
Q3 2014
MARKET INDEX

EU EDITION



Q3

Q3, 2014: Established trends carry on in the third quarter

Brokerage sales volumes in Europe and the US continued along trend lines established earlier in the year, with unit sales higher in Europe, compared to 2013, and US unit sales lower. European brokerages sold 3 per cent more boats in the third quarter of 2014 and remained ahead by 8 per cent for the year to date. US results followed the strong seasonal curve established in 2013, albeit lower by 7 per cent in the third quarter and 5 per cent year to date due to continued slower sales among smaller boats.

The trend toward level or stronger pricing continued in the US among most size vessels, except for the superyacht market (80ft-plus). Pricing trends were mixed in Europe, although notably much higher among superyachts.

Reporter Rupert Holmes provides insight this issue for the European market generally and the Spanish market in particular. Data is derived from Soldboats.com, the proprietary database in which US and European members of YachtWorld record their sales.

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2013, Q1:Q3

€3.26 billion

30,948 boats



2014, Q1:Q3

€3.37 billion

30,047 boats

United States

2013, Q1:Q3 - €2.26 billion / 25,687 boats

2014, Q1:Q3- €2.05 billion / 24,382 boats

Europe

2013, Q1:Q3- €1.00 billion / 5,261 boats

2014, Q1:Q3 - €1.32 billion / 5,665 boats



YACHTWORLD MARKET VIEW



Superyacht sales *accounted for 54 per cent* of the value of all brokerage sales through three quarters of 2014.

EU Brokerage: Superyacht sales drive improved figures

In the first nine months of 2014, 5,665 boats were sold through YachtWorld member brokers who contributed to the Soldboats.com database, an 8 per cent increase over the same period in 2013. The total price paid climbed much more rapidly, increasing by 32 per cent to €1.3 billion.

However, almost 90 per cent in the increased value of overall market sales came from superyachts over 80ft, a segment which alone saw unit sales rise 25 per cent to 131 yachts and total price increase 68 per cent to €712 million. By value, this sector accounted for 54 per cent of the brokerage market.

Yachts sales from 56-79ft were less robust. Even though the number of boats sold rose 11 per cent, the aggregate value remained almost static, representing a

decline in average selling prices of close to 10 per cent. Sales of mid size yachts from 26-45ft grew by 4 per cent, while the total value increased by only 1 per cent, also indicating a decline in average prices.

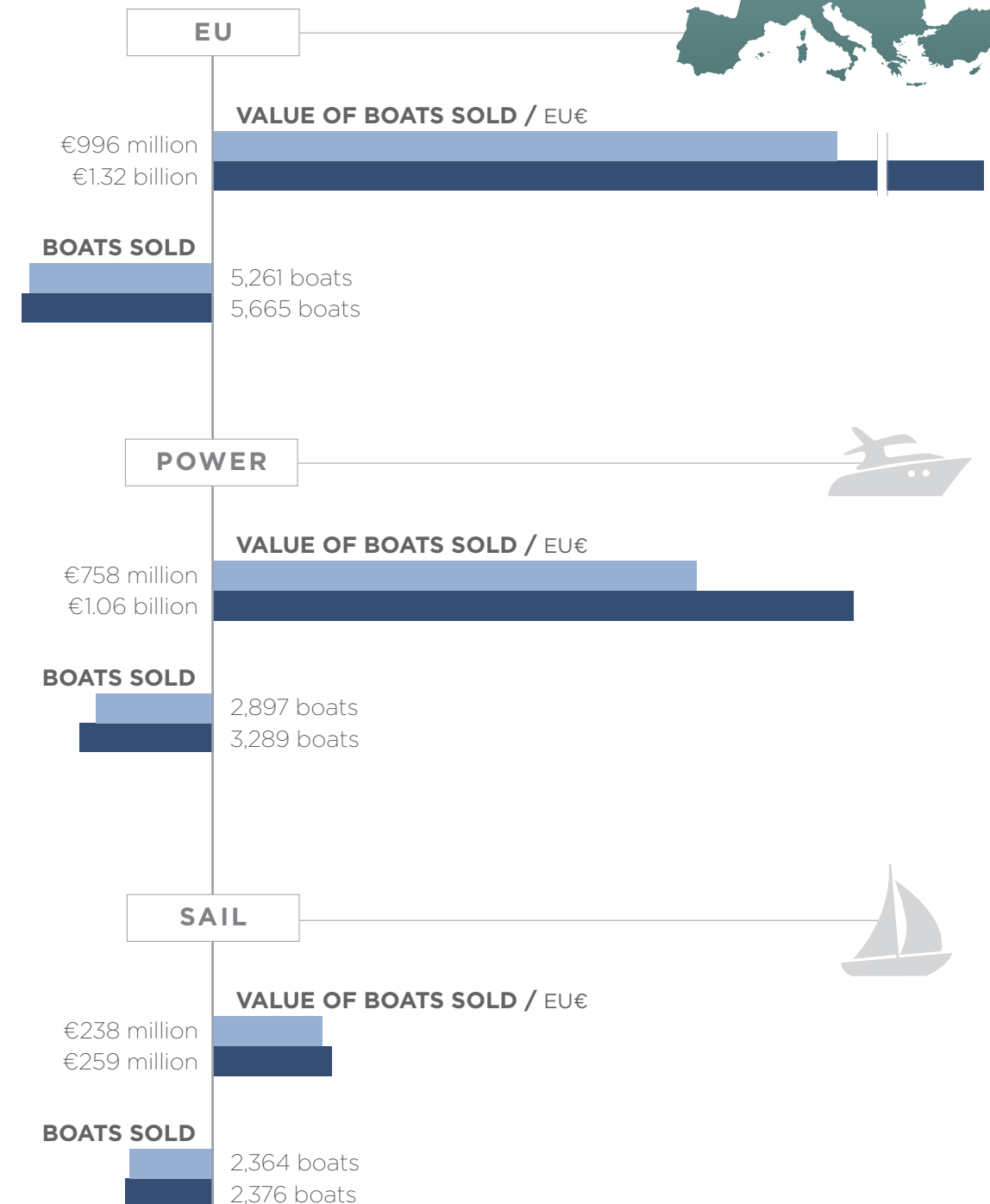
On the other hand, sales of boats from 46-55ft proved buoyant, with the number of sales up 18 per cent and average selling prices remaining almost level. An encouraging sign for the future is that starter boats of under 26ft saw a rise in sales, with a sharp rise in value.

The power sector saw a 14 per cent rise in the number of boats sold, allied to a 40 per cent increase in total sales value, although nearly all of the gains were in the superyacht sector. Sales of sailing yachts nudged just 1 per cent higher, yet total value increased 9 per cent.

– Rupert Holmes

EU – Overall

[KEY] YTD, 2013 YTD, 2014



YACHTWORLD MARKET VIEW



Led by the superyacht sector,
*average prices increased or
remained static* in most size ranges.

Spain brokerage: Mixed signals as volumes decline, values increase

The number of brokerage boats sold in Spain dropped 4 per cent through the first nine months of 2014, yet the headline figures appear to show a welcome bounce in the market. The total value of sales increased to €171 million, 13 per cent higher than in the same period in 2013, according to YachtWorld member brokers reporting to the Soldboats.com database.

Three quarters of this value improvement was in the superyacht sector, above 80ft, where the total number of boats sold rose 22 per cent and aggregate values climbed 30 per cent to €77 million. Yet average prices also increased or remained level in most other size ranges.

For the year to date, the healthiest sector after superyachts was the segment 46-55ft, which saw a sales increase of 11 per cent and total values climbing 24 per cent

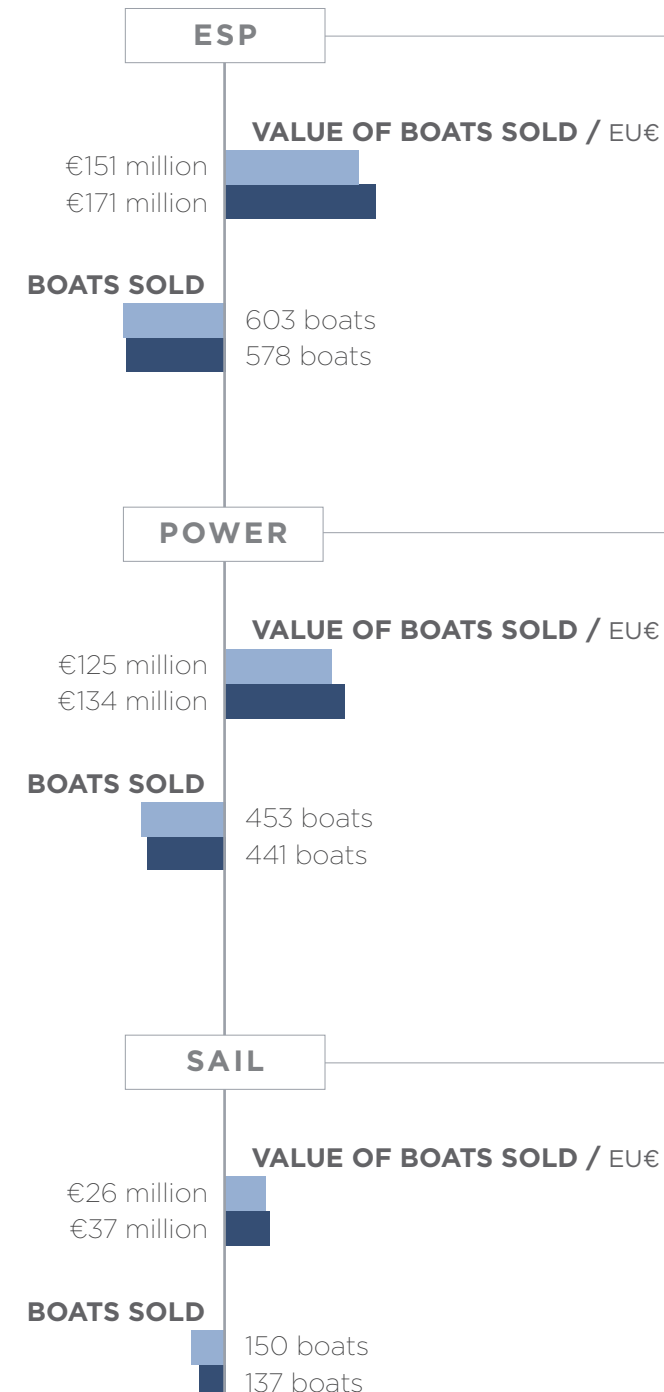
to €25 million. The latter indicated an increase in average prices and combined with a welcome decline in the time taken to achieve a sale, which reduced 7 per cent to 389 days.

Sales of boats under 26 feet in length were 10 per cent higher for the year to date, with 118 boats sold. At the same time, the total price paid increased by 32 per cent to €2.6 million, which represented a sharp increase in average selling price from to €18,578 to €22,194.

The figures show a mixed picture for the 56-79ft sector, with the number of sales down 18 per cent and the time taken to achieve a sale up almost by half to 601 days. At the same time, the total value of sales was level, again providing evidence of a significant rise in average selling prices.

—continued on page 8

Spain – Overall





Despite new buyers from other countries, *the brokerage market in Spain remains fragile* due to the economy.

Spain brokerage: Mixed signals as volumes decline, values increase

The mid market remained weak, with the sectors from 26-45ft seeing similar rates of decline in volume and values. However, positive signs were seen, as average selling prices rose slightly and the long-term rise in the time taken to achieve a sale stabilised.

Javier Candela, of Marina Estrella which has 20 offices across Spain, confirms his company has seen the brokerage market recovering 15-20 per cent this year. “We have increased sales in all size ranges,” he said, “but it remains an odd situation, and the market is so low that the price must be right for a boat to sell.”

Before the economic downturn, native Spaniards accounted for the overwhelming majority of Candela’s clients, but this year he reported seeing a growing number of

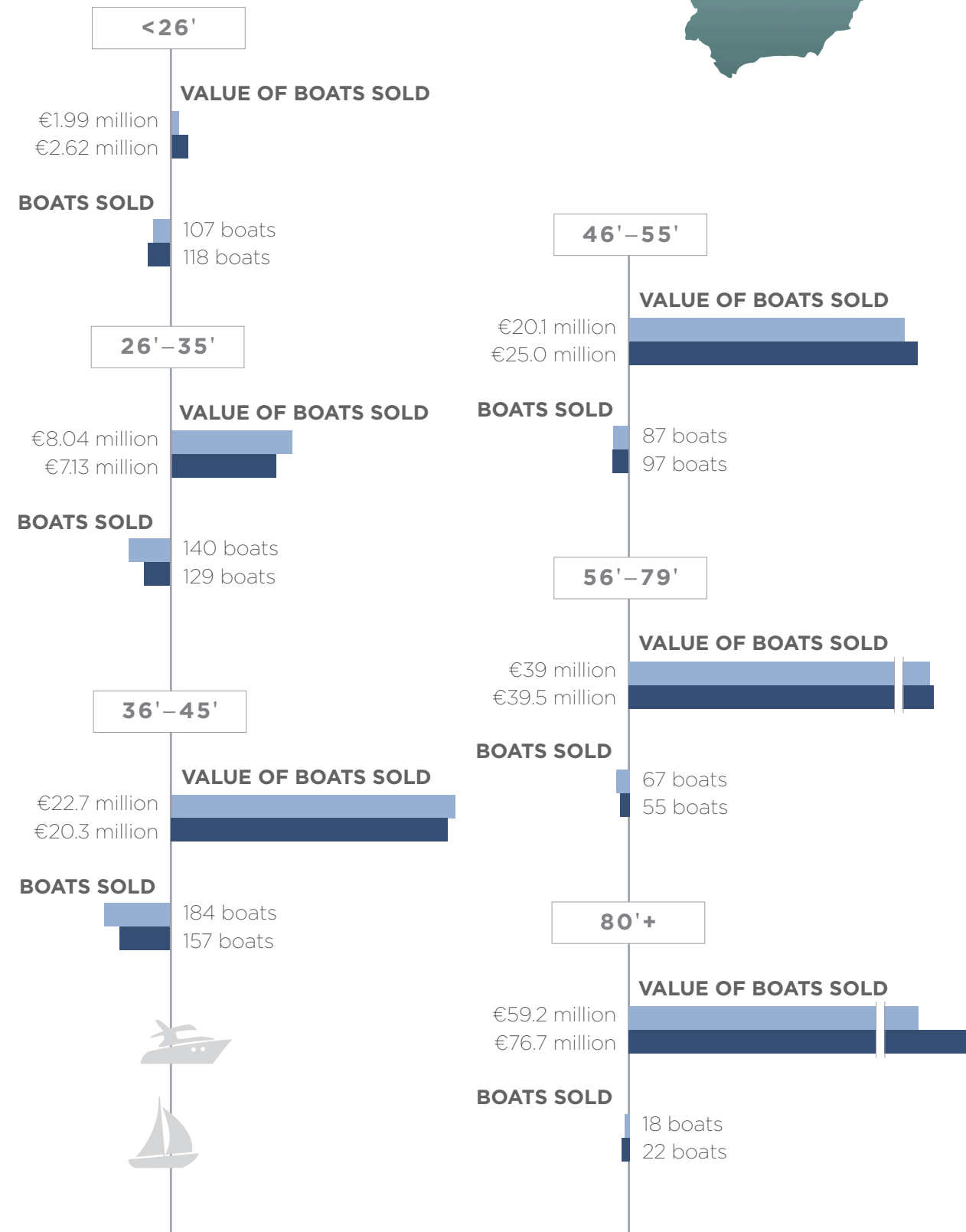
buyers from Scandinavia, Germany and, for the first time, north Africa, particularly Algeria and Morocco. While African buyers were predominantly looking for a boat of less than 45ft to base in their home country, north Europeans were more likely to be looking for a 40-60ft boat to keep in Spain, or a small vessel that could be towed home by road.

Looking to the future, Candela said, “The economic situation in Spain is still not strong enough for prices to hold up, so they will probably drop more over the next one or two years.” The reported sales in Soldboats.com for the third quarter of 2014 alone give credence to his cautious attitude. Although the average sale prices held up for the most part, the number of boats sold declined 6 per cent compared to the third quarter of 2013.

– Rupert Holmes

Spain – Sales by Length

[KEY] YTD, 2013 YTD, 2014



YACHTWORLD MARKET VIEW



Sales among smaller sail and powerboats decreased during 2014, *yet average sold prices increased.*

US Brokerage: Volume declines and average pricing strengthens

Brokerage boat sales in the third quarter of 2014 lagged 7 per cent behind 2013 sales, with 600 fewer boats sold, according to sales reported by YachtWorld member brokerages. Combined with lower sales levels in the first half of the year, a total of 24,382 boats were sold through nine months, more than 1,300 boats or 5 per cent astern of 2013 sales volume.

The aggregate price paid for the boats sold was \$2.78 billion, 6 per cent below the \$2.97 billion paid in 2013; but the pricing news was not all negative. Removing superyacht sales (boats over 80ft) from the calculation, the overall price paid was \$2.15 billion, slightly higher than the \$2.11 billion that changed hands in 2013. Viewed through that lens, it's evident that even as volume declined, sold prices strengthened in 2014.

Sales figures for powerboats and sailboats were down by 5 per cent each. Total price paid for powerboats was lower by 6 per cent; for sailboats sales, the decline was 9 per cent. Excluding superyachts, the aggregate prices paid were incrementally higher for nine months of 2014 than in 2013, and average prices increased by 7 per cent for powerboats and 6 per cent for sailboats.

At the same time, volume was lower in the market generally because the downward trend in sales of smaller boats increased in recent months. Boats under 26 feet were lower by 10 per cent in the quarter with 2,637 boats sold and off by 7 per cent for the year with 7,979 boats sold. Yet in both instances, average sold prices increased by 5 per cent; for the full nine-month period, prices increased from \$22,000 to \$23,000.

—continued on page 12

US – Overall

[KEY] YTD, 2013 YTD, 2014



USA

VALUE OF BOATS SOLD / US\$

\$2.97 billion
\$2.78 billion

BOATS SOLD

25,687 boats
24,382 boats

POWER



VALUE OF BOATS SOLD / US\$

\$2.60 billion
\$2.44 billion

BOATS SOLD

21,171 boats
20,083 boats

SAIL



VALUE OF BOATS SOLD / US\$

\$376 million
\$342 million

BOATS SOLD

4,516 boats
4,299 boats



Sales in large-yacht categories *increased in 2014 to date* and, excluding superyachts, produced average prices level with 2013.

US Brokerage: Volume declines and average pricing strengthens

For boats 26 to 35 feet, the story was similar. Volume declined 7 per cent for the nine-month period, with 9,168 boats sold, but total value was down far less, and the average price increased from \$54,000 to \$57,000.

Among larger boats, sales volumes were stronger: among boats 36 to 45 feet, sales were level for the third quarter and behind by just 1 per cent for the year with 5,145 boats sold. The total price paid increased in the quarter and was 2 per cent ahead for the year, with the average sale price rising from \$129,000 to \$133,000.

Sales of all yachts larger than 46 feet were ahead for the year to date, despite a negative performance in the third quarter among boats 56 to 79 feet (down 5 per cent.) In that size range, sales remained 4 per cent ahead for the year and 6 per cent

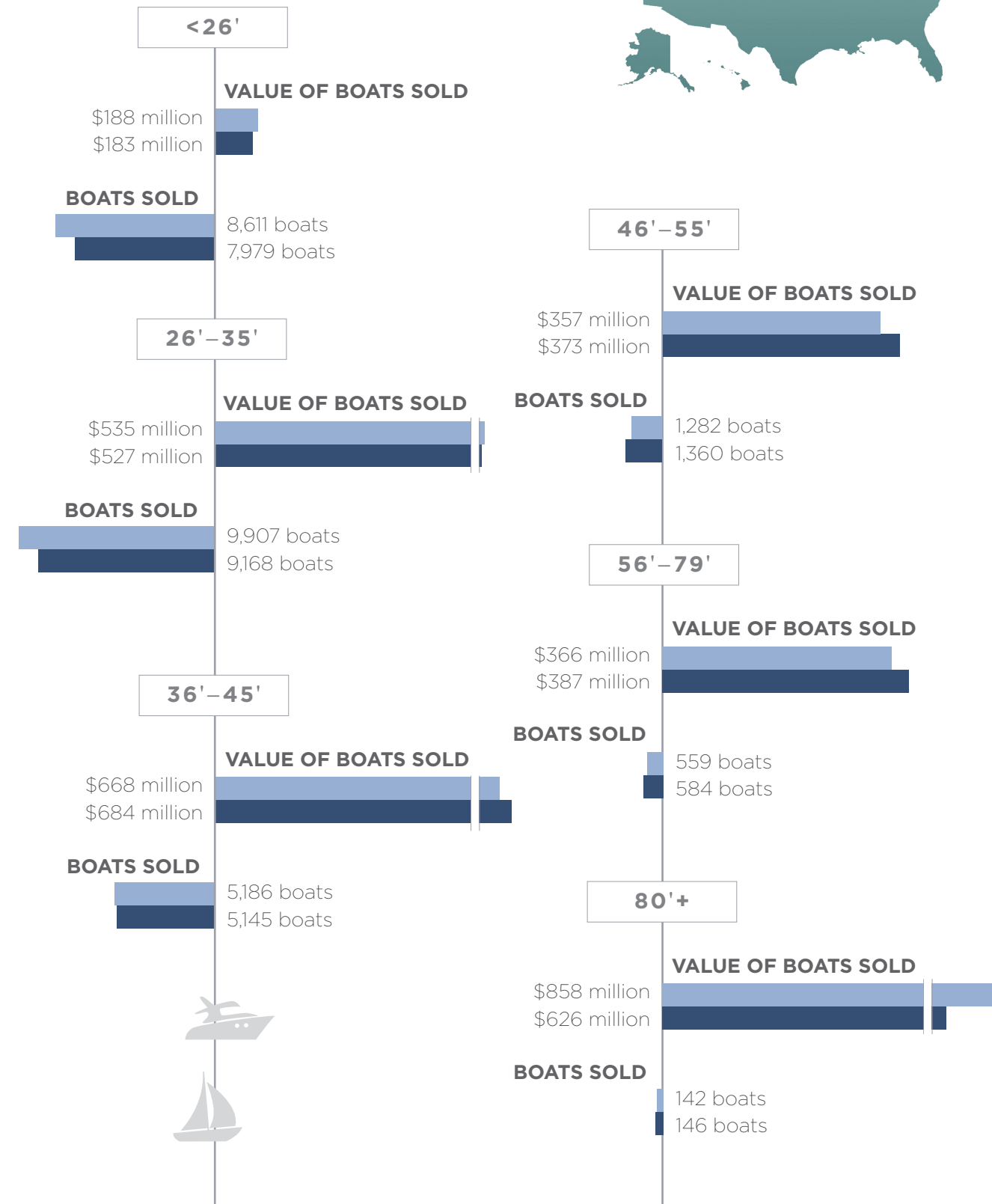
in total price paid, providing a 1 per cent increase in average sale price to \$662,000. Brokers selling boats in the 46- to 55-foot range experienced 10 per cent growth in volume in the third quarter and were up 6 per cent for the year with 1,360 boats sold. Average sale prices, which had been weaker early in the year, were still down 1 per cent, but if September sales were any indication (higher by 12 per cent with prices up 25 per cent), pricing in this sector may be finally turning upward.

Among superyachts, sales volumes continued strong, with 41 boats sold in the third quarter and 146 for the first three quarters combined, an increase of 3 per cent compared to 2013. As referenced earlier, sales values were lower, down 30 per cent for the quarter and 27 per cent for the year to date.

— John Burnham

US – Sales by Length

[KEY] YTD, 2013 YTD, 2014



YACHTWORLD MARKET VIEW



Pricing of larger yachts
improved in the third quarter
despite a shortage of recent
models for sale.

US Brokerage: Lasting effects of economic crisis

While the US market has experienced generally lower sales in 2014, boats in the larger sizes, notably 46 to 55ft, have seen increased sales. In the third quarter, as an example, the volume of boats sold between 46 and 55ft rose by 10 per cent, with 512 boats sold, up from 466 a year earlier. Average pricing was incrementally weaker in this size range much of the year, but leveled out for the third quarter and climbed more than 10 per cent in September.

On July 31, we took a snapshot of the 127,690 boats listed on YachtWorld. As the accompanying graphs indicate, the age of the listings covered more than 40 years, and most boats for sale were less than 15 years old.

A distinctive feature of each graph is the dip in inventory caused by the recent economic crisis, when relatively few boats

were built. In all sizes, there weren't many boats 3 to 5 years old, and only among smaller boats, 35ft and shorter, were a significant number of 1- to 2-year-old boats available. Among larger yachts, not many boats newer than 6 years old were listed for sale.

Against this inventory picture, through the first three quarters of 2014, average final sale prices increased among boats in smaller size segments and decreased among larger sizes. This may have been a result of availability, or lack thereof, of recent models in the given size. In late summer, however, average pricing for larger yachts evened out and in some categories began to improve, perhaps a sign that the improving US economy began to overcome the lack of choice models.

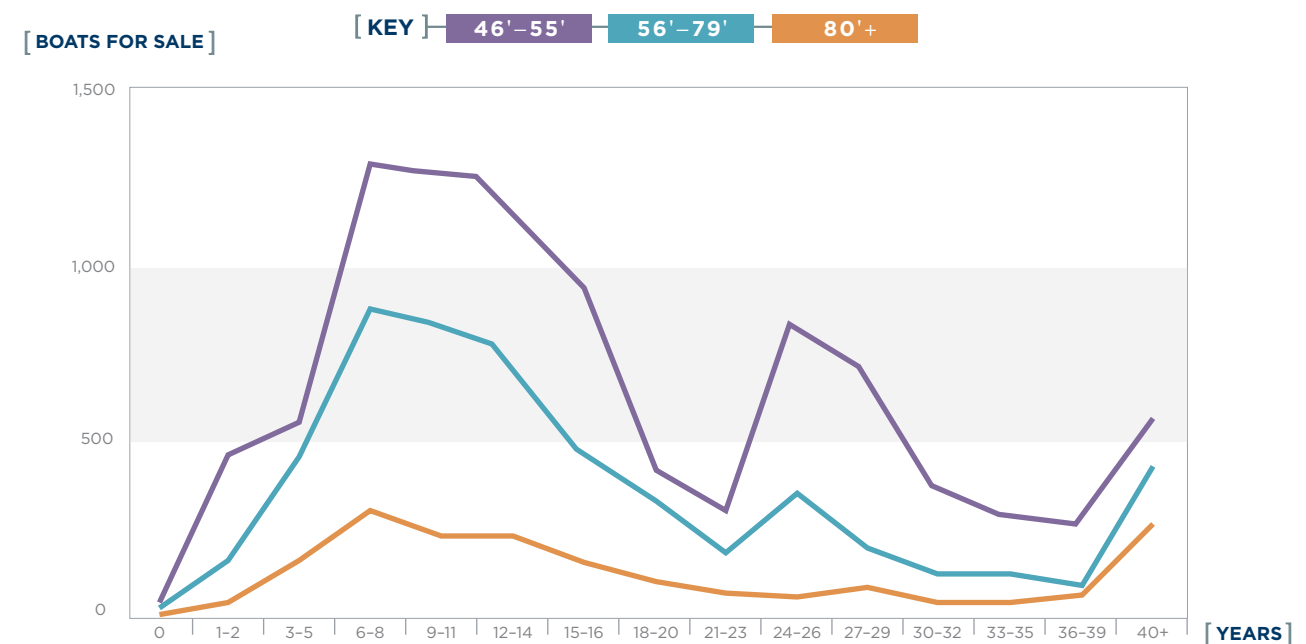
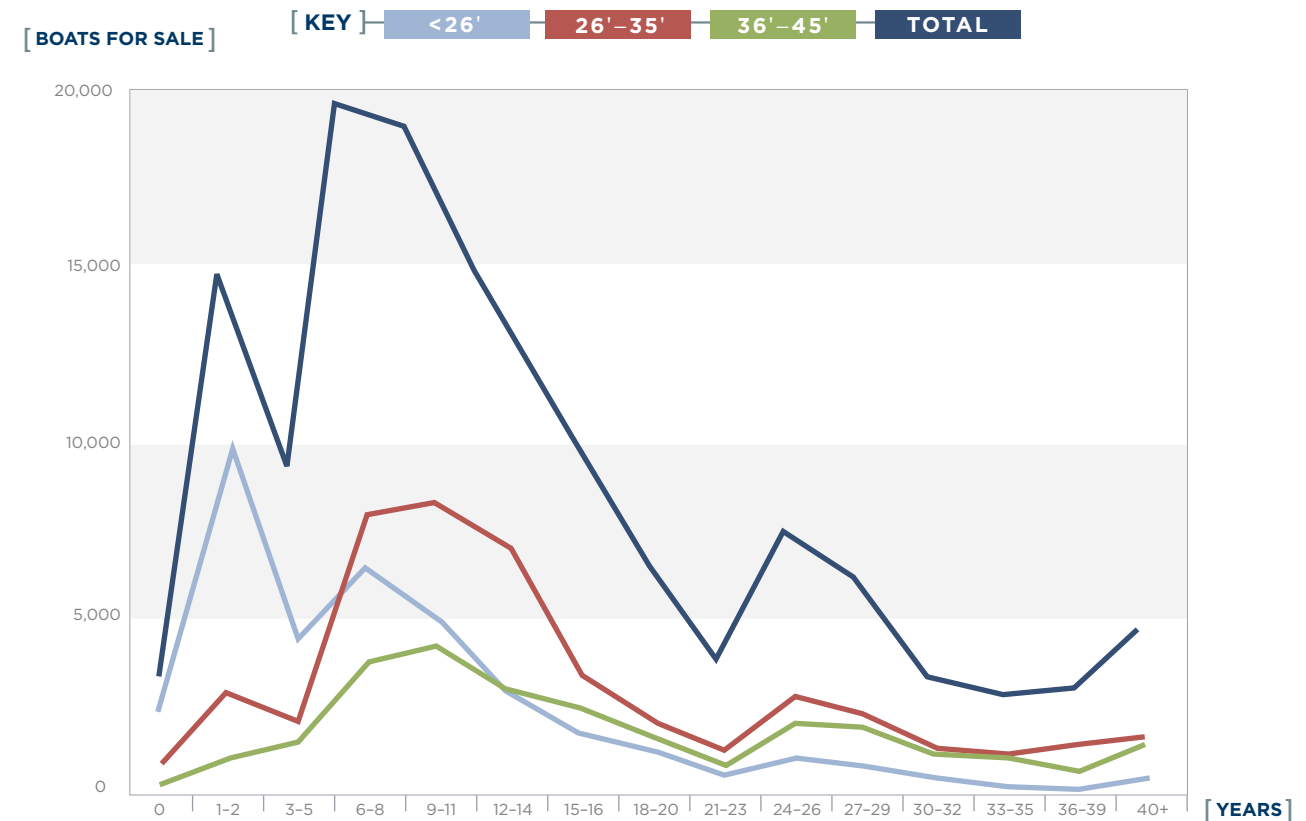
— John Burnham

Boats Listed for Sale



YACHTWORLD INVENTORY BY BOAT AGE

(as of July 31st, 2014)



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