



SUM INSURED

New Zealand Residential Contents Index (RCI)

December 2019



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Introduction

Sum Insured Pty Ltd is a 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 New Zealand and Australia.

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

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

The 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.

The RCI measures the change in the cost of items typically found in these categories, which ultimately represent the change in the cost of replacing your home contents.





Basis of Index

The Residential Contents Index is based on the contents of a typical three (3) bedroom home in New Zealand. The typical home contains a total of four occupants and comprises thirteen (13) different functional rooms or areas. The occupants and rooms/areas can be broken down 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 New Zealand including: -

- Average
- Quality
- Prestige

The “average” standard of home contents represents no-name brands, basic equipment, and self-assembled furniture, whilst the “quality” standard of contents is represented by well-known brands, superior equipment and joinery standard furniture. “Prestige” home contents on the other hand, include designer brands, handcrafted furniture and top of the line equipment.



Key Categories

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

Category	Contribution
Appliances	5.6%
Audio visual/Camera/Computer/Telephone	9.6%
Books/Entertainment	2.8%
Clothing/Footwear	17.1%
Food/Drinks/Cleaning	1.8%
Furniture/Lighting	24.0%
Games/Hobbies/Toys	4.4%
Garden equipment/Tools	6.3%
Homewares/Bedding/Linen	9.1%
Jewellery/Watches (costume)	2.1%
Personal care/Medicine/Toiletries	1.8%
Sports/Camping/Luggage/Fishing	4.1%
Window/Floor furnishings	11.2%
Total	100.0%





New Zealand 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 New Zealand home.

Prices for items are tracked across three different standards 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 December 2013 year. Hence an index of 111.2 represents an 11.2% increase in the cost of a home's contents, since the base date.

In the previous 12 months the "Mean" index taken across average and quality standards of home contents has increased by 1.7%.

Sum Insured New Zealand Residential Contents Index (RCI)					
Year	Month	Average %	Quality %	Mean	
				% Chg	Index
2013	December	-	-	-	100.0
2014	December	2.3%	3.5%	2.9%	102.9
2015	December	-0.4%	4.1%	1.9%	104.9
2016	December	1.8%	2.2%	2.0%	107.0
2017	December	1.0%	2.3%	1.7%	108.8
2018	December	-0.8%	1.8%	0.5%	109.3
2019	December	0.3%	3.2%	1.7%	111.2



Key Drivers

New Zealand Cost Changes

The key drivers of cost for the previous 12 months covering the period between December 2018 and December 2019, saw increases in the prices of small appliances, bedding & linen, laptop computers & mobile phones, furniture, costume jewellery and kitchenware. Further increases were also seen in floor furnishings; however, these increases were driven by item changes within homes as New Zealanders showed a preference for different flooring types including some types of timber flooring.

These increases were offset by decreases in the prices of audio-visual equipment, books & entertainment, clothing and games & hobbies.

Interestingly, greater increases were seen in the mid or quality standard range with costs rising by 3.2% which contrasted with significantly lower cost increases in the lower or average standard range, which saw costs rise by only 0.3%.

CPI

The CPI (all groups) recorded a 1.5% increase for the 12 months to September 2019, with movements in sub groups ranging from -2.4% to 3.9%. Of the sub groups relevant to home contents values the food and alcohol & tobacco groups recorded rises of 1.8% and 3.9% respectively, whilst the recreation and household contents groups recorded rise of 1.6% and 0.9%. Meanwhile a decline of -0.8% was seen within the clothing & footwear group.

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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