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Q1 Solana Network Review

01/01/2025 - 03/31/2025

Gateway to Crypto

Abstract

- **SOL Price Action**: Q1 saw a rally followed by a correction and bottoming out phase, before SOL broke its all-time high of $295.
- **Derivatives Market**: High volatility and active deleveraging characterized Q1. Open interest hit $4.6B by March 31.
- **Token Distribution**: Ownership remained concentrated—mid-to-large holders (100K–1M SOL) made up nearly 60%, with top wallets holding market dominance.
- **Network Activity**: Solana averaged 5.2M daily active addresses and 953M daily transactions throughout the quarter.
- **Staking Returns**: Yields stayed stable. Inflation rewards were the main source, while MEV and gas fees provided ~30% extra returns, boosting staking appeal.
- **Stablecoins Surge**: Total stablecoin market cap jumped 1.43× to $12.1B, becoming a key driver of on-chain activity.
- **DEX Boom**: Daily DEX volume averaged $11B, up 125% from Q4.
- **DePIN Growth**: Weekly revenues from DePIN projects grew to $5.6M, a 52% quarter-over-quarter increase.
- **NFT Decline**: Weekly NFT volume dropped to $6.75M, down 55% from last quarter.
- **Governance**: Proposal SIMD-0228, aimed at reducing SOL inflation by up to 80%, failed to pass.

Content

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01 Price Trends & Market Dynamics

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01 Price Trends

SOL Price Candlestick Chart

Gate Research, Data from: Gate.io

In Q1, SOL rallied, pulled back, and formed a bottoming pattern—eventually breaking past its all-time high of $295.

- Driven by the hype around meme tokens, SOL hit a new all-time high of **$295** on the day, but then entered a downward channel.
- After a strong breakout with rising volume in late January, trading volume declined steadily throughout February, showing a typical **low-volume downtrend**, indicating weak buying momentum. Late March saw a modest volume rebound, but the rally lacked strength and failed to confirm a full trend reversal.

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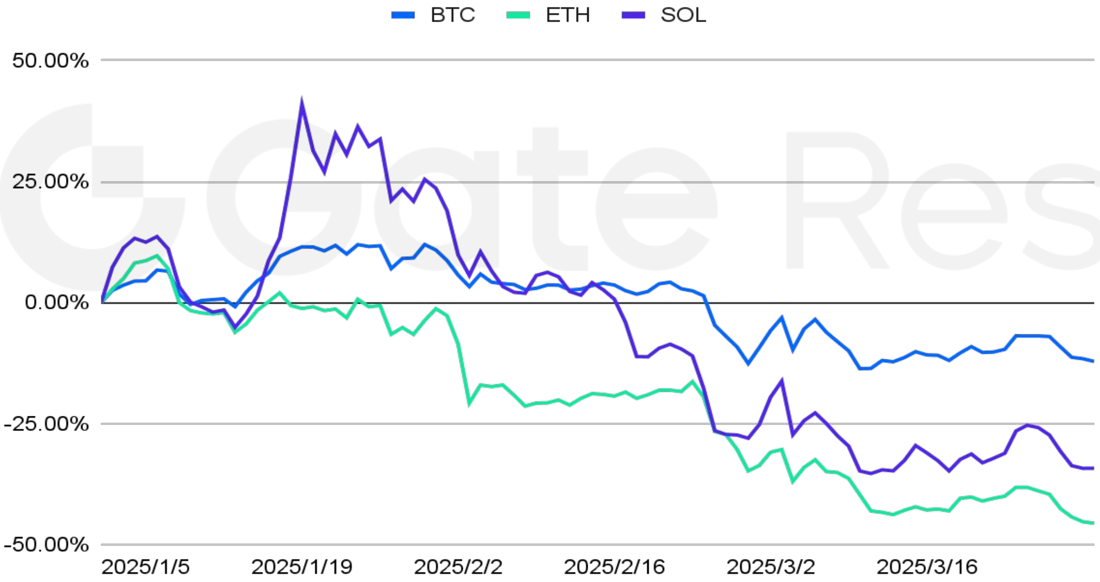
02 Performance Comparison – Major Cryptocurrencies

BTC vs ETH vs SOL – Return Trends



Gate Research, Data from: Dune

SOL initially outperformed in early Q1, but a sharp decline during the market correction left it trailing behind BTC and only slightly ahead of ETH.

- SOL's volatility stood out this quarter, its returns surged past **40%** in mid-January but quickly retraced as market momentum faded.
- Major cryptocurrencies showed clear divergence in performance. While ETH remained in a prolonged downtrend, SOL offered trading opportunities during early to mid-Q1, drawing investor interest. BTC stood out as the most resilient, maintaining its position as the market's defensive stronghold.

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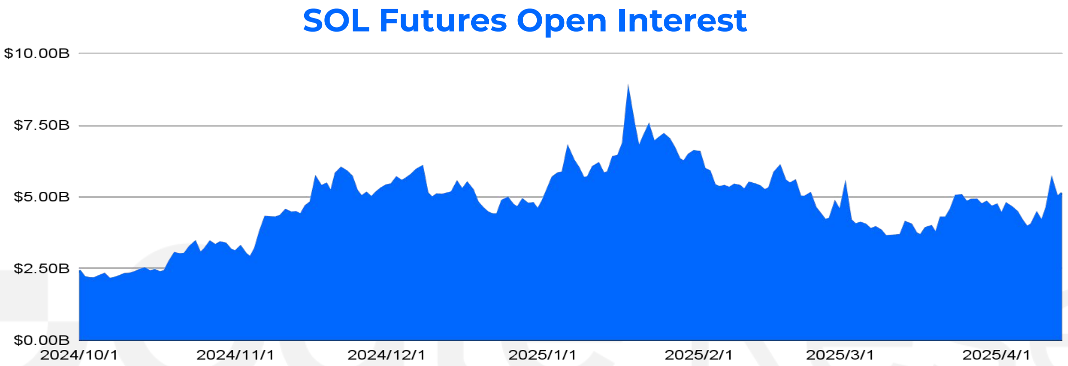
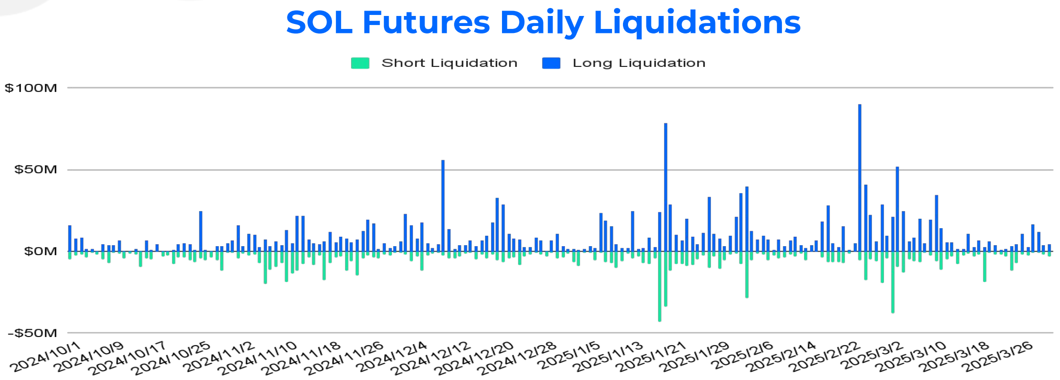
03 SOL Futures: Open Interest & Liquidations





Gate Research, Data from: CoinGlass

The SOL derivatives market saw both high volatility and active deleveraging. Open interest in options remained elevated, while rising market turbulence triggered frequent liquidations.

- SOL open interest stayed elevated in early Q1, briefly surpassing **$7.5B**, highlighting strong leveraged participation. But as the quarter progressed, open interest declined, signaling waning risk appetite and capital outflows.
- **Liquidations were largely concentrated on long positions**, with several major wipeouts during sharp price drops—particularly in late January and mid-February. Long-leveraged traders faced consistent deleveraging pressure throughout the quarter.

02 On-Chain Token Holder Distribution

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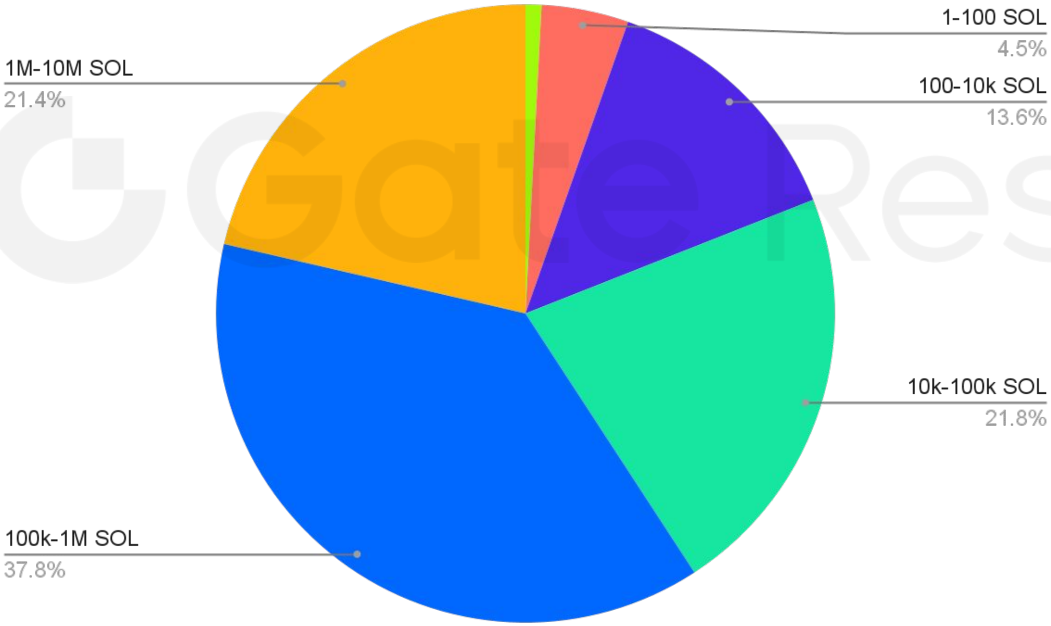
01 SOL On-Chain Token Holding Distribution

SOL On-Chain Token Holding Distribution



Gate Research, Data from: Dune

SOL holdings remain highly concentrated—nearly 60% is held by mid-to-large wallets (100K–1M SOL), with top holders maintaining dominant market influence.

- The market is led by large holders—wallets holding 100K to 1M SOL make up **37.8%** of total supply, highlighting strong influence from institutions and whales.
- Holdings are concentrated but not overly monopolized—over 80% of SOL is held by wallets with 10K+ SOL, yet addresses with over 1M SOL are relatively few, suggesting a moderate level of decentralization.

03 Network Activity

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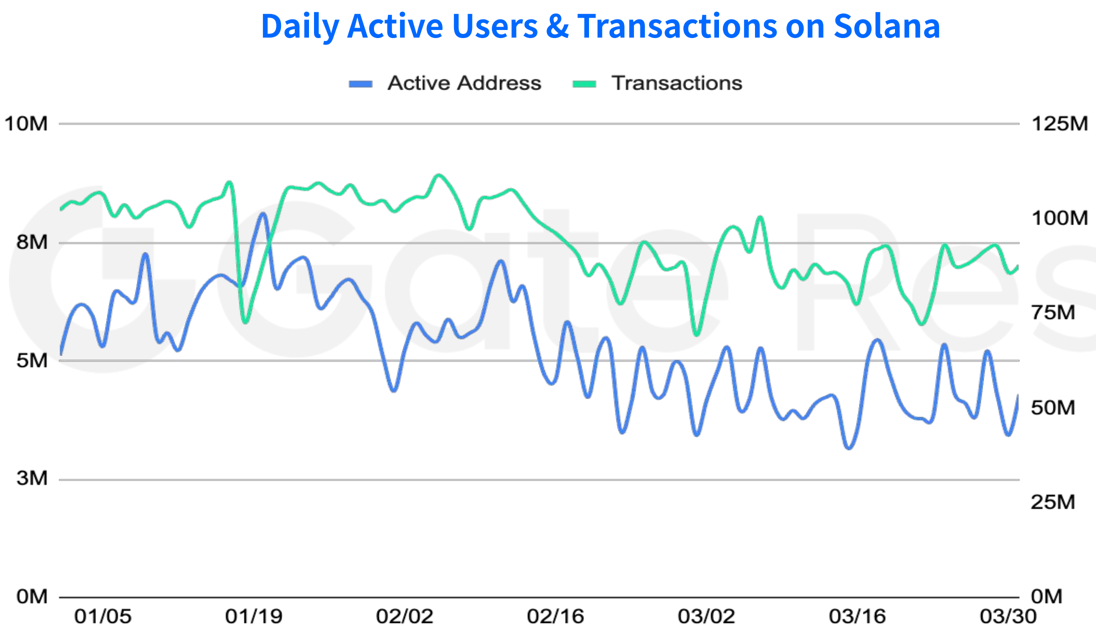
01 Solana Network Activity



Gate Research, Data from: Artemis

In Q1, the Solana network had an average of 5.2 million daily active addresses and an average of 95.3 million daily transactions.

- With over **5.2 million** daily active users, Solana continues to be one of the most engaged public chains.
- Averaging nearly 100 million daily transactions, it further proves its edge in **high-frequency, low-cost trading.**
- Despite a cooling market, Solana remains a leader in both user activity and transaction throughput, reinforcing its reputation as a high-performance blockchain.

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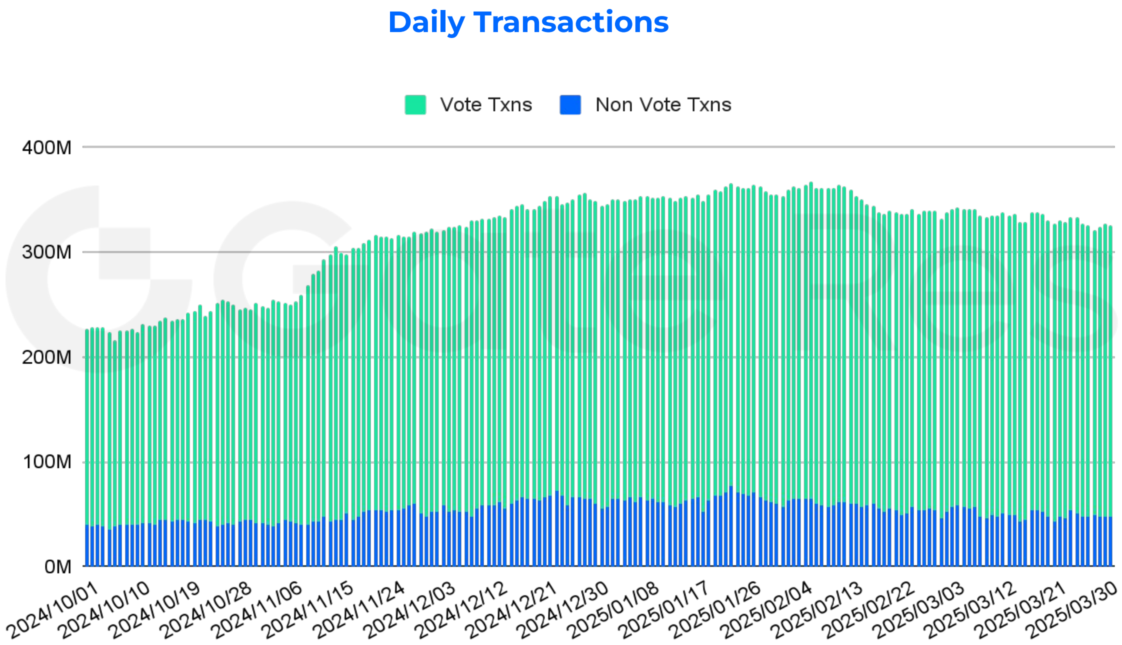
02 Daily Active Users on Solana



Gate Research, Data from: Dune

Non-vote transactions on Solana remained low and stable despite high overall volume, actual user interaction showed little improvement.

- While total transaction volume stayed high at around **320 million** per day, most were validator vote transactions, highlighting that Solana's network activity is largely driven by the consensus layer rather than real user activity.
- Non-vote transaction share kept sliding—generally hovering between 15%–18%, and dipping below **14%** several times in mid-to-late March, suggesting that truly interactive, user-driven activity on Solana remains limited.

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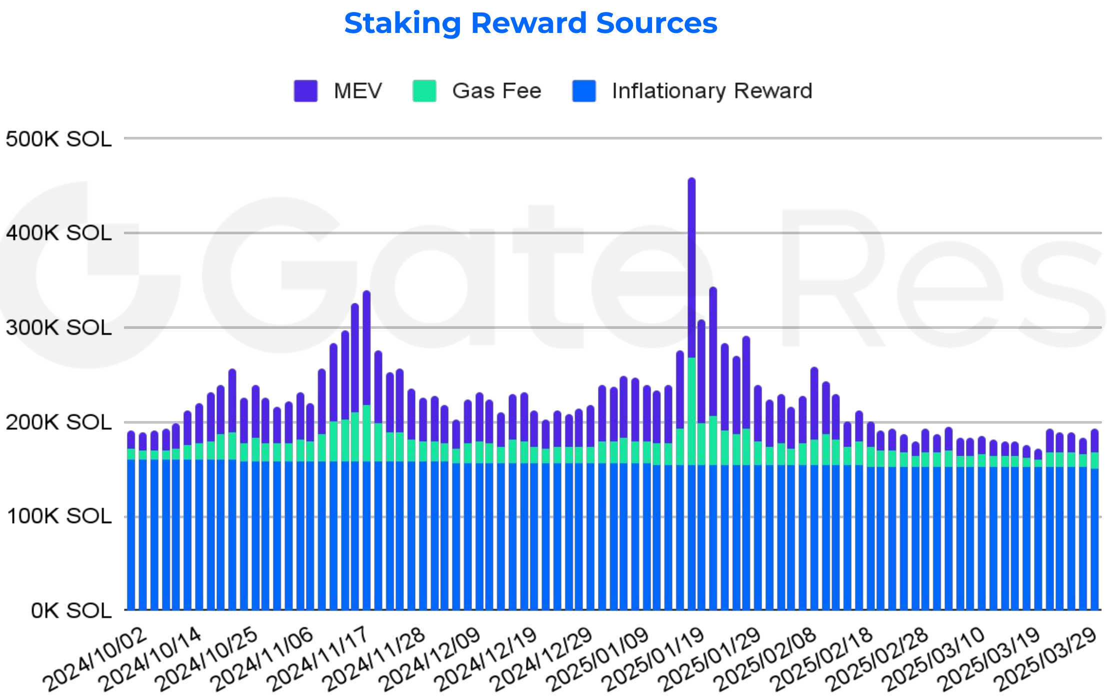
03 SOL Staking Yields Sources



Gate Research, Data from: Dune

Solana staking rewards stayed largely stable in Q1, though MEV returns fluctuated with changes in network activity.

- The reward structure is diversified: standard inflation rewards form the core of staking income, while MEV and gas fees contribute around **30%** in additional returns, enhancing the overall attractiveness of staking.

- Peak yields were driven by market volatility. In late January, rewards once exceeded **450,000 SOL**, mainly due to increased on-chain transaction activity.

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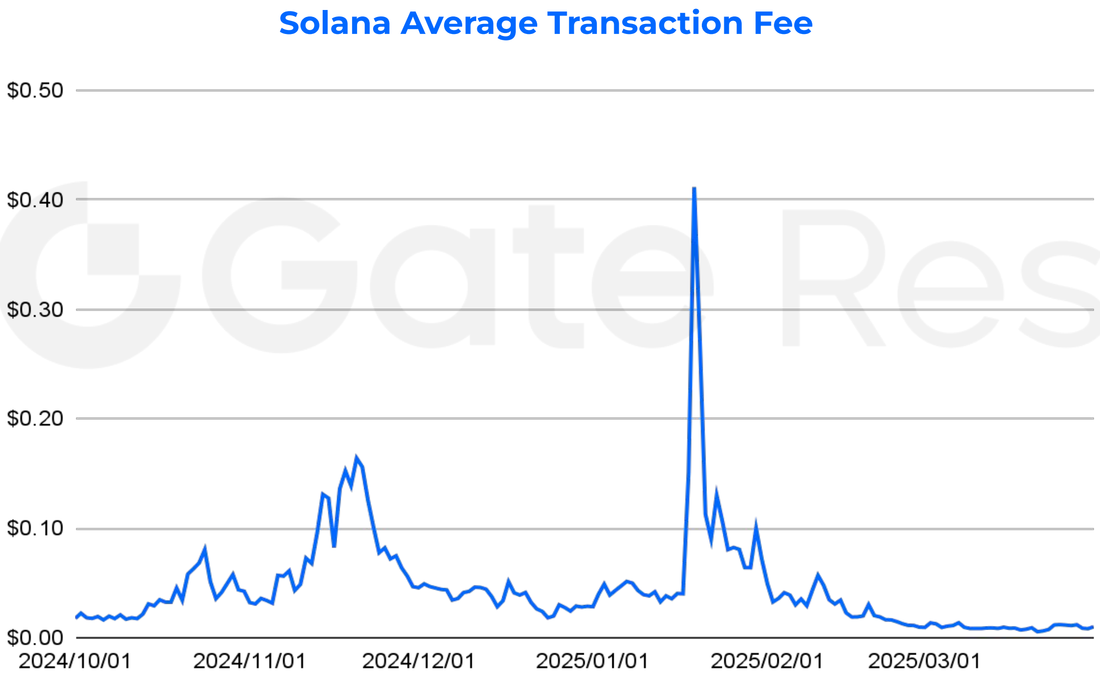
04 Average Transaction Fee



Gate Research, Data from: Dune

Solana maintained low transaction fees throughout Q1, with just one brief spike in mid-January.

- In mid-January, average fees surged, briefly approaching **$0.40**. This was caused by a short-term spike in transaction activity due to the issuance of a token by U.S. President Trump.
- Sustained Efficiency: Outside of that spike, fees consistently hovered between **$0.01–$0.03**, reinforcing Solana's edge in low-cost, high-speed transactions, ideal for high-frequency and micro-interaction scenarios.

04 On-Chain Applications

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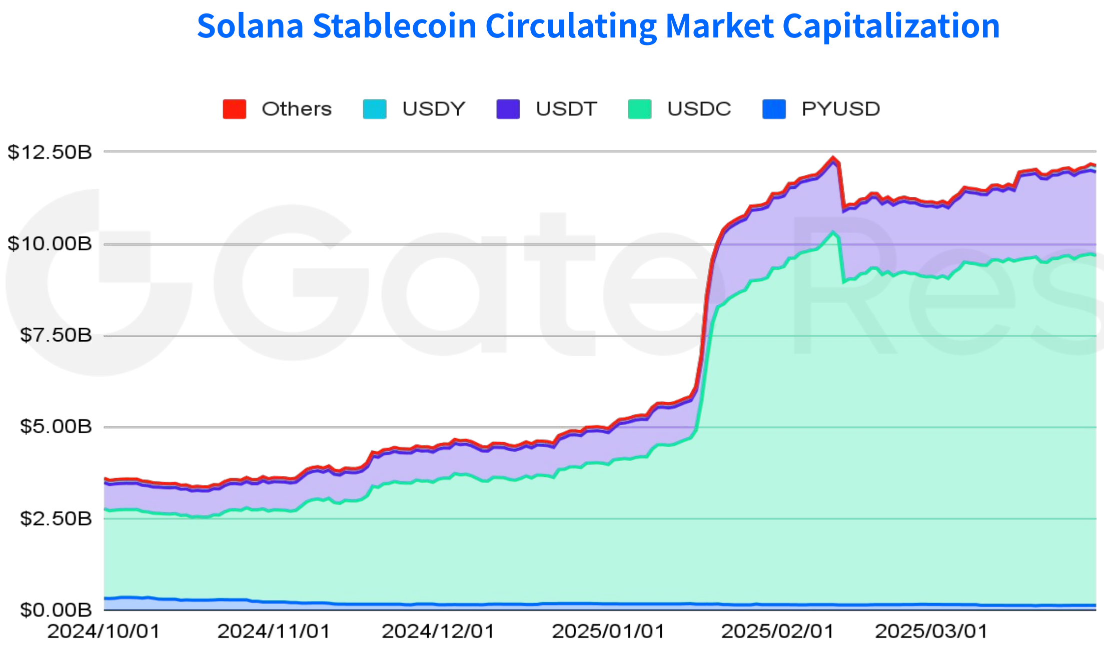
01 Solana Stablecoin Circulating Market Cap



Solana's on-chain stablecoin market cap grew 1.43× in Q1, reaching $12.1B, becoming a major engine for transaction volume and capital activity.

- Sustained Capital Inflows: After a sharp surge in January, stablecoin supply held steady, signaling strong investor confidence and ongoing ecosystem deployment.
- USDC Dominance: USDC remains the dominant stablecoin on Solana, accounting for 78.67% of total supply, and serving as the primary liquidity layer for DEXs and DApps.

Gate Research, Data from: Dune

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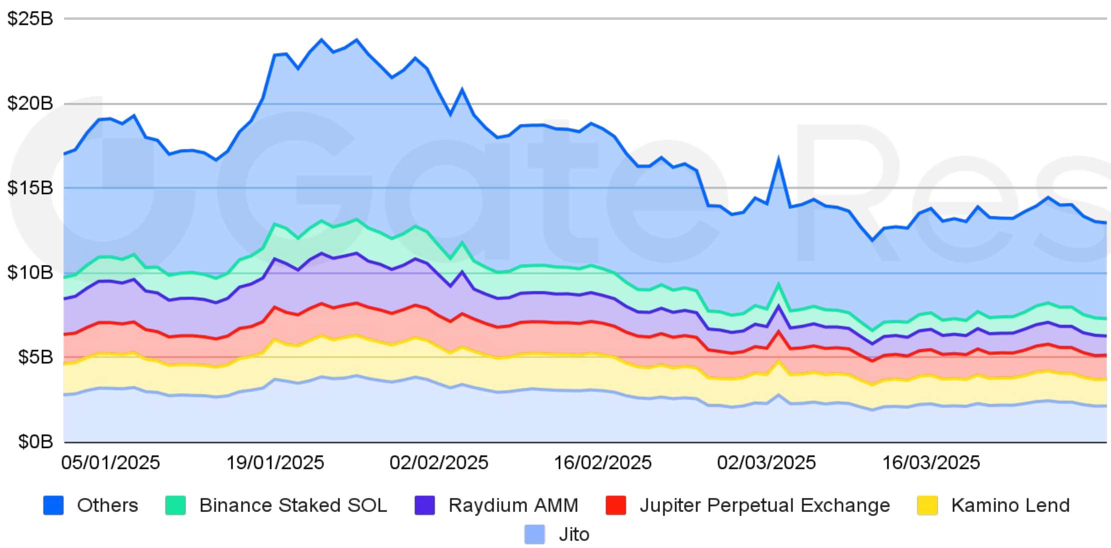
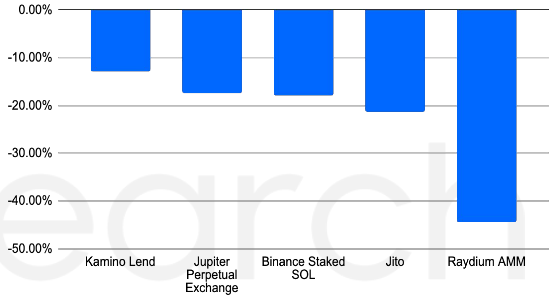
02 Solana DeFi TVL

Solana DeFi TVL



Solana DeFi TVL Q1 Growth Rate



Solana's DeFi TVL decreased by 22.51% quarter-over-quarter.

- Raydium plunged over 40%, highlighting a sharp decline in DEX liquidity and meme coin trading volume.
- Jito and Kamino also saw decreases, but held top positions, showing that staking and lending remain core pillars of Solana DeFi.

Gate Research, Data from: DefiLlama

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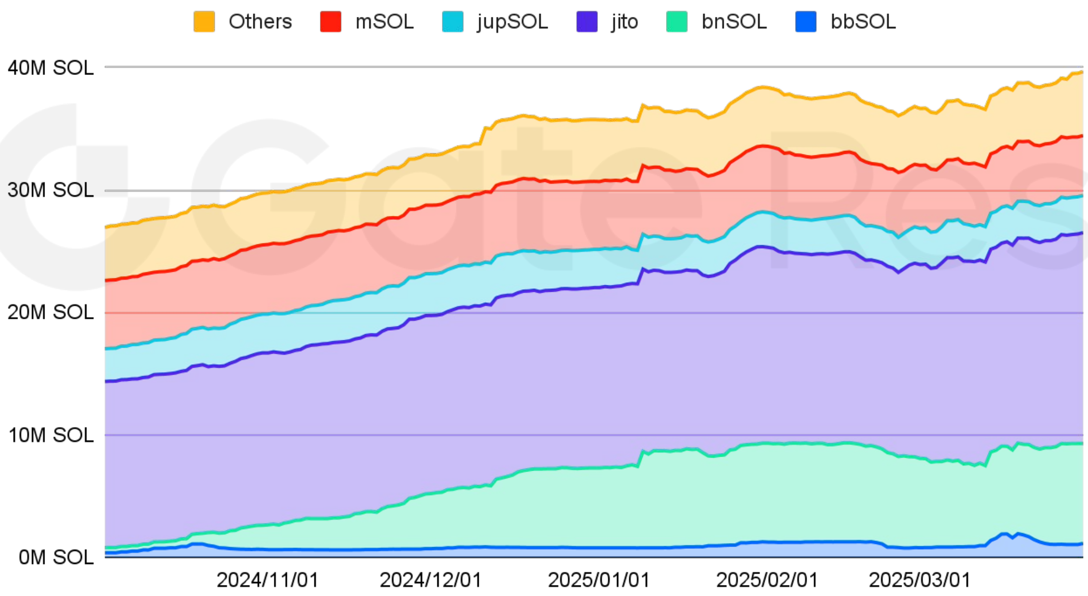
03 Liquid Staking

Liquid Staking Volume Trend



Gate Research, Data from: Dune

Liquid staking on Solana exceeded 35M SOL in Q1, led by Jito and mSOL.

- Jito **remained the top liquid staking platform**, showcasing strong user retention and attractive MEV-based yields.
- **Diverse ecosystem:** Protocols like mSOL, jupSOL, and bnSOL saw steady growth, reflecting rising demand for liquid staking and a healthy, multi-protocol landscape.

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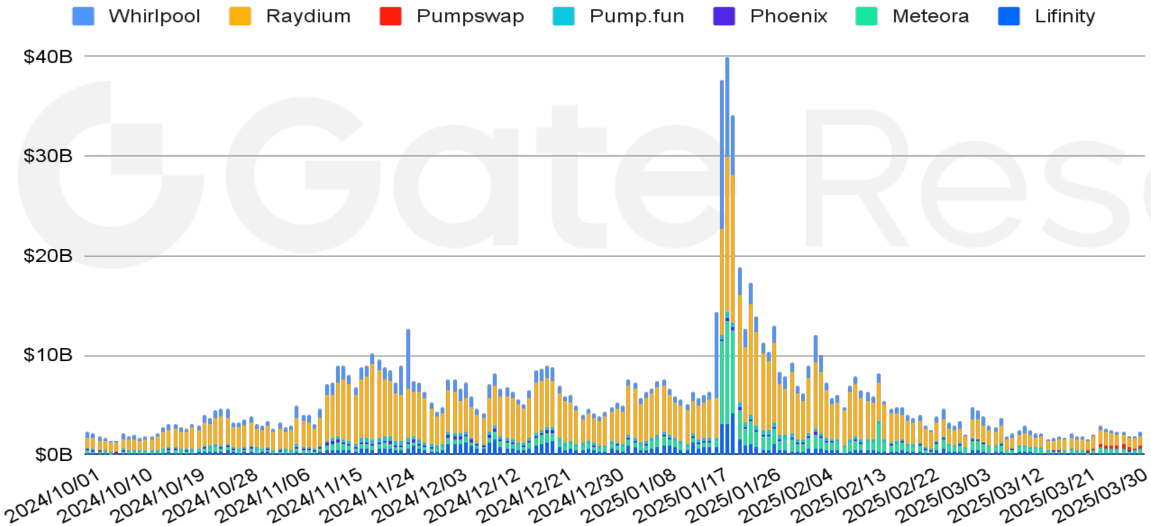
04 Solana DEX Trading Volume

Solana DEX Trading Volume Distribution



Gate Research, Data from: Dune

Solana's DEX volume surged, averaging $11B per day, up around 125% from the previous quarter.

- The trading volume spike was fueled by a meme coin frenzy, peaking in mid-to-late January with a single-day high near **$4B**, a new record before the market cooled.
- Meteora, a rising DEX, delivered an impressive Q1, with trading volume up ~**170%** compared to Q4 2024.

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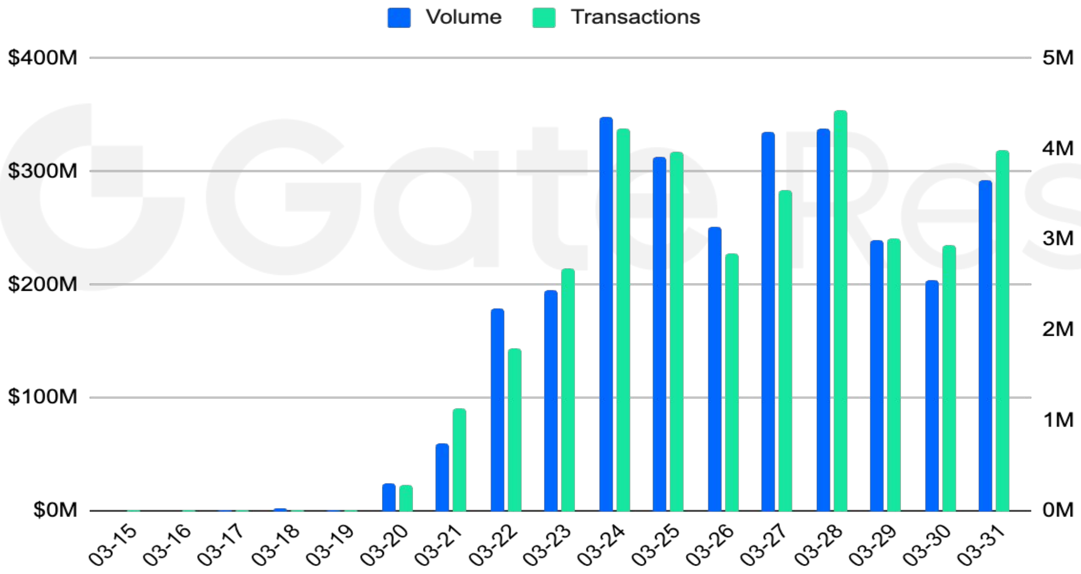
05 Pump.fun Debuts PumpSwap

PumpSwap – Daily Volume & Trade Count



Gate Research, Data from: Dune

Pump.fun launched its native DEX, PumpSwap, on March 20, replacing the old Raydium-based liquidity process. In Q1, PumpSwap surpassed $3B in cumulative trading volume.

- Previously, memecoins on Pump.fun had to migrate to Raydium for trading, a clunky process that hurt the trading experience. PumpSwap solved this with instant, free migration, streamlining the flow and improving UX.
- High trading activity on PumpSwap drove strong revenue growth, generating over **$7.67M** in fees. Among them, **$1.53M** went to the protocol, and **$6.14M** was distributed to liquidity providers.

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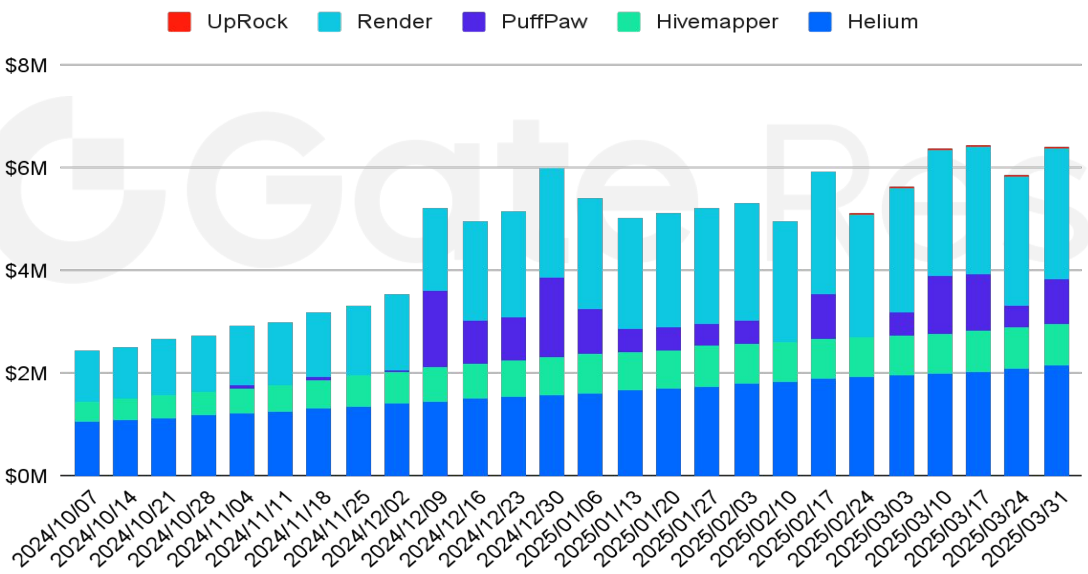
06 DePIN Project Revenue

Solana DePIN Projects Weekly Revenue



Gate Research, Data from: DefiLlama

Solana's DePIN sector posted steady weekly revenue growth in Q1, averaging $5.6M, up 52% from last quarter.

- Render led the charge, with weekly revenue surging throughout early 2025. By quarter's end, it accounted for **42%** of total earnings, underscoring its strong momentum and ecosystem impact.
- **Coordinated growth across multiple projects**—Helium, PuffPaw, and Hivemapper all showed consistent gains, signaling a maturing, diversified revenue base across the Solana DePIN ecosystem.

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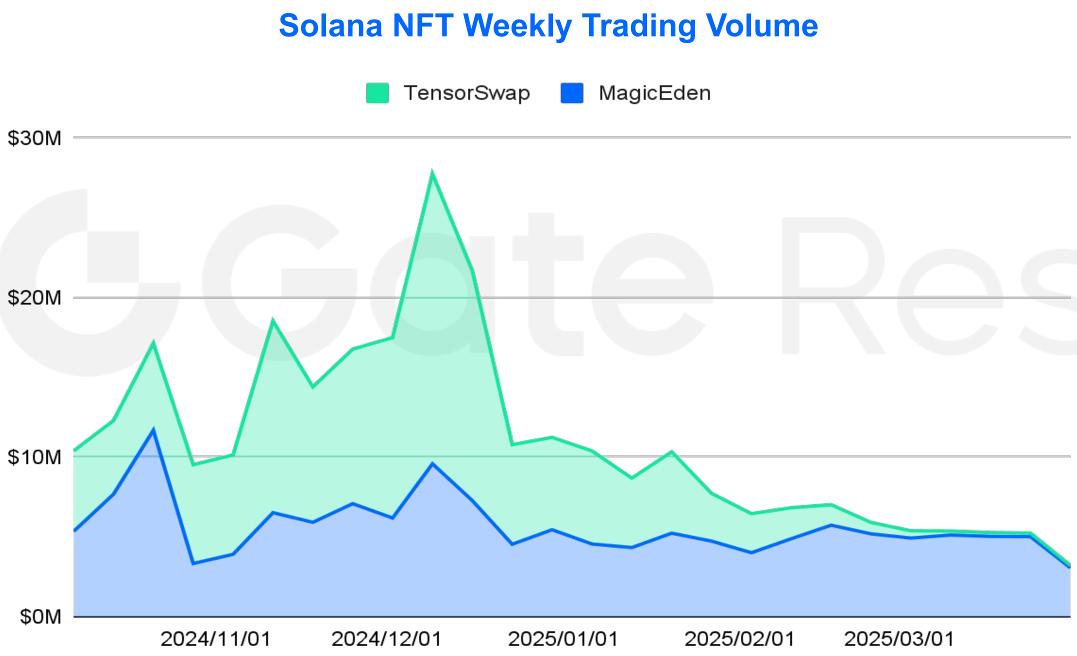
07 NFT Trading Volume



Solana NFT trading volume declined steadily in Q1, averaging $6.75M per week, a 55% drop from Q3 2024.

- **Market cooldown**: Trading volume has slid since peaking in early January, reflecting lower user activity and fading speculation.
- **MagicEden remained dominant**, consistently outperforming TensorSwap, but still faced similar challenges in liquidity and market attention.

Gate Research, Data from: Dune

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05 Q1 Tech Recap & Outlook

01 Q1 Tech Upgrade Recap

In Q1 2025, Solana made major strides in performance, on-chain features, and infrastructure, further cementing its position as a leading high-performance Layer 1 blockchain.

SIMD-0228 Proposal Fails to Pass

The Solana community proposed the improvement proposal SIMD-0228, which aimed to adjust the issuance rate of SOL tokens to more dynamically respond to market demand, and could potentially reduce SOL' s inflation rate by up to 80%. The proposal was authored by Tushar Jain and Vishal Kankani of Multicoin Capital, and supported by Max Resnick, Chief Economist at Anza. The vote ultimately failed to pass, mainly because the total of "yes" and "no" votes reached only 61.39%, falling short of the 66.67% threshold required for approval.

Solana Core Developers Propose SIMD-0257

The proposal aims to remove the current vote fee mechanism on the Solana network and optimize the incentive model for "timely vote credits," with the goal of increasing validator participation and enhancing overall network security.

Currently, vote fees are mainly used to limit the number of validators and defend against DoS attacks, but they may also reduce validator engagement. The proposal suggests replacing fixed fees with a more incentive-compatible design, allowing validators to receive reasonable rewards while maintaining active participation in voting.

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02 Q2 Outlook

In Q2, Solana is set to take major steps forward in performance and scalability, with the Firedancer client going live on mainnet and the SIMD-0207 block size upgrade rolling out.

SIMD-0207 Block Capacity Increase

Solana has implemented SIMD-0207, raising the block capacity limit by 4%, building on earlier upgrades like the 128 stack size and CU increases. This enhancement is expected to boost peak TPS and improve performance during periods of heavy network activity.

MEV Sorting Mechanism Optimization

Solana plans to implement a more transparent and fair transaction ordering system, aimed at reducing front-running and junk transactions, improving both staking outcomes and overall user experience.

Firedancer Nears Mainnet Readiness Stage

Firedancer offers a high-performance alternative client for Solana, boosting throughput and improving resilience against threats and outages. Its testnet version and a prototype mainnet version, “Frankendancer,” were both launched in September 2024.

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Disclaimer

This report is based on publicly available information, with data analyzed as of March 31, 2025. While we strive for accuracy, we make no guarantees regarding the completeness or precision of the data presented. The views expressed reflect our analysis at the time of writing and may change as market conditions evolve.

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All investments carry risk. Market prices may fluctuate, and past performance is not a guarantee of future results. We accept no responsibility for any loss arising directly or indirectly from reliance on the content of this report.

Data Appendix

P1 Price Trends & Market Dynamics

01 - Gate.io, https://www.gate.io/trade/SOL_USDT
02 -Dune, https://dune.com/queries/3245254/5429809
03 -Coinglass, https://www.coinglass.com/LiquidationData

P2 Token Holder Distribution

01 - Dune, https://dune.com/queries/3255941/5449816

P3 Network Activity

01 - Dune, https://dune.com/21co/solana-key-metrics
02 - Dune, https://dune.com/21co/solana-key-metrics
03 - Dune, https://dune.com/21co/solana-key-metrics
04 - Dune, https://dune.com/21co/solana-key-metrics

P4 On-Chain Applications

01 - Dune, https://dune.com/21co/solana-key-metrics
02 - DefiLlama, https://defillama.com
03 - Dune, https://dune.com/ilemi/solana-staking
04 - DefiLlama, https://defillama.com
05 - Dune, https://dune.com/adam_tehc/pumpswap
06 - Dune, https://dune.com/queries/4932614/8162513
07 - Dune, https://dune.com/21co/solana-key-metrics

P5 Q1 Tech Recap & Outlook

01 - SolanaFloor,
https://solanafloor.com/zh/news/simd-0228-on-track-for-approval-which-teams-voted-yes

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