PitchBook

2025

AUSTRALIA & NEW ZEALAND

Private Capital Breakdown

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Click here for PitchBook's report methodologies.

All currency values are expressed in USD, unless otherwise noted.

Key takeaways

- The private capital markets in Australia & New Zealand remained under pressure in 2024 as elevated interest rates and structural constraints continued to weigh on deal activity. However, the region's overall macroeconomic stability, institutional maturity, and geopolitical neutrality preserved its appeal as a relatively low-risk destination for global capital.

- VC deal value held steady at $3.4 billion in 2024, but deal count continued to decline YoY, reflecting investor selectivity and longer funding cycles. While 2025 is still underway, data through Q1 suggests a continuation of this trend.

- In 2024, valuations returned to pre-pandemic levels. The pre-seed/seed stage's share of VC deals rose to nearly 39% in Q1 2025, though capital at this stage remained scarce. Software continued to dominate VC activity, driven by digital transformation, government support, and a deepening pool of second-generation founders.

- PE dealmaking proved more resilient, with 390 deals closed in 2024, led by add-on strategies and steady buyout activity. The B2B and IT sectors saw strong interest due to their scalable, stable profiles. Nondomestic investor participation rose sharply, underscoring the region's growing attractiveness in a tighter global dealmaking environment.

- Despite a modest recovery in overall VC exit count and value in 2024, IPO activity in Australia & New Zealand continued to lag, with only four VC-backed public listings during the year, well below historical levels, hindering the region's ability to generate outsized venture returns.

- PE exit value surged from 2022 to 2024, nearly doubling to $27.9 billion, primarily driven by major transactions such as the $16 billion buyout of AirTrunk.[1] However, public exits remained rare in the PE landscape as well.

- The region experienced a significant slowdown in VC and PE fundraising, with VC fund count dropping by 63.2% YoY in 2024 and no new PE funds raised in Q1 2025, signaling sustained headwinds for GPs.

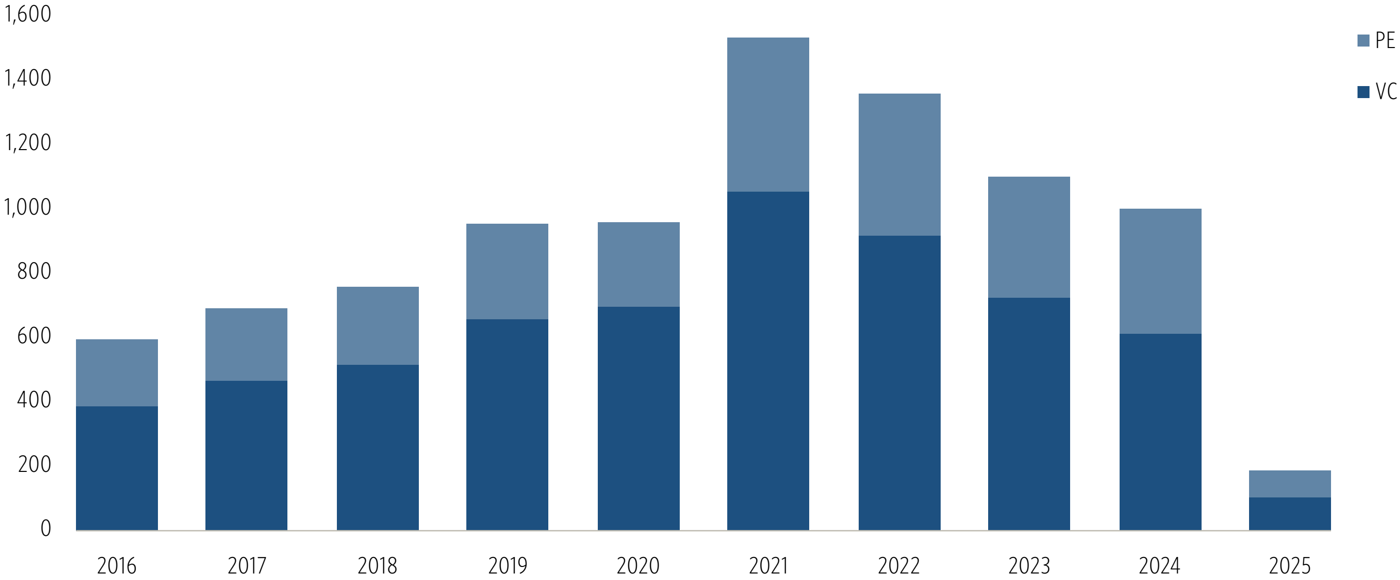
- Regional LP cautiousness has disproportionately affected emerging managers, reducing the share of small VC funds and raising concerns about the ecosystem's long-term vitality.

- While dry powder across PE and VC hit a record $36 billion in 2024, the capital was heavily concentrated in large funds, limiting early-stage investment and skewing opportunities toward more mature companies.

1: The $16 billion value reflects the currency exchange rate at the time the deal was announced.

Australia & New Zealand market overview

Private capital deal count

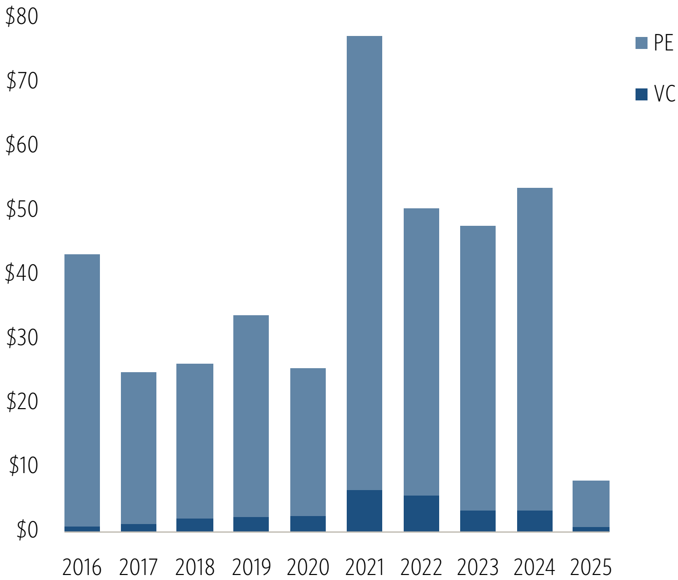


Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

In 2024, the economies of Australia and New Zealand continued to grapple with cyclical and structural pressures, positioning their private capital markets for a state of cautious recalibration. Australia's economic growth remained weak through most of the year, with GDP growing by just 1.3% YoY in Q4 2024, a modest pickup from the prior quarters but still subdued by historical standards. However, the slight rebound marked the strongest quarterly result since late 2022, offering tentative signs of stabilization.[2] In New Zealand, the story was harsher: Aggressive interest rate hikes in response to post-pandemic inflation pushed the economy into recession, with output contracting through much of 2024.

Monetary policy in the region remained tight throughout 2024. The Reserve Bank of Australia (RBA) held interest rates steady, resisting market calls for cuts as it worked to keep inflation in check. In Q1 2025, the RBA reduced the official cash rate by 25 basis points to 4.1%, the first adjustment since November 2023, in light of softening growth. Although the Reserve Bank of New Zealand held firm through the first half of 2024, it has cut its benchmark rate by 200 basis points since August, signaling a more urgent effort to revive demand and support recovery.

Private capital deal value ($B)



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

2: "Australian National Accounts: National Income, Expenditure and Product," Australian Bureau of Statistics, March 5, 2025.

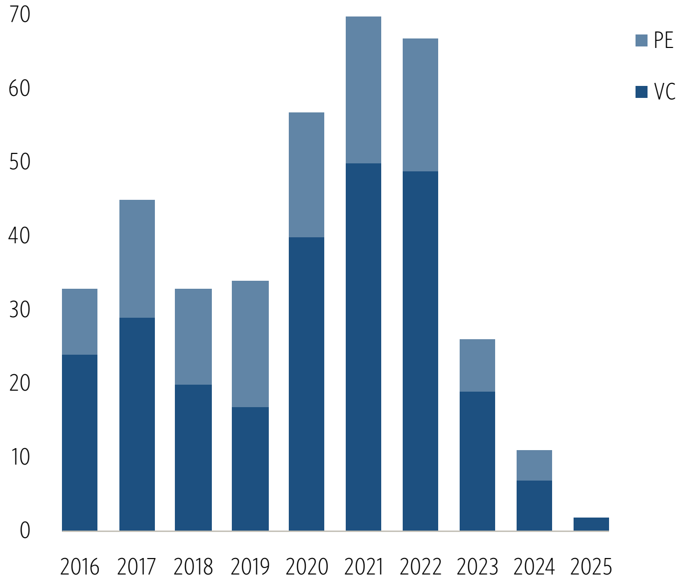
The rapid rate hikes have driven up the cost of capital in the region's private markets, contributing to a sharp pullback in deal activity, particularly in VC. Dealmaking remained subdued in 2024, marking the third consecutive year of contraction from the highs of 2021. While PE activity has been more resilient, especially in established sectors such as B2B and IT services, overall investor sentiment remains cautious.

Structural constraints continue to shape regional capital formation. Australia and New Zealand are small economies by global standards,[3] limiting the size of domestic exit opportunities and reinforcing the expectation that most startups, especially VC-backed companies, must expand internationally to achieve scale. In contrast, larger Asia-Pacific (APAC) markets such as India, China, and Indonesia offer far broader consumer bases and capital pools.

Yet what Australia and New Zealand lack in scale, they often make up for in maturity and institutional strength. Both countries benefit from stable currencies, long-standing rule-of-law systems, and a wealth of natural resources, all of which have historically supported macroeconomic resilience. Notably, the region has remained largely insulated from direct geopolitical conflict while maintaining close ties with the US and China. This makes the region's private capital markets comparatively low risk, offering differentiated opportunities relative to their high-growth but higher-volatility APAC peers.

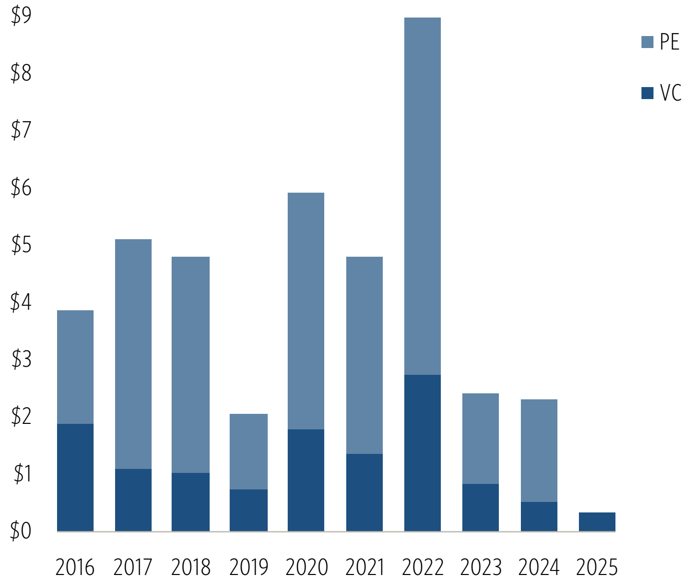
Finally, structural strengths continue to support VC and innovation investing in the region, particularly in Australia. The country has a strong university research base, targeted government funding programs, a rising cohort of second-generation founders, and improving engagement from domestic institutional investors, including superannuation funds. Australia and New Zealand offer reliability and global connectivity, qualities investors increasingly value in an uncertain world.

Private capital fund count



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Private capital raised ($B)



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

3: "Country Comparisons—Population," CIA, n.d., accessed May 30, 2025.

A WORD FROM J.P. MORGAN
Our views on venture

Australia and New Zealand continue to serve as vibrant hubs for innovation and VC investment within the APAC region. As the global economy evolves, so too do the opportunities and challenges faced by investors and fast-growing companies in these dynamic markets.

Peter Bairaktaridis
Head of Innovation Economy, Australia & New Zealand

Peter is an executive director at J.P. Morgan and leads the Australia & New Zealand Innovation Economy team, which fosters the growth of innovative technology businesses and startups. Leveraging J.P. Morgan's extensive global capabilities, Peter helps companies navigate the financial landscape by combining market insights with financial solutions.

Underappreciated sectors in the Australia & New Zealand startup ecosystem

Amid the global AI hype, certain sectors within the Australia & New Zealand startup ecosystem remain underappreciated despite being ripe for investment. Quantum technology, historically concentrated in Europe and the US, has gained impressive momentum in Australia. The Australian government's recent AUD 940 million investment in PsiQuantum to deliver the world's first utility-scale quantum computer positions Australia favorably in becoming a global powerhouse for the sector. Since the early 2000s, Australia has trained over 2,500 doctoral students,[4] and these students are now driving the success of companies such as Silicon Quantum Computing, Q-CTRL, Diraq, and Quantum Brilliance. With the technology sector already contributing AUD 167 billion to the Australian economy annually, quantum capabilities are forecast to amplify this growth and reach AUD 244 billion by 2031.[5]

The HR enterprise software-as-a-service market, while globally established, presents unique opportunities for region-specific solutions in Australia and New Zealand. Navigating evolving employment laws and compliance is critical for business success, with companies such as Employment Hero, ELMO, Culture Amp, and Deputy leading the charge.

Furthermore, the climate tech sector, particularly solar technology, offers fertile ground for startups and VCs. The region's abundance of natural resources and increasing demand for renewable energy are driving innovations in solar tech. Notable investments such as Square Peg Capital and Skip Capital's participation in Neara's USD 31 million Series C highlight the sector's potential.

Operational and financial challenges in a volatile market

Both financial and operational challenges are shaped by global economic policies, market volatility, and strategic business objectives. Geopolitical tensions and protectionist policies, predominantly driven by the US, are altering cost structures and disrupting supply chains. Additionally, J.P. Morgan's clients face complexities in cash repatriation, compliance with international tax laws, and managing currency risk. Global expansion remains a strategic priority, yet it is fraught with regulatory hurdles and competitive pressures. Leveraging financial instruments to combat foreign exchange risk is essential.

Exit strategies: Embracing secondary markets

Protracted exits have been a global challenge for VCs, and Australia and New Zealand are no exception. As traditional exit routes such as IPOs and M&A face delays, secondary markets have emerged as a strategic response, increasing by 45% in 2024 to a record-breaking USD 162 billion globally.[6] Notable rounds include Canva's USD 1.6 billion raise, SafetyCulture's AUD 90 million raise, and Employment Hero's USD 59 million raise. These deals demonstrate that secondary rounds can unlock returns and showcase continued growth in the startup ecosystem despite IPO market headwinds.

4: "An Ode to Australian Physics," Australian Government, Dr. Cathy Foley, December 22, 2022.
5: "State of Australian Quantum," Australian Government, November 2024.
6: "Global Secondary Market Review," Jefferies, January 2025.

Regulatory developments: Navigating data protection and compliance

Regulatory developments, particularly in data protection and storage, are crucial considerations for startups and VCs. The Privacy Act 1988 and the Australian Privacy Principles set standards for handling personal information. Compliance is essential, especially for startups handling personal data. Regional data localization requirements, especially in sectors such as financial services and healthcare, include specific storage and processing rules. Understanding cross-border data transfer rules is vital for international operations.

Startups also have access to a variety of government grants in Australia and New Zealand. Government grants, rebates, and tax benefits offer opportunities for startups to unlock capital for research & development.

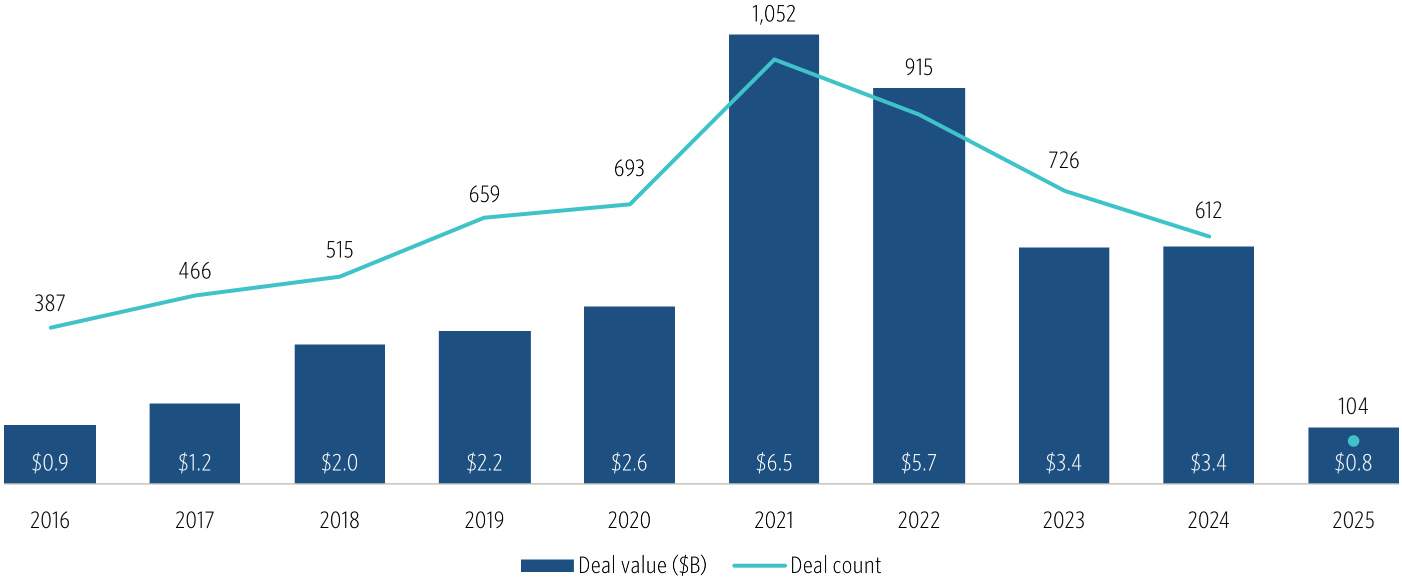
The shift in nondomestic capital: Exploring the Australia & New Zealand ecosystem

The Australian VC and PE markets are increasingly attracting nondomestic capital traditionally targeted at Southeast Asia and East Asia. This shift is characterized by the onshoring of PE firms and strategic interests in M&A, as well as Australia's stable environment providing a gateway to the Asia market. In 2024, nondomestic investors participated in 57% of Australian deals, particularly in Series B and later rounds, enhancing visibility and driving innovation.[7] Approximately 23% of VC fund commitments between 2019 and 2023 were from offshore investors.[8] As nondomestic investors continue to explore opportunities, the domestic ecosystem stands to benefit from increased capital flows, innovation, and strengthened international partnerships.

7: "State of Australian Startup Funding," Cut Through Venture, February 4, 2025.
8: "Australian Private Capital Market Overview," Preqin, Valerie Kor and Harsha Narayan, March 26, 2024.

Dealmaking

VC deal activity



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

VC dealmaking normalizes after the 2021 peak

After the hypergrowth phase of 2021 fueled by global liquidity, record fund closures, and investor appetite for growth-at-all-costs strategies, venture activity in Australia & New Zealand has transitioned into what looks like a measured reset. Deal value fell sharply in 2023 but found its footing in 2024, holding steady at $3.4 billion. While flat YoY, this figure remains well above pre-pandemic benchmarks, pointing to a new baseline for capital deployment, even as investors approach dealmaking with greater selectivity.

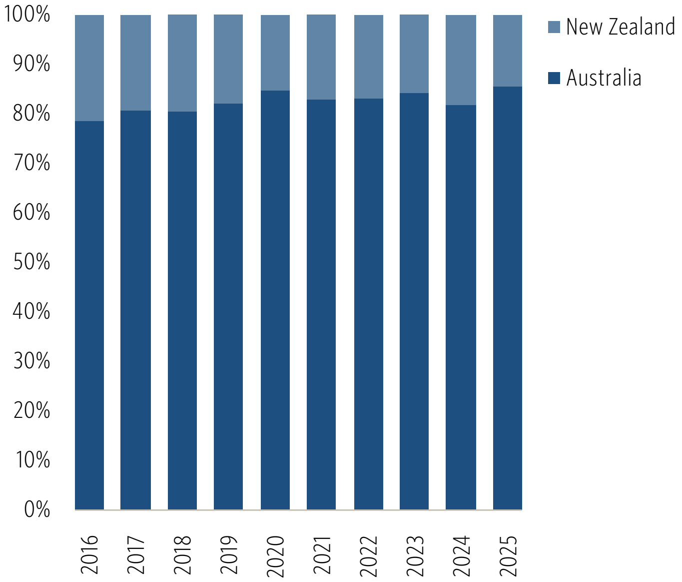
Deal count, however, continued to fall, reflecting a tighter investment environment. Investors are no longer spreading capital across broad portfolios. Instead, they are concentrating their resources in a smaller set of high-conviction companies. The flight to quality is now the dominant theme as investors favor startups that show early revenue traction, demonstrate lean operations, and have realistic global ambitions.

Although 2025 is still underway, data through Q1 suggests a continuation of the dealmaking trend. Annualized deal value for 2025 sits at $3.3 billion, roughly in line with the prior two years, while the annualized deal count of 412 points to a continued YoY decline.

VC deal activity by quarter

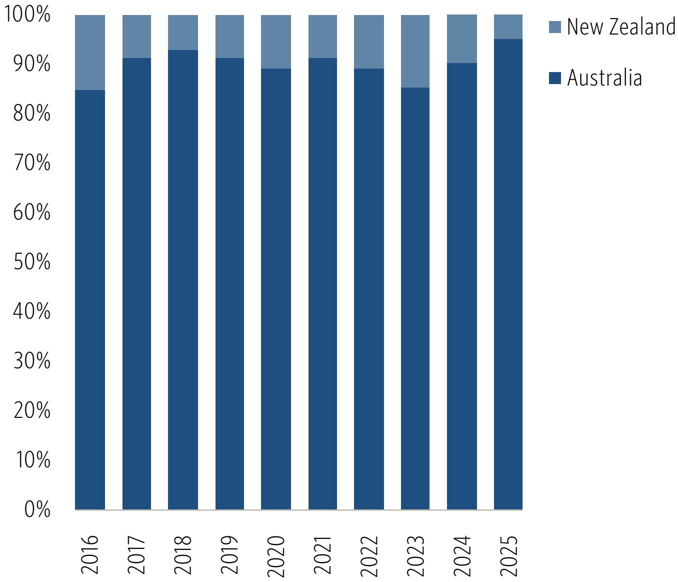
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC deal count by country



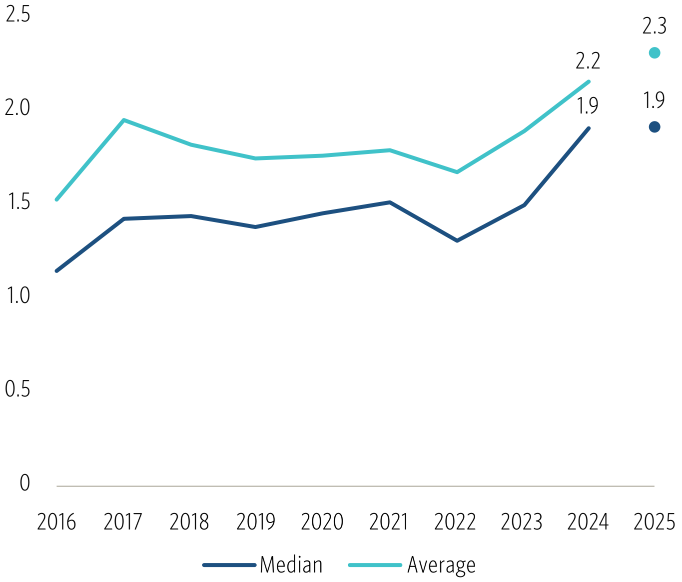
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC deal value by country



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Median and average time (years) since last VC round



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Median and average VC pre-money valuation ($M)

Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Between the two countries, Australia continues to account for the lion's share of regional activity. In 2024, the number of VC deals in Australia was almost fivefold that of New Zealand. The disparity also holds for deal value, reflecting Australia's deeper capital markets, larger founder pool, and greater institutional LP engagement.

As expectations tighten, valuations are also starting to normalize

Median deal sizes in the region have steadily risen over the years, reflecting capital concentration in a small number of higher-quality opportunities. Valuations have not followed the same trajectory. The average pre-money valuation surged in 2021 amid abundant global liquidity but receded to pre-pandemic levels by 2024 as investors adjusted to higher discount rates and an emphasis on fundamentals.

This valuation normalization has been broadly healthy for the market. It has restored discipline to pricing, reduced the risk of overcapitalization, and enhanced the region's appeal to global investors. In contrast with the US, where entry valuations, particularly at the growth stage, often factor in IPO-scale outcomes, companies in Australia & New Zealand are valued more conservatively and have clearer paths to sustainable exits. This more measured pricing environment reinforces the region's reputation as a capital-efficient, fundamentally grounded venture market.

At the same time, the venture landscape has become notably more cautious across both countries, with the median time between rounds increasing from the 1.2-to-1.5-year range of the 2016-2023 period to 1.9 years in 2024 and Q1 2025, the longest stretch recorded in the past decade. While some companies are delaying raises to avoid down rounds or struggling to attract fresh capital, the rise in diligence and restraint is reinforcing a more sustainable approach to capital deployment, aligning valuations more closely with long-term fundamentals.

Pre-seed/seed activity holds steady, but capital remains skewed

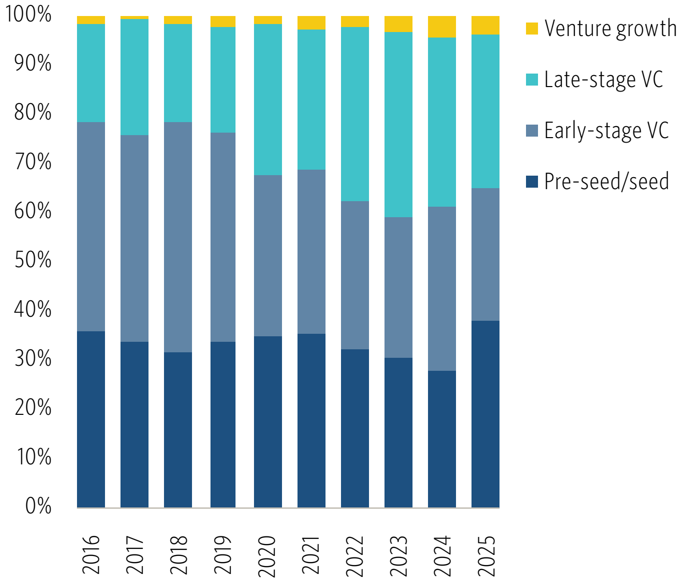
In 2024, pre-seed/seed rounds accounted for 28.3% of the total deal count, down slightly from 30.6% in 2023. The total deal value for this stage also declined YoY, highlighting constraints in the pre-seed/seed funding environment.

Several factors explain this weakness. On the supply side, emerging managers, typically most active at the pre-seed/seed stage, have faced fundraising challenges. As a result, the institutional capital available for first checks remains sparse. At the same time, on the demand side, investors are prioritizing capital efficiency, favoring milestone-based rounds and tighter underwriting, especially amid concerns about valuation resets and macro volatility.

Similarly, late-stage VC saw a decline in deal count, going from 37.5% of all deals in 2023 to 34.5% in 2024, but continued to capture the largest share of deal value at 49.8%. This underscores the market's preference for scaled, de-risked companies better positioned to weather uncertainty or attract acquisition interest.

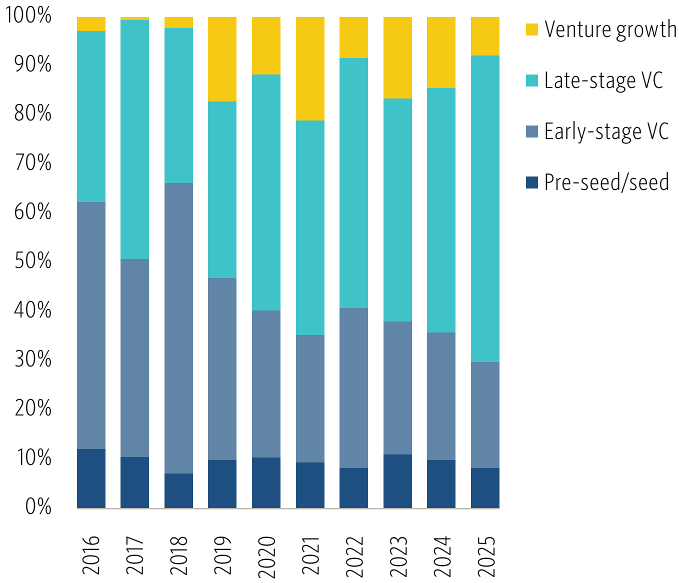
Together, these trends reflect a bifurcated venture environment: Investors are cautiously re-engaging at the early stage but continuing to concentrate capital at the growth end of the spectrum. The middle remains more constrained, with funding often contingent on strong progress against performance milestones.

Share of VC deal count by stage



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC deal value by stage



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Software continues to dominate venture dealmaking

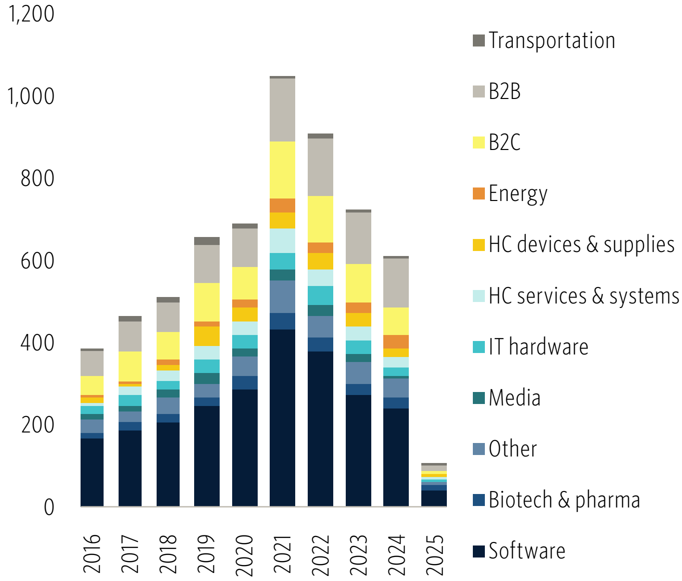
Software remains the dominant sector across Australia & New Zealand by VC deal count. In 2024, software accounted for 39.4% of total VC deal count, far outpacing the next-largest category, B2B, which captured just 19.3%.

Several drivers support this trend. For one, all businesses, from small and medium enterprises to large ones, have accelerated their digital transformation strategies. Cloud-native adoption, remote work infrastructure, and demand for scalable platforms have propelled growth. Tools related to customer relationship management, enterprise resource planning, and workflow automation are increasingly embedded in core business operations to increase operational efficiency amid economic uncertainty.

Supportive government policy and infrastructure investment have also underpinned the sector. Australian government initiatives such as the Digital Economy Strategy 2030, the Boosting Female Founders Initiative, and ongoing funding from the CSIRO's Main Sequence Ventures have expanded the pipeline for deep-tech and enterprise software startups. Meanwhile, technology precincts such as Sydney's Tech Central and Melbourne's Cremorne Digital Hub have concentrated talent, early-stage capital, and partnerships in software innovation.

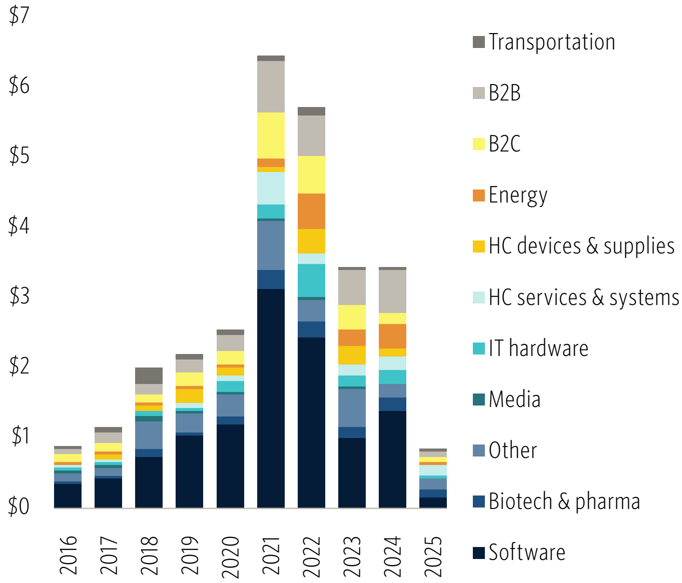
As mentioned in the 2024 Australia & New Zealand Private Capital Breakdown, the broader VC ecosystem has also benefited from the halo effect of iconic companies such as Atlassian and Canva, which proved that venture-backed Australian startups can compete globally. These firms have not only returned capital and created wealth for investors but also seeded the ecosystem with second-generation founders, operators, and angels who often remain within the software domain.

VC deal count by sector



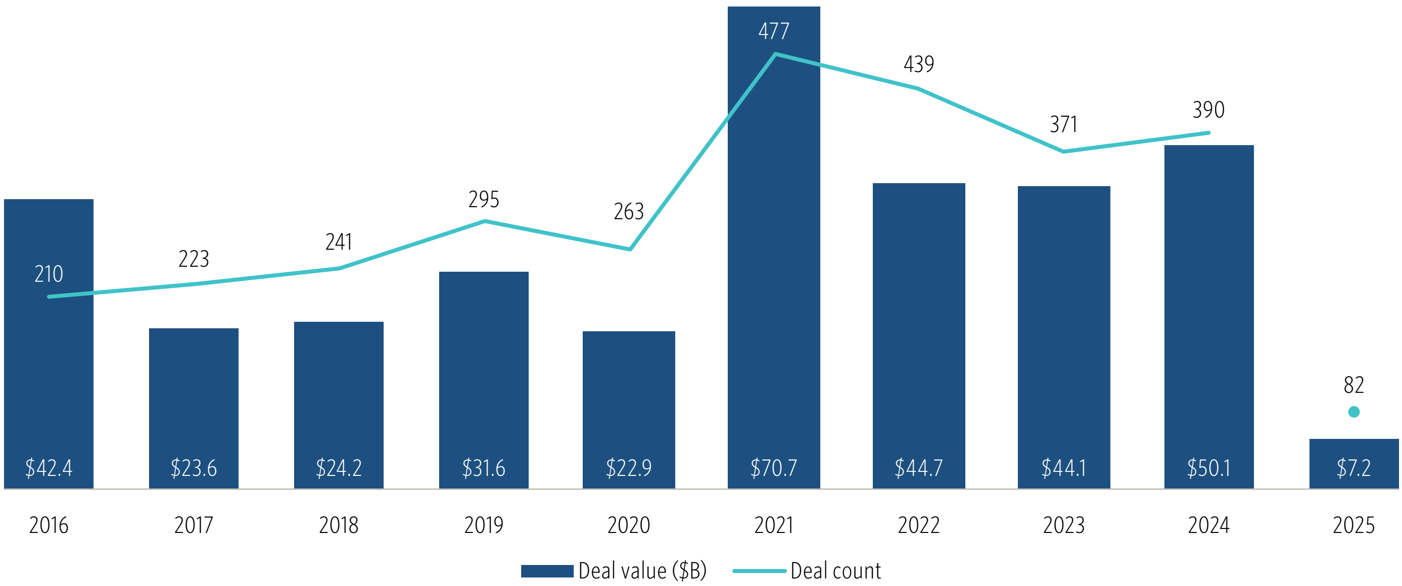
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

VC deal value ($B) by sector



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

PE deal activity



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

PE activity in Australia & New Zealand

PE dealmaking in Australia & New Zealand has mirrored global trends, with activity moderating following the 2021 peak. However, compared with the steeper decline observed in VC, the pullback in PE has been more measured. While elevated interest rates and macro uncertainty have weighed on sponsor sentiment, deal flow has remained relatively resilient.

In 2024, the total number of PE deals reached 390, a slight increase from 371 deals in 2023 despite the continued headwinds from rising financing costs. Encouragingly, deal volume remained well above pre-pandemic levels, suggesting that the regional market maintained structural depth even as the zero-rate era ended. This indicates a more mature PE ecosystem that can absorb cyclical pressure without dramatic dislocation.

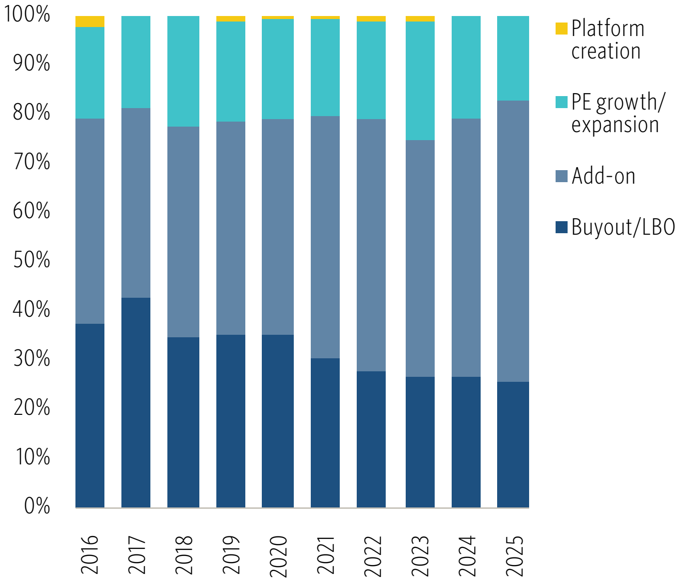
Add-ons continued to dominate the region's PE transactions. This aligns with the global shift toward buy-and-build strategies as sponsors seek to create scale and operational leverage through smaller bolt-on acquisitions. In contrast, buyouts, while still the largest category by total deal value, have seen declines in deal count. This likely reflects tighter credit conditions, more cautious underwriting, and a mismatch between seller price expectations and buyer return thresholds.

PE deal activity by quarter

Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

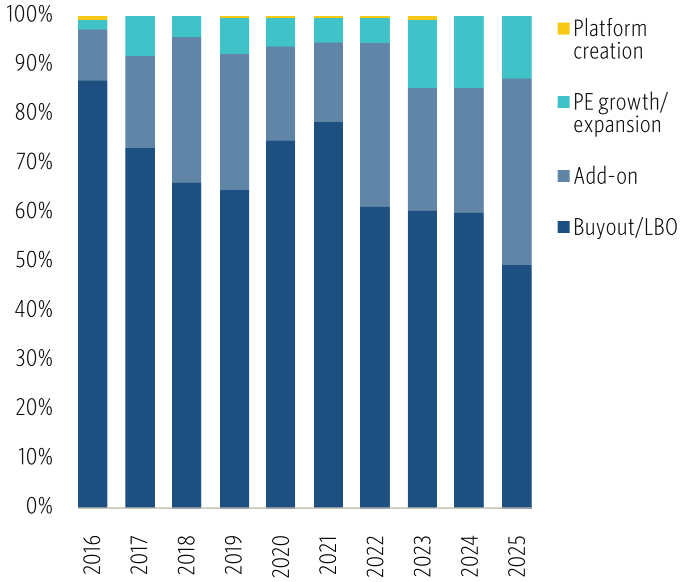
Nevertheless, buyouts continue to anchor capital deployment, with total value remaining steady between 2022 and 2024, albeit below the heights of 2021. This suggests that while large-scale transactions are less abundant, capital continues to flow into high-conviction assets, particularly those with strong cash flows, stable end markets, or platform potential.

Share of PE deal count by type



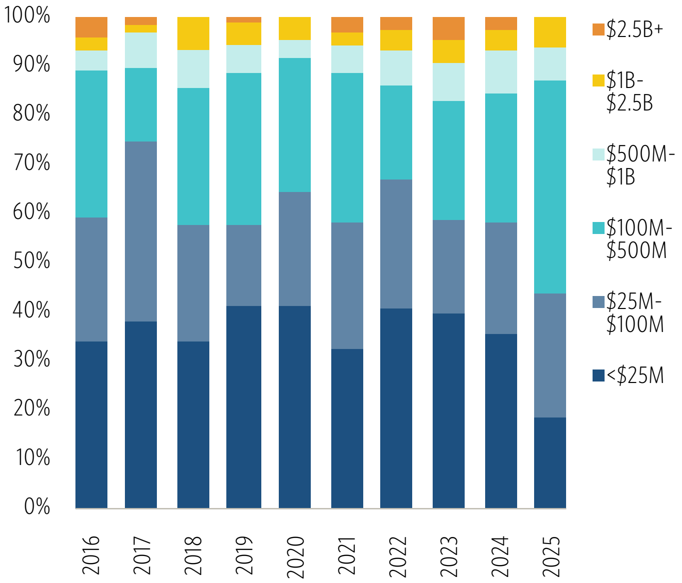
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of PE deal value by type



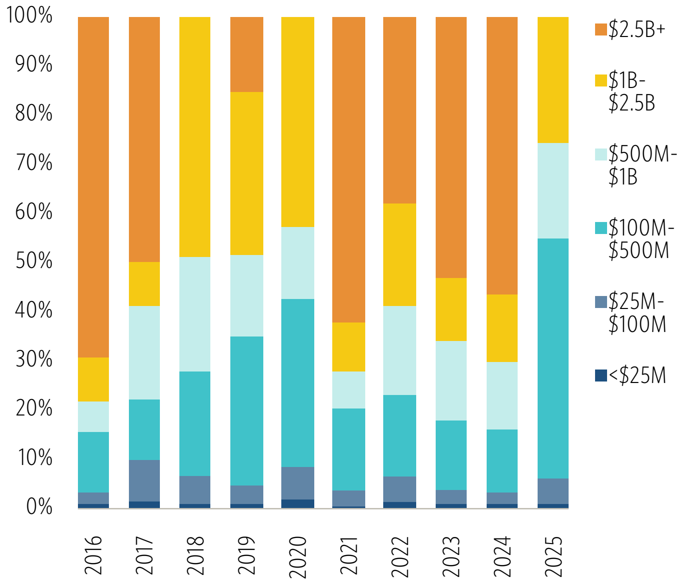
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of PE deal count by size bucket



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of PE deal value by size bucket



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

IT and B2B sectors draw growing investment

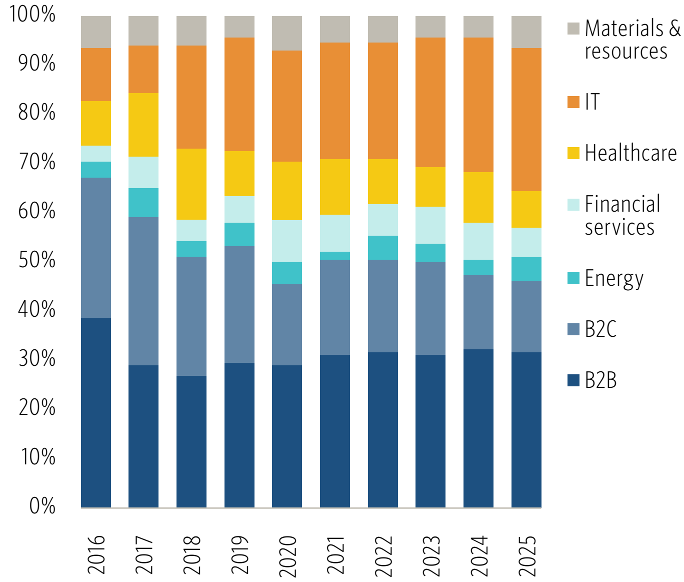
The B2B sector, which encompasses a wide range of enterprise-focused industries such as industrial services, business outsourcing, and back-office automation, continued to lead in PE deal count in 2024. B2B businesses in Australia are often seen as reliable PE targets due to their predictable cash flows, recession-resistant demand, and multiple avenues for operational improvement. Their fragmented nature also lends well to buy-and-build strategies, which remain a core part of the value-creation playbook across the region.

At the same time, IT has become one of the fastest-growing sectors, capturing an increasing share of deal activity in recent years. Despite a slow start to the year, over one-third of completed PE deals in 2024 were in the IT sector. The sector's growth is tied to rising demand for enterprise software, cloud infrastructure, and managed services, all of which support digital transformation across businesses of all sizes.

The acquisition of GreenSquareDC in March 2025 was a key PE deal completed in the sector. A specialist datacenter platform with operations across Australia, GreenSquareDC focuses on edge computing and low-latency digital infrastructure, a critical enabler of enterprise AI deployment and sovereign cloud compliance. The deal highlights how PE firms are backing digital infrastructure as a foundational layer of long-term enterprise IT growth, even in markets outside the global capital hot spots.

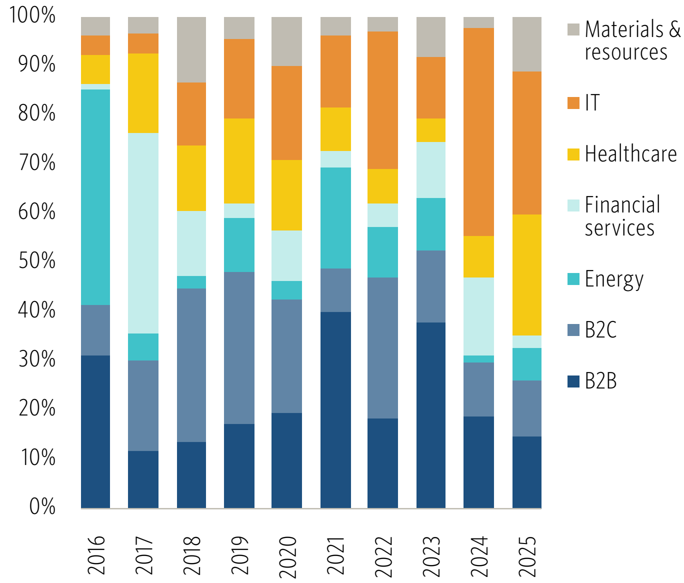
As enterprise adoption of AI continues to grow globally, the demand for secure, scalable, and regionally compliant IT infrastructure is expected to intensify. Australia's maturing digital economy, favorable regulatory stance, and rising corporate IT budgets position the sector to play an increasingly central role in regional PE strategies.

Share of PE deal count by sector



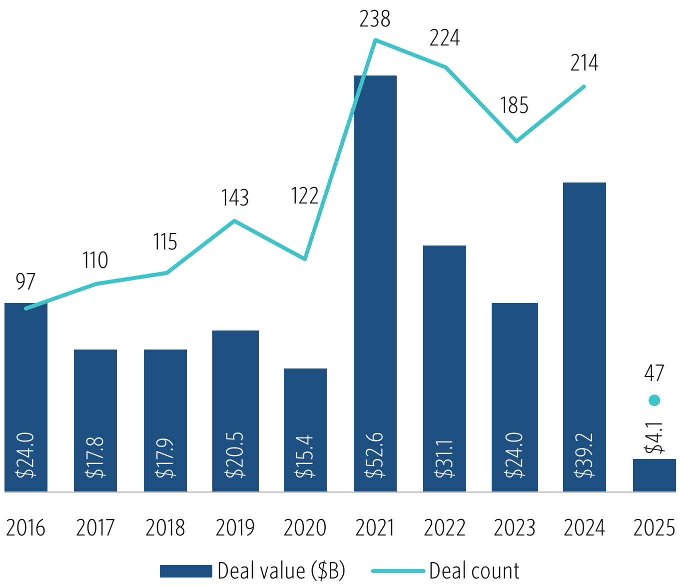
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of PE deal value by sector



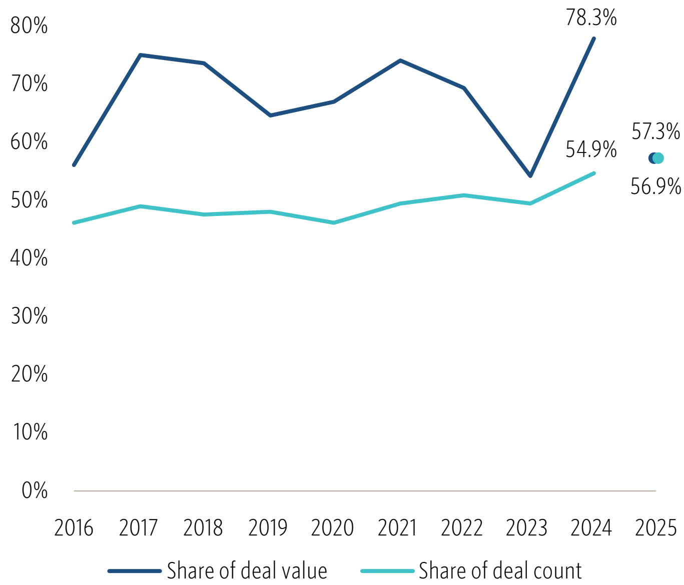
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

PE deal activity with nondomestic investor participation



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

PE deal activity with nondomestic investor participation as a share of all PE deal activity



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

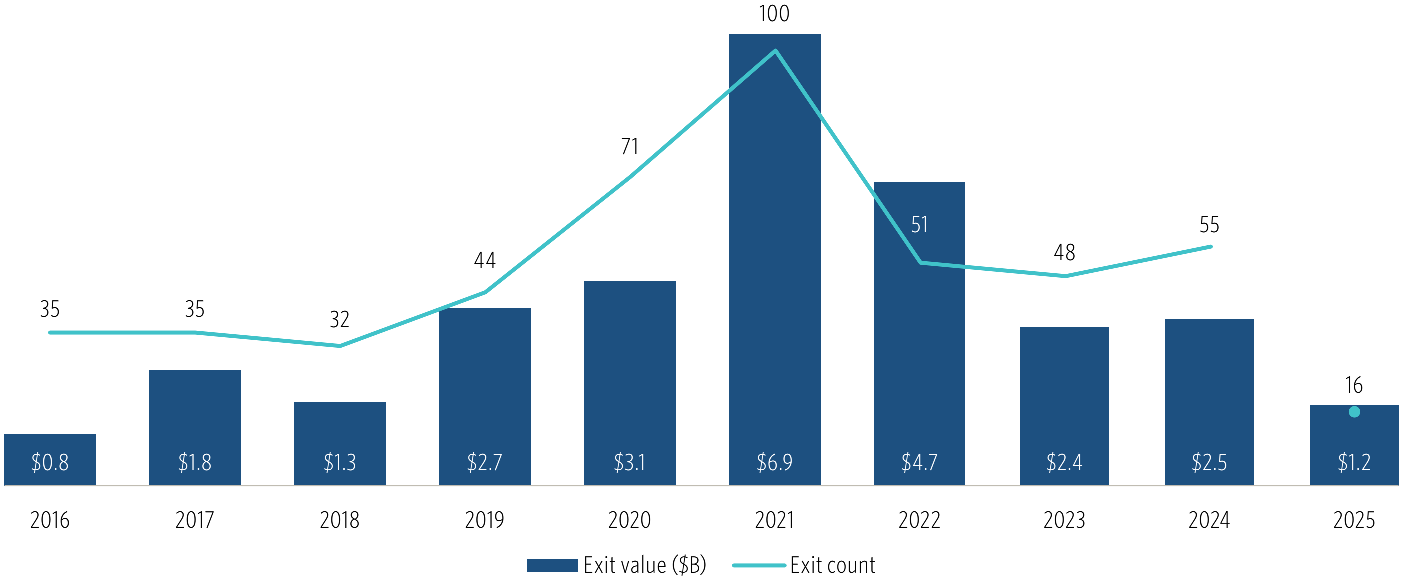
Nondomestic investment in PE

Nondomestic capital has long played a critical role in developing PE markets in Australia & New Zealand, and that trend has strengthened in recent years. Deal count with nondomestic investor involvement stood at an average of 215 from 2021 to 2024, above the 2017-2020 average of 123. Nondomestic investor deal activity increased notably from 2023 to 2024, a sign that international investors continued to view the region as strategically valuable and competitively attractive.

One factor supporting this trend is the absence of a large concentration of megafunds within Australia & New Zealand. While domestic PE firms have grown significantly, the market lacks a critical mass of multibillion-dollar vehicles. This dynamic has created opportunities for global investors to compete in a less crowded environment for large-cap deals, especially in sectors where international roll-up strategies or product expansion plays are viable.

Exit activity

VC exit activity



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025
Note: This chart includes extrapolated deal values.

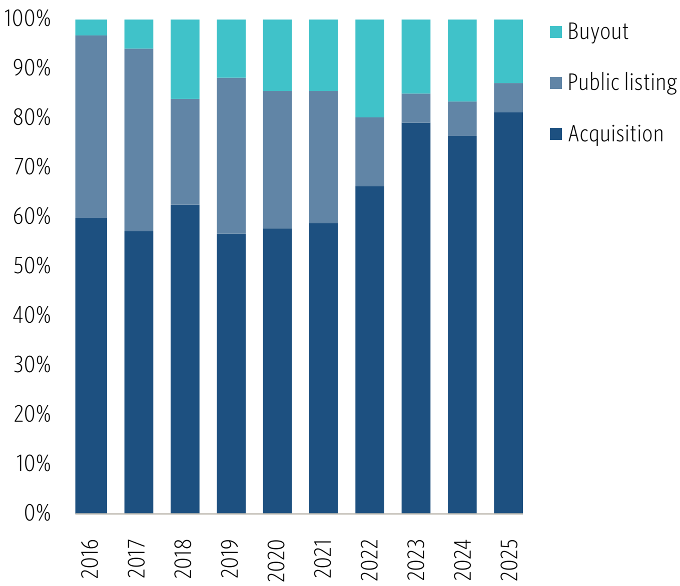
VC-backed IPO activity remains diminished

In 2024, VC exits in Australia & New Zealand generated $2.5 billion across 55 deals, reflecting YoY growth of 4.2% for exit value and 14.6% for exit count. Despite this upward trend, exit value remained below pre-pandemic levels, underscoring the ongoing recovery and the further growth needed in the regional exit landscape. Q1 2025 showed promising momentum, with an estimated $1.2 billion generated from 16 exits, marking a strong QoQ rebound. If this pace is sustained, 2025 will narrowly surpass 2022's levels.

The IPO market remains a drag on the regional ecosystem's expansion. Since 2023, the region has experienced an IPO drought, with only three listings in 2023 and four in 2024—the lowest in nearly a decade. In 2024, public listings accounted for just 7.3% of exit count and 5.5% of exit value, starkly contrasting with mature VC markets where IPOs drive the lion's share of returns.

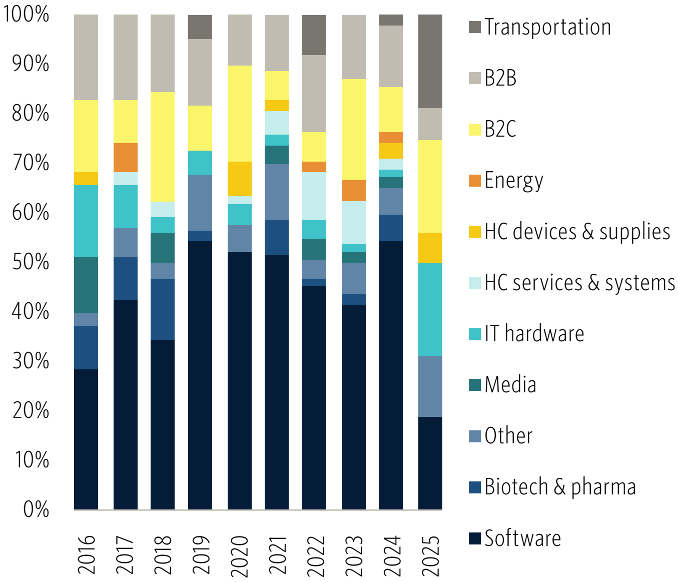
M&A continues to be the primary exit channel in the region, both in deal count and value. Since 2022, acquisitions have grown in share of exit value, reaching 88.6% in Q1 2025. While vital for ecosystem health, M&A alone cannot deliver outsized returns like large listings can. Domestic exchanges such as the ASX are better suited for small-cap IPOs, limiting their potential for outsized exits. As a result, high-growth regional startups will likely continue to seek overseas listings in mature markets such as the US.

Share of VC exit count by type



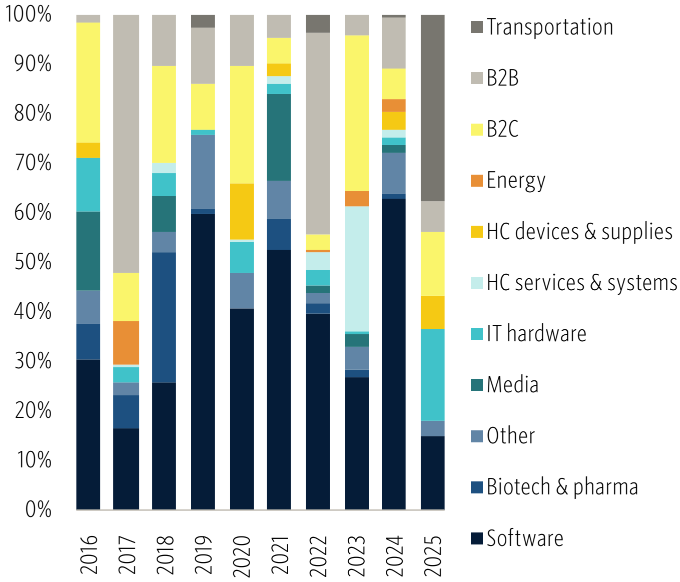
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC exit count by sector



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC exit value by sector



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025
Note: This chart includes extrapolated deal values.

Software continues to dominate VC exits

In 2024, software accounted for 54.5% of VC exit count and 62.7% of exit value in Australia & New Zealand—its highest shares on record. This surge was driven by the region's three largest VC-backed exits in 2024, all of which were in software: Leonardo.ai ($250 million), Envato ($250 million), and Noggin ($110 million). In comparison, the largest software exit in 2023 was Rezdy's $66.3 million buyout, highlighting the sharp increase in exit scale.

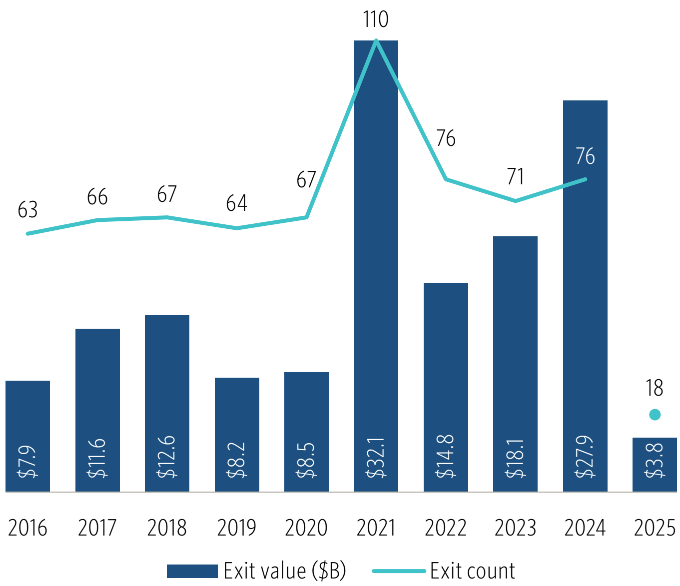
Historically, US acquirers have led the charge in purchasing Australian software startups due to the limited pool of domestic buyers with the capital and strategic alignment to do so. This was reaffirmed in 2024, with Envato and Noggin acquired by US-listed firms. However, Canva's acquisition of Leonardo.ai signals a shift: Australian tech leaders are beginning to emerge as strategic buyers, a promising sign for the long-term development of the regional venture ecosystem.

In contrast with the software sector, consumer goods & services and healthcare services & systems saw notable YoY declines in exit value in 2024. Unlike software, these sectors have shown persistent volatility, reflecting broader sectoral and market cyclicality.

PE exits saw continued YoY growth due to select large deals

Between 2022 and 2024, PE exit value in Australia & New Zealand climbed from $14.8 billion to $27.9 billion, marking a 1.9x YoY increase. 2024 ranks as the second-highest year for both PE exit value and count, just behind 2021. This spike

PE exit activity

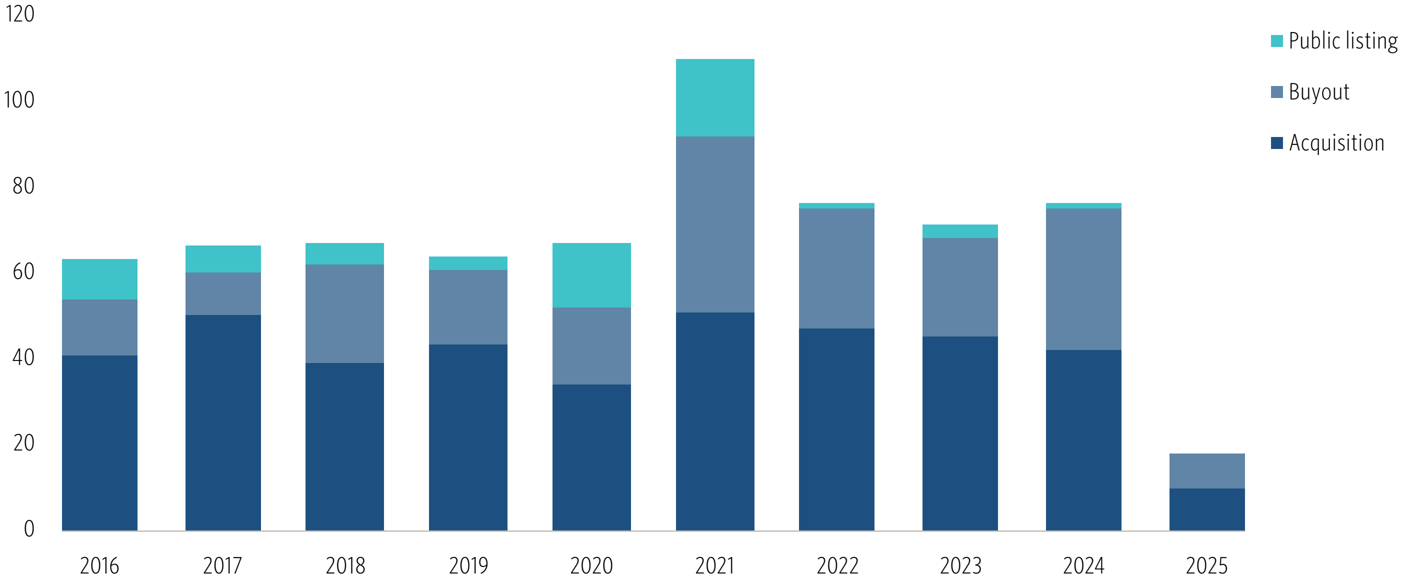


Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

was driven by the $16 billion leveraged buyout of AirTrunk by Blackstone and CPP Investments in December 2024, which far exceeded 2023's top exit: Active Utilities' $6.9 billion buyout by Prime Super.

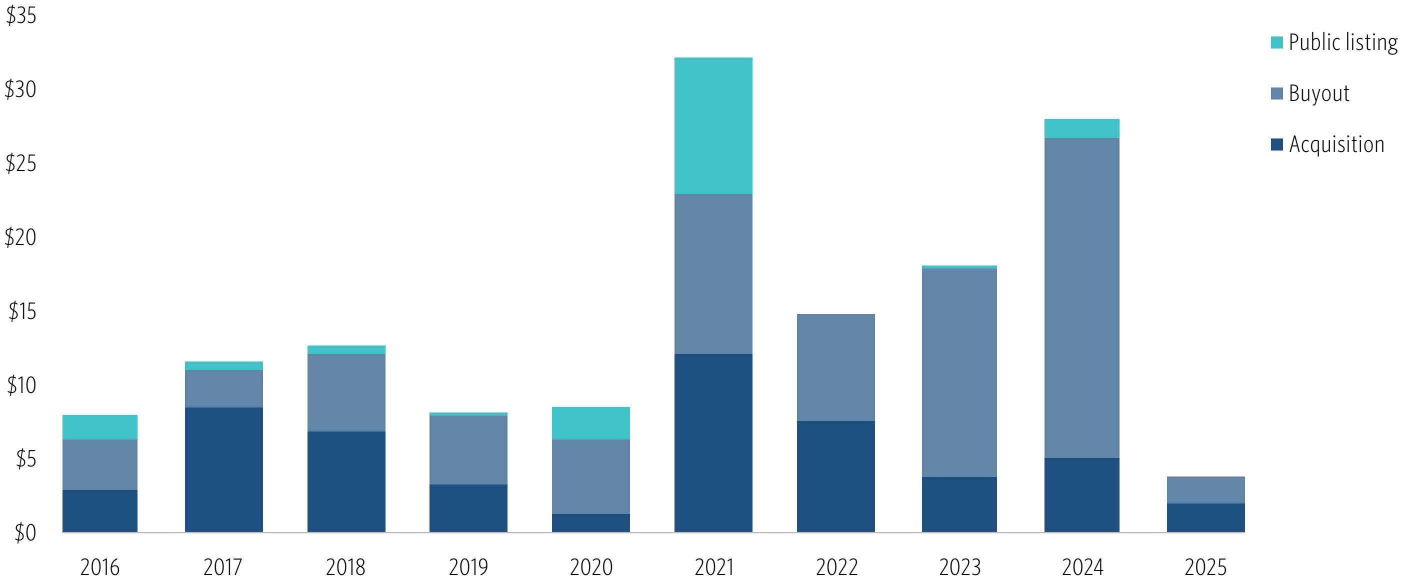
Continuing the trend that started in 2022, public listing activity was muted in 2024, with only one PE-backed IPO. In contrast, buyouts have become prominent in recent years and dominated the landscape in 2024, accounting for a record 43.4% of PE exits by volume.

PE exit count by type



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

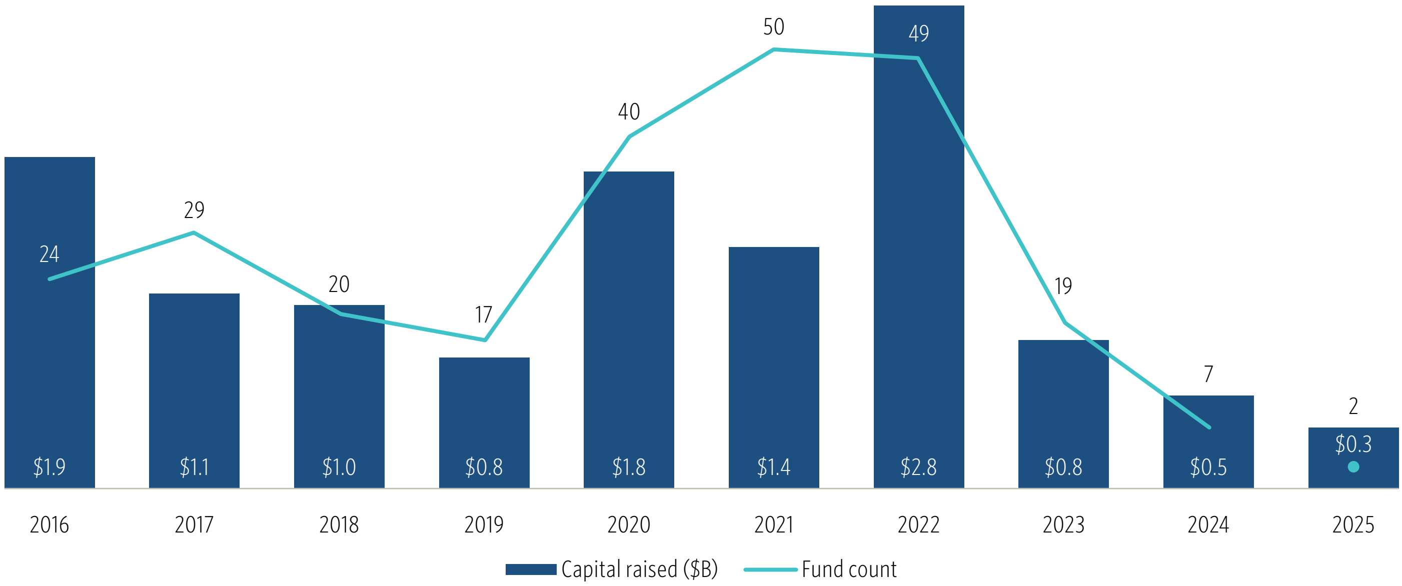
PE exit value ($B) by type



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Fundraising activity

VC fundraising activity



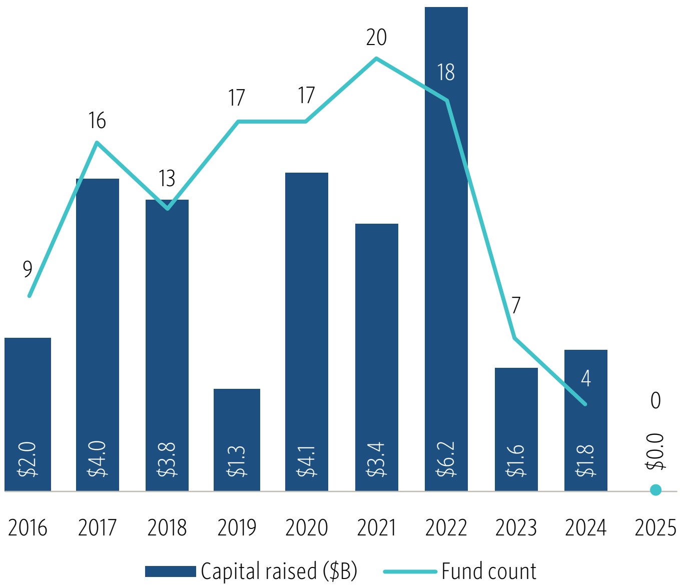
Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

The regional private market faces a fundraising slowdown

In 2024, VC fundraising in Australia & New Zealand fell to just $531 million across seven funds—the lowest annual fundraising total and fund count recorded in our dataset. This sharp decline underscores the difficult fundraising environment faced by regional GPs. Capital raised dropped by $316 million, or 37.5% YoY, while the number of new funds plummeted 63.2%, indicating a high concentration of capital among a small number of firms. The number of VC funds raising $50 million or more was halved, falling from six in 2023 to only three in 2024. Compared with previous years, fundraising timelines have lengthened, and in our conversations with regional investors, we have heard that some GPs that did raise capital reportedly failed to hit their target fund sizes, further illustrating the harsh fundraising climate.

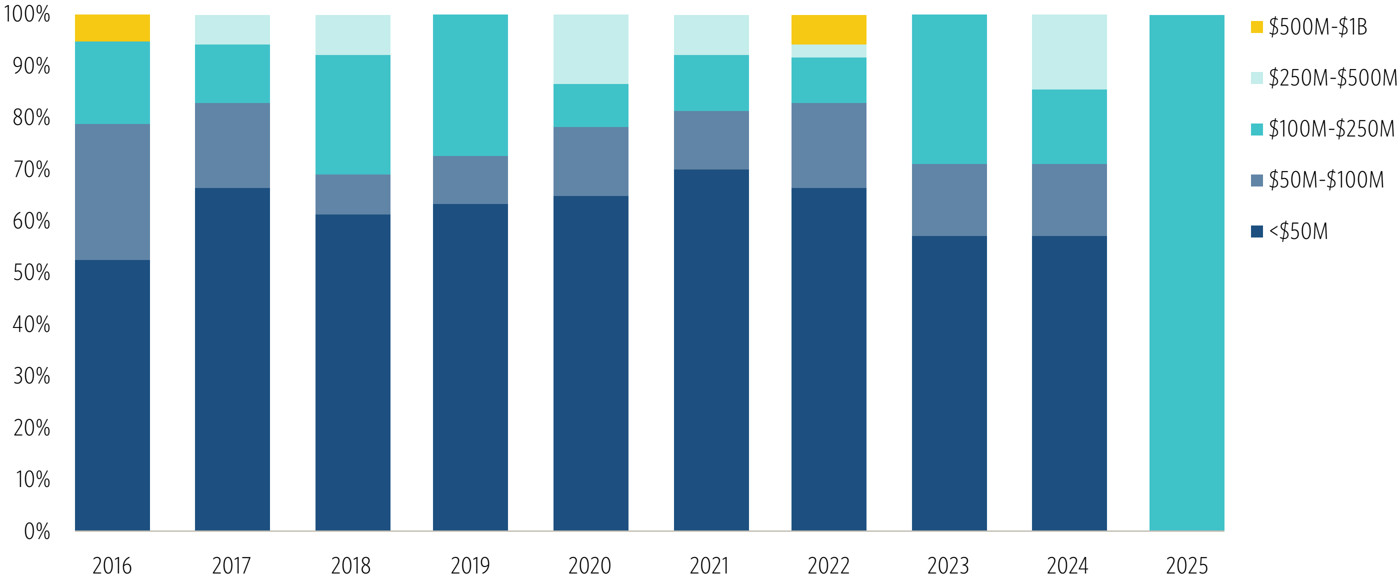
PE fundraising mirrored this trend, albeit to a lesser extent. In 2024, PE managers raised $1.8 billion across four funds. While capital raised saw a modest YoY increase, the number of new funds fell to the lowest level on record, reinforcing the persistent headwinds facing PE fundraising in the region. Notably, no new PE funds were raised in the first quarter of 2025.

PE fundraising activity



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Share of VC fund count by size bucket



Source: PitchBook • Geography: Australia & New Zealand • As of March 31, 2025

Emerging managers brace for fundraising headwinds

Emerging managers—defined as GPs that have raised fewer than four funds—have been disproportionately affected by the fundraising downturn as LPs have approached capital commitments with heightened caution. The share of sub-$50 million funds among newly raised VC vehicles declined in 2023 and remained below pre-pandemic levels in 2024. In Q1 2025, the two newly raised VC funds exceeded $100 million, further underscoring the capital concentration among larger, more established players. The scarcity of small funds, which are typically led by emerging managers focused on early-stage investments, poses a potential risk to the long-term vitality of the regional venture ecosystem.

Australia and New Zealand face two structural challenges: a limited pool of managers with deep track records and restricted access to long-duration, patient capital. Family offices and high-net-worth individuals continue to represent a significant portion of the region's LP base. Institutional participation—particularly from superannuation funds—has only recently begun and remains relatively cautious and selective, with a strong emphasis on manager pedigree. As the region's private markets evolve, greater engagement from institutional investors is expected to play a critical role in broadening capital access and supporting ecosystem growth.

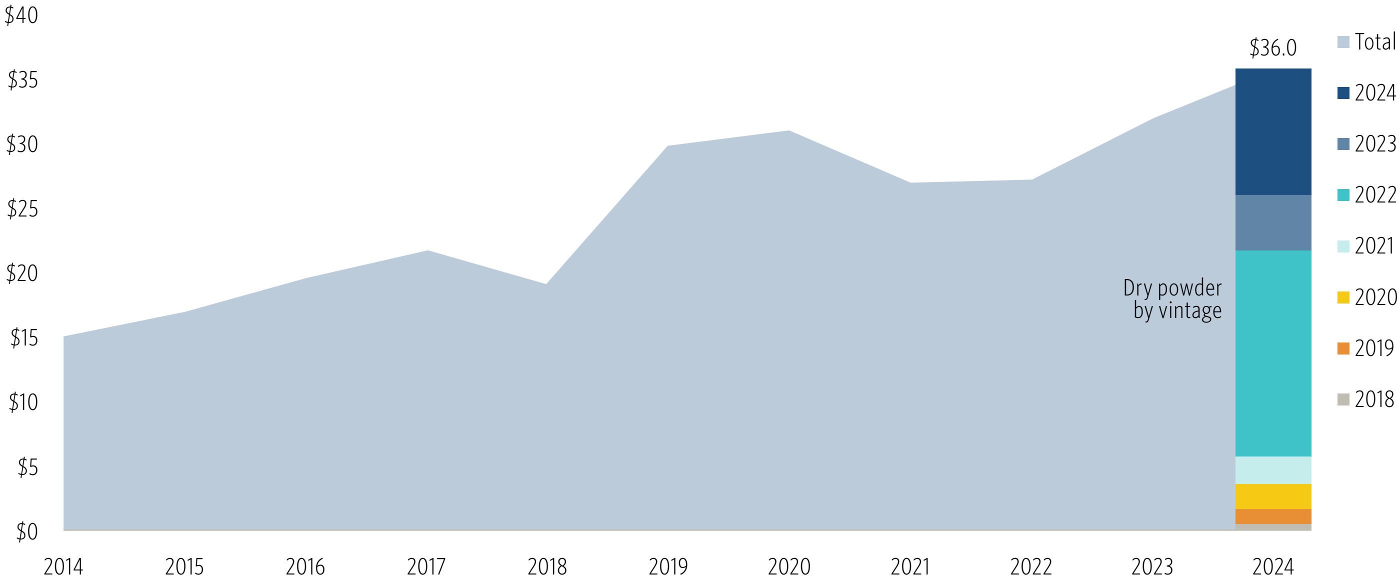
Government support propels growth in the Australian VC ecosystem

Recognizing the critical role of VC in driving innovation and economic growth, the Australian government has introduced a series of initiatives in recent years to support the development of the local VC market. At the federal level, programs such as the Early Stage Venture Capital Limited Partnerships and Venture Capital Limited Partnerships offer tax incentives to investors and fund managers backing Australian startups across various stages of the venture lifecycle.

State governments have also become increasingly proactive in stimulating VC activity by encouraging in-state investments. These efforts typically involve direct funding and nonfinancial support aimed at strengthening local innovation ecosystems. Notable recent examples include the Queensland Venture Capital Development Fund launched by QIC and LaunchVic's VC Support Program, which recently awarded grants to a new cohort of emerging managers in Victoria.[9]

9: "Victoria Welcomes Eight New VC Funds to Back Early-Stage Startups," LaunchVic, August 9, 2024.

Private capital dry powder ($B)



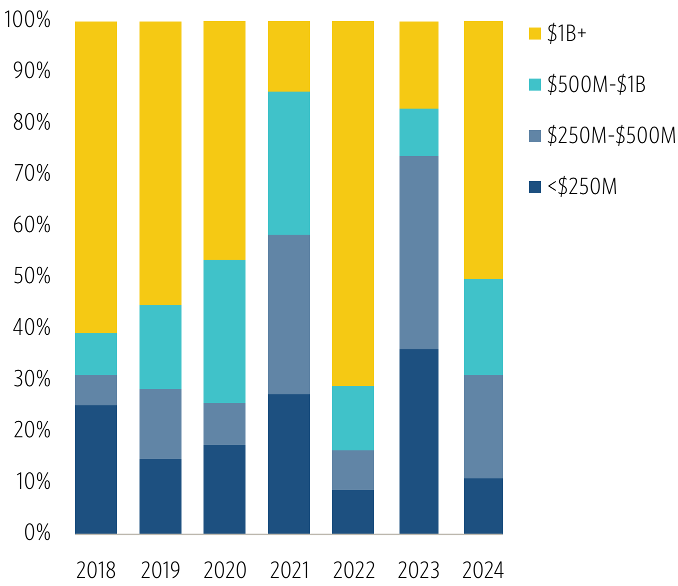
Source: PitchBook • Geography: Australia & New Zealand • As of September 30, 2024

Dry powder reaches a record high

Since 2021, dry powder has grown steadily YoY in the Australia & New Zealand private capital markets, reaching a record $36 billion in 2024. A positive indicator for the regional VC and PE ecosystem is that the majority of this capital is held by funds raised in 2022 or later, which are still within their active investment periods.

However, this capital overhang is heavily skewed toward large later-stage funds. In 2024, the share of dry powder held by sub-$100 million funds dropped sharply to just 5.8% of the total, highlighting a growing concentration of capital in megafunds. As a result, mature companies are better positioned to tap into available capital, while early-stage startups face increasing challenges in accessing funding.

Share of private capital dry powder by size bucket and vintage year



Source: PitchBook • Geography: Australia & New Zealand
As of September 30, 2024

Additional research

Private markets

Q3 2024 Australia Market Snapshot

Download the report here

2024 Australia & New Zealand Private Capital Breakdown

Download the report here

2025 Southeast Asia Private Capital Breakdown

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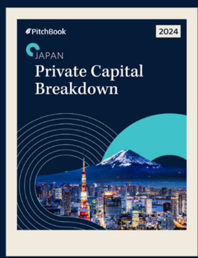

2024 Japan Private Capital Breakdown

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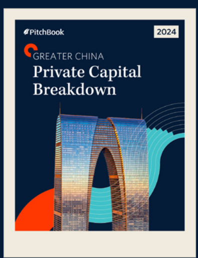

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