

Wall Street Is Hiring ... in Florida

by Jonathan Levin, *Bloomberg Businessweek*

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When Deutsche Bank sent senior Wall Street executive Leslie Slover to run its expanding outpost in Jacksonville, Fla., she wasn't entirely ready for the lifestyle. Gone were the skyscrapers and subways. In their place was a corporate campus with a pond and vast parking lots, flanked by rows of new town houses, some inhabited by employees. The on-site culinary options? A cafeteria and some food trucks. Suddenly, Slover had to relearn to drive.

"It's hard—it's not Manhattan," says Slover, 52, who spent her career in the Northeast before becoming the regional head of the bank's operations in Jacksonville and Cary, N.C. "Indian food at 11:30 at night does not exist."

Transplants from the city that never sleeps may feel at first like aliens in this northern Florida city 35 miles south of the Georgia border, but their numbers are growing. Global financial companies including Frankfurt-based Deutsche Bank and Sydney-based Macquarie Group have been moving executives here and hiring locally, even while paring staff elsewhere.

It's part of a Wall Street trend known as nearshoring, in which banks are moving operations away from expensive financial centers like New York to places such as Jacksonville and North Carolina's Research Triangle. Also in Jacksonville are more than 19,000 employees of Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo. Meanwhile, Goldman Sachs has established operations in Salt Lake City, and UBS has a site in Nashville. It's a way to improve profitability without going overseas. Conveniently, it also happens to comport with President Trump's demands that employers keep good jobs on U.S. soil.

In the early days, investment banks mainly transplanted back-office workers such as accountants, technology staff,

and lawyers. But in Deutsche Bank's case, the Jacksonville campus has grown into the company's second-largest U.S. location. The bank has about 2,000 employees there—up from 1,400 in 2013—and plans to add more in 2017.

Increasingly, the site is a microcosm of its U.S. business, even the trading functions. On campus, in a building alongside the man-made pond, a young team recruited from universities such as Emory and Vanderbilt sells securities in tandem with their counterparts in New York. When a client calls in an order, a Jacksonville salesman glances at a live video feed of desks at 60 Wall St., finds a trader standing by, and relays the order. Slover says the technology allows the two locations to function like one seamless floor. She's come to enjoy living in Florida, noting it has more elbow room than Manhattan and the people are unusually nice.

According to Jones Lang LaSalle, high-end corporate office space in Jacksonville can be leased for about \$22 a square foot, cheaper than all but four major U.S. cities tracked by the company. That's about a quarter the rate in New York. Banks pay Jacksonville employees about 30 percent less on average than those in New York, according to Cathy Chambers, a senior vice president with the JaxUSA Partnership, a division of the local chamber of commerce. A financial analyst, for example, might earn \$67,000 in Jacksonville, compared with \$99,700 in New York. The local and state governments also offer tax incentives to lure companies.

For Anthony Glenn, who runs an office Macquarie opened in Jacksonville last year, advantages include escaping for late-afternoon surf sessions at a local beach. Another perk is his 15-minute drive to work. He says his office includes people from 21 countries, plus big U.S. cities such as Houston, New York, and

Philadelphia. Many of them came to escape punishing commutes from far-flung suburbs.

"In most cases, it's been a lifestyle decision," Glenn says. "They're weighing a compensation change vs. a huge increase in quality of life." Macquarie's Jacksonville office employs people whose jobs might otherwise have been filled in India. It provides a support staff that's more convenient for its U.S.-based employees, while its Indian operation continues to focus on the Asia business.

Jerry Mallot, president of JaxUSA, brushes aside criticism that Jacksonville can't cater to big-city tastes. "We're not New York, but we wouldn't want to be New York," he says. He points out that the city has its own NFL team, craft breweries, and "more golf courses than you could play in 10 years." There's a Tesla Motors store, too. Companies are eager to establish operations in a place with year-round sunshine and no state income tax, Mallot says. They typically start by transferring managers to the region, then build staffs by hiring from the area. The salaries are attractive by Jacksonville standards.

The influx of financial-services and other white-collar jobs has brought money and diversity to the area and may even be influencing the political landscape, says Michael Binder, an associate professor of political science at the University of North Florida in Jacksonville. In a county that George W. Bush carried by more than 15 percentage points in two presidential elections, Trump beat Hillary Clinton by just over 1 percentage point. "In a lot of ways, Florida is the inverse of America: The more north you get, the more South you are," Binder says, referring to cultural and political preferences. "But slowly this is changing, like a lot of the urban cities in the New South." *