

Informations *Rapides*

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■ Cost-of-construction index – Fourth quarter of 2016

In Q4 2016, the “Cost-of-Construction Index” increased by 1.0% over a year

In Q4 2016, the “Cost-of-Construction Index” (CCI) stood at 1,645 versus 1,643 in the previous quarter. Over a year, the CCI increased by 1.0%, a less significant rise than in the previous quarter (+2.2%).

Cost-of-construction index

1953 Q4=100

Dates	CCI	Percentage change over a one-year period (Q/Q-4) %
2012 Q1	1,617	+4.05
2012 Q2	1,666	+4.58
2012 Q3	1,648	+1.48
2012 Q4	1,639	+0.06
2013 Q1	1,646	+1.79
2013 Q2	1,637	-1.74
2013 Q3	1,612	-2.18
2013 Q4	1,615	-1.46
2014 Q1	1,648	+0.12
2014 Q2	1,621	-0.98
2014 Q3	1,627	+0.93
2014 Q4	1,625	+0.62
2015 Q1	1,632	-0.97
2015 Q2	1,614	-0.43
2015 Q3	1,608	-1.17
2015 Q4	1,629	+0.25
2016 Q1	1,615	-1.04
2016 Q2	1,622	+0.50
2016 Q3	1,643	+2.18
2016 Q4	1,645	+0.98

Note: series since 1953 are available on www.insee.fr.

Source: INSEE

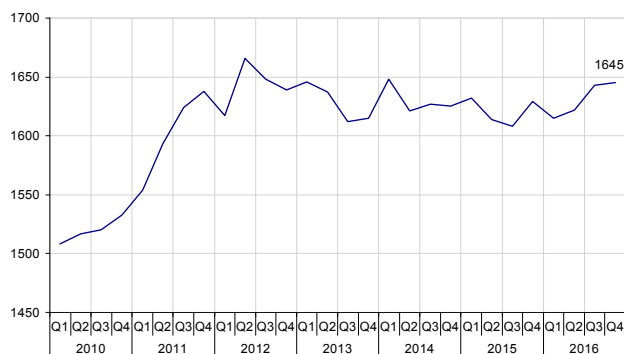
According to Law 2014-626 of 18 June 2014 (Article 9) which amends section L145-34 of Commercial Code, two indices can be used for the revision of commercial and other tertiary activities rents:

- the commercial rent index for commercial and craft activities;
- the tertiary activities rent index for activities other than commercial and craft activities.

The CCI is no longer proposed for revising commercial rent contracts.

Cost of construction index

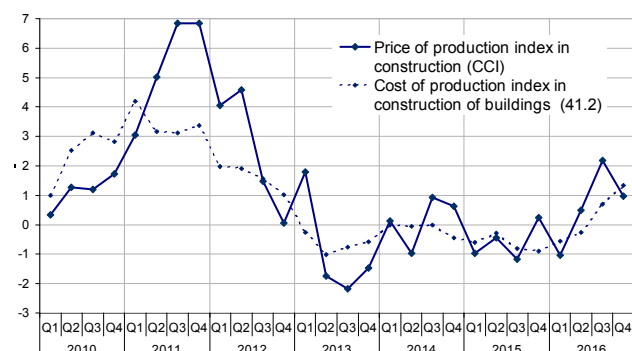
Q4-1953=100



Source: INSEE

Year-on-year change in costs of construction of buildings

Percentage change over a one year period (Q/Q-4)



Source: INSEE

For more information:

Definition

The French "Cost of Construction Index" (CCI) is a quarterly index, of reference 100 in the fourth quarter of 1953, the date of its creation. CCI measures the price change of new buildings, having a primary (non-community) residential use in France. It is calculated by INSEE in collaboration with the Ministry of Ecology, of sustainable Development and Energy. It is published in the [Journal Officiel](#) in the end of the third month following the quarter under review.

Although established by usage, the words "Cost of Construction Index" makes a misnomer since it is a price index, based on observation of construction contracts dealt between the clients and the firms delivering the building works, excluding other components that enter into the global cost of purchasing (land cost, costs associated with promoting, financing costs, etc.). The cost of construction itself is apprehended by other indicators including [producer cost index in construction of buildings \(group 41.2\)](#) calculated and published by INSEE.

Calculation method

Since Q1 2016, the CCI has been calculated from the hedonic method which establishes an econometric relationship between the market price of construction and characteristics of structure, which allows assessing the implicit value of these various characteristics (area, number of floors, comfort level, geographic location and living standards of the construction site for instance). The temporal evolution of prices is captured in the model by the indicator variables of the dates. Such a method is already used by INSEE, especially for [the prices of second-hand dwellings](#).

The coverage of the CCI includes the three major types of [construction](#) for residential use: the pure individual, the grouped individual (single house in a subdivision, etc.) and collective dwellings. To account for the heterogeneity of structures, a hedonic model is defined for each type, then the results of the three models are aggregated into an unique index.

The data needed in order to calculate the hedonic CCI are provided by the statistical survey on the "cost of construction index and cost of new housing (ICC-PRLN)", conducted by the Statistical Service of the Ministry of Ecology, of sustainable Development and Energy. This investigation can trace the evolution of construction prices through the monitoring of an average of 500 cases, representing quarterly 7,000 to 8,000 new dwellings.

Uses

According to Law 2014-626 of 18 June 2014 (Article 9) which amends section L145-34 of Commercial Code, two indices can be used for the revision of commercial and other tertiary activities rents:

- the commercial rent index for commercial and craft activities;
- the tertiary activities rent index for activities other than commercial and craft activities.

The CCI is no longer proposed for revising commercial rent contracts.

Variations in CCI can be compared or reconciled with indicators of cost of production factors, such as the [cost of production index in construction of buildings \(group 41.2\)](#) published monthly by INSEE. Moreover, as regards the maintenance and improvement of housing, "IPEA" is the relevant price index.

The CCI is also used for compiling the volume-price breakdown in national accounts (for the branch of activity "Construction of Buildings").

- <http://www.bdm.insee.fr/bdm2/choixCriteres.action?codeGroupe=2>
- Complementary information (historical data, methodology, weblinks, etc.) is available on the web page of this index: <https://www.insee.fr/en/statistiques?debut=0&theme=30&conjoncture=50>
- Historical data are available on the BDM : [G1](#), [G2](#).
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Next issue: 20 June 2017 at 12:00 pm.