

Goldman sparks Florida's effort to become 'Wall Street South'

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Goldman Sachs Group Inc. and Elliott Management Corp. are breathing new life into the decades-old idea of converting the Miami-to-West Palm Beach corridor into a southern hub for finance and investing, a notion that would have monumental implications for the area's development.

Long a second-home destination for America's multimillionaire and billionaire class, the region has struggled to convince those same people to bring their companies to the Sunshine State.

Now, Goldman is weighing a new Florida hub for its asset-management arm, while billionaire Paul Singer's US\$41 billion hedge fund, Elliott Management Corp., plans to move its headquarters to West Palm Beach, according to people familiar with the discussions.

Trailblazing moves by industry giants could open the floodgates for other firms, many of which have been hesitant to leave the center of the financial universe for the promise of better weather and no state income tax. For years, the area has been plowing ahead with the development of high-end office space and private schools, landing incremental wins in the form of smaller hedge funds and family-wealth managers.

"It reminds me of the movie 'Field of Dreams' where they say, 'If you build it they will come,'" Miami Mayor Francis Suarez said in an interview Monday.

A year of working from home to avoid COVID-19 has led many finance and investing companies to conclude that they can cut back on ultra-pricey Manhattan office space without sacrificing revenue. Simultaneously, many executives and top performers have escaped New York for spacious homes in South Florida to wait for the vaccine, with some deciding they'd rather not return to the Northeast permanently.

Goldman has looked at office space in the corridor north of Miami that includes Fort Lauderdale and West Palm Beach, according to some of the people, who said the firm could yet decide against moving to Florida.

Billionaire Carl Icahn recently decided to relocate his asset-management firm to Florida, and Ken Griffin's Citadel plans to open an office in Miami next year, according to a person with knowledge his plans.

Economic Boost

The developments could help diversify an economy that's marked by an outsize number of often low-paying tourism and service-sector jobs. Among the region's largest publicly traded companies are three major cruise companies whose operations were put on hold during the pandemic.

To lift up the local workforce, the finance companies would have to hire locally instead of just importing their stars from New York, said Maria Ilcheva, a professor and assistant director of planning and operations at Florida International University's Jorge Perez Metropolitan Center, which studies urban matters.

"In terms of economic impact, it carries a lot of weight -- not in terms of jobs but in terms of the wages it pays," Ilcheva said. "When other firms see that move, it may have a snowball effect."

There have been several waves of New York-area financial services companies moving to Florida, with new luxury condominiums and office towers steadily transforming skylines from Miami's Brickell financial district to West Palm Beach.

Nitin Motwani, co-chair of the Miami Downtown Development Authority's Enterprise Committee, said South Florida has changed dramatically since the term "Wall Street South" first entered the lexicon -- adding fine dining and museums.

Tax Incentive

In 2017, a Republican-backed law capped deductions for state and local taxes, and South Florida development officials went into overdrive to pitch wealthy Northeasterners on the value of moving to zero-income-tax Florida.

There are eight to 10 financial-services companies seriously considering a move to Palm Beach County, some within six months, others within three years, according to Kelly Smallridge, chief executive of the Business Development Board of Palm Beach County, the county's public-private development agency. Two are eyeing at least 50,000 square feet (4,645 square meters) of office space, she said.

It's a big change from eight years ago, when companies' office needs didn't exceed 5,000 square feet -- often just a satellite office for the CEO, Smallridge said.

"For so many executives who had a glimmer in their eye to move out of Manhattan a while ago," Smallridge said, "COVID was the icing on the cake."