



In these turbulent times access to accurate, relevant and timely information is crucial. Driven by market uncertainty, an increasing number of professional advisers are telling owners and charterers what they think they want to hear, rather than providing an accurate picture and the sometimes harsh reality of the global situation.

Our worldwide network provides us with a unique perspective on the luxury yacht market in Europe, the US and Australasia. Daily contact with owners, charterers, captains, shipyards, surveyors, maritime lawyers and banks gives our expert brokers and staff an unrivalled insight and knowledge.

As the world leaders in luxury yachting, we're happy to share our knowledge and understanding with our clients to ensure you have the very best information to hand.

Hein Velema
CEO



SALES MUCH STRONGER THAN PREVIOUS MONTHS - what's really happening to luxury yacht prices?

The luxury yacht market for vessels 24m+ is now showing strong signs of recovery. After Q4 2008 saw a steady decline in sales volumes across the industry, there's been a definite turn since the start of this year. January and February saw steady growth with a more significant upturn during March and April. However, worldwide sales volumes are still well below the levels of recent years.

Sales are up but they're certainly not happening at give-away prices. There are very rarely "desperate sales" situations in well maintained product, like in other asset classes, and there haven't been any significant distress deals. We've seen prices settling down to around 25-30% less than the inflated ones of 12-24 months ago. We're coming back to reality where yachts are selling for what they were historically priced at, unadjusted for the "bubble" and the over inflated market that led to the current re-adjustment. Sellers need to understand this market phenomenon and price accordingly when they really want to sell.

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



CHARTER RATES BEING DISCOUNTED TO SECURE BOOKINGS - is it better to book now or wait for last minute deals?

Discounted rates have rarely been witnessed across the charter market. Limited availability of popular yachts with a solid charter history and reputation has kept price levels buoyant. However, we've seen fairly widespread discounting on bookings for the 2009 summer season. The most popular yachts are still getting booked as always with no rate reductions but some owners are accepting offers with up to a 20% drop off the published weekly rates. It can be better to keep the crew motivated and build a yacht's reputation than to be too rigid on the rates and miss out on bookings altogether.

US charter clients seem to be less affected by the economic downturn in so much as they represent the majority of confirmed bookings at this time with almost 50% of the signed contracts in the Med this summer. Planning in advance could prove to be a wise move. Whilst some clients have been making low offers and awaiting last minute deals, availability of good quality yachts is now steadily decreasing.

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



YACHTS BEING "MOTHBALLED" TO LIMIT COSTS - are these short-term cost reductions the best solution?

Every week we hear of another luxury yacht owner laying up their yacht with a drastically reduced skeleton crew in order to limit costs in the short-term. This can have an immediate impact on the running costs through savings on fuel, consumables, communication costs, crew wages, food and expenses. Suspending the use of a yacht can have obvious financial benefits but yacht owners should proceed with caution. This is not a clear cut decision without drawbacks.

"Mothballing", as it's sometimes called, could leave you and your captain with a mountain of problems further down the line. Whilst sitting dormant you face safety and security risks. Certificates, surveys and even Class can lapse with significant costs to re-instate. Your asset is depreciating and it's reputation in the charter market can be lost. When the time comes to start sailing again you'll face the recruitment costs of finding a new crew with little or no knowledge/experience of operating your yacht. If you're considering this option, ask us to audit your management costs. With our purchasing power through V-Ships we may well be able to improve efficiency and cost control for you.

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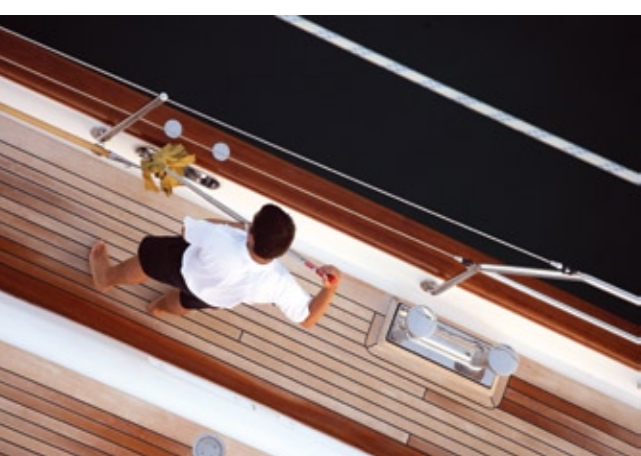


INTEREST IN NEW CONSTRUCTION REMAINS STRONG - are there any deals out there?

Building a new yacht from scratch is almost every owner's dream. Perhaps for this reason alone interest in new build projects remains strong despite the economic downturn. In some cases buyers have defaulted on payments to the yard. These new build projects are there for the taking with deals to be done on hulls at varying stages of completion. Shipyards don't widely publicise these opportunities for obvious reasons but our brokers are constantly in touch with the builders to ensure they're up to speed on all the opportunities.

This phenomenon is not isolated to a single builder, region or type of vessel but is happening across the world. Italy in particular has cut-price projects to capitalize on. In addition to the new builds that have ground to a halt in recent weeks we're also aware of several other clients who plan to pull out with the intention of trying to sell on the build slot. Sub-contractor rates are more negotiable, labor costs are coming down and those yards affected are anxious to find new buyers. This is all good news if you're looking to build a new yacht at a very competitive price.

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



HIGHLY QUALIFIED CREW STRUGGLING TO FIND JOBS - how much longer will owners be able to cherry-pick?

The news for much of 2008 was all about a lack of experienced and qualified crew across the industry. This is certainly not the case now. We've seen so many yachts limiting their operations and reducing their crew during Q4 2008 and Q1 2009 that literally thousands of crew, from highly qualified Captains and senior crew members to stewardesses and deckhands, are all struggling to find available positions. The Crew Network has seen a huge increase in registrations from crew members seeking new employment with up to 1,500 new applications per week. These are often people who are experienced and qualified with an established reputation among the yachting community.

However, we believe this over-supply is strictly temporary. The total number of yachts over 24m continues to increase and with the summer season fast approaching, availability of top candidates (at least in the Mediterranean) will almost certainly reduce throughout May and June.

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