

Leading Indicators

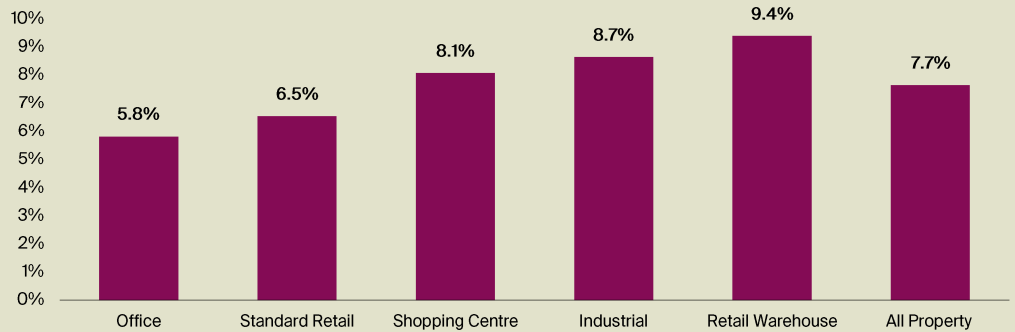
Rising optimism?

+5.6%

In the latest IPF Consensus Survey, the All-Property total return forecast for 2024 has weakened marginally by -10bps to +5.6%. However, total return projections for 2025 have improved by +20bps to +8.6%. Between 2024-2028, Retail Warehouse is expected to be the best-performing sector with a total return of +9.4% per annum.

UK Retail Warehouse poised to lead

IPF Consensus Forecasts November 2024, annualised total return, 2024/2028, % per annum



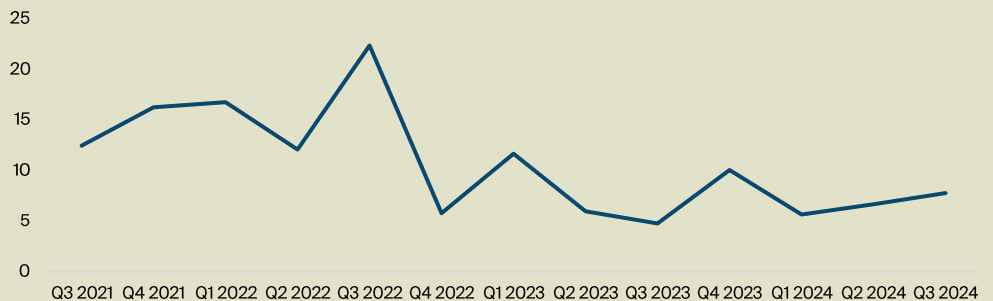
Source: Knight Frank Research, IPF

£7.8bn

In Q3 2024, the value of inward M&A (foreign companies acquiring UK firms) rose to £7.8 billion, up £1.1bn from the previous quarter (£6.7bn) and a £3.0bn rise year-on-year. This rise signals growing investor confidence in the UK, which may benefit UK CRE through increased capital flows and stronger asset demand.

Foreign investment in UK rises in Q3 2024

The value of inward mergers and acquisitions involving UK companies, £bn



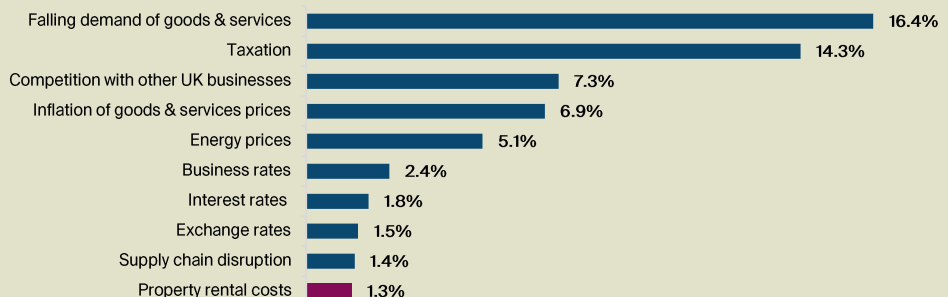
Source: Knight Frank Research, ONS

1.3%

The latest ONS BIC survey found that 61% of UK businesses reported some form of concern in December 2024. Falling demands of good and services were the primary reported business concern at 16.4%, followed by taxation concerns (14.3%) - which rose 4% from the previous month. Property rental costs remained the least reported concern, at 1.3%.

End of year insights: key concerns for UK businesses

'Which of the following, if any, will be the main concern for your business in December 2024?', % of UK businesses



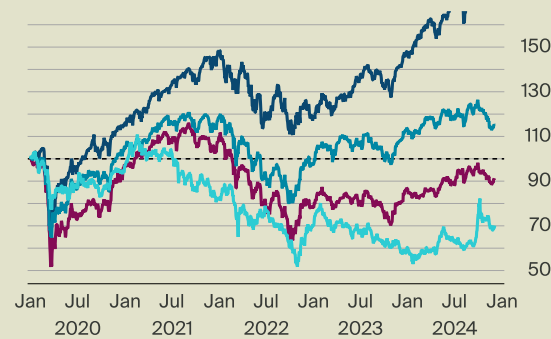
Source: Knight Frank Research, ONS

Equities

Equity markets

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

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



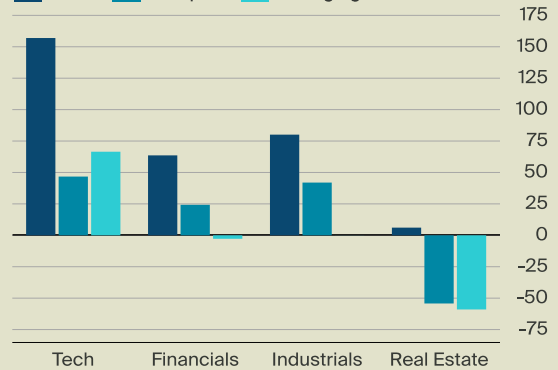
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
DAX 30	8,012		1.7	3.7	0.7	21.1
FTSE 250	26,210		-0.4	1.7	-0.1	-9.6
Hang Seng	2,538		1.7	3.1	-2.9	-29.9
IBEX 35	12,278		0.2	1.2	-3.1	14.6
MIB	35,032		-0.2	0.5	-5.9	33.1
S&P 500	6,047		0.8	1.3	6.0	87.2
STOXX 600	537		0.4	1.5	-2.1	15.1
TOPIX	18		3.0	4.5	3.8	16.4

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



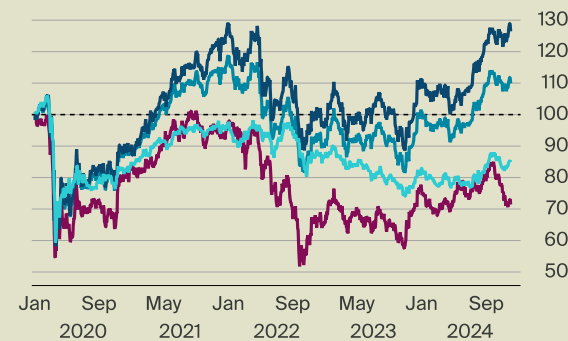
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	157.0%	46.7%	66.5%
Financials	63.6%	24.3%	-2.8%
Industrials	80.1%	41.9%	0.1%
Real Estate	6.1%	-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

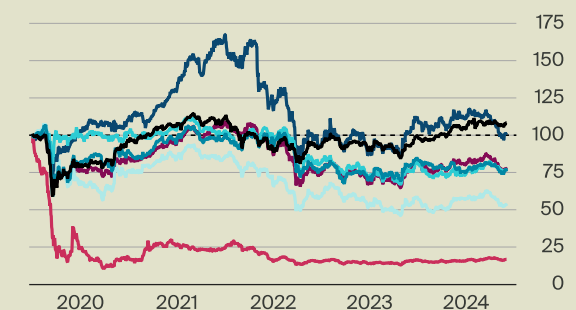
Index, total return	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
US	3,023		-1.9	0.3	2.9	26.5
Europe	2,037		-2.2	-0.3	-5.1	-28.6
World	3,532		-1.7	0.4	1.5	9.9
Asia Pacific	3,355		0.1	1.1	3.0	-14.5

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

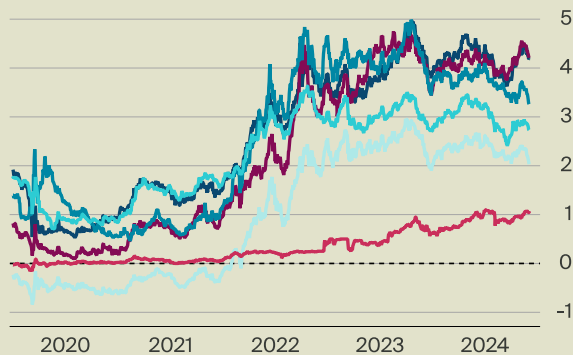
Index, total return	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
All REITs	785		-1.4	-0.2	-2.6	-23.3
Office	1,559		-1.8	-0.5	-4.2	-47.4
Industrial	1,243		-0.7	0.4	-1.7	0.2
Retail	60		0.5	1.4	2.9	-83.2
Healthcare	1,731		-0.9	0.1	-2.8	-23.6
Residential	1,156		-1.9	-0.3	-0.9	-24.3
FTSE 250	18,446		0.0	1.0	2.1	8.3

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



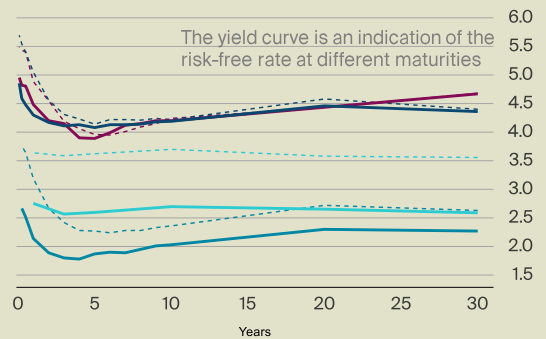
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.26	3.26	3.46	3.67	1.40
Japan	1.07	1.04	1.06	0.93	-0.03
Singapore	2.73	2.73	2.84	2.86	1.74
UK	4.21	4.21	4.35	4.45	0.82
US	4.19	4.19	4.30	4.37	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

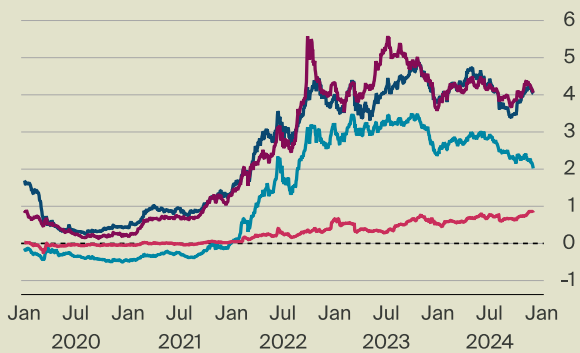


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



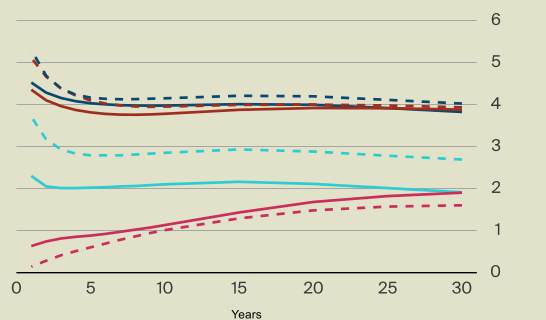
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.02	2.07	2.17	2.36	-0.13
Japan	0.88	0.85	0.86	0.74	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.06	4.08	4.17	4.27	0.88
US	4.03	4.04	4.13	4.07	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



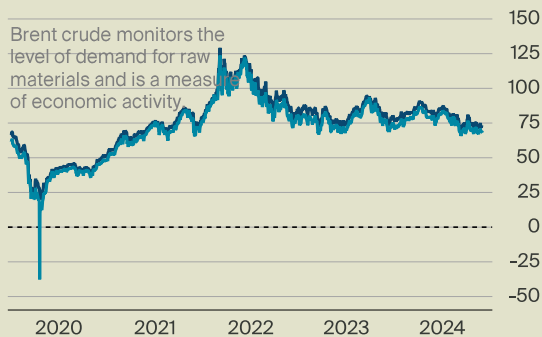
Source: Knight Frank, Macrobond

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	72.0	72.5	72.9	66.0
WTI, \$ per barrel	68.0	68.5	68.5	70.3	61.1

Baltic dry index

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

— Baltic dry index



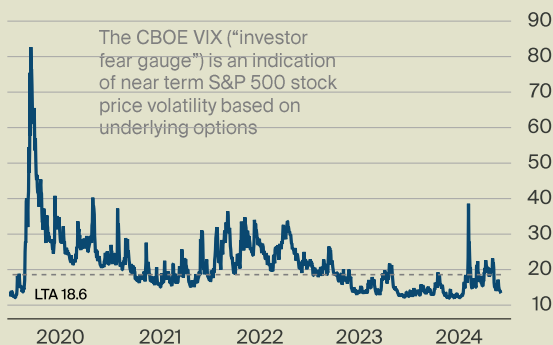
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1298	-8.53	-15.1	-5.81	19.1

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	13.3	13.3	14.1	21.9	13.8
Euro Stoxx 50 VIX	17.2	17.2	17.7	21.1	14.0
Nikkei VIX	22.8	18.7	20.8	26.0	14.8
KOSPI VIX	19.1	19.9	18.5	23.0	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



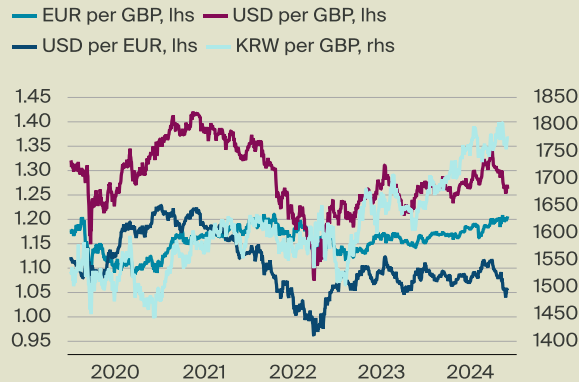
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.048	0.057	0.050	0.023
Equity markets stress sub index	0.050	0.050	0.045	0.009
Bond markets stress sub index	0.033	0.030	0.033	0.02
FX markets stress sub index	0.030	0.029	0.013	0.004

Currencies & Monetary Policy

Currencies

Spot prices

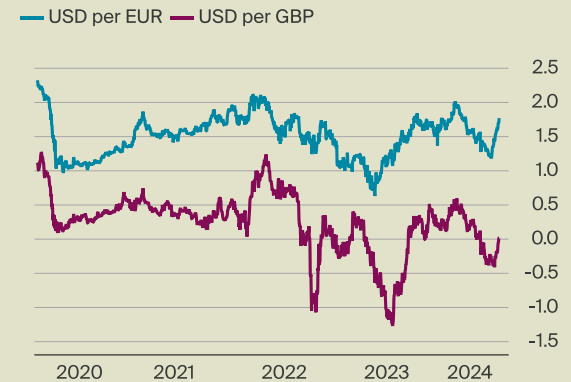


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.206	1.203	1.197	1.195	1.177
KOR per GBP	1,776	1,777	1,759	1,785	1,525
USD per GBP	1.263	1.271	1.255	1.296	1.321
USD per EUR	1.055	1.055	1.048	1.085	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	1.77	1.71	1.62	1.33	2.32
USD to GBP	0.02	0.02	-0.11	-0.33	1.12

Inflation and monetary policy

Inflation rate (%)

	Nov	Oct	Sep	Aug
Australia ¹	n/a	n/a	2.9	2.9
Canada	n/a	2.0	1.6	2.0
China	n/a	0.3	0.5	0.7
Euro Area	2.3	2.0	1.7	2.2
France	1.3	1.2	1.1	1.8
Germany	2.3	2.1	1.6	1.8
India	n/a	6.2	5.5	3.7
Italy	1.4	0.9	0.7	1.1
Japan	n/a	2.3	2.5	3.0
Saudi Arabia	n/a	1.9	1.7	1.6
South Korea	1.5	1.3	1.6	2.0
Spain	n/a	1.8	1.5	2.2
Sweden	n/a	1.6	1.6	1.9
UK	n/a	2.3	1.7	2.2
US	n/a	2.6	2.4	2.6

Interest rates (%)

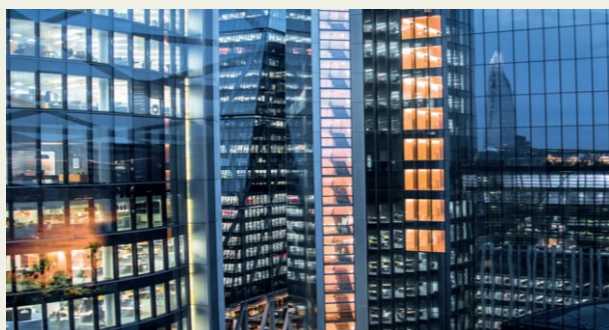
	Last	Jan '23
	4.35	3.10
	3.75	4.25
	4.35	4.35
	3.40	2.50
	3.40	2.50
	3.40	2.50
	6.50	6.25
	3.40	2.50
	0.25	-0.10
	5.25	5.00
	3.00	3.25
	3.40	2.50
	2.75	2.50
	4.75	3.50
	4.75	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.27 tn	-3.4
	201 bn	0.2
	6.28 tn	-1.7
	6.72 tn	-0.6
	1.63 tn	0.9
	2.66 tn	-0.6
	425 bn	-6.8
	1.23 tn	0.7
	5.06 tn	0.7
	477 bn	-4.3
	426 bn	1.5
	487 bn	-1.0
	107 bn	0.1
	1.2 tn	-1.2
	6.91 tn	-1.6

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

Source: Knight Frank, Macrobond



The London Office Market Report - Q3 2024

A quarterly report examining the performance of London's office leasing and occupier markets across the City, West End and Docklands & Stratford.

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UK Real Estate Navigator: Q3 2024

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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