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Move over NY and City — here comes Jacksonville

Alistair Gray in New York



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The skylines of London and New York

Forget the bright lights and fast pace of living in two of the world's greatest metropolises, city living for a new generation of financial workers is now more Jacksonville in Florida and Warsaw in Poland than New York and London.

The US and British cities synonymous with banking, insurance and deal-making have lost an estimated 42,000 jobs — or 6 per cent of the sector — in the past five years as soaring costs have encouraged businesses to shift to cheaper locations.

While financial employers have been lowering headcounts in the two cities to cut expenses, about four-fifths of the positions have survived but migrated elsewhere, consultancy Boyd estimated in figures prepared for the Financial Times.

The cost of operating a back office in the two cities has increased 10-12 per cent in the past 18 months, about four times the rate of inflation, according to Boyd.

Post-crisis regulation and rock-bottom interest rates are squeezing revenues of banks, insurers and other financial services groups, leaving them reliant on cost-cutting to boost profits. IT workers and support personnel such as accounting, procurement and human-resources have led the exodus from the costliest centres.

“My clients have come to the conclusion that lots of these people don’t need to be in Midtown Manhattan or the City of London,” said Alan Johnson, managing director of Johnson Associates, a financial services pay consultant. “It doesn’t make sense any more.”

He said he expected New York and London to “lose a lot more” jobs in finance, adding: “You’ve got to overpay people because it’s so expensive to live there.”

Boyd estimated the main US financial centre had lost 27,000 staff in the past five years — leaving it with 331,000 positions — and the UK capital had lost 15,000 — leaving it with 358,000 posts.

In North America locations in upstate New York were becoming more attractive choices, the consultancy said. Montreal, which is seeking to woo the finance sector with tax incentives, has emerged as a favourite alternative, attracting 5,000 jobs in the sector since 2011 and employers including [Morgan Stanley](#) and [State Street](#). Its annual operating costs are 40 per cent lower than in New York, Boyd said.

Other preferred options include Jacksonville in Florida, where operating costs are 23 per cent lower than in New York. The city has gained more than 4,000 jobs, including Macquarie, Deutsche Bank and Ernst & Young.

In Europe, Warsaw has attracted 4,000 jobs in the financial sector in the past five years, Boyd estimates. Annual operating costs in the Polish capital are 60 per cent lower than in London.

They are 47 per cent lower in Madrid, which is estimated to have attracted 2,500 positions in the period.

John Boyd, principal at the consultancy, said: “Comparative economics are ruling the site selection process within the financial services sector like never before.”

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- Alan Johnson, managing director of Johnson Associates

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