



Optimism builds for the 2025 IPO market

EY US IPO Trends 2024 – Q3 Report



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Q3 2024 continued this year's measured recovery in the IPO market, but conviction is growing for even better days ahead.

In brief

- 01** The Q3 market backdrop for IPOs was largely favorable, with broader market indexes hitting record highs, interest rates falling and volatility retreating.
- 02** Twelve deals in Q3 2024 raised more than \$100m, including a \$5b+ offering that was the largest IPO of the year globally thus far.
- 03** The IPO calendar is entering a "proceed with caution" zone in Q4 2024 as the markets contend with the election and mounting geopolitical unrest.

Authors

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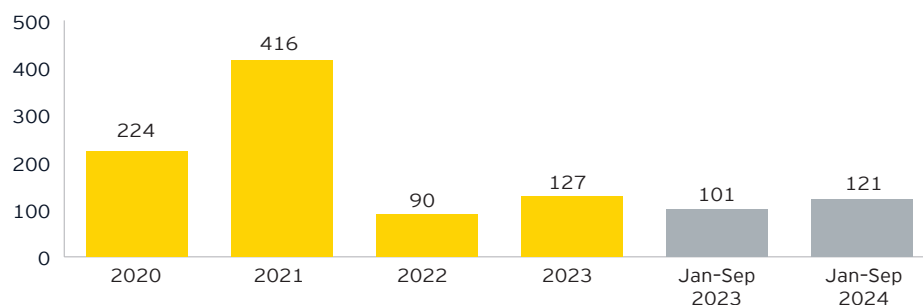
EY Americas IPO Leader

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Several large deals bolstered Q3 IPO activity; positive outlook for 2025

Number of IPOs



IPO proceeds (US\$b)

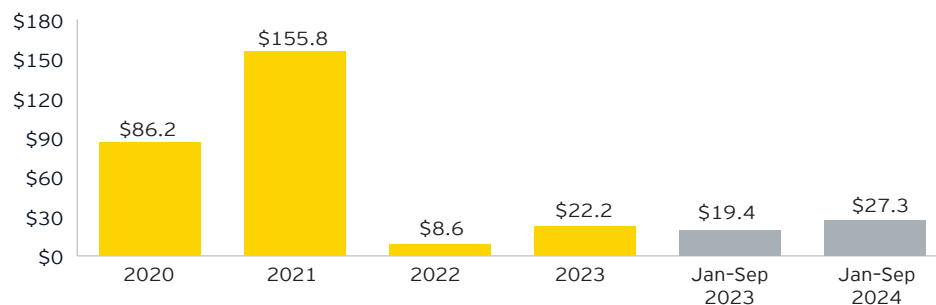


Chart description

IPO activity held steady in Q3 2024, and optimism is building for a more active IPO market in 2025 and beyond.

The US IPO market: Q3 2024 in review

Following a spike in volatility in early August, the market regained its composure, with valuations rebounding and volatility retreating. Twelve deals raised more than \$100m in Q3, including the largest IPO of the year globally that raised more than \$5b.

IPO proceeds over the first three quarters of 2024 have already outpaced 2023's full-year levels. Thus far in 2024, 121 IPOs on US exchanges have raised \$27.3b; 17 deals have raised more than \$500m, more than double the total for the entire year in 2023. Several of the larger deals on US exchanges were for non-US companies – and significant IPO readiness efforts are underway by companies around the world planning to seek listings in the US in the coming quarters and years.

On one end of the spectrum, the largely pre-revenue biotech sector has been active as sector indexes have rallied from last fall's lows; on the other end of the spectrum, IPO investors continue to favor larger, more scaled and profitable companies. A broader market rally for small- and mid-cap growth companies as interest rates decline could open up the IPO market for more traditional growth stage companies to seek listings.

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Despite largely favorable market conditions following a mid-summer dip in confidence, IPO candidates and bankers are approaching the rest of this year cautiously in light of the election and geopolitical concerns. But, as we get clarity on the political scene and the interest rate environment, there is growing conviction that a stronger IPO market will emerge next year.

Mark Schwartz

EY Americas IPO and SPAC Advisory Leader

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Our outlook

As we enter the final quarter of 2024, the US IPO market is open, but issuers and bankers are cautious about launching deals in light of the recent election. Looking forward to 2025 and beyond, IPO activity levels could revert to historical norms if:

- 1. The market rally broadens to include small- and medium-cap growth companies.
- 2. Interest rate cuts are significant and sustained.
- 3. The aftermarket reaction to priced IPOs generates strong returns for investors.
- 4. Market volatility, inflation, recessionary fears and geopolitics remain in check. A regular cadence of interest rate cuts, combined with sustained economic strength and favorable inflation readings, would reduce the cost of capital and should spark IPO activity.

Optimism is building for 2025 and beyond

 Issuers are approaching Q4 2024 with caution	 Looking ahead: optimism for the IPO market
Election uncertainty	Clearer political direction
Interest rate picture is unclear	Lower cost of capital environment
Lingering inflation concerns	Broadening equity market rally
Geopolitical tensions	Larger IPO backlog following years of constrained activity

The path forward

Companies contemplating an IPO should seek to fund their businesses without counting on an IPO, as the market is temperamental and should be approached from a position of strength.

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Today’s selective IPO market continues to favor well-established, profitable companies. Those not yet operating at scale are facing hurdles in attracting investor interest. IPO aspirants must prioritize operating leverage and profitable growth to approach the IPO process with confidence.

Rachel Gerring
EY Americas IPO Leader

Top five things IPO aspirants should do now

- 01 Do what you do best: focus on near-term, actionable growth drivers.
- 02 Take the time to get your business and financial models right. They will be the foundations for success as a public company.
- 03 Approach funding decisions as if an IPO isn't in the cards. IPO markets can be fickle, and IPO windows can be fleeting.
- 04 Get to know your longer-term shareholder targets. Going public today is more about relationships than ever.
- 05 Be proactive about public company preparation. IPO readiness can open the door to a successful listing, while not being ready can have far-reaching consequences.

Summary

In Q3 2024, the US IPO market saw meaningful IPO activity, including the largest IPO of the year globally. Q4 will see some activity, but IPO candidates and bankers will proceed with caution primarily due to the election. Looking ahead to 2025, significant optimism is building for a return to more normal IPO activity levels.

Global IPO market

Q3 2024 global IPO activity avoided a downturn despite elevated uncertainty and market volatility.

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In this environment of heightened uncertainty, well-timed market entries and compelling equity narratives are crucial for businesses looking to capitalize on IPO opportunities.

George Chan

EY Global IPO Leader

For an in-depth look at global trends, [read the full report](#).

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