

# Market

## R E P O R T

From this issue market analyst Malcolm Wood and business reporter David Robinson will be examining the market for yachts over 30 metres by region rather than by subject. This will enable us to explore the strengths and weaknesses of each territory that are not always apparent when merely looking at the order book/building capacity. We will therefore also be commenting on the other sectors of the industry in each region such as finance, brokerage, ports/marinas, suppliers and services, etc.

## United Kingdom



In the days of the British Empire, the UK was always at the forefront of large yacht market competing with the United States as the world leader in the building, operating and ownership of large steam and sailing yachts.

In those early days of prolific yacht-building in the late 1800s/early 1900s and the period leading up to the Wall Street crash in the late 1920s, the UK was perceived as the premier yacht building nation of vessels of outstanding quality and design.

Yards such as Camper & Nicholson's, Ramage & Ferguson, Stephen, Fife, Fairfield, Scott, Henderson, Thompson, Brown, Denny, Ailsa, Swan Hunter, Hawthorne, Inglis, Yarrow, Thornycroft, and White were the most notable yards of those heady days.

Only Camper & Nicholson's and Thornycroft, now Vosper Thornycroft, survive today.

While there is little doubt that the UK in current times is but a shadow of its former self in terms of building large yachts, the country's status in the

large-yacht market is upheld by the large number of designers, naval architects, suppliers and service companies, brokerage houses, flag registration companies, etc.

When you also take into account that the UK is also one of the world's largest financial and insurance markets and is home to the MCA, the main legislating body for the industry, it is clear that the UK's position is a leading one.

The prominence of the UK flag and the fact that a high percentage of captains and crew are of British nationality further illustrates just how important a role the country plays within the industry.

### World Fleet over 30 m by Country of Build

If we examine the current fleet of yachts over 30 m comprising some 2,243 units, the UK still commands fourth place in the number of yachts built behind the USA, Italy and Holland. This position is unlikely to be maintained in the next few years as a high percentage of British built yachts are now more than 50 years old, with the result that many will disappear in the not too distant future. (see table 1)

Table 1 – World Fleet of yachts over 30 m by Country of Build

Country of Build	No. of Yachts	Country of Build	No. of Yachts
Argentina	7	Netherlands	359
Australia	56	New Zealand	37
Austria	1	Norway	19
Bahamas	1	Oman	2
Belgium	5	Philippines	2
Brazil	11	Poland	11
Burma	1	Portugal	2
Canada	78	Singapore	3
China	3	South Africa	10
Croatia	1	Spain	27
Denmark	31	Sweden	26
Egypt	3	Taiwan	10
Fiji	2	Thailand	5
Finland	13	Turkey	77
France	53	UAE	1
Germany	145	UK	171
Greece	34	Ukraine	1
Hong Kong	9	USA	509
Indonesia	5	USSR	3
Italy	443	Yugoslavia	8
Japan	26	Zimbabwe	1
Malaysia	1	Unknown	29
Mexico	1	<b>TOTAL</b>	<b>2,243</b>

Table 2 – UK built yachts over 30 m by Builder

Builder	Current Fleet	On Order	Builder	Current Fleet	On Order
Ailsa, Troon	1		Hinks, Appledore	1	
Atlantic, Newport	1		Howard, Maldon	1	
Austin & Pickersgill, Sunderland	3		McLean, Renfrew	1	
Beardmore, Glasgow	1		Newman, Poole	1	
Berthon, Lymington*	1	0	Osborne, Littlehampton	1	
Bideford SY, Bideford	1		Pendennis, Falmouth*	9	2
Bolson, Poole	1		Percival, Horning	1	
Brazen Island, Fowey	1		Perry/Cushla, Strood	1	
Brooke, Lowestoft	11		Philip, Dartmouth*	4	0
Brown, Clydebank	1		Ramage & Ferguson, Leith	2	
Camper & Nicholson's, Gosport*	42	0	Rennoldson, South Shields	1	
Carver, Bridgewater	1		Reynolds, Lowestoft	1	
Clelands, Wallsend	4		Richards, Lowestoft	3	
Cochrane, Selby	2		Samuda, London	1	
Cosbey, Lowestoft	1		Scarr, Hessle	1	
Cox, Falmouth	1		Scott, Greenock	1	
Cubow, London	1		Souter, Cowes	2	
Day Summers, Southampton	1		Stephen, Linthouse	3	
Devonport, Plymouth*	1	2	Stow, Shoreham	2	
Dickie, Tarbert	1		Summers & Payne, Southampton	1	
Dorset Yacht, Poole	1		Sunseeker, Poole*	3	3
Drypool, Hull	1		Thornycroft, Southampton	3	
Fairfield, Glasgow	1		Tough, Teddington	4	
Fairmile, Berwick	3		Upham, Brixham	1	
Fife, Fairlie	5		Vosper, Portsmouth	4	
Fraser	1		Vosper-Thornycroft, Portsmouth*	2	1
Gibbs, Galmpton	1		White, Cowes	7	
Goole SB, Goole	1		Yarrow, Glasgow	3	
Green Marine, Lymington*	1	1	Unknown builder	8	
Hall, Aberdeen	1		<b>TOTAL</b>	<b>171</b>	<b>9</b>
Hall Russell, Aberdeen	3				
Harland & Wolff, Belfast	1				

\* denotes active yard

**UK built yachts over 30 m by Builder**

With just seven yards currently building yachts over 30 m in the UK, a revival of the country's fortunes in the new-build stakes seems unlikely although several of the yards are doing well in attracting orders.

Camper & Nicholson's, now owned by the Nautor/Swan group, accounts for 25% of the UK built yachts over 30 m, whilst the now defunct Brooke Yachts has 6.4% and the highly active builder Pendennis currently stands at 5.3%.

Falmouth-based Pendennis has two yachts over 30 m on order at present and can be perceived as the UK's leading builder.

The very successful Sunseeker yard at Poole recently started building motor yachts over 30 m and have plans to further extend their presence in this sector of the market.

Other British yards active in the marketplace are Devonport, currently building seriously large motor yachts and Vosper Thornycroft with the soon to be completed and highly spectacular Mirabella V.

Performance sailing yacht specialists Green Marine occasionally build yachts in the sector while Oyster Marine are planning a new sailing yacht range of 100 feet. (see table 2)

**UK built yachts over 30 m by Year of Build**

As mentioned above, the fleet of UK built yachts is ageing rapidly with 46.7% now over 50 years of age. Just over 25% of these are motor yachts and almost 22% are classic sailing yachts. Whilst the majority of the motor yachts are unlikely to survive, the sailing yachts are in the

Table 3 – UK-built yachts over 30 m by Year of Completion

Year Built	Motor Yachts	Sailing Yachts	Totals
1952 and earlier	43	37	80
1953 - 1962	23	6	29
1963 - 1972	18	0	18
1973 - 1982	8	3	11
1983 - 1992	10	5	15
1993 - 2002	7	11	18
<b>Totals</b>	<b>109</b>	<b>62</b>	<b>171</b>

more enviable position of being collectors items kept in first class condition by their wealthy owners.

British built yachts completed in the last twenty years account for 19.3% of the UK built fleet, with the last ten years showing an increase of 1.7% over the 1983 to 1992 period notably in the number of sailing yachts delivered. (see table 3).

## Market Analysis

Table 4 – UK built yachts over 30 m by Owner Nationality

Owner Nationality	No. of Yachts	Owner Nationality	No. of Yachts
Argentina	1	Japan	1
Australia	6	Kenya	1
Belgium	1	Lebanon	1
Brazil	2	Malta	1
Canada	1	Mexico	1
Chile	1	Monaco	3
Cyprus	2	Norway	1
Czech Republic	1	Philippines	1
Denmark	1	Russia	1
Ecuador	1	Saudi Arabia	1
Egypt	1	Spain	2
Europe - unspecified	9	Sweden	2
France	5	Switzerland	6
Germany	5	Trinidad	1
Greece	12	Turkey	4
Holland	11	UAE	1
Hong Kong	1	UK	31
India	1	USA	29
Ireland	2	Venezuela	1
Italy	18	<b>TOTAL</b>	<b>171</b>

### The UK's Superyacht Supporting Cast

While the UK may not be a major superyacht builder anymore it probably can claim the strongest supporting cast when it comes to all the important back-up services and facilities owners require to design, build, operate, insure and charter large yachts. The UK is not the maritime country it was, say, 50 years ago, but London has retained, and in a number of areas enhanced, its position as a leading world-class maritime centre offering a wide range of professional and quality services, expertise and much more.

When it comes to the superyacht market, the UK can claim a very significant involvement across the board. However, the UK has never before collectively marketed these strengths as a single benefit, but all that is changing. Under a 'Superyacht UK' banner, the British Marine Federation (BMF) has launched a number of initiatives to help companies enhance their competitive edge and export activities, as well as training and technical support for individuals in the industry.

Also, very significantly, a group of 14 companies from the industry will be attending the Monaco Boat Show in September where the 'Superyacht UK' brand will be officially launched. The Chair of Superyacht UK is Martin Redmayne, Publisher of *The Yacht Report*. John Clarke, Chief Executive of the BMF, commented: "The British Superyacht sector has for many years been highly successful – this new initiative can only help to secure its continued success in the international market."

With a wide array of supporting services, some of the leading players in those areas refer to a number of common strands emerging to explain the UK's unrivalled position. Inevitably the first and most commonly mentioned is the UK's long-established maritime traditions. While these may be serving the needs of overseas rather than British owners these days they are also participating very substantially in the superyacht sector.

In the brokering, chartering and agency services, companies such as Camper & Nicholson, Nigel Burgess, Cavendish White, Edmestons and the Yachting Partners are just a few of the key providers. As Nick Baker at C&M said: "London is a very strong centre for yacht broking; the only real difference is that it does not have any large yachts sitting outside your office window." He and others emphasise the professionalism and quality of service that UK broking houses offer their clients, who come from all over the world.

The English way of doing things and its reputation for fairness is still alive and thriving in the superyacht industry and seems to have a great appeal for many international owners, yards and other interested parties. Another plus is the attraction of London as a destination. Many owners have homes in England or pay regular visits for both business and social reasons. The other appeal

### UK built yachts over 30 m by Owner Nationality

Who owns all the UK-built yachts in the present fleet? A good question but the answer does not really provide a pointer to which clients may be keen on building vessels in the UK as the majority of British built yachts have changed hands many times. Unsurprisingly perhaps, UK owners are at the top of the list closely followed by the Americans. Italian, Greek and Dutch owners are also prominent. It should be noted that several yachts are attributed to unspecified European clients, therefore the true numbers may be slightly different to those listed. (see table 4)

### UK built yachts over 30 m by Engine Manufacturer

No real surprises here as the makes of main engine used in British-built yachts largely follow the world fleet figures. Caterpillar account for just under 16% of the market, whilst MTU (10.5%) and GM/Detroit Diesel (8.2%) combined have an 18.7% share. British-built Gardner diesels are used in 13.5% of UK-built yachts over 30 m and other prominent makes include MAN, Deutz-MWM, Cummins and Volvo Penta. The formerly popular Rolls Royce main engines are still in use on five large yachts. (see table 5)

Table 5 – UK-built yachts over 30 m by Engine Manufacturer

Engine Manufacturer	No. of Yachts	Engine Manufacturer	No. of Yachts
Caterpillar	27	Rolls Royce	5
Gardner	23	Mercedes	4
MTU	18	Ford	3
GM/DDC	14	Lugger	3
MAN	12	Paxman	3
Deutz-MWM	8	Other makes (25)	34
Cummins	7	Unknown	4
Volvo Penta	6	<b>Total</b>	<b>171</b>

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is London's international transport connections, making it easy to get practically anywhere in the world quickly. It is this spread of benefits which underpins the strength of the UK's presence in the superyacht market, and this is fully complemented by the professionalism of the advice and services provided by UK companies no matter what their role is.

The UK cohort of superyacht designers is now legionary. The one name all designers mention is Jon Bannenberg. While he was not a Brit, his contribution to making the UK the leading yacht design centre in the world is unequalled. The roll-call of designers includes Ed Dubois, Terry Disdale, Don Starkey, Andrew Winch, Redman and Whiteley, Tim Heywood and John Mumford, to name a few.

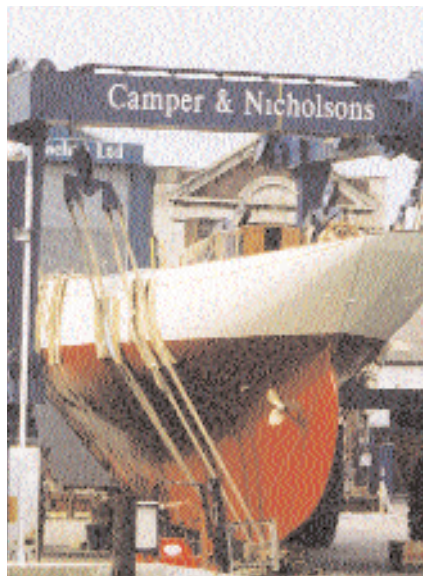
As Don Starkey commented: "The UK is certainly the leader in the yacht design field internationally. We have a broad spread of clients not only from Europe but also the US, New Zealand and elsewhere. Jon Bannenberg had a strong influence and gave us all a lead." He added that: "There are many more designers getting in on the act, but like the fashion industry we are the rock stars of this particular business. All the designers are getting repeat business and new business, so we must be doing something right." Redman Whiteley mentioned Jon Bannenberg as well as the Royal College of Art which help give London and the UK its lead in design and not only in the superyacht field.

"We probably have the most diverse amount of talent compared with anywhere else in the world," suggested Andrew Winch. "The competitiveness has been hindered in the last few years by a high sterling value compared with other countries. UK design is very valuable internationally. The very traditional design education in the UK of interior, furniture and industrial design definitely supports our strong position." In terms of competition, Winch added that: "All countries are improving. It is up to the leaders in the UK industry to maintain their strong standing by providing the best projects. We will lose our position if we practise mediocrity rather than excellence."

Allied very much with design as part of a new build or conversion are the roles of consultants and project managers. Here, too, the UK can boast a number of companies with international reputations, such as Burness & Corlett and Three Quay Marine Services Ltd and others who offer the market a wide range of services.

When investing in a yacht, having access to appropriate insurance and legal services is essential and here again the UK's maritime heritage provides a professional and effective legacy. In both these key sectors there are specialist companies which can provide owners, yards and others quality advice and expertise derived from a strong participation in the business generally drawn from a large international client base. In insurance Cameron, Richard & Smith, Marsh Private Client Services, Sturge Taylor and Pantanius are among the leaders.

"The UK is the leader in the world of superyacht insurance and it is not just because of our maritime past," says Steve Laurie of Marsh Private Client



Services. "London is still the global centre for maritime insurance and that includes superyachts. You have both the Lloyd's syndicates and the companies and the only real change is that nowadays you will have to go to a number of underwriters to secure the cover, whereas in the past some syndicates would have taken on a large yacht by themselves. Post 9/11," he explains, "all the insurers reviewed their capacity and what they were insuring and the returns. This resulted in a number reducing their exposures and risk to the superyacht sector. By contrast, though, there are new companies coming, so, if anything, London is getting stronger than ever. London is also very flexible compared with some overseas markets and it has provided new products to meet market needs."

In the legal field names like Clyde & Co., Hill Dickinson, Bond Pearce and Lester Aldridge Solicitors are among the group of UK leaders. Tony Allen of Hill Dickinson emphasises the important part English law plays in the superyacht field – often

being preferred over alternatives because of its clarity, simplicity and endurance over many years, having been such a strong force in the maritime and yachting areas. He reports that personal recommendations often lead to business, with many international companies preferring UK lawyers because of their reputation for good ethics and professionalism. He points to his own company as being a specialist superyacht team as an example of this. "We are not shipping lawyers who are now dealing with yachts."

The UK has also taken a lead in providing safety standards and regulations in the superyacht industry. The UK's Maritime and Coastguard Agency (MCA) has over the past eight years established a strong presence in the superyacht market, not least through its Large-Yacht Code launched in 1997, now recognised as the international safety standard over 24 metres long. This is currently being revised through a wide international consultation process which should result in a new code being introduced towards the end of this year. Initially well received in some quarters but not in others, the Code today is being increasingly accepted as the benchmark to which yachts, particularly in Europe, are being built and also used by charterers as a standard for craft operating in their marketplace.

The MCA developed a second strand to its superyacht activities in 2001 with the launch of Ensign, which is headquartered in Newcastle. Ensign provides a dedicated team of eight surveyors and support staff, which has considerable experience in the application of the Code. Their survey and consultancy work takes in both UK flag superyachts, as well as others. In addition to surveying existing vessels, they also help designers and shipyards to meet safety standards and match them with the creative and innovative design element of the superyacht market. The MCA is holding seminars at various forthcoming shows to present the new code and also highlight the services Ensign can provide.

Seafarer standards are the third area of the MCA's superyacht portfolio. The MCA claims that it is the only world maritime administration to give advice on certification for crew and officers for yachts. For the future the MCA may try to incorporate its Large-Yacht Code into IMO depending on international support.

There are other areas such as marine equipment, supplies and bunkering where the UK can offer companies which often are among the leaders in the world. For superyachts visiting the UK there are several marinas with good facilities. Although the U.K. may not be dominating the order book, it is fair to say that our involvement and influence as a market force is significant.

In the next issue of *The Yacht Report* we will be examining the industry in Italy, France and Spain. If you would like to provide information for this section please contact Malcolm Wood at [malcolmjwood@wanadoo.fr](mailto:malcolmjwood@wanadoo.fr)