

Monday, 02 February, 2025

NEWSLETTER



Where’s Venture Capital Headed? Breaking Down the Trends

So, here’s the deal: in Q3 2024, venture capital globally inched up by just 2% compared to the previous quarter, mostly thanks to some massive funding rounds in AI and mobility. The US totally dominated, snagging seven out of the top 10 global deals worth \$1 billion or more. Meanwhile, over in Europe, things weren’t as rosy—stubborn inflation and higher interest rates put a damper on funding, especially in the UK.

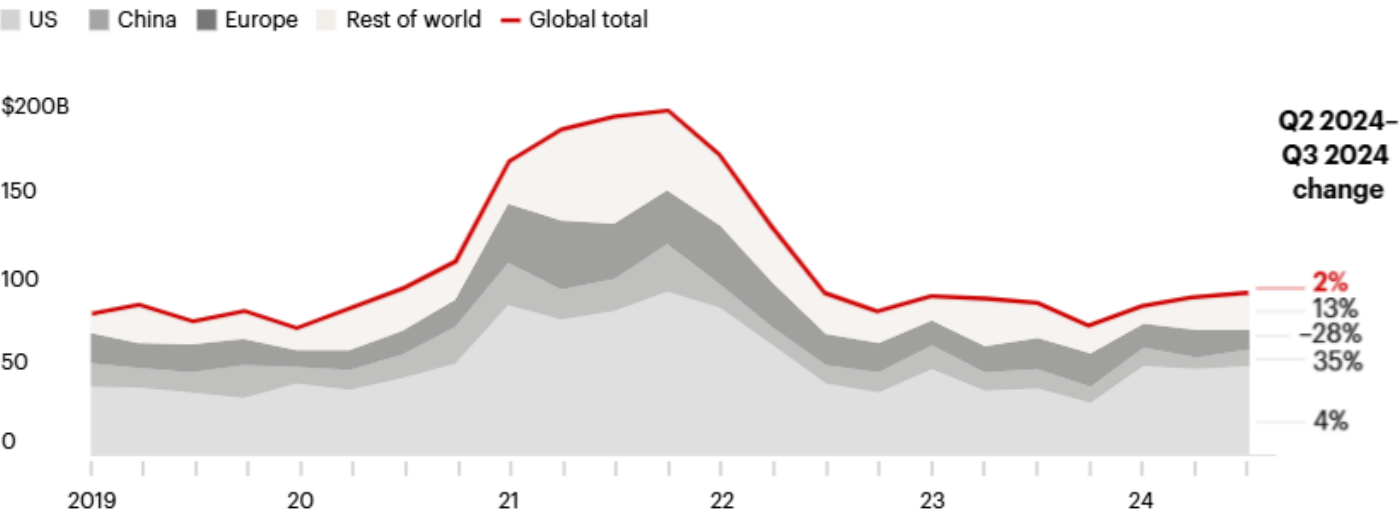
Now, here’s where it gets interesting. Seed- and late-stage deals actually did pretty well, growing by 7% and 16% quarter-over-quarter, respectively. AI and semiconductors were the big winners here. But early-stage deals? Not so much—they dropped by 23%, partly because things cooled off after xAI’s huge \$6 billion deal in Q2.

On the corporate side, both regular corporate investors and corporate venture capital (CVC) were a bit more cautious, with fewer deals happening. It seems like companies were playing it safe with all the uncertainty around. That said, the number of corporate and CVC investors stayed steady, and we even saw some new CVCs popping up in areas like advanced manufacturing and energy.

Oh, and generative AI funding? Yeah, it slowed down in Q3, but honestly, that’s not too surprising given how wild and unpredictable that space can be with its massive deals. What’s cool, though, is that funding for horizontal enterprise applications shot up to \$4 billion, showing that investors are starting to focus more on industry-specific solutions. So, yeah, it’s a mixed bag, but definitely some interesting shifts happening!

Global venture capital funding grew modestly over the last quarter

Venture capital, private equity, and corporate venture capital funds raised, by quarter (\$B)



Notes: Geographies represented are based on headquarters’ locations; rest of the world includes start-ups with headquarters in the Middle East and Africa, rest of Americas (except US), rest of Asia-Pacific (except China) or unknown location
Sources: Crunchbase

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Where’s Venture Capital Headed? Breaking Down the Trends (Cont’d)

So, in Q3 2024, venture capital saw a small 2% bump globally, mostly thanks to some massive funding rounds in AI and mobility. The US stayed on top, bagging seven of the ten biggest deals worldwide, each worth \$1 billion or more. Over in Europe, though, things weren’t as rosy—rising inflation and interest rates put a damper on funding, especially in the UK.

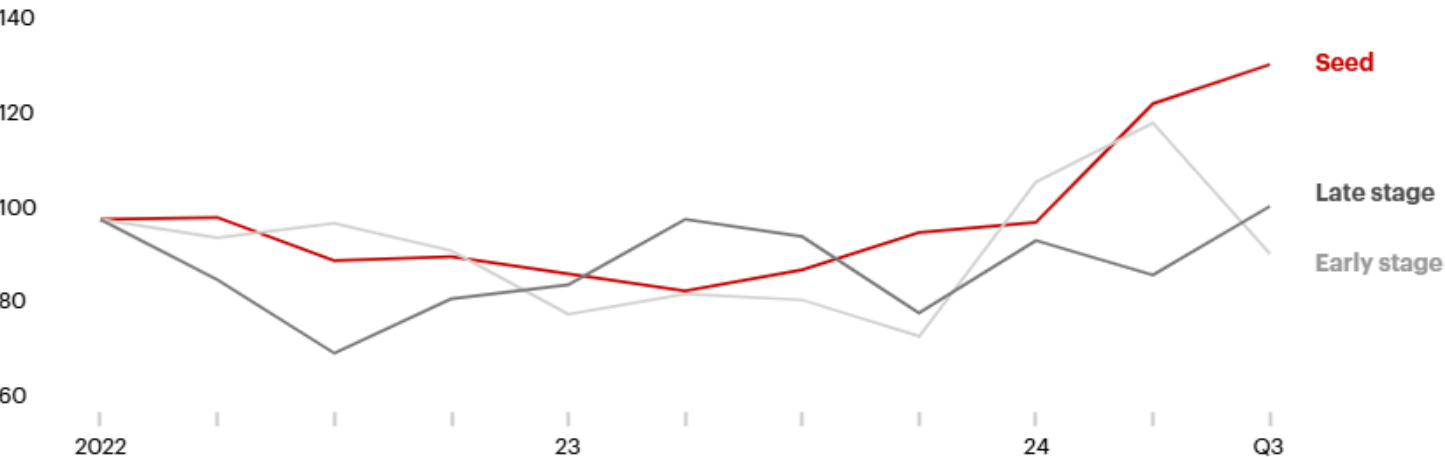
Seed and late-stage deals had a pretty good quarter, growing by 7% and 16%, respectively, with AI and semiconductors leading the charge. But early-stage deals took a hit, shrinking by 23%. A lot of that drop came after xAI’s huge \$6 billion deal in Q2, which made everything else look a bit smaller in comparison.

Corporate-backed deals and CVC activity dipped a bit, showing companies are playing it safe with all the uncertainty and fewer chances to cash out. That said, the number of corporate and CVC investors stayed steady, with new players popping up in areas like advanced manufacturing and energy.

Generative AI funding cooled off in Q3, which isn’t too surprising given how wild the sector can be with its massive deals. But there was a big jump in funding for horizontal enterprise apps, hitting \$4 billion, as investors started focusing more on industry-specific solutions.

Seed- and late-stage deal sizes increased, fueled by AI and semiconductors

Average deal size, by funding stage (indexed to Q1 2022)



Notes: Seed includes angel, preseed, and seed rounds; early stage includes Series A and B; late stage includes funding rounds Series C or later and private equity rounds; private equity rounds refer to investments by private equity firms or hedge funds in a late-stage funding round, typically upwards of \$50 million
Sources: Crunchbase