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2026

US VC Valuations Report



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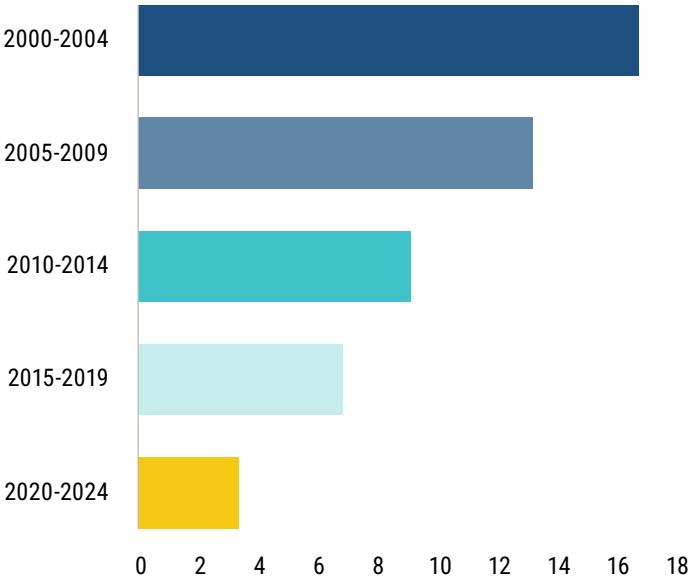
Market overview

Reaching a $5 billion valuation no longer takes decades

Median time (years) to reach a $5 billion valuation by US software company founding cohort



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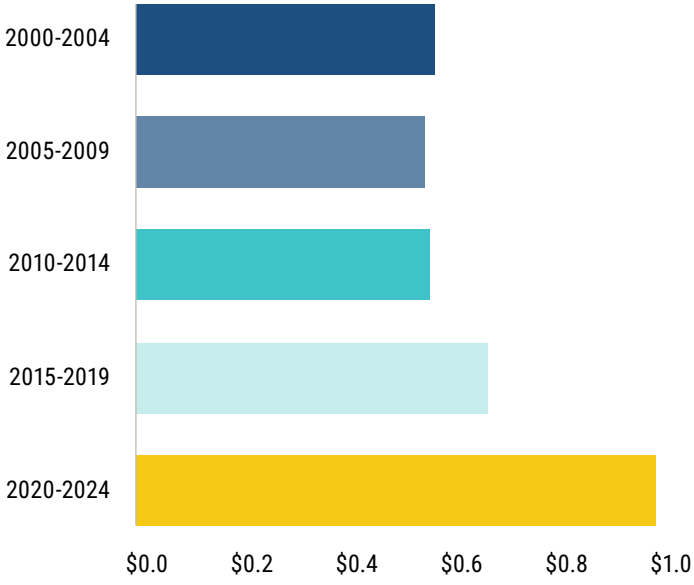
Surging valuations have met surging capital invested

Median capital raised ($B) to reach a $5 billion valuation by US software company founding cohort



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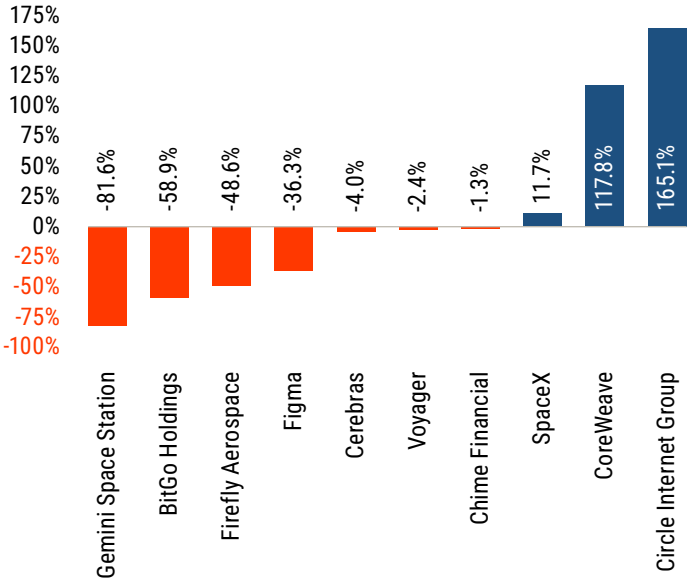
US VC valuations continue to reach new highs, according to data through Q3. That is unsurprising, given that AI has continued to drive private market dealmaking and public market growth. Q4's data could show something different as the AI trade begins to crack, but AI investment in VC has yet to show any wariness. Software companies founded post-2019 that reached a $5 billion valuation have done so in a median of 3.4 years. That is less than half the time it took for companies that were founded between 2015 and 2019. Now, companies reaching that valuation are raising more as well, with the median total raised nearly $1 billion. For a market that is starved for capital in certain areas, the amount of money flowing into AI has seemed limitless, with some companies raising new rounds only a few months after their prior raise. These figures highlight the winner-take-all consensus mentality that venture has grown into.

Current 2026 data predates the most recent rate hike, but even then, rates were not low. Prices paid for VC-backed startups have increased despite rate pressures, thin liquidity, and the past few years of poor fundraising. But there are several key nuances within the market that must be emphasized to get the full VC picture. First, with its position as the center of AI, the Bay Area is generating a median seed valuation of $32 million, 52.3% higher than in New York. Second, despite the poor fundraising environment, the surge in pricing and deal value has been driven by VCs, rather than by hedge funds or PE firms, as occurred in 2021. Multistage firms have been active seed and early-stage investors, and their fund sizes have dictated the terms of those stages. Their power is clearest in the Bay Area, where established managers have already closed $66 billion of new commitments in 2026, while emerging managers in the same market are facing a decade low of committed capital.

Most of VC's biggest IPOs over the past seven quarters have struggled to perform

Post-IPO performance of select 2025 and 2026 listings from IPO price



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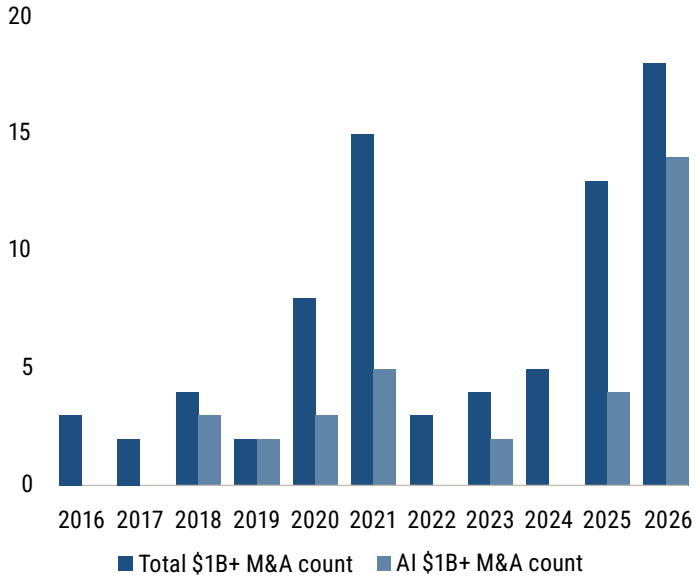
$1 billion+ M&A deals reach record

$1 billion+ AI and total M&A count



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The liquidity market has not picked up much either. M&A count and value are on a strong pace, but the value is highly concentrated, even beyond the xAI and Cursor M&A deals with SpaceX. A large majority of M&A transactions have been small, and 75% of them occurred after only a Series A round was raised by the target company. With rate uncertainty persisting and further hikes a possibility as inflation stays high, pressure should increase on prices.

AI is still the wild card for liquidity and rate pressures. Beyond the premium to other companies, AI has been the target of the largest deals, many of which have been done at significant step-ups. The 417 acquisitions of AI companies in 2026 so far have already surpassed 2025's record. 14 of those deals have been for at least $1 billion. As Anthropic moves toward its IPO after filing its S-1, venture will be carefully eyeing the market reaction and postlisting performance, hoping that strong support will validate the high prices being paid.

Lack of liquidity has not stopped unicorns

Largest new unicorns in Q3 2026

Company	Years since founding	Total capital raised ($B)	Years since first VC	Post-money valuation ($B)	Financing date
Discovery Loop	0.1	$1.0	N/A	$10.0	September 14
Instinct	1.7	$1.3	N/A	$10.0	September 23
Commonwealth Fusion Systems	8.6	$3.9	7.2	$10.0	August 19
Lumilens	2.6	$0.8	N/A	$5.5	August 6
River AI	0.6	$1.1	N/A	$5.0	August 11
Source Foundry	1.1	$0.4	N/A	$5.0	August 10
Astromech	1.6	$0.1	1.0	$3.8	August 20
Fab2	3.9	$0.6	3.2	$3.7	September 8
Mach Industries	N/A	$1.1	2.9	$3.7	September 10
Celero	2.7	$0.5	2.4	$3.1	September 8
Generalist	2.6	$0.7	N/A	$3.0	August 24
Gimlet Labs	3.7	$0.4	2.8	$3.0	September 4

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

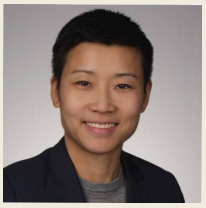
A WORD FROM MORGAN STANLEY AT WORK

The IPO readiness premium: Why mature private companies are acting public before they list

Explore how companies considering an IPO, especially AI companies, are professionalizing operations earlier by upgrading governance, equity administration, benefits, reporting, controls, and employee communications to meet public market expectations before the S-1.



Kate Winget
Managing Director, Chief Revenue Officer, Morgan Stanley at Work
Kate Winget brings more than 20 years of experience in financial services, technology, and benefits. Kate's priority focus is on executing Morgan Stanley's workplace market growth and revenue strategies, including heightening client engagement disciplines and practices to best serve the firm's institutional clients.



Michelle Wang
Managing Director, Global Capital Markets, Morgan Stanley
Michelle Wang leads the Investment Grade Corporate Debt team based in New York and specializes in advising hyperscalers and other large-cap technology companies on corporate finance, capital structure, debt financing, and risk management. Michelle has advised clients on more than $400 billion of debt capital raises across public and private markets and different currencies.

Why are mature private companies starting to "act public" years before an IPO?

Although the trend of companies staying private longer is now well established, their decision to do so is more a reflection of market conditions and their ready access to private capital than a commentary on their operational maturity. With more companies growing at an accelerated rate, often moving from startup to hyperscale in just a few years, the need to scale their business and operations rises just as quickly.

That challenge is especially acute for companies that require access to exceptional amounts of capital, such as those focused on building AI infrastructure. Spending on compute, datacenters, and specialized talent can push their funding needs beyond what private markets can efficiently provide. The risk of outgrowing private market capacity is real, mandating increased readiness for a major transaction, such as an IPO, M&A, or major debt financing.

Managing this dual track means focusing on maintaining an aggressive growth trajectory while simultaneously preparing for a large future capital event. That focus demands the rapid adoption of public company best practices. As a result, many of these companies have begun recruiting senior leaders and board members from the public space. This gives them greater capacity both to "act public" pre-IPO and to enter the public markets with essential skill sets already in place.

Which operational functions are companies upgrading first on the path to IPO readiness?

The move to public company best practices is happening across the board, from finance, legal, and human resources (HR) to an organization's foundational infrastructure. In addition to seeking out executives who have taken companies public before, companies are going deeper, looking for talent that brings operational skills such as financial reporting, capital raising, investor relations, cash management, and risk management. When we compare the quality and breadth of just the finance organizations at many of the largest, most scaled private companies, their level of sophistication resembles that of some of the largest-cap companies we cover.

While AI companies are leading this charge, expectations are spreading to other technology companies considering

an IPO or strategic transaction. Ultimately, many of these organizations are competing for the same talent, which is creating higher stakes for companies riding current market tailwinds toward an IPO.

What makes today's IPO hopefuls, particularly AI companies, different from prior IPO cohorts?

In many ways, the race for AI dominance has broken traditional molds. These companies are not simply competing in the realm of ideas and market penetration. They are scaling at faster rates than we have ever seen and turning to the markets not just for access to public equity capital but also for access to public debt capital.

The investment bond market is the deepest pool of capital in the US, with roughly $1.5 trillion to $2 trillion issued annually. Companies serious about accessing these markets need to think about things like credit ratings and becoming investment-grade issuers much sooner than prior IPO cohorts. This is also driving them to build deeper pools of talent faster than many companies did in the past. Competition for that talent is fierce, and it is changing the way many fast-growth private companies think about compensation.

What should leadership teams do now to prepare for a future public market debut?

When preparing for an IPO, there is an important piece around readiness. Companies need to make sure their cap tables are up to date and accurate. They may want to audit their accounting, payroll, and HR systems to make sure they are ready to meet public company compliance requirements. They may also need to professionalize their executive team, which we are seeing happen more frequently now than we did even just five years ago.

Employee readiness is also key. Companies that engaged in pre-IPO tender offers have often laid an educational foundation. Now, though, many companies are displaying high degrees of creativity when transitioning their equity compensation plans from private to public. This means providing employees with a better understanding of complexities like lockup releases, ongoing granting, and the financial impact of their benefits.

As liquidity events create the potential for generational wealth, companies must also consider how to retain employees post-event. The good news is that many of the most scaled private companies seem incredibly attuned to their employees, recognizing the role their talent will play once they have begun operating on the public markets.

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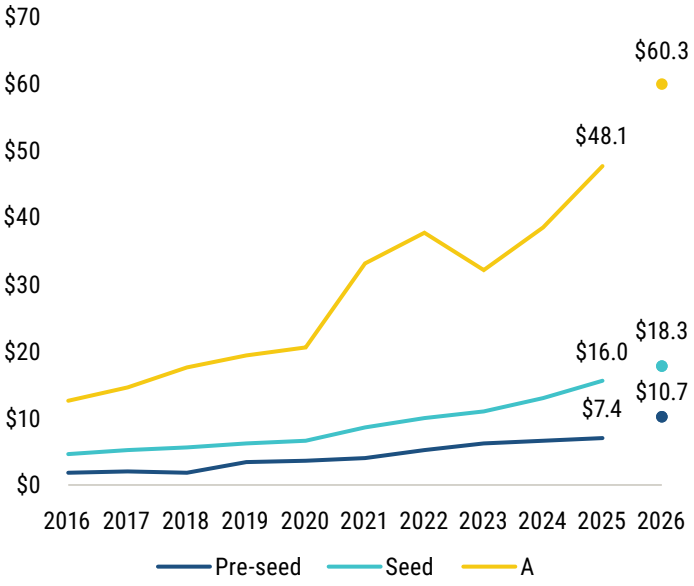
Dealmaking

Rapidly rising early-stage valuations

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



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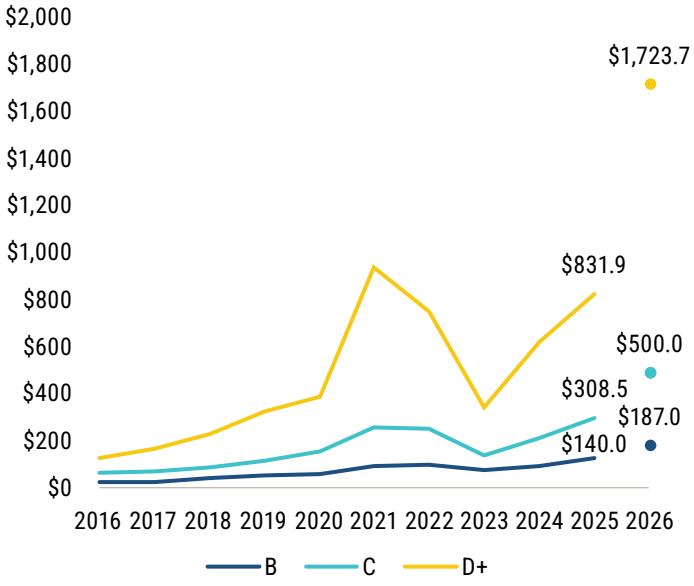
Later-stage valuations reach new heights

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



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Venture pricing looks strong, but the gains are concentrated in a small group of top startups. Through Q3 2026, US VC deal value reached $515.8 billion across an estimated 14,199 deals, 44.1% above 2021's full-year record of $357.9 billion. Q3 stayed top-heavy, even without the frontier-lab mega-rounds that drove the first half. The quarter's largest round was $5 billion for Databricks. Investor competition and the cost of AI continue to push deal sizes higher. Deals of $100 million or more, 4.2% of deal count, captured 85% of deal value.

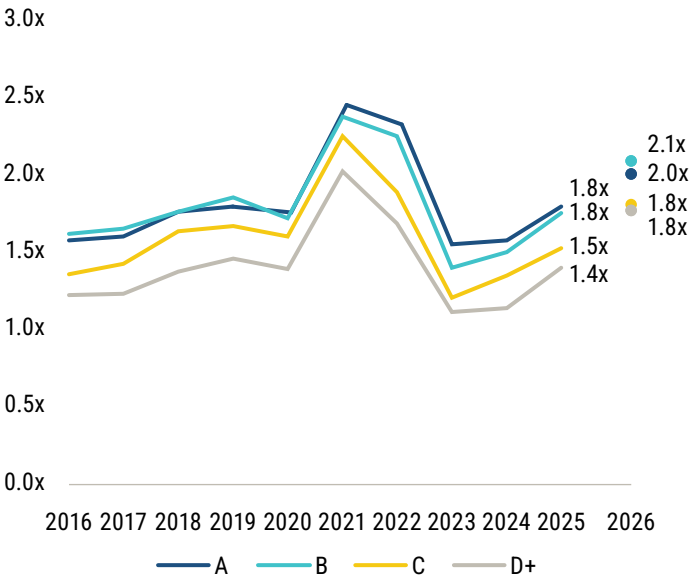
Prices are rising at every stage, but valuations are expanding unevenly. Median Series A pre-money valuations hit $60.3 million YTD, 2.9x the 2020 level of $21 million, and the median Series C pre-money valuations rose 62.1% YoY to $500 million. Flat and down rounds fell to 13.6% of deals, the lowest share since 2022. A deeper dive into the data reveals that companies raising today are mostly high-conviction AI names, those well-capitalized enough to set their own terms, or new names raising their first rounds of financing, attracting investors that want to invest before prices rise. Everyone else that is in the middle of the pack, particularly Series A and B companies, is cutting costs to extend runway instead of raising, and their absence flatters the aggregate.

Startups' uneven valuation growth is primarily driven by AI, because talent and compute are expensive, and many megadeals stitch together compute partnerships, nontraditional investors, and venture funds to raise the capital needed to maintain the rapid pace of growth. AI companies posted a 2.5x median step-up at Series B in 2026, versus 1.6x for non-AI. The gap also holds for median pre-money valuations across stages, with AI startups valued at an 88% premium compared with non-AI companies at Series A and 396% at Series D+. For non-AI startups, a tougher dealmaking environment is the new normal.

Because venture returns follow a power law, only a few companies will capture the outsized gains, and rising AI valuations keep raising the bar for what counts as a win. These expanding price points make it harder for investors to see AI bets pay off.

Growing median step-ups

Median step-up by series



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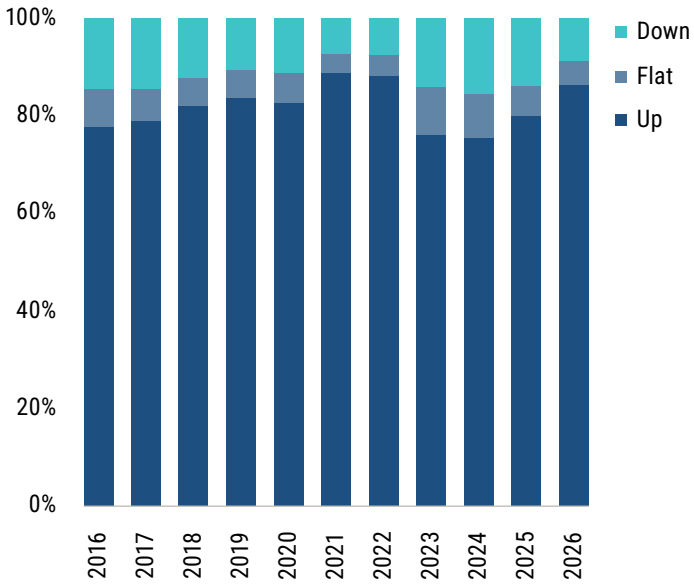
Decreasing share of flat and down rounds

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



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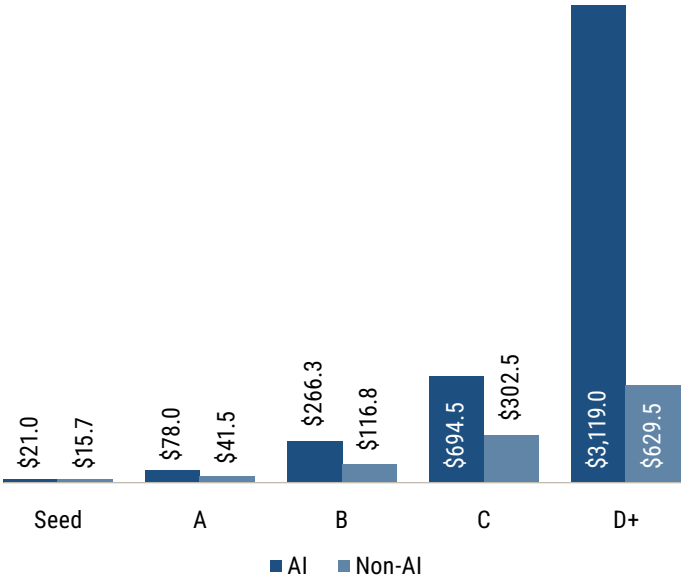
AI startups command significant premiums over non-AI peers

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



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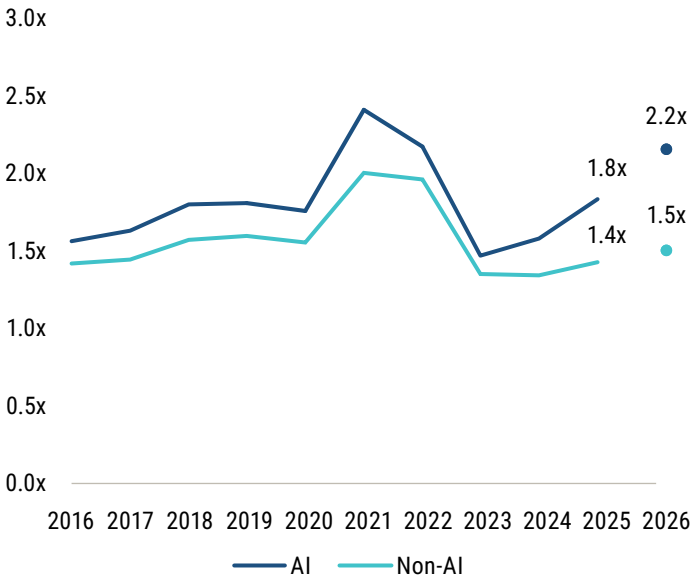
The step-up gap between AI and non-AI companies widens

Median AI and non-AI VC valuation step-up



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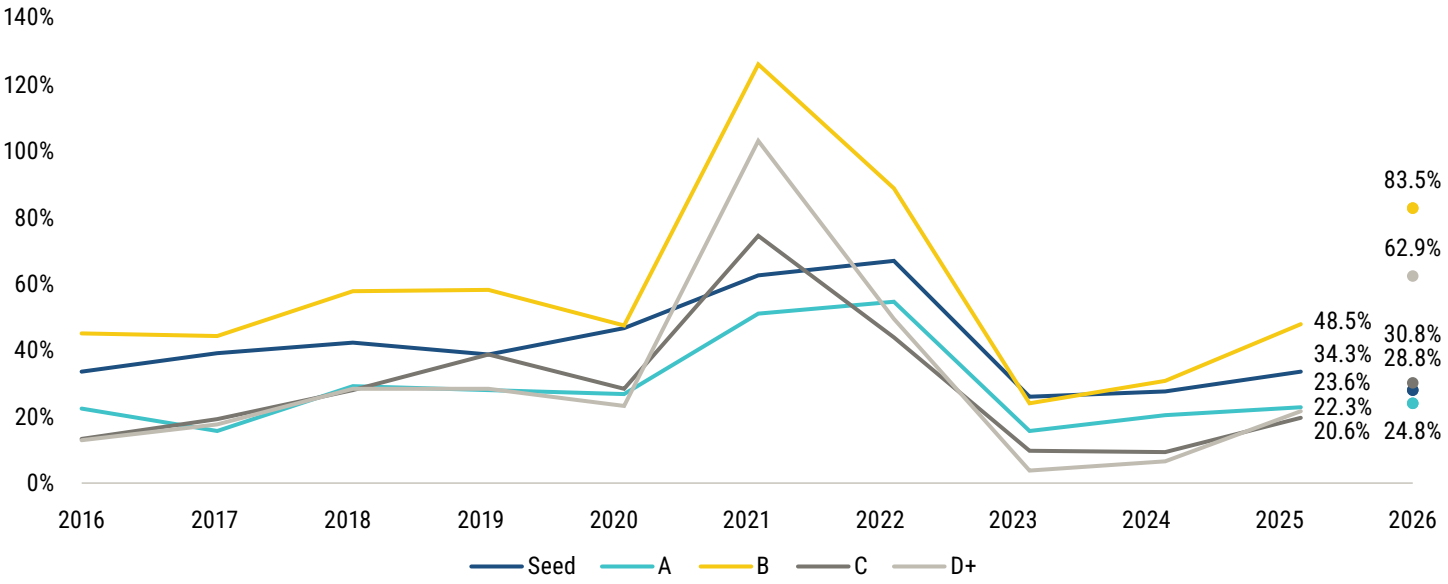
Growing relative velocity of value creation (RVVC) across later series

Median RVVC between rounds by series



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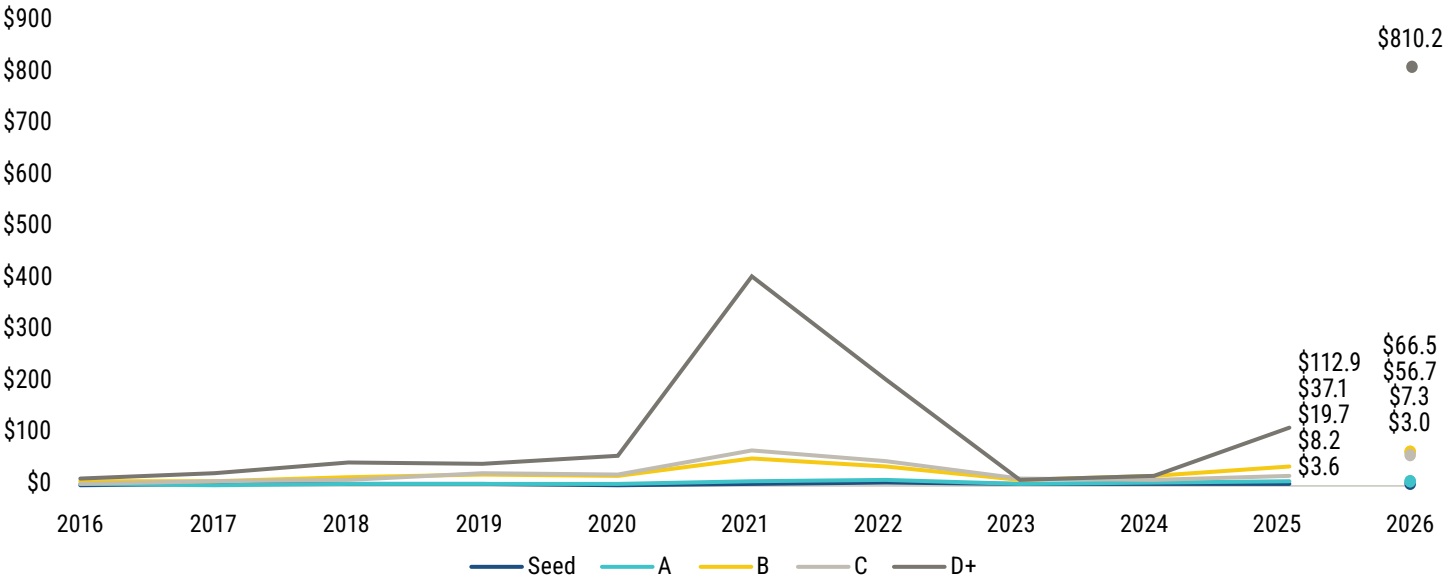
Sharp increase in velocity of value creation (VVC) for Series D+

Median VVC ($M) between rounds by series



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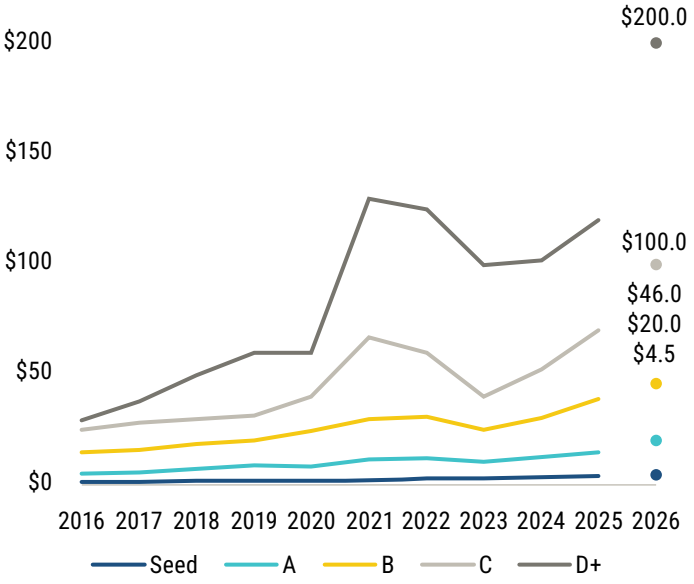
AI

Deal values grow rapidly, especially in later stages

Median AI VC deal value ($M) by series



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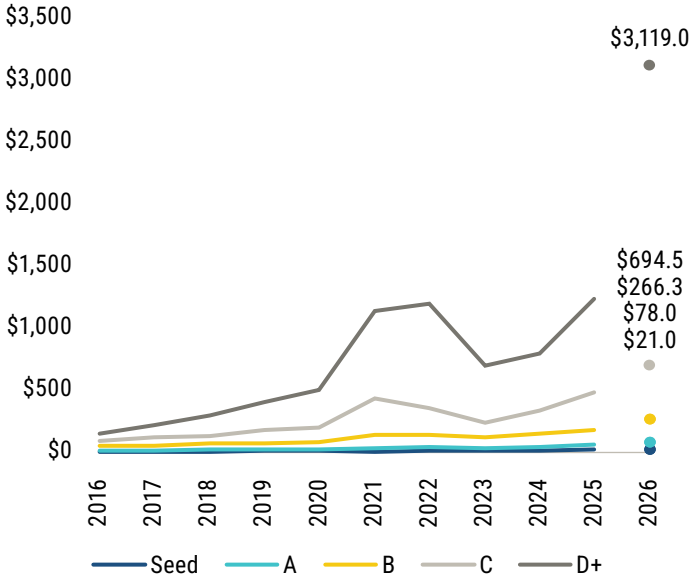
Skyrocketing median valuations for AI startups

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



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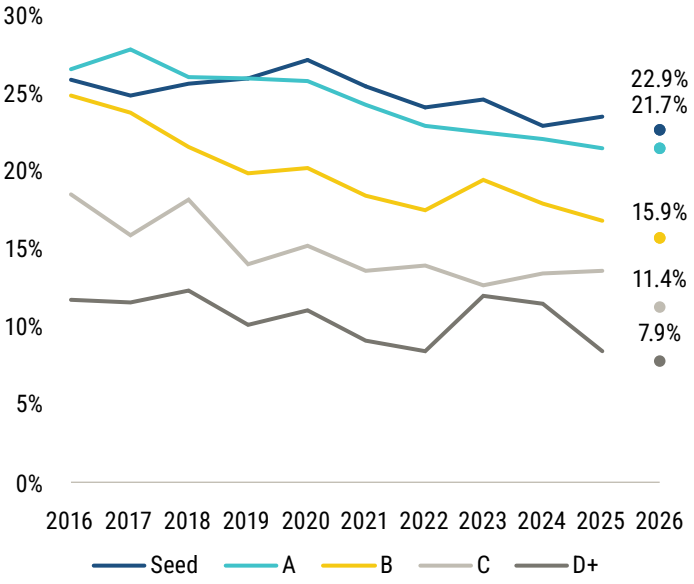
Investor stakes lower as competition increases

Median AI VC share acquired by series



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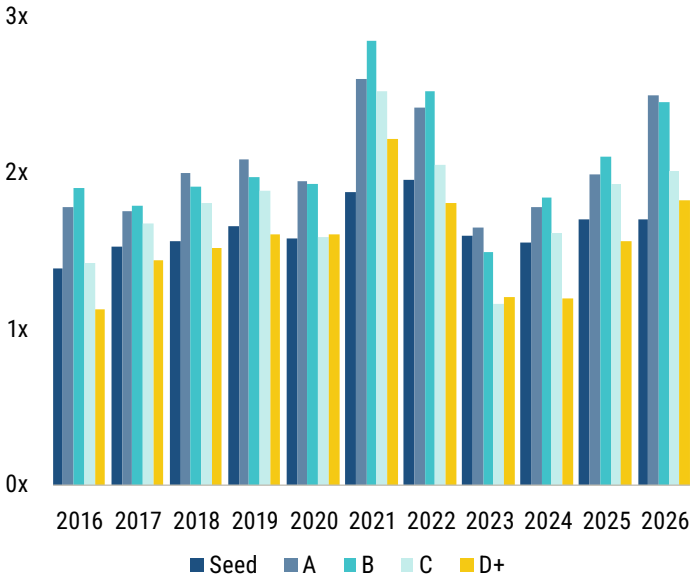
Largest AI step-ups across Series A and B

Median AI VC valuation step-up by series



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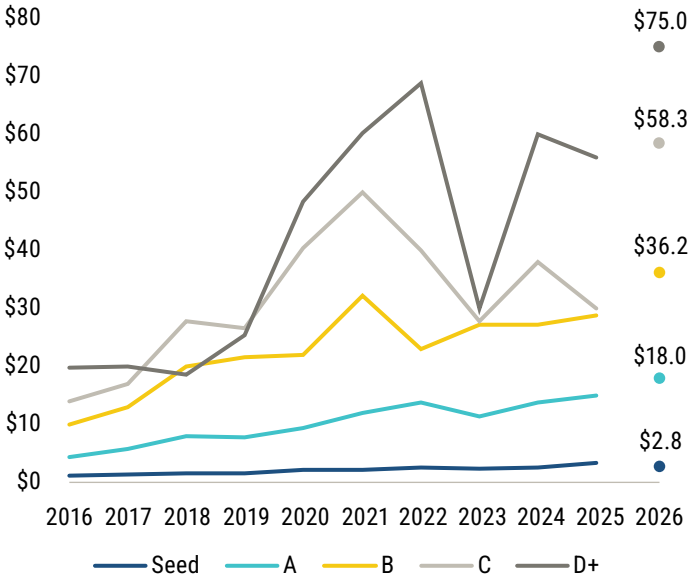
Life sciences

Expanding deal values for most series

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



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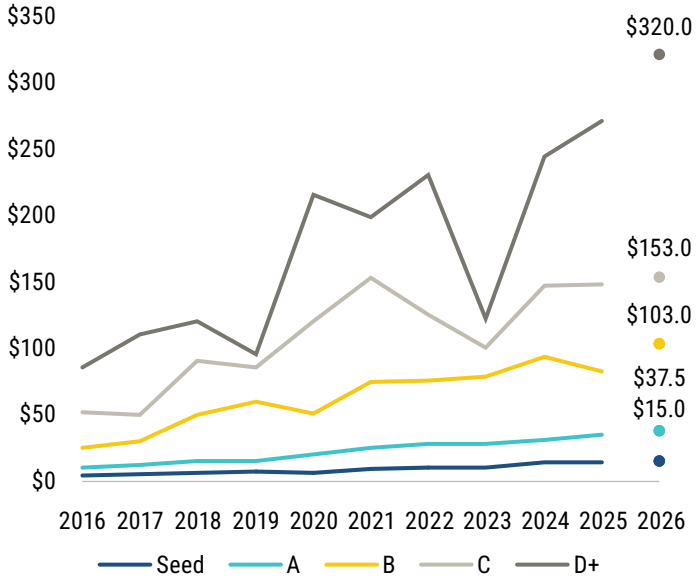
Median valuations rise across the board

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



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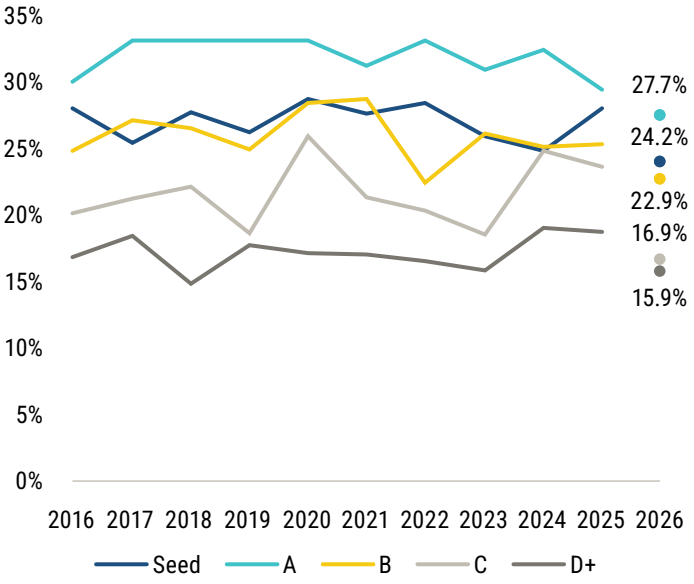
Decreasing share acquired

Median life sciences VC share acquired by series



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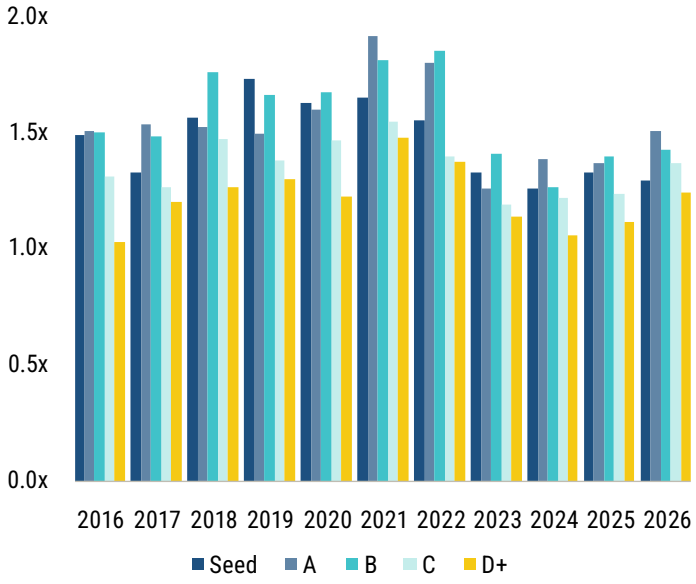
Step-ups increase across nearly every series

Median life sciences VC valuation step-up by series



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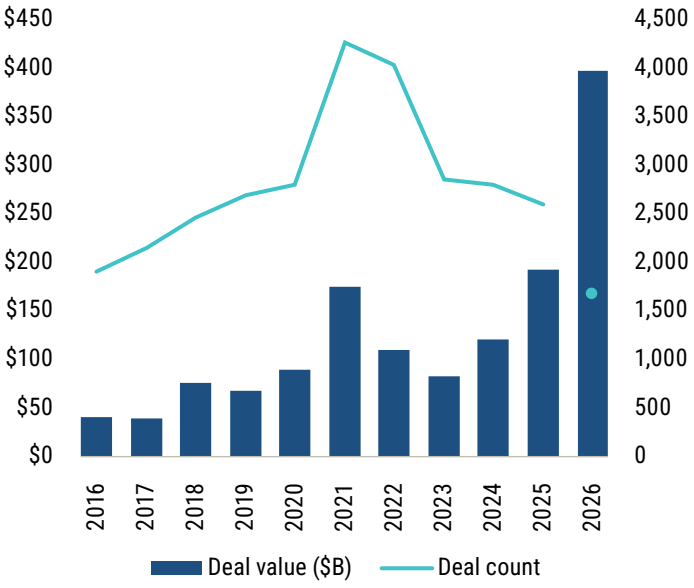
Investor trends

Megadeals boost corporate VC (CVC) deal value

VC deal activity with CVC participation



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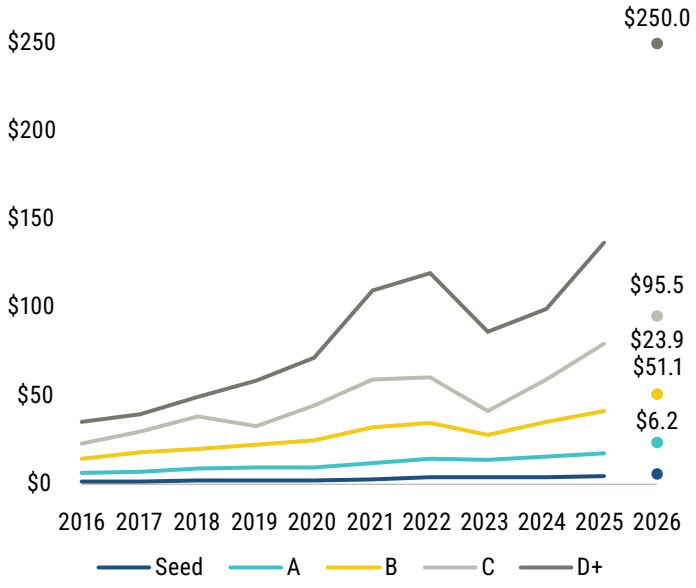
Deal values increase across all series

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



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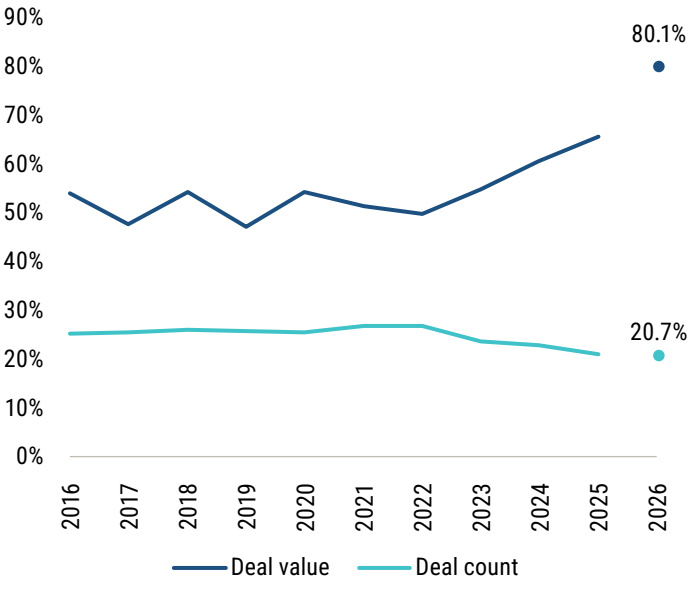
CVC dealmaking is top-heavy

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



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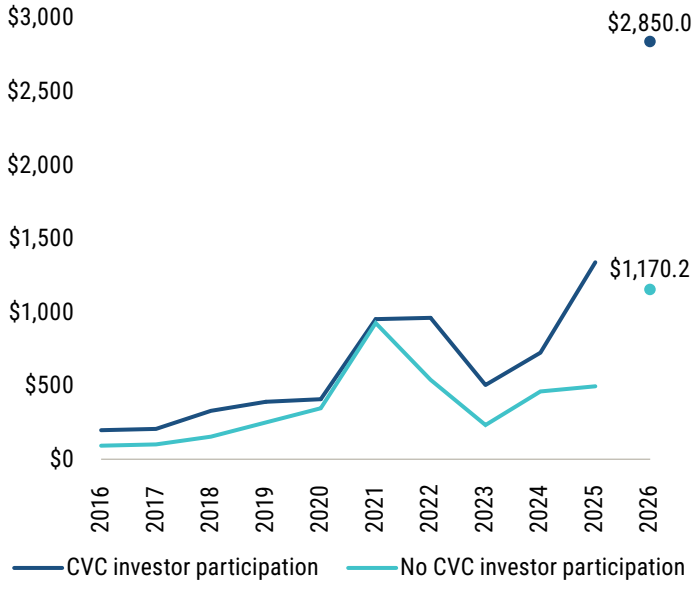
High later-stage valuations due to elevated AI prices

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



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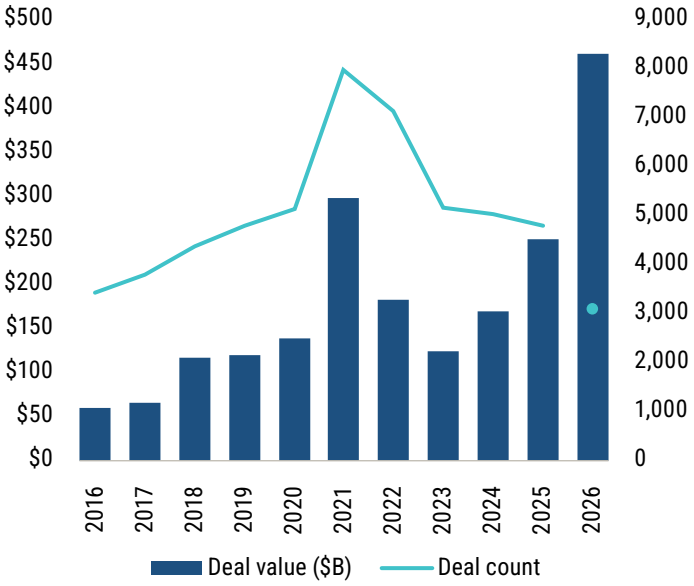
Surge in deal value from megadeals

VC deal activity with nontraditional investor participation



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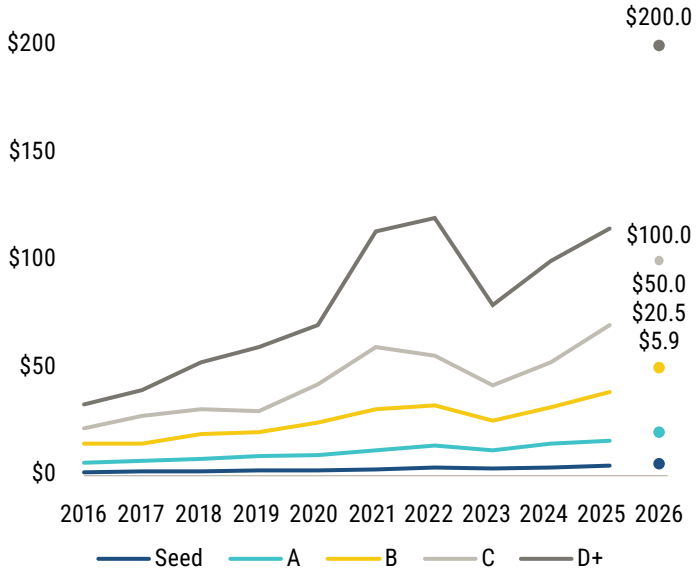
Rising median deal values across all series

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



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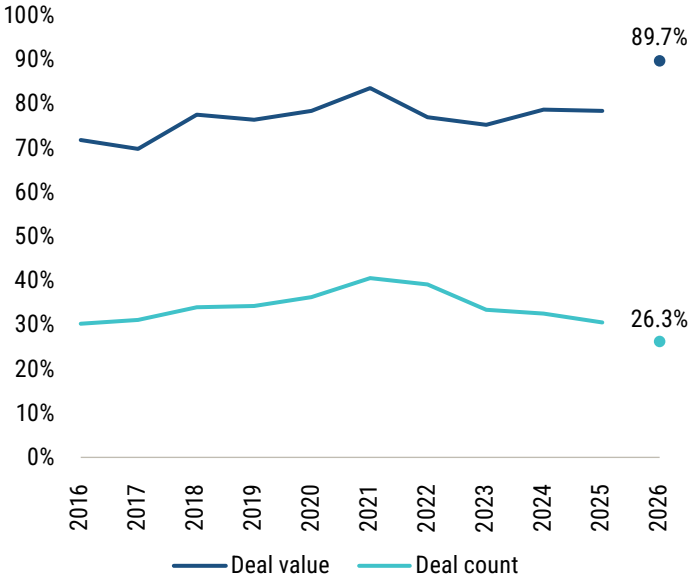
Nontraditional investor activity is heavily concentrated

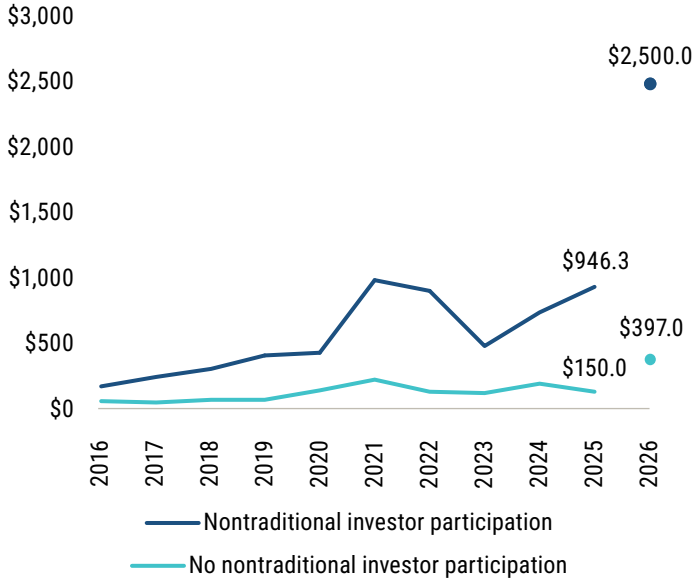
VC deal activity with nontraditional investor participation as a share of all VC deal activity



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

Series D+ valuations reach record highs

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

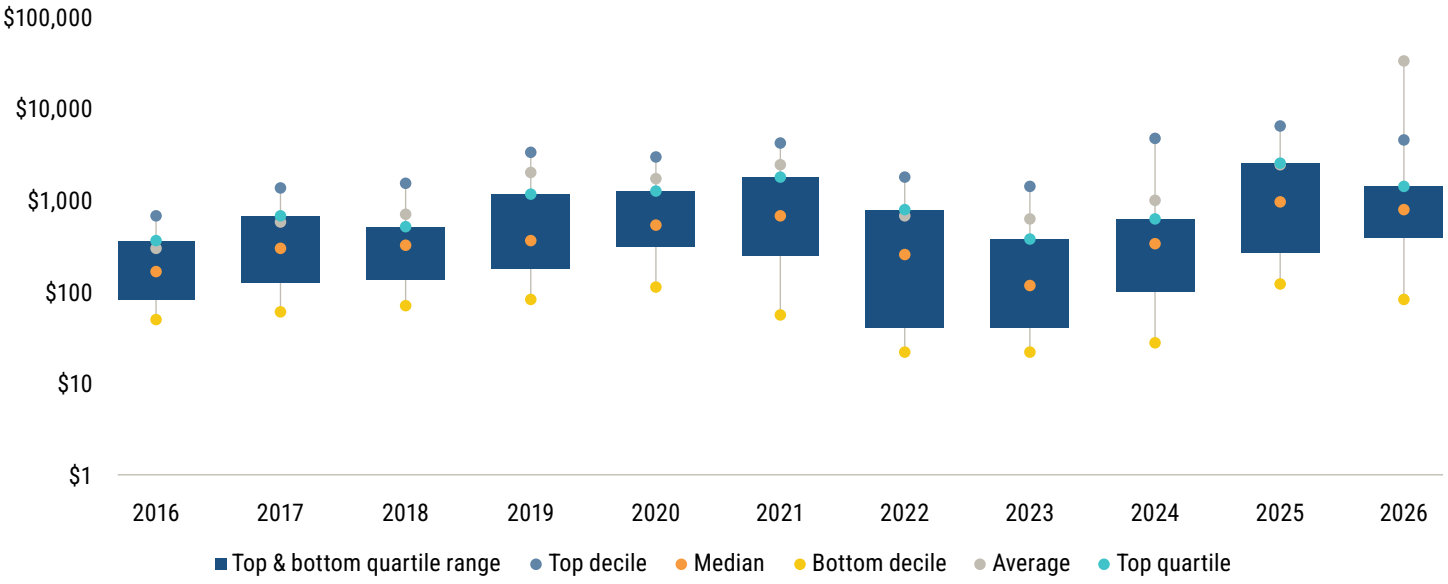


Source: PitchBook • Geography: US • As of September 30, 2026

Liquidity

Public listing valuations remain muted despite SpaceX's record-breaking IPO

VC-backed public listing valuation ($M) dispersion



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

IPOs

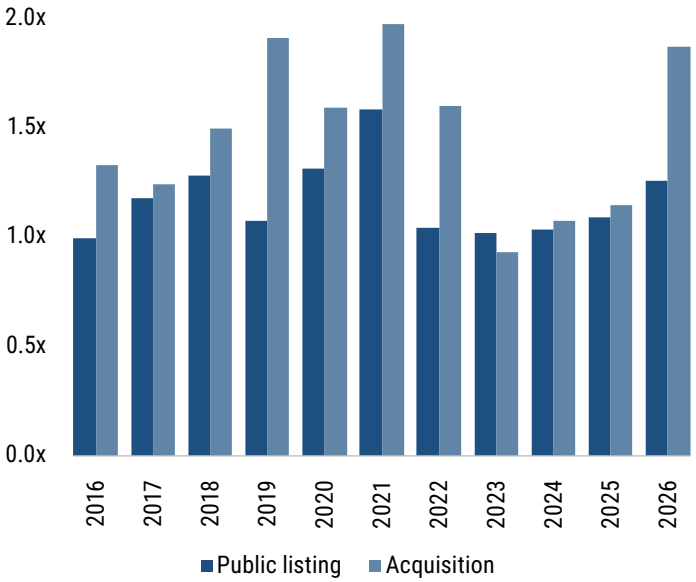
A single record-setting listing has not been enough to reopen the IPO window. Only 18 companies went public in Q3, most in healthcare, and the high-growth tech names LPs need for distributions were largely absent. Strip out SpaceX, and 2026 exit value sits at the same constrained level that has defined every year since 2021.

Beneath the headlines, median listing valuation fell 16.6% to $796.3 million YTD from $955.3 million in 2025. The median step-up improved to 1.3x from roughly 1x between 2023 and 2025, so most companies still price above their last private round when going public, which is a positive development compared with the past few years. However, these data points highlight the smaller companies with modest private valuations completing IPOs, while the most highly valued unicorns stay private.

Anthropic's anticipated IPO, reportedly at a $2 trillion valuation, and OpenAI's potential 2027 debut are the next litmus tests for venture, as these listings would absorb a significant

Greater step-ups relative to other post-COVID-19-pandemic years

Median VC step-up at exit by type



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

share of institutional capital. If successful, these mega-IPOs could meaningfully broaden the market beyond a handful of AI giants, closing the gap between record paper value and realized distributions. Otherwise, companies without a path to a marquee IPO should continue to expect exit prices well below peak-era levels, especially since most recent listings have struggled to perform. Venture has yet to receive the exit outcomes its current pricing depends on.

M&A

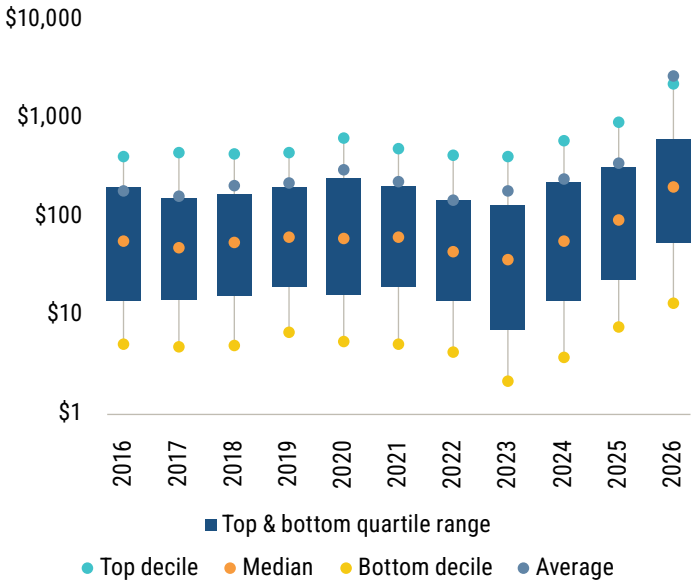
Aggregate M&A figures imply the market is healthy: YTD acquisition value hit a decade high of $465.3 billion, the median step-up rose to 1.9x in 2026 from 1.2x in 2025, and the median exit size more than doubled to $200 million. Buyers are willing to pay again, but not for everything.

Premiums are concentrated in AI, where acquirers would rather overpay than fall behind in technological development. SpaceX's $60 billion acquisition of Cursor doubled its Series D valuation from November 2025. Autodesk is paying $3.6 billion for MaintainX, 1.4x its $2.5 billion Series D from July 2025.

However, multiple Q3 target companies were purchased with steep markdowns from their pandemic-era highs. Bending Spoons bought Airtable for $1.3 billion, 89% below its $11.7 billion peak. Miro's acquisition by Bending Spoons closed in Q4 at $1.4 billion, 92% below its $17.5 billion Series C post-money valuation. Pricing is especially difficult in today's market because few exits are occurring, leaving buyers and sellers without reliable benchmarks to anchor deals. Rising rates will add pressure and could push acquisition prices even lower.

Rising median acquisition valuations

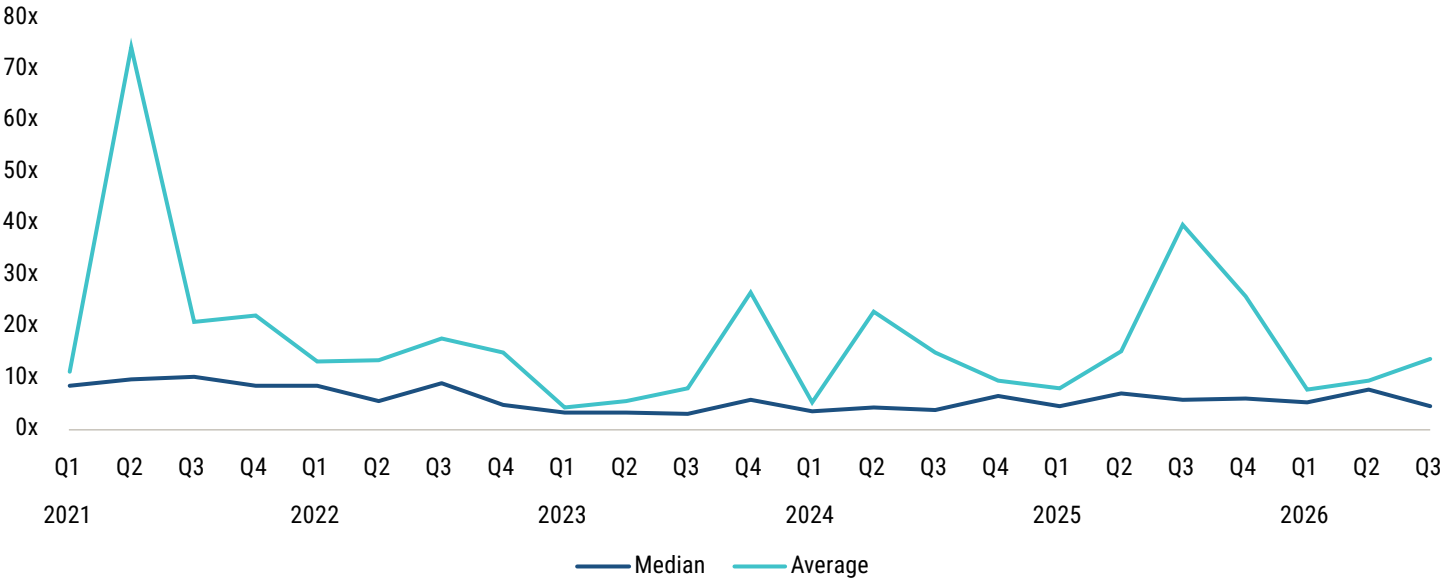
VC-backed acquisition valuation ($M) dispersion



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

Large variations in average multiples on invested capital (MOICs) for top acquisitions

Median and average MOIC for top 30 VC exits via acquisition by quarter



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

Secondaries

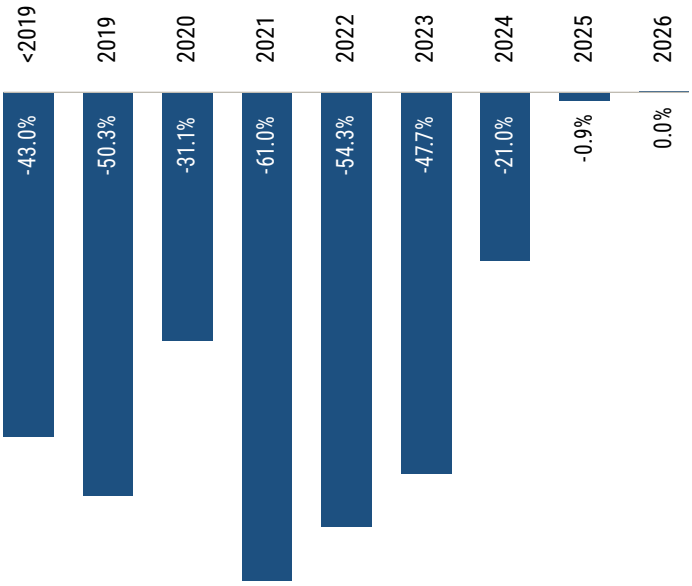
The venture secondary market has peaked. Secondaries across direct and GP-leds reached $110.7 billion in annualized value, down 9% from Q2 2026 as SpaceX's post-IPO lockups began releasing shares. SpaceX and xAI alone made up 18% of trailing 12-month traded value on Caplight.[1] A larger pullback is expected once OpenAI and Anthropic go public, given how top-heavy trading is. On Clarity, the top 20 startups accounted for 77.4% of Q3 secondary value, with the top five alone at 48.6%, so a few large exits could sharply cut trading.[2] Expect more muted quarters as the market works through its largest positions and capital is distributed, absorbed, and redeployed.

Once these mega-AI names list and supply long-awaited public comp data, concentration should ease further.

In the meantime, pricing depends heavily on when a startup last raised and how much investor interest it draws from both primary and secondary buyers. On Forge, startups that last raised in 2025 or 2026 had a median discount of 0% to 1%. The discount widens to 54% to 61% for companies that last raised in 2021 or 2022, because these pandemic-era valuations have not been adjusted for today's environment.[3] Stale primary rounds lack a fresh reference point, and with limited information rights on most secondary trades, buyers have little else to price against.

Startups that have not raised since the pandemic era face steep secondary discounts

Median secondary discount by last VC deal year

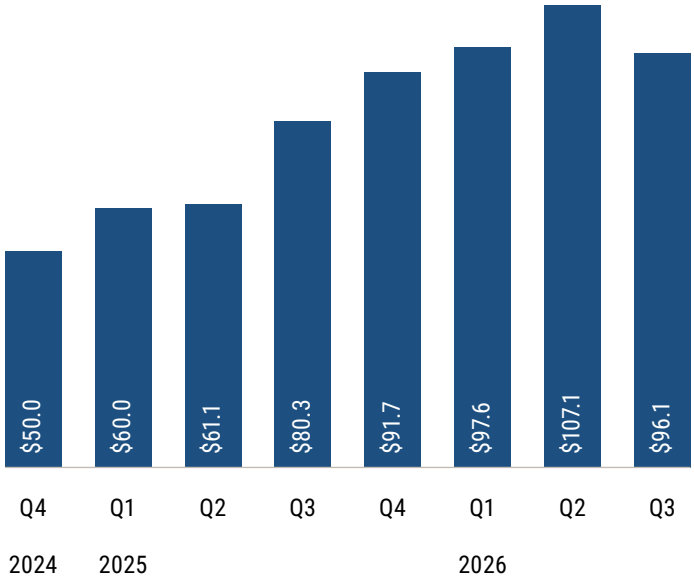


Source: Forge • Geography: Global • As of September 30, 2026

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.

The venture secondary market is past its peak

Annualized VC direct secondary market value ($B) by quarter



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

References

1: "The Standard for Private Markets," Caplight, n.d., accessed October 28, 2026.

2: "Clarity Liquidity Index," Clarity, October 28, 2026.

3: "Forge," Forge, n.d., accessed October 30, 2026.

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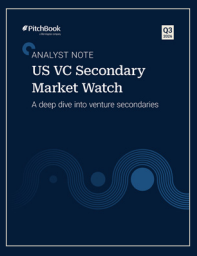

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