As of 12 p.m. ET **DJIA** 16258.58 ▼ 0.50% **FTSE 100** 6571.75 ▼ 0.74% **Nikkei 225** 14815.98 ▼ 0.10% **Shanghai Comp.** 2019.11 ▲ 1.07% **Hang Seng** 21756.08 ▼ 0.67% **S&P Sensex** 21774.61 ▼ 0.37% **S&P/ASX 200** 5412.60 ▲ 0.53%

A City's Beer Scene Grows Up

OFF DUTY

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Data Show Plane Flew On

Investigators Say Jet Was Airborne After Contact Lost

By Jason Ng
And Gaurav Raghuvanshi

KUALA LUMPUR—Malaysian aviation officials said Malaysia Airlines Flight 370 could have flown for several hours despite vanishing from radar, but they said they had received no data indicating this, saying that the data for suggesting an extended flight don't exist.

Malaysian officials disagreed with a Wall Street Journal report that said U.S. investigators suspect—based on engine-monitoring data—that the missing Malaysian plane remained in the air four hours past the time of its last confirmed location. The officials said that all possibilities were still open.

Acting Transport Minister Hishammuddin Hussein confronted the growing criticism of Malaysia's search-and-rescue effort in a news briefing six days into the flight's disappearance and said that he was aiming to set the record straight on what he described as "inaccurate reports."

The Wall Street Journal cited U.S. investigators as saying that they suspected that Flight 370 stayed in the air for four hours after it disappeared from radar, according to two people familiar with the matter, raising the possibility that the plane could have flown on for hundreds of additional miles.

The article said that investigators and national-security officials believe the plane flew for a total of five hours, based on data automatically downloaded and sent to the ground from the Boeing 777 jet's engines, manufactured by Rolls-Royce, as part of a routine maintenance and monitoring program.

Malaysia Airlines CEO Ahmad Jauhari Yahya said that based on the airline's records, the last transmission was at 1:07 a.m. Saturday, slightly earlier than the time that officials have said the airliner disappeared from radar as it was flying northward over the South China Sea.

"It did not run beyond that," Mr. Ahmad said, adding the data were downloaded periodically. "We have contacted both possible sources of the data, Rolls-Royce and Boeing, and both said they did not receive the data."

Mr. Ahmad said that "the last transmission received

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Wider Range

U.S. investigators suspect that Malaysia Airlines Flight 370's engines kept running for about four hours after its last known moment of contact at 1:30 a.m. on March 8. Based on an air speed of 480 knots, this means the plane could have traveled an additional 2,200 nautical miles.

China Reports Broad Slowdown

By Bob Davis
And Richard Silk

BEIJING—China's economy weakened sharply during the first two months of the year, adding to pressure on the leadership as it debates whether to set aside economic overhauls that could slow growth even more over the short term.

The slowdown was across the board, including retail, manufacturing, housing and investment, according to data released by the National Bureau of Statistics on Thursday. The data covered January and February, which were combined to adjust for distortions from the Chinese Lunar New Year holiday.

Some of the results were the weakest since the global financial crisis of 2009. "This is terrible," said Liu Li-Gang, a Hong Kong-based economist at ANZ Bank. "I wasn't expecting high figures, but this is worse than I thought."

After the data release, Premier Li Keqiang gave mixed signals at a news conference about how wedded he was to meeting the country's growth target of about 7.5%.

In response to one question, he detailed how hard the government pushed to meet the same target in 2013, as a way to head off unemployment. China's GDP grew by 7.7% last year.

Later, however, Mr. Li said "we are not preoccupied with GDP growth."

He said he would be satisfied with a "reasonable range" of growth so long as it produced sufficient employment. Mr. Li didn't cite a minimum level that he would find acceptable.

If GDP growth slows significantly, Mr. Li would come under increasing pressure to shelve plans for economic changes that could initially hurt growth, even though they could bolster China's economy in the long run.

Such measures could include requiring large state-owned enterprises to pay more in dividends to the central government, liberalizing interest rates and remaking local government finances so they depend more on taxation than on land sales.

Mr. Li has a difficult choice, said Wei Yao, a China economist at Société Générale. "He can't say, 'Give up on growth,' and he can't say, 'Growth at any cost.' "

According to the new data, industrial output rose 8.6% year-over-year, the weakest showing since 2009. Growth in fixed-asset investment eased to 17.9% year-over-year, the weakest pace since 2002. Retail sales rose 11.8% year-over-year, the slowest since Feb. 2011.

In the real-estate sector, one of the largest drivers of growth in China, residential

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From London, Test Case for Central Bankers

By Jason Douglas
And Jon Hilsenrath

LONDON—One of the first things Mark Carney did when he took over the Bank of England last July was to remove a painting of Montagu Norman from a wall near his office. Mr. Norman was the eccentric BOE governor whose policies are often blamed for exacerbating the Great Depression—mistakes Mr. Carney didn't want to repeat.

In Mr. Carney's eight tumultuous months at the helm, during which the central bank bungled its economic forecasts and got dragged into a foreign-exchange probe, the U.K. has enjoyed a surprising economic revival.

Now, looming decisions about when to increase interest rates are shaping up as his most important test, and a critical case study for the U.S. and other developed economies.

The U.K., U.S., Europe and Japan have held interest rates at record lows since the financial crisis in an effort to encourage lending, energize growth and bring down unemployment. As their economies recover, all must decide when to declare victory and let borrowing costs rise.

All want to hold off as long as possible, but getting a message across about how long has become complicated. If growth and hiring live up to expectations, the issue will become more pressing in the months ahead. Mr. Carney looks increasingly likely to be the first to move because of the strengthening U.K. recovery and its higher inflation.

"Everyone wants to know exactly when you're going to do something," said Mr. Carney, a 48-year-old Canadian, in a recent interview with The Wall Street Journal. "We can't tell them something we don't know ourselves." What he can say, he added, is "we're not going to raise interest rates until the economy can really sustain it."

Central bankers consider it critical to give clear guidance about the outlook for interest rates because it affects the expectations and behavior of households, businesses and investors, and hence the overall economy.

Mr. Carney's credibility took an early hit because he underestimated how quickly

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Inside

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Above a Shop, Sky-High Prices

Apartments above retail businesses no longer carry a stigma in London, thanks to the tastes of overseas buyers, who spend millions to live over fancy boutiques and restaurants

BY RUTH BLOOMFIELD

The shops and restaurants of London are integral to the British capital's allure. And the apartments above them are becoming an increasingly popular—even chic—way to live in the city center.

Before the recession, when the market was dominated by domestic buyers, these homes were considered distinctly second-rate. There was a stigma attached to living above the shop, partly due to the possibility of noise and cooking smells, and partly because of simple prejudice. Many of these properties were built as homes for shopkeepers, not affluent Londoners. These reservations meant that until about four years ago, homes over shops routinely sold for up to 20% below market rate.

All that has changed. These properties are now worth as much—and in some cases a little more—than traditional apartments.

"Historically there has always been a premium for living in an entirely residential building," says Peter Wetherell, managing director Mayfair-based real-estate agency Wetherell. "Apartments over shops had a slightly inferior feel. But now retail areas in Mayfair are becoming more exclusive. With two-thirds of the world's leading brands in Mayfair, people no longer see it as living over retail, and instead see it as a lifestyle."

A key reason for this change in attitude is a change in demography. The recession has seen prime central-London real estate morph into a global commodity; overseas buyers are today responsible for more than half of all sales in high-end neighborhoods such as Kensington, Belgravia, Mayfair and Chelsea. These buyers have no qualms about living above shops.

"Overseas buyers do not have the same issues as British buyers," says Alex Michelin, co-founder of boutique developer Finchatton. "In New York everyone lives above retail; it is the same in Paris. Their influx into our midst has been the catalyst for this change, and British buyers have begrudgingly bought into that."

One of Mr. Michelin's first homes was above a betting shop—a legal, if unglamorous, place to bet on sports. Mr. Michelin bought the apartment because it was affordable; he now seeks out homes above shops in prime areas to redevelop. Late last year, Mr. Michelin's firm sold a four-bedroom apartment above a fashion store in Mount Street, Mayfair, for about $26 million to a European buyer.

There also has been an element of expediency involved in the reinvention of over-the-shop living. Demand for property in prime central London far exceeds supply, and building sites are scarce, forcing developers to become more flexible about the spaces they use.

A brand name can be an asset. Mr. Wetherell says that in the past, homes over shops in Mayfair were worth 10% less than regular homes, but this gap has now closed. And if an apartment is over a famous brand, Mr. Wetherell believes it can be worth up to 10% more. Even more valuable are homes over famous restaurants, which he calculates can add 20% to a property's price.

Living above a shop has some advantages. Louisa Woodbridge, head of London estate leasing at the Grosvenor Estate, which manages the Duke of Westminster's property portfolio in central London, believes homes over shops promise an "urban village" lifestyle. Living over a shop (as opposed to a restaurant) also means no overnight noise from neighbors as well as a level of security during the day.

These apartments are often larger than their counterparts in residential buildings, because historically they were built on a wider footprint than residential houses. And despite being built for humble shopkeepers, they routinely feature original Victorian and Edwardian fireplaces, high ceilings and cornicing.

There are risks. Sophie Roberts, head of search and acquisitions at Banda Property, recently helped a client buy an apartment above a Notting Hill bookshop. The client, who is British, was able to buy the freehold of the entire building. This means that should the bookshop owner move, the client will be able to select the next tenant.

Owners who simply buy an apartment have no safeguard. In Britain, individual shops are "zoned" into a series of different categories—for example, fast-food outlet, retail shop or restaurant. Permission from the local council is required to change this zoning, but it is possible that a property bought with a boutique beneath it could end up overlooking a fast-food restaurant.

Even if a shop's categorization isn't changed there is nothing—other than the high rents charged in central London—to prevent a boutique from being replaced by a thrift store.

Domus Nova

FASHIONABLE PERCH Above, a newly updated 1,644-square-foot, three-bedroom, three-bathroom apartment with a private roof terrace is above fashion boutique Scotch + Soda. It has an asking price of $4.1 million.

Aylesford International/Hamptons International (3)

HUNGRY? This 1,345-square-foot, three bedroom apartment, located above the Michelin-starred Launceston Place, top, is on the market for $4.1 million.

James Rideout, head of apartment sales of Hamptons International in Kensington, advises buyers to research carefully. He cites the case of a developer recently commanding a "staggering" $2,700 per square foot for a development on one of Kensington's busiest roads. The homes were sold to buyers from Asia and the Middle East, and he fears they face a "terrible shock" when they realize they are on a road busy with shoppers by day, revelers by night, and traffic from cars and buses 24-7.

Mr. Wetherell agrees that buyers need to pick their street carefully but notes that in Mayfair "all the leading prices we have had in the last year" have been on busy commercial streets. "People are blind to the downsides of living over a shop," he says. "What they want is to be associated with the glamour of the brand."