

Leading Indicators

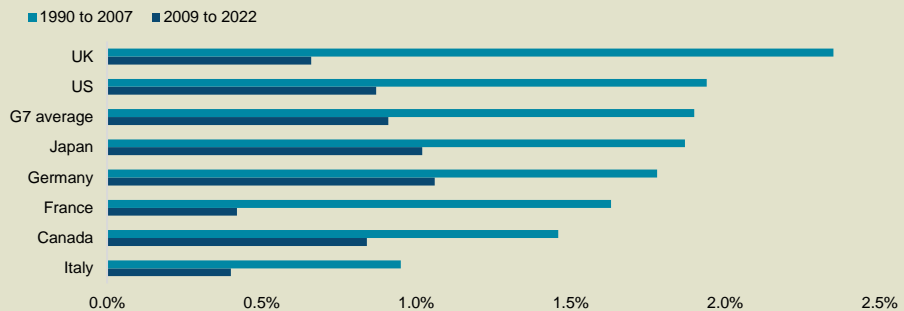
A budget boost to productivity?

+0.7%

Annual average growth in UK labour productivity between 2009 and 2022, compared to +2.4% growth between 1990 and 2007.

Chancellor Hunt may introduce new measures to get UK productivity back on track, in tomorrow's Autumn Statement

Annual average growth in labour productivity, %



Source: Knight Frank Research, FT, LSEG

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Money markets are pricing in at least two rate cuts from the Bank of England over the next two years, and three from the US Federal Reserve and European Central Bank. However, markets currently expect the Bank of Japan to implement at least one rate hike.

Money markets anticipate at least two rate cuts from the Fed, ECB and BoE over the next two years, but rate hikes from the BoJ

Number of market implied interest rate cuts/hikes, based on overnight indexed swaps (OIS)



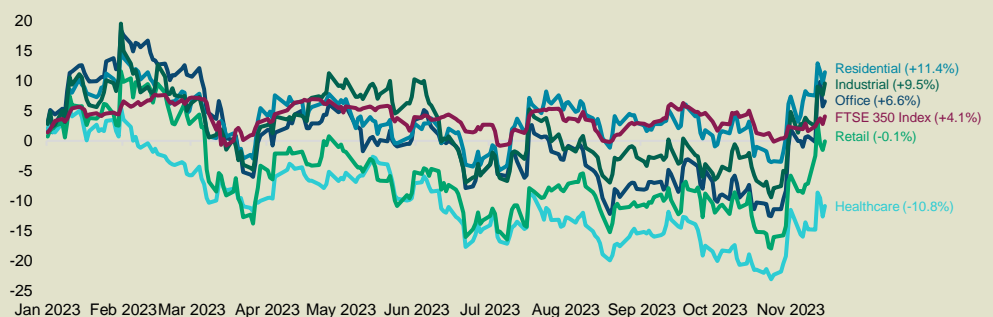
Source: Knight Frank Research, ICAP, Macrobond

+11.4%

YTD total return for UK Residential REITs in 2023, which compares to +4.1% total return for the wider FTSE 350 Index. Industrial (+9.5%) and Office (+6.6%) REITs also outperformed.

Residential, industrial and office REITs outperform in 2023

UK REITs vs FTSE 350 index, YTD total return, %



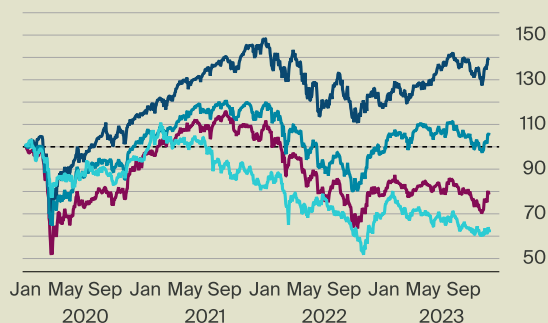
Source: Knight Frank Research, Macrobond

Equities

Equity markets

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

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



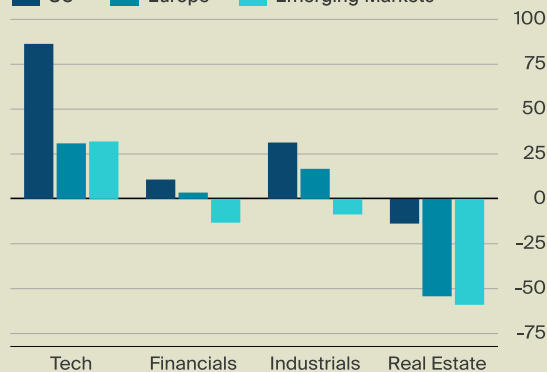
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	6,856	1.3	5.3	7.8	3.6
FTSE 250	23,080	-0.7	4.2	8.1	-20.4
Hang Seng	2,280	-0.2	3.5	3.2	-37.0
IBEX 35	10,624	1.4	5.4	8.4	-0.9
MIB	32,105	0.3	4.6	7.2	22.0
S&P 500	4,514	0.2	3.8	3.2	39.7
STOXX 600	496	0.4	3.4	4.5	6.3
TOPIX	16	0.6	2.8	5.0	0.4

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



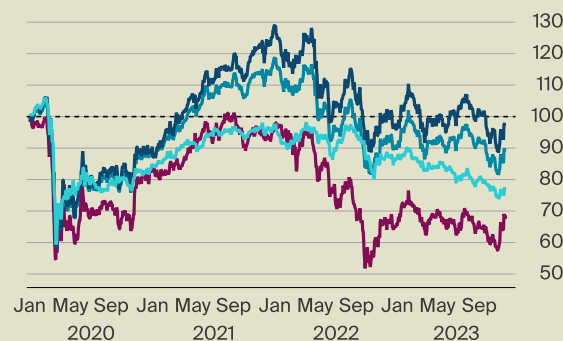
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	86.3%	30.9%	32.0%
Financials	10.8%	3.5%	-13.3%
Industrials	31.4%	16.7%	-8.7%
Real Estate	-13.8%	-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

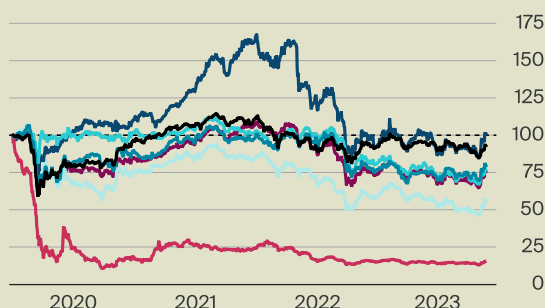
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,324	-0.5	4.8	1.6	-2.8
Europe	1,959	0.3	5.8	13.4	-31.3
World	2,874	-0.5	4.6	2.9	-10.6
Asia Pacific	3,021	-0.7	1.7	0.8	-23.0

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

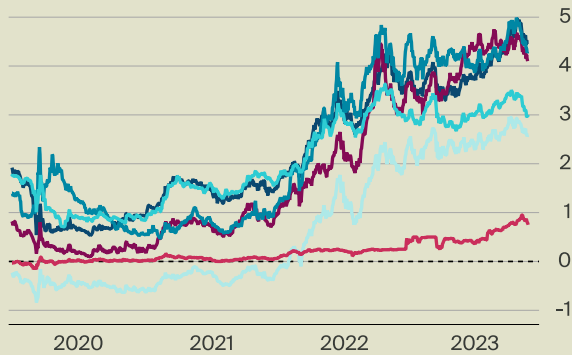
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	782	0.1	5.7	11.4	-23.6
Office	1,656	-2.9	6.3	15.4	-44.1
Industrial	1,262	0.7	5.2	11.9	1.8
Retail	56	0.1	7.4	10.2	-84.5
Healthcare	1,746	-1.5	3.1	12.0	-23.0
Residential	1,225	0.0	2.8	10.0	-19.7
FTSE 250	15,934	-0.5	3.0	6.3	-6.5

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



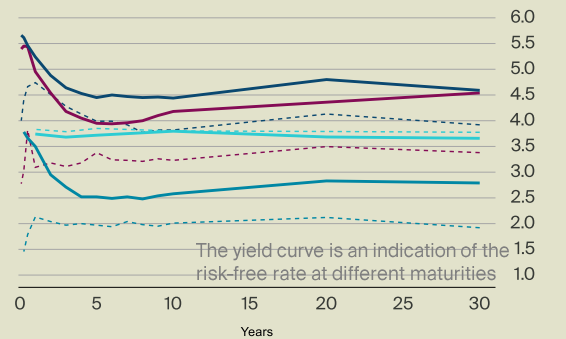
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.29	4.29	4.50	4.91	1.40
Japan	0.75	0.79	0.85	0.84	-0.03
Singapore	3.00	2.97	3.10	3.40	1.74
UK	4.10	4.10	4.31	4.65	0.82
US	4.44	4.44	4.63	4.93	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

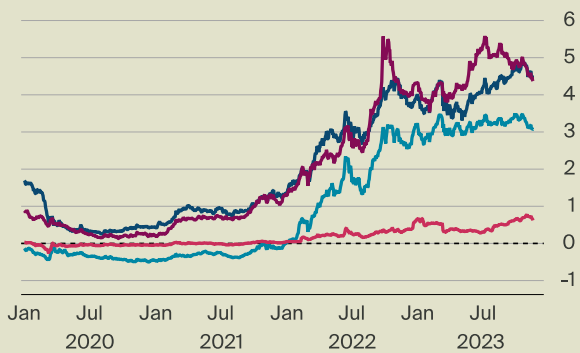


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



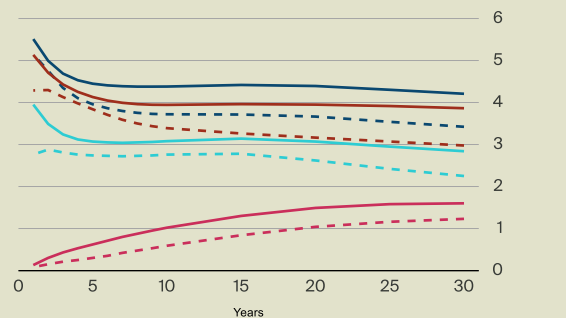
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.07	3.06	3.18	3.45	-0.13
Japan	0.62	0.66	0.72	0.65	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.37	4.40	4.58	4.84	0.88
US	4.45	4.44	4.62	4.86	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



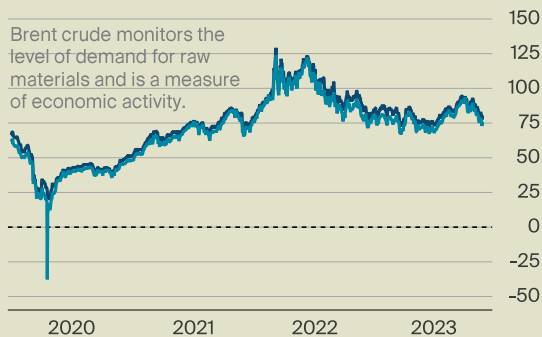
Source: Knight Frank, Macrobond

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	80.6	77.4	81.6	90.8	66.0
WTI, \$ per barrel	75.9	72.9	77.2	86.7	61.1

Baltic dry index

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

— Baltic dry index



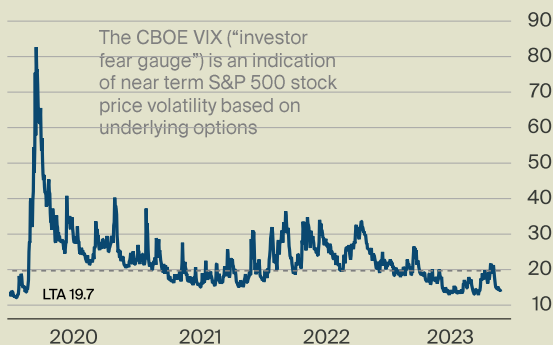
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1820	7.82	10.8	-11.6	67

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	13.8	13.8	14.8	21.7	13.8
Euro Stoxx 50 VIX	13.9	13.9	15.9	23.3	14.0
Nikkei VIX	18.6	18.3	19.5	23.2	14.8
KOSPI VIX	16.7	16.6	17.7	19.5	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



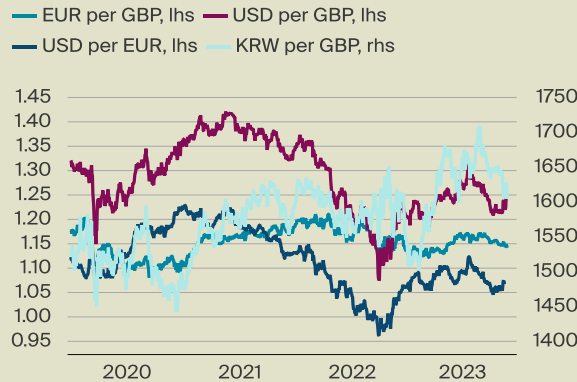
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.183	0.207	0.130	0.023
Equity markets stress sub index	0.072	0.119	0.068	0.009
Bond markets stress sub index	0.073	0.085	0.070	0.02
FX markets stress sub index	0.007	0.045	0.031	0.004

Currencies & Monetary Policy

Currencies

Spot prices

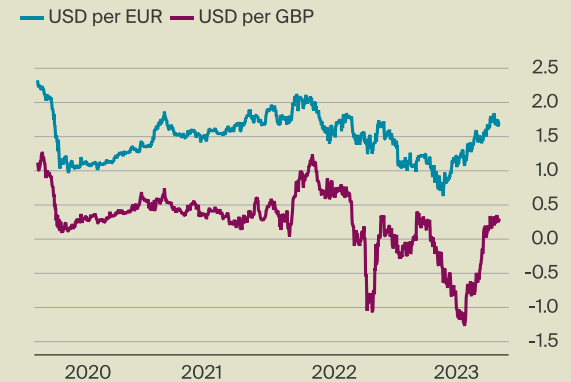


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.142	1.144	1.143	1.152	1.177
KOR per GBP	1.610	1.605	1.611	1.652	1,525
USD per GBP	1.243	1.244	1.220	1.218	1.321
USD per EUR	1.071	n/a	1.071	1.059	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	1.66	1.66	1.74	1.77	2.32
USD to GBP	0.30	0.26	0.30	0.34	1.12

Inflation and monetary policy

Inflation rate (%)

	Oct	Sep	Aug	July
Australia ¹	n/a	5.3	5.3	5.3
Canada	n/a	3.8	4.0	3.3
China	-0.1	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	4.9	5.0	6.8	7.4
Italy	1.7	5.3	5.4	5.9
Japan	n/a	3.0	3.2	3.3
Saudi Arabia	1.6	1.7	2.0	2.3
South Korea	3.8	3.7	3.4	2.3
Spain	3.5	3.5	2.6	2.3
Sweden	6.5	6.5	7.5	9.3
UK	4.6	6.7	6.7	6.8
US	3.2	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	-0.7
	234 bn	0.1
	5.92 tn	1.4
	7.49 tn	-0.8
	1.74 tn	-1.8
	2.66 tn	-0.6
	382 bn	2.4
	1.35 tn	-0.4
	4.96 tn	1.1
	486 bn	3.4
	396 bn	-0.3
	487 bn	0.0
	122 bn	-5.7
	1.34 tn	-0.5
	7.81 tn	-1.6

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.

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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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