

# Leading Indicators

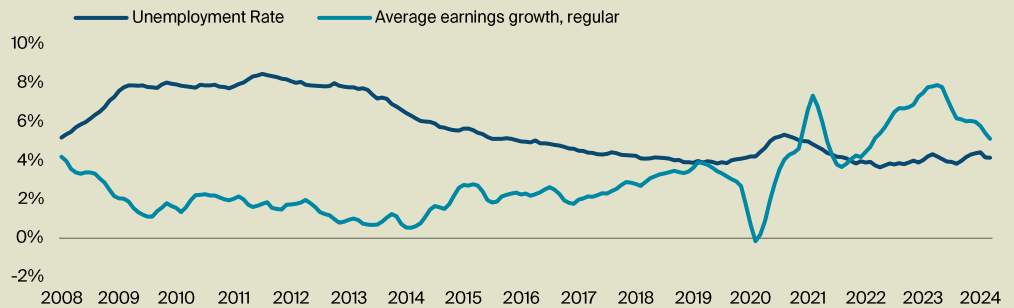
## UK pay pressures ease, FTSE 100 maintains momentum, and an improved UK CRE outlook

### 4.1%

The UK's unemployment rate fell to 4.1% in the three months to July 2024, while average earnings (excl. bonuses) rose 5.1%, marking a two-year low. This has strengthened expectations that the BoE will soon resume its easing cycle. Although no rate cut is anticipated at next week's MPC meeting, markets are pricing in successive cuts in November and December.

### Labour market continues to cool

UK unemployment rate and regular average earnings growth, %



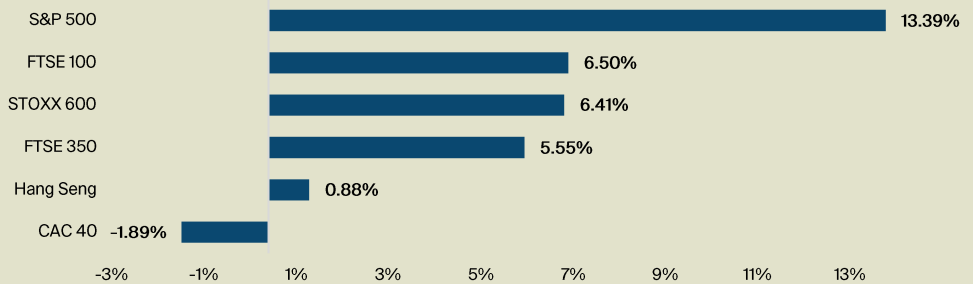
Source: Knight Frank Research, ONS

### 6.5%

London's FTSE 100 index has risen by +6.5% year-to-date, trailing behind the S&P 500's +13.4% gain. While the US's outperformance is primarily driven by a few key stocks, recent M&A activity in UK REITs highlights the growing appeal of UK companies.

### While the FTSE 100 keeps its pace...

Stock market performance, YTD, %



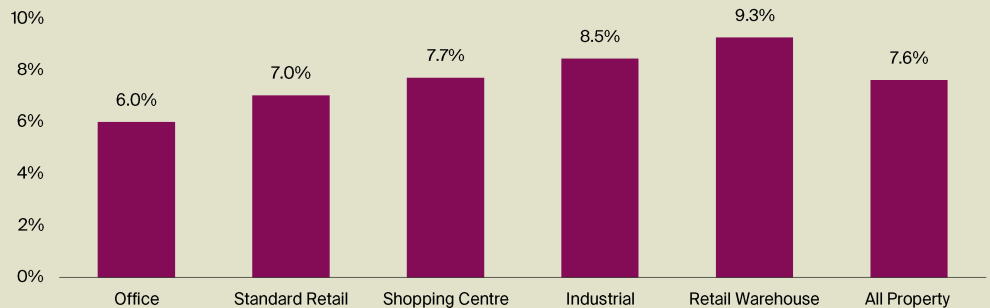
Source: Knight Frank Research, Macrobond, MarketWatch

### +5.7%

In line with expectations for the wider economy, the outlook for UK CRE has strengthened. In the latest IPF survey, the All Property total return forecast for 2024 has risen by 30bps to +5.7%, up from +5.4%. Retail Warehouses are projected to be the top-performing sector between 2024-2028, with an annual total return of 9.3%.

### And UK CRE forecasts upgraded, with Retail Warehouse poised to lead

IPF Consensus Forecast August 2024, annualised total return, 2024/2028, % per annum



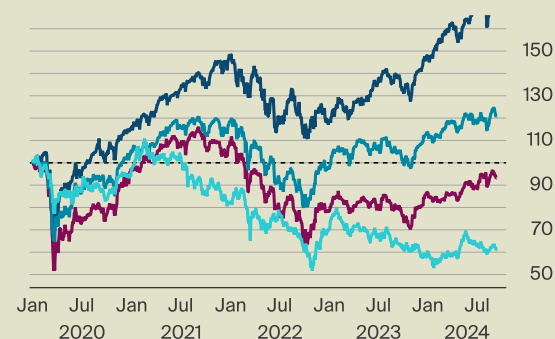
Source: Knight Frank Research, IPF

# Equities

## Equity markets

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

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



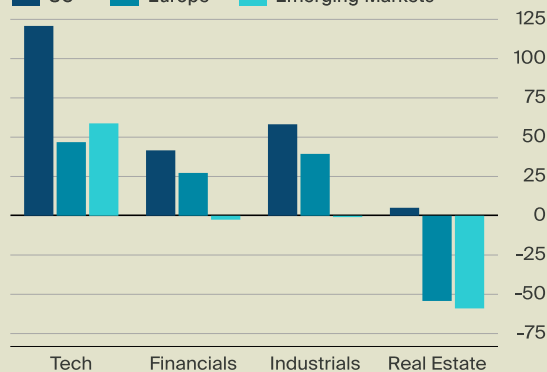
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
DAX 30	7,823	-1.1	-2.7	5.6	18.2
FTSE 250	27,009	-1.1	-2.5	3.5	-6.8
Hang Seng	2,210	-1.2	-2.6	2.0	-38.9
IBEX 35	12,447	-0.4	-1.4	8.0	16.1
MIB	37,088	-0.7	-2.5	7.1	40.9
S&P 500	5,471	-0.6	-3.1	2.9	69.3
STOXX 600	564	-0.6	-3.0	4.1	20.8
TOPIX	18	-1.1	-2.4	7.8	14.2

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



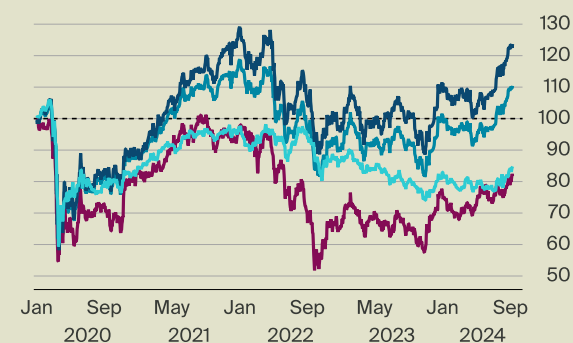
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	120.8%	46.8%	58.8%
Financials	41.6%	27.2%	-2.5%
Industrials	58.2%	39.4%	-0.9%
Real Estate	5.1%	-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

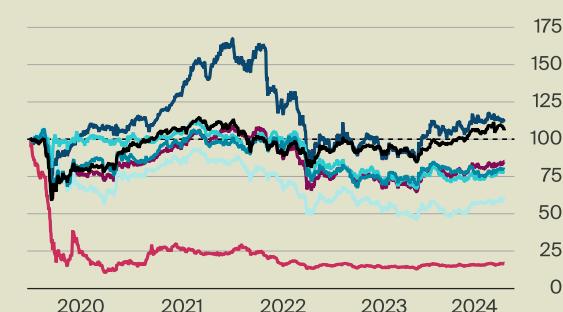
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
US	2,957	0.7	0.3	5.7	23.7
Europe	2,334	0.3	2.4	8.6	-18.1
World	3,547	0.7	0.5	6.4	10.4
Asia Pacific	3,330	1.0	0.8	6.7	-15.2

## 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

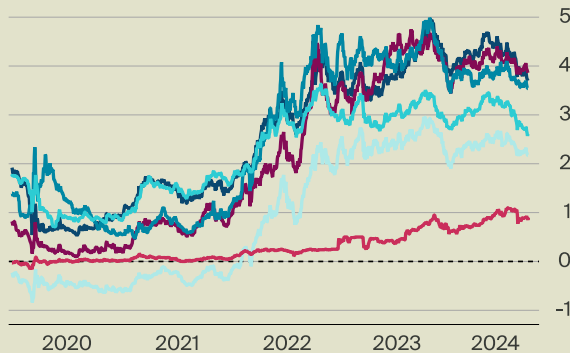
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
All REITs	871	0.6	1.9	4.3	-14.9
Office	1,792	0.1	3.3	3.7	-39.6
Industrial	1,408	1.1	1.0	0.7	13.6
Retail	61	0.5	2.4	8.1	-83.2
Healthcare	1,795	0.5	1.5	4.9	-20.8
Residential	1,217	-0.3	-0.3	2.5	-20.2
FTSE 250	18,225	-0.5	-2.0	1.1	70

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



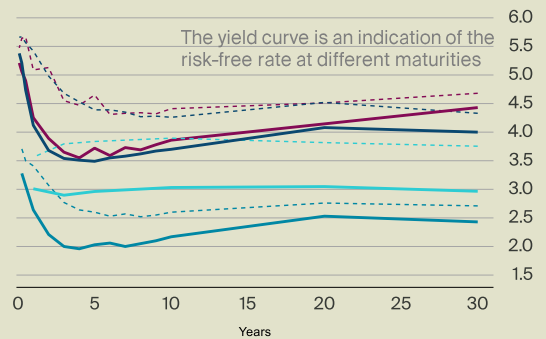
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.54	3.54	3.66	3.64	1.40
Japan	0.90	0.85	0.91	0.84	-0.03
Singapore	2.61	2.61	2.74	2.86	1.74
UK	3.86	3.86	3.99	3.95	0.82
US	3.70	3.70	3.84	3.94	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

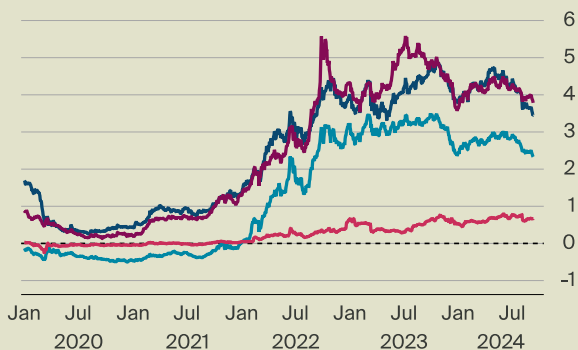


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



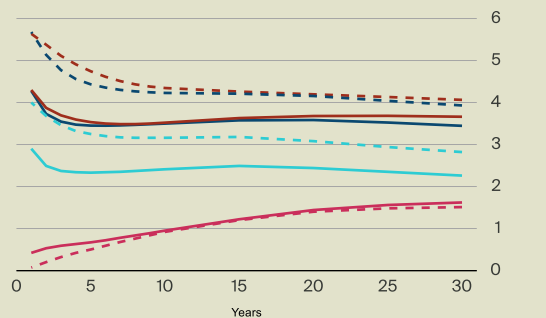
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.33	2.35	2.51	2.48	-0.13
Japan	0.67	0.65	0.68	0.60	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	3.78	3.84	4.00	3.92	0.88
US	3.45	3.45	3.67	3.75	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



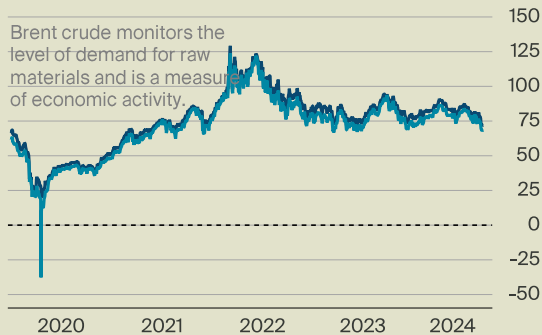
Source: Knight Frank, Macrobond

# 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
Brent, \$ per barrel	71.9	71.9	73.7	79.7	66.0
WTI, \$ per barrel	68.2	68.2	69.8	77	61.1

## Baltic dry index

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

— Baltic dry index



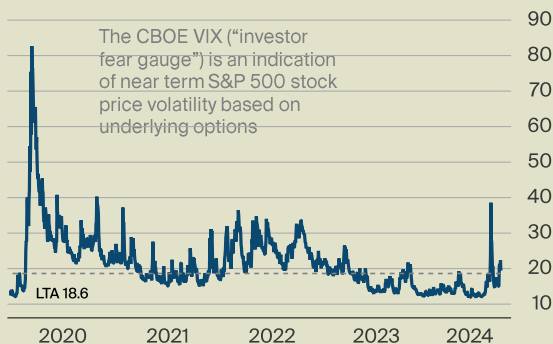
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1941	0	-0.308	16.2	78.1

## 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
CBOE VIX	19.5	19.5	20.7	20.4	13.8
Euro Stoxx 50 VIX	20.2	20.2	17.3	20.4	14.0
Nikkei VIX	28.1	28.7	20.9	45.3	14.8
KOSPI VIX	23.8	25.6	19.7	26.5	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



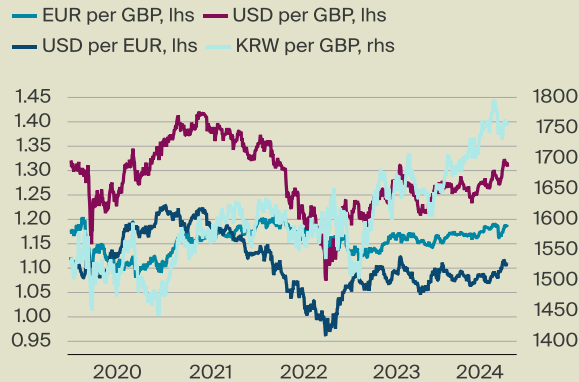
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.056	0.058	0.048	0.023
Equity markets stress sub index	0.057	0.071	0.064	0.009
Bond markets stress sub index	0.036	0.040	0.039	0.02
FX markets stress sub index	0.013	0.027	0.020	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

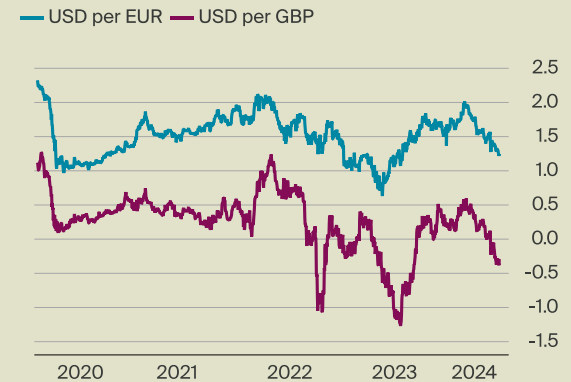


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.185	1.185	1.188	1.169	1.177
KOR per GBP	1,757	1,755	1,761	1,742	1,525
USD per GBP	1.308	1.316	1.315	1.276	1.321
USD per EUR	1.109	1.109	1.106	1.093	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	1.25	1.22	1.30	1.43	2.32
USD to GBP	-0.29	-0.38	-0.32	-0.07	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Aug	Jul	Jun	May
Australia <sup>1</sup>	n/a	n/a	3.8	3.8
Canada	n/a	2.5	2.7	2.9
China	0.7	0.6	0.3	0.3
Euro Area	2.2	2.6	2.5	2.6
France	1.9	2.3	2.2	2.3
Germany	1.8	2.3	2.2	2.4
India	n/a	3.5	5.1	4.8
Italy	1.1	1.3	0.8	0.8
Japan	n/a	2.8	2.8	2.8
Saudi Arabia	n/a	1.5	1.5	1.6
South Korea	2.0	2.6	2.4	2.7
Spain	2.1	2.7	3.4	3.6
Sweden	n/a	2.6	2.6	3.7
UK	n/a	2.2	2.0	2.0
US	n/a	2.9	3.0	3.3

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

### Interest rates (%)

	Last	Jan '23
	4.35	3.10
	4.25	4.25
	4.35	4.35
	4.25	2.50
	4.25	2.50
	4.25	2.50
	6.50	6.25
	4.25	2.50
	0.25	-0.10
	6.00	5.00
	3.50	3.25
	4.25	2.50
	3.50	2.50
	5.00	3.50
	5.50	4.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.28 tn	-3.6
	209 bn	6.0
	6.02 tn	0.0
	7.16 tn	-0.1
	1.63 tn	0.2
	2.66 tn	-0.6
	418 bn	4.2
	1.28 tn	-0.3
	5.25 tn	0.4
	493 bn	-2.4
	406 bn	8.4
	487 bn	-0.8
	121 bn	0.5
	1.24 tn	-1.2
	711 tn	-0.9

Source: Knight Frank, Macrobond



### Quantifying Technology in Real Estate

Quantifying Technology in Real Estate explores how emerging technologies are transforming the real estate landscape. This report examines key trends across sectors, highlighting how technological integration is driving innovation and influencing real estate strategies for the future.

[View report](#)



### Healthcare Capital Markets 2024

Our Healthcare Capital Markets 2024 report focuses on the healthcare investment market, including emerging trends, our thoughts for the year ahead as well as highlighting sector's strength in terms of stability of returns. The overall outlook is undoubtedly positive, with key market participants already transacting in 2024.

[View report](#)

#### Recent research



#### Life Sciences & Innovation Insight: Q2 2024

The UK life sciences sector is changing at pace. With this in mind, we have developed a quarterly market intelligence dashboard to track key developments.



#### UK Real Estate Navigator: Q2 2024

Is UK Real Estate at a turning point? 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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