

# Leading Indicators



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Key economic and financial metrics, updated weekly

8<sup>th</sup> July 2025

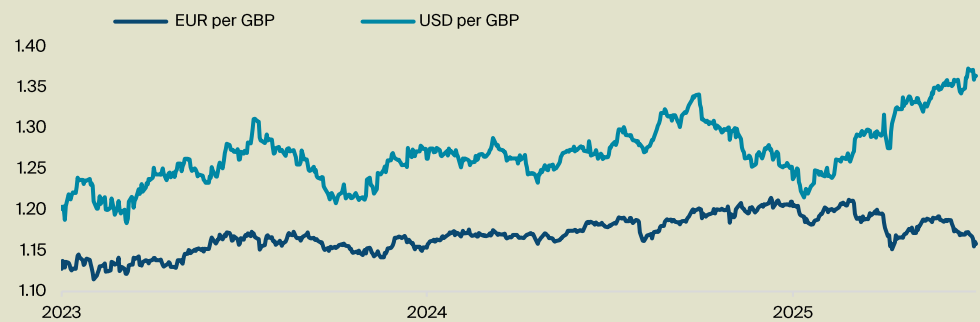
## Capital shifts and currency resilience

\$1.36

Sterling has appreciated to around \$1.36, its highest level against the dollar since early 2022, driven by broad US dollar weakness and signs of resilience in the UK economy. While this may deter some USD-accretive investors, UK CRE has continued to attract capital, supported by growing interest from key global markets. Japanese investment is up +146% YTD, Australian inflows have surged +612%, and UAE capital is up +1,631%.

### Sterling hits 3-year high against the dollar

Foreign Exchange Rates, spot prices



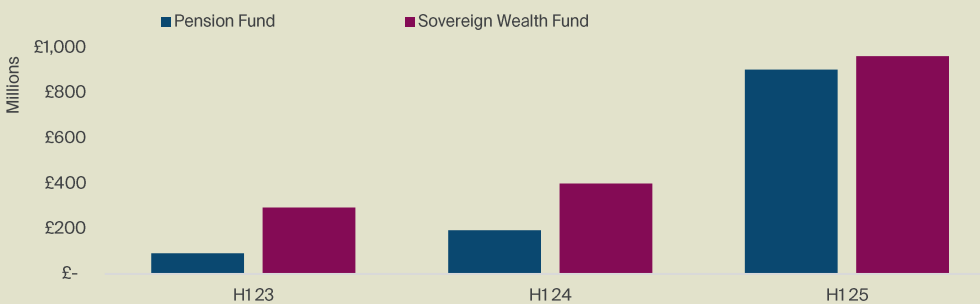
Source: Knight Frank Insight, Macrobond

+366%

Pension fund investment into UK commercial real estate surged +366% YoY in H1 2025, with Sovereign Wealth Fund inflows also rising +140%. This renewed momentum signals growing conviction from long-term capital, as institutional investors re-enter the market in scale. Oil-backed sovereign funds, in particular, may diversify into CRE to hedge geopolitical risk and secure stable, long-term income.

### Long-term institutional capital steps back into UK CRE

Pension Fund and SWF investment into UK CRE, £m



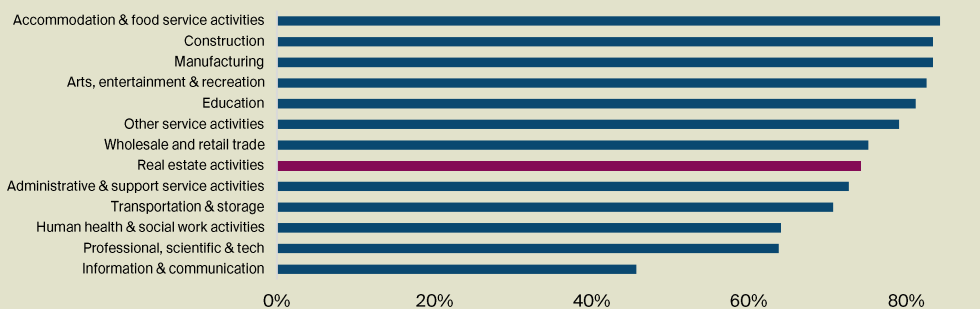
Source: Knight Frank Insight, MSCI RCA

25%

Only around 25% of real estate businesses are currently using AI, according to the latest ONS BIC survey. While uptake has been slower than in tech-forward sectors, this also highlights significant scope for future growth. As AI technology continues to advance, it presents a clear opportunity to transform how the built environment is managed, from optimising asset performance to enhancing the way occupiers and customers interact.

### AI adoption in Real Estate remains low, but the opportunity is growing

% of business not currently using artificial intelligence technologies



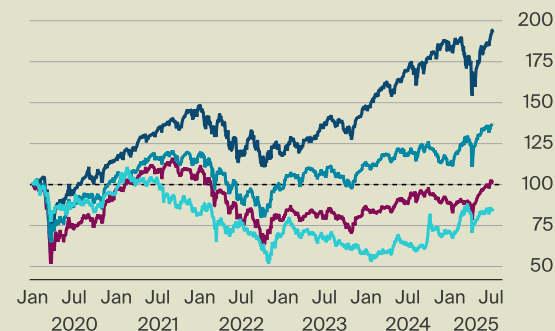
Source: Knight Frank Insight, ONS BICs

# Equities

## Equity markets

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

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



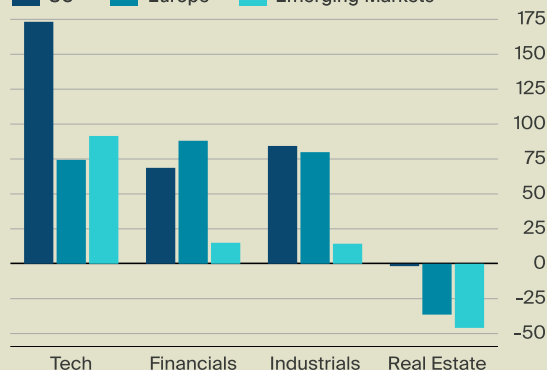
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,583	0.4	0.3	1.4	59.9	33.32
FTSE 250	29,364	-0.8	-1.4	2.5	1.3	13.47
Hang Seng	3,076	1.0	0.3	1.0	-15.0	19.06
IBEX 35	16,516	-0.9	0.9	1.5	54.1	36.88
MIB	46,837	-0.2	0.6	1.3	77.9	32.00
S&P 500	6,230	-0.8	0.9	4.9	92.8	5.92
STOXX 600	638	-0.2	0.2	0.9	36.6	20.74
TOPIX	19	-1.3	-2.3	0.5	22.3	8.95

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



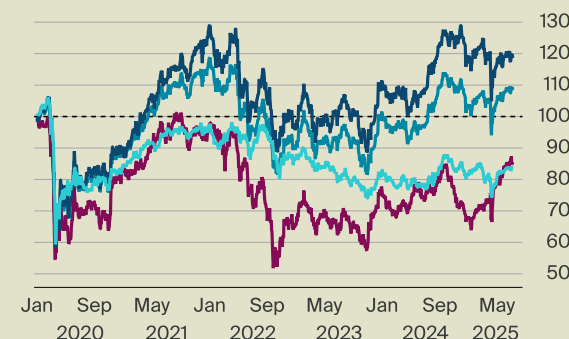
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	173.2%	74.4%	91.5%
Financials	68.7%	88.1%	15.0%
Industrials	84.3%	79.9%	14.4%
Real Estate	-1.7%	-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

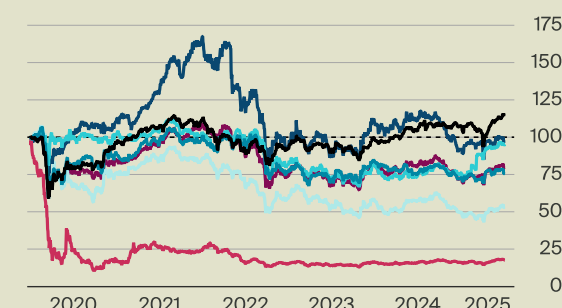
Index, total return	Last	Percentage change since				
Original value and base		1 day	1 week	1 month	Jan '20	YTD %
US	2,835	-0.9	0.7	-0.1	18.6	-0.111
Europe	2,421	-0.4	-1.6	1.6	-15.1	24.313
World	3,484	-0.7	0.6	0.7	8.5	4.985
Asia Pacific	3,288	-0.2	1.0	0.6	-16.2	3.273

## 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

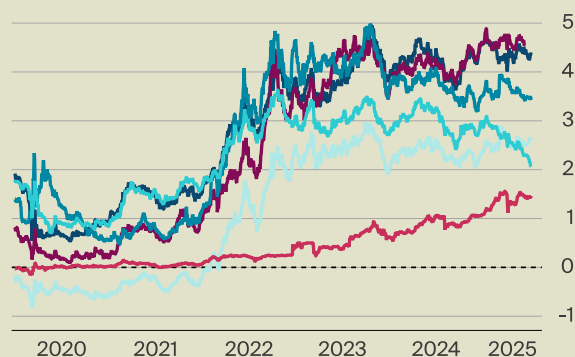
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	812	-0.5	-3.1	0.0	-20.7	9.3
Office	1,562	-0.5	-3.5	4.2	-47.3	6.8
Industrial	1,201	-0.5	-2.5	-1.6	-3.1	4.7
Retail	64	-0.4	-3.4	-1.3	-82.3	9.8
Healthcare	2,152	0.0	-1.3	1.8	-5.1	24.7
Residential	1,151	-0.6	-4.7	-2.2	-24.6	4.2
FTSE 250	19,544	-0.8	-0.7	2.5	14.7	6.5

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



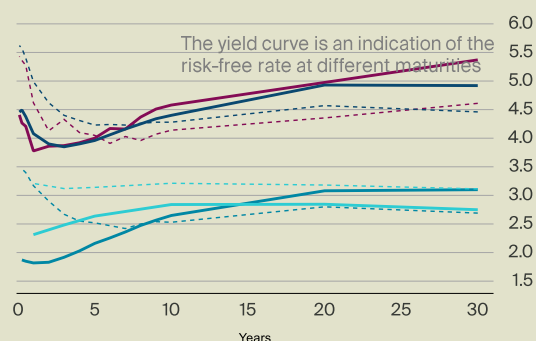
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.49	3.49	3.44	3.49	1.40
Japan	1.46	1.44	1.45	1.46	-0.03
Singapore	2.06	2.06	2.14	2.27	1.74
UK	4.55	n/a	n/a	4.64	0.82
US	4.40	4.40	4.26	4.51	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

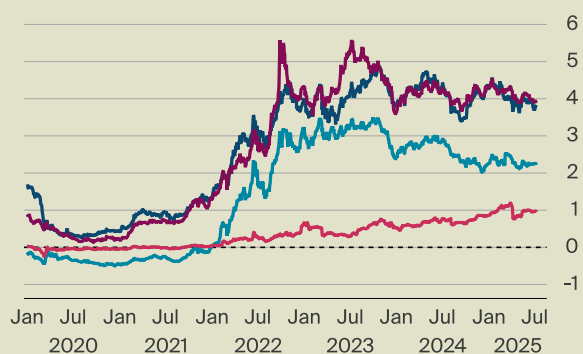


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



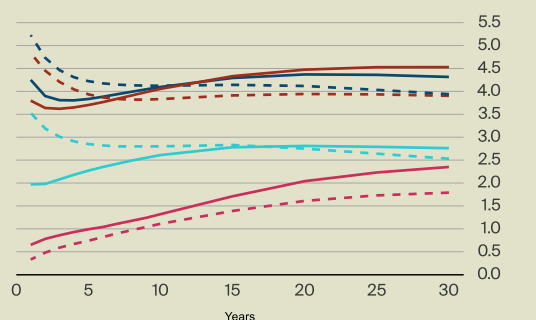
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.27	2.24	2.27	2.28	-0.13
Japan	0.99	0.97	0.97	1.00	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	3.95	3.93	3.90	4.11	0.88
US	3.83	3.82	3.69	4.03	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



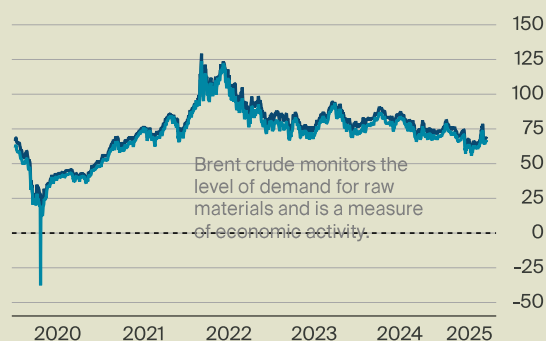
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	69.2	68.3	66.6	66.6	66.0	-7.41
WTI, \$ per barrel	66.8	65.7	64.3	63.9	61.1	-6.61

## Baltic dry index

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

— Baltic dry index



Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	1436	0.139	-3.56	-12.1	31.7	44

## Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	17.8	17.8	16.8	16.8	13.8	2.54
Euro Stoxx 50 VIX	18.5	18.5	17.7	17.4	14.0	8.71
Nikkei VIX	25.5	27.4	24.3	23.6	14.8	17.12
KOSPI VIX	23.5	24.9	24.0	22.5	14.7	11.26

## 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

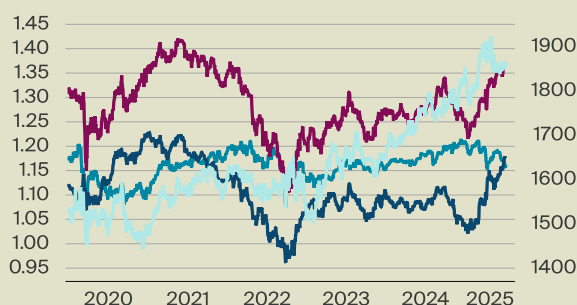
	Last	1 week	1 month	Jan '20
Systemic stress composite	0.094	0.117	0.073	0.023
Equity markets stress sub index	0.078	0.095	0.064	0.009
Bond markets stress sub index	0.032	0.033	0.014	0.02
FX markets stress sub index	0.024	0.039	0.021	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

EUR per GBP, lhs    USD per GBP, lhs  
USD per EUR, lhs    KRW per GBP, rhs



	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.162	1.158	1.167	1.188	1.177
KOR per GBP	1,864	1,859	1,855	1,841	1,525
USD per GBP	1.364	1.364	1.370	1.353	1.321
USD per EUR	1.176	n/a	1.177	1.140	1.123

## Hedging benefits

### Hedging benefit p.a. on a 5 year forward

USD per EUR    USD per GBP



	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.81	1.80	1.63	1.95	2.32
USD to GBP	-0.11	-0.12	-0.23	-0.07	1.12

## Inflation and monetary policy

### Inflation rate (%)

	June	May	Apr	Mar
Australia <sup>1</sup>	n/a	n/a	n/a	2.4
Canada	n/a	1.7	1.7	2.3
China	n/a	-0.2	-0.1	-0.1
Euro Area	2.0	1.9	2.2	2.2
France	0.9	0.7	0.8	0.8
Germany	2.0	2.2	2.0	2.2
India	n/a	2.8	3.2	3.3
Italy	1.7	1.6	1.9	1.9
Japan	n/a	3.5	3.6	3.6
Saudi Arabia	n/a	2.2	2.3	2.3
South Korea	2.2	1.9	2.1	2.1
Spain	n/a	2.0	2.3	2.1
Sweden	n/a	0.2	0.3	0.5
UK	n/a	3.4	3.5	2.6
US	n/a	2.4	2.3	2.4

### Interest rates (%)

	Last	Jan '24
	3.85	4.35
	2.75	5.00
	4.35	4.35
	2.15	4.50
	2.15	4.50
	2.15	4.50
	5.50	6.50
	2.15	4.50
	0.50	-0.10
	5.00	6.00
	2.50	3.50
	2.15	4.50
	2.00	4.00
	4.25	5.25
	4.50	5.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	1.1
	184 bn	0.9
	6.26 tn	-0.9
	7.24 tn	-0.8
	1.71 tn	-1.1
	2.66 tn	-0.6
	461 bn	3.9
	1.27 tn	-1.7
	4.97 tn	-2.0
	533 bn	4.2
	392 bn	-5.0
	487 bn	-0.2
	102 bn	-5.4
	1.19 tn	-0.7
	6.66 tn	-0.2

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



## (Y)OURSPACE

Welcome to the fourth edition of (Y)OUR SPACE—Knight Frank's global research campaign that explores the forces reshaping work, workplace, and the real estate strategies evolving in response. In a world defined by disruption, this is the occupier voice: clear, direct, and rooted in the realities of corporate life.

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## Healthcare Development Opportunities – 2025

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

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### Life Sciences & Innovation Insight: Q1 2025

The UK science and innovation sectors are changing at pace. With this in mind, we have developed a quarterly update to monitor key developments. The report tracks sector performance and real estate activity while listing the most promising occupiers.



### UK Real Estate Navigator: Q1 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



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