

Statistical bulletin

Business investment in the UK: July to September 2022 revised 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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1 . Main points

- Business investment fell by 2.5% in Quarter 3 (July to Sept) 2022, revised down from the provisional estimate of negative 0.5%.
- The level of business investment in Quarter 3 2022 was 8.1% below where it was in Quarter 4 (Oct to Dec) 2019, the quarter before the coronavirus (COVID-19) pandemic; business investment was 1.3% above where it was the same quarter a year ago.
- Whole economy investment (technically known as gross fixed capital formation (GFCF)), which includes business and public sector investment, increased by 1.1% in Quarter 3 2022, revised down from the provisional estimate of 2.5%.
- Whole economy investment (GFCF) in Quarter 3 2022 was 0.2% above where it was in Quarter 4 2019, the pre-coronavirus quarter; GFCF was 3.7% above where it was in Quarter 3 2021 revised down from 5.8%.

2 . Business investment growth revised down as levels increase

Business investment in Quarter 3 (July to Sept) 2022 remains below pre-coronavirus (COVID-19) levels at negative 8.1%, an upwards revision from the provisional estimate of negative 8.4%. Though business investment levels increased in Quarter 3 2022, business investment growth in this period was revised downwards by 2 percentage points, because of an upwards revision in Quarter 2 (Apr to June) 2022 business investment levels. The main cause of these upwards revisions in the previous quarter was other buildings and structures because of later survey data. Purchased software, hardware and other machinery also contributed positively to the revisions.

Figure 1: Business investment's return to pre-coronavirus 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

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 BNFL in Quarter 2 2005.
4. Index is referenced to Quarter 1 1997.

Download the data

[.xlsx](#)

3 . Gross fixed capital formation (GFCF) components remain above pre-coronavirus level despite downward revisions

Whole economy investment (technically labelled Gross Fixed Capital Formation) remained above pre-coronavirus (COVID-19) levels in Quarter 3 (July to Sept) 2022, despite a downward revision of 0.6 ppt to 0.2%. Dwellings investment continued to grow but at a slower rate. This was because of both a downward revision for Quarter 3 2022 and an upwards revision in Quarter 2 (Apr to Jun) 2022, meaning the total fall in dwellings growth in Quarter 3 2022 was 3.2 percentage points. Positive dwellings growth was a main factor in GFCF returning to its pre-coronavirus pandemic level. These revisions to dwellings were caused by later survey data in the revised estimate and contributed to the lower growth in the revised GFCF estimates.

Despite downward revisions to some key asset types, the majority, as also seen in the provisional estimate, have returned above their pre-coronavirus level. Dwellings investment growth remains positive at 1.0% in Quarter 3 2022, although this is revised down from 4.2% in the provisional estimate, and it is 12.4% above pre-coronavirus pandemic levels.

Transport investment has been revised from a 4.2% decline to a 5.4% increase in Quarter 3 2022, driven by a large negative revision to Quarter 2 2022. While the levels of Quarter 3 2022 transport investment have been revised downwards, they remain above their pre-coronavirus pandemic levels.

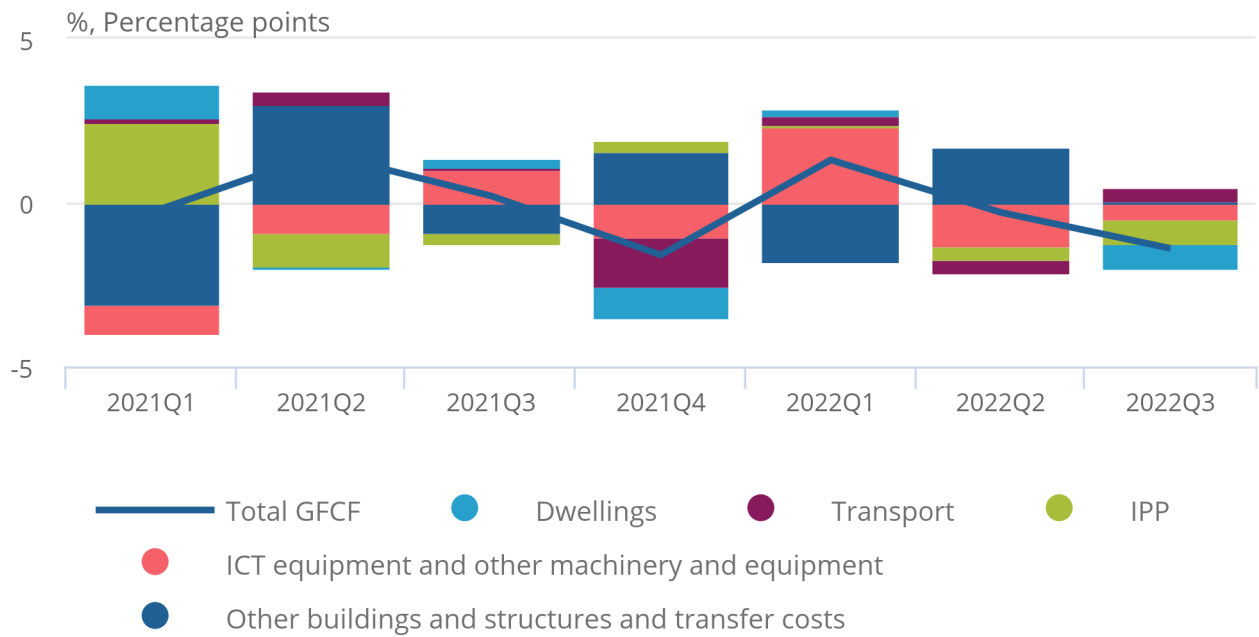
GFCF in other buildings and structures (which includes non-residential buildings and structures such as roads, bridges and energy-related structures) has been revised upwards to 1.5% in Quarter 3 2022 from the provisional estimate of 1.2%. GFCF in other buildings is now 8.3% below its pre-coronavirus pandemic level, a 2.3 percentage point increase from the provisional estimate.

Figure 2: Downwards revision to headline gross fixed capital formation (GFCF) driven by dwellings, IPP and ICT equipment and other machinery and equipment

UK business investment revisions to asset contributions to growth, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 to Quarter 3 (July to Sept) 2022

Figure 2: Downwards revision to headline gross fixed capital formation (GFCF) driven by dwellings, IPP and ICT equipment and other machinery and equipment

UK business investment revisions to asset contributions to growth, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 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).

4 . International comparisons of gross fixed capital formation (GFCF) for the G7 nations

Using data collated by the Organisation for Economic Co-operation and Development (OECD) from relevant national statistical institutes, we can compare whole economy investment (labelled gross fixed capital formation (GFCF) in OECD data tables) within the G7 nations. Figure 3 shows GFCF data for the G7 nations back to Quarter 1 (Jan to Mar) 2021.

In recent periods, the UK has experienced strong GFCF growth relative to the other G7 nations. Since Quarter 1 2021, UK growth was the largest out of the G7 nations in four out of seven quarters, including Quarter 3 (July to Sept) 2022. In this most recent quarter, UK growth was 1.6 percentage points ahead of France, which had the second highest growth. Most of the G7 nations saw an increase in growth in Quarter 3 2022 relative to the previous quarter except Japan, which saw a slight decrease, and Italy, which saw a larger fall. Notably, these two nations had the highest growth in Quarter 2 (Apr to June) 2022. Italy showed strong growth through 2021 and Quarter 1 2022, but growth has now fallen for two consecutive quarters. Despite showing an increase in the latest quarter, both Canada and the US remain in negative territory for the second consecutive quarter.

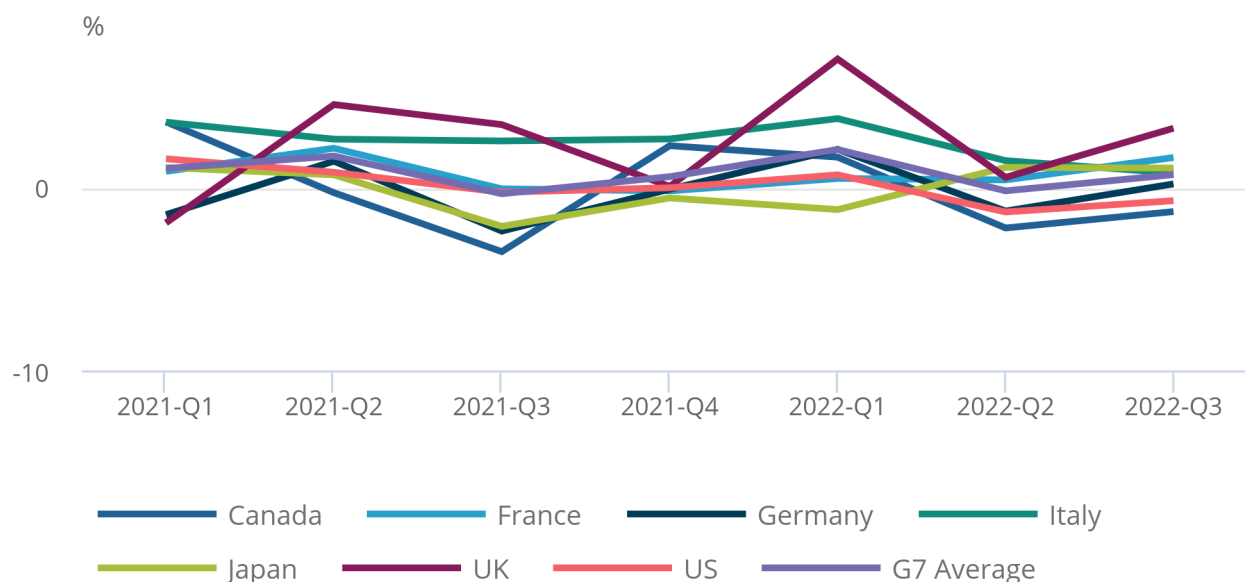
The UK showed high levels of volatility through 2021 and into 2022, with differences of up to 6.5 percentage points between growth in consecutive quarters. Canada similarly showed volatile growth over this period, experiencing some of the highest growth in Quarter 1 2021 and Quarter 4 (Oct to Dec) 2021, along with some of the lowest growth in Quarter 3 2021 and Quarter 2 2022. In contrast, the growth of France and the US has tracked the average growth of the G7 nations for most quarters since the beginning of 2021.

Figure 3: UK growth of gross fixed capital formation (GFCF) compared with the G7

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 to Quarter 3 (July to Sept) 2022

Figure 3: UK growth of gross fixed capital formation (GFCF) compared with the G7

G7 nations quarter-on-quarter growth of GFCF, current price, seasonally adjusted, Quarter 1 (Jan to Mar) 2021 to Quarter 3 (July to Sept) 2022



Source: Office for National Statistics – Business Investment results, OECD

Notes:

1. The G7 is an intergovernmental organisation consisting of Canada, France, Germany, Italy, Japan, the UK and the US.
2. The coronavirus (COVID-19) pandemic has affected each country in different ways and as a result, restrictions have been put in place at differing times by each country.
3. Data shown in this chart reflect the latest available at the time of production of this bulletin, including provisional data, which may subsequently be revised.

5 . Business investment data

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

Dataset | Released 22 December 2022

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 22 December 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 Capital Assets Survey (QCAS) and Quarterly Stocks Survey (QSS).

[Annual gross fixed capital formation by industry 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 \(QMI\)](#).

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

These 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. Availability of the more detailed GFCF data has also impacted Capital stocks and consumption of fixed capital and the National balance sheet estimates. The release calendar will be updated when we are able to make the data in these publications available.

Revisions

In line with the National Accounts Revisions Policy, the earliest period open in this publication is Quarter 1 (Jan to Mar) 2021.

Data within this bulletin

All data within this bulletin, unless specified, are presented in chained volume measure (CVM). This means they have the effect of price changes 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 the provisional release, and 75.9% for estimates used in this revised release. This compares with an average response rate of 71.1% during 2020, and 82% for 2019 for the revised results.

7 . Related links

[GDP quarterly national accounts UK: July to September 2022](#) Released 22 December 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: 2022](#)

Released 5 May 2022

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

Office for National Statistics (ONS), released 22 December 2022, ONS website, statistical bulletin, [Business investment in the UK, provisional: July to September 2022](#)