

INITIAL PUBLIC OFFERINGS

A weighted measure of the value and number of initial public stock offerings of companies as a share of gross state product.¹⁸

Why Is This Important? In the last two decades, financial markets have embraced entrepreneurial dynamism. One measure of this is the number of initial public offerings (first rounds of companies' stock sold when they make their debut in public markets). IPOs rose by 50 percent between the 1960s and 1990s and reached unprecedented levels in 2000. But even with the dramatic decline in IPOs in 2001, as the economy grows in 2002, IPOs are expected to rebound at least to the levels of relatively strong years like 1997 and 1998.

The Rankings: The top states for IPOs are also mostly states with high New Economy scores: Washington, Massachusetts, California, Colorado, Virginia, and Maryland. But the production of companies with high growth potential was not limited to what are commonly viewed as the high-tech leaders: states like Illinois, Iowa, Missouri, and Oklahoma also ranked high.

The top five		IPOs Score
1	Washington	11.8
2	Massachusetts	10.8
3	California	9.1
4	Colorado	7.1
5	Illinois	6.8
U.S. average		5.0

Source: Hale & Dorr, 2000 and 2001 data.

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