



مركز الإحصاء  
STATISTICS CENTRE

## Construction Cost Index

### Tower buildings projects Third Quarter 2020

(Base Year 2013)

Detailed by:

Main building materials and  
services groups

Release Date: December 2020

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### KEY POINTS

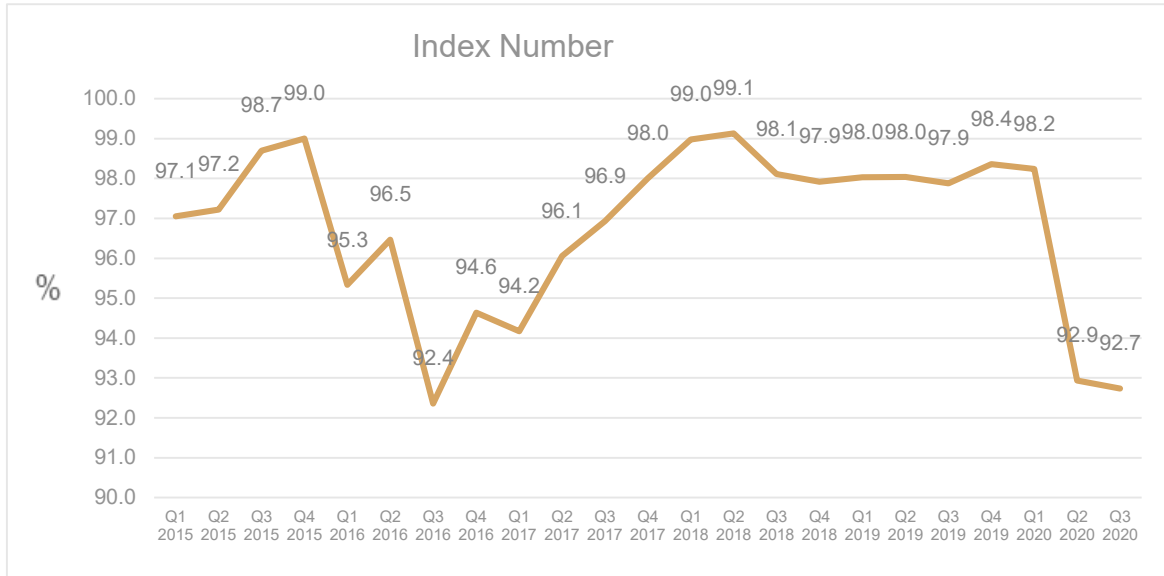
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## Key Points

- The CCI decreased by 5.3% in the third quarter of 2020 compared with the third quarter of 2019. The index decreased from 97.9% in the third quarter of 2019 to 92.7% in the third quarter of 2020.
- The CCI decreased by 0.2% in the third quarter of 2020 compared with the second quarter of 2020. The index decreased from 92.9% in the second quarter of 2020 to 92.7% in the third quarter of 2020.
- The 'Manpower' group contributed by 75.3% in the overall decrease in the prices in the third quarter of 2020 compared with the third quarter of 2019, while its prices decreased by 15.4% and the weight for this group is 29.5%.
- The 'Finishing materials' group contributed 32.4% in the overall decrease in the prices in the third quarter of 2020 compared with the third quarter of 2019, while its prices decreased by 6.1% and the weight of this group is 26.0%.

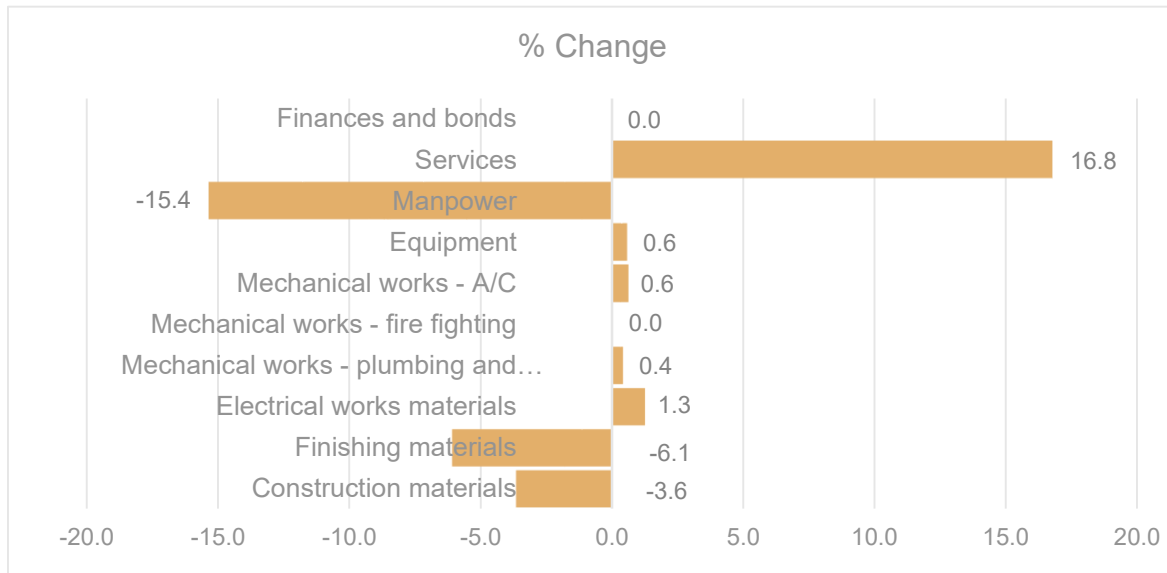
## Figures

**Figure 1: Construction Cost Index, quarterly for 2015-2020 (2013=100)**



Source: Statistics Centre - Abu Dhabi

**Figure 2: Relative change in CCI for the main groups during the third quarter of 2020 compared with the third quarter of 2019**



Source: Statistics Centre - Abu Dhabi

## Methodology

### Overview

The Construction Cost Index (CCI) was constructed by the Statistics Centre Abu Dhabi (SCAD) for the Emirate of Abu Dhabi during 2014 due to the increasing demand for indicators that reflect the development in construction costs in the Emirate. The experience of collecting the prices of a series of building materials prices from 1988 was taken advantage of. Specialized personnel determined both the basket and the price sources at that time. In 1997, the building materials basket was updated to be more detailed according to the needs at that time. When the Statistics Centre - Abu Dhabi assumed this responsibility in 2009, the basket was updated again, and a record number of building material and service items were included in 2014 due to the increasing demand for it from strategic partners.

This indicator is issued on a quarterly basis. Work was carried out on this project from 2013 in cooperation with the specialized authorities in this field from the Contractors Association, the Municipality of Abu Dhabi City and the Department of Economic Development, to provide the weights and list of materials and services. The classifications used for the contractors were approved by the Department of Economic Development.

The methodology used in calculating the CCI is consistent with international best practices in this field and is aligned with the nature of the Emirate of Abu Dhabi.

### Importance

The CCI is an important economic indicator that provides input into planning and research in various urban and economic fields. The Construction Cost Index provides quarterly estimates of the change in the list price of building materials and services involved in construction projects in Abu Dhabi city. The importance of this indicator lies in the need for decision makers and other users such as real estate developers to monitor the prices of building materials.

### Objectives

- The CCI is an analytical tool for identifying price trends and forecasting any price changes in building materials and related services by decision makers and policy makers.
- Internal use in the SCAD for calculating other statistical indicators, short term economic indicators and GDP at constant prices.
- It is used by companies and commercial establishments specialized in the construction and building materials sector.

## Concepts and definitions

### Price

Price is defined as the value of one unit of a material or service; this means the market value of the material or service. This value is established through the exchange of materials and services in the markets and is equivalent to the benefit achieved by the user.

### Construction Cost Index (CCI)

The CCI is an index that measures the rate of change in construction costs during two time periods, a base period and a comparison period for a fixed basket of certain building materials and construction services selected from the construction projects breakdown.

### Towers: medium quality

Building construction of 15-20 stories commonly used in the Emirate of Abu Dhabi composed of medium-quality materials.

### Weight

Weight is the relative importance of a material or service within the CCI basket compared with all other materials or services in the same basket.

### Outlet

Outlets where building materials or services are sold such as building materials companies and factories.

### Periods of collection

Periods of collection are the selected periods to repeat the survey of all groups in each basket. The period might be weekly, semi-monthly, monthly or quarterly.

## Coverage

The CCI is considered as representative of the average prices of the list of goods and services in the Emirate of Abu Dhabi

## Periodical

The CCI publication is issued quarterly.

## Classifications

A local classification approved by the Department of Economic Development, the Contractors Association and the Abu Dhabi Municipality was used in preparing the CCI.

### **Main Data source**

Data are collected from companies, factories, and shops selling building materials and construction services on a monthly / quarterly basis in the Emirate of Abu Dhabi.

### **Questionnaires**

Data is collected from the field through paper forms designed for this purpose, as well as via email.

### **Sample design**

The proportional sample method is used.

### **Data collection**

The price data for the construction cost index list is collected by communicating with the source by email and field visits.

### **Mechanism of calculating and Data Auditing**

The construction cost index is calculated according to the mathematical formula of the Laspeyres equation. The weights used represent projects in 2013.

The price audit process is carried out in three phases, as follows:

- The first stage includes the examination of the data by the statistical price researcher, where the raw data of the building materials price series are entered into the monthly / quarterly data tables in which the variables are coded, so that they are compared with their counterparts and verify the correctness of the price that falls outside the reasonable range. The variables are assigned individually for each item according to: "usual" changes in price and "unusual" changes, and this is determined according to an analysis of data from previous years. When anomalous data appears, the researcher communicates with the data providers to verify the accuracy of their entered data and write down any explanations they might provide. When the price is not available from a specific source in the monthly or quarterly collection process, the values of these prices are estimated in comparison with the previous quarters, and in the event that the material or service disappears from the market, it is replaced by a material or service commensurate with it at a similar price and specifications.
- The second stage includes a comparison between the current prices and the prices of the previous quarter. After the prices are entered and verified, the monthly / quarterly average of prices for each commodity is calculated.
- The third stage involves auditing and analyzing the contribution rates of the main groups that make up the index and comparing them with previous periods.

### Indicators calculation

- CCI, compared to the previous quarter, for medium quality tower projects in the Emirate of Abu Dhabi.
- CCI, compared to the same quarter of the previous year, for medium quality tower projects in the Emirate of Abu Dhabi.
- Annual CCI and its comparison with the previous year for medium quality tower projects in the Emirate of Abu Dhabi.

### Timelines

The CCI publication is released within 75 days after the end of the reference quarter.

### Dissemination

The CCI publication is published quarterly on the Abu Dhabi Statistics Centre website [www.scad.gov.ae](http://www.scad.gov.ae).

### Improvement

- Developing a CCI to classify other projects such as infrastructure, roads and bridges, and villas
- Updating the index basket weights and updating the base year.
- Automate index calculation.
- Update data according to the classifications approved by the Statistics Centre - Abu Dhabi.

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