



Top Venture Capital Trends Startups Should Watch in 2025

Comparative analysis across the top three US venture hubs



Methodology

Reports are written in accordance with standard [PitchBook report methodologies](#) unless otherwise noted. Companies are categorized based on their HQ locations within a metropolitan statistical area (MSA) as defined by the US Office of Management and Budget:

- **The New York MSA (“New York”)** includes the New York-New Jersey-Pennsylvania areas.
- **The Boston MSA (“Boston”)** includes the Boston-Cambridge-Newton area.
- **The Bay Area MSA (“Bay Area”)** is a combination of the San Francisco MSA (San Francisco-Oakland-Fremont) and the San Jose combined statistical area (San Jose-San Francisco-Oakland).

“Midstage” refers to companies that have raised either a Series B or a Series C round of financing.

Contents

Methodology	2
Executive summary	3
Market analysis	4
Q&A	9
Outlook	11
Disclaimers	12





Executive summary

US venture dealmaking rebounded in 2024, with AI-driven activity in the Bay Area accounting for a significant share of deal volume and driving up median deal sizes. In contrast, founders in Boston and New York experienced more modest, and in some cases slower, dealmaking activity. Across all three ecosystems, broader trends have emerged: extended fundraising timelines, limited exit opportunities, and a sector- and region-specific concentration of capital, driven primarily by AI funding.

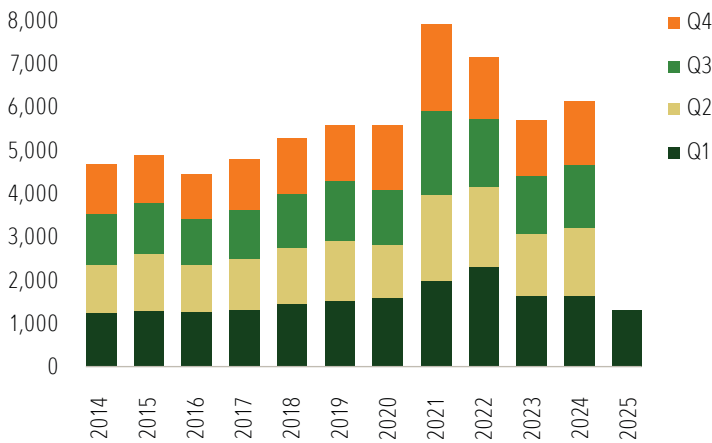
While investor enthusiasm has increasingly concentrated on AI startups, the hype should not be overstated; following the latest investment thesis is not a prerequisite for long-term success. For founders of midstage startups, defined as those that have raised either a Series B or a Series C round, a more durable path forward involves focusing

on sustainable growth, strengthening competitive moats, and remaining operationally disciplined. These fundamentals can position companies for successful exits, often via acquisitions that offer strategic alignment between the buyer's and seller's objectives, creating new growth opportunities.

Midstage startups were not immune to the VC market's broader challenges in 2024. With a dearth of fundraising and liquidity opportunities compared with previous years, follow-on rounds and exits were postponed as a result of subdued acquisition appetite and tighter capital availability. Unlike early-stage startups, midstage companies often have longer cash runways, granting them greater flexibility. However, liquidity must be realized for investors eventually, and acquisitions were the most viable and appealing exit route in this market environment.

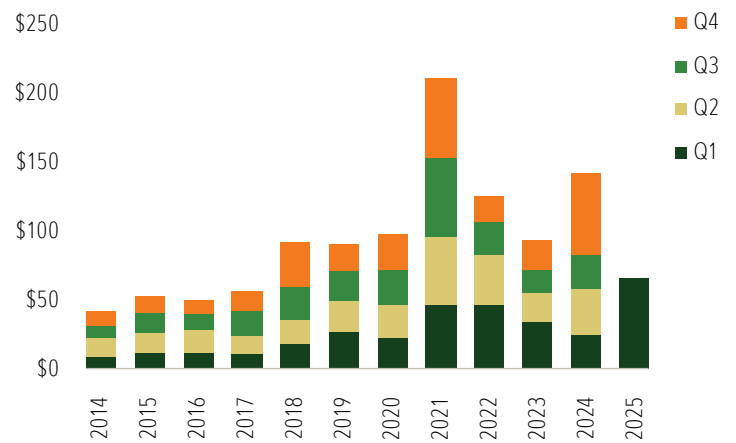
Market analysis

VC deal count by quarter



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

VC deal value (\$B) by quarter



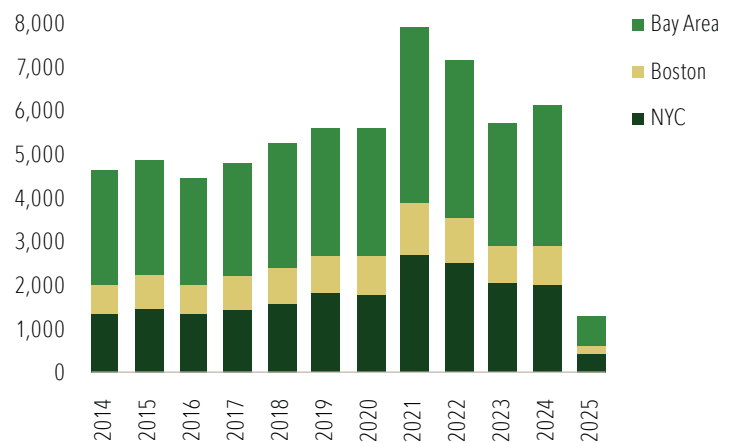
Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

Venture dealmaking rebounds amid market uncertainties

A confluence of economic variables, technological developments, and antitrust pressures shaped market dynamics as the US emerged from the COVID-19 pandemic. Higher-for-longer interest rates and the Federal Trade Commission's investigation into purported Big Tech monopolies underscored an uncertain outlook for tech investors and founders,¹ but technological advancements drove a dealmaking bonanza in one of the startup ecosystem's most lucrative opportunities: AI. Despite a range of complex and often conflicting forces influencing private market trends, US VC dealmaking showed signs of recovery by the end of 2024. Compared with the previous year, 548 more deals were completed, and the total deal value increased by \$46.8 billion. Concurrently, median deal values rose, fundraising timelines lengthened, and valuations increased across all VC series.²

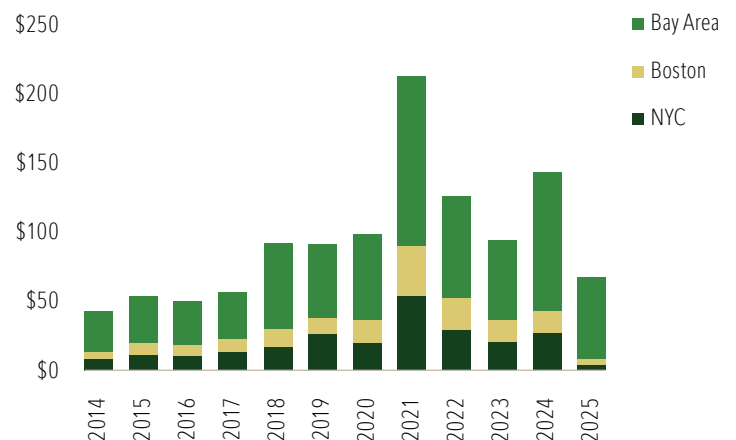
In 2024, dealmaking across the most active US venture hubs—New York, Boston, and the Bay Area—paralleled national VC funding trends as their aggregate deal volumes rebounded and total deal values ballooned. Deal counts recovered from two consecutive years of declines to 6,105 deals, 403 more deals than in 2023.

VC deal count by MSA



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

VC deal value (\$B) by MSA



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

1: "FTC Takes Step to End 'Tyranny of Big Tech' With RFI," Kelley Drye, Aaron J. Burstein and Laura Riposo VanDruff, February 21, 2025.
2: "Q4 2024 PitchBook-NVCA Venture Monitor," PitchBook, Kyle Stanford, Emily Zheng, and Kaidi Gao, January 13, 2025.

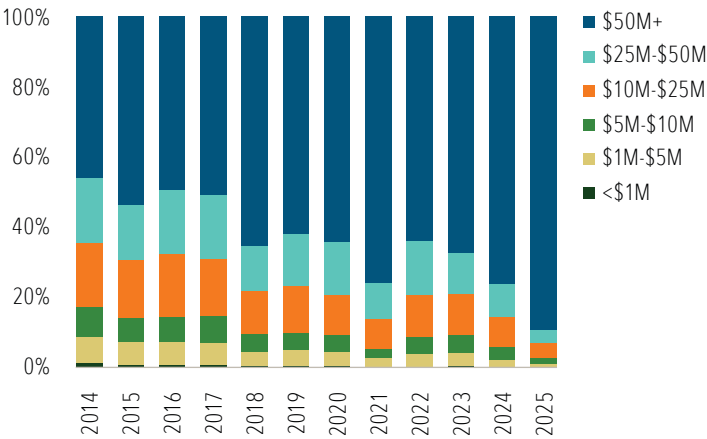
The 51.5% YoY increase in capital invested was driven primarily by AI deals in the Bay Area, and AI deals have continued to fuel check-writing momentum in 2025. Startups in the three ecosystems have already raised \$66.2 billion YTD—the most capital raised in a single quarter over the past decade and nearly half of the total capital raised in 2024. Bay Area-based outlier deals, such as the late-stage funding rounds for Anthropic, OpenAI, and Groq that totaled \$46 billion, have driven the aggregate capital raised YTD.

AI-fueled momentum masks an uneven recovery in VC markets

Outsized performance in the Bay Area spotlighted AI as a dominant force in 2024’s venture market—but the broader VC landscape remains challenged. AI deals accounted for 46.4% of US VC deal value and 28.9% of US VC deal count in 2024, creating the illusion of an organic rebound.³ When excluding AI, 2024 US VC activity falls to 10,850 deals closed and \$112 billion raised, marking three consecutive years of decline. Comparatively, across New York, Boston, and the Bay Area, capital surged into later-stage deals, with megadeals rising from 158 deals in 2023 to 232 in 2024—over half of which were concentrated in Bay Area startups such as OpenAI, xAI, and Waymo.

Meanwhile, ecosystems with less AI concentration, such as Boston and New York, saw more muted funding activity. Instead, founders in these markets found success by doubling down on their ecosystems’ strengths: healthcare in Boston, and fintech and software as a service (SaaS) in New York. In Boston, the companies that were founded between 2020 and 2025 YTD and had the highest exit probabilities, according to PitchBook’s VC Exit Predictor, were in healthcare. New York’s mix of such companies spanned AI as well as fintech and SaaS. These companies’ focus on sustainable growth, regulatory alignment, and operational discipline has proven a viable alternative to AI-driven momentum.

Share of VC deal value by size bucket



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

For midstage founders outside Silicon Valley, chasing hype can be risky because such excitement can inflate valuation and growth expectations; this is demonstrated by the Bay Area’s average deal size and pre-money valuation in 2024 and 2025 YTD. The companies most likely to endure are those with disciplined capital management, strong fundamentals, and clear paths to long-term value creation.

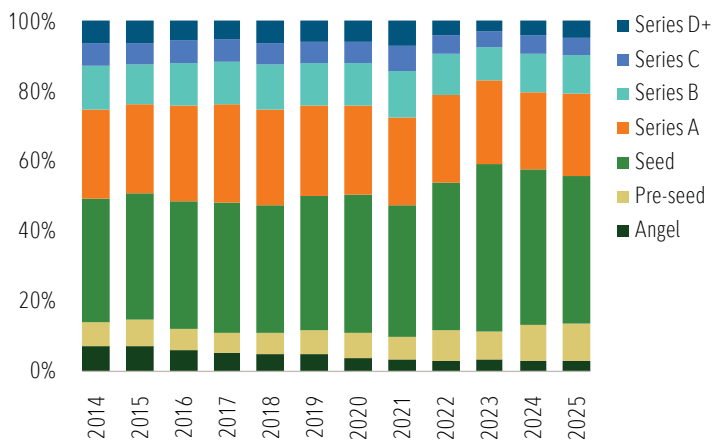
Midstage funding rebounds, but selectivity persists

In 2024, midstage startups operated in a VC environment characterized by cautious optimism and continued selectivity. Funding conditions across key US venture ecosystems, including New York, Boston, and the Bay Area, showed tentative signs of recovery. However, the rebound remains unevenly distributed across regions and sectors.

Of the 6,105 deals closed and \$142.4 billion raised across these three ecosystems in 2024, seed and Series A rounds continued to account for the largest share of deal count. However, mainly Series B, C, and D+ rounds experienced YoY growth in deal count. Notably, a larger share of the ecosystems’ total capital raised flowed into mid- and late-stage deals, with outlier investments

3: “Q4 2024 PitchBook-NVCA Venture Monitor,” PitchBook, Kyle Stanford, Emily Zheng, and Kaidi Gao, January 13, 2025.

Share of VC deal count by series



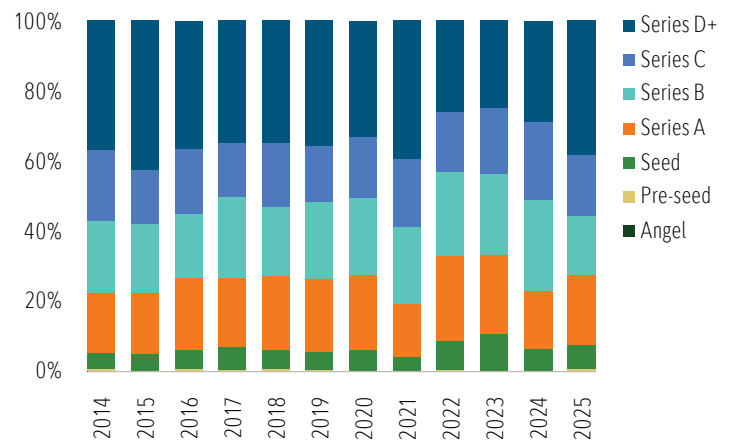
Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

becoming increasingly common. Although deals over \$50 million made up just 7.3% of the ecosystems' completed VC transactions in 2024, they accounted for nearly 80% of total capital raised—and have risen to 89.1% YTD.

This trend is most evident in the Bay Area, where the median deal size has increased from \$8 million in 2024 to \$10 million YTD and the average deal size has surged from \$49.6 million to \$137.2 million. In comparison, New York's median deal size has held steady at \$5 million, while its average has declined to \$14.6 million, underscoring the stark impact of AI investment activity on ecosystems with differing sectoral strengths. Boston, with its concentration in healthcare, experienced a more moderate recovery in 2024, while in New York, with its fintech-heavy portfolio, deal volumes slightly declined. These disparities have also appeared in pre-money valuation figures, further highlighting the uneven nature of the recovery.

Across all three hubs, one consistent dynamic has shaped the midstage funding environment: prolonged fundraising timelines. In 2024, the median time to close a VC round extended to roughly two years, compared with the 1.3-to-1.4-year range observed in 2019. This lengthening reflects a recalibration in investor behavior as firms aim to deploy aging dry powder more cautiously, targeting startups with healthy cash flows and defensible competitive advantages. In 2024, capital was concentrated in mid-to-late-stage companies

Share of VC deal value by series



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

aligned with these criteria, reinforcing the shift toward selectivity over volume.

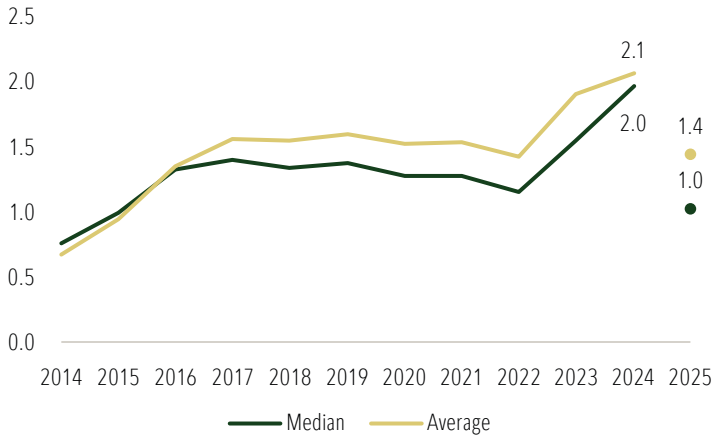
Midstage founders face delayed exits and prioritize disciplined growth

Although midstage companies typically benefit from more stable cash flows and longer operational runways than their early-stage counterparts, follow-on capital has become increasingly difficult to obtain. With subdued exit markets and valuation pressures, market conditions led to a delay in fundraising and exits in favor of strengthening internal operations and extending cash runways.

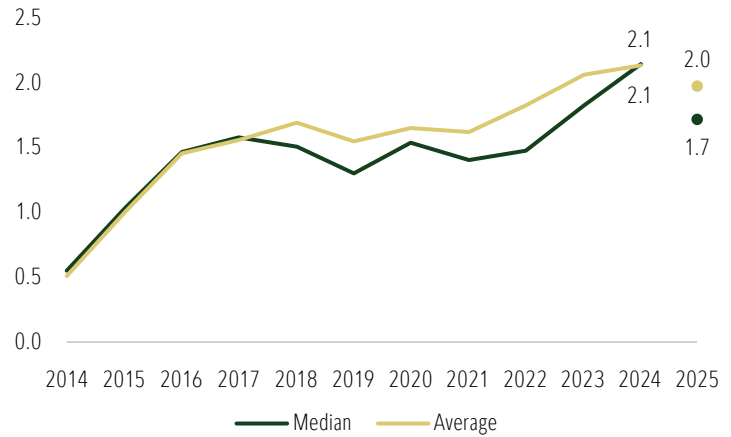
Historical data provides additional context for this cautious approach. Among companies across New York, Boston, and the Bay Area that completed their first VC round between 2014 and 2020, only approximately one-quarter advanced to a fourth round of financing. Of those, roughly half secured a fifth round—milestones that generally align with Series B and C stages. Startups with only one or two rounds of funding were statistically less likely to exit than those with a longer fundraising history.

Although exit volumes among midstage companies in Boston and the Bay Area increased in 2024, overall VC exits following Series B or C rounds remained well below levels seen during the zero-interest-rate-policy era—despite historical data suggesting that many of

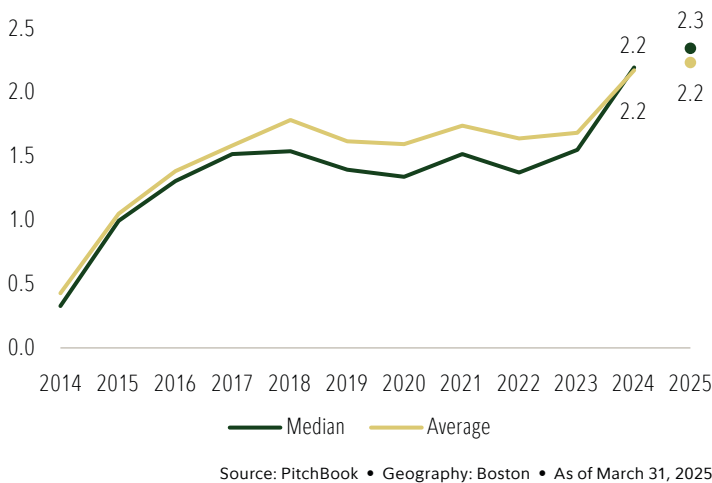
Median and average time (years) since last VC round for New York midstage companies



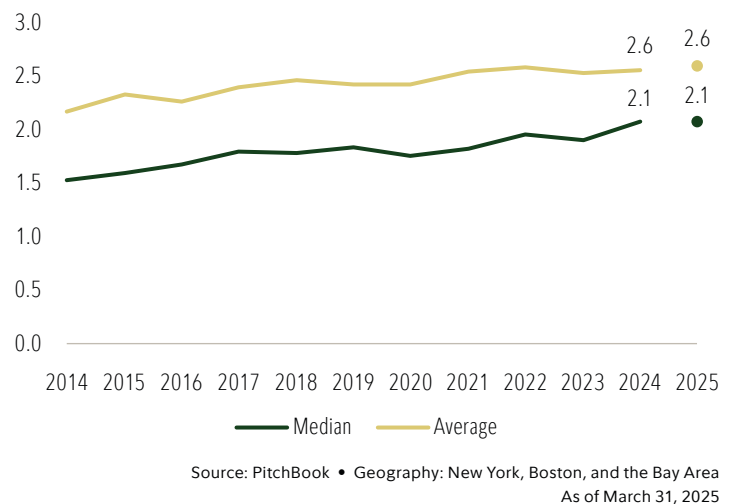
Median and average time (years) since last VC round for Bay Area midstage companies



Median and average time (years) since last VC round for Boston midstage companies



Median and average time (years) between last VC round and exit



these companies would have exited at this stage. This trend points to a shift in founder priorities, with many midstage companies opting to remain private, maintain operational self-sufficiency, and avoid exits at compressed valuations.

In the current climate, investor selectivity remains elevated, and deal timelines continue to stretch beyond historical benchmarks. The companies most likely to succeed will be those that emphasize capital efficiency, focus on core operations, and maintain the flexibility to delay fundraising until market conditions stabilize. In short, sustainable growth—rather than accelerated scaling—has become the most compelling narrative in today's VC landscape.

M&A dominates VC exit pathways

VC exit activity—via IPOs, M&A, or LBOs—picked up modestly in 2024 across New York, Boston, and the Bay Area, though volumes remained below pre-pandemic levels. Persistent high interest rates continued to depress the present value of future cash flows, resulting in lower IPO valuations and a slower recovery in public market liquidity. As a result, M&A remained the primary exit route across all three ecosystems.

Over the past decade, acquisitions and buyouts have accounted for more than 75% of VC exits in these regions. While IPOs generally generate higher exit values, most founders have favored acquisitions due

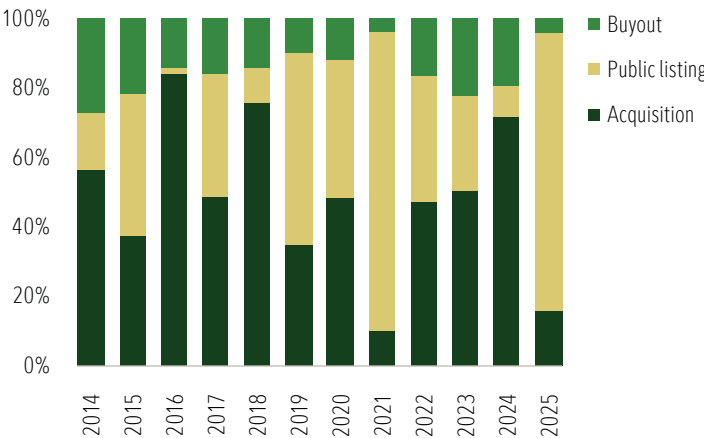
to their strategic fit, speed, and certainty. Acquisitions offer alignment with a parent company’s growth strategy, the opportunity to scale, and quicker execution—key advantages in an uncertain market. Additionally, when public valuations are compressed, strategic buyers may still offer attractive valuations based on synergies and long-term integration value. In fact, the median acquisition size for the three ecosystems grew from \$45.5 million in 2023 to \$112 million in 2024 and has continued to creep upward to \$192.5 million YTD. Median public listing sizes are comparatively larger, but across significantly fewer counts.

Billion-dollar IPOs—such as CoreWeave, Rubrik, Astera Labs, Reddit, and Pony.ai—remain outliers. These former late-stage VC-backed companies attracted public investors by demonstrating strong revenue growth, scalability, and market leadership. Public markets tend to reward such characteristics with higher valuations and future capital access, which often exceed the outcomes of a one-time M&A transaction. Still, IPOs are the exception. In the three ecosystems, the median time from a company’s last VC round to an acquisition or LBO has extended to over two years, but the time to an IPO has shortened to just one year, driven largely by a small subset of highly prepared companies capitalizing on brief market windows.

Nevertheless, the continued dominance of M&A as the primary exit pathway suggests that founders have prioritized strategic alignment and defensible market positions over the deep capital pool of public markets.

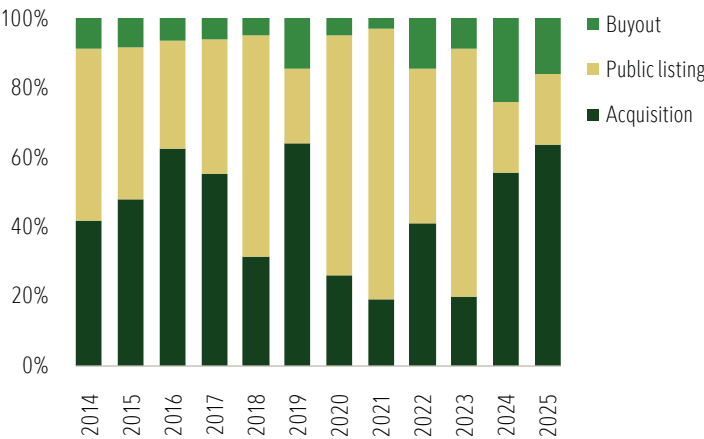
For midstage founders, successful exits remain possible but require discipline and strategic positioning. Founders who have secured acquisitions typically emphasize operational strength, customer traction, and alignment with buyer priorities. In today’s environment, liquidity favors companies with sustainable growth models, clear strategic value, and the flexibility to adapt—regardless of whether the path leads to an IPO or acquisition.

Share of New York VC exit value by type



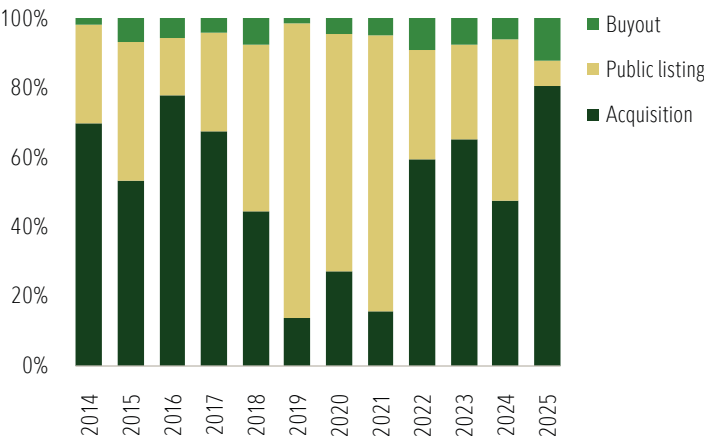
Source: PitchBook • Geography: New York • As of March 31, 2025

Share of Boston VC exit value by type



Source: PitchBook • Geography: Boston • As of March 31, 2025

Share of Bay Area VC exit value by type



Source: PitchBook • Geography: Bay Area • As of March 31, 2025

Q&A



DeRonnie Pitts

*Vice President - Wealth Management Advisor
Fidelity Investments*

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they prepared for transactions (fundraising, secondary sales, M&A, and IPOs), facilitated company-sponsored tender offers, and drove several equity education initiatives for their employee bases.

DeRonnie holds a bachelor's degree and a Master of Business Administration from Stanford University and the Startup Funding and Finance Certificate from Cornell University. He completed the Black Venture Institute program from Berkeley Executive Education and BLCK VC.

How would you describe the current fundraising landscape for early- and late-stage startups?

The landscape for late-stage startups is very challenging, as multiples have contracted since the highs of 2021 and 2022. Many investments made during that time frame are significantly underwater, and investors have advised companies to focus less on growth and more on profitability. For companies that are able to raise new funds, they often do so at a reduced valuation from previous rounds of financing or as an extension of the prior round with far more preferences in favor of investors.

For the early stage, pre-seed funding remains robust, but the graduation to priced rounds is happening at a significantly reduced rate. Companies are being asked to show more traction and revenue than they have in past periods, using lower head counts, through the tactful use of AI and AI agents. Valuations have held up for pure-play AI companies, but companies in other sectors are raising smaller rounds at lower valuations and being asked to do more with them.

What implications does the macroeconomic environment have for early- and late-stage companies?

The implications for early-stage companies are those mentioned earlier: increased emphasis on improving traction and revenue through lower head counts and the use of AI, and the expectation to do more with smaller rounds.

For the late stage, there is a dynamic of realizing price depreciation from the levels just two to three years ago. As these companies continue to stay private, there are pressures for liquidity from early investors that need to return capital to LPs. Many companies are wrestling with the option to seek liquidity at lower valuations than their previous round and/or seek new rounds of funding with less favorable terms and preferences. Additionally, volatility has increased due to the uncertainty around fiscal and monetary policy.





What key challenges do early- and growth-stage companies face in securing funding?

Terms have shifted toward investors, meaning outcomes outside of home runs will disproportionately limit common shareholders' returns relative to those of preferred shareholders.

How are early- and growth-stage founders approaching their next funding round or planning for an exit?

Early-stage founders are raising smaller rounds and focusing on reducing cash burn while still showing growth.

Late-stage founders are turning toward more extreme cost-cutting measures in lieu of seeking more private financing that may come with less favorable terms. In terms of exits, typically a company would plan for an IPO with a two-year lead time, but certain industries, such as biotech, tend to have shorter timelines and go to market faster.

At which stages are founders encountering the greatest challenges in securing funding?

Some data suggests that the jump from seed to Series A is substantially decreasing.⁴

Have there been any notable shifts in cap table structures for early-stage companies?

Over the past four to five years, the rise in simple agreements for future equity (SAFEs) in the pre-seed area means that monetary ownership on cap tables hasn't been codified until a priced round, despite the company sometimes raising north of \$5 million.

How would a resurgence in exits impact early- and growth-stage companies?

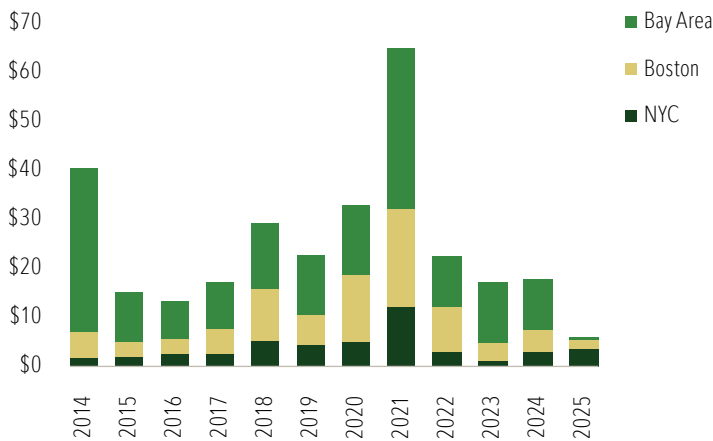
A resurgence in exits could fuel a more robust funding environment for late-stage companies if valuations are deemed to be reasonable. Should the initial cohort of companies exit at significant discounts, late-stage funding could slow.

For the early stage, an increase in exits could result in more funding and competition for investments in the early stages. Context is key, and several other factors impact early- and growth-stage companies.

⁴: "Should VC-backed founders be more willing to quit?" LinkedIn, Peter Walker, March 2025.

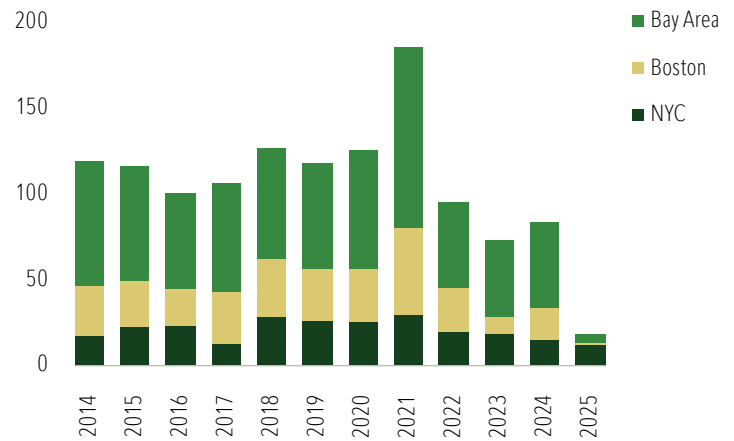
Outlook

VC exit value (\$B) for midstage companies



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

VC exit count for midstage companies



Source: PitchBook • Geography: New York, Boston, and the Bay Area
As of March 31, 2025

Looking ahead, midstage founders should expect the persistence of a cautious venture environment defined by prolonged fundraising timelines, selective investor appetite, and constrained exit opportunities. Despite a rebound in venture activity in 2024, capital remains concentrated in fewer, later-stage companies—especially those aligned with AI or other high-conviction themes. The window for a broader recovery remains narrow.

The IPO window has not burst open despite CoreWeave’s \$17.1 billion debut. Other anticipated listings, including Klarna, StubHub, and other tech firms, were delayed or withdrawn.⁵ As a result, acquisitions are likely to remain the dominant exit path. According to PitchBook’s VC Exit Predictor, companies most likely to exit reflect regional sector

strengths—healthcare in Boston and software and life sciences in New York and the Bay Area. The most successful midstage companies will be those that extend their cash runways, maintain optionality, and focus on operational resilience. Rather than pursuing hype-driven growth, founders should double down on disciplined capital management and alignment with ecosystem strengths. This means optimizing for sustainability, not accelerated growth.

Historical data shows that the path from a Series B or C round to a successful exit is lengthening. Founders must be prepared to remain private longer, delay subsequent fundraising rounds, and treat optionality as an asset. In today’s market, success is not about timing the cycle—it is about building businesses that can weather it.

5: “Silicon Valley’s Early Return on Trump Investment: Plunging Valuations, Delayed IPOs,” CNBC, Ari Levy, April 5, 2025.



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