US IPO Market

2020 Annual Review

December 17, 2020

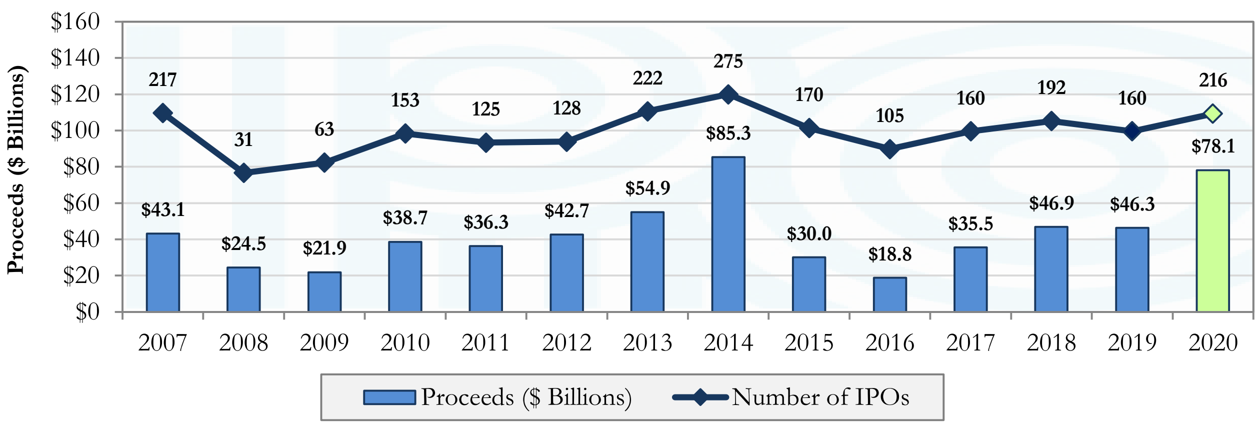
The IPO Market Has the Best of Times in the Worst of Times

2020 was a year to forget for many people, but it was unforgettable for IPO investors who benefitted from both the number of IPOs and their outsized average returns. While the COVID-19 pandemic sent global markets into a nosedive in March, the IPO window did not stay shut for long, and activity resumed at a rapid pace in the second half. Annual deal count rose 35% year-over-year to 216 IPOs while proceeds soared 68% to $78.1 billion. IPOs strongly outperformed on average, both on the first day and in the aftermarket, and the Renaissance IPO Index skyrocketed 113%, compared to the S&P 500's 15% gain. Healthcare and tech remained the most active sectors, rising to nearly three-quarters of IPO issuance, with most companies relatively insulated from the pandemic. The strong IPO environment, and the high valuations that accompanied it, encouraged long-anticipated names to debut, headlined by Airbnb and DoorDash, which contributed to the record-breaking 20 IPOs that raised more than $1 billion. IPO alternatives continued to gain footing, with three direct listings and a whopping 241 SPACs that raised $73.4 billion. The public pipeline has several large IPOs primed for 2021 debuts, with dozens of other of likely candidates waiting in our shadow backlog.

Key Takeaways:

- US IPO Count Rises 35% to 216 Deals, Proceeds Jump 68% in COVID-19 Market Rebound
- Average IPO Gains 75%, the Highest in 20 Years, with Strong First-Day and Aftermarket Returns
- Healthcare and Tech Account for Nearly Three-Quarters of IPO Issuance
- Record 20 IPOs Raise $1 Billion Led by Airbnb, DoorDash, and Snowflake
- Renaissance IPO Index Skyrockets 113%, Outperforming the S&P 500 by Nearly 100 Percentage Points
- IPO Alternatives Cover Ground in Historic Year for SPACs and High-Profile Direct Listings
- Pipeline and Shadow Backlog Signal Another IPO Boom Year in 2021

US IPO Activity



Source: Renaissance Capital. Data includes IPOs with a market cap of at least $50mm and excludes direct listings, closed-end funds, and SPACs, and assumes 908 Devices prices at the midpoint.

To read the full 2020 IPO Market Review, sign up for a free 7-day trial of IPO Pro, the platform that gives you the tools you need to track the IPO market