

# Leading Indicators

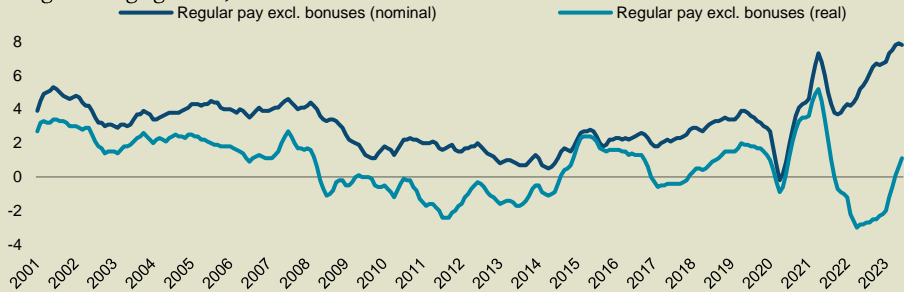
## The UK maintains its entrepreneurial spirit, despite macro headwinds

**+1.1%**

Real UK regular wage growth (excl. bonuses) in the three months to August 2023

### Real UK wages rise by levels last seen in September 2021, as nominal wages may have peaked

UK regular wage growth, %



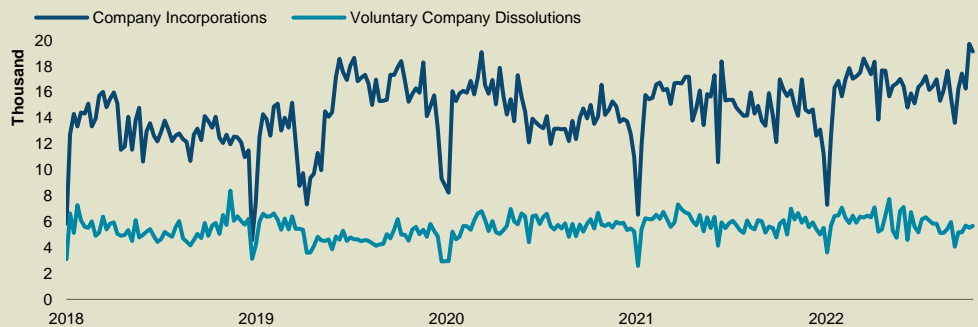
Source: Knight Frank Research, ONS

**c.39k**

UK company incorporations in the first two weeks of October 2023, according to the ONS

### UK company incorporations hit a five-year high in October

Number of weekly UK company incorporations and voluntary dissolutions



Source: Knight Frank Research, ONS

**239bps**

Current MSCI UK All Property yield gap, which compares to the 20-year average of 388bps and -7bps low in the run up to the GFC

### Yield gap remains above recent low, but below the 20-year average in all sectors

Spread between UK monthly MSCI sector equivalent yields vs UK 10-year gilt yield, bps



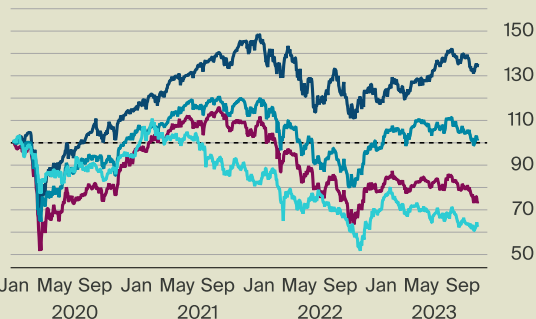
Source: Knight Frank Research, Macrobond, MSCI

# Equities

## Equity markets

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

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



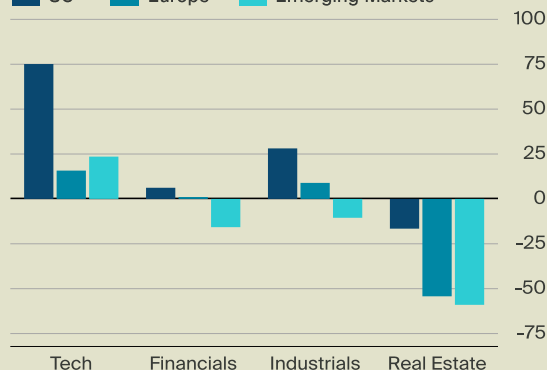
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	6,361	-1.2	-0.4	-4.7	-3.9
FTSE 250	21,357	-2.0	-1.6	-9.0	-26.3
Hang Seng	2,256	-3.2	1.0	-2.1	-37.6
IBEX 35	9,798	-0.6	0.1	-3.8	-8.6
MIB	29,952	-0.4	1.6	-2.8	13.8
S&P 500	4,374	0.6	1.5	-2.9	35.4
STOXX 600	475	-0.8	0.7	-3.4	1.8
TOPIX	15	-0.7	1.0	-6.3	-2.9

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



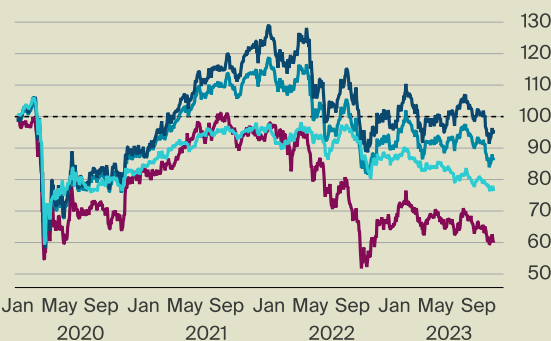
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	75.1%	15.8%	23.5%
Financials	6.2%	1.0%	-15.7%
Industrials	28.1%	8.9%	-10.5%
Real Estate	-16.6%	-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

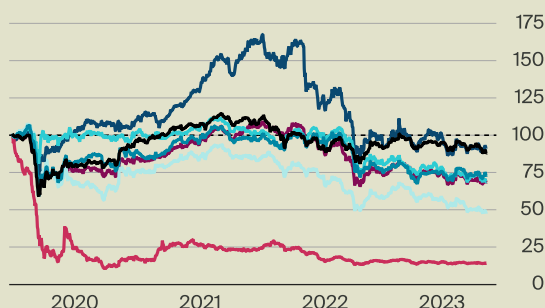
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,288	0.9	2.7	-6.0	-4.3
Europe	1,727	-1.6	-0.5	-7.7	-39.4
World	2,793	0.1	1.9	-6.1	-13.1
Asia Pacific	2,997	-2.1	-0.6	-4.3	-23.6

## 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

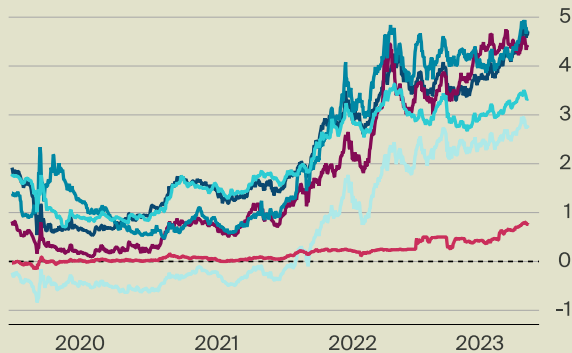
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	702	-1.4	0.3	-4.5	-31.4
Office	1,435	-1.3	0.1	-5.3	-51.6
Industrial	1,127	-1.7	1.0	-3.6	-9.1
Retail	51	-1.1	0.2	-3.9	-85.9
Healthcare	1,559	-1.0	-1.8	-9.1	-31.3
Residential	1,114	-1.7	0.3	-3.4	-27.0
FTSE 250	14,996	-1.8	-1.2	-7.1	-12.0

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



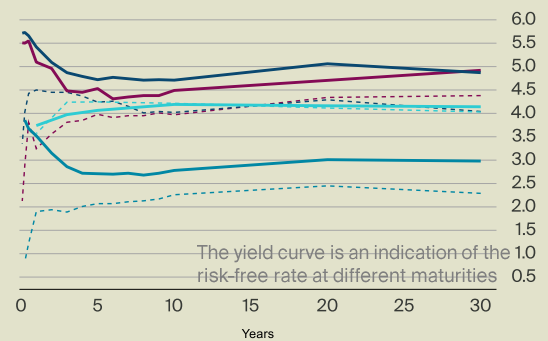
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.76	4.76	4.75	4.45	1.40
Japan	0.75	0.76	0.80	0.70	-0.03
Singapore	3.33	3.33	3.40	3.30	1.74
UK	4.39	n/a	4.43	4.36	0.82
US	4.71	4.71	4.66	4.33	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



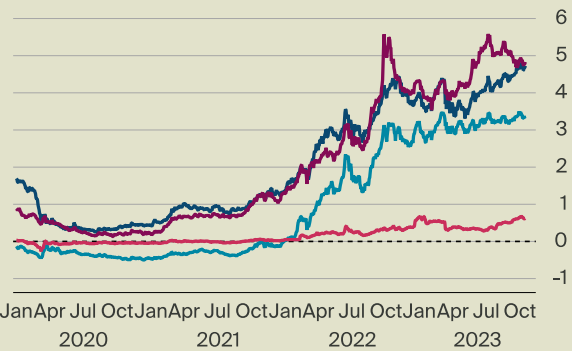
The yield curve is an indication of the risk-free rate at different maturities

Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



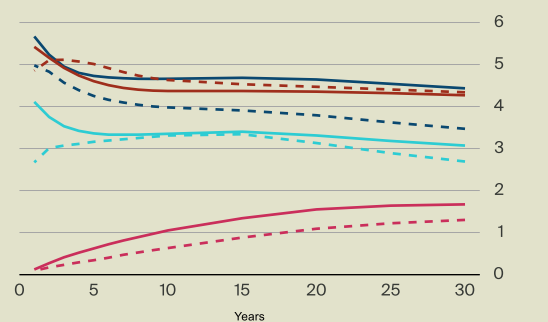
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.36	3.34	3.31	3.30	-0.13
Japan	0.62	0.61	0.65	0.59	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.83	4.77	4.81	4.85	0.88
US	4.73	4.67	4.79	4.51	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



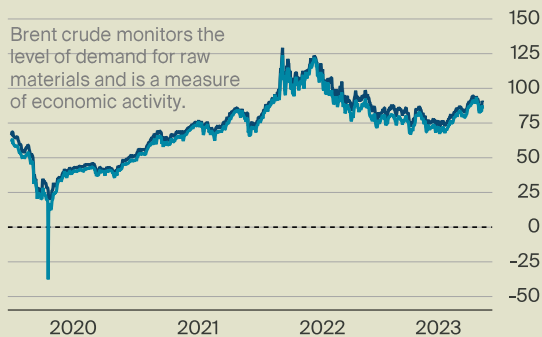
Source: Knight Frank, Macrobond

# 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	90.1	90.9	88.2	94.2	66.0
WTI, \$ per barrel	85.5	87.7	86.4	90.8	61.1

## Baltic dry index

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

— Baltic dry index



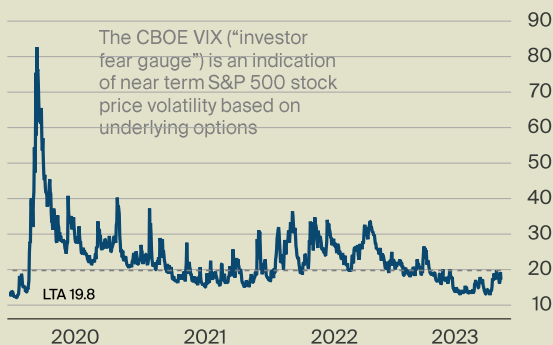
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1972	1.91	-0.954	42.8	80.9

## 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	17.2	17.2	17.0	13.8	13.8
Euro Stoxx 50 VIX	19.9	19.9	18.6	14.7	14.0
Nikkei VIX	21.2	21.9	21.1	16.0	14.8
KOSPI VIX	16.2	17.1	17.6	11.7	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



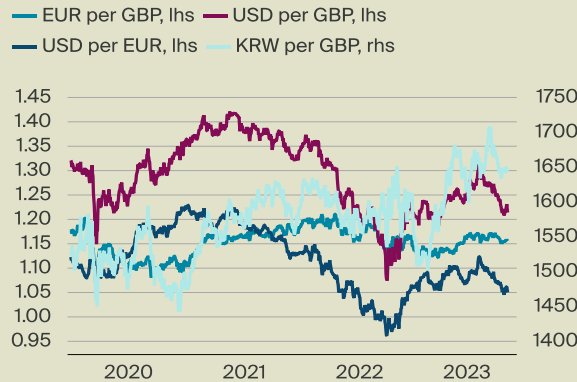
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.168	0.130	0.143	0.023
Equity markets stress sub index	0.089	0.068	0.048	0.009
Bond markets stress sub index	0.083	0.070	0.063	0.02
FX markets stress sub index	0.029	0.032	0.010	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

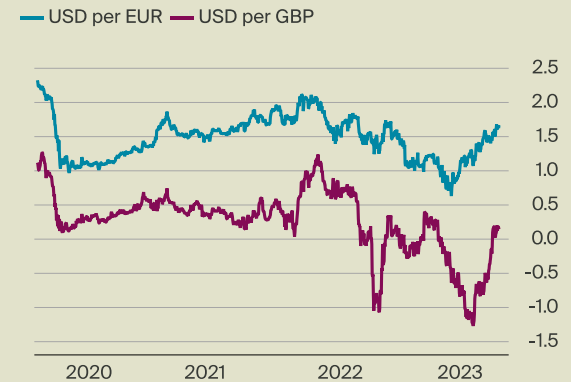


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.156	1.157	1.157	1.163	1.177
KOR per GBP	1,643	1,645	1,644	1,657	1,525
USD per GBP	1.214	1.221	1.219	1.249	1.321
USD per EUR	1.050	1.055	1.060	1.074	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	1.67	1.62	1.60	1.46	2.32
USD to GBP	0.15	0.17	0.20	-0.15	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Sep	Aug	July	June
Australia <sup>1</sup>	n/a	n/a	n/a	6.1
Canada	n/a	4.0	3.3	2.8
China	0.1	0.2	-0.2	0.1
Euro Area	4.3	5.2	5.3	5.5
France	4.9	4.9	4.3	4.5
Germany	4.5	6.1	6.1	6.4
India	5.0	6.8	7.4	4.9
Italy	5.3	5.4	5.9	6.4
Japan	n/a	3.2	3.3	3.3
Saudi Arabia	1.7	2.0	2.3	2.7
South Korea	3.7	3.4	2.3	2.7
Spain	3.5	2.6	2.3	1.9
Sweden	6.5	7.5	9.3	9.3
UK	n/a	6.7	6.8	7.9
US	3.7	3.7	3.3	3.1

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

### Interest rates (%)

	Last	Jan '23
	4.10	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	-6.0
	257 bn	-2.5
	5.85 tn	2.6
	7.41 tn	-1.4
	1.81 tn	0.2
	2.66 tn	-2.7
	382 bn	2.4
	1.35 tn	-1.9
	4.99 tn	-0.7
	470 bn	-1.3
	406 bn	-0.6
	487 bn	0.4
	124 bn	-2.5
	1.31 tn	-0.5
	7.95 tn	-1.8

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.

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### 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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