

Venture Secondaries: Accessing the Power Law

As access to top venture opportunities has become increasingly constrained, secondaries are emerging as one of the few viable ways to gain exposure to power-law companies.

While the secondary market is often framed as a liquidity solution, it is increasingly becoming something equally valuable: a pathway to ownership in a small number of exceptional private companies that continue to compound value while remaining private for longer. In practice, secondary liquidity tends to concentrate in category-defining businesses – particularly in sectors like AI, infrastructure, and frontier technologies – where employees and early investors seek partial liquidity while buyers aim to build exposure ahead of potential exits.

However, these transactions rarely resemble a traditional market. The most sought-after deals are relationship-driven, tightly controlled, and often never broadly marketed, with access typically determined by networks across founders, early investors, and company insiders.

For investors, this makes sourcing and access the defining constraint in venture secondaries. Against this backdrop, recent data from both venture-focused and broader secondary market studies highlights several structural dynamics shaping the next phase of the market.

Secondaries have reached institutional scale

Across private capital, the secondary market reached record transaction volume of approximately \$226 billion in 2025, surpassing \$200 billion for the first time and growing more than 40% year over year. LP-led transactions represented roughly \$120 billion of this activity, while GP-led transactions totaled approximately \$106 billion, highlighting the increasing importance of secondaries as a liquidity and portfolio management tool for institutional investors.¹

This growth reflects a broader shift in how investors manage private market portfolios. With distributions remaining muted and exit markets yet to fully reopen, secondaries are increasingly used to rebalance portfolios, manage vintage exposure, and generate liquidity.

Within venture specifically, secondary transaction activity has also expanded rapidly. Estimates suggest the U.S. venture secondary market reached roughly \$106 billion in 2025, approaching the scale of traditional exit channels such as IPOs and acquisitions.²

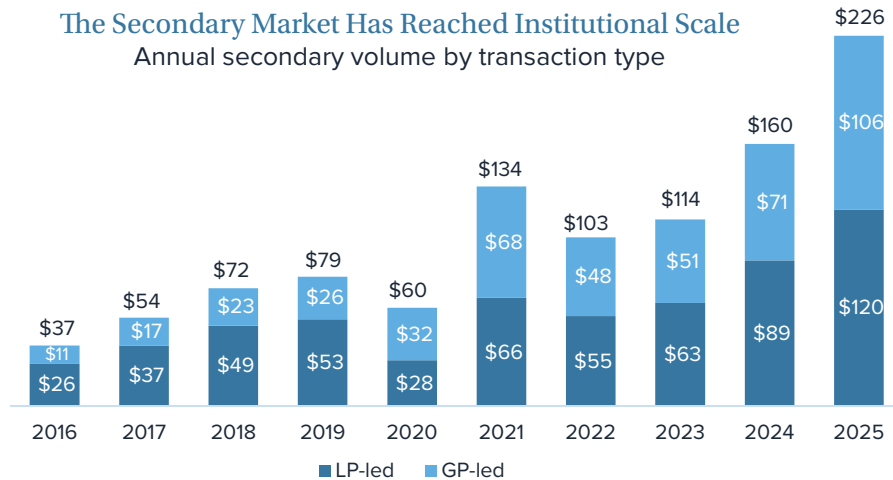
Despite this growth, capital dedicated to venture secondaries still represents a small fraction of overall venture capital, suggesting meaningful room for continued expansion.

¹ Evercore PCA 2025 Secondary Market Report

² Evercore PCA 2025 Secondary Market Report

The Secondary Market Has Reached Institutional Scale

Annual secondary volume by transaction type



Source: Evercore PCA 2025 Secondary Market Report

Liquidity remains concentrated in a small number of companies

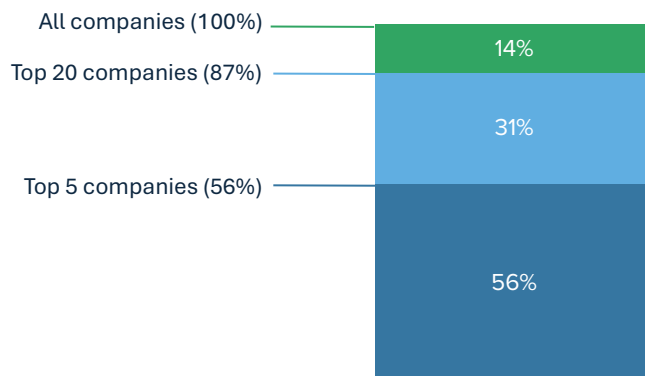
Although the secondary market has grown significantly, liquidity remains highly concentrated in a limited set of companies.

Across venture secondaries, a small group of late-stage technology companies drives a disproportionate share of transaction activity. The implication is that today's venture secondary market functions less like a broad liquidity marketplace and more like a trading venue for venture's "mega-cap" private companies.

Demand also tends to cluster in sectors benefiting from both technological momentum and policy tailwinds. Overwhelmingly, AI, crypto infrastructure, defense technology, and aerospace companies have captured a growing share of secondary activity, reflecting both investor demand and the concentration of value creation within these sectors.

Secondary Liquidity is Concentrated in Venture Power-Law Companies

Share of venture secondary trading volume by company tier



Source: PitchBook 2025 Annual US VC Secondary Market Watch

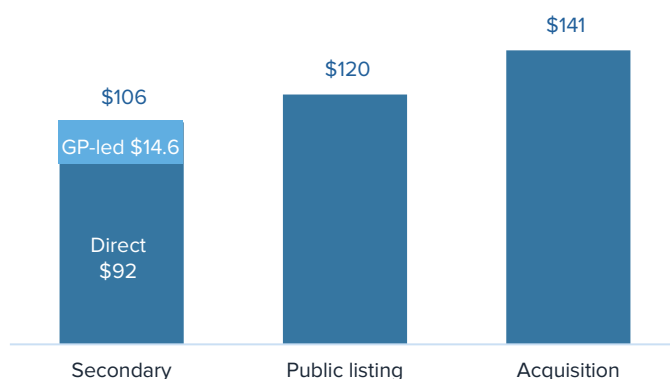
Structural liquidity demand is driving market growth

A major driver of secondary market growth has been the extended life cycle of venture-backed companies. Many startups now remain private for more than a decade, creating liquidity pressure for early investors and employees.

This dynamic has reinforced the importance of secondaries as a mechanism for portfolio management and liquidity generation. Within the broader market, LP-led transactions increasingly reflect portfolio optimization strategies as investors rebalance allocations and manage pacing in a slower distribution environment.

In venture specifically, secondary transactions are often driven by employees and early investors seeking partial liquidity in companies that may remain private for several more years.

Venture Secondaries Are Approaching the Scale of Traditional Exit Markets
2025 VC exit value (\$B) by type



Source: PitchBook, 2025 Annual US VC Secondary Market Watch

GP-led transactions and continuation vehicles are expanding

Another major contributor to market growth has been the expansion of GP-led secondaries, particularly continuation vehicles.

Across private capital, GP-led transactions accounted for nearly half of secondary market volume in 2025 and have grown steadily over the past decade.³

Continuation vehicles allow sponsors to provide liquidity to existing investors while maintaining ownership of high-conviction assets. In many cases, buyers are particularly attracted to single-asset continuation vehicles, where the underlying company has demonstrated strong performance and the sponsor has clear conviction in long-term value creation.

³ Evercore PCA 2025 Secondary Market Report

In venture markets, similar dynamics are emerging through company-led tender offers and structured liquidity programs, which allow startups to provide employee liquidity while maintaining greater control over their shareholder base.

The buyer universe continues to expand

As the market has grown, a broader set of investors has begun participating in secondary transactions. New entrants to the asset class accounted for roughly \$35 billion of transaction volume in 2025 and currently hold over \$46 billion of dry powder, signaling continued growth in the buyer universe.⁴

At the same time, experienced secondary investors remain the dominant participants, reflecting the importance of underwriting discipline, transaction experience, and sourcing networks in accessing the most attractive opportunities.

Looking ahead

The secondary market is increasingly becoming core infrastructure within private markets, supported by longer company life cycles, institutional portfolio management needs, and expanding investor participation.

Yet the defining feature of venture secondaries remains unchanged: liquidity continues to concentrate in a small number of exceptional companies. For investors, this reinforces a key reality. Success in venture secondaries will depend less on overall market growth and more on the ability to consistently access the companies that ultimately drive venture returns.

Secondaries will likely remain an important tool for portfolio construction and liquidity management – but sourcing and selectivity remain the defining drivers of performance in the asset class. As the market continues to mature, access to those companies – and the networks required to source them – will remain the most important differentiator.

⁴ Evercore PCA 2025 Secondary Market Report