



Q3
2025

Private Capital Activity in Africa

2025 YTD IN REVIEW

Africa's private capital market in 2025 YTD is entering a new phase of recalibration, defined by more cautious dealmaking, lengthier fundraising cycles, and a marked rise in exit activity. Deal activity has stabilised following the surge in momentum seen in 2022, establishing a higher but more sustainable baseline, supported by dynamic Private Debt deployment and a resurgence across Industrials and Utilities. Fundraising cycles are lengthening as LPs adopt a more selective approach, reshaping the landscape toward fewer active funds with larger ticket sizes. At the same time, exit activity is accelerating, with fund managers pursuing quicker divestments to demonstrate performance and reinforce investor confidence in the continent's liquidity outlook.

Private Capital Activity Steadies as Market Realignment Continues

In 2025 YTD, Africa's private investment landscape reflects an industry that is transitioning to a new normal following the post-2022 hike correction. A total of 341 deals were recorded, exceeding the post-correction average of 334 and well above the pre-2022 baseline of 222—reflecting a sustained, higher level of activity and suggesting the post-boom adjustment is nearing completion. After a subdued first half (-6% YoY), momentum rebounded in Q3 (+17% QoQ), restoring investor confidence and pointing to a more balanced deployment environment. This recovery is underpinned by evolving market dynamics, with Private Debt gaining prominence as a stabilising force.

Capital Deployment Increasingly Selective Shifting Toward Scale

African private capital deployment is undergoing strategic repositioning beneath the surface of steady deal activity. Year-to-date deal value declined to US\$2.6bn, below the post-correction average of US\$3.6bn. However, this headline figure masks deeper structural shifts. Nearly half of all transactions (49%) were undisclosed, compared to a 74% disclosure rate in 2023–2024, potentially suggesting heightened selectivity and valuation sensitivity among fund managers. Within disclosed deals, capital was increasingly concentrated in mid-sized deals. Activity in the US\$50–99mn range nearly doubled, while deals below US\$50mn accounted for most of the year's contraction. This shift signals sustained investor confidence in scalable, growth-stage opportunities, even as managers adopt a more disciplined approach to deployment.

Private Debt Anchors Market Stability Amid Equity Recalibration

Private Debt emerged as a key stabiliser within Africa's private capital ecosystem, sustaining deal momentum amid a broader moderation across asset classes. As of 2025 YTD, 41 deals valued at US\$0.3bn have been recorded, nearly equalling the full-year total for 2024. Activity has been concentrated in Logistics, Asset Financing, and Renewable Energy, driven by specialist managers including Sahel Capital and Verdant Capital. East Africa continued to dominate, capturing 40% of transactions, while Southern Africa's share rose to 24%, indicating a gradual diversification of regional deal flow. Venture Debt has been particularly catalytic, expanding 67% YoY to account for 37% of Private Debt deal volume and 47% of value. This growth underscores Private Debt's evolving role in enhancing liquidity and sustaining transaction activity in an environment of constrained equity financing.

In contrast, Venture Capital and Private Equity are transitioning toward more stable trajectories. Venture Capital recorded 211 deals worth US\$0.8bn, broadly in line with post-2022 averages, reaffirming its position as the primary engine of private capital activity, representing 62% of all deals. Private Equity, with 68 deals totalling US\$0.5bn, declined 37% YoY following 2024's exceptional highs, yet remains consistent with 2022–2023 levels, suggesting a return to normalisation rather than a cyclical downturn.

Industrials and Utilities Drive Strategic Realignment Amid Financials' Continued Dominance

In 2025 YTD, deal activity in Africa has been led by Industrials and Utilities, reflecting a strategic pivot toward productivity-enhancing and essential service sectors. This shift marks a reallocation of capital away from consumer-facing ventures toward segments offering infrastructure resilience, operational efficiency, and long-term scalability. Financials remained the largest sector by volume, with 77 deals worth US\$0.5bn, up 4% over two years. However, Industrials emerged as the fastest-growing sector, recording 57 deals and averaging 23% annual growth. Notably, 72% of Industrials investments were technology-enabled, targeting logistics digitisation, manufacturing automation, and service infrastructure modernisation. In contrast, Consumer Discretionary continued its retreat, with 33 deals worth US\$118mn, down 35% YoY, driven by weaker PE activity in Southern Africa and subdued VC flows in West Africa.

Utilities surged 75% YoY to reach 28 deals and US\$0.4bn in deployed capital, already surpassing 2024's full-year total. Growth was broad-based but strongest in Southern Africa, where Infrastructure accounted for 58% of the increase. Investors are backing renewable energy platforms alongside CleanTech and circular economy solutions that address the need for industrial decarbonisation.

East and North Africa Steer Africa's Investment Momentum

Deal activity across Africa in 2025 YTD remained broadly stable, though regional trends pointed to a subtle shift in where capital is being deployed. North and East Africa have emerged as key engines of recovery, driven by rising Private Debt deployment and the growth of tech-enabled industrial platforms. North Africa recorded a 13% YoY increase, reaching 71 deals valued at US\$0.5bn. This resurgence was led by renewed Private Equity interest in food and agribusiness — spanning production, processing, and distribution — alongside sustained Venture Capital investment in IT companies focused on SaaS, AI, and cloud analytics. East

Africa maintained its upward trajectory with 82 deals (+4% YoY) worth US\$0.5bn, marking its second-highest Q1–Q3 total on record. Growth was underpinned by expanding Private Debt investment in logistics, distributed energy, and e-mobility, reinforcing the region's role as a hub for infrastructure-linked innovation.

Meanwhile, West and Southern Africa continued to anchor the continent's investment landscape, albeit with more subdued momentum. West Africa posted 73 deals worth US\$0.3bn, reflecting an 8% YoY decline, its third consecutive but modest contraction. While Private Equity activity softened, persistent Venture Capital flows into FinTech and logistics signalled underlying resilience, as fund managers recalibrate exposure toward industrial and debt-led opportunities elsewhere. Southern Africa remains the value leader, with 99 deals (down 2% YoY) accounting for nearly half of total deal value at US\$1.2bn. Its recovery is increasingly shaped by Infrastructure and Utilities-linked investments, reinforcing the region's dominance in renewable energy and industrial modernisation.

From Fundraising Optimism to Slowdown as LPs Prioritise Scale and Selectivity

H1 2025 briefly sparked hopes of a rebound in Africa's fundraising cycle, but this now appears to have been a delayed carryover effect rather than a sustained recovery. *As with global markets, Africa is experiencing the impact of heightened LP selectivity, with fundraising dynamics shifting toward fewer active funds, larger allocation sizes, and extended timelines.*

Fundraising Activity Contracts Sharply Amid LP Caution. Private capital fundraising in Africa faced significant headwinds in 2025 YTD. Final fund closes fell 22% YoY, while interim closes dropped 30%, marking a second consecutive annual decline. Total capital raised reached US\$2.6bn (US\$1.4bn in final closes and US\$1.2bn in interim), just over half of the US\$4.0bn recorded in Q1–Q3 2024. Despite the contraction, fundraising dynamics shifted toward scale: funds above US\$100mn averaged US\$406mn, up from US\$249mn across 2022–2024, while smaller closes below US\$100mn remained steady at US\$37mn. Notably, 85% of total capital raised was concentrated in just three large funds, underscoring the growing polarisation in Africa's fundraising landscape.

Extended Fundraising Timelines Mirror Global Shifts Toward Heightened LP Selectivity. Fundraising cycles are lengthening, with African GPs now averaging 2.3 years to close, up from 1.9 years in 2022. This mirrors global patterns of slower capital recycling and increased scrutiny of fund performance, as LPs remain cautious amid uncertain exit conditions and volatile valuations.

Domestic Capital Gains Ground Despite Overall Slowdown. Amid the broader fundraising contraction, a quiet but notable trend has emerged: rising domestic investor participation. Local capital mobilisation reached 26% of commitments, amounting US\$295mn in 2025 YTD, up from 16% in the same period of 2024. While this increase occurred against a backdrop of declining overall volumes, it signals deepening engagement from African institutional investors and a potential shift toward more locally anchored capital bases.

Exit Activity Accelerates as Fund Managers Respond to LP Caution

African-focused fund managers are accelerating exit timelines to demonstrate performance and reassure investors in an increasingly selective fundraising environment. Despite moderated growth, exit activity in 2025 YTD has gained momentum. Average holding periods fell to 5.9 years, down from 6.6 years in 2023–2024, the shortest cycle since 2018, signalling a strategic pivot toward quicker realisations and capital distributions. Exit routes remained broadly consistent with recent years but showing sustained acceleration. Secondary sales gained traction as liquidity mechanism, accounting for 35% of exits, while trade sales continued to dominate at 40%.

Fund managers are pursuing targeted exits, focusing on sectors with strong buyer appetite and liquidity, particularly Financials and Consumer Discretionary. Financials led exit volumes, doubling YoY and representing 31% of total exits. Consumer Discretionary and Consumer Staples followed at 13% each. Notably, exits in Financials and Consumer Discretionary were associated with shorter holding periods, reflecting high demand, while Consumer Staples exits involved longer timelines, often tied to legacy assets. Regionally, Southern Africa emerged as the continent's liquidity hub, accounting for 45% of exits and overtaking West Africa, underscoring its role in driving exit activity.

LOOKING AHEAD: OUTLOOK FOR Q4 2025

Fundraising Outlook Remains Uncertain Despite Pipeline Strength. Within Africa's evolving private capital landscape, the outlook for fundraising in 2025 remains cautious. A strong H1 raised hopes of a rebound, but Q3 stagnation tempered expectations for a full-year recovery. A potential Q4 uplift may still materialise, supported by several large final closes in the pipeline, collectively valued at approximately US\$2bn. However, optimism is measured, as heightened LP selectivity and lengthening fundraising cycles may push some closures into 2026.

Exit Momentum Expected to Continue into Q4. Meanwhile, the acceleration of exit activity observed throughout 2025 is expected to persist into Q4, as GPs continue to prioritise liquidity creation to bolster confidence among investors in the African market. This trend reflects a broader strategic shift toward shorter holding periods and more frequent distributions.

Deal Activity Positions Market for a Strong Finish. Momentum from Q3 dealmaking positions the market for a firm year-end. Q4 activity is projected to surpass 2024 levels, maintaining the market's more disciplined pace. With 341 deals recorded through Q3 and Q4 expected to contribute an additional 30%, 2025 could close just below 500 deals, assuming current trends hold.

Data Transparency Remains a Challenge. Despite the positive outlook for deal volume, transparency around capital deployed remains limited. Heightened competition among fund managers for performance and valuation benchmarks continues to obscure the true depth of the market, reinforcing the need for improved disclosure and data harmonisation across the ecosystem.

INVESTMENTS

Private Capital Activity Steadies as Market Realignment Continues

Figure 1a: Total Volume of Private Capital Deals in Africa, by Year and Quarter

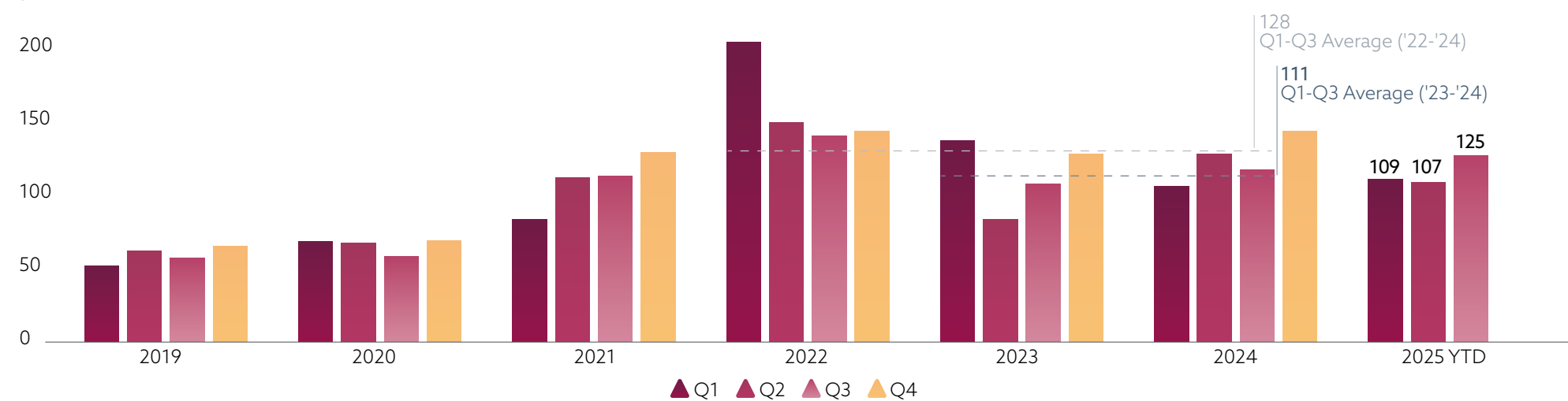
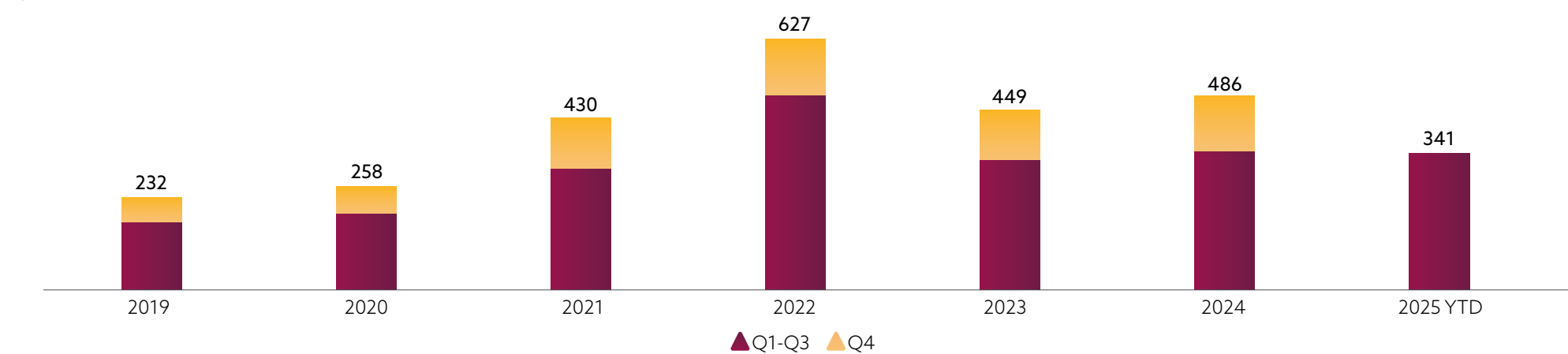
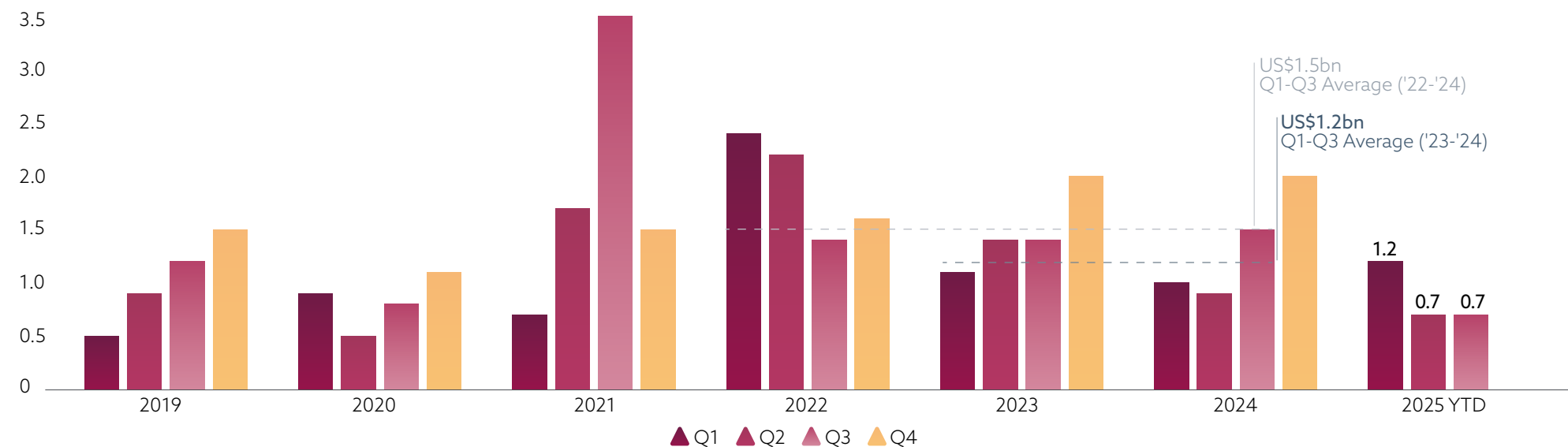


Figure 1b: Total Volume of Private Capital Deals in Africa, by Year, Q1-Q3 vs Q4



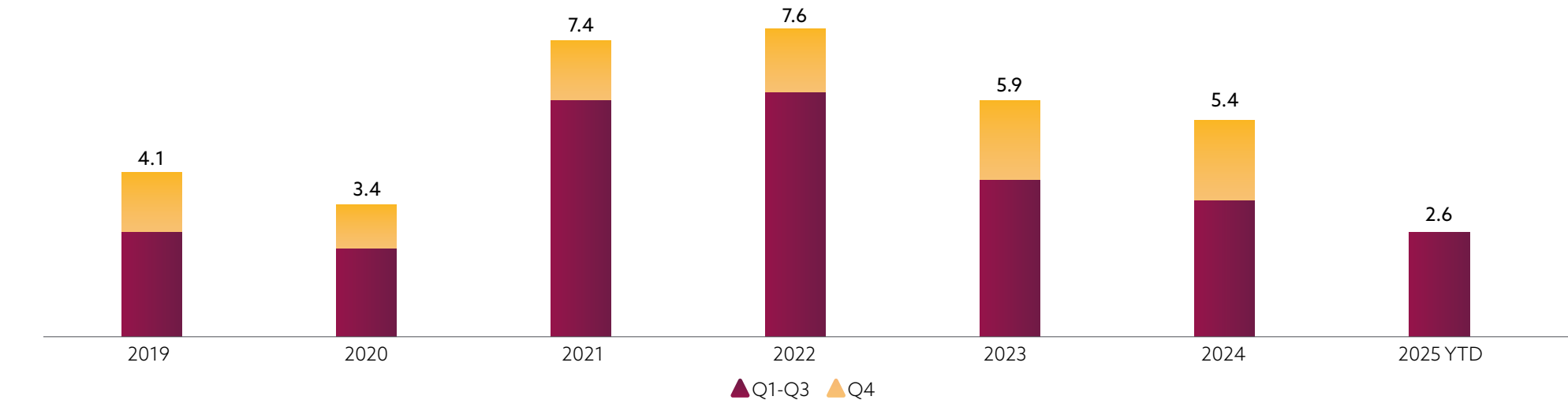
Capital Deployment Shifts Toward Selectivity and Scale

Figure 2a: **Total Value (US\$bn) of Private Capital Deals in Africa, by Year & Quarter**



Source: AVCA

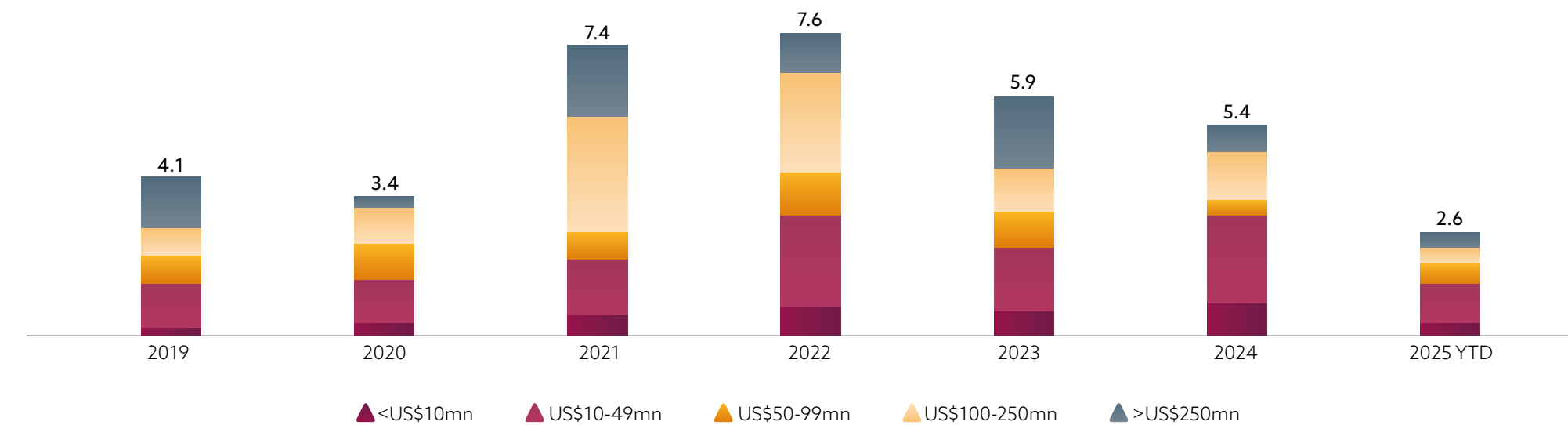
Figure 2b: **Total Value (US\$bn) of Private Capital Deals in Africa, by Year, Q1-Q3 vs Q4**



Source: AVCA

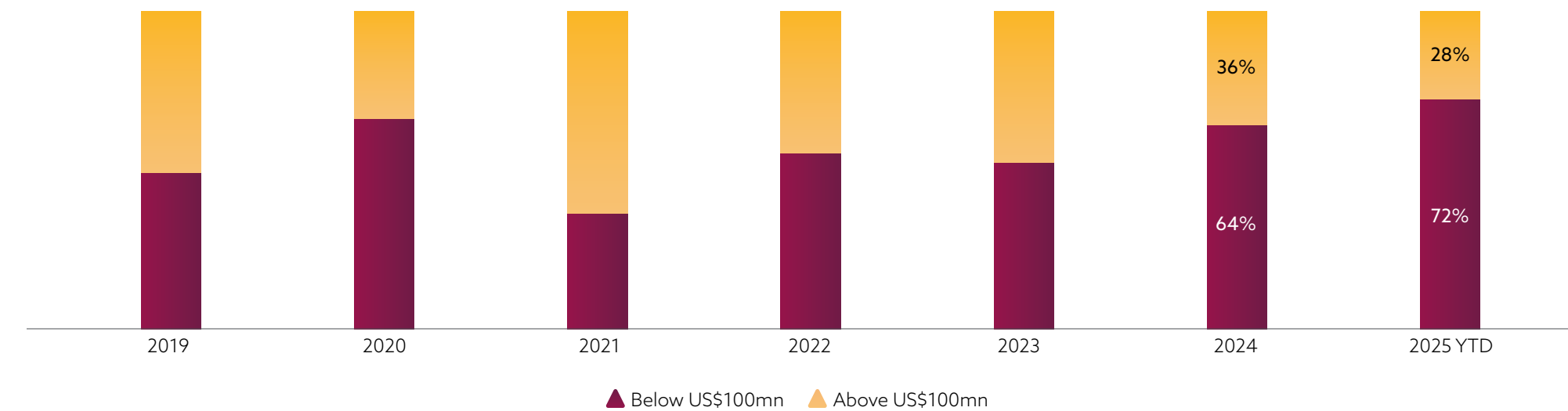
Capital Deployment Shifts Toward Scale Concentrating in Mid-Sized Deals

Figure 3: **Total Value (US\$bn) of Private Capital Deals in Africa, by Year & Ticket Size**



Source: AVCA

Figure 4: **Share of Private Capital Deals in Africa, by Year & Size (Below & Above US\$100mn)**



Source: AVCA

Private Debt Anchors Market Stability Amid Equity Recalibration

Figure 5: **Total Volume of Private Capital Deals in Africa, by Year & Asset Class**

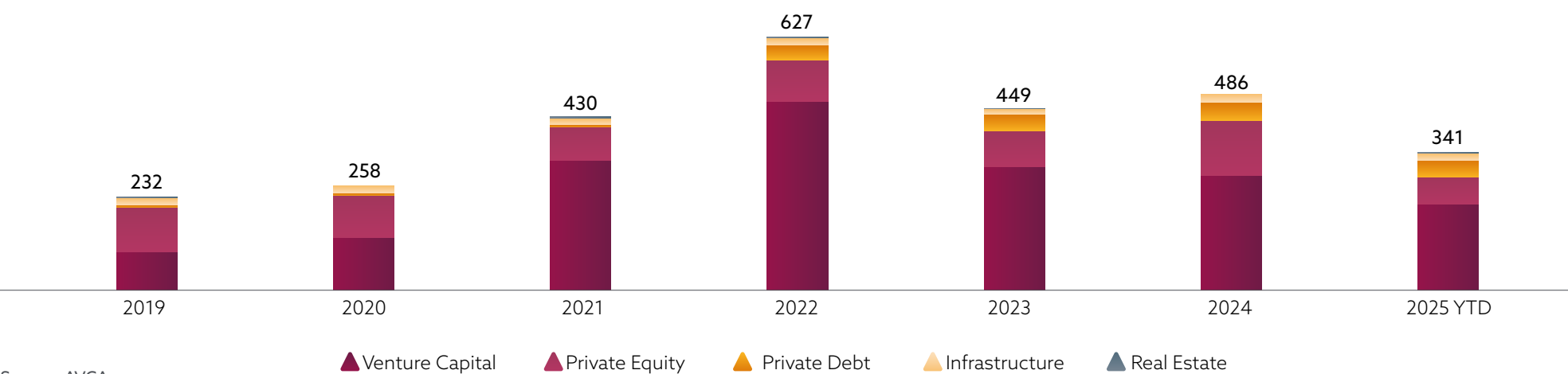
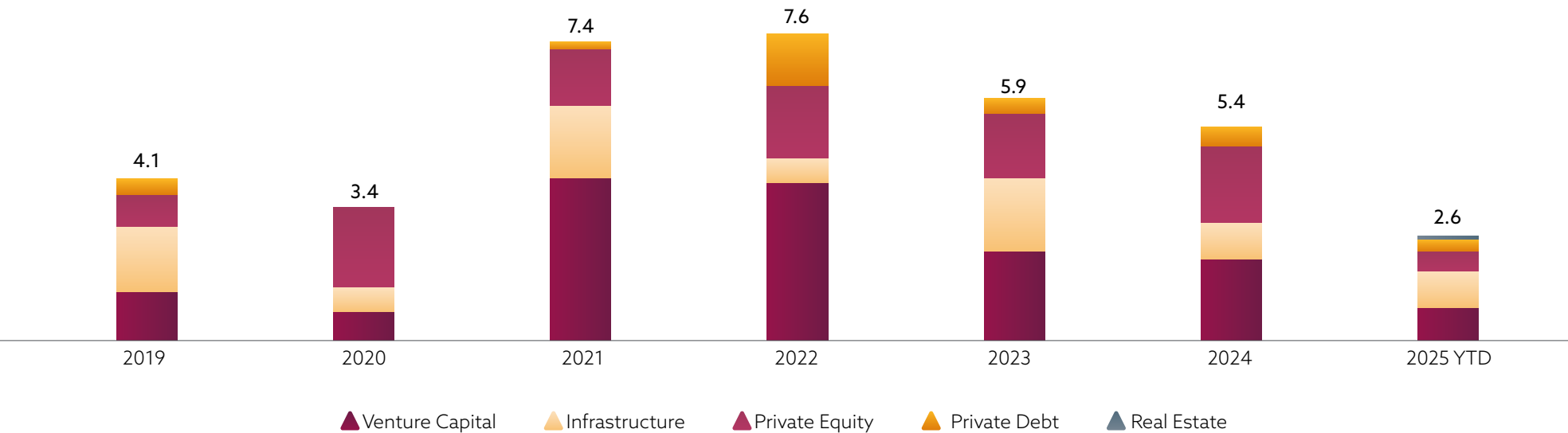
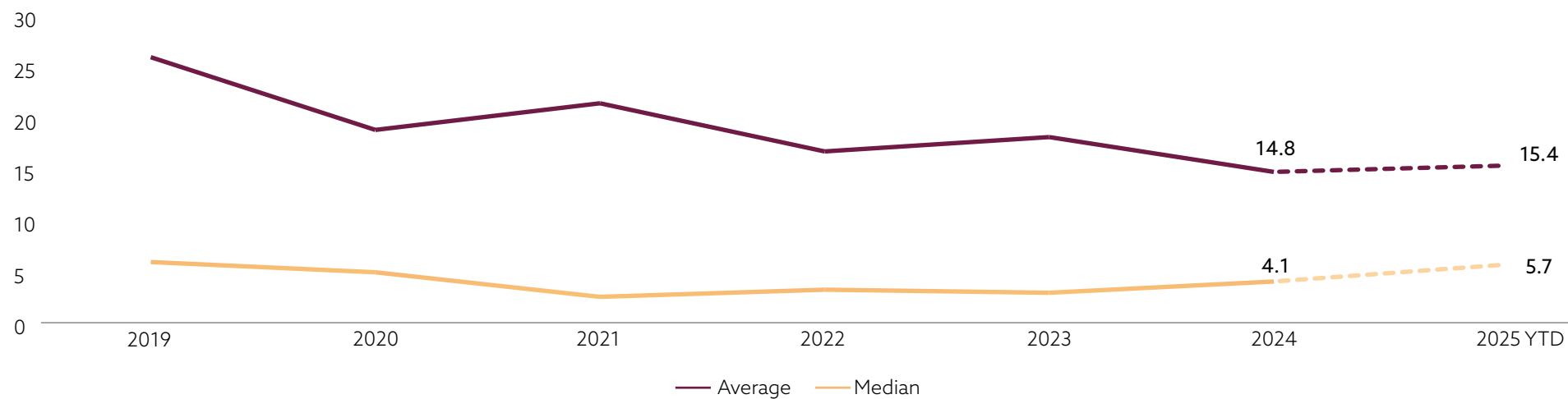


Figure 6: **Total Value (US\$bn) of Private Capital Deals in Africa, by Year & Asset Class**



Average Deal Sizes Ease as Median Rises Tempered by Higher Non-Disclosure

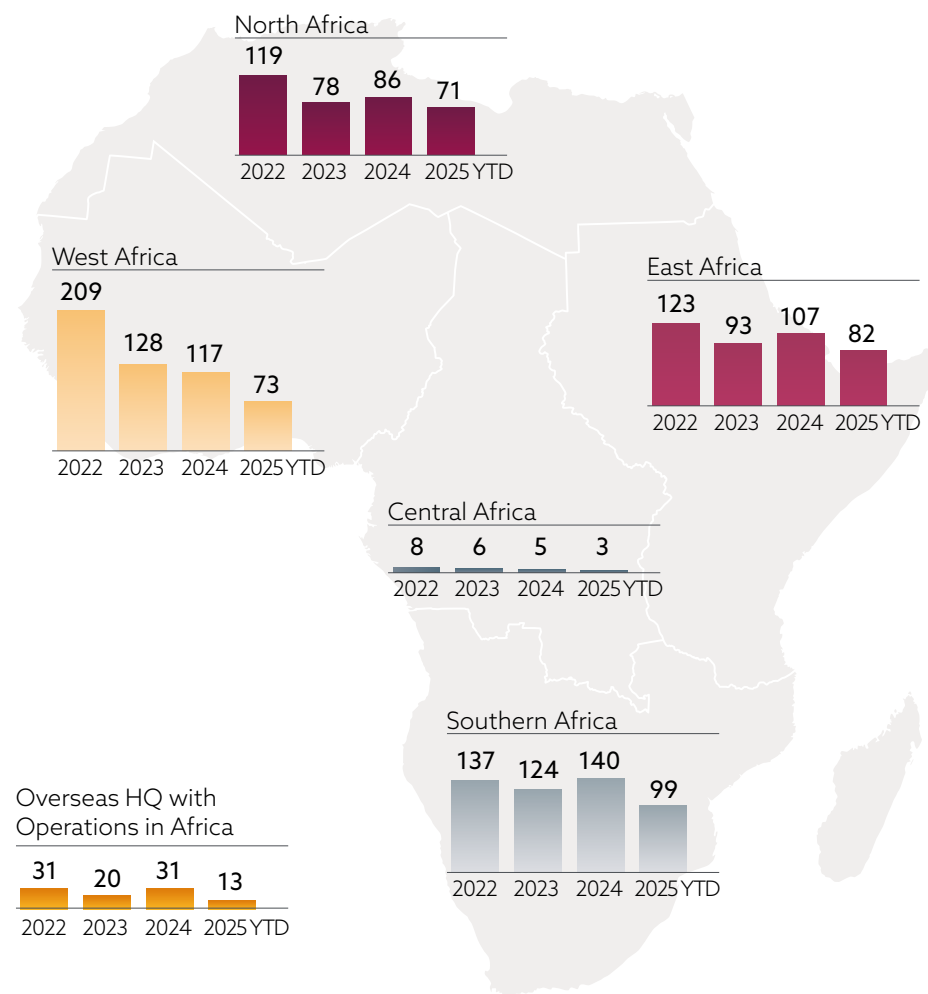
Figure 7: Evolution of Average and Median Deal Size in Africa, by Year, US\$mn



Source: AVCA

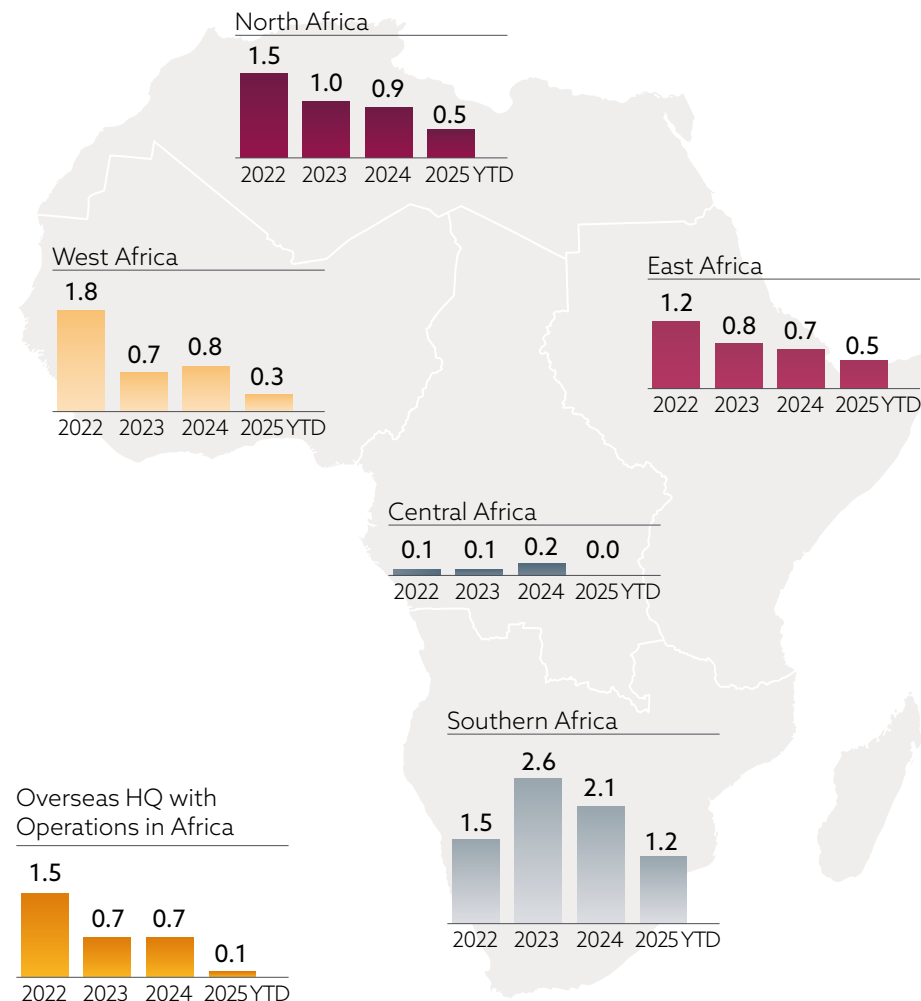
East and North Africa Steer Africa's Investment Momentum

Figure 8: Evolution of Volume of Private Capital Deals in Africa, by Region*, 2022-2025 YTD



Source: AVCA

Figure 9: Evolution of Value of Private Capital Deals in Africa, by Region*, 2022-2025 YTD

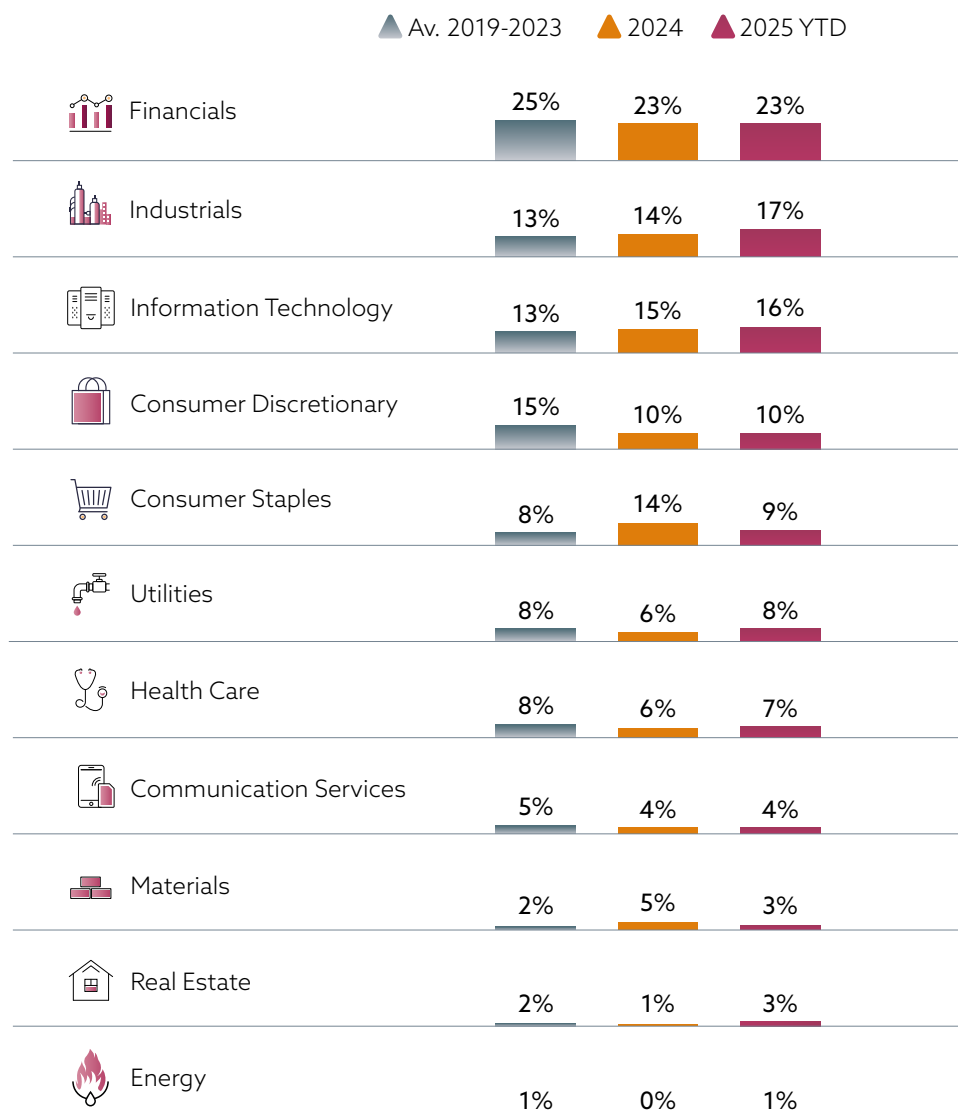


Source: AVCA

*Regional figures in this report reflect an updated classification methodology: Companies headquartered outside Africa but operating in a single African country are assigned to that country's region. This change may result in minor variations compared to previous editions.

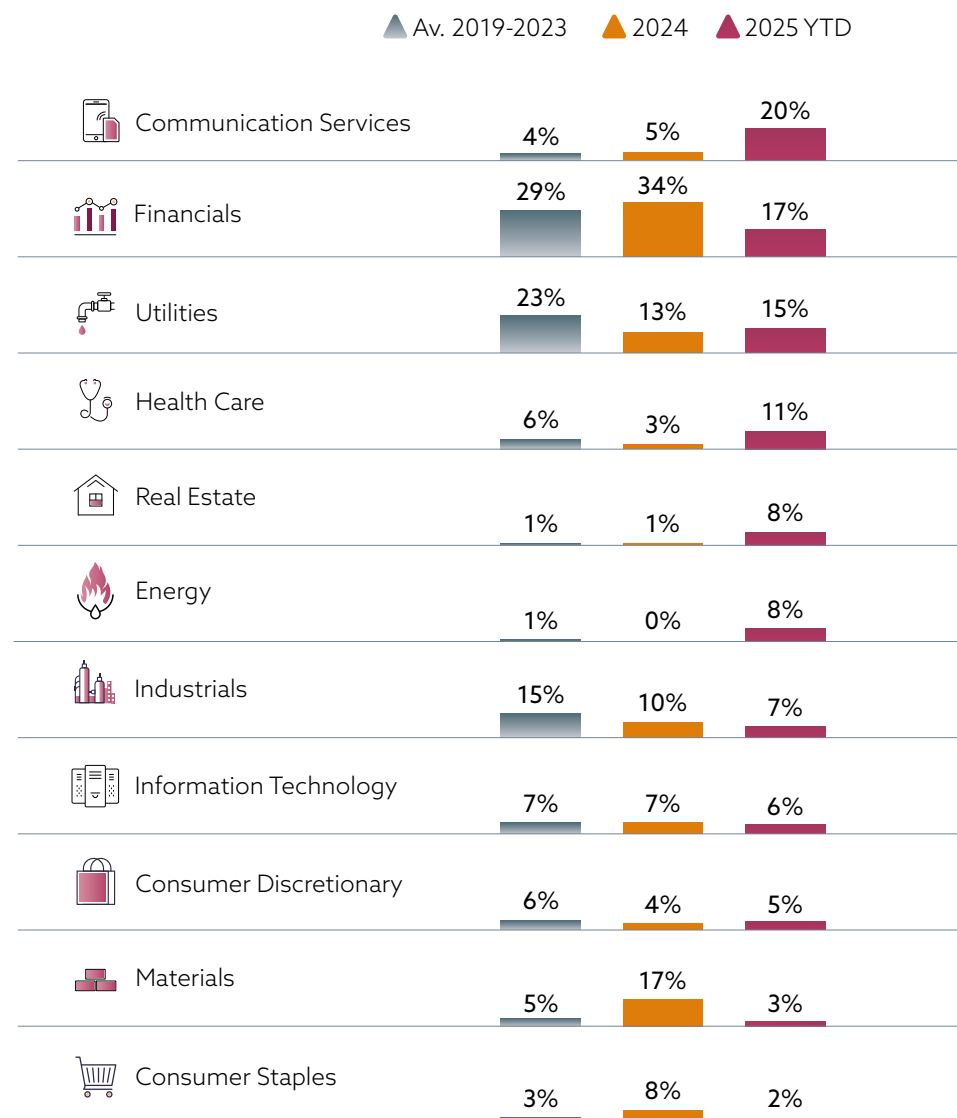
Industrials and Utilities Drive Strategic Realignment Amid Financials' Continued Dominance

Figure 10: Share of Volume of Private Capital Deals in Africa, by Sector, 2019-2025 YTD



Source: AVCA

Figure 11: Share of Value of Private Capital Deals in Africa, by Sector, 2019-2025 YTD



Source: AVCA

FUNDRAISING

Fundraising Activity Contracts Sharply Amid LP Caution

Figure 1: Total Value (US\$bn) of African Private Capital Fundraising, by Year & Type of Closing

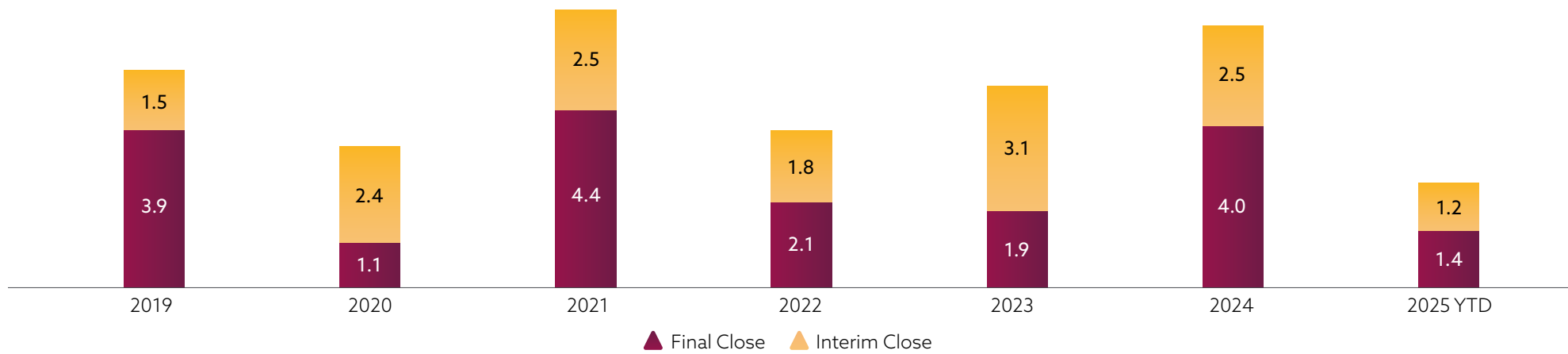
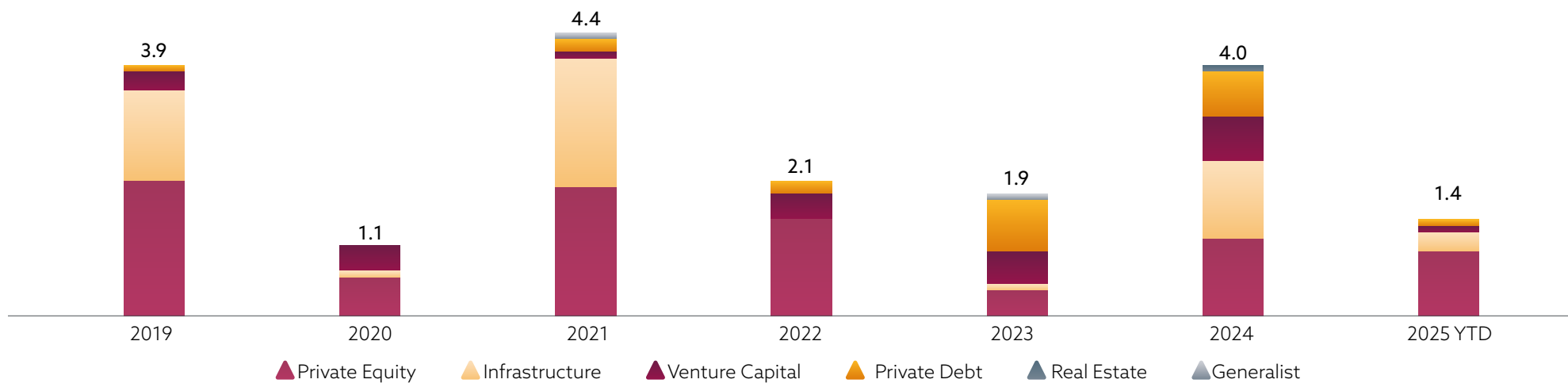


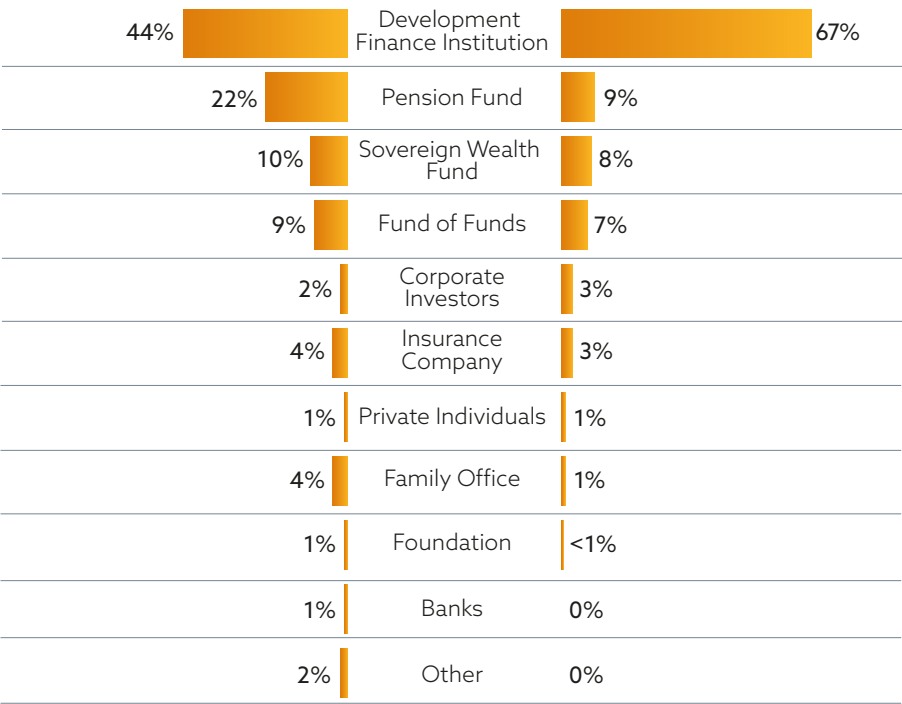
Figure 2: Total Value (US\$bn) of African Private Capital Fundraising, by Year of Final Close & Fund Stage Focus



Source: AVCA

Domestic Capital Gains Ground Despite Softer Commitments

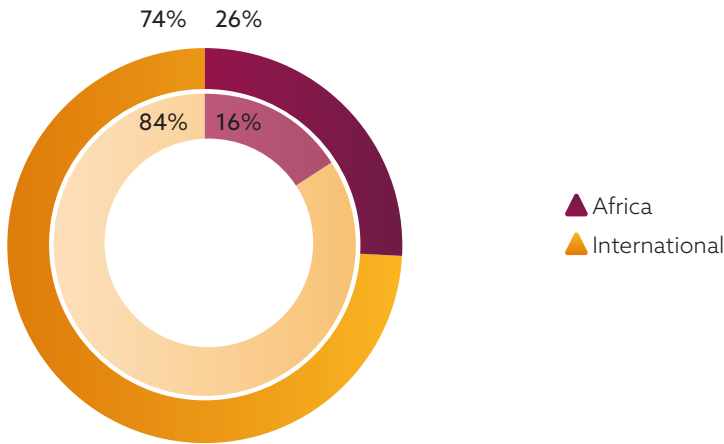
Figure 3: Share of African Private Capital Fundraising by Investor Type, 2024 Q1-Q3 vs. 2025 YTD



Source: AVCA

▲ 2024 Q1-Q3 ▲ 2025 YTD

Figure 4: Share of African Private Capital Fundraising by Geographic Origin of Capital, 2024 Q1-Q3 vs. 2025 YTD



*The inner ring represents 2024 Q1-Q3, while the outer ring represents 2025 YTD

Source: AVCA

EXITS

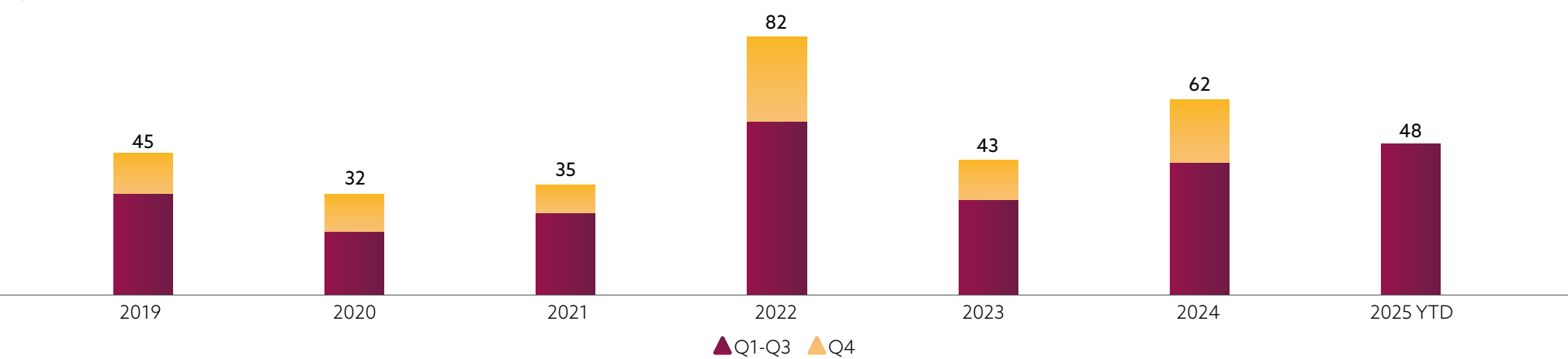
Exit Activity Accelerates as Fund Managers Respond to LP Caution

Figure 1a: Total Volume of Private Capital Exits in Africa, by Year and Quarter



Source: AVCA

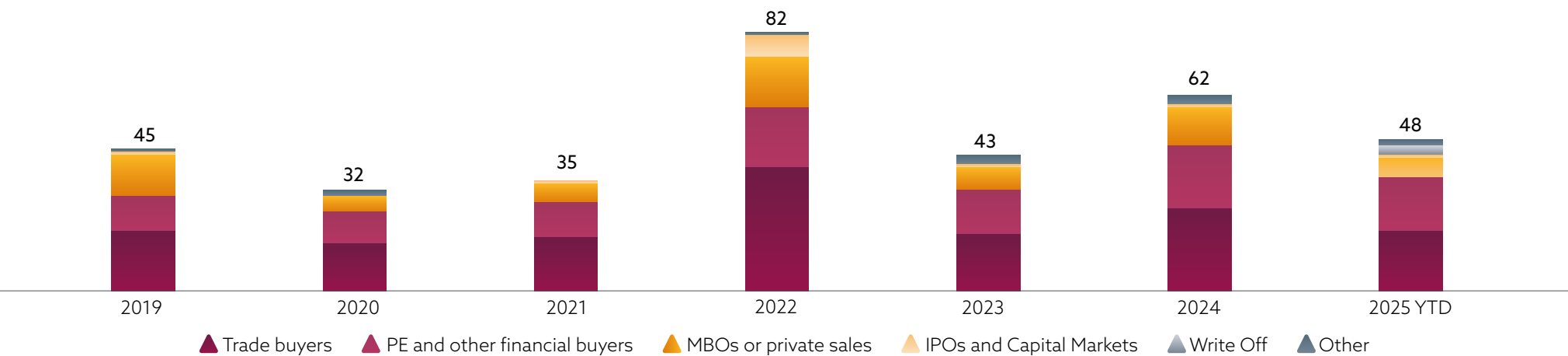
Figure 1b: Total Volume of Private Capital Exits in Africa, by Year, Q1-Q3 vs Q4



Source: AVCA

Secondary Sales Gain Ground as Trade Buyers Retain Dominance

Figure 2: Total Volume of Private Capital Exits in Africa, by Year and Exit Route



Source: AVCA

Research Methodology

This report maintains the same methodology used in the full year AVCA African Private Capital Activity Report. A detailed overview of the Research Methodology used can be accessed [here](#), on page 37.



Contact AVCA

37 North Row
3rd Floor
London W1K 6DH

E avca@avca.africa
W www.avca.africa
C www.avcaconference.com
T +44 (0)20 3874 7008

Championing Private Investment in Africa

The African Private Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.