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The state of startup jobs in the U.S. 2023

Insights and trends on opportunities and
challenges facing the startup job landscape

Executive summary

This report examines the current state of startup jobs in the United States and the impact of the recent economic slowdown on the job market.

Our research shows that the current downturn has significantly affected the startup industry, leading to a decline in job growth and a shift in hiring patterns.

While in 2022 startup jobs experienced a sharp decline, decreasing by more than 50% since the April 2022 peak, seed hiring held steady, and the job market is showing signs of stabilization in Q1 2023.

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Key Findings

- New York City and the Bay Area reign champions for prospective job seekers

- Funding decreases in parallel with job declines

- Seed hiring is holding steady

- Sales jobs slowed while healthtech and life science jobs remain steady

- Job openings in venture tech decreased by 52%, however, signs of stability lay ahead.

52%

Decline in open jobs across venture backed U.S. companies.
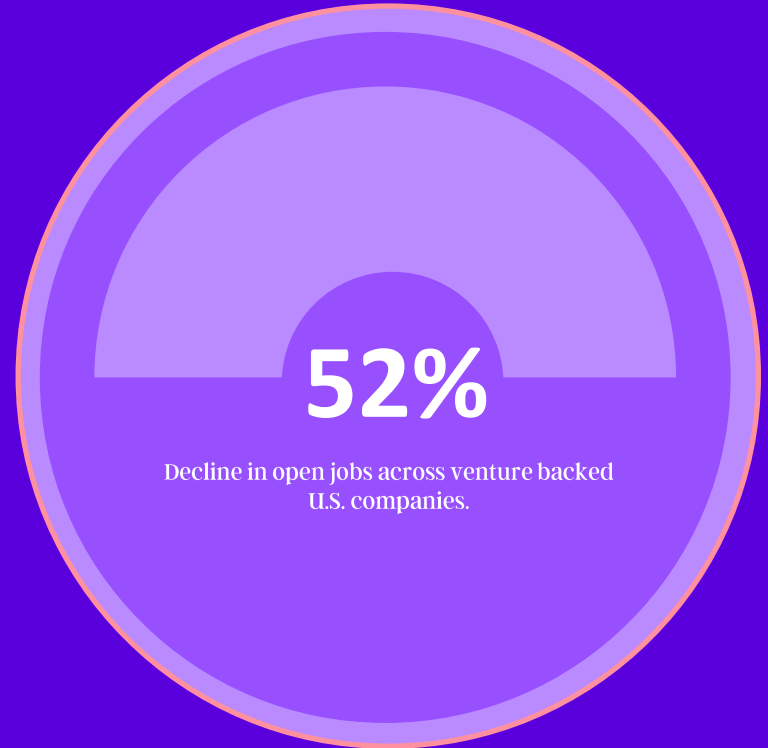
Methodology & data

The analysis is based on data from NGP Capital AI Platform Q whereby the dataset consists of technology startups active in the markets NGP Capital invests in.

The analysis includes companies that are:

- Privately owned and venture-backed.
- Founded during or after 2000.
- Raised venture funding.

The data consists of:

- 7,500 unique companies.
- 190,000 job openings.
- 25 job openings per company on average.

Job locations are grouped to metro areas and only jobs with a geo-location considered.

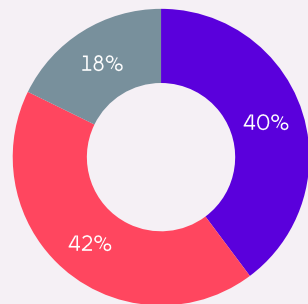Job openings were collected from January 2022 to March 2023.

Other dimensions such as B2B/B2C focus, company stage and industry are based on the company related posting.

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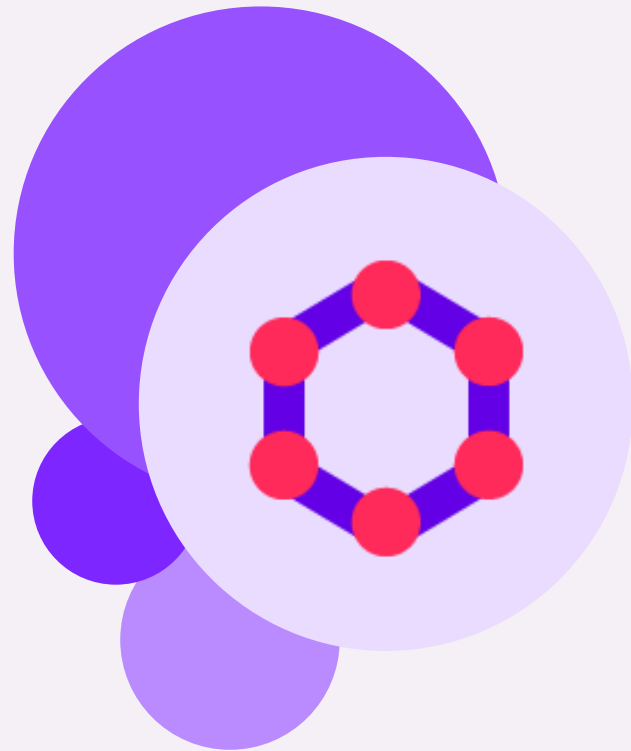
Stages, role types and customers

Well-distributed data across the stages, role type, and customer allows for better analysis across multiple dimension
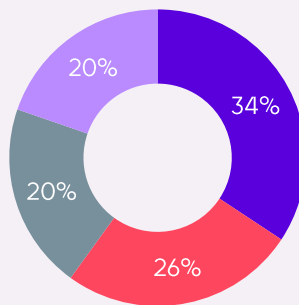
Company Stage

- Early VC
- Late VC
- Seed

Early VC and late VC companies both account for around 40% of the data, with seed stage covering the rest.

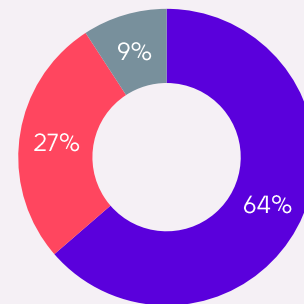NGP Analysis US Venture Data from Jan 2022 – Mar 2023;

Role Type

- Tech
- Operations
- Other
- Sales & Marketing

Tech roles have the highest share, but operations and sales & marketing roles are also prominent.

Customer Type

- B2B
- B2C
- Unknown

The majority are B2B companies, while a third are B2C companies.

Job openings per month
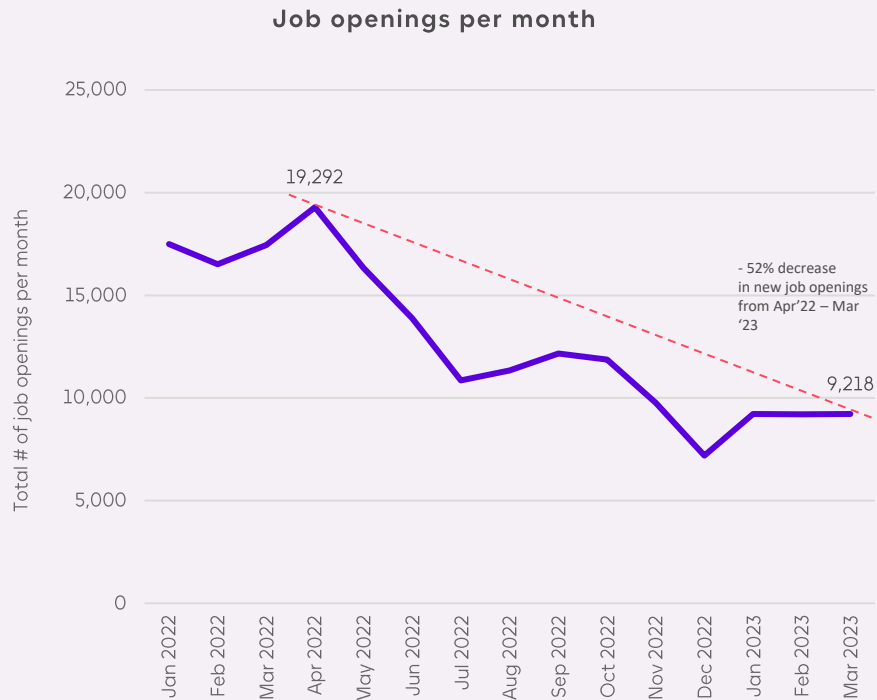
NGP Analysis US Venture Data from Jan 2022 – Mar 2023

Job openings trending lower, but signs of stability

- From the peak in April 2022 to March 2023 there was a 52% decrease in the number of new jobs advertised.

- Job openings went down from 19,000 in April 2022 to 9,000 in March 2023.

- The decline might be ending – with signs of stability seen during the the last 3 months.

Job decline in parallel with VC funding decrease

- The funding depicted is specific to companies that meet the same criteria as job postings, such as metro areas, timing, stages, etc. It is not equivalent to total venture funding.
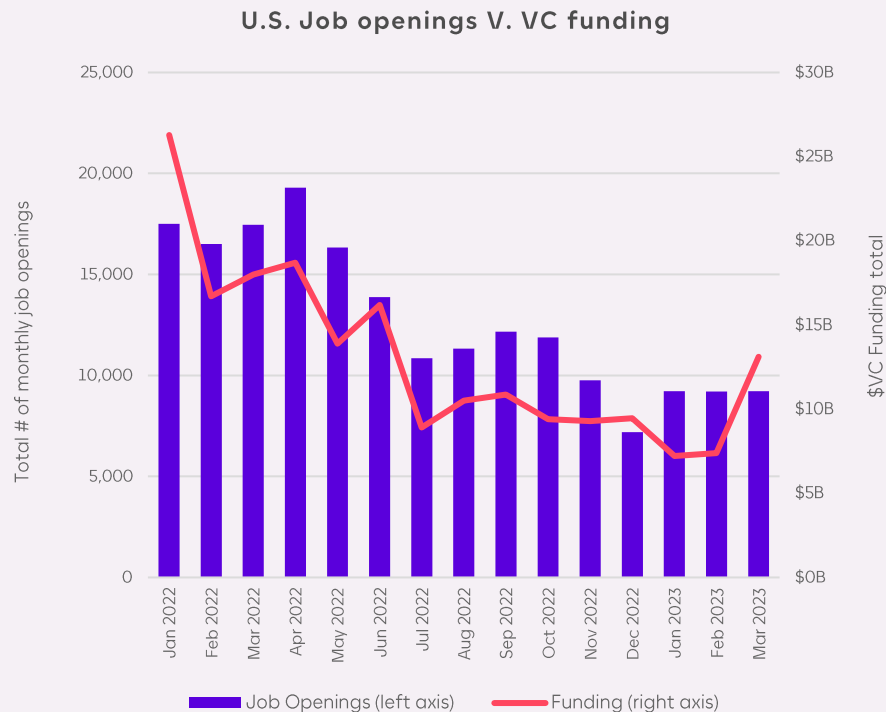
- While funding and job openings show a consistent pattern of change, changes in funding tends to become visible faster.

- There is a slight indication of increased venture capital funding in March 2023.

U.S. Job openings V. VC funding

Total # of monthly job openings

$VC Funding total

■ Job Openings (left axis) — Funding (right axis)

NGP Analysis US Venture Data from Jan 2022 – Mar 2023

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% Job openings in major U.S. Cities

City	%
Bay Area	26 %
New York City	26 %
Los Angeles	10 %
Boston	9 %
Chicago	7 %
Austin	6 %
Denver	5 %
Seattle	4 %
San Diego	3 %
Washington DC	2 %
Miami	2 %

Total # of job openings from Jan 2022 – Mar 2023

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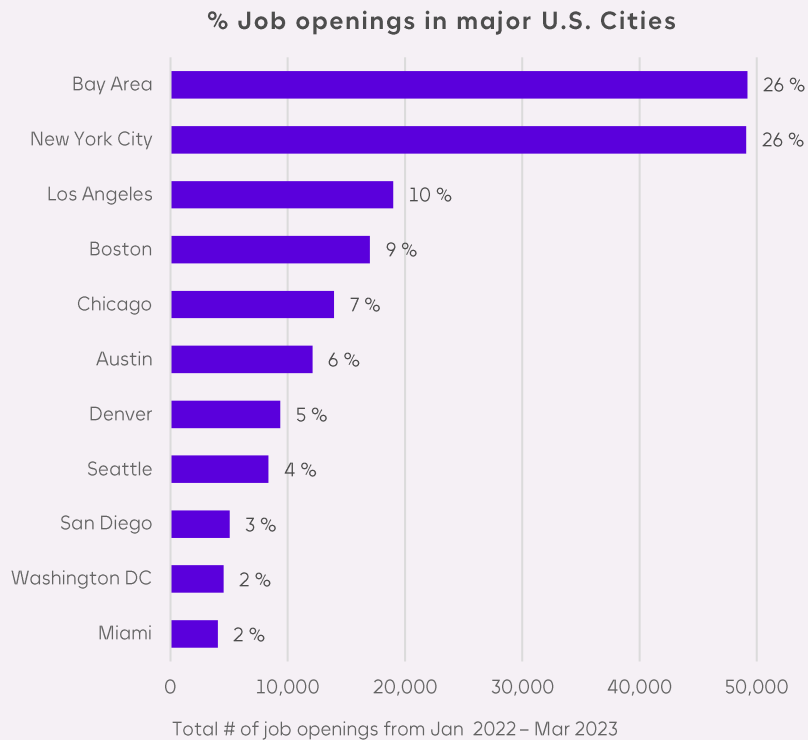
NYC and the Bay Area dominate as top job hubs

The two represent more than 50% of new startup jobs

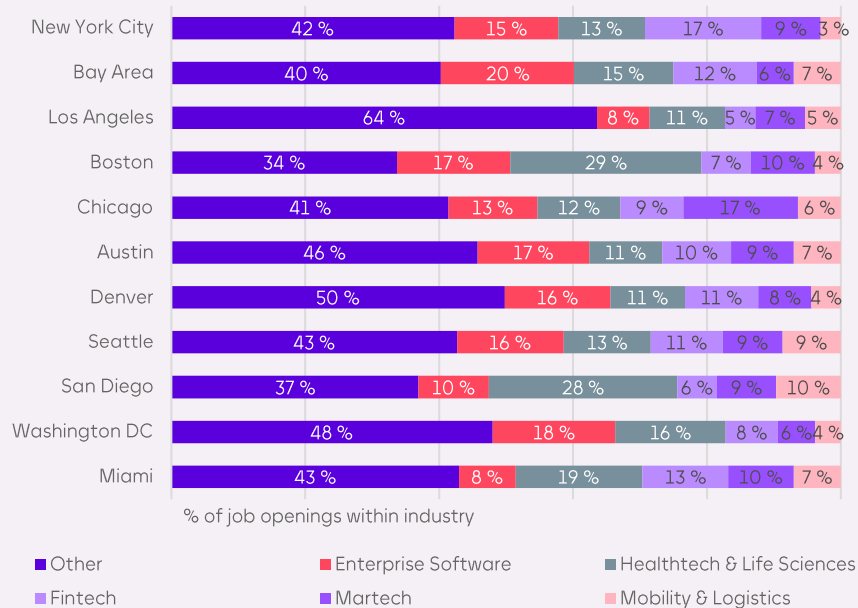- New York City and the Bay Area collectively represent more than half of the job openings in the dataset, with around 50,000 job ads analyzed in each region.

- Los Angeles, Boston, Chicago, and Austin have between 10,000 and 20,000 job ads analyzed, accounting for 5% to 10% of the total dataset.

- The smallest job markets according to the dateset, are San Diego, Washington DC, and Miami - each with around 5,000 job ads analyzed.

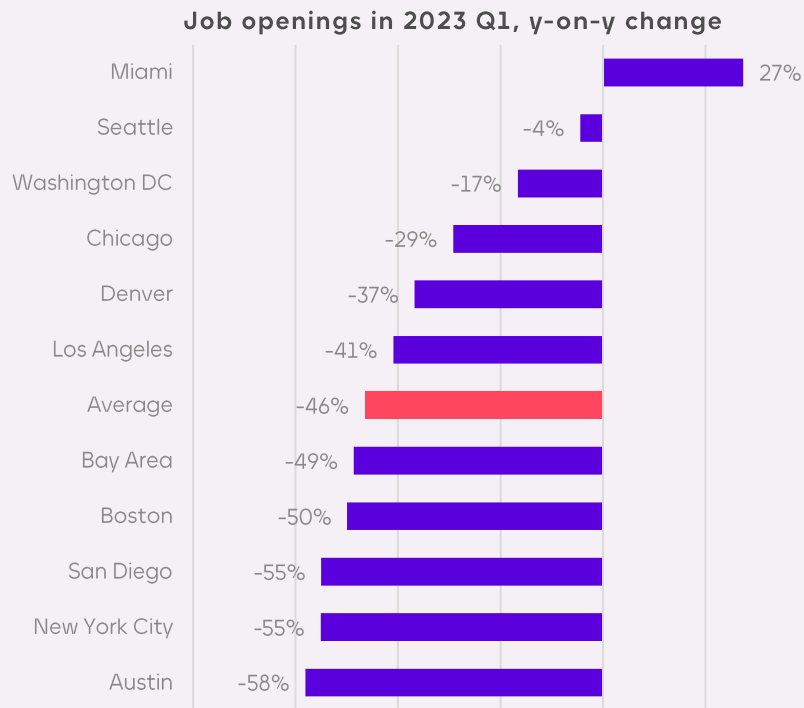# Distribution of jobs by major cities and industry varies

Enterprise software jobs lead in Bay Area, while Boston emerges as a healthtech hub

- The Bay Area's main focus is on enterprise software – representing 20% of the jobs advertised followed by Washington DC with 18% while in Boston and Austin 17% of the jobs advertised were within enterprise software.

- Meanwhile, Boston & San Diego had the most jobs within healthtech with 29% of Boston jobs being in healthech and San Diego with 28% .

- NYC and Miami have a higher share of fintech jobs; 17% and 13% respectively.

- Chicago has a notable focus on martech, while San Diego and Seattle have a higher concentration of transport-related jobs.

Distribution of jobs by major cities & Industry

City	Other	Enterprise Software	Healthtech & Life Sciences	Fintech	Martech	Mobility & Logistics
New York City	42 %	15 %	13 %	17 %	9 %	3 %
Bay Area	40 %	20 %	15 %	12 %	6 %	7 %
Los Angeles	64 %	8 %	11 %	5 %	7 %	5 %
Boston	34 %	17 %	29 %	7 %	10 %	4 %
Chicago	41 %	13 %	12 %	9 %	17 %	6 %
Austin	46 %	17 %	11 %	10 %	9 %	7 %
Denver	50 %	16 %	11 %	11 %	8 %	4 %
Seattle	43 %	16 %	13 %	11 %	9 %	9 %
San Diego	37 %	10 %	28 %	6 %	9 %	10 %
Washington DC	48 %	18 %	16 %	8 %	6 %	4 %
Miami	43 %	8 %	19 %	13 %	10 %	7 %

% of job openings within industry

Legend: ■ Other ■ Enterprise Software ■ Healthtech & Life Sciences ■ Fintech ■ Martech ■ Mobility & Logistics

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Job openings in 2023 Q1, y-on-y change

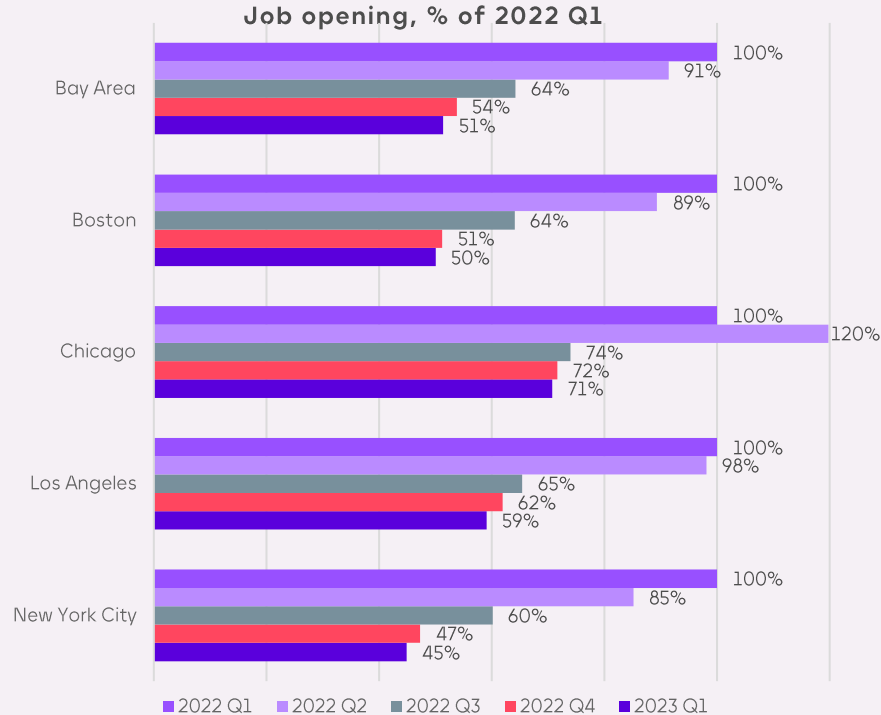| City	Change
Miami	27%
Seattle	-4%
Washington DC	-17%
Chicago	-29%
Denver	-37%
Los Angeles	-41%
Average	-46%
Bay Area	-49%
Boston	-50%
San Diego	-55%
New York City	-55%
Austin	-58%

NGP Analysis US Venture Data from Jan 2022 – Mar 2023

Miami and Seattle have had the least declines

- Miami's job market shows signs of growth as hiring continued during Q2 2022, while hiring in other cities declined

- The top two startup hubs, the Bay Area and NYC, are both below the average YoY change.

Job opening, % of 2022 Q1

City	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Bay Area	100%	91%	64%	54%	51%
Boston	100%	89%	64%	51%	50%
Chicago	100%	120%	74%	72%	71%
Los Angeles	100%	98%	65%	62%	59%
New York City	100%	85%	60%	47%	45%

■ 2022 Q1 ■ 2022 Q2 ■ 2022 Q3 ■ 2022 Q4 ■ 2023 Q1

NGP Analysis US Venture Data from Mar 2022 – Mar 2023

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All major cities impacted, Chicago doing better

- Chicago is doing better than the rest. Hiring in the city was still increasing in Q2 2022 while other cities experienced a decline.

- In Chicago, the decline stabilized in 2022 Q4, while other cities started to stabilize in 2023 Q1.

- Change between most recent quarters 2022 Q4 and 2023 Q1 seems small, but negative in all cities.

Seed hiring holds up

The newest companies are still posting jobs at an encouraging pace

- Seed hiring is still at 86% YoY (March 2023 compared to March 2022).

- Early VC and late VC are both at 47% of March 2022 level, meaning a 53% decline.

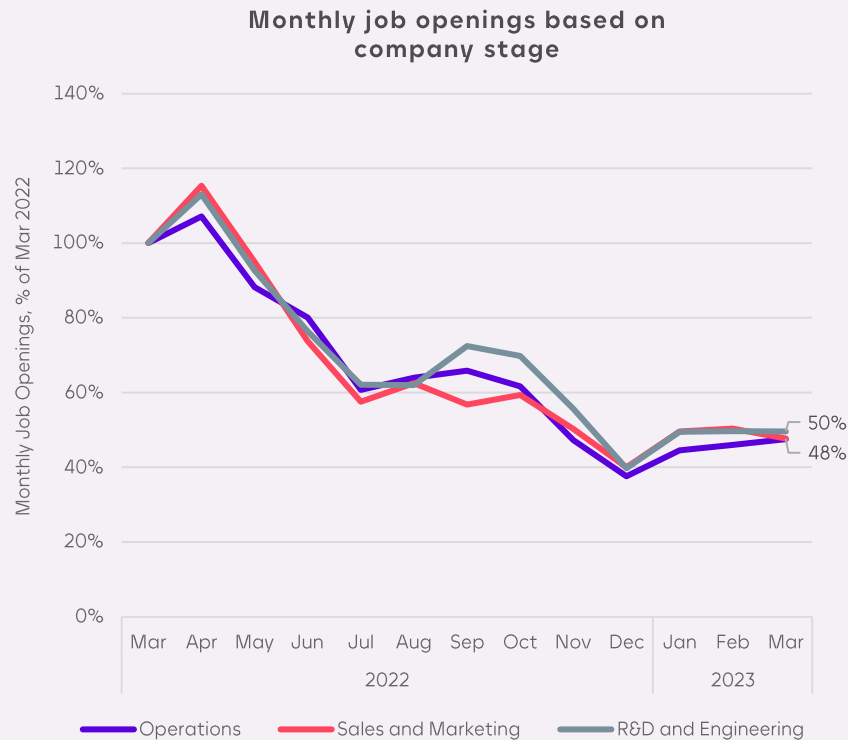- Seed hiring matches relative stability in seed funding.

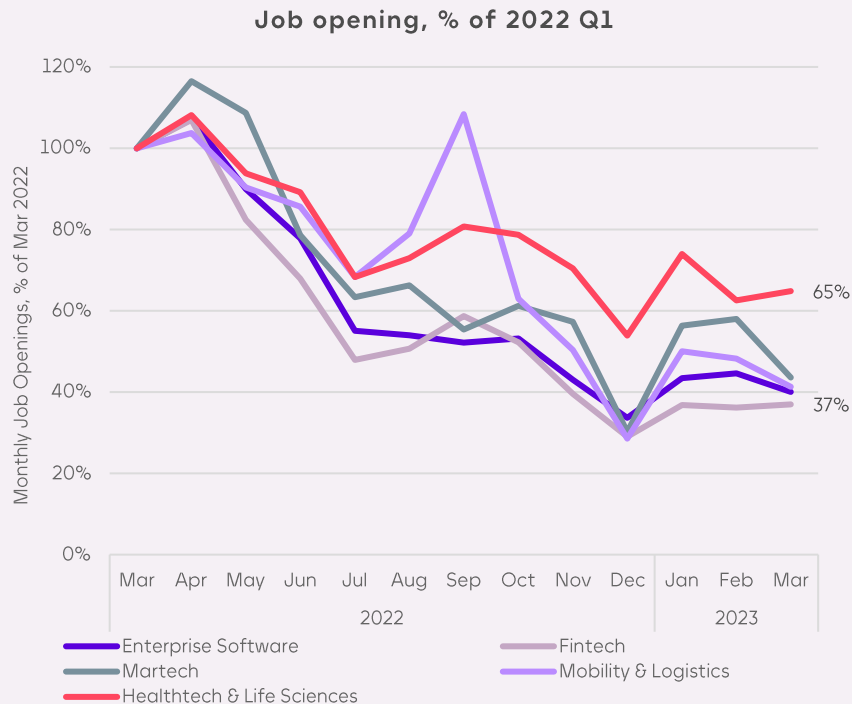## Monthly job openings based on company stage
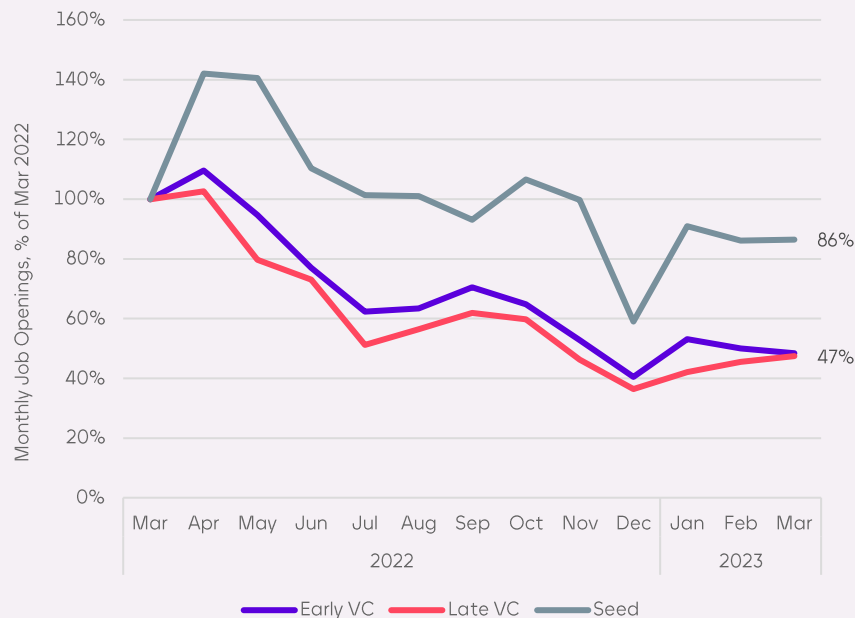
NGP Analysis US Venture Data from Mar 2022 – Mar 2023

All key business functions similarly impacted

- Hiring across all roles is currently similar, with no significant disparities between them. However, there are some areas that have seen a decline in hiring activity.

- Specifically, R&D hiring is currently at 50% of its March 2022 level.

- Similarly, hiring for sales and marketing roles has also declined, currently standing at 48% of its March 2022 level.

Monthly job openings based on company stage

NGP Analysis US Venture Data from Mar 2022 – Mar 2023

Job opening, % of 2022 Q1

Monthly Job Openings, % of Mar 2022

Enterprise Software
Martech
Healthtech & Life Sciences
Fintech
Mobility & Logistics

65%
37%

NGP Analysis US Venture Data from Mar 2022 – Mar 2023

Healthtech & life sciences ahead of other industries

Fintech and enterprise software - in contrast - saw a sharp decline in hiring

- Compared to other industries, healthtech and life sciences jobs are performing better, with a current hiring rate of 65% of its March 2022 level.

- Fintech, in contrast, has been hit the hardest, with a hiring rate of only 37% of its March 2022 level, indicating a sharp decline of 63%.

- The enterprise software industry, which is the largest, is the second hardest hit, with a hiring rate of 40% of its March 2022 level.
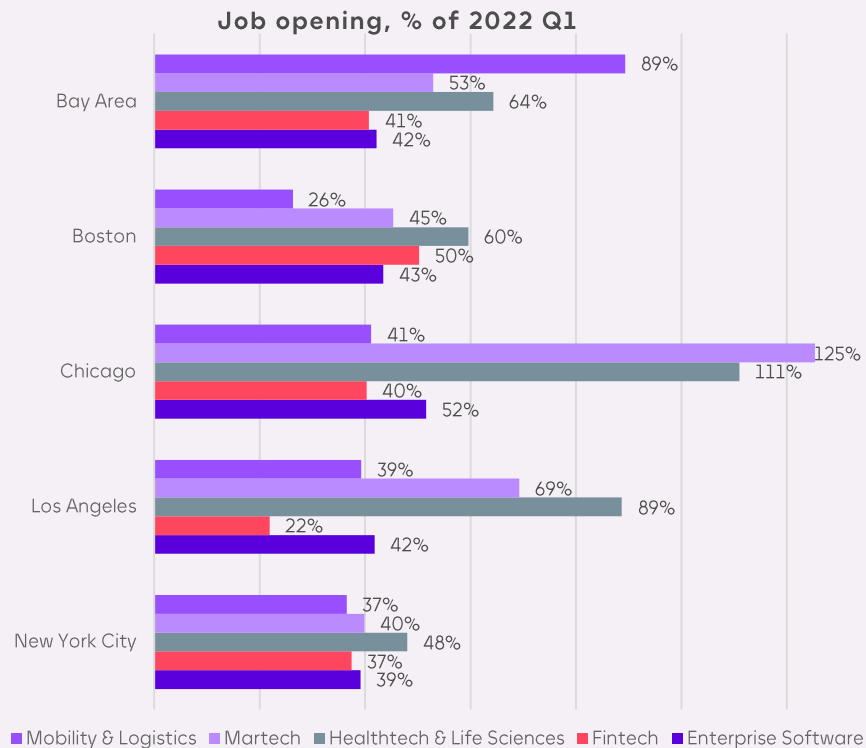
Chicago's martech sector shows most growth

- In Chicago, two industries are experiencing growth: martech and healthtech which appear to be performing better than in other cities.

- Interestingly, logistics seems to be a bright spot in the Bay Area, along with healthtech which is also performing well.

- On the other hand, fintech hiring has been consistently poor across all cities.

- New York City is experiencing a decline across all industries.

Job opening, % of 2022 Q1

Bay Area
- 89%
- 53%
- 64%
- 41%
- 42%

Boston
- 26%
- 45%
- 60%
- 50%
- 43%

Chicago
- 41%
- 125%
- 111%
- 40%
- 52%

Los Angeles
- 39%
- 69%
- 89%
- 22%
- 42%

New York City
- 37%
- 40%
- 48%
- 37%
- 39%

■ Mobility & Logistics ■ Martech ■ Healthtech & Life Sciences ■ Fintech ■ Enterprise Software

NGP Analysis US Venture Data from Jan 2022 – Mar 2023

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B2C v. B2B job opening % of 2022 Q1 – 2023 Q1
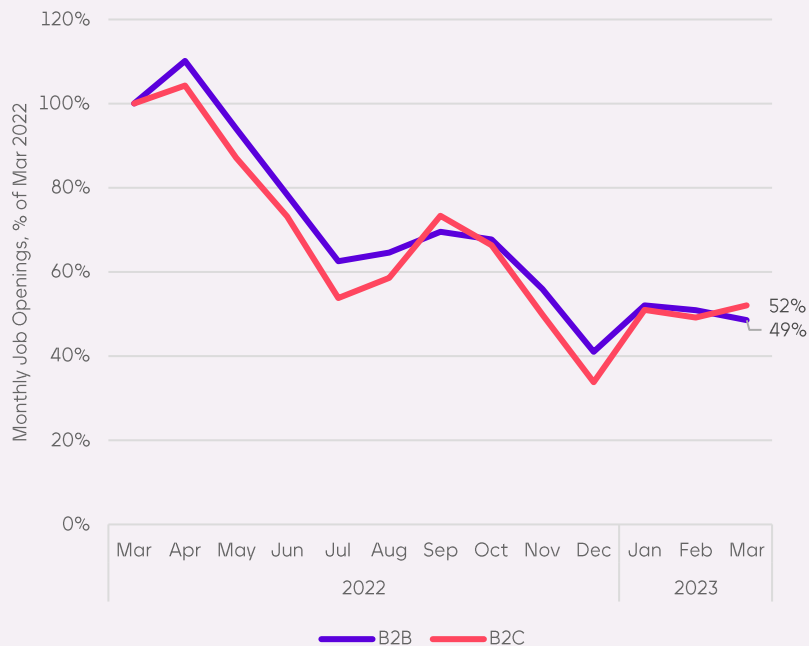
B2C jobs experienced an earlier decline

However, B2B jobs caught up with a similar rate of decline

- B2C companies were quicker to react to the changing market conditions and reduced their hiring activity accordingly.

- However, B2B companies followed suit later and have now caught up, resulting in a roughly equal hiring rate between the two types of companies.

- In March 2023, B2C job decline stood at 48% and 51% for B2B companies compared to March 2022.

NGP Analysis US Venture Data from Mar 2022 – Mar 2023

Conclusion

The analysis indicates that the slowdown in startup job growth has been primarily driven by reduced venture capital investment and a shift towards capital efficiency.

Overall, while the economic slowdown had a significant impact on the startup job market, there are signs of recovery and continued growth in specific industries.

The latest developments in AI will likely kick-start venture funding leading to increased demand for new talent in the coming years.

" 2022 was a tough year for startups, but we are optimistic that things will start to stabilize this year."

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NGP Capital backs early-stage B2B companies from Series A onwards in the U.S., Europe, Israel, and China within enterprise software, industrial tech, cybersecurity, and infrastructure.

Through its $400M fifth fund launched in 2022, NGP Capital invests in companies driving the convergence of the physical and virtual.

Founded in 2005, NGP Capital has over $1.6B in AUM and has invested in more than 100 companies of which 18 became unicorns and 11 went on to IPO.

Some of the companies NGP has backed include Scandit, Lime, Coda, Deliveroo, SecurityScorecard, and many others.