



Why Miami is the New Tech Haven

Warm weather, low taxes, more freedom

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Ryan Rea spent eight years of his life on the West Coast, working in the tech and marketing fields. But after he was laid off from his job in San Francisco in 2017, the rural Pennsylvania native decided to move to Miami.

"I literally came here with a laptop and a suitcase," he said. "My friends and family all asked me if I was insane."

South Florida's tech sector has been around for decades. A visible example is Network Access Point (NAP) of the Americas, a 750,000-square-foot building near Miami's downtown that was built in 2001 by local tech entrepreneur

Manny Medina. NAP of the Americas serves as the internet exchange point between the United States and Latin America.

Yet this region's tech sector has long been overshadowed by tourism, hospitality and health care. According to the Miami-Dade Beacon Council, a nonprofit that seeks to enhance economic development in Miami-Dade, there were 15,240 tech jobs in this county in the year 2020. That same year, there were 151,503 jobs in the hospitality and tourism industry, and 146,465 "life sciences and health care" jobs.

South Florida's reputation as a tech center wasn't too good either. In January 2015, just two years prior to Rea's relocation to Miami,

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Tech marketer Ryan Rea moved from San Francisco to Miami in 2017.

WalletHub.com, a personal finance website, rated South Florida dead last out of 100 metropolitan areas for jobs in the fields of science, technology, engineering and math (STEM).

But Rea, a Park West resident whose LinkedIn résumé includes “AI chatbot marketing,” said he saw Miami’s potential even then.

“We have amazing weather ... the cost of living here is less than the West Coast. We have a great tax structure. We have business-friendly laws ... We just needed something to happen,” he said. “I wasn’t expecting COVID.”



In recent years, prior to the pandemic, tech and venture capital companies migrated to South Florida from other parts of the nation for the reasons stated by Rea. Billionaire investor Carl Icahn, who owns an estate in Indian Creek, declared his intent to move his office from New York City to South Florida as early as 2019. Icahn Enterprises finally settled on relocating to the penthouse of Milton Tower in Sunny Isles Beach in August 2020.

However, more stringent COVID-19 shutdown regulations in states like New York and California have propelled tech entrepreneurs, engineers and investors to relocate to South Florida in even greater numbers, thanks to their ability to work remotely.

Then something else happened.

On Dec. 4, 2020, Delian Asparouhov, a principal at \$6 billion Founders Fund, a venture capital company that includes PayPal founder and investor Peter Thiel, mused on Twitter: “Ok guys hear me out, what if we move Silicon Valley to Miami?”

That’s when Francis Suarez, mayor of the City of Miami, tweeted back: “How can I help?”

Soon after, Suarez was communicating via Twitter and his online video series “Cafecito Talks” with other venture capitalists and techies from New York and Northern California’s Silicon Valley who were interested in

Left: Miami Mayor Francis Suarez. Below: The San Francisco billboard that helped ignite the tech rush to Miami went viral on social media.



opening up offices in Miami. By Feb. 18, Suarez’s tweet was refashioned into two billboards in San Francisco bearing his Twitter address and the phrase “Thinking about moving to Miami? DM me.”

But Suarez wasn’t just chatting with techies about turning Miami into a mint for cryptocurrencies, talking to SpaceX founder Elon Musk on the possibility of digging tunnels beneath downtown Miami or being a billboard mascot. Soledad Cedro, Suarez’s spokesperson, said the mayor was promoting his city as a tech hub, just as he has for the past 10 years.

“It is not just about lower taxes, which is a very important thing, but also Miami has good quality of life and very low crime rates,” Cedro told the Biscayne Times.

The tweets and conversations were followed up by some movement.

SAY HELLO TO YOUR TECHIE NEIGHBORS

On Jan. 6, New York-based The Blackstone Group, a private equity firm with \$545 billion in assets, secured 41,000 square feet of office space at 2 MiamiCentral, located within the massive MiamiCentral complex in Miami’s Park West neighborhood. The company has vowed to create 200 tech jobs in Miami within two years. In February, Founders Fund announced it was moving into 2,073 square feet of office space in Brickell City Tower. At least two of the company’s principals, Keith Rabois and Thiel, bought multimillion-dollar mansions in Miami Beach back in December, less than two weeks after Asparouhov’s interaction with Suarez on Twitter.

But it’s not just people moving into Miami that has made the news. On Jan. 28, SoftBank Group COO Marcelo Claure, a Miami Beach resident who owns a stake in the David Beckham-fronted Major League Soccer team Inter Miami CF, announced on Suarez’s Cafecito Talks that his company would invest \$100 million in tech startups located in South Florida. Headquartered in Tokyo, SoftBank, which has \$100 billion in assets worldwide, has had an office in Brickell since 2019, owns Brightline



Mana Tech Managing Director Michelle Abbs at Pérez Art Museum Miami.

and the MiamiCentral complex, and has a major stake in Reef Technology, a Brickell company formerly known as ParkJockey that now turns parking lots into mobile kitchens for take-out food.

Michelle Abbs, managing director of Mana Tech and former director of WIN (Women Innovating Now) Lab in Wynwood, said the responses to Suarez’s tweets have “changed the conversation.” Prior to December, Abbs said she was still “selling the case of why Miami.” But since Suarez’s tweets and Blackstone’s announcement, she’s had conversations with 56 prospective tech tenants wishing to move into Mana Commons, an assemblage of 50 commercial buildings and lots on or near Flagler Street in Miami’s central business district that developer Moishe Mana wants to turn into an art, fashion and technology hub.

Assisting Mana on that quest is Plug and Play Tech Center, a startup accelerator headquartered in Silicon Valley’s Sunnyvale that was one of the early investors of Google and PayPal. Abbs said the company will

"These are real investors from the top [venture capital] companies that are moving here ... Miami is crawling with people from California and New York."

— Philippe Houdard



be moving into a Mana-owned office building at 21 SE 1st St. in the fall.

"We barely need to go into the 'why Miami' anymore," Abbs said.

Philippe Houdard, co-founder of Pipeline Workspaces and co-chairman of Miami Downtown Development Authority's Enterprise Committee, said he started hearing the "rumbling" of tech companies migrating to Miami's downtown area late last year. But since Suarez's tweets, Houdard said that rumble has grown into a roar.

"These are real investors from the top [venture capital] companies that are moving here," Houdard gushed, adding that he's been meeting with company executives with up to 100 employees who are "scoping out" Miami as a possible location.

"Miami is crawling with people from California and New York," he added. "They're here right now."

But will the tech migration lead to an increase in better-paying jobs in a county with a poverty rate of 15.7%? Or will it instead speed up gentrification and drive up the cost of housing?

SILICON VALLEY EAST?

There aren't any figures yet on how many new tech companies or tech jobs have been created in 2021. However, the Beacon Council reports that

tech jobs increased by 45% between 2015 and 2020.

Michael Finney, Beacon Council president and CEO, said many of the new tech and venture capital companies are setting up shop in Coconut Grove, Brickell, the central business district and Wynwood.

But those aren't the only places within Miami-Dade where tech companies are headed. SwapUp, a tech startup that designs and manufactures T-shirts and other items, moved from its previous warehouse in New Jersey to Miami Ironside in the Upper East Side's Palm Grove.

"Doral has nice opportunities. North Miami has nice opportunities. ... Coral Gables is always a player [in the tech sector]," Finney said. "I would also say that Miami Gardens and even far south into Homestead there are opportunities for [tech companies to relocate]."

Prior to COVID-19 and Suarez's "How can I help you?" tweet, out-of-state companies worried they wouldn't be able to recruit talent or raise capital in Miami, Finney told the Biscayne Times. But in the past couple of months, he said there's been a rush from companies headquartered in New York, Northern California and Boston seeking office leases in Miami-Dade.

"What is happening is that this convergence is creating a critical mass," Finney said.

Maria Derchi Russo, executive director of Refresh Miami, a non-profit tech startup group with 11,000 members, said in times past, companies located in Miami had a hard time raising money from funds based in San Francisco or New York.

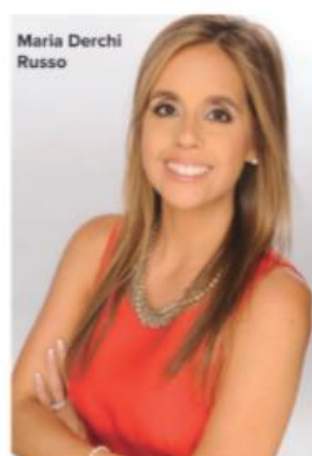
"We would be kind of laughed at and looked down upon," Derchi Russo recalled. Venture capitalists thought that "nobody could be building something serious in Miami. They figured we were out partying."

With venture capital companies like The Blackstone Group and Founders Fund opening offices in Miami, that attitude is changing.

"You won't be laughed out of the room now," Derchi Russo said.

She credits Suarez's interactions with techies for achieving that critical mass.

"I think that, given the current political climate, he struck a chord with



folks who aren't feeling as welcomed in other cities," Russo said.

Indeed, the San Francisco billboards were paid for by Shervin Pishevar, a billionaire tech startup investor and former board member of Uber who moved from San Francisco to Miami Beach in 2017 following allegations of sexual misconduct. The head of an advocacy group for San Francisco tech companies praised

the billboards and Suarez's Miami invite, and claimed that tech companies were no longer being appreciated in Silicon Valley.

"Our hope ... is that [San Francisco officials] see what Mayor Suarez is doing and [realize] that tech companies and tech workers are a crucial part of the recovery and growth of our cities and our communities," Jennifer Stojkovic, executive director of sf.citi, told the Miami Herald.

Neither Stojkovic nor anyone else at sf.citi returned an email from the Biscayne Times by deadline.

Stojkovic's claim that San Francisco is not appreciating tech companies confused Leslie Dreyer, arts organizer for the Housing Rights Committee of San Francisco. She said the city has actually done plenty for tech companies, including giving them tax subsidies and allowing them to operate private buses on public bus routes to ferry their employees in and out of that municipality. Dreyer also acknowledged that some residents resented tech workers for driving up housing prices. That resentment manifested in a 2020 referendum when San Francisco voters approved a 0.1 to 0.3% wealth tax on corporations with CEOs who are paid more than 100 times their average worker, according to The Guardian.

David Goldberg, CEO of Alpaca VC, said income taxes charged by New York state as well as New York City factored in his decision to move himself and his business to Miami-Dade. Yet Goldberg said his decision to relocate was primarily due to his desire to get away from a dense metropolitan area like New York during a pandemic, as well as his belief that the city is in a slump.

"I was driven by a desire for a lifestyle change. ... and I was not bullish on New York for the next one to two years," he said. "So I thought, 'Where can we go that has a good lifestyle and good people?'"

In August, Goldberg, a graduate of the University of Miami, decided to rent a house in Miami Beach's Normandy Isle area for a year. Since then, he has decided to stay and is planning on expanding his company's office in Wynwood.

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"We're looking to buy a house now that we determined that this is where we want to be," he said.

#MIAMITECH MANIFESTO

Suarez's invite was not even a month old when Miami-based tech entrepreneurs and educators published the #MiamiTech Manifesto on Jan. 1. While it welcomed the newcomers, the manifesto urged them to reach out and collaborate with locals, insisting that Miami will "never be the new Silicon Valley [or] Silicon Beach."

"We are not a barren wasteland for startups," it stated. "We rank high on startup activity and, like most emerging markets, are building the infrastructure necessary to increase the rate of scale." Leigh-Ann Buchanan, president and executive director of Aire Ventures and former director of Venture Café Miami, is one of the authors behind the manifesto. She said she and her colleagues wrote it to ensure that

the influx of venture capital and tech companies would be "a beneficial moment for everyone."

"Like anything that is new, there is always concern about what it's like on the other side," Buchanan explained. "One of the things we put in the manifesto is that we are builders and that we build together ... We are not perfect but we want to make sure that we are learning from ecosystems where the building has resulted in racial inequalities, disparities, lack of affordability, homelessness. All of these things already exist in the Miami, and they exist in some of the markets where these folks are coming from."

So far, newcomers are reaching out to Miami's "OG" tech companies.

"A lot of the folks who are coming in are eager to get plugged in to see how they can add value and integrate," Buchanan said.

Cedro insists that Suarez has never wanted Miami to become a clone of Silicon Valley or New York.

"He wants Miami to be Miami. To have the good things we already have in Miami, but on top of that to have good-paying jobs. To have options for the people who already live here [so] they don't have to leave to find better opportunities outside the city," she said.

Brian Breslin, director of The Launch Pad at the University of Miami, is hopeful that an enlarged tech sector will reverse South Florida's brain drain of engineering students who are often recruited away from the state for employment.

"Florida International University alone produces more than 1,000 computer engineers a year, and 60



Michael Finney

or 70% leave Miami," said Breslin, who would like to see 100,000 tech jobs in Miami-Dade by 2025. "The University of Miami has about 300 to 400 computer engineers graduate every year. Miami Dade College is training computer engineers."

Plus, the tech boom will cause a "ripple effect" that will indirectly create additional jobs, he declared.

But Dreyer said Miami-Dade's current affordable housing crisis will be exasperated as more tech entrepreneurs move in. She pointed out that high housing costs is the primary reason that tech workers are moving out of San Francisco to other parts of California or the nation. The median rental price for a one-bedroom in San Francisco is around \$3,000 a month. In comparison, the median monthly rate in Miami is \$1,500. Expatriates from Silicon Valley managed to drive up the rents in Austin "a lot" when they started settling into that city, Dreyer added.

Told that Miami-Dade has no regulations governing increases in rent, unlike California, Dreyer replied: "You people needed to start fighting for rent control a long time ago."

Cedro said the City of Miami is still examining affordable housing strategies.

"Affordable housing is one of [the mayor's] top priorities," she said, later adding that Suarez "doesn't think that gentrification is directly linked to tech companies."

She added that San Francisco's housing scarcity is what has caused its housing affordability crisis.

"We are not at our peak in terms

of building. That gives us the ability to keep on building and getting the (housing) prices lower," Cedro said.

But just how appealing is South Florida for a tech worker, really?

In January 2021, WalletHub.com ranked South Florida 72 out of 100 large metropolitan areas. A huge improvement over being ranked dead last, but hardly a top spot. In its subcategories, WalletHub.com ranked South Florida at 56 out of 100 metropolitan areas in "professional opportunities," at number 63 in "STEM friendliness" and at number 79 in "quality of life."

Jill Gonzalez, an analyst at WalletHub.com, explained that high housing costs compared to salaries are the reason why South Florida ranks low in quality of life. The low score for STEM friendliness had to do with research and development amounting to just 1% of the metropolitan region's gross national product. As for professional opportunities, Gonzalez explained that South Florida's post-college graduate unemployment rate was high (3.3%) while the median salary for STEM workers (\$66,000) was low.

Rea, however, is confident that salaries for tech workers will increase as time goes on.

"I would check that list again in 12-24 months," he said.

In fact, Rea said he is so inspired by Suarez's actions that he's now taking on a second unpaid gig as an unofficial ambassador of Miami.

"For the past two months I've had 30 meetings with [tech] people who moved here or are thinking of moving here," he said. ■



Leigh-Ann Buchanan

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