

Leading Indicators

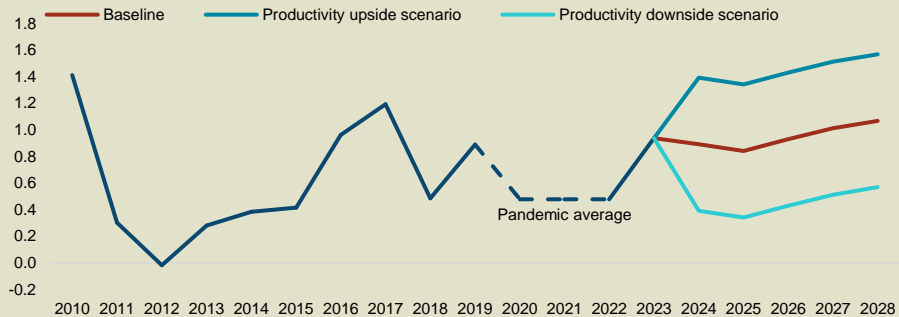
After the Autumn Statement: soft landing, soft outlook

+1%

The OBR's baseline forecast places the UK's annual average productivity growth at 1% over the next five years. The upside scenario would see productivity growth return to its pre-financial crisis average of 1.5%, while the downside scenario has it at 0.5%.

The OBR forecasts UK productivity growth to rise to an average annual rate of c.1% over the next five years

OBR forecast scenarios for UK productivity growth, %



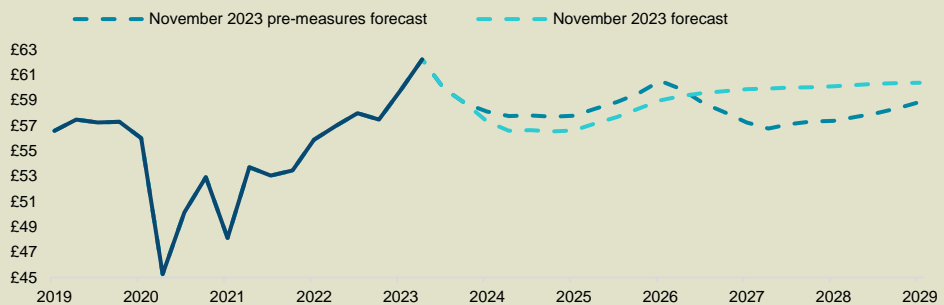
Source: Knight Frank Research, OBR

£14bn

As a result of Chancellor Hunt making the 'full expensing' programme permanent, the OBR forecasts total UK business investment to increase by £14bn over the forecast period or by £3bn p.a.

The permanent extension to the corporation tax 'full expensing' programme is forecast to increase UK business investment by £3bn a year until 2029

UK Business Investment Forecast, £ billion



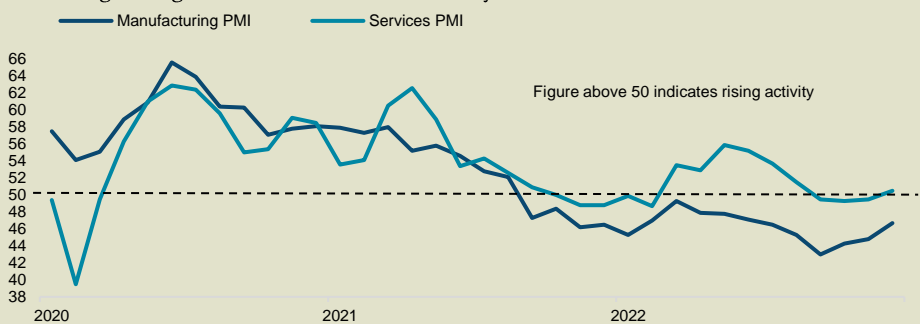
Source: Knight Frank Research, OBR

50.5

The UK Services PMI lifted into expansionary territory in November, the first time since July. Meanwhile, the Manufacturing PMI improved to 46.7, its highest level since May, but remains in contractionary territory (below 50).

Reaching the trough? UK Service sector activity rises for the first time since July

UK Purchasing Managers' Indices of business activity



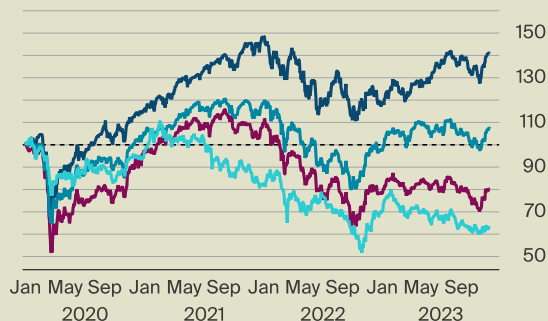
Source: Knight Frank Research, Macrobond, S&P Global

Equities

Equity markets

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

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



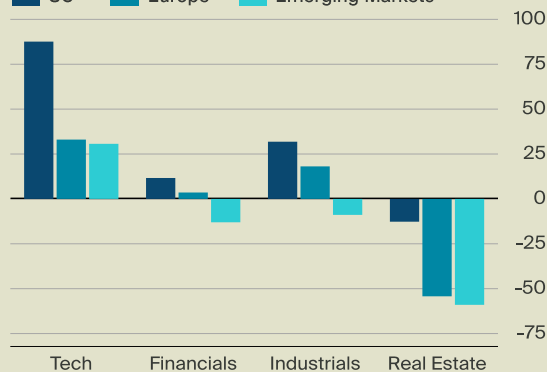
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
DAX 30	6,907	0.0	0.7	12.4	4.4
FTSE 250	23,243	0.3	0.7	14.2	-19.8
Hang Seng	2,249	-2.1	0.5	3.2	-37.8
IBEX 35	10,861	0.5	2.2	15.0	1.3
MIB	32,075	0.6	-0.1	10.6	21.8
S&P 500	4,550	-0.1	0.8	10.0	40.8
STOXX 600	501	0.2	1.0	9.7	7.4
TOPIX	16	-0.2	-0.2	7.9	1.1

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



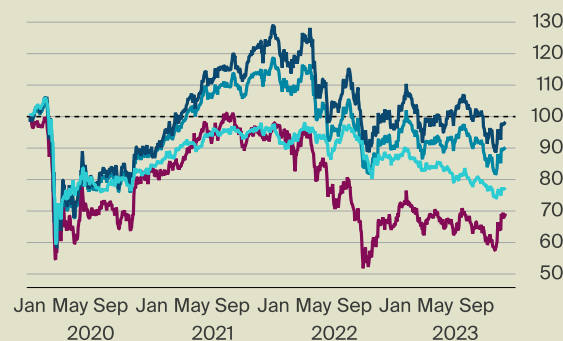
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	87.6%	33.0%	30.7%
Financials	11.6%	3.6%	-13.0%
Industrials	31.8%	18.1%	-8.9%
Real Estate	-12.7%	-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

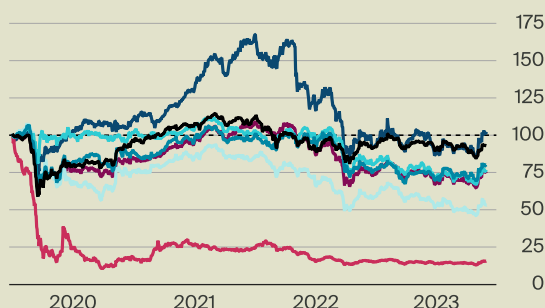
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
US	2,350	0.5	1.1	9.1	-1.7
Europe	1,973	1.1	0.8	20.4	-30.8
World	2,900	0.5	0.9	9.7	-9.7
Asia Pacific	3,013	-0.3	-0.3	3.5	-23.2

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

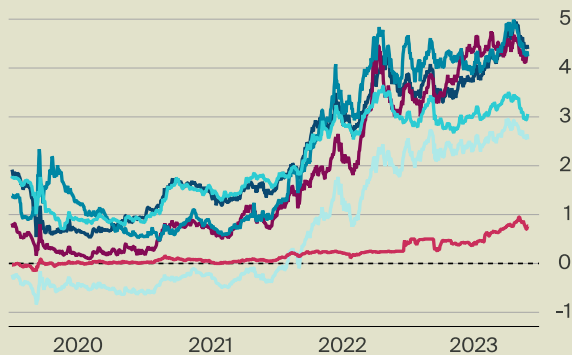
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
All REITs	774	0.4	-0.9	17.1	-24.3
Office	1,574	-0.6	-5.0	15.3	-46.9
Industrial	1,268	0.9	0.5	20.7	2.2
Retail	56	0.0	0.5	20.2	-84.4
Healthcare	1,740	1.2	-0.3	15.2	-23.2
Residential	1,223	0.1	-0.2	15.8	-19.9
FTSE 250	15,840	-0.2	-0.6	10.1	-7.0

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



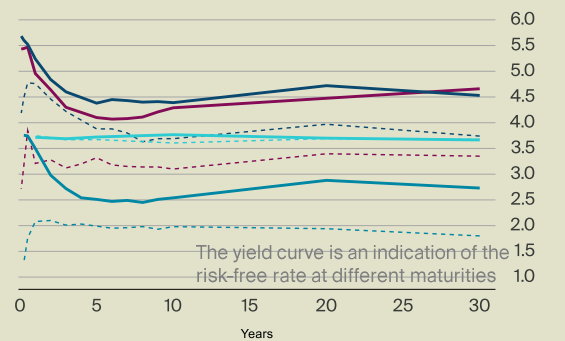
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.24	4.24	4.26	4.79	1.40
Japan	0.77	0.77	0.74	0.88	-0.03
Singapore	3.06	3.06	2.93	3.39	1.74
UK	4.28	n/a	4.11	4.54	0.82
US	4.39	4.39	4.41	4.84	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



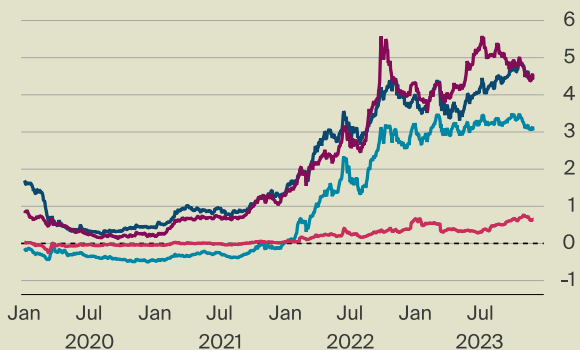
The yield curve is an indication of the risk-free rate at different maturities

Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



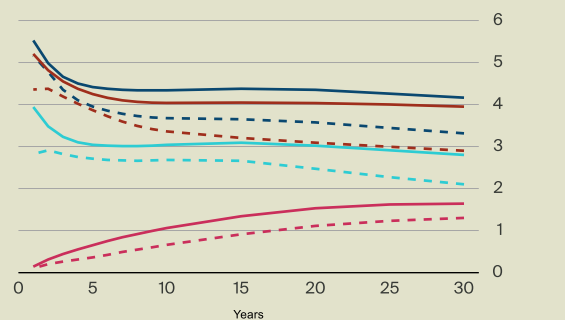
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.04	3.14	3.08	3.29	-0.13
Japan	0.65	0.66	0.63	0.71	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.48	4.56	4.38	4.77	0.88
US	4.42	4.48	4.45	4.79	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



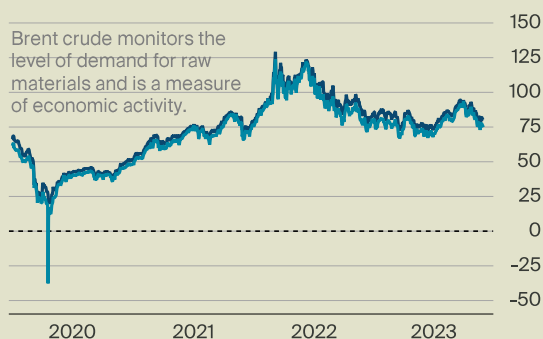
Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



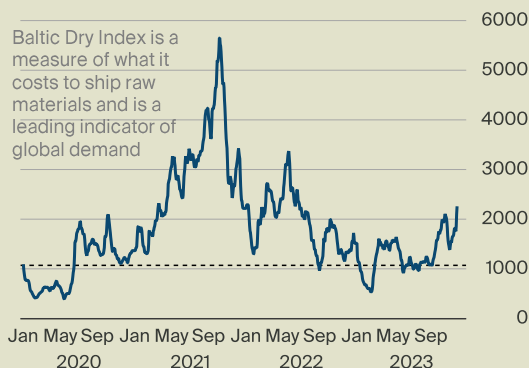
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, \$ per barrel	80.0	80.1	82.0	88.8	66.0
WTI, \$ per barrel	74.9	75.5	77.6	85.5	61.1

Baltic dry index

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

— Baltic dry index



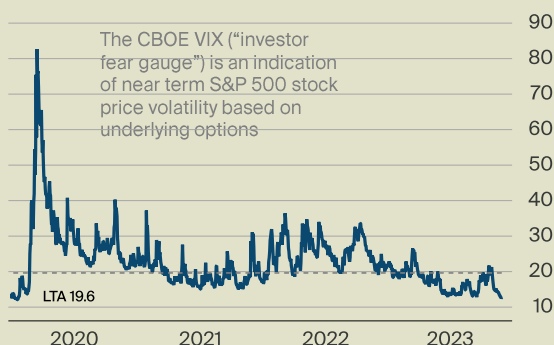
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	2259	21.8	24.3	44.5	107

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

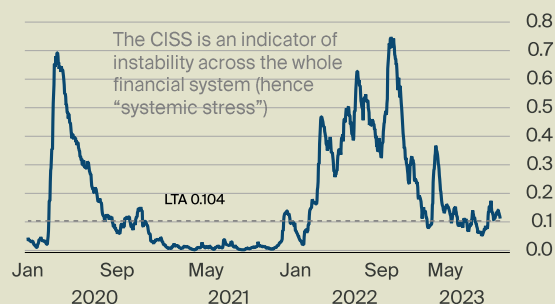
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	12.7	12.7	13.4	21.3	13.8
Euro Stoxx 50 VIX	14.0	14.0	14.1	20.8	14.0
Nikkei VIX	16.1	17.4	17.9	22.6	14.8
KOSPI VIX	15.4	15.2	16.2	20.0	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



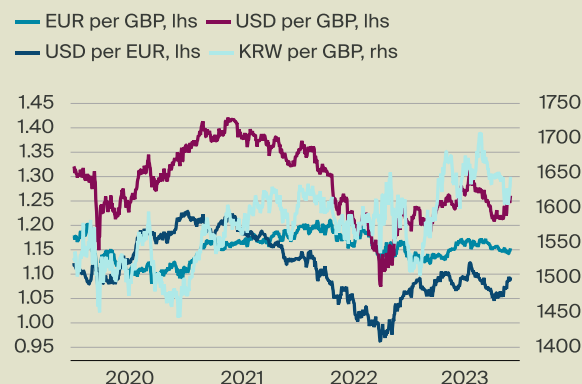
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.106	0.161	0.157	0.023
Equity markets stress sub index	0.037	0.085	0.077	0.009
Bond markets stress sub index	0.056	0.075	0.076	0.02
FX markets stress sub index	0.017	0.039	0.022	0.004

Currencies & Monetary Policy

Currencies

Spot prices

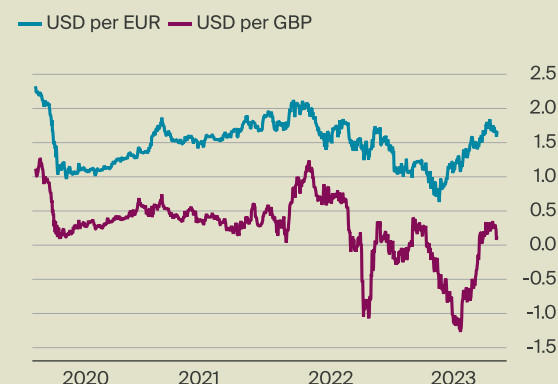


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.153	1.149	1.142	1.149	1.177
KOR per GBP	1,645	1,631	1,610	1,638	1,525
USD per GBP	1.261	1.253	1.243	1.218	1.321
USD per EUR	1.093	1.087	1.088	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	1.67	1.63	1.65	1.75	2.32
USD to GBP	0.13	0.12	0.28	0.26	1.12

Inflation and monetary policy

Inflation rate (%)

	Oct	Sep	Aug	July
Australia ¹	n/a	5.3	5.3	5.3
Canada	3.1	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	3.3	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 (%)
	0.35 tn	-0.3
	234 bn	0.1
	5.92 tn	1.4
	761 tn	-0.6
	1.73 tn	-0.5
	2.66 tn	-0.6
	382 bn	2.4
	1.35 tn	-0.4
	5.08 tn	1.0
	486 bn	3.4
	396 bn	-0.3
	487 bn	0.0
	122 bn	-5.9
	1.35 tn	-0.5
	7.81 tn	-1.4

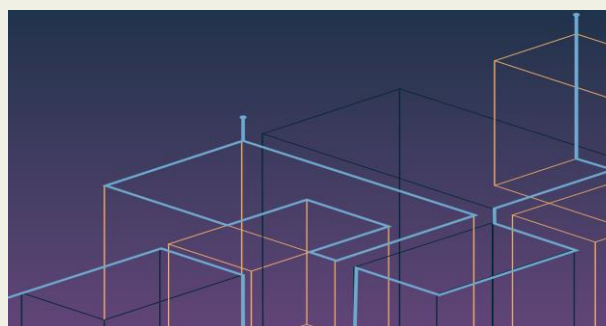
Source: Knight Frank, Macrobond



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.

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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.

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Recent research



Life Sciences & Innovation Insight – Q3 2023

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



UK Real Estate Navigator – Q3 23

The latest Real Estate Navigator analyses the Q3 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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