

## **Sector paper**

### **Mini-presentation on ISIC 7710 (SPPI)**

**35<sup>th</sup> Voorburg group meeting  
24<sup>th</sup> and 25<sup>th</sup> September 2020**

**Cristina de la Fuente Jiménez**  
Instituto Nacional de Estadística (INE)  
Spain

# Index

<b>1. Descriptions and characteristics of the industry</b>	<b>2</b>
1.1. - Definition of the industry	2
1.1.1. - Definition of service	2
1.1.2. - Classification issues	2
1.2. - Market conditions and constraints	4
1.2.1. - Short-term rental	5
1.2.2. - Long-term rental	6
1.2.3. - Type of consumer of the services	6
1.2.4. - Horizontal / vertical integration	6
1.3. - Specific characteristics of the industry	7
<b>2. Measurement of SPPI</b>	<b>8</b>
2.1. - General framework	8
2.2. - Measurement issues	9
2.2.1. - Product structure in industry	9
2.2.2. - Type of SPPI. Sampling unit used	10
2.2.3. - Weights	12
2.3. - Pricing methods	13
2.3.1. - Price method	13
2.3.2. - Index estimation procedure	15
2.3.3. - Quality adjustment methods	15
2.4. - Evaluation of comparability of Price data with Output data	17
<b>3. Evaluation of measurement</b>	<b>18</b>

---

# 1. Descriptions and characteristics of the industry

---

## 1.1. Definition of the industry

---

### 1.1.1. DEFINITION OF SERVICE

Renting and leasing of motor vehicles involve the renting, both short term and long term, of motor vehicles without driver. So, in this industry there are two services clearly different, although in the classifications they are not separated.

The short term rental, also called rent-a-car, has a special importance in countries where it's very used in the touristic sector, like Spain.

It's called short term rental the one in which the vehicle is available to the lessee for a period of less than 90 days and therefore, the vehicle is purchased without being subject to Registration Tax, should it have to be satisfied for overcoming the CO<sub>2</sub> emissions currently established.

The long term rental, also called operational leasing should not be confused with financial leasing service, which is not included in this activity. This operational leasing is mainly demanded by large and medium-sized companies, although lately it's also making its way between freelancers and households.

The difference between operational and financial leasing is that in the first one not all risks and benefits inherent to the property are transferred, financial leasing is economically equivalent to the fact of acquiring an asset where the lessee must reflect the accounting operation in the same way as an acquisition with deferred payment.

---

### 1.1.2. CLASSIFICATION ISSUES

In Spain, for statistical purposes, we use CNAE 2009 which is the Spanish version of NACE Rev. 2.

In ISIC classification, the group 77.1 Renting and leasing of motor vehicles only contains one class, which coincides with the group itself. In the Spanish classification, CNAE 2009, as in NACE Rev. 2, this group is divided into two classes, distinguishing light motor vehicles from trucks:

- 7711 – Renting and leasing of cars and light motor vehicles
- 7712 – Renting and leasing of trucks

The following explains what the CNAE 2009 includes for each class:

The class 7711 includes renting and operational leasing of passenger cars and other light motor vehicles (with a weight not exceeding 3.5 tons) without driver. Taking into account that it only includes a non-financial renting.

The class 7712 comprises the renting and operational leasing of trucks, utility trailers and heavy motor vehicles (with a weight exceeding 3.5 tons) and recreational vehicles. Like the previous class, it does not include the rental of these vehicles with driver or the financial leasing.

In relation to the classification of products, in the Spanish SPPI we normally use the Classification of products by Activity (CPA) 2.1 which is the European version of Central Product Classification (CPC) prepared and recommended by the UN. The CPA differs from the CPC in the structuring criteria. While the classification criterion in the CPC is the nature of the products, the CPA follows the production origin criterion; in other words, in the CPC products are grouped according to their physical properties and composition whereas in the CPA products are grouped according to the economic activity where they originate. Thus, the structure of CPA 2.1 adjusts to the European classification of economic activities NACE Rev.2.

In this activity, CPA 2.1 doesn't a mayor breakdown of the services:

77.11.10 – Rental and leasing services of cars and light motor vehicles.

77.12.11 – Rental and leasing services of goods transport vehicles without driver

77.12.19 – Rental and leasing services of other land transport equipment without driver

---

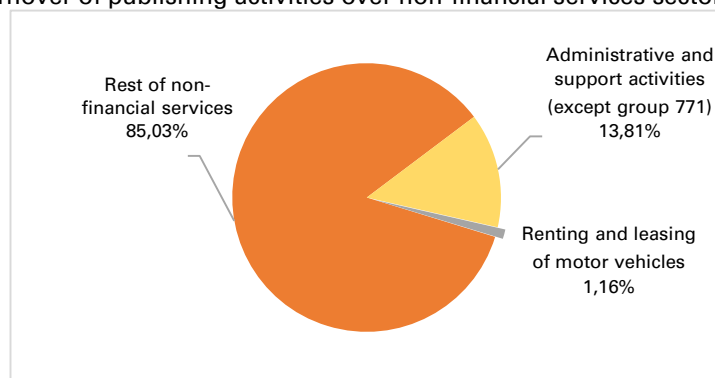
## **1.2. Market conditions and constraints**

For more knowledge of this market we have the information of the Structural Business Survey (SBS) in the services sector. This statistic provides information about structural and economic characteristics of services sector. To achieve this purpose information regarding several characteristics of companies is collected, such as main activity, legal nature, activity period, premises, variables on the employment structure and accounting data. The population framework for this survey is the Central Business Directory generated from administrative registries.

Services sector (excluding trade and financial services), according to SBS 2018 based on legal units, has a turnover of 539,187,459 thousand euros. The total turnover of section N, Administrative and support services, represents 15% of the non-financial services sector (80,732,963 thousand euros) and within it, the Rental and leasing activities are framed with a weight of 2.4% on the non-financial services sector (12,994,229 thousand euros).

	<b>Turnover (thousand €)</b>
Non-financial services Sector	539,187,459
Administrative and support services	80,732,963
Rental and leasing activities	12,994,229
Renting and leasing of motor vehicles	6,280,632

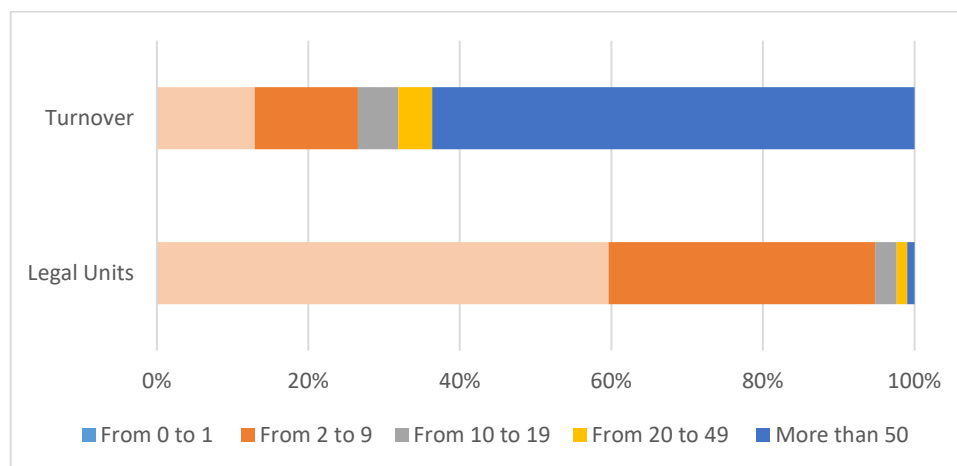
Turnover of publishing activities over non-financial services sector (%)



Specifically, the companies whose main activity is 77.1 have the following characteristics:

	Total	From 0 to 1	From 2 to 9	From 10 to 19	From 20 to 49	More than 50
<b>Legal Units</b>	4,405	2,626	1,550	125	62	42
<b>Turnover</b>	6,587,543	854,396	895,189	349,161	295,594	4,193,203
<b>Employees</b>	22,145	2,105	5,038	1,664	1,805	11,533

This sector is quite concentrated, since the 42 biggest companies with more than 50 employees invoice more than 60% of total turnover:



According to the Structural Business Survey, the turnover of group 771 in 2018, the breakdown into ISIC classes is as follows:

	Turnover (thousand €)	%	Number of legal units
<b>77.11</b>	6,280,632	95.34%	4.103
<b>77.12</b>	306,910	4.66%	302
<b>TOTAL</b>	5,060,233	100%	

In the Spanish SPPI we only include the class 7711 (renting and leasing of cars and light motor vehicles) because of its big percentage in the total turnover of the rental and leasing of motor vehicles.

### 1.2.1. SHORT-TERM RENTAL

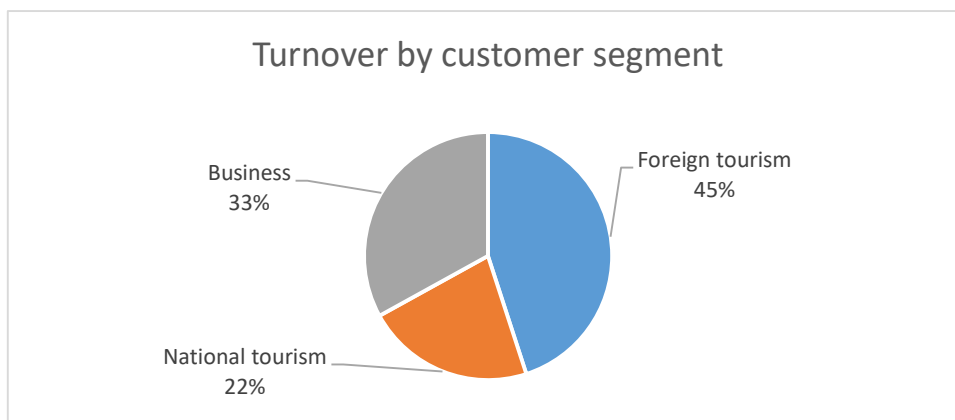
According to the National business federation of rental of vehicles with and without driver (FENEVAL) the circulating fleet of rent-a-car vehicles in Spain, in April 2020 is as follows:

	Number of vehicles
<b>Passenger cars</b>	428,545
<b>Commercial vehicles</b>	89,479
<b>TOTAL</b>	518,024

Source: FENEVAL

In that month, the total fleet in Spain was 27,845,161 vehicles, so almost 2% of all of them are in rent-a-car mode.

On the report of Informa's DBK Sector Observatory, in 2018, this sector recorded revenues of 1,695 million euros, which represented a growth of 3.7% compared to the previous year.



Source: DBK Sector Observatory, 2018

---

### 1.2.2. LONG-TERM RENTAL

As reported by the Spanish Association of Vehicle Renting (AER), the sector closed 2019 with a fleet of 711,616 vehicles:

	Number of vehicles	
<b>BUSSINESS</b>		
<b>Small (1-4 vehicles)</b>	154,997	21.8%
<b>Medium-sized (5 to 24 vehicles)</b>	126,570	17.8%
<b>Large (more than 24 vehicles)</b>	342,858	48.2%
<b>INDIVIDUALS</b>		
<b>Freelances and households</b>	87,191	12.3%

The average duration of renting contracts in 2019 was 45.41 months compared to 44.86 months in 2018.

---

### 1.2.3. TYPE OF CONSUMER OF THE SERVICES

According to National Accounts (Supply and Use Tables) in 2016 the 7% of the domestic production of rental and leasing activities was destined to Spanish households.

We do not have this information available for each of the classes in division 77, but thanks to the meetings held with the most important associations and companies in the sector, we know that in short-term rental, over 70% of billing is due to the private clients (due to the importance of the tourism sector in Spain) and in long-term rental it's over 10%, although gradually increasing in recent years.

---

### 1.2.4. HORIZONTAL / VERTICAL INTEGRATION

Although it is not as widespread as in other activities, in this industry there are also operational leasing companies that have been created in order to provide services only to companies in their group dedicated to car rental. It is not common in the activity, but the companies that do this are usually large enough to appear in the sample made by cut-off. In the case of Spain, as we do not include transference prices, these companies would be out of our index.

---

## 1.3. Specific characteristics of the industry

Thanks to the meetings with associations and companies of the vehicle rental sector, we understand better how this industry works:

---

### 1.3.1 SHORT-TERM RENTAL

Short-term rental is a very seasonal activity and it behaves differently depending on the rental company's work area, distinguishing large cities, inland areas and coastal areas of the country.

In the short-term rental, two business segments are clearly distinguished: the corporate segment, where prices are set by contract, and the private segment (leisure segment) with public prices which are more dynamic.

In addition, they also have broker prices, where the price can be gross (the intermediary sells the service at the price set by the rent-a-car company and then he received a commission) or net (company gives the intermediary a lower price and then he includes a profit margin). This last type of price is less common because companies usually want to control their prices since they are the ones that set the competition with the rest of the companies in the market.

There are different rates (daily, weekly, for three days, etc.) and different concepts are included in them (rental time, insurance, mileage, etc.).

Prices are made with a base price that depends on the location, plus additional coverages and the possible added charges (airport rates, etc.).

The vehicles used can be classified into small, medium, large and industrial vehicles.

---

### 1.3.2 LONG-TERM RENTAL

Some of the characteristics in the renting or operational leasing are:

- The average duration of contracts is 4 years.
- Individuals are often offered standardise offers while the offers to business are tailored made.
- The business clients are divided in three segments: small companies (which rent from 1 to 4 vehicles), medium-sized companies (from 5 to 24 vehicles) and big companies (with a renting of more than 24 vehicles).
- Renting companies are the owners of the vehicles and as such they have to pay the registration tax (tax from which rent-a-car companies are exempt).



In order to calculate the monthly fee that a client has to pay, the following characteristics are taken into account:

- Vehicle rental financing  
(interest rates, amount to finance = initial value – residual value of the vehicle at the end of the contract)
- Taxes, both registration and road tax.
- Km/year and duration of contract (to know the useful life of the vehicle and therefore its residual value at the end of the contract)
- Maintenance (depending on the previous variables) (Renting companies have contracts with certain garages that they offer to their clients)
- Tire change (either every X km or whenever necessary, that is, when considered by the garage that works with the renting company)
- Insurance (normally to all risk. The compulsory insurance is usually made with an insurer and own damages are borne by the renting company)
- Commercial margin

From these basic characteristics more additional services can be added:

- Replacement vehicle (for instance, bags of days can be contracted, associated with a specific vehicle or associated with the fleet to use when necessary. Contracts are usually made between the renting company and rent-a-car companies).
- Fuel card

Long-term signed contracts have a fix fee for the entire duration of the contract.

There is also what is called flexible renting, which is more expensive because it allows you to change the conditions of the contract (usually shorten or lengthen its terms).

In the non-flexible renting, if a company ends the contract before the signed deadline, it has a penalty.

---

## **2. Measurement of SPPI**

---

### **2.1. General framework**

The Spanish price index for renting activities is under development and it's calculated based on CNAE 2009 (equivalent to NACE in this group).

The main use of SPPI for renting activities will be as deflator, both for the compilation of services production index (volume index deflated by SPPI) and for national accounts.

Currently we are collecting prices for renting activities, but we are still in the methodological development stage, evaluating different compilation alternatives.

The Spanish SPPI for renting activities (division 77) is aggregated from the indices of two groups, 771 and 773. Within group 771, which is the one covered in this report, we only include class 7711 since with it we are representing more than 90% of the sector.

---

## **2.2. Measurement issues**

---

### **2.2.1. PRODUCT STRUCTURE IN INDUSTRY**

One of the great challenges in a SPPI development is the identification of the most representative products in the sector. For this, not only it's necessary to know what services are provided in the industry but also their weight within it. In the case of renting of vehicles, the main problem is that in Spain there are no statistics on products for this industry so the weight of the products is not known, besides, the CPA in this activity neither has a broader breakdown of products.

A series of products within this industry have been defined for the design of the questionnaires and the collection of prices, which should be grouped when calculating the index since we do not have information for the weightings at this level of detail.

For long-term rental, products have been defined according to the type of contract:

- Old contracts (in which the price does not vary)
- Contracts signed in the reference quarter.

For short-term rental we distinguish according to the type of vehicle and the rental location:

- Small, medium, large and industrial vehicles
- Areas: Madrid (capital), Malaga (peninsular coastal city), Balearic Islands and Canary Islands.

---

## 2.2.2. TYPE OF SPPI. SAMPLING UNIT USED

All the Spanish SPPI are chained Laspeyres indices on a quarterly basis, so the reference period of the prices is the last quarter of the year immediately preceding to the current year.

Always when the concentration of the sector allows it, the sample used to obtain the prices is based on a cut-off sampling, consisting of ordering the items to be sampled in a decreasing order according to their values (in this case, turnover) and selecting for the sample those that exceed a minimum threshold established. In the case of renting of motor vehicles, the threshold is the 70% of the total turnover.

The methodology used in the compilation of Spanish SPPI is based on product. The sampling units (companies) are those which provide any of the products included in the index. In rental and leasing activities of vehicles, those companies whose main activity is the class 7711 are included since we don't have information about products. The companies in the sample are initially classified as short or long-term rentals. Normally the majority of the company's turnover is from one of the two activities, so they only provide us with products from one of them, but if there were any company with high turnover in both types of rental, they would be asked products of both of them.

In 2020, the sample in this activities is as follows:

Class 7711 NACE Rev.2	Nº de companies	Prices
Short-term rental	11	23
Long-term rental	12	95

The calculation method for SPPI is the same in all the activities and it's made in different phases:

### 1. Elementary indices

In the index calculation, the elementary aggregate is the component with the lowest level of aggregation for which indices are obtained, and in whose calculation no weights are involved. In Spain, this aggregate is made with geometric means (since they give the same importance to the variations of all prices, regardless of their level).

Products used in the calculation are the following:

77111100 - Rental and leasing services of cars and light motor vehicles – Short term contracts.

- 77111210 - Rental and leasing services of cars and light motor vehicles – Medium or long term (renting or operational leasing) – Contracts in force prior to the previous year.
- 77111220 - Rental and leasing services of cars and light motor vehicles – Medium or long term (renting or operational leasing) – Previous contracts in force and renewed in the previous year
- 77111230 - Rental and leasing services of cars and light motor vehicles – Medium or long term (renting or operational leasing) – New contracts signed during the previous year

Within each product two strata are established: the first one is formed by the companies with the highest turnover of the sample, and the second one with the rest of the selected companies. The weight of each product is divided into these two strata according to the weight of each of them. In this case, the elementary aggregate is the stratum-product.

The index of the elementary aggregate  $i$  is obtained as the quotient of the average price of that elementary aggregate in the current period and the average price in the reference period of the prices, that is, the fourth quarter of the previous year:

$${}_{4Q(t-1)}I_i^{mt} = \frac{\bar{P}_i^{mt}}{\bar{P}_i^{4Q(t-1)}} \times 100$$

where:

- ${}_{4Q(t-1)}I_i^{mt}$  is the index, referring to the fourth quarter of the year  $(t-1)$ , of the elementary aggregate  $i$ , in the quarter  $m$  of the year  $t$ .
- $\bar{P}_i^{mt}$  is the average price of the elementary aggregate  $i$ , in the quarter  $m$  of the year  $t$ .
- $\bar{P}_i^{4Q(t-1)}$  is the average price of the elementary aggregate  $i$ , in the fourth quarter of the year  $(t-1)$ .

## 2. Aggregate indices (unchained):

Aggregate indices are calculated as weighted arithmetic mean of the elementary indices. Thus, different functional aggregations can be obtained, as detailed below.

In order to calculate the index referred to the fourth quarter of the prior year of any aggregation A (products, classes, etc.), the following formulae is used:

$${}_{4Q(t-1)}I_A^{mt} = \frac{\sum_{p \in A} {}_{4Q(t-1)}I_{Ap}^{mt} * {}_{4Q(t-1)}W_{Ap}}{\sum_{p \in A} {}_{4Q(t-1)}W_{Ap}}$$

where:

${}_{4Q(t-1)}W_{Ap}$  is the weighting of the functional aggregation  $A$  in the stratum  $p$ , referring to the *fourth quarter of (t-1)*, which comes into effect in the first quarter of the year  $t$ .

${}_{4Q(t-1)}I_{Ap}^{mt}$  is the index, referenced to the fourth quarter of  $(t-1)$ , of the functional aggregation  $A$  in the stratum  $p$ , in the quarter  $m$  of the year  $t$ .

### 3. Chained aggregate indices

Once the aggregate indices are calculated as detailed above, it is necessary to chain them. These indices give continuity to the series published.

For any functional aggregation  $A$ , the index in base 2015 is calculated as follows:

$$\begin{aligned} {}_{15}I_A^{mt} &= {}_{15}I_A^{4T(t-1)} * \left( \frac{{}_{4Q(t-1)}I_A^{mt}}{100} \right) = \frac{{}_{15}I_A^{4Q(t-1)}}{100} * {}_{4Q(t-1)}I_A^{mt} \\ &= C_A^t * {}_{4Q(t-1)}I_A^{mt} \end{aligned}$$

That is, the published fourth quarter index is multiplied by the change of the unchained indices between last quarter of the previous year and the current index.

---

#### 2.2.3 WEIGHTS

The weights until class level are obtained from the Structural Business Survey (SBS) in the services sector.

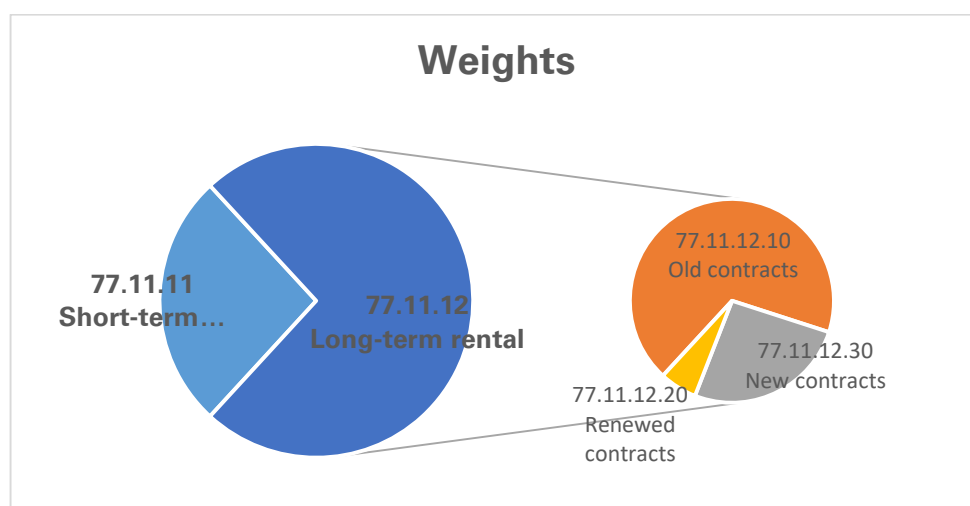
Since we don't have a survey of products for this sector, the weights are obtained from several sources:

- The weight between rent-a-car and renting services is obtained classifying the companies in the Structural Business Survey in 771111 (short-term rental) and 771112 (short-term rental).

The results obtained are consistent with the results provided by industry associations.

- To obtain more disaggregated information, we use the SPPI survey itself. In the last quarter of each year, companies are asked to provide a breakdown of the turnover between the products collected in the SPPI and the rest of the activities carried out by the company. These percentages, together with the turnover provided to the SBS are used to calculate the weights. In the SPPI survey we included the largest companies, which represent more than 70% of industry turnover, so we can estimate, roughly, the weight of each product in the industry.

The weighting scheme is still provisional, since we have started data collection recently, there is still some companies with lack of response, but with what we have obtained so far we have the following results:



Source: EEE 2018 and IPS 2019

## 2.3. Pricing methods

### 2.3.1. PRICE METHOD

For short-term rental of motor vehicles the real transaction method is used:

Within each category of vehicle (small, medium-sized, large and industrial) the base price of a 7 days rental is requested for a vehicle in four specific locations (Madrid, Malaga, Mallorca and Las Palmas), excluding any additional coverage and not including the airport or station fee. The company must select a specific model of car that will remain fixed for successive quarters until the enterprise indicates that the vehicle is no longer representative of its business.

For long-term rental of motor vehicles the model method is used:

In the first quarter of the survey, the company chooses several types of vehicles among the most representative of its business. The companies must specify the necessary characteristics so that the product is unequivocally identified for the price collection of successive quarters. In each quarter, they are asked to estimate the price of the service taking into account the situation of the market in the requested quarter.

The main characteristics that determine the price in the long-term rental are:

- Customer segment:  
It's the segmentation used in each company when they budget a new contract to a new client. An example of segmentation could be: freelancers and households, small companies, medium-sized companies and large companies, but it's up to each company to define its own segmentation.
  
- Vehicle segment:  
Within the chosen customer segment, the company must select the most representative vehicle segment from the following:

Private cars:

- Urban
- Sub-compact
- Compact
- Medium
- Large
- Premium
- Small minivan
- Large minivan
- Small sports car
- Large sports car
- Small SUV
- Big SUV
- Premium SUV

All-terrain cars

Commercial and industrial vehicles:

- Micro Van – Derivative Micro Van
- Small Van – Derivative Van
- Large Van – Derivative Large Van
- Pick up
- Goods van / Combi  $\leq 2,8Tn$
- Goods van / Combi  $\geq 2,8Tn - < 3,5Tn$
- Chassis  $\geq 2,8Tn - < 3,5Tn$

- Light truck chassis = 3,5Tn
  - Light truck van = 3,5Tn
- Brand, model and version of the selected vehicle.
  - Contract term: The most common duration of contracts is requested, specifying the number of months thereof.
  - Mileage per year reflected in the contract: Maximum number of kilometers that can be driven without penalty.
  - Services included in the price: Services included in the type of selected contract, for instance, insurance, road tax, vehicle maintenance, tire change...

---

### 2.3.2. INDEX ESTIMATION PROCEDURE

The estimation procedure in these activities is the same as for the rest of the SPPI. As a general rule, the method for estimating missing prices consists of applying the average variation of the rest of the prices collected for the same product in the other companies of the sample, within the activity to which it belongs.

---

### 2.3.3. QUALITY ADJUSTMENT METHODS

The accuracy with which the SSPI estimates price changes depends on the stability over time of the conditions initially established. This implies that the product selected for the sample should not change its technical and commercial characteristics.

However, this requirement for uniformity is not always possible, especially in the services sector, because of the heterogeneous nature of services and the segmentation of the market. These problems are most important in certain sectors. In such cases, a quality adjustment is needed to estimate the price variation without taking into account the change in the characteristics of the service.

Specifically in renting and leasing of motor vehicles this problem appears when the offered vehicle is different from which was offered until the moment or when some characteristics of renting are changed. This situation can be solved by making an appropriate selection of products (services). As a general rule, when a price variation occurs as a result of a change in specifications in a service, it is assumed that the variation is not due solely to a price variation, and if no additional information is available to calculate what part of the variation is due to the price variation and what part to the quality change, the price variation is estimated with the average variation of the rest of the prices of that product.



When a particular vehicle renting service has to be replaced by another, it is necessary to apply a quality change adjustment. When this happens, it is necessary to determine what part of the price difference between the new service chosen and the previous one is due to the differences between both.

Substitutions may be due to several reasons:

- the company does not provide the service corresponding to the product collected anymore;
- the service is no longer representative in the company;
- the company is no longer representative, closes or changes its economic activity.

The basket of services must remain fixed over time as it is composed of the most sold services, but some of them will have to be replaced when they lose representativeness.

When the product that disappears and the new one coexist in time, it is possible to establish a relationship between both, and the quality adjustment is almost automatic. However, there is not always an overlap period between the products, nor is there an identity between a service and the one that replaces it. It is therefore necessary to estimate which part of this price difference is due to changes in conditions in the service provided and what part is pure price variation.

The quality adjustment methods that are the most habitually used in the SSPI base 2015, are the following:

a) Total quality adjustment.

The difference between the price of the substituted product and the substitute product is due to the difference in quality between them. It is therefore considered that the difference in prices between the two products is due only to the different quality so that the index will not reflect price variations. With this adjustment it is assumed that if the substituted product had continued for sale, its price would not have changed.

b) Adjustment due to identical quality.

The quality of the substitute product is the same as the substituted product, i.e. the price difference between the two is due to a real price change. With this adjustment, it is assumed that the prices of both products would have been the same.

c) Other adjustments.

This section includes all those adjustments for which the value of the difference in quality between one service and its substitute is estimated. The most frequent practices are:

- Imputation prices.

It is imputed the variation of the average price of an aggregate to which the product belongs.

- Information provided by experts:

Experts or specialists on the product are asked which amount of the difference between the prices of the products (substitute and substituted) is due to the difference in quality between both.

- Overlap prices:

The value of the quality difference between the substituted and the substitute product is the price difference between them in the overlap period, i.e. in the period in which both products are for sale.

In most cases, the method used to make quality adjustments in the SSPI is the imputation prices.

---

## **2.4. Evaluation of comparability of price data with output data**

In Spain, the sample of SPPI and the sample the Services Sector Activity Indicators (turnover indices) are obtained from the same sample universe.

The Structural Business Survey (SBS) is used as sampling frame as the turnover information is necessary to do the cut-off sampling.

Both, turnover indices and SBS are based on main activity, which means the entire turnover of the company is charged to its main activity, while the SPPI is carried out by product. In the current activities, renting of motor vehicles, there is not a big difference, since the secondary activities of these companies do not have a great weight in the total volume of the company (based on the data they declared in the SPPI survey). This difference, larger in other activities, will be overcome with the entry of the new Regulation of the European Union (FRIBS) where the sample unit is changed to the KAU for both statistics. For structural statistics, the sample unit will be the enterprise, but in order to continue using its data as weights for the SPPI, in Spain a customized analysis will be carried out by KAU.

Another difference that exists between SPPI and turnover indices is the periodicity. The former is collected and published on a quarterly basis while the latter are

monthly. This is another challenge for using SPPI as volume index deflator to calculate the production index of the services sector, which will also be monthly.

---

### **3. Evaluation of measurement**

Currently, the Spanish SPPI for renting and leasing of motor vehicles is under development. Data collection begun in the third quarter of 2019 and the first index calculated is referred to first quarter of 2020. We are still in the initial phase of data cleaning, both prices and description of subvarieties, since until some periods are available it can't be evaluated if the companies are providing prices of homogeneous services or if there is some characteristic no specified in the description which makes variations are due to quality change instead of price variation.

Since the dissemination of this index will not be until the next change of year, we have enough time to calculate indices with all new information provided by companies (weights and prices). When the SPPI of this activity is calculated with all the available information and the data is validated, it will be able to be used to deflate the volume indices and thus calculate the production indices of this sector, as well as deflators in the National Accounts.

Currently, all SPPI publish in Spain are B2B indices, as required by the current European Regulation. However, in the next EU Regulation (FRIBS), SPPIs are expected to be B2All, which is why the indices of new activities are already being developed under this new approach. All the new activities required by FRIBS will be published for the next change of base including the indices of renting and leasing of motor vehicles, although they are more advanced than the rest.