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Brooke Shaw/Superyachtart.com

## Introduction

In the superyacht market every new build project has a gestation period longer than that of an elephant, 36 months and more. In fact in today's climate we are likely to see extended contract periods of maybe an increased 12 months or more, as the anxious owning parents don't want to handle their new born yacht immediately, as they cannot afford the running costs or the berthing programme. I ask you to indulge me with this punning introduction, but in very simple terms the analogy of giving birth to a new build is quite apt as there are many issues that run in parallel to the process of conception, pregnancy and delivery, not to mention the lifespan of the troublesome child-like yacht. Once a yacht is in build, following an immaculate conception with your design team, the metallic foetus grows from an indescribable alien structure, into a stunning curvaceous thing of beauty. Once the pains of delivery have been endured and the newborn yacht is floating, the big problem now is where she calls home (port).

For the past decade there has been much talk of expansion plans for many of the major marinas, with only a handful of brand new construction and development projects focused on creating an increased capacity for the growing and maturing fleet.

The proximity of the expansion plans have not always been directly related to the location of demand, but perhaps focused on opportunity, tourism and availability of land and shore line that provide the right mix for a marina project. The majority of Mediterranean berths have either been upgraded, re-structured to accommodate larger yachts or been totally re-engineered to change their business model from small craft, to the bigger ticket market of large yachts. But once again, the growth and

Front cover image by Philippe Starck for Port Adriano.

expansion has not met the demand and while there are always other places to go and park your new born toy, it appears that everyone wants to be in the same place at the same time, apart from a savvy few, who understand the value of escape.

“From our research and findings, the marina and berthing sector seems to always have an expanding market place.”

In this quarterly we look at all of the factors and drivers that generate the market's energy. From our research and findings, the marina and berthing sector seems to always have an expanding market place, with several hundred new yachts (20m plus) a year leaving the vast majority of shipyards around the world. Very few marina owners, operators or managers can dedicate their complete facility to the large yacht sector, they have to spread their target across all size ranges. This is primarily driven by the size of the various segments, below 20m, between 20 – 30m and 30m plus, all of which have their needs and very different criteria of usage. The 30m plus segment is where our attention is focused and when you look at the demands placed on a marina, especially in Spain and France, the cost of berthing is set to keep moving north. Or is it..?

If owners decide to stop paying the large amounts of cash to secure berths in high season, or look at alternative wintering ports in Northern Europe, or tie up in shipyards, then the cyclical nature of the marina market will become even more problematic.

The recent Monaco Grand Prix saw a reduction of yachts in the harbour and a floating fleet anchored off, coming ashore by tender. While this has obviously been driven by the economics of today, it is fair to say that once an owner understands the cost controls and the savings to be made he may change his approach to berthing. His shiny new baby will be left floating off shore and the umbilical tender will be his connection with reality. We will see what happens over the next few years if owners keep paying the price of mooring and the various extras associated with prioritisation of berthing. More recent studies have shown that yachts can in fact spend eight months a year doing very little, apart from maintenance, cleaning and preparing the yacht for service. With a monthly running cost in the 150,000 euros plus, will the owner keep spending this money going forward, just to keep his asset afloat? Only time and the recovery of the market will tell; if a yacht is aggressively for sale then I am sure the need for the yacht to be on show all year round is key, but if the owner knows when he plans to cruise and where, then holding berths or service marinas may come into the mix, at a much reduced rate.

MHR

## About Superyacht Intelligence

The Superyacht Intelligence Quarterlies form a part of the Superacht Intelligence Agency, a division of The Yacht Report Group, the aim of which is to provide unrivalled data, reporting and bespoke consultancy relating to all aspects of building and owning a superyacht in today's market.

Each with a different focus the Quarterlies provide insight into highly relevant sectors of the superyacht industry and draw on our research and the contributions of industry members. This issue focuses on Marinas: the current position and trends of the sector and predictions for the future. Unless otherwise sourced, all data is derived from the web tool that is available to all subscribers at

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For £375 per annum subscribers to Superyacht Intelligence receive full access to our database of superyachts greater than 30m LOA; full access to the Global Order Book of superyachts greater than 30m LOA; each Superyacht Intelligence Quarterly report; and an annual subscription to *The Yacht Report*.

Using the wealth of data to be found on [SuperyachtIntelligence.com](http://SuperyachtIntelligence.com) and with our market penetration the team is well positioned to create bespoke reports for clients, something we are happy to receive any inquiries about. Past bespoke reports can be found online at [SuperyachtIntelligence.com](http://SuperyachtIntelligence.com).

## Market Definitions: Marinas, an introduction



Brooke Shaw/Superyachtart.com

The marinas market is a burgeoning one, with many factors contributing to its likely continued growth over the coming years. With an expanding fleet and subsequent pressure on common cruising grounds the established spots are under continued pressure whilst old, new and farther flung destinations are now investing and expanding to meet rising demand.

### What do marinas offer and how does the market work?

The superyacht-related marinas market, in essence, revolves around the provision of berthing spots for superyachts at or away from their homeport. For each yacht, an individual marina will provide a homeport location, a base out of which to operate the yacht during a season. Away from the homeport all other marinas will be dealt with by the yacht as a transient resting point, a cruise stop away from home. In each case, however, whether a homeport or a passing stop the marina serves as a provisioning spot, a safe haven and a base on dry land.

### Sources of information:

As is the Superyacht Intelligence standard all of our information is sourced in-house by a dedicated team.

“Whether a homeport or a passing stop the marina serves as a provisioning spot, a safe haven and a base on dry land.”

This approach ensures that all of our data remains pure and uncompromised without being tainted by unverified sources. As a part of this Marinas Report a survey was conducted, approaching marinas the world over for their responses. In our survey we requested information on fields such as marina capabilities and current and future investment plans in order to correctly interpret the existing market and, even more importantly, the market of the future. Full results of this survey will be made available online to Superyacht Intelligence subscribers<sup>1</sup>. Statistics included within this report are drawn from our existing records as well as the results of this survey and previous surveys conducted under the Superyacht Intelligence brand<sup>2</sup>.

<sup>1</sup> [www.SuperyachtIntelligence.com/marketanalysis.asp](http://www.SuperyachtIntelligence.com/marketanalysis.asp)

<sup>2</sup> The Superyacht Intelligence team can be commissioned to produce bespoke intelligence reports: for more information, please contact the team.



Vilanova Grand Marina, Spain

## State of the Industry

### *The fleet and the order book in relation to marina demands*

As the Global Fleet of superyachts grows so too does the potential for the marina industry, as each new yacht delivered requires berthing space. As of the end of June 2009 there were 3685 yachts in the fleet, with 511 currently in the Global Order Book<sup>3</sup>. Over the last decade [1999-2008] the fleet has increased by 87%, nearly doubling itself, with around 250 new superyachts now splashing every year. It is not just the number of superyachts in the Global Fleet that has been increasing, but also their size. For example the number of vessels delivered per year in the 50metres plus category was 4 in 1988, 5 in 1998 and 45 in 2008. Therefore, it can come as no surprise that the number of berths and their size is a constant issue and the space marinas have available is a problem that fails to disappear.

### *The marinas and their current investment plans and expansion programmes*

Matching our prediction of the continued growth of marinas, significant investment is being pooled into marina facilities and berthing spaces. In our survey we asked the marinas about the investment made over the past decade as well as investment planned for the upcoming decade. 75% of marina respondents stated that they had some form of significant investment, inclusive of non-superyacht specific work, planned for the upcoming decade [2009-2018], whilst the remaining 25% stated that their lack of planned investment was due to satisfaction with current facilities or plans being put on hold until economic normality resumes.

<sup>3</sup>Figure does not include unverified orders. Source: SuperyachtIntelligence.com. Full analysis on the Global Order Book and annual statistics can be found in *The Annual Report*, published every January by The Yacht Report Group. Past copies of *The Annual Report* are downloadable for subscribers at [www.SuperyachtIntelligence.com/MarketAnalysis.asp](http://www.SuperyachtIntelligence.com/MarketAnalysis.asp)

Expansion work underway at marinas around the world currently includes work such as the installation of new docks, additions of refit and repair facilities, travel lifts and land based facility development. Vilanova Grand Marina, for example, is currently developing an advanced refit facility on site, providing a dual-draw for yachts to use their marina as a base.

“The number of berths and their size is a constant issue and the space marinas have available is a problem that fails to disappear.”

As a rough indication of the increasing number of marinas involved in the superyacht market, we have seen a growth in the number of online stories related to the sector on our own industry news website Synfo.com. In 2005 we covered 10 stories on new marinas or superyacht related development at existing facilities, in 2006 it was 15, in 2007 it stood at 22 and in 2008 it reached a remarkable 37 stories. This is nearly a four-fold increase from 2005 to 2008, and we have already covered 17 new marina related stories in 2009 suggesting the trend may continue this year. Given current issues surrounding securing bank credit, this probably represents the culmination of projects started and funded several years ago – with it likely that there may be a corresponding drop in work (and thus marina stories) in 2010 & 11.

## The Geography

### *The fleet movements – cruising and homeport trends*

Paramount to the examination of the marina industry is the cruising trends of yachts and the demands being placed on popular cruising grounds. Understanding the current and likely future patterns will also give an idea of the likely coming demands on particular areas. Whilst there are now increased numbers of yachts venturing further afield, the Mediterranean area remains the most popular cruising zone, with 60% of vessels also having their homeports in the Med. The Mediterranean is followed by the East coast of America, with one-fifth of homeports, and then the Caribbean in terms of popularity, with high numbers of yachts cruising every year<sup>4</sup>. Influences of the charter and broker market upon cruising trends can also be seen, with the requirements of brokers for yachts to be in the Mediterranean often being the deciding factor in where a yacht might cruise. A yacht for sale might not realistically be able to cruise in the Pacific due to the inconvenience of prospective buyers being able to reach it. Equally the price of charters might be reflective of where the yacht is cruising, and with the Mediterranean being the most popular cruising zone, charter fees can be more lucrative within the more popular cruising destinations.

Outside of well established destinations yacht transportation companies, such as Dockwise Yacht Transport, Sevenstar and Yacht Path, have contributed to the widening of cruising ranges by allowing those yachts previously unable to consider farther flung areas to now reach them. Developments in yacht design have also meant both more yachts being capable of long-distance cruising and also more yachts being designed with long-distance cruising in mind.

Increased promotion and governmental support of distant destinations, such as the South Pacific, has also meant larger amounts of traffic to these parts of the world. Visitation to Queensland, for example, has upped from four yachts in the mid nineties to sixty-five in 2008, with the government predicting what they say is a conservative 10% increase between 2009 and 2013. Equally newer developments, such as the Gulf, are seeing significant investment and, as a result increased visitation<sup>5</sup>. Factors such as currency may also play a role in drawing yachts to locations, with the pull of the cheaper dollar, compared to the high Euro,

<sup>4</sup>Source: Trends in Superyacht Cruising and Homeport choices, August 2008, Superyacht Intelligence. Available at [SuperyachtIntelligence.com](http://SuperyachtIntelligence.com)

<sup>5</sup>Transcripts of the discussion undertaken at the Gulf Superyacht Forum 2009 can be accessed at [www.superyachtevents.com/technicalpapers.asp#GUSF09](http://www.superyachtevents.com/technicalpapers.asp#GUSF09)

<sup>6</sup>All full list of those countries coming under each geographical category heading can be found online at [www.SuperyachtIntelligence.com/SIQ.asp](http://www.SuperyachtIntelligence.com/SIQ.asp)

for example, now being an attraction.

### *Geographical Split*

The geographical split of marinas logically follows the cruising trends of yachts, as where yachts cruise they also need to berth. Marinas will usually exist because of the location and its appeal. A map plotting the locations of major marinas will appear online, accessible only by Superyacht Intelligence subscribers. The geographical split of marinas can be seen in Figure A (below) which demonstrates that Europe currently has the majority share of marinas, followed by the Americas and then 'the Rest of the World'<sup>6</sup> confirming the reflection of the popularity of cruising areas in relation to marina numbers and locations.

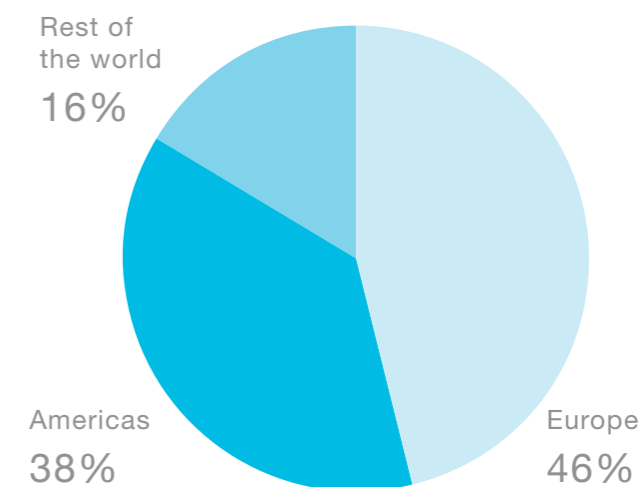


Figure A: Division of marinas by geographical location (Source: SuperyachtIntelligence.com)

### *Access and time period of yachts spent at berth*

A survey conducted by Superyacht Intelligence in 2008 revealed that of the yachts surveyed the average time spent in their homeport was five months over the year (76% of which time was during the low season). Using this average, this leaves a remainder of seven months throughout the year, usually in high season, where the yacht might require a transient berth spot. A survey also revealed that on average the time being spent in each different port or marina

“Increased promotion and governmental support of distant destinations, such as the South Pacific, has also meant larger amounts of traffic to these parts of the world.”

away from home was just three days. Clearly every yacht is different and the time being spent at berth is affected by the desires of the owners, the crew of the yacht and what a yacht is looking for in both a marina and a destination. Independent Marina Consultant

Oscar Siches comments on cruising trends that “The traditional yachtsmen are looking for new destinations and cruising areas, while the newcomers kill for a place where “one has to be seen”. The traditional [owners] love empty bays and cruising grounds, the fresh arrivals the fancy harbour lifestyle and hype. Both are valid.”

Equally it has been noted that there is a larger number of incidences where yachts choose to anchor off, rather than enter the marinas themselves. Discussion with crews indicated that in some cases this was a reaction to perceived high berthing rates, which are not in line with the changed economic climate. Whether this develops into a long-term trend remains to be seen, but it may indicate that for some yachts berthing rates have become an increasingly significant issue.



Marina Genova Aeroporto, Italy

## The Facilities

### *The size of the marinas and the type of marinas*

Marinas can be divided into two basic types: those marinas that are exclusively designed for superyachts (in this case of 24metres plus) and those marinas that are capable of housing both superyachts and yachts under 24metres.

Those marinas that are dedicated entirely to superyachts may have appeal as being facilities wholly specific to the superyacht market. Also notable is the success of islands and ports that have opened themselves up to visiting superyachts as an enticement to their marinas. For example, the success of locations such as St Maarten and Bermuda has meant that the many island nations are now keen to engage with the market. St Christophe Harbour, on the Caribbean island of St Kitts, is one such example, with plans underway to create a total destination with marina, recreation and service facilities ready for 2011. The importance attached to gaining the attention and business of visiting superyachts in this case is illustrated by innovative ‘perks’ being implemented by some, such as no taxes or government charges until 2030 for yachts, planes or helicopters, the waiving of fuel duty and exemption of crew from work permit requirements, all said to be part of the package for visiting yachts. What a marina is able to offer can define why it is visited. For example, yards that incorporate dedicated service facilities may provide a draw for those yachts looking to combine visiting a destination with the needs of the yacht.

### *The Technical Requirements*

Clearly, the first basic requirement of marinas from a superyachting perspective is that they are able to hold yachts of superyacht size; of 24metres and over. The next level of examination is the maximum draft and beam the individual marina is able to accommodate. The maximum beam capabilities extracted from our survey results range from a relatively modest 7.5m (suitable for yachts up to 35m), up to unlimited size, with one striking aspect of the data that the ratio of marinas in each particular maximum beam category was broadly similar. This is perhaps unsurprising, if one considers that beam as an independent variable tends to be more constant in yacht design in comparison to vessel length. The maximum draft marinas are able to cope with would also seem to be fairly evenly spread

across the size categories, although there was an emphasis on the small to medium end of the market, with 63% of marinas having space up to 9.99m.

“What a marina is able to offer can define why it is visited.”

### *What are the main requirements from marinas?*

In order to draw in customers, the superyachts, on top of meeting technical requirements marinas must be able to provide a variety of services and facilities to clients, ranging from the basic technical necessities such as power, water and provisioning, to luxury leisure activities. The selection of a marina by yachts can often be down to a number of reasons, depending on the need of the yacht and its owner and/or charter guests or crew. Certain destinations may also concentrate on providing a permanent homeport for yachts or alternatively target transient vessels as their core market, although it is likely marinas will attempt to attract both as a source of revenue. New locations, such as Porto Montenegro, set out to concentrate on the latter, with a stated desire to develop a destination that offers both luxury cruising alongside a full and extensive range of onshore leisure and recreational opportunities. Other marinas may see their principal strength lying in their location and its natural attributes, able to attract customers based simply on where they are.

### *The Unique Selling Point*

Interestingly, the marinas themselves state that above all else it is location that they consider their ‘unique selling point’ (stated by over two thirds). One might question how unique a location can be if so many different destinations claim it as their singular quality, but one may readily assume that a marina’s location is of course a key concern to visitors. According to our research, the facilities on offer are deemed of secondary importance, with service running a lowly third. Other features such as security, privacy or cost failed to be mentioned in our survey, presumably not a reflection that marinas fail to realise their role, but rather that they deem them less relevant as a marketing tool.

## The Decision Process

### *The requirements of the market*

When asked what they would rank as vital in a homeport [out of a choice of vital, beneficial and not important], those yachts responding listed the geographic location, owners convenience, berth availability and international travel links as being vital to an owner when deciding on a marina to berth at. Owner priorities are clearly key for many marinas; Marina Genova Aeroporto, for example, provides an advanced facility for superyachts that aims to satisfy both crew and owner, while the marina's strategic proximity to the airport and the Jet to Boat service it provides ensures that owners can get quick access to their yachts and also to international travel links.

Other more mundane requirements such as available types of berth may well also play a role in deciding where to moor. The mooring method of stern to with a ground chain anchor system is preferred, with 48% of captains ranking this method as their preferred method of docking, a huge 30% more than the next ranking option; alongside the quay wall. Special features incorporated into marinas can also serve as bait when tempting yachts to bite. One such example is the newly completed Yas Marina, in Abu Dhabi, which incorporates part of a F1 circuit in it, allowing owners docked in the marina a unique view of the racing action.

The conclusion that can be taken from these responses, however, is that marinas have a certain number of tick boxes to fulfil if they are to attract superyachts to their berths, unless they are in the fortunate position where the desire for an in-demand berth outweighs the luxury of choice.

### *Pricing*

The general price of superyacht berths (both rental and permanent) has seen a steady increase over the past decade, with 21%, 40% and even 50% increases quoted by some marinas, largely driven by simple supply and demand. Although, this trend has now been punctuated in some locations, and to varying degrees, by the impact of the global financial crisis. It is also evident that in some destinations it is now a buyers market, with owners and captains

more insistent on negotiating prices, and according to some respondents driving down rates, particularly for wintering berths. Differentiation in tariff can also be seen between home berth-places and transient berths, with permanent residents benefiting from a more favourable rate. This approach is all part of the campaign by marinas to attract owners to use their marina as a homeport. Over a ten-year view, the actual nature of the trend for rising fees

“Marinas have a certain number of tick boxes to fulfil if they are to attract superyachts to their berths, unless they are in the fortunate position where the desire for an in-demand berth outweighs the luxury of choice.”

varied considerably from region to region, with the desirability of the location an obvious key driving force, which also determined the difference between high and low season costs. As one might expect, those destinations both more popular, and offering better services (actual boat facilities and local entertainment, such as at Monaco) will charge significant premiums due to their perceived 'added value'. However, in the immediate term, prices would seem to have stagnated or levelled off in many areas, as marinas focus on retaining clients and filling berths in difficult times, with reduced cruising activity aptly illustrated by the slow charter market in the 1st and 2nd Quarters. Despite this bleak period berth prices in 2009 are likely to prove more of an exception to the general long-term trend for continued cost increase, with anecdotal evidence from charter companies suggesting that that segment of the market is already picking up as we head into the second half of the year.

## Problems & Limitations

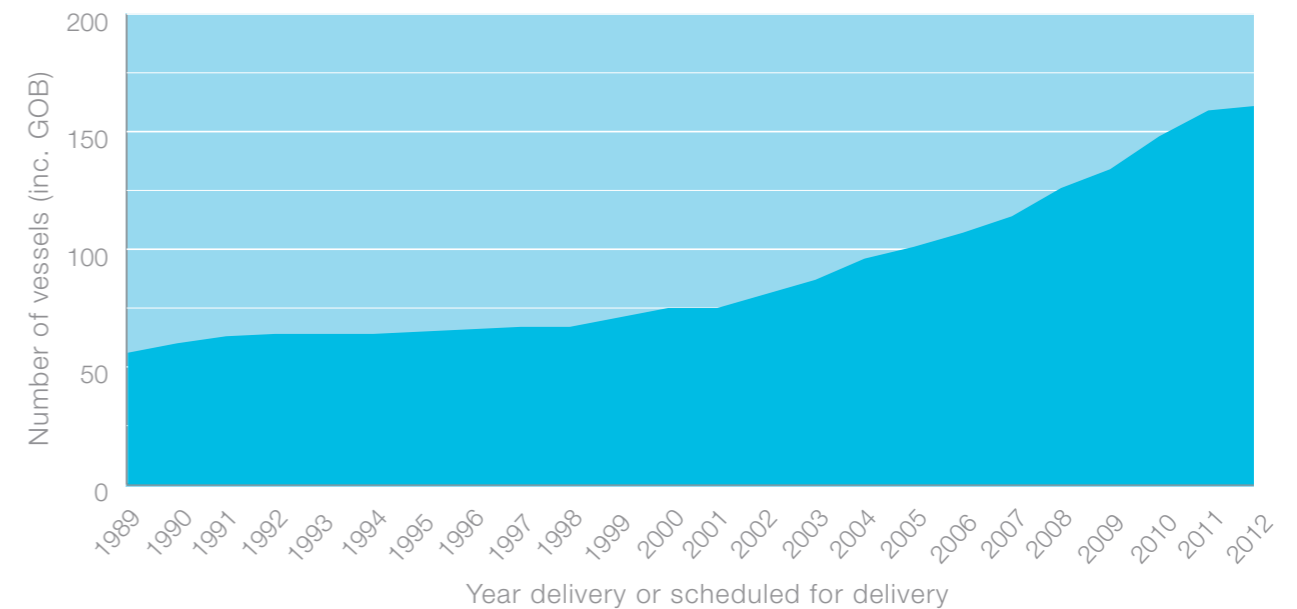


Figure B: Increase in 70m yachts in the Global Fleet over time (Source: SuperyachtIntelligence.com)

### *Space*

Of the Global Fleet delivered to date 88% of the fleet is under 50m. The average vessel size in the fleet is 41m, however it is the proportion of very large yachts within the fleet (70m+) that has seen a significant growth, as demonstrated in Figure B (above), increasing from 2.9% in 1999 to 3.2% in 2009 – with the resulting rise in demand to provide the larger end of the market with berths as one might expect. The current market trend is for marinas to overwhelmingly cater for the small to medium section of the superyacht market, with over two thirds stating their main target category is 49.99m and below, as demonstrated in Figure C (below left).

However, interestingly, while this might represent the core market, over 60% of marinas stated that they had space to accommodate at least one 70m or above vessel on a permanent basis, with the vast majority also able to confirm that they do have space for multiple vessels above 70m alongside the harbour wall. That said, capability of space does not necessarily mean availability. There are currently 111 delivered yachts of 70metres and over, with 44 more currently in build. Thus, as the numbers of yachts of this size continue to be delivered, the problem of available space for larger vessels will only become more prevalent.

### *Cost*

Prior to the credit crunch finding berths at all, let alone at a reasonable price, in popular areas such as the

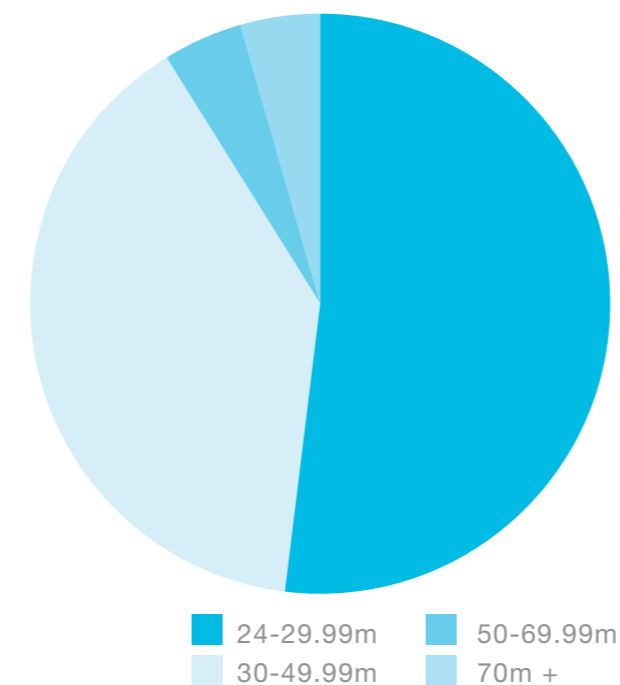


Figure C: Yacht size listed as principal target market by marinas (Source: SuperyachtIntelligence.com)

<sup>7</sup> Source: Trends in Superyacht Cruising and Homeport choices, August 2008, Superyacht Intelligence. Available at SuperyachtIntelligence.com



The newly flooded Yas Marina, Abu Dhabi

Western Mediterranean was a well documented, and much maligned issue. While the present reduction in charter numbers and some of the fleet being 'mothballed' might alleviate the problem in the short-term, the simple fact remains that the increase in the Global Fleet continues to outstrip the number of berths being built to cater for them. It would seem unlikely that building new marinas in the traditional European or Caribbean cruising heartlands is either the best or most likely long-term solution, constrained as those countries are by a host of planning, environment and heritage legislation, let alone gaining political support for projects that cater to a wealthy elite while the general public suffers in a global downturn. Such barriers are particularly prevalent on the Cote d'Azur, where the twin issues of local government (and residents) reluctance to have new developments in their area and wider environmental concerns are a great hindrance to the development of new marinas. Yacht owners wish to visit such regions for their exclusivity, natural beauty and heritage; reasons that dictate that new marinas and extension work to existing ones will almost always be difficult. Environmental protection is a highly contentious and emotive issue, with no one from the

owners, crew, agents or suppliers likely to be keen on damaging what is after all a prime location selling point – the natural local habitat. IGY's Turks & Caicos Yacht Club is an example of moves to resolve the paradox of development versus nature, where luxury facilities for vessels up to 200 feet are combined with a dedicated intention to protect and preserve the local ecology. This includes systems for safe oil changes, sewage extraction, computer systems to prevent any accidental discharge and state-of-the-art fuelling stations.

“ Capability of space does not necessarily mean availability. ”

If anything the current economic downturn represents a 'breathing space' in which governments, marinas and the industry would be wise to use to meet the demands and potential of the Global Fleet once the world emerges from the present crisis.

## Investment and Growth & The Business

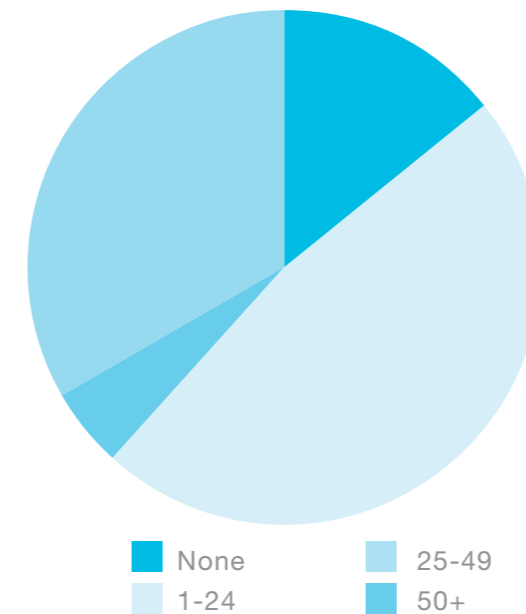


Figure D: Number of 24m+ berths added by marinas surveyed in the last decade [1999-2008] (Source: SuperyachtIntelligence.com)

numbers of 24m+ berths being added over the last decade by those marinas surveyed. From our survey although 75% of respondents have significant investment planned, less than half the marinas have plans at present for specific investment in superyacht berths in the next decade, although it is obvious that lack of bank funding and an uncertain global economic future are making prudence and caution more attractive than perhaps two or three years ago.

### Investment

Reports from the ongoing work at Port Adriano, on the island of Majorca, suggest that some 70 million Euros will be invested in total in superyacht facilities over the course of the work (2007-12), with 64 superyacht berths to be added in the next decade. In the Caribbean, the Marina at Marigot Bay shows the level of investment needed even in smaller operations, where 11 large yacht berths have been added to form approximately 40% of the available spaces. This is the result of some 55 Million dollars worth of investment, of which, around US\$8 Million has been in the marina itself & related facilities. The marina also has plans to invest a further US\$10 Million, of which 75% will be focused on superyachts (with nine new 24m+ berths). The marina market continues to be dominated by two major players: Island Global Yachting (IGY) – one of the world's premier owners, developers and managers of luxury marinas and yachting lifestyle destinations – and Camper & Nicholson's Marinas – which has specialised in marina investments and waterfront development for over 40 years - which both lead the way in marina developments and standards, with significant investment made into the market every year. In general, marinas would seem to be largely continuing with work underway to extend facilities or build new berths, but there is talk of plans on hold

“ One might expect that where possible, and finances allow, marinas will continue to expand, as there is still a profitable imbalance in superyacht berths supply and demand that warrants it. ”

### Who is spending what and where

As one might expect, the majority of the world's operating marinas are older than the boom in the superyacht fleet from the 1980s onwards, and therefore were often conceived as primarily targeting the smaller sector of the pleasure yacht market (30m and under). However, what is clear from recent data is that where possible new build marinas are both more aware of the needs of the large yacht market, and presumably targeted it as an important source of revenue. Entering the superyacht market in the last ten years Salmon Bay Marine Center in the USA, Meridien Marinas Abel Point in Australia and Port Louis on Grenada are good examples of this, with, 100%, 29% and 20% (respectively) of berths dedicated to superyachts (24m+). Where feasible, many older marinas also seem to have a policy of steady investment in providing more berths for larger yachts. On average, our respondents have invested in 29 new superyacht berths (24m+) in the last decade, which when compared to the average number of berths per marina (224) the rough proportion of new superyacht berths recently built in marinas stands at around an eighth of the total berths available. Figure D (above) demonstrates the breakdown of

or deferred in light of the global economy. One might expect that where possible, and finances allow, marinas will continue to expand, as there is still a profitable imbalance in superyacht berths supply and demand that warrants it. However, as seen across the construction and developer sector, the days of easy credit and funding would seem to be over, and retaining a good cash balance and avoid over extension of the business is now often a main priority.

Initial reports in late 2006 seemed to suggest that global investment players, namely Goldman Sachs, might be starting to take an interest in the potential of superyacht marinas as illustrated by the group's investment in Associated British Ports Holdings, which owns various UK based marinas. However, there seems to have little further development in Goldman Sach's position or direct interest, which one might attribute to the worsening global market in subsequent years. However, it is likely that once the economy rights itself, and given the seeming strength and probably survival of certain infrastructure investment groups, this interest may return once again in the future. There has also been 'off the record' mention to TYR, of some owners eyeing up the potential of investing themselves in new marinas or extensions to old ones. After all if you can invest considerable funds in a vessel, why not take advantage of suitable situations and provide the investment funding for a marina in an area both personally desirable and with the potential to return a good profit.

Nick Maris, Chairman of Camper & Nicholson's Marinas, states that "Marinas are a small sector compared for example with the hotel and real estate industry. However, the marinas sector has benefited from decades long sustained demand which makes marinas an attractive asset class for investors. There is however a lack of international specialists in this field – with

Camper & Nicholson's Marinas being one of only a few – This has prevented many potential investors from finding a route through which to channel their investment. As C&N Marinas are one of the few access points to invest in the marina sector, we find we are experiencing strong investor interest despite the economic climate."

### *The potential and the profit*

With both the size of the fleet and the yachts within it continuing to grow, the long-term potential of providing for the superyacht market remains positive, and is seen by many regions as an important market to 'tap' into. Projects such as Green City in Libya, which will incorporate a superyacht marina and has cost 1.7b Euros over five years, demonstrate the levels of money being poured into superyacht marinas. The recent inauguration of the Olbia marina on the island of Sardinia supports this argument where the reward of engaging with the superyacht industry in terms of jobs and revenue was highlighted in the opening ceremony and illustrated by the official cancellation of Sardinia's infamous 'Luxury tax' on visiting superyachts. The actual average spend from the visiting superyachts is very difficult to estimate, naturally dependent on the individual interests of its owners or users. The revenue marinas receive from superyachts will largely be determined by the number and size of the berths on offer, with occasionally examples such as Vilanova Grand Marina – Barcelona and Sydney Rozelle Bay Superyacht Marina citing 100% as coming from the sectors. Amongst less wholly superyacht dedicated marinas (but who do have significant numbers of 24m+ berths) there is no clear pattern, although a very rough mean average from respondents was 50% of revenue derived from superyachts. What is clear is that marinas hold the potential to be a very lucrative market; one that many investors continue to buy into.



C&N Marinas, Port Louis, Grenada. Credit: Josh Yetman

## Industry Comments

We asked the marinas and industry figureheads to give their responses to a set of questions related to marinas and the industry. Here is a selection of the answer that we received, whilst all the responses will be made available online at [SuperyachtIntelligence.com](http://SuperyachtIntelligence.com)



Bahia Mar, Fort Lauderdale

### *What are the primary restrictions to expanding the capacity for the superyacht marina sector and what are the core solutions?*

The main problem is that it is very difficult to get permission to build a marina in prime locations (Mallorca, Côte d'Azur for example). Therefore marinas have been built in areas of little boating tradition but many of these new facilities show very low occupation rates. In our area, the main problem is the little understanding that politicians have of our industry. There is very little data available on the impact of superyachts in the local economy. Through AEGY, in collaboration with the Balearic government, we are working on that. I also think that a more efficient use of moorings during high-season is possible. It is sad to say no to customers while having moorings occupied by boats whose owners don't use it during long periods of time. In Spain the marina sector is too fragmented so operators manage a single port, instead of a network. In OCIBAR we are trying to establish a network. **Isabel Teruel, Port Adriano, Spain**

To repeat what we all know, there are some places where there are berth shortages and some where there are not. The places with shortages tend to be those where the geography and/or planners won't permit more berths to be created, areas which arguably have reached saturation level. In such places there has been no recent material increase in capacity and nor in my view should there be. After all one of the joys of yachting is the freedom to cruise to interesting and un-spoiled areas, the opposite of being forced to cruise from one marina to another. The capacity constriction problem can be addressed by yachts being willing to move their homeports to less congested areas, which have both availability of berths, and are improving their superyacht infrastructure. Boats need to diffuse to areas with capacity in order to maintain the original spirit of yachting. **Nick Maris, Chairman: Camper Nicholson's Marinas Ltd**

Lack of capital and seasonality of demand. More 'Home

port' demand will solve some of the dilemma in providing infrastructure. **Michael Barnett, Cairns Marlin Marina, Australia**

Environmental and social economic issues and size. There is a need to become more environmentally friendly in all cases. [Marinas need to] make a bridge between the super rich and the normal world. **Alexander Proch, MPDI**

Access depth of water. The entire area needs deeper water. Also environmental permitting is extremely time consuming and capital intensive. Many landside developers under estimate the environmental mitigation issues and the time that they require. **Kevin Quirk, Bahia Mar, USA**

In the Caribbean there are significant environmental and aesthetic limitations to a major expansion of Marina facilities. No owner or charter guest wants their favourite anchorage or bay turned into another superyacht marina. This must be tempered, though, by the enormous gains to be made by the small island nation economies from the levels of investment and subsequent superyacht business. Improvements in the environmental sensitivity of superyacht design, including power consumption and waste handling, would lessen the pure environmental impact of superyacht marinas. **Bob Hathaway, Marigot Bay, St Lucia**

The reduction of the cost of the "demanial concession" [demanio: land owned by the government which can be let to a company or individual for a certain period of time] is needed: this would reduce the cost of the mooring berths, whether for rent or for sale and subsequently the reduction of the IVA (VAT) would help the Italian market to be aligned with the French one. **Giuseppe Pontremoli, Marina di Genova Aeroporto, Italy**

*Has the current economic situation changed users attitudes and buying patterns to marinas, berthing fees and the shore based facilities? If yes, what effects have you seen?*

There is an ongoing demand for berths throughout the region. **Paul Lane, Yas Marina, Abu Dhabi**

During the 2008 season we did not see any change in buying attitudes. We think 2009 will be a quiet year in terms of mooring sales but we do not expect major changes in rentals. **Isabel Teruel, Port Adriano, Spain**

Rivergate has noticed captains and crew are more aggressive in negotiating rates which are not sustainable leading to a decline in quality of services. **Clare Green, Rivergate, Australia**

Yes it has changed things. The current crisis is holding back money. Customers realise that the market was overblown and it seems that the market has to correct now. **Alexander Proch, MPDI**

I bought my first marina in 1992 and so have been through recessions before this one, although this is the deepest. I have experienced a repeating pattern; mature marinas in established areas will see their occupancy levels and waiting lists substantially maintained, with rates in general not dropping materially and in some areas even continuing modest increases.

Recessions however create a good climate for buyers of berths who may find some attractive opportunities. The good opportunities in the past have not lasted long. Looking forward, the fact remains that there are more yachts than berths and so the picture of rising rates will resume, continuing the upward trend that has been seen

over several decades. **Nick Maris, Chairman: Camper Nicholson's Marinas Ltd**

Yes. The sales of small yachts have fallen 90% and the purchase of berths is nil. Some berth owners are putting theirs up for sale. **Joaquin Fernandez-Manila, Marina Davila Sport, Spain**

Yes. More caution. Superyacht marina investment is as affected by the Global Financial Crisis as other niche industries catering to the luxury sector. Main clients will be existing superyacht owners (new vessel construction will fall) and these current owners will use their vessels less and apply downward pressure to the berth fees they pay. **Richard Morris, Sydney Rozelle Bay Superyacht Marina, Australia**

We have seen a major reduction in charter business but no significant change in attitude to berthing fees. That said a planned increase for 2010 has been shelved and most of the 2008/2009 increase was not implemented except over the Christmas peak. **Bob Hathaway, Marigot Bay, St Lucia**

Marinas for big yachts (over 24m) are still full and people are paying the mooring fees. We had two or three people that went for cheaper places in continental Spain, but the rest want to stay and do not want to hear about changing their homeport. Service and general feeling is much more important than price for the big boat bunch. And remember: your client is the crew, not the owner. **Oscar Siches, Independent Marinas Consultant**

*Have you seen cruising patterns of the larger yachts, be they transient or home port berth holders, change in the past few years? If yes, in what way? Are yachts spending longer periods in port?*

In the last 10 years the number of superyachts travelling to Australia has dramatically increased due to dedicated promotion on behalf of the industry and the arrival of the Dockwise Transporters. Brisbane is experiencing a growth in European and American superyachts looking further afield for cruising destinations. **Clare Green, Rivergate, Australia**

The yachts are transient and they stay less. It seems that they are always in a hurry to meet the owner. **Joaquin Fernandez, Marina Davila Sport, Spain**

[There has been] significant change in 2009 with around a 50% reduction in the number of superyachts cruising in the Caribbean. Prior to 2009 there was a gradual increase in cruising and charter activity in the Windward Islands both in the 'High' and 'Low' Seasons. Yachts are spending longer periods in port but generally in the "boat parks" of Antigua & St Maarten. **Bob Hathaway, Marigot Bay, St Lucia**

Because yachts these days are more seaworthy and better stabilised they can travel bigger distances to new destinations like the Baltic or the Pacific. I think it depends where they are and I think it has a lot to do with fuel prices and charter abilities. **Alexander Proch, MPDI**

[The] majority of transient international yachts cruise our waters rather than spend time port bound. That said, with increasing knowledge of our high quality refit capability, more yachts are spending yard-time for refit, maintenance and survey. **Peter McCulkin, Queensland Government, Australia**

We haven't noticed any changes in the last two years (we opened in August 2007); Most of the Superyachts moor here between October and May, before they start cruising the Med during the summer. **Giuseppe Pontremoli, Marina di Genova Aeroporto, Italy**

*What do you feel are the key issues that need to be addressed by the superyacht industry that would ensure the superyacht marina sector can deliver according to the markets needs?*

The need to see an increase in a variety of distinctive cruising destinations, with high quality service and amenities facilities available at port. **Paul Lane, Yas Marina, Abu Dhabi**

[Increased] deep water access and friendlier arrival by immigration and customs. Regulations are often misinterpreted at the point of arrival and yachts are given a difficult time. **Kevin Quirk, Bahia Mar**

Quality in the installations and services without the high Mediterranean prices. Today, the Med has 90% of the service to yachts and there is overbooking in certain sizes (or disdain for the smaller ones vs the bigger ones). We have to promote other areas that have the capacity, quality and space to do so. **Joaquin Fernandez- Davila, Marina Davila Sport, Spain**

The obligations are on us, as the marina operators, more than on our customers! These obligations are to improve the standards of service from marinas up to, and beyond, the standards provided by the yacht crews to their owners and guests. **Bob Hathaway, Marigot Bay, St Lucia**

[A] better heavy lift transport network worldwide (Dockwise/Sevenstar etc) with cheaper freight rates, thereby encouraging more superyacht owners to send their yachts further afield (ie Pacific/Indian Ocean, etc). **Richard Morris, Sydney Rozelle Bay Superyacht Marina, Australia**

Developing of base points in new cruising areas and increasing Local Authorities Involvement. **Oscar Siches, Independent Marinas Consultant**

*What do you think the future of the Superyacht Marina market looks like, from your perspective?*

I think it will go through a rationalisation process. Quality shipyards and quality destinations will go through the downturn without much damage. However there will be companies that were born during the boom, with little fundamentals, that will not survive. I think the industry has a good future, mainly because a nice day in a nice place in a nice boat is priceless. It is important to try to separate the impact of recent Private Equity deals in the industry. I am thinking of a company like Ferretti, which had a solid product, tradition, was able to profit from the boom years, however has fallen into financial problems. The problem in those cases is not the company nor the industry but the amounts of debt that Private Equity companies placed on the balance sheet. **Isabel Teruel, Port Adriano, Spain**

Developers need to carefully analyse the superyachts (50m+) that are docking (not cruising) in their respective area. Many recent projects have overbuilt in terms of slip lengths and failed due to the superyacht only spending a few nights as opposed to a long term stay. **Kevin Quirk, Bahia Mar, USA**

Demand is in part determined by new yacht orders, and we went into 2009 with the highest order book ever, over 1000 yachts (24m+). Even if cancellations exceed 25% it implies an average of around 5 yachts a week being delivered over the next 3 years or so. This is positive for the industry and for marinas. We are optimistic for the superyacht sector, despite what we see as short-term checks. Global wealth

will continue to rise, and so will the ranks of the wealthy who support the sector. Rising demand for superyacht marinas, supports the operators goals of providing higher service standards, and a broader range of services. **Nick Maris, Chairman, Camper Nicholson Marinas Ltd**

Possibly five years of a depressed market, with more existing locally based superyachts remaining in the marina longer (cruising less) and less international visitors. I think the market for building new marinas will be minimal and recently built marinas in developing areas (Dubai, etc) will not see the returns they envisaged when they built them. **Richard Morris, Sydney Rozelle Bay Superyacht Marina, Australia**

The 2010 Caribbean season is going to be very quiet with only those marinas that supply the highest quality of service generating reasonable levels of business. In the longer term as economic growth returns then so will the growth in fleet numbers and growth in demand for marina berthing! When??? Your guess is as good as mine. I am just pleased only to be trying to fill 11 berths, not 50! **Bob Hathaway, Marigot Bay**

The Mega Yacht market is continually expanding, therefore the demand for large dimension mooring berths will continue to grow with time. **Giuseppe Pontremoli, Marina di Genova Aeroporto, Italy**

## The Future & Conclusions

To conclude this report, there is no sign of a slowdown in the expansion of marinas, the only limitations are local authority and government legislation, environmental opposition, reduced liquidity in the investment market and the fact that most people need to balance the needs of their marina between smaller craft and the larger fleet. When you analyse the number of marinas that have emerged over the past decade and consider the number of berths needed going forward, you can only see a need for all of these limiting factors to be overcome. Every builder, designer, broker, manager, supplier, crew member and of course yacht owner needs to see the capacity to grow to meet the demands of the Global Order Book. While we are seeing a slowdown in the contract signings and the number of yachts due for delivery is likely to be affected by changes to the financial world, we still expect a thousand yachts to be delivered over 30m in the next five years. The physical scrapping and number of total losses of yachts in our market is rare and therefore even if we lost 1% per annum for various reasons, the expansion far outweighs the decline. Therefore each year the demand grows and with this the marina developers consistently look for ways of increasing their capacity. In addition, the concentration of berth demand is and probably always will be in the heart of the Mediterranean, around the Spanish and French coastal resorts. New developments and expansion programs have arrived in Italy, Malta, and the Eastern Mediterranean and Aegean, but at the moment the fleet is not yet migrating to these regions for longer than the high season periods. As the infrastructure grows and the crew and industry feel comfortable living and working around yachts in these regions, then we might see longer-term stays, even wintering.

Creating capacity and developing new marinas is not an overnight project, in fact it is likely to take as much as a decade to evolve from the concepts and official paperwork, planning consent, government approvals, appeasing environmentalists, working with the local infrastructure and then building the foundations, before it even starts to look like a marina. When you consider the growth curve our industry has been on for the past twenty years with 1694 number of yachts delivered over the last decade [1999-2008], and even with the slow down a similar number likely to splash in the next decade, we can forecast a log jam in the Mediterranean. The question is, will it continue and will owners accept the congestion that is now and likely to increase over the horizon. To expand in proportion to the markets demand is not easy, the financial investment required is vast and the return is long term; the property market is already saturated and the commercial real estate demands for marina type outlets is limited. It is impossible

for a marina developer to create an interesting new site, without all of the dynamics, the social interaction and the lifestyle quality that yacht owners desire, but it is important to remember that no yacht owner is the same and their needs are so diverse that getting the right balance is a real problem. Repeating St Tropez, Ibiza, Porto Cervo, Monaco is not easy and they have evolved over decades, with fashionable historic legacies, creating the next generation of cool locations, stunning destinations is not easy and owners and charter guests are still demanding to hang out in the same places where they feel comfortable and like to see. As the fleet grows and the myriad of new clients start to emerge and take ownership of their yachts, they will add to the problem as the managers, captains and charter brokers tend to advise them where to go and what to do. The easy option is to say follow the herd, stay on the "milk run"; summer in the Mediterranean, to the Caribbean for winter and back, as these are proven itineraries, charter bookings demand this availability and the operators have the right infrastructure in place. But there will come a time and it is not too far away when the fleet is too big, the demand too great and it will no longer be fun, perhaps that time is now, as we are seeing many of the more experienced yacht owners travel further afield and explore new shores. The Indian Ocean and the Asia Pacific regions have so much to offer and are growing in popularity, but it is hard to imagine these regions being home ports, long term destinations and a place where owners can fly down for a long weekend. The other barrier is still the dark cloud hovering over Somalia and the Malacca Straits, in the guise of piracy, it's a problem and a threat that can be overcome, but it will always be an excuse not to go too far from home. Home is definitely where the heart is and the heart of large yachting is still in the Mediterranean, where we can all find the yards, the brokers, the clients and myriad of apartments and villas owned by the crew. Marinas I think will always be an issue for our market and until we can work out how to convince the authorities that the economic contribution and the payback for allowing these concrete berthing pools to exist is significant and with excellent management and environmental considerations, it will increase our markets success. As James Caan said at the Global Superyacht Forum 2008, I like my yacht to be sitting in Cannes, so that if I need to fly down for the weekend on a Friday afternoon, leaving the office at 16.00 and having dinner on board five hours later is a reality. After all lets be honest, the majority of today's yachts are designed as a piece of floating real estate and therefore they need to be accessible, useable at a moments notice and secure, just like an apartment in Monaco or ski chalet in Switzerland. Marinas are in demand, marinas are expanding but perhaps not as fast as we all would like.

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