
Q1 2014
MARKET INDEX

E.U. EDITION



Q1

Q1, 2014: Shifting markets to start the year

The brokerage markets in Europe and the United States shifted gears during the first quarter of 2014. In the US it was a downshift, with sales slowing through a tough winter. In Europe, the market took a clear step up, with the volume of boat sales rising and the aggregate price paid for boats increasing sharply as well.

As usual, there was more to the story behind the headlines. The bulk of the US market remained in reasonable shape with prices improving in many sectors, but at the extremes, sales of the largest and smallest boats were diminished in volume and, among superyachts, in pricing. In Europe, where boats were selling better, average prices were much higher among larger boats sold, but lower for the bulk of the market, below 46ft.

Beyond the numbers in this edition of the *YachtWorld Market Index*, reporters Rupert Holmes and Gary Beckett provide insights direct from brokers. The data itself comes from Soldboats.com, the proprietary database in which YachtWorld's U.S. and European members report their sales.

Thanks for your continued comments and suggestions regarding the *Index*.

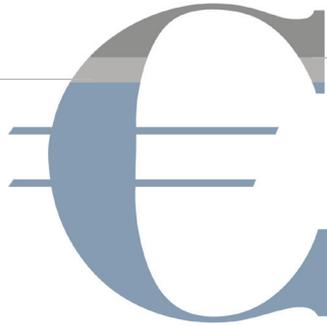
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United States & Europe – Combined Sales

2013, Q1

€962 million

7,468 boats



2014, Q1

€985 million

7,222 boats

United States

2013, Q1 - €705 million / 6,098 boats

2014, Q1 - €528m million / 5,683 boats

Europe

2013, Q1 - €257 million / 1,370 boats

2014, Q1 - €457 million / 1,539 boats



YACHTWORLD MARKET VIEW



Powerboat sales led a turnaround in the European market, with volume ahead *20 per cent* and generally higher prices paid.

EU Brokerage: Power sector bounces back, mixed fortunes for sail

Following a lengthy decline, the first three months of 2014 saw a significant upturn in the European market according to the figures lodged by brokers in *YachtWorld's SoldBoats* database. Overall the number of vessels sold grew by 12 per cent, and the total value rose by 77 per cent compared to the same period in 2013, reaching €446 million. The average time taken to achieve a sale, however, remained constant at around 355 days.

The growth was largely confined to the power sector, which compared to a year ago saw an increase of 20 per cent in the number of boats sold, and 113 per cent in total values to €382 million, representing a very substantial increase in average selling prices. Sailing yachts saw mixed results – although volumes increased by 5 per cent, the total value declined by 6 per cent, indicating a marginal drop in average prices achieved.

Looking at the figures for different boat sizes, all segments made gains, but the most buoyant sectors were towards the ends of the spectrum, with 46-55ft boats making only modest improvements. On aggregate the sector below 46ft increased in volume by 13 per cent in volume, allied to a 16 per cent rise in aggregate value to €85 million.

Yachts above 56ft saw an increase in volume sales of 23 per cent, while total values rose 122 per cent to €355 million. Although representing only a small number of the yachts sold, at this end of the market, superyachts above 80ft accounted for nearly three-quarters of the value and close to 90 per cent of the growth in sales valuation.

– *Rupert Holmes*

EU Overall – Power & Sail

[KEY] Q1, 2013 Q1, 2014



EU

VALUE OF BOATS SOLD / EU€

€257 million
€456 million



BOATS SOLD

1,370 boats
1,539 boats

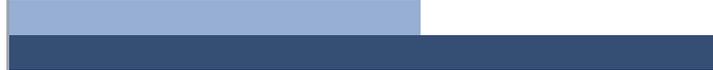


POWER



VALUE OF BOATS SOLD / EU€

€180 million
€382 million



BOATS SOLD

689 boats
827 boats



SAIL



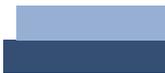
VALUE OF BOATS SOLD / EU€

€78 million
€73 million



BOATS SOLD

681 boats
712 boats



YACHTWORLD MARKET VIEW



Sales volumes were up by about *25 per cent* compared to the winter of 2013, with growth in both power and sailboats sectors

UK Brokerage: A sharp rise in sales, led by boats 36 to 45ft

After many years of declining or at best static sales, the UK brokerage market appeared to turn a sharp corner in the first three months of 2014. Compared to the same period in 2013, the number of boats sold climbed by a quarter, while total sales values increased 85 per cent to £59 million. The average time taken to achieve a sale continued to rise, however, increasing from 273 to 314 days.

The growth in the number of boats sold came both in power and sail, with the former rising 27 per cent and the latter, 23 per cent. The total value of sailing yachts sold climbed by just over one third, representing an increase in average price achieved of 12 per cent. However, the power sector saw the biggest rises by far, with the value sold 128 per cent higher, at £39 million—an increase in average price achieved of 81 per cent.

More than half of the value gains in the market in the first quarter of the year were the result of outliers, specifically the 11 yachts sold over 56ft that accounted for an increase of £16 million compared to boats of the same size sold in early 2013.

When comparing sales by boat length, one other sector clearly stood out: yachts 36-45ft saw a rise in the number of sales of 78 per cent, with total price paid rising slightly faster at 86 per cent. On the downside, the average time taken to achieve a sale for boats of this size increased another 31 per cent to 412 days.

Marcus Munt of south-coast-based Waterside Boat Sales said: “We’re very busy with buyers coming forward quickly for boats of well-known brands that are sensibly priced, but the market is still very sensitive to price and condition.

— *continued on page 8*

UK Overall – Power & Sail



[KEY] — Q1, 2013 — Q1, 2014

UK

VALUE OF BOATS SOLD / GB£

£32 million
£59 million



BOATS SOLD



POWER



VALUE OF BOATS SOLD / GB£

£17 million
£39 million



BOATS SOLD



SAIL



VALUE OF BOATS SOLD / GB£

£15 million
£20 million



BOATS SOLD



YACHTWORLD MARKET VIEW



Brokers are finding short supply of relatively recent, mid-size boats, which is *narrowing the gap* between asking and closing prices.

UK Brokerage: A sharp rise in sales, led by boats 36 to 45ft

Sailing boats from 30-45ft are selling well, but there's a problem with finding enough modern well-presented family sailing boats of 37-40ft from the late 1990s onwards," he added. "Looking ahead, we may find it difficult to get a supply of good boats in this size range." Despite this demand Munt didn't see asking prices rising, although he has already seen the gap between asking and achieved prices closing and expected this trend to continue.

Another recent change in the market, according to Munt, is a return of UK buyers in significant numbers: "There's been a move to seeing more UK clients than in the past few years, where many of our sales were to the Eurozone and more recently Scandinavia," he says.

Adam Cox of Burton Water, whose business is focussed on the power sector says: "For us it feels like it's really buzzing now – there's a lot of positivity around and a feeling that things are improving for people, so they're making decisions faster than in the past.

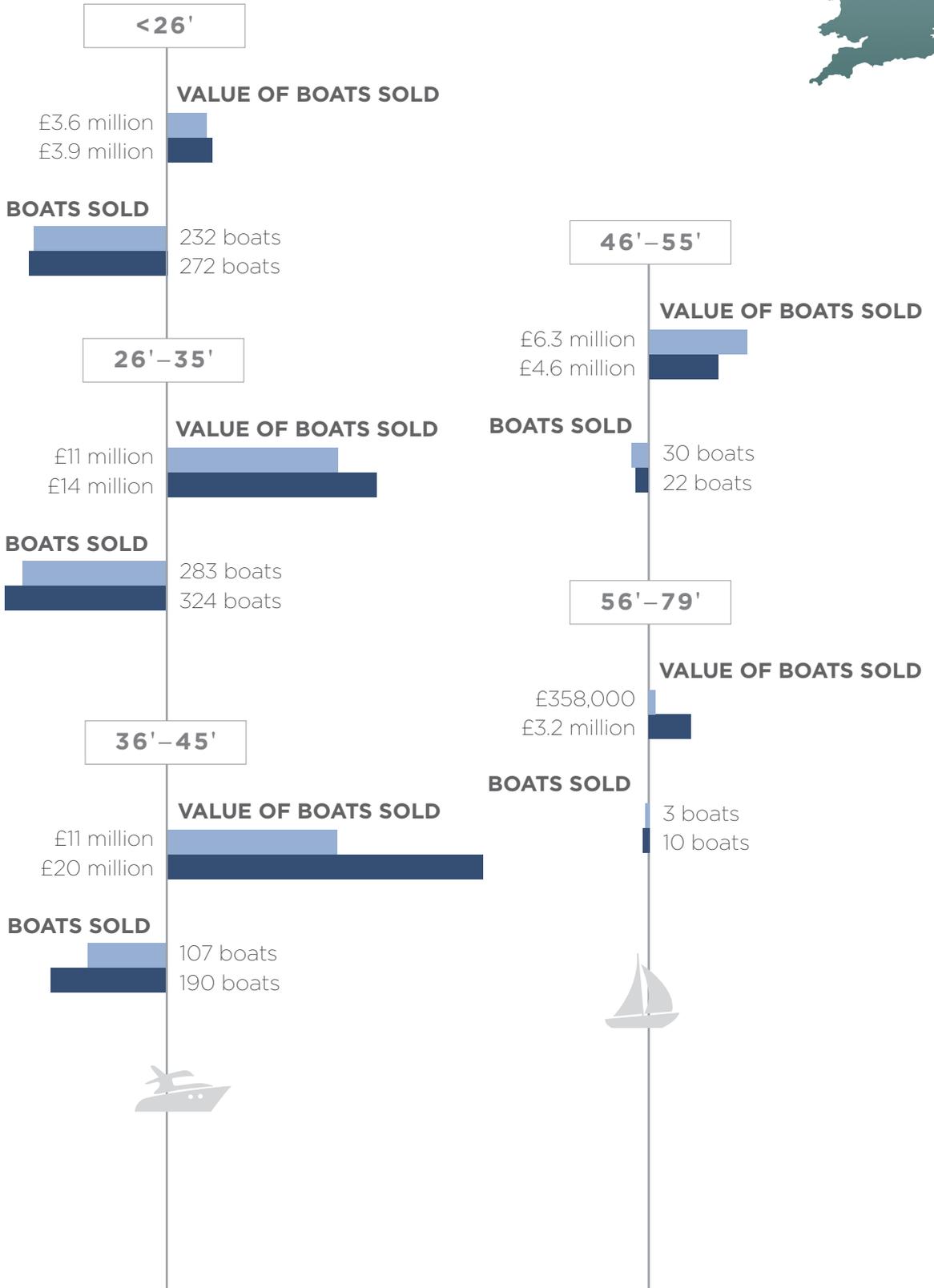
"Two years ago boats above £200,000 attracted almost no interest, but now there is confidence throughout the market, from starter boats upwards – it's very encouraging. However, I believe there will eventually be a shortage of good brokerage boats in the UK because so many were sold to Europe and Scandinavia during the downturn."

— *Rupert Holmes*

UK – Sales by Length



[KEY] — Q1, 2013 — Q1, 2014



YACHTWORLD MARKET VIEW



The market was down 7 per cent in volume, but excluding superyachts, average prices *increased 7 per cent.*

US Brokerage: Q1 small boat sales lower, yet prices rise

US brokerage sales volume was lower by 415 boats in the first quarter of 2014, off 7 per cent compared to the first quarter of 2013. A total of 5,683 boats were reported sold in the period, and both power and sailboat sales declined by similar percentages.

The total value of boats sold in the quarter was significantly lower, as well, down from \$927 million a year earlier to \$724 million in 2014. This change was largely due to lower values in superyacht sales. Fewer superyachts were sold (42, as opposed to 47 the previous year), and the average sale price was much lower.

The rest of the market, below 80ft, was down 7 per cent in volume but the value of all sales was down by just \$2 million, less than 1 per cent. The average sale price for boats under 80ft increased, from \$89,000 to \$94,000, a 7 per cent rise.

The bulk of the decline in sales volume in the core market was among boats smaller than 26 feet. A total of 1,820 boats were sold in the first three months of 2014, which was 333 boats fewer than in the same period in 2013. The rest of the decline was in the 26-35ft segment, in which 2,069 boats were sold, 95 fewer than in the period in 2013.

At the same time, the average sale prices increased in both of these size ranges. For boats under 26 feet, the average price rose from \$21,000 to \$21,600, and for boats in the 26- to 35-foot range, it climbed from \$55,900 to \$58,500.

Among larger boats, the volume of sales increased incrementally, but values did not keep pace, reflecting a decrease in average prices. The largest decline was among boats 56-79ft, with the average down from \$739,000 to \$712,000.

— *John Burnham*

US Overall



[KEY] — Q1, 2013 — Q1, 2014

USA

VALUE OF BOATS SOLD / US\$



BOATS SOLD



OVER 80'



VALUE OF BOATS SOLD / US\$



BOATS SOLD



UNDER 80'



VALUE OF BOATS SOLD / US\$



BOATS SOLD



YACHTWORLD MARKET VIEW



Sales slowed in most states experiencing winter storms in the quarter, *with Georgia and the Carolinas hardest hit* on a percentage basis.

US Brokerage: Spotlight on the Southeast

Blame it on the bad winter weather, especially in the Southeastern US, or a shrinking inventory of late-model used boats. Whichever way you slice it, figures compiled by YachtWorld from brokers reporting in SoldBoats.com showed overall US brokerage sales declined in the first quarter, ending 31 March, 2014 (see previous article).

Brokers in the Southeast and Northeast took the brunt of the decline; a strong indicator that a round of strong winter storms in the region took a heavy toll. For example, sales of boats in January and February fell by 58 per cent in Georgia, 49 per cent in North Carolina and 35 per cent in South Carolina compared with the same months the year before. While brokerage sales rose slightly in Florida during those two months and were up substantially, by 23 per cent, in Virginia, they declined by even more in Rhode Island and Massachusetts, 32 and 28 per cent, respectively.

Looking at the entire first quarter, the number of boats sold in the 25-45ft size category also declined in the Southeast overall, especially in Georgia where unit volume was off by more than 40 per cent from the 2013 first quarter. By comparison, sales in this segment in Florida were level.

The bad weather also affected the time it took to close deals. The average days to sell a boat increased to 272 in the 2014 first quarter, from 257 a year earlier.

“The weather has hurt us, as it is taking a lot more time to close these boats under contract; our surveys are prolonged due to inclement weather,” said Jan Boone, president of BluewaterYacht Sales, which operates 10 brokerage locations in Maryland, Virginia, North Carolina, South Carolina and Florida.

— continued on page 14

US – Sales by State



[STATE]	JAN-FEB 2013	JAN-FEB 2014	[% CHANGE]
MAINE	38 boats	54 boats	+42%
VIRGINIA	111 boats	136 boats	+23%
CALIFORNIA	353 boats	400 boats	+13%
TEXAS	105 boats	118 boats	+12%
OREGON	32 boats	35 boats	+9%
FLORIDA	877 boats	899 boats	+3%
NEW YORK	113 boats	115 boats	+2%
CONNECTICUT	72 boats	72 boats	=
WASHINGTON	197 boats	181 boats	-8%
TENNESSEE	50 boats	43 boats	-14%
MICHIGAN	101 boats	85 boats	-16%
NEW JERSEY	152 boats	122 boats	-20%
ILLINOIS	26 boats	19 boats	-27%
MASSACHUSETTS	117 boats	84 boats	-28%
MARYLAND	207 boats	147 boats	-29%
RHODE ISLAND	63 boats	43 boats	-32%
S.CAROLINA	116 boats	75 boats	-35%
N.CAROLINA	150 boats	76 boats	-49%
GEORGIA	100 boats	42 boats	-58%
MINNESOTA	26 boats	8 boats	-69%

YACHTWORLD MARKET VIEW



Shoveling snow and nursing broken pipes caused a distraction, but brokers also reported that *newer used models* were selling for higher prices.

US Brokerage: Spotlight on the Southeast

She added that sales also took a hit from a decline in late-model used-boat inventories. “At some point, we knew that the lack of [new boat] manufacturing between 2008 and 2013 would catch up with less brokerage product available,” Boone said. “I think we’re starting to see that now. Luckily, Bluewater represents a number of new product lines as well, and this has offset our lack of brokerage product as people are buying new boats again.”

Even in the Northeast where brokers and their customers are more accustomed to bad winter weather, the heavy snow and extreme cold had an impact.

“First quarter sales results were very much below 2013 and 2012, and we are generally hoping that this is purely weather-related,” said Robert Milano, president and CEO of Robert Christopher Yacht Sales and Albin Yachts – Albin Yacht Sales in Stamford, Conn. “The extraordinarily harsh winter

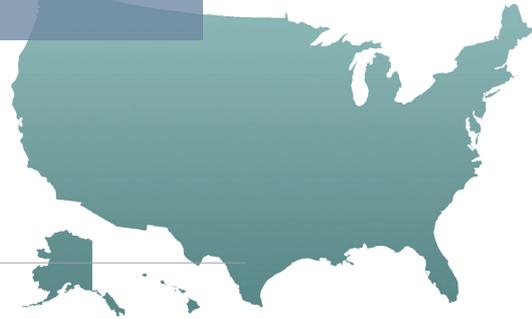
made it nearly impossible in most cases to be able to show boats. It also affected boater off-season enthusiasm and interest. Nobody is worrying about boat buying or selling when they are nursing broken pipes. So this became an extremely difficult first quarter.”

While Florida posted modest growth in the first quarter, some brokers did notice a slight slowdown in March. “We had a great January and February, but March was a little disappointing,” said Jon Burkard, president of Allied Marine, based in Stuart, Fla. “It’s been a rollercoaster, and it’s hard to say if it’s because it’s tax time or something else.”

In general, Burkard said the brokerage market remains healthy, and pricing actually is increasing, especially for newer used models. “We are seeing some boats sell for 10 to 15 per cent more than a couple of years ago,” he said.

—Gary Beckett

US – Southeast Spotlight



[KEY] — Q1, 2013 — Q1, 2014

GEORGIA

VALUE OF BOATS SOLD / US\$

\$4.9 million
\$3.1 million

BOATS SOLD

67 boats
39 boats



S. CAROLINA

VALUE OF BOATS SOLD / US\$

\$7.2 million
\$5.0 million

BOATS SOLD

77 boats
58 boats



N. CAROLINA

VALUE OF BOATS SOLD / US\$

\$7.2 million
\$5.2 million

BOATS SOLD

108 boats
93 boats

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