



EIF VC/PE Barometer Survey

Q4 2025

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The EIF VC/PE Barometer Survey Q4 2025

The European equity markets are still characterised by high degrees of uncertainty and volatility. The EIF aims at increasing transparency in the VC/PE markets by providing regular market insight. In this report, we present the results of a new issue of EIF's quarterly EIF Barometer Survey, a part of the long-running EIF Equity Survey series.

EIF's barometer surveys offer a comprehensive view of market dynamics and forward-looking expectations, gauging fund managers' perspectives across key indicators – including fundraising, exits, valuations, new investments, and deal flow. Each edition also features an in-depth focus topic. This quarter, we examine the appetite for cross-border investment and the rationale behind these decisions.

Key highlights

The EIF Equity Surveys represent the largest regular survey exercise among GPs in Europe. In this barometer edition, 787 VC and PE mid-market fund managers contributed their insights. These are the key highlights:

Market sentiment

- In the fourth quarter of 2025, fund managers' optimistic expectations from the previous survey wave have materialised in improved perception of the current market conditions.** This is particularly the case for fundraising and exit opportunities, which were most adversely impacted by the market turmoil earlier this year.
- The sentiment with respect to current fundraising and exit market conditions has been gradually improving since 2023.** Coming from an extremely low level, the fundraising and exit environment is, however, still considered very challenging.
- Despite challenging conditions, dealmaking activity across Europe holds firm.** Both the number of incoming investment proposals as well as the number of actual investments undertaken increased, on balance, and are expected to increase further, albeit at a slower pace.
- The resilience of the deal activity so far has been largely on the back of a substantial amount of dry powder.** Hence, in the absence of a stronger turnaround in fundraising soon, dealmaking might be impacted in the future.
- Going forward, market participants continue to show optimism, albeit slightly more cautiously than in the previous quarter.** While, on balance, expectations for the near future are positive for all market indicators considered, the level of optimism is lower than the one documented in Q3, as more respondents express a neutral outlook and expect market conditions to remain broadly unchanged.

Cross-border investments and their impact on Europe's VC/PE ecosystem

- In Europe, the VC fund landscape is highly integrated, with 80% of fund managers already pursuing a cross-border strategy.**
- Accessing a larger and higher-quality deal flow as well as achieving diversification are the main drivers of cross-border investments.** The potential for higher returns and scale-up opportunities are also important reasons for investing abroad.
- Barriers to cross-border investment are predominantly capability-driven rather than cost-driven, while regulatory issues also play an important role.** Both domestically-focused and cross-border-active fund managers particularly cite limited local market knowledge and access to networks as main challenges, with regulatory complexity, deal sourcing, and cultural differences as additional obstacles. Once invested, challenges shift to execution, with monitoring and governance over long distances being particularly difficult. Effective cross-border investing depends primarily on building local expertise and relational capacities.
- To further strengthen the existing market integration in the EU, several measures are considered important levers. Regulatory and legal harmonisation is the dominant enabler** by a wide margin, followed by tax simplification, deeper capital market integration and improved access to EU-wide investment incentives and funding programmes. Other market-level tools such as cross-border syndication and co-investment platforms, enhanced company data transparency and comparability and additional legal protections play a supportive but secondary role. In sum, structural regulatory coherence is the decisive factor in facilitating cross-border investments.

Market sentiment

Results from our previous Q3 2025 survey had shown that optimism among GPs had re-emerged, on the back of decreasing market volatility and gradually improving monetary and financing conditions. Expectations for the near future had significantly improved across all market sentiment indicators, overturning the pessimistic perception observed earlier in 2025.

In Q4, this near-term optimism is confirmed and reflected particularly in an improvement of the GPs' perception of current market conditions. This is especially the case for fundraising and exit opportunities, which were most adversely impacted by the market turmoil earlier this year.

Going forward, market participants continue to show optimism, albeit slightly more cautiously than in the previous quarter. While, on balance, expectations for the near future are positive for all market indicators considered, the level of optimism is lower than the one documented in Q3. This, however, is not driven by an increase in negative sentiment, but reflects instead an increase in the percentage of GPs expressing a neutral outlook and expecting market conditions to remain broadly unchanged – with a corresponding decrease in the percentage of those expecting further improvement.

Fundraising showed weakest sentiment throughout 2025

The current fundraising environment is still considered very challenging, even though the perception has been gradually improving. 1 in 2 GPs continue to perceive the fundraising environment as bad or even very bad. This is in line with the latest market data showing that 2025 will see a significant drop in European VC fundraising year-on-year, which, depending on the source used, ranges from 24% to even 60% – potentially making this year one of the weakest ones in recent history.

Exit opportunities are seen as improving but remain thin

The perception of the exit environment has improved significantly over the year, but remains negative, on balance. The positive change in perception could reflect the fact that Q3 marked a gradual recovery in exit activity, mainly in terms of exit value though, while exit volumes remained constrained. Latest forecasts expect the IPO window in Europe to open in 2026, leading also to an increase in exit counts.

Overview of sentiment on key market indicators (net % of respondents)	Current perception		Expectations	
	Net % 2025 Q4	Difference vs. Q3	Net % 2025 Q4	Difference vs. Q3
	[1]	[2]	[3]	[4]
Fundraising environment	-41%	↑ 5 p.p.	15%	↓ 15 p.p.
Exit environment	-6%	↑ 15 p.p.	21%	↓ 23 p.p.
Valuations	12%	↑ 4 p.p.	21%	↓ 22 p.p.
New investments	18%	↓ 8 p.p.	33%	↓ 20 p.p.
Deal flow	31%	↓ 2 p.p.	35%	↓ 24 p.p.

Note: "Net %" in columns [1] and [3] reflects the net balance of respondents, i.e. the percentage of respondents expressing a positive sentiment vis-à-vis the respective market indicator (currently, see "current perception", or for the next months, see "expectations") minus the percentage of respondents expressing a negative sentiment. Positive (resp. negative) net balance values are highlighted in green (resp. red) font colour. "Difference" in columns [2] and [4] reflects the percentage point (p.p.) difference between the net balance value in Q4 2025 and the one in Q3 2025. An increase (resp. decrease) is marked with an upward green (resp. downward red) arrow. Please refer to the Annex for the detailed wording of the questions vis-à-vis the aforementioned market indicators.

Deal flow and investments hold firm

Despite challenging conditions, dealmaking activity across Europe holds firm. Both the number of incoming investment proposals as well as the number of actual investments undertaken increased, on balance, and are expected to increase further, albeit at a slower pace. Market activity data show that European venture dealmaking softened indeed in Q3 2025. In light of the record-low fundraising, the resilience of the deal activity so far has been largely on the back of a substantial amount of dry powder. Hence, in the absence of a turnaround in fundraising soon, dealmaking might be negatively impacted in the future.



Q. How would you rate the current fundraising environment? / Over the next months, how do you expect the fundraising environment to develop?

* 3 [12] months for the quarterly barometer [annual] survey

Q. Over the last months, how has the exit environment developed? / Over the next months, how do you expect the exit environment to develop?

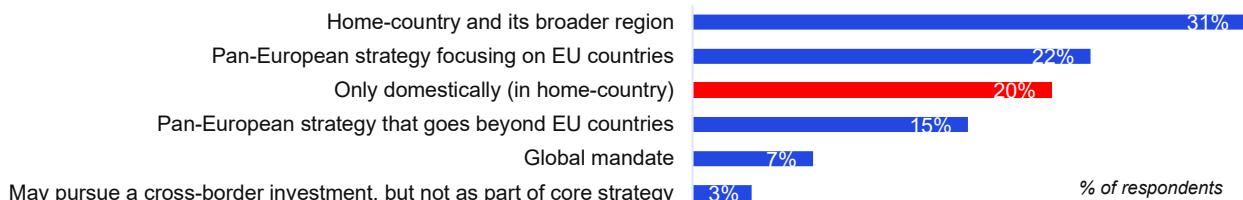
* 3 [12] months for the quarterly barometer [annual] survey

In focus: Cross-border investments

Cross-border investments are a key indicator of whether capital flows freely across EU member states, which is essential for building a single market for venture capital and private equity. In this barometer issue, we asked fund managers about the geographical scope of their investment strategies, the drivers of their cross-border investments, the challenges they face when investing abroad as well as relevant policy recommendations to mitigate these.

Based on current geographical investment strategies, the VC/PE landscape in Europe appears highly integrated, making financing increasingly pan-European. Only 1 in 5 GPs stated that they invest in their home-country alone. By contrast, roughly one-third invest at least in their broader region, while another 2 in 5 pursue a pan-European strategy (with the majority focused on EU markets and a smaller share extending beyond the EU). Among tech-focused investors, the share of those undertaking some form of cross-border investment even increases to 85%.

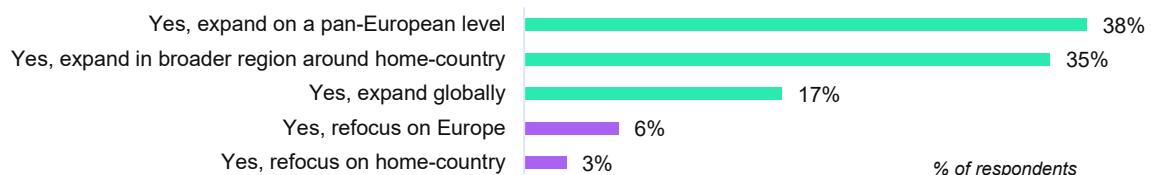
8 in 10 GPs in Europe undertake some form of cross-border investment



Q. Which statement would best describe your firm's current geographical investment strategy?

European fund managers are largely committed to expanding their current geographical focus. While 6 in 10 GPs stated that they will retain their investment strategy in the next two years (including the large share of those already investing cross-border), among those who do envisage a change, 38% would further expand on a pan-European level, 35% in their broader region, and 17% even globally. Only 6% of respondents would consider re-focusing on their home country. These patterns suggest a gradual further integration at a European level.

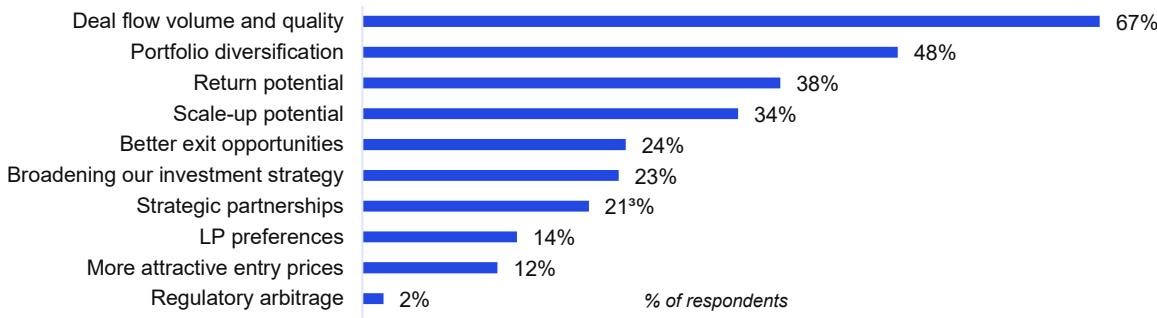
Among those GPs who intend to change their investment strategy in the next two years, the vast majority would envisage further expanding the geographical scope of their investments



Q. Going forward, would you envisage changing the geographical scope of your firm's investment strategy within the next 2 years?

Cross-border investing is primarily driven by deal flow volume and quality as investors look abroad mainly to access more or better investment opportunities than what they can find domestically. Portfolio diversification is the second-strongest motive, as cross-border activity is seen as a way to spread risk across regions. The potential for higher returns and scale-up opportunities are also important reasons for investing abroad. Other factors include better exit opportunities, strategic partnerships or broadening the investment strategy.

Main drivers of cross-border investments



Q. What are the main drivers of your cross-border investments?

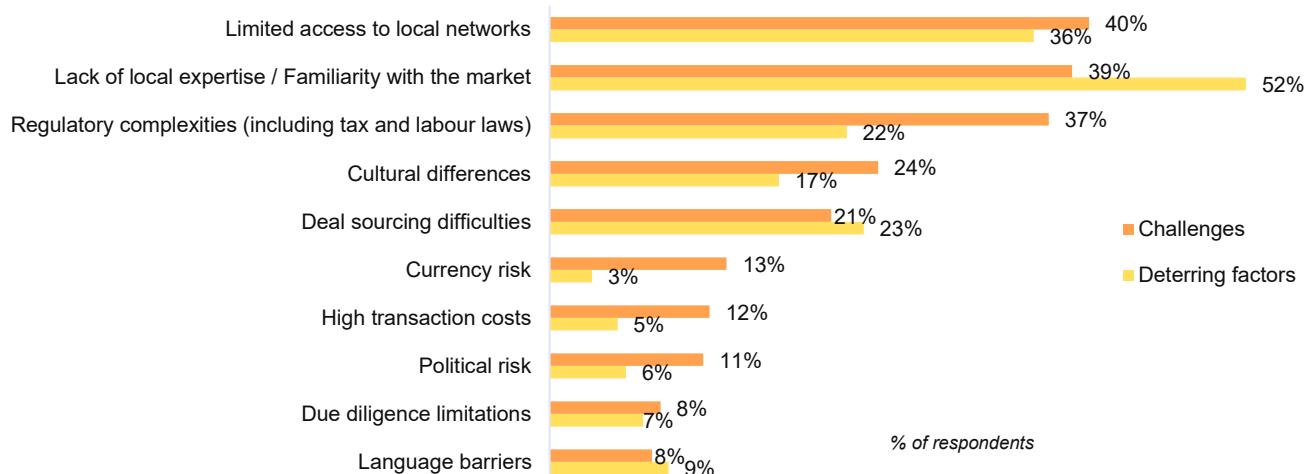
In focus: Cross-border investments

Investors already pursuing a cross-border investment strategy were asked about the biggest challenges they face when investing abroad. Respondents with a purely domestic investment focus were asked about what deters them from investing cross-border.

For fund managers investing cross-border, limited access to local networks is the biggest challenge, followed by the lack of familiarity with the market abroad. The lack of local market expertise is also the most important factor that deters exclusively-domestically-focused GPs from investing cross-border. Regulatory complexities (including tax and labour laws), deal sourcing difficulties and cultural differences are cited as additional important obstacles by both groups of respondents. In free-text responses, several fund managers also indicated that the choice of not investing cross-border is mandate-related or a strategic decision.

Taken together, fund managers' key challenges are related to knowledge and capability in dealing with foreign markets rather than cost-related risks. Market familiarity is an obstacle that seems more relevant than policy or financial concerns like transaction costs, currency or political risks. Access to local networks and expertise are crucial, reinforcing that cross-border investing is strongly relation-driven. Capacity building and network development should therefore be top priorities for enabling cross-border investments.

Obstacles for cross-border investments

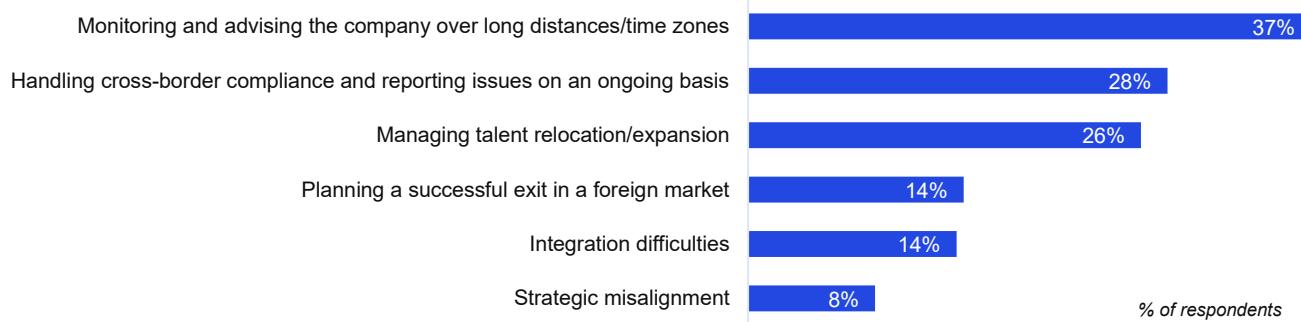


Q. What are the biggest challenges you face when investing cross-border? (for respondents who stated that they do undertake some form of cross-border activity)

Q. What are the main factors that deter you from investing cross-border? (for respondents who stated that they invest only in their home country)

Once invested in a foreign company, the post-investment difficulties that fund managers face are driven primarily by geographic distance which complicates active monitoring and governance. Handling cross-border compliance and reporting issues on an ongoing basis further strains resources, particularly in jurisdictions with complex regulatory environments. Talent management, whether through relocation, local hiring or expansion, also represents a significant operational hurdle. Integration and strategic alignment are relevant, yet less frequently cited.

Main post-investment difficulties once invested in a foreign company



Q. Once invested in a foreign company, what are the main post-investment difficulties you face?

In focus: Cross-border investments

Firms mitigate local risks by partnering with local experts, using legal counsel in target country, and by hiring advisors with country-specific expertise. Notably, relatively few investors establish permanent local offices or boards, stemming from a preference for flexible, asset-light models over fixed infrastructure. While local insight is critical, firms aim to balance this depth of engagement with cost efficiency and scalability.

Local networks and expertise are important when handling local market knowledge and due diligence



Q. When investing cross-border, how do you typically handle local market knowledge and due diligence?

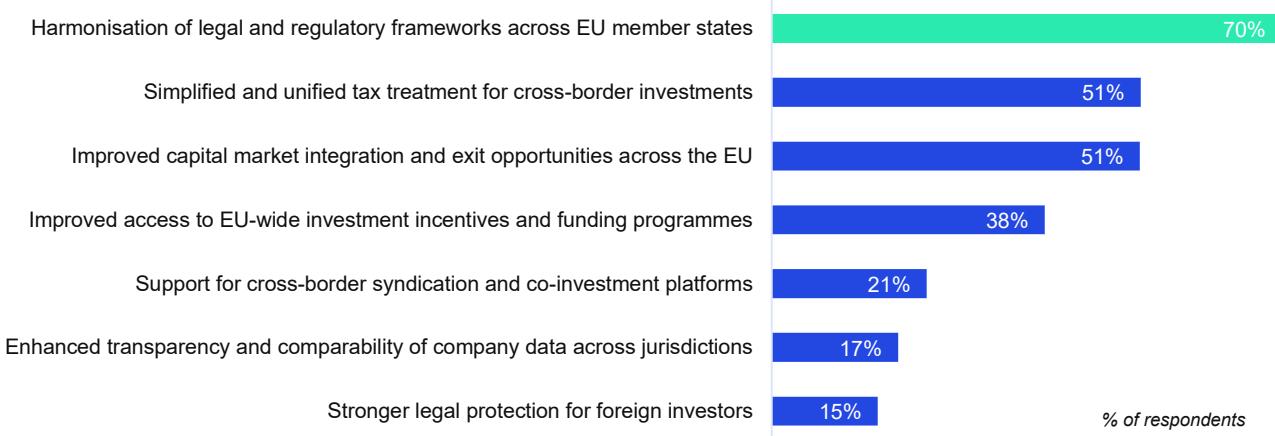


Even though the vast majority of GPs would not rely on a local office to handle country-specific expertise abroad, a meaningful share would still establish such an office as part of their cross-border investment strategy.

Q. When investing cross-border, do you typically establish a local office in the country of investment?

In terms of policy suggestions, the survey indicates a clear hierarchy of priorities for further facilitating cross-border investment within the EU and strengthening the existing market integration. Harmonisation of legal and regulatory frameworks across EU Member States is identified as the dominant enabling factor (stated by 70% of respondents), substantially outweighing all other measures. Tax simplification and unified tax treatment (51%), together with improved capital market integration and exit opportunities (51%), form a second tier of importance. Improved access to EU-wide investment incentives and funding programmes (38%) is also perceived as supportive. Lower-ranked factors, such as syndication and co-investment platforms, enhanced data transparency and comparability and stronger legal protection are viewed as incremental rather than transformative. Overall, the findings point to systemic rather than transactional obstacles, with regulatory coherence emerging as the key determinant of cross-border investment activity.

Policy measures/factors to facilitate cross-border investments in the EU



Q. What policy measures and other factors could facilitate cross-border investments in the EU?

ANNEX

Further information about this study and how to read the results

Survey approach and timeline

- The EIF Equity Surveys are online surveys of VC and PE mid-market fund managers investing in Europe.
- The surveys are conducted on an anonymous basis, and target both EIF-supported as well as non-EIF supported fund managers.
- The Q4 2025 Barometer Survey was conducted between 19 November and 5 December 2025.
- The surveys were introduced in 2018. Up until 2024 they were typically conducted once per year. In 2025, a new quarterly barometer survey was introduced to complement the annual survey. Even though the reporting periods might differ between the previously conducted annual survey waves and the new quarterly barometer survey, the time-series of these prior surveys is still used to provide some context for the latest market sentiment results.

Net balance

- Results on market sentiment are reported on a “net balance” basis.
- The net balance refers to the percentage of respondents reporting a positive response minus the percentage of respondents reporting a negative response.
- For example, in the question “Over the next months, how do you expect the number of your new investments to develop?”, the net balance refers to the percentage of respondents expecting the number of their new investments to slightly/strongly increase minus the percentage of respondents expecting the number of their new investments to slightly/strongly decrease.

Questions used in the market sentiment section of the survey

- *On fundraising environment:* Over the last 3 months, how has the fundraising environment developed? / Over the next 3 months, how do you expect the fundraising environment to develop?
- *On exit environment:* Over the last 3 months, how has the exit environment developed? / Over the next 3 months, how do you expect the exit environment to develop?
- *On new investments:* Over the last 3 months, how has the number of your new investments developed? / Over the next 3 months, how do you expect the number of your new investments to develop?
- *On valuations:* Over the last 3 months, how have valuations of portfolio companies in your geographical market developed? / Over the next 3 months, how do you expect valuations of portfolio companies in your geographical market to develop?
- *On deal flow:* Over the last 3 months, how has the number of investment proposals to your firm (deal flow) developed? / Over the next 3 months, how do you expect the number of investment proposals to your firm (deal flow) to develop?

Response options are based on a 5-point Likert scale, e.g., ranging from *[very bad ... to very good]*, *[significantly deteriorate(d) ... to significantly improve(d)]*, *[significantly decrease(d) ... to significantly increase(d)]*, etc.

Respondents

- Responses were received from 787 VC and PE mid-market fund managers, of which 488 (62%) VC and 299 (38%) PE mid-market fund managers.
- The vast majority of the respondents hold the position of CEO or Managing/General/Founding Partner, suggesting that their responses reflect the views of the decision-makers in the respective VC/PE firms.
- The headquarters of the participating VC/PE firms are predominantly in the EU 27 countries, most notably Germany, France, the Netherlands, Italy, Spain, and Sweden. Less than 10% of respondents are headquartered in the UK.
- Results are shown for the pooled sample of VC and PE mid-market respondents, and cover the full spectrum of the investment universe, from (pre-)seed and early-stage investors to later-stage VC, growth capital, and other PE (mid-market) activities.
- The results, however, are qualitatively similar across asset classes and investment stages.

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