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Q2
2026

US VC Valuations Report



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99%

of private companies agree that liquidity helps attract and retain talent[1]

Amid mounting pressure from employees and investors, more private companies are using liquidity events to attract and retain talent and drive long-term growth. Yet a gap exists between intent and readiness.

To find out how private company leaders are navigating today's evolving liquidity landscape and uncover actionable strategies to become transaction ready, explore the insights in this year's report.

Uncover Actionable Insights from the 2026 Liquidity Trends Report

1 "Liquidity Trends: How Private Company Leaders Are Navigating Liquidity", Morgan Stanley at Work, 2026

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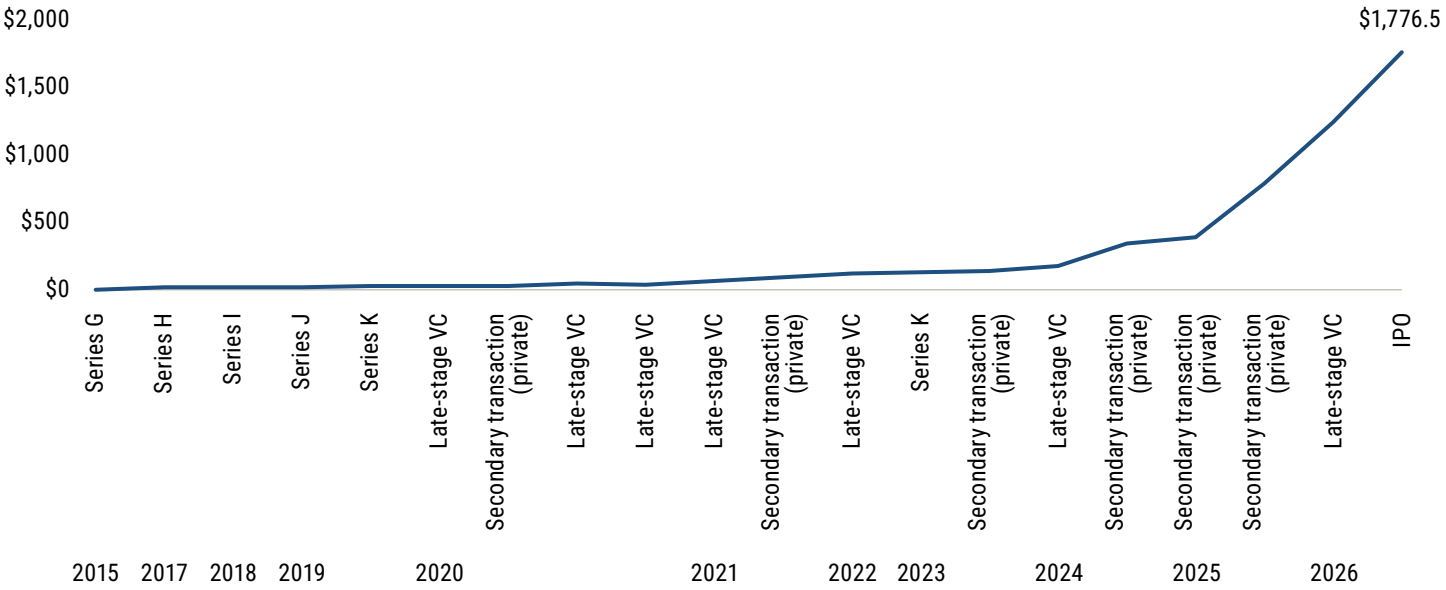
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Published on August 10, 2026

Market overview

SpaceX's valuation grew from $180 billion to $1.8 trillion in merely two years

SpaceX valuation timeline



Source: PitchBook • Geography: US • As of June 30, 2026

SpaceX perfectly encapsulates today's state of venture valuations. In less than two years, its valuation skyrocketed 10x, from $180 billion to $1.8 trillion, yet its earliest investors have waited over two decades for liquidity. Venture's cash flow dilemma is that companies are creating value in the private markets for much longer, so the timeline to cash out has expanded.

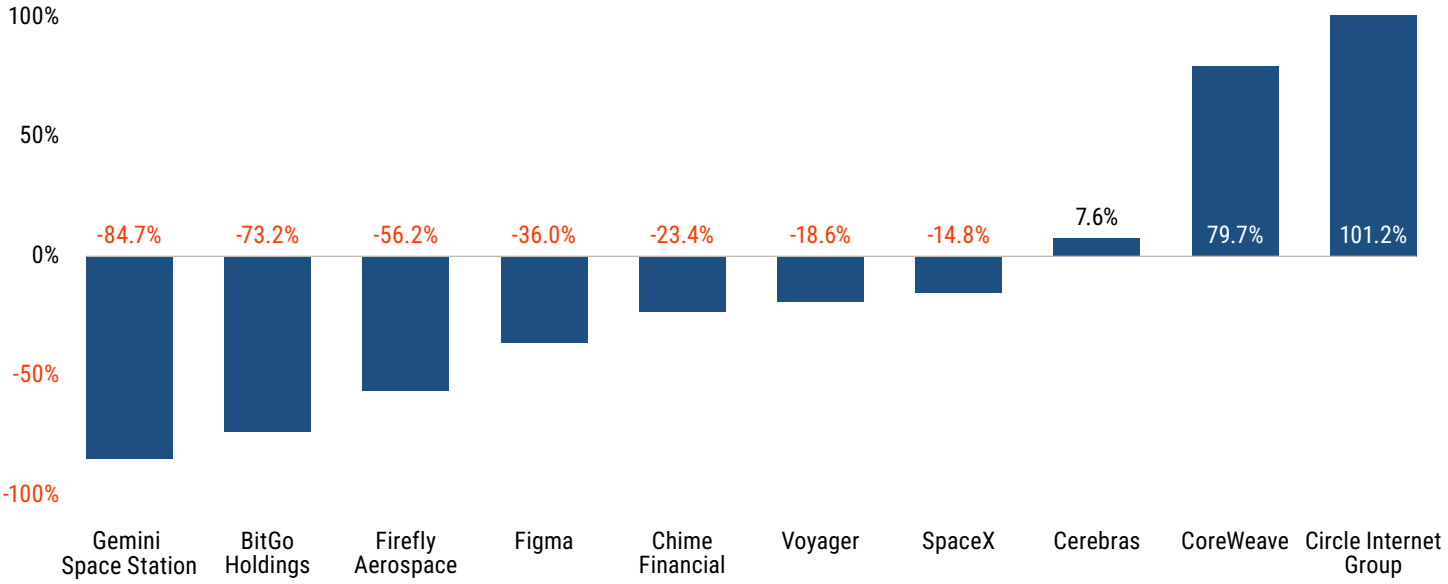
SpaceX carried the exit market in H1 2026 almost single-handedly: going public, acquiring xAI for $250 billion, and announcing a $60 billion all-stock acquisition of Cursor that will rank as the second-largest M&A deal of a VC-backed company, behind xAI. One company has effectively become the exit market's entire distribution mechanism.

Despite early enthusiasm, the stock has taken a tumble. SpaceX priced its IPO at $135 a share; as of late July, it trades around $115. SpaceX's upcoming lockup expirations will be the next test of whether the stock price holds or dips further. This is the new reality for VC-backed IPOs. Of the 10 most notable listings since 2025, only three—Cerebras, CoreWeave, and Circle—trade above their IPO price today. The rest sit underwater, with three down by more than 50%. Many will see it as a valuation trap that VC has created over the past decade. However, it is more a reflection of the fundamental difference in how private and public investors price companies. One on future growth and potential, and the other on near-term financials. Public market pricing forces companies to prove their growth story with real financial performance, rather than depending on a long-term vision alone. Yet the most innovative startups need private capital to fund long-term bets and develop their businesses, which public markets can rarely provide. As private marks continue to increase and more startups enter the IPO pipeline, the misalignment between public and private pricing will become more prominent.

SpaceX has not catalyzed enough exit activity to clear the backlog, and paper gains do not solve venture's years-long cash flow crunch. The hope is that OpenAI's and Anthropic's anticipated IPOs will push more startups to go public. Time will tell if even those debuts are enough, especially given fears that little institutional capital will be left once these trillion-dollar names absorb their share. Active unicorn count hit a record 945 in Q2, up 9.4% from year-end 2025, with aggregate unicorn value reaching $5.3 trillion. The value of private markets continues to grow, with few exits in sight.

Most of VC's biggest IPOs over the past 18 months have struggled to perform

Post-IPO performance of select 2026 listings from IPO price

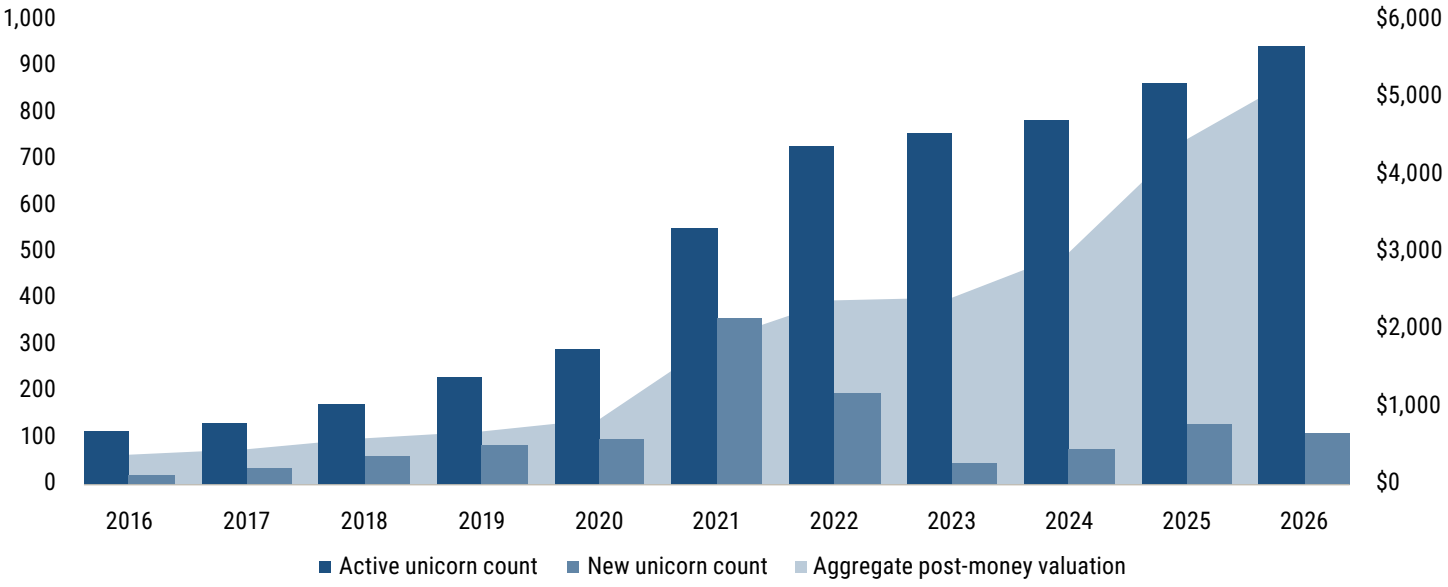


Source: PitchBook • Geography: US • As of July 24, 2026

Most unicorns do not have SpaceX's scale or its ability to single-handedly move the market. Many raised at elevated valuations on compressed timelines, leaving little margin for error before needing to justify another round or an exit. With late-stage AI companies already priced at 6.6x their non-AI peers, a public market unwilling to sustain SpaceX's valuation is a warning sign the asset class cannot afford to ignore. If the public markets are not willing to pay such elevated prices for even standout names and foundational model developers OpenAI and Anthropic, the asset class may be long overdue for a harsh reality check.

Aggregate unicorn value keeps growing, reaching $5.3 trillion

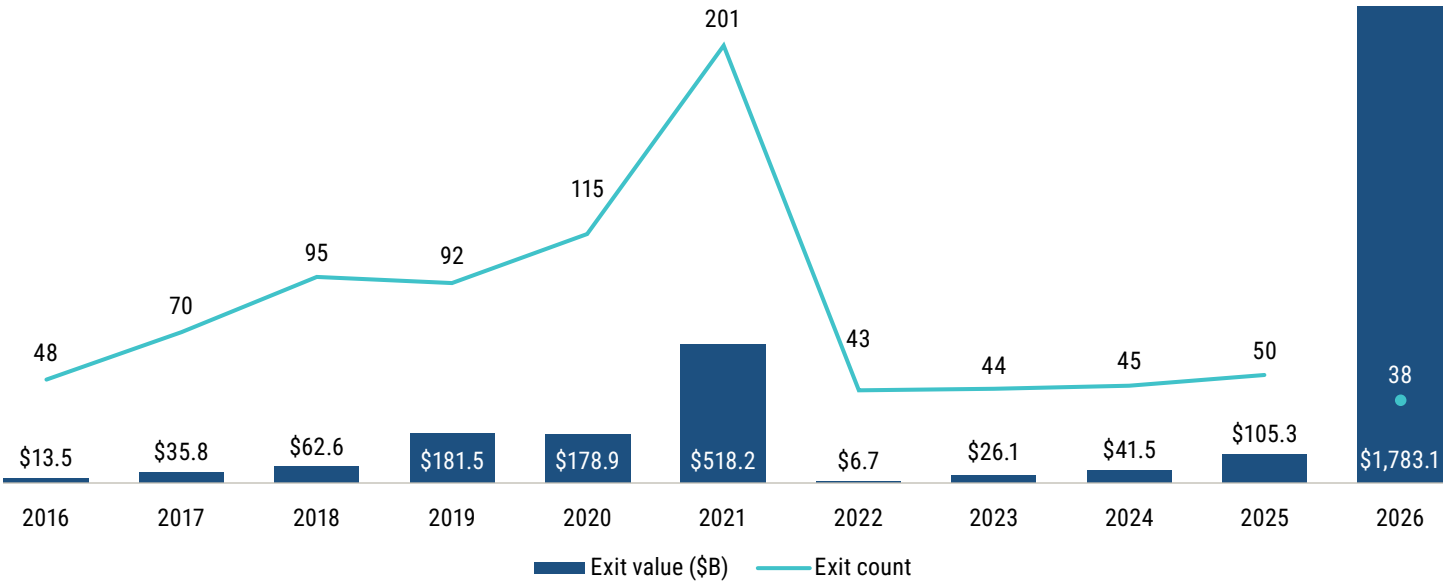
Unicorn count and aggregate post-money valuation ($B)



Source: PitchBook • Geography: US • As of June 30, 2026

Pace of IPOs insufficient to clear the yearslong backlog

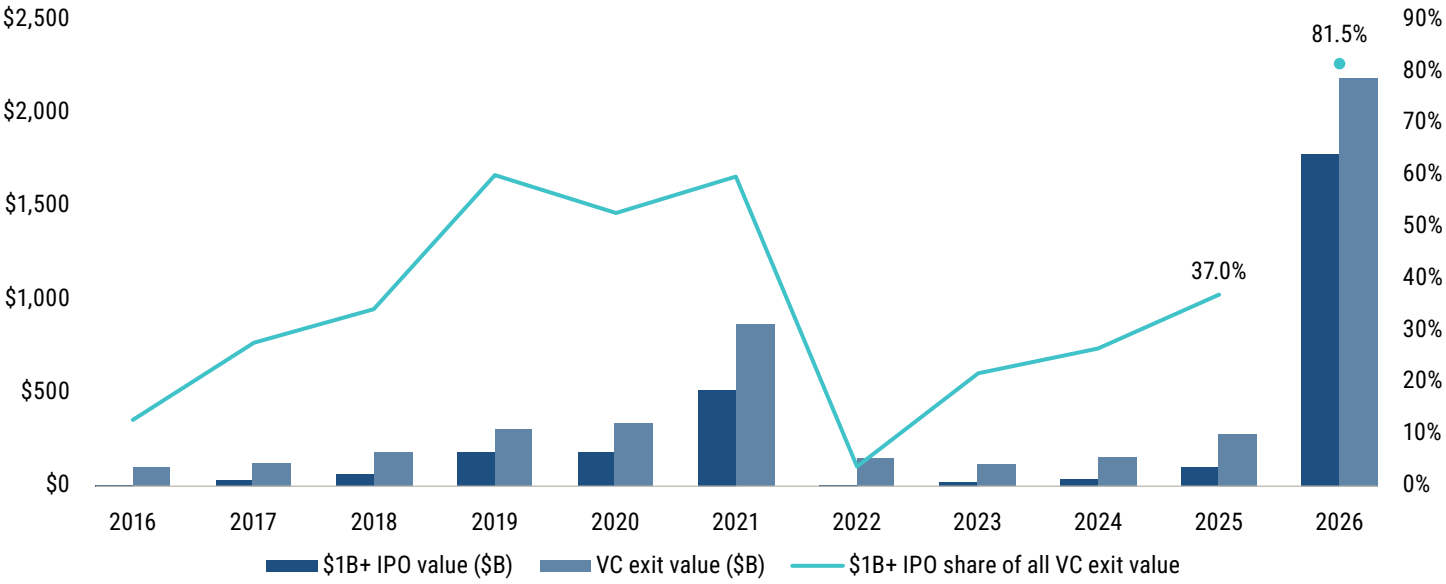
VC exit activity via IPO



Source: PitchBook • Geography: US • As of June 30, 2026

$1 billion+ IPOs drive the majority of annual exit value

$1 billion+ IPO value as a share of all VC exit value



Source: PitchBook • Geography: US • As of June 30, 2026

A WORD FROM MORGAN STANLEY AT WORK

Liquidity events are now milestones on the road toward an IPO

How have perceptions of private company liquidity transactions changed in recent years?

Although 57% of private companies say their ultimate goal is an IPO, according to the Morgan Stanley at Work 2026 Liquidity Trends Report, the trend of staying private longer has caused a structural shift that is driving companies to use tender offers and secondary transactions as core pillars of their talent strategies. As a result, company-sponsored liquidity events have evolved from standalone transactions into repeatable programs that give leadership teams the control to reward employees and other stakeholders with real dollars at regular intervals in advance of a potential IPO.

As the approach to liquidity events matures, companies can now decide how they want to offer liquidity to their employees and other stakeholders. This has led companies to combine their primary capital raises with tender offers and use them to provide access to value while maintaining strategic flexibility on the path toward going public.

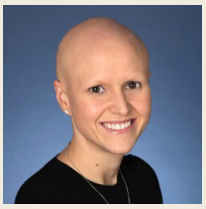
At the same time, companies that authorize secondary sales are looking for orderly ways to support their employees' one-off liquidity needs in between tender offers. Depending on transfer restrictions, many individual sellers can now trade pre-IPO shares through secondary marketplaces. These secondary sales allow shareholders to unlock the value of their private equity on their own timelines.

What execution risks should companies consider when navigating tender offers?

While the market has evolved in recent years, both in terms of technical developments and infrastructure improvements, tender offers remain complex. To avoid unanticipated bottlenecks, companies need sufficient legal and finance team capacity. Similarly, disorganized cap tables could result in transaction delays and increase administrative costs. Uncertainty about how to handle different types of awards or structures, such as double-trigger restricted stock units or cashless exercises, can create operational and compliance risk. Misunderstanding the tax implications of a liquidity event can also introduce unexpected costs and liabilities for both the company and participants.

What steps can companies take to mitigate those risks?

First, companies should establish strong partnerships with their external legal teams and auditors to make sure their decisions are aligned with best practices. As just one example, the Securities and Exchange Commission recently introduced new rules that reduce tender offer repurchase windows from 20 days to 10 days for certain qualifying transactions. This accelerated timeline can help mitigate exposure to market risk and create more flexibility for recurring liquidity programs. However, without appropriate legal and tax structuring, it can also increase execution risk.



Emiley Jellie
Managing Director, Head of Private Company Liquidity, Morgan Stanley
Emiley Jellie is a managing director at Morgan Stanley, leading Private Company Liquidity. She is responsible for an expanding suite of liquidity solutions to private companies, such as tender offers.



Phil Haslett
Managing Director, Chief Strategy Officer, EquityZen
Phil Haslett has over 10 years of experience in creating and scaling EquityZen, a leading pre-IPO investment platform that connects shareholders of private companies with investors seeking access to late-stage growth opportunities. He oversees the strategic direction, partnerships, and operations of the company, which has facilitated over $2 billion in transactions across more than 450 companies. EquityZen was acquired by Morgan Stanley in 2026.

Second, companies should work with their equity plan provider to get transaction-ready. Morgan Stanley at Work offers a robust transaction readiness program to help platform users confirm the accuracy of ownership and demographic data, put the right systems in place to streamline workflows, manage legal and tax compliance requirements, and keep shareholders informed with access to both ongoing educational resources and event-specific guidance.

Third, it's important to understand market trends and ask for peer references before engaging in a liquidity event.

The bottom line is that tender offers and bilateral secondary trades require thoughtful preparation. When it comes to tender offers, this generally means developing communication guidelines, managing equity administration, consulting with legal and tax teams, considering investor relations, and clarifying how to celebrate this milestone without sending unintended performance signals. And while bilateral secondary trades may not require equivalent resources, advance planning is still key for companies seeking to maintain control, simplify their cap tables, and mitigate risk.

If an IPO is the eventual goal, what should management teams think about when setting tender pricing or negotiating secondary transaction pricing?

For private market tender offers, the easiest pricing reference is often the last round or a slight discount to the last round. However, pricing can shift from that baseline the longer a company stays private and the longer it waits to raise a primary round or share information with the market. On the one hand, buyers uncertain about IPO timing may expect higher risk-adjusted returns, which could translate into lower transaction prices or steeper discounts. On the other hand, more frequent secondary transactions generate more market-based data points, which allow for dynamic pricing adjustments.

Either way, liquidity event pricing could influence future valuation expectations and investor perceptions. Pricing too high could lead to investor disappointment if IPO valuations drop. Conversely, pricing too low could dilute existing shareholders' value and potentially raise questions about the company's governance practices. The goal, then, is to create as much optionality as possible by balancing near-term liquidity pricing with a credible future valuation narrative.

About Morgan Stanley, Morgan Stanley at Work, and EquityZen

Morgan Stanley is a leading global financial services firm offering investment banking, securities, wealth management, and investment management services. With 90 years of experience, the firm is renowned for its client service, innovation, and integrity.

Morgan Stanley at Work, through modern workplace benefit solutions, helps companies meet the challenge of attracting and retaining talent, empowering employees to achieve their financial goals. Combining modern technology, insightful support, and dedicated service, our comprehensive offering includes equity compensation, retirement, deferred compensation, executive services, and saving and giving solutions.

EquityZen is a leading marketplace for pre-IPO investments, connecting shareholders of private companies with accredited investors. Through its category-leading technology and innovative approach, EquityZen delivers data-driven insights and tools that empower its 800,000 users to navigate the private markets with confidence.

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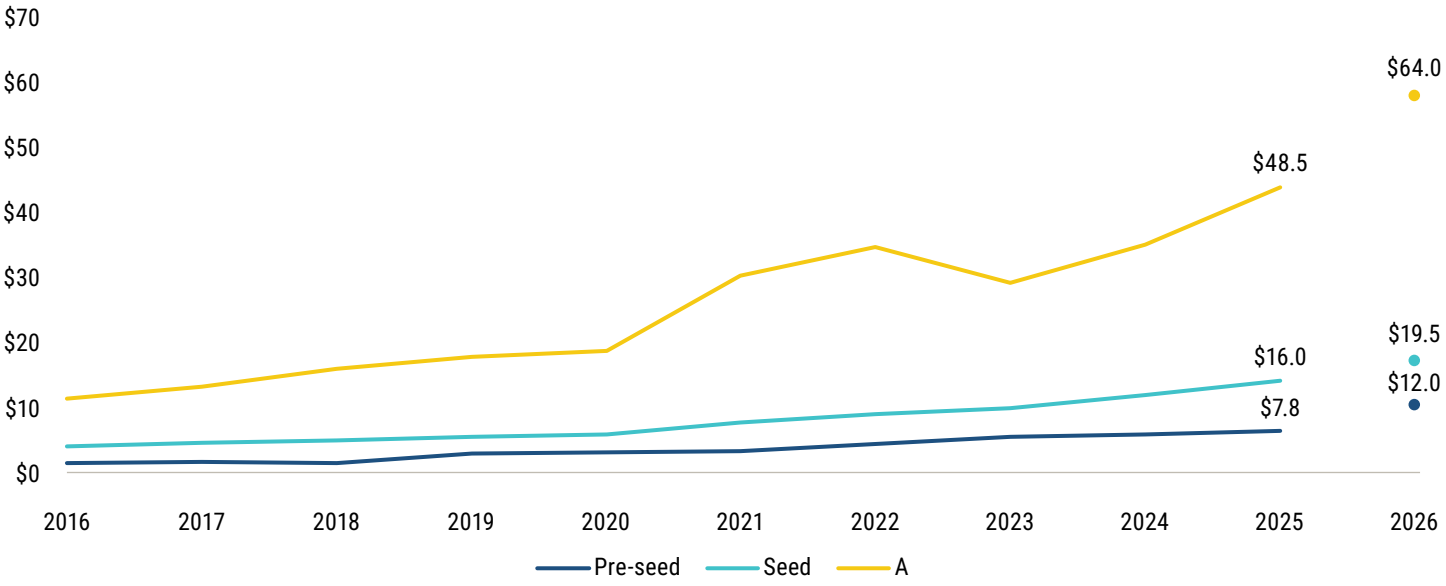
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Dealmaking

Surging early-stage valuations

Median VC pre-money valuation ($M) by series (pre-seed, seed, and A)



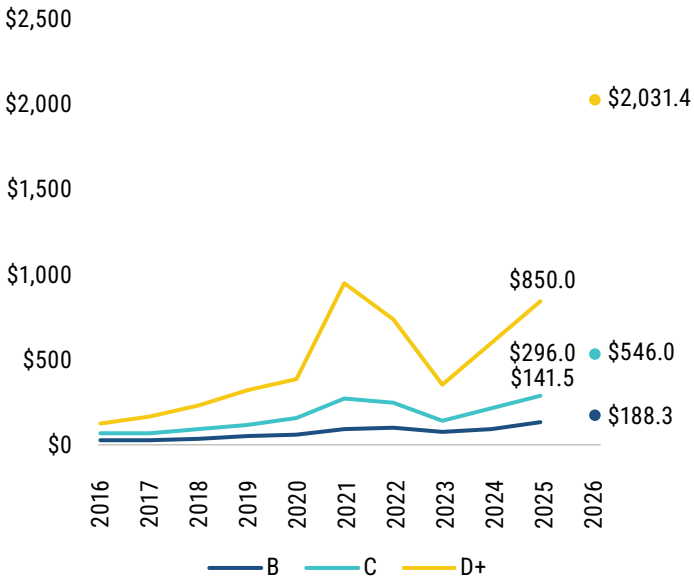
Source: PitchBook • Geography: US • As of June 30, 2026

Valuations are expanding rapidly, but unevenly. A first impression of the data seems to reveal that valuations have soared across the board. The cost of participating at every stage of the VC life cycle is increasing. Median Series A pre-money valuations hit $64 million in Q2, more than triple 2020's $21 million, and Series C jumped 84.5% YoY to $546 million. The share of flat and down rounds has dipped to 13.1% of deals, the lowest level since 2022. However, most venture dollars are funneling into only a handful of standout startups. Startups raising rounds in today's environment tend to be high-conviction AI names or well-capitalized enough to raise on their own terms. Everyone else is likely not raising at all, instead cutting costs to extend their runway. Their absence flatters the aggregate.

Now, AI is the primary driver of valuation growth. Technology and talent are expensive; companies feel the need to grow fast to capture market share, and many AI rounds use creative funding structures that combine compute partnerships, nontraditional investors, and venture funds to complete

Later-stage valuations are reaching new heights

Median VC pre-money valuation ($M) by series (B, C, and D+)



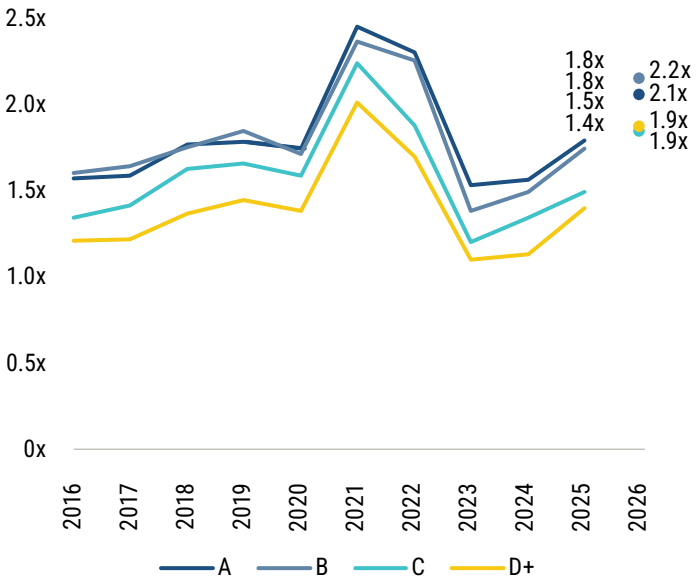
Source: PitchBook • Geography: US • As of June 30, 2026

megadeals (rounds of $100 million or more). Megadeals made up 87.5% of the dollars deployed in H1 2026. These factors show up directly in step-ups, as AI companies posted a 2.2x median valuation step-up in 2026, compared with 1.6x for non-AI. This gap is also prominent when comparing median pre-money valuations for AI and non-AI companies, and expands considerably in later series. At Series A, AI's median pre-money valuation is roughly double non-AI's, but by Series D+, the comparison is 6.6x. Overall, for non-AI startups, a tougher dealmaking environment remains the new normal.

Such a heavy concentration of venture dollars comes with risk. Even if the AI thesis is proven, venture returns follow a power law. Only a small number of companies will capture the outsized returns, and that threshold is moving ever higher with rising AI valuations, making it increasingly difficult for investors to see these bets pay off.

Growing median step-ups across all series

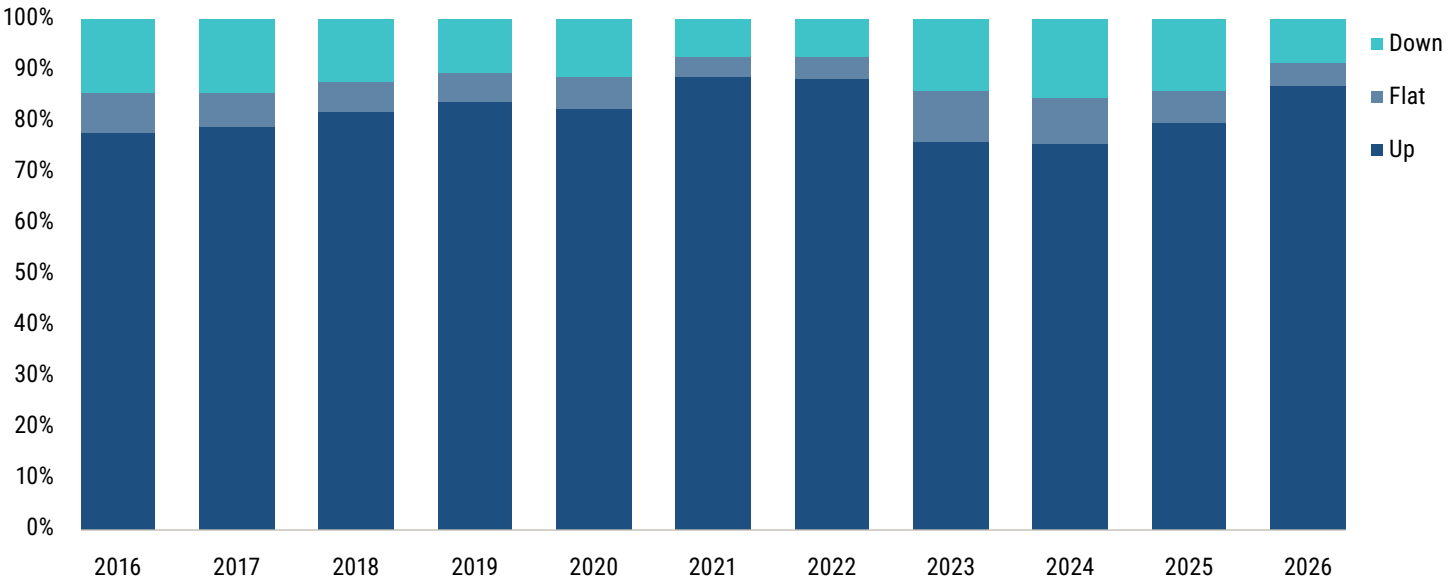
Median step-up by series



Source: PitchBook • Geography: US • As of June 30, 2026

Lower share of flat and down rounds

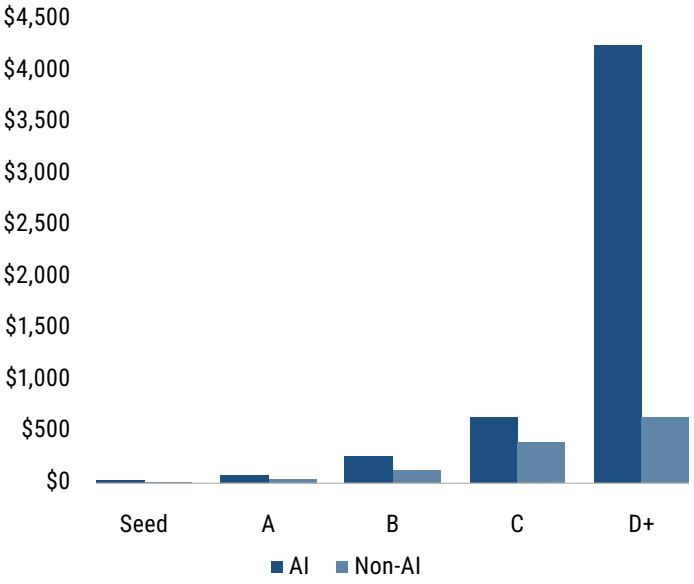
Share of VC deal count by up, down, and flat rounds



Source: PitchBook • Geography: US • As of June 30, 2026

AI startups command significant premiums compared with non-AI peers

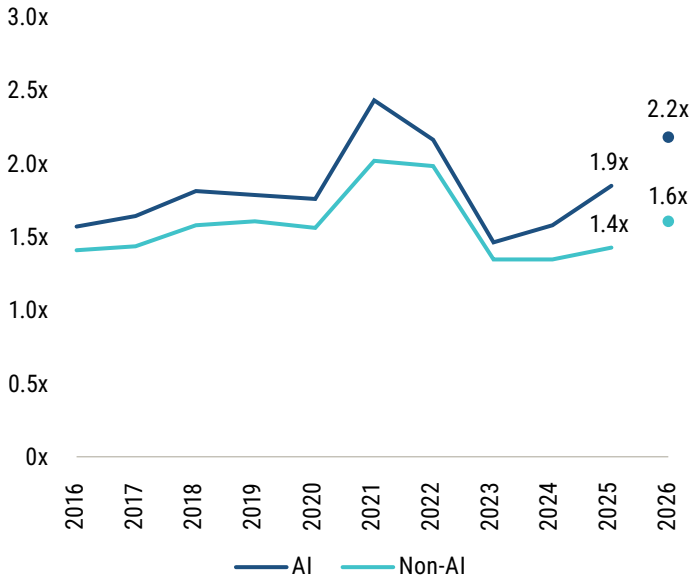
Median AI and non-AI VC pre-money valuation ($M) by series



Source: PitchBook • Geography: US • As of June 30, 2026

The step-up gap between AI and non-AI companies continues to widen

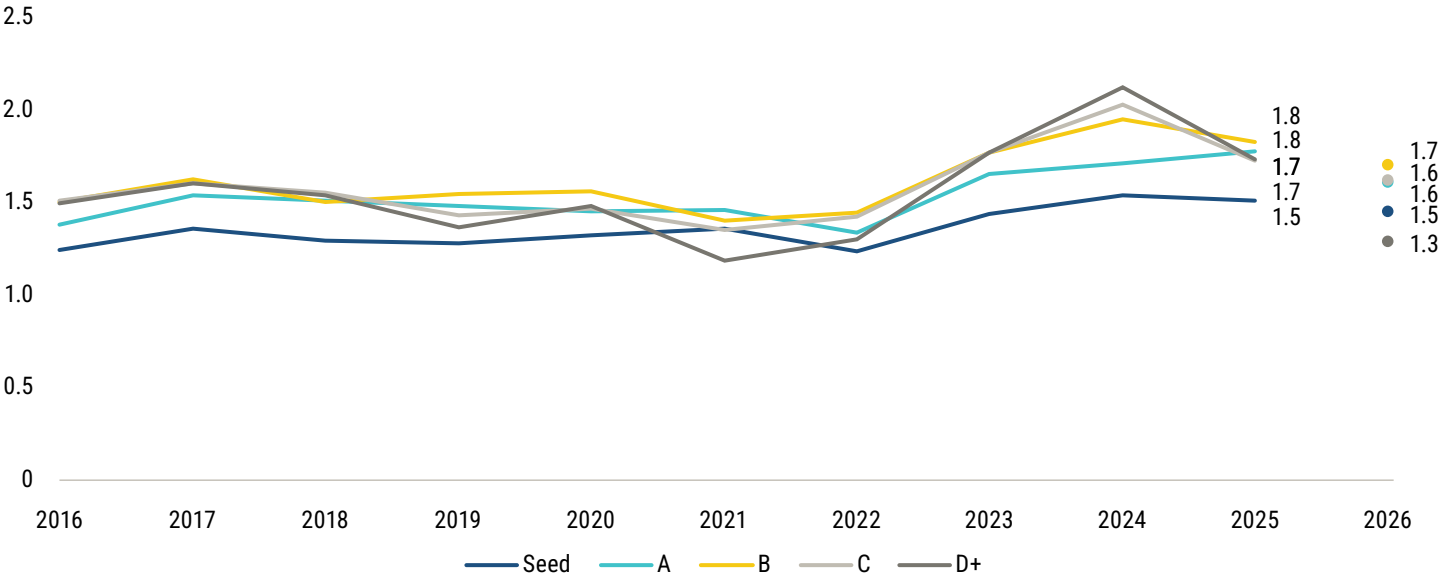
Median AI and non-AI VC valuation step-up



Source: PitchBook • Geography: US • As of June 30, 2026

Median time between rounds decreased across most series

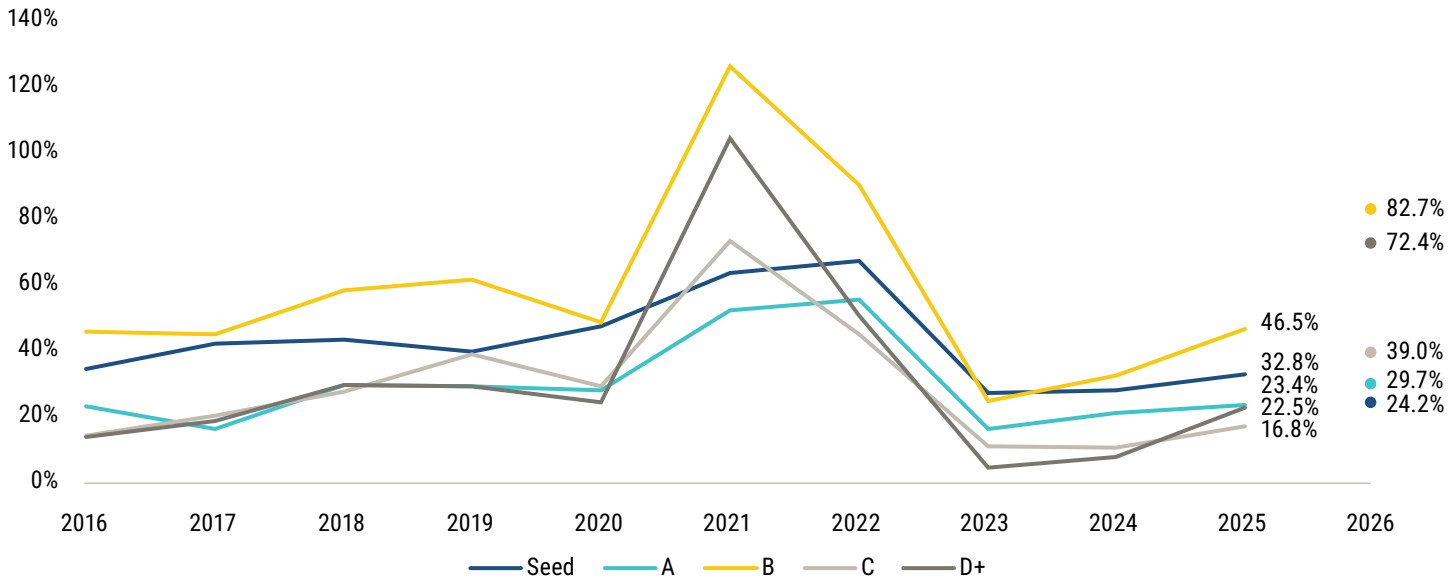
Median time (years) between rounds by series



Source: PitchBook • Geography: US • As of June 30, 2026

Growing relative velocity of value creation (RVVC) across later series

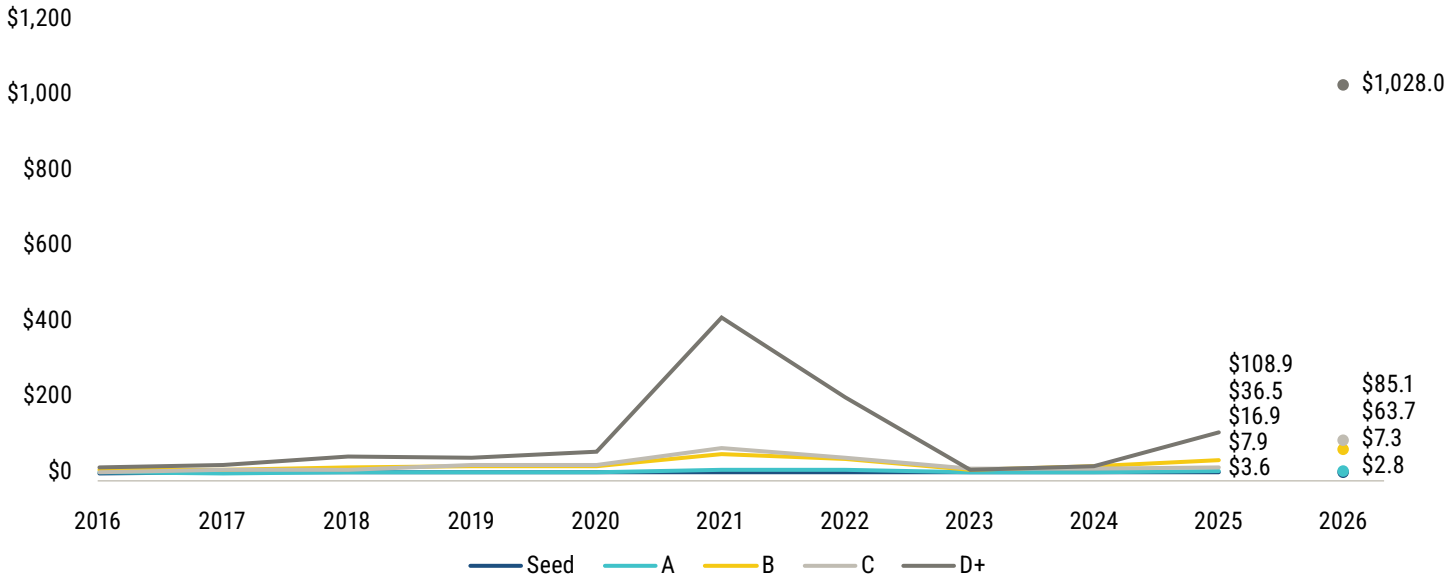
Median RVVC between rounds by series



Source: PitchBook • Geography: US • As of June 30, 2026

Sharp increase in velocity of value creation (VVC) for Series D+

Median VVC ($M) between rounds by series

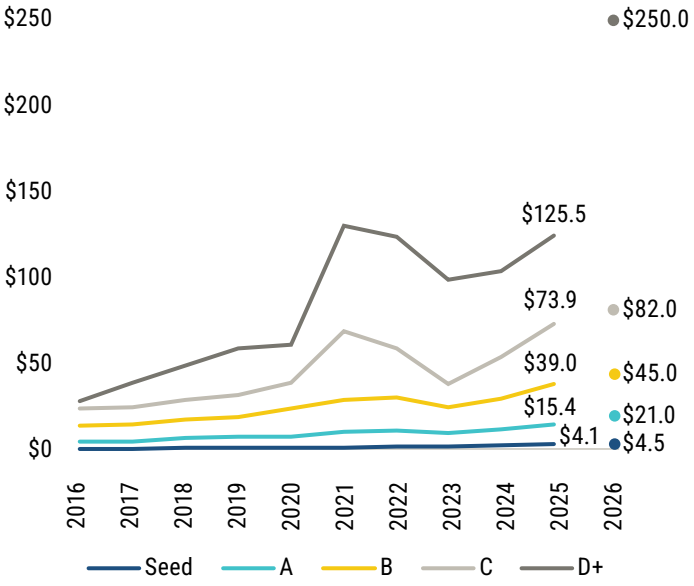


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AI

Deal values increased across nearly all series

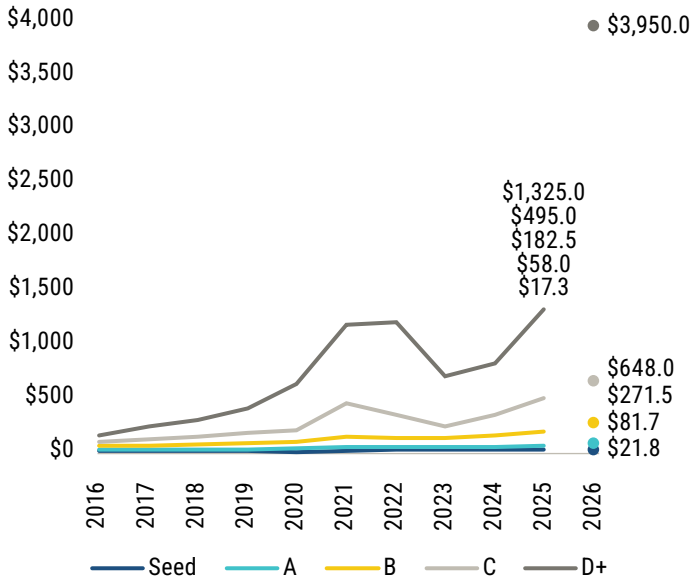
Median AI VC deal value ($M) by series



Source: PitchBook • Geography: US • As of June 30, 2026

Skyrocketing median valuations for AI startups

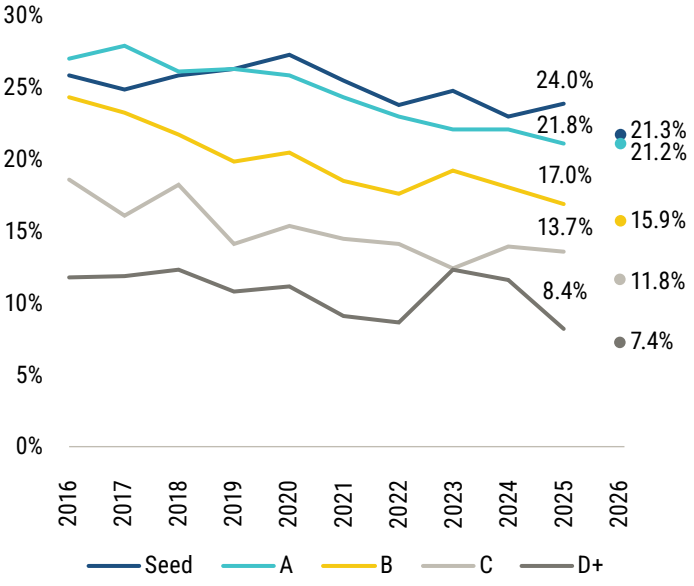
Median AI pre-money valuation ($M) by series



Source: PitchBook • Geography: US • As of June 30, 2026

Investor stakes lower as competition rises

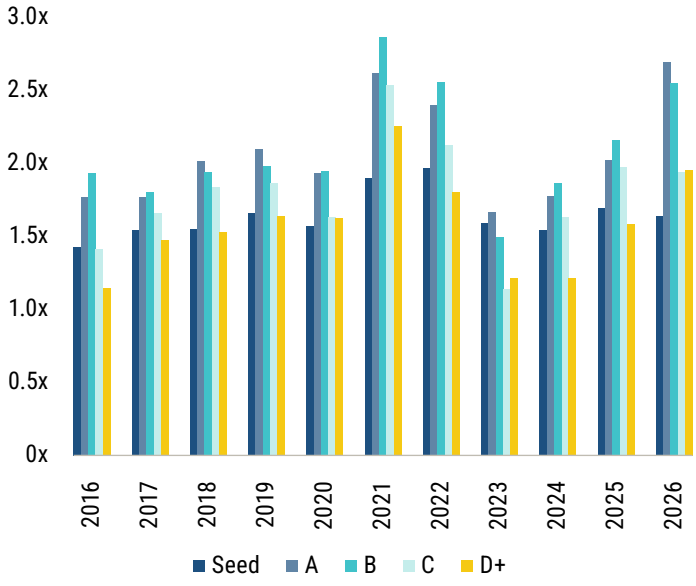
Median AI VC share acquired by series



Source: PitchBook • Geography: US • As of June 30, 2026

Largest AI step-ups across Series A and B

Median AI VC valuation step-up by series

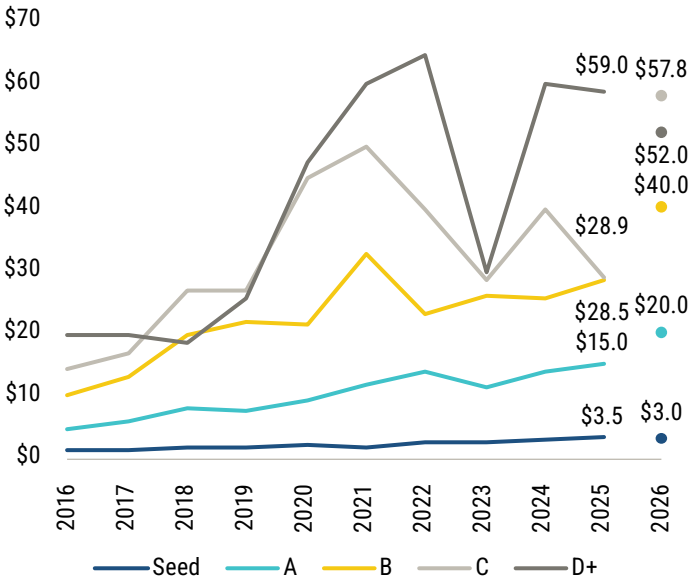


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Life sciences

Expanding deal values for Series A through C

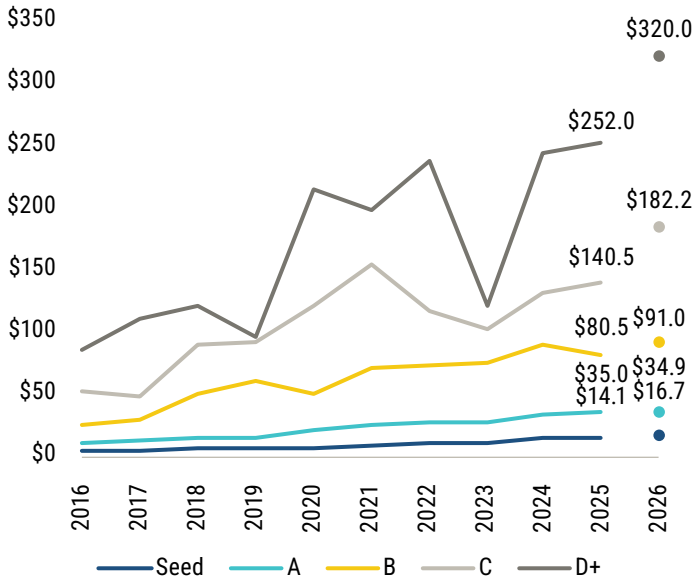
Median life sciences VC deal value ($M) by series



Source: PitchBook • Geography: US • As of June 30, 2026

Expanding valuations for nearly every series

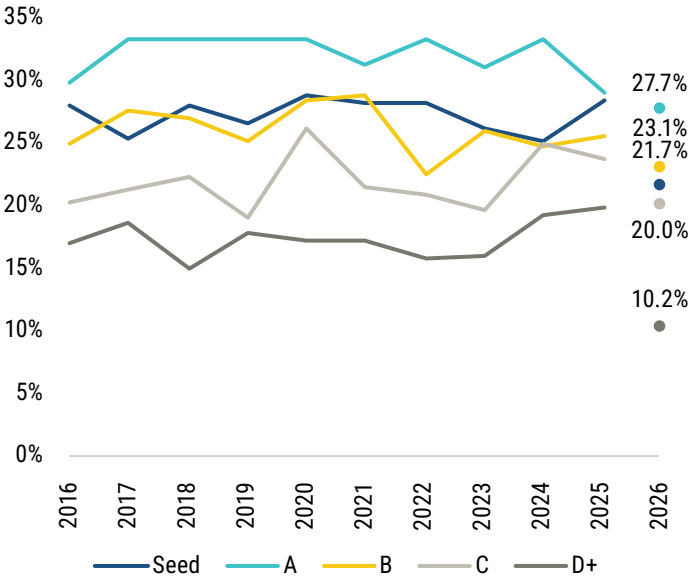
Median life sciences pre-money valuation ($M) by series



Source: PitchBook • Geography: US • As of June 30, 2026

Decreasing share acquired for life sciences

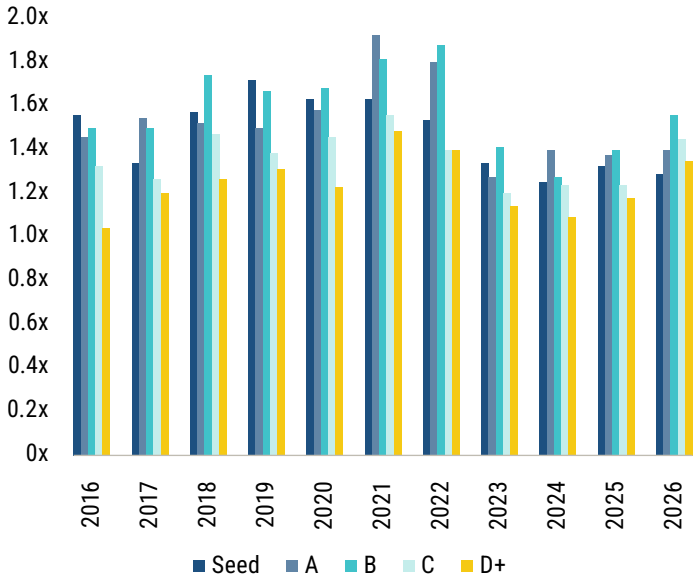
Median life sciences VC share acquired by series



Source: PitchBook • Geography: US • As of June 30, 2026

Step-ups have increased across later series

Median life sciences VC valuation step-up by series



Source: PitchBook • Geography: US • As of June 30, 2026

Investor trends

Rapid rise in corporate VC (CVC) deal value

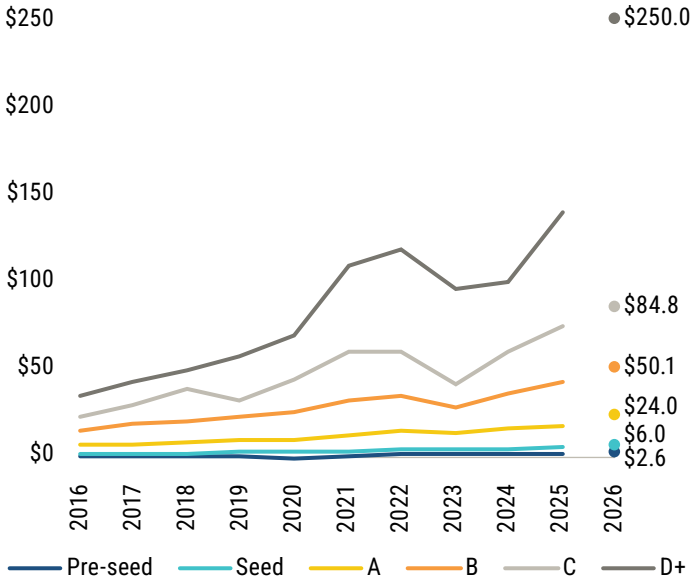
VC deal activity with CVC participation



Source: PitchBook • Geography: US • As of June 30, 2026

Deal values have expanded across all series

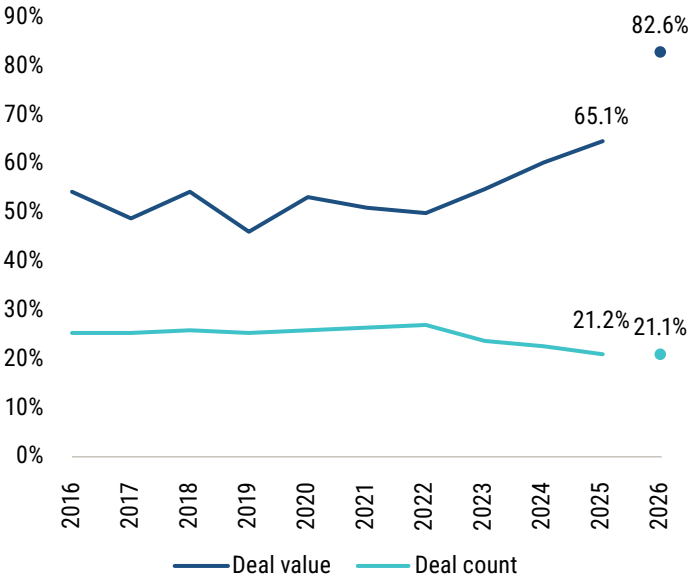
Median deal value ($M) with CVC participation by series



Source: PitchBook • Geography: US • As of June 30, 2026

CVC dealmaking is heavily concentrated

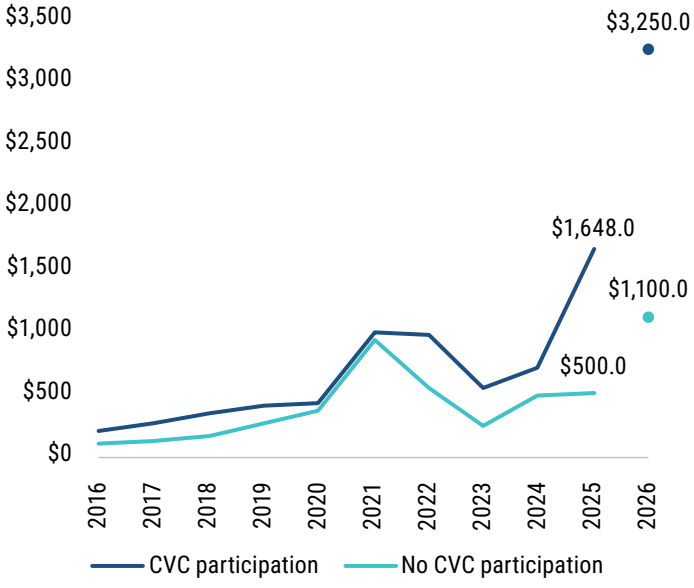
VC deal activity with CVC participation as a share of all VC deal activity



Source: PitchBook • Geography: US • As of June 30, 2026

High later-stage valuations due to AI

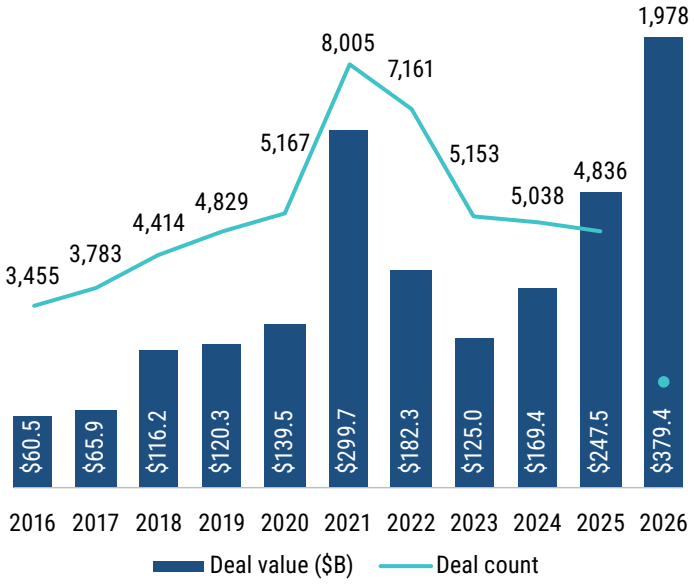
Median Series D+ VC pre-money valuation ($M) by CVC participation



Source: PitchBook • Geography: US • As of June 30, 2026

Surge in deal value led by megadeals

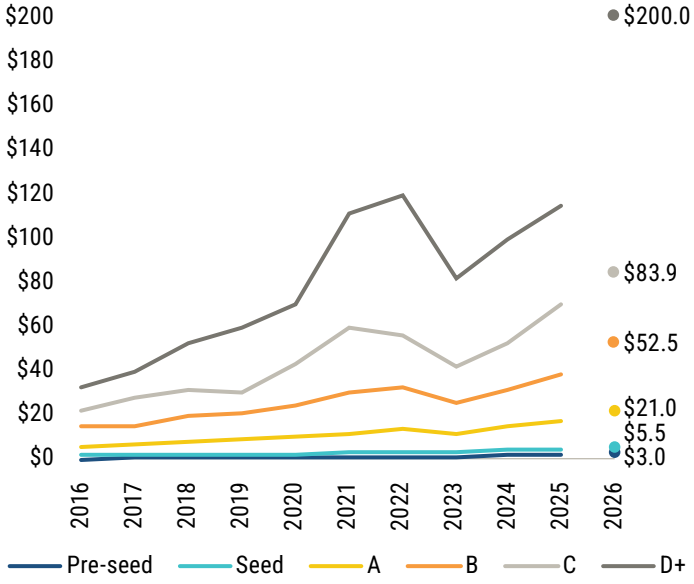
VC deal activity with nontraditional investor participation



Source: PitchBook • Geography: US • As of June 30, 2026

Expanding nontraditional investor deal value

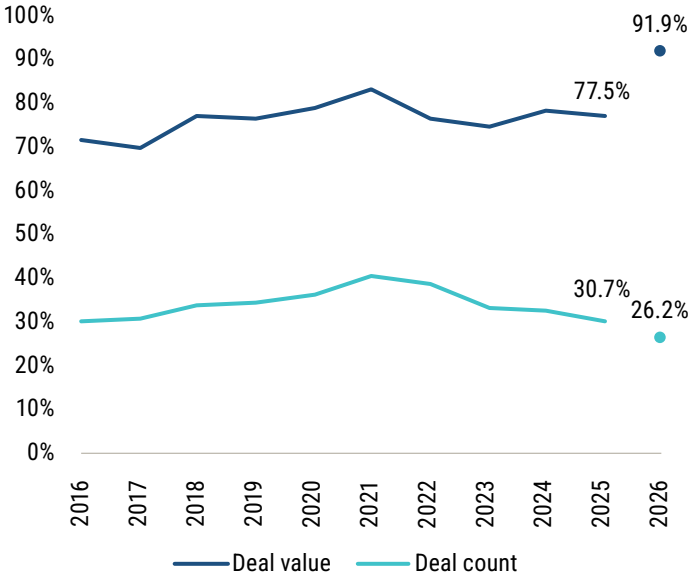
Median VC deal value ($M) with nontraditional investor participation by series



Source: PitchBook • Geography: US • As of June 30, 2026

Nontraditional investor activity is top-heavy

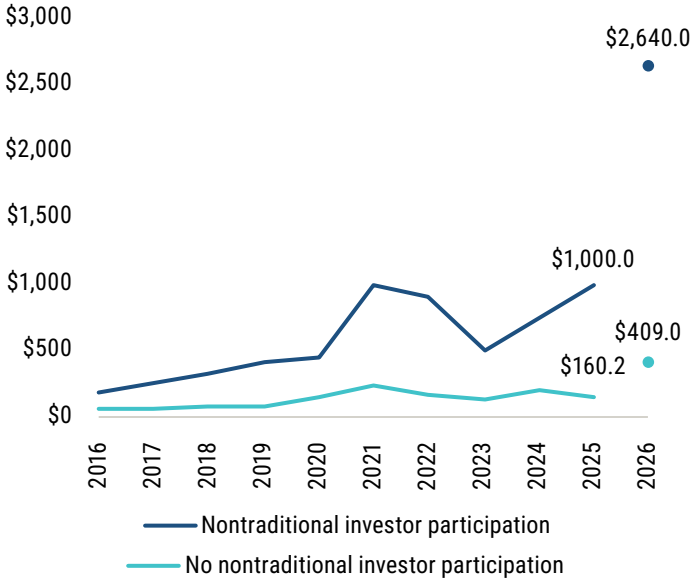
VC deal activity with nontraditional investor participation as a share of all VC deal activity



Source: PitchBook • Geography: US • As of June 30, 2026

Series D+ valuations soar to record highs

Median Series D+ VC pre-money valuation ($M) by nontraditional investor participation

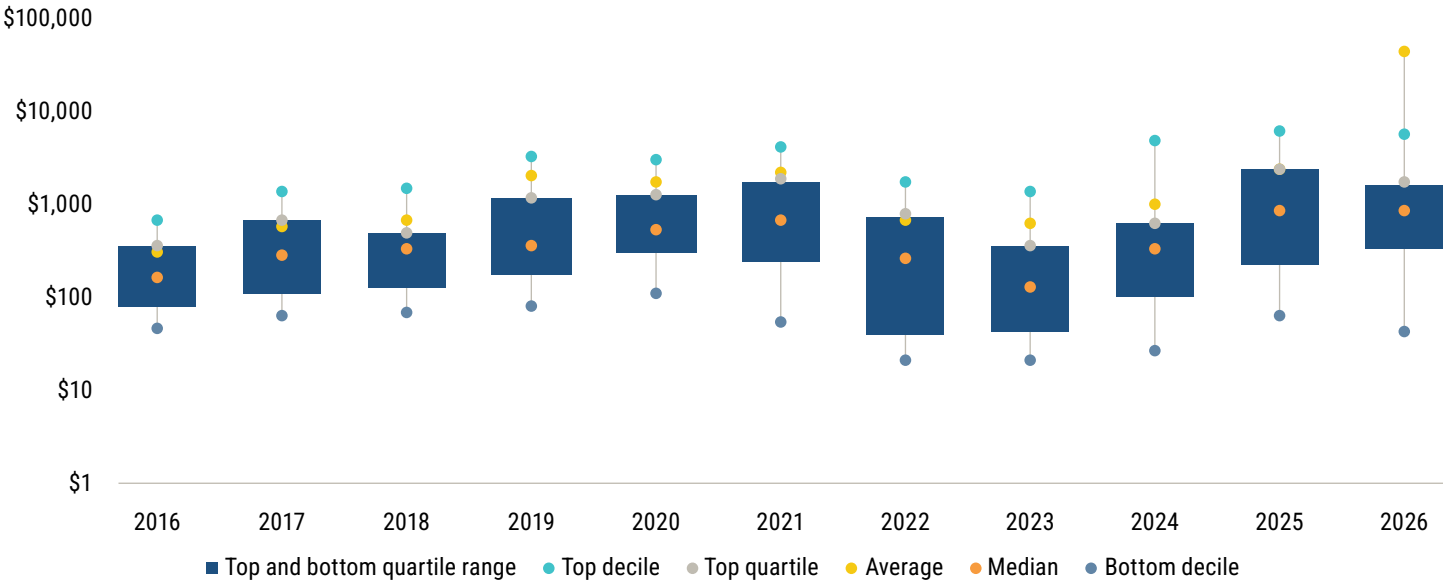


Source: PitchBook • Geography: US • As of June 30, 2026

Liquidity

Despite SpaceX's IPO, public listing valuations remain largely muted

VC-backed public listing valuation ($M) dispersion



Source: PitchBook • Geography: US • As of June 30, 2026
Note: Y-axis uses Log10 scale for readability.

IPOs

The IPO window is reopening, but only narrowly. SpaceX's June listing was the largest IPO in history, but beneath the strong headlines, exit activity has not changed much. Median public listing valuations are essentially flat with 2025 at $862 million. The median step-up at listing improved to 1.3x, up from roughly 1x between 2023 and 2025, which is a positive development, as most companies are pricing above their last private round when going public.

Even standout listings faced challenges. Cerebras priced its IPO at $34.3 billion, 5x its valuation from a year earlier, after canceling a planned 2025 listing and raising $1 billion in the interim. Although the company is an AI semiconductor alternative to NVIDIA, as of this writing in late July, the stock price has fallen below its first-day trading price but remains above its IPO price. Of the 10 largest US tech IPOs over the past year, excluding Cerebras and SpaceX, only three have posted positive first-year performance.

Greater step-ups relative to 2025

Median VC step-up at exit by type



Source: PitchBook • Geography: US • As of June 30, 2026

The real constraint for VC is that a single record-setting listing is insufficient to reopen the IPO window, especially since most listings have struggled to perform. Venture has yet to receive the exit outcomes its current pricing depends on.

M&A

Acquisitions offer a more stable growth narrative. YTD acquisition value hit a decade high of $375.4 billion, and the median step-up recovered to 1.9x in 2026 from 1.2x in 2025. Compared to 2025, the median acquisition size has doubled to $200 million. Those are significant jumps that may degrade as more data is collected, but offer positive sentiment toward a return in M&A dealmaking. One of the challenges in getting deals done is that a pricing gap between buyers and sellers persists and cannot be reduced due to a lack of price discovery events, such as IPOs.

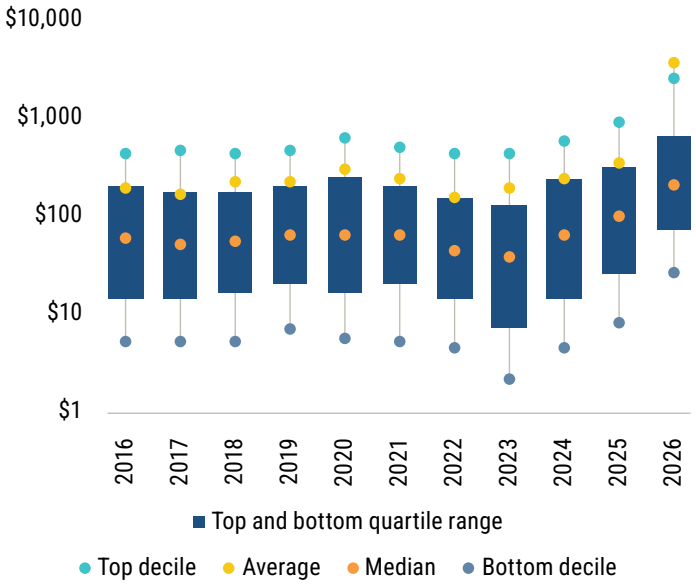
Q2's largest deals had a wide range of outcomes. ServiceNow's $7.8 billion purchase of cybersecurity firm Armis was a step-up from its previous round, a $6.1 billion Series E in November 2025. Eli Lilly's $7 billion acquisition of Kelonia Therapeutics reflects a broader return of healthcare exits for top innovators. However, Capital One's $5.2 billion purchase of Brex was at a steep discount to Brex's previous $12.3 billion valuation during the peaks of the pandemic.

Secondaries

The venture secondary market is rapidly growing, reaching $121.7 billion in annualized value through Q2 2026. However, it is top-heavy, as volume and pricing favor a select few companies that can raise primary capital in today's dealmaking environment and are in high-conviction sectors. On Forge, startups that last raised in 2025 or 2026 had a median discount of 0% to 5%. This discount widens to 54% to 59% for companies that last raised in 2021 or 2022, because these pandemic-era valuations have not been adjusted for today's environment. Discounts widen because stale primary rounds lack a fresh reference point, and, with limited information rights on most secondary trades, buyers have little else to price against. The result is concentration: On Hiive, the top 20 startups accounted for 86% of Q2 secondary value, with the top five alone at 50.3%.[1] When only a few companies carry the volume, their prices effectively set the standard for the rest of the market.

Rising median acquisition valuations

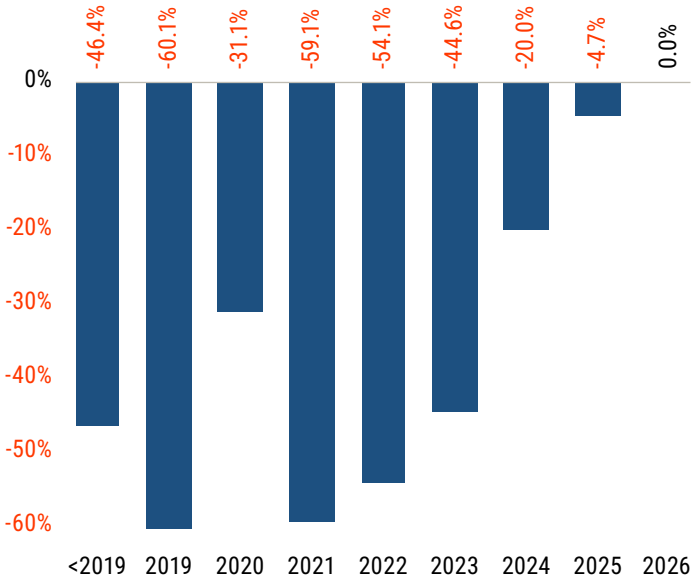
VC-backed acquisition valuation ($M) dispersion



Source: PitchBook • Geography: US • As of June 30, 2026
Note: Y-axis uses Log10 scale for readability.

Greater secondary discounts for more dated primary rounds

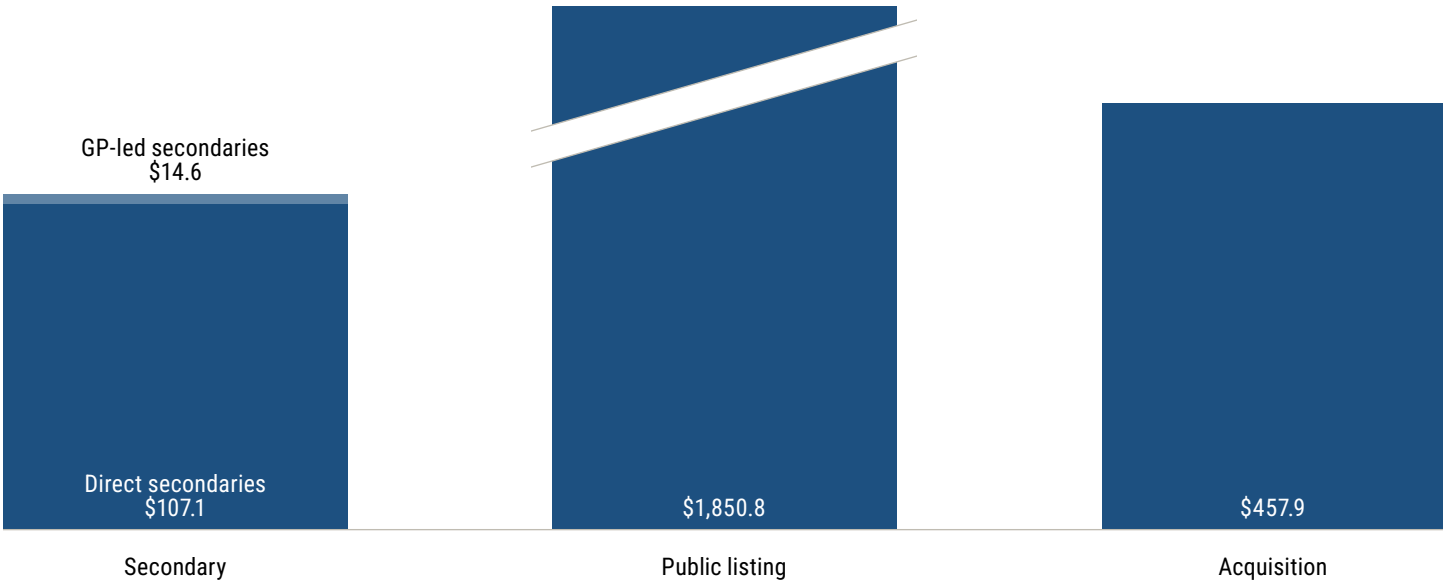
Median secondary discount by last VC deal year



Source: Forge • Geography: Global • As of June 30, 2026
Note: This chart includes all completed trades since each underlying company's last private round across all active names on Forge with a current Forge Price.

Venture secondaries continue to grow but are nearing their peak

VC exit value ($B) by type (Q3 2025 to Q2 2026)



Sources: PitchBook, Augment, Caplight, Hiive, Nasdaq Private Market, Notice.co, Rainmaker Securities, ReBloom, and Sydecar • Geography: US • As of June 30, 2026

AI sits at the center of that pricing power, as many of the names commanding secondary volume are AI companies trading above their last primary round. 62% of AI transactions on EquityZen traded at a premium in Q2, as buyers pay for access rather than risk missing the current cycle.[2] Secondary investors also tend to favor category leaders, as companies valued above $20 billion captured 54.3% of Q2 volume on EquityZen, well above the 18% to 42% range observed from 2023 through 2025.

Once the mega-IPOs of OpenAI and Anthropic occur, secondary activity is expected to widen due to increased distributions and public comp data on the biggest AI and space names. However, a truly broad venture secondary market is likely still years away, as three companies alone cannot dissolve the market's pricing opacity, though they will hopefully provide a helpful catalyst.

References

1: "Hiive50 Index," Hiive, July 29, 2026.

2: "Secondary Spotlight: Private Company Investment Trends, Q2 2026," EquityZen, Brianne Lynch, July 9, 2026.

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