



SUM INSURED

# Australian Residential Contents Index (RCI)

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## Introduction

Sum Insured Pty Ltd is an Australian private company that assists people to establish the correct replacement costs of their assets and in so doing helps them to be correctly insured.

Sum Insured specialises in the research and production of building contents replacement cost information and web based expert calculation systems. It produces information for use in both the home and commercial sectors and operates throughout Australia and New Zealand.

The Sum Insured Residential Contents Index (R.C.I.) is a statistical measure of the movement in home contents replacement costs in Australia, specifically focusing on the rate of change of the replacement cost of a home's contents over time.

Changes in contents prices are researched daily from a wide cross section of Australian retailers, with research conducted via web, telephone, email and field research. Extensive use is also made of detailed surveys of a large range of different household and business types to track the typical quantities of items contained within a home or commercial premises. This ensures we provide users with the most comprehensive and up-to-date contents replacement cost information available in the Australian market.

The residential contents index contains all of the typical categories of contents you would expect to find in a home including everything from appliances, audio visual equipment and computers, through to clothing, furniture, homewares and sporting equipment.





## Basis of Index

The Residential Contents Index is based on the contents of a typical three (3) bedroom home in Australia. The model home contains a total of four occupants and comprises thirteen (13) different functional rooms or areas as follows:-

- Occupants
  - 2 x adults
  - 2 x children
  
- Rooms/Areas
  - 3 x Bedrooms (1 x double + 2 x single)
  - 2 x Bathrooms
  - 1 x Kitchen
  - 1 x Laundry
  - 1 x Dining
  - 1 x Living/Lounge
  - 1 x Family
  - 1 x Garage/Storage
  - 1 x Garden shed
  - 1 x Patio/Balcony/Deck/Veranda

## Home Contents Standards

Typically costs are tracked for 3 separate home contents standards in Australia including:-

- Average
- Quality
- Prestige

The base or “average” standard of home contents represents no-name brands, basic equipment, and self-assembled furniture, whilst the “quality” standard of contents tends to reflect well-known brands, superior equipment and joinery standard furniture.

The top level or “Prestige” home contents standard on the other hand, includes designer brands, handcrafted furniture and top of the line equipment.



## Key Categories

The key categories represented within the Australian Residential Contents Index (RCI) are summarised below, together with the percentage (based on the mean of the average and quality standards) that each category contributes towards the overall index value:-

Category	Contribution
Appliances	5.0%
Audio visual/Camera/Computer/Telephone	8.1%
Books/Entertainment	2.9%
Clothing/Footwear	16.5%
Cosmetics/Medicine/Toiletries	1.8%
Food/Drinks/Cleaning	1.8%
Furniture/Lighting	28.2%
Games/Hobbies/Toys	4.7%
Garden equipment/Tools	5.2%
Homewares/Bedding/Linen	9.3%
Jewellery/Watches (costume)	1.8%
Sports/Luggage/Camping	3.3%
Window/Floor furnishings	11.4%
<b>Total</b>	<b>100.0%</b>





## Australian Residential Contents Index (R.C.I.)

The Residential Contents Index (RCI) is an important indicator of a cost trend reflecting the movement in the sum insured replacement cost of the contents of a typical three (3) bedroom Australian home.

Prices for items are tracked across each different standard of contents (i.e. average, quality & prestige), however only the average and quality standards are used to establish the "Mean" index value.

Movements in the index represent changes from the base index of 100, which has been assigned to the June 2007 year. Hence an index of 110.0 represents a 10.0% increase in the cost of a home's contents replacement cost, since the base date.

In the previous 12 months the "Mean" index taken across average and quality standards of home contents has decreased by -0.3%.

<b>Sum Insured Australian Residential Contents Index (RCI)</b>					
<b>Year</b>	<b>Month</b>	<b>Average</b>	<b>Quality</b>	<b>Mean</b>	
		<b>%</b>	<b>%</b>	<b>% Chg</b>	<b>Index</b>
2007	June	-	-	-	100.0
2008	June	0.0%	3.2%	1.6%	101.6
2009	June	5.6%	2.8%	4.2%	105.9
2010	June	1.7%	4.1%	2.9%	109.0
2011	June	-0.6%	-0.5%	-0.6%	108.4
2012	June	-2.4%	0.7%	-0.8%	107.5
2013	June	-1.3%	1.2%	0.0%	107.4
2014	June	0.3%	2.5%	1.4%	108.9
2015	June	0.2%	1.7%	1.0%	110.0
2016	June	3.0%	3.7%	3.4%	113.7
2017	June	-1.6%	1.0%	-0.3%	113.3



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## Key Drivers

### Australian Cost Changes

The key drivers of cost for the previous 12 months covering the period between June 2016 and June 2017, saw decreases in the prices and/or quantities of major appliances, bedding, linen, books and entertainment, the lower end of all clothing (including women's, men's and children's), cosmetics and toiletries (lower end), furniture, games, hobbies and toys.

These increases were then partially offset, by increases in the prices and/or quantities of small appliances, audio visual equipment, cameras, computers and communications equipment, home equipment, luggage, sports equipment and top end lighting.

Interestingly households continue to see an increase in the number, size and capability of a range of electronic equipment including televisions, laptop and tablet computers and mobile telephones. These increases have been reflected within the overall quantity of contents items contained within the model home and to some extent this trend has offset the extent of the fall in overall contents replacement costs.

Alongside increases in televisions and computer equipment has been the increase in the popularity of new types of audio visual equipment such as portable blue tooth speakers and to a lesser extent wireless network music players, both of which have been steadily increasing in popularity replacing other more conventional AV equipment.

## Disclaimer

Typical building contents replacement costs are provided by Sum Insured Pty Ltd trading as Home Contents (A.B.N. 55 947 630 521) ("Sum Insured"). Whilst every care is taken to ensure the accuracy of the information as a guide for costing, no responsibility is accepted by Sum Insured for its accuracy. Please check with a Valuer or other suitably qualified professional for an accurate estimate.

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