

CONSTRUCTION



COST INDEX (FOR DWELLINGS)

Dear user,

The Construction Cost Index (for Dwellings) is calculated until first quarter 2011 taking into account the elements of expenditure for the construction of a residential building with 5-6 floors. Fourth quarter of 1999 (Fourth Quarter 1999=100) has served as the base period until first quarter 2011. The prices of construction materials and other cost elements were collected from construction companies.

Changes in the structure of construction of the multi-dwelling buildings as well as the new elements introduced in the construction process it was necessary to review the index, so that it represents reality more precisely.

The review of this index was focused on:

- Change in the structure of costs so that this structure is totally consistent with the structure used by EUROSTAT*
- Change in the source of receiving information (price) about construction materials from construction firms to the distributors of materials, therefore increasing the representation level of with prices for each quarter.*

From the first quarter 2011, INSTAT calculate the new Construction Cost Index (for Dwellings). The first quarter 2011 is the base period (First Quarter 2011=100).

The construction of the new weights for materials and other expenditures was based on the expenditure projections of construction companies for building a dwelling with 8-10 floors. This dwelling was considered as dwelling type for this period.

For renovation of this indicator we had a close corporation with Swedish experts, specialists in the field and with several Government Institutions for providing necessary information about the selection of the basket materials and to calculate their weights.

All the previous indexes were recalculated with the new base, thus ensuring continuity of time series of indices.

CONSTRUCTION COST INDEX (FOR DWELLINGS)

THIRD QUARTER 2013

In the third quarter 2013, Construction Cost Index (for Dwellings) reached 101.6 percent (**Q.I 2011 = 100**) signing an decrease of 0.1 percent against the previous quarter.

The "Material Expenditure" index group is increased by 0,9 percent against the previous quarter. Within in this index group the price index of subgroups "Construction materials" and "Hydro-sanitary materials" signed an increase respectively by 1,2 percent and 0,2 percent. While the price index of "Electric and communication materials" is decrease by 0,6 percent compare with the previews quarter.

The index groups of "Machinery fees" and "Transport fees" signed a decrease respectively by 0,5 percent and 0,8 percent compare with previews quarter. While the "Salaries fees" index group is increased by 0,9 percent.

While the annual change of Construction Cost Index (for Dwellings) was 0,5 percent. In the same period of year 2012, this change was 0,9 percent.

WEIGHTS BY THE MAIN GROUPS OF EXPENDITURES

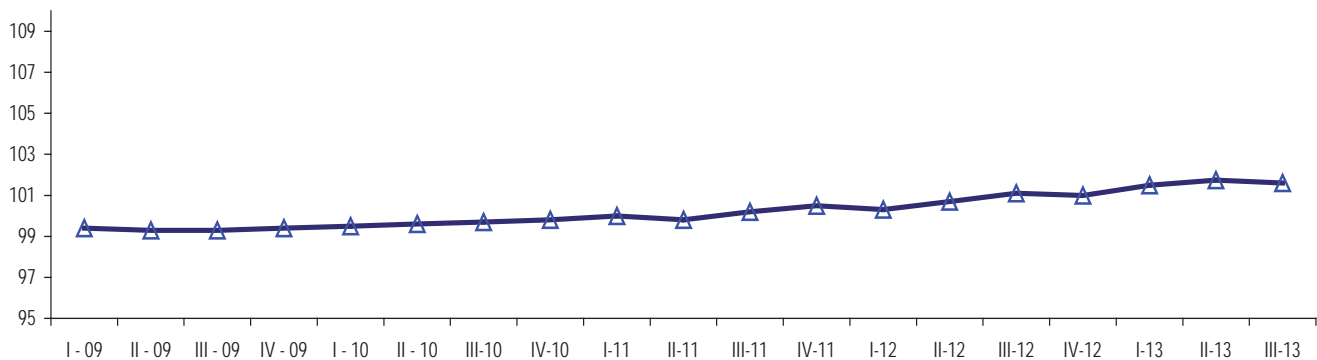
GROUPS	WEIGHTS IN %
TOTAL	100
1. MATERIAL EXPENDITURES	55,2
a. Materials of construction	42,3
b. Electric and communication materials	6,7
c. Hydro – sanitary materials	6,2
2. SALARIES FEES	24,6
3. MACHINERY FEES	8,3
4. TRANSPORT FEES	5,3
5. ENERGY FEES	2,1
6. OTHER COSTS	4,5

CONSTRUCTION COST INDEX (FOR DWELLINGS)

First quarter 2011 = 100

Label	I - 09	II - 09	III - 09	IV - 09	I - 10	II - 10	III-10	IV-10	I-11	II-11	III-11	IV-11	I-12	II-12	III-12	IV-12	I-13	II-13	III-13	III-13/III-12
TOTAL (1+2+3+4+5+6)	99,4	99,3	99,3	99,4	99,5	99,6	99,7	99,8	100	99,8	100,2	100,5	100,3	100,7	101,1	101,0	101,5	101,7	101,6	0,5
1. MATERIALS (a+b+c)	99,2	98,9	98,7	98,8	99,1	99,2	99,5	99,6	100	100,3	100,5	101,6	99,8	100,6	101,1	99,9	100,1	100,3	101,2	0,1
a. Construction materials	99,3	99,0	98,7	98,8	99,1	99,2	99,5	99,6	100	100,4	100,4	101,7	99,9	100,8	101,6	99,7	99,6	100,4	101,6	0,0
b. Electric and communication materials	91,8	94,4	94,8	95,3	95,7	97,8	99,2	99,5	100	99,7	101,0	101,2	99,3	99,1	99,3	98,7	101,6	100,7	100,1	0,8
c. Hydro - sanitary materials	99,0	99,2	99,5	99,6	99,6	99,6	99,6	99,7	100	100,0	100,3	100,9	99,9	100,8	100,1	103,1	102,0	98,9	99,1	-1,0
2. SALARIES FEES	99,5	99,6	99,8	100,0	100,0	100,0	100,0	100,0	100	100,3	102,6	101,5	100,8	100,6	101,2	99,8	99,9	101,7	102,6	1,4
3. MACHINERY FEES	99,8	99,3	99,6	99,6	99,8	99,8	99,8	100,0	100	100,0	99,9	100,1	100,9	101,9	103,9	102,9	102,9	105,2	104,6	0,7
4. TRANSPORT FEES	98,0	98,2	98,2	98,2	98,8	99,6	99,8	99,9	100	98,8	99,4	100,2	100,5	101,7	102,4	102,7	102,4	103,7	102,8	0,4
5. ENERGY FEES									100	100,0	100,0	100,0	100,0	100,0	100,0	100,3	100,3	100,3	100,3	0,3
6. OTHER COSTS									100	99,0	97,6	98,7	101,1	100,9	100,3	101,2	103,7	103,1	101,7	1,4

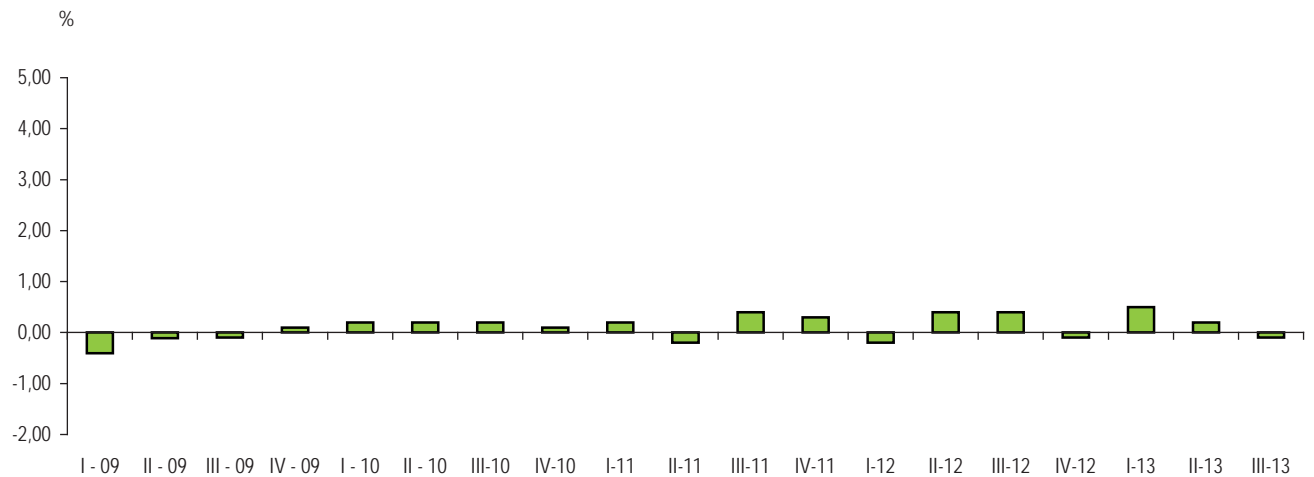
CONSTRUCTION COST INDEX (FOR DWELLINGS)



QUATERLY CHANGES OF CONSTRUCTION COST INDEX (FOR DWELLINGS)

Label	I - 09	II - 09	III - 09	IV - 09	I - 10	II - 10	III - 10	IV - 10	I - 11	II - 11	III - 11	IV - 11	I - 12	II - 12	III - 12	IV - 12	I - 13	II - 13	III - 13
TOTAL (1+2+3+4+5+6)	-0,4	-0,1	-0,1	0,1	0,2	0,2	0,2	0,1	0,2	-0,2	0,4	0,3	-0,2	0,4	0,4	-0,1	0,5	0,2	-0,1
1. MATERIALS (a+b+c)	-1,1	-0,3	-0,2	0,1	0,3	0,4	0,3	0,1	0,4	0,3	0,2	1,1	-1,7	0,7	0,5	-1,2	0,1	0,2	0,9
a. Construction materials	-1,3	-0,3	-0,2	0,1	0,3	0,4	0,3	0,1	0,4	0,4	0,0	1,3	-1,8	0,9	0,8	-1,9	-0,1	0,8	1,2
b. Electric materials and communication materials	4,6	2,9	0,4	0,5	0,5	2,7	1,4	0,3	0,5	-0,3	1,4	0,1	-1,9	-0,2	0,2	-0,6	3,0	-0,9	-0,6
c. Hydro - sanitary materials	0,4	0,1	0,3	0,1	0,0	0,0	0,0	0,1	0,3	0,0	0,3	0,5	-0,9	0,8	-0,7	3,0	-1,1	-3,0	0,2
2. SALARIES FEES	1,7	0,0	0,2	0,2	0,0	0,0	0,0	0,0	0,0	0,3	2,3	-1,1	-0,7	-0,2	0,6	-1,3	0,0	1,9	0,9
3. MACHINERY FEES	2,9	0,2	0,0	0,0	0,6	1,4	0,2	0,1	0,1	0,0	-0,1	0,2	0,8	0,9	2,0	-1,0	0,0	2,2	-0,5
4. TRANSPORT FEES	-0,5	-0,4	0,3	0,0	0,2	0,2	0,0	0,2	0,0	-1,2	0,6	0,8	0,3	1,2	0,7	0,2	-0,3	1,3	-0,8
5. ENERGY FEES										0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,0	0,0	0,0
6. OTHER COSTS										-1,0	-1,4	1,1	2,4	-0,2	-0,6	0,9	2,5	-0,5	-1,4

QUATERLY CHANGES OF CONSTRUCTION COST INDEX (FOR DWELLINGS)



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 user of Construction Cost Index is the National Accounts as a deflator, Ministries, the 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 73 items of which 68 are construction materials.

The prices for construction materials collected from 126 distributors and retailers of construction materials. The data for salaries, machinery and transport collected in 50 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 main expenditure groups:

- Construction Materials
- Salaries Expenditure
- Machinery Expenditure
- Transport Expenditure
- Energy
- Other costs

For calculation of Construction Cost Index we use the Laspeyres index model:

$$I_{0t}^L = \frac{\sum_{i=1}^n \left(\frac{P_t^i}{P_0^i} \times w_0^i \right)}{\sum_{i=1}^n w_0^i} \times 100$$

Where:

I_{0t} = Index number at a point in time t

P_t^i = Price per unit at point in time t (current period)

P_0^i = Price per unit at point in time 0 (base period)

w_0^i = Weight of product i at the base period

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 change between current quarter and previous quarter.

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