

Leading Indicators

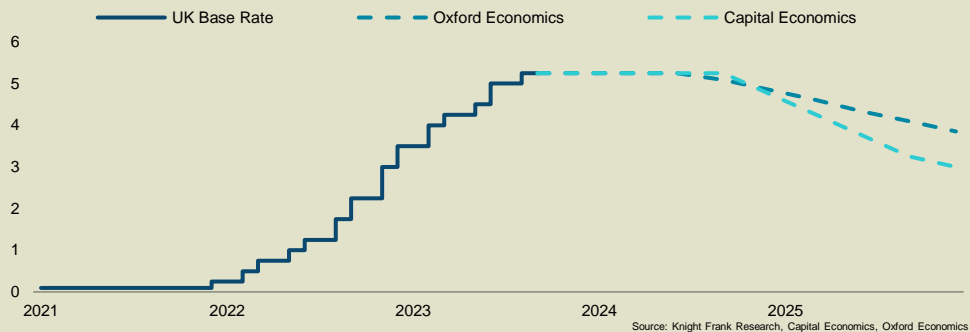
Interest rates: inflection point or false dawn?

5.25%

With inflation easing gradually, both money markets and economists widely expect the Bank of England to keep its base rate unchanged for the second consecutive month in November at 5.25% on Thursday

The Bank of England is widely expected to hold base rates unchanged at 5.25% on Thursday...

Bank of England base rate forecast, %

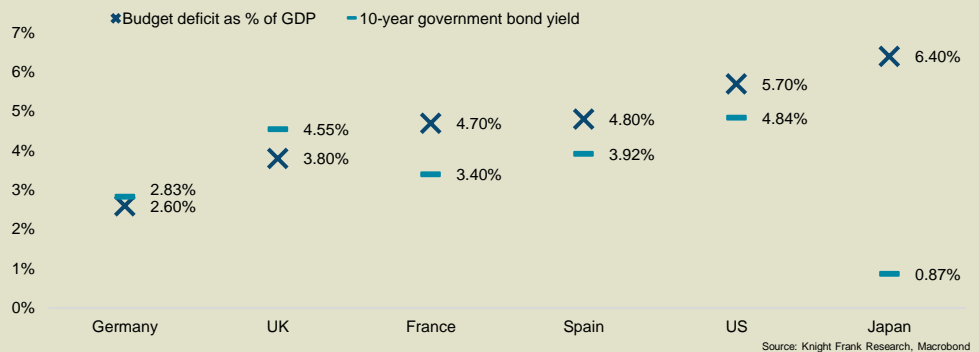


5.70%

The US budget deficit is growing, despite a comparatively healthy economic performance, meaning 10-year treasury yields may stay higher for longer

But rising government debt is keeping bond yields elevated

Annual budget deficit as a percentage of GDP vs 10-year government bond yields, %

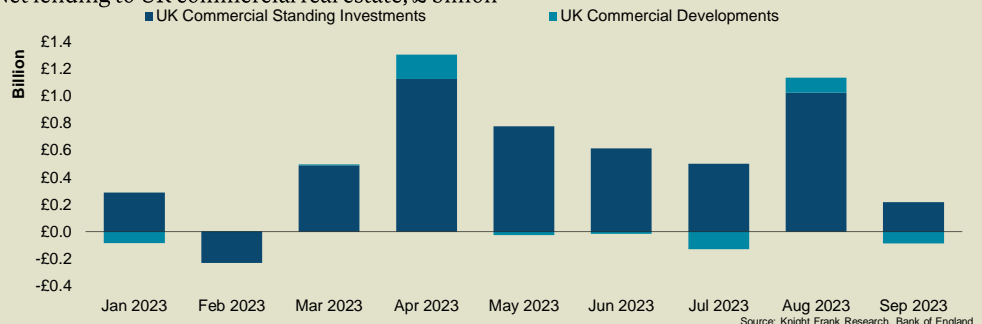


£132m

Total net lending to UK commercial real estate in September 2023, down from £1.1bn in the month prior and its lowest level since February 2023, according to the Bank of England

Net lending to UK CRE remained positive in September, but was at its lowest level since February

Net lending to UK commercial real estate, £ billion

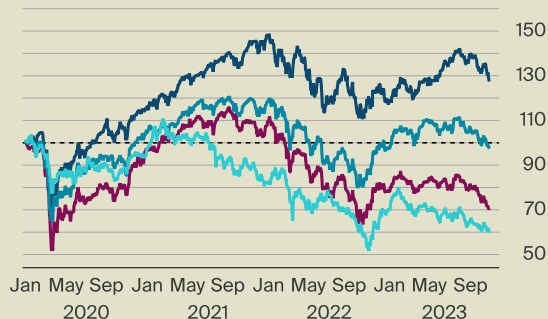


Equities

Equity markets

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

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



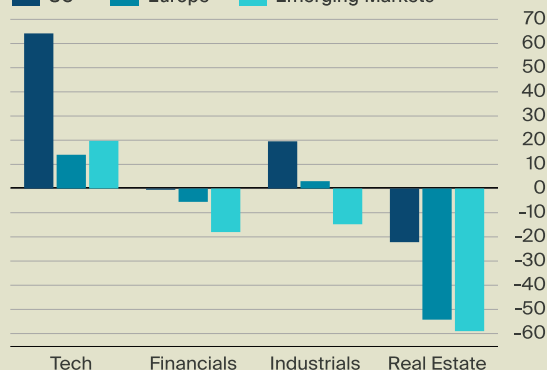
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	6,148	-1.5	-2.3	-3.7	-7.1
FTSE 250	20,456	-0.1	-2.1	-8.3	-29.4
Hang Seng	2,226	2.1	1.4	0.3	-38.5
IBEX 35	9,434	-0.8	-2.4	-4.8	-12.0
MIB	28,866	-0.6	-1.6	-2.9	9.7
S&P 500	4,117	-1.7	-3.8	-3.7	27.4
STOXX 600	454	-1.4	-2.2	-4.0	-2.6
TOPIX	15	1.2	-0.5	-4.6	-5.1

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



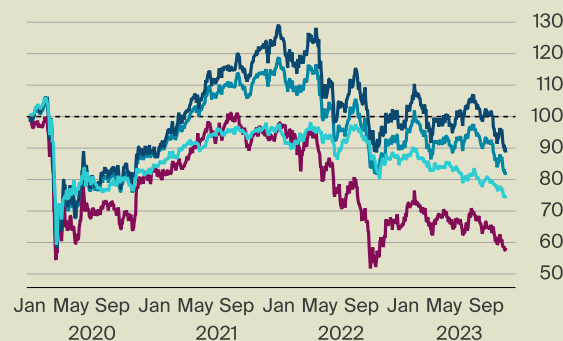
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	64.2%	14.0%	19.7%
Financials	-0.5%	-5.5%	-18.0%
Industrials	19.5%	3.0%	-14.8%
Real Estate	-22.2%	-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

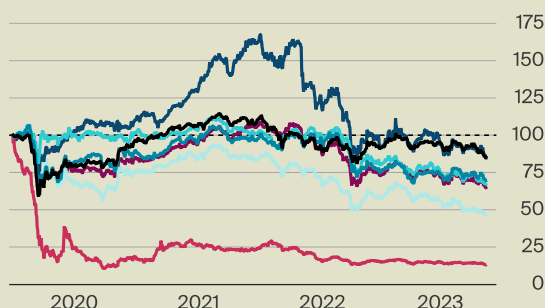
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,117	-0.4	-3.4	-6.0	-11.4
Europe	1,662	1.3	-0.5	-6.2	-41.7
World	2,619	-0.2	-2.9	-5.9	-18.5
Asia Pacific	2,939	0.2	-1.5	-4.3	-25.1

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

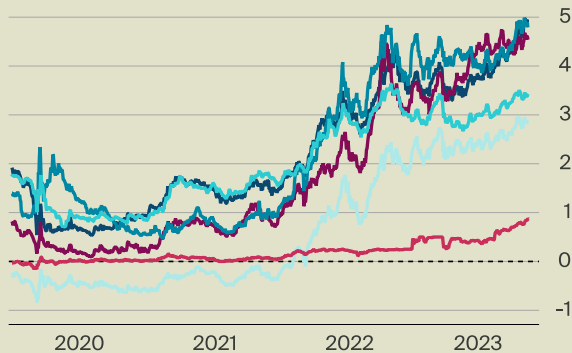
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	668	1.0	-1.4	-7.3	-34.7
Office	1,381	1.0	-0.5	-8.8	-53.4
Industrial	1,068	1.0	-1.9	-6.7	-13.9
Retail	48	1.9	-2.0	-8.6	-86.8
Healthcare	1,524	0.1	-0.9	-7.8	-32.8
Residential	1,064	0.2	-0.9	-6.3	-30.3
FTSE 250	14,452	0.0	-2.0	-7.8	-15.2

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



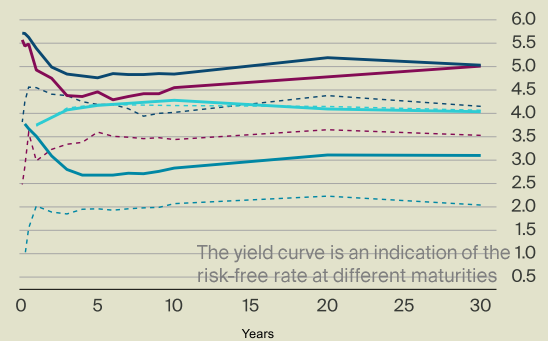
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.79	4.79	4.84	4.76	1.40
Japan	0.87	0.88	0.83	0.77	-0.03
Singapore	3.38	3.39	3.44	3.40	1.74
UK	4.54	4.54	4.60	4.44	0.82
US	4.84	4.84	4.86	4.59	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



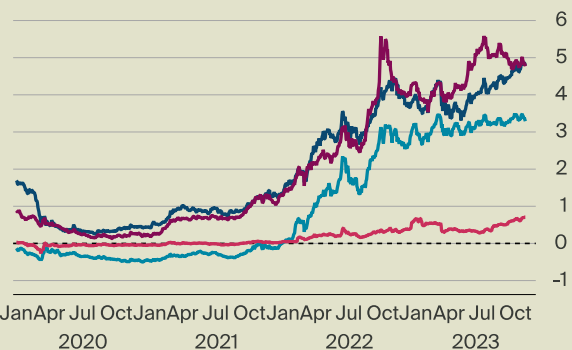
The yield curve is an indication of the risk-free rate at different maturities

Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



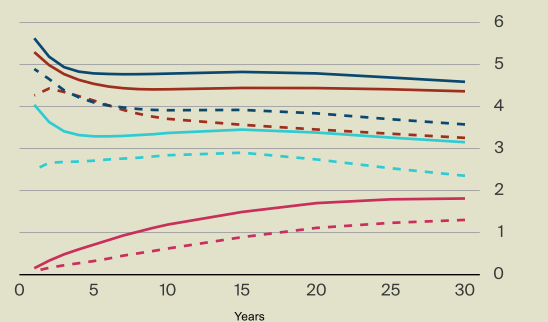
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.29	3.34	3.43	3.42	-0.13
Japan	0.71	0.71	0.69	0.62	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.77	4.83	4.94	4.79	0.88
US	4.79	4.84	4.86	4.69	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



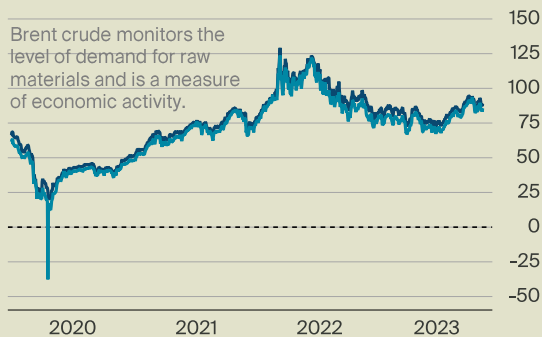
Source: Knight Frank, Macrobond

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	88.8	88.8	90.5	92.1	66.0
WTI, \$ per barrel	85.5	85.5	85.5	90.8	61.1

Baltic dry index

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

— Baltic dry index



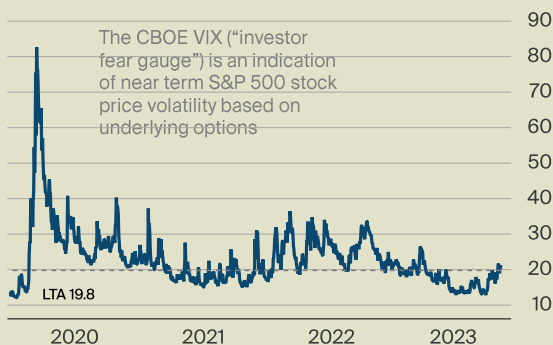
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1502	-9.63	-25.5	-11.7	37.8

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	21.3	21.3	20.4	17.5	13.8
Euro Stoxx 50 VIX	20.8	20.8	21.9	17.5	14.0
Nikkei VIX	23.7	22.6	23.5	18.4	14.8
KOSPI VIX	20.0	20.0	19.7	15.1	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



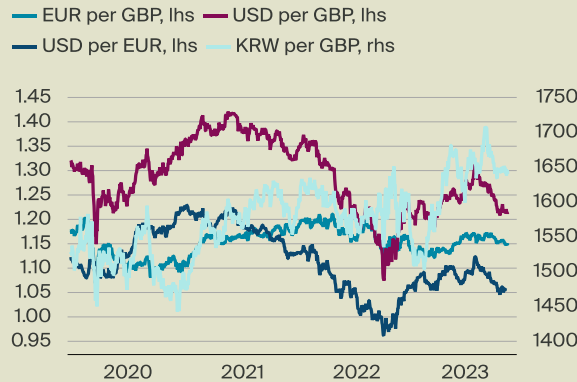
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.158	0.172	0.167	0.023
Equity markets stress sub index	0.077	0.089	0.071	0.009
Bond markets stress sub index	0.076	0.084	0.074	0.02
FX markets stress sub index	0.022	0.029	0.027	0.004

Currencies & Monetary Policy

Currencies

Spot prices

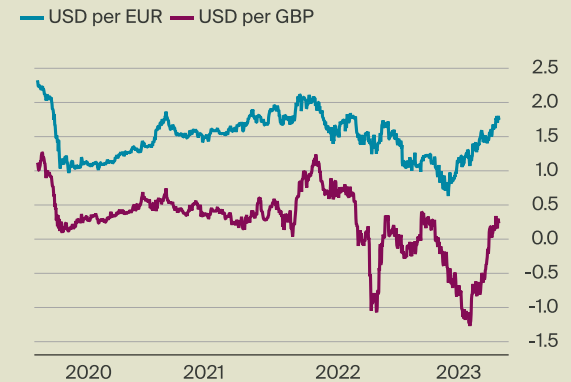


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.148	1.150	1.148	1.154	1.177
KOR per GBP	1,641	1,645	1,641	1,644	1,525
USD per GBP	1.214	1.212	1.215	1.213	1.321
USD per EUR	1.059	n/a	1.059	1.051	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	1.75	1.77	1.74	1.61	2.32
USD to GBP	0.26	0.24	0.19	0.19	1.12

Inflation and monetary policy

Inflation rate (%)

	Sep	Aug	July	June
Australia ¹	n/a	5.3	5.3	5.3
Canada	n/a	3.8	4.0	3.3
China	n/a	0.1	0.2	-0.2
Euro Area	n/a	4.3	5.2	5.3
France	n/a	4.9	4.9	4.3
Germany	3.7	4.5	6.1	6.1
India	n/a	5.0	6.8	7.4
Italy	n/a	5.3	5.4	5.9
Japan	n/a	3.0	3.2	3.3
Saudi Arabia	n/a	1.7	2.0	2.3
South Korea	n/a	3.7	3.4	2.3
Spain	n/a	3.5	2.6	2.3
Sweden	n/a	6.5	7.5	9.3
UK	n/a	6.7	6.7	6.8
US	n/a	3.7	3.7	3.3

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	-2.6
	240 bn	-7.4
	5.85 tn	2.6
	7.44 tn	-1.4
	1.81 tn	0.2
	2.66 tn	-1.6
	382 bn	2.4
	1.35 tn	-1.9
	4.98 tn	1.0
	470 bn	-1.3
	406 bn	-0.6
	487 bn	0.0
	124 bn	-0.8
	1.31 tn	-0.5
	7.91 tn	-1.3

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.

[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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