

# Leading Indicators

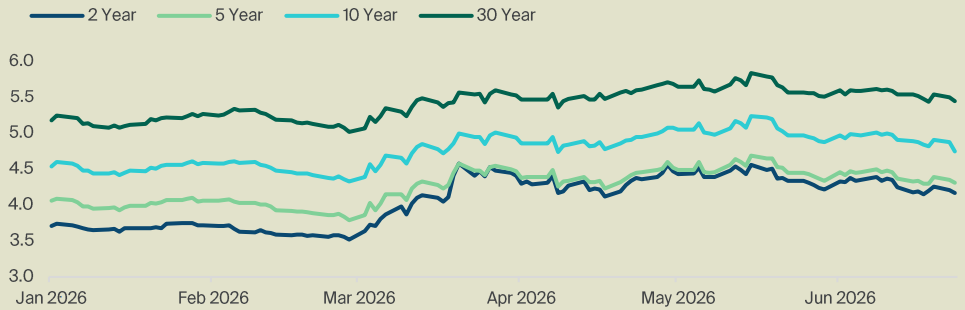
## UK Political Change: Noise, not a shock

### 4.75%

Just as markets began to anticipate a steadier summer, the UK has reintroduced uncertainty with a sudden leadership transition at the heart of government. Prime Minister Keir Starmer's resignation and Andy Burnham's expected succession come at a delicate moment for UK markets. The immediate response, however, has been measured, indicating that political uncertainty was already largely priced in, with gilts relatively stable and the 10-year yield holding at 4.75%.

### Political shift, but no surprise for bond markets

Government bond yields (%)



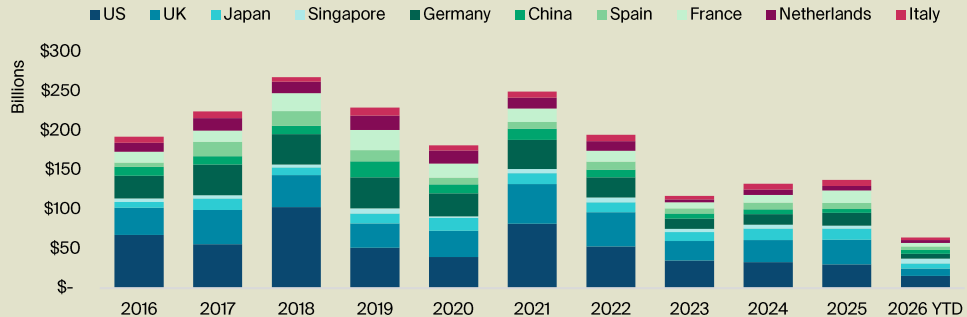
Source: Knight Frank Insight, Macrobond

### #2

Starmer's resignation will add to political noise for investors but is unlikely to shift underlying appetite for UK CRE. Global capital has consistently looked through periods of UK political change, with allocations driven by pricing, income durability and relative value. The UK remained the second-largest destination for global cross-border CRE investment throughout the Brexit period, underscoring its structural appeal.

### International capital remains engaged

Annual cross-border CRE investment in the top 10 global markets, 2016–2026 YTD (\$bn)



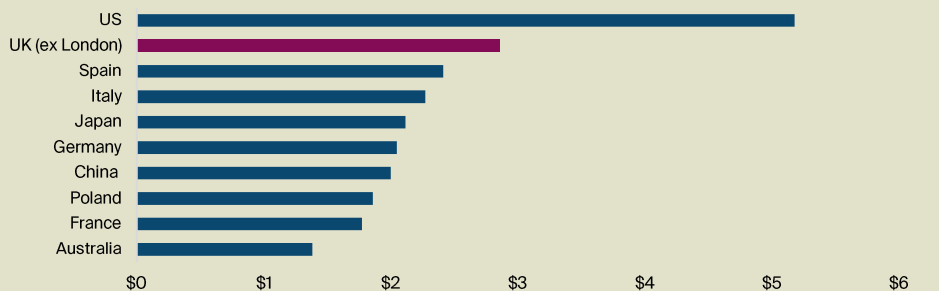
Source: Knight Frank Insight, MSCI RCA

### \$2.86bn

A Burnham-led government would likely place greater emphasis on devolution, infrastructure and growth beyond London. That would reinforce an investment shift already taking place across regional UK markets. Global investment has increasingly moved beyond the capital, with UK excluding London now ranking as the second-largest destination for cross-border CRE flows over the past year and Q2 2026 to date, behind only the US.

### Regional UK is now the second-largest global destination for cross-border capital

Top global destinations for cross-border CRE investment, Q2 2026 to date & pending (\$bn)



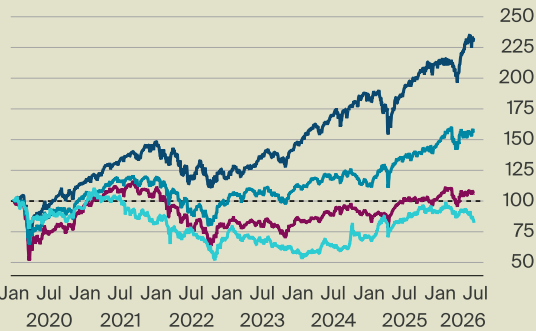
Source: Knight Frank Insight, MSCI RCA

# Equities

## Equity markets

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

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



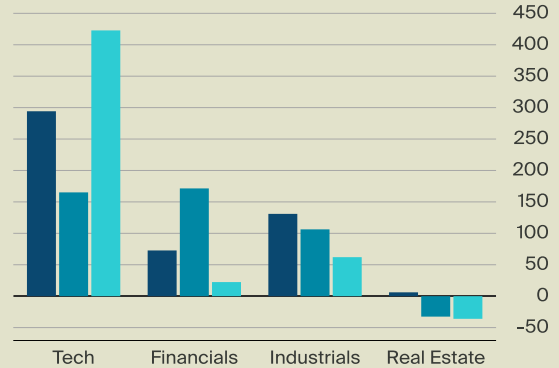
Source: Knight Frank, Macrobond

Index	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
DAX 30	10,505	0.1	0.9	0.6	58.7	-2.60
FTSE 250	30,769	-0.4	-1.7	0.0	6.2	1.82
Hang Seng	2,976	-2.5	-6.1	-8.1	-17.7	-9.61
IBEX 35	22,372	0.4	3.0	7.4	108.7	10.17
MIB	60,443	-0.1	1.4	6.0	129.6	14.40
S&P 500	7,473	-0.4	0.6	0.4	131.3	9.16
STOXX 600	732	0.0	-0.2	1.7	56.8	5.33
TOPIX	25	-1.4	-0.9	2.2	56.8	13.52

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



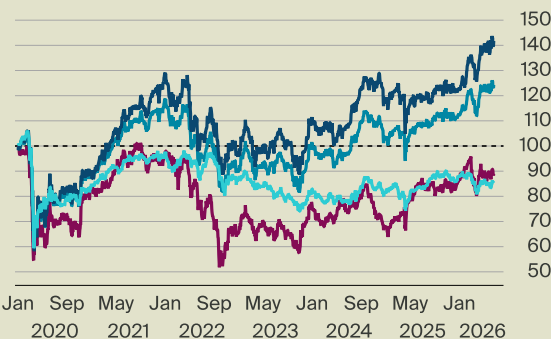
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	294.2%	165.1%	422.8%
Financials	72.7%	171.4%	22.4%
Industrials	131.0%	106.3%	62.1%
Real Estate	6.1%	-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

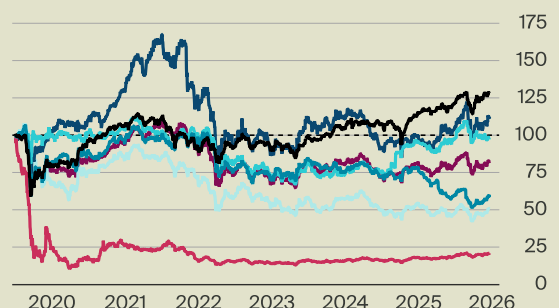
Index, total return	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
US	3,388	1.4	-1.4	0.7	41.7	16.17
Europe	2,534	0.1	-2.1	0.8	-11.1	2.40
World	3,992	0.9	-1.5	0.3	24.3	10.92
Asia Pacific	3,348	-0.3	-0.3	-0.2	-14.7	-2.79

## 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

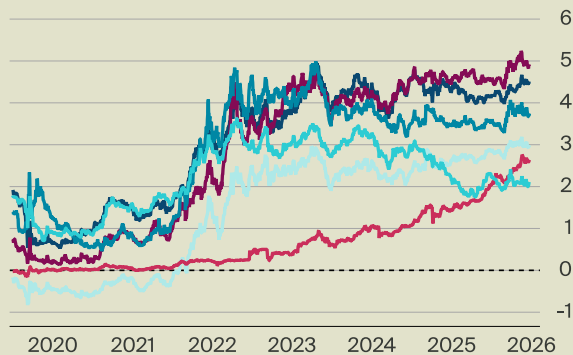
Index, total return	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
All REITs	841	-0.4	-1.1	3.0	-17.8	1.4
Office	1,494	-0.7	-0.1	7.3	-49.6	4.6
Industrial	1,388	0.1	-1.1	4.1	12.0	5.8
Retail	75	1.7	0.9	4.5	-79.1	10.2
Healthcare	2,229	0.7	-0.9	-1.9	-1.7	0.4
Residential	886	-3.4	-2.2	3.5	-41.9	-3.7
FTSE 250	21,775	-0.6	-0.5	1.4	27.8	5.1

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



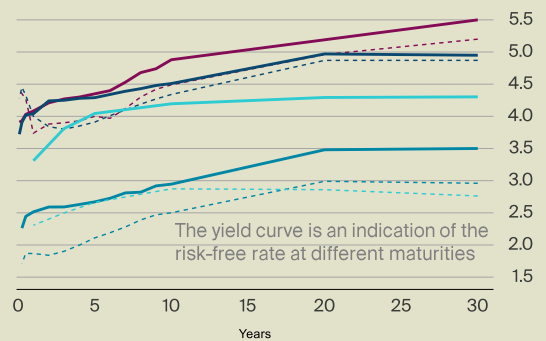
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.69	3.69	3.69	3.82	1.40
Japan	2.64	2.62	2.56	2.73	-0.03
Singapore	2.11	2.11	2.00	2.12	1.74
UK	4.88	4.88	4.88	4.97	0.74
US	4.51	4.51	4.43	4.56	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

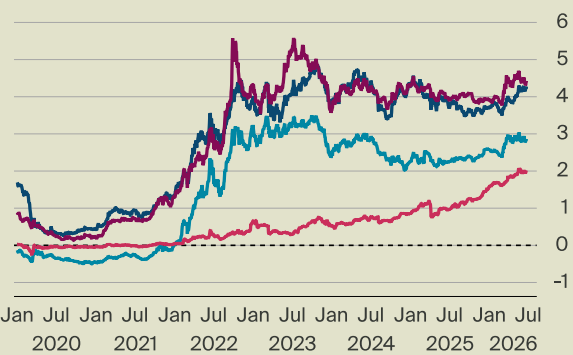


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



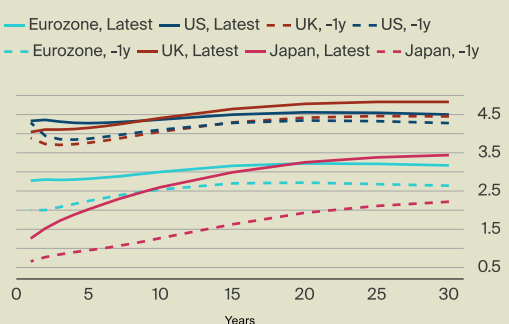
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.82	2.85	2.80	2.89	-0.13
Japan	2.02	2.00	1.93	2.05	0.03
UK	4.38	4.41	4.35	4.48	0.88
US	4.28	4.21	4.17	4.24	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

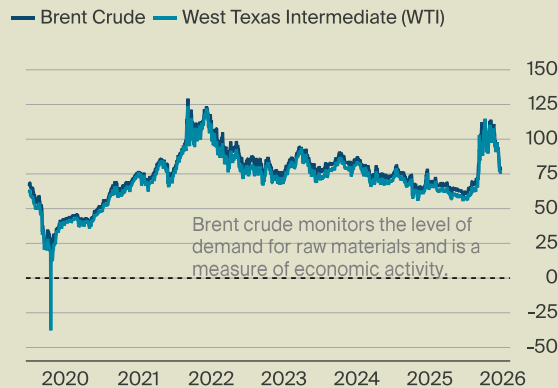


Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

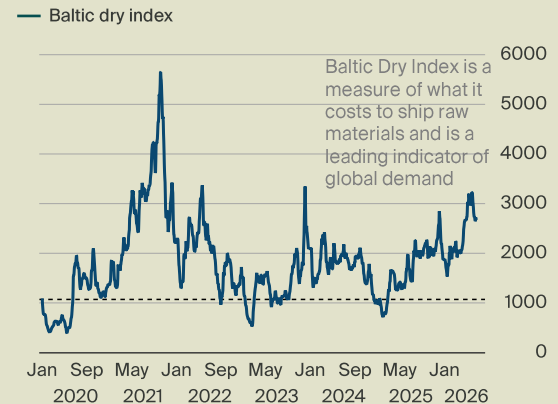
Oil spot prices, \$ per barrel



Source: Knight Frank, Macrobond

## Baltic dry index

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



Source: Knight Frank, Macrobond

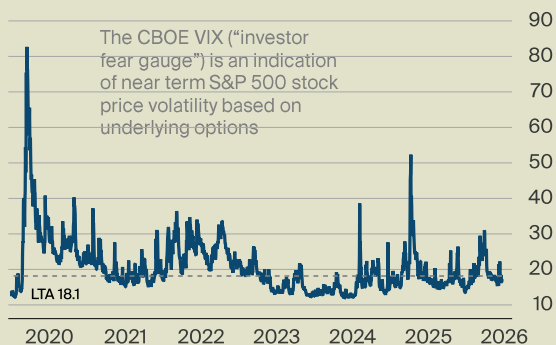
	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	77.8	77.8	79.3	103.9	66.0	27.7
WTI, \$ per barrel	74.9	74.9	77.3	95.6	61.1	30.7

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2667	-2.02	-0.112	-10.8	145	42.1

## 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

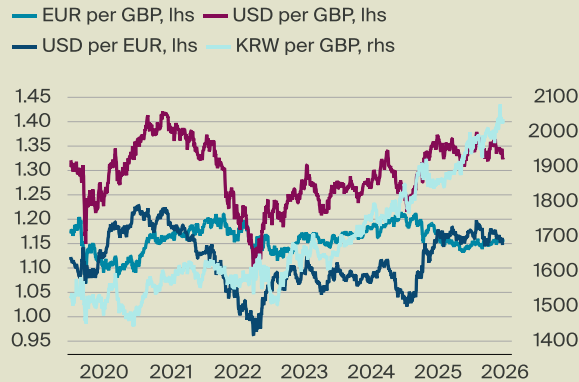
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	17.3	17.3	16.4	16.7	13.8	15.6
Euro Stoxx 50 VIX	16.3	16.3	16.1	21.1	14.0	10.7
Nikkei VIX	31.3	29.4	31.1	28.4	14.8	31.8
KOSPI VIX	89.4	87.4	84.3	67.0	14.7	209.9

	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

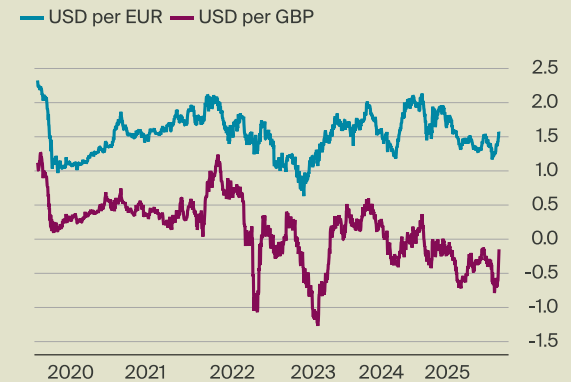


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.159	1.154	1.158	1.158	1.177
KOR per GBP	2,038	2,025	2,033	2,038	1,525
USD per GBP	1.326	1.323	1.344	1.344	1.321
USD per EUR	1.147	n/a	1.160	1.160	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	1.56	1.57	1.49	1.48	2.32
USD to GBP	-0.15	-0.26	-0.37	-0.48	1.12

## Inflation and monetary policy

### Inflation rate (%)

	May	Apr	Mar	Feb
Australia <sup>1</sup>	n/a	4.2	4.5	3.7
Canada	3.2	2.8	2.4	1.8
China	1.4	1.3	1.1	1.4
Euro Area	n/a	n/a	n/a	n/a
France	2.4	2.2	1.7	0.9
Germany	2.6	2.8	2.6	2.0
India	3.9	3.5	3.4	3.2
Italy	3.2	2.7	1.7	1.5
Japan	1.5	1.4	1.5	1.3
Saudi Arabia	1.8	1.7	1.8	1.7
South Korea	3.1	2.6	2.2	2.0
Spain	n/a	3.2	3.5	2.3
Sweden	0.8	-0.1	0.5	0.5
UK	2.8	2.8	3.3	3.0
US	4.2	3.8	3.3	2.4

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

### Interest rates (%)

	Last	Jan '25
	4.35	4.35
	2.25	3.25
	4.35	4.35
	2.40	3.15
	2.40	3.15
	2.40	3.15
	5.25	6.50
	2.40	3.15
	1.00	0.25
	4.25	5.00
	2.50	3.00
	2.40	3.15
	1.75	2.75
	3.75	4.75
	3.75	4.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	0.5
	167 bn	-1.2
	713 tn	-0.5
	709 tn	-1.0
	1.75 tn	-1.4
	2.66 tn	-0.6
	458 bn	-4.9
	1.29 tn	-0.3
	4.06 tn	-1.2
	520 bn	-0.7
	406 bn	1.2
	487 bn	-1.6
	95.8 bn	-3.1
	1.17 tn	-0.7
	6.74 tn	0.2

Source: Knight Frank, Macrobond



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