

Statistical bulletin

Construction Output Price Indices (OPIs), UK: October to December 2018

A summary of the Construction Output Price Indices (OPIs) for Quarter 4 (Oct to Dec) 2018. Data in this release are Experimental Statistics.

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

Release date:
13 February 2019

Next release:
22 May 2019

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, despite all sectors providing upward contributions on the month](#)
5. [The annual rate of inflation for repair and maintenance slows down from Quarter 3 2018](#)
6. [Quality and methodology](#)

1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 2.7% in the year to December 2018, down from 2.8% in November 2018.
- The OPI for all new work increased by 3.3% in the year to December 2018, down from 3.5% in November 2018; housing provided the largest contribution to the annual rate.
- The OPI for all repair and maintenance increased by 1.6% in the year to December 2018, unchanged from November 2018; the housing repair and maintenance sector increased by 1.8% over the 12-month period, providing the largest contribution to the annual rate.

2 . 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 OPI's 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 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.

3 . All construction price inflation summary

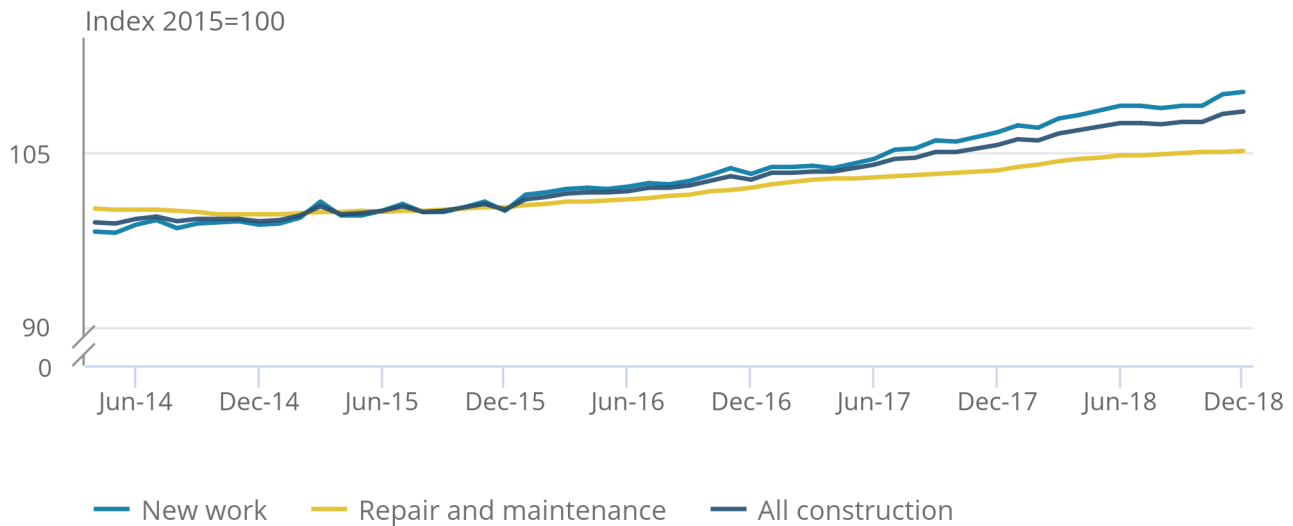
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 9.7% between April 2014 and December 2018 (Figure 1). Peaks and troughs seen within the new work index between April 2014 and December 2018 are mostly due to movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction output price indices

UK, April 2014 to December 2018

Figure 1: Construction output price indices

UK, April 2014 to December 2018



Source: Office for National Statistics

The annual rate of inflation for all construction was 2.7% in December 2018 (Table 1), down from 2.8% in November 2018. Annual growth for new work was 3.3% in December 2018, whilst annual growth for repair and maintenance was 1.6% in December 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: December 2017 to December 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	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	107.3	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	105.1	0.1	1.7
	Nov	108.4	0.6	2.8	110.1	0.9	3.5	105.1	0.0	1.6
	Dec	108.6	0.2	2.7	110.3	0.2	3.3	105.2	0.1	1.6

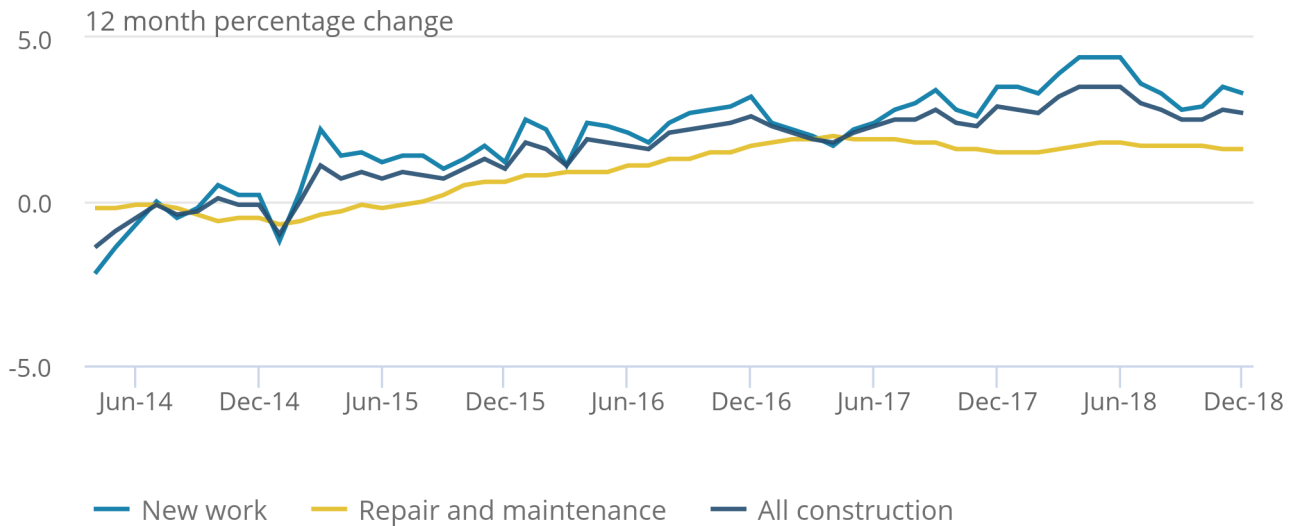
Source: Office for National Statistics

Figure 2: Construction output price 12-month percentage change

UK, April 2014 to December 2018

Figure 2: Construction output price 12-month percentage change

UK, April 2014 to December 2018



Source: Office for National Statistics

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

The Construction Output Price Index (OPI) for new construction work rose 3.3% on the year and 0.2% on the month to December 2018 (Table 2). The annual rate of inflation for new work slowed from 3.5% in November 2018. Private industrial showed the largest annual and monthly growth at 3.7% and 0.4% respectively.

Table 2: New work output price, index values, growth rates and percentage point change to the 12-month rate, December 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)	112.0	0.2	3.2	-0.1
Infrastructure	106.7	0.2	3.6	-0.2
Public (other than housing)	110.1	0.2	3.1	-0.4
Private industrial	113.5	0.4	3.7	-0.3
Private commercial	110.1	0.2	3.1	-0.4
All new work	110.3	0.2	3.3	-0.2

Source: Office for National Statistics

Housing provided the largest upward contribution to the 12-month and 1-month rate for all new work in December 2018 at 1.16 and 0.18 percentage points respectively (Figure 3).

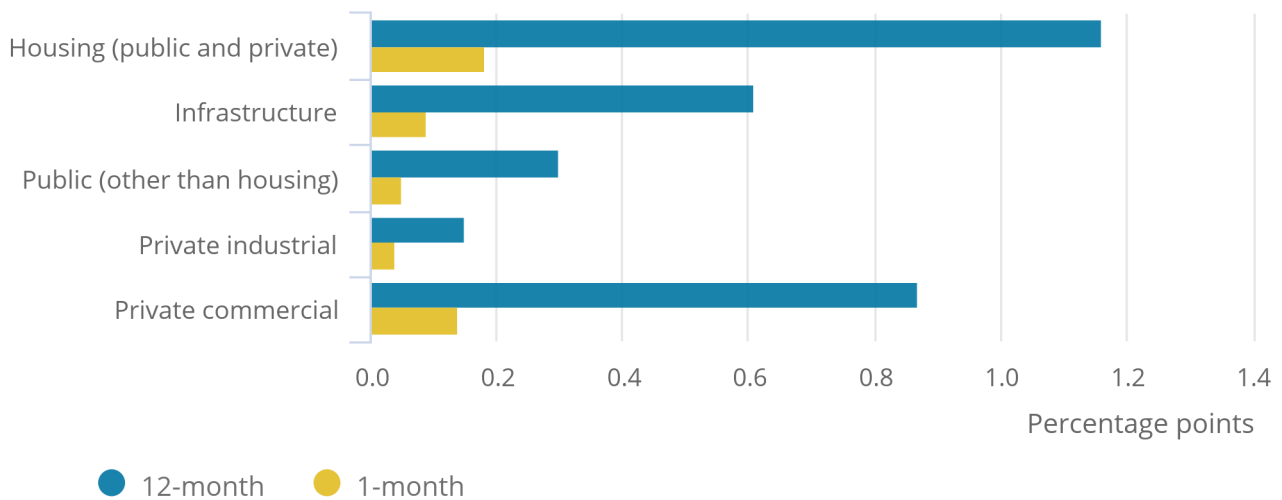
All sectors within new work provided upward contributions to both the 12-month and 1-month rate.

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

UK, December 2018

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

UK, December 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 slows down from Quarter 3 2018

The Construction Output Price Index (OPI) for all repair and maintenance rose 1.6% in the year to December 2018 (Table 3), unchanged from November 2018. Housing repair and maintenance showed the largest annual increase of 1.8% in December 2018.

Table 3: Repair and maintenance output price, index values, growth rates and percentage point change to the 12-month rate, UK, December 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	105.4	0.1	1.8	0.1
Non-housing R and M	105.0	0.1	1.5	0.0
All Repair and Maintenance	105.2	0.1	1.6	0.0

Source: Office for National Statistics

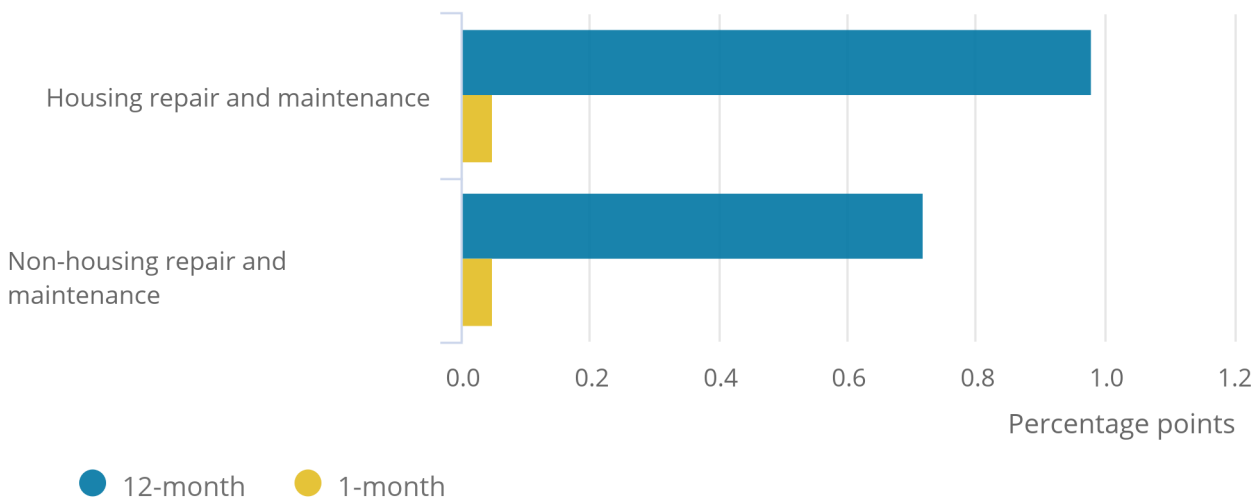
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate at 0.98 percentage points (Figure 4). Housing, and non-housing repair and maintenance provided equal contributions on the month at 0.05 percentage points.

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

UK, December 2018

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

UK, December 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.