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How South Florida compares to New York, Boston for corporate relocations



Skyline in the Brickell area of downtown Miami Jock Fistick



By Erik Bojnansky – Reporter, South Florida Business Journal - May 25, 2022

While corporate migration to South Florida has been strong, the region is not typically the top choice for headquarters employees, site selection specialists say.

The trend of companies expanding in the tri-county area has put upward pressure on office leasing rates and reduced vacancies. But challenges remain for the region when it comes to attracting large headquarters — and therefore, companies' highest-paid executives — according to two members of the Site Selectors Guild, an organization of professionals who advise companies on office relocations.

Larry Gigerich, executive managing director of Indianapolis-based site selection company Ginovus, said that while plenty of out-of-state companies have moved jobs to South Florida, headquarters operations tend to remain elsewhere.

"A lot of companies realized they don't have to have all their people in downtown New York, Boston, or Chicago. They can take a larger group to a place where there's a better business climate and a better cost of living," Gigerich said.

But while the "younger, well-educated talent" wish to move to South Florida, some CEOs, especially from New York, don't want to move.

"Virtually none of them want to leave New York, where they grew up and went to college," Gigerich said.

Seth Martindale, senior managing director of Americas Consulting, a division of CBRE, said his clients are generally wary about relocating their headquarters at a time when both office use and the economy are in flux with a predicted recession on the horizon.

"It has more to do with the entire market," he said.

It's also a matter of geography, added Martindale, who is based in Orange County, California. Miami-Dade and Broward counties are "way out there" on the eastern portion of a peninsula that is hundreds, or in some cases thousands of miles from other major business hubs.

Yet, West Palm Beach, which is 69 miles north of Miami, is considered to be close enough to the rest of the nation to be on equal footing with Orlando; Tampa; Atlanta; Charlotte, North Carolina; and Nashville, Tennessee for corporate relocations, Martindale said.

While year-round warm weather is a major draw, risk from hurricanes is another strike against South Florida.

"The fact of the matter is, if every year, [operations stop] because you can't come to the office because the area is being evacuated, that is an issue," Martindale said. "With remote work, it's less of an issue than it used to be, but it's still an issue."

Companies that consider Miami-Dade a top choice for its headquarters usually have an international play in mind.

"From my perspective, most of the time we see companies move to Miami ... it is for access to Latin America or a customer proximity issue in that area," Martindale said. Another reason is a "diversity play," the desire to hire people from diverse backgrounds, he added.

Ginovus' Gigerich characterizes hundreds of jobs shifting to the region as a win, regardless of whether they include C-suite positions.

The region has done a "fantastic job" positioning itself as a tech center for health care and life sciences, as well as software development and engineering, he said.

"There is good movement on the financial service side," he added, including in cryptocurrency.

John Boyd, principal of the The Boyd Co., a Boca Raton-based site selection company, said there's been a "historic migration of wealth and business and job creators to South Florida."

Boyd, who recently moved his business from New Jersey, said South Florida is poised for additional corporate relocations due to this region's "superior tax and business climate and attractive lifestyle" compared to places with large concentrations of corporate headquarters such as Boston, New York and San Francisco.

"Our projections of a mass migration of corporate investment and people are now playing out tenfold," Boyd told the *Business Journal*. "The challenge for South Florida now is affordability and infrastructure, given the fast pace that these trends are playing out in the region's favor."

Miami, for instance, has had success in securing major offices for startups and international companies. In the past 19 months, 122 companies have either expanded or opened main or regional headquarters within city limits, according to figures released by Venture Miami, an economic initiative affiliated with the office of Mayor Francis Suarez. Those companies are currently employing 6,249 people with full-time positions and they're projected to create another 11,778 full-time posts in the future.

Thanks to its growing population of billionaires, financial services companies and family home offices have flocked to Miami Beach in a years-long trend that has inspired city leaders to pass legislation that encourages the development of more Class A office space.

Meanwhile, several out-of-state companies have brought their offices to West Palm Beach and the rest of Palm Beach County. And the Greater Fort Lauderdale Alliance recently celebrated the retention or creation of more than 700 jobs in Broward County.