

# Yachts & Marinas

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## Monte Carlo buyers on the hunt for luxury bargains

Suppliers of luxury vessels to the super-rich face choppy waters ahead, writes *Richard Donkin*

Yachting, for so long a byword for leisure at sea, is a term that derives from the Dutch verb for hunting. Today it could just as easily be applied to the global marketing of prestige boats where stalking customers has been turned into an art form.

Nowhere is that more evident than at this week's Monaco Yacht Show, the world's most important gathering of shipbuilders, brokers and enthusiasts, drawn to the opportunity to see the best that yachting has to offer.

Walk along the quayside in Port Hercule and it is easy to be seduced into thinking that all is well in the industry. But brokers and yards report persisting tough market conditions even though the best yards can still boast healthy order books.

"Of course the likes of [boatbuilders]

Feadship, Lürssen and Amels continue to do well," says Martin Redmayne, chairman of the Superyacht Group, a specialist industry publisher, "but when you read some of the promotional guff in the yachting media it's like Botox papering over the cracks."

The fortunes of different segments of the market vary considerably, he adds. "Refit is doing well and so is charter, though terrorism has made Turkey a scary place and the lorry attack in Nice led to cruising and charter cancellations. Americans are thinking twice before they come to Europe."

Currency fluctuations have also prompted some disruption and delays in decision-making in the market. So too have months of political uncertainty in the US where "a lot of Americans are waiting to see whether Donald Trump succeeds or fails in the US presidential



Buyers ahoy: crowds at the Monaco Yacht Show

elections," says Mr Redmayne.

Financial market instability in the lead up to the UK's vote to leave the EU had a knock-on effect in the yacht market and subsequent falls in sterling led to a few charter cancellations from British customers. In spite of political uncertainties, brokers are reporting that the charter market has held together surprisingly well.

"For most it's been a very good charter season despite the difficulties in the eastern Mediterranean. Yachts simply moved to the western Med, which has enjoyed a good summer," says Jonathan Beckett, chief executive of Burgess, the yacht brokerage. "The attempted coup in Turkey, however, is not going to be helpful."

"People are buying boats between 40m and 65m but some bigger boats are not selling at the moment"

Brokerage of second-hand yachts, he says, has had mixed success. "It seems that people are buying boats between 40m and 65m but some of the bigger boats are not selling at the moment," says Mr Beckett.

The market is taking a keen interest in two new Feadship yachts put up for sale by their owners before taking delivery. Feadship yards are among those with strong forward-order books, a situation that can tempt owners awaiting delivery to try and sell on their yachts, sometimes at a premium to what they have paid the yard. This may explain why the two Feadship yachts close to delivery, the 92m Aquarius and the 96m Vertigo, have been put on the market for \$215m and €195m respectively.

"It's very rare to see two 90m yachts of this calibre, for sale and ready to sail

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## Yachts &amp; Marinas

**Supply and demand** Tightening order books give buyers the advantage, says *William Mathieson*

# Sailing yacht makers remain stuck in the doldrums

Headline-grabbing deliveries of luxury vessels to billionaires Alisher Usmanov and Sir Philip Green over the past year have attracted the interest of paparazzi, as well as political controversy over how the funds used to pay for these assets were secured.

Certainly, superyachts have rarely been more prominent in the news as a focus of popular interest in how the super-rich choose to reward themselves for their endeavours.

But despite popular misconceptions, the global market for newly built superyachts – defined here as yachts with an overall length of 30m or more – continues to be blighted by uncertainty. And it is the sailing yacht segment that is suffering most of all.

Orders of sailing superyachts have declined, with the number of such vessels delivered annually to their owners falling by half in the period 2011-15.

It might be premature to declare this market collapse. After all, the commissioning of very large sailing yachts has always been a niche within the sector. However, the number of new yachts hitting the water as a whole is falling, as is the number of new orders that are intended to replenish the builders' inventory.

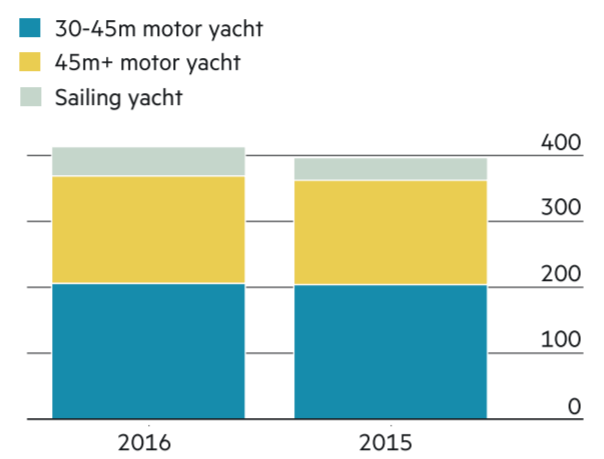
The sharp fall in orders being placed for large sailing yachts does reflect in part a broader malaise in demand for the most luxurious vessels (as seen in the graphic above right). However, this sailing segment of the market has experienced the sharpest contraction in demand when compared with the boom times of the past decade.

The percentage of larger sailing yacht deliveries within the overall superyacht market has fallen from 15 per cent in 2011 to just over 8 per cent in 2015.

The limited placing and completion of orders in this specialist category of vessel is bound to make the turnover and

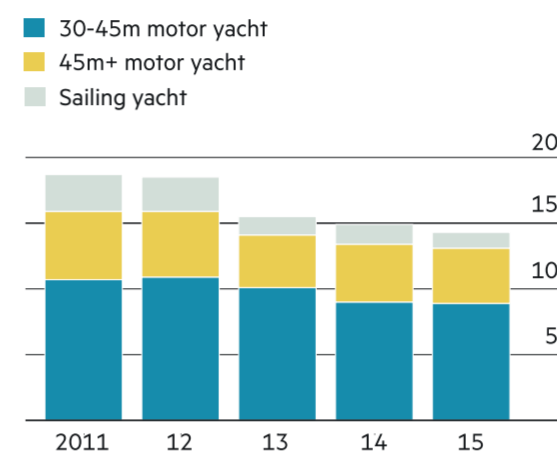


**Order book breakdown**  
By yacht type and size

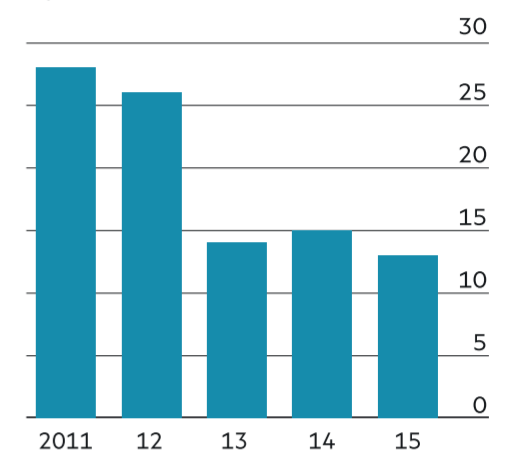


FT graphic Source: Superyacht Intelligence Agency Photo: Onne van der Wal

**Deliveries**  
2011-15



**Sailing yacht deliveries**  
5-year review



Buyers of superyachts hold the cards and the shipyards must meet their demands

cash flow of specialist suppliers unpredictable. But such a persistent decline has focused minds on how best to cope with such strained market conditions.

Speaking at the Italian Superyacht Forum last year, Franco Torre, then a senior executive at Perini Navi, a yard which is one of the world's leading exponents of sailing yacht construction, explained: "The sailing market has only historically had four to six clients each year. There are three or four competitors going for those clients so it's just a question of who gets the business."

Royal Huisman is one of the industry's most respected sailing yacht builders, employing 380 staff centred at a 30,000 sq m shipyard in the Netherlands. The business has two yachts under construction, measuring 56m and 58m in length, which are both due for completion in 2017.

Roemer Boogaard, managing director of the business, is acutely aware of the need to replenish new orders, even for a

company that appears to be outperforming its peers.

"Since the dollar-euro is very good for the Americans, we still have a good market there," he explains, "but we are also exploring the Far East and the Middle East." In the long term, there will be a shake-out of shipyards, he predicts. But this should allow surviving builders to emerge with a stronger market position than they command now.

Mr Boogaard's compatriot Joachim Kieft heads Claassen Shipyards, a builder best known for smaller sailing vessels, which has launched only four superyachts to date. The yard currently has a 35m project on hold and is on the hunt for buyers to supplement smaller projects the yard currently has in the shed.

Such a state of affairs might appear grim. But Mr Kieft argues: "The state [of the market] is getting better, particularly for yachts that can sail worldwide."

As things stand, the buyers of both

motor and sailing yachts hold the cards and the shipyards must meet their demands.

In short, customers are in a strong position to press for yachts that are built to a high specification, delivered in the shortest lead times, and at the keenest price.

Exemplary aftersales support is also a must, says Mr Kieft. Poor service breeds poor orders, he argues, as it undermines the reputation of a builder. "Owners are part of our sales team and, if they talk positively about our product, they are spreading the word."

The shipyards that can balance these requirements should win orders.

There are 64 shipyards classed as "active" – that is, building a sailing yacht or having delivered one within the past five years. These builders are competing for just 34 orders at the time of writing. This suggests there will be a contraction in the number of builders over the coming years.

## Monte Carlo buyers on the hunt for luxury boat bargains

Continued from page 1  
away brand new," says yacht broker Chris Cecil-Wright.

Not content with a Lürssen yacht of 110m – one of the biggest in the world – Alisher Usmanov, the Uzbek-born billionaire, this year took delivery of a 156m yacht from the same yard. The yacht, named Dilbar after his mother, has the largest volume and gross tonnage of any superyacht. Should Mr Usmanov choose to moor his yachts end to end, they would be just a few feet short of the length of the Titanic. His older yacht, Ona, is now on the market for €250m.

Multiple ownership of superyachts is not uncommon. Paul Allen, the co-founder of Microsoft, has three big yachts: Octopus, Tatoosh and Meduse. Jim Ratcliffe, chief executive and leading shareholder of the Ineos chemicals group, has two Feadships, Hampshire and Hampshire II. Tara Getty, the oil heir, has two classic superyachts, Blue Bird and Talitha. Meanwhile Andrey Melnichenko, one of Russia's richest businessmen, will soon take delivery of one of the world's biggest sailing yachts, Sailing Yacht A, from Nobiskrug in Germany. His Blohm & Voss-built motor yacht, also called A, is on the market at \$500m, according to brokers.

Some of these owners belong to a more adventurous cadre of billionaires who want to use their yachts for exploring the oceans. Mr Getty took Blue Bird looking for treasure in the Pacific while Mr Allen's yachts have navigated the North West Passage five times.

Espen Oeino, the yacht designer, believes that lifestyle is having an increasing influence on yacht design. "Fifteen years ago, yachts often anchored off hotels so that their owners and guests could use the spas," he says. "That's all changed in the latest big yacht designs. Today spa treatments



have been brought on board, so that the beautician may double up as a hairdresser and physiotherapist. Other crew members may be qualified diving instructors or kite surfers."

He adds that one owner of a yacht launched this year is an avid surfer and extreme skier. To accommodate these interests, he had a ski room installed on the top deck and a helicopter pad to get closer to the kind of places that allow for these pastimes.

"The yacht, therefore, has become a lifestyle and entertainment platform," says Mr Oeino. "People are looking for more exciting things to do and a yacht offers the means to achieve those dreams."

Makers of production-line yachts are responding to demand among potential owners for higher specifications of

equipment. Sunseeker has had five new model launches in 2016 and the company announced that it moved back into profit in the second quarter for the first time since Chinese owner Dalian Wanda took over in 2013. "I came in with a turnaround plan and we've gone beyond that now with new investment," says chief executive Phil Popham.

Its main British rival, Princess Yachts, is also investing under the chairmanship of Antony Sheriff, applying principles he learnt managing the sports car production side of McLaren, the Formula One racing team. "The quality of the build is one thing, but the quality of aftersales support must be special too in order to build the brand," he says.

This year's fall in the value of sterling provided a shot in the arm for UK boat exports. Princess reported its best sales in 10 years at the recent Cannes Yachting Festival. But Cornish boatyard Penderennis says the benefit should not be overstated. "The weaker pound has generated more inquiries, but it also means that some of our supplies have become more expensive, so you have to look at where the balance lies," says Toby Allies, sales and marketing director.

On a worldwide scale, the big yacht market remains pallid compared with its heady state a decade ago. Further industry consolidation has not been ruled out by some observers. Barry Gilmore, executive chairman of Royale Oceanic, the superyacht services company, says: "A lot of yards that were promising to do well at one time have faded away."

Peter Lürssen, chief executive of the Lürssen yard, points, however, to the robustness of extreme wealth. "Fortunately we have been proved wrong [about the market] many times over. The next three to five years will show where we are heading. We are not yet back to the boom times."

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Yachts & Marinas

# A luxury view of life under the ocean's waves

## Accessories

Sub-surface craft are emerging as the ultimate in onboard accessories, says *Simon de Burton*

Inflatable water slides, jet skis and stand-up paddle boards all make useful additions to a superyacht toy cupboard – but there are few owners who would not like to offer their guests a trip beneath the waves in a miniature submarine.

Such craft have long been regarded as the ultimate in onboard accessories but, until recently, they have mainly been the preserve of commercial and military buyers due to factors such as price, safety, the qualifications required to use them and the logistics of getting them on and off the mother ship.

Over the years, a number of companies have attempted to produce miniature subs for the leisure market but most such projects have, in a commercial sense, sunk without trace. One maker, however, appears to have hit on the right formula after more than a decade of developing and refining its original design.

The outfit in question is called U-Boat Worx. A Netherlands-based company set up by Dutch software tycoon Bert Houtman in 2005, its first product was the single-seater C-Quester 1 which went on sale the following year.

Two more single-seat models followed before the company moved to higher-capacity craft after potential buyers expressed a desire to be able to carry passengers.

"We soon found that most people were interested in larger submarines with more seats so, in 2008, we produced the first C-Quester 3, a three-seater which really took us out of the hobby field," says Erik Hasselman, the commercial director of U-Boat Worx. "The fact that it was fully certified helped us to be recognised as a serious company, and we've now delivered more than 20 vessels, around 70 per cent of which have gone to

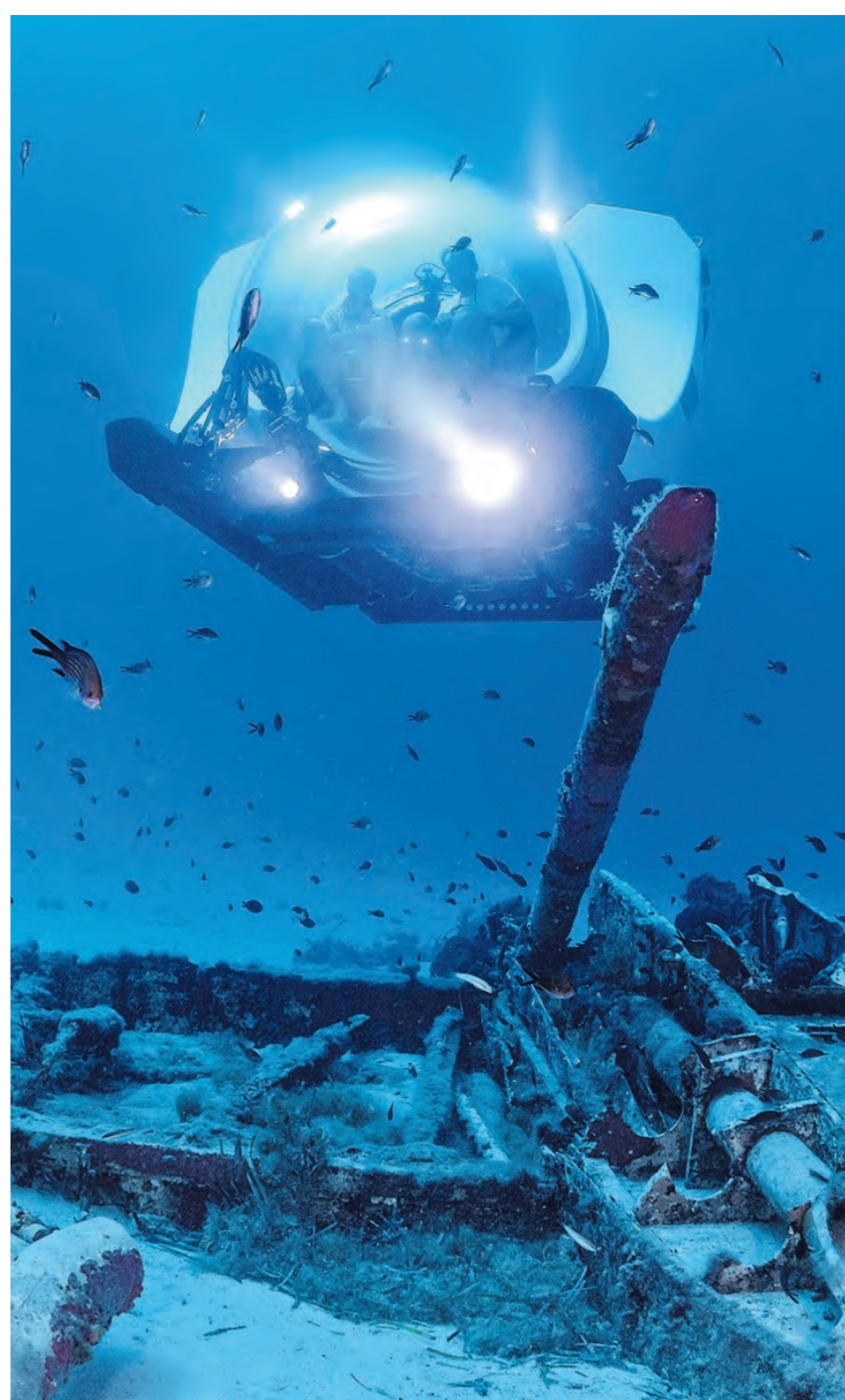


All aboard: the U-Boat Worx Super Yacht Sub 3 in action

private owners for recreational use."

The downside of being able to carry more passengers is a larger, heavier, more unwieldy vessel that causes problems when it comes to storing on board and loading and unloading from a yacht. These are problems U-Boat Worx now appear to have cracked with

Few super-rich customers have time to learn how to pilot the sub themselves



the recently introduced Super Yacht Sub 3 which has been designed specifically to be used from private yachts.

Measuring 315cm long by 241cm wide and 172cm high, it weighs 3,750kg when dry and is fitted with multiple lifting points so it can easily be craned on and off the yacht for recovery and launch.

The distinctive-looking craft features a large acrylic sphere at the front that houses two passengers and affords a spectacular view of the area being explored. Said to be the most expensive component, the spheres are made in the UK and hand-polished for 200 hours to ensure they offer a crystal-clear

outlook. The pilot sits behind the passengers to monitor the systems and drive the sub with a relatively simple joystick-equipped "Manta" box, which is wireless-operated. This box can be used by the passengers, too, and also serves as a remote control unit for manoeuvring the sub around the yacht while it is on the sea's surface.

With four, electrically-driven propellers mounted on either side of the vessel that are each powered by 50 lithium-ion batteries, the Super Yacht Sub 3 has a top speed under water of 2.8 knots and can stay submerged for up to six hours at a time.

Three models are available with depth ratings of 100m, 200m and 300m which range in price from €1.5m before tax to €1.7m.

Reassuringly, the sub is replete with state of the art safety devices. It will automatically ascend, for example, if its controls are left untouched for more than 10 minutes and, in the event of an onboard fire, the main oxygen supply shuts off while the occupants switch to an emergency air system until reaching the surface.

Using the sub, however, is not simply a matter of climbing in and setting off to explore. Prospective pilots must attend a two-week course to learn about the controls and systems, during which they will undertake simulated and practical dives.

According to Mr Hasselman, few of his super-rich customers have time to learn how to pilot the sub themselves. Most delegate a suitable member of the yacht's crew and content themselves with having an occasional, supervised attempt by taking over the Manta control unit.

The Super Yacht Sub 3 has a range of accessories including an articulated arm for picking artefacts from the seabed (€64,000), a tracking system to ensure the sub never goes missing (€75,000), a high-definition video camera for recording one's expeditions and, best of all, a flyout, remote-controlled "rover vehicle".

But even the super-rich might have to dig deep for that one – it is priced at €190,000.

# A guide to how to pick and buy the boat of your dreams

## Broking

Try before you buy and other purchasing tips from *Richard Donkin*

If your heart is set on owning a super-yacht, where should you start? For most, the journey to ownership starts with a first encounter – an invitation to spend time on a friend's yacht or a charter holiday.

Most brokers recommend charter as a sensible course before committing to buying. Once you have sampled a few yachts, toured the yacht shows, thumbed the brochures, spoken with brokers and checked your bank account, what next?

A period of reflection would be wise, including discussions with other owners about the pros and cons of running a yacht. You will learn about the costs – mooring fees, fuel bills, maintenance, crewing bills, taxes, insurance, legal fees and broker commission, should you choose to use a broker.

The super-rich take these sundries in their stride. But even the sharpest of billionaires can be caught out if a yard collapses mid-build. Due diligence on builders is important. The best yards are well known, but choosing one can prove tricky since the most popular have order books with delivery times, in some cases, of up to five and six years ahead. How much time do you have?

For a first purchase, one option is to explore the second-hand market. Credible buyers can drive hard bargains in the market just now. But they must show some intent if they are to ensure a broker's goodwill.

"Part of my job is to put serious buyers with serious sellers. It's a waste of everyone's time if a buyer goes a way down the route to committing himself and then the owner turns around and says he's changed his mind," says Chris Cecil-Wright, a boutique yacht broker with 25 years of experience.

"The first thing I try to do with a potential buyer is establish a relationship because the experience of buying or building a yacht should be fun. I need to know who they are, who their family and friends are and what they like to do – whether they're a flashy show-off or whether they're introvert."

A good broker, he says, knows about



Dealmaker: Chris Cecil-Wright

boats that are not for sale but whose owners might part with them, given the right approach. "What I'm looking for is a boat with a sensible asking price that's been well maintained and with an owner ready to sell."

Mr Cecil-Wright has a database of yachts and owners that he believes gives him an advantage in the marketplace when competing with bigger brokers with larger overheads.

Jonathan Beckett, managing partner at Burgess, one of the leading yacht brokerages, begs to differ. He says that boutique brokers can struggle to match the day-to-day market intelligence shared among a big team of brokers working together. "It's not unusual for us to have boutique brokers calling us up and ask-

An owner who likes a particular yard might approach the yard directly

ing what price such-and-such a yacht sold for. They don't know the transaction history but because of our size – we may have sold the boat – we often know this information.

"I've had owners saying 'Surely everyone knows my boat is for sale,' only to have to tell them of potential buyers who had no idea it even existed. Boutiques just don't have the same

intelligence that we have and don't know everything when dealing with the highest level of client."

One thorny issue is the question of a broker's commission. Who pays it? And if a yard is paying the fee, can a buyer be sure of a broker's independence? "The most important thing is for a broker to be transparent about such payments so that a client can see how fees are apportioned," says Mr Beckett.

For new builds, a buyer usually needs a broker. But some start with a designer. Dickie Bannenberg, head of Bannenberg and Rowell, the design team, says: "A client can come to us and we can start the project on paper, looking at the possibilities and what's needed."

"We have a very large project we've been working up for two years with BMT, the naval architects – all pre-engineering and pre-designing before we went to a shipyard," he adds. "I'm not dismissing brokers, but with a reasonably experienced, savvy owner who doesn't want to be bound by brokers or shipyards saying something can't be done, to approach a build in this way can be an exciting alternative."

Putting builds out to tender is common among experienced owners who understand the business, says John Leonida, a superyacht lawyer at Clyde & Co. "An owner who likes a particular yard might approach the yard directly. Others will appoint a broker to take them through the process, acting as an agent. A reputable broker, who is being paid by the yard, will explain what is happening and most owners will accept that. But some might insist on paying the broker themselves and would expect the yard to reduce its price accordingly."

Equally, he says, buyers might ask a lawyer experienced in the field to act as an adviser in a deal. "Brokers are an easy target, but a good yacht broker adds a lot of knowledge to a deal. They can direct the owner to the kind of boat that's right for them."

When a price is agreed with a seller, both parties enter into a memorandum of understanding that includes provision for a four-hour sea trial at the expense of the seller, dates to confirm or reject the deal and dates for a survey. A 10 per cent deposit is paid on signing the MOU. The parties then have four weeks to tie up any issues and close the deal.

Once all that is over, it is time to swallow hard and pop the champagne. You have just bought a superyacht.

## Yachts &amp; Marinas

# Classic vessels that offer an echo of history

**Restoration** Identifying and rescuing historic yachts has an irresistible appeal for some owners, writes *Richard Donkin*

In the week before next year's America's Cup in Bermuda, the biggest fleet of J-Class yachts assembled since the 1930s will gather and race off the islands in a reminder to modern crews that the world's oldest sporting trophy was once contested by these ocean-going icons of sail.

Owning and running a J-Class yacht is beyond the pockets of most, but possession of a much-loved wooden boat can be achieved with more modest budgets. Indeed, only 30 or 40 years ago it was possible to find once-famous classics rotting in small creeks or converted into houseboats.

Many of the big classic yachts that survived the breakers yards have been restored in the intervening years. In the case of a wooden boat, this usually involves a complete rebuild. Some original features may be retained, but to make a boat seaworthy again generally means new wood.

"It's the man hours that need to go in to them that soaks up much of the cost," says Barney Sandeman, a broker who specialises in classic yachts. "A complete rebuild of a 60ft yacht with, say, eight shipwrights paid £30 an hour – that's £30,000 a month just to keep the project moving forward and the rebuild could take two years.

"But once a classic yacht is fully restored, depending on size, it need not



**On your marks:** a regatta for classic yachts held in Imperia, Italy

Mauro Ujettio NurPhoto/Corbis via Getty Images

cost too much to run. The key is to make sure the yacht is properly surveyed.

"People who buy these boats, there's something in their DNA. They're going to have one, no matter what. It's a passion, a love affair, almost a sickness for some. It's not about the money but something far deeper than that."

Julian Reid, an investment specialist, who bought and restored Dawn, a 1907 canoe-yawl, says that part of the passion is simply being on his boat. "I love to be working on the boat. Working on her is as satisfying as sailing her," he says.

Restoring his yacht involved hours of archival research, going back to the

earliest days of yacht racing in the UK. Canoe-profiled yachts – sometimes called "double-enders" were popular in 19th century racing. Gilbert Umfreville Laws, Dawn's designer, won Olympic gold in yacht racing in 1908.

For some owners, it is not enough to own and cruise a classic yacht. They want to race them as well. One of the finest sights to grace the Mediterranean in recent years has been that of the 15m yachts contesting the Panerai series of classic yacht regattas.

The racing heyday of these yachts was at the beginning of the 20th century, just before the first world war. Unlike

modern racers, they were built with finely-furnished living quarters to allow their owners, European royalty and business tycoons, to enjoy their yachts during the summer season.

Many of these classic racing pedigrees were built on the River Clyde from designs by William Fife & Sons. Today Fife yachts, with their distinctive serpent emblems – no motif is the same – are among the most highly prized of all classic yachts.

Fife faced stiff competition in the bigger boat market from Nathanael Herreshoff in the US and from another Glasgow business, GL Watson, a company

'They're going to have one, no matter what. It's a passion – a love affair'

responsible for some of the finest motor and sailing yachts in the prewar era. The company is still in business, relocated to Liverpool and run by William Collier, one of the world's most respected yachting archivists.

Mr Collier spent time in his youth touring the old houseboats in East Anglia. Later, when working for Camper & Nicholsons, he was responsible for identifying and rescuing a number of historic yachts.

Today he is using the GL Watson archive to develop the business as a leading restorer of classic yachts. The company also offers management of new builds to original designs or designs based on modified originals.

The pursuit of authenticity seems strongest in the US where some owners will even ask a restorer to recreate components that subsequently proved defective on the original boat.

"I saw a boat in New England recently built with its original defects in order to ensure maximum authenticity. It included a 1910 bilge pump and life-jackets made to their original designs," says Rob Peake, editor of Classic Boat magazine. "The owner wants to sit on his boat and experience exactly what it felt like for its original owners all those years ago."

Among the classic yachts for sale now is Manitou, a Sparkman & Stephens 62ft yawl, once owned by President John F Kennedy. Today the yacht is owned and raced by a syndicate that took her on as a five-year project.

"We find in this market that owners want a yacht with history," says Mr Sandeman. "I'm not sniffy about the new yachts made to classic lines and held together with epoxy. They don't have the same maintenance issues, but they don't have the ghosts either."

## The clubbable businessman who rescued Benetti

**Profile** Paolo Vitelli

The Italian behind the Azimut yachting brand aims to keep things in the family, writes *Richard Donkin*

It is a sign of the Azimut Benetti group's popularity among owners that when Paolo Vitelli, the company's president and founder, held a party in Capri in the spring, some 700 guests turned up to celebrate.

It was not all play. In the business of selling motor yachts, buyers want to see the range and where better to test drive the goods than on the seas around one of the playgrounds of the rich?

"People love it here," says Mr Vitelli, who built the world's biggest volume manufacturer of motor yachts from scratch after selling his first business.

"I came to London to learn English and found a club scene that did not exist in Italy so I tried to replicate it in my own country," he says. "After three years, I sold the club and started Azimut since I'd fallen in love with boating as a child."

His first step was to charter out a boat and the next step was brokerage. "The third step was importing boats from England and the Netherlands to sell in Italy and the fourth step was to build my own," he says.

He launched his first boat in 1975. "Those early boats were for sending people to sea, they were not for luxury living. I wanted to build something for

the rich and the breakthrough came with the rescue of Benetti in 1984." Benetti had foundered due to escalating costs in the building of Nabila, the biggest yacht in the world at the time.

Nabila became one of the most famous of the post-second world war superyachts, partly because of its owner, the billionaire arms dealer Adnan Khashoggi, and partly because of its appearance in the James Bond film *Never Say Never Again*.

Today Benetti is firmly established in the superyacht market with semi-custom designs such as the 90m yacht Lionheart, delivered to Sir Philip Green, the retailing entrepreneur, earlier this year. The yacht is the third Benetti that Sir Philip has owned – and its delivery around the time of the collapse of the BHS retailing business Sir Philip had previously owned and left with a large pension fund deficit drew attention to Lionheart for the wrong reasons.

But Mr Vitelli defends the build quality of his brand which is favoured by the controversial UK businessman.

"We think we're matching the quality of the best Dutch and German yards now in our biggest yachts," he says. "The level of quality is as good as anything you'll find in northern Europe."

He argues that ordering a yacht where the interior fittings are customised, but where what he calls "the naval part" of the yacht is a proven design, makes sense. "The concept is the customer's, the design is Benetti," he says.

Unlike most boat builders that either deliver one or two custom builds a year



**Family affair:** Paolo Vitelli

or concentrate on a range of smaller production yachts, Azimut Benetti is a strong player over a broad range of yachts. "Our range is based on a deep experience of what people want and need in a yacht and it's not always about size," says Mr Vitelli.

During the recession, as many competitors faltered, the company increased market share and remained free of debt. In 2015 Mr Vitelli boosted the company's finances by selling almost 12 per cent of the business to Tamburi Investment Partners, whose chairman, Giovanni Tamburi, has joined the board. The Vitelli family own 88 per cent and a residual stake is held by the management team.

Today the group has six shipyards – five in Italy and one in Brazil – offering a range of motor yachts from 10m to 100m and a constant flow of new models. The group is producing more than 500 yachts annually.

Recently the group diversified into marinas with developments in Varazze, Viareggio and Livorno in Italy and in Khimki in Russia.

Unlike many of its competitors, it has not sold out to foreign buyers or venture capital. "We've been a family business for 47 years and want to remain a family business," says Mr Vitelli.

## New luxury destinations aim to win affections of the super rich

**Berthing spots**

Marinas on the Catalan coast and Adriatic are taking on the favourite haunts of superyacht owners, reports *William Mathieson*

Marinas built to cater for the superyachts of the super-rich are facing growing competition from new rivals.

This new marina model, exemplified by Barcelona's OneOcean Port Vell and Porto Montenegro on the Adriatic, is focused on competing with established hubs such as Port Hercule in Monte Carlo and Porto Cervo in Sardinia.

"Marinas are all down to location, location, location", says OneOcean Port Vell's general manager Paul Cook. He accepts access to the buzzing city of Barcelona is a key factor behind his destination's appeal. However, he also argues investment in improved facilities has played a role in attracting superyacht owners away from more traditional Mediterranean destinations to the shoreline of the Catalan capital.

The marina, built for the 1992 Olympic Games, now boasts the world's largest superyacht berth. At 440m, this could comfortably accommodate the two longest yachts in the world – the 180m-long Azzam whose ownership is unclear, and the 162.5m-long Eclipse built for Russian billionaire Roman Abramovich.

In June, Port Vell hosted Dilbar, the world's largest superyacht as measured by interior volume, which was delivered

this year to Uzbek-Russian oligarch Alisher Usmanov.

Bookings by yachts over 70m in length at Port Vell are up by 140 per cent this year compared with 2015. "In the first six months of this year, we had over 500 yachts visiting, and this winter, although I hate turning yachts away, I have to because I don't have the availability," he says.

Porto Montenegro, the marina originally backed by Canadian gold mining magnate Peter Munk, stands on the site of a former Yugoslavian naval base. It is also competing for the custom of the super-rich and has seen a steady growth in the number of berths occupied since it launched during the global financial crash of 2009.

Earlier this year, Dubai's sovereign wealth fund bought the venture for a figure believed to be €200m. The sale could give added impetus to the venture, which has secured government approval to add 400 more berths to the 450 built to date, along with further

**Moorage in Catalonia:** the expanded OneOcean Port Vell marina in Barcelona



commercial development around the marina.

The ability of these newer destinations to expand has been crucial in their attempts to take on top marinas where berthing space can be severely constrained.

For most, Monte Carlo's Port Hercule remains the superyacht industry's most prestigious and sought-after marina. It

is almost always full throughout the high season and during the Monaco Yacht Show welcomes more than 120 yachts over 30m within the harbour's walls, and roughly as many at anchor.

However Gaëlle Tallarida, managing director of the Monaco Yacht Show, says growth in marina occupancy is limited by physical restrictions. "We have worked for more than 10 years to get the berths we have now," Ms Tallarida says. "We worked with the government of Monaco to get the biggest berths available in the harbour and we are the only yacht show in the world which can welcome more than 10 yachts of 80m and up."

Port Vauban in Antibes on the French Riviera, which is one of yachting's most popular destinations, is similarly constrained. The site faces uncertainty over its future with its government-granted lease up for renewal and there is little sign of an appetite for expansion of berths from the authorities.

The physical restrictions placed on these marinas, and others that pepper the Riviera and Italian coastline, mean space is at a premium – and this only adds to their allure. Most are at capacity throughout the summer, allowing them to charge significant sums for high season berths. To rent a berth in a top French marina in high season for a 55m superyacht is more than €800 a night.

Offering an alternative in a similarly desirable location, with amenities in abundance, can appeal to those looking for a more exclusive experience. And while it may seem that, in yachting, money is no object, features that are popular with crews and reduce running costs offer the marinas a competitive advantage.

## Picasso seizure highlights headaches for art lovers at sea

**Protecting onboard valuables**

Yachts and fine art may go together but keeping works aboard is not simple, says *Don Hoyt Gorman*

In summer 2015, news circulated of a Picasso painting seized by French customs officials from a yacht in Corsica. The yacht had sailed from Spain with the painting, *Head of a Young Woman*, valued at €26m, aboard.

Its owner, Spanish banking billionaire Jaime Botin, had applied for a permit to transport the work across Europe, but was denied by Spanish authorities on the grounds that the painting (*see right*) was a national treasure and could not be allowed to leave Spain.

The incident raised a number of questions for owners of yachts who also own works of fine art and keep them aboard their vessels. What authority do governments have to limit the movement of certain culturally significant works? How can owners of yacht-galleries avoid the pitfalls of customs inspections? And are yachts safe venues for world-class works of art?

Legally, the question of jurisdiction is complex, according to Tony Allen of London law firm Hill Dickinson.

"Both flag and port state, along with the country from which it might be said that any works of art have been wrongfully removed, could each take a legitimate interest if there were any imperfection in the ownership or tax status of the artwork or the owner's right to remove the artwork from the country concerned," Mr Allen says.

He advises owners to have aboard their yacht full documentary evidence of art ownership, provenance and tax status, including purchase and export documentation stamped by the relevant tax authorities.

Crew are key to the safety of the art. In the case of the Picasso last summer, it was reported that the captain of the 65m superyacht Adix, normally moored in Spain under a British flag, produced a document from the Spanish authorities prohibiting the work from leaving Spain.

"Crew are the initial point of contact

for customs; how they manage any situation, and their ability to immediately access the correct documentation, can help prevent unwanted disruption to cruising," explains Helen Robertson, a former yacht crew member who now works as a conservator with the National Maritime Museum.

"From personal experience [as a crew member], I know that if the correct paperwork isn't to hand, it can be difficult getting something back once it's seized."

But as Ms Robertson points out, fine art is actually one of few assets on board that can continue to appreciate in value. So it is imperative, from a

cultural and financial perspective, to safeguard it.

According to Ms Robertson, the key to protecting artwork at sea is to understand its inherent vulnerabilities: some works may be particularly prone to knocks or scrapes while others may be affected by environmental conditions or even vibrations from the engines.

The ability to maintain the environment, primarily temperature, humidity and light, within specified safe parameters is important in protecting the physical integrity of vulnerable pieces.

Some of the world's finest yachts are designed with interiors whose environment may equal or surpass that of the world's finest art galleries or museums in terms of control for humidity, temperature and ultraviolet light. But that does not prevent damage to art on board if it is not managed correctly.

"From an insurer's perspective, works of fine art will be itemised individually in a yacht's insurance policy," explains Andrew Jameson, a loss adjuster with Matthews Daniel, the insurance advisers.

"Truly unique and valuable works will have their own policy, which will stipulate transport, handling, storage and display conditions."

"The decision of where to place art, or even the consideration of creating 'environmental safe zones', is vitally important," Ms Robertson explains. It is most often the people on board – from well-meaning housekeepers to enthusiastic party guests – who wreak havoc.

"Giving crew the knowledge and tools needed to monitor the condition of an art collection and ensure best care practices can reduce the potential human and environmental impact," she says.

