

## Companies were planning on moving to South Florida. Then COVID hit

BY ROB WILE

For a moment, South Florida was sitting pretty: Out-of-town real estate deal hunters were coming to the region seeking refuge from the coronavirus pandemic.

As the MIAMI Association of Realtors put it in its May release, “The COVID-19 situation has accelerated the trend of home buyers from New York and cold weather and tax-burdened Northeastern states searching and purchasing homes in South Florida.

Now, real estate experts say, Florida’s surging coronavirus outbreak has halted the trend in its tracks.

Philippe Houdard, founder and CEO of Pipeline, a Miami-based co-working space provider, said he had been working with potential clients from New York on signing a new lease.

But in recent days, things have changed.

“[It] seems like much has frozen in the process since the numbers started spiking a week or two ago,” he said.

In a statement, the Downtown Development Authority, which represents business interests in Miami’s central business district, said it has seen corporate relocations and expansions to new cities “put on hold in the short term due to ever-changing health concerns.”

“The pandemic has showed companies that their employees can work from anywhere and be just as productive as they would be in a centralized workplace, so the Miami DDA will be ready to pick up where we left off with business recruitment as soon as we enter recovery mode,” it said.

In the meantime, the DDA said it is focusing on sustaining the businesses already here.

Deal flow has not dried up entirely. General Assembly, a coding academy based in New York that moved in 2019 to Miami’s Cambridge Innovation Center co-working space, continues to see Miami as a major growth spot, with enrollment on par with what the company is seeing in Denver. Cari Perez, the company’s general manager for Miami, said the city is on its way to becoming a “micro campus” that will hold in-person immersive courses once the pandemic clears up.

But that “when” remains an unknown — so the company has continued to channel local enrollment to online offerings.

The Miami-Dade Beacon Council, the economic development agency for the county, said it is still working closely with a variety of companies looking to relocate to or expand in Miami-Dade. Most of the projects that it expects to close this quarter remain “on track,” it said.

These projects include companies beyond the usual Northeast snowbirds: Companies from the Netherlands, Sweden, Chile, Brazil and Spain all have plans to establish or grow county beachheads.

But the Beacon Council also acknowledged a disruption.

“Given this is a global pandemic that is affecting all markets around the world, companies are continuing to evaluate their next steps — most with even more rigor,” a representative for the council said in an email. “We are working to ensure that Miami-Dade’s core strengths as a business destination are not lost in the midst of the Covid-19 conversation, as targeted economic development efforts are more important than ever.”

The pandemic has thrown a wrench into the normal course of operations for local office brokers like Andrew Trench, a managing director at Cushman & Wakefield.

But executives like Trench, who represents 830 Brickell, a luxury office building set to top off in 2022, are optimistic by nature. And Trench maintains that most potential clients he’s speaking with in the Northeast and Midwest continue to see Miami as a new home, eventually.

“You had all that migration starting to happen, more substantially on the residential side, and more passively on the commercial side, with smaller hedge funds,” Trench said. “That has shined a light on the true quality of life benefit of being down here.”

Still, the current pause is real, Trench says; 830 Brickell’s only signed tenant, for now, is financially troubled co-working company WeWork.

But Trench said the problem is not specific to Florida or Miami-Dade. It’s simply that all companies are reevaluating what they’ll look like on the other side of the pandemic.

“We really think this is temporary,” he said. “These are companies that are looking at signing 15 year leases, so they have to be strategic about it. But we think Miami is going to see a jolt coming out of this.”