



Survey of the Real Estate Rental and Leasing and Property Management Industry

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Data Quality Statements



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**Data Quality Statement – Unified Enterprise Survey
Real Estate Rental and Leasing, and Property Management Services Industry
Reference Year 1997**

Concepts

The Real estate rental and leasing and property management financial statistics (Income Statement items) represent fiscal year estimates for revenue and expenses for the industry.

Under the North American Industrial Classification System (NAICS), the industry comprises establishments primarily engaged in renting and leasing real estate, and/or managing real estate properties on behalf of property owners.

The estimates provide selected revenue and expense items at the national and provincial level at the 3-digit NAICS level.

Definitions

A business entity and an establishment

A business entity is an economic transactor having the responsibility and the authority to allocate resources in the production of goods and services.

A statistical establishment is one production entity or the smallest grouping of production entities which produces as homogeneous a set of goods and/or services as possible; which does not cross provincial boundaries; and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

The population of interest

The population of interest is all establishments classified to NAICS 5311 and 531310 and operating for at least one day during the reference year 1997. This industry group is further split into:

NAICS 531111: Lessors of residential buildings and dwellings

NAICS 531112: Lessors of social housing

NAICS 531120: Lessors of non-residential buildings

NAICS 531130: Lessors of self-storage mini-warehouses

NAICS 531190: Lessors of other real estate properties, not elsewhere specified

NAICS 531310: Property Managers, Residential and Non-residential

Financial variables

Revenue:

- Total Operating Revenue is the sum of all operating revenue, which includes real estate rental revenues, property management revenues, subsidies, and revenues from sales of other goods and services.
- Total Revenue is the sum of operating (defined above) and non-operating (interest and dividend) revenues.

Expenses:

- Salaries, wages and benefits share of operating expenses is the proportion of wage expenses to operating expenses. The salaries and wages payments include notably vacation pay and commissions, for all employees for whom a T4 Supplementary Form was completed. This category also includes the employer portion of employee benefits for items such as Canada Pension Plan contributions or Employment Insurance premiums.

- Depreciation expense share of operating expenses is the proportion of charges related to depreciation and amortization of buildings, vehicles and other machinery and equipment to operating expenses.
- Total purchased services is the proportion of all services purchased from another business to operating expenses. These include expenses such as telephone expense, rental and leasing, repair & maintenance, professional and business fees, insurance, and taxes.
- Total operating expenses is the sum of all operating expenses.
- Total expenses is the sum of all operating and non-operating expenses

Profit Margin:

- Profit Margin is the ratio of Operating revenue - Operating expenses/ Operating revenue

Methods

The data were produced as part of Statistics Canada's pilot Unified Enterprise Survey (UES) conducted, for the first time, for reference year 1997. The survey incorporates several annual Business surveys into an integrated survey. It aims to ensure Statistics Canada receives consistent and integrated data from many types of surveys and sizes of businesses, with enough detail to produce accurate provincial statistics.

Target Population

The target population for this survey is all establishments classified to NAICS 5311 and NAICS 531310 on the Business Register and operating for at least one day during the reference year 1997.

Frame and sample design

Two sources of data were used to derive the estimates:

- a probability sample survey of real estate lessor establishments with an annual gross business revenue of greater than or equal to \$150,000 and
- taxation data to estimate for businesses with an annual gross business revenue of less than \$150,000.

The frame for the selection of the probability sample is Statistics Canada's Business Register. On the Business Register, under NAICS 5311 and 5313, there are 40,275 establishments having operated for at least one day during the reference year 1997.

The sampling unit used is a cluster of establishments. It is defined as one or more establishments of one enterprise¹ operating in the same province and in the same industry. Then, when a unit is selected in the sample, by the network sampling technique, all related establishments in scope to NAICS (5311 or 53131) and the parent enterprise are included in the sample.

The sampling units are stratified by province/territory and industry (NAICS 6 digit). For each province/NAICS, a take all stratum of businesses, a take some strata of businesses and take none strata is taken. For sample efficiency, within each stratum, three further strata are defined using the revenue variable. The sample is selected using simple random sampling within the strata; that is, each cluster of establishments has the same chance of selection within a stratum.

There were 2248 sampling units selected. The overall sampling rate was at 5.6%. Any units in sample below the GBI cutoff of \$150,000 did not receive a questionnaire and instead the tax record was obtained.

¹ A statistical enterprise is the complete organizational unit of a business entity that independently directs and controls the allocation of resources and economic activities relating to activities in Canada; and for which accounting records provide a complete set of financial accounts.

Data Collection and Processing

Questionnaires were mailed to establishments selected in the sample in the spring of 1998. Establishments were asked to report information for their 12-month fiscal period for which the final day occurs on or between January 1st and December 31st 1997. In addition to the mail-out / mail-back questionnaire approach, the survey was also conducted using Computer Assisted Telephone Interviews (CATI) for data collection, capture, edit and follow-up. The collection period ended in mid-October 1998.

An automated edit system was used to check the reported data for completeness and inconsistencies. An automated system was also used to impute data for refusals and for non-responses. Due to concerns about the quality of the data, a further extensive manual review was conducted. Overall, 14% of the records underwent automatic or manual imputation. In addition, every effort was made to make significant adjustments where necessary.

In 21 cases, consolidated national reports were provided and it was necessary to allocate these to the provincial establishment level.

Estimation

The estimates were derived using the final weight calculated by the sample design weight multiplied by the adjustment weight. This adjusted weight is a function of the information used at the design stage, the information received from the respondent and, the new information on the new frame. This was possible because in the time between when the sample was selected and the estimates were produced, the Business Register was updated with more accurate information. The final set of weights reflects as closely as possible the changing characteristics of the population in this industry.

In total, there were 16 units found as outliers and their design weights were changed to one in order to redistribute the design weight to other units within the given group.

The set of estimates (defined above) are available by province and territory for the Real Estate Rental and Leasing and Property Management industry (531) at the 3 digit NAICS level only. The estimates represent both the estimates for the surveyed portion and for the tax portion of the real estate rental and leasing universe.

Data Quality

All surveys are subject to sampling and non-sampling errors. Statistics Canada uses a variety of methods to minimize all types of errors. Every effort was made to minimize the non-sampling error of omission, duplication, reporting and processing.

Of the 1662 questionnaires sent out, 58.8% were completed or partially completed. 15.6% were identified as out of scope and 2.3% were refusals. A total of 23.3% were non-response which included inactive units, respondents which did not complete the questionnaire before the collection cut-off date or unable to contact. The overall response rate, measured as the proportion of completed questionnaires of in-scope questionnaires, was 63.8%.

Since almost half the responses were not eligible as donors, the number of donors were limited and manual intervention was required. Also, when necessary, some records were imputed using information from tax files where possible.

Coefficients of variation (CV) of the final estimates were computed. The quality of the estimates are classified as Excellent (CV is 0.01 to 4.99%); Very good (CV is 5.00% to 9.99%); Good (CV is 10.00% to 14.99%); Acceptable (CV is 15.00% to 24.99%); Use with caution (CV is 25.00% to 34.99%); and Unreliable (> 35.00%).

At the 3 digit NAICS level (531), the estimates at the national and provincial/territorial level are deemed to be excellent. However, at the 5 digit NAICS level (53111, 53131), they are not acceptable.