

Statistical bulletin

Construction output price indices (OPIs), UK: April to June 2018

A summary of the construction output price indices (OPIs) for Quarter 2 (Apr to June) 2018. Data in this release are experimental statistics.

Contact:
Martina Portanti
construction@ons.gov.uk
+44 (0)1633 456907

Release date:
15 August 2018

Next release:
14 November 2018

Table of contents

1. [Main points](#)
2. [Things you need to know about this release](#)
3. [All construction price inflation summary](#)
4. [Annual rate of inflation for new work slows slightly for the second consecutive period, despite all sectors providing upward contributions on the month](#)
5. [The annual rate of inflation for repair and maintenance drops slightly to 1.7%](#)
6. [Quality and Methodology](#)

1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 3.4% in the year to June 2018, unchanged from May 2018.
- The OPI for all new work increased by 4.2% in the year to June 2018, down from 4.3% in May 2018; housing showed the largest movement, with an increase of 4.9%.
- The OPI for all repair and maintenance increased 1.7% in the year to June 2018, down slightly from 1.8% in the year to May 2018; the housing repair and maintenance sector increased by 1.9% over the 12-month period, providing the largest contribution to the annual rate.

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 Sept) 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 have 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.

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

Prior to the Quarter 3 (July to Sept) 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.

Construction OPI may be revised following revisions to their data sources and/or the mark-up applied to account for business profits.

3 . All construction price inflation summary

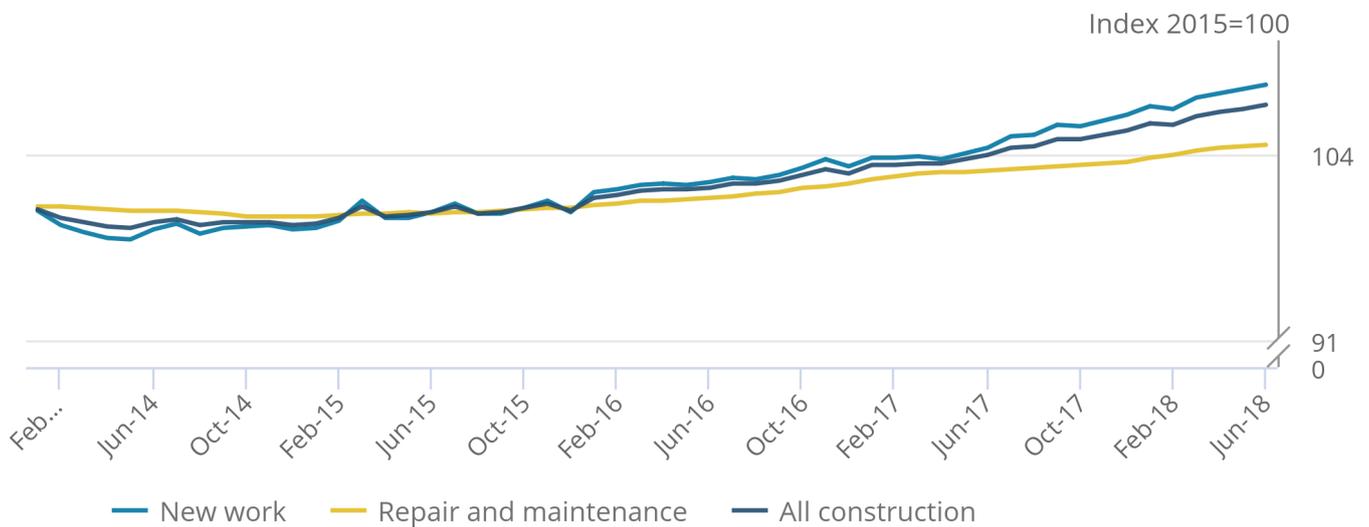
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 7.3% between January 2014 and June 2018 (Figure 1). Peaks and troughs seen within the new work index between January 2014 and June 2018 are mostly due to movements within the earnings component 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 June 2018

Figure 1: Construction output price indices

UK, January 2014 to June 2018



Source: Office for National Statistics

The annual rate of inflation for all construction was 3.4% in June 2018 (Table 1). This remained unchanged from May 2018, and down slightly from April 2018 when the rate stood at 3.5%; the highest annual rate of inflation seen since we began publishing the OPI in January 2014. Annual growth for new work was 4.2% in June 2018, whilst annual growth for repair and maintenance was 1.7% in June 2018. Annual growth rates for the three-main construction OPIs have remained positive since September 2015 (Figure 2).

Table 1: Construction output price, index values and growth rates, UK, June 2017 to June 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 Jun	104.0	0.3	2.3	104.5	0.4	2.4	102.9	0.1	1.9
Jul	104.5	0.5	2.5	105.3	0.8	2.8	103.0	0.1	1.9
Aug	104.6	0.1	2.5	105.4	0.1	3.0	103.1	0.1	1.8
Sep	105.1	0.5	2.8	106.1	0.7	3.4	103.2	0.1	1.8
Oct	105.1	0.0	2.4	106.0	-0.1	2.8	103.3	0.1	1.6
Nov	105.4	0.3	2.3	106.4	0.4	2.6	103.4	0.1	1.6
Dec	105.7	0.3	2.9	106.8	0.4	3.5	103.5	0.1	1.5
2018 Jan	106.2	0.5	2.8	107.4	0.6	3.5	103.8	0.3	1.5
Feb	106.1	-0.1	2.7	107.2	-0.2	3.3	104.0	0.2	1.5
Mar	106.7	0.6	3.2	108.0	0.7	3.9	104.3	0.3	1.6
Apr	107.0	0.3	3.5	108.3	0.3	4.4	104.5	0.2	1.7
May	107.2	0.2	3.4	108.6	0.3	4.3	104.6	0.1	1.8
Jun	107.5	0.3	3.4	108.9	0.3	4.2	104.7	0.1	1.7

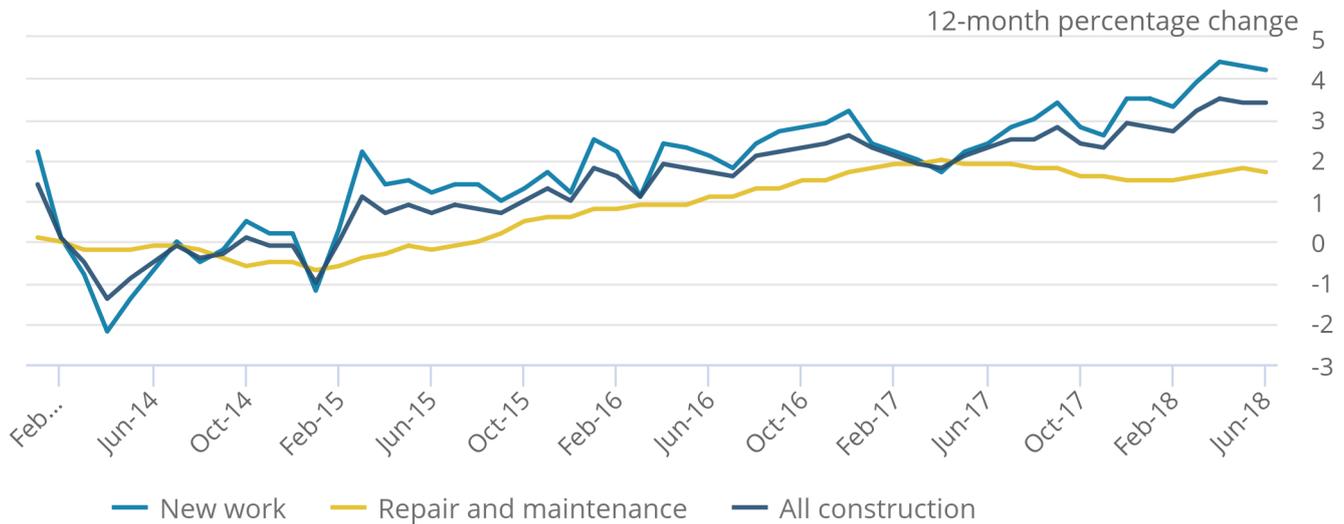
Source: Office for National Statistics

Figure 2: Construction output price 12-month percentage change

UK, January 2014 to June 2018

Figure 2: Construction output price 12-month percentage change

UK, January 2014 to June 2018



Source: Office for National Statistics

4 . Annual rate of inflation for new work slows slightly for the second consecutive period, despite all sectors providing upward contributions on the month

The Construction Output Price Index (OPI) for new construction work increased 4.2% on the year and 0.3% on the month to June 2018 (Table 2). This increase was due to strong growth in output prices within most sectors. Housing showed the largest annual increase at 4.9%; Housing and private industrial showed the joint largest increase on the month at 0.5%.

Table 2: New work output price, index values, growth rates and percentage point change to the 12-month rate, UK, June 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)	111.0	0.5	4.9	0.1
Infrastructure	105.3	0.4	4.2	0.2
Public (other than housing)	108.5	0.4	3.6	-0.1
Private Industrial	111.3	0.5	4.3	0.1
Private Commercial	108.5	0.4	3.6	-0.1
All New Work	108.9	0.3	4.2	-0.1

Source: Office for National Statistics

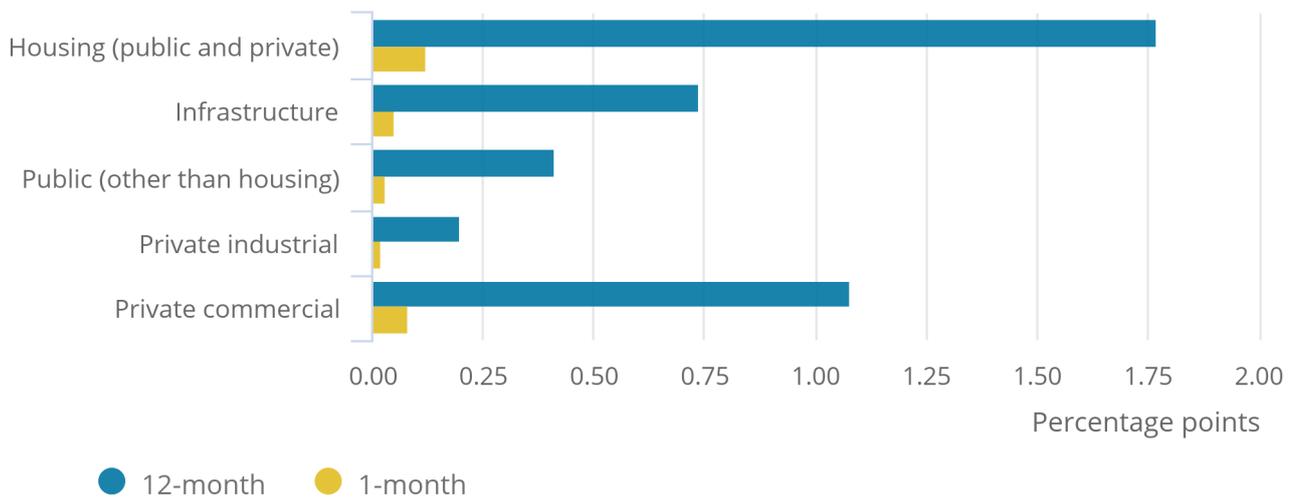
Housing provided the largest upward contribution to both the 1-month and 12-month rates for all new work in June 2018. On the year housing contributed 1.77 percentage points, whilst on the month it contributed 0.12 percentage points (Figure 3). The annual rate for private commercial slowed for the second consecutive month but still provided the second-largest contribution to the annual rate at 1.08 percentage points.

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

UK, June 2018

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

UK, June 2018



Source: Office for National Statistics

Notes:

- 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 drops slightly to 1.7%

The Construction Output Price Index (OPI) for all repair and maintenance increased 1.7% in the year to June 2018, a slight decrease from 1.8% in May 2018 (Table 3). Housing repair and maintenance showed the largest annual increase of 1.9%, unchanged from May 2018.

Table 3: Repair and maintenance output price, index values, growth rates and percentage point change to the 12-month rate UK, June 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	104.9	0.1	1.9	0.0
Non-housing R and M	104.5	0.1	1.5	0.0
All Repair and Maintenance	104.7	0.1	1.7	-0.1

Source: Office for National Statistics

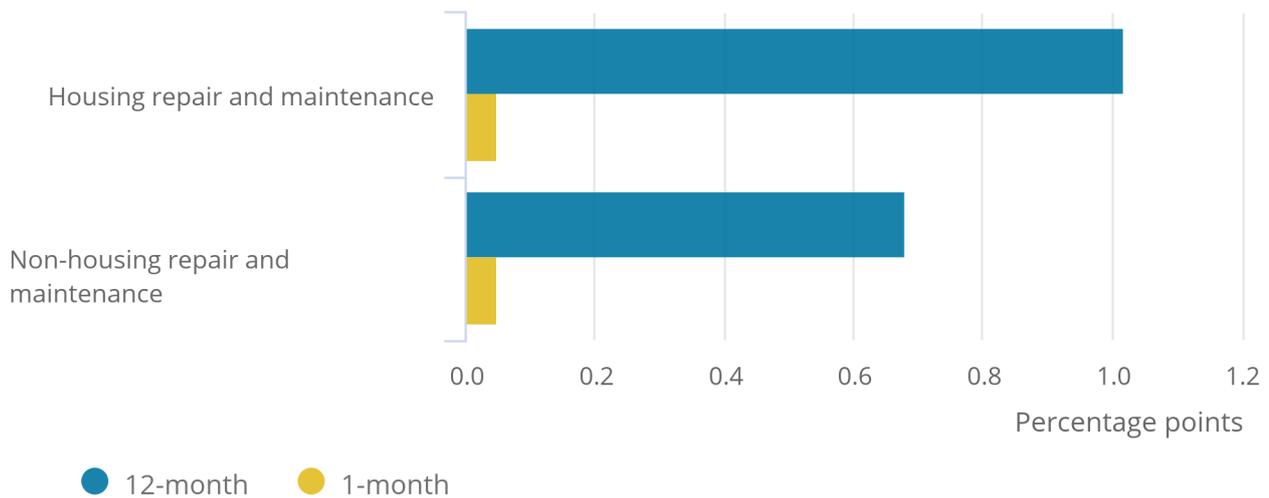
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate at 1.02 percentage points (Figure 4). Both housing and non-housing repair and maintenance provided a small contribution on the month at 0.05 percentage points.

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

UK, June 2018

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

UK, June 2018



Source: Office for National Statistics

Notes:

1. 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.