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Cooper's Take: Hurricane or Not, Private Equity Continues to Shine in Florida

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By Laura Cooper

Florida may still be rebuilding after the devastation of Hurricane Irma in September, but there are plenty of reasons to believe that private-equity investing will keep its footing.

Before Irma hit, private-equity investment in the state through the first half of the year had surpassed 2016 levels, according to a report by Miami investment bank Cassel Salpeter & Co.—which has been tracking deals in the state since at least 2008.

Through June 30, there have been 109 private-equity deals for businesses in the state, slightly ahead of the 96 private-equity deals that the industry made in the state for the first half of 2016, according to the report.

Among the most popular sectors so far, businesses to business-focused companies ranked at the top, followed by health-care companies, which garnered about 23% of all statewide sponsor deals by number in the first half of the year, according to the report.

James Cassel, a co-founder and chairman at the investment firm, said that he has seen the number of firms with a presence in the state almost double since 2010. He pointed to a number of factors about the state that appeal to private-equity investors, including certain taxes that Florida lacks, such as a state income tax and an inheritance tax. Meanwhile, the rising age of baby boomers in the state stands to potentially drive more deal volume, as company owners of that generation weigh the best time to sell in the face of potential economic shifts and tax law changes.

Florida's growing population—particularly of the elderly—also has galvanized growth of its health-care industry, no doubt buoying the sector's popularity among private-equity investors. Mr. Cassel pointed to both home health and health-care information technology as areas of activity within the sector in the state.

Mr. Cassel added he believes the recent storms won't have a material effect on deals in the Sunshine State, unlike places such as Puerto Rico and Texas, where he noted there may be more of an impact.

For now, however, it looks like it will take much more than the recent hurricane to halt the tide of deals in the state.