



Jonathan Beckett



Tim Wiltshire



Rupert Nelson

# So what's the *big* deal?

NEARLY HALF OF THE WORLD'S LARGEST 100 YACHTS HAVE BEEN DELIVERED SINCE THE YEAR 2000, AND THE TREND FOR LARGER AND LARGER YACHTS IS CONTINUING. THE BROKERAGE DEPARTMENT AT NIGEL BURGESS IS UNIQUELY PLACED TO OBSERVE, AND TO SERVE, THIS EXPLOSION AT THE VERY TOP END OF THE MARKET.

Since the 1990's, the average length of the superyacht has increased by around a metre per year. An 'entry level' yacht is now 60 to 65 metres, where, only a few years ago, it was 40 to 50 metres. "We specialise in the market from the top down," says London-based Nigel Burgess brokerage director Tim Wiltshire. "And it's clear that what was a large yacht ten years ago no longer looks so big. Twenty years ago the Nigel Burgess market was from 200 feet down. Now our ceiling is hitting 200 metres, never mind feet."

As the size of the yachts goes up, so does the value of the asset. Nigel Burgess managing director, Jonathan Beckett, remembers: "The average deal two decades ago was US\$1 or US\$2 million - maybe US\$3 million. Today, it's US\$30 or US\$40 million."

So what is driving this explosion? For Tim Wiltshire, it is a combination of factors.

"The billionaires list has got longer. The highest net worth market is growing at something like 8.2% a year, so there are simply more people with the means and the desire to own a superyacht." In fact, he is surprised it has taken this long for people to catch on: "This market has been remarkably untapped. There are many more people with the disposable income to get involved in this market."

**"As for size, new owners are demanding more and more facilities on board. Saunas, spas, party rooms, gyms, helipads – and then you need more crew... and so it grows."**

Brokerage director in Monaco, Rupert Nelson, is very much at the coalface of the charter market's summer season, which has a spin-off effect on sale and purchase. "We've never had so many enquiries. For the first time in a long time, it's a seller's market, as long as you're selling big and new." These larger, newer yachts (post-2000) remain at a premium for 2007. Rupert Nelson: "If they've had a refit, a few touch-ups, all the niggles have been ironed out and they have a proven charter record: these are the hottest yachts in the market at the moment."

This demand is further fuelled by the still phenomenally robust Russian market. "There is an understandable impatience among people who have made their fortunes quickly, and want to enjoy this wealth now," acknowledges Rupert Nelson. "They want big yachts, and they don't want to wait five years for a new build."

Interestingly, this means there may be some better bargains to be found in the 40 to 50 metre middle market range. "You can find 10 year old yachts with a great pedigree, and despite higher running costs or the need for a refit, there are some great deals around."

*"The expanding size of yachts is features-driven, simply because owners want to do more with them"*

*"When a client is looking to buy a yacht, every Nigel Burgess broker can access the expert knowledge of a dynamic, global team with the latest market intelligence,"*

In this climate of high demand and a slow pipeline for new yachts (at the end of 2006, some yards were quoting 2011 delivery) Jonathan Beckett suggests that "the biggest issue for any broker at the moment is that there are more buyers than yachts." Even if you're looking for a needle in a haystack, the more people you have looking, the more likely you are to find it. This is where the team ethos at Nigel Burgess comes into its own.

Jonathan Beckett: "In fact, the explosion in the yachting industry has been matched by an explosion in our working hours – I think we've invented the 48 hour day! At Nigel Burgess, it's personal attention that matters. So if your client in Los Angeles wants to see you on Tuesday and you've got a meeting in Tel Aviv on Thursday, you do both. It's not impossible."

Tim Wiltshire agrees: "Brokerage is not just about introductions. You need a really keen sense of the whole market if you are going to be able to act as a professional consultant to your client, which is what we do. Your clients need to trust you."

This trust is even more important when the numbers get bigger each season. Rupert Nelson: "If I say 'you'd better buy now because it won't be available next week,' people think I'm being a salesman. Of course you can't make this kind of decision spontaneously – check out our advice – but in the end, trust us because we are closer to the market than anyone."

And what of the future? Will there be an end to this ever-upward trend, larger yachts, more yachts, bigger deals? Jonathan Beckett envisages a natural ceiling:

**"I don't envisage there being more than 50 or 100 owners with yachts over 100 metres."**

Tim Wiltshire notes that as yachts get bigger, so clients get more professional about their investment. "They are looking for a professional team to put it all together, and that's what we offer. That includes all the due diligence, commercial, contract and technical advice, marketing and full asset management."

With professional support, comes confidence. "The market is big enough now to allow for innovation," suggests Jonathan Beckett. "Bigger yachts can go further afield, opening up new cruising grounds. New yards are offering new alternatives. What is certain to grow," he adds, "is the semi-custom or series yacht, where clients can make adaptations to a basic hull design. Below 60 metres, clients are rarely willing to pay for a wholly custom-built yacht, and the yards can't afford to build them. Above 60 metres, demand for new built, bespoke yachts remains strong."

These owners at the very top end of the market want to see their personal ideas realised – they are not constrained by tradition. They want to be different, make a statement in their own way. Turning those ideas into reality in the most technically and commercially viable way, is where the Nigel Burgess new construction team comes in.

NIGEL  
BURGESS

FOR SOME OWNERS, THE YACHT HAS TO BE REALLY SPECTACULAR, A STRONG PERSONAL STATEMENT THAT SETS IT APART FROM ANYTHING ELSE AFLOAT. THAT'S WHEN A NEW CONSTRUCTION PROJECT BECOMES TEMPTING, AS LONG AS YOU'VE GOT THE KNOW-HOW AND THE PATIENCE.

New construction is the biggest growth area of business for Nigel Burgess. A decade ago, the company was involved in one or two yacht builds a year. Today, there are ten times as many underway. With an active commitment to this side of their operation, Nigel Burgess has assembled a dedicated new construction division with the capability to manage projects from the owner's initial vision, through to the delivered yacht three, four or five years down the line.

The new construction team has worked with a dozen or so different shipyards, all of which are developing new techniques and solutions to engineering problems – many of which can be used across the board. Owners working with Nigel Burgess have access to a much wider pool of best practice and innovation than they would working directly with the shipyard. Most shipyards, designers and naval architects will never be asked to sell a secondhand yacht: they can get swept along in the client's ideas,

## NIGEL BURGESS NEW CONSTRUCTION DIVISION

The Nigel Burgess new construction division is a world leader in this specialist field and includes a team of qualified naval architects, marine engineers and surveyors. Advice, technical support and project management is offered on a wide spectrum of new build projects from concept to delivery, ranging in length from 130ft (40m) to over 656ft (200m). Having acted for both owners and shipyards on many significant projects, the team has an uncompromising commitment to achieving the highest levels of standards and quality. Their reach extends to most of the reputable Northern European, Mediterranean, American and Australian shipyards as well as some of the emerging, more cost effective facilities worldwide.

Services offered comprise:

### Design Development

- > Preparation of statement of owner's requirements
- > Assistance with concept design tender

### Tender Process & Contract Negotiations

- > Preparation of general arrangement drawings
- > Development of detailed specification
- > Preparation of tender package
- > Tender analysis
- > Assistance with contract negotiations

### Production, Commissioning, Sea trials and Delivery

- > Plan approval
- > Construction supervision
- > Attendance at tests & sea trials
- > Classification, certification registration & insurance
- > Guarantee administration

Nigel Burgess are currently involved with 15 new construction projects in 13 shipyards located in 8 countries around the world. These projects range from a 140 metre motor yacht building in Germany down to a 37 metre motor yacht under construction in France.

- > Total collective length of projects: **1,251 metres**
- > Mean length: **83.40 metres**
- > Total collective value of projects: **€1,372 million**
- > Mean value: **€91.46 million**

*“On the commercial side, the brokerage and new construction experts provide analysis at the start of a project that will pay dividends further down the line, in terms of re-sale value and charter revenue”*

New construction is very complex, and clients need independent, objective advice on shipyards, pricing, design and commercial aspects. Which yards offer comparable quality for less money? What are the technical and contractual issues around delayed delivery, excessive noise and vibration, etc, which can result in liquidated damages?

answering the immediate technical brief without thinking about the bigger picture. At Nigel Burgess, there is a wealth of understanding about what will or won't enhance the yacht's value.

**Representing the best interests of the client is not always a comfortable experience.**

“We always tell it like it is, rather than just what the owner wants to hear,” says Beckett. “One client wanted to house a submarine on board his new build, which was going to compromise the entire yacht – so we told him. It would have seriously affected the re-sale value of the yacht.”

Nevertheless, today's owners are stretching the industry, with demands for bigger, more complex yachts and more features. Perhaps this surge of imagination, of innovation and confidence, is the most dramatic explosion in the superyacht market yet.

Naval Architect Fred Elliott says: “We use our knowledge and expertise to reduce the risk and cost of an owner's financial investment.” This includes programming the project in such a way as to avoid unnecessary costs. The team draws on a wealth of commercial, naval and passenger ship building experience, plus project management skills, to represent the best interests of the owner throughout.

The larger and more complex the yacht, the more potential there is for things to go wrong or for delays to creep in. Whichever shipyard a client chooses, they will not necessarily be clued up on the ever-changing regulations affecting superyachts. This is a real minefield and the Nigel Burgess technical team is permanently in dialogue with the classification societies, flag states and governing regulatory bodies, constantly road testing the best solutions to ensure compliance.

For further information on buying, building or selling a yacht, please contact any Nigel Burgess office.



**Amnesia**

180.00ft (55.00m) > Benetti 2000 > Guide price €30,000,000

SOLD



**Air**

295.28ft (90.00m) > Lurssen-Werft 2005 > Price confidential

SOLD



**Al Mirqab**

311.69ft (95.00m) > Oceanco 2000 > Asking Price €89,000,000

SOLD



**Oceanco 701**

262.48ft (80.00m) > Oceanco 2006 > Price Confidential

SOLD



**Lioness**

200.13ft (60.96m) > Feadship, Royal Van Lent 2006 > Asking Price €57,250,000

SOLD



**Chamar**

186.16ft (56.74m) > Brooke Yachts 1992 > Asking price US\$35,000,000

SOLD

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