Proskauer

European VC Fundraising Shows Signs of Rebound, Proskauer Data Reveals

May 6, 2026

New analysis of 32 funds representing €8.1 billion highlights renewed momentum, sharper fundraising terms, and evolving strategies as competition for capital intensifies.

LONDON, May 6, 2026 – Proskauer releases key data that provides a comprehensive analysis of the European venture capital fundraising market.

Our sample contained 32 venture capital funds raised between Q4 2024 and Q1 2026. We collected 30 data points from these funds. The funds were all either specifically European-focused or had Europe as a key geography in their investment strategy. The target fund size of the funds reviewed ranged from €50 million to €775 million, representing in total approximately €8.1 billion of capital.

“Despite last year’s challenging fundraising backdrop, marked by a subdued IPO and exit environment that constrained investor liquidity, we’re beginning to see early signs of renewed momentum. The larger size of our 2026 dataset compared with 2025 reflects genuine green shoots in the market and we are hopeful that this will align with an uptick in fundraising activity. Over the next 12 months, we’ll be watching closely to see whether European venture capital can maintain its return to more robust fundraising levels, even amid ongoing geopolitical uncertainty,” said James May, senior associate in the Private Funds team in London.

“With fundraising conditions being unsuitable for changes to headline economic terms, we are seeing managers focus on fund terms which can drive investment returns in the current exit environment. Recycling and borrowing powers are areas of particular focus and we expect this to continue,” said Peter Olds, partner in the private funds team in London.

Key insights regarding venture capital funds include:

- **Recyclability:** 68% of funds in our sample have the ability to recycle proceeds and invest 120–130% of total commitments—broadly unchanged from last year – with most other funds in our sample having the ability to recycle and deploy proceeds in excess of 100%. Recycling remains a core cash-flow management tool, enabling sponsors to redeploy early-exit proceeds into priority assets, limit dilution in later investment rounds, and fund follow-on opportunities that drive accretive portfolio value.
- **Hurdle rates:** Hurdle rates continue to vary widely. Of the 32 funds sampled, 13 (44%) had no hurdle rates. The rest were split across percentage hurdles and funded-commitment multiples. Among percentage hurdles, 8% was the most common; among multiples, 1.25x funded commitments prevailed. Unlike the US market where VC funds invariably have no hurdle, our data underscores that there is no uniform model in the European market— hurdle rates remain a key negotiation point between sponsors and investors.
- **Borrowing:** As venture capital matures, more sponsors are adopting facilities to manage working-capital needs, smooth investor drawdowns, and ensure liquidity for portfolio transactions. Investors, in turn, remain attentive to borrowing limits in fund documents. Most sampled funds set limits at 20–25%, with 38% capped at 25% of commitments and 34% capped at 20%.
- **Fundraising Period:** A 12-month fundraising period remains most common, used by 63% of sampled funds. However, 28% now allow 18 months, reflecting the reality that venture fundraising continues to take longer. Many sponsors prefer to build in this additional time upfront rather than seek investor approval for extensions.
- **Jurisdiction:** The Channel Islands remain the leading fundraising hubs for venture funds, with 14 of 32 funds domiciled in Guernsey or Jersey. Others were formed in Delaware and across several European jurisdictions, including France, Germany, Luxembourg, the Netherlands, and Spain.

The venture funds data forms a key part of Proskauer's 'Under the Microscope' report, providing a comprehensive analysis of both the European buyout funds market and the venture capital fundraising market.

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Related Professionals

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