

DATA RELEASE

Initial Public Offerings | June 26, 2020

DATA RELEASE: Silicon Valley initial public offerings 2020

SILICON VALLEY IPOs DOWN in FIRST HALF OF 2020

— Just six IPOs in six months vs 22 this time last year —

June 26, 2020 – Joint Venture’s Silicon Valley Institute for Regional Studies today released a snapshot of the region’s initial public offerings (IPOs) for the first half of 2020. Compared to last year’s 34 Silicon Valley and San Francisco IPOs (22 in the first half), there were a mere six over the past six months. Only one of those companies, ORIC Pharmaceuticals, went public between the start of the regional/statewide shelter-in-place mandate and the beginning of June. *Note: First half data is through June 24.*

While it is not uncommon for the first quarter to be a slow time for IPOs, Q1 of 2020 was even slower than usual. The effect of the pandemic and associated impacts on trade and economic uncertainty – as well as policy changes and other factors that enhance market volatility – led to many companies putting their IPOs on hold. Dozens of Silicon Valley and San Francisco companies *may* still go public later this year, including some in the stay-at-home market, such as DoorDash and Postmates, and long-awaited entrants like Airbnb. Palo Alto-based Houzz was expected to go public in 2020, but was among the more than 140 Bay Area startups that imposed layoffs since mid-March.¹

Key Findings:

- There were only six Silicon Valley and San Francisco IPOs compared to 22 this time last year
- Four out of five Silicon Valley companies that went public in 2020 did so within the last two months
- All IPOs were in the healthcare industry: Five were located in San Mateo County; one in San Francisco

Generally speaking — and based on a dataset that includes the dot.com bust, the 2008 financial crisis, and other periods of enhanced market volatility resulting in prolonged IPO inactivity — IPOs typically outperform the market as a whole in times of enhanced volatility (by nearly 25 percentage points over 90 days).² There is no way to know whether this historical trend will occur post-pandemic; however, there *was* a significant increase in the number of IPOs toward the end of Q2, indicating an upward trend for the second half of the year. On average, the region’s six newly-public companies have increased their share

IPOs
Initial Public Offerings, by Quarter

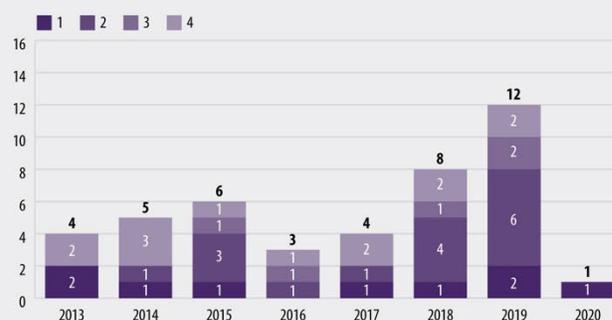
All Companies on U.S. Stock Exchanges



Silicon Valley Companies on U.S. Stock Exchanges



San Francisco Companies on U.S. Stock Exchanges



prices by 36 percent since their respective IPO dates, and have all outperformed the S&P500 (by an average of 37 percentage points).

“Biotech and other healthcare companies have dominated our region’s IPOs since 2015...” -Rachel Massaro

Four out of five Silicon Valley companies that went public thus far in 2020 did so within the last two months. The five Silicon Valley IPOs were by companies located in San Mateo County; they, along with the one 2020 San Francisco IPO, are all in the healthcare industry: One Medical, Vaxcyte, AMT, Pliant Therapeutics, ORIC Pharmaceuticals, and Revolution Medicines. Nationwide, 58% of the 2020 IPOs thus far have been in healthcare.

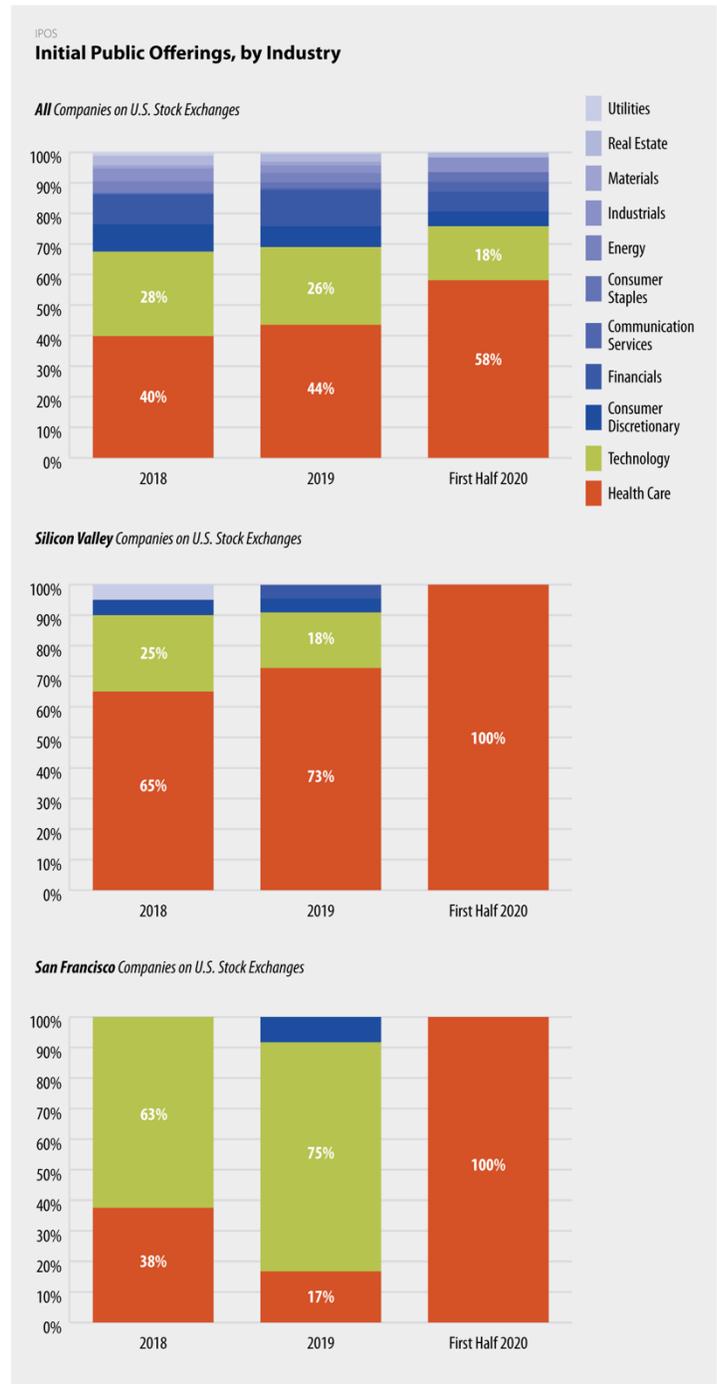
“Biotech and other healthcare companies have dominated our region’s IPOs since 2015, and we’ve seen tremendous growth since then in terms of total employment levels and expansion into new commercial space,” said Rachel Massaro, the Institute’s Director of Research. “We see that trend continuing into the first half of 2020 – even amidst an uncertain market – because of the continued need and support for healthcare innovations. While the majority of the region’s newly-public healthcare companies are focused on cancer research and other therapies, I think we can all agree that now is a great time for healthcare innovations of all kinds.”

In an [April 28 Institute analysis](#) of the region’s public company stock market performance amid COVID-19, the Institute noted that the two companies that gained the most market cap during the market decline (February 19 through March 23) were in the biotech sector: San Francisco-based Vir Biotechnology (+114%) and Brisbane-based Humanigen (+141%).

“We’ve had more Silicon Valley IPOs this year than in 2008 and 2009 combined; still, the number is low and concentrated in only one industry,” said Massaro. “We’ll just have to have to sit-tight and see which, if any, of the long-awaited tech IPOs materialize later in the year.”

¹ Layoffs.fyi Coronavirus Tracker (<https://layoffs.fyi>).

² Special Report: The Coming IPO Renaissance. Renaissance Capital, 2020 (https://ipo.renaissancecapital.com/?utm_source=rencap&utm_medium=website&utm_campaign=IPORenaissance).



Data Sources: Renaissance Capital; Google Finance; IEX Cloud

Notes: IPO data is from Renaissance Capital. Locations are based on the corporate address provided to Renaissance Capital. Silicon Valley includes the city-defined region. First Half of 2020 is through June 24. S&P500 performance is from Google Finance. June 24 share prices and year-to-date growth are from IEX Cloud.

For further reference

To access Silicon Valley’s online data hub, visit www.SiliconValleyIndicators.org

About the Silicon Valley Institute for Regional Studies

The Silicon Valley Institute for Regional Studies is the research arm of Joint Venture Silicon Valley, and is housed within the organization. The Institute provides research and analysis on a host of issues facing Silicon Valley’s economy and society. <https://jointventure.org/institute/about-the-institute>.

About Joint Venture Silicon Valley

Established in 1993, Joint Venture provides analysis and action on issues affecting the Silicon Valley economy and quality of life. The organization brings together established and emerging leaders—from business, government, academia, labor and the broader community—to spotlight issues, launch projects and work toward innovative solutions. www.jointventure.org