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*Q2 2014*  
MARKET INDEX

**U.S. EDITION**



# Q2

## Q2, 2014: Improving Markets

Brokerage sales in Europe and the United States showed improvement during the second quarter of 2014. In Europe, after a good first quarter, the market continued to gain strength, easily surpassing its 2013 results. In the U.S., the market bounced back well after a slow first quarter, but measured against a very strong second quarter in 2013, sales remained a few percentage points behind.

The trend toward level or stronger pricing continued in the U.S., plus the superyacht market moved slightly ahead for the second quarter of 2014, contributing to a modest gain overall in the total value of boats sold. In Europe, unit sales improved again, with the powerboat segment growing faster than sail.

Reporters Rupert Holmes and Gary Beckett again provide insight into the European and U.S. markets, respectively, with Beckett looking specifically at Florida, the leading U.S. region. As always, data is derived from Soldboats.com, the proprietary database in which YachtWorld's U.S. and European members report their sales.

**John Burnham**  
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 YachtWorld Editorial Director

2013, Q2  
 \$1.79 billion  
 12,313 boats



2014, Q2  
 \$1.83 billion  
 12,195 boats

### United States

2013, Q2 - \$1.21 billion / 10,419 boats  
 2014, Q2 - \$1.24 billion / 10,130 boats

### Europe

2013, Q2 - \$576 million / 1,894 boats  
 2014, Q2 - \$585 million / 2,065 boats





## YACHTWORLD MARKET VIEW



The trend toward higher prices *continued among smaller boats* sold in the second quarter.

### Brokerage Sales Down 2 Percent in June on Weaker Powerboat Sales

After a weak first quarter, U.S. sales of brokerage boats improved strongly in the second quarter of 2014, with 10,130 boats sold. The number of boats sold was still 3 percent behind total sales in the quarter in 2013, but the total price paid was 3 percent higher, with sales of \$1.24 billion.

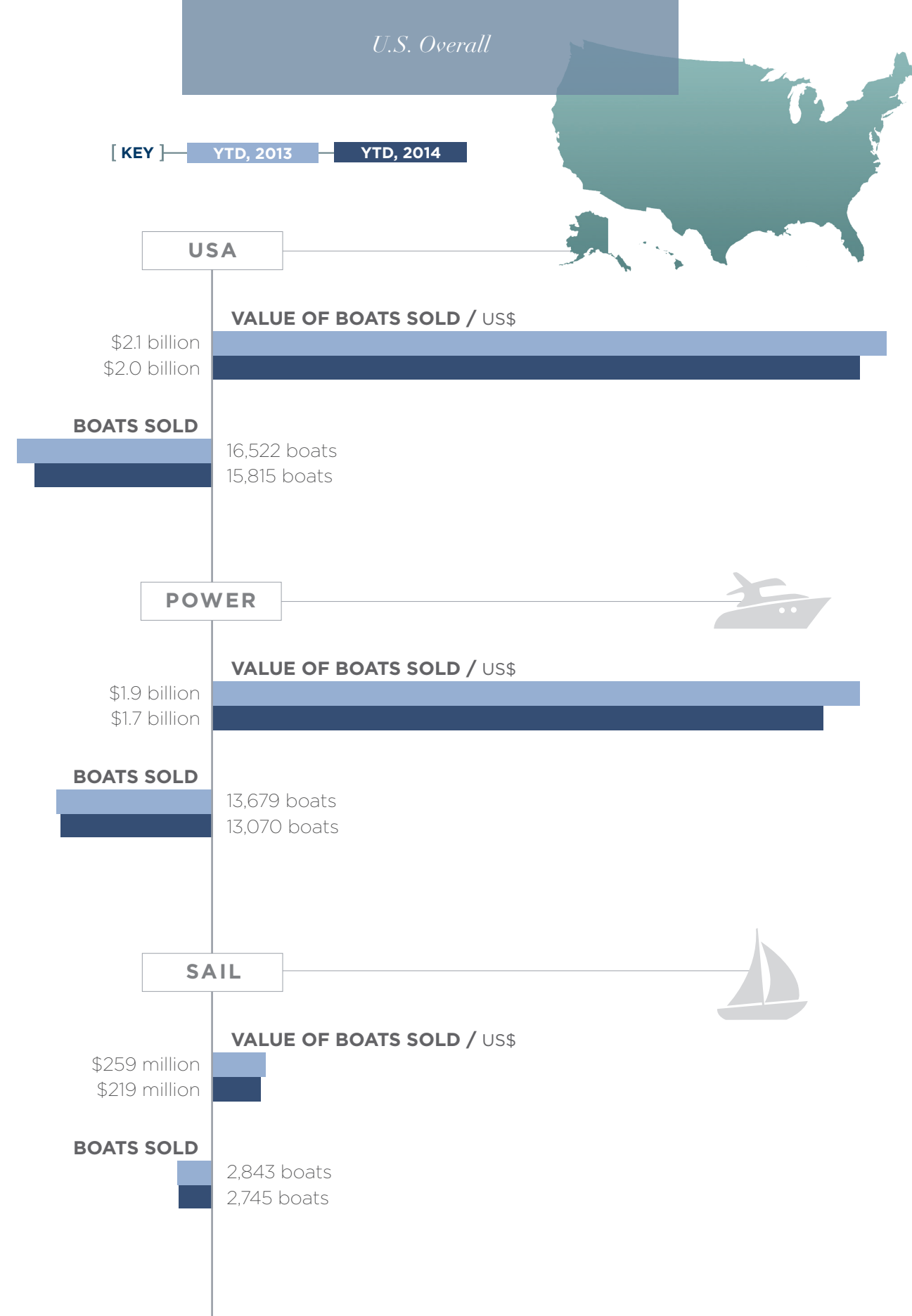
According to reports by YachtWorld member brokerages in SoldBoats.com, sales of powerboats were down 280 boats for the quarter, with 8,460 changing hands. Sailboat sales held even with 2013, however, at 1,670 boats. The total price paid improved for each type of boat, with powerboats delivering \$1.11 billion, up 2 percent, and sailboats, \$130 million, up 5 percent.

For the first six months of 2014, brokerage unit sales were down 4 percent compared to 2013, with 15,815 boats sold. The aggregate price paid was 8 percent lower, down from \$2.14 billion to \$1.96 billion,

but superyacht sales valuations masked the strength of the rest of the market. Superyachts (vessels over 80 feet long) delivered \$179 million less in total price paid, even though the number of boats sold, 105, was almost identical to 2013. The total price paid for all of the other boats sold rose from \$1.40 to \$1.42 billion, a value gain of \$22 million.

In terms of general trends, unit sales improved among boats over 45 feet, especially in the segment 56 to 79 feet, where 404 boats were sold, a 9 percent gain over the first six months of 2013. On the other hand, sales were lower among boats shorter than 45 feet, yet at higher average prices. For example, although 6 percent fewer boats 26 to 35 feet were sold, the average final sale price improved from \$55,574 to \$58,547.

— John Burnham



## YACHTWORLD MARKET VIEW



While sales of larger yachts increased in the first half of 2014, lower prices paid for superyachts caused a decline in overall market value.

### Florida Brokerage: Mixed Results in First Half of 2014

Depending on the segment of the market they specialize in, there was good news or bad news from Florida brokers who reported sales in YachtWorld's Soldboats.com database in the first half of 2014. Brokerage sales of boats under 36 feet declined to 1,897 boats, from 2,136 in the 2013 first half; an 11 percent drop. The total value of sales in the category decreased by 3.5 percent to \$99 million, from \$102 million.

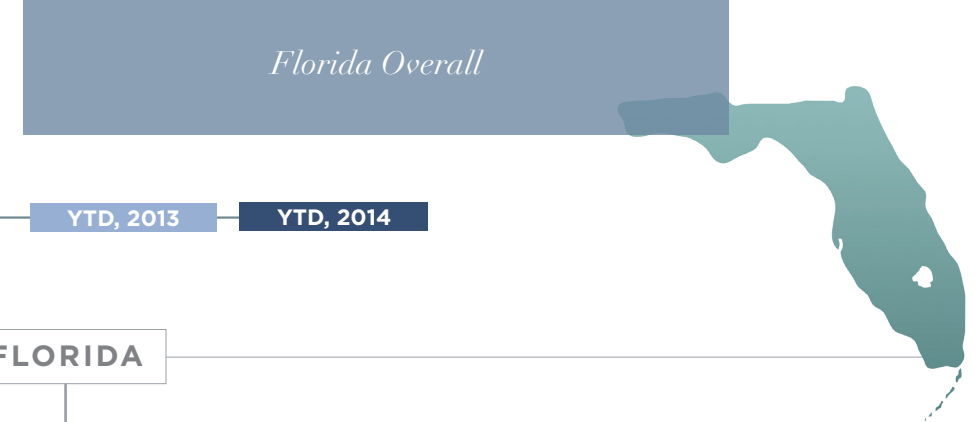
Florida brokers working the mid and upper end of the market – especially between 36 and 79 feet – reported better news. Unit sales increased by almost 6 percent, to 1,240 boats from 1,172, while dollar sales rose by 13 percent to \$408 million from \$362 million. While sales of boats over 80 feet were essentially flat, with 75 boats sold, up from 73, the category's dollar sales value declined significantly, from \$708 million to \$495 million, a 30 percent drop.

Overall, brokerage sales in Florida decreased by 169 boats to 3,212 boats, a 5 percent dip. Dollar sales value declined by more than 14 percent to \$1 billion from \$1.2 billion, mostly due to the decreased value of superyacht sales. The powerboat segment saw the largest percentage decline, with unit sales falling nearly 6 percent to 2,794 boats and dollar sales dropping by more than 12 percent to \$954 million.

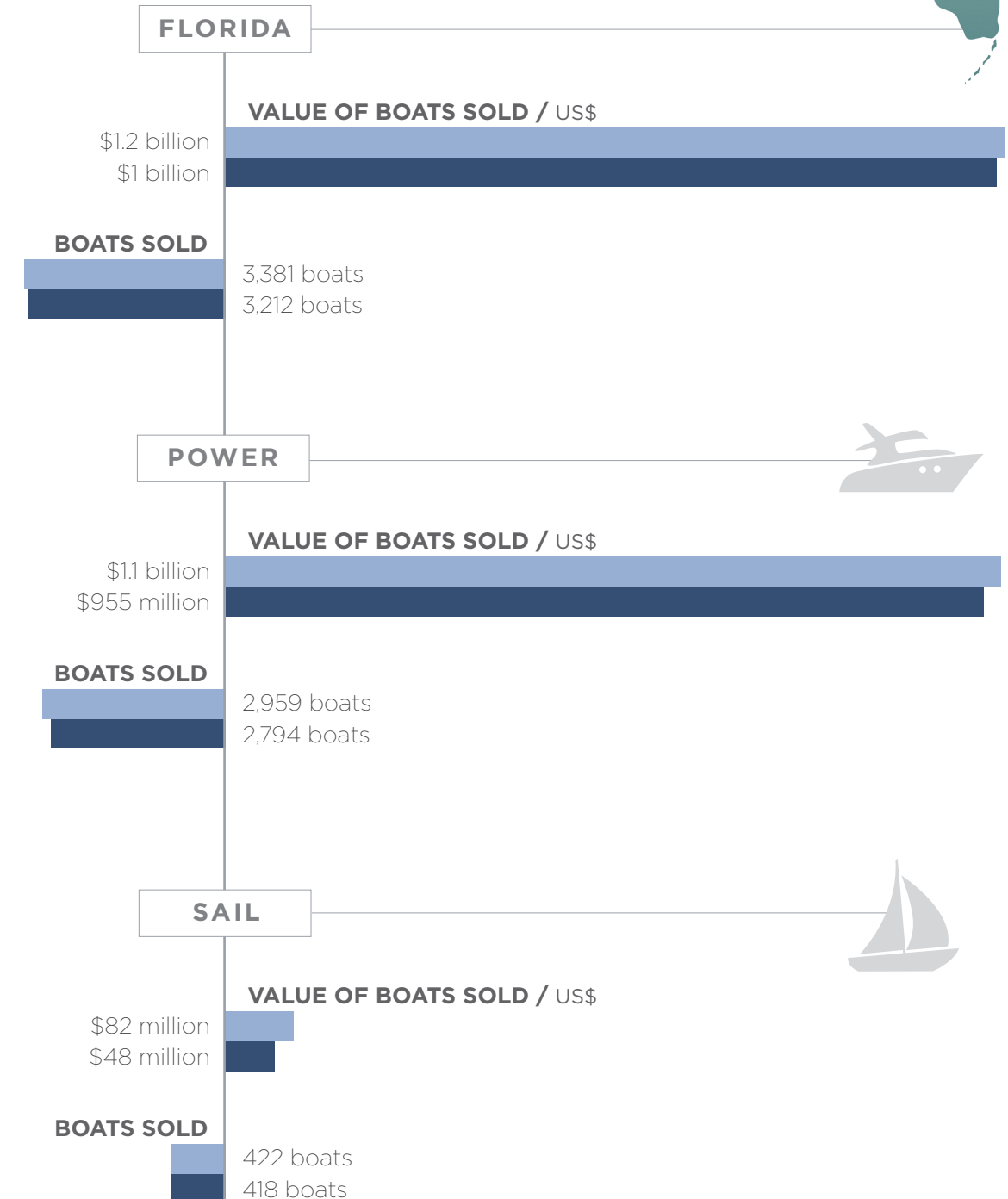
Sailboat sales in Florida held up better, slipping just 1 percent to 418 boats in the first six months of 2014 compared to the same period a year earlier. The total price paid was affected by superyacht sales, down 42 percent to \$48 million.

Part of the sales problem for Florida brokers in 2014 may be a declining inventory of quality, late-model used boats – especially those built after 2008.

– continued on page 8



[ KEY ] YTD, 2013 YTD, 2014



YACHTWORLD MARKET VIEW



A shortage of quality brokerage inventory *is shifting the market* for larger vessels back in favor of sellers.

Florida Brokerage: Mixed Results in First Half of 2014

That's partly because so few new boats were built especially for the 2009-2012 model years.

"Some of the shortage in quality brokerage inventory has had an impact," said Mike Lewis, managing broker of Marine Group Emerald Coast, which is based in Orange, Alabama, and operates a location in Destin, Fla. "It seems buyers are still expecting to have lots of choices and in a buyer's market, and that isn't necessarily the case, especially among more desirable brands."

Lewis said that Marine Group Emerald Coast had a strong first half, even in smaller boats. However, he said sales were especially strong in the mid- and upper-end categories. "Buyers in the 39- to 79-foot range are recognizing that supply and demand is starting to turn back in favor of the seller so they are not waiting any longer to find that great deal."

As with Marine Group, Merle Wood & Associates Inc., based in Fort Lauderdale, also reported stronger sales overall in the first half of 2014.

"Our firm saw relatively strong sales throughout the first and second quarters of 2014, including sales throughout the entire range of the market, from several high-quality large yacht tenders to superyachts well in excess of 60 meters," said Cromwell Littlejohn, who is also vice president of the Florida Yacht Brokers Association. "The most distinct common denominator was pedigree and quality, with most of the activity focused on the upper end of the spectrum."

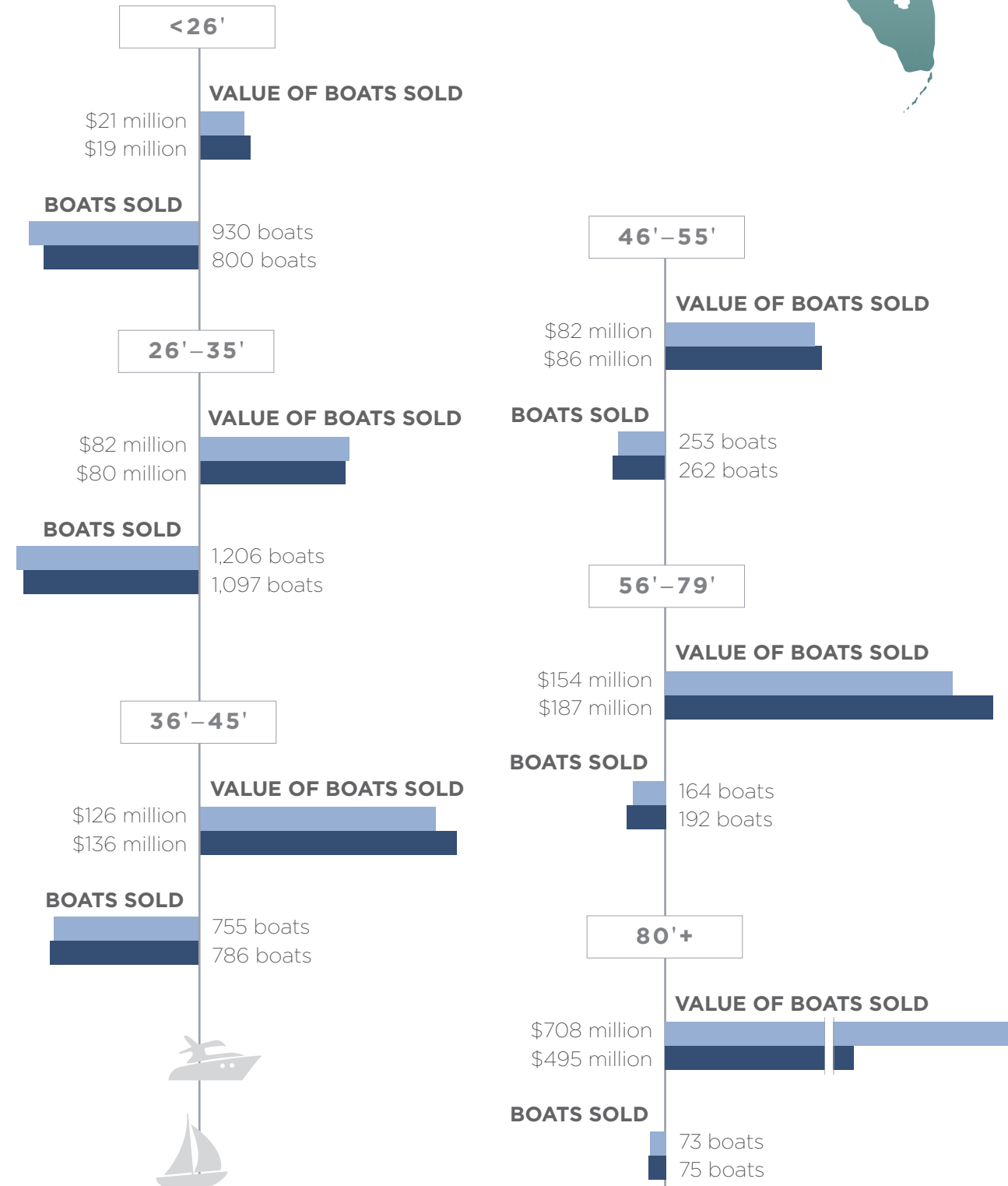
Littlejohn added that pricing seems to be firming up: "Fewer and fewer price reductions are being announced, and we're actually seeing a few price increases; something unheard of in the past few years."

- Gary Beckett

Florida - Sales by Length



[ KEY ] YTD, 2013 YTD, 2014



## YACHTWORLD MARKET VIEW



Increased sales and higher average prices *indicated growing demand* for smaller boats.

### Europe Brokerage: Solid Gains in Sales and Values

The first six months of 2014 proved a good period for many European yacht brokers reporting sales to YachtWorld's Soldboats.com. Compared to the first half of 2013, the number of boats sold increased 10 percent to more than 3,600, and the total value of boats sold rose 30 percent to \$1.21 billion. While this represented an increase in average selling prices, the average time taken to reach a sale continued to climb, reaching 359 days.

The power sector gained the most, with 15 percent more boats sold and total value rising 37 percent. By contrast, 5 percent more sailing yachts were sold, with values increasing by 10 percent.

The market for smaller boats strengthened, with sales of boats under 26 feet increasing 15 percent in volume and rising by more than a third in total values. Compared to the first six months of 2013, the average selling price in this size range increased 18 percent to \$30,623.

The gains in the next two sizes of boat – from 26 to 35 feet and 36 to 45 feet – were more modest. The former saw volumes rise by 7 percent and total value of sales up 8 percent, indicating incrementally higher average prices. In the larger of the two segments, unit volumes were up 10 percent, but total value was static, indicating a decline in average selling price.

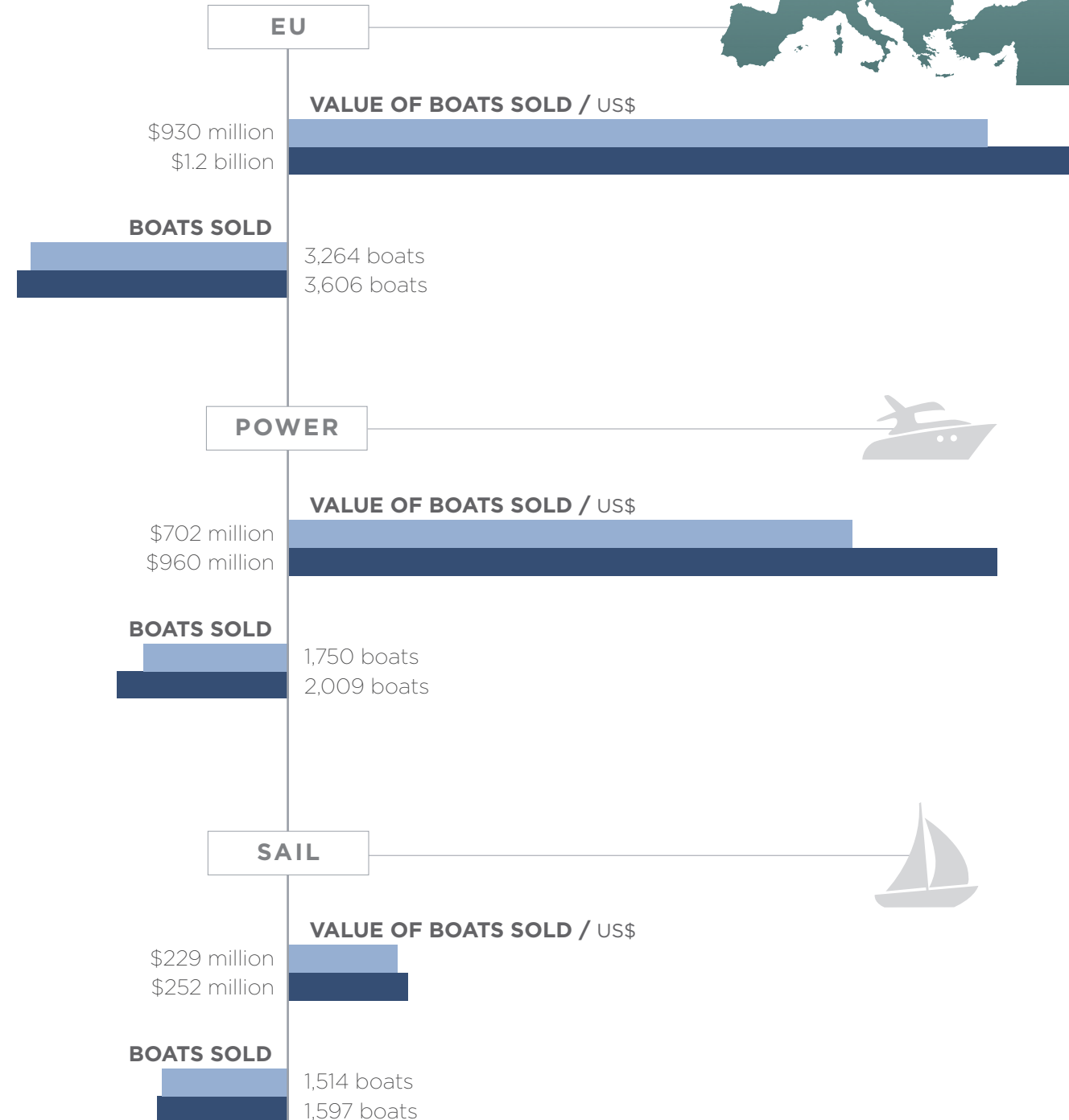
Increased demand was evident for boats from 46 to 55 feet with both sales values and volumes increasing by around 15 percent over the first two quarters of 2014. The average price achieved for each size boat declined a little in the second quarter, however, and the mean time taken to achieve a sale rose sharply to 527 days.

“The biggest growth is in 40- to 50-foot flybridge boats – that’s the sector that really saw the kicking in the downturn.

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E.U. – Overall

[ KEY ] YTD, 2013 YTD, 2014





UK brokerage *made strong gains* in the second quarter, helping the European market overall.

### Europe Brokerage: Solid Gains in Sales and Values

And demand is also coming back for entry-level small diesel sportsboats,” said Ashley Overton, director of Ancasta, which has 15 brokerage offices across four European countries.

“The numbers are up for sure,” he said, “but everyone had a torrid time over the winter because of the relentless storms from December to February and March – nobody turned up for viewings. Yet the market in the UK has bounced back much stronger since then.”

Overton’s experience is that the market in France and Spain the market was still rough: “France is probably two years behind the UK and Spain, one year behind,” he said.

However, with the British pound having gained strength against the Euro, and with the improvement in the used boat market

in the UK, Overton said good boats in northern France were now being imported into the U.K., reversing a trend that saw many U.K. boats sold first to France and then to Scandinavia in the period from 2008 to 2012.

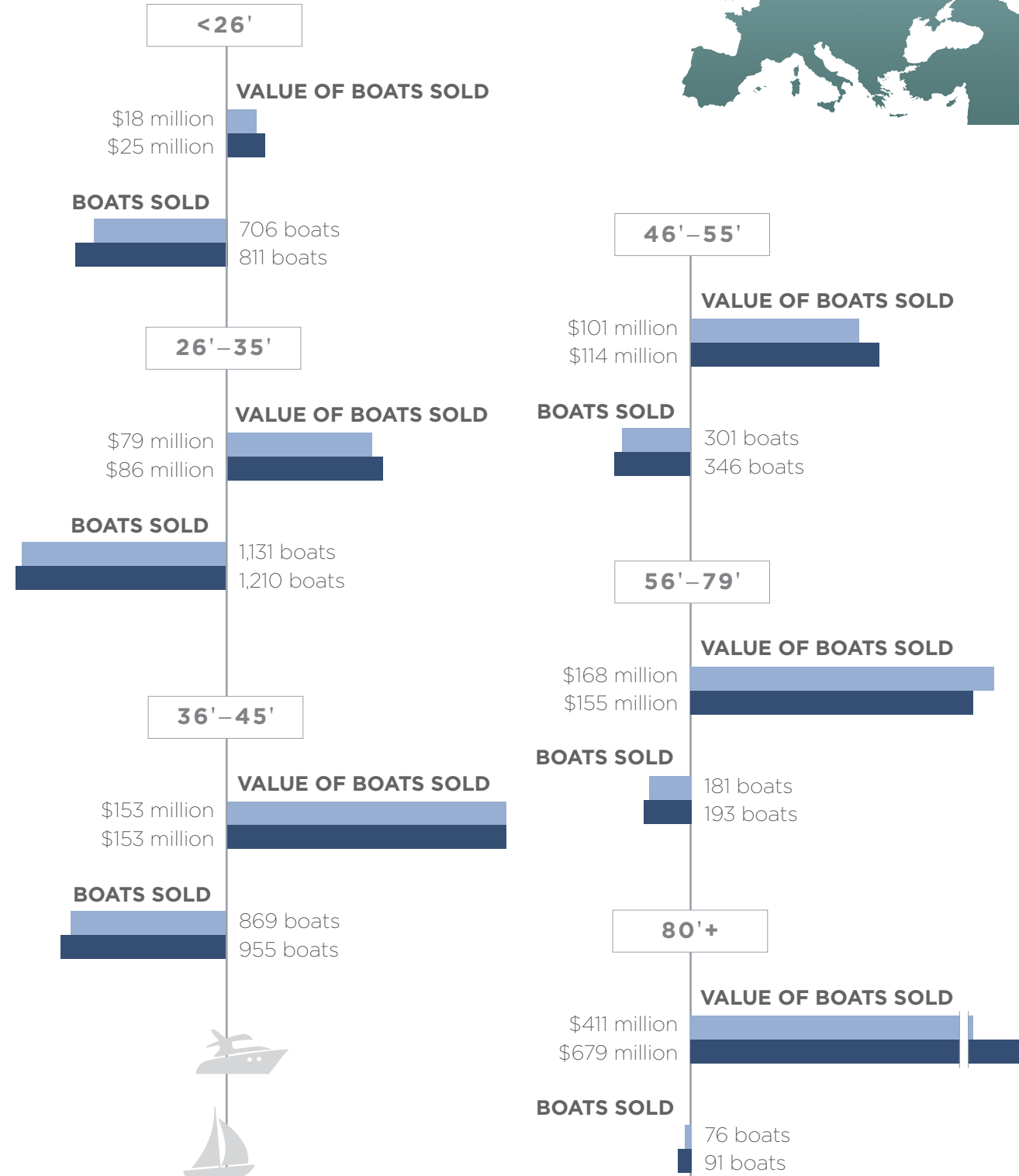
In the first six months of the year, sales of boats from 56 to 79 feet were weaker, with volumes growing by 7 percent, but total value of sales down by 7 percent. However, the market for superyachts above 80 feet remained strong, with volumes increasing 20 percent and values by 65 percent, taking the average selling price up to \$7.46 million.

In early July, Harry Bristow-Holmes, director of Sunseeker brokerage, said, “The market has been picking up in the last six months, and we’ve seen a massive boom in the past 8 to 12 weeks – it’s on a par with our best quarter ever.”

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### E.U. – Sales by Length

[ KEY ] YTD, 2013 YTD, 2014



## YACHTWORLD MARKET VIEW



While well-known brands of boat often sell quickly, average selling times *continued to rise* for the market as a whole.

### Europe Brokerage: Solid Gains in Sales and Values

He indicated improvements in every sector Sunseeker deal with (from 40 feet upwards), driven in part by a shortage of quality used boats on the market, following the decline in new-boat sales over the past seven years, particularly among southern European builders. At the higher end of the market, he also cited instability in certain countries as a factor that is helping to drive the market, as wealthy people look to tie money up in assets overseas.

Bristow-Holmes pointed to the 88- to 134-foot sector as doing particularly well at the moment, with France, where a large number of these boats are based, remaining strong and growth apparent across all territories.

#### Time taken to achieve a sale

While the average time to sell a boat in Europe has declined marginally for the smallest boats, those under 26 feet, and for those from 56 to 79 feet, it has continued

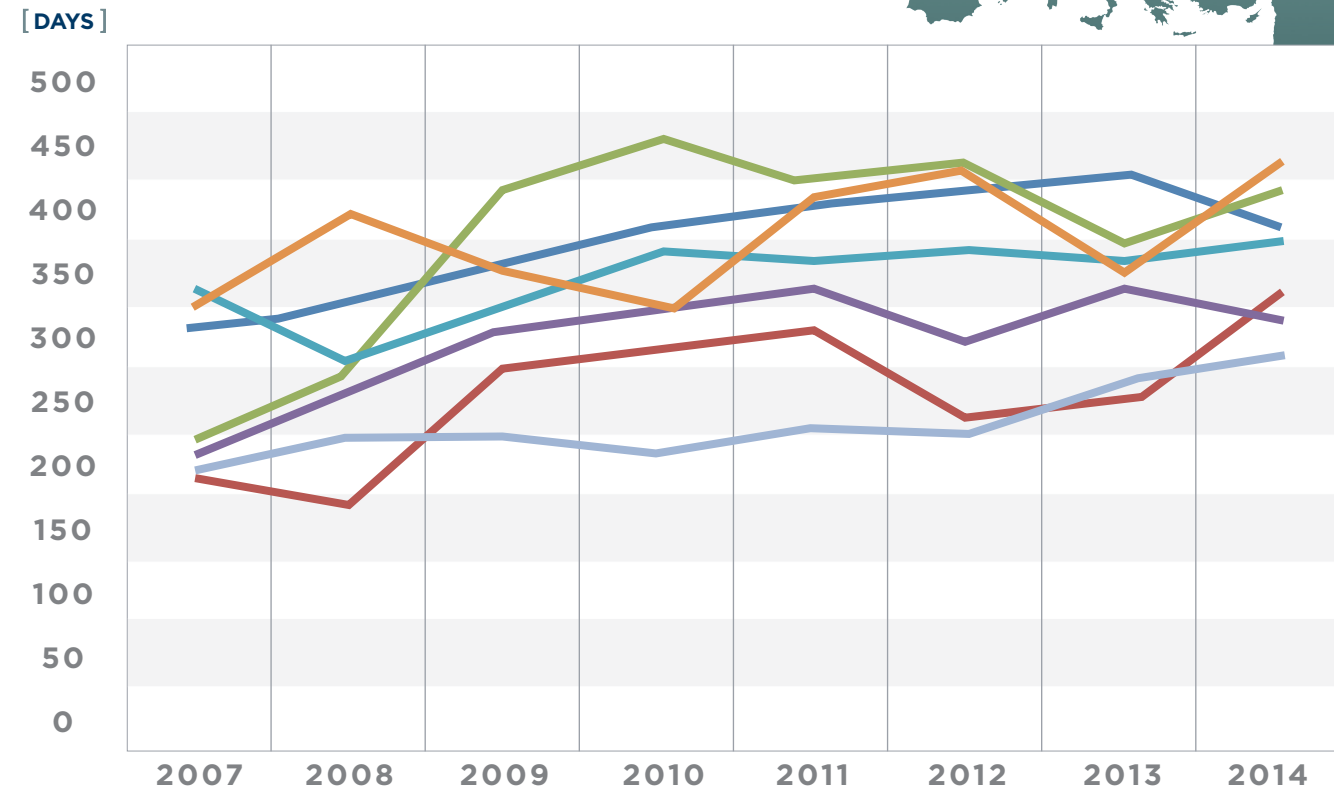
to climb relentlessly for all other sectors. Although this trend has been upwards for seven years, both Overton and Bristow-Holmes caution about reading too much into the average figures.

Overton said any well known branded boat that is in good order will sell in a four- to six- week period and that there's a shortage of such vessels on the market. However, he cautioned that vendor expectations are still mostly out of sync with reality and poorly presented boats—those whose owners overly optimistic about prices, or less well known brands can stay on the market for years.

Bristow-Holmes said the time taken to sell a boat is very price dependent. “We try to be very honest about values and are very up front with clients,” he said, “whereas some brokers give potential clients the wrong expectations in order to get a listing.”

– Rupert Holmes

E.U. – Average Days to Sale



[YEAR]	FRA	GER	ITA	NED	ESP	TUR	U.K.
2007	287	209	238	226	362	344	211
2008	301	190	287	270	311	393	243
2009	340	279	433	317	343	355	246
2010	375	296	474	324	371	341	238
2011	391	310	435	334	369	409	246
2012	435	260	456	310	387	448	247
2013	453	269	423	335	385	362	280
2014	406	351	435	333	393	452	303



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