

# EXPLORING THE SAILING SUPERYACHT MARKET

**The sailing yacht sector has weathered a turbulent past decade, with a reduced number of orders and the loss of several significant builders but, fortunately, there is still much to be positive about when looking to the future.** BY ELLIE BRADE

Today sailing yachts make up 16% of the superyacht fleet and just 7% of the construction book with 29 projects of 30m+ currently underway. This is a big shift compared to 10 years ago, when an average of 20% of both the fleet and construction book were sailing yachts, and average annual deliveries were almost equal to the entire construction book today. It is important to note, however, that while sometimes the sailing construction book might paint a somewhat gloomy picture when compared to peak years, one or just a couple of orders can sometimes alter the overall stat-set dramatically, both for the positive and negative.

Taking a quick look at what is in build, the average LOA of the sailing construction book is 44.1-metres, the busiest size bracket is 30-40-metres, and the 81-metre *Project 400* in build at Royal Huisman is one of the biggest orders underway. Sloops are the most popular rig style, followed by ketches and schooners, with these three rig types making up 98% of all sailing yacht projects.

While smaller entry level yachts (and, indeed, sub 30-metre yachts) remain popular, one newer trend is that there has also been an increasing number of larger sailing yacht projects seen with recent large launches, including the 86-metre *Aquijo*, 70-metre *Sybaris* and 142.81-metre *Sailing Yacht A*. "Although the majority of activity for us is between 40 to 60 metres, the focus for Royal Huisman has also shifted towards bigger sailing yachts with our recent deliveries of the 58-metre *Ngoni* and the 56-metre *Aquarius* both good examples of the increasing average size through the years," says Royal Huisman's Jurjen van 't Verlaat.

## KEY CHALLENGES

The main question to ask when looking at sailing market activity is why have the numbers of new builds declined? When speaking with members of the sailing fraternity it is clear that there are three key challenges the sailing sector has faced, and still faces. First the GFC's enduring knock on effect on order numbers; with a smaller number of sailing yachts versus motoryachts, the drop in sailing yacht orders has been felt more keenly. Second, a lack of new owners entering the sailing sector. Third, the increased expense in building/operating a sailing superyacht as focus has shifted to performance. We address these main topics here.

## EFFECTS OF THE GFC

"The 2008 crisis had a time release effect on the sailing superyacht market, growing

in intensity after the first few years as the brokerage market seized up", says Bill Tripp of Tripp Design. "Before the crisis this market was on a tear and after it, as yachts came on the market to no buyers, this smallish market clogged and has taken time to clear." Yards too are open to admit that the effect of the GFC was hard. "The market has gone through some very tough times with increased and more aggressive competition, a tendency towards fixed priced projects and a need for high levels of brand investment," says Kenneth Nyfelt, Sales Director at Baltic Yachts

"All the challenges are due to the Financial Crisis, really, and we're still in the aftermath of that," agrees Malcolm McKeon of Malcolm McKeon Yacht Design, stating that a lack of buyers and subsequent huge price drops to second hand sailing inventory had the triple effect of second hand yachts proving extremely affordable when compared to a new build, owners not wanting to sell due to a huge drop in value of their asset, and owners unable to begin a planned new build because of being unable to sell their current yacht. "People are only slowly getting the confidence back to spend the sort of money needed for building sailing yachts."

This hurdle acknowledged, many companies believe that things are on the up, and there are signs of an upturn in sailing yacht orders. "The biggest challenge has been that 2017 was the peak low of the GFC for the superyacht market, but since then we have seen a large uptick in enquiries and contracts signed," says Paul MacDonald, Founder and Superyacht Sales Manager at Southern Spars. "There are still a good number of buyers with specific projects in mind, such as world circumnavigations, looking for high-quality yachts to be tailor made for their needs," agree Southern Wind Shipyard (SWS).

## RISING COSTS

Many in the sailing sector believe that the evolution of sailing yachts into performance focused machines was a big factor in the drop in new orders. "There is a perception that it is expensive to enable a boat to sail, hence a number of owners have headed off down the powerboat path," says MacDonald. "The drive for increased performance is a double edged sword as while it has created yachts that are better to helm, sail and handle, that comes with a cost," says Matt Bridge, Superyacht Sails Co-Ordinator at Doyle Sails. "That can sometimes be off-putting for potential new entrants if that's what



they think they need to invest in order to participate as a sailing owner."

McKeon agrees: "The cost of building sailing boats has skyrocketed compared to the early days when we were building fairly simple sailing boats," he says. "The increased demand for performance has meant boats have just got a lot more sophisticated and as a result more expensive. That has scared a lot of owners off because when you compare a performance-focused sailing yacht to a similar sized motoryacht you can buy the latter at a fraction of the cost and get more volume."

Some redress has been seen in trying to spread the message that expensive, performance-focused sailing yachts are not the only way, and the growing popularity of the Corinthian class (owner/driver) and Voile Blanche Class in the Bucket regattas is an indication of this. Yards are also working to ensure there are offerings for buyers in all price brackets. "We believe that it is important to find the right balance between customisation, quality and price," say SWS.

It is important to acknowledge that while the evolution of sailing yachts has seen build costs rise, this process has prompted the creation of some incredibly exciting boats, which can only be a good thing. "Superyacht sailing customers are passionate sailors and are generally

very experienced and knowledgeable, challenging us to deliver projects using advanced materials and technical innovations," says Nyfelt. "I think the move towards better all-round sailing boats is to be applauded as people are now concentrating on the quality and performance of the boats rather than just building the biggest boats you can," says Bridge. "15 years ago sailing superyachts were not fun to sail or helm from a purist sailing view and that has definitely changed now and long may that continue."

## ATTRACTING NEW OWNERS

Of those we spoke to for this article all were unified in their belief that the lack of new owners entering the sailing sector is the greatest hurdle to overcome. "In general the clients that had the passion for sailing are getting older, and there are not new generations following," says Bill Dixon of Dixon Yacht Design. "The biggest challenge is to promote to the next generation that sailing is a wonderful form of boating, and one that does not have to be pursued at a frenetic pace."

There are several avenues that could be fruitful in the pursuit of new clients, and this includes the marketing of sailing as a family affair. "Ensuring that the younger generation and families can easily experience the joy of sailing are key





requirements,” says Nybelt. “We should also provide for those looking for a smaller yacht and help nurture their ambitions to enter the superyacht sailing world.” Involvement in sailing at a young level has proved a sure way to inspire the owners of the future. “Our local yacht clubs are getting more and more kids into sailing, there are a lot more corporate events that are getting people out on the water and experiencing what boating’s all about and that has generated a lot of interest in the last five years,” says McKeon. “It’s all about exposing more people to yachting.”

“Yachting needs to be seen as fashionable and exciting and some things I am sure will help this is the onset of the likes of the Prada Cup for the next America’s Cup,” says MacDonald. “These sort of events highlight yachting to many new circles of people and will hopefully drive them to get involved in yachting.” In the same way, superyacht regattas are the perfect platform for potential clients to trial the sailing community. “The relaxed atmosphere of a non-commercial event like the Bucket is the perfect environment to showcase sailing,” says van ‘t Verlaat.

Targeting new avenues is also key. “I’ve always believed we need to look harder at the charter market to reach new clients,” says Bridge. “If you look at people who charter sailing yachts they often don’t have a lot of experience but want to enjoy the experience of sailing – they are already a qualified sales lead, and it would be a smart idea to look at that chain more.” Tripp believes the solution to reaching new owners lies in celebrating what is exciting and inspiring about sailing, and the fact that it is participatory and interactive at all levels. Selling this

prospect and adventure to clients is crucial: “Our clients come to us with an idea to create something and participate and immediately it is about putting a dream into play,” he says. “The inherent creativity in building a boat, and the participation in sailing one, needs to be shown; these sailing superyachts are not showrooms - they are dreams and opportunities.”

LOOKING FORWARDS

There is much to be positive about and in recent years there have been exciting steps in yacht design and construction, and there is good energy around the sailing sector as a whole. “The industry today is far more alive with new projects and prospects,” says MacDonald. “Next we will have a shortage of superyacht builders which in some ways will be good as it will create pressure for owners to book building slots.”

Yards are continuing to invest in their ranges and team, and in creating exciting prospects for potential owners. “Royal Huisman pays a lot of attention to building relationships with its clients as well as to constant learning and the knowledge transfer to the next generation of specialist craftsmen and women,” says van ‘t Verlaat. “This approach guarantees continuity and has led to a well-filled order portfolio.”

Telling an engaging story about the sailing lifestyle is crucial in the quest to grow order numbers. “Sailing is one of the most ecological forms of boating, and this should be included in the marketing of sailing,” says Dixon. “Sailing is one of the most sustainable ways to explore the world and to enjoy nature and wildlife,” agrees Nyfelt. “People increasingly want to escape their hectic lifestyles and relax with family and friends and we provide the vehicle and opportunity to explore the world and connect with the most remote locations in both a comfortable and safe manner without compromising performance.”

The role of the media is also important in achieving this. “Sailing superyachts compete against the powerboat side in the media, which is sometimes confusing as these two markets are quite different and don’t always belong together,” says Tripp. “Most sailing magazines are for smaller boats, and absorbed and adored by their readers, while sailing superyachts fight for covers in their own media, and then too often are treated with powerboat critiquing to become about the interior. A dedicated media sector seems an obvious place to showcase the real strength of sailing superyachts.”

Numbers of sailing yacht orders may be small, but their followers are adamant that this is the greatest type of superyacht to own. Potential for growth is certainly there, interest in smaller entry-level yachts remains, and the potential of untapped markets is promising.

“The sailing sector in smaller yachts has not diminished in the last 10 years, like the superyacht sector,” says Dixon. “In China sailing is not promoted very strongly, and that can only bode well for that part of the world.”

“I’m feeling more positive about the future because we’ve been working on quite a few projects over the last few years and getting the owners to the table and signing with shipyards is now starting to happen,” concludes McKeon. “While we will never compete with motoryachts, people have talked the sailing sector down - and they shouldn’t.” – E.B.

QUICK LOOK: SAILING FLEET EVOLUTION

770

SAILING YACHTS OVER 30M ARE IN OPERATION TODAY

SAILING YACHT COMPLETIONS PER YEAR

