

Statistical bulletin

Business investment in the UK: October to December 2021 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.



Contact:
Alison McCrae
gcf@ons.gov.uk
+44 1633 455250

Release date:
31 March 2022

Next release:
30 June 2022

Table of contents

1. [Main points](#)
2. [Business investment](#)
3. [Lower-level industry analysis](#)
4. [International comparisons of gross fixed capital formation for the G7 nations](#)
5. [Business investment in the UK data](#)
6. [Measuring the data](#)
7. [Related links](#)

1 . Main points

- Business investment grew by 1.0% in Quarter 4 (Oct to Dec) 2021, revised up from the first estimate of 0.9%.
- Transport equipment and intellectual property products (IPP) contributed positively to growth in business investment in Quarter 4 while other buildings and structures, and information and communications technology (ICT) equipment and other machinery and equipment fell.
- Between 2019 and 2020 business investment fell by a revised 11.5%; this was followed by a revised 0.8% increase between 2020 and 2021, leaving business investment 10.8% lower than 2019 pre-coronavirus (COVID-19) pandemic levels.
- Gross fixed capital formation (GFCF) increased by 1.1% in Quarter 4 2021, revised down from the first estimate of 2.2%. Investment in transport equipment and dwellings contributed most to the increase, with falls in other buildings and structures and ICT equipment and other machinery and equipment partially offsetting the increase.
- The level of business investment in Quarter 4 2021 is now 8.6% below where it was pre-coronavirus pandemic in Quarter 4 2019; GFCF levels are only 1.9% below, mainly owing to strong growth from dwellings and government investment.
- Between 2019 and 2020 GFCF fell by a revised 9.5%, and between 2020 and 2021 GFCF increased by 5.9%, leaving economy-wide investment 4.2% lower than 2019 pre-coronavirus annual levels.

Current business investment estimates are subject to more uncertainty than usual as a result of data collection challenges faced in the current conditions. More information can be found in [Section 6](#).

2 . Business investment

Business investment and our economy-wide measure of gross fixed capital formation (GFCF) both grew in Quarter 4 (Oct to Dec) 2021; business investment increased by 1.0% while GFCF increased by 1.1%. Though both grew similarly in the latest quarter, business investment's slower return to pre-coronavirus (COVID-19) pandemic levels, compared with that of GFCF, reflects the different patterns of investment by businesses and primarily government observed throughout the coronavirus pandemic.

Figure 1: Business investment's recovery has lagged behind that of economy-wide gross fixed capital formation (GFCF) since the start of the coronavirus (COVID-19) pandemic

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 2021

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 this chart

[.xlsx](#)

Investment in transport equipment saw its strongest growth since Quarter 3 (Jul to Sept) 2020, contributing 2.0 percentage points to business investment growth. This increased investment partially reflects the ability of businesses to acquire vehicles because of some easing of the semi-conductor shortage, though this continues to be a factor when looking at recent weakness in transport equipment investment. Transport investment can also be volatile because of the particularly large value of some transport items such as ships and aircraft.

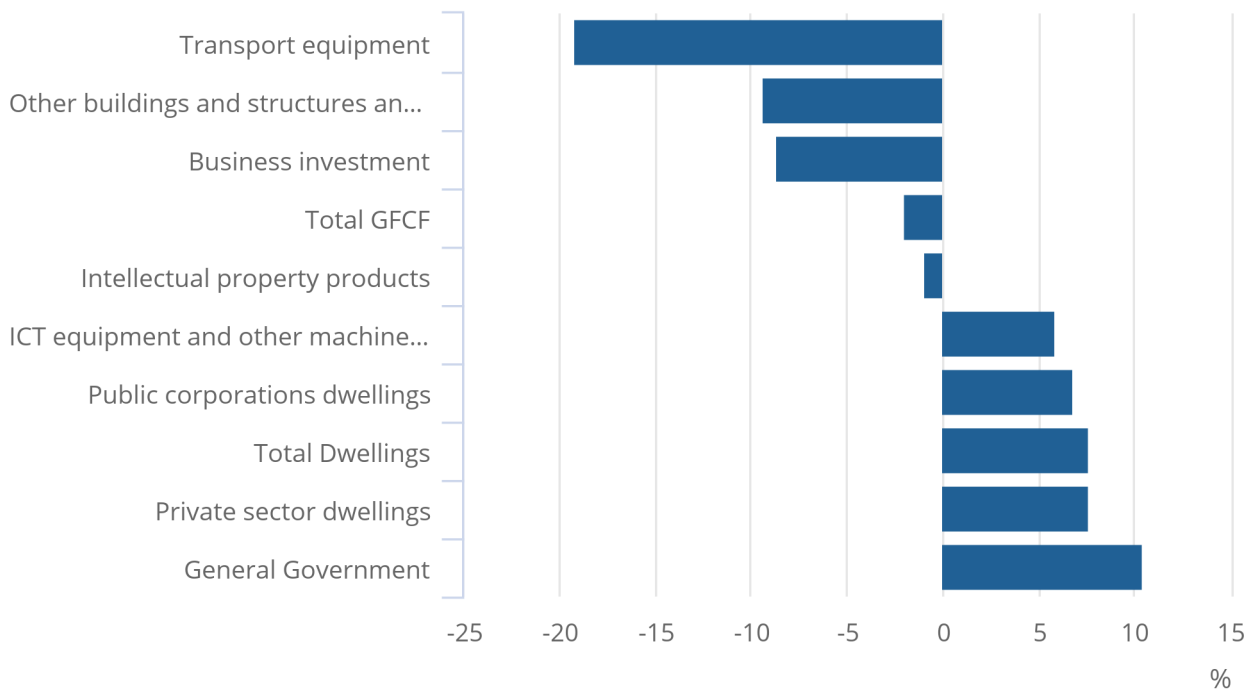
Dwellings and government investment has driven the growth in GFCF since Quarter 4 2019 with general government investment 10.4 percentage points higher than the pre-coronavirus (COVID-19) pandemic level. Investment in information and communications technology (ICT) equipment and other machinery and equipment is also above its pre-coronavirus level. The growth in this asset is partly because of firms investing, upgrading and improving, hardware and technology equipment to facilitate hybrid working and adapt to coronavirus restrictions. Transport investment for Quarter 4 2021 remains the weakest asset in terms of returning to pre-coronavirus levels of expenditure.

Figure 2: Transport equipment weighs most on investment recovery

UK, Quarter 4 (Oct to Dec) 2019 to Quarter 1 (Jan to Mar) 2021, index is referenced to Quarter 4 2019

Figure 2: Transport equipment weighs most on investment recovery

UK, Quarter 4 (Oct to Dec) 2019 to Quarter 1 (Jan to Mar) 2021, 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 . Lower-level industry analysis

Our [business investment by industry dataset](#) gives a detailed breakdown of business investment by industry.

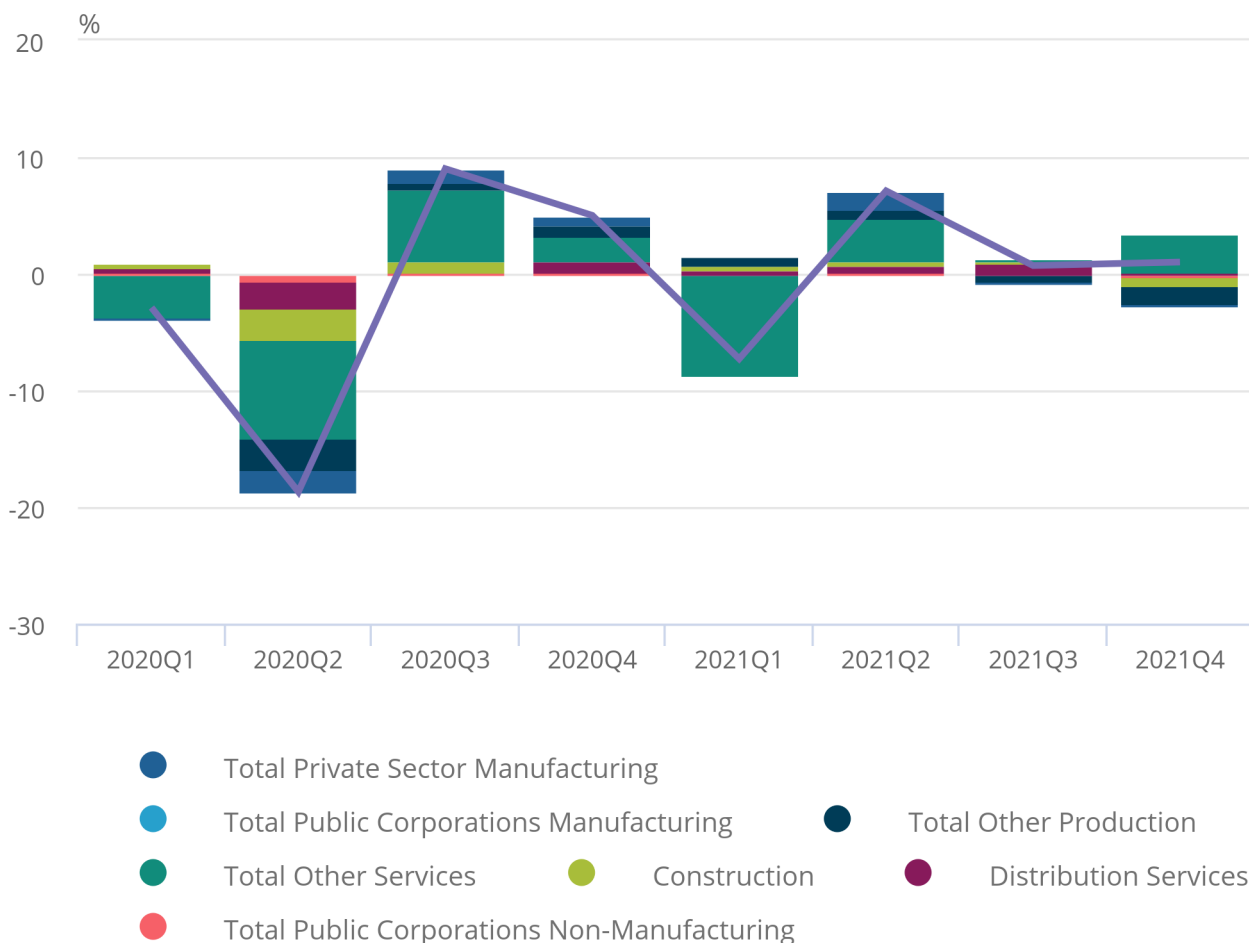
In Quarter 4 (Oct to Dec) 2021, investment in total “other services” grew by 6.8%, the largest quarter-on-quarter growth of any industry. This provided the largest industry-level contribution to the 1.0% increase in business investment at 3.4 percentage points. At a more detailed industry level, the transportation and storage industries and the information and communication industries contributed most to growth in business investment at 1.6 and 1.4 percentage points respectively.

Figure 3: On an industry basis it was the “other services” industries that contributed most to the quarter-on-quarter growth in business investment

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 4 (Oct to Dec) 2021

Figure 3: On an industry basis it was the “other services” industries that contributed most to the quarter-on-quarter growth in business investment

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 4 (Oct to Dec) 2021



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 due to rounding.

The transportation and storage industries strong contribution to growth in business investment is largely because of some easing in the semi-conductor shortage and increased ability to acquire new vehicles. However, transport investment can be volatile because of large investment items.

The second industry that contributed most to growth was information and communication. Comments in the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS) showed that companies in this industry were carrying out refurbishment projects of offices to facilitate hybrid working, and increased acquisitions and improvement works of computer equipment to replace older systems.

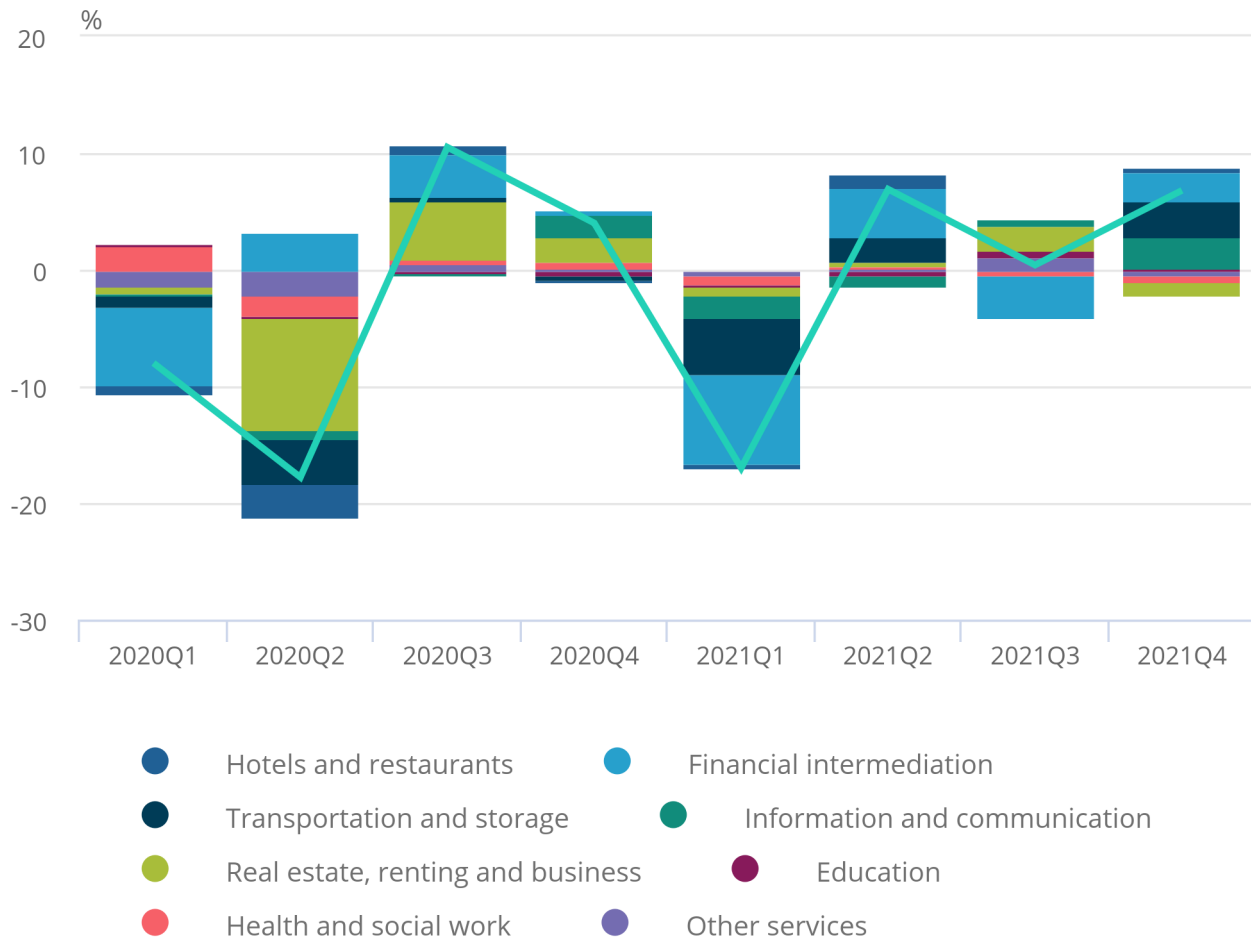
Despite increased investment in the latest quarter, some industries are yet to return to pre-coronavirus levels. Investment by the transportation and storage industries remains 32.5 percentage points below levels of Quarter 4 (Oct to Dec) 2019.

Figure 4: At a more detailed industry level the transportation and storage industries and the information and communication industries contributed most to growth in business investment

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 4 (Oct to Dec) 2021

Figure 4: At a more detailed industry level the transportation and storage industries and the information and communication industries contributed most to growth in business investment

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 4 (Oct to Dec) 2021



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 due to rounding.

4 . International comparisons of gross fixed capital formation for the G7 nations

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 G7 nations. Figure 5 shows GFCF data for the G7 nations back to Quarter 4 (Oct to Dec) 2019, which is considered the pre-coronavirus (COVID-19) pandemic quarter.

Most countries show a clear cyclical pattern of a decline in investment in the first half of 2020, before recovery in the second half. France and Italy were affected earliest, showing weak GFCF in Quarter 1 (Jan to Mar) 2020, before the UK, France and Italy showed the largest declines in the G7 in 2020 Quarter 2 (Apr to June). However, following this, these three countries then experienced the fastest growth in GFCF in Quarter 3 (July to Sept) 2020.

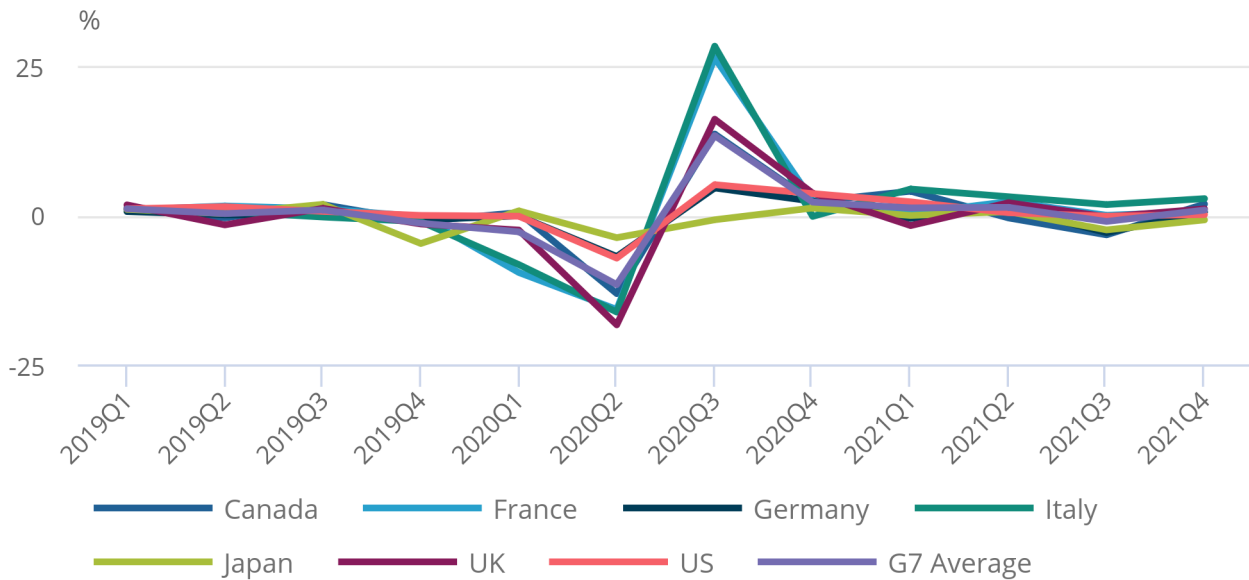
Since Quarter 4 2020, GFCF growth for each G7 nation has ranged between a positive or negative 5% growth. Italy has maintained these strong periods of growth since Quarter 4 2020 and led the way for all the countries. Countries such as Japan, the US and Germany have not seen as large fluctuations in their growths as the other G7 countries, particularly early on in 2020 and therefore have been closer to the G7 average throughout this time period. Japan had the lowest growth in GFCF in Quarter 4 2021 with a negative growth of 0.75%. All other G7 countries had positive growth in GFCF in Quarter 4 2021 with Italy the largest at 2.8% and the average growth being 0.9%.

Figure 5: UK growth of gross fixed capital formation (GFCF) were above the G7 average in Quarter 4 (Oct to Dec) 2021

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, Quarter 4 2019 to Quarter 4 2021

Figure 5: UK growth of gross fixed capital formation (GFCF) were above the G7 average in Quarter 4 (Oct to Dec) 2021

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, Quarter 4 2019 to Quarter 4 2021



Source: Office for National Statistics – Business Investment results

Notes:

1. The G7 is an intergovernmental organisation consisting of Canada, France, Germany, Italy, Japan, the UK and the US.
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.

5 . Business investment in the UK data

[Business investment by industry and asset](#)

Dataset | Released 31 March 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 31 March 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 31 March 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 31 March 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 2022

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.

6 . 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 dataset as part of this publication is open to revision back to Quarter 1 (Jan to Mar) 2020. The revisions made in this publication are on account of new survey data, other revised source data, an in-depth seasonal adjustment review and a correction to transport data that was identified post provisional publication.

Table 1: Revisions to quarter-on-quarter growth for gross fixed capital formation and business investment
Chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 4 (Oct to Dec) 2021

| | 2020Q1 | 2020Q2 | 2020Q3 | 2020Q4 | 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| GFCF | -0.2 | 0 | 0.4 | -0.1 | 0.8 | -0.4 | 0.6 | -1.1 |
| Business Investment | -0.3 | -0.1 | 0.4 | 0 | 1.3 | -1.3 | 1.5 | 0.1 |

Source: Office for National Statistics

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. Revisions are between the first quarterly estimate, published 11 February 2022, and revised estimates, published 31 March 2022.

Changes to 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 4 (July to Sept) 2021, 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 71.7%. 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 4 2021 are 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 reviewed survey imputation methods to address areas of non-response, and where necessary, reviewed our seasonal adjustment parameters where outliers were identified.

Coronavirus data

Our latest data and analysis on the impact of the 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 at Media.Relations@ons.gov.uk.

7 . Related links

[GDP quarterly national accounts, UK: October to December 2021](#)

Bulletin | Released 31 March 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](#)

Bulletin | 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.