

THE WALL STREET JOURNAL.

Setting Up Shop in the Sunshine State

By Laura Cooper

More private-equity firms are sprouting up in Florida as sponsors branch out on their own.

The number of firms in the state has climbed steadily over the past several years, according to Cassel Salpeter & Co., a Miami investment bank that tracks the growth of private-equity firms based in Florida.

The number of such firms rose to 56 in 2017, up from 47 in 2016 and 27 in 2010, according to a report by the bank that cited data from PitchBook Data Inc.

James Cassel, chairman and a co-founder of the bank, said private equity's presence in the state is increasing, in part, because investment professionals from large Florida-based firms such as H.I.G. Capital and Comvest Partners are striking out on their own.

Hidden Harbor Capital Partners, for example, was launched about two years ago in Fort Lauderdale, Fla., by founders who previously held positions at H.I.G. or Comvest.

Mr. Cassel said perceptions about starting firms in Florida have changed over the years.

"There was previously a concern of how to staff these firms," he said, adding that firms had been concerned that people would be inflexible about moving to Florida from other states with historically more robust private-equity activity.

"It [will] be interesting to see what happens this year with the tax bill impacting individuals," he said. "I think more people are considering moving down to Florida for lower tax rates."

In addition to H.I.G., Comvest and Sun Capital Partners, a number of homegrown firms dot the state. New entrants in the past several years include Hidden Harbor, Three20 Capital Group, Canopy Capital Partners and 777 Partners, according to data collected by Mr. Cassel.

Although time will tell whether more private-equity firms find Florida a favorable place to put down roots, there is no question that the state is experiencing more private-equity activity. Deals have been on the rise in the state in the past several years, according to PitchBook data featured in the report. In Florida, private-equity deal flow last year remained strong for the fourth year in a row, with 259 Florida deals—including add-on acquisitions—completed in 2017, up from 256 deals in 2016.