

# Initial Public Offerings: Underwriting Statistics Through 2019

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January 14, 2020

Table 10: Gross Spreads Continue to Remain at 7% on Moderate-Size Deals, 2001-2019

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Table 13: IPO Auctions in the U.S., 1999-2019

**Table 10****Gross Spreads Continue to Remain at 7% on Moderate-Size Deals**

Here are the numbers for 2001-2019 for U.S. operating company IPOs raising more than \$25 million (\$2011), using the screens in Table 1. Adjusting for inflation, the \$25-100 million proceeds category would be \$29-114 million in 2019. Proceeds numbers do not include overallotment shares.

## Panel A: Book building deals

|              |                        | Proceeds Category                                       |  |
|--------------|------------------------|---|--|
|              |                        | <u>\$25-100 million (inflation-adjusted in 2011 \$)</u> | <u>more than \$100 million (2011 \$)</u> |
| <7%          | 2.7% (23)              |   | 49.73% (556)                             |
| =7%          | 95.9% (811)            |   | 49.73% (556)                             |
| >7%          | 1.4% (12)              |   | 0.54% (6)                                |
| <b>Total</b> | <b>100% (846 IPOs)</b> |   | <b>100% (1,118 IPOs)</b>                 |

## Panel B: Auction deals

|              |                       | Proceeds Category                                       |  |
|--------------|-----------------------|---|--|
|              |                       | <u>\$25-100 million (inflation-adjusted in 2011 \$)</u> | <u>more than \$100 million (2011 \$)</u> |
| <7%          | 60.0% (6)             |   | 83.3% (5)                                |
| =7%          | 40.0% (4)             |   | 16.7% (1)                                |
| >7%          | 0% (0)                |   | 0.0% (0)                                 |
| <b>Total</b> | <b>100% (10 IPOs)</b> |   | <b>100% (6 IPOs)</b>                     |

So, with a few exceptions (some of these are Canadian firms, and others were taken public by WRHambrecht using auctions), 7% gross spreads for moderate-size IPOs are as entrenched as ever. Indeed, in 1999-2000, deals above \$100 million increasingly had 7% spreads, and this has stuck—in 2001-2019 49.7% of large IPOs also had spreads of exactly 7%. In contrast, during 1997-1998 only 53 of 158 large IPOs (33.5%) had a gross spread of exactly 7%.

**Table 11**

**Mean and Median Gross Spreads and Number of Managing Underwriters, 1980-2019**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, energy limited partnerships, and firms not listed on CRSP within six months of the offer date are excluded. EW is equally weighted and PW is proceeds-weighted. The fraction=7% is the percentage of IPOs with a gross spread equal to exactly 7%. The number of managing underwriters is the sum of both leads and co-managers. The decrease in the fraction of IPOs with a 7% spread in 2001-2002 is due to the smaller fraction of deals with proceeds of less than \$150 million. In 2008 (Visa with a spread of 2.8% on a \$17.9 billion IPO), 2010 (General Motors with a spread of 0.75% on a \$15.8 billion IPO), 2012 (Facebook with a 1.1% spread on a \$16 billion IPO), and 2019 (Uber Technologies with a spread of 1.3% on an \$8.1 billion IPO), a higher fraction of IPOs were mega-deals with a gross spread far below 7%. UW is Underwriter.

| Year             | Number of IPOs | Gross Spreads |             |             |            | Fraction with Multiple Bookrunners | Number of Managing UWs |            |
|------------------|----------------|---------------|-------------|-------------|------------|------------------------------------|------------------------|------------|
|                  |                | Mean EW       | Mean PW     | Median      | =7%        |                                    | Mean                   | Median     |
| 1980             | 71             | 8.0%          | 7.2%        | 7.5%        | 3%         | 0.0%                               | 1.4                    | 1.0        |
| 1981             | 193            | 7.9%          | 7.3%        | 7.5%        | 4%         | 0.0%                               | 1.3                    | 1.0        |
| 1982             | 77             | 8.1%          | 7.3%        | 7.9%        | 9%         | 0.0%                               | 1.4                    | 1.0        |
| 1983             | 451            | 7.7%          | 6.9%        | 7.3%        | 14%        | 0.0%                               | 1.5                    | 1.0        |
| 1984             | 171            | 7.9%          | 7.3%        | 7.5%        | 15%        | 0.0%                               | 1.5                    | 1.0        |
| 1985             | 186            | 7.7%          | 6.6%        | 7.5%        | 13%        | 0.0%                               | 1.4                    | 1.0        |
| 1986             | 393            | 7.5%          | 6.2%        | 7.2%        | 15%        | 0.0%                               | 1.5                    | 1.0        |
| 1987             | 285            | 7.5%          | 6.0%        | 7.1%        | 23%        | 0.0%                               | 1.8                    | 2.0        |
| 1988             | 105            | 7.3%          | 6.3%        | 7.0%        | 30%        | 0.0%                               | 1.7                    | 2.0        |
| 1989             | 116            | 7.3%          | 6.3%        | 7.0%        | 41%        | 0.0%                               | 1.7                    | 2.0        |
| 1990             | 110            | 7.3%          | 6.5%        | 7.0%        | 44%        | 0.0%                               | 1.9                    | 2.0        |
| 1991             | 286            | 7.1%          | 6.3%        | 7.0%        | 50%        | 0.0%                               | 2.0                    | 2.0        |
| 1992             | 412            | 7.2%          | 6.3%        | 7.0%        | 52%        | 0.0%                               | 2.1                    | 2.0        |
| 1993             | 510            | 7.2%          | 6.2%        | 7.0%        | 57%        | 0.4%                               | 2.0                    | 2.0        |
| 1994             | 402            | 7.3%          | 6.5%        | 7.0%        | 55%        | 0.0%                               | 2.0                    | 2.0        |
| 1995             | 462            | 7.2%          | 6.3%        | 7.0%        | 64%        | 0.0%                               | 2.3                    | 2.0        |
| 1996             | 677            | 7.2%          | 6.2%        | 7.0%        | 68%        | 0.0%                               | 2.4                    | 2.0        |
| 1997             | 474            | 7.2%          | 6.4%        | 7.0%        | 68%        | 0.8%                               | 2.5                    | 2.0        |
| 1998             | 281            | 7.1%          | 5.5%        | 7.0%        | 68%        | 1.8%                               | 2.9                    | 3.0        |
| 1999             | 476            | 6.9%          | 5.7%        | 7.0%        | 82%        | 4.6%                               | 3.4                    | 3.0        |
| 2000             | 380            | 6.9%          | 5.6%        | 7.0%        | 82%        | 7.4%                               | 3.7                    | 3.0        |
| 2001             | 79             | 6.6%          | 4.6%        | 7.0%        | 62%        | 19.0%                              | 4.4                    | 4.0        |
| 2002             | 66             | 6.7%          | 5.2%        | 7.0%        | 71%        | 28.8%                              | 4.7                    | 4.0        |
| 2003             | 63             | 7.0%          | 6.7%        | 7.0%        | 78%        | 31.7%                              | 3.9                    | 4.0        |
| 2004             | 173            | 6.8%          | 5.7%        | 7.0%        | 78%        | 37.0%                              | 4.5                    | 4.0        |
| 2005             | 159            | 6.7%          | 6.1%        | 7.0%        | 65%        | 50.3%                              | 4.7                    | 4.0        |
| 2006             | 157            | 6.8%          | 6.1%        | 7.0%        | 69%        | 54.1%                              | 4.9                    | 4.0        |
| 2007             | 159            | 6.7%          | 5.7%        | 7.0%        | 73%        | 60.4%                              | 5.3                    | 5.0        |
| 2008             | 21             | 6.4%          | 3.4%        | 7.0%        | 62%        | 76.2%                              | 7.3                    | 5.0        |
| 2009             | 41             | 6.4%          | 5.6%        | 7.0%        | 49%        | 85.4%                              | 6.9                    | 6.0        |
| 2010             | 91             | 6.7%          | 3.5%        | 7.0%        | 69%        | 83.5%                              | 6.2                    | 5.0        |
| 2011             | 81             | 6.4%          | 5.1%        | 7.0%        | 54%        | 87.7%                              | 7.0                    | 6.0        |
| 2012             | 93             | 6.7%          | 3.6%        | 7.0%        | 72%        | 93.5%                              | 6.8                    | 6.0        |
| 2013             | 157            | 6.6%          | 5.5%        | 7.0%        | 64%        | 91.7%                              | 6.9                    | 6.0        |
| 2014             | 206            | 6.6%          | 5.4%        | 7.0%        | 72%        | 90.3%                              | 6.4                    | 5.0        |
| 2015             | 118            | 6.7%          | 5.9%        | 7.0%        | 72%        | 90.7%                              | 5.6                    | 5.0        |
| 2016             | 75             | 6.7%          | 6.1%        | 7.0%        | 68%        | 94.7%                              | 6.3                    | 5.0        |
| 2017             | 107            | 6.6%          | 5.5%        | 7.0%        | 64%        | 89.7%                              | 6.3                    | 5.0        |
| 2018             | 134            | 6.5%          | 5.4%        | 7.0%        | 68%        | 95.5%                              | 6.3                    | 4.0        |
| 2019             | 110            | 6.5%          | 4.5%        | 7.0%        | 66%        | 95.5%                              | 6.9                    | 5.0        |
| <b>1980-2019</b> | <b>8,608</b>   | <b>7.2%</b>   | <b>5.5%</b> | <b>7.0%</b> | <b>54%</b> | <b>18.1%</b>                       | <b>3.1</b>             | <b>2.0</b> |

**Table 11a** (same as Table 11 but starting in 1975)

**Mean and Median Gross Spreads and Number of Managing Underwriters, 1975-2019**

| Year | Number of IPOs | Gross Spreads |         |        |     | Fraction with Multiple Bookrunners | Number of Managing UWs |        |
|------|----------------|---------------|---------|--------|-----|------------------------------------|------------------------|--------|
|      |                | Mean EW       | Mean PW | Median | =7% |                                    | Mean                   | Median |
| 1975 | 12             | 7.2%          | 6.1%    | 7.6%   | 8%  | 0.0%                               | 1.4                    | 1.0    |
| 1976 | 26             | 7.5%          | 7.1%    | 7.6%   | 4%  | 0.0%                               | 1.4                    | 1.0    |
| 1977 | 15             | 7.5%          | 7.3%    | 7.8%   | 0%  | 0.0%                               | 1.5                    | 1.0    |
| 1978 | 18             | 7.4%          | 7.1%    | 7.5%   | 6%  | 0.0%                               | 1.8                    | 1.0    |
| 1979 | 38             | 7.8%          | 7.6%    | 7.5%   | 0%  | 0.0%                               | 1.3                    | 1.0    |
| 1980 | 71             | 8.0%          | 7.2%    | 7.5%   | 3%  | 0.0%                               | 1.4                    | 1.0    |
| 1981 | 193            | 7.9%          | 7.3%    | 7.5%   | 4%  | 0.0%                               | 1.3                    | 1.0    |
| 1982 | 77             | 8.1%          | 7.3%    | 7.9%   | 9%  | 0.0%                               | 1.4                    | 1.0    |
| 1983 | 451            | 7.7%          | 6.9%    | 7.3%   | 14% | 0.0%                               | 1.5                    | 1.0    |
| 1984 | 171            | 7.9%          | 7.3%    | 7.5%   | 15% | 0.0%                               | 1.5                    | 1.0    |
| 1985 | 186            | 7.7%          | 6.6%    | 7.5%   | 13% | 0.0%                               | 1.4                    | 1.0    |
| 1986 | 393            | 7.5%          | 6.2%    | 7.2%   | 15% | 0.0%                               | 1.5                    | 1.0    |
| 1987 | 285            | 7.5%          | 6.0%    | 7.1%   | 23% | 0.0%                               | 1.8                    | 2.0    |
| 1988 | 105            | 7.3%          | 6.3%    | 7.0%   | 30% | 0.0%                               | 1.7                    | 2.0    |
| 1989 | 116            | 7.3%          | 6.3%    | 7.0%   | 41% | 0.0%                               | 1.7                    | 2.0    |
| 1990 | 110            | 7.3%          | 6.5%    | 7.0%   | 44% | 0.0%                               | 1.9                    | 2.0    |
| 1991 | 286            | 7.1%          | 6.3%    | 7.0%   | 50% | 0.0%                               | 2.0                    | 2.0    |
| 1992 | 412            | 7.2%          | 6.3%    | 7.0%   | 52% | 0.0%                               | 2.1                    | 2.0    |
| 1993 | 510            | 7.2%          | 6.2%    | 7.0%   | 57% | 0.4%                               | 2.0                    | 2.0    |
| 1994 | 402            | 7.3%          | 6.5%    | 7.0%   | 55% | 0.0%                               | 2.0                    | 2.0    |
| 1995 | 462            | 7.2%          | 6.3%    | 7.0%   | 64% | 0.0%                               | 2.3                    | 2.0    |
| 1996 | 677            | 7.2%          | 6.2%    | 7.0%   | 68% | 0.0%                               | 2.4                    | 2.0    |
| 1997 | 474            | 7.2%          | 6.4%    | 7.0%   | 68% | 0.8%                               | 2.5                    | 2.0    |
| 1998 | 281            | 7.1%          | 5.5%    | 7.0%   | 68% | 1.8%                               | 2.9                    | 3.0    |
| 1999 | 476            | 6.9%          | 5.7%    | 7.0%   | 82% | 4.6%                               | 3.4                    | 3.0    |
| 2000 | 380            | 6.9%          | 5.6%    | 7.0%   | 82% | 7.4%                               | 3.7                    | 3.0    |
| 2001 | 79             | 6.6%          | 4.6%    | 7.0%   | 62% | 19.0%                              | 4.4                    | 4.0    |
| 2002 | 66             | 6.7%          | 5.2%    | 7.0%   | 71% | 28.8%                              | 4.7                    | 4.0    |
| 2003 | 63             | 7.0%          | 6.7%    | 7.0%   | 78% | 31.7%                              | 3.9                    | 4.0    |
| 2004 | 173            | 6.8%          | 5.7%    | 7.0%   | 78% | 37.0%                              | 4.5                    | 4.0    |
| 2005 | 159            | 6.7%          | 6.1%    | 7.0%   | 65% | 50.3%                              | 4.7                    | 4.0    |
| 2006 | 157            | 6.8%          | 6.1%    | 7.0%   | 69% | 54.1%                              | 4.9                    | 4.0    |
| 2007 | 159            | 6.7%          | 5.7%    | 7.0%   | 73% | 60.4%                              | 5.3                    | 5.0    |
| 2008 | 21             | 6.4%          | 3.4%    | 7.0%   | 62% | 76.2%                              | 7.3                    | 5.0    |
| 2009 | 41             | 6.4%          | 5.6%    | 7.0%   | 49% | 85.4%                              | 6.9                    | 6.0    |
| 2010 | 91             | 6.7%          | 3.5%    | 7.0%   | 69% | 83.5%                              | 6.2                    | 5.0    |
| 2011 | 81             | 6.4%          | 5.1%    | 7.0%   | 54% | 87.7%                              | 7.0                    | 6.0    |
| 2012 | 93             | 6.7%          | 3.6%    | 7.0%   | 72% | 93.5%                              | 6.8                    | 6.0    |
| 2013 | 157            | 6.6%          | 5.5%    | 7.0%   | 64% | 91.7%                              | 6.9                    | 6.0    |
| 2014 | 206            | 6.6%          | 5.4%    | 7.0%   | 72% | 90.3%                              | 6.4                    | 5.0    |
| 2015 | 118            | 6.7%          | 5.9%    | 7.0%   | 72% | 90.7%                              | 5.6                    | 5.0    |
| 2016 | 75             | 6.7%          | 6.1%    | 7.0%   | 68% | 94.7%                              | 6.3                    | 5.0    |
| 2017 | 107            | 6.6%          | 5.5%    | 7.0%   | 64% | 89.7%                              | 6.3                    | 5.0    |
| 2018 | 134            | 6.5%          | 5.4%    | 7.0%   | 68% | 95.5%                              | 6.3                    | 4.0    |
| 2019 | 110            | 6.5%          | 4.5%    | 7.0%   | 66% | 95.5%                              | 6.9                    | 5.0    |

**Table 13**

**IPO Auctions in the U.S., 1999-2019**

The average first-day return on WRHambrecht's 19 IPO auctions has been 12.6%. For the 22 auction IPOs, including those by other underwriters, the average first-day return has been 12.5%. For IPO auctions for which WRHambrecht was the bookrunner, the numbers are as follows:

| <b>Name of IPO (ticker)</b>   | <b>Date of IPO</b> | <b>Gross Spread</b> | <b>Gross Proceeds</b> | <b>First-day Return</b> |
|---|--------------------|---------------------|-----------------------|-------------------------|
| <b>1999: (3 out of 476 IPOs)</b>  |                    |                     |                       |                         |
| Ravenswood Winery (RVWD)  | 19990408           | 4.00%               | \$10.5 million        | 3.62%                   |
| Salon.com (SALN)  | 19990622           | 5.00%               | \$26.25 million       | -4.76%                  |
| Andover.net (ANDN)  | 19991208           | 6.50%               | \$72.0 million        | 252.08%                 |
| <b>2000: (1 out of 381 IPOs)</b>  |                    |                     |                       |                         |
| Nogatech (NGTC)   | 20000518           | 6.50%               | \$42.0 million        | -21.58%                 |
| <b>2001: (2 out of 79 IPOs)</b>   |                    |                     |                       |                         |
| Peet's Coffee (PEET)  | 20010125           | 6.50%               | \$26.4 million        | 17.25%                  |
| Briazz (BRZZ)   | 20010502           | 6.00%               | \$16.0 million        | 0.38%                   |
| <b>2002: (1 out of 66 IPOs)</b>   |                    |                     |                       |                         |
| Overstock.com (OSTK)  | 20020529           | 4.00%               | \$39.0 million        | 0.23%                   |
| <b>2003: (2 out of 63 IPOs)</b>   |                    |                     |                       |                         |
| RedEnvelope (REDE)  | 20030925           | 6.00%               | \$30.8 million        | 3.93%                   |
| Genitope (GTOP)   | 20031029           | 7.00%               | \$33.3 million        | 11.11%                  |
| In 2003, WRHambrecht was also the joint bookrunner with JP Morgan on the Sunset Financial Resources IPO that did not use an auction.  |                    |                     |                       |                         |
| <b>2004: (1 out of 173 IPOs)</b>  |                    |                     |                       |                         |
| New River Pharmaceuticals (NRPH)  | 20040805           | 7.00%               | \$33.6 million        | -6.25%                  |
| In 2004, WRHambrecht was a co-manager on the Google auction IPO for which CSFB and Morgan Stanley were the bookrunners. The IPO climbed 18.04% on its first day of trading. |                    |                     |                       |                         |
| <b>2005: (5 out of 160 IPOs)</b>  |                    |                     |                       |                         |
| B of I Holding (BOFI)   | 20050315           | 6.00%               | \$35.1 million        | 0.00%                   |
| Morningstar (MORN)  | 20050502           | 2.00%               | \$140.83 million      | 8.38%                   |
| CryoCor (CRYO)  | 20050714           | 7.00%               | \$40.8 million        | -1.18%                  |
| Avalon Pharmaceuticals (AVRX)   | 20050928           | 7.00%               | \$28.8 million        | -5.10%                  |
| Dover Saddlery (DOVR)   | 20051117           | 5.00%               | \$27.5 million        | 2.50%                   |
| <b>2006: (2 out of 157 IPOs)</b>  |                    |                     |                       |                         |
| Traffic.com (TRFC)  | 20060125           | 6.00%               | \$78.6 million        | 1.25%                   |
| FortuNet (FNET)   | 20060131           | 4.50%               | \$22.5 million        | 0.56%                   |

**2007: (2 out of 159 IPOs)**

|                                  |          |       |                   |       |
|----------------------------------|----------|-------|-------------------|-------|
| Interactive Brokers Group (IBKR) | 20070504 | 1.88% | \$1,200.4 million | 4.30% |
| Clean Energy Fuels (CLNE)        | 20070525 | 5.85% | \$120.0 million   | 0.33% |

In 2007, WRHambrecht was a co-manager on the Netsuite auction IPO for which Credit Suisse was the bookrunner. The IPO climbed 36.54% on the first day of trading.

**2008: (0 out of 21 IPOs)**

In 2008, WRHambrecht was a co-manager on the Rackspace Hosting auction IPO for which Credit Suisse, Goldman Sachs, and Merrill Lynch were joint bookrunners. The IPO dropped 19.92% on its first day of trading.

**2009: (0 out of 41 IPOs)****2010: (0 out of 93 IPOs)****2011: (0 out of 81 IPOs)****2012: (0 out of 93 IPOs)****2013: (1 out 157 IPOs)**

|                         |          |       |                |        |
|-------------------------|----------|-------|----------------|--------|
| Truett-Hurst Inc (THST) | 20130619 | 7.00% | \$16.2 million | -5.33% |
|-------------------------|----------|-------|----------------|--------|

**2014: (0 out of 206 IPOs)****2015: (0 out 118 IPOs)****2016: (0 out of 75 IPOs)****2017: (0 out of 107 IPOs)****2018: (0 out of 134 IPOs)****2019: (0 out of 110 IPOs)**

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WR Hambrecht has also been a bookrunner on several other IPOs that did not use an auction. For example, on 20130619 they did a \$16.2 million IPO for Truett-Hurst, on 20150415, they did a \$76 million best efforts IPO of Xbiotech (XBIT), which increased 22.37% on the first day of trading, on 20170630 they did a \$12.0 million IPO for ShiftPixy, and on 20170921 they did a \$19.1 million IPO for Arcimoto.