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Markets

BMO Predicts as Much as $50 Billion in US IPOs Next Year

- ‘We’re entering a pretty unique period of time,’ says Benedict
- IPO activity has been tame for the better part of three years

by Bailey Lipschultz
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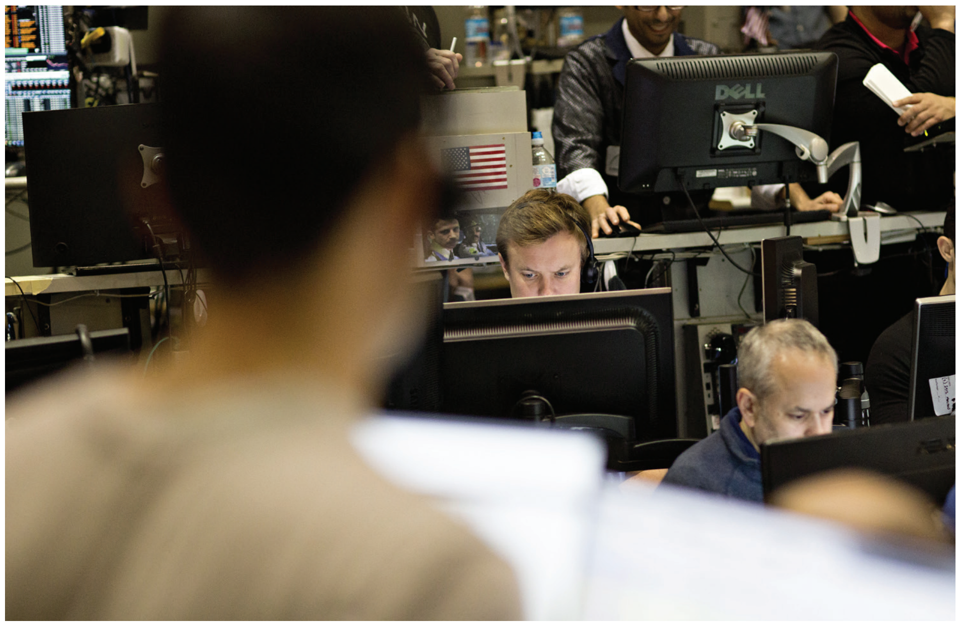
The market for US initial public offerings is expected to accelerate next year, according to senior bankers at BMO Capital Markets, potentially pushing the volume of such deals to a four-year high.

Proceeds for companies selling shares for the first time in the US will probably be between $40 billion and $50 billion next year, according to Eric Benedict, BMO’s Co-Head of Global Equity Capital Markets. That would mark a pick up of at least 32% from what the market has seen so far this year, when measuring companies that raised more than $20 million and when teasing out blank check firms. It would also be the most since the pandemic-rally-fueled boom in 2021, data compiled by Bloomberg show.

“We’re entering a pretty unique period of time,” Benedict said in an interview at the firm’s office in New York, where he was joined by the Head of Investment Banking, Warren Estey.

“In the first quarter you’re going to start to see an acceleration of issuance and that should happen through at least the first half of 2026,” Benedict said. Still, it will continue to be a market of “haves and the have nots,” where companies with growing sales and a strong industry backdrop can go public while those with less solid footing may find difficulty.

IPO activity globally has been tame for the better part of three years, with first-time share sales in the US only slowly rebounding as the Federal Reserve’s shift to rate cutting increases risk appetites. Still, larger deals with more well-known companies have notably outperformed their smaller peers.



The improving backdrop for IPOs will help to increase the appetite for taking companies public.
Photographer: Daniel Acker/Bloomberg

Through Oct. 22, the 18 companies that raised more than $500 million on US exchanges have seen their shares climb by a collective 38%, data compiled by Bloomberg show. Those returns were more than double the 17% gain for companies that raised between $100 million and $500 million, the data show.

“Bigger deals typically are harder to get done because you need to raise more money, but we’re sort of seeing the opposite and it’s quite healthy,” Benedict said.

The market, particularly the private equity firms sitting on nearly $3 trillion in unsold assets, will be closely watching Ingram Micro Holding Corp.’s return to the public markets. The technology company and its owner, Platinum Equity, are slated to raise as much as $427.8 million in an IPO that is set to price Wednesday evening.

The improving backdrop for IPOs will help to increase the appetite for taking companies public – along with the fact that an IPO is likely the only exit for some private equity holdings that are bigger and would be difficult to sell to a peer, Estey said. That paired with expectations that the Fed will continue to lower rates will drive a pick up across banking, he said.

expectations for next year is roughly in line with where IPOs were in the decade before the pandemic, when they averaged about $56 billion a year, according to data compiled by Bloomberg, which excludes some small offerings.

“We do see markets kind of returning to those ten-year averages and coming out of troughs and that’s kind of product by product,” Estey said.