

Output in the Construction Industry, March and Q1 2012



Coverage: **GB**

Date: **11 May 2012**

Geographical Area: **GB**

Headline figures (constant (2005) prices, seasonally adjusted)

- The total volume of construction output in the first quarter of 2012 fell by 4.8 per cent compared with the fourth quarter of 2011
- The total volume of construction output in the first quarter of 2012 fell by 3.7 per cent compared with the same quarter in 2011
- The volume of all new work fell by 6.9 per cent and repair and maintenance fell by 0.4 per cent compared with the fourth quarter of 2011
- The volume of all new work fell by 5.6 per cent compared with the same quarter in 2011 while repair and maintenance was flat
- Quarter on quarter volume reductions were seen in six out of the nine sectors. Infrastructure showed the largest decrease of 15.9 per cent
- Improvements have been made to the seasonal adjustment factors for new private housing, which has grown by 5.5 per cent more this quarter than under the old seasonal adjustment factors, which means that overall growth is 0.7 per cent higher. All other series have been revised as usual as part of the standard revisions policy, the earliest period being Q4 2010

Introduction

This bulletin shows output in the construction industry for the first quarter of 2012. Figures are in constant (2005) prices and are seasonally adjusted. Further breakdowns, including non-seasonally adjusted and current price series, can be found in the data tables. This publication focuses on the latest quarterly figures, but also includes the latest annual and monthly estimates as well as revisions to earlier periods in line with our revisions policy.

The overall estimate for construction output this quarter (constant prices, seasonally adjusted) was 4.8 per cent lower than for the previous quarter, driven by volume reductions in six out of the nine sectors. The largest of these reductions was in new infrastructure work, which fell by 15.9 per cent this quarter.

Changes since the forecast used in the Gross Domestic Product preliminary estimate

In the preliminary estimate of GDP for the first quarter of 2012, construction output was forecast to have decreased by 3 per cent between the fourth quarter of 2011 and the first quarter of 2012. The reasoning behind this forecast can be seen in the [supplementary analysis](#) section of the GDP release.

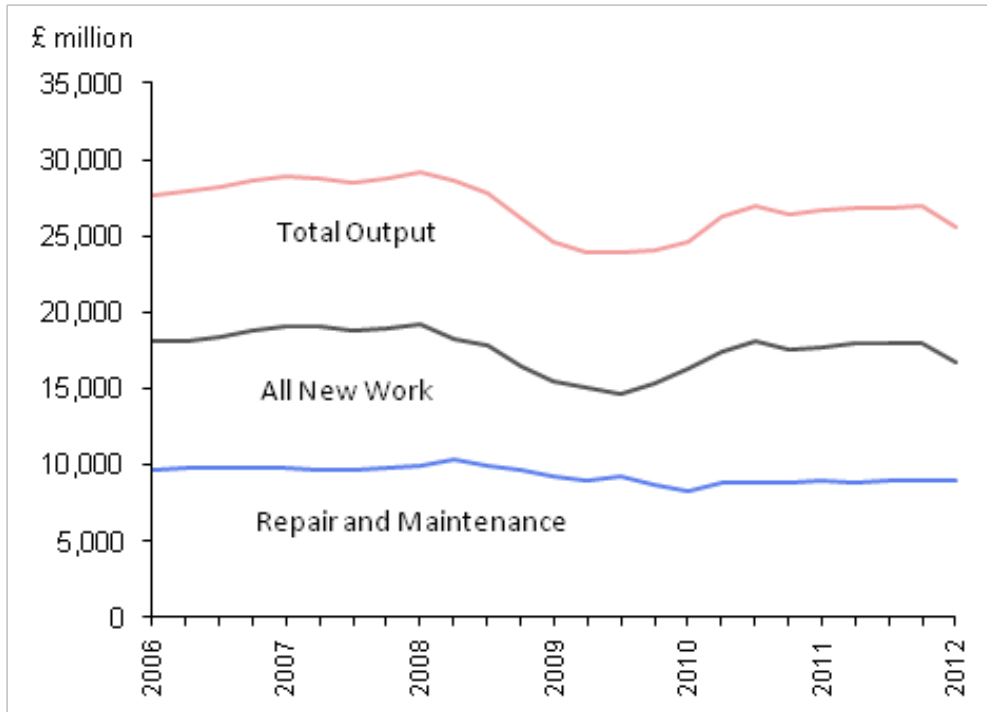
The estimate provided in this release is lower than in the preliminary estimate of GDP, showing a 4.8 per cent fall. The difference between these figures is due to the following factors:

- Upward revisions to January and February were relatively low, with increases of 0.4 and 0.8 per cent respectively, compared to anticipated upward revisions of around 1.0 and 1.5 per cent
- Growth between February and March was 15.3 per cent (constant prices, not seasonally adjusted), compared to an assumption of growth of around 19.0 per cent (previous years growth between February and March had been around 18 or 20 per cent)
- The update to the seasonal adjustment process had a smaller impact than anticipated, resulting in a change of less than 1.0 per cent to the measure of all work (the forecast was for an impact of 1.0 percent)

This updated figure, by itself, would have a negative impact of around 0.1 per cent on the preliminary estimate for GDP for the first quarter of 2012. Of course, any updates to other data sources will also need to be taken into account. The next revised estimate of GDP will be published on 24 May.

Output in the construction industry

Construction Output (constant prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

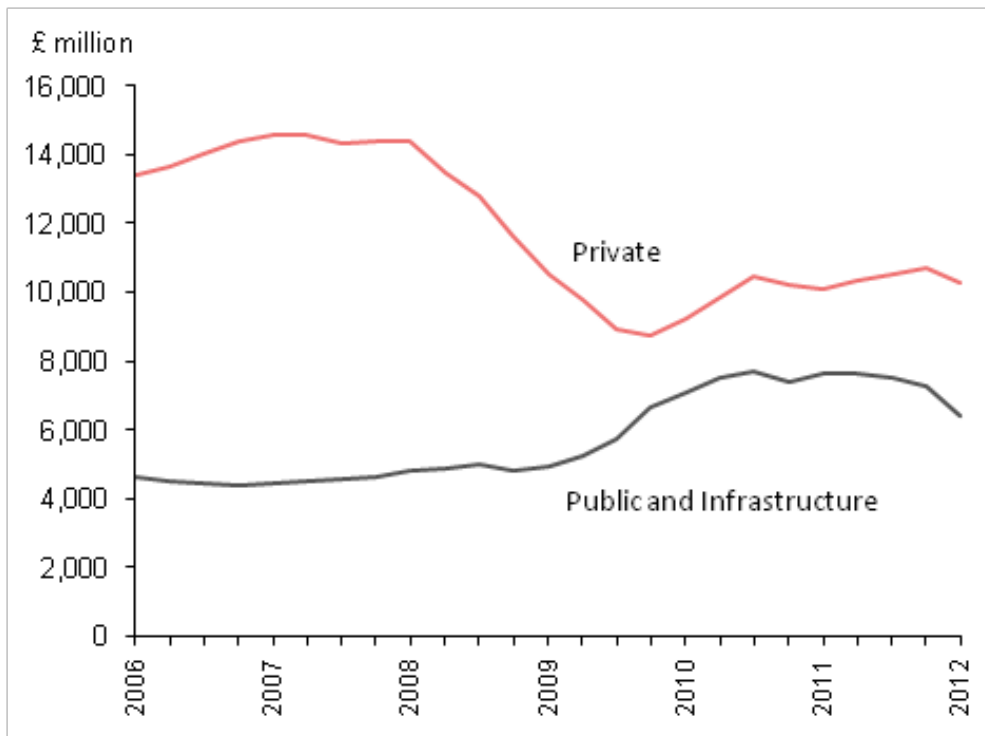
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New work in quarter one 2012 fell by 6.9 per cent compared with quarter four 2011, with only private housing showing positive growth (1.3 per cent). Aside from private housing and private industrial (only a 0.4 per cent fall), large decreases were shown across other types of new work. The largest of these decreases was in infrastructure (15.9 per cent), while private commercial - the largest sector - fell by 7.1 per cent.

Repair and maintenance work fell only slightly (0.4 per cent), with public and private housing work showing growth, while non-housing repairs and maintenance fell by 1.0 per cent.

New Work (constant prices, seasonally adjusted); Public and Infrastructure and Private

Source: Construction: Output & Employment - Office for National Statistics

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Over the year from the first quarter of 2011 to the first quarter of 2012, there was a 3.7 per cent fall in the total volume of construction output.

The key pattern appears to be a tailing off of public housing and infrastructure new work. New public housing, new public other work and infrastructure combined, have fallen by 15.8 per cent since the first quarter of 2011 (a split of private and public infrastructure is not available). By comparison, new private housing, new private commercial and new private industrial combined (shown as "private" on the chart above) have increased by 2.0 per cent over the same period.

Repairs and maintenance were flat over the year, with a drop of 4.5 per cent in repairs and maintenance for public housing (and a fall of 0.4 per cent for private housing) being offset by a rise of 1.7 per cent in non-housing repairs and maintenance.

Matched Pairs Analysis

Q1 2012 - Q4 2011 Matched Pairs Analysis

Employment	Businesses showing negative growth		Businesses showing positive growth	
	Number of businesses	Decrease in value of output between Q4 2011 and Q1 2012 (£m)	Number of businesses	Increase in value of output between Q4 2011 and Q1 2012 (£m)
0-4	871	921	962	588
5-19	575	668	501	425
20-99	572	851	477	460
100+ or T/O> £60m	379	1,254	380	890
Total	2,397	3,694	2,320	2,363

SIC	Businesses showing negative growth		Businesses showing positive growth	
	Number of businesses	Decrease in value of output between Q4 2011 and Q1 2012 (£m)	Number of businesses	Increase in value of output between Q4 2011 and Q1 2012 (£m)
41 (Buildings)	514	841	655	733
42 (Infrastructure)	437	1,071	369	440
43 (Allied trades)	1,446	1,782	1,296	1,189
Total	2,397	3,694	2,320	2,363

Table source: Office for National Statistics

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Some 4,700 businesses were selected in each of the six months from October 2011 to March 2012 (by comparison, some 11,400 were selected in at least one of these months). Of these, 49 per cent cited an increase in output between the two quarters and 51 per cent a decline. Despite the small negative balance, output fell between the two quarters as the average fall in output for those reporting negative growth was greater than the average rise for those with positive growth.

These patterns are not directly comparable to our published growth rate due to differences in coverage and methodology. The tables do not include all respondents (only those who were in the sample throughout the period) nor do they take account of seasonal adjustment or deflation of results.

Construction output (constant (2005) prices, seasonally adjusted)

Great Britain

Great Britain	£ million				
	Housing new work	Non housing new work	Housing repair and main-tenance	Non housing repair and maintenance	Total Output
2008 (R2)	18,634	53,079	17,488	22,458	111,658
2009 (R2)	13,736	46,757	15,976	20,169	96,639
2010 (R1)	17,141	52,265	17,031	17,845	104,281
2011 (R1)	18,437	53,136	16,603	19,088	107,263
2008 Q1 (R2)	5,418	13,777	4,395	5,584	29,174
Q2 (R2)	4,919	13,383	4,475	5,822	28,599
Q3 (R2)	4,436	13,329	4,299	5,679	27,744
Q4 (R2)	3,861	12,590	4,318	5,372	26,141
2009 Q1 (R2)	3,481	11,930	4,081	5,139	24,632
Q2 (R2)	3,349	11,674	3,963	4,994	23,979
Q3 (R2)	3,346	11,356	4,193	5,054	23,948
Q4 (R2)	3,560	11,797	3,739	4,983	24,079
2010 Q1 (R2)	3,834	12,483	4,060	4,267	24,645
Q2 (R2)	4,188	13,168	4,244	4,609	26,209
Q3 (R2)	4,489	13,652	4,388	4,432	26,961
Q4 (R1)	4,630	12,962	4,338	4,537	26,467
2011 Q1 (R1)	4,628	13,054	4,236	4,702	26,620
Q2 (R1)	4,640	13,335	4,135	4,746	26,855
Q3 (R1)	4,597	13,393	4,087	4,810	26,887
Q4 (R1)	4,572	13,354	4,145	4,831	26,901
2012 Q1	4,502	12,181	4,156	4,782	25,622

Table source: Office for National Statistics

Table notes:

1. R1 - Revised since January 2012 publication as usual due to updated data and changes in seasonal adjustment
2. R2 - Revised since January 2012 publication due to changes in seasonal adjustment for Private New Housing

Download table

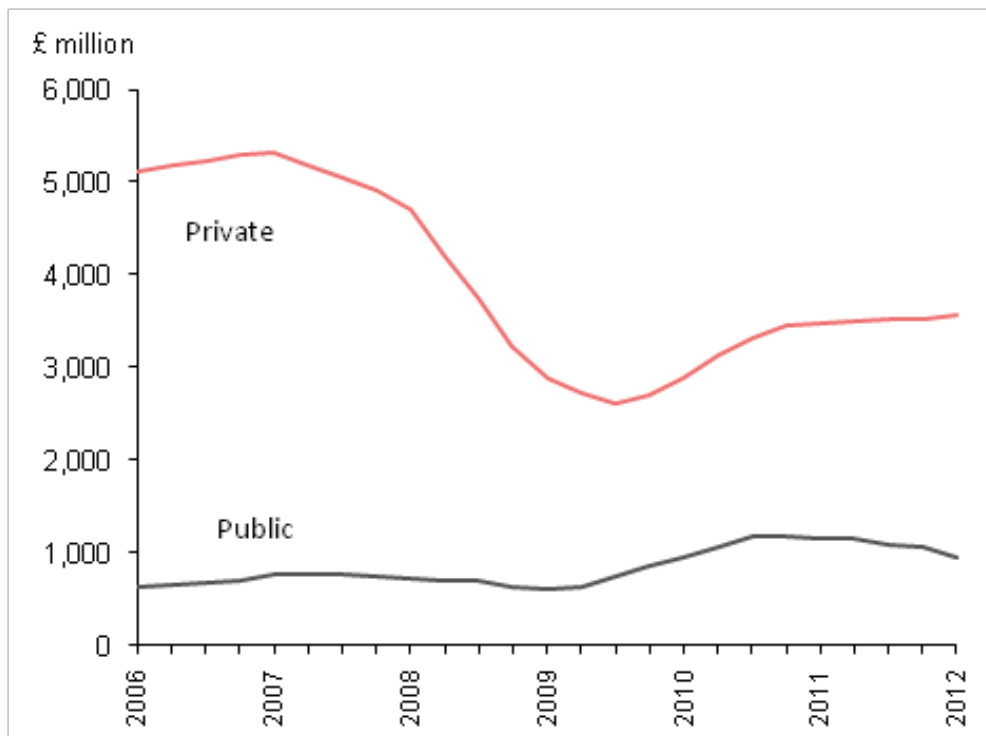
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New housing

The volume of new private housing work in the first quarter of 2012 was 1.3 per cent higher compared with the previous quarter and 2.5 per cent higher compared with the same quarter in 2011.

The volume of new work in the public housing sector in the first quarter of 2012 was 10.9 per cent lower than the previous quarter and 18.4 per cent lower compared with the same quarter in 2011.

New Housing (constant prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

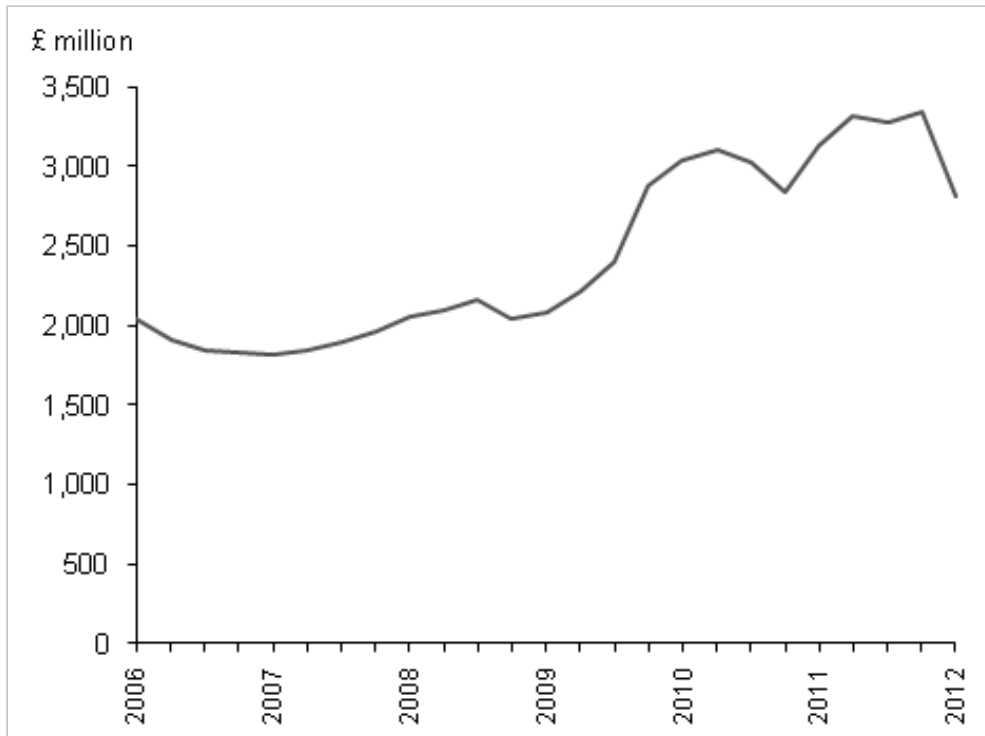
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New public and private infrastructure

The volume of new infrastructure output in the first quarter of 2012 was 15.9 per cent lower compared with the previous quarter and 10.0 per cent lower compared with the same quarter in 2011.

New Public and Private Infrastructure (constant prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

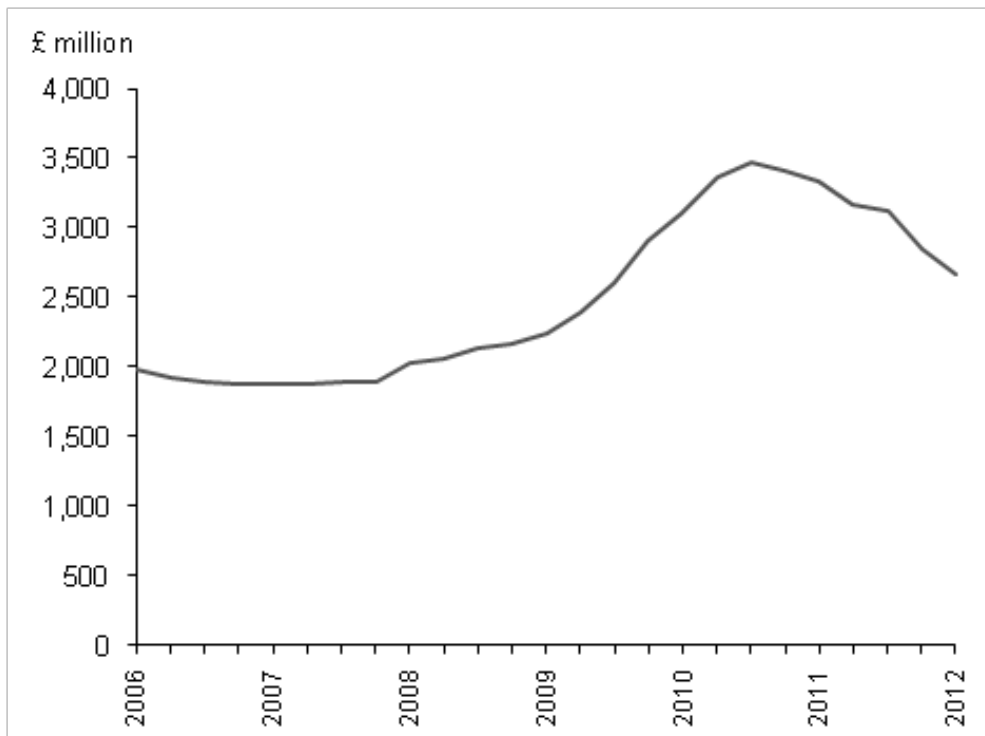
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New public non-housing (excluding infrastructure)

The volume of new work in the public non-housing sector (excluding infrastructure) in the first quarter of 2012 was 6.5 per cent lower compared with the previous quarter and 20.3 per cent lower compared with the same quarter in 2011.

New Public Non-Housing Excluding Infrastructure (constant prices, seasonally adjusted)

Source: Construction: Output & Employment - Office for National Statistics

Download chart

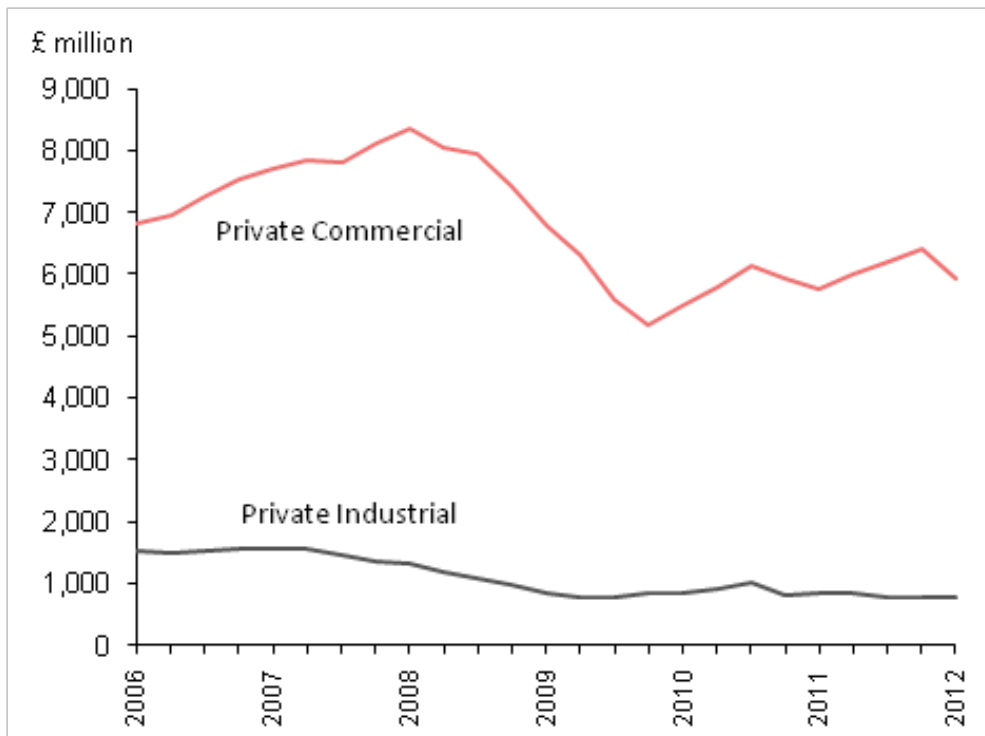
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New private non-housing (excluding infrastructure)

The volume of new construction work in the private industrial sector in the first quarter of 2012 was 0.4 per cent lower compared with the previous quarter and 8.3 per cent lower compared with the same period in 2011.

The volume of new private commercial output in the first quarter of 2012 was 7.1 per cent lower compared with the previous quarter and 3.2 per cent higher compared with the same quarter in 2011.

New Private Non-Housing Excluding Infrastructure (constant prices, seasonally adjusted)

Source: Construction: Output & Employment - Office for National Statistics

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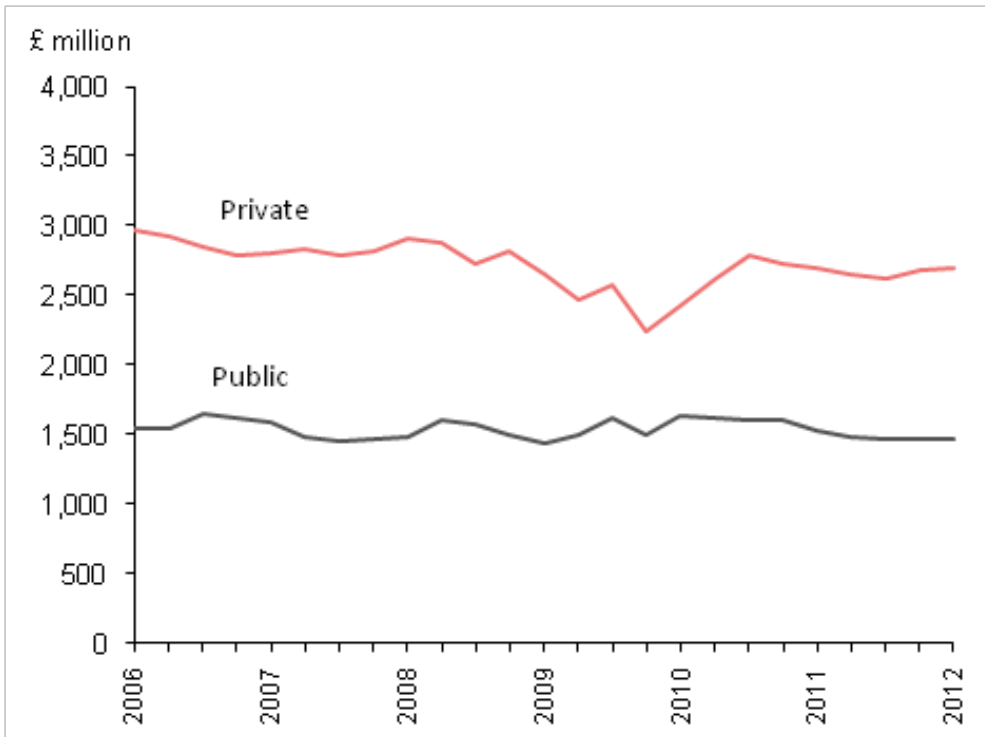
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Housing repair and maintenance

The volume of housing repair and maintenance work (including improvement work) in the public sector in the first quarter of 2012 was 0.3 per cent higher compared with the previous quarter and 4.5 per cent lower compared with the same period in 2011.

Housing repair and maintenance work in the private sector in the first quarter of 2012 was 0.3 per cent higher compared with the previous quarter and 0.4 per cent lower compared with the same period in 2011.

Housing Repair and Maintenance (constant prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

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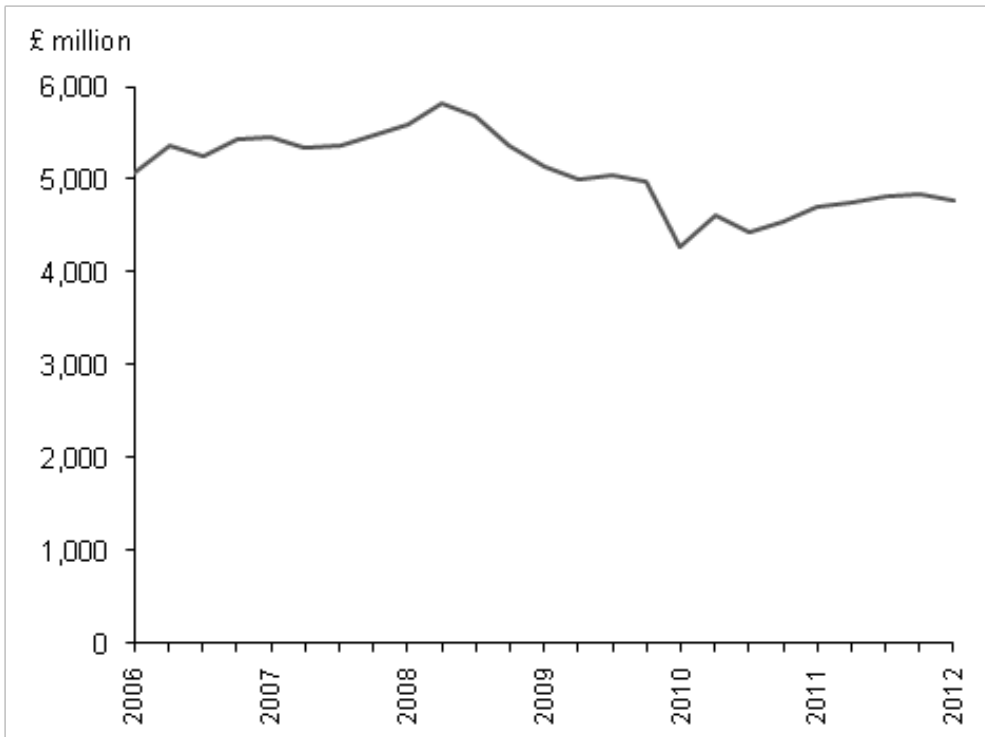
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Non-housing repair and maintenance

The volume of repair and maintenance work in the non-housing sector in the first quarter of 2012 was 1.0 per cent lower compared with the previous quarter and 1.7 per cent higher compared with the same period in 2011. The introduction of an infrastructure repair and maintenance question in only 2010 means that we do not yet have sufficient data to produce seasonally adjusted series for the components of this series.

Non-Housing Repair and Maintenance (constant prices, seasonally adjusted)



Source: Construction: Output & Employment - Office for National Statistics

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Revisions

In general revisions will follow the standard revisions policy for construction statistics shown in the table below

Revisions Policy

Source of revisions	Revision periods
New survey data	New month + revised 12 previous months
Revised deflators from BIS	New quarter + revised 2 previous quarters
Seasonal factors	New quarter + revised 5 previous quarters

Table source: Office for National Statistics

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However, this month there are revisions back to the start of the private new housing series, and the aggregated totals that contain this series, due to an update to the seasonal adjustment methodology. See background note number 6.

Revisions to the output series for the last 12 months were also due to revised and late responses from respondents.

Revisions Table (constant prices, seasonally adjusted)

Great Britain

	New work published in this release	New work estimates previously published*	New work revisions	R&M published in this release	R&M estimates previously published*	R&M revisions
2010 Q4	-3.0%	-2.4%	-0.7%	0.6%	0.8%	-0.2%
2011 Q1	0.5%	-2.5%	3.0%	0.7%	0.4%	0.3%
2011 Q2	1.6%	3.8%	-2.1%	-0.6%	-0.6%	0.0%
2011 Q3	0.1%	0.7%	-0.6%	0.2%	-0.1%	0.3%
2011 Q4	-0.4%	-0.7%	0.3%	0.9%	0.6%	0.3%
	Total Output published in this release	Total Output estimates previously published*	Total Output revisions			
2010 Q4	-1.8%	-1.3%	-0.5%			
2011 Q1	0.6%	-1.5%	2.1%			
2011 Q2	0.9%	2.3%	-1.4%			
2011 Q3	0.1%	0.5%	-0.3%			
2011 Q4	0.1%	-0.2%	0.3%			

Table source: Office for National Statistics

Table notes:

- * Revised since January 2012 publication

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Background notes

1. Special Events Policy

ONS has produced a policy covering 'Special Events'. This can be accessed [here](#).

2. Changes to Construction Statistics

In June 2009 ONS [announced major changes](#) to the arrangements for producing construction statistics and indicated that the changes would take effect from the beginning of 2010. From January 2010, a new Monthly Business Survey replaced the quarterly output surveys for construction, and a quarterly new orders survey replaced the previous monthly new orders survey.

3. Relevance to users

The statistical bulletin brings together information on the output of the construction industry in Great Britain. It draws on data compiled from the Monthly Business Survey, with businesses selected from the Inter-Departmental Business Register (IDBR). The construction industry, which contributes to the overall estimate of Gross Domestic Product (GDP) by approximately 7.6 per cent, covers Sections 41, 42 and 43 of the Standard Industrial Classification 2007 (excluding section 41.1 (property developers)).

Similar data for Northern Ireland is provided by the [Northern Ireland Statistics and Research Agency](#).

Information relating to employment in the construction industry is available in the [Labour Market Statistics Statistical Bulletin](#).

4. Accuracy

Revisions to previous periods: Figures for the recent months are provisional and subject to revision as later information becomes available.

5. Deflation and seasonal adjustment

'Value' of construction output is also known as 'current price' or 'nominal price' construction output. 'Volume' of construction output is also known as 'constant price' construction output. A volume series aims to measure the level of construction output, adjusting for price inflation, allowing comparisons of activity to be made between periods. The headline data are given in constant 2005 prices, seasonally adjusted. Deflators adjust the value series to take out the effect of price changes to give the volume series. Deflation of output is carried out sectorally, and a range of relevant tender price and output price indices are used.

Seasonal adjustment aids interpretation by removing annually recurring fluctuations, for example, due to climate, hours of daylight, holidays or other regular seasonal patterns. Unadjusted data are also available.

The impact of extreme weather events, such as snow, is unpredictable as to when or if it occurs within the season. The industry suffered heavy snow in January and December during 2010. No specific allowance has been made to treat these events other than allowing standard seasonal adjustment methods to consider the seasonal effect.

6. As part of the annual review of seasonal adjustment models, a seasonal break was identified in the private new housing sector. The change in seasonality accounted for this break became apparent due to revised data for 2011 and new data for the first quarter of 2012. Seasonal breaks in several other sectors (private housing repair and maintenance, non-housing repair and maintenance and infrastructure new work) had already been identified and adjusted for in the January 2012 publication.

For this publication, the quarterly seasonal adjustment methodology has been improved and applied to the entire private new housing back series which will also affect the aggregate totals which include this series.

Last month's data, which did not include this revision, are available as part of the February 2012 Output in the Construction Industry summary.

7. **Quality**

A report on basic quality information (response rates, standard errors etc.) is published quarterly, two months after the end of quarter months, in table 11 of the construction output spreadsheet.

A [Quality Report](#) for the construction output survey can be found on the National Statistics web site.

8. **Publication timetable**

The content of the construction output monthly publication varies as shown in the table below:

Period	What is published	Timing of publication
End of quarter month (March, June, September and December)	Statistical release plus excel spreadsheet consisting of tables 1, 2, 3, 4, 7, 8 and 9	Second Friday, 2 months after the end of the reference month
One month after the end of quarter month (April, July, October and January)	Output summary plus excel spreadsheet consisting of tables 1 to 10	Second Friday, 2 months after the end of the reference month
Two months after the end of quarter month (May, August, November and February)	Output summary plus excel spreadsheets consisting of tables 3, 4, 5, 6, 8, 9 and 11	Second Friday, 2 months after the end of the reference month

Table 1	Volume of construction output in Great Britain: constant (2005) prices, seasonally adjusted index numbers - by sector
Table 2	Volume of construction output in Great Britain: constant (2005) prices, seasonally adjusted - by sector
Table 3	Volume of construction output in Great Britain: constant (2005) prices, non seasonally adjusted - by sector
Table 4	Value of construction output in Great Britain: current prices, non seasonally adjusted - by sector
Table 5	Value of new construction output in Great Britain: current prices - by type of work
Table 6	Value of new construction output in Great Britain: current prices - by region
Table 7	Volume of construction output in Great Britain: constant (2005) prices, seasonally adjusted growth rates - by sector
Table 8	Volume of construction output in Great Britain: constant (2005) prices, non seasonally adjusted growth rates - by sector
Table 9	Output price indices (2005 = 100)
Table 10	Value of construction output in Great Britain: current prices - by size band
Table 11	Basic quality report

9. Further information

Spreadsheets containing the data published in this Statistical Bulletin, as well as further breakdowns and previous ONS releases can be found on the [ONS website](#).

Releases on construction output and employment prior to the transfer to ONS can be found on the [BIS website](#).

Related releases on [new orders for construction](#) in Great Britain are published on the ONS website.

The [Construction Statistics Annual](#) publication brings together a wide range of statistics that are currently available on the construction industry from a number of different sources.

ONS launched a new website on 28 August 2011 which has improved the way users can access our statistics. However, many existing bookmarks and links no longer work and users will need to update them.

10. Following ONS

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View the latest podcasts here: [YouTube](#)

11. Publication policy

Details of the policy governing the release of new data are available from the Media Relations Office.

National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

Results of the survey held in April 2011 regarding users' satisfaction and use of the construction output and new orders surveys can be found on the [ONS website](#).

The Consultative Committee on Construction Industry Statistics (CCCIS) is a forum that meets, usually twice a year, under the auspices of BIS. ONS is a member of this forum. [Agenda and minutes of CCCIS meetings](#) can be found on the BIS web site.

12. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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This document is also available on our website at www.ons.gov.uk.

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