

Big rise in venture capital investment values in Yorkshire

The scale of venture capital investments into Yorkshire business nearly quadrupled in the second quarter of this year, research shows.

A total of £58m was raised by the region's businesses from April to June, up 297% from the £14.6m raised in the previous quarter, according to KPMG's latest Venture Pulse report, compiled by PitchBook. The increase came despite the number of deals being consistent at 11.

Leeds led the way, with firms there attracting £22.8m investment while York saw deals amounting to £17.4m. Researchers said the £17.1m funding round led by Johnson Resolutions and Veg Capital for York-headquartered vegan food company VFC played figured prominently in the second quarter value.

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Across the UK, the market was seen to be stabilised after record levels in 2021 and early 2022. More broadly, investors globally VC were seen to hold back from making large mega-deals and late-stage deals, amid economic turmoil.

Euan West, office senior partner for Leeds at KPMG UK, said: "Amid economic uncertainty, Yorkshire's ability to draw robust VC investments is heartening. The region is gaining global recognition, particularly in the innovation and tech sectors thanks to more control locally, new investment zones, better 5G coverage and the growth of its innovation hubs. In Leeds, a dynamic innovation ecosystem is thriving with educational

institutions joining forces with entrepreneurs to cultivate start-ups. Initiatives like the city's Innovation Arc reinforce this environment further, solidifying Yorkshire as a highly attractive region for strong VC investments.

“Looking at the bigger picture, the relatively calmer activity we've observed in the first half of 2023, after two years of bumper global investment, is looking like the UK's new normal. This year's investment levels surpass pre-pandemic figures, showcasing growth amid challenges. The market is eager, and businesses have solid foundations, but for ongoing growth in UK VC investments we will need to see a longer stretch of stability.”