

Leading Indicators



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Key economic and financial metrics, updated weekly

17th February 2026

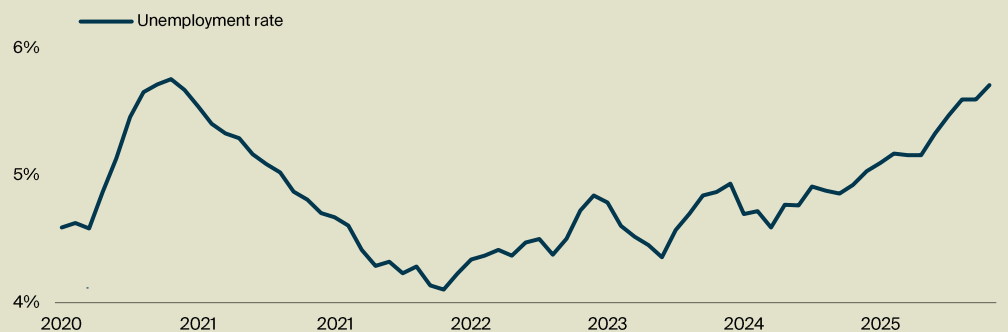
Softer signals point to a clearer path for inflation and interest rates, as gilts calm

5.2%

Today's labour market data showed UK unemployment rising to 5.2% in the final quarter of 2025, the highest since the pandemic. Combined with slowing wage growth and GDP of just +0.1% last quarter, the data strengthens the case for a BoE rate cut in March as domestic price pressures ease. Markets are now pricing in two rate cuts for 2026, taking the UK base rate to 3.25% by year-end, broadly in line with our house view. As always, a lower-rate environment remains supportive for UK CRE, which should help to unlock transaction activity ahead.

Softer macro signals cement rate cut expectations

UK Unemployment Rate (%)

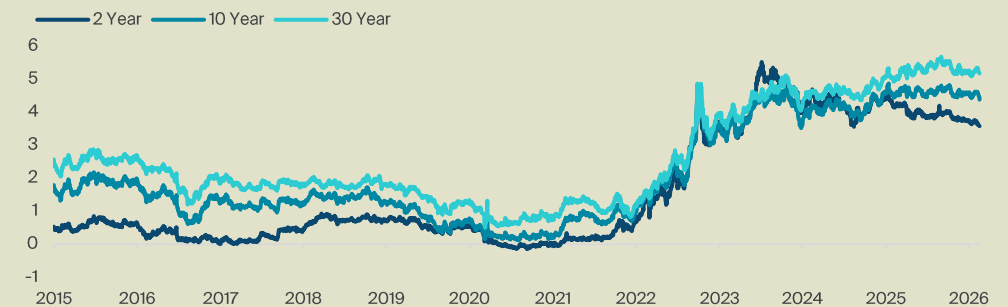


4.37%

UK gilt yields have extended their downward trend since the November budget. The 10-year yield is now near 4.37%, while the 30-year at 5.17% - back to levels seen at the start of the year. This has occurred against a backdrop of leadership uncertainty within the Labour Party, yet markets have remained calm, and gilt yields have shown minimal volatility compared with past episodes of political disruption.

Meanwhile, UK borrowing costs have eased since the November Budget

UK Government Bond Yields (%)

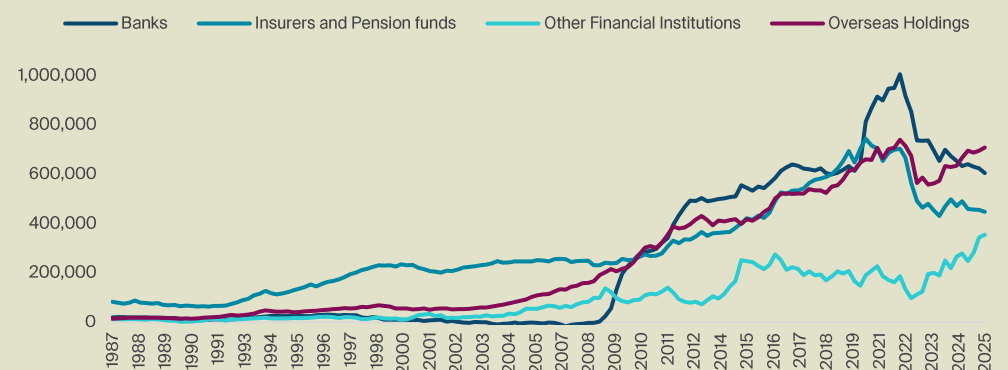


33%

Until around 2010, UK gilts were largely held by insurers and pension funds. The BoE became the dominant holder after the GFC through its QE programme, but ownership has since shifted towards overseas investors and a rise in non-bank financial institutions. Overseas investors now hold the largest share of UK gilts (33% as of Q3 2025). Whilst these investors tend to adjust allocations more actively, the continued presence of overseas capital reflects the degree of confidence global investors place in the UK - something often overlooked amid the more cautious sentiment found domestically.

Overseas Investors quiet bet on Britain...

Distribution of Gilt Holdings (£bn)

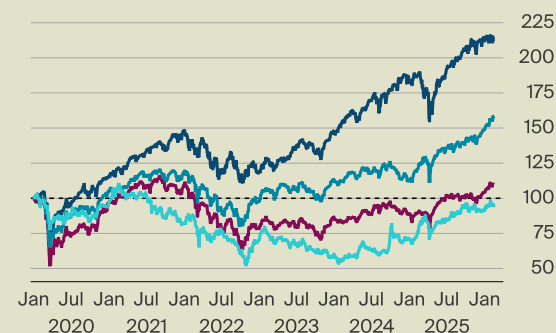


Equities

Equity markets

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

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



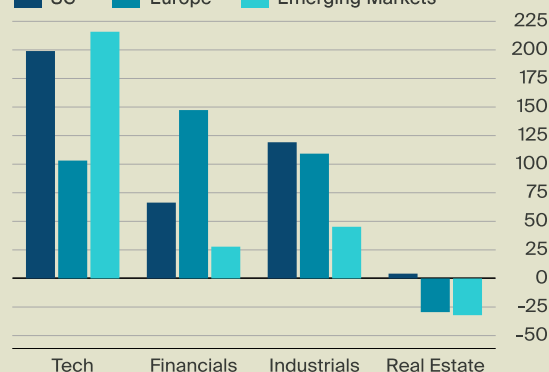
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,986	-0.7	0.4	-0.3	66.0	1.865
FTSE 250	31,864	0.2	0.9	2.3	9.9	5.446
Hang Seng	3,417	-1.2	0.5	-1.0	-5.6	3.776
IBEX 35	21,157	-0.5	-0.2	3.4	97.4	4.185
MIB	53,840	-2.0	-0.7	1.2	104.5	1.907
S&P 500	6,836	-1.5	0.6	-2.0	111.6	-0.136
STOXX 600	733	-0.2	0.5	2.8	57.1	5.523
TOPIX	25	-1.7	1.0	5.9	55.2	12.424

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



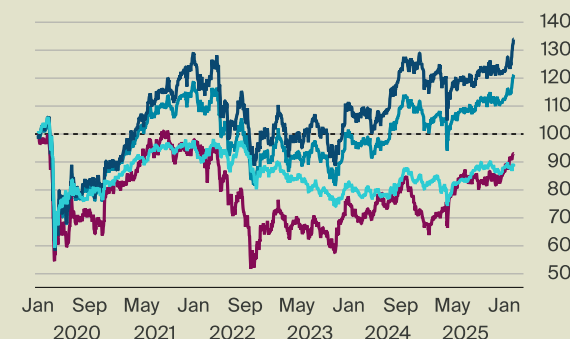
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	199.0%	103.1%	215.9%
Financials	66.4%	147.3%	27.8%
Industrials	119.2%	109.2%	45.2%
Real Estate	4.2%	-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

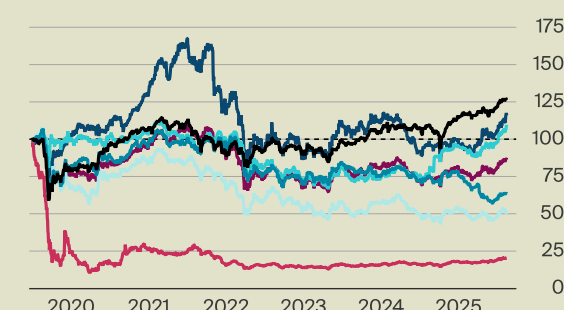
Index, total return Original value and base	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
US	3,202	1.3	3.4	6.2	34.0	9.82
Europe	2,652	0.2	1.9	4.9	-7.0	7.18
World	3,895	1.0	3.1	5.3	21.2	8.23
Asia Pacific	3,501	0.5	2.8	0.0	-10.8	1.66

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

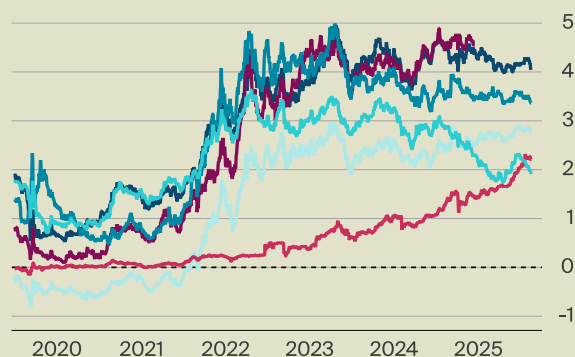
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	885	-0.4	1.5	1.7	-13.5	6.6
Office	1,472	-2.9	-4.7	-3.6	-50.3	3.1
Industrial	1,439	-0.2	4.4	4.2	16.1	9.7
Retail	73	-0.4	0.7	2.2	-79.7	6.8
Healthcare	2,466	1.7	3.8	4.1	8.8	11.1
Residential	970	-0.4	0.2	0.3	-36.5	5.4
FTSE 250	21625	0.3	0.8	0.6	26.9	4.3

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



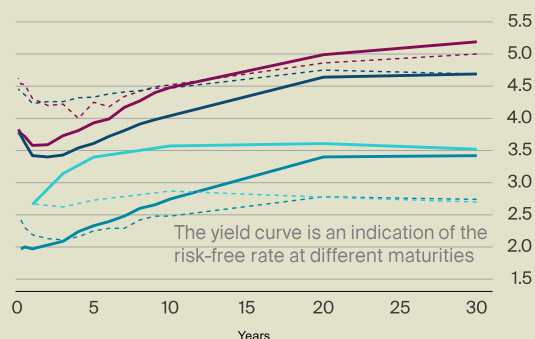
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.36	3.36	3.41	3.46	1.40
Japan	2.20	2.20	2.27	2.16	-0.03
Singapore	1.91	1.91	1.98	2.19	1.74
UK	4.46	4.46	4.56	4.48	0.74
US	4.04	n/a	4.16	4.24	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

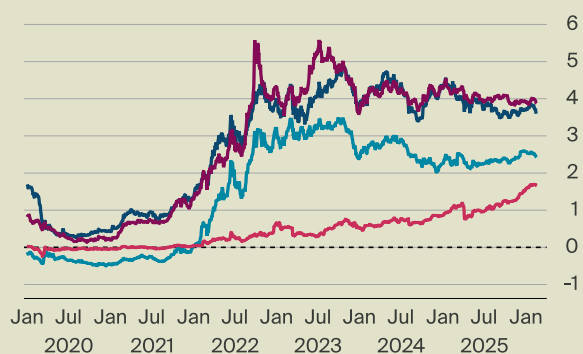


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



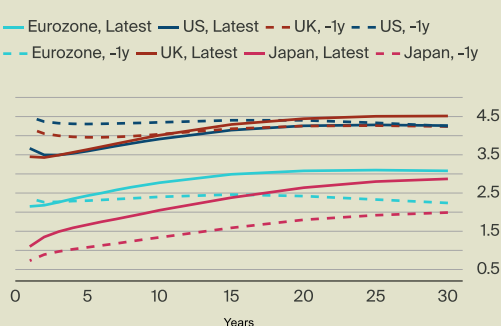
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.42	2.43	2.49	2.54	-0.13
Japan	1.67	1.67	1.72	1.64	0.03
UK	3.87	3.88	3.97	3.91	0.88
US	3.60	3.60	3.73	3.84	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



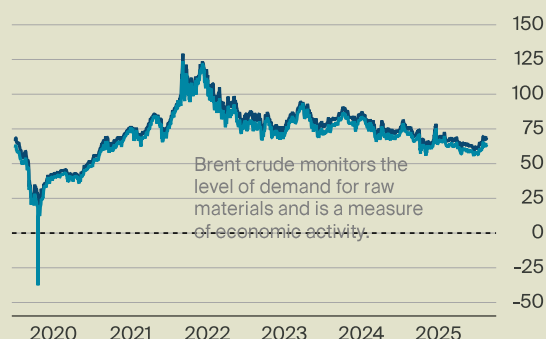
Source: Knight Frank, Macrobond

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	YTD %
Brent, \$ per barrel	68.5	68.5	69.0	63.9	66.0	12.5
WTI, \$ per barrel	63.6	63.6	64.2	59	61.1	10.9

Baltic dry index

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

— Baltic dry index



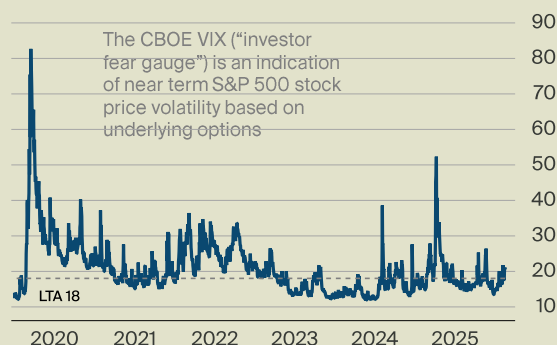
Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2095	0.576	11.3	33.7	92.2	11.6

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	YTD
CBOE VIX	21.2	21.2	17.8	15.9	13.8	41.8
Euro Stoxx 50 VIX	20.2	20.2	18.0	16.2	14.0	37.0
Nikkei VIX	29.8	31.0	35.8	30.0	14.8	25.5
KOSPI VIX	41.6	41.6	42.0	31.6	14.7	44.1

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



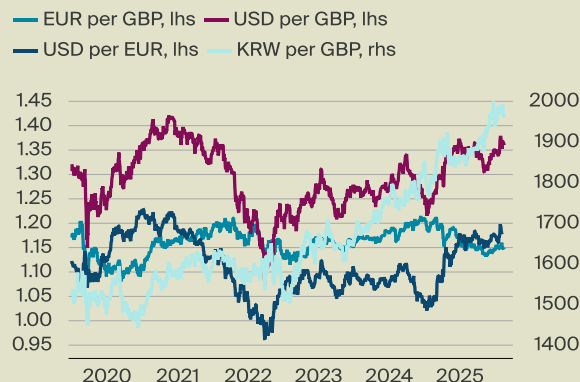
Source: Knight Frank, Macrobond

	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

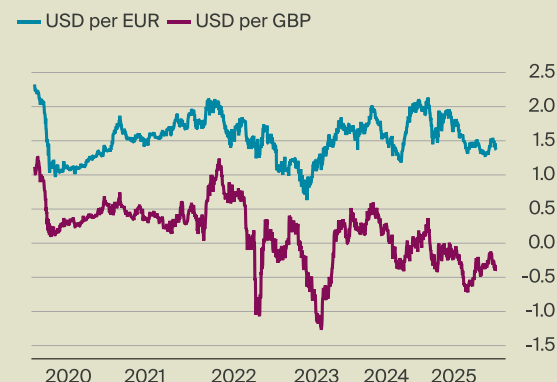
Spot prices



	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.150	1.148	1.148	1.154	1.177
KOR per GBP	1,966	1,965	1,990	1,973	1,525
USD per GBP	1.363	1.361	1.368	1.338	1.321
USD per EUR	1.181	n/a	n/a	1.160	1.123

Hedging benefits

Hedging benefit p.a. on a 5 year forward



	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.36	1.37	1.44	1.47	2.32
USD to GBP	-0.39	-0.39	-0.34	-0.12	1.12

Inflation and monetary policy

Inflation rate (%)

	Jan	Dec	Nov	Oct
Australia ¹	n/a	3.7	3.5	3.9
Canada	2.3	2.4	2.2	2.2
China	0.2	0.7	0.5	0.0
Euro Area	n/a	2.0	2.1	2.1
France	0.3	0.8	0.9	0.9
Germany	2.1	1.9	2.3	2.2
India	n/a	1.3	0.7	0.3
Italy	1.0	1.2	1.1	1.2
Japan	n/a	2.1	2.9	3.0
Saudi Arabia	1.8	2.1	1.9	2.2
South Korea	2.0	2.3	2.4	2.4
Spain	n/a	n/a	3.1	3.1
Sweden	n/a	0.3	0.3	0.9
UK	n/a	3.4	3.2	3.6
US	2.4	2.7	2.7	2.7

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

Interest rates (%)

	Last	Jan '24
	3.85	4.35
	2.25	5.00
	4.35	4.35
	2.15	4.50
	2.15	4.50
	2.15	4.50
	5.25	6.50
	2.15	4.50
	0.75	-0.10
	4.25	6.00
	2.50	3.50
	2.15	4.50
	1.75	4.00
	3.75	5.25
	3.75	5.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	-3.0
	176 bn	-1.0
	7.09 tn	2.4
	7.42 tn	-0.7
	1.79 tn	0.4
	2.66 tn	-0.6
	510 bn	7.3
	1.38 tn	3.2
	4.42 tn	0.7
	511 bn	-2.4
	386 bn	-0.9
	487 bn	0.2
	101 bn	-1.6
	1.17 tn	-0.7
	6.62 tn	0.7

Source: Knight Frank, Macrobond



The London Series Insight 1: Time – The Compression Effect

Our first paper in The London Series 2026 explores the London office market through the lens of time.

Time is one of four variables in the London Equation, our framework for understanding how the city competes.

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Knight Frank's Active Capital Survey 2026 captures the views and investment intentions of 119 of the world's largest global real estate investors, tracking \$144bn of capital. We combine data-driven market analysis with unique investor insight to reveal the latest intelligence on how capital is being deployed worldwide and what's coming next.

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