# Leading Indicators



Key economic and financial metrics, updated weekly

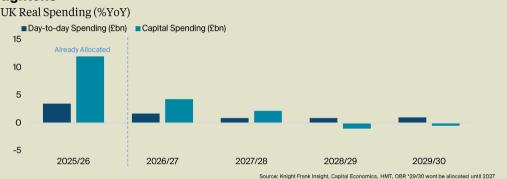
10th June 2025

## Defence, Discovery and the Future: key trends ahead of the UK Spending Review

## 2.8%

The UK government is expected to boost NHS spending by +2.8%, along with a focus on defence funding, in this weeks spending review. Though it tightens local budgets, targeted capital like the £113bn infrastructure fund can still drive regional growth and open up real estate opportunities in health, defence and education.

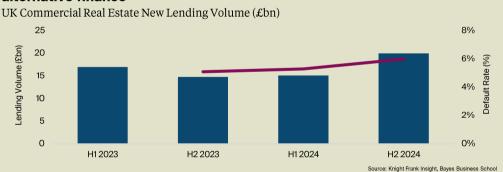
# **UK Spending Review: expected health and defence priority as budget tightens**



## 11%

UK commercial real estate lending rose +11% in 2024, according to Bayes Business School; with activity particularly strong in the final quarter following two Bank of England base rate cuts. There was a rise in alternative lenders stepping in as traditional banks remain cautious, broadening funding access.

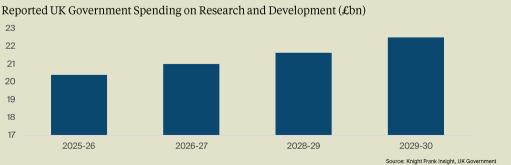
## Rising CRE lending and £32.6bn loan expiries in 2025 creates space for alternative finance



## 8.2%

The Crick Institute plans to attract top researchers fleeing the US, amid political pressure on science. With stronger R&D funding and strategic recruitment, the UK could boost its life sciences sector, supporting commercial lab space demand and anchoring innovation-led economic growth.

## UK looking to capitalise on potential US 'Brain Drain', boosting life sciences





# **Equities**

#### **Equity markets** Price return index, Jan 2020 = 100, US\$ — FTSE 250 — S&P 500 — STOXX 600 — Hang Seng 200 175 150 125 100 75 50 Jul Jan Jul Jan Jul Jan Jan Jul Jul Jan Jul 2020 2021 2022

Source: Knight Frank, Macrobond

Index	Last		Percent	age chan	ge since	
Original value	and base	1 day	1 week	1 month	Jan '20	YTD
						%
DAX 30	10,369	<del>-</del> 0.2	1.8	3.1	56.7	30.62
FTSE 250	28,614	<b>-</b> 0.2	1.1	6.1	-1.3	10.57
Hang Seng	3,082	1.1	3.8	5.2	-14.8	19.26
IBEX 35	16,224	0.7	1.2	5.9	51.4	34.46
MIB	46,233	1.0	1.8	6.0	75.6	30.30
S&P 500	6,000	0.5	1.5	6.2	85.7	2.02
STOXX 600	630	0.1	1.3	3.5	35.1	19.35
TOPIX	19	0.1	-1.0	3.3	21.7	8.42

#### **Equity regional sectors**

Price return index percentage change since Jan 2020



Source: Knight Frank, Macrobond

Percenta US	age change since J Europe	lan 2020 World
156.2%	71.7%	76.1%
62.7%	84.0%	10.0%
78.3%	75.1%	11.4%
-1.3%	-54.2%	-59.0%

#### **REITs by region**

Index, total return

EPRA/NAREIT total return index, Jan 2020 = 100, US\$



Source: Knight Frank, Macrobond Percentage change since

Original value and base		1 day	1 week	1 month	Jan '2	0 YTD
<b>-</b>						%
US	2,862	0.6	0.5	1.2	19.7	0.826
Europe	2,376	-0.3	-1.1	3.4	-16.7	21.998
World	3,478	0.5	0.6	1.7	8.3	4.806
Asia Pacific	3,275	0.7	1.2	1.7	-16.6	2.869

Last

#### **UK REITs by sector**

Tech Financials Industrials

Real Estate

UK EPRA gross total return index, Jan 2020 = 100, GBP£

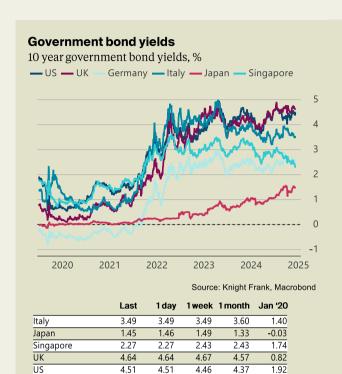


Source: Knight Frank, Macrobond

Index, tota	ıl return 🔝 🛚	Last	Pe	rcentage	change s	ince
Original valu	ie and base	1 day	1 week	1 month	Jan '20	YTD
						%
All REITs	812	<b>-</b> 0.3	<del>-</del> 1.2	0.6	<b>-</b> 20.7	9.3
Office	1,507	<b>-</b> 0.3	<del>-</del> 2.3	<b>-</b> 2.2	<b>-</b> 49.2	3.1
Industrial	1,212	-1.6	<del>-</del> 2.2	-0.1	<b>-</b> 2.2	5.6
Retail	66	3.8	2.7	11.2	-81.8	12.7
Healthcare	2,122	0.4	<del>-</del> 0.6	0.3	-6.4	22.9
Residential	1,181	<b>-</b> 0.5	<del>-</del> 0.7	-1.0	<b>-</b> 22.6	6.9
FTSE 250	19,139	0.3	0.9	5.0	12.3	4.3



# **Bonds & Rates**



#### **Yield curves** Latest nominal yield curves vs one year ago, % One year ago -US-UK-Germany-S. Korea ···US ··· UK ··· Germany ··· S. Korea The yield curve is an indication of the 5.5 risk-free rate at different maturities 5.0 4.5 4.0 3 5 3.0 2.5 2.0 1.5 10 15 30 Years Source: Knight Frank, Macrobond

### Interest rate swaps 5 year swap rates, % — US — UK — Eurozone — Japan Jan Jul Jul Jul Jan Jul Jul Jan Jan 2020 2022 2024 2025 Source: Knight Frank, Macrobond

1 day

2.27

1.00

n/a

4.08

3.90

1 week

2.18

1.00

4.10

3.87

Last

2.28

1.00

4.11

4.03

Eurozone

Singapore

Japan

UK

US

1 month

2.17

0.82

3.90

3.78

Jan '20

-0.13 0.03

1.50

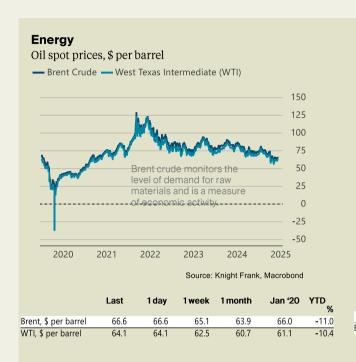
0.88

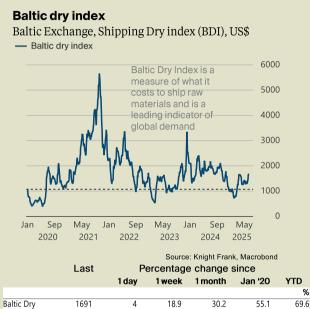
1.70

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<u>``</u>	<u> </u>					3
_						2
						1
						0
	5	10	15	20	25	30
				Source: K	inight Frank,	Macrobond



# **Commodities & Volatility**





#### **Volatility index** Near term stock price volatility indicator - CBOE Volatility Index (VIX) --- Long term average 90 The CBOE VIX ("investor 80 fear gauge") is an indication of near term S&P 500 stock 70 price volatility based on 60 underlying options 50 40 30 20 10 2020 2021 2022 2023 2024 2025

	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	16.8	16.8	18.4	21.9	13.8	<del>-</del> 3.34
Euro Stoxx 50 VIX	17.4	17.4	20.0	20.5	14.0	2.47
Nikkei VIX	22.8	23.6	25.1	24.6	14.8	4.54
KOSPI VIX	24.8	22.5	22.7	19.5	14.7	17.50

Source: Knight Frank, Macrobond

#### Systemic stress Measures FX, money, sovereign and bond yield volatility - New ECB Composite Indicator of Systemic Stress (CISS) --- Long term average 0.8 The CISS is an indicator of 0.7 instability across the whole 0.6 financial system (hence 0.5 systemic stress") 0.4 0.3 0.2 LTA 0.073 0.1 0.0 Sep Jan Sep Mav Jan Mav Sep 2021 Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.094	0.117	0.073	0.023
Equity markets stress sub index	0.078	0.095	0.064	0.009
Bond markets stress sub index	0.032	0.033	0.014	0.02
FX markets stress sub index	0.024	0.039	0.021	0.004



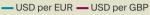
# **Currencies & Monetary Policy**

#### **Currencies** Spot prices — EUR per GBP, Ihs — USD per GBP, Ihs — USD per EUR, Ihs KRW per GBP, rhs 1950 1.45 1900 1.40 1850 1.35 1800 1.30 1750 1.25 1700 1.20 1650 1.15 1600 1.10 1550 1.05 1500 1.00 1450 0.95 1400 2023 2020 2021 2022 2024 2025

Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.188	1.186	1.188	1.179	1.177
KOR per GBP	1,841	1,841	1,861	1,844	1,525
USD per GBP	1.353	1.359	1.348	1.337	1.321
LISD per FLIR	1 135	n/a	1 135	1 135	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	1.95	1.83	1.89	1.78	2.32
USD to GBP	-0.07	-0.19	-0.25	-0.11	1.12

#### Inflation and monetary policy

	May	Apr	Mar	Feb
1	•	•	•	
Australia	n/a	n/a	2.4	2.4
Canada	n/a	1.7	2.3	2.6
China	-0.2	-0.1	-0.1	-0.7
Euro Area	1.9	2.2	2.2	2.3
France	0.7	0.8	8.0	0.8
Germany	2.2	2.1	2.1	2.3
India	n/a	3.2	3.3	3.6
Italy	1.7	1.9	1.9	1.6
Japan	n/a	3.6	3.6	3.7
Saudi Arabia	n/a	2.3	2.3	2.0
South Korea	1.9	2.1	2.1	2.0
Spain	1.9	2.2	2.1	2.9
Sweden	n/a	0.3	0.5	1.3

2.3

2.6

2.4

2.8

2.8

Inflation rate (%)

#### Interest rates (%)

Last	Jan '24
3.85	4.35
2.75	5.00
4.35	4.35
2.15	4.50
2.15	4.50
2.15	4.50
5.50	6.50
2.15	4.50
0.50	-0.10
5.00	6.00
2.50	3.50
2.15	4.50
2.25	4.00
4.25	5.25
4.50	5.50

#### **Asset purchasing**

Latest (\$)	1m change (%
0.26 tn	-2.4
181 bn	0.3
6.25 tn	-0.1
7.12 tn	<del>-</del> 0.7
1.73 tn	0.2
2.66 tn	-0.6
445 bn	0.0
1.25 tn	<b>-</b> 0.5
5.09 tn	0.3
512 bn	-1.6
404 bn	4.1
487 bn	-1.8
107 bn	-6.1
1.18 tn	-1.2
6.67 tn	-0.6

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

n/a

n/a

UK

US

Source: Knight Frank, Macrobond

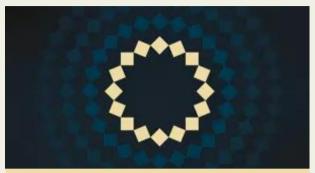




#### Future Gazing - 2025

Offering a unique perspective on the outlook for the industrial and logistics market; from logistics to support evolving retail habits to further up the supply chain, we look at space used to provide consumers and businesses with services, and the wholesalers and distribution firms that supply them.

## View report



#### Healthcare Development Opportunities - 2025

Knight Frank's annual assessment of supply trends and development prospects in the UK Care Home industry.

#### View report

#### Recent research



#### Life Sciences & Innovation Insight: Q1 2025

The UK science and innovation sectors are changing at pace. With this in mind, we have developed a quarterly update to monitor key developments. The report tracks sector performance and real estate activity while listing the most promising occupiers.



UK Real Estate Navigator: Q1 2025

Explore the current trends in UK commercial real estate with the latest edition of our UK Real Estate Navigator, available now. 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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