

New Zealand Private Capital Monitor 2025

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The better the question.
The better the answer.
The better the world works.

Foreword

We are delighted to bring you the 22nd full-year edition of the New Zealand Private Capital Monitor.

This edition of the New Zealand Private Capital Monitor consolidates the findings from previous surveys and provides a more detailed review of 2024 including commentary on the industry from the New Zealand Private Capital Association's Executive Director.

2024 saw transaction activity rise to \$3,765m of combined investments and divestments across private equity and venture capital transactions, weighted towards investment activity (c.74% of total activity). Significant transactions included investments in Arvida, HabitHealth, FirstCape and Fusion5.

Total investment activity increased in 2024 totalling \$2,769.1m, compared to \$1,886m in 2023, with the total number of transactions remaining relatively level in 2024 (307) compared to 2023 (299). The increase in investment activity was primarily driven by the increased number of large buy out transactions in 2024.

Private equity investment excluding venture capital reached \$2,182m, compared with \$1,501m in 2023 and \$2,630m in 2022.

Venture and early-stage investment in 2024 totalled \$587.6m, representing another record year, with an increase over the previous high of \$384.4m achieved in 2023.

Investment in IT / software companies continued the theme seen in recent years to extend the access to capital for young companies.

The commitment to growing New Zealand's businesses has been clear in responses to the Monitor, with focus areas for their investee companies seeing similarities to the prior year. These include focussing on increased headcount, increased R&D spend and the launch of new products.

Fund-raising activity in 2024 by New Zealand funds raised over \$1,157m which is a significant increase from the \$383m of capital raised in 2023 and further fundraisings are anticipated for 2025.

New Zealand capital markets continued to show a low level of activity in 2024 with respect to new listings. The outlook for the next six months remains neutral as a result of current global macro-economic factors, with levels of optimism increasing in future years.

Elevated geo-political uncertainty in the year ahead is expected to see financial markets risk adjust for longer term trends. Some New Zealand businesses will be impacted by the trade war. Institutional investors strategies for their private capital portfolios will be under review.

Nevertheless, New Zealand and Australian private equity and venture capital funds have committed capital for investment in growth opportunities. With rising optimism from Monitor respondents, it is likely that 2025 will see an emerging new normal.

NZ Private Capital promotes the growth story with targeted communications that feature business owners' experiences working with private equity and venture capital managers.

[Colin McKinnon](#)

Executive Director,
NZ Private Capital

Executive summary

The year to 31 December 2024 was characterised by a total level of overall activity of NZ\$3,765.2m, an increase from the \$1,988m of activity seen in 2023. Overall activity was elevated in 2024 largely as a result of additional large buy out category transactions and increased divestment activity.

Mid-market investment activity in 2024 continues to perform well, totalling \$519.1m, which is broadly consistent to the \$541.2m achieved in 2023. Divestment activity with disclosed transaction values in 2024 was \$681.7m, a significant increase from the \$102.8m recorded in 2023.

Meanwhile, 2024 was another strong year in the venture space, with record total investment activity of \$587.6m, compared to \$384.4m seen in 2023. This is another 10-year high with a historical 10-year average of \$254.8m.

Overall buy-out activity in 2024 showed an increase on 2023, related to Pacific Equity Partner's investment in FirstCape, Stonepeak Infrastructure Partners' investment in Arvida, and Five V Capital's investment in HabitHealth. 2023 saw only one buy out category transaction.

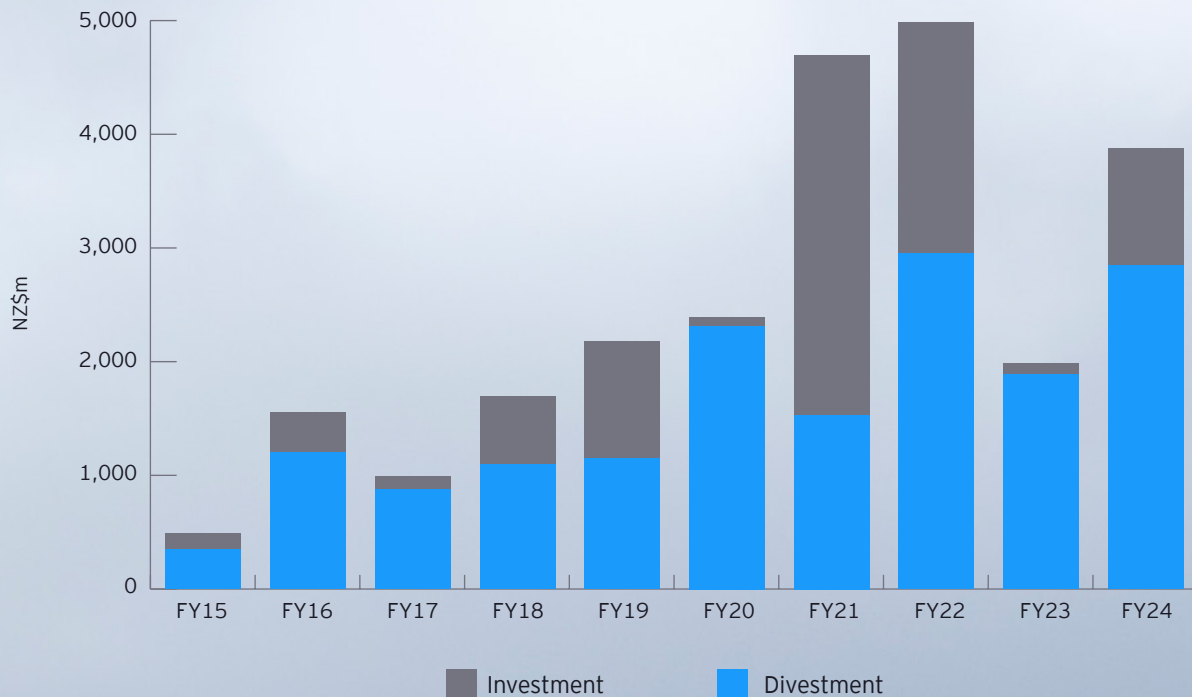


Brad Wheeler
Partner
NZ Leader, EY-Parthenon



Colin McKinnon
Executive Director
NZ Private Capital

Overall activity summary 2015 to 2024



Investments

- The total investment value in 2024 was \$2,769.1m spread across 307 transactions.
- The total number of investments with known values has decreased slightly from 299 in 2023 to 296 in 2024.
- Mid-market investment activity was broadly in line with prior year with \$519.1m in 2024 compared to \$541.2m in 2023.
- Average investment value for mid-market investments in 2024 was \$19.2m which is significantly higher than in 2023 (\$11.3m) as a result of a reduction in the number of transactions.

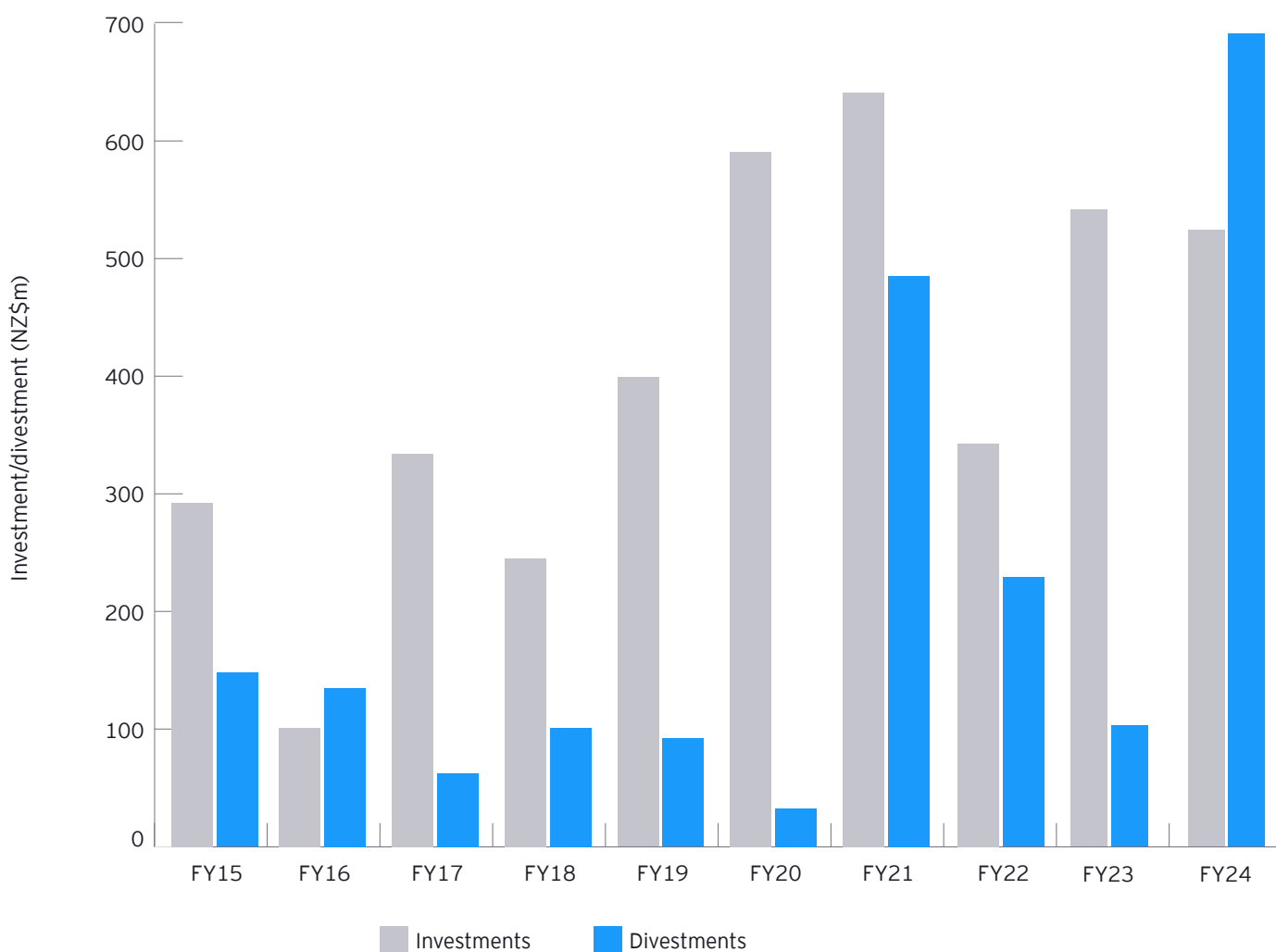
- Total venture investment increased to \$587.6m from \$384.4m in 2023.

Divestments

- Total divestment value in 2024 increased significantly to \$996.1m, an increase from \$102.8m in 2023.

Mid-market private equity

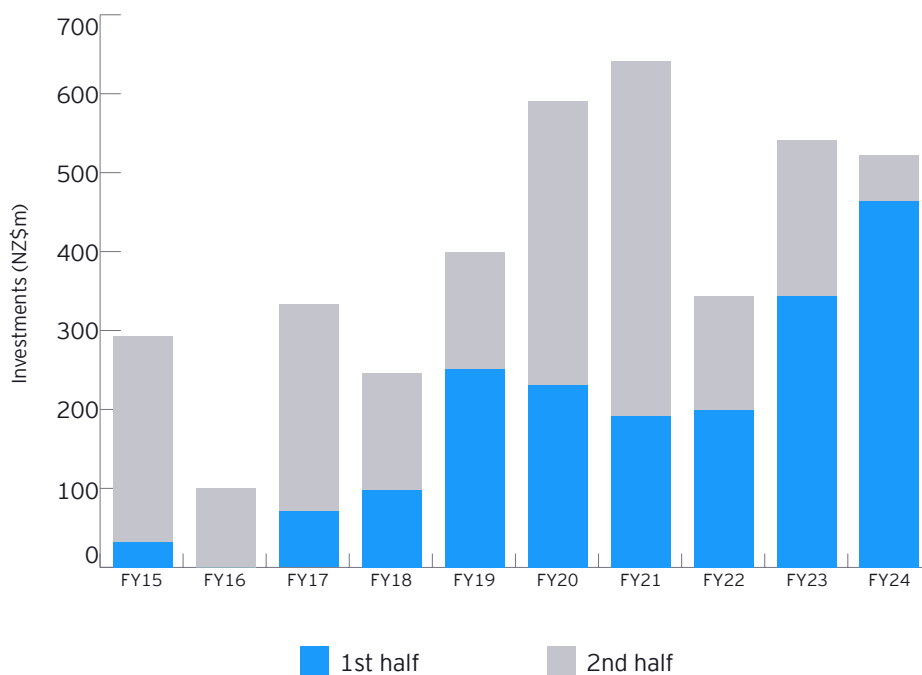
Mid-market private equity investment/divestment summary 2015 to 2024



Mid-market investment

- The level of mid-market investment from transactions with disclosed values decreased slightly to \$519.1m in 2024 from \$541.2m in 2023.
- The number of investments totalled fell from 48 in 2023 to 27 in 2024. This remains slightly higher than the historical 10-year average trend of 26.
- The average investment value increased from \$11.3m in 2023 to \$19.2m in 2024. This is higher than the historical 10-year average trend at \$15.7m.
- Mid-market transactions exclude any transactions where the investee has an estimated enterprise value over \$150m, as these are categorised as buy-out / top-end transactions for the purposes of this report.
- More transactions were completed in the first half of the year in 2024, potentially driven by more challenging economic conditions in the second half of the year.

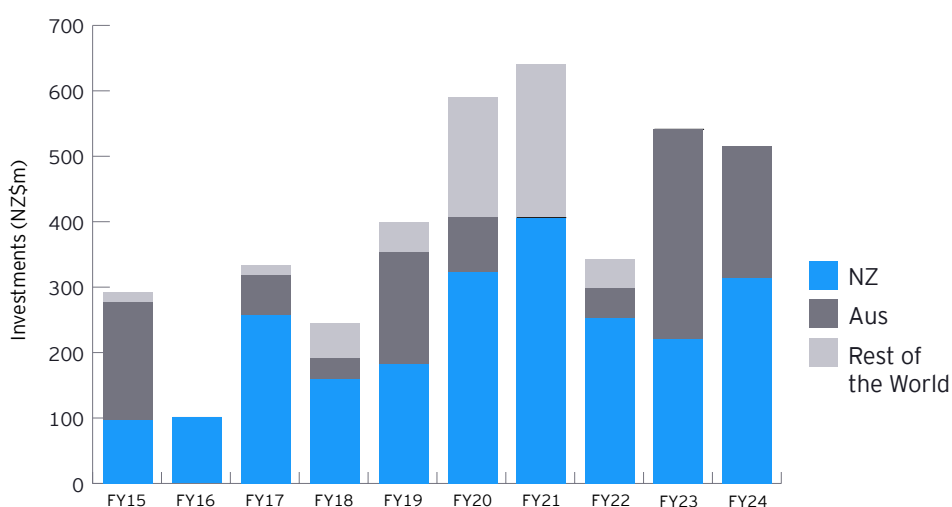
Mid-market investments - half year split



Mid-market investment

- Australia domiciled fund activity included BGH Capital Ltd.'s investment in Fusion5, Anchorage Capital Partner's investment in ELF, Five V Capital's investment in OrbitRemit, and Potential Capital's investment in Storypark.
- New Zealand domiciled fund activity had the largest share of the mid-market in 2024, including investments by Castlerock Partners, Direct Capital, Milford Asset Management, Pioneer Capital, Pencarrow Private Equity Management, Rangatira, Simplicity Private Equity Fund, and Waterman Capital.

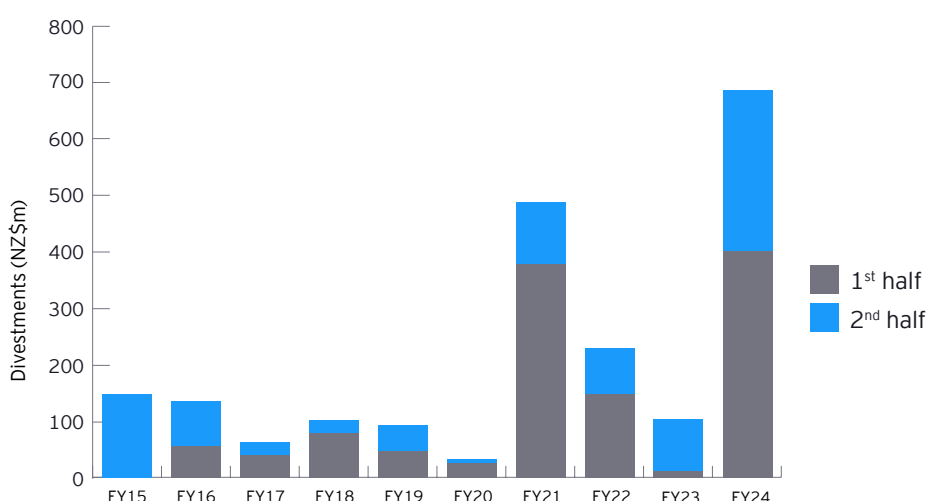
Mid-market investments - domicile



Mid-market divestment

- There was a significant increase in mid-market divestment activity in 2024 (\$681.7m) compared to 2023 (\$102.8m). Divestment activity included transactions by Waterman Capital, and Maui Capital.

Mid-market divestments - half year split



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Elevated geo-political uncertainty
in the year ahead is expected to see
financial markets risk adjust for
longer term trends.

Colin McKinnon

Executive Director,
NZ Private Capital



Venture and early-stage capital

Venture capital investment/divestment summary 2015 to 2024.

Overview

Since 2009 our survey results for venture capital activity have been supplemented by transaction information from New Zealand Growth Capital Partners (formerly NZVIF) This has led to broader data capture, and the inclusion of early-stage investment activity within the venture segment. Early-stage investment includes activity of fund managers, angel networks and individuals.

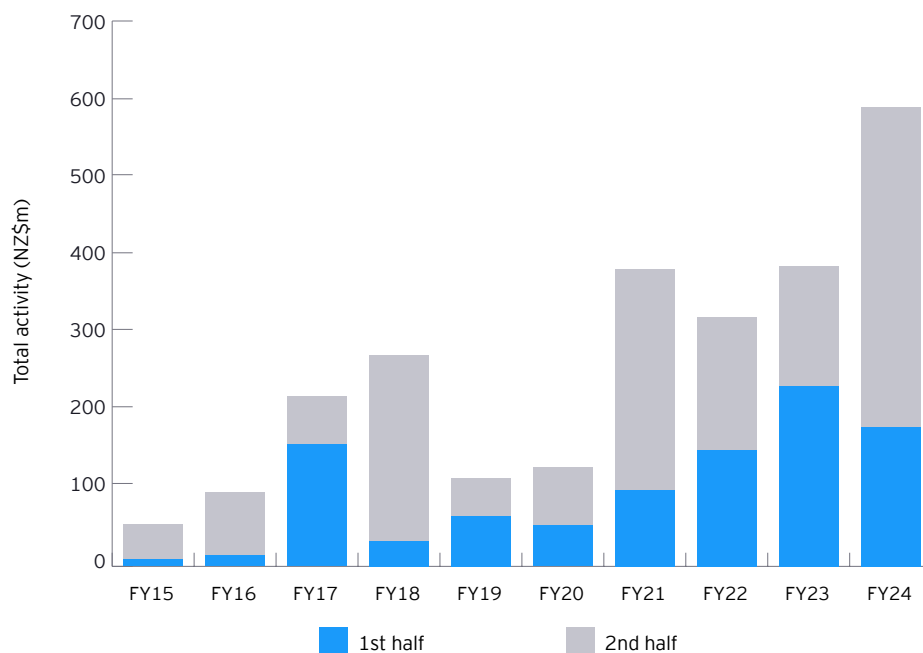
Fund managers or General Partners manage capital provided by investors. Fund managers have investment programmes to attract investor's capital prior to deploying the capital. Their activity is distinct from angel networks that help individuals to invest their own capital usually on a transaction-by-transaction basis.

The size of early-stage funds varies from large venture capital funds (greater than \$50m funds under management) to small and micro venture (\$2m-10m funds under management). The stage of investment describes the path from seed/early-stage to expansion.

Venture and early-stage investment

- The total investment value of disclosed venture activity in NZ was a record \$587.6m in 2024 compared to \$384.4m in 2023. The total number of transactions in 2024 of 307 increased compared to 250 transactions in 2023.

Venture and early-stage investment summary



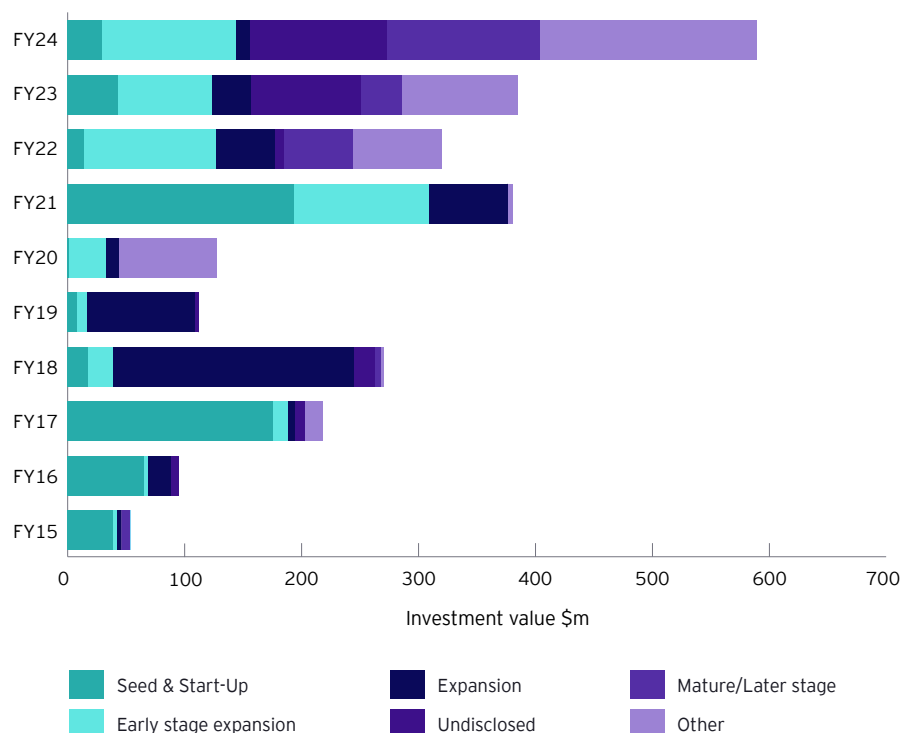
2024 venture activity was focused on the IT/Software and Other sectors.



Stage of investment

- This chart shows the stages of investment of venture activity in New Zealand.

Stage of investment



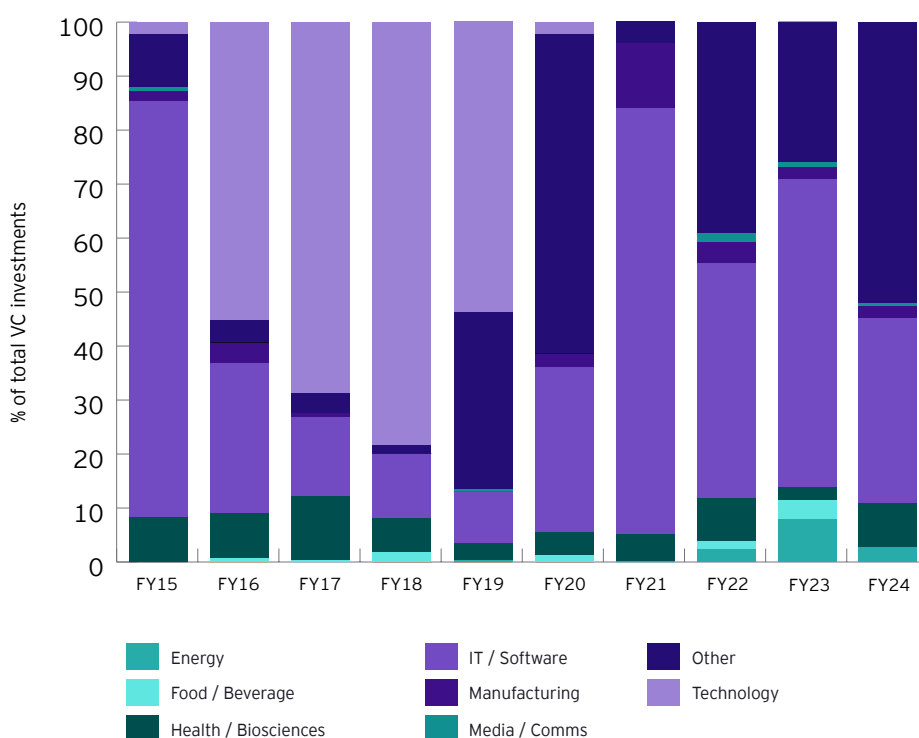
Venture and early-stage capital - sector review

- Venture funding focused heavily on IT / software and Other sectors, with key activity in the Other sector relating to Education, FinTech and Cleantech.

Venture and early-stage capital - divestment

- Similar to 2023, there was no record of VC divestment in 2024.

Venture and early-stage investments by sector



Key sub-sectors of the Other sector include Education, Fintech, and Cleantech as disclosed by PE/VC Funds.

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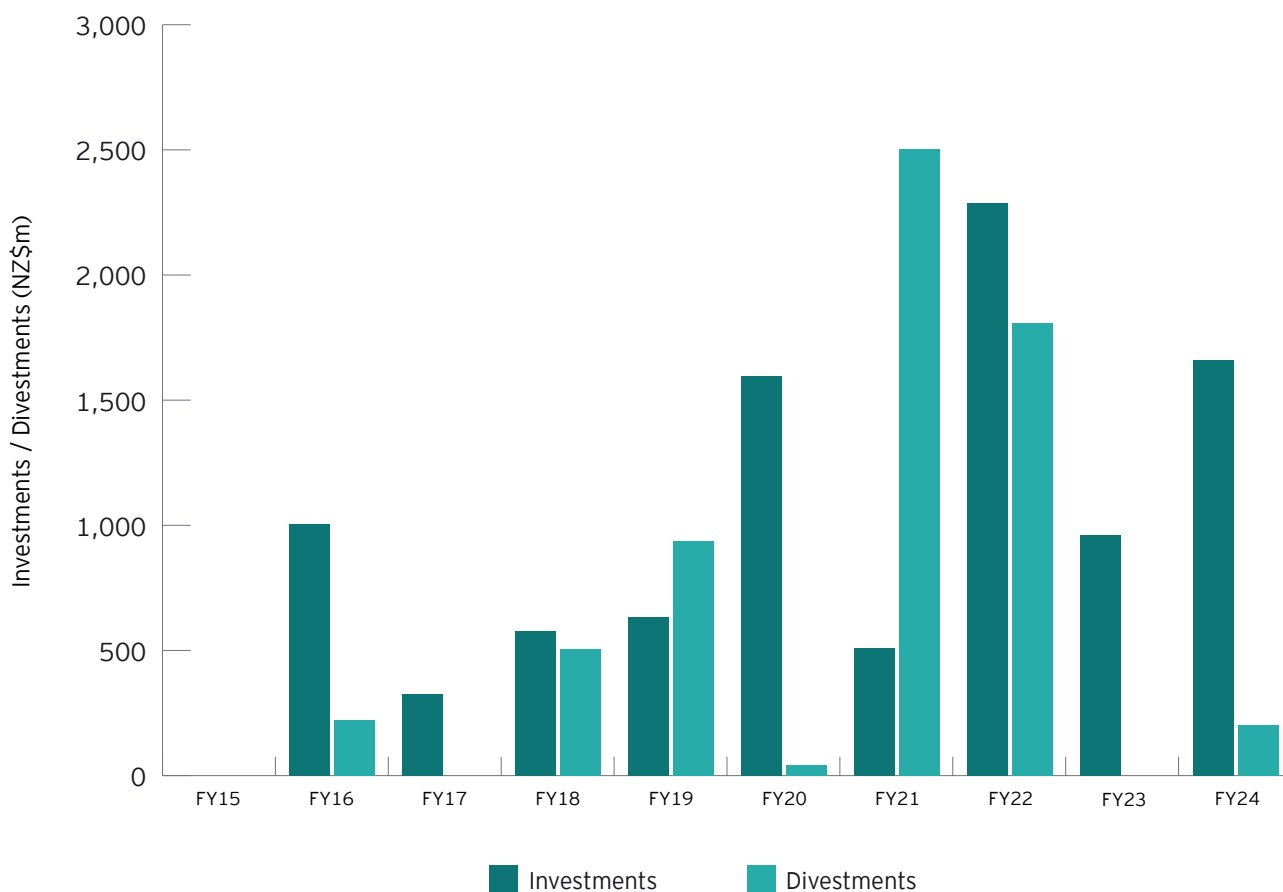
The growing investment in our
venture capital ecology shows
its strength and sustainability.

Brad Wheeler

Partner, NZ Leader
EY-Parthenon

Buy-out private equity

Buy-out private equity investment/divestment summary 2015 to 2024



Overview

Buy-out transactions are defined as those transactions with an estimated enterprise value over \$150m. The observed transaction value trends from 2015 to date are a result of a small number of high-value transactions in this segment. 2024 saw three buy-out transactions, an increase from one transaction in 2023. Buy-out transactions in 2024 included Five V Capital's investment in HabitHealth, Pacific Equity Partners' investment in FirstCape and Stonepeak Infrastructure Partners' investment in Arvida Group.

Opinion



Colin McKinnon
Executive Director,
NZ Private Capital

The year 2024 presented significant challenges for businesses across various sectors.

Despite these hurdles, investment activity, particularly in venture capital and mid-market private equity (PE), remained robust. Fund managers who participated in the Monitor survey expressed a cautiously optimistic outlook for the next 18 months, although their short-term views are marked by a degree of neutrality. This cautious stance is understandable given the recent disruptions in global trade and geopolitical norms, which have caused financial markets to fluctuate and set new expectations for the global market.

Impact on New Zealand private markets

The repercussions of these global shifts on New Zealand's private markets are expected to unfold gradually. The substantial amount of committed capital in recently raised funds suggests that, for the time being, it will be business as usual. However, the task of finding new owners for mature businesses at valuations that are deemed acceptable may prove to be more challenging in the near term.

Positive long-term trends

Over the past decade, private equity and venture capital funds have made significant investments in New Zealand companies, totalling \$16.1b. Specifically, venture funds have invested \$2.6b in early-stage companies, while mid-market private equity funds have contributed over \$4.0b. The average investment size in venture capital has seen a notable increase over the last five years, rising from \$1.4m to \$2.1m. Additionally, the number of investments per year has grown from 92 to 277. In the mid-market sector, the average investment size in 2024 was \$19.2m, compared to a five-year average of \$17.2m. However, the number of annual transactions in 2024, which stood at 27, was below the five-year average of 33 transactions per year.

Micro-venture capital (VC) funds have also established a significant presence within the venture ecosystem. Some of these funds are specifically focused on sectors such as decarbonization and financial technology (fintech), reflecting broader industry trends and priorities.

Government collaboration

A range of government proposals were introduced shortly before Christmas in 2024, which have significant implications for the investment landscape. The changes to the Active Investor Migrant policy, which took effect on April 1, 2025, have been more favourable than initially expected. This policy is anticipated to create a valuable pipeline of high-net-worth investors for venture capital and private debt funds.

Further changes to the Foreign Investment Fund rules have also now been announced. The government has considered the submissions from various stakeholders and is moving towards improving outcomes for migrant investors and potentially returning New Zealanders, with the detail still to come.

Our submissions regarding proposed changes to KiwiSaver regulations, aimed at supporting investment in private markets, have been acknowledged, and we are awaiting further information from the government. The establishment of Invest New Zealand as a separate agency from New Zealand Trade & Enterprise is a positive development. This new agency will focus on infrastructure investment and attracting foreign direct investment, while we will continue to maintain our working relationship with both entities.

As this report is being released, we anticipate that the upcoming Government Budget will include funding for the Elevate programme, managed by New Zealand Growth Capital Partners. As an industry group, we collectively believe that continued government support for another round of Elevate funding is essential. Without this support, raising funds for local venture initiatives will be more challenging.

Future outlook

New Zealand's private equity and venture capital managers have made significant strides in implementing Environmental, Social, and Governance (ESG) frameworks. Most fund managers are actively working with their portfolio companies to enhance ESG reporting, tailored to the scale of New Zealand's portfolio companies. We remain committed to promoting inclusiveness and fairness in our industry activities and governance practices.

During our recent submissions on government proposals, we found common ground with the Angel Investor community and migrant investors, including Edmund Hillary Fellows. This collaboration has revealed mutual benefits that extend beyond mere advocacy, suggesting potential areas for further exploration and cooperation.

As we look ahead to the coming year, we remain optimistic about the opportunities and challenges that lie ahead.



Outlook

Industry outlook

Each year we ask respondents about their outlook for New Zealand Private Capital.

The outlook for the New Zealand private capital market has remained broadly in line with 2023, with a neutral view (short term) and optimistic (medium term).

Fund managers highlighted key factors affecting portfolio companies, including global conflicts, consumer sentiment, capital availability, falling interest rates, technological advancements in AI, and foreign exchange rates.

Plans for investee companies

Respondents were asked their plans in relation to new investee companies. In 2024 these plans included:

- Expanding into new markets
- Increasing headcount
- Increasing capital expenditure
- Launching new products
- Increasing R&D spend
- Increasing marketing spend
- Growing exports.

Challenges and opportunities

Respondents identified the following factors that they consider will impact venture capital and private equity activity in New Zealand over the next 12 months.

Venture capital respondents noted:

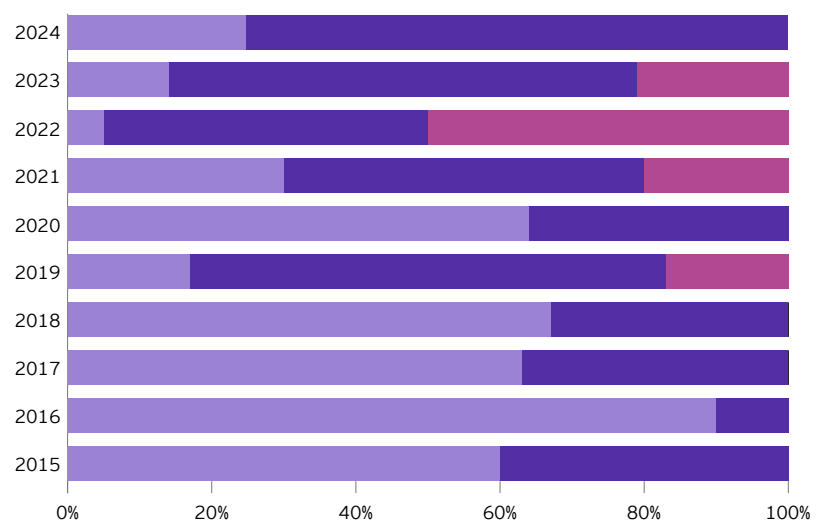
- Challenges include lack of availability of capital, lower investor confidence, geopolitical issues, regulatory and policy changes, and liquidity of LPs.
- Opportunities include investors looking to diversify their portfolios, KiwiSaver providing additional capital, and artificial intelligence and machine learning.

Private equity respondents highlighted the following:

- Challenges include difficult liquidity environment, increased compliance and legislation, keeping up with technology advancements, valuation gaps, availability of quality transactions.
- Opportunities include increased transaction volumes, and falling interest rates.

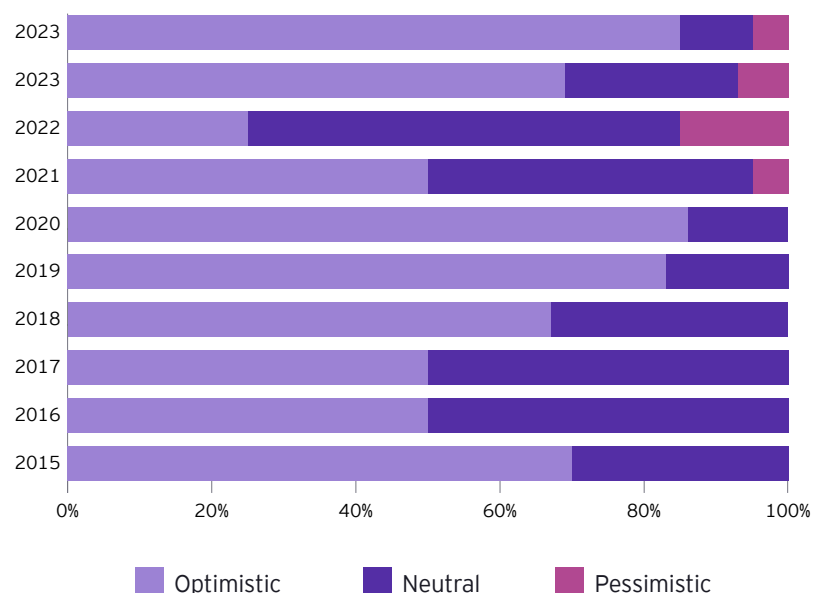
Next six months

Respondents' short-term outlook is neutral, reflecting a range of factors including the inflationary environment, high interest rates and geopolitical conflicts.



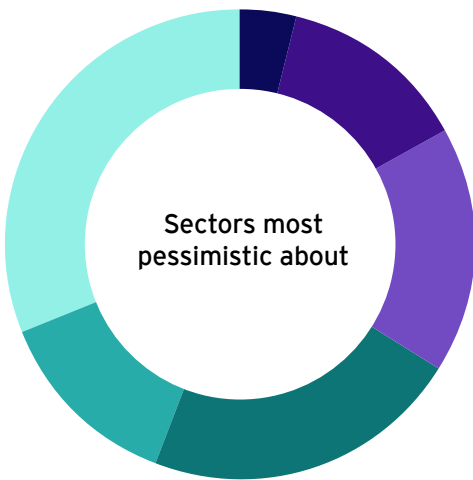
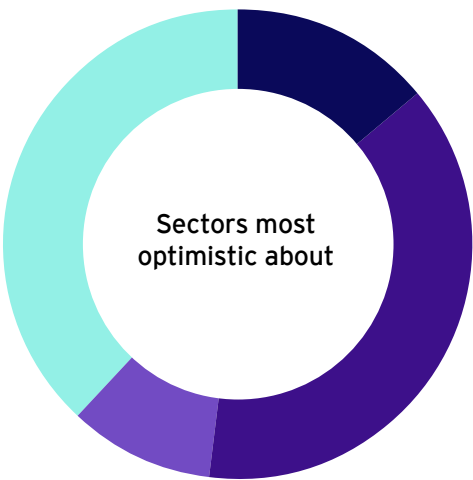
Next 18 months

The outlook for the next 18 months is more positive, with the majority of respondents holding an optimistic opinion that the economy will recover from the slowdown, global conflicts, high inflation and reduction customer spending.



Outlook by sector

For 2024, respondents were asked to identify which sectors they were most optimistic and most pessimistic about.



- Health/Biosciences
- Food/Beverage
- Agriculture

- IT/Software
- Media/Comms
- Manufacturing

- Energy
- Environmental/Cleantech
- Other

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As fund managers assess the landscape, it is clear that while short-term challenges such as geopolitical tensions and inflation persist, there is a growing sense of optimism regarding the potential for recovery and growth in the medium term.

Brad Wheeler
Partner, EY

Activity summary

Investment

Venture capital

Mid-market PE

Buy-out

Investment

(deals of known values only)

Venture capital

Mid-market PE

Buy-out

Divestment

Venture capital

Mid-market PE

Buy-out

Divestment (no. of deals)

Venture capital

Mid-market PE

Buy-out

Total activity (investments and divestments) (NZ\$m)

Venture capital

Mid-market PE

Buy-out

Average investment deal size

Venture capital

Mid-market PE

Buy-out

Average for all

Adjusted for large buy out

FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
54.5	95.2	218.1	270.0	112.2	127.2	379.8	319.2	384.4	587.6
292.1	100.8	333.7	245.0	398.8	590.5	641.2	342.6	541.2	519.1
0.0	1,005.6	325.0	579.0	635.0	1,596.0	510.5	2,287.1	960.0	1,662.3
346.6	1,201.6	876.8	1,093.9	1,145.9	2,313.7	1,531.6	2,948.9	1,885.6	2,769.1

68	53	50	41	46	92	224	222	250	277
18	11	17	19	29	29	25	37	48	27
0	5	3	3	2	3	3	6	1	3
86	69	70	63	77	124	252	265	299	307

0.0	0.0	51.2	1.1	6.6	0.0	174.2	1.2	0.0	111.4
147.8	134.9	62.4	100.8	91.9	32.2	485.2	228.9	102.8	681.7
0.0	223.4	0.0	503.4	935.6	40.0	2,505.0	1,807.0	0.0	203.0
147.8	358.3	113.6	605.3	1,034.2	72.2	3,164.4	2,037.1	102.8	996.1

0	0	3	1	7	1	10	15	2	8
4	5	4	4	4	2	12	9	5	14
0	4	0	3	3	1	6	5	0	2
4	9	7	8	14	4	28	29	7	24

54.5	95.2	269.3	271.1	118.8	127.2	554.0	320.4	384.5	699.0
439.9	235.7	396.1	345.7	490.7	622.7	1,126.4	571.5	643.9	1,200.9
0.0	1,229.0	325.0	1,082.4	1,570.6	1,636.0	3,015.5	4,094.1	960.0	1,865.3
494.4	1,559.9	990.4	1,699.3	2,180.1	2,385.9	4,695.9	4,986.1	1,988.4	3,765.2

0.8	1.8	4.4	6.6	2.4	1.4	1.7	1.4	1.5	2.1
16.2	9.2	19.6	12.9	13.8	20.4	25.6	9.3	11.3	19.2
0.0	201.1	108.3	193.0	317.5	532.0	170.2	381.2	960.0	554.1
4.0	17.4	12.5	17.4	14.9	18.7	6.1	11.1	6.3	9.0

About the survey

The survey

The New Zealand Private Capital survey is based on responses received from venture capital and private equity participants in the New Zealand market, including firms from both New Zealand and Australia. The values reported represent the equity component of transactions only. We have also included in our analysis any publicly announced information, acknowledging S&P Capital IQ as a source of data, in addition to venture capital activity as reported in Start Up Investment magazine including data collected by NZ Growth Capital Partners. We do note that there are a small number of industry participants that elect not to participate.

Data integrity/privacy policy

All data received through The New Zealand Private Capital survey process is the property of the NZ Private Capital and EY. Other than for use in the monitor document, all data is subject to the principles of EY's Privacy Policy and will not be sold or released to any other parties.

If you are aware of a colleague that did not receive a copy of the New Zealand Private Capital Monitor or if you would like to participate in future surveys, please contact either Brad Wheeler or Tom Goad at EY or Colin McKinnon at NZ Private Capital. Contact details are provided below.

About EY-Parthenon

How organisations manage their capital agenda today will define their competitive position tomorrow. We work with our clients to help them make better and more informed decisions about how they strategically manage capital and transactions in a changing world. Whether you're preserving, optimising, raising or investing capital, EY-Parthenon bring together a unique combination of skills, insight and experience to deliver tailored advice attuned to your needs - helping you drive competitive advantage and increased shareholder returns through improved decision making across all aspects of your capital agenda.

For more information about the New Zealand Private Capital Monitor or to find out more about EY, please contact one of the specialists noted below:

Brad Wheeler

Partner

Ernst & Young New Zealand

Mob: +64 21 228 5490

brad.wheeler@parthenon.ey.com

Andrew Taylor

Partner

Ernst & Young New Zealand

Mob: +64 27 289 8449

andrew.taylor@parthenon.ey.com

Tom Goad

Partner

Ernst & Young New Zealand

Mob: +64 27 489 9724

tom.goad@parthenon.ey.com

About the NZ Private Capital Association

NZ Private Capital is a not-for-profit industry body committed to developing the venture capital and private equity industry in New Zealand. Its core objectives include the promotion of the industry and the asset class on both a domestic and international basis, and working to create a world-class venture capital and private equity environment.

Members include venture capital and private equity investors, financial organisations, professional advisors, academic organisations and government or quasi-government agencies.

For further information about the NZ Private Capital please contact:

Colin McKinnon

Executive Director

NZ Private Capital

Mob: +64 27 640 6406

info@nzprivatecapital.nz

www.nzprivatecapital.co.nz

Philippa Weston

Chair

NZ Private Capital

weston@pencarrowpe.co.nz

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Benefiting from EY's full spectrum of services, we've reimaged strategic consulting to work in a world of increasing complexity. With deep functional and sector expertise, paired with innovative AI-powered technology and an investor mindset, we partner with CEOs, boards, private equity and governments every step of the way – enabling you to shape your future with confidence. EY-Parthenon is a brand under which a number of EY member firms across the globe provide strategy consulting services. For more information, please visit ey.com/parthenon.

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