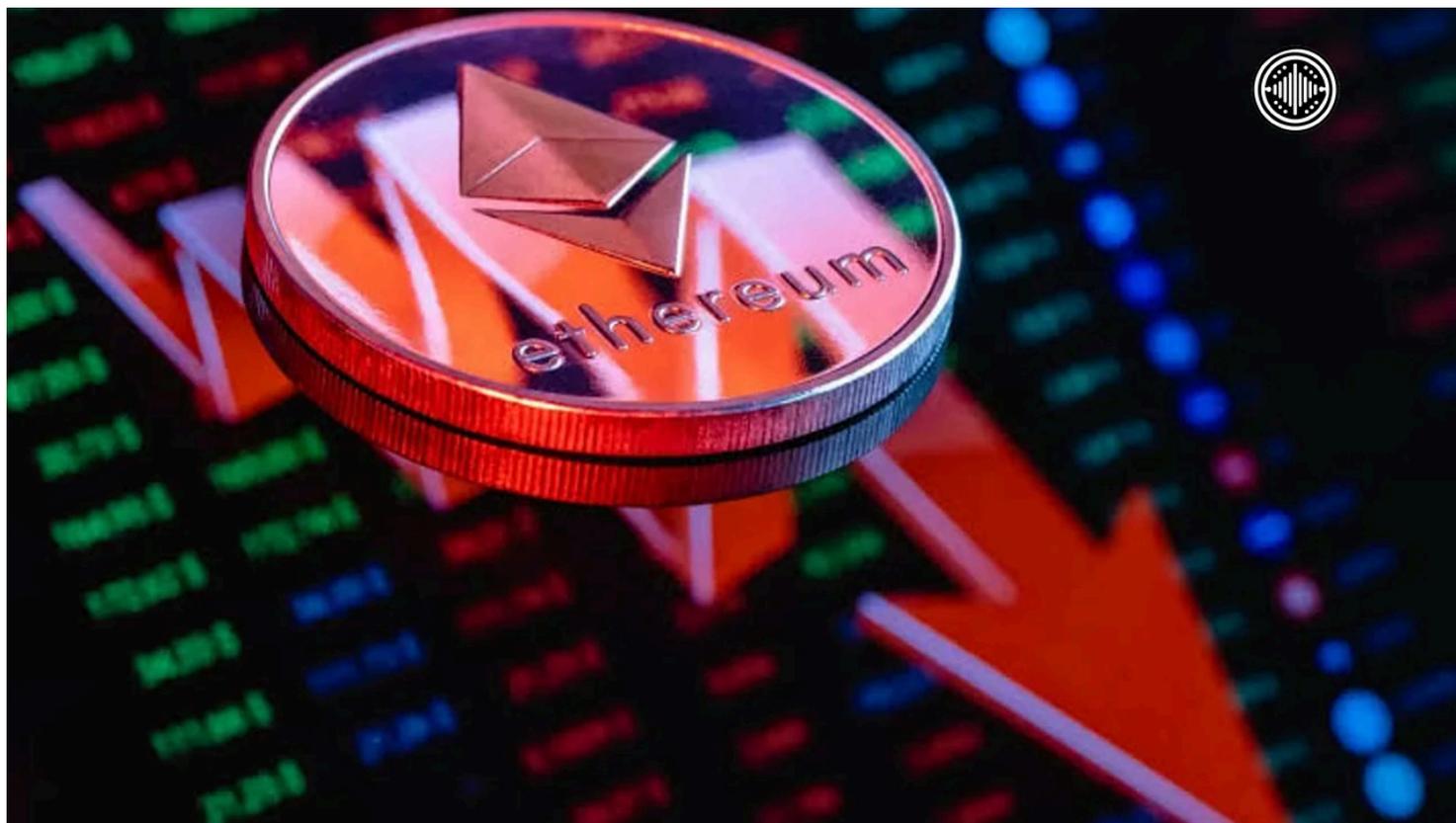


Ethereum Stakers Rush to Exit as Price Rallies, but Demand Keeps Sell Pressure in Check

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Ethereum's validator exit queue has surged to its highest level in over a year, with nearly \$2 billion worth of Ether (ETH) awaiting withdrawal. This spike comes after ETH's price jumped 160% from its April lows, prompting many early stakers to cash in gains. While the exit queue now stretches beyond nine days, strong institutional demand and recent regulatory clarity may temper the impact on the broader market.

Ethereum operates on a proof-of-stake (PoS) consensus model, where validators who lock up ETH to help secure the network must wait in line to either join or exit. This design prevents sudden mass exits that could destabilize the protocol. Currently, it is the busiest the exit queue has been since January 2024, highlighting the market's response to the recent rally.

“Whenever prices go up, people unstake and sell to lock in profits,” said Andy Cronk, co-founder of staking infrastructure firm Figment. Cronk added that these patterns are consistent across both retail and institutional investors, noting that some exits are also driven by backend operational changes such as switching custodians or updating wallet technology.

The run-up in ETH's price caught the attention of investors who staked during the \$1,500 to \$2,000 range just a few months ago. According to David Shuttleworth, partner at blockchain investment firm Anagram, much of the activity stems from older stakers now shifting to more active treasury strategies looking to deploy ETH where it can generate additional value.

Companies like SharpLink Gaming (SBET) and Bitmine (BMNR) have been increasingly involved in ETH-focused fundraising, using Ether as a treasury reserve asset. These firms have recently acquired large amounts of ETH and, in some cases, accepted in-kind contributions. According to Matthew Sheffield, head of spot trading at FalconX, this has led to some institutional investors unstaking ETH in order to contribute directly to such capital raises.

Despite the rush to exit, signs point to sustained optimism in the Ethereum ecosystem. There's currently over 357,000 ETH worth roughly \$1.3 billion waiting to be staked, creating a backlog of more than six days to join the network. That's the longest wait since April 2024, indicating continued interest in earning rewards through validation.

Much of this fresh demand appears to come from the same ETH treasury vehicles now growing in number. SharpLink Gaming alone has accumulated over \$1.3 billion in ETH since pivoting to a staking-based strategy earlier this year, actively staking tokens to earn yield and contribute to network security.

Institutional appetite has also been reinforced by recent guidance from the Securities and Exchange Commission (SEC). On May 29, the agency confirmed that ETH staking does not

violate U.S. securities laws, a crucial development that removed a major uncertainty hanging over institutional participants. Since that announcement, validator activity has surged. Cronk noted that Figment alone has seen Ethereum taking delegations from institutions more than double, alongside a 360% increase in queue times, closely tracking ETH's price movement.

The number of active Ethereum validators has now reached a record 1.1 million. While the exit queue makes headlines, the reality is that ETH staking remains robust, with both retail and institutional participants showing long-term commitment to the ecosystem. As firms continue to align digital asset strategies with yield-generation models, Ethereum's network activity is expected to remain strong, regardless of short-term price cycle