

Statistical bulletin

Construction Output Price Indices (OPIs), UK: October to December 2019

A summary of the Construction Output Price Indices (OPIs) in the UK for Quarter 4 (Oct to Dec) 2019.



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1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 2.1% in the year to December 2019, up from 1.9% in November 2019.
- The OPI for all new work increased by 2.4% in the year to December 2019, up from 2.2% in November 2019; housing provided the largest contribution to the annual rate.
- The OPI for all repair and maintenance increased by 1.3% in the year to December 2019, which is unchanged from November 2019; the non-housing repair and maintenance sector increased by 1.5% over the 12-month period, providing the largest contribution to the annual rate.

2 . Things you need to know about this release

We are carrying out a [survey](#) to find out more about our users' views on the Construction Output Prices Indices (OPI) bulletin. Your answers to this survey – which should take less than five minutes to complete – would be invaluable. The survey will close at the end of March 2020.

The Office for National Statistics (ONS) will be implementing important methodological improvements to the Producer Price Index (PPI) and Services Producer Price Index (SPPI) by summer 2020. These include moving from fixed-base weights to annual chain-linking, which will improve the accuracy of these statistics. These changes may also impact on the Construction OPI, which use PPI and SPPI as data sources. We will pre-announce the exact date when these changes will be implemented over the coming few months in order to give users as much notice as possible. Detailed technical information, including impact analysis, will be made available in advance of this change.

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 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.

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.

Because of 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.

3 . All construction price inflation summary

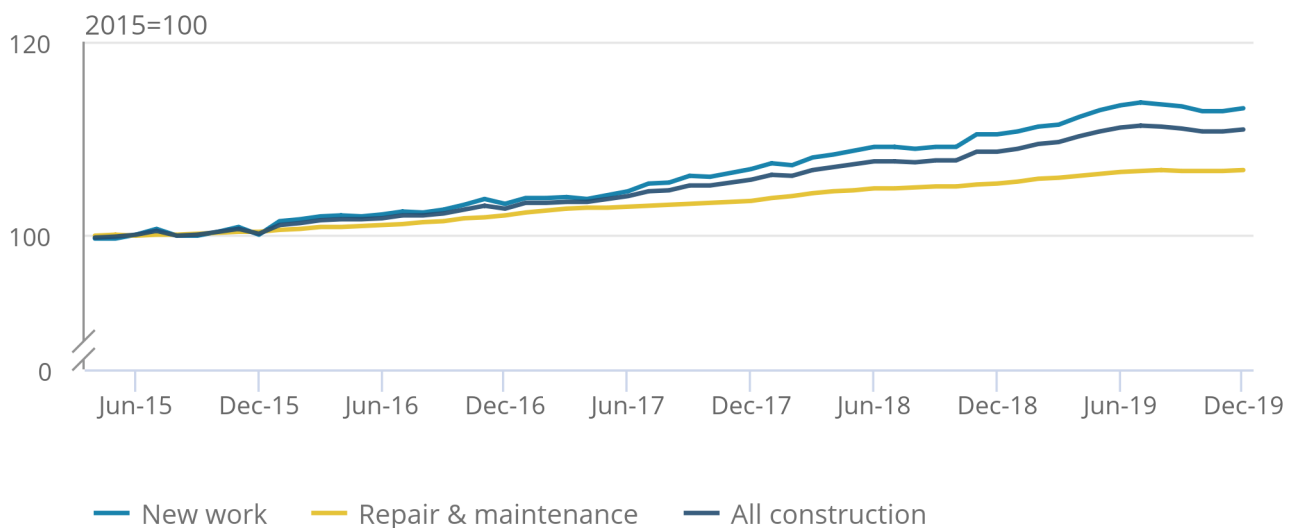
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 11.2% between April 2015 and December 2019 (Figure 1). Peaks and troughs seen within the new work index between April 2015 and December 2019 are mostly because of movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction prices generally rose between April 2015 and December 2019

Construction output price indices, UK, April 2015 to December 2019

Figure 1: Construction prices generally rose between April 2015 and December 2019

Construction output price indices, UK, April 2015 to December 2019



Source: Office for National Statistics – Construction Output Price Indices

The annual rate of inflation for all construction was 2.1% in December 2019 (Table 1), up from 1.9% in November 2019. Annual growth for new work was 2.4% in December 2019, while annual growth for repair and maintenance was 1.3% in December 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, December 2018 to December 2019

	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 Dec	108.6	0.0	2.7	110.4	0.0	3.4	105.3	0.1	1.7
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	111.2	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
2019 Jun	111.1	0.4	3.3	113.4	0.4	3.9	106.5	0.2	1.6
Jul	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	113.5	-0.2	4.2	106.7	0.1	1.7
Sep	111.0	-0.2	3.1	113.3	-0.2	3.8	106.6	-0.1	1.5
Oct	110.7	-0.3	2.8	112.8	-0.4	3.4	106.6	0.0	1.5
Nov	110.7	0.0	1.9	112.8	0.0	2.2	106.6	0.0	1.3
Dec	110.9	0.2	2.1	113.1	0.3	2.4	106.7	0.1	1.3

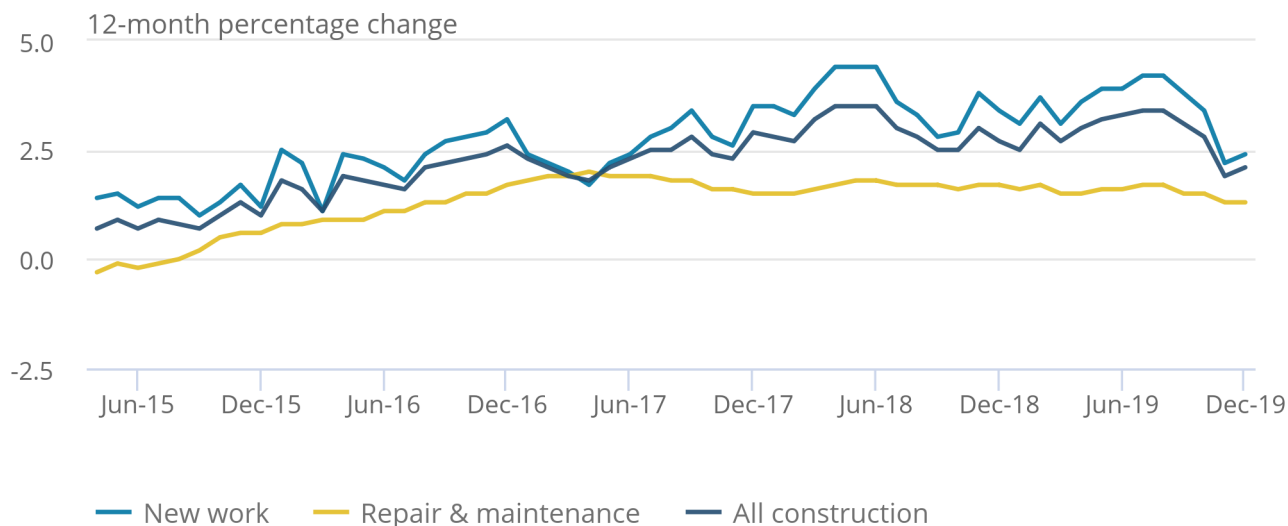
Source: Office for National Statistics - Construction Output Price Indices

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

Construction output price 12-month percentage change, UK, April 2015 to December 2019

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

Construction output price 12-month percentage change, UK, April 2015 to December 2019



Source: Office for National Statistics – Construction Output Price Indices

4 . Annual rate of inflation for new work picks up for the first time since July 2019

The Construction Output Price Index (OPI) for new construction work rose 2.4% on the year to December 2019, up 0.2 percentage points from November 2019 (Table 2). This is the first time in five months that the rate has picked up. Infrastructure showed the largest annual growth at 3.6% in December 2019.

On the month, the Construction Output Price Index (OPI) for new construction work was 0.3%, which is up 0.3 percentage points from November 2019. This is the first month that the rate has been positive since July 2019. Infrastructure also had the largest monthly growth within new work in December 2019, at 0.5%.

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

	OPI Index (2015=100)	1-month rate	12-month rate	Change in the 12-month rate (percentage points)
Housing (public and private)	114.4	0.3	2.1	0.2
Infrastructure	110.6	0.5	3.6	0.6
Public (other than housing)	112.8	0.1	2.4	0.0
Private Industrial	115.1	0.1	1.6	0.2
Private Commercial	112.8	0.1	2.4	0.0
All New Work	113.1	0.3	2.4	0.2

Source: Office for National Statistics - Construction Output Price Indices

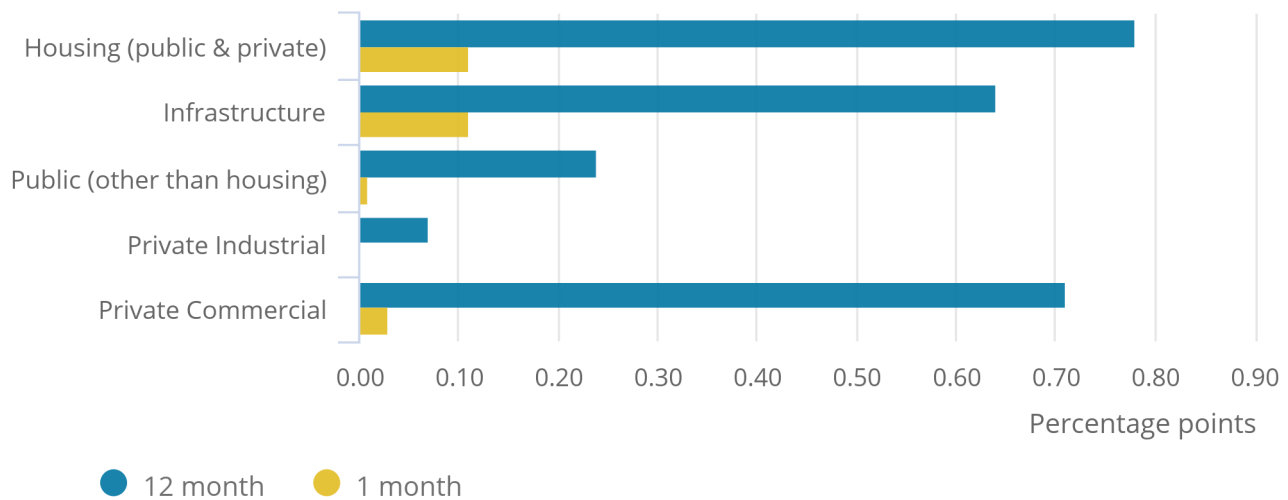
For new work, all sectors provided upward contributions to the 12-month rate in December 2019, the largest coming from housing at 0.78 percentage points. On the month, housing and infrastructure provided the largest upward contributions, both at 0.11 percentage points (Figure 3).

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

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

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

New work output price indices, contribution to one-month and 12-month growth rate, UK, December 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 rate of inflation for repair and maintenance remains unchanged in December 2019

The Construction Output Price Index (OPI) for all repair and maintenance rose 1.3% in the year to December 2019 (Table 3), which is unchanged from November 2019. Non-housing repair and maintenance showed the largest annual increase of 1.5% in December 2019.

On the month, repair and maintenance displayed growth of 0.1%. This is the first positive growth in this sector on the month since August 2019.

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

	OPI Index (2015=100)	1-month rate	12-month rate	Change in the 12-month rate (percentage points)
Housing repair and maintenance	106.6	0.0	1.0	-0.2
Non-housing repair and maintenance	106.7	0.0	1.5	-0.1
All repair and maintenance	106.7	0.1	1.3	0.0

Source: Office for National Statistics - Construction Output Price Indices

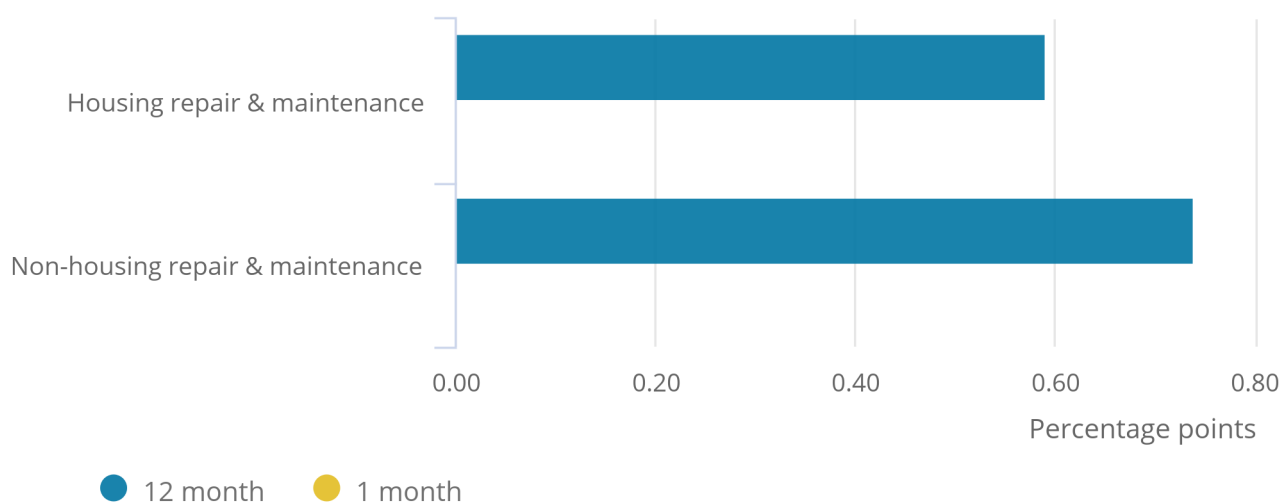
Both sectors provided upward contributions to the repair and maintenance annual rate (Figure 4), with the largest contribution coming from non-housing repair and maintenance at 0.74 percentage points.

Figure 4: Non-housing repair and maintenance provided the largest contribution to the annual rate in December 2019

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

Figure 4: Non-housing repair and maintenance provided the largest contribution to the annual rate in December 2019

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

6 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Construction Output Price Indices \(OPIs\) QMI](#).

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.

After EU withdrawal

As the UK leaves the EU, it is important that our statistics continue to be of high quality and are internationally comparable. During the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020. After the transition period, we will continue to produce our inflation statistics in line with the UK Statistics Authority's (UKSA's) [Code of Practice for Statistics](#) and in accordance with internationally agreed statistical guidance and standards.