



2011 has seen continued improvement in both the sales and charter markets, although over supply in both means prices are still lower than pre-2008 levels. America seems to be experiencing a stronger recovery than Europe at present and there is also a general mis-conception about the continuing fall in the price of yachts for sale. The new yachting tax being introduced in Italy this spring is likely to have a huge impact on yachts based in this area as well as those that cruise the region and will also have a knock on effect on the crew. Established shipyards are continuing to do well however over capacity means that there is still pressure on prices.

The world of superyachts moves fast and you need to have your finger on the pulse in order to spot the opportunities before they pass you by. Read my view of the market to find out more about what's been happening over recent months.

Hein Velema
CEO



SALES CONTINUE TO IMPROVE - Significant increase in sales since 2010

Overall 2011 showed a significant improvement in the number of yachts sold compared to 2010. 263 yachts were sold in total, compared to 205 in 2010. Fraser Yachts has been at the head of this charge in 2011 with its involvement in 45 of these deals as either listing or selling broker (or both), significantly more than any other brokerage company. This increase has come mainly from the recovery being experienced in the US, while the European market has reduced slightly. On average it was also smaller yachts being sold in 2011 compared to 2010.

There is still a lot of uncertainty in the market place. People assume that the selling price of yachts is continuing to fall due to the large number of price reductions that are now being reported by industry sites which did not record such detail prior to the recession. However whilst the asking prices are indeed continuing to fall, the final selling prices are actually stable (and have been for some time) although significantly lower than they were in 2008 (around 30% lower) and we expect them to stay at this level for the foreseeable future.

CONTACT ONE OF OUR SALES EXPERTS FOR MORE INFORMATION: SALES@FRASERYACHTS.COM



CHARTER MARKET STARTS TO IMPROVE - Over supply impacting on revenues

Whilst charter activity has returned to 2007 levels in terms of the number of weeks booked, the significant increase in yachts available for charter during this period means that supply is greater than demand and competition remains fierce. Smart yacht owners are now competing on quality of service and crew rather than slashing their prices.

The Caribbean winter season is still looking quiet with many yachts remaining unchartered over Christmas and the New Year, although the season does appear to be slightly better than 2010. Other areas such as the Maldives are having a more robust winter season.

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NEW YACHT TAX IN ITALY - Marinas expected to be badly hit

A new tax law has been passed in Italy that will see the introduction of a tax for yachts moored, at anchor or cruising within 12 miles of the Italian coast from the 1st of May 2012. Whilst there are still some uncertainties around the new Italian tax it appears that the rates will vary according to the size, type and age of yacht. This means that a new 65m yacht may face a tax bill of over 250,000 Euros if it spends the whole year in Italian waters.

We expect this new tax may lead many yacht owners to move their yachts out of Italy. Yachts are likely to relocate to Croatia, Montenegro, Greece and Turkey.

If you would like further information on the tax and its possible impact please contact us.

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OVER CAPACITY AT YARDS - Established yards doing well

Well established yards are still managing to do better than new comers to the industry. However we are still seeing the regular arrival of new builders to the market, particularly with some of the defunct yards being purchased and reopened.

There is now around 50% over capacity in yacht construction facilities which has led to lower prices and smaller margins, although this does mean better prices for buyers.

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TAX IMPACT ON CREW - Crew may leave Italy

The introduction of the new tax on yachts in Italian waters is becoming a concern for crew members based in this region. Owners and captains are currently looking into alternatives to keeping their boat in Italy and not all crew members wish to be based away from home which may result in an increase in turnover. As the new law is not yet fully defined and understood there is an air of uncertainty in this area.

In the Mediterranean it is a good time for crew members to follow a training program and to improve their qualifications; in today's difficult market only the most qualified and knowledgeable are sure to get the good jobs.

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