

# IPO Market Forecast – August 2025 Update

## IPO Research Note

*By*

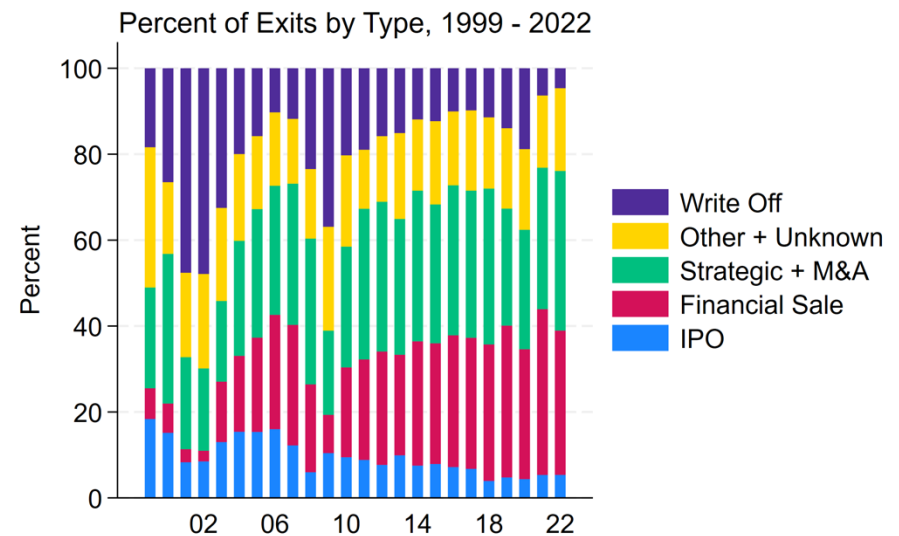
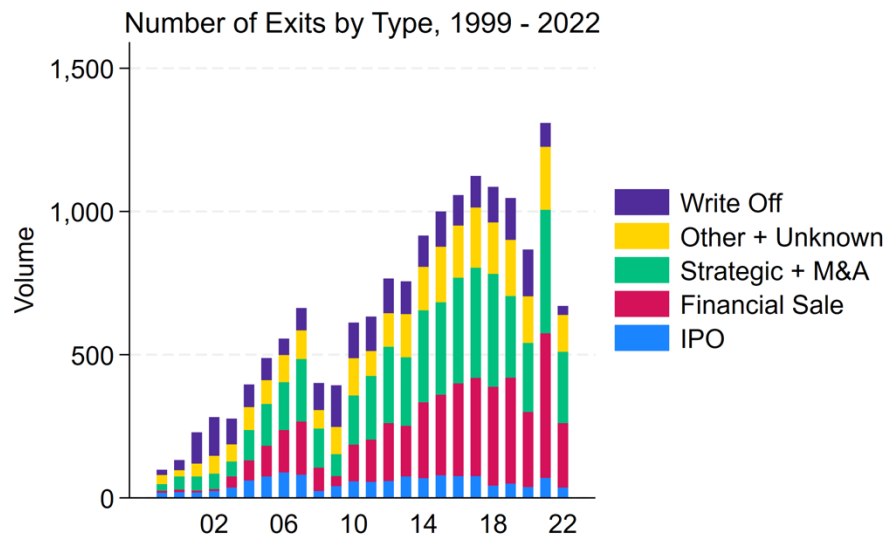
*Prof. Greg Brown, IPC & Kenan-Flagler Business School*

*Prof. William Volckmann, IPC*

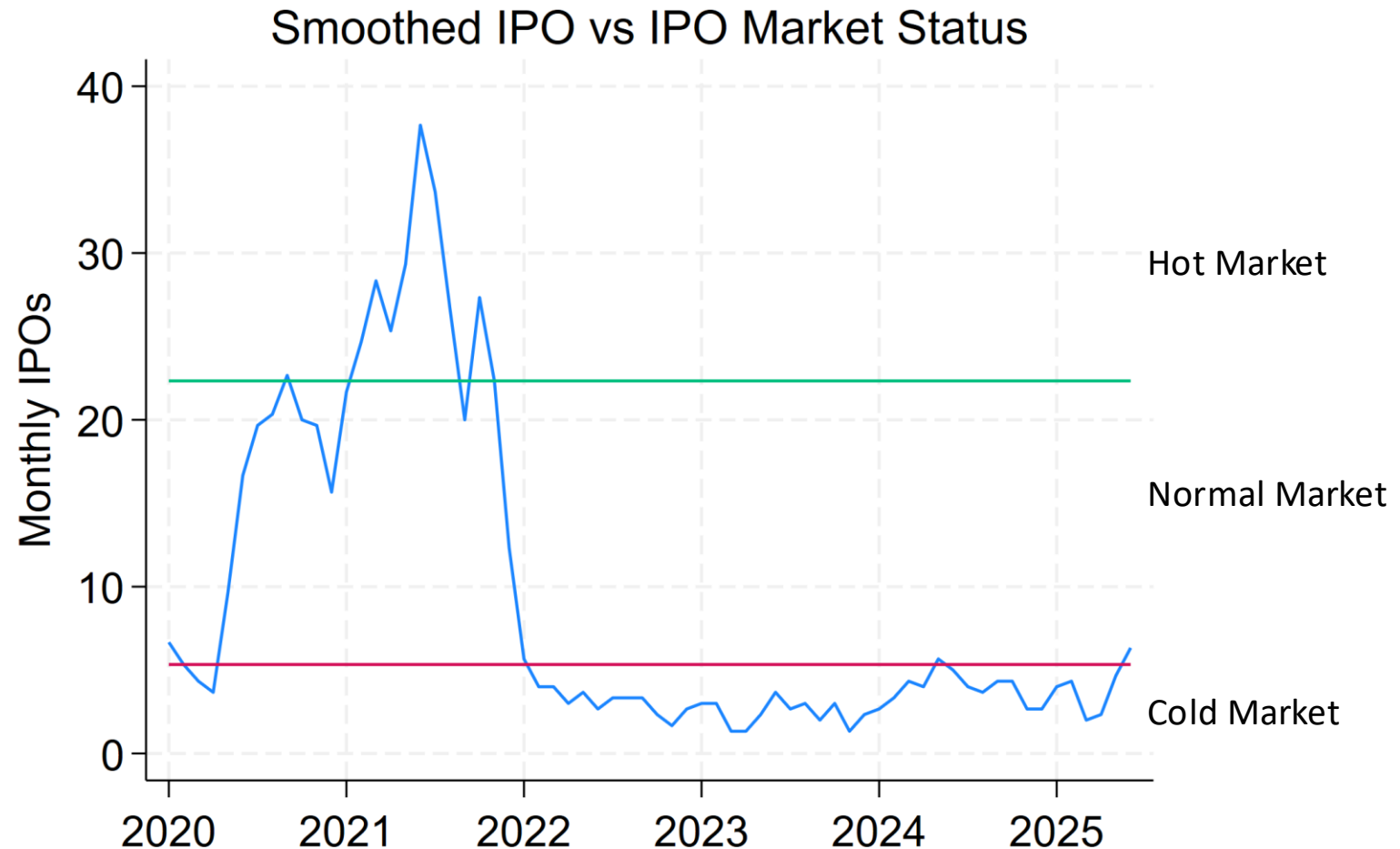
**August 2025**

# PE by Exit Type

- The volume of PE exits by IPO hasn't changed much in the long run.
- However, IPOs have become less common relative to other types of exit, especially relative to financial sales. Yet, IPOs remain an important indicator for the health of the PE exit market.



# New Developments – The U.S. has exited its cold market, but for how long?



Data source: Jay Ritter IPO data library / IPOscoop.com. Details are provided in our IPO model white paper, but a cold market is when the 3-month centered moving average is below the first quartile breakpoint of 6.3 IPOs per month. See:

<https://uncipc.org/index.php/publication/is-the-u-s-ipo-market-about-to-thaw-ipc-research-notes/>

# Cold Market History

- The cold-market episode of 2022 through mid-2024 (27 months) was the longest cold market since 1980. Another prolonged cold streak just ended.
- These two periods, separated by a single month of normal market activity, are especially noteworthy given 2021 had the largest volume of IPOs of the last 20 years.

Start Month	End Month	Duration	Rank
Feb-1975	May-1980	64	1
<b>Feb-2022</b>	<b>Apr-2024</b>	<b>27</b>	<b>2</b>
Feb-2008	Aug-2009	19	3
<b>Jun-2024</b>	<b>May-2025</b>	<b>12</b>	<b>4</b>
Dec-2002	Jul-2003	8	5
Dec-1988	Mar-1989	4	6
Oct-1990	Jan-1991	4	6
Apr-1982	Jul-1982	4	6
Jul-2002	Oct-2002	4	6
Dec-2015	Mar-2016	4	6
Aug-2011	Oct-2011	3	11
Dec-2018	Feb-2019	3	11

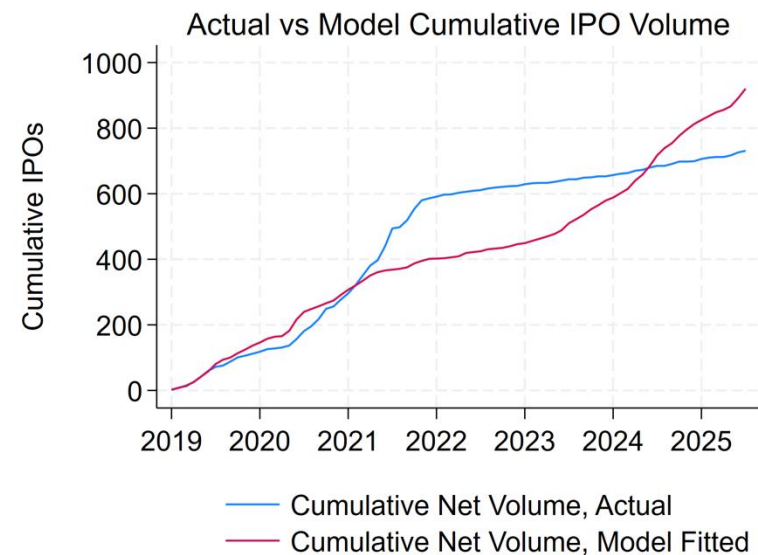
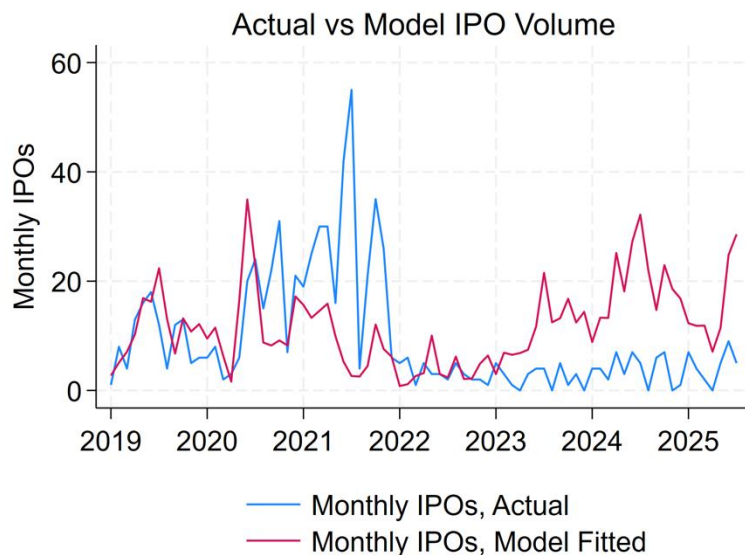
Statistic	
Number of Spells	21
Mean Duration	8.1
Shortest Duration	1
25%	2
Median Duration	3
75%	4
Longest Duration	64

Data source: Jay Ritter IPO data library / IPOScoop.com.

<sup>1</sup>Details are provided in the white paper, but a cold market is when the 3-month centered moving average is below the first quartile breakpoint of 6.3.

# Actual Data Versus Model Prediction

- Our model utilizes variables identified in the academic literature shown to forecast IPO activity (e.g., market returns, interest rates, inflation, and 1-day IPO returns).
- The model fits historical IPO activity well until the surge in mid-2020 through late 2021.
- ***But, the cold market “hangover” has now clearly run its course: Actual cumulative IPO volume is now about 200 IPOs less than our model-predicted cumulative IPO volume.***



# New IPOs and 1<sup>st</sup> Day Returns

- Market sentiment, as measured by 1<sup>st</sup> day returns, is high with June and July averages of 63.7 and 61.7%, respectively.

Company	Industry	Offer Date	Offer Price	1 <sup>st</sup> Day Close	1 <sup>st</sup> Day Return
<b>July 2025</b>					
Figma	Technology	7/31/2025	\$33.00	\$115.50	250.0%
Shoulder Innovations, Inc.	Health Care	7/31/2025	\$15.00	\$15.05	0.3%
Ambiq Micro	Technology	7/30/2025	\$24.00	\$38.70	61.3%
McGraw Hill	Other	7/24/2025	\$17.00	\$17.01	0.1%
Carlsmed, Inc.	Health Care	7/23/2025	\$15.00	\$14.50	-3.3%
<b>June 2025</b>					
Jefferson Capital	Financials	6/26/2025	\$15.00	\$18.54	23.6%
Caris Life Sciences, Inc.	Health Care	6/18/2025	\$21.00	\$28.00	33.3%
Slide Insurance Holdings Inc.	Financials	6/18/2025	\$17.00	\$20.25	19.1%
AIRO Group Holdings	Other	6/13/2025	\$10.00	\$24.00	140.0%
Chime Financial, Inc.	Financials	6/12/2025	\$27.00	\$37.11	37.4%
Ategrity Specialty Holdings	Financials	6/11/2025	\$17.00	\$24.74	45.5%
Voyager Technologies, Inc.	Other	6/11/2025	\$31.00	\$57.13	84.3%
Omada Health	Health Care	6/6/2025	\$19.00	\$23.00	21.1%
Circle Internet Corp.	Financials	6/5/2025	\$31.00	\$83.23	168.5%
<b>May 2025</b>					
Hinge Health, Inc.	Health Care	5/22/2025	\$32.00	\$37.56	17.4%
MNTN, Inc.	Consumer Services	5/22/2025	\$16.00	\$26.36	64.8%
Arrive AI (NASDAQ Direct Listing)	Other	5/15/2025	\$13.00	\$13.25	1.9%
eToro Group Ltd.	Financials	5/14/2025	\$52.00	\$67.00	28.8%
American Integrity Insurance Group, Inc.	Financials	5/8/2025	\$16.00	\$16.90	5.6%

# Recent Drivers of IPO Market

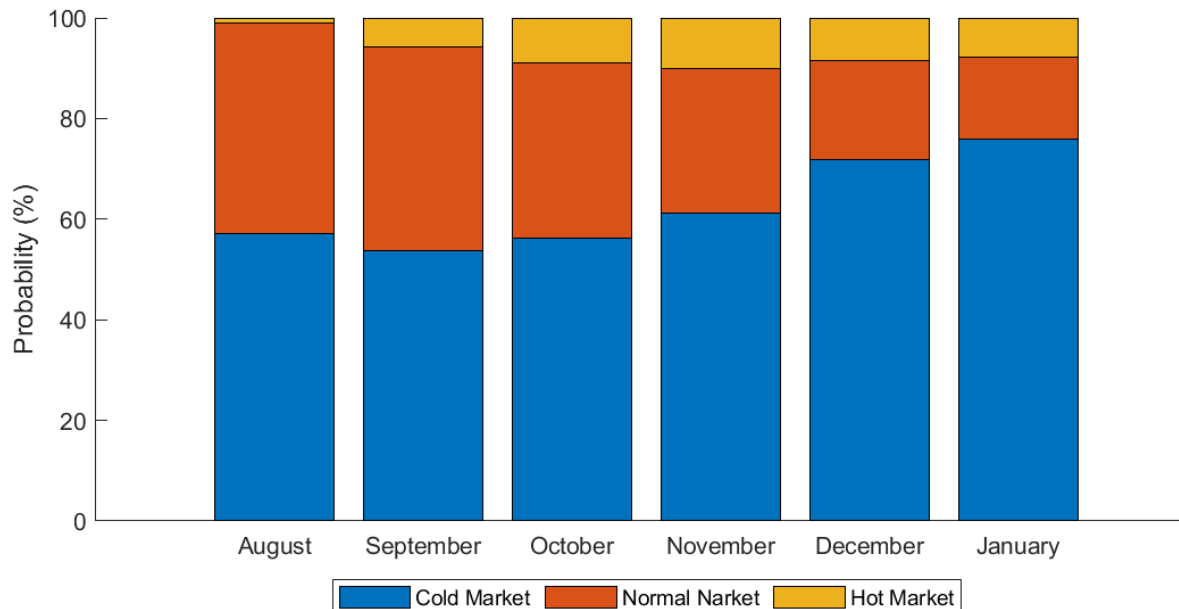
- Variables predicting the IPO market:

Variable	July Observation	Influence on IPO Market
Market Returns	0.72%	Neutral
Inflation	2.41%	Positive
Real Rate	1.84%	Positive
Credit Spread	1.75%	Positive
1 <sup>st</sup> Day Returns	61.70%	Very Positive

Very Positive → exceeds mean by 1.5 standard deviations in pro-IPO direction  
Positive → exceeds mean by 0.5-1.5 standard deviations in pro-IPO direction  
Neutral → Low deviation from mean (between -0.5 and 0.5 standard deviations)  
Negative → exceeds mean by 0.5-1.5 standard deviations in anti-IPO direction  
Very Negative → exceeds mean by 1.5 standard deviations in anti-IPO direction

# Probability of Market Type

- Because IPO activity is just barely in the normal range, we still predict that the most likely scenario for the next two quarters is to return to a cold market (blue bars). However, there is a roughly 40% chance of entering either a normal or even a hot market over the next 3 months.
- Our forecasting variables have been improving, albeit slowly for most. The improvement in sentiment (1<sup>st</sup> day returns) is most pronounced and is most of the reason for the increased near-term probability of a normal market.







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For more information contact:

IPC Research Director, Prog. Greg Brown, [gregwbrown@unc.edu](mailto:gregwbrown@unc.edu)

IPC Executive Director, Sarah Franks, [sarah\\_franks@kenan-flagler.unc.edu](mailto:sarah_franks@kenan-flagler.unc.edu)