

COINING A TERM · PRIVATE MARKETS · INVESTMENT THESIS

Welcome to the Curb Market

The best companies in America aren't unicorns. They're thoroughbreds – and they're trading on the curb. Here's what that means, why it matters, and what history tells us happens next.

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IN BRIEF

U.S. LISTED COMPANIES

51%

Decline in U.S. public companies since the 1996 peak.

TIME IN PRIVATE HANDS

10.3 yrs

Average age of a venture-backed unicorn, near the age companies historically went public.

CATEGORY INFLATION

1,200+

Companies labeled "unicorns" today – a word that has lost its meaning.

In 1996, more than 8,000 companies were listed on U.S. stock exchanges. Today, there are fewer than 4,000 – a figure documented by the World Bank, the SEC, and independent researchers including the Meketa Investment Group. The U.S. economy tripled in size over that same period. The number of public companies was cut in half.

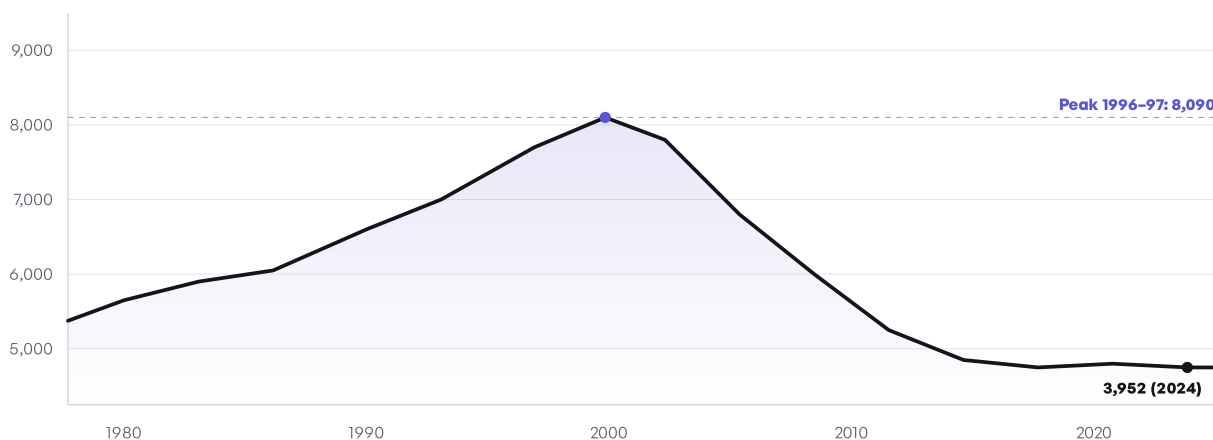
That's not a rounding error. That's a structural collapse in the market's most important function: giving investors access to America's best growing businesses.

Where did those companies go? Some were absorbed through mergers. Some failed. But a significant and growing cohort did something different: they stayed private – not because they were too small or too troubled to list, but because the public markets stopped making sense for a specific type of company.

These companies have \$30 million to \$500 million in annual revenue. They're growing at 30% or more per year. They have real margins, real customers, real competitive advantages. By every measure that mattered to public investors twenty-five years ago, they're operating at the level of the small- and mid-cap stocks that once formed the backbone of the American equity market.

But they're not public. And most of them never will be.

The Disappearing Middle: U.S. Public Companies, 1976-2024



Sources: World Bank; Meketa Investment Group, "The Decreasing Number of Public Companies" (2024); SEC Office of the Advocate for Small Business Capital Formation (2024 OASB Report); Sherwood News. Figures represent domestically incorporated exchange-listed companies.

§ 01

What Happened to Small and Mid Caps

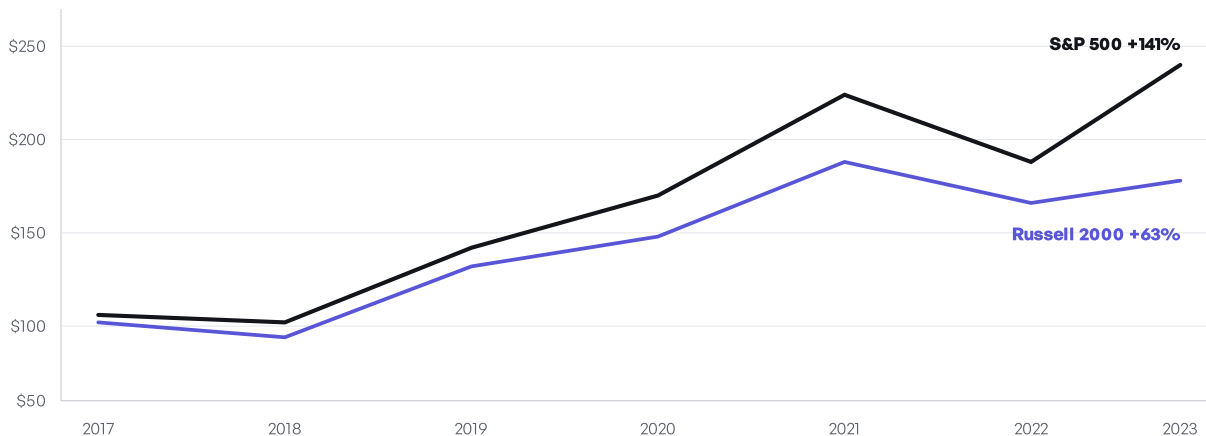
The evidence has been hiding in plain sight – miscategorized as a performance problem when it's actually a composition problem.

The Russell 2000, which tracks America's 2,000 smallest publicly traded companies, has dramatically underperformed the broader market. Over the seven years ending in late 2023, small caps returned 46% – while the S&P 500 returned nearly triple that, at 131%, according to ProShares. Analysts have chalked this up to interest rates, sector composition, leverage – all real factors.

But Morningstar's own researchers identified something more fundamental: private capital flows are "incentivizing some companies to stay private for longer, intensifying business competition, and causing more public companies to be taken private." The result is that small-cap indexes are experiencing "a deterioration of their constituents' aggregate growth potential and relative quality." The small-cap index isn't underperforming because small businesses are getting worse. It's underperforming because the best ones are no longer in it.

In plain English: the cream rose – and it's staying private.

\$100 Invested in 2017: Russell 2000 vs. S&P 500 (7-Year Return Through 2023)



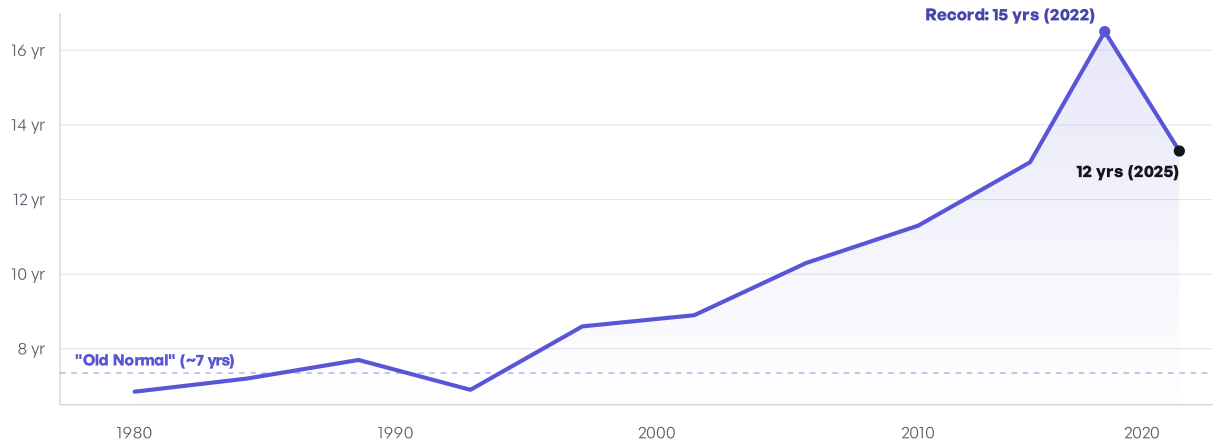
Sources: IWM (iShares Russell 2000 ETF) annual returns; S&P 500 total return index, 2017–2023. ProShares, "Is the Small-Cap Slumber Over?" Seven-year period ending late 2023. Past performance is not indicative of future results.

The IPO data makes this concrete. According to Jay Ritter's IPO databases at the University of Florida, in 1980 the median company went public with \$16 million in revenue – approximately \$64 million in today's dollars. By 2024, that figure had reached \$218 million. The median age of a company at IPO was 5 to 9 years from 1980 through 2007. By 2022, that median had stretched to 15 years – a record. It edged back to 14 years in 2024 and 12 years in 2025 as the IPO window cautiously reopened (Ritter's data, updated January 2026). That is still nearly double the historical norm – and for the thousands of thoroughbred companies that never make it to an IPO queue at all, the number is functionally infinite.

The companies that used to go public as small caps are now staying private until they're mid-caps. And many are staying private indefinitely. According to SVB's 2025 State of the Markets report, the average venture-backed unicorn in the United States is now 10.3 years old – barely four months younger than the average age of a tech company at IPO. These companies have already spent longer in private hands than their predecessors spent from founding to public listing. The exit that was supposed to come never did.

And that figure counts only unicorns – the roughly 1,200 companies that crossed the \$1 billion valuation threshold and earned a name. Below that level sit tens of thousands of venture-backed companies with no valuation milestone, no exit event, and no published data on how long they have been waiting. The average age across that broader universe is almost certainly higher. The unicorns are the visible tip. The thoroughbreds are the iceberg beneath.

Median Age of U.S. Companies at IPO (Years Since Founding), 1980–2024



Sources: Jay R. Ritter, University of Florida, "Initial Public Offerings: Median Age of IPOs Through 2025" (updated January 19, 2026); Morningstar; CNBC (October 2025). Median years from founding to IPO date for U.S.-listed companies. 2025 figure reflects partial-year cohort.

§ 02

The Problem With Calling Everything a Unicorn

In 2013, Aileen Lee coined the term "unicorn" to describe private companies valued at \$1 billion or more. The name was perfect for that moment: such companies were genuinely rare, mythical things – there were exactly 39 of them in the United States. Lee's article in TechCrunch estimated the odds of building one at 0.07 percent of all venture-backed startups – "more than 100x harder than getting into Stanford," she wrote.

Today, there are more than 1,200 companies wearing the unicorn label. The word has lost both its magic and its meaning. Consider the math: in 2024, just 15 unicorns managed a meaningful exit – an IPO or acquisition. At that rate, Crunchbase calculated, it would take **49 years** to clear the backlog. A surge in M&A activity in 2025 – the most unicorn acquisitions ever recorded in a single year – brought that figure down to **30 years**. After a record year for exits, the backlog still stretches three decades. That is not a recovering market. That is a structural failure of the exit mechanism itself.

The industry sensed the problem and tried to patch it. If \$1 billion was no longer rare enough to mean anything, perhaps \$10 billion would be. Enter the "decacorn" – a privately held company valued at over \$10 billion, a tier occupied by companies like SpaceX, ByteDance, and Stripe. The word is accurate as a

valuation bracket. But it solves the wrong problem. A decacorn is still just a unicorn with a bigger number attached. Neither term tells you anything about revenue, growth, margins, or staying power. Both are measures of what investors paid for something, not what it is actually worth.

Worse, the unicorn label has become a catch-all that obscures a critical distinction: the difference between companies valued on hope and companies valued on substance.

Most "unicorns" today are early-stage ventures still burning cash to find product-market fit. Their \$1 billion valuations are projections, not evidence. But a subset of these companies – and thousands more that don't carry the unicorn label at all – are something entirely different. They have \$50 million, \$100 million, \$200 million in revenue. They're growing 40%, 60%, 80% year over year. They have 50% gross margins. They've survived multiple funding cycles and the collapse of the IPO window. They didn't just raise a big round. They built a real business.

Consider what the unicorn label actually groups together today. On one end: a pre-revenue AI startup that raised at a \$1.2 billion valuation on a pitch deck. On the other: SpaceX, rumored to be valued at over \$1 trillion, with a rocket that lands itself. Stripe, processing hundreds of billions in payments annually. OpenAI and Anthropic, redefining entire industries. Databricks, with billions in revenue. These companies aren't unicorns anymore – they have long since graduated from that category. Calling them unicorns is like still calling Amazon "an online bookstore" – technically accurate about the past, embarrassingly wrong about the present. The label has stopped being descriptive. It has become an insult.

These companies are not unicorns. They are **thoroughbreds**.

DIMENSION	UNICORN	THOROUGHBRED
IDENTITY	Mythical – may not exist as described	Proven – the track record is the point
DEFINITION	Valuation (\$1B+)	Fundamentals: revenue, growth, margins
RECOGNITION	At birth – the funding round	Through performance – years of compounding
TYPICAL PROFILE	Pre-revenue or early-revenue; large TAM narrative	\$30M–\$500M revenue; 30%+ growth; 30%+ margins
DURABILITY	Uneven – many early-stage unicorns don't survive rate cycles	Resilient – built to endure market corrections
INVESTOR RISK	Speculative; valued on potential	De-risked; valued on demonstrated performance

A fair-minded skeptic will push back here: not every company that has stayed private is a thoroughbred. Many are not. Critics have coined their own term – "zombiecorn" – for companies that raised at 2021 peak valuations, burned through the cash, and are quietly running out of runway with no realistic path to an exit. That critique is valid, and it points to exactly why the nomenclature matters. The thoroughbred is not defined by age or valuation alone. It is defined by metrics: sustained revenue growth (typically 30% or more annually), healthy gross margins (typically 50% or above), and unit economics that work. Bessemer Venture Partners, which tracks the top tier of private growth companies in its State of the Cloud benchmarks, has documented that a meaningful subset of late-stage private companies consistently meet or exceed the Rule of 40 – the standard test of whether a company's growth rate plus profit margin adds up to sustainable, high-quality growth. The thoroughbreds are in that tier. The zombiecorns are not.

Language shapes capital allocation. When we call a company a unicorn, we signal that its value is aspirational – possibly imaginary. When we call it a thoroughbred, we signal that its value has been earned. Three audiences need this distinction urgently.

Shareholders holding equity in these companies deserve a category that reflects reality. Their stock isn't speculative. Their company isn't a bet. It's a proven, growing business that happens to be private – and that distinction affects every decision they make about if and when to seek liquidity.

Investors looking for private market exposure need a way to distinguish between early-stage speculation and fundamentals-driven opportunity. "Thoroughbred" is that filter – the same filter that would have sorted the S&P MidCap 400 from the over-the-counter speculation of a prior era.

Companies themselves need an identity that matches their maturity. A company with \$200 million in revenue and 50% growth shouldn't be described with the same word used for a pre-revenue startup that just crossed a \$1 billion valuation mark on paper.

§ 03

They're Trading on the Curb

Here is the problem that has no name yet – or rather, it has the wrong one.

Thoroughbred companies and their shareholders are trapped in a market that doesn't work. Their shares trade informally: through brokers, through back channels, through ad hoc secondary transactions with no transparent pricing, no standardized process, and no real infrastructure. Employees who built a company for a decade and want partial liquidity must navigate an opaque,

fragmented market where pricing is arbitrary, transaction costs are high, and the process can take months – if it concludes at all.

They are, quite literally, trading on "the Curb."

The historical reference is deliberate.

In the late 1800s, the New York Stock Exchange was the only game in town – but it was exclusive. Hundreds of legitimate companies – mining operations, early manufacturing firms, nascent industrial ventures – couldn't meet the NYSE's listing requirements. Too small, too young, wrong industry. It didn't matter how sound the business was. The doors were closed.

So brokers took matters into their own hands. They gathered on Broad Street, outside the NYSE, and began trading these unlisted stocks on the curb. Literally on the sidewalk. Clerks leaned out of office windows above, shouting orders down to traders in the street below, who executed and shouted their confirmations back up. Rain or shine. It was chaotic. Informal. There was no centralized pricing, no standardized process, no real infrastructure.

But the companies were real. And the demand was real.

Over time, the curb traders organized. They moved indoors. They established rules. They built infrastructure. And the Curb Market became the American Stock Exchange – one of the most important financial institutions in the country. The Curb Market didn't fail. It formalized. The companies that traded there weren't defective. The system was.

§ 04

History Is Repeating Itself

A fair-minded reader might note a distinction: the original Curb Market served companies seeking a listing venue – a primary capital formation problem. Today's problem is secondary: shareholders seeking liquidity in companies that are not yet public. The structural dynamic is different, but the human problem is identical. In both cases, real assets with real value have no functioning market to trade in.

And the distinction is less clean than it appears. Today's private company universe contains both populations. Some companies have actively chosen to stay private – Stripe has delayed a public listing for years by design. But many others have tried and couldn't get out: companies that filed S-1 registration statements only to pull them when market conditions soured, IPO windows slammed shut,

or institutional demand dried up for companies of their size. These companies did not choose the curb. They were pushed onto it. In both cases – chosen or not – their shareholders are left with the same problem: shares they cannot sell in a market that barely functions.

That qualifier – "barely" – deserves scrutiny. A small number of companies have effectively broken through: OpenAI, Anthropic, SpaceX, and Databricks trade with something approaching real liquidity, driven by intense institutional and retail demand. But they are the exception that proves the rule. According to Caplight, **87% of all venture secondary volume is concentrated in just 10 companies.** For the other thousands of thoroughbreds in the Curb Market, the market barely functions at all.

Today, thousands of thoroughbred companies cannot access the public markets. The IPO window is effectively closed for all but the largest, most high-profile names. The median time from founding to IPO has stretched to 13+ years – and for the vast majority of growth-stage companies, a public exit never comes.

So what happens to the shareholders?

They trade on the curb.

We have a word for this already: "venture secondaries." But the term is inadequate. It implies these transactions are a subset of venture capital – a niche activity within an existing asset class. They are not. This is a distinct market with distinct characteristics, and it deserves its own name.

DIMENSION	VENTURE SECONDARIES	THE CURB MARKET
FRAMING	A subset of venture capital; niche strategy	A standalone market needing infrastructure
DEFINED BY	The seller (venture investors exiting)	The asset (thoroughbred companies with real fundamentals)
NATURE	Reactive – transactions happen ad hoc	Proactive – a market being built and formalized
PRECEDENT	No meaningful historical parallel	Deep precedent: the original Curb Market → AMEX
IMPLICATION	A transaction type; doesn't attract infrastructure	A market; attracts capital, technology, and regulation

"Venture secondaries" describes a transaction type. The Curb Market describes a market – one that is emerging, rapidly growing, and in the early stages of formalization. The distinction matters because markets attract infrastructure, capital, and regulatory attention in ways that transaction types never do.

Why Allocators Should Pay Attention

Asset classes need names. Without one, a category doesn't exist in an allocator's portfolio. You cannot put "ad hoc secondary transactions in private companies" on a pie chart. But you can allocate to the Curb Market.

The Curb Market represents more than \$4.4 trillion in paper equity value across private growth-stage companies – and that figure counts unicorns alone, at their last-round valuations. The true universe, when you include the thousands of thoroughbred companies below the unicorn threshold, is substantially larger. Some estimates run as high as \$8 trillion. Anthropic raised \$30 billion in a single round at a \$380 billion post-money valuation – and it has never traded on a public exchange. Add SpaceX, OpenAI, Stripe, Databricks, Revolut, and a hundred companies most people have never heard of, and the scale becomes clear.

A skeptic might note that secondary transactions trade at significant discounts to those paper valuations – sometimes 40 to 70 cents on the dollar. This is true, and the full explanation requires nuance. Part of the discount reflects real differences between share classes: common stock – held by employees and early shareholders – lacks the liquidation preferences, anti-dilution protections, and downside coverage that investors in later preferred rounds negotiated. That spread is structural, and it is legitimate. Part of the discount is a valuation correction: some companies raised at 50 to 100 times revenue at peak exuberance, and the market is simply acknowledging what the numbers always implied. But part of the discount is friction – pure, unnecessary friction. When buyer access is restricted, transfer processes take months, pricing is opaque, and there is no standard way to execute a transaction, demand is artificially suppressed beyond what fundamentals justify. The opportunity in the Curb Market is not only in acquiring good assets at reduced prices. It is in building the infrastructure that removes the friction – and lets prices reflect what these assets are actually worth.

That infrastructure is what the Curb Market currently lacks: transparent pricing, standardized transaction processes, consolidated buyers, and efficient execution.

The original Curb Market became the American Stock Exchange.

The new Curb Market is becoming something equally significant.

The question is not whether it formalizes. History already answered that. The question is: who builds the infrastructure?

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ABOUT EARLYASSET

Building infrastructure for the Curb Market.

Earlyasset is a fintech platform building infrastructure for the venture secondary market. The platform enables price discovery and helps shareholders of private assets manage their portfolios and access company-friendly liquidity solutions.

Earlyasset Capital, the firm's investment arm, invests in growth-stage technology companies meeting the Earlyasset Law of 30 criteria.

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