

Methodical notes

Trends of **construction price indices** are divided into **construction works** by Classification of Products by Activity CZ-CPA and types of **constructions** by Classification of Types of Constructions CZ-CC. The individual price indices for the representatives are aggregated into aggregate indices for groups of representatives and then into an aggregate index for the whole set of the representatives. The aggregation is done by means of weighted arithmetic mean of individual indices. Price indices based on the 2005 average are published since 2007. A new weighting scheme was introduced in 2007, too.

The **price indices of construction works** are calculated for prices of samples of representatives and for selected reporting units by aggregating simple price indices into an aggregate using a modified Laspeyres formula. The calculation uses the 2005 constant weights.

$$I = \frac{\sum \frac{p_1}{p_0} p_0 q_0}{\sum p_0 q_0} * 100$$

p_1 = the reference period price,

p_0 = the basic period price,

$p_0 q_0$ = the constant weight (2005 revenues).

The price index of construction works has been calculated quarterly from prices collected in national questionnaires. The questionnaire included 141 price representatives. The reporting network established by purpose embraced about 780 respondents of all size groups and different legal forms (CZ-NACE 25, 28, 33, 41- except 41.10, 42, 43, 80). **The prices are those agreed between the supplier and consumer for a unit of domestic construction work, realized by own workers in the Czech Republic. Construction work prices are surveyed the second month of the particular quarter, and are exclusive of VAT.**

The concept of net price indices is used and it means that the price accumulation related to a **change in technology or change in material of construction is not included in the price index.**

Obtained prices include the total of building costs:

- material and semi-finished products
- labour costs
- legal social insurance and health insurance
- expenses on operation of building machines and transport expense estimate for the earthmoving
- overhead expenses
- pre-tax profit

Prices do not include either temporary works or value added tax.

Price indices of constructions (four-figure CZ-CC) are weighted average of selected price indices of construction works in CZ-CPA. Individual price indices for divisions are aggregated into aggregate indices for sub-sections and sections and then into an aggregate index for the whole set (total). Weighting scheme is determined by yearly report Stav 1-12 (results for 2005).

Construction work directions are calculated from four-figure divisions CZ-CC. Weighting scheme is determined by yearly report Stav 1-12 (results for 2005).

Residential buildings are weighted average of one-dwelling buildings, two-dwelling buildings, three- and more dwelling buildings and residences for communities. Non-residential buildings are weighted average of hotel buildings, office buildings, public entertainment buildings, museums and libraries, schools, hospital or institutional care buildings and sports halls. Non-residential industrial buildings are weighted average of wholesale and retail trade buildings, communication buildings, stations, terminals and associated buildings, garage buildings, industrial buildings, reservoirs, silos and warehouses and non-residential farm buildings.

Civil engineering works are weighted average of price indices in section 2 Civil engineering works (four-figure divisions) except for hydraulic structure. Hydraulic structure are weighted average of harbours and navigable canals and dams.

Indices of construction costs

Indices of construction costs are composed of price indices of industrial producers, salaries, inland freight transport and outgoings entering into building.

The index scheme contains 97 four-figure divisions and two three-figure sub-sections of CZ-CPA – they are taken over from industrial producer price indices. Moreover, indices include salaries of individual professions and inland freight transport.

Finally, indices of outgoings are professionally estimated and extrapolate values used in the past time.

Price indices of material inputs of construction output

Price index calculation of material inputs of construction output is a partial section of price index of construction cost calculation. Industrial producer price indices (material, product and raw product price indices and machines or device in use) are the input values.

Average prices of representative construction works

There are average prices included in the table no. 6 "Average prices of representative construction works" in the Czech language only. The table represents particular examples of construction works in Czech crowns.

Published data were calculated from 12 404 forms "Ceny Stav 1-04" in this calendar quarter.