

Q1 2018 Capital Recap: San Diego companies receive record-high VC investment of \$594 million

OVERALL TRENDS

- Venture capital activity surged in 2018, setting a **record for single quarter investment volume at \$594 million**, according to data from CBRE Research, PwC/CB Insights MoneyTree Report, Pitchbook and Mattermark. The previous record was \$539 million set in Q4 2015. This comes on the heels of an annual record set in 2017. Despite the higher dollar volume, deal count was lower than average at **23 deals**.
- M&A activity in San Diego continued to mirror the national trend with **28 known M&A deals in Q1 alone**. This figure includes announced or completed deals involving San Diego companies either as the acquirer or the acquired. **Qualcomm** made international headlines as **Broadcom** attempted to acquire the iconic San Diego company, but the effort was thwarted by an investigation from the U.S. Committee on Foreign Investment, which cited national security threats if the acquisition succeeded (via [SEC](#)).

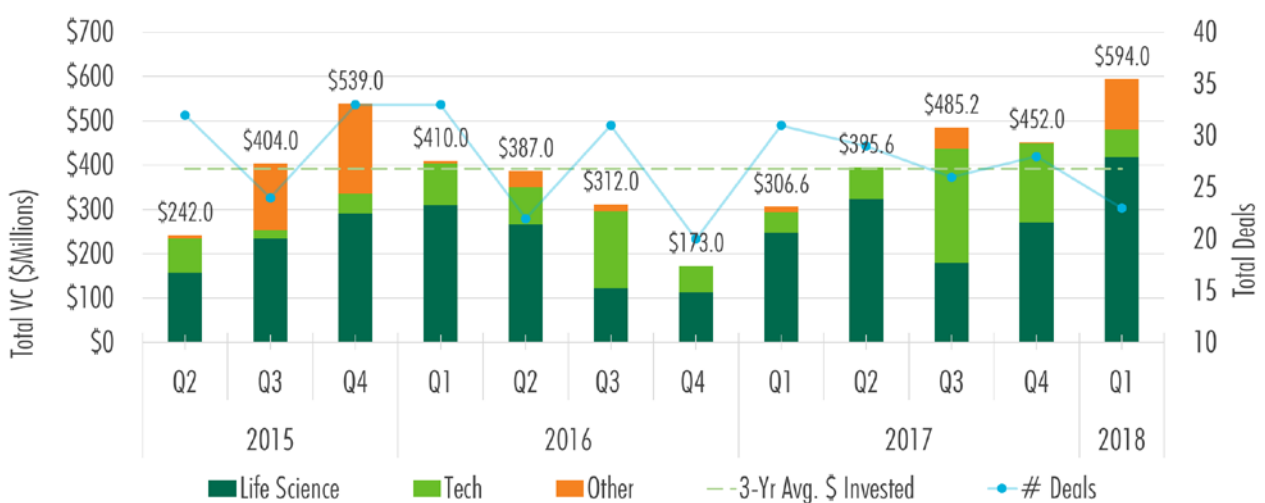
INDUSTRY HIGHLIGHTS

- The largest deal this quarter went to **Silvergate Capital Corporation**, a UTC-based commercial bank that received **\$114 million** venture funding from cryptocurrency venture capital firm Digital Currency Group (DCG). The announcement noted that the funding would be used to fund the company's **fintech** ventures, as Silvergate was an early adopter of Bitcoin-related financial services (via [PR Newswire](#)).
- Investment in San Diego-based **life science** companies hit a **record-high \$417.9 million** from 15 deals in Q1. **Biotech / pharmaceutical** received **\$335.9 million** in Q1, nearly doubling the recent average. The largest life science deal this quarter went to **Gossamer Bio**, a biopharma R&D company founded by former executives of **Receptos**, which raised \$100 million in a seed round (via [SDBJ](#)). **Crinetics Pharmaceuticals** (\$63.5M), **Singlera Genomics** (\$60M) and **Expansion Therapeutics** (\$55.3M) were other biotech / pharmaceutical companies that received large deals (via [Pitchbook](#)). **Medical device / diagnostic** companies received **\$82.1 million**, led by surgical device company **Vertiflex**, which received \$40 million in Q1 (via [Press Release](#)).
- Investment in **Tech companies** in San Diego slowed compared to recent quarters, with seven deals totaling **\$62.1 million**. Nearly half of this investment went to **Midigator** which received a \$30 million Series A round (via [Business Wire](#)). The chargeback management solutions company deploys a software platform that helps merchants and financial institutions fight fraud. **Boomcloud360** was the other large recipient at \$10.8 million of seed funding (via [Pitchbook](#)). The company has developed an external sound processor, BoomStick, which enhances the sound of existing headphone devices.

M&A / IPO / OTHER INVESTMENT

- San Diego-based **Impact Biomedicines** reached a **\$7 billion agreement** to be acquired by New Jersey-based **Celgene**, pending approval from the FDA (via [Reuters](#)).
- Celgene also made a four-year **\$101 million** equity investment / partnership agreement with San Diego-based **Vividion Therapeutics** (via [SDBJ](#)). The partnership will focus on oncology, inflammation and neurodegeneration, building on Vividion's discovery platform.
- Escondido-based **One Stop Systems** raised **\$19 million** in its IPO in February (via [MarketWatch](#)). The high-performance computing company fell short of its target to raise \$23 million in its IPO.

Figure 1: Venture Capital Investment in San Diego County
Dollar and Deal Volume, by Industry Group, Three Years, Q2 2015 to Q1 2018



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

Figure 2: Venture Capital Investment in San Diego County
By Industry (Q1 2018 to Four-Quarter Average Comparison)

Industry	# Deals in Q1 2018	Total Invested in Q1 2018 (\$Mil)	Trailing 4-Qtr Avg. (\$Mil)	+/- from Avg. (\$Mil)
Biotech / Pharma	10	\$335.9	\$185.8	\$150.1
Medical Devices	5	\$82.1	\$112.4	-\$30.3
Software / Web	3	\$36.2	\$111.0	-\$74.9
Tech (Hardware/Svcs)	4	\$25.9	\$31.4	-\$5.5
Other	1	\$114.0	\$41.1	\$72.9
Total	23	\$594.0	\$481.7	\$112.3

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