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Global venture capital crushing records as 2021 dubbed the year of startups

An expansion in online time and services has meant that investment in startups is skyrocketing across the globe, led by the tech sector. Crushing records in only 6 months, the rapid growth in investment means companies are now maturing and expanding into new markets globally.

New research from Dealroom has found that global VC investment has reached an all-time high in 2021, having already topped last year's records with over €264B invested globally in the first six months of 2021.That's up from €114B for the same period in 2020.

The total of all rounds where investment exceeded $100M in the first half of 2021 outstripped the total Seed-Series C investments throughout the whole of 2020. The higher number of VC investments in Series C means that companies are now maturing and expanding into new markets across the globe.

Europe has been the fastest growing region for VC investment, outperforming the US, China and Asia. The region is also leading the charge with the most unicorn cities, currently standing at 65.

Unicorns everywhere

Since January, more than two unicorns have been announced daily. Currently, 170 cities are home to at least one unicorn thanks to a surge in mega rounds.

There are now 1,600 unicorns globally, of which 900 are yet to list. A total of 351 have been created in the first half of 2021.

While the US, Europe and China lead the way in terms of the total number of unicorns, nearly all regions are seeing a growth in billion dollar valuations. Nigeria, Colombia and Mexico are currently seeing the fastest year-on-year growth.

Global growth can be attributed to an expansion in online services and increased time spent online in order to access these. 2021 has also seen the growth in capital available for people to scale their businesses and a strong talent pipeline of experienced tech workers globally.

Tech becomes an even safer bet

The latest trends in global investment reveal investors are moving capital into venture as tech has dramatically become a safe asset.

Since the onset of the pandemic, the tech sector has proved to be resilient and safe investment for venture capitalists following the economic downturn which has impacted retail, aviation and the hospitality industries severely over the last 18 months.

Governments around the globe are recognising tech as a strong growth engine, creating jobs and attracting investment which is now helping to drive post-COVID-19 recovery and global competition.

The last six months have seen tech company valuations balloon to over $35T.

Yoram Wijngaarde, founder and CEO at Dealroom said, “Tech continues to be a major economic driver, attracting investment and jobs at a time when the rest of the economy slowed down as a result of the COVID-19 pandemic.”

> *“Investment into startups are at an all-time high because investors see tech as a safe asset and*

> *innovation is continuing as entrepreneurs are identifying gaps in the market and are bulging with ideas. This is a huge vote of confidence in the global tech sector."*

But while investment is skyrocketing globally, inequalities and discrepancies remain at all local levels. All male tech teams have secured 86% of all venture capital funding, with a significant shortage of VC funding going to firms with at least one female founder.

A geographical shake up

The investment boom has allowed startups to create new jobs across the globe. Singapore has benefited tremendously from new energy and innovative ideas creating new career opportunities, embedding tech into more spaces and drawing from Indonesia's pool of young tech talent.

Trends are also showing the prosperity of the tech sector is rapidly spreading across the Middle East, Sub Saharan Africa and Latin America with an increased number of unicorns and venture capital invested in countries such as Turkey, Nigeria and Sao Paulo.

In Nigeria alone, the tech capital of Africa has seen over $1.9B invested since 2015, with the pandemic driving an additional $474M of investment this year.

As the US continues to outperform the rest of the world when it comes to the creation of new unicorns, there is a shift underway within the country itself. Dealroom data clan reveal that New York and Boston are getting close to Silicon Valley size, a sign that entrepreneurs and companies are moving from the Bay Area.

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