

Construction cost (or producer prices), new residential buildings

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1. Contact

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1.1. Contact organisation	Insee (Institut National de la Statistique et des Etudes Economiques)
1.2. Contact organisation unit	Insee \ DSE directorate \ DSCT department \ IPP division (in French: direction des statistiques d'entreprises \ département des statistiques de court terme \ division des indices de prix à la production)
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2. Metadata update Top	
2.1. Metadata last certified	23/03/2015
2.2. Metadata last posted	23/03/2015
2.3. Metadata last update	23/03/2015

3. Statistical presentation

3.1. Data description

The producer cost indices for construction are composite indices of costs which are derived from several cost items in an analytical accounting process similar to the “KLEMS” approach used by economists in relation to productivity (where K = capital for “equipment”, L = labour, E = energy, M = materials, S = services for “miscellaneous costs”), to which we have added T = transport. They are the statistical twins of the building (BT) indices, civil engineering (TP) indices, and various indices for construction, which are used for contract escalation. The producer cost indices for construction are subject to revision and are used for national accounts, macroeconomic analysis and international comparisons.

In order to fulfil variables 320, 321 and 322 of European STS regulation, activity 41.2: construction of buildings has been selected, with cost items materials and labour.

3.2. Classification system

NACE Rev. 2.

3.3. Coverage - sector

The entire section F of the construction is covered, except for the group “41.1 – development of building projects” and the subclass “43.99E – renting of construction equipment with operator”. The indices are completely defined in accordance with the [NAF 2008](#), with the groupings “building” and “civil engineering” commonly used by professionals.

The grouping “building” includes the activities “41.2 - construction of residential and non-residential buildings” and “43 except 43.1, 43.21B and 43.99E : Specialised construction activities except demolition and site preparation, installation works of electrical wiring and fittings on public thoroughfare and renting of construction equipment with operator”.

The grouping “civil engineering” includes the activities “42 - civil engineering”, “43.1 – demolition and site preparation” and “43.21B - installation works of electrical wiring and fittings on public thoroughfare”.

List of producer cost indices for construction and their articulation with the NAF 2008

NAF	Indices
F	Producer cost indices for construction (section F)
41.2	Producer cost indices for construction of residential and non-residential buildings (group 41.2)
42	Producer cost indices for civil engineering works (division 42)
43	Producer cost indices for specialised construction activities (division 43)
43BT = division 43 except group 43.1 and sub-classes 43.21B and 43.99E	Producer cost indices for specialised construction activities in buildings (part of division 43)
43BTC	Producer cost indices for specialised construction activities in new buildings (part of division 43)
43BTR	Producer cost indices for specialised construction activities in existing buildings (part of division 43)
43TP = group 43.1 and sub-class 43.21B	Producer cost indices for specialised civil engineering works (part of division 43)
	Producer cost indices for construction of buildings (41.2 + 43BT)
	Producer cost indices for civil engineering works (42 + 43TP)

3.4. Statistical concepts and definitions

The producer cost indices for construction are costs indices, which are derived from 6 line-items in an analytical accounting process similar to the “[KLEMS](#)” approach used by economists in relation to productivity (where *K* = capital for equipment, *L* = labour, *E* = energy, *M* = materials, *S* = services for “miscellaneous costs”, to which we have added *T* = transport).

The articulation between the items in the indices and the lines in the general accounting plan are as follows, considering that the item “transport” has been given priority over all the other items, subcontracting has been removed from production, the heading “miscellaneous costs” has been capped, and only costs that can be linked to a specific construction site are assumed to be taken into account:

Items	General financial accounting	
K Capital	605	Purchase of capital assets, equipment and work
	606 \ 6061	Purchases not stored (small items)
	612 \ partial	Leasing excluding transport equipment
	6131 \ partial	Equipment hire excluding transport equipment
	615 \ partial	Maintenance and repairs excluding transport equipment
L Labour	68 \ partial	Depreciation and amortisation of fixed assets excluding transport equipment
	604	Purchases of services
	621	Temporary staff
	6311	Payroll tax

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Items		General financial accounting
E Energy	64	Personnel expenses
	60221 \ partial	Combustibles excluding fuels
	6061	Non-stockable supplies (water, energy, electricity)
	601	Stored purchases
M Materials	602 \ 60221	Other supplies
	609	Rebates and allowances on purchases
	61	External services minus 611 "general subcontracting", minus 612 "leasing", minus 6131 "Equipment hire", minus 615 "maintenance and repairs", minus 6163 "transport insurance"
	622	Remuneration of intermediaries and professional fees
S Services (miscellaneous costs)	623	Advertising, public relations
	625	Travel and entertaining
	626	Postal and telecommunication charges
	68 \ partial	Depreciation and amortisation of fixed assets
	60221 \ partial	Fuel
	Part of 612	Leasing transport equipment
T Transport	Part of 6135	Hire of trucks without drivers
	Part of 6155	Maintenance and repair of transport equipment
	6163	Transport insurance
	624	Transport of goods and employee transport
	68 \ partial	Depreciation and amortisation of transport equipment

The weighting of each item in each index is determined by the account analysis of the involved businesses (or the involved construction works). Similarly, each item is broken up into basic indices (of cost or price) derived from public statistics, with a weighting.

The weightings at all levels of aggregation are sourced from the confrontation between the 2012 **Structural Business Survey** in construction and the studies of the professional unions studies in the framework of the preparation of the Buildings (BT) and Civil engineering (TP) indices in base 2010 for contract escalation. The weightings of the items and basic indices are normally fixed for the duration of the base but the adopted calculation formulas could allow an update of the weightings throughout the duration of the base.

3.5. Statistical unit

Kinds of activity units / construction of works are the statistical units surveyed for cost items weights.

3.6. Statistical population

Not available. The indicator is based on primary sources.

3.7. Reference area

French economic territory = metropolitan France + overseas departments.

Indeed, French "Enquête Structurelle Annuelle dans la construction" (SBS survey in construction) covers the whole French economic territory. But, in practice, confrontation with selected construction enterprises analytical accounting has only concerned metropolitan French businesses.

3.8. Coverage - Time

ESA 2012 has provided weights for cost items.

Calculations from elementary indices and weights have been processed since 1998.

Eurostat has asked for chaining between 1993 and 1998, on the basis of old series (issued from building index BT01, processed by Ministry of ecology and sustainable development with the help of businesses federations).

3.9. Base period

ESA 2012 has provided weights for cost items.

Reference period is average year 2010.

4. Unit of measure

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Indices have no explicit unit (of course, French cost indices are expressed implicitly in euro).

5. Reference Period

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Reference period is average year 2010.

6. Institutional Mandate

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6.1. Institutional Mandate - legal acts and other agreements

European regulation on short term statistics n° 1165/98 modified 1158/2005 requests in annex B - construction:

320	Construction costs
321	Material costs
322	Labour costs

and specifies:

3. Construction costs variables (Nos 320, 321 and 322) are only mandatory for new residential buildings excluding residencies for communities.

6.2. Institutional Mandate - data sharing

There is no data sharing with other international organisations.

These series are disseminated on French BDM website: http://www.bdm.insee.fr/bdm2/choixCriteres?request_locale=en&codeGroupe=1605.

Labour cost is issued from French Labour Cost Index (LCI) in construction (disseminated on its own to Eurostat in employment statistics).

Material cost is common with BT01 building index used for contract escalation (except this cost item is revised for statistical purpose).

7. Confidentiality

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7.1. Confidentiality - policy

All Insee statistics are regulated by the 1951 law on statistics.

There is no special survey for producer cost indices in construction, but a re-use of "Opise" survey on industrial producer price indices (and some SPPI, CPI,...).

Every surveyed enterprise (by "Opise" survey or others) is provided with information on statistical confidentiality.

7.2. Confidentiality - data treatment

These indices use public series and some other ones under statistical secret (which disappears after aggregation).

8. Release policy

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8.1. Release calendar

The calendar is public. A monthly "information rapide" is published around 15th of third month after month under review. Each publication precises next date of issue.

8.2. Release calendar access

On BDM website, a page is dedicated to this "information rapide" on producer cost indices in construction: <http://www.insee.fr/en/themes/info-rapide.asp?id=120>

Users can read the date of the next issue in the latest publication.

8.3. Release policy - user access

The release to all usual information media takes place on the same day.

No internal government access to data is possible before release.

Data are transmitted to Eurostat every month, using GESMES transmission routine.

These indices are also used by National Accounts.

9. Frequency of dissemination

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Monthly (around 15th of each month).

10. Dissemination format

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10.1. Dissemination format - News release

An "information rapide" is simultaneous with the dissemination of series: <http://www.insee.fr/en/themes/info-rapide.asp?id=120>

No government ministry is involved in the writing or the reading of this news release.

10.2. Dissemination format - Publications

The Information rapide is available on <http://www.insee.fr/en/themes/info-rapide.asp?id=120>

Annexes:

[first "information rapide" on Producer cost indices in construction \(March 2015 on December 2014\)](#)

10.3. Dissemination format - online database

The 3 European variables (320, 321 and 322) are available online:

<http://www.bdm.insee.fr/bdm2/affichageSeries?bouton=OK&idbank=001710942&idbank=001710943&idbank=001710944&codeGroupe=1605>

Other producer cost indices are also available:

ICP-F - Producer cost in construction (section F)

ICP-412 - Producer cost in construction of buildings (group 41.2)

ICP-42 - Producer cost in civil engineering (division 42)

ICP-43 - Producer cost index in specialised construction works (division 43)

ICP-43BT - Producer cost index in specialised construction of buildings (part of division 43)

ICP-43BTC - Producer cost index in specialised construction in new buildings (part of division 43)

ICP-43BTR - Producer cost index in specialised construction in existing buildings (part of division 43)

ICP-43TP - Producer cost in specialised works for civil engineering (part of division 43)

ICP-TP - Producer costs in public works

ICP-BT - Producer cost in buildings

ICM-412 - Materials costs in construction of buildings (group 41.2)

ICS-F - Labour cost in construction (section F)

10.4. Dissemination format - microdata access

Not applicable.

Most elementary indices used as components of cost items are already disseminated on www.bdm.insee.fr

10.5. Dissemination format - other

Very similar cost indices in construction are published for contract escalation: http://www.bdm.insee.fr/bdm2/choixCriteres?request_locale=en&codeGroupe=1606

Annexes:

[Building indices for contract escalation use](#)

11. Accessibility of documentation[Top](#)**11.1. Documentation on methodology**

Documentation on these series is available on <http://www.bdm.insee.fr/bdm2/documentationGroupe?codeGroupe=1605>

11.2. Quality management - documentation

Every month, most important price developments are scrutinized.
Then, calculations are checked by head of division "Producer Price Indices".

12. Quality management[Top](#)**12.1. Quality assurance**

The European statistics code of practice is implemented as far as possible in "Opise" survey on industrial producer price indices and services producer price indices. These series are the main source of producer cost indices in construction.

12.2. Quality management - assessment

The quality management of industrial producer price indices applies for producer cost indices in construction.

13. Relevance[Top](#)**13.1. Relevance - User Needs**

The producer cost indices for construction are primarily used for national accounts, macroeconomic analysis and international comparisons, because of lack of producer price indices.
They should never be used for contract escalation: other dedicated series exist for this purpose.

13.2. Relevance - User Satisfaction

National accountants have been solicited and have said they were very happy with this kind of indices, completing the available producer price indices.

13.3. Completeness

The scope of European regulation is covered (construction of new residential buildings).
More broadly, section F: construction is well covered, with the exception of group 41.1: Development of building projects.

14. Accuracy[Top](#)**14.1. Accuracy - overall**

Sampling error should be negligible for determination of cost items weights on 2012 year (from SBS in construction).
Accuracy of industrial producer price indices is convenient (no bias, small revisions).
Labour cost index is more often and broadly revised.
Producer cost indices are normally revised twice.

14.2. Sampling error

Not applicable for monthly time series.
Sampling error could happen in determination of weights (on year 2012), but it should be negligible at this aggregated level.

14.3. Non-sampling error

Non-sampling errors of PPI are limited (small revisions stated).

15. Timeliness and punctuality[Top](#)**15.1. Timeliness**

First dissemination is done every month, about $m + 75$, then revised twice (every month).
Labour cost index is quarterly, the other cost items are monthly.

15.2. Punctuality

The published calendar has always been respected so far.

16. Comparability[Top](#)**16.1. Comparability - geographical**

PPI and LCI are comparable with other European countries, in particular Germany.

16.2. Comparability - over time

Data have been compiled homogeneously since January 1998 (backcasting).
They have been chain-linked with past series between January 1993 and January 1998, on the basis of less homogeneous methods and sources.

17. Coherence[Top](#)**17.1. Coherence - cross domain**

Producer cost indices in construction are consistent with PPI in material cost and LCI in labour cost by method of compilation.

Confrontation with other data sets confirm their relevance: comparison with producer price index in construction of new residential buildings

http://www.bdm.insee.fr/bdm2/choixCriteres?request_locale=en&codeGroupe=1492

17.2. Coherence - internal

By mean of several levels of aggregation (elementary indices in cost items, cost items in activities indices, sub-activities indices in broader activities indices), aggregates are always consistent with sub-aggregates.

18. Cost and Burden

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Null: re-use of other surveys ("Opise" survey for PPI) or statistical applications (building indices for contract escalation).

19. Data revision

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19.1. Data revision - policy

These indices are revised, normally twice for most cost items (labour cost item can be revised more often and more broadly).

19.2. Data revision - practice

Not yet applicable (first release).

20. Statistical processing

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20.1. Source data

Producer price Indices for Materials, Equipment, Energy and Services cost items on one hand, and Labour cost index for labour cost item on the other hand are the most important sources.

20.2. Frequency of data collection

The data collection is monthly (labour cost index quarterly).

20.3. Data collection

The data collection does not use a survey. The data are collected In insee databases (either BDM for public series, either "Papaye" for PPI series covered by statistical secret).

20.4. Data validation

Monthly, with the analysis of the change in price for each cost item.

20.5. Data compilation

The producer cost indices for construction in base 2010 are Laspeyres-chained indices in reference year 2010.

The items are obtained by the aggregation of the elementary indices:

$$CI(t) = CI(t-1) * \sum_j weights(j, CI) * j(t) / \sum_j weights(j, CI) * j(t-1)$$

where CI is the costs item, j the elementary index.

Then the activity indices of the first level (41.2, 42, 43BTC, 43BTR, 43TP) are obtained through the aggregation of the costs items:

$$I(t) = I(t-1) * \sum_{CI} weights(CI, I) * CI(t) / \sum_{CI} weights(CI, I) * CI(t-1)$$

where I is the activity index of the first level, CI the costs item.

Lastly the activity indices of higher aggregated levels (43, BT, TP, F) are obtained through the aggregation of the activity indices of the first level:

$$IND(t) = IND(t-1) * \sum_I weights(I, IND) * I(t) / \sum_I weights(I, IND) * I(t-1)$$

where IND the activity index of higher aggregated levels, I the activity indice of the first level.

20.6. Adjustment

No seasonal adjustment is practiced in price or cost indices.

21. Comment

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Revisions of producer cost indices in construction will be assessed in some months.

Annexes:

[Documentation on these series on French Insee website](#)

Related metadata

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Annexes

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