LENTERIS ADVISORS
A Division of Capital Advisors Group

Q3 2026

DEBT MARKET UPDATE

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COMMENTARY - Q3 2026

A Growing Market, A Narrower Gate

If it feels like venture lenders are becoming less ad-“venture”-ous, you may be onto something.

Venture growth credit – large facilities extended to late-stage and pre-IPO companies – continue to account for an outsized share of venture debt dollar volume. These facilities are concentrated primarily in AI infrastructure, AI-adjacent technology, and aerospace and defense.

Through the first three quarters of 2026, venture growth credit accounted for approximately **80% of total venture debt dollar volume** ($65.0 billion of $81.2 billion), despite representing just **48% of deal count** (240 of 498 transactions).

The median deal size jumped to **$14.9 million** – more than three times the $4.25 million median in 2025. This reflects a shift in stage mix toward larger, later-stage facilities, rather than a uniform credit expansion.

Q3 2026 SNAPSHOT

$36.7B

Q3 venture debt volume

DEAL COUNT	345
MEDIAN DEAL SIZE	$14.9M
GROWTH CREDIT SHARE	80%

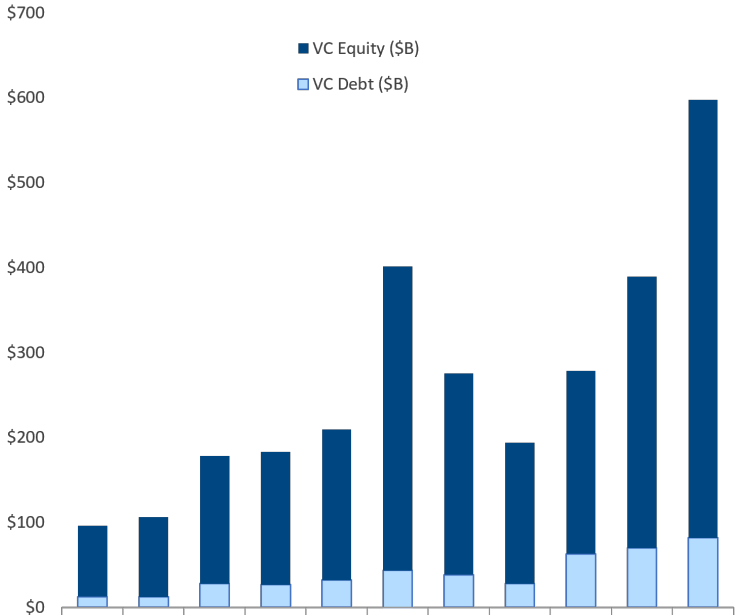
2026 YTD

$81.7B

Total venture debt — exceeding 2025’s full-year record

2025 FULL YEAR	$69.7B
YoY PACE	+16%

U.S. VENTURE CAPITAL & DEBT ACTIVITY



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
VC Equity ($B)	$83.8	$93.9	$150.6	$156.2	$177.2	$357.9	$236.7	$166.0	$215.3	$319.7	$515.8
VC Debt ($B)	$12.4	$12.2	$27.7	$26.5	$31.8	$43.5	$38.3	$27.6	$62.8	$69.7	$81.7
Debt / Equity (%)	14.8%	13.0%	18.4%	17.0%	18.0%	12.1%	16.2%	16.6%	29.2%	21.8%	15.8%

This illustrates a “K-shaped” dynamic playing out in venture debt:

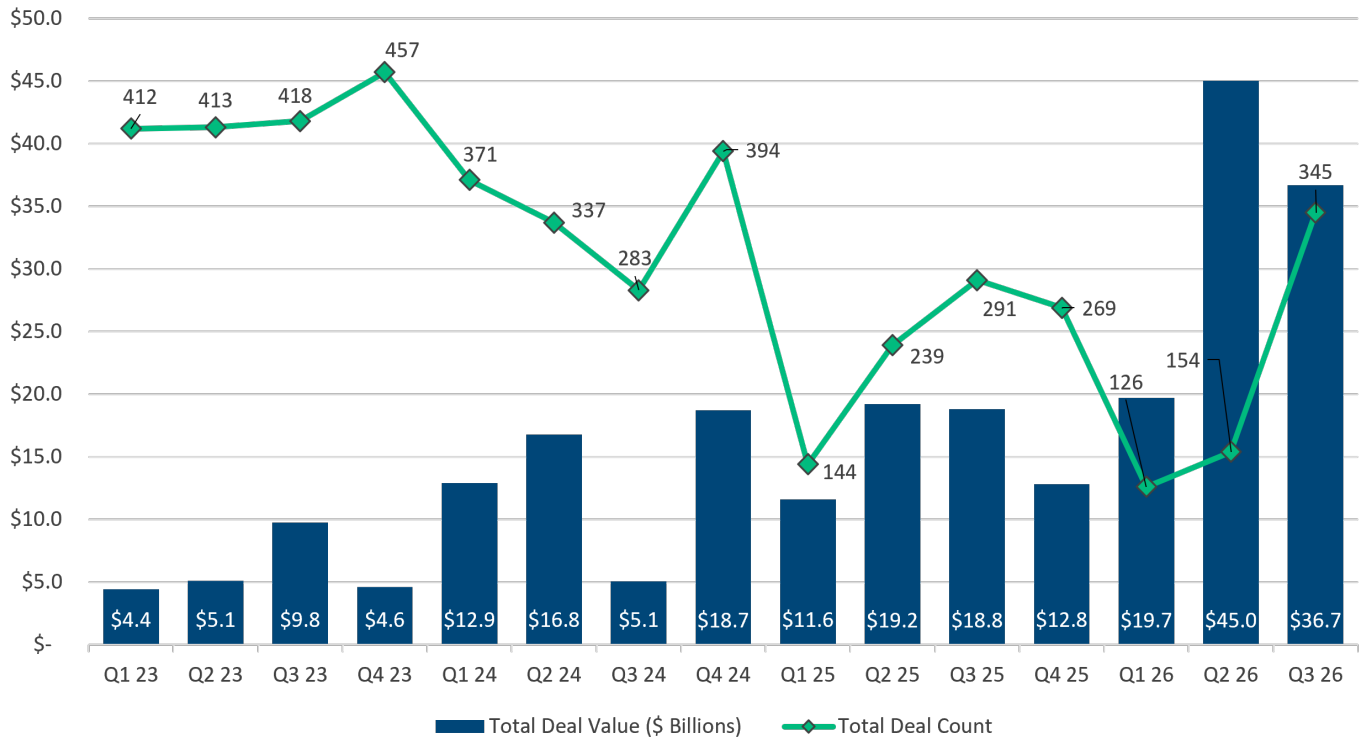
> *Record annual totals are on track to exceed **$81.7 billion in 2026**, surpassing 2025’s full-year total of $69.7 billion with one quarter remaining.*

But this growth is likely driven by a handful of high-conviction growth credit positions rather than broad-based lending activity.

Q3 2026 venture debt totaled **$36.7 billion** across **345 deals**, down in headline dollar volume from Q2's $45 billion. However, Q2's headline volume was dominated by SpaceX's $20 billion senior notes facility. Stripping that single transaction, underlying Q2 volume was approximately $24–$25 billion.

On an adjusted basis, Q3 deal value rose approximately **34% quarter-over-quarter**, while deal count more than doubled from **154 to 345 transactions** – the highest quarterly deal count of the year by a wide margin.

U.S. VENTURE DEBT ACTIVITY



The broader U.S. venture equity market mirrors this pattern. Year-to-date investment reached approximately **$515.8 billion**, a record, driven largely by a small number of massive AI infrastructure rounds. Q3 equity activity normalized to approximately **$98.4 billion** across **3,640 deals**, a more moderate pace consistent with historical norms.

Healthcare debt pulled back sharply in Q3, while technology – adjusting for the SpaceX outlier in Q2 – showed meaningful improvement in both volume and breadth.

Across both sectors, the dominant theme remains in selectivity concentrated at the top: a small number of high-quality late-stage and growth-stage credits attract significant capital on favorable terms, while the broader market remains cautious.

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HEALTHCARE

Deal Value Declines in Q3 2026

Healthcare venture debt activity pulled back sharply in Q3 2026, with deal value declining approximately 63% quarter-over-quarter to **$1.0 billion**, from **$2.7 billion in Q2 2026**. Deal count, by contrast, more than doubled to **63 transactions**, up from **25 in Q2**. This suggests that small-to-mid-sized facilities remained active, while the larger, structured credits that drove Q2's rebound did not repeat.

Year-to-date healthcare venture debt stands at approximately **$3.75 billion** across **88 transactions**. This pace trails below 2025's full-year total of $7.6 billion and below 2024's $5.3 billion, suggesting healthcare is not keeping pace with overall venture debt growth, although activity remains within a normal historical range.

The divergence between deal count (up) and deal value (down sharply) is stark: the average deal size in Q3 was approximately **$16 million** versus an average of **$108 million per deal in Q2**.

The Q3 experience suggests Q2's recovery was partly transitory, concentrated in a small number of large transactions rather than reflecting durable re-engagement across the healthcare borrower base.

Q3 HEALTHCARE

$1.0B

Total deal value **(-63% QoQ)**

DEAL COUNT	**63**
AVERAGE DEAL SIZE	**$16M**
PRIOR QUARTER AVERAGE	**$108M**

2026 YTD HEALTHCARE

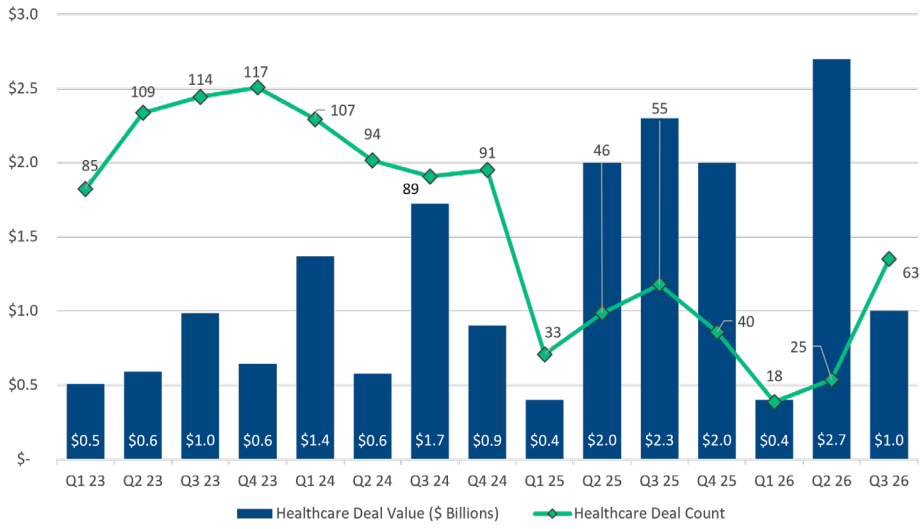
$3.75B

2026 YTD

2025 FULL YEAR	**$7.6B**
2024 FULL YEAR	**$5.3B**

Source: Pitchbook. Sector deal value totals may exceed the overall market total, as methods used by Pitchbook to calculate sector totals versus total market activity may differ.

U.S. HEALTHCARE VENTURE DEBT ACTIVITY



> *With healthcare IPO windows remaining narrow and equity financing conditions mixed, lenders are likely reserving large facilities for the most mature, near-exit healthcare credits while maintaining broad caution across earlier-stage portfolios.*

Across the venture lending landscape, healthcare remains a secondary priority for most diversified venture lenders relative to the concentrated AI infrastructure opportunity in technology – a trend reflected in the data through Q3.

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TECHNOLOGY

Growth Credit Drives Market Activity

Technology venture debt activity in Q3 2026 totaled **$32.2 billion** across **305 deals**, down from Q2's headline $44.2 billion, but substantially higher than Q2's underlying volume of approximately $24 billion after adjusting for SpaceX's $20 billion facility.

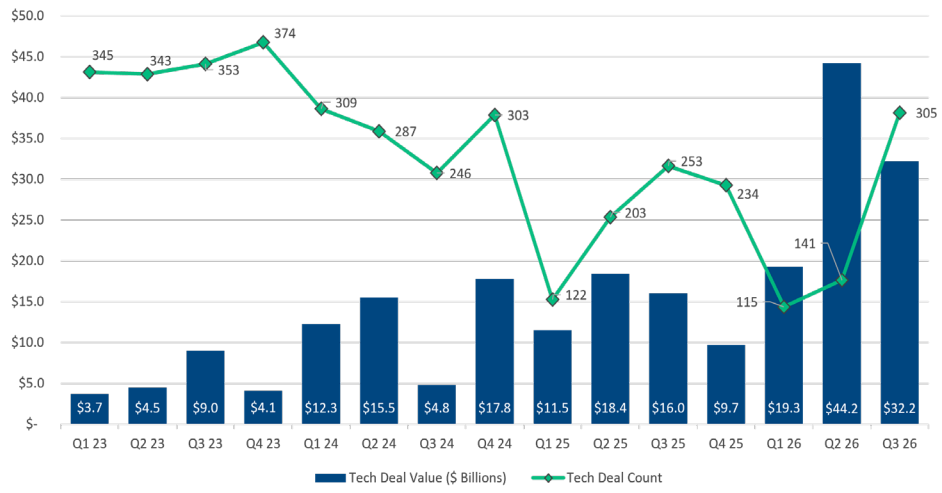
On an adjusted basis, Q3 technology deal value rose approximately **34% quarter-over-quarter**, while deal count more than doubled, from **141 to 305 transactions** – a broadening of lending activity not visible in the headline figures alone.

The stage-concentration dynamic is most pronounced in technology. Of the approximately **$76.4 billion** in technology venture debt through the first three quarters, venture growth credit appear to dominate. Activity is driven by large facilities extended to AI compute infrastructure, hyperscaler-adjacent companies, energy technology, aerospace and defense-tech, and late-stage AI application platforms.

The median venture growth deal size reached approximately **$29.0 million** in 2026 – compared to $7.5 million in 2025 and $5.0 million in 2024 – reflecting the shift toward larger, more concentrated positions.

These facilities increasingly resemble growth credit facilities in structure and scale, extending to companies with substantial revenue, real assets, or contracted cashflows, rather than traditional early-stage venture lending. This structural shift is a defining feature of the 2026 market.

U.S. TECHNOLOGY VENTURE DEBT ACTIVITY



Q3 TECHNOLOGY

$32.2B

Total deal value **(+34% QoQ adjusted)**

DEAL COUNT	305
Q2 ADJUSTED VOLUME	~$24B
QOQ (ADJUSTED)	+34%

2026 YTD TECHNOLOGY

$76.4B

2026 YTD

GROWTH CREDIT SHARE	~80%
MEDIAN DEAL SIZE	$29M
2025 MEDIAN	$7.5M

Source: Pitchbook. Sector deal value totals may exceed the overall market total, as methods used by Pitchbook to calculate sector totals versus total market activity may differ.

Meanwhile, earlier-stage technology debt continues to face the selectivity dynamics that have defined the market since the 2022–2023 correction.

- **Early-stage venture debt:** Approximately **$10.1 billion YTD** (104 deals), tracking below 2025's full-year pace of $15.1 billion (264 deals).
- **Traditional late-stage VC debt:** **$5.9 billion YTD** (106 deals), also below 2025 full-year levels.

Lenders continue to tighten underwriting on software credits without clear AI differentiation or near-term profitability, while remaining willing to commit capital to companies with strong unit economics, recurring revenue quality, and clear exit paths.

Q3's increase to 305 technology deals suggests some re-engagement across the borrower spectrum, but at materially smaller average deal sizes – consistent with a market where the deal count recovery is happening primarily at the lower end of the size distribution.

The record headline numbers are real, but so is the concentration behind them.

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Why Consider Venture Debt

RUNWAY EXTENSION
Extends runway required to hit important milestones prior to next equity raise, which may help drive a higher valuation.

LESS DILUTIVE GROWTH CAPITAL
Enables continued investment in growth while minimizing the dilution associated with raising equity.

ENHANCE LIQUIDITY
Provides a cash cushion, which may act as “insurance” if it takes longer than anticipated to reach the next milestone or raise the next equity round.

ACQUISITION FINANCING
Reduces operating burn to provide more cash for potential acquisitions.

NO BOARD SEAT REQUIREMENTS
Brings on a significant capital partner without impacting current board dynamic.

END-TO-END TRANSACTION SUPPORT
From initial query to cash in hand, we develop your strategy, evaluate potential lenders, solicit bids, and help you source the most favorable deals.

SAMPLE TRANSACTIONS
Recently completed debt deals. For our clients’ confidentiality, only those clients who have authorized us to use their name and financing information in our marketing materials are listed. Clients listed do not necessarily endorse or approve of the debt advisory services provided by Lenteris Advisors.

HomeLight
$33M
TERM LOAN
Lenteris Advisors served as exclusive debt advisor in connection with this transaction.

PEGASUS SOLAR
$15M
TERM LOAN
Lenteris Advisors served as exclusive debt advisor in connection with this transaction.

Fintech
£40M
TERM LOAN
Lenteris Advisors served as exclusive debt advisor in connection with this transaction.

KEY TEAM MEMBERS
Since 2003, we have worked side-by-side with emerging growth companies to help obtain the best terms and conditions for debt transactions ranging from $5M to more than $200M.

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