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 36% year-over-year to 218 IPOs while proceeds soared 69% to $78.2 billion. IPOs strongly outperformed on average, both on the first day and in the aftermarket, and the Renaissance IPO Index skyrocketed 110%, compared to the S&P 500’s 16% 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 248 SPACs that raised $75.5 billion. The public pipeline has several large IPOs primed for 2021 debuts, with dozens of other likely candidates waiting in our shadow backlog.

Key Takeaways:

- **US IPO Count Rises 36% to 218 Deals, Proceeds Jump 69% in COVID-19 Market Rebound**
- **Average IPO Gains 76%, 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 110%, 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

![Graph showing US IPO activity from 2007 to 2020](image)

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

About Renaissance Capital

Renaissance Capital is a global IPO investment adviser providing pre-IPO institutional research and management of the Renaissance IPO ETF (NYSE symbol: IPO) and the Renaissance International IPO ETF (NYSE symbol: IPOS). For more information, visit [www.renaissancecapital.com](http://www.renaissancecapital.com).
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