

BRIEF | Intelligent Investment

Capital Recap: Strong tech investment leads to another \$2 billion quarter

San Diego Marketflash

OVERALL TRENDS

- San Diego companies raised **\$2.32 billion** in venture capital (VC) funding in Q3 2021, the third highest quarter of funding raised on record slightly above **\$2.0 billion** in Q2 2021.
- Life science companies brought in **\$1.24 billion**, the fourth highest quarter of life science funding raised, slightly below last quarter's raise of **\$1.54 billion**. **Biotech/pharma** raised the majority with **\$998.9 million**, generated primarily by two deals of **\$100.0 million** or greater.
- **Tech** companies raised **\$1.02 billion** in the quarter, the highest funding raised on record, significantly higher than last quarter's **\$359.8 million**. Tech venture capital funding in 2021 YTD is already above what was raised in 2020, and well above 2019. This is in line with a continuing upward trend of interest and investment in the tech sector starting in 2018. **Tech (Hardware/Svcs)** companies raised most of the tech funding with **\$583.2 million**. Tech activity in Q3 included sixteen deals of **\$10.0 million** or greater, five of which were over **\$50.0 million**.

MAJOR VC DEALS

- **Tech funding ramps up in Q3 led by hardware and software companies:** **Shield AI**, a developer of AI to enable fully autonomous unmanned systems that reduce risk and enhance situational awareness in dangerous situations, led Q3's tech funding by raising **\$210.0 million** in Series D. The funding will be used to help scale and further integrate its self-driving software, Hivemind, into additional platforms across the Defense industry. **Wiliot**, which develops tiny, sticker sized sensors that are disposable, battery free, get its energy from radio waves, and transmit bluetooth, raised **\$200.0 million** in Series C funding. This latest infusion of funding will be used to ramp up the rollout of battery-free sensor tags and novel, AI-based sensing as a service business model. **Seismic**, a software company for managing, automating, and distributing sales content, raised **\$170.0 million** in Series G funding. The company intends to use the funds to continue expanding its platform, R&D, and global presence. Via [PRNewsWire](#), [UTSanDiego](#), and [Finsmes](#)

Q3 2021 VC Funding

\$2.32B

Life Sciences Funding

\$1.24B

Tech Funding

\$1.02B

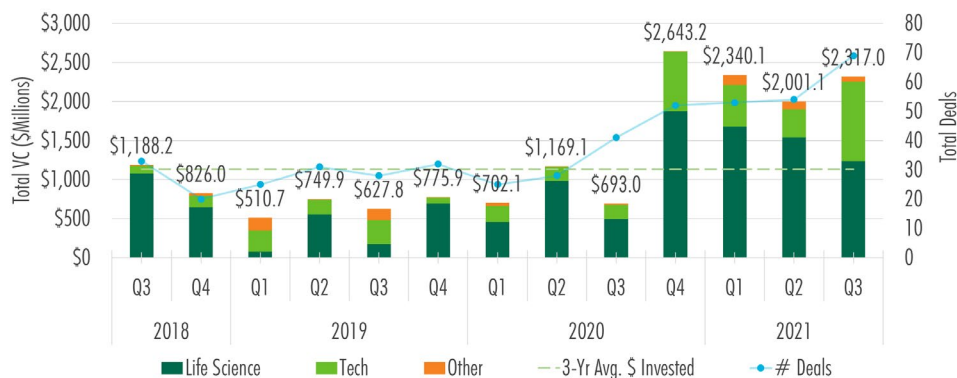
- Life Sciences funding not slowing down: Genomatica**, a developer of commercial biobased processes to make widely-used chemicals to enable better, more sustainable everyday products, raised **\$118.0 million** in Series C funding. The funding will be used to accelerate the commercialization of its suite of sustainable materials. **Expansion Therapeutics**, which focuses on developing transformative oral medicines for severe RNA-mediated diseases, raised **\$80.0 million** in Series B funding. The funding will be used to accelerate research. **ADARx Pharmaceuticals**, which focuses on messenger RNA base-editing, raised **\$75.0 million** in Series B funding. The proceeds will also be used to transition ADARx’s growing pipeline of research phase products into the clinic, including initiation of a Phase 1 clinical trial for ADARx’s lead program. Via [SDBJ](#), [BusinessWire](#), and [MarketScreener](#)

OTHER INVESTMENT NEWS

- Erasca**, a company focused on designing an AI platform that will help in development of oncology drugs to treatment and eventually eliminate cancer, raised **\$300.0 million** in its IPO. **Tyra Biosciences**, a developer of tyrosine kinase inhibitors, a class of drugs designed to stop cancers from metastasizing, raised **\$172.8 million** in its IPO. **Inmune BIO**, focused on reengineering the immune system to stop cancer recurrence, raised **\$40.0 million** in its IPO. Via [MedCityNews](#), [PRNewsWire](#), and [Inmune Bio](#)
- La Jolla-based startup **Ensysce Biosciences**, a clinical stage biotech company committed to stemming the prescription drug abuse epidemic, announced that it has closed its previously announced merger with Leisure Acquisition Corp, for **\$207.0 million**. Via [SDBJ](#)

Figure 1: Venture Capital Investment in San Diego County

Dollar and Deal Volume, by Industry Group, Three Years, Q3 2018 to Q3 2021



Source: CBRE Research, with partial data from PwC/CB Insights MoneyTree Report and Crunchbase

Figure 2 Venture Capital Investment in San Diego County

By Industry (Q3 2021 to Four-Quarter Average Comparison)

Industry	# Deals in Q3 2021	Total Invested in Q3 2021 (\$M)	Trailing 4-Qtr Avg. (\$M)	+/- from Avg. (\$M)
Biotech / Pharma	24	\$998.9	\$1,436.0	-\$437.0
Software / Web	20	\$435.1	\$467.3	-\$32.2
Tech (Hardware/Svcs)	7	\$583.2	\$201.1	+\$382.2
Medical Devices	6	\$236.4	\$144.8	+\$91.6
Remainder	12	\$63.3	\$76.3	-\$13.0
Total	69	\$2,317.0	\$2,325.4	-\$8.4

Source: CBRE Research, with partial data from PwC/CB Insights MoneyTree Report and Crunchbase