

Statistical bulletin

Construction output price indices (OPIs), UK: July to September 2018

A summary of the construction output price indices (OPIs) for Quarter 3 (July to Sept) 2018. Data in this release are experimental statistics.

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1 . Main points

- The Construction Output Price Index (OPI) for all construction rose 2.7% in the year to September 2018, down from 2.8% in August 2018.
- The OPI for all new work increased by 3.1% in the year to September 2018, down from 3.3% in August 2018; housing provided the largest contribution to the annual rate.
- The OPI for all repair and maintenance increased 1.7% in the year to September 2018, unchanged from August 2018; the housing repair and maintenance sector increased by 1.9% 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=100). As of the Quarter 3 2017 release, the base year has been updated to 2015 (2015=100).

In addition, there were further improvements implemented in the Quarter 3 2017 release. 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 PPI, its main component.

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. We expect 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

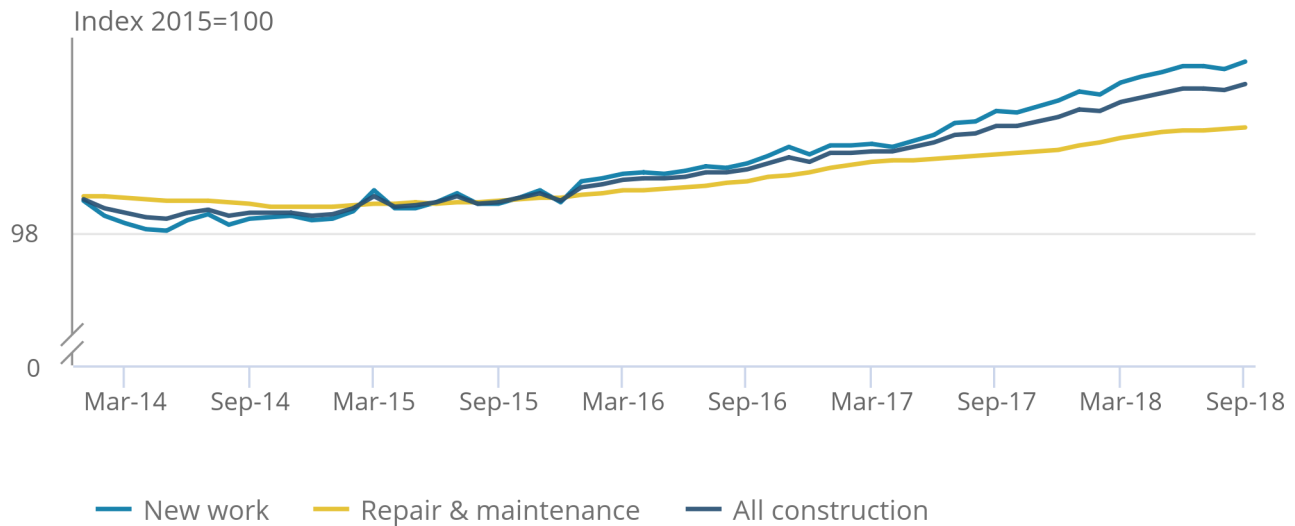
Overall, prices in the construction industry, as estimated by the Construction Output Price Index (OPI), rose 7.7% between January 2014 and September 2018 (Figure 1). Peaks and troughs seen within the new work index between January 2014 and September 2018 are mostly due to movements within the earnings component of the OPI, which is sourced from the Average Weekly Earnings (AWE) index for construction.

Figure 1: Construction output price indices

UK, January 2014 to September 2018

Figure 1: Construction output price indices

UK, January 2014 to September 2018



Source: Office for National Statistics

The annual rate of inflation for all construction was 2.7% in September 2018 (Table 1), slightly down from 2.8% in August 2018. This is the third consecutive month where the annual rate has slowed, after the rate stood at 3.5% in June 2018; the joint highest annual rate of inflation seen since we began publishing the OPI in January 2014. Annual growth for new work was 3.1% in September 2018, whilst annual growth for repair and maintenance was 1.7% in September 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, September 2017 to September 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	Sep	105.1	0.5	2.8	106.1	0.7	3.4	103.2	0.1	1.8
	Oct	105.1	0.0	2.4	106.0	-0.1	2.8	103.3	0.1	1.6
	Nov	105.4	0.3	2.3	106.4	0.4	2.6	103.4	0.1	1.6
	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	108.4	0.4	4.5	104.5	0.2	1.7
	May	107.3	0.3	3.5	108.7	0.3	4.4	104.7	0.2	1.8
	Jun	107.6	0.3	3.5	109.1	0.4	4.4	104.8	0.1	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	107.9	0.4	2.7	109.4	0.5	3.1	105.0	0.1	1.7

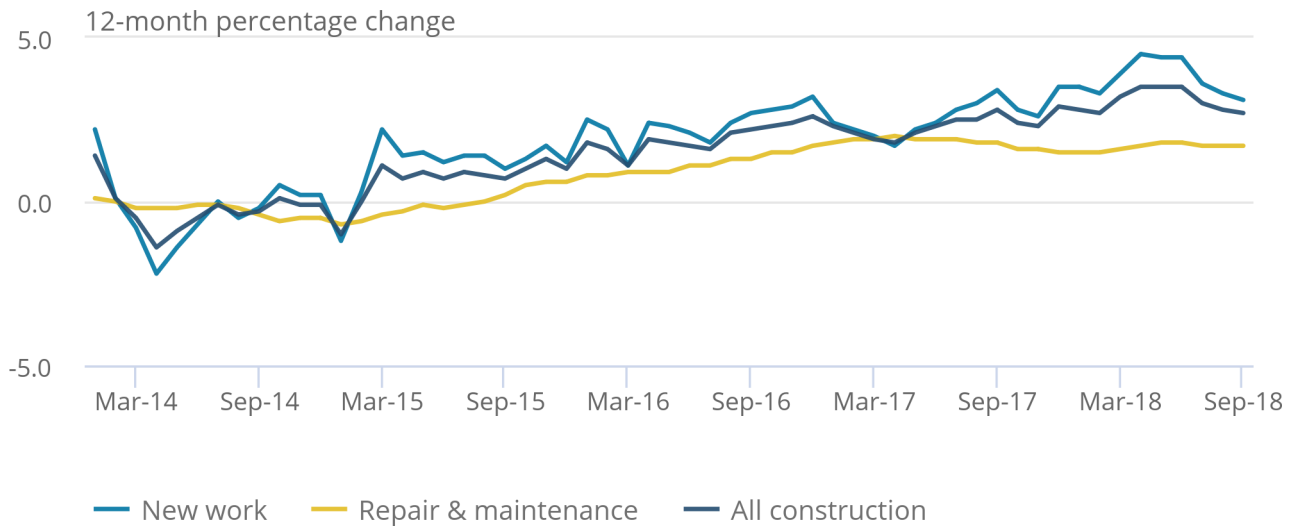
Source: Office for National Statistics

Figure 2: Construction output price 12-month percentage change

UK, January 2014 to September 2018

Figure 2: Construction output price 12-month percentage change

UK, January 2014 to September 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 3.1% on the year and 0.5% on the month to September 2018 (Table 2). The annual rate of inflation for new work has slowed for the third consecutive month. Infrastructure showed the largest annual and monthly growth at 3.6% and 0.7% respectively.

Table 2: New work output price, index values, growth rates and percentage point change to the 12-month rate, UK, September 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)	111.1	0.3	3.0	-0.7
Infrastructure	106.0	0.7	3.6	0.3
Public (other than housing)	109.0	0.5	2.9	0.1
Private Industrial	112.2	0.4	3.5	-0.8
Private Commercial	109.0	0.5	2.9	0.1
All New Work	109.4	0.5	3.1	-0.2

Source: Office for National Statistics

Housing provided the largest upward contribution to the 12-month rate for all new work in September 2018 at 1.13 percentage points (Figure 3). On the month private commercial provided the largest upward contribution of 0.16 percentage points.

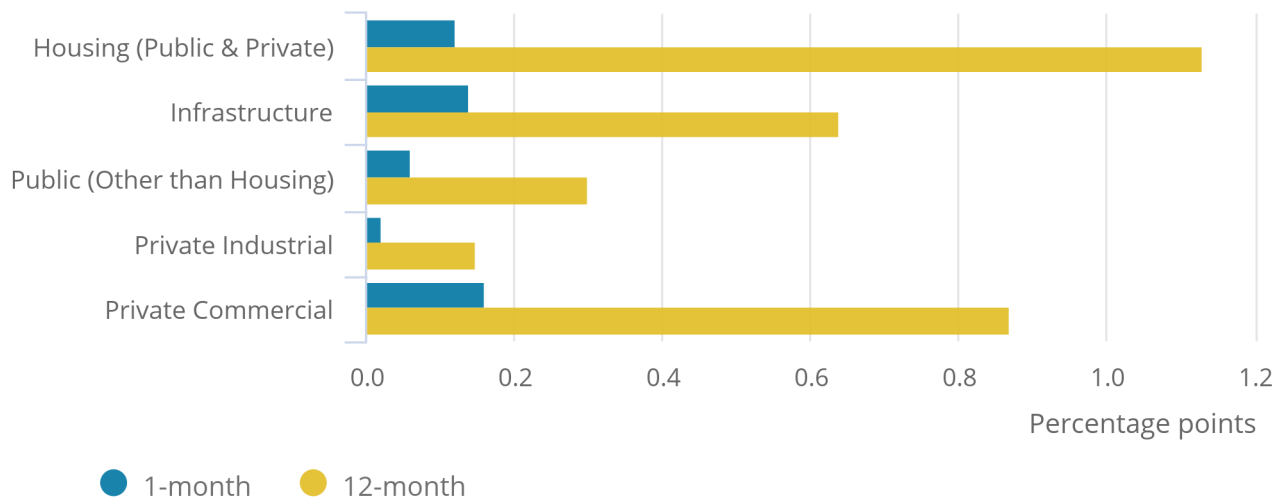
All sectors within new work provided upward contributions to both the 1-month and 12-month rate.

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

UK, September 2018

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

UK, September 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 remains unchanged for three months

The Construction Output Price Index (OPI) for all repair and maintenance rose 1.7% in the year to September 2018, unchanged from August 2018 (Table 3). Housing repair and maintenance showed the largest annual increase of 1.9%.

Table 3: Repair and maintenance output price, index values, growth rates and percentage point change to the 12-month rate UK, September 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	105.2	0.1	1.9	0.0
Non-housing R and M	104.9	0.2	1.7	0.1
All Repair and Maintenance	105.0	0.1	1.7	0.0

Source: Office for National Statistics

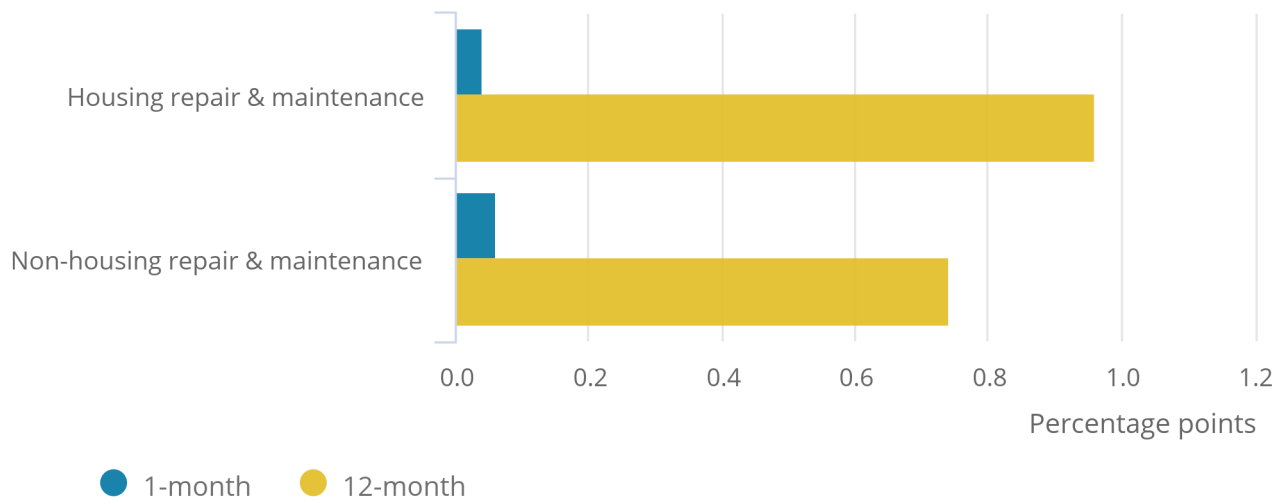
Housing repair and maintenance provided the largest upward contribution to the repair and maintenance annual rate at 0.96 percentage points (Figure 4). Non-housing repair and maintenance provided the largest contribution on the month at 0.06 percentage points.

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

UK, September 2018

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

UK, September 2018



Source: Office for National Statistics

Notes:

1. 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.