

Road to Next

Q3 2025

Exit avenues: Liquidity and pacing take center stage

Executive summary

Exit value rebounds, but investors are still recalibrating expectations

Sector trends

Manufacturing exit values surge, and AI remains strong

Regional trends

Familiar centers hold steady as secondary cities carve out sector niches

Exit trends

Expansion-stage exits gain momentum in early 2025, but unicorn IPOs and macro signals remain uneven

Spotlight

Exit activity has not matched the pace of investment, but signs of normalization exist

Looking forward

The exit market is rebalancing in 2025 as capital flows return, liquidity pressures persist, and both regional and sectoral breadth expands

Deloitte.

Data provided by
PitchBook

Editorial team

“There is more excitement building around IPOs this year, driven by a few high-profile successes and favorable public market valuations, but uncertainty remains a key barrier.”



Justin Yahr

Audit & Assurance Partner and National Emerging Company Growth Leader, Deloitte & Touche LLP

With more than 19 years at Deloitte, Justin is the Audit & Assurance National Emerging Company Growth leader. He advises public and private companies on assurance, accounting, and a range of professional services, bringing deep expertise in IPOs, mergers and acquisitions, and strategies for emerging businesses as they grow.

“People once called the internet an industry, but now it touches everything. AI is following the same path—it’s not just a stand-alone industry; it’s a foundational layer across all other industries.”



Heather Gates

Audit & Assurance Private Growth Leader, Deloitte & Touche LLP

With more than 30 years of financial services experience, Heather serves as the National Private Growth leader within Audit & Assurance.

Deloitte and PitchBook have collaborated to produce a unique methodology for the Road to Next series to better analyze a new segment of companies that emerged in the 2010s. Dubbing this segment the “expansion stage,” the methodology uses investment data restricted to late-stage venture capital (VC), private equity (PE) growth, and private corporate financing. In addition, companies must still be privately held by investment firms.

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Executive summary



Exit value rebounds, but investors are still recalibrating expectations

Themes and key findings for this issue

- Expansion-stage exit activity has accelerated sharply in early 2025, with total exit value already exceeding 2024's full-year figure. Initial public offerings (IPOs) have rebounded significantly, led by a few standout unicorn listings, though overall volumes are concentrated, and investor enthusiasm remains selective.
- Liquidity dynamics remain uneven. While public market conditions have improved, volatility and macro uncertainty are influencing the pace and form of exits. Many companies are delaying IPOs or favoring mergers and acquisitions (M&A) and insider-led financing, especially as post-IPO liquidity events have slowed.
- Manufacturing, artificial intelligence (AI), software as a service (SaaS), and life sciences lead 2025 expansion-stage exits. Outlier energy deals have driven an eightfold increase in manufacturing exit value year to date (YTD). AI exits are similarly concentrated, reflecting continued strength in larger transactions.
- Despite signs of recovery, liquidity pressures are mounting as the ratio of expansion-stage investments to exits reached 5.7x in H1 2025. While dry powder has dipped slightly, high portfolio valuations and uneven IPO outcomes are keeping limited partners (LPs) focused squarely on distributions and exit pacing.
- Middle-market companies continue to contribute meaningfully to exit activity, with firms valued between \$100 million and \$1 billion showing consistent year-over-year (YoY) growth in exit volumes through 2024. Although 2025 has started more slowly, this cohort remains well positioned for renewed momentum as macro conditions stabilize.

Exit trends

Expansion-stage exits maintain strong momentum in the first half of 2025

US expansion-stage exit activity is off to a robust start in 2025, with exit value in the first half of the year reaching \$208.2 billion, already surpassing the full-year 2024 total of \$200.5 billion. Investors are demonstrating a renewed appetite for scaled and well-performing companies with clear paths to profitability, encouraging capital deployment into the upper end of the private market. A more disciplined valuation environment has created attractive conditions for both new investments and follow-ons as well.

While most expansion-stage exit volume still comes from acquisitions and buyouts, IPO activity has made a notable comeback. The IPO market contributed \$107.7 billion in H1 2025—up significantly from \$75.6 billion for all of 2024. Broader participation from expansion-stage companies indicates growing market openness; however, investor enthusiasm still tends to cluster around well-known names with strong narratives or proven business fundamentals.

55.4%

Share of expansion-stage exit value attributed to IPOs in H1 2025

5.7x

Ratio of expansion-stage investments to exits YTD

\$63.4 billion

Expansion-stage exit value generated by the manufacturing sector YTD

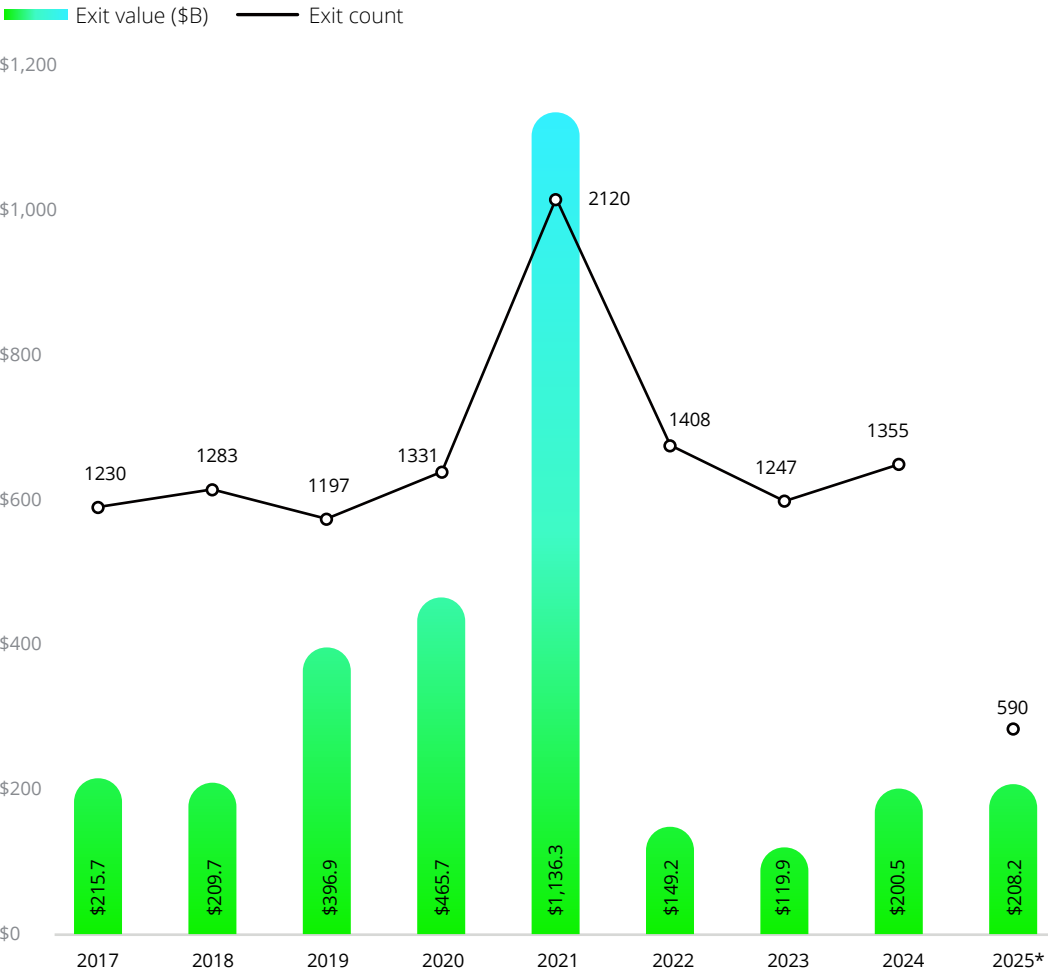
“The bar for raising early-stage capital was reset after the 2022 correction, and it hasn’t dropped since. The best companies are built in tough markets because they learn discipline—how to be focused and efficient with limited dollars.”

Heather Gates

Audit & Assurance Private Growth Leader,
Deloitte & Touche LLP

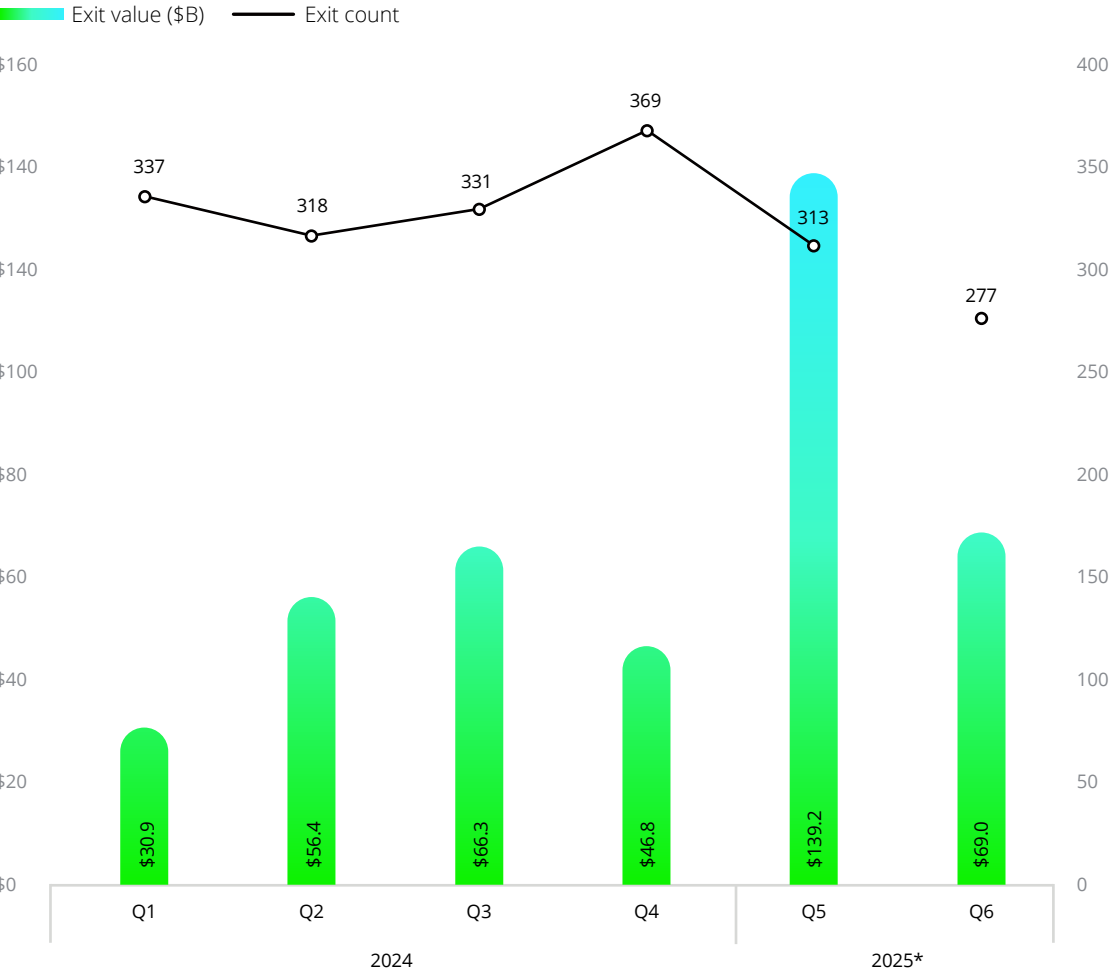
Exit trends

Expansion-stage exit activity



Source: PitchBook | Geography: US | *As of June 30, 2025

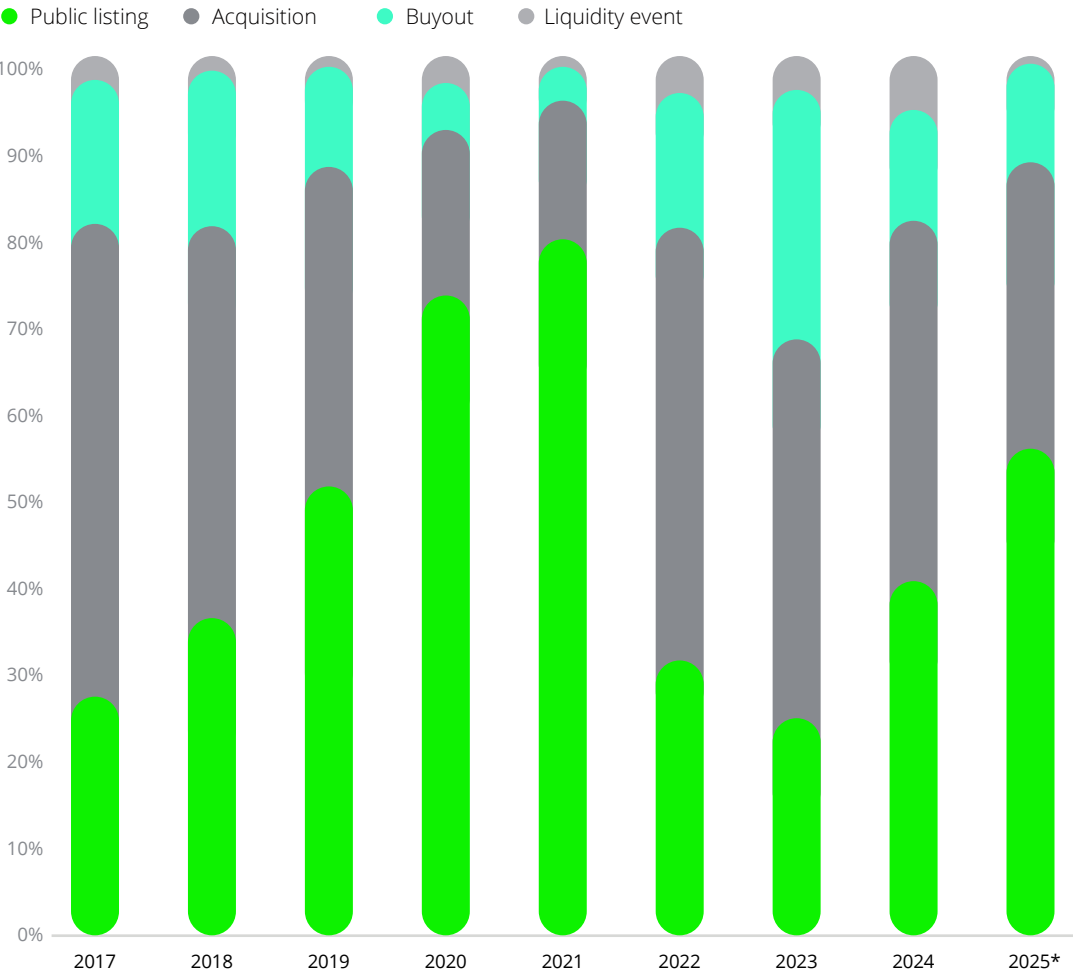
Expansion-stage exit activity by quarter



Source: PitchBook | Geography: US | *As of June 30, 2025

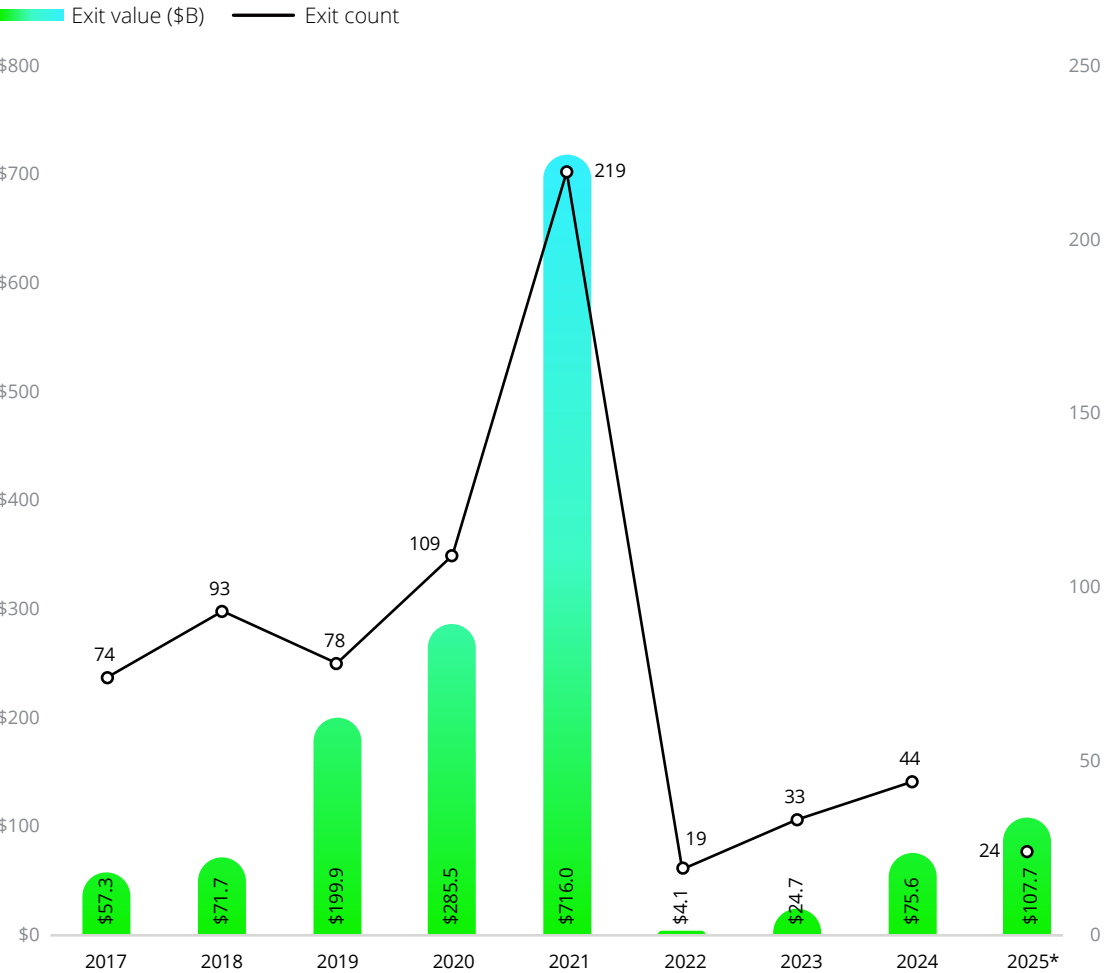
Exit trends

Share of expansion-stage exit value by type



Source: PitchBook | Geography: US | *As of June 30, 2025

Expansion-stage IPO activity



Source: PitchBook | Geography: US | *As of June 30, 2025

Exit trends

Unicorn IPOs present a double-edged sword

Investor enthusiasm is especially high for long-anticipated IPOs from certain unicorns, which are helping to reignite broader market receptiveness to public listings. As Heather Gates, Audit & Assurance Private Growth leader at Deloitte & Touche LLP, notes, firms “know that IPOs have historically delivered higher overall valuations than M&A, which is why VCs continue to favor that exit path despite current volatility.”

This surge is not evenly distributed, however, as a small number of unicorns have contributed disproportionately. Seven companies alone raised \$37.2 billion in aggregate, representing more than one-third of all expansion-stage IPO activity YTD and more than the combined IPO value for all unicorns each year from 2022 through 2024. While this may signal shifting expectations or stronger fundamentals for top startups, it also raises

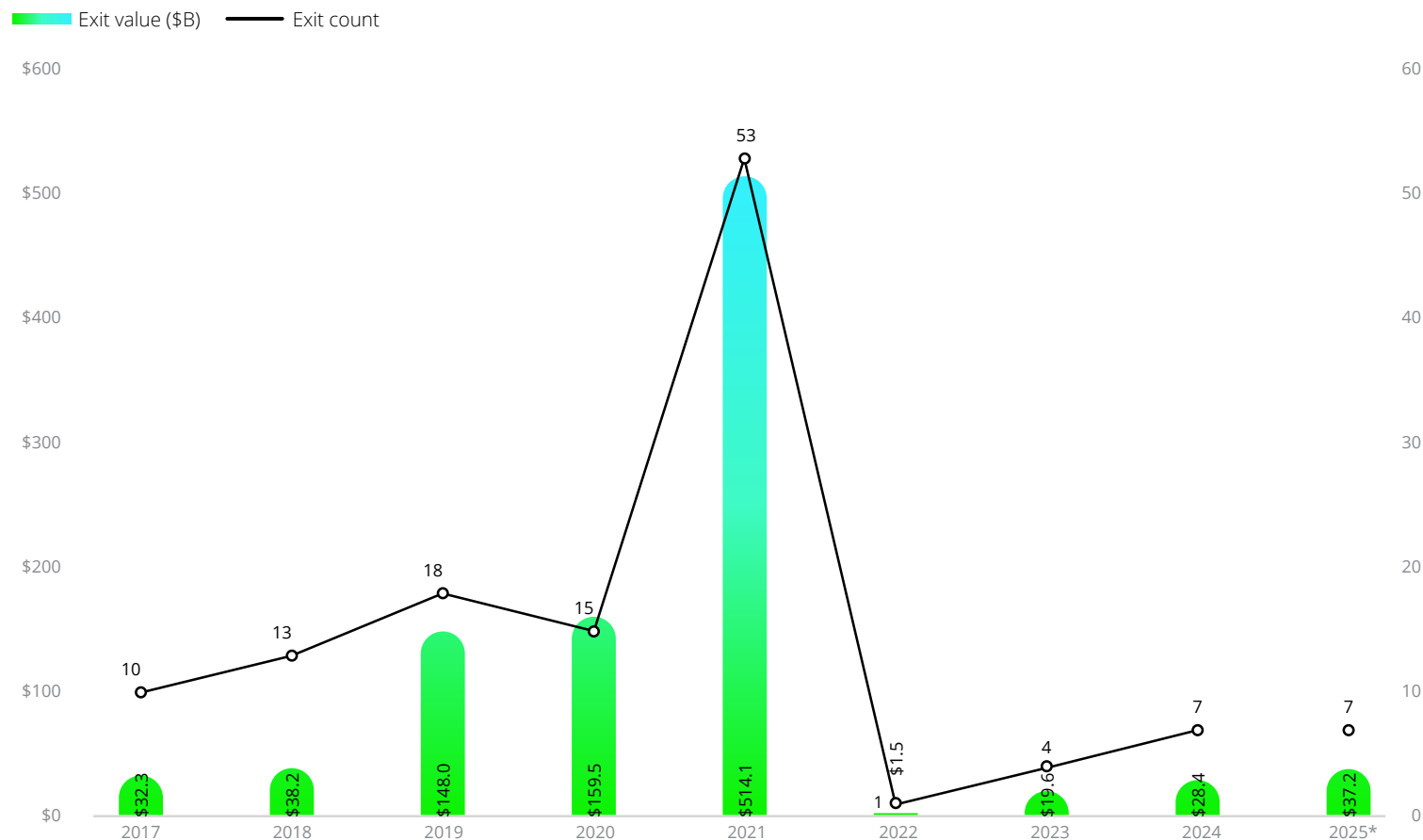
questions about whether broader IPO participation can be sustained amid market volatility. Many companies continue to take a wait-and-see approach.

Despite their prominence and record market highs in 2025, unicorns are going public much more slowly than in the recent past. The unicorn ecosystem is still far from its pre-2022 correction levels, with no more than seven IPOs closing in any year since 2021, when more than 50 closed. Public market volatility is affecting even companies with strong valuations and positive road show momentum. Paradoxically, recent record highs may increase caution among issuers seeking stable pricing and sustained performance after listing, as elevated benchmarks can increase pressure and the risk of post-IPO underperformance.



Exit trends

Unicorn IPO activity



Source: PitchBook | Geography: US | *As of June 30, 2025

Beyond these headline names, the pipeline indicates increasing readiness among a wider swath of expansion-stage companies to pursue public exits. This is a promising sign, but it does not represent a full return to the exuberance of past IPO booms. Investor scrutiny remains elevated, and timing remains sensitive to macro and market volatility.

“Several high-valuation decacorns are still sidelined. They are well capitalized and waiting for public market signals that their valuations can be supported.”

Justin Yahr

Audit & Assurance Partner and National Emerging Company Growth Leader, Deloitte & Touche LLP

Exit trends

Mixed macro conditions and liquidity pressures shape exit strategies

After much-anticipated interest rate cuts materialized in late 2024,¹ the Federal Reserve is now in a holding pattern, adding to the uncertainty weighing on capital markets. Meanwhile, the S&P 500 saw strong gains from mid-2024 until February 2025 before a change driven by tariff reforms and geopolitics. Since May, the index has rebounded to record highs. While this momentum supports IPO ambitions, the underlying volatility may

push some founders to favor M&A or other non-IPO outcomes. “The sophistication of a company’s financial planning and analysis (FP&A) function is a major indicator of exit readiness,” explains Heather Gates, Audit & Assurance Private Growth leader at Deloitte & Touche LLP. “Many companies lack the muscle to project with the rigor public investors expect.” Justin Yahr, Audit & Assurance partner and National Emerging Company

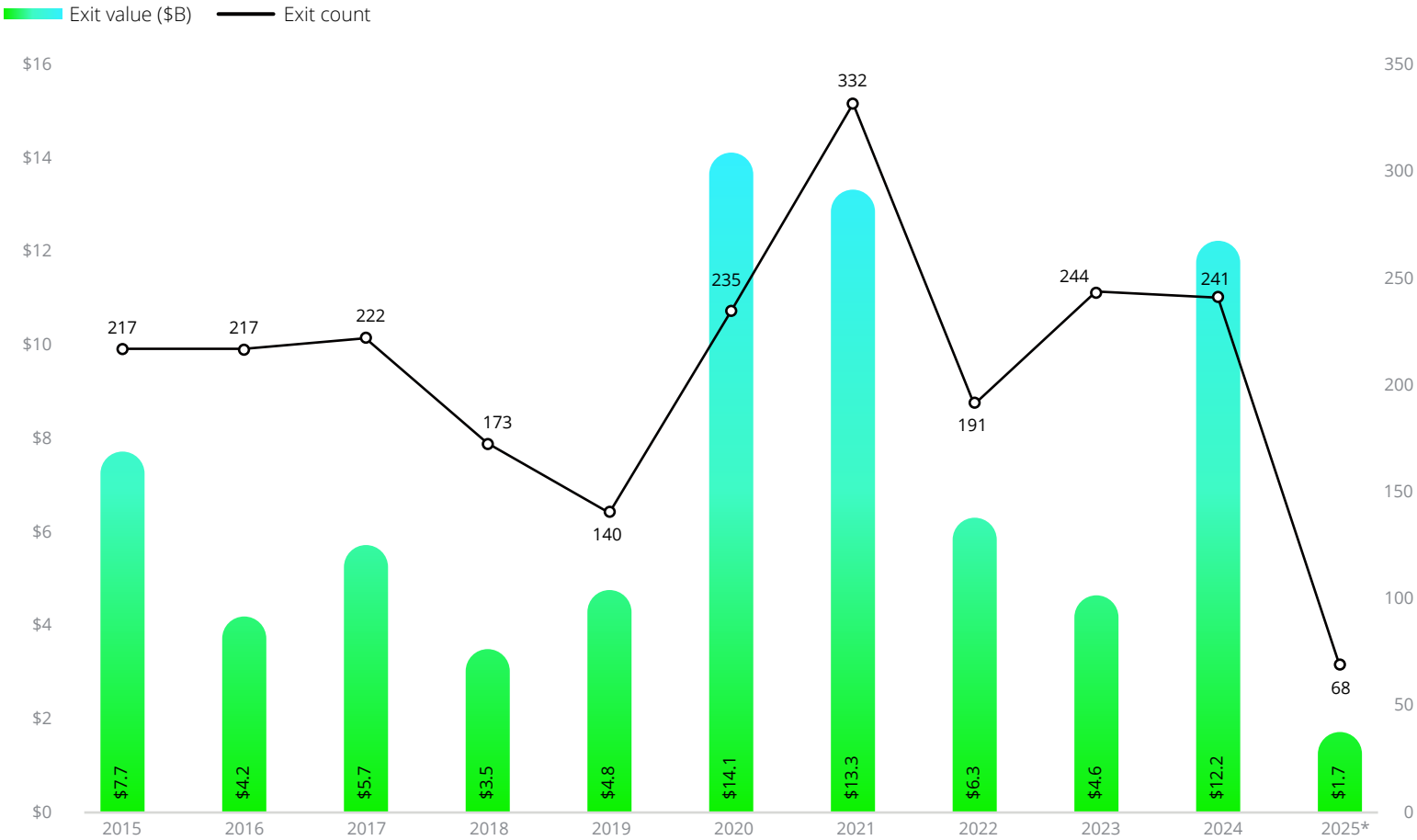
Growth leader at Deloitte & Touche LLP, adds that firms are seeking companies that are not dependent on multiple future capital raises to reach profitability. “Bonus points go to companies that are already profitable and to those that have a clear set of metrics and a timeline to get there,” Yahr notes.

Notably, post-IPO liquidity events—including secondary offerings, open-market transactions, and private investment in public equity (PIPE) deals—remained a key driver of expansion-stage exit activity through the end of 2024. However, the pace of these deals slowed considerably in 2025, reflecting caution despite favorable headline market conditions. Liquidity events often depend on a predictable pricing environment, which is currently lacking despite the recent public market rally. Issuers may be holding back until they perceive a more durable market trend, and investors may be reluctant to commit new capital when broader macro signals remain mixed.



Exit trends

Liquidity event exit activity



Source: PitchBook | Geography: US | *As of June 30, 2025

After several years of late-stage liquidity optimization there is growing wariness about excessive financial maneuvering post-IPO. Some boards are taking a more conservative stance, prioritizing stock stability over near-term liquidity windows for early backers or insiders. This could also reflect lessons learned from post-lockup volatility in past cycles.

Exit trends



Valuations and insider dynamics also shape the path to exit

Expansion-stage companies continue to navigate a valuation landscape shaped by two persistent trends: down rounds and insider-led financings. As highlighted in the [Q3 2024 Road to Next](#), down rounds remain a meaningful reality, accounting for more than 20 percent of all expansion-stage VC deals so far this year—a level that has held above 19 percent since 2023. While not always a sign of distress, these valuation resets can complicate exit strategies by signaling challenges in IPO narratives, or by introducing cap table friction or dilutive outcomes.

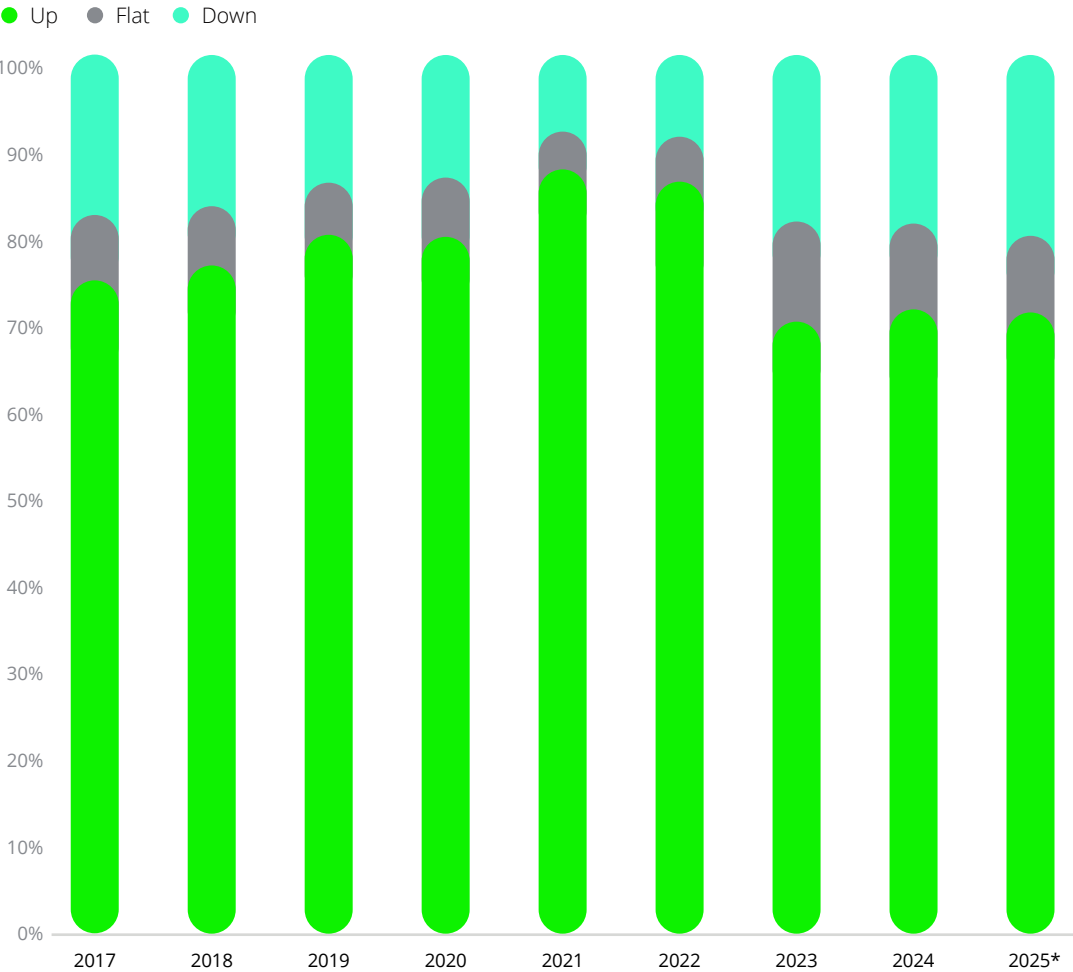
At the same time, insider participation has reached new highs. In 2025, more than \$50 billion in expansion-stage deal value has come from rounds where all lead investors were existing backers, and more than half of all participating investors were incumbents. This puts 2025 on track to surpass the previous record of \$62.6 billion total reached in 2024.

This surge suggests continued conviction among current investors, but it may also reflect a more cautious external fundraising environment, especially contextualized by the growing presence of down rounds. For some companies, insider-led rounds provide runway stability and strategic flexibility. For others, repeated reliance on existing investors can delay pressure to exit while potentially narrowing the set of signals that new buyers or public market investors might look for.

Taken together, these trends are reshaping how a subset of expansion-stage companies approach the exit path, with many opting for timing discipline over near-term liquidity events to reestablish valuation credibility.

Exit trends

Share of expansion-stage VC deal count by valuation change



Source: PitchBook | Geography: US | *As of June 30, 2025

Expansion-stage inside round activity



Source: PitchBook | Geography: US | *As of June 30, 2025

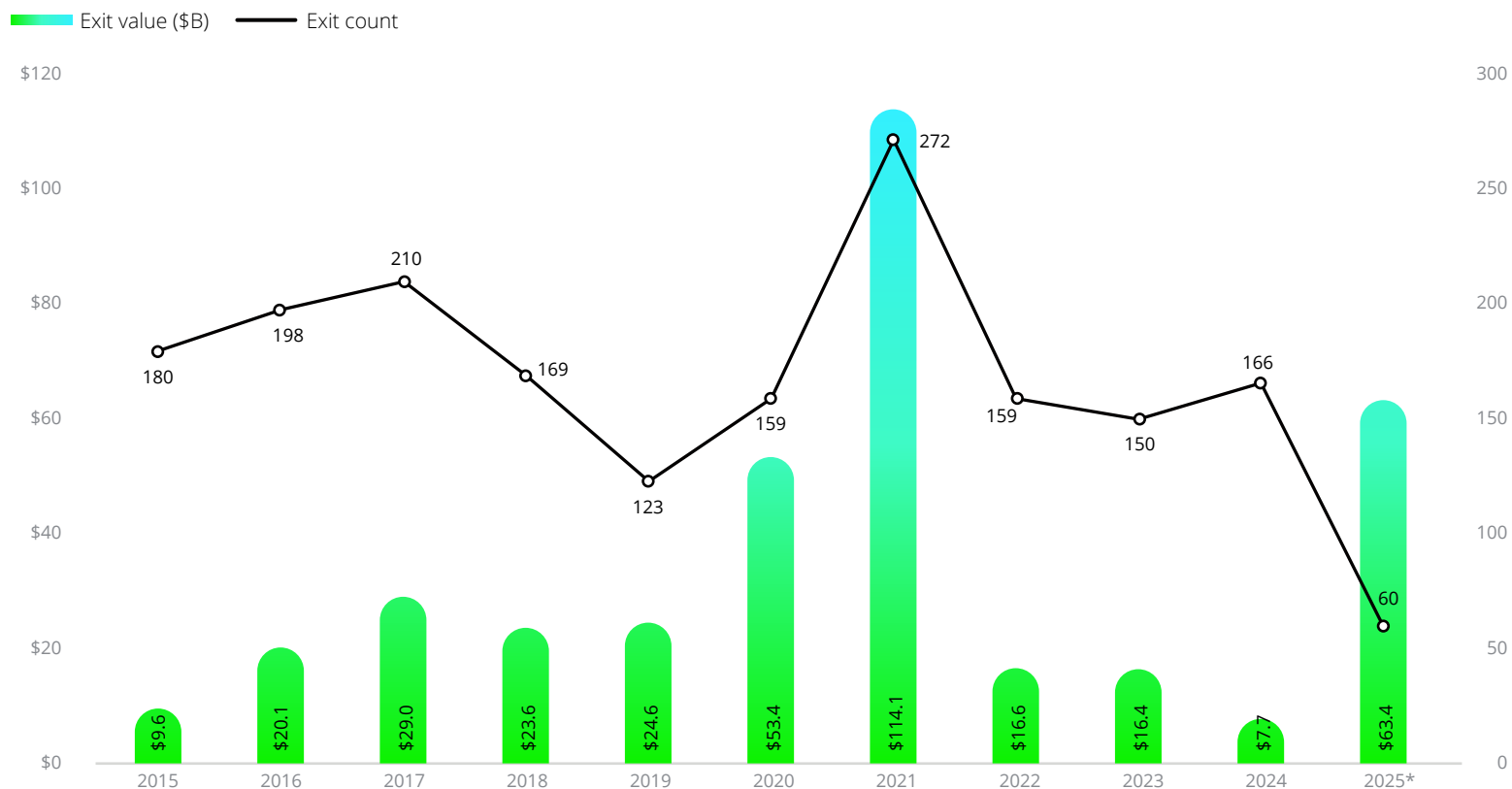
Sector trends

Manufacturing exit value surges, led by outlier energy transactions

Expansion-stage manufacturing companies have historically recorded 150 to 200 exits annually, though volumes have trended toward the lower end of that range since 2022. So far in 2025, only 60 exits have been completed YTD, pointing to a slowdown in pace. Still, those 60 exits have already generated more than \$60 billion in value, making this the second-strongest year for exit value in the past decade and a dramatic jump from the \$7.7 billion total in 2024—a more than eightfold increase.

Much of this surge in exit value stems from standout energy deals, driven by countries diversifying supply in response to recent global constraints. At the same time, broader industrial tailwinds appear to be reinforcing the appeal of mature manufacturing innovators, especially those offering high-impact solutions for capital-intensive sectors that are more vulnerable to these global macroeconomic shocks.

Manufacturing expansion-stage exit activity



Source: PitchBook | Geography: US | *As of June 30, 2025

Sector trends



AI and SaaS exits maintain their strength

Exits in leading tech sectors have continued to demonstrate resilience in 2025, maintaining the strength highlighted in the [Q3 2024 Road to Next](#). Expansion-stage activity in AI has sustained momentum despite a slowdown in transaction volume. Year to date, AI companies have generated \$25.9 billion in exit value across just 66 transactions—nearly doubling the \$14.1 billion across 126 exits recorded in 2024. The dynamic mirrors trends in manufacturing: strong investor appetite and headline-making exit sizes, even as the deal count remains relatively constrained.

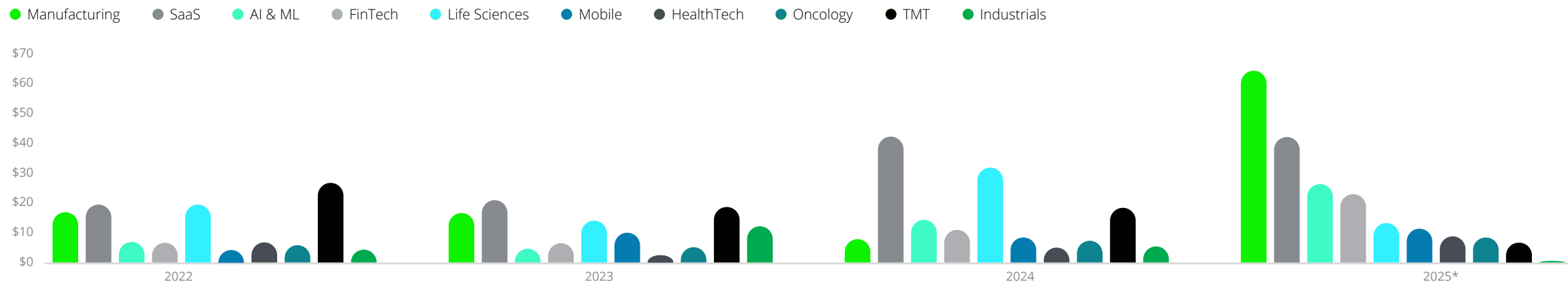
This concentration of value reflects both the intensity of interest in market-leading AI platforms and the widening gulf between those leaders and the broader field. “Even beyond recent megadeals, AI is a factor in due diligence,” notes Justin Yahr, Audit & Assurance partner and National Emerging Company Growth leader, Deloitte & Touche LLP.

“Companies unable to articulate how they are embracing AI are oftentimes left behind in investor conversations.” With significant capital still flowing into AI, the current wave of investment is expected to fuel more exit activity over the coming years, though it may remain unevenly distributed.

AI is also increasingly intersecting with the SaaS ecosystem, which continues to dominate expansion-stage exit value. So far in 2025, SaaS exits have totaled \$41.4 billion across 126 transactions—nearly matching 2024’s \$41.7 billion, but from fewer than half the number of deals (264 in 2024). These figures underscore a broader shift toward fewer but significantly higher-value exits in both AI and SaaS, driven by continued investor enthusiasm for software-enabled scalability and next-gen enterprise technologies.

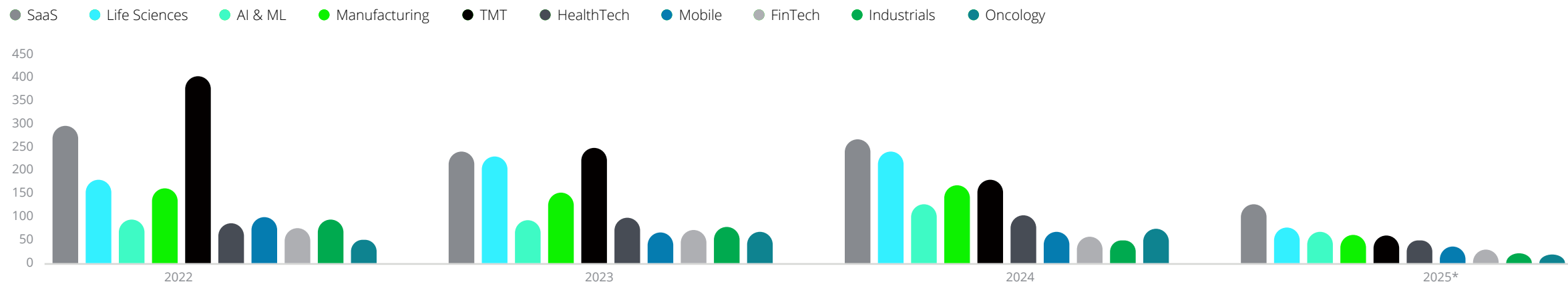
Sector trends

Expansion-stage exit value (\$B) by vertical



Source: PitchBook | Geography: US | *As of June 30, 2025

Expansion-stage exit count by vertical



Source: PitchBook | Geography: US | *As of June 30, 2025

Spotlight

Liquidity conditions and portfolio dynamics are shifting

Investors who have been waiting for capital to come off the sidelines are seeing signs of potential relief. For the first time in years, VC dry powder has declined, as firms put more capital to work through late 2024 and into early 2025. However, this capital deployment has coincided with historically high total net asset values—meaning that investor portfolios remain heavily marked up. As a result, liquidity is rising to the forefront of LP concerns.

A key signal of mounting pressure is the widening gap between capital invested and capital realized. The ratio of expansion-stage investments to exits climbed to 5.7x in H1 2025, up from 5x in 2024. This reinforces the idea that exit activity, while recovering in terms of value, is still not keeping pace with years of accumulated investment. For both LPs and general partners (GPs), the urgency around distributions is likely to grow if this imbalance persists.

Public market outcomes are mixed. Among expansion-stage companies that have gone on to IPO, just 44 percent had public enterprise values as of mid-2024 exceeding their final private valuations, while 56 percent fell short. That nearly even split illustrates how fraught the path to liquidity can be, especially in a volatile macro environment.

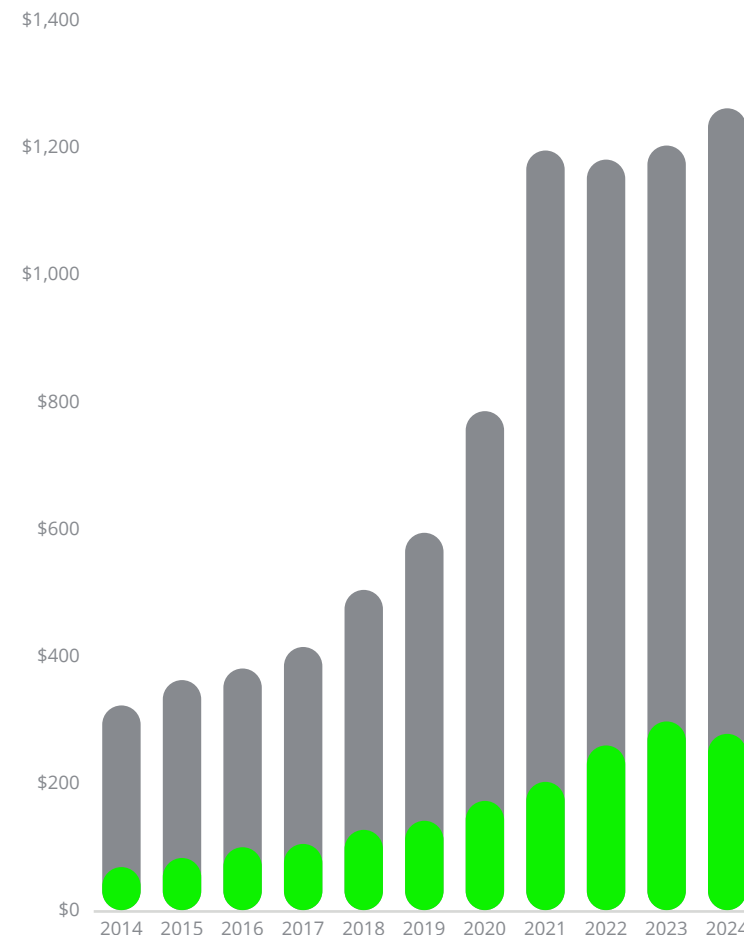
“There is more angst in the ecosystem now—LPs are anxious for distributions, and that pressure may push some firms toward exits they delayed a year ago.”

Heather Gates

Audit & Assurance Private Growth Leader,
Deloitte & Touche LLP

VC AUM (\$B)

● Dry powder ● NAV

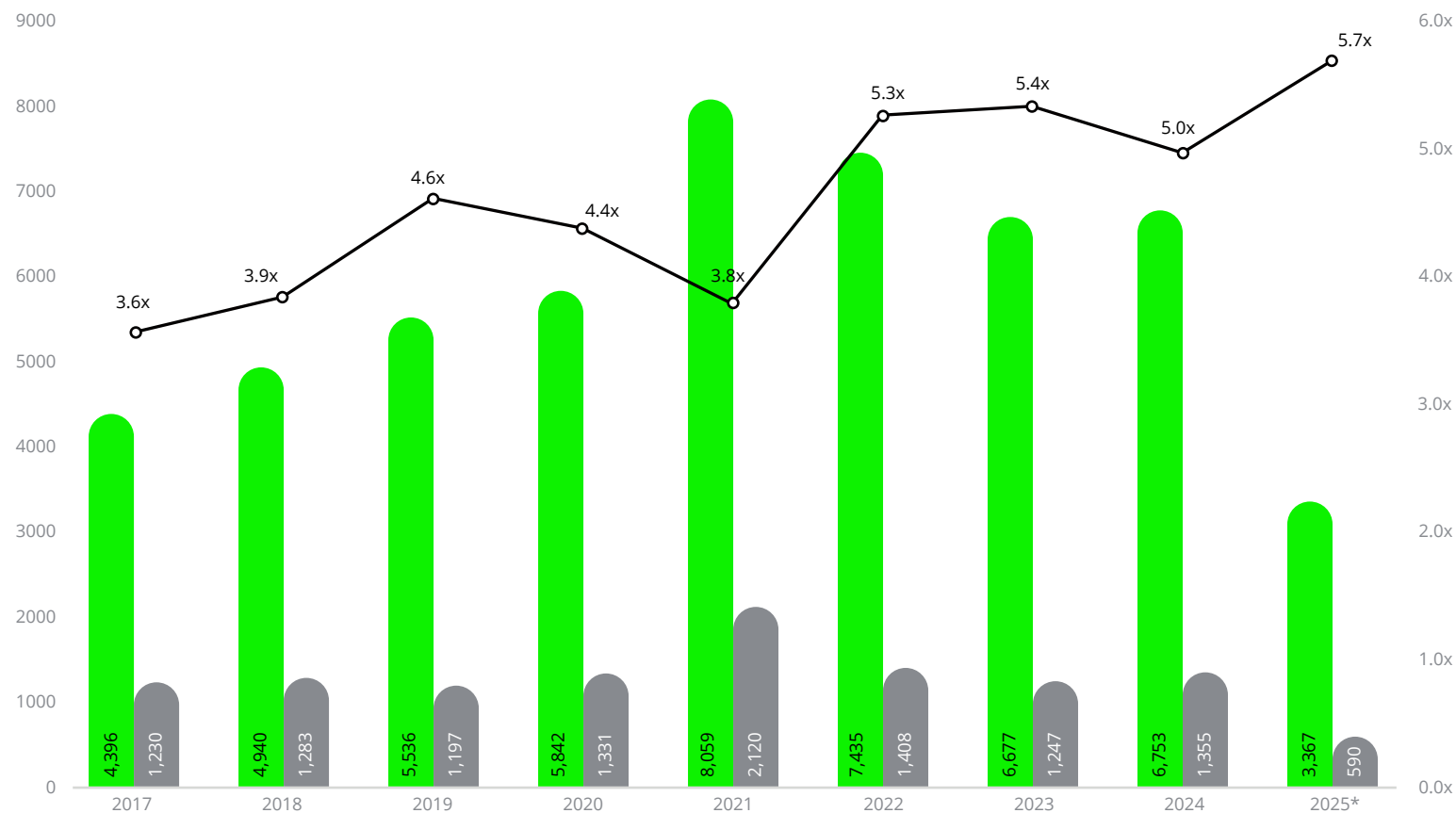


Source: PitchBook | Geography: US | *As of June 30, 2025

Spotlight

Expansion-stage exit and investment count

● Number of investments ● Number of exits — Investments/exits



Source: PitchBook | Geography: US | *As of June 30, 2025

Still, signs of normalization exist. The median and average age of expansion-stage companies completing exits has dropped to 18.7 years in 2025, down from over 20 years in the previous two years. This reversion to 2010s-era norms suggests that companies may no longer be holding out indefinitely for optimal conditions and are instead adjusting to the realities of a changed capital markets environment.

“Companies are coming to terms with the fact that the uncertainty they’ve been waiting to clear isn’t going away anytime soon. For many, it’s now a question of taking the leap or sitting idle indefinitely.”

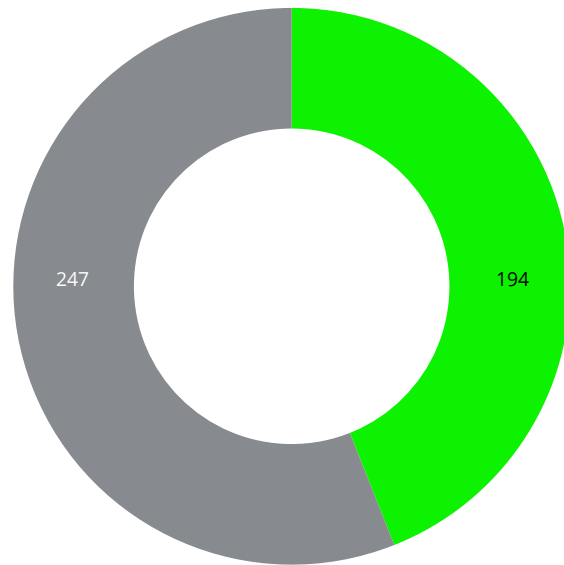
Justin Yahr

Audit & Assurance Partner and National Emerging Company Growth Leader, Deloitte & Touche LLP

Spotlight

Share of expansion-stage IPO count by post-IPO public valuation

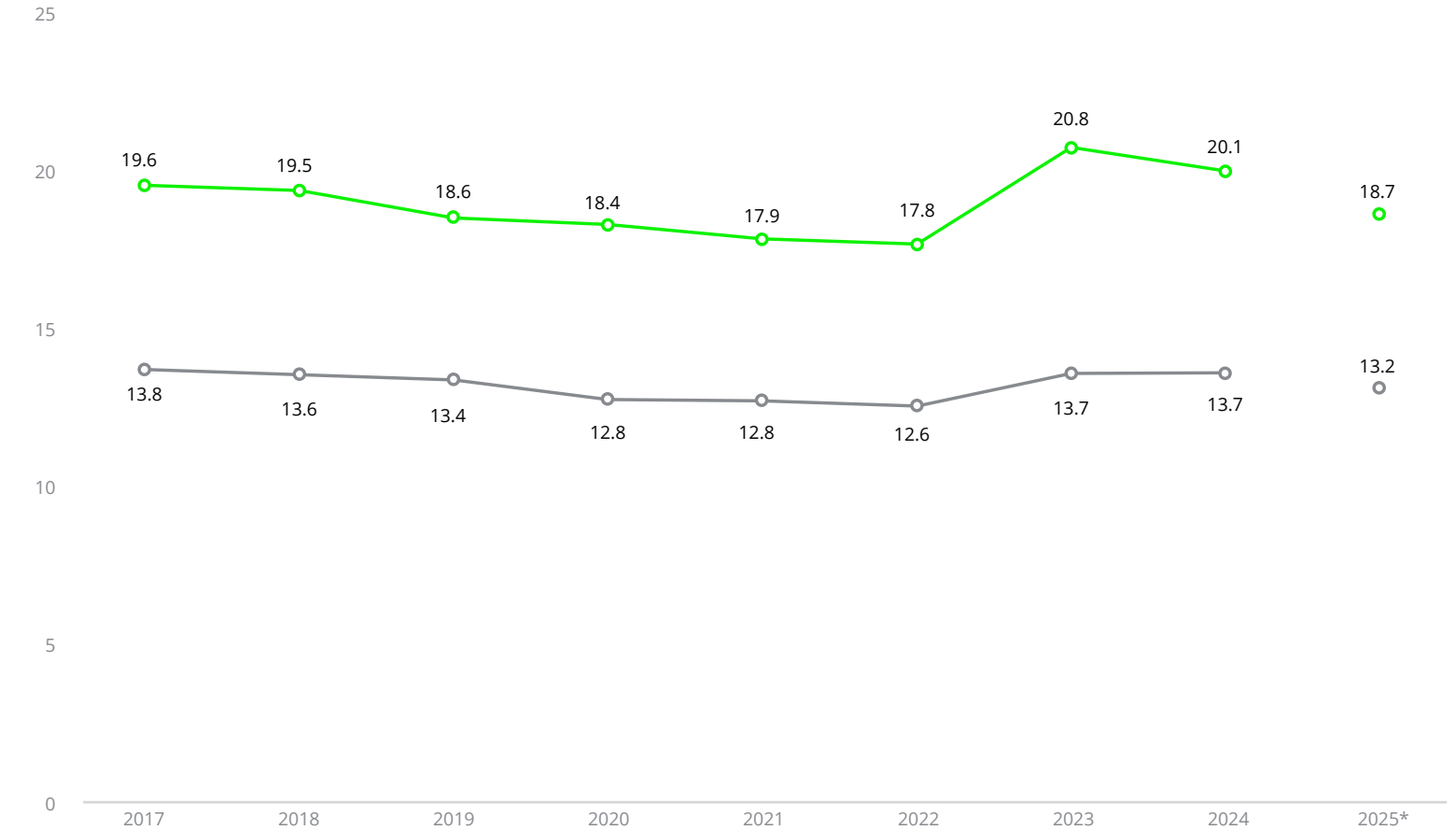
- Public valuation higher than private market valuation
- Public valuation lower than private market valuation



Source: PitchBook | Geography: US | *As of June 30, 2025

Median and average expansion-stage company age (years) at exit

Median Average



Source: PitchBook | Geography: US | *As of June 30, 2025

Spotlight

Middle-market companies are not being left behind

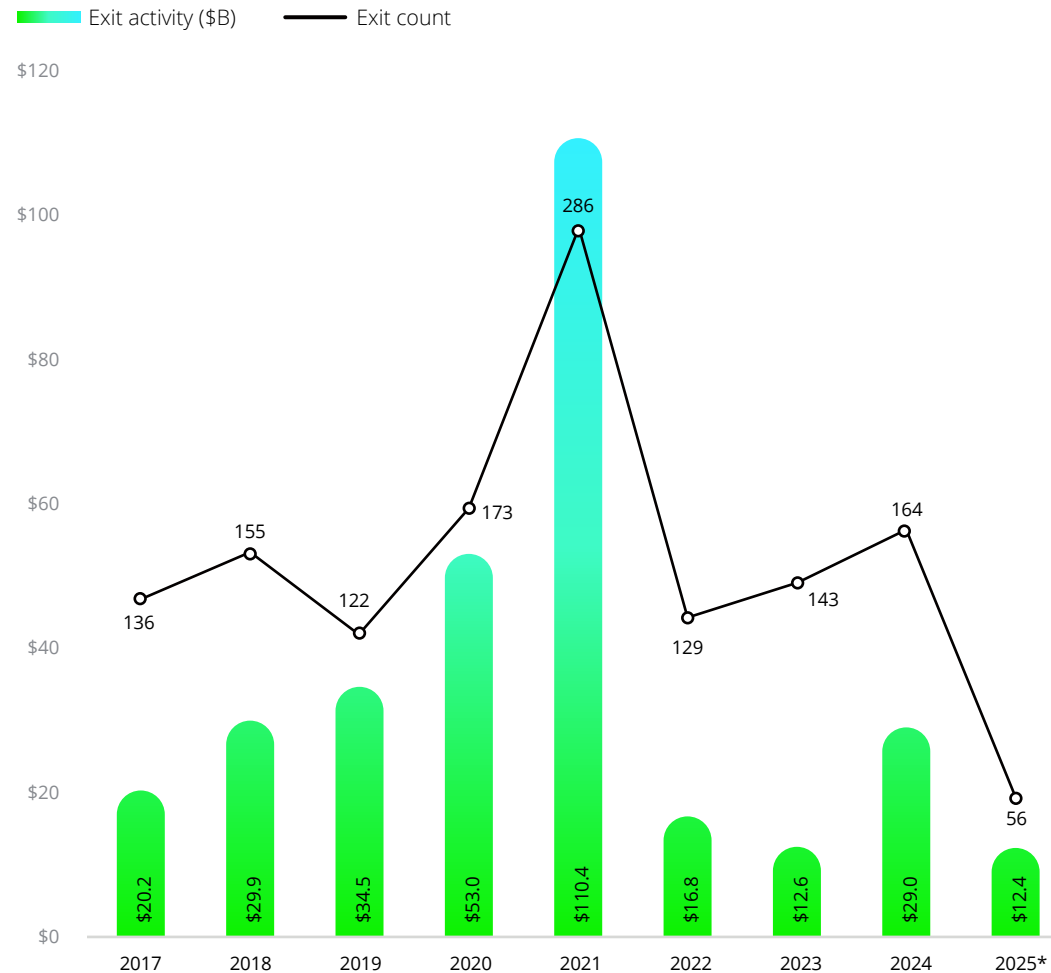
While much attention has focused on large, high-profile exits, expansion-stage companies in the \$100 million to \$1 billion valuation range have quietly sustained momentum of their own. From 2022 through 2024, exit counts for this middle portion steadily increased, defying the notion that smaller firms are being left behind. In both 2023 and 2024, exit volumes for this cohort grew more than 10 percent YoY, and total exit value more than doubled in 2024—a clear signal that investors are finding liquidity across a wider swath of the market.

So far in 2025, this group has generated \$12.4 billion across 56 exits. While this marks a slower pace relative to 2024's gains, it may reflect temporary caution rather than a structural reversal. As macroeconomic conditions stabilize, these companies—many of which remain compelling acquisition targets—could see a renewed uptick in activity heading into the second half of the year.



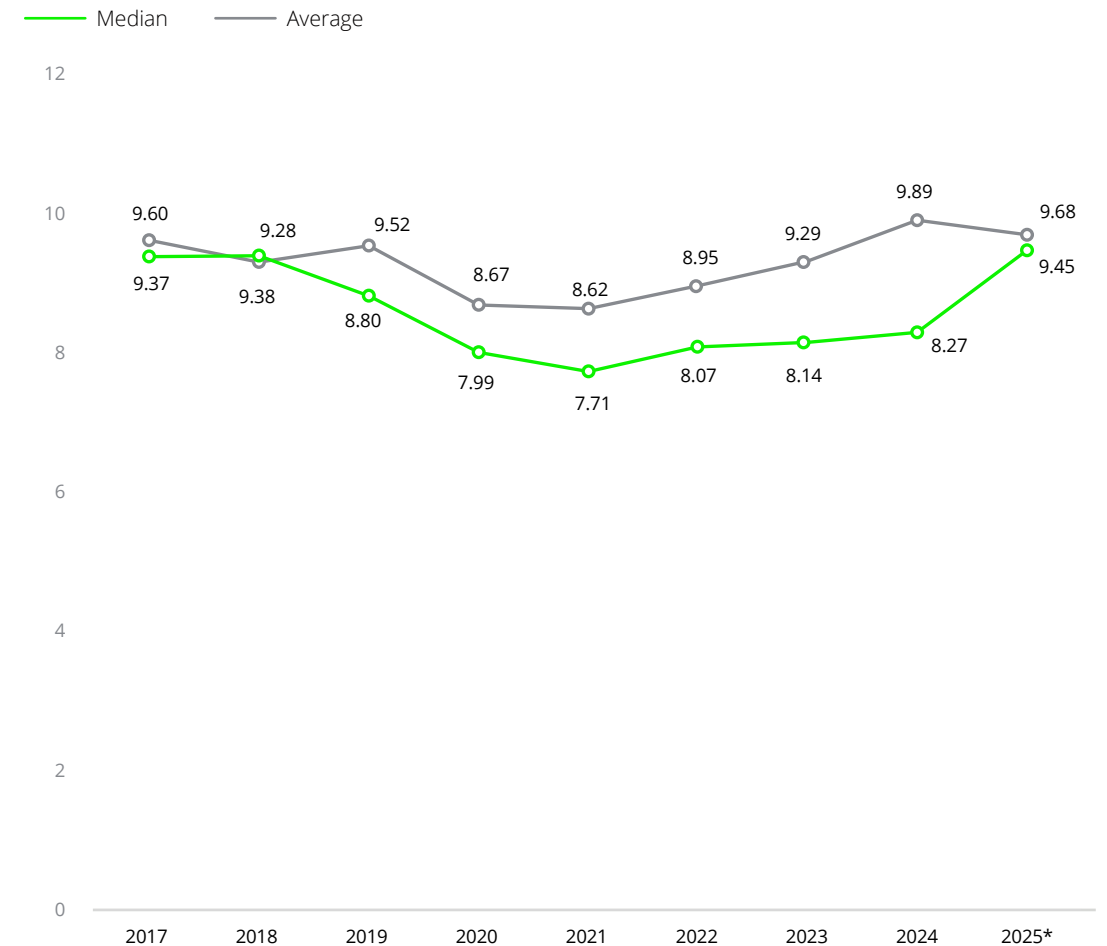
Spotlight

Expansion-stage exit activity for companies valued between \$100 million and \$1 billion



Source: PitchBook | Geography: US | *As of June 30, 2025

Median and average time (years) to exit for expansion-stage companies valued between \$100 million and \$1 billion



Source: PitchBook | Geography: US | *As of June 30, 2025

Regional trends

Familiar centers hold steady as secondary cities carve out sector niches

Expansion-stage exit activity in 2025 continues to reflect a diverse geographic footprint, though traditional hubs still command an outsized share of both volume and value. New York and the Bay Area remain the most consistent performers, logging 71 and 74 exits, respectively, and generating \$25.2 billion and \$21.7 billion in exit value. This sustained dominance underscores the enduring strength of their startup ecosystems, institutional investor presence, and deep buyer networks—conditions unlikely to change in the near term. As companies approach exit paths, many will establish a presence in these primary centers to stay close to investors.

However, the Washington, DC, and Baltimore area tops the charts in exit value YTD by a wide margin, with \$64.4 billion across just 18 transactions. This exceptional total is largely attributable to a single, outlier energy IPO, highlighting how megadeals can skew regional metrics.

Nonetheless, it demonstrates the kind of breakout potential that even lower-volume markets can produce.

Boston logged \$12 billion across 33 exits, powered by two deals over \$1 billion each—one software buyout and one healthcare IPO. Both align with Boston's established strengths in healthcare and enterprise technology, illustrating how regional specialization continues to shape local exit profiles.

Further south, Florida markets showed surprising momentum. The Orlando and Miami combined statistical areas (CSAs) each recorded nearly \$9 billion in exit value, though the dynamics diverged: Miami saw a higher exit volume of 12 deals, while Orlando produced fewer but larger transactions, with eight deals. Both cities' activity was bolstered by exits in healthcare and insurance—sectors of growing importance in the region.

“We see some niche plays emerging across the US. Denver, for example, has seen significant investment and innovation in clean energy, driven in part by forward-thinking utilities and a strong local talent base. On the other hand, AI is not quite as prominent there, which highlights how regional expertise continues to shape sector focus.”

Heather Gates

Audit & Assurance Private Growth Leader,
Deloitte & Touche LLP

Regional trends

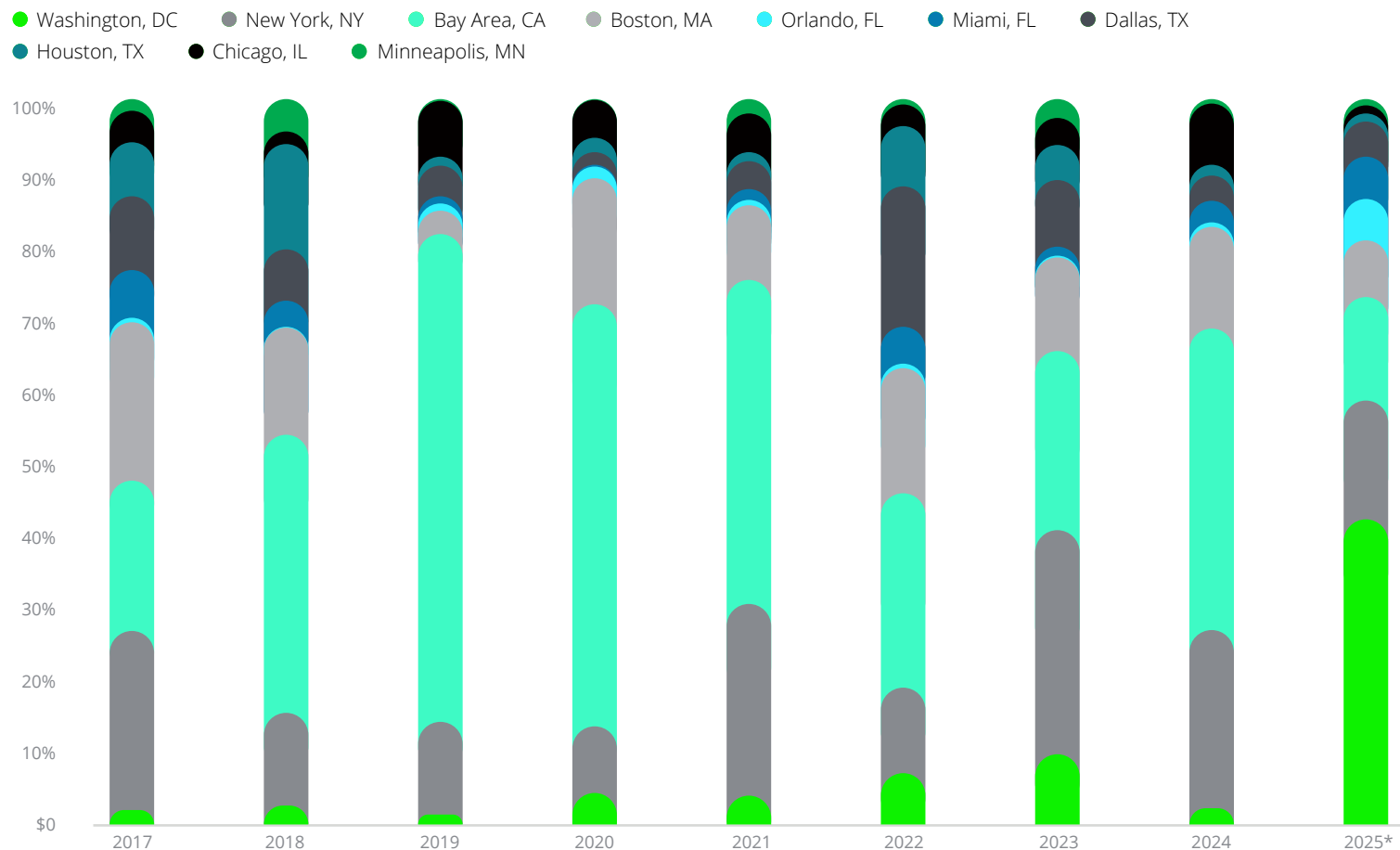
Overall, while megadeals can distort headline figures, a deeper look reveals a healthy spread of expansion-stage exit activity across both coastal giants and rising secondary markets. This geographic diversity offers investors a broader range of options for liquidity, especially in sectors where regional expertise or buyer networks can unlock differentiated outcomes.

“Sector-specific bright spots are present, including life sciences and healthcare hubs like San Diego and Boston. However, as companies gain relevance in other regions, they often establish offices in major hubs like the Bay Area and New York to access top talent, which ultimately limits the growth potential for some secondary markets.”

Justin Yahr

Audit & Assurance Partner and National Emerging Company Growth Leader, Deloitte & Touche LLP

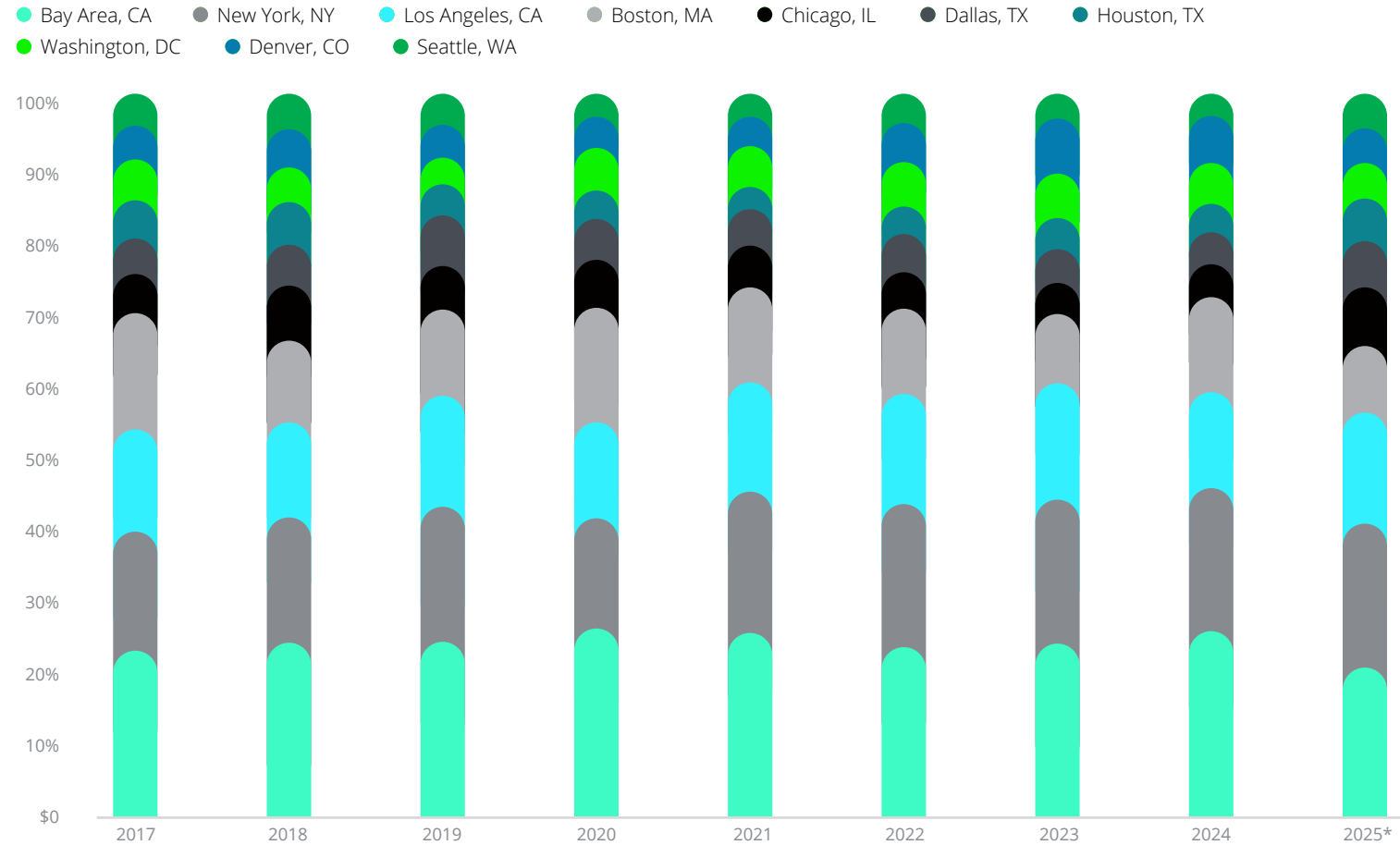
Share of expansion-stage exit value by CSA



Source: PitchBook | Geography: US | *As of June 30, 2025

Regional trends

Share of expansion-stage exit count by CSA



Source: PitchBook | Geography: US | *As of June 30, 2025

“While emerging markets like Florida and Washington, DC are proving they can deliver breakout exits, the gravitational pull of New York and the Bay Area remains strong for investors seeking scale, liquidity, and deep buyer networks.”

Kelly Borland

Vice President, Market Development,
Deloitte & Touche LLP

Looking forward

Exit market rebalances in 2025 as capital flows return, liquidity pressures persist, and regional and sectoral breadth expands

Expansion-stage exit activity in the US during 2025 reflects a market in transition—marked by outsized headline deals, shifting liquidity dynamics, and a widening gap between winners and the broader field. Exit counts remain below historical averages, but total exit value has surged, driven by a handful of large transactions, particularly in capital-intensive sectors like energy and AI. Yet beneath those peaks lies a more subtle but durable trend: increased breadth in exit pathways, with middle-market companies continuing to find liquidity across a range of sectors and buyers.

Capital is being deployed again, as evidenced by a modest dip in dry powder and a narrowing in the age of companies exiting. However, the investment/exit ratio remains elevated, and many companies still face valuation compression at the IPO stage, highlighting continued pressure on liquidity realization.

Regionally, major hubs like New York and the Bay Area retain their lead in deal volume, while cities like Boston, Miami, and Orlando are asserting themselves through sector-specific activity in healthcare, insurance, and enterprise software. This regional dispersion signals a slow but notable broadening of the exit ecosystem.

Looking ahead, the return of more stable macro conditions could unlock pent-up supply and buyer demand, particularly among companies that delayed exits during the market dislocation of prior years. The reset in timelines, valuations, and investor expectations may ultimately lead to a healthier, more balanced exit market—one that rewards operating fundamentals and sector specialization as much as growth multiples. Expansion-stage companies are no longer waiting passively for a perfect window—they are navigating toward it.



Methodology

Geographical region: United States

The **expansion stage** is defined from a transactional perspective as including late-stage venture or growth financings as defined by PitchBook. All investment data is restricted to late-stage VC, venture-growth, PE-growth, or corporate financing types, as defined by PitchBook. **Nontraditional investors** are defined as hedge, mutual, or sovereign wealth funds.

Active investors: The number of active investors is calculated by including either investors that have raised a venture or growth fund in the trailing five years or those that have made four or more VC- or PE-growth investments in the past three years. There is no exclusion on investor type, apart from angel investors.

Exits: All exits are defined by PitchBook's primary exit types: buyouts, acquisitions, or public listings, which include direct listings, traditional public listings, and special purpose acquisition companies (SPACs), as well as "additional liquidity events after the public listing," explained in further detail below. The underlying companies are those that have, at minimum, achieved any of the investment data under restrictions. In the Q2 2023 edition of the Road to Next series, a fourth category of exit was debuted, explicitly for companies that had undergone a public listing. In order to better capture liquidity for investors' post-lockup periods and also for longer-term holders of shares that liquidated after the public listing in general, additional liquidity events classified as secondary market offerings on the open market, secondary public offerings, and private investment in

public equity (PIPE) deals were also included. Private investors often hold their shares for longer beyond the initial offering and then utilize additional offerings or secondary market transactions as well as sales to new investors when firms seek a PIPE. Up to three additional liquidity events were included.

Updates: For editions beginning in 2023, underlying methodologies were changed due to PitchBook's methodological changes and incorporation of new pre-seed, seed, and venture-growth stages, which will shift numbers slightly yet be more accurate going forward. A new exit methodology was also incorporated, including the breakout of post-IPO liquidity events.



Endnote

1. Federal Reserve Bank of St. Louis, [Federal Funds Effective Rate](#), August 1, 2025.



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