

Super Yacht

i n d u s t r y

Twizzle

ARRESTING DISPLAY

Refit & Repair

THE OPEN YARD POLICY

Italy

YACHT BUILDERS & SUPPLIERS

Surviving the Storm

INTERVIEWS & OUTLOOKS



Rewards of a Recession

Seizing Opportunities

Why does one of the most influential men in the world of superyachting believe that a recession can be exciting, and see economic crisis as an opportunity? Burgess chief executive Jonathan Beckett remains as positive, sanguine and pragmatic as ever: "When the going gets tough, even the tough take advice."



As the superyacht world seems to steady itself after the economic downturn, one man proudly finds himself at the helm of a global company that is not only surviving, but thriving. Founded in 1975, Burgess today delivers wide-ranging services from ten offices around the world, and specialises in superyachts over 40 m. Activities include sale and purchase, new construction, management and chartering. Their name is attached to some of the most impressive yachts of recent times including Royal Huisman's Twizzle, Icon's 63m Baton Rouge and Oceanco's 85m Sunrays.

The company is poised to further extend its role in the industry. This will not surprise anyone who has been listening to Jonathan Beckett. At a time when some commentators were bemoaning the demise of the superyacht market, he was exhorting the industry to "make the most of the downturn". He spoke of "having a good recession" and of getting ready to seize the opportunities generated by economic turmoil.

Huge Sector

Beckett is careful not to understate the real impact and pain felt by so many enterprises and individuals and stresses that indeed superyachts are among the first things to go in a recession. But he also believes in the resilience of the superyacht market, as he points out: "The last time there was a major recession, there was no superyacht industry to speak of. Today it is a huge sector, from the shipyards and all their subcontractors, suppliers and employees, to the yacht service companies, marinas, crews and everybody in between. This well-established industry will survive in a different, more mature form." He is not so much an optimist as a realist, with a finger on the pulse of this market thanks to the more than satisfactory number of yachts over 50 m his team has signed and sold in the past two years. He observes that in the final quarter of 2010 something settled, and puts it like this: "Those who have been holding their breath for 18 months have started to exhale."

More Certainty

There is certainly more confidence, if not more money, in the market. According to Beckett the market is no longer in free fall and has stabilised,

and people know where they stand financially: "The superyacht market is in much better shape than it was a year ago. The key difference is certainty – more people have a more accurate sense of what their assets are worth. The result is a new landscape, one in which the power in the brokerage inventory resides ever more with the top nine or ten players. Gone are the days of speculative yacht building, when it seemed that you could build four yachts and get the fifth one, free. When you might build a yacht for EUR 50 million, use it for a year and sell it for EUR 65 million. Yet despite what outside observers predicted, some with undisguised glee, there have been no fire sales and prices have rationalised, not plummeted."

Realism

With regard to the current situation and times to come, Beckett calls for realism: "If four similar houses in your neighbourhood sold for USD 10 million, would you expect to sell yours for USD 15 million? To achieve any value over the market, you need to make all the right choices: timing, real estate agency, marketing, accessibility,

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presentation... and it helps if you chose the right architect in the beginning!" He strongly feels that this analogy points to one reason why the Burgess organisation is making headway against the economic tide; making the right choices, and helping their clients do the same: "It is very uncomfortable to tell a client that their EUR 50 million yacht may now be worth EUR 45 - 46 million, but you have to be honest. We tell it like it is." Undoubtedly, this is also the only way to ensure valuable long-term relationships with clients. Taking exceptionally good care of them is key to Burgess and Beckett comments: "We never take for granted our clients' loyalty and faith in us, the client is king."





In shipbuilding he notes that capacity more than doubled over the past fifteen years to meet peak demand, which has now fallen away. Here too he sees potential: “Pick a sustainable, financially stable yard, work with our technical consultants and experts to reduce the risks, and there are some terrific build opportunities out there. This is a great time for newcomers to yachting, both new owners and first-time charterers alike.”

Independence

Beckett of course strived to optimally follow his own advice of realism and seizing opportunities, and of making the most of the downturn. It certainly looks like he succeeded, with 100% of Burgess staff retained: “I look at the company today and feel immensely proud of the collective

Potential

Keeping clients up to date of current developments, including economic trends, does not only apply to the brokerage section of Burgess’ activities, but resonates throughout the organisation’s services, from technical support to crew recruitment. In the charter market for example, 2009 was slow, but in 2010 bookings bounced back, and for 2011 Beckett advises booking early to secure the best yachts as charter activity levels are showing momentum again.

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effort that has brought us through the global storm. It helps that we have always been conservative, debt-free, careful with our capital and fiercely protective of our independence – this last point is essential as it enabled us to make our own decisions, and quick decisions.” As for the



future, Beckett has ambitious plans for growth: “We are well-equipped with offices, systems, databases and people. We are firmly established

“...this is a great time for newcomers to yachting...”

in Europe and the Middle East. We have four offices in America, all of which are doing very well, and we see the US as an area of significant further potential growth. China, too, in the mid to long term, is one to watch.”

Beyond Money

Perhaps most importantly, Beckett argues that the survival of superyachting is not entirely about the money: “Owners love their yachts. There really is nothing else that comes close, in terms of an experience, and once you have tasted it, you are not going to give it up easily. For a large core of owners, their yacht is more than a financial investment – even if it is the largest purchase they ever make. It is the sum of all the amazing memories and adventures they have experienced on board. And for anyone who has been tempted to get involved in superyachting, but was uncertain of the prospects, now is a really exciting

time.” He underlines that in the end, visionary, inspired owners will play a key part in recreating the superyacht market, as they have always done and concludes: “We can generate a market for any yacht, with our targeted marketing machine and global network of contacts. We know how to maximise charter and re-sale values. But if the world has learned anything over the past two years it is that, in the end, market forces will always dictate.”

i. www.burgessyachts.com

