



## Center for Venture Research

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### **THE ANGEL MARKET IN 2023: AN INFLECTION POINT FOR WOMEN ANGELS?**

#### **Market Size**

The angel investor market in 2023 exhibited an increase in active investors, but a decline in the number of investments and the total dollars invested by angels, according to the **Center for Venture Research** at the University of New Hampshire. Total angel investments in 2023 were \$18.6 billion, a decrease of 16.4% over 2022. A total of 54,735 entrepreneurial ventures received angel funding in 2023, a decrease of 12.2% over 2022 investments. The number of active investors in 2023 increased to 422,350 as compared to 367,945 in 2022, an increase of 14.8%. The deal size for 2023 experienced a slight decrease of 4.8% from 2022. The angel market was in retraction in 2023, however, women angels had a significant impact on the angel market, continuing a trend that started in 2021.

#### **Yield Rates**

The yield rate is defined as the percentage of investment opportunities that are brought to the attention of investors that result in an investment. In 2023 the yield rate was 24.2%, a small decrease from the 2022 yield rate of 26.7%. This yield rate indicates that entrepreneurs seeking angel capital have a 1 in 4 chance of securing an angel investment. Yield rates in the 20%-25% range have historically been indications of a sustainable market over the longer term.

#### **Women and Minority Entrepreneurs and Investors**

In 2023 women angels represented 46.7% of the angel market, an increase from 2022 (39.5%) and 2021 (33.6%). Women-owned ventures accounted for 46.3% of the entrepreneurs that were seeking angel capital, a marked increase from 2022 (37.1%) and 2021 (28.6%). The yield rate for women entrepreneurs seeking angel capital was 28.8%, higher than the 2023 market yield rate and also an increase from the 25.6% women yield rate in 2022. These data indicate that the increase in women angels may in turn be encouraging more women entrepreneurs to seek high risk angel capital. This high percentage of women presenting, and the higher women yield rate (above the overall market yield rate) indicates that these women led deals were of high quality.

Minority angels accounted for 5.7% of the angel population and minority-owned firms represented 10.3% of the entrepreneurs that presented their business concept to angels. The yield rate for these minority-owned firms was 32.1%, similar to the 33.1% yield rate in 2022. This robust yield rate is promising, but the small number of minority entrepreneurs seeking angel financing could be improved.

## Job Growth

Angel investments contributed to job growth with the creation of 4.3 jobs per angel investment. This is an increase from 2022 job creation activity of 3.4 jobs per angel investment and continues to reflect the significant job creation role of angel investments.

## Valuation

The average angel deal size in 2023 was \$339,390, a decrease of 4.8% from 2022. The average equity received was 9.7% with a deal valuation of \$3.5 million, a decrease of 7.9% from 2022. Valuations had been increasing steadily since 2018, and the resulting upward pressure on valuations appears to have resulted in a not surprising correction in angel market valuations that started in 2022.

## Sector Analysis

Healthcare Services/Medical Devices and Equipment (25.2%) and Software (25.1%) dominated angel investments in 2023. Fin Tech (12.9%) was the second most popular sector followed closely by Industrial/Energy-Clean Tech (12.1%). Retail (5.7%) investments and Biotech (5.1%) rounded out the top 6 sectors.

Sector	Healthcare	Software	Fin Tech	Ind/Energy	Retail	Biotech
Deals	25.2%	25.1%	12.9%	12.1%	5.7%	5.1%

## Stage

Angel investments (deals) in the seed and start-up stage were 41% in 2023 and for the fourth consecutive year the seed and start-up stage market was the predominant investment stage for angels. This solidifies the trend that began in 2018 of increasing allocations to seed and start-up ventures. Early stage investing was 35% of the deals in 2023. There was a significant shift away from the expansion stage in 2023 (18%), down from 35% in 2022, potentially reflecting a recommitment of angels to the earlier stages of the investment market.

The **Center for Venture Research (CVR)** has been conducting research on the angel market since 1980. The CVR's mission is to provide an understanding of the angel market through quality research. The CVR is dedicated to providing reliable and timely information on the angel market to entrepreneurs, private investors and public policymakers. The Center for Venture Research would like to thank all the angel groups and individual angels that participate in our research efforts. The response rate for this survey was 13%. For more information visit <http://paulcollege.unh.edu/center-venture-research> or contact the CVR at 603-862-3341.

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