

Construction Cost Index

(for Dwellings)

Second quarter, 2016

Tirana, on September 6, 2016: In the second quarter 2016, Construction Cost Index (for Dwellings) reached 102.2 % versus the first quarter 2011. (First quarter 2011=100).

In the second quarter 2016, the annual change of Construction Cost Index (for Dwellings) is - 0.2 %. In the same period of year 2015, this change was 0.4 %.

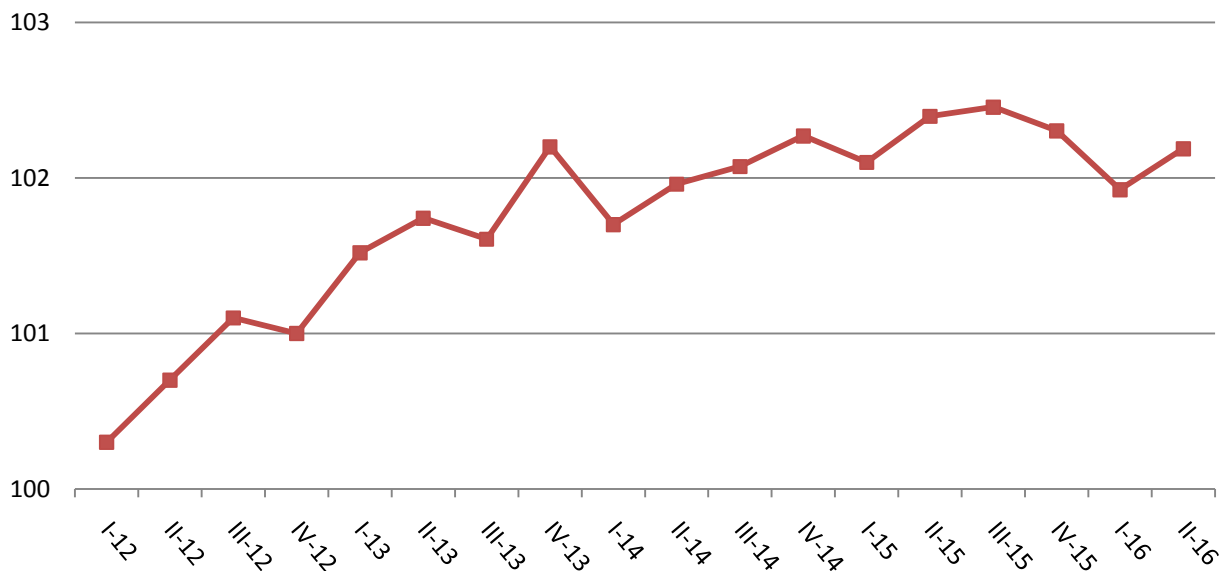
Compare with second quarter of 2015, "Transport expenditures" group is decreased by 3.5 % followed by "Energy expenditures" group with 0.4 %.

In comparison with second quarter of previews year, index groups of "Salary expenditures" and "Material expenditures" are increased respectively by 1.6 % and 1.5 %.

In the second quarter 2016, the quarterly change of the CCI for dwellings is 0.3 %. In comparison with first quarter of 2016, the index group of "Material expenditures" is increased by 0.9 %. Within this group, the "Electric and communication materials" subgroup is increased by 1.1 % followed by "Construction materials" subgroup with 1.0 % and "Hydro-sanitary materials" subgroup with 0.8 %.

The index groups of "Energy expenditures" and "Machinery expenditures" are increased respectively by 0.3 each %.

In comparison with previews quarter, the index group of "Other expenditure" is decreased by 0.8 % followed by "Transport expenditures" group with 0.5 %.

Fig. 1 Construction Cost Index (for Dwellings)**Tab. 1 Construction Cost Index (for Dwellings)**

		First quarter 2011=100														%
Code	Groups	Weights	II-13	III-13	IV-13	I-14	II-14	III-14	IV-14	I-15	II-15	III-15	IV-15	I-16	II-16	
	Total (1+2+3+4+5+6)	100.0	101.7	101.6	102.2	101.7	102.0	102.1	102.3	102.1	102.4	102.5	102.3	101.9	102.2	
1	Material expenditures (a+b+c)	55.2	100.3	101.2	100.7	99.8	100.8	101.3	101.6	99.0	99.7	100.0	99.3	100.2	101.2	
	a. Construction materials	42.3	100.4	101.6	100.8	99.9	101.1	101.6	101.8	98.5	99.0	99.3	98.6	100.4	101.4	
	b. Electric and communication materials	6.7	100.7	100.1	102.0	99.7	100.1	101.4	101.7	100.8	101.9	102.5	102.3	99.4	100.5	
	c. Hydro - sanitary materials	6.2	98.9	99.1	99.2	99.5	99.5	99.6	100.2	100.4	101.6	101.8	101.0	99.9	100.7	
2	Salary expenditures	24.6	101.7	102.6	102.4	103.5	103.9	103.8	104.0	104.1	104.4	105.4	105.6	105.7	106.1	
3	Machinery expenditures	8.3	105.2	104.6	104.4	102.1	102.9	103.1	103.0	102.8	103.1	103.0	102.9	102.8	103.1	
4	Transport expenditures	5.3	103.7	102.8	102.6	102.8	103.1	103.4	103.3	103.1	102.9	102.8	102.5	99.8	99.3	
5	Energy expenditures	2.1	100.3	100.3	100.3	100.3	100.3	100.3	100.3	99.4	99.4	99.4	99.4	99.1	99.1	
6	Other costs	4.5	103.1	101.7	102.1	105.6	104.8	103.6	103.9	107.6	106.7	105.4	106.1	108.3	107.5	

Tab. 2 Annual changes of Construction Cost Index (for Dwellings)

Code	Groups														%
		II-13/II-12	III-13/III-12	IV-13/IV-12	I-14/I-13	II-14/II-13	III-14/III-13	IV-14/IV-13	I-15/I-14	II-15/II-14	III-15/III-14	IV-15/IV-14	I-16/I-15	II-16/II-15	
	Total (1+2+3+4+5+6)	1.0	0.5	1.2	0.2	0.2	0.5	0.1	0.4	0.4	0.4	0.03	-0.2	-0.2	
1	Material expenditures (a+b+c)	-0.3	0.1	0.8	-0.3	0.5	0.1	0.9	-0.8	-1.1	-1.3	-2.3	1.2	1.5	
	a. Construction materials	-0.4	0.0	1.1	0.3	0.7	-0.1	1.0	-1.4	-2.0	-2.2	-3.2	1.9	2.3	
	b. Electric and communication materials	1.6	0.8	3.4	-1.8	-0.6	1.3	-0.3	1.1	1.8	1.1	0.6	-1.4	-1.4	
	c. Hydro - sanitary materials	-1.9	-1.0	-3.8	-2.4	0.6	0.5	1.0	0.9	2.1	2.2	0.8	-0.5	-0.9	
2	Salary expenditures	1.1	1.4	2.6	3.6	2.1	1.1	1.6	0.6	0.6	1.6	1.6	1.6	1.6	
3	Machinery expenditures	3.2	0.7	1.5	-0.8	-2.1	-1.5	-1.3	0.7	0.2	0.0	-0.1	-0.1	-0.1	
4	Transport expenditures	2.0	0.4	0.0	0.4	-0.6	0.5	0.6	0.3	-0.2	-0.6	-0.7	-3.3	-3.5	
5	Energy expenditures	0.3	0.3	0.0	0.0	0.0	0.0	0.0	-0.9	-0.8	-0.8	-0.8	-0.4	-0.4	
6	Other costs	2.2	1.4	0.9	1.9	1.6	1.8	1.8	1.9	1.8	1.7	2.1	0.6	0.7	

Tab. 3 Quarterly changes of Construction Cost Index (for Dwellings)

Code	Groups														%
		II-13	III-13	IV-13	I-14	II-14	III-14	IV-14	I-15	II-15	III-15	IV-15	I-16	II-16	
	Total (1+2+3+4+5+6)	0.2	-0.1	0.6	-0.5	0.3	0.1	0.2	-0.2	0.3	0.1	-0.1	-0.4	0.3	
1	Material expenditures (a+b+c)	0.2	0.9	-0.5	-0.9	1.0	0.5	0.3	-2.5	0.7	0.3	-0.7	0.9	0.9	
	a. Construction materials	0.8	1.2	-0.8	-0.9	1.2	0.5	0.2	-3.2	0.5	0.3	-0.8	1.9	1.0	
	b. Electric and communication materials	-0.9	-0.6	1.9	-2.3	0.4	1.3	0.3	-0.9	1.0	0.6	-0.1	-2.8	1.1	
	c. Hydro - sanitary materials	-3.0	0.2	0.1	0.3	0.1	0.1	0.6	0.2	1.3	0.2	-0.8	-1.0	0.8	
2	Salary expenditures	1.9	0.9	-0.2	1.1	0.4	-0.1	0.2	0.1	0.3	0.9	0.2	0.1	0.3	
3	Machinery expenditures	2.2	-0.5	-0.2	-2.2	0.8	0.1	-0.1	-0.2	0.3	-0.1	-0.1	-0.2	0.3	
4	Transport expenditures	1.3	-0.8	-0.2	0.2	0.2	0.3	-0.1	-0.1	-0.2	-0.1	-0.3	-2.7	-0.5	
5	Energy expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.0	0.0	0.0	-0.4	0.0	
6	Other costs	-0.5	-1.4	0.4	3.4	-0.8	-1.2	0.3	3.5	-0.9	-1.2	0.7	2.1	-0.8	

Methodology

The Construction Cost Index (for Dwellings) (CCI) measures the price development of the production factors raw materials, labour, machinery, transports, energy and other costs that are used in building projects. The CCI is an important economic indicator for the construction sector. The main users of Construction Cost Index are the National Accounts as a deflator, Ministries, Bank of Albania, IMF, World Bank and for analysing the construction sector. The CCI from first quarter 2011 is calculated with a new basket of materials and expenditures. The new weights are calculated based on the projections for multi-dwelling buildings taken by firms. The first quarter 2011 is the base period for calculating the index (First quarter 2011=100). The new basket contains 71 items of which 66 are construction materials. The prices for construction materials collected from 165 distributors and retailers of construction materials. The data for salaries, machineries and transport collected in 65 biggest construction companies concentrated mostly in Tirana. The selection of companies is based on the volume of construction companies realized over a period of one year. The expenditure classification is based on classification of EUROSTAT for Construction Cost Index. The new CCI have six expenditure groups:

- Material Expenditures
- Salary Expenditures
- Machinery Expenditures
- Transport Expenditures
- Energy Expenditures
- Other costs

For calculation of Construction Cost Index we use the Laspeyres index model:

$$I_{0t}^L = \frac{\sum_{i=1}^n \left(\frac{p_t^i}{p_0^i} \times w_0^i \right)}{\sum_{i=1}^n w_0^i} \times 100$$

Where:

I_{ot} = Index number at a point in time t

P_t^i = Price per unit at point in time t (current period)

P_0^i = Price per unit at point in time 0 (base period)

w_0^i = Weight of product i at the base period

Revision

Indexes may be revised due to several reasons: additional information, the methodological changes, change of base period. etc.

Measure of index

The annual rate measures the price change between current quarter and the same quarter of the previous year.

The quarterly change measures the price between current quarter and previous quarter.