

Economics Group

Special Commentary

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Georgia Tech vs. Miami

Battle of the Largest Metros in the Southeast—Atlanta and Miami

This weekend the Georgia Tech Yellow Jackets will travel from Atlanta to Miami Gardens to take on the University of Miami Hurricanes. The matchup features teams from the two largest metros in the Southeast, one of the fastest growing regions in the country. Atlanta has long been the economic center of the Southeast, while Miami has been a key international gateway and the economic and financial hub of Latin America. Today both cities are highly global. The large universities they host have two of the most decorated and historic football programs, with nine national championships between them.

The matchup features teams from the two largest metros in the Southeast.

Since 1926, the Miami Hurricanes have won five national titles—1983, 1987, 1989, 1991 and 2001. Despite their long history, it was not until coach Howard Schnellenberger, who had been offensive coordinator for the Miami Dolphins under head coach Don Shula during their undefeated 1972 season, arrived in 1979 that the Canes emerged as a major power on the national stage. Schnellenberger aimed to lock down the local South Florida talent and garnered a national following by scheduling intriguing matchups just as college football coverage was expanding dramatically. The school’s independent status at the time made this possible. In 1983 he fulfilled his promise to win a national title within five years, and the program ascended to further glory under the leadership of coaches Jimmy Johnson and Dennis Erickson. The Canes eventually moved to the Big East, competing from 1991-2003, before joining the ACC in 2004.

Figure 1

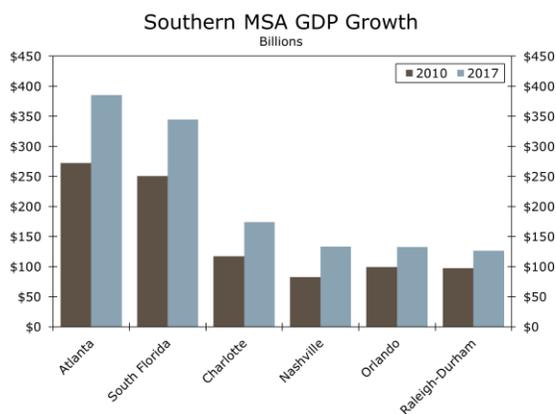
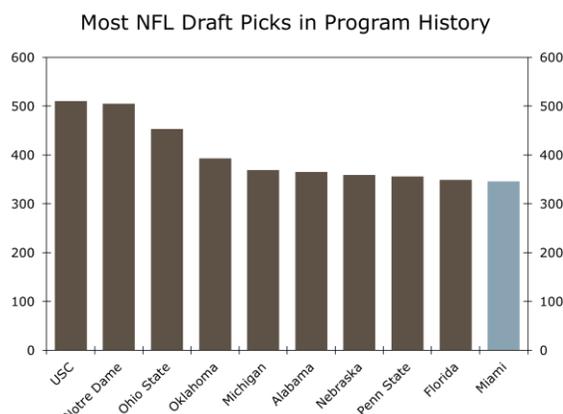


Figure 2



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

The Miami program has been a veritable NFL draft pick factory. It produced six first round selections in 2004—the fourth year in a row it had the most first round picks—and had players selected in the first round for a record 14 consecutive years. Known as “the U”—which originated out of a desire for a distinctive hand gesture like the chop of Florida State and the chomp of Florida—Miami also popularized the concept of the “Turnover Chain,” an ostentatiously large medallion presented to any player who forces a turnover. The Canes play their home games in Hard

Together we’ll go far



Georgia Tech competed in the SEC and as an independent before joining the ACC.

Rock Stadium in Miami Gardens, a 22-mile bus ride from their campus in Coral Gables. They used to play in the Orange Bowl, in the Little Havana neighborhood, from 1937 to 2007, during which they went on an NCAA record 58-game home win streak from 1985 to 1994.

Georgia Tech football has recorded over 700 victories and four national titles—1917, 1928, 1952 and 1990—since beginning play in 1892. John Heisman, forever memorialized in the trophy bearing his name, led the program as coach from 1904 to 1919, and secured their first national title in 1917. His Yellow Jackets were responsible for the most uneven football outcome in history, a 222-0 walloping of Cumberland College in 1916. Neither team recorded a single first down that day—Cumberland because of their ineptitude and Georgia Tech because of their efficiency (almost every single play they ran was a touchdown). By 1944, the team had become the first to play in all four of the major bowl games at that time—the Rose, Orange, Cotton and Sugar Bowls.

Georgia Tech competed in the SEC until 1963, when the program’s all-time winningest coach Bobby Dodd—for whom the current stadium is named—had grown increasingly frustrated with what he viewed as over-recruitment by other SEC teams. He also got into a spat with legendary Alabama coach Bear Bryant over his failure to discipline one of his players who maliciously hit a Georgia Tech player who had called for a fair catch—the final straw in his decision to withdraw the program from the SEC. They competed as an independent from 1964 to 1982, when they joined the ACC.

Georgia Tech’s stadium is a uniquely urban setting, with a clear view of the Midtown and Downtown Atlanta skylines. It first hosted football in 1905, making it the oldest stadium in the FBS and the third oldest in all of Division I, after Penn and Harvard’s facilities. Before that, the team used to play in Piedmont Park. Beginning in 2020, they will play one game a year in Mercedes-Benz stadium, which replaced the Georgia Dome in 2017.

Atlanta the Heart of the Southeast

Georgia Tech is located in the Midtown, just north of Downtown Atlanta. The city benefits from its central position in the Southeast, one of the nation’s fastest growing areas. Atlanta has been able to hold onto its ‘hub’ status, successfully navigating the transition from agriculture & manufacturing center, to trade & commerce and now to technology, life sciences & entertainment. As the Southeast has boomed due to relatively more affordable housing and business-friendly policies, its largest metros have seen particularly rapid growth, particularly Charlotte, Raleigh, Nashville and Orlando. Despite this, Atlanta’s share of Southern GDP, as shown in Figure 3, has actually *risen* since 2010, as has its share of both employment and population.

Atlanta has successfully retained its ‘hub’ status.

Figure 3

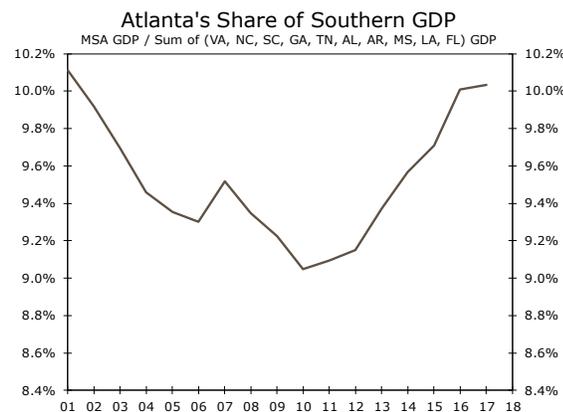
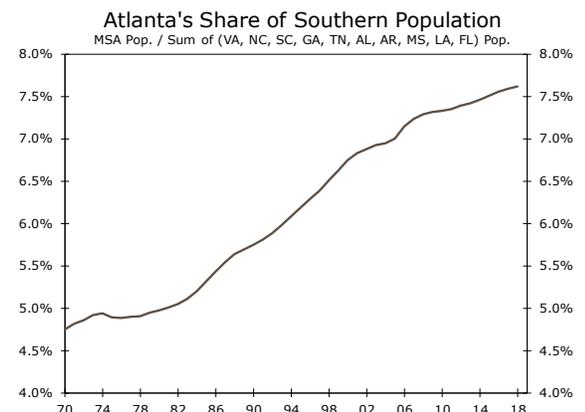


Figure 4



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

While Atlanta once stood in contrast to Miami as more domestically focused, it has become much more globalized in recent decades. City leaders have always aimed high, touting Atlanta as the World’s Next Great City. This effort received a significant boost when Atlanta was chosen to host

the 1996 Summer Olympics. Notable for turning a profit, the Games also had a positive regional impact, revitalizing parts of Downtown Atlanta. Sustainability was a major objective—the Olympic Village facilities are used by Georgia Tech as campus housing and the Olympic stadium was converted into Turner Field for the Atlanta Braves and now is home to Georgia State University football. The Olympic pool is still used by the Georgia Tech varsity swim team as well as club teams from around the country. Centennial Olympic Park, which was a late addition to Olympic plans, remains a central gathering point for large events in Atlanta and is ringed by the Georgia Aquarium, the World of Coca-Cola, the National Center for Civil and Human Rights and the Chick-fil-A College Football Hall of Fame.

As the hub of the Southeast economy, Atlanta has long been a major distribution center for products produced in the United States and distributed elsewhere, as well as products produced outside the region and distributed throughout the Southeast. Today Atlanta’s distribution and logistics facilities are increasingly tied to the ports of Savannah and Charleston, which have seen trade volumes surge in recent years, due partly to dredging operations to accommodate ever-larger New Panamax cargo ships. Hartsfield-Jackson Airport remains the busiest passenger airport in the world, serving as a major domestic and international hub. The airport employs more than 60,000 and offers nonstop flights to over 250 destinations in North America, South America, Europe, Asia and Africa.

Atlanta has long been a major distribution center.

Atlanta’s role as the Southeast’s leading business center has made it a destination for several corporate headquarters. Many of these firms, such as Coca-Cola, Home Depot, Delta, Equifax, Genuine Parts and Chick-fil-A, grew up there, while others such as UPS, NCR, Mercedes-Benz and Norfolk Southern have relocated there. Overall employment is rising nearly 2% year-over-year, and the unemployment rate has fallen to 3.4%, slightly below the national rate.

Figure 5

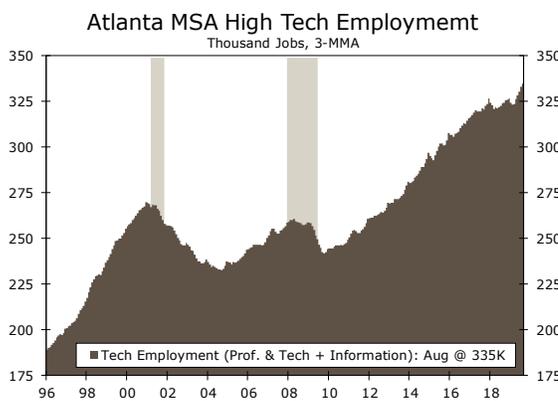
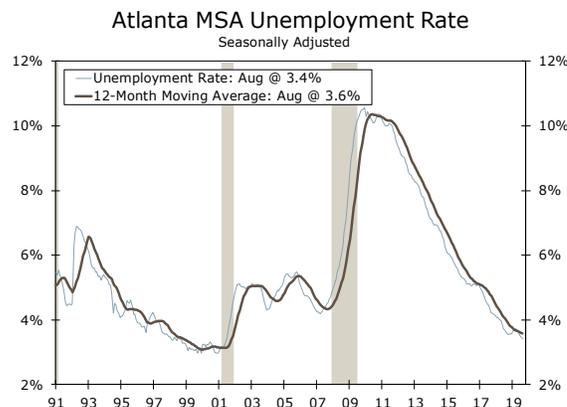


Figure 6



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

Georgia Tech was founded in 1885 with the explicit goal of training engineers for the development of industry in the rebuilding South, which was anxious not to be left behind as the economy evolved. Today it has over 25,000 students and regularly ranks as a top-five public university, with particularly well-regarded engineering and technical programs. Over 60% of students are from Georgia, and it has an estimated annual impact across the state of around \$3 billion. It has a rich history of research and industry collaboration, the latest being Engage Ventures—created in 2017 by the university in partnership with ten large corporations—which invests in innovative businesses looking for greater scale and access to capital. One of the earliest businesses spawned by Georgia Tech was Scientific Atlanta, which was on the leading edge of satellite communications and cable television. The company was eventually sold to Cisco Systems and still has significant operations in the Atlanta area. Another startup, Internet Security Systems, was sold to IBM in 2006, and the unit is still headquartered in Atlanta’s Perimeter Center area.

Georgia Tech has spawned many innovative businesses.

Miami is arguably the economic and financial hub of Latin America.

Miami the Economic Center of Latin America

Miami has always been more internationally focused, arguably being the economic and financial hub of Latin America. It has the second largest concentration of international banks, other than New York City, and is home to the Latin American headquarters of hundreds of businesses. While Atlanta has the busiest domestic airport, Miami International Airport is the third busiest airport in the United States for international passengers, trailing only JFK and LAX. Employment in the Miami MSA is rising at around a 2% pace, similar to Atlanta, and the unemployment rate is low at 3.3%.

Years of strong growth have driven up costs rapidly, which has repelled some residents. Overall population growth remains positive—the Miami MSA added 49,000 net new residents in 2018—but that was the smallest increase since 2008. International migration is keeping things afloat—93,000 new residents migrated from overseas in 2018—while the domestic net migration flow was a *negative* 58,000 last year. Net domestic out-migration, a good proxy for the movements of job-seekers, has accelerated every year since 2011. We suspect that out-migration from Miami is especially pronounced among the elderly, many of whom are moving towards less congested and lower cost areas of Florida, either further up the Atlantic coast, or to Fort Myers or the Villages.

The University of Miami is a private school with around 17,000 students in Coral Gables, about seven miles southwest from downtown Miami. It was founded in 1925 to provide the education needed to commercially develop South Florida. Current President Julio Frenk, the first Hispanic to hold the position, views the school as “uniquely positioned as a gateway to Latin America and the Caribbean,” according to the school’s website, a statement with which we would agree. We wrote about the University of Miami and South Florida’s economy more extensively [earlier this year](#).

Figure 7

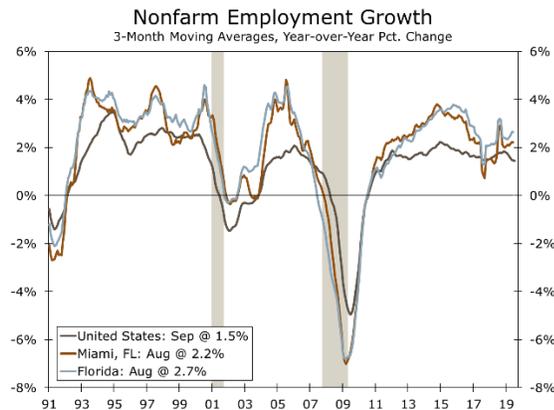
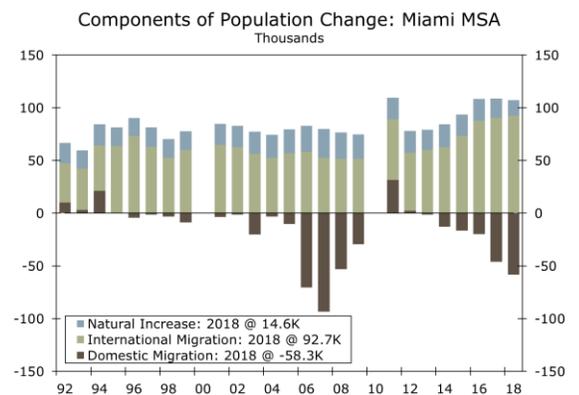


Figure 8



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

Football Outlook

Apart from Clemson, the ACC is up for grabs this year. Miami is only 3-3, but after beating #20 Virginia last Friday is vying for another divisional victory under first year coach Manny Diaz and still in contention to win the ACC Coastal Division. Georgia Tech, which also has a new coach and is in a bit of a rebuilding mode, is sitting in last place in the ACC, with their lone victory coming against South Florida, 14-10. Their new coach—Geoff Collins—is still working through the kinks of transitioning from the classic Georgia Tech triple option offense to a more conventional pro-style attack. They head to Miami as 20-point underdogs, but Tech is hungry for a victory and their confidence will likely be bolstered by remembering that they came away with a surprising 27-21 victory last year.

Apart from Clemson, the ACC is up for grabs this year.

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