

# Leading Indicators



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Key economic and financial metrics, updated weekly

21st October 2025

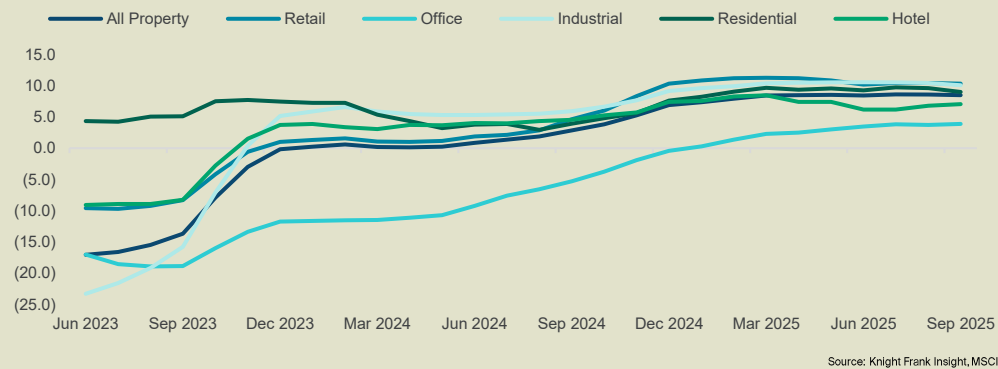
## A shift towards stability: UK property returns and pension fund reallocation

8.46%

UK commercial real estate returns have steadied, marking a clear shift from the volatility seen since mid-2023. The latest MSCI UK Monthly Index shows total returns are broadly consistent across sectors. As of September 2025, the All Property annualised total return stood at +8.46%, led by Retail +10.30% and Industrial +10.09%, followed by Residential +9.01%, Hotels +7.03%, and Offices +3.88%. The market now appears to be in a more stable phase, with returns primarily driven by income.

### Total returns have recovered and stabilised across UK CRE sectors

MSCI UK Monthly Index, Annualised Total Returns, %

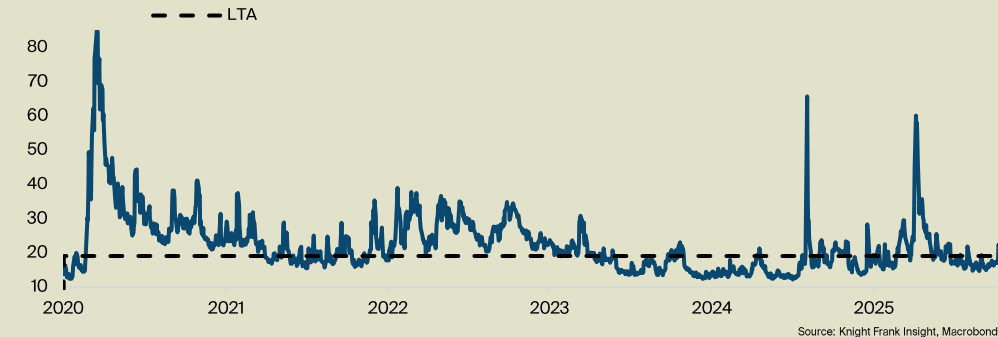


28.9

Renewed concerns over US regional banks briefly pushed the VIX (the market's 'fear gauge') to 28.9, its highest level in six months. While volatility has since moderated, ongoing uncertainty may gradually shift investor focus towards UK markets, which could benefit from relatively steadier sentiment and a potential reallocation of capital away from US risk exposure.

### Market volatility rises to its highest since April

CBOE Volatility Index (VIX), Near Term Stock Market Volatility

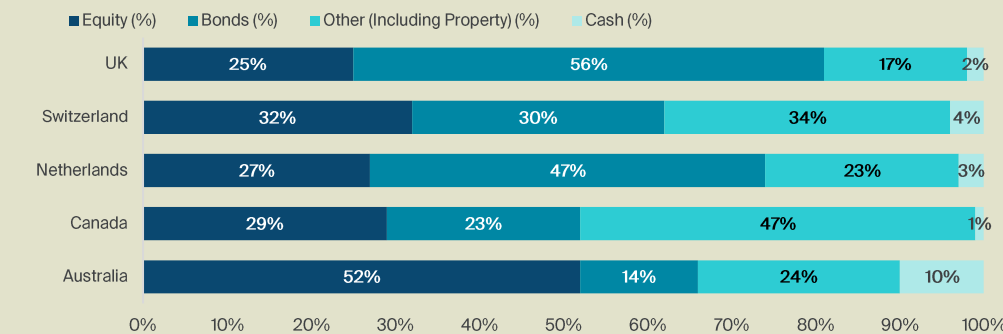


£3bn

Around £3 billion of new pension capital is being directed into UK rental housing, infrastructure, and high-growth companies - including AustralianSuper's £500 million pledge to residential projects such as student and build-to-rent housing. This aligns with the new Sterling 20 initiative, which reflects growing collaboration among UK pension funds to deploy long-term capital into domestic assets. Knight Frank are currently monitoring these developments, please reach out if you'd like to hear more.

### Pension funds commit £3bn to UK assets

Pension Fund Allocation by Asset Type, %

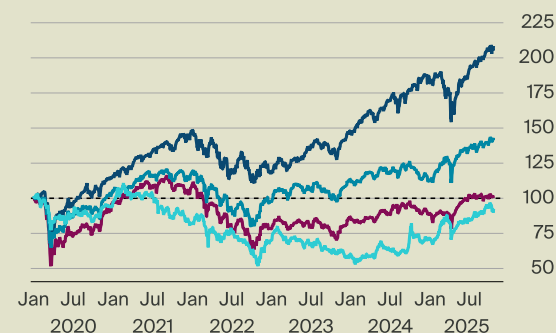


# Equities

## Equity markets

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

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



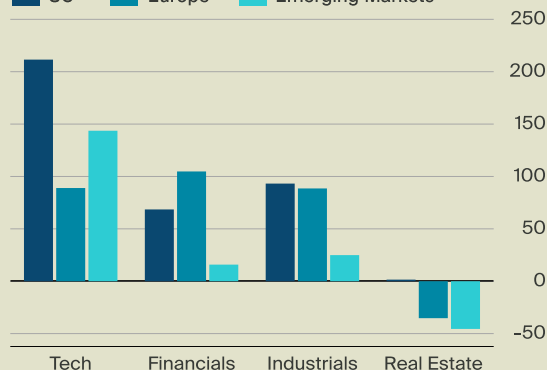
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,591	-0.2	0.7	1.3	60.0	33.4
FTSE 250	29,326	-0.7	1.1	-0.5	1.2	13.3
Hang Seng	3,349	3.0	0.6	-1.9	-7.4	29.6
IBEX 35	18,446	1.0	2.9	3.1	72.1	52.9
MIB	49,403	-0.1	1.4	-0.9	87.7	39.2
S&P 500	6,735	1.6	2.8	1.6	108.5	14.5
STOXX 600	667	-0.1	2.0	1.9	42.9	26.2
TOPIX	21	1.6	2.0	0.2	35.6	20.7

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



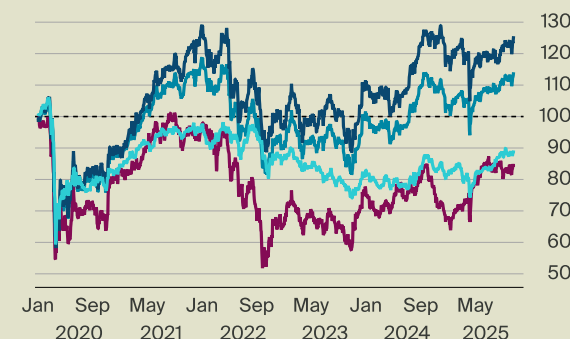
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	211.6%	89.0%	143.6%
Financials	68.5%	104.8%	15.8%
Industrials	93.2%	88.6%	24.9%
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

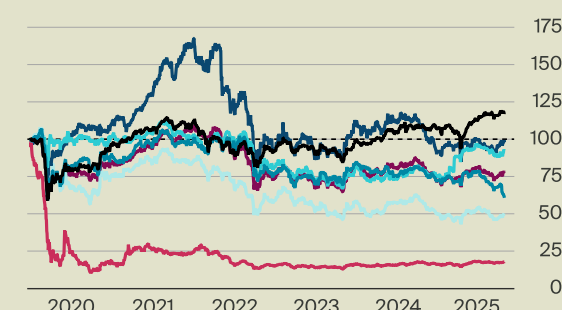
Index, total return	Last	Percentage change since				
Original value and base		1 day	1 week	1 month	Jan '20	YTD %
US	3,001	1.8	4.8	2.2	25.5	5.73
Europe	2,410	-0.4	3.7	1.4	-15.5	23.77
World	3,665	1.3	4.0	1.6	14.1	10.43
Asia Pacific	3,502	0.6	1.3	0.8	-10.8	10.01

## 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

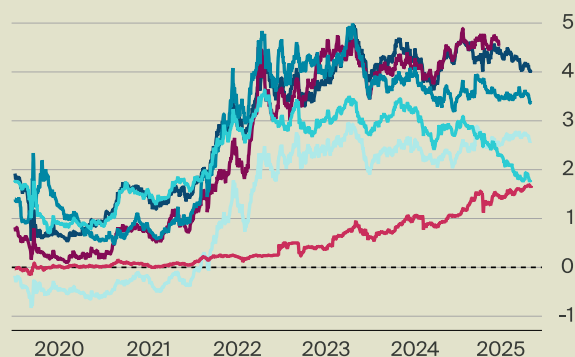
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	800	-0.4	3.9	3.8	-21.8	7.8
Office	1,477	-0.1	5.1	6.7	-50.2	1.0
Industrial	1,229	-0.3	3.2	3.3	-0.9	7.1
Retail	64	0.6	3.4	2.8	-82.1	10.6
Healthcare	2,092	-0.9	4.3	4.0	-7.7	21.2
Residential	926	-2.9	-4.5	-11.4	-39.3	-16.2
FTSE 250	20,041	-0.6	0.3	0.9	17.6	9.2

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



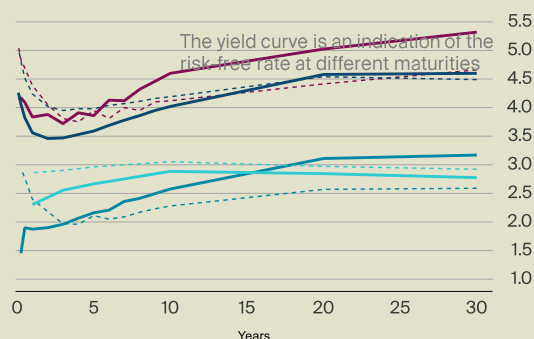
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.37	3.37	3.42	3.56	1.40
Japan	1.67	1.63	1.69	1.59	-0.03
Singapore	1.75	n/a	1.75	1.80	1.74
UK	4.57	4.57	4.65	4.72	0.74
US	4.00	4.00	4.03	4.14	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

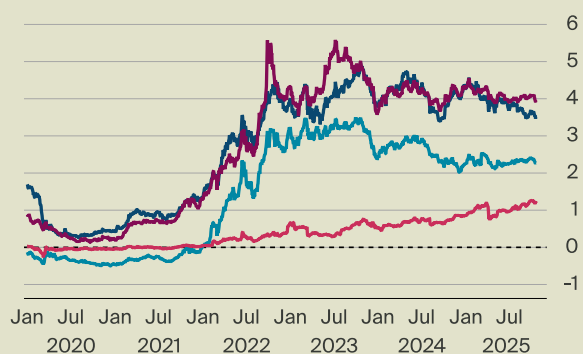


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



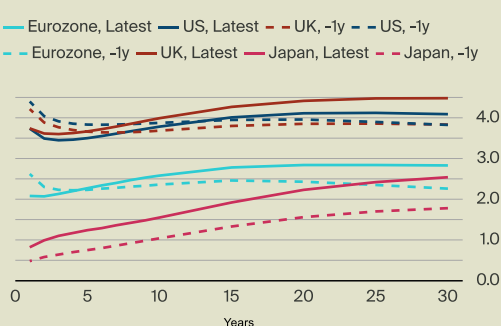
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.27	2.27	2.32	2.38	-0.13
Japan	1.24	1.21	1.20	1.21	0.03
UK	3.91	3.93	4.04	4.07	0.88
US	3.50	3.51	3.57	3.57	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



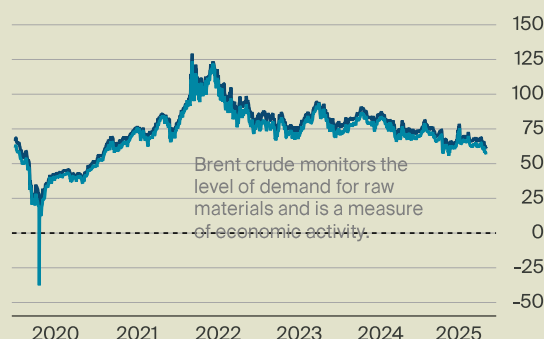
Source: Knight Frank, Macrobond

# 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	60.9	60.9	62.2	66.6	66.0	-18.6
WTI, \$ per barrel	57.0	57	58.3	62.5	61.1	-20.4

## Baltic dry index

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

— Baltic dry index



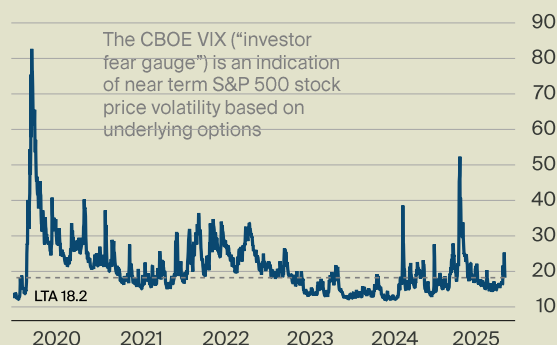
Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2094	1.21	3.56	-4.95	92.1	110

## 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	18.2	18.2	20.8	15.5	13.8	5.07
Euro Stoxx 50 VIX	17.2	17.2	20.4	15.7	14.0	1.29
Nikkei VIX	30.1	30.0	32.8	24.1	14.8	37.95
KOSPI VIX	30.6	30.9	30.5	20.7	14.7	44.84

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



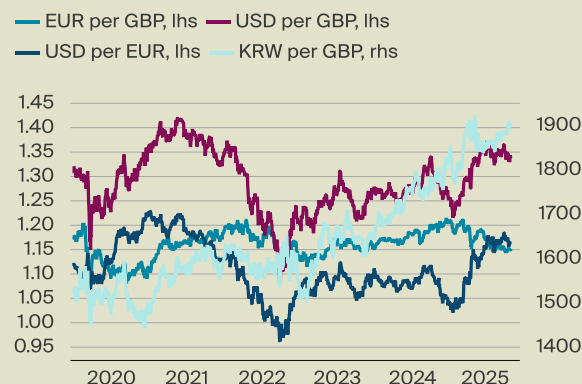
Source: Knight Frank, Macrobond

	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

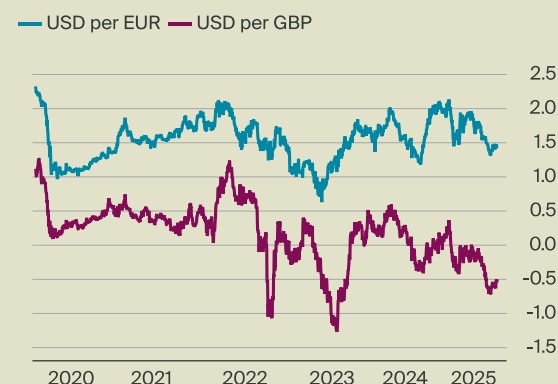
### Spot prices



	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.151	1.148	1.153	1.147	1.177
KOR per GBP	1,906	1,904	1,903	1,883	1,525
USD per GBP	1.342	1.339	1.333	1.348	1.321
USD per EUR	1.167	1.167	1.161	1.175	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	1.43	1.44	1.46	1.39	2.32
USD to GBP	-0.50	-0.54	-0.63	-0.61	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Sep	Aug	Jul	June
Australia <sup>1</sup>	n/a	n/a	n/a	2.0
Canada	2.4	1.9	1.7	1.9
China	-0.5	-0.6	-0.2	-0.1
Euro Area	2.2	2.0	2.0	2.0
France	1.2	0.9	1.0	1.0
Germany	2.4	2.3	2.0	2.0
India	1.5	2.1	1.6	2.1
Italy	1.6	1.6	1.7	1.7
Japan	n/a	2.7	3.1	3.3
Saudi Arabia	2.2	2.3	2.2	2.0
South Korea	2.1	1.7	2.1	2.2
Spain	n/a	2.7	2.7	2.3
Sweden	0.9	1.1	0.8	0.7
UK	n/a	3.8	3.8	3.6
US	n/a	2.9	2.7	2.7

### Interest rates (%)

	Last	Jan '24
	3.60	4.35
	2.50	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
	4.75	6.00
	2.50	3.50
	2.15	4.50
	1.75	4.00
	4.00	5.25
	4.25	5.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.261 tn	2.0
	170 bn	-4.1
	6.61 tn	1.8
	7.2 tn	1.9
	1.74 tn	0.1
	2.66 tn	-0.6
	488 bn	5.8
	1.29 tn	2.1
	4.56 tn	-4.0
	528 bn	3.8
	406 bn	1.2
	487 bn	0.2
	98.8 bn	-1.8
	1.17 tn	-0.7
	6.6 tn	-0.2

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



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William Matthews  
Partner  
Head of Commercial Insight  
+44 20 3909 6842  
[william.matthews@knightfrank.com](mailto:william.matthews@knightfrank.com)



Victoria Ormond, CFA  
Partner  
Head of Capital Markets Insight  
+44 20 7861 5009  
[victoria.ormond@knightfrank.com](mailto:victoria.ormond@knightfrank.com)



Nik Potter  
Associate  
Capital Markets Insight  
+44 20 7861 5146  
[nik.potter@knightfrank.com](mailto:nik.potter@knightfrank.com)



Khadija Hussain  
Analyst  
Capital Markets Insight  
+44 20 8176 9671  
[khadija.hussain@knightfrank.com](mailto:khadija.hussain@knightfrank.com)