



## This Canadian Stock's IPO Did Better Than Airbnb (NASDAQ:ABNB)

### Description

**Airbnb's** ([NASDAQ:ABNB](#)) IPO was one of the top tech stories of 2020. More than doubling the minute it hit the NASDAQ, it made early investors wealthy. Institutional buyers who got in at the offering price paid just \$68 per share for ABNB. On its first day of trading, ABNB opened at \$146. Institutional buyers who sold early realized a cool 114% return.

Alas, it was a different story for retail investors. If you'd bought *on* the first day of trading, at the \$144 closing price, you'd only have seen your shares jump 1.62% in a week. That's assuming you didn't panic sell in the initial crash that sent the shares as low as \$123.

When you buy "IPOs" as a retail investor, you don't actually get the offering price. Instead, you get whatever price is offered by sellers on the open market. For this reason, IPOs typically don't perform as well for individual investors as for early, institutional buyers.

That doesn't mean you can't profit by buying recent IPOs, though. There are actually plenty of 2020 IPOs that have done well for investors who'd bought on the first day of stock market trading. In this article, I'll be exploring one Canadian tech stock whose IPO beat Airbnb's in the first week of trading.

### Lightspeed POS

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Canadian tech stock that [went public in 2019](#). In its first week of trading, it rose 15.3%. That is, the price increase from the closing price on the first day of trading to the last day of trading was 15.3%. Over the same number of days, ABNB gained just 1.62%. So, for retail investors at least, LSPD had a better first week than ABNB did.

### Why LSPD outperformed the Airbnb IPO

On the surface, it might seem strange that Lightspeed's first week would be better than Airbnb's. The former is a company nobody has ever heard of, while the latter is the most talked about tech stock of 2020. Where did all this interest in Lightspeed even come from?

There are a few possible explanations:

1. Growth: Lightspeed posted 36% year-over-year revenue growth around the time it went public. Airbnb went public amid a revenue decline brought on by COVID-19.
2. Comparisons to **Shopify**: Shortly after it went public, Lightspeed garnered many comparisons to Shopify, an earlier Canadian IPO that went on to deliver returns in excess of 1,000%. That surge in investor interest may have contributed to its post-IPO rise.
3. Lower expectations: Lightspeed closed at \$18.9 on its opening day, only a little above its [\\$16 offering price](#). ABNB doubled on its opening day, leaving less room to rally in the following week.

## A rosy future?

It's one thing to note that Lightspeed's IPO did better for retail investors than Airbnb's but quite another to say that the stock will continue outperforming. Nevertheless, we've got some good indications on that front. Since going public, LSPD stock has tripled. There may be some cause to think that it will keep the momentum going. As of its most recent reports, Lightspeed was growing revenue at 62% year over year. If that continues, then its stock may rally even harder than it did immediately after its IPO.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:ABNB (Airbnb)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)

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