



Center for Venture Research

Director, Jeffrey Sohl

<http://paulcollege.unh.edu/center-venture-research> (603)862-3341

THE ANGEL MARKET IN 2022: THE RISING IMPACT OF WOMEN ANGELS

Market Size

The angel investor market in 2022 exhibited a slight increase in active investors, but a significant retraction 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 2022 were \$22.3 billion, a decrease of 23.7% over 2021. A total of 62,325 entrepreneurial ventures received angel funding in 2022, a decrease of 9.8% over 2021 investments. The number of active investors in 2022 increased to 367,945 as compared to 363,460 in 2021, a modest increase of 1.2%. The deal size for 2022 decreased by 15.4% from 2021. The angel market was clearly in retraction in 2022, however, for the third consecutive year the seed and start-up stage market was the predominant investment stage for angels.

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 2022 the yield rate was 26.7%, an increase from the 2021 yield rate of 24.1%. 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 2022 women angels represented 39.5% of the angel market, an increase from 2021 (33.6%). Women-owned ventures accounted for 37.1% of the entrepreneurs that were seeking angel capital, a marked increase from 2021 (28.6%). The yield rate for women entrepreneurs seeking angel capital was 25.6%, also an increase from the 19.7% women yield rate in 2021. This high percentage of women presenting and the yield rate closer to the overall market yield rate indicates that there were more women led deals and these deals were of a higher quality, both encouraging trends for women entrepreneurs. The increase in women angels may also be a contributing factor, but quality deals was likely the primary cause.

Minority angels accounted for 8.6% of the angel population and minority-owned firms represented 15% of the entrepreneurs that presented their business concept to angels, both representing an increase from 2021. The yield rate for these minority-owned firms was 33.1%. This robust yield rate is promising, as is the increase in the number of minority entrepreneurs seeking angel capital.

Job Growth

Angel investments contributed to job growth with the creation of 3.4 jobs per angel investment. This is a decrease from 2021 job creation activity but continues to reflect a robust job creation rate by angels.

Valuation

The average angel deal size in 2022 was \$356,650, a decrease of 15.4% from 2021. The average equity received was 9.3% with a deal valuation of \$3.8 million, a decrease of 13.6% from 2021. 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.

Sector Analysis

Healthcare Services/Medical Devices and Equipment (24%) dominated angel investments in 2022. Retail (17%) was the second most popular sector followed closely by Software (16%). Biotech (9.3%) moved back into the top 6 sectors, followed by Industrial/Energy-Clean Tech (9.1%) and FinTech (7%).

Sector	Healthcare	Retail	Software	Biotech	Ind/Energy	Fin Tech
Deals	24%	17%	16%	9.3%	9.1%	7%

Stage

Angel investments (deals) in the seed and start-up stage were 36% in 2022 and for the third consecutive year the seed and start-up stage market was the predominant investment stage for angels. This reinforces the trend that began in 2018 of increasing allocations to seed and start-up ventures. Early stage investing was 23% of the deals in 2022. There was a marked increase in expansion stage investments (35%) in 2022, potentially reflecting angels seeing investment opportunities in expansion financing for their portfolio companies.

Market Participation

In 2022, 47% of the membership in angel groups was latent angels (members who did not make an investment) which is lower than in previous years.

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 15%. For more information visit <http://paulcollege.unh.edu/center-venture-research> or contact the CVR at 603-862-3341.

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