

# Leading Indicators



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Key economic and financial metrics, updated weekly

23<sup>rd</sup> September 2025

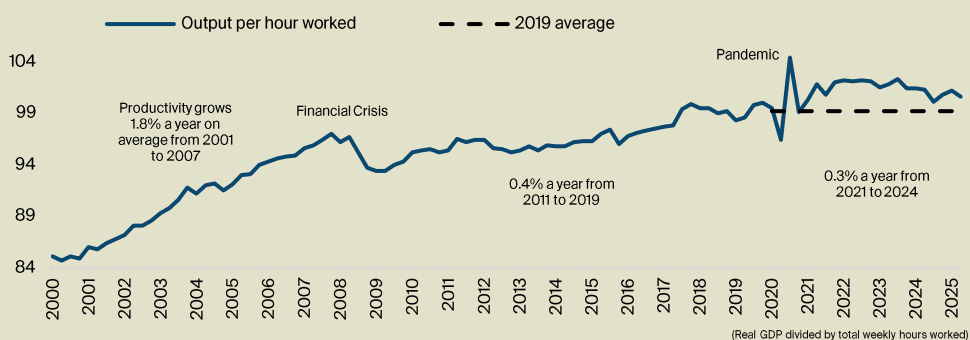
## Shifting ground: weak productivity, stronger investment

### £150bn

The OBR's anticipated downgrade to productivity forecasts highlights the UK's long-standing productivity challenges, a structural drag on growth potential and fiscal flexibility. However, the recent £150bn in US investment tied to the UK-US tech deal, including Microsoft's UK data centre expansion and joint AI commitments may offer a potential offset. These inflows could support efficiency gains, narrow the productivity gap, and improve the UK's medium-term outlook within Reeves' fiscal framework.

### Stuck in low gear, will tech change the trend?

UK output per hour worked, Q4 2019 = 100



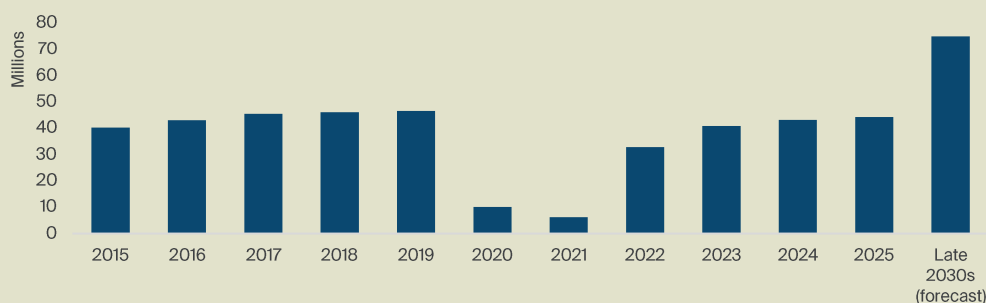
Source: Knight Frank Insight, Bloomberg

### 14,000

The UK has approved Gatwick's £2.2bn second runway, a project aligned with Starmer's infrastructure agenda and expected to create 14,000 jobs. The expansion will add around 100,000 flights a year, lift capacity to 80m passengers, and inject an estimated £1bn annually into the economy. For UK CRE, these developments could potentially signal stronger logistics and hospitality demand around key hubs, reinforcing investor confidence in real assets.

### Unlocking growth through infrastructure investment

Annual Gatwick passenger volumes 2015–2025, millions



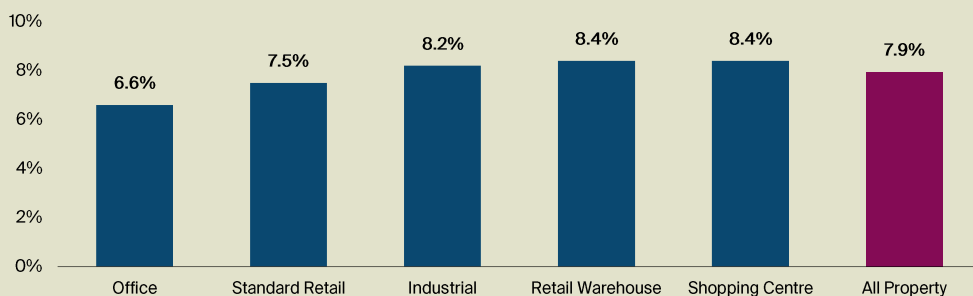
Source: Knight Frank Insight, CAA

### +7.4%

In the latest IPF survey, the 2025 All Property total return forecast has been revised down by -70bps to +7.4%, driven by a weaker capital value growth outlook (from +3.2% to +2.5%). Between 2025-2029, both Retail Warehouse and Shopping Centres are expected to be the best performing sector with a total return of +8.4% pa (per annum).

### All Property returns eased, but Retail still leads...

IPF Consensus Forecasts August 2025, annualised total return 2025/2029, % per annum



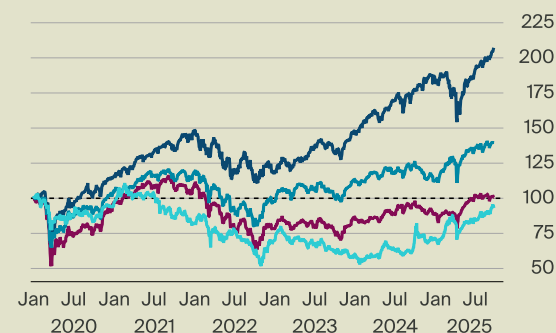
Source: Knight Frank Insight, IPF

# Equities

## Equity markets

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

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



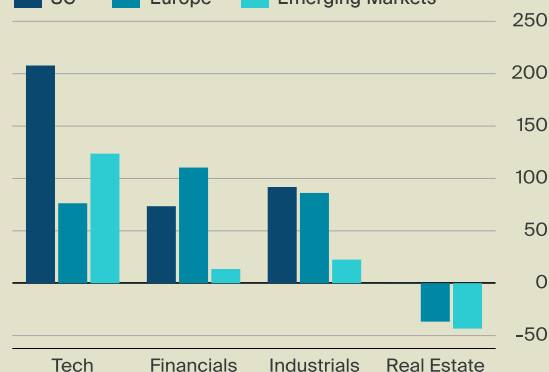
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,373	-0.8	-0.4	-1.9	56.7	30.7
FTSE 250	29,146	-1.1	-0.6	-0.5	0.6	12.6
Hang Seng	3,367	-1.4	-1.0	4.8	-6.9	30.3
IBEX 35	17,750	-0.7	-1.1	-0.1	65.6	47.1
MIB	49,927	0.1	0.0	0.0	89.7	40.7
S&P 500	6,694	0.9	1.7	5.1	107.2	13.8
STOXX 600	651	-0.4	0.1	0.3	39.5	23.3
TOPIX	21	0.2	0.0	2.8	35.5	20.7

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



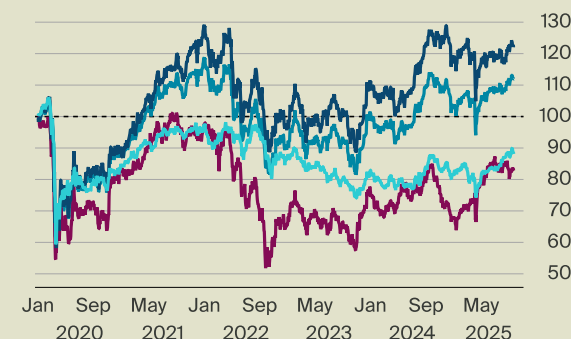
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	207.8%	76.3%	123.7%
Financials	73.5%	110.4%	13.6%
Industrials	91.9%	86.2%	22.5%
Real Estate	0.4%	-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

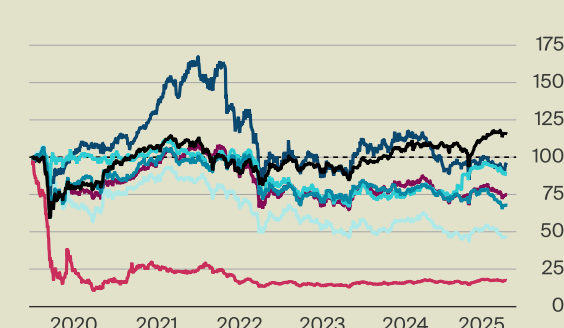
Index, total return	Last	Percentage change since				
Original value and base		1 day	1 week	1 month	Jan '20	YTD %
US	2,927	-0.3	-1.2	2.5	22.4	3.11
Europe	2,360	-0.7	0.3	-1.7	-17.2	21.21
World	3,595	-0.3	-1.1	2.0	11.9	8.33
Asia Pacific	3,459	-0.5	-2.0	-0.2	-11.9	8.64

## 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

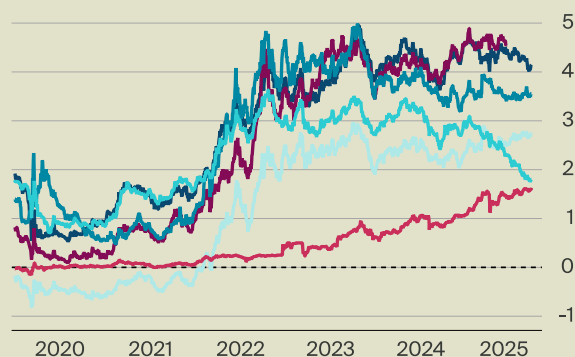
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	768	-0.4	2.0	-1.3	-25.0	3.4
Office	1,381	-0.3	1.6	-3.7	-53.4	-5.5
Industrial	1,173	-1.3	4.3	0.7	-5.4	2.3
Retail	63	-0.2	-0.1	0.4	-82.6	7.4
Healthcare	2,006	-0.3	-1.7	-4.2	-11.5	16.2
Residential	1,039	-0.6	0.7	-1.8	-31.9	-5.9
FTSE 250	19,741	-0.6	-0.1	-0.8	15.9	7.6

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



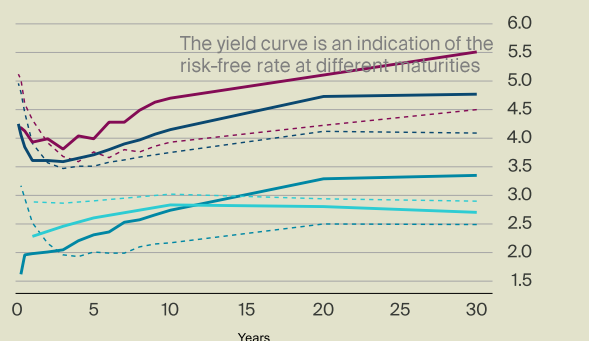
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.56	3.56	3.50	3.52	1.40
Japan	1.63	1.59	1.57	1.60	-0.03
Singapore	1.80	1.80	1.79	1.91	1.74
UK	4.70	4.72	4.64	4.68	0.74
US	4.15	4.14	4.05	4.26	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

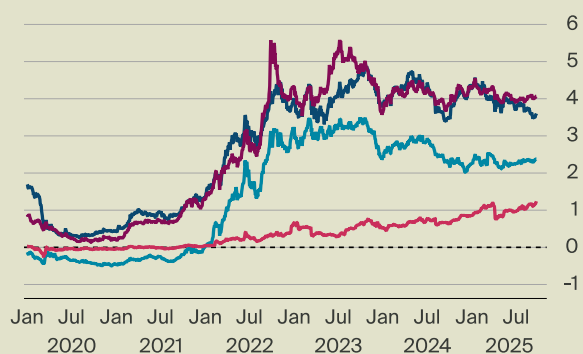


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



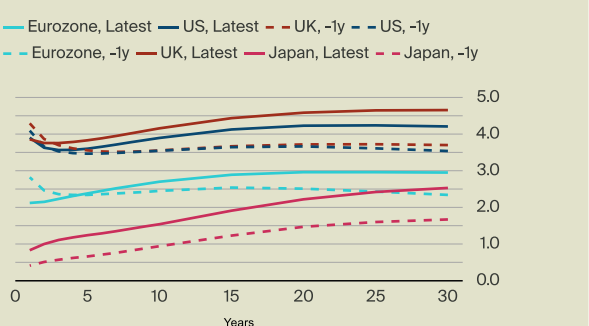
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.38	2.38	2.36	2.33	-0.13
Japan	1.24	1.21	1.16	1.16	0.03
UK	4.07	4.07	4.02	4.06	0.88
US	3.60	3.57	3.50	3.67	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



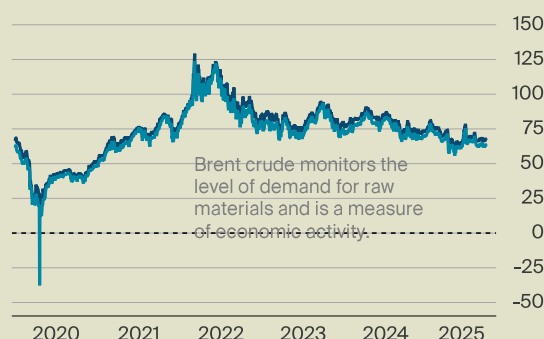
Source: Knight Frank, Macrobond

# 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	66.5	66.5	68.4	67.7	66.0	-11
WTI, \$ per barrel	62.3	62.3	64.3	63.6	61.1	-13

## Baltic dry index

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

— Baltic dry index



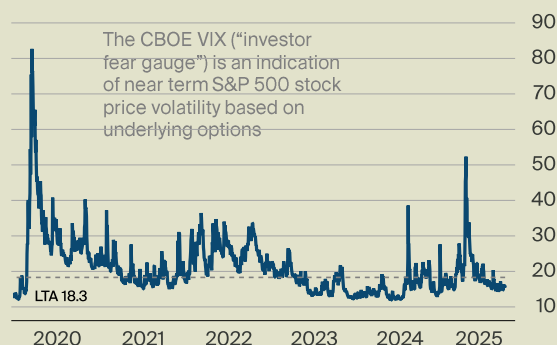
Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2200	-0.136	2.14	13.2	102	121

## 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	16.1	16.1	16.4	14.2	13.8	-7.205
Euro Stoxx 50 VIX	16.8	16.8	16.8	15.1	14.0	-1.235
Nikkei VIX	24.5	24.5	24.1	25.1	14.8	12.299
KOSPI VIX	21.0	20.9	21.0	21.1	14.7	-0.757

## 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

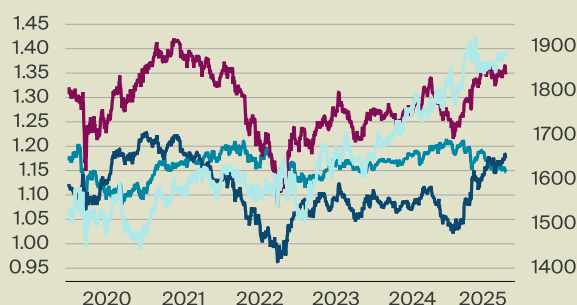
	Last	1 week	1 month	Jan '20
Systemic stress composite	0.094	0.117	0.073	0.023
Equity markets stress sub index	0.078	0.095	0.064	0.009
Bond markets stress sub index	0.032	0.033	0.014	0.02
FX markets stress sub index	0.024	0.039	0.021	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

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



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.147	1.147	1.156	1.154	1.177
KOR per GBP	1,879	1,883	1,884	1,868	1,525
USD per GBP	1.350	1.348	1.359	1.353	1.321
USD per EUR	1.175	1.175	1.177	1.171	1.123

## Hedging benefits

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

USD per EUR    USD per GBP



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.40	1.39	1.32	1.52	2.32
USD to GBP	-0.62	-0.61	-0.68	-0.51	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Aug	July	June	May
Australia <sup>1</sup>	n/a	n/a	2.0	2.0
Canada	1.9	1.7	1.9	1.7
China	-0.6	-0.2	-0.1	-0.2
Euro Area	2.0	2.0	2.0	1.9
France	0.9	1.0	1.0	0.7
Germany	2.3	2.0	2.0	2.2
India	2.1	1.6	2.1	2.8
Italy	1.6	1.7	1.7	1.6
Japan	2.7	3.1	3.3	3.5
Saudi Arabia	2.3	2.2	2.0	2.1
South Korea	1.7	2.1	2.2	1.9
Spain	2.7	2.7	2.3	2.0
Sweden	1.1	0.8	0.7	0.2
UK	3.8	3.8	3.6	3.4
US	2.9	2.7	2.7	2.4

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

### Interest rates (%)

	Last	Jan '24
	3.60	4.35
	2.50	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
	4.75	6.00
	2.50	3.50
	2.15	4.50
	2.00	4.00
	4.00	5.25
	4.25	5.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	0.2
	179 bn	0.5
	6.48 tn	0.8
	7.15 tn	-0.2
	1.74 tn	0.1
	2.66 tn	-0.6
	466 bn	2.6
	1.26 tn	-0.3
	4.91 tn	0.3
	509 bn	-2.4
	401 bn	-2.3
	487 bn	0.2
	103 bn	-2.8
	1.18 tn	-0.7
	6.61 tn	-0.3

Source: Knight Frank, Macrobond



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