

Macro Roundup Article

Headline: [Birth, Death, and Wealth Creation](#)

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Summary: The median age at IPO was 7.9 years from 1976 to 2000 and rose to 9.5 years from 2001 to 2022. One implication of companies staying private longer is that wealth creation has shifted to private markets from the public markets. To illustrate the point, Amazon's market capitalization was \$749 million when it went public in 1997 and \$1.3 trillion as of June 30, 2023 (in 2022 dollars). The company was three years old when it did its IPO. Essentially all of its wealth creation occurred when it was public. Hendrik Bessembinder, a professor of finance, has measured the wealth creation of more than 28,000 U.S. listed companies since 1926. A company creates wealth if it generates returns in excess of one-month Treasury bill rates. He found that from 1926 to 2022, just under 60% of them destroyed \$9.1 trillion and the other 40% or so created \$64.2 trillion. Just 2% of the sample created \$50 trillion of the net total of \$55.1 trillion, and the top 3 firms (Apple, Microsoft, and ExxonMobil) created almost \$6 trillion.

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