

Empire State Building Towers Over New IPO Crop, Burlington Coat Factory Posts Best

Gain



(Image credit: Getty Images via @daylife)

The federal government is shut down but the IPO market is still wide open, with three stocks making debuts Wednesday including a real estate firm that owns one of the world's most iconic buildings.

Empire State Realty Trust, which counts New York's Empire State Building as the crown jewel of its portfolio, was actually the only one of Wednesday's three IPOs to price at the low end of its expected range, selling shares for \$13. [Burlington Coat Factory](#) parent Burlington Stores and real estate brokerage RE/MAX Holdings each priced above their expected ranges by a dollar.

The latest batch of public entrants comes with the U.S. IPO market eyeing its best year in terms of deal volume since at least 2004.

IPO research firm Renaissance Capital says the third quarter checked off all the boxes of a healthy market. "[I]nvestors were enthusiastic but selective, growth stories were well-received, venture-backed activity accelerated the pipeline continued to build," according to the firm's [Q3 review](#).

PwC partner Neil Dhar, who heads up the firm's U.S. capital markets business, says that despite occasional bouts of market volatility that can temporarily shut the IPO window, the appetite for new offerings has been strong and the reception for those deals has been warm.

"IPOs as an asset class have done well," Dahr says, pointing to generally strong first-day performance and positive 30-day and subsequent gains from many newly-listed companies.

Wednesday's crop – all of which listed on the New York Stock Exchange – extended the trend. The beleaguered Empire State offering, which had to [clear a number of legal hurdles](#) in the nearly two years since initially filing its plans to go public, made just a 3% gain but its two contemporaries surged.

Shares of RE/Max rallied 21%. Part of that gain was surely helped along by the post-IPO success of rival [Realogy Holdings](#) [RLGY](#) +0.6%, parent of mortgage brands like Century 21 and Coldwell Banker, which is up more than 60% in

the nearly 12 months since its listing thanks in large part to a rebounding U.S. housing market. (See [“Realogy Rises From The Ashes.”](#))

Burlington was even more of a standout Wednesday, jumping 40% in its first hour of trading. Its pacesetter will be other retail offerings like [Five Below](#) **FIVE** [+3.53%](#), a teen-focused retailer that has popped some 170% from its July 2012 IPO price.

While blockbuster billion-dollar IPOs are few and far between — in fact Facebook’s \$16 billion offering in May 2012 skews year-over-year proceeds comparisons — the U.S. market is in something of a drought in that category. Not a single IPO priced in Q3 raised more than a billion, nor did any of Wednesday’s offerings. Empire State was the largest, with proceeds of almost \$930 million while RE/MAX and Burlington each raised about \$220 million.

PwC’s Dhar also notes the strong IPO pipeline. While visibility is not as clear thanks to the JOBS Act, which allows companies with less than \$1 billion in annual revenue to keep their initial filings confidential, the firm believes the true pipeline grew by more than the 81 companies that filed registration documents in the third quarter.

One such stealth filer is Twitter, which revealed last month that it has filed confidential documents to go public. The social network is just one of several big brand names that are set to go public in the next few months, with recent filings also surfacing from the likes of automaker Chrysler and hotel operator [Hilton Worldwide](#). (See [“IPO Payoff Time For Blackstone.”](#)) Then there are the widely-expected deals that are in the so-called shadow pipeline, like a float of shares in Chinese e-commerce giant Alibaba.

While the fate of any given IPO is unique, the broader trend – Renaissance Capital reports that the average U.S. IPO returned 26.5% in the third quarter; names like Sprouts Farmers Market, Foundation Medicine and FireEye have already doubled – and the successful pricing of high-profile offerings will attract more sellers. Even problem-plagued Facebook has finally turned into a winner for investors, which shares retaking the \$38 IPO price this summer on their way past the \$50 mark.

If the IPO market averages 23 deals per month this quarter, which would mark a slightly faster pace than Q3, it could reach 220 deals for 2013, which would mark the busiest year for public debuts since 2000.

*A version of this article appeared October 2, 2013, on the Forbes website, with the headline: Empire State Building Towers Over New IPO Crop, Burlington Coat Factory Posts Best Gain by **Steve Schaefer**, Forbes Staff.*

<http://www.forbes.com/sites/steveschaefer/2013/10/02/empire-state-building-towers-over-new-ipo-crop-burlington-coat-factory-posts-best-gain/>



"If you can put the word market after it, I cover it".