

'Searching, expert, on the money. I loved it.' Joseph O'Neill

'An elegant state-of-the-nation novel [whose] large, colourful cast is expertly choreographed by Lanchester.' *Mail on Sunday*

'*Capital* comes in a great tradition of novels which are filled with the news of now, in which the intricacies of the present moment are noticed with clarity and relish and then brilliantly dramatized. It is clear that its characters, its wisdom, and the scope and range of its sympathy, will fascinate readers into the far future.' Colm Tóibín

'As a state-of-London novel, *Capital* succeeds magnificently and, by avoiding the temptation to show us any way out of the current moral and monetary crises, captures the malignant mood of the post-property age.' *Time Out*

Capital

JOHN LANCHESTER

By the Same Author

fiction

THE DEBT TO PLEASURE

MR PHILLIPS

FRAGRANT HARBOUR

non-fiction

FAMILY ROMANCE

A Memoir

WHOOPS!

Why Everyone Owes Everyone
and No One Can Pay

HOW TO SPEAK MONEY



faber and faber

Prologue

At first light on a late summer morning, a man in a hooded sweatshirt moved softly and slowly along an ordinary-looking street in South London. He was doing something, though a bystander would have been hard put to guess what. Sometimes he crept closer to houses, sometimes he backed further away. Sometimes he looked down, sometimes he looked up. At close range, that bystander would have been able to tell that the young man was carrying a small high-definition video camera – except there was no bystander, so there was no one to notice. Apart from the young man, the street was empty. Even the earliest risers weren't up yet, and it wasn't a day for milk delivery or rubbish collection. Maybe he knew that, and the fact that he was filming the houses then was no coincidence.

The name of the place where he was filming was Pepys Road. It didn't look unusual for a street in this part of town. Most of its houses were the same age. They were built by a property developer in the late nineteenth century, during the boom that followed the abolition of the tax on brick. The developer hired a Cornish architect and Irish builders and the houses were built over a period of about eighteen months. They were three storeys high, and no two were identical, because the architect and his workmen created tiny variations in them, to do with the shape of the windows, or the chimneys, or the detailing of the brickwork. In the words of a guidebook to local architecture: 'Once this is

noticed, it is pleasing to look at the buildings and detect the small differences.' Four of the houses in the street were double-fronted, with twice as much space as the others; because space was at such a premium, they were worth about three times as much as the single-fronted properties. The young man seemed to take a special interest in filming these bigger, more expensive houses.

The properties in Pepys Road were built for a specific market: the idea was that they would appeal to lower-middle-class families willing to live in an unfashionable part of town in return for the chance to own a terraced house – a house large enough to have room for servants. For the first years they were lived in not by solicitors or barristers or doctors, but by the people who worked or clerked for them: the respectable, aspirational no-longer-poor. Over the next decades, the demographics of the street wobbled up and down in age, up and down in class, as it became more or less popular with upwardly mobile young families, and as the area did well or less well. The area was bombed in the Second World War, but Pepys Road was unaffected until a V-2 rocket hit in 1944 and destroyed two houses in the middle of the street. The gap stayed there for years, like a pair of missing front teeth, until a new property with balconies and French windows, looking very strange amid the Victorian architecture, was built there in the fifties. During that decade, four houses in the street were lived in by families recently arrived from the Caribbean; the fathers all worked for London Transport. In 1960 a small irregularly shaped patch of grass at one end of Pepys Road, vacant since the previous structure was destroyed by German bombs, was concreted over and a two-up-two-down corner shop was built there.

It would be hard to put your finger on the exact point when Pepys Road began its climb up the economic ladder. A conventional answer would be to say that it tracked the change in

Britain's prosperity, emerging from the dowdy chrysalis of the late 1970s and transforming into a vulgar, loud butterfly of the Thatcher decades and the long boom that followed them. But it didn't seem quite like that to people who lived in the street – not least because the people who lived in the street changed too. As house prices slowly rose, the working classes, indigenous and immigrant, cashed in and moved out, usually looking to find bigger houses in quieter places, with neighbours like themselves. The new arrivals tended to be more middle-class, with husbands who worked at decently paid but not spectacular jobs, and wives who stayed at home and looked after the children – because these houses were still, as they always had been, popular with young families. Then, as prices rose and times changed, the new arrivals were families in which both parents worked and the children were in childcare either in the home or out of it.

People began to do up the houses, not in the ad hoc way of previous decades but with systematic make-overs in the knocking-through, open-plan style that became fashionable in the seventies and never really went away. People converted their lofts; when the council veered to the left in the 1980s and stopped giving permission for that, a group of residents banded together and fought a test case for the right to expand their houses upwards, and won it. Part of their argument was that these houses had been built for families, and that loft conversions were entirely in keeping with the spirit in which they were built – which was true. Someone in the street was always doing up a house; there was never a time when there weren't skips outside, builders' vans hogging the street, and all the banging, crashing, drilling, pounding, roaring, and turned-up transistor radios of builders and scaffolders that came as part of the package. The activity slowed down for a little after the housing crash of 1987, but began to pick up again ten years later. By late 2007, after many more years of a new boom, it was usual for two or

three houses in the street to be undergoing some sort of major renovation at the same time. The fashion was for people to install basements, at a cost usually starting around £100,000 a time. But as more than one of the people digging out the foundations of their house liked to point out, although the basements cost hundreds of thousands of pounds, they also added at least that much to the value of the house, so looked at from a certain point of view – and because many of the new residents worked in the City of London, this was a popular point of view – the basement conversions were free.

All this was part of a big change in the nature of Pepys Road. Over its history, almost everything that could have happened in the street had happened. Many, many people had fallen in love and out of love; a young girl had had her first kiss, an old man had exhaled his last breath, a solicitor on his way back from the Underground station after work had looked up at the sky, swept blue by the wind, and had a sudden sense of religious consolation, a feeling that this life cannot possibly be all, and that it is not possible for consciousness to end with the end of life; babies had died of diphtheria, and people had shot up heroin in bathrooms, and young mothers had cried with their overwhelming sense of fatigue and isolation, and people had planned to escape, and schemed for their big break, and vegged out in front of televisions, and set fire to their kitchens by forgetting to turn the chip pan off, and fallen off ladders, and experienced everything that can happen in the run of life, birth and death and love and hate and happiness and sadness and complex feeling and simple feeling and every shade of emotion in between.

Now, however, history had sprung an astonishing plot twist on the residents of Pepys Road. For the first time in history, the people who lived in the street were, by global and maybe even by local standards, rich. The thing which made them rich was the very fact that they lived in Pepys Road. They were rich simply

because of that, because all of the houses in Pepys Road, as if by magic, were now worth millions of pounds.

This caused a strange reversal. For most of its history, the street was lived in by more or less the kind of people it was built for: the aspiring not-too-well-off. They were happy to live there, and living there was part of a busy and determined attempt to do better, to make a good life for themselves and their families. But the houses were the backdrop to their lives: they were an important part of life but they were a set where events took place, rather than the principal characters. Now, however, the houses had become so valuable to people who already lived in them, and so expensive for people who had recently moved into them, that they had become central actors in their own right.

This happened at first slowly, gradually, as average prices crept up through the lower hundred thousands, and then, as people from the financial industry discovered the area, and house prices in general began to rise sharply, and people began to be paid huge bonuses, bonuses that were three or four times their notional annual pay, bonuses which were big multiples of the national average salary, and a general climate of hysteria affected everything to do with house prices – then, suddenly, prices began to go up so quickly that it was as if they had a will of their own. There was a sentence that rang down the decades, a very English sentence: 'Did you hear what they got for the house down the road?' Once, the amazingly big figure under discussion involved sums which just crept into the ten thousands. Then they were in the multiples of ten thousand. Then they were in the low hundred thousands, and then in the high hundred thousands, and now they were in seven figures. It began to be all right for people to talk about house prices all the time; the topic came up in conversation within the first minutes of people speaking to each other. When people met they held off the sub-

ject of house prices with a conscious sense of restraint, and gave in to the desire to talk about them with relief.

It was like Texas during the oil rush, except that instead of sticking a hole in the ground to make fossil fuel shoot up from it, all people had to do was sit there and imagine the cash value of their homes rattling upwards so fast that they couldn't see the figures go round. Once the parents had gone off to work and the children off to school you saw fewer people in the street in the daytime, except builders; but the houses had things brought to them all day. As the houses had got more expensive, it was as if they had come alive, and had wishes and needs of their own. Vans from Berry Brothers and Rudd brought wine; there were two or three different vans of dog-walkers; there were florists, Amazon parcels, personal trainers, cleaners, plumbers, yoga teachers, and all day long, all of them going up to the houses like supplicants and then being swallowed up by them. There was laundry; there was dry-cleaning, there were FedEx and UPS, there were dog beds, printer ribbons, garden chairs, vintage film posters, same-day DVD purchases, eBay coups, eBay whims and impulse buys, mail-order bicycles. People came to the houses to beg and to sell things (towels for the homeless, utility company salesmen). The tradesmen and trainers and craftsmen disappeared into the buildings and came out when they were finished. The houses were now like people, and rich people at that, impatient, with needs of their own that they were not shy about having serviced. There were builders in the street, all the time, servicing the houses, doing up lofts and kitchens and knocking through and adding on, and there was always at least one skip parked in the street, and at least one set of scaffolding. The new craze was for doing up basements and turning them into rooms - kitchens, playrooms, utility rooms - and the houses going in for this craze had conveyors of dirt flowing into skips. Because the earth was compressed by the weight of the houses above it,

as it was dug up it expanded to five or six times its original size, so there was something bizarre, even sinister, about this digging, as if the earth was spreading, vomiting, rejecting its own excavation, and far too much of it seemed to come out of the ground, as if it were fundamentally unnatural to reach down into the earth to take up more space, and the digging could go on for ever.

Having a house in Pepys Road was like being in a casino in which you were guaranteed to be a winner. If you already lived there, you were rich. If you wanted to move there, you had to be rich. It was the first time in history this had ever been true. Britain had become a country of winners and losers, and all the people in the street, just by living there, had won. And the young man on the summer morning moved along the road, filming this street full of winners.

On a rainy morning in early December, an 82-year-old woman sat in her front room at 42 Pepys Road, looking out at the street through a lace curtain. Her name was Petunia Howe and she was waiting for a Tesco delivery van.

Petunia was the oldest person living in Pepys Road, and the last person to have been born in the street and still be resident there. But her connection with the place went back further than that, because her grandfather had bought their house 'off the plan', before it was even built. He was a barrister's clerk who worked at a set of chambers in Lincoln's Inn, a man who was both conservative and Conservative, and in the way of barristers' clerks he passed on the job to his son, and then, when his son had only daughters, to his grandson-in-law. That was Petunia's husband, Albert, who had died five years before.

Petunia did not think of herself as someone who had 'seen it all'. She thought she had had a narrow and uneventful life. Nonetheless, she had lived through two-thirds of the whole history of Pepys Road, and she had seen a great deal, noticing more than she ever admitted and judging as little as she could. Her feeling on this point was that Albert had done enough judging for both of them. The only gap in her experience of Pepys Road was when she was evacuated during the early years of the Second World War, spending 1940 to 1942 at a farm in Suffolk. That was a time she still preferred not to think about,

not because anybody was cruel to her – the farmer and his wife were as nice as they could be, as nice as the constant labour of their physically active lives allowed them to be – but simply because she missed her parents and their cosy, familiar life, with the day shaped by her father's arrival home from work and the tea they took together at six o'clock. The irony was that despite being evacuated to miss the bombing, she had been there the night in 1944 when a V-2 rocket landed ten doors down the street. It had been four o'clock in the morning, and Petunia could still remember how the explosion had been a physical sensation rather than a noise – it pushed her firmly out of bed, like a companion who had got tired of sleeping with her but wished her no harm. Ten people died that night. The funeral, held at the big church on the Common, had been awful. It was better to have funerals on rainy days, with no sky, but that day had been bright and clear and crisp and Petunia hadn't been able to stop thinking about it for months.

A van came along the road, slowed and stopped outside. The diesel engine was so loud that the windows rattled. Perhaps this was it? No, the van re-engaged its gears and moved off down the street, making an up-down banging as it went over the sleeping policemen. They had been supposed to reduce the amount of traffic in the street but seemed only to have made it more noisy, and also more polluted, as traffic slowed to go over the bumps and then accelerated away afterwards. Since they were put in there had not been a single day on which Albert did not complain about them: literally not a single one from the day the road reopened to traffic until his sudden death.

Petunia heard the van stop further down the street. A delivery, though not of groceries, and not to her. That was one of the main things she noticed about the street these days: the deliveries. It was something which happened more and more often as the street grew posher, and now here was Petunia, awaiting a deliv-

ery of her own. There used to be a term for it: 'the carriage trade'. She remembered her mother talking about 'the carriage trade'. Somehow it made you think of men in top hats, and horse-drawn vehicles. Part of the carriage trade, at my age, thought Petunia. The idea made her smile. The shopping was her groceries, and it was an experiment on the part of her daughter Mary, who lived in Essex. Petunia was starting to struggle with the trip to the shops, not in a major way but just enough to feel anxious about the round trip to the high street and back with more than a single-basket of shopping. So Mary had set up a delivery of basics for her, with the idea being she would get all her bulkier and heavier staples sent once a week, at the same time, Wednesday between ten and midday. Petunia would much, much rather have had Mary, or Mary's son Graham who lived in London, come and do her shopping with her, and give her some help in person; but that option hadn't been offered.

The van noise came again, an even louder rumbling this time, and then the van moved off, but not far: she heard it park just down the road. Through the window she saw the logo: Tesco! A man came up to her front garden carrying a pallet, and cleverly managed to unlatch the gate with his hip. Petunia got up carefully, using both arms and taking a moment to steady herself. She opened the door.

'Morning, love. You all right? No substitutions. Shall I take it through? There's a warden but I told him don't even think about it.'

The nice Tesco man took her shopping through to the kitchen and put her bags on the table. As she had got older Petunia more and more often noticed when people made displays of unthinking health and strength. An example was here in the ease with which this young man lifted the heavy pallet to dump it on the table, before taking the bags out of it four at a time. His shoulders