

Statistical bulletin

Business investment in the UK: January to March 2022 revised 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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Notice

30 June 2022

After the release of Quarter 4 (Oct to Dec) 2021 Business Investment data in March 2022, a processing error was discovered in the production of our account software estimates for Quarter 1 (Jan to Mar) to Quarter 4 (Oct to Dec) 2021. Because of the National Accounts revision policy, we are unable to revise 2021 data until the release of the annual National Accounts Blue Book-consistent dataset in September 2022.

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1 . Main points

- Business investment fell by 0.6% in Quarter 1 (Jan to Mar) 2022, revised down from the provisional estimate of negative 0.5%.
- Gross fixed capital formation (GFCF), the total of business and public sector investment, increased by 3.8% in the latest quarter, revised down from the provisional estimate of 5.4%.
- All GFCF components increased in the latest quarter; other buildings and structures, and transfer costs contributed most to the increase.
- The largest downwards contribution to the GFCF revision came from other buildings and structures, and transfer costs.
- The level of business investment in Quarter 1 2022 is now 9.2% below where it was in Quarter 4 (Oct to Dec) 2019, the quarter before the coronavirus (COVID-19) pandemic.
- GFCF levels are 1.8% above that same quarter, having exceeded that point for the first time in the provisional GFCF estimates for Quarter 1 2022.
- The relative strength in GFCF is mostly the result of strong growth from dwellings and government investment.

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 and gross fixed capital formation

Business investment fell in Quarter 1 (Jan to Mar) 2022 by 0.6 %, while the economy-wide measure of gross fixed capital formation (GFCF) increased by 3.8%. Business investment's slower return to pre-coronavirus (COVID-19) pandemic levels, compared with that of GFCF, reflects the different patterns of investment by government and businesses observed throughout the coronavirus pandemic (Figure 1).

Figure 1: Business investment's recovery has lagged behind that of economy-wide gross fixed capital formation (GFCF) since the coronavirus pandemic

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 1 (Jan to Mar) 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 reference to Quarter 1 (Jan to Mar) 1997.

Download the data

[.xlsx](#)

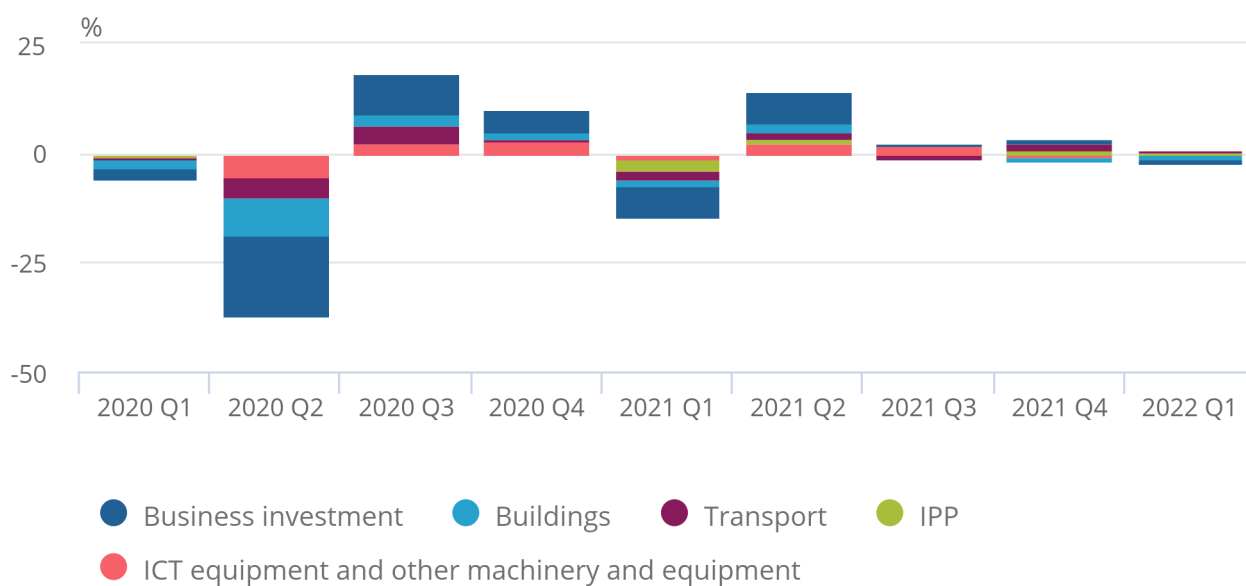
Though transport equipment has been revised upwards to an increase of 4.2% for Quarter 1 2022, transport remains the weakest asset in terms of returning to pre-coronavirus pandemic levels for both business investment and GFCF, as has been the case since Quarter 1 2020. Transport investment can be volatile because of the particularly large value of some transport items such as ships and aircraft. Transport has been particularly affected by the global shortage of semi-conductors. There has been some evidence of this easing, based on a reduction in respondent comments from the Quarterly Acquisition and Disposal of Capital Assets Survey (QCAS) referencing the semi-conductor shortage in Quarter 1 2022. Despite that fall in respondent comments, this continues to be a factor in availability of new vehicles.

Figure 2: Fall in business investment driven by buildings and ICT equipment and other machinery and equipment

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

Figure 2: Fall in business investment driven by buildings and ICT equipment and other machinery and equipment

Asset contributions to business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 1 (Jan to Mar) 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).
2. Contributions may not sum to total because of rounding.

Dwellings and government investment by contrast has returned to pre-pandemic levels since Quarter 3 (July to Sept) 2020. Investment in information and communications technology (ICT) equipment, and other machinery and equipment has also returned to pre-pandemic levels since Quarter 2 (Apr to June) 2021 and was 9.6% above its pre-pandemic level in the latest quarter.

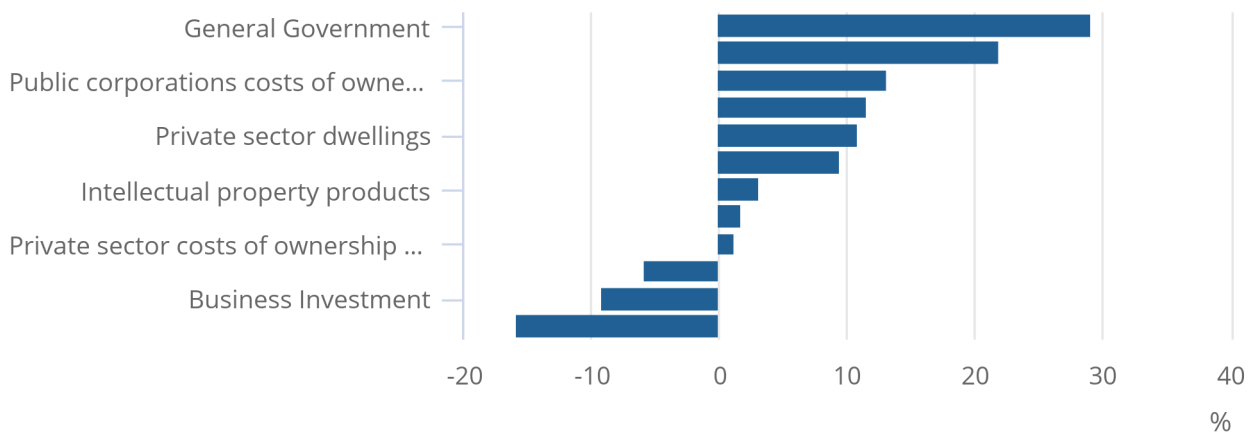
This period coincides with availability of temporary tax relief on qualifying capital asset investment, known as "super-deduction". Even though there are some differences in qualifying items, the impact of this incentive is most likely to be reflected in ICT equipment, and other machinery and equipment. However, there has been little reference to this temporary tax relief in respondent comments to QCAS. The Bank of England's Agent's Summary of business conditions for Quarter 1 2022 did report that because of the tight labour market, companies have increasingly sought to invest in automation to raise output, rather than expanding headcount.

Figure 3: Transport equipment weighs most on business investment recovery

UK, Quarter 4 (Oct to Dec) 2019 to Quarter 1 (Jan to Mar) 2022, index is referenced to Quarter 4 2019

Figure 3: Transport equipment weighs most on business investment recovery

UK, Quarter 4 (Oct to Dec) 2019 to Quarter 1 (Jan to Mar) 2022, index is referenced to Quarter 4 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. Index is referenced to Quarter 4 (Oct to Dec) 2019

3 . International comparisons relative to Quarter 4 2019

Using data collated by the Organisation for Economic Co-operation and Development (OECD) from relevant national statistical institutes, we can compare gross fixed capital formation (GFCF) within the Group of Seven (G7) nations. Figure 4 shows GFCF data for the G7 nations relative to Quarter 4 (Oct to Dec) 2019, which is considered the pre-coronavirus (COVID-19) pandemic quarter.

The majority of G7 nations have now returned to positive growth relative to Quarter 4 2019 with Canada and the United States having had positive growth relative to Quarter 4 2019 as early as Quarter 4 2020, which has continued since that point.

GFCF for the UK has returned to positive growth relative to Quarter 4 2019 for the first time in Quarter 1 (Jan to Mar) 2022, having increased by 1.8%, which is below the G7 average of 3.6%.

Japan and Germany have yet to return to continued positive growth relative to Quarter 4 2019. Germany did achieve this in Quarter 2 (Apr to June) 2021 before returning to negative growth from that point.

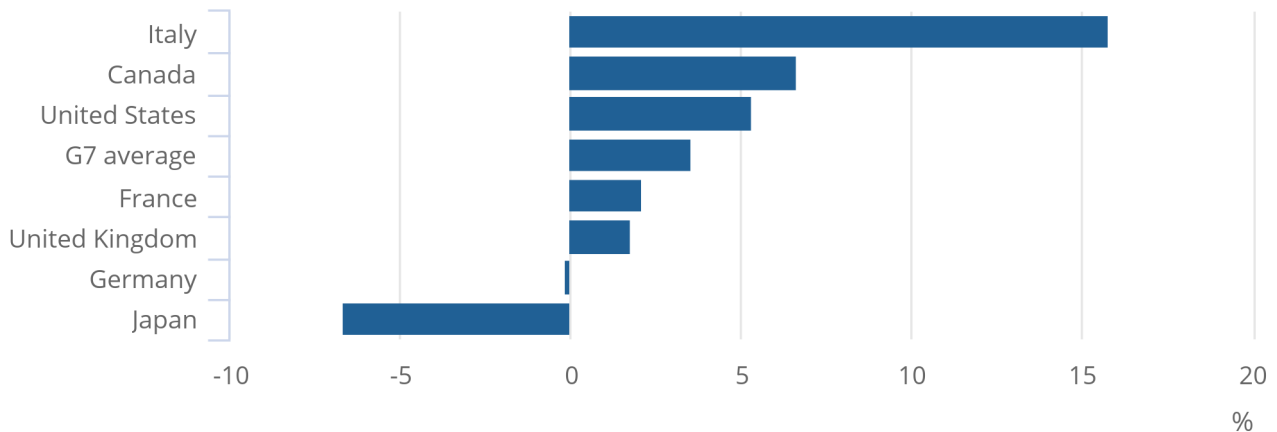
France, Italy and the UK all saw their GFCF fall the most in Quarter 2 2020 having been heavily affected by the coronavirus pandemic at that point, but each have since returned to positive growth, with GFCF growth for Italy the strongest of the G7 nations, relative to Quarter 4 2019.

Figure 4: UK growth of gross fixed capital formation (GFCF) joined majority of Group of Seven (G7) nations in exceeding pre-pandemic levels, Quarter 1 (Jan to Mar) 2022

G7 nations quarter-on-quarter growth of GFCF, chained volume measure, seasonally adjusted, relative to Quarter 4 (Oct to Dec) 2019

Figure 4: UK growth of gross fixed capital formation (GFCF) joined majority of Group of Seven (G7) nations in exceeding pre-pandemic levels, Quarter 1 (Jan to Mar) 2022

G7 nations quarter-on-quarter growth of GFCF, chained volume measure, seasonally adjusted, relative to Quarter 4 (Oct to Dec) 2019



Source: OECD

Notes:

1. The Group of Seven (G7) is an intergovernmental organisation consisting of Canada, France, Germany, Italy, Japan, the UK and the United States.
2. The coronavirus pandemic has affected each country in different ways and, as a result, restrictions have been put in place at differing times by each country.
3. Data shown in this chart reflect the latest available at the time of production of this bulletin, including provisional data, which may subsequently be revised.

4 . Business investment data

[Business investment by industry and asset](#)

Dataset | Released 30 June 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 30 June 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 30 June 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 30 June 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 our [Business investment QMI](#).

Revisions

In line with the National Accounts Revisions Policy, the only period open for revision in this publication is Quarter 1 (Jan to Mar) 2022. The revisions made in this publication are on account of new survey data and other revised source data.

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 the coronavirus (COVID-19) on our estimation methods

In Quarter 1 (Jan to Mar) 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 54.5% for estimates used in the provisional release, and 72.4% for estimates used in this revised release. This compares with an average response rate of 71.1% during 2020, and 82% for 2019 with revised results.

As a result of these challenges, business investment estimates for Quarter 1 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 the coronavirus \(COVID-19\) 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).

6 . Related links

[GDP quarterly national accounts, UK: January to March 2022](#)

Bulletin | Released 30 June 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.

[National balance sheet estimates for the UK: 2021](#)

Bulletin | Released 2 December 2021

Annual estimates of the market value of financial and non-financial assets for the UK, providing a measure of the nation's wealth.

[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.