SPAC IPOs are down, SPAC acquisitions are up

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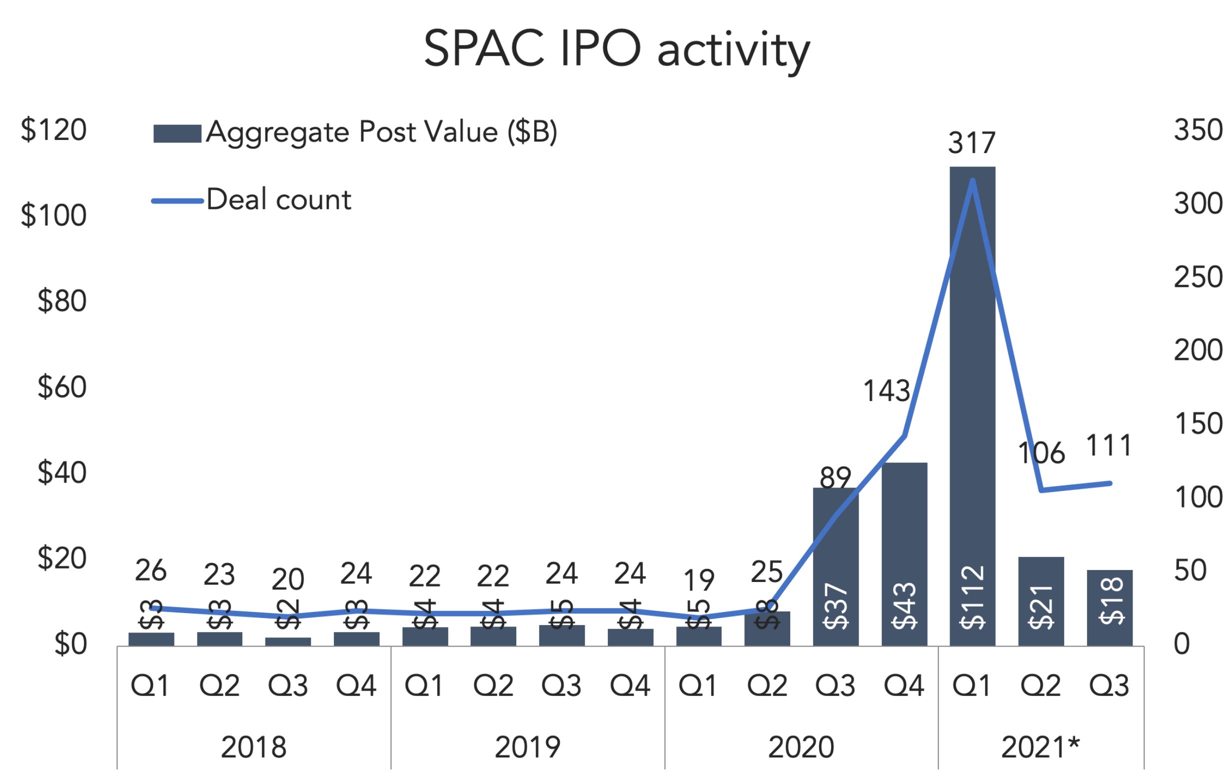

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SPAC IPO volume is down considerably in mid-2021. A decline was probably inevitable, considering how massive Q1 volume turned out to be. Between Q1 and Q2, a new PitchBook analyst note shows a 67% decline in SPAC IPO count and 81% fall in aggregate value. Over the last few months, potential litigation issues began popping up; whether they're spurious or not depends on future SEC opinions. Until more clarity surfaces, legal headaches represent a potential headwind to the SPAC frenzy and could make investors think twice going forward. There's still a role to play for SPAC IPOs, especially for capital intensive businesses that need a growth catalyst to succeed. Even so, we expect the current slowdown to normalize, somewhere below 100 SPACs per quarter. The flash flood is likely over.

Not so in terms of SPAC acquisitions, which continue to increase while SPAC IPOs decrease. Another 69 SPAC acquisitions were done in Q3, with a week's worth of data yet to be processed. It's a record either way, up from 48 transactions in Q2. In all, over 200 SPAC acquisitions have been done since Q4 2020, more than all of 2010-2019 combined. The most recent deals were consummations of deals that began in late 2020. Most of them are large: 43 of the 69 SPAC acquisitions that closed in Q3 were valued north of $1 billion. An increasingly popular ingredient in those deals is PIPE financing, done in conjunction with the SPAC itself. 87% of Q3 SPAC acquisitions had associative PIPE deals, up from 29% in Q2 2020.

(Past performance is no guarantee of future results.)