

European Leading Indicators



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Key economic and financial metrics, updated monthly

8th January 2026

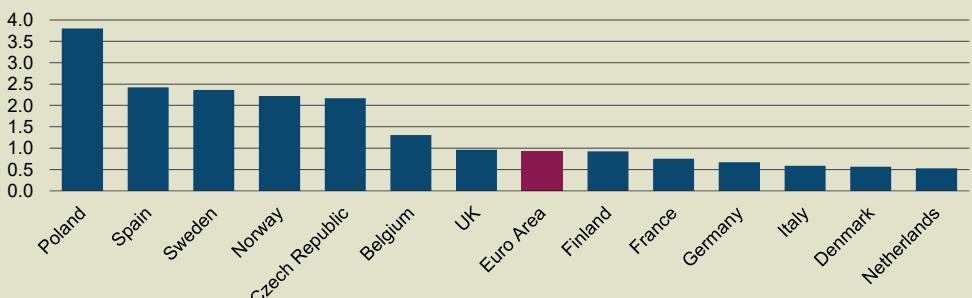
GDP growth, interest rates and CRE investment

+0.9%

Economic growth in Europe is forecast to remain uneven in 2026, with Poland and Spain expected to outperform while core markets see softer growth, according to Oxford Economics. Eurozone real GDP is projected to rise by 0.9%, supported by consumer spending.

Uneven economic growth to persist across Europe in 2026

Real GDP growth forecast for 2026 (%, y/y)



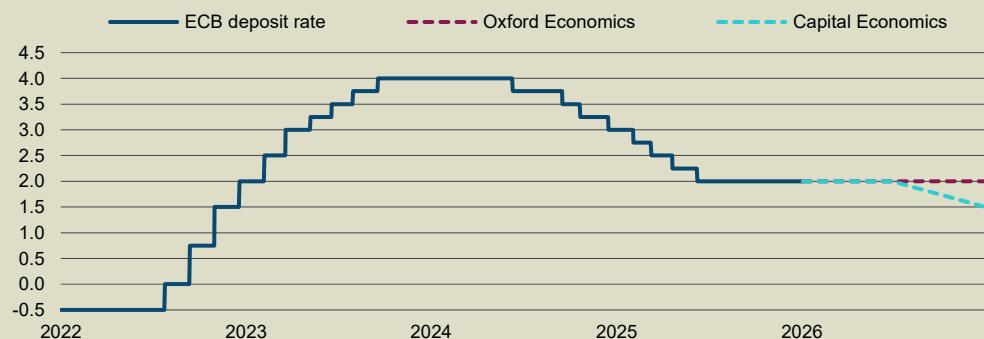
Source: Oxford Economics, Knight Frank Insight

2.0%

With Eurozone inflation reaching target in December, the ECB is broadly expected to maintain the deposit rate at 2.0% through 2026. However, Capital Economics anticipates two reductions in the second half of the year, reflecting a softer inflation outlook.

ECB is likely to hold deposit rate at 2.0% but outlook diverges for H2 2026

ECB deposit rate forecasts (%)



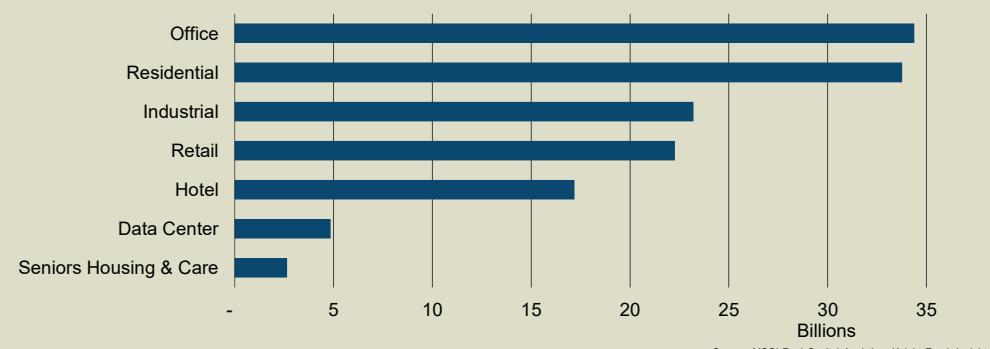
Source: Oxford Economics, Capital Economics, Macrobond, Knight Frank Insight

€34bn

Renewed confidence is emerging in the office sector, which led investment in Europe (excl. UK) in 2025 with €34.4bn, just ahead of residential, according to preliminary MSCI RCA data. Office transactions above €200mln were up 33% y/y, signalling renewed appetite for larger lot sizes.

Preliminary figures show offices lead European CRE investment

Europe (excl. UK) CRE investment by sector (2025 preliminary, €bn)



Source: MSCI Real Capital Analytics, Knight Frank Insight

Equities

Equity markets

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

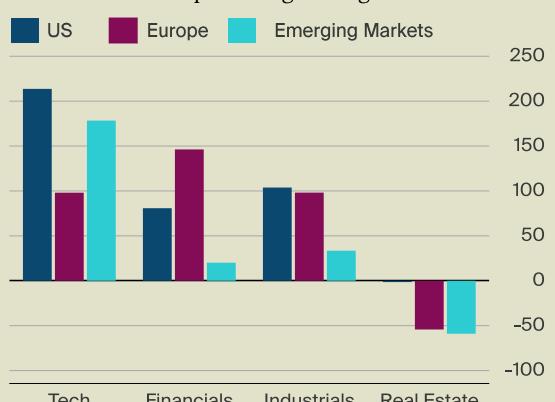


Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1day	1week	1month	Jan '20
PX50	133	1.0	2.7	9.6	170.1
OMXC25	297	3.3	3.4	7.8	58.1
DAX 40	10,902	0.9	1.6	4.4	64.7
FTSE 250	30,771	1.7	1.7	4.3	6.2
MIB	53,488	0.3	2.3	5.3	103.2
Hang Seng	3,398	0.4	2.3	2.0	-6.1
IBEX 35	20,630	0.4	2.0	5.6	92.5
S&P 500	6,945	1.3	0.6	1.3	115.0
STOXX 600	708	1.0	2.1	4.8	51.6
TOPIX	22	0.9	2.8	2.0	41.9

Equity regional sectors

Price return index percentage change since Jan 2020



	Percentage change since Jan 2020		
	US	Europe	World
Tech	213.7%	98.1%	178.3%
Financials	80.8%	146.2%	20.1%
Industrials	103.8%	98.2%	33.5%
Real Estate	-1.5%	-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			
		1day	1week	1month	Jan '20
Original value and base					
US	2,946	0.8	0.4	0.2	23.3
Europe	2,474	0.4	0.2	2.1	-13.2
World	3,628	0.6	0.3	1.0	12.9
Asia Pacific	3,463	0.4	0.3	2.3	-11.8

Euro Area REITs by sector

EPRA gross total return index, Jan 2020 = 100, € EUR

Europop REITs Office Industrial Retail

Residential FTSE Euro 100



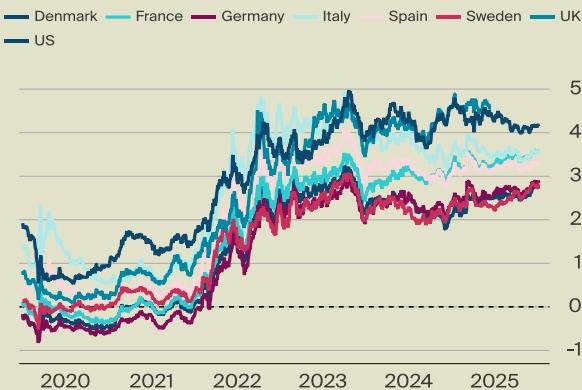
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		1day	1week	1month	Jan '20
Original value and base					
Europop REITs	1,962	0.9	0.8	2.4	-25.7
Office	1,657	-0.5	-1.1	-0.8	-20.1
Industrial	5,408	1.2	1.2	2.2	15.0
Retail	1,864	0.0	-0.5	1.5	6.2
Residential	1,266	1.8	0.8	-3.2	-32.4
FTSE Euro 100	4,738	1.4	3.1	4.0	87.1

Bonds & Rates

Government bond yields

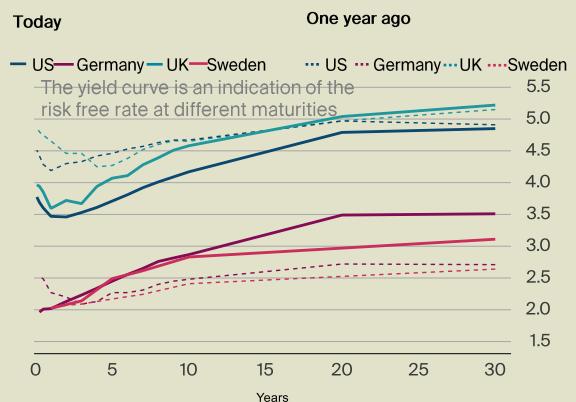
10 year government bond yields, %



	Last	1 day	1 week	1 month	Jan '20
Denmark	2.75	2.75	2.75	2.65	-0.17
France	3.56	3.57	3.56	3.53	0.11
Germany	2.84	2.87	2.85	2.80	-0.21
Italy	3.54	3.57	3.54	3.53	1.40
Spain	3.27	3.30	3.28	3.26	0.45
Sweden	2.83	2.83	2.73	2.81	0.14
United Kingdom	4.55	n/a	n/a	n/a	0.82
United States	4.18	4.17	4.14	4.14	1.92

Government bond yield curves

Latest nominal yield curves vs one year ago, %



Interest rate swaps

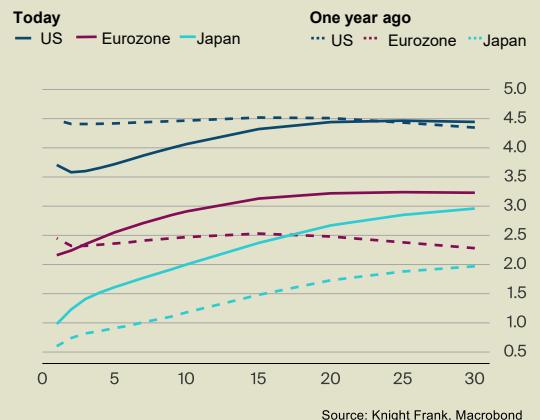
5 year swap rates, %



	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.51	2.55	2.57	2.49	-0.13
Denmark	2.70	2.72	2.76	2.64	0.01
Japan	1.61	1.61	1.58	1.45	0.03
Sweden	2.57	2.63	2.56	2.61	0.39
United Kingdom	3.91	3.91	3.90	3.91	0.88
United States	3.72	3.72	3.73	3.68	1.70

Swap curves

Latest swap curves vs one year ago, %

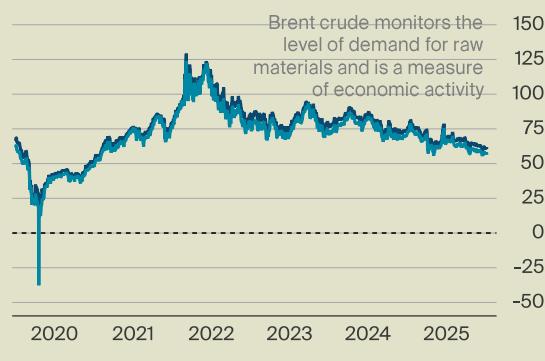


Commodities & Volatility

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	60.5	60.5	60.9	63.7	66.0
WTI, \$ per barrel	56.3	56.3	57.3	60	61.1

Baltic dry index

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

Baltic dry index



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Baltic Dry	1776	-4.05	-5.38	-34.9	62.9

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

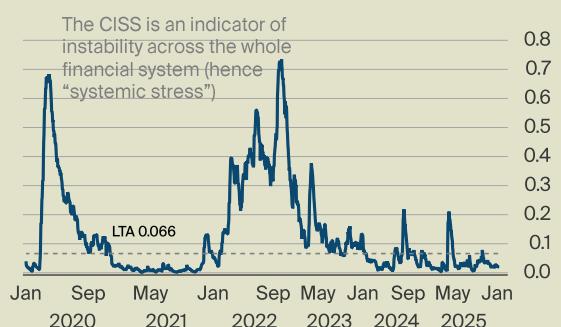
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	14.8	14.8	15.0	15.4	13.8
Euro Stoxx 50 VIX	15.4	15.4	14.7	15.8	14.0
Nikkei VIX	31.0	26.6	23.8	28.3	14.8
KOSPI VIX	30.6	n/a	28.9	27.0	14.7

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	0.094	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, lhs — USD per EUR, lhs
 — KRW per EUR, rhs — USD per GBP, lhs



Source: Knight Frank, Macrobond

Hedging benefits

Hedging benefit p.a. on a 5 year forward

— USD per EUR — USD per GBP



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD per EUR	1.169	1.169	1.174	1.165	1.121
USD per GBP	1.351	1.351	1.345	1.334	1.321
GBP per EUR	0.8671	0.8659	0.8725	0.8734	0.8456
SEK per EUR	10.73	10.77	10.83	10.96	10.5
KRW per EUR	1693	1693	1695	1715	1293

	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.34	1.30	1.31	1.35	2.32
USD to GBP	-0.27	-0.31	-0.33	-0.33	1.12

Inflation and monetary policy

Inflation rates (%)

	Dec	Nov	Oct	Sept
Belgium	2.1	2.4	2.0	2.1
Czech Republic	n/a	2.1	2.5	2.3
Denmark	n/a	2.1	2.1	2.3
Eurozone	n/a	2.1	2.1	2.2
Finland	n/a	-0.1	-0.2	0.5
France	0.8	0.9	0.9	1.2
Germany	1.9	2.2	2.2	2.4
Ireland	n/a	3.2	2.9	2.7
Italy	n/a	1.1	1.2	1.6
Netherlands	n/a	2.9	3.1	3.3
Norway	n/a	3.0	3.1	3.6
Poland	2.4	2.4	2.8	3.0
Romania	n/a	9.8	9.8	9.9
Spain	2.9	3.0	3.1	3.0
Sweden	n/a	0.3	0.9	0.9
Switzerland	n/a	0.0	0.1	0.2
United Kingdom	n/a	3.3	3.6	3.8
United States	n/a	2.7	2.8	3.0

Interest rates (%)

	Last	Jan '21
Belgium	2.15	0.00
Czech Republic	3.50	0.25
Denmark	1.75	0.05
Eurozone	2.15	0.00
Finland	2.15	0.00
France	2.15	0.00
Germany	2.15	0.00
Ireland	2.15	0.00
Italy	2.15	0.00
Netherlands	2.15	0.00
Norway	4.00	0.00
Poland	4.00	0.10
Romania	6.50	1.50
Spain	2.15	0.00
Sweden	1.75	0.00
Switzerland	0.00	-0.75
United Kingdom	3.75	0.10
United States	3.75	0.25

Asset purchasing

Latest (\$)	1m change (%)
409 bn	-0.7
174 bn	-0.4
110 bn	-1.2
743 tn	3.1
135 bn	-7.7
1.76 tn	0.2
2.66 tn	-0.6
197 bn	0.2
1.3 tn	-0.3
468 bn	3.5
2.16 tn	0.3
306 bn	0.2
93.3 bn	0.6
1 tn	-0.2
99.1 bn	-2.2
1.11 tn	0.7
1.17 tn	0.0
6.64 tn	1.6

Source: Knight Frank, Macrobond



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Across five thought-provoking themes, we explore the forces shaping European commercial and residential real estate markets next year.

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Offices on the rebound

The report looks at the current office trends shaping European capital markets as momentum is beginning to emerge.

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