



FT WEEKEND MAGAZINE

Flying cars: has their moment come?

Signs of growth lighten gloom and make rate rise more likely

- ◆ Economy expands 0.1% in November
- ◆ World Cup drives services sector

VALENTINA ROMEO

The UK economy grew in November, helped by stronger services activity during the World Cup, in a shift that defied expectations and is likely to increase pressure on the Bank of England to raise interest rates.

Gross domestic product increased 0.1 per cent between October and November last year, the Office for National Statistics said. A Reuters poll of economists had forecast a 0.2 per cent contraction.

November's output expansion was "undeniably encouraging", said Ruth Gregory, an economist at Capital Economics, who added that the government's cost of living payments meant households had more cash in the month.

The upbeat GDP data came on the day London's FTSE 100 neared the record closing high it struck in 2018. The benchmark stock index is stacked with energy companies, banks and companies that pay juicy dividends, helping it to dodge the big sell-off last year on Wall Street and many global share markets.

The index has gained 5.3 per cent so far this year as a part of a broad rise in

European shares that has been driven by falls in energy prices and hopes that inflation has peaked.

Many FTSE 100 companies have substantial international operations, which means the index is not a reliable proxy for investor views on the UK economy.

But Jonathan Gray, the chief executive of Blackstone, the private equity group, said the UK might outperform the US as an investment destination this year.

"I think the sentiment around the UK has gotten way too negative," he told Bloomberg. "And yes, it faces challenges but, when you look at it relative to other

Recession is 'delayed, not cancelled, since consumer spending is still likely to flag

Thomas Pugh, RSM UK economist

places in the world to deploy capital, the UK seems really attractive.

"I think the [Rishi] Sunak government is making very good choices that will ultimately attract capital."

November's GDP growth could signify that the economy avoided a technical recession, defined as two consecutive quarterly contractions, at the end of 2022. Output fell for the third quarter.

This "will only add to the pressure for the Bank of England to raise interest rates further from 3.5 per cent, perhaps to 4.5 per cent in the coming months", Gregory said of yesterday's figures.

Markets have priced in a 57 per cent probability that the BoE will raise its rate by 50 basis points from the current 3.5 per cent at its next meeting on February 2. Rates have risen sharply from 0.1 per cent in November 2021 as the central bank battles inflation.

Thomas Pugh, an economist at consulting firm RSM UK, said a recession was "delayed, not cancelled", since consumer spending was likely to falter as the squeeze on real incomes tightens.

"We continue to think that GDP will drop substantially in Q1 and Q2," added Samuel Tombs, an economist at Pantheon Macroeconomics.

Chancellor Jeremy Hunt said the government was intent on sticking "to the plan" to halve inflation this year so we get the economy growing again.

Sunak targets older workers page 2
German growth & Fed outlook page 8
Wall St banks hit by gloom page 15

Cornwall aims to hook fishing fanatics by dangling a Hemingway experience



GEORGE PARKER AND JUDITH EVANS

Sport fishing for tuna, which Ernest Hemingway claimed offered an entry ticket "to the presence of the very elder gods", could soon be a boom industry in Cornwall, under plans being considered by ministers.

In the week Cornwall took on the US in the space industry – with mixed results – ministers are looking to lure wealthy Americans to the county to exploit the return of bluefin tuna to British waters after a 50-year absence.

"Sport fishing for big fish around the world is a very high-value activity," said Tim Macpherson, of the UK Bluefin Tuna association. "We can bring quite a substantial fishery into one of the most deprived areas of the UK."

Mark Spencer, fisheries minister, is considering creating a licensed recreational fishery, which would require a legal change. "You'd get a lot of loaded Americans over," said one senior government figure.

Many people are willing to pay big bucks to follow in the footsteps of Hemingway, who wrote about epic struggles between man and tuna, which typically

weigh up to 250kg. "If you land a big tuna after a six-hour fight, fight him man against fish until your muscles are nauseated with the unceasing strain, and finally bring him up alongside the boat, green-blue and silver in the lazy ocean, you will be purified and will be able to enter unashamed into the presence of the very elder gods, and they will make you welcome," he wrote in 1922.

A limited number of vessels in the UK have been allowed to take anglers out during the past two years to catch, release and tag bluefin tuna, under an ascendant research scheme.

More than 1,000 fish were caught and released in 2022. Fish are not boarded, but towed alongside the boat before being freed.

Spencer is considering a big expansion of the recreational fishing sector, once the scientific data has been analysed and if he is assured the tuna stocks are being given sufficient protection.

"The return of Atlantic blue fin tuna turn to page 2



NHS crisis sparks boom in private medical provision

Strains in the NHS made evident by strikes and lengthening waiting times are pushing more people to pay for treatment. Google searches for "private healthcare" have exceeded the level of the pandemic, when access to the NHS was limited. Polling for one private healthcare body shows 1 in 5 people expect to pay for care in the next year and almost half of the public would consider it if they needed treatment.

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World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS			
	Jan 13	Prev	%Chg	Pair	Jan 13	Prev	%Chg	Yield (%)	Jan 13	Prev	%Chg
S&P 500	3915.23	3903.17	0.29	EUR	1.082	1.081	0.00	US 2 yr	4.10	4.11	-0.01
Nasdaq Composite	11810.86	11801.11	0.27	GBP	1.222	1.219	0.00	US 10 yr	3.47	3.48	-0.01
Dow Jones Ind	34118.11	34109.97	0.02	CHF	0.897	0.898	-0.01	US 30 yr	3.80	3.81	-0.01
FTSE 100	7188.89	7171.29	0.24	SEK	12.235	12.230	0.00	UK 2 yr	3.28	3.29	-0.01
FTSE 250	6115.33	6112.88	0.04	NZD	1.555	1.558	-0.02	UK 10 yr	3.30	3.30	0.00
FTSE 100	6941.87	6941.84	0.04	SGD	1.000	1.001	-0.01	UK 30 yr	3.72	3.69	0.03
FTSE All Share	4291.44	4284.75	0.03	JPY	161.12	161.12	0.00	JPY 2 yr	0.04	0.04	0.00
CAC 40	6223.40	6219.58	0.06	GBP 10 yr	1.082	1.081	0.00	JPY 10 yr	0.24	0.24	0.00
Xetra Dax	13008.62	13008.30	0.19	CHF 10 yr	0.897	0.898	-0.01	JPY 30 yr	1.01	1.00	0.04
Nikkei	28119.62	28119.62	1.29	SEK 10 yr	14.118	14.118	0.00	GER 2 yr	2.26	2.26	0.00
Hang Seng	21736.80	21614.18	0.54	SGD 10 yr	1.000	1.001	-0.01	GER 10 yr	2.14	2.12	0.01
ASX 200	7188.89	7171.29	0.24	USD 10 yr	1.082	1.081	0.00	GER 30 yr	2.13	2.10	0.03
ASX 200	1010.31	1010.82	0.14								
MSCI ACWI	839.03	829.93	0.06								
FT Wshires 2500	5185.80	5158.58	0.45								
FT Wshires 100	4949.87	4926.09	0.48								

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Period romance

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THE ARTISAN OF EMOTIONS - SINCE 1800

A period romance

Perspectives | What's behind

the UK's obsession with old

properties? By Julian Baggini



After a prolonged December freeze, with fuel bills and the cost of living rising, it is striking that Britain's most enduringly desirable properties are often the most badly insulated, the most draughty and the most expensive to maintain. The nation has enjoyed a long love affair with period homes. Is it time that heady romance was brought down to earth?

Britain has the oldest housing stock in Europe, with latest Office for National Statistics figures for England and Wales showing more than one in five homes was built before 1919 – more than one in three was built before the start of the second world war.

We not only have an exceptionally geographically diverse stock, we also usually find older houses. According to the architectural historian Owen Hatherley, the most numerous of these – Georgian and Victorian houses – are “invisibly fetishised”.

No other country is as nostalgic. The rest of Europe is generally keener than we are on well-constructed newer builds. In much of east Asia, there has never been a tradition of renovating old buildings, with traditional homes in Japan, for example, expected to last only 30 years before being razed and rebuilt, due in part to the high risk of earthquakes. It is the same with public buildings. The Ise Jingu grand shrine, which has been on the same site for as long as two millennia, is torn down and reconstructed every 20 years.

In the UK, although it has never been properly quantified, estate agents describe a “period premium”: meaning buyers get less space for their money. Unlike the new-build premium, which the extra you pay for a new car, van, or house once you take ownership, the period premium appears to be durable. The most recent comparative survey by the Halifax bank found that in the 25 years up to 2011, houses built before 1919 increased in value by an average of 461 per cent, compared with 357 per cent for the market as a whole.

I discovered how big the period premium could be when we tried to move to a small house in north Bristol last year. Every option stretched our budget until we found a 1960s house in a prime area that was selling for around 20 per cent less than comparably sized Victorian and Edwardian homes. Taking it looked like a no-brainer, but we still had to overcome the lure of the old.

Why do period homes cast such a spell? The answer most people will give

is “character”. Modern homes are said to be bland, boring and uniform while old ones are full of quirks, strangeness and charm. However, as many a charming cad has shown, superficially attractive characters are often rotten to the core. Most obviously, the ONS reported earlier this year that the age of a property is the biggest single factor in predicting its energy efficiency. It concluded that the median energy-efficiency score for all homes built since 2012 in England and Wales was 55 (band D), compared with 59 (band E) for ones constructed before 1950, with homes built before 1900 least likely to have a high rating.

It's also debatable how much the charm gap is in the eye of the beholder. The fact that many people can identify an Edwardian or Victorian house at first glance shows that they have a uniformity of style every bit as distinctive as postwar homes. They sit in matching rows, with bay windows and cornices that would accurately be described as architectural clichés. “All of those plaster mouldings that everyone likes so much in Victorian housing were in mass production as any Sixties tower block,” says Hatherley.

If we are honest, it's the familiarity of these ubiquitous homes that draws us to them, not any eccentricity. Hatherley argues that they have become the model of what a proper house looks like so “any other kind of housing is in some way deficient or illegitimate”. As a result, all housing, including new-builds, has to follow the template.

It is as though the positive associations of period homes trump any practical problems that come with them. One such association is social class and prestige. In most towns and cities, the most desirable areas are the ones with more period properties. “Wealth built them, wealth bought them and wealth continues to occupy them,” says Joanna Cocking, head of prime country sales at the estate agent Hamptons. “There's an element of the fact that I'm living among similar people with similar aspirations, or whatever it might be.”

It's a more socially acceptable display of wealth than bling, owning something riddled with imperfections

The perceived importance of a home's location above almost all else means that, over time, the preference for period homes has become self-reinforcing. Prestigious addresses are for period properties; this raises their price, which means they are more relatively expensive than nearby areas, which keeps them desirable, and so on.

This leads us to the flip side of the romantic love of period homes: the snobbish prejudice against modern ones. Very few people want to admit, even to themselves, that they prefer period homes for their associations and status rather than for their intrinsic merit. And so reassuring myths about how these houses are better built and sturdier become received wisdom. Many take it as fact that modern homes are badly built and won't last more than 50 years.

Hatherley dismisses this delicately. “It's bollocks,” he says. “If you want to demolish a Victorian house, usually you send a wrecking ball through it. If you want to demolish a tower block, you've got to plant explosives.”

There have been many poor-quality postwar developments, for sure. The former chief planning officer for the City of London, Peter Rees, has warned that many of the glass-fronted, luxury high-rises that have been built in the capital face daunting future maintenance costs. But the evidence suggests that, on average, the older your house, the worse condition it is likely to be in. It's not just that they are colder and draughtier. A quarter of homes built before 1919 are classed as poor quality, with severe problems, almost nine times as many as homes built since 1980, a mere 5 per cent of which are poor.

There are, however, three little letters that instantly cancel out any disdain for the modernist. Modern homes are awful, but Modernist ones highly coveted. I admit that this is one reason why we were persuaded to abandon the period dream. The house we bought was part of a development started (though not completed) by the Span company,

mainly in the 1960s. The lead architect, Eric Lyons, followed the principle that “the test of good housing is not whether it can be built easily, but whether it can be lived in easily.”

One can't fully understand the fetish for period homes without taking into account social class. One of the main characteristics of privately built postwar homes is the demographic of their occupants. They are associated with the rising lower-middle class. In class-conscious Britain, this is a demographic many seek to distance themselves from.

These people, far more numerous than those who look down on them, are more resistant to architectural nostalgia. In my experience, the fascination with period homes evaporates below the middle classes. When I lived in Rotherham in 2005, researching my book on the philosophy of the English people, I found that people's dream homes were new-builds, and I met a few who had bought their own flat.

Indeed, surveys have repeatedly found that the most desirable home type in the UK is not a period one at all. In the estate agents Strutt & Parker's latest annual Housing Futures survey, 22 per cent said they wanted a bungalow to be their future home. The next most popular was a new-build, coveted by 18 per cent, with a cottage languishing in third place. The most desirable storage feature was a garage and most sought-after extra room an en-suite bathroom, hardly Victorian staples.

The truth is that the desirability of period homes is driven by the middle and upper classes. They are said to hold their value but you could argue their occupants hold their values up: the resale price has to be balanced against all the expenses on upkeep during occupation. In my less charitable moments, I wonder if these homes function like the peacock's tail. The fact that they have one signals that you have resources to spare. It's a more socially acceptable display of wealth than bling, both because you're taking pride in owning something riddled

with imperfections and you don't need to draw attention to it.

Less cynically, the British tend to take pride in their capacity to tolerate discomfort, especially the upper and middle classes. In 1954, the Danish architect Steen Eiler Rasmussen recalled being baffled by sash windows, wondering “how it is possible to construct them so that they fit”. His answer was that it wasn't, and “that's why they are used”. An Englishman “considers it absolutely necessary that the living rooms be constantly ventilated”.

That attitude has endured. “When people move into a Georgian house with a sash window,” says Hatherley, “they will absolutely make sure that that sash window is preserved, despite the fact that they just make a mockery of any attempt at insulation whatsoever.”

That being said, a significant number of homeowners fit out their interiors as though they were paid-up Modernists.

The British take pride in their capacity to tolerate discomfort, especially the upper and middle classes

Viewing houses, we were often struck by how inside to many Victorian shells there were plain white walls, new engineered wood covering underfloor heating, rooms knocked through and so on.

Observing the same phenomenon, Hatherley asks, “If you want a modern house, why not just get a modern house? It'd be a lot less damp for one thing.” It seems that for many, period charm is for the outside, clean modern lines and comfort for indoors.

With the rising cost of living and the push for more energy-efficient homes, could the love affair with period homes be entering its rockiest patch? According to the Building Cost Information Society (BCIS) Material Cost Index, annual price increases for construction materials have risen to over 20 per cent since 2020. In many parts of the country, finding people to do the work has also become more difficult, with plumbers, builders, electricians and plasterers often booked months ahead. And, of course, fuel bills are already rising and unlikely to return to pre-2022 levels any time soon.

Even in good times, when a property needs work, it lowers the price. “If there is work attached to a house that might reduce its sale price by as much as 20 per cent, even if it is period,” says Cocking. Currently, “with the worries about supply chains, trades, general costs rising, to take on a big period project could be a two-to-three-year journey. I think for properties that need work, they will need to have a price incentive to sell”.

Still, it's hard to see period homes ever going out of fashion, however impractical they might be. “I still feel that heart wins over the head,” says Cocking. “I speak as someone who could have bought a bigger, detached, more modern house and I chose a semi-detached cottage which may look after itself. As the 17th-century French philosopher Blaise Pascal said: ‘The heart has its reasons which reason knows nothing’.”

Julian Baggini is an author and philosopher

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