

From privatization to global capital hub

The rise of GCC IPO markets (2022-2025)

84

Mainboard IPOs across GCC (2022-2025)

\$44B+

Aggregate IPO proceeds raised over 2022-2025

~100

Companies in GCC IPO pipeline

67%

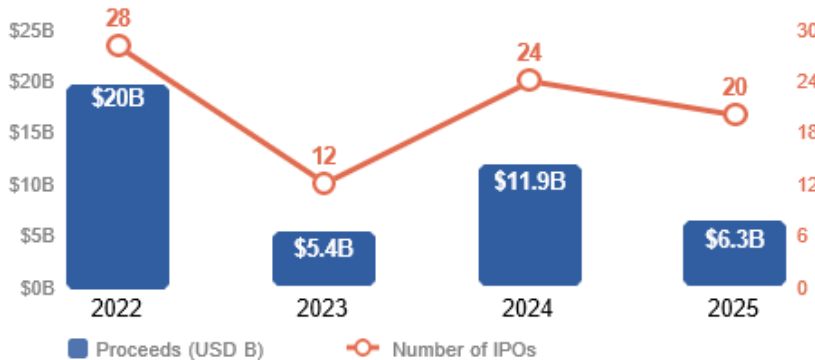
IPOs with negative 1-year returns

Market overview

GCC equity capital markets have undergone a structural transformation, evolving from hydrocarbon-dependent exchanges into globally integrated hubs for capital formation. As countries like Saudi Arabia and the UAE push to diversify their economies away from oil, they have introduced major reforms to attract global investors and encourage private companies to go public. This created a massive IPO boom from 2022 to 2024, standing strong even while global markets struggled with high interest rates. While 2025 saw a natural cooldown as international capital temporarily shifted toward AI and tech stocks, the GCC market is gradually maturing into a deeply integrated, resilient hub ready for long-term growth.

GCC mainboard IPO activity (2022-2025)

Proceeds raised (USD billions) and number of IPOs by year



IPO activity by country (2022-2025)

48 IPOs

~57% of total

Saudi Arabia (KSA)

Dominant issuer. Tadawul Main Market driving volume across financials, healthcare, industrials, consumer.

22 IPOs

~26% of total

United Arab Emirates

ADX and DFM hosting mega-listings: DEWA (\$6.1B), Talabat (\$2.0B), Lulu (\$1.7B).

7 IPOs

~8% of total

Oman

MSX focused on energy (OQ E&P, OQBI, Abraj), utilities, shipping (Asyad).

7 IPOs

~8% of total

Qatar, Kuwait & Bahrain

Selective: Meeza (Qatar), BeyoutInvest & Action Energy (Kuwait), AlAbraaj (Bahrain).

Source: GCC exchange filings, Bloomberg, Aranca analysis. 2025 data as at year-end

Primary market dynamics

Engineered scarcity

Only 5-20% of shares floated
Low free floats artificially inflate demand, creating an illusion of excess demand that drives first-day premiums

Retail-driven momentum

Speculative flipping dominates
Retail investors chase listing-day gains rather than long-term value, creating a liquidity surge at IPO that rapidly dissipates post-listing

SWF anchoring effect

Sovereign wealth funds anchor allocations
Large cornerstone allocations by sovereign and institutional investors signal confidence but compress available supply further, amplifying oversubscription multiples

Structural catalysts driving sustained growth

Economic diversification

Vision 2030 (Saudi) and Vision 2031 (UAE) utilize public markets to monetize state-owned enterprises, recycling sovereign capital into high-growth sectors across financial services, healthcare, logistics, and retail.

Regulatory liberalization

100% foreign ownership now permitted in specific sectors. Incubation boards like Saudi's Nomu Parallel Market have dramatically lowered barriers for domestic issuers.

Global index inclusion

Addition of GCC IPOs to MSCI benchmarks mandates passive institutional allocations, providing a permanent liquidity baseline and attracting dedicated EM fund flows.

Robust forward pipeline

~100 companies across the GCC navigating regulatory review for 2026. Growth trajectory will persist well beyond the 2025 cyclical cooling.

Source: GCC exchange filings, Bloomberg, Aranca analysis. 2025 data as at year-end

Average IPO size is declining, and that's structural

Average proceeds per deal has fallen from ~\$714M in 2022 to ~\$315M in 2025, a 56% decline. This reflects the shift from state-led mega-monetizations to a broader, private-sector-driven pipeline.

Year	Average Proceeds	Number of IPOs	Total Value
2022	\$714M	28 IPOs	\$20B
2023	\$450M	12 IPOs	\$5.4B
2024	\$496M	24 IPOs	\$11.9B
2025	\$315M	20 IPOs	\$6.3B

The state-to-private transition

State-backed IPOs

Dominated 2022 (DEWA, Borouge, Salik, Empower, Marafiq, Luberef). By 2024-25, only a handful remain. Historically stronger returns due to dividend protection and MSCI inclusion.

Trend: declining as major state assets have been monetized.

Private-sector IPOs

Surging. 2024-25 saw private healthcare (Fakeeh, Almoosa), fintech (Rasan, Derayah), consumer (Nice One, Lulu), and industrial (Tamkeen, SMASCO) listings. Higher execution risk but expands investable universe.

Trend: accelerating. Expected to dominate 2026+ with 100+ preparing.

IPO proceeds by GICS sector over time

	2022	2023	2024	2025
Utilities	\$7.9B	\$0	\$0.1B	\$0
Materials	\$3.9B	\$0	\$0.4B	\$0.2B
Consumer	\$4.7B	\$0.3B	\$3.0B	\$0.4B
Industrials	\$1.1B	\$1.1B	\$0.9B	\$2.1B
Energy	\$0.7B	\$3.5B	\$3.4B	\$0.5B
Financials	\$0.3B	\$0.3B	\$0.8B	\$1.0B
Health Care	\$0.4B	\$0.3B	\$0.9B	\$1.0B
IT	\$1.0B	\$0.7B	\$2.3B	\$0.2B
Real Estate	\$0.4B	\$0.1B	\$0	\$1.2B

Industry traction & evolution

Sector diversification

The market has fundamentally broadened. While 2022 was heavily concentrated with Oil & Gas making up 60% of the aggregate, 2025 demonstrates a highly diversified landscape with no single industry commanding more than a quarter of the total capital raised.

Transportation & Real Estate

These sectors are experiencing massive breakout traction. Completely absent as standalone pillars in the 2022 aggregate, they rapidly expanded and emerged to account for over 42% of the capital raised in 2025.

Health Care & legacy shifts

Health Care shows consistent structural growth, reflecting demographic shifts and privatization of medical infrastructure. This diverse private-sector activity is heavily diluting the historical dominance of legacy Oil & Gas / Energy monopolies.

Source: GCC exchange filings, Bloomberg, Aranca analysis. 2025 data as at year-end. Consumer = Consumer Staples + Discretionary combined

The medium-term reality, 1-year aftermarket returns

Despite euphoric debuts, longitudinal tracking demonstrates swift mean reversion. By the close of 2025, roughly 67% of newly listed companies posted absolute price declines from their offer price. This negative skew is structural, not an anomaly of any single vintage year.

Deconstructing post-listing underperformance

Valuation overreach

Massive oversubscription drives pricing at band ceilings. 'Priced for perfection' leaves no margin of safety, any earnings miss triggers punitive multiple compression.

Lock-up expiration supply shock

Unlocking of shares after 6–12-month lock-ups creates supply shocks. GCC markets lack deep long-term institutional buyers to absorb block trades.

Retail speculation vs institutional voids

Outsized reliance on retail flippers. Once speculative liquidity exits, the absence of deep-value institutions causes assets to drift lower.

Behavioral over-optimism

Pre-IPO marketing drives irrational over-optimism. As margins and disclosure materialize, optimism fades and returns turn negative.

Deal size and aftermarket performance

Mega-deals (\$1B+)

Mixed. State-energy (ADNOC Gas +12%, Luberef +49%) held value. Consumer (Lulu -41%, Talabat -32%) did not.

8 IPOs

Mid-cap (\$250M-\$1B)

Sweet spot. Parkin (+66%), ADNOC L&S (+30%), Rasan (+71%), Arabian Drilling (+45%). Institutional interest with growth optionality.

25 IPOs

Small-cap (<\$250M)

Highest failure rate but hidden gems: Elm (+137%), Meeza (+33%), Al Mawarid (+42%). Requires rigorous screening.

51 IPOs

Source: GCC exchange filings, Bloomberg, Aranca analysis. 2025 data as at year-end.

Key takeaways for portfolio managers

- 1** The GCC IPO market has moved beyond a one-off, state-led monetisation cycle into a more sustained and institutionalised phase, but this maturity also brings a clearer distinction between listing momentum and long-term value creation.
- 2** Going forward, issuance is expected to remain strong, supported by a robust pipeline; however, the shift toward private-sector mid- and small-cap companies implies higher variability in quality and outcomes.
- 3** The absence of sovereign backing and guaranteed dividends marks a structural change in risk dynamics, making bottom-up analysis and active selection increasingly critical for investors.
- 4** Strong initial demand and oversubscription should not be interpreted as indicators of quality, as post-listing performance is often impacted by valuation stretch and supply-side pressures.
- 5** Alpha generation will increasingly depend on sector and size selectivity, with the expanding opportunity set requiring investors to differentiate between structurally sound businesses and momentum-driven listings.
- 6** As the market evolves, independent and rigorous valuation frameworks will become essential to navigate pricing inefficiencies and support disciplined capital allocation.

Source: GCC exchange filings, Bloomberg, Aranca analysis. 2025 data as at year-end.



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A photograph of a person climbing a steep, rocky mountain face. The climber is wearing a red jacket and a backpack, and is secured by ropes. The background shows a clear sky and distant mountains.

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