

Fastest-Growing Startup Cities

Q2 2022



YORK·IE

INTRODUCTION

The red-hot venture capital market of 2021 has cooled off this year amid rising inflation and fears of a recession. U.S. startups received \$58.7 billion in funding in Q2 2022 — down 18.6% from Q1 and down 20.8% year over year.

Despite this slowdown, startups focused on building successful, sustainable companies can still find the capital they need to grow.

“If you’re not playing the Silicon Valley growth-at-all-costs game of chasing vanity metrics on a fundraising hamster wheel, you’ll be able to find there is a ton of capital available to you from many committed partners,” said York IE CEO Kyle York.

And although traditional hubs such as San Francisco, New York and Boston have seen a drop in funding this year, startup business is booming in lots of other cities.

The York IE Fastest-Growing Startup Cities report highlights 10 places where startup funding has increased the most, plus the companies that are helping to drive that growth.

TOP STARTUP CITIES



Before unveiling the list of fastest-growing cities, let's first establish where the major U.S. startup hubs are. These are the 10 cities whose companies received the most funding in Q2 2022:

CITY	FUNDING	ROUNDS	PREVIOUS RANK
San Francisco, California	\$9,791,388,742	278	1
New York, New York	\$5,373,748,740	248	2
Boston, Massachusetts	\$2,401,694,641	56	7
Palo Alto, California	\$1,363,720,945	47	5
Cambridge, Massachusetts	\$1,339,565,540	41	3
Denver, Colorado	\$1,143,980,774	27	N/A
Los Angeles, California	\$1,111,179,147	75	4
Seattle, Washington	\$1,095,851,015	42	N/A
Austin, Texas	\$850,672,694	56	N/A
Wilmington, Delaware	\$828,736,753	20	N/A

Cities that dropped out of the top 10: San Jose, California (6), Mountain View, California (8), Waltham, Massachusetts (9), Miami, Florida (10)

FASTEST-GROWING STARTUP CITIES



These are the 10 cities where company funding grew the most in Q2:

CITY	GROWTH	FUNDING	ROUNDS
Kirkland, Washington	1,724%	\$298,628,474	8
Stanford, California	1,033%	\$116,463,641	7
Madison, Wisconsin	793%	\$299,195,995	7
Birmingham, Alabama	480%	\$47,041,175	11
Wilmington, Delaware	257%	\$828,736,753	20
Ann Arbor, Michigan	229%	\$184,649,998	7
Cleveland, Ohio	166%	\$102,525,000	7
Santa Barbara, California	150%	\$155,233,337	6
Dover, Delaware	121%	\$110,596,015	10
Denver, Colorado	116%	\$1,143,980,774	27

Cities that also made the previous report’s top 10: Ann Arbor (10)
Growth rate compares each city’s Q2 funding to its average quarterly funding over the prior 12 months. See appendix for full methodology.

1. Kirkland, Washington

Growth rate: 1,724%

Funding: \$298,628,474

Rounds: 8

Seattle is an established tech, aerospace and startup hub, and Redmond is famously the home of Microsoft. Between the two cities is Kirkland, which is now making its own mark. The \$135 million Series D round raised by radar manufacturer Echodyne in June helped propel the city to the top of the rankings.

Top funding rounds

Echodyne: \$135 million Series D

Chainguard: \$50 million Series B

Rain City Capital: \$43.4 million

Statsig: \$43 million Series B

2. Stanford, California

Growth rate: 1,033%

Funding: \$116,463,641

Rounds: 7

Berkeley, Oakland and San Jose have all made this list in past quarters, and now it's Stanford's turn to represent Silicon Valley. This unincorporated area saw huge growth thanks to AI language software provider Lilt, which accounted for nearly half of its Q2 funding.

Top funding rounds

Lilt: \$55 million Series C

Neubility: \$21 million Series A

Nitricity: \$20.9 million

3. Madison, Wisconsin

Growth rate: 793%

Funding: \$299,195,995

Rounds: 7

Grocery rewards platform Fetch raised a \$240 million Series E round in April, driving a huge increase in Madison's funding growth. The home of the University of Wisconsin also saw eight-figure rounds from healthcare data platform Moxe Health and sleep study analysis provider EnsoData.

Top funding rounds

Fetch Rewards: \$240 million Series E

Moxe Health: \$30 million Series B

EnsoData: \$20 million Series A

4. Birmingham, Alabama

Growth rate: 480%
Funding: \$47,041,175
Rounds: 11

Alabama makes its first-ever appearance in this report thanks to Birmingham's growth in a variety of startup sectors, including SaaS and data collection.

Biotech company Immunowake's \$20 million Series A round in May led the way.

Top funding rounds

Immunowake: \$20 million Series A
Fresh Technology: \$7 million Series A
GoodJob Software: \$5.8 million Series A
BoomNation: \$5 million Seed
Conserv: \$3 million Series A

5. Wilmington, Delaware

Growth rate: 257%
Funding: \$828,736,753
Rounds: 20

Delaware may be one of the smallest states in the country by area and population, but not by business growth.

Wilmington is one of two First State cities to make this list, driven by payment solutions provider SumUp's \$621 million raise in June.

Top funding rounds

SumUp: \$621 million
Oyster: \$150 million Series C
Duos: \$15 million Series A
Cloudquery: \$15 million Series A

6. Ann Arbor, Michigan

Growth rate: 229%

Funding: \$184,649,998

Rounds: 7

Ann Arbor makes its second consecutive appearance in this report, a sign of sustained growth in its startup ecosystem. As on the previous list, healthcare and life sciences companies had three of the city's largest funding rounds.

Top funding rounds

SkySpecs: \$80 million Series D

Sling Therapeutics: \$35 million Series A

Mekanistic Therapeutics: \$30 million

NextBillion: \$21 million Series B

Enumera Molecular: \$12.5 million Series A

7. Cleveland, Ohio

Growth rate: 166%

Funding: \$102,525,000

Rounds: 7

Following in the footsteps of Columbus (Q3 2021) and Cincinnati (Q4 2021), Cleveland steps up to represent Ohio in this report.

The city's biggest round came from Centerline Biomedical, a Cleveland Clinic spinoff focused on reducing radiation exposure for patients and caregivers.

Top funding rounds

Centerline Biomedical: \$33 million Series B

Fello: \$25 million

Cleveland Kitchen: \$19 million Series A

Felux: \$19 million Series A

Unify Labs: \$4.5 million Seed

8. Santa Barbara, California

Growth rate: 150%

Funding: \$155,233,337

Rounds: 6

Los Angeles is consistently one of the nation's top startup hubs, and now its neighbor to the north is getting in on the action. Marketing automation and analytics company Invoca accounted for the majority of Santa Barbara's Q2 funding with its \$83 million Series F round in June.

Top funding rounds

Invoca: \$83 million Series F

C-Zero: \$34 million

Oma Fertility: \$29 million

9. Dover, Delaware

Growth rate: 121%

Funding: \$110,596,015

Rounds: 10

Sugar Cosmetics, founded by *Shark Tank India* judge Vineeta Singh, helped Dover make the list with its \$50 million Series D round in June.

Other highlights for Delaware's capital included headless content management system Strapi's \$31 million Series B and customer experience platform Zowie's \$14 million Series A.

Top funding rounds

Sugar Cosmetics: \$50 million Series D

Strapi: \$31 million Series B

Zowie: \$14 million Series A

OlaClick: \$4.4 million Seed

Rigor: \$3.5 million Seed

10. Denver, Colorado

Growth rate: 116%

Funding: \$1,143,980,774

Rounds: 27

Denver makes its debut on this list thanks to several mile-high funding rounds, including the \$400 million Series B by human resources technology company Velocity Global and the \$350 million Series C by Crusoe Energy Systems.

Top funding rounds

Velocity Global: \$400 million Series B

Crusoe Energy Systems: \$350 million Series C

Guild Education: \$175 million Series F

Housecall Pro: \$65 million Series D

Shenandoah Energy Partners: \$34.1 million

APPENDIX

Methodology

York IE Fuel and its data providers are the source of all data in this report unless noted otherwise.

Funding data in this report includes angel investments, pre-seed and seed rounds, venture rounds and Series A through Series J rounds.

Growth rates are determined by calculating the total amount of funding received by companies based in a city for the current quarter and comparing that number to the city's average amount of funding over the prior four quarters.

Cities must have at least five funding rounds in the current quarter to qualify.

About York IE

York IE™ is a vertically integrated strategic growth and investment firm helping reshape the way companies are built, scaled and monetized. Through Fuel™, its SaaS platform, hands-on advisory services and selective early-stage B2B SaaS investments, York IE supports ambitious entrepreneurs, operators and investors on their quest to scale startups and disrupt markets. Play the long game at York.IE.

York IE Fastest-Growing Startup Cities, Q2 2022 written by Colin Steele, head of content. Data compiled by Joe Small, data science engineer.