

Statistical bulletin

Construction output price indices (OPIs), UK: January to March 2018

A summary of the construction output price indices (OPIs) for Quarter 1 (January to March) 2018. Data in this release are Experimental Statistics.

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1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 3.0% in the year to March 2018, up from 2.7% in February 2018.
- The OPI for all new work increased by 3.8% in the year to March 2018, up from 3.4% in the year to February 2018.
- Prices increased in the year to March 2018 for all work types within new work; housing showed the largest movement, with an increase of 4.1%.
- The OPI for all repair and maintenance increased 1.6% in the year to March 2018, up from 1.5% in the year to February 2018; the housing repair and maintenance sector showed the largest increase, up 1.8% over the one-year period.

2 . Things you need to know about this release

Due to the improvements made to the construction output price indices publication in Quarter 3 (July to September) 2017, this publication is now a statistical bulletin. [Previous releases](#) prior to this were published as articles.

Since taking responsibility for the Construction Price and Cost Indices (CPCIs) on 1 April 2015, we has developed the [Construction Output Price Indices \(OPIs\)](#). The indices use our existing data sources, all of which are [National Statistics](#), so that users can be assured of the quality of the source data.

The results for the OPIs were published for the first time on 12 June 2015. This bulletin provides a quarterly update to these results and includes data to March 2018.

Improvements to the OPIs were made in September 2017 and have been published in the article [Construction development: impact of improvements to construction statistics](#).

Weights that were previously used to aggregate the new work, repair and maintenance and all construction indices were last updated in 2017. The current weights used have been updated in February 2018 as scheduled. To ensure that data are as accurate as possible, these weights are now updated annually. The current weights used have been updated in February 2018 as scheduled.

Prior to the Quarter 3 2017 release, the OPIs were calculated on a base year of 2010 (2010=100). As of the Quarter 3 2017 release, the base year has been updated to 2015 (2015=100).

In addition, there were further improvements implemented in the Quarter 3 2017 release. Further details can be found in Section 5 of the [construction development](#) article released on 29 September 2017.

3 . All construction price inflation summary

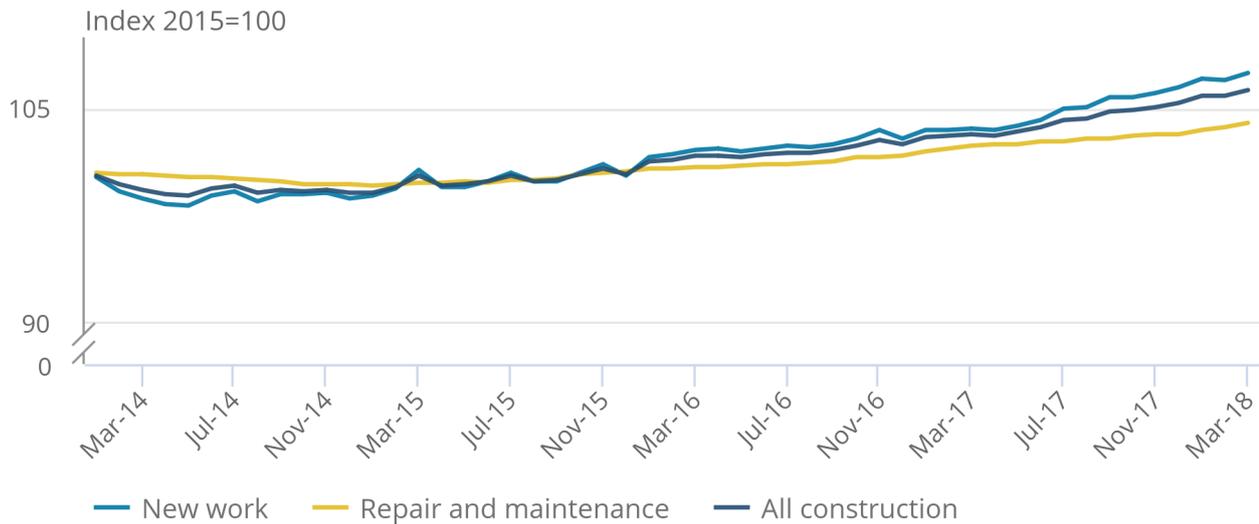
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 6.0% between January 2014 and March 2018 (Figure 1). Peaks and troughs seen within the new work index between January 2014 and March 2018 are mostly due to movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction output price indices

UK, January 2014 to March 2018

Figure 1: Construction output price indices

UK, January 2014 to March 2018



Source: Office for National Statistics

The annual rate of inflation for all construction was 3.0% in March 2018 (Table 1). Annual growth for new work was 3.8% in March 2018, up from 3.4% in February 2018. This is the highest rate of annual inflation since January 2014. Annual growth for repair and maintenance was 1.6% in March 2018, slightly up from 1.5% in February 2018. Annual growth rates for the three main construction OPIs have remained positive since September 2015 (Figure 2).

Table 1: Construction output price indices and growth rates, UK, March 2017 to March 2018

UK

		All Construction			New Work			Repair and Maintenance			
		OPI Index (2015=100)	1-month rate	12-month rate	OPI Index (2015=100)	1-month rate	12-month rate	OPI Index (2015=100)	1-month rate	12-month rate	
2017	Mar	103.2	0.1	1.5	103.6	0.1	1.5	102.4	0.2	1.5	
	Apr	103.1	-0.1	1.4	103.5	-0.1	1.3	102.5	0.1	1.6	
	May	103.4	0.3	1.8	103.8	0.3	1.8	102.5	0.0	1.5	
	Jun	103.7	0.3	1.9	104.2	0.4	2.0	102.7	0.2	1.6	
	Jul	104.2	0.5	2.3	105.0	0.8	2.5	102.7	0.0	1.6	
	Aug	104.3	0.1	2.4	105.1	0.1	2.7	102.9	0.2	1.7	
	Sep	104.8	0.5	2.6	105.8	0.7	3.2	102.9	0.0	1.6	
	Oct	104.9	0.1	2.4	105.8	0.0	2.8	103.1	0.2	1.5	
	Nov	105.1	0.2	2.2	106.1	0.3	2.5	103.2	0.1	1.6	
	Dec	105.4	0.3	2.8	106.5	0.4	3.5	103.2	0.0	1.5	
	2018	Jan	105.9	0.5	2.8	107.1	0.6	3.5	103.5	0.3	1.5
		Feb	105.9	0.0	2.7	107.0	-0.1	3.4	103.7	0.2	1.5
Mar		106.3	0.4	3.0	107.5	0.5	3.8	104.0	0.3	1.6	

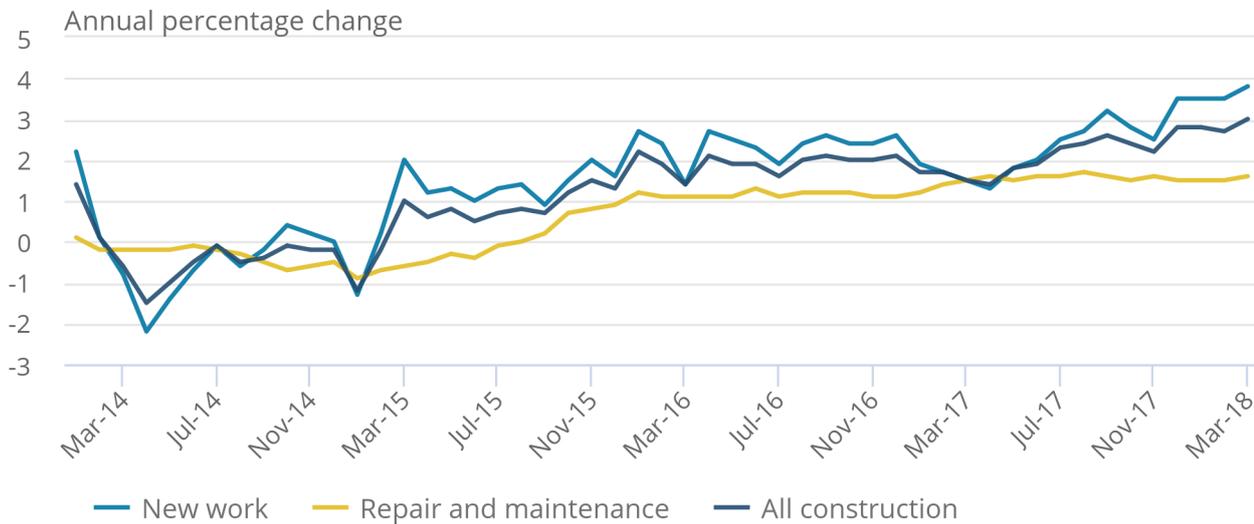
Source: Office for National Statistics

Figure 2: Construction output price annual percentage change

UK, January 2014 to March 2018

Figure 2: Construction output price annual percentage change

UK, January 2014 to March 2018



Source: Office for National Statistics

4 . The annual rate of inflation for new work increased by 3.8% in March 2018

The Construction Output Price Index (OPI) for new construction work increased by 3.8% on the year to March 2018 (Table 2). This increase was due to strong annual growth in output prices across all sectors. Housing showed the largest annual increase at 4.1%, up from 3.9% in February 2018.

Table 2: New work output price indices, growth rates, UK, March 2018

UK

New Work				
	OPI Index (2015=100)	1-month rate	12-month rate	Change in the 12-month rate (percentage points)
Housing (public and private)	109.4	0.4	4.1	0.2
Infrastructure	103.9	0.9	3.8	0.7
Public (other than housing)	107.1	0.3	3.4	0.4
Private Industrial	109.7	0.5	3.7	0.4
Private Commercial	107.1	0.3	3.4	0.4
All New Work	107.5	0.5	3.8	0.4

Source: Office for National Statistics

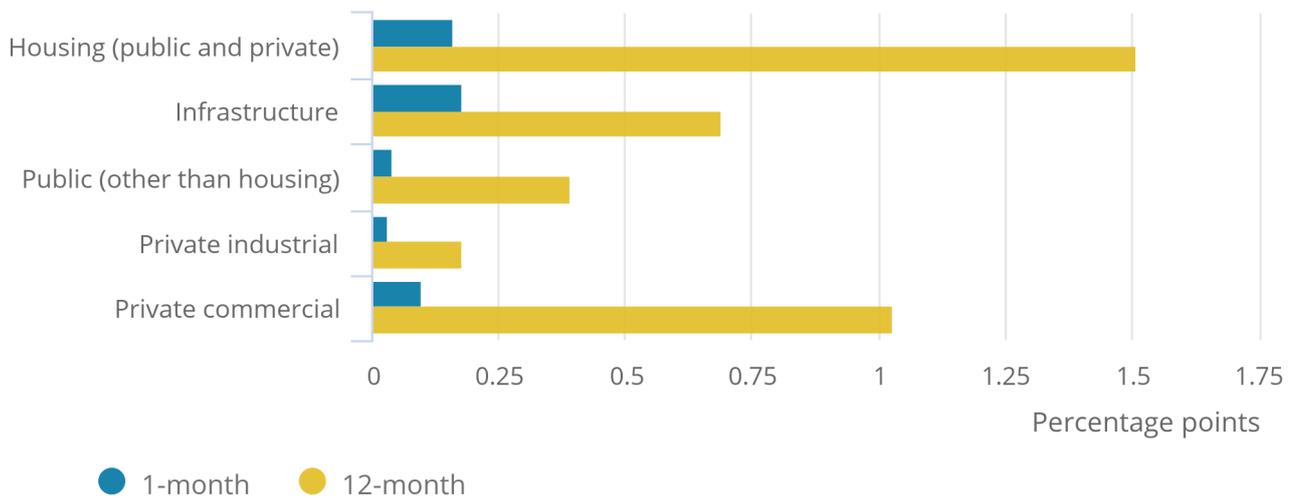
Housing also provided the largest upward contribution to the new work annual rate in March 2018, at 1.51 percentage points (Figure 3). All work types provided a positive contribution to the monthly rate, with infrastructure providing the largest upward contribution of 0.18 percentage points.

Figure 3: New work output price indices, contribution to 1-month and 12-month growth rate

UK, March 2018

Figure 3: New work output price indices, contribution to 1-month and 12-month growth rate

UK, March 2018



Source: Office for National Statistics

Notes:

1. Contributions to the rate may not add up to the exact rate due to rounding.

5 . The annual rate of inflation for repair and maintenance increased slightly to 1.6%

The Construction Output Price Index (OPI) for all repair and maintenance increased 1.6% in the year to March 2018, a slight increase from 1.5% in February 2018 (Table 3). Housing repair and maintenance showed the largest annual increase of 1.8%, up from 1.6% in February 2018.

Table 3: Repair and maintenance output price indices, growth rates, UK, March 2018

UK

Repair and Maintenance				
	OPI Index (2015=100)	1-month rate	12-month rate	Change in the 12-month rate (percentage points)
Housing R and M	104.1	0.4	1.8	0.2
Non-housing R and M	103.9	0.3	1.4	0.1
All Repair and Maintenance	104.0	0.3	1.6	0.1

Source: Office for National Statistics

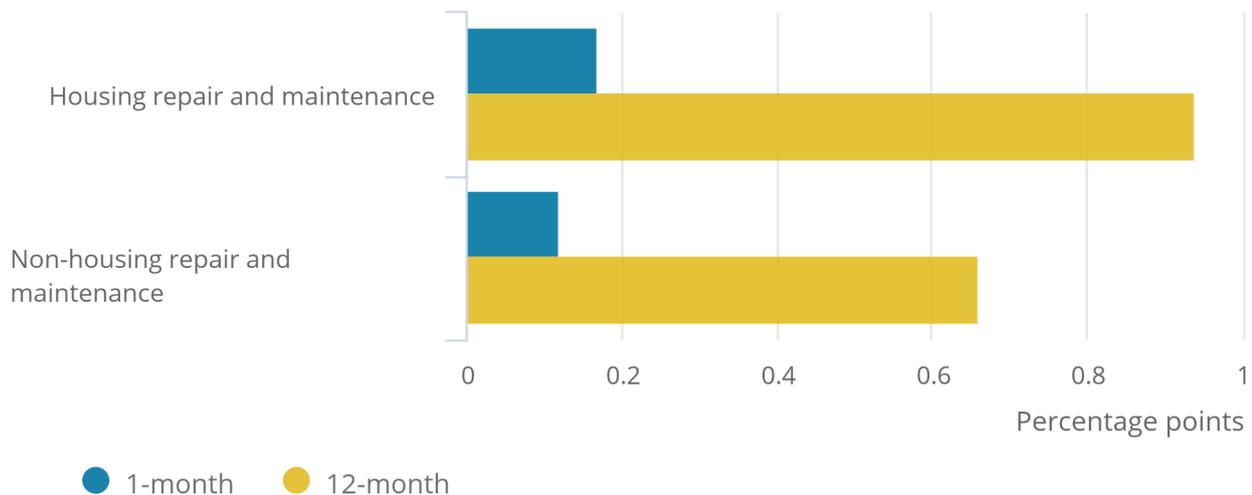
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate at 0.94 percentage points (Figure 4), and provided the highest contribution on the month at 0.17. Non-housing repair and maintenance made a smaller contribution on the month of 0.12 percentage points.

Figure 4: Repair and maintenance output price indices, contribution to 1-month and 12-month growth rate

UK, March 2018

Figure 4: Repair and maintenance output price indices, contribution to 1-month and 12-month growth rate

UK, March 2018



Source: Office for National Statistics

Notes:

- Contributions to the rate may not add up to the exact rate due to rounding.

6 . Quality and Methodology

The [Construction Output Price Indices \(OPIs\) Quality and Methodology Information report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

Information on the impact of further improvements implemented in the Quarter 3 (July to Sept) 2017 release, including the impact of rebasing and the addition of annual updates to weights, are highlighted in [Section 7 of the Quarter 3 2017 bulletin](#).

Further [guidance on using indices in indexation clauses](#) (PDF, 197KB) is also available.