

Silicon Valley grabs record share of venture capital activity

22 April 2014 | By [Mark Boslet](#)

Valley accounts for nearly 50 percent of nation's venture investing

Silicon Valley's share of venture capital investing nationwide grew to record levels in the first quarter as investors there handed out nearly 50 percent of all money going to startups.

The Valley, a hotbed of excitement over cloud and mobile computing, big data and disruptive social Internet businesses, invested \$4.7 billion in U.S. based startups during the first three months of the year, according to the MoneyTree Report put together by **PricewaterhouseCoopers**, the **National Venture Capital Association** and **Thomson Reuters** (publisher of *VCJ*).

That's up a hefty 42 percent from the \$3.3 billion of the fourth quarter of 2013. Big deals contributed significantly to the total as conventional VCs, along with hedge and mutual funds, looked favorably at the IPO prospects of young, maturing companies. With the number of companies receiving money largely unchanged at 321, average round size spiked.

Nationwide, venture capitalists invested \$9.47 billion during 2014's first quarter. That means the Valley accounted for 49.6 percent of money allocated. A *VCJ* analysis of quarterly investment totals from 1995 to the present found only two quarters where the percentage was even close. That was the third quarter of 2013 and third quarter of 2009, when Silicon Valley's share of invested capital was 46 percent.

Most quarters are well under that mark. The Valley invested only 32 percent of capital distributed to startups in the third quarter of 2000. In the third quarter of 2007, it was responsible for 36 percent.

Investment growth in other regions was generally more restrained. Massachusetts investing rose 8 percent to \$961 million and topped that of the New York metro area by a whisker after trailing the Big Apple in the fourth quarter. New York startups received \$960.6 million, down 15 percent.

Investments in Los Angeles rose 12 percent and in San Diego climbed 66 percent after an unusually soft fourth quarter, but were off noticeably in the Washington, D.C., area (down 31 percent) and the Northwest.