# Leading Indicators

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Key economic and financial metrics, updated weekly

3rd February 2026

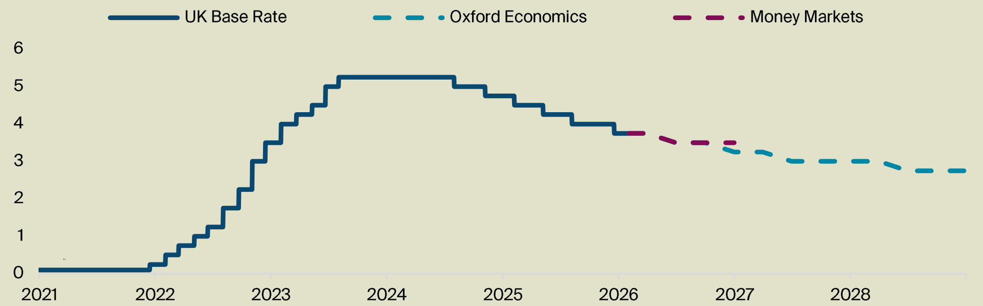
# Rate stability, rising capital and renewed lending momentum

## 3.75%

With early signs of a cooling labour market alongside firmer domestic growth, both money markets and economists widely expect the BoE to leave its base rate unchanged at 3.75% at its February meeting. Having already lowered rates from 5.25% since August 2024, the Monetary Policy Committee is likely to proceed cautiously with any further reductions this year. Even so, most economists anticipate two additional quarter-point cuts in 2026, which would bring the bank rate down to around 3.25% by year-end.

### The Bank of England is widely expected to keep base rate unchanged at 3.75% on Thursday

Bank of England base rate forecast (%)



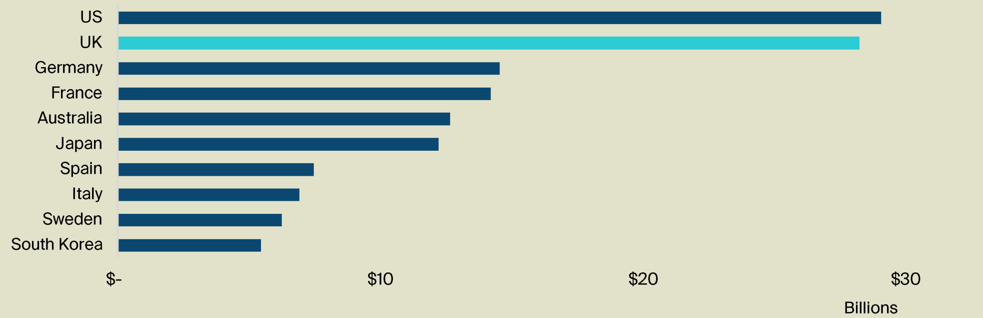

Source: Knight Frank Insight, Oxford Economics, Bloomberg

## +3%

Despite the uncertainty seen through 2025, the UK established itself as the second largest destination globally for cross-border CRE investment, trailing only the US. Total investment into the UK reached £28.2bn last year, up +3% year-on-year. Looking ahead to 2026, our Active Capital survey identifies the UK as the leading global destination for capital, with 60% of respondents aiming to target the market - reinforcing its continued appeal despite the shifting macro backdrop.

### Global capital favours the UK

Top 10 destinations for global cross-border CRE investment 2025 ($bn)



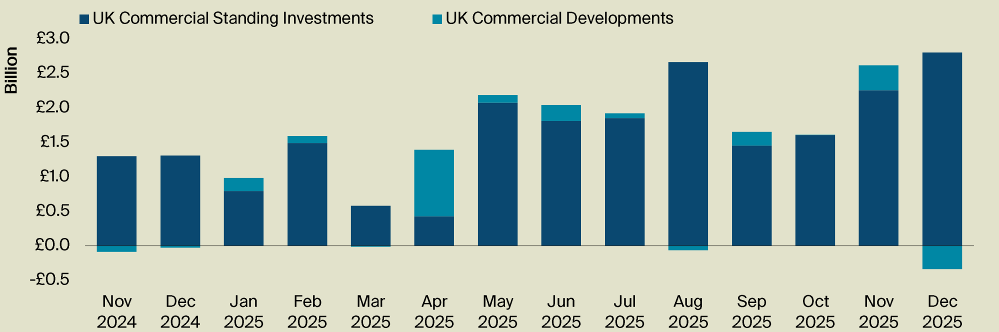

Source: Knight Frank Insight, MSCI RCA

## £2.47bn

Net lending to UK commercial real estate rose again in December, reaching £2.47bn and lifting the three-month rolling total to £6.69bn - its highest level since May 2020. While lending to standing developments declined to -£337mn, lending to standing investments increased sharply, rising by £2.8bn. Strong investment activity in Q4 points to a pickup in dealmaking, while improved debt availability, reflected in higher loan-to-value ratios and narrower margins, has also supported refinancing volumes.

### UK CRE lending rebounds to post-pandemic high

Net lending to UK CRE (£bn)

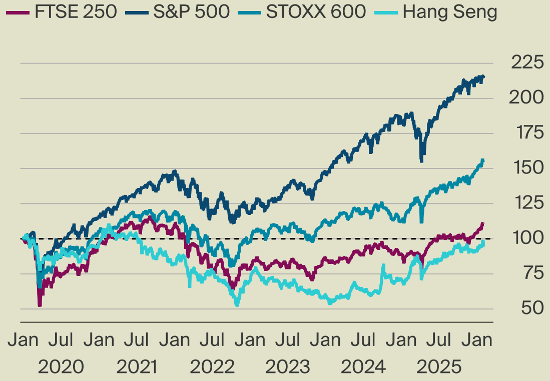



Source: Knight Frank Insight, Bank of England

# Equities

## Equity markets

Price return index, Jan 2020 = 100, US$

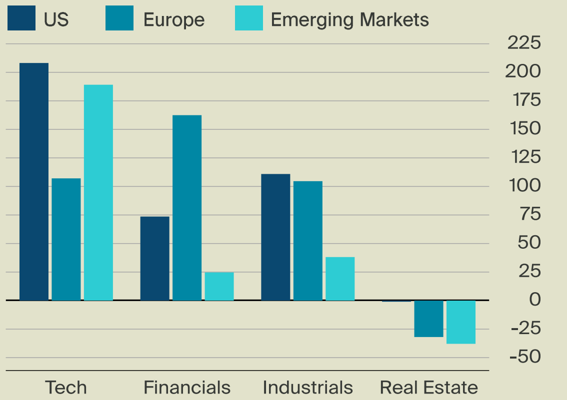



Source: Knight Frank, Macrobond

| Index<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| DAX 30 | 10,954 | 0.8 | -0.1 | 1.6 | 65.5 | 1.56 |
| FTSE 250 | 31,924 | -0.3 | 0.9 | 5.6 | 10.2 | 5.65 |
| Hang Seng | 3,436 | -2.0 | 0.1 | 4.4 | -5.0 | 4.35 |
| IBEX 35 | 21,360 | 1.8 | 3.6 | 5.2 | 99.3 | 5.18 |
| MIB | 54,245 | 0.9 | 2.9 | 2.7 | 106.1 | 2.67 |
| S&P 500 | 6,976 | 0.1 | 0.9 | 1.9 | 115.9 | 1.91 |
| STOXX 600 | 728 | 0.5 | 1.8 | 4.8 | 56.0 | 4.76 |
| TOPIX | 23 | 1.3 | 1.5 | 7.4 | 48.3 | 7.42 |

## Equity regional sectors

Price return index percentage change since Jan 2020

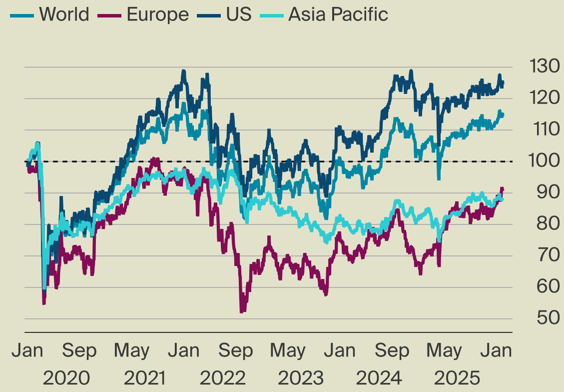



Source: Knight Frank, Macrobond

| | Percentage change since Jan 2020<br>US | Europe | World |
|---|---|---|---|
| Tech | 208.2% | 107.1% | 189.1% |
| Financials | 73.6% | 162.4% | 24.7% |
| Industrials | 110.9% | 104.6% | 38.1% |
| Real Estate | -1.0% | -54.2% | -59.0% |

## REITs by region

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

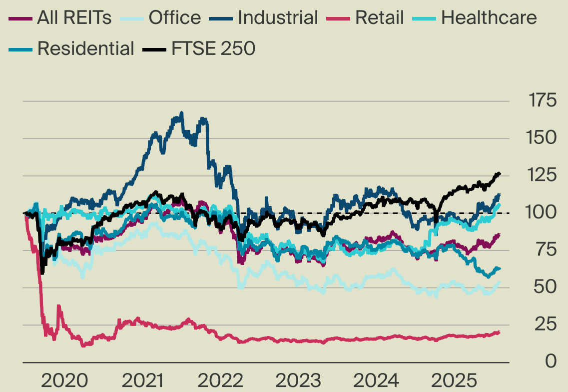



Source: Knight Frank, Macrobond

| Index, total return<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| US | 2,977 | -0.5 | -0.2 | 2.1 | 24.6 | 2.10 |
| Europe | 2,585 | -0.9 | 2.1 | 4.4 | -9.3 | 4.45 |
| World | 3,675 | -0.8 | 0.0 | 2.1 | 14.4 | 2.12 |
| Asia Pacific | 3,445 | -0.5 | -0.3 | 0.0 | -12.2 | 0.03 |

## UK REITs by sector

UK EPRA gross total return index, Jan 2020 = 100, GBP£



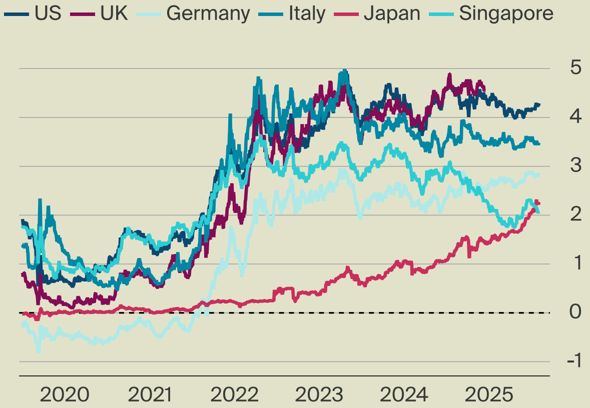

Source: Knight Frank, Macrobond

| Index, total return<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| All REITs | 876 | -0.5 | 1.8 | 5.6 | -14.3 | 5.6 |
| Office | 1,575 | -1.5 | 1.3 | 10.3 | -46.9 | 10.3 |
| Industrial | 1,396 | -0.4 | 3.2 | 6.4 | 12.6 | 6.4 |
| Retail | 74 | -0.1 | 4.4 | 7.6 | -79.6 | 7.6 |
| Healthcare | 2,396 | -0.2 | 1.7 | 7.9 | 5.7 | 7.9 |
| Residential | 967 | 0.4 | 1.5 | 5.1 | -36.6 | 5.1 |
| FTSE 250 | 21,649 | 0.7 | 0.5 | 4.5 | 27.1 | 4.5 |

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

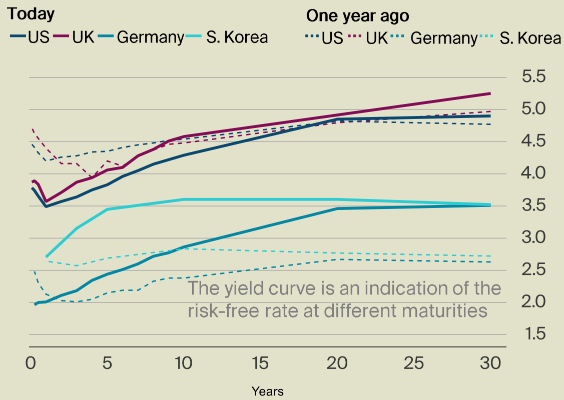



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Italy | 3.48 | 3.48 | 3.46 | 3.61 | 1.40 |
| Japan | 2.22 | 2.23 | 2.22 | 2.06 | -0.03 |
| Singapore | 2.07 | 2.07 | 2.07 | 2.22 | 1.74 |
| UK | 4.58 | 4.58 | 4.59 | 4.60 | 0.74 |
| US | 4.29 | 4.29 | 4.24 | 4.19 | 1.92 |

## Yield curves

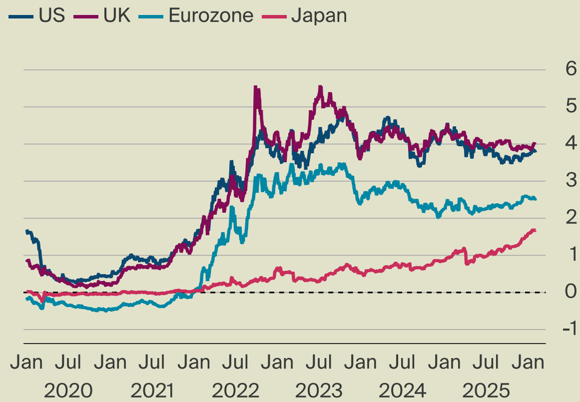
Latest nominal yield curves vs one year ago, %




Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

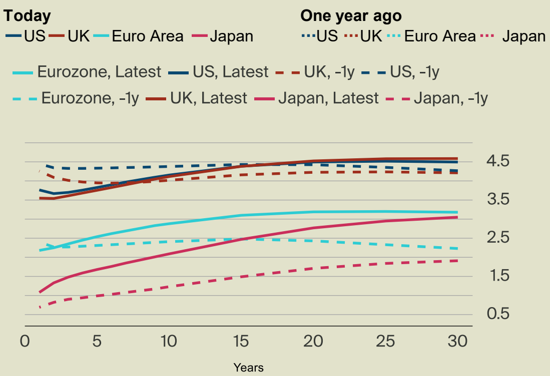



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Eurozone | 2.54 | 2.51 | 2.56 | 2.59 | -0.13 |
| Japan | 1.68 | 1.67 | 1.68 | 1.58 | 0.03 |
| UK | 4.00 | 4.00 | 4.00 | 3.94 | 0.88 |
| US | 3.83 | 3.79 | 3.83 | 3.74 | 1.70 |

## Swap curves

Latest swap curves vs one year ago, %

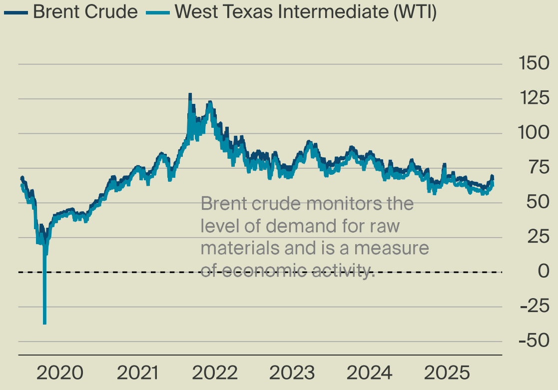



Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, $ per barrel

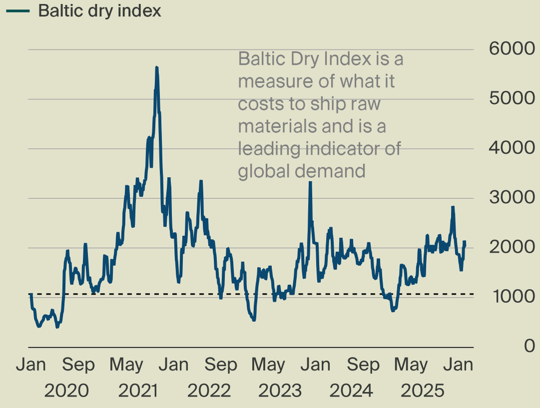



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 | YTD % |
|---|---|---|---|---|---|---|
| Brent, $ per barrel | 66.2 | 66.2 | 66.7 | 60.7 | 66.0 | 8.69 |
| WTI, $ per barrel | 61.7 | 61.7 | 62.4 | 57.2 | 61.1 | 7.57 |

## Baltic dry index

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

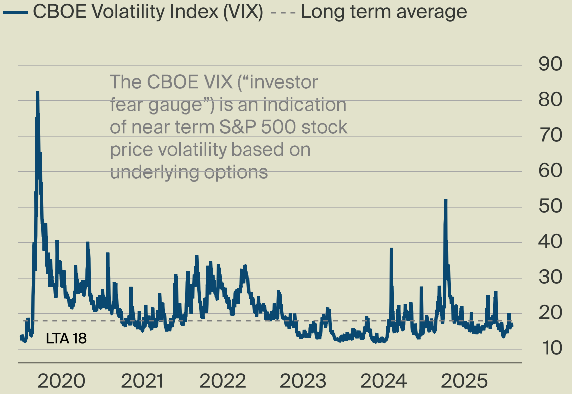



Source: Knight Frank, Macrobond

| | Last | Percentage change since | | | | |
|---|---|---|---|---|---|---|
| | | 1 day | 1 week | 1 month | Jan '20 | YTD % |
| Baltic Dry | 2028 | -5.59 | 1.45 | 7.76 | 86.1 | 8.04 |

## Volatility index

Near term stock price volatility indicator




Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 | YTD |
|---|---|---|---|---|---|---|
| CBOE VIX | 16.3 | 16.3 | 16.4 | 14.5 | 13.8 | 9.3 |
| Euro Stoxx 50 VIX | 18.1 | 18.1 | 17.2 | 15.2 | 14.0 | 23.1 |
| Nikkei VIX | 35.8 | 36.3 | 34.1 | 23.8 | 14.8 | 50.7 |
| KOSPI VIX | 50.1 | 47.4 | 34.8 | 30.6 | 14.7 | 73.8 |

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

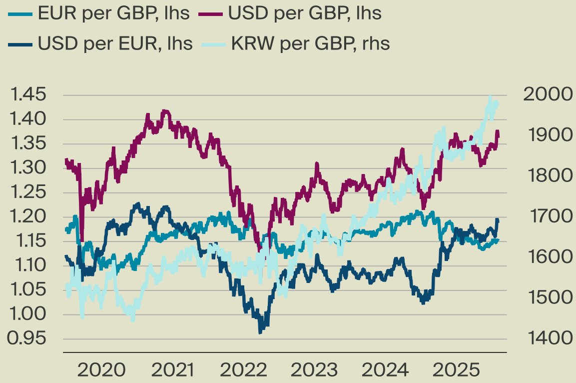

Source: Knight Frank, Macrobond

| | 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

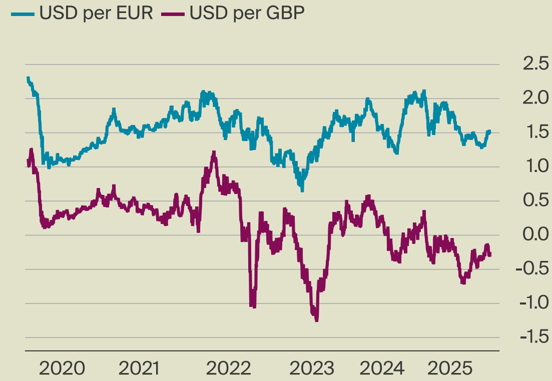



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| EUR per GBP | 1.156 | 1.153 | 1.152 | 1.149 | 1.177 |
| KOR per GBP | 1,983 | 1,983 | 1,975 | 1,950 | 1,525 |
| USD per GBP | 1.363 | 1.372 | 1.371 | 1.350 | 1.321 |
| USD per EUR | 1.189 | 1.189 | 1.189 | 1.174 | 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 | 1.51 | 1.50 | 1.49 | 1.33 | 2.32 |
| USD to GBP | -0.25 | -0.31 | -0.25 | -0.26 | 1.12 |

## Inflation and monetary policy

| | Inflation rate (%) | | | | Interest rates (%) | | Asset purchasing | |
|---|---|---|---|---|---|---|---|---|
| | Jan | Dec | Nov | Oct | Last | Jan '24 | Latest ($) | 1m change (%) |
| Australia[1] | n/a | 3.7 | 3.5 | 3.9 | 3.85 | 4.35 | 0.26 tn | -2.4 |
| Canada | n/a | 2.4 | 2.2 | 2.2 | 2.25 | 5.00 | 170 bn | 0.8 |
| China | n/a | 0.7 | 0.5 | 0.0 | 4.35 | 4.35 | 6.85 tn | 1.8 |
| Euro Area | n/a | 1.9 | 2.1 | 2.1 | 2.15 | 4.50 | 7.37 tn | 2.1 |
| France | 0.3 | 0.8 | 0.9 | 0.9 | 2.15 | 4.50 | 1.79 tn | 0.4 |
| Germany | 2.1 | 1.9 | 2.3 | 2.2 | 2.15 | 4.50 | 2.66 tn | -0.6 |
| India | n/a | 1.3 | 0.7 | 0.3 | 5.25 | 6.50 | 477 bn | 4.4 |
| Italy | n/a | 1.2 | 1.1 | 1.2 | 2.15 | 4.50 | 1.32 tn | -0.1 |
| Japan | n/a | 2.1 | 2.9 | 3.0 | 0.75 | -0.10 | 4.43 tn | 0.8 |
| Saudi Arabia | n/a | 2.1 | 1.9 | 2.2 | 4.25 | 6.00 | 511 bn | -2.4 |
| South Korea | 2.0 | 2.3 | 2.4 | 2.4 | 2.50 | 3.50 | 386 bn | -0.9 |
| Spain | n/a | n/a | 3.1 | 3.1 | 2.15 | 4.50 | 487 bn | 0.2 |
| Sweden | n/a | 0.3 | 0.3 | 0.9 | 1.75 | 4.00 | 104 bn | 0.3 |
| UK | n/a | 3.4 | 3.2 | 3.6 | 3.75 | 5.25 | 1.17 tn | -0.7 |
| US | n/a | 2.7 | 2.7 | 2.8 | 3.75 | 5.50 | 6.59 tn | -0.4 |

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

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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### Active Capital 2026

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.

**View report**

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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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