

- Table 1: Statistical probabilities of success in new drugs development

<i>Phase transition</i>	<i>Average success rate of transition</i>	<i>Chances of reaching the market at this stage</i>	<i>Value increase when passing the stage</i>
Preclinical to Phase 1	90%	<10%	-
Phase 1 to Phase 2	65%	10%	50%
Phase 2 to Phase 3	35%	15%	200%
Phase 3 to NDA/BLA	55%	44%	80%
NDA/BLA to Market Approval	80%	80%	25%

(Sources: [here](#), [here](#) and [here](#))

Incidentally, the biotech sector has seen a significant rise in valuation in the last three years (see Figure 1), systematically over-performing traditional indexes, driven by many small- to mid-cap companies which have seen a dramatic and sudden rise in valuation.

- Figure 1: (XBI) SPDR S&P Biotech ETF progression vs. Dow Jones (5 years span)