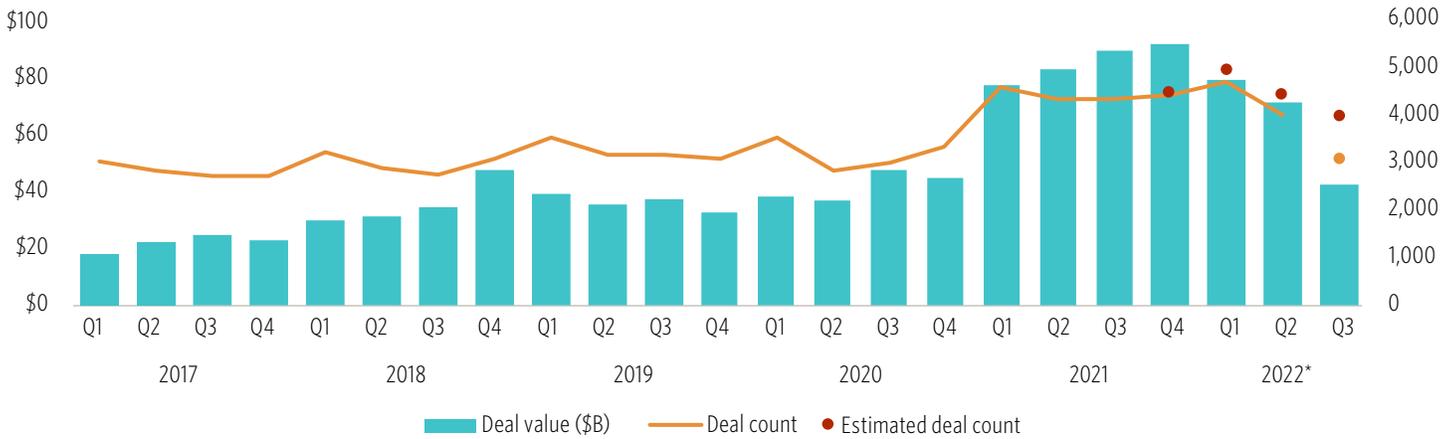
First look

- **Deal activity across all stages is showing more signs of distress, recording the third consecutive decline in completed deals.** Estimated deal count in Q3 (4,074) is off by almost 20% from the quarterly record high recorded in Q1 (5,049) and is the lowest count seen in any quarter since Q4 2020 (3,364). Q3 saw \$43.0 billion invested in VC deals across all stages, a nine-quarter low, cementing a tone of investor hesitancy and increased focus on business fundamentals amid the global economic downturn, even if the numbers remain high on a historical basis.
- **US VC fundraising has set a new annual high through only three quarters of 2022.** US-based VC funds have raised \$150.9 billion, surpassing last year's previous record and taking the 21-month fundraising total above \$298.1 billion. Given public market turbulence and frozen avenues for liquidity, we expected LPs to be concerned about their overexposure to this asset class and the potential for timely returns negatively impacting fundraising activity. Entering the second half of the year, we are finally beginning to see that momentum atrophy, as just \$29.4 billion in fundraising was added to the dataset since our Q2 report, the lowest quarterly total this year.
- **With just \$14.0 billion in exit value generated across an estimated 302 exits in Q3, there were few bright spots for the VC exit market.** These figures are in line with exit activity expectations around 2014 and well off the highs seen in 2021—\$266.8 billion in exit value was generated in Q2 that year. A highlight of the quarter is surely Adobe's announced \$20 billion acquisition of Figma, a developer of a web-based design platform—the deal is not yet closed. Few options remain for the growing group of unicorns, as 2022 has produced only 60 public listings, just one year after a record 303 VC-backed public listings generated \$670.0 billion in exit value. With the expectation that the current slow environment will remain, this year's total exit value is in danger of falling below \$100 billion for the first time since 2016.

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Q3 deal count unexpectedly high

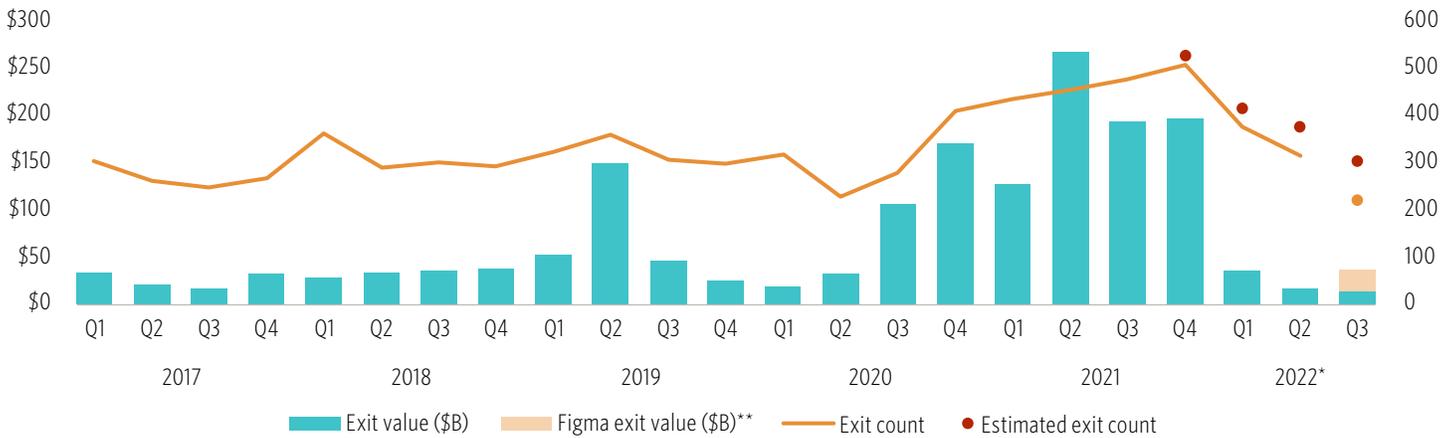
US VC deal activity by quarter



Source: PitchBook-NVCA Venture Monitor | Geography: US
*As of September 30, 2022

Announced acquisition of Figma higher than total Q3 exit value

US VC exit activity by quarter



Source: PitchBook-NVCA Venture Monitor | Geography: US
*As of September 30, 2022
**Announced exit on September 15, 2022

2022 fundraising sets new annual record

US VC fundraising activity



Source: PitchBook-NVCA Venture Monitor | Geography: US
*As of September 30, 2022