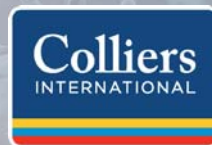


FLASH ANALYSIS

Atlanta Big Box Market Exposure to COVID-19 by Industry

COLLIERS ATLANTA RESEARCH & FORECAST REPORT



The Inspiration

Following in the footsteps of our Colliers Eastern Pennsylvania's big-box report on its industry exposure to COVID-19, we decided to replicate the same impact to Atlanta's big-box market. On April 6, 2020 Moody's published an update to its analysis of North American industry exposure to the effects of the COVID-19 pandemic, summarized in the referenced chart. This followed a previous report Moody's published in mid-March. Their analysis shows more than 60% of rated North American non-financial companies are now highly or moderately exposed to the effects of the coronavirus pandemic, which is up from 45% in their March 16 heatmap.

Nonfinancial Corporates: North America Coronavirus Heat Map - Most sectors have moderate exposure

High exposure	Moderate exposure	Low exposure
<ul style="list-style-type: none">» Apparel» Automotive & Auto Suppliers» Consumer Durables» Gaming» Lodging/Leisure & Restaurants<ul style="list-style-type: none">» Includes Cruise Lines» Non-food Retail*» Passenger Airlines» Transportation & Services<ul style="list-style-type: none">» Includes Shipping	<ul style="list-style-type: none">» Aerospace & Defense» Business Services» Chemicals» Construction & Homebuilding*» Consumer Non-Durables» Consumer Services» Healthcare & Pharma» Manufacturing» Media & Ad Agencies*» Mining & Mining Services» Oil & Gas» Real Estate*» Steel Processors*» Tech Hardware» Wholesale Distribution	<ul style="list-style-type: none">» Food & Beverage<ul style="list-style-type: none">» Includes Food Retailers» IT Software & Services» Natural Products Processors» Packaging» Telecom» Waste Management

[1] This heat map is based on a bottom-up analysis of individual issuers' COVID-19 exposure, overlaid with qualitative considerations for the sectors believed to be the most exposed to the outbreaks in the highly affected regions. Our heat map does not include industry-specific government intervention, though it would be considered in our credit analysis.
[2] An (*) denotes a change in exposure since mid-March heat map report.

Moody's [moody.com/coronavirus](https://www.moody.com/coronavirus)

Analyzing Atlanta's Big-Box Market

Similar to our Eastern PA office's analysis of their big-box market, we found this chart to be interesting and thought provoking in terms of how COVID-19 could impact the Atlanta big-box market. Using Moody's findings, we focused our analysis on the past three years of bulk transaction activity of 200,000 square and up, including both user sales and leasing activity. From this data, we were able to categorize just over 59 MSF of transactions according to Moody's industry sector classifications, with a couple of divergences. We included the addition of e-commerce as a sector in the low impact category which is justified by the overall growth of this industry over the past few years, and also by the anticipated increase in e-commerce sales as a response to stay at home orders, continuing the shift of consumer spending away from brick-and-mortar locations. The second alteration we made was separating logistics services from the transportation services category which Moody's rates as a high impact sector. We do not feel this will be the case with logistics providers since supply-chain fundamentals remain critical in these times and less impacted.

Findings

Our findings illustrate that 25% percent of recent occupier activity in our bulk market would be highly impacted by COVID-19. This figure increases to 59% when including moderately exposed industries. Only three industry sectors fall in the low impact category: Logistics Services, E-Commerce, and Food/Beverage. Logistics Services account for the highest amount of transaction activity overall, making up 21% of total deal volume over the past three years. Behind this sector, Manufacturing is second highest with 15% of total transaction volume. Most affected by the pandemic's impact are Apparel, Automotive & Auto Suppliers, and Consumer Durables. Combined, these industry sectors account for 18% of the transaction activity in Atlanta's bulk market since 2017 and will be the tenants of most concern looking ahead. Even so, we expect the growth of e-commerce to offset these losses should they occur given this sector's increasing appetite for industrial space in our market.

[Analysis and Key Takeaways >](#)



Key Takeaways

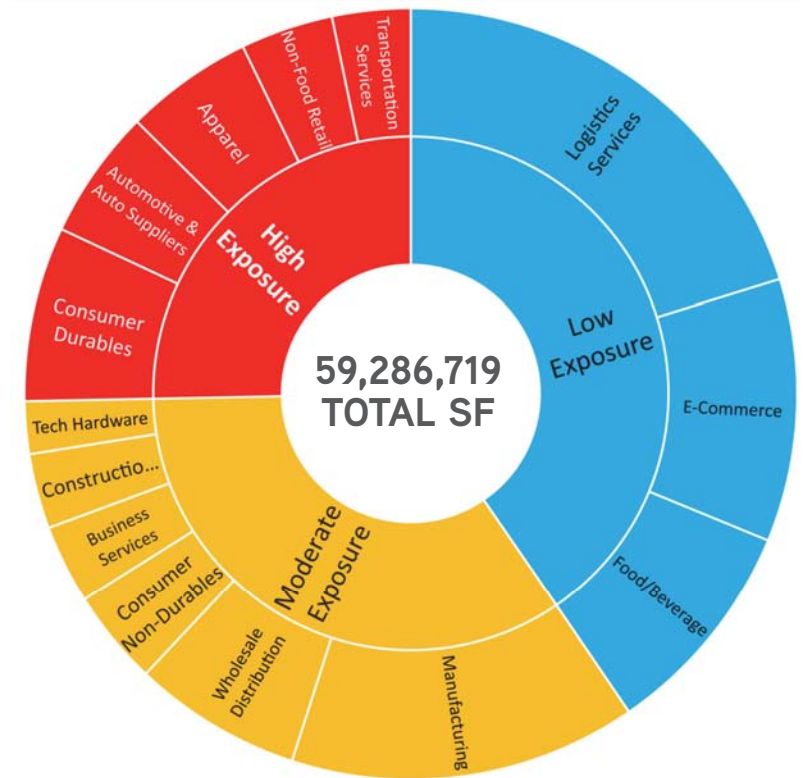
- > 41% of recent transaction volume is attributable to low exposure industries.
- > Exposure to high risk industries by submarket was somewhat mixed with the South Atlanta submarkets least exposed. Northeast Atlanta is the most exposed submarket with 45% of recent bulk activity in industries that are highly impacted.
- > I-20 West/Fulton Industrial's exposure is similar to the overall Atlanta market.
- > Although I-75 South/Henry County is the least exposed with 58%, the Airport/85 South submarket is the best positioned as it had the highest amount of bulk space leased since 2017, and is only 16% highly exposed. Growth in logistics and e-commerce activity here is the reason for this.
- > Food & Beverage occupiers accounted for 9% of all transactions in Atlanta. The highest percentage share of this sector took place in I-75 South/Henry County and I-20 West/Fulton Ind.
- > As mentioned, Northeast Atlanta is most exposed to the pandemic's impact. Only 16% of total deal volume here is the low exposure category. Industry sectors of concern include Consumer Durables, Automotive & Auto Suppliers, and Non-Food Retail.
- > The continued demand for space related to e-commerce requirements will help all of Atlanta's bulk industrial submarkets. Those areas with the largest availabilities stand to benefit the greatest.



Following is our analysis of the low, moderate and high-risk industries and occupiers within Atlanta and within each submarket.

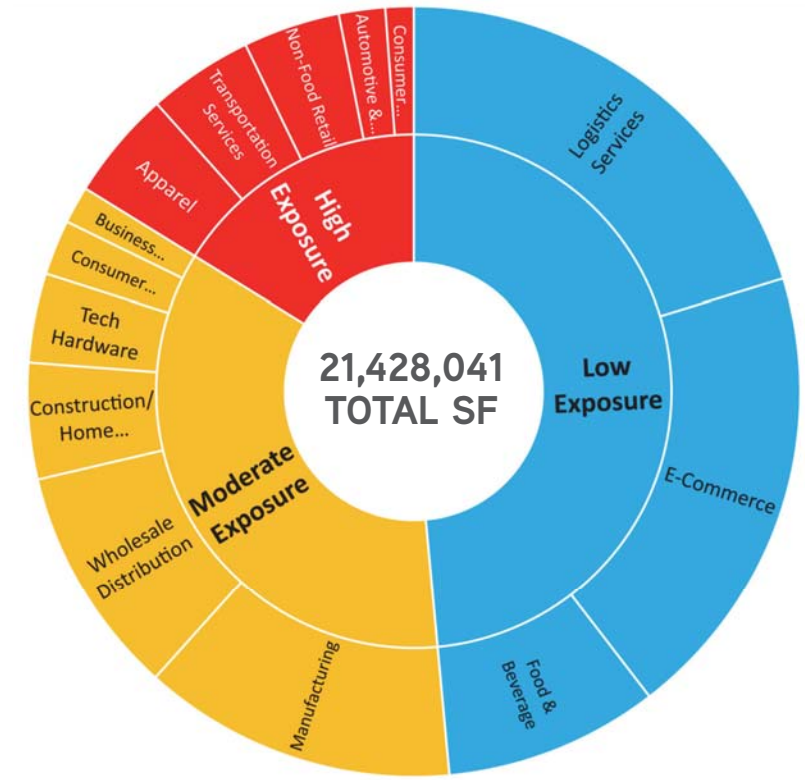
Atlanta Market Total

Exposure	Industry Sector	Deal SF	% of Total	% of Total
Low	Logistics Services	11,976,177	21%	41%
Low	E-Commerce	6,534,500	11%	
Low	Food & Beverage	5,469,877	9%	
Moderate	Manufacturing	8,615,688	15%	34%
Moderate	Wholesale Distribution	4,181,751	7%	
Moderate	Consumer Non-Durables	2,361,076	4%	
Moderate	Business Services	1,966,205	3%	
Moderate	Construction/Home Building	1,869,925	3%	
Moderate	Technology Hardware	1,308,660	2%	
High	Consumer Durables	4,335,691	7%	
High	Automotive & Auto Suppliers	3,233,249	6%	
High	Apparel	3,188,759	5%	
High	Non-Food Retail	2,299,690	4%	
High	Transportation Services	1,945,471	3%	
High	Tech Hardware			



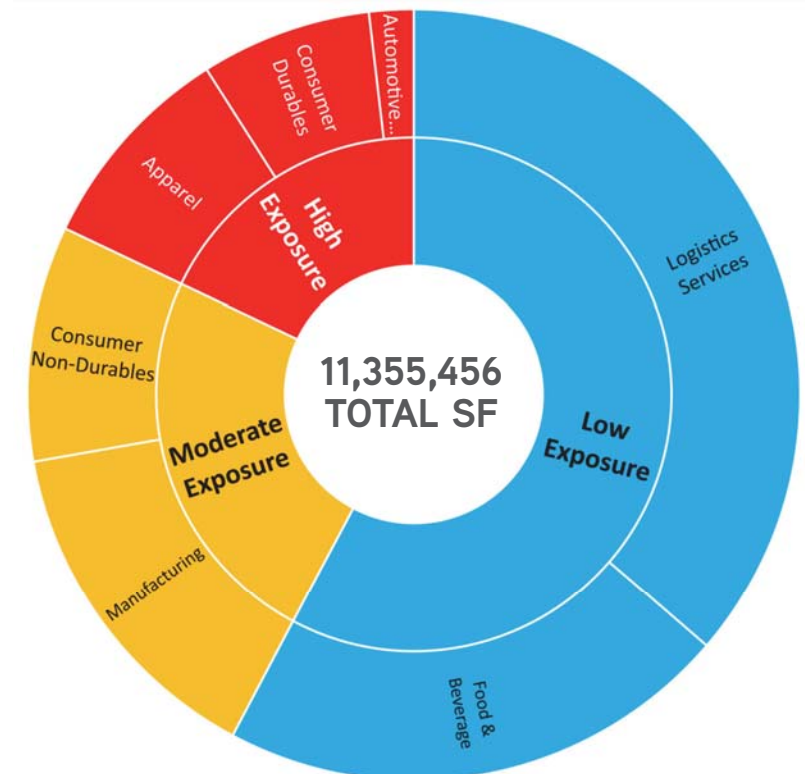
South Atlanta Submarket View *Airport/I-85 South*

Exposure	Industry Sector	Deal SF	% of Total	% of Total
Low	Logistics Services	4,341,000	20%	48%
Low	E-Commerce	4,135,541	19%	
Low	Food & Beverage	1,922,305	9%	
Moderate	Manufacturing	2,814,713	13%	36%
Moderate	Wholesale Distribution	2,072,127	10%	
Moderate	Construction/Home Building	1,044,288	5%	
Moderate	Technology Hardware	800,340	4%	
Moderate	Consumer Non-Durables	495,625	2%	
Moderate	Business Services	336,960	2%	
High	Apparel	982,777	5%	
High	Transportation Services	944,650	4%	
High	Non-Food Retail	868,750	4%	
High	Automotive & Auto Suppliers	415,665	2%	
High	Consumer Durables	253,300	1%	



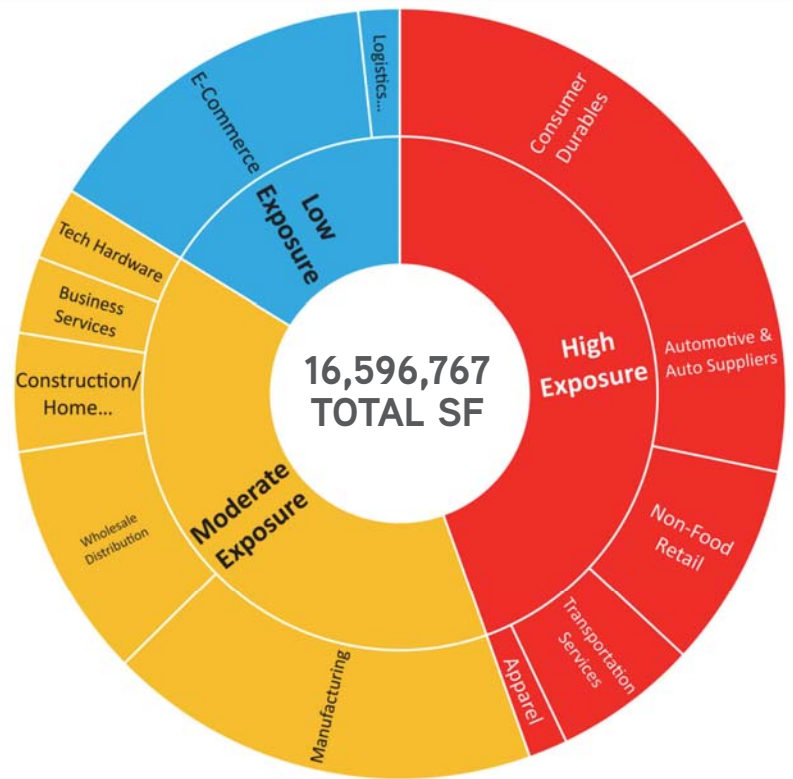
South Atlanta Submarket View *I-75 South/Henry County*

Exposure	Industry Sector	Deal SF	% of Total	% of Total
Low	Logistics Services	4,122,896	36%	58%
Low	Food & Beverage	2,436,813	22%	
Moderate	Manufacturing	1,640,305	14%	24%
Moderate	Consumer Non-Durables	1,121,120	10%	
High	Apparel	1,010,500	9%	18%
High	Consumer Durables	812,377	7%	
High	Automotive & Auto Suppliers	211,445	2%	



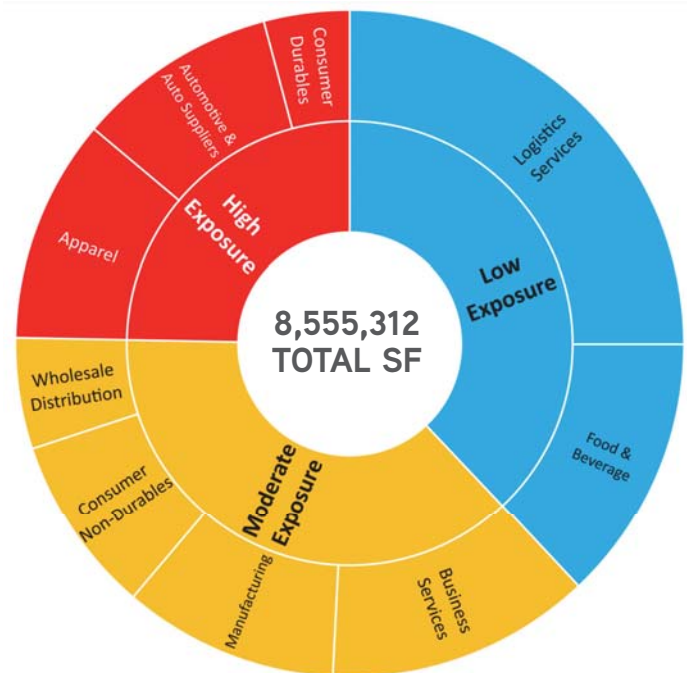
Northeast Atlanta Submarket View

Exposure	Industry Sector	Deal SF	% of Total	% of Total
Low	E-Commerce	2,398,959	14%	16%
Low	Logistics Services	287,286	2%	
Moderate	Manufacturing	3,004,438	18%	39%
Moderate	Wholesale Distribution	1,648,937	10%	
Moderate	Construction/Home Building	825,637	5%	
Moderate	Business Services	532,313	3%	
Moderate	Technology Hardware	508,320	3%	
Moderate	Wholesale Distribution			
High	Consumer Durables	2,915,694	18%	45%
High	Automotive & Auto Suppliers	1,773,740	11%	
High	Non-Food Retail	1,430,940	9%	
High	Transportation Services	1,000,821	6%	
High	Apparel	269,682	1%	
High	Apparel			



I-20 West/Fulton Industrial Submarket View

Exposure	Industry Sector	Deal SF	% of Total	% of Total
Low	Logistics Services	2,139,052	25%	38%
Low	Food & Beverage	1,110,759	13%	
Moderate	Business Services	1,096,932	13%	37%
Moderate	Manufacturing	891,032	10%	
Moderate	Consumer Non-Durables	744,331	9%	
Moderate	Wholesale Distribution	460,687	5%	
Moderate	Wholesale Distribution			
High	Automotive & Auto Supplies	925,800	11%	25%
High	Apparel	832,399	10%	
High	Consumer Durables	354,320	4%	



FOR MORE INFORMATION

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