

Leading Indicators

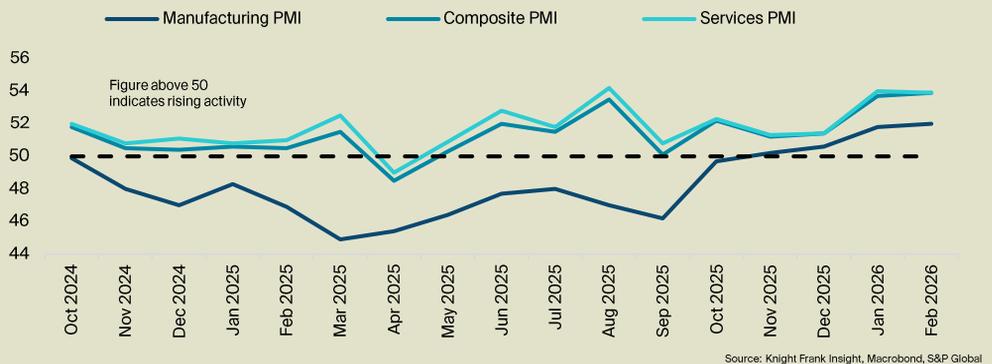
A firmer start to 2026...

53.9

February's PMI data points to solid momentum in Q1 2026, with the UK composite index rising to a 22-month high of 53.9. Manufacturing activity strengthened to 52.0 (from 51.8), its highest reading since August 2024, while the UK Services PMI edged down slightly to 53.9, but remained comfortably in expansionary territory for a 10th consecutive month. Together, these indicators point to a meaningful pick-up in activity at the start of the year. If this pace holds through March, current PMI levels would be consistent with Q1 GDP growth of just over +0.3% QoQ.

UK PMIs signal firm Q1 growth

S&P Global UK Purchasing Managers Index

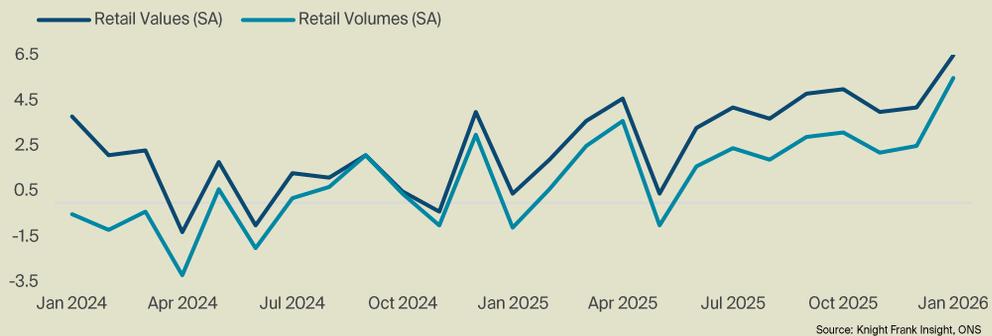


6.5%

Retail activity also strengthened at the start of the year. In January, retail sales values (excl. fuel) surged by +6.5% YoY, while volumes increased +5.5% - a clear sign of firmer consumer demand (albeit flattered slightly by a weak comparable from January 2024). More broadly, it appears households are beginning to ease the caution that has shaped spending behaviour in recent years, with consumption holding up as confidence gradually improves.

Retail sales point to stronger consumer demand

UK Retail Sales Performance, Year-on-Year (%)

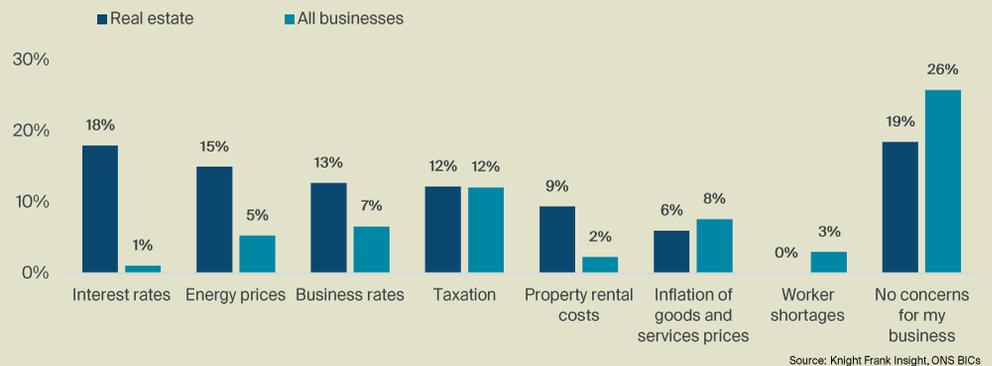


18%

Of Real Estate respondents in the latest Business Insights and Conditions Survey (BICs) identified interest rates as their primary business concern, compared with just 1% across All Businesses. This comes as inflation has eased to 3.0% - a ten-month low - reinforcing the disinflation trend and strengthening expectations for a Bank of England rate cut in March. With money markets pricing in two 25bp cuts this year, which would bring the Bank Rate down to 3.25%, the policy backdrop is beginning to shift in a direction that is increasingly supportive.

What are the key concerns for UK businesses?

'Which of the following, if any, will be the main concern for your business in March 2026?', % of UK businesses



Equities

Equity markets

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

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



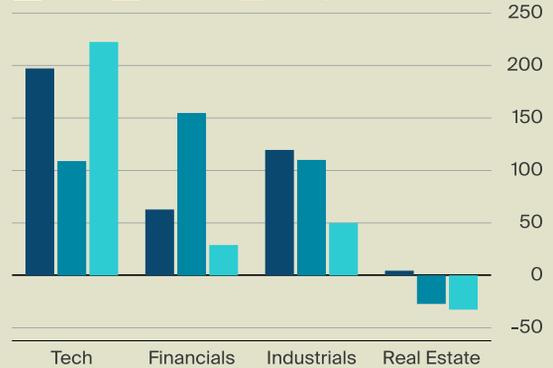
Source: Knight Frank, Macrobond

Index	Last Original value and base	Last 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
DAX 30	11,010	0.0	-0.2	0.7	66.3	2.078
FTSE 250	31,768	0.2	-0.3	0.8	9.6	5.129
Hang Seng	3,401	0.6	-0.5	-0.4	-6.0	3.278
IBEX 35	21,564	1.7	3.0	4.0	101.2	6.191
MIB	55,063	2.2	2.3	4.0	109.2	4.223
S&P 500	6,838	-0.4	0.0	-1.1	111.6	-0.113
STOXX 600	740	0.6	1.1	3.6	58.6	6.521
TOPIX	25	0.5	0.1	8.2	56.5	13.349

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	197.3%	109.0%	222.5%
Financials	62.8%	154.8%	29.0%
Industrials	119.6%	110.1%	50.0%
Real Estate	4.5%	-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

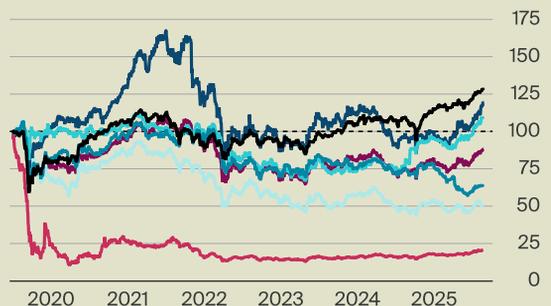
Index, total return	Last Original value and base	Last 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
US	3,219	1.0	0.5	8.3	34.7	10.398
Europe	2,697	1.0	1.6	6.8	-5.4	8.973
World	3,906	0.8	0.5	6.7	21.6	8.548
Asia Pacific	3,467	-0.3	-0.2	0.4	-11.7	0.659

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 Original value and base	Last 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
All REITs	903	0.9	1.3	4.8	-11.8	8.8
Office	1,498	1.2	0.8	-3.0	-49.4	4.9
Industrial	1,482	1.7	1.7	9.3	19.5	12.9
Retail	75	0.4	2.1	6.1	-79.3	8.9
Healthcare	2,485	0.2	0.1	5.7	9.6	12.0
Residential	965	-0.3	-1.2	0.8	-36.8	4.9
FTSE 250	21,790	-0.1	0.5	1.0	27.9	5.1

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



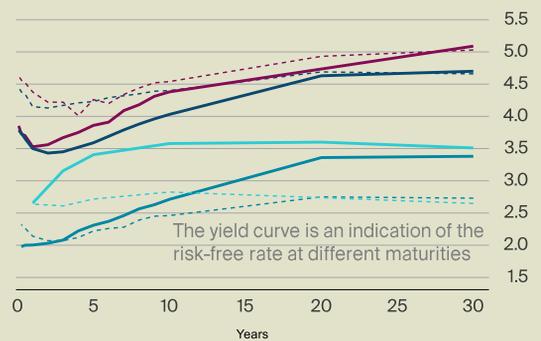
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.32	3.34	3.36	3.50	1.40
Japan	2.14	2.14	2.20	2.23	-0.03
Singapore	1.96	1.96	1.91	2.13	1.74
UK	4.38	4.42	4.46	4.56	0.74
US	4.03	4.08	4.04	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



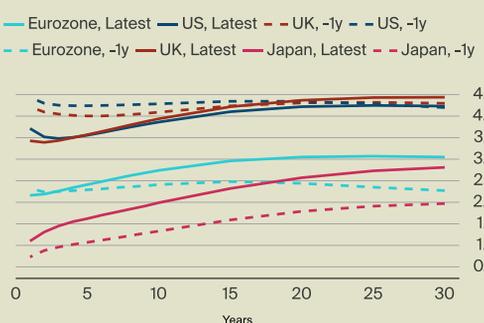
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.41	2.44	2.42	2.58	-0.13
Japan	1.62	1.62	1.67	1.68	0.03
UK	3.81	3.85	3.87	4.00	0.88
US	3.56	3.63	3.60	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



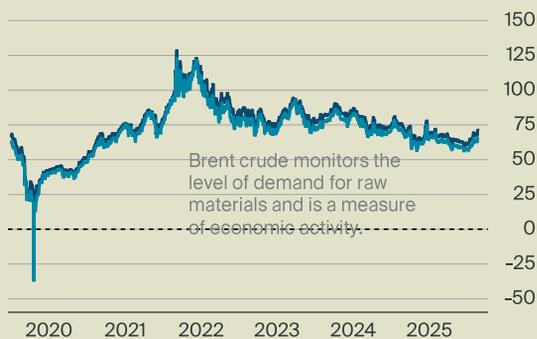
Source: Knight Frank, Macrobond

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	71.4	71.4	67.3	66.1	66.0	17.3
WTI, \$ per barrel	66.2	66.2	62.2	61	61.1	15.5

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2129	4.21	1.62	20.8	95.3	13.4

Volatility index

Near term stock price volatility indicator

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



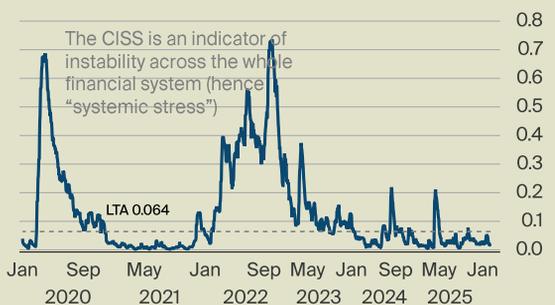
Source: Knight Frank, Macrobond

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

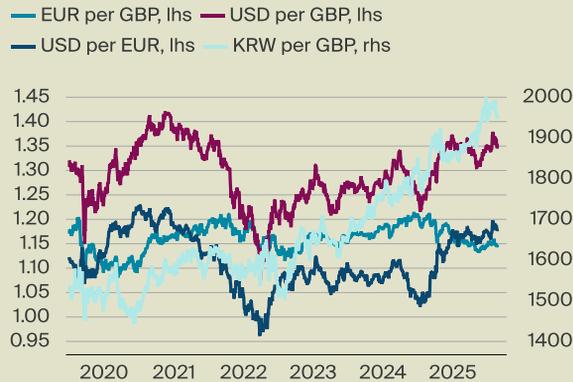
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	21.0	21.0	20.3	16.1	13.8	40.5
Euro Stoxx 50 VIX	19.7	19.7	19.4	17.5	14.0	33.9
Nikkei VIX	30.8	26.8	29.8	31.7	14.8	29.6
KOSPI VIX	48.1	46.3	41.6	34.1	14.7	66.8

	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	1.144	1.145	1.150	1.154	1.177
KOR per GBP	1,948	1,953	1,966	1,988	1,525
USD per GBP	1.349	1.350	1.363	1.356	1.321
USD per EUR	1.178	1.178	1.187	1.177	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	1.34	1.40	1.36	1.48	2.32
USD to GBP	-0.35	-0.29	-0.39	-0.22	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	2.7	1.2	0.5	0.0
Italy	1.0	1.2	1.1	1.2
Japan	1.5	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	0.5	0.3	0.3	0.9
UK	3.0	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	-1.3
	176 bn	-1.0
	709 tn	2.4
	737 tn	-0.7
	1.89 tn	3.7
	2.66 tn	-0.6
	538 bn	15.1
	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
	6.61 tn	0.5

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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