FENWICK

Venture Beacon

Q1 2026 Report

In collaboration with carta

Fenwick Venture Beacon – Q1 2026 Report

Executive Summary

Venture fundraising activity continued to recover in 2025 and into Q1 2026.

Total capital raised increased meaningfully from 2023 lows, continuing the broader recovery trend that began in 2024. Series D+ financings continued to represent a meaningful portion of total dollars invested, reflecting continued strength in later-stage financings.

Valuations continued trending upward across financing stages.

Median Seed and Series A pre-money valuations reached record highs in 2025, while Series B, Series C, and Series D+ valuations continued rebounding from the declines experienced in 2022 and 2023. Year-over-year valuation growth remained positive across all major financing stages in both 2024 and 2025.

The gap between top-performing companies and the broader market widened.

The spread between median and top-quartile companies expanded further in 2025. At the Seed stage, the gap between the 50th and 90th percentile valuations increased materially. Series A financings showed a similar trend, with the top 90th percentile valuations experiencing significant growth relative to 75th percentile and below.

Fundraising conditions showed continued signs of stabilization.

The percentage of both early-stage and later-stage down rounds declined entering 2026, while investor-friendly deal terms such as participating preferred structures, cumulative dividends, and greater-than-1x liquidation preferences remained rare. At the same time, the median time between Seed and Series A financings remained elevated compared to historical norms.

AI companies continued to capture an increasing share of venture capital.

A record 61% of all venture dollars raised in Q1 2026 went to AI companies, continuing a multi-quarter upward trend. AI companies also outperformed broader industry benchmarks on both round size and valuation metrics at the Seed and Series A stages.

Fundraising benchmarks continued to vary significantly by industry.

Hardware, crypto/web3, gaming, and AI-related companies generally recorded some of the largest median round sizes and valuations, while healthcare, biotech, consumer, and edtech companies remained comparatively more moderate by those metrics.

Foreword

Since 2002, Fenwick has published a quarterly venture capital report, providing the global entrepreneurial and venture community with meaningful insights into the terms and trends shaping venture financings in Silicon Valley and beyond. We are excited to continue this work in partnership with Carta, combining our legal expertise with Carta's robust market data to deliver richer, more comprehensive analysis with each edition.

The venture market entering 2026 looks markedly different than it did just two years ago.

The broad pullback that defined much of 2022 and 2023 has largely given way to a more active fundraising environment. Capital is flowing again, valuations are recovering across stages, and down rounds are becoming less common. But while the market has improved, the recovery has not been evenly distributed.

The data in this report reflects a venture ecosystem increasingly defined by concentration. Larger financings continue to capture an outsized share of capital. Top-performing companies are separating themselves more dramatically from the rest of the market. And nowhere is that more visible than in artificial intelligence.

AI is no longer simply one sector among many competing for venture dollars. It is increasingly shaping the broader market itself. A record percentage of venture capital now flows to AI companies, many of which are raising at valuation and financing benchmarks that exceed broader market medians.

As investors continue concentrating capital behind perceived category leaders, dispersion across the market has widened meaningfully.

At the same time, some dynamics from the prior market cycle continue to persist. Fundraising timelines remain extended relative to historical norms, and investors continue to prioritize operational maturity, growth quality, and capital efficiency. The result is a market that is healthier and more active than it was two years ago, but also more selective.

For founders and investors alike, the current environment presents a more nuanced landscape than the headline funding numbers alone may suggest. Opportunity remains abundant, but outcomes are becoming increasingly uneven across sectors, stages, and company profiles.

We hope this report provides useful context as companies and investors continue navigating the evolving venture landscape in 2026.

Warm regards,

Allison Cooper
Partner, Startup & Venture Capital

Katherine K. Duncan
Partner, Startup & Venture Capital

Mark Leahy
Partner, Startup & Venture Capital

FENWICK

About Fenwick and Its Startup & Venture Capital Practice

Fenwick is a leading law firm for startups and venture-backed companies, providing comprehensive legal counsel at every stage of growth—from formation and initial funding to IPOs and mergers. Purpose-built for technology and life sciences, we partner with some of the most innovative companies, offering strategic guidance on licensing, IP protection, executive compensation, M&A, and corporate governance. The firm is widely recognized for its industry-shaping work, consistently ranked as a top law firm for venture capital and emerging companies by *PitchBook*, *Chambers*, and *U.S. News & World Report*. Fenwick serves as trusted counsel to over 100 unicorns and over half of the U.S. tech companies valued above $15 billion, helping clients navigate fundraising, board governance, and exit strategies.

In addition to its market-leading Startup & Venture Capital practice, Fenwick provides sophisticated regulatory, litigation, and intellectual property counsel, supporting companies at every stage of growth as they scale, innovate, and address complex legal challenges.

For more information, visit [Fenwick's website](https://www.fenwick.com).

The Fenwick Team is "first class through and through. They are the best in the business for a fast-moving startup."

- Chambers USA

Representative Venture-Backed Clients

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aurora
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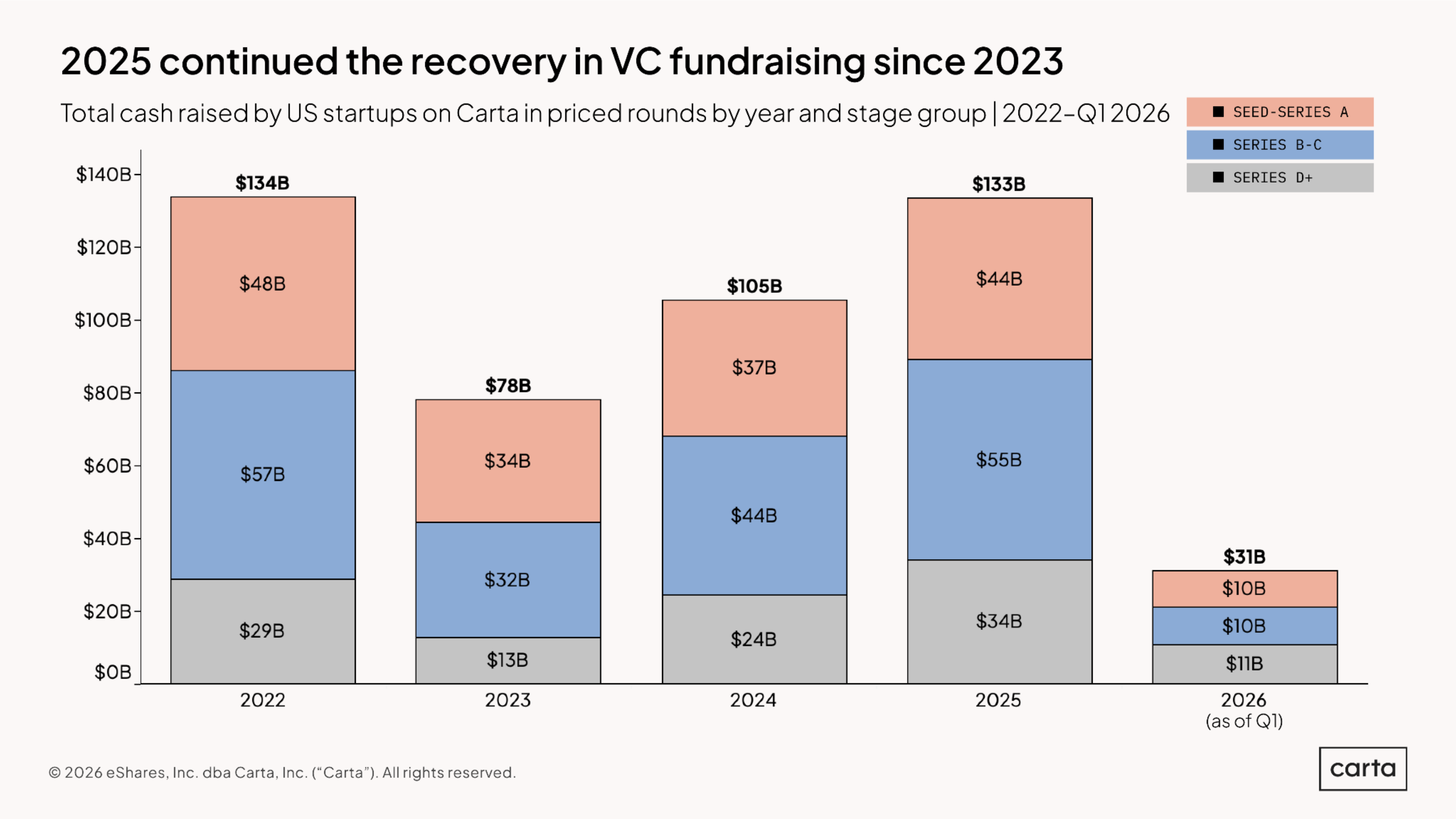
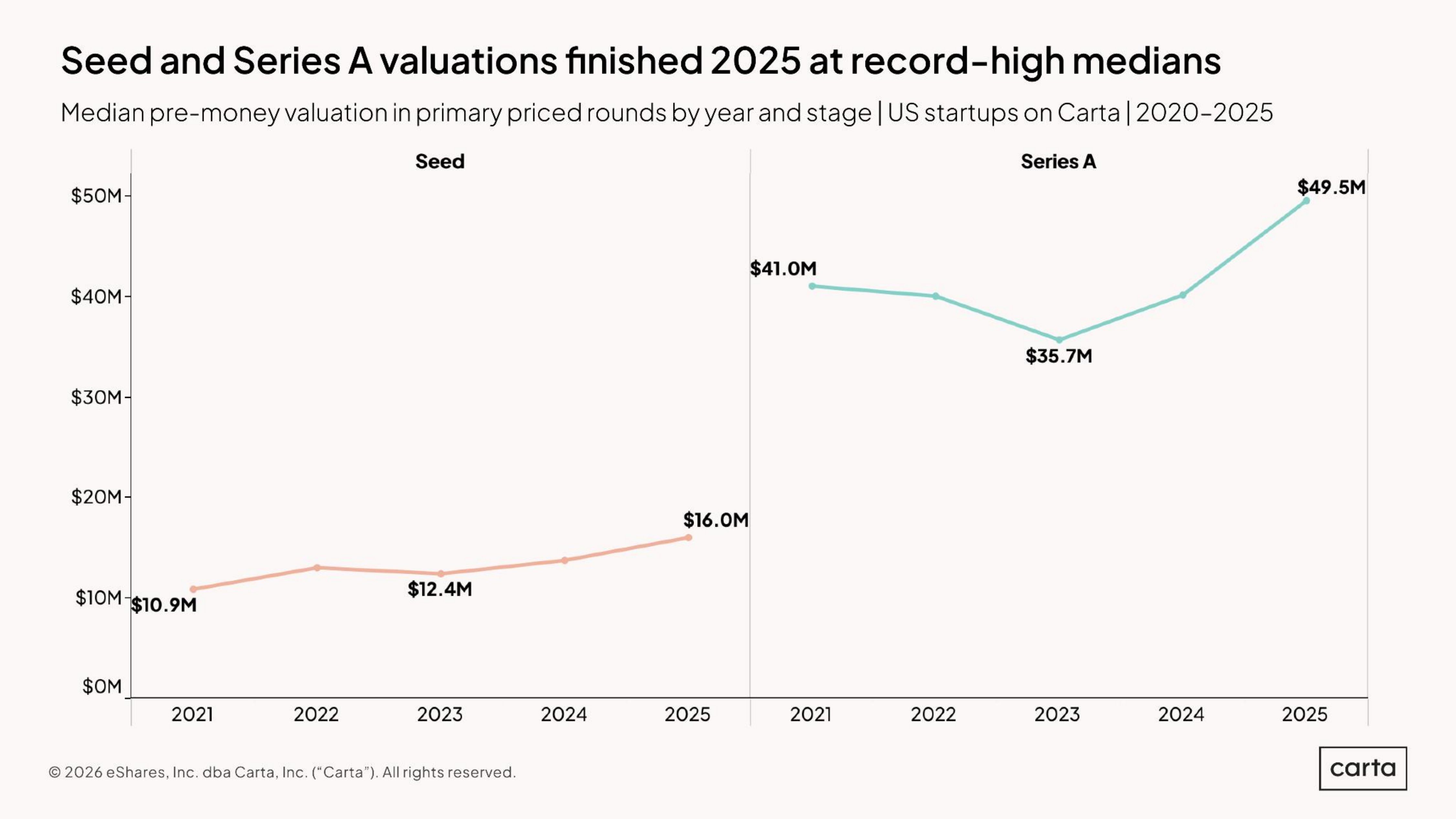
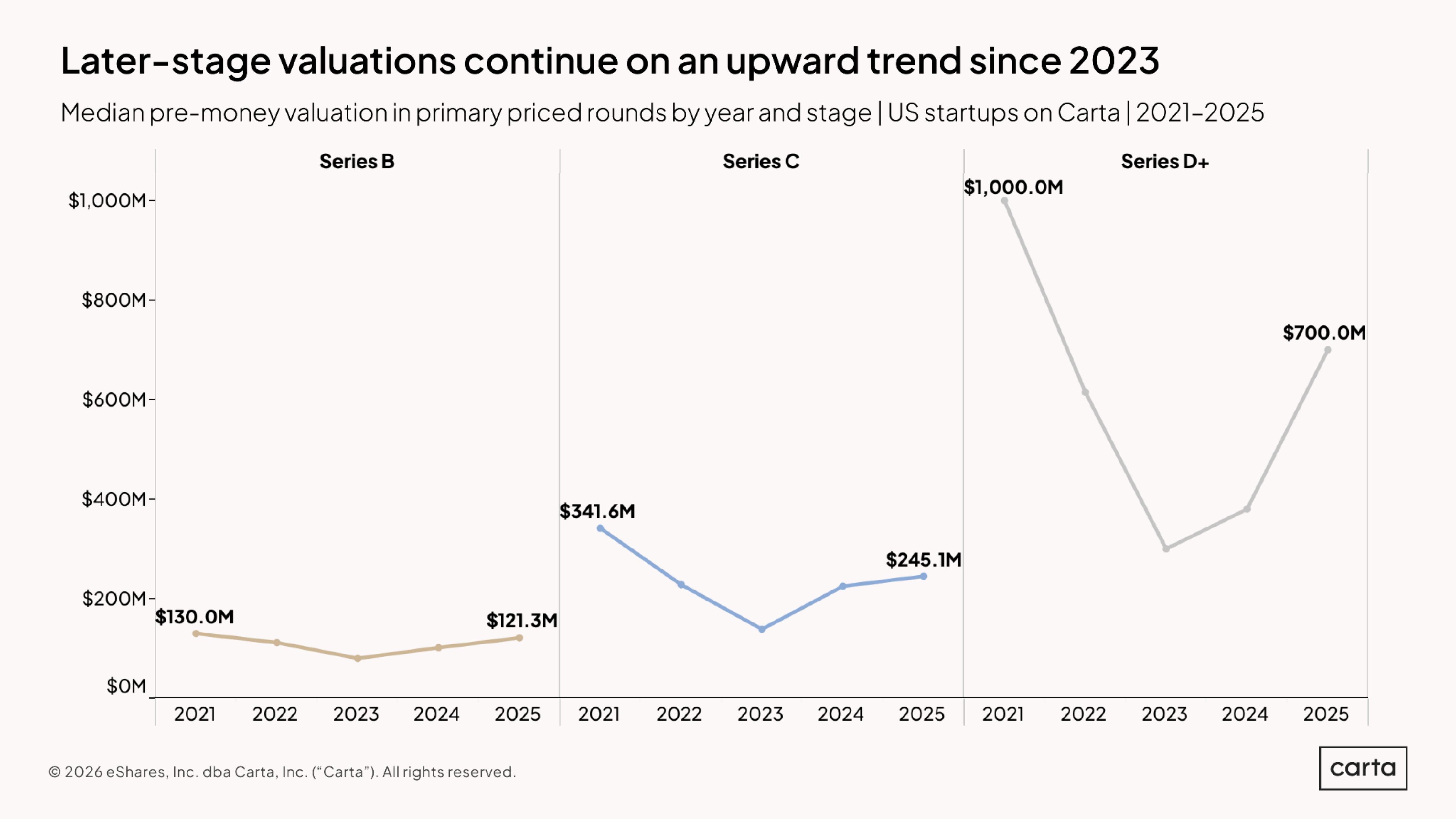
General Trends and Benchmarks



General Trends and Benchmarks




Later-stage valuations continue on an upward trend since 2023
Median pre-money valuation in primary priced rounds by year and stage | US startups on Carta | 2021–2025
Series B
Series C
Series D+
$1,000M
$800M
$600M
$400M
$200M
$0M
$130.0M
$121.3M
$341.6M
$245.1M
$1,000.0M
$700.0M
2021
2022
2023
2024
2025
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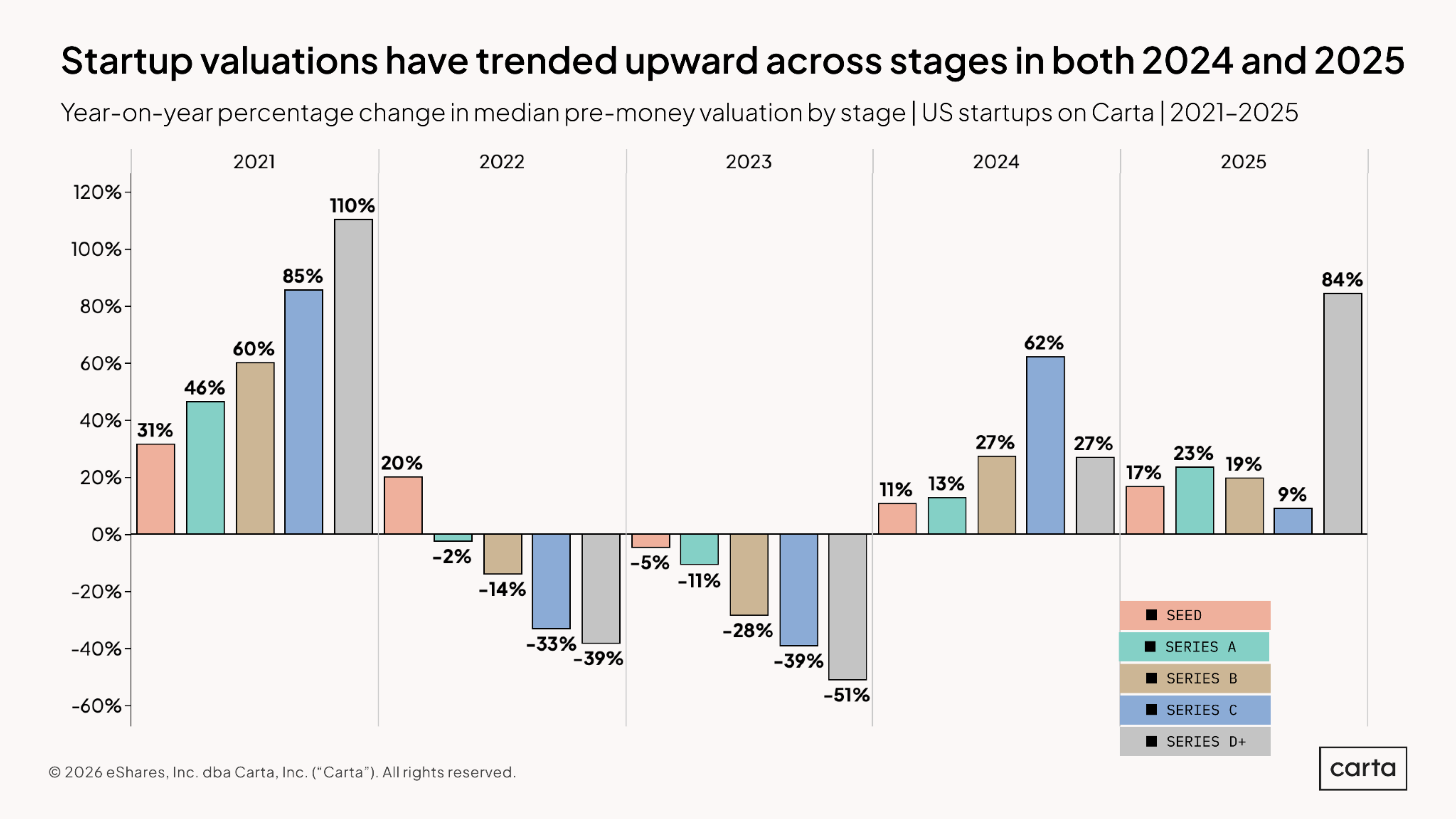
carta

General Trends and Benchmarks



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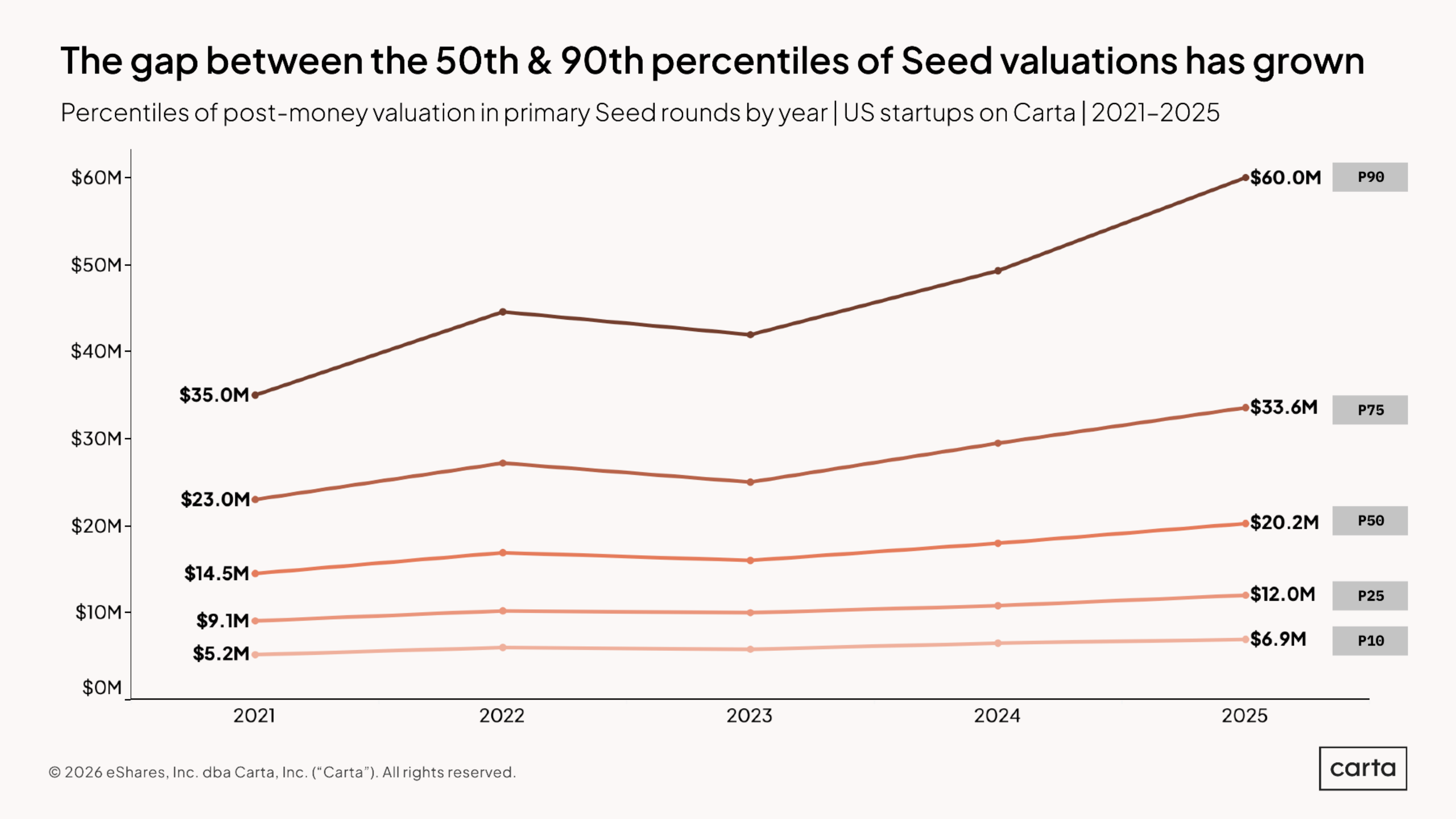

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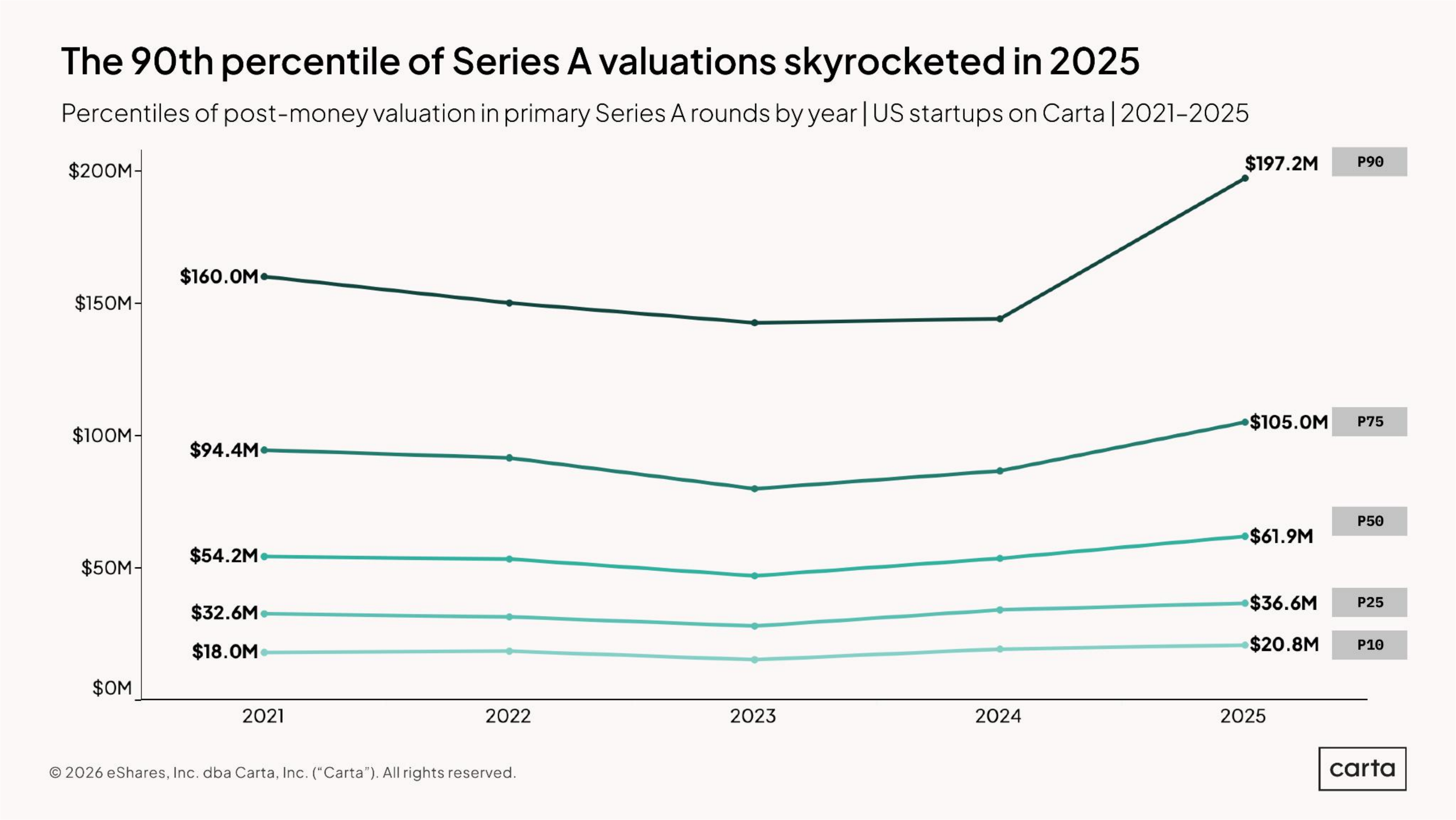
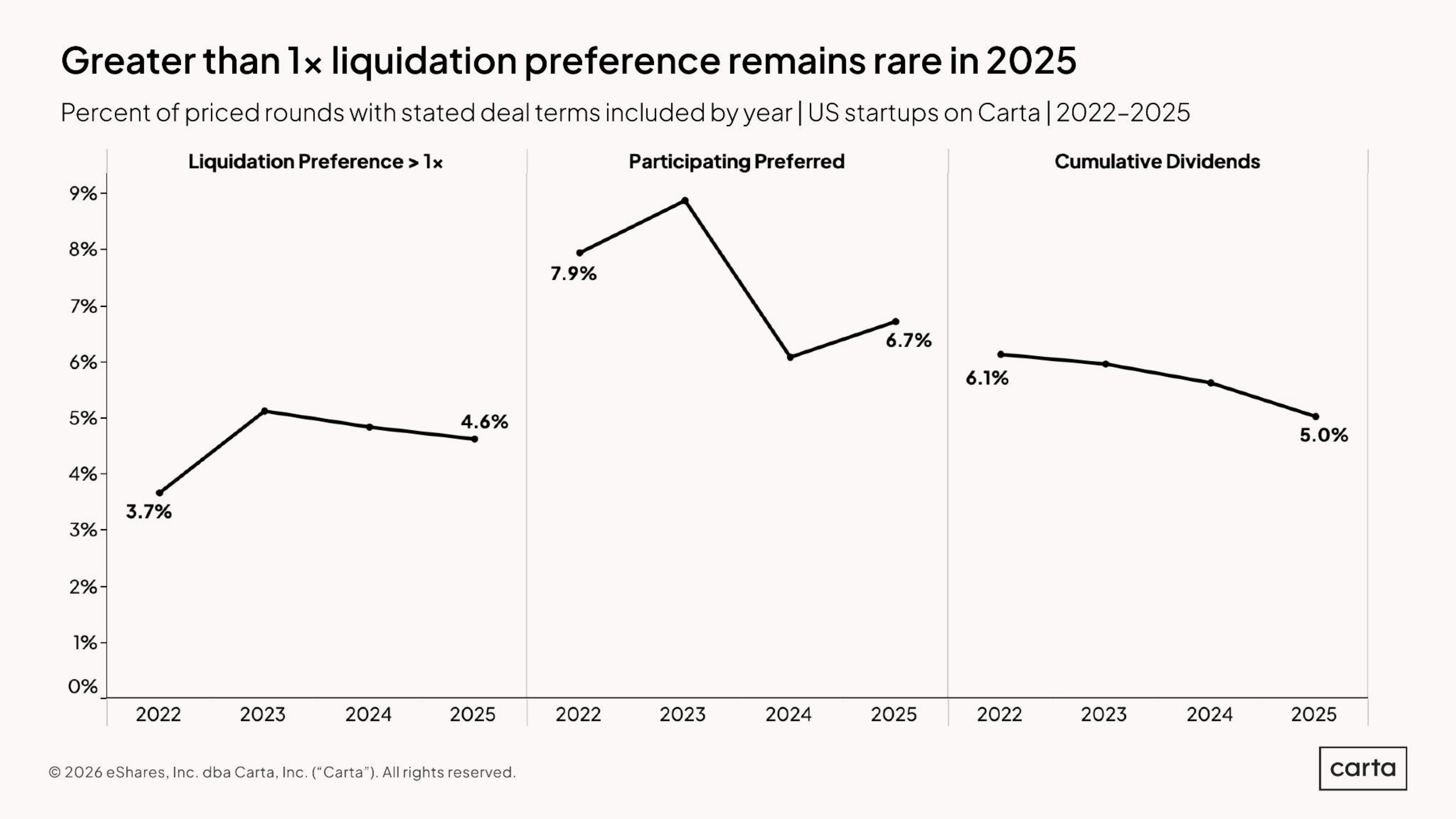


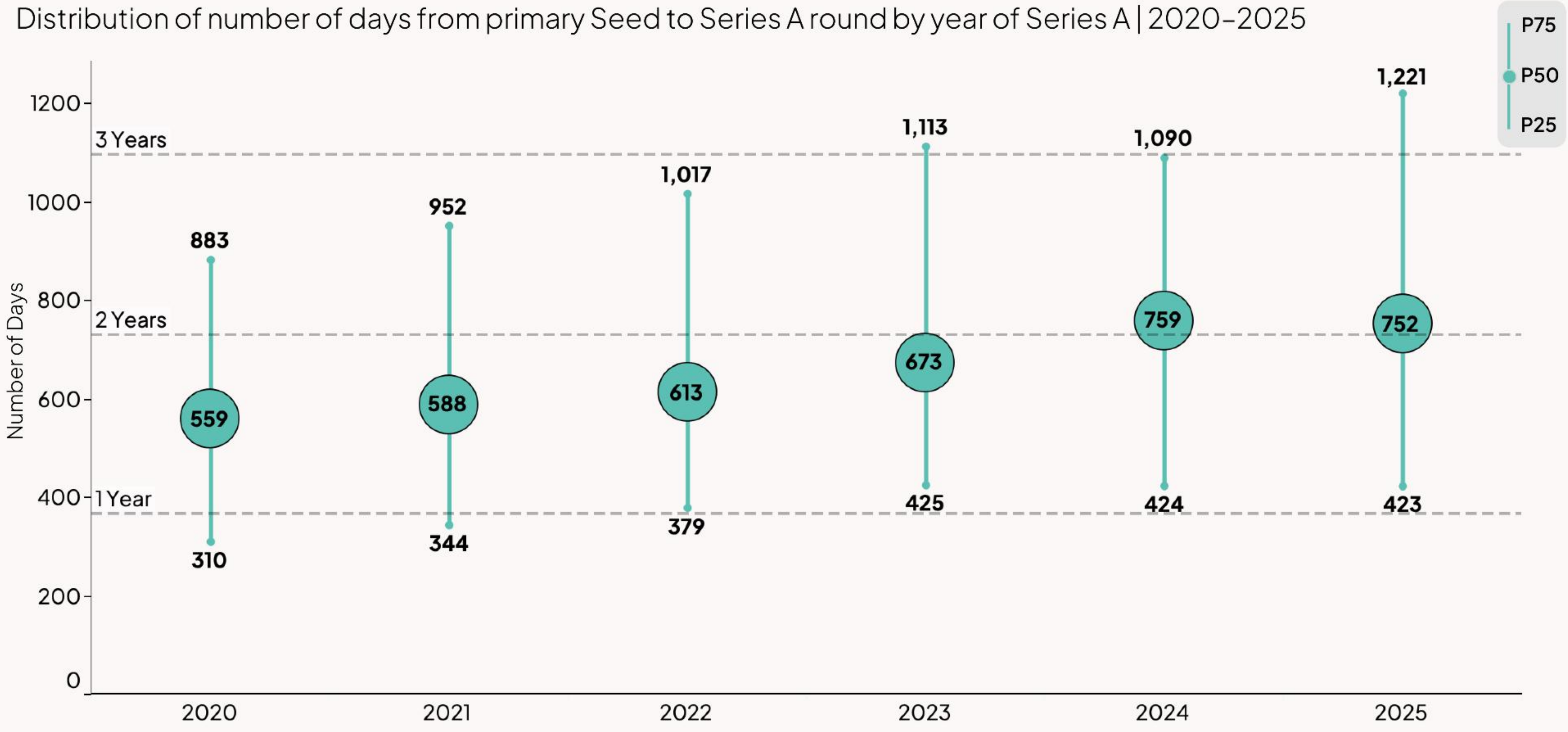
Fundraising Environment Indicators



Fundraising Environment Indicators

Median time from Seed to Series A declined slightly in 2025 but remains elevated

Distribution of number of days from primary Seed to Series A round by year of Series A | 2020–2025



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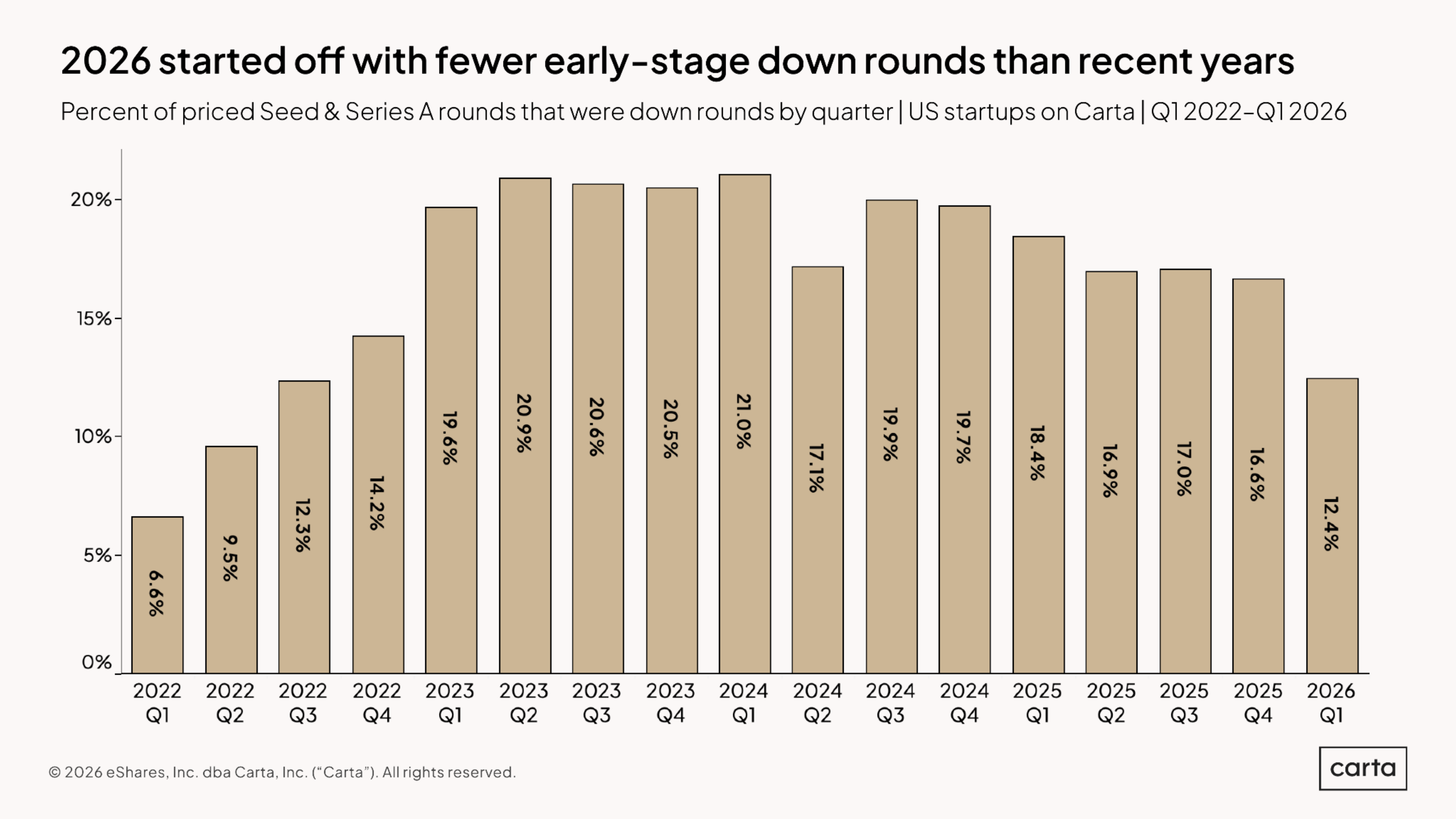

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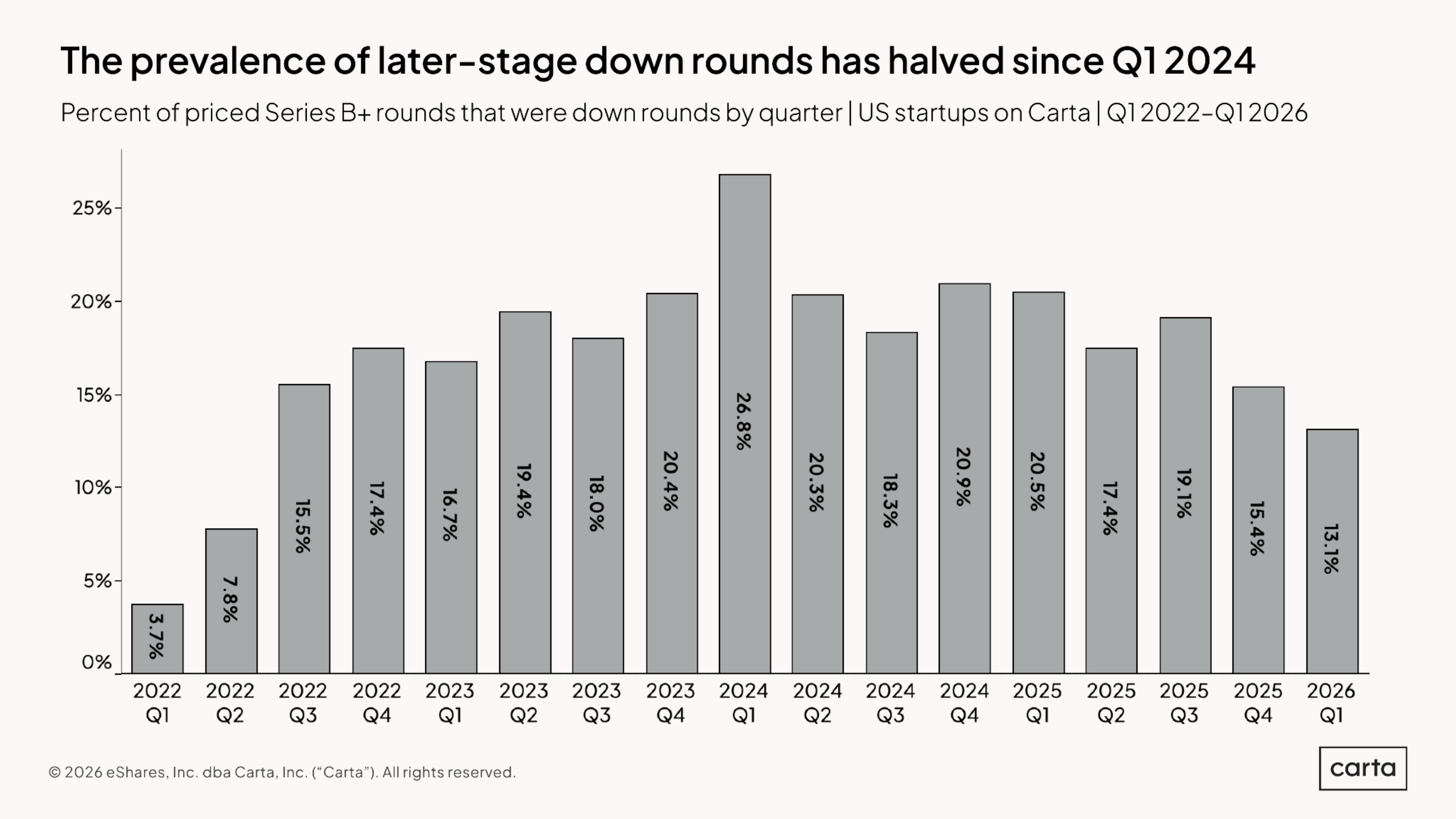
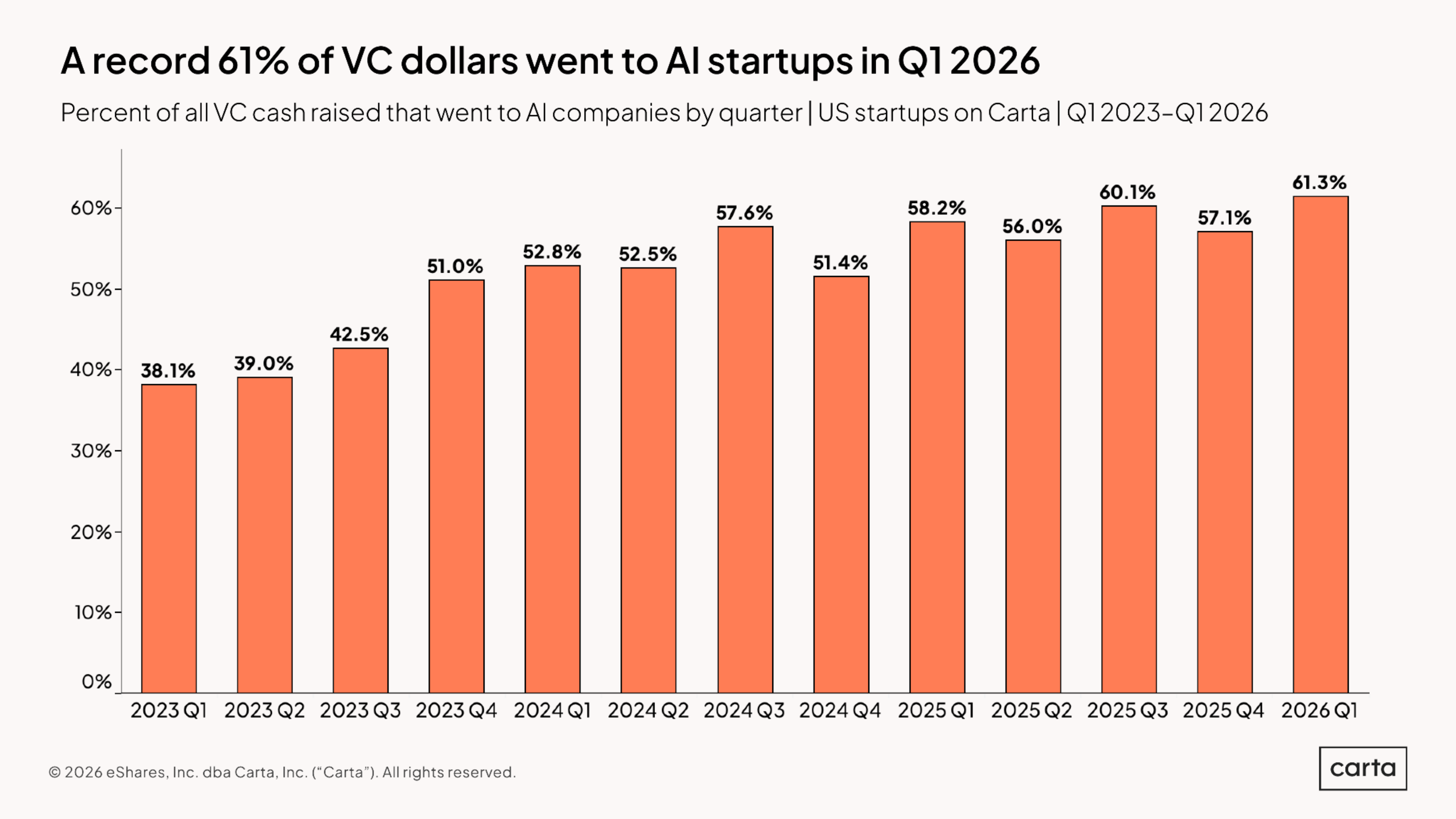


AI Funding Boom



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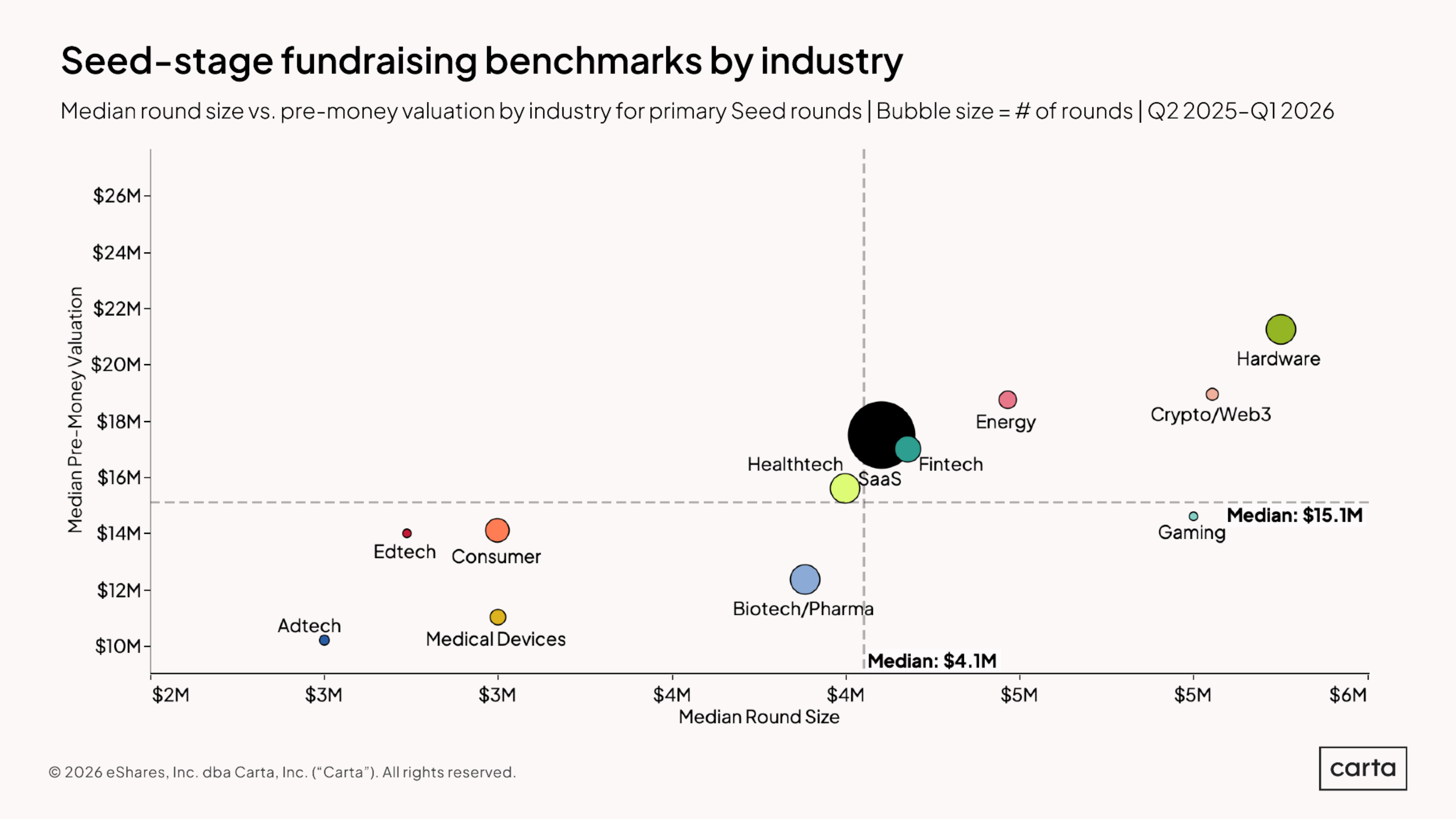
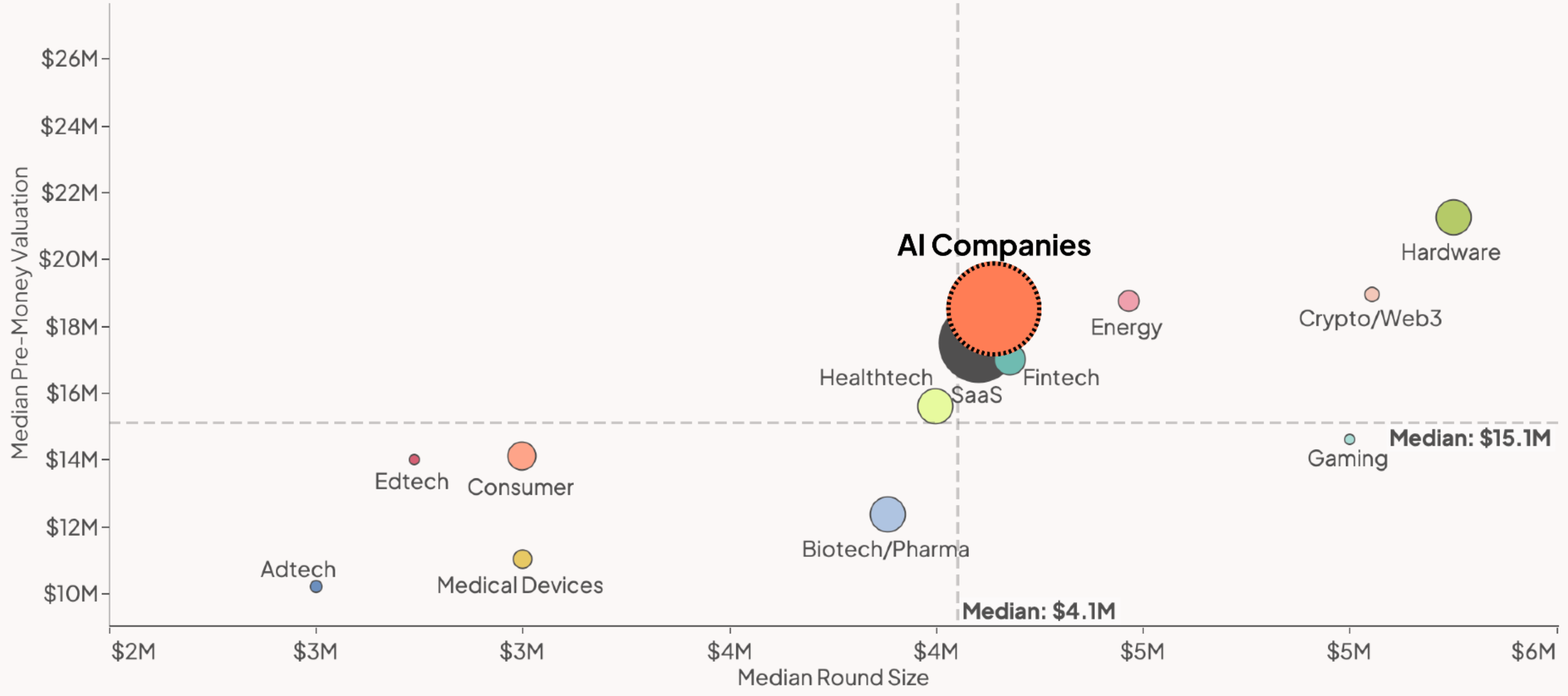


AI Funding Boom

Seed-stage fundraising benchmarks by industry, including AI separately

Median round size vs. pre-money valuation by industry for primary Seed rounds | Bubble size = # of rounds | Q2 2025-Q1 2026



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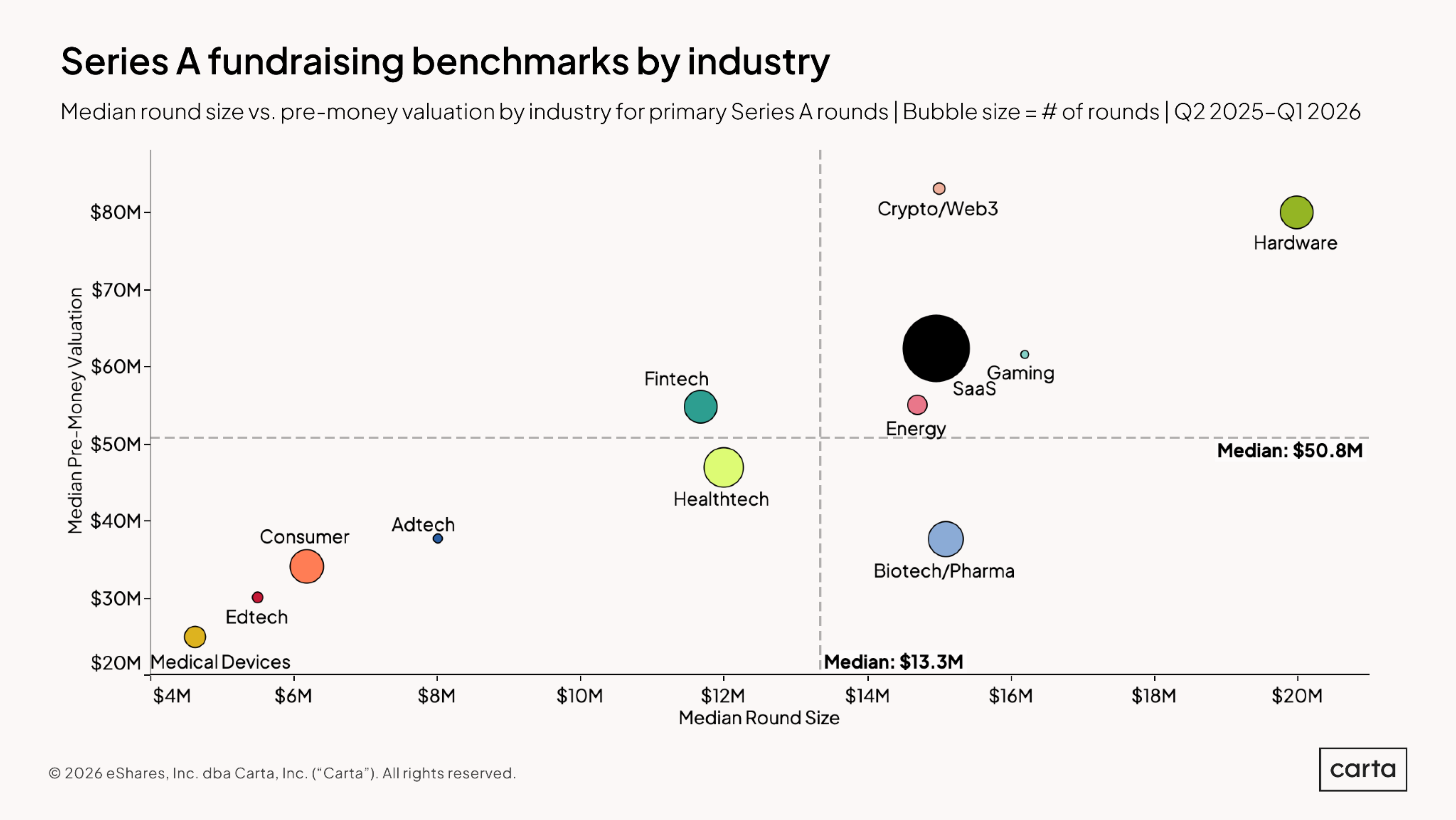

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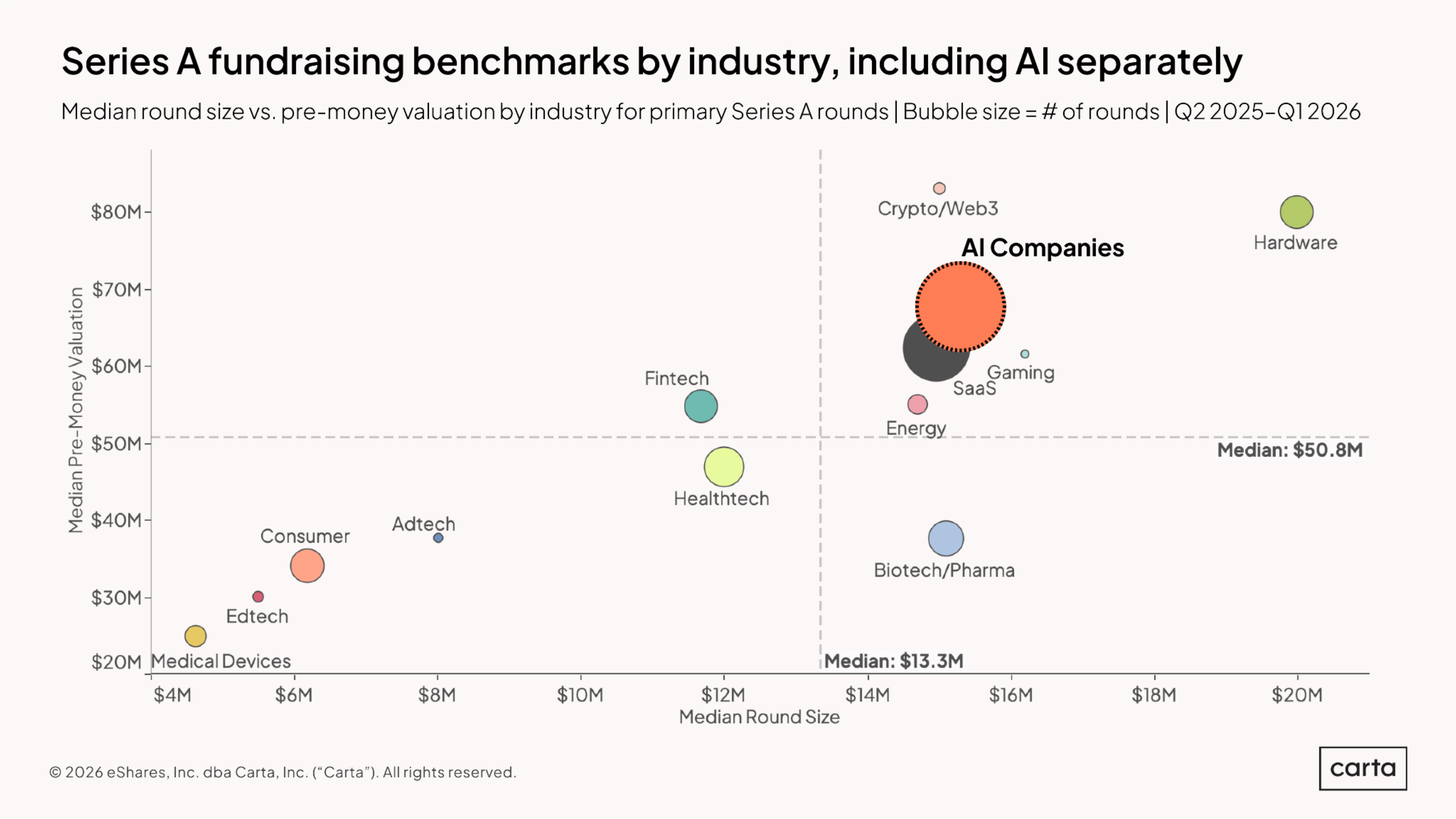

Methodology

This study uses an aggregated and anonymized sample of Carta customer data. Carta helps more than 50,000 primarily venture-backed companies who have combined to raise more than $1.2 trillion in equity. We share insights from this unmatched dataset about the private markets and venture ecosystem to help founders, employees, and investors make informed decisions and understand market conditions. Companies that have contractually requested that we not use their data in anonymized and aggregated studies are not included in this analysis.

The data presented in this private markets report represents a snapshot as of June 2026. Historical data may change in future studies because there is typically an administrative lag between the time a transaction took place and when it is recorded in Carta. In addition, new companies signing up for Carta's services will increase historical data available for the report.

Financings include equity deals raised in USD by U.S.-based corporations. The financing "series" (e.g. Series A) is taken from the share class name in their applicable certificate or articles of incorporation. Financing rounds that don't follow this standard are not included in any data shown by series but are included in data not shown by series. Primary rounds are defined as the first equity round within a series. Bridge rounds are defined as any round raised after the first round in a given series.

Disclaimer

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