Australian Residential Contents Index (RCI)

June 2022

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Introduction

Sum Insured Pty Ltd is a private research company that assists insurance companies, brokers and everyday Australians and New Zealanders to establish the correct replacement costs of their valuable home contents 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 the residential, commercial and rural 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, specifically focusing on the rate of change of the replacement cost of the contents of a home over time.

Changes in contents prices are researched daily from a wide cross section of retailers and suppliers, with research conducted via web, telephone, email as well as in the field. 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, commercial or rural operation. This ensures we provide users with the most comprehensive and up-to-date contents replacement cost information available in the Australian and New Zealand markets.

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, computers and telephones, through to clothing, footwear, furniture, homewares, food and drinks, jewellery, sporting equipment and window and 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. 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 three (3) separate home contents standards in both Australia and New Zealand 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.

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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. The four largest categories continue to be Furniture/Lighting (27.2%), Clothing/ Footwear (15.9%), Window/Floor furnishings (11.9%), Audio visual/Computer/Phone (9.1%) and Homewares/Bedding/Linen (9.1%): -

Category	Contribution
Appliances	5.1%
Audio visual/Camera/Computer/Telephone	9.1%
Books/Entertainment	2.7%
Clothing/Footwear	15.9%
Food/Drinks/Cleaning	1.8%
Furniture/Lighting	27.2%
Games/Hobbies/Toys	4.8%
Garden equipment/Tools	5.0%
Homewares/Bedding/Linen	9.1%
Jewellery/Watches (costume)	1.8%
Personal care/Toiletries/Medical	1.9%
Sports/Luggage/Camping	3.7%
Window/Floor furnishings	11.9%
Total	100.0%

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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 to **June 2022** the "Mean" RCI index taken across average and quality standards, has seen **home contents replacement costs increase by a total of 3.2%**.

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

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Key Drivers

Australian Cost Changes

The key drivers of cost for the previous 12 months covering the period between June 2021 and June 2022, saw across the board increases in the prices of most contents categories, the most significant being furniture, audio/visual, bedding/linen, clothing, computer/communications, decorator/prints/mirrors, horticulture/garden, jewellery (costume) and kitchenware.

These increases were partially offset by decreases in books/entertainment and the camera category. With changes in the camera category driven largely by a change in the model as households increasingly favour the use of smart phones over more traditional digital cameras and video cameras.

In contrast to previous years, increases ranged somewhat uniformly across all contents standards totalling between 2.8 and 3.5%.

CPI

Overall, the CPI (all groups) recorded a 5.1% increase for the 12 months to March 2022, with movements in subgroups ranging from -1.5% to 4.9%. Of the subgroups relevant to home contents values the furnishings, household equipment and services group recorded an increase of 4.9%. With food and beverages, alcohol and tobacco and the recreation and culture groups recording rises of 4.3%, 1.8% and 3.0% respectively. This contrasted with a decline in the clothing and footwear group of -1.5%.

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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