

## **Initial Public Offerings: Turnover Statistics**

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June 16, 2023

Table 3: First-day Turnover Categorized by Decade and First-Day Return, 1983-2022

Table 3b: First-day Turnover Categorized by NYSE and Nasdaq Listings, 1983-2022

Figure 1: IPO Turnover Categorized by Time Period and First-day Return, 1983-2022

**Table 3** (updated June 16, 2023)

**IPO Turnover Categorized by Decade and First-Day Return, 1983-2022**

IPOs with an offer price below \$5.00 per share, unit offers, closed-end funds, REITs, bank and S&L IPOs, SPACs, natural resource limited partnerships, all foreign companies, and those with missing volume numbers on CRSP (3 IPOs) are excluded. Turnover is defined as the maximum of the first three days' CRSP trading volume divided by the number of shares issued (not including the overallotment option). The highest of these first three days is almost always the first day. For Nasdaq-listed IPOs, the trading volume is divided by 2 for January 1983-January 2001, by 1.8 for February 2001-December 2001, and by 1.6 for 2002-2003 to allow more meaningful comparisons with NYSE and Amex (now NYSE MKT)-listed IPOs. As explained in Appendix B of Gao and Ritter's 2010 *Journal of Financial Economics* article "The Marketing of Seasoned Equity Offerings," in 2001, Nasdaq changed its trade-reporting rules, and in 2002, institutions changed the way they reported Nasdaq trades. IPOs before 1983 are not included because CRSP has volume for very few of these stocks. For approximately 30 IPOs, the observation is deleted because the (adjusted) turnover is less than 1%.

For Republic Airways Holding (20040526), the CRSP volume of 131,952 is replaced with Bigcharts volume of 1,203,600; for Nucryst Pharmaceuticals (20051222), the CRSP volume of 49,056 is replaced with Bigcharts volume of 714,500; for Stevanto Group (20210716) the CRSP volume of 49 is replaced with e BigCharts volume of 12,538,610. For BATS Global Markets (20160415), which is listed on BATS, Yahoo Finance is the source of volume and long-run returns, and I have created a CRSP PERM of 12345 for it. For Grove (20210623) and Hempacco (20220830), both Nasdaq Capital Markets issues, the first-day volume has been used instead of the 2<sup>nd</sup> or 3<sup>rd</sup> day volume, for which turnover exceeded 1,000%.

**Panel A: Percentage of U.S. Operating Company IPOs with Turnover Greater Than 100%**

Time Period	Number of IPOs	Percentage with Turnover > 100%	Percentage of IPOs on Nasdaq
1983-1989	1,655	0.0%	87%
1990-1998	3,408	1.1%	84%
1999-2000	786	21.4%	91%
2001-2021	2,302	13.1%	68%
Total	8,151	6.6%	80%

**Panel B: Average Adjusted Turnover Categorized by First-Day Returns**

Return Categories	Number of IPOs	Average First-Day Returns	Average Turnover
Return ≤ 0%	2,260	-3.5%	28.2%
0% < Return ≤ 10%	2,231	4.5%	28.4%
10% < Return ≤ 60%	2,990	26.1%	48.5%
Return > 60%	618	125.7%	85.3%

**Panel C: Average Adjusted Turnover Categorized by First-Day Returns & Decade**

Return Categories	1983-1989	1990-1998	1999-2000	2001-2021
Return ≤ 0%	14.8%	24.5%	51.9%	51.2%
0% < Return ≤ 10%	18.1%	27.5%	52.4%	51.6%
10% < Return ≤ 60%	21.6%	43.9%	69.9%	68.3%
Return > 60%	26.2%	77.2%	101.0%	97.4%
Total	17.6%	35.3%	75.5%	62.3%

**Table 3b** (updated June 16, 2023)

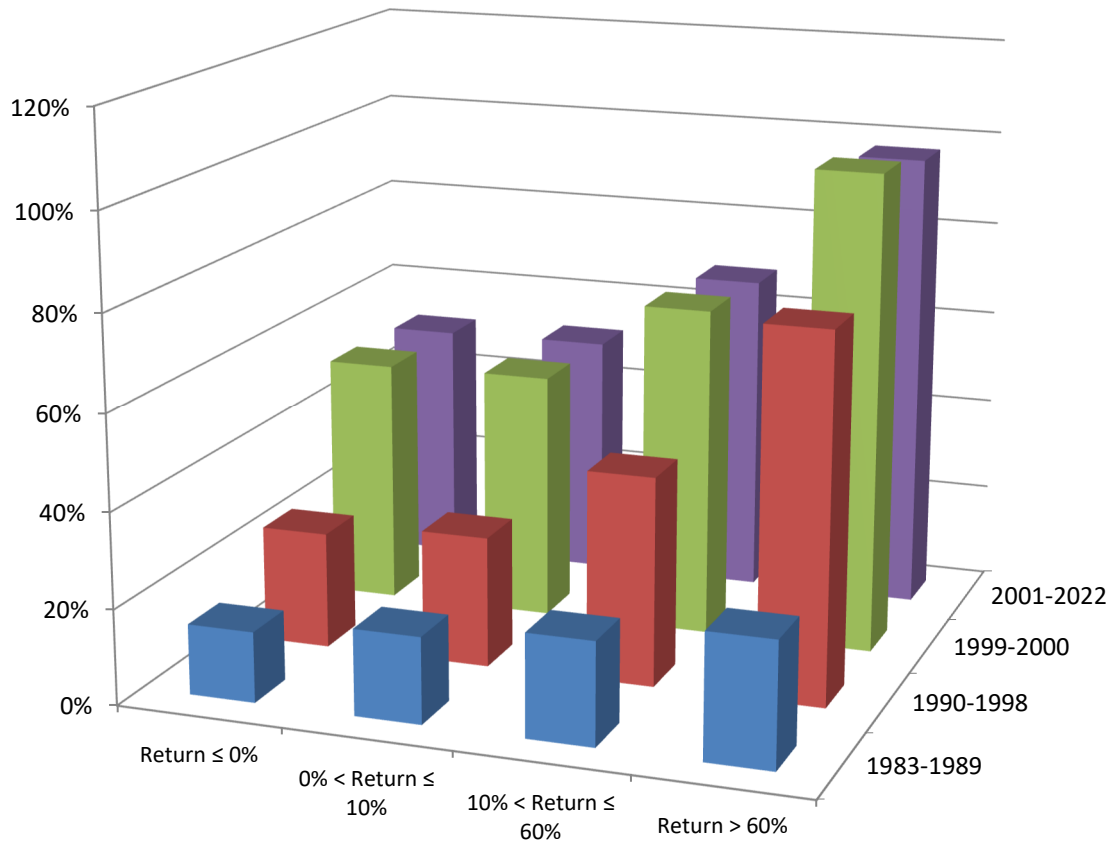
**Mean First-day Turnover for NYSE and Nasdaq IPOs, 1983-2022**

The sample is composed of the IPOs of U.S.-based companies with an offer price of at least \$5.00 and listed on the NYSE (excluding NYSE American and NYSE MKT issues after the merger in 2008) or Nasdaq (excluding Nasdaq small cap issues before October 2005 and, after Sept. 2005, Nasdaq capital market issues), excluding ADRs, unit offers, SPACs, closed-end funds, REITs, partnerships, banks and S&Ls, and stocks not listed on CRSP (CRSP includes Amex, NYSE, and NASDAQ stocks). Turnover is volume divided by shares issued. Volume is the maximum of the first three days, which is almost always the first day. For 2004-2021, first-day volume is used unless the second day volume is more than five times the first-day volume. Shares issued excludes over allotment options, but includes the global offering size. To adjust for institutional features of the way that Nasdaq and NYSE-Amex volume are computed, we use the procedure discussed in Appendix B of Xiaohui Gao and Jay Ritter's 2010 *Journal of Financial Economics* article "The Marketing of Seasoned Equity Offerings." Prior to February 1, 2001, we divide Nasdaq volume by 2.0. This accounts for the practice of counting as trades both trades with market makers and trades among market makers. On February 1, 2001, a "riskless principal" rule went into effect, that resulted in a reduction of approximately 10% in reported volume. Thus, for February 1, 2001 to December 31, 2001, we divide Nasdaq volume by 1.8. During 2002, securities firms began to charge institutional investors commissions on Nasdaq trades, rather than the prior practice of merely marking up or down the net price, resulting in a further reduction in reported volume of approximately 10%. Thus, for 2002 and 2003, we divide Nasdaq volume by 1.6. For 2004 and later years, in which much of the volume of Nasdaq (and NYSE) stocks has been occurring on crossing networks and other venues, we use a divisor of 1.0, reflecting the fact that there are no longer important differences in the reporting of Nasdaq and NYSE volume. Approximately 30 IPOs with adjusted first-day turnover of less than 1% of the issue size are excluded.

Year	Number of IPOs			Unadjusted			With Nasdaq Adjustment	
	Total	NYSE	Nasdaq	Total	NYSE	Nasdaq	Nasdaq	Total
1983	429	11	418	23.4%	17.6%	24.5%	12.2%	12.1%
1984	156	8	148	22.1%	10.9%	23.2%	11.6%	11.5%
1985	166	8	158	31.9%	18.7%	32.7%	16.4%	16.4%
1986	355	28	327	37.7%	24.9%	38.6%	19.3%	20.0%
1987	243	26	217	41.5%	23.1%	43.0%	21.5%	22.3%
1988	75	14	61	44.8%	22.3%	48.0%	24.0%	24.8%
1989	96	18	78	53.8%	24.2%	58.1%	29.1%	29.6%
1990	90	15	75	63.8%	22.0%	68.9%	34.5%	34.3%
1991	257	43	214	67.9%	37.1%	70.4%	35.2%	37.5%
1992	352	67	285	61.0%	37.5%	66.5%	32.4%	34.0%
1993	439	65	374	67.6%	42.7%	70.6%	34.8%	37.5%
1994	334	47	287	55.7%	32.8%	59.4%	28.9%	30.2%
1995	382	47	335	77.5%	49.7%	80.2%	40.1%	41.9%
1996	575	76	499	74.3%	60.1%	75.9%	37.9%	41.1%
1997	374	69	305	65.4%	51.6%	68.5%	33.5%	37.6%
1998	223	50	173	92.7%	55.6%	103.5%	51.0%	52.6%
1999	435	39	396	162.1%	65.5%	170.8%	84.5%	84.4%
2000	323	22	301	136.5%	55.9%	142.3%	70.7%	70.3%
2001	72	25	47	90.4%	50.6%	107.1%	56.8%	58.6%
2002	60	25	35	73.1%	61.0%	81.0%	49.0%	55.4%
2003	57	15	42	77.0%	59.1%	83.3%	52.1%	53.9%
2004	157	40	117	60.6%	57.3%	61.7%	61.7%	60.6%
2005	131	44	87	60.4%	58.0%	61.6%	61.6%	60.4%
2006	133	37	96	62.5%	77.6%	56.6%	56.6%	62.5%
2007	134	37	97	58.1%	55.9%	58.9%	58.9%	58.1%
2008	18	7	11	54.9%	68.9%	46.0%	46.0%	54.9%
2009	38	20	18	70.1%	63.2%	77.9%	77.9%	70.1%
2010	79	40	39	55.0%	58.4%	51.4%	51.4%	55.0%
2011	69	31	38	74.6%	83.1%	67.7%	67.7%	74.6%
2012	83	42	41	79.0%	86.4%	71.4%	71.4%	79.0%
2013	133	60	73	74.5%	87.1%	64.2%	64.2%	74.5%
2014	163	67	96	71.8%	75.9%	68.9%	68.9%	71.8%
2015	98	33	65	78.1%	97.9%	68.1%	68.1%	78.1%
2016	62	19	43	66.5%	78.0%	61.4%	61.4%	66.5%
2017	86	34	52	56.5%	65.5%	50.6%	50.6%	56.5%
2018	111	32	79	50.3%	60.2%	46.6%	46.6%	50.6%
2019	97	23	74	52.4%	75.6%	46.0%	46.0%	53.0%
2020	134	22	112	64.4%	52.1%	66.8%	66.8%	64.4%
2021	235	63	172	45.1%	47.4%	44.2%	44.2%	45.1%
2022	13	2	11	18.4%	41.2%	14.3%	14.3%	18.4%
1983-2000	5,304	653	4,651	69.2%	40.1%	73.3%	36.8%	37.2%
2001-2003	189	65	124	78.4%	57.1%	89.4%	53.0%	54.4%
2004-2022	1,974	653	1,321	61.6%	69.2%	57.9%	57.9%	61.6%
<b>Total</b>	<b>7,467</b>	<b>1,371</b>	<b>6,096</b>	<b>67.4%</b>	<b>52.8%</b>	<b>70.3%</b>	<b>41.7%</b>	<b>44.1%</b>

**Figure 1**

**IPO Turnover Categorized by Time Period and First-Day Return, 1983-2022**



Turnover is calculated as the CRSP-reported first day volume divided by the number of shares issued (global issuance, excluding over allotment options). Nasdaq volume numbers are divided by 2 for 1983-January 2001, by 1.8 for the rest of 2001, and by 1.6 for 2002-2003 to make them comparable to Amex and NYSE volume. The four subperiods are 1983-1989, 1990-1998, 1999-2000, and 2001-2022. Returns are the first-day return, measured from the offer price to the closing market price. Closed-end funds, REITs, SPACs, unit offers, all IPOs by foreign firms, and bank and S&L IPOs are excluded. Panel C of Table 3 reports the numbers that are graphed here.