

# YACHTING & MARINAS

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## Asia takes the helm in choppy waters

The shift in global economic power is changing the game for the superyacht and pleasureboat industry, writes **Victor Mallet**

Nearly four years after the collapse of Lehman Brothers, the luxury yacht industry continues to struggle with a persistent economic crisis in its core European market and the tentative nature of the recovery in the US.

The yacht sector is large and highly diversified, and there are some prominent bright patches in the generally gloomy outlook – including strong demand for the largest motoryachts from very wealthy Middle Eastern and eastern European customers, hopeful signs of growth from emerging markets such as China, and some sailing achievements that cast a glow of good publicity over the whole marine industry.

In general, however, while the fleet of superyachts grows inexorably, profits do not – at least not for brokers struggling with collapsing prices for second-hand yachts or marina operators trying to amortise big investments. Banks that over-

exposed themselves to yacht buyers before the crisis are trying to offload repossessed vessels and further depressing second-hand prices.

According to The superyacht Group (TSG), the fleet of superyachts – pleasure vessels longer than 30 metres – has risen fourfold since 1985 to reach 4,209 by last year. But annual deliveries peaked at 259 in 2008, and have fallen steadily since to 173 last year. The order book – the number of big yachts under construction – peaked in 2009 at 587 and is now down to 415.

Martin Redmayne, TSG chairman, says: “Europe and the US, the core markets of the yacht industry, are still there and the clients are showing interest, but their appetite is being stalled by what’s happening domestically.”

In western Europe in particular, this is an important industry. In an economic impact study published this year, The superyacht Intelligence Agency, part of TSG, concluded that more than 6,000 companies were involved in the sector and that superyachts contributed up to €24bn in revenues to the global economy in 2010, as well as providing jobs for 33,000 crew and more than 200,000 others in manufacturing and services.

Yet the superyacht business and the broader pleasure yacht sector are starting to undergo



Classically trained: a crew gets to grips with the J Class Velsheda, built in 1933 at Gosport for the chairman of Woolworth's. (Read Richard Donkin's article on this summer's planned J class regattas at: [www.ft.com/yachting-marinas-2012](http://www.ft.com/yachting-marinas-2012))

The J Class Association

some profound changes as a result of the shift in global economic power from west to east.

In an emblematic manufacturing deal at the end of last year, Ferretti, the debt-laden Italian yachtmaker, was taken over by China's Shandong Heavy Industry Group for a fraction of its pre-crisis valuation of €1.7bn in 2007.

And on the marinas side, First

Eastern, the investment group of Hong Kong-based businessman Victor Chu, bought a stake in Camper & Nicholson's Marina Investments (CNMI), which is traded on London's Aim and established a joint venture with it to develop luxury marina and property projects in Asia.

Nick Maris, CNMI chief executive, says: “In the west, we have some years to go in this kind of

rather uncertain [economic] climate.

“In the east, it's a totally different picture... In Asia it's an independent market with its own dynamics. The difference is that it's virgin territory and will be very fast growing.”

Despite the hopes of eager brokers and yachtmakers, China's growing pool of billionaires and millionaires have yet

to take to the sea in a big way, partly because yachting is an unfamiliar pastime and partly because of the need for discretion in turbulent political times.

Chinese yacht owners, like those in Brazil, Russia and Italy – and perhaps France now that the Socialist Francois Hollande has been elected president – face

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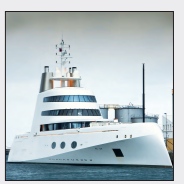
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## Yachting & Marinas

# Soaking the rich can be counterproductive

### Taxation

The overall economic benefit of the industry must be considered, says **Richard Donkin**

Vladimir Putin, the Russian prime minister, sent a shiver down the spines of the country's wealthy elite in February by announcing plans for a super-tax that would be levied on luxury goods such as large yachts and sports cars.

In Italy too, superyacht owners found themselves on the fiscal radar in December, when the Italian government signalled plans for a mooring tax. After industry lobbying, the tax, which has yet to be enacted, has been watered down, so that the proposal now is to levy it only on Italian nationals.

But, while both developments might have led to some unease among superyacht owners, any fears of a

general trend towards soaking the rich through taxation of their playthings are likely to be misplaced.

If anything, robust lobbying for an easing of taxation among charter yachts in Spain could signal a more enlightened approach to taxation in the yacht industry, one which recognises the economic value of regular yacht use and chartering.

The Spanish yacht charter industry has been all but destroyed by the matriculation tax, a tax on registration of yachts over eight metres that must be paid in addition to VAT.

With Spanish VAT at 18 per cent and matriculation tax at 12 per cent this means buyers of moderate to large Spanish yachts face a surcharge of nearly a third of the retail price.

A recent report for the National Nautical Business Association in Spain estimated that in the Balearic Islands alone last year, income from the tax amounted to €1.5m.

But in collecting the tax, it said, the Balearics lost out on a potential income of €600m through extra traffic, marina revenue, and shop, restaurant and other retail spending that would

have been generated by visitors on charter boats that have been deterred from operating in Spanish waters.

Patricia Bullock, director of yachting at Altius, a Spanish shipping group, says the Spanish Government is shooting itself in the foot by persisting with a "negative tax".

She adds: "They have effectively



**Small request:** Patricia Bullock of Altius shipping wants the Spanish government to lay off the chartered yacht industry

plugged what would otherwise be a fountain of income for the Spanish economy."

Much of the economic damage could be reduced, Ms Bullock argues, by introducing a blanket exemption from the tax for charter boats.

"Boats of less than eight metres don't have to pay the tax and charter boats up to 15 metres can claim

exemption from the tax. All we're asking for is that the 15-metre limit is removed, so that all charter boats can claim exemption from the tax.

"We don't want to do rich people favours. We want rich people to come to Spain, spend their money and inject it in to the economy.

"Every day, I get three or four inquiries about this tax from charter owners. If the Government could turn the key on this tax situation it would open a floodgate of upmarket tourism in Spain. Marinas, shipyards and related industries would all benefit."

Spain's loss has been France's gain in the charter industry. France allows a full commercial exemption from VAT for charter boats that start their charters in France.

James Lawson, a superyacht lawyer at Hill Dickinson, a maritime law firm, says: "This means that many Mediterranean yacht charters begin in France. So that's flights, hotels, victualling, fuel – all that spend going to France.

"It's been said that the benefit of this to the French economy is 30 times higher than the VAT income it

would have earned had it continued to charge VAT. So France has cornered the charter market as a result."

Since VAT is by far the most significant tax facing superyacht owners in Europe, some owners may be attracted to various leasing schemes operated in certain countries that can lead to a net reduction in the VAT bill. But most European owners are advised to pay VAT.

Ms Bullock says: "Yachting is recreation and people want peace of mind and they want to enjoy their yachts. They don't want to have to worry all the time about legal and tax set-ups."

However, there are important VAT exemptions available in the EU for foreign users of yachts that are registered and flagged outside the EU.

Non-EU residents and their yachts can benefit from an 18-month dispensation from VAT called temporary admittance. But there are pitfalls.

Ms Bullock explains: "If you're an Arab, Russian, Chinese or American, say, you can bring in your boat flagged in Grand Cayman or somewhere outside the EU but it must be used by non-EU people. If half a dozen

Brits, for example, are having a jolly on your yacht and it hasn't paid tax, then you could have serious problems since yachts are inspected. Owners who have been badly advised can be caught out that way."

When non-European owned boats have come to the end of the 18-month dispensation period, they need to leave the EU and visit a non-EU port in order to continue with their VAT-free status. When they return, the 18-month period starts again.

So skippers take their boat from the Balearics to a small port such as Bejaia on the North Algerian coast, moor up for a while, get their papers stamped, then sail straight back to an EU destination to begin their 18-month dispensation all over again.

The lesson for governments from superyacht taxation, therefore, is to tread carefully, taking in to consideration the overall economic benefit of the superyacht industry. The lesson for owners in Europe at least, is to take VAT on the chin and pay up.

"Whatever the size of your yacht, the old days of tax-free sailing are at an end," says Ms Bullock.

## No plain sailing for private equity

### Investment

Returns will come not from snapping up distressed assets but better trading, says **Stanley Pignat**

When Star Capital, a UK private equity firm, sealed a deal to take over Thyssen-Krupp's superyacht division in December, its chief executive steered clear of gloating about becoming a player in the glamorous world of yachting.

"We are pleased to have acquired a world class German engineering business," Tony Mallin said after securing Blohm + Voss, one of the most

August names in shipbuilding.

It was as if Star Capital had acquired a ball bearings factory outside Stuttgart, rather than the builder of such floating palaces as Roman Abramovich's 163-metre luxury motor yacht Eclipse.

Mr Mallin's reluctance to get sucked into the glitzy universe of yachting is grounded in a dispassionate analysis of past private equity deals in the sector.

Buying companies that make boats is often as expensive as owning the boats themselves.

"Luxury yachts are a bit of a graveyard for private equity. It's like buying a golf course; you want to be the third person to own it," he quips.

In Blohm + Voss's case,

the claim that it should not be categorised with the makers of smaller boats is easy to back up.

The price tags of the boats it makes, at \$400m-\$500m, and the four-year design-and-build process means it is more akin to a high-end contractor.

As well as non-leisure contracts with the German navy, Star also picked up a high-end repairs and parts business. Overall revenues were said to be €400m a year at the time of the deal.

But look beyond the rarefied world of superyachts, and the record of private equity ownership is less than stellar.

Ferretti, the Italian owner of the Riva, Bertram and Pershing brands among others, has served as a salutary warning for wannabe

leveraged buyout candidates.

It was once a poster company for private equity groups piling into the sector. A forerunner to Permira, the London-based firm, made more than 50 times its original stake by buying the business off the founding family in 1998 and listing it three years later in a deal valuing Ferretti at €400m including debt.

Permira then bought it back, bolting on rival brands to the parent company before flipping it to Candover in 2006 for €1.7bn.

The buyouts were followed by serial restructurings after Candover – since vanished from the private equity scene – saw its own plans to float the business for up to €3bn scuppered by market turmoil.

Lenders who took over the equity when the business faltered sold out to China's state-owned Shandong Heavy Industry Group-Weichai Group.

Numerous other yacht-makers have come in and out of trouble following private equity takeovers: Bain Capital's 2007 investment in Bavaria Yachtbau soured two years later; Dehler, a German sailing boat maker, was bailed out by the government after having been taken over by Buchanan Capital.

The same downturn that hurt so many yacht-makers has perhaps helped investors in the sector improve the returns on their investment as valuations for companies have fallen.

Sunseeker International, based in Dorset, was purchased for £25m plus debt financing in 2010 by FL Partners, an Irish private equity group. It has since reported healthy trading.

And last year, Jon Moulton's Better Capital spoke of "an opportunistic deal" to take over the Fairline Group, which specialises in 38 to 80-foot boats, together with RBS. The value of Fairline had been written down to zero by its previous owner, 3i, another private equity investor.

Ultimately, returns for investors will come not from snapping up distressed assets at discount prices, but from better trading at the acquired companies.

For Blohm + Voss, that means expanding sales to emerging markets, where most new billionaires are being minted. For now,



Clean lines: a yacht built under pristine conditions at Ferretti, now Chinese-owned

sales to the Bric economies are mixed: for all the new wealth in China, the local yachting scene there is hampered by the lack of marinas on the military-controlled coastline.

Brazil has introduced

import tariffs to protect its domestic manufacturers.

Even more promisingly, billionaires who buy yachts might also be interested in buying yacht-makers, some in the industry are hoping.

Blohm + Voss's new

owner, Mr Mallin, said an emerging market buyer is one potential exit for Star Capital – before emphasising again that the shipyard is really more of an engineering concern than a yacht-maker.

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## Fuel is cheap and speed is a must for sailors in Arab world

### Middle East

Messing about in boats goes with the territory, write **Frances and Michael Howorth**

Yachts in the Gulf are used for very different reasons to those typical in the west.

This reflects the region's maritime history. In the days before oil was discovered, the local population lived in small communities close to the sea.

Fishing, pearl trading, and dhow owning were important sources of local wealth. Seafaring was ingrained into the culture.

As a consequence, people like boats, they love being at sea and enjoy being on the water.

Boating in the region is a male-dominated activity. It is fathers and their sons who go boating while wives and daughters tend to stay ashore.

Craig Barnett, editor-in-chief of Yachts Emirates magazine, says: "Fast open boats are very popular with those who like to go fishing. "Here they do so, not with rods or nets, but instead favour the use of hand lines and will spend hours at the sport. "They like to go well offshore and these customers

favour boats in the eight to 11-metre range. Typically, these are narrow-beamed with a deep V-shaped hull that does well in the short chop that Gulf waters are famous for.

"Power generally comes from two or even at times three big, maybe even huge [300hp] engines bolted on the back. In short, fuel is cheap and speed imperative."

Boats of more than 15 metres purchased for use locally are typically fitted with fly-bridges.

Forty per cent of all 15m-plus boats are owned by expatriate businessmen originating from countries such as India, Syria, Jordan, Oman and Lebanon.

Westerners who occupy managerial positions tend toward smaller cabin cruisers.

Both these groups use their boats in a more European fashion and will often venture further away from their home port and live on board for days at a time.

The estimated value of the leisure fleet (boats over 5 metres) is about \$4.2bn. Of

those, the cruiser market (boats over 15 metres) accounts for \$1.6bn.

There are roughly 46,850 leisure boats (5 metres and above) in the six countries that make up the Gulf Cooperation Council.

Gulf Craft, the Dubai-based boat builder and the region's most prolific producer of craft, accounts for more than 20 per cent of the market, having built about 9,000 boats.

Twenty years ago, there were between 15 and 20 boat builders producing yachts over 10 metres in the region. Today, there are less than a handful.

This leaves Gulf Craft the dominant manufacturer, producing larger yachts from 10 metres and above. There are about 30 builders of boats smaller than 10 metres in the region.

In the United Arab Emirates, builders include: Al Marakeb, Al Shaali, Aqua Tech, Dubai Marine and



**Flexible friend:** Erwin Bamps (above), chief operating officer of Gulf Craft

Gulf Craft. Samawy Marine is another locally based company selling into the local market, but current production is based in Thailand.

In Bahrain, Al Dhaen still builds boats up to 15 metres, producing 75 to 100 units each year, but production is half what it was two years ago.

Having recently sold a 41-metre new-build superyacht into the Middle East market, Erwin Bamps, chief operating officer of Gulf Craft, believes that his company will survive the global downturn because of its flexibility.

"We are not a production boat company. Despite the fact we have built 9,000-plus boats, every one is a one-off. No two boats are exactly the same. Each one is a custom build," he says.

Proving there remains a great future for yachting in the Middle East, the 20th Dubai International Boat Show held in March was hailed a success soon after the doors closed on the five-day event. This was a result of strong visitor numbers and the increased size of boats on display.

Helal Saeed Almarri, chief executive of Dubai World Trade Centre, the event organisers, says the show has become "the single most significant driver of the leisure marine industry in the region today".

# The downside of lightweight efficiency

## Design

Sometimes owners get led astray by green issues, write Frances and Michael Howorth

**A**mbitious owners with deep pockets and innovative designers and naval architects eager to transfer technology are combining to put yachting into the front line of design trends.

As the cost of fuel rises, designers of motor boats are copying the underwater hull attributes of sailing yachts and investigating lightweight materials to improve efficiency.

With the demand for superyacht speed rising, so the price of fuel propels itself into cost calculations.

Ever aware of green issues and the need to cut ostentatious fossil fuel use, owners are trying to build yachts that are more cost-effective.

One solution is to reduce the weight of the boat. Danish Yachts in Skagen, Denmark, has met this difficulty head on by converting hull production away from traditional materials such as steel, aluminium and fibreglass and mastering the science of building in carbon fibre.

Spurred on by Carlos Peralta, the Mexican millionaire, and using Espen Oeino, the Norwegian designer, Danish Yachts built Moon Goddess using carbon fibre.

The high-speed yacht has cabins, designed to regularly sprint from Portofino to Sardinia.

The shipyard, hoping to find a buyer for a completed yacht, decided to build another, bigger, better and more multifunctional craft out of the same material, again designed by Mr Oeino.

Today the 38-metre Shooting Star is, at 48 knots, probably the fastest, fully equipped twin engine motor yacht in the world of its size.

For sale at €18.5m, the boat is blazing a trail for the builders, who are demonstrating that their expertise has real practical application.

In the effort to produce efficient speed, the alternative to weight cutting is to alter the underwater profile.

Philippe Briand, the French designer, has a string of high-speed racing yacht designs to his name and has recently used his experience with fast sailing

**Sea-change** The Acciona prepares to compete in the Vendée Globe without using a drop of fossil fuel

Sailors like to distinguish themselves from powerboaters and pretend that theirs is an environmentally friendly sport using only the power of the wind. But the reality has always been rather dirtier.

Cruising yachts, especially in the fickle weather of the Mediterranean, often use their diesel engines to move from one place to another. Even racers, forbidden to use anything but sails in a competition, burn diesel in generators or main engines to charge the batteries needed for electrical and electronic equipment.

A sea-change, however, is finally under way. Javier "Bubi" Sansó, Majorca-based skipper of the newly built Acciona 60ft racing yacht, plans to compete in the 2012-13 Vendée Globe, the single-handed race around the world, without using a drop of fossil fuel.

"This is a very special boat, with a lot of research and development," he says, showing off the renewable energy systems of the red-and-white yacht at the dock in Palma.

They include high-tech photovoltaic solar panels embedded in the deck, two wind generators and two hydro-generators that can be lowered into the water when the boat is moving fast enough for their propellers to have no appreciable impact on the yacht's speed through the water.

Mr Sansó teamed up with Acciona, the Spanish energy and infrastructure group, three years ago when he asked the company about financing a Vendée Globe entry. It no doubt helped that José Manuel Entrecanales, executive chairman, is a keen sailor.

"Acciona said 'yes', but there was one condition," says Mr



Sea-change: the eco-friendly Acciona has a hydrogen-powered fuel cell that can be used to charge the batteries

Sansó. "They said 'we want to make not just a racing boat but a special racing boat, without the use of fossil fuel'. They said it was 100 per cent 'ecopower' or nothing."

There was one snag: the rules of the race, which runs every four years from the port of Les Sables d'Olonne and is a big sporting event for French and British enthusiasts in particular, required entrants to have a 40-horsepower diesel engine for emergencies.

That has been changed to keep up with technological advances, and instead the organisers now require the boats to demonstrate that they can work under power, whether for themselves or to tow another competitor out of trouble.

For the development team, the toughest test has been to show that they can motor for five hours at five knots with their small but power-hungry electric motor.

Instead of adding more batteries – and therefore much

more weight – they opted to add a hydrogen-powered fuel cell that can be used to charge the batteries and so extend the range of the electric propulsion system from about three hours to more than five.

Weight is all-important in modern racing yachts, but Mr Sansó argues that eschewing fossil fuels will not give him much advantage over the whole race, since he will start a little lighter than most of his competitors

(who will be carrying about 250 litres of fuel and a heavy diesel engine), and finish a little heavier (because of his extra batteries and the fuel cell).

The trend towards the use of renewable energy and towards greater efficiency, however, is unmistakable among all the competitors, just as it is in other races and among cruising sailors the world over, who are usually keen to adopt technology from aerospace or the motor industry

to save weight and save diesel. For most of its energy systems, Acciona has bought advanced products off the shelf and integrated them – with a lot of hard work – into the design of the boat. The engine for example, is made up of two electric motors for fork-lift machines.

Mr Sansó believes that one advantage of the project is that its achievements can be applied elsewhere, including to homes on land. He also notes that the energy efficiency even of diesel-powered boats has increased hugely in the past decade. In the 2004 Vendée, competitors took 400 litres of diesel, 150 litres more than expected this time.

"These things would have been unthinkable five or six years ago [because of the weight of renewable energy systems]," he says. "There is a curve, and it's going up, and it will be a lot more efficient in two years' time. Batteries are starting to be better, and the electric motors have suddenly had a quality increase."

Officially, the aim is to prove that a modern sailing boat can circle the world without fossil fuel, but the Acciona entry – built by Southern Ocean Marine in New Zealand to the specifications of Owen Clarke Designs – features other innovations and could prove to be a very fast competitor.

"It's very exciting, especially from a design point of view," says Mr Sansó, an experienced long-distance sailor who had to abandon the 2000-01 Vendée after breaking one of his rudders on a small iceberg in the southern ocean.

"It's been three years thinking about it. We have come from the PowerPoints to the actual sailing. And I'm a sailor, not an engineer."

Victor Mallet

hull design to create a new breed of motor yacht.

Branded Vitruvius and built by the Picchiotti yard owned by Perini Navi, the Italian superyacht builder, these sleek motor boats are proving they can cut fuel costs by more than 30 per cent compared with those of similar length with wider

Philippe Briand has created a new breed of lightweight motor yacht

beams. Employing a hull design that he has both stretched and optimised, Mr Briand has created a more efficient hull shape.

"Each yacht has an efficient ratio of superstructure to hull; built out of steel and aluminium, they are as a result lightweight, consume less fuel and have

lower carbon dioxide emissions than other boats of a similar design," says Mr Briand.

"Each hull is designed for maximum hydrodynamic efficiency to reduce water resistance and increase the length at the waterline. The optimisation of volume and weight distribution allows for lower fuel consumption and therefore a more environmentally-friendly long-range yacht."

Paul Aston, editor of SuperYacht World, summed up the need for super slipper hulls, saying: "Owners and designers are driving the development of high-performance hulls, not because they want more out-and-out speed, but because hulls like these burn less fuel.

"It's a win-win situation; both running costs and carbon footprint are reduced, and the yacht is able to cruise much further afield

so is no longer tied to expensive and increasingly oversubscribed superyacht marinas."

Michael Leach Designs (MLD) has won industry awards for the design of both the exterior and interior of its latest launch, the 96-metre Palladium.

Mr Leach says many experienced owners have a wealth of knowledge coupled with the desire to create their own dream yacht. But they often need help.

"We have a client wanting to include the very latest in technologies and efficiencies in his new 70-metre motor yacht, but we have to be very careful about how much of this has been tried and tested.

"Imaginary efficiencies in narrow sleek hulls can lead to stability issues, raising the fuel burn on the generators to run stabilisers, this has other knock-on effects too," says Mr Leach.

Mark Smith, business partner at MLD, says owners sometimes get led astray by green issues, believing that their yachts must be super efficient at all costs.

"They forget that the characteristics of the sea change in centuries, so that trying to evolve too far away from the tried and tested hull designs can, at

times, be a pointless exercise." He adds: "Sailing into heavy weather aboard some yachts with super fast slipper hulls is akin to driving a Formula One race car across a ploughed field."

Frances and Michael Howorth are specialist travel writers and superyacht experts who write for SuperYacht Magazines. Their website is [www.thehoworths.com](http://www.thehoworths.com)

## Asia takes the helm in choppy waters

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onerous taxes on their luxuries and close scrutiny from their fellow citizens.

The statistics and the anecdotal evidence nevertheless show that the ultra-wealthy continue to buy ever larger yachts, even if the merely prosperous are having to tighten their belts.

Barry Gilmour, executive chairman of Royale Oceanic, which supervises construction and management for yacht owners, says: "I don't see green shoots in any particular sector, with the exception possibly of the larger yachts."

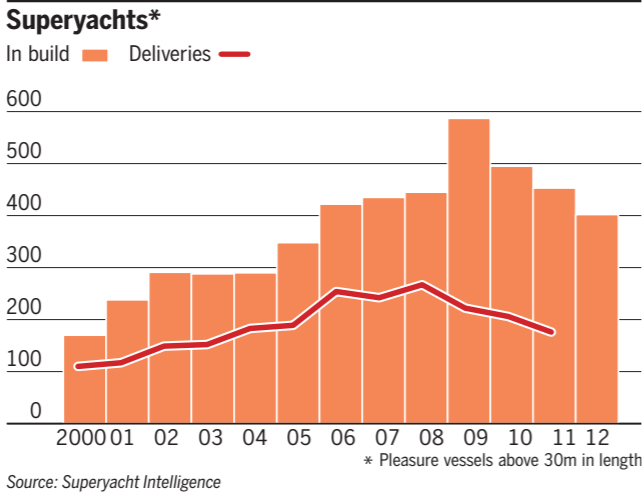
Demand for yachts of 60-70 metres or more remains strong and the average yacht ordered is therefore increasing in length. Fewer superyachts are being built, and fewer shipyards are in business, but the total length and size of what they are building has increased since 2010 because of demand from Gulf sheikhs and Russian tycoons.

"Above, say, 60 metres, there seems to be a huge amount of activity, which means that there are 50 or 60 people sourcing boats," says TSG's Mr Redmayne.

These large yachts, some costing €200m and above, are more like ships than ordinary pleasure boats.

Superyachts.com, the luxury yachting web portal, says 11 new vessels, some the size of cruise liners, are joining its annual top 100 ranking this year, up from nine new entries last year.

The largest is Topaz, a 147-metre vessel built by



Germany's Lürssen Yachts for a client thought to be from Abu Dhabi's ruling Al Nahyan family.

For a few owners, the desire to avoid unfashionable ostentation in a time of austerity has spawned a "serious" yachting trend, with owners seeking to show that they care about the environment and want to contribute to scientific research in the oceans.

Pegaso, the 73-metre yacht of Alejandro Burillo Azcárraga, a Mexican tycoon, is billed as exactly this kind of yacht. "Social enterprise is a big topic," says Mr Redmayne. "The idea is that it's no good just looking like a rich bastard – your yacht has to have a bit of a purpose... It's not just putting \$100m into a boat and going off around the world, it's saying that there is something good coming out of this boat."

In practice, some of the memorable feats of recent years have been achieved in

much smaller vessels, usually sailing boats. This year saw the publication of Cameron Dueck's book *The New Northwest Passage: A Voyage to the Front Line of Climate Change*, in which the one-time FT journalist describes the 8,000 nautical mile voyage of the 12-metre Silent Sound yacht around the icy north of Canada.

In January, French sailor Loïck Peyron and his crew of 13 broke the world record for circumnavigating the globe nonstop under sail, when their trimaran Banque Populaire V completed the 29,000-mile journey in just over 45 days – an average speed of more than 26 knots, faster than many diesel-powered boats.

It is in sailing that many new technologies from the aerospace, motor and renewable energy industries are taken to their maritime extremes. Witness the high-tech and very fast wing-sail catamarans competing in the new version of the America's Cup backed

by Larry Ellison, the Oracle software tycoon and current cup holder.

Then there is Acciona, an entry for the Vendée Globe single-handed round the world sailing race starting in November (see story above). Financed by the Spanish infrastructure and energy company of the same name and skippered by Javier "Bubi" Sansó, it is designed to compete (and win) without using a drop of fossil fuel, even for generating electricity, because it will make its power entirely from the sun, the wind and the water.

Design of large motor yachts is also evolving rapidly in terms of materials, electronics, engines and interior decoration. One trend, says Mr Gilmour, is to use the extra space available on larger superyachts to create suites akin to those found in hotels on land rather than consigning guests to (relatively) modest cabins.

Yet the basic premise of the luxury yacht remains unchanged. "I know certain yacht owners who are very interested in and have concerns about ecology and the seas," says Mr Gilmour. "It's something they will all sign up to. But the main purpose of a yacht is to sit off Portofino [on the Italian Riviera] and enjoy the time with your guests."

The problem for some superyacht manufacturers and service providers is that not enough hedge fund managers or industrialists are prepared to take the plunge and order a new boat until economic confidence returns to the west.

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