

Leading Indicators

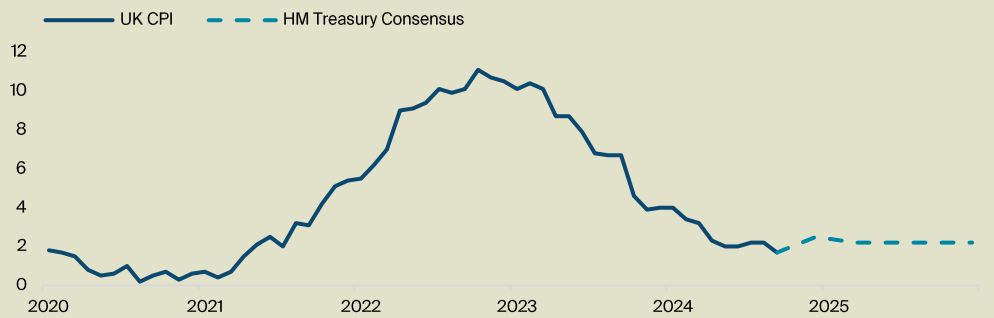
Blueprint for growth: The UK's Industrial Strategy

1.7%

UK inflation fell to 1.7% in September, below the Bank of England's 2% target for the first time in over three years. In response, markets have increased expectations for consecutive rate cuts at the BoE's November and December meetings, where previously only one cut was anticipated. Looking ahead, the BoE will closely assess Chancellor Reeves' upcoming budget, which could introduce new spending that may fuel inflationary pressures.

UK Inflation declines to its lowest since April 2021

UK CPI forecast, % change y/y



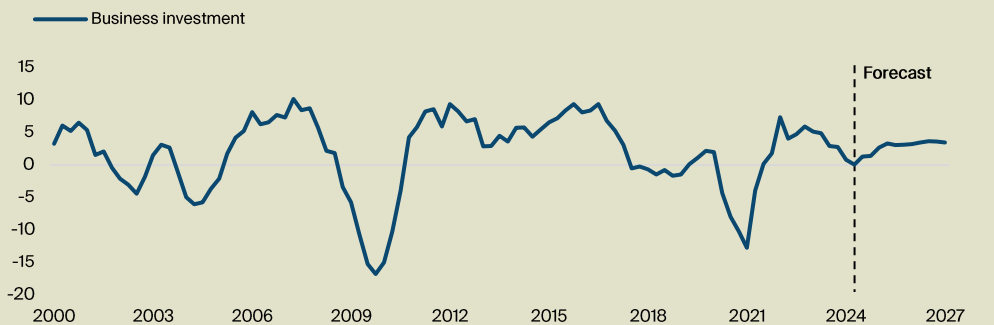
Source: Knight Frank Research, HM Treasury Consensus October 2024

3.1%

With the BoE starting its monetary easing and profitability rising, a steady recovery in UK business investment and capital spending is anticipated. The latest BoE Credit Conditions Survey shows that lending standards for SMEs (small and medium-sized enterprises) will loosen over the next three months, with banks expecting rising investment to fuel greater loan demand. Business investment is projected to grow by +3.1% in 2025.

Is business investment poised to pick up?

UK business investment, quarterly moving average, %



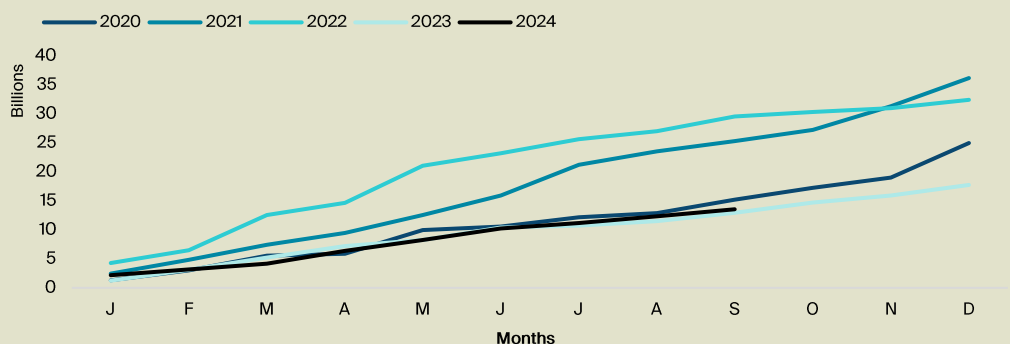
Source: Knight Frank Research, Oxford Economics, Bank of England Credit Conditions Survey

£14bn

Last week, the Government launched its Industrial Strategy consultation, a 10-year plan to drive growth and enhance business investment. In line with this, our latest UK Cities DNA research delves into the unique economic profiles of UK towns and cities, highlighting regional clusters well-positioned for expansion and poised to attract domestic and international investment. Notably, cross-border investment in the UK has remained resilient, with £14bn invested YTD.

Inbound UK volumes are showing relative resilience

UK cumulative cross-border real estate investment volumes, £bn



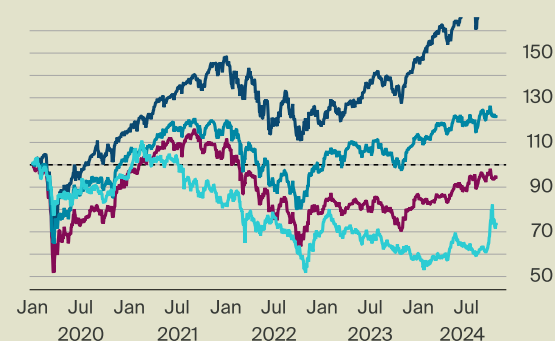
Source: Knight Frank Research, MSCI Real Capital Analytics

Equities

Equity markets

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

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



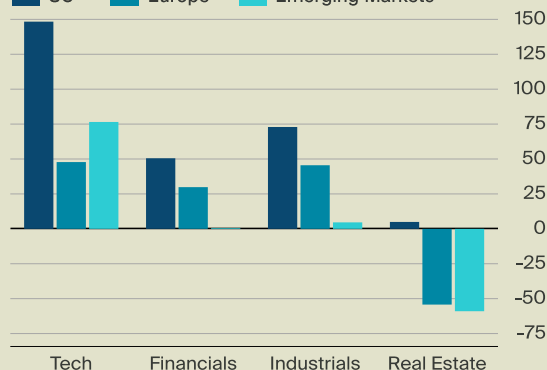
Source: Knight Frank, Macrobond

| Index | Last | Percentage change since | | | |
|-----------|--------|-------------------------|-------|--------|---------|
| | | Original value and base | 1 day | 1 week | 1 month |
| DAX 30 | 8,098 | -0.6 | -0.6 | -0.4 | 22.3 |
| FTSE 250 | 27,166 | -1.0 | 0.0 | -3.2 | -6.3 |
| Hang Seng | 2,637 | -1.5 | -2.9 | 14.1 | -27.1 |
| IBEX 35 | 12,825 | -0.5 | 0.0 | -2.2 | 19.7 |
| MIB | 37,860 | -0.2 | 0.8 | -0.1 | 43.8 |
| S&P 500 | 5,854 | 0.2 | 0.7 | 2.5 | 81.2 |
| STOXX 600 | 565 | -0.4 | -1.1 | -2.7 | 21.0 |
| TOPIX | 18 | -1.9 | -2.7 | -3.6 | 11.8 |

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



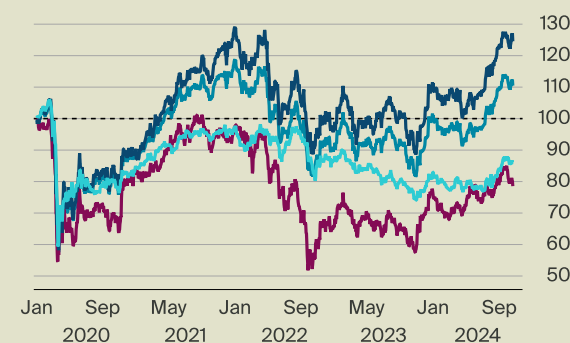
Source: Knight Frank, Macrobond

| Sector | Percentage change since Jan 2020 | | |
|-------------|----------------------------------|--------|--------|
| | US | Europe | World |
| Tech | 148.3% | 47.8% | 76.5% |
| Financials | 50.5% | 29.8% | 0.5% |
| Industrials | 72.9% | 45.5% | 4.6% |
| Real Estate | 4.9% | -54.2% | -59.0% |

REITs by region

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

— World — Europe — US — Asia Pacific



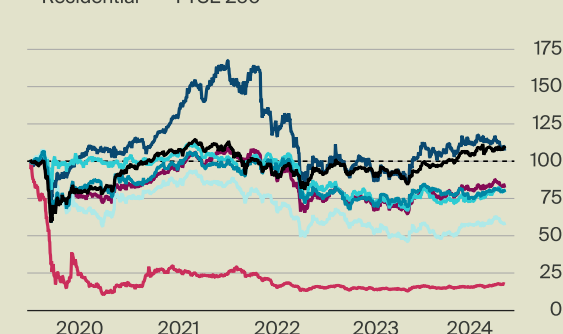
Source: Knight Frank, Macrobond

| Index, total return | Last | Percentage change since | | | |
|---------------------|-------|-------------------------|-------|--------|---------|
| | | Original value and base | 1 day | 1 week | 1 month |
| US | 2,977 | -1.3 | 0.9 | -1.5 | 24.6 |
| Europe | 2,239 | -2.5 | -2.2 | -7.0 | -21.5 |
| World | 3,549 | -1.3 | 0.4 | -2.6 | 10.5 |
| Asia Pacific | 3,381 | -0.7 | 0.6 | -2.1 | -13.9 |

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

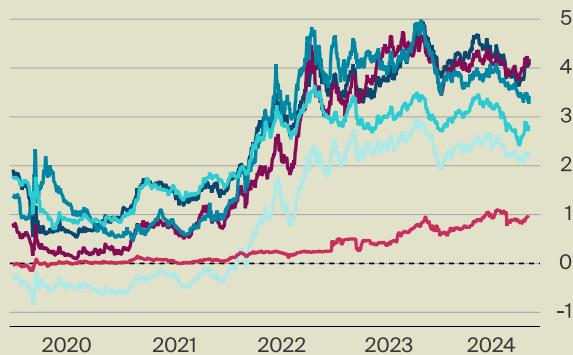
| Index, total return | Last | Percentage change since | | | |
|---------------------|--------|-------------------------|-------|--------|---------|
| | | Original value and base | 1 day | 1 week | 1 month |
| All REITs | 842 | -2.4 | -1.1 | -5.4 | -17.7 |
| Office | 1,692 | -2.5 | -2.7 | -9.0 | -42.9 |
| Industrial | 1,328 | -2.7 | -2.1 | -6.7 | 7.1 |
| Retail | 63 | -2.0 | -0.3 | 0.9 | -82.5 |
| Healthcare | 1,793 | -2.0 | -0.2 | -3.3 | -20.9 |
| Residential | 1,211 | -1.4 | -0.7 | -2.7 | -20.6 |
| FTSE 250 | 18,507 | -0.9 | 0.7 | -1.0 | 8.6 |

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



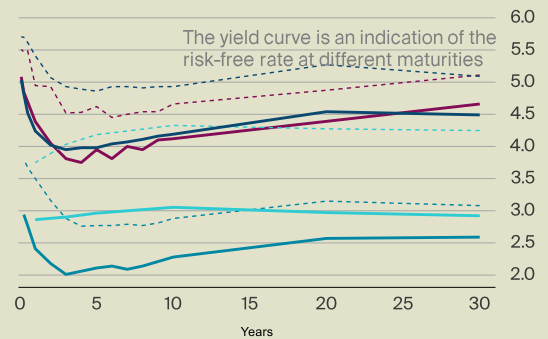
Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-----------|------|-------|--------|---------|---------|
| Italy | 3.43 | 3.27 | 3.47 | 3.50 | 1.40 |
| Japan | 0.95 | n/a | 0.95 | 0.86 | -0.03 |
| Singapore | 2.83 | 2.82 | 2.81 | 2.48 | 1.74 |
| UK | 4.14 | 4.06 | 4.24 | 3.90 | 0.82 |
| US | 4.19 | 4.08 | 4.08 | 3.73 | 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

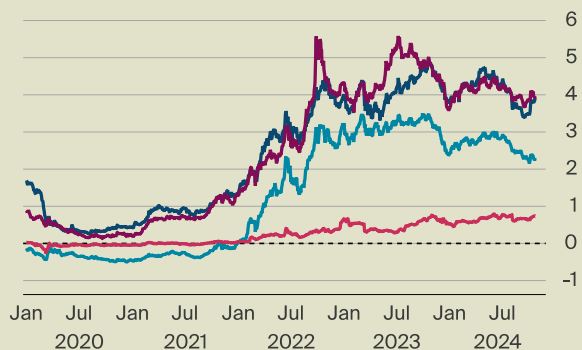


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



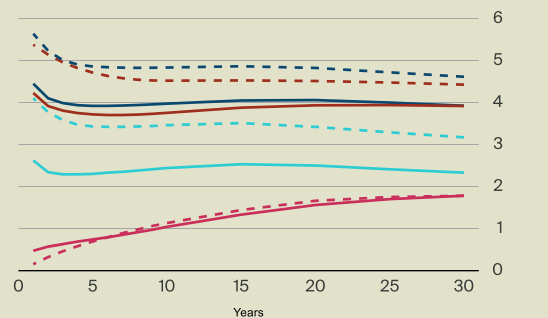
Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-----------|------|-------|--------|---------|---------|
| Eurozone | 2.30 | 2.23 | 2.37 | 2.34 | -0.13 |
| Japan | 0.74 | 0.75 | 0.72 | 0.66 | 0.03 |
| Singapore | 3.66 | n/a | n/a | n/a | 1.50 |
| UK | 3.96 | 3.91 | 4.09 | 3.81 | 0.88 |
| US | 3.92 | 3.83 | 3.85 | 3.47 | 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



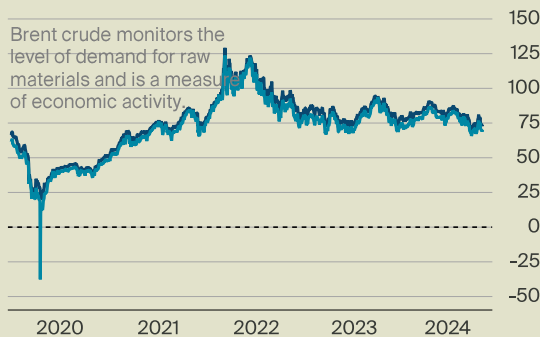
Source: Knight Frank, Macrobond

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 | 73.8 | 73.8 | 74.4 | 74.7 | 66.0 |
| WTI, \$ per barrel | 70.0 | 70 | 70.5 | 70.9 | 61.1 |

Baltic dry index

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

— Baltic dry index



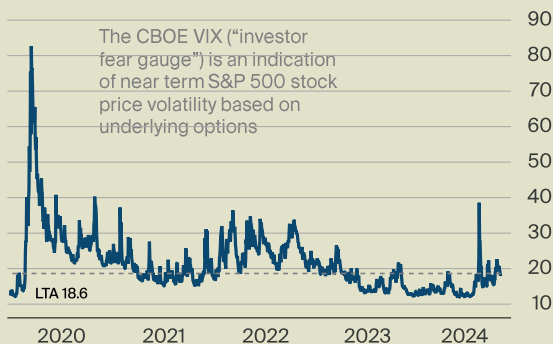
Source: Knight Frank, Macrobond

| | Last | Percentage change since | | | |
|------------|------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| Baltic Dry | 1480 | -6.09 | -16.2 | -25.1 | 35.8 |

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 | 18.4 | 18.4 | 20.6 | 16.2 | 13.8 |
| Euro Stoxx 50 VIX | 18.9 | 18.9 | 18.6 | 16.2 | 14.0 |
| Nikkei VIX | 27.2 | 26.2 | 27.1 | 24.3 | 14.8 |
| KOSPI VIX | 21.7 | 20.9 | 21.2 | 21.0 | 14.7 |

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



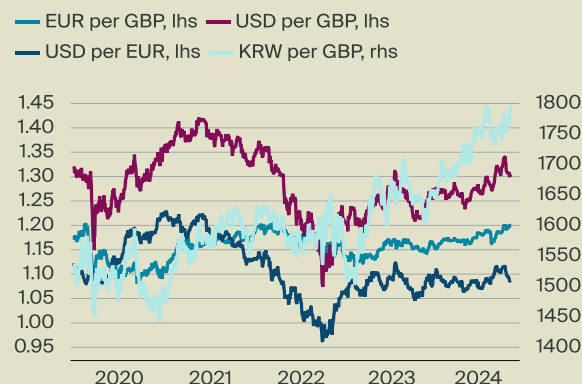
Source: Knight Frank, Macrobond

| | Last | 1 week | 1 month | Jan '20 |
|---------------------------------|-------|--------|---------|---------|
| Systemic stress composite | 0.055 | 0.041 | 0.077 | 0.023 |
| Equity markets stress sub index | 0.062 | 0.032 | 0.087 | 0.009 |
| Bond markets stress sub index | 0.031 | 0.021 | 0.046 | 0.02 |
| FX markets stress sub index | 0.012 | 0.007 | 0.013 | 0.004 |

Currencies & Monetary Policy

Currencies

Spot prices

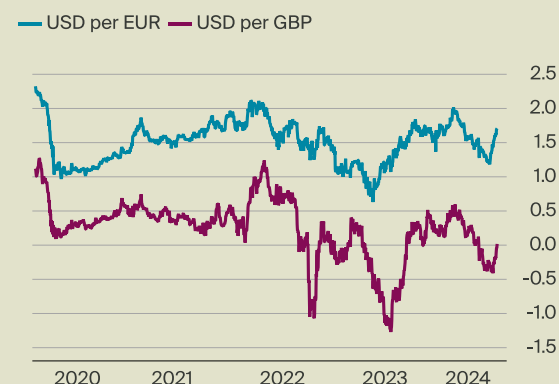


Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-------------|-------|-------|--------|---------|---------|
| EUR per GBP | 1.200 | 1.201 | 1.197 | 1.192 | 1.177 |
| KOR per GBP | 1,796 | 1,785 | 1,774 | 1,775 | 1,525 |
| USD per GBP | 1.300 | 1.304 | 1.306 | 1.328 | 1.321 |
| USD per EUR | 1.085 | 1.085 | 1.094 | 1.116 | 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 | 1.71 | 1.70 | 1.64 | 1.26 | 2.32 |
| USD to GBP | 0.02 | -0.04 | -0.17 | -0.30 | 1.12 |

Inflation and monetary policy

Inflation rate (%)

| | Sep | Aug | Jul | Jun |
|------------------------|-----|-----|-----|-----|
| Australia ¹ | n/a | n/a | n/a | 3.8 |
| Canada | 1.6 | 2.0 | 2.5 | 2.7 |
| China | 0.5 | 0.7 | 0.6 | 0.3 |
| Euro Area | 1.7 | 2.2 | 2.6 | 2.5 |
| France | 1.1 | 1.8 | 2.3 | 2.2 |
| Germany | 1.6 | 1.8 | 2.3 | 2.2 |
| India | 5.5 | 3.7 | 3.6 | 5.1 |
| Italy | 0.7 | 1.1 | 1.3 | 0.8 |
| Japan | 2.5 | 3.0 | 2.8 | 2.8 |
| Saudi Arabia | 1.7 | 1.6 | 1.5 | 1.5 |
| South Korea | 1.6 | 2.0 | 2.6 | 2.4 |
| Spain | 1.5 | 2.2 | 2.7 | 3.4 |
| Sweden | 1.6 | 1.9 | 2.6 | 2.6 |
| UK | 1.7 | 2.2 | 2.2 | 2.0 |
| US | 2.4 | 2.6 | 2.9 | 3.0 |

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 |
| | 3.40 | 2.50 |
| | 3.40 | 2.50 |
| | 3.40 | 2.50 |
| | 6.50 | 6.25 |
| | 3.40 | 2.50 |
| | 0.25 | -0.10 |
| | 5.50 | 5.00 |
| | 3.25 | 3.25 |
| | 3.40 | 2.50 |
| | 3.25 | 2.50 |
| | 5.00 | 3.50 |
| | 5.00 | 4.50 |

Asset purchasing

| | Latest (\$) | 1m change (%) |
|--|-------------|---------------|
| | 0.29 tn | 2.6 |
| | 207 bn | -3.6 |
| | 6.48 tn | 3.7 |
| | 6.99 tn | -0.1 |
| | 1.69 tn | 1.0 |
| | 2.66 tn | -0.6 |
| | 462 bn | 6.7 |
| | 1.26 tn | -1.7 |
| | 5.05 tn | 0.3 |
| | 512 bn | 3.9 |
| | 416 bn | 2.6 |
| | 487 bn | 0.3 |
| | 112 bn | -5.0 |
| | 1.23 tn | -1.2 |
| | 7.04 tn | -1.0 |

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](#)



UK Cities DNA – Don't Stop Thinking Of Tomorrow

The first of twelve insight papers in our UK Cities DNA initiative — putting real estate supply and demand in the context of the economic direction of travel.

[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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