

**Instituto Nacional de Estadística y Geografía
(INEGI)**

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**Session: Industry mini-presentations – ISIC 77.10
Renting and leasing of motor vehicles**

(Turnover/output statistics)

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Renting and leasing of motor vehicles ISIC 77.10

5321 Rental and leasing of automobiles, trucks, and other road transportation vehicles
NAICS Mexico 2018

1. Descriptions and characteristics of the industry

1.1. Definition of service

According to the North American Industrial Classification System, NAICS México 2018¹, *Rental and leasing of automobiles, trucks and other road transportation vehicles*, is defined as economic units primarily engaged in the rental of cars, cargo trucks, buses, minibuses and trailers without a driver.

It also includes: the rent of cars, cargo trucks, buses, minibuses, and trailers without a driver in combination with the financial lease, and the rental of non-established mobile homes in a place to be occupied as housing.

Excludes: the rent cars, cargo trucks, buses and minibuses with driver (48-49, Transport, post office and storage); to the leasing of cars, cargo trucks, buses, minibuses and trailers (5224, Other institutions of credit and non-stock financial intermediation); to the rental of mobile homes established in a place to be occupied as housing (5311, Rent without intermediation of real estate), and to the rental of transport equipment, except land (5324, Rental of machinery and equipment, agriculture, industrial, commercial and services).

Service definition by activity class (6-digit industries)

532110 Rental and leasing of automobiles without drivers

Economic units primarily engaged in the rental of cars without a driver; it also includes renting driverless cars in combination with the financial lease.

Excludes: car rental with driver (485320, Car rental with driver), and to the car financial lease (522460, Multi-purpose financial companies).

¹ Source: <https://www.inegi.org.mx/app/scian/>

532121 Rental and leasing of freight trucks without drivers

Economic units primarily engaged in the rental of trucks, trailers, and cargo trucks without drivers; it also includes the rental of cargo trucks without drivers in combination with the financial lease.

Excludes: cargo trucks rental with driver (484, Cargo Transport); to the leasing of cargo trucks (522460, Multi-object financial companies), and to the rental of transport equipment, except land (532412, Transportation equipment rental, except land).

532122 Rental and leasing of buses, minibuses, and trailers without drivers

Economic units primarily engaged in the rental of buses, minibuses, trailers without a driver; it also includes: the rent of buses, minibuses and trailers without a driver in combination with the leasing, and the rental of non-established mobile homes in a place to be occupied as homes.

Excludes: the rental of buses and minibuses with driver (485510, Rental of buses with driver); to the leasing of buses, minibuses and trailers (522460, Multi-object financial companies); to rent mobile homes established in a place to be occupied as dwellings (531111, Rent without intermediation of furnished homes), and to the rental of transport equipment, except land (532412, Rental of transport equipment, except land).

Classification issues

Table 1.- Equivalence between NAICS Mexico 2018 and ISIC Rev. 4 for Renting and leasing of motor vehicles

ISIC Rev. 4		NAICS Mexico 2018	
Code	Description	Code	Description
77.10	Renting and leasing of motor vehicles	532110	Rental and leasing of automobiles without drivers
		532121	Rental and leasing of freight trucks without drivers
		532122	Rental and leasing of buses, minibuses, and trailers without drivers

According to ISIC definition:

7710 Renting and leasing of motor vehicles

This class includes:

— renting and operational leasing of the following types of vehicles:

- passenger cars (without drivers)
- trucks, utility trailers and recreational vehicles

This class excludes:

— renting or leasing of vehicles or trucks with driver, see 4922, 4923— financial leasing, see 6491

As noted, NAICS is a little more detailed at activity class level, ISIC code 77.10 corresponds to three NAICS categories.

1.2. Market conditions and constrains

Recent results from 2019 Economic Census² show that, compared to Sector 53 *Real estates services and tangible and intangible goods rental and leasing*, activities under NAICS 521 *Rental and leasing of automobiles, trucks and other road transportation vehicles*, are relatively a small industry, providing only 3% of the number of establishments, 5% of personnel and 7% of incomes.

On average, each company has 11 employees; however, its investment in assets is significant, as the maintenance and renewal of transport equipment, is its main expense.

² Source: <https://www.inegi.org.mx/app/saic/default.html>

Table 2. – Key indicators of Rental and leasing of automobiles, trucks, and other road transportation vehicles.

NAICS code	Description	Establishments		Personnel		Incomes (Millions of Mx pesos)	
		2013	2018	2013	2018	2013	2018
532110	Rental and leasing of automobiles without drivers	1,271	1,719	8,329	15,589	8,769	16,329
532121	Rental and leasing of freight trucks without drivers	76	119	840	744	396	822
532122	Rental and leasing of buses, minibuses, and trailers without drivers	168	188	684	1,074	165	1,219
Total		1,515	2,026	9,853	17,407	9,329	18,370

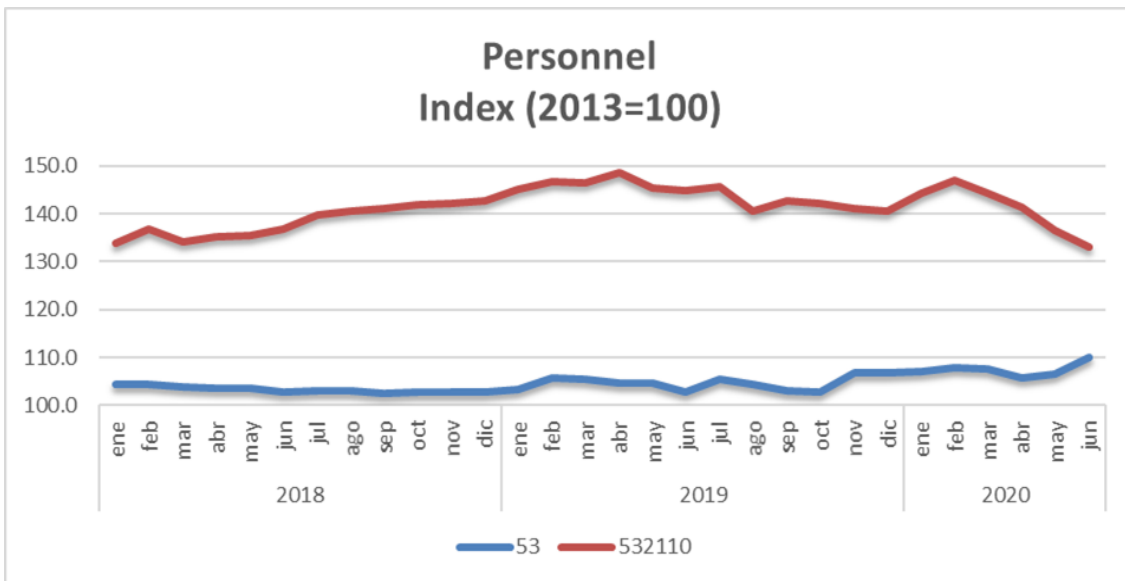
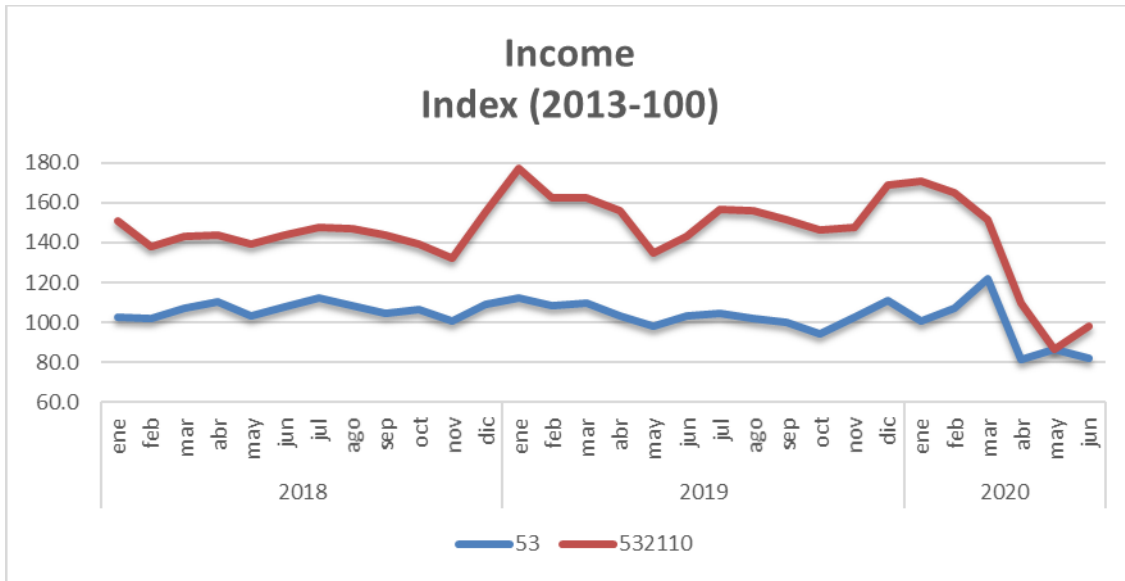
Table 2.1. – Five-year change in key indicators of Rental and leasing of automobiles, trucks, and other road transportation vehicles.

NAICS code	Description	Establishments	Personnel	Incomes
		2018/2013		
532110	Rental and leasing of automobiles without drivers	35.2	87.2	86.2
532121	Rental and leasing of freight trucks without drivers	56.6	-11.4	107.7
532122	Rental and leasing of buses, minibuses, and trailers without drivers	11.9	57.0	640.5
Total		33.7	76.7	96.9

While this is a relatively small industry, within the classes there is a significant change in structure, for example in *Rental and leasing of automobiles activities*, the employed personnel showed an 87% increase, while the number of companies for the same activity grew by 35%.

Monthly Services Survey (MSS)

On the other hand, indicators that measure the evolution of activity in the short term, through the Monthly Services Survey³, show the following trend, both for income and personnel. The survey only considers the activity of *Rental and leasing of automobiles without drivers*.



³ Source: <https://www.inegi.org.mx/programas/ems/2013/>

Incomes and personnel showed a relatively stable trend, however, as of March 2020, activity has a sharp drop due to SARS-COV2 virus pandemic; the incomes in June 2020 fell -31.3% and personnel - 8.1%

1.3. Specific characteristics of the industry

Renting and leasing of motor vehicles, while is a relatively small industry, with micro and medium-sized business, is an industry highly correlated with tourism-related activities; the largest companies are rental and leasing of automobiles without drivers, which have representative offices across the country. Likewise, the industry is represented by different industry chambers and associations.

On the other hand, the increase in the sale of vehicles has given a new rhythm to the rental of vehicles, a market that has shown a significant growth in their income, largely due to the increase in tourism and because companies now show a greater commercial movement. And the truth is that the essence stands about corporate service, because today many companies require vans to load goods or vans to transport staff to work activities.

According to the *Asociación Mexicana de Arrendadoras de Vehículos*⁴ (Amave by stands in Spanish), the industry could grow by up to 20% if security is guaranteed, credits for small and medium-sized enterprises are increased and the legal framework is changed in terms of tax deductible.

At the end of 2018, Amave recorded an 8% growth in the number of units rented, from 147 thousand 490 vehicles, to just under 160 thousand units between cars, trucks, and motorcycles.

However, the market scenario for the industry is not very encouraging, after the SARS COV 2 virus pandemic.

⁴ Source: <http://amave.mx/>

2. – Turnover/output measurement

2.1 General framework

The framework is integrated by the Statistical Business Register of Mexico (RENEM by its acronym in Spanish).

2.2 Measurement issues

In terms of basic statistics for production, the backbone of the Mexico's statistical system, are the Economic Census, the richest and most complete statistical acquis that gives account of the Mexican economy at a given time; they take place every five years, and generate very detailed information with various economic and geographical cuts.

On the other hand, the National Economic Surveys measure for monthly and annually, the evolution and economic structure of the main activities of construction, manufacturing, trade, and private non-financial services. This system of surveys, has high standards of statistical design and sampling methods.

And finally, there are the statistics from the administrative records, mainly from taxes revenues.

2.3 Description of methods for measurement

The main concept for measure output is the **incomes**, however the questionnaires applied monthly and annual bases, contain other variables related, as number of people employed, according to the work-contract and sex, salaries and operating expenses, among others.

Data on incomes are collected in a monthly and annual basis; output data are used by the SNA for calculations of GDP and other short-term macroeconomic indicators.

Additionally, based on the basic statistics, monthly weighted indexes (base 2013=100) are calculated for incomes, personnel employed, expenses and salaries, as well as a quarterly productivity index at sector level.

Indices reflect growth in real terms, by which monetary values are deflated with SPPI at sector level.

The measurement of production in the short term and annual bases, is generated from a survey system, the sampling framework of which is the Statistical Business Register of Mexico, and sampling methods are selected based on economic activity, number of companies, and value added, among others. Sampling scheme can be probabilistic or non-probabilistic.

Surveys have monthly and annual base; the design variable is total revenues (incomes) and the collection method can be online, by direct interview (face to face) or electronic questionnaire.

Particularly for *Rental and leasing of automobiles without drivers* activities:

Sample framework: integrated by **1,642 companies**

Sample design: **non-probabilistic**

Sample size: **475 companies**

Coverage: **76.9% of design variable (incomes)**

3. – Evaluation of the measurement

In the short-term and structural statistics, the measurement of the production of *Rental and leasing of automobiles without drivers*, through surveys, appears to be a viable option, since conceptually the variables are adjusted to the concepts of the System of National Accounts (SNA), on the one hand, and on the other, it allows to measure the economic evolution and structure of the industry; however, the exploitation and use of administrative tax records would be an option that could complement indicators and lower the operational cost of surveys.

4. - Conclusions

While the industry is characterized by small and medium-sized enterprises, they serve an expanding market that increasingly requires more services associated with rent, and in which technology is changing the way companies interact with their customers, for example contracting services through digital platforms.

Moreover, the measurement of the industry production seems to be covered by the results of the survey, the concepts are aligned to the requirements of the National Accounts, the economic activity it is well identified and classified, however, and as cited in the document, the use of administrative records from taxes, will complement the structural and short-term studies.