

## Best Week Ever: Money over Miami

By Andrew Foerch



Should the latest news from CI Financial make New Yorkers anxious? The capital of the world. America’s melting pot. The city that never sleeps.

Oh, you thought we were talking about New York?

To figure out who just had the best week ever, you have to look south. Already your New York- and LA-based reporting team has suffered the indignity of watching swaths of their neighbors decamp to Magic City for long stretches of the pandemic. Now one of the splashiest RIA buyers has decided that it, too, will be taking its talents to South Beach.

Or Brickell, to be more accurate. That’s the ritzy neighborhood in which CI Financial is leasing 20k square feet of a 55-story building that’s currently under construction, in order to form a US headquarters for the Toronto-based asset manager and inveterate RIA acquirer.

It certainly makes a statement. When CI started its buying spree in January of 2020, it was almost unknown on this side of the border. Now it’s landing in the same new office building as Microsoft and private equity firm Thoma Bravo (from which, incidentally, CI bought a \$23bn RIA in January) to form a base of operations for an RIA division that will manage roughly \$82bn in assets once all of its outstanding transactions close.

But the bigger coup might be Miami’s. In an emphatically capitalized tweet, Miami Mayor Francis Suarez crowed that CI’s move is a ‘GIANT step closer to becoming the CAPITAL OF CAPITAL.’ And he may have a point. Last time we checked, New York firmly remained the center of the financial world. So what is CI doing down south?

A conversation with Miami Downtown Development Authority (DDA) board member Nitin Motwani helped us shed some light. For starters, Miami workers don't pay state or local income taxes, whereas New Yorkers pay both — a difference that became especially salient after Trump imposed a \$10k cap on state and local tax deductions (that was a 'big catalyst' for luring high-flying executives, Motwani said). He also pointed out that a recently launched campaign called 'Follow the Sun' allocates a part of the DDA's annual budget — which is around \$11m for 2021 — toward grants of up to \$150k for corporate employers that choose to relocate to the downtown Miami area.

It's not clear that CI is receiving one of those grants; local statutes prevent the DDA from disclosing which companies have leveraged the program, and CI Financial declined to comment. But either way, the city's efforts appear to have helped Brickell blossom into what real estate agent Ryan Holtzman of Cushman & Wakefield — who represented 830 Brickell developers OKO Group and Cain International in the transaction with CI Financial — generously described as 'a mini-Manhattan.'

No, that doesn't mean you can find a decent bagel. But data compiled by national analytics firm Convergence and circulated by the Miami DDA shows that the number of registered advisory firms in downtown Miami grew from 82 in 2018 to 111 at the end of 2020, with combined assets under management doubling from \$75bn to more than \$152bn in the same period. Nearly half of all RIAs in the county, including many of the biggest players in the Latin American wealth space, are located along a single mile-long stretch of Brickell Ave.

Among the new arrivals are Boreal Capital Management, Carlyle Aviation Securities Partners, I Squared Capital Advisors, Potomac Fund Management, and SBLA Advisers Corp., all of which manage \$1bn or more.

Unfortunately for tenants, that growth is reflected in the rising cost of real estate. According to Cushman & Wakefield managing director Andrew Trent, Class A office space in Brickell was trading hands at around \$60 a square foot pre-pandemic. Today, he said, he's writing proposals for between \$75 and \$100 a square foot, and sometimes even more. How's that for a mini-Manhattan?

As for CI, the company said executives will split their time between Miami and the company's existing Toronto headquarters. So if they see someone waving at their plane, that will be Citywire's New York-based staff. Don't forget us folks down here in flyover country!