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EDITORS AND REPORTERS: Jeffrey Sohl, director of the UNH Center for Venture Research, can be reached at 603-862-3373 and jeff.sohl@unh.edu. The full 2012 Angel Market Analysis, "The Angel Investor Market in 2012: A Moderating Recovery Continues," is available at http://paulcollege.unh.edu/sites/default/files/2012_analysis_report.pdf.

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UNH Center for Venture Research: Moderate Recovery Continues in 2012 for U.S. Angel Investor Market

DURHAM, N.H. – The angel investor market in 2012 continued the upward trend started in 2010 in investment dollars and in the number of investments, albeit at a moderate pace, according to the 2012 Angel Market Analysis released by the Center for Venture Research at the University of New Hampshire.

Total investments in 2012 were \$22.9 billion, an increase of 1.8 percent over 2011 when investments totaled \$22.5 billion. A total of 67,030 entrepreneurial ventures received angel funding in 2012, an increase of 1.2 percent over 2011 investments, and the number of active investors in 2012 was 268,160 individuals, a decline of 15.8 percent from 2011.

"The small increase in both total dollars and the number of investments resulted in a deal size for 2012 that was virtually unchanged from 2011. These data indicate that while fewer angels were active investors in 2012, those who did invest have increased their individual investments substantially, from \$70,690 in 2011 to \$85,435 in 2012, an increase of 20.9 percent," according to Jeffrey Sohl, director of the UNH Center for Venture Research at the Peter T. Paul College of Business and Economics.

"It is possible that given the robust returns in the public equity markets, some angels may have reallocated their portfolios and reduced their angel investing activity but those angels that continued to invest remained quite active," Sohl said.

Software remained the top sector position with 23 percent of total angel investments in 2012, followed by healthcare services/medical devices and equipment (14 percent), retail (12 percent), biotech (11 percent), industrial/energy (7 percent), and media (7 percent).

Angels decreased their investments of seed and start-up capital, with 35 percent of 2012 angel investments in the seed and start-up stage, down from 42 percent in 2011 and matching seed and start-up investing in 2010 (31 percent). Angels also

exhibited a decreased interest in early stage investing with 33 percent of investments in the early stage, down from 40 percent in 2011. Expansion financing exhibited a significant increase to 29 percent of deals, up from 15 percent in 2011.

“Investment activity was evenly divided between new, first sequence, investments and follow-on investments, the same as in 2011. This decrease in seed/start-up stage is of concern since that is the stage of need for our nation’s entrepreneurs,” Sohl said.

Angel investments continue to be a significant contributor to job growth with the creation of 274,800 new jobs in the United States in 2012, or 4.1 jobs per angel investment. The average angel deal size in 2012 was \$341,800 and the average equity received was 12.7 percent with a deal valuation of \$2.7 million.

The Center for Venture Research has been conducting research on the angel market since 1980. The center’s mission is to provide an understanding of the angel market and the critical role of angels in the early stage equity financing of high growth entrepreneurial ventures. Through the tenet of academic research in an applied area of study, the center is dedicated to providing reliable and timely information on the angel market to entrepreneurs, private investors and public policymakers. For more information visit <http://paulcollege.unh.edu/center-venture-research> or contact the center at 603-862-3341. To view an archive of all of the center’s angel research, visit <http://paulcollege.unh.edu/cvr-analysis-reports>.

The UNH Peter T. Paul College of Business and Economics offers a full complement of high-quality programs in business, economics, accounting, finance, information systems management, entrepreneurship, marketing, and hospitality management. Programs are offered at the undergraduate, graduate, and executive development levels. The college is accredited by the Association to Advance Collegiate Schools of Business, the premier accrediting agency for business schools worldwide.

The University of New Hampshire, founded in 1866, is a world-class public research university with the feel of a New England liberal arts college. A land, sea, and space-grant university, UNH is the state’s flagship public institution, enrolling 12,200 undergraduate and 2,300 graduate students.

PHOTO

Jeffrey Sohl, director of the UNH Center for Venture Research
<http://www.unh.edu/news/img/JeffreySohl.tif>