

Informations *Rapides*

21 mars 2016 – n° 72



■ Producer cost indices for construction – December 2015

In December 2015, producer costs for construction decreased slightly again (–0,1%)

In December 2015, producer costs in construction decreased slightly again (–0.1%) as in November. They have been declining since July 2015. In December, costs slipped in civil engineering (–0.7%), were virtually stable in construction of buildings (+0.1%) and were stable in specialised construction activities.

Over a year, producer costs in construction continued to decline (–1.0% after –1.9%), mainly in civil engineering (–4.1%). Costs decreased more moderately in construction of buildings (–0.5%) and in specialised construction activities (–0.2%).

Variations in producer cost indices for construction

<i>In %</i>				
NAF	Heading	Weights (in %)	Dec. 15/ Nov. 15	Dec. 15 / Dec. 14
F	Construction	100.0	-0.1	-1.0
41.2	Construction of buildings	10.1	+0.1	-0.5
42	Civil engineering	16.2	-0.7	-4.1
43	Specialised construction works	73.7	0.0	-0.2
43BT	Buildings	64.2	+0.2	+0.2
43BTC	New buildings	24.6	-0.1	-0.5
43BTR	Existing buildings	39.6	+0.3	+0.6
43TP	Specialised works for civil engineering	9.5	-0.6	-2.8
BT	Buildings (41.2 + 43BT)	74.3	+0.1	0.0
TP	Public works (42 + 43TP)	25.7	-0.6	-3.5

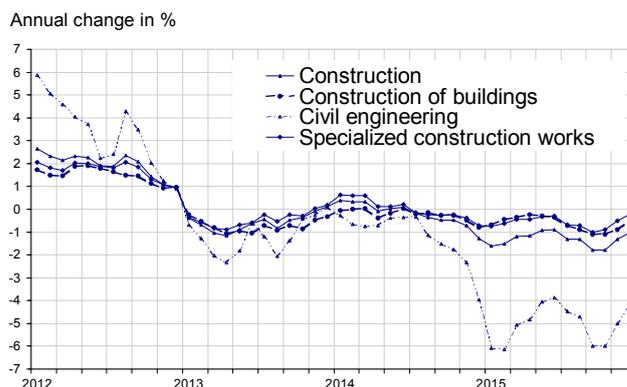
Source: INSEE

Items of producer cost indices for construction

<i>In %</i>				
Costs items		Q4 15 / Q3 15	Dec. 15/ Nov. 15	Dec. 15 / Dec. 14
Equipment	Buildings	+2.5	-1.2	+2.5
	Public works	-0.7	-0.3	-0.3
Labour	Labour costs in construction	+1.9	///	+1.5
Energy	Buildings	-4.2	-2.5	-9.2
	Public works	-5.5	-6.6	-11.0
Materials	Construction of buildings	-1.5	-0.8	-3.3
	Existing buildings	-0.8	-0.4	-2.1
	Civil engineering	-4.9	-1.6	-11.0
	Specialised works for civil engineering	-1.0	-0.6	-1.7
Services	Construction	-0.9	+0.8	+0.5
Transport	Buildings	-0.7	-0.5	-2.1
	Public works	+1.0	0.0	+0.1

Source: INSEE

Production costs in construction

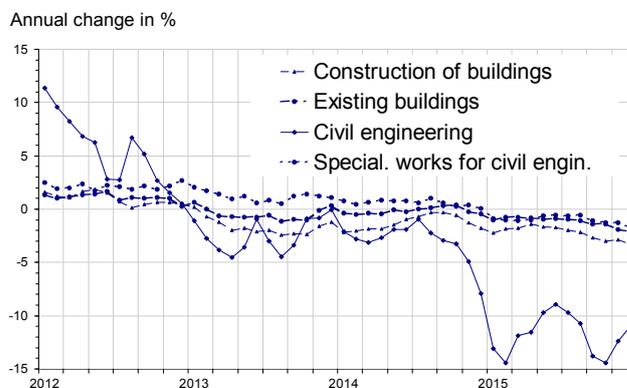


Source: INSEE

Material costs declined again

In December 2015, material costs decreased sharply in civil engineering (–1.6%); over a year, they fell by 11%. Materials were also cheaper in construction of buildings (–0.8%), in specialised works for civil engineering (–0.6%) and in renovation of existing buildings (–0.4%). The drop in prices of casting of iron (–5.3%), of bitumen (–4.3% after –2.9%) and of cement (–1.1%) explained most of the fall of materials costs.

Materials costs

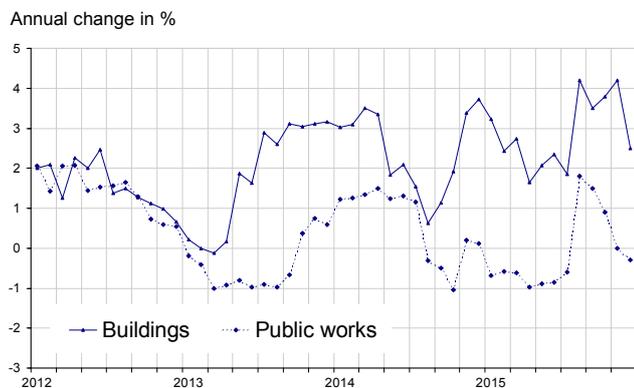


Source: INSEE

Equipment cost fell back

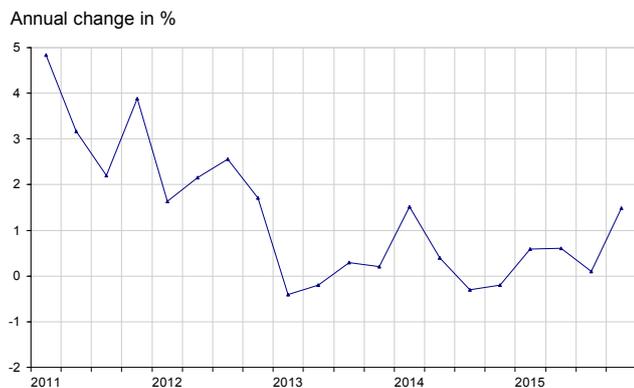
In December 2015, equipment costs fell back in construction of buildings (-1.2%) and in public works (-0.3%) erasing the increase of the previous month.

Equipment cost



Source: INSEE

Labour cost in construction

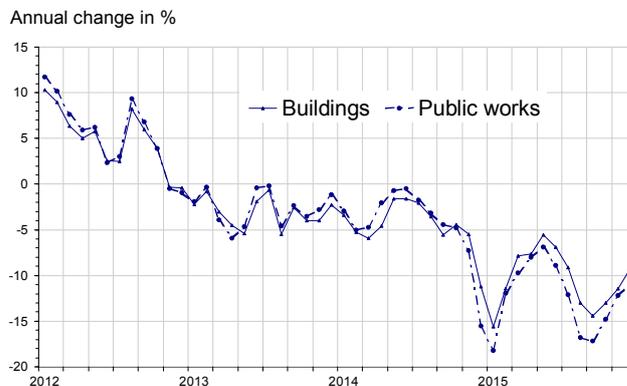


Source: INSEE

Energy cost diminished further

In December 2015, the cost of energy declined markedly in public works (-6.6%) and in building construction (-2.5%), reflecting the drop in prices of heavy fuel (-22.3%) and of diesel fuel (-2.5%). Energy costs remained much lower than a year ago in public works (-11.0%) as in building construction (-9.2%).

Energy cost



Source: INSEE

Revisions of variations in the costs of production indices in construction

		In points		
		Sept. 15	Oct. 15	Nov. 15
F	Construction	///	0.3	0.3
41.2	Construction of buildings	0.1	0.2	0.3
42	Civil engineering	0.1	0.1	0.2
43	Specialised construction works	///	0.4	0.4

How to read it: producer cost for construction in October 2015 published in January 2016 has been updated from -0.1% to +0.2%, that is to say an upward revision by 0.3 points, taking into account the latest values of the labour cost index.

Source: INSEE

For more information:

Definition

Production cost indices in construction are composite statistical indices, aggregating cost indices by expenses items. These indices are subject to revision. They are primarily used for national accounts and macroeconomics analyses.

Method of calculation

The six cost items are defined according to the "KLEMST" analytical accounting approach (K = capital goods "equipment", L = "labour", E = "energy", M = "materials", S = "services"), with the supplementary item T = "transport".

Each cost item is itself made up of elementary indices issued from public statistics.

The composition of "equipment" item is adapted to the construction of buildings (structural works), specialised construction works for existing buildings (finishing) and public works respectively. "Equipment" item of specialised construction works for new buildings is a weighted average of the "equipment" items for structural works and finishing.

The composition of "materials" item is adapted to the construction of buildings, specialised construction works for existing buildings (finishing), civil engineering and specialised works for civil engineering respectively.

The composition of "energy" item is different between buildings (diesel oil) and public works (road diesel and heavy fuel oil). Building companies generally use their trucks, while those of public works resort to freight transport companies. Thus, transport indices of the two activities are different.

The weights of cost items and elementary indices are normally fixed for the duration of the base.

Cost indices and cost items are aggregated using a Laspeyres chain-linked technique, reference 100 in 2010.

"Buildings" group activities "41.2: Building Construction" and "43 except 43.1, 43.21B and 43.99E: Specialised construction works except demolition, site preparation, electrical installation on the highway and rental and leasing services of construction and civil engineering machinery and equipment with operator".

"Public Works" include activities "42: civil engineering", "43.1: Demolition, site preparation" and "43.21B: electrical installation on the highway".

- Complementary information (historical data, methodology, weblinks, etc.) is available on the web page of this index: <http://www.insee.fr/en/themes/info-rapide.asp?id=120>
- Historical data are available on the BDM : [G1605](#)
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Next issue: 13 April 2016 at 12:00 pm.