

Methodological annex n°10: A new estimate of output for own final use of households under construction for 2020 benchmark revision

In national accounting, owner-occupiers of their dwellings are considered producers of a dwelling service (which they consume themselves). As such, the expenses they incur to maintain their dwellings are inputs to the production function of the dwelling service (homogeneous branch); these are recorded as intermediate consumption (for routine maintenance and repair expenses) or as gross fixed capital formation (GFCF) for works that improve the dwelling. These works can be carried out by companies or by the household itself. In the latter case, national accounting records an output for own final use by households in construction, corresponding to the GFCF of the dwelling service branch.

In the 2020 benchmark, new sources have been used to estimate this output for own final use by households in construction. It is estimated at €6.0 billion for the year 2019, a revision of €0.7 billion compared to the 2014 benchmark.

1. What is the output for own final use by households in construction?

Owner-occupiers of a dwelling are producers of a rental service of their own dwelling for themselves. In the context of this production, they have current expenditure considered as intermediate consumption (dwelling maintenance) and expenditure aimed at significantly improving their dwelling assets, recorded in GFCF.

Output for own final use (P.12) includes goods or services that an institutional unit produces and uses for its own final consumption or for its own gross fixed capital formation [► [ESA 2010](#)]. In the case of construction, output for own final use has a counterpart in GFCF.

When households carry out minor maintenance work, defined as being renewed more or less frequently (painting, plumbing, floor refurbishment, etc.), these are domestic services that are conventionally excluded from production activities [► [ESA 2010](#)]. These small maintenance expenses are intermediate consumption of the dwelling service branch.

On the other hand, when households carry out work to increase the value of the dwelling asset or to extend its life (for example: roof repair, renovation, installation of a heating system, energy renovation, etc.), the national accounts show an output for own final use by households (construction branch) which has as a counterpart a GFCF of the dwelling service branch. This production activity contributes to gross domestic product.

2. The costing methodology for the output for own final use by households in construction for the 2020 benchmark

Not reported, this construction activity is difficult to measure. For several benchmarks, the level of output for own final use (P.12) by households in construction has not been re-evaluated; in the current campaign, the evolution of P.12 follows the volume evolution of sales in tinkering stores. In the 2020 benchmark, a direct estimation of the level has been implemented.

The main sources that can be used to measure the output for own final use by households in construction are [the housing survey](#) and [the Household Budget Survey](#).

In the 2013 Housing Survey, part of the questions concerns the various works carried out by households in their main residence. The same data collected during the 2020 Housing Survey were not yet available at the time of the implementation of the 2020 benchmark. The questions cover the type of work, the service providers who carried out this work (including households), the status of the occupant, and the reasons for the work [► [Box 1](#)]. The exploitation of these data allows to estimate an amount of output for own final use of €3.8 billion in 2013 for the main residence.

The 2017 Household Budget Survey was used to estimate the work on other residences, excluding the main residence. According to the Household Budget Survey, major work carried out for a secondary residence or another dwelling amounted to €9.9 billion in 2017. The survey does not distinguish between work carried out by households themselves. However, a ratio can be calculated from the Housing Survey in the scope of main residences: 8.3% of the work is carried out by households.

Several adjustments are necessary to value the output for own final use at basic prices from household expenses, including accounting for VAT. Furthermore, to move from a 2013 estimate to a 2019 estimate, the evolution of merchandise sales in tinkering stores was used.

3. Output for own final use by households in construction is revised upwards by €0.7 billion

The new estimation method leads to an upward revision of output for own final use by households in construction : in 2019, it amounts to €6.0 billion compared to €5.3 billion on 2014 benchmark. The vast majority of this output for own final use by households concerns the main residence (€5.0 billion in 2019). This household production generates a gross value added of €1.8 billion.¹ [► [Table 3-1](#)].

Table 3-1 : : Output for own final use and gross value added of homogeneous branch in construction-2019, in euros (billion)

Variable	Amount
Output for own final use	6,0
Of which main dwellings	5,0
Of which other dwellings	1,0
Consommations intermédiaires	4,2
Of which main dwellings	3,5
Of which other dwellings	0,7
Gross value added	1,8
Of which main dwellings	1,5
Of which other dwellings	0,3

Source : Insee, national accounts

Box 1 : Items from the 2013 housing survey to be kept in output for own final use by households in construction

The types of work selected are:

- Exterior carpentry (windows, doors, shutters)
- Creation, development of bathrooms (including renovations);
- Creation and development of W-C (including renovations);
- Equipped kitchen (part that remains in the dwelling);
- Individual central heating;
- Fireplaces, insert;
- Thermal insulation;
- Accommodation in living quarters;
- Expansion, garages;
- Verandas;
- Facade renovation;
- Framing, roofing, waterproofing, roofing;
- Swimming pool;
- Other "hard" layouts

¹ The impact on GDP from the introduction of the concept of output for own final use in the national accounts is greater than the gross value added of the construction branch. Indeed, if the system did not recognize output for own final use, the level of intermediate consumption would not be affected: the intermediate consumption of the construction branch (€4.2 billion) would then be considered intermediate consumption of the dwelling service branch. Therefore, the impact on GDP is equal to the amount of output for own final use.

- Rehabilitation of the building;
- Collective heating boiler;
- Rehabilitation of stairwells.
- The other types of work, which were not selected, concerned minor maintenance work and work not carried out by households

The service providers of the selected works are:

- Work done by the household;
- Work performed by the household and by a professional, weighted by the proportion of work performed by the household.

By definition, work done by a professional is not retained.

The status of the occupant retained are:

- Homeowner including beneficiary of a social housing) or social evolving housing), including undivided;
- Non-accessing owner, including joint ownership.

Housing tenants are excluded, as well as usufructuaries, the work authorized to be output for own final use is a priori the responsibility of the owner.

The reasons for the work are:

- to protect against drafts;
- to protect against noise;
- to combat moisture
- to reduce energy expenditure and/or improve heating;
- to improve security (access, burglary, upgrading, etc.);
- for reasons of hygiene or health (allergies, disability);
- to enlarge;
- to adapt housing after a diagnosis or a technical inspection (mandatory or not) (safety, parasitic state (termites, ...), energy performance, lead, upgrading, etc.);
- to completely renovate or rehabilitat

4. Links

Reference	Link
ESA 2010	Système européen des comptes de 2010 : https://ec.europa.eu/eurostat/documents/3859598/5925793/KS-02-13-269-FR.PDF/cfd0cb42-e51a-47ce-85da-1fbf1de5c86c
The Housing survey	https://www.insee.fr/fr/information/6047687
The Household Budget Survey	https://www.insee.fr/fr/metadonnees/source/serie/s1194