

# Invest:

## Miami 2020

An in-depth review of the key issues facing Miami-Dade's economy, featuring the exclusive insights of prominent industry leaders





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# The Source for South Florida Real Estate Market Information

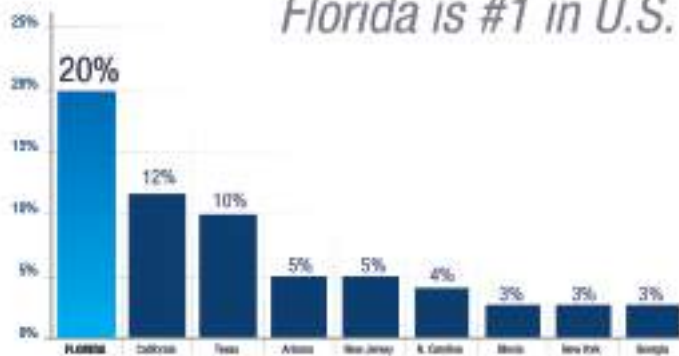
- Local Market Statistics
- International Buyer Research
- Industry Related Data

**SFMarketIntel.com**



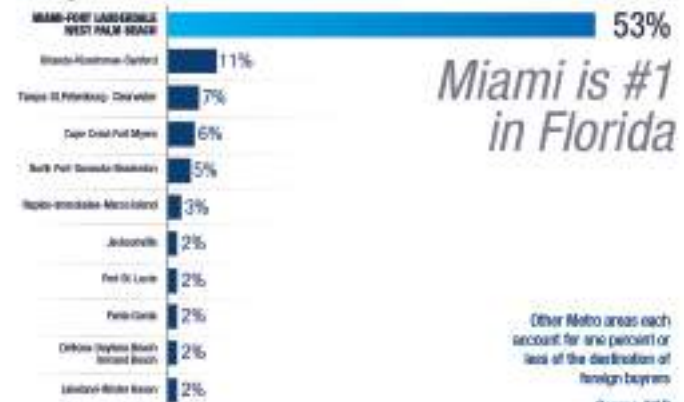
## Major U.S. Destinations of Foreign Buyers

*Florida is #1 in U.S.*



Source: National Association of REALTORS®

## Top Markets for Foreign Buyers in FL - 53% Choose S. FL



*Miami is #1 in Florida*

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Source: NAR

## South Florida Top Tier Countries of Origin



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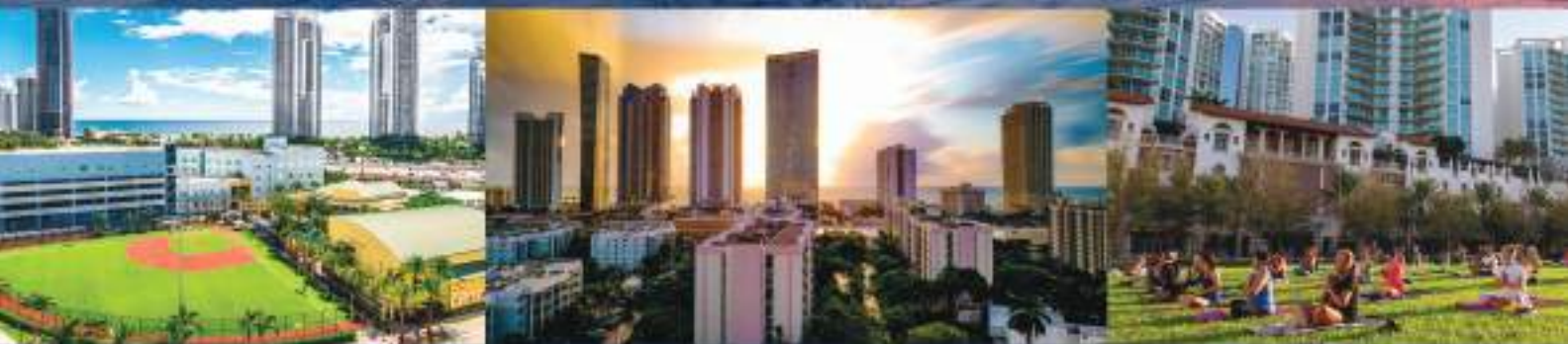
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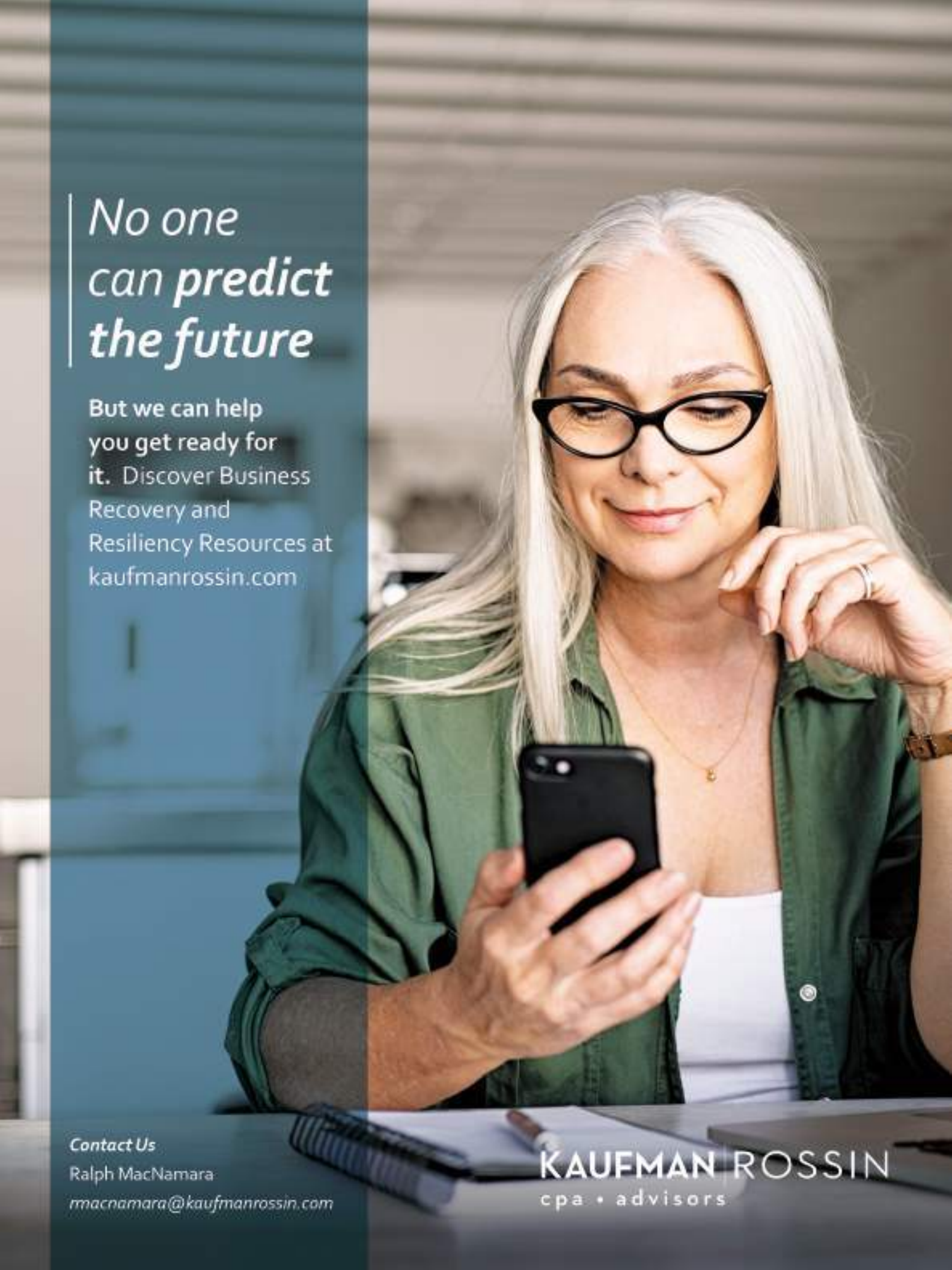


# CITY OF SUNNY ISLES BEACH

The City of Sunny Isles Beach is located in the northeast corner of Miami-Dade County and known for its sunny days, picturesque beach, and distinctive architecture. With an assessed value of nearly \$12 billion, Sunny Isles Beach is attracting new homeowners and businesses. The 1.78 square mile city boasts state-of-the-art parks, facilities, award-winning public safety, and an A-rated K-8 public school.



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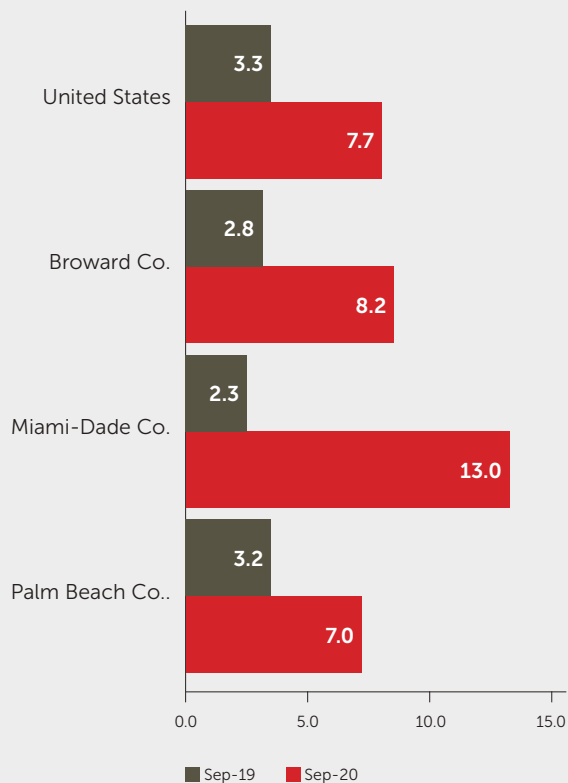
# Economy:

From red-hot to COVID-cold, Miami-Dade was in the eye of the pandemic storm in 2020. It had strong momentum coming into the year with expectations for even greater growth. Those expectations have been tempered in the face of the pandemic but the region remains positioned for a solid upswing once the dust settles.



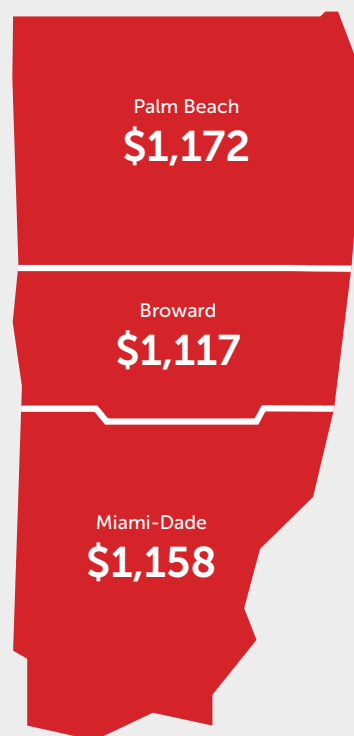
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## Unemployment rate (U.S. and selected areas):



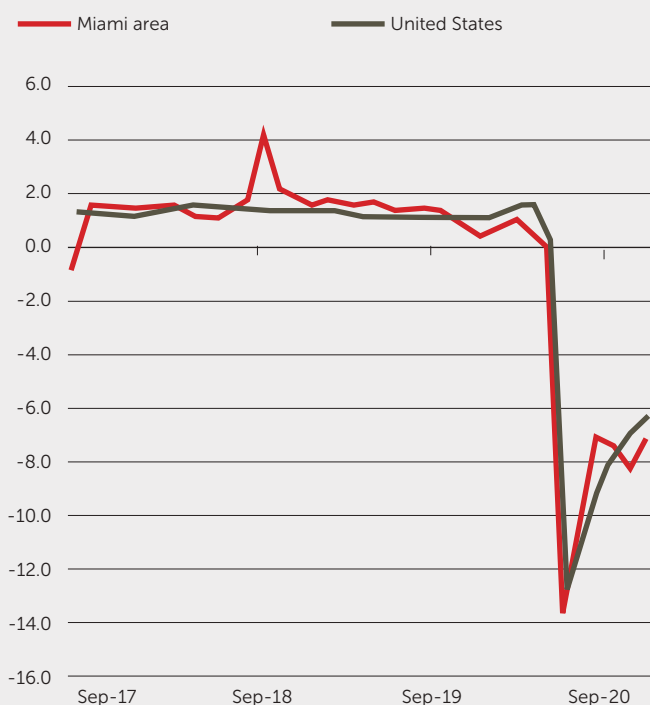
Source: U.S. BLS, Local Area Unemployment Statistics

## Average weekly wages:



Source: U.S. BLS, Quarterly Census of Employment and Wages

## 12-month percent changes in employment:



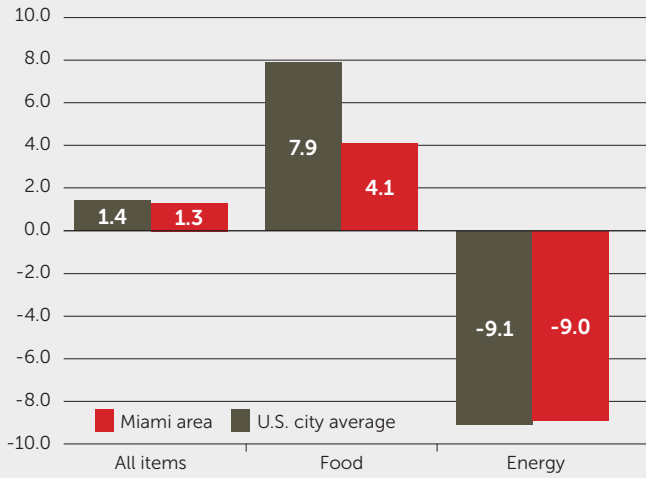
Source: U.S. BLS, Current Employment Statistics

## Miami area employment:

Miami area employment (number in thousands)	Sep. 2020	Change from Sep. 2019 to Sep. 2020	
		Number	Percent
<b>Total non farm</b>	<b>2517.4</b>	<b>-189.7</b>	<b>-7.0</b>
Mining and logging	0.8	0.0	0.0
Construction	138.2	-5.0	-3.5
Manufacturing	87.5	-4.1	-4.5
Trade, transportation and utilities	582.6	-26.7	-4.4
Information	47.2	-3.2	-6.3
Financial services	190.4	1.3	0.7
Professional and business services	427.4	-25.0	-5.5
Education and health services	384.1	-24.5	-6.0
Leisure and hospitality	245.9	-77.6	-24.0
Other services	108.7	-10.5	-8.8
Government	304.6	-14.4	-4.5

Source: U.S. BLS, Current Employment Statistics

**Consumer Price Index (12-month percent change):** **Employer costs:**



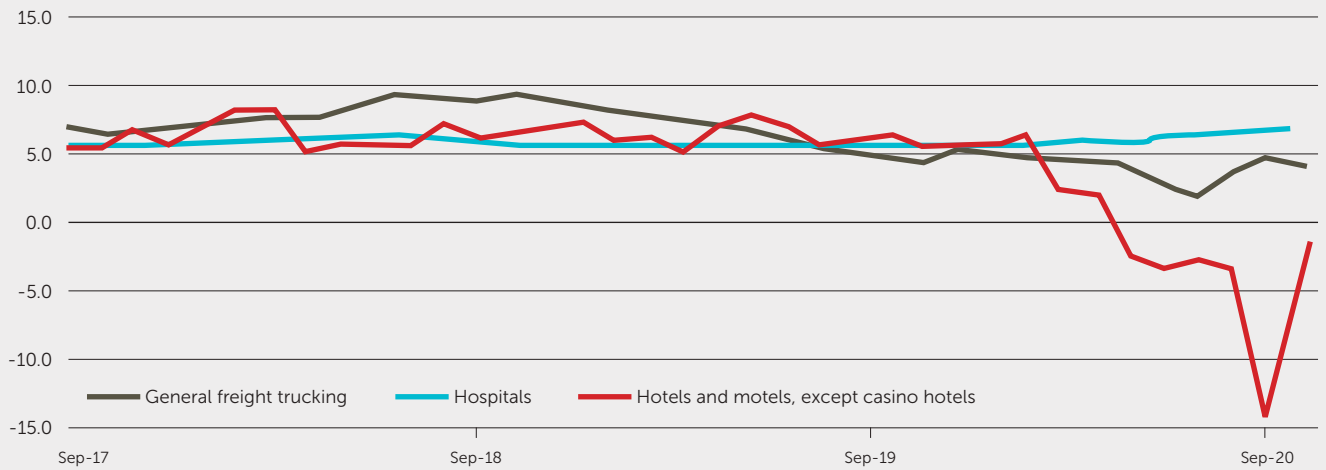
Source: U.S. BLS, Consumer Price Index

Private industry, September 2019	South Atlantic <sup>(1)</sup>	United States
Total compensation	\$32.49	\$35.96
Wages and salaries	23.27	25.18
Total benefits	9.21	10.79
Paid leave	2.29	2.63
Vacation	1.17	1.35
Supplemental pay	1.10	1.23
Insurance	2.34	2.89
Retirement and savings	1.05	1.29
Legally required benefits	2.44	2.74

<sup>(1)</sup> The states that compose the South Atlantic census division are: DE, DC, FL, GA, MD, NC, SC, VA and WV

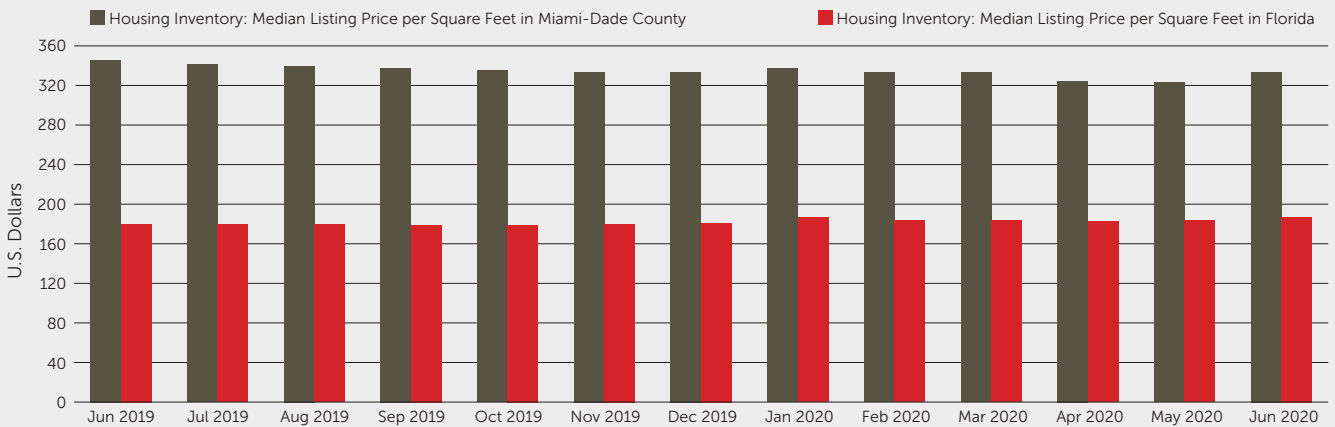
Source: U.S. BLS, Employer Costs for Employee Compensation

**Producer Price Index (12-month percent change):**



Source: U.S. BLS, Employment Cost Index

**Housing inventory: Median listing price per square foot:**



Source: Realtor.com



# Primed for recovery:

## Miami-Dade started strong in 2020 and is already moving to get back on track

As 2020 got under way, Miami-Dade's economy was red-hot. In January, the unemployment rate was below 3% and billion-dollar investments were on the table to expand the Miami International Airport and PortMiami, leading to the creation of an expected 425,000 new jobs. The Miami-hosted Super Bowl LIV in February pumped \$572 million into the city's economy, dwarfing the \$20-million tax bill.

A 2019 study by Wallethub ranked Miami 18th in the United States in terms of economic growth, placing its socio-demographics in 35th and jobs and economy at 24th nationally.

Then COVID-19 hit in March, and the Miami-Dade economy followed the trajectory of similar metros across the country. Businesses closed, unemployment soared and uncertainty became the overarching theme across industries as shelter in place orders kept people home.

With an economy that is heavy on tourism, there is no doubt that Miami-Dade was hard-hit by the pandemic in 2020, but that doesn't negate the advantages that helped it soar prior to the outbreak. Given its year-round warmer climate and favorable tax framework, as well as its allure for international investors, the region remains primed for a fast recovery when the worst passes.

### ■ Landscape

Known as the gateway to Latin America, Miami-Dade has a privileged position at the southernmost tip of the United States, connecting Latin America with North America. Along with its Caribbean climate, this position allows it to act as a hub for trade in the region. With the completion of PortMiami's \$1 billion in upgrades to deepen its channels, the region can now welcome larger-tonnage post-Panamax vessels, further solidifying its attractiveness. Forty-six percent of the port's regional trade is with Latin America and the Caribbean, while 37% is with Asia and 16% with Europe. In 2019, 958 cargo ships docked in the port, carrying 1.1 million twenty-foot equivalent units (TEUs) with a total of over 10 million tonnes of cargo.

Established as a county in 1836, Miami started with fewer than 1,000 residents. With the arrival of the railroad in 1896, the county began a rapid growth that has led to a population of over 2.7 million (2018), making it the most populous in Florida and seventh-most populous nationwide.

The county is home to 34 incorporated cities and two national parks, extending to the Everglades to the west. But Miami's geography is also challenging. (■ ■ ■)

# Ready

**Florida remains a hotbed for businesses and individuals alike, despite the hurdles posed by the pandemic**

## Jamal Sowell

*President & CEO – Enterprise Florida*

### **How well-prepared is Florida for a new influx of businesses and individuals?**

The state is definitely ready for it, mostly because Florida is highly diverse in its geography and the skill sets of our people. Everyone knows Florida offers an incredible quality of life. There is so much to enjoy throughout the state. We want everyone to know the many ways to start a business in a state with plenty of room to grow. The landscape remains highly appealing to people regardless of their origin and their industry needs.

One thing we are trying to do is change the conversation regarding economic development in the state. In the past, our competitors like Georgia and North Carolina were incentive-heavy in their strategies to attract businesses. We are directing our attention and efforts toward workforce and talent development and leveraging Florida's status as an international state. When a company needs a workforce with broad skill sets, that speaks different languages and can go anywhere in the world, they can find that workforce in Florida. That makes us more competitive than our peers in the Southeast.

### **What is the profile of businesses or industries Enterprise Florida would like to see in the state?**

Financial services, aviation and aerospace and healthcare are among our thriving industries. As we look toward the future, we also want to ensure we bring in a wide range of industries that employ a broad spectrum of our people, regardless of education or whether they have a GED or a Ph.D. We want everybody in Florida to have a chance.

### **What does recovery look like in Florida?**

We anticipate our recovery being highly robust. On one side, urban areas like Los Angeles, Chicago



and New York are congested and expensive. On the other, companies are seeing that people can work from home. These employees who can work from anywhere see Florida as an attractive option. Several businesses want to relocate here due to the comparative advantages of a better climate, lower cost of living and a business-friendly tax code. For us, it boils down to looking at the positives of what is going to come afterward, especially within the manufacturing space because we have the Glades and the Okeechobee areas; extensive portions of land that can still be used for companies that want to build and develop their ideas. Florida is also a highly international state. We welcome everyone because everybody's from somewhere else, and only 33 percent of the population is home-grown. ■



The Homestead Police Explorers is a community service program that brings together law enforcement officers and youth interested in law enforcement careers.

(■ ■ ■) Perched on the East Coast, the county is especially susceptible to climate change, rising sea levels and the impact of hurricane season. In August 1992, Hurricane Andrew caused more than \$20 billion in damage.

But investors, nonetheless, continue to hold a positive view of the county. Miami-Dade has a AA rating with a stable outlook from Fitch Ratings. This favorable credit rating has allowed Miami-Dade to raise money through bonds for public initiatives including capital improvement projects for the Jackson Health system, transit systems, the port and water and sewer projects.

Prior to COVID-19, Miami-Dade had some barriers to its economic growth, including a lack of affordable housing, a growing population and saturated transport infrastructure. Taking this into account, in 2020, the county allocated \$3.2 billion to promote resilience against climate change, \$5 billion in airport modernization projects and \$1 billion in port investments. It also worked to attract major private sector projects that would generate jobs, including the \$4-billion American Dream Miami entertainment and shopping complex in Miami Lakes, Amazon’s new fulfillment center in Opa-Locka and the \$350-million Overtown mega-project anchored by a Target store. In August, the Miami-Dade Beacon Council partnered with tech firms to launch the IMPACT smart city initiative to spur economic development.

■ COVID-19

A survey titled “The Impact of COVID-19 on Your Business,” by the Greater Miami Chamber of Commerce, gauged the impact from COVID-19 on the region’s businesses, starkly demonstrating the new mood. Conducted between March 20 and April 16, (■ ■ ■)



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# Livability

**Miami is responding to the influx of new capital and residents with improvements to its infrastructure and livability**

**Francis Suarez**

*Mayor – City of Miami*

**What was Miami's situation heading into the pandemic?**

Pre-COVID, the indicators were fantastic. We had a \$20-million surplus, in my first three years as mayor we grew 8.5% in the first year, 10.5% in the second year and in this last year, we grew 6.5%. We've seen a very diverse pool of investments over the last 10 years.

Pre-COVID, many New Yorkers fleeing the high-tax environment were coming down to Miami, and I think that'll pick back up post-COVID. As we speak, everything in New York is closed, so people there are looking for a warm place, where taxes are not so high and where the cost of living is not so high – what you can get here in Miami for the prices that you are paying in Manhattan is not even comparable. People are making decisions based on that.

**What has been the impact of the rapid growth on the city?**

We are the densest, largest city in Florida. We have one of the largest skylines in America and the world. I think the trajectory is very strong. Obviously, we have to have an understanding of gentrification pressures, and the fact that we want to invest in resilience, making sure that our city is climatically resilient to continue growth, and there are, of course, other factors like traffic and quality of life. We are investing \$100 million into a 10-mile linear park, which is going to rival the BeltLine in Atlanta and the High Line in New York. Ours is called the Underline.

**How is the city addressing infrastructure development?**

For us, infrastructure falls into two buckets. One is water resilience, and the concept that we are a city threatened by hurricanes. We are the most wind-resilient city on the planet, and now we want to become the most water-resilient city on the planet. We are spending \$200 million in what we call the



Miami Forever bond, to boost our infrastructure with pumps, reservoirs, living shorelines as buffers – a variety of different techniques to be able to absorb water. The other bucket, like any other major city, is transportation, which is really an evolving concept, especially during COVID.

**What are you doing in terms of economic overheating, income inequality and access to affordable housing?**

We've done a lot of public-private partnerships, and we have a great deal of public land that I call "underzoned," such as garden-style apartments that are two stories for one family that could easily become multifamily buildings. We have plenty of this type of land to do projects into the foreseeable future. We just have to continue to do that. ■

# Transformation

**Miami Beach is changing its party town image, developing museums and art outlets to become more arts and culture-based**



## Dan Gelber

*Mayor – City of Miami Beach*

have figured out some methods to get through this, such as opening up outdoor spaces. One advantage that we have over the Northeast and other parts of the country is that even when the weather gets cold, we're still able to have outdoor dining and activities because the weather is even better in December and January here than in July or August.

### **What are the city's plans for its Entertainment District?**

It's hard to cabin the Entertainment District alone. Our city, as I've watched its various iterations in the last 20 years and more recently as mayor, has really fought to expand and maximize its arts and culture profile. Part of that has been institutions that have grown in our city or close to it. We have the New World Symphony, the Miami City Ballet, a series of museums, we've attracted huge hotels, such as Faena in the Arts District and the W. We are also next to Miami's art center and the new museums that have come up. We've really developed a substantial arts and culture profile, which we think is the best version of our city. The Entertainment District needs to be a part of that as well, it doesn't need to be an all-night, hard party district. We want to reimagine it as an art deco cultural district, with restaurants and obviously bars and clubs.

### **What are the city's main ongoing infrastructure for mobility projects?**

We are a barrier island, seven and a half miles long, and not a lot of development can happen because a lot of it is historic construction. We sort of start with a limitation. Given that, we are pedestrianizing areas, creating protected bike lanes, which we think is really important. We did that on Washington Avenue just before the pandemic and on Ocean Drive. We also have a trolley system. Typically, half a million people use it every month, mostly workers, seniors and visitors. ■

### **How is Miami Beach attracting tourism again, while keeping in mind health and safety regulations?**

We are not a city built on social distancing, we are the opposite of social distancing: we want people to come here for large gatherings, for reunions and weddings. A lot of cities speak about their manufacturing baseline. We manufacture one thing as a city, which is special moments. That's what we do. We've got to keep an eye on that and make sure that those moments are safe and that people feel comfortable, and that they leave here in the same way. Our clubs have taken a big hit and some of them have had real trouble in the current environment. It just doesn't make sense for places to open up with crowds of people and loud music, speaking loudly, spreading viruses. I think that group has been really hampered. Our restaurants and hotels

(... ) 77% of the 200 businesses that responded were less optimistic about the health of their business and 43% had already reduced full-time staffing.

Another survey during summer, this time covering 4,842 small businesses across the state, showed the mood had not improved. Almost 61% said they were extremely concerned about the economy. The survey, titled “Small Business COVID Impact Survey” and conducted by the Florida Small Business Development Center Network, the Florida Chamber Foundation and the University of West Florida Haas Center, came to a number of conclusions: “First, industries faced unequal impacts. Businesses in the leisure and hospitality industry were hit hardest. The study also revealed that more than half of businesses either voluntarily closed or were forced to close their doors, with more than 30% revealing their operations were still suspended during the time of the survey,” according to the executive summary of the poll.

**At the height  
of the pandemic,  
61% of small  
businesses in a  
survey said they  
were extremely  
concerned about  
the economy**

By September, the regional economy was rolling into Phase 2 of its reopening, with restaurants, among those hardest hit by the pandemic, allowed to open indoor dining at 50% capacity, among other positive signs. But the roller coaster that is the pandemic was expected to continue its hold on the region’s economy through the end of the year and into 2021.

The county’s new mayor, Daniella Levine Cava, elected on Nov. 3, replaces term-limited Mayor Carlos Gimenez and has signaled she will stay the course on the pandemic. “I think what we have in place is sensible. It was approved by the board and I’m a member,” she said. “We will be balancing the healthcare issues with the economic ones. We know we need to continue our economy for so many reasons.”



**Raul Moas**  
*Miami Program  
Director*  
Knight Foundation

## **How are the arts weathering the impact of COVID-19?**

Miami is a young town. In the last 10 to 15 years, the investments that the community has chosen to make in the arts – unparalleled in any other American city this century – have turned Miami into a year-round arts town. Our inability to gather in groups for live performances and other events has deprived most arts organizations of their main source of revenue. If there’s a silver lining, several arts organizations that were already experimenting with different ways of reaching audiences are now doing that in real time, and we’re seeing amazing innovations to come out of these institutions. We are seeing organizations that at first might have thought of simply transposing the physical into the digital now building for natively digital environments. Meanwhile, the experience has reminded us that the arts are vital to the health of our community. They provoke a sense of understanding between neighbors, a sense of attachment to place, a sense of empathy.

## **How would you assess Florida’s entrepreneurialism?**

The Knight Foundation’s Miami community program has been centered on entrepreneurship since 2013 because we saw a segment of the community that wanted to build high-impact, high-growth companies right here. But for a long time, they felt they could not do that in Miami and had to go to California, New York or some other place. Our investments have helped build the infrastructure of an inclusive startup community, bringing together tech entrepreneurs, potential investors and tech talent. The entrepreneurs have taken it from there; they have built a vibrant ecosystem with much potential for growth. We want to make it so that any Miamian who wants to build a high-growth company here in South Florida can do so. In the context of 2020, it is not about bouncing back to the status quo but about moving forward, and our tech and innovation economy will be a critical part of this. ■

“ For any company doing business across Europe, Latin America and North America, Miami is a fantastic hub. ”

Manuel Medina  
*Cytxera Technologies, Appgate and eMerge Americas*

■ **Economic development**

The increasing diversification of the economy is spurred in great part by the authorities that promote economic development, and that should help Miami-Dade weather the COVID storm. Among the key agencies are the Miami Beach Chamber of Commerce, which for 100 years now has promoted the economic growth of the area, attracting new businesses and ensuring a favorable business environment. The Downtown Development Authority is a government agency with a \$12-million budget that aims to develop and promote Downtown Miami. As a result of its participation in Rockefeller Foundation’s 100 Resilient Cities Program, Miami-Dade was building up economic clout that will help it weather a recession.



The city of Miami is committed to elevating the quality of life of its residents by improving shared spaces that foster a sense of community.

The county had already established a 2020 Strategic Plan that addresses rapid growth and climate change, and the challenges that accompany these.

The region’s well-established and organized government agencies are one reason why the Wynwood Business Improvement District was able to warn local businesses of the expected impacts of COVID-19 in the early stages of the pandemic. The district turned to the game plan it had crafted in 2016 to deal with a potential economic downturn related to the Zika virus,



**Stuart Wyllie**

*President & CEO – The Graham Companies*

“ One of the factors that historically worked against Miami Lakes is that it is in the suburbs. Today, people are less inclined to gather around commercial businesses or more intensive environments. Miami Lakes is a place where you can have your office and your home, play golf, go to the club and have everything else you need all within the same vicinity. The other trend that we are seeing, specifically out of the Northeast, is that people are looking to come to a place like Florida that’s a little more tax favorable, a little more favorable to business and with fewer regulations. They are drawn to places like South Florida, specifically locations like Miami Lakes. ”



**James Haj**  
*President & CEO*  
The Children's Trust

according to Miami Today. The plan included daily and weekly emails that kept members in the loop. This kind of coordination drives confidence and is a key plank in business attraction.

A strategic location and deep talent pool are among the other factors that have put Miami-Dade on the radar for business leaders. “For any company doing business across Europe, Latin America and North America, Miami is a fantastic hub. The first factor is its logistical advantage but there is also a great pool of talent, particularly multilingual talent, which is very important when operating across many regions. Miami is also affordable compared to other tech hubs such as Silicon Valley, Boston or New York. It also has some great institutions and educational facilities that we partner with for research purposes. The city offers a great lifestyle and that, added with the other factors, makes it very attractive as a global headquarters,” said Manuel Medina, executive chairman of Cyxtera Technologies, Appgate and eMerge Americas.

### ■ Employment

Prior to the pandemic, 1.37 million people were employed in Miami-Dade County, with the largest employers being healthcare and social assistance, retail trade and accommodation and food services. In January 2020, unemployment in the county had hit a record low at just 1.5% and in July 2019, the county's unemployment rate had been lower than the U.S.

### **How does The Children's Trust pinpoint what to work on and where to invest?**

Our board of directors sets a strategic plan that maps out the priority areas we will invest in. All contracts, service agreements and other funding decisions go through competitive requests for proposals (RFPs) in multiyear cycles. We also make use of one-year innovation grants that finance disruptive initiatives such as the planning and design that led to the school system and city of Miami, with other private partners, to fund child savings accounts for all Miami kindergarteners. It fosters a mindset within the families to see college education as a real option. We started out with 16,000 kids and are aiming for 32,000 across Miami by 2021.

### **How should private and public entities reshape priorities to benefit future generations post-COVID-19?**

It boils down to having open communication channels among all stakeholders. It is about seeing what is out there, finding ways to leverage our resources more effectively and teaming up with the business community. When the CARES Act came out, nonprofits were in this too, trying to figure out how to implement the payroll protections. We relied on the Chamber and the Miami-Dade Beacon Council to give our providers training and guidance to access the federal relief funds. It is about convening elected officials and community leaders to be agile, nimble and mobile to outpace the dynamic nature of the pandemic, especially in the context of diminishing resources.

### **What priorities has The Trust set for 2021?**

We look to our board of directors, with community input, to help guide our direction. We are in the middle of funding cycles, so it is not so much about adjusting what we fund as it is about doing things better in partnership with our funded community agencies. In anticipation of the long-term recovery, we were able to add \$6 million to the coming 2021 budget. ■



There are over 86,000 employers in Miami-Dade County.

average for eight consecutive months. Household incomes were growing, with 2018 median income reaching \$52,205, an almost 5% year-on-year increase.

Like all economies, COVID-19 put a severe drag on the county's growth. The "lost summer" had a particularly hard effect on the region's vital tourism, hospitality and entertainment sectors and unemployment soared from a record-matching 1.5% in February to 14.5% in July. The figure came down to single digits in August (8.0%) but jumped back to 13.0% in September. Due to the impacts of the pandemic, an August study from UCF's Institute for Economic Forecasting estimates that Florida's economy will contract by 6% on the year in 2020 but will recover in 2021 with growth of 7.6%.

But Miami-Dade is not all about tourism, as the majority of occupations — 448,000 in 2018 — were in management, business, science and arts occupations,

followed by sales and office occupations with 346,000, while service industries came in third with 284,000. The highest paid industries were mining, quarrying and oil and gas extraction; management of companies and enterprises; utilities; and finance and insurance. The least well-paid professions were in accommodation and food services; agriculture, forestry, fishing and hunting; arts, entertainment, recreation, accommodation and food services; and administrative and waste management services.

Despite the diversification of employment, there is no downplaying the importance of tourism and leisure in Miami-Dade's economy, and the sector was hit hard by the COVID-19 shelter in place order. In 2019, the county's hotel market ranked in the Top 25 in the country, having attracted a record 24.2 million visitors. Total economic impact from travel and hospitality



was over \$17.9 billion, according to a report by Greater Miami Convention & Visitors Bureau. But by the end of May, employment had tumbled by 129,100 hospitality jobs on the year, which meant the sector suffered a 38.3% job loss rate. County commissioners leapt into action, allocating \$3 million to Miami Dade College to provide professional training and financial relief to hotel workers. The grant gives \$1,000 to 2,500 unemployed hotel workers who complete a virtual retraining workshop. In August, Florida International University (FIU) partnered with the city of North Miami and CareerSource to roll out training for contact tracers.

#### ■ Global positioning

Another area of strength for the region as it looks to recover from the pandemic is Miami's status as the gateway to Latin America, giving it a unique advantage in terms of international trade and commerce. Florida itself has one of the world's most extensive multimodal transportation systems, which includes major international airports, deepwater shipping ports, extensive highway and rail networks and high-speed data transmission from around the United States to Europe, Latin America and Africa. Cargo volumes are expected to almost double in the next 10 years at Miami International Airport, from 2.5 million tons to 4.5 million tons. And 89% of the flowers, 61% of the fruits and vegetables and 48% of the seafood that arrive by air freight to the United States come through Miami International, a designated Free Trade Zone.

Companies with a foothold in Miami see value in purchasing assets in Latin America for these reasons, as can be seen with Miami-based consumer (\*\*\*)

## EXPERIENCE THE POWER OF MEMBERSHIP



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- BE A PART OF **INDUSTRY** SPECIFIC **COUNCILS**
- BE PUBLISHED IN THE **MIAMI BEACH COMMUNITY NEWSPAPER**
- **REACH** OVER **7000** **CONTACTS** THROUGH E-NEWSLETTERS
- BE LISTED IN OUR **DIRECTORY** AND ACCESS OUR **MEMBER DATABASE**
- **SAVE** WITH THE **OFFICE DEPOT** AFFINITY PROGRAM

## Mayor's corner

Leading elected officials across the Miami-Dade region discuss the business opportunities in their city, their top priorities and the issues they are facing.



**Juan Carlos Bermudez**  
*Mayor*  
City of Doral



**Philippe Bien-Aime**  
*Mayor*  
City of North Miami

### What key business opportunities does Doral offer?

We are close to the airport, so related markets like import/export, logistics and trade are very important. One area that has been growing a great deal is the healthcare industry. The Leon Medical Center is headquartered in Doral, a new Jackson Health System hospital is opening this year and the University of Miami Health System (UHealth) just signed up to establish a new facility nearby. Baptist Health is opening up two new facilities and Kendall AMI opened one last year. The Da Vinci Center means a lot of international healthcare training has been carried out here, not only for orthopaedic doctors but also for other specialties. I think that helps us and is an area we will continue to develop. Becoming a hub for medical services was among the ideas in the city's original master plan, and that has come to fruition. We also are seeing some tech companies choosing Doral and it would be great to see more entrepreneurial businesses coming here.

### What are the environmental initiatives you have in place to tackle climate change?

We were one of the first cities to be recognized by the state in 2007 for our green initiatives. We were the youngest city to be named a Tree City USA. As new city facilities are built, we do prioritize that they have green components. Our Government Center was just certified "Silver" LEED and Doral Glades Park earned two Green Globes by the Green Building Initiative. We recognize that being between the Everglades and the beaches, we are in the middle of the issue and that resilience and sustainability are critical. ■

### What are your main priorities as mayor and how have those changed since COVID-19 struck?

The priority as mayor of the city of North Miami is addressing the shortage of affordable housing. Many reports show that both Miami-Dade County and the State of Florida have a shortage of affordable housing and that's one of the things I've been focusing on. We devoted \$5 million of last fiscal year's budget to that issue and we also signed a contract with Solé Mia for another \$2 million for affordable housing. After COVID-19 hit, we had to refocus on other things, and we took some of that money to address our city's rental program. We spent \$1.5 million helping people fight eviction. We assisted 920 to 950 households through the North Miami CRA's COVID-19 Rental Assistance Program. The average number of people in a household is four. Therefore, about 3,700 residents were saved from evictions.

### What are the main challenges that you'd like to address in North Miami over the next couple of years?

In North Miami, we understand that if you want to bring new businesses, if you want to boost the economy, one of the decisive improvements besides water and sewer infrastructure projects is to invest in the safety of the residents. That's a key component. We are going to continue to address affordable housing because that's a need for the city. We are working to devote more money in the next budget to affordable housing. We are going to create mixed-income housing, places where everybody can live, whether they are people on fixed budgets, professionals or police officers. We are talking with a couple of developers right now toward that end. ■





**Manny Cid**  
*Mayor*  
 Town of Miami Lakes

**What is Miami Lakes' value proposition, especially as it relates to business attraction?**

It starts with the local government. We have been highly focused on providing core services as best as possible. When people are looking to move or invest somewhere, they want a safe community and we are registering the lowest crime rate in our city's history. Everybody knows each other here. It's one big family, which is among its attractive features, especially today when people crave real interactions and a sense of community. We do everything in our power to make new businesses feel welcome. We also work with them. For example, we made sure to make our entire building department fully virtual so architects and contractors can simply submit their plans online, our team reviews them and submits them to the appropriate agencies. Once that is done, the permit can be sent virtually.

**What are your top priorities for the next four years?**

My goal as a freshly re-elected mayor is to ensure that the town is set for the next 20 years. We are doing well in the short term: lowest crime rate in town history, property values are through the roof, demand to relocate here and invest is equally at its highest peak. We need to always keep our eye on the ball to make sure that when I leave, the blueprint is laid out, the resources readily available, the projects funded. We have tackled the vast majority of issues in the first four years. Now, not only do I want to make sure we keep enhancing and maintaining what we set going forward but also leave the roadmap in motion so when the next leadership in our community takes over, they can expect smooth sailing to govern properly. ■



**Anthony DeFillipo**  
*Mayor*  
 City of North Miami Beach

**What makes North Miami Beach a prime location for small businesses to open in or relocate to?**

North Miami Beach is a prime location because so many people travel down 163rd Street and Miami Gardens Drive, and our city is in the middle of those two heavily-traveled corridors. Additionally, our CRA board has adopted a five-year strategic finance and action plan with numerous projects planned to move forward in our CRA districts. These areas span a large portion of our city including the downtown area and Hanford Boulevard, West Dixie Highway, the 163rd Street corridor, and the industrial district. We are a thriving city with so much to offer, including many opportunities for investment and redevelopment. Many local businesses and developers alike are taking advantage of our CRA incentive programs.

**What are some of the main challenges facing the city?**

Our collective challenge will be the inevitable loss of some of our businesses, even though we are committed and will continue to work diligently and creatively to minimize loss. Additionally, our focus will remain on maintaining our property values and marketing opportunities for development to stabilize, recover and grow within the context of our unique character and vision for North Miami Beach. I have spoken with several investors and business owners and everyone is willing to do what they can to help tenants who are negatively impacted during this period. The city is doing its part by easing certain regulations, such as sign restrictions, because we want to allow businesses to maximize advertising opportunities, to promote themselves in these uncertain times. ■

**George Scholl**  
*Mayor*  
City of Sunny Isles  
Beach



### **What opportunities and innovations have arisen from the pandemic for the city?**

In relation to city operations, we moved quickly to deploy what services and resources we could to be online and virtual. We created an online appointment system to reduce the number of people in a waiting area and have now found this to be a more efficient system that we will continue beyond COVID. All of our meetings went virtual, which resulted in a positive uptick in participation as those who were less likely to join us in person were now able to engage virtually. With in-person events and group programming postponed, our recreation staff creatively worked to develop virtual programs to keep our residents engaged. This became an added value that we will keep as supplementary programming in the future. We also were able to cultivate a greater connection with our senior population and identify those in need, and we will now build on this program to keep it current in the event of another crisis. As we had to transition to a primarily digital outreach strategy, we developed more engagement with the community that we hope will continue post COVID. Also, like most businesses, we are probably going to take a harder look at remote working and the virtual workplace, or a hybrid of the virtual workplace, in the future.

### **What infrastructure works is the city advancing to deal with climate change issues such as the king tide?**

This is a global, national and regional problem. The ground in South Florida is porous and so we must look at creative ways to manage what we can. We seek every available opportunity to partner with the county, state and coastal communities in an effort to mitigate the effects of climate change. And when we put in additional municipal infrastructure, we think about climate change, such as higher elevations. In our more low-lying areas, we have fortified our pump stations dramatically, and we've amplified our ability to keep drainage structures clean and repaired. ■

(■ ■ ■) electronics company Intcomex's purchase of ScanSource's Latin America operations outside of Brazil.

But as was evident during the pandemic and its aftermath, this also places Miami-Dade in a uniquely risky position. The dependence on trade and internationalism could have provoked Florida to re-open its economy prematurely, with Florida reporting its highest single-day death toll on Aug. 11 since the beginning of the pandemic. The economy began to reopen in June after two months of shelter in place orders.

Miami's exposure to the international community also leaves it exposed to geopolitical events. For example, when President Donald Trump established tariffs on certain imports as a result of a trade war with China in 2017, the value of Miami's trade at risk from retaliation totaled \$445 million. Trump lost the Nov. 3 presidential election to Democrat and former Vice President Joe Biden, who will enter the White House in January amid expectations for a change in trade policy.

### **■ Public sector initiatives**



Miami has a Gross Metro Product of \$151 billion.



**Kametra Driver**  
*Director – City of Homestead CRA*

“ Homestead rebuilt itself after Hurricane Andrew. We know what it is to recover and rebuild and we are poised to continue these efforts. We want to continue revitalizing our Downtown by convincing businesses and investors that Homestead is a good investment. We are continuing to advance our senior housing project as well as our Downtown housing projects. When the first units are up in Downtown, this will be a game-changer because there will then be increased demand for auxiliary services. We are also breaking ground on Losner Park, which will be a destination park with a central water feature, Everglades Garden, and a stage. We expect to be breaking ground before the end of 2020. The city of Homestead and the CRA have worked closely with the current County Commissioners for Districts Nine and Eight and we anticipate having the same great partnership with the new commissioners and the new mayor. ”



At the height of the COVID-19 pandemic, Miami-Dade was one of many counties across the United States that found itself face to face with the difficult task of submitting a 2020-2021 budget. Mayor Gimenez’s proposed spending plan came in at just over \$9 billion, up just over 1% on the previous year. Of the operating budget, revenues from property taxes accounted for 37%, up 2% on the year, while revenues from sales tax totaled 5%, a 1% drop on the year, and gas taxes remained stable at 1%.

Proposed millage rates on the whole were slightly down on the year across most cities in Miami-Dade but there is still a cloud hanging over the real estate industry as some experts believe the full impact of the pandemic has not yet been felt given the recently-expired moratorium on evictions and foreclosures. If there is a substantial impact to house prices, the county’s budget could take a hit.

Of every dollar of taxpayer money, the budget allocated 31 cents to public safety, 21 cents to neighborhood and infrastructure, 7 cents to general government, 8 cents to recreation and culture, 8 cents to transport and mobility, 11 cents to health and society, 14 cents to economic development and 1 cent to policy and administration.

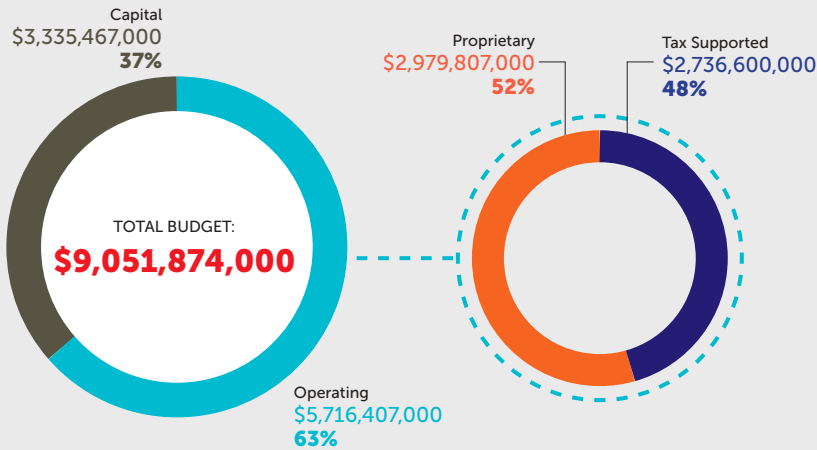
Just weeks before the budget hearings were scheduled, Miami-Dade commissioners faced their first challenge, given the weighting of the allocation for public (■■■)



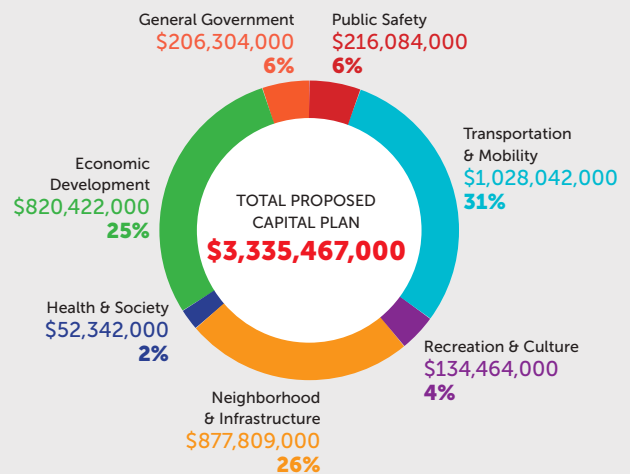
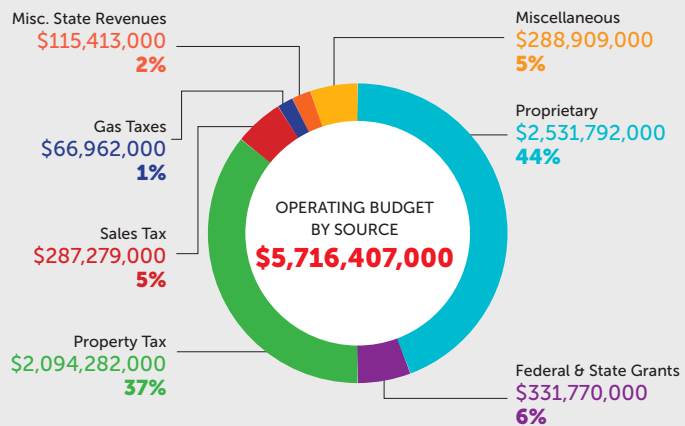
**Juan Montoya**  
Co-Founder – Rokk3r

“ Rokk3r is a hybrid model. Often, we build startups with corporations and entrepreneurs, but paradigms are shifting, and change is accelerating. As a Venture Builder, we are now better positioned to execute, people are more willing to listen to the message and there have been some substantial deals to reinforce trust. Big venture capital deals in Florida were mainly tied to health or biotech but now Florida is attracting the talent pool from all over the world, including Silicon Valley, as well as increased venture capital funding, which is sowing the seeds for a wider array of companies generating in Florida. The deals are becoming more varied as we would see in a more mature market. I think Florida is going to be hit hard by the COVID-19 pandemic, but we live in a very entrepreneurial state and in a world where people increasingly want to or are forced to work from home, the state has some very appealing characteristics. ”

**Miami-Dade County Budget:**



FY 2020-21 Adopted Budget and Multi-Year Capital Plan totals \$24.850 billion and includes 496 capital projects across all strategic areas. The adopted Budget and Multi-Year Capital Plan is budgeted at 3,335 billion. Below is the breakdown of the FY 2020-21 Adopted budget strategic area.



**Florida's  
economy  
is expected  
to recover  
in 2021,  
growing 7.6%**

(... ) safety despite recent public unrest over police brutality claims. The budget is also facing pressure given that an extra \$2 million had to be allocated in the event the county fails to find a replacement naming-rights buyer for the Miami Heat arena to replace American Airlines.

#### ■ **Small businesses**

South Florida has the highest percentage of entrepreneurs in metropolitan areas of more than 1 million people, according to an analysis by CloudKitchens. Around 15.6% of workers in South Florida are self-employed, equating to around 457,000 people. With the national average coming in at about 10%, this made South Florida's small-business community particularly susceptible to impacts from COVID-19, as demonstrated also in the South Florida Small Business COVID Impact Survey. The National Bureau of Economic Research said 2% of small businesses had shut down permanently in March, while others raided savings and retirement accounts to stay afloat.

This is just a short-term solution and small businesses have been looking to the authorities for help. In August, it was found that 20% of all eligible businesses had received Payment Protection Plan (PPP) loan funds, with counties that recorded the highest number of Black-owned businesses at the biggest disadvantage. Black-owned firms in Miami-Dade account for 11% of the county's total businesses and only 15% of all businesses in Miami-Dade were able to access a loan as of June.

The Miami-Dade Commissioners office also announced measures to help small businesses weather the storm, with \$5 million approved in May and earmarked for the Small Business Assistance Forgivable Loan Program, which would award up to \$25,000 in 0% interest loans to eligible businesses and allow them to write off the loans if they met certain conditions. In June, a further \$25 million was approved



**Jerry Libbin**  
*President & CEO*  
Miami Beach Chamber  
of Commerce

#### **What was the reason behind the creation of the Chamber's Diversity, Equity and Inclusion Council in February 2020?**

The timing is more relevant than ever, but we started a formal process earlier within the chamber. It really started almost six months before. A couple of members approached one of my staff, who's African American, and said that this would be great for the chamber. It went to the executive board earlier this year and it was approved. I pulled records from ordinances I sponsored while serving on the city commission for eight years, which included one to give a bid preference to veteran-owned companies in Miami Beach, and another to give locally-owned Miami Beach companies a bid preference. I offered those as something that the council might look upon as a sample for minority-owned businesses. We are in the beginning stages of this council, but I think that might be helpful. Members of the council have also joined other council meetings to explain to business owners why hiring a more diverse workforce should matter to them and could improve their bottom line.

#### **How has the chamber helped the business community during the pandemic?**

We've been a leader in disseminating all kinds of information. Our vice president of communications and marketing has done an incredible job. We created a Coronavirus Business Relief Guide that's at the top of our website, which is constantly changing and including new information. We've made this available to everyone. The mayor also recognized our reach and asked us in May to create a task force on how the city should best reopen, covering four different industries: restaurants, hotels, the arts and general business. We identified 56 leaders in these business areas who agreed to serve on the mayor's advisory task force, through the chamber, to come up with best practices. They did an incredible job, and I'm proud to say that the mayor, the city manager and the commission ultimately adopted most of the significant items from the industry. ■

# Q&A

**Christina Crespi**

*Executive Director*

Miami Downtown

Development Authority



## **How have your plans and strategies shifted since the pandemic hit?**

We are streamlining the work of the DDA and focusing on our safety and cleanliness initiatives, which include our Downtown Enhancement Team, Ambassadors, and expansion of our Pit Stop Bathroom program. Now, as we continue our reopening, we want visitors to feel safe when they come Downtown, which is why these teams are dedicated to constantly cleaning and sanitizing public spaces in our district.

## **Could the aftermath of the pandemic prove beneficial for Miami and Downtown?**

Businesses are hurting, but there is also an opportunity to do things differently, and we are focusing on our local businesses and trying to assist any way we can. Additionally, we have continued our recruitment efforts. People from places like New York and Chicago are attracted to South Florida for a variety of reasons, including our weather, the lower density of our urban spaces, similar cultural and entertainment options and favorable tax structures. As a result, we are seeing more second and third remote office locations. People are leaving the tri-state area to move to Miami in search of the quality of life available here. We've had dozens of meetings with companies from New York and Chicago, including hedge funds and private equity firms.

## **What's a future niche that Miami could become known for?**

Tech and startups are very important to Downtown Miami and, in fact, we are seeing a lot of those companies coming into the Central Business District (CBD). Finance has always been our niche; we probably have the most financial firms next to New York, so much so that we've been dubbed the "Wall Street of the South." Also, with the renovations that will eventually come to Flagler St., it is my hope that there will be an emphasis on the fashion industry and expansion of the arts. ■



98.2% of businesses operating in Miami-Dade have fewer than 100 employees.

for the Rise Miami-Dade Fund, allocated to businesses with no more than 10 employees, which account for 80% of local businesses. In August, 34 small businesses in the county received Mom and Pop Grants of \$2,300 from the County Commissioner's office. The Miami-Dade Beacon Council also partnered with technology firms and schools in the area on the IMPACT program, which intends to use technology to mitigate the spread and economic impact of COVID-19.

## **■ Looking ahead**

As an economy that is greatly reliant on tourism and leisure, there is no doubt that Miami-Dade has been one of the hardest hit from the pandemic, regardless of its strong economic performance entering 2020. The future of the entertainment industry also is on a tightrope as the world struggles to come to grips with the new



normal and wonders whether certain industries will ever recover. One of the hardest blows for the county was the cancellation of the Art Basel show scheduled for December, which usually draws in millions of dollars for local hotels, restaurants, drivers and art galleries. Seven in 10 people in the United States now say that the pandemic will affect their retirement, with many dipping into savings, postponing retirement and scaling back pension contributions, showing that the road ahead will be bumpy for the medium term. One outcome has become evident for Miami-Dade County: recent efforts to diversify the economy away from just tourism and leisure have mitigated a more substantial impact and work must be done to continue these efforts.

As schools began to reopen toward the end of August, a glimmer of hope was seen. The development was expected to generate more economic activity as parents are able to return to work. Other significant dates are being moved up in an effort to generate economic buzz. Businesses on the eastern side of Miami-Dade County, including North Miami and Wynwood, announced a new coalition in September to push for the Brightline train to pass through their boundaries. And despite the impact the cruise industry has endured in recent months, Miami-Dade authorities authorized \$335 million in bonds for PortMiami to allow it to continue to attract world-class cruise and cargo partners.

The new focus on local supply chains is another positive factor for the South Florida region. In August, more than 20 institutions that spend billions per year on procurement joined forces under the South Florida Anchor Alliance umbrella to promote small, local, especially minority-owned businesses. ■

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Great customer service isn't just something we do - it's a part of who we are

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- Mandy Esposito, SVP of Process Operations





# THE CITY OF AVENTURA



Mayor Enid Weisman



Commissioner  
Dr. Linda Marks



Commissioner  
Denise Landman



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Howard Weinberg



Commissioner  
Robert Shelley



Commissioner  
Gladys Mezrahi



Commissioner  
Marc Narotsky



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# City of Aventura:

With a top-quality education system, a strong and diversifying economy and a reputation as one of the safest cities in Miami-Dade County, the City of Aventura is already a leading destination where residents can live, work and play. Despite its successes, the City of Aventura isn't resting on its laurels.





# Live, work, play:

The City of Aventura has established itself as a premier location with a meticulous focus on growth and stability

Internationally recognized as a premier location to live, shop and play, the City of Aventura has also established a strong and diversified economy in its short history. With a family-friendly culture and draws like first-class educational institutions, great parks and recreation offerings as well as a community-first mindset, Aventura has been successful in attracting families and business professionals alike.

The city is widely considered one of the safest in Miami-Dade County, which is highlighted by the Aventura Police Department's community-oriented philosophy. The area is also home to the third-largest mall in the United States, the Aventura Mall, regionally popular institutions like the Aventura Arts and Cultural Center, and world-renowned destinations like the Turnberry Resort.

And while Aventura has had to endure some economic challenges and social hardships stemming from the COVID-19 pandemic, the meticulous focus on economic growth and stability has allowed the city to be recognized as a safe and secure environment for investment.

## ■ Landscape

Covering an area of 3.2 square miles in northeast

Miami-Dade County, Aventura's strategic location is predicated on its proximity to major economic hubs in South Florida as well as desirable access to waterfront real estate. The northernmost boundary of the city is on the Miami-Dade/Broward County line, while its eastern boundary runs along the Intracoastal Waterway. The city is also conveniently situated between the two largest airports in South Florida, Fort Lauderdale-Hollywood International Airport and Miami International Airport, and two of the busiest seaports in the world, PortMiami and Port Everglades.

Originally constructed by real estate developer Donald Soffer, Aventura is the Spanish word for adventure. Soffer is responsible for turning 785 acres of swampland into what is now known as the City of Aventura.

Having only been incorporated in November 1995, Aventura is one of Miami-Dade's newest municipalities and touts a population of approximately 38,098 residents with a median age of 43.34. Comparative to its geographic size, the city has an impressive labor force of 18,557 people. Prior to COVID-19, Aventura enjoyed a record low unemployment rate of just 1.4% in January 2020, well below the national 3.6% rate (■■■)

# Within reach

**Among the city's key characteristics is that everything is in close proximity, eliminating the need to drive long distances**

## Enid Weisman

*Mayor – City of Aventura*

### **What are the unique business opportunities offered by the city of Aventura?**

Part of the uniqueness of Aventura is the fact that everything is within three miles. Your doctor, your grocery shopping, an 18-hole golf course, tennis courts, and almost any kind of activity you'd want to be involved in is all right here and you don't have to drive long distances. We are fairly close to FIU and the city has a great relationship with the university, and we boast about being served by three major medical systems. Couple all of this with K-12 education opportunities, after-school programs and athletic teams, which can all be found here.

The key to the future of any city is the priority they place on a quality education, Aventura has invested heavily in K-12 educational facilities, providing kids the proper foundations and skill sets. We are highly focused on technology and coding, artificial intelligence and robotics.

### **How has the city gone about helping and supporting its business community?**

One of the things that we always try to do is to work with our businesses, especially during the pandemic. As soon as we got the OK from county officials, we started looking into letting local businesses open up and our city was very vocal in this opening up procedure.

Residents of Aventura have also been active in supporting the business community. They launched a Go Fund Me campaign. The thought of the person planning it was that they could raise money through Go Fund Me and use it to pay for packaged meals from local restaurants to feed our police officers, our first responders, firemen, hospital and assisted-living workers. Much to my surprise, they raised over \$42,000 and fed all of our essential people, including people who work in the city, for almost eight weeks. Each day,



that meant giving our restaurants a \$1,000 to \$1,500 check. I'm not going to pretend that is enough to keep businesses going, but it goes back to our small-town community feel, that we are all in it together.

### **What is the expected impact of the new train station?**

This has been a project that was talked about for over 20 years. I've been reluctant to be too excited about it until I'm sure it's coming. But there's two ways to look at it. In the short term, I am not sure that we'll see that much because Miami is an automobile city, and what we are trying to do is to change people's behaviors. That's not something that happens overnight. What it does is give us the opportunity, in the long run, to set possible ridership goals. Long term, the benefits are going to be immeasurable. ■

# Q&A

## Roy Faith

*Vice President of  
Real Estate and Asset  
Management*  
The Faith Group



### **How did the real estate sector manage the COVID-19 transition?**

We made a point of looking at our business from the tenant side. We worked hand in hand with each tenant, as each presented a singular situation when facing the pandemic. We have always had great relationships with our tenants. We are highly approachable and both sides were understanding of the situation. We did work out most of these instances, especially for the first couple of months when everything was on lockdown. We are all trying to pull together to get back on our feet.

### **How do you see the office and retail niches evolving from this pivotal point?**

As retail operators, prior to the pandemic we were trying to navigate our way through different times as a result of the emergence of e-Commerce. We saw a shift in the retail space into more service-oriented businesses. Food and fitness oriented toward healthy lifestyles — pilates, yoga, gyms, salons and casual food operators — still make up a large component of our retail centers. Those were also the hardest hit by the pandemic. We will come out of it and people will want to go back to having that enjoyment of going out, socializing and being able to enjoy things of that nature. Going forward, when vacancies come up and you are talking to tenants, it will require an added layer of selectiveness in terms of sustainable businesses that can resist long periods of closure.

### **What is your take on the residential side?**

Our group caters to all different aspects of real estate, including commercial and residential through our internal brokerages FIP Commercial and FIP Residential. Activity is bubbling up with several investors looking for multifamily assets. There is a significant demand for multifamily developments. The problem is there is not too much supply, especially in South Florida. It is a highly attractive asset class in the region and we have clients who are always looking for deals in that sector. ■

(■ ■ ■) that month. Commensurate with the challenges caused by the COVID-19 pandemic, unemployment jumped dramatically in line with the rest of the country.

As of 2018, the median household income for Aventura was \$63,121 which was higher than the national average at the time of \$60,293, and also above the averages for Miami-Dade County and the state of Florida. As of October 2020, the value of homes in Aventura was \$330,911 representing a 1.4% increase over the year prior. Real-estate website Zillow forecasts that the value of homes in the area will increase significantly over the next year, climbing 6.0% by September 2021.

Aventura is run by a Commissioner-City Manager form of government. The city's total proposed budget for Fiscal Year 2019/20, including all funds, capital outlay and debt service, was just over \$61.8 million. Due to the economic constraints of the ongoing



The City of Aventura covers an area of 3.2 square miles.



pandemic, the total proposed budget for FY20/21, including all funds, capital outlay and debt service, was slightly reduced to around \$60 million. One of the major highlights for the city's leadership is that the millage rate for Aventura, which sits at 1.7261, hasn't been raised in over 23 years.

Home to 2,708 businesses, Aventura's major economic drivers include the retail and healthcare sectors. Serving as the symbolic leader in retail within the city, the Aventura Mall was named as one of the region's most popular destinations by the Greater Miami Convention & Visitors Bureau. The healthcare industry in Aventura is highlighted by recognizable names like Mount Sinai Medical Center, Aventura Hospital and LP3. The city also boasts a strong education system helmed by institutions like ACES (Aventura City of Excellence School) and the Don Soffer Aventura High School. Aventura offers dynamic real estate, tourism and banking and finance sectors as well.

**The  
City of  
Aventura is  
home to  
2,708  
businesses**

### ■ **New Brightline train station**

In October 2019, Miami-Dade Commissioners passed a land swap and development deal for train operator Brightline to develop a new station at the 19800 block of West Dixie Highway. The development of Brightline's next Miami-based train station was sought after by most municipalities in Miami-Dade County, but was ultimately awarded to the City of Aventura. The station is a \$76-million construction project that has been funded by an investment from Miami-Dade County to cover the land purchase as well as the \$57.4 million in estimated construction costs.

While the new station was originally set to be completed by October 2020, the onslaught of challenges from the COVID-19 pandemic delayed this process. Construction on the project finally broke ground on Sept. 3, 2020, and is now targeting a completion date of fall 2021. The new station will be approximately 17,500 square feet and will include 240 parking spaces and a bus drop-off area. There are also plans to develop a bridge for pedestrians between the Aventura Mall and the new station, which looks to create a mutually beneficial relationship between the two entities.

The hope among city and county leadership is that the Brightline Station will act as a catalyst for more economic and real estate development and growth in Aventura. This hope is coupled with a thoughtful understanding from the leadership that the impact from the station will not be immediate, but rather a long-term, gradual process.

"This has been a project that was talked about for over 20 years. I've been reluctant to be too excited about it until I'm sure it's coming," Enid Weisman, mayor of the City of Aventura, told Invest. "But there's two ways to look at it. In the short term, I'm not sure that we'll see that much because Miami is an automobile city, and what we are trying to do is to change people's behaviors.



**Bernardo Rieber**

CEO

Rieber Developments



### **How have changes to the EB-5 high-net-worth-individual visa program affected your business?**

The changes have had a negative impact. I believe it is a great source of funding for developers, it is very flexible equity at a decent cost. It's not as cheap as people might think, but it is mostly flexible because it's something between a loan and equity. As a result, it's good to go to the bank with all of these EB-5 funds in your capital stack. In my previous project, we did 27 EB-5 investments, at \$500,000 each. For 12|12 Aventura, we did five until the changes were implemented, raising the amount to \$1.8 million, which of course discouraged many potential investors. Nonetheless, we have done a few deals at that amount. I appreciate the need to fight the fraud that unfortunately became a part of the program in some instances, but it was actually a small percentage of the overall deals. We should fight the fraud, not the program.

### **How strong has the commercial real estate market in Miami been in recent years?**

I think that Miami is one of the greatest cities in the world. I travel a lot, especially in recent years, and it is hard to find a city like Miami where everything works. It's new, beautiful, with great weather most of the year. People are amazing, and the properties in general are still less expensive than in other major urban centers. The airport is one of the top in the nation and they have done a great job of expanding to meet the need. I think that Miami will continue to grow. Money will continue to be invested here.

In the commercial segment, I also see a strong market, for several reasons. In particular, more and more people are moving to South Florida. It might be because of low taxes, and the fact that it is becoming more of a global city, compared to 40 years ago when it was beaches and malls. Now we are a culinary center, new cultural centers, museums, a lot of great things are happening. There is great demand for offices because a lot of international companies in the financial world are doing business here. ■



The Aventura Arts & Cultural Center is one of the primary tourism hubs in the city.

That's not something that happens overnight. What it does is give us the opportunity, in the long run, to set possible ridership goals. Long term, the benefits are going to be immeasurable."

### **■ Ongoing development**

One key to the City of Aventura's success has been its long-standing emphasis on ensuring the integrity and strength of both its infrastructure and public offerings, such as parks and recreation facilities. The city leadership within Aventura has worked closely with property owners and developers to help bring projects forward by means of encouraging cooperation with builders, ensuring smooth permitting and, when needed, variances that help with smart development. As outlined in its 2020/21 – 2024/25 Five-Year Capital Improvement Plan (CIP), over \$18 million has been allocated for 39 projects in the six functional categories that make up the CIP. These include Beautification and Park Facility Improvement Projects, Transportation



“For 25 years, this city has not waited for flooding to occur.”

Enid Weisman  
Mayor, City of Aventura

System Improvement Projects, Drainage System Improvement Projects, Public Building and Facility Improvement Projects, Information Technology Improvement Projects and Capital Equipment Purchase and Replacement Projects.

As a city that is near a major body of water, Aventura has a clear understanding of the importance of keeping up with its stormwater drainage and flood

prevention infrastructure as it relates to the overall appearance and operation of the city. In fact, the city has spent over \$10 million maintaining and replacing this infrastructure as needed.

“At the beginning of the year, we had a number of infrastructure projects on our agenda, with a stormwater project and the reparation of sea walls at the top of our list. For 25 years, this city has not waited for flooding to occur. Every year, major improvements have been made at major intersections, including pumps and drainage,” Weisman said.

The commitment to continual maintenance and development of the city to the benefit of the community is reflected in Aventura’s emphasis on creating park spaces. Three new parks have recently been completed: Peace Park, Veterans Park and Waterways Dog Park. All three were created through careful planning and working with developers to create these new spaces for residents. The city also invests \$1.8 million dollars annually on landscaping to keep its vistas, parks and all street areas looking pristine.

#### ■ Education

Any city that wants to continue growing in a positive direction relies on education, and Aventura has long been committed to providing strong educational offerings for its community as evidenced by the two charter schools that the city has built over the last 17 years. The Aventura City of Excellence School, or ACES, was the first charter school endeavour headed by the city and opened its doors in August 2003. The school houses 1,020 students in grades K-8, and has been recognized as an A-rated school for the last 16 years. The school’s reputation precedes it and as of fall 2020 there were 1,500 children on a waiting list to be admitted.

The other charter school, Don Soffer Aventura High School, is a newer entry into the area. The city, recognizing the community’s need for another solid high school offering, spent over \$20 million to create the tuition-free public charter school. Named after the developer who helped build the city, the school first opened its doors in August 2019 for students in grades 9-12. The school experienced almost immediate success as it boasted the highest Cambridge Program Testing Scores (89%) in Florida during its first year of operation.

#### ■ Healthcare

Aventura is also home to a diverse population with the 65-plus age group accounting for a quarter of its total population. This, coupled with an attractive business



As of 2020, the City of Aventura was home to 6,414 retail jobs.

climate within the city, has resulted in the healthcare and social services sector being one of the most prominent for the local economy. Healthcare accounts for 5,013 jobs between 670 businesses in the city.

The strength of the healthcare sector in the city has resulted in the emergence of what is known as the “Medical District.”. This District is made up of more than 300 medical and professional practices that neighbor Aventura Hospital & Medical Center. Rieber Developments, a South Florida-based commercial real estate developer, was one of the early developers to recognize the potential in the upcoming health district and, having already successfully completed one project in the area, broke ground in May 2020 on its \$100-million mixed-use development 12|12 Aventura, which will feature both medical and professional offices as well as retail and luxury residential units for seniors.

### ■ Retail

As the home to the third-largest mall in the United States, Aventura Mall, it’s no surprise that retail is among the city’s largest economic sectors. With 465 retail establishments, Aventura is an economy that

understands the intrinsic value of brick and mortar retail commerce. But the sector, while relatively resilient, has not been immune to the challenges caused by the rise of e-commerce and more recently the COVID-19 pandemic. The fallout has seen the number of retail jobs within the city drop from a high of 7,621 in 2016 to 6,414 in 2020.

Despite the challenges, the upper echelon of retail shopping in the city, the Aventura Mall, has remained resilient during this time of pandemic as one of the preeminent shopping destinations in the United States. Chairman and CEO of Turnberry Jackie Soffer spoke to Invest: about the Mall’s resilience during this time, pointing out that opportunity often emerges in crisis. “One of the things we have learned throughout the pandemic is that for Aventura Mall in particular, vacant space is more an opportunity than an obstacle. There are many direct-to-consumer brands actively searching for brick-and-mortar space. We are convinced we are going to come out of this process stronger and with healthier tenants that will attract more customers,” Soffer said.

The mall, which features a variety of over 300 luxury





boutiques and household names within its 2.7 million square feet of retail space, was recently recognized as the recipient of Tripadvisor's 2020 Travelers' Choice award.

### ■ Looking ahead

Aventura has come a long way from its swampland origins to become a preeminent destination offering a mix of shopping, arts and culture, a family-first community and one of the safest cities in Miami-Dade.

While the challenges from the ongoing COVID-19 pandemic, resulting economic slowdown and persistent threats from climate change are real and will continue to create hardships for every community, the City of Aventura understands that continued investment into its facilities, infrastructure and community will best position the city to rise in the face of adversity. ■

Capital Analytics would like to thank City of Aventura for its contributions in compiling this chapter. To learn more, visit its website at: [www.cityofaventura.com](http://www.cityofaventura.com)



**Jackie Soffer**  
*Chairman & CEO*  
Turnberry

### **What is your take on the future of office space in Aventura?**

South Florida is on the lucky side of COVID-19 as it has not been as problematic as in New York or other more densely populated areas. South Florida's residential market is on fire, especially single-family homes. This is due to so many people from walkable cities with high density wanting out because of COVID-19 contagion rates and making a different lifestyle choice. This, in turn, fuels the office space market. The closer you are to the Aventura Mall, the better value your office space has. Brightline is planning a stop at Aventura, and the surrounding office space will be a huge asset in the future. We designed a new office building that is moving forward on our site in front of the Aventura Mall, with 280,000 square feet of office space.

### **How does the Aventura Mall act as an economic driver for both the city and Miami-Dade County?**

The mall has traditionally been a big tourist attraction on an annual basis. Because of COVID-19, we are now mostly catering to the needs of our local community. We are a gathering place and the center of commerce, extending over a 40-mile radius. The media has put an overall negative spin on what is happening in the retail world with the Amazon effect on brick-and-mortar retail. The reality is Amazon is in a position where it is actively expanding its brick-and-mortar assets as it has realized the only way to continue with its tremendous success is through a brick-and-mortar presence. Long-term retail success is engrained in the capacity to become omnichannel when it comes to selling product. Also, there is the experience component, which is a lot of what we do: buildout, design, finishes, the staff, the way you get treated, seeing and touching the product. Being surrounded by the brand experience, whether through sight, smell or touch, is not achievable online. One of the things we have learned throughout the pandemic is that for Aventura Mall in particular, vacant space is more an opportunity than an obstacle. ■



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# Professional Services:

The CARES Act and PPP program launched both challenges and opportunities for Miami-Dade's professional services sector, which also had to contend with a new way of working amid the pandemic. Overall, the industry remains an integral and growing segment of the regional economy.





# Professional hub:

## A business-friendly environment and lower tax burden underpin a growing sector

Miami-Dade is an entrenched hub for professional services that include wealth management, accounting, legal and architecture. For the past several years, firms of all sizes have been relocating to the region to reap the benefits of its tropical weather, vibrant culture and favorable tax regulations. Being an internationally recognized business community, the region's strategic location allows companies to seize opportunities in both North and South America.

In addition to boasting internationally trained professionals, Miami is ranked among the leading financial centers on the East Coast, along with New York City and Charlotte. The finance industry represents 52% of the Miami Beach office market and despite challenges caused by COVID-19, office rates in Brickell's financial center continued to climb in the third quarter of 2020. Miami is a unique marketplace to say the least. Although the region began as a tourism and real estate-based economy, it has now become the "Wall Street of the South" because of its business-friendly state government and tax structure.

### ■ Landscape

Coming off a record economic year for the region, no

one could have predicted a worldwide pandemic and the economic instability that followed. People in the professional services industry, such as accountants, lawyers, architects and wealth advisers, found themselves having to navigate the constantly evolving landscape of Paycheck Protection Program (PPP) loans and federal regulations. Within a matter of days, professional services firms had to not only adapt to the new virtual reality but also provide up-to-date financial and legal guidance in an ever-changing environment.

The good news is that despite the challenges, the pandemic provided an opportunity and many professional services firms enjoyed growth as a result. "When COVID-19 hit, our growth accelerated at a much more rapid pace," said Maria Elena Lagomasino, CEO and managing partner at wealth manager WeFamily, in an interview with Invest:. "Families found themselves with an added layer of complexity as the pandemic made its effects known. Risks and opportunities became greater, stressing the need for unconflicted advice from professionals working for them to help them navigate through this challenging period." This extended to international investors, she added, while highlighting that the inflow of international investment (■ ■ ■)

# Unique

## Convergence of Europeans, Latin Americans and migration from the U.S. Northeast makes South Florida a unique marketplace

### Robert Covino

*Managing Director- South Florida Market Head –  
UBS Financial Services*

#### What opportunities are arising amid the in-migration of high-net-worth individuals to South Florida?

It's a unique marketplace. We have a convergence of not only Europeans but also Latin Americans, as well as a significant migration from the U.S. Northeast. The region began as a tourism and real estate-based economy and now because of our business-friendly state government and tax structure, we continue to see wealthy families and successful businesses moving to South Florida. Our economic activity is going through the roof.

#### What changes have you seen in the needs of high-net-worth individuals?

Clients have become more demanding in their needs and our advisers are well-trained to assist them. Our UBS Wealth Way framework helps our advisers to discover what's truly important to our clients, and that in turn allows our advisers to build a plan to help our clients meet their goals. UBS Wealth Way has three basic strategies: liquidity, longevity and legacy. Those strategies are a blueprint for families who want to understand how they can better allocate all of their assets and manage their liabilities to help meet their objectives. Our advisers are fully trained to ask the most important questions to help our clients through the phases of their lives and plan for the next generation as well. One analogy that I have used often is that our advisers truly have a seat at their client's kitchen table, which is the place where the most important family decisions are made.

#### Which of your services have seen the most demand in the last year?

Our financial planning, asset management, portfolio management and discretionary platforms have seen



the most demand. Financial and wealth planning have become the foundation to help our clients achieve their most important goals. Many of our clients have migrated away from making the day-to-day decisions within their portfolios, allowing our advisers to design and execute a strategy that aligns with their financial plan.

#### What is your view of the financial services sector in South Florida going forward?

South Florida is definitely the place to be. In my opinion, we are going to experience a boom unlike any other regions in our country, especially as more clients and businesses migrate to our very special part of the world. It's an exciting time to be in the wealth management industry in South Florida. ■

# Q&A

**Richard Cole**

*Managing Partner*  
Cole, Scott & Kissane



## **What do you feel is a competitive advantage for your firm in a crowded legal marketplace?**

One of the areas that I think we are uniquely strong in is our trial ability. Unfortunately, this pandemic has limited our ability to demonstrate how good our trial lawyers are. We have quite a few trial lawyers who try 10-12 cases a year. I don't think there are very many civil law firms that have our depth of talent. Having said that, with no trials it's harder to demonstrate the talent we have so a lot of our competitive edge becomes about personal relationships, about people knowing how our firm works and the quality of the legal representation they have had with us in the past.

## **What is the key for new firms to establish themselves and thrive in South Florida?**

Specialization is the key for new firms to be successful and thrive. Personal relationships also matter but a unique talent that someone or a group of people have in being able to provide specific counsel to a client is always something that clients are looking for. Older cities have law firms where their client base may go back a hundred years but Miami-Dade is not that way. While it has a few older firms, the client base is young so they are always looking to see what's the next best thing and they are willing to experiment with new law firms. There's a lot of opportunity in Miami, so if you're talented and have a good marketing plan you can be successful.

## **What is some potential reform or legislation on the horizon that you will be watching for in 2021?**

I do see that in 2021 and 2022 there is a real possibility of some tort reform in the state of Florida. This is something that has not occurred for quite some time. In the past, there have been some groups with a lot of power and influence that have been able to keep tort reform from being put on the front burner. I'm not sure that this will continue, and I think we may see the legislature and the governor take more interest in tort reform. ■



Miami accommodates all of the Big Four accounting firms as well numerous other middle market and boutique firms.

■ Miami-Dade County has enjoyed in the past will continue despite the pandemic. "Capital is here to stay as long-term investment money in financial, human and social capital. The latter refers to connections and network. It is no surprise that eMerge Americas is working to transform Miami into a technology and entrepreneurial hub. Miami is one of those places that has the opportunity to be a gateway for sizable flows of investment."

In terms of impact, the professional and business services segment of the Miami-Dade County economy accounts for 162,700 jobs, or just over 14% of the region's total nonagricultural workforce. Financial activities add another 78,900 jobs, or almost 7% of the marketplace for employment, according to the Miami-Dade Beacon Council's latest figures. The average annual salary in the professional, scientific and technical services segment came in at \$85,899.

## ■ Professional Services

Globally, the professional services market was expected to grow at a compound annual growth rate (CAGR) of just 0.1% in 2020, to \$5.409 trillion from \$5.405 trillion a year before, according to the Global Professional Services Market Report (2020 to 2030) from ResearchandMarkets.com. The low growth was attributed to the onslaught of the pandemic



that resulted in a global economic slowdown. Going forward, however, the report suggested the sector globally could grow 7% (CAGR) from 2021. By 2023, the market is expected to reach a value of \$6.519 trillion.

In Miami-Dade, the sector has remained on a growth footing. The region has a unique set of financial and professional service demands that revolve around international tax planning, high-net-worth individuals and corporate financial services. There is a wide range of firms in the area that offer these services to the thousands of companies located in Miami-Dade. The region boasts around 200 family offices, 20 private equity firms and more than 50 hedge funds, according to the Newlink Group in Miami. From 2014 to 2018, the Miami Downtown Development Authority (DDA), also known as the DDA, reported a 95% increase in registered investment advisers.

The region also remains persistent in its efforts to attract new organizations. The DDA's Follow the Sun campaign entices businesses to set up shop in Miami by offering them up to \$50,000 a year in incentives. Major players like ACI Worldwide, Starwood Capital Group, Icahn Enterprises and General Assembly have relocated their headquarters to Miami.



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## Michael Chavies

*Equity Shareholder – Akerman*

“Once we get started again, the return of legal work is going to be fairly quick, especially at the big law firms. Lawyers within that space have a strong business acumen, which spells faster recovery. The unknown variable is when are we going to get back to work as usual. Miami is a great place to practice law and is on the verge of getting better, with more business than ever before. It is an opportunity for America to come together again, both because of the pandemic and the aftermath of the George Floyd case. Our hope is that we come out of this a better country, economically stronger and come back to being the America we should be.”

Miami has also seen an increase in alternative investment firms like Blackstone Private Equity and Real Estate, CBRE Global Investors and UBS Asset Management. The firms provide an assembly of endowment funds that tend to be the biggest investors in artificial intelligence technologies. As a result, the region has seen an influx of AI firms over the past two years like Dormouse of Malta, QuStrat Absolute Return Fund and Apaloosa as technology continues to play an ever-increasing role in how businesses conduct operations, a fact highlighted by COVID-19. “Businesses in a place like South Florida represent a global ecosystem. An organization that is based in Miami attracts talent, customers and financial resources from all around the country and the world. Technology used to be a necessary evil but it has now become a competitive differentiator. It allows companies to execute certain business processes more efficiently and to reach levels of success much faster. More importantly, it will help a business serve their customers even better,” said Ajoy Krishnamoorthy, vice president for platform strategy at Acumatica.

To keep up with the demand of the growing business migration to South Florida, there is 6.65 million square feet of office space under construction. Although office building vacancy rates saw a dramatic increase due to COVID-19, there haven’t been many commercial foreclosures due to the pandemic. And while asking rents have remained relatively steady, landlords are more inclined to offer incentives during negotiations with tenants. This perfect storm could give smaller firms a chance to obtain prime Downtown office space at a slightly lower rate.

**Professional and business services account for over 14% of the region’s nonagriculture workforce**

Miami’s professional services industry continues to grow despite challenges caused by COVID-19. In fact, some industry leaders attribute their most successful and busiest months to the pandemic, much of it related to the PPP rollout. The program, while necessary to keep many businesses afloat during the pandemic and its crippling containment measures, came with a whole new set of challenges and regulations. Accountants and lawyers alike had days to become experts in a loan they originally didn’t know much about.

Nevertheless, many firms quickly put together COVID-19 response teams and virtual webinars as they were uniquely positioned to act as the voice of reassuring calm for their clients. “Every client had unique issues and questions as they were affected differently,” said Barry Gould, managing partner at EisnerAmper. “There wasn’t a one size fits all answer.



The lack of information and guidance from the Treasury was a considerable factor. For the first 20 days of the enactment, while applications were being prepared by our clients and questions were plentiful, there was minimal guidance. Compliance with the regulations and requirements was evolving daily. Besides daily email updates, we set up informational webinars for clients and prospects with registration in the thousands. Our clients had a high success rate during the first round of loans deployments. By the second round, all who applied managed to obtain a loan.”

Overall, Miami-Dade provides a fruitful landscape for professionals in the area. As international firms in all segments crowd into the marketplace, local knowledge becomes a key differentiator, according to Reinaldo Borges, founder of architecture firm Borges and Associates. “In general, architects are looking at the broader market, especially because of technology. We are not necessarily just looking at the local market, we also work internationally and now have an active office in Barcelona. But there is always something powerful about local knowledge and understanding how the local market works and operates because every city and local context is different.”

## ■ Legal

Similar to many sectors across the economy, the legal industry in Miami-Dade County also had to pivot its operations to align with the evolving COVID-19 landscape. For an industry that is traditionally viewed as conservative in terms of technology adoption, legal firms were quick to respond. In the following weeks and months after the initial outbreak, many legal firms accelerated their technology adoption to continue serving clients, particularly in light of the PPP rollout.

Legal firms, and the courts, quickly moved to a remote work setting and some industry experts believe the pandemic launched them at least five years into the future. While most law firms had upgraded their technology in prior years to accommodate fast-paced growth or expansion, ransomware attacks and the need to deploy collaboration software to enable all nationwide programs to work cohesively and ensure seamless communication demonstrated that some additional investments in technology still needed to be made.

Even firms like Cozen O’Connor, which already had the technology in place for a smooth transition into remote work, faced some challenges. “As of March 15, at a national level, we took 1,500 people virtual. Some had never worked virtually and, yet, it was seamless. Nobody had ever heard of Zoom before, and now I’m (■■■)



**Blain Heckaman**  
CEO  
Kaufman Rossin

## Which among your services is most in demand?

Since 2015, we have ramped up our business consulting services with transaction advisory and performance improvement, and expanded risk advisory services with the addition of robotic process automation (RPA), helping our clients to move the dial. It is a truly phenomenal service, a fast-growing area. We may be somewhat ahead of our clients on this, but we have been assisting them and getting great success there as well. In addition to these newer services, our tax practice has had a phenomenal 12 months, on both the international tax and business tax fronts. Some of it has to do with the tax reform that took hold in late 2017 and is now being executed. We have positioned ourselves well as a go-to tax resource within the South Florida business community and have done really well in expanding this area on both the international and domestic sides.

## How is Miami positioned to weather the economic slowdown?

There are a couple of key industries that will be greatly impacted the longer this goes, especially tourism and real estate. On the positive side, there is a significant number of secondary markets in Florida. Traveling overseas will likely not be as popular in the next couple of years, speaking well for these secondary markets. Challenges do drive opportunities and developers might take cues from the latter.

## What is your industry outlook toward 2021?

From a glass-half-empty perspective, which is not really where I sit, one of the first things to go tends to be the transactional side of some of the consulting services. At the same time, from a consulting perspective, clients really need help guiding their businesses through their current crisis. South Florida is dominated by the smaller middle market and players within this realm require assistance. We are in a great position to provide this expertise in several areas, so we see a lot of opportunities to help clients with their recovery. ■

## Legal outlook

Leading industry voices provide their perspective on the past year and shine a light on the opportunities going forward.



**Gerry Greenspoon**  
*Co-Managing Director*  
Greenspoon Marder



**Harvey Gurland**  
*Managing Partner Florida*  
*Offices*  
Duane Morris LLP

### How did the firm perform in the 2019-2020 period?

2019 was a record year for Greenspoon Marder. Normally, expectations would be for an even better 2020, but that quickly and drastically changed with the onset of the pandemic. Due to the impact, we were required to make major business adjustments in forecasting, business projections and just accepting the reality of what was going on. We started making plans and forecasting for short periods at a time. It was barely possible to forecast for 12 months but we understood that, starting in March or April, the ensuing three months were going to be difficult for all. The decisions business owners, including myself, have had to make are heart-wrenching because they involve people and, in our case, we need people. Unfortunately, we had a few furloughs and terminations that needed to be made, but the goal of the company is to do what is best for the company as a whole during this difficult situation. We managed toward a lower revenue forecast and reduced expenses. The changes implemented began in April and by the end of September, we proved to be very accurate in our re-forecasting process.

### What role has technology played for your firm?

Understanding the importance of always being prepared, our firm had the technology in place to deal with a situation like this. Not because we were preparing for a pandemic, but with our HQ and center of operations being in South Florida, we are constantly prepared for other disasters such as hurricanes, loss of power, loss of internet, loss of access to the offices. We have been prepared for that for many years. ■

### How did Duane Morris' Miami-Dade expectations play out in 2020?

As we got to the end of 2019, we were very optimistic about 2020, as most law firms were. We also were prepared with contingency plans in place in case there was a change in economic conditions. One of the things we did in early 2020 was to bring in Phil Hudson, a lateral partner for our reorganization practice group in Florida. As optimistic as we were, we did have in the back of our minds that at some point there could be some economic disruption so it made sense to have someone with that background and capabilities. As things turned out, this addition has been significant as Phil has been one of the busiest of our partners since shortly after March 2020. Once things started to change in mid-March with the pandemic and closures of businesses and courts, we quickly prepared for the changes; our operations transferred from working in the office to working remotely and it was seamless. We have maintained contacts with clients and colleagues throughout the firm locally, nationally and internationally.

### What is a top priority for Duane Morris in 2021?

Within Miami and Boca Raton we would like to continue with a stable environment. We are always looking for candidates to join us and I think that will continue during 2021. Over the last six months, it has proven more difficult to pursue lateral recruiting opportunities in South Florida. As a result, our recruiting in 2020 has not been as active as it was during 4Q19 and early 1Q20. It is cyclical in nature and will probably start to come back sometime during 2021. ■



**John Meagher**  
*Miami Office Managing  
 Partner & Chair of the  
 Insurance Practice Group  
 Shutts & Bowen LLP*

**How is Miami unique for a law firm such as Shutts & Bowen?**

It's a de facto international hub for business. Our location allows us to have a large international arbitration and dispute resolution department, as well as a leading practice in international tax and financial transactions. We are handling sizable international arbitrations, litigations and deals because Miami is a good meeting point. Miami has a unique ability to be the middle of everywhere in terms of legal services.

**What emerging trends are you keeping a close eye on?**

Technology is the dynamic variable we make a point of closely monitoring. We just purchased and installed a platform called viRecruit, which coalesces a significant portion of the tasks inherent to the hiring process. Artificial intelligence is on the cusp of becoming a real possibility for our technology department to harness and further enhance our capabilities on predicting litigation fees.

**What is your outlook for Shutts & Bowen and the legal sector in Miami?**

We are cautiously optimistic on the legal front. Obviously, COVID-19 is having a significant impact on our clients' businesses and ours. The virus outbreak has created various challenges for our clients and their chains of supply. To meet those needs, we have established a COVID-19 Response Team that is dealing with our clients' challenges on a multi-disciplinary basis. Once the pandemic recedes, we hope that the Miami market will quickly return to its historical rate of growth. ■



**Christian Rodriguez**  
*Managing Partner  
 Trembly Law Firm*

**How is Trembly Law Firm positioned in Miami-Dade?**

In Miami-Dade, there is little to no middle ground for business owners in regard to pricing and quality of service from law firms. This disparity created an opportunity to provide big-firm quality representation at a more realistic and fair cost. We work with businesses of all sizes, and we have been advocating for them to use general counsel services because, as the old adage goes, an ounce of prevention is worth a pound of cure. Similarly, preventive legal measures usually cost 10% of reactive legal remedies. One of the faults with the justice system, unfortunately, is the cost of litigating. Typically, the party that can pay the most is usually the one set to win a litigation because it is extremely costly to either defend or prosecute claims, especially in the business sector. More often than not, litigations stem from not having attorneys involved from the outset to help structure deals and relationships to ensure that agreements are clear and that the parties have a clear understandings of their obligations.

**What is your view of the legal sector landscape?**

While there is a significant pool of attorneys available in Miami, few have a penchant for being entrepreneurial. We tend to see ourselves as entrepreneurial attorneys in the sense that we are constantly looking to find niches in the market and adapting to address those niches. Even more so now with the pandemic, many C-level executives are looking for alternatives to the traditional large firm. Most companies will be looking at smaller firms, not just for cost reasons, but also to regain a sense of connections and communication. ■

# Unprecedented

**Miami is expected to come back ‘even stronger than in the past’ despite the pandemic landscape**



## Steven Zelkowitz

*Office Managing Partner – Fox Rothschild LLP*

sometimes do not prove to be as effective for local developers as intended. Rather, I find that local government programs, especially those we work on with the Community Redevelopment Agency (CRA), show more promise. We have a number of mixed-use projects and a large-scale public-private partnership endeavour in North Miami that we are advancing. It seems that local incentives are better understood and leveraged by developers than their federal counterparts. I consistently notice that developers in Florida shy away from dealing with the government whenever it can be avoided, and they have enough business savvy to recognize that federal-level involvement is typically not needed for their projects.

### **How do you see the legal sector emerging from the pandemic?**

I don't think we'll ever return to the "normal" we knew prior to the pandemic. Law firms will see new opportunities as clients will need trusted counsel to advise them on insurance and liability issues. There will certainly be financial restrictions and bankruptcies, and COVID-19 may hasten the bursting of the economic growth bubble we have seen forming in recent years. We're working to position our firm to address these issues and hone our ability to predict which practice areas hold the most potential as client needs evolve. For example, the fact that entire companies have shifted to working remotely will only create greater needs for artificial intelligence and cybersecurity services.

Fox Rothschild is also swiftly adapting to the times. We put together a team to assist with the negotiation of the CARES Act for our clients' companies. Despite predictions that activity would be down, last month was probably the busiest I have been in the last two years. And there are no signs of that stopping. ■

### **What is your view on the development activity in Miami?**

We are in unprecedented times and the industry markets reflect that. My clients with 500-room hotels on Miami Beach have taken hard hits to their business. But I have been in the area for 25 years and I am very bullish on the robustness of the region's economy. In 2007, the recession hobbled Miami businesses, and yet the city was one of the first areas in the United States to come out strong. Despite claims that we are "overbuilding," we always seem to attract a tremendous amount of foreign direct investment, especially from Latin America, Europe and Canada. I feel that when the coronavirus threat has dissipated, we will come back even stronger than in the past.

Many federal programs, like Opportunity Zones,



The professional services sector in Miami-Dade is one of the most competitive and innovative in the country.

(•••) doing at least two mediations a month and arbitration hearings by Zoom. The Miami-Dade courts are now doing hearings by Zoom, although the federal courts are still working by telephone. The other challenges that law firms have are on the cybersecurity side because so much of what we do is confidential and privileged information. The concern about ransomware and hacking is very real. We've done repeated webinars on cybersecurity, on what to look for, how to determine correct email addresses, what to do with attachments – it's a constant reminder. You have to make sure people have secure Wi-Fi in their homes and that they are not sharing computers," said Susan Eisenberg, office managing partner at Cozen O'Connor. As the reliance on digital platforms grows so does the need for state-of-the-art cybersecurity.

As the occasion called for it, remote work has proven to be more than feasible. Numerous corporate and law firm attorneys worked from home throughout the pandemic with little or no impact on their productivity as virtual trials, e-signatures, Dropbox and Zoom webinars became the avenues for lawyers and clients to connect virtually.

#### ■ Regulations and growth

With the PPP loans and the overarching \$2.2 trillion CARES Act stimulus package, the legal sector was (•••)



## Perspectives: Staffing firms

### ■ Matthew Deering, III

*Partner* – Ascendo Resources

We try to use automated sourcing for a certain number of things we do in our organization. However, when it comes to dealing with people and human capital, sometimes we push back a bit on automation. We like to call candidates directly and meet them in person to really get to know them. In the last eight months, we have had to pivot to interviewing candidates via Zoom and that has worked out nicely. However, we know face-to-face interaction is an important part of building relationships. ■

### ■ Matt Shore

*President* – StevenDouglas

Over the years, we have played a role in helping to advise private equity and venture capital firms, private investors and CEOs who are thinking about moving their business or investing in a business here and who need to gauge the talent pool. As evidence of regional growth, since 2017, our search business has more than doubled in size. Additionally, for 2019 alone, we finished with 26% growth in revenue, which is incredible growth for a 35-year-old business. In 2020, we finished January and February up nicely, before the significant impact of COVID-19 in March and April. It was a challenging period from a leadership standpoint, to keep confidence up and keep people focused to manage through this short-term decline. We posted much better results in June. We were fortunate to have access to the PPP loans as a private company under 500 employees. ■

### ■ Felice Solomon

*Founder & CEO* – Solomon Search Group

Many attorneys are skeptical about making a move. Parallel to that, several firms are booming. If anyone is hesitant, now would be a great time to take advantage of the current landscape. When firms are receiving more cases and in growth mode, it reflects future growth, job security and that firm's work has not been affected by COVID. We do not feel that there are areas of the law specific to the South Florida area that are getting hammered by COVID-19 shutdowns. Lots of firms are hiring and the law firms not hiring have said the only reason they have not hired is because they are monitoring the situation to see how the uncertainty plays out. A lot of those firms have now decided they have waited long enough and are hiring. It is a great time to be in South Florida legal and it shows all around. ■

# Market voices: Managing money



**Craig Armstrong**  
*Miami Office Managing Partner*  
Hancock Askew & Co.

“Over the years, I’ve found that the complexity of our clients’ finances began matriculating into the small, private business. Suddenly there were complexities, such as transfer pricing issues and multinational operations. This started to expose a need that was arising from the evolution of the small business. The CPA profession used to be a typical pyramid structure. You would hear the term “leveraging down the work” to lower-rate employees all the time. Today, technology and artificial intelligence are doing a lot of the lower-rate work. It is important to attract and retain high-rate talent and quality professionals, because clients are looking for critical thinkers that can communicate clearly and succinctly.”

“There is going to be more consolidation. Companies that can keep cash on their balance sheets or invest in businesses that can help generate future growth will be able to withstand this time of uncertainty, and come out of it ahead. This year alone, Fiduciary Trust International acquired two wealth managers, Pennsylvania Trust Company and Athena Capital Advisors. In times like this, weighing the value of stagnant cash versus good acquisition opportunities, and having the courage to pursue deals with strong partners, are essential.”



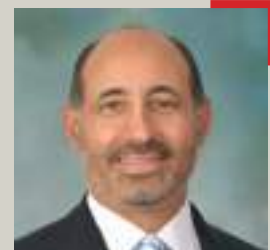
**Michael Cabanas**  
*Regional Managing Director*  
Fiduciary Trust International



**Juan Enjamio**  
*Managing Partner, Miami Office*  
Hunton Andrews Kurth

“Our Latin American practice has been highly successful and fueled a significant portion of our growth in terms of the number of matters we handle and the quality of work we deliver. Since we founded this office over 20 years ago, we have also been leaning heavily on the litigation side. The lawyers in our office have been lead lawyers in major cases not only in Florida courts but also in federal courts across the country, including courts in New York, New Jersey, Massachusetts and Ohio, to name a few, which is a testament to the ability and reputation of the lawyers in our litigation and employment practices.”

“How we work and where we work has been changed forever. While working permanently 100 percent from home is unlikely, the pandemic has opened the door to added flexibility for our employees. We have realized we can operate efficiently and seamlessly continue to service our clients with people in different locations whether it be home or office. This six-month experiment has worked. We have been through deadlines with our tax group and financial statements group. Engagements are getting completed and we hold our people accountable. As an accounting firm, we expect high professional standards from our teams. Working from home did not change that expectation.”



**Barry Gould**  
*Partner in Charge Florida Offices*  
EisnerAmper LLP



Miami plays a pivotal role for advisers, private bankers and wealth managers catering to wealthy international clients.

(■■■) faced with a new set of regulations to parse. The package included tax rebates, financing for eligible small and solo businesses, including law firms, the suspension of federal student loan repayment obligations, and funding for affordable housing and homelessness assistance programs.

The package also provided funding that directly impacted the legal sector. Aside from the PPP, this included over \$7.5 million toward mission critical activities of the federal courts, \$100 million for the Federal Bureau of Prisons and \$850 million in grant funding for state and local police departments and jails.

In addition to helping clients deal with financial fallout from the pandemic, firms also saw increased opportunities in a number of other segments, including healthcare real estate litigation, administrative and regulatory law, and labor and employment law as many firms assisted clients with layoffs and furloughs. “Healthcare has been huge, both on the provider side and the recipient side, because of the issues with hospitals and capacity. Bankruptcy and restructuring have been big areas that we’ve been involved in. Labor and employment, obviously because there’s been a great deal of new federal legislation since April 2, and by implication, the tax area as well, because of small business loans and such. Those areas have been

very good,” said Cozen O’Connor’s Eisenberg. “Our corporate practice also has been big. While you don’t necessarily have the large number of transactions, there are some private equity funds in particular that are not afraid to pick up businesses that they see have potential. In real estate, the market shifted a little bit but depending on what type of real estate you are doing, some areas have become more active.”

On the real estate side, some firms like Diaz Leyva & Gil are seeing a boom in business after an initial retreat, a move also reflected in the stock market. “Interestingly, we slowed down for maybe two to three weeks early in the pandemic and then our clients came back with a vengeance. Our home builder client, whose business had slowed to a crawl, was among those who came back strong. That’s also reflected in the stock market where home builder prices went through the roof prior to COVID, then plummeted to a 52-week low and now they are back at 52-week highs almost weekly,” said Diaz Leyva & Gil co-Founder Daniel Diaz Leyva.

Aside from the pandemic impact on business, the legal sector is watching national trends that are likely to impact the local market going forward. One interesting development is a move to allow non-lawyers to own law firms, said Diaz Leyva. “Internationally, law firms can be owned by non-lawyers. In the United States,

Michael **Fichtel**

CEO

Kelley Kronenberg



### **What is Kelley Kronenberg's position in the Miami market?**

In the Miami market, we are still somewhat new. We are a diverse firm from a business standpoint and the number of areas we handle. The reason we have been successful and achieved continuous growth in all of our venues is because of the model that we incorporated into our practice. We are not a traditional law firm. We have a whole level of C-level professionals underneath us. We built our model based on any Fortune 500 company and we operate with an entrepreneurial, business-like manner.

We started out primarily as an insurance defense firm. To this day, it is largely what we dedicate ourselves to as it represents close to 70% of our business share. We represent large insurance companies and employers, from Fortune 500 to family-owned, small businesses and everything in between. It has morphed and diversified purposely into more commercial matters: the real estate market, employment, occupational safety and health administration-related issues, bankruptcies, receivership, to name a few.

### **What key issues are you watching in the Florida market?**

There is the potential expansion of marijuana legalization. It is going to be something that will create opportunities in the business sphere, not only for law firms but also for many logistics and retail companies, among other links in the drug's value chain. We are also anticipating a continued flow of South American immigration.

### **What are your goals going forward?**

First and foremost, we will continue investing in our people. We won the Best Place to Work recognition in 2019 for companies with over 100 employees in South Florida. We also look to continue our growth, both organically and cautiously through acquisitions, and we will push our technology investments forward. ■

that's not normal. Utah recently passed a rule allowing for non-lawyers in a very limited capacity to own a law firm and Arizona passed a very sweeping change allowing for non-lawyers to own law firms. I think this is going to happen in most large markets in the not too distant future and this is going to revolutionize the law practice in the country. We'll start seeing private equity invest in law firms and consolidation of law practices, all of which results in reduced pricing and benefits for the consumer. Coupled with technological advances, I think this will transform the legal landscape."

### **Technology trends**

Another trend that will likely expand throughout 2021 and beyond is the continuous implementation of technology, including data analytics and artificial intelligence. Big data analytics and AI within the legal sector help lawyers gather insights to better prepare their legal strategies. These tools leverage past experiences to predict future trends and outcomes while also streamlining workflow and increasing productivity. "The complexity of legal services today falls along a range spanning from the most basic research and document review tasks to the strategic services provided by senior partners. With respect to the less complex side of this legal services spectrum, there is a large universe of players including providers of AI solutions, automation, and alternative legal services, that have claimed a significant stake. However, AI is not yet developed enough to tackle the more complex services. There is a lot of talk about augmented intelligence such as that deployed in certain lease review software packages. In contrast to AI, these services integrate software packages with a human being whose presence is still necessary to derive maximum value. There has been interesting promise in this area, particularly as it relates to increasing the efficiency with which legal research is accomplished. From a quality of life perspective, as is the case with every paradigm shift and as we are seeing in other industries, technology is taking away the more rudimentary tasks in legal work and allowing professionals to focus on those aspects of the practice of law that initially drove us to select this profession, like truly being a counselor to your clients. Simultaneously, we can provide more efficient delivery of legal services to our clients," said Jaret Davis, co-managing shareholder of Greenberg Traurig's Miami Office.

Technology has proven to help bridge the gap between the current COVID-19 reality and future innovative business models. Combining that with a





## Alicia Morales-Fernandez

*President / Partner – CREW Miami/Rennert Vogel Mandler & Rodriguez, P.A.*

“Development, particularly, is an area that requires some certainty. The biggest issue with this pandemic is there is nothing but uncertainty. When do we open up? When do we feel comfortable stopping the quarantine, moving forward and being outside? This all affects a developer’s ability to raise capital, obtain investors and acquire financing. It makes sense that many developers are on hold until there is more clarity. The name of the game for most people at this time is cash preservation; however, at some point, there will be deals to be made.”

growing legal talent pool produced by schools like the University of Miami School of Law and the state’s beneficial tax legislation, the region’s legal sector is on track to becoming one of the fastest-growing legal markets in the country. While law firms, like many businesses, will have to take actions to alleviate the effects caused by the flash recession, the future remains bright for this sector of the economy.

### ■ Challenges

There were good reasons for the industry to make great strides in innovation and technology adaptation this past year, and COVID-19 was only one of them. Among the biggest obstacles for both the legal and financial segments was the need to remain vigilant in the face of hackers trying to access client assets and personal information.

While malware, DoS attacks and other cybercrimes have been prevalent for decades, a report detailed the dramatic increase in cyberattacks in the past year.

In 2020, there was a 715% year-on-year increase in detected and blocked ransomware attacks, according to Bitdefender’s Mid-Year Threat Landscape Report 2020. Attacks are most commonly deployed through links hidden in emails or encrypted in a victim’s network.

Talent acquisition and retention remain other challenges, which was only heightened by the pandemic and remote working. Integrating new employees into a firm and its culture while remaining

in a remote environment is not ideal. The technological hiccups associated with virtual mentoring and the inability to randomly connect with other employees within the firm could have a negative impact on the new hire’s future potential. Moving forward, firms are going to have to find a way to connect virtually with their team that allows for authentic communication and creative collaboration.

### ■ Looking ahead

The pandemic impacted almost every aspect of life around the world. No doubt, its grip on the economy will have a perpetual ripple effect on Miami-Dade County’s professional services sector. Which emerging trends last beyond the pandemic and which fall by the wayside remain to be seen. Opportunities, however, will also follow the challenges. “We anticipate seeing a rise in counterfeit issues in the coming months, particularly with medical supplies that are so in demand right now. There will be a

“The silver line here is that with strife comes innovation.”

Robert Thornburg  
*Allen, Dyer, Doppelt & Gilchrist*

new norm through this pandemic, and we will probably see a much more well-prepared culture for events like this,” said Robert Thornburg, shareholder at Allen, Dyer, Doppelt & Gilchrist. “The silver lining here is that with strife comes innovation. So the pandemic has and will cause change agents to think outside the box and advance technology. Most of the time, it is the frontline people who experience these kinds of events first-hand and who come up with the greatest inventions. I tell people to take advantage of this.” ■



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# Real Estate:

Developers in Miami-Dade navigated uncertain waters amid the pandemic in 2020, with a cloud hovering over the retail and office segments. Industrial and residential, however, showed no signs of slowing down. In fact, these segments appeared poised for growth.





# Two markets:

On one side, retail and office remain under a cloud, on the other, industrial and residential are soaring

Sales were up, prices climbed and Miami-Dade's real estate players enjoyed a stronger than expected year in 2020. Spurred in part by the COVID-19 pandemic, buyers pulled the trigger on single-home property purchases and leading retailers moved to broaden their distribution footprint, underpinning the industrial sector.

The county's main real estate victim of the pandemic was retail, hurt by lockdown and shelter in place orders that curtailed traffic. Office space developers, meanwhile, were still trying to figure out which direction the wind would blow: would more people continue working from home, reducing the need for office space, or would more space actually become necessary to accommodate distancing measures?

Due to its privileged location as an Atlantic coastal county, Miami is also seen as a travel hub, connecting the Americas and Europe, promoting ease of doing business and access to a high-quality lifestyle. The region's population has continued to grow over the last 10 years, now making it the 44th most populous city in the United States. These factors and more had spurred a real estate boom in Miami-Dade prior to the COVID-19 pandemic. They are also likely to underpin the market once the pandemic passes.

## ■ Market fundamentals

According to MMG Equity partners, Miami's cap rates stayed relatively stable in 2019 compared with the previous year, with office at 6.8%, industrial at 6.5%, multifamily at 5.6% and retail at 6.2%. Vacancy rates also remained stable and relatively low in 2019, with office at 8.4%, industrial at 4.4%, multifamily at 5.7% and retail just 3.8%.

Twelve-month net absorption rates were up, with office up to 372,000 square feet from 297,164 square feet in 2018, industrial reaching 2.5 million square feet from 1.6 million square feet, multifamily absorption totaling 6,621 units from 4,998 units in 2018 and retail reaching 1.2 million square feet, up from just over 850,000 square feet in 2018. Asking rates in 2019 were at \$42.05 per square foot for office, \$8.78 per square foot for industrial, \$1,545 per unit for multifamily and \$38.35 per square foot for retail.

This caused an influx of new inventory to reach the market, with over 3 million square feet of office space under construction at the beginning of 2019, over 50% of which was preleased. In industrial, just over 4 million square feet were under construction with 46.7% preleased and in retail there was 3.5 million square (■■■)

# Diversify

**During times of crisis, a diverse business strategy is the key to surviving and thriving**

## Art Falcone

*CEO & Chairman – Falcone Group*

### **How does the Falcone Group survive and thrive in a volatile market?**

Diversification is No. 1. We are in multiple businesses, such as multifamily, the development business, creating home building lots for national homebuilders, we are in the high-rise business, we are in retail and in hospitality.

When I look at what we've gone through with COVID, certain areas of my company have fared extremely well going through the crisis, such as single-family homes and multifamily, while selling to national homebuilders actually accelerated because people are buying homes quite a bit. Condominium sales, on the other hand, have slowed.

Our hotel division, obviously, was not doing as well but in quick-service restaurants we are doing exceedingly well. Diversification definitely makes a difference when you go through these types of times. You don't truly know how diversification will be affected until you see what kind of recession you are going through. Nobody is built for pandemics; we were more built for understanding financial meltdowns, so we have very low debt levels and we can withstand these situations.

### **What has been your strategy when deciding on tenants for your retail locations?**

We have five big mixed-use projects in the state. When you do mixed-use projects, it takes a higher degree of patience and time, as well as curation. You have to be very careful with that. You have to have the right tenant mix and the right density mix for these places to be successful. For example, with Miami World Center, we are surrounded by great assets. That was not the case 15 years ago. We didn't have the Performing Arts Center, the museums, the arena, the government center, or the grand central station.



These are all big drivers, which are very important for mixed use to be successful. It's about having the ability to work, live and play in one spot.

### **What have been the benefits of domestic immigration from higher tax states?**

What corporations look for is great living conditions, with diversity of cost of living, of which Miami can serve. That's why Miami made the Top 10 for Amazon's HQ relocations project. Another key factor that South Florida is getting better at is education, with the University of Miami and NSU among the top universities, as well as Dade College and FIU. In the last 10 years, our universities are connecting more with industry, and this is supporting post graduate success in the medical and tech incubation fields. ■

# Q&A

**Taylor White**

*Principal & Senior  
Managing Director*  
Banyan Street Capital



## **How would you characterize Miami's real estate market challenges?**

From the vantage point of an investor in office properties, which is primarily what we do at Banyan Street Capital, Miami's challenges obviously include COVID and its effects on tenant demand, but also some potential oversupply issues. In recent years, new office product has been delivered or been planned across Miami-Dade County, including Coconut Grove, Coral Gables, Brickell, Wynwood and many other submarkets. Miami is not that large or deep of an office market by national standards, and as such it can be more sensitive to economic and development cycles than other gateway markets.

On the other hand, Miami's strength lies in its culture, its quality of life, long-term positive demographic and population migration trends and its desirability for both equity and debt capital.

It is yet to be determined how some of these short-term impacts may interact with these long-term positive trends.

## **How has investor confidence evolved when it comes to raising capital?**

Capital is there, but everyone has adjusted their underwriting and return expectations post-COVID-19. There is additional risk in the environment and people want to get paid for that risk. The bigger challenge is finding a transaction where you have the opportunity to raise capital for it. There is not a lot of transaction flow. We've been fortunate to actually generate some transaction activity in the post-COVID world, but travel restrictions have created challenges, and generally speaking the gap between seller and buyer expectations continues to be quite wide.

Our expectation is that over the next six to 12 months there will be some price discovery, hopefully some positive news and clarity regarding the national COVID response, and the return to normal will begin from a transaction flow perspective. ■

(■ ■ ■) feet under construction with 84% preleased. Miami also had 66 multifamily properties under construction at a total of 15,594 square feet and an average of 236 units per property.

But some of these indicators have since been upended by the COVID-19 pandemic. According to research by Florida International University, home values in Miami-Dade County are overpriced, but the pandemic was not expected to impact prices as much as it would in markets such as Leon, Orange, Broward and Hillsborough counties. Retail is also set to suffer under COVID, as vacancy rates in the second quarter of 2020 rose to 4.5% from 4.2% in the first quarter. This is likely an impact of the shelter in place order, when the majority of retail was carried out through e-commerce platforms, although Colliers International expects vacancy rates to continue increasing in the third and fourth quarters even as the economy reopens.

On the other side of the spectrum is industrial, which was the most resilient segment in the face of COVID-19, according to Avison Young. The growth of e-commerce boosted the need for warehouses in or close to urban centers as online retailers such as Amazon worked to improve their just-in-time deliveries. The future of office space is more uncertain, as companies mull the potential benefits of home working, having experienced



Miami real estate has appreciated 96.54% over the last 10 years, putting Miami in the Top 10% nationally for real estate appreciation.

its success during the shelter in place order. With the largest amount of inventory since 2010 to be delivered in 2020, this could create a supply glut for developers.

## ■ Residential

The popularity of single-family homes in Miami-Dade was skyrocketing at the end of 2019. In November, inventories dropped by 8% for single-family homes, while condo availability dropped by 4.9%. From November 2018 to November 2019, the median price of a single-family home in Miami-Dade rose from \$230,000 to \$245,000.

Since COVID took over the world in March, the demand for single-family homes has only intensified. With many having to spend a prolonged amount of time working and living in their homes, homeowners and renters began to evaluate the quality of life their living situation provided. That has led to design changes that will likely continue going forward. “Creating co-work areas and flex office spaces will be the name of the game,” said Alicia Dokes, regional manager of AMLI Residential. “At AMLI Joya, we have rentable office spaces available for residents, which were already very popular pre-COVID. Since Covid, we have seen an increase in demand from residents wanting them. While these spaces were already included in



**David Diestel**  
*Regional President, South  
FirstService Residential*

## **What do you believe is behind FirstService’s longevity in the marketplace?**

Our success is largely based on consistent emphasis and investment in our people and in our technology. We continue to invest locally and participate in social purpose programs in the community. We are a part of the community in the neighborhoods in which we have operations. This has been tremendous for us in our success. We have been in Miami through all the growth because we not only understand it but we also grew with it.

## **How much of a disruptor has the prominence of short-term rentals been?**

Short-term rentals are a hot topic throughout Miami, especially in Miami Beach. It’s also constantly talked about in the Florida legislature. Investors are looking to own real estate with the purpose of using it as a short-term rental. Innovations like Airbnb aren’t going away. In fact, communities built for short-term rental are starting to pop up. We are actually in talks to manage two of these types of properties. This is a trend that will continue to evolve. Some cities are not quite there yet in terms of understanding it. We are very active in Tallahassee because there are bills being introduced in regard to short-term rentals. Our position, as both FirstService Residential and as the industry, is to allow the homeowner association the right to govern as they were set up to do.

## **What is the biggest challenge the residential property management industry is facing?**

It’s all about people. The economy is doing fairly well and unemployment is low. That makes finding the right people to join our firm somewhat challenging. We’re very careful about who we select to join our team – as a service business, our associates are the heart of our organization. Our goal is to find those who are hospitality-driven, with a service heart. And, of course, we’ve all been hit with a pandemic to deal with now. ■



**Alan Ojeda**  
Owner & CEO  
Rilea Group



### **What differentiating factors will keep your company successful going forward?**

People value quality products. We pride ourselves on a long-standing track record of building just that. We were fortunate enough to find the right partners and bankers that shared our vision to offer outside-the-box, bold developments that were not simply market study-based comparisons or copycats and those worked very well. We focused on attractive locations that provided good access options. Mobility is a key component, catering to all aspects of residents' daily lives: work, school, entertainment. Looking forward, the other major factor that we are sure will cement our company is to continue to be service focused. Understanding that the client is the boss.

### **How important is affordability going to be for the future vitality of Miami-Dade?**

The two critical components are land and construction costs. When land prices are high, but construction costs are not as expensive because you are not required to add parking structures or other cost-raising amenities, you can provide a cost-competitive, high-quality asset. If you have a county spread between the Bay and the Everglades, with unmoving lines, and you are pouring in 500 people a day, the only way to go is up, vertical. Although it is changing, certain cities are stuck with an old concept of units per acre. The problem with that is if the market cannot pay for those bigger units, then you must start shrinking them, and if you are not allowed to add more units within the same square feet, you will not be able to use all the allowed square footage, thus making the project more expensive. The first thing that cities must do is to get rid of the old usage of units-per-acre. This is how concepts such as micro-units and studios started emerging. Second, public transportation. Any large-scale metropolitan area allows its inhabitants to rely on it and require less parking. In our county, the public transportation system has not been improved in the last three decades. ■



More than 3.7 million square feet of office space was under construction in the metro area as of July 2020.

our future development plans, in knowing more and more companies are venturing to the work from home system has solidified future need. We have also gone back to some of our existing properties to evaluate whether current spaces can possibly be converted to office spaces. I think this is something that will be at the forefront for all developers moving forward.”

Miami's homebuyers also have more competition in the form of people from large metropolitan hubs such as New York relocating to South Florida for the quality of life it provides. For single-family homes, active listings dropped by 32.1% from July 2019 to July 2020, with just 4,409 homes on the market. As of July, there were just 4.3 months of single-family supply.

The tight inventory caused prices to jump, to \$410,000 in July 2020 compared with \$372,000 in July 2019. These same factors are driving up luxury house





**Miami led the United States in high-end home price increases as of August, up 10% on the year to \$1.95 million**

prices. As of August, Miami was the national leader in terms of the increase in high-end home prices, which were up over 10% on the year to \$1.95 million. Luxury real estate resales are even pricing as high as 15% below developer-owned units as a result of the pandemic.

“The demand for housing is greater than the supply. And that has worsened during the pandemic,” said Noah Breakstone, managing partner and CEO of BTI Partners, in an interview with Invest. “Home prices are reaching new heights because of a lack of supply as sellers are temporarily pulling their properties off the market and construction of new homes slows down due to COVID. More than a decade after the Great Recession, housing starts remain below pre-recession levels; even though the US population continued to grow. Housing starts were 2.2 million in January 2006. Currently, the housing starts are at 1.4 million. When you have greater demand than supply, you start to see upward pressure on sales prices.” (\*\*\*)



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**Adaptability and reliability:  
The pillars for success in 2020**

—Alan Ojeda, Owner & CEO



## Commercial landscape

**Leaders in commercial development discuss the segment's performance and the challenges both during 2020 and looking ahead.**



**Eric McGlynn**  
*Managing Director*  
Walker & Dunlop



**Ryan Nee**  
*First Vice President & District  
Manager - Florida*  
Marcus & Millichap

### **How would you gauge 2020 based on your pre-COVID expectations?**

We have always been heavily focused on ground-up construction and heavy renovation. There usually is no shortage of either in the greater Miami market. Florida is a development and growth state. Steady immigration flows continue year in and year out from all over the world, now more than ever. That has been a consistent feeder of business for us over the years and why we focus on South Florida. There is plenty of land available and we are seeing infill redevelopment of areas that are ripe for development. You can build year-round compared to other markets where we have to take a long break in the winter due to weather conditions. Going into 2020, we were fortunate to have had a lot of repeat business that we were counting on and that has come to fruition. We have projects that we financed a couple of years ago on a construction loan that are now rolling into bridge loans and will then roll a third time into long-term financing.

### **What commercial real estate asset types have benefited most from the pandemic?**

Apartments continue to attract a lot of demand. They are traditionally considered the least risky sector in real estate, as are grocery-anchored shopping centers. We are also seeing a great deal of attention on bulk warehouse. Lenders are eager to do more of the latter due to the demand spike from the Amazons of the world. Another area is the build-for-rent sector: single-family housing built for rent is a hot topic, with several people entering the business who are traditional apartment or housing developers. ■

### **How is Marcus & Millichap weathering the pandemic in terms of commercial real estate?**

There are really two main things that Marcus & Millichap does in terms of revenue generation. One is investment sales, the other is commercial real estate financing. The financing business has withstood this challenging environment better than investment sales. Financing is a bit countercyclical, and interest rates are favorable, particularly for low leverage operators, whether buying or recapitalizing existing debt. With respect to investment sales, we were tracking to have back-to-back historical years predicated upon our performance through February. The health pandemic and stay-at-home orders disrupted the commercial real estate investment sales business, starting in mid-March, whereby we were able to bring most of our pipeline to a closing table, but new business was stalled for a few months. We've been surprised at how we've been trending coming back. If you look at the number of deals we put under contract relative to 2019, in the months of August and September, we are up to about 90% of where we were a year ago.

### **What other market trends or developments are you keeping an eye on in the commercial segment?**

We are keeping an eye on the capital markets. The core of the business upon which we have been executing, during the past six months, is the \$1-million to \$10-million private-party market, where a buyer can pay all-cash or secure low leverage financing with a local or community bank. As the CMBS markets and financial institutions that concentrate on larger deals begin to expand their lending capacity, we will see velocity in larger asset sales as well. ■



**Bill Rotella**  
*President*  
 Rotella Group



**Simon Ziff**  
*President*  
 Ackman-Ziff

**What challenges do you foresee for the commercial market from the inward migration trend?**

The challenges are not yet clearly defined as COVID has presented unprecedented consequences affecting the world and every aspect of commercial real estate. There was such disruption for the first few months of the pandemic that the focus was on rent relief for tenants and rent relief from lenders. The difficulty going forward is that no one knows how long this pandemic will last, so while companies are negotiating deals and leases, we are seeing language crafted into these negotiations unique to COVID issues. The market has never had to deal with these issues before. What happens if a county shuts down businesses? What is being done in regard to social distancing? There are many unanswered questions that companies are dealing with everyday.

**What's changed regarding what both tenants and landlords are demanding?**

A year ago the market was stable and predictable. Other than a landlord or tenant negotiating the best deal, there were not the issues that COVID has now presented to the market. Tenants that are negotiating new leases want to know that they can open for business before paying rent and landlords want rent commencement to begin as soon as possible.

Some of the issues presented as a result of COVID are the difficulties in obtaining approvals and building permits from city building departments. Most cities are still meeting virtually for the approval and permitting processes so obtaining these for tenants so they can open for business is proving challenging and frustrating. ■

**How did your company perform over the last year, and to what do you attribute your success?**

2019 was our first year over \$7 billion of debt and equity financing since 2007 so we were pretty pleased. It was a really balanced year geographically as we didn't have any particular concentration in any particular market. Our average deal was over \$70 million last year. And our average deal in South Florida, where New York was involved, was in the \$30-million to \$40-million range. As far as our strategy going forward, we want to make sure that we focus on the midsize to large deals in the market, and not some of the smaller deals we ended up doing in 2018 and 2019. That would be more in line with the company's culture of being a larger deal adviser.

**What could be the impact of the pandemic on real estate financing?**

Financing is harder these days. I think that those who are more creative or scrappy and those who have long-standing relationships will be the winners over the next couple of years. Those who were relying on big platforms to wave in business may find that it's going to be harder for them to execute given the requirements in a market with less liquidity.

We have to work really hard to find the right capital source for a deal. I think that, realistically, only one of every four development deals that are on the plate are going to get done. But I do think that Florida is going to benefit and recover very quickly because people want to move to South Florida. I expect to spend a larger percentage of my next 10 years working in Florida. ■



## Rich Guertin

Senior Regional Vice President – PS Business Parks

“We are definitely in uncertain times but COVID-19 gave us an opportunity to see how a pandemic could affect small businesses. Fortunately, the demand for industrial space has grown. It has been eye-opening for us to not only have our buildings occupied but to increase our customer base. For example, we’ve seen more diversity with customers working in South America. We saw a great deal of personal protective equipment come in almost overnight. That certainly helped us and South America out because that is where a lot of the equipment was transitioned. As you know, China held back for a period of time with its PPE so somebody had to do something. That’s the great thing about our country. Businesses will jump on new opportunities to make money and PS Business Parks gets a chance to benefit from it.”

(■ ■ ■) Seeing the pent-up demand, developers are adding more inventory. Developer Lissette Calderon of Related Group is constructing her third multifamily development in Miami’s up and coming Allapattah neighborhood, set to be a 237-unit building at 1470 NW 36th Street. But the future of other building types is more uncertain. In September, developers Greybrook Realty Partners and Property Markets Group secured a \$161.5-million loan from Centennial Bank and Square Mile Capital to build a 49-story, 646-unit co-living tower at 400 Biscayne Boulevard. The increased importance of space could cause the developers to pivot from the original plan to a more multifamily-oriented focus.

Experts fear an influx of inventory could undermine the strong demand. Condo owners who purchased properties to list on platforms such as Airbnb are feeling the pinch, with many trying to sell the units, accepting as much as 20% below asking price to unload the additional mortgage. One Miami condo sold at \$688,000 after originally listing for an asking price of \$799,000. This is being exacerbated by the inability to sell condos, mainly because potential buyers have not been allowed access to the properties or facilities during the pandemic. Developers are even discounting, with discounts up to 10% provided as an incentive for units to sell.

One key factor going forward is interest rates. Mortgage rates remain at historically low levels, which helps incentivize buyers. The average U.S. interest rate for a 30-year fixed rate mortgage has reached multiple



Miami has a median home value of \$365,676.

historic lows in 2020, standing at 2.72% in the week to Nov. 19, its 13th record low of the year. That's 91 basis points below the rate at the same time in 2019. The low rates have helped keep the market busy with buyers. "July 2020 was one of the best months we've ever had," said Daniel de la Vega, president of ONE Sotheby's International Realty, who expects a strong year in 2021. "2021 is going to be a great year, with interest rates remaining on the low end. People are going to continue to move toward South Florida because of the COVID-19 ripple effects, the region's strong market fundamentals and the business-friendly environment."

But some see trouble brewing on the horizon. As of August, Miami led the country in terms of mortgage delinquencies, with about 14% of mortgage payers 30 or more days behind in payments.

The state's moratorium on evictions expired at the end of September, leaving only the federally-mandated protections in place until Dec. 31, 2020. Under the federal guidelines, landlords have more



## Perspectives: 2021 outlook

### Robert Barthelmess

*Managing Partner – BGI Capital*

Our company will continue building up its success under the guiding principle of conservative growth as we start to see how the market is going to lay out for 2021. Our initiative to expand into Northern Florida is within our grasp with a Boca Raton office whose inauguration was delayed by the pandemic. We also expect to open locations in Tampa and Orlando by 2Q21, at the latest. ■

### Matis Cohen

*CEO – Kahunah Properties*

In times of crisis resilience is the key which manifests through adaptability. Ensure the end product meets the growing trends and delivers on its promises. Investing resources in proper planning that will speed up the execution as we come out of the crisis will pay off. Migration to Miami Beach, as we saw after the last crash, will accelerate even more this time around. ■

### Johnny De La Espriella

*Senior Vice President – RKW Residential*

There is new development that is still being absorbed in the Miami-Dade market, so it'll remain competitive, with concessions and rents staying flat, and maybe a bit of a decline as well. Some areas in Miami have been severely affected by schools and colleges not going back to in-person classes. Into 2021, I am cautiously optimistic that it will rebound quickly. ■

### Camilo Lopez

*CEO & Managing Partner – TSG Group*

For retail and industrial, I believe both will follow pre-COVID trends. The forecast for retail was already not good with major challenges, while industrial showed positive projections. Our firm anticipates the industrial sector will consolidate as a result of the current situation. The beauty of Miami in the industrial, multifamily and office segments is that people truly consider Miami a global city. ■

### Lily Zanardi

*Senior Managing Director – The Corcoran Group*

I think a lot of the smaller brokerages will probably merge or join bigger companies. Consolidation often occurs in an industry that is swiftly changing. In addition, larger companies that are not financially secure or that do not have a solid structure, will probably face a challenging road. However, South Florida real estate will always have a worldwide appeal due to our unparalleled lifestyle. ■



power compared to the state moratorium. As the moratorium on evictions continued, hundreds of eviction proceedings have stacked up in Florida’s court system awaiting the green light to proceed.

■ **Rentals**

Much like single-family sales, the market for single-family rentals is expected to be undersupplied in the next 10 years, according to a report by RCLCO Real Estate Advisors. Only 6% of new single-family homes are purpose built for rent, the report says, adding just 700,000 new units in the next decade. But in multifamily, rents have dropped year on year and month on month since the beginning of the pandemic. From March to April 2020, rent decreased by 0.3% to \$1,881 for multifamily, reflecting the demographic of professionals deemed non-essential and facing rising

unemployment rates. Rent collection for April came in at around 90% in South Florida.

In terms of rent pricing, developers currently in the middle of building will have a certain advantage as their properties come online, according to national real estate consultancy RCLCO. Newer buildings are already being equipped with what many now see as essential amenities, including enhanced HVAC and air purifying systems, touchless technologies and surfaces that are not conducive to the spread of the virus. These newer buildings will have a competitive advantage over pre-COVID developments and those older buildings may even become obsolete

■ **Office**

Office space stands in limbo between a huge increase in demand for space to implement effective social



distancing policies among employees and reduction in demand due to increased ability to work from home. According to a report by JLL, Downtown Miami experienced a negative absorption of almost 18,000 square feet in the first quarter, with vacancy rates jumping to 27.2%. Asking rents were flat at \$41.52 per square foot. According to the report, Downtown Miami is becoming increasingly reliant on coworking spaces, which could flourish amid the pandemic.

In 2019, coworking spaces were one of the strongest commercial sectors in South Florida, accounting for more than 20% of leasing activity in Miami-Dade. By July 2020, coworking company Pipeline Workspaces had maintained 80-90% occupancy. Today, flexibility is the buzzword as companies do not want to commit to large office spaces and even individuals may want to rent a space to escape from working at home.

The other buzzword is uncertainty. Developers of office spaces under construction are pausing to evaluate the prevailing attitude after the pandemic. In Miami, the biggest project under construction is 830 Brickell, with 650,000 square feet set to come onto the market. WeWork signed a lease in this building for 146,000 square feet, or around 27% of the premises. Neighboring 801 Brickell was set to be expanded in the first quarter by over 35,000 square foot by office service provider Regus. In total, more than 1.9 million square feet of office space is under construction in Miami.

#### ■ Industrial

One of the strongest sectors during the pandemic was undoubtedly industrial, buoyed by increased demand from e-commerce. In the second quarter of the year, South Florida's industrial market registered

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**Rishi Kapoor**

CEO

Location Ventures



### **How are co-living spaces evolving and how are you adapting in the wake of the pandemic?**

We have to adapt for the near term, which means providing people who will share amenity spaces with the confidence of utmost cleanliness. Ultimately, that means an increased presence of the highest quality cleaning process, which is a higher cost but a necessity today.

In the long term, our perspective is to provide people with accessibility to an in-demand neighborhood. Our rentals are some of the highest quality properties available. For us, that is the value proposition of co-living, because ultimately, people are making a trade-off. They are trading personal space for more community amenities and an ideal location. We feel the trend is heading toward individuals wanting to experience more outside of their bedroom. The trend will continue as a lasting change in lifestyle that we will see in the coming years.

### **Where are some of the development hotspots and how will these develop in the near term?**

In Miami, over the last few years, developers have continued to find the next frontier. Unfortunately, this trend has led people to leave expensive neighborhoods and find the next "one," which then leads to building for commercial needs and other development types that typically follow. The end result is the soul of the area typically gets pushed out. The projects we pursue are in the heart of the most desirable locations, where we can create further value. Right now, we are developing a project located on Washington Avenue, in the heart of South Beach. We achieved some monumental co-living legislation for South Beach in October of last year, which was crafted around our development. Across South Florida, we are investing in in-demand locations, finding prime real estate at the best price and creating that set value through legislative initiatives. It's a process that requires patience, but this formula gives us the greatest opportunity for upside in proven markets. ■

net absorption of 1.4 million square feet, a 51% increase. Vacancy rates increased over the course of the year, but this was mainly due to a massive pipeline of 7.2 million square feet of new development coming online in the 12 months leading up to June. Miami-Dade was the location of most of the absorbed space, at around 1 million square feet, up from 850,000 square feet a year earlier.

Amazon was among the players in these transactions, leasing 216,000 square feet at the Prologis Distribution Facility near Miami International Airport and 211,000 square feet in Hialeah. As a result, average asking rents rose to \$8.31 per square foot from \$8 a year earlier.

The industrial sector is especially strong in Doral, which provides almost 20% of Miami-Dade's total industrial space. The vacancy rate remains low in Doral, at just 6% in July, despite it hosting over 1,100 buildings with 46.6 million square feet of space. Asking prices in this Class A industrial region are far

**Doral  
provides  
almost 20%  
of Miami-Dade's  
overall  
industrial space**

higher than the average, at around \$14.14 per square foot. Foundry Commercial is also looking at the areas surrounding the airport, looking to rezone 24 acres on the east side to allow over 400,000 square feet of warehouses for general use, rather than the current warehousing for aviation-use permitting.

But not all industrial subsectors are flourishing. Self-storage rents were down 3.7% in 2020 compared with 2019 but developers keep introducing new inventory onto the Miami market. By December, Miami was expected to house 182 self-storage facilities totaling 15.35 million square feet. Vacancies also increased near ports as cruise and freight demand from Latin America shrank, reducing the need for warehousing space. New industrial construction in Miami included Miami Central Commons in Doral, Bridge Point Commerce Center, Eastview Commercial Center and Miami International Tradeport. (■ ■ ■)



# Market voices: Development in Miami



**Manuel Grosskopf**  
CEO  
Château Group

“Buyers have become increasingly sophisticated and much more selective. In that sense, our co-branding model caters to this because buyers know the level of quality they are expecting. People love identifying with brands. Our latest hospitality project, for instance, was all about lifestyle. Being in a Ritz-Carlton residence equates to privacy, having all the hotel services and amenities without the transient traffic. We are working with a couple of different luxury brands to be part of our new development in Sunny Isles Beach.”

“The real question is the ability to live and work close by. Remote working has led to people rethinking their home and work life and how these interact. Markets such as Miami Beach, Coconut Grove, and Doral are reasonably urban but they have a lot more green space, which is an amenity that people are increasingly seeking. That trend will continue, and we need to continue to analyze the products that fit into certain submarkets to avoid oversupply. COVID has accelerated the cleansing of the market to leave the stronger companies standing and encourage a more forward way of thinking. Our company has over 4,000 units and we have another 4,000 in our pipeline and we are looking to create mini urban, walkable communities.”



**David Martin**  
CEO  
Terra



**Jon Paul Pérez**  
Executive Vice President  
The Related Group

“Renting depends on the submarket you are in. There is more supply in different submarkets, such as Midtown and Edgewater. In general, we are seeing more concessions than there were in 2019. Over time, you always see concessions burn off. The better-quality projects tend to be more resilient during these times. Interest rates for borrowing are extremely low. If you have the right equity in the property and the right leverage, it will render an attractive outcome. For the foreseeable future, we do not see rates rising.”

“I think there’s a lot of work that can be done in a constructive way on the planning front. Historical preservation is incredibly important, it’s been our bread and butter for the last 15 years. We need to evolve, and finding ways to incentivize development from a planning perspective, as opposed to penalizing and restriction, is a fundamental paradigm shift that needs to happen, although it’s not an easy task for politicians and planners. The old version of historic preservation without connecting the properties to modern development requirements and the changing needs of our guests is simply not an effective long-term strategy.”



**Sandor Scher**  
Principal  
Claro Development

■ **Retail**

The positive gains made by industrial were felt in the negative landscape for retail, in the acceleration of an existing trend. The commercial real estate market is expected to see a wave of foreclosures and bankruptcies as government support runs out. Major retailers JCPenney, J. Crew and Ascena all filed for Chapter 11 bankruptcy in May. As far as traffic goes, restaurants, hospitality, retail, bars and entertainment remained muted by November as South Florida contended with a spike in COVID cases that threatened a new shutdown.

But it is not all doom and gloom. Investment and management firm 11th Street Capital found that those stores anchored with a grocery store saw higher average occupancies. The 84 shopping centers in the analysis that had a Publix as a tenant had an average occupancy of 93.6%. In August, Dolphin Plaza in Miami Gardens, which is anchored by a Wynn Dixie, sold for \$14.5 million. In the same month, Longpoint Realty Partners spent \$11.65 million on the Naranja Lakes Shopping Center, anchored by a Fresco y Mas grocery store.

Some are also repurposing retail spaces into medical facilities. In August, Taurus Investment Holdings acquired the 47,000-square-foot Civica Center for \$30.5 million. The company plans to turn the facility into a 62,500-square-foot development that will include medical offices and retail, as well as adding a 460,000-square-foot medical office tower. Some see diversification as the key to success. Terra, headed by developer David Martin, is pressing ahead with its pipeline that includes the 800-room Grand Hyatt Miami Beach, a 151-unit luxury condo tower on South Bayshore Drive, the 883,000-square-foot Grove Central



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mixed-use development and the 500,000-square-foot District 79 warehouse project in Doral.

Despite the setbacks and the ongoing pandemic, Scott Sherman, co-founder and managing principal at Tricera Capital, told Invest: that there were signs that retail was making a comeback in Miami. “Retail was struggling at the beginning of the pandemic but recently it has been trending up, with increased openings and tenants paying rent.” Nonetheless, his firm, like others, are wary of jumping in feet first, preferring a more conservative approach given the landscape. “We are being a lot more conservative now in terms of what we are chasing and how we are valuing assets. The big question right now is: what will come out of this, because there will undoubtedly be tenant attrition, and what will that do in terms of pressure on rents? We are seeing it from both sides. Many tenants are struggling, but we are (■■■)



**Lani Khan Drody**  
*President*  
Lowell International  
Realty

### **How did the demand for luxury residential real estate develop over the course of 2020?**

Going into 2020, we thought this would be a strong year, with a lot of attention on Miami from Northeastern and other high-tax states. But nobody expected a year like this. Single-family homes in particular have seen overwhelming demand during the pandemic. In a post-pandemic world, buyers want and need good home office space, room for all family members to work and study, and strong technology. Backyards that take full advantage of our beautiful weather are in high demand too. Added to that, people are migrating from other parts of the country for a variety of reasons who value these same things along with our good schools, clean air and water, and overall delightful lifestyle. Inventory remains tight as a result of all this.

### **What are the main lessons from the last economic crisis that can be applied to today?**

The lesson learned from the past is not to overleverage. Before the last economic crisis, people were betting on a market that would continue rising and they certainly learned a hard lesson when they didn't have a good equity ratio invested in the real estate they owned. Markets ebb and flow. The difference in our market today is that there is a lot of equity in it. So while pricing can shift, the underpinnings of our market are very strong.

### **How have you seen the ceiling for technology as a tool for brokers changing?**

Our firm's personal use of technology to reach more and more consumers has increased drastically. We are doing a lot of virtual showings, including using Facetime calls. People are increasingly making purchase decisions sight unseen. We invest a lot in virtual tour software, where people can take a 3D tour through the home without being there in person. On the platforms we share with our buyers, we are using AI to identify the features people are looking for and proactively making them aware of homes coming onto the market with these features. ■

# Prudent strategy

**Sticking to one judicious philosophy regarding debt can help determine long-term success**



## Tibor Hollo

*Chairman & President – Florida East Coast Realty*

well-thought-out projects that they feel they need. However, I feel that some regulations in certain areas of Miami-Dade should be revised because it can prove to be very challenging as a developer to try to meet all of these regulations.

### What trends are you closely monitoring?

The two main trends that we are monitoring are the Airbnb and co-living concepts. Some fine companies are already incorporating these concepts. A few years ago, we didn't know what co-living was. Now, this concept can save people 30-35% of their normal rent because multiple people are sharing a living room and a kitchen. The younger generations accept co-living as a viable option for a lower cost of living and have no problem doing so.

The new generation also wants to have certain amenities in the building. Just putting in a gym is not enough anymore. We ascertain demand by asking our tenants what they like and what they want to see. We are now equipping our buildings with features like social rooms and private dining/wine rooms because of these conversations.

### What is the status of the Panorama Tower project?

We recently completed Panorama Tower, which is the tallest building in the state of Florida and the tallest residential building south of Manhattan. A major building like this, soaring 85 stories with around 3 million square feet, 821 luxury rental apartments and countless amenities, still requires much work even after it's completed. There can be so many items that you realize you should have added or not added, so it takes time to perfect and refine the offerings. We have spent the last year doing this for Panorama Tower, which ultimately has strengthened the appeal of the building and living experience. ■

### What is the secret to the longevity of Florida East Coast Realty in the Miami market?

We have had long-term success in this market because we made a decision to stick to one particular philosophy. Whether rain or shine, we stuck to the philosophy of never borrowing more than 50% of our costs on a project. Most developers like to get maximum money but our philosophy has served us well over all these years. Whatever happens in the marketplace, we are protected. My advice to developers is to borrow prudently. It is easy to fall into the trap of over-borrowing, but you shouldn't do it if you don't have to.

### How would you describe the regulatory environment for development in Miami-Dade?

I find the city of Miami to be very cooperative toward



The tropical climate of Miami-Dade attracts many potential homebuyers from the Northeast each year.

(■■■) also getting a lot of leasing interest right now. Some of these tenants are looking for sweetheart deals, but others are actually signing leases at pre-COVID rent levels, with tenants looking to expand or to get into a property or location where they couldn't before.”

### ■ Funding and Investment

As the world becomes increasingly regional, international hub Miami will undoubtedly lose out. Already purchases of real estate from foreign buyers declined to \$16 billion from August 2019 to July 2020 compared with \$23 billion in the same period a year earlier. Canadian buyers are still the main purchasers in Florida, spending \$3.3 billion, while Brazilian buyers purchased \$1.6 billion of property during the period. Middle Eastern and South Asian buyers are also among some of the top buyers of South Florida properties, according to CityFirst Realty. Miami is still one of the preferred destinations in Florida, alongside Fort Lauderdale and West Palm Beach.

As an investment for developers, Miami remains a favorable jurisdiction but some recent controversy over taxes could cast a pall over the city. In July, megamall developer Triple Five, Terra and Starwood Capital launched legal action against the county over property tax bills. Property tax tables were issued in January but developers argue that market conditions have deteriorated in the midst of COVID-19. As Florida is a low-taxing state, property taxes are often a substantial part of the budget, which could create pushback from authorities. But Miami-Dade has more to offer developers. The county has 427 Opportunity (■■■)



## Perspectives: Emerging trends

### ■ Edgardo Defortuna

*President & CEO – Fortune International Group*

Consumers today want more comfort and convenience than they do flash and ostentatious luxury. They really do not need the huge apartments or the gold-plated faucets; instead, they are more into functionality, great service and providing a product that is acceptable and caters to their lifestyle. Apartment owners now want an apartment that is finished and ready to move in. They don't want the headache of getting contractors involved to design the apartment. We really try to meet this demand with our own clients. ■

### ■ Bernardo Fort-Brescia

*Founding Principal – Arquitectonica*

I think most of our clients believe that even though people have been leaving downtown urban centers and working from home during COVID, that eventually there will be a large return to commercial office space. From a building design perspective, not much is changing from the way we were designing office buildings before COVID. What is trending now is more automation, UV lights, and types of air filters associated with the mechanical equipment. In the office buildings we are now designing around the world, generally owners are asking us to enlarge the outdoor spaces we have already integrated into the design. ■

### ■ Kevin O'Grady

*Partner & Managing Director – Concord Summit*

On the commercial office side, every office space tenant has had some level of effect from the pandemic. We expect people will have to ratchet down their rents. If it takes place in a multitenant building, there is going to be a transfer effect to the owner in terms of lender renegotiations. What stands out from other crises is that the pandemic is bottom-up, making it much more systemic than pinpointed within a specific sector that generates rippling effects. ■

### ■ Yamal Yidios

*CEO – Ytech*

The pandemic turned the luxury real estate market on its head in some sectors. For instance, luxury single-family homes languishing on the market have been snatched up by investors and renters who fled the Northeast. Through it all, greater Miami will remain highly ranked for real estate investing. The area offers high-quality investments at relatively affordable prices compared to other major cities. ■

## Trends from the pandemic

**COVID-19 has changed the outlook for work and how space is used, while making technology a mandatory element for every business.**



**Josh Bank**  
*Managing Director*  
CBRE



**Stephen Bittel**  
*Chairman & Founder*  
Terranova Corporation

### **What is your view on Miami's office space trends?**

Many trends we are speaking of, such as remote work, have been growing in adoption for many years already. We have been witnessing a desire for more flexibility in the workplace, whether that is work from home or in the way people are using the office space and how they collaborate with teams. That flexibility regarding what employees want is something we have been monitoring closely.

COVID has acted as an accelerator, forcing mass work-from-home programs and new policies for organizations, and we have noticed that groups and professions have had varying degrees of success. In many cases, they have seen that technology works and the workforce can be effective in a remote setting. So, we think this is going to accelerate the optionality that companies have in their workplace and the talent demands of those organizations. I think it is not a one-size-fits-all answer but rather about looking at your organizational needs and incorporating them into a workplace that reflects them.

### **As in-migration to South Florida continues, what's your view regarding the multifamily and industrial sectors?**

The fundamentals are favorable for South Florida, and the trends we are seeing – a focus on rental space and the desire to be in urban, dynamic markets like this – point to continuing growth in our multifamily sector. It has been incredibly active. Industrial has definitely been the brightest star through this difficult environment. E-commerce has been a huge driver of growth for the industrial sector here in South Florida. ■

### **What opportunities or innovations do you foresee coming out of this pandemic?**

The buying opportunity in real estate is going to take longer to present itself. Most regional banks were liberal in providing people 90-day deferrals throughout April, May and June. By July and August, full payments were due. We suspect not everyone has been able to make those payments. It takes banks a few months to assess and reappraise what they have, to be in a position to start selling some of their nonperforming or underperforming loans. Those are opportunities both in South Florida and around the country. The goal is to be ready financially to take advantage of those opportunities if they come. There are dislocations across all asset classes. It is highly likely that malls and retail will not come back to the way they were. Estimates show we might lose 700 malls in the United States. In South Florida, the A-malls, such as Dadeland, Aventura and Bal Harbour, will succeed and do extremely well, whereas Southland Mall has already gone to the lender. The future of office space remains uncertain at a macro level. Some users are questioning the need for as much office space as they have after their remote office experience. The challenge is to onboard new employees and build a corporate culture in a remote work setting. The industrial market has performed perfectly.

Corporate America is concerned about liability issues and the health of its employees. Curtailing travel which will slow down national retail chains from picking new locations. Real estate teams are not yet boots-on-the-ground looking at sites, which diminishes the potential for deals. ■



**Ryan Kratz**  
*President, Southeast Region*  
 Colliers International



**Gian Rodriguez**  
*Managing Principal*  
 Cushman & Wakefield

#### **What trends are you seeing in the mixed-use space?**

The concept of mixed-use property will remain in favor for the future. Whenever we get back to developing, developers will figure out how to better utilize unused floors in apartment or condo buildings, having part of it serve retail, low-intensity medical, office or even creative office purposes. Particularly in Fort Lauderdale and Miami's urban areas, the concept is still sound. Mixed-use is more financially feasible for developers and that is what tenants want as far as amenities are concerned.

#### **What is the difference between the 2008 crisis and now?**

In 2008, we were in a financial crisis. Today, we are in a solvency crisis, where our businesses have been shut down or limited. Everybody is in suspended animation mode. If this does not go too long and we can all get back to relative normalcy, then we will come out of it, escalate and start to do business again. That changes if it goes on for a lot longer because of the solvency issues that will arise.

#### **How has pricing developed?**

We are witnessing the re-emergence of a buyer/seller pricing gap. Sellers still believe that prices have not changed that much and are going through a blip and everything will get back to normal. Buyers are looking to the future and looking to avoid taking unnecessary risks until all the variables are stabilized and sorted out. Interest rates remain incredibly low, so it is still a great time to own real estate once you figure out what the value should be. ■

#### **What impact will the pandemic have on the region's real estate market?**

Some users may need less space, but most won't. One could argue that companies may need more space to accomplish social distancing in the workplace, while others have found over the past few weeks that certain functions (HR, for example) may not need to be performed in-office in the future. This event is binary in that regard – either your company has implemented the technology to have a productive virtual workforce, or it has not. Those that have are running business close to as usual, and those that have not will need to implement these technologies or they could be at risk. In the end, will companies use less space? Probably not. But one thing is for sure: we will all be using our space differently than we have in the past.

#### **How is technology transforming how real estate is marketed?**

When it comes to marketing a space (across service lines), we've been using virtual tours, drone technology, 3D photography and space planning, among others, for years, although it wasn't used for every vacancy. That said, the technology has always been imperative to the success of a marketing campaign for a South Florida asset, especially when you consider that we live, work and play in an international community where often, a company decision-maker is based elsewhere in the country or abroad. With the onset of a pandemic, combined with social distancing measures and travel restrictions, those technologies have become mandatory. ■



**Matthew Rieger**

*President & CEO – Housing Trust Group*

“Our priorities are to continue our growth outside the state of Florida and to continue to push federal legislation to expand tax credit programs. A rising tide raises all boats. At a state level, we will continue to work together with the state legislature to maintain a new positive trend. Previous to 2020, there was a 15-year streak of raiding the Sadowski Housing Trust Fund by the state legislature. 2020 was the first year, pre-COVID-19, that a recommendation was made, at the governor’s insistence, for a full-funding of all Sadowski Housing Trust Funds to go to Florida housing, as those funds were originally intended. We are hoping that the federal government passes legislation to reimburse the states for their COVID-19-related expenditures, bypassing the need to adjust the approved budget, as it may put the Sadowski Housing Trust Fund at risk.”

(■ ■ ■) Zones, many of which span Little Haiti, Brownsville, Gladeview, West Little River and Allapattah. The final deadline to take full advantage of the program passed in January, with the maximum benefit a 15% reduction in capital gains taxes.

■ **Affordable housing**

One problem Miami has always struggled with is its provision of affordable housing. With high property values, often there is little margin for developers to include workforce housing in their plans. Wynwood is an example of a quickly-gentrifying neighborhood anchored by the artistic community. Now, the neighborhood is pushing the crowd out to a new market in Allapattah. In December, Art Basel held events in the neighborhood, which is home to two major art complexes: the 100,000-square-foot Rubell Museum and the 28,000-square-foot El Espacio 23 experimental art center. These events help to stimulate the local economy but the question remains over how to ensure the existing community does not get priced out as property values ascend.

Miami-based law firm Bilzin Sumberg sees affordable housing as such a significant issue, it is opening a new practice area dedicated to Affordable Housing and Tax Credit. As the pandemic rages, the need for affordable housing will only increase and the law firm predicts more and more developers will tap into affordable housing funds. Affordable housing developer Pinnacle is already targeting a strong demographic: seniors. In December 2019, it opened

**Miami-Dade has 427 Opportunity Zones in areas that include Little Haiti, Brownsville, Gladeview and Allapatah**

the 123-unit Caribbean Village senior living facility and 75 of the units were already leased within two months. Monthly rents range from \$897 to \$1,078 for one- and two-bedroom units.

■ **Looking ahead**

Despite some unexpected success for Miami developers in 2020, a cloud of uncertainty hovers over the market. Rent and mortgage delinquencies could lead to higher eviction and foreclosure rates in 2021 as the full impact of COVID emerges. It is unclear whether developers will hit the brakes on upcoming developments to avoid saturating the market, or double down on the new reality, embracing touch-free technology and other advances to get ahead of competitors in the market. ■



# Upside potential

**Delivering affordability in some segments of the condo market will set the stage for a possible boom**

## Jorge Guerra

*Chairman – Miami Association of Realtors*

### **What has made the Miami-Dade real estate market different from the rest of South Florida?**

Regarding single-family homes, the greatest opportunity has been non-FHA (Federal Housing Administration) 5% financeable condos in the market. I know about that from a lobby perspective. We are lobbying greatly to allow for better affordability on those products, which right now are not affordable, to ensure the general public has an opportunity to buy in that price range. I think it's going to boom, and in that lower-end condo, nonfinanceable product, I think there is a lot of upside coming in the next couple of years.

With personal residences, if you are from a different region, such as New York, there are reasons to move to South Florida. When we look at appreciation over the last 10 years, it has been strong but steady. Add that to low interest rates and there is a great opportunity to find the house of your dreams and live there for the next 10 to 15 years.

Regarding warehouses, the world has changed. Amazon and delivery services are booming and that is evident in the prices and lack of inventory in that sector.

### **What do you look for in the Miami-Dade market?**

The stability of the January-February 2020 market is not what I like. I like the swings up and down; that's where the big money and opportunities are. When you have a stable market, you are limited to the opportunities that are there, so it increases competition and decimates opportunity. We saw that in recent years with multifamily, where we saw the rates of return diminish. We saw a lot of money in our market and we didn't know what to do with part of it. What was I looking for? I was looking for multifamily, entry-level housing, a long-term safer bet. Finding an opportunity for me got harder and harder as time moved on.



### **What do you think will be the aftermath of the COVID 19 pandemic in the market you operate in?**

Because of where interest rates are, there is a huge opportunity for those who want to buy to go out there and lock it in. Right now, we have a pandemic and they are calling my agents. People are willing to risk their lives to go into the house of their dreams, and realtors are willing to risk their lives for those commissions.

I think it is going to depend on demand. When I talk to my brokers, some of them tell me they are getting calls from New Yorkers, saying they are out of there, and they are buying properties here, sight unseen. So, I know there is a pent-up demand. People are looking at houses online, in their PJs, getting their loans and making deals. ■

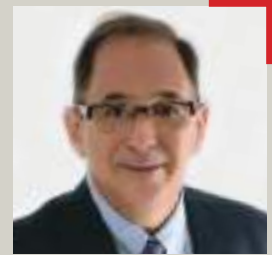
# Market voices: Financing and investing



**Andres Klein**  
*Founder & Managing Partner*  
BH Investment Group

“Our portfolio is mostly nonleveraged, so I think that we might be looking to start leveraging some of the portfolio to take advantage of the low rates and be extremely liquid. I don't know how long rates are going to stay that way because there's the pandemic and also the election to take into consideration, which could have a big impact on the market. Interest rates are what's holding up values here because people are looking for someplace to put their money, and they keep buying. We might wait for a clearer picture before making big moves.”

“If you are a multigenerational, wealthy family and your goal is to do a 1031 exchange related to capital gains deferral on your taxes, Opportunity Zones are not beneficial because at the end of 2026 you have to pay capital gains. When you do a net present value calculation, there's not a huge savings. That being said, in the long run, the legislation is probably quite beneficial for those who do invest. Areas where the Opportunity Zone legislation is going to get the biggest pop are the gentrified areas that have already gentrified but the Census Bureau numbers have not caught up, like Wynwood and portions of Allapattah.”



**Jeremy Larkin**  
*Co-Chairman*  
NAI Miami



**Carlos Rodriguez**  
*CEO*  
Driftwood Capital

“We have created a great platform that is poised for growth in many different ways. Through the years, we have developed a large network of developers that trust us and invest alongside us. As a result, we decided it was time to expand into more than just acquisitions. We started two new funds: one dedicated to acquisition of new hotels and the other dedicated to development of hotels. The third fund that we set up is called Mez Lending, a mezzanine lending platform for preferred equity in hotels. The rebranding to Driftwood Capital allows us to absorb these new platforms. It also allows us the chance to expand in the future in different areas of real estate.”

“One of the things we find is that getting traditional financing in this market is really difficult, and in some cases, impossible. Some people who were very strong sponsors a few months ago have seen their balance sheets look really different. The lenders are being very cautious about who they provide financing to. Equity is an issue, and so is debt. In a lot of cases, we are seeing purchase-money mortgages, where the seller offers financing to the buyers.”



**Adam Tiktin**  
*President*  
Tiktin Real Estate  
Investment Services

# Impact of low mortgage rates:

The 30-year fixed-rate mortgage hit multiple record lows in 2020 as the Federal Reserve maintained an ultralow interest rate policy. Low rates can impact the economy in many ways. These include:

## ■ Lowers borrowing costs:

- Encourages borrowing from businesses and individuals.

## ■ Favors the stock market:

- Shifts investor interest to stocks from bonds, which can boost the value of stock portfolios and stimulate spending.

## ■ Weakens the dollar:

- Makes dollar-denominated investments less profitable, causing a shift to more favorable currencies.

## ■ Increases output and employment:

- The combined effect of these outcomes can boost GDP and lift employment across industries.

## ■ Negative impacts:

- Can increase risk-taking;
- Can cause an artificial spike in asset valuations;
- Can lead to higher commodity prices, meaning a higher cost of living as items like food become more expensive;
- Disincentivizes savings as bank savings accounts deliver weaker yields.

Source: Sapling



Source: Freddie Mac

## EXPERIENCE MATTERS



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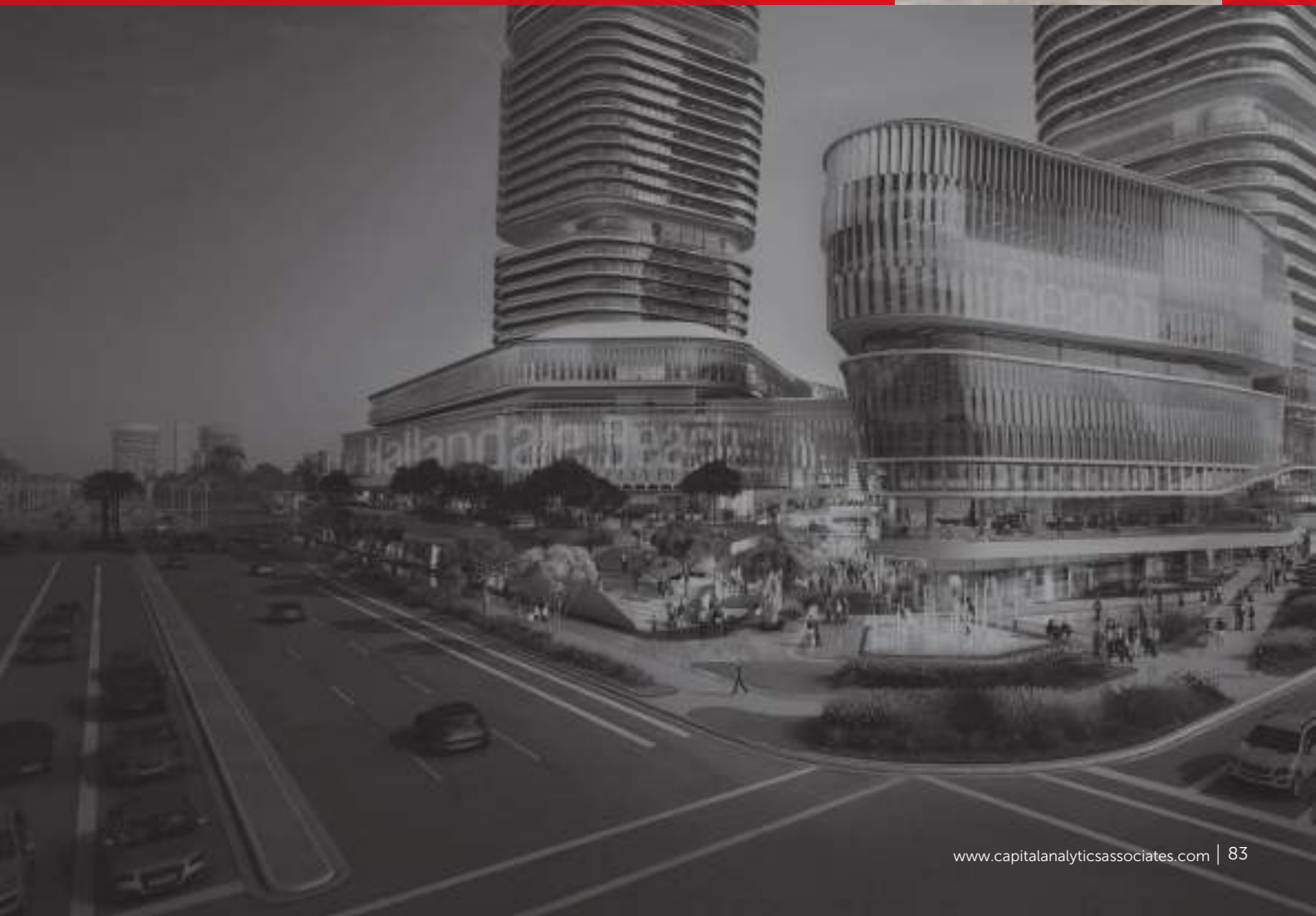
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# Construction, Infrastructure & Utilities:

Between the trade war with China, the ripple effects of COVID-19 and a shortage of skilled labor, Miami's construction industry certainly faced hurdles in 2020. But the e-commerce surge is fueling demand for warehouse space while new technologies are injecting needed efficiencies. The result is an industry that is poised for a strong future.





# Getting stronger:

## Innovation and forward thinking mark the road to recovery

Miami's demographics and economic expansion helped fuel the decade-long construction boom that has not only stood out in terms of its bustling activity but also in the ingenuity of its designs, materials, purposes and the way these developments responded to the specific needs of local residents.

Still, this growth has not been devoid of hurdles, even more so with the ripple effects of the pandemic, which have challenged the industry to retool in order to resume its path of stability and growth. Other factors like unabated cost increases, partly spurred by the U.S.-China trade dispute but also related to sourcing materials, have introduced concerns.

Overall, the construction industry faced a contraction in 2020 but the road ahead remains promising, despite the pain of the present moment.

### ■ Landscape

The performance of the construction industry runs parallel to that of real estate in relation to residential, commercial and industrial trends. The David Siddons Group describes Miami as a real estate investment destination due to its overall growth as a city: population, infrastructure and wealth are all

on a longer term upward trajectory, which impacts construction needs. As the COVID-19 outbreak forced distancing and shelter in place measures, mortgage applications from Northeasterners looking to set roots in less-densified South Florida also started to climb in 2020, another positive for future construction industry expansion.

On the construction side of things, the virus caused a blip in the Miami market, as observed by project development consulting firm Cumming in its report on Miami. For 2020, total construction volume is expected to drop almost 6.0% after a 3.1% increase in 2019. Dodge Data & Analytics' Midyear Construction Outlook for the Southeast evidenced a 53% drop in South Florida construction in March. The lion's share of the decrease is shared between hotels and retail.

By March 26, 2020, two major projects were indefinitely halted: the \$300-million Royal Caribbean Cruise Lines headquarters building at PortMiami and a University of Miami UHealth Care center in North Miami. Nonetheless, Cumming remains bullish on future growth. Following the 2020 contraction, it expects total construction volume to grow 4.9% in 2021, followed by a 6.6% expansion for 2022. (■■■)

# Diversified

**A diverse business strategy helps propel growth despite the hurdles brought by the pandemic**

## **Al Fernandez**

*President – ANF Group*

### **How did ANF Group perform in the past year?**

We have been very active, and our business has grown tremendously. We estimate that our business will grow by about 50% in 2020. I attribute this to the fact we have diversified our business more in the last five years than we had previously.

### **What are some of the major impacts you have felt from the COVID-19 pandemic?**

We are constructing a freestanding emergency department in the Miami-Dade County area for HCA. This project was affected by COVID-19 and we temporarily stopped construction. HCA decided to put all their ongoing capital improvements on hold until the end of 2020. Another project that was affected was the Eden West project, which was subject to a 90-day delay. Because of our extensive experience in healthcare throughout South Florida, all the main healthcare providers asked us to participate in setting up temporary triage tents, drive-through testing facilities and specialist consulting areas built specifically for COVID-19 patients. That changed our business for two or three months as we addressed those interim needs.

### **How will the pandemic affect the sector overall?**

Unfortunately, jobs will be affected and the industry will see some change, but we are already seeing more labor availability in our particular sector. Huge projects that have been put on hold, such as Pier 66 in Fort Lauderdale, had many project managers, superintendents, estimators and construction workers who are now out there looking for employment. Our company, luckily, has only had two projects postponed.

### **How do you see the recovery playing out in the construction sector in South Florida?**



I don't think the recovery will be rapid but it will be a little faster than in other sectors, particularly hospitality and travel-related industries, although I always maintain a conservative outlook. I believe that because of our diversification, our business will be able to weather the uncertainty. We will work as steadily and leanly as possible so that we do not overextend ourselves. We went through a strategic planning effort earlier this year, and part of that was to identify the sectors we are already in that would be stronger in the case of an economic slowdown. We believe the assisted living facility sector in Florida will continue to be strong because the state continues to attract the older population as a retirement destination. Another sector is public projects, and I am pleased to announce that we were just awarded the new Broward Sheriff's Office Training Facility. ■

**Vanessa Jimenez**  
Managing Principal  
BC Architects



## What are your most emblematic projects in the Miami-Dade area?

At BC Architects, our primary focus had always been multifamily residential; however, over the past several years, we have been doing more mixed-use retail, office, hotel and residential. We not only work in Miami but also throughout South Florida and the Caribbean. Although we are a small company, we have the capability to take on ambitious projects.

The project I would highlight is River Landing Shops and Residences. This project will become a landmark and it is important because of its location. It is right on the Miami River and close to the Health District, which has a large concentration of medical and research facilities. With the high concentration of people, there is high demand for residential, office and retail and River Landing provides all these. As the first project of that size, it is leading the revitalization of the area.

## How did the company perform in the past year?

Pre-COVID-19, we had a few new projects in the works, most of them out of the Miami area. Some have now been delayed and some have moved forward. Some of those projects that have been delayed will hopefully be resumed later in the year or next year when we get back to the new normal. Throughout the year, we have been helping new and prospective clients with feasibility studies and due diligence. We have been helping them make decisions regarding whether to proceed with certain sites or not.

## What are some of the opportunities stemming from COVID-19?

As designers, we will have the opportunity to use our creativity to shape the places we design to protect ourselves and our end users. The obvious opportunities are related to how we prepare our environments for this pandemic and maybe for future ones. It will be based on how we rethink public and private places and how they interact with each other. ■



Construction was deemed an essential service in Florida, allowing many development projects to remain on schedule.

■ ■ ■ Prior to the pandemic, Miami's construction market had been experiencing sustained growth since at least 2011, with 140,000 active trade workers in 2020 compared to 80,000 nine years prior, a 75% increase. That translated into the construction industry unemployment rate plummeting from 10% to 4% in the same period.

Miami's construction spending index showcased significant growth as well, remaining well-above the national average over a sustained 10-year period, from 2012 to the projected numbers up to 2022. For 2020, the Miami index was at 1.57 while the United States reported 1.16.

Moreover, public works continued unabated despite the virus as the industry was labeled essential business by local authorities. The I-395 bridge and the Jackson Memorial Hospital expansion remained on schedule and was moving forward, albeit with protective measures in place at active sites to prevent contagion.

While the pandemic put a dent in construction volumes, it also provided businesses with opportunities to make adjustments and improve their businesses. "The pandemic gave us the opportunity to pause. We used it to really look at our business and identify areas





of improvement internally. We have used the past three months to streamline our efficiency in every area, from billing to project management,” Peggy Hogan Marker, president of Marker Construction told Invest. “We put in place a few more software programs to help with that. We have been working on these for a while but COVID-19 essentially accelerated the process. We also looked at how we do business, including the type of business we are pursuing, our fee structures and costs, to evaluate if we are really making money. I think we have come out of the other side of this as a company that is more selective about the work we pursue, and we will most likely not be the low bidder. What we will do is provide quality and a well-thought-out plan for future projects. This shift in strategy will benefit us and our clients.”

### ■ Sector performance

To avoid skipping a beat, developers had to find ways to generate efficiencies in the process while at the same time operating within a CDC-sanctioned procedure prioritizing health and safety. But the sector was also deemed essential, meaning companies could still work.

Cumming’s report showed residential development continued to take up the lion’s share of Miami’s expected construction market volume of \$8.2 billion in 2020, almost 50% of the total \$17.5 billion, followed by infrastructure with \$3.5 billion, commercial with \$2.7 billion, education with \$1 billion, healthcare at \$571 million, manufacturing at \$383 million and other structures including religious buildings \$1.1 billion. Projections for 2022 will see a similar order for a total \$19.6 billion, a near 12% increase over 2020.

Foreign investment in residential and commercial assets remained a strong driver for growth. Cityfirst Realty LLC reported that in 2019, South Florida recorded its highest sales ever to foreign buyers at 71%, 11% of which was from the Middle East region, which is slowly consolidating a footprint parallel to the usual Latin American suspects. While COVID-19 certainly put a dent on Miami-Dade’s economic growth, it has done little to dampen its easy connectivity and vibrant lifestyle, which remain key allures for foreign buyers.

COVID-19 also forced the emergence of new trends in real estate construction. Going forward, both architects and developers are likely to hit the reset button in terms of how they build, which materials will be used, how spaces will be designed and how human interaction is designed in public and private spaces. Miami enjoys a long-standing track record of visionary and forward-thinking developers, which will serve it well in the post-COVID world. Health and wellness will likely be the core of current and future developments including purified air, revamped and deepened cleaning protocols, aromatherapy, lighting and water filtration. Open space is another feature that is gaining ground. “As we continue in this new normal, we are all hungry to go outside and there is certainly a new appreciation for the street. I think there is a renewed interest in the development of our infrastructure, and we have been involved in that through the design of the two Brightline commuter stations. People now want to live closer to green spaces and nature trails that allow them to move through the city without getting into a car. One interesting question is whether we should be installing transport infrastructure where the people are or where the people will be,” said Bernard Zyscovich, managing principal at architecture firm ZYSCOVICH.

Prior to the pandemic, another looming shadow on the construction picture was the trade war between the United States and China, launched in 2019, specifically with tariffs on steel. The tit-for-tat tariff dance between both countries invariably transferred the impact toward final consumers and final products, including infrastructure and real estate developments. (■ ■ ■)

# Market voices: Miami trends



**Reinaldo Borges**  
*Principal & CEO*  
Borges + Associates

“ In Miami, we need to look at the water capacity of our drainage system infrastructure. We also need to consider the concept of living with more water in our environment and protecting water quality. Through the City Commission-appointed resilience task force that I serve on, we have been involved in thinking through the stormwater master plan and adapting our zoning code to enhance water related resiliency. It is important. If people are going to invest in the region, they want to know that the city is thinking about its infrastructure and making significant investments to make it more resilient and to increase its capacity.”

“ For me, this pandemic’s upside is that people were forced to use technology to continue to conduct their business, education or professional life. As an architect, that is very inspiring, because the way we approach our design is not just about how beautiful it is, or cost efficient or expensive, but also about how it makes you feel, psychologically, emotionally, and the mood it puts you in. Here in Miami, one of the reasons that we’ve been successful so far is that we have captured that essence and we can continue to develop it and improve on it.”



**Kobi Karp**  
*Founder*  
Kobi Karp  
Architecture &  
Interior Design



**Chad Oppenheim**  
*Principal & Lead Designer*  
Oppenheim Architecture  
+ Design

“ I’ve been here since 1995, and for me, Miami’s image is related to developing and selling the idea of a better life. It’s a very lifestyle-driven place. It’s been really interesting to be able to help craft this new thinking about Miami in the global spectrum.

Miami is a pivotal place in terms of design and culture and the arts. Our other office is in Basel, Switzerland, but I don’t think we would be able to have that international draw if Miami wasn’t so international. Miami has the most exotic and international feeling.”

“ Miami and coastal Florida in general will continue to see an influx of residents because people like to live by the water. At the same time, we will see many people move away from the coasts because of economic considerations. I think flood and windstorm insurance costs, for example, will be driving people away from the coastal areas. It will take a lot of money for the metropolitan areas to make their infrastructure climate resilient. It is possible, but some people will likely not want to live in the middle of a major infrastructure project for the next 100 years.”



**Max Strang**  
*Founder*  
Strang Design



**Larry Baum**

*Managing Partner – Stellar Communities*

“ Even pre-COVID, we were starting to build single-family homes and townhome communities for rent. We are building one in Pompano Beach, another one in Tampa and another in Orlando. COVID, basically, confirmed that the business strategy is good because not everyone is buying right now, but they still want to live in a house or a townhouse. Pre-COVID we were going to do a townhouse community for sale in Pompano on a golf course. Then COVID happened and we transitioned from for sale to for rent. We made this change because we saw what was coming and we were fortunate enough to have the land.”

(... ) COVID-19 came into the picture as the industry was still reeling from the tariff effects, and the combined impact from both is expected to bring part of the value chain back to the United States to reduce outside dependency in the mid to long term in a post-COVID world or to give more weight to other more amiable trade partners for critical construction goods, such as Mexico and Canada. That in itself could address another key issue for the sector: the cost of sourcing materials. If those materials are found closer to home, that should help alleviate some of the price pressures the industry has felt.

The other issue hindering the construction industry’s performance in Miami is the need for more skilled labor. Although the shortage is not as pronounced as in other jurisdictions, it remains a key concern. The sector

created 23,000 construction jobs between January 2019 and January 2020, with 558,200 workers and 581,400 workers, respectively, as reported by the Federal Reserve Bank of St. Louis’ Economic Research. By July 2020, however, the number had shrunk back to 563,400 workers as the pandemic raged. “It has been extremely competitive but probably the biggest competition has been finding the right talent,” said Patrick Lee, founder and president of Shorecrest Construction Inc. “Historically, Miami can be a challenging place to find good people for what we do compared with the Northeast market. That has changed significantly over the last 10 years, as the construction industry in Miami has grown up in many ways.”

One way to shore up the labor force is to start with education. Miami-Dade College received a \$10-million



**Lawrence Kline**

*Managing Director,  
Principal*

Perkins + Will – Coral  
Gables



### **How does the Student Village at the University of Miami represent the firm's approach?**

In Miami, we are an integrated design studio with 65 colleagues across architecture, interior design, and landscape architecture. The UM student housing project was a design competition and a fantastic challenge because it was replacing four existing dormitory towers in the heart of the campus. Because of the unique lakefront site critical to campus circulation, we looked for a design idea that allowed the landscape to flow beneath these student residence buildings. We think about architecture in the context of the place. In South Florida, on a campus like UM that is both contemporary and tropical in nature, we take full advantage of light, shadow and outdoor amenity spaces.

### **How would you evaluate the talent pool in the industry?**

The talent pool in South Florida used to be more localized and while we certainly recruit from the University of Miami, Florida International University, the University of Florida and others, we are now finding that as Miami has evolved into a world-class city with a fantastic diversity of culture, language and the arts, we are more able to draw talent from all parts of the United States and even internationally. We think that attraction of talent speaks well about the future and growth of South Florida.

### **What are your goals for the next year?**

Perhaps the goals for next year fall into two categories: culture and design and the impact on our practice. In terms of culture, that means a focus on diversity, equity and inclusion in Miami and across Perkins + Will to ensure that hiring, mentoring and promotion are all considered. In terms of design, continuing to strengthen the collaborative nature of Miami as an integrated design studio where architecture, interior design and landscape design combine to deliver projects that have clarity of design in concert with meeting client goals and aspirations. ■

federal grant to prepare students with the necessary skillset required by specialized construction jobs. The college expects to graduate between 500 to 600 students per year. In another initiative, the Latin Builders Association opened the Construction and Business Management Academy Charter High School in Miami-Dade County in 2019 to prepare high-school students for careers in engineering technology, drafting and civil engineering.

On the corporate side of things, several construction companies are tackling the talent shortage with increased base pay rates and overtime hours on one side and efficiency gains through technology on the other. Long term, however, the answer lies in the up-and-coming generation of students and being successful at materializing their interest in the profession.

### **Opportunity Zones**

Opportunity Zones (OZ) have been instrumental for Miami in tackling its affordable housing problem as housing demand continuously outpaces supply. In August 2020, two new affordable housing projects capitalizing on OZ incentives were announced: an eight-story, 120-unit building in Allapattah, and the UNI Tower, a mixed-use development that includes 252 affordable housing units, office and retail space, located in the Omni district. Recognizing the dire need for such developments, prominent local developers such as Falcone Group are adding affordable housing divisions to their corporate structures. The intention is to capitalize on U.S. Department of Housing and Urban Development (HUD) programs and OZ, as well as forming citywide public-private partnerships.

Staying true to its forward-thinking tradition when it comes to development, Miami is on track for its first 360-unit, 18-story multifamily Soleste Grand Central project that will include 40 units for workforce, low income and affordable housing. Located in the Overtown OZ, it is scheduled to come to market in 2021.

### **Residential**

Despite the pandemic, Miami still reigned in July 2020 among the Top 10 U.S. cities with the highest real estate value, ranking seventh with \$774 billion in total residential real estate value and a median value of \$297,000. New home construction in Southeast Florida enjoyed uninterrupted good health in year-on-year first quarters and 1Q20's home starts were the highest since late 2006. In total, 1,892 local single-family homes broke ground in that period prior to the COVID-19 slowdown. Cushman & Wakefield reported 26,999 apartment units were under construction in



South Florida at the end of 2019, a record amount for the region and 7.5% of the current apartment inventory. The prevalent concern remains materials supply disruptions given the impact the virus has had over global supply chains across industries, from which construction is not shielded. “Miami is an interesting market because the demand for residential units is among the highest in the nation. People were already relocating from the Northeast and other markets and the pandemic has only intensified this trend. We’ve completed many residential buildings in South Florida, and when there is a climate of economic difficulty, apartment construction tends to go up because there is more demand for apartments than condos. Additionally, those who own existing apartment buildings, want to ensure they are at the forefront of the rental pool. If one must choose between a new apartment building or one that is 15-years old and the price point is the same, new usually wins,” said Eric Montes De Oca, president at Grycon, LLC.

#### ■ Commercial

The Miami market had 52 retail properties under construction the first quarter of 2020, extending over 2.3 million square feet and representing 1.7% of total inventory with just over 75% preleased. As it is among the most impacted subsectors within commercial real estate, there is chatter over asset repurposing to continue capitalizing on prime real estate and their strategic locations. “It depends on the location but urban locations will definitely need to be reconverted into some type of mixed-use project, with residential and commercial components. Suburban properties, (■■■)



Commercial construction is the second-largest construction industry in Miami-Dade behind residential.

## Perkins&Will



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## Construction opportunities

Leaders in the construction sector highlight the segments and areas poised for growth in South Florida while also indicating which trends have staying power.



**Ramiro Gamez**  
*Vice President*  
Emerald Construction Corp

### **What emerging areas in South Florida are ripe for development?**

The multifamily housing market is still strong. It comes as a surprise as the new-normal asset of choice is single-family homes. Most of the projects we have been looking at are smaller multifamily developments ranging in the 20 to 100 units. They are in CRA markets, including the city of Fort Lauderdale, Palm Beach and Hallandale Beach. Lake Worth Beach is also going through a sizable redevelopment process. There are a couple of smaller projects out there for smaller developers who are pushing for more diversification. That has not been done in a while. Pompano Beach and Deerfield Beach, for example, are pushing for single-family developments and infill housing. If you work within that niche, you are able to solicit and obtain several different contracts with those municipalities.

### **What trends are emerging in the new landscape?**

We deal with a significant amount of pre-construction, and we have seen a considerable number of requests for distressed properties and undervalued asset analysis. One such case is hotel conversions into assisted living facilities (ALFs) or into affordable housing units. Depending on where hotels are located and what happened during the COVID outbreak, occupancy has dropped steeply, especially those located in a vacation area and dedicated to the travel market. This has happened before in the past, with hotels being converted to condos and vice versa. With the senior market increasing in South Florida for quite a while now, that is where the ALF has come from. ■



**Luis Lugo**  
*Senior Vice President &  
 Regional Manager Southeast  
 U.S. & Latin America  
 Hill International, Inc.*



**Michael Neal**  
*CEO  
 Kast Construction*

**What growth opportunities do you see within infrastructure projects?**

We are in the middle of our strategic planning for the next few years and based on what we see, infrastructure projects, mainly for surface transportation including roads, rail and bridges, are still somewhat healthy and will continue to show growth going forward. Aviation projects, despite the pandemic, are expected to move forward. We are working on major airport projects throughout the United States and around the world and many of them are rethinking their programs, which could imply capital expenditure restructuring, delays and reductions. Some forecasts predict travel will not normalize before 2023. Miami International Airport is the main entry point into the United States for Latin American travelers, so it is not just about what happens in the United States but also about what happens throughout the region.

**What are some of the main innovations and adaptations to come from the pandemic?**

Every project element with human interaction is being rethought. Owners of airport or train terminal buildings, for example, are looking at touchless technology, improved passenger flow, technology to scan passenger body temperature and ways to minimize contact between people. Projects that have already started are looking at how they can adapt their designs to the new normal. Part of getting the economy back on track around the world will be to make people feel safe. As an industry, we must design, build, operate and maintain facilities that implement measures that emphasize security and safety. ■

**What undeveloped areas are you monitoring in Miami?**

The emerging areas in Miami-Dade are the talk of the town. Wynwood is on fire and it is just getting started. In 2010, nobody would touch the Miami River District, but it is the new hot location. Another area is called the Little River District, which may not be on everybody's radar but there is a lot of interesting ongoing acquisition and assemblage of properties. I believe that district will start to become increasingly relevant, possibly reaching Wynwood-like status.

**What emerging trends are you keeping a close eye on?**

Technology evolves on a close to monthly basis. I can walk into most of my architect's offices now, put on a set of goggles and do a virtual walkthrough of a building that I am about to start. The paperless collaboration software used by the architect, the owner and the contractor enables everyone to be on the same platform, vastly enhancing communication processes and dealing with information flows in real time. The University of Miami School of Architecture's innovation labs are developing robotics technology applications that are poised to revolutionize the industry, as well as laser-printed buildings.

The disruption caused by the China tariffs imposed by the Trump administration made the world figure out the necessity to diversify supply chain options where one does not rely on a single country to produce everything in their factories. Should a trade war arise with a large, powerful country such as China, it is definitely better to count on other factories across the world to minimize the impact. ■

**Eddie Seymour**  
*Principal*  
Flux Architects



### **What design changes are you foreseeing because of the current environment?**

Regarding office space, we are looking at split schedule arrangements, when some people come during half of the week and others during the other half, so you can keep the same number of employees but have that separation. There's also implementation of sanitation stations throughout the office and restaurants. There are certain things that we are already using in our field. We don't use a lot of revolving doors here in South Florida because of the weather, but we can start using revolving doors with automatic push buttons so you don't have to touch any surfaces. We could start using those automatic features for bathroom hand dryers and such to make people feel safe. In a project we are working on in Orlando right now, the developer wants a lot of outdoor space, about 7,000 to 8,000 square feet for outdoor dining. So, we're seeing a shift and thinking into the future for projects to market themselves better. They want to make sure that people feel safe.

### **What makes prefabricated, precast structures a solution to the need for affordable housing?**

With prefab and precast, you can control the construction. If you put together the assembly of the building itself and then transport it to the site, ready to assemble, then you are cutting down a construction cost, you are cutting down on the weather impact. Once you get to the site, the assembly goes a lot faster. When you add it all up, you are saving about 120 days of overall construction time on a large-scale project. That equals a whole lot of money for the constructors. Through that, you are able to pass on those savings to the end user, which is what you want to do when it comes to affordable housing. I don't think there's a company that's figured that out yet here in South Florida but we are seeing that a lot of contractors are starting to develop their systems. I'd say that in about 10 to 15 years, it's going to be prevalent throughout South Florida because it already is in other parts of the country. ■

(■■■) where possible, will be reconverted to industrial. The malls are obsolete in their land use and occupation of square footage. That's not possible anymore." said Sebastian Barbagallo, Director of B Developments.

Warehouse space development was strong in 2019, and while the vacancy rate increased in 2020, the emergence of e-commerce helped cushion the contraction. State Street Realty's December 2019 Miami industrial competitive market summary revealed an estimated 3.061 million square feet of spec development was under construction, with nine projects slated for completion in 2020.

New construction projects coming to market in 2Q20 included Miami Central Commons in Doral, Bridge Point Commerce Center and Eastview Commerce Center in Miami Gardens and Miami International Tradeport in Medley. COVID-19 and its associated lockdown triggered an unprecedented boost for e-commerce, which helped keep warehouse vacancies in Miami-Dade on the low end.

### **■ Looking ahead**

The pandemic has had a mixed effect on the construction industry. Deemed an essential activity, it did not witness the significant slowdowns seen in other industries. Parts of the construction supply chain are expected to return and end-user preferences will shift toward health and safety in the foreseeable future. Through new technologies, materials and its trademark forward-thinking, the face of Miami's construction industry is expected to change for the better over the long term.

The short term, however, could include consolidation, in particular if the economy takes longer than expected to rebound. "Our industry is tied to the economy in every way," said Shorecrest Construction's Lee. "A significant number of companies will go under, large and small, depending on how well-capitalized they are and how they are addressing the situation. I think a lot of human capital will become available and, as a well-capitalized company, I think we will be in a position to hire some of these talented individuals. I think it will come down to being nimble enough to be in the right market niches in Miami and finding ways to continue growing."

One area that will need addressing is regulations to continue to foster business attraction and growth, said Harvey Hernandez, co-founder and CEO of Newgard Development Group. "If we want to grow in this market, we must continue to see business-friendly regulation that opens the door to greater job creation. We cannot grow this market depending only on tourists or foreign capital. That is certainly important, but we also must foster economic activity." ■





# A new paradigm:

## Setting the stage for adaptation, mitigation, sustainability and partnerships

Adapt. Mitigate. Sustain. Partner. Those are the four pillars on which Miami-Dade is cementing the future of its infrastructure to answer not only the immediate threat of rising tides but also ensuring its long-term prosperity.

The region is devising a wide array of substrategies to attain climate adaptation, carbon mitigation, sustainability and partnerships with professional networks, nonprofits, private businesses and other public entities to develop and implement impactful initiatives. In doing so, Miami-Dade is not only vying to become future-proof but future-thriving through sustainability, resilience and innovation.

COVID-19 only confirmed the correct diagnosis of the county's present and the blueprint toward its future. In the middle of a pandemic, sustainability is called upon to become the new normal, capitalizing on the opportunity to nurture a transformative paradigm that will resonate across the county's energy and resources landscape, from electricity to water usage.

### ■ Utilities

As a coastal city, Miami is constantly at work to mitigate risks associated with sea level rise, flooding

and storm surge. One of the ways the city protects itself is through a hardened coastline using natural and built structures, coupled with stormwater infrastructure. Yet, Miami requires an integral and multipronged flood adaptation strategy.

That spirit is reflected in the city of Miami, which is drafting a comprehensive Stormwater Master Plan parallel to a coastal infrastructure plan aimed at shielding the city for the next five decades. According to the city of Miami webpage, the updated plan will focus on a number of areas: comprehensive assessment of the city's roads, drainage infrastructure, and water management features; recommendations on infrastructure improvements that will reduce the frequency, severity, duration, and impact of flooding events; informed recommendations for multiple sea level rise scenarios; cost benefit analysis to prioritize the city's investments and inform Capital Improvements Plan; updated design standards for developers and land use and building code recommendations; and tools and training for city staff.

Across the region, there are considerable efforts in play to achieve its resilience goal. Miami-Dade's Water and Sewer Department injected \$1.6 billion in new (■■■)

# Quality access

**Key initiative is starting to bring broadband access to low-income communities, helping to bridge the digital divide**



## Mandy Esposito

*Senior Vice President of Operations – Hotwire Communications*

With my team, we took a view that we couldn't just survive, we had to use this as an opportunity to thrive. We became more aggressive and started a whole program around thriving at the executive level. We had a brainstorming session and we came up with 30 or so initiatives to prioritize and then executed an entire program in about three months. A lot of that innovation is in the operations space. We just launched a virtual visit experience, a contactless digital journey with customers. It's all done through an SMS link in a mobile device. Clicking on that link turns on the camera and the agent on the other end sees what the customer sees. It includes augmented reality so the agent can circle on the screen and say, "this is where I want you to plug this wire in." That's been really successful. We are also developing it so it can be done without technicians, so they either do not have to be in our customers' residences at all or they have to be there just for a limited amount of time. The ability to provide contactless service right now is a top priority for our industry. We've seen a 20% increase in our first-call resolution by leveraging that solution.

### **What is one example of how Hotwire is serving the community?**

There's an amazing initiative in progress with Hotwire. We created a foundation that has started to provide broadband to low-income communities that wouldn't have had access to the internet before. This initiative is supported by all areas of our operation, from construction and engineering to account management. Our CEO has always been focused on education and in ensuring that low-income families are not left behind in a digital divide. This is just taking it a step further in terms of providing quality internet access to critical markets.

### **What opportunities emerged for your sector from the pandemic?**

From the beginning, we took it as an opportunity.

### **What other challenges do you see in terms of the digital world?**

The industry will continue to face the challenge of meeting technology needs. Everything that we do is based on technology. Every time a new app comes out, or Facebook changes something, we all rely on that, and we are the backbone of those different technologies. Every transformation that occurs in that space requires the technology to be there. For our industry, it's all about the internet, ensuring that the backbone is solid and that you are always at the head of the line in providing those services. ■



## Mauricio Gonzalez

*President & CEO – LEAD Engineering Contractors*

“The labor pool has been a challenging aspect of our industry for a number of years. Finding individuals willing to make a career in the construction industry is among our top issues. As an industry, we have made several attempts to work with entities such as Florida International University, Broward County Public Schools and Miami Dade College to be able to recruit trained individuals for the industry who grasp the potential of a construction career that they value and appreciate as opposed to considering it as a temporary job. With the amount of growth we have witnessed in the heavy civil and commercial construction industry, the available talent has not been enough. At this point in time, the implications of having over 20 million people unemployed nationwide remain unclear as they could decide to make a career change and look at our industry as a bright spot where they can have a great career and future.”

(... ) capital improvement projects to 2028. These include 82 capital projects at three wastewater treatment plants, 33 pump stations, and new pipelines to improve reliability.

The dependency allocated a total \$13.5 billion to its comprehensive master plan capital improvement program, deemed the largest among U.S. water and wastewater utilities: close to 775 projects executed with another 861 in either the planning or construction phase.

These critical projects encompass sewer line and waterline rehabilitation and replacement; enhanced monitoring and data systems integration; improved energy efficiency and treatment plant upgrades and expansion, to name a few. For its breadth and impact, Miami-Dade’s utility featured among another 61 for the recognition of Utilities of the Future during the Water Environment Federation’s annual conference in 2019.

### ■ Alternative energies

According to the Energy Information Agency, Florida ranks fourth in the country for energy consumption, using almost eight times more energy than it produces. It’s primarily dependent on natural gas for power generation purposes. The Energy Information Agency (EIA) reported that in May 2020, natural gas-powered generation reached 150,000MWh, followed by nuclear with close to 2,700MWh, coal-fired generation at around 1,250MWh and renewables with less than 1,200MWh.

**Water and sewage capital improvement projects totaling \$1.6 billion are planned to 2028**

Florida has still a long way to go in terms of greening its energy mix. However, Florida Power & Light (FPL) and Gulf Power have outlined a Ten-Year Power Plant Site Plan for 2020-2029. The plan projects a significant increase in solar power generation, increasing tenfold its current installed capacity of 1,153MW to 10,000MW by 2029, coupled with 700MW of battery storage facilities. The plan comes as a reinforcement of FPL’s earlier ambitions. In January 2019, it also announced its plan to install 30 million solar panels across the state by 2030.

### ■ Telecommunications

In May 2019, Miami-Dade County greenlit three companies – AT&T, Verizon Wireless and Crown



**Jessica Fernandez**

*Government Affairs Manager – Crown Castle*

“Today more than ever, we’re seeing the reliance we have on wireless communication technology. We have seen the possibilities of creating efficiencies for the future. Businesses can be run efficiently from home. People can receive care or learn from home. Going forward, we look to continue building upon the assets we have, densifying the network, and continuing to be a valued community partner as we build out and enhance infrastructure here.

Looking at the long term, 5G will have likely matured by 2025. In parallel, new technologies and devices that we cannot fathom today will make an appearance, enabled by 5G. We take pride in paving the foundation for the future. We are paving the pathway to possible. It is key to our identity and to how we see ourselves in our community.”

**Florida Energy Rankings:**

**Consumption**

Total Energy per Capita **49**

**Expenditures**

Total Energy per Capita **51**

**Production**

Total Energy **31**

Crude Oil **24**

Natural Gas **26**

Coal --

Electricity **2**

**Prices**

Natural Gas **47**

Electricity **39**

**Environment**

Carbon Dioxide Emissions **3**

*Source: Energy Information Administration*



The Climate Change Action Plan is a holistic approach developed by Miami-Dade officials attempting to combat climate change in the area.

Castle – to install small, cell antennas in utility poles to enable 5G technology in anticipation of February 2020’s Super Bowl LIV. The next stage in connectivity is expected to increase data rates to 1GBps, close to 20 times faster than what 4G was capable of. The tradeoff is a massive bandwidth and network reliability upgrade, quickened load times and faster device connections, to name a few improvements.

### ■ Looking ahead

Miami faced an already daunting set of challenges while consolidating its response against climate change, ensuring a sustainable future for its residents across all its business and industry lines: construction, transportation, manufacturing, to name a few. As the pandemic rages on, a new push toward resilience is to be expected, as COVID-19 became the ideal platform to accelerate the city’s sustainable and renewable transition, which will also help fuel the city’s economic recovery. ■



**Andrew Burnett**  
*Senior Principal*  
Stantec

### **How has your emphasis on cultural resilience unlocked success for Stantec?**

From a business perspective, a model that focuses on a single person is inherently limited to that individual. Whereas a business with tremendous expertise and resources in multiple channels, like Stantec, focuses on collaboration and the bandwidth to achieve more. When we empower people and foster collaboration, we are able to affect more positive change, get more involved in opportunities and better affect our clients’ bottom line.

### **How would you rate local industry efforts on environmental resilience?**

There is a significant level of agreement across the industry related to what we are facing and where we need to go. It is only a matter of how, and there are varying perspectives to harness. Our government agencies, utilities, partners, clients, insurance agencies and lenders all commonly understand the need to mitigate prevalent risks and maintain our quality of life.

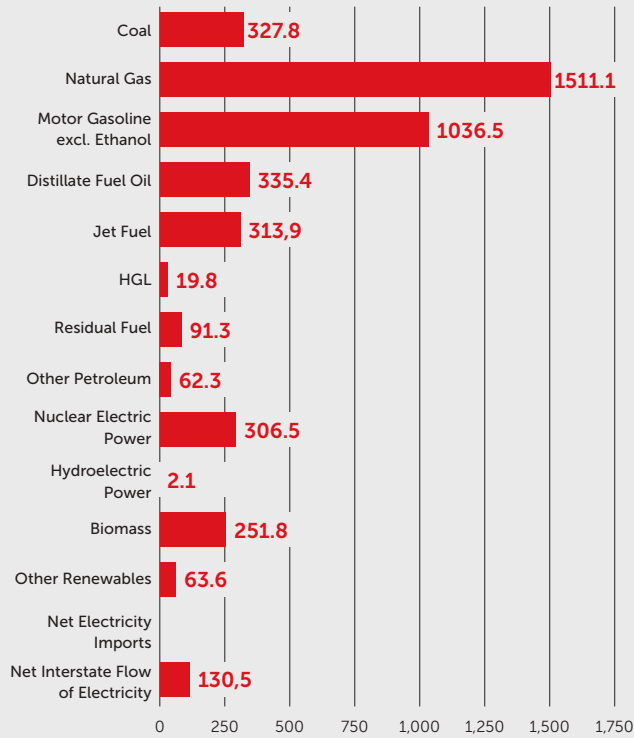
There is power in the collective movement and I am optimistic about our future and path.

### **What will 2020-21 look like for Stantec and Miami-Dade?**

We have been quite busy, which is a reflection of the busy private development market. Projects are moving forward and the entire development community is gearing up for when the play button is pressed.

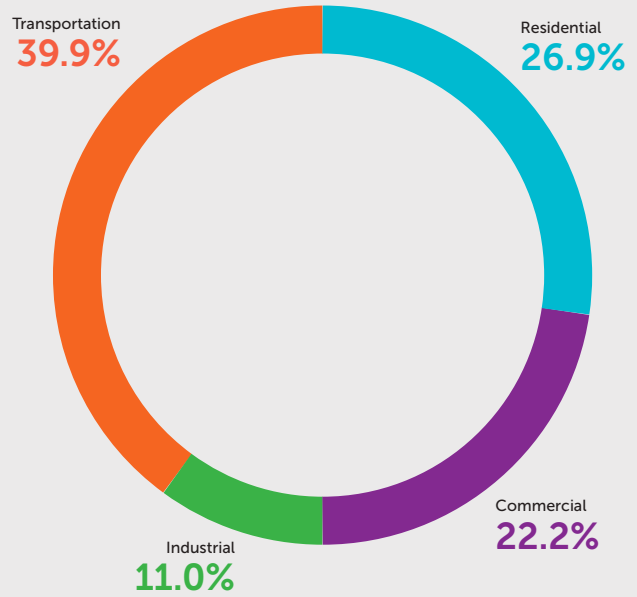
In 2009, during the H1N1 outbreak, we established a pandemic committee, granting us an effective way to respond quickly to the pandemic and set up a remote work setting. Fast forward to today: Our productivity levels have allowed us to meet established deadlines and keep projects moving forward, continuing business as usual. Our current outlook for 2021 does not project significant levels of interruption. We want to continue to support that in any way we can. ■

**Florida Energy Consumption Estimates, 2018:**



Source: Energy Information Administration

**Florida Energy Consumption Estimates, 2018:**



Source: Energy Information Administration

Brickell Tee - Miami, FL

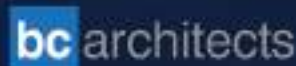


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# Transportation & Logistics:

Miami-Dade has taken advantage of its strategic location to position itself as a global trade and commerce gateway. Public and private investments in the local transportation and logistics infrastructure, including improved rail connectivity and expansion work at Miami International Airport, have helped solidify the sector as the backbone of regional economic growth, despite the challenges from COVID-19.





# America's gateway:

## Miami-Dade leans on its transportation to bolster its reputation as a logistics hub

Miami-Dade enjoys a privileged position as the gateway to the Americas. Its strategic location has enabled the region to gain international appeal, attracting global companies and making it a central hub for trade and commerce. Bolstered by a leading airport and accessible port, the transportation and logistics industries are an integral economic component in the area's booming growth, and the backbone of its international reputation.

The challenges caused by COVID-19 also highlighted the importance of a seamless transportation and logistics framework, and investment in related infrastructure remains paramount. Miami-Dade is taking a head-on approach to achieve improvements by leveraging technology and implementing innovative transportation systems to meet the demands of an international marketplace and of its growing population.

Further adding to its hub appeal are its Foreign Trade Zones (FTZs) that allow goods to flow duty-free. Miami-Dade's four FTZs help companies lower costs and make them even more competitive on a global scale.

### ■ Landscape

The transportation and logistics segments are key pillars of the Miami-Dade economy. Logistics and supply chain management alone are reported to make up 20% of the region's economy. Transportation, which falls under the U.S. Bureau of Labor Statistics' trade, transportation and utilities category, accounted for almost 583,000 jobs in September 2020, or more than 23% of total employment.

The main entry points for most trade is through Miami International Airport (MIA), the country's No. 1 airport for international freight, and PortMiami, recognized as the cargo gateway of the Americas. On land, Miami-Dade's transportation infrastructure is just as robust. The Brightline high-speed commuter train service is preparing to expand its reach, and Miami's connectivity to the rest of Southeast Florida. Visitors can also easily access the region through a plethora of mobility choices, including the Metromover, Metrorail, Metrobus and Miami's trolley network. An intricate network of roadways completes the cycle for travelers, commuters and deliveries, connecting employment centers with MIA and PortMiami, and everywhere else, from the Everglades to Miami Beach. (■ ■ ■)



# On demand

**Miami-Dade thinks outside the box to plug transportation gaps with apps like Uber and LYFT**

## Alice Bravo

*Director – Miami-Dade Department of Transportation and Public Works*

**How has COVID-19 impacted plans to deal with population growth and infrastructure development?**

I think we are always looking at development patterns to try and identify new areas where we have to plan a service. Sometimes that's balanced with maybe other areas where there are services but the ridership is too low. As a result, we sometimes have to mend or shift services but we are always keeping an eye on development patterns, especially as areas densify.

**What innovations are you implementing as a result of COVID-19 that might still be around post-pandemic?**

Something we have always been curious about was how we could incorporate on-demand applications like Uber and LYFT into public transportation. We realized that we had eight overnight bus routes that carried passengers who were riding without a real destination. We were putting our drivers out there unnecessarily, along with putting wear and tear on the vehicles. As a result, we decided to create the GoNightly program. We partnered with Uber, LYFT and one of our vendors to replace those routes with this GoNightly service.

Those routes have special signage notifying people that between midnight and 5 a.m., passengers can go on the Uber and Lyft apps and provide a special code or, if they don't have a smartphone, they can call a number and we will deploy a vehicle to them from our vendor. Passengers will be able to get the same ride along that corridor. GoNightly is helping to preserve our vehicles for when they are needed during the daytime and actually generate a cost savings. I consider this service a pilot we can introduce in low density parts of the county where it doesn't make sense to have a big bus route.

**What are your top priorities related to infrastructure projects?**



In terms of infrastructure, it is important to recognize that the pandemic is not the first crisis we have dealt with. We have experienced devastating hurricanes like Hurricane Andrew. We know that we can rebound and eventually things do go back to normal.

The biggest project on our plate is the Smart Plan. We received the Small Starts Grant, so one project is moving into implementation. We are implementing a second station at the Northeast Corridor and we are in discussion for the remaining corridors. I hope that in six to 12 months the other three projects earn some form of implementation to catch up with the South Corridor. We've made such huge progress on the Smart Plan. Our community had the foresight to put these plans into place. ■

**Ivan Barrios**  
*President & CEO*  
World Trade Center  
Miami



## **What is the significance of the Miami World Trade Month?**

Miami World Trade Month was created to promote and showcase our international trade and logistics sector to the community and spotlight its economic impact. We had to adapt the Miami World Trade Month 2020 due to the virus outbreak. Prior to the pandemic, we had already organized a series of events locally with our partners. We had to pivot to go virtual and bring information that the industry needed to operate and navigate in this new environment. The World Trade Center worked with federal agencies to present informative webinars covering a series of regulatory issues. Many focused on regulations that came about because of COVID-19.

## **What industries have made the greatest effort to expand their international footprint?**

Miami is all about trade and logistics. That sector proved to be pivotal when closures began due to COVID-19 and companies were moving product – everything from PPE to household goods – in and out of the country. This sector continues to show their strength and will prove even more vital once the vaccine becomes available. Logistics companies and warehouse operators have made investments in our community for several years now and continued to do so during the pandemic.

## **What are the World Trade Center's top priorities for the near term?**

We are fortunate to be in a good place as an association. We will be doing the ribbon cutting on our new office in December 2020 and look forward to offering the trade industry new services and a new home. The pandemic shifted our priorities. We have two trade shows that we will reconfigure to better serve businesses and help them grow and connect with buyers and partners. Our shows will be hybrids, offering companies the opportunity to connect in person and virtually while expanding their reach. ■

## **■ Transportation**

The success of any region usually is only as great as its transportation network. Miami-Dade has worked to ensure its transportation meets the needs of its businesses and population, although challenges remain. Numerous projects are under way to alleviate congestion and broaden the network's reach.

At the top of list for commuters is traffic, and Miami still has some work to do. A study from mobility company Moovit released in January 2020, showed Miami tied with Los Angeles for the longest commute time in the country, with a single trip taking an average of 56 minutes, with the New York City-New Jersey metro area in second at 54 minutes. By contrast, Pittsburgh had the shortest commute at 38 minutes on average.

To get people moving faster, Miami-Dade has embarked on a number of projects to improve mobility. At the top of the list is a new commuter system between Downtown Miami and the City of Aventura. Eight of the proposed stations by privately held Brightline would be in Miami-Dade. The plan, which was still under consideration between the Miami-Dade Commission, Brightline, the Florida East Coast Railway and the county in mid-November, calls for the line to eventually reach Jupiter. Under the plan, Miami-Dade would pay Brightline as much as \$50 million in a lump sum payment and \$12 million annually to access its tracks, according to the Miami Herald.

Other projects include expansions of the Tri-Rail commuter service operated by the South Florida Regional Transportation Authority (SFRTA). The service spans about 73 miles between Miami-Dade, Broward and Palm Beach counties. A key project is the Tri-Rail Coastal Link. The project brings together the (SFRTA), the Florida Department of Transportation (FDOT), officials of the Miami-Dade, Broward and Palm Beach Metropolitan Planning Organizations (MPOs), the Southeast Florida Transportation Council (SEFTC) and the South Florida and Treasure Coast Regional Planning Councils. The two-year development phase started in 2018. The goal is to establish a commuter rail service, connecting 28 coastal communities along the Florida East Coast railroad corridor between Miami and Jupiter.

## **■ Road initiatives**

In late March, Gov. Ron DeSantis signed a stay-at-home order in an effort to stop the spread of the novel coronavirus. Due to the ensuing dramatic decrease in traffic, the pandemic proved to be an opportune time for transportation infrastructure projects to gain momentum. Shortly after the governor's announcement, FDOT announced it was accelerating



## John Abisch

*Vice President of Global Supply Chain Solutions – Crowley*

“Customs regulations within the region are different between countries, with some of them remaining rather antiquated. The fact that you still need the physical bill of lading in some markets to process a shipment as opposed to doing it electronically is outdated and burdensome. Governments in the region are gradually becoming more accepting of electronic releases.”

critical infrastructure projects valued at \$2.1 billion. One of these projects in Miami-Dade included the I-395/SR 836/I-95 Design Build Project. The \$802-million reconstruction is being done in coordination with the local expressway authority and is expected to be completed in fall 2024.

On May 8, FDOT announced a second phase of critical infrastructure projects to be accelerated throughout the state. Over 40 new transportation projects were fast-tracked. As a result, three of Miami-Dade county’s major passageway projects, the Dolphin Expressway, I-395 and I-95, were accelerated by four weeks. Other projects like the pedestrian safety improvement project on SR 934/Normandy Drive at Rue Vendome in Miami-Dade and the intersection improvement on SR 7/NW 2 Avenue from NW 7 Avenue to NW 179 Street in Miami-Dade were accelerated by two to three weeks and completed.

Another major project that has made the most out of the stay-at-home order was the MacArthur Causeway, also known as State Road A1A. After more than two years of construction, the \$16.7-million project was completed on Aug. 21.

The county is also employing a new trend in mobility development called Transit Oriented Development (TOD). The trend includes the use of housing, office, retail space and amenities integrated in such a way that neighborhoods become walkable, with public transportation less than half a mile away. The idea is to improve connectivity while reducing the number of household drivers, lowering congestion, increasing transit ridership and expanding mobility choices.

### ■ Technology

As evidenced by the long commutes residents in Miami-Dade suffer each working day, traffic congestion and the need for better public transit are some of the population’s top concerns. For Miami-Dade

County, technology plays a vital role in the process of improving its public transportation network. Intelligent Transportation Systems (ITS) technologies help to advance transportation safety and mobility by integrating advanced communication technologies into transportation infrastructures, according to the U.S. Department of Transportation.

In May 2020, Miami-Dade Commissioners announced the approval of a \$150-million contract with Siemens Mobility to provide an Advanced Traffic Management System, also known as ATMS, that will upgrade 2,900 intersections and traffic corridors with intelligent hardware and software technology. Once all systems are deployed it should optimize travel times by reducing the amount of time residents sit in traffic by 15%.

Miami-Dade County has also welcomed last-mile alternatives in an effort to sooth Downtown traffic congestion. Bird, Bold, and Lime are a few of the micro-mobility companies within the transportation industry that are changing the way people get around Miami. The first wave of 300 dockless rental scooters debuted in Miami’s District 2 in April 2019. Since then, more than 3,000 scooters have been added to the fleet.

### ■ Logistics

Miami-Dade is a melting pot of trade and logistics companies from almost every region of the world. The region boasts an extensive multimodal transportation system that includes thousands of miles of railroad tracks, two international airports and an interstate highway network. Miami-Dade’s strategic location not only serves the East and Gulf Coast of the United States but also Latin America. Despite challenges caused by the pandemic, logistics continues to develop as an industry, with a growing emphasis on e-commerce.

Fueling the industry’s growth are the two linchpins of the region’s logistics economy: Miami International Airport and PortMiami.



60% of all international visitors to Florida fly through Miami International Airport.

### ■ Miami International Airport

As airports and airlines endured the economic turbulence resulting from COVID-19, many floated new strategies and business models to make up for lost revenues. To put things into perspective, the average decline in passenger traffic through Miami International Airport was 93.2% in May 2019 compared to May 2020. The Transportation Security Administration reported screening a total number of 171,563 passengers on May 1, 2020, compared to 2,564,029 passengers on May 1, 2019. While the demand for domestic and international travel slowly gains traction as local governments lift restrictions, the aviation industry isn't in the clear just yet.

During this economic period, air cargo has been a vital aspect of airports and airlines efforts to stanch the revenue bleeding. American Airlines is ultimately a passenger carrier but the circumstances forced it to allocate flights exclusively for cargo. At the heart of the recovery effort in South Florida was MIA, which also suffered losses due to the pandemic. In 2019, around 2,307,025 domestic and international total cargo tons flowed through MIA. In the year to July 31, 2020, the

airport reported that 203,015 domestic and international tons of cargo had been deplaned and enplaned.

Even amid the losses incurred from the pandemic, there is no discounting the value of Miami International Airport to the regional economy. It is the world's largest gateway to Latin America and the Caribbean. It has an annual \$31.9 billion economic impact on the region contributing around 275,708 jobs. On April 14, 2020, the airport received \$207 million in funding from the CARES Act grant to help it get through the coronavirus crisis. The money is being used to support operations and replace lost revenue caused by COVID-19.

To ensure the airport operates at its highest levels of efficiency, infrastructural developments to facilitate more air freight is key. The Miami Dade-County Board of County Commissioners has approved a new capital improvement program that will fund up to \$5 million in airport-wide modernization projects over the next five to 15 years. The airport also continues to be at the forefront of innovation and sustainability, with projects such as the redevelopment of the North Terminal Regional Commuter Facility, modernization of the Central Terminal, and expanding aircraft parking positions and warehouses for operations to help pave the way for future growth in passengers and cargo traffic.

### ■ PortMiami

Nestled in the heart of Biscayne Bay, PortMiami is one of the largest cargo ports in the United States, and is one of the largest passenger ports in the world. Its economic impact totals \$43 billion annually with 334,500 direct and indirect jobs in South Florida. Prior to the pandemic, the port was coming off a record-breaking year in FY2019, despite challenges caused by the trade war between the United States and China.

On the cargo side of its operations, the port registered a total of 1.1 million twenty-foot equivalent units (TEUs), up 3.4% from the year-earlier period, and 10.1 million tons of cargo in FY2019 ended in September, according to its 2019 Comprehensive Annual Financial Report. Cruise ships represent another large part of the port's business, with 1,220 total cruise ships docked in 2019. PortMiami saw 6.8 million cruise passengers pass through its gates in FY19. The port also hosts Foreign Trade Zone 281, one of the county's four FTZs.

China tops the list of total value of goods coming through the port, with a total value of almost \$5 billion. Honduras was next at \$2.7 billion, followed by Dominican Republic (\$1.9 billion), El Salvador (\$1.4 billion) and Guatemala (\$1.2), demonstrating the importance of Latin America to the port's operations.

For FY19, the Americas accounted for about 40% of its total cargo.

Partnerships have been key to PortMiami's cruise success. The port has been able to grow to new heights through partnerships with Carnival Corporation, MSC Cruises, Norwegian Cruise Line Bahamas, Terminal Link Miami, and Virgin Voyages. Projects to develop more cruise terminals and berths were deployed to accommodate the industry's next generation of ships. However, COVID-19 halted most terminal construction, crippling PortMiami's \$7-billion passenger cruise industry.

On Sept. 30, 2020, The Centers for Disease Control and Prevention extended its No Sail Order for cruise ships through Oct. 31, 2020. As a result, the port estimated a revenue loss of \$55 million for FY2020, according to a report from the Federal Maritime Commission.

### ■ Industrial real estate

Industry experts believe leasing will remain rock solid because the logistics industry continues to be a driving factor of Miami-Dade's economy. In 2019, Miami-Dade had 131 million square feet of warehouse/distribution space services with a relatively low 4.06% rate of industrial vacancy. In the first quarter of 2020, Miami-Dade's industrial real estate market saw a 4.33% rate of industrial vacancy but experienced growth of 1.8 million square feet of warehouse/distribution space. The average industrial lease rate in Miami-Dade county is \$8.88 per square foot. The influx of new industrial product is expected to take 12-18 months to lease out.

Despite the rise in vacancy rates, the demand from industrial has proven to be the most resilient sector in South Florida. In the first half of 2020, 435 deals worth around 3.7 million square feet of lease activity occurred. In response to the growing need for industrial space, investors are eager to pounce on faltering retail properties. Nearly 14 million square feet of big box retail space in the country has been transformed into industrial space, according to a report from CBRE. The continued growth of e-commerce and the steady decline of retail could accelerate this trend.

### ■ Looking ahead

With a major airport, a leading port and a strong and developing transportation network, Miami-Dade has the backbone needed to emerge from the COVID-19 landscape as strong, if not stronger, than before. A pipeline of projects to improve rail and road connectivity, as well as improvement work at Miami International Airport will help bolster its position in the post-pandemic world. ■



**Lorena Sandoval**  
*Director of Latin America, Caribbean and East USA American Airlines Cargo*

### **How is American Airlines Cargo keeping up with the e-commerce shipping demand?**

We know that we are part of the e-commerce effect, with many technology shipments originating or transiting through Miami. This demand has shot up because most people began working from home. There was a very good opportunity for pharma shipments to and from San Juan. The bulk of volumes of demand from Latin America is coming from San Juan, so that is why we decided to add that route. We are trying to prepare ourselves for the future when a vaccine is developed because we certainly want to be a part of this distribution, especially to Latin America given our extensive coverage and logistics network there. Miami is essentially the gateway to Latin America so we need to make effective plans for that.

### **How has COVID-19 affected your operations?**

In our case, demand has increased greatly in terms of logistics. The biggest change was reinventing ourselves with the cargo-only flight, which was very interesting. On June 8, we started with two cities and now we travel to five. These cargo flights also created the opportunity to re-open the routes for passengers. We now want to continue creating new opportunities for opening new routes for passenger flights.

### **What is your outlook for American Airlines Cargo in Miami-Dade over the next 12 months?**

Our outlook is very promising and one reason for this is the pharma industry. Miami's location and the airport facility really sets us apart and we can truly support the pharma distribution network. Today, we are part of history and we need to start thinking about the next opportunity. We want to be able to provide some help and relief during this crisis. The priority is trying to establish the team so that we can move forward with the strongest fundamentals possible. We must also adapt to the new way of working and take advantage of technology without losing the human touch. ■



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# Banking & Finance:

The banking and finance sector was on the frontlines of the PPP rollout that saved many businesses and jobs in 2020. In Miami, community banks also emerged as key components in the rescue effort, becoming the face of PPP relief. Overall, the strong financial backbone that has made Miami the Wall Street of the South remains firmly intact.





# Wall Street South:

## Miami-Dade is ideally positioned to continue as Florida's financial hub

Miami is widely known as Florida's financial capital, so much so that Brickell Avenue was nicknamed Wall Street South by Forbes. The significant international community and Miami-Dade's role as a hub connecting the Americas means it's ideally positioned to attract banking and finance talent from all over the continent.

Prior to the pandemic outbreak, Miami's local and national banking industry was thriving. In the fourth quarter of 2019, Miami Lakes-based BankUnited was the second-most profitable institution in the state, earning \$96.6 million in the three-month period. Miami-based National Bank of Florida and Ocean Bank also performed well with net incomes of \$42.4 million and \$9.4 million, respectively. A flourishing banking sector attracts business to the region, which in turn acts as an economic driver for every sector, from real estate to entertainment.

New players are also taking the spotlight, including credit unions, community banks and peer-to-peer borrowing solutions, often dealing with the U.S. Small Business Administration (SBA) that also contributed over \$25 billion in small business loans in 2019.

As many banks started adopting a much more conservative approach far before COVID-19, most

agree that financial institutions are in a much better position than they were after the financial crisis of 2008, with greater liquidity and more diversified portfolios. This helped them weather the storm of the pandemic in 2020, while also seeing a benefit from the Coronavirus Aid, Relief and Economic Security (CARES) Act and the ensuing rollout of the Payment Protection Program (PPP).

### ■ Sector performance

Miami-Dade is unquestionably attractive as a financial center. Tax regulations alone are incredibly alluring for businesses, with no state personal income tax or estate tax, no corporate income tax on limited partnerships, no corporate income tax on subchapter S-corporations and no state-level property tax. It's also not hard to find an educated workforce. There are over 150 universities and colleges in the area as well as 432 private schools and 518 public schools across the county.

Combined with an abundant supply of affordable Class A office space with water views and the 14th-largest airport in the United States in terms of passenger traffic, with almost 46 million in 2019, it's no surprise that executives have been increasingly (■■■)



# Nonstop

**Assisting clients with Payment Protection Program loans  
was a 24/7 endeavor**

## Tony Coley

*Regional President - South Florida – Truist*

### **What were some of the prominent lessons learned from facilitating the payment protection program?**

We really saw how passionate teammates across our organization were about their clients. We worked nonstop, literally 24 hours a day, seven days a week, assisting our clients with the processing of PPP loans. One of the things that helped us is that we were able to develop a digital platform for our clients to upload documentation and apply these loans online. For the PPP deployment, we developed a digital portal for our clients to upload their financial information in less than seven days. This was necessary to facilitate these loans which were so needed by our clients.

### **What are the benefits and challenges of an increased reliance on technology?**

What we have all learned going through this is that we have to get used to working in a virtual world. The technology was always available for virtual meetings, for instance, but many people were not really comfortable using it. We also found that people can be highly productive while working from home. Like a lot of companies, we have gotten more comfortable with the concept of working remotely. The changes and adaptations have gone so deep that we do not anticipate a return to the previous status quo.

### **What other national or global trends are you keeping a close eye on?**

The comfort level around the virtual space has increased exponentially, which begs the question of what the bank branches of the future will look like. Branches could be substantially smaller and not necessarily staffed as clients could rely on touchless technology, screens and videoconferencing while in the branch. We are proud of our technology, our mobile app is powered by JD Power and Associates, the



top mobile app in the country. Part of the reason for merging SunTrust and BB&T to become Truist was to enable us to improve upon technology delivery for our clients. But we know that providing the appropriate amount of touch is what will continue to differentiate us in the future. You have to have the right mix.

### **What are your main concerns going forward?**

We are most concerned about our clients. We are a tourism-hospitality-professional services economy, which are precisely the industries most impacted by COVID-19. We are concerned there will be another wave or that we will not get back to some sort of normality at some point and quickly. That could negatively impact our clients. It could create a significant hole in our economy. ■

**Brian Hagan**

*Florida Market  
President*

First American Bank



### **What role are banking institutions poised to play in reigniting the economy?**

We have asset-based lending programs in place for our borrowers to borrow more money from us as their activity and inventories increase. There will also be acquisition opportunities. We can finance acquisitions for our customers who are seeing opportunities to grow despite the crisis. Those are among some of the stronger, more liquid customers but it is a demand pattern that is materializing, which we had not anticipated in April 2020.

### **What trends are on the cusp of impacting the financial sphere?**

Coming into 2020, there was a highly pronounced deregulation process. It had several positive effects on both our business and our customers. We have an extensive compliance staff and spend significant resources in that area.

We have been able to redirect a portion of these expenditures toward security. We were pleased to see the effects of this deregulation push to address the burgeoning problem of cybersecurity for our industry and many others, protecting both our institution and our customers.

### **What prevalent issues is the banking community tackling?**

There is a real economic crisis in process, the full extent of which remains unclear to everyone. One of our challenges will be managing it, alongside our customers, while finding growth opportunities in an economy that looks dramatically different from what we expected in 1Q20.

The support of the financial system is integral to the growth that either takes place or does not. It needs to be boots-on-the-ground, locally oriented and focused on small businesses. The ability for those businesses to access capital will decide whether opportunities for growth become available or not. ■



Miami-Dade has the largest concentration of domestic and international banks on the East Coast south of New York City.

(■ ■ ■) looking at Miami as a city to set down permanent roots amid a global pandemic that has caused the world to re-evaluate the quality of life offered by their cities.

Miami-Dade has 3,052 banking and finance companies, employing over 40,000 people at an average annual salary of \$130,849, according to the Miami-Dade Beacon Council. Major employers include Assurant, BankUnited, BUPA, Wells Fargo, Bank of America, Visa International and Itau Private Bank. And the county has a plethora of finance-focused talent development programs from local colleges, public schools and the county's prestigious universities.

As 2019 ended, Miami's finance and banking sectors were booming. South Florida's 88 banks reported deposit growth of 1.9% to reach \$240.8 billion as of June 2019. The region's deposit penetration has grown 53% since 2010, with Citibank, BankUnited, City National Bank of Florida, SunTrust Bank and TD Bank accounting for the lion's share of deposits at \$60.2 billion combined. And at the end of 2018, loan balances were also growing across the United States as fintechs obtained much greater penetration, closing the year at a record \$138 billion, or 38% of all unsecured personal loans. The willingness to take out a loan was driven mainly by record low interest rates and a strong economy with low unemployment.



**Lloyd DeVaux**  
*President & CEO*  
Sunstate Bank

But as the world entered 2020, the world of finance faced unprecedented challenges with the COVID-19 pandemic. In the second quarter of the year, South Florida had lost \$35 billion in economic activity, and Miami-Dade's GDP contracted at a rate of 37%, or about \$16 billion. Many businesses put a hold on hiring and even closed down operations, whether temporarily or permanently, causing an even greater strain on banks. In August, Miami registered the most mortgage delinquencies of the Top 10 U.S. metro areas with 14% of mortgage payers 30 days or more behind.

Nevertheless, interest rates remained low, which created an auxiliary boom in mortgage refinancing. Mortgage company AmeriSave Mortgage Corp identified Miami as one of its target markets for expansion at the end of 2020. And for the more affluent Miami residents, wealth management advisory became a top priority as investments in stocks and shares were no longer guaranteed to make such strong returns.

At the height of the pandemic in May, Larch Capital Partners was founded on the demand coming from wealth management services. And Swiss giant UBS moved to modify the legal structure of the company so that it would be more easily able to attend to wealthy international clients' money management needs. (■ ■ ■)

### **How much of a disruptor will technology continue to be in the banking sector?**

Technology is absolutely essential to banking. A couple of things that were predicted for banking many years ago was that technology was going to eliminate bank branches and paper checks. Neither of these things have happened at the speed that was predicted by some people, but technology has led to significant changes in the banking industry. The federal reserve processed almost 550 million checks in 1990, but only about 50 million in 2019. Technology didn't initially take transactions away from the branches, and in fact, technology resulted in an increase in total combined transactions across all banking channels. Branch traffic has slowed in the last few years, and there is a greater focus now on rationalizing the size and number of branch locations.

However, branches still play an important role in banking, and probably will for at least another generation or two.

### **How level is the playing field in regard to traditional banks and credit unions?**

Let's start with the fact that credit unions don't pay state and federal income taxes. Additionally, there is the Community Reinvestment Act (CRA). Unlike banks, credit unions are not responsible for and have no requirements related to the CRA. They are not forced to invest in the markets they serve. In 1994, there were 14 credit unions that had more than \$1 billion in assets. Today there are 326 credit unions with more than \$1 billion in assets. For example, one of the largest credit unions had \$120 billion in assets in 2018. They made \$1.6 billion last year, and paid zero in taxes. However, they did spend millions to sponsor the NFL Draft. If a bank would have made \$1.6 billion in income, they would have paid \$400 million in state and federal taxes. Another credit union in San Francisco bought the naming rights to the Sacramento Kings NBA arena for \$110 million. Credit unions are doing these things, but they are not paying taxes. ■

# Market voices: Banking trends



**Fernando Beyruti**  
*CEO of Itaú in the US &  
Head of the International  
Private Bank*  
Itaú

“ There are always opportunities to improve the products and services we provide to clients, and this does not only mean investment services. We are launching, for example, a product called Global Wallet. It's a digital payments solution that will allow clients to load an account with cash for everyday spending and switch currencies at a moment's notice. These are the kinds of things we are offering to our clients to differentiate ourselves. This product was not designed to bring in revenue. If clients say they want something, I want them to know: we are listening and ready to create or partner with best in class providers to design the best experiences. ”

“ Banks are based on transactions, moving funds around, and on lending and deposits. The key to Helm Bank USA and what we are really passionate about is that our clients think of us as more than their bank. We want to believe that we can help them beyond their basic banking needs. When our clients touch down at Miami International Airport, we want them to turn on their cell phone and be ready to call us. If they need something outside of our solutions, they can think of us to get something accomplished. ”



**Mark Crisp**  
*President & CEO*  
Helm Bank USA



**José Cueto**  
*President & CEO*  
International Finance  
Bank

“ We have made a point to always make ourselves available to our clients by providing a level of service they will not receive at a bigger bank. That is the value proposition a boutique or community bank offers. If the PPP loan process has proven anything, it is that having a real relationship with your banker is an asset during a crisis, but also during normal times. At the same time, we have brought in many technologies that help us to compete with the bigger banks, but we know the real value add is the service we offer to our clients. We have no call centers. No matter what time it is, our clients can call or text their bankers and get an answer to their queries or concerns. ”

“ Our comparative advantage lies in the Wells Fargo corporation. Compared to other providers, it does not limit its operations to wealth management. When we talk to potential clients, we open the door for them to invest in the United States, not only through their personal resources channeled via our wealth management division but also referred to other areas in which we are highly competitive. Few of our competitors have this breadth of products to offer. ”



**Mauricio Sanchez**  
*International Market  
Manager*  
Wells Fargo Advisors

### (...) **Bank performance**

Advisory HQ ranked Florida's best banks in 2020 based on a number of factors that included availability and location of free ATMs, checking account options and customer service. BankUnited came out on top, followed by BB&T, Centennial Bank, Citibank, Fifth Third Bank and First Horizon Bank. But the first half of 2020 proved challenging and profits took a hit amid the pandemic environment.

First quarter earnings among Miami's main banks showed a tumble in net income, with City National Bank of Florida reporting a 22.6% year on year drop to \$32.8 million, Ocean Bank's net income fell 35.5% to \$6.06 million. Some banks also reported losses, with Eastern National Bank registering net outflows of \$1.2 million, Intercredit Bank losing \$467,000 and Pacific National Bank reporting losses of \$230,000 for the first quarter to June 30. City National's net income continued on a downward trajectory in the second quarter as it reported a further dip of \$25.8 million. While the PPP program allowed banks to expand commercial and industrial loan portfolios, consumer borrowing contracted.

Overall, countrywide data showed that smaller community banks fared better during the pandemic as

they took advantage of their size and flexibility to reap the benefits of the PPP loan program. While the big nationals saw their net profits tumble as much as 70% across the country in Q2, community banks reported a 3.2% rise in net profits over the year before, according to the Federal Deposit Insurance Corporation (FDIC). A big part of their success was their participation in the PPP program. FDIC said community banks held almost 31% of total PPP loans by banks, despite holding only 12% of total industry assets.

Despite the reduced number of community banks amid a wave of consolidation in the sector, the pandemic has shown that these banks can have a great impact. "I think there's a place for community banks in the market. I've been in this market for 33 years, and some of my best friends are senior management at community banks that we compete with. I think that those firms play an important role in the market and fared well with the PPP program. We are not going to have 100% market share and frankly, that is not our goal. There is a big growing market, and there's room for all of us to play and be successful," Robert Lozano, commercial banking leader for Miami at Wells Fargo, told Invest:

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As 2020 closed out, the focus for many bankers was turning to 2021 and what the landscape could look like. Miami's strong financial backbone positions it well in this new environment. "At a local level, Miami will remain an important market for Citibank – we opened our first branch here in 1926, and just last year we opened our second Citigold Center. As banking continues to change and evolve, Citi is taking major, transformative steps to adapt and meet customer needs including changing expectations of online and mobile interactions as well as the branch experiences." said Ed Patterson, division manager for the Central Southeast at Citibank .

### ■ Competitive landscape

Although M&A activity has generally slowed down amid the COVID-19 pandemic, further consolidation is expected from the industry in 2021. After signing a definitive agreement in December, Tampa-based Suncoast Credit Union and Miami-based Apollo Bank pulled the plug on the agreement amid the pandemic. But some still see opportunity. In August, it was announced that Fidel Egas, Ecuadorian businessman and majority owner of Ecuador's largest private commercial bank, Banco Pichincha, would purchase Miami-Dade based Intercredit Bank. The full-service

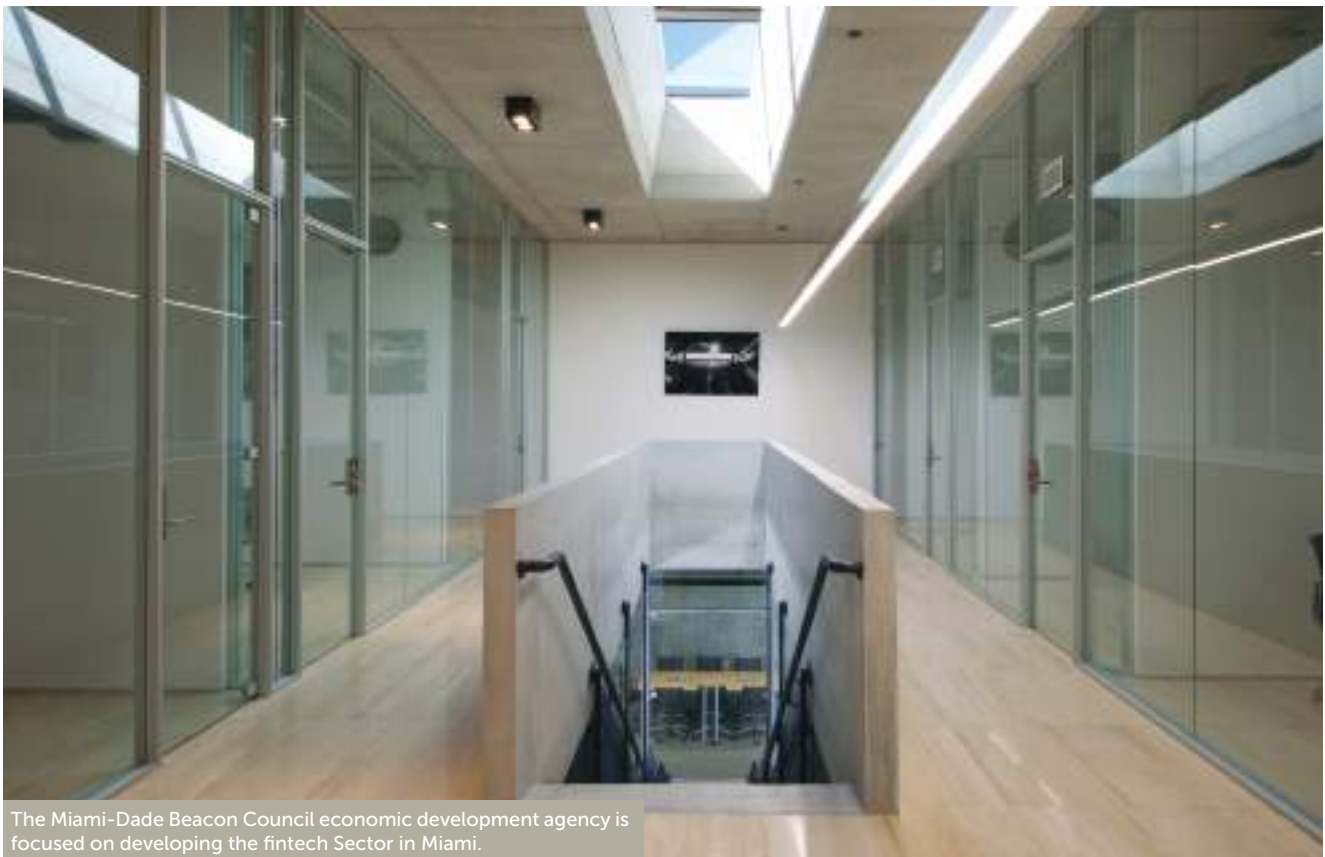
financial institution has \$373 million in assets and 76 employees across four branches.

In October, the Federal Reserve approved another deal announced in May 2019, allowing Brazilian bank Banco Bradesco's acquisition of South Florida's fifth-largest community bank, BAC Florida Bank, based in Coral Gables. The acquisition gives Banco Bradesco another \$2.3 billion in assets. The deal was valued at \$500 million.

Part of what makes Miami-Dade so competitive in banking services is its status as a hub for fintech companies. One Miami-based company, Technisys, provides a digital banking software that allows banks to track and increase sales. YellowPepper provides mobile banking and payment processing solutions to various major banking institutions and EarlyShares is a crowdfunding tool for real estate.

### ■ COVID-19

There is no doubt that COVID-19 took a toll on Miami's financial community, with even the biggest banks sacrificing profitability to help the state distribute federal funds aimed at stimulating local economies. Florida's banks earmarked \$1.3 billion to cover future losses from loan defaults. The state's 102 banks and thrifts recorded total losses of \$281 million in the (■ ■ ■)



The Miami-Dade Beacon Council economic development agency is focused on developing the fintech Sector in Miami.

# Lessons learned

**The pandemic highlighted the need for customers to have a variety of access points to continue receiving service**

## Nick Miceli

*Regional President - Florida Metro – TD Bank*

### **How has the pandemic impacted your clients and what are some lessons learned from the PPP rollout?**

The biggest lesson learned was allowing our customers to access our store network via drive-through and through our Virtual Queue where lobby access is available, which enabled us to continue servicing customer needs in a way that protected health and safety. We also shifted our back offices to a complete work from home environment, so the entire organization has benefited from that. We found that our employees in most cases are more productive now. This is great news, and we continue to look for ways to connect with our employee base, providing them with the tools to work better but also ensuring they take time to recharge.

### **How has the crisis created opportunity and innovation for the banking sector?**

It has created a great deal of change, often change for the better. Digital account openings and mobile and digital banking use have all seen serious uptick in the last few months. The products that were nice to have pre-COVID-19 are now must-haves. Overnight, many companies doubled down on our outsourced accounts payable platform Paymode-X. We are seeing the same thing on the consumer side using remote deposit capture. The migration over the last three months is far greater than we had been seeing over the last seven years.

### **What sectors are you most concerned about?**

The sector I am most concerned about right now is the office sector. As leases come up for renewal, companies are wondering if they need that same amount of space. In some cases, there could be opportunity for more space for social distancing, but I think the pace will be set by the people who have gotten more comfortable with home office. The retail strip malls



are also concerning as we see people become much more reliant on online sales. It was an industry that was challenged from the beginning but now major institutional brands are struggling mainly due to their real estate burdens. There will continue to be pressure on brick and mortar retail companies.

### **What are your top priorities going forward?**

Our No. 1 priority is to get even closer to our customers. Small businesses now need us more than ever for things where we can add value way beyond just providing a line of credit. We can even provide support on how to manage workforces and contain the virus within an organization. There is also the financial aspect, making sure companies have enough working capital to make it through the next 90 days. ■



**James Ray**  
City President, Wholesale Bank Executive – Fifth Third Bank

“ Miami-Dade County is the largest, most-populated county in the state of Florida. More commerce comes out of Miami than from anywhere else in the state. It’s a very important market for us. Fifth Third has grown in Florida through acquisitions and by circumstance. We never acquired a physical location in Miami, so it didn’t give us the consumer presence here. But understanding the potential to build our brand, we felt that at least from a wholesale banking perspective, we needed to have a presence. We’ve been located on Brickell for the last three years. Migration to the state is going to continue to create opportunity across the financial industry. More people are moving into the state of Florida. When looking at the dynamics of the state, one of the main recipients of that is the tri-county area between Miami-Dade, Broward and Palm Beach. ”

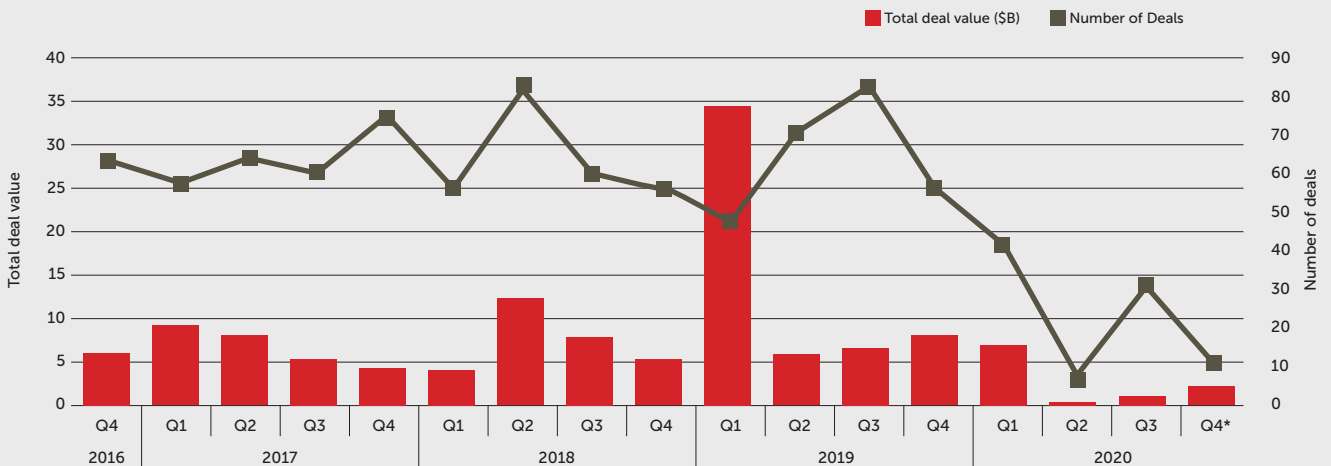
(■ ■ ■) first quarter, a level not seen since the Great Recession, according to a June report from FDIC.

The CARES Act was hastily rolled out by the federal government in March 2020 as the economic impact of COVID-19 began to be felt. The \$2.2 trillion economic stimulus package contained the \$349-billion PPP, a business loan that would help eligible businesses, self-employed workers, sole proprietors, certain nonprofit organizations and tribal businesses to continue to pay workers through a furlough scheme. If certain conditions were met, the PPP loans could be converted into grants upon maturity. In June, the Fed also launched the Main

Street Lending program, with \$600 billion in funding for small businesses. The Municipal Liquidity Facility was established to buy up to \$500 billion in state and local government debt, allowing them to continue borrowing and avoid layoffs. The Primary Market Corporate Credit Facilities, another rescue package, is a \$750-billion program that was established to buy up investment grade corporate debt from large companies.

Banks were on the forefront of these programs, tasked with the funds’ distribution. The first week of the program was marred by setbacks as banks had less than 24 hours to prepare, with the SBA releasing a 31-page guidance

**11 US bank deals were announced in October 2020:**



Data compiled Nov.4, 2020  
Includes U.S. – based whole company and minority stake bank and thrift deals that were announced between Oct. 1, 2016, and Oct. 31, 2020.  
Analysis includes thrift merger conversions but excludes branch, government-assisted and terminated deals.  
\* Quarter-to-date through Oct. 31, 2020.  
Deal values are as of the announcement date.

Source: S&P Global Market Intelligence





document just hours before the loan program was due to go live. Banks were tasked with setting up completely new website portals while being inundated by customer requests and coming to grips with the rules.

E-Tran, the online portal through which banks access the funds, had teething problems with some banks unable to access it. Confusion abounded over eligibility and conditions and many criticized the fact that a program designed for small business relief awarded funds to national chains such as Shake Shack, while many small business owners were denied funds. Private equity firms also came to the table to seek looser regulations that would allow the companies in their portfolio to access funds. According to a study carried out in July by banking expert Kenneth H. Thomas, seven of 10 Florida banks with the largest retail operations were not doing enough to issue loans.

The glitches in the E-Tran system significantly slowed the loan distribution process but after just two weeks it emerged that the PPP program's funds were depleted by mid-April, with many businesses still in need and left in limbo. Florida received the third-highest volume of applications countrywide for the program. Several banks began using their own funds for approved customers. In late April, the Senate approved an additional \$310 billion in funds but with the lion's share going to large commercial banks, while none was set aside for nonbank lenders. An additional rule change allowed outside directors or shareholders in a bank to apply for a PPP loan. Without fully established regulations surrounding the loans, desperate business owners were borrowing blind to

**By July 2020,  
over 80% of  
Miami's small  
businesses had  
received  
PPP relief**

repayment conditions. But in May, Miami-Dade Mayor Carlos Gimenez launched a \$5-million forgivable loan package for small businesses. By July, over 80% of Miami's small businesses had received PPP relief.

#### ■ Regulations

Financial regulations are tight in Florida but as technology becomes more complex and an increasing number of fintech applications emerge, the state is also evolving. A recent "Bitcoin Beach" study by the Center for Technology & Innovation at Tallahassee-based policy watchdog Madison Institute suggested a few minor tweaks to Florida's fintech and money transmission regulations could open Florida up to the massive benefits of the \$100-billion global Bitcoin market.

In 2019, a 13-member Florida Blockchain Task Force was formed to examine the benefits of Blockchain. And in 2020, House Bill 1391, which outlines plans



#### **Debra Tyler**

*President, Professional Practice Group – Bank of OZK*

“ We do our best to be a bridge to other connections for our clients, within Bank OZK and within the business community. We try to understand how each business operates and find solutions to help them grow or improve their efficiency. Many times those solutions are services we offer at Bank OZK, but we also take great pride in connecting our clients to other businesses in the community, and that's what is missing with other banks.

During the pandemic, we've kept our banking offices open during regular business hours, while providing a safe and secure environment for our clients and our bankers. Our clients appreciate knowing that if they had a need, which required a visit to a banking office, they could count on us. ”

**James Davidson**

*Chairman & CEO*  
Coral Gables Trust  
Company



## **What is CGTC's approach to wealth management?**

We founded the Firm to fill the void of a shortage of institutional investment options for smaller portfolios of \$1-5 million. My belief is that those relatively smaller investors should have access to the same world-class managers that larger accounts can access through larger firms. We do not have any proprietary products (such as a mutual fund managed directly by CGTC), but we independently pick the best managers around the world to manage the diversified asset allocations. We also decided to acquire a regulated state trust company license, and operate as a fiduciary, offering asset-based fees and charging no commissions.

At the large national and regional firms, no real local decision-making powers exist, because there are levels of management hierarchy, with the creative senior leadership with decision authority being located in NY or other distant headquarters. If our clients have questions, tough decisions or creative solutions to be crafted, they can meet directly with our senior professionals who collectively have decades of experience and training at the mega firms, and make decisions and provide advice to clients on the spot, rather than days later.

## **What do you think when you look at the stock market's performance?**

I think it is astounding to see how the stock market has done since March 23. There will probably be another round of stimulus, which is a good thing for the current economy and Wall Street is expecting it given today's valuations, but government payments cannot go on forever. The mounting debt is already putting a strain on the U. S. triple-A rating. We are kicking the can down the road to our children and grandchildren to repay the debt. We are lucky that interest rates are so low because otherwise the financial pressure would be horrendous. The problems would be best solved by ending the unnecessary lockdowns, but opening up has become such a damaging contentious, political issue today. ■

for a technology sandbox, was unanimously adopted. Further innovation has been harbored by the passing of House Bill 1393, which exempts developers of new fintech solutions in the state from certain reporting standards to make sure their early-stage products are not jeopardized by the threat of theft from a competitor. The pandemic prompted the Florida Office of Financial Regulation to defer renewal of broker and lender licenses through March, April and May to temporarily alleviate the regulatory burden among financial professionals.

## ■ **Mortgages**

After the financial crash of 2008, mortgage delinquencies come with an inherent suggestion of economic collapse. Across the United States, mortgage delinquencies increased by 213 basis points in June to 3.59%, up from just 1.46% a month earlier. Resolution volume in June of \$172 million was dwarfed by new delinquencies of \$10.8 billion. As the freeze on moratoriums and evictions expires, a host of eviction notices have already been filed with Miami's courts, sparking speculation of an opening of the floodgates.

But for many, the increase in delinquencies will not have quite the same impact as it did in 2008. Firstly, banks are less vulnerable and better capitalized as a result of being much more conservative with lending practices after the Dodd-Frank Act was passed. The Financial Stability Oversight Council and Orderly Liquidation Authority, for example, monitor major financial firms deemed "too big to fail" much more closely. Secondly, home values in major metropolitan areas such as Miami have inflated significantly over the years, leading some to speculate they are overinflated and require correction. Even in May, Miami-Dade's median house prices increased year over year.

Mortgage rates continue to remain at record lows, which is attracting homebuyers. A 30-year fixed-rate mortgage averaged about 3% in the week ended July 30, compared to 3.75% during the same period a year earlier, according to Freddie Mac.

## ■ **Insurance**

If there is one thing the COVID-19 pandemic has taught the world it is to be prepared for the unexpected, and no industry caters to that need more than the insurance industry. As the global population re-evaluates lifestyles, one of the most significant aspects of life to come under the microscope is protection against the unthinkable. Although insurance giant Allianz expects premiums to contract by 3.8% in 2020, it predicts that



from 2021 onward, gains should settle at an average 4.4% per year until 2031.

According to Deloitte, the four primary trends for insurers to follow going forward will be expansion and disruption of services, a focus on preventative and protective policies, significant competition and consolidation and increasing digitalization. Some of these trends can already be seen in South Florida as broker McGriff Insurance Services announced in August it will consolidate operations and expand with new offices in Fort Lauderdale and Weston. In the same month, Coalition, a cyber insurance and security company, gained approval from the Florida Office of Insurance Regulation to sell its product in the market.

#### ■ Looking ahead

The banking and finance industry will change all across the world, not just in Miami. The sector is likely to be caught in some headwinds in the coming months as the country is unlikely to shake off the effects of the COVID-19 pandemic until at least the first half of 2021. While traditional banking institutions have borne one of the heaviest blows from the pandemic, it is unlikely the traditional banking model will continue to proliferate. As

**A 30-year fixed-rate mortgage averaged 3% in the week ended July 30 versus 3.75% a year earlier**

COVID-19 took hold, the need to move toward a more automated, digital space was increasingly evident.

In fact, technology adoption during the pandemic has helped traditional banks close the gap with their fintech cousins, by broadening their digital footprint. Banks have generally been slow to migrate to the digital world, and those that have been ahead of the curve benefited during the pandemic. Still, most traditional bankers believe the future is a hybrid that gives customers the choice between in-person consultation and digital

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## Cressman Bronson

Executive Vice President  
& Regional President for  
South Florida  
PNC Bank



### How is technology being leveraged to improve operations for PNC and for its clients?

We view ourselves as a leading technology financial institution more than a traditional provider of banking services. We have made several large investments in technology. We are now beginning to see this investment pay off. In 2019, as the seventh-largest bank in the country we invested \$2 billion in technology. The top six banks in 2019 invested approximately \$60 billion in total in technology, and in the previous 10 years those same banks invested \$80 billion in total in technology. This gives us an idea of just how much technology has ramped up in the banking industry. We have over 1,100 financial institutions as clients (600 of which are banks) and we process their treasury management and debt capital markets products, so it is important to have those solutions available.

### What are some of the emerging trends for banking?

As an industry, we are seeing many companies sitting on cash rather than borrowing, so utilizations are relatively low. There is a desire to build up liquidity for a worst-case scenario because there is a great deal of uncertainty now. But we are providing a great deal of technology-based solutions, especially in treasury management, particularly for small businesses. This peace of mind allows companies to be more efficient and sophisticated in the way they collect money and send money out, which is really driving a need for technology.

### What is your outlook for PNC?

PNC is going to do very well due to its strong positioning. We will continue to leverage technology, offer competitive solutions and build up our balance sheet. Those institutions that do not have the appropriate capital will find it tougher. There are a lot of question marks, including PPP forgiveness and the need for another stimulus package. There will be turbulent and trying times ahead as we get into 2021. ■

delivery. “Banking remains a business of people serving people, but it is difficult to make that business prosper if you cannot back it up with the right digital support that customers expect. It is a matter of balance between those two key aspects. We are positioned extremely well to take advantage of that balance because we precisely count on both and both are best-in-class,” said Giampaolo Consigliere, Miami market CEO of BBVA.

Jeff Jackson, regional president for Florida at First Horizon Bank, agrees on the need for balance, but told Invest: that it all comes down to people and the different kinds of customers institutions cater to. “We are talking about two different customer sets. I do believe that technology is needed to tend to millennials and the consumer, and we always try for our technology to be at least equal or better than that of our peers. But if you go into commercial and real estate lending, the large customer lending, it goes back to the

“Banking remains a business of people serving people.”

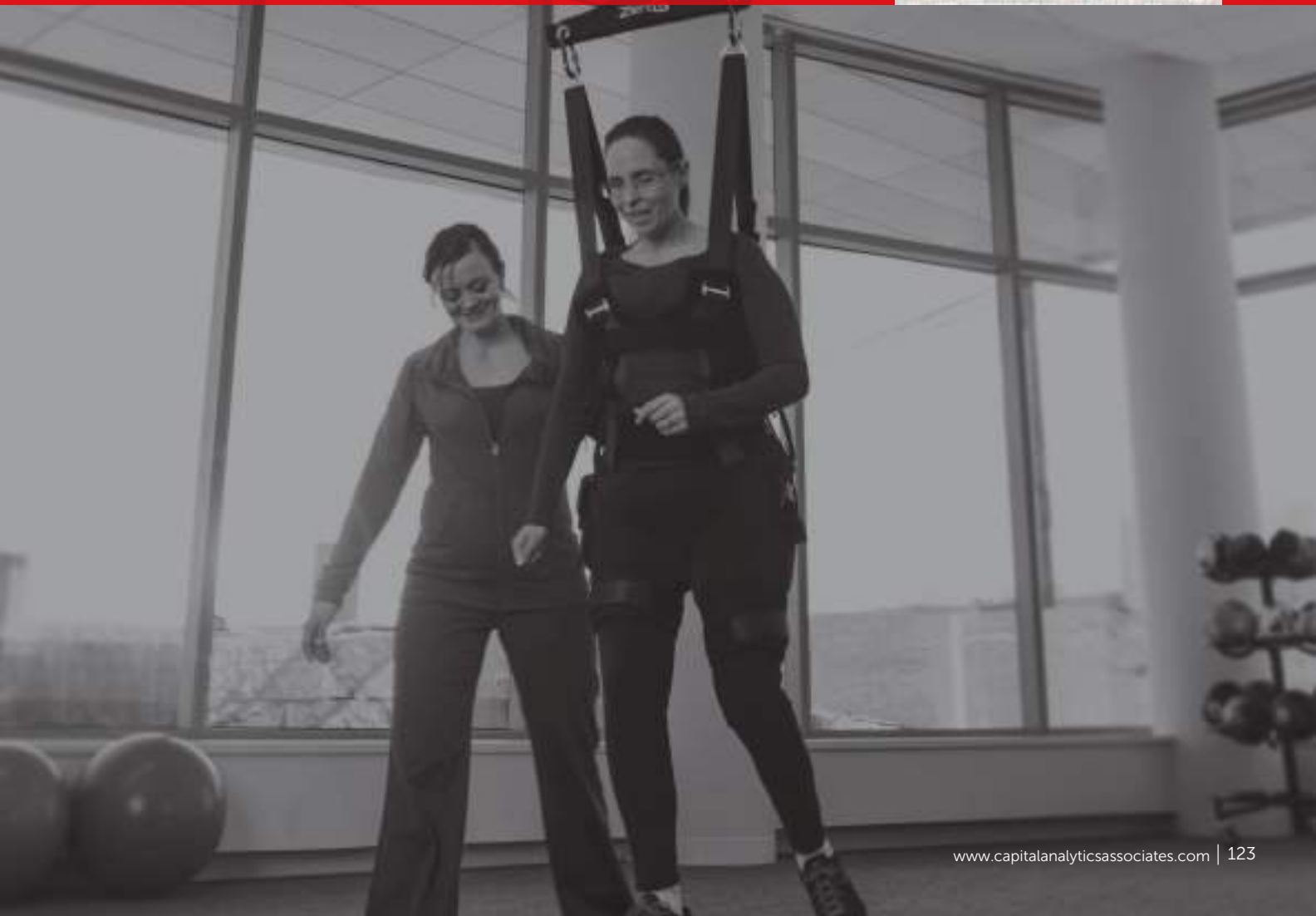
Giampaolo Consigliere  
BBVA Miami

people. Those are personal relationships. And while those companies still use technology, they bank with people, they want to know that they have a team that they can call at any time for a question, someone they can trust with the expertise to help them out. That is not delivered through technology.”

Going forward, experts agree that a collapse like that in 2008 is unlikely to happen, based on high capitalization and strong balance sheets across the sector, alongside conservative lending practices. The migration of financial executives from the Northeast amid the crisis also is helping create a favorable financial hub in South Florida. Another reason why the finance industry is well-positioned is the innovation that exists and the ability of the existing financial hub to find new opportunities, particularly in the fintech space. As a result, greater efficiencies are being derived from the pandemic, with everything from rollouts of banking chatbots and the easing of cross-border financial transactions. ■

# Healthcare:

Miami-Dade's healthcare system wrestled with a clear and present danger as the frontline face of the COVID-19 pandemic. As cases surged, hospital systems across the county were forced to put elective surgeries and procedures on hold as they battled the pandemic, a move that directly impacted bottom lines. As the year progressed, and with a contingency in place, attention turned to the new normal.



# Anatomy of a Pandemic:

## How the COVID-19 outbreak unfolded

The first signs of the COVID-19 pandemic that has engulfed the world emerged in November 2019 in China, and from January 2020 onward, the deadly virus' spread accelerated across Europe and then to the United States. As of late November, nearly 60 million cases had been reported globally, with the U.S. cases alone topping 12 million. The death toll globally was nearly 1.5 million in and the official U.S. toll was nearing 260,000.

### Overview:

Total confirmed cases*:	
World: <b>59,879,877</b>	United States: <b>12,591,165</b>
Total deaths:	
World: <b>1,410,082</b>	United States: <b>259,925</b>

\*Nov. 25, 2020 (Johns Hopkins)

### Timeline of Key Events:

#### 2019

November 17	Chinese government records suggest 55-year-old suspected of being first COVID-19 case.
December 8	A patient in the city of Wuhan sought medical help for pneumonia-like symptoms.
December 29	Four cases identified by local hospitals using a surveillance mechanism for "pneumonia of unknown etiology," all linked to the Huanan Seafood Wholesale Market.
December 31	The WHO China Country Office is informed of cases of pneumonia of unknown etiology detected in Wuhan City. China government timeline shows 27 confirmed cases, government tells people to avoid indoor spaces and gatherings.

#### 2020

January 1	Huanan Market closed due to outbreak of "pneumonia outbreak".
January 3	China officially notifies WHO.
January 13	Thailand reports first confirmed imported case as outbreak spreads beyond China.

January 22	China says virus could mutate. More countries report first cases. WHO holds first meeting to decide whether to declare an international health emergency.
January 21	China confirms two additional deaths. Hong Kong, Taiwan report first cases. <b>Man in Washington state who traveled to Wuhan area becomes first U.S. case.</b>
January 20	China state TV confirms person-to-person transmission; China's CDC categorizes the coronavirus a Class B infectious disease but adopts Class A measures to prevent and control the virus. First case confirmed in South Korea.
January 17	Second death in Wuhan, second case in Thailand.
January 16	Japan reports its first case.
January 14	Wuhan city puts restrictions in place at airports and other entry terminals to screen passengers.

January 23	WHO decides against health emergency declaration.
January 24	Cases rise to 830 in China. First cases reported in France. <b>US reports second case, this time in Chicago.</b>
January 25	First reported death of a medical professional related to treating coronavirus case. <b>US confirms third case, in Orange County, California.</b>
January 26	<b>US confirms cases in Los Angeles and Arizona. All had traveled to Wuhan.</b>
January 27	Virus spreads to more countries, including Germany. <b>US extends screening to 20 airports.</b>
January 28	The United States and Japan become the first countries to evacuate citizens from Wuhan. <b>US Airlines says it will suspend all flights to China from the US.</b>
January 29	More airlines announce suspension of flights to China.

February 6	WHO accelerates research into virus with global meeting. <b>US citizen in Wuhan is first American to die of coronavirus.</b>
February 5	WHO announces \$675 million plan to contain spread of outbreak. CDC begins shipping test kits to US labs. Japan quarantines cruise ship with 4,000 passengers aboard for 14 days after outbreak on ship.
February 3	G7 countries agree on coordinated approach to outbreak.
January 31	Russia, Italy and the UK report first cases. Singapore bans on Chinese visitors and anyone who had visited China in the past 14 days.
January 30	WHO says the coronavirus outbreak is a Public Health Emergency of International Concern. <b>US issues Level 4 advisory for travel to China.</b>

**February 7**  
**President Trump speaks by phone with Chinese President Xi Jinping; US pledges \$100 million to help China, others fight coronavirus.**

**February 8-14**  
 Death toll in rises to 908 to surpasses 2002 SARs outbreak WHO names new disease "coronavirus disease 2019," or COVID-19.

**Trump administration budget proposal slashes funding to WHO. 15 cases in the US.**

**February 15-21**  
 Number of deaths outside China begin to rise WHO says COVID-19 has potential to become a pandemic. Japan says it had entered new phase of outbreak Global death toll tops 2,000. Japan suspends major public gatherings; Italy closes public spaces in 10 towns.

**US announces it will evacuate 400 citizens from Diamond Princess cruise ship. In its updated quarterly guidance, Apple warns it will fall short of revenue expectations, cites production disruption in China. 34 cases in US.**

**February 22-28**  
 Germany says it is at the beginning of an epidemic For the first time, there are more cases outside China than within. Global stock markets nosedive as cases outside China rise.

**DOW Jones posts worst loss in two years President Trump requests \$2.5 billion from Congress to fight outbreak. San Francisco declares state of emergency, first in US (Feb 25). CDC says people should prepare for spread of virus to the US.**

**President Trump names VP Mike Pence to lead COVID-19 response.**

**March 9**  
 Italy locks down nationwide. WHO says China recovery rate over 80%. More countries issue travel bans or require 14-day quarantine for arriving visitors.

**March 8**  
 France bans large gatherings over 1,000 people. **Oregon declares state of emergency.**

**March 7**  
 Kansas, D.C., reports first positive coronavirus case, New York declares state of emergency.

**March 6**  
 Total global cases: 100,000. **Utah, Kentucky declares state of emergency. CDC urges those over 60 years old to stay indoors. SXSW festival becomes first big event in US to cancel due to coronavirus.**

**March 5**  
**Maryland declares state of emergency; first case in New Jersey.**

**March 4**  
**House passes first aid package to fight outbreak, \$8.3 billion (Politico). California declares state of emergency.**

**March 2**  
**US reports 4 more deaths.**

**March 1**  
 Global death toll over 3,000. **Florida declares state of emergency; second US death reported.**

**February 29**  
 First US death; Washington state declares state of emergency.

**March 10**  
 UN in New York, the Vatican close doors to public **Rhode Island declares state of emergency. Coachella music festival postponed. States of emergency in Michigan, Vermont, North Carolina, Massachusetts, Colorado.**

**March 11**  
 WHO declares virus outbreak a pandemic. **NBA suspends season.**

**March 12**  
 School closures expand globally, UN says 20% of worldwide student population out of school. **States of emergency in Montana, New York City, Virginia, Tennessee. Dow, S&P stock indexes suffer word decline since 1987 crash, enter bear market.**

**March 13**  
 Spain declares state of emergency; WHO says Europe is epicenter of pandemic. Denmark, Poland, Czech Republic close borders. **President Trump declares national state of emergency.**

**March 16**  
 More countries close borders, including Spain, France and Germany. **CDC says over 4,000 cases in US. Dow has worst decline in history.**

**March 17**  
 EU closes borders except for essential travel. **Virus spreads to all US states as West Virginia reports first case.**

**April 2**  
 The number of COVID-19 cases worldwide passes the 1 million mark, with more than 50,000 deaths. **Over 90% of Americans are placed under stay at home orders. Weekly US jobless claims climb to 6.6 million in prior week.**

**March 27**  
**President Trump signs CARES Act into law, providing relief to taxpayers impacted by COVID-19, including the Paycheck Protection Program.**

**March 26**  
 A third of global population under restrictions. **US death toll hits 1,000, leads world in number of cases. 3.2 million US jobless claims in previous week. New York City becomes epicenter of US outbreak Senate passes \$2.2 trillion economic stimulus package dubbed the CARES Act.**

**March 25**  
 Spain has second-highest number of deaths UN unveils \$2 billion response plan WHO warns of medical supply shortages.

**March 24**  
 Japan postpones 2020 Summer Olympics. **US activates National Guard in all states.**

**March 23**  
 WHO announces accelerating rate of virus' spread.

**March 19**  
 Italy death toll surpasses China **US issues Do Not Travel advisory, Level 4. California issue stay at home order.**

**March 18**  
**US, Canada suspend non-essential travel between two countries. President Trump signs Families First Coronavirus Response Act into law.**

**Sources:** Thinkglobalhealth.org, South China Morning Post, CNN, Associated Press, Reuters, Politico, The Japan Times, WHO, Johns Hopkins, NHK, Apple Press Release, New England Journal of Medicine, NPR, New York Times



# New normal:

## Dealing with the pandemic was one more challenge for a healthcare industry that is also facing a growing and aging population

Healthcare systems in Miami-Dade faced a harrowing challenge in 2020 from the COVID-19 pandemic. As the frontline responders in the battle against the virus, hospitals were confronted with overcapacity while treating COVID patients and the need to protect those providing the care. At the same time, they were forced to put to elective surgeries and treatments on hold, taking a direct hit on their bottom lines.

Throughout, the other issues that remain a constant in the county, including a growing and aging population, bubbled under the surface. Miami-Dade's estimated population in 2019 was 2.8 million, up 12% from 2010. Density is also increasing, at 1,480 people per square mile compared with 1,315 in 2010. Although the median age in the county was slightly lower than the state average of 41.7 in 2018, coming in at just 39.5, the county is aging, with 2020 estimates coming in at 40.7. An aging and growing population demands greater, more complex healthcare systems. Education and health services are among the biggest employers in the county, with a share of 16% of employment as of 2019.

Despite the overwhelming and unexpected challenges that rose suddenly in March, it was evident as the year lurched toward December that the industry had risen to

the occasion. While the dust had yet to settle, attention was turning to the new normal that will characterize life in a post-pandemic world. Among the key developments that gave rise to optimism was news that a vaccine might be closer to reality than previously thought. In early November, U.S. multinational pharmaceutical Pfizer Inc. and U.S. biotech company Moderna were among the first to report positive results from their respective Phase 3 trials.

### ■ Coronavirus

But the county, along with the rest of the world, was flipped on its head at the beginning of 2020 as the COVID-19 pandemic began to ravage the population. Despite its impact on Asia and Europe, COVID-19 was still considered by authorities as a relatively low risk, even as a state of emergency was declared in several states, including Florida at the beginning of March. By March 16, Miami-Dade and Broward were the two worst-affected counties statewide. On March 27, Miami recorded its first COVID-related death and as of mid-November, about 207,000 cases and 3,731 deaths had been recorded in the county.

As the pandemic spread across Miami-Dade, (■■■)



# Leadership

## Team empowerment becomes crucial when navigating a crisis like the COVID-19 pandemic

### Dr. Dipen Parekh

*Chief Operating Officer – University of Miami Health System*

#### How did you enable success for your operations in the middle of the pandemic?

We've built a great team and we've empowered and listened to them. In a pandemic like this, for which no one has experience, you realize quickly that all of us together are much smarter than each one of us alone. This is the time where you use and leverage your leadership skills and your authority as a leader to formulate and empower your team and listen to your team members because the pandemic has a scale and a magnitude that makes it impossible for just one or two people to lead the effort against it.

If you ask me for one single reason that we were able to navigate this successfully as a health system for this community, it's because we have many components being led by leaders with expertise in their areas. My job was simply to just get all of them together to formulate a great product.

#### How did you adapt during the pandemic?

We essentially ran two parallel hospitals within one hospital. That means we were at an absolute peak for one arm of the hospital, filled with COVID patients, and we still continued with a lot of time-sensitive procedures and provided care in the other one, where the non-COVID patients were. We were so successful that our chief medical officer, Dr. Tanira Ferreira, was invited to present to the New England Journal of Medicine to explain how we were able to accomplish that.

#### What should have we learned as a society in terms of how to educate citizens on their return to normalcy?

As medical professionals and leaders in the city of Miami, we have been very involved in engaging with local and state government leaders, providing public health guidance to assist in the formulation of policy.



The one single message to highlight is to not overreact to anything, neither to positives nor to negatives. That means that if the number of COVID patients goes down, we can't let our guard down. At the same time, if the numbers go up, we don't panic.

The important thing that we should do is to understand what's under our control to navigate this and keep us and our family members safe. It's simple things like social distancing, hand hygiene, wearing a mask. If someone was to ask me one single thing to pick up on, it would be wearing a mask. Also, with flu season upon us, getting a flu shot is extremely critical.

There are also things like getting adequate sleep, exercise, limiting alcohol intake and good, healthy nutrition. These are all very important factors. ■

(■■■) hospitals prepared for the influx of patients. At the beginning of July, Miami's Jackson Memorial Hospital reported that 25% of COVID-19 patients were in ICU beds and at least 56 of the state's intensive care units had reached capacity. Elective surgeries were closed down in an effort to minimize infection risk for vulnerable patients and prioritize urgent COVID cases. Jackson was given an additional 100 nursing staff by the governor's office to cope as 18% of personnel tested positive for COVID. At Jackson, many entering the hospital for other emergency care were testing positive for the virus.

Even the largest hospitals, including Baptist Health, which has six hospitals in Miami-Dade, struggled to cope with the volumes. At the beginning of July, most Baptist hospitals in the county were at capacity, with 618 COVID patients staying overnight in the first week of July, 18% of whom were in ICU. Across Miami-Dade, the first week of July saw 1,748 COVID patients in hospital beds, with 363 in the ICU and 190 on ventilators. But hospital systems reported that in the July surge, many of the patients admitted were younger than those admitted in March, meaning they did not require costly and limited ventilators.

While some healthcare systems were struggling to find staff, others were forced to furlough and lay off staff members. As early as April, 266 hospitals furloughed workers as a result of reduced capacity from no elective surgeries. An unexpected casualty of the lack of elective procedures was the anesthetic business. Sunrise-based Mednax sold its American Anesthesia portfolio to North American Partners in Anesthesia (NAPA) in a \$250-million deal in May.

In May, Mount Sinai Medical Center in Miami Beach



Miami-Dade's top healthcare providers rushed to add beds during the initial COVID-19 onslaught.



### Carlos Martinez

President & CEO – United HomeCare©

“Telehealth is a useful and powerful tool, but there's nothing better than that actual, hands-on, face-to-face interaction between a healthcare professional and a patient. Physicians in the future of healthcare are going to be addressing higher acuity situations, those things that require surgery or a higher level of therapy and choices. Nurse practitioners will be the professionals looking after more of the primary care concerns, such as colds, wounds and such, and at a much lower cost. Nurse practitioners are going to be bringing the hospital to the house, and in the comfort of your home, you can have an IV, receive chemotherapy or dialysis.”



furloughed 775 and permanently laid off 208, saving the system \$11.1 million in payroll expenses for the year. And Jackson Health narrowly resisted budget pressures in April, helped in part by the additional \$1.6 billion in Medicare funding awarded to Florida. The Miami-Dade Commissioners offered the hospital system a \$150-million line of credit in an attempt to prevent job losses. Hospital systems were ultimately able to access federal funding through the CARES Act, advanced Medicare payment and deferred payroll taxes. Baptist Health registered losses of \$555,000 in the first quarter of 2020 ended March 30 because of COVID impacts both on its operations and investment portfolio.

Fortunately, by the middle of the year, with contingencies in place for dealing with pandemic, hospitals were again offering elective procedures. “The pandemic caused significant backlogs of elective surgeries, and now we see an uptick in services. From March to May 2020, if you needed an MRI, a CAT scan, knee surgery, a hip replacement, or any elective surgery, it was delayed because hospitals and physician practices were forced to halt non-emergency procedures to minimize the spread of the disease. However, all of these surgeries still need to get done. In 1Q21, we will see a substantial increase in services,” Rachel Sapoznik, president and CEO of Sapoznik Insurance Associates, told Invest.

Another unforeseen consequence of the pandemic on hospitals was a drop in routine visits, but many health systems were able to negotiate this through the increased use of telemedicine. This mitigated the risk of transmission while also providing patients the routine primary healthcare they needed. Several

companies dealing in e-commerce and telemedicine saw revenues go through the roof and some even launched IPOs on the back of COVID. And there is plenty more opportunity as health systems reach telehealth boundaries and begin to consider enhanced network security and fraud prevention concerns. “Pre-COVID-19, telemedicine penetration was no higher than 5%. Today, it is nearing 30%. Telemedicine is the big winner in this whole COVID-19 landscape as no one wants to be at the doctor’s office at the risk of contagion. By 2022, a sizable portion of our medical visits will be done right at people’s desks,” Sapoznik added.

As the spread of the pandemic heightened in August, Miami used its existing infrastructure to carry out testing on a massive scale. In March, less than two months after playing host to the Super Bowl, the city’s Hard Rock Stadium was turned into a drive-through testing site. After briefly closing due to the disruption caused by Hurricane Isaias in August, the testing facility reopened, adding a lane for antigen testing, the result of which was promised to be processed within 15 minutes.

Pop-up testing sites also began emerging in May through a partnership with Reef Technology and BioReference Laboratories. The first pop-up providing antibody testing was launched at the Miami International Mall. Empty hotels were also used to help prevent the spread of the virus by serving as isolation centers and temporary living quarters for medical professionals.

#### ■ Performance indicators

Miami-Dade is home to some of the state’s biggest and most prestigious healthcare companies and systems, including Baptist Health, Noven Pharmaceutical, (■■■)

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# Regional reach

**Expansion of urgent care centers and a new hospital will provide greater access for patients nearer where they live**



## Carlos Migoya

*President & CEO – Jackson Health System*

we have in Miami-Dade County, people need access to quality healthcare closer to where they work and live, and these urgent care centers provide a good transition place, especially for the younger generation that might not want to wait to see their primary care physician. The other expansion has to do with the population growth in the central part of west Miami-Dade County, where there is definitely a need for a hospital. The nearest hospital is approximately 7.5 miles away, and in that part of the county that distance can take a long time to travel through. We are very proud of the fact that we'll be opening a new hospital in the City of Doral in early 2021, which we are calling Jackson West Medical Center.

### **How is Jackson Health System working to provide affordable healthcare even as rates keep rising?**

Jackson is among the country's lowest-cost providers. Obviously, some procedures are not low cost, but as it relates to specific procedures compared to other systems, we are on the low side, and that is part of our mission. We are not here to make money for our stockholders, we are here to service the community and we work with very low operating margins. That is part of being a public hospital, as well as being a teaching hospital with 1,100 residents and fellows. We are one of the Top 3 teaching hospitals in the country, so we want to see as many patients as possible, providing the experience to those residents from an educational standpoint.

We are also doing a great deal around wellness education for people who don't have insurance, for the lower-income individuals in Miami-Dade County. We have approximately 200,000 people in Miami-Dade below the poverty level and we provide healthcare for them. We work with artificial intelligence on the things that are necessary to predict health trends and what could go wrong with them. ■

### **What are the most in-demand services for Jackson Health System?**

Besides our main transplant and cardiothoracic surgery specialties, our practice in neurosurgery continues to be one of the world's leaders. We have patients coming to Jackson from all over the globe for spinal or brain surgery, which are critical areas for us. Jackson is also home to the world-renowned Ryder Trauma Center, which is the exclusive training facility we do for United States Army forward surgical teams before deployment.

We have two service lines of expansion going on right now. We have built a network of UHealth Jackson Urgent Care centers throughout the county. The five existing centers are all located within a few miles of our hospitals in the event that those patients need to be transferred to a hospital for care. With the transportation issues that



Healthy Start Coalition Miami-Dade provides for universal risk screening of all resident pregnant women and infants to identify those potentially at risk.



**Penny Shaffer**  
*Market President -  
 South Florida  
 Florida Blue*

### **What are the main market trends you are keeping an eye on in 2020?**

One of the most important trends we have identified is the increase in virtual health (telehealth). We were bringing these capabilities into our products last year because of the convenience, accessibility and assistance to productivity.

The take-up rate on this initially was not as high as expected, but now – given the pandemic and the lockdown – as we arrive at a moment when staying at home is very important, this is when this technology becomes really relevant. Telehealth is a safe and efficient way to interact with the system, and there are times when it absolutely makes sense in terms of care. I think one of the biggest drivers to come out of the pandemic is a real step toward change in the adoption and comfort level with virtual health.

### **How do you see the healthcare and insurance landscape shifting in a post-COVID-19 landscape?**

One of the things we talk about is the importance of having access to care. I think this public health crisis will renew the importance of this in people’s minds. In the United States, the majority of that comes with having some kind of healthcare coverage.

Employers will shift their priorities to providing access to care and health insurance as standard, not just as an attraction and retention tool. We must work together as a health care system to focus on the affordability of coverage, as this crisis has emphasized the importance of having a health plan.

It also about weighing the threat. COVID-19, particularly in a state like Florida with the high numbers of cases, was really life threatening. Many people chose to postpone elective procedures, and understandably so. At some point, the threat from COVID-19 will decrease to the point where treatment for another condition will become a priority and other necessary procedures will resume. ■

(■ ■ ■) Cordis, Beckman Coulter, UHealth, Tissue Tech, Novartis Latin America and Medtronic Latin America. Of all Florida counties, Miami-Dade ranks in 61st place for clinical care, 55th in the physical environment ranking and 42nd in the social and economic factors ranking. The county sits at No. 32 in the morbidity ranking, but some promising results were seen in health behaviors, a category in which Miami-Dade ranked fifth statewide and mortality, in which the county was ranked second.

With the largest population of the 67 county health departments, healthcare providers face a challenge in catering to the needs of Miami’s residents, not least due to the shortage of healthcare professionals. Florida’s nurse shortage, which was predicted to cripple the health services by 2025 has only been exacerbated by COVID-19. In 2017, Miami-Dade had 79 primary healthcare providers and 123 non-physician primary care providers per 100,000 of the population.

In 2014, the county of Miami-Dade launched the Healthy People initiative, a series of goals and metrics to aspire to by 2020 for a healthier population. The results were published in 2020 with several metrics reached, while the county failed to obtain others. (■ ■ ■)

# Market voices: Providing healthcare



**Joseph Caruncho**  
CEO  
Genuine Health Group

“ In the short term, I have been impressed with the response by CMS, which runs the Medicare program, in relaxing rules under the emergency situation. On a longer-term basis, this value-based care really was pushed by the Affordable Care Act. That is something we watch very closely because typically speaking, both parties have very different views on healthcare and our model in particular. The election in November means we need to keep our finger on the pulse and monitor any new developments. ”

“ Overall, we saw tremendous growth in Florida. It was driven by a couple of factors. First, the demographic influx toward the Sunshine State. Second, because of the changes in the economy, we have seen tremendous growth in our Medicare product over the last 12 months. In the last five months, the Medicaid population has gone up 10 percent. That is a sizable jump in enrollment over a short period of time. Also, as people look to job opportunities that are not there, they are falling under the scope of Medicare, because of the ability to sign on and apply for Medicaid. ”



**Michael Lawton**  
CEO  
UnitedHealthcare of  
Florida Community &  
State Health Plans



**Steven Marcus**  
President & CEO  
Health Foundation of  
South Florida

“ The Health Foundation of South Florida doesn't have its own agenda, we have a neutral agenda. We have an endowment and we have funds that come from the endowment that we can allocate for special projects. Our goal is to help the people in the community. This help is in the form of keeping people healthy outside of a clinic or doctors office and the actions we take to keep people healthy, whether that is through nutrition, physical activity or even a better understanding of how the healthcare system works. ”

“ Foundational to the Truli model is a high-performance network of physicians identified using Florida Blue's advanced analytics. These are providers which met certain clinical and economic indicators that align to our mission-driven goal of offering more sustainably affordable coverage. This approach of developing a curated network of physicians and hospitals is more commonly used by large employers that self-fund their health insurance coverage. Truli for Health brings this concept to market for smaller, local employers. ”



**Andy Marino**  
President  
Truli for Health

(\*\*\*). Most health indicators related to cancer were reached, with the exception of targeted maximum incidence of cervical cancer. The obesity target was reached but 33.5% of adults remain sedentary, over the 32.6% goal. Preventable disease targets for stroke, blood pressure and cholesterol were all missed, as were immunization goals. Miami-Dade did not obtain any of its health insurance goals. The county's target for adults with a source of healthcare was missed by 25.6 percentage points, at just 63.8%, as was the aim of providing 100% of adults with health insurance access, coming in at just 76.6%. Ninety-three percent of children in the county have health insurance.

As the county falls short in some metrics, there are business opportunities to be found. The growing demand for healthcare is the driver behind the expansion of the hospital network. In July, owners of the Seasons Gardens Assisted Living Facility filed paperwork with the county to expand the facility to 80,504 square feet with 136 rooms containing 260 beds, a considerable upgrade on the 96 rooms with 180 beds currently in place. And in June, Baptist Health continued expanding its footprint in Florida with the construction of a new medical office building next to Boca Raton Regional.

#### ■ Health insurance

Miami-Dade's Healthy People goals were ambitious, aiming to have 100% of the population insured by 2020. The county fell short of all these goals, including the target of having 89.4% of adults with a usual source of healthcare, with the number coming in at just 63.8%. In 2019, it was found that the city of Miami has the fourth-highest uninsured population of large cities in



## Perspective: Managed care

### ■ Alejandro Romillo

*President & CEO – Health Choice Network*

Because we are managed in Miami-Dade County, we have a great opportunity to recruit managed care talent. We look at states like New Mexico, Iowa and Utah, where managed care is just starting its penetration, and we've been doing that since the 1980s. Miami is known for "Miami Vice" but we're also known for healthcare. Additionally, being in Miami-Dade County, even if our costs are higher than in other states that we work in, we are paying for the value of the expertise our professionals deliver. ■

23,000 median monthly Medicaid enrollments per 100,000 of the population. Medicare spending totaled \$13,762 per enrollee in the county. Almost 50% of Miami-Dade residents reported they had only private health insurance, while 29.7% had public health insurance.

It is highly likely that the proportion of those with private health insurance dropped in the first half of 2020 as layoffs and furloughs became increasingly common and the number of company-provided health insurance policies decreased. Florida's largest insurers have added offerings and adjusted policies to adapt to the new reality. As a result, short-term health insurance is becoming extremely popular. These policies work as a 60- or 90-day bridge for people between jobs. But another benefit provided by the policies is affordability. A report by eHealthInsurance showed that 27% of customers bought short-term insurance because of its affordability compared with other health insurance plans.

## Banyan Health Systems

our South Florida Community Health Centers

Banyan Health System's mission is to provide all people with integrated, quality and compassionate primary and behavioral care, in order to live their best lives and build stronger communities.



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**Michael Bell**  
CEO  
Hialeah Hospital



### **What problems arise from being in a dense urban area with transportation challenges?**

It is difficult to get in and out of this part of the metropolitan area. I do think that emphasizes the need for community hospitals like Hialeah Hospital, because we provide access to many services in a difficult to access area. It is dense here, hard to move around, and even if there are other ERs within five miles, the amount of time it takes to transport and get to those ERs puts people's lives at risk due to poor access. I have a responsibility to continue to develop and enhance the services we provide, to make sure the people of our community have that ease of access to high-quality care close to home.

### **What are your plans for expansion?**

Our plans for future expansion include enhancing the diagnostics capabilities of the hospital. This will ensure that folks in our community have appropriate access to getting an early diagnosis and treatment plan, and then we want to be able to provide access to a higher level of care within our system.

Hialeah Hospital, for example, doesn't have an interventional cardiac program, like two of our sister facilities do. We do a lot of medical cardiology, which is diagnosing and then connecting to other facilities that offer those more complex cardiac intervention.

### **How is the hospital approaching medical technology developments?**

Telehealth comes to mind. The pandemic has required rapid expansion of telehealth in our community. Providers and patients both have embraced the technology, and we need to embrace it as well. It's exciting to think that for our senior population, we can deliver care where they live, perform diagnostics and make sure we minimize their transport to reduce their risk of exposure. That barrier has been overcome, and our physicians are more comfortable with using telehealth. As a result, we will be able to see patients earlier, and when people actually come to the hospital, it will be because they need acute care. ■



The many colleges and universities located in Miami-Dade supply a steady flow of healthcare professionals to the region.

After 90 days, short-term health insurance is generally subject to a tax penalty under the Affordable Care Act (ACA), with a few notable exceptions, including hardship exemptions. As the November 2020 presidential elections approached, the future of ACA once again hung in the balance, but with Democrat Party candidate Joe Biden winning the vote, the balance is likely to have swung back in favor of the act, originally crafted under the administration of President Barack Obama and then Vice President Biden. Since the ACA was implemented 10 years ago, key health metrics, including smoking rates, level of depression and general feeling of well-being, improved. Since 2012, Florida's uninsured rate has consistently declined, from 21.5% to 12.5% in 2016. The act, often referred to as Obamacare, has been criticized for putting additional stress on a healthcare system that is already stretched. Critics also maintain that the ACA makes it a punishable offense to not have a medical insurance policy, rather than providing a system of universal healthcare.

Nonetheless, as the COVID-19 pandemic rages on,



the ACA and its accompanying Medicaid expansion provision could be saving the lives of millions of Americans. Among the 36 states and Washington, D.C., that have so far expanded Medicare, a further 12.7 million people have gained access to health services. In a 2019 study, Medicaid was linked to 19,200 fewer deaths among low-income adults. A recent ballot in Florida for the expansion of Medicaid was delayed to the 2022 ballot and in January, democratic legislators introduced bills in the House and the Senate for a statewide vote on Medicaid expansion. Critics believe this effort will likely fail in the legislature.

For the insurance industry, there are other factors in play besides COVID, as health institutes also look to change the way they approach patients and billing. One approach is called capitation, which is a plan that pays a physician or other medical provider like a clinic a set monthly fee for each patient covered. “The United States is trying to move the healthcare system toward capitation, and Miami, specifically, has been a leader in that type of model for a very long time. Some of the successes we’ve had are from working with some of the most advanced, capitated providers, that are performing better in serving clients, like Humana, United, and the other national insurers. Many of these providers have also transacted with private equity firms which has facilitated their continued growth,” said Marc Cabrera, co-head of healthcare and investment banking at Oppenheimer & Co, South Florida. “Miami is certainly at the forefront of the national migration from the legacy fee-for-service model to models where providers are paid continuously based upon the population they are responsible for.”

Cabrera adds that the COVID-19 pandemic shone a bright light on the discrepancies between the traditional fee-for-service model versus capitation. Medical providers like dentists that were declared non-essential and which were adhering to fee-for-service plans saw a decrease in revenue because the number of patients they saw declined. Those receiving capitated payments did well because the payments were guaranteed regardless of the number of patients who came through the door. “Because these practices only receive revenue when they see a patient, many have watched their revenue decline to near zero,” Cabrera said. “The provider businesses that we advise that receive capitated payments have done incredibly well through this period, because they continue to receive their revenue. In some cases, these same providers have even benefited from lower expenses because of actions like furloughing front office staff.”

Also on the docket is consolidation within the (■■■)



Vincent  
**Carrodegua**  
*CEO & President*  
Banyan Health Systems

### **What is a key factor that makes Banyan Health Systems stand out?**

I have been working with Banyan for 30 years in many different roles. On my first day as CEO, I was able to hit the ground running because I was already working for the health system in other capacities and we had some ambitious plans already in place, including our seven-year strategic plan. The health center began as a small federally funded substance abuse rehabilitation center. We then merged with a mental health organization before pivoting to primary care. We are now a large, private nonprofit offering integrated care, which is one of our largest accomplishments. We are servicing clients not only from a primary health perspective but also from a behavioral health perspective in a comprehensive system. We are guided by a team of physicians and medical professionals and are able to integrate primary care with behavioral health disciplines. This is our marquis difference from other behavioral health organizations. The media has done a great job of bringing mental health to the forefront of our consciousness. But it is difficult to measure outcomes in behavioural care – in some cases the outcome is managing that patient away from a crisis for the rest of their life. Many of the public health organizations in South Florida lack the strategic advantage we have in our integrated care.

### **How is Banyan providing affordable care?**

On the residential and CSU side, we have had facilities for 50 years. Although we are about to embark on a significant capital investment plan, we own the majority of our facilities and we carry very little debt. Our company runs very efficiently so we do not have that cost to carry the facility. Secondly, we are a community health center. Our practitioners are trained to manage all of the ailments of patients and clients. We do refer out to surgeons and specialists but for the most part we are able to retain the patients within our system. That is a different business model from most other agencies and that is a big advantage for us. ■

# Patients first

**Focus on patients and families plays a major role in decision-making during times of crisis**



## Matthew Love

*President & CEO – Nicklaus Children's Health System*

MIS-C. We created the first and I think the only MIS-C unit in the region within our intensive care unit. That was really in response to the medical need to treat these patients separately. We had special equipment, special training. It was a really great opportunity for us to respond to that need for the community.

Then, of course, there was telehealth, which really accelerated across the industry. It became critical to be able to provide care for those children with chronic diseases who couldn't make it to the hospital. We see a lot of patients with chronic diseases on a repeat basis. We were able to ramp up telehealth services within a week or two. We increased from just a handful to now having over 350 telehealth visits per day. I think the sky's the limit in terms of what's available through telehealth. I do think that there was an adaptation required on the part of providers and patients because there was some hesitancy at the start. Some patients, in particular, really love to come and talk to their health provider in person, and there is a role for in-person as well as telehealth. But I think patients and families are finding it more convenient to be able to conduct appointments by telehealth and the outcomes are good.

### **What were the strategies implemented by the hospital to push through the pandemic?**

Even before the pandemic, the organization was focused on putting patients and families first and this objective played a major role in guiding our decision-making throughout these ambiguous times. This strategic thinking has enabled us to continue delivering amazing patient care while responding nimbly to external factors affecting our operations.

First, regardless of external closures, all critical care services that we offer remained open. Communication among care teams was essential to adapt to changing guidance from the CDC and ensure we provide the best care possible to those we serve.

A secondary disease as a result of COVID also emerged called multi-inflammatory syndrome in children, or

### **What is the hospital working on in terms of wellness and preventative health?**

We have some specific initiatives around wellness, particularly as it relates to prevention. We focus a lot on prevention of sports injuries among children and teens to keep them active and in the game. We also have a broad school-health program. We provide nurses in more than 70 underserved county schools, which has helped to reduce the absentee rate. These nurses can consult with advanced clinicians by telehealth when needed to help get kids healthy again, before they become way too sick. The pandemic has only accelerated our focus in terms of wellness. ■



(... ) sector. In August, giants Aon and Willis Towers Watson, the second- and third-biggest insurance brokers globally by revenue, announced they had approved their merger, which is expected to gain regulatory approval early in 2021. The all-stock deal is valued at \$30 billion and the new company will be called Aon. “What we are seeing in our space, at a more macro level, are some very large mergers and acquisitions among some of our competitors. Those are things we are keeping an eye on, especially the merger between AON and Willis, two of the largest agencies in the world, as well as the recently announced merger between the two largest wholesale agencies in the world, Ryan Specialty Group and All Risks.” said Douglas Jones, managing partner at JAG Insurance Group.

### ■ Community and public health

Miami-Dade is a reasonably fit community, with 95.2% of people reporting they have access to exercise opportunities, one of the highest penetrations statewide. As a result, adult obesity prevalence is on the lower end of the state average, at 21.2%, compared with 39.6% in Liberty County. Adult smoking rates are also low, at just 13.5%. The county has low incidence of diabetes, at just 7.9% compared with 16.9% in Gadsden County. Miami-Dade also has one of the lowest rates of motor vehicle crash deaths and alcohol impaired crash deaths in the state.

In 2018, each mental health provider in Miami-Dade saw on average 701 patients, which is a greater number than neighboring Broward and Monroe counties but much less than Collier County at 1,080. Mental health

**Study links  
Medicaid to  
19,200 fewer  
deaths among  
low-income  
adults**

outcomes have generally been improving in recent years due to policy changes, including increased funding in schools for mental health services. In Florida in January, Senate and House budget proposals upped this funding from \$75 million to \$100 million. In 2019, the state leased the South Florida Evaluation and Treatment Center to the county for 99 years at a cost of \$1 per year to build the \$22 million Miami Center for Mental Health and Recovery.

Several financial assistance and community health initiatives are in place for Miami-Dade’s residents through the Jackson Health System and Baptist. At Jackson, the Public Health Trust, set up in 1973 by the County Commissioners, uses a team of volunteers to pinpoint and address community health needs. Joint planning is then carried out by Jackson Health System, the University of Miami Miller School of Medicine and Miami-Dade County, among others. Baptist Health



**Chris O'Brien**

CEO – Biorasi

“ One of the things I was really proud of during the COVID crisis was that one of our complex treatment studies was pivoted from care in the clinic to care at home. That was complicated on many levels. There is a logistics component in getting those qualified people into the patients’ homes and then there is the reporting element because when a switch like this is made, it has to be consistent with FDA guidelines for Good Clinical Practice to ensure the data is auditable. In many cases, we were virtualizing the site. Instead of people visiting clinics and gathering data, we were able to do this remotely. This cuts out travel, keeps people safer and leads to more accurate data because there is no longer the risk of human transcription or upload error. ”



## Luke Preczewski

Vice President – Miami Transplant Institute at Jackson Health System

“ Our tremendous growth has really placed a burden on intensive care beds, and so we spoke to the health system’s leadership about that, and they quickly assembled the funding to expand. We are on track to open new state-of-the-art intensive care unit (ICU) floors on top of an existing part of Jackson Memorial Hospital’s Ira C. Clark Diagnostic Treatment Center. Early next year, we are going to get another 54 intensive care beds, and there’s also shelled space to add more beds beyond that. There’s an understanding that we want to continue to find ways to grow and help even more people, and the health system is right there to do what it takes to make that happen. In my career working in transplant centers around the country, I’ve never felt more supported by an organization and a community than I do here. ”

provides grants totaling \$390 million in charity care and community benefit initiatives.

### ■ Research and technology

Miami-Dade’s top-class medical and educational institutions have attracted healthcare companies big and small to create an innovation hub. Some of the names include CROs Biorasi, Evolution Research Group, Immunosite Technologies, genetics company Igenomix, medical technology company InSightec and biotech company BioSpace. Miami Orthopedics and Sports Medicine Institute draws residents from around the country for its fellowship program at the BioSkills Lab.

Among the leading new attractions for healthcare businesses in the region is the University of Miami’s Life Science Park, which has proven to be a huge draw for major companies such as Beckman Coulter, BD Biosciences, Cordis (a Johnson & Johnson Company) and Merck. Located in the Miami’s Health District, the park includes the University of Miami Miller School of Medicine, six hospitals and a variety of specialty care centers. When completed, the Life Science Park will cover 2 million square feet.

### ■ Looking ahead

As the world began to detangle itself from COVID and progress was made toward the development of a vaccine, the world was conscious about living with the new normal. For the healthcare sector, this involves increased hygiene procedures, more automated services and a wider scope for telemedicine services. Hospitals are becoming increasingly involved in procurement, with Baptist even acquiring a minority stake in face mask producer Prestige Ameritech. But despite increased demand for healthcare services, business models may have to be changed forever, with capitation among the leading contenders.

But there is opportunity in adversity. Miami’s businesses and institutions have stepped up to support the healthcare industry. St Thomas University in Miami Gardens launched the Center for Pandemic, Disaster and Quarantine Research to track emerging pandemics. Heiley’s Dollar Store on Flagler signed on as a U-Haul neighborhood dealer to move supplies and security company G4S is hiring more than 400 people across South Florida. There is room for growth in the healthcare sector and auxiliary services for those who are able to adapt to find it. ■

“ The provider businesses that we advise that receive capitated payments have done incredibly well. ”

Marc Cabrera  
Oppenheimer & Co, South Florida

# Education:

Miami's educational offer for both the higher education and K-12 segments was enjoying increased demand and recognition prior to the pandemic. After pivoting in the face of the virus, the sector has absorbed the lessons learned and is working to fill the cracks exposed in the region's educational model to become virus-resilient and sustainable for the future.





# Ready to return:

## COVID-19 provided a launching pad for innovation and disruptive education practices

Alongside tourism and healthcare, the education sector felt the full force of the COVID-19 pandemic in 2020. In many ways, the pandemic was a watershed moment that forced a revolutionary change in the sector, as schools at all levels raced to adopt technology and pivot to an online environment. In March, when the pandemic broke across the country, many wondered if students would even finish the year.

By September, it became apparent that institutions had learned important lessons from the initial outbreak. They had started redefining the role of online learning while expanding their private sector partnerships to train the workforce of tomorrow. Surprisingly, many also saw an increase in enrollment.

### ■ Landscape

Miami-Dade is home to over 250,000 students attending public and private colleges and universities, many in the city of Miami itself, making it one of the country's largest college towns. On the public side of the university divide are institutions like Florida International University (FIU), one of the fastest-growing state universities, and Miami Dade College,

which has the largest undergraduate enrollment of any college or university in the United States.

The private university system is led by the University of Miami. Located in Coral Gables, University of Miami is a major research university, with 11 schools and colleges and more than 180 majors and programs. Barry University and St. Thomas University are among the four faith-based institutions in the region while Florida Memorial University is the only Historically Black College or University.

When businesses and individuals look at relocating, education at the K-12 level is a vital element in their choice, and Miami-Dade offers a K-12 education system that is enjoying nationwide acclaim. Miami-Dade County Public Schools is the fourth-largest public school system in the United States, with more than 350,000 students in classes each year. The school district is a winner of the Broad Prize for Urban Education related to raising student achievement.

But the overarching mark on the 2020 landscape was left by COVID-19. The outbreak of the pandemic was not the first time educational institutions had faced a crisis, but the nature of this particular crisis served to highlight the sector's deficiencies like no other. Many (■ ■ ■)

# A 'better normal'

Using every tool possible will help usher in a 'better normal' not dependant on a binary choice

**Dr. Julio Frenk**

*President – University of Miami*

**How is the University of Miami positioned in terms of growth?**

The university has been in an upward trajectory. We are experiencing continuous double-digit growth in the number of applications. For 2020 alone, we received more than 40,000 applications, which is unprecedented in my tenure as president since 2015. This gains an added level of significance when we consider that for the United States, the college-age population has peaked from a demographic point of view. In several parts of the country, there is a decline in the number of college applications directly related to this phenomenon. Not only have we kept our ground, but we are experiencing fast-paced growth. That is a testament to how attractive our university is. Our research productivity witnessed record years in terms of the number of grants we were obtaining. This record performance included the medical field, reaching tremendous milestones such as the Sylvester Comprehensive Cancer Center becoming the second National Cancer Institute (NCI) designated in the state. Financially, the university had a couple of rough years on the U-health side. But we did a complete turnaround, witnessing two of the most solid years in 2018-19 from a financial point of view.

**How are you planning to remain competitive amid a plethora of new online learning options?**

We decided to not let the future shape us but to shape it ourselves. This means being one step ahead by making investments in some of these new technologies and embracing the idea of a fully hybrid or blended model. The new normal should be a better normal. The latter includes blending all the tools in our toolkit and separating ourselves from a binary in-person or online choice. This is going to enhance our competitive position. The other aspect is to reach out actively to the private sector, trying to understand the needs at



the leadership level of the workforce to see how we can bring education to the workplace. We need to equip professionals through the entire arc of leadership. When people are young, they are future, promising leaders. Once they graduate, they become emerging leaders with different needs. As they move up the corporate echelon, there may be some aspects of the climb for which their education did not prepare them.

**What are the University of Miami's priorities for 2021?**

A modified version of our strategic plan will consider the impact, threats and opportunities posed by the pandemic. The Roadmap to Our New Century lays the groundwork for our vision of the university's centennial, which we will celebrate in 2025. It boils down to providing something of value to our society. ■

# Q&A

Dr. Jaffus **Hardrick**

*President*

Florida Memorial  
University



## **What steps have been taken to help evolve and grow the university and its offerings?**

My position is that in higher education if you're not innovating then you're dying. I have been with the university for two years. When I came on board, the university was experiencing significant challenges with enrollment, funding, leadership, branding, to name a few. Unfortunately, these issues were leading to the demise of the institution. I can confidently say that within the two years that I've been here, we have experienced some really great success. We are working to rebrand the university, we have hired a new vice president to lead our enrollment management and implement best-in-class practices to grow our enrollment and we have implemented some new academic programs at the university. These include new certificate and professional workforce development programs for those individuals who are not interested in sitting in a classroom for four years trying to get a degree but rather need immediate skills that they can put to work to earn an income for their families. We are really trying to ramp up and align with national, progressive universities.

## **What will be the great challenges for higher education in a post-pandemic landscape?**

When you think of the aftermath, you are talking about millions who have lost jobs and are dealing with stressful situations caused by the pandemic, which in turn is going to cause a great deal of emotional distress. This is only going to be compounded for those individuals who were dealing with stressful emotional and social issues prior to the pandemic. Moving forward, our universities are going to have to deal with this from an economic and emotional standpoint. Even on a shoestring budget, we have to continue to answer how we are going to keep these students in schools and how we will keep them focused on completing their education because stopping now is not going to be the answer, especially in this tight job market. ■

(■■■) were ill-equipped, or not equipped at all, to pivot to an online environment as students were sent home amid distancing and shelter in place orders starting in March.

Those that already had a stable presence online fared much better than those that had little or a negligible presence. Many of the latter were forced to quickly adapt, and to their credit, colleges and universities reported mostly seamless transitions, thanks to the technology advances already in place. As schools solidified their offerings, it is apparent that online learning will likely become the norm in a post-COVID world.

The impact from the pandemic also went beyond students and faculty. Universities often function like a small city, including their own contingent of police forces, power plants, sports facilities, even operating hospitals in some cases, as highlighted in a March report



28.8% of Miami-Dade residents have a degree or higher.





## Joanne Li

Dean – Florida International University – College of Business

“The market right now is very confused and students are not equipped to differentiate one college from another. People do not understand the fact that we are essentially trying to build a car while we are driving but we want to take our students with us. It is the job of the college to make the student jump into the cutting-edge learning we are embarking on. As a dean, the most concerning issue is the lack of motivation from home, and for undergraduates it is particularly difficult. Going forward, we are also concerned about the mental toll on our students and we want to help them retain that structure.”



**28% of  
Miami's  
population  
holds a  
bachelor's  
degree  
or higher**

from McKinsey & Company, titled, “Coronavirus and the campus: How can US higher education organize to respond?” The impact from such disruptions reaches well beyond the classroom as these institutions act as a driving force for local employment, as well as their local and regional economies. One example is Johnson & Wales University. The institute announced the closure of its North Miami campus after nearly three decades of providing the city with a culinary school and other hospitality programs.

Beyond the education system itself, there were concerns in 2020 related to federal government efforts to limit student visas to foreign students, particularly those from several Middle Eastern, Asian and African countries. The restrictions, implemented by U.S. Immigration and Customs Enforcement (ICE), include shortening the length of stay for foreign students to four years as well as restrictions to extension requests. (■ ■ ■)

## University of Miami

**Leaders from the University of Miami discuss how their schools are bridging learning gaps, and what the future landscape could look like for higher education**



**Henri Ford, M.D.**  
*Dean & Chief Academic Officer*  
University of Miami Leonard  
M. Miller School of Medicine



**Rebecca MacMillan Fox**  
*Dean*  
University of Miami  
Division of Continuing and  
International Education

### **What major gaps within medical education have you uncovered and how are you addressing them?**

One of the areas is the concept of interprofessional education. We have been implementing it for quite some time. Within the first two weeks of indoctrination, the introduction to the medical profession is designed to make the student recognize that medicine is a team sport. You have to be able to function comfortably with the nurses, pharmacists, dieticians, other healthcare professionals, the people cleaning the room. When we start thinking about the healthcare delivery team, it is made up of everybody who impacts the outcome for the patient, directly or indirectly. We introduced that concept fairly early. COVID-19 has preempted our ability to launch the full curriculum we envision but the vision includes clinics, whether in Overtown or Little Haiti or Liberty City, with a combination of nursing students, pharmacy students, physical therapy students, social work students and law students embedded in those areas to be able to completely address the concerns or clinical manifestation of diseases.

### **How are higher education institutions tackling the challenges resulting from the pandemic?**

Clearly, the pandemic presented some challenges for us but we were nimble enough to be able to convert to online education at a heightened pace and without hesitation. Because we believe in small-group learning, we had a platform that enabled us to maintain that practice. Now that we have had several months of experience and time to prepare ourselves, we are able to resume clinical experiences for our third and fourth-year students. ■

### **Why is it important to have access to options like the Division of Continuing and International Education?**

Universities have a responsibility to resonate with their location, to give back to the communities in which they live. Their effect on the economy is sizable. We also have a responsibility to ensure that our impact goes well beyond economic metrics. It requires paying attention to the workforce, the needs of the community and the different populations within it to be reflective of ongoing national developments. Divisions of continuing education are the future of higher education. We are the place where there is some nimbleness. We are entrepreneurial, innovative, and highly responsive to trends, the national landscape, and local needs. We amplify, diversify, and make relevant much of the education going on within the closed space of the University, and we make it open.

### **What are your top priorities for 2021?**

When we transitioned 100% of our programs to virtual learning, several of our programs, including those that serve international students, were able to expand into new markets. Our Summer Scholars Program was able to enroll well over twice what we thought we would be able to. At the Division, our main priority for 2021 is to find ways to leverage technology and innovation to better support our students. We want to increase our use of digital e-portfolios and badges that demonstrate specific competencies to potential employers and create a learning environment using an LMS (Learning Management System) capable of taking on an exponential number of students for us to have a more significant impact. ■



**John Quelch**  
*Dean*  
 University of Miami Herbert  
 Business School



**Anthony Varona**  
*Dean & M. Minnette Massey*  
*Professor of Law*  
 University of Miami School of  
 Law

#### **How have the school's priorities shifted after the virus?**

The area where we are having to do the most reinvention is non-degree executive education. We had approximately \$1 million worth in contracts that had to be postponed. We are exploring how to move from a 100% face-to-face delivery proposition to a value-added proposition that includes a more blended solution, often with modular engagement. We are breaking programs into bite-sized learning modules that can be delivered virtually over a week, a month or a couple of months. Regarding our graduate and undergraduate programs, the challenge as we move into the next semester is to figure out how to best leverage our physical space on campus to maximize the percentage of course delivery that can be face-to-face. We hope to deliver a hybrid solution, balancing face-to-face and online modalities, dividing classes into subgroups to insure physical distancing. We have not seen reductions in applications; in fact, at the graduate level, we have seen a strong uptick, particularly in applications to our online and full time MBA programs.

#### **What will higher education's recovery look like?**

Overall, I expect many colleges and smaller universities to be financially challenged and forced to merge or go out of business. To navigate the current challenges, any university needs to see a high level of community commitment from students, faculty and staff. All of us are going to have to wear masks, follow physical distancing guidelines, be disciplined and set a good example. We are confident that the strength of the University of Miami community is such that people will endure personal inconvenience for the common good. ■

#### **What is the next "hot issue" that the law and law schools are keeping an eye on?**

Civil litigation is still going to be a strong area for the coming decades. Also, bankruptcy and corporate law, such as mergers and acquisitions, which move with the economic tides. Technology and intellectual property are both very prominent in Florida, and frankly across the world.

Particularly in Florida, environmental law is going to be a growing practice area over the next decade. COVID-19 has certainly shown us that public health law is a very important area.

#### **What will the future of higher education look like after the pandemic passes?**

I don't think we'll be going back to where we were in March of this year. COVID-19 changed the world permanently, in some ways, I hope, for the better. Legal education over the last four months has observed how well law can be taught online, if the faculty member leverages all of the resources of online platforms in a pedagogically sound and enriching way. Many of my colleagues have done just that. I've heard students say that they were very pleasantly surprised about how well things went in a variety of courses.

Also, once COVID-19 hit, a lot of courts started conducting hearings and even trials over online platforms. Lawyers are already doing the lawyering that they were used to doing in brick-and-mortar, physical courtrooms, on online platforms. Now, the challenge is how we build on what went well during this forced migration, and how to hold onto that. ■

# Work ready

**Experiential learning is at the forefront of preparing students to enter a demanding workforce**



## Mike Allen

*President – Barry University*

### **How is Barry preparing students to enter a more demanding workforce?**

One of the things that we really try to emphasize here is experiential learning. We have a program called SMIF, the Student Managed Investment Fund, which is a group of students, led by one of our faculty members, that invests a portion of the university's endowment. They invest almost a million dollars of our endowment every year, working alongside our investment committee and our board of trustees, as well as our professional advisers. Their earnings have mirrored or have been better than our professional advisers and this year we allocated them another \$100,000 because it fits our needs in every way possible.

### **What are Barry University's top near-term priorities?**

Since the spring, our top priority has been our ongoing response to the global health crisis, with a continued focus on taking deliberate, thoughtful and proactive measures to ensure quality academic instruction for all our students and promote health and well-being in our community. In a broader sense, if there is one area that's really driven my time, energy and priorities, it's our external presence as a university. This is a really impressive university in terms of our faculty, what we teach, how we teach it and the quality of experience that our students have, but not nearly enough people know about us, about how special this place is. We have 65,000 living alumni, and they are not nearly as connected to the university as we would like them to be. Another aspect of that is our role in South Florida. Barry University is a really important part of the South Florida community. The educational institutions are pivotal to South Florida's economy and to its families. We are working hard to increase our visibility in the South Florida community. ■

### **How is Barry University positioned in South Florida?**

One of the big misperceptions about Barry University and other schools like Barry, particularly in South Florida, is who we serve. People tend to think that, because we are a private institution, our students tend to be very well off financially. Certainly, some of them are, but by and large, we serve some of the most financially disadvantaged students in South Florida. They are talented and prepared, eager to learn and bright students, but they don't always have the financial means to fund college for themselves. We've become very affordable as an institution. One of the most irrelevant figures out there these days is the sticker price of admission. One hundred percent of our students get some degree of financial aid. In fact, a heavy majority of our students receive a discount on their tuition.



Miami Dade College, Florida International University, and The University of Miami are integrating technology into their master's programs to develop the next crop of business professionals.

(•••) In terms of performance, 29% of the population in Miami holds a high school diploma or GED, while 28% have a bachelor's or higher, both roughly in line with the state of Florida averages. Of the degrees obtained, 27% were from business programs, according to the TownCharts website.

Diversity and inclusion also held a prominent place in the spotlight in 2020, and data show that schools in the region still have work to do to close the gap. Of those who attained a bachelor's or higher, almost 31% were white, compared to 13% Black. Asians accounted for 62%, according to TownCharts data. The breakdown among males and females was almost equal, showing the gender gap, at least, was closing. "Diversity has been one of the key drivers for us," said Johanna Mikkola, co-founder of Wyncode Academy. "We are working over the next four years to get to gender parity across all our programs. When we started two years ago, 24% to 31% of our full-time students were women. Since then, that number has increased to 60%. We are big advocates of building a diverse ecosystem, not only in gender but in background. I think for South Florida to have a competitive advantage in attracting and retaining the best talent, diversity will be one of the biggest factors."

### ■ Higher education

Miami's metropolitan area hosts 59 colleges, universities, and technical or vocational schools. According to the U.S. Census, 26% of residents aged 25 or higher have completed at least a bachelor's degree in Miami-Dade. The region's educational offer includes specialized career training and certificate programs in the arts, sciences, technology and healthcare. The offer includes five online colleges offering degree and career programs.

Miami's Florida International University is the largest public university in the state, and there are four faith-based institutions: Barry University, St. Thomas, Trinity International University and Florida Memorial University. The University of Miami is the leading private university, serving 15,000 students.

Ranked by 2019 fall enrollment, the state's Top 3 higher education institutions are Miami Dade College, with 58,661 students, Florida International University a close second with 58,206 students and Broward College third with 49,731.

To deal with the complications of being barred from in-class courses, some universities are thinking outside the box and going the extra mile to consolidate their own online brand. The Crummer Graduate

## Sylvester Comprehensive Cancer Center received a record \$126 million donation in 2020

School of Business at Rollins College, based in Central Florida, now provides opportunities for interactions with local and national business executives, among other networking opportunities, to make the most of their online experience. Tech companies are also capitalizing on the challenging environment, such as Honorlock. The Boca Raton-based provider of remote test proctoring partnered with the University of Florida to administer spring midterms and exams to more than 63,000 enrolled students.

Despite the challenging times, the sector was not without positive developments in 2020. Among the highlights was the record \$126-million donation to Sylvester Comprehensive Cancer Center at the University of Miami Leonard M. Miller School of Medicine for cancer research. The gift was an anonymous bequest. Florida Atlantic University also received a school-record donation of \$20 million to create an institute dedicated to the Holocaust and Jewish studies. The Mitchell Wolfson Sr. Foundation also donated \$13.2 million to expand Miami Dade College's engineering and hospitality programs. Both are made up of programs that unlock some of the fastest-growing careers in Miami-Dade County, despite the latter being hard hit by the pandemic, according to an article in the South Florida Business Journal.

### ■ Workforce preparation

As technological innovation cycles shorten, a myriad of new job opportunities are emerging. Digitalization, data mining and data analytics, artificial intelligence and machine learning, self-driving, electric and hydrogen-powered vehicles are but a few of groundbreaking developments that are reshaping the talent needs of companies.

To ensure the business community gets the pipeline



More than half of Miami-Dade residents with a bachelor's degree pursue another form of higher education.

of talent it requires, private enterprises and local governments are turning increasingly to academia for partnerships to train the professionals of tomorrow. One example that emerged out of the pandemic is FIU's partnership with the City of North Miami and CareerSource to train full-fledged COVID-19 contact tracers. According to a workforce estimator dashboard from George Washington University, Miami-Dade County alone required at least 15,000 contact tracers for their efforts to be effective.

Miami Dade College is another example. It provides its students access to MDC WORKS, the college's next generation career studio equipped with all the latest resources to act as a launching pad for its students' careers. The platform includes professional development workshops, employer information sessions, networking opportunities, virtual hiring events, resume writing, interview preparation, and access to close to 2,000 jobs and internships.

Miami-Dade's array of growing industries also require trained and skilled professionals that do not necessarily go through the traditional higher education channels. These professions include construction, trade and logistics. Miami is host to a



**Art Keiser**  
*Chancellor & CEO*  
Keiser University

wide selection of prestigious technical institutions, such as South Florida Institute of Technology, Florida Education Institute, the Apex Training Center, Wyncode Academy, Goldcoast Schools, Healing Hands Institute, SFTEC Automotive Training, 1st Contractors School, Antigua College International, Metropolitan Trucking & Technical Institute and ABC Bartending School, to name a few. “One of our greatest successes has been the development of Wyntalent,” said Wyncode’s Mikkola. “We started realizing that some of the people in our own network were ideal candidates for some of the most in-demand positions. Our goal at Wyntalent is to be the source for vetted technology talent in Florida. We work in staff augmentation or as a recruiter for third parties. Unlike a typical recruiter, we select targeted candidates, which brings a lot more value to those companies. This now constitutes a third of our business and it benefits both our graduates and our third-party clients.”

Highlighting the importance of these positions in the emerging workforce, the state of Florida awarded a \$5 million grant to Broward College in 2018 to provide apprenticeship training in trades including HVAC installation and maintenance, plumbing, welding and pipe fitting.

### **How has online education served as a growth catalyst for the university?**

As early as 1998, we signed an agreement with e-college, one of the early online learning platforms and started doing full-time online programs. Since 2013, every class is required to have an online learning backbone. On March 13, 2020, when we were no longer able to operate in-class, the transition to online was a fairly easy process because all of our 125 courses have an online shell. We were able to drop the classroom right into the online shell of the teacher. Within two days, everybody was online. Within a week, we were training all the faculty on the nuances of our Blackboard system.

### **What underlying opportunities has the pandemic presented for higher education institutes?**

The use of virtual simulation is definitely among them. We have had to acquire several virtual simulation applications that we otherwise would not have purchased were it not for the lockdown. Laboratory experiences in particular were going to suffer from studying remotely and virtual simulations are at a stage where they provide a viable alternative. Although still in its early stages, artificial intelligence and adaptive learning are also on the verge of revolutionizing higher education. We are way ahead of most of the traditional higher education institutions in providing the technology by using simulations and virtual reality-type activities. With tuition costs continuing to rise, we are in a unique position. The vast majority of our degree programs lead to a highly focused career.

### **How does Keiser benefit South Florida?**

There is a real shortage in nursing personnel and Keiser University has the ability to provide students a nursing education either at a two-year, four-year, master’s or doctorate level. Students can go to work pretty quickly after graduating. We are right in the sweet spot of where higher education is going. ■



**Joan Phillips**

Dean – Andreas School of Business at Barry University

“ We have always worked to ensure that our courses are in line with the needs of the local community and business marketplace. Our work with the Beacon Council has helped significantly in that area. For example, data analytics is becoming increasingly important. We recognized the need, adjusted our curriculum accordingly and we now offer an undergraduate minor in that field. The other area is wealth management and banking and we are exploring some additional opportunities in that area. We are in constant dialogue with the local business community to keep our curriculum current so as to prepare our students for the opportunities and challenges the business leaders must address in the future. ”

■ **K-12**

A quality education system is vital to a region’s growth, and that starts at the K-12 level. In Miami-Dade, the public school system has worked to improve its standing across a number of segments. Its success became evident at the end of 2019 when Miami-Dade County Public Schools was awarded an A by the Florida Department of Education’s rating system. During the 2017-18 school year, South Florida district’s graduation rate reached 85.4 percent, the highest in the district’s track record. Since 2009, the district has showcased steady growth in graduation rates among Black and Hispanic students, students with disabilities and English learners.

As schools across Miami-Dade continued to reel from the ripple effects of COVID-19, their reopening has been the subject of contention between the local government and concerned parents and teachers, going as far as a lawsuit from the Florida Teachers Union against Gov. Ron DeSantis on the basis of a reckless and unsafe approach. By Aug. 3, however, the Florida Department of Education approved school reopening plans for 27 K-12 districts, including Miami-Dade, Martin, Okeechobee and St. Lucie counties.

The district also put in a place its K12 Platform to provide distance learning while schools were closed to physical classes. The platform introduced an interactive curriculum, which Miami-Dade Superintendent Alberto

Carvalho called a one-stop-shop for learning. The district provided students with mobile devices and internet access. It also distributed 90,000 laptops, and was acquiring an additional 25,000 laptops and 5,000 hotspots.

■ **Looking ahead**

Miami-Dade’s solid higher education segment and K-12 base rose to the occasion to meet the challenges posed by COVID-19. While online education has been a learning curve for many institutions, parents, students and government alike, the county is tackling the moment head on, determined to add value through the use of new technologies such as AI, machine learning and virtual reality.

How the education landscape shapes up in 2021 remains uncertain, but the sector’s institutions at all levels are pressing forward with fresh plans and strategies to meet the new normal, whatever form it takes. “Wyncode has been operating our classes fully remotely since March and it has been hugely successful. We have more students today than before and graduation rates and hiring remain super high. While we are fully remote for the time being, we have a good roadmap based on the experience of schools we have communicated with in China for a reopening from COVID-19. We expect that in 2021, it will be the student’s choice whether to come in or remain remote,” said Mikkola. ■

“ We expect that in 2021, it will be the student’s choice whether to come in or remain remote. ”

Johanna Mikkola  
Wyncode Academy



# Tourism, Arts & Culture:

The devastating hit from COVID-19 on Miami-Dade's tourism and hospitality sector called for swift and definitive action. Financial aid, technology and business re-engineering were but a few of the tools used to soften the blow. Going forward, the county's resilience and strong market fundamentals will help weather the storm.





# Ready to return:

## Innovation and an outside-the-box mindset are the industry's bedrocks for recovery

Miami is a bona fide international and national tourist destination but even this behemoth of the tourism industry was not immune to the impact of COVID-19 in 2020. Lockdowns and remote working took a heavy toll on the operations of airlines, hotels, travel agencies, local tourist attractions and business tourism throughout the year. The potential arrival of a vaccine as early as the end of the year, is the beacon for recovery but it will still take a while to return to pre-pandemic figures.

The story of the pandemic and the blow suffered by tourism-related businesses is glaringly obvious in the numbers: a 60.5% drop in statewide visitors in Q2 alone, amounting to 20 million fewer visitors from April to June 2020 over the previous year. That halted a nine-year run of consecutive gains in tourist numbers. In July, just 400,000 passengers passed through Miami International Airport (MIA), according to a CBSMiami report. In July 2019, the figure was 4 million en route to a record 45 million passengers for the year. From restaurants to hotels, the story was the same.

While all stakeholders of the tourism and hospitality industries had all hands on deck to tackle the devastating effects of the pandemic and navigate the

downturn, the federal, state and local governments also proved up to the task by enacting and deploying a variety of instruments to provide stronger footing for businesses to come out on top of the pandemic. Chief among the efforts was the Small Business Administration's \$659 billion Paycheck Protection Program (PPP) loans, part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The National Bureau of Economic Research estimates it increased business survival rates by 14 to 30%.

### ■ Landscape

According to Miami-Dade County's official website, the greater Miami area welcomed 24.3 million visitors in 2019, representing a 4.6% increase compared to 2018. It also saw a record 15.9 million hotel room nights. On the employment front, travel and tourism fueled a record-breaking 146,700 jobs.

As the host of the Super Bowl LIV in February 2020, Miami also benefited from a \$572-million economic stimulus for Miami and the tri-county area. According to results released by the Miami Super Bowl Host Committee, \$275 million was spent to produce the event, creating 4,600 annual equivalent jobs and \$34 (■■■)

# Re-imagined

**Bigger and improved Convention Center set to foster greater economic impact**

## Freddie Peterson

*General Manager – Miami Beach Convention Center*

### **What is the main contribution of the Miami Beach Convention Center to Miami-Dade County**

We emerged from construction with a \$620-million re-imagined convention center that was brought online after a number of years under development and construction. We were looking to capitalize on our revamped capacity to build up a pipeline of close to 50 different types of events. Convention centers are places that foster meetings, live events and business development. Convention centers are traditionally built to be economic drivers.

### **What were the primary improvements of your construction and renovation efforts?**

We grew to about 1.4 million square feet of space, approximately 500,000 square feet of exhibition hall space, 800 roof deck parking spaces, 84 meeting rooms and five ballrooms. Our 60,000-square-foot ballroom is the largest in South Florida. Everything is customizable, we basically give our clients the canvas and they paint upon it. Our biggest selling point is the flexibility of our 84 meeting rooms, which can be provided as singles, doubles or triples. Our Ballroom spaces are also sub-dividable, as well as the exhibition hall floor. It is one of the most technologically advanced convention centers in the world.

### **How has the Convention Center navigated the ripple effects of the pandemic?**

Telecommuting is moving people to work twice as hard. It accelerated a significant portion of our marketing and sales efforts. It has positively cornered us to think unconventionally when it comes to the selling, marketing and hosting of events. We have doubled down on that end. Over the course of 11 business days, our MBCC sales team along with assistance from the Greater Miami Convention and Visitors Bureau did over



1,000 outreach calls in the marketplace to introduce, reintroduce, explore and create awareness around our event-hosting capacity.

### **How has the pandemic unveiled opportunity to consolidate Miami Beach as a sustainable destination?**

The city of Miami Beach has taken a strong stance regarding resilience, investing mightily in that, whether it is through critical infrastructure improvements to deal with any type of storm overflow, recycling initiatives and reducing the use of plastic. There is also a bevy of different programs that the city has launched in conjunction with the hospitality community as part of that effort. The LEED Silver certification achieved by the MBCC exemplifies Miami Beach's commitment to sustainability efforts. ■

# Deeply involved

**Association advocates at all levels to cultivate awareness of the opportunities in the tourism and hospitality industry**



## Wendy **Kallergis**

*President & CEO – Greater Miami & the Beaches Hotel Association*

COVID-19, we have been involved with advocacy on a federal level as well.

### **What is your view of the home-sharing industry’s penetration of the hospitality sector in Miami- Dade?**

We have seen some great innovative home-sharing options in the industry. As long as the short-term rentals are legal and adhering to regulations required of the hotel industry, we welcome them. When the home-sharing industry has the same type of guidelines that the hotel industry has, it will become a great opportunity for the entire hospitality industry in Miami-Dade County.

### **How is the association helping in the recovery efforts of the local hospitality industry?**

We have helped put together two funds in support of unemployed hotel employees. The first is a partnership with Miami Dade College funded by a \$3 million grant from Miami-Dade County from their CARES Act funds to provide a \$1,000 stipend to individual hotel employees. This will cover up to 2,500 employees and when they enroll, they will receive a two-day virtual training course on career building and other options that the college can provide for training and employment outside of hospitality. There is also the second round of the Food Network & Cooking Channel South Beach Wine & Food Festival (SOBEWFF) fund that now includes hotel restaurant employees.

The GMBHA continues to play a very significant role in the recovery of the hospitality industry in Miami- Dade. We are in discussions with the GMCVB, Miami Beach Convention Center, Miami International Airport, and the Port of Miami to help market our destination and promote our hotels as a fun safe and healthy destination. ■

### **What is the association’s role in helping to cultivate and grow the local hospitality industry?**

Over the last 10 years, our mission statement has stayed true as has our role to educate and advocate in the best interest of our industry while promoting Miami as a great destination. In the last year, we have remained very involved in education and advocacy, working closely with our local schools, especially at the high school level, so that these students can be introduced to everything that hospitality entails. We want to show that hospitality encompasses travel and tourism to finance, real estate, technology, sustainability, design, and architecture. Our advocacy efforts have also evolved to include not only local advocacy but also state advocacy, and with the ongoing situation with



## Felix Brambilla

CEO & Founder – Overseas Leisure Group

“ Miami-Dade to the world and probably to a large part of the United States is South Beach. This is a fantastic location for a certain type of experience but it is such a small part of the county. Miamians have often taken the simple route of embracing that minimized image but we have diverse suburbs, the Everglades, the Florida Keys, culture and arts. We all have to change our attitude toward the county. The challenge is to present the place differently and this has to be done on the level of the whole population. ”

(... million in state and local tax revenues. The momentum from the event was expected to filter through the tourism and hospitality industry and carry the region to another record year.

In March, however, the pandemic hit, permanently altering the industry.

According to an April 2020 report published by Wallethub, the Sunshine State's tourism industry was the sixth-most impacted by the pandemic in the

United States, only behind Hawaii, Montana, Nevada, Vermont and Massachusetts. StratoDem, a hyper-local market intelligence and forecasting firm, estimates South Florida collectively lost \$35 billion in economic activity during 2Q20, shrinking GDP by more than 35% in Miami-Dade, Broward and Palm Beach. For Miami-Dade alone, losses amounted to \$16 billion. About 3,000 South Florida businesses either temporarily or permanently closed after the onset of the pandemic, as



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## Perspectives: Safe stays

### Daniela Caro

*General Manager – The Bentley Hotel South Beach*

The future of hospitality passes through the fact that everybody is so acquainted with technology that we'll get to a point that we'll do everything through it. It's going to be more comfortable for our guests. When it comes to millennials, for example, they have a tendency of not wanting to be assisted or served; they'd rather handle the experience themselves. With new hardware and software, the guest can decide if they want to be tended to or not. ■

### Jose Miguel Batista De Pool

*Hospitality General Manager – Miami Downtown Area – YVE Hotel*

The only way for this industry to survive during this time is through flexibility. Flexibility toward our customers, in our offers and policies. Our free-cancellation policy is part of trying to be attractive to those people who still need to travel for work. We want to let you know that if you book with us, and for some reason your flight is canceled or your trip got postponed or COVID cases rise, you don't have to worry about your reservation. ■

### Scott Geraghty

*COO – Faena Hotels and Resorts*

As we plan for the return of corporate group business, we will be doing the same kind of sanitizing over large public spaces and providing individually packaged amenities so our guests can't be exposed to possible contamination. Relative to distance, where you used to shoehorn people around a dining room table, you'll see more groups of six and eight people at previously 12-people tables. There won't be such a push for density anymore. Many of these things are with us to stay. ■

### Mohan Koka

*General Manager – Kimpton Surfcomber Hotel*

Our DAYLIFE program has certainly evolved with the current climate. For example, all yoga classes now take place outside, providing participating guests with more space. We are taking a much more selective approach and we're no longer offering activities that cannot be completed in accordance with the necessary health and safety protocols. But it is important to keep our guests entertained and having fun, so we are offering as many activities as possible. ■



Oleta River State Park is Florida's largest urban park, encompassing 1,043 acres around Biscayne Bay.

highlighted in a Yelp Q2 2020 report, with restaurants and retail stores suffering the highest number of closures. Nearly 750,000 unemployment claims were submitted by Miami-Dade, Broward and Palm Beach County residents between March 7 and July 18, 2020.

Prime tourism destinations within Miami-Dade, such as Miami Beach, were among those that felt the pain. As early as March 26, 2020, the City Commission's Finance Committee Chair estimated it was losing \$3.6 million in city revenues. As the pandemic took hold nationwide, three major South Florida events were canceled: Ultra Music Festival, Calle Ocho Festival and eMerge Americas. Event operators and hospitality stakeholders continue to reengineer their business models to mitigate losses and capitalize on alternate revenue streams. Event management company Hxecute, for instance, was determined and nimble enough to provide its usual logistics services to set up COVID-19 testing stations and drive throughs for companies such as MedRite Urgent Care.

Preparing a travel and industry comeback requires a boost in consumer confidence. While the world waited for a commercially viable and effective COVID-19 vaccine and treatment, which could become widely available as early as the first quarter of 2021 given positive trial results for a number of vaccine candidates,



**Raul Pino**  
*General Manager*  
Holiday Inn Port of  
Miami - Downtown

hotels, restaurants and other related businesses took action to provide guests and travelers a sense of security and confidence that everything was being done to protect them from contagion. Cleanliness and hygiene gained heightened relevance in the context of the pandemic, with the implementation of strict and new sanitary risk-mitigation protocols, including safe distancing measures.

As the industry pivoted to the new normal, digital and virtual platforms played an important role in the recovery efforts, as showcased by the Greater Miami Convention & Visitors Bureau's Virtual Miami. Through the use of live webcams and virtual tours, website visitors were able to take part in a first-hand experience of Miami's world-class museums, culture, attractions, national parks and beaches. The platform even featured underwater webcams to explore Miami's Coral City and Gulf Stream Exhibit. Miami Carnival, one of the most anticipated annual Caribbean Carnivals, usually attracts close to 75,000 attendees. For the first time in 35 years, the Oct. 8 to Oct. 11 event went virtual.

Despite the dire scenario imposed by the pandemic, some hotel and tourism projects remained bullish on the industry's recovery, and stuck to their respective schedules. 19th Street Capital, an affiliate of Baywood Hotels, was awarded a \$14-million loan from Popular

### **How are you working to rebuild consumer confidence?**

We have experienced an increased customer scrutiny as to what is being done to provide the safest and most sanitized facilities. Our national brand has worked favorably for our business because we work closely with the American Hotel & Lodging Association to implement protocols together with its partners. Those national relationships have been quite helpful in rolling out enhanced sanitation standards that have been well-received and appreciated by our customers.

### **How does the Holiday Inn maintain customer relationships in the digital age?**

We find that the consumer is highly reliant, if not more reliant than ever, on online reviews. If you do not manage your online content and your numbers are not competitive in the digital world, then you are absolutely leaving money on the table. For us, it is critical to understand that you communicate your intent to learn from these ratings, to extend a gracious apology and do better. That is why it is critical for us to provide a response to every feedback received. We respond to every single one of them. We are ramping up our technology component in partnership with a national brand. There are specific target dates for wireless check-in, so everyone can do it from an app. We are very much in that transition process.

### **How would you characterize Holiday Inn's future conventions?**

Because of our proximity to the Port of Miami, we cater much more to the leisure customer. Notwithstanding, in a recent meeting, we had an opportunity to see the newly refurbished Miami Beach Convention Center. There is a conference in preparation that is poised to be held live, in-person and scheduled for April 2021. They do anticipate a hybrid modality, with a large stream with some Zoom participants and socially distant participants in the actual meeting space. ■

Bank, gaining the go-ahead for a six-story, 135-room hotel at 10234 N.W. 19th St. in Doral. The owners of Fontainebleau Miami Beach are zeroing in on an adjacent parking lot to erect a seven-story, 31,500-square-foot building to gain extra ballroom, meeting room and parking spaces. High-speed commuter train Brightline is in talks with Miami-Dade officials to build five new train stations in the county to service the Northeast Corridor of the county’s Strategic Miami Area Rapid Transit (SMART) Plan. Brightline is expected to inject \$75 million into the project while the county is committing \$350 million. The five stations are planned to become operational no later than two years after the final deal is struck.

Finally, the Miami Beach Historic Preservation Board is assessing a SHVO proposal to renovate three 80-year-old Art Deco Hotels — the Raleigh Hotel, Richmond Hotel and South Seas Hotel — located at Collins Avenue in Miami Beach. The project includes the development of an 18-story residential tower with 96 units and three rooftop pools.

**Hotel performance**

Hotels were on the sour end of the pandemic from the outset. According to Worker Adjustment and Retraining Notification Act notices, South Florida’s hospitality and food services showed more than 9,000 layoffs or furloughs in March 2020 alone, amounting to 73% of all job eliminations statewide. The 10 largest sources of job losses since March 15, 2020, include five hotel groups, two automotive groups, an airport concessions company, the Hooters restaurant chain and La Caretta Restaurant Group.

From March until June, hotels were only allowed



Miami-Dade County is home to many live music, film, dance and theater festivals.



**Guy Forchion**

*Executive Director – Virginia Key Beach Park Trust*

“ I believe Miami will come back strong. We were able to accommodate two out of three of our summer camps for the early part of the summer. The large, open public spaces we have on Historic Virginia Key Beach Park will be a big part of the comeback; people have been stuck inside for so long and they now want to interact outdoors. We have been a space to physically recreate but now virtual tours are part of what we do. I think the public will have to increase its usage of virtual platforms such as Zoom, Facebook, etc. for at least the next few years. Some of us are seeing each other more now that we are using virtual meeting technology. ”



to take in essential lodgers: first responders, medical personnel and people unable to stay in their homes due to force majeure events. Eric Sutton, spokesman for the American Hotel & Lodging Association, reported in April that there were 1,043 hotels in Florida contributing to those efforts, 104 of which were located in the Miami area and 23 in Fort Lauderdale. Hotels had also been used as temporary isolation facilities. On July 17, then Miami-Dade Mayor Carlos Gimenez announced the county, in partnership with the state of Florida, had added 400 rooms to its hotel isolation program in an effort to protect multigenerational families from the spread of COVID-19.

Good news finally came when Miami-Dade County officials agreed on a June 1, 2020, reopening date for both hotels and beaches after three gruelling months of dwindling business and working to design, implement and improve on CDC-mandated safety protocols. But the roller coaster of closures, openings and re-closures continued throughout 2019 as COVID-19 cases continued to spike across the country and in Miami-Dade.

According to a Miami-Dade county study released in November, hotels and restaurants in the region had lost \$3.36 billion because of COVID-19. The study, conducted by Florida International University's FIU Chaplin School of Hospitality & Tourism Management, alongside the Greater Miami Convention and Visitors Bureau, said the impact from March until the end of August included "revenue losses, supply chain and business expenditures, operating expenses and the ripple effect of furloughed workers not spending on the local economy." Direct losses to hotels totaled \$1.3 billion while restaurants lost \$742 million in direct revenue shortfalls. Both figures were compared to the same period in 2019.

The study also laid bare the impact on workers in the industry. In January, employment in the hospitality industry was up 2.4% over the year before. Employment dropped a whopping 45.4% in April, while improving to 23.7% in August.

To counter the pandemic and reassure wary guests, hotels promoted cleanliness while also pivoting to other areas for business. JW Marriott Turnberry Resort & Spa in Aventura, for example, turned its attention away from absent group and corporate travelers and toward "staycationers" and in-state travellers. It also implemented new signage, Plexiglas barriers, social distancing, and capped capacity at 50% while implementing strict health and safety protocols.

The Canopy by Hilton West Palm Beach Downtown Hotel saw a similar development. What was supposed to be a ribbon-cutting grand opening on May 21, 2020,



**Dan McDermott**  
*General Manager*  
Pullman Airport Hotel

## **How is Miami's hospitality industry positioned for a recovery?**

As a consumer, I'm desperate to get on a plane and travel but we need some security first. I feel leisure travel will recover first, necessary business travel will resume shortly thereafter, and the convention trade will come back last. I especially believe there are huge amounts of pent-up demand among the older generation. As soon as the opportunity presents itself for them to travel, cruise lines in particular will be extremely busy. I believe the recovery depends on a couple of things. Miami will always be a great, unique and vibrant destination. Miami is so open to so many people. Due to the building surge in the last few years, I believe the hospitality industry in Miami is oversupplied relative to the demand. We have new hotels still under construction, which, due to financial obligations, need to be completed and opened. Miami has the resources and infrastructure to bounce back but the question is whether we'll have the business to fill the hotels. Margins are very small and the industry cannot survive on 50% occupancy. For the Pullman, the question is: Can we take advantage of our base crew business and hold onto our higher rates when the recovery begins?

## **What is your outlook for the hotel industry going into 2021?**

We will be stable for 2021 because of the type of contract we have. If there is any real recovery in Miami for hotels, it will be in the fourth quarter of 2021. I don't believe there is a typical season coming for 2021. The Boat Show has already been canceled and the Miami Open will continue with very limited attendance. This could be used as an opportunity for owners to review long-term plans, whether it be renovations or expansions if they have the capital available. One of my biggest fears is in the coming years, we are staring down a very empty talent pipeline that will become an issue in the medium term when everything ramps up again. ■

## Yoldeen Saintfort

General Manager

Hampton Inn & Suites

Miami Midtown



### How has your Midtown location helped the hotel to attract new guests?

Prior to COVID, our location in Midtown had been a goldmine for attracting visitors outside of Miami and bringing in locals. Being right in the outskirts of Downtown Miami, we are only a short drive away from most major attractions in Miami-Dade. The popularity of what Miami is and what it has to offer is a huge draw for the hotel. When it's snowing in other areas, we are still sunny and shining. Our city is a place where people want to be, especially because of our beaches and different options of entertainment.

### Through all of the challenges, how do you keep your staff engaged?

Throughout the pandemic everyone, even our management team, had to take on extra responsibilities like manning the front desk, doing laundry and even serving breakfast. You have to continuously encourage your team through a situation like this. Even before COVID, I would empower our team members and make sure they were happy at the end of day. Now in the pandemic, we are doing the same exact thing. We can't afford our staff to lose hope or be depressed. We have to always lead with a smile so our team members know it's going to be okay at the end of the day, which then translates to the guests.

### How have you seen the demographics of your guests change over the last year?

We have always had a mix of demographics frequenting our hotel. We normally have locals and business travelers, but we also have international guests from Latin America and Europe. We aren't seeing the international travelers now but we are seeing a large influx of domestic and local travelers. We also had a lot of first responders, especially at the beginning of the pandemic as we gave out rooms to some of the doctors who were working the frontline against COVID. ■

started with a stark two rooms booked on the first weekend. As bookings started to pick up to reach 50% occupancy by late June, the bulk of those reservations were made by neighbouring-county Floridians, making "staycationers" the lion's share of the Canopy's clients. Coral Gables' 245-room Thesis Hotel doubled down on students with the goal of achieving 40% occupancy considering the University of Miami is located right across the street.

The two-decade-old Miami Beach tourism landmark Loews Miami Beach was due for a \$50-million renovation to accompany South Beach's rebirth as a major tourist attraction. The property has swiftly accommodated new safety and well-being protocols together into the renovation project.

**Miami International Airport posted an 87.2% drop in international arrivals from March to August**

### ■ Miami International Airport

As a gateway to Latin America, the Caribbean and Florida's landmark destinations, Miami International Airport tackled the pandemic head on. Capitalizing on new technological developments, MIA deployed QueueAnalyzer, the latest innovation in passenger flow management. Integrated into the airport's mobile app, to allow passengers to use real-time information on wait times to avoid long queues and exposure to the virus.

MIA's technological penchant has also improved the screening process with the installation of seven state-of-the-art computed tomography (CT) scanners at six Transportation Security Administration (TSA) checkpoints. By doing so, passengers will no longer need to remove their electronic devices from their luggage. By Aug. 11, MIA welcomed the good news that 16 airlines had been cleared to provide air services to locals and internationals as international flying restrictions continued to be lifted, prompting the beginning of an airline travel recovery.

Throughout the pandemic, however, South Florida's



busiest local airlines, American Airlines, JetBlue and Spirit Airlines, which recorded 29.98 million, 9.66 million and 8.03 million passengers in June 2019, respectively, had to scale down their operations to survive the crisis. The FIU study showed that, despite improved conditions as the year wore on, MIA posted an 87.2% reduction in international arrivals from March to August and a 71.8% drop in domestic arrivals compared to the prior year.

### ■ Cruise industry

Among the hardest-hit segments across the tourism landscape was the cruise industry, which was forced to navigate its most complex storm yet with the COVID-19 outbreak. As Caribbean countries implemented strict travel restrictions as early as March 4, Carnival Cruise Line was forced to rearrange the itineraries of two of its ships, Carnival Horizon and Carnival Freedom. Both skipped Jamaica and the Cayman Islands, lacking assurances that the ships could dock there, before the industry was shut down altogether.

In parallel, Princess Cruises faced a negligence suit to the tune of \$1 million, filed by two Broward residents under the premise of initiating a voyage with



The tourism industry is Miami-Dade's largest employment sector.



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COVID-19 positive passengers onboard. To top it all off, South Florida-based cruise companies Carnival Corp, Royal Caribbean Cruises and Norwegian Cruise Lines Holdings were hit with four-year lows in their respective stock prices, with an average 38% drop. By April 2020, Royal Caribbean Cruise lines, which employs close to 5,000 people, announced 26% of its workforce would be either laid off or furloughed.

As cruise ships became a focal point of the pandemic, with ships anchored offshore as various countries imposed a weeks-long quarantine before passengers could come ashore, the U.S. Centers for Disease Control and Prevention (CDC) imposed a No Sail Order, effectively grounding the industry. The order expired at the end of October, providing relief to the sector. But in mid-November, a chorus of U.S. lawmakers called for the agency to reinstate the order after seven passengers and a crew member tested positive for COVID-19 aboard a Caribbean cruise.

Although the once bustling cruise industry, which supports more than 421,000 American jobs and injects \$53 billion per year to the U.S. economy, according to the Cruise Line Industry Association, was forced to hit the pause button as the pandemic unfolded, it is far

from taking its last gasp. In fact, Carnival Cruise Line is preparing its most ambitious project yet: Mardi Gras. The new ship under construction in Finland will be the largest ever owned by the group. With a weight of 180,000 tons and boasting a 6,600-passenger capacity, the ship is scheduled to debut by February 2021. It will host the first-ever at-sea rollercoaster, the Bolt: Ultimate Sea Coaster.

**Arts and culture**

Arts and culture also suffered from the pandemic. The Miami Beach Convention Center, the Greater Fort Lauderdale/Broward County Convention Center and the Diplomat Beach Resort alone represent a total meeting space for 1,490,500 visitors. This capacity plummeted as COVID-19 made its presence felt. In April 2020, the Miami-Dade County Department of Cultural Affairs published the result of a nonprofit arts and cultural organization’s survey to illustrate the virus’ impact: \$5.7 million in revenue losses for cultural facility and arts venues closures; \$14.8 million in revenue losses from the cancellation of events and programs; \$2.3 million in COVID-19 emergency-related expenses and a total financial



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## COVID-19 resulted in a financial impact of \$73.8 million on the arts and culture community

impact of \$22.8 million and 1,700 total jobs affected. In August, Miami-Dade County said in a press release that the total financial impact from the pandemic on the cultural and arts community was \$73.8 million.

Miami-Dade County has close to 44,000 arts and culture workers who have little to no economic cushion and struggle to find income lifelines. Household organizations such as the Frost Museum of Science, the Adrienne Arsht Center for the Performing Arts, the Perez Art Museum Miami and Miami City Ballet have been left reeling from multimillion-dollar losses as their doors remain shuttered while shows and fundraising events were canceled or postponed. Virtual programming is now the name of the game but most of that is offered free of charge.

In an effort to provide relief to artists and actors struggling with the pandemic, groups from Oolite Arts to the South Florida Theater League organized local aid programs to which Oolite injected \$50,000, as did the Lynn and Louis Wolfson II Family Foundation. Developer and art collector Jorge Perez's family foundation added \$10,000. The latter also announced a \$200,000 contribution to the Miami Foundation's community recovery fund, a donation directed toward local arts and cultural groups affected by the crisis. The county is also allocating \$10 million from the CARES Act toward museums, theaters and other cultural institutions incapacitated by the pandemic.

### ■ Sports, events and festivals

The sports scene started 2020 with a bang as Miami was chosen as the Super Bowl XLIV host in February 2020. By April 2020, major sports leagues had announced the suspension of their respective seasons until Florida declared professional sports an essential service and allowed games to be played provided the arenas were empty. The leagues, including Major League Baseball, the National Hockey League, the National Football



**Luis Rodriguez**  
*General Manager*  
Fortune House Hotel

### How is Fortune House Hotel positioned to capture pent-up tourism demand?

We are seeing more local segmentation. We are seeing a lot of people coming from within the state or neighboring states. We've seen a great deal of business specifically from people who really want to get out and do something. We are very well-positioned for that. The fact that we are an independent property makes a big difference because the conventional hotel chains don't really have that flexibility. We can easily adapt to the state of the market, we can actually improvise a little bit, based on what we have. We can strategize internally and put our own personalized stamp that we believe adds in the personalized welcome extended to the guests through experiential services, products and partnerships. Hotel chains don't have that flexibility and they are having a really hard time adapting to this new reality as a result.

### What is your perception of sharing economy businesses like Airbnb?

We implemented a global distribution system and we have several contracts with airlines and credit card companies that have generated close to \$1 million in revenue for us this past year. We also have a new distribution system with short-term travel companies, such as Airbnb and HomeAway, which has also generated close to \$1.7 million in revenues for us.

Airbnb has always been the enemy for hotels. I never understood why. I never understood why it could be an actual threat to the hotel business. Maybe it's because those properties don't really offer anything but a standard room. In this particular case, I saw an opportunity because Fortune House is a condo hotel. In the beginning, we started working with Airbnb with four or five units to test the waters, and we saw that there was a market out there. We also realized that it was cost-effective because it was saving us money in the margin of commission that we pay to the travel agents, and the guests themselves are more mindful of the units. ■

**Miami-Dade is allocating \$10 million in CARES Act funds to cultural institutions like museums**

League and the National Basketball Association, relaunched, with the NHL and the NBA playing in “bubble” cities to limit team travel and potential COVID contagion. The Miami Marlins baseball team returned on Aug. 5, with a victory over the Baltimore Orioles.

On the festival and events side, “canceled” became the omnipresent word in 2020, a huge hit to an industry that attracts millions of visitors and revenues to the region, although some events decided to go virtual. Among the high-profile cancellations in Miami-Dade was Art

Basel, scheduled for Miami Beach in December and rescheduled for 2021. New Year’s Eve events have also been canceled, including The Big Orange, headlined by Pitbull. The list isn’t limited to 2020 as the Miami Boat Show scheduled for Feb. 11-15, 2021, is also shelved, along with the Coconut Grove Art Festival (Feb. 13-15).

**Looking ahead**

Through the implementation of CDC guidelines, the use of technology to capitalize on the booming virtual and digital landscapes and adapting operations to new business ventures, Miami-Dade County’s tourism and hospitality industries are working to prepare for what is expected to be a slow but definitive comeback given that the industry’s underlying fundamentals remain strong.

Miami also remains a prized destination for leisure and cultural activities. As a progressive and cautious reopening plan begins taking form, the stage is set for market metrics to return to their pre-COVID-19 levels, with an industry strengthened by the lessons learned along the way, including how to deal with another virus outbreak that many expect is possible. How long the recovery takes will depend greatly on a vaccine arriving. From there, the sky’s the limit. ■



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