

# BERTHON

Market Report  
2009



1949 - 2009  
Linssen Yachts:  
60 years of style in steel

LINSSEN  
1949



YACHTS  
2009

*We take your pleasure seriously*

# A solid investment



Grand Sturdy 40.9 AC, 12.85 x 4.30 m

## BERTHON

[www.linssenyachts.co.uk](http://www.linssenyachts.co.uk)

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29.9 Sedan/AC  
9,35 x 3,35 m

33.9 AC/Sedan  
10,35 x 3,40m

34.9 AC/Sedan  
10,70 x 3,40

**40.9 AC/Sedan**  
**12,85 x 4,30m**

45.9 AC  
14,45 x 4,40 m

410 Mark II  
12,55 x 4,20 m

430 Mark II  
13,50 x 4,30 m

470 Mark II  
14,70 x 4,45 m

500 VT Mark II  
15,75 x 4,88 m



## Contents

Review of 2008	04 - 05
Currencies and Berthon USA, New Yacht Sales, Superyachts and Charter	
Forecast for 2009	06 - 07
Financial Security, Boat Shows, Finance, Red Tape and Regulations	
Summary	08 - 11
Berthon France, Berthon Spain, Berthon USA, Windy, Linssen, Raceboats, Sailing yachts and Motorboats	
Linssen	12 - 14
The Everlasting Strength of Steel	
Schneider Foreign Exchange	14 - 15
Currency Review, Sterling, US Dollar, Euro, Norwegian Krone, Swedish Krone, Forecasts	

## Market Report 2009

2009 promises to be the most challenging year that has been seen in the yachting history; for some the curtains have already been drawn and for others, companies are morphing into new entities as the private equity brigade exits the sector following a period of rash over-exuberance. The speed of the slow down in 2008 was unprecedented, fuelled by the very nature of rapid communication that fired the long period of growth and it was a challenge to remain ahead of the curve and to assess to understand the market as conditions changed so quickly. But we managed this with a 20% increase in brokerage commission to our year-end in September. Whilst the latter quarter of 2008 was pretty bad, we took the decision to maintain our sales team and as markets settled into a trading range at the lower levels in January, sales have once again picked up.

As ever, this is our assessment of a situation that is unparalleled, but our policy of being nimble and anticipating the trends in the market has stood us in good stead, and I hope that you will enjoy reading this review.

Sue Grant

## Review of 2008

A great year for Berthon, our figures were up in all areas. However, having realised that the new yacht sales market was falling at the 2007 September Southampton Show, and then confirmed at London in 2008, we knew that we would have a challenging year and that the brokerage listings that we were carrying were simply too expensive. At the January London Boat Show we therefore took the decision to drop the prices of all our brokerage listings by 15% to 20% in order to bring them in line with the drops in other asset prices such as property and equity holdings. By making this move early, we were able to withdraw those listings where their owners did not want to drop price by this amount, giving time for those yachts to be readied for the new Season so that their owners could enjoy them. On the rest, this strategy paid dividends with our figures rising considerably and allowing owners to trade up or leave the market in a timely manner rather than seeing their yachts remain on the market for a long period with no activity.



## Currencies and Berthon USA

As the year wore on, it became apparent that currency shifts were beginning to dominate the market and that further price drops wouldn't be useful and that we should retain pricing at current levels, allowing the opportunity to benefit from a weak £ to filter through. It has always been the case that the brokerage market's dominant currency is the US\$ and despite some moves in recent years to price in an increasingly strong euro, this certainly remains the case. Ignoring the US\$ pricing equivalent is unwise and our strategy never ignores this fact. We believe that the US will continue to be a massively effective wealth creator and that the American 'can do' attitude will do much to pull the US and therefore the rest of the world out of the downturn particularly with the change of Administration in the White House. Using weaker markets to expand has always been the Berthon way and so we joined forces with Rhode Island based Scandinavian Yachts – led by Alan Baines and Jennifer Stewart - in the Autumn of 2008. Specialising in quality brokerage listings with a very similar profile to Berthon, this enabled us to give our brokerage listings a more proactive platform in the US market.

Of course the euro has been a hugely strong currency in 2008 and we went into 2009 with the sterling virtually at parity making sterling denominated yachts very price attractive. We sold a large number of brokerage listings to the Euro area and this has been great business for us. Our offices in France and Spain have hugely assisted us in this regard and we will continue to benefit from representation in these 2 important markets. However, Scandinavian currencies also played a major role in clearing second hand yachts particularly Windy's from the books effectively and at good prices.

In the meantime, we cautioned our clients with euro priced yachts to be uber realistic on pricing as they faced stiff competition (and still do!) from £ and US\$ priced listings; so whilst the euro is strong, it is vital to discount asking prices (which is only bringing them in line with the \$ standard). Some observers have wanted to maintain euro prices since they are fearful of a drop in the euro later this year. However, this ignores the fact that your boat simply gets older and the costs of keeping her continue to mount, better to take her off the market all together than to sit with a high price. The availability of quick search engines leaves highly priced yachts at the mercy of easy comparisons and there will always be a better deal elsewhere.

## New Yacht Sales

New yacht sales were difficult in 2008 for manufacturers with a strong currency. It became apparent early in the year that 2009 would be yet more difficult and that we would see a paradigm shift in the new yacht market with many distributors and manufacturers failing. Well managed companies scaled down significantly in 2008 including Windy and Linssen who listened to their distributors and made cuts in staff and production early enabling them to weather the storm and be around to take the market share that will be available when the market picked up. Both Windy and Linssen occupy a niche sector at the very top end of their respective markets and yachts are manufactured to order. During the boom time manufacturers in some cases, lost sight of the essential truth that yachts should be built for retail clients and not for distributors. Whilst massive discounts have been commonplace to clear stock boats, this tends to hammer second hand values of those brands affected.

As the slowdown became more pronounced in the US and the UK, the yachting industry turned to the European market in a giddy belief that Europe and emerging markets would decouple; however, as is now history, the slow down started to kick in everywhere with the PIGS (Portugal, Italy, Greece and Spain) especially affected. Although Europe and the BRICS (Brazil, Russia, India & China) appear less savagely than affected than other zones, the sickness of the credit crunch is a truly global problem.



Over the past few years, yachting became a popular target for investment funds as it became clear that with increased buying power in both the developed world and the new emerging markets that this was an interesting industry with huge potential for rapid growth. Headlines first trumpeted and then subsequently bellowed about private equity investments in Bavaria, Ferretti, Oyster and Canados, Fairline and finally luxury brand group LMVH's purchase of Princess Yachts. Those that never heard the adage, "how do you make a million out of the boat business?....Buy a business for £2m and sell it quickly!" are retreating apace, but others such as Bernard Arnault's Princess Yachts are bound to emerge stronger within such a massive branding house despite recent redundancies there echoing many of its competitors. However, in the longer term, of course, this industry still offers huge scope for expansion for those that are both fleet of foot and sound of finance.

Already, Berthon have expanded its skills base during this period by taking on the employees and existing business of two well respected local firms in electronics (Datayacht) and mast and rigging repairs (Formula) who sadly closed their doors.

## Superyachts

Up until the last quarter of 2008 there was still the feeling that the Super Yacht market would not be affected by the slowdown as those with the wealth to spend many millions on their yachting would still have the resources to keep the spending going. However, the slow down then took hold here also with some of the world's finest yards seeing cancelled orders due to owners' changed circumstances and the tightening of credit. Icelandic banks were majorly involved with funding for this sector as with so much else in our home economy. Whilst the larger yards will simply bring forward strong orders, smaller yards are clearly in for a rough ride with a small number of orders for very high value goods where a single cancellation has a catastrophic effect.

## Charter

Another feature of the slowdown in this part of the market was the reduction in volume on the charter market, meaning that many yachts' running costs are no longer funded by charter income; these yachts are either lying idle with large monthly bills accruing to their owners or frantically discounting to keep up with falling prices. Some of these have been mothballed and others put seriously on to the market. This was in some part healthy, as the huge demand for super yachts had meant that owners could sell for a premium price, where now they, like the rest of the market, are in a position where market value determines selling prices. The concept of owning a super yacht and making a profit on sale, died in 2008.



## Forecast for 2009

In larger yacht sales the US\$ always has been, and remains the dominant currency. Therefore, in valuing yachts it remains important to bear this in mind. A euro priced yacht who's ask is not altered to take into account the strength of the euro is automatically overpriced. Either the owner should adjust the price to allow for this, or remove from the market and enjoy his yacht. Sterling priced yachts must look to equivalent models in sterling.

Though here at Berthon we believe that the US will come out of the downturn first, Europe with its new euro single currency has yet to witness a deep recession; with over 300 million people living in the euro-zone, repatriation of euros has helped maintain a strong currency with the central bank hoping for internal trade to take the strain. America has always weathered recessions well enough because they have massive internal spending. If Europe witnesses the same thing and if the coordinated push from the G-20 Nations and massive infrastructure programmes in China all work to prevent a catastrophic downturn, we could see a rapid bounce on both sides of the Atlantic when the turn comes. However, inflation may take its toll from an inability to slow the QE (Quantitative Easing). But this does not have to be a bad thing; after all, inflation reduces debts – both private and Government, so if you have spare cash and a good credit line, now is the time to be buying that dream yacht, or to be trading up.

The number of enquiries that we have from our Rhode Island office indicates that Americans will be shopping for yachts in Europe this year. This is the reverse of the position over the last couple of years where the British in particular were going to the US to buy. This arbitrage across the Atlantic is also useful in that it removes excess stock from the geographical area, as we saw with brokerage sales of Windys, Sweden Yachts, Halberg Rasseys and Nordias to Scandinavian markets last year. Only, the Americans naturally vie for the bigger boats, those that are able to cruise long distance and eventually travel on their own bottoms across the Atlantic.

As already previewed, it is very clear that the number of new yachts being built has fallen hugely in 2009 and as with the car market, the prices have fallen to meet reduced demand. Once the indigestion of oversupply has been dissipated, the number of new yachts will become scarcer reflecting the somewhat shrunken market. It is doubtful that we will see the numbers of yachts built in 2006/07/08 for a very long time. This is fundamentally good and particularly so for the production market, as over time, the brokerage market will reset. By this we mean that buyers will buy new yachts at massive discounts instead of buying second hand. Once the supply of heavily discounted new yachts dissipates, the falling prices of second hand yachts will start to level. However, we will not have the benefit of this in 2009, so if you're purchasing a yacht from a high production manufacturer in 2009 you should ensure that you do a truly great deal because the residual value is likely to be very poor. There is also an advantage to be had in securing bespoke yachts with much shorter lead times.

## Financial Security

In this new market environment, it is the strong, well funded businesses that will take market share. Trimmed costs and improved efficiency to meet these difficult times, and the financial ability to innovate and improve services and products are paramount. Continued investment is key to productivity gains and at Berthon our investment programme continues apace with a new self propelled boat mover delivered before the euro's strength made it unpalatable; furthermore the washroom facilities at the marina have been gutted and rebuilt to a standard that most would only see in their homes, with underfloor heating and an attention to detail that we hope will continue to set the standard.

In addition, the harder things get, the more important it will be for scarce buyers to deal with businesses that can offer financial strength and longevity so that the buyer can feel secure in the knowledge that their funds are safe and that the business that they are buying from will be there to support their yachting in the future. Here at Berthon we continue to fund expansion from cash-flow and with no debt we take the view that we should regard this cycle as a 5 year period before industry numbers will reach anything approaching 2007/8 levels. Some high production manufacturers are seeing 50-80% falls in demand.

However, not all is doom and gloom and Berthon has chosen to keep its entire sales staff to service the wants and needs and dreams of owners just waiting for the right moment to order a new yacht or buy second hand. Berthon is also seeing demand for a healthy and fully skilled refit and repair yard remain strong, particularly with a weak sterling to help tempt overseas owners to Solent waters. We have also committed to continue apprentice training during times. But we tend to forget that whilst the yachting industry has developed hugely over the past 20 years or so, it still has some charming pockets of cottage industry where change sadly needs to take place, either to boost efficiency, productivity or comply with Health & Safety regulations. This area is occupied by those who love yachts and yachting and for whom working in our industry is a way of life rather than a business. Sadly, the challenging economic conditions will see the demise of many of these businesses as companies have to be provident and efficiently run in order to survive. What this does however mean, is that the level of service offered by those companies left in our industry will be higher than pre 2008 levels as some of the laissez faire attitudes that was a feature of our industry falls away.

## Boat Shows

In the heady days that are now behind us, we saw a rash of boat shows emerging as event management companies saw this as a growth industry that could be exploited internationally. It seemed that every month there would be notification of yet another event that the industry simply had to attend if their products and services were not to be eclipsed by their competition. At Berthon in 2009 we will attend London, Dusseldorf, Southampton, Cannes, and Paris. Major shows are colliding with Southampton, Cannes, London and Dusseldorf overlapping one another. In these more difficult times, there are companies who will fall as a result of having to fund attendance at all these 'must go to' shows. We hope and will campaign strongly, for these event organisers to act responsibly and to limit the number of boat shows to a reasonable level so that the clients attending see a first class exhibition which the industry can afford to attend.

## Finance

Over the past 5 years the finance packages available for yacht purchase have grown enormously, with production new yachts being sold in some cases like cars – with the headline price ignored and the price per month being the focus. The concept of usage rather than ownership also gained popularity, increasing demand for product and making frequent changes of yacht easy, with the average length of mortgage being only 36 months. We have seen funding for 15 years, balloon funding and financing of up to 90% of price, AND with follow-on top-ups for refits etc. All this was a product of an inflated market and we now see a return to more cautious underwriting with the precepts in use in the 1980s becoming once again the norm. This is in the round a good thing. A yacht is something that is fun and should be a joy to own. It should not be a financial millstone.

It is clear that the finance houses have their problems and they are facing 2009 as fleet owners. Not only through the business casualties who are failing with far too much stock and part exchanges but also with private owners who are unable to sustain the pressures of the current financial landscape. These yachts will of course affect yacht prices across the board in 2009, but yacht buyers should not imagine that there will be hundreds of truly bargain basement yachts to be had as a result. As with house repossession, the finance houses have a responsibility to achieve market value and cannot just sell the yacht to the first bidder in an attempt to clear their liability. This is because it is their responsibility to return to the owner any residual capital after sale, and where that cannot be achieved the owner has a responsibility for the shortfall. The finance houses are professional people who are dealing with this situation in a proper way.

## Red Tape & Regulations

During this difficult time, we hope that industry bodies internationally will fight hard to ensure that the industry does not get ever more laden with regulation which at the moment certainly in the UK is a real risk, fuelled by over-enthusiastic UK interpretation of some European Laws. Ours is a sport where many people have an enormous amount of fun with refreshingly few rules and a spirit of support and camaraderie. It would be a great shame if this changed as not only will it decrease our clients' enjoyment, it will seriously hamper recovery if allowed to go unchecked.



## Summary

Whilst 2009 will be a thoroughly harsh year, at Berthon we are privileged to be able to tough it out. We have a strong balance sheet with no bank debt and have our own site in Lymington which is unencumbered and which is valued at depreciated 1917 prices! We also have a strong, committed team and a vertically integrated business that aims to provide the very best service whether it is in Sales, the Marina or the Shipyard and from our bases in the UK, Continental Europe and the US we are well placed to service enquiries from Scandinavia to the BRICS, and the Caribbean to Australasia. We are aware that not all will be so lucky but believe that the resilience of the yachting industry will mean that the rich tapestry of differing types and styles of yachting will remain available to those to participate in our sport. It is our prediction that things will begin to improve at the end of the year with a better, if still challenging 2010. What will not change is Berthon's dedication in offering a professional service across all our businesses and we look forward to speaking with you directly about your plans and dreams.



## Berthon France

Windy's sales in France in 2008 reached full expectations. The Windy 44 Chinook luxury hard-top sports cruiser and the Windy 48 Triton luxury cruiser presented afloat for the first time in Europe during International Cannes Boat Show met with a great success, two Windy 44 Chinooks will be delivered in Golfe Juan to their owners during Spring 2009 as a result.

The Chinook won the prestigious award at Boot, Düsseldorf Boat Show in January 2009 as the "European powerboat of the Year" in the under 50ft category. The complete range of Windy sport cruisers has continued to benefit from a high quality reputation and we consider this as a real advantage in the context of the European economy. Windy's customers are knowingly spending their money on long term valuable yacht and Windy is the brand that gives you what you pay for... and even more.

Linssen Yachts'sales are slowly but surely moving ahead in a demanding French market with the latest introduction of three new models of Grand Sturdy: 34.9, 40.9 and 45.9. The Grand Sturdy 33.9 and Grand Sturdy 500 Variotop were exhibited afloat at the International Cannes Boat Show and attracted much interest from our prime dockside position. During 2008, the main French Boat magazines have commented positively on the Linssen Yachts building quality and reliability in their columns.

Brokerage activity has been mainly focused on Windy's and it was a good year : some Windy 28 Mirage, Windy 40 Bora and Windy 42 Grand Bora found new owners.

We shall be much more present in 2009 on our domestic brokerage market for Motoryachts and Sailing Yachts as a new experienced Broker is expected to join us and develop listing and sales.

The bilingual Berthon France Team is looking forward to meeting you, assisting you in guaranteeing a wonderful time in 2009! ► **Bruno Kairet**

## Berthon Spain

2008 was a year of development and change at Berthon Spain with a new office in Real Club Nautica. Of course 2008 saw the last of the buoyant market and we were able to take advantage of this and to improve on previous years in terms of value of yachts transacted. By early winter, the pace had slowed considerably. The economic slowdown was quickly felt, and the market in the Mediterranean which is dominated by the euro and the dollar stumbled as currency changed rapidly.

However we have been able to be consistent with yacht pricing and this has enabled us to sell yachts by giving the best possible advice about current market conditions. This has been possible because of our close connections with other Berthon offices on a daily basis. Of course, everyone wants to buy well, but it is our job to differentiate between the offensively low bid and that which accurately reflects today's market.

The office is now extremely busy with a lot of Europeans – Italian, German (and even UK buyers) as well as a number of American clients. We are looking forward to the rest of 2009 where we plan to continue to uplift our level of service in Spain to offer the very best advice on yacht sale and purchase as well as a wealth of local knowledge. ► [Chris James](#)

## Berthon USA

We at Scandinavian Yachts, Inc are delighted to now be associated with the Berthon Group as US agent. Over the years, together with Sue Grant and the Berthon brokerage team in Lymington, we have often sold Berthon listed boats to Americans and vice versa – American owned boats to European buyers. The types of boats we tend to specialise in – Swans, Najads, and other high end European made boats also make up a large part of Berthon's European business. The fit between the two companies makes great sense.

In recent years, with the advent of global yacht selling websites, and specialised ships for transporting boats, the market has become far less regionalised. While this has benefited most international brands of boats, it has really benefitted the market for higher end products with a global reach – Swan being a most visible example. The result of this (certainly lately) is that yachts have become almost a form of arbitrage, depending on the strengths or weaknesses of currencies. It is now not uncommon for a yacht to yo-yo between European and American ownership many times throughout its life.

The benefit for the owner is that this helps to make the yacht market “more liquid” – especially in times like now, where certain markets are struggling more than others. Our own experience last year was that virtually every boat we sold went to Europe, when the Dollar was at 1.60 to the Euro and 2 to the pound and our own domestic market last year was quieter than normal due to the well documented economic troubles the US has experienced for well over a year now. The result is that there is now a shortage of good boats available here, and the dollar has risen against the other currencies lately, so the pendulum appears to have started swinging the other way.

The second effect of the more globalized marketplace is that the pricing of yachts in one region will affect the pricing of yachts elsewhere. Because the US does not have VAT, but many US states charge a sales tax of up to 8 percent (to local residents only) on each sales transaction in a boat's life, the advertised price of a yacht in the US will always be lower than its sistership in Europe – assuming the currencies are “at their median” and not skewed in the favor of, say the Euro. The weak dollar and weak domestic market here last year for a while gave the impression that boats were half price here. Eventually it did have an effect on the asking prices in Europe, which have fallen in recent months. Its clear none of us can manipulate a market – or protect it and we all have to recognize, it is what it is, and thankfully, its a larger market than it was. As you plan to go from one boat to another – then if you have to sell at a price lower than your hopes, undoubtedly you will make it up on the replacement!

There are still many points that need to be recognized in overseas yacht buying, such as CE regulations when buying from the US, VAT or lack of, on boats in Europe and then practicalities such as voltage or propane/butane differences to name a few. Contractual procedures and expectations are different depending on the country and custom. We have, over the years, sold boats from or to customers from a wide variety of countries and have learnt much from those transactions. As Berthon maintain a client account in Dollars, Pounds and Euros.

We have prided ourselves on carving out a niche, and knowing the products within that niche. Our principle office is located in the heart of Newport, one of the US east coasts most desirable and well known sailing locations. If you are in town, please feel free to stop by and say hello! ► [Alan Baines and Jennifer Stewart](#)



## Windy

2008 was an exciting year for Windy. The latter part of the year saw the launch of the 48 Triton and 44 Chinook, both yachts being offered with either stern drive or IPS installation. We first had the opportunity of showing these two models at the Cannes Boat Show in September and more recently at the 2009 London International Boat Show at Excel. The 48 was nominated 'Sports Boat of the Year' within its size category by IPC and shortly afterwards at Dusseldorf Boat Show the Windy 44 won the coveted 'Sports Boat of the Year' award for Europe, which was decided by a panel of International Journalists.

Overall for 2008, the volume of our sales remained similar to 2007. London despite our concerns showed strong interest from

potential customers with in particular the 44 and 48 being well received. Brokerage enquiries are also on the increase following a quiet period just before London Show so whilst there is no doubt 2009 will prove more difficult than 2008, due to Windy's unique position in the market, demand will remain strong, as buyers favour quality product with strong residual value. ► [Andrew Constance](#)

## Linssen

2008 was a good year for Linssen in both the UK and French territories. Market share has been increasing rapidly since we joined with Linssen 5 years ago. This has been through a combination of increased visibility through marketing and boat shows, and also as a result of a great product mix and consistent brand innovation.

Linssen offers a lifestyle choice. This has proved popular with those who wish to explore the extensive inland waterways in UK, Ireland and France. The Grand Sturdy MkII range is perfect for displacement motoryachting at sea. Despite the crunch, and a pleasing number of our client base are continuing with their plans. We expect this trend to continue, as life, after all must go on.

2009 will be challenging for all new yacht sales operations. Numbers are down, but the recession proof concept of slowing down and starting to live as coined by Linssen means that their yachts continue to sell. Brokerage Linssens continue to trade at good prices and we have much to be optimistic about. The product is superbly engineered and finished, and is being consistently improved. The Linssen Boat Show in December saw the launch of the 34.9 and a refresh of the Grand Sturdy 45.9 and the new Geo Line range.

Our Linssen owners continue to be enthusiastic about cruising their yachts near and far, and purchasers continue to swell their ranks, albeit at a slower rate than 2008. ► [Hugh Rayner](#)

## Raceboats

2008 was a vintage year for Berthon; however no sooner the harvest was picked, clouds gathered and doubts formed over the crop for 2009. Key West, the normal big kick off for the season was half the size as 2008 and a general quietening of the market has been prevalent certainly in the USA. Back on the Queen's turf, the market continues to be buoyant mainly due to the strong Euro but only with sensibly priced yachts as we move inevitably into a buyer's market. The market for race boats Under 50' is suffering as IRC is still favouring the heavier displacement cruiser / racer type yachts. This sector is dominated by the production cruiser / racer; however there are a few custom IRC designs available which offer good value for money and also a fast track to the front of the fleet. Larger than 50 ft, the converted TP52's are still flourishing in IRC and a steady supply stream is coming from the professional circuit as the boats are outdated year after year. However the TP52 circuit is starting to falter, the expense proving hard to justify for some teams in a falling economy; and the GP42 class struggled from the outset. It is unclear whether or not the GP42s will convert to good IRC racers but it certainly would provide a very good fun boat to sail.

The charter market continues to flourish. Volvo 60 workhorses continue to trade well, as they offer great value and perfect platform for charter experiences. The Volvo 70 market is just beginning to develop; we sold the winner of the last race, ABN AMBRO 1 to Team Delta Lloyd, who at the time of writing was battling well against the well funded teams. These boats offer great value for a serious offshore campaign and line honour possibilities in some of the most prestigious offshore events. For 2009, due to the weak sterling we expect to see more overseas buyers in all sectors of the market. Given shipping costs, it is more likely that buyers outside Europe will be more interested in the higher value yachts whereas European buyers will be shopping across the board. Overall it is no secret that there is a downturn in the marketplace. To maintain momentum, we have to ensure that yachts are sensibly priced and we will be marketing them proactively. ► **Ben Cooper**

## Sailing yachts

There have been relatively few silver linings to the recent economic troubles, but at Berthon International's cruising yacht division, we have been fortunate to experience just that. By concentrating on high quality, good value bluewater cruising yachts, the trend has been well and truly bucked, with record-breaking sales to all markets. The recent weakness of the Sterling has seen many 'global' brands such as Nautor's Swan, Oyster and Hallberg Rassy become hot property when sensibly priced in British Pounds. High enquiry levels from the US, Scandinavia and Europe have ensured that the traditionally-quiet Christmas & New Year period picked up any slack from the initial economic 'shock' period from the Autumn. British buyers, who perhaps held off buying at the end of last year, are also now coming forward in droves to make their purchases ahead of the forthcoming season. With demand high and prices finding their natural level, the mission for 2009 will be ensure that our supply of top quality listings continues.

Our continued alliances with the World Cruising Club, The Ocean Cruising Club, and Berthon USA have all helped to ensure that Berthon International remains at the very top of their game. Indeed, padding the pontoons in Las Palmas for the start of the World Cruising Club's annual Atlantic Rally for Cruisers saw a multitude of familiar faces and yachts, with our annual 'Owner's Party' proving once again to be a great success. We look forward to building on all these relationships throughout 2009, ensuring that Berthon International remain the first choice for anyone seeking a quality, well-priced brokerage cruising yacht. ► **Alan McIlroy and Alex Grabau**

## Motorboats

The motor yacht department at Berthon has been surprisingly busy in 2008. The worries that the market would collapse have been unfounded, in part helped by the fall in fuel prices and the potential split between the charges for diesel used domestically versus that for propulsion. It is true that buyers are becoming more cost conscious, and boats with the ability to potter around at displacement speeds, whilst still being able to get up and go for a blast or when the weather turns are proving a popular choice. Our focus at Berthon on the high quality semi-displacement market is continuing to prove steady and successful.

There is no doubt we are entering a period where buyers are increasingly more demanding and willing to spend time investigating all suitable yachts, in search of the "best deal". It is therefore essential that vendors not only present their yachts in the best way possible, but they must also be prepared to listen to the market and price their boat competitively in order to stand out and catch a buyer's eye. We have seen an increase in the number of part exchange proposals as there are many people still wishing to trade into something larger/different, but with fewer people at the bottom of the "chain" a part exchange is often the only way to get things moving. Providing the cost to change or cash differential is acceptable to both parties, it is often a good way of moving forward and releasing some, if not all the capital tied up in the yacht.

In conclusion, yes there are difficult times ahead but the important point is that there are still many buyers in the market, and at the right price they will continue to buy good quality yachts at the right price. ► **Ben Wyatt**



# LINSSEN

## The Everlasting Strength Of Steel

Constructing steel yachts is a typically Dutch craft. In the 1960s, a number of Dutch builders of commercial vessels turned their attention to vessels for pleasure cruising. One of them was Linssen Yachts. To meet the market demand for quality and competitive prices, Linssen already constructed its first model in series production in the early seventies, the 7.30 metre Limburgia. It soon became clear that the added value of series production had a positive effect on the market, and Linssen Yachts grew to become one of the largest yards for “steel-construction displacement yachts”.

In the favourable economic climate of the next few years, series production continued only partially because the price was less important than exclusiveness and customisation. The relatively strong economy of the 1980s and 1990s led to even bigger yachts, with the segment of the market devoted to smaller vessels up to 30 feet long being forgotten about.

In 2003, however, a thorough study of the market showed that virtually every yard had dropped out of the segment for vessels of about 30 feet long. Was it that customers no longer wanted these vessels or was it that yards were no longer building them? Analysis showed that the latter was in fact the case. The production methods, which were largely based on work done by hand, could not possibly produce a competitively priced 30-foot yacht because the number of hours work involved was hardly any less – sometimes even more – than for a 40-foot vessel. That is not very surprising because although a 30-foot vessel is smaller than a 40 foot one, it still basically comprises the same elements. The compact measurements also meant that the people working on the yacht got in one another's way, thus increasing the number of hours it took to build it.

It therefore quickly became clear that series production according to a strict technical and logistical scenario was the only way to build a competitively priced high-quality steel yacht. The trick was to do as much work as possible outside the boat (prefabrication) and to engineer the vessel as cleverly as possible so as to reduce the working time required. Linssen Yachts accepted the challenge and in the course of 2003 and 2004 developed the Grand Sturdy 29.9 (AC and sedan versions). The new highly competitively priced yacht came onto the market in December 2004 and was a great success. But there was something much more important going on in the background. How could we build a yacht at a price in line with market demand without sacrificing quality and functionality? With this in mind, the series production process was reborn in 2004 and 2005, with Linssen Yachts calling it “Logicam”.



“Logicam” is short for “Logistics” and “Computer Aided Manufacturing”, the two core concepts in the process. Logicam involved an enormous investment in many aspects so as to organise the process, but one thing is certain: it was worth it! We made great strides in both quality and quantity. The new thing compared to the previous method was that the work process was now divided into subdisciplines, with the yacht gradually moving along the line from one specialised work station to the next. This meant that each specialist could repeatedly work on a specific component of the yacht, thus getting better and faster. The fact that the logistics focuses entirely on the work that takes place at that workstation allows each specialist to work very efficiently. The necessary materials are provided to the workstation on a “just in time” basis.

That all sounds wonderful, and has been used in other industries for years, (ie the motor industry), but Linssen customers do not actually have to give up their individualism when buying a series product. Quite the contrary! The interior of the Linssen “9” series is extremely well laid out in a neutral style, so that the customer can have it fitted out entirely according to taste. Moreover, customising the yacht after it leaves the construction line allows the customer’s own wishes to be taken into account.

## Other advantages are:

- ▶ A yacht that has been developed for series production has been thought out in the greatest detail, including from the perspective of the actual owner. The interior is ingenious, and so are the machinery and the exterior. The producer just can’t take the risk that repeated errors come to light during the process because something has not been properly developed. This means that the yacht the customer buys is one that is perfect in every detail, something that is absolutely impossible when the vessel is a one-off.
- ▶ Linssen has integrated the almost impossible task including standard variations, enabling a high degree of ‘customisation’ of each vessel by discerning clients, both efficiently and productively, but more importantly, competitively.
- ▶ The customer no longer pays for the producer’s inefficiency because the amount of work involved has been previously precisely defined.
- ▶ The advantage for the customer is that he is buying a high-quality product because of the experience the yard has gained through engineering a vessel and then building it numerous times.
- ▶ Customer feedback from their actual cruising experience is also integrated into the process, helping the vessel to continually evolve.
- ▶ Yachts from well-known yards with a good reputation that strive for long-term quality can be resold much more easily and for a better price than hand-built yachts of the same size.
- ▶ The resale value and lower maintenance costs resulting from high-quality engineering and consequent high reliability mean that the owner’s operating costs can be significantly lower. A Linssen has a lower “cost of ownership”.
- ▶ Linssen invests in knowledge, with experience gained in practice not only being transferred to the specialists but



Like Berthon, Linssen is a family owned company with family members running it. Their dedication to the quality of the product and their unique perspective in being able to take bold long term radical decisions in the name of long term growth and security, means they tend to be ahead of the game; investment and innovation are at the heart of the Linssen brand and its quality remains unchallenged. Indeed following on from the Linssen 29.9’ success in being chosen as 2007 boat of the year, the Linssen 40.9 was recently voted by European press publications 2009 boat of the year.

We are convinced that series production is the only method that can ensure the future of competitive yet high quality yacht construction. Low-wage countries have become more expensive and costs have in any case risen greatly due to the large amount of time involved and high warranty costs associated with their products. Working at low margins that do not allow for process and product development can only be sustained for a few years, meaning that the yard concerned will disappear from the market.

Linssen Yachts is convinced that the future is to be found in our own unique type of series production. We are still the only yard to operate in this way and, as always, others will follow. Increasing experience of series production means that the range of products is growing all the time. It's the customer who benefits!

Berthon distribute Linssen Yachts in the UK and France.

*March 2nd. 2009, Ed Houben – Sales Director Linssen Yachts*



## Schneider Foreign Exchange

### Currency Review

It is fair to say that 2008 was an extremely volatile year in the currency market and 2009 looks set to continue that trend. We remain net bearish on the pound, net bearish on the dollar and modestly constructive on the Euro for the balance of 2009. It looks to be a year of ultra low Interest rates, quantitative easing and government intervention in which central banks will look to re-invigorate their respective economies.

### Sterling

To begin with, we are firmly of the view that sterling will remain a weak currency for a protracted period of time and that we are at the beginning (or continuation) of a multi-year downtrend for the greenback. Not only is Britain faced with a still large current account deficit, ultra-low interest rates and nearly £100 billion in quantitative easing from the BoE, but the struggling banking system will cause Britain's deficit/GDP ratio to rise to more than 12% by the end of 2010 from its current level of roughly 3%. Meanwhile, capital inflows (which Britain has long been dependent on) that have allowed the U.K. to become a huge deficit nation spending beyond its means are now drying up considerably. Rising export prices will offset a weaker pound in the path to a smaller trade deficit. According to the ONS, export prices for all goods and services rose by 13% from a year earlier during the month of December.

### US Dollar

For the dollar, the tide is gradually beginning to shift back to a negative outlook. The U.S. suffers from some of the same toxic symptoms as the U.K. - but the turnaround for the dollar will come primarily from the fact (we believe) that its status as a safe-haven currency will be put to the test tremendously in the months ahead. We think that the banking system will remain broken for the foreseeable future. We think that the model of capitalism (unfettered access to credit, wealth accumulation through debt accumulation, quick paper profits) practiced in Anglo-Saxon economies is in desperate need of repair, and slowly but surely, investment opportunities in the U.S. will dry up.

## Euro

As long as the ECB continues to fight its corner in terms of policy response and stays away from 'credit easing', the Euro should be the main beneficiary of this trend. The big question on a forward-looking basis is what does stronger Euro mean for the Euro zone economy, which is already struggling tremendously in the face of a collapse in global trade, and what will Euro zone finance ministers along with ECB officials do to try and halt the dollar's slide if it becomes so intense? This question, in a nutshell, highlights the forces that will help dictate movements in EUR/USD and GBP/EUR for the foreseeable future – at least until we get more policy clues from the ECB. With the SNB, Fed, BoE, and BoJ all practicing some form of quantitative easing or forced currency devaluation, some market participants will bet that the ECB is next (we won't). At the same time, some market participants will bet that the central bank will continue to stand firm in the face of these external pressures. We're still not ruling out a test of parity in GBP/EUR later in 2009 if the ECB avoids taking rates as low as they are likely be in the U.K. and sticks to the law underpinning the Euro which prohibits the ECB from directly purchasing (monetising) European sovereign debt.

## Norwegian Krone

The Norwegian Krone is one of the few currencies that have outperformed the dollar so far in 2009, rising by about 3.4% since the beginning of January. Norges Bank's base rate at 2.0% is amongst the highest in the developed world, and there are now indications from the central bank that it is unlikely to pursue ultra-easy monetary policy, let alone quantitative easing. Having suffered from its own asset price bubble in the 1990s, Nordic banks are in infinitely better shape than their European and American counterparts. This is evidenced by the fact that 10-year CDS spreads are roughly 50 basis points in Norway, compared with more than 150 in the U.K. and roughly 90 in the U.S. The prospect of quantitative easing which has weakened the greenback recently has managed to push up the price of oil and a few other commodities. A higher oil price will ultimately be a large benefit for NOK. But, even excluding oil, Norway is still one of the few developed nations that boasts a relatively healthy trade surplus (at NOK 29 billion in February) despite the collapse in global trade. On the fiscal side, as other nations have rushed to stimulate demand in their economies and support their banking systems at the expense of the public sector finances, Norway's budget balance stands at a very healthy 13% of GDP.

## Swedish Krona

SEK tumbled 8.5% amidst the largest contraction in Swedish GDP, of 9.3% annualized in Q4, in 18 years. Downward revisions to GDP in previous quarters indicate the economy shrank by 4.8% in 2008. SEK weakness was compounded by the Riksbank's initial suggestions that after its latest 100 basis points (Consensus: -50 basis points) rate cut to 1%, it would only cut rates by another 25 basis points to 0.75% in April. However, market analysts are sceptical that the Riksbank can avoid slashing rates to zero and start quantitative easing. SEK weakness was then exacerbated by the Riksbank Deputy Governor Svensson's suggestion that targeting a weak SEK could help to boost inflation expectations when nominal interest rates are zero. We expect the SEK to continue its weakening trend well into 2009.

## Forecasts

FX	EUR/USD	GBP/USD	GBP/EUR	GBP/SEK	GBP/NOK
Q2 2009	1.38	1.36	0.99	12.80	9.48
Q3 2009	1.45	1.45	1.00	13.08	9.26
Q4 2009	1.52	1.50	0.99	13.08	9.26
2010	1.57	1.60	1.02	13.08	8.72



[www.schneiderfx.com](http://www.schneiderfx.com)

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May the 2009 season bring you fair winds, good sailing – whether straight lined or the old fashioned way – and maximum fun; from us all at Berthon – your safe haven in these interesting times...

# Distinctly Windy



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IN LIFE...YOU GET WHAT YOU PAY FOR