SECOND TALENT RESEARCH

The state of the startup ecosystem in Southeast Asia

Regional funding is up 137% and the number of companies raising it is down 30%. This report separates the money going into data centres and AI infrastructure from the money going into operating startups, then works out what each one means for a team hiring here.

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The Headline Numbers

Regional totals for 1 January to 31 July, 2026 against 2025. Source: Tracxn, data as at 1 August 2026.

$12.8bn Raised to July 2026, up 137% year on year	**178** Equity rounds, down 30% from 255	**$72m** Average round, 3.4x the $21m of 2025	**67** Unicorns created to date, 52 still holding the status

Both numbers are true and they point in opposite directions. Capital into Southeast Asia rose 137% year on year while the number of companies raising it fell 30%. The average round went from $21m to $72m, which is not a healthier market. It is the same market with the money pushed into fewer hands.

	2025	2026
Capital raised	$5.42bn	$12.8bn
Equity rounds	255	178
Average round	$21m	$72m
Acquisitions	164 (full year)	81 (to July)
Public listings	82 (full year)	31 (to July)

Tracxn regional totals. Funding rows cover 1 January to 31 July in each year; exit rows compare full-year 2025 with 2026 to date.

Read the Megadeals Before the Total

Three of the five largest rounds of the past two years are data centre or AI infrastructure, and two of those are not Southeast Asian operating businesses at all.

Round	Size	Year	What it is
Kling AI	$2.8bn	2026	Kuaishou's AI video unit, $15bn pre-money
DayOne Data Centers	$2.0bn	2026	Singapore-headquartered hyperscale data centres
Princeton Digital Group	$1.3bn	2025	Series C, data centre platform
Digital Edge	$640m	2025	Data centre platform
Airwallex	$330m	2025	Series G, cross-border payments

The classification problem

Kling AI is Kuaishou's video-generation unit, a Chinese business with a Chinese market, and it appears in regional AI tallies through its offshore round. DayOne is a Singapore-headquartered spin-out of Shanghai-listed GDS Holdings. Both are legitimately domiciled in the region and neither tells you anything about whether a Jakarta fintech can raise a Series A.

The same distortion runs through the AI numbers. Regional AI funding reads $4.1bn across 23 rounds to July 2026, against $2bn across 41 rounds in 2025 and $869m across 35 in 2024. Strip Kling AI and the 2026 figure falls to roughly $1.3bn, below the 2025 full year, spread across 18 fewer rounds.

What 2025 Looked Like Underneath

The full-year picture, which the 2026 megadeals have since papered over.

- **$5.37bn across 461 deals**, with the deal count among the lowest in more than six years. The half-year split was $1.85bn across 229 deals, then $3.51bn across 233.
- **Singapore took more than 60% of deal count** and $1.21bn of the region's $1.85bn in the first half, about 66%. Full-year concentration ran higher still: the two largest rounds of the year, Princeton Digital Group at $1.3bn and Digital Edge at $640m, were both booked there.
- **Fintech led on activity** with 111 deals worth $1.3bn, described in the report as historically weak. Green tech followed on count at 39 deals worth $189.6m, then healthtech at 35 deals worth $393m. Data analytics and AI fell to 20 deals from 35 in 2024.
- **4 new unicorns**, up from 1 the previous year and 58 in the region by mid-2025 on that report's definition. Tracxn counts 67 created to date and 52 holding the status now; the three measures are not comparable.
- **The Philippines drew about $120m** across the entire year, which is less than a single mid-size Series B elsewhere.

The first quarter of 2026 made the concentration explicit. Startups raised $2.81bn across 98 equity deals, the lowest quarterly deal count in at least eight years, and one round accounted for more than 70% of the capital.

The Digital Economy Is Not the Funding Market

e-Conomy SEA 2025, Google, Temasek and Bain and Company, published 11 November 2025.

Consumer demand kept compounding while venture capital pulled back. Regional gross merchandise value reached $300bn in 2025 on revenue of $135bn, both growing 15% year on year, off 7.4x GMV growth and 11.2x revenue growth across the decade.

Sector	2025 GMV	2025 revenue
E-commerce	$185bn	$41bn
Online travel	$51bn	$24bn
Online media	$34bn	Not broken out
Food delivery	$23bn	$2.4bn
Transport	$11.5bn	$1.9bn

Ten Southeast Asian markets. Online media revenue is not disclosed separately in the source.

The AI layer is real but early: 680+ AI startups in the region and $2.3bn of private AI funding over twelve months, more than 30% of all private funding in the first half of 2025, against a planned 180% increase in data centre capacity worth 4,600 MW. Investors are financing capacity years ahead of the applications that will run on it.

Six Hubs, Six Different Jobs

Ranking these cities against each other hides the point. They are not competing for the same role.

- **Singapore, Where the capital is domiciled.** Took more than 60% of regional deal count in 2025 and $1.21bn of the region's $1.85bn in the first half, about two thirds. Much of that money funds assets outside Singapore, so read it as the booking centre rather than the largest operating ecosystem.
- **Jakarta, The largest domestic market.** Ranked the number 2 emerging startup ecosystem worldwide in Startup Genome's 2025 report, up four places, on early-stage capital access and fintech depth. Funding has stayed flat through the downturn rather than falling further.
- **Johor and the JS-SEZ, The new build-out.** The Johor-Singapore Special Economic Zone launched on 7 January 2025. Singapore-based firms had committed more than S$5.5bn into Johor by October 2025, most of it data centre and supply-chain capacity that Singapore's own power constraints cannot host.
- **Ho Chi Minh City, Engineering supply.** Vietnam was the one market to grow through the downturn, drawing $275m in the first half of 2025, up 169% year on year across 23 deals. Global teams use it for engineering capacity rather than for local market access.
- **Kuala Lumpur, Rising on deal count.** Malaysia took second place regionally by number of deals for the first time in Q1 2026, on a mix of data centre adjacency and a cost base below Singapore's.
- **Manila and Bangkok, Thin capital, real operators.** The Philippines drew about $120m across the whole of 2025. Both markets run well as delivery and operations bases and badly as places to raise a priced round.

What This Means If You Are Building Here

The operating consequences of a market where capital concentrates and exits thin out.

- **Plan to reach revenue on the round you have.** With 178 rounds in seven months across the whole region, a plan that assumes a priced Series A inside twelve months is a plan with a single point of failure.
- **Separate where you incorporate from where you employ.** Singapore holds the cap table well and prices payroll badly. Engineering capacity in Vietnam and the Philippines costs a fraction of the same seniority in Singapore.
- **Do not open four entities before revenue in any of them.** Each one carries a resident director, a corporate secretary, statutory filings and an annual audit that runs whether or not the market works.
- **Ignore the megadeal comps when you set pay.** Data centre and AI infrastructure firms funded at this scale are not your salary benchmark, and matching them will end your runway before it ends theirs.
- **Assume the exit window stays narrow.** 31 listings and 81 acquisitions to July, against 82 and 164 in the whole of 2025.

The hiring mistake this cycle punishes hardest

Committing to fixed local headcount in a market you have not validated. Setting up an entity, hiring five people onto it and then finding the market is 18 months away leaves you with a redundancy process in a jurisdiction whose termination rules you have never read. An employer of record carries the same people at the same cost with a notice period instead of an entity wind-down.

Method and Limits

- **Two trackers, shown separately.** Tracxn and DealStreetAsia count different round types and draw the regional boundary differently. Their totals are reported side by side rather than averaged, and each figure names the source it came from.
- **Domicile is not operations.** Regional funding trackers assign a round to the country where the raising entity sits. Several of the largest rounds here are Singapore-domiciled holding companies for assets and businesses located elsewhere. Read every regional total with that in mind.
- **Announced, not closed.** Round sizes are the amounts announced at the time. DayOne's Series C was announced at over $2bn in January 2026 and later closed at $4.5bn gross; the announced figure is used for consistency with the trackers.
- **Partial year.** The 2026 columns cover 1 January to 31 July. Comparing them with a full year 2025 figure would overstate the decline in exits, so full-year and to-date figures are labelled wherever both appear.
- **What this cannot tell you.** Aggregate funding says nothing about whether a specific sector or a specific city is a good place for your company. Use this to set expectations about capital availability, then do the market work.