CRIME RATES SPARK RELOCATIONS

Safety concerns fuel migrations to Florida

By Brian Bandell — Senior Reporter, South Florida Business Journal - Oct 20, 2022

When billionaire Ken Griffin announced in June that he planned to move the headquarters of his Chicago-based hedge fund Citadel to Miami, he cited the Windy City's high crime rate as a key factor.

"Chicago is like Afghanistan, on a good day," he said during a speech to the Economic Club of Chicago in 2021.

The move highlights a growing trend of corporate relocations nationwide. This comes as violent crime has increased in most U.S. cities since the onset of the Covid-19 pandemic, according to the Council on Criminal Justice.

Persistent crime is one reason companies leave cities, often over concerns for executives' or employees' safety, experts say. Property crime also wreaks havoc on retailers and small businesses that are frequent targets of theft, prompting some of them to shutter.

Strong research suggests that high crime rates cause a population exodus, said Richard Rosenfeld, a professor of criminology and criminal justice at the University of Missouri-St. Louis and a co-author of the CCJ study.

"The same conditions that prompt people to relocate may also prompt business relocations and impact the ability of a city to attract new business," he said.

Luckily, Florida has benefited from this trend, as it's been the No. 1 draw for wealthy residents from high-tax states over the past few years. Lower crime rates than other metro areas has been one of the factors for this migration, along with lower tax rates and Florida's reputation as a pro-business state.

And it's important to note that while property crimes such as robbery fell during the lockdown years, they rose in most big cities in the first half of 2022.

John Boyd, principal of Boca Raton-based business relocation specialist the Boyd Cos., said crime always plays a role in a company's decision of where to move.

"One of the big reasons you see migration from California, New York and Philadelphia is not just high taxes, but crime statistics," Boyd said. "St. Louis hasn't enjoyed the type of growth Kansas City has in recent years, and crime is a big reason why."

While crime statistics are important, where residents migrate to is also a huge factor because companies strive to follow the workforce talent, said Tom Stringer, managing director of site selection and incentives for BDO in New York. The two go hand in hand because if people are reluctant to live in a city because they're concerned about crime, it's harder to find workers there.

"Three or four years ago, if you wanted a great job, you needed to move to a big coastal city," Stringer said. "That flipped on its head because a lot of migration post-Covid has been companies chasing the workforce."

Crime has had a negative impact on the retail real estate market in some cities, such as San Francisco, where retailers shut down because dealing with theft was too costly and shoplifting was rarely prosecuted, said Tim Blair, a partner at commercial real estate firm Shannon Waltchack in Birmingham, Alabama, and past president of CCIM International.

"Nobody wants to spend time in an area near crime," he said. "[But] part of that is the city government's willingness to make sure crime doesn't occur."

Chicago-based McDonald's CEO Chris Kempczinski recently told the Economic Club of Chicago that the city is "in crisis" over crime, according to CNN. That has hurt the performance of its local restaurants, made it harder to recruit employees to its corporate offices, and slowed workers' return to its offices, he added.

In addition to losing Citadel this year, Chicago also lost the headquarters of Caterpillar to Irving, Texas, and Boeing to Arlington, Virginia.

Executives leaving New York and San Francisco have also cited crime as a contributing issue. Hamid Moghadam, CEO of San Francisco-based Prologis, urged city leaders to make public safety a higher priority after he was robbed at gunpoint in July.

Still, Rosenfeld noted that the crime rate in Chicago is comparable to a number of big U.S. cities, and that both New York and San Francisco have relatively low crime compared to their populations.

"Chicago is the poster child of media coverage of crime," Rosenfeld said. "[And] I think business executives are more influenced by headlines about crime than the actual evidence of how much crime is taking place."

While Florida's big cities have lower crime rates than Chicago, Florida's big cities have higher murder rates than New York and San Francisco.

The CCJ study of crime in 29 cities found murder and gun assaults dropped in the first half of 2022, but there was an alarming 19% surge in robberies.

The Business Journals took a further look at the crime data, viewing reports submitted by 42 big-city police departments for the first half of 2022, as summarized by the Major Cities Chiefs Association and public records requests. Some findings:
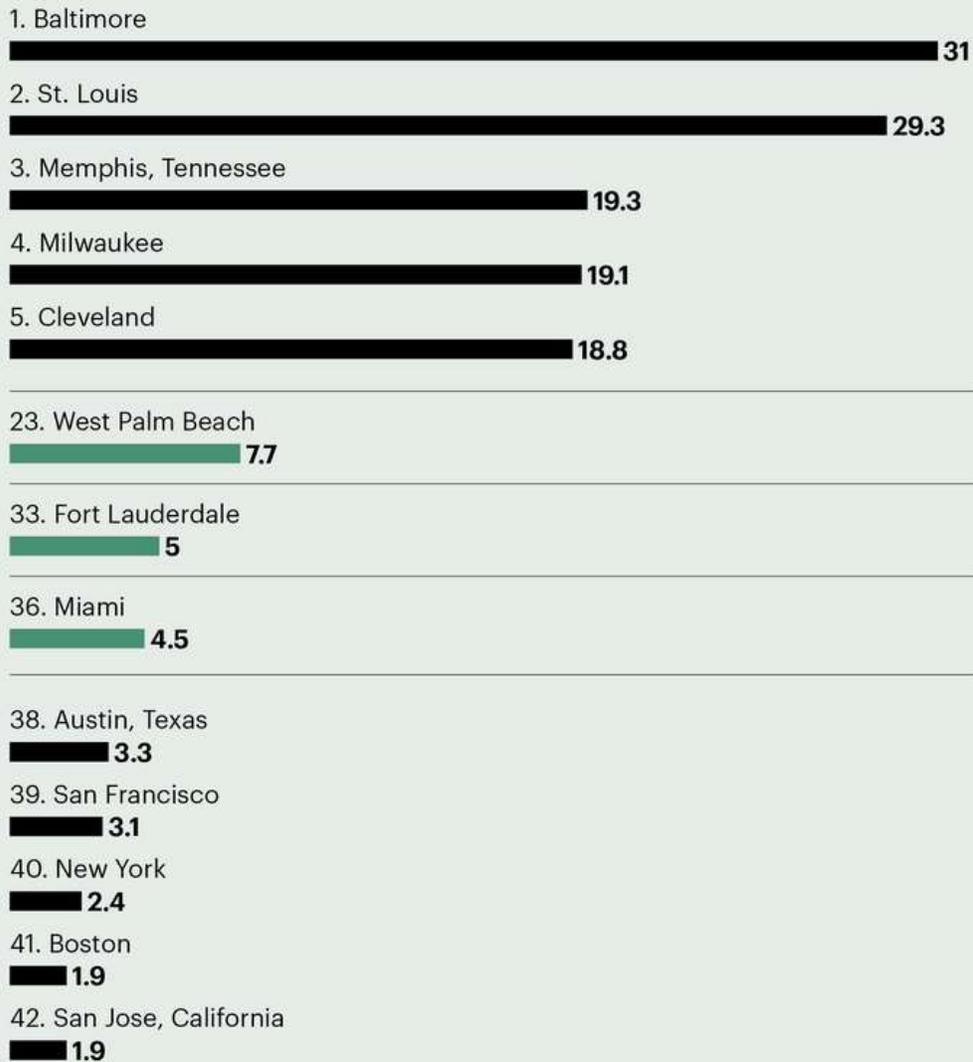
Cities with the highest murder rates

Only 16 cities had more murders in the first half of 2022 than in the prior-year period, with some of the biggest increases in San Antonio, Atlanta, Baltimore, Milwaukee and Dallas. While Baltimore's troubles have been well documented, the other cities don't frequently make national headlines for street crime. In fact, San Antonio and Dallas have been among the biggest beneficiaries of both population and corporate migration.

Much-maligned Chicago had the 13th-highest rate of murder by population. San Francisco and New York ranked 39th and 40th by murder rate, respectively, so they were among the least deadly big cities. Austin, Texas, which has attracted many residents and businesses from those cities, was just above them, at 38th.

Baltimore, St. Louis and Memphis, Tennessee, had the highest rates of murder by population.

HIGHEST AND LOWEST MURDER RATES PER 100,000 RESIDENTS

1. Baltimore
31

2. St. Louis
29.3

3. Memphis, Tennessee
19.3

4. Milwaukee
19.1

5. Cleveland
18.8

23. West Palm Beach
7.7

33. Fort Lauderdale
5

36. Miami
4.5

38. Austin, Texas
3.3

39. San Francisco
3.1

40. New York
2.4

41. Boston
1.9

42. San Jose, California
1.9

MURDERS IN JANUARY-JUNE 2022 VS. 2021

West Palm Beach
Steady at 9

Fort Lauderdale
Down to 9
from 10

Miami
Down to 20
from 24

SOURCE: Major Cities Chief Association and public records requests

Cities with the highest aggravated assault rates

Aggravated assaults were up in 21 cities, or half of those in the study. Austin, Texas; Denver; Los Angeles; Nashville, Tennessee; New York; San Antonio and Seattle were among the cities with the biggest increases in violent attacks.

Milwaukee; St. Louis; and Memphis, Tennessee, had the highest rates of aggravated assault by population. Popular corporate relocation destinations Nashville, Houston and Atlanta were in the Top 10, all higher than cities that lost population in the last few years such as Chicago, New York, Los Angeles and San Francisco.

HIGHEST AND LOWEST AGGRAVATED ASSAULT RATES PER 100,000 RESIDENTS

1. Milwaukee
621.6

2. St. Louis
587.8

3. Memphis
557.2

4. Kansas City
507.5

5. Nashville, Tennessee
486.7

28. Miami
216.2

34. Fort Lauderdale
159.6

38. Cincinnati
126

39. Raleigh, North Carolina
124.7

40. Columbus, Ohio
122.7

41. Washington, DC
103.6

42. West Palm Beach
29.8

AGGRAVATED ASSAULTS IN JANUARY-JUNE 2022 VS. 2021

West Palm Beach
Up to 35
from 30

Fort Lauderdale
Down to 290
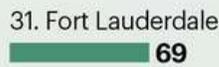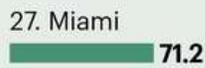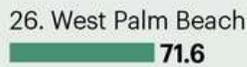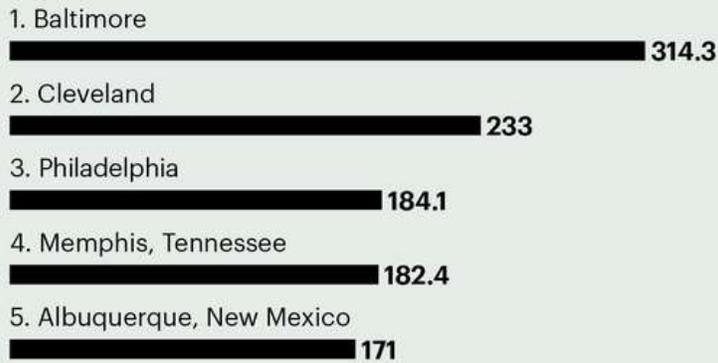from 305

Miami
Up to 951
from 933

Cities with the highest robbery rates

Rising theft and property crime have been a problem in many cities, and the data for robberies in the first half of 2022 reflects that. Robberies were up in 29 cities, with the biggest increases in Albuquerque, New Mexico; Baltimore; Chicago; Los Angeles; Memphis, Tennessee; New York; Philadelphia; Portland, Oregon; Sacramento, California; and Washington, D.C.

Some of the cities in the Top 15 for highest rate of robberies by population have been losing residents in recent years, including Baltimore, Philadelphia, Chicago, San Francisco and Los Angeles.

Popular migration destinations such as Jacksonville; Tampa; San Antonio and Austin, Texas; and Charlotte and Raleigh, North Carolina, recorded the lowest incidents of robberies by population.

HIGHEST AND LOWEST ROBBERY RATES PER 100,000 RESIDENTS

1. Baltimore
314.3

2. Cleveland
233

3. Philadelphia
184.1

4. Memphis, Tennessee
182.4

5. Albuquerque, New Mexico
171

26. West Palm Beach
71.6

27. Miami
71.2

31. Fort Lauderdale
69

38. Raleigh, North Carolina
50.5

39. Minneapolis
49.6

40. Boston
48.5

41. Austin, Texas
46.8

42. Jacksonville
42.2
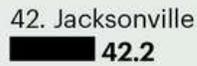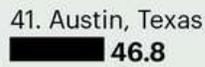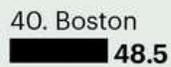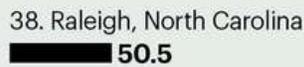
ROBBERIES IN JANUARY-JUNE 2022 VS. 2021

West Palm Beach
Down to 84
from 98

Fort Lauderdale
Down to 126
from 145

Miami
Up to 313
from 258

SOURCE: Major Cities Chief Association and public records requests

Another advantage for Florida

A review of crime data casts the Sunshine State's biggest cities in a fairly favorable light. Miami, Fort Lauderdale, West Palm Beach, Orlando, Tampa and Jacksonville are either in the middle of the pack or near the bottom in crime rates. And, despite its "Miami Vice" reputation, the Magic City actually had a lower murder rate than the other Florida cities.

Not only that, but large Florida cities had lower crime rates than Sun Belt competitors Dallas, Nashville, Atlanta and Phoenix.

Many corporate executives feel safer in Florida than New York, Chicago and Philadelphia, and not just because of the difference in crime levels, said Boyd, the Boca Raton recruiting expert. Unlike those in some other states, prosecutors in Florida are not reluctant to prosecute and punish criminals, and security officers are more willing to keep common areas secure, he said.

That's one reason Florida, and other Sun Belt cities that take crime seriously, have more employees returning to the office, he added.

"Crime is everywhere, but there's a feeling in Florida that they're getting more for their tax dollars," Boyd said. "They have faith that crimes will be prosecuted here. That's not the feeling they get in New York, California and Illinois."

Big cities fight back

Economic leaders in big cities losing population and companies are aware that crime rates are top of mind, and they're counting on political leaders to boost safety measures.

Anyone who has lived in New York for many decades knows that crime levels today are well below what they were in the early 1990s, said Kathryn Wylde, president and CEO of business and civic advocacy group Partnership for New York City.

There was a period during the Covid-19 pandemic when the situation was disorderly, with more crime, including hate crimes, and more homeless people on the street, she said. Her organization conducted a survey of 10,000 New York employees in March; 74% said safety on public transit had gotten worse since the pandemic started, and 57% said not enough has been done about shoplifting.

"It's been a rough two-and-a-half years," Wylde said. "But starting in March, we began to see a turnaround, both in terms of the new mayor [Eric Adams] and the governor [Kathy Hochul] working together to push out a higher police presence and to make some reforms in the state laws that would discourage recidivist crimes. We have seen actions to reverse these troubling trends before they get out of hand."

She said the high tax rate in New York, and the federal law that prevents people from deducting state income taxes, was a bigger factor than crime in losing wealthy residents to Florida.

While Chicago has lost a handful of high-profile corporate headquarters, what's often overlooked are the many companies moving to the Windy City because of its diverse talent, university research and venture capitalism, said Michael Fassnacht, president and CEO of World Business Chicago. In fact, it attracted 73 new companies in 2021, its best performance in a decade, he said.

Crime levels have declined in Chicago this year, he noted. Half of its office workers are back, hotels are nearly at pre-Covid levels and more people are attending downtown events.

"The overall numbers don't confirm that safety has significantly impacted our corporate growth," Fassnacht said. "There's a little bit of a bullseye on Chicago based on its history and who our mayor is and Donald Trump targeting Chicago [in past comments on crime]. I see this as motivation to do better work on the underlying issues that drive crime in all cities – and that's economic inequality."

Crime has been a prime issue for businesses in San Francisco, and many companies are pleading with city leaders to address it, said Jim Wunderman, president and CEO of the Bay Area Council. Property crime has significantly increased, and the very visible problem of homelessness has contributed to residents' unease.

While the high cost of living and income taxes are primary reasons San Francisco has lost residents and tech entrepreneurs in recent years, crime was also part of it, he said.

"We had a different culture here where people expect less crime and a better quality of life," Wunderman said. "People thought they could leave their door open here. The unruliness is a bit strong here, and that is making people upset."

San Francisco has been one of the slowest markets for people returning to the office, and there's lots of vacant office space, he said. A city that tech companies once fought to be in now has to lure businesses back. Part of that effort must include properly charging and punishing people who commit crimes, and finding housing for the homeless, Wunderman said.

"Nobody ever tried to recruit a company here; they just came," he said. "Now we need to think differently. We need to bring companies in and explain what the virtues of the Bay Area are."