



Spring is finally here and you can sense a resurgence of interest across much of the luxury yacht market. The industry's hopes for 2010 are slowly being realised as the green shoots of a recovery start to appear. I'd never presume to say that the difficult times are completely behind us but there is definitely optimism and positivity in the air. Yachts are starting to head over to the Mediterranean for the summer, clients are coming to us with new enquiries and things are already looking more positive for April and May. 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 March 2010.

Hein Velema  
CEO



#### SALES PICKING UP IN THE 40m-50m RANGE - but supply still far exceeds demand

Although the numbers are not huge, sales enquiries are on the rise after a slow start to the year. Interest is definitely beginning to pick up and we're starting to see a steady stream of second hands yachts being sold. Currently around 40% of all the yachts afloat over 40 meters are for sale, so supply still far exceeds the demand. Only those yachts that are aggressively priced will be sold in the foreseeable future and sellers need to be mindful that offers are going to be significantly under their expectations. It is also interesting to note that the Russian market is beginning to re-emerge after a long hiatus. Russian clients now have a very different attitude to what we saw before the crisis. There is a much greater awareness of cost and ongoing operational expenses.

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#### SPRING CHARTER SEASON GATHERS PACE - bookings likely to exceed 2009 levels

Spring is just around the corner which means it's not long to go until the charter season kicks off in the Mediterranean. The Cannes Film Festival has always been a popular event for hospitality and corporate entertainment onboard charter yachts but last year the production companies and studios tightened their belts. This year we're back to business as "normal" with early bookings coming in, although some good yachts are still available for last minute deals. Preparations are well under way for the Monaco Grand Prix. The stands are half-built already and the barriers are up. Last year we saw a lot of last minute availability. This year there are still some good deals available but we expect the port will be pretty full in comparison to 2009.

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#### REFIT YARDS ARE KEEPING BUSY - but major projects are few and far between

Our project managers report that many of the world's top shipyards and repair facilities are busy with refit projects but most of them are only small maintenance jobs or minor upgrades. Yachts are arriving at the yards but staying only a couple of weeks to get spruced up for the summer season. The larger refits of around \$500,000 and upwards remain fairly elusive. Owners are keen to maintain the value of their asset but appear reluctant to invest significant amounts in major improvements. With the recent downturn in new build projects, quite a few of the shipyards have begun stepping into the refit market. This should be good news for anyone looking to start a project later in the year since the added capacity and competition will undoubtedly keep prices down.

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#### APPETITE FOR CUSTOM DESIGNS INCREASING - while yards seek to re-sell unfinished projects

The major shipyards have reported higher activity levels during March in comparison to the last six months. Naval architects and yacht designers have also seen an upturn in the interest for new designs projects. The most noteworthy change over the last few months has been a decline in interest for standard designs. Clients appear to have a renewed appetite for bespoke designs where they can incorporate all of their personal requirements and preferences despite the increased cost implications. This could also lead to some interesting innovations in terms of both design and technology as more clients seek to break new boundaries. At the same time several shipyards have yachts under construction that have to be re-sold due to the original owners being unable to complete the projects. There are therefore some good deals to be had on existing hulls although the number is steadily decreasing as new owners are secured.

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#### CREW PLACEMENTS ARE INCREASING - Captains are once again seeking specialist advice

The market for crew placements has been extremely volatile over the last 18 months making it very difficult to predict future trends. We've seen some owners and captains reducing their crew to a minimum, others who have maintained a full team to ensure no reduction in the value of their assets. There has been no discernible pattern to the fluctuations in hiring and letting people go. Finally, however, March saw a definite increase in crew placements. Since the summer of 2008 the overall number of new placements has drastically decreased but things definitely seem to be improving again. Captains who have tried to reduce costs by trawling through piles of applications themselves are once again relying on the specialist agencies to handle the workload and find the very best candidates. The availability of top crew is diminishing although there are still some highly qualified people looking for new positions. Salaries seem to be stable again after a turbulent 2009.

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