

# Leading Indicators



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Key economic and financial metrics, updated weekly

19<sup>th</sup> August 2025

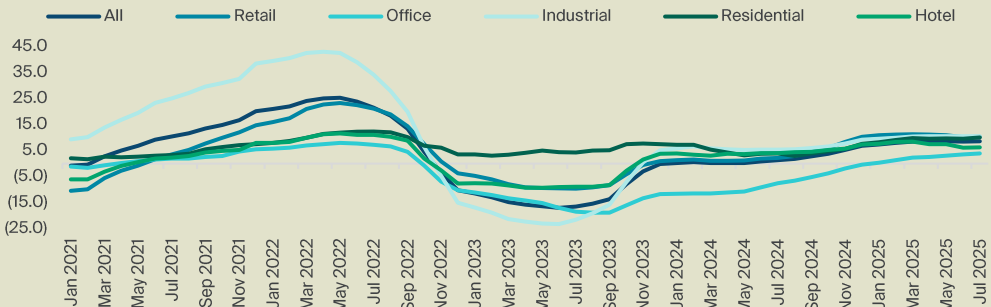
## Property returns strengthen, investment activity rebounds

8.59%

UK commercial property posted an annualised total return of 8.59% in July 2025, the strongest since September 2022, according to the latest MSCI UK Monthly Index. Industrial was the top-performing sector with a return of 10.52%, followed closely by Retail (10.31%) and Residential (10.03%), all delivering double-digit returns. Hotels (6.18%) and Offices (3.86%) remained weaker, though both have shown signs of stabilisation.

### Annualised UK All Property returns reach 8.59%, highest level in nearly three years

MSCI UK Monthly Index, Annualised Total Returns, %



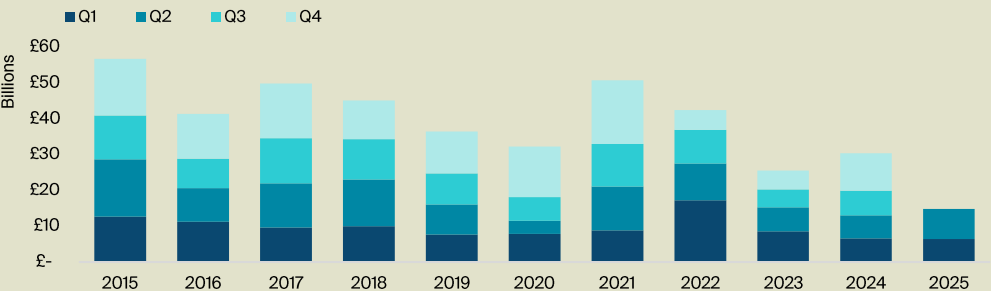
Source: Knight Frank Insight, MSCI RCA

+14%

In the first half of 2025, investment volumes in the UK's traditional core commercial real estate sectors (Office, Retail, and Industrial) rose by +14% year-on-year. This uptick signals renewed confidence in the resilience of core asset classes, whilst investors continue to prioritise quality and stable income streams.

### UK CRE core sectors rebound with 14% growth YoY in H1 2025

UK CRE (Industrial, Office, Retail) Investment Volumes, £bn



Source: Knight Frank Insight, RCA

74%

The latest ONS BIC survey shows that most UK businesses do not expect disruption from US tariffs in the coming month. Overall, 74% of firms reported no anticipated impact on their operations. Confidence varies by sector: nearly 95% of real estate companies foresee no disruption, compared with just 60% in manufacturing. This indicates that while the wider UK economy appears largely insulated, exposure remains significant in more trade-dependent industries.

### UK businesses largely insulated from tariffs, though exposure varies by industry

% of firms anticipating no US Tariff impact in the next month



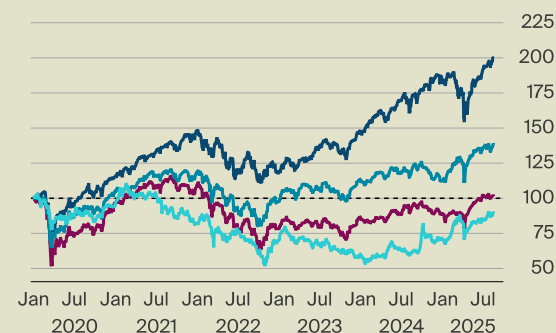
Source: Knight Frank Insight, ONS BICS

# Equities

## Equity markets

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

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



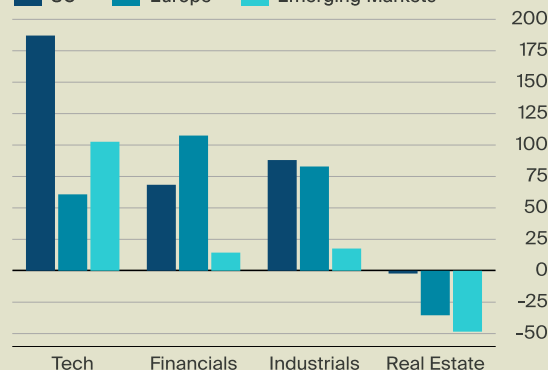
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,626	-0.2	0.7	0.4	60.5	33.85
FTSE 250	29,399	-0.5	-0.4	0.7	1.4	13.60
Hang Seng	3,220	-1.2	1.7	3.2	-11.0	24.63
IBEX 35	17,790	0.3	3.0	9.7	66.0	47.45
MIB	49,740	0.0	2.5	7.0	88.9	40.19
S&P 500	6,449	-0.3	0.9	2.4	99.6	9.65
STOXX 600	646	0.1	1.3	1.9	38.5	22.34
TOPIX	21	-0.5	2.9	10.2	33.4	18.82

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



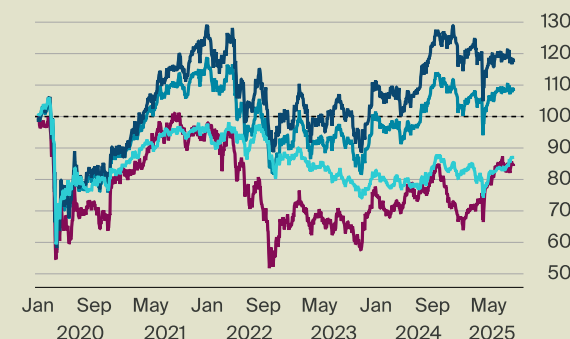
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	187.1%	60.8%	102.6%
Financials	68.4%	107.5%	14.4%
Industrials	88.1%	82.9%	17.7%
Real Estate	-2.2%	-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

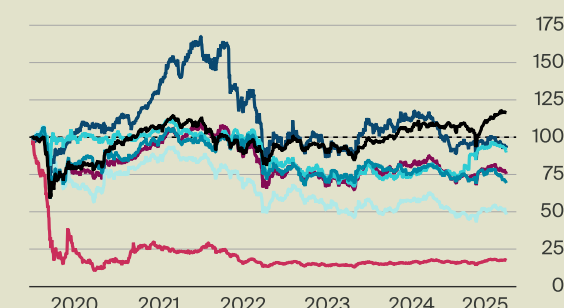
Index, total return	Last	Percentage change since				
Original value and base		1 day	1 week	1 month	Jan '20	YTD %
US	2,803	-0.3	0.0	-1.3	17.3	-1.26
Europe	2,403	-0.4	-1.6	2.2	-15.7	23.42
World	3,474	-0.3	-0.1	0.0	8.1	4.68
Asia Pacific	3,420	-0.1	0.2	3.6	-12.9	7.43

## 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

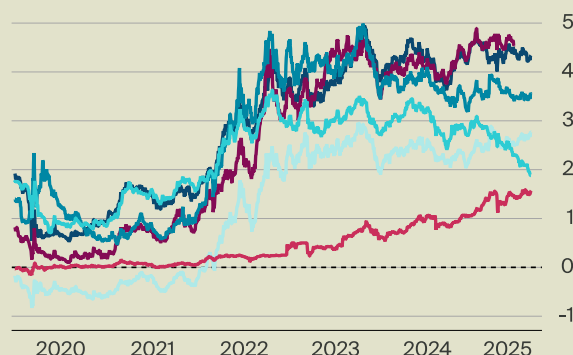
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	772	-1.1	-3.2	-2.7	-24.6	4.0
Office	1,428	-2.2	-8.2	-6.9	-51.8	-2.3
Industrial	1,153	-0.9	-2.0	-2.3	-71	0.5
Retail	63	-2.5	-2.0	0.5	-82.6	7.4
Healthcare	2,060	0.3	-2.1	-3.3	-9.2	19.3
Residential	1,057	-1.0	-3.2	-6.3	-30.7	-4.3
FTSE 250	19,823	-0.2	-0.7	0.3	16.3	8.0

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



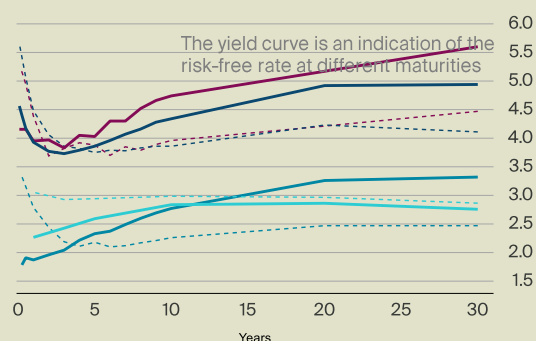
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.56	3.56	3.53	3.55	1.40
Japan	1.57	1.56	1.49	1.55	-0.03
Singapore	1.88	1.88	1.95	2.09	1.74
UK	4.74	4.74	4.62	4.68	0.74
US	4.34	4.34	4.29	4.44	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

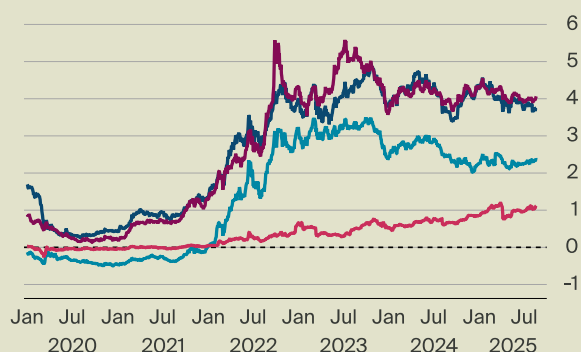


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



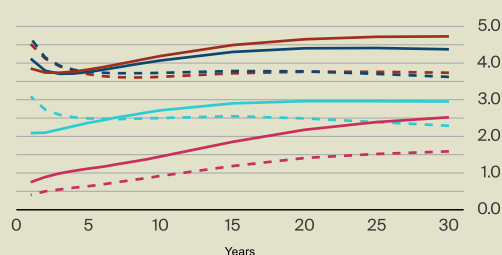
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.37	2.39	2.34	2.31	-0.13
Japan	1.12	1.11	1.04	1.04	0.03
UK	4.07	4.03	3.95	4.03	0.88
US	3.76	3.75	3.73	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  
 — Eurozone, Latest — US, Latest — UK, -1y — US, -1y  
 — Eurozone, -1y — UK, Latest — Japan, Latest — Japan, -1y



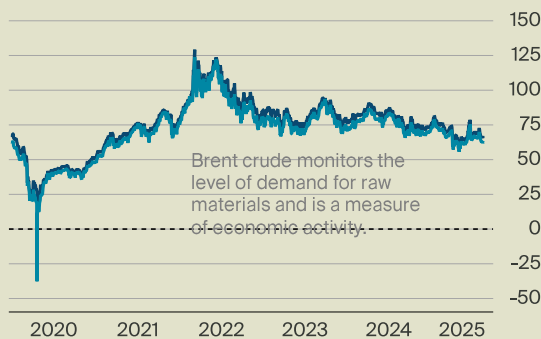
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond

## Baltic dry index

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

— Baltic dry index



Source: Knight Frank, Macrobond

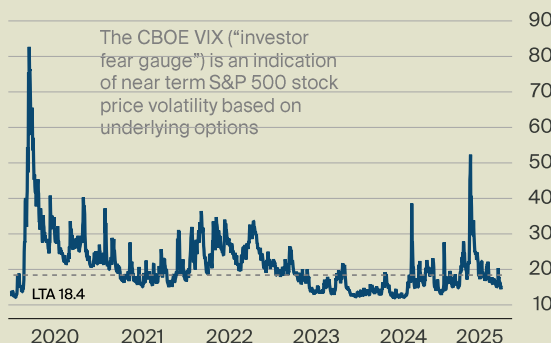
	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	66.4	66.1	66.6	69.2	66.0	-11.2
WTI, \$ per barrel	62.6	62.3	63.4	66.1	61.1	-12.5

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2022	-0.834	-0.785	-1.46	85.5	103

## Volatility index

Near term stock price volatility indicator

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



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



Source: Knight Frank, Macrobond

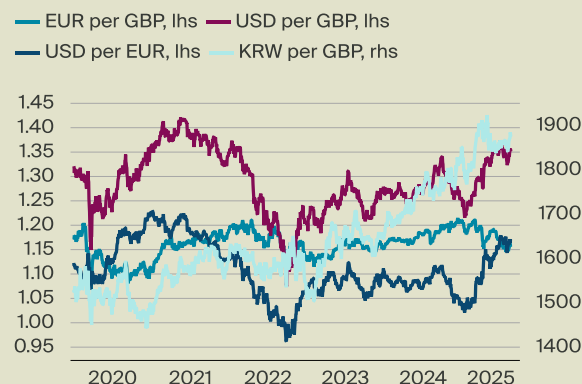
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	15.0	15.0	14.7	16.4	13.8	-13.60
Euro Stoxx 50 VIX	16.4	16.4	16.7	17.7	14.0	-3.53
Nikkei VIX	24.2	24.9	24.7	24.8	14.8	11.15
KOSPI VIX	21.5	21.4	21.2	20.5	14.7	1.70

	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

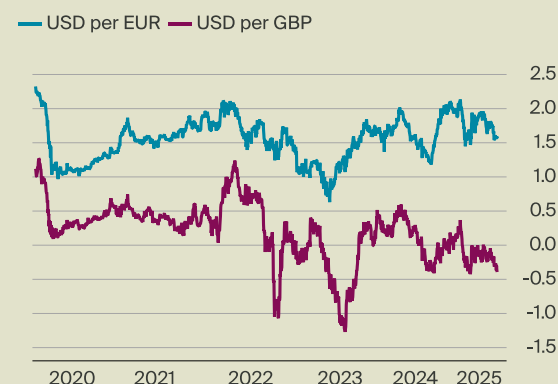


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.159	1.158	1.156	1.154	1.177
KOR per GBP	1,875	1,880	1,867	1,867	1,525
USD per GBP	1.352	1.356	1.341	1.344	1.321
USD per EUR	1.171	1.171	1.161	1.165	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	1.59	1.57	1.59	1.76	2.32
USD to GBP	-0.39	-0.37	-0.27	-0.11	1.12

## Inflation and monetary policy

### Inflation rate (%)

	July	June	May	Apr
Australia <sup>1</sup>	n/a	2.0	2.0	2.0
Canada	n/a	1.9	1.7	1.7
China	-0.2	-0.1	-0.2	-0.1
Euro Area	2.0	2.0	1.9	2.2
France	1.0	1.0	0.7	0.8
Germany	2.0	2.0	2.2	2.0
India	1.6	2.1	2.8	3.2
Italy	1.7	1.7	1.6	1.9
Japan	n/a	3.3	3.5	3.6
Saudi Arabia	2.1	2.3	2.2	2.3
South Korea	2.1	2.2	1.9	2.1
Spain	n/a	2.3	2.0	2.3
Sweden	0.8	0.7	0.2	0.3
UK	n/a	3.6	3.4	3.5
US	2.7	2.7	2.4	2.3

### Interest rates (%)

	Last	Jan '24
	3.60	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
	2.00	4.00
	4.00	5.25
	4.50	5.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	-2.2
	178 bn	0.0
	6.4 tn	0.4
	7.09 tn	-0.6
	1.74 tn	-1.6
	2.66 tn	-0.6
	464 bn	1.3
	1.25 tn	0.0
	4.88 tn	0.8
	522 bn	-2.0
	420 bn	1.6
	487 bn	-0.7
	103 bn	0.9
	1.18 tn	-0.7
	6.64 tn	-0.3

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

Source: Knight Frank, Macrobond



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Welcome to the fourth edition of (Y)OUR SPACE—Knight Frank's global research campaign that explores the forces reshaping work, workplace, and the real estate strategies evolving in response. In a world defined by disruption, this is the occupier voice: clear, direct, and rooted in the realities of corporate life.

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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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