

The Superyacht Annual Report Brokerage

2018

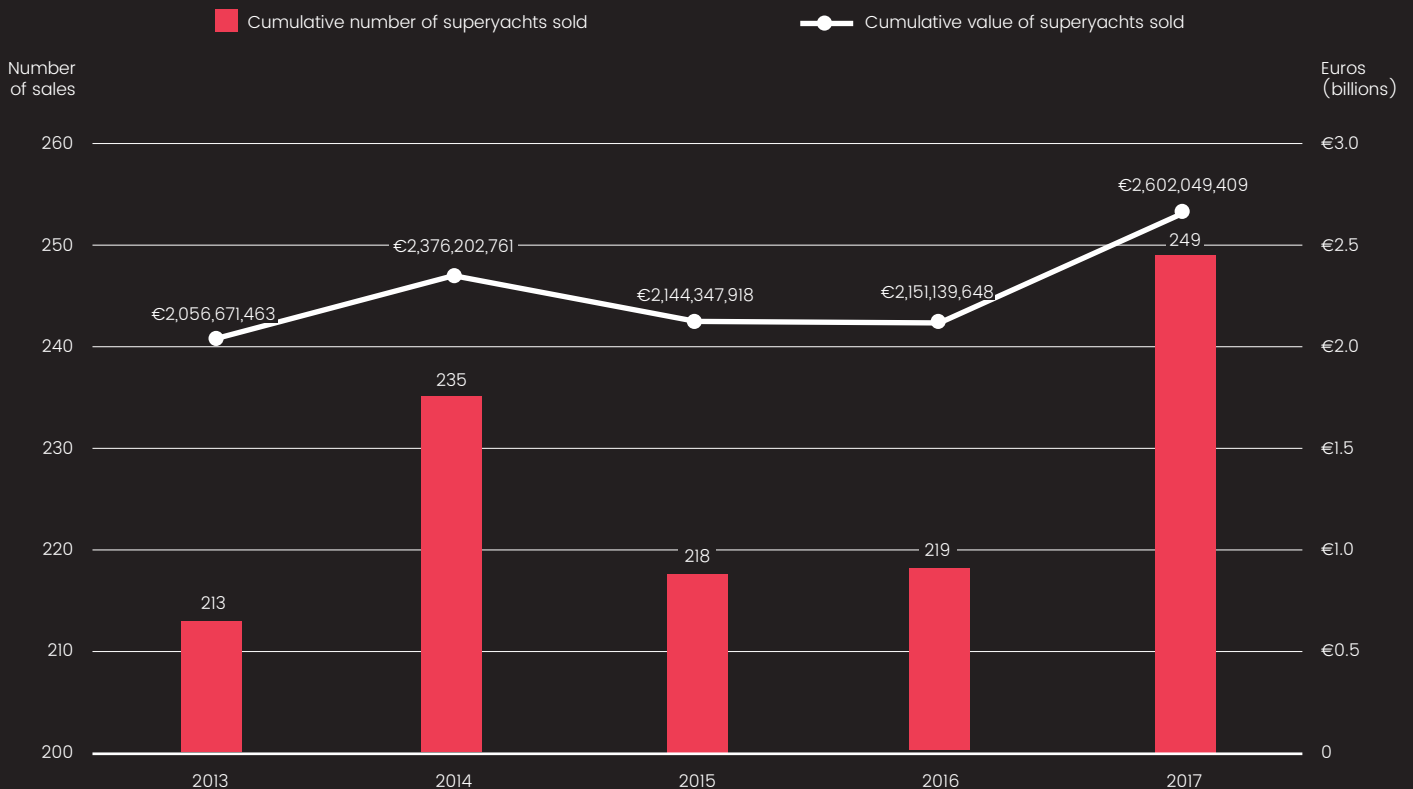
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The brokerage market, 2013-2017



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WELCOME LETTER

It has been said, at least in some quarters, that The Superyacht Group is anti-broker. Well, I'm going to shock you here. That is not the case and never has been.

The Superyacht Group is actually very pro-broker and we're fully aware they are the driving force behind the industry's continued progress. After all, if the finite number of owners who make up our industry aren't kept on a dynamic path forward, we all cease to exist.

I think that the confusion may have arisen because we are also totally committed to brokerage best practice. So when we've been alerted to instances where brokers have failed to add value, we had an obligation to inform the industry. But we have also always promoted the good guys, of whom there are so many; you only have to look at our Buyer section which has profiled some of the leading brokers in the industry since we relaunched our magazine 18 months ago.

But enough of the past. The reason I wanted to raise this point is because we are presenting our first-ever Brokerage Market Report, which is both an accurate insight into the current state of the sales market and a homage to the best brokerage houses in the industry.

I'm fed up of reading elsewhere that the industry is in the best health it's ever been. Who really benefits from that? But we always want to read about the guys who are doing a good job, driving this industry forward. So, here's to them ...

FRIENDS, NOT FOES

MARTIN REDMAYNE

A stylized, handwritten signature in black ink, appearing to be 'MR' with a vertical line through the 'R'.

The Superyacht Annual Report

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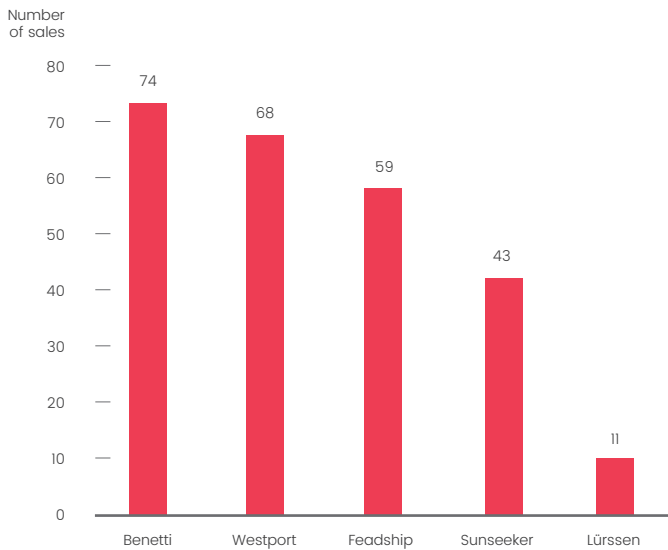
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**The
Superyacht
Group**



THE BROKERAGE MARKET OVERVIEW

Top build sales



Brokerage Editor Felix Sowerbutts provides our overarching analysis of the headline figures to provide a comprehensive picture of the brokerage market and its current trajectory..... 5



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The Superyacht Intelligence Agency represents the industry's most comprehensive pool of superyacht consultancy expertise. With more than 25 years of experience in data gathering, research and market analysis of the large luxury-yacht sector and a network of over 40,000 contacts, The Superyacht Intelligence Agency is the go-to partner of C-suite executives and key industry stakeholders for data and consultancy projects.

To find out more, visit www.superyachtintelligence.com

IF IT AIN'T BROKE, DON'T FIX IT

William Mathieson holds up his hands and admits the numbers are better than he expected.



BY WILLIAM MATHIESON

So, time for a rare admission of unnecessary cynicism from me. Ordinarily, I find myself viewing sales-market activity with a degree of scepticism, pessimistically inferring from the stagnation of the new-build sector that second-hand sales values are much lower than the publicly circulated final asking prices and, therefore, something of a logjam to the liquidity of the market (that is those who aren't able to sell their yacht for an acceptable return cannot reinvest).

In part, this is due to the candour I receive from US brokers, whose honesty about the realities of yacht sales (most purport selling prices of 60 cents to the dollar or thereabouts) I have taken as my barometer. On the flipside, the majority of European brokers are unerringly positive, and in contrast to their US counterparts, this has led me to take what they say with a pinch of salt; hence my cynicism towards the true health of the resale market.

But here's the thing: for this inaugural report, we have undertaken an exhaustive research process into multiple facets of the brokerage market. Firstly, I want to say a profound 'thank you' to all of the

brokerage houses that were supportive of this project and so accessible in the verification of their activity. You have all contributed to what my team of analysts say is some of the most veracious data ever produced by The Superyacht Group.

Furthermore, what has become apparent from my editorial team's insightful analysis and evaluation of the figures is that the brokerage market is in a better place than my myopic assumptions allowed me to realise. You will get to read the detail over the coming pages, but nobody puts it better than Brokerage Editor Felix Sowerbutts who, in summary, says, "In 2017, the market achieved €2.6 billion of brokerage sales above the 30m mark from 249 brokerage sales. This is €450 million more than the cumulative value of transactions for 2016 – a 20.9 per cent increase." Impressive numbers indeed!

Therefore, I stand corrected. Obviously, there are plenty of nuances to this top-line figure, many of which are dissected in this report. But it looks as if this market is in a decent place, and when we consider the barren years yachting has suffered of late, that can only be a good thing. **WM**

BROKERAGE MARKET OVERVIEW

BY FELIX SOWERBUTTS

There has certainly been a reverberating sense of optimism in the brokerage sector over the past 18 months, and according to the data we have gleaned from the market for this report, the feeling is justifiable. This very clear trend that illustrates the improved health of the market represents a change in the challenges facing brokers: there has been a positive shift away from scraping the barrel for any buyer to struggling to find inventory – and for new-build options, shipyard capacity – for a number of interested parties.

The fact that there are fewer late-model brokerage boats available for sale today is largely a hangover from the global financial crisis, when new-build figures plummeted. However, there is now a greater sense of a supply/demand equilibrium and this has unquestionably improved market conditions. Yachts are priced more realistically, they are selling faster, the gap between listing and selling prices has closed, there are some emerging markets of great interest and it is to be hoped that these buoyant market conditions are encouraging existing owners to consider their next new-build project or brokerage boat.

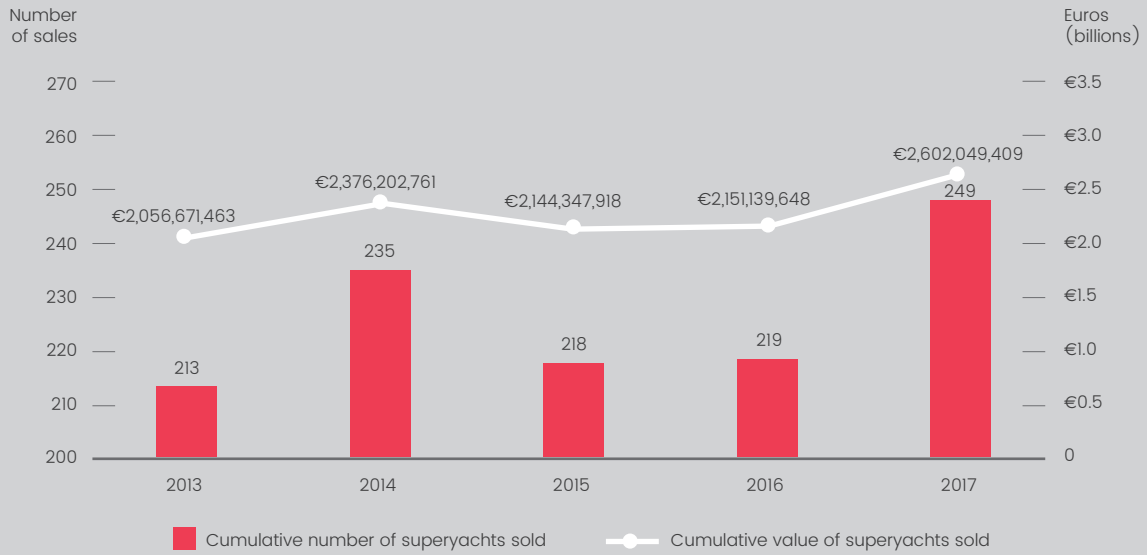
The comprehensive figures that back up these improved conditions are those that compare the annual cumulative value of transactions. In 2017, the market achieved €2.6 billion of brokerage sales above the 30m mark from 249 brokerage sales. This is €450 million more than the cumulative value of transactions for 2016 – a 20.9 per cent increase. This improved activity has evidently come from the 30-60m sector for brokerage sales; each 10m sector in this range achieved its highest output of sales in our five-year focus window (2013 to 2017), and the 40-50m sector saw the most significant improvement, with a 61 per cent increase on 2016.

One might think that this will only continue to grow in the near future, with more central agencies appearing as a result of fleet growth; our analysis for *The Superyacht Annual Report: New Build 2018* at the culmination of 2017 revealed that the 40-50m sector comprises 23.2 per cent of the order book, suggesting this is becoming something of an entry-point to large-yacht ownership. The 60m-plus sector, especially the 60-70m bracket, was very much the underperforming division of the market





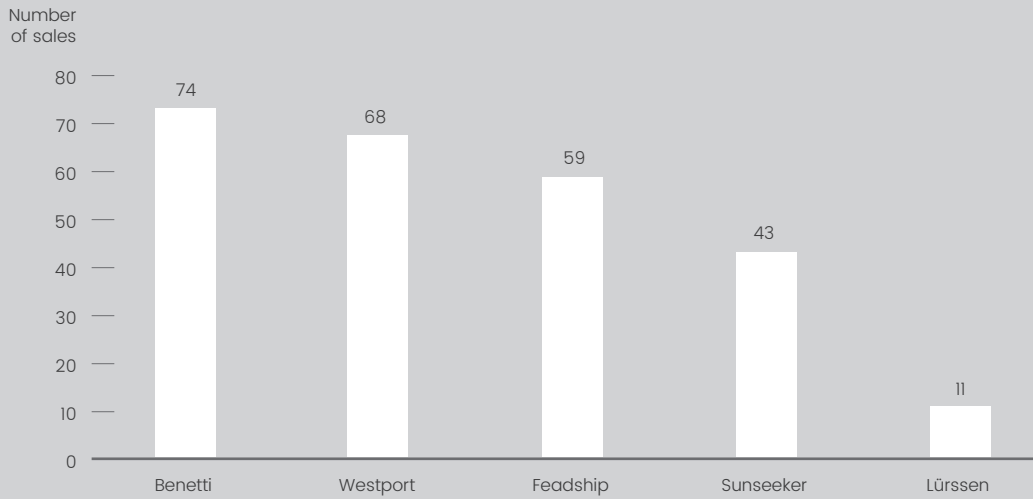
The brokerage market, 2013-2017



Price per GT of vessels sold (YoY change)



Top build sales



Cumulative value of most popular builds sold 2013-2017





1,134

TOTAL NUMBER OF
SUPERYACHTS SOLD

€11,330,411,199

TOTAL VALUE OF
SUPERYACHTS SOLD

Number of superyachts sold by LOA (m)

Number
of sales

150

125

100

75

50

25

0

30-40m

40-50m

50-60m

60-70m

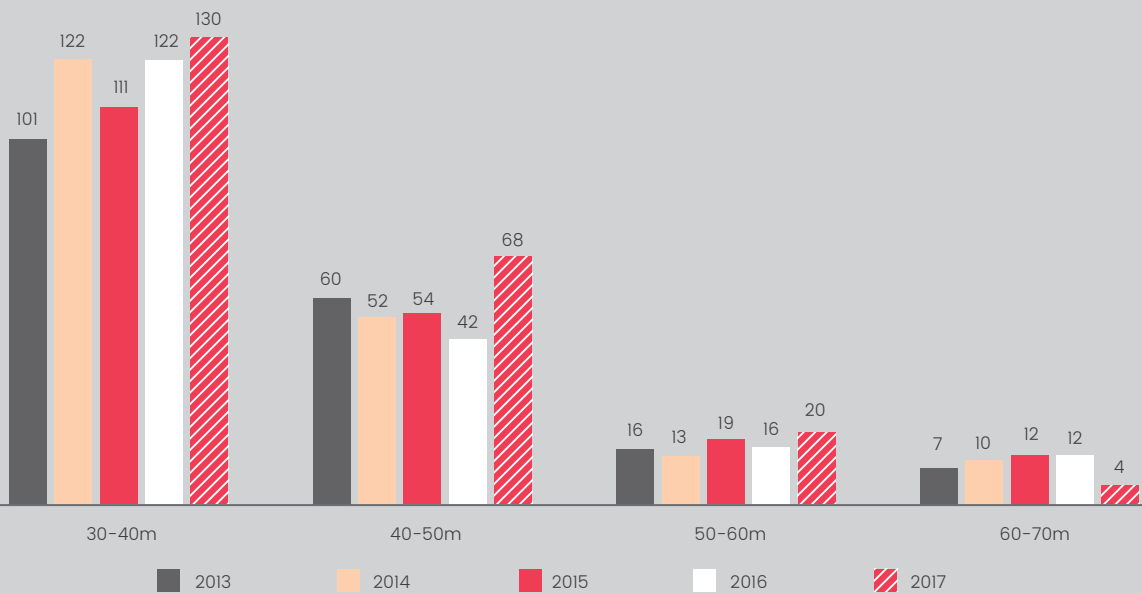
2013

2014

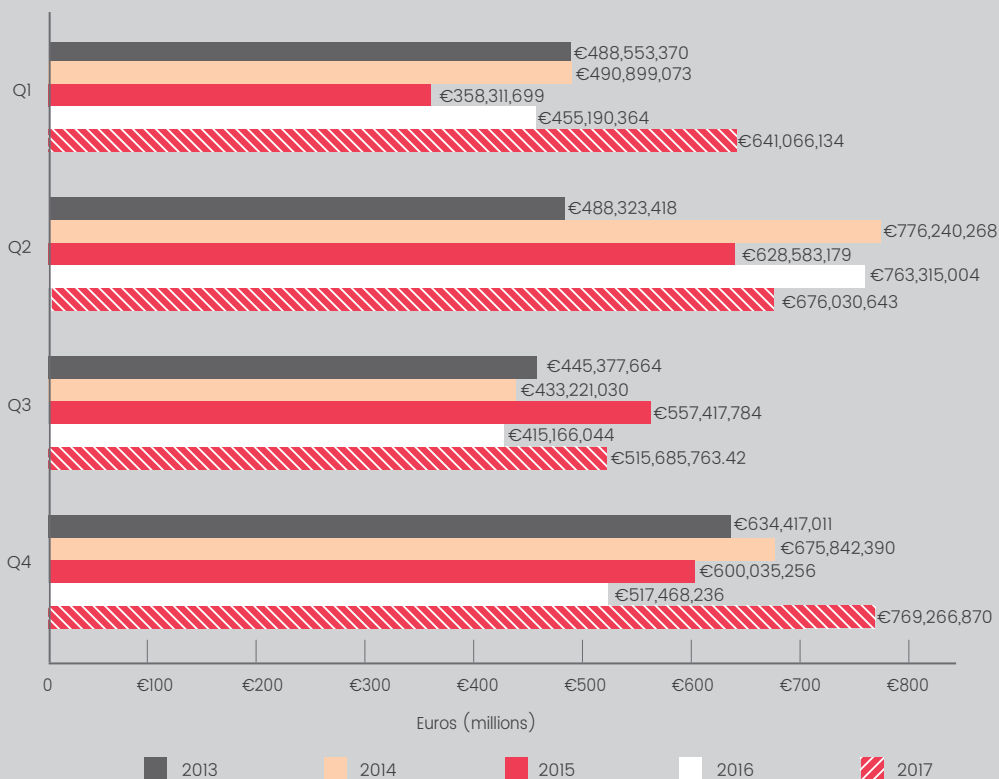
2015

2016

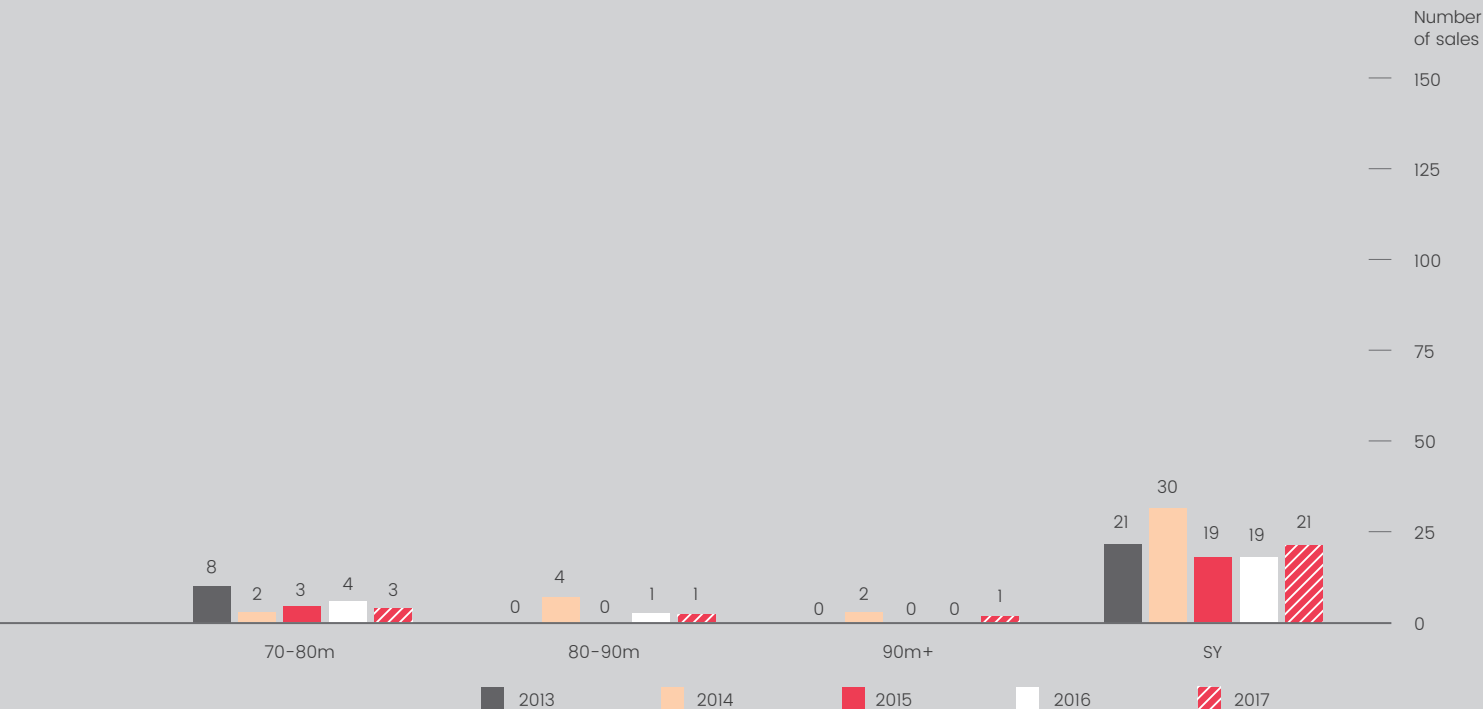
2017



Value of superyachts sold by quarter



Number of superyachts sold by LOA (m)





in 2017 for brokerage sales. Throughout that year, a number of brokers said they had clients who were in the market for a 60m-plus second-hand build but there were only a handful of high-quality, late-model options, and it was hard to find vessels that were not heavily personalised. There are always limited sale options in this sector but I believe it has a bright future as the new-build fleet continues to grow.

The 249 brokerage yacht sales achieved by the market in 2017 is a 13.7 per cent increase on 2016 and the best annual brokerage sales performance in our five-year focus window. Three months – May, July and December – saw over 30 sales for the first time since December 2013, while the first and last quarters of 2017 witnessed more than a 40 per cent increase in sales activity on the previous year, making the output of brokerage market sales more consistent throughout the year.

The second quarter tends to yield the largest number of sales and the best cumulative value of transactions, with buyers preparing for their summer holidays. However, for the first time since 2013, it was the fourth that yielded the highest return. This particular quarter (Q4, 2017) was nudged the extra mile by the sale of 107m explorer yacht *Ulysses*, which was sold by Burgess and Fraser and had a final asking price of \$195 million. It was the largest brokerage sale of the year and was one of a handful of high-profile yacht sales in the quarter.

The good news for sellers is that the average final asking price of yachts sold has increased. After years of hovering between €9.5 million to €10.11 million, it has climbed to €10.45 million – not a huge growth but certainly a significant one. One might be mistaken into thinking that this is because the average size of yachts sold has also increased, but our data reveals this is not actually the case as this figure dropped by €600,000 compared to 2016. Sellers have adjusted their mindsets and are now more realistic about their listing prices, and this has certainly played a part in creating the more confident market that we are now seeing. There are still boats priced too high for the market but there are fewer of them – therefore, there are more sales and sellers are getting a better return on their investment.

The 249 brokerage yacht sales achieved by the market in 2017 is a 13.7 per cent increase on 2016 and the best annual brokerage sales performance in our five-year focus window.

Looking deeper into the analysis of final asking prices, we can see that the price per gross ton of yachts sold has risen from around €25,000 in 2013 and 2014 to €30,000 in 2017. The market of newer brokerage boats is wearing thin, which could be a key reason for this growth because buyers are having to accept that they cannot get a rock-bottom deal as they might have done a few years ago.

When we switch the focus from the intricacies of the sales to the product, the table of most popular yacht brands on the brokerage market by the quantity of yachts sold is similar to the shipyard-ranking tables in *The Superyacht Annual Report: New Build*. Benetti, Westport and Feadship sold the most vessels between 2013 and 2017. Clearly, though, this is not just about the allure of a well-crafted product, but also the sheer size of a brand's fleet on the water.

Larger, full-custom builders, such as Lürssen and Oceanco, have smaller fleets of high-value products, so there are fewer yachts available for sale and fewer qualified buyers. Furthermore, these products might trade off the market to avoid mainstream media speculation. In fact, the total value of the transactions of 11 Lürssens sold between 2013 and 2017 falls only fractionally short of the 68 Westports sold over the same period. Therefore it's more important to look at the value of transactions rather than the number of units sold.

It's also interesting to look at the average age of the yachts sold because this indicates the popularity of vessels from certain builders in certain eras. For example, the average age of Feadships sold between 2013 and 2017 is 25 years, indicating a certain popularity of their 1990s designs. However, it's worth considering that over half of Sunseeker's 30m+ fleet is no older than eight years old.

While the market still has its challenges, it's certainly in its most comfortable position since the global financial crisis. The pendulum has swung back towards – although not necessarily in favour of – the sellers, and it is to be hoped there will be enough supply to cater for this increase in demand over the coming years. **FS**



A list of the top-performing
brokerage houses

THE BROKERAGE HOUSE RANKINGS

BY FELIX SOWERBUTTS

Much like the new-build market, a lot of the legwork in the brokerage sector is the result of the performance of a few prominent market leaders. Although there are thousands of yacht brokers in the market, the same names regularly surface as the buying and selling representatives because superyacht clients prefer to use a trustworthy brokerage that has a track record for sales. That said, the best brokers are not necessarily those that complete the most sales. In recent years, we have seen several new market entrants opting for a boutique structure, with the goal of offering a better service to fewer clients.

In this section, we look at the brokerage houses that we have ranked as the top 10 in the market for their cumulative value of transactions from 2013 to 2017. It's worth highlighting – before readers think that brokerage is as lucrative as it outwardly appears – that these are not each company's revenue figures from brokerage sales but the value of transactions these brokerage firms have had some involvement in

and taken a commission from, whether by representing the buyer, the seller or both. The objective of this section is not to expose the brokerage firms but to provide information that can be used as a reference for the specialties of each company.

The major brokerage firms are often criticised for mimicking each other's marketing messages and for not communicating how they are different from the rest, so we hope that by providing a breakdown of their sales activity, we can highlight these differences through the use of data. As such, we are looking not just at the number of sales they have completed and the cumulative value of the transactions they have been involved in but also the product they are selling, their selling speed and how prone they are to reduce prices to make sales.

These are key statistics that do not get enough air time because the data is not easily gleaned. However, it is important that superyacht clients and their representatives have the necessary information to make informed decisions.

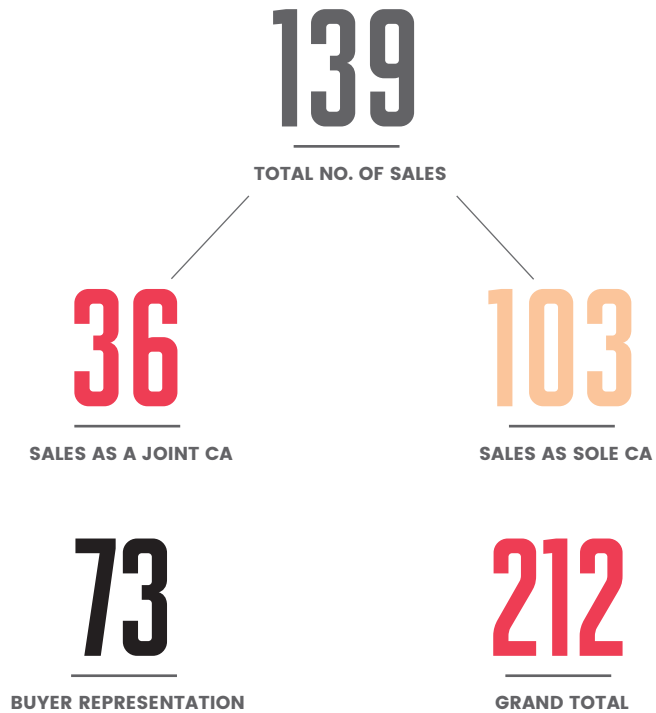


NO.1 FRASER

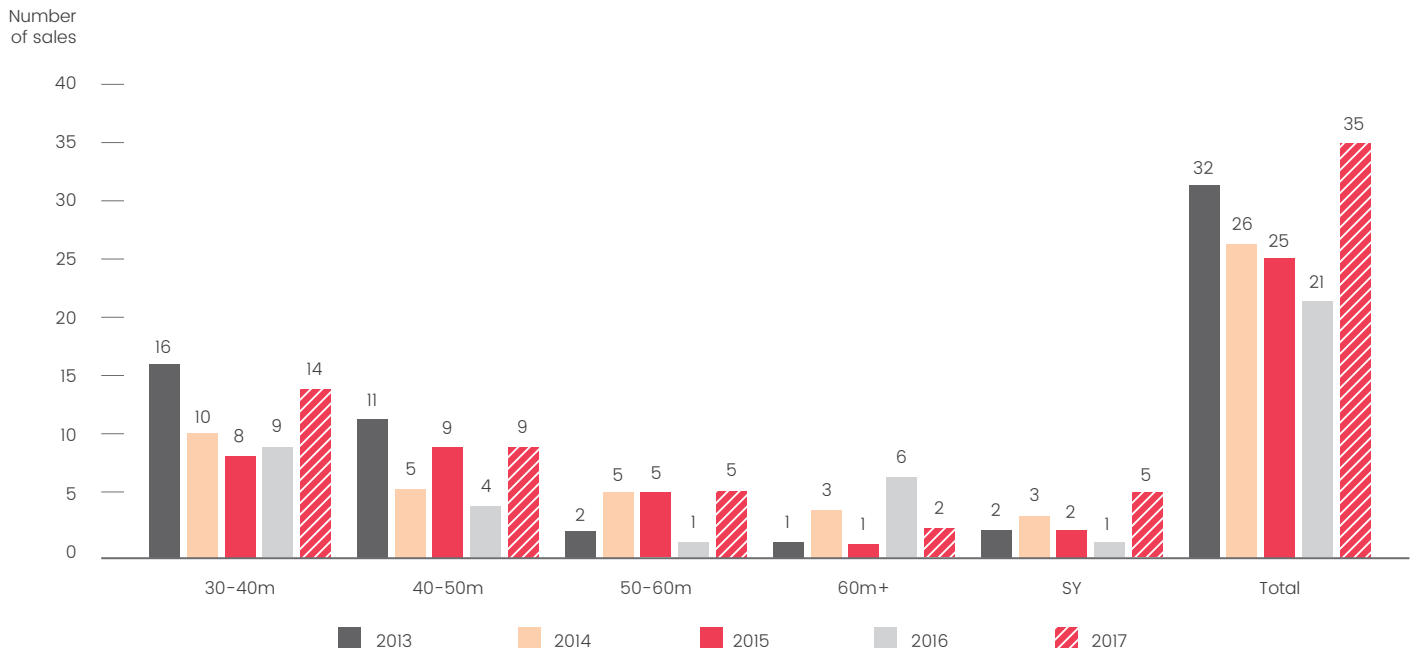
Our top-ranked yard is top of the tree because of the cumulative value of its transactions over a sustained five-year period. Staggeringly, Fraser transactions have contributed almost 17 per cent to the entire brokerage sector's market capitalisation between 2013 and 2017.

This brokerage has also shown a steady increase, year on year, in its market share, spiking in 2017, when Fraser was responsible for nearly a quarter of the value of the entire market.

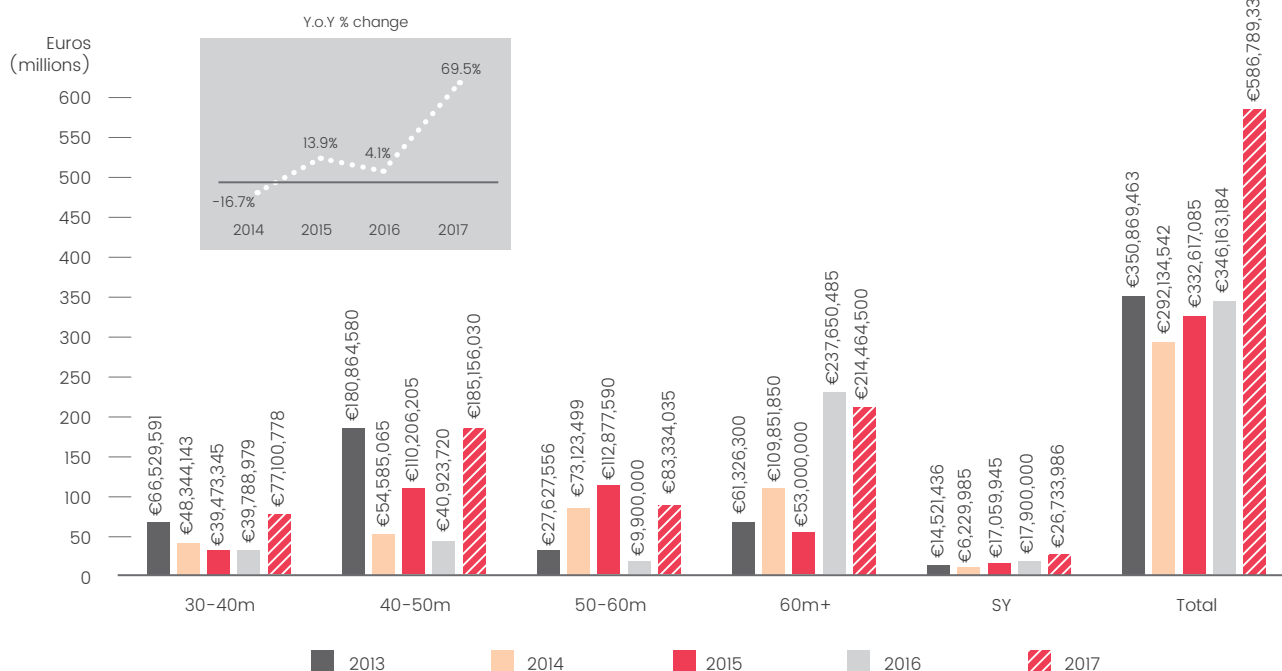
Clearly, Fraser's sweet spot is in the 30-40m sector, which equates to 41 per cent of all its sales.



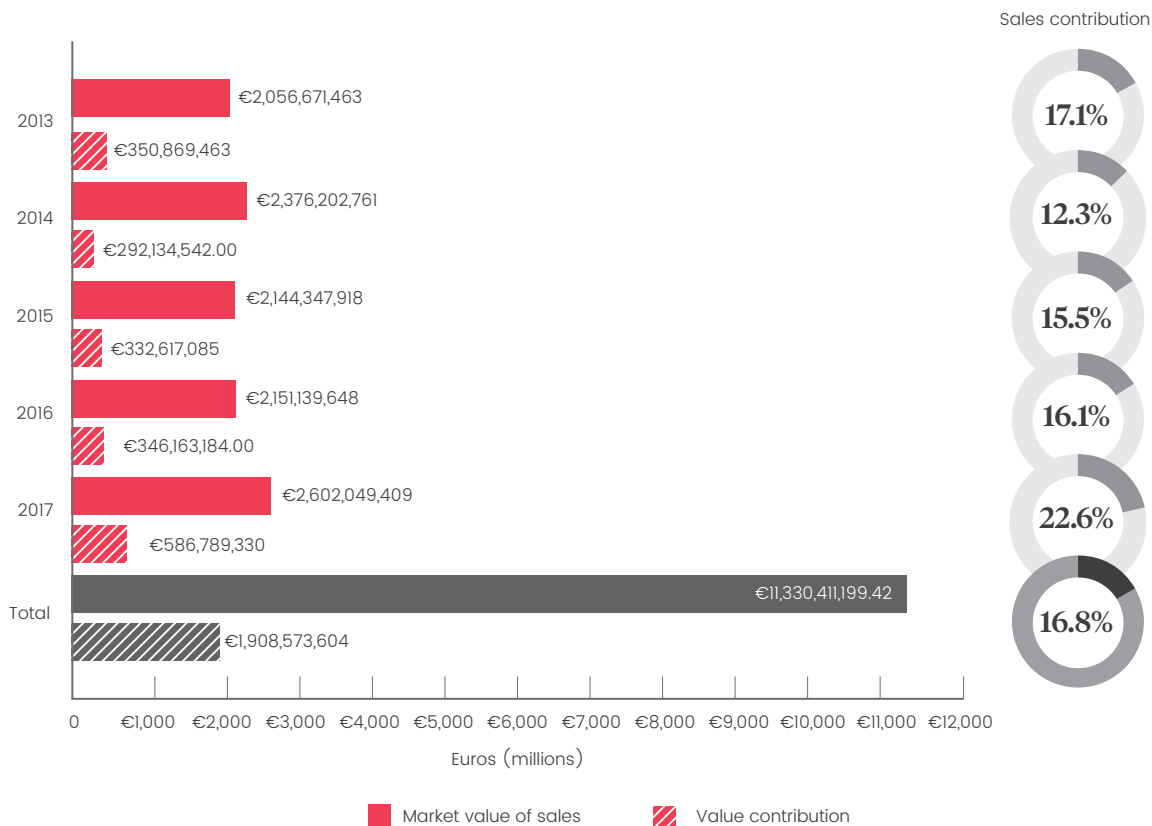
Number of sales by LOA (m)



Cumulative value of sales by yacht type and LOA (m)



Fraser's market share

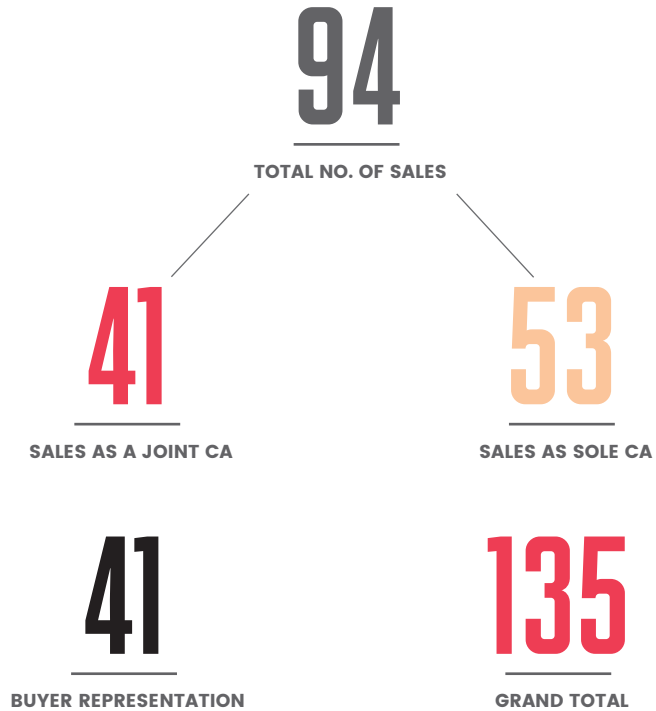




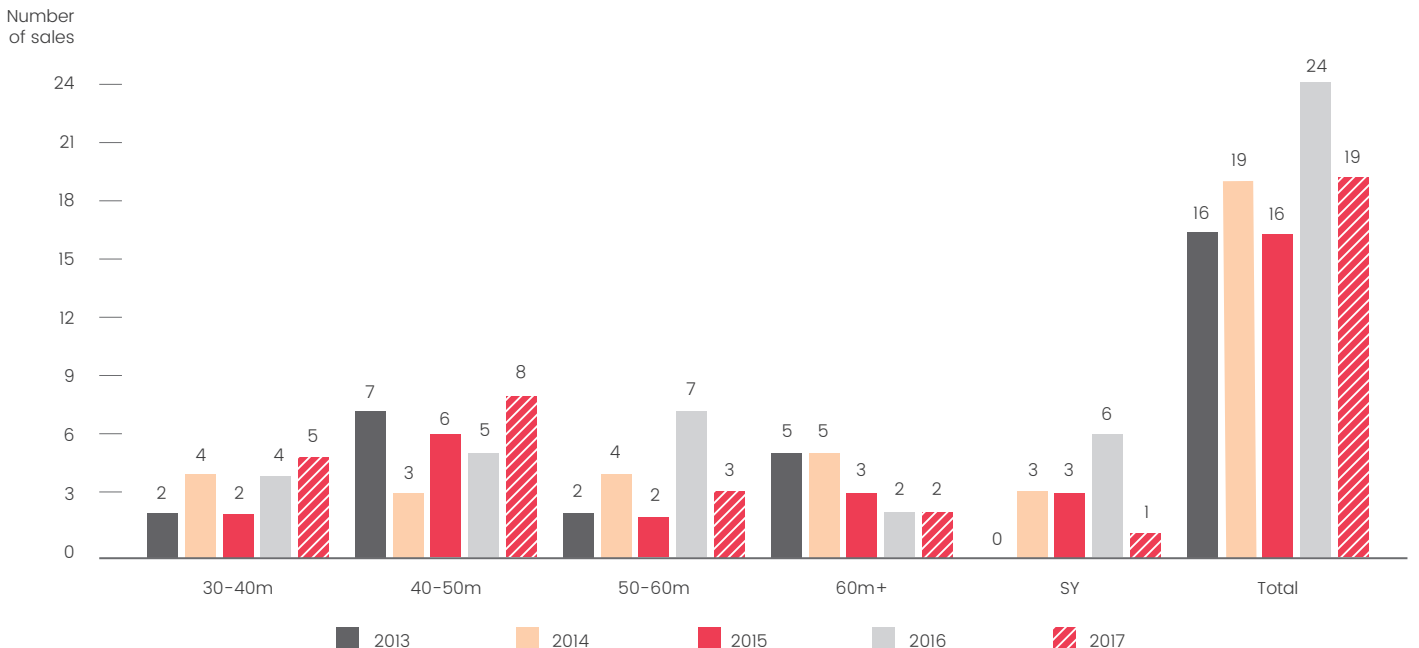
NO. 2 BURGESS

While having undertaken 45 fewer sales than Fraser in our period of analysis, Burgess contributed just one per cent less to the value of the market. This is clearly due to the close association the market has between Burgess and custom-yacht sales. This is backed up by the fact that 37.2 per cent of all sales between 2013 and 2017 involved motoryachts of 50m and upwards.

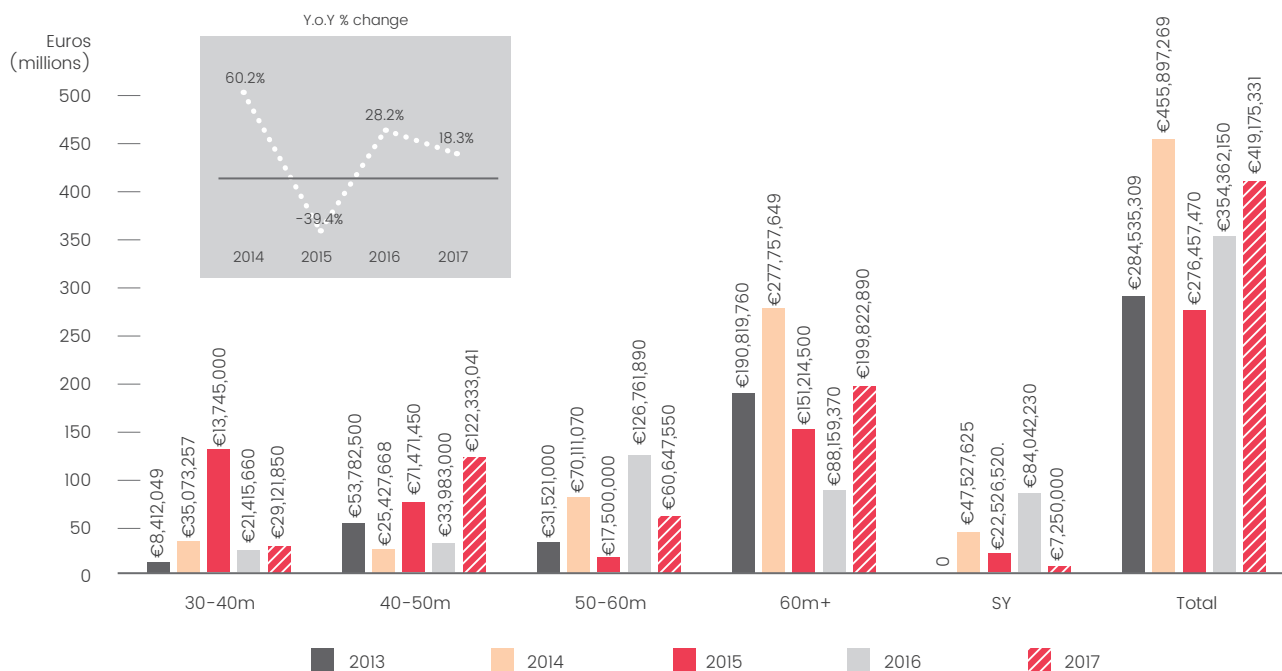
Interestingly, all but two of the transactions in which Burgess represented the buyer have been as the sole central agent – a nod, perhaps, to its heritage as a full-service proposition.



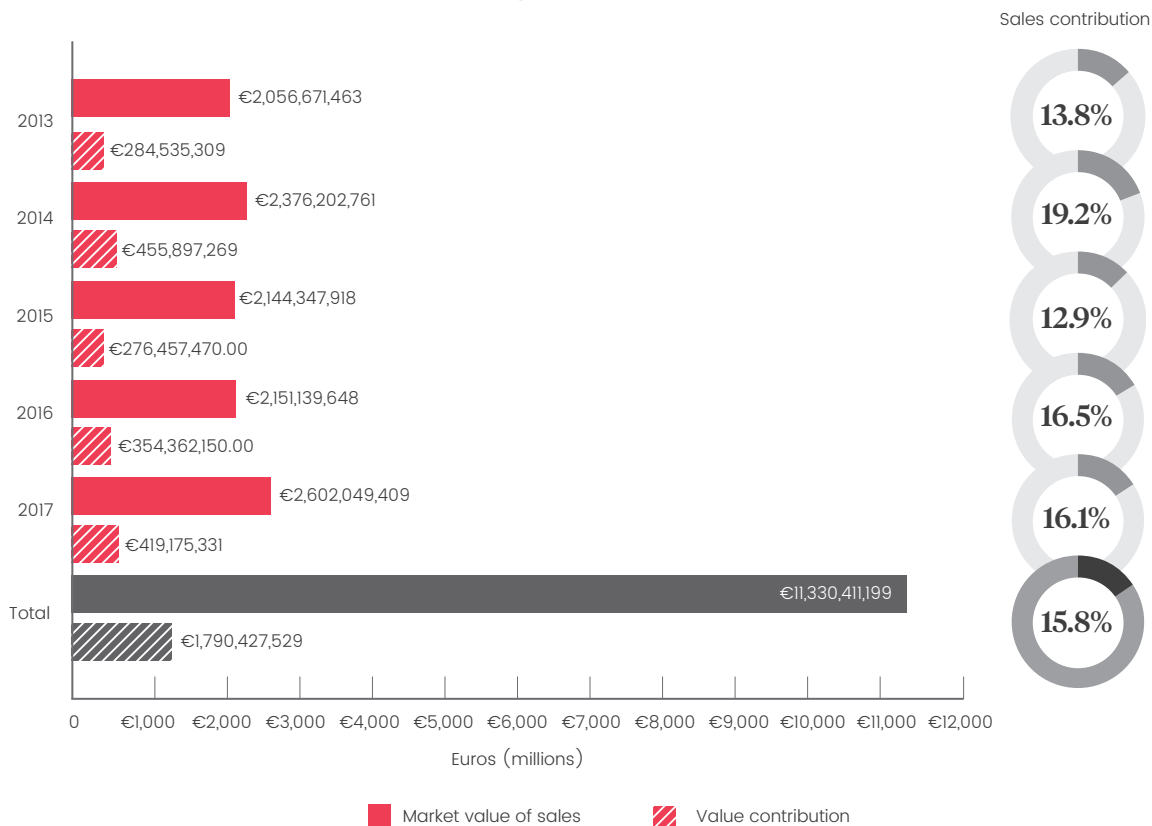
Number of sales by LOA (m)



Cumulative value of sales by yacht type and LOA (m)



Burgess' market share

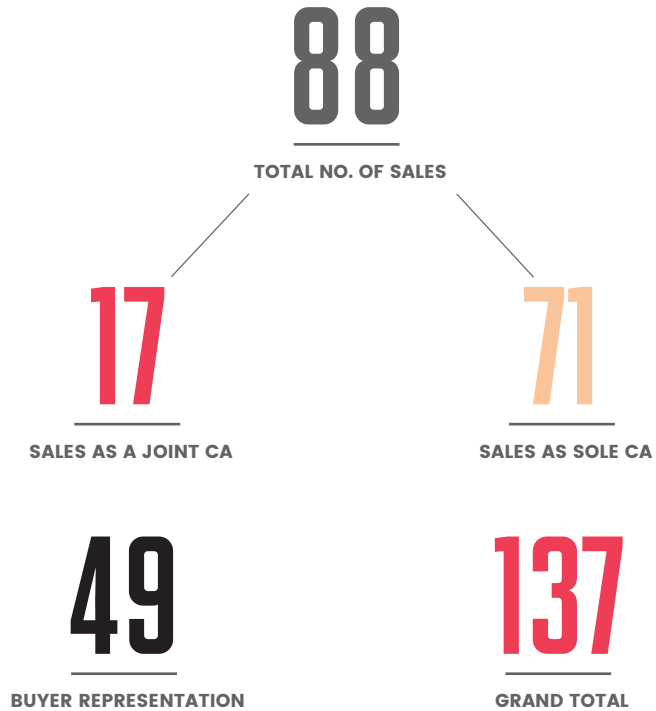




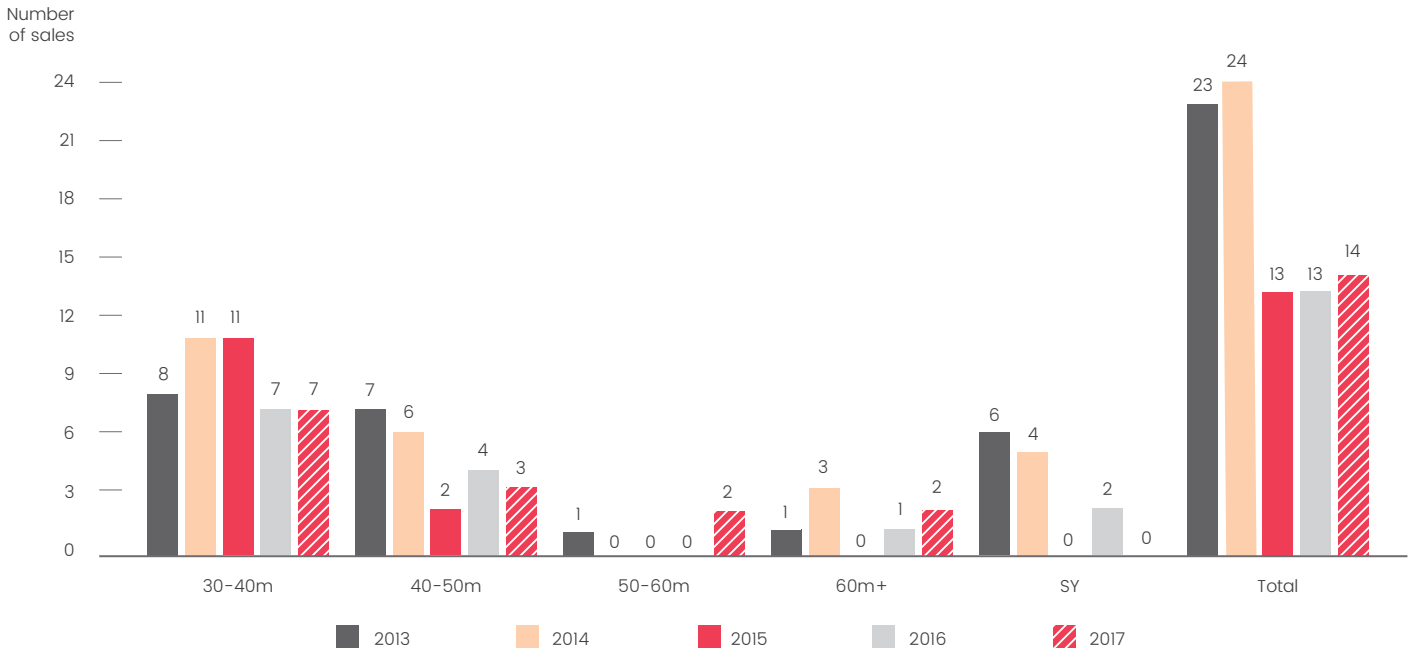
NO. 3 CAMPER & NICHOLSON'S INTERNATIONAL

While the number of transactions made by Camper & Nicholson's International (CNI) has dropped somewhat over the past three years, it must be pointed out that this is compared to two halcyon years. In 2013 and 2014, CNI recorded figures (23 and 24 respectively) that are second only to Fraser across our five-year timeline.

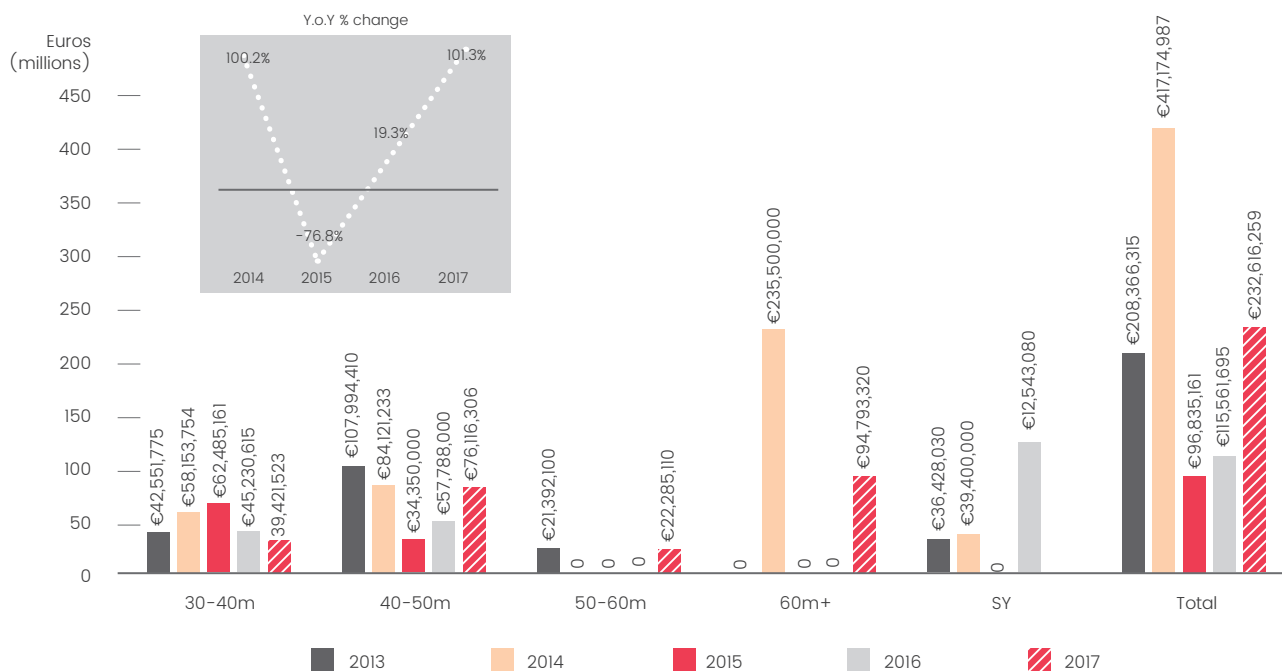
Nearly two-thirds (64.2 per cent) of all transactions have been sales, with a notable 80.7 per cent of those sales made as the sole central agent. Overall, CNI has been responsible for around 10 per cent of brokerage market capitalisation worldwide over the past five years.



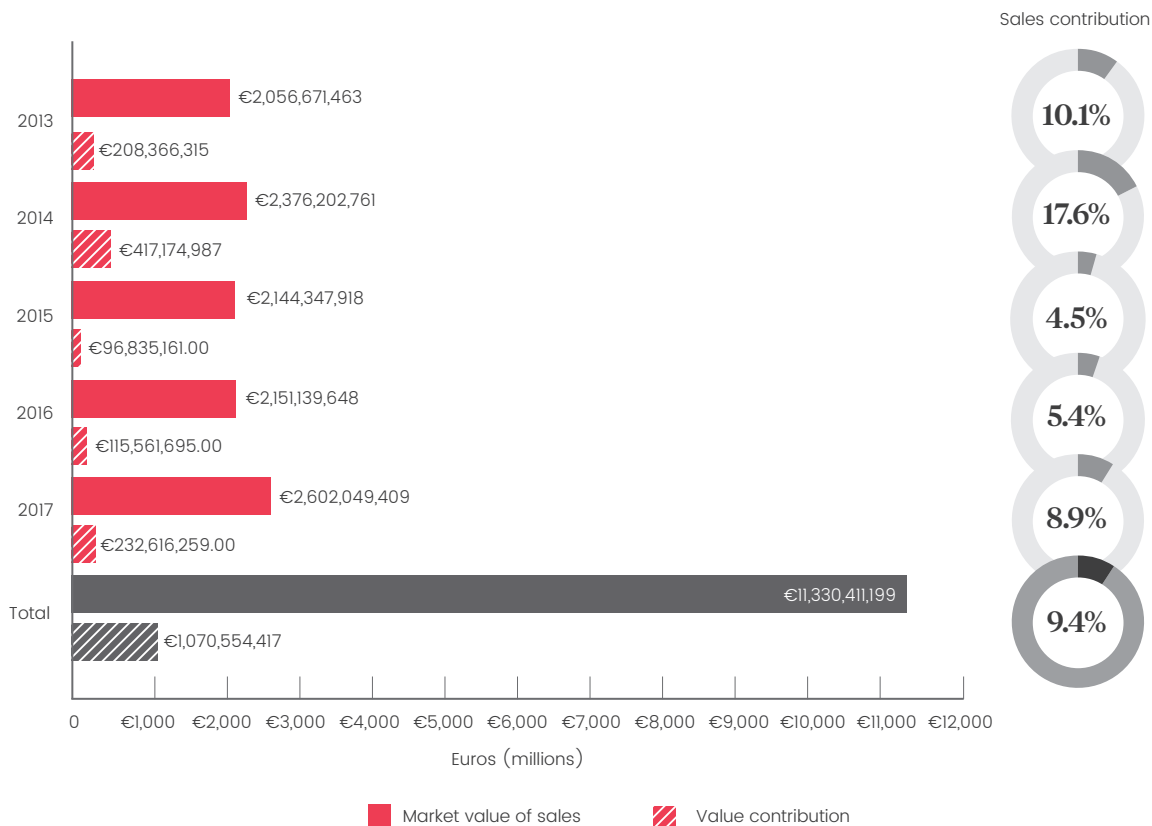
Number of sales by LOA (m)



Cumulative value of sales by yacht type and LOA (m)



Camper & Nicholson International's market share

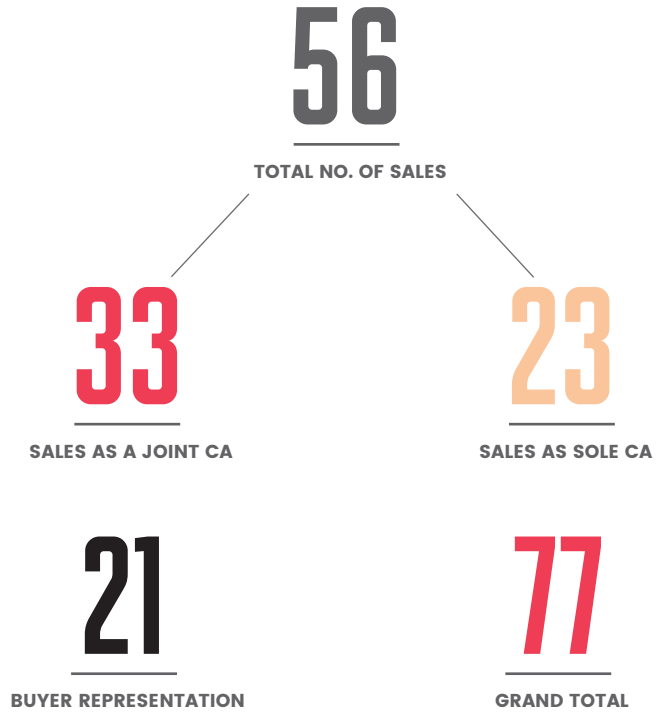




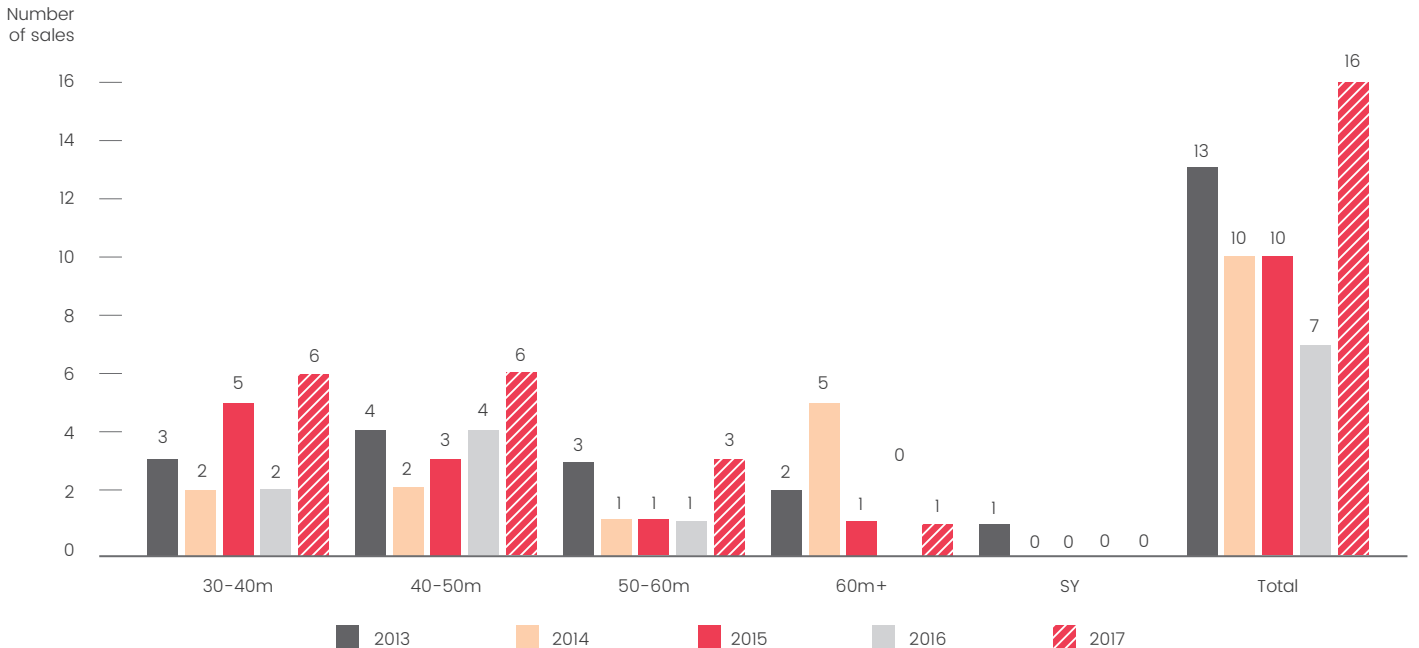
NO. 4 MERLE WOOD & ASSOCIATES

When it comes to sales between 2013 and 2017, Merle Wood has specialised in the 30-50m motoryacht sector of the market, with almost double the number of sales compared with the 50m+ market.

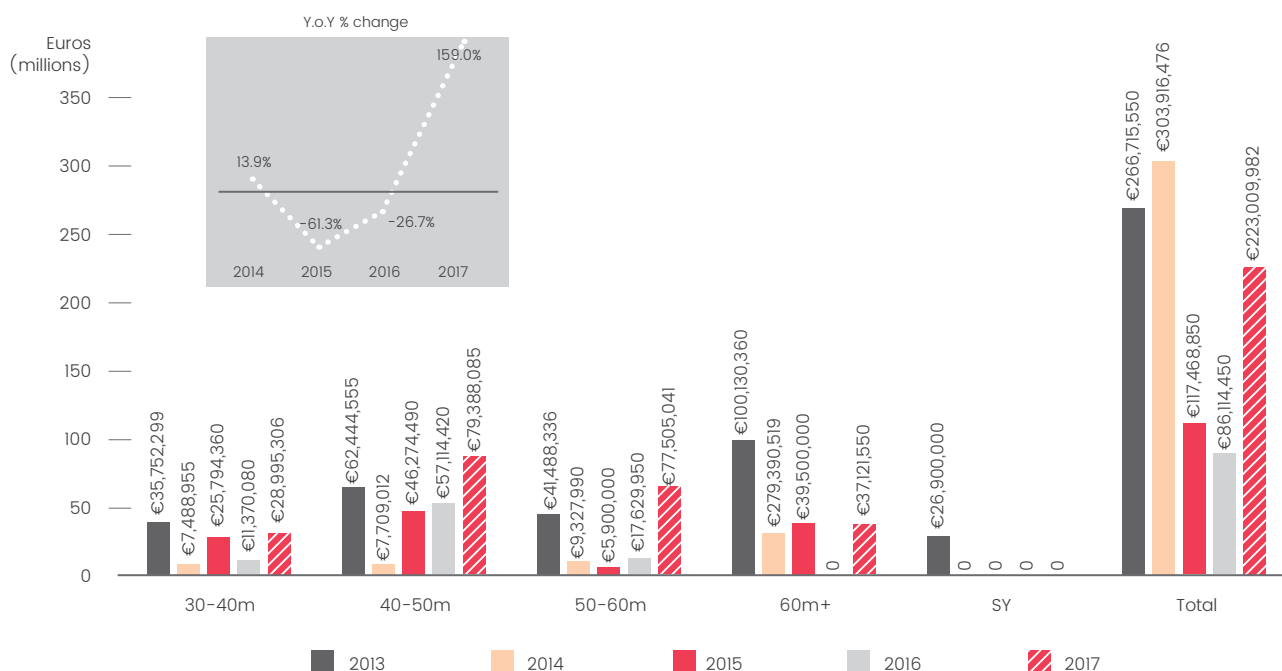
Sales are the brokerage's speciality too, with 2.7 times the number of sales as buyer representations. Merle Wood & Associates has enjoyed a very strong 2017, in line with that of the wider sector. Its 16 sales in 2017 is 1.4 times its mean five-year average of 11.2.



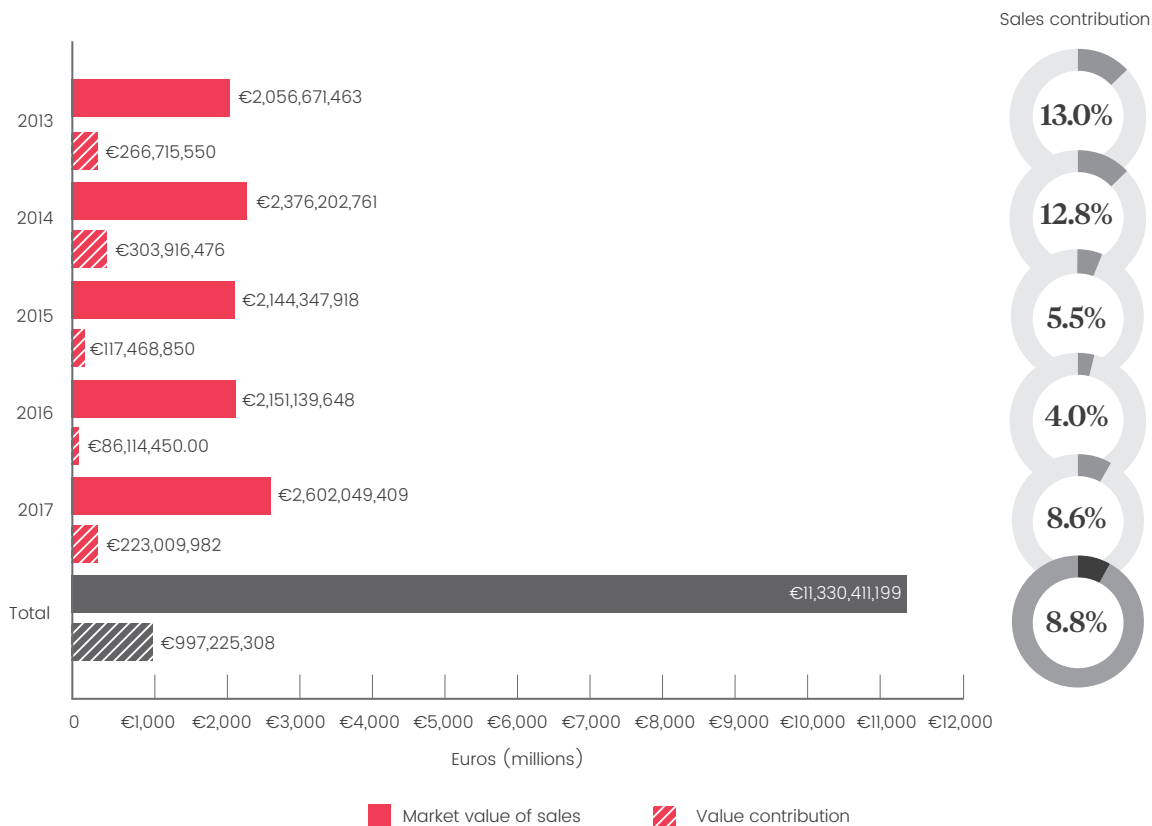
Number of sales by LOA (m)



Cumulative value of sales by yacht type and LOA (m)



Merle Wood & Associates' market share

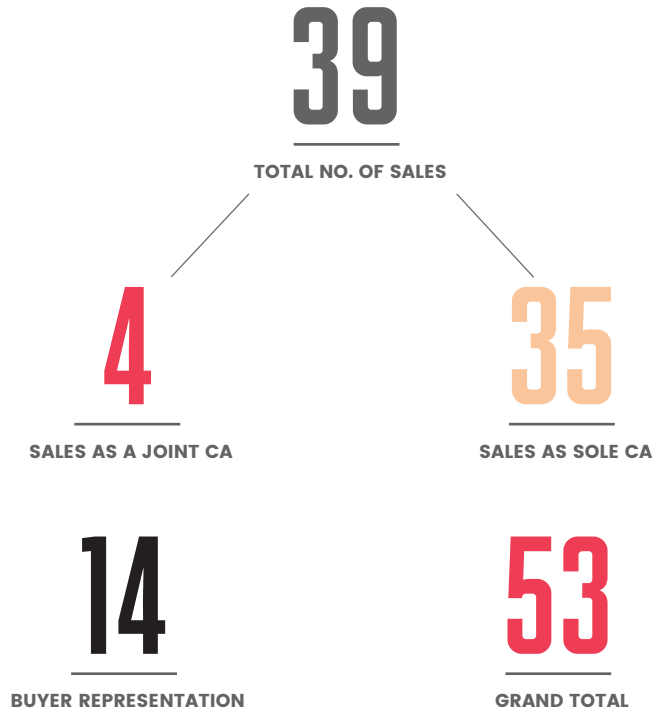




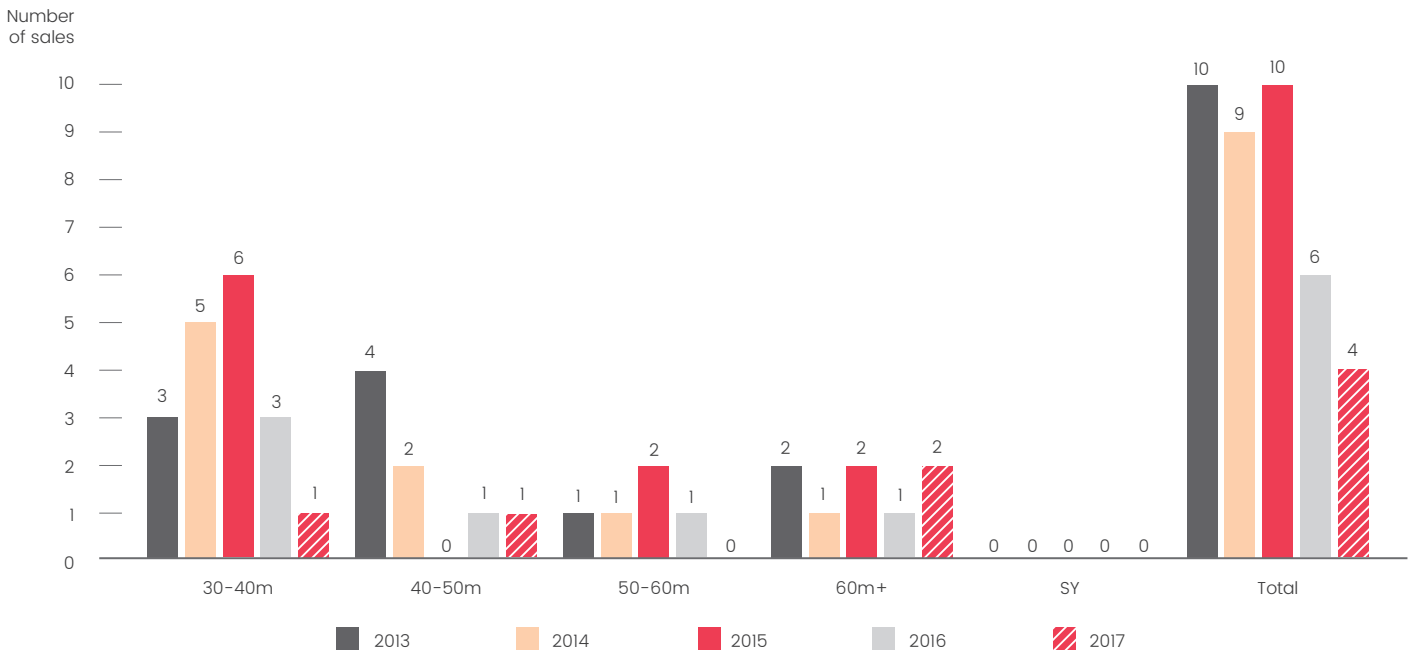
NO. 5 MORAN YACHT & SHIP

As the industry is no doubt aware, Moran is famous for its full-service proposition at the larger end of the market, having delivered a number of clients to the top custom builders. So it is not surprising that 13 of its 14 buyer representations since 2013 have been as sole agent in what is a bespoke proposition.

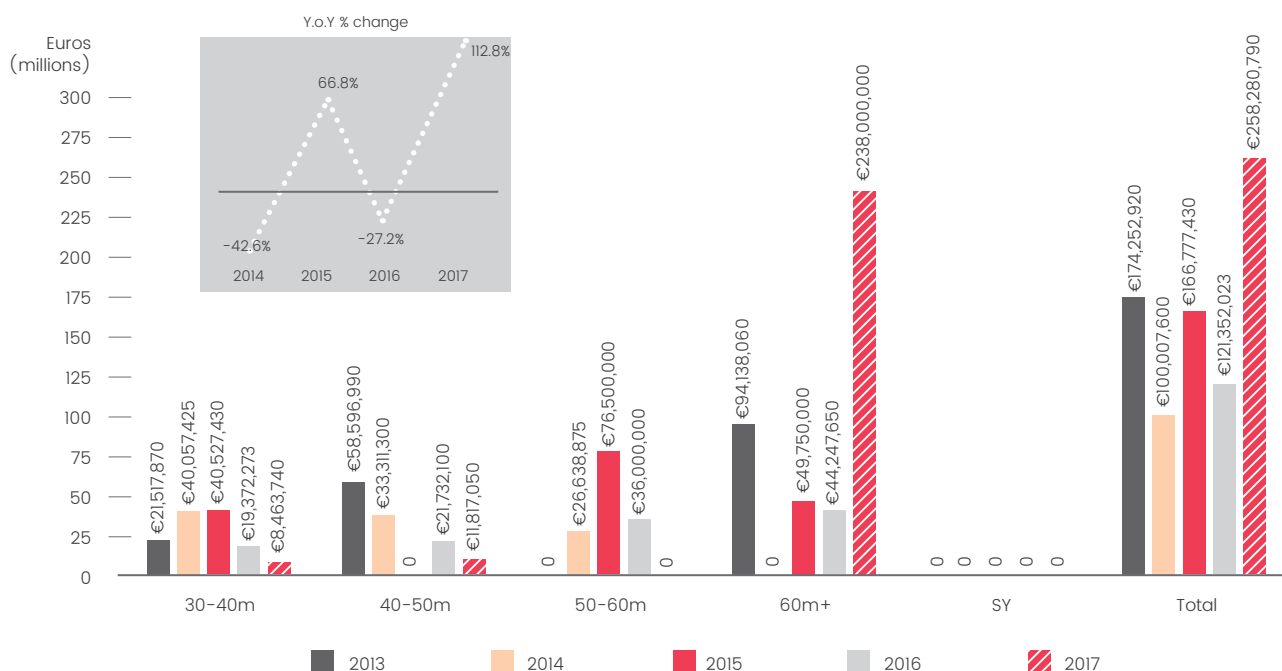
In sales terms, like all of our top five, the most active sector is 30-40m. However, as the brokerage house's reputation for big boats suggests, the next most active is the 60m+ motoryacht sector (eight sales, alongside 40-50m, but with a higher value). Among our five market leaders, this is a trait shared only by Camper & Nicholsons International.



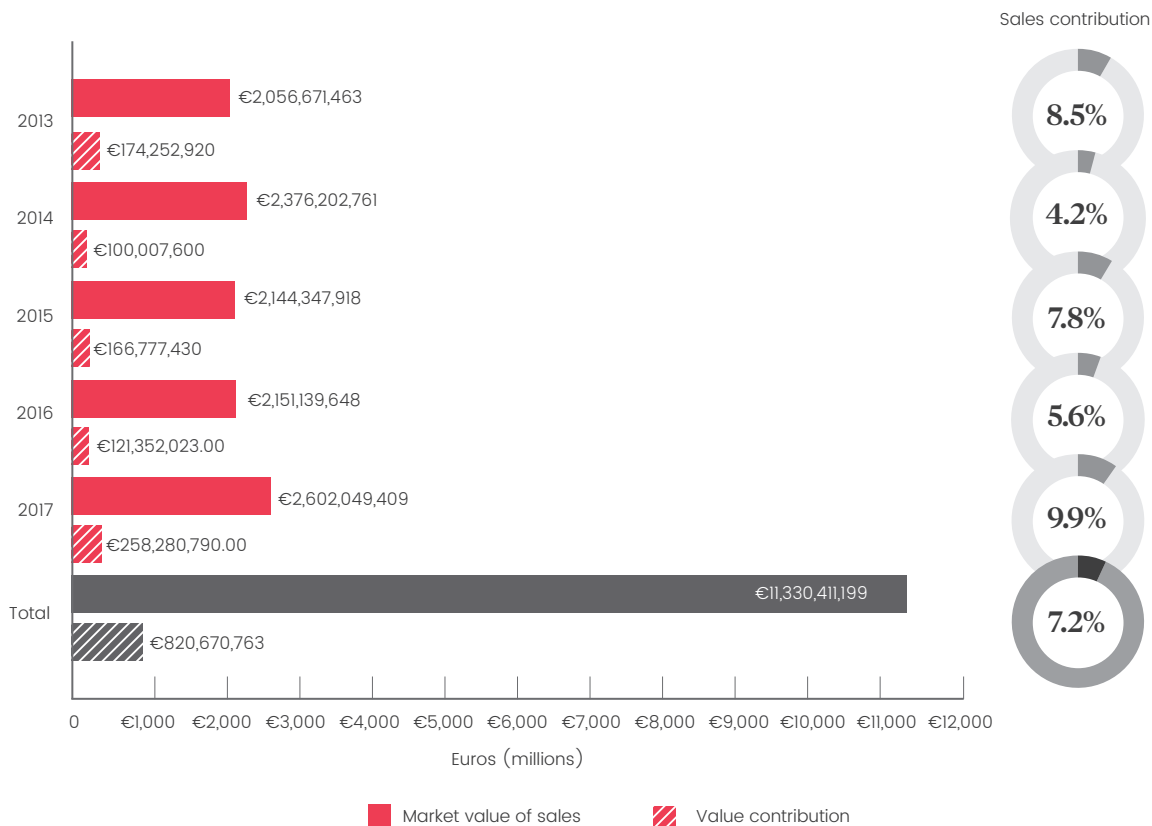
Number of sales by LOA (m)



Cumulative value of sales by yacht type and LOA (m)



Moran Yacht & Ship's market share

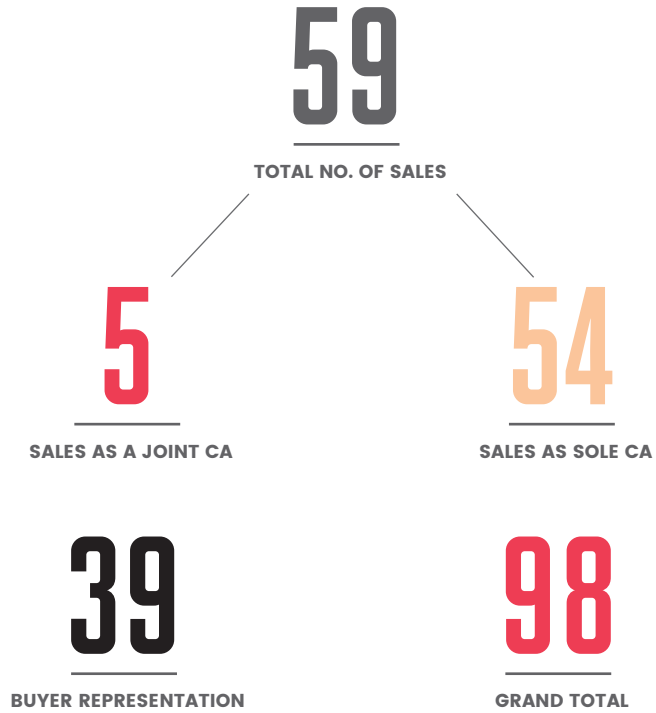




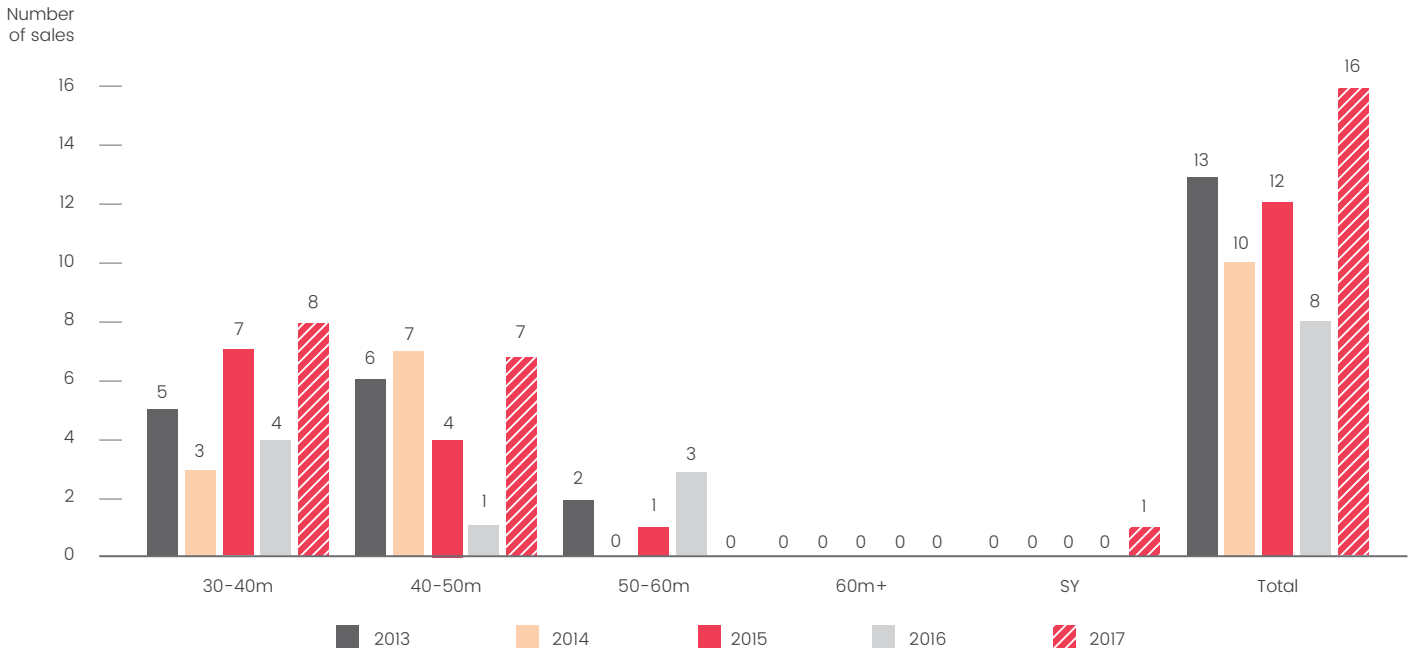
NO. 6 IYC

MARKET ACTIVITY

Total value of transactions	€904,061,469
Total value of sales	€544,781,915
Total value representing buyers	€359,279,554



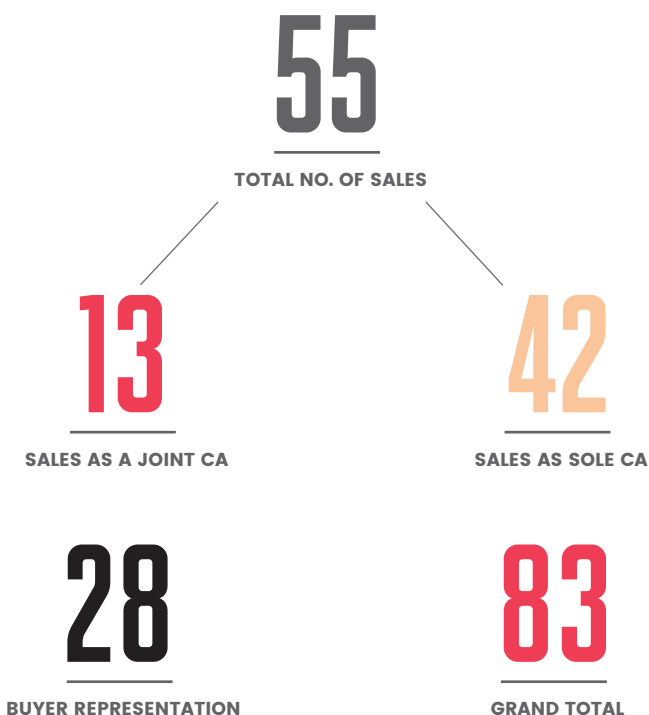
Number of sales by LOA (m)



NO. 7 OCEAN INDEPENDENCE

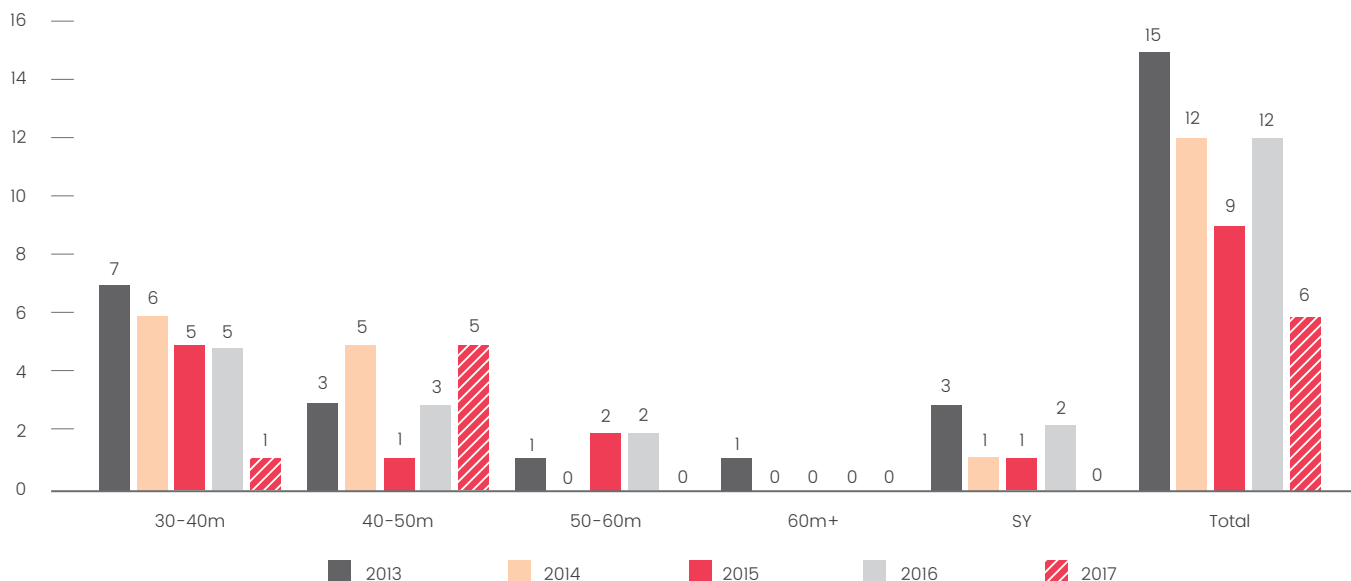
MARKET ACTIVITY

Total value of transactions	€818,466,5510
Total value of sales	€521,047,365
Total value representing buyers	€297,419,186



Number of sales by LOA (m)

Number of sales

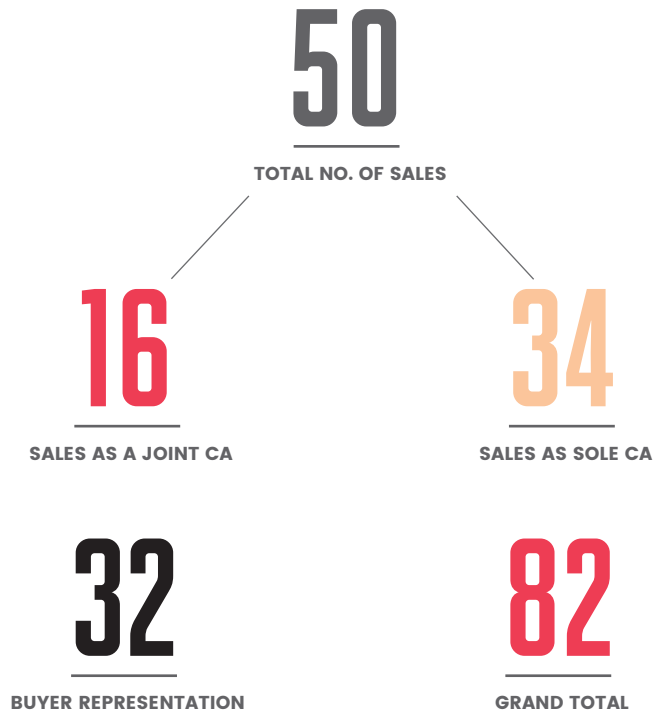




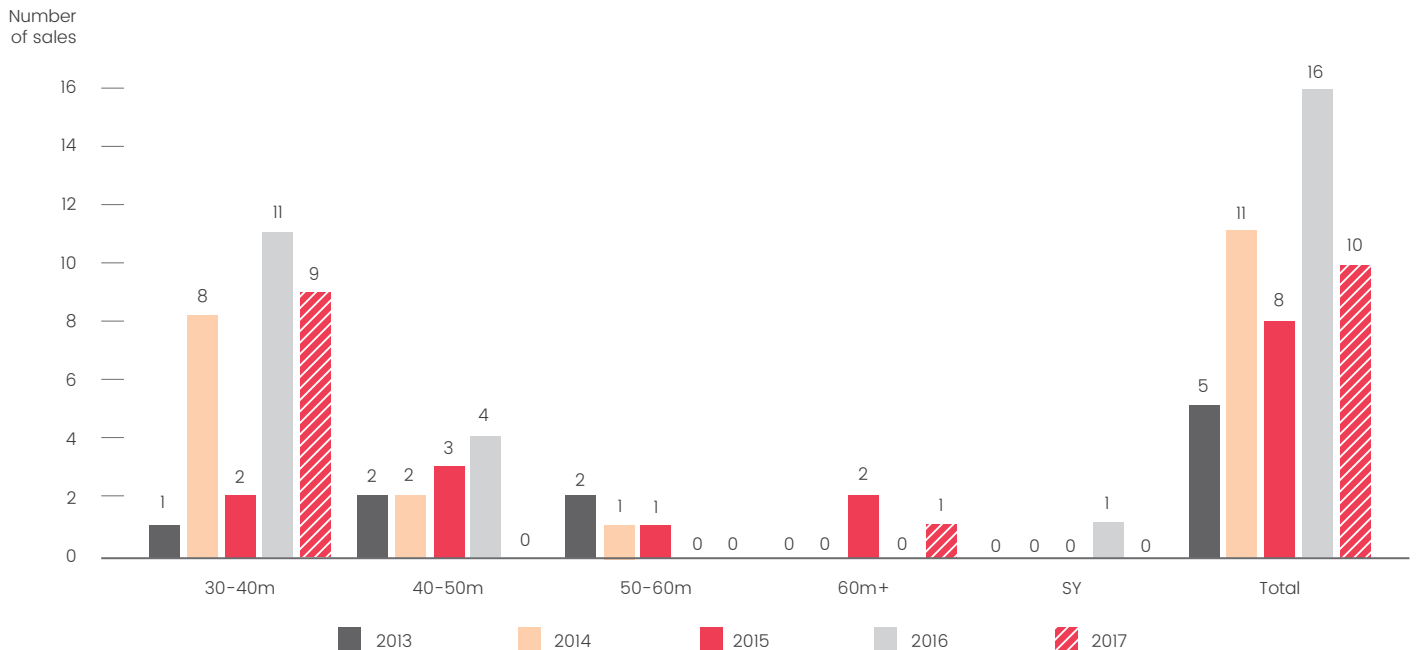
NO. 8 WORTH AVENUE YACHTS

MARKET ACTIVITY

Total value of transactions	€811,050,866
Total value of sales	€456,409,468
Total value representing buyers	€354,641,398



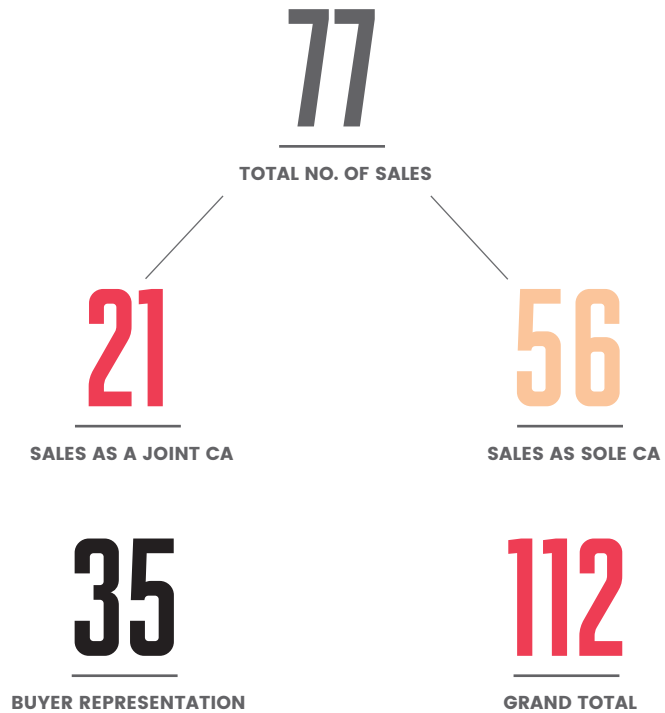
Number of sales by LOA (m)



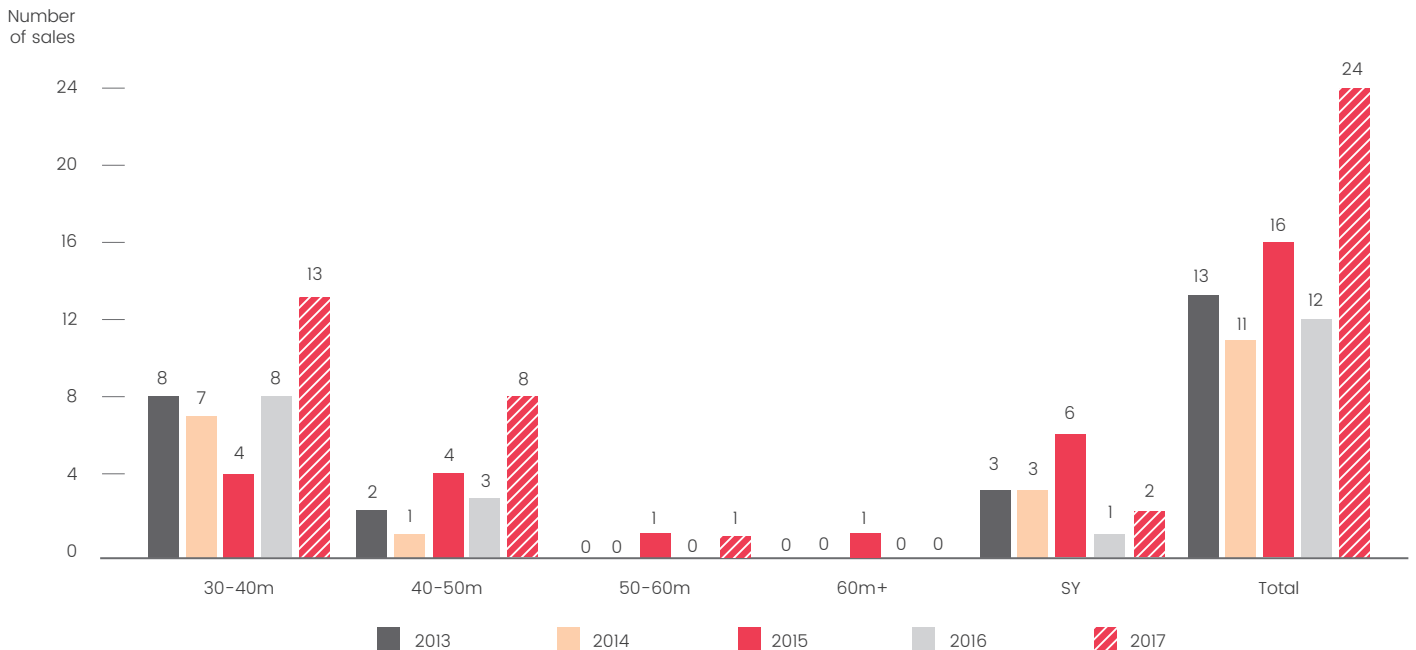
NO. 9 NORTHROP & JOHNSON

MARKET ACTIVITY

Total value of transactions	€787,412,403
Total value of sales	€448,350,584
Total value representing buyers	€339,061,818



Number of sales by LOA (m)

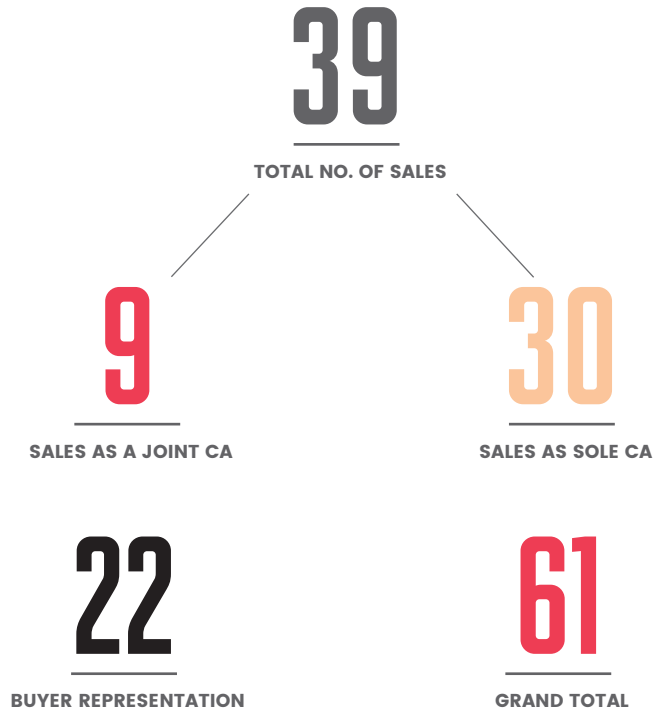




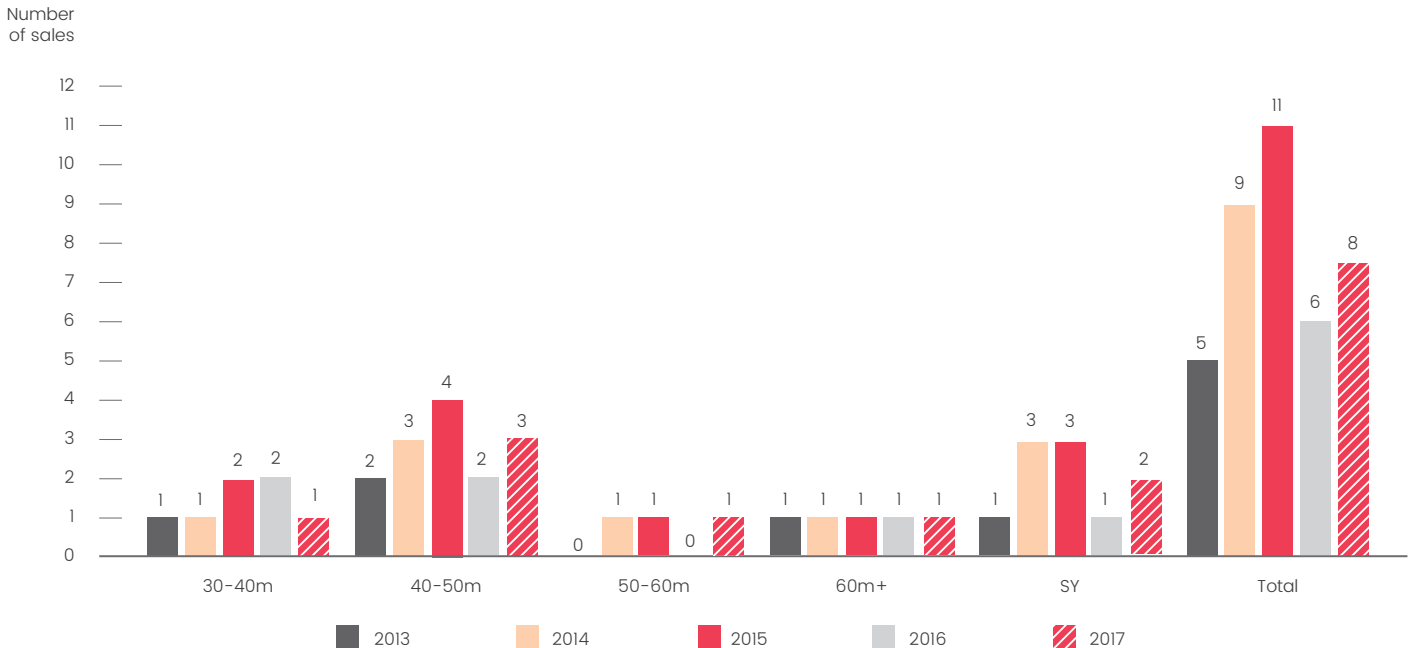
NO. 10 EDMISTON

MARKET ACTIVITY

Total value of transactions	€696,732,962
Total value of sales	€464,449,361
Total value representing buyers	€232,283,601



Number of sales by LOA (m)



TOP 10 BROKERAGE HOUSE RANKING SUMMARY

BY FELIX SOWERBUTTS

The top 10 brokerage companies we have analysed in this section are ranked on the cumulative value of their brokerage sales between 2013 and 2017 – whether by representing the buyer, the seller or both. The results reveal Fraser to be the top brokerage, having been involved in €2.66 billion of superyacht sales in our five-year time window. The firm was involved in 20 per cent of all sales made between 2013 and 2017 by the brokerages in the ranking table. Fraser also achieved a sales ratio percentage of 66:34 (seller/buyer), showing that two-thirds of its sales were on CA – a fairly consistent trend for each company in this table. Fraser completed more than €1.2 billion of sales as the sole central agent on listings between 2013 and 2017 and introduced the buyer in €723.8 million of sales.

It was Fraser's performance as a sole central agent that was particularly outstanding because the most proficient company at completing the sale of joint central agency listings (deals in which the company represented the seller in collaboration with another brokerage house) was Burgess, which completed €969.3 million of sales. Burgess was also the second-best contributor as a sole central agent, having been involved in €821.2 million of sales. These two

contributions, among others, were significant enough to see the firm involved in €2.5 billion of sales between 2013 and 2017.

The three companies that make 70 per cent or more of their sales as the seller's representative are Burgess (70:30), Merle Wood & Associates (73:27) and Moran Yacht & Ship (74:26). This can be seen as both a positive and a negative: it's good because, as a proportion of their own sales, the lion's share is generated from their own central-agency fleet, which is encouraging for sellers. However, it also means they might statistically be more likely to rely on their own listings for sales.

The obvious trend here is that these three brokerages represent some of the largest listings in the market. Only a couple of thousand people in the world can afford to buy some of the yachts they have for sale, so it really requires a collective effort from the market to complete the sales. IYC (60:40) and Worth Avenue Yachts (61:39) have delivered – as a proportion of their own sales – more sales on the buying side than the selling side out of the selection of brokerage houses. They make more than 39 per cent of their sales by finding their clients a boat in another company's central-agency fleet.

Fraser's performance as a sole central agent was particularly outstanding.

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Antoine Larricq – Fraser Yachts

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BUYER VERSUS SELLER REPRESENTATION

BY BRYONY MCCABE

For a brokerage house, there are pros and cons to representing a buyer rather than a seller during a superyacht transaction. The following data and analysis offer an insight into brokerage-house performance based on their representation of sellers as against buyers. The data can also be used as an indication as to whether certain companies specialise in one area or other and whether this is a reflection of quality or expertise.

What stands out most from data comparing brokerage house transactions from 2013 to 2017 is that the majority of companies show a higher percentage of representation of sellers than buyers, and this is particularly true of the bigger brokerage houses. It is a predictable result because it is common for brokerage houses to make sales by default – essentially getting credit for a sale because they had the initial contact to get the listing in the first place. This means any potential buyers are introduced to them without them having to do much legwork other than the initial marketing campaign advertising the boat for sale.

Therefore, it stands to reason that the industry's bigger, well-established brokerage houses dominate the data results in terms of overall number of transactions during this period. Fraser, Camper & Nicholson's International, Burgess and Northrop & Johnson head the table in terms of overall number of transactions, with around 60 to 70 per cent of these being through seller representation.

The appeal of listing a yacht for sale through such established and reputable brokerage houses would be that their resources allow for more marketing of the yacht and a greater reach in terms of the breadth of individuals contacted and visibility of the listing. With these brokerage houses, sellers would have confidence that the listing will be presented to all possible potential buyers and this is reflected in the data.

Of course, the financial incentive for a brokerage house to represent the buyer during a transaction is higher because it typically means a larger percentage of the overall commission for the broker. However, on the buying side of a sale, clients could come from anywhere, including outside of the industry, and so finding a buyer for a transaction is inherently more difficult. Because the potential buyer might not yet be in the superyacht industry, introductions could come from outside companies, including high-end real-estate firms or family

The data shows the majority of brokerage houses as being more consistent on the selling side of transactions and less so on the buyer side, and this reflects a greater array of companies introducing and representing buyers.

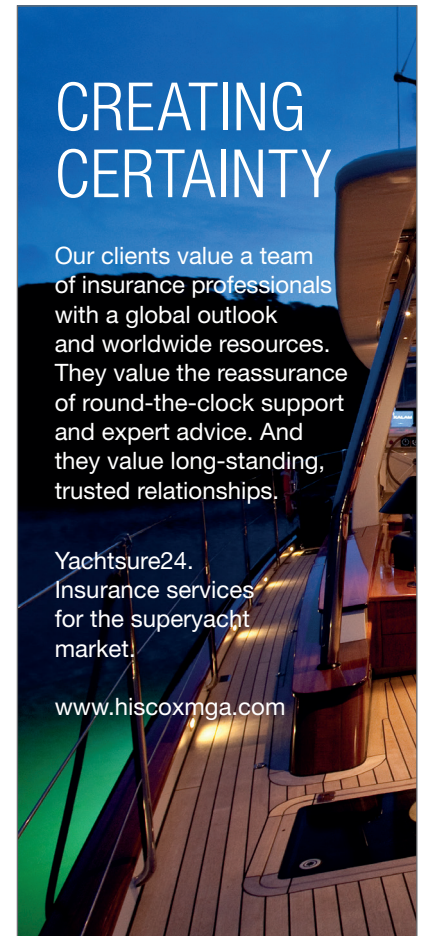
offices. It makes sense, therefore, that the data shows the majority of brokerage houses as being more consistent on the selling side of transactions and less so on the buyer side, and this reflects a greater array of companies introducing and representing buyers.

It is also interesting to see the differences in transactions between brokerage houses that offer brokerage only and those also offering other services such as management, crew employment and charter. Brokerage houses offering 360-degree ownership services may well appeal to buyers seeking advice on all aspects of purchase and ownership because they can call on the expertise of each department for different parts of the buying journey. However, the data shows that brokerage houses representing buyers in the majority of their transactions are mostly sole brokers. These include HMY Yacht Sales with 60 per cent buyer representation, Allied Marine with 59 per cent buyer representation and Galati Yacht Sales with 63 per cent buyer representation. RJC Yacht Sales is almost split down the middle in terms of buyer versus seller representation.

The appeal of a smaller company focused on brokerage only for a buyer is the assurance of balanced and unbiased advice when navigating the brokerage

market. Brokerage companies that offer management and other services can be accused of having a vested interest in getting the buyer to purchase any boat, regardless of suitability, in the hope of securing other fees and continued business for in-house services when ownership is in place. Therefore, prospective yacht buyers might feel more comfortable seeking representation from brokerage-focused companies in the hope that they will be honest and impartial.

A strong seller representation is important for a brokerage house because it shows quality and experience in terms of marketing force, contact reach and getting a deal done. This is where the more established brokerage houses excel as they benefit from greater resources, a varied database and industry-wide recognition. However, a strong buyer representation is perhaps more valuable for a brokerage house, not only because of the higher financial gain, but also because it means establishing a close relationship with a new owner that could lead to further business down the line. While focused brokerage houses may be preferred for a perceived impartiality, brokerage houses offering other services will also appeal to some clients because of their ability to offer expertise in every element of the purchasing journey. **BM**



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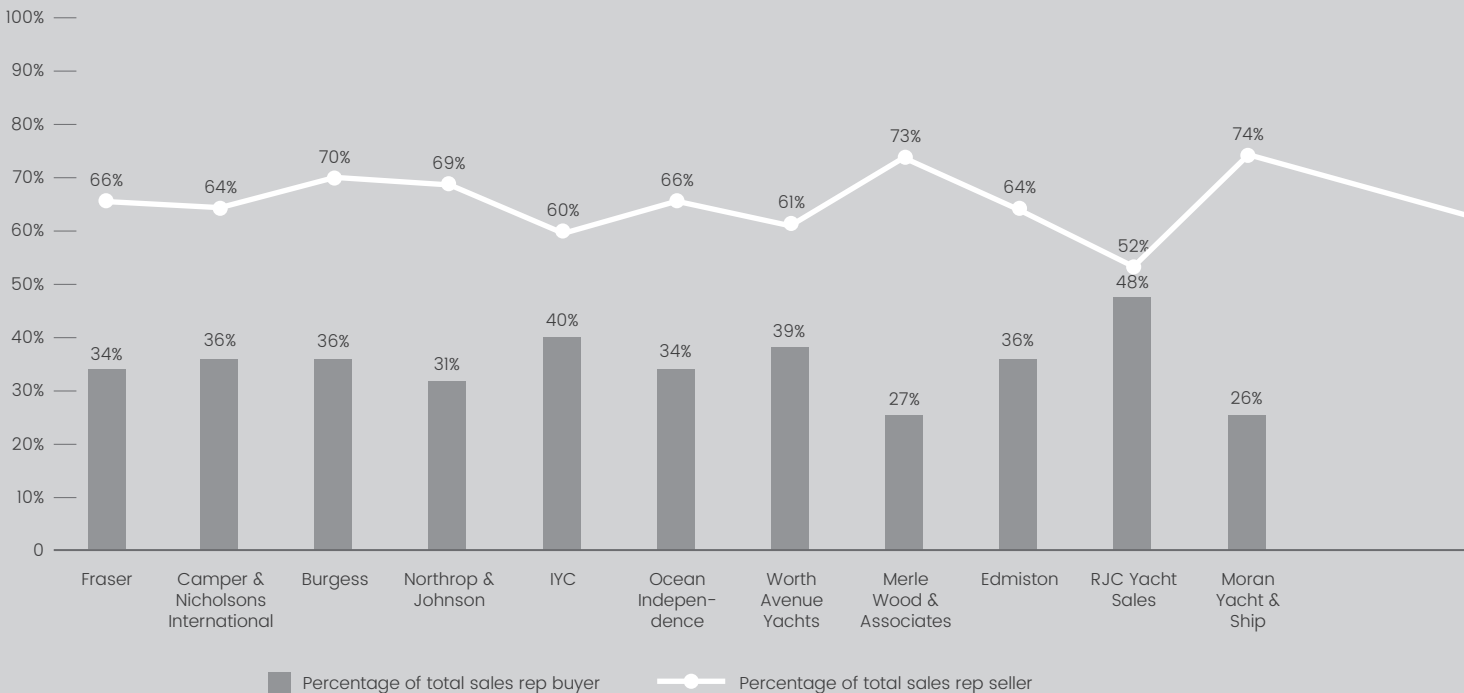
Total number of sales transactions by brokerage house, 2013-2017

Total no. of transactions

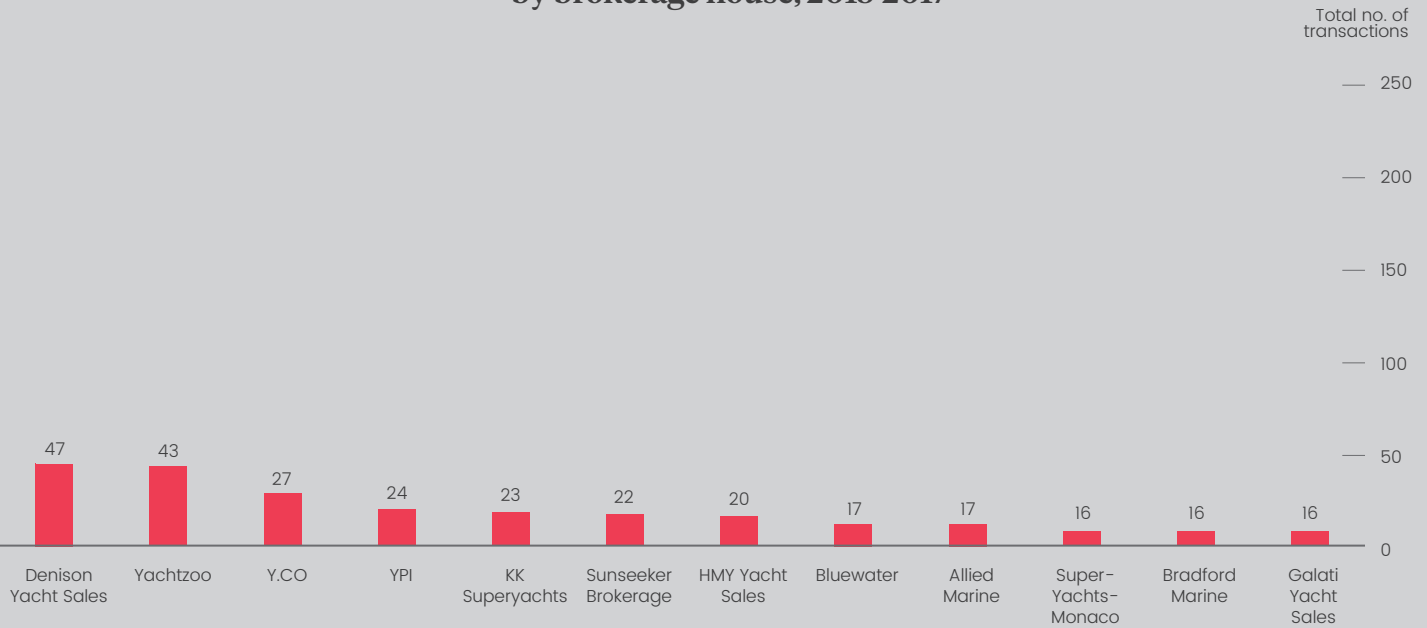


Percentage of seller representation versus buyer representation in transactions, 2013-2017

Percentage



Total number of sales transactions by brokerage house, 2013-2017



Percentage of seller representation versus buyer representation in transactions, 2013-2017





HOUSE PORTFOLIOS AND PERFORMANCE

BY CHARLOTTE THOMAS

Measuring the relative performance of brokerage-house portfolios is a complex business, not least because of the huge number of factors – both in the superyacht market and from the wider economic and political landscape – that can play a part. But what do the figures tell us about this vibrant and diverse sector of the industry, and is there a perfect brokerage-house portfolio that can increase the chances of financial success?

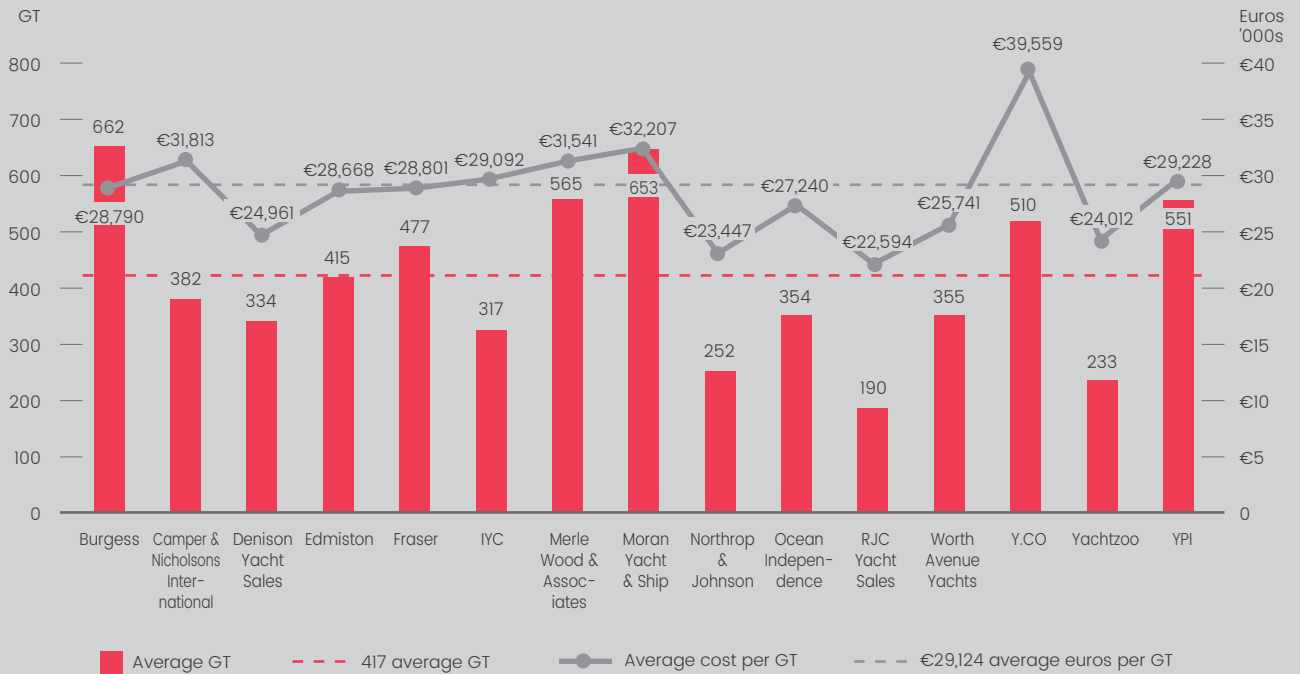
The Superyacht Intelligence Agency set about compiling the most comprehensive data set possible to try not only to gauge the value of brokerage but also to see what trends may be emerging in the brokerage market. Are there particular styles of portfolios that prove more lucrative than others, for example, or are there seasonal spikes that show when yachts typically sell?

The figures are somewhat eye-opening. Our data, compiled for yachts above 30m sold between 1 January 2013 and 31 December 2017, is based on the detailed responses of 199 brokerage operations. In total, 1,134 yachts were registered as sold during the five-year period, representing a cumulative total final sales value of more than €11 billion (€11,330,411,199). Of those sales, 812 were completed by just 15 brokerage houses, which equates to 7.5 per cent of brokerage firms being responsible for 72 per cent of yacht sales from 2013-17.

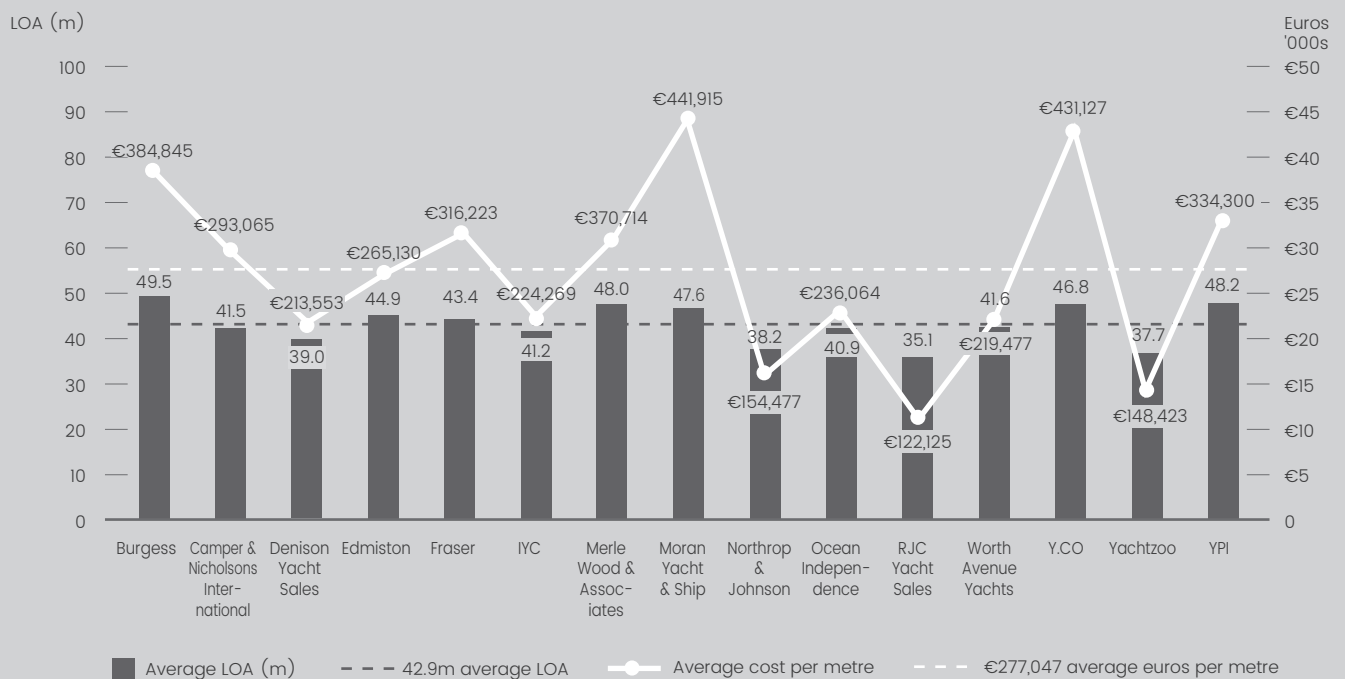
Among these 15, three standout names broke through the €1 billion barrier for cumulative sales value. Fraser led the pack with €1.91 billion, closely followed by Burgess at €1.79 billion, while Camper & Nicholsons International (CNI) registered in a relatively distant third place at €1.07 billion. Both Merle Wood & Associates and Moran Yacht & Ship came close to the billion-euro barrier at €997 million and €821 million respectively, but the picture was slightly different as a proportion of the overall sales total. Fraser, for example, comprised 18.8 per cent of the overall market value with 17 per cent of yachts sold, but Burgess contributed 17.6 per cent of the overall total on just 11.6 per cent of the yachts sold. Moran gave an even more impressive performance, selling just 4.8 per cent of the yachts but contributing to 8.1 per cent of the cumulative sales total.

Therefore, if we ignore absolute values and consider the individual brokerage house's performance on relative terms, the picture continues to look a little different. Fraser, with the highest number both of yacht sales and of combined sales value, is the benchmark against which we can measure the others. Burgess, for example, had a sales value close to 94 per cent of that of Fraser but from just 67.6 per cent of the number of yachts sold by Fraser. If we translate this to a performance ratio

Average GT of vessels sold



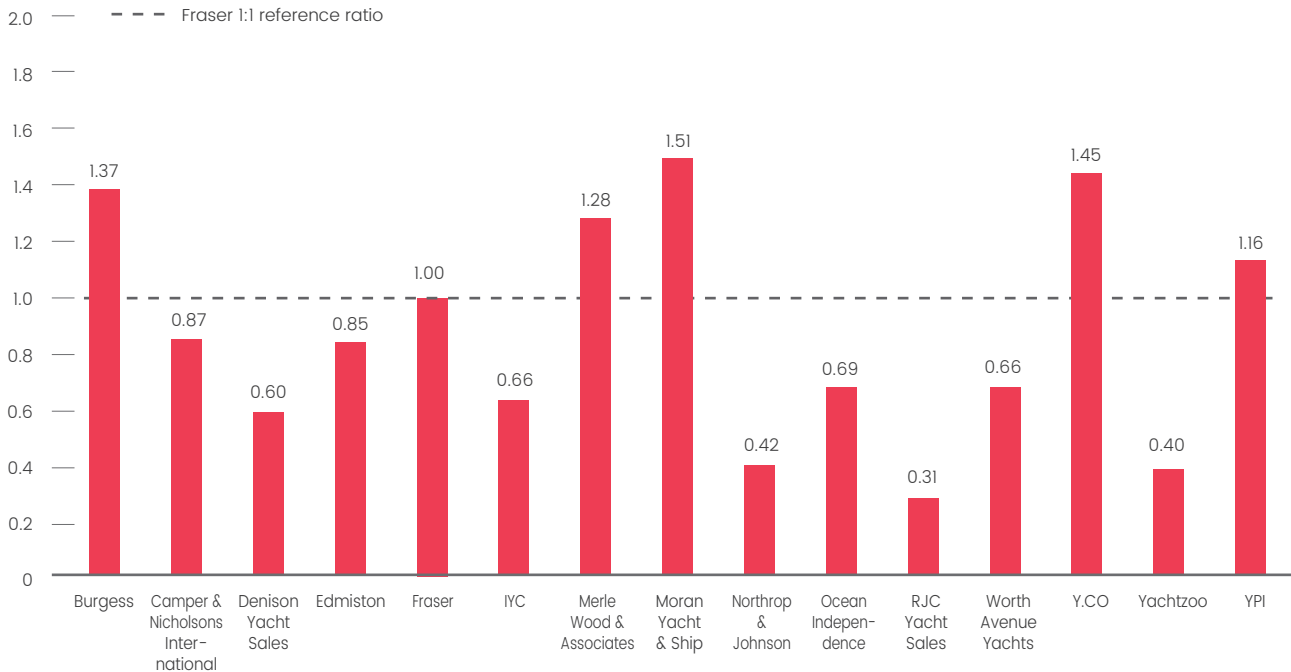
Average LOA (m) of vessels sold





Ratio of percentage total yachts sold and percentage total sales value

Performance ratio (higher = better)



The ratio demonstrates the relative performance of sold portfolio against the total yacht sales across all brokerage houses, calculated from each brokerage house's percentage of the cumulative yachts sold and cumulative revenue. It should not be taken as a comparative performance marker as some brokerage houses specialising in the sales of smaller yachts or with smaller portfolios will have contributed proportionately less to the overall sales revenue than those specialising in larger yachts, influencing their ratio.

– where Fraser forms the benchmark of 1:1 and where a higher ratio signifies a better revenue return against the number of yachts sold – then Burgess shows a favourable 1.37:1, while third-placed CNI records 0.87:1 based on cumulative sales revenue.

Looking further down the list, Moran Yacht & Ship registered a cumulative sales figure that was 43 per cent of Fraser's, yet Moran's performance ratio stands at 1.51:1 – the highest of any of the top 15 houses. Drilling deeper into the numbers reveals that almost 30 per cent of Moran's sales book was for yachts of 50m or over, but these contributed close to 50 per cent of Moran's five-year sales revenue, highlighting the relative value of larger brokerage yachts. By contrast, Fraser

may have sold the most yachts at 139, but 67 of these (48 per cent) were in the 30-40m bracket where final sales prices are low compared with the higher value, higher gt vessels at the larger end of the market. Indeed, Moran registered 21 per cent of its sold portfolio as motoryachts of 60m or longer, the highest proportion of any of the top 15 brokerage houses. Burgess registered 18 per cent for the same bracket while Fraser, the top performer on cumulative sales value, had just nine per cent of its sold portfolio in the 60m+ motoryacht bracket.

Naturally, this can be somewhat skewed by the average LOA of yachts that a brokerage house may have sold. Companies such as Ocean Independence (OCI), RJC Yacht Sales, Yachtzoo, Y.CO

and The International Yacht Company (IYC), for example, registered sales predominantly or exclusively in the 30-60m brackets, and even Fraser's extensive sales record included 41 per cent of sales in the 30-40m bracket or 68 per cent in the 30-50m brackets.

A more reliable measure of performance might be, therefore, to consider the value per gt of yachts sold, by which we see that the average from the yachts sold by the top 15 brokerage houses was €29,124/gt. Against this, RJC scored the lowest average at €22,594/gt – hardly surprising, given that all of RJC's yacht sales were for lower-gt vessels between 30m and 50m. Leading the pack was Y.CO, with an average of €39,599/gt – perhaps ex-

plained both by the fact that, relative to the big players, Y.CO's sales volume was modest and that 18 of Y.CO's 21 recorded sales were for yachts less than 10 years old. In second place was Moran Yacht & Ship at €32,207/gt, perhaps reflecting the relative size of yachts in Moran's portfolio. Fraser, for example, sold three and a half times the number of yachts than Moran over the same period, but those yachts were heavily weighted towards the lower-value, smaller-size brackets.

The age of a yacht is also clearly a factor in a brokerage firm's portfolio. By correlating the comprehensive data, compiling and dissecting five leading yacht marques across five leading brokerage houses, we were able to establish a relative value according to age and size of yacht. For this we looked at five popular, but diverse, yacht builders – Benetti, Feadship, Heesen, Westport and Sunseeker – and compared their performance on the brokerage market according to figures returned by five key brokerage firms: Burgess, CNI, Fraser, Merle Wood and IYC. This analysis revealed that Feadship vessels retained the highest average price per gt for any given age of yacht and that Heesen yachts also retained value well.

It is also worth considering how sailing yachts perform in the current brokerage market. Our data suggests that across yachts sold by the 15 top brokerage firms, 89.3 per cent were motoryachts (725 of 812, with 87 sailing yachts sold). This ratio of motoryachts to sailing yachts was broadly mirrored across the sold portfolio for houses such as Burgess, CNI, Fraser and Ocean Independence. Interestingly, nearly all the US brokerage firms featuring in the top 15 by sales were weighted heavily, or exclusively, to motoryachts, the exception being Northrop & Johnson, where approximately 20 per cent of sales were for sailing yachts. This suggests that the US market firmly retains its motoryacht culture. This contrasts with Europe-based companies such as YPI or Edmiston, for which sailing-yacht sales represented 43 per cent and 25.6 per cent of cumulative sales respectively – among the higher proportion across the top 15 houses.

So what makes for the perfect portfolio? The complex relationship between yacht brand, age and condition clearly

Perhaps there is no single perfect portfolio but rather a handful of permutations that could point to success depending on the geographical market.

plays a major part in the value of any given brokerage house's portfolio or its sales performance over a period of time, and overall revenues are not always indicative of relative performance given the larger number of lower-value yachts typically on the market compared to the handful of high-value superyachts at the top end of the size range that subsequently achieve sale. In the US, the performance and portfolios of the key brokerage houses suggest that the market is weighted heavily towards motoryachts, and this is reflected in the portfolios of the leading houses – although this has also allowed Northrop & Johnson to corner the sailing-yacht market there.

Fraser's cumulative sales record and its relative weighting towards smaller yachts suggests that high-volume sales at the lower end of the market can still help to drive overall revenue, as seen also with CNI, Denison, RJC and others, but a portfolio spread that includes larger yachts can increase the relative average €/gt for sales. Age, too, is not necessarily so much of a factor depending, as it does, on the yacht brand being sold. Close to one third of yachts sold by Burgess, for example, were originally launched in or before 2002, yet their value-to-revenue totals indicate that the depreciation on those yachts remained above average, maybe suggesting a weighting towards the more sought-after marques.

Perhaps there is no single perfect portfolio but rather a handful of permutations that could point to success depending on the geographical market. Weighting towards smaller yachts can mean a bigger throughput of inventory but for less relative overall value, while a balance of around 90 per cent motoryachts to 10 per cent sailing yachts reflects the wider market trend. Focusing on specific sectors or size brackets – dealing exclusively with motoryachts and aiming to corner the big-boat market, for example – can present an alternative path but, equally, a diversified portfolio across all size brackets, yacht types and yacht ages can also indicate a solid return.

As The Superyacht Intelligence Agency continues to digest and dissect the wealth of data it has accumulated, it will develop new algorithms and alternative analyses to present precise intelligence on all these facets. Watch this space. **CT**

OKKO

OKKO – *appealing, elegant, unique*

At 41m in length, *OKKO* is an all-aluminium tri-deck, semi-displacement superyacht with a bulbous bow, built at Mondomarine shipyard. She was delivered in 2012, with Imperial acting as owner's representative and build supervisor, with exterior and interior designs styling by Giorgio Vafiadis who was inspired by a contemporary, yet timeless look that breathes luxury and comfort. *OKKO*'s particularly appealing exterior design is dominated by her beautiful symmetrical lines with a mix of angular and rounded shapes and large rectangular-shaped windows. Starting at the sun deck, this fabulous area is designed to maximise usable space; a maximum of 12 guests can dine while under way, offering an incredible view. This area is the perfect relaxation place with bar, BBQ, Jacuzzi, seating and sunbed area. *OKKO* is also known for the important work done on board to prevent noise and vibration

issues commonly found in similar vessels. Specific vibro-acoustic work has been implemented and the results are fantastic, with greater acoustic insulation and less vibration for all her guests in navigation.

The yacht's elegant styling does not give any clue as to her relatively high volume: at 366 gross tons, *OKKO* is more voluminous than her sister-ships. *OKKO* boasts a clean design elevated by luxury materials and fabric: bevelled mirrors, white onyx and soft goods by one of the hallmarks of Italian style, the fashionable Fendi, emphasising the light interior. Wood is a consistent theme throughout the yacht, and with a perfect high-gloss finish it brings out its particular veneers while enhanced by the use of golden and tobacco-tinged tropical hardwood panels to carefully match the atmosphere. On entering the main salon, you are immediately enraptured by a magic that pervades the

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SPECIFICATIONS

Finalist at the World Superyacht Awards 2013

Great acoustic insulation while cruising

Versatile decks including a panoramic sun deck with Jacuzzi

Elegant and timeless interior

Five luxurious cabins, ideal for family journeys

Impressive array of water toys

whole yacht. The salon and the dining room for eight guests follow a classic access arrangement: you enter through a semi-circular sliding glass door in a very spacious area which is home to a huge U-shaped sofa. The bridge deck salon features custom-designed furniture as well as pieces from Fendi and IPE Cavalli, which surround an 80-inch flat-screen TV. Blackout curtains transform this area into a cinema.

OKKO's night side offers five generous en-suite cabins: the owner's suite occupies a generous space forward on the main deck and includes an en-suite lavished in marble and backlit onyx, while four guest cabins are fitted on the lower deck, comprising two doubles and two twin cabins with Pullman berths. Each cabin has its own Kaleidoscope system offering a wide selection of world cinema from your iPad and a large selection of A/V amenities.

Built with specific care and attention to detail, and finalist in the World Superyacht Awards 2013 *OKKO* is a truly modern, exciting, voluminous and stable vessel with excellent sea-keeping qualities. Thanks to her crew of seven, who maintain *OKKO* in condition, you will be assured of a very relaxed journey on board a modern and versatile yacht.



RUSH

RUSH – *enter the legend*

RUSH is perhaps one of THE most iconic fast Mediterranean superyachts of her generation. Part of the Mangusta 165ft range from Overmarine shipyard and hull no. 5 of this series, *RUSH* was delivered in 2010 by Imperial, which acted as owner's representative and build supervisor throughout construction. Finalist at the World Superyacht Awards 2011, she is presented in pristine condition and boasts aggressive and powerful lines designed by Overmarine and Stefano Righini, enhanced by 2 x MTU 16V engines developing 3,440kW each, for a total output of 6,880kW and a top speed exceeding 30 knots.

Her on-board exterior facilities include a wide main deck aft area with an amazing pivoting dining/coffee table for 10 guests, and sun pads or a lovely sunbathing area including a Jacuzzi on the bow, ideal for more private moments during your journey. The sun deck offers a panoramic view over the sea with dining area, sun pads and a second helm station.

RUSH's interiors are designed by Giorgio Vafiadis: bright and masculine, her layout includes high-gloss Wenge wood, mother-of-pearl, Onyx, silk-blend carpets, high-end designed Foglizzo leather wall panels and impressively high ceilings for a vessel of this range. The main deck salon opens on to the dining area and the bar, and leads to a wide social area with a super comfortable round sofa for launching and watching the 82-inch TV screen fitted here, including a large cinema library. Going forward to the lower deck, *RUSH* unveils five en-suite luxurious cabins for 10 guests, all tastefully decorated with beautiful Lalique taps: a marvellous full-beam master with his and her bathrooms, a VIP nestled in the bow and one guest cabin with double

bed and two twin cabins (one with an additional Pullman bed). Her exclusivity is also hidden here: *RUSH* offers a fully fitted massage zone with steam room in this area, unusual on open yachts. *RUSH* is also made for efficient and dynamic crew, thanks to her upgraded crew area now fitted with five cabins.

Created for unforgettable moments at sea with a large set of water toys available on board, *RUSH* is dedicated to those looking for new experiences and incredibly fast cruising, with the same comfort and consideration for well-being as the best palaces in the world.



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SPECIFICATIONS

Hull no 5 of the Mangusta 165ft series

Powerful MTU 16V engines, top speed exceeding 30 knots

Impressive and functional exterior living spaces

Masculine and stylish interior by Giorgio Vafiadis

5-cabin layout including spa/massage area





SPEED OF SALE ANALYSIS

BY GEORGIA BOSCAWEN

Over the past five years, The Superyacht Intelligence Agency has recorded €11,330,411,199 worth of superyacht sales, of which 79.6 per cent were sold by the 10 prominent brokerage houses listed here. Collectively, these brokerage houses have sold 501 superyachts in an average period of 7.6 months. The speed of sale is a huge draw for a client because the quicker the sale, the higher the net return, due to lack of operating expenditure (OPEX) and depreciation of the vessel. So how do these 10 market leaders compare with one another when it comes to the speed of sale?

Within this five-year period, Fraser Yachts has achieved the highest number of sole CA superyacht sales – 103 with a cumulative value of €1,245,774,408. On average, vessels listed with Fraser remain on the market for 6.9 months, which is 0.7 of a month below the average for these 10 brokerage houses.

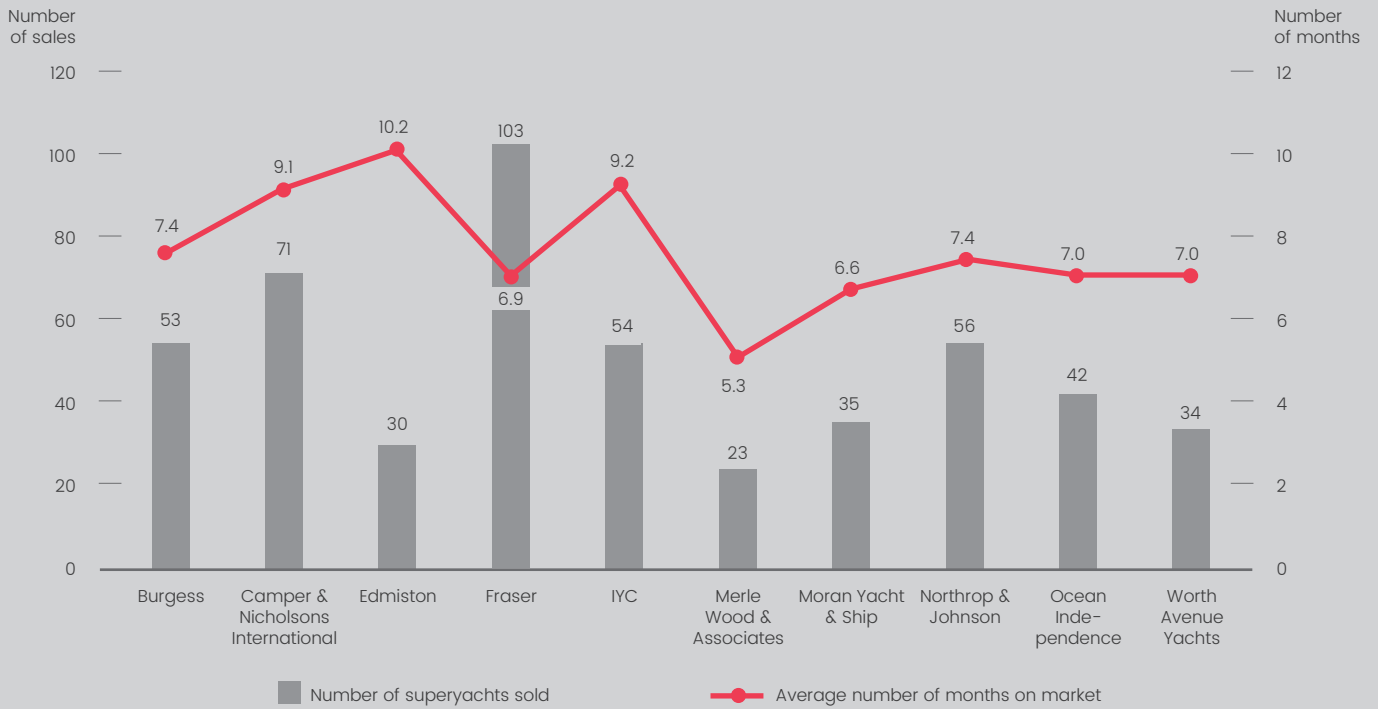
When segregated into size categories, Fraser's figures for time on the market look impressive; over the past five years it sold its 54 30-40m listings in an average of 7.6 months.

Edmiston listings spent the most time on the market, with an average of 10.2 months per yacht. Subsequently, Edmiston has seen fairly considerable variances in its pricing per vessel, most notably in the 40-50m market where the brokerage house saw an average price decrease of 14 per cent. The two brokerage houses that sold the most vessels in the 50-60m bracket is Burgess and Fraser, which in this five-year period both sold 13 vessels each. Both of these brokerage houses can also boast a short time on the market in this size category, Burgess with an average of 6.9 months and Fraser with 5 months.

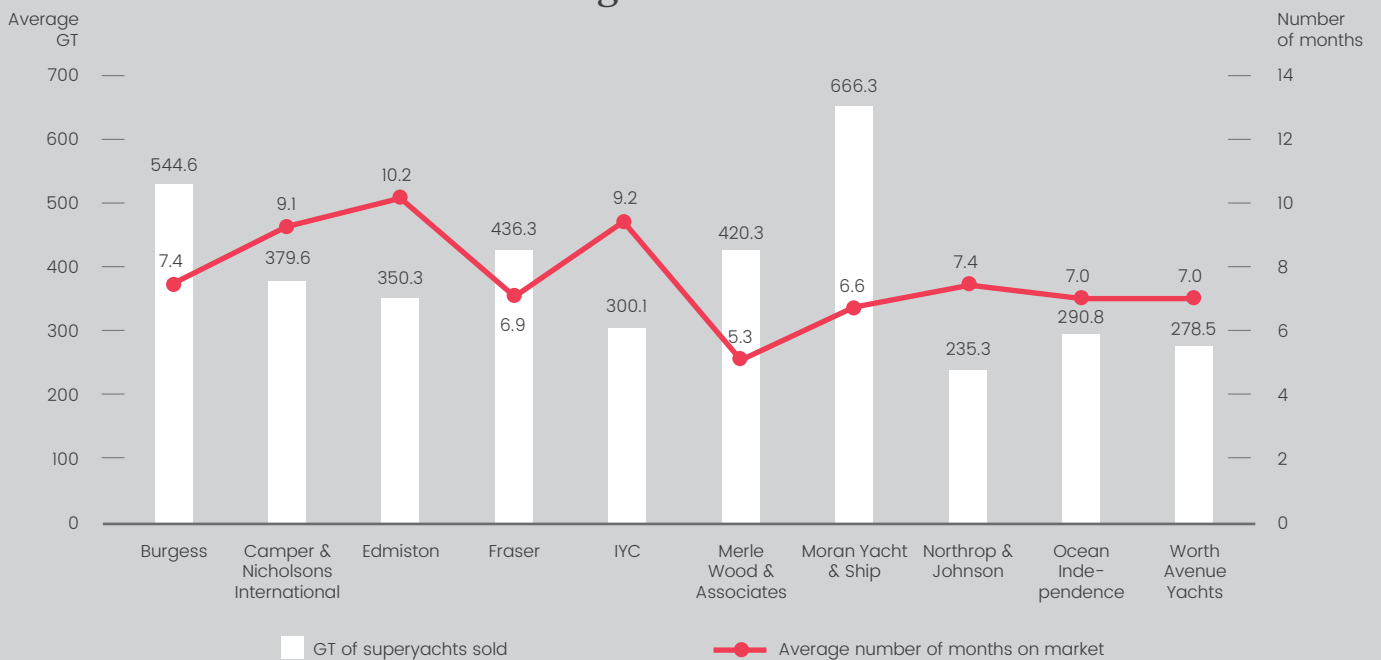
Across the board, the data shows a correlation between the time yachts spend on the market and the price drops that resulted. For example, when Camper & Nicholsons International sold its 17 listings in the 40-50m market in an average period of 7.3 months, these vessels saw an average value decrease of 3.7 per cent.

Naturally, as you move up the size spectrum, superyachts can become more difficult to sell and therefore

Average time on market for sole CA sales



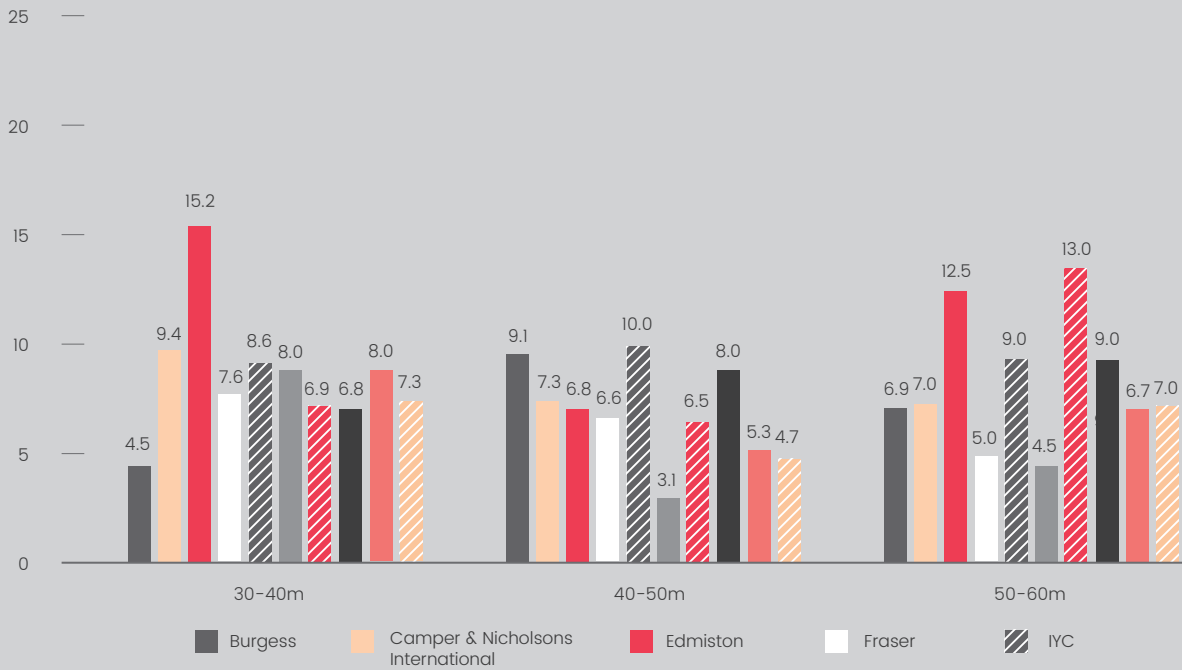
Average time on market for sole CA sales vs average GT of vessel sold



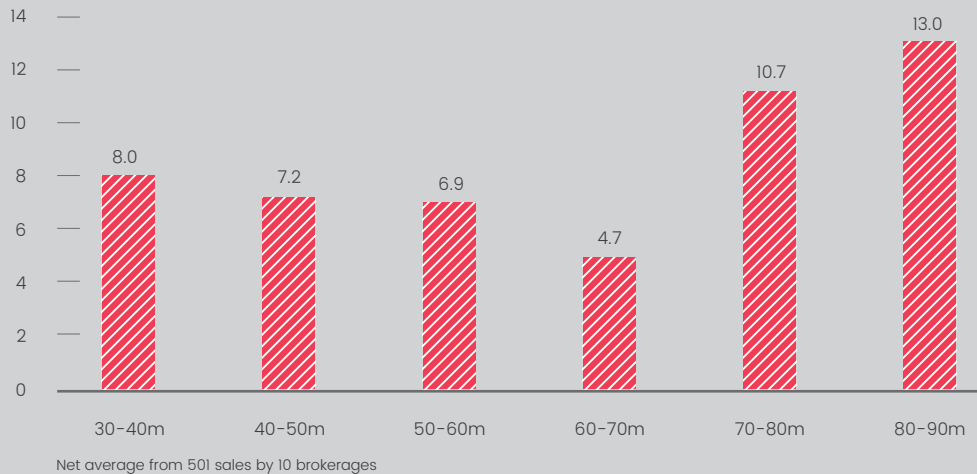


Average number of months spent on the market before sale (sole CA sales)

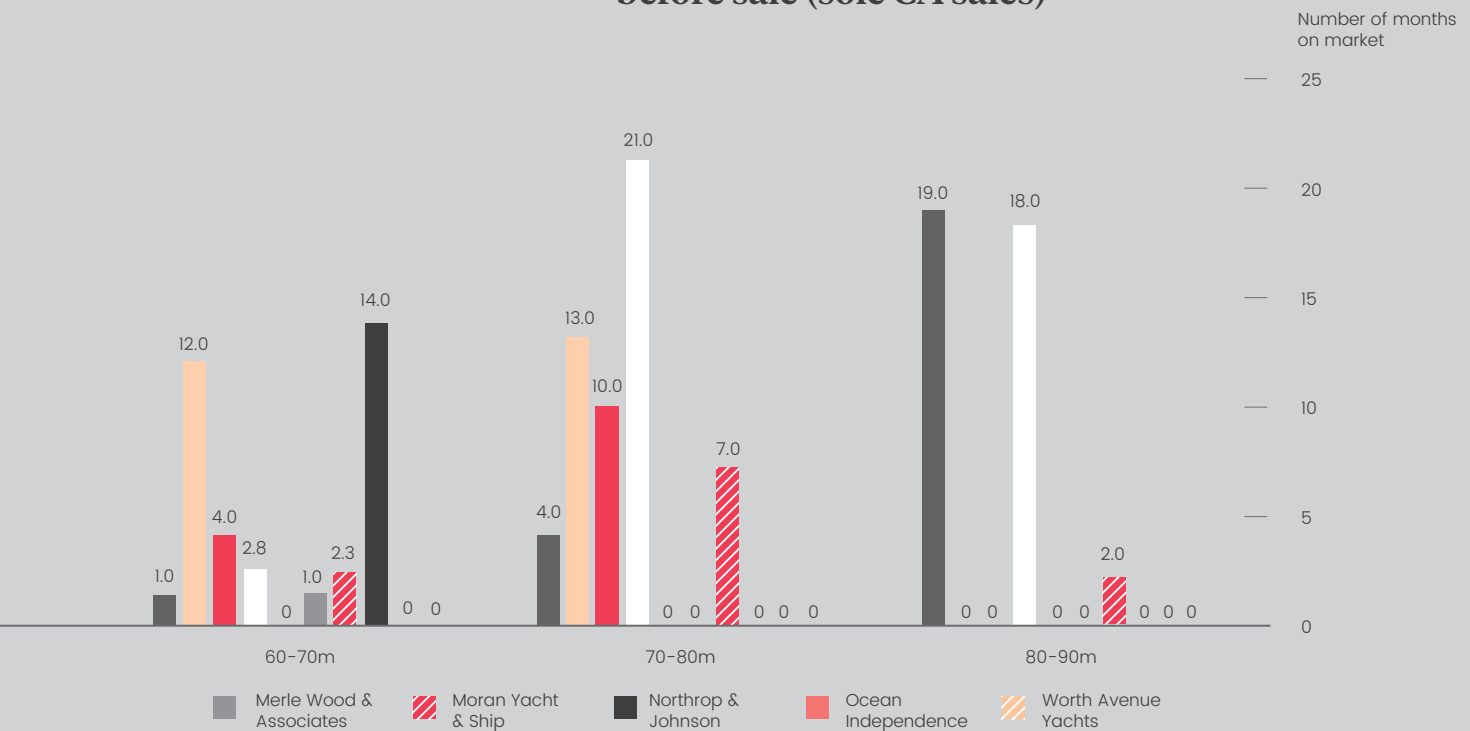
Number of months on market



Average number of months on market by LOA (m) for sole CA sales from the top 10 brokerages



Average number of months spent on the market before sale (sole CA sales)



remain on the market for longer. The brokerage house that is well known for selling larger second-hand vessels and new-build vessels (which have not been considered for this analysis) is Moran Yacht & Ship, which over the past five years sold yachts with an average gross tonnage of 666 – considerably more than any of the other nine brokerage houses. However, the time taken to sell yachts over 60m hasn't gradually increased for this brokerage house. Moran Yacht & Ship sold two yachts in the 80-90m size category in an average of 2.0 months, whereas it also sold two yachts in the 70-80m market that were on the market for an average of 7 months.

Despite the long list of parameters that can influence a sale, the numbers across these 10 brokerage houses are definitely in keeping with one another, with relatively similar statistics for the length of time it takes to sell a vessel in each size category. On average, Merle Wood & Associates has achieved the shortest time on the market of 5.3 months, which is 4.9 months below the highest average time. The data certainly indicates that the longer a yacht spends on the market, the more of a negative impact this will have on its sale price, alongside other OPEX and inevitable depreciation. **BB**

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for a new-build
project?**

In the superyacht building realm, there is simply no better source of knowledge than experience, as Fabio Ermetto of Camper & Nicholsons International explains...

There is seemingly no end to the skill required to build a boat at the highest level – you can't learn it overnight, you can't learn it in a year, and you certainly can't learn it from a single new build project. "A quality product is an accumulation of many years' experience," explains Fabio Ermetto, CCO and Director New Build Division of Camper & Nicholsons International. "You have to have an intricate understanding of the entire build process, not just a familiarity." It's absolutely paramount, therefore, that yacht buyers build their vessels with a team of representatives who understand the philosophies and cultures of different shipyards. "I know that experience with one shipyard doesn't necessarily help you with another," Ermetto explains. "I've seen many people approaching Benetti as they would Heesen, but that doesn't work."

As such, Ermetto advises buyers to do a thorough due diligence procedure before assembling their new build team. Just because someone has built boats doesn't mean that they are the right person for that specific type of build. "If you're building an 80-90m boat, you don't want a build team that has predominantly worked on 35m spec boats," he explains. With Camper & Nicholsons' time-rich legacy in luxury yachting, the firm has an extensive track record of new construction projects, so it is well-equipped to conduct the investigatory work required before a build and provide buyers with meticulous analysis of the shipyards able to deliver the project. Once the shipyard has been chosen, the Camper & Nicholsons team will work on

drawing up detailed specifications and a general arrangement to meet the client's exacting requirements; review the shipyard's processes; create a timeline for the works; and provide technical consultation for the shipyard.

"We invest a lot of time into knowing shipyards and visit them regularly without clients, so that when a buyer approaches and says they want a custom design, we know exactly what's going on inside the four walls of every yard." Camper & Nicholsons also ensures that it always has its finger on the pulse for the financial positions and capacities of shipyards and suppliers. Furthermore, when you have experience of selling boats from the side of the shipyards, you know the contracts and what you can obtain and what you cannot obtain, and when you can push and for what.

"A lot of people forget that you have to also add value to the shipyard in the yacht building equation," Ermetto continues. "Every new build has problems to sort out – that's quite normal. Having someone representing a buyer for these decisions means that information and solutions to small problems are shared in a timely manner. "One thing you have to remember is that we are pulling the rope in the same direction as the shipyards and trying to help them deliver a quality product. A lot of the time, a shipyard just needs some inspiration, because it can be very cheap for them to upgrade from standard parts or make modifications." As such, a team like Camper & Nicholsons, which has a rich heritage of building at yards all over the world, can deliver the crowning stroke on the new build experience.

Where Everything
Makes Sense

camperandnicholsons.com



TOP 10 SHIPYARDS AND THEIR RESALE PERFORMANCE

BY FELIX SOWERBUTTS

It's crucially important for representatives of buyers and sellers – such as brokers, bankers, family offices, insurers and other parties involved in the acquisition of yachts – that due diligence is carried out on the different products available and how they will fare on the resale market. No savvy yacht buyer will purchase a vessel without considering their exit strategy and so it makes sense to get a breakdown of the numbers that can lead to informed decisions. Which brands yield the best return? By how much will my yacht depreciate? If I'm taking delivery of a new boat next year, when is a good time to list my current boat for sale and at what pricing level?

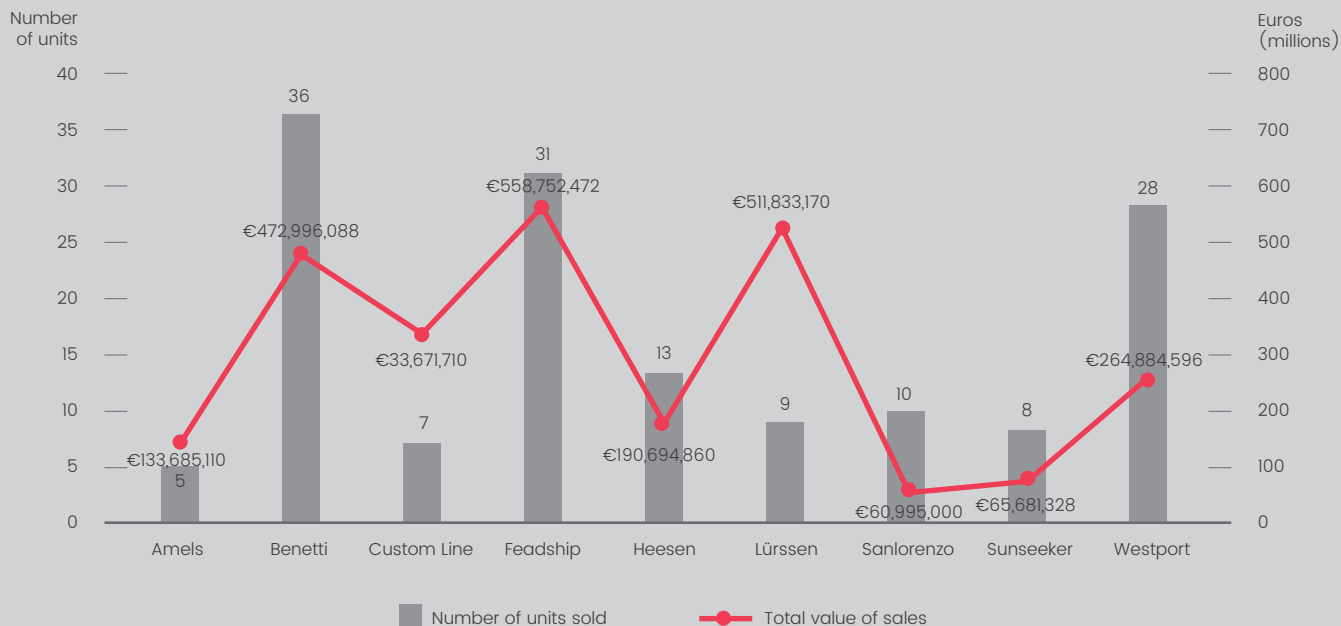
These are all important questions, yet one frequently overlooked contributor to an owner's net return is time their yacht spends on the market. Many sellers turn down offers early in the sales campaign because they are hoping for a better one

which never comes; or they miscalculate the length of time it can take to sell; or they list at an unobtainable pricing level because they aren't aware of their yacht's fair market value.

The consequences of these wrong decisions are the running costs over what can feel like a lifetime. If you ask any broker how an owner can maximise the return on their investment, they will say 'be realistic and sell quickly'. The data we have procured in this section shows the brokerage market performance of the top 10 new-build shipyards as ranked in *The Superyacht Annual Report: New Build 2018* on their five-year cumulative LOA of deliveries. Unfortunately, apart from delivering a quality product with maximum allure, the shipyards have very little input into how their yachts are sold on the brokerage market and are reliant on their clients and the broker(s) representing those clients.

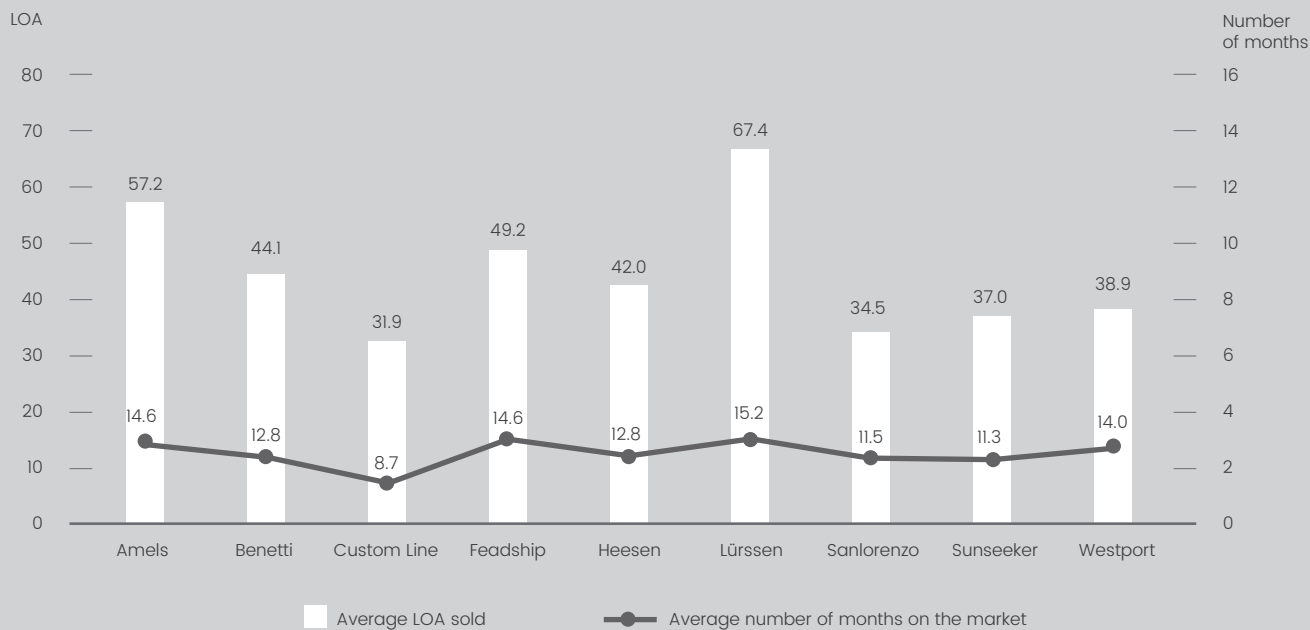
It is actually surprisingly nip and tuck between the top shipyards in terms of their selling speed on the market. The data suggests that an average sales campaign for a product built by a top 10 shipyard will be approximately one year. Obviously, this depends on the upkeep of the boat, the luck or skill of the brokers representing the sale, the price, the customisation of the boat and so on. From this selection of yards, Custom Line yachts sell the fastest (8.7 months) and Lürssens sell the slowest (15.2 months). Clearly, though, these products are polar opposites in size and customisation. Custom Line brokerage sales have an average final asking price of €4.8 million and average 31.9m in size, while a second-hand Lürssen has an average final asking price of €56.8 million and average 67.4m, so their buying qualifications are at totally different levels. **FS**

Top 10 shipyards cumulative value of sales*



*Top 10 based on *The Superyacht Annual Report 2018: New Build*

Top 10 shipyards average LOA (m) of sales and time on the market



Gulf Craft omitted due to lack of reliable sales data



Top 10 shipyards average number of months on the market*

Months on market

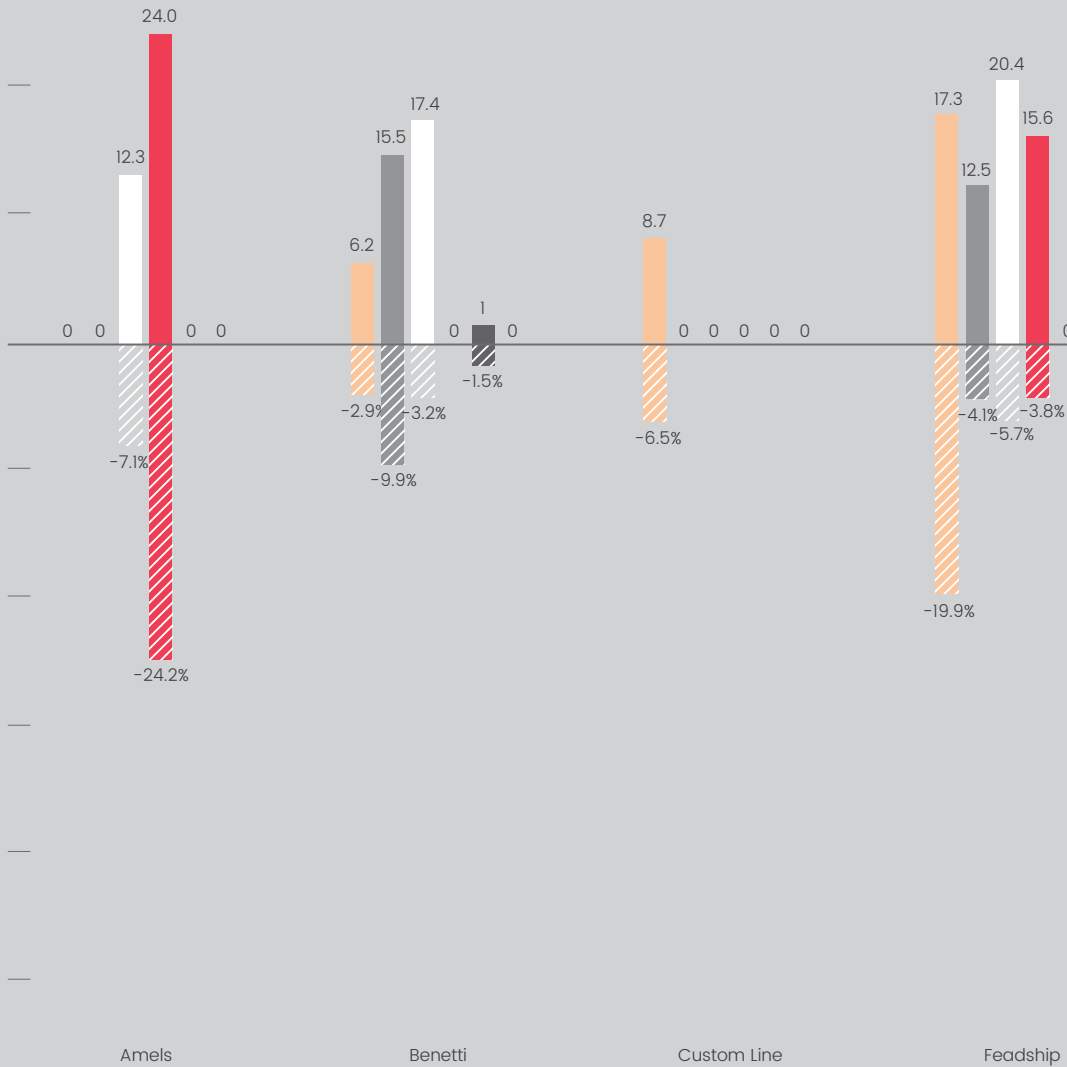
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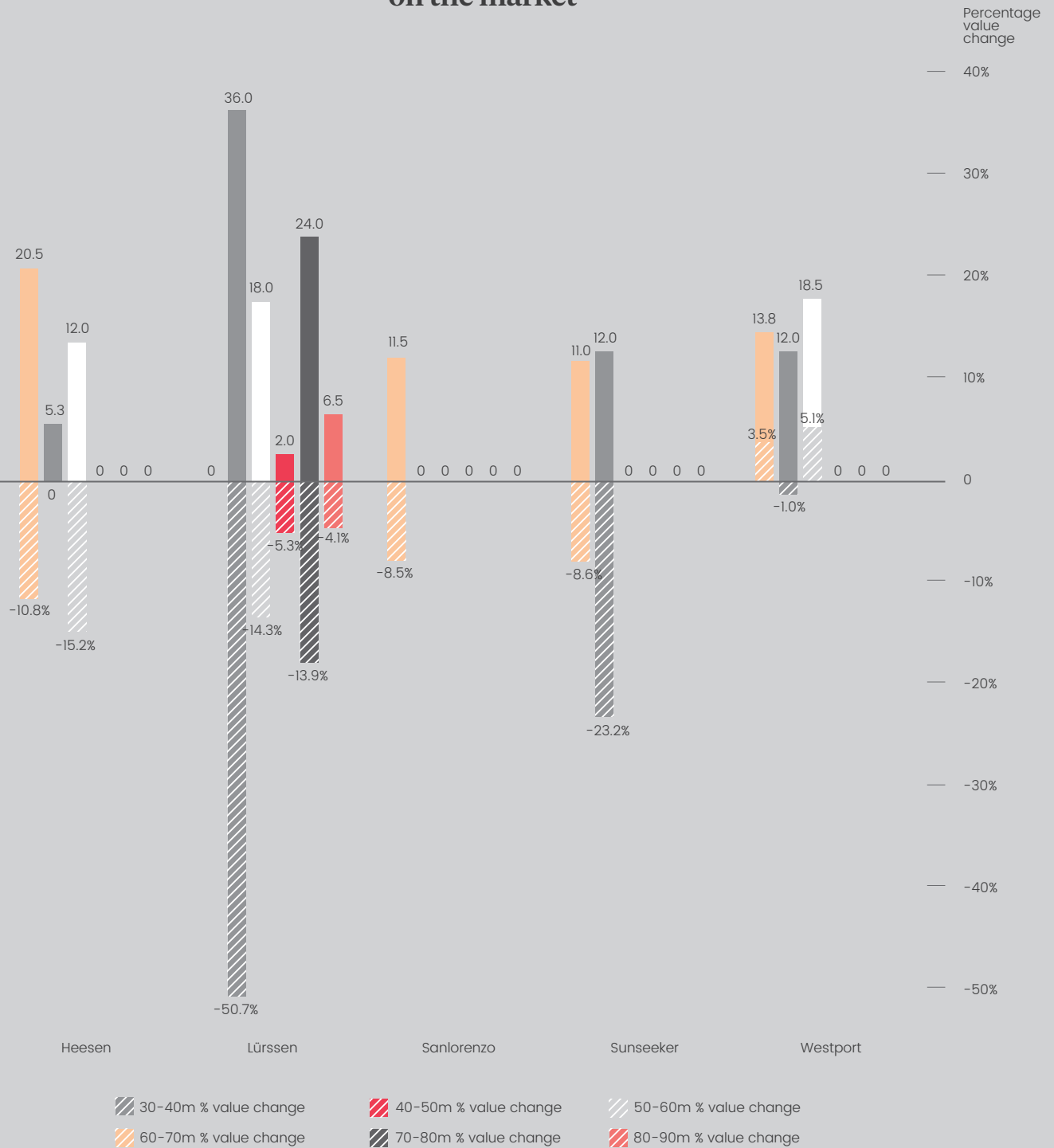


30-40m months on market
 40-50m months on market
 50-60m months on market

60-70m months on market
 70-80m months on market
 80-90m months on market

*Top 10 based on *The Superyacht Annual Report 2018: New Build*

Top 10 shipyards average number of months on the market*



Gulf Craft omitted due to lack of reliable sales data

SOVEREIGN

Price: US \$28,950,000

SOVEREIGN is an extraordinary yacht built to rival the quality and capability of the northern European pedigree shipyards. She was built by an experienced yachtsman who made sure the build included every opportunity to be successful by providing the finest supervision, engineering, design, time and quality material available. Time of build was of no concern and quality was the number one priority. The owner spared no expense in getting the vessel perfect before putting her in operation. Her second and present owner has

been the perfect custodian, giving *SOVEREIGN* 'state-of-the-art' upgrades, annual surveys (both maintenance and class), and providing the vessel with whatever was needed.

SOVEREIGN offers six large staterooms with two true masters. She offers volume not seen on a 55m with additional attributes to include 1,100gt, elevator, beach club, high ceilings, ample exterior deck space, four-fin Quantum zero stabilisation, recent five-year ABS survey completed and fresh superstructure paint.

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SPECIFICATIONS

180' (54.86m) Newcastle 2011/2017

\$28,950,000

Also available for charter



THE EVOLVING SPHERE OF OWNERSHIP

How has the ownership landscape changed and what does the owner demographic look like today? We speak to high-profile superyacht brokers to discover the trends they have seen in the industry, what other luxury sectors have influenced yachting and what they forecast for the future.

BY RACHEL ROWNEY

As brokers are on the frontline of both chartering and ownership, they are in prime position to have a macro view of the current superyacht industry and its clients. Although no owner in the market is the same, there are distinct patterns and trends that indicate the evolution of the superyacht world and its inhabitants.

Demographic of owners

“The demographic of buyers is always changing, but the one thing that doesn’t change is that they are all wealthy people,” remarks Chris Cecil-Wright, founder of Cecil Wright & Partners. One significant difference he has observed

in more than 20 years in the industry is the geographical shifts of the clients he works with. “It is where that wealth comes from that always changes. In the 1990s and early 2000s, there were a lot of Russians, whereas at the moment they are keeping a lower profile as I think sanctions are having an impact on some of the big names in Russia.”

Americans and Europeans continue to be strongly represented as owners, with many from the West Coast of the US leading the charge on explorer, expedition vessels. “There is plenty of business coming out of the West Coast and it’s not all explorer type, but there is a trend towards bigger, more functional, less blingy vessels,” adds Cecil-Wright.

The changing nationality of owners has also been noticed by Vassilis Fotilas, commercial director at Fraser Yachts.

“I would say the US remains the largest market by far. Europe has been strong in recent times with, in my opinion, a noticeable increase in German clients.” Fotilas believes that Russia, along with the Middle East, will continue to be an important market for yachting and he reports a number of ‘sizeable deals’ for clients in the Far East.

The age range of clients has also decreased and this has influenced their yachting behaviour. For Mark Elliott, sales and charter consultant at International Yacht Corporation (IYC), younger clients are chartering for longer and at a much faster rate. “The younger group are more interested in chartering at the moment than ever before. Some of our younger clients, who would usually have been buyers, are still chartering.”





“With the Amazon or Uber mentality, we can have things sent everywhere. You can rent toys all over the world now. You have toy companies that deliver you a water slide, a Seabob, anything. People want what they want and they want it now.”

This mentality is an extension of the so-called ‘Uber generation’, where access is considered far preferable to ownership. “It’s very much the mentality where clients use [the yacht], be done with it, walk away from it, have it in different areas and do not have to think about it anymore, [whereas] the older generation was more focused on family vacations every year and at the same time,” adds Elliott.

Elliott believes clients are becoming much more spontaneous when it comes to organising charter trips. “They want to go around the world and they don’t want to plan too much. They are wealthy people who own jets and say, ‘The weather is great over here, let’s go that way’. Sometimes they literally follow the great weather throughout the year.” In order to keep up, brokers have had to adjust to this fast-paced attitude of their clients. “We have adapted. We have to take credit cards, we have to be quick, contracts have to be done overnight, money is being wired right at the last minute. That is what you have to do to satisfy the demand. If you don’t, you won’t get as much business,” says Elliott.

This expectation of everything being available to clients in the shortest possible time even extends to when they are on the yacht itself, particularly, according to Elliott, when it comes to the delivery of toys and equipment. “With the Amazon or Uber mentality, we can have things sent everywhere. You can rent toys all over the world now. You have toy companies that deliver you a water slide, a Seabob, anything. People want what they want and they want it now.”

Despite witnessing younger clients chartering for a longer period of time, Elliott still sees them as the most likely to take the leap into ownership. “Today’s charter client is tomorrow’s buyer. They charter for a while and they figure out what works for them. As they get older, they see how it works and they make their mistakes on charter and then [learn from them].” He estimates that a great number of charter clients will turn into superyacht owners at a later stage in life.

This fast-paced attitude to yachting has also meant that many owners are quickly moving up in the size of their vessels when they do become owners. “More and more owners are stepping into large yachts straightaway or at least very quickly,” says Fotilas. “In the past, an owner would gradually progress in terms of size of yacht, owning a 20m and then moving up gradually to 35m, 50m and 75m. Although this still happens, we see more clients whose first yacht is 40m, 50m or even 90m. In other cases, clients will go from a 40m straight to an 80m.” This could also be the result of clients extensively chartering before purchasing because they are more aware of what they want from their vessel rather than trialling smaller sizes before progressing upwards.

Global financial crisis

Research conducted by The Superyacht Intelligence Agency outlines that at the beginning of the global financial crisis more than a decade ago, the market was seeing an average number of deliveries of around 250 yachts per year. In 2008, there were 267 yachts delivered. This figure fell substantially for the next seven years, hitting a low of 142 in 2015,

with a slight rise to 149 in 2016. The annual delivery figures have stayed close to this figure ever since.

Cecil-Wright argues that the impact of the GFC on the market was striking, but not necessarily detrimental. “It affected everything very dramatically and I think, personally, for the good. There was a huge [number] of shipyards pumping out an almost unwanted level of mediocre-quality boats. A lot of those shipyards are no longer in existence because there isn’t the finance available to make it a viable proposition to the market. So now it has reverted back to owner-led, buyer-led building at the top level.”

Elliott believes the most significant impact of the GFC was on yacht pricing. “In 2008, we saw decreasing values across the board, with some yachts up to 40 per cent [less] in value,” he recalls. It has been only in the past few years that prices have stabilised, but Elliott explains that buyers feel emboldened to make much lower offers because of the insecurity of the market since 2008.

Adopting practices of other luxury industries

Cecil-Wright notes that the industry’s growing interest in quality marketing is coming to fruition. “We’ve only really had any branding in the luxury industry in the last 10 years and it is beginning to play a more important part in the service that one offers.” The superyacht market in its current form is generally acknowledged to be still relatively young, but those in the brokerage community have begun to understand the importance of putting across a consistent message that showcases the merits of their companies. “It’s about trying to get people to feel like they are looked after by a set of values, which is much better than just being a broker who can put you on any old boat,” he adds.

Fractional or shared ownership is a concept that has been mastered in the private aviation field and this is slowly creeping into the yacht market. “I’ve been getting more requests for that,” says Elliott. “People have figured [out] that they can’t use the yacht all year

by themselves.” He says the concept of fractional ownership works perfectly for two families, but anything more than that becomes more complex. He cites the successful application of shared ownership in private jets as one reason why ultra-high-net-worth individuals are considering this as a viable option for yacht ownership. “Fractional ownership in jets has led the way to do it on yachts. Two people sharing a yacht is very easy to do and very practical.”

Forecast for the future

Inherently, it’s incredibly difficult to predict any trends or shifts in the market. As an industry focused so completely on the individual, any attempt to forecast the requirements of future owners is almost impossible. “I’ve tried to guess trends over the years and every time I do, I’m just proven to be either right or wrong. It’s just guesswork,” admits Cecil-Wright. “I remember saying very clearly some years ago ‘65m is the new 60m’, when in fact 80m was the new 60m.”

However, one aspect of the market that hasn’t changed is the role of the broker and understanding their client’s varied reasons for engaging with the yachting market. “It’s important to see these people as totally individual,” adds Cecil-Wright. “All we do is supply them with the information they need in order to fulfil whatever ambition they want. Some people want to go on holiday. Some want to be in it for much more than that so they commissioned the vessel for the enjoyment of the process and creating something or they are in it because their friends are into it. There are lots of different drivers to get people involved in big yachts.”

Echoing the earlier comments from Cecil-Wright regarding changing nationalities in the market, Elliott believes the future of superyachts will be in Asia. “I think China is a huge player in future yachting,” he says. “In the old days, the Chinese were never known to be ostentatious and never wanting to show their wealth [but] you see that changing in fashion, in aircraft and now they are building private airports as fast as you can imagine. They will figure [yachting] out.” RR



FINAL ASKING PRICE VS ORIGINAL ASKING PRICE

BY RORY JACKSON

By comparing final asking prices with original asking prices, we look at build and brokerage houses across different countries to discover which, ordinarily, generate the largest price reductions.

By comparing final asking prices with original asking prices, we look at build and brokerage houses across different countries to discover which, ordinarily, generate the largest price reductions.

The lay conception of the brokerage market is that when a superyacht comes to be sold, it rarely achieves the asking price when it was put on the market. This assumption is supported by the numerous emails advertising price reductions, as well as anecdotal evidence. Here, we analyse the sales data of 501 vessels from 10 of the industry's top brokerage houses, representing 55 per cent of the total superyacht sales over the past five years when there has been a sole central agency (CA), to ascertain how final asking prices, as a percentage of original asking price, vary according to brokerage house, size and build location.

Of the 569 sole central agency vessels analysed in this report, 501 (88 per cent) were sold by the top 10 brokerage houses. In order to avoid anomalous results, this report will focus on these top 10 brokerage houses in terms of units sold. Of the 265 superyachts in the 30-40m sector sold across these brokerage houses, the average vessel was sold for a final asking price (FAP) that was 7.3 per cent lower than the original asking price (OAP). The greatest price reductions in this sector were made by Moran Yacht & Ship (MYS), which lowered the prices of its 17 sales by an average of 14 per cent. By comparison, the 46 vessels sold by Camper & Nicholsons International (CNI) were reduced by only 2.3 per cent.

MYS also provided the greatest price reductions in and 70-80m sector (13.9) and yet, if you refer to page 37, you will see that MYS still boasts one of the highest average price per gross tonnage figures of all of the brokerage houses.

As the market begins to contract in the larger size ranges (50m-plus), so do the average price-reduction figures.

On average, the 30-40m sector had the largest percentage price reductions at an average of 7.6 percent across all brokerage houses, with the lowest average price reductions found in the 60-70m sector (3.5 per cent).

In order to avoid the anomalous data of outliers, build-location analysis will focus on the 10 build countries that account for the highest number of sales (528). On average, the 285 vessels in the 30-40m sector were on the market for 8.5 months and were sold for a FAP of 6.5 per cent less than the OAP.

In the 40-50m sector, the 160 superyachts sold on average after 7.3 months on the market, with an 8.9 per cent reduction in OAP – 2.4 per cent more than the average 30-40m sale. The five UK-built superyachts suffered the greatest percentage average price reduction of 23.4 per cent.

As the market begins to contract in the larger size ranges (50m-plus), so do the average price-reduction figures, and this is perhaps indicative of the quality of the shipyards that operate in these size ranges, as well as being an indication of the number of willing buyers versus the supply of quality vessels.

On average, vessels in the 50-60m sector were sold after 7.2 months on the

market, with average price reductions of 3.9 per cent – a 5 per cent smaller reduction than in the 40-50m sector. The greatest reductions in this size sector, an average of 11.78 per cent, have been on the four New Zealand-built vessels, whereas the single UK-built vessel sold for its OAP, as did the German and Australian vessels.

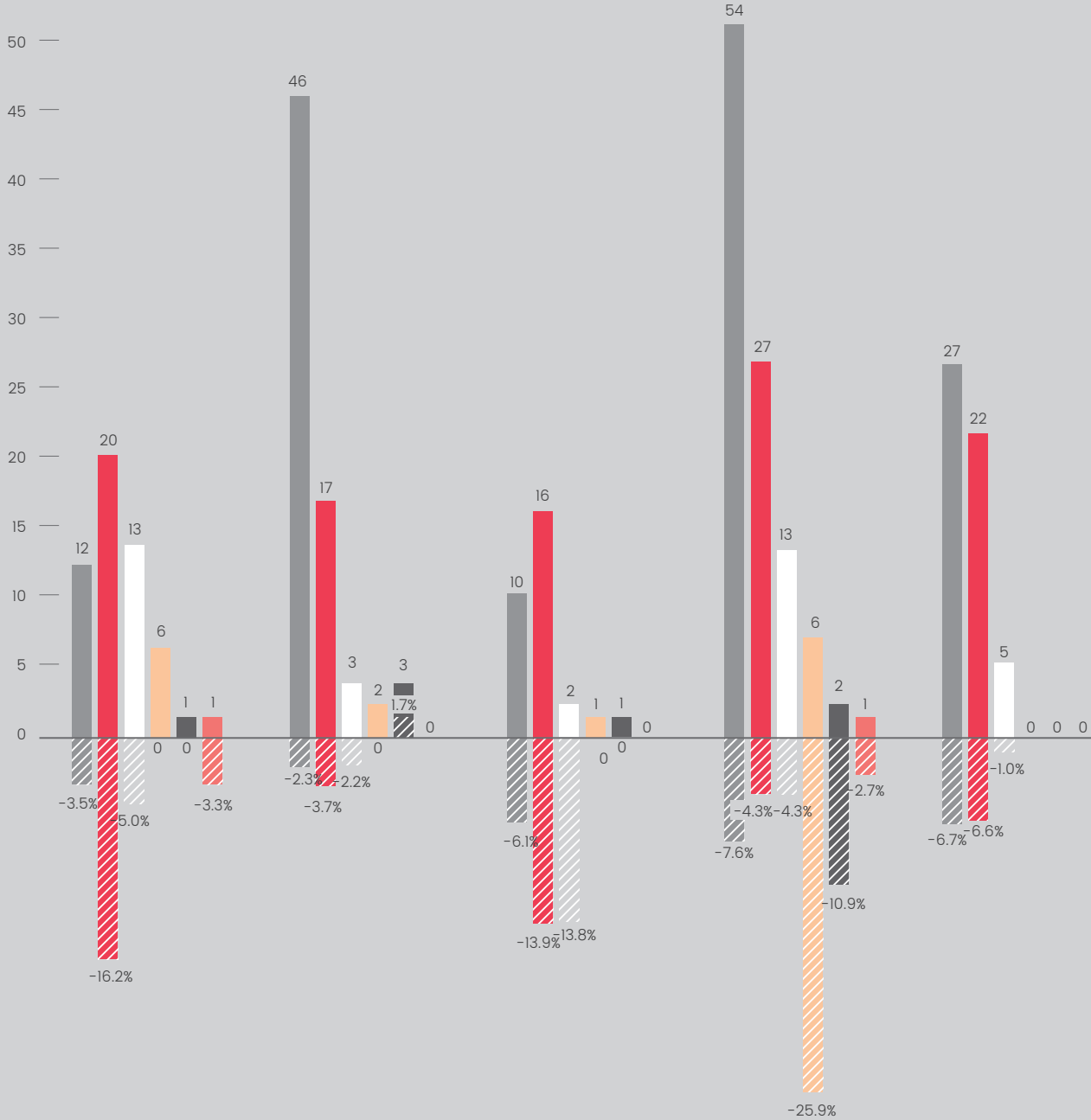
Of the 21 vessels sold in the 60-70m sector, the greatest average reduction was on the five Italian-built vessels (10.5 per cent), and these were also on the market for the highest number of months (seven). The seven vessels in the 70-80m market had average reductions in OAP of 4.6 per cent, with the three superyachts in the 80-90m sector being cut by 3.9 per cent.

The important thing to note is that percentage decreases in OAPs are not necessarily indicative of poor brokerage, as one can see with MYS's contradicting statistics on page 37. The information here must not be considered in isolation; it must be overlaid with the various other metrics within this publication to ascertain which brokerage house is most appropriate for any given sale. It should also be noted the FAPs are often different to final selling prices and are therefore subject to change. **RJ**



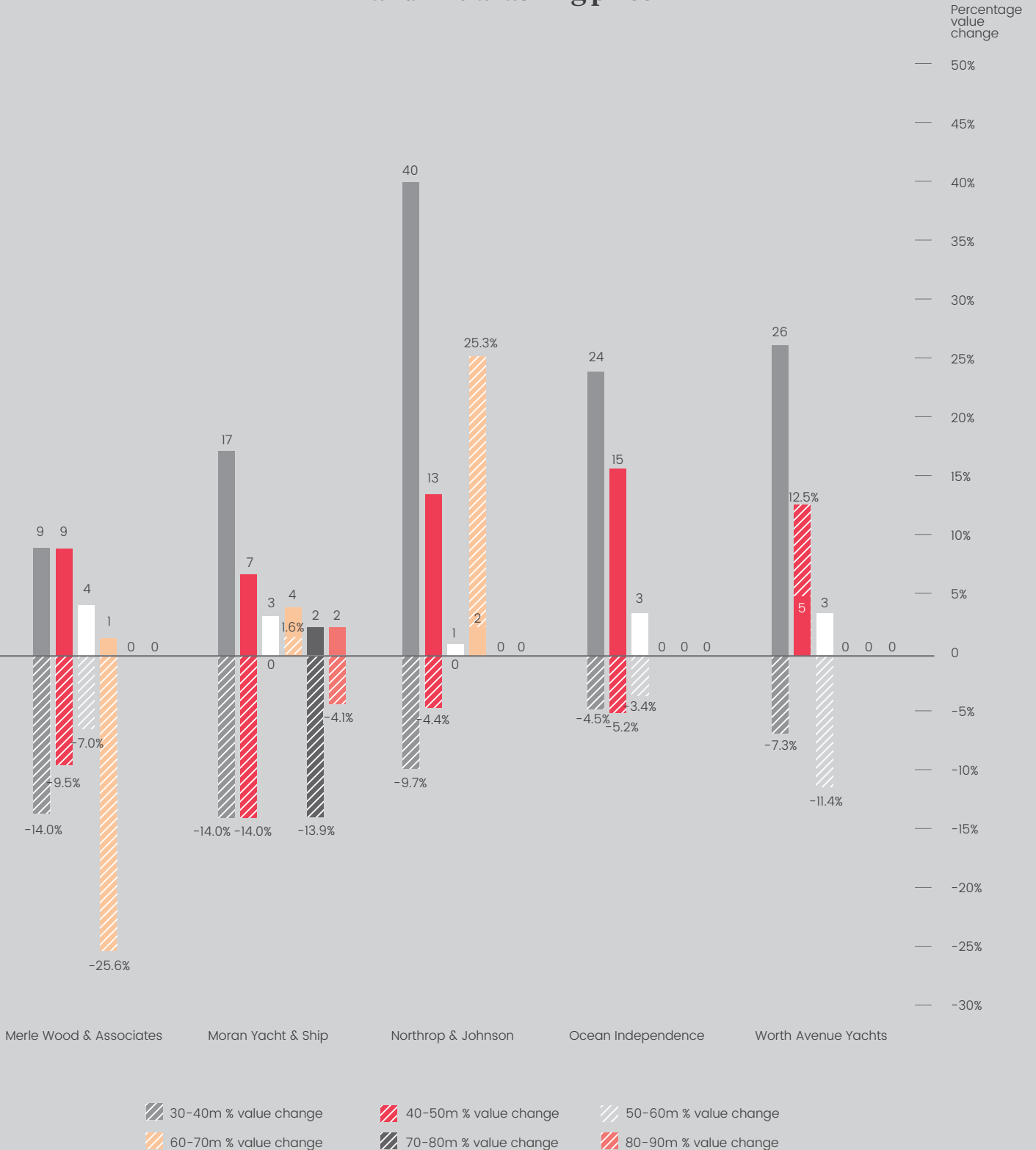
Percentage difference between final sale price and initial asking price

Number of units sold



30-40m units sold
 40-50m units sold
 50-60m units sold
 60-70m units sold
 70-80m units sold
 80-90m units sold

Percentage difference between final sale price and initial asking price





BROKERS' PREDICTIONS

The data in this report provides a clear picture of the state of the market and the players that make up the market. However, it's always useful to get a supplementary appraisal from those prominent stakeholders who have their ears closest to the ground; yacht brokers, with their regular client contact, have a good gauge of the health and direction of the market. As such, in this section, four brokers tell us what their expectations are for the resale market over the next three years.

CROMWELL LITTLEJOHN

NORTHROP & JOHNSON

At Northrop & Johnson, we discuss this question with our global sales teams regularly as we forecast the direction of our company for the future. The general consensus is that the resale market will remain strong and active with few new geographic markets opening up. Asia will continue to grow at a slow, steady pace, with the vast majority of the established markets participating at a similar level to today. The American market will continue to lead the way; brokerage firms are likely to consolidate to take advantage of scale in marketing efforts.

The biggest challenge will still be a shortage of relatively late model brokerage options. The industry is currently experiencing a lack of pedigreed, late-model offerings in the larger-than-120-foot (36.6m) market. For those yachts that do become available, the number of days they are on the market before a sale will decrease further. While the larger new-boat sector enjoys continued growth, yachtsmen with new builds in the pipeline are holding on to their current yachts longer, often until the new boat is delivered, rather than be boatless. The deficit of inventory and shorter time on the market will result in buyers moving quickly to secure their first-choice options – similar to the active housing markets experienced in many high-interest areas. If a buyer or owner finds the boat of their dreams, they should act quickly as it's unlikely to sit on the market for long!





WILL CHRISTIE

Y.CO

The resale market is busy and will remain so unless there is an unforeseen economic event such as the financial crisis of 2008. Yacht prices have recovered markedly and this will continue, slowly but surely. We are seeing most activity in the quality 40-60m range for motoryachts where we have done a really good number of deals over the past three years, and I expect this to continue over the next three years. This sector is popular because the yachts are manageable in size, can accommodate 10-12 guests and most have worldwide cruising capabilities – the combination offers owners a lot for their money.

Top-quality northern European-built yachts with fairly neutral interiors and ‘usual’ layouts still tend to command the very highest values and I think this will be ongoing. Values of GRP-constructed production motoryachts under 40m will continue to come under pressure as there is always much more supply than demand. The resale of motoryachts over 90m will still be quite challenging – purchase price aside, the number of people who can digest the ongoing running costs is limited.

We are busy in the sailing-yacht market across all size ranges and will be so over the next three years because we have many active sailors in our brokerage team! This is still a niche area of the

superyacht market that will tick along nicely, but it will remain quite price-driven. All in all, I am very optimistic about the market over the next three years. Yachts are selling regularly at present and that positive trend is a good driver of future demand.



DAVID ROSS

YACHTZOO

Without question, the US economy will play a huge role in our [brokerage] industry. Here in the US, we live or die by the perception of economic strength or weakness. While we’re currently in the summer cruising season, generally it’s considered the ‘doldrums’ for sales. I am personally experiencing a modicum of activity and I’m certainly hearing of some sales here and there. The US is the world’s leading economy and there’s little doubt it is in robust condition, certainly in the sense of consumer confidence. Generally, this translates into potential buyers being less afraid of making larger purchases. As to the outlook over the next three years, one must consider the political environment.

The US will have presidential elections in late 2020. The political atmosphere is,

and has been, quite caustic and divisive. However, few issues matter more to Americans than jobs and the economy. Currently, both of those are on fairly solid ground and I suspect, as the elections approach, that it will be incumbent upon the current administration to continue to bolster those vitally important topics. With US buyers being so vital to the resale market, my expectations are that over the next two and a half years at least, we should see this market experiencing a continuation of reasonably moderate to healthy sales activity.

MARK OSTERHAVEN

WORTH AVENUE YACHTS

Regarding the brokerage market, I’m very optimistic that the next few years will produce the same positive results we’ve seen since 2016. For us in the US, the economy is obviously very strong and that brings great confidence to the buyers. I suspect it will remain that way for the foreseeable future and we will continue to see an uptick in yacht sales. If there’s one concern with this pattern, it’s the strong possibility of running low on quality products to find for our clients. I’m excited to see what Q3 and Q4 in 2018 produce and also what’s in store for us over the next few years.



LIVING IN THE PRESENT

While lying in the glorious mid-summer sunshine, Charlotte Thomas begins counting the days to Christmas – but not without good reason.



BY CHARLOTTE THOMAS

Christmas, as we all know, comes but once a year. It's a strange thought, writing this as I am in the middle of a heatwave that is reminiscent of the long, hot summer of my childhood in 1976. Back then, of course, the superyacht market was also in its early infancy – but what a journey it has had through adolescence to relative maturity. The market, in relative terms, may still be considered niche, but our brokerage data shows just how much of a punch a relatively small industry can deliver. A total sales value of €11 billion over five years on the brokerage market alone is not to be sniffed at.

It may seem, on reviewing the data and analyses in this report, that these figures are heavily skewed towards a handful of brokerage houses, and (perhaps specious) logic would lead us to assume that bigger boats in your listings equates to more success. Naturally, the picture is never quite so straightforward, and indeed our peek into the portfolios of various players, how they perform when size, age, type and other factors are taken into consideration, and the relationships between holding central-agency status and whether you represent seller or buyer, all come into play.

Similarly, some yachts sit on the market for quite some time, while others seem to get snapped up in an instant. Is that down to keen pricing, brand of yacht or perhaps just the right buyer pitching up at the right time? There are so many potential variables that, like the more typical English summers I have grown accustomed to since that scorcher in '76, it can be difficult to predict what will happen from one day to the next.

What is clear, though, is that we remain in a golden period; the halcyon days of our market's own long, hot summer stretch out before us with apparent buoyancy, and we can only hope that the great thunderstorm that

will mark an end to it all and the sudden onset of a figurative autumn fail to materialise for a while yet.

So why, you may ask, my opening line about Christmas? It is not, in fact, an oblique reference to the notion that all our Christmases have come at once, but rather an allusion to a curious piece of data that emerged from our extensive number-crunching. When we looked at the months in which yachts were sold over the past five years, there was a very clear pattern. Sales gradually ramped up to a mini-peak in May and June before decreasing slightly to a low in September. To some extent, this makes sense – we can well imagine buyers making their moves to secure their yachts for the summer Med season, much like the upsurge in convertible car sales and prices at the end of spring and into early summer. Similarly, it is at the end of the season that many owners will choose to put their yachts on the market, having enjoyed their summer cruising and hoping to shift them before the costs of the long, laid-up winter kick in.

It is no coincidence, therefore, that the big boat shows of Monaco and Fort Lauderdale fall at the end of the summer. Consequently, it is no surprise to discover that, on average, December is the month with the most yacht sales. The pragmatic view would be that December is the moment when negotiations started at the autumn shows reach their conclusion, with still enough time for the new owners to push their toys through a minor refit or maintenance cycle before the following May season kick-off. But the romantic in me likes to believe that December tops the charts because a superyacht represents the ultimate Christmas present. And I'll just drop this in here, just in case you're offering – I have no preference on colour and you don't even need to wrap it for me. **CT**

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