

## Macro Roundup Article

**Headline:** [Start-Up Failures Rise 60% As Founders Face Hangover From Boom Years](#)

**Article Link:** <https://www.ft.com/content/2808ad4c-783f-4475-bcda-bddc0299095e>

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**Tweet:** Start-up failures are up 60% year-over-year in Q1 2024 and are running at 7x the 2019 rate according to @cartainc data. Only 9% of venture funds raised in 2021 have returned capital to investors, vs. 25% of 2017 funds in their third year of operation.

**Summary:** According to data from Carta, which provides services to private companies, start-up shutdowns are rising sharply, even as billions of dollars of venture capital gushes into artificial intelligence outfits. Carta said 254 of its venture-backed clients had gone bust in the first quarter of this year. The rate of bankruptcies today is more than seven times higher than when Carta began tracking failures in 2019. Peter Walker, head of insights at Carta, said there had been a “huge drop” in the number of companies able to raise money again within two years of their last funding round. That is particularly galling for start-ups that have slashed costs to survive over the past two years, sacrificing growth in the process. “The advice shifted...VCs [were] telling you to grow at all costs, then to be profitable tomorrow. If you’ve curtailed your growth with cuts then it’s maybe not a VC business.” Only 9% of venture funds raised in 2021 have returned any capital to their ultimate investors, according to Carta. By comparison, a quarter of 2017 funds had returned capital by the same stage.

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**Primary Topic:** Growth

**Topics:** Business Cycle, Database, GDP, Growth, Important!, Investment, News article, Productivity, Startups, Weekly

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