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After multiple quarters of continued and sustained growth, the number of initial public offerings (IPOs) in the United States dropped by 46% over the same period in 2014, according to new research conducted by [CohnReznick](#) LLP, a top accounting, tax, and advisory firm serving the middle market. Through March 31, 2015, only 40 IPOs priced, compared to 74 in Q1 2014.

The decrease in IPO activity was particularly felt among middle market companies (companies with market caps between \$10 million and \$2 billion post IPO) which saw only 34 IPOs in Q1 2015, compared to 62 in Q1 2014. Moreover, if annual IPO activity continues at the Q1 pace, the United States is on track to tally only 165 IPOs in 2015 and stands to lose more than 135,000 jobs as a result.

“Initial public offering activity among the middle market is a bellwether for broader trends across the economy,” said Alex Castelli, a partner and leader of the Firm’s Technology/Life Sciences Industry Practice at CohnReznick. “This dramatic drop in IPO activity may signal a trend among middle market companies to seek out and obtain capital through means other than the public markets.”

According to the report:

- The healthcare sector demonstrated the greatest drop off in middle market IPOs with just five companies going public in Q1 2015 compared to 26 in Q1 2014. This represents a decline of nearly 80% from year to year

- Middle market IPOs continue to occupy a large percentage of total IPOs during the

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- For the second year in a row, there were no middle market IPOs among the retail sector during the first quarter of the year.

“Even though the first quarter was pretty dismal relative to IPO activity, we were encouraged that the SEC just updated Regulation A under Title IV of the JOBS Act,” Castelli said. “This should help stimulate additional IPO activity for smaller issuers.”

The full study and research will be released later this month and will be available at www.cohnreznick.com/capitalformation.

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