2024 IPO Market Trends, And What To Expect Next Year

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The IPO market in the 2020s has been a roller coaster.[1] The decade started with an unprecedented boom in initial public offering activity, including sharp upturns in deal size and deal count, as well as an explosion of special-purpose acquisition company IPOs, ultimately making 2021 a year with more IPOs than any other.

2022 then brought a precipitous decline in IPO activity, followed by steady increases both in proceeds raised and the number of deals in 2023 and to date in 2024. Signs point to continued ongoing momentum in the IPO market next year.

2024 IPO Market Overview and Historic Trends

There has been a steady stream of IPOs throughout 2024. There was a predictable market lull in August, and, given the potential uncertainty feared following the election, market participants had generally not planned to complete deals in November.

These months contrast with busy periods in September and October. In the longer context, putting aside 2020 and 2021, the IPO market in 2024 returned to historically typical levels on a deal count basis, but it continued to lag based on proceeds raised due to a larger number of smaller IPOs during 2024.

Through the end of November, there were 154 traditional IPOs, raising over $28.6 billion in gross proceeds. Seventy-seven issuers that went public during 2024 raised gross proceeds of $10 million or less, representing about 50% of deal flow, which is comparable to the percentage of small IPOs during 2023.

On the other hand, there was meaningful year-over-year growth in the number of IPO issuers that raised at least $75 million, moving from only 34 issuers in 2023 to 62 issuers in 2024. There was also significant year-over-year growth in large IPOs, with eight issuers raising over $750 million in 2024 compared to only three in 2023.

These high-profile IPOs spanned sectors, with real estate investment trust Lineage Inc. leading the market with its $4.4 billion IPO. Others raising over $1 billion in gross proceeds include high-end cruise company Viking Holdings Ltd., U.S. aircraft maintenance provider StandardAero Inc., sports and outdoor brand Amer Sports Inc., and mobile fintech app provider Joint Stock Company Kaspi.kz.

Nasdaq and the NYSE continued to vie for IPO listings, with the percentage of issuers selecting one exchange over another in line with the percentage seen over the past 10 years.

Industry Trends

With 23% of IPOs, the healthcare sector continued to account for the largest percentage of deals, although it lagged behind historic percentages over the past 10 years of approximately 36%.

In 2024, the business services sector had the second-largest number of deals, accounting for nearly 18% of issuers.

The consumer goods and technology sectors both had strong showings, each representing approximately 12% of issuers. After a lull in REIT IPOs during 2022 and 2023, REITs had a stronger showing in 2024 with three IPOs.

Foreign Private Issuers

Through this year, IPO issuers were more likely than not to be foreign private issuers. Much of that volume was driven by small, sub-$10 million issuances. Over the past 10 years, 28% of IPO issuers were foreign private issuers.

But starting in 2022, there has been an upward trend in the percentage of foreign private issuers in the IPO market as a whole, peaking in 2024 with over half of issuers qualifying as foreign private issuers. In 2024, foreign private issuers also led the market in size, with three out of five of 2024's largest deals being undertaken by foreign private issuers.

Despite their representation in the top five, not all foreign private issuer IPOs were as large. In fact, over 87% of such deals raised less than $75 million, which is similar to the percentage of similarly sized foreign private issuer IPOs coming out of the IPO boom, but much higher than historic trends.

Private Equity Sponsor-Backed IPOs

Recent years saw a sharp drop in private equity sponsor-backed deals. This resulted from a combination of significant private equity sponsor-backed IPOs in 2020 and 2021, and the overall IPO market chill of 2022 and 2023.

In 2024, there was a small year-over-year uptick in the percentage of private equity sponsor-backed IPOs, but this has yet to return to historic levels seen over the past 10 years — around 16% of total deal flow. Private equity sponsor-backed issuers in 2024 represented a cross-section of all industries, with financial services as the dominant industry, and ranged in size from Lineage's $4.4 billion IPO to Brazil Potash Corp.'s $30 million IPO.

SPACs

There was a precipitous decline in SPAC IPOs following the SPAC boom of the early 2020s. SPAC IPOs have now returned to preboom levels, although they still remain a more popular vehicle than they were 10 years ago.

From January through November, 50 SPAC IPOs raised approximately $7.6 billion in gross proceeds, representing a 61% year-over-year increase in the number of SPAC IPOs. Although there was a year-over-year increase in average gross proceeds for SPAC issuers, average gross proceeds for SPAC IPOs remained muted compared to annual average gross proceeds during the five-year period ended 2021.

This year saw experienced sponsor teams return to market and an increase in deals with anchor investors, as traditional SPAC investors were more willing to invest based on sponsors' track records.

Looking Forward: A More Robust 2025 and 2026 Likely

While the overall strength of the IPO market will hinge on macroeconomic and geopolitical conditions, to the extent the U.S. economy continues its soft landing and geopolitical tensions do not escalate, we anticipate the IPO market in 2025 to be more robust than 2024 from a deal volume and gross proceeds perspective, setting the stage for an even larger market in 2026.

It is likely that there will be continued IPO activity from healthcare issuers and foreign private issuers, alongside an increase in private equity sponsor-backed deals, particularly in the tech sector, as well as an uptick in fintech issuers, including in the digital asset space.

Healthcare

Signs point to a strong showing from healthcare issuers in the first quarter of 2025, clearing out the pipeline of issuers that elected to push their IPOs into 2025 as a result of postelection market volatility.

The healthcare industry is a broad category representing companies ranging from healthcare service providers, to medical device providers and diagnostic companies each in various stages of development; however, the vast majority of companies driving the volume of healthcare deals are prerevenue life sciences biotech companies.

As life science companies continue to take advantage of developments in biotech and benefit from the widespread adoption of digital health, it is likely that they will continue to represent the largest group of issuers in the IPO market in 2025.

We expect that life sciences issuers in 2025 will be more mature than their counterparts in 2020 and 2021, with many already through Phase 1 clinical trials. Since these issuers have a more mature pipeline and have generally established proof of concept in their clinical trials, we anticipate their valuations to be higher than the preclinical companies that went public in 2020 and 2021.

However, given the capital-intensive nature of the industry, we also expect that there will continue to be a steady stream of smaller life sciences IPOs throughout the year.

Fintech

In addition to momentum in raises for fintech issuers more broadly, the likelihood of a more crypto-friendly U.S. Securities and Exchange Commission under the incoming Trump administration raises the possibility of exit-ready fintech issuers accessing the public markets and causing others to consider future IPO plans.

We anticipate that those fintechs that are able to show profitability in addition to year-over-year growth are the most likely IPO candidates, whereas fintechs with a compelling growth story that are unable to demonstrate a path to profitability may continue to seek M&A exit opportunities.

Over the past few years, fintech issuers in the digital asset space seeking to access the public markets through a traditional IPO or through a less-cumbersome Regulation A offering have found themselves embroiled in a protracted review-and-comment process with the SEC.

With the growing expectation that the SEC will take a more traditional approach to reviewing digital asset issuers under new leadership, we expect that IPO exits will become more attractive to the backlog of digital asset issuers, particularly if they see successful performance from other digital asset issuers early in the year.

Foreign Private Issuers

There is a strong possibility that there will be continued interest in the U.S. markets from abroad, particularly from the Asian markets, including China.

However, foreign private issuer activity may be tempered by rising geopolitical tensions or potential policy decisions under the new administration. In particular, the impact of the administration's stance toward China remains to be seen.

Tech and Private Equity Sponsor-Backed Companies

There is a backlog of private equity sponsors seeking exit opportunities following the market lull of 2022-2023. We expect this will drive an increase in the number of private equity sponsor issuers. In particular, it is likely that there will be a number of large private equity sponsor companies in the tech sector that are well-positioned for IPOs in the second half of 2025.

Tech IPOs in 2025 will not be limited to private equity sponsor-backed candidates and there are also likely to be non-private equity sponsor-backed IPOs in the tech space, including those with venture capital backing, although most believe that the numbers of tech IPOs in 2025 will be relatively limited compared to prior years.

REITs

We anticipate a continued upward trend in REIT IPOs, although the trajectory will depend on macroeconomic conditions, including whether inflation stabilizes and interest rates continue to decline. The REIT industry is particularly sensitive to increases in the cost of capital, and if inflation starts to rise and interest rates increase again, the conditions for REIT IPOs would be less favorable.

The overall market opportunity for REITs also depends on the subsector in which the REIT's investments are concentrated. As the use of artificial intelligence continues to grow, there may be opportunities for growth in the data center REIT space, which could drive private equity sponsor-backed REITs to seize the opportunity to free up capital.

There may also be IPO activity from net lease REITs with solid management teams and strong balance sheets that could benefit from access to the public markets in order to fund future acquisitions.

SPACs

SPACs are likely to continue to play a role in providing companies that are unable to undertake a traditional IPO with an alternative path to access public capital.

The market terms for SPACs will continue to evolve. In the near term, we believe that the continued right-sizing of targets' valuations and pent-up demand will contribute to continued growth in the SPAC market throughout 2025.

Key Takeaways

It is still unlikely that deal volume or gross proceeds in 2025 and 2026 will reach anywhere near 2021 levels. In general, we expect that the market will continue to impose higher threshold requirements to undertake an IPO than in the past.

Compared to 2020 and 2021, potential issuers will need a higher minimum level of proven revenue in addition to consistent year-over-year growth in order to be considered a viable IPO candidate — other than those in the healthcare sector, which are generally prerevenue. In the tech sector, IPO candidates will generally need to show more than $200 million of revenue, and in some cases $250 million or more depending on the particular business.

In addition, sales efficiency as a key performance indicator has become more important to banks than earlier in the decade. As a result of these higher threshold requirements, issuers that have a longer runway will likely use 2025 to continue to grow their market share and position themselves to market off higher multiples in 2026, rather than rush to capitalize on friendly IPO markets during 2025.

Companies that are considering going public in the near term should take steps now to prepare for their IPO journey. While planning to undertake an IPO requires expert guidance, there are a few general categories all companies contemplating going public must consider.

Investment Bankers

Forming relationships with investment bankers and research analysts is an important aspect of IPO preparedness as the company nears the bake-off process.

Due Diligence and Clean Up

Companies should engage in legal corporate clean up to ensure that all documentation is in order, any potential red flags that might be unearthed during the due diligence process are identified and mitigated, and that the team is aware of any transactional approvals or third-party consents that will be required in connection with the IPO.

Furthermore, companies should assess the need and plan for any restructuring for regulatory or tax purposes.

Finance

Preparing a company from a finance and accounting standpoint is a critical component of IPO readiness.

From a finance perspective, the team should formulate its market entry strategy and investment thesis, confirm its financial models, and outline a growth narrative to communicate with investment bankers.

From an accounting perspective, the team should review the financial statement requirements for IPOs and the heightened standards for public companies, align the company's financial statements with Public Company Accounting Oversight Board standards, and identify critical financial and operational metrics for public disclosure.

Building a financial, planning, and analysis function is critical and takes time.

Governance

Another cornerstone of IPO prep is setting the stage for the company to be public from a governance standpoint. This includes considering the company's post-IPO board composition, including independence and diversity standards; understanding the role of committees; and assessing their composition, including any heightened independence requirements.

Furthermore, IPO issuers in 2025 should keep the following sector-specific considerations in mind.

Healthcare

The completion of Phase 1 clinical trials and a generally more mature pipeline are expected to be important factors for IPOs for life sciences companies, which will likely drive the bulk of the IPO volume in the healthcare sector in 2025.

Fintech

A more crypto-friendly SEC and an increasingly favorable regulatory environment for fintech companies generally is expected to contribute to an uptick in IPOs in the fintech space, particularly if other digital asset issuers perform successfully early in the year.

Foreign Private Issuers

While there is a strong possibility that interest in the U.S. markets from abroad will continue, foreign private issuer activity may be affected by rising geopolitical tensions or decision-making under the new administration, particularly with respect to its policies toward China.

Tech and Private Equity Sponsor-Backed Companies:

Tech companies, and in particular large private equity sponsor-backed tech companies, are likely to benefit from favorable market conditions, the demand for larger, sales-efficient businesses and a possible decrease in regulatory scrutiny under the new administration in 2025.

REITs

Macroeconomic conditions, in particular the decline of inflation and interest rates, are expected to influence the REIT IPO market in 2025, with a continued decrease in the cost of capital creating a more favorable environment for REIT IPOs.

SPACs

Newly adopted SEC rules and other regulatory shifts have caused an evolution in certain market terms for SPACs, but it is likely that pent-up demand and the continued right-sizing of valuations for target companies will contribute to growth in the SPAC market.

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[1] Source: Deal Point Data. IPO statistics include fully underwritten IPOs on U.S. exchanges for issuers other than special-purpose acquisition companies as of Nov. 30, 2024, except as noted. Estimates of gross proceeds do not include overallotment shares.