



The generally strong start to 2011 is continuing into the Spring and Summer and overall there is a positive feeling in the marketplace. We've been fielding a lot of enquiries over the course of Q1 2011 across all areas of the business, although not evenly spread across our worldwide network of offices. It's clear that some regions are recovering quicker than others. Charter enquiries and bookings are particularly encouraging compared to the same time in 2010.

The world of superyachts moves fast and you need to have your finger on the pulse in order to spot the good opportunities before they pass you by. Read our view of the market to find out more about what's been happening over the first quarter of 2011.

Hein Velema
CEO



SALES: ENQUIRY LEVELS RISING - Clear signs of recovery in some regions

As we head quickly from Spring into Summer, the brokerage market is gaining pace, particularly in Europe with buyers preparing for the Mediterranean season. The market is fairly buoyant, in stark contrast to the last couple of years. Enquiry levels are fairly high and deals are being closed. This activity has been supported by a high number of boat shows recently; including Dubai, Palm Beach, Abu Dhabi, Hainan, Mumbai, Singapore, San Diego and Antibes. Unfortunately many of these boat shows are more successful at attracting exhibitors than qualified visitors. In the short term the most promising markets appear to be Europe and Russia. The US brokerage market is still slow and may take longer to recover. In the long term, India and the Far East is beginning to look truly promising with a realistic prospect of some sales there in the next 18 months.

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



CHARTER BOOKINGS INCREASE - Twice as many bookings as 2010 YTD

2010 was not a great year for the charter market. The over-supply of yachts and a reduction in demand meant that bookings were slow to come in, many were made at the last minute, negotiations were tough and there was a lot of discounting. In some cases the prices were driven down which could have been advantageous if it had attracted new, first-time charterers but unfortunately this was not the case.

This year, the picture is very different. We're very encouraged by the number of bookings so far. If you look at the number of charter bookings signed so far in 2011, year to date, compared to 2010, we are already in excess of double the 2010 figures. There are still discounts here and there but much less than before. It is already getting difficult to find a large yacht for multiple weeks in July. This is partly due to the fact that Ramadan covers the full month of August and most Arab clients will choose the month of July to charter.

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YACHT OPERATING COSTS - Expenses still being closely monitored

Although the economic situation for most yacht owners has improved over the last twelve months, it is very clear that Captains and owners' representatives are still under a fair amount of pressure to keep a very close eye on the budget and operating expenses. In talking to many of our yacht managers, very close monitoring and cost control is definitely still the order of the day. We have not seen the budget slashing witnessed in 2009/2010 but things are still pretty tight for many Captains. There is clearly an effort being made to find savings and to economize wherever possible. Fuel will naturally be one of the major expenses for most motor yachts and the worldwide increase in fuel prices has been taking its toll. We've seen several Captains and Owners altering their itinerary and schedule in order to purchase fuel at the most economical rates available. We expect to see more of these cost-reduction attempts as long as things remain tough for many of the world's largest economies.

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IT'S TIME TO BUILD! - Shipyards still operating well below capacity

The recurring message in this newsletter for the last 18 months has been build, build, build and start now! Nearly all of the shipyards are operating way below capacity and there are empty sheds, half-finished hulls and new projects just waiting to be snapped up by discerning owners or speculators. Things are just starting to turn a corner since a handful of new projects have been signed during the first quarter of 2011 but the yards are still having a really tough time overall. If you're thinking of a new build project then contact us now and we'll be able to prepare you a comprehensive summary of the deals out there. With a few signed orders in their hands, yard owners are just beginning to see light at the end of the tunnel and this could even turn into "cautious optimism" in the coming months. Negotiations will naturally become tougher as things improve globally. Yards report that the enquiry levels are encouraging and their fingers are crossed. They're emerging from a really miserable period. Now could be the last chance to secure a serious deal. If you're looking to build, you're still in a strong position as long as you act fast.

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CREW IN HIGH DEMAND - Summer/Med season approaching fast

The market for crew placement is almost at its annual peak. Yachts are leaving the refit yards after their winter maintenance programs and are beginning to gear up for summer in the Mediterranean. Some are leaving yards in Europe and some are on their way over from the Caribbean but all of them know that the clock is ticking and they need to be fully crewed and up to speed before the season really kicks off in May. We've been receiving a high number of recruitment requests from Captains seeking senior crew members after operating with a skeleton crew during the quiet winter months. The job market is buoyant and there's a lot of activity. Crew wages have remained relatively stable over the past 12 months and we don't anticipate any major fluctuations in 2011. Some Owners and Captains have suggested that they'll be reviewing wages in May or June. This could result in small increases but in reality this will only redress some of the balance since crew wages were cut pretty badly in many instances as a result of the recession.

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