

# US startups see the weakest quarter of 2023, funding plummets by 39%

*After a slight uptick in Q1 2023 and Q2 2023, Q3 2023 has seen a significant drop in funding, making it the least funded quarter in the last five years.*

USA, September 28, 2023 /EINPresswire.com/ -- US startups see the weakest quarter of 2023, funding plummets by 39%

[\(Tracxn Geo Quarterly Report: US Tech - Q3 2023\)](#)

## Highlights:

- Total funding into US Tech startups dropped 39% to \$19.8B in Q3 2023, compared with \$32.5B in Q3 2022
- Four companies reported funding rounds that were \$500 million+
- In Q3 2023, 310 acquisitions and four IPOs took place
- San Francisco took the lead in terms of funding
- Enterprise Applications, Life Sciences and HealthTech were the top-performing sectors in Q3 2023

US, September 28, 2023: Tracxn, a leading global SaaS-based market intelligence platform, has released its [Geo Quarterly Report: US Tech - Q3 2023](#). The report, based on Tracxn's extensive database, provides insights into the US Tech space.

The tech sector in the United States has maintained its position as the leading funded geography, followed by the United Kingdom and China in the third quarter of 2023. Funding in this space has been declining after the peak in 2021. After a slight uptick in Q1 2023 and Q2 2023, Q3 2023 has seen a significant drop in funding, making it the least funded quarter in the last five years.

The primary reasons behind this decline in funding are the global economic slowdown, the rise in interest rates, and inflation. These have led to increased borrowing costs and the price of commodities, leading to a slower flow of capital.

US Tech startups witnessed total funding of \$19.8 billion in the third quarter of 2023, a decline of 41% from Q2 2023 and 39% compared with Q3 2022. This sharp drop was largely due to the

significant decline in late-stage investments during the quarter, which plummeted 45% and 25% from Q2 2023 and Q3 2022, respectively. This sector observed late-stage funding worth \$10.8 billion in Q3 2023, far lower than \$19.6 billion in Q2 2023 and \$14.8 billion in Q3 2022.

Early-stage investments worth \$7.8 billion were observed in Q3 2023, a 34% fall from the previous quarter (Q2 2023) and 49% lower than the corresponding quarter last year (Q3 2022). Companies in this space secured seed-stage investments worth \$1.2 billion during the quarter, which is a 36% drop from Q2 2023 and a 51% drop compared with Q3 2022.

A total of 48 funding rounds were worth \$100 million and higher, out of which four rounds were \$500M+. The bulk of these \$100M+ funding rounds were from the Enterprise Applications, Life Sciences, and Environment Tech segments.

The top-performing segments during the third quarter of this year were Enterprise Applications, Life Sciences, and HealthTech, while the most affected were Retail and FinTech.

In Q3 2023, the US Tech ecosystem welcomed the emergence of three new unicorns, a significant drop of 81% from 16 unicorns in Q3 2022 and a decrease of 77% from the 13 unicorns in Q2 2023. Kin, Ascend Elements, and Apollo earned their place in the prestigious global unicorn list during this period, reflecting the evolving landscape of technology-driven enterprises.

Furthermore, Q3 2023 witnessed four IPOs, three of which were from the Life Sciences Industry. VIRNECT, Turnstone Biologics, Apogee Therapeutics, and 60 Degrees Pharmaceuticals successfully went public in July 2023.

However, there was a notable decrease in the number of acquisitions, with a total of 310 acquisitions in Q3 2023. This marks a decline of 41% from the 522 acquisitions in Q3 2022 and a decrease of 17% from the 375 acquisitions in Q2 2023.

Among US cities, startups based in San Francisco attracted the maximum funding (\$3.3 billion), followed by New York City (\$1 billion) and Carson City (\$1 billion).

Y Combinator, Techstars, and New Enterprise Associates were the overall most active investors in the US Tech ecosystem. Y Combinator, Techstars, and Plug and Play Tech Center were the top seed round investors in Q3 2023, while Khosla Ventures, New Enterprise Associates, and Insight Partners were the top early-stage investors in Q3 2023. DFJ Growth, Iconiq Capital, and Sapphire Ventures are the top late-stage investors in Q3 2023 were the top late-stage investors in Q3 2023.

About Tracxn

Tracxn Technologies Ltd. is a data intelligence platform for private market research, tracking 2 million entities through 1800+ feeds categorized across industries, sub-sectors, geographies, and

networks globally. It has become one of the leading providers of private company data and ranks among the top five players globally in terms of the number of companies and web domains profiled.

Media Contacts:

Lakshmitha Raj  
Manager PR and Corporate Communications  
Tracxn Technologies Ltd.  
Bangalore, India  
Email: lakshmitha.raj@tracxn.com  
Mobile: +91 8882133433  
tracxn.com

Lakshmitha Raj  
Tracxn Technologies Limited  
+91 88821 33433  
pr@tracxn.com  
Visit us on social media:

[Twitter](#)

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/658344976>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.