

Interim solution for construction output price indices, quarter 2 (April to June) 2015

Abstract

This article contains a summary of the construction output price indices (OPIs) for quarter 2 (Apr to June) 2015, produced using an interim solution whilst ONS continues to develop appropriate methodologies for the long-term. Data in this release are experimental statistics.

Introduction

Since taking responsibility for the Construction Price and Cost Indices (CPCIs) on 1 April 2015, the Office for National Statistics (ONS) has developed an interim construction output price index. This index was put together in a short time frame and uses existing ONS data sources, the majority of which are National Statistics, so that users can be assured of the quality of the source data.

The results for the interim construction price index were published for the first time on 12 June 2015 and included data to quarter 1 (Jan to Mar) of 2015. This article provides an update to these results and includes data to quarter 2 (Apr to Jun) of 2015.

Information about the methods used to compile the interim construction price index can be found in the first [article](#) published in June 2015 as well as the key strengths and limitations of this interim solution. More detailed methods information, as well as the results of our recent user survey and plans for the future development of price indices for construction will be published on 28 September 2015.

Headline results

- The interim output price index for all construction rose 1.3% in the year to June 2015, down from an increase of 1.7% last month.
- The interim output price index for all new work increased by 1.4% in the year to June 2015, down from an increase of 2.0% last month. The main contributor to this increase came from Housing (public and private) up 1.7% in the year to June.
- The interim output price index for all repair and maintenance increased by 1.2% in the year to June 2015, down slightly from 1.3% last month. This change is mostly accounted for by the non-housing repair and maintenance sector which saw an increase of 1.4% in the year to June.

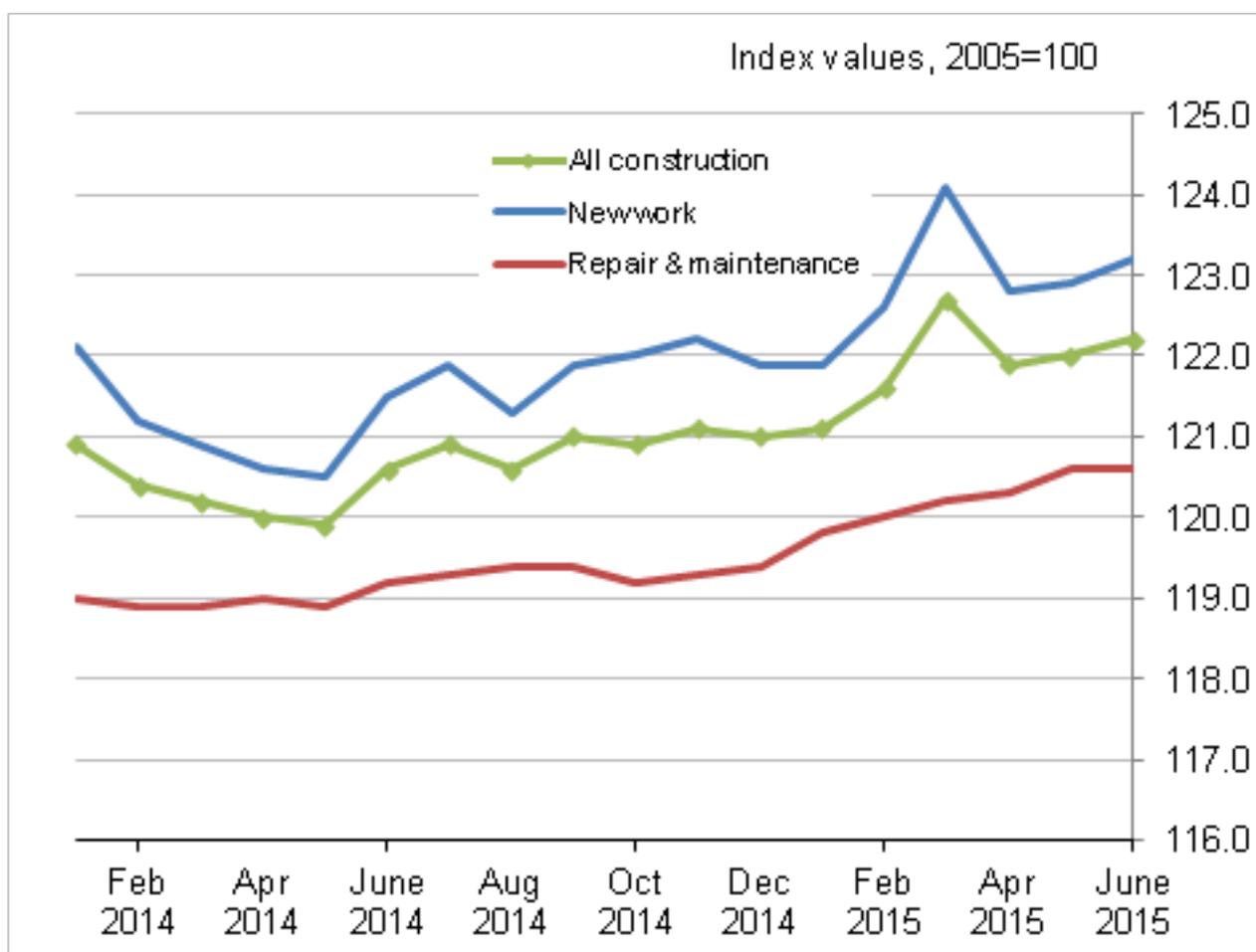
- Prices continued to rise in the year to June although at a lower rate than in the year to May for all work types except housing repair and maintenance where inflation remained unchanged.

All Construction

Overall, prices in the construction industry, as estimated by the interim construction output price index, have risen during the period January 2014 to June 2015. There is an upward trend evident across all new work and repair and maintenance sectors when compared with both the previous month and the same month a year ago (figure 2), with a peak in all new work in March 2015.

Figure 1: Interim construction output price indices (2005=100), United Kingdom

January 2014 to June 2015



Source: Office for National Statistics

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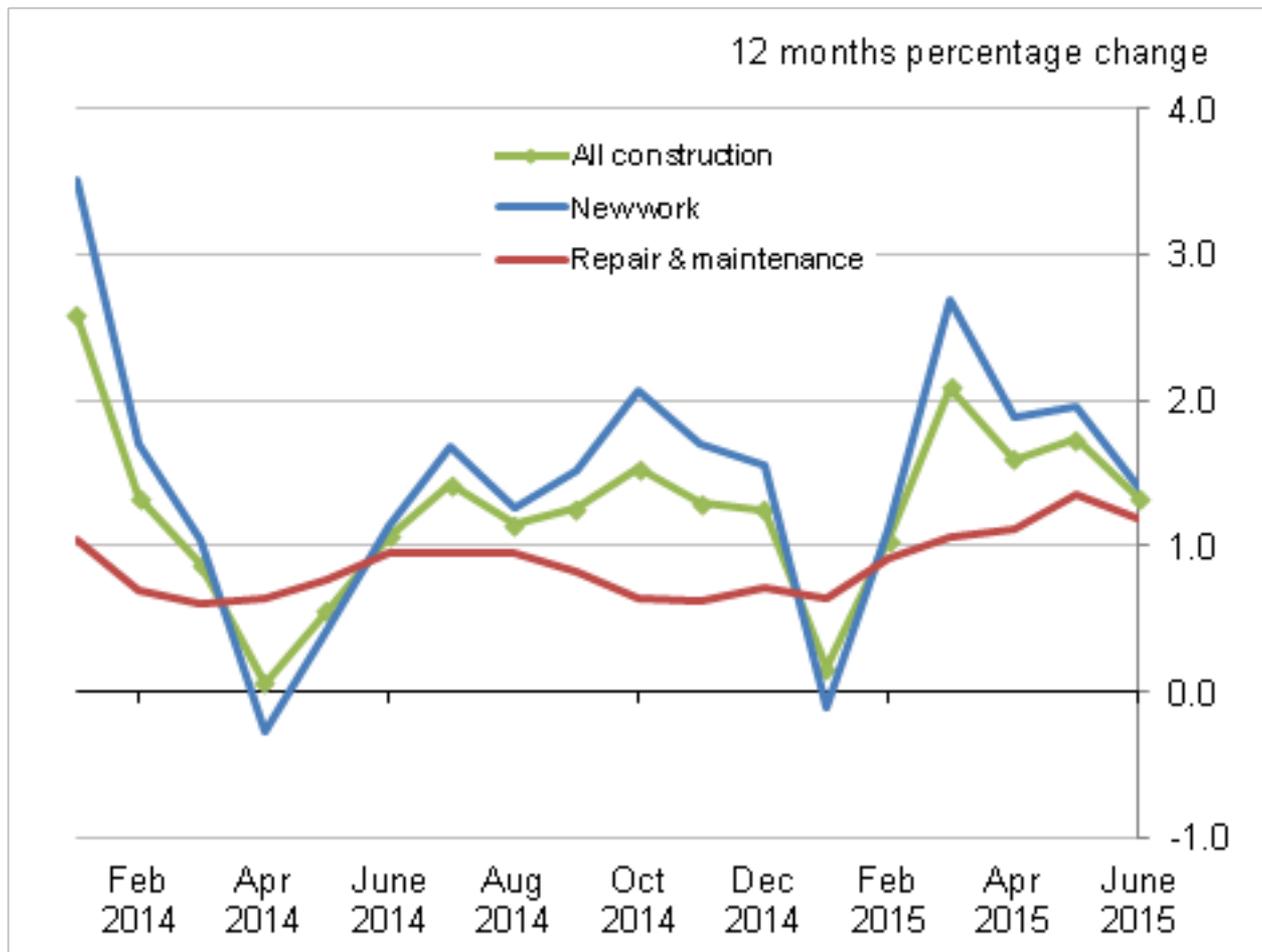
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Annual growth rates in the interim construction output price index were positive throughout the January 2014 to June 2015 period (figure 2). For new work there were two instances where prices were lower than in the same month of the previous year. These falls in the annual rate (in April 2014

and January 2015) were due to a fall in the price of all new work (except infrastructure). Repair and maintenance work shows increases in price (positive annual growth rates) across the entire period.

Figure 2: Construction output price annual percentage change

January 2014 to June 2015



Source: Office for National Statistics

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New Construction

The interim output price index for all new construction for June 2015 increased by 1.4% in the year to June. These changes result from increases in output prices in all sectors (table 1).

Table 1: New construction output price indices June 2015 (% change)

United Kingdom

Sector	Change			
	annual	direction	monthly	direction
Housing (public & private)	1.7%	↑	0.2%	↑
Infrastructure	0.8%	↑	0.2%	↑
Public Non-housing (/other)	1.5%	↑	0.3%	↑
Private Industrial	1.0%	↑	0.2%	↑
Private Commercial	1.5%	↑	0.3%	↑
All New Work	1.4%	↑	0.2%	↑

Table source: Office for National Statistics

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All sectors show positive annual growth throughout the period May to June 2015 with housing (public and private) leading the way in the latest period with the largest annual increase of 1.7%.

Repair & Maintenance

The interim output price index for all repair and maintenance increased by 1.2% in the year to June 2015. Much of this increase was accounted for by a rise in the non-housing repair and maintenance sector which saw output price increases of 1.4% annually (table 2).

Table 2: Repair & maintenance construction output price indices June 2015 (% change)

United Kingdom

Sector	Change			
	annual	direction	monthly	direction
Housing R&M	1.0%	↑	0.1%	↑
Non-housing R&M	1.4%	↑	0.0%	-
All Repair & Maintenance	1.2%	↑	0.0%	-

Table source: Office for National Statistics

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Background notes

1. These interim construction output price indices were used to deflate [Output in the Construction Industry](#) for the first time in the April release, published on 12 June. Further details on the impact of using these indices has been published in a separate [article \(214.3 Kb Pdf\)](#).
2. The [Construction Price and Cost Indices](#) were previously published by the Department for Business Innovation and Skills (BIS) and were published for the last time in September 2014, with the release suspended in December 2014. Responsibility for these statistics transferred to ONS on 1 April 2015, as previously [announced](#).
3. The Construction Price and Cost Indices were de-designated as National Statistics in December 2014, after their suspension, as detailed in a [letter](#) from Ed Humpherson, Director General for Regulation.
4. These statistics have been published on an experimental basis to involve users in their development. As a result, improvements to methods may result in revisions to the series. Full details of any revisions will be released alongside the revised data.
5. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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