

Statistical bulletin

Business investment in the UK: July to September 2022 provisional results

Estimates of short-term indicators of investment in non-financial assets, business investment, and asset and sector breakdowns of total capital formation.



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22 December 2022

Notice

11 November 2022

On 30 September 2022, we advised that we needed more time to produce a Blue Book 2022 consistent gross fixed capital formation (GFCF) dataset. This meant we were unable to produce some of the more detailed, mainly industry, data that normally accompany the Business investment in the UK bulletin.

This included:

- business investment by asset
- business investment by industry and asset

This also included breakdowns of:

- the transportation and storage industries
- household and non-profit institutions serving households (NPISH)
- new dwellings and improvements to dwellings
- ICT equipment
- intellectual property products

We advised we would be releasing these alongside our provisional estimate of business investment datasets published on 11 November 2022. They will instead be published on the User Requested Data section of our website at a future date to be determined. If you would like to be alerted as soon as they are available, please contact gcf@ons.gov.uk.

A detailed list of the time series affected are available upon request.

Estimates of consumption of fixed capital and productivity will have been affected by the later availability of these more detailed data. Further information will be included alongside those outputs.

Table of contents

1. [Main points](#)
2. [Business investment lags behind whole economy investment](#)
3. [Majority of Gross Fixed Capital Formation \(GFCF\) components above pre-coronavirus pandemic level](#)
4. [Comments analysis](#)
5. [Business investment data](#)
6. [Measuring the data](#)
7. [Related links](#)
8. [Cite this statistical bulletin](#)

1 . Main points

- Business investment fell by 0.5% in Quarter 3 (July to Sept) 2022.
- The level of business investment in Quarter 3 2022 is 8.4% below where it was in Quarter 4 (Oct to Dec) 2019, the quarter before the coronavirus (COVID-19) pandemic; gross fixed capital formation (GFCF) levels are 0.8% above that same quarter.
- Whole economy investment, which includes business and public sector investment, increased by 2.5% in Quarter 3 2022 and was 5.8% higher than in the same quarter a year ago.
- Most assets contributed positively to growth in whole economy investment, with the largest contribution coming from dwellings with a growth of 4.2%. Transport equipment was the only negative contributor to whole economy investment growth.
- Government investment grew by 7.6% in the latest quarter. Other buildings was the main driver behind the growth in government investment.

Current business investment estimates continue to be subject to more uncertainty than usual because of data collection challenges faced in the current conditions. More information can be found in section 5.

2 . Business investment lags behind whole economy investment

Business investment has still not returned to pre-coronavirus (COVID-19) pandemic levels while whole economy investment (technically known as Gross Fixed Capital Formation - GFCF) has returned to pre-pandemic levels as of Quarter 3 2022. This reflects the different patterns of investment by government and businesses observed throughout the coronavirus pandemic (Figure 2). The positive growth of dwellings and government investment in the latest quarter are the main factors in GFCF returning to its pre-coronavirus (COVID-19) pandemic level.

Figure 1: Business investment's return to pre-coronavirus (COVID-19) pandemic levels has lagged behind that of economy-wide gross fixed capital formation (GFCF)

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 3 (July to Sept) 2022

Figure 1: Business investment's return to pre-coronavirus (COVID-19) pandemic levels has lagged behind that of economy-wide gross fixed capital formation (GFCF)

UK business investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 3 (July to Sept) 2022



Source: Office for National Statistics – Business Investment results

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. UK business investment, chained volume measure, seasonally adjusted, excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
3. Quarter 2 2020 is the largest fall on record for gross fixed capital formation excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
4. Index is referenced to Quarter 1 (Jan to Mar) 1997.

3 . Majority of Gross Fixed Capital Formation (GFCF) components above pre-coronavirus pandemic level

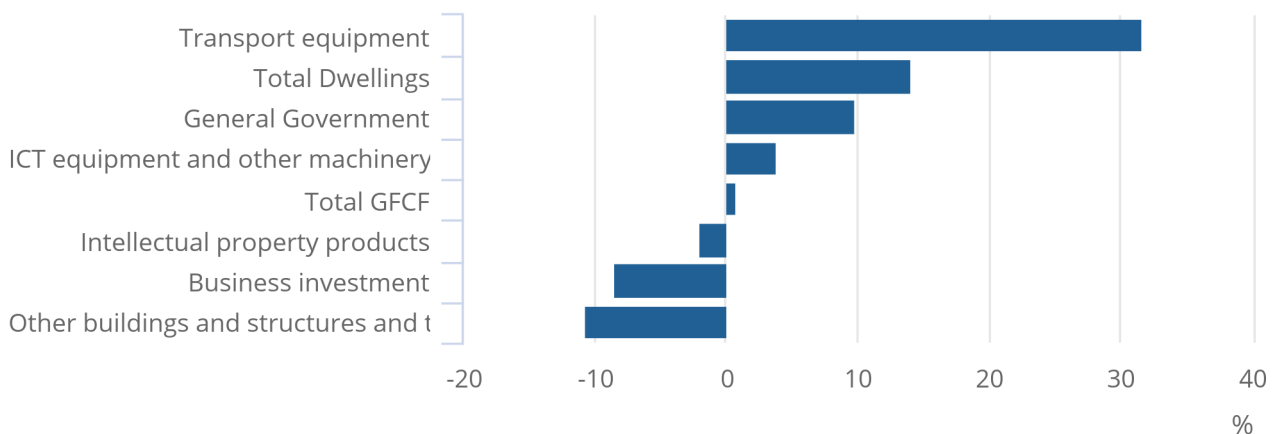
While the majority of GFCF components have returned to Quarter 4 2019 levels, GFCF in other buildings and structures (which includes non-residential buildings and structures such as roads, bridges and energy-related structures) has not, and remains 10.7 percentage points lower than its pre-coronavirus pandemic level. The low level of business investment in other buildings and structures is the main reason for whole economy other buildings and structures being weaker than its pre-coronavirus pandemic level.

Figure 2: Weakness in other buildings and structures within gross fixed capital formation (GFCF) continued in Quarter 3 (July to Sept) 2022 when compared with pre-coronavirus (COVID-19) pandemic levels

Components of gross fixed capital formation, chained volume measure, seasonally adjusted, growth relative to Quarter 4 (Oct to Dec) 2019

Figure 2: Weakness in other buildings and structures within gross fixed capital formation (GFCF) continued in Quarter 3 (July to Sept) 2022 when compared with pre-coronavirus (COVID-19) pandemic levels

Components of gross fixed capital formation, chained volume measure, seasonally adjusted, growth relative to Quarter 4 (Oct to Dec) 2019



Source: Office for National Statistics – Business Investment results

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Contributions may not sum to total because of rounding.

Dwellings continued to grow and exceeded its pre-coronavirus pandemic level in Quarter 4 (Oct to Dec) 2021. Dwellings investment increased by 4.2% in Quarter 3 (July to Sept) 2022. Repair and maintenance of dwellings continues to grow but at a slower rate than seen during the pandemic when many took the opportunity to complete home improvements. New housing investment continues to grow with large housebuilders pushing through on projects in order to complete before the year end.

Transport equipment has fallen by 4.2% in Quarter 3 2022 yet remains above its pre-coronavirus pandemic level. Transport equipment continues to fluctuate as manufacturers report varied success in acquiring parts and materials needed to complete cars and other transport equipment according to respondent comments to our Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS).

Investment in ICT equipment and other machinery and equipment exceeded pre-pandemic levels in Quarter 1 (Jan to Mar) 2022 and continues its quarter-on-quarter growth with a growth of 4.1% in Quarter 3 (July to Sept) 2022.

This period coincides with the availability of temporary tax relief on qualifying capital asset investment, known as "[super-deduction](#)", as explained on the [GOV.UK website](#). Even though there are some differences in qualifying items, the impact of this incentive is most likely to be reflected in information and communication technology (ICT) equipment, and other machinery and equipment. There has however been little reference to this temporary tax relief in respondent comments to our Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS).

4 . Comments analysis

The themes in respondent comments to our Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS) have changed substantially since the quarters after the EU Exit and coronavirus (COVID-19) pandemic. Now only 0.6% of all comments mention the EU compared with the peak of 2.8% in Quarter 3 (July to Sept) 2019. Coronavirus comments make up just 1% of all comments compared with the peak of 49% of all comments in Quarter 2 (April to June) 2022. Comments mentioning uncertainty remain a factor with 3.7% of respondent comments mentioning it. Continued trends include the mention of investing in ICT and machinery as well as investment in cars.

5 . Business investment data

[Business investment by industry and asset](#)

Dataset | Released 12 August 2022

Detailed breakdown of business investment by industry and asset, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

[Business investment by asset](#)

Dataset | Released 12 August 2022

Detailed breakdown of business investment by asset, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

[Gross fixed capital formation - by sector and asset](#)

Dataset | Released 11 November

Sector and asset breakdowns of gross fixed capital formation (GFCF), including business investment and revisions, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

[Quarterly Stocks Survey \(QSS\) and Capital Assets Survey \(QCAS\) Textual Data Analysis](#)

Dataset | Released 11 November 2022

The indicators and analysis in this dataset are based on qualitative responses from comments left by responding businesses to both our Quarterly Acquisitions and Disposals of (QCAS) and Quarterly Stocks Survey (QSS).

[Annual Gross fixed capital formation - by sector and asset](#)

Dataset | Released 28 October 2021

Annual sector and asset breakdowns of gross fixed capital formation (GFCF), in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

6 . Measuring the data

Quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in our [Business investment quality and methodology information \(QMI\) release](#).

Revisions

In line with the National Accounts Revisions Policy, the only period open in this publication is Quarter 3 (July to Sept) 2022.

Data within this bulletin

All data within this bulletin, unless specified, are presented in chained volume measure (CVM). This means that the effect of price changes is removed (in other words, the data are deflated).

In Quarter 3 (July to Sept) 2022, the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS), one of the largest data sources for gross fixed capital formation (GFCF) and business investment, had a response rate of 62.4% for estimates used in this provisional release. This compares with an average provisional response rate of 57.7% during 2021, 56.5% during 2020, and 67.3% for 2019.

7 . Related links

[GDP First Quarterly Estimate UK: July to September 2022](#)

Released 11 November 2022

Revised quarterly estimate of gross domestic product (GDP) for the UK. Uses additional data to provide a more precise indication of economic growth than the first estimate.

[National balance sheet estimates for the UK: 2021](#)

Released 2 December 2021

Annual estimates of the market value of financial and non-financial assets for the UK, providing a measure of the nation's wealth.

[Capital stocks and fixed capital consumption, UK: 2021](#)

Released 25 November 2021

Annual estimates of the value and types of non-financial assets used in the production of goods or services within the UK economy and their loss in value over time.

8 . Cite this statistical bulletin

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