



Republika e Kosovës

Republika Kosova-Republic of Kosovo

Qeveria - Vlada – Government

Zyra e Kryeministrit - Ured Premijera - Office of the Prime Minister

Agjencia e Statistikave të Kosovës - Agencija za Statistiku Kosova – Kosovo Agency of Statistics

Construction Cost Index Q4 - 2014

Construction cost index (CCI) for the fourth quarter of 2014

Overall index of construction cost (CCI) in Kosovo remained unchanged in the fourth quarter of 2014 compared with the third quarter of 2014. Compared to the same period of the previous year (Q 2013), CCI also remained unchanged.

Overall Construction cost index (CCI) in Kosovo remained unchanged in the fourth quarter of 2014 compared with the third quarter of 2014.

Despite the not-change of the overall Construction cost index (CCI) were observed price changes in categories such as: prices increase by 14.1% to energy (rose of price of energy and winter application fees) with an impact of 0.2 percent, the machinery prices raised to 1.4% with an impact of 0.1 percent and wages by 0.2% without any impact on CCI.

Rose of prices was counteracted by the fall of prices of construction materials to -0.5% with an impact of -0.3 percent in CCI.

Fourth Quarter 2014 / Fourth Quarter 2013

Overall Construction cost index in this period was also unchanged. Despite of no-change of the overall Construction cost index (CCI) were observed changes in prices of some categories in this period as: prices of energy increases by 11.9% with an impact of 0.2 percent, the machinery prices rose by 4.6% with an impact of 0.3 percent, wages by 0.2% and other costs 0.1% without any impact on CCI.

Rose of prices was counteracted by the fall in prices of construction materials to -0.6% with an impact of -0.4 percent in CCI.

Additional explanation: Calculation of **Energy** Index category is made from the Producer Price Index data, which is consistent with the standard classification of activities NACE rev .2, which is based on 'Regulation No.11/2013 Article 7.

Construction Cost Index Q4 - 2014

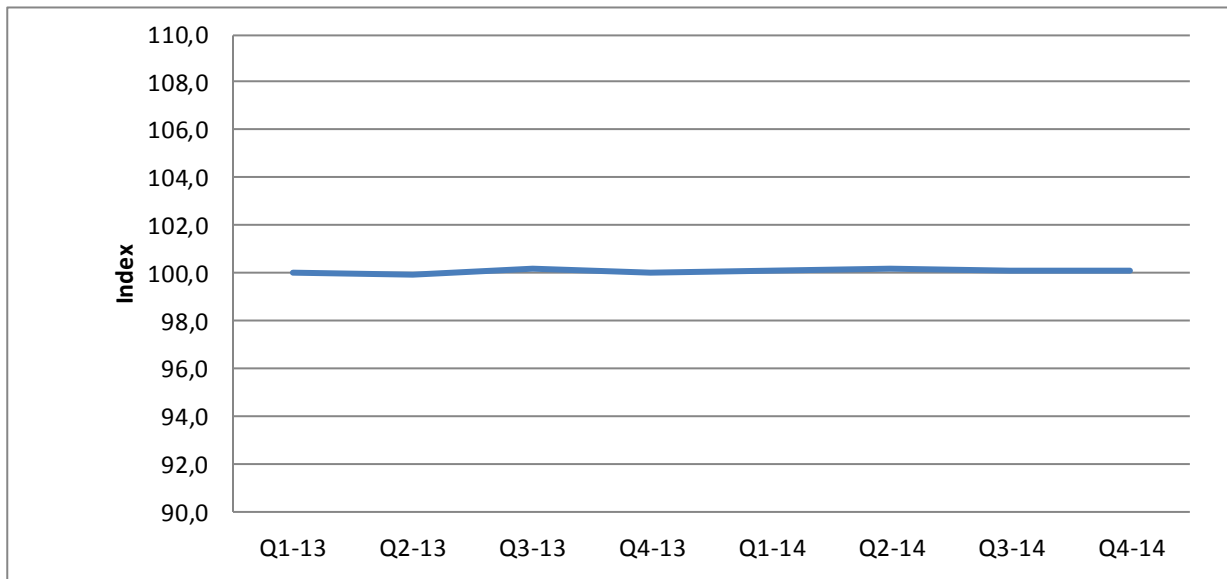
Table 1: Construction cost index for multi-storey dwellings (Q1 2013 = 100)

Code	Categories of costs	Weights	2013				2014			
			q 1	q 2	q 3	q 4	q 1	q 2	q 3	q 4
1	Materials (a+b+c)	69,8	100,0	100,1	100,4	100,0	100,0	99,8	99,4	
	a. Construction material	60,4	100,0	100,2	100,6	100,1	100,4	100,4	100,2	99,7
	b. Electrical material	5,1	100,0	99,4	99,3	99,1	97,8	97,8	97,8	97,8
	c. Hydro-sanitary material	4,3	100,0	99,6	99,5	99,4	97,2	97,2	97,2	97,2
2	Wages	16,4	100,0	100,0	100,0	100,0	100,0	100,0	100,2	
3	Machinery	5,9	100,0	100,0	100,0	100,0	100,7	103,0	103,1	104,6
4	Transportation	3,8	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
5	Energy	1,4	100,0	95,0	94,9	103,1	103,3	100,3	101,2	115,4
6	Other costs	2,7	100,0	99,1	98,7	99,5	100,2	99,5	99,7	99,6
Total (1+2+3+4+5+6)		100,0	100,0	100,0	100,2	100,0	100,1	100,2	100,1	100,1

Table 2: Construction cost index for multi-storey dwellings (year 2014/2013) and quarterly and yearly changes in percentage

Code	Categories of costs	Average year 2014	q 1 - 2014	q 2 - 2014	q 2 - 2014	q 3 - 2014	q 3 - 2014	q 4 - 2014	q 4 - 2014
			q 4 - 2013	q 1 - 2013	q 2 - 2013	2 - 2014	q 3 - 2013	q 3 - 2014	q 4 - 2013
1	Materials (a+b+c)	99,8	0,0	0,0	-0,1	-0,2	-0,6	-0,5	-0,6
	a. Construction material	100,2	0,3	0,0	0,2	-0,2	-0,3	-0,5	-0,4
	b. Electrical material	97,8	-1,3	0,0	-1,6	0,0	-1,5	0,0	-1,4
	c. Hydro-s:	97,2	-2,3	0,0	-2,4	0,0	-2,4	0,0	-2,3
2	Wages	100,0	0,0	0,0	0,0	0,0	0,0	0,2	0,2
3	Machinery	102,9	0,7	2,3	3,0	0,1	3,1	1,4	4,6
4	Transportation	100,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
5	Energy	105,0	0,2	-2,9	5,6	0,9	6,6	14,1	11,9
6	Other costs	99,7	0,7	-0,7	0,4	0,2	1,0	0,0	0,1
Total (1+2+3+4+5+6)		100,1	0,1	0,1	0,2	-0,1	-0,1	0,0	0,0

Figure 1: CCI development, Q1 2013 – Q4 2014 (Q1 2013=100)



Methodological description of Construction Cost Index for multi-storey dwellings

Construction Cost Index measures the development of prices of factors of production of raw materials, wages, machinery, transport, energy and other costs that are used in construction projects. The index measures the change in the price of individual production factors, and weights them according to a set measuring system. The index does not measure changes in productivity as the best uses of materials or other factors, and neither reflects its profit margins.

Population

Construction Cost Index is limited to new multi-storey dwellings. The reason for this is that there is a single construction project in Kosovo, but also because it is required as short-term indicator by Eurostat.

The index is calculated for the entire territory of Kosovo.

Cost Categories

Construction cost index for multi-storey dwellings includes six categories as follows:

- Materials
- Wages
- Machinery
- Transport
- Energy
- Other costs

The model index

Model index that is used for construction cost index is Laspeyres index model.

I_{0t} = index number in a moment of time, t (time of comparison) where the number of index point of time is 0 (the base point in time) is 100

p_t^i = price per unit in time t

p_0^i = price per unit at the point in time 0

w_0^i = Weight of the product i in the basic point of time

$$I_{0t}^L = \frac{\sum_{i=1}^n \left(\frac{p_t^i}{p_0^i} \times w_0^i \right)}{\sum_{i=1}^n w_0^i} \times 100$$

Information about all p_i prices (for each product $i=1, \dots, n$) for each situation t is added when using L-index, while information on weight value w is calculated only for the basic point of time.

The reason why this model of index construction is used is because it is impossible to use Paasche or chained index formula from the viewpoint of technical calculation, since the weighting values can be updated only after several years. Therefore to consistently produce an updated price index factors, Laspeyres formula gives a proper solution.

Data collection

Prices for construction materials are collected from suppliers of construction materials. These suppliers are directly involved in contracting. To gather information on prices, a form-document is sent to companies where KAS specifically indicates for what product the price information is collected. Those who give these data can see what prices have provided in KAS in the previous quarter. KAS requires the average of prices that companies have for their products every three months.

Wage costs are collected from construction companies.

For the cost of machinery, KAS collects prices for small machines used in the construction sector.

KAS collects prices for transport for the transportation services of construction materials from several logistic companies.

Energy costs are collected by Producer Price Index within the KAS.

Data for other costs are collected by the Consumer Price Index within the KAS.

Weight

Weight for Construction Cost Index is based on questionnaire for construction companies. New weights used are from the first quarter of 2013; first quarter of 2013 is also the base index period.

Using the Construction Cost Index

Construction Cost Index for multi-storey dwellings is an important indicator for stakeholders, as well as for the construction sector analysis. It can be used as a price deflator to the national accounts for the construction of multi-storey dwellings.

Publication of results

Results of the construction cost index are published online on the KAS website every three months.

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