

Statistical bulletin

Business investment in the UK: April to June 2022 provisional results

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



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Correction

16 August 2022 08:45

Following publication of this bulletin, a processing error was discovered in the calculation of growth rates for the lower level components within our [Business investment by asset](#) dataset for Quarter 2 2022. As a result, figure 1 of this bulletin was also incorrect at component level. Both the growth rates in the dataset and figure 1 in the bulletin have now been corrected. Total business investment was unaffected by this error as was gross fixed capital formation and therefore GDP estimates. We apologise for any inconvenience caused.

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1 . Main points

- Business investment rose by 3.8% in Quarter 2 (Apr to June) 2022, its largest quarter on quarter increase since Quarter 2 2021.
- All assets contributed positively to the growth in business investment, with the largest contribution coming from other buildings and structures.
- Gross Fixed Capital Formation (GFCF), the total of business and public sector investment, increased by 0.6% in Quarter 2 2022 and was 5.9% higher than the same quarter a year ago.
- Government investment fell by 9.5% in the latest quarter, the largest fall since Quarter 2 2021. Other buildings and structures, and transfer costs contributed the most to the GFCF increase, with a smaller contribution from private sector dwellings.
- The level of business investment in Quarter 2 2022 is 5.7% below where it was in Quarter 4 (Oct to Dec) 2019, the quarter before the coronavirus (COVID-19) pandemic; GFCF levels are 2.4% above that same quarter, having exceeded that point for the first time in Quarter 1 (Jan to Mar) 2022.

Current business investment estimates continue to be subject to more uncertainty than usual because of data collection challenges faced in the current conditions. More information can be found in [Section 5: Measuring the data](#).

2 . Business investment

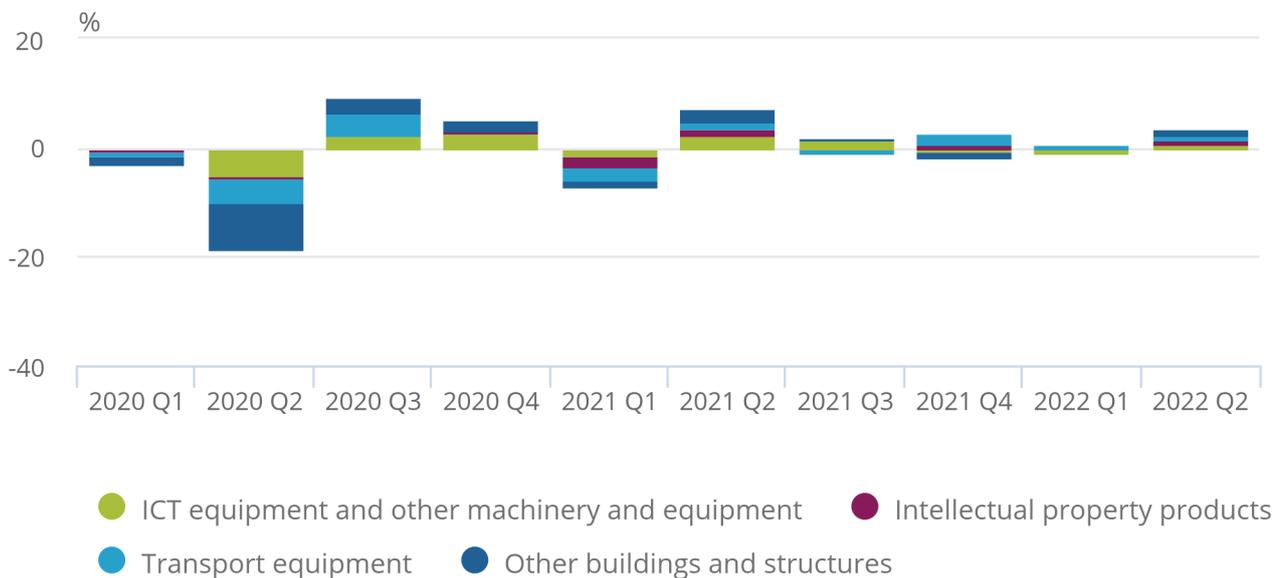
Business investment rose by 3.8% in the latest quarter following a 0.6% fall in Quarter 1 (Jan to Mar) 2022. It is the first time all components increased since Quarter 2 (Apr to June) 2021 (Figure 1).

Figure 1: Growth in business investment was driven by ICT equipment and other machinery and equipment and other buildings and structures

Asset contributions to business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 2 (Apr to June) 2022

Figure 1: Growth in business investment was driven by ICT equipment and other machinery and equipment and other buildings and structures

Asset contributions to business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 2 (Apr to June) 2022



Source: Office for National Statistics – Business Investment results

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

The percentage of respondent comments mentioning investment delays, coronavirus (COVID-19) and EU exit fell further as a proportion of overall comments received. The construction, wholesale and retail trades, and transportation and storage industries saw the largest reduction in comments related to investment delays in comparison with previous quarters.

Business investment rose by 5.0% in the year to Quarter 2 2022, compared with its Quarter 2 2021 level.

3 . Business investment lags behind GFCF

Business investment has still not returned to pre-coronavirus (COVID-19) pandemic levels. Gross Fixed Capital Formation (GFCF) returned to pre-coronavirus pandemic levels as of Quarter 1 (Jan to Mar) 2022. This reflects the different patterns of investment by government and businesses observed throughout the coronavirus pandemic (Figure 2).

Figure 2: Business investment's return to pre-pandemic levels has lagged behind that of economy-wide gross fixed capital formation (GFCF)

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 2 (Apr to June) 2022

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. UK business investment, chained volume measure, seasonally adjusted, excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
3. Quarter 2 2020 is the largest fall on record for gross fixed capital formation excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
4. Index is referenced to Quarter 1 (Jan to Mar) 1997.

Download the data

[.xlsx](#)

Since Quarter 1 2020, transport equipment has been the weakest asset in terms of returning to pre-coronavirus pandemic levels for both business investment and GFCF (Figure 3). Transport investment can be volatile because of the particularly large value of some transport items (such as ships and aircraft) and transport has been particularly affected by the global shortage of semi-conductors. There has been some evidence of this easing however, based on a reduction in respondent comments from the Quarterly Acquisition and Disposal of Capital Assets Survey (QCAS) referencing the semi-conductor shortage - though this continues to be a factor in availability of new vehicles in the latest quarter.

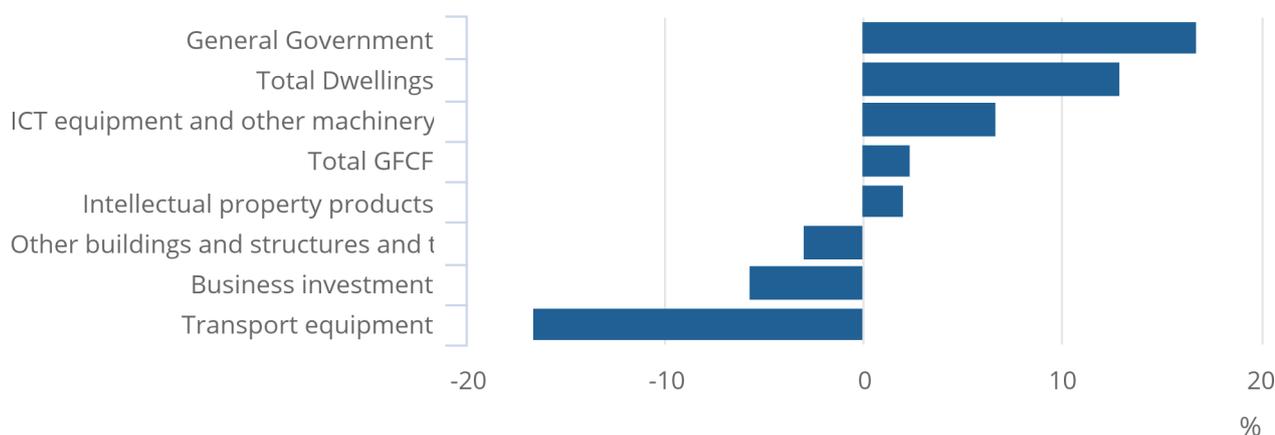
Other buildings and structures (which includes non-residential buildings and structures such as roads, bridges and energy related structures) has also not returned to pre-coronavirus pandemic levels despite providing the strongest contribution to GFCF growth in these Quarter 2 (Apr to June) 2022 provisional estimates.

Figure 3: Weakness in transport investment and other buildings and structures within gross fixed capital formation continued in Quarter 2 2022 when compared with pre-coronavirus levels

Components of gross fixed capital formation, chained volume measure, seasonally adjusted, growth relative to Quarter 4 (Oct to Dec) 2019

Figure 3: Weakness in transport investment and other buildings and structures within gross fixed capital formation continued in Quarter 2 2022 when compared with pre-coronavirus levels

Components of gross fixed capital formation, chained volume measure, seasonally adjusted, growth relative to Quarter 4 (Oct to Dec) 2019



Source: Office for National Statistics – Business Investment results

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Contributions may not sum to total because of rounding.

Dwellings and government investment, by contrast, returned to pre-coronavirus pandemic levels since Quarter 3 (July to Sept) 2020. Investment in information and communication technology (ICT) equipment and other machinery and equipment returned to pre-coronavirus pandemic levels in Quarter 2 2021.

This period coincides with availability of temporary tax relief on qualifying capital asset investment, known as "[super-deduction](#)". Even though there are some differences in qualifying items, the impact of this incentive is most likely to be reflected in ICT equipment, and other machinery and equipment. There has however been little reference to this temporary tax relief in respondent comments to QCAS.

4 . Business investment data

[Business investment by industry and asset](#)

Dataset | Released 12 August 2022

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

[Business investment by asset](#)

Dataset | Released 12 August 2022

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 12 August 2022

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.

[Quarterly Stocks Survey \(QSS\) and Capital Assets Survey \(QCAS\) textual data analysis](#)

Dataset | Released 12 August 2022

The indicators and analysis in this dataset are based on qualitative responses from comments left by responding businesses to both our Quarterly Acquisitions and Disposals of (QCAS) and Quarterly Stocks Survey (QSS).

[Annual gross fixed capital formation by sector and asset](#)

Dataset | Released 28 October 2021

Annual sector and asset breakdowns of gross fixed capital formation (GFCF), in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

5 . Measuring the data

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

Revisions

In line with the National Accounts Revisions Policy, the only period open in this publication is Quarter 2 (Apr to June) 2022.

Data within this bulletin

All data within this bulletin, unless specified, are presented in chained volume measure (CVM). This means it has the effect of price changes removed (in other words, the data are deflated).

The impact of coronavirus (COVID-19) on our estimation methods

In Quarter 2 (Apr to June) 2022, the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS), one of the largest data sources for gross fixed capital formation (GFCF) and business investment, had a response rate of 63.2% for estimates used in this provisional release. This compares with an average provisional response rate of 57.7% during 2021, 56.5% during 2020, and 67.3% for 2019.

As a result of these challenges, business investment estimates for Quarter 2 2022 continue to be subject to more uncertainty than usual and are likely to have larger than usual revisions in subsequent releases. To mitigate against that reduced response, we review survey imputation methods to address areas of non-response, and where necessary, review our seasonal adjustment parameters where outliers are identified.

Coronavirus data

Our [latest data and analysis on the impact of coronavirus on the UK economy and population](#) are available on a coronavirus page. This is the hub for all coronavirus-related publications, including the fortnightly Business Insights and Conditions Survey (BICS).

The Office for National Statistics (ONS) has released a public statement on coronavirus and the production of statistics. Specific queries should be directed to the Media Relations Office.

6 . Related links

[GDP first quarterly estimate UK: April to June 2022](#)

Bulletin | Released 12 August 2022

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.

[The national balance sheet and capital stocks, preliminary estimates, UK: 2022](#)

Bulletin | Released 5 May 2022

Preliminary annual estimates of the nation's net worth, by type of financial and non-financial asset for the UK. Includes estimates of produced assets used in the production process and their loss of value over time.

[Capital stocks and fixed capital consumption, UK: 2021](#)

Article | Released 25 November 2021

Annual estimates of the value and types of non-financial assets used in the production of goods or services within the UK economy and their loss in value over time.