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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 [jesohl@christa.unh.edu](mailto:jesohl@christa.unh.edu). The full 2009 Angel Market Analysis, "The Angel Investor Market in 2009: Holding Steady but Changes in Seed and Startup Investments," is available at <http://www.unh.edu/news/docs/2009angelanalysis.pdf>.

### **Angel Investor Market Holds Steady in 2009 But Changes Seen in Types of Deals, UNH Center for Venture Research Finds**

DURHAM, N.H. – On the heels of a considerable contraction in investment dollars in 2008, the 2009 angel investor market exhibited a modest decrease in investment dollars but little change in the number of investments, while significant changes occurred in the critical seed and start-up stages, according to the 2009 Angel Market Analysis released by the Center for Venture Research at the University of New Hampshire.

Total investments in 2009 were \$17.6 billion, a decrease of 8.3 percent over 2008 when investments totaled \$19.2 billion. However, a total of 57,225 entrepreneurial ventures received angel funding in 2009, a reserved 3.1 percent increase from 2008 when 55,480 entrepreneurial ventures received angel funding. The number of active investors in 2009 was 259,480 individuals, virtually unchanged from 2008's 260,500 individuals.

"The small decline in total dollars, coupled with the increase in investments resulted in a smaller deal size for 2009, a decline in deal size of 11.1 percent from 2008. These data indicate that while angels have not significantly decreased their investment activity, they are committing less dollars resulting from lower valuations and a cautious approach to investing. Significant changes did occur in the critical seed and start-up stage investment landscape," according to Jeffrey Sohl, director of the UNH Center for Venture Research at the Whittemore School of Business and Economics.

Software accounted for the largest share of investments, with 19 percent of total angel investments in 2009, followed by healthcare services/medical devices and equipment (17 percent), industrial/energy (17 percent), retail (9 percent) and biotech (8 percent).

"Industrial and energy investing is a significant increase from 2008, reflecting a growing appetite for green technologies," Sohl said.

Mergers and acquisitions represented 54 percent of the angel exits, and bankruptcies accounted for 40 percent of the exits in 2009. Annual returns for angel's exits (mergers and acquisitions and IPOs) were between 23 percent and 38 percent, however, these returns were quite variable.

Angels decreased their investments of seed and start-up capital, with 35 percent of 2009 angel investments in the seed and start-up stage, a decrease of 10 percent from 2008. Angels also exhibited an increased interest in post-seed/start-up investing with 62 percent of investments in the early and expansion stage, an increase from 2008. New, first

sequence, investments represented 47 percent of 2009 angel activity, a significant decline from the last two years.

"This decrease in seed/start-up stage and first sequence investing is the unfortunate reality of a difficult economy and little or no support for angels, or the companies they invest in, from the various legislative initiatives enacted to stimulate the economy," Sohl said.

Angel investments continue to be a significant contributor to job growth with the creation of 250,000 new jobs in the United States in 2009, or 4.4 jobs per angel investment. This represents approximately 5 percent of new jobs in the nation in 2009.

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://wsbe.unh.edu/cvr> or contact the center at 603-862-3341.

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**PHOTO**

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