

Statistical bulletin

Business investment in the UK: April to June 2020 revised results

Estimates of short-term indicators of investment in non-financial assets, business investment, and asset and sector breakdowns of total gross fixed capital formation.



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Next release:
22 December 2020

Notice

30 March 2021

Business investment estimates for 2020 have been subject to more uncertainty than usual as a result of the data collection challenges we have faced in the current conditions. More information can be found within this bulletin.

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1 . Main points

- Business investment fell by 26.5%, in volume terms, between Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020: excluding the effects of a re-classification in 2005, this is the largest quarterly fall on record; by comparison, business investment fell at most by 9.6% during the 2008 global economic downturn.
- While all assets contributed to the quarter-on-quarter fall in business investment, intellectual property products and other buildings and structures both demonstrated their largest quarterly fall on record.
- When compared with the same quarter a year ago, business investment has fallen by 26.1%.
- Gross fixed capital formation (GFCF) fell by 21.6%, in volume terms, between Quarter 1 2020 and Quarter 2 2020; this is the largest quarterly fall on record.
- Again, all assets contributed to the quarter-on-quarter fall in GFCF; however, on a sector basis, while this is the largest fall on record in private sector dwellings, this quarter saw the largest growth in government investment since Quarter 4 (Oct to Dec) 2007.
- When compared with the same quarter a year ago, GFCF has fallen by 22.6%; this is the largest fall on record when comparing with the same quarter a year ago.

2 . Business investment data

[Business investment by asset](#)

Dataset | Released 30 September 2020

Detailed breakdown of business investment by asset, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

[Gross fixed capital formation – by sector and asset](#)

Dataset | Released 30 September 2020

Sector and asset breakdowns of gross fixed capital formation (GFCF), including business investment and revisions, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

All data related to business investment are available on the [Related data page](#).

3 . Measuring the data

Changes to this bulletin

As of June 2020, we have changed the format of the Business investment in the UK statistical bulletin.

The latest estimates of business investment and GFCF are discussed in more detail in the [GDP quarterly national accounts, UK: April to June 2020](#).

Revisions to GFCF and business investment

Each year in the Blue Book-consistent publications of business investment, we incorporate methodological and data improvements that will impact on the business investment and gross fixed capital formation (GFCF) datasets (data are also subject to change as part of the annual supply and use and gross domestic product (GDP) balancing processes).

Revisions are, where applicable, taken on to the beginning of each dataset in line with the [National Accounts Revisions Policy](#).

Revisions for Blue Book 2020 are mainly because of:

- methodological improvements, as explained in section revisions for 1997 to 2018
- current price improvements to data sources
- regular current price data source updates
- changes across the accounts for deflators

These changes have led to revisions throughout the time series, including more recent periods.

Revisions for 1997 to 2019

Detailed explanations of some of these data and methodological improvements together with the resulting revisions for 1997 through to 2018 can be found in the [Impact of Blue Book 2020 changes on current price and volume estimates of GDP](#), published 20 July 2020.

Many methodological changes have been implemented for Blue Book 2020 that impact GFCF estimates. The largest of these is attributed to transfer cost estimates because of a change to how we measure professional fees. Transfer costs refer to the cost of changing an assets ownership and can include, for example, legal fees and other professional fees, particularly those that relate to the purchase and sale of residential and non-residential buildings, for example, stamp duty.

Other changes include revisions to GFCF estimates. Previously, these did not cover higher education institutions; therefore, to provide increased coverage, we are now benchmarking our GFCF estimates for Standard Industrial Classification 85 (Education) to those of the Office for National Statistics's (ONS's) Annual Business Survey (ABS). Data from the ABS are used each year to create annual benchmarks for investment by many industries. Other changes include: updated research and development estimates, inclusion of fruit-bearing trees and bushes that are productive for more than a year in our agriculture estimates, and the inclusion of estimates for the amount of own account construction that is GFCF.

Annual GFCF growth has been revised on average by 0.2 percentage points between 1997 and 2019, with revisions ranging between negative 0.9 percentage points and positive 1.6 percentage points. The average revision to annual business investment growth over this period was 0.1 percentage points, with revisions ranging between negative 1.4 percentage points and positive 1.3 percentage points.

Revisions by sector and asset for GFCF can be found in the revisions section of the [GFCF by sector and asset](#) datasets accompanying this release.

Revisions for Quarter 1 to Quarter 2 2020

Because of the impact of the coronavirus (COVID-19) pandemic on businesses, in Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June), the Quarterly Acquisitions and Disposals of Capital Assets Survey, one of the largest data sources for GFCF and business investment, had a response rate of 66.6% and 71.2% respectively. This compares with an average response rate of 82% during 2019. This might mean greater than usual revisions to Quarter 1 and Quarter 2 of 2020 when annual data are incorporated in future Blue Books.

The impact of COVID-19 on our estimation methods

To mitigate against the reduced response to the Quarterly Acquisitions and Disposals of Capital Assets Survey, we reviewed survey imputation methods to address particular areas of non-response. We also reviewed and, where necessary, changed our seasonal adjustment parameters where outliers were identified. We also reviewed our forecasting methods and intervened where data were not available, for example, the house price index.

Coronavirus (COVID-19) data

The Office for National Statistics (ONS) has released a [public statement](#) on COVID-19 and the production of statistics. Specific queries must be directed to the [Media Relations Office](#).

Quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Business investment QMI](#).

4 . Related links

[Coronavirus \(COVID-19\)](#)

Web page | Updated as and when data are available

Our latest data and analysis on the impact of the coronavirus (COVID-19) on the UK economy and population. This is the hub for all special coronavirus-related publications, including the fortnightly Business Impact of Coronavirus (COVID-19) Survey (BICS).

[GDP quarterly national accounts, UK: April to June 2020](#)

Bulletin | Released 30 September 2020

Revised quarterly estimate of gross domestic product (GDP) for the UK. Uses additional data to provide a more precise indication of economic growth than the first estimate.

[Quarterly economic commentary: April to June 2020](#)

Article | Released 30 September 2020

Economic commentary for the latest quarterly national accounts, prices and labour market indicators.

[UK National Accounts. The Blue Book: 2019](#)

Compendium | Released 31 October 2019

Annual publication of the UK National Accounts, including data on gross fixed capital formation (GFCF).