
Q1 2014
MARKET INDEX

U.S. 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 U.S., it was a downshift, with sales slowing through a tough winter. In Europe, the market took a clear step upwards, with the volume of boat sales rising and the aggregate price paid for boats increasing sharply as well.

As usual, there was more of a story behind the headlines. The bulk of the U.S. 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 well, average prices were much higher among larger boats sold, but lower for the bulk of the market, below 46 feet.

Beyond the numbers in this edition of the *YachtWorld Market Index*, reporters Rupert Holmes and Gary Beckett provide some 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*.

John Burnham
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YachtWorld Editorial Director

United States & Europe – Combined Sales

2013, Q1

\$1.282 billion

7,468 boats



2014, Q1

\$1.351 billion

7,222 boats

United States

2013, Q1 - \$927 million / 6,098 boats

2014, Q1 - \$724 million / 5,683 boats

Europe

2013, Q1 - \$355 million / 1,370 boats

2014, Q1 - \$627 million / 1,539 boats



YACHTWORLD MARKET VIEW



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

U.S. Brokerage: Q1 Small Boat Sales Lower, Yet Prices Rise

U.S. brokerage sales volume was lower by 415 boats in the first quarter of 2014, off 7 percent 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 during 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), but the average sale price was much lower.

The rest of the market, below 80 feet, was down 7 percent in volume but the value of all sales was down by just \$2 million, less than 1 percent. The average sale price for boats under 80 feet increased, from \$89,000 to \$94,000, a 7 percent 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- to 35-foot 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 to 79 feet, with the average down from \$739,000 to \$712,000.

— *John Burnham*

U.S. Overall



[KEY] — Q1, 2013 — Q1, 2014

USA

VALUE OF BOATS SOLD / US\$

\$927 million
\$724 million

BOATS SOLD

6,098 boats
5,683 boats

OVER 80'

VALUE OF BOATS SOLD / US\$

\$390 million
\$189 million

BOATS SOLD

47 boats
42 boats



UNDER 80'

VALUE OF BOATS SOLD / US\$

\$537 million
\$535 million

BOATS SOLD

6,051 boats
5,641 boats



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.

U.S. Brokerage: Spotlight on the Southeast

Blame it on the bad winter weather, especially in the Southeastern U.S., 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 brokerage sales declined nationwide in the first quarter, ending March 31, 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 hitting the region took a heavy toll. For example, sales of boats in January and February fell by 58 percent in Georgia, 49 percent in North Carolina and 35 percent 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 percent, in Virginia, they declined by even more in Rhode Island and Massachusetts, 32 and 28 percent, respectively.

Looking at the entire first quarter, the number of boats sold in the 25- to 45-foot size category also declined in the Southeast overall, especially in Georgia where unit volume was off by more than 40 percent from the 2013 first quarter. Sales in this size category in Florida were flat.

The bad weather also impacted the time it took to close deals. Average days to sale 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 Bluewater Yacht Sales, which operates 10 brokerage locations in Maryland, Virginia, North Carolina, South Carolina and Florida.

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U.S. – Sales by State



[STATE]	JAN-FEB 2013	JAN-FEB 2014	[% CHANGE]
ME	38 boats	54 boats	+42%
VA	111 boats	136 boats	+23%
CA	353 boats	400 boats	+13%
TX	105 boats	118 boats	+12%
OR	32 boats	35 boats	+9%
FL	877 boats	899 boats	+3%
NY	113 boats	115 boats	+2%
CN	72 boats	72 boats	=
WA	197 boats	181 boats	-8%
TN	50 boats	43 boats	-14%
MI	101 boats	85 boats	-16%
NJ	152 boats	122 boats	-20%
IL	26 boats	19 boats	-27%
MA	117 boats	84 boats	-28%
MD	207 boats	147 boats	-29%
RI	63 boats	43 boats	-32%
SC	116 boats	75 boats	-35%
NC	150 boats	76 boats	-49%
GA	100 boats	42 boats	-58%
MN	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.

U.S. 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

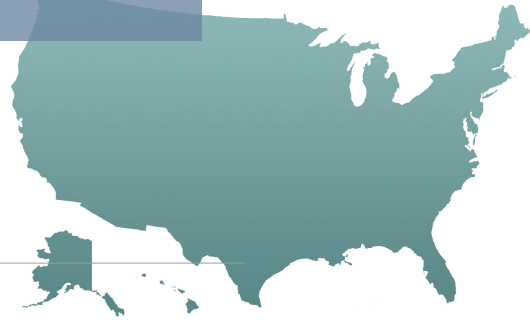
made it nearly impossible in most cases to be able to show boats. It also affected boater off-season enthusiasm and interest. Nobody is worrying about boat buying or selling when they are nursing broken pipes. So this became an extremely difficult first quarter.”

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.”

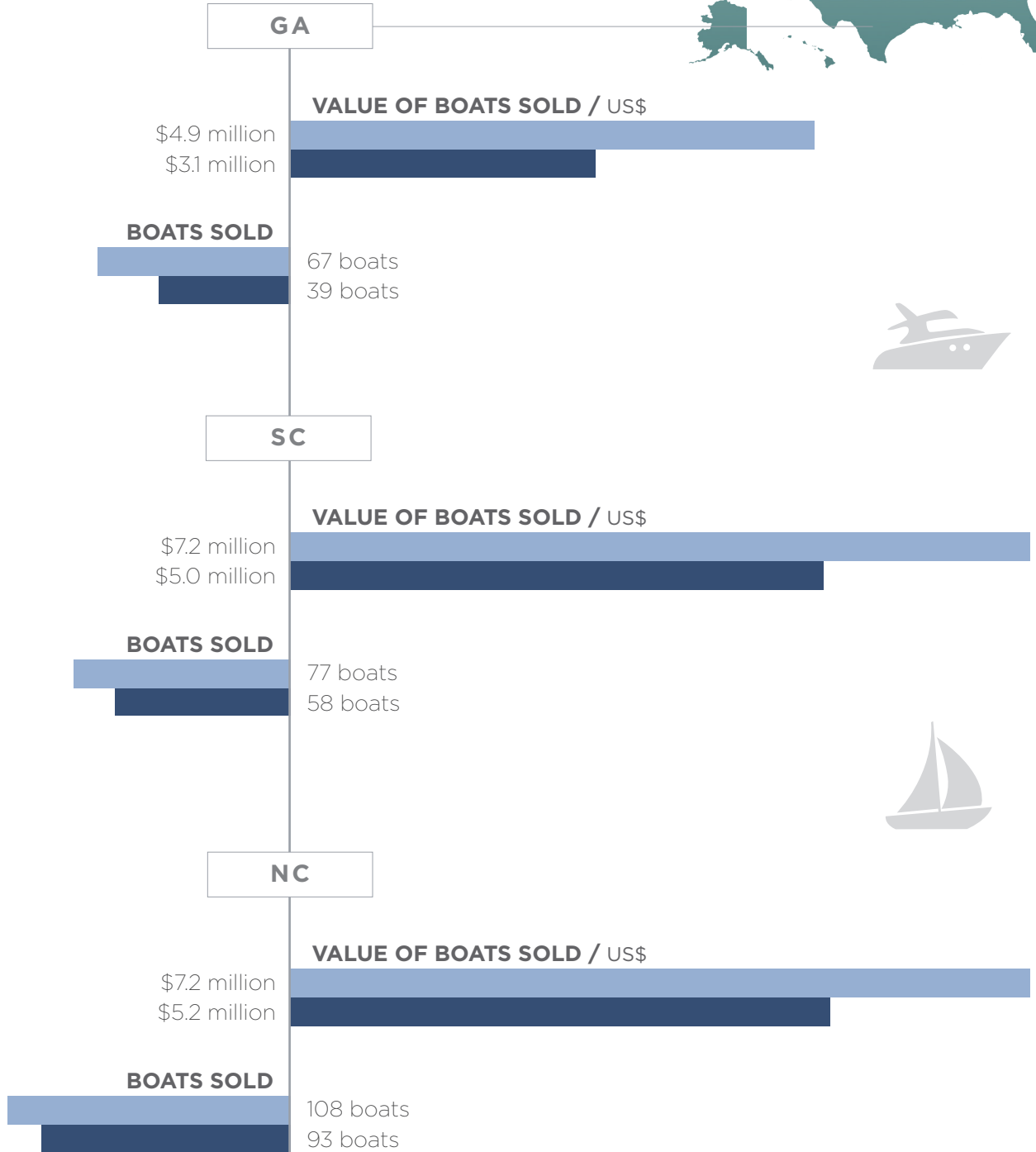
In general, Burkard said the brokerage market remains healthy, and pricing actually is increasing, especially for newer used models. “We are seeing some boats sell for 10 to 15 percent more than a couple of years ago,” he said.

—Gary Beckett

U.S. – Southeast Spotlight



[KEY] — Q1, 2013 — Q1, 2014



YACHTWORLD MARKET VIEW



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

E.U. Brokerage: Power Sector Bounces Back, Mixed Results 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 the SoldBoats.com database. Overall, the number of vessels sold grew by 12 percent, and the total value rose 77 percent compared to the same period in 2013, reaching \$627 million. The average time taken to achieve a sale, however, remained constant at around 355 days.

The growth was largely in the power sector, which saw an increase of 20 percent in the number of boats sold, and 113 percent in total values to \$526 million, representing a very substantial increase in average selling prices. Sailing yachts saw mixed results: volumes increased by 5 percent, but the total value of the boats sold declined by 6 percent, indicating a marginal drop in average prices achieved.

Looking at the figures for different sizes of boats, while all sizes saw some gains, the most buoyant sectors were towards the ends of the spectrum, with 46- to 55-foot boats making only very modest improvements. On aggregate, the sector below 46 feet saw a 13 percent increase in volume, allied to a 15 percent rise in aggregate value to \$117 million.

Yachts above 56 feet saw an increase in volume sales of 23 percent, while total values rose 123 percent to \$460 million. Although representing a small minority of the yachts sold, at this end of the market superyachts above 80 feet accounted for nearly three-quarters of the value and close to 90 percent of the growth in sales.

– *Rupert Holmes*

E.U. Overall – Power & Sail



[KEY] Q1, 2013 Q1, 2014

EU

VALUE OF BOATS SOLD / US\$

\$355 million
\$627 million



BOATS SOLD

1,370 boats
1,539 boats



POWER



VALUE OF BOATS SOLD / US\$

\$247 million
\$526 million



BOATS SOLD

689 boats
827 boats



SAIL



VALUE OF BOATS SOLD / US\$

\$108 million
\$101 million



BOATS SOLD

681 boats
712 boats



YACHTWORLD MARKET VIEW



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

U.K. Brokerage: Rising Sales Led by Boats 36 to 45 Feet

After many years of declining, or at best static, sales, the U.K. brokerage market appeared to turn a sharp corner in the first three months of this year. Compared to the same period in 2013, the number of boats sold climbed by a quarter, while total sales values increased 69 percent to \$89 million. The average time taken to achieve a sale continued to rise, however, increasing 15 percent to 314 days.

The growth in the number of boats sold was spread fairly evenly across power and sail sectors, with the former rising 27 percent and the latter, by 23 percent. The total value of sailing yachts sold climbed by just over a third, representing a solid increase in average price achieved. However, the power sector saw the biggest rises by far, with the aggregate price of boats sold 97 percent higher than in 2013, at \$56 million.

About 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 56 feet accounted for an increase of \$19 million compared to boats of the same size in the first three months of 2013.

When comparing sales by boat size, one sector clearly stood out; boats from 36 to 45 feet in length saw an increase in the number of sales of 78 percent, with total values rising slightly faster at 86 percent. On the downside, the average time taken to achieve a sale for boats of this size increased another 31 percent to 412 days.

Marcus Munt of Waterside Boat Sales on the south coast of the U.K. 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 14*

U.K. Overall – Power & Sail



[KEY] — Q1, 2013 — Q1, 2014

UK

VALUE OF BOATS SOLD / US\$

\$53 million
\$89 million

BOATS SOLD

655 boats
819 boats

POWER

VALUE OF BOATS SOLD / US\$

\$28 million
\$56 million

BOATS SOLD

356 boats
451 boats

SAIL

VALUE OF BOATS SOLD / US\$

\$24 million
\$33 million

BOATS SOLD

299 boats
368 boats



YACHTWORLD MARKET VIEW



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

U.K. Brokerage: Rising Sales Led by Boats 36 to 45 Feet

Sailing boats from 30 to 45 feet are selling well, but there's a problem with finding enough modern well-presented family sailing boats of 37 to 40 feet from the late 1990s onwards," he added. "Looking ahead, later this season 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 had already seen the gap between asking and achieved prices closing and expected the trend to continue.

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

Adam Cox of Burton Water, who sells mostly in the power sector, said: "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.

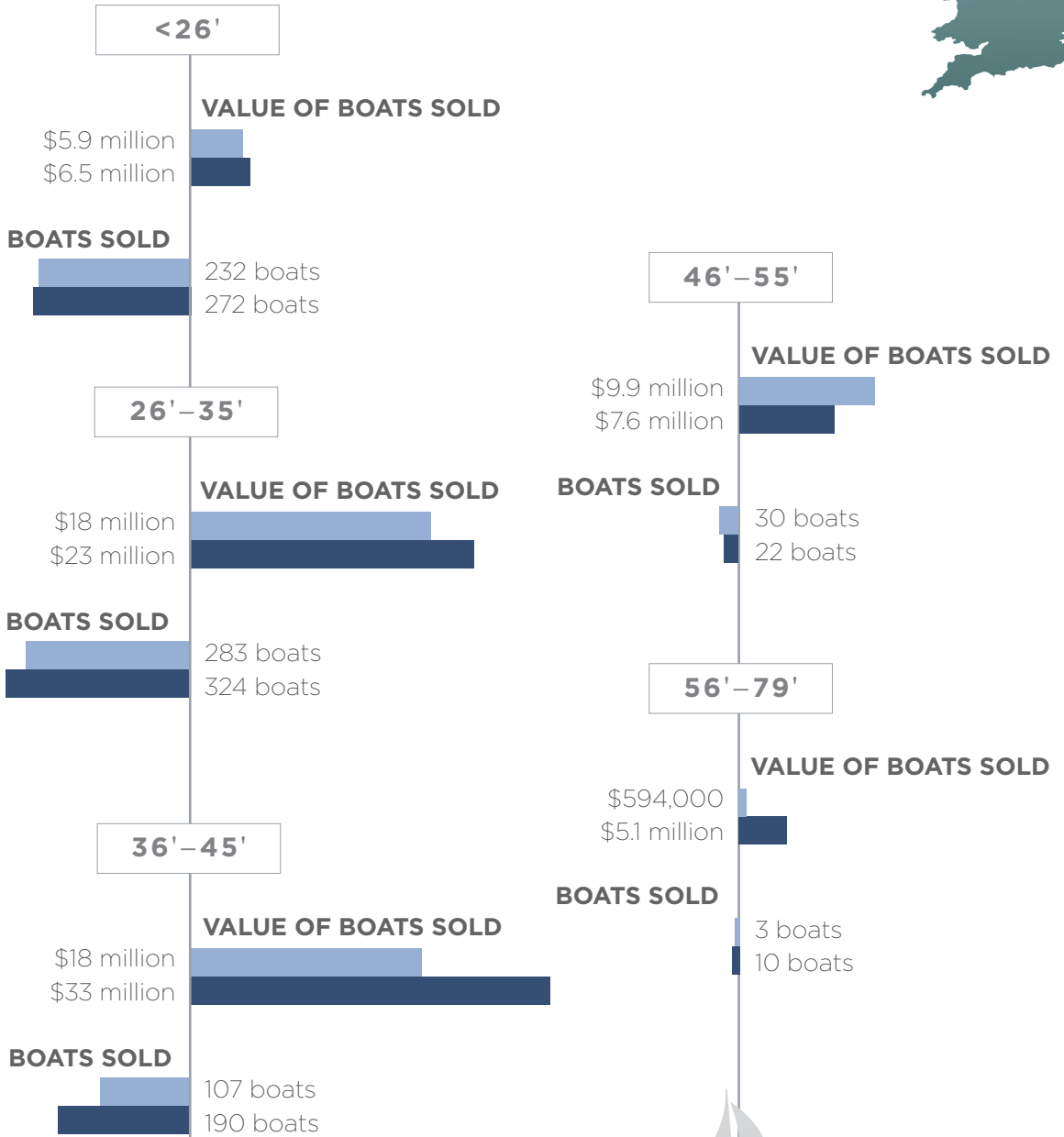
Two years ago, boats above £200,000 attracted almost no interest, but now there is confidence throughout the market, from starter boats upwards – it's very encouraging. However, I believe there will eventually be a shortage of good brokerage boats in the U.K., because so many were sold to Europe and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

— Rupert Holmes

U.K. – Sales by Length



[KEY] Q1, 2013 Q1, 2014



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