



LARGE
YACHT
REFIT



Masterful Transformations

Trusted by discerning clients to preserve and transform their most treasured asset



A data-based report
looking at the current state
of the sailing yacht market

The Superyacht Sailing Report

BY MARTIN H. REDMAYNE

Having grown up with my hand on the wooden tiller of a Fireball, some 40 years ago, and watched my father build his own small sailboat, I have more than a little salt in my veins. However, today, it's the salt in my tears that's more concerning as I watch the demise of the large sailing yacht market unfold before my very eyes.

Over the following pages, we have analysed the performance of the large sailing yacht sector from 30m-50m and 50m-plus, looking at deliveries, orders and the sale and purchase market, and it makes very interesting reading. So much so that I feel compelled to focus on how we can inspire and invigorate this marketplace in order to find owners who are brave and passionate enough to invest in exciting new projects that, in my opinion, deliver the most pleasure you can have on the water. I don't think I have ever met an unhappy sailboat owner or seen an ugly sailboat (with one or two recent exceptions).

Over the past decade, there has been an emergence of regattas and dynamic

events for the sailing yacht fraternity, many of which were cited as great marketing and sales opportunities; yet after watching the 'grandes dames' carve their way around the cans, when looking at the current order book one has to ask what has happened. Having spoken to various experts in the field, it seems something has changed in the market and the sailing conditions have become less favourable. However, captains and owners will tell you that sailing yachts are by far the most fun projects to be part of. Perhaps we have lost sight of what it's all about.

The St Barths Bucket, The Superyacht Cup, the Millennium Cup, the various Loro Piana Regattas and others in Porto Cervo or St Tropez are all stunning opportunities to get the high-priced foredeck crew covered in spray. But even if you were lucky enough to attend six of these events a year, that would only equate to about 12 days of racing, not counting lay days and becalmed moments. For many of the latest

performance superyachts, a day's racing involves only a few hours in action on the course; the rest of the time is spent sailing round in circles, waiting for the dark blue leviathans to get up to speed, and you can be halfway round the course before you actually start. So perhaps there is a predictable inevitability to the market, where once you've done a couple of regattas, you've realised there is an element of déjà vu, and you start questioning the cost per hour of your race crew and all the other add-ons that come with a seriously fun campaign.

Maybe sailing and racing need to be reconsidered and we should be inspired by the good old days of Corinthian Champagne sailing, where it was all about passion and pleasure, mixed with huge amounts of fun and laughter. A few recent conversations with people in the know seem to have confirmed the fact that sailing has become too competitive, too expensive and perhaps a little too complex. Can pure simplicity be the way ahead?





There are some who will suggest the market is too small to get excited about, but if you understand and love sailing, it will always be exciting.

A Reality Check

Having looked closely at the data and talked to a wide cross-section of sailing aficionados, the time has come to be honest with ourselves and build a strategy based on both reality and fantasy. The sailing yacht market is much smaller than the motoryacht market and will always be so, based on the number of players and the general market attitude towards sailing yachts. However, I am more interested in exploring how big the market could – and should – become. The general consensus in the market is ... well, there isn't one. In essence, there is a mixture of positive energy and depressed negativity in a market trying to work out where it's heading. As much as data can show what has happened or what is happening, there is a collision of market forces that suggests there are cracks appearing on one hand and, on the other, that the clients are starting to get excited again and that there could be a logjam that prevents projects finding build slots in the near future.

In the following pages we'll outline the cycles and movements in the sailing yacht market over the past decade, and while there is a decline in the market, it is worth highlighting that it has never been prolific and is, perhaps, exactly where it should be. So rather than paint a doom-and-gloom scenario, let's focus on ensuring that owners, designers,

builders and advisers all enjoy a stable and healthy future based on build capacity and realistic projects.

Having listened to various key players in the sector, it is clear something is happening behind closed doors and there is optimism among the design community. With the arrival of very exciting new projects such as *Sybaris* from Perini Navi, *Skade* from Holland Jachtbouw, *Ahimsa* from Vitters, *Aquijo* from Vitters and Oceanco, not to mention Project Ngoni and the new 81m at Royal Huisman, and extreme projects such as *Solar* and *A*, we may be entering a new era of super sailing yachts based on a client's visionary dream rather than on the repetition and predictability of the motoryacht sector. Obviously, there are some who will suggest the market is too small to get excited about, but if you understand and love sailing, it will always be exciting. Our mission now is to maintain a healthy order book and marketplace for the future.

When you look at the data, it is clear that the predicted deliveries for 2016 show a peak of activity, but the reality is that this needs to be adjusted at the end of the year. These numbers are based on yard predictions from our *Superyacht Intelligence Annual Report*, yet out of the 19 projects due to be delivered in 2016 across both segments, only 15 were delivered and three were launched,

leaving one project carried over to 2017. This will be reflected in our next *Annual Report* to be published in Q1 2017. The future of new-build sailing will be further restricted by the sad demise of two New Zealand yards, Alloy and Fitzroy, and if we look closely at some of the well known players, there is still some fragility in the balance sheets. The number of yards is slightly skewed by the involvement of Oceanco and Nobiskrug in vast and complex 80m-plus projects; whether these will be repeated remains to be seen as these projects are high-risk, and while we have not been able to get official comments, it would be interesting to know if they would go through the process again.

Our expectation is that the market will divide into two camps – the performance sector below 50m and the exceptional one-off custom projects for clients who want to make a personal statement and challenge the market. What has been interesting over the past five years is the number of owners buying some of the smaller 30m production and semi-custom yachts in addition to investing in the second-hand market. With around 100 yachts selling on the second-hand brokerage sector over the past five years, this indicates that some of the owners who have disposed of these yachts will now be ready to discuss new projects.

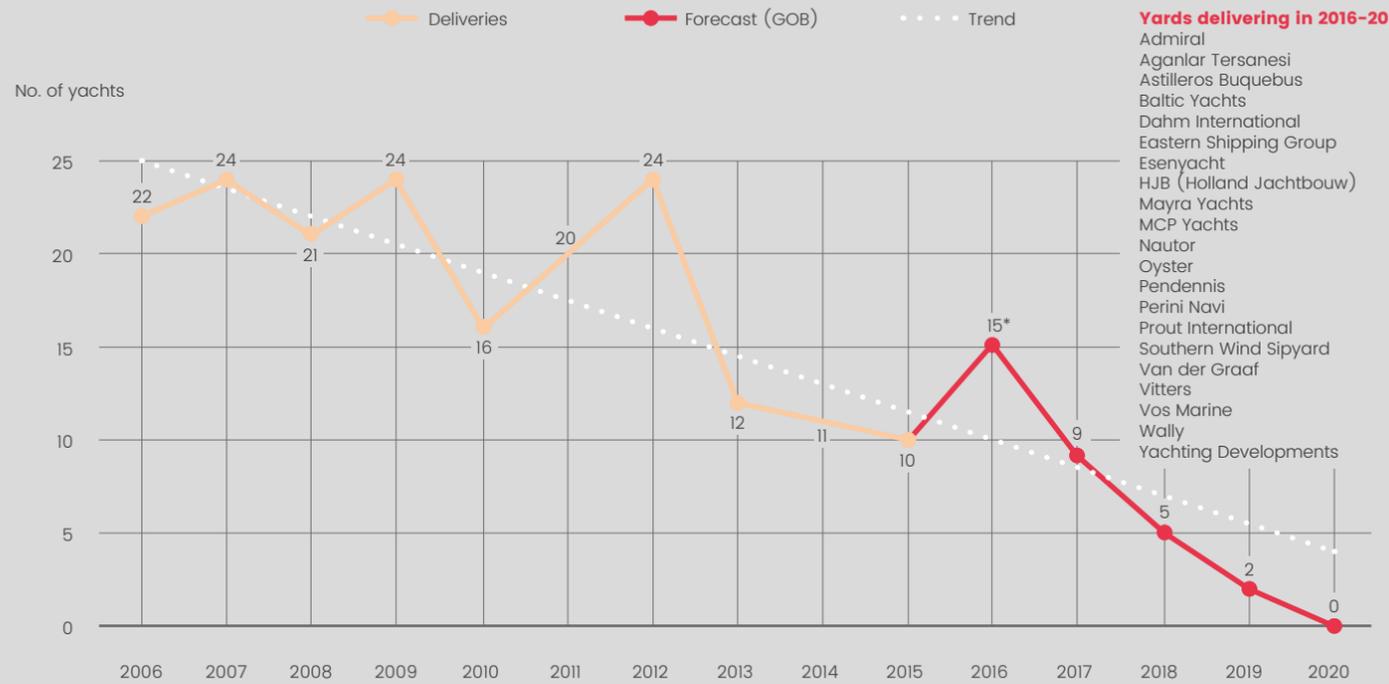


QUALITY AND TEAMWORK





30-50m Actuals, Forecasts and Trends

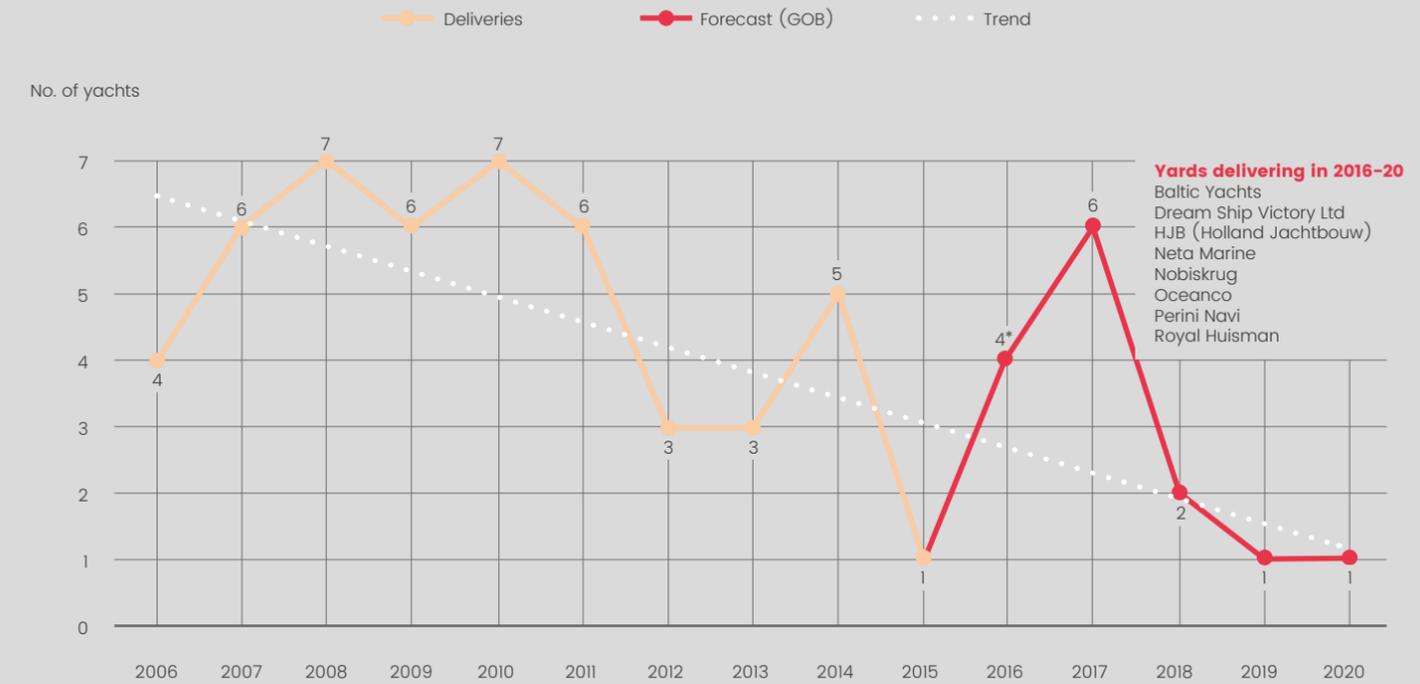


Yards delivering in 2016-20

- Admiral
- Aganlar Tersanesi
- Astilleros Buquebus
- Baltic Yachts
- Dahm International
- Eastern Shipping Group
- Esenyacht
- HJB (Holland Jachtbouw)
- Mayra Yachts
- MCP Yachts
- Nautor
- Oyster
- Pendennis
- Perini Navi
- Prout International
- Southern Wind Shipyard
- Van der Graaf
- Vitters
- Vos Marine
- Wally
- Yachting Developments

*Figure is projected, as of 1 December 2016, and comprises 13 confirmed deliveries, one launch due for delivery and one in-build project with a scheduled 2016 delivery date.

50m+ Actuals, Forecasts and Trends



Yards delivering in 2016-20

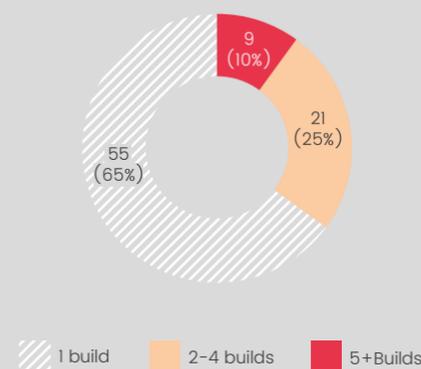
- Baltic Yachts
- Dream Ship Victory Ltd
- HJB (Holland Jachtbouw)
- Neta Marine
- Nobiskrug
- Oceanco
- Perini Navi
- Royal Huisman

*Figure is projected, as of 1 December 2016, and comprises two confirmed deliveries and two launches due for delivery.

Top Yards 2006-2015

Yards	Delivered	Orders
Southern Wind Shipyard	18	2
Nautor	8	3
Royal Huisman	8	0
Wally	8	3
Baltic Yachts	7	2
Neta Marine	6	0
Vitters	6	4
Perini Navi	5	1
Fitzroy	5	0
Top 9 in total	71	15
Total in 30-50m	179	31

No. of Yards Delivering Multiple Yachts 2006-2015



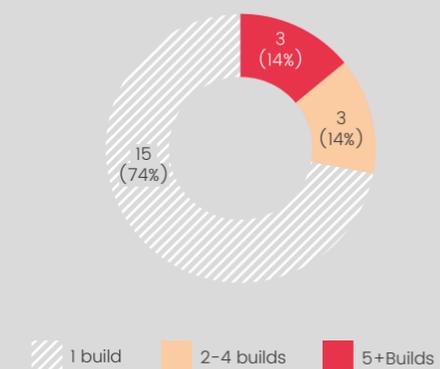
No. of Deliveries 2006-2015



No. of Deliveries 2006-2015



No. of Yards Delivering Multiple Yachts 2006-2015



Yards Delivering 2016-20

Yards	Delivered	Orders
Perini Navi	14	3
Alloy Yachts	6	0
Royal Huisman	5	3
Vitters	4	0
ARK Yacht	2	0
Aegean YS	2	0
Konjo Boatbuilders of Ara	1	0
HJB (Holland Jachtbouw)	1	1
Astilleros Buquebus	1	0
Top 9 in total	36	7
Total in 50m+	48	14

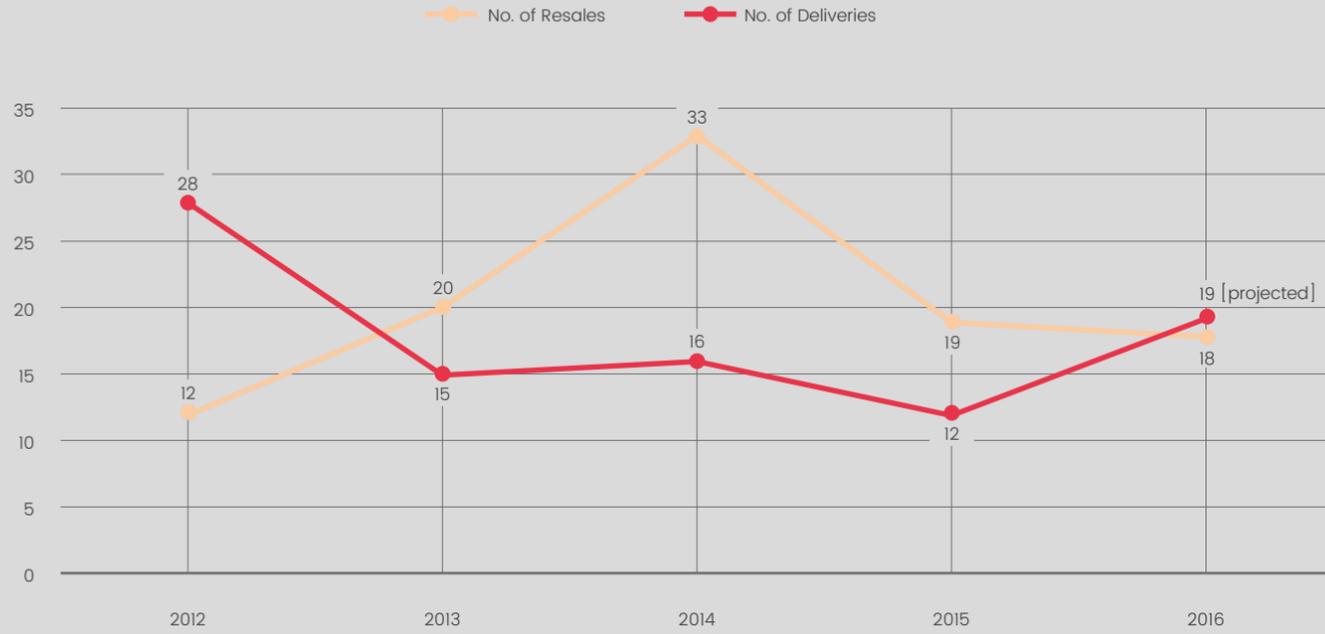




RESALE DATA



Resales v Deliveries 2012-2016



No. of Resales by Year of Delivery

32

2006-2015

34

1996-2005

25

1986-1995

1

1976-1985

1

1956-1965

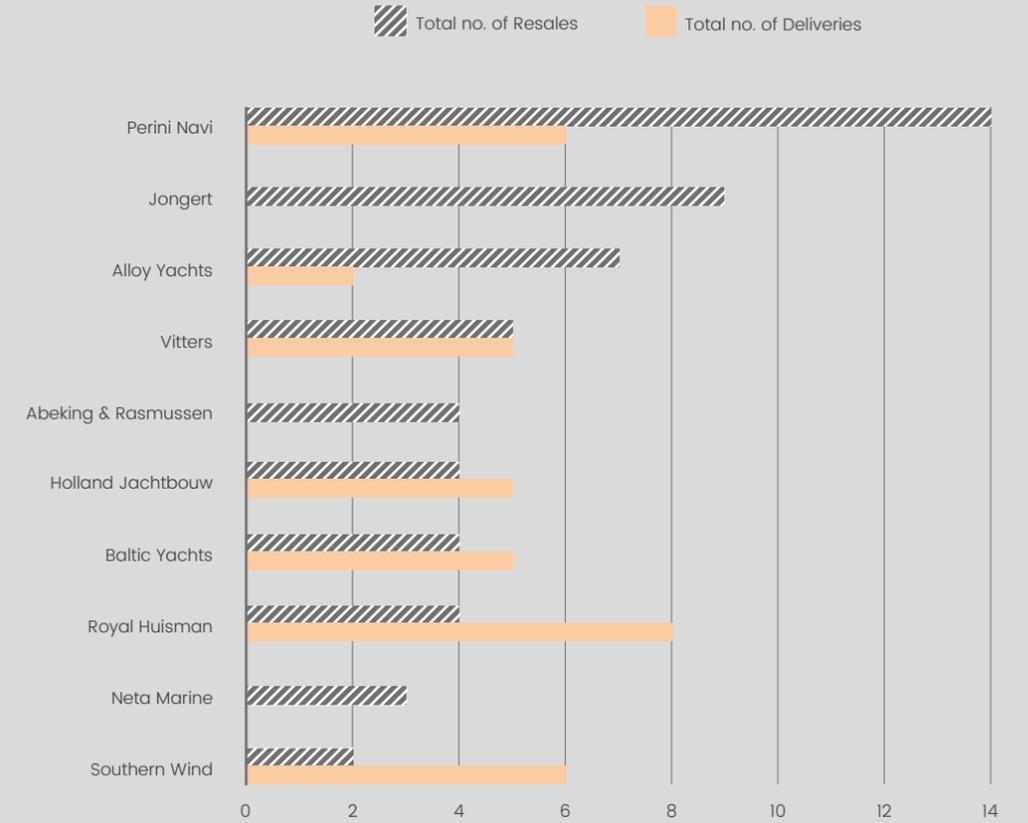
3

1926-1935

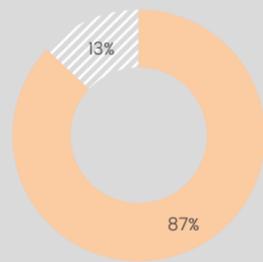
3

1916-1925

Top 10 Builders ranked by Resales (2012-2016)



% of Resales by Length 2012-2016

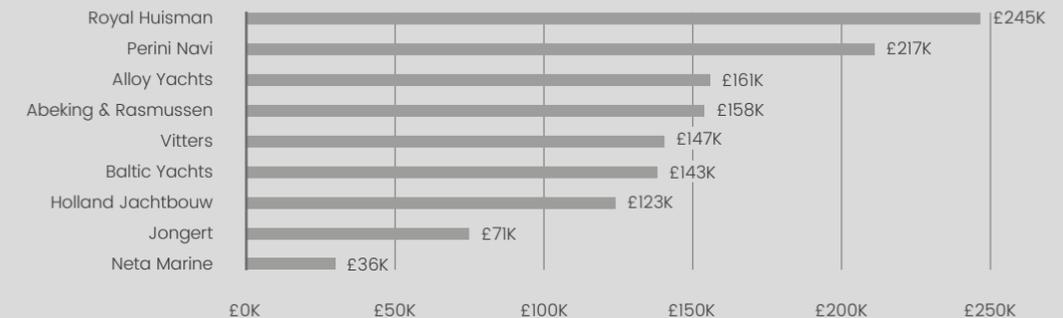


30-50m 50m+

No. of Yachts & Value of Resales 2012-2016



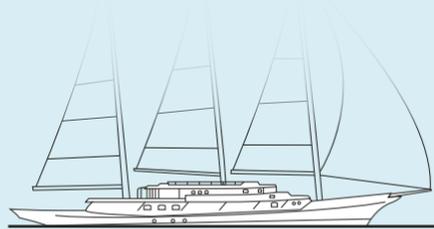
Cost per Metre for Top Resale Builders



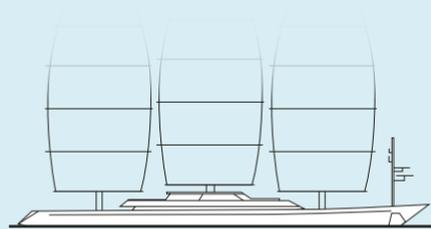


THE EVOLUTION OF A SAILING YACHT PROFILE

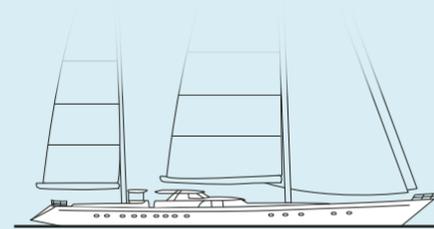
Significant sailing yachts over the past decade.



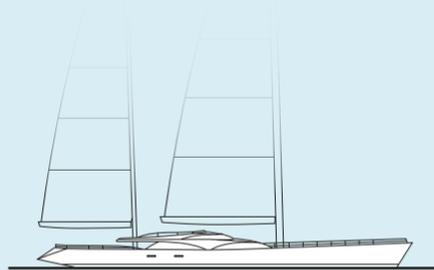
2006
EOS / 92.9m



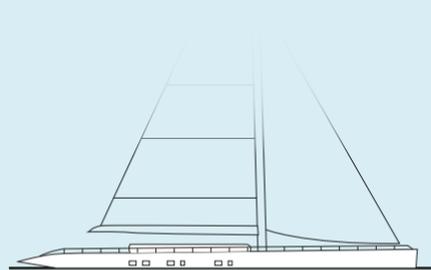
2006
Maltese Falcon / 88.0m



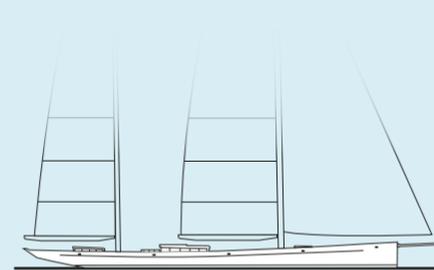
2009
Ethereal / 58.0m



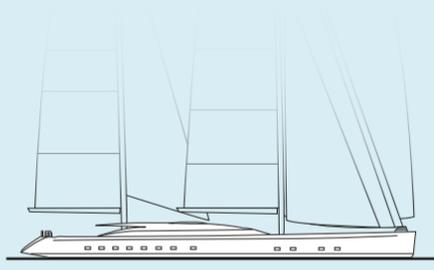
2010
Twizzle / 57.5m



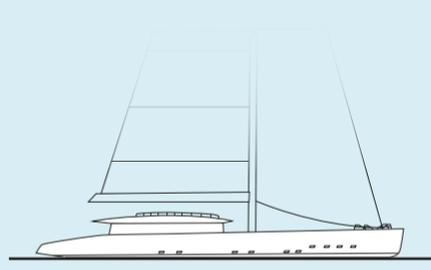
2011
Ahimsa / 66.0m



2011
Hetairos / 66.9m



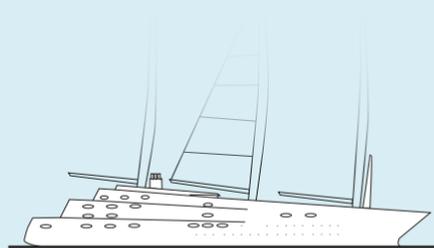
2011
Vertigo / 67.2m



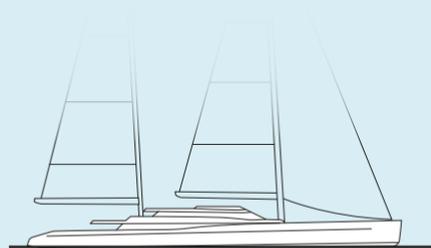
2012
Better Place / 50.5m



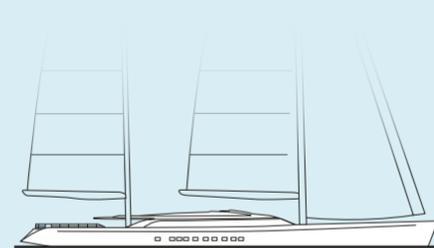
2015
Perseus³ / 60.0m



2016
A / 142.8m



2016
Aquijo / 85.0m



2016
Sybaris / 70.0m

From the Helm

Technical Editor Tim Thomas and I spoke to a variety of players in the sailing sector to test the temperature of the market and discover what is the current sentiment. It's not as bad as some believe and, if everything comes to fruition, in the next few years we could see the return of a healthy sailing sector.

The following are the open and honest comments from a cross-section of the market.

KLAUS ALLEBRODT
PROJECT MANAGER

The market segment between 40m and 60m is certainly depressed. There seems to be increased interest and activity in the 30m size range. There still is interest in the 60m-plus segment, too, but only those clients who do not even bother to look at the price tag actually sign contracts. For us, the enquiries are at about the same level as they have been in the previous years. However, the size of the average yacht has certainly decreased.

We think the main factors for the decrease in sales of sailing yachts are primarily the following:

Second-hand market: It seems increasingly difficult to sell any second-hand 30m-plus sailing yachts. The reason for this is probably a saturation of the market. Very few new owners are entering the market and old yachts stay around and are continuously being professionally refitted.

Rigging costs: The costs for rigging and sails and their service/replacement have increased disproportionately and are increasing exponentially with the size of the yacht.

Generally, in the superyacht market, but particularly also in the large sailboat market, client demand has been channeled to accept only the best of the best. This has led to grand-prix-quality equipment on many sailboats where it may not actually be required (and probably not even appreciated by the owners).

Purchase/operating costs: In our opinion, the luxury experience on a 40m-plus yacht is only marginally better than on a 100ft yacht. A 33m yacht can offer a very spacious interior (for six to eight guests), good-size tender (stored under deck), small crew, very good sound-proofing as well as all machinery and amenities typically found on a larger vessel. Also, when built out of carbon fibre, a 33m yacht will probably sport the same performance as a 45m aluminium yacht at approximately half the purchase and operating cost.

We have to reach out to the next generation of owners. Very few children of our clients have any connection or interest in sailing and will probably end up building a powerboat (if that). Events such as the St Barths Bucket, Les Voiles de Saint-Tropez and Maxi Worlds regattas need much more exposure. They are a perfect opportunity to attract clients into the market but, in our opinion, are still being marketed very poorly to the non-sailing community.





QUINNY HOURY

SAIL MAKER

As a start, I think we need to look into the cycle of recessions and when they affect the superyacht market. The normal bounceback starts with motoryachts and is then followed by sailing yachts, and that is where we are at the moment. As far as new builds are concerned, there is still interest in 50m-plus sailing yachts but this is – and always has been – a niche market with very few boats. There is a definite increase in enquiries for sailing superyachts, and certainly for the extreme superyachts such as A.

The superyacht regatta fleet is the largest it has ever been and the number of regattas designed specifically for the superyacht fleet has stabilised and become more professionally run. However, it has to be pointed out that very few 50m-plus yachts took part in these events and those that did were mainly at the St Barths Bucket, an event that attracts an array of yachts and is never the same from year to year.”

Initiatives have been taken to introduce a non-spinnaker fleet that will race or participate with new people, without the need for professional race crew, this will bring back the 50m-plus fleet.

Most of these initiatives are client-driven through competition. The style of 50m-plus sailing yachts is still engineered towards comfort, with sail speed a secondary consideration.

Note: Many others were invited to comment on the state of the sailing yacht sector. As we receive their comments and feedback, they will be added to the online element of this report on SuperyachtNews.com.

Yachts are not selling for what they were, say, 10 years ago which means owners are reluctant to build new or larger yachts without making a big loss on the sale of their yacht. No owner wants to pay for two yachts and two sets of running costs.

Maybe passionate sailors and racers go for yachts below 50m because there is more enjoyment and feeling of sailing, cheaper regatta costs and more yachts to race against. You only have to look at the example of *Zefira* – [owners] downsizing to building a smaller yacht for many of the above reasons. We as an industry need to keep new owners engaged through chartering and trying out different yachts, and introducing them to regattas to show what they could be part of.

S/Y SALPERTON

CAPTAIN

MIKE KOPPSTEIN

YACHT BUILDER

To get an impression of where we are going, you only have to look at our own data. In simple terms, where once we would have only had to look at the number of architects with preliminary designs underway to get a forecast, today we are looking at naval architects, styling architects, captains, brokers, project managers, law firms, banks and even friends of friends to help determine our future.

Taken as a whole it's not a dark, empty tunnel. You only have to change where, how and with what you use to look. There are so many new pieces to the puzzle that need to be assembled before you can see light in the tunnel. You also have to put yourself in the client's shoes to understand the mechanics of how today's client reacts, as they are being pulled and tugged by all and sundry in every different direction. Where once the client would pay a naval architect to come up with a preliminary design, some ancillary person might now be paid to tell him it's not necessary, that designer and shipyard will work on speculation to earn the business. It's not in itself a bad thing, but it's a significant shift that can hurt the industry since more projects managed in this way appear not to come to fruition. The client tests the water and the financial stamina of the parties, doesn't like the temperature and heads back to shore. Too many projects are considered, then dropped. We have to ask why. The answer might be guidance, cost, complexity, regulation and intimidation.

MALCOLM MCKEON

DESIGNER

I've had some very good enquiries recently – I've just signed a contract for a 62m and I've got four new design contracts, two are below 50m and two are above. The contracts are signed for the design but they have not signed with a shipyard yet, but I am expecting the 34m and the 40m to sign shortly and the next two, the bid packages we are working on effectively.

Sailing is a niche field and unfortunately the boats are quite expensive for what they are, and that's probably not helping; compared to a motoryacht of a similar size or volume they are quite expensive, and there are fewer people out there with the passion to spend the money to build something like that. But it goes in waves. I know we've had a bit of a lean time but certainly half of these clients have never had sailboats before, which is good because we're bringing new people into it. In the past we've had a lot of repeat clients, but of the projects I've got on the go I think there's only one client for whom I have actually designed a boat in the past. Two of them are first-timers, they've chartered but never owned.

What I'm trying to do at the moment is get people out of motorboats and into sailboats because they can see there's much more fun in them. The only problem is

the cost element; the volume for pound is just so much better in a motorboat and that's the difficulty. But when they can see there's a lot more fun in a sailboat then, if they're passionate enough, they'll spend the money.

However, as the boats get bigger the rig becomes a bigger percentage of the overall cost. You'd think it would be a smaller [percentage] but it's not, because the righting moment goes up to the power of four to the length, whereas the displacement goes up to the power of three. Therefore the rig price goes up by a bigger proportion of the overall cost and that's part of the problem with the bigger boats; the cost of the rigs is disproportionate to the overall cost of the boat.

In terms of new-build activity, I am seeing quite a lot of interest in the bigger boats. Whether it's just a small pocket of interest or whether it's going to continue I don't know, but if all these boats that we are potentially working on come off, where are we going to build them? Without the New Zealand yards we are pretty limited. Huisman have signed a big boat and I know they want to get another interim boat in but they are pretty busy. Vitters are working on quite a few proposals hoping to get a few projects in the door, and once those yards take on a boat or two then we're a bit unsure on where else we can go. So I see that as a bigger problem to be honest.

PATRICK MOUSSA

YACHT MANAGER

There is no question that the size increase in sailing yachts has added significant cost and complexity, much more than in the equivalent size increase in motoryachts. A very rough estimate could be that at equivalent gross register tonnage, a sailing yacht may cost 20 per cent more and potentially require more downtime for maintenance for equipment that does not apply to a motoryacht. Only the hardened sailor or one-time trendsetter will put up with that, and there may be a finite number of those people around. The increase in size may have also caused owners to disconnect from the sea. Sailing upwind on a 30m in a bit of breeze is not quite the same experience as on an 85m sitting on a fly-bridge, let alone on a 145m.

To convince people who do not necessarily care about sailing that much that they should pay a bit extra for less space and amenities than on a motoryacht is going to be difficult. The ones who were convinced the first time around may eventually realise that the amount of sailing they actually do can't possibly justify the sacrifices involved.





BILL TRIPP

DESIGNER

Our primary business on the superyacht side is around 45 metres – that’s the sweet spot. It’s the size of boat that we can push harder for racing, and the guys are thrilled and then they can go off around the world.

People don't get bored when they go sailing. To me, if you get on a motoryacht and you go for 30 hours, there's the question: 'Is that for me?'

I don't really have an answer for that but I do know of a guy who was steering a 100-foot sailboat in the middle of the night in the middle of the ocean. He was a heart surgeon and he knew he had chronic heart disease. He was driving the boat, stars from horizon to horizon, phosphorescent waves breaking, the boat going hull-speed ... All of a sudden he let go of the wheel, looked up and said, "Lord, take me now. No? OK, I'll carry on!"

That's what sailing's about, and for people who understand it, it's irreplaceable. Now that doesn't mean the market's growing, because right now 80-footers, 90-footers, 110-footers are hot for us. That's just the way it is and we're not looking at this going, 'Oh, the market's in decline'; we're saying, 'This is what we're doing.'

MARK TUCKER

DESIGNER

I think there's a gap between the people who are buying the really big boats – there are only a few of them – and the people who are buying sub-35-metre and even lower than that. As I've always said, I want to try to encourage people to enjoy the sailing; a little bit of innovation in that area would give them a nice platform to build on as the semi-custom approach is quite interesting as it reduces costs and gets them into sailing again.

Attract younger people – and by that I mean those under 50 years of age who can afford these boats – get them into it, get them to enjoy it, give them a nice platform to work on and then progress them through. But they don't build boats every couple of years; people are passionate about their boats, they like to keep them and they don't like parting with them, so it's a real wrench for them to give up something they've been very personally involved in creating. I think that's the difference between a powerboat client and a sailboat client.

Owners looking to build their next sailing boat are not starting until they've sold their current boat, and of course the prices since 2008 have dropped and it's a big wrench. We have a client trying to sell his boat and he will get another boat. But, of course, you've got to sell first; he doesn't want to be a two-boat owner, not many people do.

Over the Horizon

CONCLUSION

I'd like to challenge every owner of a motoryacht to step on board a sailing yacht and go for a day sail in a steady breeze, in a stunning location with a group of friends or family and then report back. The raw combination of a gentle spray, the hull carving through the water, the sails taut from the stiff breeze and the balance of the helm in your hands is what makes owning a sailing yacht such a magical experience. It is a hands-on experience, not just in a regatta scenario but also when sailing from A to B with a few friends in the cockpit and looking ahead at the horizon.

There are two comments from the market that need addressing: 'We need to have better crew who know how to sail.' And 'We need to create more designs, with a focus on ease of maintenance and minimalism.'

In summary, and having watched the market and listened to the expert comments, I'm not sure everything is as bad as the data suggests or the industry thinks.

The sailing market is made up of passionate purists who love sailing; once they are addicted, they tend to be in it for the long haul. Our mission now is to encourage more people to try it, to present the lifestyle in a more dynamic way and to show owners how to have the most fun on the water. I can honestly say, I have never met an unhappy sailboat owner. **MHR**

CREATING CERTAINTY

Our clients value a team of insurance professionals with a global outlook and worldwide resources. They value the reassurance of round-the-clock support and expert advice. And they value long-standing, trusted relationships.

Yachtsure24. Insurance services for the superyacht market.

www.hiscoxmga.com



Paris

38 Avenue de l'Opera
2eme etage
75002 Paris
+33(0) 53 21 83 58

London

1 Great St Helen's
London EC3A 6HX
United Kingdom
+44 (0)20 7448 6000

YACHTSURE24

**HISCOX MGA**

Yachtsure24 is a trading name of Hiscox MGA Ltd. Hiscox MGA Ltd is authorised and regulated by the Financial Conduct Authority. Hiscox MGA Ltd's registered Office is 1 Great St Helen's, London EC3A 6HX and the registered number is 07720593. 16821 11/16