

Venture Capital investment reaches new heights year to date with \$183.3 billion invested globally: KPMG Venture Pulse Q3 2018

- *Strong quarter for total VC investment with \$52 billion invested*
- *\$183.3 billion invested by end Q3 surpasses 2017's annual total of \$171 billion*
- *Asia dominates top global deals despite slower quarter locally*

Venture capital investment remained strong in Q3'18 with US\$52 billion* invested across 3,045 deals, according to [Venture Pulse Q3 2018](#), a quarterly report on global VC trends, published by KPMG Enterprise.

Total investment for Q3'18 is still well above historic norms despite a decline from Q2'18's total of \$73 billion, which included an outlier investment of \$14 billion in Ant Financial. Overall, \$183.3 billion invested globally at the close of Q3'18 has already surpassed 2017's annual total of \$171 billion.

"Globally, the amount of venture capital invested has already surpassed 2017's annual total – driven in large part by ever increasing deal sizes. However, this quarter we continued to see a decline in the volume of seed and angel investments, particularly in Europe and Asia," said Arik Speier, Head of Technology, KPMG Somekh Chaikin in Israel.

Q3 '18 Key Highlights

- Global value of the top 10 deals for the quarter declined to \$9.3 billion. This is down from Q2's high of \$27.4 billion, bolstered by Ant Financial's historic \$14 billion raise.
- The global size of late-stage deals has continued to grow, with the median Series D and later rounds jumping from \$26.5 million to \$50 million between 2016 and 2018 to date.
- The IPO market is becoming more attractive worldwide, with notable positive IPOs from ticket provider Eventbrite, and Chinese-based companies including electronic car company Nio on the NYSE, and smartphone company Xiaomi on the HKSE.
- There were 12 US deals valued at \$300 million or more, led by Peloton (\$550 million) and Letgo (\$500 million). In particular, the US transportation sector continues to attract significant investment.
- Despite a slowdown in deal activity, Asia dominated the top global deals this quarter, with eight of the top 10 deals, including Grab (\$2 billion), Bitmain (\$1 billion), and Oyo Rooms (\$1 billion).
- Investment in Europe remained strong at \$5.2 billion, with notable activity in biotech—however deal volume, especially for early stage deals, declined for the sixth straight quarter.
- Latin America and Canada have seen stronger performance across fewer deals in 2018 to date—\$4 billion by the end of Q3 on 462 deals versus \$3 billion in all of 2017 on 624 deals.

VC investment in US remains hot – including autotech and urban mobility

The US saw strong continued VC activity, with the \$27.86 billion invested in Q3'18 on pace with the \$27.6 billion invested in Q2. Venture capital investment in the US totaled \$84 billion for the first three quarters of 2018, already surpassing 2017's total of \$82 billion—and there is still another quarter ahead.

The top 10 US deals (including ties) in Q3 totaled \$4.8 billion. Q3'18 also saw twelve US deals valued at \$300 million or more, including Peloton (\$550 million), Letgo (\$500 million), Zoox (\$500 million), and

Uber (\$500 million). Despite strong investment totals, US deal volume declined by 17.5 percent, from 2,349 in Q2 to 1,937 deals in Q3.

While a wide range of sectors across the US market received VC interest, the urban mobility and autonomous vehicle sectors were particularly hot. In addition to \$500 million rounds by ride hailing platform Uber and autonomous driving company Zoox, other urban mobility companies attracted notable investor attention, including scooter and bike sharing company Lime (\$350 million) and car sharing firm Getaround (\$300 million).

Big drop in seed stage volume despite stable investment in Europe

European venture capital activity continued to be robust, with \$5.2 billion invested in Q3'18. Total venture capital investment in Europe for the year already totals \$17.7 billion, on track to exceed 2017's total of \$22 billion.

The top deals for the quarter were led by About You (\$300 million) in Germany, Orchard Therapeutics (\$146.9 million), and Glovo (\$134.4 million). Strong activity was seen across Europe, with the top 10 deals hailing from six countries, including three deals in Switzerland: Dfinity (\$102 million), SEBA Crypto (\$100.6 million), and WayRay (\$80 million).

European deal volume declined for the sixth straight quarter, from 901 deals in Q2'18 to only 571 in Q3. This significant reduction is driven in large part by the drastic fall in angel and seed deals, which dropped by 56 percent to 131 deals for the quarter.

Venture capital investors in the UK and around Europe showed continued interest in biotech and pharmatech firms this quarter, driven by awareness of the rising needs of an aging population. European biotech investment was particularly strong, with raises by Orchard Therapeutics (\$147 million), BioNTech (\$120 million), and ReViral (\$55 million).

Asia dominates top global deals despite slower quarter

Asia saw a drop in VC investment during a slower Q3, with \$17.6 billion in investment. While this represents a considerable drop from Q2's \$37.99 billion, \$14 billion of that previous total was from the massive outlier investment in Ant Financial. Total deal volume declined by 32 percent, from 575 in Q2'18 to Q3's 391 deals. Seed volume was hard hit, dropping by 51.4 percent to 84 deals, down from last quarter's 173.

Despite the slowdown, Asia dominated the top global deals this quarter, with eight of the top 10 deals, led by Grab (\$2 billion), Bitmain (\$1 billion), and Oyo Rooms (\$1 billion). The 10 largest deals in Asia totaled \$8.2 billion.

Total venture capital investment in Asia remains strong with year-to-date investment totaling \$77 billion. This surpasses Asia's annual total of \$63 billion in 2017.

Strong IPO activity at the Hong Kong Stock Exchange, as well as changes in listing rules to support the listing of new technology and biotech companies, have the HKSE on track to finish 2018 as the global leader for new listings. For example, this quarter internet platform company Meituan Dianpong raised over \$4.2 billion in a successful IPO, marking the world's largest internet-focused IPO in four years.

Strong finish to 2018 expected

“Q3’18 also saw a resurgence in IPO activity globally, including a notable positive IPO from ticket provider Eventbrite whose share price rose almost 60 percent above its listing price. As the IPO market continues to deliver strong returns to investors, we should expect to see further IPO activity in coming quarters,” said Brian Hughes, National Co-Lead Partner, KPMG Venture Capital Practice, and a partner for KPMG in the US. Global venture capital activity is expected to remain strong heading into Q4’18, to achieve record annual VC investment totals in markets worldwide. In particular, IPO interest and activity is expected to continue to rise in Q4, even in Europe’s historically soft IPO market.”