

Leading Indicators

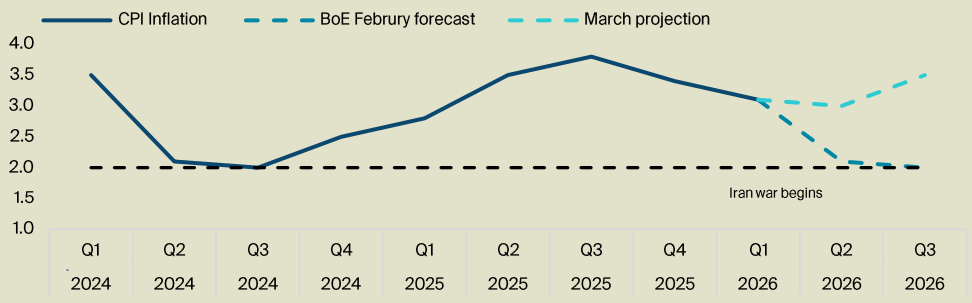
Q2: A period of adjustment, not disruption, for UK markets

+3.3%

UK inflation rose to +3.3% in March, as higher energy costs linked to the Middle East conflict fed through. The increase was driven by an +8.7% rise in motor fuel prices, the largest monthly gain since the Russia - Ukraine conflict in 2022. While CPI had been expected to move back towards 2% this quarter, it is now likely to remain closer to 3% and rise further into Q3. Even so, softer labour market conditions should keep the BoE on hold at tomorrow's MPC meeting, with the Bank Rate likely to remain at 3.75%.

Inflation shock begins to feed through, but BoE expected to keep rates on hold at 3.75% tomorrow

UK Quarterly CPI Forecasts (% change YoY)



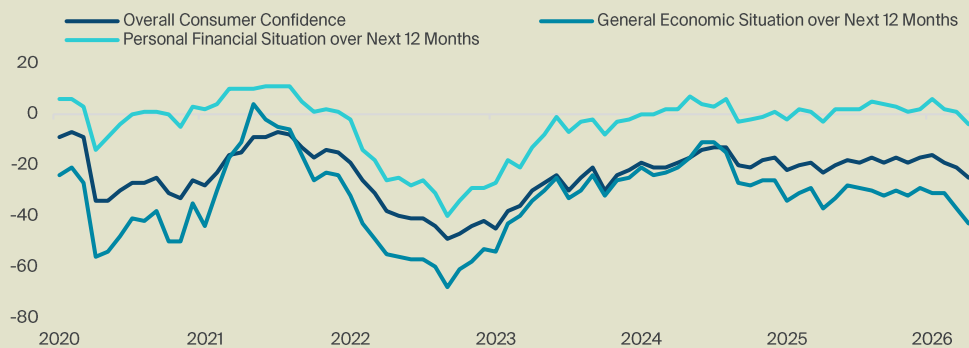
Source: Knight Frank Insight, ONS, Bank of England

-25

The GfK Consumer Confidence Index fell to -25 in April, marking its third consecutive monthly decline. Sentiment has weakened on the broader economic outlook (-43), while views on personal finances remain relatively stable (-4). The latest decline raises the question of whether sentiment is being driven by the Middle East conflict, domestic political uncertainty, or a combination of the two. Historically, UK consumer confidence has shown greater sensitivity to domestic policy shocks, falling more sharply after the September 2022 mini-Budget than during COVID.

Domestic uncertainty a bigger drag on UK sentiment than external shocks

GfK Consumer Confidence Barometer



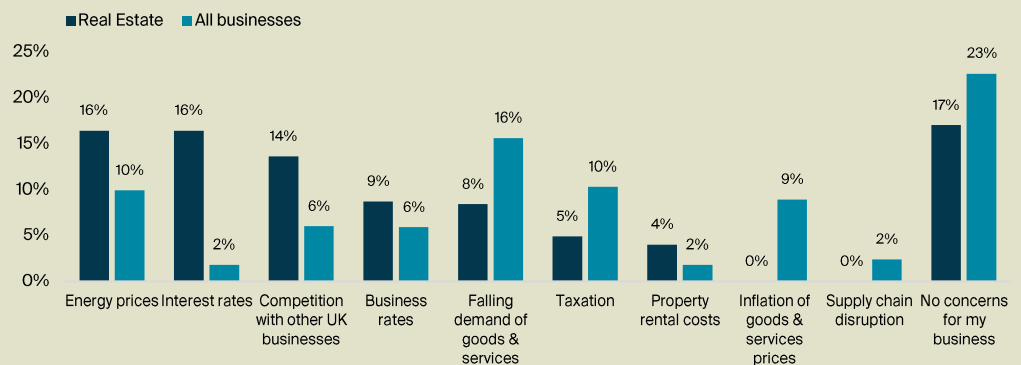
Source: Knight Frank Insight, GfK

16%

of Real Estate respondents in the latest Business Insights and Conditions Survey cited energy prices and interest rates as the main concern for their business. Interest rates were already a key issue at the start of the year, with 22% identifying them as their primary concern in January, ahead of recent geopolitical developments. Despite this, market volatility continues to ease, with the VIX (the market's fear gauge) falling to 18.4, below levels seen during last year's tariff-related spike. While uncertainty remains, calmer financial conditions could support a pickup in CRE investment activity later in the year, consistent with the pattern seen in 2025.

Q2 insights: what are the key concerns for UK businesses?

"Which of the following, if any, will be the main concern for your business in May 2026?", % of respondents in April 2026 BIC Survey



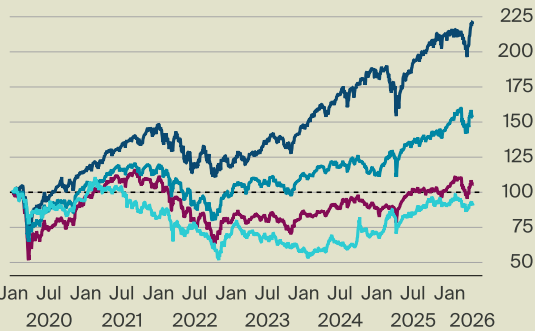
Source: Knight Frank Insight, ONS

Equities

Equity markets

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

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



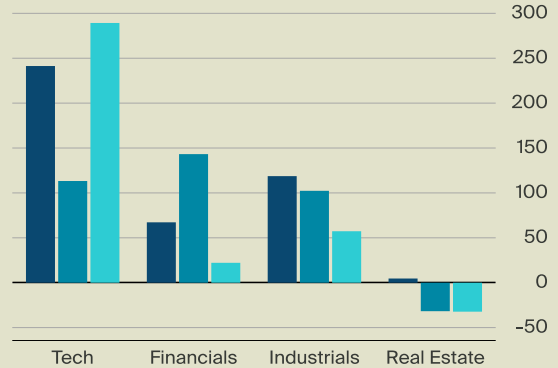
Source: Knight Frank, Macrobond

Index	Last Original value and base	Percentage change since 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
DAX 30	10,493	-0.2	-3.4	7.4	58.5	-2.714
FTSE 250	30,595	-0.5	-2.8	7.4	5.6	1.248
Hang Seng	3,276	-1.2	-2.7	3.1	-9.4	-0.498
IBEX 35	20,759	-0.9	-4.9	5.8	93.7	2.225
MIB	55,936	-0.3	-3.1	10.6	112.5	5.874
S&P 500	7,174	0.9	0.7	10.8	122.0	4.797
STOXX 600	714	-0.7	-3.5	6.3	53.1	2.812
TOPIX	24	1.7	-0.5	3.5	50.0	8.639

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



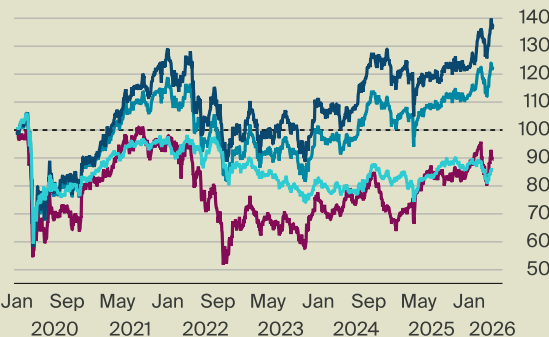
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	241.3%	113.2%	289.2%
Financials	67.3%	143.2%	22.2%
Industrials	118.7%	102.3%	57.3%
Real Estate	4.7%	-54.2%	-59.0%

REITs by region

EPRA/NAREIT total return index, Jan 2020 = 100, US\$

— World — Europe — US — Asia Pacific



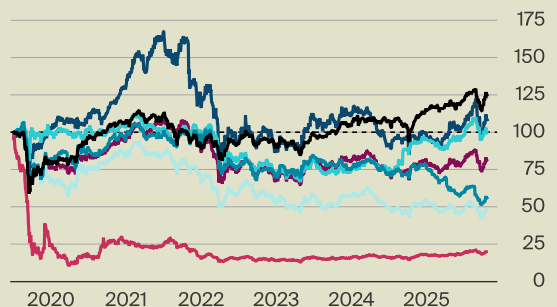
Source: Knight Frank, Macrobond

Index, total return	Last Original value and base	Percentage change since 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
US	3,272	-0.7	-1.7	8.1	36.9	12.22
Europe	2,551	-0.5	-3.7	9.7	-10.5	3.10
World	3,915	-0.5	-1.7	8.0	21.8	8.77
Asia Pacific	3,362	-0.2	-0.1	4.3	-14.3	-2.37

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

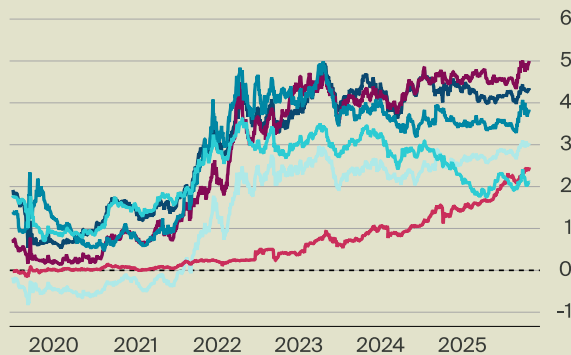
Index, total return	Last Original value and base	Percentage change since 1 day	Percentage change since			YTD %
			1 week	1 month	Jan '20	
All REITs	821	-0.9	-3.5	7.9	-19.7	-1.0
Office	1,426	0.9	-0.7	13.6	-51.9	-0.2
Industrial	1,331	-1.3	-4.1	7.7	7.4	1.4
Retail	72	0.2	-1.8	8.4	-79.9	5.9
Healthcare	2,241	-1.0	-4.1	3.7	-1.2	1.0
Residential	838	-1.5	-3.9	5.6	-45.1	-8.9
FTSE 250	21,069	-0.8	-2.6	6.6	23.7	1.7

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



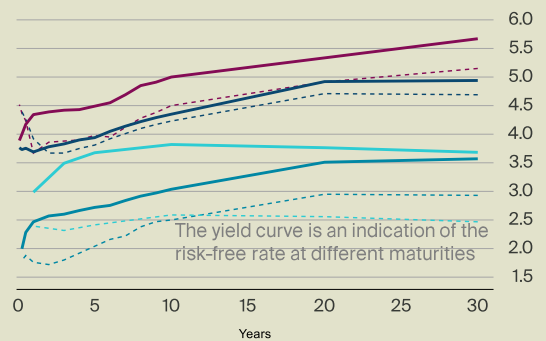
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.84	3.84	3.75	4.07	1.40
Japan	2.46	2.43	2.40	2.28	-0.03
Singapore	2.11	2.11	2.07	2.41	1.74
UK	5.00	5.00	4.90	5.01	0.74
US	4.35	4.35	4.30	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

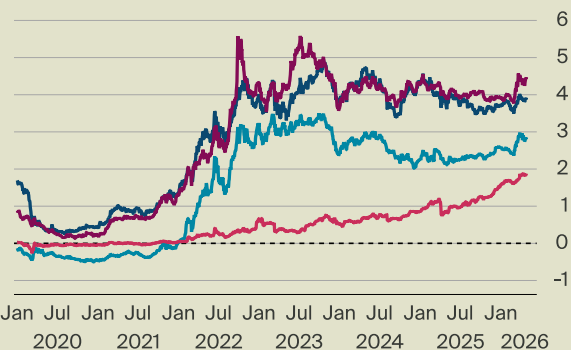


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



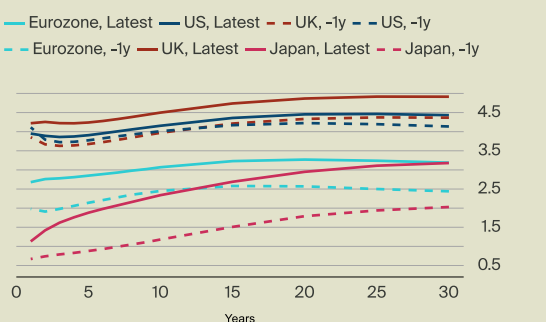
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.85	2.81	2.76	2.98	-0.13
Japan	1.88	1.85	1.82	1.87	0.03
UK	4.47	4.43	4.30	4.51	0.88
US	3.91	3.88	3.82	3.98	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



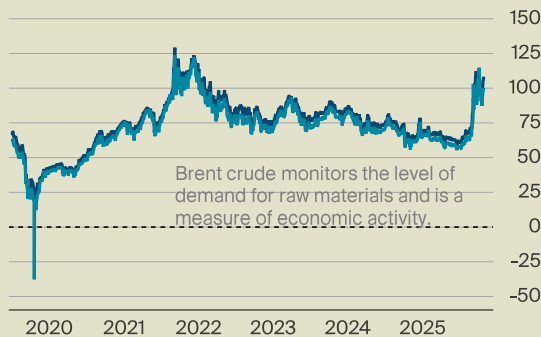
Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)

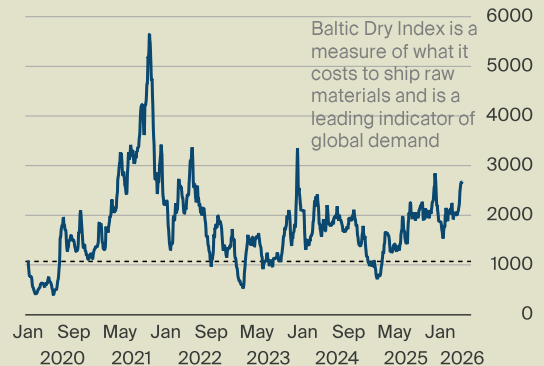


Source: Knight Frank, Macrobond

Baltic dry index

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

— Baltic dry index



Source: Knight Frank, Macrobond

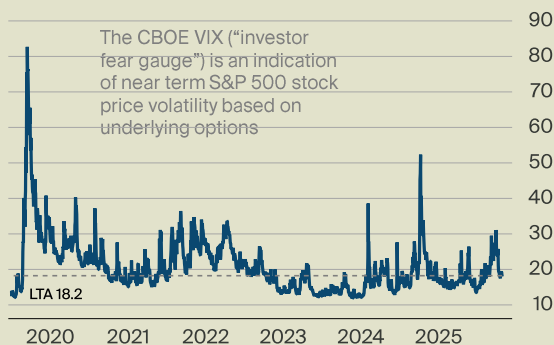
	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	108.3	108.3	99.0	107.3	66.0	78.0
WTI, \$ per barrel	99.3	99.3	93.9	103	61.1	73.2

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2677	0.45	1.4	31.8	146	42.6

Volatility index

Near term stock price volatility indicator

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



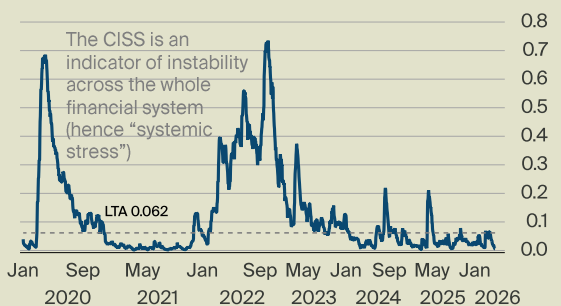
Source: Knight Frank, Macrobond

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

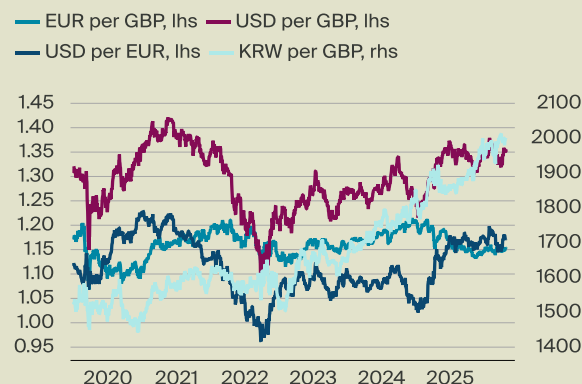
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	18.0	18.0	19.5	31.1	13.8	20.5
Euro Stoxx 50 VIX	24.0	24.0	24.2	34.8	14.0	62.9
Nikkei VIX	31.7	29.6	30.0	33.3	14.8	33.4
KOSPI VIX	55.0	55.0	51.6	60.6	14.7	90.6

	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

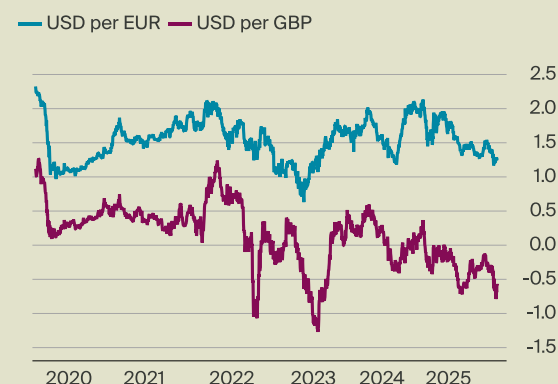


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.155	1.153	1.149	1.154	1.177
KOR per GBP	1,996	1,997	1,990	2,008	1,525
USD per GBP	1.356	1.350	1.352	1.329	1.321
USD per EUR	1.172	1.172	1.179	1.152	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	1.27	1.28	1.26	1.38	2.32
USD to GBP	-0.59	-0.57	-0.79	-0.30	1.12

Inflation and monetary policy

Inflation rate (%)

	Mar	Feb	Jan	Dec
Australia ¹	n/a	3.7	3.8	3.7
Canada	2.4	1.8	2.3	2.4
China	1.1	1.4	0.2	0.7
Euro Area	n/a	n/a	n/a	2.0
France	1.7	0.9	0.3	0.8
Germany	2.7	2.1	2.1	1.8
India	3.4	3.2	2.7	1.2
Italy	1.7	1.5	1.0	1.2
Japan	1.5	1.3	1.5	2.1
Saudi Arabia	1.8	1.7	1.8	2.1
South Korea	2.2	2.0	2.0	2.3
Spain	3.3	2.3	2.2	2.9
Sweden	0.5	0.5	0.5	0.3
UK	3.3	3.0	3.0	3.4
US	3.3	2.4	2.4	2.7

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

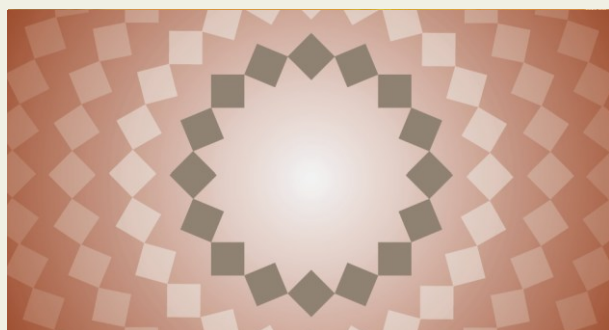
Interest rates (%)

	Last	Jan '25
	4.10	4.35
	2.25	3.25
	4.35	4.35
	2.15	3.15
	2.15	3.15
	2.15	3.15
	5.25	6.50
	2.15	3.15
	0.75	0.25
	4.25	5.00
	2.50	3.00
	2.15	3.15
	1.75	2.75
	3.75	4.75
	3.75	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.25 tn	-5.0
	165 bn	-3.2
	713 tn	-1.7
	7.28 tn	0.9
	1.75 tn	-3.5
	2.66 tn	-0.6
	512 bn	-2.5
	1.29 tn	-3.9
	4.17 tn	-2.4
	508 bn	-1.4
	410 bn	-2.1
	487 bn	-0.4
	100 bn	3.4
	1.17 tn	-0.7
	6.71 tn	0.8

Source: Knight Frank, Macrobond



Healthcare Development Opportunities

Knight Frank's annual assessment of supply trends and development prospects in the UK Care Home industry.

[View report](#)



Data Centres Global Report – 2026

The Global Data Centres Report examines the key market dynamics driving the industry's evolution, covering investment case fundamentals, capital flows, and yield profiles, as well as assessing market performance across primary, secondary, and emerging regions.

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UK Real Estate Navigator: Q4 2025

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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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