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track for the rest of 2014.

**Isaac M. O'Bannon** • Jul. 15, 2014



A new report shows that even though IPOs have increased this year, too few are on

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only 280 corporate IPOs in 2014, less than one third of the total number that researchers estimate should be completed, based on GDP growth, to support the broader economy.

#### Additional findings:

- There were more corporate IPOs in Q2 (74) than there were in Q1 (66), and there were more corporate IPOs (140) through the first half of 2014 compared with the first half of 2013 (75). We are on target to complete about 280 IPOs in 2014, but by historical standards, our economy should be producing over 900 IPOs.
- From 1994 to date, CohnReznick estimates that the United States has lost almost 8 million jobs as a result of a short-fall in the number of IPOs. Over the next 5 years, the United States could lose almost 2 million additional jobs unless we accelerate IPO activity.
- The number of sub \$50 million IPOs continues to shrink, representing only 13% of all corporate IPOs in Q2.
- The number of investment banks participating in sub \$50 million IPOs shrank by 84% since 1994. Only 27 investment banks participated in sub \$50 million IPOs in 2013-2014. That number was 166 in 1993-1994.
- Healthcare and technology are prominent sectors for middle market financing activity in Q2 accounting for about 76% of Q2 IPOs and 67% of Q2 follow-on transactions. Elements of the JOBS Act are clearly helping, including “confidential filings” and “testing the waters.”

“The reality is that the U.S. must do better, and has historically performed better, at encouraging IPO activity in order to better fuel economic and job growth,” said [Dom Esposito](#), Partner and National Practice and Growth Director at CohnReznick.

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