

Leading Indicators

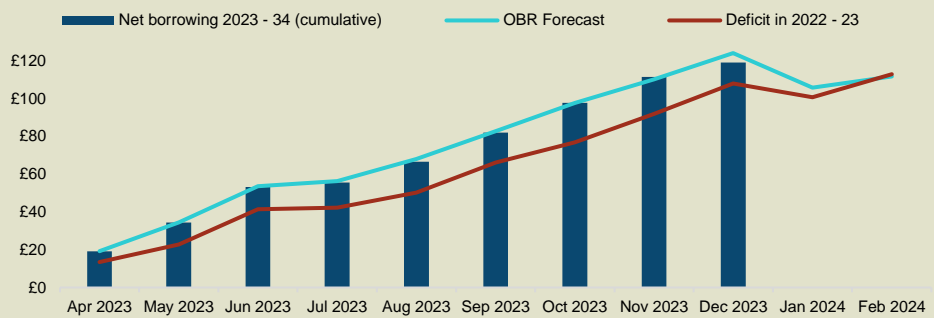
Is the outlook for the UK brightening in 2024?

-44%

The UK government borrowed £7.8bn in December, down from £16.2bn a year earlier and -44% below the £14bn forecast by the OBR in November. It was the lowest December borrowing since 2019.

Will there be room for tax cuts in March's UK budget?

UK government borrowing, £ billion



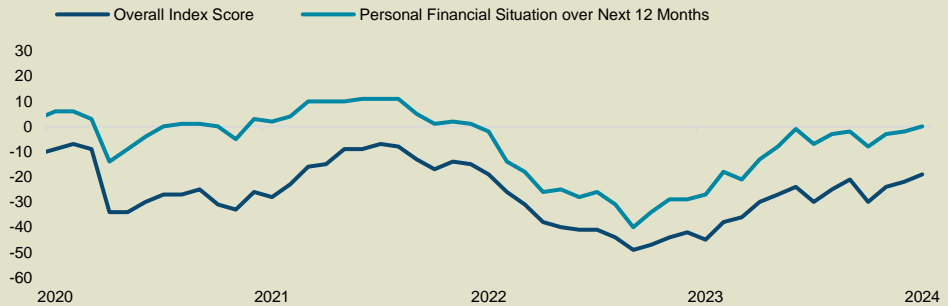
Source: Knight Frank Research, Bloomberg, OBR, ONS

-19

GfK's UK Consumer Confidence Index rose by three points to -19 this month, its lowest level since January 2022. Greater personal financial expectations have lifted confidence as consumers hope for inflation to moderate further.

UK consumer confidence hits a two-year high, as outlook for personal finances improves

GfK Consumer Confidence Index



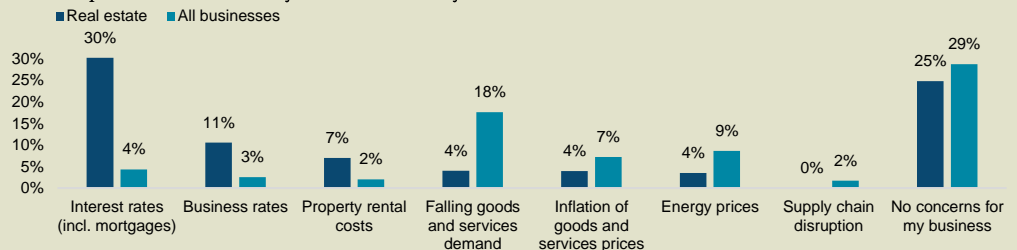
Source: Knight Frank Research, GfK, Macrobond

30%

Of real estate respondents in the latest Business Insights and Conditions survey (BICs) labelled interest rates as the main concern for their business, compared to just 4% of All Businesses.

25% of UK real estate companies have no concerns for their business, but for those that do, interest rates & business rates top the list

"Which of the following, if any, will be the main concern for your business in February 2024?", % of respondents in January 2024 BIC Survey



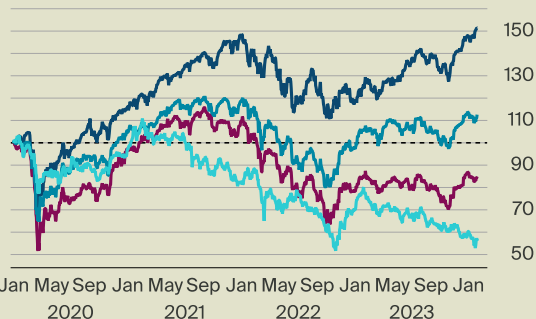
Source: Knight Frank Research, BICs 25th January 2024

Equities

Equity markets

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

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



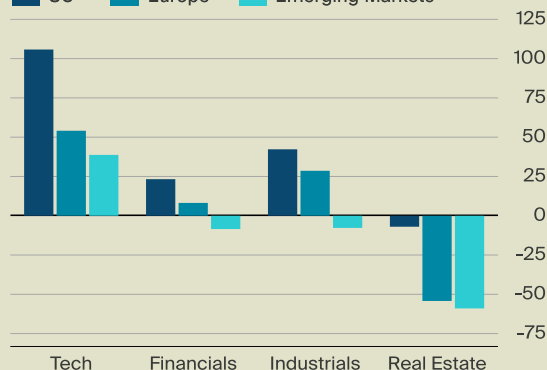
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	7,290	0.1	2.5	0.1	10.1
FTSE 250	24,600	0.6	2.4	-1.5	-15.1
Hang Seng	2,058	-0.8	5.1	-5.7	-43.1
IBEX 35	10,792	-0.7	0.6	-3.1	0.7
MIB	32,996	-0.2	0.2	-1.3	25.3
S&P 500	4,891	0.5	2.3	2.9	51.4
STOXX 600	526	1.1	2.9	-0.1	12.6
TOPIX	17	-1.9	0.3	2.8	6.8

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



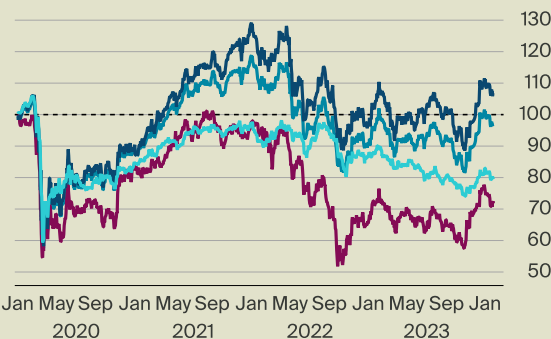
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	105.8%	54.1%	38.7%
Financials	23.3%	8.2%	-8.5%
Industrials	42.3%	28.6%	-7.7%
Real Estate	-7.0%	-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

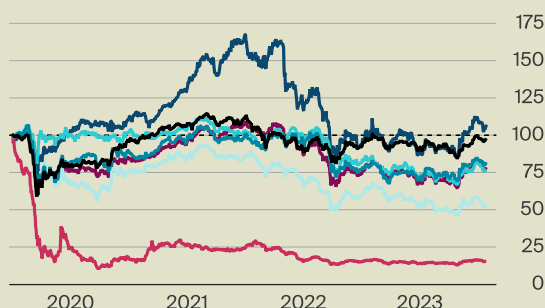
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,553	0.9	0.7	-2.2	6.8
Europe	2,069	0.4	2.5	-5.3	-27.4
World	3,114	0.4	0.8	-2.6	-3.1
Asia Pacific	3,119	-1.2	0.3	-1.8	-20.6

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

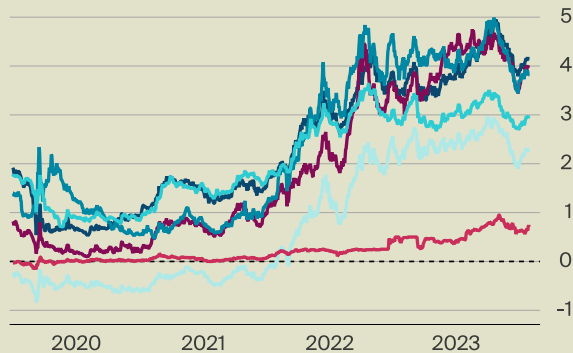
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	803	1.1	2.8	-5.2	-21.5
Office	1,574	-0.5	1.7	-9.1	-46.9
Industrial	1,328	1.7	4.4	-3.3	7.1
Retail	56	0.3	1.8	-5.0	-84.5
Healthcare	1,736	0.2	1.0	-6.0	-23.4
Residential	1,250	1.3	2.6	-3.0	-18.1
FTSE 250	16,685	0.9	2.1	-1.3	-2.1

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



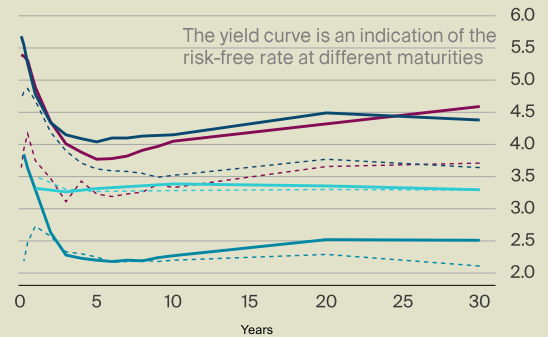
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.82	3.82	3.83	3.70	1.40
Japan	0.71	0.74	0.66	0.62	-0.03
Singapore	2.96	2.95	2.96	2.71	1.74
UK	3.96	3.96	3.90	3.54	0.82
US	4.15	4.15	4.11	3.88	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

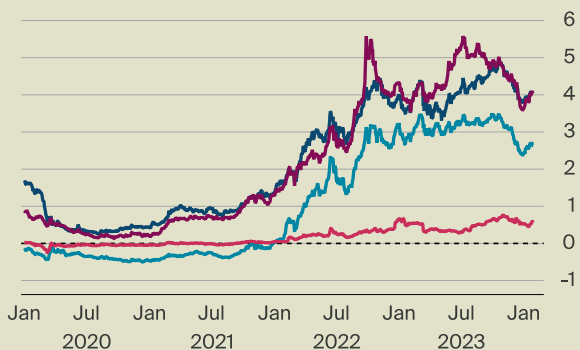


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



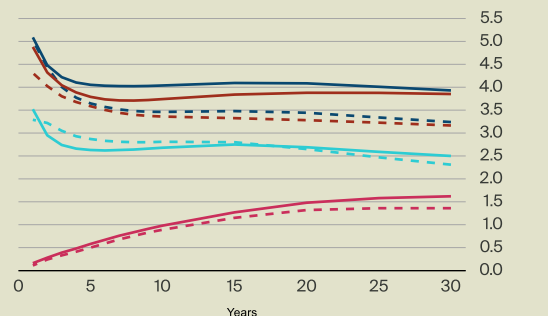
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.63	2.63	2.72	2.41	-0.13
Japan	0.58	0.61	0.53	0.55	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.04	4.06	4.00	3.64	0.88
US	4.05	4.06	4.10	3.85	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



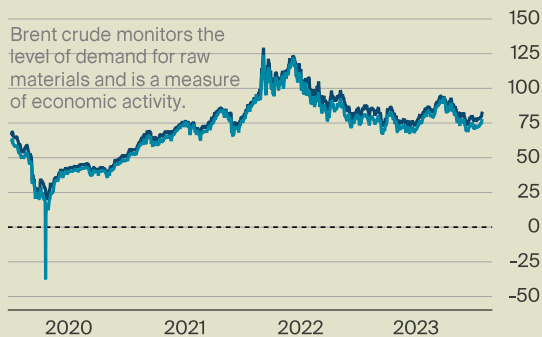
Source: Knight Frank, Macrobond

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	83.2	81.8	78.3	80.6	66.0
WTI, \$ per barrel	78.0	77.4	73.4	75.6	61.1

Baltic dry index

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

— Baltic dry index



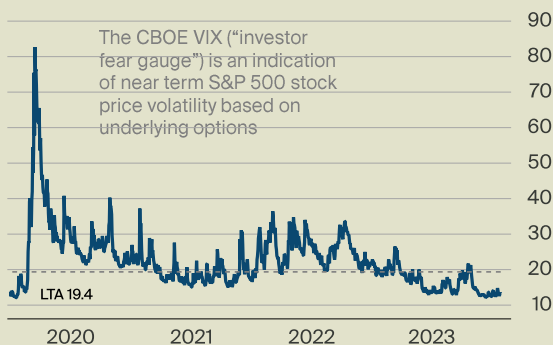
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1518	0.73	0.998	-27.5	39.3

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

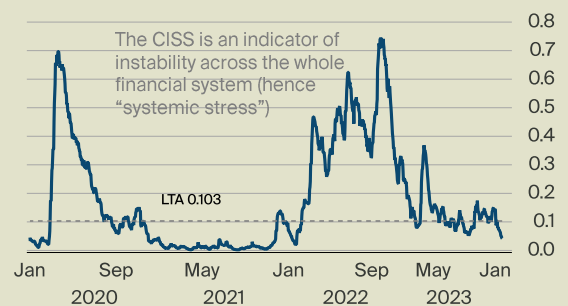
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	13.3	13.3	13.2	12.5	13.8
Euro Stoxx 50 VIX	13.6	13.6	13.9	13.6	14.0
Nikkei VIX	19.8	19.6	21.9	17.5	14.8
KOSPI VIX	17.3	17.0	18.0	17.8	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



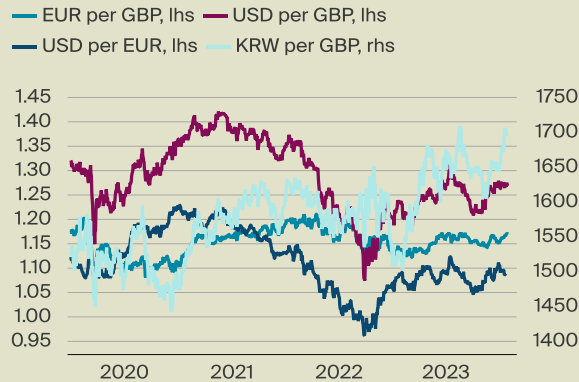
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.089	0.083	0.107	0.023
Equity markets stress sub index	0.056	0.035	0.061	0.009
Bond markets stress sub index	0.055	0.053	0.071	0.02
FX markets stress sub index	0.015	0.014	0.047	0.004

Currencies & Monetary Policy

Currencies

Spot prices

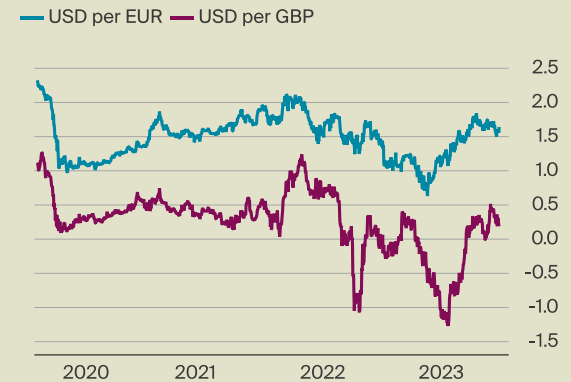


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.171	1.173	1.165	1.155	1.177
KOR per GBP	1,698	1,697	1,695	1,652	1,525
USD per GBP	1.272	1.270	1.268	1.272	1.321
USD per EUR	1.089	n/a	1.089	1.104	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	1.64	1.56	1.58	1.70	2.32
USD to GBP	0.21	0.20	0.19	0.52	1.12

Inflation and monetary policy

Inflation rate (%)

	Dec	Nov	Oct	Sep
Australia ¹	n/a	n/a	n/a	5.3
Canada	3.4	3.1	3.1	3.8
China	-0.3	-0.4	-0.1	0.1
Euro Area	2.9	2.4	2.9	4.3
France	3.7	3.5	4.0	4.9
Germany	3.7	3.2	3.8	4.5
India	5.7	5.6	4.9	5.0
Italy	0.6	0.7	1.7	5.3
Japan	2.6	2.8	3.3	3.0
Saudi Arabia	1.5	1.7	1.6	1.7
South Korea	3.2	3.3	3.8	3.7
Spain	3.1	3.3	3.5	3.5
Sweden	4.4	5.8	6.5	6.5
UK	4.0	3.9	4.6	6.7
US	3.3	3.1	3.2	3.7

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	-0.1
	235 bn	-1.3
	6.4 tn	3.7
	749 tn	-0.7
	1.77 tn	-1.8
	2.66 tn	-0.6
	416 bn	7.6
	1.4 tn	-0.6
	5.07 tn	0.2
	486 bn	3.1
	400 bn	0.1
	487 bn	-0.7
	120 bn	0.7
	1.37 tn	-0.5
	7.68 tn	-0.5

Source: Knight Frank, Macrobond



The London series – London’s Global Differentiators

There's no question about it. The London office market is undergoing significant structural change following our experience of the pandemic and more recent global economic headwinds. Through a series of six insightful papers delivered between now and throughout 2024, we will tackle the biggest questions facing the London office market and uncover future opportunities.

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Global Healthcare Report 2023

Ageing demographics and the need for long term care present themselves as key factors in the interest for healthcare globally. As private equity, REITS and institutional investors continue to chase strong, long income generated, there is growing interest in healthcare’s capabilities to aid ESG investing strategies.

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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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