

SOUTH FLORIDA BUSINESS JOURNAL

South Florida home to one of top areas in US for private equity investment

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July 1, 2020

Private equity companies invested more than \$700 billion in U.S. businesses last year, with billions of dollars directed to South Florida companies.

Florida's 23rd congressional district – representing sections of Miami-Dade and Broward counties – attracted \$12 billion in new private equity investment in 2019, according to a study from the American Investment Council, a lobbying and research organization that promotes private equity growth.

That district, represented by U.S. Rep. Debbie Wasserman-Schultz, ranked third in the nation for new PE investment by dollar amount, following New York's 12th district and Wisconsin's 4th district. Less than 30 companies in Wasserman-Schultz's district received private equity capital, the study said.

Statewide, private equity companies invested \$47 billion across 292 companies in 2019. Florida follows California, with \$90 billion of new PE investment in 656 companies, and Texas, which received \$75 billion across 529 companies.

Together, the business services (32%) and information technology (18%) sectors attracted half of U.S private equity investment last year. The financial services (7%) and materials and resources (2%) sectors received the least investment.

Drew Maloney, president and CEO of the American Investment Council, said private equity firms invested an estimated \$64 billion of new capital into more than 1,000 U.S. companies in the first quarter of 2020.

"In cities and towns across America, private equity firms are investing in businesses of all shapes and sizes," he said in an introduction to the report. "These findings... remind us how private equity has the potential to play an outsized role in the [Covid-19] economic recovery."

Private equity firms are formed by investors who want to invest directly into a company, rather than buying stock. PE funds use investor capital to purchase companies and then enhance their value for a future sale, often by cutting costs.

South Florida leads the Sunshine State in private equity firms and private equity-backed deals, according to a recent analysis from Miami-based investment bank Cassel Salpeter & Co. The region accounted for 45% of the state's private equity deals in 2019.