

Leading Indicators

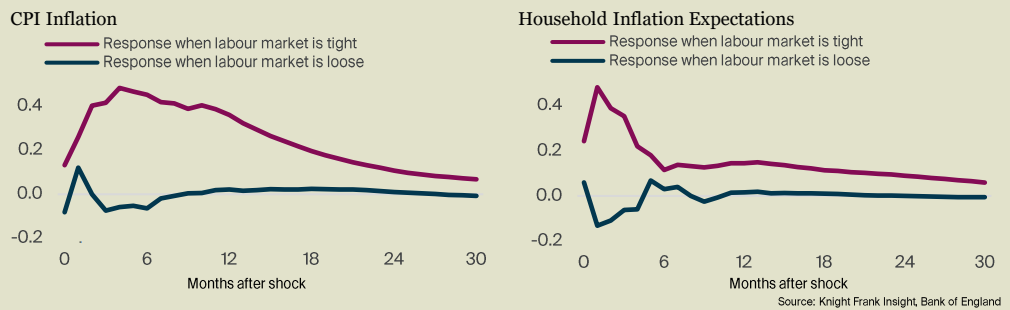
Resilience beneath the noise: Q2 market data showing some positivity for UK CRE?

+3.6%

The BoE's latest Monetary Policy Report suggests energy shocks are less likely to drive persistent inflation as the labour market loosens. Historically, adverse oil supply shocks have had a larger and more lasting impact on CPI when labour markets are tight, as inflation expectations and wage pressures strengthen the feed-through into prices. With the labour market now softening, the same shock should be less inflationary at the margin, limiting second-round effects even as CPI is forecast to rise to around +3.6% in Q4.

This times different? BoE hints softer labour market should limit inflation persistence from energy shocks

Estimated impulse response functions of CPI inflation and inflation expectations to an adverse oil supply shock when inflation is above 3.1% (%)

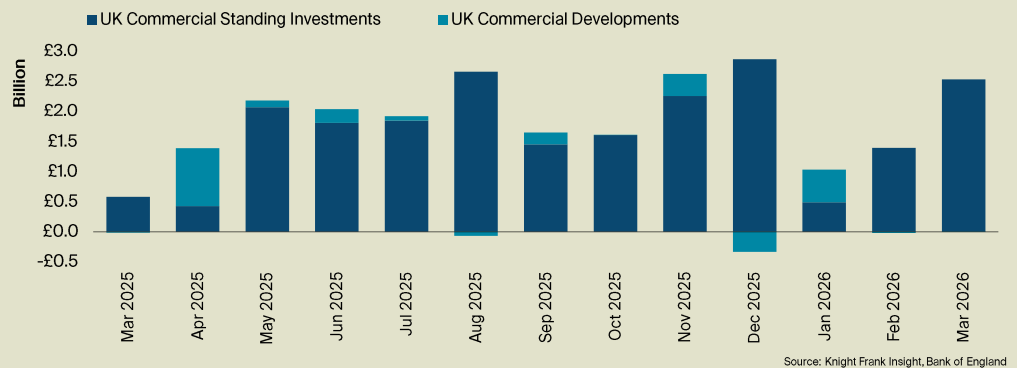


£2.5bn

Net lending to UK commercial real estate rose again in March, reaching £2.5bn, exceeding the previous two months and broadly in line with December. Activity was driven entirely by lending to standing investments (£2.5bn), while development lending was marginally negative (-£5mn). With transaction volumes likely to soften, new lending for acquisitions should slow. However, refinancing demand is likely to remain supported by the uncertain market backdrop, helping to offset weaker new origination, which appears to have been the case in March.

UK CRE lending activity continues positive run of signals we've seen in Q2

Net Lending to UK CRE (£bn)

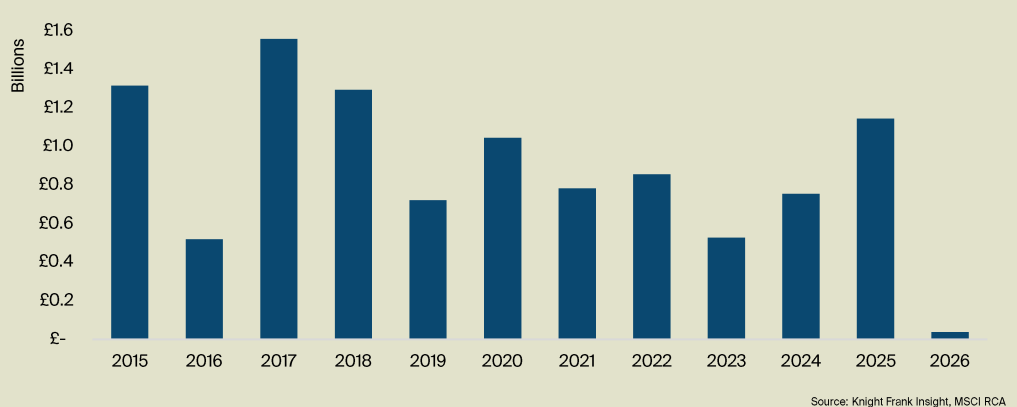


+52%

Parliament's approval of the final Pension Schemes Bill, confirms that any mandated investment will be tightly limited. The final amendments cap requirements at 10% of default auto-enrolment funds, with no more than 5% directed to UK assets, leaving schemes with meaningful flexibility over allocation. For UK CRE, this is supportive; pension capital can remain a patient, long-term source of domestic funding at a time when uncertainty is weighing on activity. That role is already visible, with domestic pension fund investment into UK CRE rising +52% YoY in 2025 to £1.15bn, its highest level since 2018.

Pension reforms to continue to attract LGPS capital to UK CRE

Domestic Pension Fund Investment into UK CRE (£bn)

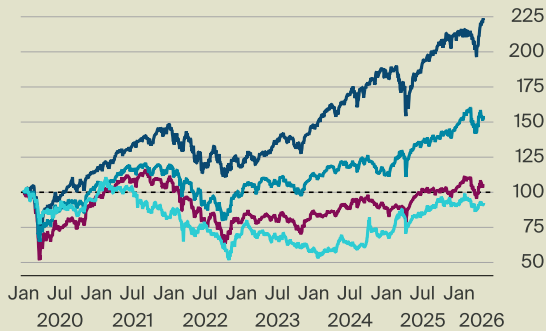


Equities

Equity markets

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

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



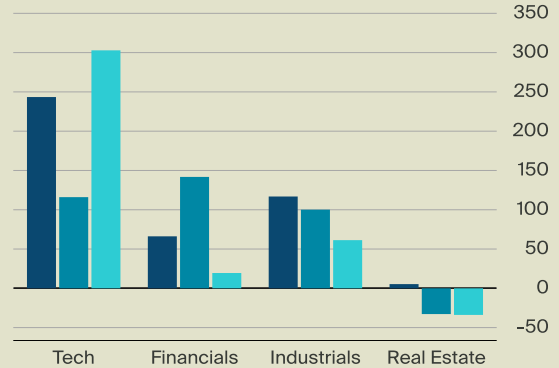
Source: Knight Frank, Macrobond

Index	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
DAX 30	10,388	-1.6	-1.0	4.2	57.0	-3.682
FTSE 250	30,701	2.5	-0.2	9.7	5.9	1.598
Hang Seng	3,306	0.5	0.0	3.2	-8.6	0.411
IBEX 35	20,321	-2.6	-1.9	0.2	89.6	0.066
MIB	55,587	-1.8	-0.4	5.5	111.2	5.215
S&P 500	7,201	-0.1	0.5	9.4	122.9	5.190
STOXX 600	709	-1.1	-0.8	2.9	51.9	2.032
TOPIX	24	0.7	2.1	8.2	50.7	9.153

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



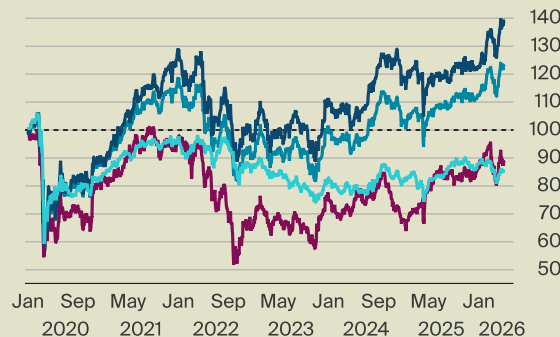
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	243.4%	116.0%	302.9%
Financials	66.2%	141.8%	19.5%
Industrials	116.9%	100.1%	61.3%
Real Estate	5.4%	-54.2%	-59.0%

REITs by region

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

— World — Europe — US — Asia Pacific



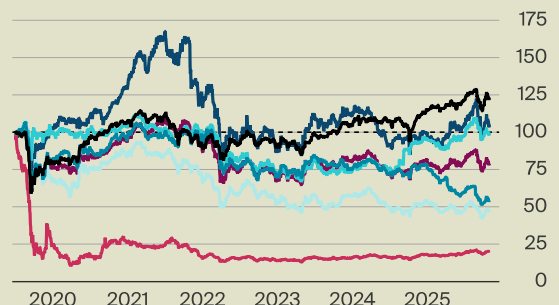
Source: Knight Frank, Macrobond

Index, total return	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
US	3,303	-0.9	0.5	6.3	38.2	13.27
Europe	2,512	-0.7	-1.4	4.6	-11.9	1.51
World	3,936	-0.6	0.3	6.2	22.5	9.38
Asia Pacific	3,376	0.4	0.5	5.3	-14.0	-1.97

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

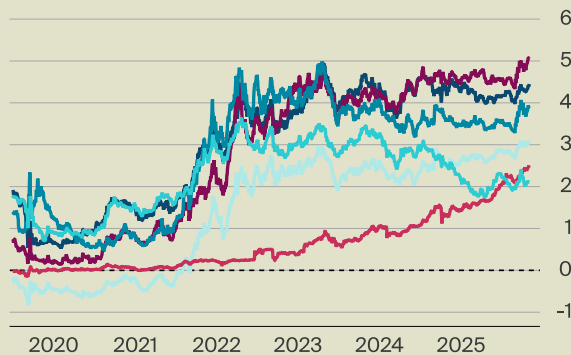
Index, total return	Last Original value and base	Percentage change since				YTD %
		1 day	1 week	1 month	Jan '20	
All REITs	813	0.3	-1.2	4.2	-20.6	-2.1
Office	1,399	0.2	-1.8	7.6	-52.8	-2.0
Industrial	1,314	0.2	-1.9	3.6	6.0	0.1
Retail	72	0.4	-0.1	8.0	-80.0	5.4
Healthcare	2,272	1.4	1.2	3.0	0.2	2.3
Residential	832	0.8	-1.3	3.7	-45.5	-9.6
FTSE 250	21,042	1.6	-0.9	6.9	23.5	1.5

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



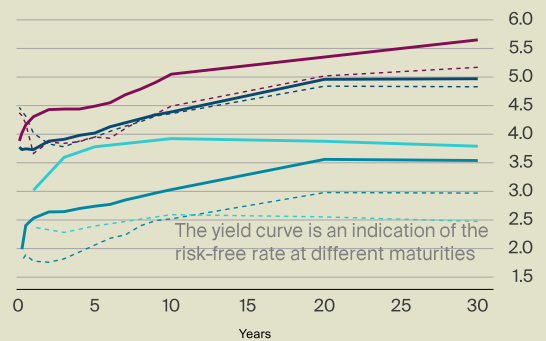
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.92	3.90	3.84	3.85	1.40
Japan	2.51	2.51	2.43	2.39	-0.03
Singapore	2.10	2.10	2.11	2.24	1.74
UK	5.05	5.05	5.00	4.86	0.74
US	4.45	4.39	4.35	4.35	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

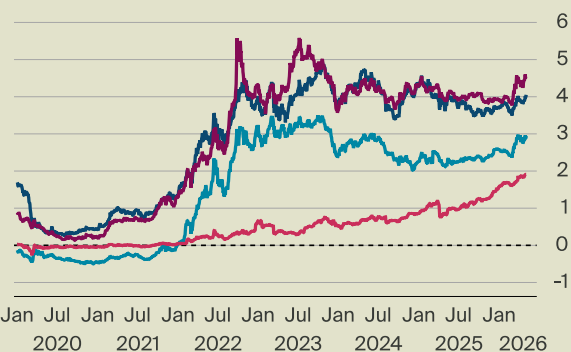


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



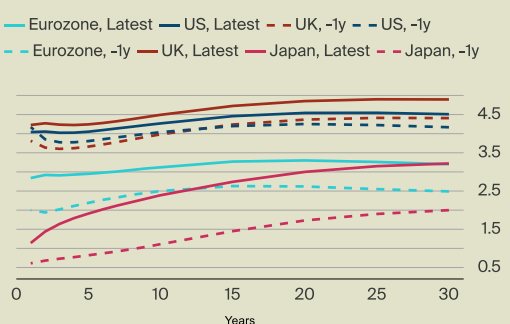
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.95	2.88	2.85	2.87	-0.13
Japan	1.91	1.91	1.88	1.84	0.03
UK	4.47	4.48	4.47	4.37	0.88
US	4.05	3.99	3.91	3.93	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



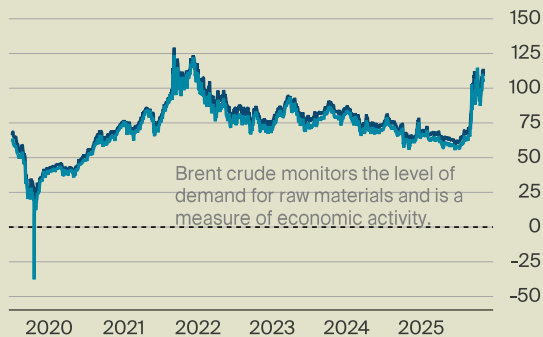
Source: Knight Frank, Macrobond

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

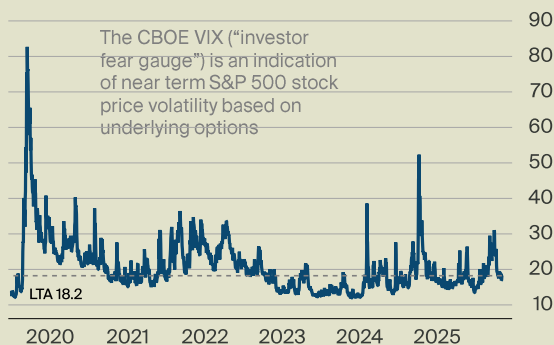
	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	114.0	114.0	104.2	109.2	66.0	87.3
WTI, \$ per barrel	106.8	107	102	115	61.1	86.2

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2832	3.74	5.79	37.1	160	50.9

Volatility index

Near term stock price volatility indicator

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



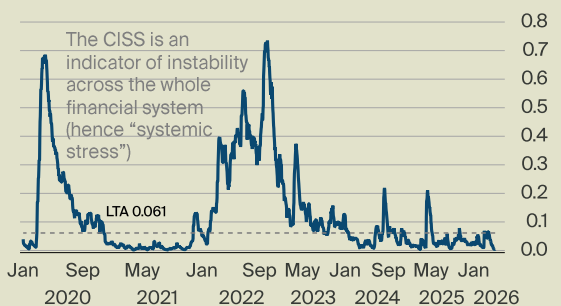
Source: Knight Frank, Macrobond

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

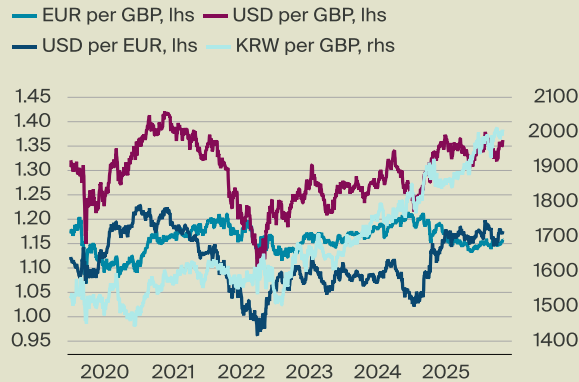
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	18.3	18.3	17.8	23.9	13.8	22.3
Euro Stoxx 50 VIX	24.9	24.9	23.7	28.5	14.0	69.2
Nikkei VIX	39.8	n/a	31.7	27.2	14.8	67.4
KOSPI VIX	55.9	55.9	55.0	59.1	14.7	93.7

	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

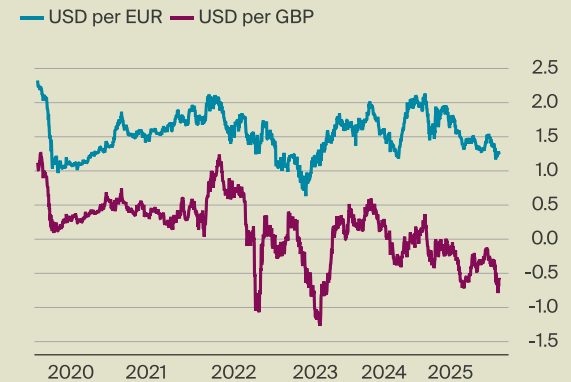


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.158	1.158	1.153	1.147	1.177
KOR per GBP	2,002	2,006	1,997	2,013	1,525
USD per GBP	1.362	1.358	1.350	1.333	1.321
USD per EUR	1.176	1.173	1.172	1.161	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 (%)

	Apr	Mar	Feb	Jan
Australia ¹	n/a	4.6	3.7	3.8
Canada	n/a	2.4	1.8	2.3
China	n/a	1.1	1.4	0.2
Euro Area	n/a	n/a	n/a	n/a
France	2.2	1.7	0.9	0.3
Germany	2.9	2.7	2.1	2.1
India	n/a	3.4	3.2	2.7
Italy	2.8	1.7	1.5	1.0
Japan	n/a	1.5	1.3	1.5
Saudi Arabia	n/a	1.8	1.7	1.8
South Korea	n/a	2.2	2.0	2.0
Spain	n/a	3.3	2.3	2.2
Sweden	n/a	0.5	0.5	0.5
UK	n/a	3.3	3.0	3.0
US	n/a	3.3	2.4	2.4

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

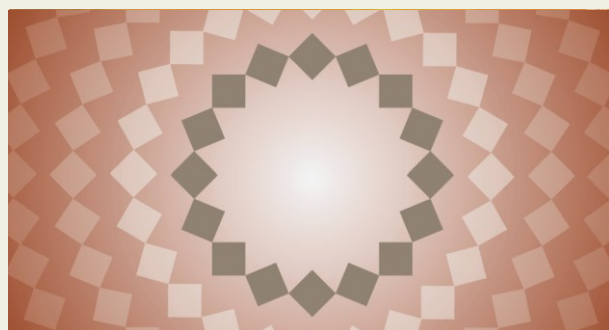
Interest rates (%)

	Last	Jan '25
	4.35	4.35
	2.25	3.25
	4.35	4.35
	2.15	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 (%)
	0.254 tn	-6.0
	165 bn	-3.2
	713 tn	-1.7
	7.27 tn	-0.5
	1.75 tn	-3.5
	2.66 tn	-0.6
	508 bn	-4.1
	1.29 tn	-3.9
	4.17 tn	-2.4
	524 bn	3.2
	410 bn	-2.1
	487 bn	-0.8
	100 bn	3.6
	1.17 tn	-0.7
	6.7 tn	0.4

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.

[View report](#)

Recent research



The Tech for Good Series 2025

Designing for Innovation: Making Healthcare Real Estate Tech-Ready.



UK Real Estate Navigator: Q4 2025

Explore the current trends in UK commercial real estate with the latest edition of our UK Real Estate Navigator, available now.

We like questions, if you've got one about our research, or would like some property advice, we would like to hear from you



William Matthews
Partner
Head of Commercial Insight
+44 20 3909 6842
william.matthews@knightfrank.com



Victoria Ormond, CFA
Partner
Head of Capital Markets Insight
+44 20 7861 5009
victoria.ormond@knightfrank.com



Nik Potter
Associate
Capital Markets Insight
+44 20 7861 5146
nik.potter@knightfrank.com



Khadija Hussain
Analyst
Capital Markets Insight
+44 20 8176 9671
khadija.hussain@knightfrank.com