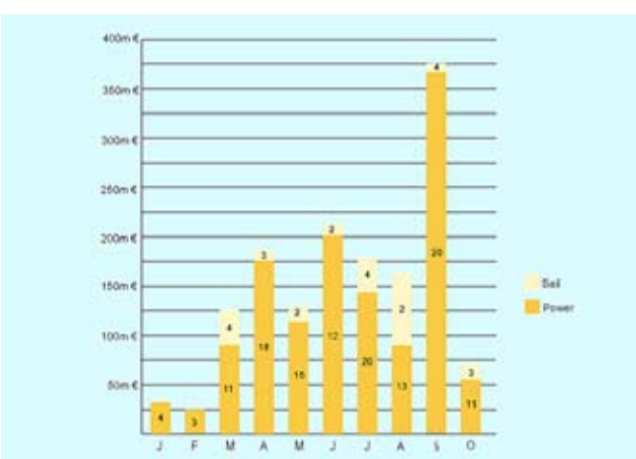




Current and accurate information is invaluable. This brief, monthly round-up gives you a quick snapshot of what's going on in the luxury yacht market. The world of superyachts moves fast and you need to have your finger on the pulse in order to spot the good opportunities before they pass you by. Read our view of the market to find out more about what's been happening over the last 60 days.

Hein Velema
CEO



SALES ARE STILL ERRATIC

- when will the market find an even keel?

The signals in the large yacht market are fluctuating at the moment. September was a good month with solid sales completed across the industry, by far the strongest month so far in 2009. October really fell away and was extremely disappointing across the board. During the first two weeks of November we've seen some more activity in the market. Enquiry levels are up and the interest seems to be there but offers are coming in way below the asking price and deals are not being closed. The direct results of the Monaco and Fort Lauderdale boat shows have been minimal. Both shows saw a significant drop in visitor numbers. There were still serious buyers looking for deals but buyers and sellers are still too far apart on price and there are a number of offers being made with trades, indicating weakness in all segments. Overall there's been a steady flow of yacht sales throughout the summer with no particular indication that the market is slowing down or picking up again. Prices are still very much under pressure and yachts are being sold well under the already reduced asking prices.

(Data opposite: MacLean, Malcolm. "Superyachts sold in October 2009." Boat International Media. November 12th, 2009.)

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



CHARTER YACHTS HEAD FURTHER AFIELD

- will exciting, new destinations stimulate the market?

This is always a slow time of year for the charter market. The summer is past, the yachts have left the Med but the holiday season is still some way off. Christmas and New Year charters are being booked but like we saw in the summer season, clients are holding off in the hope of a good last-minute deal and certainly feel no urgency to book early. They have good reason too. While the recently launched and the most popular yachts are always booked well in advance, there are still plenty of good boats with availability. Charterers are rarely willing to pay the full charter rate and thankfully some owners are now willing to agree small discounts of say 10-15%.

There are plenty of yachts still available this winter in the Caribbean although many yachts have sailed to new destinations in an effort to generate new interest. Areas such as Thailand and the Maldives have a good selection of yachts on offer and Mexico seems to be an increasingly popular winter base for charter yachts.

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GOOD TIME FOR A REFIT

- will empty yards offer good deals?

Many of the yachts that remain in the Med during the winter use the opportunity to undertake major maintenance or refit work in the European yards. A lot of the yards have refit projects booked in to start in March and April 2010 but availability is still wide open for smaller projects in December, January and February. At the moment many of the refit yards are ready and willing to offer some very attractive prices for work carried out before they start getting busier in the New Year.

The market for larger, more substantial refits is even quieter. Owners seem prepared to make do with what they have at present; apparently awaiting greater availability of funds before they can justify major improvements. But in many cases these funds seem to be slow in coming which means there are some great opportunities for anyone ready and willing to proceed straight away with a project of say six months or more.

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NOW IS THE TIME TO BUILD

- how much pressure are the yards really under?

The shipyards have had a dismal year and things are not looking up as 2009 draws to a close. All the indicators show that the sale of smaller new construction projects is down by more than 40% in comparison to 2008. The sales of larger projects have been hit even harder. Very few new construction projects have been closed in the last 3 months and four of these were handled by Fraser Yachts.

Yards across the board need to fill their build slots and there are great deals to be had. Shipyards prefer to have projects in the sheds and their staff busy rather than sitting idle, even if it means agreeing to a significant price cut. Now is the time to be negotiating. Buyers are holding the cards at the moment and it's time to use that advantage.

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CREW MARKET HIT HARD

- how much of the recruitment process should the Captain handle?

The crewing market has seen the worst year in at least the past 7 years. Captains have been directed by owners to cut costs wherever possible and for a lot of them this has meant trying to find crew direct rather than through recruitment companies. However, many have also found this route to be fraught with problems and seriously time-consuming. Captains report that they're overwhelmed with the amount of work it takes to background check candidates, review the shortlist, conduct personal interviews and reference check the applicants.

With all the cost pressures, crews have been cut and there are now many experienced people on the market. Inexperienced crew seeking positions are being squeezed out of the industry meaning it's increasingly difficult to find day-workers and people for short-term winter positions.

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