

Q1 2023 PitchBook-NVCA Venture Monitor First Look

Venture capital market compresses further in Q1

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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.

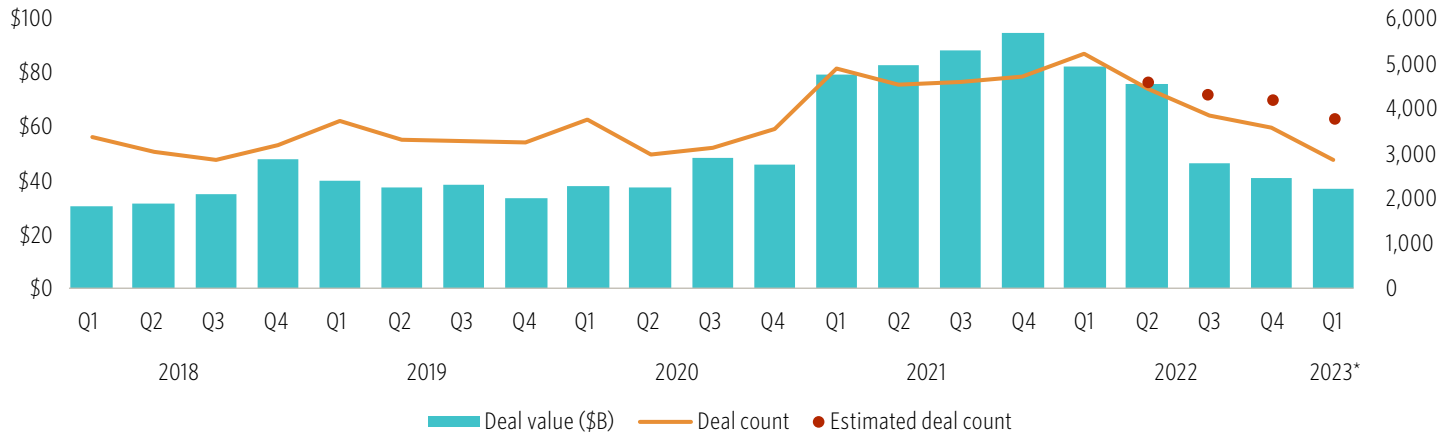
The first quarter of 2023 was remarkable for US venture capital, though not necessarily because of deal activity. Silicon Valley Bank's collapse was a major, unexpected event that dominated the narrative in March. While the impact of the bank's failure will likely not be immediately visible in the data, and the potential devastation from the event seems to have been largely avoided, [it was another unneeded pressure on the market](#). Activity has fallen rather consistently over the past year as the market further condenses from the expansion of 2021. Here are some of the key themes of the data in this preview of the Q1 2023 PitchBook-NVCA Venture Monitor:

- Late-stage deal value took a nosedive in Q1, declining for the seventh straight quarter to \$11.6 billion. As investors grapple with a liquidity crunch due to a poor exit environment, they have shied away from larger deals in an effort to preserve capital. Just 19 late-stage mega-rounds occurred in the first quarter of 2023, compared with 98 in Q1 2022. Not only has this widened the funding gap between startups seeking capital and investors willing to provide it, but it has also put downward pressure on deal pricing. In Q1 2023, the median late-stage VC pre-money valuation fell 16.9% from the 2022 full-year figure to \$54.0 million, while the average pre-money valuation declined by more than \$100 million to \$159.1 million.
- Just \$5.8 billion in exit value was closed in Q1. That is less than 1% of the total exit value generated in the record year of 2021. With IPOs unattainable (only 20 public listings occurred in Q1), pressure continues to build within the ecosystem due to the high number of unicorns unable to realize returns for investors. The market has been left with inflated valuations built on high multiples from the past couple of years. Even though our exit count estimate increased slightly QoQ because of relatively strong M&A, acquisitions cannot provide the amount of capital needed due to these high valuations.
- By the end of the first quarter of 2023, the fundraising momentum of 2021 had all but dried up, with a meager \$11.7 billion closed across 99 funds. Capital commitments continued to concentrate in larger-size vehicles, but just two funds closed on \$1 billion or more (36 were closed in 2022). The sluggish pace of fundraising for emerging and first-time fund managers could be a precursor to formidable fundraising experiences through the end of the year.

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US VC deal count has fallen more than 25% from the Q1 2022 record

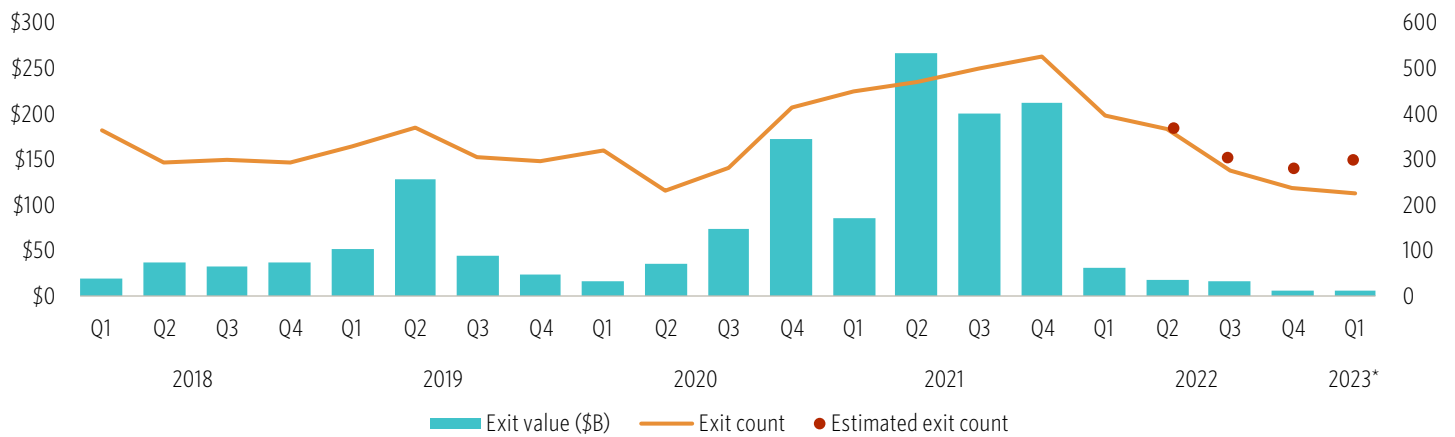
US VC deal activity by quarter



PitchBook-NVCA Venture Monitor
*As of March 31, 2023

Q1 2023 exit value is a concerning figure within the dataset

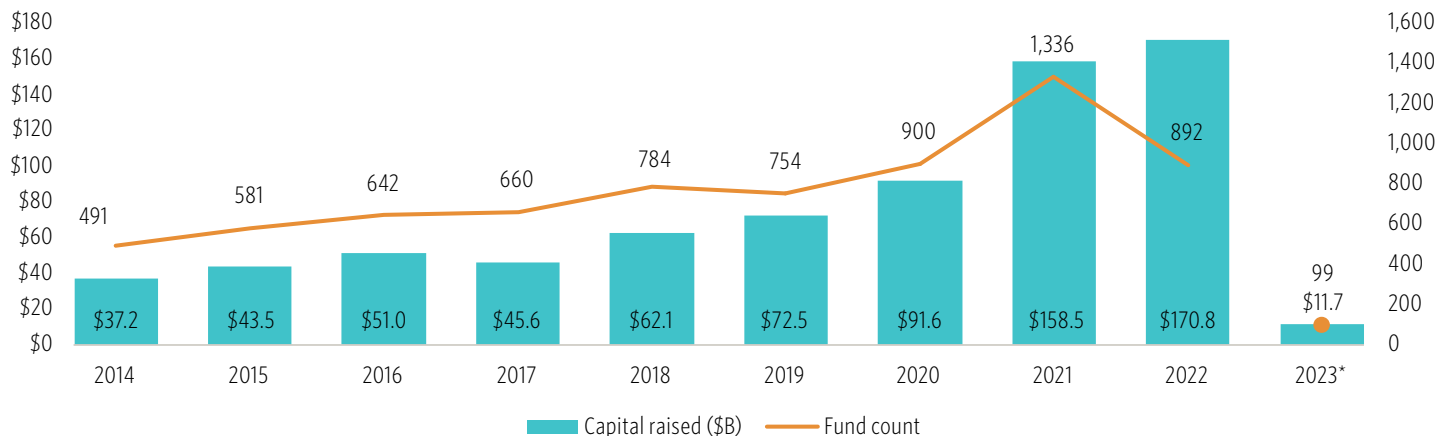
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2023 on pace to have the lowest fundraising total since 2017

US VC fundraising activity



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