

Statistical bulletin

Construction Output Price Indices (OPIs), UK: July to September 2019

A summary of the Construction Output Price Indices (OPIs) in the UK for Quarter 3 (July to Sept) 2019.



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1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 3.0% in the year to September 2019, down from 3.4% in August 2019.
- The OPI for all new work increased by 3.7% in the year to September 2019, down from 4.1% in August 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 September 2019, down from 1.7% in August 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 . Things you need to know about this release

The Construction Output Price Index is designated as a [National Statistic](#), in accordance with the [Statistics and Registration Service Act 2007](#) and signifying compliance with the [Code of Practice for Statistics](#).

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 that have been implemented in the Quarter 3 2017 release were made in September 2017 and have been published in the article [Construction development: impact of improvements to construction statistics](#) (published 27 September 2019).

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).

The revision policy allows routine revisions to the component series for a period of five months, in line with the Producer Price Index (PPI), its main component.

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 2017, this publication is now a statistical bulletin. [Previous releases](#) prior to this were published as articles.

3 . All construction price inflation summary

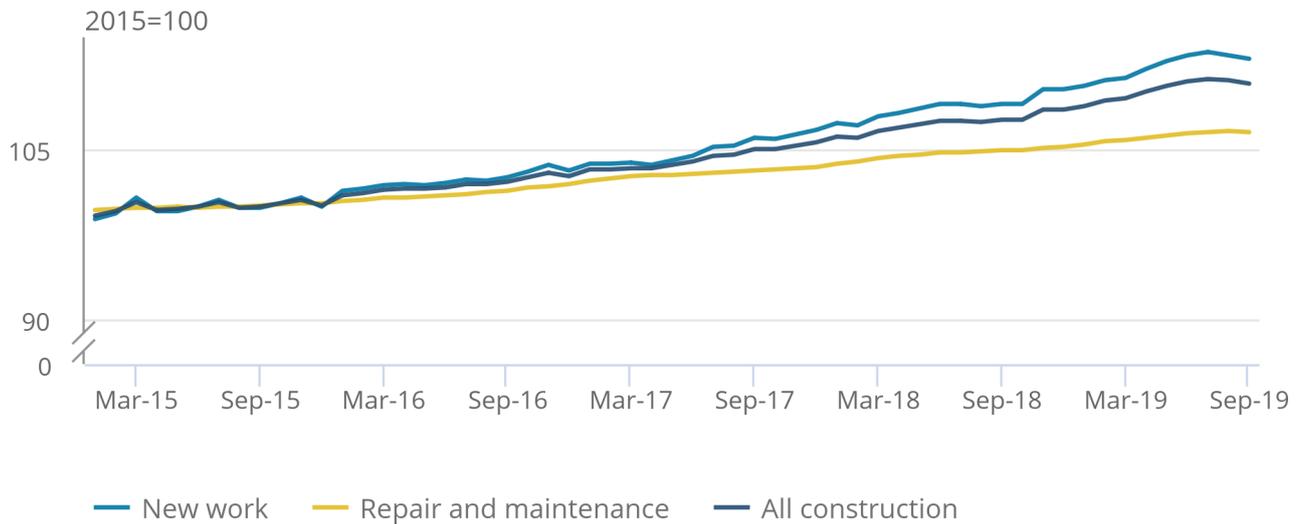
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 11.8% between January 2015 and September 2019 (Figure 1). Peaks and troughs seen within the new work index between January 2015 and September 2019 are mostly because of movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction prices generally rose between January 2015 and September 2019

Construction output price indices, UK, January 2015 to September 2019

Figure 1: Construction prices generally rose between January 2015 and September 2019

Construction output price indices, UK, January 2015 to September 2019



Source: Office for National Statistics – Construction Output Price Indices

The annual rate of inflation for all construction was 3.0% in September 2019 (Table 1), down from 3.4% in August 2019. Annual growth for new work was 3.7% in September 2019, while annual growth for repair and maintenance was 1.5% in September 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, September 2018 to September 2019

UK

	All construction			New work			Repair and maintenance		
	Construction Output Indices Index (2015=100)	One-month rate	12-month rate	Construction Output Indices Index (2015=100)	One-month rate	12-month rate	Construction Output Indices Index (2015=100)	One-month rate	12-month rate
Sept 2018	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
Jan 2019	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	111.2	0.5	3.7	105.8	0.3	1.7
Mar	109.6	0.2	2.7	111.4	0.2	3.1	105.9	0.1	1.5
Apr	110.2	0.5	3.0	112.2	0.7	3.6	106.1	0.2	1.5
May	110.7	0.5	3.2	112.9	0.6	3.9	106.3	0.2	1.6
June	111.1	0.4	3.3	113.4	0.4	3.9	106.5	0.2	1.6
July	111.3	0.2	3.4	113.7	0.3	4.2	106.6	0.1	1.7
Aug	111.2	-0.1	3.4	113.4	-0.3	4.1	106.7	0.1	1.7
Sept	110.9	-0.3	3.0	113.1	-0.3	3.7	106.6	-0.1	1.5

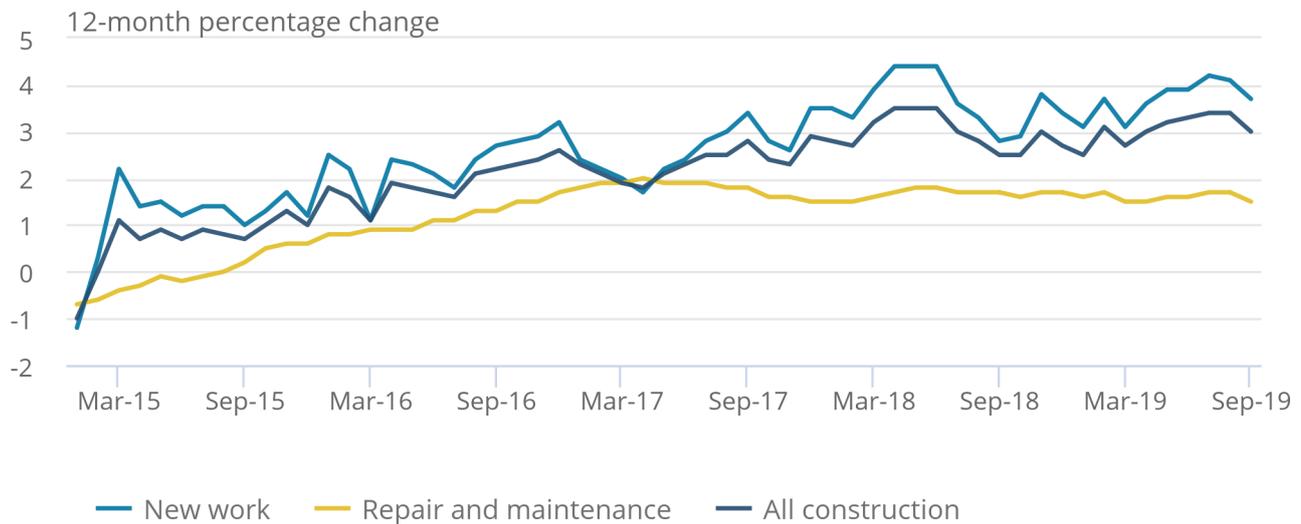
Source: Office for National Statistics – Construction Output Price Indices

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

Construction output price 12-month percentage change, UK, January 2015 to September 2019

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Construction output price 12-month percentage change, UK, January 2015 to September 2019



Source: Office for National Statistics – Construction Output Price Indices

4 . Annual rate of inflation for new work remains positive but slows on the year to September 2019

The Construction Output Price Index (OPI) for new construction work rose 3.7% on the year despite displaying negative growth of 0.3% on the month to September 2019 (Table 2). The annual rate of inflation for new work fell 0.4 percentage points from 4.1% in August 2019. Infrastructure showed the largest annual growth at 4.5% in September 2019, although this slowed from a peak of 6.5% in August 2019.

Infrastructure OPI also had the largest negative monthly growth within new work at 1.3% in September 2019.

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

UK

New Work

	Construction Output Indices Index (2015=100)	One-month rate	12-month rate	Change in the 12- month rate (percentage points)
Housing (public and private)	114.5	-0.2	3.3	-0.2
Infrastructure	110.6	-1.3	4.5	-2.0
Public (other than housing)	112.8	0.2	3.7	-0.1
Private industrial	115.0	-0.3	2.7	-0.5
Private commercial	112.8	0.2	3.7	-0.1
All new work	113.1	-0.3	3.7	-0.4

Source: Office for National Statistics – Construction Output Price Indices

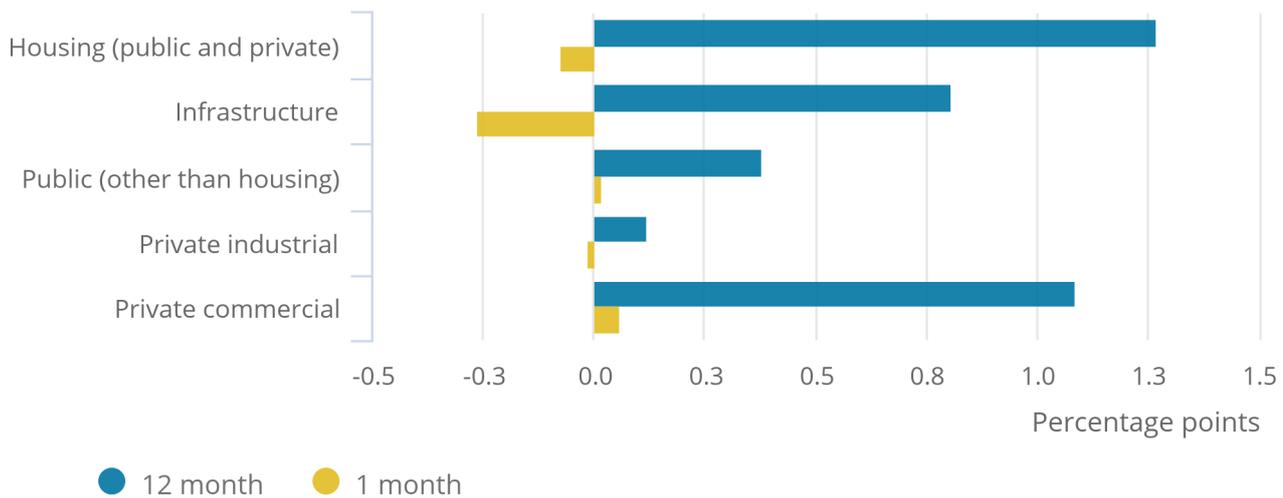
Housing provided the largest upward contribution to the 12-month rate in September 2019 at 1.27 percentage points. The largest downward contribution to the monthly rate for new work came from infrastructure at 0.26 percentage points (Figure 3).

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

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

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

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



Source: Office for National Statistics – Construction Output Price Indices

Notes:

- Contributions to the rate may not add up to the rate exactly as a result of rounding.

5 . Annual and monthly rates of inflation for repair and maintenance slow in September 2019

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

On the month repair and maintenance displayed negative growth of 0.1%. This is the first negative growth in this sector on the month since June 2015.

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

UK

Repair and maintenance

	Construction Output Indices Index (2015=100)	One-month rate	12-month rate	Change in the 12- month rate (percentage points)
Housing repair and maintenance	106.6	0.0	1.4	0.0
Non-housing repair and maintenance	106.6	-0.1	1.6	-0.3
All repair and maintenance	106.6	-0.1	1.5	-0.2

Source: Office for National Statistics – Construction Output Price Indices

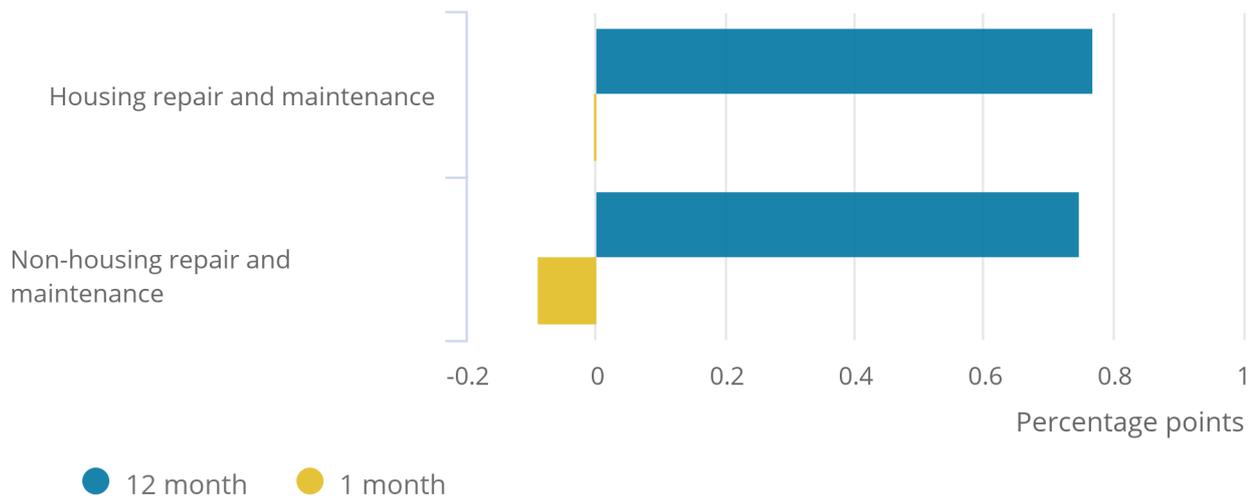
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate at 0.77 percentage points. The downward contribution to the monthly rate came from non-housing repair and maintenance at negative 0.09 percentage points.

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

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

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

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



Source: Office for National Statistics – Construction Output Price Indices

Notes:

1. Contributions to the rate may not add up to the rate exactly as a result of 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 they compare 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.

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