



Nasdaq Private Market

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2025

# State of the Private Market

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As we close out the first quarter of 2025, we continue to feel enthusiastic about the prospects for the secondary private share market. While there have been some notable recent VC-backed IPO announcements, the IPO market has not come “roaring back,” as some had predicted. The theme of companies remaining private for longer remains intact, and secondary market liquidity is becoming more important for both investors and employees. We are also encouraged by the fact that artificial intelligence (AI) remains in high demand, and many AI companies remain private. If we overlay these two themes with the fact that private secondary equity prices have underperformed public equities over the last two years (see chart below), we’re optimistic about 2025.

## Report Highlights

- ▶ During 2023 and 2024, our NPM Private Market Tracker<sup>[1]</sup>, which tracks the estimated average price performance of the 170 names we follow closely in our internal Tape D<sup>®</sup> data, indicates that the secondary private company share market underperformed the S&P500 by 61%.
- ▶ In 2024, total proceeds raised through secondary private tender offers exceeded VC-backed IPO volume.
- ▶ Valuations are recovering. In Q4 2024, 24% of secondary share volume facilitated by NPM company-structured liquidity programs priced at a premium to the last preferred round vs. 0% in Q4 2023.
- ▶ Volumes are growing. Across 2024, there was an 83% YOY increase in the number of private company auction programs facilitated by NPM.
- ▶ Funding cost expectations have moderated slightly, with the one year forward expected 10-year U.S. Treasury yield falling to 4.3% currently from 4.7% at YE2024 (Source: Bloomberg). Lower rates have historically been beneficial for private markets.

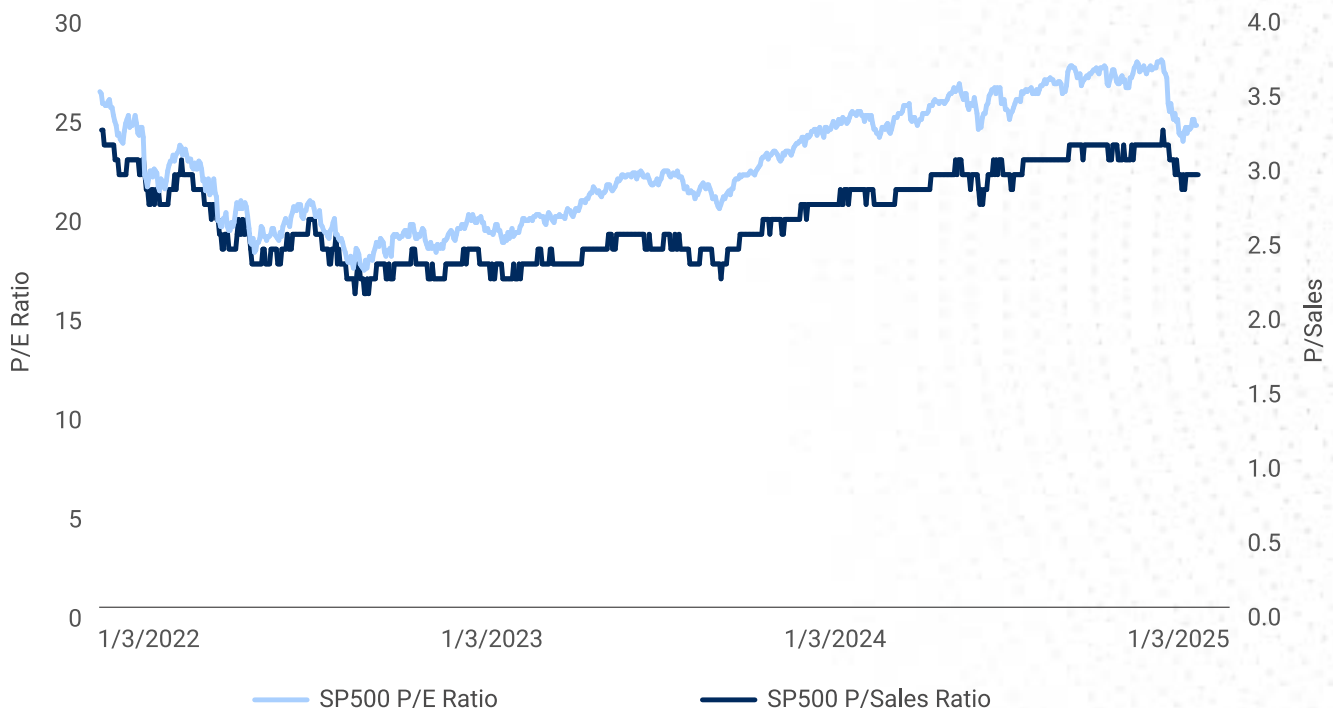
<sup>[1]</sup> Nasdaq Private Market, LLC is the owner and provider of the NPM Private Market Tracker. Nasdaq Private Market, LLC is not an investment adviser and makes no representations regarding the advisability to invest in any companies/SPVs. The NPM Private Market Tracker is for informational purposes and based on sources we believe are reliable. There is no assurance that investments in the underlying companies will return positive results or reflect the track performance of the NPM Private Market Tracker.

## Chapter 2025

**With the change of the calendar year and a new administration in the U.S., there has been no shortage of market surprises, so much so that we have had to rewrite this “State of the Market” piece more than once.** Public markets took the baton from 2024 (S&P500 +23%) and roared into January (+3%) before reversing course in February (-2%) (Source: Bloomberg; NPM).

**Entering the year, market sentiment was nearly as bullish as we can remember, leading to stretched valuations in many asset classes.** Trailing price-to-earnings ratio (P/E) on the S&P500 tested 28x, a multi-year high, which, combined with a VIX that fell to 15 in mid-January, suggested shades of “irrational exuberance.” But sentiment weakened, and to date in 2025 the S&P500 is now -4% (Source: Bloomberg).

**S&P500 Trailing P/E and Price/Sales Ratio Since 1/1/2022**



Source: Bloomberg

**What happened?** In a nutshell, the macroeconomic backdrop has gotten cloudier. The ostensible trigger was a weaker revenue outlook (and commentary that consumer wallets are “stretched”) provided by Walmart on 2/20/25, the day the public equity market inflected (Source: Bloomberg).

**However, recent volatility is more nuanced and also has a lot to do with policy uncertainty.**

Interestingly, we note that the market uncertainties had been well telegraphed. For instance, tariffs had been promised since last November. The market, however, either “forgot” to discount them or simply viewed them as a negotiating tactic.

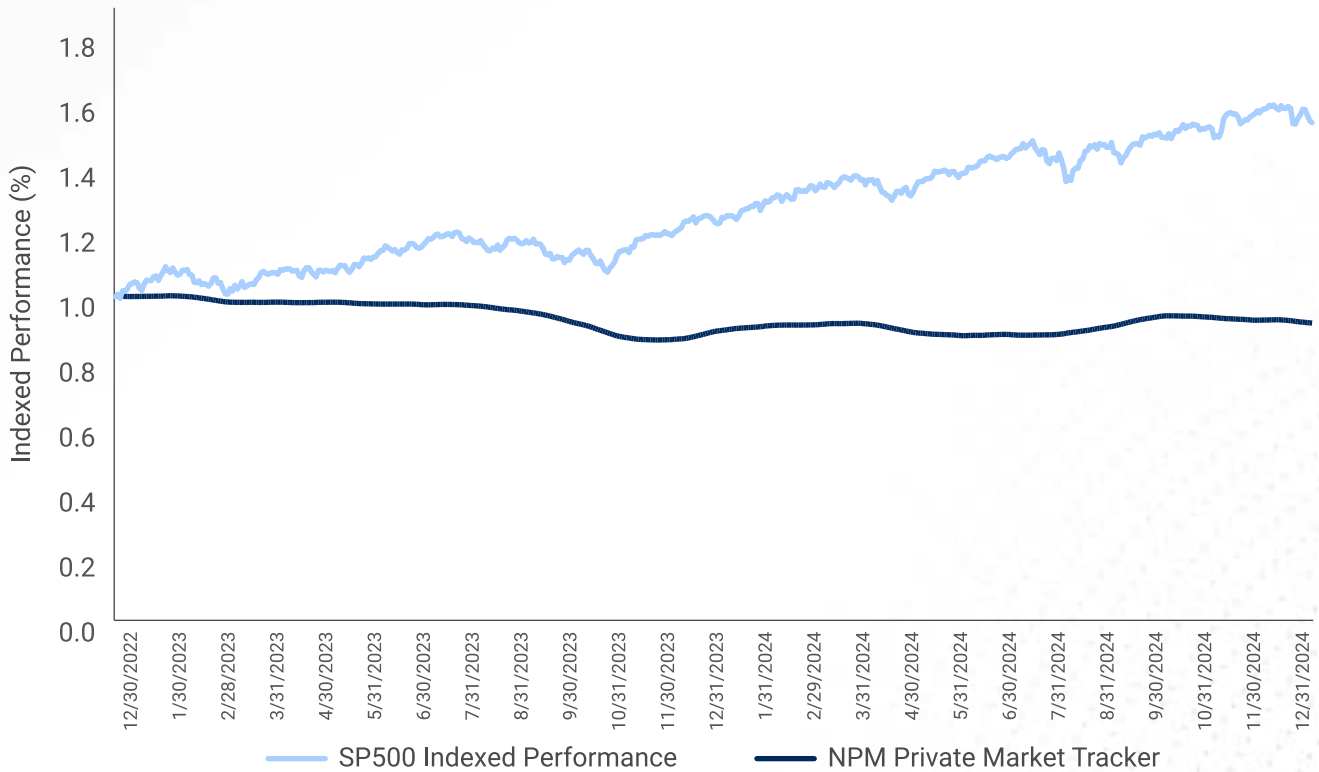
**Since peaking on 2/19/25, the S&P500 is now -8%, after having briefly entered 10%+ “correction” territory.** The tech heavy NASDAQ100, has been hit even harder, down 11% (Source: Bloomberg). Private markets, however, have fared far better. Based on our NPM Private Market Tracker, the estimated average price performance was down just 1% (Source: NPM).

## Why Private Markets Have Held Up Better Than Public Markets

**Some investors we’ve talked with believe that private markets have held up better than public and lag due to illiquidity.** Our view is that private markets underperformed in recent years simply because they had less far to fall.

**According to our proprietary Tape D<sup>®</sup> pricing data, the private share market returned just 3% in 2024, well above the -11% return in 2023, but below the public equity market, which saw the NASDAQ composite up +29% and S&P500 +24% (Source: Bloomberg).**

### S&P 500 vs. NPM Private Market Tracker 2023/2024

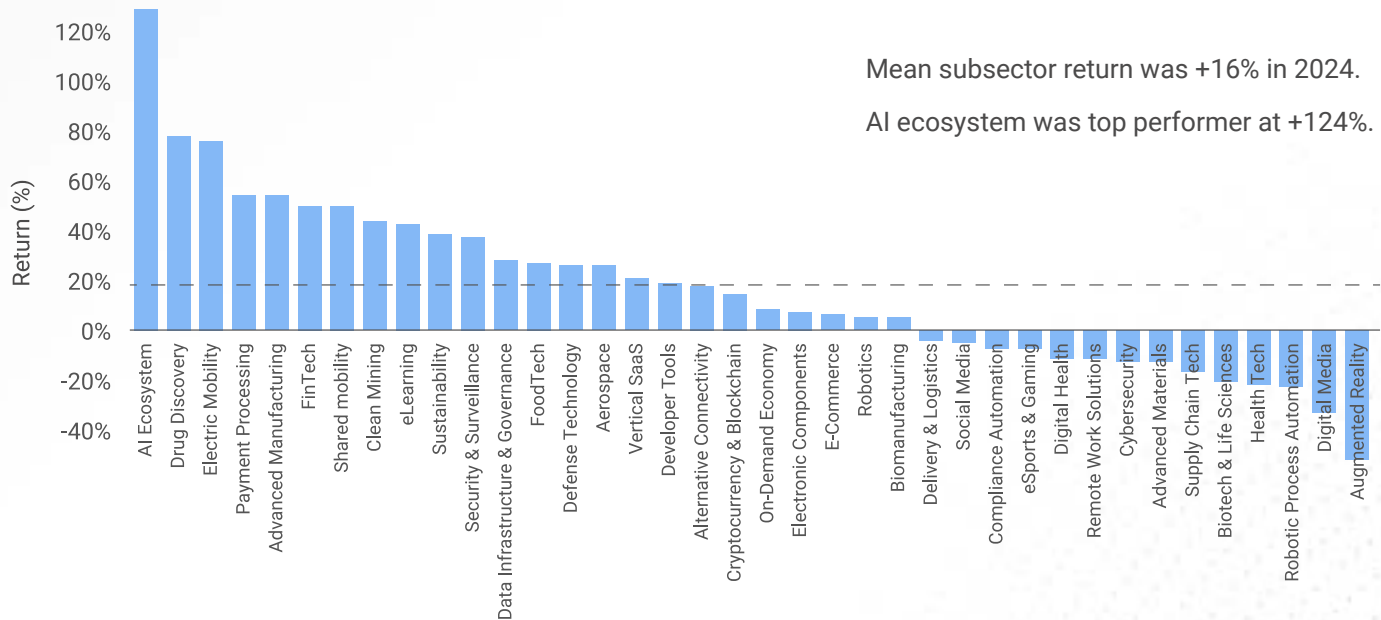


Source: NPM; Bloomberg

### Where Do We Go From Here?

**We see several key reasons for renewed optimism about the market for private shares and overall secondary activity.** Many of the most interesting emerging investment themes and sectors, including data centers, artificial intelligence, crypto, defense, and space companies, exist in the private market.

### 2024 Private Market Price Performance by Subsector



Source: NPM

**Additionally, we believe the private share market is in the latter stages of a “rebasings” that started in earnest as interest rates began climbing steeply in 2021.** Corporate finance theory suggests that higher rates are worse for growth assets – like most VC-backed private shares – than they are for more stable assets. For reference, the 10-year U.S. Treasury yield averaged 1.44% in 2021 before climbing to an average of 4.20% in 2024 (Source: Bloomberg). Our analysis, based on pricing data from Pitchbook and our internal Tape D<sup>®</sup> product, suggests that average valuations of venture-backed private companies fell >50% from peak to trough, leading to a multi-year hangover.

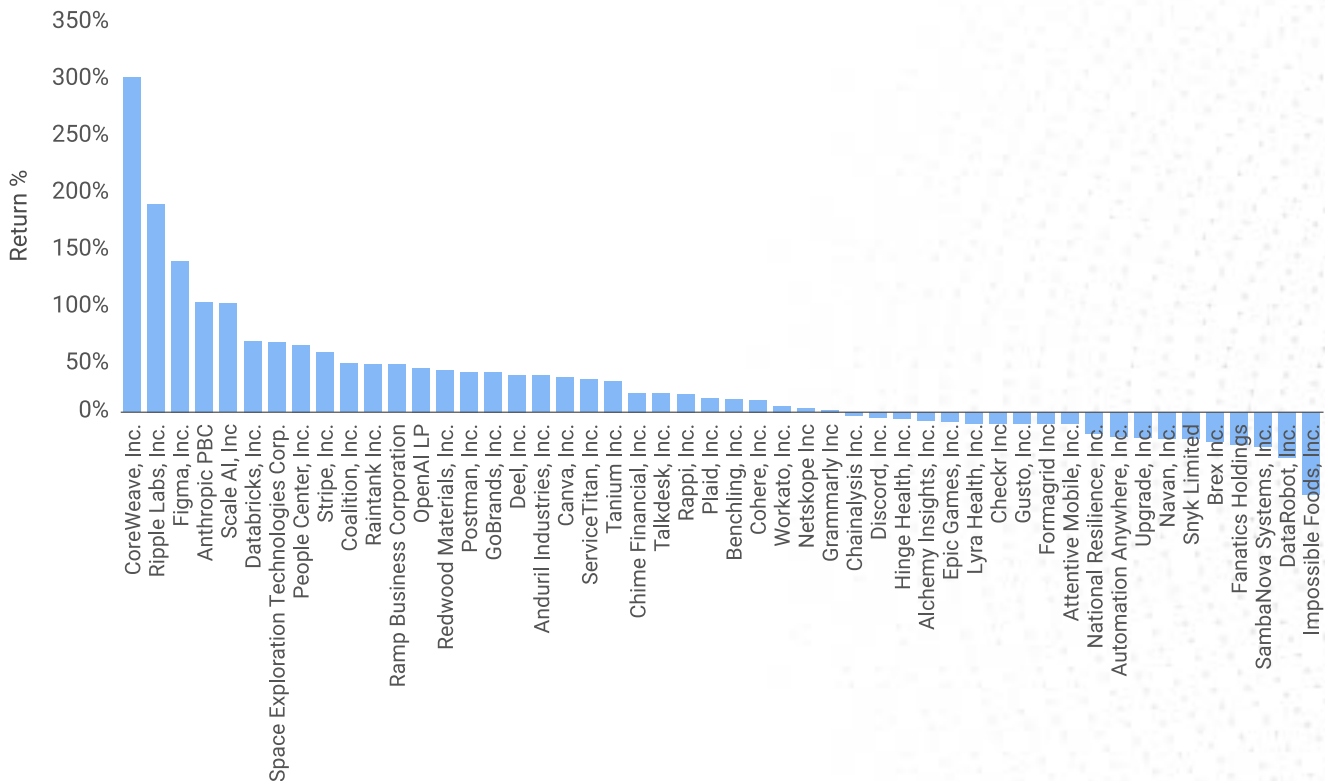
**Finally, we continue to believe that a number of structural issues contribute to “friction” in the trading of private shares, which we expect policy makers will be forced to address over time.** The value trapped in private shares reduces the velocity of capital, which hinders innovation and overall economic growth. Unfortunately, risk capital in the current generation of unicorns cannot easily be recycled today. If the liquidity was more accessible it could potentially lead to new investments including the next generation of unicorns. In our view, additional baseline regulations need to come to the private markets to further enhance liquidity and ignite the flow of capital.

# Trading Activity on the NPM SecondMarket® Liquidity Platform

Among the 50 largest companies in our market, the best performers in 2024 were Coreweave (+294%), Ripple Labs (+183%), and Figma (+133%).

Top names of interest on our platform include Anduril, Anthropic, Canva, Coreweave, Discord, Fanatics, Figma, OpenAI, Ripple Lab, SpaceX, Stripe, and xAI.

CY2024 Best Performing Private Market Names



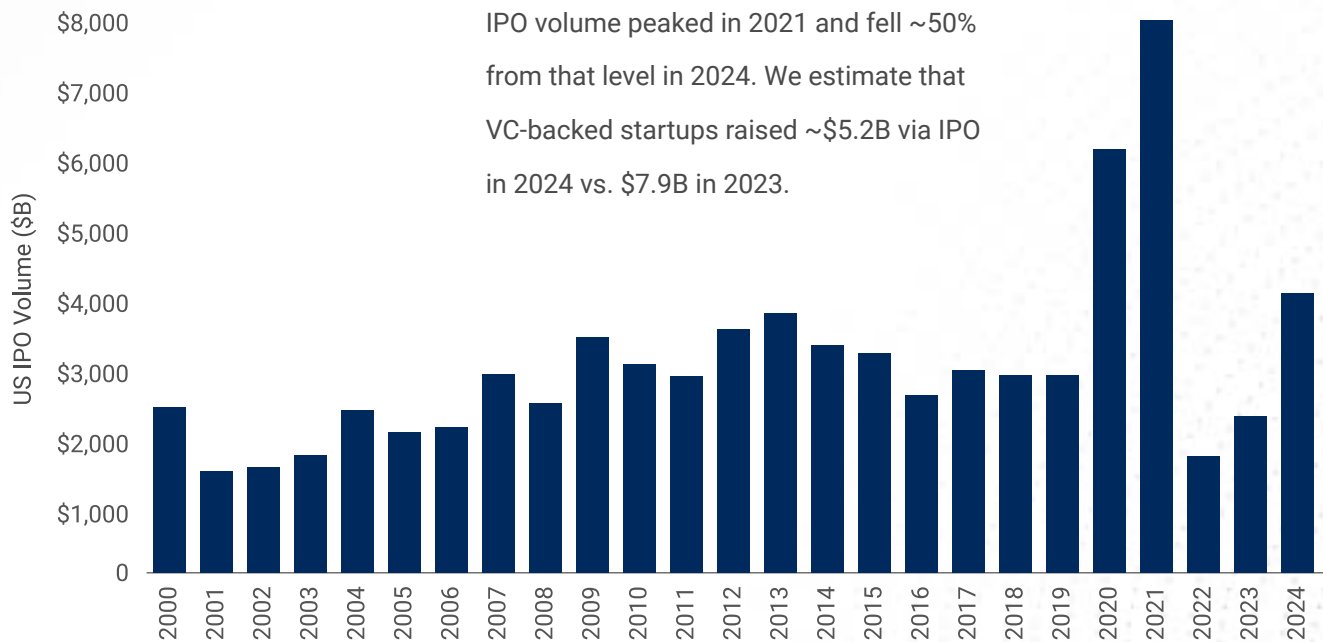
Source: NPM

## Is the IPO Market a Lagging Indicator?

Market participants continue to question when the IPO market will reopen. The chart below shows U.S. IPO activity by dollar volume since 2000. Recent notable features include a massive

spike in activity in 2020 and 2021, followed by a sharp drop in 2022 and 2023 and then a slight recovery in 2024. In our view, the IPO market only feels subdued relative to outsized activity in 2020 and 2021, and therefore the current pace of exits is more or less in line with history.

### U.S. IPO Volume by Year Since 2000



Source: Bloomberg; NPM; The Information

**What has changed more recently, however, is that the private/venture funding market boomed in 2020 and 2021, which had a couple major side effects.** This left many private companies flush with cash and less in need of primary capital. Also, many of these funding rounds were for preferred shares with liquidation preferences. Given the recent sluggish performance of private shares, we believe private investors/boards and management teams are reluctant to swap preferred shares with liquidation preferences for ordinary common. In other words, they have less incentive to go public without a valuation uptick because they will give up a liquidation preference in the preferred shares when they convert to ordinary common.



**In conclusion, we believe that the reemergence of the IPO market will be gradual but will become more robust as more companies feel they can exceed prior valuation high water marks.** Momentum is beginning to pick up as notable private VC-backed companies have been publicly announced as IPO candidates including Cato Networks (Source: Reuters), Chime (filed confidential S-1), Coreweave (priced), Hinge Health (filed S-1), and Klarna (filed confidential (S-1)).

# Our Private Tender Offer Market Lookback

## 2024 Tender Bender

In 2024, the market for private company tender offers came roaring back with a flurry of activity after a 24-month freeze. NPM facilitated more than \$6 billion in transaction value across the tenders facilitated in 2024. Nasdaq Private Market continued to support many of the world's leading private companies in managing company-sponsored liquidity for their employees and other shareholders throughout 2024. As in prior years, the U.S. remained the largest market for structured secondaries, but NPM remained heavily focused on adoption throughout international markets as well. Some of NPM's issuer clients which we provided cap table liquidity at scale in 2024 included the likes of Canva, Ramp, Ripple, VAST Data, Vinted, Vuori, and more.

The secondary market regained strength in 2024 as NPM partnered with private companies to facilitate double the amount of structured secondaries YOY from 2023. This was a much anticipated and welcomed shift after the depressed levels of activity seen in both 2022 and 2023. Considering a number of factors, a continuation of this trend is expected in 2025. NPM remains committed to supporting private company clients, along with their respective legal counsels, to provide seamless liquidity to employees and other shareholders in the venture capital ecosystem.

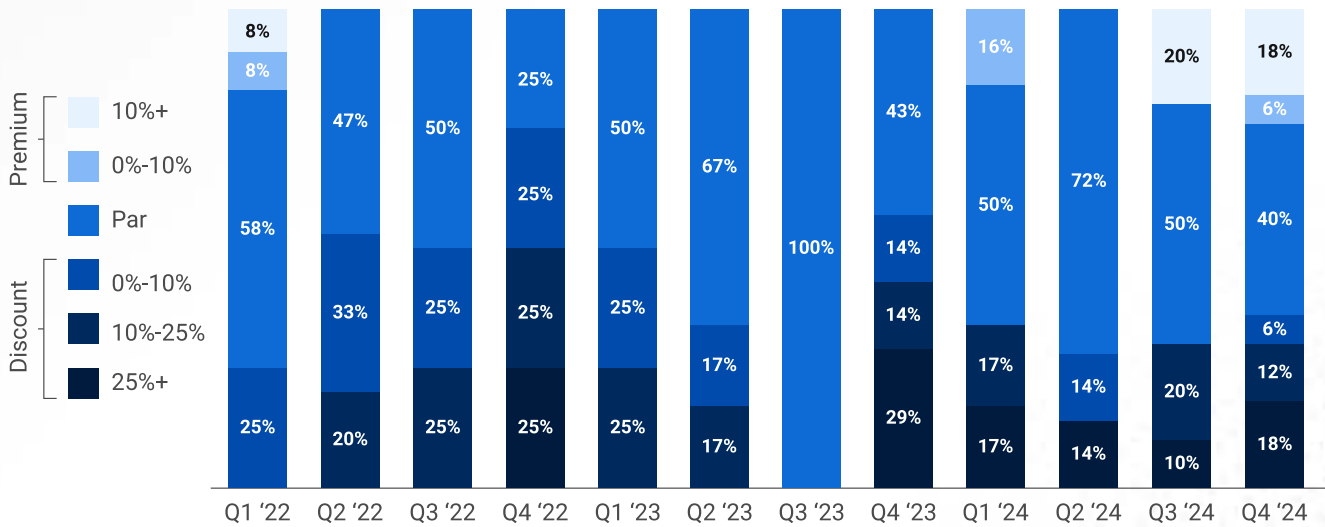
## Private Company Valuations

**Private company valuations improved modestly in the 2H 2024, as seen in the pricing of secondary share sales relative to the most recent round of primary preferred capital raised.**

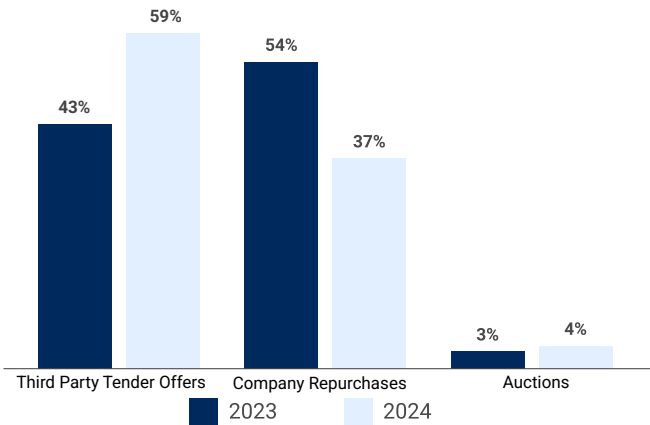
In Q4 2024, 24% of secondary share volume facilitated by NPM priced at a premium to the last preferred round, the highest we have seen in our data going back to 2020. By way of comparison, in Q3 2024, 20% of secondary volume was above the last valuation round, and in Q4 2024, 0% of volume was above the last round.

**Performance in the secondary tender market, however, was dispersed.** The proportion of tenders priced below the last rounds increased. In Q4 2024, 36% of tenders priced below the last round vs. 30% in Q3 2024 but improving from 57% in Q4 2023.

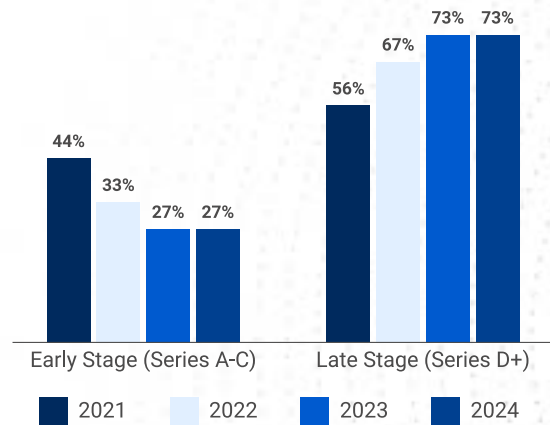
### Quarterly Discount to the Most Recent Preferred Issuance



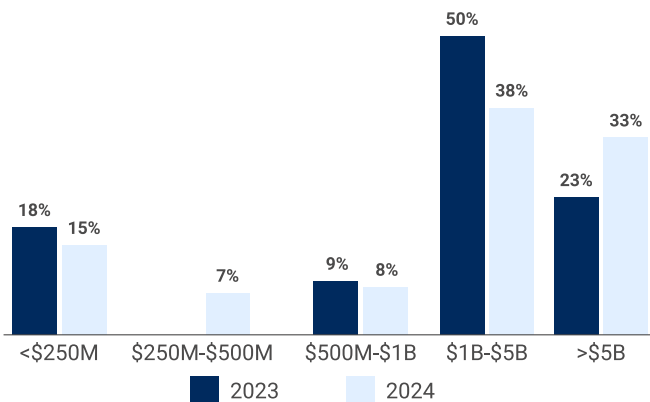
### Secondary Program Types



### Liquidity Programs by Stage\*



### Liquidity Programs by Valuation



\*Excludes Companies Without Listed Financing Status  
Source: NPM Data

Private companies leverage the NPM platform and investor network to run customized, company-structured liquidity programs. They are structured in a variety of ways either with new or existing investors.

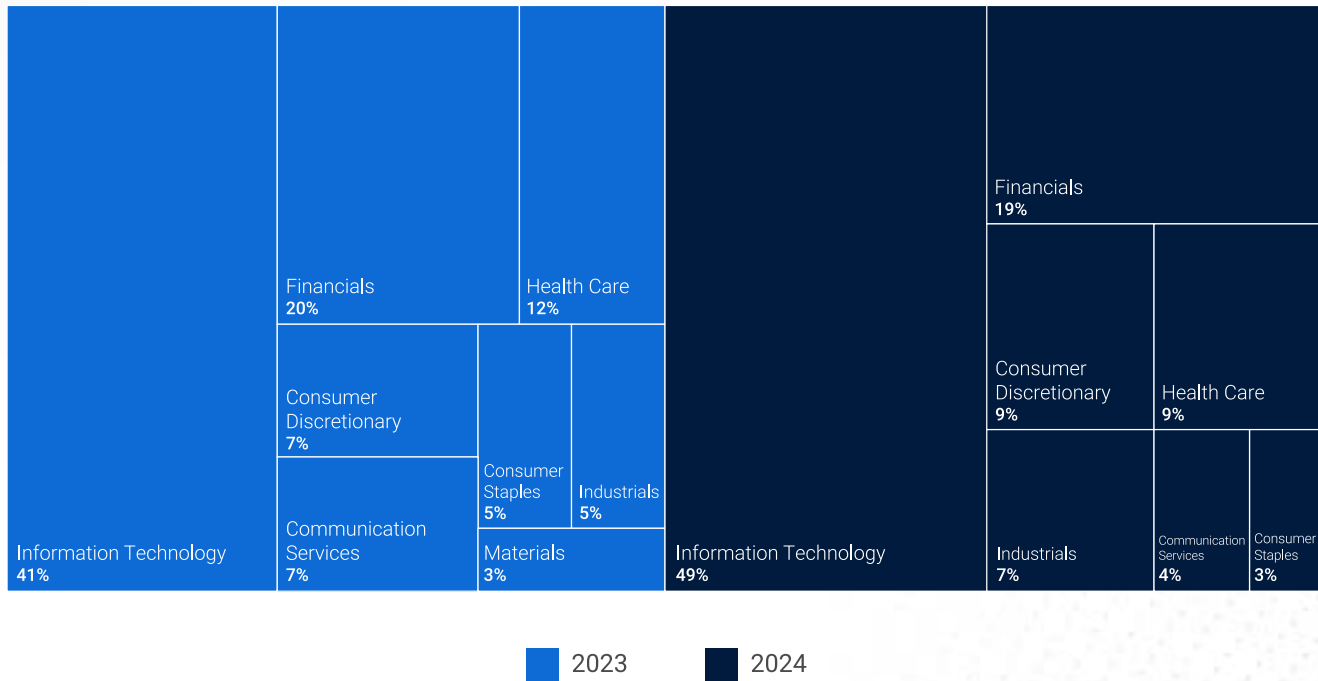
**Given pricing volatility, many of NPM's private company clients utilize our product suite for price discovery via a company-controlled program with us.**

**Across 2024, there was an 83% YOY increase in the number of private company auction programs facilitated by NPM, which are designed to establish a market-driven pricing mechanism.** There was no material change YOY in the stage of company engaging NPM for a tender. Most programs were executed by late-stage, VC-backed private companies. The average company valuation skewed slightly higher in 2024, with 33% of tender clients being valued at >\$5B vs. 23% in 2023.

## Company Characteristics

**From a sector perspective, information technology continued to gain share in 2024, representing 49% of programs facilitated by NPM vs. 41% in 2023.** The second largest cohort was financials which was relatively flat at 19% vs. 20% in the year prior.

### Company Program Count by Sector



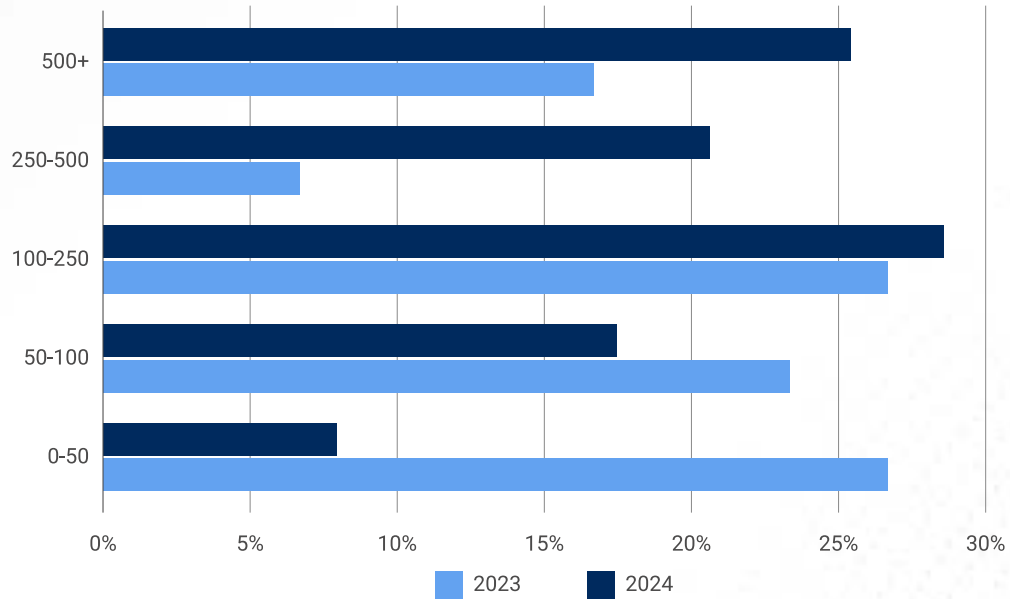
Source: NPM Data

### Shareholder Participation Rates

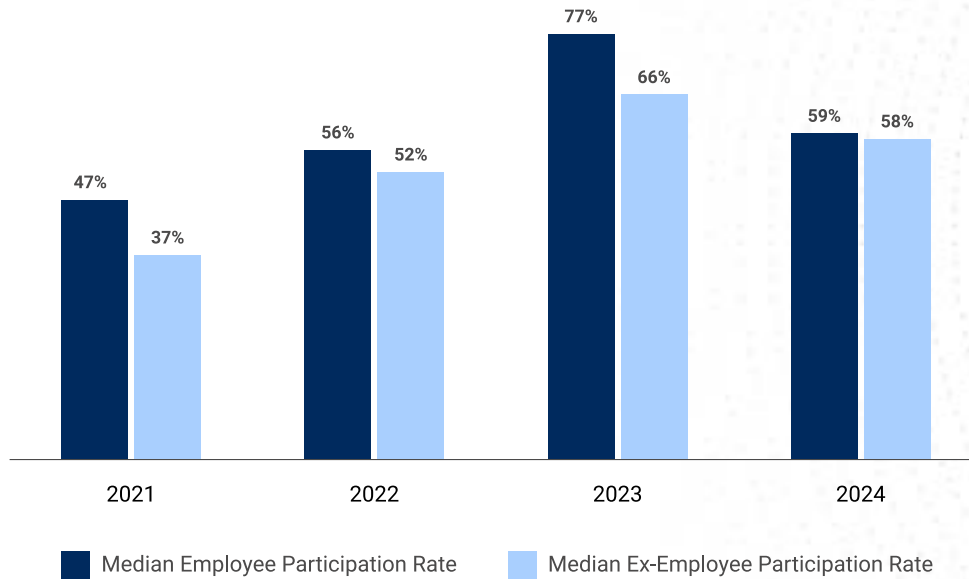
**Given the trend that higher enterprise value companies typically facilitate programs discussed above, the most common number of eligible participants per company trended upwards towards 250-500 and 500+.** Participation rates, however, were down slightly in 2024 at 59%/58% median for current/ex-employees vs. 77%/66% in 2023.

**Median transaction size fell to \$24mm in 2024 vs. \$39mm in 2023.** Subscription rate – the portion of investor demand that was filled with a given tender – increased to 92% in 2024 vs. 83% in 2023.

### Eligible Participants per Company Program

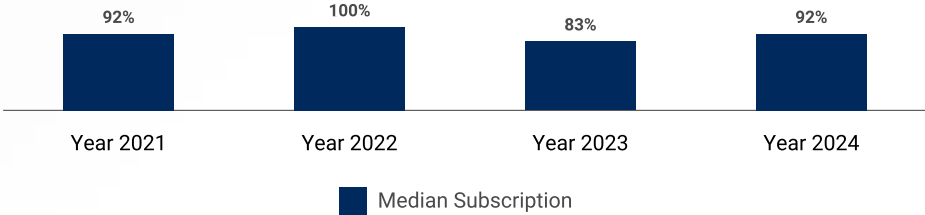


### Employee vs Ex-Employee Participation Rates

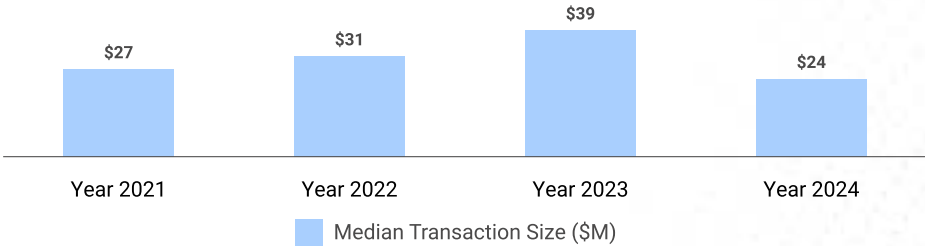


Source: NPM Data

### Median Subscription Rate



### Median Transaction Rate

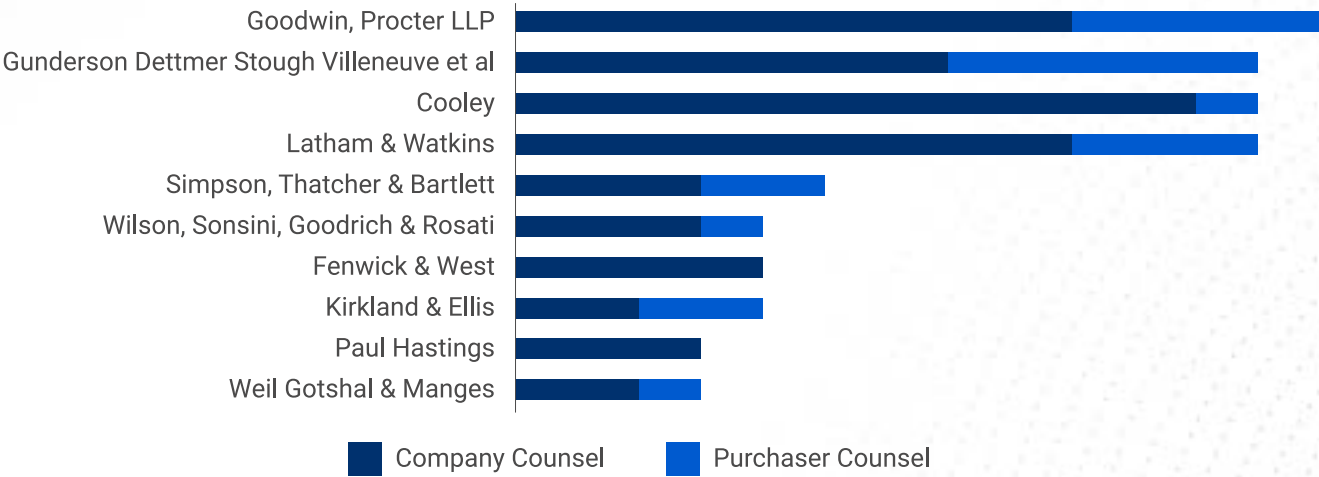


Source: NPM Data

### Law Firms Leading Secondaries

**NPM has a long history with many of the most influential law firms that advise private companies and investors on secondary transactions, and we are incredibly grateful for their ongoing support.** Below represents the most active law firms referring secondary programs to NPM in 2024.

#### Law Firms Active in Company-Structured Secondaries



Source: NPM Data



## Conclusion

### NPM Continues to Deliver Innovative Secondary Trading and Data Products for Private Companies, Investors, and Employees

Since inception in 2013, NPM has redefined shareholder liquidity by introducing new products and structures that include company-sponsored tenders and auctions, electronic secondary trading, SPVs, post-trade transfer and settlement, premier data, as well as wealth resources. NPM's Company Solutions and Capital Markets teams continue to partner with companies, shareholders, banks, and investors to improve the secondary market's current capabilities, while simultaneously developing new technology to fast-track transactions and data delivery.

Beyond industry-leading structured secondary liquidity capabilities, NPM is well positioned to centralize opportunistic block trading in the secondary market. NPM continues to enhance both pre- and post-trade functionality, working with private companies and institutions globally to expedite adoption of our market-leading solutions. NPM Capital Markets has built an extensive network of investors and global banks by which it connects employees and other shareholders to liquidity opportunities through the electronic SecondMarket® Trading Marketplace. NPM's Data team also connects investors to actionable data through the Tape D® premium data and analytics platform.

NPM's outlook remains optimistic moving further into 2025. After two challenging years throughout 2022 and 2023, the private secondary market began to recover in 2024, and we expect that momentum to continue with a robust pipeline of transactions for the year ahead. NPM stands ready to support private companies, shareholders and investors with their liquidity needs in both stable and turbulent markets. Please contact us if the NPM team can be of assistance in navigating the secondary market in 2025.

# About Nasdaq Private Market

Private Market Trading, Company Programs, Data, Wealth, Settlement.  
All On One Platform.

Total Transaction Value

**\$55B+**

Total Number of Participants

**200K+**

Total Company-Sponsored Programs

**760+**

Private Companies' Data Tracked

**2K+**

NPM Employees

**70+**

NPM Years of Experience

**10+**

## Investors + Partners:





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