



SUM INSURED

# Australian Residential Contents Index (RCI)

June 2024



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## **Sum Insured**

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## Introduction

**Sum Insured offers insurers comprehensive replacement cost models, building confidence for consumers and underwriters. Our proprietary models help the insurance industry provide policyholders with the right protection, creating opportunities, reducing risk and building trust.**

We specialise in the research and production of building contents replacement cost modelling accessed through web-based or API integrated systems. These produce information for use in the residential, commercial and rural sectors across 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, specifically focusing on the rate of change over time. It differs from CPI as the basket of goods is limited to only those items that are included in home contents insurance, and is calculated on would be contained in an 'average' property.

Changes in contents prices are researched daily from a wide cross section of retailers and suppliers, with research conducted via web, telephone, email and in the field.

Extensive use is made of detailed surveys of a range of different household and business types in order to track the typical quantities of items contained within a home, commercial or rural operation. This ensures we provide users with the most comprehensive and up-to-date contents replacement cost information available in the market.

The residential contents index contains all of the typical categories of contents you would expect to find in a home including:

- appliances,
- audio visual equipment,
- computers and telephones,
- clothing and footwear,
- furniture,
- homewares,
- food and drinks,
- jewellery,
- sporting equipment
- window furnishings
- floor furnishings.



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## Basis of Index

The Residential Contents Index is based on the contents of a typical three (3) bedroom home in Australia and New Zealand. This model home contains 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

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## Home Contents Standards

All costs are tracked for three (3) separate home contents standards in both Australia and New Zealand:

The **'average'** standard of home contents represents no-name brands, basic equipment, and self-assembled furniture.

The **'quality'** standard of contents tends to reflect well-known brands, superior equipment and joinery standard furniture.

The top level **'Prestige'** home contents includes designer brands, handcrafted furniture and top of the line equipment. Note, as this level represents such a small percentage of homes, it is not included in the final index.

## 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	5.4%
Audio visual/Camera/Computer/Telephone	9.2%
Books/Entertainment	2.5%
Clothing/Footwear	15.6%
Food/Drinks/Cleaning	1.9%
Furniture/Lighting	26.7%
Games/Hobbies/Toys	5.1%
Garden equipment/Tools	5.5%
Homewares/Bedding/Linen	9.3%
Jewellery/Watches (costume)	1.8%
Personal care/Toiletries/Medical	1.9%
Sports/Luggage/Camping	3.7%
Window/Floor furnishings	11.4%
<b>Total</b>	<b>100.0%</b>



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

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

Prices for items are tracked across each different standard of contents, 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 to **June 2024** the “Mean” RCI index, has seen **home contents replacement costs increase by a total of 2.7%**, which represents a significantly lower growth in the index following the record growth of the previous year.

Sum Insured Australian Residential Contents Index (RCI)					
Year	Month	Average %	Quality %	Mean	
				% Chg	Index
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%	108.9
2011	June	-0.6%	-0.5%	-0.6%	108.3
2012	June	-2.4%	0.7%	-0.9%	107.4
2013	June	-1.3%	1.2%	-0.1%	107.4
2014	June	0.3%	2.5%	1.4%	108.9
2015	June	0.2%	1.7%	1.0%	109.9
2016	June	3.0%	3.7%	3.4%	113.6
2017	June	-1.6%	1.0%	-0.3%	113.2
2018	June	0.1%	1.7%	0.9%	114.3
2019	June	-1.2%	3.4%	1.1%	115.5
2020	June	0.1%	2.3%	1.2%	116.9
2021	June	2.5%	2.7%	2.6%	119.9
2022	June	2.8%	3.5%	3.2%	123.7
2023	June	5.0%	5.8%	5.4%	130.4
2024	June	2.2%	3.2%	2.7%	133.9



## Key Drivers

### Australian Cost Changes

The key drivers of cost for the 12 months to June 2024 were increases in furniture, major appliances, toys, computer and communications equipment, horticulture and garden, and kitchenware.

To a limited extent these increases were then offset by decreases in the prices of books and entertainment, camera equipment and window furnishings.

Interesting to note that increases in the major appliances category was driven partly by a switch in preference to the use of more economical to run (but more expensive) heat pump dryers. Whilst increases in the computer/communications category continue to be driven by the release of more high-end smart phones.

### CPI

Overall, the Australian national CPI (all groups) as released by the ABS recorded a 3.6% increase for the 12 months to March 2024, with movements in subgroups ranging from 0.2% to 8.2%. Of the subgroups most relevant to home contents, the furnishings, household equipment and services group recorded an increase of 0.2%. With alcohol and tobacco, food and non-alcoholic beverages and clothing and footwear recording rises of 6.3%, 3.8% and 0.4% respectively. The recreation and culture group increased by just 0.2%.

## Disclaimer

Typical building contents replacement costs are provided by 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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