



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 Q3-2015

Construction Cost Index (CCI) for the third quarter of 2015

Overall index of construction cost (CCI) in Kosovo has increased to 0.5 percent in the third quarter of 2015 compared with the second quarter of 2015. Compared with the same period of the previous year (Q3 2014), CCI increased by 1.0 percent.

Overall index of construction cost (CCI) in Kosovo has increased to 0.5 percent in the third quarter of 2015 compared with the second quarter of 2015.

Increase of the construction cost price index was observed in several categories such as price increase by 1.6% to electrical materials with an impact of 0.1 percent, hydro-sanitary materials prices rose to 1.5% with an impact of 0.1 percent, construction materials rose by 0.6% with an impact of 0.4 percent, the machinery prices rose by 0.2%, and energy by 0.1% without any significant impact on CCI.

Rise in prices was offset by the fall in prices of other costs -0.3% without any impact on CCI.

Third quarter 2015 / Third Quarter 2014

Overall construction cost index during this period also increased by 1.0 percent.

Increase of the construction cost price index was observed in several categories such as rise of prices for 14.9% to energy with an impact of 0.2 percent, to wages prices rose by 4.4% with an impact of 0.7 percent, hydro-sanitary materials prices rose by 3.9% with an impact of 0.2 percent, the electrical materials prices rose by 2.6% with an impact of 0.1 percent, the machinery prices rose to 1.6% with an impact of 0.1 percent in the CCI.

Rise in prices was offset by the fall in prices of construction materials to -0.5% with an impact of -0.3 percent and other costs -0.9% without any significant impact on CCI.

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

Construction Cost Index Q3 - 2015

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

Code	Categories of costs	Weights	2013				2014				2015		
			q 1	q 2	q 3	q 4	q 1	q 2	q 3	q 4	q 1	q 2	q 3
1	Materials (a+b+c)	69.8	100.0	100.1	100.4	100.0	100.0	100.0	99.8	99.4	99.4	99.1	99.9
	a. Construction materials	60.4	100.0	100.2	100.6	100.1	100.4	100.4	100.2	99.7	99.4	99.1	99.8
	b. Electrical materials	5.1	100.0	99.4	99.3	99.1	97.8	97.8	97.8	97.8	98.8	98.8	100.3
	c. Hydro-sanitary materials	4.3	100.0	99.6	99.5	99.4	97.2	97.2	97.2	97.2	99.6	99.6	101.0
2	Wages	16.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.2	100.2	104.4	104.4
3	Machinery	5.9	100.0	100.0	100.0	100.0	100.7	103.0	103.1	104.6	104.6	104.6	104.8
4	Transport	3.8	100.0	100.0	100.0	100.0	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	115.4	116.1	116.2
6	Other costs	2.7	100.0	99.1	98.7	99.5	100.2	99.5	99.7	99.6	99.8	99.1	98.8
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	100.1	100.6	101.1

Table 2: Construction cost index for multi-storey buildings (Q3 2015) - quarterly and annual changes in percentage

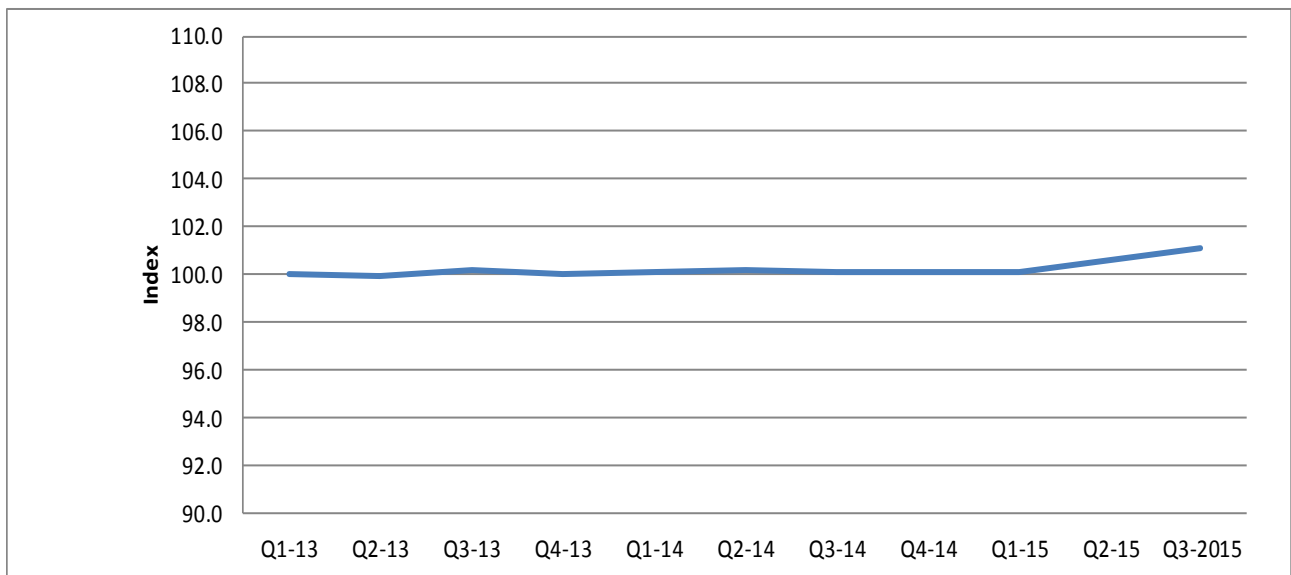
Code	Categories of costs	Average year 2014	q 1 - 2014	q 2 - 2014	q 2 - 2014	q 3 - 2014	q 3 - 2014	q 4 - 2014	q 4 - 2014
			q 4 - 2013	q 1 - 2013	q 2 - 2013	q 2 - 2014	q 3 - 2013	q 3 - 2014	q 4 - 2013
1	Materials (a+b+c)	99.8	0.0	0.0	-0.1	-0.2	-0.6	-0.5	-0.6
	a. Construction materials	100.2	0.3	0.0	0.2	-0.2	-0.3	-0.5	-0.4
	b. Electrical materials	97.8	-1.3	0.0	-1.6	0.0	-1.5	0.0	-1.4
	c. Hydro-sanitary materials	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	Transport	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

Construction Cost Index Q3 - 2015

Table 2: Construction cost index for multi-storey buildings (Q3 2015) - quarterly and annual changes in percentage (continued)

Code	Categories of costs	Average year 2014	q 1 - 2015	q 1 - 2015	q 2 - 2015	q 2 - 2015	q 3 - 2015	q 3 - 2015
			q 4 - 2014	q 1 - 2014	q 1 - 2015	q 2 - 2014	q 2 - 2015	q 3 - 2014
1	Materials (a+b+c)	99.8	0.0	-0.6	-0.3	-0.9	0.8	0.0
	a. Construction materials	100.2	-0.3	-1.0	-0.3	-1.3	0.6	-0.5
	b. Electrical materials	97.8	1.1	1.0	0.0	1.1	1.6	2.6
	c. Hydro-sanitary materials	97.2	2.4	2.4	0.0	2.4	1.5	3.9
2	Wages	100.0	0.0	0.2	4.2	4.4	0.0	4.4
3	Machinery	102.9	0.0	3.9	0.0	1.5	0.2	1.6
4	Transport	100.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Energy	105.0	0.0	11.7	0.6	15.8	0.1	14.9
6	Other costs	99.7	0.1	-0.4	-0.7	-0.4	-0.3	-0.9
Total (1+2+3+4+5+6)		100.1	0.0	0.0	0.5	0.4	0.5	1.0

Graph 1: Development of CCI, Q1 2013 – Q3 2015 (Q1 2013 = 100)



Methodological description of the Construction Cost Index for multi-storey buildings

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

Population

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

The index is calculated for the entire territory of Kosovo.

Categories of Cost

Construction cost index for multi-storey buildings cost 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.

Construction Cost Index Q3 - 2015

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 is collected price information. Those who give these data can see what prices have provided in KAS in the previous quarter. KAS requires average of the prices that companies have for their products in every three months.

Wage costs are collected from construction companies.

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

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

Energy costs are collected from Producer Price Index within KAS.

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

Weight

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

Using the Construction Cost Index

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

Publication of results

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

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Construction Cost Index Q3 - 2015

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