

DATA RELEASE

Initial Public Offerings | July 15, 2021

DATA RELEASE: 2021 STOCK MARKET PERFORMANCE

REGION'S STOCK VALUES CONTINUE UPWARD

MARKET CAP DOUBLED FROM \$5.5T TO \$12.6T SINCE ONSET OF PANDEMIC

July 15, 2021 — The Silicon Valley and San Francisco aggregate market cap has more than doubled, rising from \$5.5 trillion to more than \$12.6 trillion since spring of 2020, according to the Silicon Valley Institute for Regional Studies. The Institute conducted an analysis of Silicon Valley and San Francisco public companies through the first half of 2021, including initial public offerings (IPOs) and aggregate stock market performance. The report also includes a snapshot of the region's current pool of public companies by industry and by market cap size.

The Institute examined the IPO total for the first two quarters of the year, including the total number within the region, industries of newly-listed companies, most active underwriters, and average return rates. The total composition and market capitalization of the region's public companies, and changes since the pandemic-related market declines of spring 2020, were also examined.

While Silicon Valley has had a significant number of IPOs (14) in the first half of the year, the return rates have been relatively low, with only a few high performers. In contrast to those newly listed stocks, the region's aggregate market cap has continued to increase and outpace most of the major stock indices. Since the pandemic-related market low of March 23, 2020, the region's aggregate market capitalization has more than doubled, reaching nearly \$13 trillion.

Key findings from the analysis include:

- In the first half of the year, there were 14 IPOs of Silicon Valley and three of San Francisco companies, accounting for 9% of all U.S. IPO pricings but 11% of the nearly \$68 billion raised.
- Silicon Valley IPOs in January through June 2021 were predominantly (71%) in Health Care. of Silicon Valley IPOs were in Health Care; San Francisco's three IPOs were in Technology and Financials.
- Average return rates from the date of IPO through the end of June were relatively low for Silicon Valley and San Francisco companies compared to U.S. IPOs overall.
- J.P. Morgan has been the most frequent underwriter of Silicon Valley and San Francisco IPOs for several years.
- Since the pandemic-related market low on March 23, 2020, Silicon Valley and San Francisco regional aggregate market cap has recovered more quickly than most major stock indices, and has more than doubled—reaching \$12.6 trillion.

- Nearly three-quarters of the regions aggregate market cap is concentrated in just 7% of public companies (23 out of more than 300). Apple and Google have market caps of roughly \$2 trillion each, representing more than one-third of Silicon Valley’s \$10.8 trillion.
- Silicon Valley and San Francisco’s public companies have different compositions in terms of industries and market cap sizes, though both have large shares of pharmaceutical manufacturing and software companies.

“It’s important to get a sense of the makeup of our region’s public companies and how well they’re doing on the market – they’re not only large contributors to our GDP but also some of our major employers,” said Institute Director of Research, Rachel Massaro. “At the same time, we look at the types of companies entering the market through IPOs, which changes that composition and provides a meaningful indicator of regional innovation and entrepreneurship.”

Initial Public Offerings on U.S. Stock Exchanges

Amid record-breaking IPO activity nationwide in 2021 totaling nearly \$68 billion, Silicon Valley and San Francisco delivered 17 companies to the market in the first half of the year alone (14 and three, respectively) for a total of nearly \$7.7 billion.

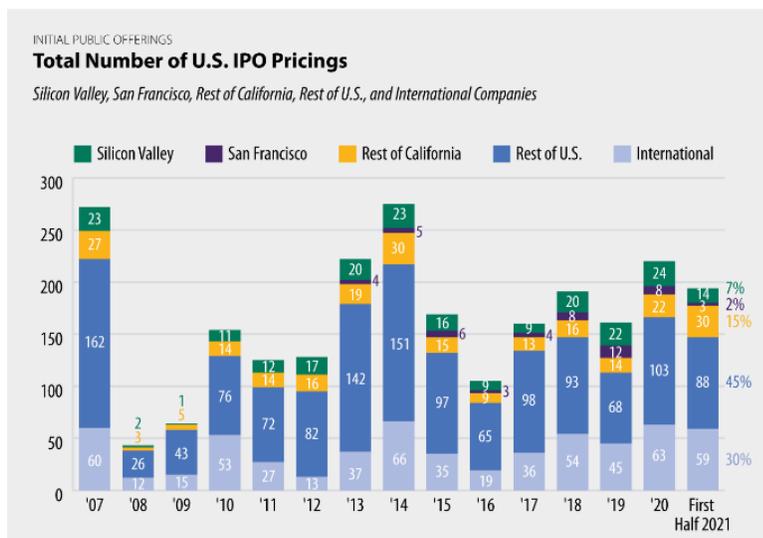
***Special Purpose Acquisition Companies (SPACs) and direct listings (such as Coinbase in San Francisco, and San Mateo-based Roblox) were not included in this analysis.*

In the first 15 days of July, an additional two local companies have gone public, including Los Altos-based Unicycive Therapeutics (NASDAQ:UNCY) and Menlo Park-based Sight Sciences (NASDAQ:SGHT) — both in the Health Care industry. An additional three more local companies are scheduled to go public over the next week, including San Francisco-based financial services technology platform company, Blend Labs (NYSE:BLND), South San Francisco-based Imago BioSciences (NASDAQ:IMGO) and Santa Clara-based Couchbase (NASDAQ:BASE)— a database provider for enterprise applications. If this pace of IPOs continues into the second half of the year, the region will be on track to have a total meeting or exceeding of the region’s record-breaking number (34) in 2019.

Findings:

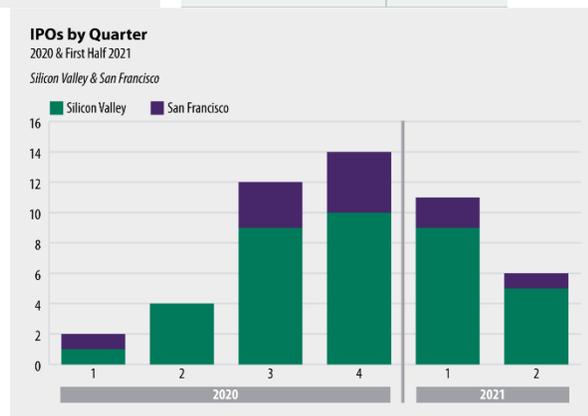
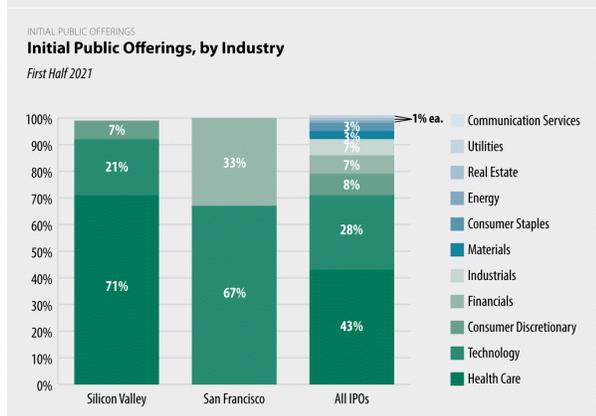
- **14 Silicon Valley and 3 San Francisco IPOs** in the first half of 2021, accounting for 9% of the total 194 U.S. IPO pricings but a slightly higher share (11%) of the \$68 billion raised.
- **71% of Silicon Valley IPOs were in Health Care.** Among the 14 Silicon Valley IPOs in January through June, ten (71%) were in the Health Care industry, compared to 43% of all IPOs on U.S. stock exchanges over the same period. Three Silicon Valley IPOs were in Technology, and one (education platform company, Coursera) was in Consumer Discretionary. Two of San Francisco’s three IPOs were in Technology, and one was in Financials.
- **Return rates were relatively low.** Average return rates from the date of IPO through the end of June were 10% and 44% for Silicon Valley and San Francisco companies, respectively (compared to 21% for IPOs overall). Silicon Valley’s lower average return rate was influenced by numerous IPOs with negative returns, including Talis Biomedical (-31%), Terns Pharmaceuticals (-28%), Bolt Biotherapeutics (-23%), and to a lesser degree Rain Therapeutics (-9%), Biomea Fusion (-8%), AppLovin (-6%), and Lyell Immunopharma (-4%). Most of these stocks have since fallen further.

- J.P. Morgan is the most frequent underwriter.** Of Silicon Valley and San Francisco IPOs in the first half of the year, the underwriter participating in the greatest number of them was J.P. Morgan (eight out of 17), followed by Goldman Sachs and Morgan Stanley (seven out of 17 each). J.P Morgan has underwritten a large number of previous Silicon Valley and San Francisco IPOs, including more than 40% of those in both 2019 (14 out of 34) and 2020 (13 out of 32)—more than any other investment firm.



Top Underwriters, by Number of IPOs Each Participated In
Silicon Valley & San Francisco IPOs
First Half 2021

J.P. Morgan	8
Goldman Sachs	7
Morgan Stanley	7
BofA Securities	5
Cowen	5
Piper Sandler	5
Citi	4
Stifel	4
William Blair	4
Barclays	3
Credit Suisse	3
Truist Securities	3



Silicon Valley and San Francisco Aggregate Stock Market Performance

Since the stock market declines that began in mid-February 2020, the Silicon Valley Institute for Regional Studies has been tracking the performance of the region’s public companies. The first market-wide trading halt since 1997¹ occurred on February 20, 2020 (which was the first *halt*, or suspension of trading, of the “modernized” Market-Wide Circuit Breaker). Subsequent trading halts across U.S. exchanges followed on March 9, March 12, March 16, and March 18.²

***Market data was obtained from IEX Cloud, and the analysis included all Silicon Valley and San Francisco companies listed on one of the major U.S. stock exchanges, totaling 366 in February 2020 and 345 in June 2021 due to changes such as IPOs and de-listings.*

¹ *Wall Street Journal*, “Circuit Breaker Halts Stock Trading for First Time Since 1997”. March 9, 2020 (www.wsj.com/articles/traders-closely-watching-circuit-breakers-thresholds-11583761223) & NPR, “How Stock Market Circuit Breakers Work”. March 9, 2020. (www.npr.org/2020/03/09/813682567/how-stock-market-circuit-breakers-work)

² New York Stock Exchange, “Assessing NYSE Model Performance During 2020 Volatility”. March 16, 2020 (www.nyse.com/article/assessing-nyse-model-performance)

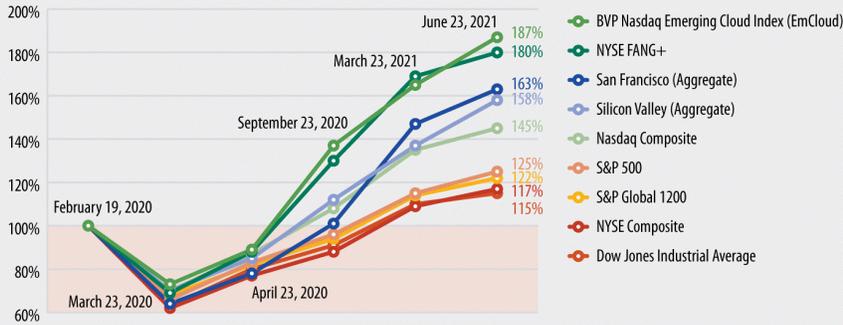
Findings:

- **Since the pandemic-related market low, regional aggregate market cap has recovered more quickly than most major stock indices, and has more than doubled—reaching nearly \$13 trillion.**
 - Since the market close on February 19, 2020 through June 23, 2021 (one year and three months after the pandemic-related market low), the aggregate market cap of Silicon Valley and San Francisco companies increased by 163% and 158%, respectively. These rates outpaced the 145% change in the Nasdaq Composite, which is driven, in large part, by Silicon Valley tech stocks. They also outpaced the 125% rise in the S&P 500 and +115% in the Dow Jones Industrial Average. Only the two tech-heavy market indices — NYSE FANG+ and BVP Nasdaq Emerging Cloud (EmCloud) — experienced more rapid rebounds over that period, at more than 180%.
 - As of June 23, Silicon Valley and San Francisco’s public companies had a total market cap above \$12.6 trillion, up from a March 23, 2020 pandemic-related market low of \$5.5 trillion.
- **Nearly three-quarters of the regions aggregate market cap is concentrated in just 7% of public companies.** Of the more than 300 companies included in the regional analysis, 23 have a market capitalization higher than \$100 billion, two of which have market caps of more than \$1 trillion (Apple and Alphabet/Google). Those 23 companies account for 7% of all public companies with a presence in the region, but 76% of the total aggregate market capitalization.
- **Silicon Valley and San Francisco’s public companies have different compositions in terms of industries and market cap sizes.**
 - Overall, Silicon Valley’s public companies in mid-2021 are most concentrated in Pharmaceutical Manufacturing (21%), followed by Software (9%), Semiconductor and Other Electronic Component Manufacturing (8%), and Investment Services (7%) — industry categories as defined by D&B Hoovers. In contrast, San Francisco’s public companies have a different general makeup by industry, with by far the highest share in Software (19%), followed by Pharmaceutical Manufacturing (8%), and Data Processing (7%).
 - Likewise, the public companies in these two geographies within the greater-Silicon Valley region have different makeups by market cap size ranges. The largest share (34%) of Silicon Valley public companies fall into the Small-Cap (\$300 million to \$2 billion) range, with 49% in the Mid- to Large-Cap sizes (\$2 to \$10 billion, and \$10+ billion). The latter compares to 71% of San Francisco’s public companies (\$2+ billion in market cap). Both Silicon Valley and San Francisco have similar shares of Nano Cap stocks (4% and 3%, respectively), with market caps below \$50 million.

Percent Change in Aggregate Public Company Market Cap

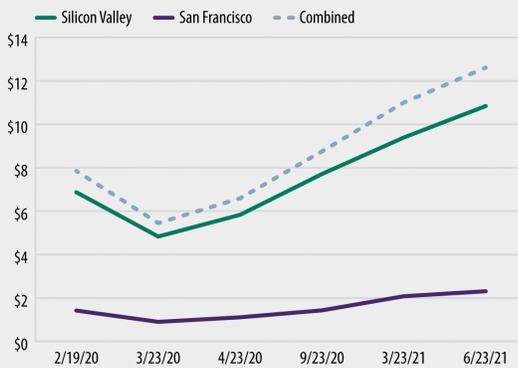
Since February 19, 2020

Silicon Valley and San Francisco, with Key Market Indices



Change in Aggregate Regional Market Cap

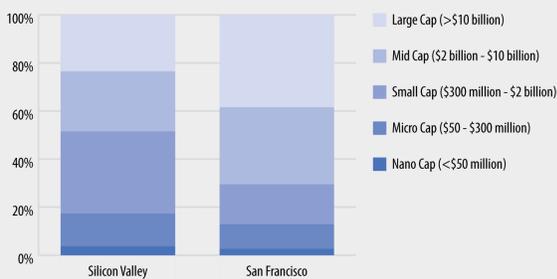
\$trillions



Public Companies, by Market Cap Sizes

as of June 23, 2021

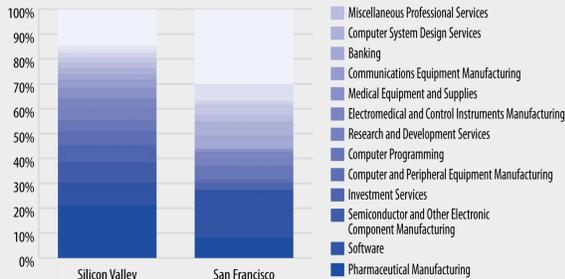
Silicon Valley and San Francisco



Public Companies, by Industry

as of June 23, 2021

Silicon Valley and San Francisco



Joint Venture Silicon Valley has been tracking equity financing throughout the region for nearly two decades, beginning with the first Silicon Valley Index in 1995. The Silicon Valley Institute for Regional Studies provides IPO data as far back as 2007 on the online public data hub, www.SiliconValleyIndicators.org. Additionally, the hub houses a near-real-time [online stock tracker](#) including all of the region's companies listed on major U.S. stock exchanges using a widget powered by TradingView.

Data Sources: Renaissance Capital; IEX Cloud; D&B Hoovers; Crunchbase; Google Finance; Nasdaq

Notes: IPO data are from Renaissance Capital. IPO analysis does not include Special Purpose Acquisition Company (SPAC) IPOs. Renaissance Capital IPO data include IPOs with a market cap of at least \$50mm and exclude direct listings, closed-end funds, and SPACs. Locations are based on the corporate address provided to Renaissance Capital. Silicon Valley includes the city-defined region. Rest of California includes all of the state except Silicon Valley for 2007-2012, and all of the state except Silicon Valley and San Francisco for 2013-2021. In a few rare cases, IEX Cloud data were not available, and were supplemented by numbers from Google Finance.

The aggregate stock market performance analysis includes all public companies in Silicon Valley (Joint Venture's city-defined region) and San Francisco listed on D&B Hoovers as of June 23, 2021, regardless of whether or not the location is the company's headquarters. The list of companies was cross-referenced with those listed on Crunchbase, and new regional IPOs were added manually. Public companies include those listed on the NASDAQ, NYSE, and NYSE American exchanges only. Does not include special purpose acquisition companies (SPACs). The June 23, 2021 data included 272 Silicon Valley companies and 78 San Francisco companies, for a total of 345 unique companies (excluding duplicates).

Shares outstanding (as of the data dates, as available on IEX Cloud) and closing prices were used to calculate market cap; when not available, shares outstanding were taken from the company's last balance sheet report. For June 23 data, market cap as of that date was used. Closing prices are unadjusted. Public companies by industry are based on D&B Hoovers industry categories, and only include those companies for which a D&B Hoovers industry category was available.

Analysis: Silicon Valley Institute for Regional Studies