



National Statistics Office of Georgia

CONSTRUCTION COST INDEX
IN GEORGIA
2018
I QUARTER



25.06.2018

www.geostat.ge

New Statistical Indicator – Construction Cost Index

National Statistics Office of Georgia is starting publication of a new indicator – the Construction Cost Index (CCI). Its purpose is to reflect changes over time in prices for inputs (production factors - materials and services) used during the construction process. Inputs include: materials, labor, energy, transportation and other costs. This index is an important macroeconomic indicator and is necessary for accurate assessment of investment environment, also for planning and forecasting in construction sector.

Geostat has been working on the CCI since 2013, within the cooperation project with Statistics Sweden. In 2017 a trial calculation was started, while since June 2018 publication of the index has begun on a quarterly basis.

Several types of Construction Cost Index can be distinguished, among which the most widespread in international practice is so called Input Price Index. The latter includes only prices for inputs used during the construction process. The index calculated by Geostat is exactly the input-type index.

Construction Cost Index in Georgia

I quarter of 2018

In the first quarter of 2018 the Construction Cost Index (CCI) decreased by 5.6 percent **compared to the previous quarter**. This decrease was mainly caused by a 21.8 percent decline in average monthly nominal salary of employees in business sector in construction, which resulted in a -6.68 percentage point contribution to the total index change. In the mentioned period prices increased by 1.7 percent for construction materials and by 1.4 percent for transportation, fuel and electricity.

Compared to the first quarter of 2017 the CCI increased by 5.2 percent. This was mainly attributable to a 5.7 percent price increase for construction materials, with a relevant contribution of 3.28 percentage points to the overall index growth. Along with this, there was a 3.3 percent increase in average monthly nominal salary of employees in business sector in construction, while prices for machinery posted a decrease of 1.3 percent.

The following table shows the CCI for the first quarter of 2018, compared to the previous quarter and the same quarter of the previous year, as well as the contributions of cost categories to the total index.

Cost categories	Over IV quarter of 2017	Contributions ¹ to quarterly changes	Over I quarter of 2017	Contributions ¹ to annual changes
Total	94.4	-5.62	105.2	5.21
Construction materials	101.7	0.91	105.7	3.28
Wages	78.2	-6.68	103.3	1.68
Machinery	100.1	0.01	98.7	-0.07
Transportation, fuel and electricity	101.4	0.02	102.9	0.04
Other costs	101.5	0.12	103.3	0.28

Contact person: Giorgi Tetrauli
Tel: (+995 32) 236 72 10 (400)
Fax: (+995 32) 236 72 13
E-mail: gtetrauli@geostat.ge

¹ Individual contributions may not sum up to the total changes in the index due to rounding.