



2023-2025E: HOW BIG IS THE SECONDARY MARKET FOR VENTURE CAPITAL?

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In 2019, Industry Ventures published “[How Big is the Secondary Market for Venture Capital?](#)”, which detailed our estimate of the size of the US secondary market for venture capital as well as a discussion around the driving forces behind the market’s growth. We updated our analysis in 2022: [How Big Is the Secondary Market for Venture Capital? An Updated View to a \\$130B Market](#) to estimate that the global total addressable market (TAM) for venture secondary transactions would surpass \$130B in 2023. Now, as we enter 2025, we’ve revised our historical view of the global venture secondary TAM over the last few years as well as our outlook for the year ahead.

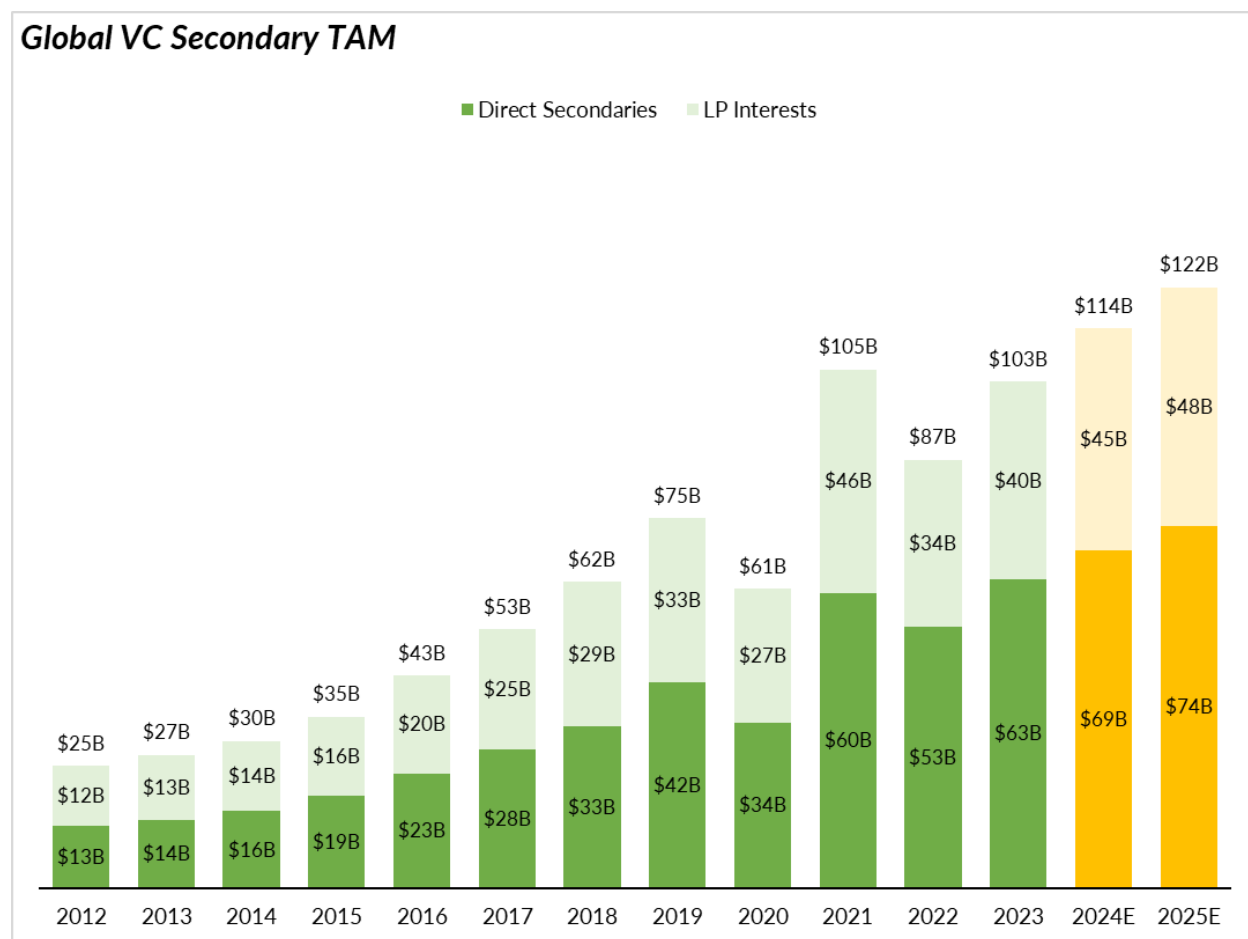
Following the post-COVID tech bubble of 2021, we saw a correction in the valuation of public tech companies in 2022 that put a damper on venture secondary activity. We estimate that the venture secondary market decreased in 2022, driven by a widening “bid-ask spread”, with sellers of venture assets anchored to peak valuations and buyers quickly updating their bids to reflect the new reality of public comps. While it took several quarters for funds to write-down the value of their venture assets and companies to adjust their internal valuation measures, we believe that valuations bottomed out sometime in the back half of 2023. As a result, bid-ask spreads tightened, and secondary transaction volume re-accelerated meaningfully in 2023 and into 2024. This recovery was only aided further by investor enthusiasm around the potential of generative AI to benefit both large incumbent platforms and a new wave of “AI native” players.

With a continued lack of exits coming from IPOs and M&A, there is a growing backlog of company shareholders and LPs in venture funds who need liquidity. We believe this will lead to the highest ever venture secondary TAM, **in excess of \$120B globally, in 2025**. Our estimates include both direct secondaries (sales of individual company shares and portfolios of shares) and LP interests (investments made into venture funds). While sizing this market is difficult, due to the variety of secondary deal types and lack of visibility into non-brokered deals, we are seeing evidence of this trend playing out in the marketplace and in our internal pipeline of investment opportunities.

In the direct secondary market, we have seen an increase in the number of large, company-led secondary tender offers. Some examples in the public domain include [Canva’s \\$1B+ tender](#), [Stripe’s tender at a \\$70B valuation](#), and [Databricks’ \\$10B secondary at a \\$62B valuation](#).^{1,2,3} In the LP secondary market, we have seen LPs increasingly demanding that fund managers return capital, before LPs commit further capital to new funds. This dynamic has led to an increase in both LP-led and GP-led secondaries, and we’ve seen the rise of the “Continuation Fund” structure in 2024 with high profile transactions announced by GPs such as [Lightspeed](#), [NEA](#), and [Insight Partners](#).^{4,5,6}

In summary, we believe the global secondary market will be larger this year than ever before and will continue to grow in lock step with the pace of primary investment into the venture market.

Estimated global venture capital secondary transaction volume for 2025:



Source: Pitchbook; Industry Ventures Market Intelligence (as of January 2025).

Note: Consistent with our previous estimates, the venture secondary market remains difficult to size compared to other financial markets; secondary transactions occur in many forms including share transfers, LP transfers and fund recapitalizations, continuation funds, etc., and none of these are consistently reported or publicized. Different reports use different methodologies, which result in a wide range of estimates.⁷

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Sources:

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7. Source: Pitchbook; Industry Ventures Market Intelligence (as of January 2025).