

PRIVATYACHTS

# CHANGING COURSE

*Superyachting is adapting to a slower market, with consolidation and refinancing on the business side and a fleet of new features and designs to pique customers' interest. Frances and Michael Howorth report*

## THE SUPERYACHT SHOW SEASON

sets off in Southampton each September and crashes quickly into Cannes. Magnificent Monaco comes at the end of the month, then there's a final hurrah in October at the Fort Lauderdale International Boat Show. Despite the chaos and mayhem that they bring, the shows are a good way of gauging the state of the industry and provide an ideal starting point from which to look at trends in superyachting.

The past 24 months or so have not been happy for those at the selling end, but that simple fact has opened up opportunities for those seeking to enter the market or change boat. The overpricing of recent years has disappeared, and where the cost of a yacht is set at a realistic figure, the market is definitely still active.

Top superyacht broker Jonathan Beckett, CEO of London-based Burgess, has been in the industry since the early days and is quick to grasp new trends and fashions. Looking into his crystal ball to give his view of the future, he says: 'The whole superyacht business is undergoing a change and we must learn to embrace it or be lost. We do things very differently to many other firms and act more like a team than a group of self-employed contractors, each intent on looking after their own interests. With our business model I believe that not only do our staff benefit from being part of one organisation that spans the world but so too does our client – and so he should; he's the one paying the bill.'

Becket continues: 'Acquisitions are another route to expansion that Burgess will investigate. We have done it before with Tom Collins and Crestar, and could well do it again. The business will change dramatically over the next five years or so. The central agency market will alter, small independent brokers will disappear from the marketplace and I would not be surprised to see one or two of the larger brokerage houses merge to form one new supergroup.'

HERE: *the superyacht*  
Tenacious

**RIGHT:** *Beluga, Emperor of the Sea is a concept pioneering the use of glass.*  
**BELOW:** *swim platforms have become beach clubs, as seen here on Big City*



When that happens it will be a defining moment in the history of superyachts and the fee structures as we now know them will definitely change.'

New markets are being explored by other firms. Italian luxury yacht maker Ferretti Group is looking for partnerships in the developing world after restructuring its €1.1 billion debt last year. Salvatore Basile, its CEO, says that sales could return to pre-crisis levels in 2013–14. He confirmed that he was in talks with potential partners in China, and aimed to enter the Indian market. As part of its expansion, the group has just set up a company with Brazilian firm Spirit to provide sales services.

The designs of yachts themselves are changing as builders seek new ways of exciting customers. Master staterooms are featuring drop-down balconies so that owners can take breakfast privately on deck without having to leave the security of their cabins. Later when they emerge to greet their guests, they do so onto wider expanses of open deck and more luxury in the way of on-deck features.

The majority of superyachts now sport a spa pool on the sundeck and an increasing number are being fitted with gymnasiums with all manner of machinery designed to build the body perfect. What was, in years gone by, a humble swim platform at the water's edge has now evolved into a beach club. At its simplest, acres of teak decking are covered in sun loungers once the yacht is at anchor. The more sophisticated versions have dedicated open areas for massage rooms and steam showers set into what was once just the yacht's garage.

While the craving for bigger yachts seems set to continue with yet more new yachts being built above 130 metres, there are signs that some owners are seeking to downsize. Having once owned yachts in excess of 120 metres, they are now building new ones around the 85 metre mark. The reason is not always economic. Serial superyacht owners Larry Ellison and Paul Allen are both reported as having found the largest of their yachts too big to get into some of their favourite ports and harbours.

The search for the elusive green, or eco-friendly, yacht continues in the face of the obvious objection that the concept of a green superyacht is preposterous. Design after design drops off the drawing boards of frustrated car designers and building-concept students with little real idea of naval architecture or what it is that keeps a boat afloat in a storm. The eco lobby wants the use of teak as a deck material to cease. Purists disagree, pointing out that teak logs are natural, long lasting and provide employment for



## CALMER WATERS FOR BOATYARDS

Even the world's superyacht-buying classes have been hit by recession, but business is now improving for builders.

Yacht-buying habits have changed among consumers from the USA. 'People are going to continue to buy boats, but more cautiously, without applying for as much financing,' concludes a 2010 study made by BrandSpark International.

The survey got responses from 1,885 owners and found that consumers are generally not leaving boating. Nearly half said they will be in the market for a yacht in the next three years.

Across the Atlantic, Superyacht UK, the superyacht association of the British Marine Federation, reported on the value of the UK superyacht industry. Whereas in 2008/9 it was £410 million, in 2009/10 it stands at just over £420 million. Activity and workload in the sector remain healthy, with 43 per cent of members reporting a higher workload now, compared to the previous 12 months. Only 18 per cent say they are experiencing a lower workload.

However, the impact of the recession is evident in the value of work. Here increases are still positive but smaller, with revenue up 12 per cent and profit up seven per cent. Only eight per cent of those polled have a negative outlook on the next 12 months, with the majority (58 per cent) rating future prospects good or excellent.

those in countries where the trees flourish. They point out that fake teak is a chemical compound and not nearly as green or eco-friendly as it sounds. On the other side of the argument comes the claim that it is immoral to use teak from Burma, where human rights are curtailed and labour enslaved to fell trees over 100 years old – and then, just five per cent of the timber cut will end up actually being used. The good news is that it gets everyone hunting for alternatives. Some have gone as far as decking a yacht with a stone compound while others believe the future of superyachting lies in craft built extensively of glass.

One combination of outside-the-box thinking comes from two Dutch companies: Puresang, a funky creative group, and Glass Deco, who specialise in the use of glass, have come up with a concept they call *Beluga Emperor of the Sea*. This fresh and innovative idea for a superyacht is an outrageous 90-metre design that derives its shape from a whale and an old fisherman's boat. Glass has been used to create an outside-inside feel. The yacht has conservatories with sliding roofs and huge balconies that extend forward. Instead of a beach club aft, the whole forward deck is an outside entertainment area with lounge area, bar and a proper swimming pool (not a little plunge pool), designed for use while the yacht is underway.

If the concept catches on it could even shatter a few of the current trends in superyacht construction. ■■