

# Leading Indicators

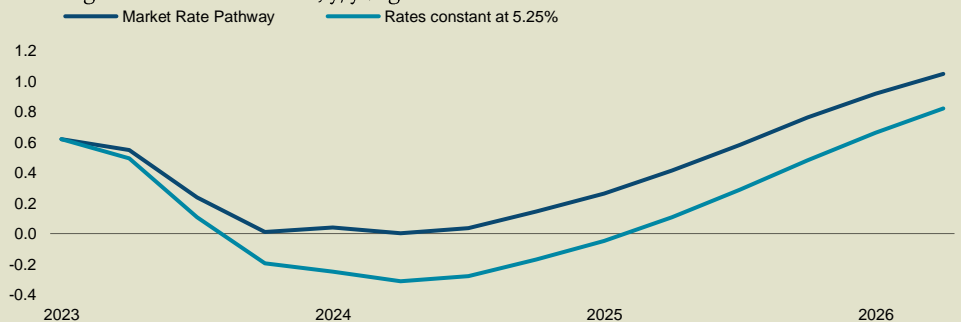
## Market focus transitions from rate hikes, to rate cuts

### +1.1%

Forecast UK GDP growth by Q4 2026 under the current market implied interest rate path, according to the Bank of England

### The market implied interest rate is better news for the UK economy than holding rates at 5.25% for an extended period

Bank of England base rate forecast, y/y % growth



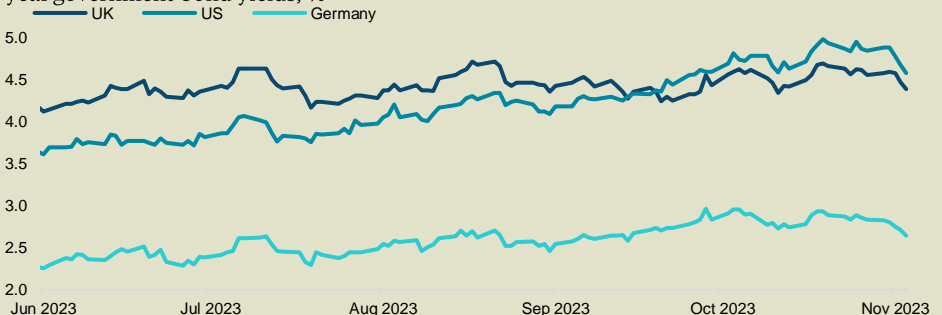
Source: Knight Frank Research, Bank of England

### 4.41%

The UK 10-year gilt yield is currently 4.41%, down from a recent high of 4.70%

### Government bond yields compress as expectations of further rate hikes in the US and UK dissipate

10-year government bond yields, %



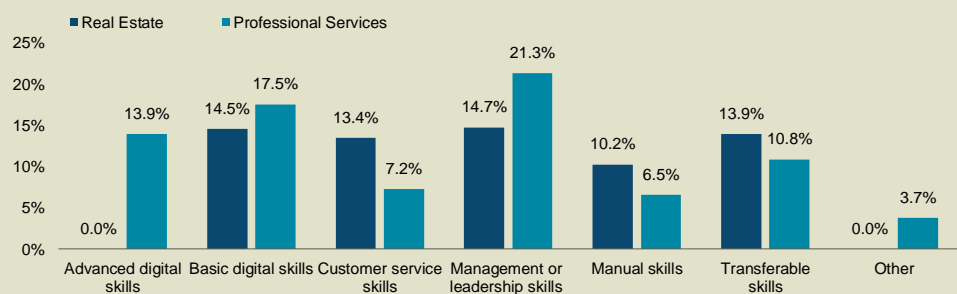
Source: Knight Frank Research, Macrobond

### 0%

Following a week in which the UK bolstered its tech credentials with a global AI summit, the real estate sector remains less focused on advanced digital skills than other sectors, including professional services

### Time to catch up?

“Which, if any, of the following skills has your business had a high demand for in the last 12 months?”, %



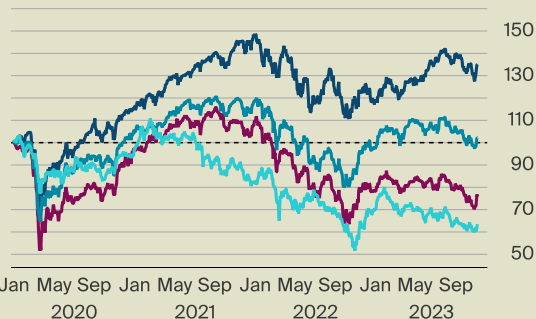
Source: Knight Frank Research, 2<sup>nd</sup> November ONS BIC Survey

# Equities

## Equity markets

Price return index, Jan 2020 = 100, US\$

— FTSE 250 — S&P 500 — STOXX 600 — Hang Seng



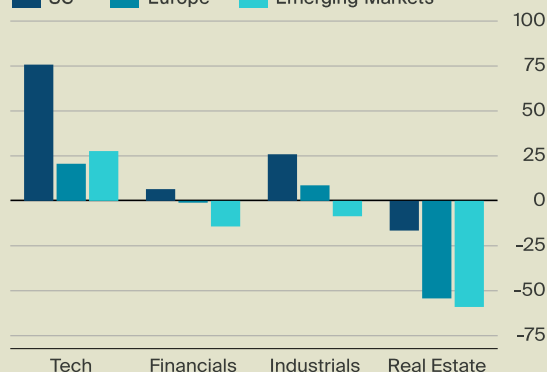
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
DAX 30	6,438	1.2	4.7	2.6	-2.7
FTSE 250	21,997	1.7	7.5	2.8	-24.1
Hang Seng	2,298	4.3	3.3	4.5	-36.5
IBEX 35	9,933	1.0	5.3	3.1	-7.3
MIB	30,732	1.6	6.5	6.2	16.7
S&P 500	4,366	1.1	6.0	2.5	35.1
STOXX 600	477	1.2	4.9	2.6	2.1
TOPIX	16	1.0	4.0	2.3	-1.3

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



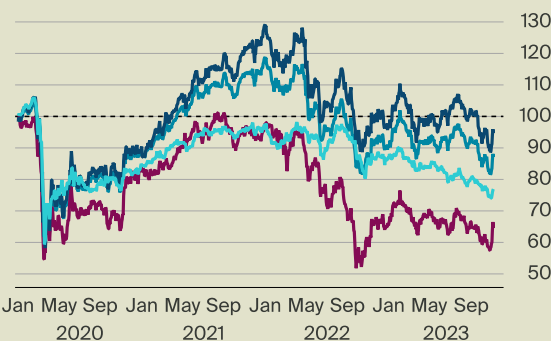
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	75.8%	20.6%	27.7%
Financials	6.5%	-1.0%	-14.2%
Industrials	25.9%	8.6%	-8.6%
Real Estate	-16.5%	-54.2%	-59.0%

## REITs by region

EPRA/NAREIT total return index, Jan 2020 = 100, US\$

— World — Europe — US — Asia Pacific



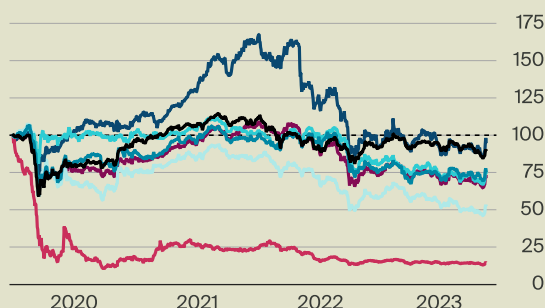
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
US	2,263	0.6	6.9	1.6	-5.3
Europe	1,841	1.0	10.8	7.4	-35.4
World	2,798	1.0	6.9	2.2	-12.9
Asia Pacific	3,020	1.4	2.8	-0.3	-23.1

## UK REITs by sector

UK EPRA gross total return index, Jan 2020 = 100, GBP£

— All REITs — Office — Industrial — Retail — Healthcare  
— Residential — FTSE 250



Source: Knight Frank, Macrobond

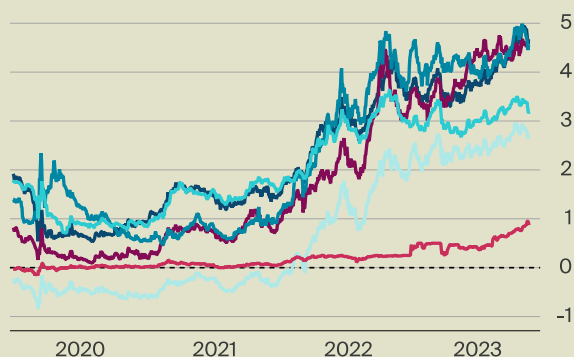
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
All REITs	727	-0.5	8.8	4.5	-28.9
Office	1,548	0.6	12.1	8.0	-47.8
Industrial	1,173	0.4	9.9	6.0	-5.4
Retail	52	-0.5	9.1	2.9	-85.6
Healthcare	1,678	-0.7	10.1	6.7	-26.0
Residential	1,148	-1.6	7.9	3.8	-24.8
FTSE 250	15,216	-0.1	5.3	1.0	-10.7

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

— US — UK — Germany — Italy — Japan — Singapore



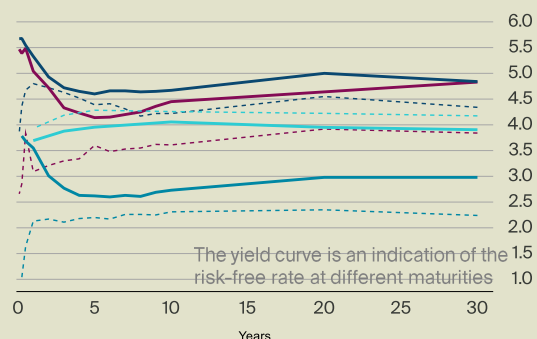
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.56	4.56	4.72	4.94	1.40
Japan	0.87	0.91	0.89	0.80	-0.03
Singapore	3.18	3.16	3.38	3.47	1.74
UK	4.51	n/a	4.51	4.57	0.82
US	4.67	4.67	4.88	4.78	1.92

## Yield curves

Latest nominal yield curves vs one year ago, %

Today — US — UK — Germany — S. Korea — One year ago ...US ...UK ...Germany ...S. Korea



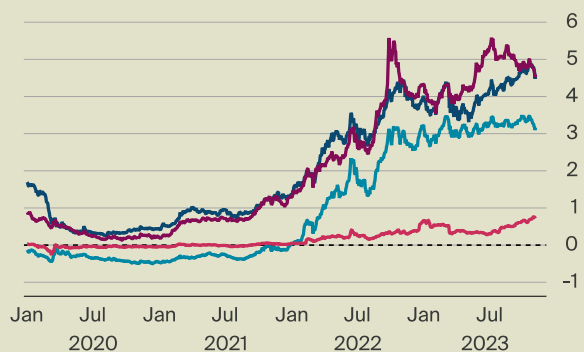
The yield curve is an indication of the risk-free rate at different maturities

Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



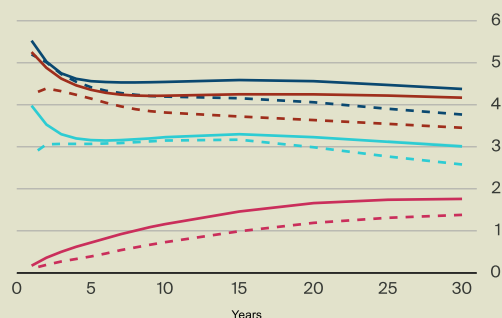
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.16	3.10	3.27	3.40	-0.13
Japan	0.72	0.74	0.76	0.65	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.59	4.52	4.77	4.89	0.88
US	4.56	4.48	4.79	4.77	1.70

## Swap curves

Latest swap curves vs one year ago, %

Today — US — UK — Euro Area — Japan — One year ago ...US ...UK ...Euro Area ...Japan



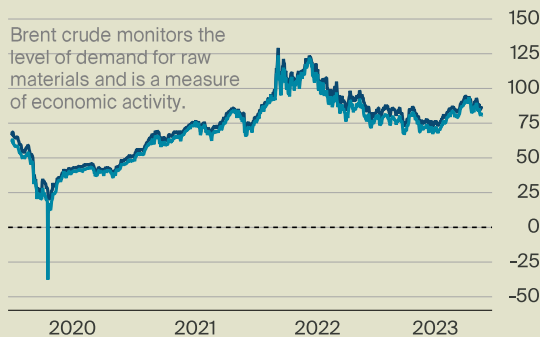
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, \$ per barrel	85.1	85.1	86.6	84.4	66.0
WTI, \$ per barrel	80.8	80.5	82.3	82.8	61.1

## Baltic dry index

Baltic Exchange, Shipping Dry index (BDI), US\$

— Baltic dry index



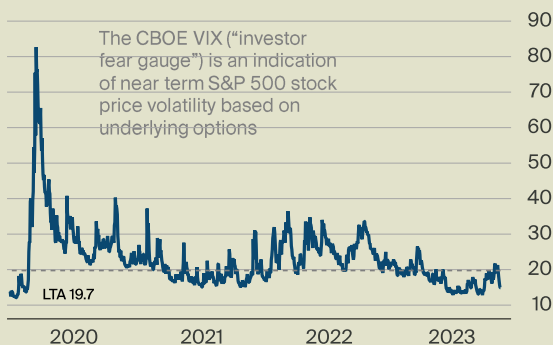
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1523	9.96	14	-21	39.7

## Volatility index

Near term stock price volatility indicator

— CBOE Volatility Index (VIX) --- Long term average



Source: Knight Frank, Macrobond

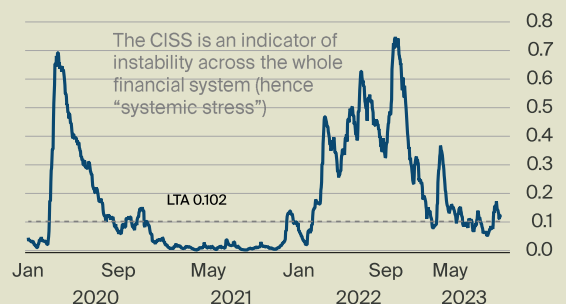
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	14.9	14.9	18.1	17.5	13.8
Euro Stoxx 50 VIX	16.8	16.8	19.7	18.7	14.0
Nikkei VIX	19.9	20.2	22.0	20.5	14.8
KOSPI VIX	18.2	18.7	19.9	17.4	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



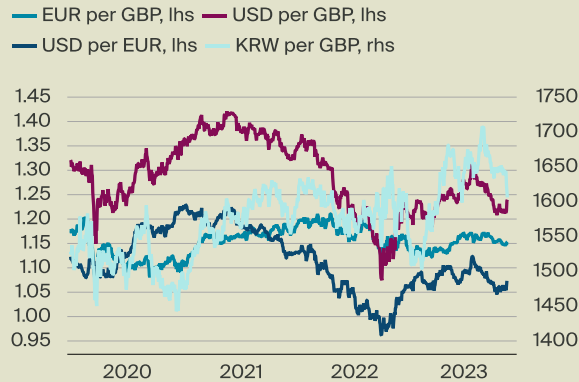
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.208	0.179	0.180	0.023
Equity markets stress sub index	0.119	0.073	0.080	0.009
Bond markets stress sub index	0.085	0.072	0.082	0.02
FX markets stress sub index	0.045	0.022	0.026	0.004

# Currencies & Monetary Policy

## Currencies

Spot prices



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.154	1.153	1.145	1.157	1.177
KOR per GBP	1,606	1,615	1,639	1,644	1,525
USD per GBP	1.240	1.237	1.216	1.219	1.321
USD per EUR	1.073	1.073	1.062	1.060	1.123

## Hedging benefits

Hedging benefit p.a. on a 5 year forward



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.73	1.68	1.80	1.68	2.32
USD to GBP	0.25	0.23	0.26	0.13	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Oct	Sep	Aug	July
Australia <sup>1</sup>	n/a	5.3	5.3	5.3
Canada	n/a	3.8	4.0	3.3
China	n/a	0.1	0.2	-0.2
Euro Area	2.9	4.3	5.2	5.3
France	4.0	4.9	4.9	4.3
Germany	3.7	4.5	6.1	6.1
India	n/a	5.0	6.8	7.4
Italy	1.8	5.3	5.4	5.9
Japan	n/a	3.0	3.2	3.3
Saudi Arabia	n/a	1.7	2.0	2.3
South Korea	3.8	3.7	3.4	2.3
Spain	n/a	3.5	2.6	2.3
Sweden	n/a	6.5	7.5	9.3
UK	n/a	6.7	6.7	6.8
US	n/a	3.7	3.7	3.3

1. Australia Inflation rate is only available on a quarterly basis.

### Interest rates (%)

	Last	Jan '23
	4.35	3.10
	5.00	4.25
	4.35	4.35
	4.50	2.50
	4.50	2.50
	4.50	2.50
	6.50	6.25
	4.50	2.50
	-0.10	-0.10
	6.00	5.00
	3.50	3.25
	4.50	2.50
	4.00	2.50
	5.25	3.50
	5.50	4.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.34 tn	-1.6
	240 bn	-7.4
	5.85 tn	2.6
	7.43 tn	-1.0
	1.81 tn	0.2
	2.66 tn	-0.6
	382 bn	2.4
	1.35 tn	-1.9
	4.96 tn	1.3
	486 bn	3.4
	406 bn	-0.6
	487 bn	0.0
	121 bn	-0.2
	1.31 tn	-0.5
	7.87 tn	-1.4

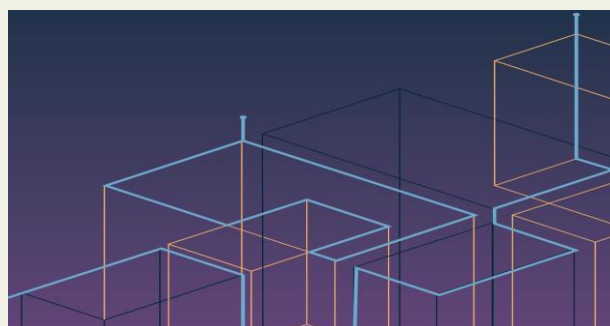
Source: Knight Frank, Macrobond



### Is the Logistics sector delivering on ESG?

The real estate sector is currently experiencing an ESG wake-up call. Recognising its contribution of around a third of total energy consumption and just shy of 40% of CO2 emissions, governments are introducing ESG-focused legislation and strategies to ensure corporations and the real estate sector take action.

[View Report](#)



### Healthcare Development Opportunities 2023

The continued interest in UK healthcare markets is based on strong fundamental drivers such as demographic shifts, secure income and consistency regarding performance – so understanding current and future supply levels is becoming increasingly important.

[View Report](#)

#### Recent research



#### Life Sciences & Innovation Insight – Q2 2023

Record company incorporations, highest ever quarterly life sciences real estate investment and UK Government proposes road to “science superpower”.



#### UK CRE Quarterly Review – August 23

The latest CRE Review analyses the Q2 2023 occupier and investment performance of the UK commercial real estate sectors.

We like questions, if you've got one about our research, or would like some property advice, we would like to hear from you



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