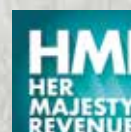


ISSUE 2021

THE MARKET REPORT

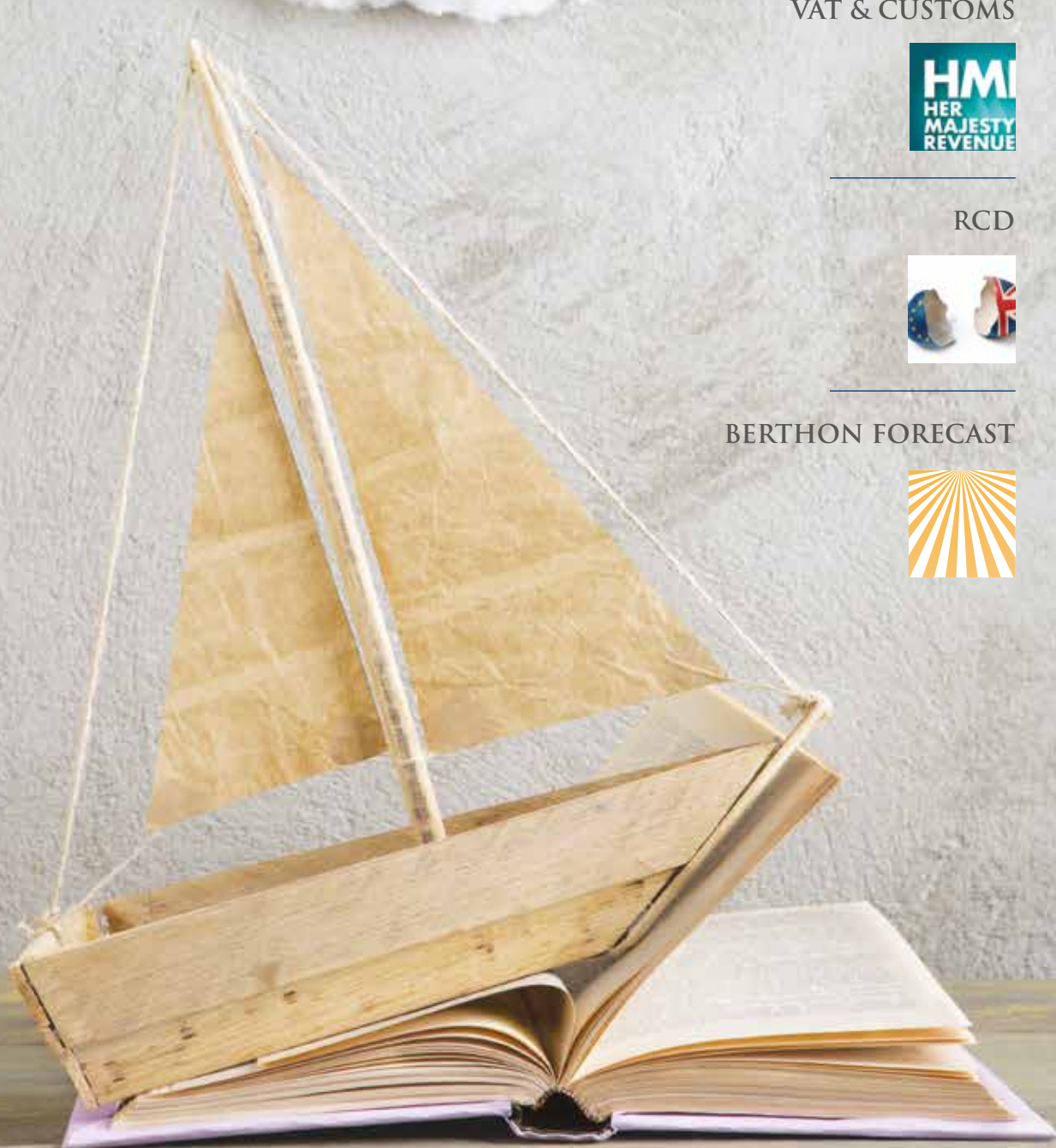
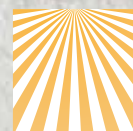
VAT & CUSTOMS



RCD



BERTHON FORECAST



BERTHON
INTERNATIONAL



2021

COVID-19

2019

2018

THE MARKET REPORT 2021

by Sue Grant

As I sit down preparing to write the 2021 Market Report, with a blank page on the screen in front of me, I smile as I re-read last year's iteration in which I said that 2019 really was the year that was! In January 2021, we see that we were but limbering up for the main event, 2020, the year that we have all just turned the page on, with some relief!

We have had natural disasters aplenty, together with an election in the United States which will probably go down as the most impolite and grumpy in history and, of course; the UK finally left the EU with a trade deal negotiated and agreed on Christmas Eve, with the Queen's Flight ferrying the bound document of more than 120,000 pages from Brussels, to London and then back again. This is without even considering the social and political unrest around the globe, with evidence aplenty of the legion of ecological problems and challenges that face the human race.

However, overshadowing all the extraordinary events, like an enormous and rather unfriendly fire breathing dragon in the room, has been Covid-19, a global pandemic whose fiery breath expanded from Wuhan to every part of the planet. As I write, the UK is in virtual lockdown and our offices in France, Spain, Sweden and USA are in a similar predicament. Of course the cavalry can be seen on a far off ridge bearing vaccines to slay the dragon, and to hopefully return the world to something resembling normality, we hope very soon, but suspect later in the year for most.

2020 started to go downhill for us during the first lockdown in March. The UK office went home but continued to work, using Teams, Discord, Zoom and all that good stuff. Our overseas offices were starting to see the effects too and it was a sombre moment for us all. We wondered what would happen to a bunch of yacht

brokers, working in garden sheds, on kitchen tables and in garages and to the yacht market which for sure would freeze up – just like the flight scheduling of Easy Jet! The reality of the suffering and death that has touched us all, continues today, as Covid intervenes at every level of life.



However, it has always been our view that the only thing to do in a crisis is to **Keep Calm and Carry On!**,

and so that is exactly what we did. After stabilising the deals that we had in play, completing some, putting others on ice and trying to ensure that they would close when things improved, we settled down to look at what we would do next. Infrequent visits to Berthon were eerie, with 130 people from the Shipyard on furlough, and no clients or yachts moving in the marina – all very bizarre.

We got going with international meetings every week with everyone from all offices on Discord sharing experiences and discussing the future and how we could be better, do more and be a tighter team. These meetings continue today, and have been key in welding us together as a cohesive team with a common purpose –

more of a family as we are fond of saying – than ever before.

We unwrapped our marketing and took a good look at it. We cleaned up our act here – as a team – rebranding ourselves as the Berthon Sales Group. Importantly, we took the time to build a new website. With very little business coming in, and recognising that the darkest hour is always before the dawn, we invested in a future that didn't look at all clear.

We looked at training and did all those improvement courses that you talk about and don't bother with. We upgraded our social media offering and we started to toil together on this as a team to make this work for us.

We were very busy in a new way, exchanging ideas and spending time on the hidden, backroom stuff that is normally not mission critical to the main objective of negotiating and closing deals.

On new yacht sales, we managed to deliver all the yachts that we had on order – Windy, Pearl, Moody, Rustler and Solaris, working with our brilliant build partners to get this done. Owners were objective and practical and helped us to achieve this, understanding the difficulties but still excited about taking delivery of their new yachts that would give them relief from CV19 and something for them and their families to look forward to.

During the first lockdown we also did something else which was super important. We talked to, emailed, messaged and engaged with our clients. ►

It was great to be in touch with them, and it quickly became apparent that their commitment and appetite for all things yachting was in no way diminished. Because our whole sales team worked throughout the year, we were able to maintain a very firm finger on the pulse of the market and to know what was going on, which I think was crucial to our success. The team worked their hearts out all year. ♥ *Well done to all of them.*

We all became used to hearing about the financial Armageddon that was around the corner, but somehow this didn't seem to affect our market and the desire to get out on the water as soon as possible, even if restrictions and location difficulties meant that this was more problematic.

The summer was huge for yacht sales across the planet. Yachts flew out of the door, both new and second hand. We are very used to monitoring segments of the market to see what is hot and what is frankly rather chill. However, in the summer, autumn and winter of 2020 – there were no chilly segments, and everything achieved good levels of interest. The only stickers were those in the too difficult to deal with pile where location and other factors meant that we do really have to return to normal before a deal can properly be struck.

This trend continues and the yachting world is looking forward hugely to the new season in 2021 as are we.

During the summer, we all learnt more about Covid-19 and what we could do to make our people and our clients safe. Desks grew screens, Berthon Spain came up with some natty Berthon masks, protocols for showing yachts and conducting yacht sales were established and of course we are using these today, as well as Covid testing. The Berthon Shipyard again was a hive of activity with a big pipeline of refit work and the marina started to hum as well.

Being nimble to manage changing circumstances has always been something that Berthon has done well. We realised that the standard yacht sale processes wouldn't work. We have now become sanguine about FaceTime viewings, are videoing whenever possible and in 2020 have transacted a number of yachts to people that we have never met, of yachts that they have never seen live. In one case shipping from the USA to Germany – the first time the new owner saw the yacht was when she was lifted off the ship and into the chill of the North European waters destined to be her new home.

There is never a good or bad time to develop your business and we took some decisions that seemed very brave at the time. The most scary, but a no brainer now, was the new website. The next was continuing investment in Berthon Scandinavia.

Magnus and the team in Sweden beat all the odds in 2020. A super busy year for the team led us to recruit an extra member, Fredrik Sundberg joined Magnus, Bo and Birgitta last Autumn. From a low base line, the office made sales and was in black this year with so much more to do next year and we are so proud to have them on the team.

At Berthon Spain we also had some huge changes this year. Simon Turner, a great friend of Berthon who worked in the UK office many years ago before moving to Palma to Nautor Spain and then to Berthon Spain, before forming Northrop & Johnson Palma, came home to Berthon. This was a huge thrill for us all, and for me in particular – he is an old and much trusted friend. So we now have a new sales office opposite the Club de Mar. Also very exciting was the move by Ben Toogood, our brand manager for Windy and Pearl in the UK to Palma, where he joins Simon.

As if that wasn't enough, Berthon Spain is now ensconced in an enormous refit and repair shed of 2,000 square metres, enabling us to scale this business substantially. Andrew Fairbrass who runs Berthon Spain has had a VERY big year.

The personnel changes enabled us to move things around in the UK with Hugh Rayner, our fantastic motor yacht broker, moving to Windy and Pearl. ►



- Unwrapped our marketing -

'WE ALL BECAME USED TO HEARING ABOUT THE FINANCIAL ARMAGEDDON THAT WAS AROUND THE CORNER, BUT SOMEHOW THIS DIDN'T SEEM TO AFFECT OUR MARKET AND THE DESIRE TO GET OUT ON THE WATER AS SOON AS POSSIBLE, EVEN IF RESTRICTIONS AND LOCATION DIFFICULTIES MEANT THAT THIS WAS MORE PROBLEMATIC.'



With 2 x Pearl 62s sold and a number of Windys already, his enthusiasm is infectious. On motor yacht brokerage sales we have Robert Steadman and Harry Hamson both of whom live, breath and rarely talk about anything other than motor yachts, listing yachts from afar and selling them on with gusto!

In the USA it was another stellar year. Moody yachts sold like hot cakes and the brokerage market was super busy. The team in the USA are very experienced on the donation process and this was again good for us.

France delivered yachts and managed to fight through the restrictions, and once open again the Côte d'Azur will be the international playground for those who love its cerulean sea waters and rather excellent cuisine.

Boat Shows were interesting in 2020. Many were cancelled early, whilst others took us to the wire like the Southampton Boat Show - cancelled the evening before preview day. Not great and a waste of resource, but we dug deep, moved our yachts, kept appointments and sold yachts! Cannes was the next blow and of course Boot Düsseldorf 2021 was

scratched. A lot has been talked about the death of Boat Shows. This is of course rubbish, and whilst virtual boat shows and webinars are all very well, with the slaying of the Covid dragon, we will see the return of the boat show, albeit maybe in more manageable formats. The organisers will need to dig deep to make the format work for both exhibitors and the public.

VAT on yachts after Brexit has been a ticking time bomb for some time and the confused messages put out by HMRC are still causing fall out. Essentially, UK owned yachts in the UK are UK VAT paid and have Temporary Arrangements in the EU when they visit. As this means that a UK client cruising in Europe no longer has to pay VAT, this seems to us to be a huge plus for many. Of course with this comes Schengen rules with the rolling restriction of 90/180 days. The rules and rows around what is VAT paid when and how will rumble on for the coming months and years; needless to say, we expand further on this later in the publication.

In amongst the Covid battle, Brexit became a local skirmish reaching only news item 4 on the BBC news when

the deal was struck on Christmas Eve. Whatever your view of Brexit, it is good that it is settled and now we have the drudgery of making it work. In retrospect, few people (particularly Brits) had the bandwidth to worry too much about Brexit and not having it headlined every day, was a blessed, but small relief. The new protocols for RCD are but a pin prick on our list of issues in this brave new world.

So, 2020 – what a year! The whole team has grabbed a few days of R&R (although not that too much of the second R is available currently) after a simply huge year, in which we have pushed the envelope, achieved much and have been, in so many ways incredibly lucky. With a stronger marketing proposition, sturdier and more united team, 2 new offices and a massive shed in Palma we have much to build on in 2021. We will be working hard to do this, whilst observing all Covid regulations and keeping our people and our clients safe. A huge thank you to my incredible team, and also to our client base without whom, none of this would have been possible.

10 FLIGHT DECK REPORTS

As the Berthon Sales Group expands, so does the size of the Flight Deck reports. A report is filed from every part of the Group from Sweden, to Solaris to our new service facility in Palma. All members of the team are co-opted to report about the happenings in 2020 on their desks. Of course there are common themes throughout, but if you dive into these reports you will find an analysis of exactly the part of the market that is most interesting for you.

26 THE OTHER SIDE OF BREXIT – VAT & CUSTOMS

Simon Anslow from PKF wrote for us in our 2020 report. His succinct and clear approach helped hugely as we were diving into Brexit and his piece was much read and listened to – yes, we even recorded a podcast.... In 2021, VAT for UK yacht owners seems even more confusing, so we invited him to write the sequel which you will find equally illuminating.

www.pkf-francisclark.co.uk/your-experts/simon-anslow

34 BREXIT AND YACHT REGISTRATION

Duncan Swan of Ocean Skies works with yacht flagging and management every day. He reminds us of the values of the good old red duster and why it remains such a super popular flag. He also tells us who is eligible to register their yacht under the UK flag – the list is surprisingly long and so very international too. www.oceanskies.com

37 THE COOL TO THE POINT OF FREEZING BOARD

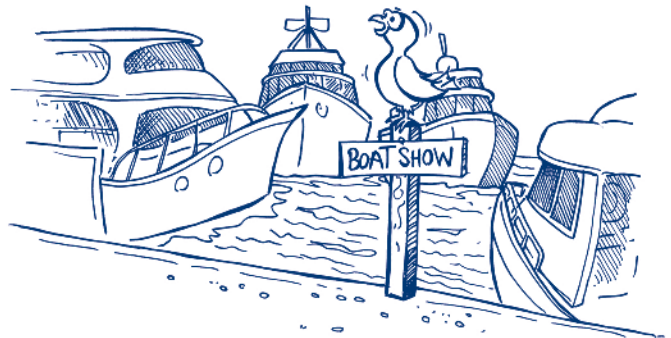
Everyone who works in the Berthon Sales Group is yacht mad, and hence we are all super interested in new developments and amazing happenings occurring within our sport and industry. At the time of the writing of this publication, we make a list of what happened since our last market report and we pick our favourites....

38 RCD

Alasdair Reay of Hpi Verification has been our Sherpa through the minefield that is RCD for many years. Of course this is another thing that has changed because of Brexit, as the UK has now left the single market. The UK now have their own version of RCD (now denoted RCC) and of course there are some bumps in the road for UK owned brokerage yachts selling to EU nationals, and in the future vice versa. Alastair explains, and as he has offices in the UK and Ireland he has a foot firmly in each camp. There is only one UK Approved Body for the new UK Recreational Craft Regulations - www.hpi-ceproof.com/contact-us. There are approximately 30 EU Notified Bodies for the EU Recreational Craft Directive, though few will certify used yachts. The most active in UK is HPI Verification Services (Ireland) - www.hpivs.ie/contact-us

40 INTERNATIONAL BOAT SHOWS

Do you remember these? In the days before Covid-19, they were the glue that held the yacht market together whatever hue, size or value of yacht you were involved with. After over a year without any, we ask about their future and whether the bazaar of the busy boat show is likely to survive the pandemic or whether we are now condemned to virtual events of all manner, seen via a computer screen whilst wearing slippers.



42 COVID-19 AND THE YACHT MARKET

March 2020 saw the first shut down in the UK and around the world, governments sent their people home and declared states of emergency. As this publication goes to print, we are far from over the crisis which is one that we thought would stop the yacht market in its tracks. In fact, the reverse has proved to be the case and we look at what Covid-19 has meant for the international yacht market thus far.

46 THE BUSINESS END OF THE YACHTING BUSINESS AND MEETING THE YACHTSMANS' EXPECTATION

David Tydeman and Berthon have been colleagues for many years, during which time David has held key roles at Beneteau, Oyster and latterly Fairline. He is currently running a yachting consulting business and he kindly agreed to write for us about what is happening in our industry amongst the large yachting groups and how they are adapting to the changing requirements of the yachtsman. tydeman.david@gmail.com

50 2021 BERTHON FORECAST

No Berthon Market Report would be complete without our forecast (or rather guess) of what might be in store for our industry in 2021. Once again, the Berthon crystal ball has been retrieved, dusted off and gazed upon intently. As we are working within the market place every day, we have reasonable visibility over the near term, but a whole year is challenging. We will assess how well we did in early 2022.

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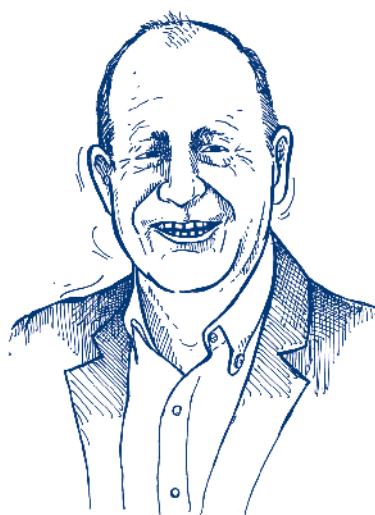
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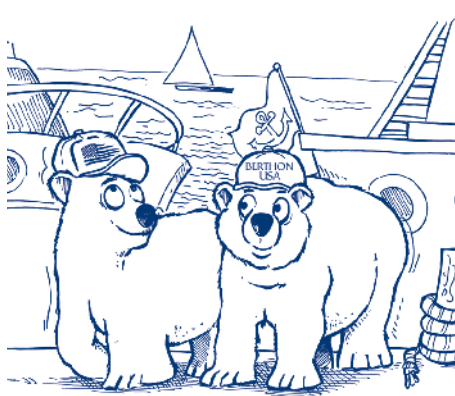
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Flight Deck Reports



- SAILING YACHT REVIEW - 10 & 11
- MOTOR YACHT REVIEW - 12 & 13
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- SOLARIS REVIEW - 24 & 25

SAILING YACHT REVIEW

By Alan McIlroy

So where do we start! It was, to say the least, an unusual year. The market made its standard perky start and coming out of Düsseldorf Boat Show, the year ahead was filled with promise and optimism. But then Covid-19 landed.... And so it was then a case of - grab the laptop and files and head for the home office. A quick regroup ensued and plans formed for the way forward. The initial shock of lockdown over, we got our heads down, kept calm and carried on. New ways of doing things were adopted and we very quickly settled down to business as usual, with Zoom, Microsoft Teams, FaceTime and WhatsApp replacing traditional viewings and face to face meetings.

Throughout the early part of the year the enquiry level grew steadily as clients re-evaluated and realised that spending time afloat with their immediate family looked like a capital idea. "We're going to need a bigger boat!" As a way of enjoying family time outdoors and participating in a sport that could engage the whole family, sailing ticks a lot of boxes. We felt an increasing sense of urgency as enquiries and sales burgeoned through the spring, into summer and continued into the autumn. Cruising yachts of quality (Sweden, Swan, Hallberg, Discovery, Oyster and so on) were very much in demand. Buyers had to make quick and pragmatic decisions on their chosen yachts to secure them in the face of fierce competition.

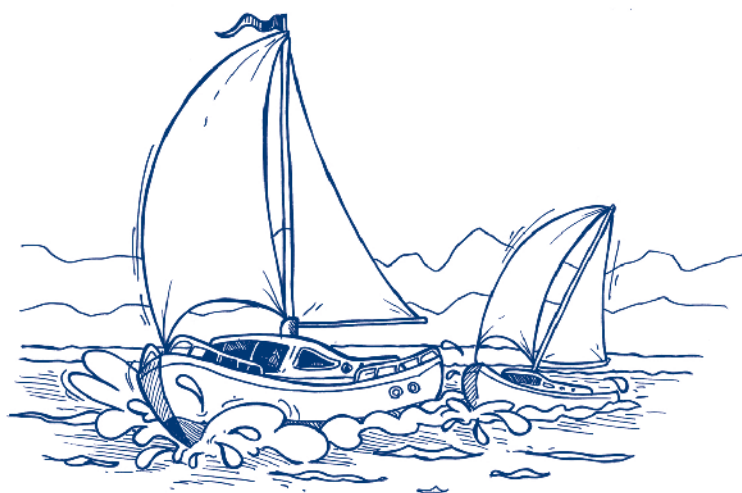
Travel was one of the largest obstacles we faced, but with some ingenuity and support from Berthon's ever increasing international network of offices, we overcame these as a true team should and sales were completed. Surveyors were able to travel and yacht delivery companies were able to move crew on seafarers tickets (whilst complying with restrictions and guidelines, but avoiding quarantine), proving that where there this is a will there is almost always a way.

We continue to focus on the high quality bluewater and offshore markets. While yachts evolve and we see developments in on-board systems, hull form and performance, there will always be a demand for well found, strongly constructed, safe and sea kindly yachts. Sometimes they might just be a tad quicker than others with more widgets (see Solaris page 24). We work hard to find and sign the quality listings that populate our website, our pages in the yachting press, our YouTube channel, social media and all those clever things we do to ensure you don't miss that dream yacht. When I say we, I really mean the unsung heroes of the Berthon listing department, working feverishly behind the scenes to keep the Berthon International offering up to date, with fresh data available to all outlets, including the many video walk-arounds on our YouTube platform.

It was without doubt a good year for brokerage yachts in terms of value. A combination of fewer listings and greater demand meant that for well-presented and sensibly priced yachts, owners could expect both a timely sale and little negotiation on the asking price as buyers were under a degree of pressure to act decisively to secure their ideal yacht.

In what was and still is, a very competitive market, buyers have realised the value in establishing a good dialogue with a broker. We all thrive on solid relationships - people buy from people. Having a well-informed broker with a love of sailing and understanding of your needs is a useful ally.

A highlight of the year was the creation of Berthon Scandinavia with Magnus, Fredrik, Bo and Birgitta. Magnus and his team are held in high regard in Orust. In much the same way Berthon USA is situated in Newport Rhode Island, Orust/Henån is the ancestral home of Swedish yachting so it is both fitting and exciting that Berthon now has a strong presence in these lovely cruising grounds. This collaboration also gives our clients access to some great yachts for sale in their part of the world.



- We're going to need a bigger boat -

SAILING YACHT REVIEW

A footnote from Sophie Kemp (working closely with Alan on cruising sailboats)

What a year... As Alan writes, we had a rather busy summer! June and July can often be quiet months for us as clients are out enjoying using their yachts or sailing them back from the Caribbean as a last hurrah before they come to lie for sale with us until the end of the season.

When Covid-19 appeared, spending time with the people we love and doing what we want to stopped, to be replaced by lockdown. As the restrictions lifted, getting out on the water became a priority with long term plans brought forward in a lot of cases. Those who planned to go off bluewater cruising in the mid-term made haste to find a yacht straight away. There seemed to be a more pressing need than ever to go off and explore the wider world and to start the adventure right now.

At the end of 2020, the ARC fleet sailed as normal, albeit with reduced numbers. Sadly, I didn't make it out to the start in Las Palmas as I have done for the last 4 years. Instead I remained at my desk in a very chilly Lymington, envious of the fleet's impending adventure. However, even before the 2020 ARC fleet sailed, the 2021 ARC and ARC+ were already fully subscribed with a waiting list in operation.

'ANOTHER NEW TREND IS THE HUGE GROWTH IN YACHTS WITH SPARE HULLS, AS THEY ARE FONDLY DUBBED AT BERTHON. MORE MULTIHULLS ARE POPPING UP ON THE SAILING SCENE, MOST COMMONLY IN THE MEDITERRANEAN, NORTHERN EUROPE AND THE CARIBBEAN WHERE SPACE TO BERTH IS LESS OF AN ISSUE, BUT WE ARE NOW SEEING MORE OF THEM IN OUR LOCAL SOLENT WATERS.'

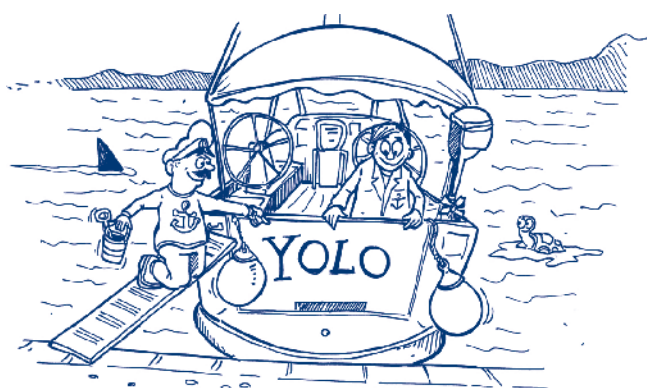
The boom in the YOLO (You Only Live Once) effect, which is often considered a millennial term, I feel is spreading to all generations. I suppose it is the modern day equivalent of Keep Calm and Carry On! Whatever the reason, bluewater cruising yachts are hot on the brokerage market!

Another new trend is the huge growth in yachts with spare hulls, as they are fondly dubbed at Berthon. More multihulls are popping up on the sailing scene, most commonly in the Mediterranean, Northern Europe and the Caribbean where space to berth is less of an issue, but we are now seeing more of them in our local Solent waters. These impressive yachts, often known for pretty poor performance upwind, are getting better and better. They are evolving fast with new models coming to the market in baffling numbers. At 50ft you get a huge amount of yacht for waterline length, double the number of cabins and vastly increased living and social space compared to a monohull.

I know first-hand what great platforms multihulls offer, having spent time aboard a number of charter cats in the Caribs away from the British winters. The last time was in 2019 in the old normal, and although on holiday, my husband who runs his own business, was having to do some work and what better place to do it from than the saloon table of a 44 foot cat while at anchor in the BVI's? As most bluewater yachties will tell you, a lot of time is spent at anchor and the comfort of a multihull at anchor in a bay with a bit of a swell is second to none.

2020 has meant lifestyle adjustments for all of us, and working from home has been a major one for many. This necessity has freed many yachtsmen from the handcuffs of the office, making working and living aboard rather than ashore, a possibility. In the UK, Berthon's Lymington Marina has a 1 gigabyte fibre coming on line in 2021 enabling live streaming using WIFI 6 – so at Berthon, we really do get it!

The spare hulled market will continue to grow with lots of innovation, where sailing ability is cleverly balanced with living space. I had planned to head to the South of France in 2020 to attend La Grande Motte, commonly nicknamed the home of multihulls. Top of the bucket list – as soon as restrictions allow – this particular yacht broker will most definitely be there.



- You Only Live Once -

MOTOR YACHT REVIEW

By Robert Steadman

Robert Steadman runs the brokerage motor yacht desk at Berthon's HQ in Lymington and works with Harry Hamson.

Robert writes...

Reviewing 2020 is certainly a sobering experience with life as we knew it a distant memory, and hands, face and space being the new normal. Covid has changed the world around us overnight and sadly many have lost their lives too soon. I am writing this from my home office, which I was assured would be a temporary fix in March. Nearly a year on and I am missing the hustle and bustle of our Lymington office at our HQ. Nevertheless, thanks to the wonders of technology, we have become even more connected as a team, not just in the UK but internationally linking hands with our colleagues in France, Spain, Sweden and the USA. This gives us all a better understanding of the market globally.

Of course like many businesses we have had to adapt. Buying yachts unseen would have previously been virtually unknown. Now with a combination of digital viewings and surveyors' condition reports it has become common place. Having said that, more is required of brokers to provide the information purchasers need in order to make good buying decisions from the comfort of their own home. The summer of 2020 provided some much needed sunny weather and yachting was a safe albeit brief escape from the madness for many. This has led to huge demand, with second hand motor yachts selling at a premium in record time; fewer listings available and a queue of fresh buyers to the industry, inspired to get on the water wait patiently for our next listing – contract races are regular occurrences.

Brexit has quietly rumbled on in the background and did force early decisions from our European neighbours. This meant a busy few months leading up to Christmas before the transition period was finally over and the oven-ready deal emerged. Of course the VAT questions continue to roll in and having knowledge on this topic has been key to guide our clients. The Berthon Customs Warehouse Facility at our site in Lymington allows us to market yachts ex-VAT in line with HMRC regulations. Having exited the European Union, this is now an attractive option for Brits wanting to go yachting abroad, as well as for Europeans and the wider market, who can pay VAT on the current

sale price. Word is spreading and we have recently listed a Princess V60 and Aquastar 430, currently snugly secured in our bonded warehouse.

We have seen a fantastic array of motor yachts marketed and sold from our listings portfolio this year, from day yachts to steel passage makers and nearly everything in between. Highlights have included the stunning Grand Banks 59 Raised Pilothouse ESCAPE, with reassuring quality and oozing style and class. We sold the Hardy 42 Commodore TALLY HO, and various other Trawler/Explorer yachts – this segment of the market is hot at the moment. The Aquastar 48S HIGH FLYER was sold for the third time, capitalising on our expert in-house knowledge of the blue boat market. Linssen Grand Sturdy 470 MKII OTTERS WAY OF BEAULIEU was a personal favourite, being heavily specified and having impressive capability. Berthon were early out of the gates in producing walk-through videos, which this year became even more crucial in the buying process. Our marketing team have done a fantastic job with 15,000 subscribers to the Berthon YouTube channel – please do check it out!

As Pearl Yachts dealers in the UK and France, Berthon now offer a range from 62 – 95ft with fabulous Kelly Hoppen interiors, Bill Dixon design, unrivalled volume and five year new yacht warranty as standard. Pearl are causing a storm in this market sector which has been well-documented and awarded. This year a client traded a Windy 37 Shamal for a new Pearl 62, highlighting the exciting prospect that Berthon can now offer our clients more, with motor yacht brokerage running in parallel with our new yacht sales and increasing in size. This is also being driven from our Palma office by one of our own, Ben Toogood, who worked in the Lymington office before making the move to the sun and who is making great progress in the larger motor yacht sector.



- Berthon walkthrough videos -

Berthon International are synonymous with Windy Boats of Norway, with a relationship that has stretched three decades and remains as strong today. Windy's sports cruiser range (from 27 – 60ft) is widely known for craftsmanship, design and hull performance. Windy brokerage sales have remained strong this year with residual values bucking the trend of other mass-produced yachts, thanks to their long model runs and strong following. ►



And with owners keeping hold of them, there are fewer options on the open market. Our in-house team are fanatical about the brand and endeavour to answer all your questions, including being able to provide up-to-date values. If you haven't seen the Windy you're looking for online then you must get in touch as we regularly sell Windys off-market as we keep our ears firmly to the ground.

Iguana Yachts is an innovative company that asks different questions and is seeing growth in the amphibious sector, which is larger than many realise. Superyachts have a unique requirement for these crafts but closer to home, waterfront

property owners, restaurants and hotels are the target market. In 2021 we will be offering demonstrations on the X100 we delivered to a client last season, once of course, restrictions allow. The Iguana must be seen to be believed and once you get close it's clear how superb the engineering and design is aboard these off-road sports boats. These can also be bought with the new Cox 300hp diesel outboard engine that has greater fuel efficiency.

The vaccine is welcome news and will offer an improved year in 2021. I expect similar trends to carry on from last season with the rise in 'staycations' causing many more Brits to contemplate having some fun on the water closer to home. Equally important is the increase in remote working, allowing clients to spend longer periods on board their yachts, which is great news for the industry. Whilst we can hope to see a continuation of the 'You Only Live Once' buying attitude, it is, of course marketing, pricing and presentation that will remain the key elements to selling your yacht.

Berthon have used the lockdown period proactively, launching a new website - berthoninternational.com - and increasing our marketing presence across all platforms. Our debt-free status also helps ease the minds of purchasers during uncertain financial times. We have already seen the New Year in with a number of completions and, although no one would be mad enough to predict what course next year will take, Berthon are Keeping Calm and Carrying On!

MOTOR YACHT REVIEW

A footnote from Harry Hamson



I joined Berthon in August 2020, becoming part of the sales team in the very busy Motor Yacht department. During the last six months I have thoroughly enjoyed meeting and working with many different clients and being a part of their journey in finding the perfect yacht to suit their needs, despite our current Covid restrictions. Berthon had long been a company that I had aspired to work for as they represent brands that I am passionate about. I have recently been given the opportunity to look after everything Windy within the brokerage. This involves managing the Windy listings and dealing ►

with all Windy enquiries. It is a busy and thriving market that I'm thrilled to be a part of. My highlight of 2020 has got to be selling my first yacht within a week of starting my new job which was a Kent 33 called QUO VADIS.

I make no excuses for being the resident Windy brokerage bore, and so if you are interested in Windy ownership, or if you would like to chat about the models old and new and the options available, please do get in touch, I can and do, happily chat about Windy all day!



- Resident Windy Bore -

PERFORMANCE YACHT REVIEW

By Ben Cooper

Can't think, brain's numb, inspiration won't come. Bad ink, rotten pen, best wishes, amen. A ditty that appeared in every birthday card from a relative when I was younger. Still jumps out of my cerebral cortex when faced with a blank sheet of paper (screen). Doesn't help much though.

THE START OF 2021 HAS BEEN VERY FRUITFUL. LONG MAY IT CONTINUE!

2020 of course was a 'different' year. It reminded me of a snow globe; a reasonably stable world was picked up and shaken furiously, and now is finally starting to settle again, medically, politically and financially speaking.

One would be forgiven (us included) for assuming like many other industries, that the world of yachting would be amongst the ones hit very hard, but after an inevitable initial stun, the sun came out, the phone started ringing and we were very quickly from lockdown to heads down. And it continues into 2021.

The racing yacht market was naturally the most affected in 2020. Quite quickly, clubs and organisations first of all rescheduled regattas and events, and consequentially cancelled in turn with the situation leading to a lot of wallet sitting - quite understandably. However now that the dust (snow?) is starting to settle, the light is at the end of the tunnel (no more analogies I promise). Regattas are being promoted again and turn-key yachts that are on the market are generating a lot of interest and selling for 2021 racing. The start of 2021 has been very fruitful. Long may it continue!

Leading the way out is the Australasian market, mostly due to seasonal factors, but also a relatively well controlled reaction to the world situation. Coastal racing and short offshore is a forte there, and fast, planing and competitive yachts are following the gravitational pull of the sun and strong winds. Europe is starting to move; the Fastnet was sold out in record time again, the updated course is not proving to be as badly received after all. It certainly will add another dimension.

This leads conveniently onto the continuing move towards offshore and coastal racing, a strengthening polarisation of inshore to one design and offshore in handicap racing. Regattas in 2021 are unlikely to be a largely social affair, so offshore is an obvious tonic. For those that enjoy their racing in a more high energy spirit, inshore one design is flourishing. However the yachts are growing smaller and smaller, bang for buck is a continual and never overused moniker. With the progress of design and faster and faster yachts being more competitive, the traditional coastal and short RORC races are now around 24 hours for the faster yachts at 40ft. These races are now starting to be treated as long inshore rather than offshore, no watch system and back before closing time

or breakfast. This seems to be as attractive as an endless windward leeward course and a number of enthusiasts have a small one design for inshore and a larger yacht for the coastal races.

As a subset of this emerging market, the doublehanded scene, perhaps buoyed a little by the inclusion into the 2024 Olympics, has grown significantly. Class 40 racing has always been a strong pathway. The yachts are more and more scow like and faster and faster offwind. How long before all IRC yachts start to go this way?

Performance cruising continues its popularity, now striding its way in to the larger and larger yacht market. Continued enthusiasm for Superyacht racing has a few yachts being specifically designed with the obvious benefit of large interior volume and hence the dual nature of the yacht.

The Mediterranean style performance cruising yacht lends itself well to the dual nature of racing and cruising, as both require clean and uncluttered decks, reasonably low freeboards and coachroof. 45 – 50 ft gives enough interior volume for comfort, whilst maintaining the high visibility, minimalist deck layout.

Form stability is pushing the envelope as well, with wider and wider transoms, maximum beam being pushed further and further forward, both for righting moment, and balance, and this comes with twin rudders on some. The added benefit of increased interior volume is exciting the interior designers and we are now seeing some moves away from the traditional interior layout, the chart table now being a thing of the past and lateral arrangements are sneaking in.

Caution is required though, for this hull form will only work on a light displacement yacht. Tempting though it is to add watermaker, air-conditioning, upgraded engine, etc etc, it is all to the detriment of the ultimate prize - rewarding sailing performance.

This market has done well in 2020. Manufacturers have full order books, and the best examples of new yachts are unavailable until 2022 at the earliest. Demand is still pushing the supply chain in brokerage and we are seeing a dearth of good, well looked after and recent yachts, which are commanding good prices and selling at small discounts if any. More and more pressure is coming on the market, despite high demand buyers are demanding turn-key yachts, and hence anything with work to do will have to be sympathetically priced to attract a new custodian.

For 2021, it is hard to predict and I will look back in interest at this time next year when I am pressed for my late copy again to see how it has all changed. We are in a fast moving and reactionary world, just one step away from the snow globe being picked up again. One thing is clear though - our global community is united in wishing to reach 'normal' again. For many this means heading out to sea, for which we are truly grateful and will be here to help in every way.

NEW MOTOR YACHT SALES

By Hugh Rayner

As you might have noticed, there is a new name authoring this view from the bridge! Having spent my recent working years at Berthon loving the cut and thrust of yacht brokerage, my dear colleague and friend Ben Toogood decided that a life in the Balearic sun was simply too hard to resist. Hence, I have a new blazer and satchel, and am really enjoying this new role – looking after new Pearl Yachts and Windy Boats. It seems a lifetime since I was writing the last report, and I have a viewpoint looking aft of a phenomenally busy 2020, entailing a completely new way of working for the world; an explosion of yachting during the summer, and resulting in a cash injection into the UK marine industry – a different jab in the arm - but one that was sorely needed as our life rhythms adapted.

Timing is all, and now in early '21, we have the privations of global lockdown to contend with. As a new yacht builder it is doubly tough to second-guess the future, with production so dependent on a strong supply chain, and a fit and healthy workforce. I am delighted to confirm that both the Windy and Pearl brands are pretty much now sold out for the coming season, such has been the demand for a way to lift oneself from the grind and enjoy the time, space and freedom that every yachtsman is blessed with whilst aboard his yacht.

...PEARL
YACHTS

Let's start with
Pearl Yachts...

We knew that we had a winner in the 62, but she was box-fresh for 2020, and un-tested in the market: so her string of accolades from World Yacht Trophies to the Best Flybridge in the Motor Boat & Yachting 2021 Awards is richly deserved, having wowed every yachting journalist who trialled her. It is a hard-fought sector of the market, which the 62 has significantly energised, being ideal for family cruising. The reaction to the super-clever use of volume is written on the face of everyone who steps aboard; but the defining strength is how easy this yacht is to live with. She is a proper four bedroom home on the water and a great cruising workhorse – and this combination of a homely, light boutique interior by Kelly Hoppen with a composite hull courtesy of Bill Dixon, has set a very high benchmark for the competition. This led Hugo Andreae of MBY to add, as he virtually handed over the 62's award – *"arguably the biggest achievement is that Pearl has managed to deliver all this while still undercutting its key competitors"*. Lead times on deliveries are now stretching way further out, with high demand and a limited production volume driving forward thinking and purchasers having to plan ahead, and Pearl are reassuringly bang on schedule for our client orders for this summer.

We lost our Cannes and Southampton shows in 2020 (literally on the eve of the opening for Southampton – a particularly stinging blow), but re-grouped spectacularly – with Covid-secure private viewings arguably being a less-pressured and certainly more relaxed way of presenting our yachts. We will continue to build on this more personal level of interaction through 2021, and Pearl's growing use of peer-to-peer virtual tours, when other restrictions prevent meeting in person.

Windy
SPIRIT OF SCANDINAVIA

And so to Windy Boats...

I was lucky enough to spend a week in early October with the team at Windy Boats in Västervik, Sweden, and having sold a fair few of these wonderful machines, I was super-excited at the prospect. Firstly, it was truly bizarre to be able to sit in a restaurant (unmasked), but the lasting memory is the staggering beauty of the archipelago (5,000 rocky islands snugly packed just offshore of this timber station on the East coast). We were testing the Windy SR44 Blackhawk (sold by Berthon France – well done Bruno!) and if Carlsberg made sports-boats, well she's a brutally cool beast of a thing – fast, lithe, sophisticated on the water, and she just glides. In line with her gorgeous new sister – the 37 Shamal, the ride is so supple and precise that these are just such amazingly good fun to drive fast. This is one of the great traits that Windy have never diverged from – true performance in a usable package. Once you have seen the fanatical attention to detail that goes into the construction of each Windy, you can understand the reverence paid to the bloodline, ensuring strong market appeal and excellent residual values. Whilst I was there – I was also lucky enough to see the hull of the new SLR60 (the gestation of a new flagship). Designed in collaboration with Malcolm McKeon Yacht Design – this super-efficient hull has an exceptional 850Nm range at 25 knots. Whilst able to stretch her legs to 44 knots for chase-boat duties, she will cocoon a fresh and refined Studio Liaigre interior. So exciting to see her evolution, and to see Windy build on the fierce reputation of the SR52 as "the defining chase-boat".

For us and for Windy, longstanding relationships have always been key; the idea of building and maintaining a team, and the great driving force at Windy for the past 30 years has been Knut Heiberg-Andersen (who will be mentioned elsewhere in this publication). I am doubly delighted to say that Knut was awarded the Judges' Special Award at this year's MB&Y Awards for a career devoted to moulding Windy into the finest boat builder, and although staying on as President, he leaves a rather comfortable pair of velvet slippers for Trevor Fenlon to slip into. Trevor is now at the helm of a crew of seriously talented individuals; the work environment is whisper-quiet, the supply room is consummately organised, and the team ethic envelopes the whole business.

We at Berthon are lucky to enjoy a truly close friendship with both the Windy Boats and Pearl Yachts teams, and with everything else in the world being a little topsy-turvy for now, it is hugely important that we all look after each other, and let's pray that we can all be together on the water again very soon.



- If Carling made sportsboats! -

BERTHON USA REVIEW

By Jennifer Stewart, Alan Baines, Bill Rudkin and Mark von Drashek

Last year kicked off with a trip to Germany, firstly to check a newly completed Moody 54DS for clients in Maine, and also to see the brand new Moody 41DS, which was launched at Boot Düsseldorf. That all seems such a lifetime ago, as by mid-March, here at Berthon USA, and along with the rest of the world, we were starting to wonder how we were going to survive the year with a pandemic surging out of control. We were working from home with the office shut down, no boat shows, no yacht showings, political upheaval, masks required and a lack of social interaction with family and friends. Sailboat racing was for the most part cancelled and shore side activities ground to halt.

The first Covid-19 wave in the US' Northeast began to subside in mid-May. It seems that those 6 weeks of lockdown unleashed a wave of yacht purchasing that is still going on as we write this. It appears to us that being out on the water feels like a safe haven, and new yacht sales have been the best in years. Hanse Group who are responsible for the build of the Moody and Sealine range, had sales in the second half of 2020 double their forecast for the period!

Anything in turnkey condition in the brokerage market was snapped up immediately, in many cases, with multiple offers and often sight unseen. Like others, we adapted to take advantage of available technology with online experiences, yacht videos, FaceTiming aboard, Zoom, and all that good stuff.

Not having to do boat shows last fall was, we admit, a guilty pleasure, especially as it didn't seem to adversely affect yacht sales. It will be interesting to see if there is a change in format to boat shows once the pandemic ends. For sure, the cost of participating is staggering, and in the sailboat segment in particular the benefits of this expensive marketing has been reducing every show. Statistically, we have long wondered if the decision to go to a boat show competed with a day out at the zoo. In other words, they are a form of family entertainment. The only difference is that in the boat show versus zoo analogy - "we are the polar bears", but unlike real polar bears - we have to pay for (and furnish) our cage.

Brokerage started off well, with the sale of the CNB 93' SAVARONA, now found on the charter market in the Mediterranean. Having chartered her myself, I can strongly recommend this experience! The rest of the year saw a good mix of power and sail, from East Coast USA to Canada to the UK to France and Italy. It was very interesting to see yachts going under contract with only a video inspection, and this becoming fully accepted as the new way to purchase a yacht.

Our first Solaris was sold to an ex-Swan client, with delivery scheduled for summer 2021. We are very excited about these yachts, which are beautifully built, boast a contemporary design and a good price point. There is added synergy as the Berthon Sales Group already represents them in the UK. ►



- Boat Show Entertainment -

'OUR FEELING IS THAT NEWPORT IS GOING TO BE ON FIRE THIS SUMMER WITH ALL OF US SO EAGER TO BE BACK OUT AND ABOUT, AND THAT THE REGATTAS WILL BE OVER-BOOKED, AS WILL ALL THE HOTELS AND RESTAURANTS.'



Our third Moody 54 was delivered in June, followed quickly by the sale of a new Moody 41DS (not to be missed at the fall shows if they occur), another Moody 54DS, and two Moody 45DS. A new Rustler 33 will be arriving here also this spring and she is heading to Nantucket.

Last fall we added the Hanse powerboat brand Sealine to our portfolio. Having represented Moody for a decade now, we have good experience with how the Hanse group operates, and Sealine, like Moody, are both designed by British designer Bill Dixon. We feel that the just launched Sealine C335, available in inboard or very popular outboard version, will be highly sought after on the East Coast of the USA. Please call us for information about any of the Sealine range between 33 and 53 feet.

So, we anticipate another busy year in 2021, even just keeping up with the new yacht deliveries! Our feeling is that Newport is going to be on fire this summer with all of us so eager to be back out and about, and that the regattas will be over-booked, as will all the hotels and restaurants. All of this bodes well for yacht sales.

We hope, and we look forward to assisting you virtually, or as vaccines become widespread, in person also.

Stay safe, fair winds.

BERTHON FRANCE REVIEW

By Bruno Kairet

2020 was quite a year for us, here on the Cote d'Azur as we, like our colleagues across the Berthon Sales Group and indeed all those who occupy Planet Earth, have been buffeted by world events never seen before.

The year started quite normally for us at the Düsseldorf Boat Show. A great Show, and things appeared set fair for the year. There were grumbings about a virus far away but it was very much business as usual. As the Pearl Yachts distributor in France we were busy with enquiries and interest in the 4 cabin Pearl 62 which went on to win the 2021 Motor Boat of the Year award recently. With her 4 cabins, fantastic flybridge and outside areas and superb Kelly Hoppen designed interior, we expect to see a number of these yachts in our local waters in seasons to come. Her bigger sisters, the 80 and 95, are also perfect for cruising in the azure waters of the Mediterranean, offering great lifestyle and total comfort.

I have been selling Windys at Berthon for 12 years and their boats just carry on getting better. In the adjacent hall at Düsseldorf we were busy with the new Windy SR44 Blackhawk – perfect for France with her practical walk around and solid Windy DNA, and the Windy 37 Shamal – first time seen and from the board of the legend that is Espen Øino. Also at the show were the Windy 27 Solano and 29 Coho GT – as ever, our clients visited and loved all 4 yachts. Windy is a bespoke builder and our clients are used to waiting for their Windys as production slots fill quickly. 2020 was no exception.

From Düsseldorf, it was back to the office to get ready for the spring and the delivery of Windys but especially the novel 32 Grand Zonda, 37 Shamal and SR44 Blackhawk for the new season to their expectant owners. All this went according to plan and a series of boat tests for local and international magazines delivered fantastic coverage for these yachts. As ever however, the most important judges were their new owners, who loved them.

Of course, the springtime brought something more than just new yacht deliveries. It also brought with it the realisation that Covid-19 was no longer far away, but was present in Europe and the rest of the world, and a spring lockdown was to shape the rest of the year for Berthon France as for everyone else. With our colleagues in the other offices, we resolved to Keep Calm and Carry On!, and the weekly international Discord meetings with all the Berthon offices was a good way to catch up, compare notes and to plan for a more uncertain future than any of us could have predicted back at Düsseldorf Boat Show.

With the good weather and the relaxation of restrictions, came massive interest in enjoying all that the French Riviera has to offer, and anything to do with boating and getting out on the water was super popular. Our beaches, marinas and waterways were full of clients from home and abroad, anxious to throw off the blues of the spring lockdown, take deep breaths of fresh air and to enjoy our epic Mediterranean climate and clear bluewaters.

Keeping Calm and Carrying On!

It was great to see them all and the brokerage part of the business thrived as people rushed to buy the means to enjoy boating in the South of France.

For us, the Cannes Boat Show is a cornerstone of our marketing each year. A glamorous and truly international show, it is a chance for yacht manufacturers to show case their product in early autumn in glorious surroundings. It truly is the high street of yacht sales and the most important of the autumn shows in Europe, and held in sunny climes whilst the equinox blows through northern shows. Whilst we planned both Windy and Pearl stands and prepared our team for this great event, the cool winds of Covid made catspaws on the waters, and soon the catspaws turned to spray and worse. The show was cancelled as it became clear that it could not be Covid secure enough to protect visitors and exhibitors.

Mindful of the Berthon mantra to Keep Calm and Carry On!, we staged a private Berthon France event in our home port of Mandelieu. During this event, we met our clients by appointment. This enabled us to show new Windy models and was a useful and positive exercise, not only in selling yachts, but also in keeping in touch with our client base. It came with the benefit that we could spend time doing what we like doing best – talking about boats!

As I write this report, Europe is again shut down. France has not fared badly but we still have a curfew and many restrictions. However, the days are now lengthening, the temperature rising slightly, and the promise of another yachting season is before us. Having lived on the Cote d'Azur for the past 30 years, I know what an outstanding place it is for water sports of all types. In past seasons, I have cruised along the French Mediterranean coasts to Spain and the Balearics, and around Corsica and Sardinia. I have also loved times spent at sea along the Italian coast to Sicily via Naples and visited Elba, Gili, Ponza, Ventoten, Ischia, Capri and the Aeolian Islands. Despite my 30 years of cruising, there is still more to see.

Cruising, living aboard and spending time on the water is a big subject in the South of France and doing so aboard a Windy, Pearl or one of our brokerage yachts is totally special. As France re-opens after Covid, we look forward to seeing you on the Riviera to share our experience and love of this special place. We are also happy to help with the wrinkles of leasing a berth, organising guardiennage and the rest, so that you can focus on enjoying the best of the best.

BERTHON SPAIN REVIEW

Service & Refit By Andrew Fairbrass

Whilst many were celebrating the end of 2020 as a year to be forgotten, for Berthon Spain there were many positives to take from it. Of course, we took a few blows at the beginning of the pandemic and like most we panicked slightly, drank too much, and flapped...a little. However, once the spray settled, we realised that life will and does go on, yachts still needed looking after, projects still had to be finished and whilst some dreams were put on hold, they are still there and for many clients Covid has made them more important than ever! We should all think of this as a bad storm which we shall soon put astern. Once it has passed, the calm seas and sunshine will feel better than ever!

For a lot of yacht owners and would-be owners, the idea of yachting has become ever more appealing. Last year saw most of us reinventing our holidays and for those with the financial means there is no better way to enjoy the sunshine and different countries than in your own yacht bubble. For this reason, we have seen yacht sales and the investment in yachts by their owners remain strong throughout the pandemic.

It has been extremely hard to see the island I love, and Palma especially, forced to its knees and of course the crisis is a long way from over, but now we have hope! Hope that we will see all our clients out cruising this year, that our beautiful bars and restaurants will eventually re-open, that the marinas will once again brim with life and that Mallorca's idyllic bays will be full of yachts. The timing is still a little vague but when it opens up, mark my words, Mallorca is going to be the place to be and by the time the party has finally calmed you will not even be able to remember the meaning of the word 'lockdown'!

Berthon Spain's most exciting news in 2020 was that we finally managed to find new premises to suit our needs. As the business has grown, we had ended up with 3 sites and the logistics of this was incredibly challenging. Having looked for some time for a property that was big enough and constructed to a high standard, we finally found one that was still in build last September. This allowed us to specify how it would be finished and for it to incorporate new offices for the service team.

We moved in towards the end of December and whilst there are still a few tweaks to be made here and there, it is everything that we hoped. We now have 20 yachts and tenders in undercover storage, all of which will be worked on to our exacting standards. In addition, our workshop has even more space to incorporate all the different Berthon Spain refit and service departments. We are installing a large paint booth so that our painting team can paint everything from small engine parts to yacht spars. The guardiennage department have a large, exceptionally clean area dedicated to their needs and they are also getting the laundry facilities they have been nagging for!

As Berthon Spain has grown, I increasingly get asked, "what do you do"? The honest answer to that question is that we will do everything for you. I would say that we are now in the position where we do 90% of works in-house. Anything else, Berthon Spain, organises preferred outsourced partners to work with us.

I have always wanted our clients to benefit from one easy point of contact for all their yachting needs and for us to take any potential headaches away from them. When I was a young yacht captain and on my first charge, the owner told me "Andrew don't give me problems, I just want the solutions". I have worked to that philosophy ever since.

When I think back to my first experience of Palma, I wish I'd had a Berthon style company to help me and make life easier. Our wonderful and friendly team in the UK office really opened all the doors and what would have been a real challenge for our clients is resolved with a wave of our corporate wand! We can make the initial marina bookings, sort out all the paperwork with authorities and have our guardiennage team on standby all the while to help or just to offer friendly advice. Like a concierge in a 5-star hotel, our goal is to help our clients enjoy every step of their journey and we will do everything we can to ensure that they have the best holiday imaginable.

Last year it was a pleasure to watch our paint department grow and I have marvelled at the quality they are able to deliver. As I write this, we have just hauled out a 60-foot sailing yacht for a full repaint of both hull and superstructure. We are painting countless spars, window frames and more parts than I can mention.

Despite 2020 being a difficult year we were lucky enough to still secure many projects, refits, and repairs from our loyal repeat clients as well as from many new ones. I am delighted that we have maintained all of our great team and also added several new faces.

Whilst Brexit may have divided opinions, for our UK clients it has presented some great opportunities that were previously not possible. We are now able to offer TPA's for British yacht owners. This means we can temporarily import the vessel whilst large projects are undertaken, and whilst this process is active, all works, and purchases can be invoiced without VAT. This is a common practice with large yachts here and having worked under the scheme many times, we are delighted it is now open to British clients.

This year will see us all sailing again, hopefully very soon. Berthon Spain will be throwing a massive party in our new premises as soon as we are allowed. We will be celebrating in style and you are all invited!

BERTHON SPAIN REVIEW

Yacht Sales By Simon Turner



I joined Berthon July 2020 – or I should say, re-joined, as I have been with Berthon through two spells in the past.

I started my “brokerage career” at Berthon International in Lymington in late 1979 following a summer in the marina office. Starting with the filing and making the tea I gradually became involved in sales so that by 1981 I was selling yachts – although if I could remember that far back it was probably with assistance. In 1987 I became a member of ABYA. I stayed at Berthon until March 1991 when I moved to Mallorca. I also worked for Berthon for a period between 2003 and 2008, helping them set up the first incarnation of Berthon Spain.

Berthon Spain was reincarnated when Berthon joined forces with Andrew Fairbrass (Sentinel Yachting) in 2018. Initially this was a service, maintenance and refit set up only but gradually, over time with the UK office and Spain co-operating, yacht sales were incorporated.

My arrival in July 2020 (from Northrop & Johnson) has now really enabled the start of a “full brokerage” service by Berthon in Mallorca. We have established a new designated sales office – close to the Club de Mar marina and close to all the main Palma marinas.

As ever, my timing has been impeccable ... I started my last venture in summer 2008! - and this year has of course, also had its challenges.

In October Ben Toogood joined me in the office. He has come from Berthon in Lymington where he has worked for 12 years as motor yacht broker and as sales manager of new motor boat brands including Windy and Pearl. Whilst my experience is largely with sailing yachts, Ben has a huge understanding of the motor yacht market and his experience as a broker makes us a very symbiotic team.

We are ably supported by the staff in the separate service office and benefit from sharing information with them. ►

'TO VALUE A LISTING CORRECTLY WE GAIN AS MUCH MARKET INTELLIGENCE AS POSSIBLE (HELPED BY OUR WIDE GROUP OF OFFICES AND HUGE DEPTH OF KNOWLEDGE WITHIN THEM). THEREAFTER, IT IS ABOUT DILIGENT WORK, UTILISING ALL PLATFORMS FOR MARKETING AND PROMOTION AND PROFESSIONAL FOLLOW-UP. WE THEN HAVE THE EXPERTISE AND KNOWLEDGE TO FOLLOW THE SALE PROCESS THROUGH TO ITS NATURAL END.'

Coming as I do from a background in selling Nautor Swan yachts, it was no real surprise that the first three yachts that I sold since re-joining Berthon were Swans. The surprise to me at least, has been that clients have, despite world events, very much had the desire to go yachting. The bigger surprise was that some clients took this so far as being prepared to buy without actually seeing first-hand the yacht they were buying. I am not alone in selling to clients by video call, and then with the survey and usual process all handled “remotely”. The Berthon Sales Group became very familiar with this way of working around the pandemic, swapping notes in our weekly calls.

Following on from those beginnings, we have succeeded within the first 6 months with the sales of other yachts in Spain, including a Gunfleet 58, a Shipman 63, an Oyster 72, and a Phoenix 77.

As ever the success comes in part due to teamwork – that is the way we at Berthon work together globally. Our clients are international, but the service is personal.

Given the trying circumstances of 2020, we feel the marine business has been luckier than many other sectors of the economy. However, when it comes to brokerage, we have made our own luck.

Whether buying or selling, clients like to deal with those they know and trust, and also need local on the spot professional assistance should they be buying or selling in another country. This is where we at Berthon excel.

Whilst I am writing this on a gloomy day in Palma (sorry but we do not always have sunshine) and with most countries or areas under some form of “lockdown” or as here with severe restrictions on many business and meeting, it would be easy to feel gloomy about the prospects for this new year. However, from my experience during 2020, I am quite sure that 2021 will have good potential for the brokerage market worldwide. I do not expect it to remain as buoyant but the wish to go sailing and be afloat, sailing or motoring, is clearly still with many people.

We have many challenges. Some of those (Brexit, Covid and so on) are mentioned elsewhere in this publication. But I refer to specific market forces – availability of product being one such point. We are in general short of yachts for sale. Particularly in the sectors that saw higher demand in 2020 (smaller high-quality yachts below 60ft). But also, there are few modern yachts available, those less than say, seven years old.

Between 2009 and 2013 there were far fewer new yachts built and this is now being seen in the market. There are a reasonable number of yachts built pre-2010 available on the market, signalling the large production runs in the years running up to the financial crisis.

So, any of you yacht owners thinking of a change? – Do contact us.

Valuation is a hugely important factor as well. With a changing market buyers and sellers have had to adjust accordingly.

Whilst yachts have been selling, sellers have had to be realistic still. More mature yachts, even those in pristine condition, very well updated and improved have not reached the prices we or the seller may have earlier wished for. I feel that this is due in part to competition from newer and new yachts – plus a growing market trend that as with many commodities today, has seen the market value older yachts much less. This was all predictable.

Overall market forces always prevail – you cannot fight them.

So, at Berthon we embrace the challenges. Just as Berthon USA started trading at the nadir of the financial crash in 2010, Berthon Scandinavia and Berthon Spain Yacht Sales opened their doors in 2020; it is all about the team.

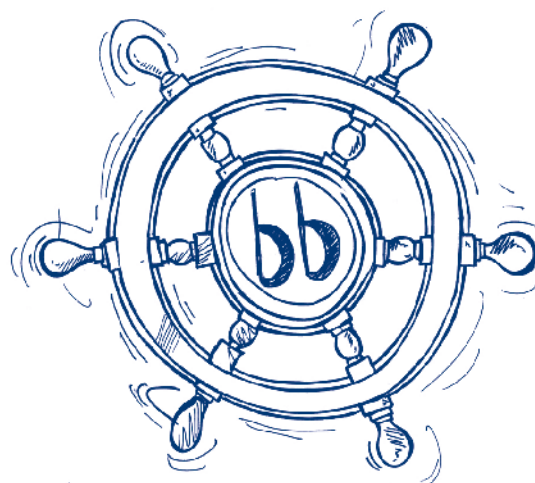
We would appreciate extra listings but have still a good and wide selection of yachts for sale and have added new listings through the last weeks.

To value a listing correctly we gain as much market intelligence as possible (helped by our wide group of offices and huge depth of knowledge within them). Thereafter, it is about diligent work, utilising all platforms for marketing and promotion and professional follow-up. We then have the expertise and knowledge to follow the sale process through to its natural end.

There is great potential still in the yacht market here in Mallorca and in Spain generally. Mallorca really is the sales centre of the west Mediterranean. It is the favoured location for many reasons, not least for the large and professional yacht service industry based here.

Whilst we saw a few empty marina berths this winter (and have seen owners opt for lower cost winter moorings on the mainland), I have no doubt that by the summer the island will be humming again. However, the business here is not all about Spain. Our sales in 2020 also included yachts located in the USA, Sweden, France, The Netherlands.

We represent Berthon International and our listings are owned internationally, located internationally, and sell internationally – but Palma is the hub of the wheel!



- Palma is the hub of the wheel! -

BERTHON SCANDINAVIA REVIEW

By Magnus Kullberg

Berthon Scandinavia specialises in the international yacht brokerage of pre-owned premium sailing and motor yachts from 30-80'. Most of the yachts we handle are built by renowned Swedish and Scandinavian yacht manufacturers between 1990-2020. When it comes to new yachts, we are the proud agents for Solaris yachts.

YES, WE ARE FROM THE COUNTRY OF GRETA TUNBORG AND SUPPORT HER EFFORTS IN SPREADING KNOWLEDGE ABOUT THE ENVIRONMENT.

2020 has been a very special year, despite all the human suffering and other effects due to the Corona Virus. From a business perspective it has been a good year.

In the early spring of 2020, XLNT Yachting AB morphed into Berthon Scandinavia AB. Being part of the Berthon family means a lot to us and to our clients. Being part of a team of over 20 knowledgeable, specialised and service minded yacht broker colleagues, located in 5 countries and 2 continents, means that the service we provide to our clients, no matter where they are located, has improved massively. Also, thanks to the support from the dedicated Berthon International marketing department, our yacht listings are shown in a professional way, not only on various internet portals and social media, but also in the Berthon Publications, international yacht magazines and by the fact that the Berthon Sales Group (normally) participates in the relevant international boat shows around the globe. Berthon also organise the Bluewater Weekend with WCC which is held at our Lymington UK HQ annually. This association with WCC and its events including the ARC and the World ARC fits in perfectly with the segment of yachts that we work with.

Spring and summer 2020

Together with my two fantastic colleagues Birgitta Andersson and Bo Lennström we managed to sell 33 yachts at an average sales price of slightly above 2m SEK. Normally about 75% of our listings are sold abroad (to non-Scandinavian clients). Perhaps unsurprisingly, in 2020 the number of Swedish and Scandinavian purchasers notably increased from about 25% to 60%, mainly due to travel restrictions. In 2020 we noticed that the time it takes from listing to selling a yacht reduced, and quite a few yachts have changed ownership within our client base, without even being advertised.

In late autumn Fredrik Sundberg joined us aboard the Berthon Scandinavia ship. Fredrik likes speed and will be the managing broker for the motorboats and performance cruisers that we

list and sell. Probably just beginners' luck, but he sold his first yacht in his first working week. She will be delivered to her new owner in spring 2021.

Local news

Since many people have spent their holiday time in their country, the interest in yachting has increased hugely in our area. Many people, new to yachting, have taken the step of checking out and enjoying life at sea and bought their own yacht. We do not see that this phenomenon has affected our sales volume, as the profile of yachts that we are offering is normally not what people buy as their first boat. In any case, it is clear that the sales volume of both new and secondhand yachts in the price range of around 1m SEK and less has increased dramatically.



Exchange rates

The weak Swedish exchange rate and the fact that our listings are normally priced in Euros, being part of an international market, has meant that the yachts we sell in SEK have been sold for a higher price compared to 2019 when the SEK exchange rate was stronger. In January 2021 the SEK exchange rate started to strengthen and (who knows) might return to "normal" (if there is a normal). Right now, we are about 10.2 SEK / €; in early spring 2020 we were 11 SEK / €; compared to about 9.5 SEK / € in the autumn of 2017 when the weakening started. Is this the euro turning point? It could mean Scandinavians buying European yachts.

Aside from the exchange rate, looking at yacht sales prices in euro in general, we have noticed a small but still notable increase in the sales prices in our segment of premium second-hand yachts. Whether this will remain is hard to tell. My feeling is that yachting as an active, family friendly and fun lifestyle is slowly becoming more interesting again. Therefore, we are looking forward to 2021 and hope that the interest in owning a capable and well-maintained yacht will continue to increase. ►



Video showings

We normally do about 10-20 video showings each year. It is a good way of showing a yacht to clients from abroad before they decide to take the time plus take on the costs and environmental impact that is involved in travelling to view a yacht (yes, we are from the country of Greta Tunborg and support her efforts in spreading knowledge about the environment).

In 2020 the number of video showings increased vastly. Interesting and good news is that 4 clients decided to buy based on video showings alone. The goal with a video showing is to show the yacht as realistically as possible and of course we show both negative and positive aspects. The video showing itself is of course not enough information to get to contract. A comprehensive yacht specification together with a set of high-resolution photos, especially of "hidden areas" such as the bilge, under the berths, under the engine, technical parts, cupboards, and so on are all key. The video showing is the last step or the step before an IRL (in real life) viewing – and even those are becoming less important as modern technology takes hold.

Solaris Yachts

Our Italian friends at Solaris have had an amazingly busy year developing and producing 3 new models. During the autumn we saw the launch of the, so far, biggest Solaris, where performance and design exist in beautiful harmony, the Solaris 111. The next yacht in the water will be the Solaris 60 with a lot of brilliant design features you normally find on much bigger yachts. No matter how impressed we are, we think that the smaller Solaris models will be perfect in Swedish salt water. Their 40 feet of elegance and performance offer the perfect opportunity to explore our beautiful archipelago. The Solaris 40 is an unbelievably nice looking sailing yacht, built to the highest standards and capable of crossing oceans. The quality of the structure is amazing, with the focus on efficient single handling and a superb interior design. She is our dream yacht.

Enjoy the 2021 sailing season and if you are interested in exploring the Scandinavian yacht brokerage market or would like to know more about our lovely waters – especially around Orust, we will so much look forward to working with you.



SOLARIS REVIEW

By Richard Baldwin and Alan McIlroy

Solaris has been on a mission. Since the late noughties it has transformed itself from a little-known Italian yard building a handful of high-end semi-custom yachts a year, into a visionary builder of possibly the most modern range of performance cruisers in today's market. It has been an impressive run and one might be forgiven for thinking that having launched no less than 12 new designs in as many years, the Solaris development team might be running out of steam. On the contrary, 2020 was an equally busy year which saw the launch of the record-selling Solaris 64RS, the all-carbon flagship Solaris 111 and the development of the new Solaris 60 and the new entry model Solaris 40, both of which will be unveiled in early 2021.

So how do the latest designs differ?

While they may share the same ethos of uncompromising construction quality, they offer the sailor a quantum leap in ease of handling and livability. Starting with the sailing, which is what a Solaris is mainly about, the new 60 has a full width cockpit sole at the helm stations. This has many benefits; it enables the wheels to be positioned further outboard providing the helmsmen with a completely unhindered view forward, perfect for seeing the waves and jib or code zero luff. It also gives a wider space between the wheels which helps easy movement around the cockpit and provides a large space for an optional central mainsheet pod.

Continuing on, the helmsmen are also kept dry from any water running along the windward deck and the additional cockpit width also allows the option of twin cockpit tables, again making movement easier and safer and provides a larger area for alfresco dining.

There are even options for the helmsmen's seats, the standard being folding wing-seats, perfect for the more sporty helmsmen and an option for L-shaped side-and-aft seats with integral storage lockers. Movement from the cockpit to the side deck is made easier by virtue of a step just in front of the helm positions.

The perfectly balanced sail plan with self-tacking jib makes single-handed tacking effortless and the yacht has a wider 'sweet spot' so the performance comes easily, the hull accelerates quickly from a tack and points very high. The broad aft sections give the boat great stability, and the twin rudders provide reassuring directional stability, especially under full power on a reach, where a single rudder yacht will typically be most exposed to weather helm. ►



SOLARIS WILL BE HOSTING A SPECIAL EVENT NEAR TRIESTE IN LATE APRIL WHERE THE RANGE OF SOLARIS WILL BE AVAILABLE FOR SEA TRIALS. TO BOOK AN APPOINTMENT, PLEASE CONTACT US AND WE WILL LOOK FORWARD TO SEEING YOU THERE...

THE PERFECTLY BALANCED SAIL PLAN WITH SELF-TACKING JIB MAKES SINGLE-HANDED TACKING EFFORTLESS AND THE YACHT HAS A WIDER 'SWEET SPOT' SO THE PERFORMANCE COMES EASILY, THE HULL ACCELERATES QUICKLY FROM A TACK AND POINTS VERY HIGH.



New Solaris 60

On the new 60, the twin rudders also allow for a fore and aft tender garage with its own sealer pod, which makes the launching and retrieval of a 3.2m tender optimal.

Sometimes it's the small details that matter, and keen observers will notice the composite chainplates have now been recessed below the toe rail to provide a flush optic, and the backstay ram is no longer mounted on the stern but is concealed below the transom garage floor.

New Solaris 40

The new Solaris 40 is a breakthrough in her class. Sharing the same full width helm positions as her larger sister, the large cockpit feels more as if it belongs to a 50-footer. The generous hull form gives incredible volume and forward buoyancy, and the large hull windows and hatch design ensure increased natural light to make the interior feel modern, light and well ventilated.

Another unique feature of the new 40 is the forward chine, a first for Solaris, which provides increased hull form stability, a drier ride going to windward and increased interior volume.



THE OTHER SIDE OF BREXIT – VAT & CUSTOMS

By Simon Anslow

Where are we now?

So, it has finally happened – 47 years after we joined, 27 years within a fiscal frontier-free territory, 4½ years following the referendum and at the end of an 11-month transitionary period, Britain has left the EU.

We are now a ‘third country’ – or at least most of the UK is, as there are special rules for Northern Ireland...

So, what happens now for yacht owners, distributors and brokers?

In simple terms there is no longer the free, unfettered movement of pleasure craft to and from what is now the EU27 – whenever a yacht leaves the UK or the EU27 this is an ‘export’ and, more importantly, whenever a yacht enters either the UK territory or the territory of the EU27 it is an ‘import’. Therefore movements between the UK and the EU27 are now subject to border controls and relevant Customs provisions and as such VAT (and in some case Customs Duty) is potentially due each and every time a pleasure craft enters either territory, unless it qualifies for one of the available reliefs:

- **Returned Goods Relief (RGR)**
- **Temporary Admission (TA)**
- **Transfer of Residence (ToR)**

The much heralded 11th hour Free Trade Agreement (FTA) does not provide the silver bullet many hoped for and in real terms simply gives flexibility on quotas, facilitates trade in certain sectors and allows for favourable Customs Duty tariff rates on trade between the UK and EU27 (although this is only a bi-lateral agreement and still subject to complex place of origin rules).

VAT Status – Does it still exist?

Within the sector we have often referred to yachts having VAT Paid Status; in real world terms this meant that they had VAT paid on them at the right time and place and were then free to travel and operate throughout the EU. If the yachts were subsequently sold within the EU (unless being sold by a business that had previously reclaimed VAT on the purchase), no further VAT was payable.

It was understood that as an owner of a yacht that had VPS or a broker or distributor selling a VAT-paid yacht, that it could not only move about the EU28 freely, but could also leave and re-enter without any VAT or Duty being payable. There was a general awareness that there were rules regarding the amount of time a VPS yacht could remain outside the EU or if there was a change of ownership, but generally speaking there was not too much attention paid and yachts moved freely within, to and from the EU without necessarily fully understanding how or why this was possible.

Brexit has changed all that and brought the whole process of inter-territory movement, VAT status and the mechanics behind the process into sharp focus. It now also means that movements of pleasure craft that we all previously took for granted or sales of yachts where all that was required was to confirm its VPS have now become a lot more complicated. It is now necessary to determine what the initial status of the yacht is, where it was as at 23:00 UTC 31st December 2020 (the end of the transitionary period), who the current owner is, their residency status, the history of the yacht and where it is going to travel to/ be sold into. ►



Let's start with the basics

A yacht can only have status in one territory at a time and technically cannot have 'dual status'. Therefore, a yacht will either have UK status, EU27 status or no status. Following Brexit, the starting point for VPS where was the yacht at 23:00 UTC 31 December 2020 (Brexit):

- **UK Status** → In the UK and in free circulation within the EU28 (supportable VPS)
- **EU27 Status** → In the EU and in free circulation within the EU28 (supportable VPS)
- **No Status** → Outside of both the EU27 and the UK

To put this into context this means that an owner whose yacht was prior to Brexit able to move freely between the UK and the rest of the EU in what was recognised throughout as having VPS, if that yacht was in the UK as at Brexit, then they would now be required to pay VAT (and possibly Duty) when they next take it to an EU27 member state – and potentially have to also pay VAT/Duty on re-entry into the UK!

Likewise, a broker or dealer who has taken in a part-ex yacht with VPS prior to Brexit – and who would have been able to sell that anywhere within what was the EU28 without further VAT being chargeable – if that yacht was located within the EU27 as at Brexit they would now be required to pay VAT on importation into the UK.

There was much talk – and significant indication from UK HMRC – prior to Brexit, that VPS would effectively be 'grandfathered'; i.e. where a yacht was in free circulation, VAT-paid anywhere within the 'old' EU prior to Brexit, then post the UK departure, both territories would respect that VPS and the yacht would in effect have 'dual status'.

However, as only as recently as December 2020, UK HMRC acknowledged that this would not be possible. The primary reason being that as 'status' is effectively determined from a number of factors and movement between countries is subject to various different reliefs and regimes derived from several parts of the Union Customs Code, the EU VAT Directive and various supporting legislation, there was no one all-encompassing law or set of rules that would or could apply. Further, the Withdrawal Agreement and guidance simply did not adequately cover or make provision for 'goods' whose primary purpose was to move about, often between territories.

So, we then need to look at the reliefs and the extent to which they are available to and can be used by owners and businesses. ►

DEFINITELY CHOPPY WATERS
IN THE WORLD OF VAT AND
CUSTOMS FOR SOME TIME YET!

The Reliefs #1

1. Returned Goods Relief (RGR)

When a yacht leaves a territory (UK or EU) it is, as we have stated, 'exported' and technically loses its VAT status. On returning to that territory it is being 'imported' and subject to VAT/Duty; but this can be relieved – and the VAT status 'revived' – provided certain conditions are met:

- **The yacht had VPS at the time of departure**
- **Return is within three years of departure**
- **There has been no material change to the yacht**
- **The person who is re-importing is the same as that who exported the yacht**

RGR is and has been used on a regular basis by most yacht owners and businesses without even necessarily realising it! Interestingly, while there is a requirement for most 'transported' goods leaving and entering a territory to submit a formal Customs clearance, on which the relevant RGR Customs Procedure Code would be entered and the relief formally claimed, a yacht under its own power does not need to make that formal declaration and (as we will see with TA later) needs only to be physically in the territorial waters to be making its declaration.

However, the declaration and relief can if desired be formally dealt with and is recommended in circumstances where there has been a protracted absence from the relevant territory and/or in the event of a potential challenge or when providing supporting evidence of VPS on subsequent sale of the yacht.

Brexit has changed the rules, but with the UK no longer being part of the EU it does now mean that a significant number of yacht movements will now fall within the scope of its requirement and eligibility. *For example, Mr & Mrs Miggins sailing from Lymington across to France for the weekend and back now falls within the scope of 'export/import/RGR'.*

Going back to our owner whose VPS yacht was in the UK at Brexit – we know that that yacht now has UK status and effectively lost its EU27 status, BUT if that owner has had the yacht within the EU27 at any time and they return to the EU27 within three years of the last departure (and this can be evidenced), then they have a potential eligibility for RGR and reviving their EU27 VPS. Further if they return to the UK within three years...and so on, so whilst they cannot technically have dual status, they do for all practical purposes.

The advantage in this example of course if that should the owner want to sell the yacht in the EU (where the market may be more conducive), the sale price will be competitive as VAT-paid – without having that status, any EU buyer would be looking at having to pay an additional amount of VAT to formally import the yacht.

As for the broker trying to sell a VPS yacht in the UK that was in the EU27 as at Brexit – at face value VAT will be payable on importation to the UK...BUT hold it there – provided the broker or business has not actually 'acquired' or taken ownership of the yacht AND the current owner can demonstrate that the yacht had been within the UK within the three years (*see opposite*) prior to the planned import into the UK, then it may be possible to structure the transaction such that the yacht is brought back to the UK in the name of the current owner (with the broker/purchaser acting as agent and possibly underwriting costs), who will qualify for RGR. The yacht is then sold – in the UK – to the new owner, with the UK VPS restored and maintained. Of course, the yacht will now have lost its EU27 VPS as on any subsequent return to the EU27 the owner will be different to the person who will have exported the yacht to the UK. ►



But what is the position for all those owners who have yachts in the EU27 and did so across Brexit – and for many they were last in the UK more than three years ago or, as is the case for most who purchased their yachts out in the Med, have never had their yacht in the UK?

Good news/bad news – for those who can demonstrate that they have had their yacht in the UK at some stage in the past and they were the owner at the time of last departure, then irrespective of whether that last visit was within the last three years or beyond, HMRC have agreed by concession to allow RGR provided the yacht returns to the UK by 30 June 2022.

However, HMRC have – so far – determined that where current owners have NOT previously had the yacht in the UK (e.g. where it was acquired VPS in the EU27 and remained there), then despite the fact that they have already ‘paid’ VAT in the EU at a time when the UK was part of the club, they will not be entitled to RGR. The reason given is that under the current legislation they do not fulfil the first ‘R’ of RGR!

There is, though, a strong lobby action currently being undertaken by British Marine and the RYA, the two largest members organisations for business and owners respectively, to persuade UK HMRC to allow some form of transitional measure that would allow owners to benefit from a form of RGR – a Repatriation Relief if you like – if they bring the yacht to the UK within a reasonable timeframe, provided they can demonstrate that it was in free circulation / VAT paid prior to Brexit, they were the owner at the time of Brexit, but irrespective of whether they had ever had the yacht in the UK previously. There are murmurs that the penny may finally have dropped with HMRC, but it is now a waiting game...

And for those owners who were outside EU as at Brexit?

Provided they were the person who removed the yacht from the EU28, the yacht had VPS at that time and they return to either the UK or the EU27 within three years of departing the EU28, they will qualify for RGR in whichever territory they first return to. The question is, will they then be able to claim RGR if they subsequently travel to the other territory on the grounds that they will then be returning from a 3rd country?! The question has been put to the EC Commission and the UK HMRC – the answer is still pending.

About that three years

The RGR rules do state that the yacht must return within three years of the date of export; for the UK that has raised two important questions:

What is the date of ‘export’?

Technically yachts that left the UK for another EU member state before Brexit were not ‘exported’. However, HMRC have adopted in full into UK domestic law the EU legislation, effectively exchanging ‘UK’ for ‘EU’, thus they maintain that a yacht is now considered as having been ‘exported’ as of the date it last left the UK, irrespective of whether that was for the EU or RoW – effectively changing how an event is treated long after the event itself!

Is the three years absolute?

HMRC do have the discretion to waive the three years for ‘exceptional’ circumstances. Until Brexit it was certainly the policy where yachts were being brought into the UK under their own power and reported to the UK Pleasure Craft Team that provided all the other conditions were met, RGR would be allowed irrespective of the length of time since last departure. During Brexit discussions there has been a noticeable hardening of attitude from HMRC Policy Team (although they deny it...!), stating that the three years should only be waived for exceptional circumstances. They have been challenged on this, but so far have failed to provide any proper response – or provide any guidance on what they will accept as ‘exceptional’. Although there has been an indication that neither a global pandemic and lockdown or Brexit with late indication from HMRC themselves that there would be no ‘grandfathering’ would be considered ‘exceptional’, so one does wonder quite they consider would be! ►

The Reliefs #2

2. Temporary Admission (TA)

TA allows a person to enter a territory – the UK or the EU27 - and use a yacht that does not have VPS nor is eligible for RGR, without the need to pay VAT/Duty. The primary conditions are:

- **The person using the yacht must be ordinarily resident outside the respective territory (UK or EU27)**
- **The yacht must be owned & registered outside the respective territory**
- **Private use only**
- **Can only remain within the territory for no more than a (continuous) period of 18 months**

There are effectively three levels of declaration:

Full formal declaration - This is normally undertaken for yachts that are being transported, where the Customs agent will file a full formal declaration along with the shipping documentation, usually before arrival.

Oral Declaration - The owner or agent will report to Customs on arrival and report the full details of the movement and arrival; a completed TA document (format is consistent and accepted across the EU) will then be provided and, where TA is being used within the EU27, should be accepted across the EU for the duration.

Physical Presence - The method that covers most trips in and out; interestingly for the notoriously bureaucratic EU, the mere presence within the territory is the 'declaration'.

Several points to bear in mind as regards the EU27 approach to TA, in particular with the 'Physical Presence' declaration:

- **Although going 12+ nautical miles offshore means that the territory of the EU27 has been exited and the yacht technically 'exported', it is imperative to ensure that a fully recorded and validated GPS reading is taken and the log book duly noted; and even then some EU27 Customs authorities can get fussy and insist that 'exit' is not properly effected unless landfall is made at a 3rd country.**
- **The 18 months is continuous; therefore leaving and returning resets the clock, so in theory, provided it properly documented and supported, a yacht could be operated and kept (with the requisite breaks) indefinitely within a territory. However, again some EU27 Customs authorities can seek to challenge the TA where they consider a yacht is being kept on what is in effect a permanent basis. Circumstances where an owner has a long-term berth and/or property where the yacht is being kept are sometime used by local Customs to support an argument that the owner is a d-facto resident and not eligible for TA.**
- **A detailed logbook recording all movements of the yacht, including ex-EU27 GPS readings, landfall outside the EU27 and copies of supporting documentation is recommended, along with carrying documents confirming non-EU residency (passport, utility bills, Local Authority council tax etc).**
- **Whilst the 'Physical Presence' declaration is satisfactory, consider, where possible, making an Oral Declaration and have the TA formalised – particularly in a 'friendly' member state – with a document that can then be presented on demand throughout the EU27. ►**

The Reliefs #3

3. Transfer of Residence (ToR)

Little known, but useful relief for owners who are returning to live in the UK having spent a period of time abroad; in particular this will be useful for those moving (back) from the EU27 to take up residence in the UK. Relief for VAT/Duty on goods (including private pleasure craft) being brought to the UK will be given where:

- **VAT/Duty paid (where required) in accordance with where the goods were acquired**
- **The person claiming relief has been resident in the 3rd country for a continuous period of 12+months**
- **That person intends to become UK resident**
- **The yacht must have been in that person's possession, in that 3rd country, for at least 6m before importation**
- **The yacht is the personal property of that person**
- **The yacht must not be lent, hired out, transferred or sold within 12m of importation (unless HMRC authorise)**



The opportunity...but with a health warning!

The TA relief does present a potential opportunity for buyers of new or business-sale (explicit VAT charge) yachts. It is no secret that a significant number of owners and buyers want to keep their yachts in the Med or around EU27 coastal waters. Prior to Brexit this would have meant for UK residents that VAT was payable – technically in the EU country of destination, but demonstrably payable somewhere within the EU28.

With the UK now being a 3rd country, for those UK residents that want to use and keep their yacht primarily in the EU27 and have no real interest in using it in the UK (where they would not be eligible), it is possible to have the yacht supplied to them as a zero-rated export and then take into the EU under TA, without payment of VAT.

However:

- **The initial supply must be properly executed to qualify for zero-rating**
- **The yacht should preferably make landfall outside the EU/UK and be documented as such if being sailed**
- **If transported, ensure that ownership has passed to owner before arrival in EU country, and...**
- **...at least a formal 'Oral Declaration' is made in the name of the owner**
- **Full and proper logbook needs to be maintained**
- **UK no longer in the EU & not in the Schengen area – therefore UK residents only allowed 90/180 days in EU**
- **Be prepared for challenge by local Customs if:**
 - **UK registered (almost literally a Red Rag To A Bull...!), and/or**
 - **The owner has a long-term berth and/or property in the relevant EU27 country ►**

Where and what next?

There remains real frustration and confusion as regards pre-owned yachts, their VPS in the EU/UK and the prospect that VAT will be payable twice on the same yacht – or the yacht becomes devalued as a consequence of ‘losing’ its VPS in the EU. UK HMRC have given a small concession in allowing yachts to return to the UK during 2021, waiving the 3yrs rule – but whilst welcome, it doesn’t really get us very far, particularly as this was sort of already there anyway with the Pleasure Craft Team’s approach to RGR and time limits.

The lobbying continues with both the UK HMRC and the EC Commission through the various bodies and there is a glimmer of hope that common sense will break out and the much promised ‘grandfathering’ will be brought into effect and restore some sort of parity.

In the EU27 we are already hearing stories of Member States’ Customs authorities taking their own view in terms of interpreting and applying the rules, in particular those concerning yachts in free circulation, but had the VAT originally paid in the UK, operation of TA where the owner has long term berths or local property and still insisting on VAT being payable on the TA of a new yacht as a ‘New Means of Transport’, despite the owner being perfectly entitled to that TA. What this indicates is that whilst there has been no change in the fundamental underlying rules, the close scrutiny now being applied as a consequence of the UK’s departure is highlighting a general lack of understanding of those rules, an inconsistent application and a collective failure on the part of the respective authorities to anticipate and prepare for the gaps in those rules.

The silver lining is there in the shape of the potential VAT-free TA market for UK buyers, but the cautionary note is that the care is needed to ensure that the cloud doesn’t overshadow that lining.

Definitely choppy waters in the world of VAT and Customs for some time yet!



- the other side of the Brexit door -





BREXIT & YACHT REGISTRATION

By Duncan Swanson

The UK Ship Register & Yachts in a post Brexit environment by Duncan Swanson of Ocean Skies.

Post Brexit, the fundamental advantages of the UK Ship Register have not changed. The red duster in all its forms remains a hugely popular flag for yachts sailing within the EU and throughout the planet.

This in the main is because the underlying advantages of the UK flag remain unchanged. For those yachtsmen who have a British registered yacht, it is simply what it is. However, it is worth looking at what these advantages are as a reminder and also for those who do not know this flag:

- The UK is a neutral, politically stable sovereign state. The UK flag is amongst the top performing flags on the Paris MoU (Memorandum of Understanding) and Tokyo MoU 'White Lists' for port state control, and in fact at the time of writing the UK is the number one flag under the Paris MoU.
- The UK Ship Register is a member of the coveted 'Red Ensign Group' of British ship registries which are entitled to fly the red ensign.
- The Ship Registry team are government funded, operated and backed and the Registry operates on a cost only basis. This makes the fees charged for registrations some of the most competitive in the world.
- The Registry is regulated by the United Kingdom's Maritime & Coastguard Agency (MCA).
- The neutral nature of the port of registry marked on the stern of every British registered yacht is an asset when sailing internationally, as the flag has a reputation for being a quality register familiar to port and customs authorities the world over.
- The Ship Registry team are committed to fast and efficient turn arounds so unless they are totally snowed under with applications, the turnaround of paperwork is quick.
- As there are literally thousands of yachts and ships of all types and sizes on the British Register, the staff are super experienced and there is not much that they haven't seen before.
- Registry fees are a reasonable price with no tonnage tax or other annual ship registry fees for yachts.
- UK registration is valid internationally and documentation issued in English and hence is widely understood.
- UK registered yachts do not have to ever physically visit UK unlike some other registries. An example of this would be Delaware state registration which is only valid for yachts principally used in the State of Delaware.
- It is possible to obtain a provisional registration to cover vessel for navigation immediately after purchase which is good news for yacht brokers and an owner who has just taken delivery of a yacht which has to make passage on completion of the sale.
- Part I of the British Registry provides proof of title and enables her owner to register a mortgage on the yacht if needed.
- A Certificate of British Registry is valid for five years and at the end of the five years the process for renewing the registration for a further five years is very straight forward.
- British Consular services and support are available to all UK registered yachts when sailing internationally.
- Yachts can be coded and operated as commercial charter yachts on the British Registry using the MCA regulations for commercial use.
- The British Registry enables citizens and companies from around the world direct access to Part I of the British flag
- The UK has minimal nationality restrictions, giving yacht owners flexibility in whom they employ as crew onboard their vessel.
- The MCA supports yacht owners requests for use of armed guards on board UK registered yachts in piracy areas, subject to complying with risk assessments and further UK Government guidance.
- UK registered yachts are entitled to diplomatic protection, consular assistance and Royal Naval protection depending on the availability of assets and nature of the threat.
- The UK holds an international reputation for expert advice and guidance with a proactive leading role at IMO, EU and Quality Shipping Committees.

As part of a series of UK legislative changes precipitated by Brexit, the UK Government published a statutory instrument titled 'The Merchant Shipping (Miscellaneous Provisions) (Amendments Etc.) (EU Exit) Regulations 2018'.

This instrument confirms that the same people (both individuals and legal entities) who currently qualify for vessel registration in the UK continue to qualify after Brexit.

This means that there is no need or requirement for any yacht owner currently holding a UK registration for their vessel to change their registration on eligibility grounds. ►



There has been some uncertainty surrounding the status of UK registered yachts holding EU VAT paid status following Brexit. Of course it is important to remember that the British Registry and British Revenue are not connected and so VAT paid status either in the UK or the EU is not tied to the British flag.

That said, any yacht registered in any third country to the EU can sail under free circulation in the EU if VAT and any applicable EU import duty has been paid or accounted for in the EU. This being the case, the yacht is deemed to hold Union good status.

An important opportunity provided by Brexit for those with a British flag or considering getting one, is that the UK Ship Register is no longer an EU flag. This is good news for many yacht owners who are living outside the EU (and of course today that means the UK) but sailing within EU territorial waters, as it means that the UK flag now qualifies for Temporary Admission relief from VAT. This allows for 18 months cruising in the EU without payment of VAT.

A post Brexit challenge for the UK Ship Register is the whether or not UK registered commercial yachts will be able to continue charter activity within the EU. For example Greece, Croatia and Spain (for yachts under 14 metres) have prohibitions and restrictions on the charter of non-EU registered yachts in their waters.

In conclusion the UK Register of Ships will remain for most yacht owners a 'go-to' choice of registry moving forward. I also thought that it would be interesting to share with you, the list of qualified nationalities who are entitled to register their yacht under the UK flag. It is a surprisingly large list and the British registry extended the list last year just prior to Brexit under the section marked 'Other Countries'. These additions to the already long list makes the British Ships Registry a secure, respected and thoroughly international flag.

European Union	Commonwealth	British Overseas Territories
Austria	Antigua & Barbuda	Anguilla
Belgium	Australia	Bermuda
Bulgaria	The Bahamas	British Antarctic Territory
Croatia	Bangladesh	British Indian Ocean Territory
Cyprus	Barbados	British Virgin Islands
Czech Republic	Belize	Cayman Islands
Denmark	Botswana	Falkland Islands
Estonia	Brunei	Gibraltar
Finland	Cameroon	Montserrat
France	Canada	Pitcairn Islands
Germany	Cyprus	St Helena, Ascension and Tristan Da Cunha
Greece	Dominica	South Georgia
Hungary	Eswatini	South Sandwich Islands
Ireland	Fiji	Sovereign base areas of Akrotiri and Dhekelia
Italy	The Gambia	Turks and Caicos Islands
Latvia	Ghana	
Lithuania	Grenada	Other Countries
Luxembourg	Guyana	
Malta	India	Argentina
Poland	Jamaica	Aruba
Portugal	Kenya	Bahrain
Romania	Kiribati	Brazil
Slovakia	Lesotho	Canary Islands
Slovenia	Malawi	China
Spain	Malaysia	Faroe Islands
Sweden	Mauritius	Haiti
The Netherlands	Mozambique	Israel
	Namibia	Japan
EEA	Nauru	Liberia
	New Zealand	Madeira
Iceland	Nigeria	Marshall Islands
Liechtenstein	Pakistan	Monaco
Norway	Papua New Guinea	Panama
	Rwanda	South Korea
	Saint Kitts & Nevis	Switzerland
	Saint Lucia	Suriname
	St. Vincent & the Grenadines	United Arab Emirates
	Samoa	United States of America
	Seychelles	
	Sierra Leone	
	Singapore	
	Solomon Islands	
	South Africa	
	Sri Lanka	
	Tanzania	
	Tonga	
	Trinidad and Tobago	
	Tuvalu	
	Uganda	
	Vanuatu	
	Zambia	

COOL *to the point of freezing*

AMERICA'S CUP – TEAM INEOS FOILING YACHTS

It was first thought that this was impossible. 4 years later the world is enthralled watching vicariously the events unfolding in Auckland. The new AC75 class of foiling yachts have added a new dimension to sailing and stretched engineers' minds. We all hope this is here to stay and keep a weather eye to the future and what kind of technology will filter down to the layman. So cool Philias Fogg may well raise an eyebrow...



Photo Credit © INEOS TEAM UK

SOLARIS 40

This is the latest new comer to the Solaris range the new 40 and what's not to like! A rakishly good looking yacht with her full width transom, twin wheels set well outboard, dreadnought bow and forward chines delivering performance as good as she looks. Let's not forget the legendary Solaris build both in terms of hull, deck and keel construction and with the yacht's fit out below decks, she offers unparalleled comfort and accommodation for a yacht in this class. The hull windows are a particularly nice feature flooding the interior with light. With hull number one completed and a further four on order the market certainly approves of her beguiling looks.



THE WINDY SLR60



This ice-cool performance superboat is the progeny of Windy Boats and Malcolm McKeon Yacht Design, for an owner requiring high versatility, long range (850Nm @ 25kts),

exceptional sea-keeping, crew protection and on-board comfort. Triple inboard IPS engines delivering 44 knots, bespoke Studio Liaigre interior and swept styling with cues from her mothership – this new flagship demonstrates Windy's ability to work on a brief in harmony with the foremost naval architects and design houses. Her central console and full-screen protects 2 rows of guests, with an integrated bar and entertaining zone leading aft onto an expansive sunpad. 2 cabins, facilities and lockers fill her light, exquisitely-crafted innards, ensuring that her rapier looks offer real usability. She has of course a level of engineering and finish that others can only aspire to. We do look forward to the launch of this new chapter for Windy, MMYD and her Owner.

BERTHON SPAIN'S SHED; TRANSFORMING OLD BOATS BACK TO NEW!



Berthon Spain's new premises located on Son Oms industrial estate has now been finished and is completely purpose built to the specifications we require, housing all our great capabilities under one roof and allowing boats of up to 50 feet to be stored and worked on. This incorporates our team of painters, mechanical engineers, valet crew, project managers, shipwrights and woodworkers. Our custom-made tender racks are capable of storing tenders up to 6 metres and our large boat dollies can take motorboats up to 15 tons and allow us to easily move them around for works. The premises also include our large offices for are support team and managers plus a dedicated area for Westerbeke and other manufacturers' parts. We are now able to offer even more client storage for sails, containers and other items, all of which need dry storage, and close monitoring by our security system.



GOLDEN GLOBE & OCEAN GLOBE RACES

For some, it was the golden age of ocean yacht racing, and it all started in 1973 when the Swan 65 SAYULA won the first Whitbread Round the World Race – she and others used Berthon as a base before and after the race. In 2018, to celebrate the 50th anniversary of this legendary endeavour, the Golden Globe fleet followed in SAYULA's wake taking the route once used by the Clipper Ships and the 1973 Whitbread fleet. Following on from the success of recreating the spirit of the Golden Globe in 2018 with a rerun, the Ocean Globe Race is set to do the same for the Whitbread race. It will start in 2023 and be open to yachts from the race's history. TOKIO II pictured here, qualifies for this epic adventure in the Classic class and could sail with you....



CHARITY SHIPWRIGHTS & THEIR ARC PROJECT

Apprenticeship Scheme formed in 2014 which has funded 113 apprenticeships in the marine industry from Cornwall to Argyll, through the Isle of Man to Teeside with founder-funding from the Lloyds Register Foundation. As with many charitable organisations, funding has become hard to obtain during the pandemic but apprenticeships as a means to further education and acquiring a skill for life still need vital promotion; accordingly, the scheme manager will continue to mentor and guide small marine businesses through the pitfalls and challenges of employing apprentices but sadly without the treasure required to fully fund this effort. Of course you can always help them

by offering some treasure of your own if you wish:



www.shipwrights.co.uk/shipwrights-apprenticeship-scheme

THE PEARL 62'S NEW KELLY HOPPEN "LUXURY" INTERIOR



Not content with scooping the prestigious 2021 Motor Boat & Yachting Award for Best Flybridge Over 60' category with their class-leading 62, Pearl Yachts have just released shots of their first yacht at this size finished in the optional "Luxury" finish by Kelly Hoppen. Contrasting rich satin-finish joinery with polished and brushed stainless steel trim, the Luxury option allows another level of customisation to Pearl owners, and sits alongside the lighter "Studio" finish with its relaxed

combination of black powder-coated fitting and beach-chic lighter timber joinery. We really like the way that the bed bases appear to float above the cabin floors, with soft diffused lighting from underneath. As with all models in the Pearl range, Hoppen's trademark hushed palettes and crisp interior design touches mark these yachts out, creating a real event every time you step on board – and that is something that we think is pretty cool.

COX POWERTRAIN

What is cooler than doing your bit for the environment, saving yourself money while buying British! Now you can when purchasing the CXO300hp diesel outboard from Cox Powertrain, distributed in the UK & Ireland by Berthon Power Ltd. Conforming to the highest emission standards, EPA Tier III and RCD2 and benefiting from at least 25% better fuel economy, the CXO300 has been designed and built in the UK and it is the most sophisticated diesel outboard available on the market to date. Longer service intervals and 3x longer life span redefine what is possible when it comes to outboard motoring. For more details contact **Simon.barnett@berthon.co.uk**



ESPEN ØINO ON ZERO-EMISSION MOTOR-YACHTING



Photo Credit © Guillaume Plisson

Working towards zero-emission motor-yachting is a super cool and noble aspiration for the future. Berthon's Hugh Rayner recently chatted with Norwegian born yacht designer Espen Øino about it all, asking how his designs were influenced on the race to develop green solutions:

"In many ways we are back to square one when considering the influence of sustainability on naval

architecture. Take the use of hydrogen as a future zero-emission fuel; we cannot store this fuel in conventional tanks, so this dictates major changes in the use of hull volume, and in how this space is divided. It will be many years until we reach parity of cost, which today equates to 5 times the price of a conventional energy carrier - so we will have a period of growing into these different technologies. We need to address displacement as a priority to reduce energy consumption and maximise efficiency – overcoming frictional resistance, optimizing waterline and designing slender, slippery shapes. I think we have more to see from multihulls, and a possible return to the idea of the motor-sailer.

With innovative and exciting designers like Espen Øino behind the drawing board for a greener future, we look forward to seeing what the future holds.

THE RECREATIONAL CRAFT DIRECTIVE

By Alasdair Reay



The UK finally completed its formal transition post-Brexit, and so the nation woke up on 1st January 2021, outside both the European Customs Union and Single Market. Only hours before that deadline, the UK and EU ratified a Trade Agreement that keeps the UK outside the Union and Market but, crucially, without tariffs for trade in either direction. Both sides hailed this a successful outcome for all. Indeed, UK yacht manufacturers, almost all of whom export to Europe, have reason to be pleased with this outcome.

But everyone forgot about used yachts.

There is a significant trade of used yachts, in both directions, between Europe and UK. Yachts also sail across national boundaries, daily. There is no such cross-border movement and trade of used pressure vessels, gas appliances or any of the other goods that fall under Europe's CE marking, product-safety regulations. So, the regulators missed the issue of the free movement of yachts.

The industry was aware that there are 3 distinct periods of UK's European status:

1. **Full Member (until 30th January 2020).**
2. **In transition but still within the Customs Union & Single Market (February to December 2020).**
3. **Third Country (from 1st Jan 2021).**

The question is which regulations apply when a yacht of each of these era's is sold, second-hand, between the UK and EU?

Period 3 is easy: as UK is outside EU, a yacht built in UK today, would need to comply with the EU regulations when sold to EU, second hand, some years later. And a yacht going the other way would have to comply with the new UK regulations.

Period 1 also appears straight-forward. As the regulations apply when a product is first placed on the market, if UK and EU were the same market in period 1, then surely their original compliance holds in both markets.

Period 2 nobody was sure about the transition. We put this question to the EU Commission where it was taken up by their "*Brexit Task Force*" and we were astonished by their answer. ►



'THE ONE CERTAINTY
IS THAT DURING 2021,
THE UK CONTINUES TO
RECOGNISE CE MARKS.'

The EU Commission considers the Withdrawal Agreement does not apply to used products.

As such, any product sold from UK to Europe is treated like a new product and the Treaty of Lisbon agreement applies. This means that ALL used products entering the European market must comply with the regulations in place at the time of placing on the market.

Let us be absolutely clear: it does not matter when the yacht was built and sold in the UK (unless 1950s or earlier). If a used yacht is sold from UK to Europe, it must now go through a formal Post Construction Assessment (PCA) according to the EU Recreational Craft Directive (RCD). Astonishingly, this still applies if the yacht was built in Europe. Being manufactured in a location does not mean that it was 'placed on the market' in that location.

PCA requires individual inspection, assessment and certification by an EU Notified Body.

So additional cost is unavoidable. Certification fees could add anywhere from £500 to £8,000 to the cost of selling a yacht in Europe and that is before the cost of any necessary modifications are considered.

And what of used yachts being sold from EU to UK?

Do used yachts being sold from EU to UK need to comply with the UK's new UKCA marking regulations that displaced Europe's CE marking Directives?

The one certainty is that during 2021, the UK continues to recognise CE marks. So the answer is "NO" during 2021. But in 2022, will the UK government continue to recognise these markings on used yachts that were sold in Europe when UK was still a part of Europe? The UK Government has not committed itself to a position. It would appear that the EU Commission's strict attitude to the compliance of used yachts is not just a surprise to the industry but to Whitehall, as well. The Department of Business, Energy & Industrial Strategy (BEIS) has been asked and chased by British Marine, for a ruling but none has been forthcoming so far.

The best advice for inter UK-EU used yacht sales is:

- **From UK to EU:** formal PCA certification is required from EU Notified Body even if the yacht is already CE marked.
- **From EU to UK:**
 - During 2021: existing CE mark and declaration of conformity will suffice.
 - After 2021: PCA certificate is required from UK Approved Body.



- EU Brexit Taskforce -

Alasdair runs HPI CE Proof who are UK approved for the new UK RCD regulations and his Irish office is a Notified body for the EU. Therefore if you have queries do get in touch with Alastair, he is most definitely our go to person for all things RCD. Whilst this may seem a little alarming, in most cases post construction assessment to allow for RCD compliance in the UK and in Europe is a paperwork exercise which is easily handled via the appropriate notified body, where the sums involved run in to hundreds rather than thousands of pounds. - Sue Grant / Editor

INTERNATIONAL BOAT SHOWS

By Sue Grant

The life blood of the yachting business or ...

Pre-Covid, attending boat shows was a cornerstone of our marketing activity. Every year we would exhibit at shows around the world, showing the new yachts in the Berthon stable – Windy, Pearl, Solaris, Moody, Rustler, Advanced and Iguana. We also attended events like the Palma Super Yacht Show with yachts from our brokerage fleet. These shows provided the opportunity to meet new clients, connect with previous and current clients, meet others in the industry and also to have a look at innovation and new design, as well as diving into yachting and all that it has to offer.

For our part we have always found them to be energising, exhausting, exciting, key for the business, and of course super expensive too, as organisers have consistently ramped the prices knowing that these would be paid by an industry for whom it was key to show their product in the high street of yacht sales. Even before Covid, there was the start of a backlash against the ever increasing cost as some exhibition companies did not move with the times and were trigger happy with their invoicing. As a result we saw shows popping up without expensive organisations with all their on costs. Examples of this are the Palma Super Yacht Show, run by the brokers for the industry, and indeed the MDL show in Southampton which is now concurrent with the traditional Southampton Boat Show. For the old format therefore, the writing was already on the wall for the old way of doing things. These new industry shows lack some of the glamour and polish of their costly rivals, but win out with diverse products on show and a relaxed feel.

In 2020, we looked forward to participating in a myriad of shows. The last of the major shows was Düsseldorf, a great showcase for our industry and the biggest indoor show in Europe. Thereafter we watched as the boat show programme fell to bits. First it was the Palma Super Yacht Show, then the local shows that we normally attended where our offices are located. The only ones to survive were in Orust and Mandelieu. The rest put up the shutters as the pandemic swept through Europe, the USA and the rest of the world.

Having lost Palma, we focused on Cannes and to a lesser extent the Southampton Boat Show at the end of the season. Surely, we would be through the storm and these would run? We planned, identified yachts and did the pre-marketing. Cannes pulled up the shutters in August as the reality of being able to open such an elaborate international show with all the restrictions in place made turning the show into reality impossible and the probability of few clients, attendees contracting the virus and an early closing, a risk that the organisers did not want to take.

Southampton remained on the agenda. A scaled down show with a lot of planning around social distancing and all the rest. The industry breathed deeply and said, yes. It was cancelled at 18.30 on the evening before the Preview Day. Like many others in our industry we had positioned yachts, built stands and committed resource. But again, like our colleagues in the industry, we dug deep, called our clients (all of whom had appointments) moved our yachts and carried on with the programme. For us, this gained us yacht sales and it was a positive, but a little more notice would have been super appreciated.

The monster that is the Düsseldorf Boat Show announced that it would run in January 2021, and then moved to April 2021, only to cancel completely thereafter. The difficulties of such a massive indoor show are obvious and as we scribble this piece we are preparing for the Palma Super Yacht Show at the beginning of June and hoping against hope that this will run. In a world of compromise, we don't expect a huge gate and we are conscious of the reluctance of some to fly for the event, but we travel in hope.

We also see that the Southampton and Cannes Shows for 2021 are billed as running. With so much uncertainty around, we wonder about these shows and if, in fact, they will open, although of course we hope so. In a year when Her Majesty the Queen has cancelled the famous Buckingham Palace garden parties for the second year running, we wonder at the wisdom of running the traditional shows this year.

All of this disruption has caused us to do things in different ways. There have been online promotions of all sorts – seminars, virtual boat shows, virtual boat showings, video tours and all the rest. For sure what is possible with technology has been amazing. It puts you aboard the yacht and you can explore the navigation station or owners' stateroom or engine room (and bilges) from the comfort of your favourite armchair, whilst wearing slippers!

Of course the marketing companies have seen the opportunities and have climbed on this particular bandwagon to create marketing groups and forums charging a premium for featuring new yacht product. Some of the offerings have been reassuringly expensive. ►

We have jumped onto the new possibilities offered by this technology, which has been helped by the fact that our clients are yacht mad and willing to engage virtually when this is the only option. However, our experience has been that a more home grown and down to earth approach to this technology has worked best. A FaceTime viewing, or a proper chat about the technicals of a yacht, have gone down much better than lots of marketing fluff.

These changes have seen many attracted by the idea that the day of the boat show is over. Now that we have this wonderful technology, no one will be bothered to get in their car, or aeroplane or train to visit a venue full of boats and phaff to check out new yacht product or indeed brokerage yachts. Henceforth, yacht purchase will be conducted from behind your screen at home without the need for the live touch and feel that makes a boat show and boat viewing so exciting.

It has also been mooted that no one will bother with these dinosaur events, holding instead, small gatherings that are carefully controlled with invited clients to look at specific product.

I am afraid that we do not agree with this view. To think that this is the new normal is to think that the lack of human and yacht contact is not desirable for those who buy yachts. This tends to ignore the fact that our sport involves enjoying yachting with friends and families, going to extraordinary places, taking calculated risks when we engage with the sea and being social. People buying yachts are adventurers, sportsmen and those who want to drink deeply of the draught of life. They are not keyboard warriors.

Why would they want to buy via the antiseptic medium of online unless there was no alternative?

A yacht is a significant financial purchase. You will have read this in many of our previous market reports, but very often it is the largest purchase that a client will make after their house or houses. It is not something to be taken lightly and it is an entirely discretionary purchase. Emotion plays a big part in the process and being able to touch and feel the thing that you are going to buy, is key. Boat shows deliver on this.

Boat shows are for the brief period during which they open, the high street for yacht sales. Sailing yachts and motor yachts of all sizes and types cluster together. They are joined by chandleries, widget suppliers of all hue, charter companies, clothing and shoe shops and much else. There is a fantastic atmosphere – it is a marine bazaar. THEY ARE FUN! Clients who have already bought their dream yacht also attend, to talk about widgets, dream about the next purchase and to catch up with yachting friends and people they know in the industry. And then, there is the social aspect of dining with friends, and/or colleagues.

However long you spend in this industry you cannot avoid being swept up in the collective boat mad enthusiasm of these events. This has been much missed in 2020.

On a commercial basis, this broad church that is the boat show, is also important for those of us who are selling yachts. We love doing private events for clients and showing our yachts on a one to one basis. However, what about those who do not know our yachts and have not considered them? Nothing matches the excitement of meeting a new client for the first time who has visited the show to see the competition and wandered past your yacht and had a look and put her on their wish list. It is the joy of the bazaar. Of course it is more than matched by the disappointment when a certain buyer ends up aboard a competitors' yacht – but that is business, and life and to be expected.

So all that said, has the Covid pandemic and a new way of marketing and viewing yachts done for the traditional boat show? Is the new normal of virtual boat shows, and tightly controlled single product showing the future? Will our client

base move this way, dispensing with events like Cannes, Düsseldorf, FLIBS and the rest?

Whilst our FO would think this a very good idea, on the whole I think, and hope, not. These are the events that show the best (and in some cases the worst) of our industry. They are the energy and lifeblood of what we do, and they provide a wonderful environment for our clients to see yachts, buy yachts, meet old friends, and to feel part of this wonderful industry.

What I do hope is that the boat show organisers will be sensitive to the fact that Covid has been a bruising experience for everyone from client to broker to yacht builder. I hope that they will not attempt to open shows before they are 110% sure that they can keep everyone that attends safe. I also hope that they won't seek to push up prices on the gate and on the berth to compensate for their losses over the Covid period. Their exhibitors and their public have given much too, and deserve a fair deal.

Most of all, I hope that they will take the opportunity to embrace some of that new online technology that has been used during the pandemic, and to roll it out to provide a better show experience for us all. We look forward to boat shows that are dynamic and easy to get round and to find the products that you are looking for with intelligent guides and good WiFi for the period of the show. We need safety and clarity but still to maintain that wonderful sense of fun, excitement and the bazaar.

So as we begin the gallop through 2021, hoping for a return to normality with the long summer days, and new yachting season, we also wait with baited breath to see the return of the boat shows that normally punctuate our annual calendar. We are sure that they will be back and look forward to attending more intelligently organised and better thought out shows in the future. You never know, there may even be food at these new shows that qualifies as eatable! Most of all we look forward to the fun and the bustle and to meeting you there in 2021 and beyond. Please look out for the **Berthon Sales Group** signs and do come and say hello and enjoy with us the atmosphere and excitement of the boat show bazaar!



- The Boat Show Bazaar -



COVID-19 AND THE YACHT MARKET

By Sue Grant

The start of 2020 was another year for the Sales Group, and our main concern was the handling of the Brexit situation and dealing with VAT, RCD and the rest. Wuhan and the problems there were white noise and seemed very far away.

It wasn't until March that it became clear that this awful pandemic was closing in on our part of the world. The Berthon Group established a task force as it edged ever closer to us and events moved so quickly it was hard to keep up.

By the end of March our world was upside down. The Berthon Boat Company, the beating heart of the Berthon Group, was closed with over 100 skilled craftsman on furlough. The UK, and French offices were working from home, and the USA and Spain looked to be going the same way. Only Sweden continued, with worries about international business but open.

For the Sales Group, our world stopped turning and we resorted to Discord, WhatsApp, Teams, Zoom and the rest, as well as the old fashioned telephone.



Our priority was to deliver the new yachts that we had on order, complete the sales in progress and to come up with a plan to market and sell our clients' yachts in the future as well as those in production but not yet sold. It was a very strange time. Early spring turned to early summer, and a new normal, as for most of the rest of mankind, was upon us.

As the summer approached, governments around the world seemed to get a grip on things and restrictions lessened, the dreaded R number fell and for us all there was a chance that the world might again, start to turn. And so it did, and we all took the first cautious steps towards normality.

For the yacht market, those tentative steps turned into a jog and then to a sprint as yacht owners reclaimed their yachts, went sailing and motor yachting and revelled in the joys of being out on the water with all that this brings. Not only was it healthy, it was fun, and most of all, a yacht offered an escape capsule against this frightful disease. A comforting place where families could spend time isolated from this awful threat.

The marinas in northern Europe, the Mediterranean and the USA quickly filled, owners decided to trade up, new yachts became the thing to order and buy for the earliest delivery possible.

In our industry there has been concern for a number of years that not enough new entrants were coming into the sport. It was thought that sailing was a hereditary sport and would die out. The new generation of yachtsmen weren't buying, they were renting and there were serious worries for the future of the yacht sales business in all segments. This, at a time when there were many other fun things to do with our leisure time – holiday houses in exotic places, action holidays of all types, flying, golf and experiences that could be rented providing memories and with none of the carrying costs that a yacht owner has to put up with year on year.

Covid-19 changed all that. Experience holidays, safaris and all those exotic locations were off. Owning your own secure area that could move, and be fun to cruise with and which could take you to tremendous places was in. The pendulum had swung.

Our sales curves in all offices recovered the March dip and by September they were almost vertical! New yachts were hot, brokerage yachts almost too hot to touch and there was no sign of the trend tailing off.

We saw Cannes, Southampton, the FLIBS cancelled, and yet the clients continued to want to buy. We closed 3 sales on Christmas Eve. The traditional shut down prior to a Christmas holiday that throughout Europe at least, slows the market, and the business world (in fact anyone not purveying Christmas goods) did not happen.....

Of course by the time that we came through Christmas, Covid-19 was once again in charge, and the whole world had only a very muted celebration. And so here we are again, working from home, unable to show yachts in the UK and with limited access elsewhere, and planning for the new season....

By this time, Discord, Teams and the rest are second nature and like most businesses we have hugely improved our technology to operate effectively whilst we are away from the office. This is a positive when we arrive in better times but just now, it is scant comfort.

Whilst the recent (third) lockdown in all our offices has been harder than the first (showing boats physically not allowed), shipyards and marinas are at least operating, and the clients have not stopped wanting to buy and sell. As we assimilate what has been the most serious medical emergency for a generation, the international vaccination programme enables us to look forward to better times. And that is most certainly what our clients are doing. ►

It is frustrating for us all to wait for news, but the one thing that is certain about Covid-19 is that despite the awful damage it has done to the people of Planet Earth, the wasted lives, misery and loss of life, we all now see the way to defeat this dragon. The time will come when it will be slain and the world will turn, not in quite the same way as before Covid-19, but to a new and positive rhythm.

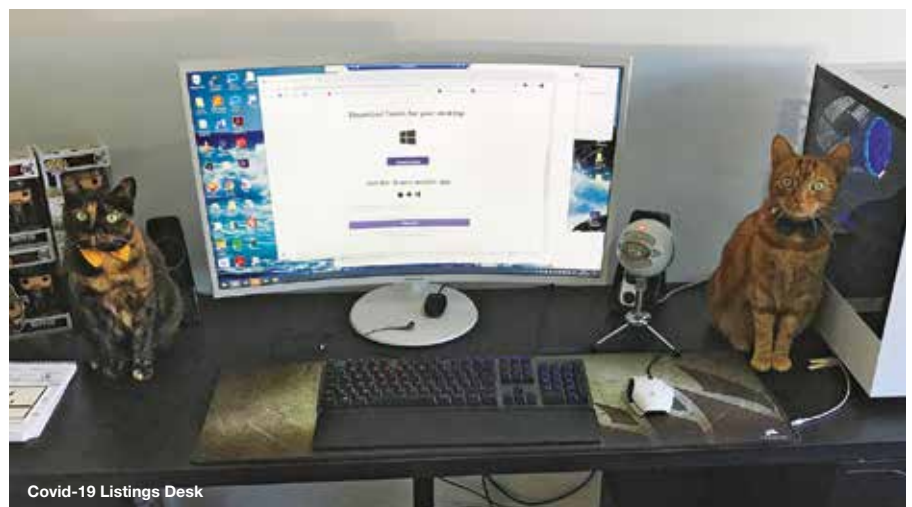
Our clients recognise that and are planning for those days, knowing that the 2021 season may be limited – but of course 2022 and 2023 and on will all have glorious summers with time to spend out on the water.

We expect that the yacht market will be extremely busy this year as people decide to invest in quality of life, with their families and close friends and in enjoying all that being out on the water has to offer.

During this crisis we have seen extraordinary numbers from the new yacht manufacturers. We sell Moodys in the USA and Hanse increased production over 40% from the first lull in the pandemic to the end of 2021. For Windy - there is a clean sweep of boats sold for this season barring the odd one – a 44', and we are now working on contracts for 2022! It is the same for Pearl for their award winning Pearl 62 where delivery is not now possible until mid-2022. Solaris the same, and the demand for new yachts shows no sign of waning.

The brokerage market has also had a massive shot in the arm during the pandemic (no pun intended). In all segments in which we operate there have been good levels of activity. In some cases we have seen prices rise – examples of this would be Dale Nelson, Windy, Hallberg-Rassy, Swan and Najad, for example.

Those buyers who felt that the chaos caused by Covid-19 would mean that they could bag a super deal have been sorely disappointed and whilst they dithered with below market price offers,



the yachts that they bid on have been snapped up by buyers eager to get on with a purchase and to get out on the water – he who hesitates Rodney....!

Normally we see some segments that are active, and others will be out of fashion and the yachts that occupy them fall in value and are very difficult to sell. More mature yachts with high maintenance costs being an example that immediately comes to mind. The unloved segment is gone, there are buyers across all segments and the market is moving at pace that is both breath-taking and scary.

Of course there are yacht owners who push the envelope on price, and they will remain yacht owners rather than sellers, but maintain your yacht and price her sensibly and in the current Covid-19 market she will sell. If you try and get away without the annual service completed, someone else's boat will appear more attractive. Buyers want to go straight to sea.

In 2020 and during the normal quiet winter quarter we sold a number of yachts off market and often yachts coming to the market have had buyers waiting to snap them up. Sometimes it has felt that we were a watery match making agency.

Covid-19 has made us all look at the art of the possible and to change the way that we market and sell yachts. Before this crisis it would be unthinkable that a buyer would part with hundreds of thousands or millions of their hard earned euros, dollars or pounds without seeing

the yacht they were purchasing live. Blind purchases did happen previously, but it was rare and fraught with difficulties. Now whilst not the norm, it no longer raises eyebrows. We have been lucky that technology has allowed for good video, and systems for conducting virtual viewings. All this was in the works anyway, but we have certainly honed our skills to embrace these facilities.

As with many things in life, contractual Covid clauses have become the norm, and in the absence of any alternative, many buyers have simply dug deep, said yes and become the owner of a yacht that they have never seen – let alone touched, or sailed, very often in a different country or in some cases a different continent.

Fortunately, surveyors still operate and if you are in a position where you are considering taking this particular plunge, we recommend a very thorough survey with lots of contact and a very detailed approach to doing the research. Always remember that surveyors are not there to impart good news, they are there to report on condition, to pick up faults and to look for any irregularities relating to coding, flag and the rest that could be a problem for you as the new owner.

However, they do not consider the interior furnishings, the spatial look of the interior and how comfortable the cockpit is if you want to curl up and read a book. These are things that you need to think about yourself. A good broker will spend as much time as you need to make ►

you comfortable around these important nuances, and for larger yachts, her crew will help you to understand how you will feel when you are spending time aboard her once she is yours.

As the edge comes off Covid-19 and as more parts of the world open up, we believe that the imperative to sail, motor, explore and take part in yachting will grow with it. Tomorrow's yachtsmen have been taught to become more mobile and self-sufficient than ever before, to understand their priorities and to want to spend time with their special people in their own space. Whilst the necessity to do things remotely has moved the fulcrum of office life away from the physical office, it will of course swing back to some extent, but this lived experience that we are all having, will mean that nothing in or around the office will ever be quite the same again.

Few of us will regret the endless meetings around a table (we have Zoom and Teams for this now!) or the need to stay late at the office to show the management team that you are on it. The work/life balance has shifted forever and with it the possibilities for spending more time afloat have grown with them.

Great new technology was there anyway and it is developing fast. We have embraced it – no choice – and we will continue to do so.

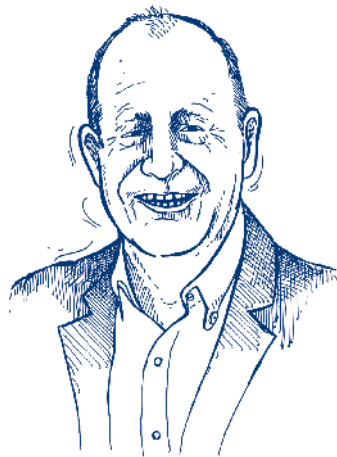
The Berthon Sales Group goes through life clutching a glass that is always at least half full, and because of that, despite the horror of Covid-19, we see reasons to be cheerful about what will follow it. We see more people enjoying yachting and spending proper time aboard their yachts. We see them going further, doing more and enjoying the ownership process in a way that was not previously the case.

We look forward to the time when we can show our clients' yachts live and live again the more normal yacht brokers' life of hands on yacht selling, boat shows and the rest. Covid-19 has been a shocker but maybe what follows its demise will be positive for us all, yachtsmen, and those who are both yacht mad and who make this industry their living.



Rambler 88 - FOR SALE with Berthon International

THE BUSINESS END OF THE YACHTING BUSINESS AND MEETING THE YACHTSMAN'S EXPECTATION



By David Tydeman

The pandemic has been a boost for the marine industry with many companies reporting their best seasonal results for a decade as impatient clients want to get afloat quickly – particularly in the USA – but for some more cautious players, this is a time to revise the business strategy and change for the longer-term patterns which may develop after the global crisis has stabilised. ►



Developing the new twin rudders for the Oyster range, a standard feature across the range, since 2011

Group Beneteau has been a global market leader for decades and in September last year it announced some bold moves to reduce the number of brands it markets from 12 to 8, closing its USA manufacturing plant in South Carolina and concentrating globally on 4 segments – day/weekenders up to 40ft; floating real estate 60-80ft; monohull sailboats and multihull sailboats. It has been a listed company for a long time with associated clear reporting and this contrasts the lack of real market data available from much of the industry.

Beneteau's corporate website promotes the company as a '*group in transformation*' and some other players will get left behind in the next few years.

Deciding that it could address the mono-hull sailing market without the Bordeaux/CNB brand – and to focus on their Beneteau and Jeanneau yachts – and to strengthen its powerboat market position without the Monte-Carlo brand internally competing with their Prestige brand – is a strong message. Adopting terms like '*floating real estate*' is also very clear and to the author, emphasises the trends of separation between the larger yacht-building groups and the niche players.

I ran Beneteau's UK operations 30 years ago and at that time, two thirds of Beneteau's production was monohull sailing yachts with the charter fleet clients just emerging as strong buyers. The Beneteau USA plant had just opened and Jeanneau – including its Lagoon brand – was still a competitor. Contrast that now – overall 50% of Beneteau Group sales are powerboats, many small day boats and weekenders – 20% is sold to charter fleets and the remaining 30% splits equally between catamarans and monohulls. Sales of monohull sailing yachts to private clients in 2020 were less than half what they were before the financial crisis and this has been a deliberate strategy.

In the 90's I helped the Department of Trade with a study that concluded that a significant part of the marine industry was owned by individuals or corporations who had made their wealth elsewhere and that this '*trophy asset ownership*' distorted the market. One example was Vickers PLC who had just then acquired Riva with a plan to market the yachts through the Rolls-Royce and Bentley motor car dealerships. After selling Rolls to BMW and Bentley to VW-Audi in the late 90's, Vickers abandoned this loss-making plan and an entrepreneur took over Riva for '*...a £ and some debt....*', turned it around and successfully sold it to the Ferretti group at the start of their decade of collecting quite a portfolio of Trophy brands.

Norberto Ferretti did a great deal with the private equity firm Permira and between 1998 and 2006, they acquired Bertram, Pershing, CRN, Apreamara, Mochi, Pinmar and Zago and the new Custom Line. With great timing, Permira sold 60% of the group to another private equity firm, Candover for €1.7 billion, although only 2 years later, the financial crisis led to a huge collapse. The Chinese state-owned company, Weichai, bought 75% of the Ferretti group for €180m (plus a circa €200m debt facility) and Candover collapsed its fund soon afterwards.

The South African mining magnate Graham Beck was a successful player acquiring Princess in the 80's, adding Fairline in the 90's and then selling both well before the crisis. LVMH bought Princess for around £200m and 3i backed a management buy-out of Fairline in 2004. Sunseeker also went through cycles and the Chinese Wanda Group bought in for a reported £300m in 2013, only a few years after some Irish investors had acquired a majority holding for a much smaller sum.

Another trophy asset was Bavaria which at its peak in 2007 was very profitably building 3,000 yachts a year in a purpose built, efficient factory with annual sales of €280m. Goldman and Bain acquired the business for 1.4 billion of equity and debt – and this influenced the heady prices paid ►



David at the helm of an Oyster 54

for other businesses – Oyster Yachts and Canados powerboats being two examples acquired by Balmoral Capital.

Only 2 years later as the financial crisis hit, Anchorage and Oaktree Capital thought they'd done really well acquiring Bavaria – and then also Grand Soleil and Dufour – at heavily discounted values. However, this consolidation didn't work - Dufour was taken over by its management, Grand Soleil was sold, and Bavaria went into administration in 2018.

Overall, between 2009 and 2014, these private equity firms, together with independent investors and debt providers collectively wrote off over €5 billion as enterprise values unravelled and many brands disappeared from the market.

In the superyacht sector, the sailing yacht global order book has been much steadier than the motor yacht sector. Averaging only 45 to 50 yachts above 30m between 2000 and 2020 and with a peak in 2013/14 of circa 60 yachts, this orderbook spreads out over 3 years or more and translates to only 10 to 15 new orders each year. The global market between 24 and 30m is similarly smaller than perceived with less than 10 new orders each year.

Over the past decade some great superyacht yards have closed – Alloy Yachts, Sensation Yachts and Fitzroy Yachts in New Zealand - Claasen has been absorbed into Vitters in Holland and Holland Jachtbouw has gone. Baltic yachts was kept afloat by the client building his 175' custom yacht 'PINK GIN IV' a few years ago as it ran short of cash and Perini has just collapsed in Italy with the Tabacchi family reportedly liable for €100m of losses and guarantees.

On a positive note, brokers reported a mini-boom in brokerage sailing superyachts last summer as the pandemic motivated buyers and this was followed up by orders for new sailing yachts between 30 and 60m with Vitters, Baltic and Royal Huisman in the last quarter of 2020 and Swan, Southern Wind,

Spirit Yachts and Oyster have good orderbooks in the 24 to 35m sector. Delivery times for many of these yards are now well into 2024 but overall volumes will stay around 20 a year above 24m in my view, with only 3 to 5 a year in the 40 to 60m sector.

The overall theme is that there is a short-term welcome energy from the Pandemic and in both the USA and Europe, there are groups of large players consolidating the markets for yachts and recreational vehicles, together with significant consolidation in both the retail side and the supply-chains.

In boating in Europe, Group Beneteau, the Ferretti Group and Hanse Group are the leading players. Poland plays a strategic role as a low-cost outsourced base for these and other builders. Around 20,000 yachts of all sizes were built in Poland last year and the huge success of the Finnish brand Axopar is partly attributed to their decision to outsource almost everything apart from marketing, to Poland. Beneteau's acquisition of Delphia in Poland is another example of strategic positioning and the Italian brands of Ferretti, San Lorenzo, Azmuth-Benetti and others benefit from a strategic partnership with large numbers of specialist sub-contractors who co-locate with the manufacturers along 50kms of coast-line between La Spezia and Viareggio just south of Genoa. It looks likely as I write, that either the Ferretti Group or San Lorenzo will rescue Perini which is also based in this region.

In contrast, Princess, Sunseeker and Fairline run mostly in-house, compete with each other with too many models and run R&D, management overheads and too many production sites spread between Plymouth, Poole and Northampton. I can imagine a merger of these three businesses being far better placed to deal with the European competitors and Brexit issues than if they remain independent – this of course, would need bold moves by their high-profile shareholders – LVMH ►

IN BOATING IN EUROPE, GROUP BENETEAU, THE FERRETTI GROUP AND HANSE GROUP ARE THE LEADING PLAYERS. POLAND PLAYS A STRATEGIC ROLE AS A LOW-COST OUTSOURCED BASE FOR THESE AND OTHER BUILDERS.

owner Arnault and the Chinese Wanda group. It might also create a need to look at the retail distribution side where currently Sunseeker London – an independent business running around 40 sub-dealers – has a turnover of about £200m, whereas the shipyard has a turnover of around £300m, and Princess London, similarly independent, buys around a third of the annual output from Princess in Plymouth and also runs a network of sub-dealers.

In the USA, the retail and supply-chain consolidations are setting trends which are already influencing European builders. MarineMax grew out of a consolidation of SeaRay dealers across the states. It launched a successful IPO recently, increased its transparency of reporting and started an acquisition trail aimed at addressing the whole life-cycle of boat ownership. Acquiring the charter and management brokers Fraser helped add Benetti yachts to its representation of Azimut in the USA; buying Northrop & Johnson and a niche insurance agency expanded the services and acquiring SkippersBuds Marina operations takes the group up to nearly €2 billion in annual sales. In parallel, another USA mega-dealer – the One-Water Group – is reporting sales up 25% plus and is also on the acquisition trail.

Retail operations are changing in the USA as a result of this where the client wants to buy now 'off the forecourt' and manufacturers working with these mega-dealers have to sell 'landed USA' and so take responsibility for certification and importing. Brunswick's Boat-Club and Boat-Class operations are other examples responding to the demand to rent rather than buy.

Lippert Components is a major player in the USA recreational vehicle (RV) market and has acquired Trend and Lewmar amongst other parts of its supply-chain. For boat-builders who used to source competing prices from Trend and Lewmar for hull and superstructure windows, this type of consolidation creates increased costs. Dometic in Sweden and Patrick industries in the US are also consolidating the supply-chain and boatbuilders are being squeezed by powerful retail and supplier groups with stronger balance sheets and associated rising share prices on public listings.

Summarising, the pandemic is driving a new enthusiasm for getting out and about in RV's and yachts of all sizes. The larger players with stronger balance sheets who can address the whole spectrum of R&D through to retail financing will emerge as the dominant groups over the next 5 to 10 years. Some more brands will disappear, and consolidation is both inevitable and necessary.

The peripheral and necessary areas of sustainability, of recycling the large numbers of old, composite boats clogging up rivers, boatyards and driveways across Europe and the US, cannot be addressed without consensus. Longer term structures and associated financing are essential for tackling the industry's green agenda.

Yacht owners now have expectations derived from other parts of their lives which means that our industry must respond if it is to develop the renewed interest in yachting coming out of the pandemic.

David started his career as a Naval Architect and Lloyds Surveyor in UK shipbuilding and the North Sea Oil industry. He followed his passion for sailing joining Beneteau in the late 80's and then building the Melges 24 yachts in his own start-up enterprise in the mid 90's. He returned to heavy industries with Vickers plc in the Marine division and a few years in strategic consultancy with Cap Gemini. He joined the Exec team of AWG plc and then Skanska plc in turnaround projects in UK construction before becoming CEO for Oyster just after Balmoral acquired the business in 2008. Sorting out Oyster through the post Financial Crisis issues, he repositioned the brand, led the development of the new product range and managed the sale to Dutch investors in 2012. Moving to become Chairman of Fairline in 2018, he is now running his own consultancy in the Marine & superyacht sectors. - Sue Grant / Editor

2021 BERTHON FORECAST

By Sue Grant

When I was sitting in my garden shed writing the 2020 Berthon forecast, there was chatter, press and some evidence of the Covid-19 virus. At the beginning of the year I had visited the Philippines very close to the seat of this world inferno and was vaguely surprised to be asked to wear a mask at the airport. At that time it seemed like a local difficulty that would be behind us sometime very soon and there was certainly no inkling of what was to come and that which is still very present. Our Berthon forecasting skills are obviously limited as we really didn't see that one coming....but then we were certainly not alone.

This glaring omission aside, there was much that the 2020 forecast got right. We opined that like all the best agreements, a deal would be struck between the UK and the EU based on mutual unhappiness on both sides with plenty of friction and ongoing hassle.

We also felt that Mr Trump would continue to figure large in life, but of course no one could have predicted what came after the grumpy election result which has shattered the illusion of the invulnerability of democracy in a nation who made the system its own. For all the tribulations, the yacht market was again, despite all, driven by the USA market which was and continues to be massively strong, as Americans strive to find a safe (and fun) place to spend time with family and friends. The yacht market has defied gravity in all areas of the planet, and nowhere has this been so evident as in the United States.

Undeniably we may have underestimated the difficulties of unravelling the EU/UK VAT situation for yachts and this continues to be a gaping wound full of contradictions which will take years rather than months to iron out, as both sides compete to collect revenue. However,

departure from the open market does give UK yachtsmen the ability to yacht in Europe from 1st January at a 20% discount over their European friends, but with the Schengen time restrictions being the unfortunate twist in the tail. Will they really export you for the overstay, or attempt to tax your earnings as if you lived there? If cruising from country to country, in which will the tax be due?

Our predictions for Berthon Scandinavia, our newest office, proved correct with the splendid first year result, although it must be said that at the height of the first lockdown it certainly did not seem as if this could be the case, as international yacht sales became a real problem for this office.

Throw in FPB which continues to thrill both their owners and the yachting world, with Steve and Linda Dashew's FPB 78 selling to a European family towards the end of the year, and sales movement in the fleet continuing throughout the year.

Our predictions of super yacht regattas and much performance sailing, was very nearly totally wrong with barely a few events occurring, but this has produced more interest in performance cruising yachts which is a market that continues to grow with innovative and exciting designs, as builders use the best of modern race technology to deliver fast, strong and easily sailed yachts that can be enjoyed by families rather than gorillas.

Despite masks, distancing and lockdowns, the previously owned sales of the Discovery brand yachts have been brisk with prices holding, which has been great to see.

And so what of this year? With our glass firmly in the half full position, we predict another good year for yachting and for our industry in 2021, despite the extremely unpromising start. In the UK, in total long lockdown and with Berthon USA, Berthon France, Berthon Spain and

Berthon Scandinavia not far behind, it is easy to be downbeat about what this year has to offer. For all the difficulties, tragic loss of life and pain, there is however, a ticket out of this situation in the form of the vaccinations that all nations are now starting to roll out. As these programmes gain momentum, we will see tens if not hundreds of millions of our fellow humans vaccinated against this awful Covid dragon over the coming months.

Despite the economic damage done all around, the equities market remains strong, and people have not spent (when did you last visit a restaurant?) so there is a wall of money ready to be used to reflate the planet's economies and to start the business of living again as soon as it is safe to do so.

We predict that, as with last summer and autumn, people will want to use resource to enable them to get out on the water. Undeniably, there has been a lot talked about the fact that a yacht is an escape capsule, a safe place to isolate away from Covid-19 and hence a way to protect family and friends.

However, we believe that the main driver in the next phase will be the need to spend quality time with your special people, and also to have fun.

Fun motoring or sailing quickly, or maybe not so quickly. Local cruising and just hanging out. Or maybe the chance to stop talking about high latitude or sailing the Pacific or the Southern Ocean but just the chance to actually get out and do it, satisfying the natural need to get away from the restrictions that all nations have imposed on their people in the past 12 months and to be free.

This increased demand will not be hidebound by the current restrictions of movement which have made live viewings, trials and movement of yachts and people so difficult. We do think ►

that some restrictions will be with us for really some time, but the need to simply stay at home, will be gone. This will hoover up a number of yachts currently on the market.

Even now, shipyards are busy building the yachts that were ordered in the last spike of sales activity from May to December 2020. They, like everyone else, have struggled with Covid restrictions and sickness on site. Therefore, when the next spike comes, the difficulty will be delivery and we predict that for many new yachts, deliveries will be offered as far out as 2023/24.

The brokerage market will have similar pressures. A lot of yachts have now sold, and the world stock of second hand yachts is dwindling. When the pressure comes on again, prices will harden rather than soften as dictated by those good old fashioned laws of supply and demand. If you are looking to bag a real bargain, we suggest that 2021 is simply not your year, so the real decision is whether you want the ability of enjoying being afloat with friends and family.

And as for other predictions. The VAT question will run and run, and we will still be arguing about it and trying to understand the regulations as well as the local interpretation of it well into 2022. It seems unlikely to us that there will be any cosy moratorium of the sort that has been discussed in some circles, where all yachts both European and UK owned are all marked down as VAT paid in both territories if they were VAT paid on the 31st December 2020 at midnight. Essentially, this situation will shake out as people use yachts in Europe and the UK and there will be masses of grey areas. These will only be dealt with properly when these yachts come to the market and a definite status is agreed for each yacht. Even at this point, as the broker 'jam in the middle', we predict that interpretation and local rules, as was always so, will continue to make the establishment of the VAT paid status of yachts, something of a dark art.

RCD is but a minor bump in the road yet we will see most yachts for sale in Europe and UK both European and UK RCD marked. It will become the norm.

It is also our hope rather than a prediction that the polarisation of Brexiteer to Remainer, and UK national to EU national will cease and that together we will find a new harmony now that Brexit is done, and work and play together as fellow yachtsmen and inhabitants of the same, lovely planet.

It is always risky to try to predict the weather, so again we will side step this again, except to say that in the UK at least, there is bound to be plenty of it, and it will continue to be the British nation's conversation subject of choice.

For this year, the biggest growth in our industry will be in bluewater cruising, both sailing and clockwork. We predict that the pandemic will be the driver for people's plans to be brought forward and now will be the right time to start the adventure, bolstered by the flagged change in Capital Gains Tax in the UK that may tempt business owners to sell sooner than they otherwise planned. The explorer yacht concept for which FPB is we believe, still the pinnacle, will be a serious growth area and we expect to see more yachts like FPB and fewer iterations of a standard flybridge power boat with some different coloured go faster stripes.

As mentioned earlier, bluewater cruising yachts are selling like hot cakes. The order book at Oyster is full to bursting and other bluewater yacht manufacturers are in the same condition.

We also expect to see more yachts like the Marko Pas Pegasus 50 – of full carbon which is innovative, light and thoroughly liveable with simple systems and the focus on living well rather than the traditional format that has been accepted until now.

We hope to see more of these small yards building yachts of this genre and exploiting modern technology in a new and exciting way.

And what of Berthon? The Sales Group grew during 2020 and we are super proud of our big service and refit shed in Mallorca, and our great sales offices in the UK, Spain, Scandinavia, France, and the USA. We are excited to be able to offer a Mediterranean centre for refit and repair

and also a full guardiennage service for those yachting in the lovely Balearics. UK yachts in EU could seek VAT free refits, and if you are off around the world and buy or have an EU yacht, tax free refits in the UK are a good option. Berthon UK has a large Customs Warehouse and expertise in using IPR status.

We predict that for 2021, personal contact will be more important than ever before and whether that is via Teams, WhatsApp and Zoom, wearing a mask with 2 metre distancing or more comfortably having a chat in the cockpit of one of our amazing Berthon fleet members, this pandemic has taught us the value of communication.

Indubitably, along the way there will be plenty of circuits and bumps and Covid is something that we will all have to learn to live with in some degree for several years to come. However, it is always darkest just before the Day dawneth (Thomas Fuller, 1650) and with a new season dawning in the Northern Hemisphere and the promises of shorter days and cool evenings in the Southern, as the world gradually reopens, so will boat shows, rallies, regattas and all the rest. Low key to start with and then later, who knows?

We don't expect to see many boat shows in 2021, although smaller private showings will go ahead and be well attended. We suspect that you should start to populate your diary with boat show entries starting in 2022, but we are hopeful if not confident that the traditional autumn boat shows of Cannes, Annapolis, Southampton and FLIBS will be run in some form in 2021.

And so as we transit through 2021 we do so gingerly but with enthusiasm, with a new website and new facilities in Mallorca, together with a massively enthusiastic team, all working together and very aware that for now we are perilously close to a lee shore. However, that will pass and whilst accurate passage planning remains inexact in these extraordinary times, we will be keeping a firm hand on the wheel and looking forward to working with you to realise your yachting plans, and as ever with this forecast go our **best wishes for fair winds and good sailing this year.**

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