

# SOUTH FLORIDA BUSINESS JOURNAL

## South Florida competes with Sun Belt cities for corporate relocations, site selector says



By Erik Bojnansky – Reporter, South Florida Business Journal

Sep 9, 2022

When it comes to securing corporate relocations, South Florida's biggest competitors are urban metros throughout the Sun Belt, a local site selector told the *Business Journal*.

John Boyd, Jr., principal of Boca Raton-based Boyd Co., said he's fielded requests from companies interested in opening branch offices not just in the tri-county area, but also in Nashville, Tennessee; Atlanta; Reno, Nevada; and Durham and Raleigh in North Carolina. Austin, Houston and San Antonio in Texas remain popular for new offices and corporate relocations among his clients, Boyd said.

Within Florida, Tampa, Jacksonville and even Port. St. Lucie continue to attract inquiries, Boyd said.

With a possible economic slowdown looming, Boyd said companies are interested in Sun Belt cities because they're perceived to be less hostile to businesses than places with a historically larger corporate presence, such as New York, Boston, San Francisco and Los Angeles. What's more, skilled professionals are moving to the Sun Belt in droves.

"The census data doesn't lie. These are areas that have in-migration," Boyd said.



John Boyd, principal of The Boyd Co. The Boyd Co.

Nevertheless, Florida, with its lack of a state no income tax, attracts attention from corporate leaders.

"Executives view Florida as where they are getting a better return for their dollar," he said.

But few places can compete with South Florida as an area to live, work and play, Boyd says, which is driving talent to move to the region. That, in turn, is pushing companies to open offices and branches in South Florida.

"It's the old rule: companies are only as good their people," he said.

But it isn't just the abundance of places for outdoor recreation, dining, and nightlife. South Florida also has a growing inventory of new and upgraded office buildings.

"A lot of this has to do with the development of newer and amenity-rich office buildings," Boyd said.

Those amenities don't have to be within the building, either. Brightline's stations in the downtown areas of Miami, Fort Lauderdale, and West Palm Beach have helped create highly desirable, transit-oriented hubs, Boyd said. West Palm Beach's downtown area in particular has benefited from the presence of a Brightline station, business insiders have told the *Business Journal*.

Since the pandemic, brokers and developers have told the *Business Journal* that new-to-market companies have helped boost the commercial real estate market, including the office sector. That has helped make South Florida's downtown areas become among the most expensive places to lease an office in the world, according to a recent study from Yardi.

Although there are concerns that rising interest rates will slow deals down, Boyd said interest in South Florida remains as strong as it was 18 months ago.

"I can tell you we have not seen a slowdown with respect to corporate interest ... in identifying opportunities in South Florida for a number of industries," Boyd said.

Among the types of businesses interested in laying roots in South Florida are companies and firms involved with software, green energy, electric vehicle battery, cryptocurrency, esports, and finance, Boyd said.

As for where those companies want to sign leases, Boyd said Miami's Brickell Financial District is still a favored location. More than half of the companies entering into leases in Brickell are new to market, a Miami Downtown Development Authority study stated. The neighborhood's asking rents are also the highest in Miami-Dade County, at \$76.70 a square foot, according to a recent report from Colliers.

Brickell is also where 830 Brickell, a 55-story tower with asking rents up to \$150 a square foot, is being built. The project has attracted an all-star corporate roster that includes billionaire Ken Griffin's Citadel hedge fund as well as Microsoft, Thoma Bravo, CI Financial, AerCap, and three high-powered, Chicago-based law firms.

Other places that remain popular with companies that want to move to South Florida, Boyd said, include the Wynwood Arts District and West Palm Beach's central business district.

But Boyd said companies have been expressing interest in downtown Fort Lauderdale and Broward County "as a low-cost alternative."

According to Colliers, office rents averaged \$37.06 a square foot in Broward County in the second quarter. In downtown Fort Lauderdale, rents averaged \$48.72 a square foot.

Executives are also looking for bargains in Homestead, western Palm Beach County, and other suburban areas, he added.

Boyd said South Florida has the potential to attract even more companies after the Biden administration banned tech companies from receiving financial incentives from the recently passed CHIPS act when it comes to establishing facilities in China or "other areas of concern."

Beyond relocations within the country, Boyd said he's received inquiries about South Florida from companies based in Israel, Brazil, Colombia, Germany and other nation-states in Europe and South America.

Foreign companies are also facing economic uncertainties in their home countries, Boyd said, and the U.S. is seen as the "most secure economy." Within the U.S., "Florida enjoys unique success in the marketplace," he added.

Company relocations to South Florida have spurred a number of trends.

Since the pandemic, residential rents have risen at record rates. While there are signs that residential rent growth is slowing, South Florida still has the seventh-most expensive rents of any metro area in the U.S., according to a recent study co-produced by Florida Atlantic University.

Those rising rents could dissuade some companies from opening offices or facilities in South Florida, experts have told the *Business Journal*.

Boyd agreed with that sentiment, but said he's optimistic it's being addressed by local governments and developers.

"The challenge is affordability. Fortunately, there are new projects with more mixed-use transit oriented communities with price points for relocating workers," he said.