

Superyachts might hit choppy seas but will sail on regardless

The sector might be facing clouds on the horizon but it still attracts potential buyers and investors

Bransom Bean

IF ANYBODY knows how to handle business cycles, it's the shipping industry. And if there's any sector that has seemingly remained infuriatingly impervious to such basic business vagaries, it has been the superyacht lot.

Historically, these two seagoing industries have interacted as smoothly as oil and water.

But with superyachts getting bigger (the biggest to date, at 550 ft, will be arriving soon); more technologically complex (private submarines and 41 m yachts topping 70 knots) and with more commercial and naval officers (especially engineers) crossing over, superyachts and commercial shipping are beginning to have a lot more in common.

These newly-shared interests might also soon include learning how to cope with economic blips.

Rumours of a shake-out — albeit in superyacht style — in the previously "bullet-proof" industry, were mooted at the recent Global Superyacht Forum in Amsterdam.

The event, which ran concurrently with METS, and attracted 600 visitors and delegates, was addressed by Barry Gilmour of consultants Burness Corlett-Three Quays. Gilmour said: "The problem is, we've become victims of our own hype; the days of the enthusiastic amateur are over."

Gilmour should know, having planted his feet firmly in both camps. He is a former seafarer-turned-shipowner and presides over a consultancy that has been involved with more than 30 superyachts, but is perhaps better known for traditional marine litigation support as well as naval and commercial vessel design, project management and survey.

But for outsiders hoping for a rude awakening for this fragmented, almost cottage industry, which to date seems to have defied all rules of normal business, the truth is that any shake-out will probably boil down to, at worst, a flattening of the growth curve.

Comparing the industry to the Kondratiev Cycle, Gilmour said: "We should pre-



I'll take this one: on board a Sunseeker 37 m tri-deck superyacht, the largest semi-custom production yacht built in the UK.

Bloomberg

pare for the worst: slow growth." Of course, this is comparatively speaking and many industries would kill for any growth at all.

And the bulging superyacht orderbook is starting to draw more potential clients in the form of venture capitalists — money men in expensive suits who said they had come to the forum to discover what a superyacht is.

(No doubt they will also quickly learn that if you do not want to stand out in most superyacht crowds, you discard the suit as soon as possible).

But there are some clouds on the industry's rosy horizon, not least crew shortages, estimated at around 9,000 over the next 12 months; delivery times exceeding four years; an increasing mountain of regulation; project management that would

have embarrassed the erstwhile Soviet Union and legendary graft.

But perhaps most shockingly for this industry, yacht owners who have been shelling out hundreds of millions on these luxurious status symbols (price tags are now in excess of \$250m) seem at long last to be taking some interest in costs, assuming that everyone involved in the superyacht arena is getting rich, at their expense...

Unfortunately, it's difficult to tell whether this is true or not in an industry bedevilled by a lack of firm data.

Neil Miller, a British businessman who shared the speakers' platform with Gilmour, has carved out a career buying superyacht service businesses.

Miller said that he would buy even more such businesses, but that he is hin-

dered by the fact that many superyacht businesses seem to avoid such troublesome disciplines as writing up business plans.

But the superyacht market still has its cheerleaders. Steve Rattner of Credit Suisse in New York, said there were an estimated 90,000 families worldwide who could afford a superyacht, and this number is growing at an estimated annual rate of 10%. With probably fewer than 4,000 superyachts delivered, he said: "It's the best supply and demand imbalance I've ever seen. I cannot be more bullish on the industry."

Critics of an industry famous for its hyperbole, might dismiss this as the money talking. But as well as being head of DLJMB Investment, Rattner is, most importantly, a yacht owner himself.

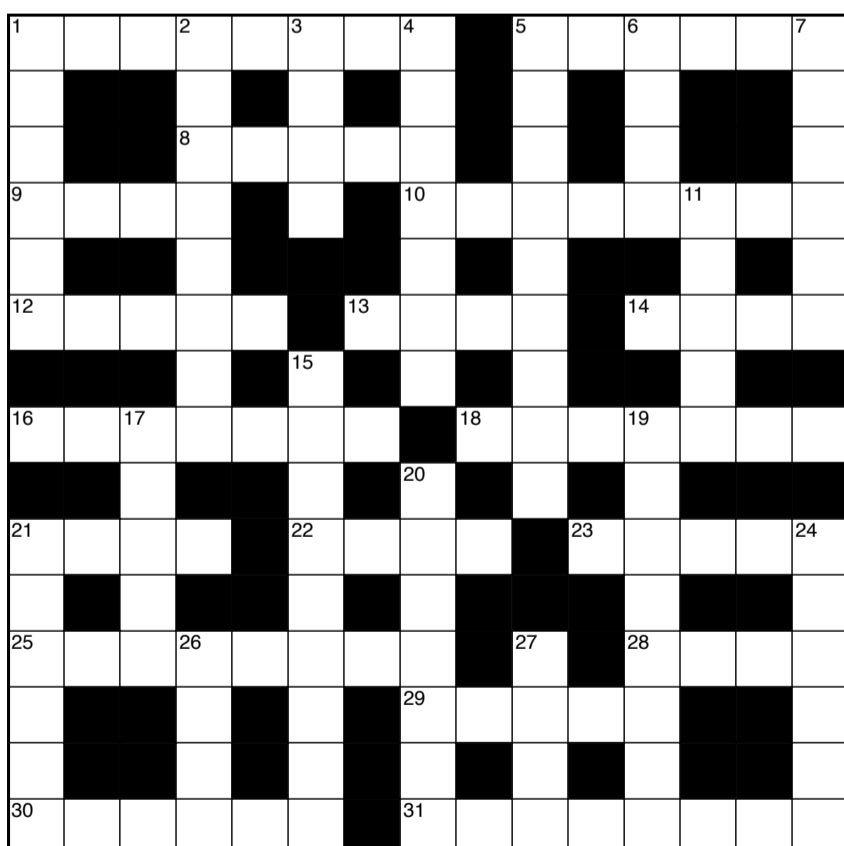
He said that he is looking at the possibility of buying another yacht for himself. He might also be interested in buying up superyacht-related businesses.

The Global Superyacht Forum presented a good opportunity for those either involved in the superyacht business or just trying to learn what all the fuss is about, to learn some useful facts.

The next opportunity for people from the commercial shipping side to get an unobtrusive look-see without personal embarrassment comes in March at the Superyacht Symposium in Miami, running concurrently with the Seatrade Cruise convention.

And if genuine shipping folk get caught in the superyacht snooping act, they can always say: "Yachts? You mean this isn't the cruise shipbuilding session?"

Lloyd's List Crossword No 436



ACROSS

- 1 Powerful rum Lucas distilled (8)
- 5 Cats, it turned out, were not moving (6)
- 8 Cleaner plant (5)
- 9 You may plant this electrical device (4)
- 10 Tries to tempt ATS characters outside! (8)
- 12 Have total control in wet weather, we hear (5)
- 13 Joint having keen members (4)
- 14 Reportedly measures the heaviness of routes (4)
- 16 Ending and shutting up (7)
- 18 They shed light on a computer system (7)
- 21 Sent off for fishing tackle (4)
- 22 Sour ingredients belonging to you and me (4)
- 23 Made enquiries about a desk (5)
- 25 Persuade to study French wine before the established church (8)
- 28 Steals from some senior observers (4)
- 29 Animal cast in bronze, brashly perhaps (5)
- 30 Legal expert taking wry ale brew? (6)
- 31 Very limited staff framework (8)

DOWN

- 1 Possibly arm a person in the club (6)
- 2 Desperately begs a cab to get vegetables (8)
- 3 Game up in the circle (4)
- 4 Stays with what's left over (7)
- 5 Developing tiny chest. It's not natural! (9)
- 6 A tiny particle for one cat (4)
- 7 Holds fasteners (6)
- 11 Ian is in the river with a music-maker (5)
- 15 Come across two points on the serving area (9)
- 17 It's frequently decimal! (5)
- 19 Little Diana's elegance shows. Shame! (8)
- 20 These are simple tasks in light winds (7)
- 21 Commonly steal the Spanish metal (6)
- 24 Pattern is singed, unfortunately (6)
- 26 It's extremely light for the distressed sailor (4)
- 27 Not entirely capable, but up to the job! (4)

Compiled by Eddie Waltham

ANSWERS — CROSSWORD 436

ACROSS

1 Well-intentioned. 8 Scraggier. 9 Rite. 11 Asps. 13 Needful. 15 Integer. 16 Sound. 17 Over. 18 Etch. 19 Het up. 21 Funfair. 22 Taffeta. 23 Clog. 26 Ides. 27 Estranged. 28 Starvation wages.

DOWN

1 Warrant officers. 2 Lose. 3 Nervous. 4 Eggs. 5 Tail end. 6 Okra. 7 Dress rehearsals. 10 Thereunto. 12 Sight read. 14 Lower. 15 Input. 19 High tea. 20 Paragon. 24 Gear. 25 Taxi. 26 Idea.

Heroic tales of navy life at the Sharp end

AT 17, David Sharp was considered too young for the rum ration or his share of beer aboard the aircraft carrier *HMS Neptune*, writes Terry Sutton.

But he was old enough in the early 1950s to be sent ashore in Korea, packing a Sten gun and hand grenades, to fight attacking Chinese communist troops. He received serious wounds and nearly died.

A year later Sharp played a leading role in the rescue of five French nuns and 75 children from a mission house in the path of advancing Chinese troops, going ashore from the frigate *HMS Salisbury*.

For his part in this rescue operation, during which he held up the Chinese long enough to allow the rest to board *Salisbury*, Signalman Sharp was awarded the Croix de Guerre.

These are just two of the dangerous episodes described in Sharp's account of his adventures just published by True Books of Deal.

Nottingham-born Sharp describes his arrival, aged 15, at the boys' training establishment HMS Ganges to begin his training for the Royal Navy in which he eventually obtained a commission.

He writes of the sadness of a nostalgic

return visit to the former HMS Ganges, where he found most of the building demolished and with just the signal tower and landmark mast still standing. The site was to become a housing development.

His book contains a number of photographs including one showing the author atop the 156 ft Ganges' climbing mast, from where he is giving a salute.

Signalman Smart was 17 when posted to the carrier *HMS Neptune*, with a crew of 1,320 and 120 Commandos. In 1950, they sailed for Korea, where the Chinese army had crossed the 39th parallel to fight United Nations forces aiding South Korea.

Sharp, with his expertise as a signaller, was sent ashore with others to act as a spotter for *Neptune's* aircraft attacking the enemy.

It wasn't long before the Chinese located the navy's on-shore team and fired on them with mortars, resulting in Sharp being badly wounded and some of his shipmates killed.

Sharp was evacuated to the carrier and was in hospital for five months.

For his heroism ashore in Korea he received the Distinguished Service Cross at Buckingham Palace.

On his release from hospital he joined *HMS Salisbury* and sailed for Singapore, where the frigate was ordered to go to the aid of French nuns and children who were in a mission house 11 miles inland.

Sharp and his team succeeded in the rescue despite deadly enemy rifle fire. The book is not all blood and guts. While at Singapore the author met Helen, an attractive WREN officer. Despite official regulations, designed to prevent officers becoming too friendly with the lower deck, they got engaged and were married when back in the UK.

We Served at Sea by David Sharp is published by True Books, Cornwall House, Birdwood Avenue, Deal at £9.99. ISBN 978-0-9557472-0-5.

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