



# New Zealand Residential Contents Index (RCI)

December 2022



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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                             | 5.8%          |
| Audio visual/Camera/Computer/Telephone | 9.7%          |
| Books/Entertainment                    | 2.6%          |
| Clothing/Footwear                      | 16.4%         |
| Food/Drinks/Cleaning                   | 1.7%          |
| Furniture/Lighting                     | 25.4%         |
| Games/Hobbies/Toys                     | 4.7%          |
| Garden equipment/Tools                 | 6.2%          |
| Homewares/Bedding/Linen                | 9.3%          |
| Jewellery/Watches (costume)            | 2.1%          |
| Personal care/Medicine/Toiletries      | 1.8%          |
| Sports/Camping/Luggage/Fishing         | 4.2%          |
| Window/Floor furnishings               | 10.3%         |
| <b>Total</b>                           | <b>100.0%</b> |





## 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 and 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 122.3 represents a 22.3% 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 5.8% which was the largest rise in home contents costs since the index was first published 10 years ago.

| Sum Insured New Zealand Residential Contents Index (RCI) |          |              |              |       |       |
|--|----------|--------------|--------------|-------|-------|
| Year   | Month    | Average<br>% | Quality<br>% | 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 |
| 2020   | December | -0.2%        | 1.2%         | 0.5%  | 111.8 |
| 2021   | December | 2.9%         | 3.9%         | 3.4%  | 115.6 |
| 2022   | December | 5.8%         | 5.9%         | 5.8%  | 122.3 |





## Key Drivers

### New Zealand Cost Changes

The key drivers of cost in New Zealand for the previous 12 months covering the period between December 2021 and December 2022, saw across the board increases in almost every category with significant increases in the prices of small appliances, audio-visual equipment, bedding/linen, furniture, horticulture/garden, luggage, sports equipment and window furnishings.

Whilst most category values were driven by item cost increases, audio-visual category prices were also driven by increases in the availability and affordability of larger TVs as New Zealander's spent more time in their homes during the pandemic, accessing a growing myriad of streaming services.

Interestingly uniform increases were seen across all home content's standard of between 5.8% and 5.9% which was a reversal of a previous trend that saw significant differences in the different contents' standards.

### CPI

The CPI (all groups) recorded a 7.2% increase for the 12 months to September 2022, with movements in groups ranging from -6.7% to 16.8%. Of the groups relevant to home contents values, the key group of "Household contents & services" recorded a rise of 7.1% with "Tools and equipment for house and garden" recording an increase of 11.2% and "Furniture, furnishings and floor coverings" increasing by 10.3% offset by the "Household textiles" group which decreased by -1.2%.

Other home contents related groups such as "Clothing and footwear" group increased by just 1.4%. Whilst the "Recreation and culture" group and "Miscellaneous goods and services" groups recorded increases of 4.0% and 4.8% respectively. An increase of 3.1% was seen in the "Communication 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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