IT’S STILL INTERNATIONAL
But that means far more than Latin America.
By Rochelle Broder-Singer

On any given night at the Lincoln Road pedestrian mall, Italian, British, German and French tourists fill the wide plaza, enjoying leisurely dinners outdoors and shopping at boutique and international retailers. These visitors reflect the global diversification of Miami-Dade County’s economy that for so long was associated heavily with Latin America.

But more recently, European and Asian visitors and investors have joined the county’s changing business landscape, influencing everything from tourism to real estate.

“It’s in part a continuation of the forces that are propelling the economy: the South American influx of capital and the fact that [Miami-Dade] continues to increase in importance as a business capital for Latin America,” says Neisen Kasdin, a shareholder in law firm Gunster Yoakley’s real estate practice, and chairman of the Southeast Florida and Caribbean division of the Urban Land Institute. “The new factor is Europeans,” he says.

Michael Connolly, chairman of the economics department at the University of Miami School of Business Administration, says that two years ago one euro was worth 90 cents and is now worth approximately $1.36. “The exchange rate is a boost for Miami-Dade,” Connolly says.

Increasingly, the area’s future is tied to the world economy and not just Latin America’s. Jerry Haar, professor of management and international business at Florida International University’s College of Business Administration, says, “We’re getting trade, investment and tourism from Europe as well as Asian companies using this as a trans-shipment point, or distribution center, for goods going into the Caribbean basin.” The county is also seeing more investment and tourism from Canada, he adds.

Still, Latin America remains important to Miami-Dade, and 2004 saw “a better than anticipated recovery and growth of the Latin American economies,” says economist Manny Mencia, senior vice president and COO of Enterprise Florida, the state’s economic development organization.

Not everyone is as optimistic as Mencia. “International trade could face a tough challenge in 2005 if there is a slowdown in Argentina or Colombia … or a significant drop in certain commodity prices,” Haar cautions. Nonetheless, Mencia expects healthy Latin American economies in 2005.

That drive to expand is also fueling the county’s efforts to be the headquarters for the Free Trade Area of the Americas (FTAA) – a comprehensive, hemispheric trade zone agreement. Mencia says advocacy efforts need to continue to ensure that the FTAA is ratified, “and that when a permanent secretariat of the FTAA is established, that it is established where it belongs, which is Miami.”

Besides growing the area’s solid base as a meeting point for North and South America, Europe and Asia, he thinks Miami can benefit from the expansion of the African economies. “Florida is actually closer than any region of the US with a natural gateway to that area,” he says. And Miami-Dade’s experience working with the developing world in our hemisphere will be valuable in that new trade avenue.

The influx of international capital into the county has impacted nearly every sector of the economy, but perhaps none more than real estate, where foreign capital has helped drive 20 percent or higher annual increases in home values.

“There’s no question that high-rise residential real estate is a major driver in the Miami economy today,” says Tim Martorella, managing director of Miami-based real estate investment firm Madison Capital Group. While he does not think a slowdown is imminent, Martorella says any “sudden loss of confidence in the market” could bring about a slowdown in new project announcements and construction.

Loss of confidence could come as a

The Driving Industries: Miami-Dade’s key industries for generating revenue and employment

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![Employment by Industry](image1)

**Revenue by Industry**

Source: The Beacon Council
consequence of the falling dollar and rising US budget deficits as well as a spike in interest rates. FIU’s Haar says. However, he remains bullish on the commercial real estate sector, where he believes actual demand for space is driving office, industrial and retail development.

The building boom in some parts of the county is in sharp contrast to the lack of development in many blighted areas. “We’re seeing such a growth factor along the Brickell Corridor, for example, and there are other areas within the county that represent opportunities and may attract businesses,” says Benjamin Mollere, the 2005 chairman of county economic development agency The Beacon Council. The council is working with state legislators on pilot incentive programs for private development in those corridors. “Improving the urban core will definitely make [a positive] impact on the rest of the economy here,” he says.

Sectors to watch in 2005:
Executive search firm Korn/Ferry International has noted a hiring increase at the senior leadership and middle-management levels in the health care, financial services and hospitality industries, says Bonnie Crabtree, managing director of the firm’s Florida office. The growth is coming from companies that cut back during leaner times and are now staffing up again, she says.

Others to watch in 2005 include:
• Tourism: “Tourism is going to be a winner,” FIU’s Haar says. A week in Miami Beach is an inexpensive vacation for Europeans and domestic tourists alike because of the falling dollar.
• Aviation: UM’s Connolly expects oil prices to rise in 2005 and that could be bad news for one of the county’s largest private-sector employers, American Airlines. “I think American is going to bleed cash,” Connolly says. “Their prospects are very bleak.”
• Media: Haar says Latin America’s recovery, as well as the exploding US Hispanic population, will mean a strong year for Latin media and entertainment companies.
• Biosciences: Kasdin says the Scripps Research Institute in Palm Beach County, and the $100 million donation to the University of Miami’s medical school, will propel the biomedical industry for years. The multi-billion-dollar Civic Center area medical laboratory complex funded by the Miami Partnership will attract more business too.
• The military: The US Southern Command may move from Miami-Dade, as the federal government considers base closings and relocations this year. Its 2,600 employees, says The Beacon Council’s Mollere, could shift to the new location along with many of the companies that now do business with Southcom.
• Insurance: Industry-backed state legislation to ease restrictions on doing business with non-US citizens, if passed, “will absolutely make an impact on the insurance sector in Miami-Dade County very similar to what happened in the banking sector 25 years ago,” when legislation opened the US up to branches of foreign banks, Mollere says.

Small in Size, Large in Number: most of Miami-Dade’s companies are small in both revenue and employees

Where Miami-Dade Works: employment by size of company revenue and employees

Where the Money Comes From: total revenue generation by size of company revenue and employees