

Macro Roundup Article

Headline: [Silicon Valley start-ups race for debt deals in funding crunch](#)

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Tweet: With the total value of new venture capital funding down 42% to \$286B for the first 11 months of 2022, many private technology companies are turning to debt markets to avoid writing down their equity valuations. @ft

Summary: A sharp decline in venture capital dealmaking, alongside a closed market for initial public offerings, has resulted in a funding crunch for many private technology companies over the past year. Company founders have entered into debt-focused deals such as bridge loans, structured equity, convertible notes, participating bonds and generous liquidation preferences. These moves are designed to avoid a dreaded “down round” — accepting funding at a far lower valuation than a company had previously secured. New VC deals fell 42% in the first 11 months of this year to \$286bn, compared to the same period last year, according to investment data company Preqin. Silicon Valley law firm Cooley said the total value of late-stage VC deals it advised on had slumped almost 80% this year.

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Primary Topic: Startups

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