Deal Point Data

IPO Market Rebound in 2024; Cautious Optimism in 2025 on Hold

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Cautious Optimism in 2025 on Hold

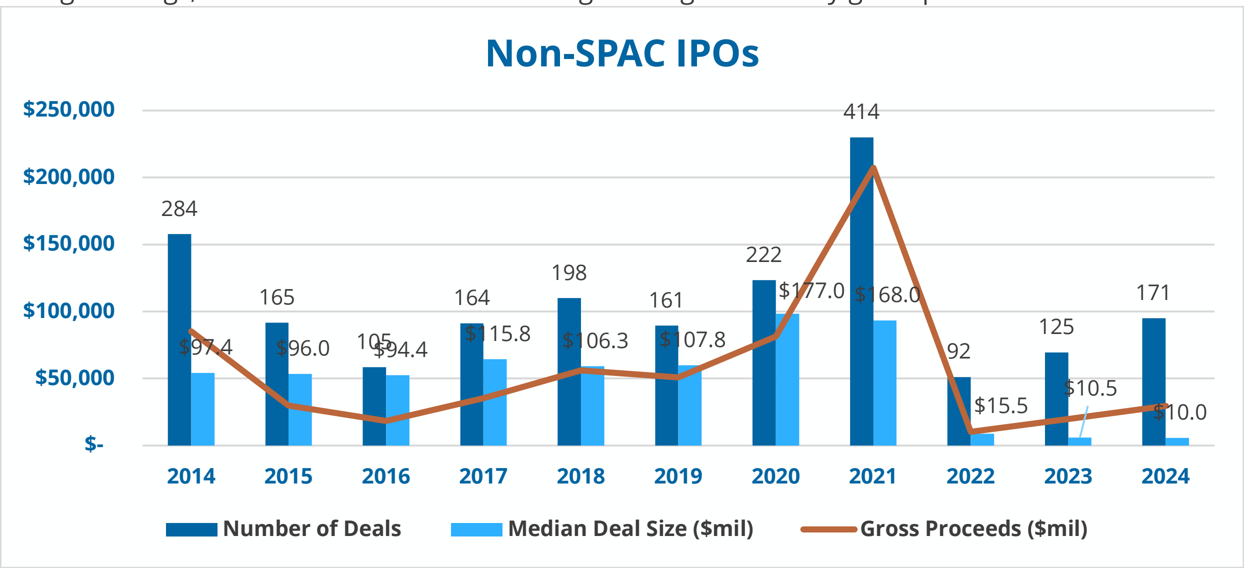
After two years of dormancy, the U.S. IPO market made a comeback in 2024. While a return of larger, VC and PE backed IPOs had looked to accelerate, the market turmoil of March and early April has slowed new filings considerably and led to at least 2 large issuers to delay plans for an IPO (Klarna & Stubhub). Earlier in 2025, deal flow and investor appetite returned, driven by favorable economic shifts, renewed confidence, and a steady normalization in valuations. However, just months into 2025, the landscape has grown more complex, with geopolitical tensions - particularly around trade and proposed tariffs - beginning to weigh on investor sentiment.

Rebound 2024:

In 2024, the U.S. IPO market saw 171 non-spac pricings, raising a total of $29.5 billion—a 49% increase in proceeds over 2023, although the median deal size remained at a low $10.0 mil. This resurgence was driven by a combination of structural and sentiment-based factors:

- The Federal Reserve began cutting interest rates in the second half of 2024
- Major indices hit record highs, creating a more accommodating backdrop for IPO launches
- High-profile IPOs, including Reddit, Astera Labs, and Rubrik, signaled a renewed appetite for innovation-driven companies
- Sponsor-backed IPOs rose substantially
- After years of inflated private pricing, 2024 brought more disciplined valuations and realistic pricing strategies, resulting in stronger aftermarket performance.

Sectors leading the charge included healthcare, business services, and technology. Lineage, Inc., Viking Holdings, and StandardAero were among the largest deals by gross proceeds.



Strong Start to 2025….

The momentum carried into early 2025. In Q1 alone, the market saw 58 non-spac IPOs, raising $8.5 billion, a 35% increase in proceeds and a 65% jump in volume compared to Q1 2024. Notably, SPAC IPOs surged, with 20 pricings in Q1 2025, compared to just 6 in the same period a year earlier, perhaps hinting at renewed interest following updated filing requirements implemented by the SEC beginning July 1, 2024.

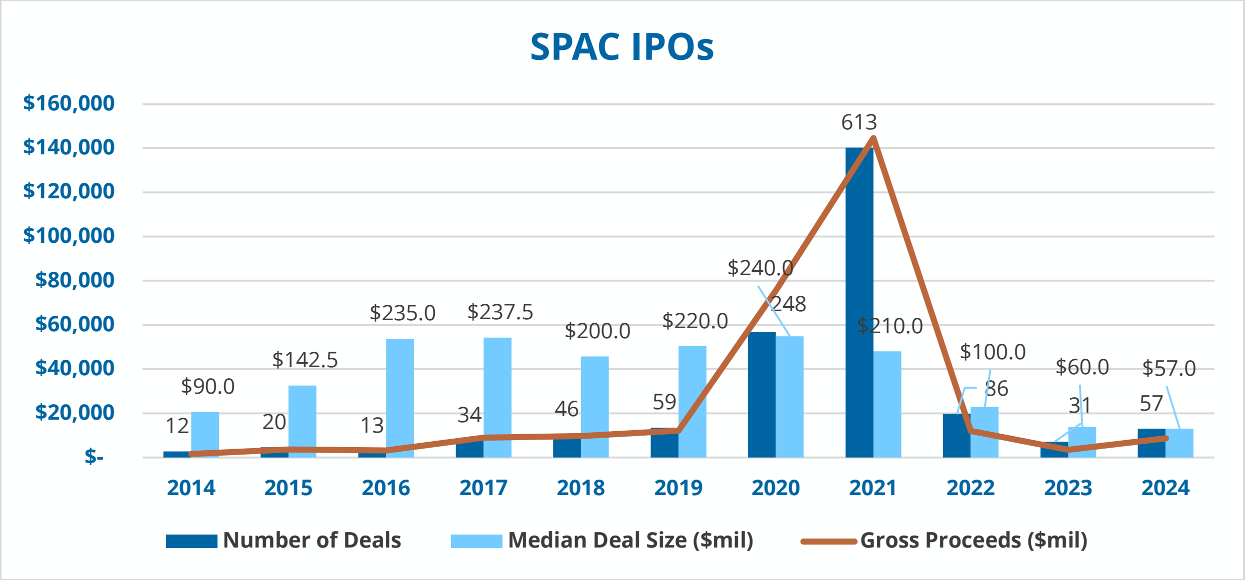
Yet despite these encouraging figures, early cracks are beginning to show:

- High-profile listings like CoreWeave, SailPoint, and Venture Global stumbled in early trading, reflecting a more risk-averse investor environment.
- Proposed tariffs by the new administration have introduced fresh uncertainty. With tensions rising between the U.S. and key global trading partners, equity markets have reacted sharply, tempering any enthusiasm.
- Beyond trade, broader geopolitical volatility - including shifting monetary, fiscal, and foreign policy priorities—is beginning to weigh on global capital markets.

These issues are not yet derailing the IPO pipeline, but they are creating headwinds for companies hoping to enter the market.

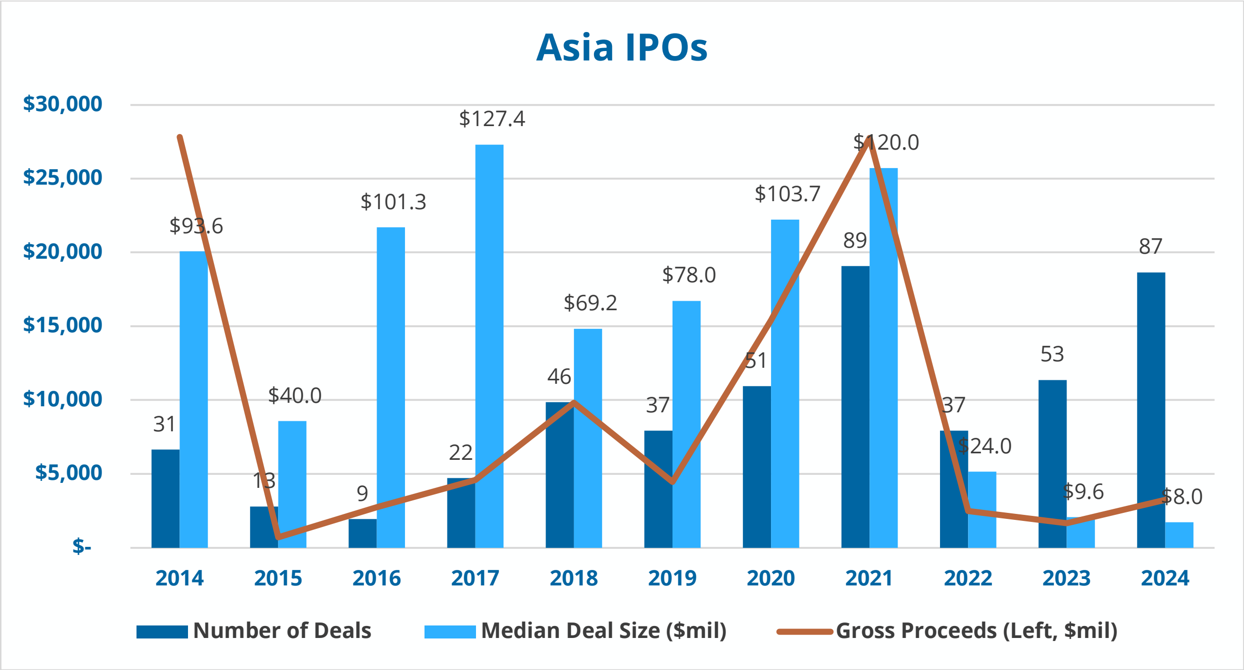
SPAC Resurgence?

While the SPAC market had all but disappeared after 2021 amid regulatory scrutiny and poor post-merger performance, its recent uptick in 2024 and Q1 2025 is encouraging. With 20 SPAC IPOs already in Q1 2025 and 57 in calendar 2024, up from just 31 in all of 2023 – some were questioning if SPACs would make a return.



Smaller Asian Deals Dominate

Although the hoped-for resurgence in large domestic IPOs has been slow to materialize, the number of smaller deals (including SPACs) from Asian-based issuers continues unabated. In 1Q 2025, 33 deals priced with median proceeds of $8.0 mil v 14 IPOs at a median of $7.3 mil in 1Q 2024.



2024 rebound into 2025?

While the IPO market successfully rebounded in 2024 and had momentum for 2025, it risks stalling as a result of the market volatility due a changing policy environment and difficult market dynamics.

As of today, there are 199 IPOs, including 44 SPACs, which initially filed between the beginning of 2024 and now that are currently in the registration process, indicating a deep deal pipeline for when the current uncertainty dissipates, and the IPO window opens further.

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