

Economics Group

Special Commentary

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Florida vs Miami: Kickoff Comes Early this Year

Renewing an Old In-State Rivalry Should Provide Some Keen Insights

The college football season kicks off early this year, with the Camping World Kickoff game, which will be played the evening of August 24th in Orlando’s Citrus Bowl. The renewal of this oftentimes contentious rivalry apparently could not wait until Labor Day weekend, which traditionally marks the start of the college football season. The Gators and Hurricanes have a colorful and storied football history as well as a reputation for being just a little unconventional, particularly in rivalry games.

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The University of Florida’s campus is located in Gainesville, which is in the heart of ‘old Florida’, about two hours north of Orlando in North Central Florida and 90 minutes southwest of Jacksonville. Surrounding communities tend to be largely agrarian. Crops, including Sea Island cotton, were often gathered in Gainesville and shipped elsewhere via rail links. Much of the region’s cotton industry was wiped out by the boll weevil infestation of 1916-18, and the region’s citrus industry was wiped out two decades earlier by the Great Freeze. Vegetables and cattle now dominate local agriculture.

Gainesville’s big break came in 1905, when the Buckman Act merged four institutions into what is now the University of Florida. Today Gainesville’s economy is more firmly anchored around the University, which grew exponentially following World War II. The J. Hillis Miller Health Science Center was founded in 1956 and Shands Hospital and the University of Florida Medical School were founded in 1958. The Health Science Center has become a major economic engine, attracting over \$410 million in research awards in 2018 and over \$22 million in licensing and royalties. The healthcare cluster has fueled growth in life sciences and moved Gainesville well beyond its college town status. Major private employers include RTI Surgical, Exactech and Invivo Diagnostic Imaging. The growth in life sciences has helped establish the ecosystem and lifestyle amenities needed to attract and retain other industries.

The healthcare cluster is helping Gainesville move well beyond its college town status.

Gainesville’s economy is on a roll. Nonfarm employment growth has averaged 2.4% per year for the past five years, while the unemployment rate has fallen to just 3.0%. The metro area’s population has grown to 288,000 residents, which has fueled extensive residential and commercial development, including Progress Park, home to the Sid Martin Biotechnology Institute, and San Felasco Tech City, which offers the affordable collaborative space and live-work-play environment sought by many young start-ups.

Figure 1

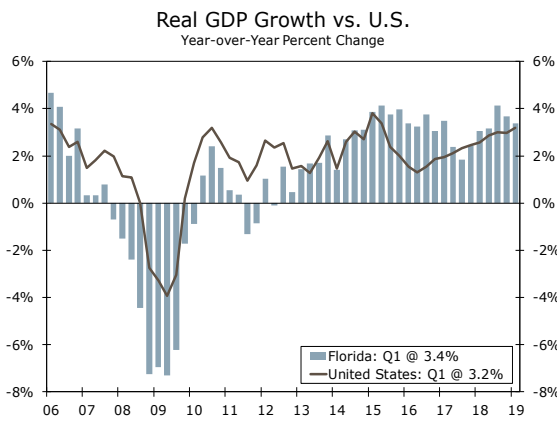
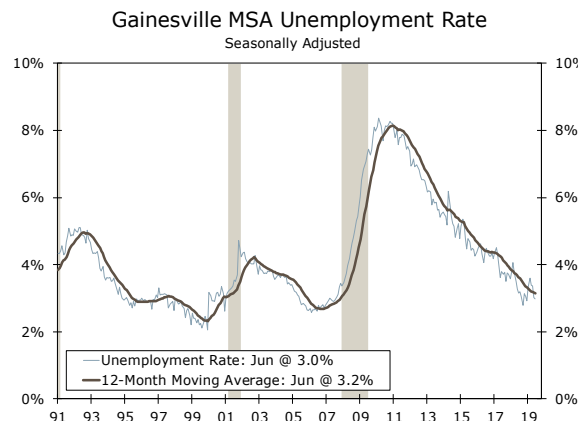


Figure 2



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

Together we’ll go far



While most of Florida identifies more closely with the South, Miami is more closely tied to Latin America and the Northeast.

The University of Miami is located in Coral Gables, just south of the City of Miami. While Miami is inarguably Florida’s best known city, it is also the most ‘un-Florida-like’ economy in Florida. While most of Florida identifies more closely with the South, Miami is more closely tied to Latin America and the Northeast. More than half of Miami’s residents were born in another country and many of those that have lived there for decades—or live there on a seasonal basis—have ties to New York and the Northeast. While Miami has long served as the gateway to Latin America, it is now becoming much more of a global gateway, attracting businesses and residents from around the globe. The influx augments Miami’s existing cluster of international banks and Latin American headquarters.

Miami’s strong historic ties to the Northeast make the University of Miami a natural fit for the Atlantic Coast Conference, which has its historical roots in North Carolina but now stretches all the way up the Atlantic coast to Boston and then over to South Bend, Indiana for non-football sports. Sandwiched between the Everglades and the Atlantic Ocean, Miami is one of the nation’s densest and most urbanized cities. Its skyline features the third highest number of skyscrapers, following New York City and Chicago. There are plenty more currently under construction, with many office towers, apartments, hotels and condominiums being developed downtown. Miami’s skyline has changed so rapidly over its history that it was named the ‘Magic City’, as seasonal residents would often note the dramatic changes that occurred since their last visit, as if by magic.

Miami is the largest city in the Miami-Fort Lauderdale-West Palm Beach MSA, which is home to 6.2 million residents and is often referred to simply as South Florida. (Incidentally, the western portion of the Florida peninsula is known as Southwest Florida.) The broader Combined Statistical Area includes Stuart, Port St. Lucie, Vero Beach and Okeechobee County and is home to over 6.8 million residents. The region has a history of booms and busts going back to its early beginnings and is in the midst of one of its greatest booms, driven by an influx of foreign investment, the arrival of the Virgin Trains high-speed rail service, increased in-migration and strong growth in the region’s life sciences and technology sectors. Construction, however, accounts for a much smaller proportion of overall employment than it did during the previous decade.

While Miami-Dade is exposed to slowing global growth, the economy is booming.

References to Miami can be confusing. Miami is used to refer to the entire MSA, while Miami-Dade refers to a ‘narrower region’, that still includes 19 cities, six towns and nine villages, ten of which include Miami in their name. Other Miami-Dade cities include Hialeah, Homestead, Coral Gables and Doral. While Miami-Dade is exposed to slowing global growth, the economy is booming. Nonfarm employment rose 2.5% over the past year, and the unemployment rate has fallen to 3.3%. Hiring has risen across nearly all key industries, reflecting a wave of businesses and residents relocating from the Northeast and overseas. The influx is sustaining the construction boom, with dozens of tower cranes currently at work. Tourism has also remained strong. Cruise traffic through the Port of Miami, which is the world’s busiest cruise port, surged to record highs earlier this year.

Figure 3

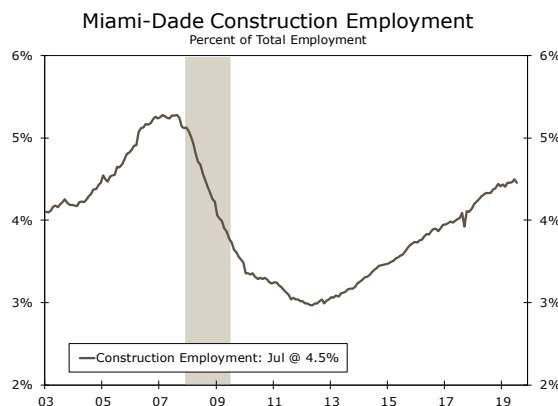
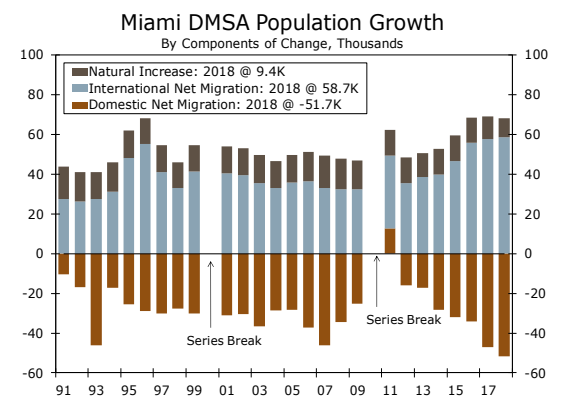


Figure 4



Source: U.S. Department of Labor, U.S. Department of Commerce and Wells Fargo Securities

While Gainesville is more reminiscent of old Florida and Miami is more representative of Florida's global connections, Orlando, which hosts the Camping World Kickoff Classic, is more reflective of Florida's future. Orlando has consistently ranked as one of the nation's fastest growing major metropolitan areas. The four-county Metropolitan Statistical Area is home to 2.6 million residents, many of which are drawn to the area by the abundance of job opportunities available in Orlando's remarkably diverse economy. The metro area added 47,000 jobs over the past year and over 430,000 new residents since 2010.

Orlando has consistently ranked as one of the nation's fastest growing major metro areas.

While best known as home to Disney World and Universal Studios, the bulk of Orlando's job growth is in industries other than tourism. Technology, life sciences, logistics and aerospace are all important drivers and the new, privately-driven space industry is increasingly paying dividends. Ties to South Florida are also set to improve, as construction on the next leg of the Virgin Trains high-speed rail is underway and expected to be completed to the Orlando International Airport by 2022. Travel time from Miami will be roughly 3.5 hours, which is comparable to driving without major traffic delays.

The rivalry between the Florida Gators and Miami Hurricanes dates back to 1938. The teams played every year from 1944 until 1987, when the SEC increased the number of conference games to seven from six, which caused many schools to drop long-running rivalry games in order to have six home games each year. Attempts to restart the rivalry have been stymied by further conference expansion and the introduction of conference championships, which leave fewer weeks to align schedules. The teams have met six times over the past two decades, with Miami winning five of those—including the 2001 Sugar Bowl and 2004 Peach Bowl—and holding a 29-26 edge in the series overall. They recently reached an agreement to play each other in Gainesville in 2024 and Miami Gardens in 2025.

The schools compete for players from Florida's deep talent pool and have been two of the more successful college football programs in recent decades. Miami started playing football in 1926 and has won five national championships—1983, 1987, 1989, 1991 and 2001—which ties Ohio State and Southern Cal for the fourth highest total behind Alabama, Notre Dame and Oklahoma. The University of Florida fielded its first team in 1906 and was one of the 13 founding members of the SEC in 1933. Despite that legacy, Florida took longer to win an SEC title than any other founding member, except Vanderbilt, not winning the conference title until 1991 but then going on to win four straight from 1993 to 1996. Florida has also won three national titles—1995, 2005 and 2010. That record of success is one reason ESPN asked the two schools, with eight national titles between them, to move up the date of their game to kick off the season.

The Florida-Miami rivalry has had some classic games. Not only is the overall record of the series close, but 26 of the 55 games in the series have been decided by a touchdown or less. The two teams have also had a penchant for annoying one another. In 1983, Miami was a 3.5-point underdog but was routed by Florida 28-3 in Gainesville. Miami went on to win the rest of their games that season, including a classic win against what was thought to be an unbeatable Nebraska team in the Orange Bowl to win their first national championship.

The Florida-Miami rivalry has had some classic games.

The two teams played on Labor Day weekend the following year, which was the first day ESPN broadcast college football. Miami had actually played earlier that week, defeating #1 ranked Auburn 20-18 in the original Kickoff Classic. Florida came into the game ranked #17 and Miami was ranked #10. Florida was leading 20-19 with 41 seconds left and Miami had the ball on their own 28-yard line, before Bernie Kosar calmly took the Canes down the field in five plays, hitting Eddie Brown from the 12-yard line and taking a 26-20 lead. Florida's Kerwin Bell attempted a last second Hail Mary pass that was intercepted by Miami safety Talbert Bain and returned 59 yards for a touchdown, making the final score 32-20. In an ironic twist, Florida went on to tie LSU the following week and win every other game on their schedule, finishing an all-time best #3 and winning their first SEC championship. Unfortunately for Florida, the SEC voted to vacate their conference championship after the NCAA placed the program on probation.

This year's matchup also has the makings of another classic. Both teams have struggled somewhat in recent years but are striving to move back among the elite programs. Florida is a little ahead on that front, coming off a 10-3 season last year and ranked #8. Miami begins the year with a new coach, Manny Diaz, who was the defensive coordinator last year. Diaz and his staff recently met with legendary former Miami coach Jimmy Johnson to discuss ways to bring a bit of magic back to the Miami program.

Florida Economic Outlook

	Actual					Forecast				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Real Gross Domestic Product by State, \$ Millions	769,309	784,090	804,322	835,928	864,029	885,906	916,975	950,903	982,000	
Annual Rate	0.7%	1.9%	2.6%	3.9%	3.4%	2.5%	3.5%	3.7%	3.3%	
Nominal Personal Income, \$ Millions	791,919	794,797	858,499	919,227	953,261	1,000,624	1,052,550	1,109,388	1,164,857	
Nominal Personal Income, Percent Change	3.4%	0.4%	8.0%	7.1%	3.7%	5.0%	5.2%	5.4%	5.0%	
Median Household Income, Year-End \$	46,071	48,532	46,140	48,825	51,176	53,681	56,258	58,735	61,200	
Percent Change	2.1%	5.3%	-4.9%	5.8%	4.8%	4.9%	4.8%	4.4%	4.2%	
Population, Thousands	19,326	19,563	19,860	20,224	20,630	20,977	21,299	21,660	22,040	
Change in thousands	233	237	297	364	406	347	323	361	380	
Percent Change	1.2%	1.2%	1.5%	1.8%	2.0%	1.7%	1.6%	1.7%	1.8%	
Nonfarm Employment, Thousands	7,400	7,586	7,828	8,111	8,388	8,572	8,782	9,010	9,180	
Change in thousands	145.0	185.7	242.4	282.9	277.5	184.2	209.5	228.1	170.0	
Percent Change	2.0%	2.5%	3.2%	3.6%	3.4%	2.2%	2.4%	2.6%	1.9%	
Unemployment Rate, Annual Average	8.5%	7.2%	6.3%	5.4%	4.8%	4.2%	3.6%	3.3%	3.2%	
Total Housing Permits	65,039	87,432	86,225	107,984	113,912	118,548	142,273	146,000	138,000	
Single-Family Permits	42,626	56,300	57,240	66,171	74,354	83,911	94,836	98,500	95,550	
Multi-Family Permits	22,413	31,132	28,985	41,813	39,558	34,637	47,437	47,500	42,450	
Core Logic Home Prices	6.2%	11.2%	8.4%	7.3%	7.4%	6.5%	6.0%	5.8%	4.8%	
Light Vehicle Registrations	1,005,696	1,100,815	1,223,264	1,333,962	1,352,036	1,318,484	1,340,207	1,330,000	1,320,000	
Football Records										
Florida Gators	11-2	4-8	7-5	10-4	9-4	4-7	10-3	9-4	10-3	
Miami Hurricanes	7-5	9-4	6-7	8-5	9-4	10-3	7-6	9-4	9-4	

Sources: National Association of Realtors, Federal Housing Finance Authority, U.S. Department of Commerce, U.S. Department of Labor, Moody's Analytics, RL Polk & Wells Fargo Securities
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