

Q1 2024 activity shows an improving US IPO market

EY US IPO Trends 2024 – Q1 report

Investor follow-through in some recent deals has created a sense of renewed optimism.

In brief:

- 01 Q1 saw seven larger IPOs raise over \$500 million each, reflecting greater confidence from issuers in today’s market conditions.
- 02 Key factors to watch include interest rates, inflation, volatility and the health of the consumer.
- 03 AI-related products and services and AI-advantaged themes are driving the narrative, but investors are seeking more tangible proof of their potential impact.

Authors

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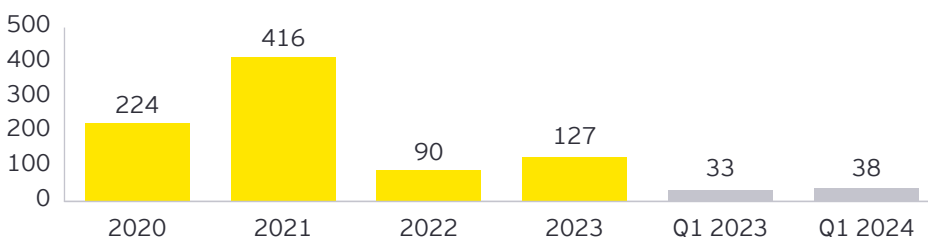
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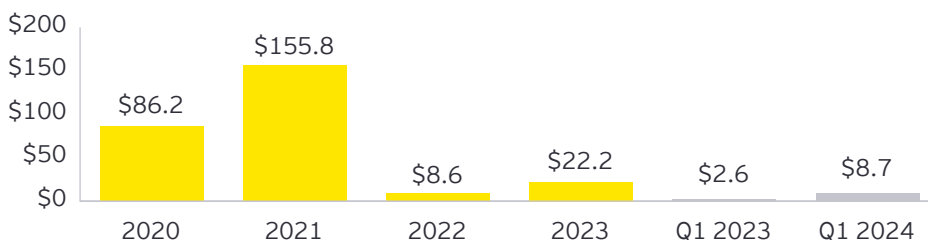
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Q1 activity continued to signal that the US IPO market may be in recovery mode, with more IPO proceeds raised in the quarter than in Q1 2022 and Q1 2023 combined. As more hospitable market conditions emerge, IPO aspirants should be prepared, from both an organizational and a transactional perspective, to capitalize on fleeting windows to come to market.

Number of IPOs



IPO proceeds (US\$b)



Sources: EY analysis, Dealogic
Data as of March 31, 2024

The US IPO market: Q1 2024 in review

While the number of US IPOs in Q1 2024 was consistent with Q1 2023, proceeds raised more than tripled, reflecting the return of larger deals. Each of the top seven deals in Q1 2024 raised over US\$500m, versus just one deal in Q1 2023.

EY US guide to going public

An IPO can be a strategic transformational event in the lifecycle of a company. Use this for an overview of the paths to going public, and key considerations to assess.

Sign up to access the US guide to going public.

The health care and technology sectors continue to represent a large portion of IPO activity thus far in 2024. Biotech participation was particularly robust in Q1 2024, with 10 deals raising \$1.6b.

Equity markets have rallied to record highs in 2024, with the S&P 500 hitting 22 all-time highs in the first quarter. This more closely resembles headier times in 2020 and 2021, where we saw over 100 new S&P 500 highs, and it sharply contrasts with the challenged markets of 2022 and 2023 (only one record high). The uplift in valuations is fueling optimism about an IPO market rebound in the near to medium term.

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As we continue to navigate 2024, we remain optimistic about a return to more normalized IPO activity levels later this year and into 2025. The path to get there will depend on the stability of valuations, whether volatility and recessionary fears remain in check, and how the road to declining interest rates develops. The IPO market would benefit the most from a sort of ‘Goldilocks scenario’ – namely a mix of continued economic strength against a backdrop of moderate and consistent rate cuts, tame inflation and low volatility.

Mark Schwartz

EY Americas IPO and SPAC Advisory Leader

Grading the 2024 IPO market: What's working, and where are we heading?

IPO markets report card | Q1 2024

Performance

IPO proceeds	B+	Larger deals led to greater volumes than Q1 '23 and Q1 '22 combined
Pricing outcomes	B+	Pricing was strong, with 28 deals pricing above the range
Sector participation	B-	Narrow sector focus; broader participation would be helpful
Aftermarket performance	B	Mixed, with T+1 below historical norms

Market backdrop

Valuations	A-	New record highs but multiples in some key sectors remain below '21 levels
Interest rates	A-	Confidence is high that rate cuts are coming; the question is when
Inflation	A-	Inflation has been tamed; we just need confidence it's over
Volatility	A	Volatility has remained consistently well below historical norms

Commentary

We are encouraged by the IPO market's improvement in Q1 '24, particularly with respect to great activity levels and the recent performance of some of the higher-profile deals. Against the constructive market backdrop, this momentum should continue, especially as investors gain more confidence in performance.

Our outlook

The IPO pipeline has been building over the past two years as companies have been forced to rely on tight private capital markets and operational initiatives to wait out the downturn. If the broader market recovery expands beyond the mega-cap companies, more companies in a greater variety of sectors and stages of development will be encouraged to pursue public listings.

From a thematic perspective, AI-related products and services and AI-advantaged themes continue to dominate today's narrative. But, as investors continue to challenge risk, they will look for tangible proof of the potential. And, while US presidential elections naturally preoccupy IPO issuers and bankers, it is important to note that IPO volumes have generally not deviated materially from historical averages in recent election years.

The path forward

Preparing for an IPO is a multiyear process that includes beginning to operate like a public company as the process unfolds.

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While IPO markets are trending positive, IPO aspirants need to be prepared for the challenges of fleeting market windows and navigating valuation resets. Post-IPO performance will be a litmus test for others in deciding if they should come to market. Robust IPO preparation is vital. In addition to having a well-thought-out and disciplined IPO strategy, it has never been more critical for companies to start operating as a public company well before their transaction.

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 Manage capital prudently to facilitate a clear financial and operational runway.
- 03 IPO sizing, timing and certainty are never a given. **Plan accordingly**.
- 04 **Integrate environmental, social and governance (ESG)** into your strategic priorities well ahead of an IPO.
- 05 Be proactive about IPO preparation and anticipate sharp turns in market windows.

Summary

The US IPO market in Q1 2024 exceeded Q1 2023 by a significant margin, raising \$8.7b in proceeds compared to \$2.6b, despite comparable deal volume. Investors remain focused on large, established companies, with the health care and technology sectors continuing to dominate IPO activity. Interest in AI-related products and services and AI-advantaged themes is expected to increase. For the next wave of IPO prospects considering their timing to market, post-IPO performance of recent debuts will serve as a key barometer.

Global IPO market, YTD 2023 review

While global deal count fell 7% YoY, proceeds were up, and major markets like the Americas experienced a noticeable uptick with YoY proceeds up 178%.

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As 2024 unfolds, participants in the IPO market are entering uncharted territory. IPO candidates are influenced by the recent pivot in investors' preference toward proven profitability in an altered interest rate landscape and are doing this while facing the intricate dynamics of an intensified geopolitical climate and the buzz around AI. To succeed in this shifting environment, IPO prospects must remain flexible and prepared to seize the right moment for their public debuts.

George Chan
EY Global IPO leader

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

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