

Construction Cost Index for Dwellings

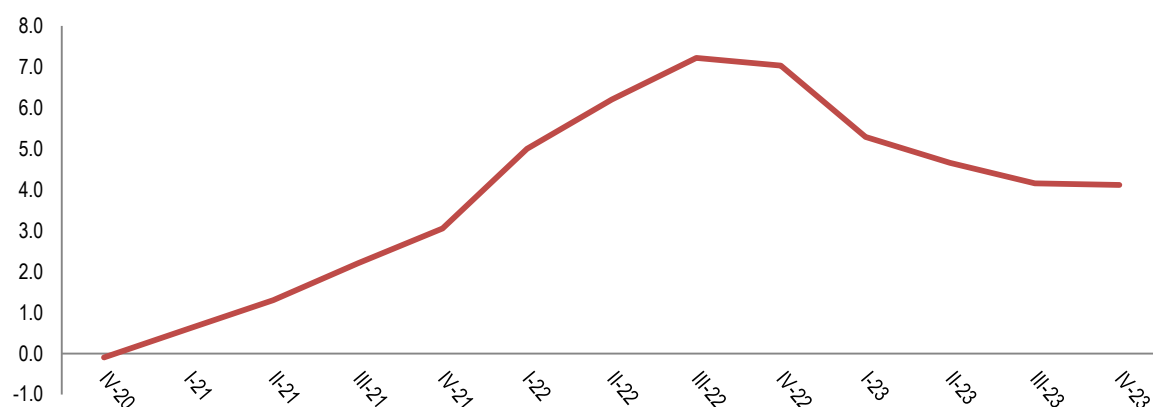
Fourth quarter, 2023

Tirana, on 4 March 2024: Construction Cost Index for Dwellings in the fourth quarter 2023 arrived 114.8 against fourth quarter 2020 as reference period. The annual rate of Construction Cost Index for Dwellings in fourth quarter 2023 is 4.1 %, a year before this rate was 7.0 %.

Yearly rates of main groups: Compared with the fourth quarter of 2022, the largest increase is observed in the group “Energy expenditures” by 9.0 %, followed by groups “Salary expenditures” by 4.5 %, “Transport expenditures” and “Other expenditures” by 3.9 % each of them, “Material expenditures” by 3.3 % and “Machinery expenditures” by 1.5 %.

Inside the group “Material expenditures”, the index of the subgroup “Hydro sanitary materials” marked the highest increase by 4.4 %, followed by “Construction materials” by 3.4 % and “Electric materials and communication” by 2.1 %.

Fig. 1 Annual changes of Construction Cost Index for Dwellings



Quarterly rates of main groups: Compared with the previous quarter, Construction Cost Index for Dwellings, in the fourth quarter of 2023 increased by 0.7 %. The largest increase is observed in “Energy expenditures” by 1.2 %, followed by groups “Salary expenditures” and “Transport expenditures” by 1.0 % each of them, “Other expenditures” by 0.8 %, “Material expenditures” by 0.5 %, and “Machinery expenditures” by 0.1 %.

Tab. 1 Construction Cost Index for Dwellings

Fourth quarter 2020=100

| Code | Groups | Weights | IV-20 | I-21 | II-21 | III-21 | IV-21 | I-22 | II-22 | III-22 | IV-22 | I-23 | II-23 | III-23 | IV-23 |
|------|---|---------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|
| | | 100.0 | 100.0 | 100.9 | 101.5 | 102.1 | 103.1 | 106.0 | 107.8 | 109.4 | 110.3 | 111.6 | 112.8 | 114.0 | 114.8 |
| 1 | Material expenditures (a+b+c) | 47.6 | 100.0 | 100.9 | 101.8 | 102.7 | 104.1 | 107.0 | 108.6 | 110.9 | 112.3 | 113.3 | 114.4 | 115.4 | 116.0 |
| | a. Construction materials | 34.9 | 100.0 | 100.8 | 102.0 | 102.8 | 104.1 | 107.4 | 109.0 | 111.2 | 112.9 | 113.8 | 115.0 | 116.1 | 116.7 |
| | b. Electric and communication materials | 7.8 | 100.0 | 101.6 | 102.1 | 102.9 | 104.1 | 105.2 | 106.9 | 109.3 | 110.3 | 110.6 | 111.5 | 112.0 | 112.5 |
| | c. Hydro - sanitary materials | 4.9 | 100.0 | 100.0 | 100.6 | 102.0 | 103.6 | 106.8 | 108.5 | 110.9 | 111.7 | 113.4 | 114.8 | 115.7 | 116.6 |
| 2 | Salary expenditures | 22.3 | 100.0 | 101.8 | 102.2 | 102.0 | 102.9 | 104.4 | 105.2 | 106.7 | 108.0 | 109.0 | 110.4 | 111.7 | 112.9 |
| 3 | Machinery expenditures | 12.7 | 100.0 | 99.2 | 99.7 | 100.8 | 100.6 | 103.0 | 103.8 | 105.2 | 105.9 | 106.3 | 106.8 | 107.3 | 107.4 |
| 4 | Transport expenditures | 8.4 | 100.0 | 101.9 | 103.1 | 102.8 | 104.5 | 104.0 | 104.4 | 105.2 | 106.5 | 107.6 | 108.5 | 109.6 | 110.6 |
| 5 | Energy expenditures | 3.3 | 100.0 | 100.0 | 100.0 | 101.4 | 101.5 | 111.7 | 115.5 | 117.1 | 115.9 | 118.7 | 121.3 | 124.8 | 126.3 |
| 6 | Other expenditures | 5.8 | 100.0 | 102.2 | 102.4 | 102.1 | 103.1 | 105.8 | 109.3 | 110.1 | 111.2 | 113.7 | 114.3 | 114.6 | 115.5 |

Tab. 2 Annual changes of Construction Cost Index for Dwellings

| % Code | Groups | % | | | | | | | | | | | | | |
|--------|---|-------------|------------|--------------|---------------|-------------|-----------|-------------|---------------|-------------|-----------|-------------|---------------|-------------|--|
| | | IV-20/IV-19 | I-21/II-20 | II-21/III-20 | III-21/III-20 | IV-21/IV-20 | I-22/I-21 | II-22/II-21 | III-22/III-21 | IV-22/IV-21 | I-23/I-22 | II-23/II-22 | III-23/III-22 | IV-23/IV-22 | |
| | Total (1+2+3+4+5+6) | -0.1 | 0.6 | 1.3 | 2.2 | 3.1 | 5.0 | 6.2 | 7.2 | 7.0 | 5.3 | 4.7 | 4.2 | 4.1 | |
| 1 | Material expenditures (a+b+c) | -0.8 | 0.3 | 2.0 | 2.9 | 4.1 | 6.0 | 6.6 | 8.0 | 7.9 | 5.9 | 5.4 | 4.1 | 3.3 | |
| | a. Construction materials | -1.1 | 0.0 | 2.2 | 3.0 | 4.1 | 6.5 | 6.9 | 8.2 | 8.4 | 6.0 | 5.5 | 4.4 | 3.4 | |
| | b. Electric and communication materials | -1.0 | 1.5 | 2.2 | 2.9 | 4.1 | 3.5 | 4.7 | 6.2 | 5.9 | 5.2 | 4.3 | 2.5 | 2.1 | |
| | c. Hydro - sanitary materials | 1.5 | 1.0 | 0.8 | 2.1 | 3.6 | 6.8 | 7.8 | 8.8 | 7.8 | 6.2 | 5.8 | 4.4 | 4.4 | |
| 2 | Salary expenditures | -2.1 | 0.5 | 2.0 | 2.1 | 2.9 | 2.5 | 2.9 | 4.6 | 5.0 | 4.4 | 4.9 | 4.8 | 4.5 | |
| 3 | Machinery expenditures | 0.8 | 0.8 | 0.3 | 1.4 | 0.6 | 3.8 | 4.1 | 4.4 | 5.3 | 3.2 | 2.9 | 2.0 | 1.5 | |
| 4 | Transport expenditures | -0.7 | 0.4 | 1.4 | 2.0 | 4.5 | 2.1 | 1.2 | 2.3 | 1.9 | 3.5 | 4.0 | 4.2 | 3.9 | |
| 5 | Energy expenditures | 0.0 | 0.0 | 0.0 | 1.4 | 1.5 | 11.7 | 15.5 | 15.5 | 14.1 | 6.3 | 5.0 | 6.6 | 9.0 | |
| 6 | Other expenditures | 1.6 | 0.9 | 1.8 | 2.4 | 3.1 | 3.5 | 6.7 | 7.9 | 7.9 | 7.5 | 4.6 | 4.1 | 3.9 | |

Tab. 3 Quarterly changes of Construction Cost Index for Dwellings

| Code | Groups | % | | | | | | | | | | | | |
|------|---|--------------|------------|------------|--------------|--------------|------------|------------|--------------|--------------|------------|------------|--------------|--------------|
| | | IV-20/III-20 | I-21/IV-20 | II-21/I-21 | III-21/II-21 | IV-21/III-21 | I-22/IV-21 | II-22/I-22 | III-22/II-22 | IV-22/III-22 | I-23/IV-22 | II-23/I-23 | III-23/II-23 | IV-23/III-23 |
| | Total (1+2+3+4+5+6) | 0.1 | 0.9 | 0.6 | 0.6 | 1.0 | 2.9 | 1.7 | 1.5 | 0.8 | 1.2 | 1.1 | 1.0 | 0.7 |
| 1 | Material expenditures (a+b+c) | 0.2 | 0.9 | 0.9 | 0.9 | 1.3 | 2.8 | 1.5 | 2.1 | 1.3 | 0.8 | 1.0 | 0.9 | 0.5 |
| | a. Construction materials | 0.2 | 0.8 | 1.1 | 0.8 | 1.3 | 3.1 | 1.5 | 2.1 | 1.5 | 0.8 | 1.1 | 1.0 | 0.5 |
| | b. Electric and communication materials | 0.0 | 1.6 | 0.5 | 0.8 | 1.1 | 1.0 | 1.6 | 2.2 | 0.9 | 0.3 | 0.8 | 0.5 | 0.4 |
| | c. Hydro - sanitary materials | 0.1 | 0.0 | 0.5 | 1.4 | 1.6 | 3.1 | 1.5 | 2.2 | 0.8 | 1.5 | 1.2 | 0.9 | 0.8 |
| 2 | Salary expenditures | 0.1 | 1.8 | 0.4 | -0.3 | 0.9 | 1.4 | 0.8 | 1.4 | 1.3 | 0.9 | 1.3 | 1.2 | 1.0 |
| 3 | Machinery expenditures | 0.7 | -0.8 | 0.5 | 1.1 | -0.2 | 2.5 | 0.7 | 1.4 | 0.7 | 0.4 | 0.5 | 0.5 | 0.1 |
| 4 | Transport expenditures | -0.8 | 1.9 | 1.3 | -0.3 | 1.6 | -0.5 | 0.4 | 0.7 | 1.3 | 1.0 | 0.9 | 1.0 | 1.0 |
| 5 | Energy expenditures | 0.0 | 0.0 | 0.1 | 1.3 | 0.1 | 10.0 | 3.4 | 1.4 | -1.0 | 2.5 | 2.2 | 2.9 | 1.2 |
| 6 | Other expenditures | 0.3 | 2.2 | 0.2 | -0.3 | 1.0 | 2.7 | 3.3 | 0.7 | 1.0 | 2.3 | 0.5 | 0.2 | 0.8 |

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 is used as a deflator for the calculation of Gross Domestic Product and various volume indexes used by Government Institutions, Central Bank of Albania other Non-Governmental Organizations, World Bank, International Monetary Foundation etc. The weight of the material basket is calculated based on estimated cost for the construction of a multi-storey dwelling taken from construction firms. The fourth quarter 2020 is the base period for calculating the index (Fourth quarter 2020=100). The new basket contains 71 items of which 66 are construction materials. The prices for construction materials are collected from 225 distributors and retailers of construction materials. The data for salaries, machineries and transport are collected in 96 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.