

Statistical bulletin

Construction Output Price Indices (OPIs), UK: January to March 2019

A summary of the Construction Output Price Indices (OPIs) in the UK for Quarter 1 (Jan to Mar) 2019.

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Table of contents

1. [Main points](#)
2. [Re-badging of construction statistics as National Statistics](#)
3. [Things you need to know about this release](#)
4. [All construction price inflation summary](#)
5. [Annual rate of inflation for new work slows, despite prices increasing on the month](#)
6. [Annual rate of inflation for repair and maintenance slows down from Quarter 4 2018](#)
7. [Quality and methodology](#)

1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 2.8% in the year to March 2019, down from 3.1% in February 2019.
- The OPI for all new work increased by 3.3% in the year to March 2019, down from 3.8% in February 2019; housing provided the largest contribution to the annual rate.
- The OPI for all repair and maintenance increased by 1.5% in the year to March 2019, down from 1.7% in February 2019; the housing repair and maintenance sector increased by 1.4% over the 12-month period, providing the largest contribution to the annual rate.

2 . Re-badging of construction statistics as National Statistics

Following the [announcement by the UK Statistics Authority](#) on 7 March 2019, Construction Output Price Indices, Great Britain construction output statistics and Construction new orders have been re-designated as National Statistics. This is in accordance with the [Statistics and Registration Service Act 2007](#) and signifying compliance with the [Code of Practice for Statistics](#). This means the independent regulator has judged that these statistics provide the highest levels of “trustworthiness, quality and value”.

The Office for National Statistics (ONS) took responsibility for the publication of the Construction Price and Cost Indices from the Department for Business, Innovation and Skills (BIS) on 1 April 2015 (now known as the Department for Business, Energy and Industrial Strategy (BEIS)), following the de-designation of National Statistics status in December 2014, and since then a development programme has been ongoing.

Through extensive consultation with users through the Construction Statistics Steering Group (CSSG) and the Consultative Committee on Construction Industry Statistics (CCCIS), the Construction Output Price Indices, Construction output and New orders statistics have undergone significant development work. This has resulted in improvements to many aspects of the suite of statistics. More information on these improvements can be found in Section 11 of this release.

Commenting on the improvements achieved as part of the development programme in his letter to Jonathan Athow (Deputy National Statistician, ONS), Ed Humpherson (Director General for Regulation, UK Statistics Authority) said:

“Since de-designation in December 2014 and our assessment, we are pleased that the ONS has improved many aspects of this suite of statistics. The ONS has improved their accessibility and transparency by publishing detail on the strengths and limitations of these data and publishing all industry data in one location on its website.

“Guided by requests from stakeholders and in collaboration with industry experts, the ONS has enhanced its analysis and supporting commentary of developments in the construction industry and within the wider context of short-term economic indicators.”

The ONS will continue to work closely with our stakeholders through the CSSG and CCCIS, as we aim to deliver further improvements to how we produce statistics on the construction industry going forward.

It should be noted that the [subnational and subsector breakdowns](#) were excluded from consideration for re-designation, although they will continue to be published as a separate dataset (more information can be found in Section 7).

3 . Things you need to know about this release

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 equals 100). As of the Quarter 3 2017 release, the base year has been updated to 2015 (2015 equals 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.

Revisions are subject to the revisions policies of component series; for routine revisions the series will remain open for a period of five months, in line with the Producer Price Index (PPI), its main component.

This quarter, the Construction IPIs saw revisions to the average weekly earnings (AWE) data, to reflect a methodological improvement. The update was based on more up-to-date information from the Annual Survey of Hours and Earnings. It impacted AWE estimates from April 2014 to the present. For further information please see [Improvements to earnings estimates for small businesses in average weekly earnings](#).

The OPI will also be revised on an annual basis to account for the profit mark-up margin update, introduced as part of the methodological improvements in the July to September 2017 release. It would be expected that these changes would take effect in the April to June publication each year, although this may depend on the availability of the data. Alternative sources for profit mark-up data are currently being investigated as a future possibility to improve the timeframe and provide data continuity.

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.

4 . All construction price inflation summary

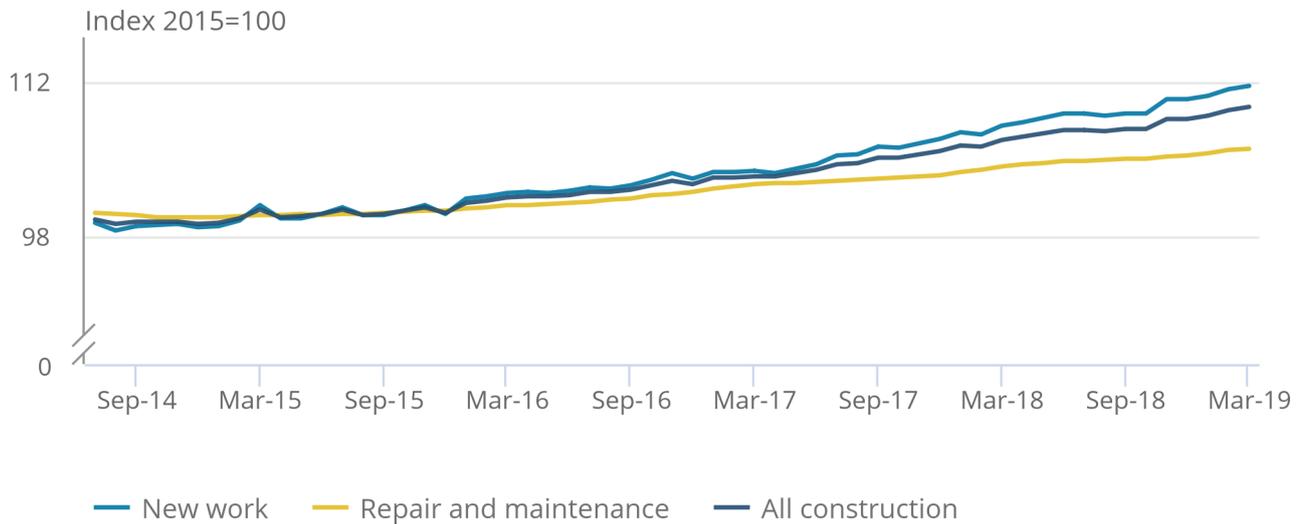
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 10.3% between July 2014 and March 2019 (Figure 1). Peaks and troughs seen within the new work index between July 2014 and March 2019 are mostly due to movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction prices generally rose between July 2014 and March 2019

Construction output price indices, UK, July 2014 to March 2019

Figure 1: Construction prices generally rose between July 2014 and March 2019

Construction output price indices, UK, July 2014 to March 2019



Source: Office for National Statistics - Construction Output Price Indices

The annual rate of inflation for all construction was 2.8% in March 2019 (Table 1), down from 3.1% in February 2019. Annual growth for new work was 3.3% in March 2019, while annual growth for repair and maintenance was 1.5% in March 2019. 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, March 2018 to March 2019

UK

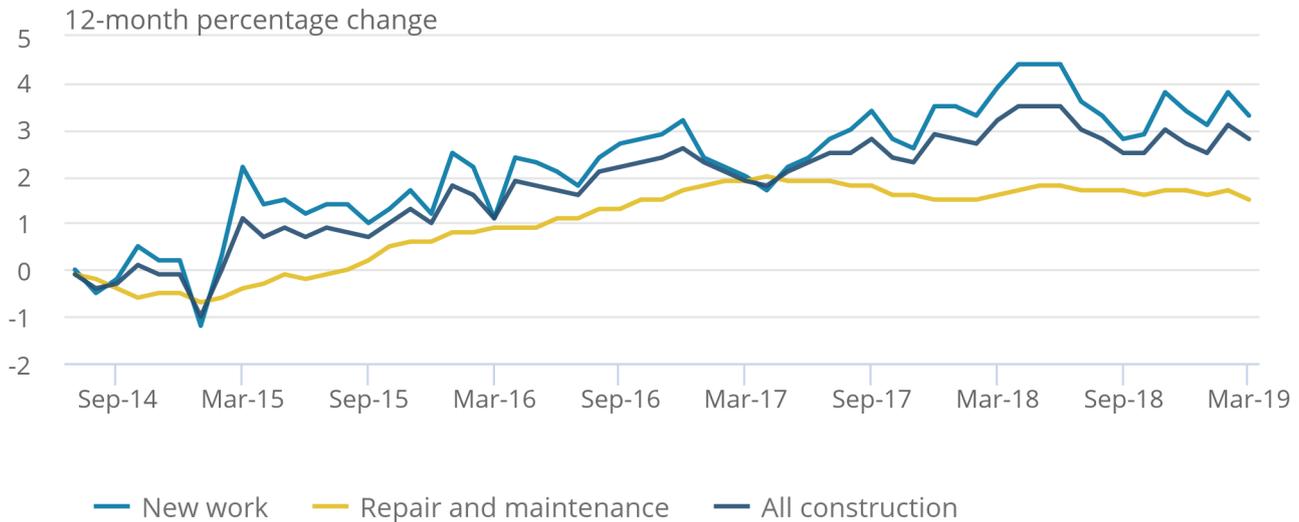
		All construction			New work			Repair and maintenance			
		OPI Index (2015=100)	1- month rate	12- month rate	OPI Index (2015=100)	1- month rate	12- month rate	OPI Index (2015=100)	1- month rate	12- month rate	
2018	Mar	106.7	0.6	3.2	108.0	0.7	3.9	104.3	0.3	1.6	
	Apr	107.0	0.3	3.5	108.3	0.3	4.4	104.5	0.2	1.7	
	May	107.3	0.3	3.5	108.7	0.4	4.4	104.6	0.1	1.8	
	Jun	107.6	0.3	3.5	109.1	0.4	4.4	104.8	0.2	1.8	
	Jul	107.6	0.0	3.0	109.1	0.0	3.6	104.8	0.0	1.7	
	Aug	107.5	-0.1	2.8	108.9	-0.2	3.3	104.9	0.1	1.7	
	Sep	107.7	0.2	2.5	109.1	0.2	2.8	105.0	0.1	1.7	
	Oct	107.7	0.0	2.5	109.1	0.0	2.9	105.0	0.0	1.6	
	Nov	108.6	0.8	3.0	110.4	1.2	3.8	105.2	0.2	1.7	
	Dec	108.6	0.0	2.7	110.4	0.0	3.4	105.3	0.1	1.7	
	2019	Jan	108.9	0.3	2.5	110.7	0.3	3.1	105.5	0.2	1.6
		Feb	109.4	0.5	3.1	111.3	0.5	3.8	105.8	0.3	1.7
Mar		109.7	0.3	2.8	111.6	0.3	3.3	105.9	0.1	1.5	

Figure 2: Construction output annual inflation has remained positive in the UK between September 2015 and March 2019

Construction output price 12-month percentage change, UK, July 2014 to March 2019

Figure 2: Construction output annual inflation has remained positive in the UK between September 2015 and March 2019

Construction output price 12-month percentage change, UK, July 2014 to March 2019



Source: Office for National Statistics - Construction Output Price Indices

5 . Annual rate of inflation for new work slows, despite prices increasing on the month

The Construction Output Price Index (OPI) for new construction work rose 3.3% on the year and 0.3% on the month to March 2019 (Table 2). The annual rate of inflation for new work slowed from 3.8% in February 2019 but remains positive. Infrastructure showed the largest annual and monthly growth at 4.1% and 0.5% respectively.

Table 2: New work output price, index values, growth rates and percentage point change to the 12-month rate, UK, March 2019

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)	113.5	0.3	3.2	-0.4
Infrastructure	108.6	0.5	4.1	-0.7
Public (other than housing)	110.8	0.2	2.9	-0.6
Private industrial	113.8	0.1	3.3	-0.7
Private commercial	110.8	0.2	2.9	-0.6
All new work	111.6	0.3	3.3	-0.5

Source: Office for National Statistics

Housing provided the largest upward contribution to the 12-month and 1-month rate for all new work in March 2019, at 1.12 and 0.19 percentage points respectively (Figure 3).

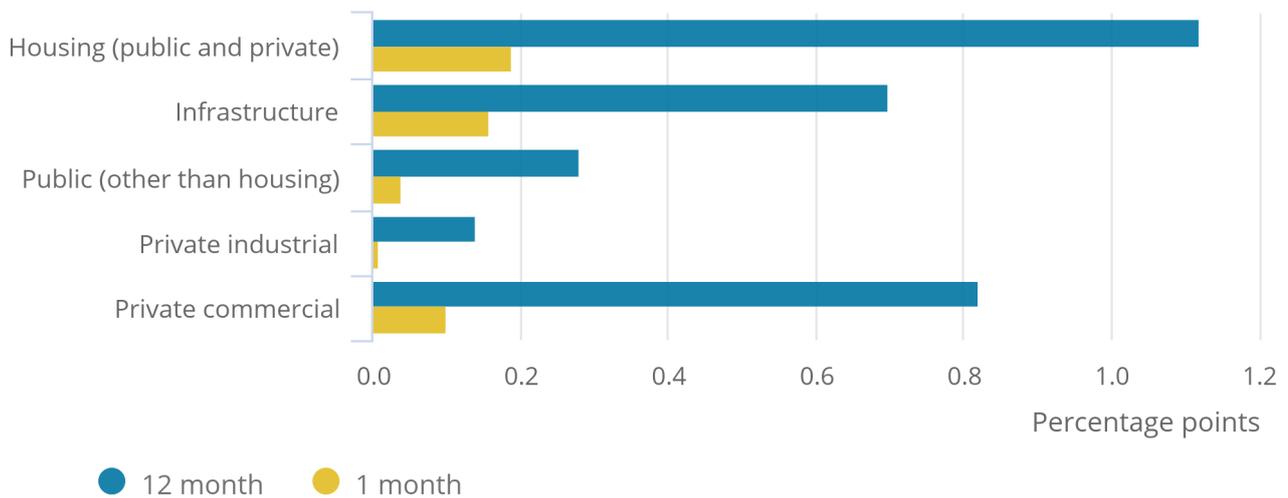
All sectors within new work provided upward contributions to both the 12-month and 1-month rate.

Figure 3: Housing provided the largest contribution to the annual rate for March 2019

New work output price indices, contribution to 1-month and 12-month growth rate, UK, March 2019

Figure 3: Housing provided the largest contribution to the annual rate for March 2019

New work output price indices, contribution to 1-month and 12-month growth rate, UK, March 2019



Source: Office for National Statistics - Construction Output Price Indices

Notes:

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

6 . Annual rate of inflation for repair and maintenance slows down from Quarter 4 2018

The Construction Output Price Index (OPI) for all repair and maintenance rose 1.5% in the year to March 2019 (Table 3), slowing from 1.7% in February 2019. Non-housing repair and maintenance showed the largest annual increase of 1.6% in March 2019.

Table 3: Repair and maintenance output price, index values, growth rates and percentage point change to the 12-month rate, UK, March 2019

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	105.9	0.2	1.4	-0.2
Non-housing R and M	105.9	0.1	1.6	-0.2
All repair and maintenance	105.9	0.1	1.5	-0.2

Source: Office for National Statistics

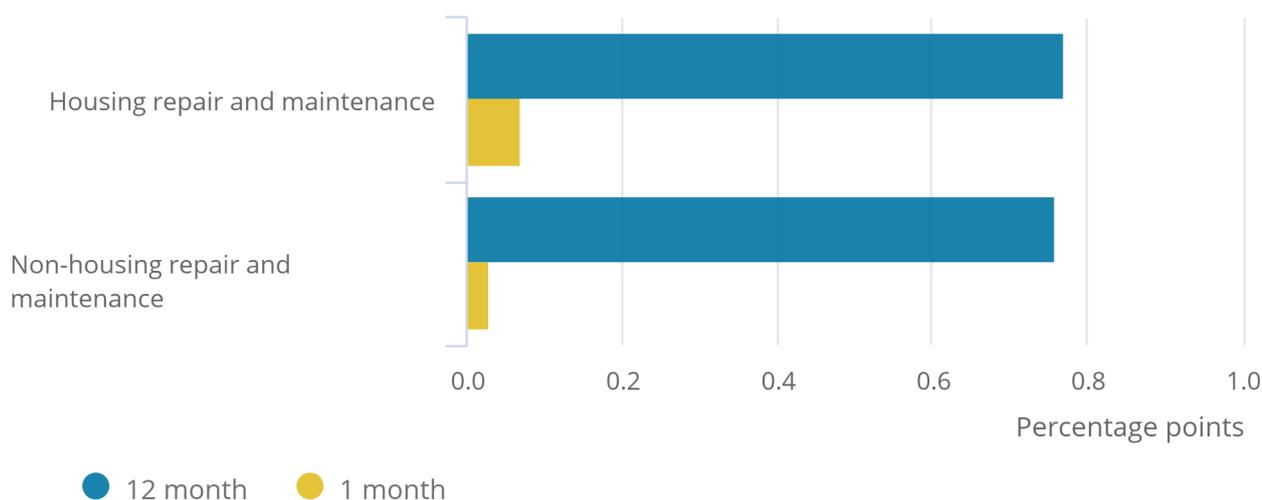
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate, at 0.77 percentage points, but was closely followed by non-housing repair and maintenance with a 0.76 percentage points contribution (Figure 4). Housing repair and maintenance also provided the largest upward contribution on the month at 0.07 percentage points.

Figure 4: Housing repair and maintenance provided the largest contribution to the annual rate in March 2019

Repair and maintenance output price indices, contribution to 1-month and 12-month growth rate, UK, March 2019

Figure 4: Housing repair and maintenance provided the largest contribution to the annual rate in March 2019

Repair and maintenance output price indices, contribution to 1-month and 12-month growth rate, UK, March 2019



Source: Office for National Statistics - Construction Output Price Indices

Notes:

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

7 . 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.