

2025

United States Investment Outcomes Monitor

Emerging Trends and Dynamic Landscape

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By the Numbers

1.3X

Ratio of total VC deal value to exit value YTD.

7.5 YEARS

Median time for VC-backed companies to exit via public listing.

91.8%

Share of YTD VC deals that achieved a higher valuation than the previous round.

12,552

Number of companies held by PE firms YTD.

\$421.6B

Amount of exit value generated by 772 PE-backed companies YTD.



United States Investor Outcomes Overview

Valuations stabilize amid slow exits. Down rounds have dropped from 15.3% in 2024 to 6.4% year-to-date (YTD), with over 90% of new financings marked as up rounds. The rebound signals growing pricing discipline, though many weaker firms that have not raised again remain unaccounted for.

Late-stage deals face lingering pressure. Roughly 76% of 2025 down rounds occurred in late-stage or venture-growth companies, compared with 24% in early-stage deals. This pattern highlights that valuation recovery remains uneven and concentrated in earlier financing stages.

Insider participation is rising. Insider-led venture capital (VC) deals reached the highest share in a decade at 9.1% of all rounds YTD, up from 8.2% in 2024. Existing investors are increasingly extending runway for portfolio companies as external fundraising remains constrained.

Private equity (PE) faces mounting exit congestion. PE-backed holdings hit a record 12,552 companies, with about half aged four to nine years. Prolonged ownership and delayed exits risk compressing returns and slowing distributions to limited partners (LPs), even as rate cuts begin to ease financing costs.

Venture outcomes remain highly selective. Of the companies that raised their first VC round since 2015, fewer than 8,000 reached a fourth round, while only 5% achieved an exit after their first round. Later-stage survivors now drive most exit value creation.

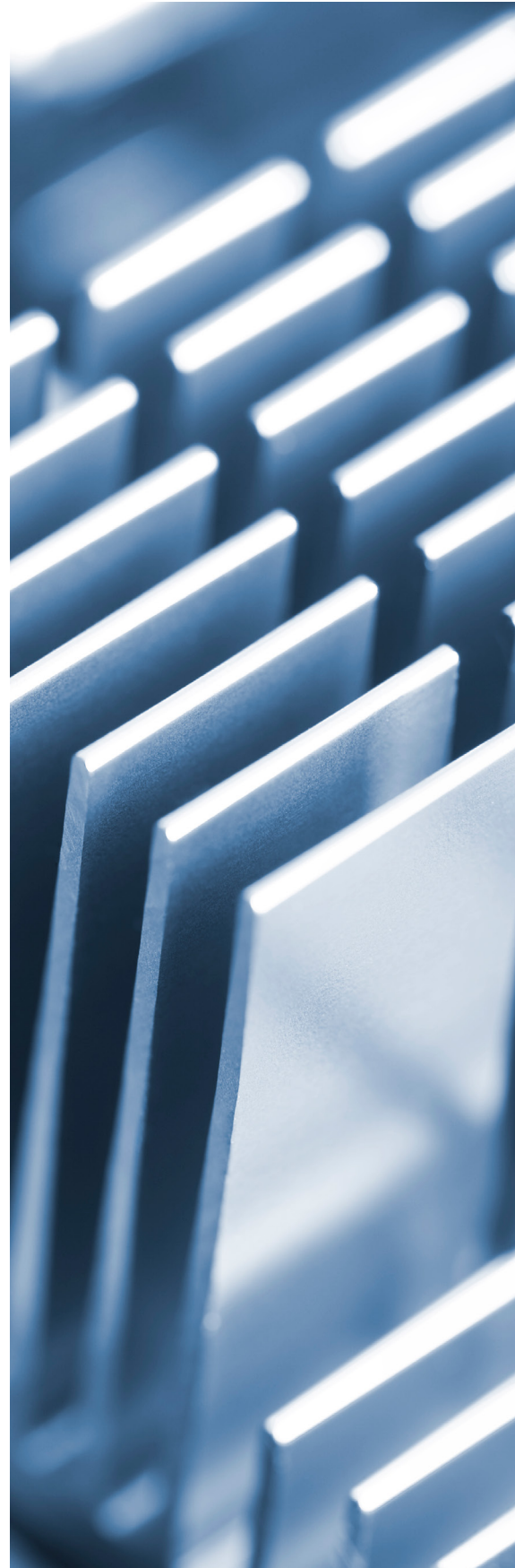
Technology leads an uneven recovery. Software as a service (SaaS) and artificial intelligence & machine learning (AI & ML) account for nearly half of 2025 exit value, while life sciences, at \$19.1 billion YTD, trails its 2024 total of \$35.6 billion. AI strength is masking weaker trends in other sectors, creating a split recovery across industries. Its share of United States exit value fell to 10.5% from 20.3%, reflecting stronger competition from tech-led growth sectors.

TRAVIS DROUIN

Principal
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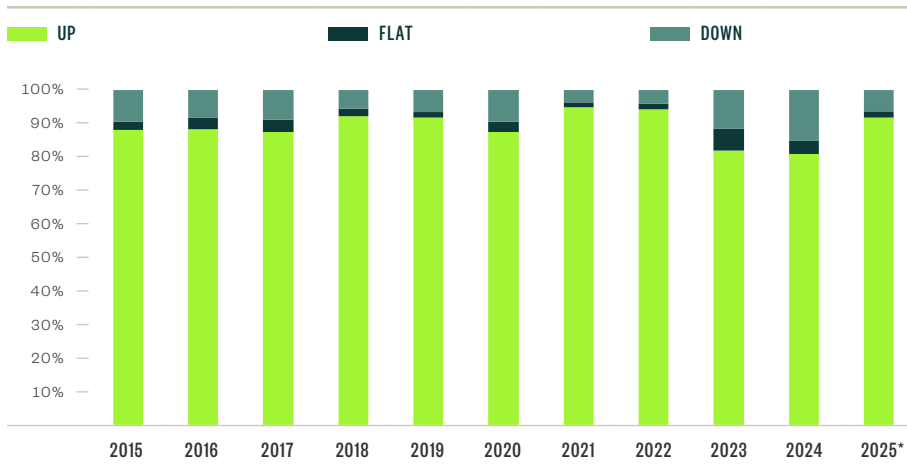
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Technology Practice



Investment & Market Trends

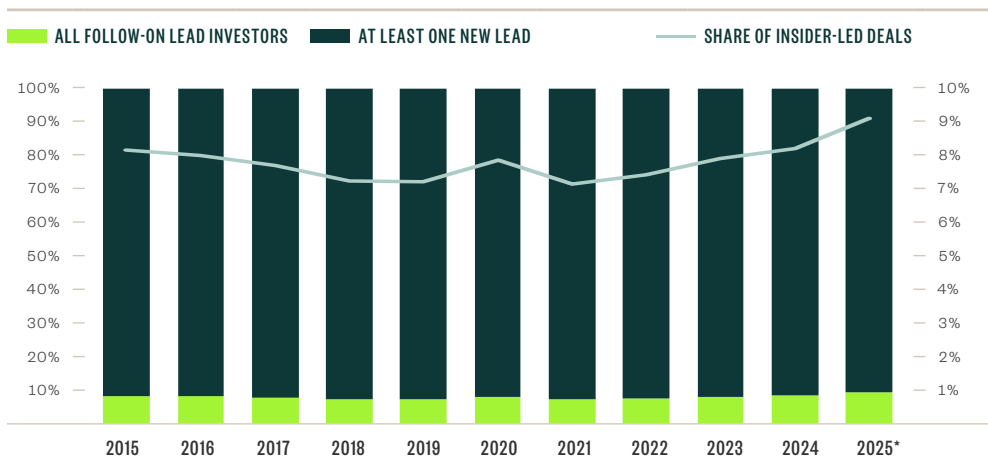
VALUATIONS PROVE RESILIENT, BUT EXIT PROSPECTS ARE UNEVEN

FIGURE 1: Share of VC Deal Count by Valuation Change



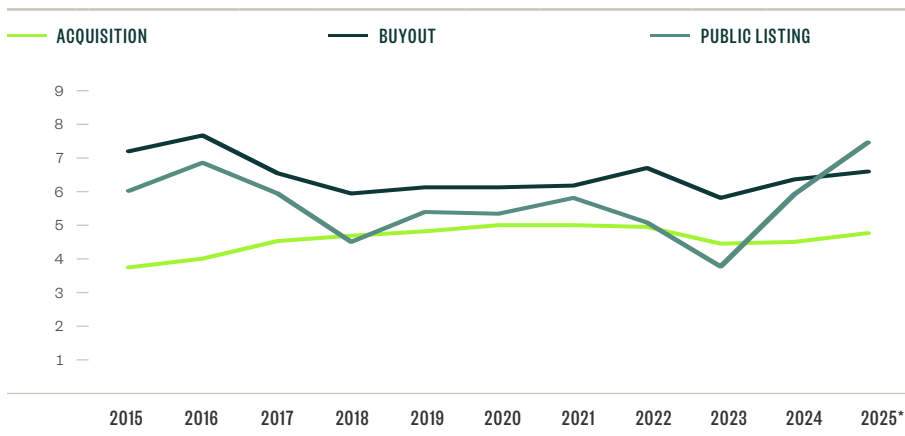
*As of 9/24/2025

FIGURE 2: Share of VC Deal Investors by Lead and Follow-On Participation



*As of 9/24/2025

FIGURE 3: Median VC Time (Years) to Exit by Type



*As of 9/24/2025

After two years of heavy valuation pressure, the venture market is showing early signs of stabilization. Down rounds have fallen sharply, dropping from 15.3% of United States VC activity in 2024 to just 6.4% YTD.

This apparent rebound in recent valuations suggests that pricing discipline and investor confidence are slowly returning to the market after a period of misalignment. However, the data only reflects companies that successfully raised another round. Firms that haven't re-entered the market—often weaker performers—are excluded, which may create a partial picture of recovery.

The prior surge in down rounds during 2023 and 2024 coincided with macroeconomic tightening, as higher interest rates and sluggish initial public offering (IPO) markets forced repricing across late-stage portfolios. The recent decline in 2025 may indicate early signs of recovery, but the absolute number of down rounds, at more than 7,000, remains high compared with pre-2021 levels.

Late-stage companies continue to bear the brunt of valuation resets, accounting for about 76% of all down rounds this year; meanwhile, early-stage deals represent roughly 24%, following a similar split in 2024. By contrast, early-stage investments have remained more insulated, supported by smaller round sizes and sustained investor interest in longer-term plays.

Existing investors are playing a larger role in sustaining portfolio companies. Insider-led VC deals rose from 8.2% in 2024 to 9.1% YTD, the highest share in a decade. This trend reflects a tougher fundraising environment, where companies rely more on current backers to extend runways. With the Federal Reserve cutting rates in September—and further cuts projected—insider-led rounds may remain a larger share until liquidity conditions improve.

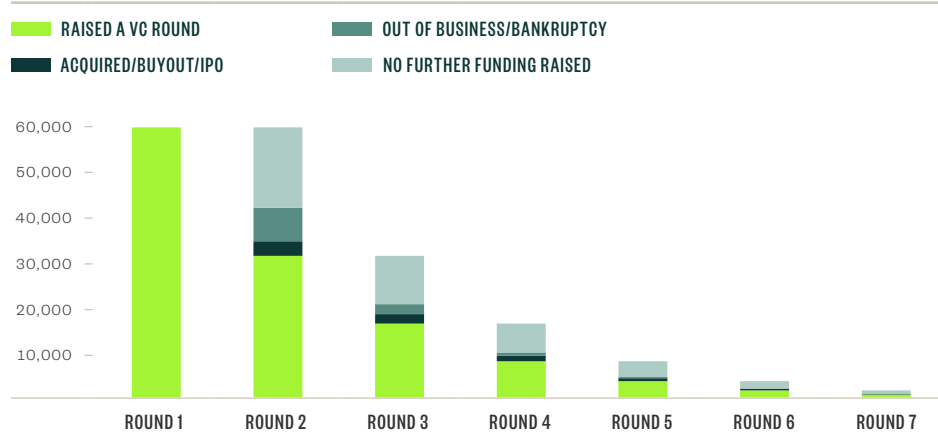
Deal activity in 2025 is tracking below the pace of recent years, meaning fewer opportunities for down rounds to occur. Some companies may simply postpone fundraising until market conditions strengthen. If valuation resilience holds, it could set the stage for healthier exits in 2026 and beyond. If not, the current stabilization may prove temporary, with exit markets continuing to lag the rebound in private valuations.

A handful of headline IPOs, including Figma, SailPoint, CoreWeave, and Klarna, helped end a prolonged liquidity drought. These exits reduced the median United States VC time to exit via IPO—which had reached a record 7.5 years—but such IPOs remain exceptions rather than the norm.

Existing investors
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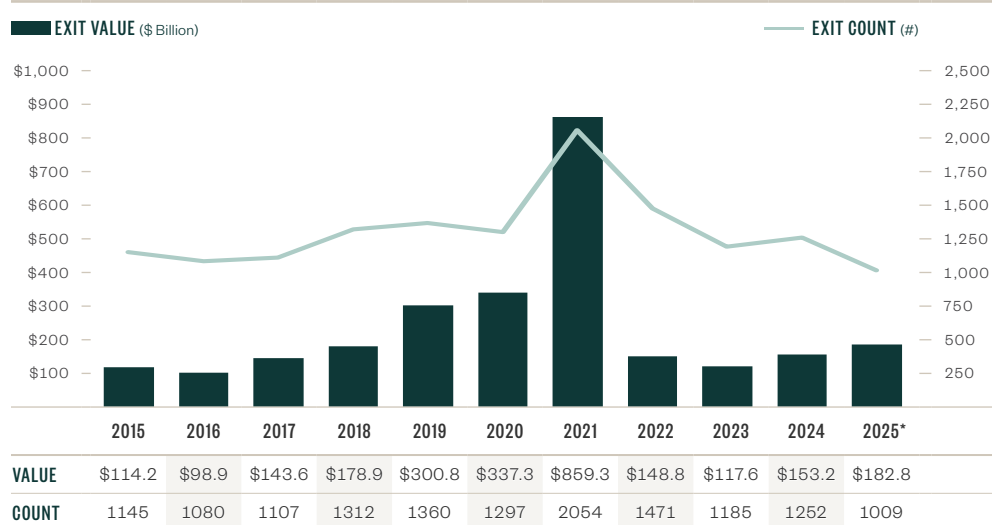
VC ODDS ARE INCREASINGLY CONCENTRATED

FIGURE 4: VC Funnel*



*As of 9/24/2025

FIGURE 5: VC Exit Activity



*As of 9/24/2025

United States VC funnel data illustrates some prominent themes for venture investors. Among companies that raised their first VC round between 2015 and 2023, over half advanced beyond their first round. However, the pool of investable companies shrinks rapidly in later stages.

Only about 31,000 firms reached a second round, and by the fourth round, fewer than 8,000 remained active. This attrition reflects both the filtering function of venture markets and the difficulty of sustaining momentum through successive fundraises. As investors raise their standards for initial investments in the face of macro risk, this pool of surviving companies is likely to remain small and selective, adding additional pressure for investors to produce healthy returns.

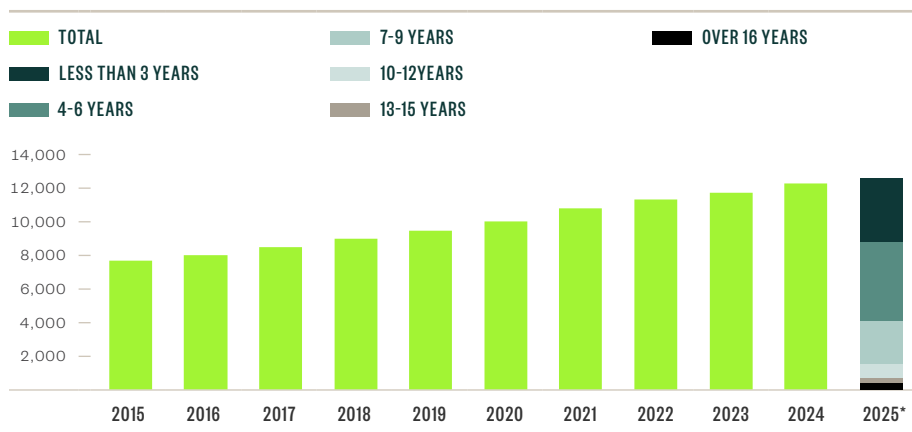
Furthermore, liquidity events are relatively rare at early stages. Roughly 5% of the original cohort were acquired or went public after their first round of VC funding. Most firms either fail to achieve scale or stall—surviving but not growing enough to attract further investment or buyer interest.

Meanwhile, approximately 12% of companies went bankrupt or ceased operations entirely after their initial raise, underscoring the persistent risk of total capital loss. The odds of success are low, but these conditions aren't new to VC investors, only heightened.

By the time a company reaches its fourth or fifth round, the absolute number of investable opportunities is small, yet the concentration of potential returns is higher. These survivors tend to dominate exit value creation, implying that an investor's ability to identify these later-stage winners has a disproportionate effect on overall portfolio performance. Improving IPO prospects and resilient valuations could support funnel progression and investors' results.

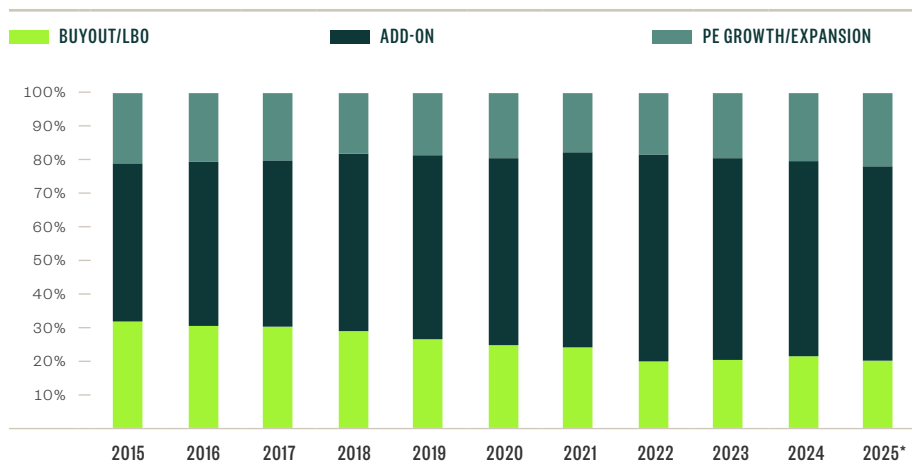
PE'S EXIT BOTTLENECK GROWS

FIGURE 6: PE-Backed Company Inventory by Deal Year



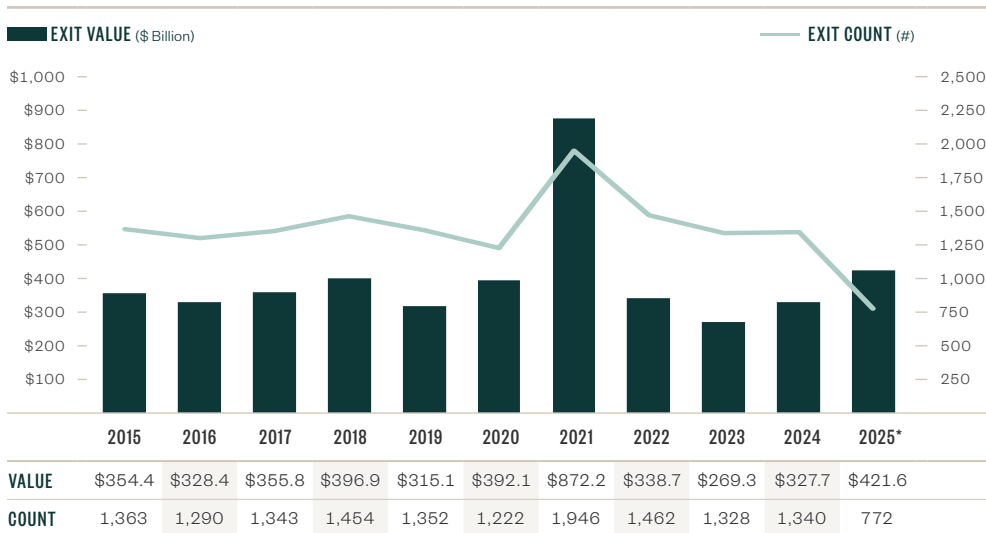
*As of 9/24/2025

FIGURE 7: Share of PE Deal Count by Type



*As of 9/24/2025

FIGURE 8: PE Exit Activity



*As of 9/24/2025

PE portfolios have reached a record size, with more than 12,500 companies currently held by PE firms. This surge indicates that exit cycles have slowed meaningfully. The buildup reflects a combination of factors, including higher borrowing costs and valuation uncertainty that has discouraged sales and exits.

That said, the growth rate of total PE portfolio holdings has moderated since 2021, signaling a broad shift away from rapid portfolio expansion and into a phase of extended ownership and existing asset management. This has opened the door for more add-ons, secondary transactions, and recapitalizations.

The age profile of these holdings underscores the mounting pressure on fund timelines. Roughly half of portfolio companies are now between four and nine years old, meaning many are entering or surpassing the typical PE holding period.

The maturing cohort may push managers toward liquidity events through traditional exits or general partner-led continuation vehicles. However, the longer that assets remain held, the more likely internal-rate-of-return compression becomes, especially in a higher-rate environment where leverage is costlier to maintain.

As these older investments accumulate, the potential for exit congestion grows. When deal markets reopen, a wave of companies could enter the sales pipeline at once, putting downward pressure on valuations and lengthening exit timelines. This would directly affect capital recycling and fundraising dynamics. Distributions to LPs may remain subdued, delaying their ability to reinvest in new funds.

In effect, the record inventory reflects the consequences of a strong decade of deployment, which has raised the bar for returns, and demands sophisticated liquidity management from managers.

On a positive note, recent rate cuts could provide some relief and greater flexibility in leverage use in the near term, and outlier PE exits have already generated more value YTD than in the prior three years.

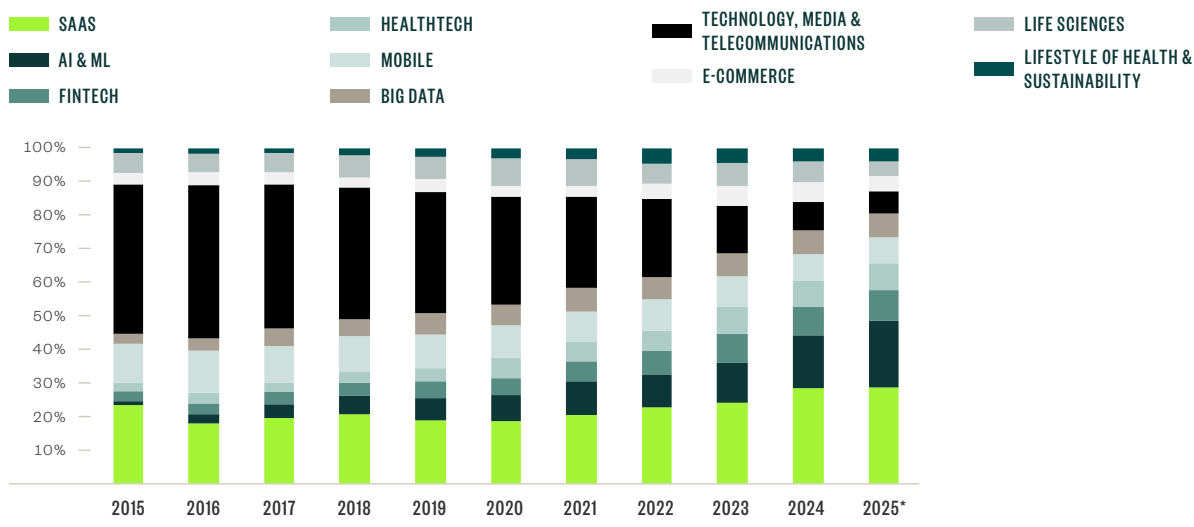
The growth rate of total PE portfolio holdings has moderated since 2021, signaling a broad shift away from rapid portfolio expansion.



SECTION THREE

Spotlight: Tech Outpaces Life Sciences in Uneven Recovery

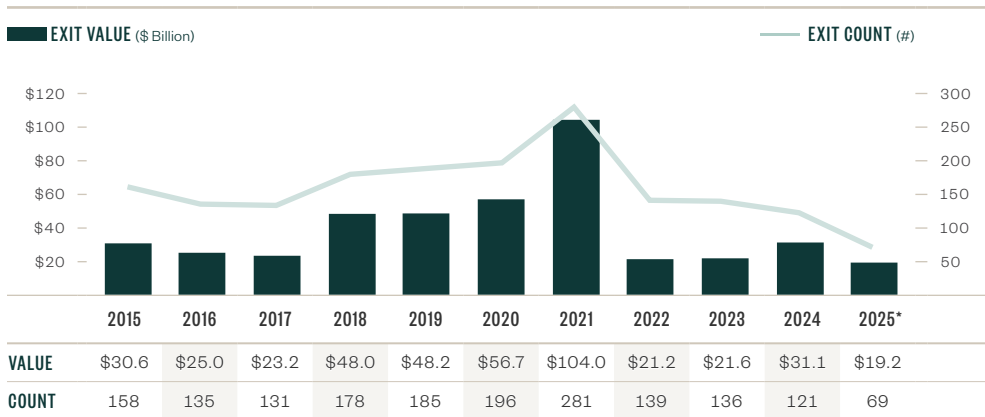
FIGURE 9: Share of VC Exit Count by Vertical



*As of 9/24/2025



FIGURE 10: Life Sciences VC Exit Activity



*As of 9/24/2025

Technology continues to anchor VC activity in 2025, with SaaS and AI & ML driving nearly half of YTD exit value. AI & ML stands out as the only vertical to exceed last year's total exit count and has effectively propped up broader industry performance. This concentration underscores both the strength of demand in emerging technologies and the dependence of the venture market on a narrow set of growth drivers.

At the same time, fintech and healthtech—the third- and fourth-largest verticals, respectively—have shown resilience, with exit activity trending toward levels that are likely to surpass 2024 levels by year-end. These verticals highlight that while AI & ML remains the dominant force, diversification within the tech ecosystem is strengthening.

The life sciences industry tells a more nuanced story. The sector has already delivered more than \$19 billion in exits YTD, putting it behind the \$35.6 billion achieved in 2024 but still on pace to exceed annual totals from both 2022 and 2023. This points to an industry that, despite volatility in quarterly outcomes, remains a consistent contributor to exit markets. Uncertainty around the timing and outcome of Food and Drug Administration approvals is dampening momentum in life sciences VC, making investors more cautious about committing capital despite strong exit values in recent years.

Life sciences' share of total United States exit value has dropped sharply, falling to 10.5% compared with 20.3% in 2024. This relative decline reflects how other sectors are commanding a larger portion of investor interest.

There's an uneven nature of recovery in VC markets. Tech's strength, led by AI & ML and SaaS, is masking softer activity across other verticals. Life sciences, while still producing outsized deals, is losing relative share. This underscores a bifurcated environment where concentrated bets in frontier technologies are driving momentum, but opportunities in historically resilient sectors like life sciences remain attractive, although more cyclical.

Methodology

Standard PitchBook methodology regarding venture transactions and venture-backed exits was used for all datasets and similarly for PE or other private investment types. Full details can be found [here](#).



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