

YACHTS & MARINAS

FINANCIAL TIMES SPECIAL REPORT | Friday May 27 2011

www.ft.com/yachts-marinas-2011 | twitter.com/ftreports

The rich are still afloat, but more discreetly

The latest challenge for the industry is buyers' wariness about flaunting their riches. Victor Mallet reports

It is no secret that the luxury yacht industry was an early and prominent victim of the economic crisis that began with the collapse of Lehman Brothers in September 2008 and continues to affect economies throughout the world.

Manufacturers, designers and service providers for the yacht business say a recovery is now under way, although they doubt that the extraordinary explosion of demand that marked the decade before the crisis will be repeated, and believe that further consolidation among struggling shipyards is inevitable.

The numbers tell the story. According to The Yacht Report – which tracks the state of the market for “superyachts” – defined as those over 30 metres or 100 feet in length – deliveries declined to 180 last year, from 213 in 2009 and a peak of 264 in 2006, although it must be borne in mind that deliveries reflect orders made two years earlier, because of the time needed to construct and equip a large vessel.

The total number of yachts on order has also fallen steadily over the past two years.

But those headline figures mask an intriguing detail. While

the number of deliveries fell, the aggregate length of superyachts produced rose slightly in 2010 to 8,008m because the average length increased from 40m to 45m. The ultra-wealthy, in other words, are buying bigger yachts.

How can this be in times of crisis? The answer is that the very rich have, in many cases, continued to get richer over the past three years. The main obstacle to further growth in the superyacht market, then, is not so much lack of money. As in the private jet and corporate aviation businesses, it is that the wealthy find it politic not to flaunt their riches on highly visible symbols of excess.

For the superyacht industry, much will depend on the state of the European and US economies in the year ahead, but most experts agree that the worst seems to be over. And while many buyers seek to remain discreet, the occasional spectacular projects continue to bring cheer to the chosen contractors.

Take Eclipse, the 162m motor yacht built for Roman Abramovich, the Russian tycoon who owns Chelsea Football Club. It is the largest private yacht afloat, costing an estimated \$500m and reportedly supplied with a mini-submarine and a missile detection system.

Then there is the 141m Dream Symphony, being made (of wood) in Turkey, reportedly for a Ukrainian buyer, and which will be the largest luxury sailing yacht in history.



New breed of boat: the 45m motoryacht Big Fish is designed for long trips and has completed a voyage to the Antarctic Peninsula

“While things haven't bounced back, I certainly think they have levelled out,” says Dean Smith, marketing director of Royale Oceanic, which manages superyacht projects and provides services to owners.

Inquiries have picked up so much, he says, that “in the first five months of this year we have been busier than in the previous two years... We're certainly seeing some real interest again.”

Mr Smith adds: “The wealthy industrialists, be they Russian, American, European or Middle Eastern, they are the ones who are still there. Those who either

mine things or make things seem to be quite solid.”

One awkward reality for the superyacht business, as for the corporate jet market, is that the stock of existing vessels (the great majority are motoryachts rather than sailing yachts) inevitably continues to increase and this holds down prices for second-hand and new boats, particularly those in mid-range.

But Martin Redmayne, chairman and editor of The Yacht Report and the Superyacht Intelligence Agency and a veteran observer of the business, says that “cautious optimism” is the order of the day and that

the contract lawyers and designers who oversee new construction projects are as busy as ever.

“Yes, the big economies are still in a ‘gloom and doom’ phase, but there are still a lot of people making a lot of money,” he says.

Given that a mere 2,000 rich individuals own most of the 4,000 superyachts afloat, “you only need small market segments to be excited for there to be an upturn. There are a lot of guys in the world today that can afford a €10m (\$14m) yacht.”

If dozens of yachts were being scrapped or mothballed, there

would be plenty of space for them in the marinas of the Mediterranean, but in the most favoured locations, especially the French Riviera, demand for berths continues to exceed supply because so little capacity has been built in recent years.

“While there is wealth, people will go on building these yachts, and some of them are extraordinary things,” says Nick Maris, chairman of Camper & Nicholson's Marinas.

“You don't need a lot of deliveries, particularly in the larger sizes, to put a lot of a stress

Continued on Page 2

Inside this issue

Buyers and owners

The new generation of the super-rich is not necessarily interested in the Riviera lifestyle **Page 2**

Superyachts The heady days of bulging order books may never return **Page 2**

Interview

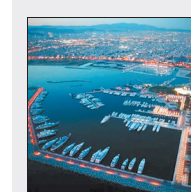
Ed Dubois, the British naval architect, was a landlocked boy who felt the pull of the sea **Page 3**



Racing and regattas

1m online gamers will take part in the 2011-2012 Volvo Ocean Race **Page 3**

Marinas Berth prices have risen fourfold in six years at some of the most expensive facilities **Page 4**



A home in the Med

Big boats battle for limited berths, while suppliers vie to upgrade marinas **Page 4**

Security Arming boats remains controversial despite high-profile pirate attacks **Page 4**

Interior design Attention to intricate detail gives the lie to external similarities with other vessels **Page 5**

Accessories Gadget mania: from jet packs to retractable climbing walls **Page 5**

FT.Com

Boat Shows A round-up of the biggest events for browsing and buying a boat

Asia The super-rich still have funds to splash out on superyachts



Lady Britt – Feadship, 2011, 63m / 205ft, 12 guests, from €850,000 per week

NEVER SETTLE FOR LESS THAN THE BEST

This year, Lady Britt was launched as the finest DeVries Feadship yet built. She joins the Edmiston elite fleet, the most exceptional yachts for charter, sale or under construction. In a world where nobody wants second best, you know who to call first.

NEW YORK: +1 212 792 5370
LONDON: +44 20 7495 5151
MONTE CARLO: +377 93 30 54 44
ANTIBES: +33 493 34 68 98
jk@edmiston.com www.edmiston.com

Edmiston – World leaders in yachting

EDMISTON

Yachts & Marinas

'If you buy a boat, you might as well use it for adventure'

Buyers and owners

The new generation of the super-rich is not necessarily interested in the Riviera lifestyle. Victor Mallet reports

When Richard Beattie, the British-born Australian entrepreneur based in Hong Kong, decided to buy a big yacht, he was astonished not to be able to find the kind of long-distance pleasure vessel he assumed any serious yacht-owner would want.

His disappointment was the origin of Big Fish, a 45-metre "expedition yacht" he commissioned from Greg Marshall, a naval architect in Canada, and had built in New Zealand by McMullen & Wing. He went on to establish Aquos Yachts to

develop long-range luxury motoryachts for millionaires keen to see the ends of the earth.

"I never thought I would get into this business," says Mr Beattie, who is also one of the co-founders of TCC, an international company that designs, manages and provides supplies for customer loyalty schemes for retailers.

"I was just going to buy a yacht. I remember my first trip to the Monaco and Fort Lauderdale shows. I was absolutely convinced I would look at all these boats and say I'll have that one – in green, please.

"You boarded these beautiful yachts, and went 'My grandad would love this' – but not for today's living, the 21st century... They were all oak-pannelled rooms and Laura Ashley drapes."

Mr Beattie's drily humorous remarks highlight two serious points. First, he wanted a yacht

with the range and robust build to do more than speed from beach to beach in the Mediterranean or the Caribbean. "The majority of these big yachts and yacht-owners don't go anywhere. It's showboating," he says. "They want to be noticed. They want to be in that marina, with all the entertainment and they want to be seen being noticed."

Big Fish and its crew, by contrast, have already circumnavigated South America and visited Antarctica and the South Pacific.

The second point was aesthetic. He has not hung old master oil paintings on his boat, like some of his peers. In fact he has eschewed artwork in favour of huge slabs of floor-to-ceiling glass.

"You want to be bringing the outside beauty in... The boat is full of light," he says. "It's a very clean contemporary design. I love minimalist architecture."

In both these areas – super yacht use and aesthetics – trends in the industry suggest Mr Beattie is on to something.

Shipyards and brokers will always wonder about identifying the next cohort of super-yacht owners.

'Who'd want a villa, even a seaside villa, where you would wake up and it's the same old view'

The traditional buyers – European and American industrialists – have been supplemented by Gulf Arabs and Russian tycoons, while recent arrivals include Brazilians, Indians and, to a lesser extent, the Chinese.

But changing aspirations and leisure habits may turn out to be as important as the devel-

opment of cohorts of very wealthy individuals in particular nations.

The new generation of young internet millionaires and billionaires is not necessarily interested in the Riviera lifestyle that appealed to the industrialists of old.

That shift has prompted the development of various types of "explorer" yachts, some of them converted working vessels.

Still, as Jim Gilbert, a yacht expert and an associate of Mr Beattie, points out, the ideal is to have a long-range yacht "that doesn't look like a tug or an oilfield supply vessel" and instead resembles a W Hotel – the boutique chain – on the water.

"We're targeting younger big money," says the 59-year-old Mr Beattie, who has found a charter market for Big Fish in successful entrepreneurs with young families.

"They arrive on their Gulf-

streams [private jets] and they want to do things when they are on holiday. They don't want to sit with cigars and cognacs."

Big Fish has the usual super-yacht toys – including two Laser sailing dinghies stowed aboard – and some unusual features, such as an observation pod akin to a modern crow's nest and bulwarks around the stern that fold down to make a big platform that is almost at water level.

But what makes the yacht special are the adaptations for long-term self-sufficiency and cruising in remote areas, including big fuel tanks and a tender (the smaller, auxiliary boat often used for going ashore) with a 200-mile range.

"With two fill-ups, you could in theory get around the world in Big Fish," says Mr Beattie, who says fuel consumption has been cut by everything from a highly efficient hull shape to the use of low-energy LED lights.

"Who'd want a villa, even a seaside villa, where you would wake up and say 'I'm still here, it's the same old view'," he asks.

If you are wealthy and buy a boat, he believes, you might as well use it for adventure. "They are massively expensive to buy and run, so why do you do it? There's no villa, no house, no other holiday that gives as wonderful experiences as being on these yachts."

Big Fish is already for sale, as is Star Fish, a 50m motor yacht under construction. The third Aquos vessel is Sword Fish, designed but not yet built.

Mr Beattie says he is enjoying a "temporary monopoly" in luxury, long-range explorer yachts. Temporary is surely the word, for there are doubtless several more big fish in the world of superyacht construction and design hoping to take advantage of a different type of customer in search of holiday experiences that go beyond sunbathing.

The heady, easy-money days of 2007 may never return

Superyachts

But there is still a steady trickle of orders, says Michael Howorth

The heady days of 2007, a time of easy money and shipyards with bulging order books, are long gone. Michael Breman, sales director of Germany's Lürssen shipyard believes they will never return, but that does not mean the future of the superyacht is one of unalloyed gloom.

In fact, Lürssen has just signed a significant build order, while down the coast in the Netherlands, Amels this month announced the signing of an order for a vessel from its range of semi-custom superyachts. Measuring 55 metres in length, with a beam (width) of 9.4m, it is due for delivery in May 2013.

And Dream Symphony

provides further proof that the superyacht market has not died.

At 141m long, the vessel to be built near Marmaris in Turkey will be the third yacht for a Ukrainian owner and the largest sailing yacht ever built.

With naval architecture by Dykstra & Partners and design by Ken Freivokh, it is being built on classic lines, completely of wood and using the skills of craftsmen who learnt their trade building Turkish gulets – traditional broad-beamed wooden sailing boats.

The interior design is a combination of classic features and contemporary technology.

Some classic elements,

such as the glass barrel vault, are reminiscent of the historic US yacht, Coronet.

Others are new interpretations that make use of modern materials and technology.

A large section of the

'Superyachts must eventually be built with sustainability in mind'

deck can be left open or covered by large sliding glass structure, so guests can create an on-board microclimate.

Then there is the Beluga Emperor of the Sea, a \$200m design that has been cre-

ated in the hope of attracting a yacht enthusiast with very deep pockets.

A joint venture between a superyacht design group and a decorative glass company, it is an outrageously luxurious 90m vessel that is described as deriving its shape from a whale and a traditional fishing boat. It has acres of glass.

The forward deck is set aside for entertaining with a lounge area, bar and swimming pool that can be used while the yacht is under way.

Six cabins provide accommodation for just 12 favoured guests.

Concept designs are 10 a penny in the superyacht world and many are destined never to be built. Specifically, hardly a day goes by when a designer – often one who has never seen a yacht through build to completion – does not issue drawings of a superyacht with the ultimate in green credentials.

Many of these non sailing designers assume that because the yacht is lightweight and made of recycled material it will appeal to a potential purchaser. Yet every sailor knows that in bad weather, it is the traditionally built and powered yacht that will ride the storm.

Of course, superyachts must eventually be built with sustainability in mind.

One that is already moving in the right direction is the multimillion-dollar PlanetSolar, a 31m catamaran currently circumnavigating the globe using solar power alone. It has 825 solar panels covering 500 sq m, which provide enough power to run the boat and all its systems.

Owned by Immo Ströher, the Swedish entrepreneur, the yacht is making steady progress. It is cur-

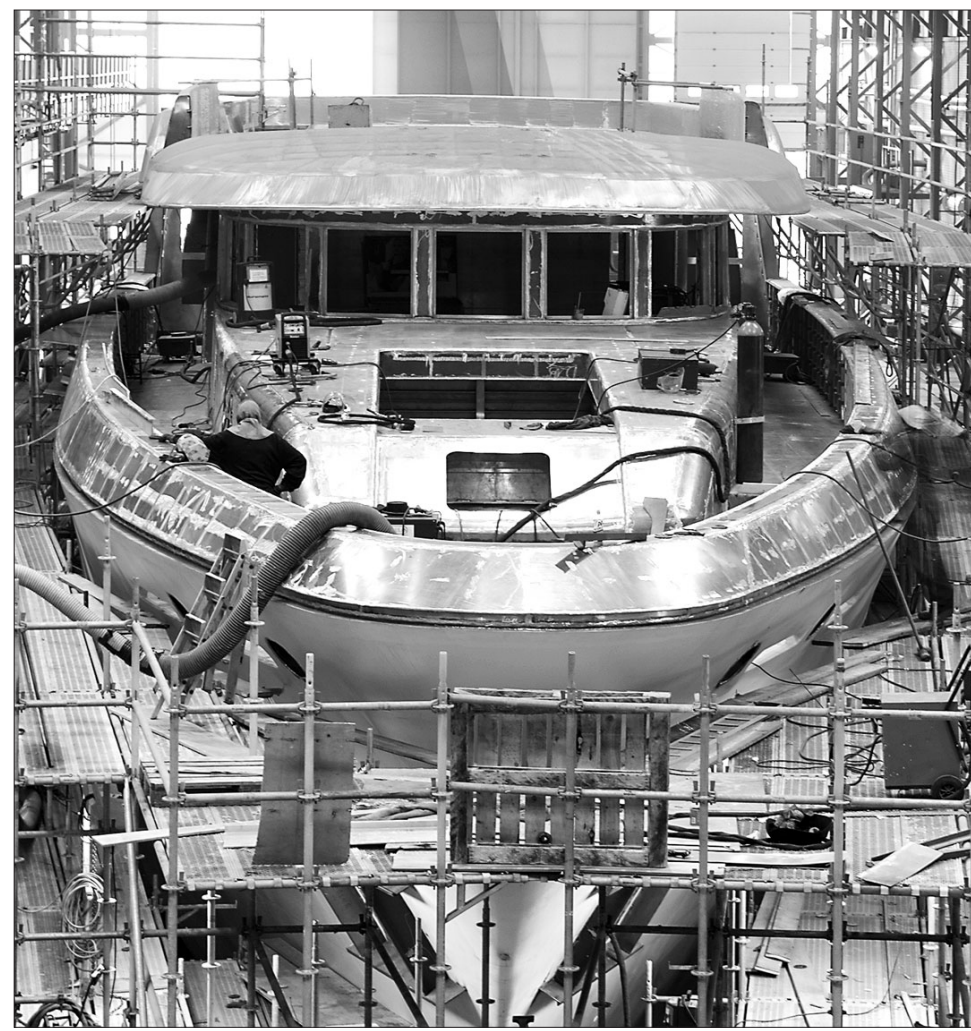


Photo: Frances Howorth

the cufflink connoisseur



LONGMIRE

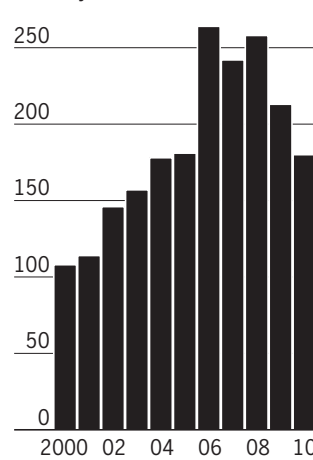
10 NEW BOND ST

www.longmire.co.uk

ST JAMES'S

Superyacht* deliveries

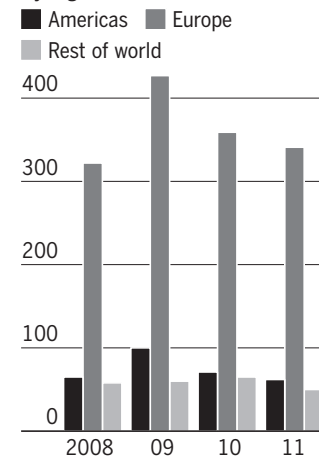
Year on year



Source: Superyachtintelligence.com

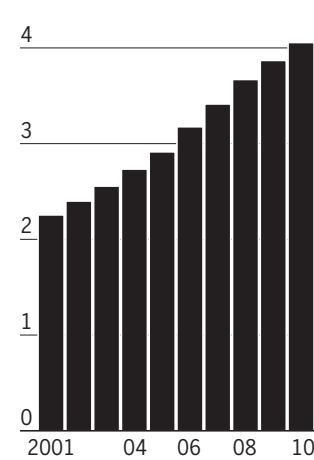
Order book total

By region



Superyachts in the fleet

'000



* Yachts more than 30m

rently in the South Pacific, with stops planned in Australia before it crosses the Indian Ocean and passes through the Suez Canal to return to Monaco, where the voyage began last September.

Foster & Partners, the architects, have combined energy-saving ideas with futuristic design and produced a series of identical superyachts. Unusually, they operate on a shared ownership scheme and are

based in locations around the world.

Michael Howorth is the Technical Editor of Superyacht World magazine and works as a consultant to superyacht owners

The rich are still afloat

Continued from Page 1

on the availability of berths."

C&N Marinas, which is traded on London's Aim, the market for smaller companies, has been investing in the Mediterranean but is also keen to expand further east, namely the Gulf and Asia, and also in the Caribbean to the west.

The company has already contributed designs for four marinas in China, says Mr Maris. "There is a clear sense of pent-up demand in China. There's no doubt that given the population and the evolution of wealth there, these marinas have every prospect of being filled."

The potential for waves of buyers from emerging economies, to supplement the traditional European and American yacht-owners, is a regular topic of conversation in the industry.

The latest regions of interest include Brazil, and the Gulf, where a younger generation of western-educated sheikhs are taking over from their parents.

Yet there are inevitable snags in unfamiliar markets.

While western purchasers, advised by lawyers and

private wealth managers, have developed sophisticated tax avoidance methods involving special purpose vehicles based in the Cayman Islands, and leasing structures to reduce exposure to value added tax, growth in new markets

tycoon, by Italian tax police last year as part of a crackdown on suspected tax dodgers.

Radical new designs and the application of new technology, including more efficient propulsion systems and the use of lightweight materials such as carbon composite, have kept the yacht manufacturing sector fresh.

Yet all but the most flamboyant owners accept that the crisis and its aftermath have injected a sense of realism and discretion into the way they practise the activity, whether for leisure or sport.

"We have had more conversations recently about the running costs of crew, which are high, of fuel, which is also expensive, and of marina costs," says Mr Smith of Royale Oceanic, which deals with exceptionally large yachts.

"A lot of people who were new getting into yachting didn't realise it was going to cost them between €5m and €10m a year to run."

But then, as the 19th century financier John Pierpont Morgan, is reputed to have said, if you have to ask how much it costs, you cannot afford it.



'There is a clear sense of pent-up demand in China'

Nick Maris, Chairman, Camper & Nicholsons Marinas

Contributors

Victor Mallet
Madrid Bureau Chief

Simon de Burton
FT Contributor

Richard Donkin
FT Contributor

Frances Howorth
FT Contributor

Michael Howorth
FT Contributor

Ursula Milton
Commissioning Editor

Steven Bird
Designer

Andy Mears
Picture Editor

For advertising details, contact:
Ian Edwards on:
+44 020 7873 3272;
fax: +44 020 7873 4336;
e-mail: ian.edwards@ft.com

All FT Reports are available on FT.com. Go to:
www.ft.com/reports

Landlocked boy who felt strong pull of the sea

Interview
Ed Dubois

The British naval architect talks to **Victor Mallet**

Ed Dubois was not born into circumstances that presaged a life filled with a salty enthusiasm for all things nautical. The British naval architect explains: "I was a middle-class chap from landlocked Surrey.

"But I was inspired by ships and the sea and read the traditional English literature [including the Hornblower adventures of C.S. Forester]."

However, his maternal grandfather served in the Royal Navy, which might help account for the fascination.

"I was very interested in design from an early age. It was a passion. My three sisters called me the 'boat bore'."

Etched in the memory of many people brought up in west London in the 1960s is the sight of elegant model sailing yachts traversing the Round Pond in Kensington Gardens. Fifty years ago, the child Dubois was there too – not as a spectator though, but as an owner-operator.

Now a leading designer of sail-powered superyachts, Mr Dubois has been involved in the rise of the modern yacht for the past four decades, a period that includes the particularly heady time of growth and technical transformation of the superyacht industry between

the start of the millennium and the financial crisis of 2008.

He owes his success to a combination of two things: a practical understanding of how boats, water and air interact, acquired over a lifetime of sailing that began in a tiny dinghy on the lake in Regent's Park and a sailing adventure camp in west Wales; and a solid academic grounding in yacht design, hydrodynamics, engineering and stress, gained in Southampton and then the island of Jersey.

The results were impressive from the start. Nervously shelving plans to take up a job at Sparkman & Stephens, the renowned New York-based yacht designers, the young Mr Dubois launched his own business, designing a "three-quarter ton" racing yacht for a friend.

Completed in time for the long hot summer of 1976, the boat was "electric in light winds", he recalls. "We won the first 18 races we went in for."

Three years later, another Dubois design named Police Car ("no one ever overtakes a police car..."), won the Admiral's Cup for Australia in the year of the Fastnet race tragedy in which 15 sailors died in a storm.

But it was Aqual II, a 37.2m luxury yacht designed for the American sailor Bob Milhous in 1985, featuring a clean design and discreet new sail winches, that thrust the Dubois business into the world of superyachts.

"We did something completely different," says Mr Dubois, who still designs more sailing yachts than motoryachts, although most superyacht clients worldwide



Ed Dubois: 'I was very interested in design from an early age. It was a passion. My three sisters called me the "boat bore"'

continue to opt for power. "The whole thing was much more streamlined. That struck a chord and we suddenly got all these orders."

Nowadays, Mr Dubois, like other designers, is increasingly using stronger and lighter carbon composite, as well as steel, aluminium or glass-reinforced plastic for ever larger yachts for individual clients, although the adoption of the new materials has been slower than he expected.

But that is just one aspect of technological change.

Yacht designers must constantly work to incorporate advanced equipment to

improve safety, speed and comfort. Sophisticated exhaust-cleaning systems, for instance, filter emissions and pump the residues below the waterline, so guests can swim round a motor yacht at anchor without inhaling diesel fumes from the engine or the generator.

Mr Dubois is especially proud of his extensive use of glass – supplied by a Turkish company that makes canopies for F16 fighter jets – to give sailing yacht owners the good visibility from below that is often lacking in traditional designs.

"Everyone wants to see the horizon all the time whenever

'There was much more wealth in the 1990s, a premium on exclusivity, plus the communications revolution – these three things created a superyacht explosion'

they are on the boat. So we started putting in bigger and bigger windows," he says. "What the new generation of people wanted was a motor yacht style of living, but on a sailing boat."

"There was a combination of much more wealth in the 1990s, a premium on exclusivity, plus the communications revolution (so you could still talk to your mum while in a bay in Burma) – those three things combined to form the phenomenon of the superyacht explosion."

In the decade up to 2007, the value of the superyacht market grew ninefold. Then the economic crisis hit hard.

Mr Dubois signed seven new superyacht projects in 2007, but managed only four in 2008 and one the following year, before the market recovered in 2010 with seven new signings.

"We've already signed three for this year and they are quite big," he says.

"At today's prices, we've got €800m worth of boat in the water," says Mr Dubois, whose company now numbers 11 employees, including himself. He has put its name to 50 vessels afloat that are at least 30m long.

"In two years' time it will be more than €1bn worth. It's quite a fleet."

Watery Formula One aims to cut costs for sponsors

Racing and regattas

The Volvo Ocean Race also has a strong online following, finds **Victor Mallet**

It took the threat of a lawsuit to make Knut Frostad, chief executive of the Volvo Ocean Race (VOR), realise what an important event he was handling – not in terms of the real sailing or the conventional media he already understood, but in the sometimes obsessive world of online gaming.

More than 220,000 people had registered as players in the virtual version of the previous race in 2008-09, and a few hundred had sailed their imaginary yachts between India and Sri Lanka to gain several hours of advantage over their online rivals in the round-the-world contest.

Neither the actual racing yachts, nor anyone who knew how deep the boats' keels are, would take this shortcut, because the water is too shallow, but the online game made no reference to depth limitations.

Hence the angry threats of legal action over the game, which was eventually won by a Dutch physicist who had never sailed.

"It made you realise that this is serious," says Mr Frostad, interviewed at the VOR's new headquarters in the Spanish port of Alicante. "We had to sit down and negotiate and we restarted that part of the [online] race."

This time, for the 2011-12 event starting in Alicante in November, the organisers are aiming for 1m online gamers.

The unromantic reality of the yachting industry, particularly for superyachts of more than 30m or 100 feet in length, is that the majority of those produced, bought and used are diesel-powered motor vessels rather than sailing boats.

But when it comes to advertising, sponsorship



Risk management: the ocean race relies on commercial financial support

María Muñoz

and media coverage, the sight of a few wealthy property developers or oil tycoons dining or sunbathing on the afterdeck of a motor yacht does nothing to capture the romance and excitement of the sea. That is where sailing regattas and long-distance races come into their own for media buyers.

The contests range from the humble yacht club regatta, through professional, commercially sponsored competitions such as the two-handed, nonstop Barcelona World Race or the high-speed thrills of the Extreme 40 series of inshore catamaran races, to the sporting summit of the America's Cup, the oldest surviving competition in international sport.

Larry Ellison, founder of the US software group Oracle, won the America's Cup last year from Ernesto Bertarelli, the Swiss biotechnology tycoon, with a trimaran boasting a revolutionary wing-sail larger than the wing of an Airbus A380 superjumbo.

In the 2013 America's Cup in San Francisco, for which the preparatory races begin in Portugal this August, the idea of traditional monohulls or even conventional multi-hulls has been dropped in favour of the wing-sail technology. The America's Cup, like superyacht regat-

tas, depends on private money.

The VOR, however, is more like the maritime equivalent of Formula One, reliant on financial support not just from Volvo but from the commercial sponsors of the competing teams and the 10 host cities that pay a rights fee for a two-week event as part of the round-the-world race.

"For a brand like ours, we think it can help us, give us a push upwards," says

'You can have privately owned yacht racing and you can have club sailing but we're different'

Lorenzo Fluxà of Camper.

The Mallorca-based, family owned, shoe company has successfully expanded abroad but still sees itself as a minnow compared with big corporations such as Groupama, the French insurance group, and Spain's Telefonica that are sponsoring rival boats.

The VOR, previously known as the Whitbread, is now faster and more exciting and attracts more attention than ever, in part because technology now allows crew members to be interviewed live on tele-

vision while pounding through the Southern Ocean at 30 knots.

"You can have privately owned yacht racing and you can have club sailing, but we're different," says Mr Frostad, who already has 50 staff and will have 90 when the race begins.

The race control centre at VOR headquarters in Alicante looks like a space mission control room, complete with big screens to show the progress of the boats and multiple television monitors.

"The duty officers will be there to monitor the race when something goes wrong – and it's not if but when," says Mr Frostad, himself an experienced round-the-world sailor. "The Volvo Ocean Race is an exercise in risk management."

Economic recession and the global financial crisis that began in 2008 have inevitably had an impact, encouraging Mr Frostad and his team to cut the costs of participation even more than they had already planned to do after a strategic review with the help of the Boston Consulting Group.

Rules have been changed to limit the number of boats built to one per team, and to restrict the number of sails and the amount of time crews can spend practising, with the result that the cost has already been halved from the €50m (\$70m) sponsors used to have to invest.

For the forthcoming edition of the race, Mr Frostad is expecting eight entries, slightly below the ideal number of 10 but "a good number considering the crisis".

And he hopes to improve on the nearly 3.9m people who visited the race ports in person during the previous event – as well as cumulative television and print audiences of 1.33bn and 1.62bn respectively and almost 90m web visits to VOR sites.

"That makes us stack up pretty well compared with other sports events such as Wimbledon and Silverstone," he says.

CORUM
LA CHAUX-DE-FONDS · SUISSE

ADMIRAL'S CUP SEAFENDER

Diver's chronograph, grade 5 titanium case water-resistant to 300 meters.
CORUM automatic movement, COSC chronometer-certified.

www.corum.ch

Yachts & Marinas

Lack of space makes boom with a view a prized asset

Marinas

Richard Donkin finds berth prices have risen fourfold in six years at some of the most expensive facilities

One of the best investments a superyacht owner could have made in the past six years has been a berth in a popular Mediterranean marina. But choosing a home berth is often a secondary consideration when people decide to buy a yacht.

Parts of the Mediterranean, such as the South of France and the Balearic Islands, are suffering a chronic shortage of marina berths that has forced up prices in the past few years.

Some of the most expensive marinas are charging between €4,000 (\$5,700) and €8,000 a sq m for a 25-year lease, sometimes four times what they would have been asking six years ago.

"By my calculation, I reckon France has one yacht for every 20 metres of its coastline. You could actually line the whole of France with yachts," says Nick Maris, chief executive of Camper & Nicholsons Marinas.

A combination of berth shortages in Europe and shifts in global markets has led to an upsurge of interest and development in the Gulf, south-east Asia and South America.

In China alone, government encouragement has meant that several dozen marinas are under construction or at the planning stage. It is estimated there is scope for between 200 and 500 state-of-the-art facilities there.

Many of these developments will be catering for the growing home market, although business opportunities for western companies are making south-east Asia an increasingly attractive destination for the more adventurous European superyacht owners, who like to use their vessels for meetings.

Recent unrest in parts of north Africa and the Middle East, however, has reminded

yacht owners that political instability should be a consideration in choosing destinations and berths.

A number of marina developments have been put on hold in the Red Sea and the Gulf, places that had begun to rival the Caribbean as overwintering destinations for owners who are based in the Mediterranean during the summer season.

Marina developers, however, are taking a long-term view of plans for expansion and one trend is the emergence of branded chains of owned and franchised marinas, not unlike the branded hotel chains that have spread across the world.

"As the centre of gravity shifts towards south-east Asia and China, I think this trend for premium global brands, allowing luxury marinas integrated with yacht clubs, is going to strengthen in the next few years," says Mr Maris.

In the meantime, the canniest superyacht owners, who acquired several berths, have found themselves sitting on increasingly valuable investments, where markets have sprung up for the trading of leases.

Camper & Nicholsons has sold 12 of its superyacht berths in Valletta, Malta – a strategic harbour for owners who seek to explore both the western and eastern Mediterranean.

The company's Valletta superyacht berths are priced at €2,200 a sq m. A 25-year-lease on a berth was sold recently for a 100m superyacht for €5.5m, four times the price of six years ago.

"While the market has been flat for some of the interim period, prices haven't dropped," says Mr Maris.

"Owners need to be more systematic when looking at their options. Typically, new owners think about where they're going to berth their yacht as a secondary consideration when they're choosing their interiors and design. But it should be one of the first things they consider," he says.

Even within Europe, berth choice should take into consideration a number of factors.

Greece, for example, has suf-



Valletta in Malta – a strategic base to explore both the western and eastern Mediterranean

Photolibary

ferred as a location because of its economic problems. Italy too has suffered because of tax raids on the rich and general economic conditions.

In Spain, there has been a declining number of yachts,

'Owners need to be more systematic about berths. It should be one of the first things they consider'

again probably as a result of recession.

By contrast, demographic trends in Turkey have led to rapid expansion of its home fleet, outstripping marina supply and leading to higher prices.

To attract superyachts, developers are finding that they must

provide infrastructure that goes beyond offering efficient showers and a pleasant bar and café.

The wealthiest owners want access to airstrips for private jets, limo and boat engine services, and even florists.

"With a superyacht, there are so many stakeholders. There are the owners and their immediate families, the captain, cook and stewardess – and there's access to financial advice and engineering services," says Mr Maris.

"The captain may need a house and schooling for his children. There's the local tax and VAT regime to consider. As large marina chains emerge, they will be able to assist with more and more of these demands, utilising specialists in human resources, marketing and chartering," he adds.

While the local flavour of individual destinations will remain, he says, larger chains will sup-

ply a consistency of service that will follow the luxury yachts from destination to destination.

International wealth is mobile and the superyacht has become a powerful symbol of this mobility among the billionaire elite.

The character of yachting is changing at the same time.

While the Mediterranean and the Caribbean were and still are the traditional playgrounds of rich westerners, the spread of concentrated wealth eastward is changing the seascape and China is the new hotspot.

Piracy in the Indian Ocean may continue to deter some western owners from making longer passages eastward, but the lure of new playgrounds, combined with new business opportunities and sparkling new marina services at destinations, such as Hainan Island in China, is changing the superyacht world view.

'Armed boat' option remains controversial

Security

Owners are boosting their defence strategies against piracy, reports Richard Donkin

In August 2008, the 54m luxury yacht, *Tiara*, was anchored off Corsica with nine charter guests aboard, when four masked and armed men pulled alongside and forced their way on deck, holding up the captain and crew before making off with cash, jewellery, watches and artworks.

Piracy is every yacht owner's nightmare, but up until this incident it was virtually unknown in the Mediterranean in modern times.

The ease with which some ships have been boarded at sea is leading yacht owners to beef up their security systems and personnel.

Some are even embarking on ocean passages with armed guards, but the arming of yachts is a controversial option that cannot claim unqualified support across the yacht security industry.

Well publicised cases such as the abduction by Somali pirates of yacht owners, Paul and Rachel Chandler near the Seychelles in October 2009, have exposed the vulnerability of craft to sophisticated pirate operations. Yachts can also face political risk in areas such as the Gulf.

Andrew Pindar, chairman of Pindar, the printing and electronic media group, and a leading yacht-racing sponsor, became embroiled in a diplomatic incident in 2009, when one of his two Bahrain-based racing yachts was seized by Iranian Revolutionary guards.

The boat had sailed into disputed territory. It was only released when the Iranian Government was persuaded that any incursion was accidental. "We learnt the hard way that you have to build in a safety margin on your chart when straying anywhere near disputed waters," says Mr Pindar.

In response to such threats, owners are turning to specialist advice from a growing number of marine security companies, often staffed by ex-military personnel. At the same time, security considerations are moving up the agenda for new builds with some prospective owners asking for bulletproof glass and more sophisticated radar.

But security advisers are divided over the desirability of superyachts arming themselves.

Rick Filon, Marine Director at the AKE Group, based in Hereford, UK, runs seminars for yacht-masters, owners and shipping companies, outlining approaches to on-board security.

He advocates what he calls a "non-lethal" approach to pirate attack, advising ship owners to develop defence strategies and invest in hull improvements.

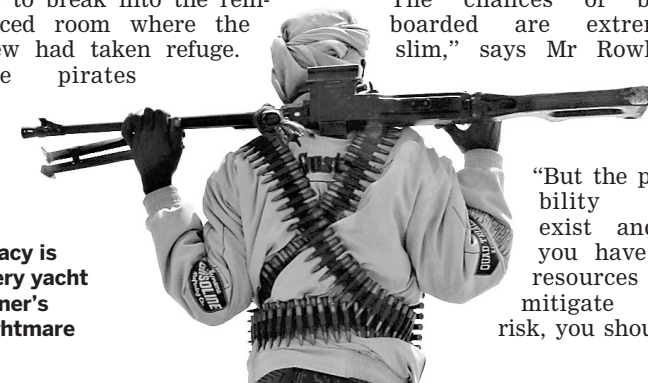
In large commercial ships, he says, higher freeboards [the distance from deck to sea level], toughening of external doors and the creation of inner safe rooms, often around the engine room have helped to deter pirate attacks.

A "panic room" saved the crew of the Korean container ship *Hanjin Tianjin* during an attack by pirates off the Horn of Africa in April.

Pirates boarded but were unable to break into the reinforced room where the crew had taken refuge.

The pirates

Piracy is every yacht owner's nightmare



abandoned their efforts before a Turkish warship arrived on the scene.

While large commercial ships can protect themselves with razor wire and internal reinforcing, superyacht owners are reluctant to take measures that will spoil the lines of their boats.

But superyacht captains do have two big advantages: their boats are usually powerful and agile enough to outrun the fastest pirate skiff and they can usually choose passages that steer clear of trouble spots.

This last option is narrowing for some owners, says Simon Rowland, managing director and owner of Veritas International, a superyacht security company. "We have been running super yachts in to the Seychelles for six years and today the threat extends all across the Indian Ocean, from India's East Coast down to the level of Sri Lanka," he says.

"Just because you have a brand new shiny superyacht does not mean that you are free from the risk of mechanical difficulties. We've had big yachts losing all power smack in the middle of pirate alley."

Mr Rowland says that, depending on the passage, owners should consider the option of armed guards. "Why have unarmed security on board anyway? It makes no sense with the severity of attacks at the moment."

One of the problems in arming yachts is the varying legislative regimes depending on the flag under which a vessel sails and the laws of the ports of embarkation and destination.

In defence of an unarmed strategy, Rick Filon points out that insurance companies are

'Why have unarmed security on board? It makes no sense with the severity of attacks at the moment'

less likely to provide cover for an armed yacht, but Mr Rowland says attitudes are changing in the insurance industry.

"A significant proportion of our business now comes from insurers," he says. "Historically, they were against armed guards on ships, as were the shipping companies, but it has all changed this year and now people are far more amenable to the utilisation of armed teams."

In considering the alternative to an armed response, Mr Filon, a former member of the Royal Navy's Special Boat Service, and a pioneer of maritime counter terrorism, urges clients to concentrate on improving the odds against capture without resorting to what could lead to escalation and more violent confrontations at sea.

"Typically, these pirates are mounting their raids from a high powered skiff launched from a motherboat. An AK47 round is relatively ineffective, even if it hits a boat's hull. Even a rocket-propelled grenade is difficult to fire with any accuracy from a boat," he says.

But while disagreements exist between security advisers about details of tactics, there is broad agreement about general defensive strategy.

For superyacht owners there seems little doubt that security is becoming essential.

"The chances of being boarded are extremely slim," says Mr Rowland,

slim," says Mr Rowland, "But the possibility does exist and if you have the resources to mitigate that risk, you should."

A Mediterranean home Big boats battle for limited berths, while suppliers vie to upgrade facilities

Superyachts cruising in the Mediterranean in the summer tend to visit marinas only for short periods. Hard working charter yachts in particular spend their time flitting from one scenic anchorage to another, writes **Frances Howorth**.

In winter, these same yachts move to warmer playgrounds in the Caribbean. Apart from the occasional night when guests want to party in town, a marina berth in a home port is of little use.

However, boats that are based in the Mediterranean, and those used only occasionally, do need a berth in the area, meaning there are a lot of yachts seeking marina dockage.

Large vessels can easily travel long distances, so when the cost in one area rises beyond what is felt to be acceptable, yachts can and do relocate. This has created competition among dock operators and has led to the opening of new marinas over the past few years.

Several Italian ports, particularly those close to the French border, offer cheaper berths than those in nearby marinas on the French side.

In recognition of the importance of superyachts to the economy, there has been significant investment in Italy recently, with the conversion of failing commercial ports into superyacht havens; Imperia – on the north-west Ligurian coast – is a good example.

Marinas have also been opened along the coast of Spain: Vilanova Grand Marina and Puerto Tarraco, which are both near Barcelona and Port Adriano, Mallorca, for example.

There is a plentiful supply of new berths



Valuable asset: Flisvos Marina in Athens

in Marina di Portisco on the north-east coast of Sardinia. In Montenegro, the port of Tivat in the Bay of Kotor has been transformed into Porto Montenegro, a marina village with berths for 600 yachts, 130 of which will be available for yachts of more than 30m.

Cyprus has two marinas under construction. Karpaz Gate on the Turkish side of the island is to open this month. Designed in accordance with British Marine Federation codes of practice the marina layout takes into account requests from many superyacht owners and their captains. The high electricity requirements of superyachts plus extra space for them to manoeuvre have all been considered

and there will be sophisticated security systems.

Limassol Marina, on the Greek side, is a short stroll from the city centre and has villas, apartments, shops, restaurants and a yacht club. It is designed to blend in with the historic harbour, old town and medieval castle. When complete, the marina will accommodate superyachts up to 100m.

In Greece the government plans to sell marinas and ports, raising revenue in an attempt to avoid defaulting on its debt repayments. In Athens, the recently upgraded Flisvos Marina owned by the Latsis Group, is quite possibly the largest bespoke superyacht marina in the Mediterranean. It is the home base for many Arab-owned yachts, often managed by the Latsis Group itself.

Marinas and superyachts are very important to the Greek shipping industry and the subject will be extensively covered during the Posidonia Sea Tourism Forum in June. On the agenda are ways to improve cruising among the Greek islands and the building of marinas.

Colin Squire, publisher of Yachting Matters magazine, is to chair the seminar sessions. He says: "This suggests that interest in the building of marinas in the Mediterranean has not diminished post-2008. We may not be building as many yachts as a few years back, but the fleet that is now in place is quite awesome and has to be serviced. From the figures that I have accumulated over the past few years, I would estimate that during the summer months there are in the region of 2,700 yachts between 20m

and 50m cruising Mediterranean waters and that's a lot of berthing to find!"

Valletta in Malta has for many years been a sound base for overwintering large yachts, with several well protected marinas.

Nick Maris chief executive of Camper & Nicholsons Marinas, and majority owner of Malta's Grand Harbour Marina explains: "Because the government has worked hard to create a superyacht-friendly environment, Malta is now able to provide the full range of services to make the island a viable home port – and at notably more attractive prices than the Riviera."

"This is especially true for larger vessels, with more than half of superyachts visiting Malta now being in the 50m plus range, which constitutes just 10 per cent of the global fleet."

The African coast of the Mediterranean has seen political turmoil in recent months but this has not seemed to affect marina berths sales.

Tim Morely, a yacht broker, is doing brisk business selling berths in Bizerte marina in Tunisia. He says, "Tunisia is ideally situated, close to Sardinia and Sicily. It is the closest point to the south of France where yachts can escape from Europe and they can find quality fuel at low cost. We have been having yachts visit Bizerte for years, and in the past they haven't often been inclined to stay and get to know the north of Tunisia. Now, they will find a warm welcome and enchanting facilities."

Frances Howorth is special features correspondent for *Superyacht World*

M CLASS

WE GO TO EXTRAORDINARY LENGTHS

High performance Flybridge Motor Yachts and V Class Sports Yachts from 42–130 feet

PRINCESS MOTOR YACHT SALES +44 (0)1489 557755
sales@princess.co.uk • www.princess.co.uk



www.princessyachts.com

PRINCESS

A member of the LOUIS VUITTON MOËT HENNESSY family



The scene is set: the cinema on board Pelorus, the 115m motoryacht owned by Roman Abramovich

Richard Seaton

Boat interiors reflect their owners' whims

Design

Attention to intricate detail gives the lie to external similarities with other vessels, says **Richard Donkin**

To anyone lacking an eye for detail, one superyacht can look very much like another as they sit together at anchor at one of the set-piece summer events such as the Monaco Grand Prix, their tiered decks resembling the fillings in a wedge of cake for those who can have it and eat it.

But if the external similarities of these yachts offer a degree of anonymity, their interiors are intricately designed to match the characters and desires of their owners.

It is understanding those desires that Andrew Winch, the managing director of Andrew Winch Designs in Mortlake, London, believes is essential to interior yacht design. "You have to feel something about the interior of a yacht. It has to have emotion," he says.

As the world begins to emerge from recession, he has noticed interior choices changing in line with more optimistic moods.

"A client called the other day

seeking to make some changes. His interior is traditional in dark walnut brown but he's now asking for more contemporary furnishing and lighter colours that I'm sure is looking forward to better times," he says.

Many of his projects run four to five years from conception to completion. During the depressed market only one of his orders has been shelved by a client. "And he will come back in time," says Mr Winch. "Through the recession we had to make some cutbacks and rebalance ourselves, but in the past 12 months, we've seen growth in the private jets market and that's a good sign."

"The first thing our clients need is the means to get around fast, chasing business. Then they want to come back in to the 'business suite'. This [feeling of an] elite club works very well when you have a yacht. Yachting is not for everyone but you can put your individual stamp on a yacht and you can have everything you want."

So what do clients want? Variations of beige, brown and cream remain popular and Mr Winch admits that working without this palette is difficult.

Increasing fire regulations have cut down the options on textured materials. Tastes for minimalism have also shifted to boat design.

The owner of one of his latest yachts, Phoenix II, has opted for a New York Art Deco feel, with the interior décor in silver, gold, black and white and the exterior anthracite grey and black and white paintwork. "It says: 'Look at me. I've arrived and I'm successful,'" says Mr Winch.

Often owners are looking for a distinctive signature among designers and few have stamped their personalities on interior design more than Terence Disdale, the Richmond, Surrey-based designer who has joined with Tim Heywood, a naval architect, on several projects.

One of their most notable collaborations was Pelorus, the 115m yacht owned by Roman

Abramovich, the Russian businessman and chairman of Chelsea Football Club.

The design reflects Mr Disdale's preference for rich textures and contemporary finishes where he can use them within the parameters set by boat safety regulations.

"I'd call our style beach house, not penthouse. We rely

'It's like a scene from 'Downton Abbey' – in the days when large houses had butlers and servants'

on creating the luxury of space and that doesn't need gold swan taps."

But designers, he says, are always working within tight rules, particularly covering combustible materials. He says: "We're constantly needing to combine practical needs with

the best we can offer in style and design."

Designers must also take in to consideration the dual occupancy of superyachts – crew and passengers – ensuring that staff who run the yacht can work efficiently while ensuring that guests are comfortable during their stay.

"The back of house has to work even more efficiently than the front of house. Your staff have to move around invisibly and very quickly."

"Also new rules are coming in on standards of crew accommodation," says Mr Winch. "There are no rules to ensure there is natural light in an owner's cabin but there are for the crew quarters."

Kitchens must be utilitarian, capable of feeding passengers and a crew of up to 30 on an 80m superyacht, working to a 24-hour watch system.

Design, he says, must work hand-in-hand with staffing skills. When designing a *hammam* – a Turkish-style steam

room – he found one client who had been let down in some staffing advice from a potential captain.

"You're not just sitting in a room like this getting hot, you're having a treatment and you need specialist staff who will, scrub, wash and massage you in the heat of the room," says Mr Winch.

"The captain had contacts with stewardesses who had massage qualifications but that wasn't what the owner was looking for. The owner told me it was like getting coffee in a paper cup when he was hoping for a perfect cappuccino with a chocolate cinnamon topping."

"You have to understand these are floating seven-star hotels and they're owned by billionaires. When they arrive at their yachts with their guests, the staff line up to greet them on board."

"It's like a scene from *Downton Abbey* – in the days when large houses were staffed by butlers and servants."

Gadget mania – climbing walls and virtual balls

Accessories

Simon de Burton looks at some of the latest technology and toys

Few yacht owners can resist the range of gadgets, accessories and accoutrements available to put the icing on the cake of their primary purchase. Here are some of the latest technology and toys.

Advanced New Technologies: retractable climbing wall

Advanced New Technologies (ANT) specialises in fitting bespoke extras for superyachts. Its latest offering – still at the prototype stage but available to order – is a retractable climbing wall of lightweight metal and glass fibre.

The climbing wall would be concealed in the stern of a yacht, to emerge at the push of a button to rise up, rather like a roller-shutter door in reverse.

When fully deployed, the separate panels present a strong and rigid structure on which to climb. And, with the sea below, the landing should be softish if a climber falls in. All systems are built to order, with prices on application. www.a-n-t.net

JetLev R200 Jet Pack

If you have always dreamed of emulating the opening sequence of the 1965 James Bond movie *Thunderball*, in which Sean Connery escapes the baddies using a jet pack, the German-built JetLev Flyer could be for you. The first production models were due to be shipped to customers this month after more than 10 years in

development. They feature a 250 horsepower propulsion engine in a floating pod, which is tethered to the back-mounted pack by a hose.

Water is pumped through the hose and out of two nozzles at high pressure, thrusting the wearer into the air. Height and direction are adjusted by "intuitive" hand controls and the pack offers a top speed of 22mph at a maximum height of 28 feet. A tank of fuel lasts up to three hours. Beam me up, Scotty. Yours for \$99,500/€129,000. www.jetlev-flyer.com

Henshaw Sea Pool

The UK-based Henshaw company is best known for making components for rigid inflatable boats – but it is now putting its expertise to use on the Sea Pool. This is designed primarily to protect sea swimmers from jellyfish and to provide a safe environment for children.

SeaPools, available in sizes up to 20m by 5m, have a flat and rigid inflatable border that can support the weight of several people without

distorting. A 2.5m weighted net hangs below the border to keep out unwanted visiting creatures.

The pools can be fitted with accessories including sun decks and ladders. From £8,721 (\$14,120) to £18,523 (plus accessories). www.henshaw.co.uk

Bremont B-1 Marine Clock

The position of the traditional ship's chronometer may have been usurped by electronic gadgetry, but this beautiful bespoke clock by British watch brand Bremont is worthy of a place in the stateroom of even the most high-tech superyacht.

Designed and built in the UK, the 30-cm B-1 can be customised and can be made to match to the interior of a specific boat.

It will run for 40 days without rewinding, shows both local time and that back home and can record the length of a voyage of up to 90 days by the month, day and hour.

A walnut and hide case by the British furniture maker Silverlining can be specified at extra cost. From £40,000 (clock only). www.bremont.com

Hublot Oceanographic 4000 watch

"How low can you go?" is undoubtedly a pertinent question when it comes to Hublot's new dive watch, which is guaranteed waterproof to a lung-crushing 4,000m – more than 200m deeper than the final resting place of the Titanic.

Due to be unveiled on June 6 at Monaco's Musée Océanographique, the watch is available in two limited series each of 1,000 examples, one series in titanium and the other in carbon.

The case measures a mammoth 48mm in diameter, while a heavily engineered crown guard ensures the inner timing bezel – which shows the diver's time spent under water – cannot be accidentally moved mid-dive. Just do not drop it over the side. €14,700 (\$20,800) in titanium; €19,600 in carbon. www.hublot.com

Arcstream / ANT: interactive pool table

The motion of the ocean is not always conducive to a decent game of pool, which is why Arcstream AV Interactive has developed a version of the game for superyachts.

It combines a standard table with "virtual" balls created by means of a high definition light projector.

The game can be played with standard cues, and when a ball is "struck", its movement is tracked by an infrared camera and illuminators to create a realistic impression of the real thing.

Myriad custom effects are available, including waves of colour and spotlighting. When not in use, the table can even be made to look like a pond filled with fish, £50,000. www.arcstreamav.com



Shower power: a water-propelled jet pack in action

▲ MasterGraff Skeleton 48 O

GRAFF
Geneva

www.graffwatches.com

© GRAFF DIAMONDS SUI

THE QUEEN'S AWARD FOR ENTERPRISE 2009

ULYSSE NARDIN

SINCE 1846 LE LOCLE - SUISSE



MOONSTRUCK

ASTRONOMICAL WRISTWATCH. SELF-WINDING. MOON PHASES.

18 CT ROSE GOLD CASE. WATER-RESISTANT TO 100 M.

LEATHER STRAP WITH FOLDING BUCKLE.

LIMITED EDITION OF 500 PIECES.

Official Sponsor

mys
MONACOYACHTSHOW

LONDON: Arije - Sloane Street
Chatila - Old Bond Street
Harrods - Brompton Road
Kronometry 1999 - New Bond Street
Selfridges - Oxford Street

ULYSSE NARDIN SA - Le Locle - Switzerland
T. +32 930 7400; info@ulyссе-nardin.ch