

SOUTH FLORIDA BUSINESS JOURNAL

South Florida ranked 4th hottest metro for economic growth in the U.S.



By Erik Bojnansky – Reporter, South Florida Business Journal
Jan 24, 2024

A trade publication for corporate site selectors ranked South Florida No. 4 in its Hotspots of Economic Growth report.

The Miami-Fort Lauderdale-West Palm Beach metro area was among 384 metropolitan areas across the U.S. analyzed by Area Development, a magazine that has covered corporate site selection and economic development since 1965.

In its report, published in Area Development's Q4 2023 issue, South Florida ranked fourth overall among metros of all sizes: beating out Austin-Round Rock (No. 5), the Palm Bay-Melbourne area

in Florida (No. 7), the Tampa-St. Petersburg area (No. 8), Orlando-Kissimmee (No. 29), and Jacksonville (No. 31).

South Florida also surpassed large metro areas such as Dallas (No. 26), San Francisco-Oakland (No. 92), Atlanta -Sandy Springs (No. 183), Houston-The Woodlands (No. 259), New York-Newark (No. 245), Philadelphia-Camden (No. 296), Chicago-Naperville (No. 281), Washington-Arlington (No. 314), and Los Angeles-Long Beach (No. 272).

The three areas ranked above South Florida were Salt Lake City (No. 1), the Olympia-Lacey area in Washington State (No. 2), and Decatur, Alabama (No. 3).

The report provided an overall ranking based on six categories that were also ranked: economic strength, core economy, job growth indicators, prime workforce, wage and salary growth, and workforce readiness.

South Florida received a high overall ranking because it stood out for how well the region's economy rebounded from the Covid-19 pandemic between 2020 and 2023, said Patrick Clapp, senior economic consultant for Chmura Economics & Analytics, a Virginia firm that compiled the rankings for Area Development.

"The change in average unemployment, for example, went from 8.8% in 2020 to 2.4% in 2023 [which] represents a strong recovery compared to other metros, and that helped push Miami up in the rankings for categories like core economy and economic strength," Clapp said.

Indeed, in the economic strength category, South Florida ranked No. 4. In the "core economy" category, which looks at employment change in advanced industries and STEM job posts, South Florida ranked No. 2.

The tri-county region's economy was bolstered by the pandemic migration of high-income households from other parts of the U.S., which wanted to avoid state income taxes and sought warm weather. Between 2020 and 2021, \$39.2 billion in net income flowed toward the entire state of Florida. Of that amount, more than \$16 billion headed toward Miami-Dade, Broward, and Palm Beach counties.

Among the well-paid and wealthy individuals that moved to South Florida are business owners and corporate executives, many of whom established offices in the region. As a result, while office markets in places such as New York and San Francisco floundered, it boomed in South Florida.

Area Development's high overall ranking for South Florida shows that the region is not just a great place to live, but also a good place to do business, said John Boyd, Jr., principal of the Boca Raton-based corporate selection firm the Boyd Company. It also "shows well" for South Florida at a time when many corporations are surveying places to relocate their headquarters, he added.

However, South Florida wasn't top ranked in all categories. Places where the Miami metro missed the top 10 include:

- Job Growth Indicators: No. 20
- Wages and Salary Growth: No. 25
- Prime Workforce (STEM jobs and wage growth): No. 41
- Workforce Readiness (percentage of STEM jobs): No. 62

Indeed, when it comes to labor, South Florida has unique challenges, with far more jobs available than people are willing to – especially in Miami-Dade County. Experts have told the *Business Journal* that rising housing costs and horrible commutes have made recruitment challenging.

Boyd pointed out that when it comes to "Prime Workforce," South Florida had the lowest ranking among the top eight overall metros listed by Area Development. In that category, Austin-Round Rock ranked No. 1.

Within the Sunshine State, at least 10 metro areas secured higher rankings than South Florida in this category:

- Palm Bay-Melbourne: No. 4
- North Port-Sarasota: No. 5
- The Villages: No. 6
- Cape Coral-Fort Myers: No. 7
- Punta Gorda: No. 9
- Deltona-Daytona Beach: No. 11
- Naples-Marco Island: No. 19
- Crestview-Fort Walton: No. 20
- Tampa-St. Petersburg: No. 22
- Jacksonville: No. 24

Nevertheless, many of the companies that are coming into South Florida are bringing their talented workforce with them, Boyd said. In addition, the region is making strides to improve, he added.

"Keep in mind that Austin has been attracting tech jobs and intellectual capital from the Silicon Valley and the Bay Area for at least the past couple of decades while South Florida is early on in that curve," Boyd said.