

Europe Set to Break Venture Capital and Growth Records

The region is on track to see all-time highs for both fundraising and deal values in 2018

Although North America has historically dominated the venture and growth capital industry, and Asia has captured attention for its meteoric rise, Europe has seen growing activity in recent years. In 2008-2015, Europe-focused venture capital and growth fundraising failed to exceed €10bn in any single year. However, 2016 and 2017 both saw capital totals exceed that level, reaching €15bn and €12bn respectively. The first seven months of 2018 have already seen funds targeting the region secure over €11bn from investors, putting the year on course to set new records. Europe has also seen an increase in venture capital deal activity, and 2017 saw a record €16bn in total deal value. With €11bn in deals already recorded at the end of July, 2018 looks likely to surpass this record too. The UK accounts for the largest proportion of Europe-based venture capital deal activity, while Germany and France also account for significant proportions of activity.

For more information and analysis, see the full [August Private Equity Spotlight](#) here:

<http://docs.preqin.com/newsletters/pe/Preqin-Private-Equity-Spotlight-August-2018.pdf>

Key European Venture Capital and Growth Facts:

- Europe-focused venture capital and growth fundraising reached €15bn in 2016 and €12bn in 2017, as the region surpassed €10bn for the first time. **2018 is on track to set new records – it has already seen 54 funds secure over €11bn.**
- Europe-focused venture capital **deal activity is also on track to set a new record in 2018**: following a record-breaking 2017, there have already been 1,403 deals worth €11bn in 2018 YTD.
- **The UK has accounted for 32% of deals announced in 2013-2018 YTD, and 36% of deal value** – the largest proportions. Germany also saw significant deal activity, accounting for 14% of the number of deals and 18% of aggregate deal value.
- Notably, the 10 largest venture capital deals in Europe since 2017 have all taken place in the UK or Germany. Nine of the 10 are for internet or IT companies, in line with global trends.
- There have been 95 venture capital exits in Europe totalling €11bn in 2018 so far. **Trade sales to corporate acquirers represent the largest share**, accounting for 73% of transactions and 69% of exit value.
- A quarter of investors surveyed by Preqin in June 2018 found that venture capital represents the best opportunities globally over the next 12 months, and a further 21% said the same of growth funds.
- After North America, the next largest proportion (**36%**) of investors surveyed view **Europe as presenting the best opportunities** in venture capital over the next 12 months.

Christopher Elvin, Head of Private Equity Products:

“Venture capital and growth investment activity in recent years has been a tale of two regions – the contest between North America, still regarded as the preeminent home of the technology and startup industry, and Asia, the swift-expanding home of tech giants like Didi Chuxing and Ant Financial. Asia’s rise has perhaps somewhat overshadowed Europe as an area of growth for the industry, but clearly it is in good health. 2016 saw fundraising exceed €10bn for the first time, a level likely to be surpassed in 2018. Deal activity is similarly on course to reach an all-time high.

Just as the industry in North America is highly concentrated in the US, and the industry in Asia is focused on China and India, venture capital activity in Europe is dominated by the UK, Germany and France. This is perhaps not surprising, given that these are the largest economies in the region, but what is encouraging is that recent highs in activity have not been driven by just a few large deals. It is true that Europe is home to fewer multi-billion-dollar venture capital-backed companies that command mega funding rounds, but the wider distribution of activity is indicative of a broad-based startup industry. With investors favouring Europe as one of the regions presenting the best opportunities over the next 12 months, the region is likely to see its venture capital market grow even further.”

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