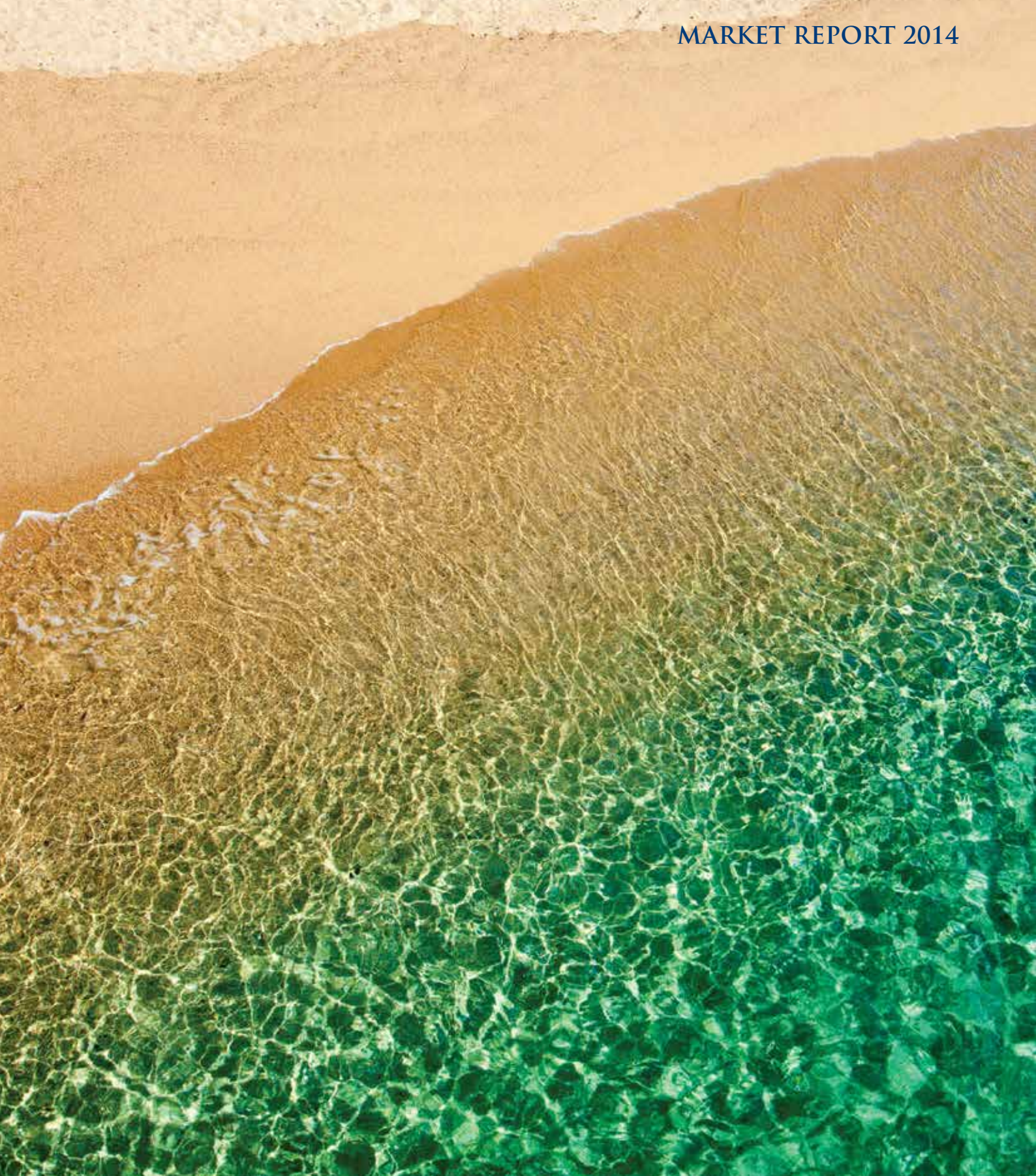


# BERTHON

MARKET REPORT 2014





# MARKET REPORT 2014

by Sue Grant

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BERTHON FORECAST

As the rain lashes down and the gales continue to blow here on the Solent, it is time to write the 2014 Market Report. Despite the appalling weather in late Autumn and at the turn of the year, market conditions showed an improvement albeit, like the Curate's egg, in parts. We predicted another challenging year, and we were certainly not wrong.

Brokerage sales were much improved in 2013, and we showed a 27% uplift in the main brokerage operation. This still gives us a way to go in terms of where we expected to be pre-recession by the year 2014, but it shows that there is more activity in the market. We have to accept that the market as a whole has contracted and therefore in market share terms we have improved significantly, but not in volume terms.

New yacht sales were, frankly, difficult in 2013, although the last quarter of the old year saw a huge improvement for our Windy operation in both the UK and France, with 8 yachts sold going into the Düsseldorf Boat Show in January. A combination of a slight improvement in currency and more confidence in the market have been the driving factors in this resurgence of interest in the brand not just in our territories but internationally.

The move of location by Windy to Sweden for the build of their larger yachts and to Poland for the sports boat range is now starting to yield results and the brand is starting to make real inroads in the market place once again. Together with this reorganisation has come a clutch of new models which have been voted by various magazines, quite simply, the best in class. The 39 Camira has the sleek lines of the much feted 31 Zonda which was launched 2 years ago and production is sold until October 2014 at the time of writing. The larger Windys have also enjoyed a facelift and Windy have proved to the market that yachtsmen will pay more for quality of build and fit out, for excellent sea-keeping in terms of handling, and great styling.

The thing that has been most difficult in running the Sales Division has been the length of the recession which passed its fifth birthday some while ago. Constant reviews of our business model, together with the constant upgrade of the service that we offer, and the need to think the unthinkable on a virtually daily basis, enabled us to stay in the black so far. This new way of working will, we hope, enable us to continue to take the tough decisions, give the right advice and to take full advantage of better times. We suspect, as do many in the City, that this is the "new normal" and whilst markets may get better, a return to pre recession practices is not on the radar screen.

There were two really noticeable features of 2013. The first was the growing confidence of buyers to spend on the basis that the recession was easing and in any event, they are now ready to get on with life. The second was the need to deliver value for money - cheap and cheerful is not cutting it with informed yacht buyers who want to see real value in what they buy.

**Brokerage sales were much improved in 2013, and we showed a 27% uplift in the main brokerage operation**

A sign that the market is starting its slow and painful upward trajectory (we do not expect this to be a smooth journey but one that will offer plenty of bumps along the way), is that we are starting to deal with a number of prospective buyers who are convinced that the market is at the bottom, and that there are huge discounts available, no buyers, and that they are the only game in town for desperate yacht owners and manufacturers alike. I am afraid that for them, the yacht market is a frustrating place. There is no way to gauge the bottom of the market unless it is with hindsight, and I am afraid that it is well past and in some sectors there is a genuine

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shortage of product and as a result you will need to pay up to secure the yacht you want. Brokerage yacht transaction prices have stopped falling, although you will still see downward price corrections as over priced yachts are brought in line with the market. New yachts remain competitively priced, and prices reflect production and raw material costs today.

Just as in previous recessions, what is now becoming apparent is that there is a serious shortage of recently built brokerage yachts as the recession saw new yacht production levels fall drastically. Those who are looking for a very recent yacht at a knock down price will be disappointed. There are of course more yachts available that were built pre-recession and as a result buyers are finding it hard to come to terms with the fact that new yacht prices are so far in excess of the price of the second hand equivalent from say 2007 or 2008. This is natural as yachts post-2008 are rarely found on the brokerage market. The message here is that if you want a recent yacht you will have to pay up or you will need to bite the bullet and pay what it costs to buy new.

The average time that a yacht is held before an owner upgrades or changes has lengthened significantly from 36 months pre-recession to around 5 years and this is certainly affecting the market as yachts are already much older when they come onto the market. Refits have become a good way of updating an older yacht, whether it has changed hands or remains in the family.

In the blue water cruising market, where we specialise, it has been interesting to see more rallies than ever before, giving yachtsmen the opportunity to have adventures in all corners of the planet. The World Cruising Club remains the benchmark by which others are judged and their ARC Rally for which we are commercial supporters continues to be full. In 2013 for the first time they added an ARC+ which started from the Cape Verdes to increase the size of the total fleet. They and other organisers, also offer many other rallies of varying length and distance and this has given this market new life and also means that yachtsmen are keeping their yachts longer. There are huge advantages in joining an event where you can realise your dream in the company of like minded yachtsmen, with the experience of event organisers to ensure that the paperwork and hassle, whilst not eliminated, is certainly much decreased.

Of course as with all upturns, it is not all good news and Europe remains a very difficult market place. Over regulation and

the rush to collect taxes from yachting has meant that many yacht owners have voted with their feet and have either moved away from the sport or moved their yachts out of Europe to friendlier waters. There are many examples of local taxes and difficulties in the area – the annual Greek yacht tax is yet one more of these which is not understood and simply discourages yachtsmen from sailing and spending in these waters. In other countries taxes have come and gone as their effects have surprised the authorities.

VAT is a subject on which I will not spend too much time, other than to say that it remains a minefield that we have to deal with on a daily basis.

The lack of direction offered by the UK authorities is unhelpful, although they do have a wonderful if overworked yacht unit. Croatia has also caused some raised eyebrows as it entered the EU this year, with its frankly bizarre system for the payment of VAT and talk of a new VAT exemption system for yachts in their waters at the time of entry to the EU. The uncertainty and cavalier attitude of most member states to the issue, together with a lack of centralised policy, is unhelpful and encourages yachtsmen to find alternative cruising grounds outside EU waters. These are plentiful, and when they leave they take their euros elsewhere and the EU yachting industry suffers.

Our office in the South of France has struggled with many challenges in 2013, from regulation to exchange rate difficulties on new yacht sales and much more. However, we remain committed to this area and we continue to invest in this part of our business as we believe that in the longer term the area has potential as the Côte d'Azur has much to offer as a cruising ground despite a lack of marina facilities in the prime spots. Expecting the French Authorities to resist the temptation to meddle is unreasonable and so we are prepared for the worst; at least they cannot influence good, up-to-date professional advice.

In the USA, we celebrated our third anniversary and enjoyed another solid year, as the USA continues to pull out of recession, pulling the rest of the world with it. We have added to the team with a new broker - Bill Rudkin - who is an experienced and well known broker whose gifted touch is already reaping dividends for the office. We have also managed some yacht arbitrage with UK

**... the USA continues to pull out of recession, pulling the rest of the world with it**





based owners sending their yachts to our Newport office to be sold in this dynamic market. In September 2013 we had a Swan 66 and a Discovery 67 in the Newport Brokerage Show, and we have a further Swan 66 also from Europe available for sale on the East Coast. Using the offices that we have to position yachts in the strongest market for them gives us the opportunity to offer the best possible service to our clients.

New yachts in the USA are an important part of the business and we have a clutch of European brands that we distribute. The Contest 42 from Holland has been well received in the Fall shows and has also been shown at Miami this year. We are also busy with Rustler and Moody in the territory.

2013 saw the sale of the first 2 FPBs into Europe. These incredible 4 wheel drive motoryachts from Dashew Offshore, built by Circa in New Zealand, are the ultimate in explorer yachts. The FPB 64 GREY WOLF left New Zealand in March bound for her new home port of Guernsey. Onboard were her UK owner, a very experienced European crew and a Berthon apprentice. Actually, the passage back was split into legs which give 6 Berthon apprentices the opportunity to enjoy the trip of a lifetime, and an experience which was truly life changing, for which heartfelt thanks to her owner. FPB 78 #2 is also in build for delivery in 2015 for the same owner - we are excited about seeing her in Europe. Like her sisters, she, is built to MCA Category 0 - as standard. FPB 78#3 is also signed so expect to see some reports around this class as Circa progress with the build of these 3 yachts. Interested parties can read the daily blogs on our special Grey Wolf website at [www.berthon.co.uk/greywolf](http://www.berthon.co.uk/greywolf).

A subject that once again reared its head in 2013 was that of the Recreational Draft Directive. This has had a re-write in Brussels and there are implications for all EU owned yachts used in the EU as a result. You will read more of this later. Whilst the UK appears to take the most proactive stance on compliance with this directive it is important not to overlook this legislation and indeed some states are now requesting a compliance certificate for re-registration purposes.

Whilst the message for 2014 is of cautious optimism there are still some market segments which are experiencing a difficult

time where there is little demand and far too much supply. This continues to affect pricing and owners have to be aware that if they own a yacht that is simply not shifting it will be either one or all of a condition, location and price problem. All 3 need to be in line for the yacht to sell. Whilst prices appear to have stopped falling, they are not going to bounce back to pre-recession levels; the yachts involved are now 5 years older and all their kit likewise. Either owners need to hang on and enjoy the yacht, selling her later at market value, or sell her now at market value and accept the price offered.

2013 has taught us that we need to continue to innovate and so there are a number of changes in train for this new year to assist us with our continuing voyage to improve the service that we offer at the Berthon Sales Division. One of the key elements in these plans is a new digital marketing manager who has joined us this year to help us to raise our game further, particularly with on-line and web based initiatives, and we are excited about the possibilities that technology offers us.

Almost uniquely in our sector, our team remains in place, and as ours is a people business we feel that this is at the heart of what we offer. Our policy of specialising in areas of the market so that you speak to an expert in whatever sort of yacht you are buying or selling, be it performance, motor yacht, new or blue water, means that you are getting correct up to date information and advice from us. Another update of our contractual documentation ensures that we trade in 2014 with all the right tools.

A big thank you to our many close colleagues in the business – Windy, Dashew Offshore, Discovery and the many others that we work with and rely on to ensure that our voyage of service improvement continues. But most of all a massive thank you to our clients for trusting us with the diverse and exciting Berthon fleet, and for those who buy from us and then go on to have the most tremendous adventures aboard the magic carpet material that we are able to provide.

We hope that you will enjoy our scribbles in this Market Report, the outlook is a little brighter for 2014 but we do expect areas of low pressure and some navigational challenges this year. We hope that our Berthon passage planning is of help.



# CRUISING YACHT REPORT

by Alex Grabau and Alan McIlroy

After a string of rather bleak and stormy years, 2013 was definitely the year when rays of sunshine started to poke through the storm clouds, giving hope to what may be around the corner. This hope manifested itself into a sparkling year for cruising yacht sales, with division sales figures starting their move back toward pre-recession levels, although we're not there yet.

Whilst smaller yachts have continued to move through the books in healthy numbers, the focus of the Berthon cruising yacht division has moved deliberately towards larger and higher value yachts. The fact remains that yachting is a lifestyle choice and even in recessions yachtsmen are dreaming of their world girdling cruise at retirement; as a result of growing families and fatter wallets, yachtsmen regularly buy larger yachts and we aim to be the brokerage house with whom they find them.

Our main frustration has been the lack of yachts available in the market. This has been down to existing owners keeping their yachts for longer than they would normally consider doing. As the economy picks up, we expect this trend to change and the grand game of musical chairs that we rely upon for our business will begin again in earnest. Those who pre-recession would habitually change their yachts every 3 years or so, are now well overdue a change, and as soon as their accountant sheepishly unlocks the coffers, we expect to see an increase in supply to the market as owners start listing their yachts to make way for the next.

Our sector of the market continues to benefit from what we now regard as the 'era of the Cruising Rally'. The tireless crusade of the World Cruising Club to create an effortless and safe solution to the budding blue water sailing continues unabated, with new rallies such as the ARC+ and the Baltic Rally selling out almost as soon as they are announced. With a number of new rallies starting up and wishing to share the WCC's space there is no doubt that taking part in an organised blue water cruising rally has now become a 'must do' in the minds of many current and future yachtsmen.



So... what's hot and what's not? We don't really think that anything is 'not' hot, but some of the more traditional and heavy weight cruising options are now becoming quite niche. Yachts such as the Discovery 55/57/58 and Contest 50/55 CS have joined Rustler and Bowman as the must have aspirations, blue water yacht. This means that the lighter new designs are finding new and enthusiastic owners along with their more traditional counterparts. As the blue water market is growing rapidly around them this means that there is more than enough demand for both



types of cruising yacht. In recessionary times all yachts across the board have enjoyed a fairly hefty price correction over the past few seasons. However, now correctly priced yachts will sell close to their asking price.

The trend towards lighter, faster and more 'usable' blue water capable cruising yachts also continues apace. The Shipman range is a great example of this, with these sleek & stunning carbon-hulled deck-saloon rocket ships becoming a common sight on the ARC start line. We also expect the newly-launched Moody 54DS and Gunfleet 58 to do extremely well as they appear to hit the nail squarely on the head in so many areas. Builders such as Beneteau, Jeanneau, Bavaria and Elan continue to push the boundaries of what can be achieved at a modest price point, but as the economy continues to improve, we expect buyers to start favouring higher quality (and more expensive) builders with the expectation of finding yachts offering similar pace, styling and comfort, but with the quality of build associated with a premium builder.

In the UK the upper end tax rates have now dropped by 10% to 45% and with the economy picking up ahead of Europe, we expect 2014 to be a great year for cruising yacht sales and one filled with positivity. Despite this, we feel it is very important to keep our feet on the ground and continue to offer our clients balanced advice and to reiterate the proven fact that a yacht will only ever be worth what someone is prepared to pay for her. There may be more people buying yachts, but with 5 long years of austerity fresh in our minds, few will pay over the odds. That said, lower priced less well kept yachts could be a clever choice followed up by a refit in the big blue sheds to ensure you have that custom cruising demon you have always dreamt of owning.



# PERFORMANCE YACHT REVIEW

by Ben Cooper

Sitting snugly in the office huddled against the worst storms Britain has ever seen, the highest rainfall on record and with flooding covering most of Somerset, one could be forgiven for wondering if this is the best opportunity for yacht sales we have ever had. It certainly worked for Noah's broker.

It is almost inconceivable that the summer of 2013 was such a warm and arid affair. Regatta attendances were up, day after day of sea breeze, and the endless overuse of the expression 'champagne sailing' was rattling amongst the rafters of yacht clubs up and down the country. Added to that, economic recovery was finally showing signs of awakening from hibernation and most important of all, yacht sales were up.

The Performance Cruising sector is growing all the time as more and more sailors are seeking sparkling performance as well as comfort. As yacht design progresses, a seaworthy yacht is no longer solely pointed at both ends and weighing the same as a small county. Stability now comes from good design as opposed to pure weight, and material technology gives us yachts that are now heavier at the bottom than at the top and much, much stronger, stable and lighter on the helm.

Even the traditional cruising yacht manufacturers are designing easier yachts to sail, and we have noticed that a few manufacturers who have bucked this trend, or buried their heads in the sand have paid the price. Time is at a premium as never before and fast is no longer associated with uncomfortable.

The Racing world continues to turn. During the recession period, small, cost effective sports-boat racing was on the up, and one design fleets grew rapidly all over the world. This trend continues. However as the world economies slowly repair themselves, yacht size is growing and the 40 footer is the new kid on the block again. The void between Cruiser and Racer continues to grow, with pure light displacement race yachts now more competitive below 40ft. The silver lining for the Performance Cruiser is that they are indeed lovely yachts to sail,



Volvo Open 70' – CAMPER



X-50' – EQUINOXE

and comfortable in-between races, and still competitive in the mid wind range are still competitive.

Multihulls, in particular catamarans, are becoming more and more prevalent. In the past few years styling and performance has completely changed perception and enormous accommodation, deck space and a stable platform is a winner with many families. The market will be mostly geographic as marina dwellers will have to have a sit down to read the berthing fees, but for the 'stern to' countries, with ample scope for anchoring and flat water sailing, there is no better place to enjoy the comfort.

We continue to act as a very international brokerage house, with clients buying and selling from all corners of the world. This in turn gives us unparalleled knowledge of the Performance Yacht market, what is in and what is not so in; as well as the logistics of shipping, registration and all the rest of the stuff that goes with re-positioning your performance yacht in a totally different part of the world on purchase.

For this year, hopefully the winter storms will subside and we will be in for another stellar season; champagne anyone?



Mills 43' Custom – CHAOS



# MOTOR YACHT REVIEW

by Hugh Rayner

In retrospect, the 2013 season fizzed and crackled along leading to some great days out on the water and longer in the locker for the oilskins. On dry land, however, our brokerage motor-yachts have been attracting buyers from a wide variety of locations and climates, including Belgium, Sweden, Germany, France and Finland, not to mention home waters – it has truly been great fun cementing the international in Berthon International! Dealing with the intricacies of title, registry, and deliveries by land & sea, always makes for a more interesting life – with some fairly rusty language skills being dragged out from the dark depths of an earlier education.

So, what have we been selling? In truth a true mixed bag of the more sprightly sea-going sort – with a fair split between the traditional round-hulled passage-maker and the agile, sporty types. One of the unavoidable conclusions is that the brokerage motor market still has no sustained rhythm, and thus it is essential to remain primed and flexible. Furthermore, where 2 parties have been willing we have put together a number of brokerage part exchange deals which have successfully satisfied both sides. Forever inventive and alive to the reality of the market place, receptive clients have listened and deals have completed which may have otherwise have floundered. Having the supply of listings has also allowed a sensible vendor to move directly into a “new” second hand yacht at completion of their sale, enabling several back-to-back brokerage deals to be successfully constructed and finished this year. Such transactions require deft timing and control, and a strong, close relationship between Broker and both sets of clients to enable a smooth course to be plotted and held. Having successfully managed these chameleon cases where the seller immediately turns buyer, we do expect more this year; markets remain tough and the art of the possible must never be overlooked.

Whilst pricing is always key to selling successfully, so are timely price corrections simply a fact of challenging market

conditions, and in some segments where there is over-supply of a plethora of brands of one type of yacht – particularly in the mass production brand arena, we have noticed that brand loyalty continues to be of secondary importance; this is something we have mentioned before and it is not about to wane yet. The ease of internet surfing throws up the cheapest and it will often move first, setting a new lower level from which the market has to rebalance, with even the higher-priced and arguable better kept examples eventually following. This process can also take a while to unwind and the canny owner waiting for the over-supply to work itself out of the market may find that annual depreciation then takes over as time ebbs away. Be careful, therefore, not to be too clever!

Thus, interestingly, the less mainstream yachts can actually prove the more popular in the market with prospects using the mountain of information available online to assess suitability, characteristics and market trends prior to making any move. Less peer pressure (whether self inflicted or as a result of trying to keep up with the Jones') is now the new norm as buyers really concentrate on what is good value rather than most advertised. As a result, there also seems to be a dearth of high quality semi-production motor-yachts coming to the brokerage market at the moment, where lower production numbers from the manufacturer and longer ownership cycles mean less in a market with much else to offer. As I have suggested above, depreciation curves can be less acute in this segment and that counts for a lot in a high tax and low spend environment and indications are that this may continue until an established upswing is felt in the wider economy and the mass produced household brands overhang is over.

As far as the new yacht market is concerned, as was very obviously on display in the 2013 boat shows, the motor-

**... Dealing with the intricacies of title, registry, and deliveries by land & sea, always makes for a more interesting life**



Moonen 58' – LITTLE TOY

**... the motor-yacht building industry has reacted to the need to improve efficiency by producing lean, dynamic hulls, with a wide range of economical speeds, more frugal engines and more sustainable build techniques.**

yacht building industry has reacted to the need to improve efficiency by producing lean, dynamic hulls, with a wide range of economical speeds, more frugal engines and more sustainable build techniques. These new-style “trawlers” and wave-piercers will start to find their way onto brokerage lists over the next few seasons. In the meantime, we have seen that the well-

depreciated, tough, “properly-built” sea-boats of a heavier displacement have remained in vogue; after all, dreams of long distance cruising remain a part of everyday life and with

clocks ticking away for all and sundry, waiting too long can mean missing a good deal. Some displacement yachts have stuck where price drops would not have encouraged buyers to put their hands in their pockets since caution was the by-word, but the market is now moving so don't dawdle any longer.

In the performance market, our Windy Boats have continued to sell to both UK and foreign nationals in good numbers. The now-classic designs such as the 34' Khamsin and the 25' Mirage are simply offering and delivering what the buyer expects; a phenomenal driving experience, first-rate build and quality materials, all tucked up in a great-looking package. From our experience and listening to the comments of our owners, these great Scandinavian boats are clearly still the best handling boats in the world. Furthermore, sellers have expressed amazement at how well their Windys have stood the true test of time, with good looks and quality build allowing for quick sales and lower depreciation rates than other brands.

However, the unpredictability of the market will surely continue this season, with confidence levels dictating the curve of activity. Stock markets appear to be more volatile this year, albeit in a narrow range, and with the spring budget presaging a year of electioneering ahead, the old adage of any sale requiring a “willing buyer and willing seller” is as true as ever. Nimble negotiation, adept communication and good humour are key for any Broker, but we relish the opportunity to provide an efficient, informed and willing service for our client base.



Aqua Star 57'

## BERTHON FRANCE REVIEW

by Bruno Kairet



2013 was another difficult year in the Mediterranean as the lack of confidence in the market meant that there were decreased numbers of yachts transacting. With fewer buyers out there, the lack of activity led to a yachting log jam. Sellers saw little activity so they saw no need to price their yacht in line with the new market level and as a result their yachts attracted less interest. Buyers considered that it really was a buyer's market and that they were free to bid at ferociously low levels, which was frustrating for the yacht owner (and his broker) and disappointing for the buyer who didn't in most cases close the sale.

The economic difficulties in parts of Europe has given buyers from outside the area the feeling that there must be large numbers of forced yacht sales around. However, just because the Euro area has structural financial difficulties, this does not mean that yacht owners with yachts in the area are financially distressed. Those that were have sold their yachts and exited our sport long ago. In addition, they want €s and the currency's continuing strength also adds to the price that buyers from the USA and further afield were asked to pay with the result that they kept their hands in their pockets waiting for the € and the prices of yachts in our market to fall. But whilst a strong euro has played its part in insulating particularly Mediterranean berthed brokerage yachts, we do expect this to continue to unwind as the depreciation curve continues its downward trajectory and unwilling sellers refuse to listen to their broker. At some point, a stronger sterling may come into its own, but first our euro partners will have see reality. That all said, well priced yachts continue to sell and with the black clouds clearing, things are starting to look brighter for us in 2014.

Of course with our office in Golfe Juan, the French market is an important one for us, and the uncertainty over the current administration's taxation policy and intentions firmly put the lid on the yachting business for 2013 for both new and second hand yacht sales. Vacillation is a part of the French psyche and we have learnt to deal with political changes over the years.

Having said all this, being part of a larger group we were able to take advantage of Berthon's extended client base to do business in our area with a more international clientele. For those clients with yachts in the Mediterranean it is important that they choose a brokerage house that has access to clients and marketing reach





Moody 64' – SEREN WEN



Draco 26' RS



outside the local market to take advantage of the recovery which is now gathering pace in other parts of the World.

What has been extremely pleasing, if somewhat unexpected, has been the speed of recovery in terms of sales achieved in 2014, and this includes berths as well as new and second hand yachts. Our crystal ball clearly needs to go in for service as we did not anticipate that things would improve so rapidly as we entered the depths of winter in the Cote d'Azur.

The Düsseldorf Boat Show was a great success for the Windy part of our business, as we signed 4 orders before its doors closed for another year – 2 Windy 39 Camiras, a 31 Zonda and a Draco 26 RS. The Camira and Draco are new launch yachts from Windy, the 39 is superb for our waters offering huge amounts of outside space, together with unmistakable Windy good looks, build quality and simply superb handling; the Draco is the last word in day boating with Dubois styling and the never out of style driver experience. We expect to see a lot of these great boats out on the water in the Cote d'Azur in due course. Since the show we have also sold a new Windy 45 Chinook and we are busy with enquiries for the whole Windy range.

The brokerage part of our business is also gaining traction

with a number of yachts now under contract at market value as increased activity and correct pricing is starting a virtuous circle which we hope is the beginning of better times in our territory.

We believe that an important part of success in our market is knowing the yachts and meeting owners and clients alike. This is why so much time is spent out and about in the South of France and elsewhere in the Mediterranean. Because so many of our clients travel to our waters to yacht, we feel that it is important that they have really good support from us during the time that they are here so that they can enjoy their yachting to the full. We are always happy to advise on service and the best cruising grounds and places to see as well as on berthing. We are active in berth sales and are happy to discuss current values as well as the wrinkles of berth ownership here.

As you have read above, at Berthon France we are approaching 2014 with cautious optimism which is very welcome after such a torrid five years. It is encouraging that there is so much activity in the market and we hope that this will continue. We are focusing on providing a tailored and personal service for our client base this year to ensure that they enjoy the wonderful cruising grounds in the Mediterranean to the full – we hope to see you there!



Windy 45' Chinook

# STATE OF THE US MARKET

by Jennifer Stewart

Okay. Here goes – it's Berthon USA's turn!

Despite what the news reports say, the US market has been up and down in the last year, but we are now finally starting to see some consistency and light at the end of the tunnel. The stock market is riding a huge high, and 2014 has seen some major profit taking, which based on our call volume, should translate in to yacht sales (provided of course it ever stops snowing)! Our biggest obstacle at the moment, is the availability of high quality yachts, because with the strength of the € over the last several years, there has been a mass exodus of product to the European market.



Statistically, (source: soldboats.com) the US market was basically at or slightly below 2012 in the year just closed, and hit the 5 year average until May after which it outperformed for the balance of the calendar year. We noticed the same in our yacht sales. We can't really point to some 'event' that caused the Spring selling season to be slow, but slow it was. The summer made up for it, and the biggest yacht sold by Berthon USA was the Swan 82RS CAPO GIRO. We are now managing the refit project for her new owners. This yacht will be re-launched shortly, resplendent in her new dark blue livery and she already looks stunning.

The US market remains at about 80% power yacht to 20% sailing yacht by both volume and value. Interestingly, the length of time on market for sailing yachts is now less than for power yachts at 254 days for sail and rising to 267 days for power. The average time taken to sell a sailing yacht had declined by November 2013 from 307 days to 254 days. Perhaps, finally, this shows an increase in interest in the sport of sailing, or at the very



least that supply and demand are beginning to equalize in the USA. It might also just indicate that since sailing is an hereditary sport, the lifestyle importance of sailing takes precedence over economic woes.

We still suffer from a glut of near worthless yachts built in the boom times of the 1980s or earlier, and our industry really needs to figure out some sort of end of life process for these yachts that are currently cluttering up houses, boatyards and donation lots. Recycling used yachts is not economic, and chopping them up to put in a landfill isn't the long term answer either.

With an eye on the upturn and ever keen to expand our offering, both Alan and myself were pleased to have Bill Rudkin join the Berthon USA team this past fall, enabling us to keep growing the Newport office bit by bit. Bill has been heavily involved in the power yacht industry in the US for many years, and ended 2013 by brokering the donation of a 108' Burger motor yacht. This, together with a Hinckley Talaria sale in October, he has made an impressive start to his time on the Berthon USA team.

The 2014 winter/spring schedule is very busy, starting with Düsseldorf which we attended in January, followed by the Miami Show in February with the new high quality Dutch built Contest 42CS on display. We were also busy at the Boston Boat Show late February with a brokerage stand, and it will then be time for the Newport Spring Boat Show in May. We were also involved in sailing in and sponsoring the Swan Owners' Association Rendezvous in March in Virgin Gorda, as well as racing in the Heineken and Antigua regattas!

2014 bring it on – Berthon USA is ready!



CAPE GIRO – launching following a refit managed by Berthon USA



108' Burger – CHANTICLEER



# THE WINDY MARKET REPORT

by Ben Toogood

2013 was an exciting time on the Windy desk, with interest increasing and a promising number of orders placed for delivery in Spring 2014.

The year had its challenges and the market was exceptionally difficult during periods of 2013, with low levels of confidence in the economy in the UK and France. As a result of this many of our potential owners decided to delay their decisions until 2014, but happily we are now starting to see these orders come through. However during 2013 we were also able to take advantage of interest from new markets, and successfully delivered a new Windy 31 Zonda to Ukraine where Windy have now established a new dealership as a result.

The leadership at Windy Boats has been resolute, with the difficult decision taken to secure the long term success of the business including the move of production from Norway to Europe. New exciting models are being continuously developed, with a careful focus on preserving and enhancing the brand's core DNA.



Windy 52' Xanthos – ALBA NUOVA

no less than 4 of these incredible motor yachts based at Berthon Lymington Marina. We believe this is a result of many mass production competitors moving to more voluminous and high-sided designs, which in turn impact the sea keeping and handling

of this style of motor yacht. The Windy focus has always been to offer the very best “drivers’ experience” carefully combined and balanced with a clever and luxurious interior. Caravans of the sea, they are definitely not!

Windy have also focused on their special projects branch which is based at Windy Scandinavia in Vastervik, Sweden. The new SR26 tender has been developed and launched, and the SR52 continues to prove a real success for the marque. Windy are discussing the launch of a mid-range example, and are also working on the development of a luxurious limousine tender.

We have also been working closely with Windy Boats on the launch of their new Draco range, a clever and exciting range of open

sports boats from 20 to 29 feet. The first off the blocks is the Draco 26 which was also launched at Düsseldorf along with the Camira. She was tested for the first time at Windy's facility in Arendal, Norway in February and achieved in excess of 42 knots, with almost perfect trim. We are working with a number of interested clients for this boat in both the UK and France.



Windy 39 Camira – launch at Düsseldorf

The new Windy 39 Camira had her debut at the Düsseldorf Boat Show in January, and has been incredibly well received with production almost sold out for 2014 off plan before the Show. Berthon UK have sold 3 of these, the first of which will be on display at the Jersey Boat Show in May. The 39 draws on the success of the Windy 31 Zonda with an up-scaled version of her incredible hull design, which was reviewed by Motor Boats Monthly who described her as the “best hull we’ve ever tested”. The 39 offers two comfortable cabins, choice of cockpit, tender garage, and ingenious canopy. With her twin D6-400 diesel engines powering the well known super efficient Windy hull, we expect to see top speeds in the region of approximately 44 knots using far less fuel than even our slower competitors.

We have also seen interest increase in sales of our larger models such as the Windy 52 Xanthos, and we now have



Windy at Düsseldorf Boat Show 2014



# BERTHON COOL BOARD 2013/2014...



## Too cool for school, the Windy Camira 39'

Windy Camira 39' who had her launch at the 2014 Dusseldorf Boat Show. Much awaited and cool to the point of freezing - we have 3 in build and production was sold out until 2015 before the first of these astonishing boats was out of the mould...



## FPB 64' GREY WOLF'S long voyage home...

From Auckland to Lymington was in the planning in 2013. Her owner Peter Watson (who also has an FPB 78' in build) offered the chance for 6 Berthon apprentices to join him and GREY WOLF on this great adventure. All life changing stuff - read all about in on [www.berthon.co.uk/greywolf](http://www.berthon.co.uk/greywolf)

## The yachting event of the year...

For 2013 which has to go down as cool as a foxes glacier mint, was of course the America's Cup. It was also nail biting, high speed as we've never seen before, and put yachting on the map as the sport with the mostest



## RNLI 45' Shannon Class Lifeboat...

built by Berthon Boat Company and now on station at Dungeness; her water jet engines help her glide up the pebble beach at over 25 knots after saving lives at sea. Berthon are proud to be building the first 11 of these impressive life saving machines



## The Contest shipyard in Holland has been building...

fairly serious cruising sailing yachts for a very long time. We love the Contest 42 which debuted at Southampton Boat Show 2013 and in the USA at Annapolis, where the press comments and faces of yachtsmen from both sides of the Atlantic made us realise that she must be included on the 2014 cool board.





## Challenge 67 MARIFLEX CHALLENGE...

completed a truck to keel refit for her new owners in the Big Blue Sheds at Berthon having been sold to them by us, and then left us looking massively cool. She is now based in Holland where she and her new owners have a serious sailing programme for 2014 and beyond. One of a fleet of 15 that circumnavigated the globe against prevailing winds and currents, MARIFLEX CHALLENGE was the last of the sisterhood to launch and is now one of the shiniest.



## Berthon has worked with World Cruising for a number of years...

and we are their exclusive brokers. Running some of the most successful cruising yacht rallies on the planet of which the ARC is their flagship event, 2013 saw them add ARC+ - a second fleet which started from Las Palmas 14 days before the main fleet, and made a stop-over in the Cape Verdes before joining the rest of the fleet in the Caribbean. Adding to the fleet this way is in our view, very, very cool...



## Circumnavigation complete...

Nauticat 521 SALAMANDER docked at Berthon Lymington Marina, with oceans of adventures beneath her keel having taken her owners to New Zealand and back. Their first yacht, they bought her from Berthon before a major pitstop in Berthon's Big Blue Sheds to fit her for a trip to the Med and perhaps further.

Once there, the Caribbean beckoned, after which it seemed churlish not to take the Panama Canal as the Pacific was there and waiting! We take our hats off to SALAMANDER and her seriously cool crew....

## The British Summer of 2013 wasn't cool at all,

in fact it was one of the hottest summers on record and we basked in incredible weather from May through September. Everyone took to the water - simply the best way to be cool! They say that the British would have nothing to talk about were it not for the weather - in 2013 we simply didn't shut up about it!



## The final must for the cool board...

has to be the Vestas Sailrocket piloted by Paul Larsen which now holds the B-Class speed record for 150-235 square feet of sail. On 24 November 2012, with a wind speed of 25 knots on a 500 metre course, she accomplished 65.45 knots with a peak of an eye watering 68.01 knots - which is pretty slippery and also jolly cool



## THE CONUNDRUM OF THE PRICE POINT

It is clear that there has been a massive price correction in the brokerage market since 2008 although now it is clear that a new level has been reached. For yachts of 2008 and before, pricing has found its level and despite some inexactitude as a result of currency, we all know where we are with this.

The conundrum is with newer brokerage yachts and the cost of manufacture of new yachts. Far fewer yachts were manufactured and sold during the recession period and even fewer have come to the market. The pre-recession hold period of 36 months has risen hugely to around 5 years and so the market is seriously short of second hand yachts of 2009 and later. Those that do come onto the market are quickly sold.

As a result in many cases we see yacht buyers comparing new build with what is available on the brokerage market and they will think that new build prices are far too high as they see that they can buy a 2009 yacht, say, for half the cost of new build. As a result they are not seeing the value in new. This is not logical as the 2009 yacht will be fab, but she will also be 5 years old and so will all her kit and technology. Add to that the discounting that has been a feature of the new yacht sales market with scant demand over the past years, and you have a muddled middle.

We have often commented how incredible it has been to see the amount of innovation and the numbers of new models coming to the market during the recession. Onboard equipment has also developed at a helter skelter pace and a 2014 yacht is very different to that which was possible in 2008. Yacht builders have seriously upped their game and have become leaner and more efficient as the recession killed demand and production had to be severely cut. All have shed overhead and some like Windy have moved whole production runs to facilities in different countries whilst developing new models in tandem. Yacht building has not been an interesting business during the period - even groups like the mighty Beneteau have posted seriously unimpressive figures during the recession.

Now that there is light at the end of the tunnel, by far the majority of yachting manufacturing is more efficient than ever before and offers good value. The message is that expecting new yachts to compete with pre-recession brokerage yachts is not reasonable. As the market normalises this bump in the road will straighten itself out as newer yachts come onto the market. We do not expect new yacht production to get anywhere close to 2008 levels for a very long time and people will continue to keep their yachts longer. This means that newer yachts will be a scarce



Courtesy of Discovery Yachts

resource for the next period and as production of new yachts increases we expect their residual values to hold up well.

So what happens to the pre-recession built yachts that are more plentiful than the in-recession built yachts? For the older ones the market has normalized, but for those on the cusp of the recession there can be some confusion. The early owners bought them at the very end of the good times and paid a full price for them. Because of the dearth of newer yachts they are seen as newish second hand which isn't really the situation - it is just that they are the newest of what is available on the market. Owners are therefore tempted to compare them with new yachts forgetting that they are 5 or 6 years old and that in a normal market they would be significantly discounted as a middle aged yacht. These owners need to accept that their yachts are the age that they are and that market value is what it is. It is not relevant to compare them with new yacht price and to expect that people will pay for extras which have had hundreds of hours use and to expect to extract a premium this way.

Those yacht owners who look at their pre-recession yachts this way are likely to own them for a long time. Whilst we are sure that prices have stopped falling, a yacht is not an appreciating asset and they will not gain in value. Further, as they age they will require more maintenance and they will get to an age very soon where electronics, rigging (if a sailing yacht), and systems all need a serious birthday refit and a half life birthday refurbishment is not cheap.

In conclusion, whilst yacht prices in the market are normalising, the scarcity of yachts available in the market place that were built more recently will mean that residual pricing for them is good. However, as we move forward and the market eases with more new and new second hand product available, owners of this generation of yachts will need to guard against falling into the trap of over pricing as their yacht ages. Those owners of yachts that are late pre-recession must recognise that their yachts are not new, and new yacht purchasers need to accept that new yachts are offering value and that they should not assume that massive discounting will continue as the order of the day.

As the market turns, we are all feeling our way and we expect that the conundrum of valuing this segment of yacht in this age band will sort itself out via normal market forces.



Courtesy of Discovery Yachts



# ONE HULL OR TWO

by Bill Bullimore

*(editor's note: Bill freely admits that this is a very biased opinion on the cruising catamaran as he is a devotee of the spare hulled sector of our sport! Bill works with Berthon on the multihull market and is the owner of Patrick Boyd Multihulls – [www.multihulls.co.uk](http://www.multihulls.co.uk))*

From early days thousands of years BC, man has navigated across the Pacific in catamarans. They have afforded the carriage of families, livestock, plants and personal goods between different island chains. These ocean-going craft with their strange scimitar sails cross-pollinated the Polynesian and Micronesian races and their design, as is usual, was dictated by the materials available and the conditions of their use.

Of course the Pacific islanders had one great advantage in creating their spars, cross-beams, bridge deck lattices and accommodation structures: they had the use of bamboo!

In Europe we had trees. From trees we made planks of wood, grown corner supports (knees), deck beams and frames. This same formula could be used to build small rowboats as well as Nelson's mighty flagship. All were tree boats, or monohulls.

Today's multihulls have grown from their tropical origins. Instead of bamboo to provide spars we now have carbon-fibre and aluminium. For hull structures we now have foam sandwich and wood/epoxy. Sails benefit from Dacron and Spectra; rigs from Dyform stainless, PBO or Kevlar; monocoque strength from CAD and computer modelling. We have come a long way in multihulls design in just 50 years – look at the changes to the America's Cup for example.

I believe the early days of European multihull design, particularly that of catamarans, can be likened to that of aviation. In the beginning, aircraft were biplanes held together with wood, fabric and an abundance of wires. Similarly early catamarans were cobbled together, often cheaply built and the builder/sailors were often thought of as wildly eccentric. In today's world multihulls are infinitely more user-friendly, safer, more efficient and may be seen in increasing numbers, first as bareboat charter



Alliaura Privilege 745

fleets, then more and more as ARC entries and now we see many more catamaran families are second generation.

What is it exactly about them which discerning sailors find attractive?

**They don't heel over** – so often we hear at boat shows the lady in a couple perceives that she will be 'thrown out of the cockpit' when the boat heels over. No amount of technical explanations will stop her from feeling unsafe in a monohull.

**On, not in** – the saloon or cockpit is at eye-level in a cruising catamaran. You do not have to 'go below', as the boat sits on and not in the water. This is good for children, who may still be in eye contact with their parents when the weather deteriorates.

**Privacy** – the advantage of having guests in another hull ensures a quiet cabin. If Mr & Mrs Honeymoon, or Mr. Snore, or even full volume head-banging music child arrives, your well-earned sleep should not suffer. Conversely, you can be kind to your guests if you are one of the above, or in extreme circumstances, maybe all of them.



Alliaura Privilege 585

**Shallow draft** – this allows you to creep into quiet anchorages and bays. The typical tropical catamaran mooring can be used: anchor out astern and tie up to two palm trees. Many of the desired cruising areas are non-tidal, which may allow for this approach.

**Drying out** – if you are in a tidal region, most cats can dry out on their keels. However the dagger-board versions tend to be more vulnerable to protruding rocks or shopping trolleys. We have always maintained that the long-distance cruising cat should not have daggerboards, because at some stage you will hit something. It may be a reef, a whale, a container, or whatever, but stopping suddenly from 10 to zero knots in one boat length may not be good for the soul.

**Deck area** – it is well known that catamarans have a lot of deck area, even more so today with the fashion of flybridges. These decks allow the storage of windsurfers, kayaks, mattresses, solar panels, handling sails more easily, and so on. Furthermore the forward trampoline areas are great fun for kids, dolphin-spotting and a cool night's sleep under the stars.

**Speed** – generally cats are quicker overall to the same length monohull. The old critique of 'cats can't sail to windward' is now pretty much disproven. Cats are particularly prone to suffering poor performance from being over-weight (aren't we all!) . This was ever so - it was the great sailor Uffa Fox who declared 'weight is only good in steam rollers'.

**Cost** - generally cats cost more than monohulls on an apple-to-apples length basis. Usually about 10-15%. However for internal space, a good cruising cat of 50 foot will have the equivalent internal area of a 75 foot monohull, so it balances out.

**Size** – it is not unusual for a 60 foot cat to be handled by a couple. Today we have so many power-assist tools at our disposal. Sheet winches, electric furlers, snuffers, hydraulic passerelles, powerful autopilots, and so on for creature comfort. The bigger the boat, the smoother the ride, so bigger is better. Look at the QE2 for example!

**Family** – because families can spread out in a cat, not worry so much about the noise, stow all their toys, have more than one dinghy; cats can be popular for families to spend quality time with each other.

**Safety** – There is an old expression 'only ever step up into the liferaft'. Well we don't like liferafts on cats – better to put the money into a good RIB. The only thing that will force you to leave a cat is fire. A good grab-bag, a well stocked RIB with weather protection can do all that a liferaft can and more. Why is this fundamentally different to a monohulls? Monohulls, with their extra ballast can sink!

***It is better to be safely upside-down on the surface, than the right way up on the bottom!***

The longest case of survival at sea was a family of 5 in the south Pacific who capsized their trimaran, knocked an entrance in the main hull and lived on/in her for 191 days. During this period they all gained weight!



Due to their lighter weight, ocean-cruising cats have another ace up their sleeve: the Parachute Sea Anchor. This is a large 27' diameter parachute opened out in the sea and the catamaran is moored on the end of a 1,000' nylon line. The boat can be literally anchored in the middle of the ocean in storm conditions, with only ½ knot sternway, but facing oncoming seas, the best direction for a catamaran to take heavy wave hits. Crucially, this means the crew can retire out of the elements and relax as the yacht will look after itself.

In the final analysis it resolves to that fits-all decision 'go with what you like'. A cruising yacht becomes part of your soul, so you have to be comfortable in her company. Some folk will see beauty in the function-follows-form shape of their catamaran, whereas other folk will find them unattractive and not their cup of tea at all. Let's hope the latter will see the light.



# THE RALLY BUSINESS

The effective delivery of information via the web and the way in which technology has fundamentally changed our lives in the last 10 years or so, means that the world has never felt smaller. We are able to do infinitely more than we have ever before, and with this march of technology has come navigational aids the likes of which would have seemed modern aboard the Star Ship Enterprise when Captain Kirk first stepped onto her bridge.

For all this ability, the world's oceans which occupy 4/5ths of the surface area of the globe, will not be easily tamed by any number of keyboard warriors, and remain as mysterious and as enigmatic as ever. The ability to do more in so many spheres of modern life, has meant that increasingly yachtsmen want to push the envelope and explore in far flung parts of our world. The call of the sea offers the opportunity to take a break from the pressures of today's world, to spend time with family and friends, to achieve a fresh perspective on life, as well as to sail in magical waters both azure and chilly. At sea, the rat race is far behind.

Most modern cruising yachts, both sail and motor, are powerful, safe and have the ability to travel serious distance. However, their crew are sometimes not quite so accomplished, although of course for many, their trip is planned and executed to their specific wish and without other yachts in company.

However, for many of the yachts that cross oceans and sail distances, the Rally experience that has become established over the past 20 years or so, has made those voyages possible. Rally organizations add much to the experience by offering advice and help in some important areas. including:

- Preparation of the yacht for the route that you have signed up to
- Advice in spades on anything from weather information, to safety kit, to how the 2 of you are going to spend 20+ days together on a small yacht without mayhem ensuing
- For longer trips there are the licenses, clearances into foreign ports, where to provision and tips on how to deal with the local culture and customs

But most of all, there is the camaraderie that comes with sailing in

company with other like minded yachtsman and the parties before, sometimes during and certainly after the event.

Taking a quick look through the current Berthon fleet of brokerage yachts for sale, we can see that over 100 have participated in an ARC Rally. This is an astonishing statistic even for Berthon which specialises in the sale of blue water cruising yachts. It demonstrates to us what an important part of the fabric of blue water cruising the Rally experience occupies. Rallies lend confidence to yachtsmen to do more, sail further, laugh more and enjoy their yacht and yachting more.

We are very excited about the World Rallies that are now becoming more prominent and we foresee that they will become better and better subscribed as time goes on. We particularly like the idea that because they run frequently yachtsman are able to do half the globe, take a rest and then join the next rally coming through. What a great way to see the world!

Andrew Bishop runs World Cruising who organise the ARC and World ARC amongst a swathe of well attended events. Berthon supports World Cruising because we believe that they are the 'go to' people for all things Rally-wise. Andrew writes below:

*World Cruising Club is committed to providing a comprehensive portfolio of events to suit the timetable and wishes of blue water yachtsmen internationally. Our events offer a solid and efficient framework to deliver the opportunity for yachtsman to sail further and encourage them to extend their cruising boundaries. It is not unusual for yachts to participate in multiple World Cruising Club events and to have as much fun sailing on our various rallies as we do in organising them.*

*Berthon is a World Cruising Club supporter and has been for a number of years. I am delighted to read above that they have 100 ARC participants on their lists today, and look forward to hearing that the number has climbed further in future years.*



## MCA CODING AND ALL THAT

by John Fearnley of Mecal [www.mecal.co.uk](http://www.mecal.co.uk)

British MCA coding is a commercial coding system that is recognised internationally and which comes in various grades depending on how far offshore the yacht in question intends to sail with charter guests onboard. Of course the code is intended for all charter yachts and any yachts that are chartering under the British flag are coded to enable them to sail or power for hire.

Increasingly we are finding that yacht owners are having their yachts coded despite the fact that they have no intention of chartering. The reason for this is that at the lowest level, Category 2 (enabling a yacht to charter 60 miles from a safe haven), the code provides a standard which ensures that she is carrying the correct safety gear and has all the equipment onboard to safely set sail for coastal cruising. It also insures that the systems are operational and the structure is in a condition to make safe passages at this level. This is a comfort to owners and the mandatory annual checks ensure that the yacht is kept up to scratch.

At higher levels, and here we think particularly about Category 0, it can change fundamentally the way that the yacht is constructed and outfitted. This is the coding that enables the yacht to cruise anywhere in the world, without limit, with charter guests onboard. In order to meet this level of coding the yacht needs to be built complete with watertight bulkheads, effective fire suppression in the engine room and a myriad of other changes to enable her to voyage from Antarctica, to Greenland, to the Galapagos and many points between. The MCA has to be extremely careful as these charter yachts are cleared to take their guests into absolutely any of the inhospitable waters on Earth and their level of considered detail is much appreciated by owners.

Of course there are a number of other standards that are available. For EU owned yachts being used in the EU it is mandatory for the yacht to meet the Recreational Craft Directive – of which we speak more elsewhere in this publication. There are also other international authorities such as RINA, Lloyds, ABS and so on.

From a sales perspective, we are always pleased to list a yacht that is MCA coded – particularly when the coding is in date. When she changes hands, the coding is not transferable so the new owner has to have her recoded in his or her name – but this process should not be a big issue. We regard this coding as a sales aid and something which whilst it may not enhance value, does give the yacht in question the edge over a similar sister ship also on the market. It means that the purchaser knows what he or she is getting and knows that she is maintained to a reasonable standard. Any purchaser should commission a pre-purchase survey, but a yacht that is coded is a good starting point.

A short word about the myth that charter yachts are abused, worn out and should be avoided at all costs. This may be the case where a small production yacht is used for bareboat charter and after a period of years looks tired if not exhausted. However, it is our view that some of the best maintained and equipped yachts in the world are charter yachts. They have full time crew, a big budget and have to be totally operational in order to meet their charter commitments and have time to spare for owner usage. Preventative maintenance ensures reliability and corners

are not cut. In many cases we would favour a yacht chartering over one which does not. We experience more problems during the survey process with yachts that are privately owned, little used and laid up for long periods than any other segment, but caveat emptor is still a good warning for some that are kept on a minimum budget.

John Fearnley runs Mecal, a notifying authority for the MCA. Mecal's fleet of coded yachts runs to around 1,500. He explains about the history of the code.



### MCA CODING – WHAT'S IT ALL ABOUT

The foundering and tragic loss of life on the sail training vessel MARQUESE in 1984 created a milestone in the small commercial vessel sector in the UK.

The subsequent enquiry led to the laying down of standards of construction, stability, systems & equipment published by the UK Government (MSA) as the Code of Practice for Sail Training Ships in 1990.

This laid the foundations for the later “colour” codes which were published by the MCA during the 1990's:

**Yellow** – Safety of Small Commercial Motor Vessels

**Blue** – Safety of Small Commercial Sailing Vessels

**Red** – Safety of Small Commercial Vessels operating from a Nominated Departure Point (produced to cover small inshore boats licensed by local authorities)

**Brown** – Safety of Small Workboats & Pilot Boats

The development of these commercial standards coincided with the development of new EC regulations for pleasure vessels.

The codes attempted to set new pragmatic safety standards for small commercial vessels rather than trying to adapt big ship standards.

Many of the European Class Societies plus the American Bureau of Shipping already had in place sensible standards for small motor and sailing vessels so it was not difficult to adopt the relevant parts of these for UK commercial vessels

Shortly after the Millennium it was proposed that the multitude of different commercial standards could be brought into a common “harmonised” code of practice. A technical working





group was established under the leadership of the MCA and the new code emerged in 2004 ready to be issued on the back of a supporting Statutory Instrument. For various reasons the new legislation was delayed and the new code remained in limbo. However, it was adopted as an alternative technical standard to those colour codes (under Marine Guidance Note - MGN280) and has been in use since 2004.

Although the adoption of MGN280 seemed a good idea at the time, the rapid technological advances in the workboat sector led to demands for a new and rigorous workboat code. This was to counter emerging claims from other North Sea States that the UK workboat standards were too allied to pleasure vessel standards and were therefore not considered fit for purpose considering the onerous duties of many of the different types of workboat; particularly those designed and built in support of the rapidly expanding offshore renewables industry, led by the UK.

Our UK industry response has been to accept the criticism in a constructive way and to produce a tough new code based both on the principles in Class Society rules and our own UK industry experience. The new Brown Code 2 is in its final drafting stage & will shortly be published to restore "UK Marine Ltd" to its rightful place at the forefront of international small commercial vessel standards.

With the breaking away of the workboat code, the opportunity has arisen for a rethink of the non workboat commercial vessel standards (the old Blue/Yellow/Red Codes). The new "Leisure Commercial Code" is being drafted by the RYA and BMF ready for introduction to the wider marine industry working group under the chairmanship of the MCA.

The main difference with this code will be the adoption of the ISO standards that have emerged from the developing EC Regulations for Pleasure Vessels under the Recreational Craft Directive. These cover stability, structure, systems, equipment and with safety and fire fighting remaining general as they were in the original codes.

However, it will still be based on the UK MCA "Range and Risk" philosophy on safety, as with the new workboat code.

It is expected that European pleasure yacht builders will be a lot more comfortable with this new code because they should be able to follow a single path to meet the requirements for both charter and leisure. This makes sense and should make life easier for everyone connected with the industry.

As well as standards for building & equipping leisure vessels there are also international maritime standards that apply to all vessels that go to sea. Some yachtsmen don't seem to be aware that they need to comply with the following International conventions:

**COLLREGS** (nav lights/shapes/sound signals)

**MARPOL** – prevention of pollution - also covered in some local port regs

**GMDSS** – Radio requirements for distress

**SOLAS V** – covers passage planning

**MCA Class XII** – All UK pleasure yachts >13.7M (45ft) must comply with these requirements for life saving & firefighting equipment on board



Leisure (courtesy Sunreef)

These regulations are rarely enforced but they can be problematic to owners if they do not comply and if the yacht is subsequently involved in a casualty investigation of something of this type.

Commercial vessels must also comply with the new Maritime Labour Convention (MLC) which covers accommodation and welfare standards for seafarers. This came into force in August 2013 and applies to all workboats and charter vessels that operate outside UK waters.



Workboat (courtesy Windcat)

## RUNNING COSTS – POWER VERSUS SAIL MK II

(Written with the help and guidance of our friend Steve Dashew of Dashew Offshore)

The received wisdom is that a sailing yacht is cheaper to run than a motor yacht as she harnesses the wind to propel herself across oceans which of course, is entirely free. The motor yacht on the other hand, uses fuel of whatever description for forward movement of any kind.

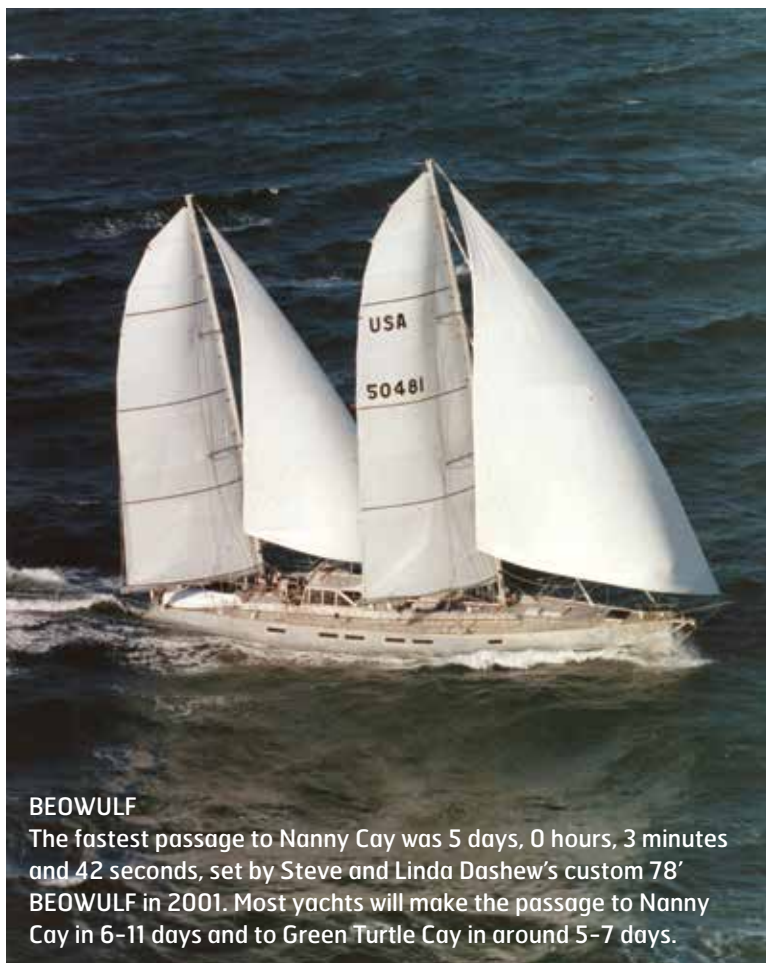
However, whilst at its most basic level, this is true, of course both types of yacht have costs attached and the facts of the matter are not quite as they may appear.

Costs vary enormously depending on how you use your yacht, owning a motor yacht hurtling around at 40 knots is not a cheap exercise. But then neither is owning a Grand Prix racing yacht and roaring around the race circuit or further....

Whatever your style of yachting, the received wisdom that yacht ownership may be very happily replicated by staying firmly at home, going into the shower, turning the cold tap on and standing beneath it whilst fully clothed, tearing up £50 notes.....We would totally disagree, as doing this you miss out on the worry of making landfall, lack of sleep, and lying upside down in the bilge whilst trying to fix a recalcitrant piece of machinery....!

However, joking apart, the adage that in general terms a yacht costs 10% of her value to run per annum to keep her in reasonable shape is a safe place from which to start. Steve Dashew would expect this amount to be smaller for one of his FPB yachts averaging out at 3% to 4% per annum but enormous work goes into the design and build of this range to be low maintenance through life.

It is always wise to retain any residue available in a year where you find that there are funds in hand, against maintenance costs that are either a surprise – a spinnaker shroud or stern gear damage say – and to put against the time when your yacht will need to have a birthday refit. Teak decks, new paint, new electronics, new genset and so on. In this way the surprises will always be there but there is a plan to deal with them.



### BEOWULF

The fastest passage to Nanny Cay was 5 days, 0 hours, 3 minutes and 42 seconds, set by Steve and Linda Dashew's custom 78' BEOWULF in 2001. Most yachts will make the passage to Nanny Cay in 6-11 days and to Green Turtle Cay in around 5-7 days.

We also recommend that you consider having a refit manager at your local shipyard become friends with your yacht so that you can work on a programme of preventative maintenance (always cheaper and less stressful than waiting for the bit to break) as well as looking at higher cost items that the yacht will need as she ages.

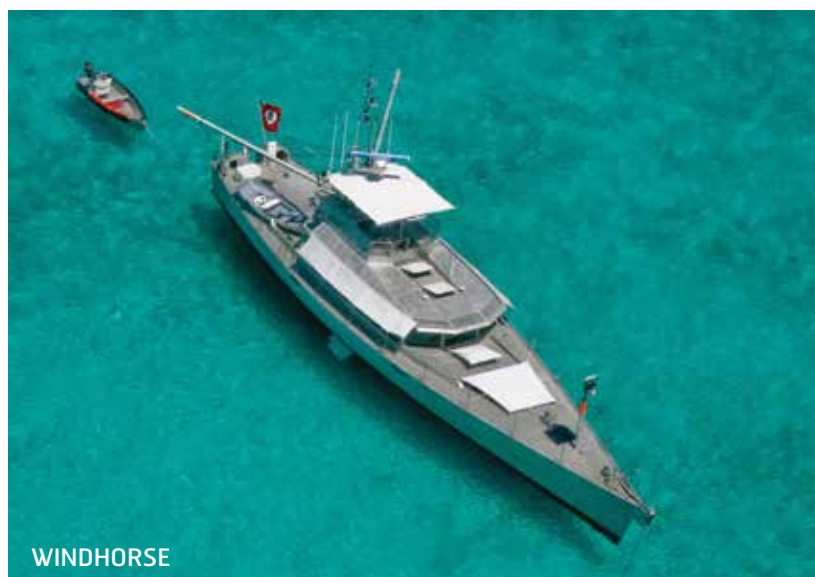
Logic does state that a motor yacht is more expensive to run

and where you compare a planing yacht with an equivalent sized sailing yacht doing local cruising, travelling short distances this is certainly the case. However, for some long range motor yachts against a blue water cruising yacht this may not always be true.

In looking at this I have had the help of Steve, who has designed and sailed the world on both sailing and motor yachts.

By combining massive integral fuel tanks with efficient hull and propulsion systems Dashew's FPB series motor yachts can pick the best fuelling locations in terms of cost and also quality.

His first motor yacht, the FPB 83 WINDHORSE, had enough range to fuel in Gibraltar, after which she crossed the Atlantic in 9 days with the ARC and she then cruised onto Florida. She didn't need to fuel again until she arrived in Marathon.



WINDHORSE



Steve actually ran the numbers on WINDHORSE and compared them with his previous yacht – the iconic 78' sailing ketch BEOWULF – also designed by him. The numbers are interesting:

On WINDHORSE between 2005 and 2011, she averaged around US\$2.65 per nautical mile for fuel and engine maintenance. The latter was mainly oil changes.

On BEOWULF between 1995 and 2003, she sailed over 40,000 nautical miles and the cost of this for fuel, engine and sails and rig maintenance worked out at US\$3.10 per nautical mile, some fifty percent more if adjusted for inflation! These are interesting numbers. The wind is free, however Vectran sails, standing and running rigging and deck gear most certainly is not.

These figures are helped by the fact that WINDHORSE always bought her fuel well – for example in 2008 with oil costing over US\$140 per barrel, she was able to fuel up for 2.55US\$ per US gallon in Greenland.

The FPB range has now extended and the FPB 64 is established as a full on class with #10 launching in the last quarter of 2014. With 7 FPB 64s out there cruising extensively (including #6 GREY WOLF sold to the UK which is making the long voyage home from Auckland to the UK this spring), there is now plentiful data relating to fuel consumption for these yachts. You would need to be a very committed rag and stick person not to be impressed with the numbers.

All 7 of these FPB 64s have now crossed oceans, some several times, and the operating costs are proving to be quite low. On long passages, averaging 9.8 to 10 knots, fuel burn is running between 4.9 and 5.5 US gallons per hour.

If you visit the Dashew Offshore website you can see all the griff about some interesting passages that the sister hood have made – <http://setsail.com/fpb-cruising-speed-range-under-power-and-the-real-world/>

Steve has researched this particular subject most carefully, and he has analysed data as it comes in from the owners of his yachts over the years. A few facts about the Dashew Fleet:

- 50 sailing yachts launched
- Mileage records for 37 of them
- The average number of nautical miles sailed per yacht is over 54,000

As Steve points out, the motor yachts are only just getting warmed up! Here are some numbers so far:



GREY WOLF



FPB 64

- FPB 83-1 WIND HORSE covered 60,000 nautical miles in her first 7 years.
- FPB 64-1 AVATAR has cruised over 27,000 nautical miles in 3.5 years.
- FPB 64-2 SARAH SARAH has accumulated 1950 hours on her engine in 3 years – over 16,000 nautical miles.
- FPB 64-3 IRON LADY has 18,000 nautical miles under the keel in her first 2.5 years of part time cruising.
- FPB 64-5 TIGER has cruised over 10,000 nautical miles in her first 2 years.

And as an example of what is possible, FPB 64-6 GREY WOLF is being readied for a trip from New Zealand to the UK via the Panama Canal, including a 4,000 nautical mile leg between the Marquesas Islands and Balboa (which she can do at 9.5+ knots with plenty of reserve).

Food for thought.....?

# THE ALL-NEW RECREATIONAL CRAFT DIRECTIVE

by Alastair Reay

On 28th December 2013, a new edition of Europe's much-loved legislation, the Recreational Craft Directive (RCD) was published by the European Commission. There was an update of RCD, back in 2006, but this is different. It is not an update. It is a whole new Directive that repeals the previous version.

*The burning question is why? Was the old Directive broken?*

The answer is that it was broken, in many ways. The old Directive suffered from a lot of misinterpretation: both innocent and intentional. While a lack of clarity is frustrating for boat builders and importers, it is worse for the authorities. They find it difficult to enforce the law when it is unclear. This was a problem across the entire range of EU product law and there was growing frustration with the lack of harmony. So the EU Commission issued the "New Legislative Framework" in 2008. This was a comprehensive shake-up that primarily gives the authorities a greater mandate for enforcement. This goes hand in hand with the requirement that all product legislation be updated with greater clarity.

So the new Directive provides a lot of definitions. Believe it or not, the old Directive, which applies to "boats", didn't define what a boat is. You may think you know what a boat is but there have been many arguments about it. Is the JetLev in the scope of RCD? The EU Member State governments can't agree on that one. The new Directive has a neat solution to dealing with this, which we shall reveal in a moment. First we need the headlines:

The new Directive is to be known as:

## 2013/53/EU, repealing Directive 94/25/EC

The Directive came into force on 20th January 2014 but cannot be used until all the member states have adopted it into their national law. That must be done by 18th January 2016. So this is the earliest date the new Directive may be used. There is then a transition period of 1 year, during which either Directive

may be used. From 18th January 2017, the old Directive will cease to exist and the new Directive must be applied.

So back to the issue of scope: what "boats" must comply? The first point of interest is that the Directive now applies to "watercraft" which is the new all-inclusive term for "recreational craft" and personal watercraft (ie jetskis). What is the definition of a "watercraft". Well it is a "recreational craft"! So we are in a loop where one defines the other and the word "boat" does not appear. An amusing consequence is that the unique ID number that used to be a Hull ID Number (HIN), and then became a Craft ID Number (CIN) is to become a "WIN".

Leaving aside the clarifications of definitions and of procedure, the physical differences required of the boat itself are not that many.

- The means of re-boarding must now be deployable by a person in the water.
- All heads must be connected directly to holding tanks. (No Y-valve in-between).
- Electric propulsion must be separated from all other electrical circuits.
- Engine exhaust emissions are brought in-line with US requirements.

I think we all welcome these changes and any clarification can only be helpful. Where the new Directive does become more complex and contentious is with regards to **Post Construction Assessment (PCA)** – the one part of the Directive that impacts yacht brokers most. PCA is the procedure that must be followed where the CE marking is not executed by the manufacturer (or his formally authorised representative). Note that it is nothing to do with new or used. Even a brand new, unused boat must go through PCA if the European importer is seeking the CE mark.







So what are the big changes to PCA? Most importantly, there is a change in who may use PCA. The Commission did not like companies buying boats in USA, putting them through PCA and selling them in EU for profit. While we might call this “business”, the Commission called it “cheating” (their word). So now they have introduced the concept of a “private importer”. Only a private importer may apply for PCA. A private importer is someone who, *“in the course of a non-commercial activity”* imports a boat *“with the intention of putting it into service for his own use”*.

While a “private importer” must apply for the CE mark, the Directive also states that all *“economic operators intervening in the supply and distribution chain should take appropriate measures to ensure that products ...comply with the relevant legislation”*. So now there is no debating the issue: brokers do carry some responsibility for RCD compliance.

Another change in PCA is that we Notified Bodies (the certifiers) can no-longer write the compliance documents for boats going through PCA. (There is a perceived conflict of interest where a certifier approves the documents that it created). So this means the cost of PCA will increase as the applicant must now hire a consultancy to write the documentation as well as hiring the Notified Body to check it.

## STABILITY ASSESSMENT

8 days before publishing the new Directive, the Commission also published an update of RCD’s most critical standard: ISO12217 on stability and buoyancy (parts 1 and 3 only. We are still awaiting part 2, for sailboats). These standards may be used now.

The challenge with writing standards is creating a document that handles the many variations of design. The first edition of this standard was very simple and with each subsequent edition, it has become increasingly complicated. In its defence, each update has acknowledged more special features. In this latest edition, we have new sections for motor-multihulls and motor sailers. It also has a fantastically complicated section on “recess size”. This is attempting to answer the question of how open a cockpit has to be before it can be considered a deck rather than a recess? Ultimately this provides a means of justifying flush sills on the main deck since sills: a feature that has caused a great deal of disharmony in the past.

While recognition of these design features is welcome, the task of demonstrating compliance has become notably more complex. Much more calculation, rather than physical testing, is now required.

## SUMMARY

The new directive and the latest standards provide for a clearer and more detailed legislative framework and new design fashions can be better accommodated. On the negative side, the work required to demonstrate compliance has greatly increased. CE marking is going to get more expensive and authorities now have the tools to enforce it more vigorously. What is more, everyone involved in the supply of a boat to EU waters is now implicated in the list of responsibilities. The industry has 2 years to wake-up and take the CE mark seriously!

Alasdair Reay became a Chartered Engineer and Member of the Royal Institute of Naval Architects in 1994, having started his career on the graduate training scheme at Lloyds Register in 1991. Alasdair was head-hunted by the UK Atomic Energy Authority to join the newly formed CE certification department in 1997: one year before the EU Recreational Craft Directive became mandatory. As Certification Manager, Alasdair helped AEA earn Notified Body accreditation to RCD and a number of other Directives. Alasdair left AEA and co-founded the consultancy CEproof, in 2001, to help yacht builders and designers cope with the RCD. At CEproof, Alasdair worked with builders and designers all over the world and wrote the compliance software package, CE-Pro, that is now used by the likes of Oyster, Fairline & Nordhavn. In 2010, Alasdair sold the consultancy business and bought HPI Verification. HPI is a Notified Body for several EU Directives and is now the only company in the UK accredited by the European Commission to certify to RCD. Visit <http://www.eucertification.com/>

**hpi verification services**

## CUSTOM YACHT BUILDING – THE IMPORTANCE OF BUILDING HER FOR HER SECOND OWNER...

When taking the decision to build your own yacht, it is a thrill to think that she is built just for you, to your exact requirements and for you and your family's cruising programme. You have the opportunity to decide on a myriad of detail to ensure that you get whilst not the perfect yacht (as I'm afraid that they haven't built her yet) but the closest thing to it for you.

During the recession yacht buyers have become increasingly wary of any yacht that doesn't have a very clear pedigree. They are looking towards re-sale and want to be sure that in a difficult market they own something that is a known brand that someone else will want to buy from them. This has meant that totally one-off custom yachts have languished on the market as whilst they are normally splendid yachts that are built to a high standard, they aren't main stream and the market finds them just too difficult to assimilate. As these yachts get bigger it is less of a problem, as over 90 feet most yachts are custom to such a degree~ with many of them built of aluminium or from male moulds~ that a good designer and builder is enough to achieve the pedigree that gives buyers the confidence to buy. Smaller custom yachts do not have so much understanding from the market as there are many production yachts available which whilst not equivalent, are also built to a good standard.

Another tricky area is the area of semi-custom. These are yachts which are part of a series of a high quality where the owner has the opportunity to make significant alteration to the standard yacht. Here, interior woodwork, systems and so forth are fine to change (as long as you avoid the bizarre), but major changes to layouts and odd sail plans and deck layouts will make the yacht frankly, very difficult to sell, if at all when the time comes.

A production yacht doesn't come fitted with these problems. You can choose hull colour, upholstery, electronics and some other details but generally there is less to go wrong in residual value terms. Of course as the brokerage market evolves for the class there will be some layouts that will be more attractive than others. It is never wise to go off piste with an arrangement which is outside the norm – the only fully battened main arrangement amongst a class of yachts with in-mast or an engine type that is unique to the sisterhood will be hard to sell. However, that said, the sale of a production yacht - if the yacht is correctly maintained, in a reasonable location with sensible pricing - is not so much of a challenge particularly now as the market starts to pick up.

All this is very boring when you have commissioned a semi-custom yacht which is commissioned and built for you, as the myriad choices can become rather more restricted than you may



Dixon 60' – WAIANIWA

have initially hoped. You may decide to push on with the build exactly as you like and not worry if the custom nature of your choices makes her hard to sell. In deciding to plot that course, you should be aware that when you do decide to be parted from her that it may not just be a case of losing money on the sale, it may be quite simply that no one wants to buy the yacht at all. She has no market....the pool of buyers are smaller than they once were, the time that it takes for yachts to sell is longer, and odd bods (custom, individual and stunning yachts) will not sell to the buyer who wants to make sure he doesn't make a mistake, however much she appears to offer value for money in terms of the original build cost.

The discipline of building your custom yacht in a way that will appeal to the owners that come later, may in fact mean that you get a yacht that suits your own needs better as you need to think not just for you but for her general usage and how you maximize on all her design features to get the very best out of her.

A good example of this would be a yacht of circa 70 feet which is set up for ease of handling and which you specifically want to handle without crew. That is all fine and positive, but her new owner may not be so intrepid. Be wary of putting in offices or workshops where the crew accommodation might otherwise be, as when the time comes to sell, a purchaser will not see the potential – they will just see a yard bill and plenty of time and hassle when they would prefer to be out on the water. By all means have your man cave or office, but have it designed in such a way that it is easily demountable and have the joinery ready (so much easier to do this in build with your designer and build yard in hand) to put the conventional layout back onboard. This can always be stored against the day that it is needed or simply factor in the potential cost to the eventual sale price. However, in the lucky event that your purchaser is also man cave mad, he can store the joinery against the day that he is through with her too.

Having said all this, the thrill of being involved with the build and taking delivery of a custom or semi-custom yacht is quite something. As the market improves, we hope that it will start to become more understanding of these yachts once again. If the yacht delivers a really great package and is high quality, she will find a market. Unfortunately, she will probably fetch the same, or in many cases less than her production counterparts.

So when you commission your build, think not just of the designer, builder, your family, your cruising plans and your dream. At your shoulder if you turn your head quick enough you will see the second owner of your magic carpet, so have a care for what he or she thinks.



Dixon 63' – DULCINEA



# LOCATION, LOCATION, LOCATION

We tend to labour the point about the 3 things that need to be got right to achieve a sale within a reasonable time span at market value. Of course these are price, condition and location. In this piece we are going to focus on location as it is a key in getting your yacht sold. We do not pretend that the right location will enhance price – but if you get it wrong, she may well not sell at all.

Yacht buyers are more time poor than they have ever been before. People are working longer hours and they also have other commitments that make the time that they are prepared to expend on yacht search finite. For us and the yacht owner, we think that buying a yacht that we have on the market should be a priority for the buyer, but this is not at all the case. Time has to be fitted in between the office, family, other interests – ski-ing, golf, motorsport, fishing – this list in many cases is very long – and of course, no one needs to buy a yacht.

Therefore, making the viewing process easy is critical to achieving a sale. Pre-2008, it was very easy to get around with lots of scheduled and charter flights to all corners of the globe. The number of flights and easy connections has now reduced considerably and this has made it more important to get the location right.

It used to be possible to make a day trip to Palma from London – no more. Out of season, with no charter flights available, a trip to a location like Marmaris involves a change in Istanbul with an overnight stay and 4 days out of the schedule to maybe see a single yacht. Trips need to be more carefully planned as flights are a lot less plentiful, and air travel particularly in Europe is a lot less convenient than before. Of course there are those that fly themselves or who are flown, but they are in the minority.

It is very attractive therefore, if your yacht is in an area with good connections as well as in a centre of yachting so that there are alternative yachts to see. Any owner whose yacht is in good condition and which is correctly priced should not fear the competition, indeed it is a good thing as not only will potential buyers be able to compare and see how nice your yacht is, you will also have the advantage that potential buyers for the competition yachts will see your yacht. A good broker will offer all the options and it may well be that the buyer of your yacht had not considered her on the web, but is smitten having been shown the yacht on a trip to look at something rather different.

There are some very clear centres for yacht brokerage in Europe. In Northern Europe, the South Coast of the UK is a draw. Of course we would say this with our HQ in Lymington where we have around 80 yachts for sale at any one time. However, the fact is that 70% of total UK market share is found in the area from Brighton to Poole. Holland also has a conglomeration of yachts for sale and is a good place to visit.

Palma remains a centre for yacht sales in the Mediterranean particularly for sailing yachts and this is assisted with the Palma Super Yacht Show, their brokerage yacht show in April in which we will participate in 2014. The South of France is the other important centre particularly for larger yachts and motor yachts.

In the USA, the East Coast is a summer haunt for brokerage yachts with the Newport Show in September seeing numbers of mid range yachts available for viewing. Of course conditions dictate an exodus to the warmth of the Caribbean or a heated shed ashore from late Autumn.

Yachts that are in the Caribbean will not attract many viewings and we do not expect to sell yachts during a winter season in the Caribbean. Viewings are very sporadic and difficult to orchestrate and buyers normally expect a huge discount for the trouble and logistics involved in buying there.

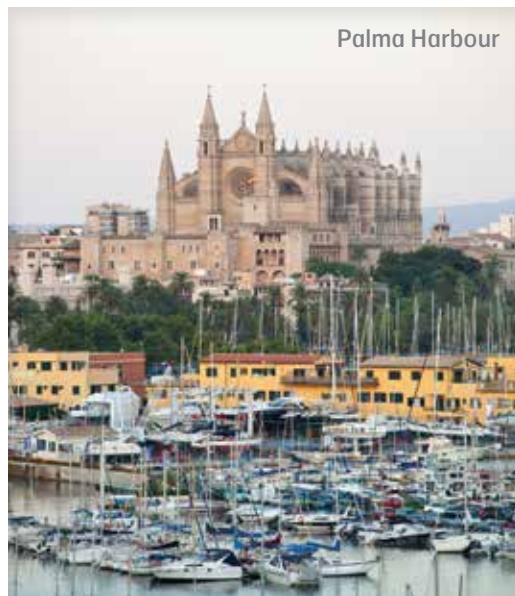
As yachts cruise further afield, they can find themselves a long way away with an expensive delivery or shipping bill to bring them back to a centre. A good example of this is New Zealand and Australia. There is a market there, but it is not particularly developed and it is extremely small so trying to sell a yacht of European manufacture there is likely to be a protracted and frustrating experience.

The new markets of Asia are starting to see some interesting listings, but again the market lacks depth and taking a yacht to this market without having pre-sold her is a very brave move that really cannot be assured of success. Added to this is the

Asian propensity to buy new.

Therefore, like the housing market it really is a case of location, location, location – or should we say – location, price, condition. Fortunately, there are very good delivery companies available to move your yacht to a location suitable for sale, and shipping is also a very useful option if the distance is far and you prefer that your yacht does not have the wear and tear that a long voyage will bring.

Once in the right location there are many options that allow you the use of the yacht when needed until she is sold, and in good sailing waters. It may be that the change of yachting scene will also give you some good times aboard the yacht in new cruising haunts until she is sold.



Palma Harbour



Berthon HQ in Lymington

## THE 2014 BERTHON FORECAST

Our prediction in last year's Market Report for somewhat unsettled market conditions certainly hit the nail on the head in 2013. However, there was a perceptible upturn from early Spring and by the last quarter it was clear that there was some notable improvement. Not massive but enough for us to judge that the bottom of the market has now passed.

**Because so few new yachts have been produced since 2008, the disparity between new and second hand prices appears large, as there is such a shortage of yachts of very recent build coming to the market.**

into line with the new normal of yacht pricing. We will see more of this in 2014 as there are segments of the market where there is very sluggish movement as the market's perception of value is not as great as that of the owners.

We predict that we will see some further falls in value in areas where there is low demand. There will be no increase in value as these yachts are deemed overpriced in the market and whilst they remain on the market and not selling, they are also ageing. The market has changed since 2008 and there are some yachts which were once sought after models and are now looking a little old fashioned and worn. The developments in modern technology, design and build materials have been astonishing considering the slowdown in demand and the game has quite simply, moved on. Yachtsmen now want and can have more from their investment than was available in 2008.

The USA market continues to grow, and we believe that the recovery in this market is now well set and we will see a solid rate of growth over the next 3 years or more. The USA has re-established itself authoritatively as the only Super Power and American yachtsmen are in a mood to buy. They like European products and this gives us the opportunity to sell new yachts from Europe via our office in Newport and to continue to develop our brokerage business by utilising the American office as an outlet where appropriate and we will continue with this strategy which is already beginning to yield results.

The Mediterranean is a difficult market. Deepening economic crises in the Southern European states coupled with far too much regulation is damaging the yachting industry on a constant basis. Yachting is an easy target politically, but of course, like other industries has many people dependent on its continued health for their livelihood and in this area yachting businesses, unless they are nimble and well run, will struggle.

It has been good to see that Spain has stepped back from the brink and has repealed its matriculation taxes on charter yachts that brought that part of the industry to a standstill. As a result Palma de Mallorca will remain an important centre for yacht sales. The Palma brokerage show which runs for the second time this year, is also an important initiative for the Island and keeps more yachts in the area where they can enjoy the services available.

Because so few new yachts have been produced since

The rest of it was much as predicted – prices definitely stopped their sickening downward trajectory and the price drops that we saw in 2013 were as a result of yacht prices coming

2008, the disparity between new and second hand prices appears large, as there is such a shortage of yachts of very recent build coming to the market. This is a problem for new yacht manufacturers, but we believe that as the market gains momentum more yachtsmen will accept that if they want a new yacht they must pay the price – and they will. This should mean that the worrying round of discounting that has been a feature of the new yacht market will stop which will enable yacht builders to produce great yachts, and to make enough money to survive and to continue to invest in their businesses. In the past 2 years we have often seen clients comparing a yacht from 2008 or older with a new one and expecting the yacht builder to build for the same price – this is nonsense. Yacht builders must earn a return on their investment and risk if we are to continue to have a diverse and thriving industry in years to come.



Of VAT, the less said the better. It continues to be a minefield with no will on the part of the authorities to level the playing field or to introduce firm guidance Europe wide. In very many cases, looking at VAT payment records remains a black art and what works for one member state may not in another. The European directive dealing with this is less than crystal clear and it is therefore entirely within the gift of the Customs official in question to decide on the outcome of any dispute. An intending purchaser must take a view on the evidence available and must decide whether he or she believes that the VAT has been properly accounted for. It should be for the Customs Authorities in the member state concerned to show that VAT is not paid. Whilst this is easy to write and more complicated in fact, this is how we are approaching the problem. There is no political will on any level to address this issue at this time, which is entirely understandable when there are many graver issues concerning the political classes than whether a yachtsman has been double charged VAT on his luxury yacht.



The various agencies advising on VAT need to be sensitive to the fact that this is a problem that is not going to be cured anytime soon and that a yes or no answer is not really on the menu any longer. Older yachts which are likely to have the most challenging VAT files have fallen in value by up to 40% since the recession bit. Yacht buyers should also bear this in mind when looking at VAT paperwork, and come to an equitable arrangement with the owner to amortise some of the risk (another 20% off is certainly not a sensible approach) and we are also wary of indemnities which can have big implications for both buyer and seller in the future and are not a sensible or a just route to take for either party.

Much has been talked of Asia as an incredible new market, and it certainly shows huge promise, although the infrastructure in place is very limited and it is certainly a slow burn until it

years. With ever better delivery of information, yacht purchasers are better informed than ever before and sloppy presentation and lack of granular information simply doesn't cut it anymore. Now, all our enquirers are well informed both about the market and about the yachts that we are offering on the market by the time that we have our first contact with them. This means that the conversion rate is higher, but it also means that it is important that we deliver the information needed on the web and that it is up to date and live.

This has been a great opportunity for us to continue our voyage of improvement in this area with a dedicated listings manager and specialist brokers who all really know what they're talking about and who are also hands-on about the information of the yachts that they are handling which we regard as key. Expect to see further improvement in this area in 2014 as we increase our social media and digital/web presence. Of course the print and normal Berthon promotions will remain and continue to be just a little left field.

If you are buying or selling a yacht in 2014 you are doing so in a gradually rising market; but by rising I do not necessarily refer to prices....simply demand.

Yachts will continue to have to be correctly priced, well presented and in a sensible location for viewing, but the spiralling highs and lows experienced in the past few years in terms of plummeting prices is over. However, the rise out of recession in our industry will be slow and there will be bumps in the road. It is therefore no time for complacency for yacht owners and we hope that yacht buyers will take advice about sensible market value.

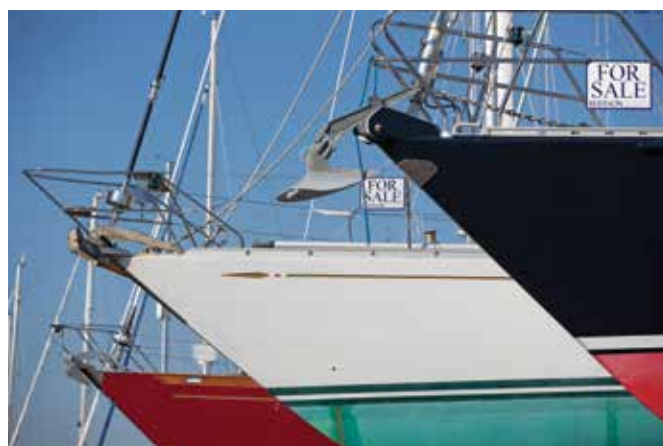
We look forward to being with you on your yacht transaction voyage and would like to thank all our clients for their support and for being so great to work with over the past year. The Berthon policy of telling it exactly as we see it will remain, and we are always on hand to discuss your plans be it now or sometime in the future. It is our great clients and the astonishing Berthon fleet that make our task so much fun.

**Yachts will continue to have to be correctly priced, well presented and in a sensible location for viewing, but the spiralling highs and lows experienced in the past few years in terms of plummeting prices is over.**



really takes off. The Chinese have really embraced the idea of bringing yachting to their vast shores but they also appear very aware of the potential and want to have the lion's share of this. The acquisition of Sunseeker by Dalian Wanda, a large Chinese conglomerate, shows this to be the case, and with some Sunseeker production moving to China soon the old world has to be aware that they will not have it all their own way. Asia is a dynamic place more than capable of exploiting their own market as well as increasing the production that they will then sell back into the traditional markets. It will be interesting to see how this plays out in the coming years, but we are sure that we will need to be nimble to keep up with this dynamic new force.

Here at Berthon, despite the more upbeat tone of our message for 2014, we do not believe that we will get back to the sales levels that our industry enjoyed in 2008 for a very long time. The industry has changed fundamentally and in many ways for the better. It is leaner, offers a better service across the board and product development has been phenomenal in the past few



# WINDY 39 CAMIRA



Photo courtesy of Nick Burnham/Motor Boats Monthly

# BERTHON

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