

## **Is the superyacht boom coming to an end?**

By IBI Magazine

Rumours of a shake-out in the bullet-proof superyacht industry were mooted this week at the Global Superyacht Forum at METS. Organisers The Yacht Report expect almost 600 delegates guests at sessions on topics from private submarines to manning, paint, refit and design.

"The problem is, we've become victims of our own success; the days of the enthusiastic amateur are over," said Barry Gilmour, chair of Royale Oceanic Ltd, speaking on the first day.

But for the fragmented, almost cottage industry which to date seems to have defied all rules of normal business, any shake-out will probably boil down to the exponential growth curve flattening somewhat. "We should prepare for the worst, slow growth," Gilmour said without a smile.

Despite bulging order books, shortages of crew, long delivery times, increasing regulation and graft are clouds on the horizon. Aspiring industry entrants are bedeviled by a lack of industry data.

Most shockingly, yacht owners shelling out hundreds of millions on these luxurious status-symbols may at last be taking some interest in costs, thinking everyone involved is getting rich at their expense - if only anyone could tell.

Indeed, almost every presentation referred to "a maturing industry".

"I've had lots of opportunity for shopping," said Neil Miller in his presentation on Monday. The British businessman, who has made his latest career buying superyacht service businesses, says he would buy more, but many seem not to trouble themselves with disciplines like business plans.

A lawyer in Wednesday's legal seminar observed that many yacht builders' contracts are horrific and, "...they should get real."

Conversely, speaking by teleconference facilities from New York, Steve Rattner cited an estimated 90,000 families worldwide who can afford a superyacht. With probably fewer than 4,000 delivered, Rattner, who is head of DLJMB Investment but most importantly a yacht owner himself, observed, "It's the best supply/demand imbalance I've ever seen; I cannot be more bullish on the industry."

And where there's confusion there's opportunity, as rumours of pots of venture (or vulture) capital seemed to be confirmed by consultants in suits from large international firms who said they'd come to discover what a superyacht actually is.

(15 November 2007)