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UNH Center for Venture Research: U.S. Angel Investor Market in 2014 Made a Market Correction in Deal Size

DURHAM, N.H. – The angel investor market in 2014 had a slight correction in investment dollars and in the deal size, according to the 2014 Angel Market Analysis released by the Center for Venture Research at the University of New Hampshire.

Total investments in 2014 were \$24.1 billion, a decrease of 2.8 percent over 2013, but the number of entrepreneurial ventures receiving angel funding increased 3.8 percent over 2013 in investments to 73,400. The number of active investors in 2014 was 316,600 individuals, an increase of 5.9 percent from 2013.

“The change in both total dollars and the number of investments resulted in a deal size for 2014 that was smaller than in 2013,” according to Jeffrey Sohl, director of the UNH Center for Venture Research. “These data indicate that angels were active investors in 2014 but at decreased valuations than in previous years, indicating a slight market correction in valuations.”

Angel investments continue to be a significant contributor to job growth with the creation of 264,200 new jobs in the United States in 2014, or 3.6 jobs per angel investment.

The Center for Venture Research’s analysis found that angels decreased their investments in the seed and start-up stage to 25 percent in 2014, down from 45 percent in 2013 and 35 percent in 2012. Contributing factors to this decrease were the shift to expansion stage financing and the increase in early stage financing.

“This decrease in seed/start-up stage financing is a discouraging sign since seed and start-up capital is the stage of need for our nation’s entrepreneurs,” Sohl said.

Software remained the top sector position with 27 percent of total angel investments in 2014, followed by healthcare services/medical devices and equipment (16 percent), IT services (10 percent), retail (9 percent), financial services (8 percent) and industrial/energy (5 percent). Clean technology investments, which includes several sectors, represented 6 percent of angel investments in 2014.

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 through quality research. It is dedicated to providing reliable and timely information on the angel market to entrepreneurs, private investors and public policymakers.

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 13,000 undergraduate and 2,500 graduate students.

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PHOTO

Jeffrey Sohl, director of the UNH Center for Venture Research

<http://www.unh.edu/news/img/JeffreySohl.tif>

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Jeffrey Sohl, director of the UNH Center for Venture Research, can be reached at 603-862-3373 and jeff.sohl@unh.edu. The full 2014 Angel Market Analysis, "The Angel Investor Market in 2014: A Market Correction in Deal Size," is available at

<https://paulcollege.unh.edu/sites/paulcollege.unh.edu/files/webform/2014%20Analysis%20Report.pdf>