

As businesses flock to South Florida, has Fort Lauderdale fallen behind in luring them?

By DAVID LYONS

SOUTH FLORIDA SUN SENTINEL | MAY 03, 2021

Fort Lauderdale appears to be missing out on many of the companies moving to South Florida during the pandemic — with a number of them instead landing in West Palm Beach and Miami.

Business relocations are becoming a key force in the economic recovery, delivering the potential for more high-skilled, high-paying jobs in the region. But Miami and West Palm Beach boast higher buzz factors right now than Fort Lauderdale, perhaps because the neighboring cities have more defined messages and vocal advocates speaking on their behalf.

Fort Lauderdale's Downtown Development Authority and Mayor Dean Trantalis, who says the city needs a more diversified economy, say they are seeking ways to raise the municipality's visibility among out-of-state companies in search of a new home.

“Fort Lauderdale has been South Florida's best-kept secret, and that has almost hurt us,” said Jenni Morejon, president and CEO of the authority. “Our challenge is how do we get the information for the brand and the product out there?”

There are examples to emulate.

Drawing big business

Miami Mayor Frances Suarez recently upped his recruiting game, using Twitter to offer help to a company frustrated by the high costs of doing business in California's Silicon Valley. And last week, he all but singlehandedly triggered a well-attended “Miami Tech Week” through social media.

Suarez was riding momentum built by Miami's Downtown Development Authority, which has targeted financial and technology companies for nearly a decade. The most recent signee, Thoma Bravo, a high-octane private equity group from New York, is moving its headquarters to the city's Brickell Avenue financial district.

The announcement was on top of those in recent months by two dozen companies in the aerospace, asset management, cruise line, digital banking, technology services and real estate rental businesses. The Blackstone investment firm is moving a technology center to downtown.

In West Palm Beach, Kelly Smallridge, the CEO of the Palm Beach County Business Development Board, started a "Wall Street South" recruiting program a decade ago. She said out-of-town inquiries about landing spots have tripled since the pandemic started.

She said companies are queuing up for larger office spaces, with some seeking up to 200,000 square feet. In recent months, the multibillion-dollar asset management firm Elliott Management committed to relocating its Manhattan headquarters to West Palm Beach. A mortgage lender called New DayUSA is moving its headquarters to West Palm Beach with 600 jobs.

The recruits are not just from the Northeast. "We have relocated three or four California companies already, and three more are in the pipeline," Smallridge said.

Of her counterparts in Fort Lauderdale, Smallridge said: "They are working hard to capture some of this growth that's coming in, but the vast majority of it has been going to Palm Beach or Miami."

All three cities are awaiting word of a potential prize from Wall Street: a decision by powerhouse Goldman Sachs on where it will locate its \$8 billion asset management division.

“Fort Lauderdale may well end up being a bridesmaid,” said John Boyd, of The Boyd Co., a site selection consultant based in Princeton, N.J., and which recently opened a Boca Raton office. “But this broader theme of banking services shifting out of stressed cities like New York fits well into [Fort Lauderdale] attracting these projects in the months and years ahead.”

Among the reasons: Office space is cheaper in Fort Lauderdale.

Trantalis said Friday that he prefers a methodical approach toward wooing companies. “We recognize that slow and measured pace is the best way to fashion a sustainable business.”

The priority, he said, is to develop a supportive community that will help “build a strong workforce and affordable housing.”

Trantalis, who sits on the board of the Greater Fort Lauderdale Alliance, Broward County’s economic development arm, said the city supports Nova Southeastern University’s new innovation center for startups “as well as Broward College to create a pool of talent these industries are going to depend on.”

“We’re starting to see the beginning of those elements develop,” he said. “COVID has given us a jump-start. We never thought this would accelerate at the pace it has.”

New local recruits

Downtown Fort Lauderdale is far from a shutout victim.

Future Tech, a New York information technology firm, recently announced an executive headquarters at 500 E. Broward Blvd. and will employ 25 people there.

Bob Venero, president and CEO, said he was sold on the region’s economic growth, “strong educational system, and commitment to attracting leading technology companies.”

Memic Innovative Surgery, an Israeli medical device company that focuses on robot-assisted surgery, opened a Fort Lauderdale location for global education and customer support. Co-founder Dvir Cohen cited the area's growth "and a highly educated workforce including experts in medical devices and technology."

The company expects to employ 30 people.

BelHealth Investment Partners of New York, a small private equity fund focusing on health care, opened a new headquarters in Fort Lauderdale and moved its investment team here.

And Motorola Solutions, which has decades-old roots in Plantation, announced a downtown "experience center" to demonstrate new public safety software.

Promoting the city

According to Morejon, the Downtown Development Authority is counting on Fort Lauderdale's location as a tri-county midpoint as a selling tool.

"What we like to think is we get the best of being in South Florida where they can be in a central location," she said.

"They can make a place for themselves in Fort Lauderdale as a mid-sized firm that maybe can't happen in Palm Beach or Miami," Morejon added.

She envisions enlisting executives to help pitch the city to outsiders, hired a public relations firm and is developing a financial incentive program to demonstrate the city is serious about welcoming newcomers.

“Part of what we need to do at the DDA is engaging one on one with leaders of the companies and have them serve as our ambassadors,” she said. “When one notable person starts to sing the tune and encourage others, it [becomes] a welcoming place for investment.”

Trantalis said the city would participate in financial aid “on a case-by-case basis.”

By contrast, Miami has liberally deployed incentive dollars to a dozen companies, said Philippe Houdard, a Miami Downtown Development Authority board member.

“As of this past Friday the DDA has funded 12 companies,” he said. “All of that has happened in the last 4½ months. That represents over 1,000 jobs around the downtown area of Miami.”

But there is more to growth promotion than money, Morejon asserted.

“Our resources are also best served to improve our streets, our parks and places that employees and residences can take pride in that this is a truly first-class city,” she said.

Fort Lauderdale has a deep history of hosting technology companies.

In the 1980s, the “uptown” section along Cypress Creek Road was home to a computer networking center run by Harris Corp. and an aircraft avionics arm of Bendix Corp. Citrix, the software company founded in 1989, is the only one remaining.

Today, internet company Hotwire Communications has a headquarters in the area and Microsoft has an office nearby.

Greater Fort Lauderdale — which includes 31 towns and cities in Broward County — boasts 150 corporations in technology, life sciences, transportation, logistics and financial services, according to the alliance.

The steak and the sizzle

David Coddington, the alliance's senior vice president of development, sees lots of upside for downtown.

"When we have the opportunity to speak with companies and they come here they are pleasantly surprised with what they see," he said.

"We all have a different strengths going across the region," he added. "The history of wealth in Palm Beach goes back to Henry Flagler," the railroad and hotel baron. "That's been a targeted industry for 100 years."

"Miami is really the finance capital of the state," he added.

"We are in the middle of negotiations with a couple of financial and technology companies coming out of the New Jersey and New York areas," Coddington said. "We have smaller ones we're making announcements on soon."

In the end, economic development "is about the steak and the sizzle," Boyd said.

The steak consists of built-in advantages such as no state income tax. "Sizzle has to do with salesmanship."

"Miami has a superstar mayor who is a highly effective ambassador," he said.

Regardless of who is doing the talking, Boyd predicted that rising local taxes in New York, New Jersey and California will create a steady stream of recruits for Fort Lauderdale and other Florida cities.

"Now Florida is being identified by senior executives as a premier choice along with an Austin or a Nashville or a Raleigh," he said. "Florida is attracting [relocation] projects from California like never before."