

Leading Indicators

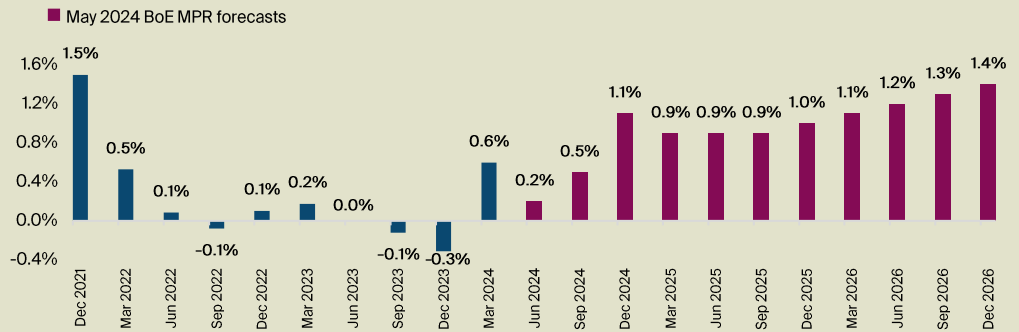
The rocky road to recovery

+0.6%

The UK economy expanded by its fastest pace since Q4 2021, at +0.6% growth in Q1 2024, following a -0.3% decline in the previous quarter. This rebound suggests the UK economy might be on the road to recovery, if sustained. Meanwhile, April's PMI data signals a robust start to Q2 2024, with the latest services PMI rising to an 11-month high.

UK GDP grew +0.6% in the first quarter of 2024, its fastest pace since Q4 2021

UK GDP growth and Bank of England forecasts, % q/q



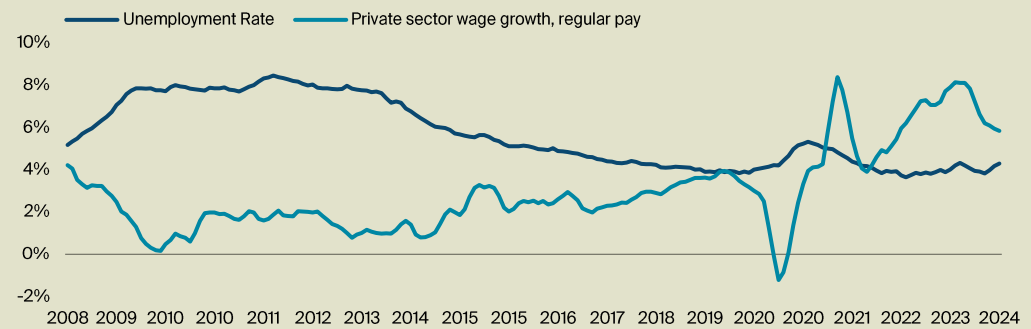
Source: Knight Frank Research, Bank of England May 2024 Monetary Policy Report

4.3%

The UK unemployment rate edged up to 4.3% in March, from 4.2% in the month prior, and in line with expectations. Wage growth (excl. bonuses) remained unchanged, yet private sector wage growth slowed to +5.9%. The latest figures indicate the labour market is losing some of its heat, with markets now pricing in a 52% chance of a June interest rate cut.

UK labour market continues to loosen

UK unemployment rate and private sector wage growth, %



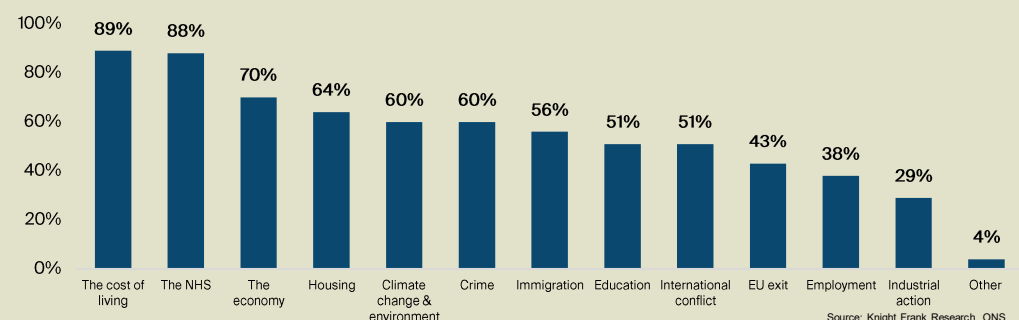
Source: Knight Frank Research, ONS

89%

According to the ONS, the primary concerns among adults were the cost of living (89%), the NHS (88%), and the economy (70%). These concerns have consistently ranked as the top three issues since October 2022. Other commonly reported issues were housing (64%), climate change and the environment (60%) and crime (60%).

Mental Health Awareness Week: What's on people's mind?

ONS Public Opinions and Social Trends Survey May 2024, 'What do you think are important issues facing the UK today?', % of people



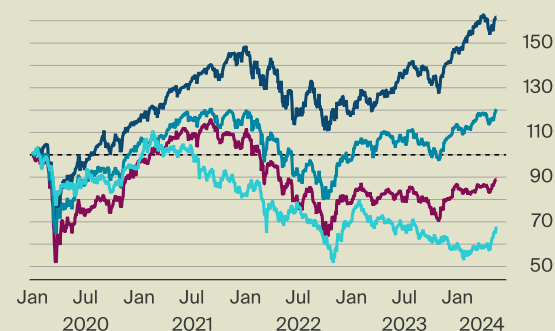
Source: Knight Frank Research, ONS

Equities

Equity markets

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

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



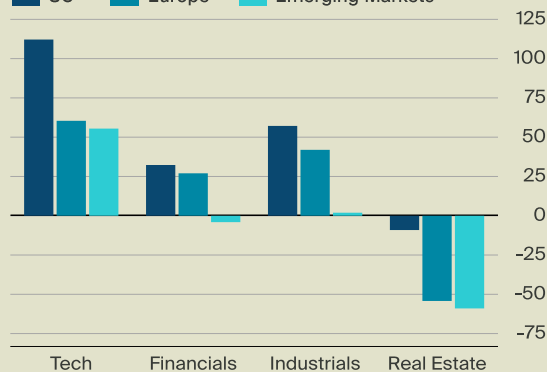
Source: Knight Frank, Macrobond

| Index | Last | Percentage change since | | | |
|-----------|--------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| DAX 30 | 7,838 | 0.5 | 3.4 | 3.6 | 18.4 |
| FTSE 250 | 25,800 | 0.4 | 2.0 | 4.1 | -11.0 |
| Hang Seng | 2,441 | 0.6 | 2.7 | 11.9 | -32.5 |
| IBEX 35 | 12,037 | 1.1 | 3.0 | 5.5 | 12.3 |
| MIB | 37,578 | 1.6 | 3.8 | 4.1 | 42.7 |
| S&P 500 | 5,221 | 0.1 | 1.8 | 0.4 | 61.6 |
| STOXX 600 | 562 | 1.0 | 3.3 | 4.0 | 20.5 |
| TOPIX | 17 | -0.1 | -1.3 | -2.4 | 10.8 |

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



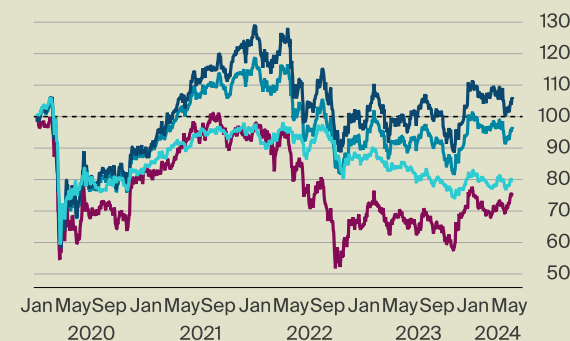
Source: Knight Frank, Macrobond

| | Percentage change since Jan 2020 | | |
|-------------|----------------------------------|--------|--------|
| | US | Europe | World |
| Tech | 112.1% | 60.4% | 55.5% |
| Financials | 32.3% | 27.0% | -4.1% |
| Industrials | 57.2% | 41.9% | 1.9% |
| Real Estate | -9.1% | -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

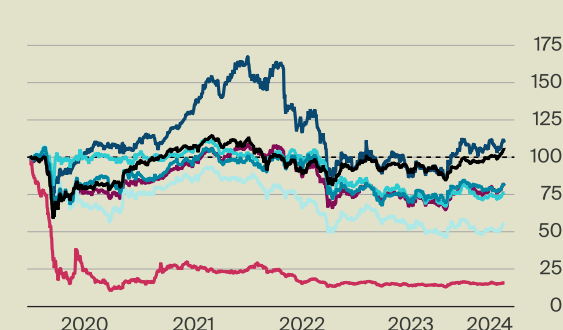
| Index, total return | Last | Percentage change since | | | |
|---------------------|-------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| US | 2,538 | 0.2 | 2.3 | 0.9 | 6.2 |
| Europe | 2,139 | -0.7 | 0.7 | 5.8 | -25.0 |
| World | 3,106 | 0.2 | 1.8 | 1.2 | -3.3 |
| Asia Pacific | 3,129 | 0.1 | 0.2 | -0.2 | -20.3 |

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

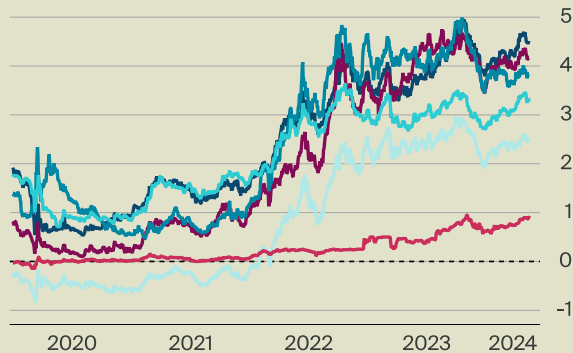
| Index, total return | Last | Percentage change since | | | |
|---------------------|--------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| All REITs | 826 | -1.4 | 0.5 | 3.9 | -19.3 |
| Office | 1,651 | 0.4 | 3.6 | 9.2 | -44.3 |
| Industrial | 1,361 | -1.5 | -0.1 | 2.9 | 9.8 |
| Retail | 56 | -1.1 | 1.2 | 3.1 | -84.3 |
| Healthcare | 1,723 | -0.6 | 1.6 | 2.4 | -24.0 |
| Residential | 1,236 | -1.0 | 0.6 | 4.4 | -19.0 |
| FTSE 250 | 17,933 | 0.1 | 2.0 | 4.3 | 5.3 |

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



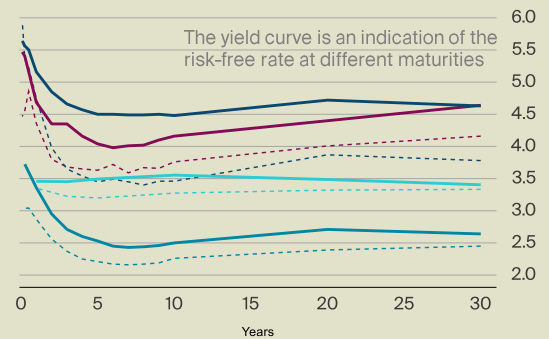
Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-----------|------|-------|--------|---------|---------|
| Italy | 3.85 | 3.85 | 3.75 | 3.77 | 1.40 |
| Japan | 0.93 | 0.90 | 0.90 | 0.85 | -0.03 |
| Singapore | 3.32 | 3.33 | 3.26 | 3.33 | 1.74 |
| UK | 4.17 | 4.17 | 4.13 | 4.14 | 0.82 |
| US | 4.48 | 4.48 | 4.47 | 4.50 | 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

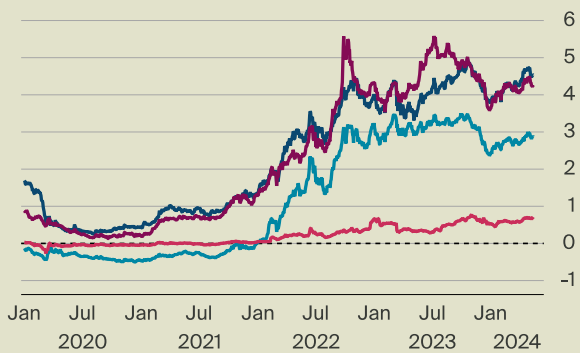


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



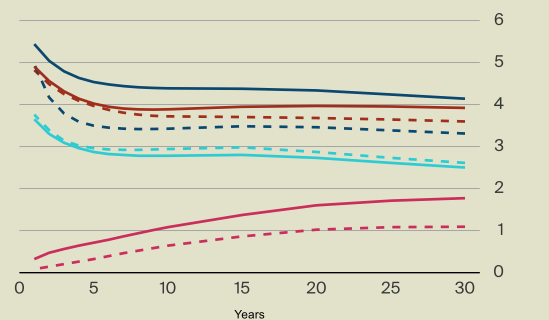
Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-----------|------|-------|--------|---------|---------|
| Eurozone | 2.87 | 2.89 | 2.85 | 2.75 | -0.13 |
| Japan | 0.71 | 0.69 | 0.68 | 0.66 | 0.03 |
| Singapore | 3.66 | n/a | n/a | n/a | 1.50 |
| UK | 4.26 | 4.24 | 4.33 | 4.27 | 0.88 |
| US | 4.54 | 4.54 | 4.53 | 4.57 | 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



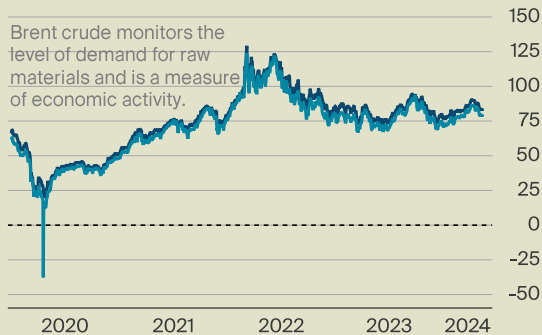
Source: Knight Frank, Macrobond

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 | 83.4 | 83.4 | 82.9 | 89.6 | 66.0 |
| WTI, \$ per barrel | 79.3 | 79.3 | 78.5 | 85.7 | 61.1 |

Baltic dry index

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

— Baltic dry index



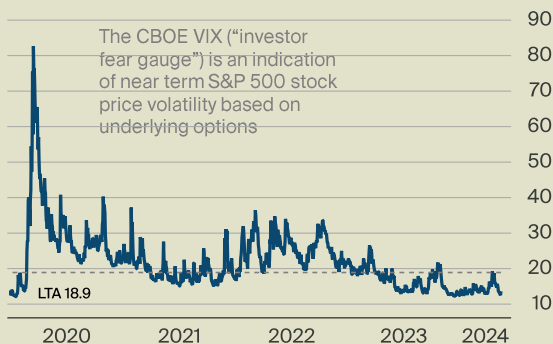
Source: Knight Frank, Macrobond

| | Last | Percentage change since | | | |
|------------|------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| Baltic Dry | 1993 | -6.39 | -4.32 | 15.3 | 82.8 |

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

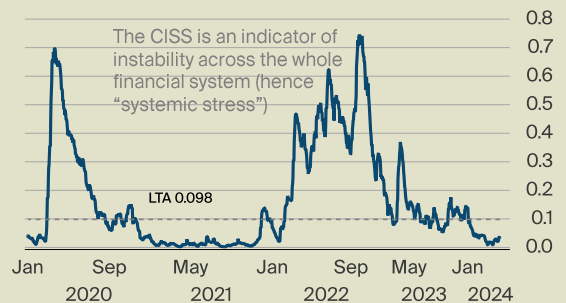
| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-------------------|------|-------|--------|---------|---------|
| CBOE VIX | 13.6 | 13.6 | 13.2 | 17.3 | 13.8 |
| Euro Stoxx 50 VIX | 13.9 | 13.9 | 14.1 | 18.8 | 14.0 |
| Nikkei VIX | 18.2 | 18.5 | 19.2 | 20.0 | 14.8 |
| KOSPI VIX | 16.7 | 16.6 | 17.2 | 17.6 | 14.7 |

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



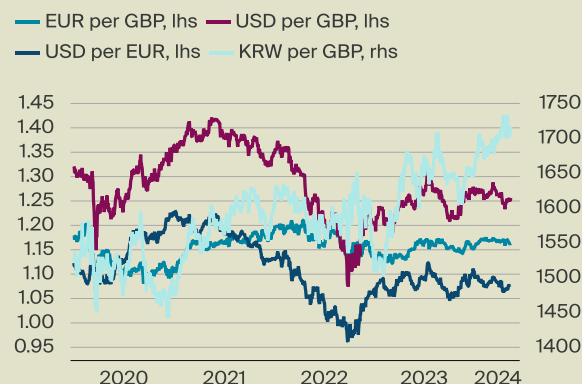
Source: Knight Frank, Macrobond

| | Last | 1 week | 1 month | Jan '20 |
|---------------------------------|-------|--------|---------|---------|
| Systemic stress composite | 0.047 | 0.053 | 0.059 | 0.023 |
| Equity markets stress sub index | 0.032 | 0.039 | 0.026 | 0.009 |
| Bond markets stress sub index | 0.040 | 0.045 | 0.040 | 0.02 |
| FX markets stress sub index | 0.009 | 0.031 | 0.009 | 0.004 |

Currencies & Monetary Policy

Currencies

Spot prices

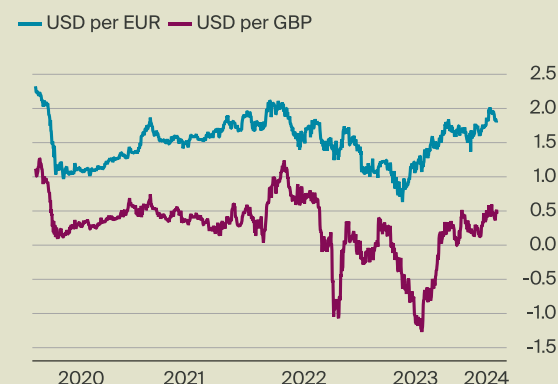


Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-------------|-------|-------|--------|---------|---------|
| EUR per GBP | 1.163 | 1.162 | 1.165 | 1.170 | 1.177 |
| KOR per GBP | 1,716 | 1,713 | 1,701 | 1,722 | 1,525 |
| USD per GBP | 1.256 | 1.251 | 1.255 | 1.244 | 1.321 |
| USD per EUR | 1.077 | 1.077 | 1.078 | 1.065 | 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 | 1.82 | 1.82 | 1.83 | 1.98 | 2.32 |
| USD to GBP | 0.46 | 0.52 | 0.36 | 0.50 | 1.12 |

Inflation and monetary policy

Inflation rate (%)

| | Apr | Mar | Feb | Jan |
|------------------------|-----|-----|-----|------|
| Australia ¹ | n/a | 3.6 | 3.6 | 3.6 |
| Canada | n/a | 2.9 | 2.8 | 2.9 |
| China | 0.2 | 0.0 | 0.7 | -0.8 |
| Euro Area | 2.4 | 2.4 | 2.6 | 2.8 |
| France | 2.2 | 2.3 | 3.0 | 3.1 |
| Germany | 2.2 | 2.2 | 2.5 | 2.9 |
| India | 4.8 | 4.9 | 5.1 | 5.1 |
| Italy | 0.9 | 1.2 | 0.8 | 0.8 |
| Japan | n/a | 2.7 | 2.8 | 2.2 |
| Saudi Arabia | n/a | 1.6 | 1.8 | 1.6 |
| South Korea | 2.9 | 3.1 | 3.1 | 2.8 |
| Spain | n/a | 3.2 | 2.8 | 3.4 |
| Sweden | n/a | 4.1 | 4.5 | 5.4 |
| UK | n/a | 3.2 | 3.4 | 4.0 |
| US | n/a | 3.5 | 3.2 | 3.1 |

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 (%) |
|--|-------------|---------------|
| | 0.33 tn | -4.9 |
| | 207 bn | -7.6 |
| | 5.91 tn | -2.4 |
| | 709 tn | -0.2 |
| | 1.66 tn | -3.7 |
| | 2.66 tn | -0.6 |
| | 404 bn | -5.3 |
| | 1.25 tn | 0.3 |
| | 4.86 tn | 0.4 |
| | 496 bn | 4.7 |
| | 387 bn | 0.5 |
| | 487 bn | -1.8 |
| | 116 bn | 0.2 |
| | 1.37 tn | -0.5 |
| | 7.35 tn | -1.1 |

Source: Knight Frank, Macrobond



The London series – The key drivers of London's occupational market

As the noise from the great global workplace experiment gives way to stronger signals, occupier requirements are changing not evaporating. We have identified three key aspects of the occupier mindset that are combining with three dominant deal drivers to shape occupier activity in London.

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Future Gazing – Logistics for modern living

Our 2024 Future Gazing report explores the lifestyle, demographic and consumer trends that shape our relationship with industrial and logistics property. Our research anticipates that an additional 111.6m sq ft of industrial and logistics space is required to support the growth of retail, manufacturing and service sectors over the next five years.

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Recent research



Life Sciences & Innovation Insight – Q1 2024

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



UK Real Estate Navigator – Q4 23

The latest Real Estate Navigator analyses the Q4 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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