

Statistical bulletin

Business investment in the UK: April to June 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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11 November 2022

Correction

5 October 2022 09:30

The text accompanying figures 2 and 3 in section 3 incorrectly described revisions to GFCF instead of business investment and vice versa in the following paragraphs.

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1 . Main points

- Business investment grew by 3.7% in Quarter 2 (Apr to June) 2022, revised down from the provisional estimate of 3.8%.
- The level of business investment is now 8.0% below where it was before the coronavirus (COVID-19) pandemic in Quarter 4 (Oct to Dec) 2019.
- Between 2020 and 2021, business investment fell by 0.1%.
- Gross fixed capital formation (GFCF) fell by 1.4% in Quarter 2 2022, revised down from the provisional estimate of 0.6%; when compared with the pre-pandemic Quarter 4 2019, GFCF remains 1.7% lower.
- Business investment has grown by 5.2% compared with the same quarter a year ago, while gross fixed capital formation (GFCF) has risen by 3.9%, reflecting a fall in government investment.
- This release contains data that are consistent with the [UK National Accounts, The Blue Book 2022](#), which will be released on 31 October 2022; data for all periods in this release are subject to revision in line with the National Accounts Revision Policy.

Please see [Section 6, Measuring the data](#) for information on lower level datasets that have been delayed for this publication

2 . Business investment and gross fixed capital formation

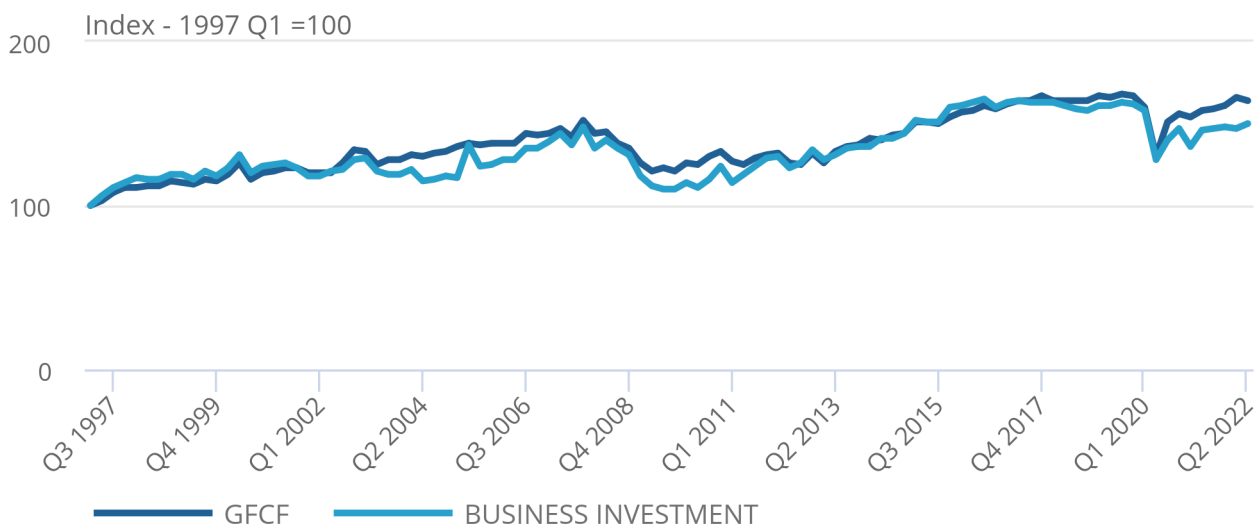
Business investment grew by a revised 3.7% in Quarter 2 (Apr to June) 2022, revised down from the provisional estimate of 3.8%, with Other buildings and structures the main driver. Business investment has grown by 5.2% compared with the same quarter a year ago. Our economy-wide investment measure of gross fixed capital formation (GFCF) fell by 1.4% in Quarter 2 2022, revised down from the provisional estimate of 0.6%. A fall in government investment, particularly in Other buildings and structures was the cause in the fall of GFCF. The level of business investment in Quarter 2 2022, remains 8.0% lower than the pre-coronavirus (COVID-19) pandemic level in Quarter 4 (Oct to Dec) 2019; GFCF is only 1.7% lower.

Figure 1: Difference between gross fixed capital formation and business investment narrows as government investment fell in Quarter 2 (Apr to June) 2022

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

Figure 1: Difference between gross fixed capital formation and business investment narrows as government investment fell in Quarter 2 (Apr to June) 2022

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

3 . Revisions to business investment and gross fixed capital formation

In the Blue Book 2022, we have introduced some improvements to our gross fixed capital formation (GFCF) estimates. The largest change comes from an improvement to the method for calculating GFCF on self-built homes, which will make an impact on all years back to 1997.

Own-account construction of dwellings is calculated using a sum of costs approach of the components labour, materials, and mixed income. Data are sourced from the Homebuilder and Renovating Self-build Market Report used in conjunction with the house price index (HPI), HMRC, average weekly earnings (AWE) and Business Energy and Industrial Strategy (BEIS) data to replace previously forecast sources for this series. Further changes include the incorporation of revised Annual Business Survey benchmarks for 2019 and new data for 2020.

Revisions for 2021 Quarter 1 (Jan to Mar) to 2022 Quarter 2 (Apr to June) have also been affected by incorporation of later survey and other source data. Seasonal factors have also changed because of periods being opened for revision, leading to a revised seasonally adjusted time series.

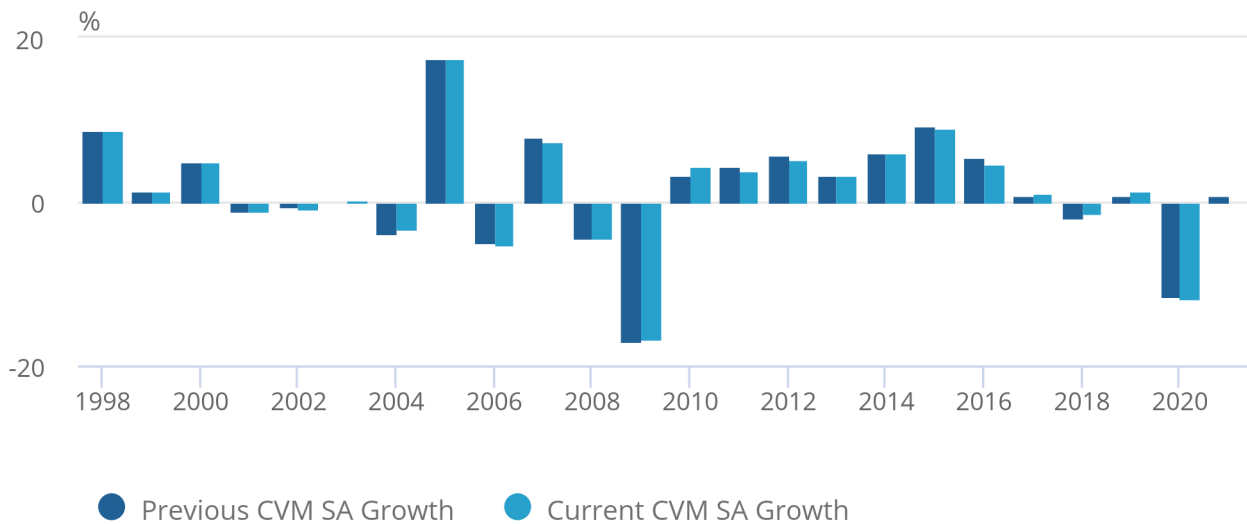
Annual business investment growth is unrevised on average between 1997 and 2021 in chain volume measure (CVM). The maximum positive revision to growth during this period was 1.2% (2010) and the minimum was negative 0.9% (2021).

Figure 2: Annual business investment revisions to growth

Chained volume measure, seasonally adjusted, 1998 to 2021

Figure 2: Annual business investment revisions to growth

Chained volume measure, seasonally adjusted, 1998 to 2021



Source: Office for National Statistics – Business Investment results

Notes:

1. The data in this chart cover 1998 to 2021.
2. 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).

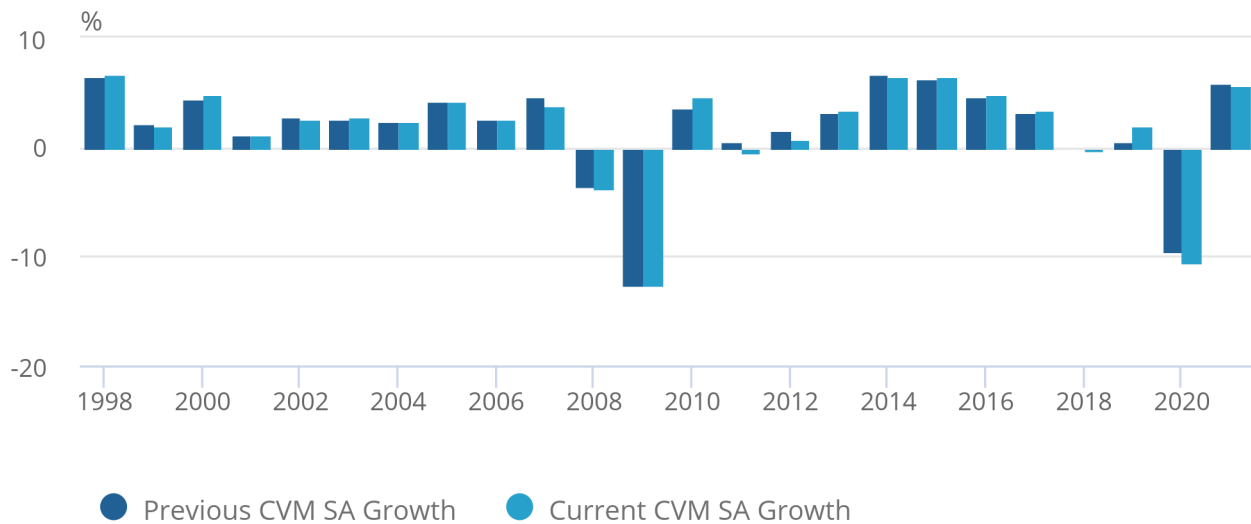
Annual GFCF growth is unrevised on average between 1997 and 2021 in CVM. The maximum revision to growth during this period was 1.4% (2019) and the minimum was negative 1.0% (2011, 2020).

Figure 3: Annual gross fixed capital formation (GFCF) revisions to growth

Chained volume measure, seasonally adjusted, 1997 to 2021

Figure 3: Annual gross fixed capital formation (GFCF) revisions to growth

Chained volume measure, seasonally adjusted, 1997 to 2021



Source: Office for National Statistics – Business Investment results

Notes:

1. The data in this chart cover 1998 to 2021.
2. 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).

Further information on the national accounts methodological improvements introduced in Blue Book 2022, together with the resulting revisions for 1997 through to 2021, can be found in the Blue Book 2022 publication.

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 4 shows GFCF data for the G7 nations back to Quarter 1 (Jan to Mar) 2021.

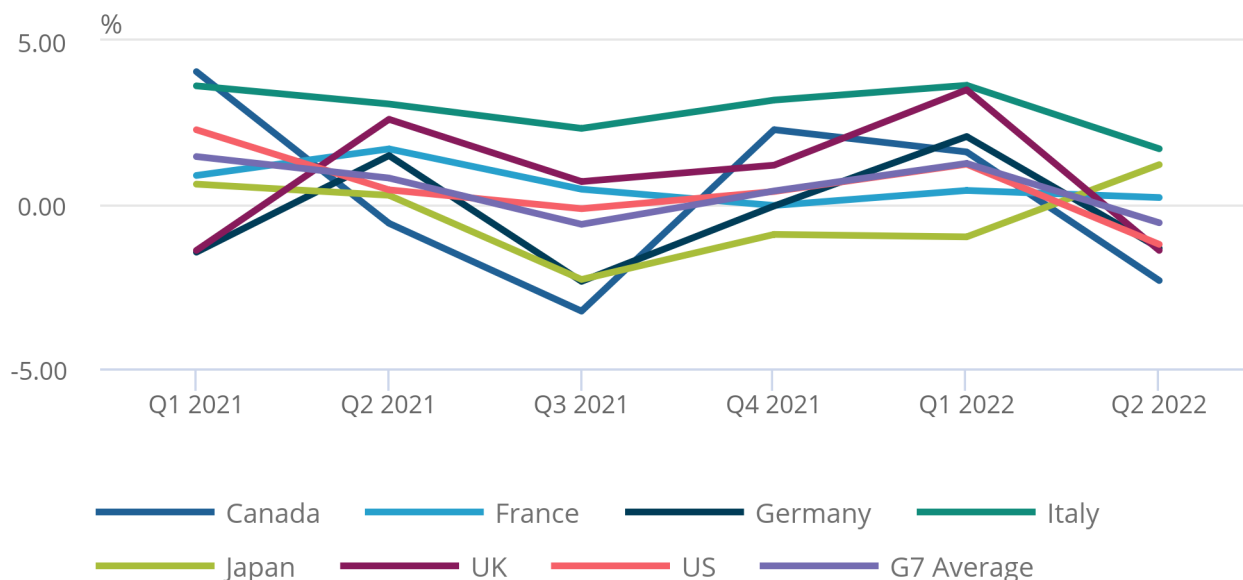
The UK performed poorly in comparison to the rest of the G7 nations in the first quarter of 2021 before bouncing back strongly in the following quarter. The final two quarters of 2021 saw the UK have the second and third highest growths, respectively. In Quarter 1 2022 the UK had the second largest growth, marginally behind Italy, before having the second lowest growth in Quarter 2 2022, only having higher growth than Canada. Italy showed strong growth throughout 2021 and into 2022 with the largest growths of all the G7 nations in all but one quarter. The growth of France and the United States (US) has tracked the average growth of the G7 nations for most of the periods from the beginning of 2021. Canada's growth has been one of the most volatile along with the UK, experiencing periods of high growth in 2021 Quarter 4 (Oct to Dec) before showing the weakest growth of the G7 nations in Quarter 2 (April to June) 2022.

Figure 4: UK growth of gross fixed capital formation (GFCF) compared with the G7

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, 2021 Quarter 1 (Jan to Mar) to 2022 Quarter 2 (April to June)

Figure 4: UK growth of gross fixed capital formation (GFCF) compared with the G7

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, 2021 Quarter 1 (Jan to Mar) to 2022 Quarter 2 (April to June)



Source: Office for National Statistics – Business Investment results and OECD

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 data

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

Dataset | Released 30 September 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 September 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 Capital Assets Survey (QCAS) and Quarterly Stocks Survey (QSS).

6 . Measuring the data

As more time is needed to produce a Blue Book 2022 consistent GFCF dataset we are unable to produce some of the more detailed, mainly industry, data that normally accompany this release.

This includes:

- business investment by asset
- business investment by industry and asset

Also breakdowns of:

- the transportation and storage industries
- household and non-profit institutions serving households (NPISH)
- new dwellings and improvements to dwellings
- ICT equipment
- intellectual property products

We will instead be releasing these alongside our provisional estimate of business investment to be published 11 November 2022.

A detailed list of the time series affected are available upon request.

GDP and sector and financial accounts estimates are unaffected by this decision. Estimates of consumption of fixed capital and productivity will however have been affected. Further information will be included alongside those outputs.

The issue affecting the Own-account software series and resultingly the Intellectual property products series we notified users about earlier in the year has now been resolved. This will remove the level drop into 2021 and then the level increase into 2022. 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, all periods from 1997 Quarter 1 (Jan to Mar) to 2022 Quarter 2 (April to June) are open in this publication. The survey revisions open for this publication are from 2021 Quarter 1 to 2022 Quarter 2. Below is a table of our response rates for the Quarterly Acquisitions and Disposals of Capital Assets survey (QCAS):

Table 1: The response rates for our Quarterly Acquirers and Disposals of Capital Assets survey (QCAS) as of 2022 Quarter 2

	Provisional Response rate (%)	Revised Response rate (%)	Final Response rate (%)
2021 Q1	55.1	69.4	82.3
2021 Q2	59.6	70.9	81.8
2021 Q3	56.9	73.3	81.4
2021 Q4	59.3	71.7	85.1
2022 Q1	54.6	72.8	85
2022 Q2	63.2	78.2	N/A

Source: Office for National Statistics – Quarterly Acquisitions and Disposals of Capital Assets survey

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 78.2% for estimates used in this revised release compared with 63.2% at the provisional stage.

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).

7 . Related links

[GDP quarterly national accounts UK: April to June 2022](#)

Released 30 September 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](#)

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](#)

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.

8 . Cite this statistical bulletin

Office for National Statistics (ONS), released 30 September 2022, ONS website, statistical bulletin, [Business investment in the UK, revised results: April to June 2022](#)