

REAL ESTATE | PROPERTY REPORT

## Low Taxes and High Temperatures Lure Finance Firms to Miami

Blackstone and Starwood Capital Group are among those drawn to the city

By Arian Campo-Flores | Jan. 5, 2021

MIAMI—This city has long pitched itself as an attractive location for finance and tech firms, with its tax advantages, flight connections to New York and cosmopolitan flair. Its efforts appear to be paying off.

Private-equity giant [Blackstone Group](#) Inc. unveiled plans in October to open an office in the city to serve its internal technology needs that will eventually employ 215 people. Billionaire financier Carl Icahn moved his company to nearby Sunny Isles Beach earlier in 2020. Real-estate investor Starwood Capital Group is building a sleek new 144,000-square-foot headquarters in Miami Beach.

[Goldman Sachs Group](#) Inc. is eyeing the region as a possible home for its asset-management arm, according to people familiar with the matter. A spokesman said the company was pursuing a “strategy of locating more jobs in high-value locations throughout the U.S., but we have no specific plans to announce at this time.”

A string of smaller tech and finance firms recently opened offices in the area, or said plans are in the works. Venture capitalists including Keith Rabois and Jon Oringer have moved here and hailed its emerging tech scene.



“The sun, moon and stars have all aligned,” said Nitin Motwani, managing partner of the Miami Worldcenter mixed-use development, who has helped woo firms to the city. “The new normal is going to see a lot more growth happening here.”

Various factors are at play beyond beaches and subtropical weather, he and others say. Florida has no personal income tax and low corporate taxes. The 2017 federal tax law capping deductions for state and local taxes enhanced Florida's appeal for wealthy residents of high-tax states. And [the coronavirus pandemic](#) made clear for many people that they could work remotely from anywhere.

Blackstone settled on Miami for its new office in part because of the growing pool of tech talent, fed by local universities and existing companies, said John Stecher, the firm's chief technology officer. Other pluses: the city's nightlife, restaurants and thriving arts scene.

It is "a world-class destination city where people want to live," Mr. Stecher said.

Skeptics say much of the migration involves small firms that aren't major job creators or wealthy executives moving for personal reasons. An effort to create a tech hub in Miami during the 1990s dot-com boom withered after the boom turned to bust.

Miami also faces some of the challenges confronting all U.S. office markets in the months to come as [they deal with the pandemic](#) and the economic downturn. Leasing activity in the third quarter of 2020 in Miami was "limited as offices sat mostly empty and firms were forced to reimagine their space needs," according to a JLL report.

A 2020 study by [CBRE Group](#) Inc. found that South Florida added 14,700 tech jobs between 2015 and 2019, far below a market such as Denver but on par with one like Portland, Ore.

"We've created more of an ecosystem here," said Shay Pope, a CBRE senior vice president in Miami.

The Miami Downtown Development Authority, an economic-development agency, launched a campaign to court hedge funds in 2013, holding cocktail events in New York and elsewhere. The effort, which later targeted financial and tech firms, scored some successes.

Universa Investments, founded by hedge-fund star Mark Spitznagel, moved to Miami from Los Angeles in 2014. Among the draws were tax advantages, lower cost of living and a welcoming business climate, said Brandon Yarckin, chief operating officer.

The move, which involved about 15 people, was a success, he said. The firm has roughly doubled its assets and added staff. It set up shop in a 20th-floor office featuring panoramic views of the city, with double the square footage of its digs in Los Angeles at a lower price.

“It’s really hard to compete with a place like Miami when you factor in all these different aspects,” Mr. Yarckin said.

A 2019 report commissioned by the Downtown Development Authority found that the number of full-time employees working for registered investment advisers in downtown Miami had increased 55% to 1,326 over the previous five years. Total assets under management grew 61% to \$75 billion.

A recent arrival is wealth-management firm Boston Private, which opened a Miami outpost in early 2020. It gives the firm access to growing numbers of high-net-worth individuals and family offices in Miami, as well as a base to cover the U.S. Southeast and Latin America, said Patrick Dwyer, head of strategic business development.

“There is so much wealth coming here,” he said.

The influx of firms is helping counteract the pandemic’s blow to the office market. Companies new to the market are currently seeking more than 1.1 million square feet of office space in Miami-Dade County, a historic high, said Danet Linares, vice chairman of Blanca Commercial Real Estate. More than half are financial-services firms, and about a third are in the technology, advertising, media and information sector.

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[ShiftPixy](#), a tech company focused on workforce management, relocated its headquarters to Miami from Irvine, Calif., in October, and has about 30 people in the office. The firm looked at cities including Nashville, Tenn., and Austin, Texas, before settling on Miami because of its entrepreneurism, vibrant culture and prime location as an East Coast beachhead, said Chief Executive Scott Absher.

“As you started looking at quality-of-life issues, Miami kept coming to the front,” he said.