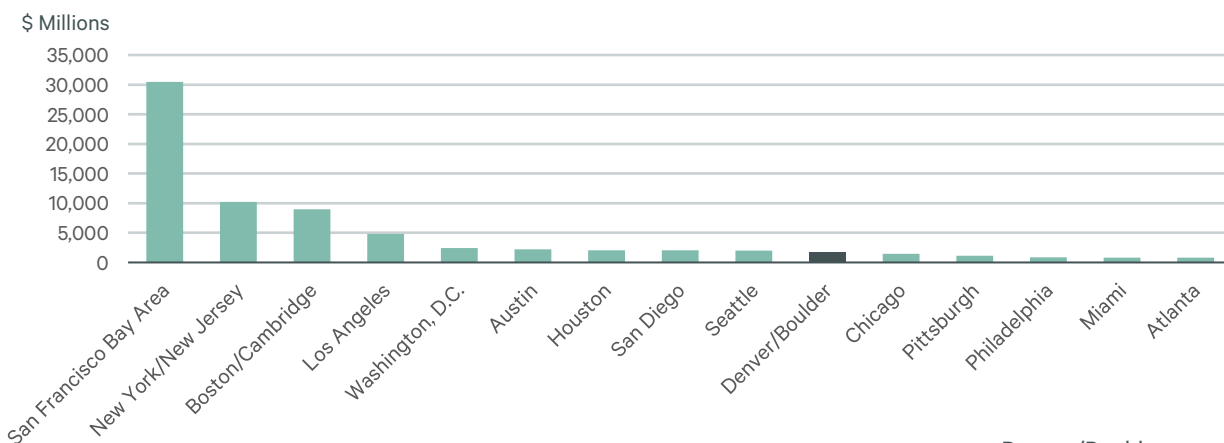


# Colorado Venture Capital Funding Trends

Exuberant tech sector growth propelled Colorado venture capital (VC) funding to its 2021 peak and another robust performance in 2022. While funding has since slowed, Colorado’s diverse economy and strong start-up ecosystem have continued to demonstrate their strength as seen through the lens of VC funding performance through the third quarter of 2023.

Colorado-based startups have raised a total of \$1.7 billion in venture capital so far this year. Tech sector VC funding, the longstanding largest contributor by industry, has slumped this year. Meanwhile, the life sciences sector has already seen its VC funding reach an annual high as of Q3 2023, and the aerospace & defense sector is on pace for its second highest annual VC funding total to date.

FIGURE 1: Top 15 Metros – VC Funding YTD 2023



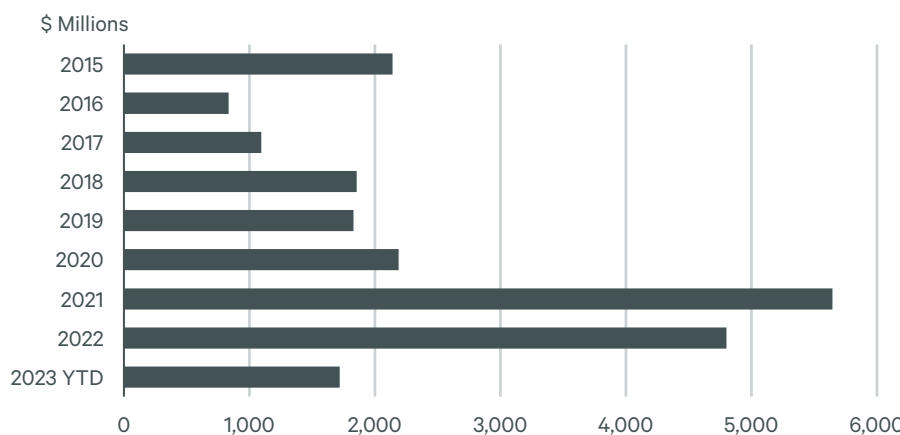
Sources: CB Insights, CBRE Research, 2023

Denver/Boulder metro ranking nationally in VC Funding 2023 YTD

#10

Nationally as of the third quarter 2023, VC funding was down approximately 43% year-over-year, slightly less than the 52% decrease seen across Colorado. At \$1.6 billion, the Denver/Boulder metro area has seen the 10th largest amount of VC funding year-to-date among U.S. metros, topping the likes of Chicago, Philadelphia and Atlanta.

FIGURE 2: Annual Colorado VC Funding



Sources: CB Insights, CBRE Research, 2023

Total Colorado VC Funding 2023 YTD

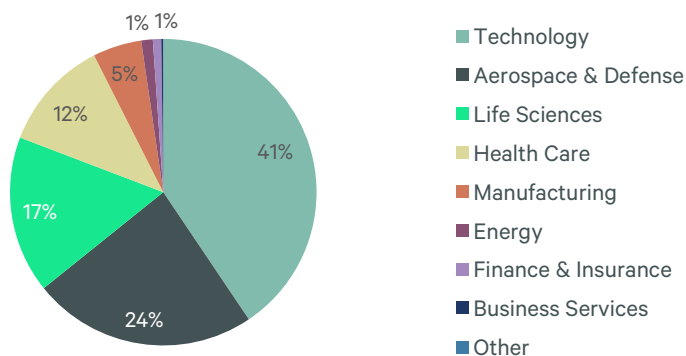
\$1.7B

Y-O-Y decrease in Colorado VC funding through Q3 2023

-51.9%

Despite the 52% year-over-year decrease in total VC funding through Q3 2023, several industries have seen outsized funding growth this year. VC funding among life science companies has risen 186% year-over-year. Aerospace & defense sector funding has increased sixfold over the same period following Sierra Space’s series B round of \$290 million in September, the largest funding round year-to-date.

**FIGURE 3: Colorado VC Funding by Industry (2023 YTD)**



Sources: CB Insights, CBRE Research, 2023

Y-O-Y increase in Aerospace & Defence sector VC funding through Q3 2023

6x

Y-O-Y increase in Life Sciences sector VC funding through Q3 2023

186%

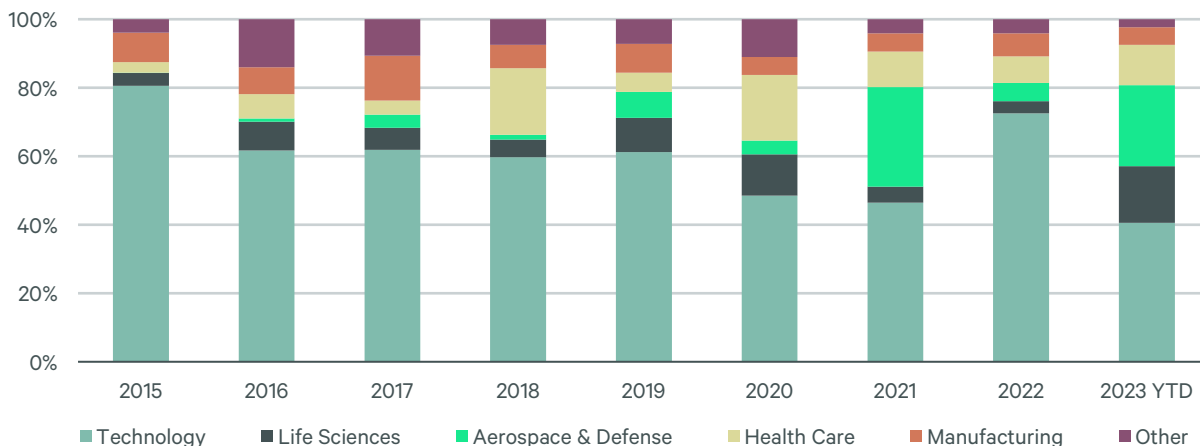
Following its record-breaking performance in 2022, when Colorado tech companies captured 72% of VC funding amounting to nearly \$3.5 billion, tech sector funding has fallen sharply both in Colorado and nationally. Colorado tech VC funding has witnessed a 76% year-over-year decline as of Q3 2023, with its share of year-to-date total funding having declined to 41% but still representing the largest share by industry.

The rapid advancement in artificial intelligence (AI) has been the tech sector’s biggest growth story in 2023. AI will continue to account for a growing share of tech investment and likely be a primary catalyst of the sector’s rebound in VC funding. Colorado AI companies have seen a nearly tenfold increase in VC funding since 2020 compared to the total from 2015-19. Louisville’s AMP Robotics has been, by far, the largest recipient after having raised nearly \$180 million.

Largest 2023 funding round through Q3 (Sierra Space)

\$290M

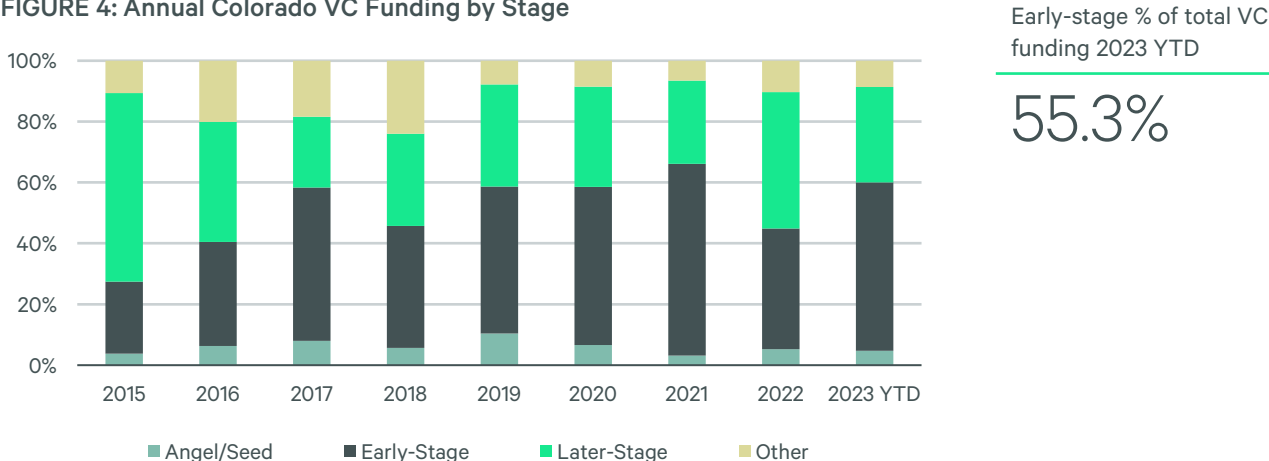
**FIGURE 4: Annual Colorado VC Funding by Industry Since 2015**



Sources: CB Insights, CBRE Research, 2023

Of the \$1.7 billion in VC funding raised by Colorado startups through Q3 2023, 55% has been early-stage funding, which comparatively accounted for 40% of total funding in 2022. The average deal size in 2023 thus far has been \$15.0 million, compared to \$23.5 million in 2022.

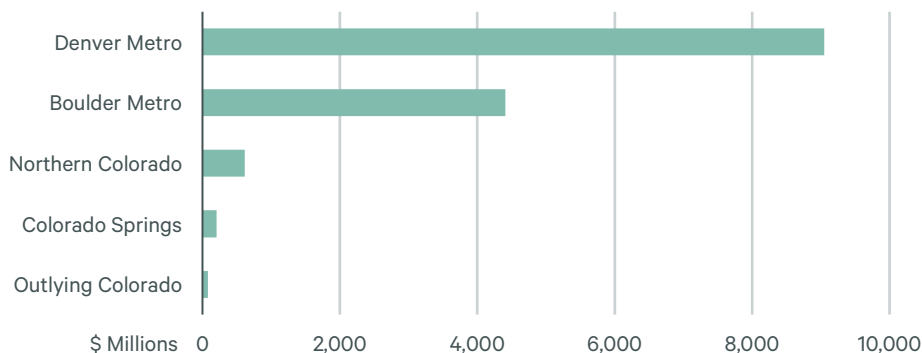
**FIGURE 4: Annual Colorado VC Funding by Stage**



Sources: CB Insights, CBRE Research, 2023

Looking at VC funding by company location, metro Denver has captured 63% or roughly \$9.0 billion of the \$14.4 billion in total funding since 2020. The Boulder metro area recorded nearly half of Denver’s total at 31% or \$4.4 billion, while Northern Colorado, Colorado Springs and the rest of the state combined to account for the remaining 6% of total funding raised. For the five-year period ended 2019, the same regions saw similar funding allocations with the Denver and Boulder metros capturing 64% and 29% of Colorado VC funding, respectively.

**FIGURE 5: Colorado VC Funding by Company Location (Since 2020)**



Sources: CB Insights, CBRE Research, 2023

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