

## US Venture Capital Exits Continue to Decrease as Global Deal Share Falls Below 50%

### US exits continue the downward trend of recent quarters, with \$28.8bn recorded in Q3 2015

2015 has seen a continued decrease in both the number and aggregate value of US venture capital exits. The first three quarters of 2015 saw 414 exits generate an aggregate value of \$28.8bn, while the same period in 2014 saw 527 exits with a total value of \$62.2bn. However, this figure is distorted by a huge spike of \$35.4bn in Q1 2014, masking quarter on quarter declines. The 119 exits in Q3 2015 was the fewest since Q1 2010, demonstrating the continued drop-off in 2015.

This decline is in contrast to the increased activity in the wider global venture capital deals market. In 2015 YTD, the proportion of all venture capital deals globally that took place in the US dropped 8 percentage points, from 54% in 2014 to 46%. At the same time, the proportion of global deal value represented by the US declined from 60% to 50%. Nevertheless, US venture capital looks set for record aggregate deal values in 2015, with \$54.6bn of deals recorded over the first three quarters of the year, just \$1.1bn behind the high of \$55.7bn recorded for the whole of 2014.

#### Other Key US Venture Capital Facts:

- **Assets under Management:** In March 2015, **US-based venture capital firms boasted record AUM levels.** Despite unrealized value remaining at \$226bn, dry powder increased to \$73bn, up \$1bn from the previous highest AUM, recorded at the end of 2014.
- **Deals by State:** California continues to be the most prolific state for US venture capital investment, representing **57% of the total aggregate deal value**; New York is second, representing 12% of the market.
- **Foreign Markets:** A third (33%) of US-based venture capital fund managers invested in foreign markets during 2015 YTD. **Canada is the most sought-after destination**, with 10% of US-based firms investing there, while 6% firms have invested in India and 6% in the UK.
- **Time on the Road:** In Q1-3 2015, **first-time US-based venture capital funds took an average of 13 months to reach a final close**, five months shorter than follow-up funds. Globally, both first time and experienced funds were in market for an average of 16 months in 2015.
- **Fundraising:** US venture capital fundraising has already exceeded the total raised in 2014 (\$19.4bn) with **\$22.9bn raised over the first three quarters of the year.** The \$9.5bn and \$9.1bn raised in Q2 and Q3 respectively represent a return to fundraising levels last seen prior to the Global Financial Crisis.

**To access further information and analysis, please see the report below:**  
<https://www.preqin.com/docs/reports/Preqin-US-Venture-Capital-December-2015.pdf>

#### Comment:

“The exit environment for the US venture capital industry has been very challenging in recent quarters. A renewed focus from corporate investors on direct early stage investment, as well as high-profile IPO difficulties for some companies, have meant that many businesses have preferred to stay private and raise later stage funding rounds.

Nonetheless, both fundraising and deal activity remain strong in the US, and overall venture capital deal value is set to reach a record high in 2015. A loss of market share is more reflective of the rapid growth of venture capital activity in Asia, rather than a US decline in these areas.”

#### Felice Egidio – Head of Venture Capital, Preqin



**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

**About Preqin:**

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