

Statistical bulletin

Business investment in the UK: October to December 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.



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

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10 February 2023

Next release:
31 March 2023

Notice

16 February 2023

The release of the annual national accounts consistent [Business investment in the UK](#) dataset on 30th September 2022 excluded an update to the 'Annual gross fixed capital formation by industry and asset' dataset.

Additional challenges linked to the introduction of the improved GFCF system has meant delays in producing data on the new, improved, basis.

Users can use patterns from previous releases or refer to the limited breakdown by industry of GFCF in Blue Book Table 2.1A. Business Investment data by industry and asset are available in the Business Investment series and Quarterly National Accounts.

The next publication of these tables will be in October 2023.

For more information please contact gcf@ons.gov.uk.

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1 . Main points

- UK business investment rose by 4.8% in Quarter 4 (Oct to Dec) 2022 and is 13.2% above where it was the same quarter a year previous.
- The level of business investment in Quarter 4 2022 has neared that of Quarter 4 2019, the quarter before the coronavirus (COVID-19) pandemic.
- Business investment increased by 9.9% in 2022 following a 0.9% increase in 2021.
- Whole economy investment (technically known as gross fixed capital formation (GFCF)), which includes business and public sector investment, increased by 1.5% in Quarter 4 2022 and was 7.7% above where it was in the same quarter a year previous.
- GFCF in Quarter 4 2022 was 3.7% above its pre-coronavirus (Quarter 4 2019) levels.

2 . Components of business investment

Business investment in the UK rose by 4.8% in Quarter 4 (Oct to Dec) 2022 following a revised 3.2% fall in the previous quarter. Positive contributions from information and communication technology (ICT) equipment and other machinery and equipment, transport equipment, and other buildings and structures caused business investment to exceed pre-coronavirus (COVID-19) levels after 11 quarters below this level.

The primary drivers of growth in Quarter 4 2022 were transport, ICT equipment and other machinery and equipment, and other buildings and structures. Transport made the largest contribution to growth this quarter, driven by the air and water transport industries as well as vehicle rental. Other machinery, and buildings investment also increased this quarter, with increases being seen across all industries. Intellectual property products (IPP) were the only asset that contributed negatively to business investment in Quarter 4 2022.

3 . Whole economy investment

Whole economy investment (technically known as gross fixed capital formation (GFCF)) increased by 1.5% in Quarter 4 (Oct to Dec) 2022 following a 0.3% increase in the previous quarter.

Compared with Quarter 4 2021, GFCF increased by 7.8%, while business investment increased by 13.2% as the disparity between business investment and GFCF decreased. GFCF is now 3.7% above where it was in Quarter 4 2019 (the pre-coronavirus (COVID-19) quarter).

Figure 1: The disparity between gross fixed capital formation (GFCF) and business investment reduced as business investment returned to pre-coronavirus (COVID-19) levels

UK business investment and whole economy investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 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 was 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 = 100.

Download the data

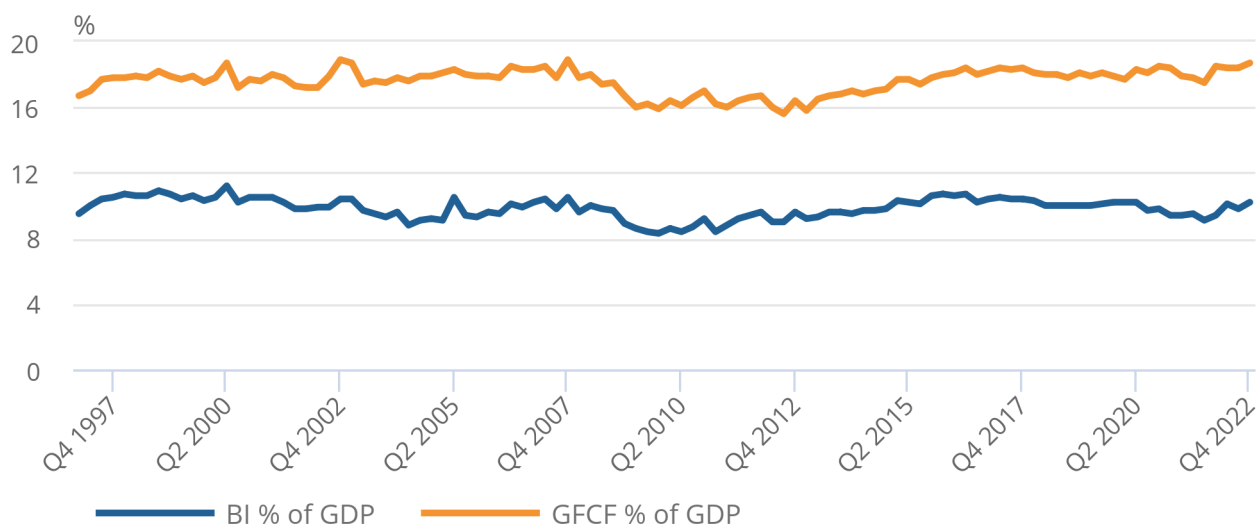
[.xlsx](#)

Figure 2: Gross fixed capital formation (GFCF) and business investment as a percentage of gross domestic product (GDP)

UK business investment and whole economy investment (GFCF) as a percentage of GDP, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 2022

Figure 2: Gross fixed capital formation (GFCF) and business investment as a percentage of gross domestic product (GDP)

UK business investment and whole economy investment (GFCF) as a percentage of GDP, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 2022



Source: Office for National Statistics – Business investment in the UK

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.

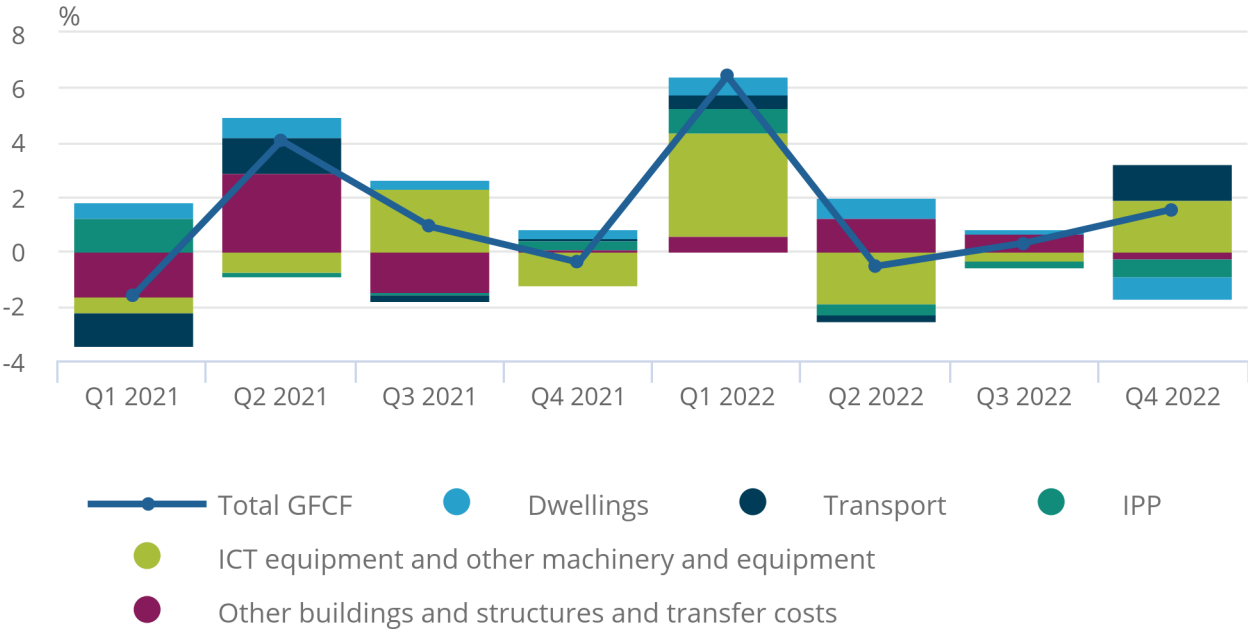
GFCF growth in the latest quarter was largely driven by the same factors as business investment, though dwellings investment fell by 3.2% from Quarter 3 (July to Sept) 2022; this was slightly offset by a 1.8% increase in government investment. Two years on from the pre-coronavirus (Quarter 4 2019) quarter, other buildings and structures, intellectual property products (IPP), and private sector costs of ownership transfers are the only components still below their pre-coronavirus level.

Figure 3: Transport equipment, and information and communication technology equipment led gross fixed capital formation (GFCF) growth

Asset contributions to GFCF, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 to Quarter 4 (Oct to Dec) 2022

Figure 3: Transport equipment, and information and communication technology equipment led gross fixed capital formation (GFCF) growth

Asset contributions to GFCF, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 to Quarter 4 (Oct to Dec) 2022



Source: Office for National Statistics – Business investment in the UK

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).

Transport equipment has seen the largest investment growth of all assets, both this quarter and compared with its pre-coronavirus level. Transport equipment increased by 27.5% in Quarter 4 2022 and was 70.2% above Quarter 4 2019 levels. Transport investment can be particularly volatile because of the high value of some transport equipment, such as ships and aircraft, so movements of this size are not unusual.

4 . Business investment data

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

Dataset | Released 10 February 2023

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 10 February 2023

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 Quality and Methodology Information \(QMI\)](#).

In August 2022 we reviewed the methods used for estimating data from the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS). The imputation review found that the methods used were up to standard and no changes were made.

Revisions

In line with the National Accounts Revisions Policy, the earliest period open to revision in this publication is Quarter 1 (Jan to Mar) 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).

In Quarter 4 (Oct to Dec) 2022, the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS), the largest data source for gross fixed capital formation (GFCF) and business investment, had a response rate of 57.7% for estimates used in the provisional release.

Adjustments

Large capital expenditure tends to be reported later in the data collection period than smaller capital expenditure. This means that larger expenditures are often included in the revised (month 3) results but are not reported in time for the provisional (month 2) results. This can lead to a tendency toward upward revisions in the later estimates for business investment and gross fixed capital formation (GFCF). Following investigation of the impact of this effect, from Quarter 3 (July to Sept) 2013, a bias adjustment was introduced in the provisional estimate.

This adjustment was suspended in Quarter 2 (Apr to June) 2020 because of uncertainties surrounding the effect of the coronavirus (COVID-19) pandemic. However, since Quarter 4 (Oct to Dec) 2021, after further investigation and analysis of its impact, the bias adjustment was reintroduced to business investment and GFCF. The bias adjustment for this provisional release is £1.8 billion. This partially reflects the slightly weaker response in the latest quarter.

6 . Related links

[GDP first quarterly estimate UK: October to December 2022](#)

Bulletin | Released 10 February 2023

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: 1995 to 2021](#)

Bulletin | Released 23 January 2023

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: 2022](#)

Bulletin | Released 5 May 2022

Preliminary 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.

7 . Cite this statistical bulletin

Office for National Statistics (ONS), released 10 February 2023, ONS website, statistical bulletin, [Business investment in the UK: October to December 2022 provisional results](#)