

Leading Indicators

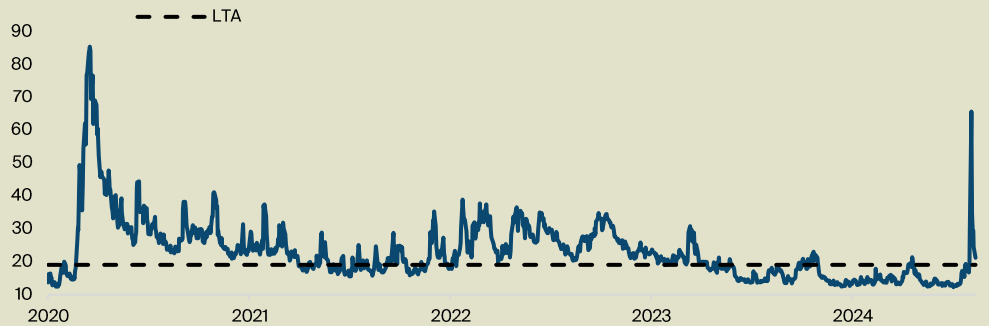
Will market volatility spark a rush for safe-haven assets?

21.2

Recent turbulence in equity markets, spurred by weak US employment data and a sharp correction in US tech stocks led to a spike in the VIX (a measure of volatility), though this has since gradually declined to 21.2. In times of market volatility, investors may turn to safe-haven assets like Real Estate, where values appear to be stabilising.

Spikes in volatility short-lived

CBOE Volatility Index (VIX), near term stock market volatility



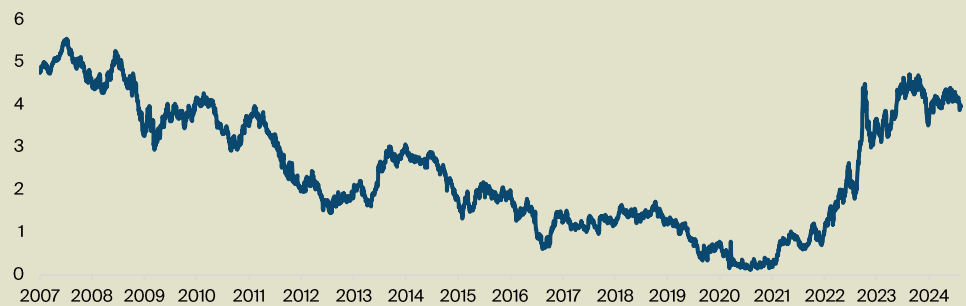
Source: Knight Frank Research, Macrobond

3.96%

Earlier this month, the Bank of England began its loosening cycle by cutting rates to 5.00%. Today's robust labour market data has since boosted the pound to \$1.28, leading markets to price in one more rate cut this year, with a 63% chance of a second. Meanwhile, the UK 10-year gilt yield has dipped below 4% for the first time since March 2024, currently at 3.96%.

UK 10-year gilt yield drops below 4% for the first time since March

UK 10-year government bond yield, %



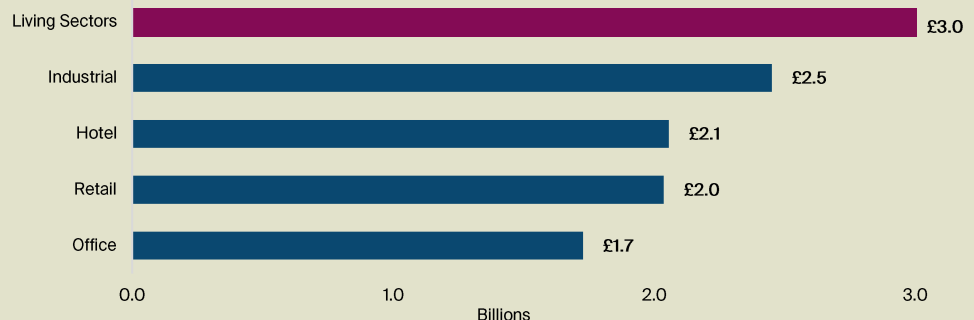
Source: Knight Frank Research, Macrobond, Financial Times

£3.0bn

In Q2 2024, the Living Sectors led with £3.0bn in investment. This was followed by Industrial (£2.5bn), Hotels (£2.1bn), Retail (£2.0bn), and Offices (£1.7bn). Hotels (+326%), the Living Sectors (+54%), and Retail (+26%) were the only sectors to record an increase in investment YoY in Q2 2024.

Living sectors #1 in Q2 2024

UK CRE Investment Volumes, Q2 2024, £bn



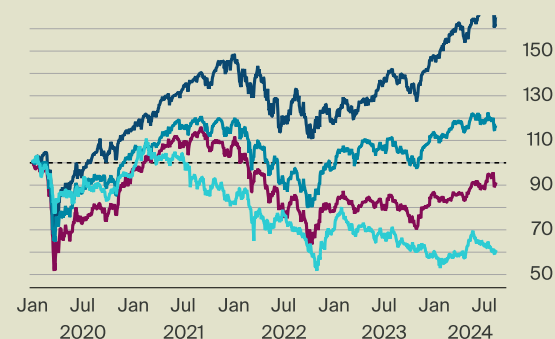
Source: Knight Frank Research, MSCI Real Capital Analytics

Equities

Equity markets

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

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



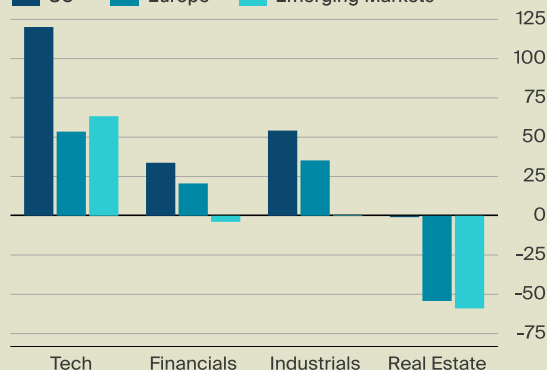
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
DAX 30	7,445	0.5	0.5	-3.9	12.5
FTSE 250	26,441	1.4	-0.9	-3.5	-8.8
Hang Seng	2,205	0.6	2.8	-3.5	-39.1
IBEX 35	11,639	1.0	-0.1	-4.2	8.6
MIB	34,906	0.8	-0.2	-6.5	32.6
S&P 500	5,344	0.5	0.0	-4.3	65.4
STOXX 600	546	0.7	0.4	-3.5	16.9
TOPIX	17	2.6	11.2	-6.0	10.0

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



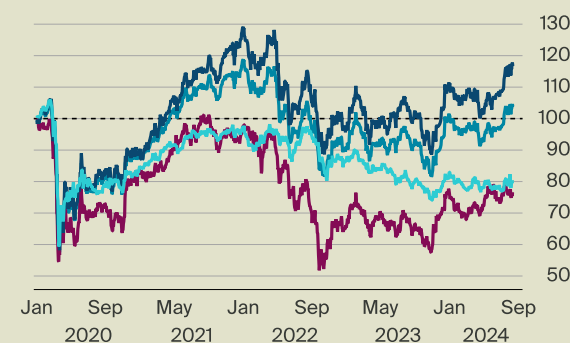
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	120.1%	53.5%	63.3%
Financials	33.7%	20.6%	-3.9%
Industrials	54.2%	35.2%	0.4%
Real Estate	-0.9%	-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

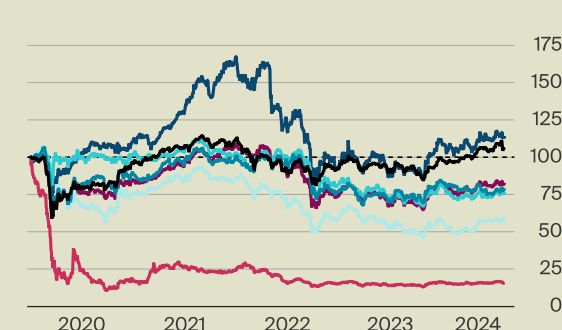
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
US	2,790	-0.3	-0.2	3.7	16.7
Europe	2,170	1.0	-1.9	-2.8	-23.9
World	3,336	0.0	-0.3	2.8	3.8
Asia Pacific	3,142	0.7	-0.7	1.8	-20.0

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

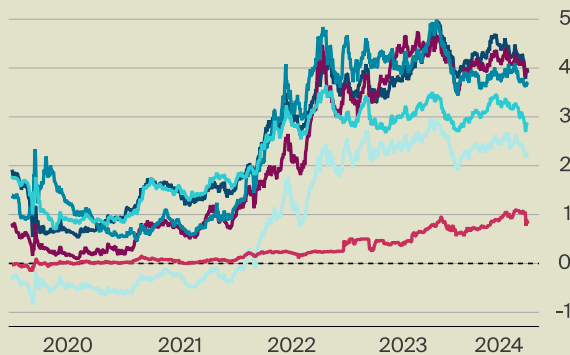
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
All REITs	837	0.3	-2.3	-2.7	-18.2
Office	1,720	-0.5	-0.4	-2.7	-42.0
Industrial	1,398	0.0	-3.4	-4.1	12.8
Retail	57	1.5	-2.7	-5.4	-84.2
Healthcare	1,740	1.7	0.1	-1.4	-23.3
Residential	1,194	0.5	-2.0	0.1	-21.8
FTSE 250	18,176	0.8	-0.7	-2.2	6.7

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



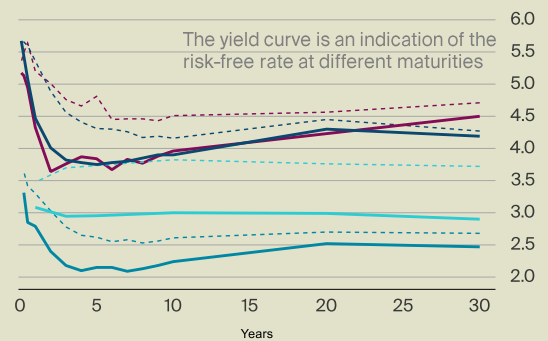
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.64	3.64	3.65	3.79	1.40
Japan	0.86	0.84	0.77	1.08	-0.03
Singapore	2.87	2.87	2.77	3.10	1.74
UK	3.92	3.92	3.92	4.11	0.82
US	3.90	3.90	3.90	4.18	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

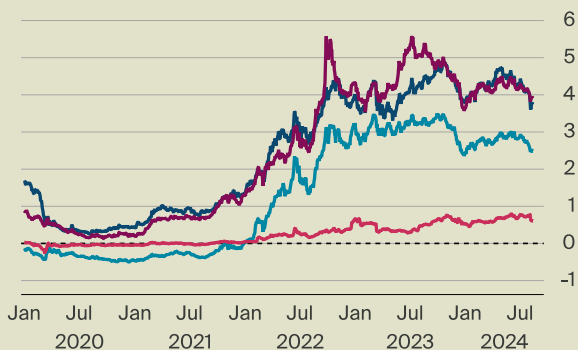


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



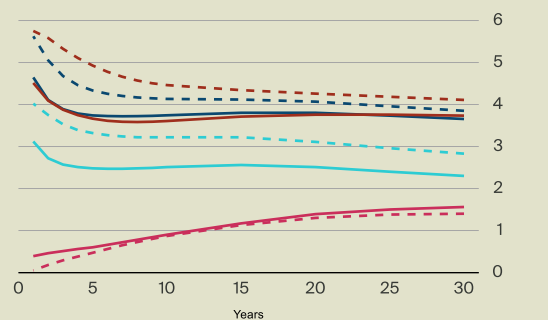
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.48	2.48	2.48	2.79	-0.13
Japan	0.60	0.60	0.61	0.72	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	3.91	3.92	3.87	4.14	0.88
US	3.74	3.75	3.61	4.09	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



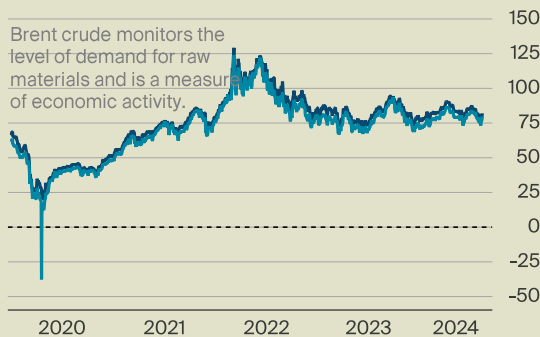
Source: Knight Frank, Macrobond

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	82.0	82.0	76.1	85.0	66.0
WTI, \$ per barrel	79.8	79.8	73.3	82.3	61.1

Baltic dry index

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

— Baltic dry index



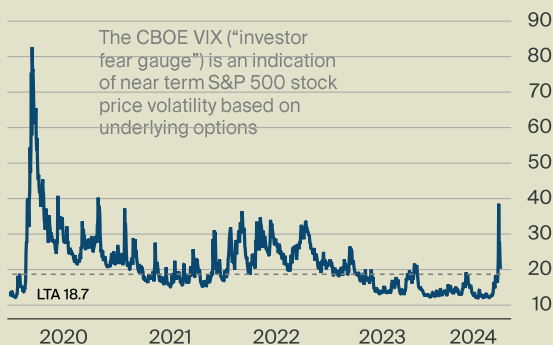
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1670	0	-0.89	-16.4	53.2

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	20.7	20.7	27.7	12.5	13.8
Euro Stoxx 50 VIX	19.3	19.3	25.1	13.1	14.0
Nikkei VIX	35.2	45.3	51.2	18.4	14.8
KOSPI VIX	23.6	24.5	43.1	16.4	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

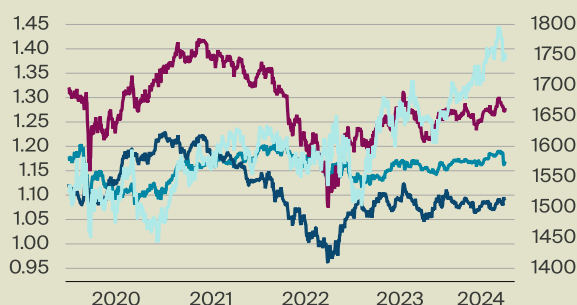
	Last	1 week	1 month	Jan '20
Systemic stress composite	0.090	0.048	0.049	0.023
Equity markets stress sub index	0.105	0.064	0.058	0.009
Bond markets stress sub index	0.068	0.039	0.038	0.02
FX markets stress sub index	0.060	0.020	0.006	0.004

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	1.170	1.169	1.162	1.191	1.177
KOR per GBP	1,752	1,742	1,745	1,786	1,525
USD per GBP	1.279	1.276	1.276	1.299	1.321
USD per EUR	1.093	1.093	1.096	1.090	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	1.38	1.43	1.28	1.40	2.32
USD to GBP	-0.07	-0.07	-0.23	0.02	1.12

Inflation and monetary policy

Inflation rate (%)

	Jun	May	Apr	Mar
Australia ¹	n/a	3.8	3.8	3.8
Canada	n/a	2.7	2.9	2.7
China	0.6	0.3	0.3	0.2
Euro Area	2.6	2.5	2.6	2.4
France	2.3	2.2	2.3	2.2
Germany	2.3	2.2	2.4	2.2
India	3.5	5.1	4.8	4.8
Italy	1.3	0.8	0.8	0.8
Japan	n/a	2.8	2.8	2.5
Saudi Arabia	n/a	1.5	1.6	1.6
South Korea	2.6	2.4	2.7	2.9
Spain	2.7	3.4	3.6	3.3
Sweden	n/a	2.6	3.7	3.9
UK	n/a	2.0	2.0	2.3
US	n/a	3.0	3.3	3.4

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

Interest rates (%)

	Last	Jan '23
	4.35	3.10
	4.50	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
	3.75	2.50
	5.00	3.50
	5.50	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.29 tn	4.1
	209 bn	6.0
	6.01 tn	1.6
	7.06 tn	-0.5
	1.61 tn	-2.0
	2.66 tn	-0.6
	403 bn	-0.9
	1.25 tn	-0.2
	5.06 tn	1.1
	505 bn	-0.7
	406 bn	8.4
	487 bn	0.2
	118 bn	0.1
	1.21 tn	-1.2
	7.18 tn	-0.7

Source: Knight Frank, Macrobond



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Read our UK Cities Mid-Year Review for the latest insights on occupier and investment activity in the UK's 10 largest regional office markets.

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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.

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Life Sciences & Innovation Insight – Q2 2024

Record company incorporations, highest ever quarterly life sciences real estate investment and UK Government proposes road to "science superpower".



UK Real Estate Navigator – Q1 24

The latest Real Estate Navigator analyses the Q1 2024 occupier and investment performance of the UK commercial real estate sectors.

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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