

# Construction Cost Index for Dwellings

## Fourth quarter, 2016

**Tirana, on March 3, 2017:** In the fourth quarter 2016, Construction Cost Index for Dwellings reached 102.7 versus the first quarter 2011. (First quarter 2011=100).

**In the fourth quarter 2016, the annual change of construction cost index is 0.4 %, and the quarterly change is 0.2 %.**

**Fig. 1 Annual changes of Construction Cost Index for Dwellings**



**The annual change of construction cost index is 0.4 %.** In the same period of year 2015, this change was 0.03 %. Compare with fourth quarter of 2015, “Material expenditures” group is increased by 2.1 % followed by “Salary expenditures” group with 1.9 % and “Salary expenditures” group with 1.2 %.

In comparison with fourth quarter of previous year, index groups of “Transport expenditures” and “Energy expenditures” are decreased respectively by 2.5 % and 0.4 %.

**In the fourth quarter 2016, the quarterly change of the CCI for dwellings is 0.2 %.** In comparison with third quarter of 2016, the index group of “Transport expenditures” is increased by 0.7 %.

In comparison with previous quarter, the index group of “Material expenditures” is decreased by 0.3 %. Within this group, subgroups “Construction materials” and “Electric and communication materials” are decreased respectively by 0.4 % and 0.1 %.

**Tab. 1 Construction Cost Index for Dwellings**

First quarter 2011=100

| Code     | Groups                                  | Weights      | IV-13        | I-14         | II-14        | III-14       | IV-14        | I-15         | II-15        | III-15       | IV-15        | I-16         | II-16        | III-16       | IV-16        |
|----------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|          | <b>Total (1+2+3+4+5+6)</b>              | <b>100.0</b> | <b>102.2</b> | <b>101.7</b> | <b>102.0</b> | <b>102.1</b> | <b>102.3</b> | <b>102.1</b> | <b>102.4</b> | <b>102.5</b> | <b>102.3</b> | <b>101.9</b> | <b>102.2</b> | <b>102.6</b> | <b>102.7</b> |
| <b>1</b> | <b>Material expenditures (a+b+c)</b>    | <b>55.2</b>  | <b>100.7</b> | <b>99.8</b>  | <b>100.8</b> | <b>101.3</b> | <b>101.6</b> | <b>99.0</b>  | <b>99.7</b>  | <b>100.0</b> | <b>99.3</b>  | <b>100.2</b> | <b>101.2</b> | <b>101.7</b> | <b>101.4</b> |
|          | a. Construction materials               | 42.3         | 100.8        | 99.9         | 101.1        | 101.6        | 101.8        | 98.5         | 99.0         | 99.3         | 98.6         | 100.4        | 101.4        | 101.8        | 101.4        |
|          | b. Electric and communication materials | 6.7          | 102.0        | 99.7         | 100.1        | 101.4        | 101.7        | 100.8        | 101.9        | 102.5        | 102.3        | 99.4         | 100.5        | 101.6        | 101.5        |
|          | c. Hydro - sanitary materials           | 6.2          | 99.2         | 99.5         | 99.5         | 99.6         | 100.2        | 100.4        | 101.6        | 101.8        | 101.0        | 99.9         | 100.7        | 101.3        | 101.4        |
| <b>2</b> | <b>Salary expenditures</b>              | <b>24.6</b>  | <b>102.4</b> | <b>103.5</b> | <b>103.9</b> | <b>103.8</b> | <b>104.0</b> | <b>104.1</b> | <b>104.4</b> | <b>105.4</b> | <b>105.6</b> | <b>105.7</b> | <b>106.1</b> | <b>106.9</b> | <b>106.9</b> |
| <b>3</b> | <b>Machinery expenditures</b>           | <b>8.3</b>   | <b>104.4</b> | <b>102.1</b> | <b>102.9</b> | <b>103.1</b> | <b>103.0</b> | <b>102.8</b> | <b>103.1</b> | <b>103.0</b> | <b>102.9</b> | <b>102.8</b> | <b>103.1</b> | <b>103.2</b> | <b>103.4</b> |
| <b>4</b> | <b>Transport expenditures</b>           | <b>5.3</b>   | <b>102.6</b> | <b>102.8</b> | <b>103.1</b> | <b>103.4</b> | <b>103.3</b> | <b>103.1</b> | <b>102.9</b> | <b>102.8</b> | <b>102.5</b> | <b>99.8</b>  | <b>99.3</b>  | <b>99.2</b>  | <b>99.9</b>  |
| <b>5</b> | <b>Energy expenditures</b>              | <b>2.1</b>   | <b>100.3</b> | <b>100.3</b> | <b>100.3</b> | <b>100.3</b> | <b>100.3</b> | <b>99.4</b>  | <b>99.4</b>  | <b>99.4</b>  | <b>99.4</b>  | <b>99.1</b>  | <b>99.1</b>  | <b>99.1</b>  | <b>99.1</b>  |
| <b>6</b> | <b>Other expenditures</b>               | <b>4.5</b>   | <b>102.1</b> | <b>105.6</b> | <b>104.8</b> | <b>103.6</b> | <b>103.9</b> | <b>107.6</b> | <b>106.7</b> | <b>105.4</b> | <b>106.1</b> | <b>108.3</b> | <b>107.5</b> | <b>107.4</b> | <b>108.0</b> |

**Tab. 2 Annual changes of Construction Cost Index for Dwellings**

| Code     | Groups                                  | IV-13/IV-12 | I-14/II-13  | II-14/III-13 | III-14/III-13 | IV-14/IV-13 | I-15/II-14  | II-15/II-14 | III-15/III-14 | IV-15/IV-14 | I-16/II-15  | II-16/II-15 | III-16/III-15 | IV-16/IV-15 | % |
|----------|---|-------------|-------------|--------------|---------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|---------------|-------------|---|
|          | <b>Total (1+2+3+4+5+6)</b>              | <b>1.2</b>  | <b>0.2</b>  | <b>0.2</b>   | <b>0.5</b>    | <b>0.1</b>  | <b>0.4</b>  | <b>0.4</b>  | <b>0.4</b>    | <b>0.03</b> | <b>-0.2</b> | <b>-0.2</b> | <b>0.1</b>    | <b>0.4</b>  |   |
| <b>1</b> | <b>Material expenditures (a+b+c)</b>    | <b>0.8</b>  | <b>-0.3</b> | <b>0.5</b>   | <b>0.1</b>    | <b>0.9</b>  | <b>-0.8</b> | <b>-1.1</b> | <b>-1.3</b>   | <b>-2.3</b> | <b>1.2</b>  | <b>1.5</b>  | <b>1.7</b>    | <b>2.1</b>  |   |
|          | a. Construction materials               | 1.1         | 0.3         | 0.7          | -0.1          | 1.0         | -1.4        | -2.0        | -2.2          | -3.2        | 1.9         | 2.3         | 2.5           | 2.9         |   |
|          | b. Electric and communication materials | 3.4         | -1.8        | -0.6         | 1.3           | -0.3        | 1.1         | 1.8         | 1.1           | 0.6         | -1.4        | -1.4        | -0.9          | -0.8        |   |
|          | c. Hydro - sanitary materials           | -3.8        | -2.4        | 0.6          | 0.5           | 1.0         | 0.9         | 2.1         | 2.2           | 0.8         | -0.5        | -0.9        | -0.5          | 0.5         |   |
| <b>2</b> | <b>Salary expenditures</b>              | <b>2.6</b>  | <b>3.6</b>  | <b>2.1</b>   | <b>1.1</b>    | <b>1.6</b>  | <b>0.6</b>  | <b>0.6</b>  | <b>1.6</b>    | <b>1.6</b>  | <b>1.6</b>  | <b>1.6</b>  | <b>1.4</b>    | <b>1.2</b>  |   |
| <b>3</b> | <b>Machinery expenditures</b>           | <b>1.5</b>  | <b>-0.8</b> | <b>-2.1</b>  | <b>-1.5</b>   | <b>-1.3</b> | <b>0.7</b>  | <b>0.2</b>  | <b>0.0</b>    | <b>-0.1</b> | <b>-0.1</b> | <b>-0.1</b> | <b>0.2</b>    | <b>0.4</b>  |   |
| <b>4</b> | <b>Transport expenditures</b>           | <b>0.0</b>  | <b>0.4</b>  | <b>-0.6</b>  | <b>0.5</b>    | <b>0.6</b>  | <b>0.3</b>  | <b>-0.2</b> | <b>-0.6</b>   | <b>-0.7</b> | <b>-3.3</b> | <b>-3.5</b> | <b>-3.4</b>   | <b>-2.5</b> |   |
| <b>5</b> | <b>Energy expenditures</b>              | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>   | <b>0.0</b>    | <b>0.0</b>  | <b>-0.9</b> | <b>-0.8</b> | <b>-0.8</b>   | <b>-0.8</b> | <b>-0.4</b> | <b>-0.4</b> | <b>-0.4</b>   | <b>-0.4</b> |   |
| <b>6</b> | <b>Other expenditures</b>               | <b>0.9</b>  | <b>1.9</b>  | <b>1.6</b>   | <b>1.8</b>    | <b>1.8</b>  | <b>1.9</b>  | <b>1.8</b>  | <b>1.7</b>    | <b>2.1</b>  | <b>0.6</b>  | <b>0.7</b>  | <b>1.9</b>    | <b>1.9</b>  |   |

**Tab. 3 Quarterly changes of Construction Cost Index for Dwellings**

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

# 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 expenditures

## 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.