Clearing the runway for venture lending

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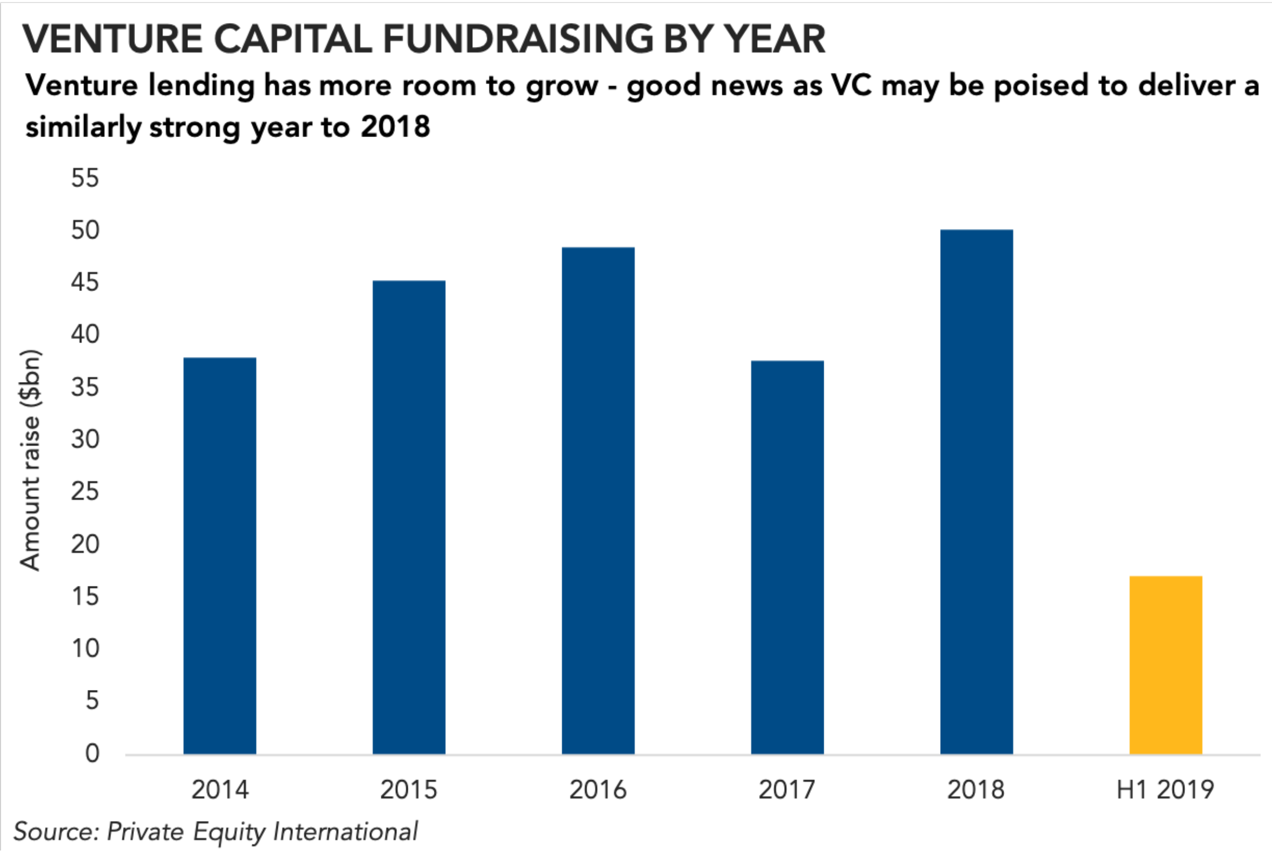

VC fund managers are raising more capital, likely giving venture lenders more dealmaking activity.

Venture capital fundraising could be on track to match last year's $50.22 billion, according to data from sister publication Private Equity International.

Such funds collected $17.11 billion through the first half of the year, on par with the $17.67 billion raised in the first six months of 2018. Last year's haul was a significant reversal from the mere $37.63 billion collected in 2017.

What does this mean for venture lenders? Well, chances are those managers wouldn't complain about another strong fundraising showing. After all, more venture dollars mean more potential borrowers. In addition, market sources say this is part of a secular trend in which debt, once a less consistent part of a startup's capital structure, is becoming more common.

"The venture capital industry is in a long mega-trend of using more debt," Runway Growth Capital's David Spreng told PDI earlier this summer. "It has become fully accepted that it is good practice to use some debt as you build your capital structure."

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