



With the Mediterranean summer season in full swing we can thankfully sense a slow but steady return to something resembling normality in the luxury yacht market. Whilst we may be a long way off from the heady days of 2008, there has been a gradual increase in yacht sales, yacht management and crew placements. Charter yachts and construction yards are still feeling the pinch with demand slower to recover for these sectors of the market. It's not great news for everyone but there are certainly still some significant deals to be had on summer charters and new build projects, provided you're prepared to act quickly.

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 during the last month.

Hein Velema  
CEO



### YACHT SALES INCREASE TO ONE A DAY - they're selling, but only at the right price

In June we saw a very active market with an average of one yacht (over 24m) being sold each day of the month. This is a continuation of the steady sales that we experienced in the previous months too. This is positive news; however the market is still dominated by buyers who are keen to seek out great deals, spoilt for choice and unwilling to pay anything more than is absolutely necessary. The yachts sold recently were competitively priced but the owners still had to accept much lower offers than they hoped for. Against earlier expectations the price level is still very low. It's clearly still a good time to find a yacht for a great price. Our current expectation is that the brokerage market will see a dip in the summer and will rebound when the boat show season starts in September.

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### CHARTER YACHTS SEEK LAST MINUTE BOOKINGS - attractive deals being offered in July & August

As expected, the bookings for summer charters have been coming in very late this year. A good number of yachts are now offering very attractive packages to try and attract some last minute clients. Most yacht owners started off by adding value to the charter price, such as including relocation fees or other on-board services. In recent weeks, as the season marches on, we've seen straight discounts being offered, sometimes up to 35% off the standard rates. A large proportion of the charter bookings this year have only been signed a few weeks prior to the start date when the guests board the yacht. To have a complete picture of this summer's charter season we'll have to wait until the end of July when we'll be able to do direct comparisons between 2009 and 2010.

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### YACHT MANAGEMENT CONTINUES TO GROW - other professional services likely to follow suit

We are happy to see an increasing demand for yacht management. This upward trend started around 6 months ago and shows the yacht owners' increasing appreciation of the complex variables associated with ownership. The additional cost of using a professional yacht management service is justified by significant savings in operational expenses. We expect that the demand for more professionalism and transparency will soon have an impact on other yacht services like charter, crew placement and brokerage. The yacht industry has changed dramatically in recent years with ever-more complex legal, financial, safety, recruitment and employment regulations covering all areas. Regulatory bodies and flag state requirements have spurred yacht owners to seek advice and assistance from specialist yacht managers. These experts are the only ones who can offer accurate advice covering the myriad technical and legal complexities.

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### SHIPYARDS STILL OPERATING WELL BELOW CAPACITY - speculators stepping in, predicting better times ahead

Shipyards are still suffering from a distinct lack of demand. New yacht projects are being sold but nowhere near the maximum capacity level that the yards would like. Interestingly, some shipyards have managed to find investors who want to build yachts on a speculative basis. Their reasoning for these investments is that, in three years time, when these yachts are finished and ready to be launched, the market will have recovered to such an extent that the value will have risen in line with the renewed demand. Only time will tell. One thing that is particularly interesting to note is that the majority of these speculative projects are based on very conservative designs. Conversely, new construction projects commissioned directly by the owners tend to be much more innovative and customized builds.

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### CREW PLACEMENTS ARE RISING - Captains hiring again as budgets stabilize

After a two year period of very high fluctuations in crew placement we slowly see more stability in this sector of the industry. These fluctuations have greatly impacted the CVs of huge numbers of crew candidates. When we send details of candidates to Captains and owners we're advising them not to pay too much attention to what the applicants have (or more to the point, have not) undertaken during 2009. Last year was a tough time, even for some of the most qualified and experienced crew members. Great people were being laid off around the world; yet more victims of the financial crisis. Gaps in their CVs and short periods of unemployment should not necessarily be viewed in a negative light. We don't believe that the employment record over the last 18 months should be seen to be indicative of their abilities, competence or dedication.

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