RUNWAY
GROWTH CAPITAL

2024-2025 Venture Debt Review

In partnership with PitchBook

Table of Contents

01 Executive Summary 3

02 Market Trend Analysis 4

03 Survey Trend Analysis 9

04 Conclusion and Outlook 11

05 Methodology and Disclaimers 12

Executive Summary

After a decade of capital abundance, the venture ecosystem is entering a new era—defined not by how much money is raised, but how wisely it's deployed. As startups prioritize efficiency and control, venture debt is emerging as an essential part of the funding playbook.

In 2024, aggregate venture debt deal value surged past $53 billion, marking a significant increase. Yet, the number of deals completed fell to its lowest level since 2014. This divergence reflects a broader trend in venture financing: fewer transactions, but larger, more strategic capital raises. It also highlights the growing role of debt in a capital-constrained environment where companies are increasingly focused on preserving ownership and runway.

A survey conducted by Runway Growth Capital shows greater familiarity with venture debt across the ecosystem. Still, competition remains fierce—not just among lenders, but from a growing range of capital sources. This has created a clear divide: while early-stage companies remain more reliant on equity, late- and growth-stage startups are increasingly turning to debt as a preferred alternative to dilution.

Sector trends reinforce this shift. Healthcare devices and supplies remain one of the most active categories for venture debt, while energy and sustainability-focused businesses continue to draw steady demand. In both sectors, as well as across tech and SaaS, mature startups with recurring revenue and capital efficiency are using debt to prepare for strategic outcomes—whether M&A or IPO.

Importantly, the rise of larger, late-stage debt deals—especially those that follow major equity raises—reflects how sophisticated companies are sequencing funding to match their needs. These "stacked" financings enable founders to maintain control while fueling growth, and underscore venture debt's role as a flexible complement, supplement, or alternative to equity.

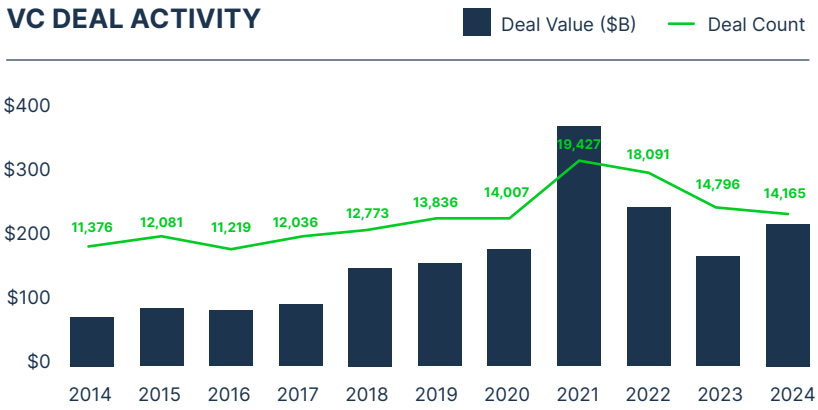
Looking ahead, venture debt is likely to remain a key component of the capital stack, particularly for companies with strong fundamentals navigating today's prolonged exit environment. While total deal volume may fluctuate based on the frequency of megadeals, the underlying demand for minimally dilutive growth capital is only growing—a trend we expect to continue well into 2025 and beyond.

Market Trend Analysis

A Challenging, Nuanced Venture Environment Persists

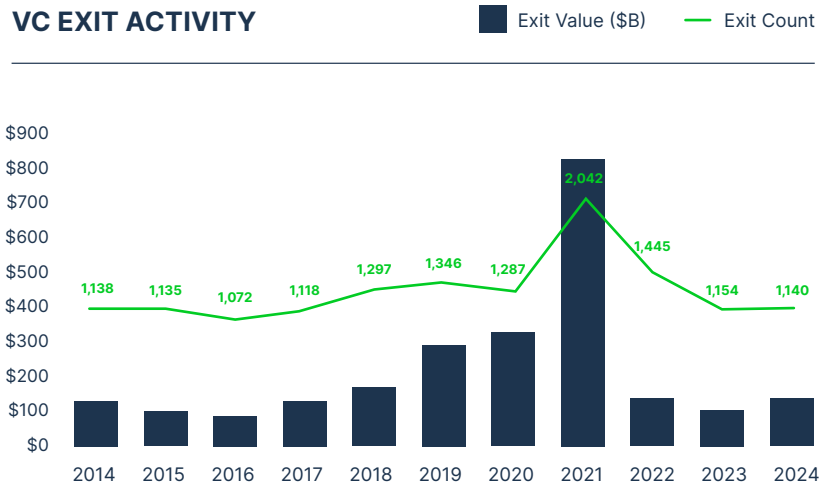
The U.S. venture ecosystem continues to face a complex mix of tailwinds and headwinds. While aggregate VC investments rose year over year in 2024, the broader environment remains cautious. Geopolitical uncertainty adds a layer of risk to business planning. As the latest PitchBook-NVCA Venture Monitor notes, PitchBook's VC Dealmaking Indicator still favors investors.[1]

VC DEAL ACTIVITY



*As of 12/31/2024

VC EXIT ACTIVITY

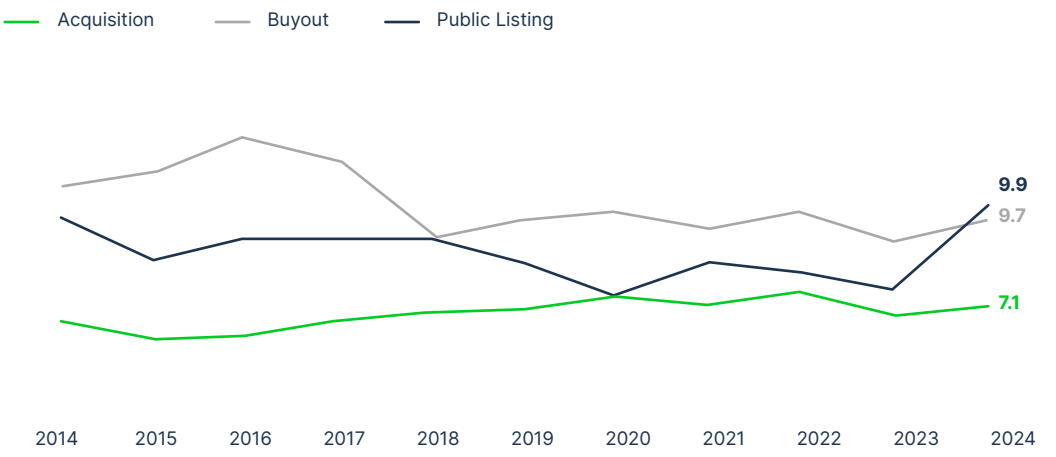


*As of 12/31/2024

[1] "Q4 2024 PitchBook-NVCA Venture Monitor," PitchBook, Kyle Stanford, Emily Zheng, and Kaidi Gao, January 13, 2025.

Liquidity remains a key constraint. Though exit value climbed to $152.9 billion across 1,140 exits in 2024, more than 1,300 private companies still hold $500 million+ valuations. Exit timelines are slow to improve—especially for IPOs, which saw the longest median time to exit in over a decade. The result: investors, flush with dry powder, are increasingly selective, using the slow pace of liquidity to justify tighter terms and more conservative financial expectations.

MEDIAN YEARS TO EXIT FOR VC-BACKED COMPANIES



*As of 12/31/2024

Venture Debt Hits Record Deal Value Amid Fewer Transactions

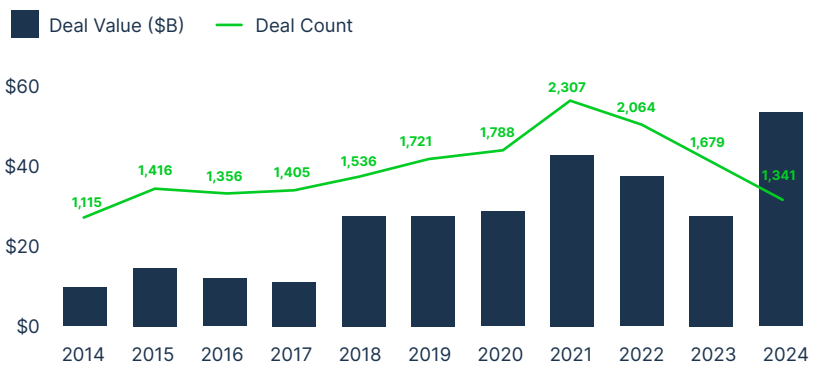
Venture debt financing hit a new record in 2024, with total deal value exceeding $53 billion—despite transaction volume falling to its lowest level since 2016, with fewer than 1,400 deals completed. This divergence points to a concentration of capital in fewer, larger transactions. Several megadeals drove headline growth, highlighting how mature startups are using debt to extend runway, delay equity raises at unfavorable valuations, and maintain greater control.

This trend aligns with findings from the previous Venture Debt Review, which highlighted a growing distinction between early-stage and late-stage venture lending. At the early stage, debt is often underwritten based on VC backing. But at later stages, lenders tend to focus more on business fundamentals—revenue visibility, profitability trajectories, and capital efficiency.

PitchBook's 2024 data shows that nearly 60% of venture debt financings occurred at the late or venture-growth stage. Runway's latest survey supports this trend: 67% of respondents said their focus is on expansion-stage companies, further underscoring how mature, well-run startups are increasingly turning to debt as a strategic funding source.

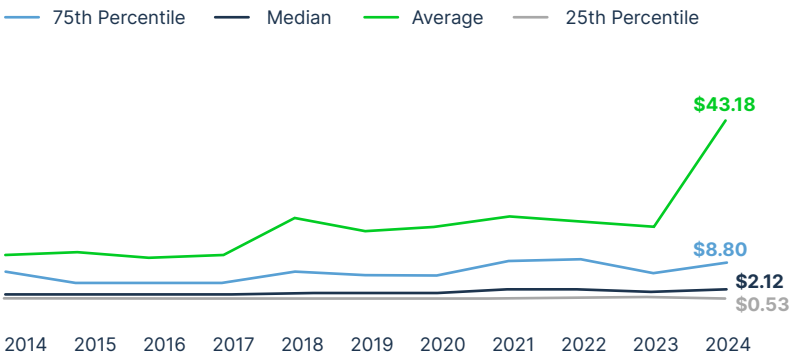
> **Late-stage startups are using debt to extend runway, delay equity raises at unfavorable valuations, and maintain control.**

VENTURE DEBT DEAL ACTIVITY



*As of 12/31/2024

RANGE OF VENTURE DEBT DEAL VALUES ($M)



*As of 12/31/2024

Stage and Sector Dynamics Are Driving the Shape of Venture Debt

The growing tilt toward later-stage venture debt isn't just a product of market caution—it's also a reflection of how the ecosystem has evolved. As the pool of venture-backed companies matures, more startups are turning to debt as a strategic lever to extend runway, minimize dilution, and prepare for delayed liquidity events.

Later-stage companies offer fundamentals that debt lenders favor: established revenue streams, clearer visibility into growth, and stronger operating discipline. In today's environment, where both borrowers and lenders are highly selective, these characteristics make debt financing more viable—and attractive—than it may have been in earlier cycles. Lenders have the flexibility to tailor terms to the unique needs of each business. They're using tools like covenants and warrants to manage risk, while prioritizing capital-efficient companies with resilient, proven models.

Sector dynamics also help explain this shift. Certain industries are simply better suited to debt financing, whether due to business model characteristics or market cycles. Energy is one example. While the sector's deal counts are smaller—29 venture debt financings in 2024 and 33 in 2023—its consistency stands out. Companies in this space often operate with longer-term customer contracts and strong tailwinds driven by demand for efficiency and infrastructure. This makes them a good fit for lenders seeking stability and scalability.

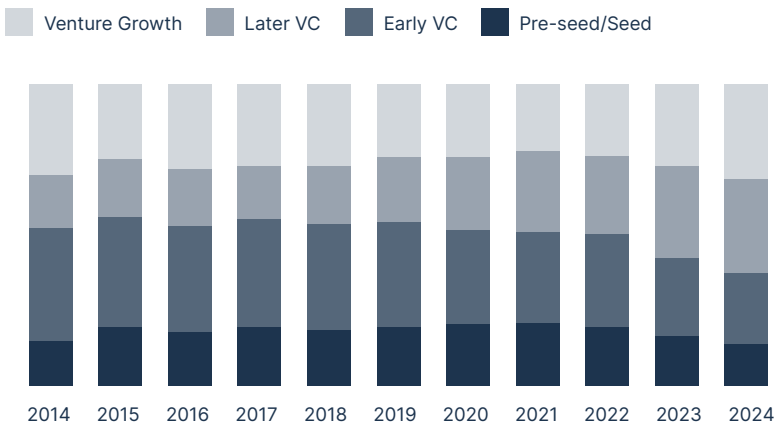
Healthcare continues to stand out as well. Devices and supplies companies, in particular, have seen robust growth in venture debt usage. These businesses often demonstrate clear unit economics and scalable models once early traction is achieved. And while biotech firms face longer R&D timelines, they still attract financing from sector-specialist lenders comfortable underwriting based on the strength of scientific pipelines and VC syndicates.

Both sector and stage breakouts of PitchBook data and survey findings show that venture debt demand is strongest among companies with traction—not at the earliest or exit stages.

Top deals showcase stronger alignment between capital structure and business fundamentals

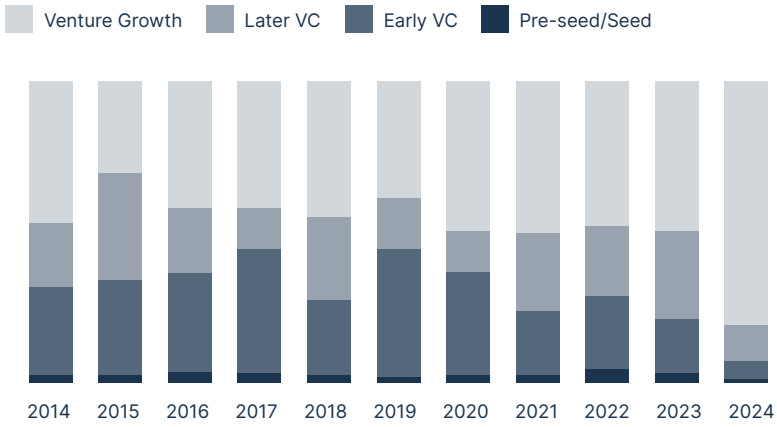
Some of the largest venture debt financings in 2024 illustrate how this capital is being used strategically. Cohesity, a web-scale data management platform, closed a $3.1 billion debt deal following its $1 billion+ Series G equity raise. With a recurring revenue model and predictable infrastructure needs, the company represents a strong fit for venture debt.

SHARE OF VENTURE DEBT DEAL COUNT BY STAGE



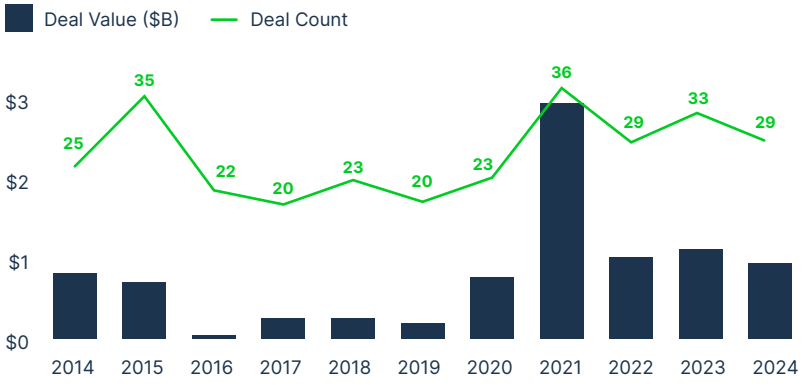
*As of 12/31/2024

SHARE OF VENTURE DEBT DEAL VALUE BY STAGE



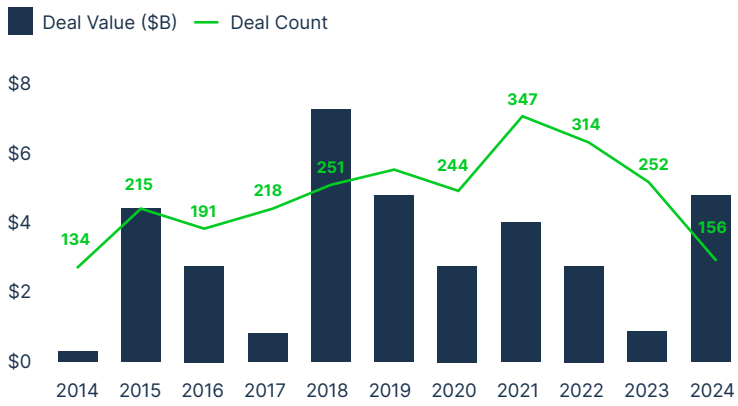
*As of 12/31/2024

ENERGY VENTURE DEBT DEAL ACTIVITY



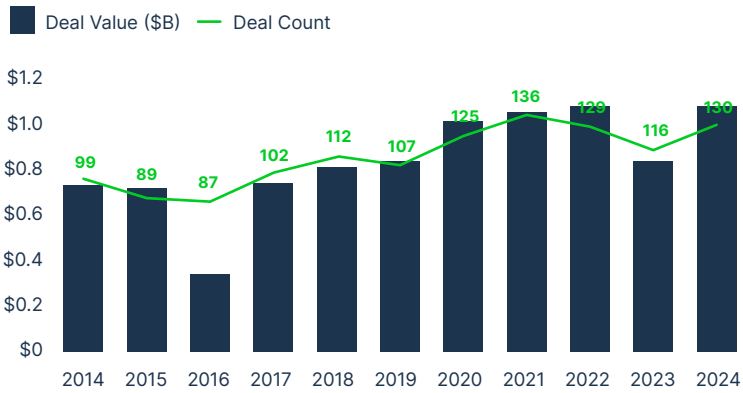
*As of 12/31/2024

CONSUMER GOODS & SERVICES VENTURE DEBT DEAL ACTIVITY



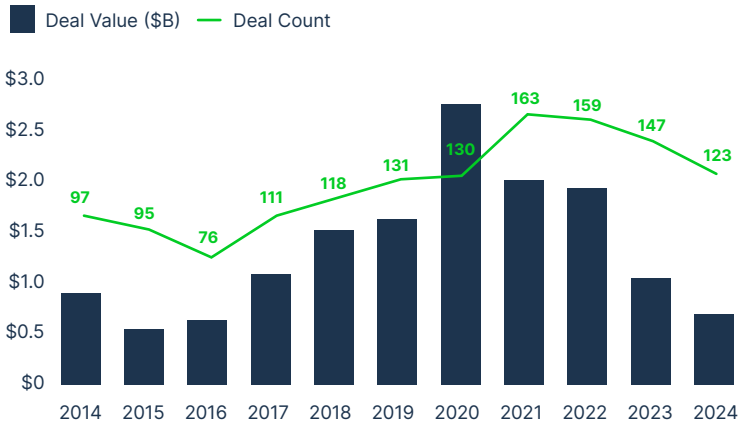
*As of 12/31/2024

HEALTHCARE DEVICES & SUPPLIES VENTURE DEBT DEAL ACTIVITY



*As of 12/31/2024

BIOTECH & PHARMA VENTURE DEBT DEAL ACTIVITY



*As of 12/31/2024

Lightshift Energy, a Virginia-based provider of utility-scale energy storage facilities, raised $80 million in debt in April to scale its team and operations. The deal highlights the role of venture debt in capital-intensive industries like energy and reflects broader tailwinds including growing demand for grid resilience and energy storage solutions.

In the past, interest rates were founders' top concern. Today, in a higher-rate environment, flexibility and control matter more.

Survey Trend Analysis

A third of respondents expect venture debt to become more common—supporting PitchBook's data showing increased usage by startups seeking capital-efficient alternatives to equity.

Survey insights reinforce venture debt's growing role in startup funding

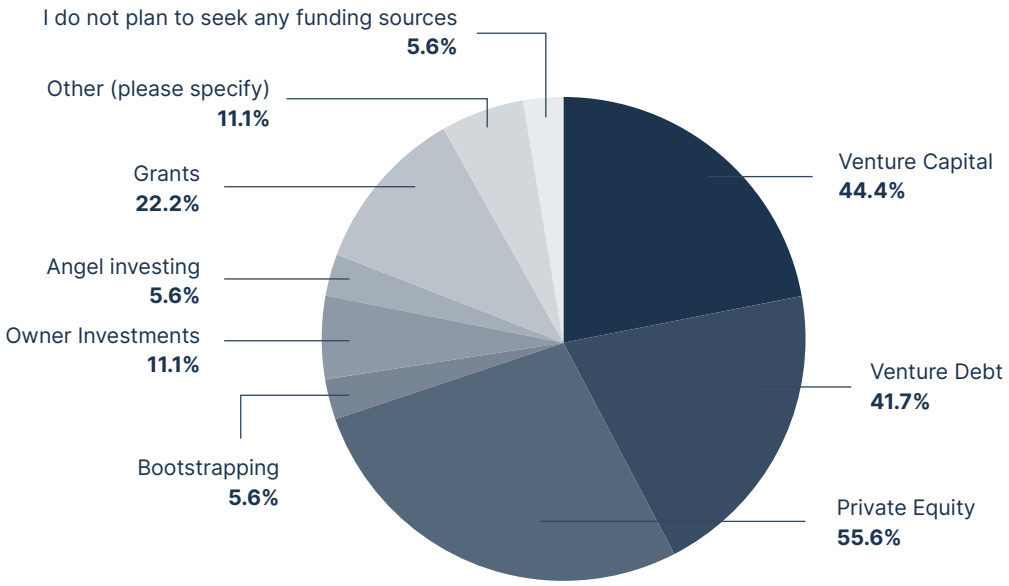
Qualitative data and anecdotes from Runway Growth Capital's latest survey add valuable context to venture debt's continued rise. Respondents reported considering a wide range of funding sources over the next 12–18 months—including grants, VC, PE, and venture debt. This variety reflects the maturation of the private capital landscape, where convergence between VC and PE has opened up more capital options for growth-stage companies.

At the same time, investors across all private markets have become more cautious. Venture debt providers are no exception. But with more mature startups seeking non-dilutive capital, lenders are seeing an influx of interest—driven by the appeal of venture debt's flexibility, speed, and reduced dilution. Respondents flagged interest rates and restrictive covenants as concerns, but those tend to vary by sector—particularly in cleantech, where policy shifts can influence risk.

61%

of respondents say venture debt is not 'rescue financing.' The stigma is fading.

FUNDING SOURCES PLANNED TO PURSUE OVER NEXT 12-18 MONTHS

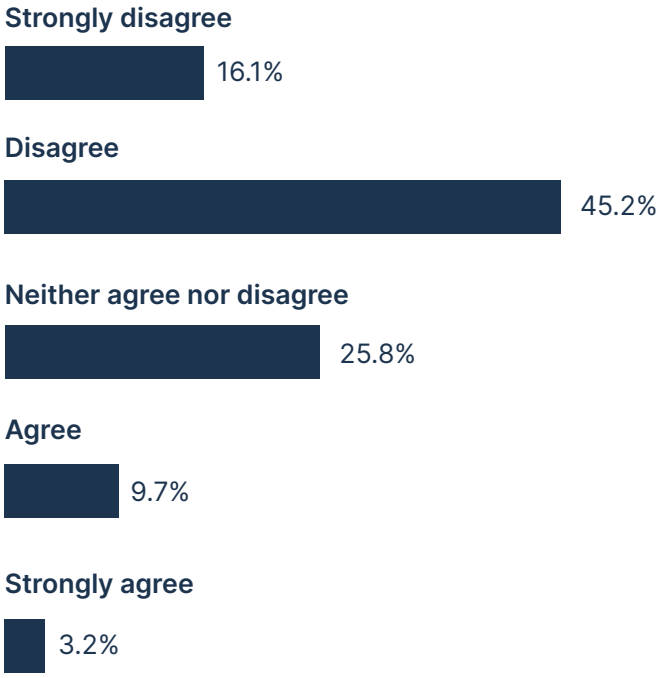


Today, structure matters more than cost.

As PitchBook's data suggests, founders are prioritizing flexibility over headline interest rates. This signals a shift: startups are adapting to a new normal where venture debt is a strategic tool—not just a backup plan. Lenders are evolving too, offering tailored repayment terms, more borrower-friendly covenants, and deal structures aligned with growth and cash flow stability. This creates a clear opportunity to educate founders and reshape outdated perceptions.

A third of survey respondents believe venture debt will become more common in the next 3–5 years—further reinforcing the shift toward debt as a core capital strategy. The uncertainty among the remaining two-thirds reflects lingering volatility in venture markets, but the data points to a deeper trend: as equity becomes harder and more expensive to raise, debt is becoming a more intentional part of the capital stack—not a fallback.

HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: "I CONSIDER VENTURE DEBT TO BE RESCUE FINANCING."



Conclusion and Outlook

Looking ahead, venture debt is poised to remain a valuable part of the funding mix.

As the number of mature, still-private companies continues to grow—and liquidity timelines remain extended—venture debt offers a compelling alternative to dilution-heavy equity raises. We're already seeing more blended strategies emerge: closely timed combinations of equity, debt, and secondary transactions. Databricks, for example, raised a Series J, followed by a debt financing for general corporate purposes, all after a secondary sale.

Pure-play debt financings remain strong, particularly as the venture debt ecosystem has evolved. Since Silicon Valley Bank's collapse, more lenders have entered the market to fill the void, creating a healthier and more competitive landscape. Borrowers now have more choice, and appetite for debt continues to grow.

In a market still marked by caution and extended timelines to exit, venture debt provides startups with flexibility, speed, and control. All signs suggest it will remain a core component of the capital stack—not just a cyclical trend.

Methodology and Disclaimers

Reports are prepared in accordance with PitchBook's methodology, which is described in detail on the PitchBook report methodologies page. For venture debt specifically, the venture debt dataset includes most debt products raised by VC-backed companies, regardless of the stage of the company. We exclude bridge and convertible notes. In mixed equity and debt transactions, equity is excluded when the amount is of known value. Financings that are solely debt are included in this dataset, though they are not incorporated into any overall VC deal flows. Mixed equity and debt transactions are included in both datasets. To establish medians, a waterfall precedence order was set for transaction sizes based on the availability of confirmed round portions.

Insights in this whitepaper are drawn from a proprietary survey conducted by Runway Growth Capital in late 2024 and early 2025. The survey was distributed to professionals across the venture ecosystem, and responses were collected anonymously via an online questionnaire on a voluntary basis.

General Disclaimer

The information contained in this document is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities or investment products. The content is based on data and information believed to be accurate and reliable at the time of publication, but no warranty is made as to its accuracy or completeness.

Performance Disclaimer

Past performance is not indicative of future results. Any performance data or projections presented in this document are based on historical information and are not guarantees of future performance. Investors should not rely solely on the information presented and should conduct their own due diligence before making any investment decisions.

Hypothetical Performance Disclaimer

Any hypothetical performance results included in this document are for illustrative purposes only and do not represent actual performance. Hypothetical performance has inherent limitations and does not reflect the impact of market conditions, economic factors, or other variables that may affect actual performance.

Third-Party Data Disclaimer

This document may contain data and information provided by third-party sources. While we believe these sources to be reliable, we do not guarantee the accuracy or completeness of the information provided by third parties. The inclusion of such data does not imply endorsement or validation of the information.

Forward-Looking Statements Disclaimer

This document may contain forward-looking statements, which are based on current expectations, estimates, and projections. These statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this document.

Legal and Regulatory Disclaimer

This document is not intended to provide legal, tax, or regulatory advice. Readers should consult with their own legal, tax, and regulatory advisors to understand the implications of any information presented in this document.

Methodology Disclaimer

The methodology includes specific assumptions and limitations that may affect the results.

Data Sources Disclaimer

The data used in this document is sourced from PitchBook, Runway Growth Capital, and other identified sources. The results presented in this document are based on responses from a specific sample of participants and may not be representative of the broader market. The findings are intended to provide insights and should not be construed as definitive conclusions or predictions.