

# **Mini-presentation on Turnover and Output for Renting and leasing of motor vehicles (ISIC 77.10) in Sweden**

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# 1. Descriptions and characteristics of the industry

## 1.1 Definition of the industry

In the UN classification ISIC Rev.4 all *Renting and leasing of motor vehicles activities* are grouped together in ISIC 7710. At European level this ISIC class corresponds to the NACE class 77.1 *Renting and leasing of motor vehicles* in NACE Rev.2. This group belongs to division 77 *Rental and leasing activities* within section N *Administrative and support service activities*.

Table 1 shows all relevant classes for renting and leasing of motor vehicles from ISIC, NACE and SNI.

**Table 1. Industrial classification by activity for Rental and leasing of motor vehicles in ISIC, NACE and SNI**

ISIC	ISIC Description	NACE Class	SNI2007 5-digit level	NACE and SNI Description
7710	Renting and leasing of motor vehicles	77.1		Renting and leasing of motor vehicles
		77.11	77.110	Renting and leasing of cars and light motor vehicles
		77.12	77.120	Renting and leasing of trucks

Both NACE and the Swedish National Classification (SNI2007) has divided the group 77.1 into the classes 77.11 *Renting and leasing of cars and light motor vehicles* and 77.12 *Renting and leasing of trucks*. These correspond with each other as shown above. In SNI there is a possibility to further divide the NACE class into sub-classes at the 5-digit level, but in this case no further sub-classes have been created in SNI. The primary focus of this paper will be on NACE 77.1.

**Table 2a. Classification of products for ISIC 7710 Rental and leasing of motor vehicles in CPA 2.1 and SPIN2015**

CPA 2.1	SPIN2015	CPA and SPIN description
77.11.10	77.110.00	Renting and leasing services of cars and light motor vehicles
77.12.11	77.120.01	Rental and leasing services of goods transport vehicles without driver
77.12.19	77.120.02	Rental and leasing services of other land transport equipment without driver

The Swedish product classification SPIN2015 is in most parts equal with the CPA classification (CPA Ver. 2.1.) as shown in table 2a. The code structure is slightly different, the first four digits are always the same in SPIN and CPA, but the fifth and onwards are not always the same. The code structure of SPIN follows the SNI classification (compare table 1 and table 2a). The first four digits are identical in CPA and SPIN for ISIC 7710.

**Table 2b. Classification of products for ISIC 7710 Rental and leasing of motor vehicles in CPC**

CPC Ver. 2.1.	ISIC	Description
73111	7710	Leasing or rental services concerning cars and light vans without operator
73112	7710	Leasing or rental services concerning goods transport motor vehicles without operator
73114	7710, 7730	Leasing and rental services concerning other land transport equipment without operator

The CPC classification divides leasing and rental services without operator into 4 different sub-classes. Three of these are connected to ISIC 7710 as shown in table 2b. These three corresponds with the CPA classification. The fourth sub-class in CPC is connected to ISIC 7730 and concerns railroad vehicles.

## 1.2 Market conditions and constrains

Section N *Administrative and support service activities* accounts for 3.4 percent of net turnover, 3.6 percent of number of enterprises and 8.3 percent of the employees in the Swedish business sector. Section N consists of Rental and leasing activities (NACE 77), Employment activities (NACE 78), Travel agency, tour operator and other reservation service and related activities (NACE 79), Security and investigation activities (NACE 80), Services to buildings and landscape activities (NACE 81) and Office administrative, office support and other business support activities (NACE 82).

NACE class 77 have in turn 16 percent of all enterprises in section N and 18.6 percent of the sections net turnover. In table 3 number of employees and net turnover can be studied for NACE 77 divided by size classes.

**Table 3. Number of employees and turnover by size class for NACE 77 Rental and leasing activities**

Size class (number of employees)	Number of Employees (FTE)	Net turnover, SEK million
0-19	5 877	28 115
20-49	2 028	6 867
50-99	1 777	9 675
100-249	1 616	5 131
250-	2 864	8 553
Total	14 162	58 341

Source: Statistics Sweden, Structural Business Statistics 2018

41.5 percent, or 5 877 persons, were employed in enterprises with 0-19 employees within NACE 77 in 2018. Net turnover in this size class amounted to 28 115 SEK million, which is approximately 2 741 MEUR. Enterprises in NACE 77 with more than 250 employees employed in total 2 864 persons, and had a net turnover of 8 553 SEK million, which is approximately 834 MEUR.

For NACE 77.1 *Rental and leasing of motor vehicles* some basic information is shown in table 4 compared with basic information for NACE 77. *Rental and leasing of motor vehicles* is in Sweden a small industry with only 0.06 percent of the total number of enterprises in the Swedish business sector.

**Table 4. Basic data on NACE 77.1 Rental and leasing of motor vehicles compared with data for NACE 77 Rental and leasing activities.**

Variable	Total NACE 77.1	Total NACE 77
Number of enterprises	729	6 513
Number of employees (FTE)	2 011	14 162
Net turnover, SEK million	10 169	58 343
Value added, SEK million	4 631	26 126
Total assets, SEK million	27 194	129 360
Net investments, SEK million	4 414	11 492

Source: Statistics Sweden, Structural Business Statistics 2018

In 2018 just over 2 000 persons were employed by the 729 enterprises in *Rental and leasing of motor vehicles*. 94.7 percent of the enterprises were micro-enterprises with less than 10 employees, and these employed 34 percent of all employees within *Rental and leasing of motor vehicles*. Net turnover from the micro-enterprises amounted to 36.5 percent of total net turnover in this activity. This corresponds well with the structure of

the total Swedish business sector, which has 96 percent micro-enterprises in total.

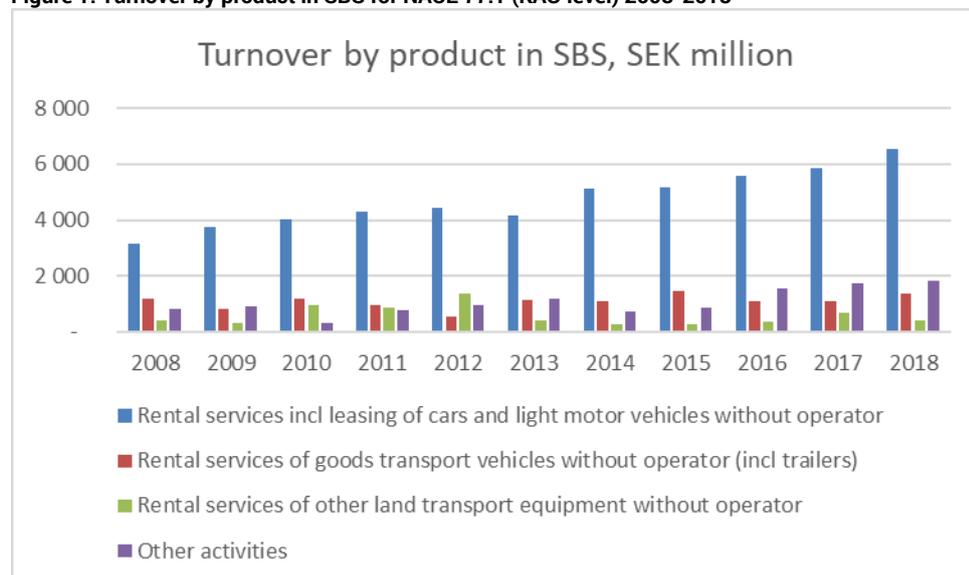
Total net turnover in *Rental and leasing of motor vehicles* amounted to 10 169 SEK million, which is approximately 992 MEUR. Value added amounted to 4 631 SEK million (451 MEUR) and net investments to 4 414 SEK million (430 MEUR).

**Table 5. Variables in the Swedish SBS survey for NACE 77.1**

SBS-variable	SBS Description	SPIN2015/CPA Ver.2
v1983	Rental services incl. leasing of cars and light motor vehicles without operator	77.110.00/77.11.10
v1987	Rental services of goods transport vehicles without operator (incl. trailers)	77.120.01/77.12.11
v2003	Rental services of other land transport equipment without operator	77.120.02/77.12.19

The SBS survey to enterprises within *Rental and leasing of motor vehicles* has 3 distinct variables connected to the product classification as shown in table 5. The variables are divided based on type of vehicle.

**Figure 1. Turnover by product in SBS for NACE 77.1 (KAU level) 2008-2018**



Source: Statistics Sweden, Structural Business Statistics 2018

The largest product in 2018 were “Rental services incl. leasing of cars and light motor vehicles without operator”, with a total net turnover of 6 525 SEK million (636 MEUR) for *Rental and leasing of motor vehicles*. This is an increase by more than 100 percent between 2008 and 2018 indicating a higher demand for short-term rental and leasing of mainly passenger cars. The other products within *Rental and leasing of motor vehicles* has not shown a similar increase and remains at the same level as previous years, with 1 285 SEK million (135 MEUR) in net turnover

for “Rental services of goods transports...” and 414 SEK million (40 MEUR) in net turnover for “Rental services of other land transport...”.

The second largest product in 2018, as shown in figure 1, were “Other activities” which contains all production on other products than the ones connected to *Rental and leasing of motor vehicles*, e.g. Non-specialised wholesale trade services and Retail trade services of used passenger motor vehicles. Net turnover 2018 amounted to 1 845 SEK million, or approximately 180 MEUR, for these “other activities”.

### **1.3 Specific characteristics of the industry**

This is a small industry in Sweden with mostly enterprises within passenger car rental or leasing. 626 of the 729 enterprises in NACE 77.1 belongs to the class of 77.11 *Renting and leasing of cars and light motor vehicles*.

Over the past few years it has been more common for private persons to lease their new car instead of purchasing it. In most cases it is less expensive to lease a new car due to high rates on car loans and decreasing value of the car when to re-sale it. Most lease-agreements for private persons include a fixed number of miles, costs for insurance, service and repair, and after a fixed number of years, the possibility to exchange the car for a new one. The down-side of private car leasing is that if the agreed upon number of driven miles per year is less than actually driven, or if the agreement has to be closed before the fixed number of years, it could be expensive to “get out of the deal”.

Many enterprises offer company cars for their employees to drive both on and off the job as a car benefit, and these cars are often leased.

## **2. Turnover/Output measurement**

### **2.1 General framework**

#### **Short-Term Statistics (STS)**

Turnover in the service sector falls under the Council Regulation of Short Term Statistics, (EC) No. 1165/98. The target population is non-financial enterprises in the service sector. The sections covered are E, G, H-J and L-S according to NACE. The statistical unit as well as the unit of collection is the kind-of-activity unit (KAU). The results are mainly used by the National Accounts (NA) in their calculations of private consumption and Gross Domestic Product (GDP). Turnover in the service sector is published monthly.

## **Structural Business Statistics (SBS)**

Structural Business Statistics is a survey carried out annually in accordance to “Regulation (EC) No. 295/2008 [...] concerning structural business statistics” (the regulation consists of a number of annexes and the description below is valid for annexes I-IV and VIII, or NACE 05-82 (excluding 64-66) and 95). Furthermore, detailed results (much more detailed than demanded in the above mentioned regulation) of the survey are delivered to the National Accounts. The SBS has been produced in its current format since 2003.

The statistical unit in the regulation is enterprise but for NA purposes the unit is KAU.

## **2.2 Measurement issues**

### **Short-Term Statistics**

The base for the short-term statistics is Administrative VAT data, combined with a sample survey. The sample survey is conducted monthly. The total number of enterprises surveyed in the service sector lies around 7 500. The un-weighted response rate is approximately 85 per cent while the weighted response rate is approximately 90 per cent. The observation variable varies depending on NACE code. For enterprises in NACE 77 the observation variable is domestic turnover excluding VAT.

### **Structural Business Statistics**

Information is collected on enterprise level or in some cases KAU level.

The survey is based on administrative data, more precisely on income statements and balance sheets from the Swedish Tax Authority. Two separate sample surveys (specification of income statement and specification of investments) are carried out to provide more detailed information. In addition to this, the 500 most significant enterprises, in proportion to industry, in the business sector are surveyed separately. The administrative data is, at least in theory, available for the entire population of around 1 000 000 enterprises. Non-response in administrative data (15 percent un-weighted, 4 percent weighted) are dealt with through mean value imputations based on industry and size class. This material is used for what is called the common variables within the income statement and balance sheet, such as turnover, other operating income, depreciation costs, personnel costs and total assets.

The 500 most significant enterprises are surveyed independently of the tax data. This is due to their importance to the business sector (roughly one-third of value added) and their often complex organisations. These enterprises are asked to complete a questionnaire consisting of a

detailed income statement (including turnover by product and detailed costs), a balance sheet and a specification of investments. The response rate for these enterprises has been 99-100 per cent in recent years.

The specification of income statement is used to get more detailed information, e.g. turnover by product, for the remaining enterprises. A sample of approximately 16 500 enterprises is used for this part of the survey, allocated in 300 strata based on the demands of NA. The sample method used is  $\pi$ ps, i.e. probability proportional to size. The response rate in this survey is usually around 85 percent un-weighted and 95 percent weighted. The survey regarding specification of investments is similar to the specification of the income statement, but is less detailed and thus demand lower sample sizes. Approximately 5 500 enterprises get the investment questionnaire.

## **2.3 Description of methods of measurement**

### **Short-Term Statistics**

Monthly data is used for the service production index and quarterly data for the production value index. The results are presented as development indices both in current and constant prices (calendar adjusted and seasonally adjusted). Results are published 35 days after the end of the reference period.

### **Structural Business Statistics**

Preliminary results are compared with STS and other short-term indicators for consistency. Preliminary results are transmitted to Eurostat 10 months and final results 18 months after the end of the reference period. Final detailed results are transmitted to NA 13 months after the end of the reference year. Preliminary and final results are also published in on-line databases, 11 months and 16 months after the end of the reference year respectively. Results are published on enterprise (institutional) level as well as KAU (functional) level and for some variables local KAU (regional) level. The regional information is produced via a model-based approach.

## **2.4 Evaluation of comparability of Output data with Price data**

### **Structural Business Statistics**

Besides being an important input to the NA calculations, the collection of turnover by product is also an important input to the Business Register and to Prices. The detailed information makes it possible to detect any change in activity within the enterprises, and thus keep the Business Register as updated and correct as possible. Prices use the

turnover by product as input in the sampling of enterprises for the SPPI survey.

#### **4. Evaluation of measurement**

Both the STS and the SBS are preparing for the changes that comes with the new Eurostat regulation FRIBS in 2021. SBS also has had a Compliance issue from Eurostat to implement the statistical unit enterprise for the delivery of data for reference year 2018 in October 2019. Delivery of data according to statistical unit enterprise have been made for both preliminary and final data for reference year 2018 in October 2019 and June 2020. With the implementation of the statistical unit enterprise in the SBS a new design of the Swedish SBS will take place 2020-2023 to further develop accurate and cohesive statistics.