

New York City Metro Area Venture Funding Ecosystem

A dynamic hub for startups, investors, and innovation



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Introduction

For more than two centuries, New York City has been considered a thriving global city. Long recognized as a driving force in nearly every facet of business, arts, and culture, we can now include venture capital (VC) investment and technology development, with increasing growth in these areas observed over the last 10–15 years. As more VC firms opened New York offices, more New York area tech startups developed, thus creating a snowballing technology ecosystem in which Wells Fargo is proud to play a part.

Wells Fargo has been serving businesses in New York for more than 170 years, and providing specialized industry support for New York tech firms for more than 25 years. Our focus and commitment to the technology industry has always been strong because we support tech from many angles:

- A financial enabler of technology
- A back-office provider of technology
- A buyer of technology
- An innovator of technology
- An investor/incubator of technology companies
- A collaborator with other technology companies

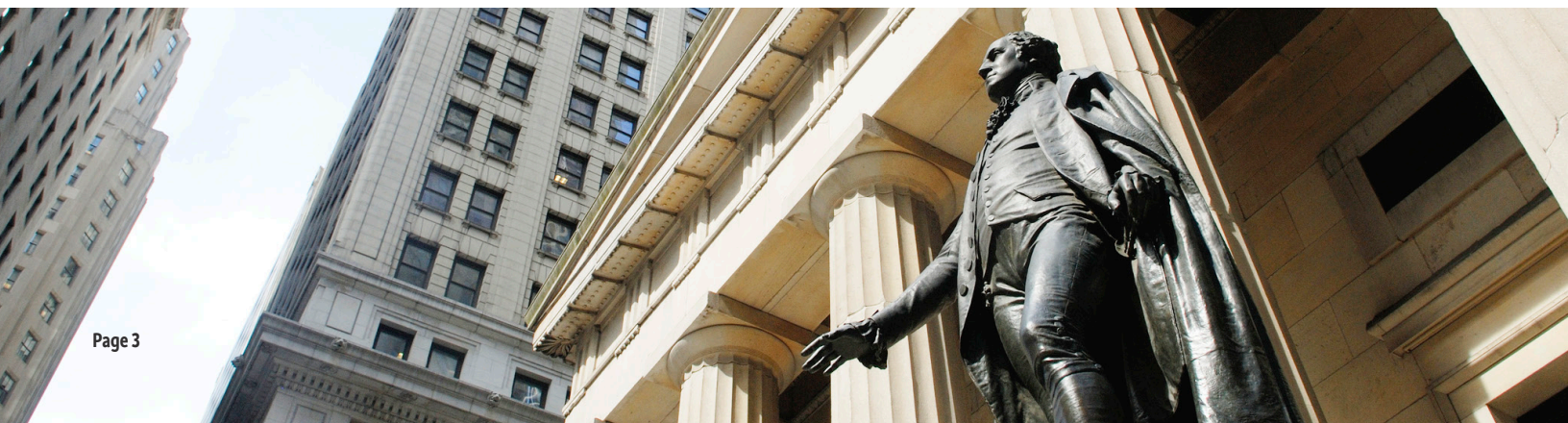
Across the next year, we'll be making an even greater investment in experienced talent in the New York market and providing increased financial support for entrepreneurs and founders, thereby immersing ourselves even more deeply into the New York metro technology ecosystem. In fact, we have already added bench strength to our leadership team with the addition of Dzung Nguyen, Technology Banking East Region Head, based in New York City. I invite you to read Dzung's industry insights on page 9.

Founders and investors will always find their ways to each other, but external factors such as a geographic ecosystem, renowned universities, and like-minded people keen on pushing the limits of technological innovation all help to facilitate the connectivity. It is certainly no coincidence that the most developed VC markets globally include sophisticated and diverse metropolitan areas such as the San Francisco Bay Area, London, Beijing, and of course, New York City.



Tom Harper

Head of Wells Fargo Technology Banking Group



Macro trends

The New York metropolitan statistical area (MSA), which includes New York, Northern New Jersey, and Long Island, is both the world's premier financial hub and a leading venture ecosystem in the U.S., second only to San Francisco. To foster an active and thriving venture hub in the U.S., a city must meet a few criteria, including hosting a high density of startups and venture capital (VC) firms, a large talent pool, and reputable research institutions.

The New York MSA venture ecosystem has consistently outperformed other cities for the past decade because it has met all these conditions. The likes of big banks, mature corporations, and promising startups are headquartered in New York City. With VC firms sharing the same headquarters, the supply and demand of capital converges, and the close proximity between founders and investors enables professional relationships to mature. However, there would be no startups to invest in without the talent to support good ideas. NYC is a hub for top talent because it is an entry point for immigration. Local academic and research institutions complement the inflow of overseas talent by supplying the city with an educated local populace. These conditions are essential components for developing the network and infrastructure to host and nurture a lively VC ecosystem.

With these variables in mind, it is no surprise that the New York venture landscape outshines that of most other American cities and is at the forefront of investment opportunities, such as fintech and payment systems. NYC hosts some of the world's largest commercial banks, asset managers, and direct lenders alongside consumers and startups with an insatiable appetite for capital, thus emphasizing the allure of fintech. From the startup perspective, the New York venture environment is conducive for risk-taking, meeting capital demands, and pushing technological frontiers.

To thrive as a venture hub, a city needs:



**A high density
of startups
and VC firms**



**A large
talent pool**



**Reputable
academic and
research institutions**

Trend analysis

New York City has long been cemented as one of the top hubs for venture activity in the U.S., ranking second behind San Francisco in terms of deal count since 2013. Over the past decade, New York startups consistently raised approximately half of what San Francisco startups raised each year while the New York MSA continued to maintain its position as the second most lucrative VC ecosystem in the U.S. The schism is narrowing, with over \$24 billion in VC deal value closed in New York in 2024 YTD compared to San Francisco's total of \$31.4 billion. Both cities remain a steadfast distance away from Los Angeles, the third-largest VC hub, as the only two areas to each generate more than \$10 billion across more than 1,000 deals so far in 2024.

Top United States MSA (#) by 2024 deal count

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
San Francisco-Oakland-Fremont, CA MSA	1621	1876	1835	1720	1845	2121	2170	2210	2993	2717	2165	1251
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA	1146	1323	1430	1311	1411	1557	1788	1728	2667	2424	2015	1148
Los Angeles-Long Beach-Santa Ana, CA MSA	619	739	804	764	915	974	1028	1089	1528	1424	1013	542
Boston-Cambridge-Quincy, MA-NH MSA	689	676	784	676	783	805	836	888	1127	1039	807	481
San Jose-Sunnyvale-Santa Clara, CA MSA	679	742	756	684	703	717	734	692	1008	837	648	404
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	191	228	235	247	275	272	332	401	557	630	489	243
Seattle-Tacoma-Bellevue, WA MSA	314	306	361	303	370	376	399	371	518	482	368	225
Miami-Fort Lauderdale-Pompano Beach, FL MSA	145	199	178	178	206	242	242	260	461	504	396	213
Austin-Round Rock, TX MSA	289	297	323	276	346	365	380	355	521	500	472	211
Chicago-Naperville-Joliet, IL-IN-WI MSA	257	288	299	313	296	324	354	359	481	435	358	197
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	269	296	285	280	306	312	322	275	438	360	365	160
San Diego-Carlsbad-San Marcos, CA MSA	238	283	284	282	302	277	312	319	478	318	265	156
Denver-Aurora, CO MSA	140	187	226	181	239	222	278	257	335	284	242	143
Dallas-Fort Worth-Arlington, TX MSA	199	164	197	193	183	169	217	247	246	264	200	122
Atlanta-Sandy Springs-Marietta, GA MSA	169	189	189	161	181	209	216	228	310	297	218	109
Houston-Sugar Land-Baytown, TX MSA	94	109	131	129	141	144	144	142	251	192	164	86
Minneapolis-St. Paul-Bloomington, MN-WI MSA	113	133	137	119	126	163	132	120	182	171	163	81
Dover, DE MSA	9	5	17	18	24	28	36	45	83	102	92	74
Portland-Vancouver-Beaverton, OR-WA MSA	99	102	102	110	109	117	124	112	156	133	119	67
Phoenix-Mesa-Scottsdale, AZ MSA	94	117	132	119	120	100	130	135	168	166	117	66

*Data as of 08/07/2024. Full year 2024 is forecasted.

2024 NY Venture Deal Highlights

\$24.3 billion raised across 1,148 deals in 2024 YTD

Deals in 2013 to **\$24.3 billion** raised across 1,148 deals in 2024 YTD — a fivefold increase in total capital raised

Software sector favorably, as the amount of capital invested in the space grew from **\$1.9 billion** in 2023 to **\$11.1 billion** in 2024

Cybersecurity and AI applications have likewise attracted a steady stream of larger checks in recent quarters

New York is one of the most active corporate venture capital (CVC) spaces in the U.S.

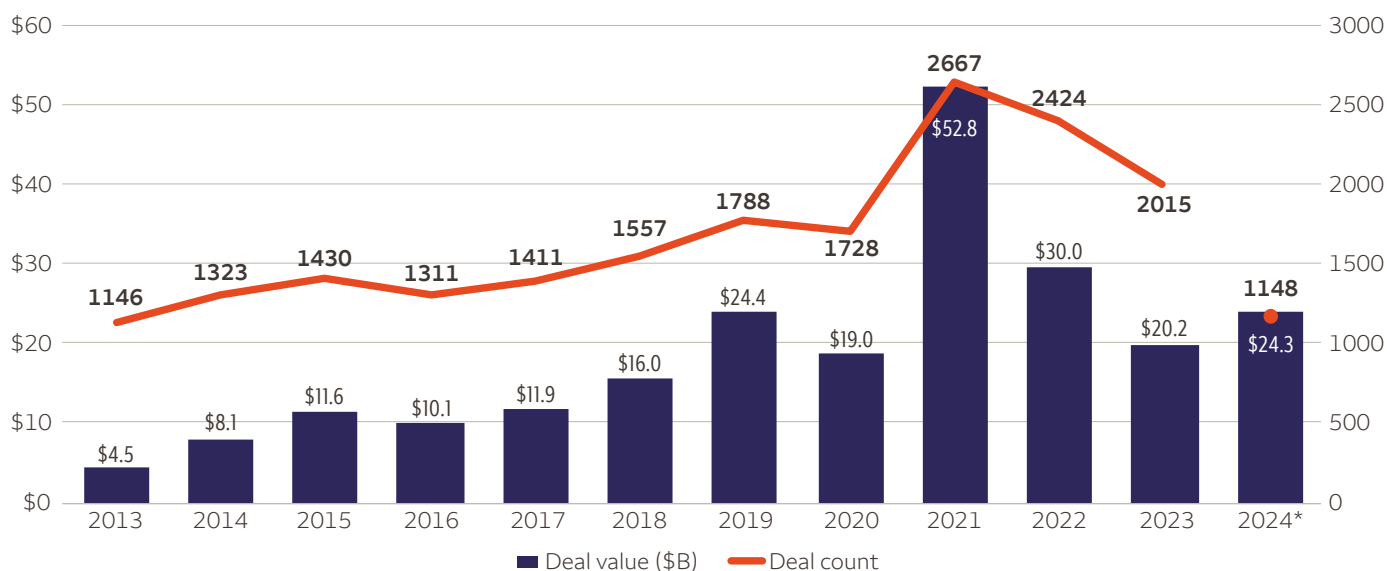
Most 2024 unicorn deals in New York YTD feature CVC participation in AI or AI-related startups

Only **\$4.8 billion** was generated in exit value across 164 deals in 2023

VC deals for female-founded companies trended downward since a peak in 2021 and are down to a mere 87 deals in 2024 YTD, a 51.9% drop YoY

Firms with at least one female founder and firms with all female founders together raised **\$2.5 billion**, or 10.3% of total capital raised in 2024 YTD

New York-Northern New Jersey-Long Island, NY-NJ-PA MSA VC deal activity



*Data as of 08/07/2024. Full year 2024 is forecasted.

Delving deeper into the New York VC ecosystem reveals an array of characteristics that distinguishes it from all other U.S. cities as a top investment destination. Venture deal activity has steadily risen in deal value and count since 2013 and reached its pinnacle in 2021 with a record-breaking \$52.8 billion raised across 2,667 deals. Since then, activity has moderated to historical levels, with \$24.3 billion raised across 1,148 deals in 2024 YTD, while maintaining a healthy pipeline of early-stage deals. Median VC deal sizes have also flattened across deal stages, indicating a new steady state. However, underneath these seemingly calm waters are outlier deals that drove up median pre-money valuation figures, giving rise to a wave of new tech unicorns while veteran unicorns continued to garner large checks.

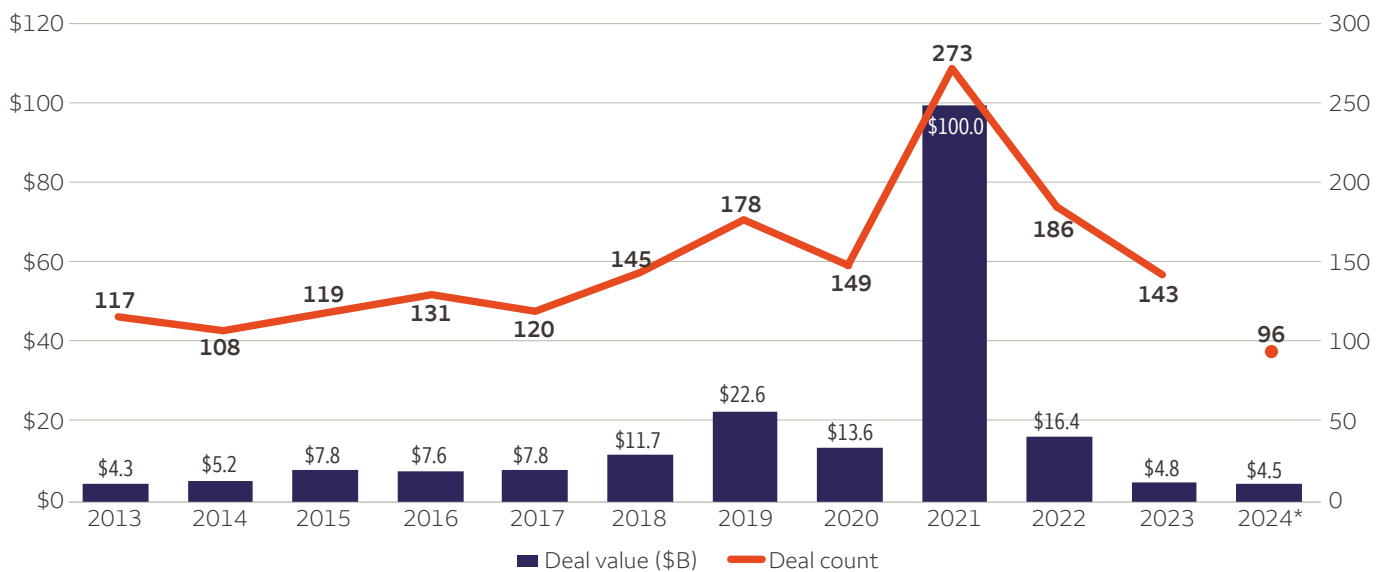
From a mere \$4.5 billion raised across 1,146 deals in 2013 to \$24.3 billion raised across 1,148 deals in 2024 YTD — a fivefold increase in total capital raised — New York’s startup ecosystem is inundated with venture funding, making way for megadeals and better late-stage support. Thus far, deals exceeding \$25 million have ticked up to 10% of deal activity, and the aggregate capital invested in deals over \$25 million has grown to \$20.7 billion, exceeding 2023’s total of \$13.5 billion. At the same time, the share of late-stage venture deals has grown in terms of deal count and size. The uptick in capital poured into late-stage venture deals is notable, as this figure also alludes to a shift toward bigger checks for older companies. Meanwhile, the quantity of megadeals has steadily increased over time, excluding the pandemic-era deal spike of 137 megadeals. A number of these megadeals are associated with behemoth valuations — there are 21 companies in New York valued over \$1 billion. In particular, the median pre-money valuation of venture growth deals skyrocketed to \$894.3 million, which is a 325.9% increase YoY, led by investments into software and healthcare.

Most startups that received large checks were tech companies primarily operating in the software space. Investment growth in software has been much slower, with the sum of annual capital invested rarely exceeding \$2 billion. However, 2024 is different. Startups are capitalizing on more cost-effective, open-source AI models, and tech talent is flowing from all parts of the U.S. into New York City! This has positioned the software sector favorably, as the amount of capital invested in the space grew from \$1.9 billion in 2023 to \$11.1 billion in 2024 YTD. Two tech megadeals in the region closed in May, leading Q2 2024 to notch a record high quarterly aggregate deal value of \$16.8 billion. CoreWeave’s \$8.6 billion Series C and Wiz’s \$1 billion Series E1 represent the strong current of venture funding dedicated to cloud infrastructure and security. Cybersecurity and AI applications have likewise attracted a steady stream of larger checks in recent quarters.

Corporate venture arms are also no strangers to New York VC, as New York is one of the most active corporate venture capital (CVC) spaces in the U.S. CVC arms play a significant role in driving venture activity, accounting for \$17.6 billion in deal value, or 72.4% of total VC deal activity, across 210 deals so far in 2024, compared with \$9.4 billion raised across twice the number of deals in 2023. A few of the most active CVCs headquartered in New York include SoftBank Capital, Endeavor Catalyst, and Comcast Ventures, with investment strategies covering a vast range of industries. However, more recently, a conspicuously favored investment choice is emerging — AI. Most 2024 unicorn deals in New York YTD feature CVC participation in AI or AI-related startups. AI has taken the U.S. venture ecosystem by storm, and New York-based CVCs are keeping pace with trends if not setting the trends themselves.

Exit activity appears to have bottomed out, with YTD 2024 exit value already reaching 94% of the total raised in 2023, meaning the year is on track for YoY growth. Acquisitions constituted the majority of exits this year, but three public listings weathered the storm and brought in \$1.4 billion. Software companies dominated the exit space, but biotech & pharma exits have brought in just as much value as software plays so far in 2024 at \$2 billion in exit value. Compared to other metro areas, New York MSA-based companies underperformed and lagged their California-based counterparts as exit activity lost its luster in 2023 and continued its downward trend into 2024. Only \$4.8 billion was generated in exit value across 164 deals in 2023, which is the lowest value since 2013, indicating a wave of heavily discounted public companies. Despite the lower exit values in 2023 relative to historical figures, the number of exits for New York MSA-based companies maintained an edge against other metro areas. So far in 2024, both San Francisco and New York companies have achieved 96 exits, indicating that neither area has been insulated from the broader exit downturn as the U.S. growth engine loses steam.

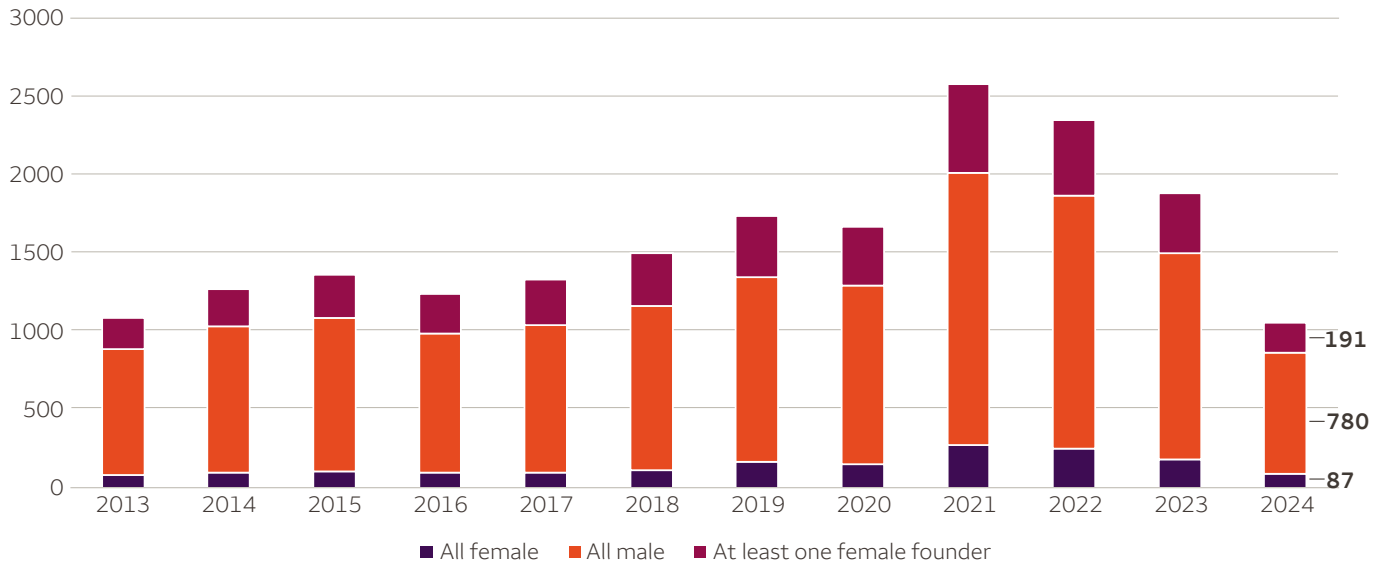
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA VC exit activity



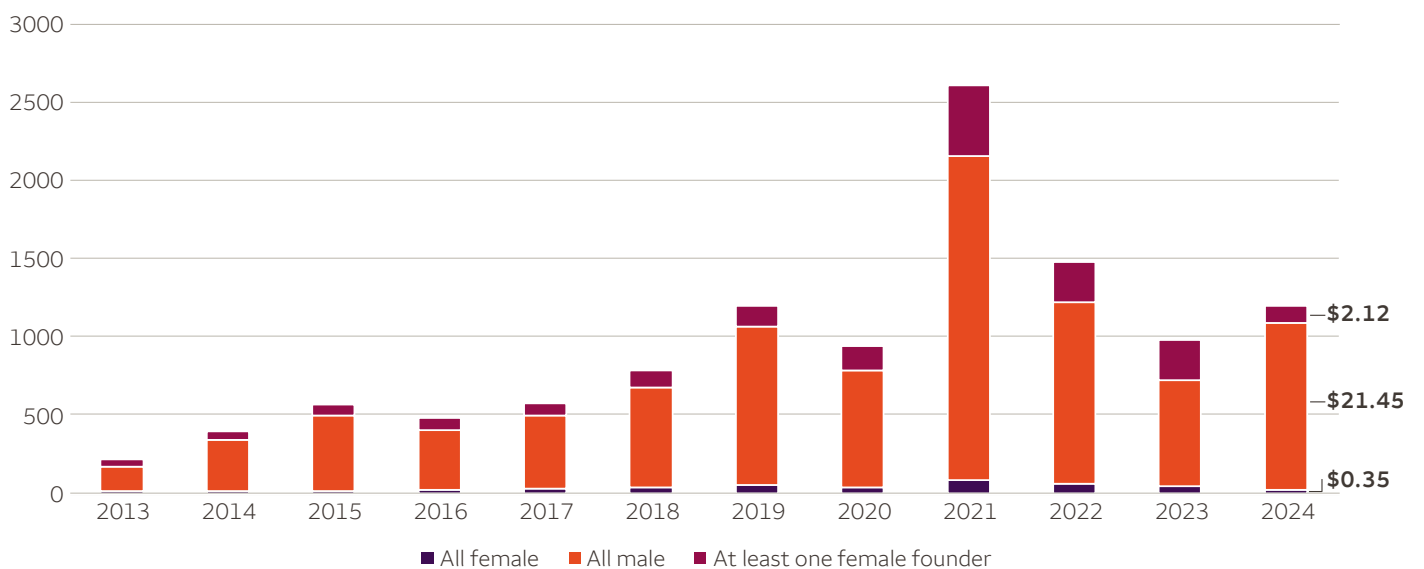
*Data as of 08/07/2024. Full year 2024 is forecasted.

It is evident that New York hosts a favorable funding environment for tech startups, but in terms of founder diversity, there is still room for improvement. According to the U.S. Census Bureau, the gender ratio of the working age population leans female dominant.² However, VC deals for female-founded companies trended downward since a peak in 2021 and are down to a mere 87 deals in 2024 YTD, a 51.9% drop YoY. Startups with at least one female founder have fared slightly better in absolute terms with a total of 191 deals, but this figure has also decreased over time. In aggregate, firms with at least one female founder and firms with all female founders together raised \$2.5 billion, or 10.3% of total capital raised in 2024 YTD. While the figures appear miniscule, they still represent a step in the right direction.

VC deal count in by female founder
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA



VC deal flow (\$B) in by female founder
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA



Interview insights



Dzung Nguyen
Technology Banking
East Region Head
Wells Fargo Commercial Banking

Q: How did you first get involved in the banking industry?

A: My path into banking was unexpected, although I've always had an interest in finance. I graduated as an accounting major and started my career as a Certified Public Accountant (CPA) at a large firm in the D.C. area. At the time, I was aligned to sectors including financial institutions, real estate, and technology. As I performed audit work in the financial sector, this enhanced my curiosity about the intricacies of banking, including the wide breadth of banking solutions and their applications to many different industries. Following my CPA journey, I worked briefly at a technology company before pursuing my MBA and transitioning into banking. I've been here ever since.

Q: What inspired you to join Wells Fargo's Technology Banking Group?

A: I joined Wells Fargo Technology Banking Group for several reasons, including the bank's focus and investment in our group. We cover an expansive range of tech companies across growth cycles, including early-stage companies, growth stage companies, and mature public companies. We have a strong team, and our bankers are seasoned with deep expertise in fintech, software, hardware, e-commerce, semiconductor, business and technology services, and sustainable tech. The team understands that our clients want to bank with a financial institution that can scale with them throughout the business lifecycle, and we possess the breadth of solutions necessary to support their growth, including capital raising. It is critical that as companies mature, they bank with a financial institution that can help them achieve their growth objectives.

Fast facts

Hometown: Hanoi, Vietnam. I also spent a portion of my childhood in Stockholm, Sweden and my adult life in the U.S., mostly in New York City.

Higher Education: Georgetown McDonough School of Business (MBA)

Languages: English, Vietnamese, Swedish

Favorite quote: "Comfort is the enemy of growth."

What's also exciting is that we are growing our footprint. We have our core presence in hubs such as New York City, Boston, Philadelphia, and Atlanta, and we are deepening relationships with our clients in these cities. In addition, we are seeing strong expansion and activities in other parts of the region. I am thrilled to work with our team to increase coverage and better serve our technology clients in these core and growing markets.

Q: What are your top priorities for leading the Technology Banking Group's East Coast team in 2025?

A: Focusing on our clients is always the top priority. Our clients are the most innovative technology companies, and we want to see them succeed. Depending on the growth cycle of our client, we offer a tailored advisory approach designed to help them scale and meet their specific goals. Our seamless collaboration across the Wells Fargo enterprise with business groups such as Corporate & Investment Banking, Wealth & Investment Management, and Technology Finance enables us to deliver holistic solutions. The ability to understand and anticipate banking needs such as working capital optimization, foreign exchange, and capital markets advisory also sets our team apart.

Additionally, developing and investing in our team continues to be a top priority. With our expanded coverage, attracting new talent is also a key goal for us. The activities of the tech ecosystem in hubs like New York City remain solid. The expansion of our team will enable us to actively engage with companies earlier, build relationships with founders, and advise them through growth phases.

Q: What are your views around the importance of diversity and inclusion within this tech ecosystem?

A: Technology is innovation. I truly believe that if we don't have diversity and inclusion in the tech ecosystem, then we cannot reach the fullest potential for innovation. Diverse perspectives and ideas push boundaries for what may seem impossible.

In hubs like New York City, the number of tech companies is growing at a rapid pace, with more start-ups being led by diverse founders, particularly in climate tech and internet/e-commerce. I am a strong advocate for women in tech and have been actively involved in providing forums for dialogue, connections, and building the tech ecosystem with women tech leaders in the city.

For example, Wells Fargo recently sponsored a 50-city tour of the film "Show Her The Money," which highlights the inequities women founders face in securing Venture Capital (VC) funding. When attending the showing in New York City, I saw first-hand how important it is for Wells Fargo to support this segment.

Q: From your perspective, what unique attributes have you observed within the technology industry that set it apart from other industries, and how have they fueled your interest for the field?

A: Innovation and speed of change are the key elements driving my interest in technology. And it may sound cliché, but on a day-to-day basis, the relationships we build with founders of cutting-edge technology companies is the most rewarding part of my job and continues to fuel my passion for the field.

Our team's focus on helping technology companies scale is also an attribute that draws me to the sector and Wells Fargo. As a firm, we focus on enhancing our technology to seamlessly connect with our clients through channels such as API integration and digitized lending processes. In fact, we recently announced a broad suite of new API solutions that provide faster and more flexible inventory management, order processing, invoicing, accounts payable, and supply chain management. I value being part of a sector and a bank that takes the next step forward.

Q: In your view, what will be the biggest challenges or opportunities for technology banking in 2025?

A: The challenge remains for tech companies to drive both growth and profitability. For earlier stage companies, the ability to raise capital and stretch the raised dollar over a longer period continues to be important. The need for debt solutions that bridge the gap between capital raises continues to present an opportunity for technology banking providers. For later stage companies with established financing facilities, the declining rate environment presents opportunities to expand and extend financing facilities. A strategic technology banking provider brings holistic banking solutions and insights to advise companies on their growth path. Wells Fargo has been involved in technology banking for more than 25 years, launching the practice initially to support tech startups in Silicon Valley. We have the history and the scale to truly make a difference.

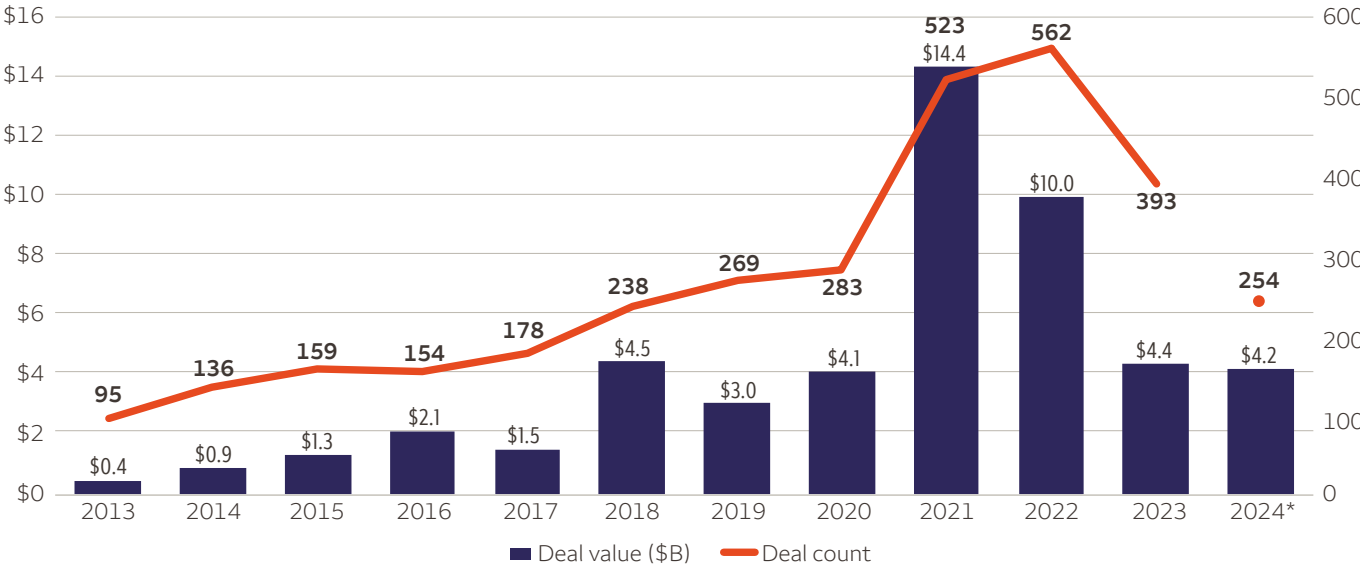


Spotlight – Fintech and Payments

New York City hosts the world’s largest banks as well as the world’s largest stock market and continues to be a premier financial hub. With financial services as the lifeblood of the city, investments into fintech and payment systems are crucial to continually meet an evolving lending landscape and enable financial institutions to keep abreast of the latest financial innovations.

The strength of New York’s fintech ecosystem lies in its network of incumbents, banks, and resources that enable startups to flesh out a good idea, build relationships with industry participants, and partner with incumbents to build a consumer base. New York fintech startups have amassed \$4.2 billion in venture funding across 254 deals in 2024 YTD and are on track to exceed 2023’s \$4.4 billion raised across 393 deals.

VC Deal flow in Fintech and Payments
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA



*Data as of 08/07/2024. Full year 2024 is forecasted.

Notable fintech deals in 2024 have highlighted opportunistic investments into B2B financial services, consumer finance, and decentralized finance (DeFi). In fact, the startups with the highest post-money valuations offered financial services that enabled businesses to more efficiently manage and track expenses. Ramp, an AI-powered one-stop financial platform, raised \$150 million, valuing it at \$7.7 billion. There was even more investor activity in startups catering to consumer finance, with Bilt Rewards making headlines as the first company to allow renters to accrue loyalty points with no transaction fees. The startup raised \$347.5 million, putting the company's post-money valuation at \$3.1 billion and making it the second most valuable fintech startup in New York YTD. Other notable investments were made in DeFi related to the digitalization of payment systems. With a digital footprint, payments are becoming more traceable, which raises concerns over privacy, hence more investment in DeFi systems. In 2024, Foredefi and HiFi Bridge closed their first financing rounds, and Cryptospherex secured its third financing round.

New York's vibrant fintech ecosystem offers startups a plethora of mentorship and resources, which, in turn, enables firms to explore financial solutions that democratize access to credit. The startups earning investor favor today work with underserved and underbanked communities from low-income, no-credit individuals to small and medium-size enterprises. Looking forward, programs such as FinTech Innovation Lab New York will ensure that the New York venture ecosystem continues to fund innovative solutions addressing the most pressing challenges in fintech.³



Looking forward

The New York MSA is a growing venture hub, and healthy deal activity trends amid a broader venture downturn have cemented its place as the second most active ecosystem in the U.S. Portfolios are largely characterized by tech investments, particularly in software. As more tech companies sprout, the demand for tech talent is anticipated to increase. Labor-pool quality decreased during the pandemic as immigration slowed and the economy came to a halt, but a recovery in immigration and domestic relocations as well as enhancements to educational infrastructure will be pivotal to supplying a talented labor force in the New York area. Compared with most other cities, New York is already a step ahead by these metrics.

Additionally, New York's status as a financial hub positions startups in industries beyond tech, such as fintech, advertising and media, and cybersecurity, to thrive as well. There is no shortage of accelerators supporting an array of industries, which is a testament to the openness of the New York venture ecosystem. Fintech has an upper hand because New York's vast network of incumbents and its extensive history at the helm of finance fosters an ecosystem conducive to building strong industry partnerships and client bases. As more startups and venture firms set up shop in New York, Silicon Valley's competitive advantage will be challenged, and New York's "Silicon Alley" will no longer be just an alley.

Wells Fargo's commitment to tech in NYC is demonstrated in the hiring of additional industry talent for our east coast technology practice in order to further support founders throughout their growth stages.

Tom Harper

Head of Wells Fargo
Technology Banking Group

Methodology

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the PitchBook [report methodologies page](#). Fintech and software are two spaces with custom curated criteria that align with Wells Fargo's definitions.

Fintech is defined as payments, online lending, investment platforms, personal finance, application software, and infrastructure.

Software is defined as application software, infrastructure, security, payments, investment platforms, online lending, and personal finance.



About Wells Fargo

Wells Fargo & Company (NYSE: WFC) is a leading financial services company that has approximately \$1.9 trillion in assets. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking and Wealth & Investment Management. Wells Fargo ranked No. 34 on Fortune's 2024 rankings of America's largest corporations. In the communities we serve, the company focuses its social impact on building a sustainable, inclusive future for all by supporting housing affordability, small business growth, financial health, and a low-carbon economy.

About Wells Fargo's Technology Banking Group

As part of the Commercial Banking division, Wells Fargo's Technology Banking Group has delivered specialized insights and recommendations to technology companies for more than 25 years. The team provides scalable support to clients in all stages of the business lifecycle – early, growth, and maturity – and combines industry experience with the strength and resources of one of the largest U.S. commercial banks. Primary subsector focus includes Software, Fintech, E-commerce, Semiconductor, Business & Technology Services, and Sustainable Tech.

1. "New York Tops Destinations for Relocating Tech Workers," *The Wall Street Journal*, Yuliya Chernova, April 15, 2024.

2. "New York City, New York," U.S. Census Bureau, n.d., accessed August 22, 2024.

3. "FinTech Innovation Lab New York Announces 2024 Class," FinTech Innovation Lab, March 28, 2024.

The views expressed are intended for Wells Fargo customers, prospects, and other parties. They present the opinions of the authors on prospective trends and related matters in the venture capital ecosystem, and do not necessarily reflect the views of Wells Fargo & Co., its affiliates and subsidiaries. Opinions expressed are based on diverse sources that we believe to be reliable, though the information is not guaranteed and is subject to change without notice. This is not an offer to sell or the solicitation to buy Wells Fargo product or service including security or foreign exchange product.