

## Methodical notes

Trend of Construction price indices is divided into price indices of **Construction works** by Classification of Products by Activity CZ-CPA and price indices of **Constructions** by Classification of Types of Constructions CZ-CC.

Price indices based on the 2005 average are published since 2007. A new weighting scheme was introduced in 2007. Construction price indices are **preparing for the irregular revision nowadays**.

**Price indices of Construction works** are firstly calculated by arithmetic mean from unit prices belong to one representative. After that an aggregate index is calculated by aggregating of simple price indices. A modified Laspeyres formula is used. 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 is calculated from prices collected in the national quarterly questionnaire "Ceny Stav 1-04". The questionnaire includes 141 price representatives (141 individual forms). The reporting network established by purpose embraced about 770 respondents of all size groups and different legal forms (CZ-NACE 25, 28, 33, 41- except 41.10, 42, 43, 80). **Surveyed prices are prices 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. **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-digit CZ-CC) are calculated by weighted average of selected price indices of Construction works in CZ-CPA. This individual price indices for the representatives are aggregated into aggregate indices for groups of representatives. The aggregation is done by weighted arithmetic mean from individual indices.

Weighting scheme for aggregations in CZ-CC is determined by building budgets for each individual type of construction.

**Kinds of Constructions** put four-digit divisions CZ-CC together. 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-digit divisions) except for hydraulic structures. Hydraulic structures are weighted average of harbours and navigable canals and dams.

#### **Indices of Construction costs of Construction output**

Indices of Construction costs of Construction output are composed from price indices of Industrial Producers, Salaries, Inland Freight Transport and outgoings entering into building.

The index scheme contains 97 four-digit divisions and two three-digit sub-sections of CZ-CPA – they are taking over from Industrial Producer price indices.

Finally, indices of outgoings are professionally estimated and extrapolate by 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 – produced in the Czech Republic) are 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 presents average prices of Construction works in Czech crowns.

Published data is calculated from 11 800 “Ceny Stav 1-04” forms in this calendar quarter.

The text was not edited for language.