



# Prime time investment

As the industry battens down the hatches and prepares for a lean 2009, one investor is bucking the trend with bold plans to redevelop a prime coastal site in the UK for marine business usage

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“One man’s junk is another man’s treasure,” says an old real estate proverb. Certainly in today’s economy, however, conventional wisdom would say that now is no time to be investing in a £10m redevelopment project, even if it happens to be waterfront property opposite Port Solent in the UK. And international property developers Taylor Wimpey would seem to have agreed when in March it backed out of the former Vosper Thornycroft (VT) facility in Portchester on the south coast of England, leaving behind over 150 proposed residential units.

In early September 2008, however, when different investors represented by Trafalgar Wharf closed on the same property, the credit crunch was in full bloom; clearly they saw something quite different from the residential and retail that has gobbled up so many other commercial waterfront sites around the British coast.

“For us, this is a once in a lifetime opportunity; just try to find a 30,000ft<sup>2</sup>

“Only a year ago, before the credit crunch, quite likely all this would have ended up looking like Gunwharf”

building to base your marine business directly on the water with an 850-tonne syncrolift,” says Trafalgar’s managing director, Jonny Boys.

Ironically, Boys actually sees the current challenging economy as the reason they were even able to acquire the 22 acre site on the upper reaches of Portsmouth harbor just five minutes from the intersection of the M27 and the M275 (and coincidentally Raymarine’s new R&D centre): “Only a year ago, before the credit crunch, quite likely all this would have ended up looking like Gunwharf,” he says referring to a neighbouring shopping,

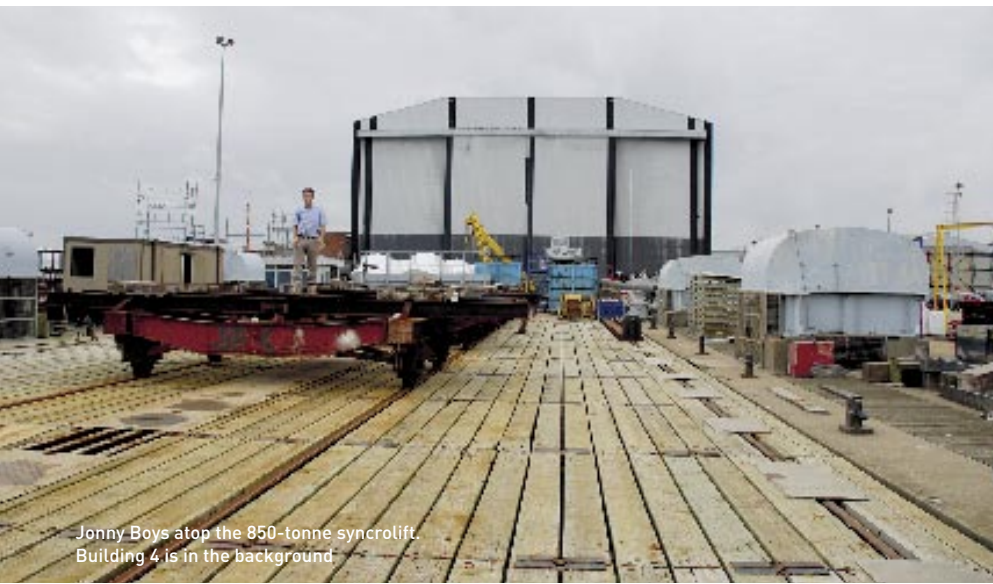
restaurant and marina complex.

The estate agent marketing Trafalgar sees the situation as unique as well. “From the outset we’ve had lots of enquiries from all types of marine businesses; it seems to have found a special niche; it’s performing differently than most other properties on the market at the moment,” say Edward Younghusband of Lambert Smith Hampton.

But being uniquely suited to marine business however hasn’t saved so many other similar sites in Britain from residential and

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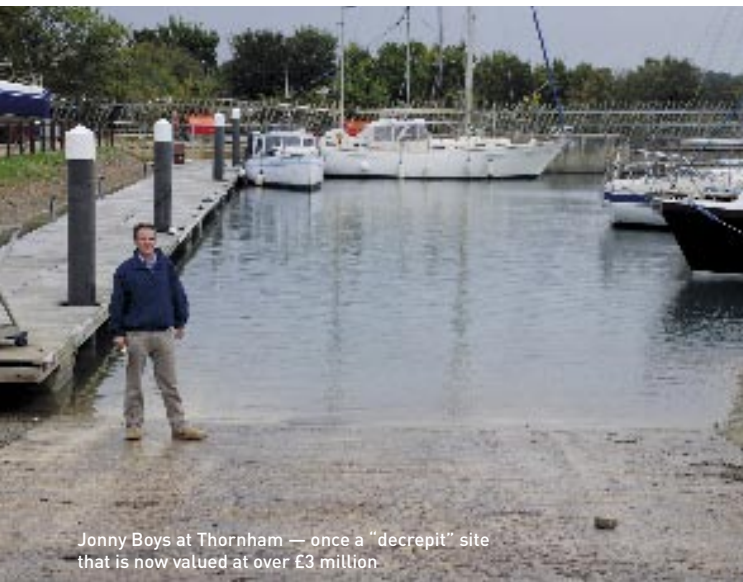




Jonny Boys atop the 850-tonne syncrolift. Building 4 is in the background



Wet Dock B is now Neptune Marina with its two slipways



Jonny Boys at Thornham — once a “decrepit” site that is now valued at over £3 million



The former Wetdock A at Trafalgar Wharf is now aptly named Nelson’s Dock. The hovercraft building is in the background

retail gentrification. VT’s site in Woolston is now being converted to residential and retail and its Portsmouth site has melted into the successful Gunwharf Quays.

Indeed beyond its location and lots of open space, from a marine business perspective, Trafalgar Wharf certainly offers tremendous tangible potential:

- Controlling depth of up to 15ft (4.5m)
- 23 buildings in excellent condition with over 250,000ft<sup>2</sup> of space (66,000ft<sup>2</sup> office)
- An 850 ton syncrolift
- Five internal over head cranes from 10-15 tons
- Two wet docks
- Three slipways (one built specially for hovercraft)
- A helipad

And as Boys, just back from the Monaco Yacht Show 2008, is now acutely aware, there’s a global superyacht industry out there desperate for building and refit space — prime space, like the 60,000ft<sup>2</sup> (5,500m<sup>2</sup>) “Building 4” thought to be the largest building

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of its kind on the south coast or the aircraft hanger-like hovercraft building.

“And Building 4 and its syncrolift occupy only 20 per cent of the site,” says Boys.

Climate-controlled with 66ft (20m) eave

height, three 15-ton travelling overhead cranes, compressed air and the industrial-strength electrical capacity you’d expect from a defense facility, indeed Building 4 would seem to be the perfect atmosphere to achieve that elusive perfect superyacht finish.

“We’re already in serious discussion with the principals of a 150ft ketch needing work this coming November,” says Boys.

Interestingly, the mast of American entrepreneur Joe Vitorio’s *Mirabella* was assembled in Building 4.

“But we’re keeping our options open at this early stage, happy to talk with anyone as long as they are in the marine business, we certainly have the space and the land” says Boys. “But one thing we don’t really want is a supermarket chain ringing up saying they want to build a distribution centre.”

Businesses showing an interest in leasing at Trafalgar Wharf so far also include a sea school, a brokerage, a hovercraft builder, a company making fibreglass dinghies, a marine metal

polisher, a wind turbine blade manufacturer and at least one superyacht builder. So as VT moves out, Boys seems to be on a roll.

Of course it helps that Boys has track record for succeeding at this with supportive investors, if on a smaller scale.

### Realising potential

Five years ago Boys stumbled on Thornham Marina on Chichester harbor where most people could have been forgiven for seeing only a tired tidal marina, with few facilities and a half dozen abandoned cars — a place where old boats came to die.

“Thornham was massively underutilised — decrepit, in fact — it was so bad, we hadn’t been on site long when I heard an almighty crash,” Boys recalls, “I rushed out of the office to find that an engine in one of the stored boats had just fallen through the rotten hull onto the hard stand.”

But in Thornham’s four acres and 55 acres of mudland moorings, Boys saw something different, the embryo of the concept that would lead ultimately to Portchester VT site which would become Trafalgar Wharf. “My idea for Thornham was simply that if you put a sailmaker beside a marine engineer, a customer for one was the potential customer for the other.”

So having convinced an investor group to buy it, Boys landscaped, replaced an aged crane hemorrhaging hydraulic fluid, built a new concrete launch ramp and expanded the dock to facilitate launchings — again Thornham is tidal. Then, borrowing a page from most shopping centre developers, he set to work finding complimentary marine businesses as tenants that would build a maritime commercial critical mass.

And now, in addition to lush green grass and fresh chippings on the hard stand, most importantly from a return on equity standpoint, Thornham now has as tenants an upholsterer, a sailmaker, a marine engineer, a wooden boatbuilder, a decking business, a multihull broker and a manufacturer of aluminium target boats for the British military as well as Boys’ own used RIB Business JBT Marine all complemented by a new bar and restaurant.

### Profit returns

A bottom-line proof of concept: four years ago they bought Thornham for £1 million; last year Boys says it was valued at 3 million — a tidy potential profit by any standard.

“We intend to do the same with Trafalgar Wharf, just on a bigger scale,” says Boys who confirms that his same investor group has followed him to Portchester, stumping up the reported £10 million purchase price, in cash, which undoubtedly takes off a lot of pressure, especially now.

Three weeks after closing on Portchester,

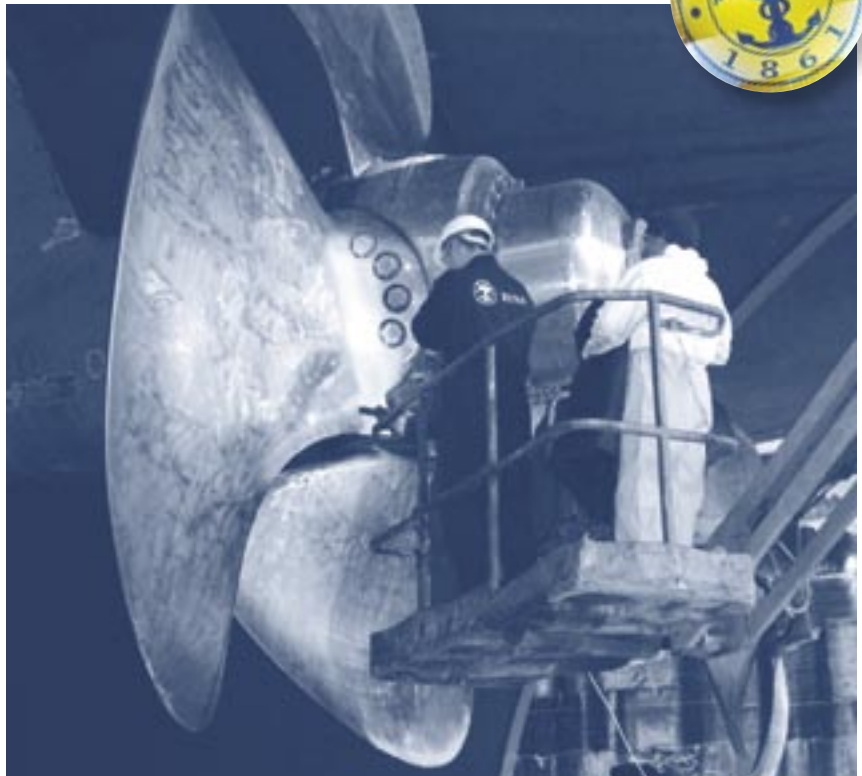
Boys was already well into his signature clean-up of Trafalgar Wharf. A jungle of vegetation sprouting from cracks in the asphalt replaced by shrubs in wooden barrels, new signage and fresh paint on every door. Workers crawled through the rusty innards of a disused VT caisson that will turn a muddy dock into a comfortable wet dock in time as others pressure washed concrete for a November open house co-hosted with Marine South East.

Boys, who at just 33 years of age says he has been working for himself for the last 14 years, grew up sailing on Chichester Harbour and

started his entrepreneurial working life when the British Ministry of Defense happened to be selling off surplus RIB’s — his first opportunity to capitalise on something someone else didn’t want. It wasn’t long before Boys found himself being one of the largest dealers of second hand RIB’s in Europe.

Whether you’d describe him as a sailor or entrepreneur, it’s an interesting time for Boys to be starting this latest marine reincarnation. As the industry retracts it takes a bold investor to go against the tide, a positive move that in the long term could well pay dividends for its founder. **IBI**

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