



# THE GLOBAL ORDER BOOK 2024

Rigorously checked new-build data from shipyards around the world reveals a snapshot of the superyacht industry, taken at the same time each year for more than 30 years. Turn the page for our expert analysis...

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Infographics: VALERIO PELLEGRINI

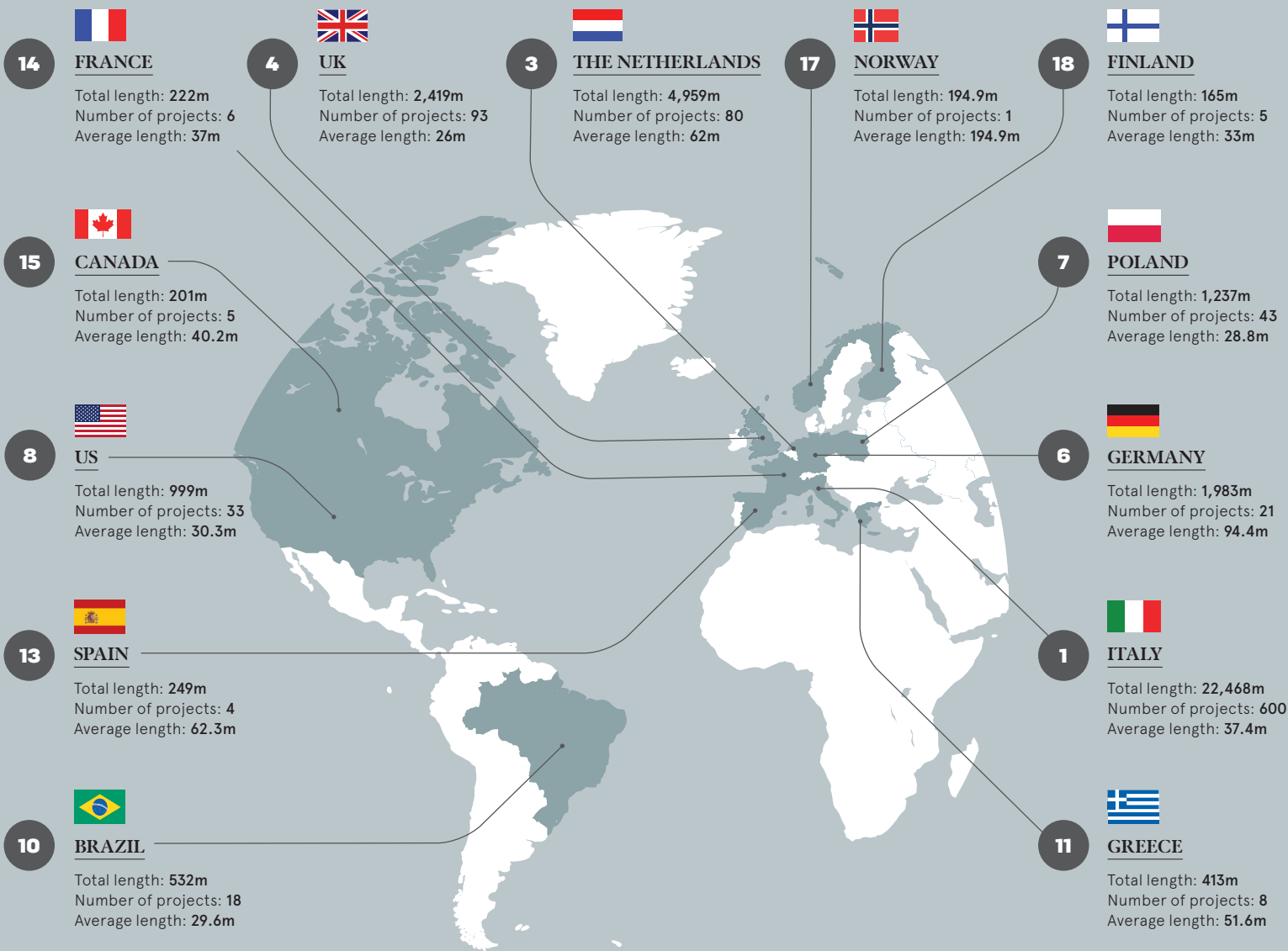
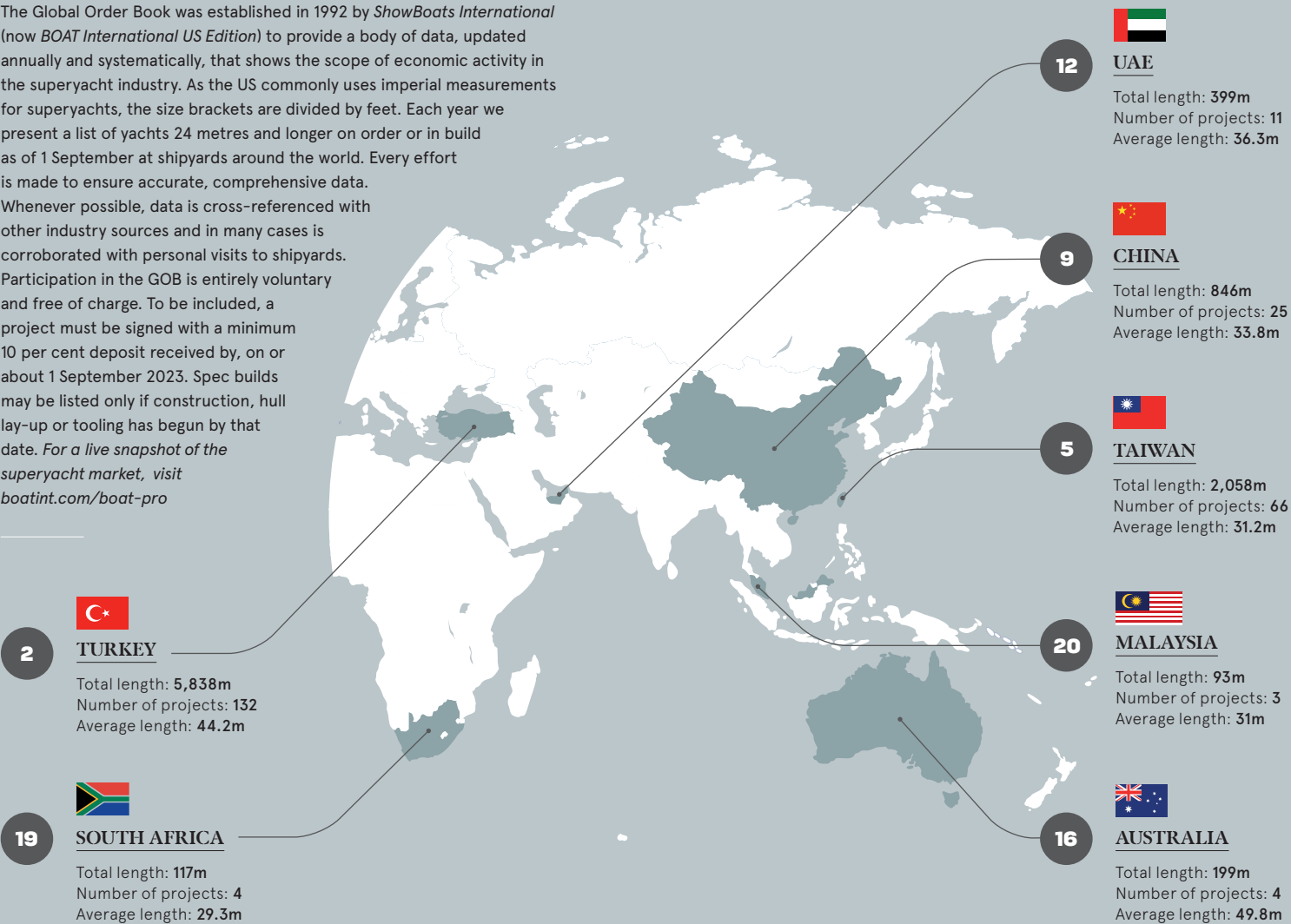
DATA OVERVIEW

# TAKING ORDERS

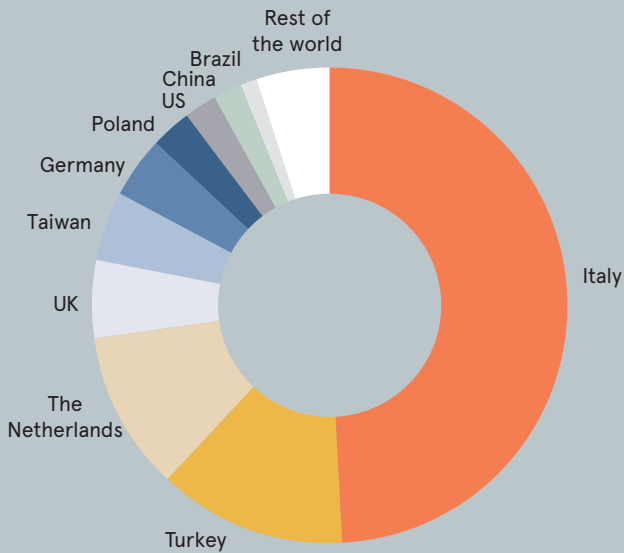
See who made the leaderboard of yacht-building nations

RULES AND METHODOLOGY

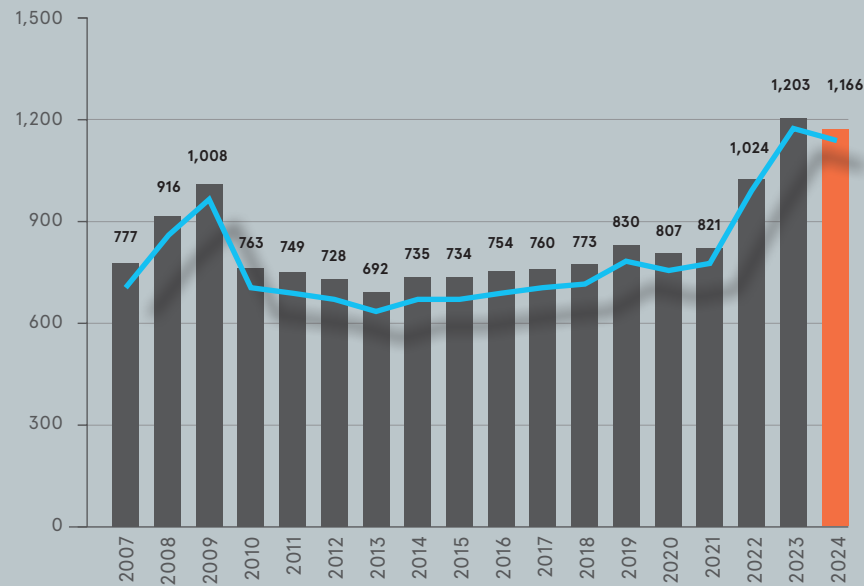
The Global Order Book was established in 1992 by *ShowBoats International* (now *BOAT International US Edition*) to provide a body of data, updated annually and systematically, that shows the scope of economic activity in the superyacht industry. As the US commonly uses imperial measurements for superyachts, the size brackets are divided by feet. Each year we present a list of yachts 24 metres and longer on order or in build as of 1 September at shipyards around the world. Every effort is made to ensure accurate, comprehensive data. Whenever possible, data is cross-referenced with other industry sources and in many cases is corroborated with personal visits to shipyards. Participation in the GOB is entirely voluntary and free of charge. To be included, a project must be signed with a minimum 10 per cent deposit received by, on or about 1 September 2023. Spec builds may be listed only if construction, hull lay-up or tooling has begun by that date. *For a live snapshot of the superyacht market, visit [boatint.com/boat-pro](https://boatint.com/boat-pro)*



TOTAL LENGTH OF SUPERYACHTS IN PRODUCTION BY COUNTRY



SUPERYACHTS IN BUILD OR ON ORDER, 2007 TO 2024



KEY STATS

1,166

Total number of superyachts on order or under construction

45,722

Total length (m) of superyachts on order or under construction

177

The number of superyacht yards currently active around the world

548,614

Total gross tonnage of superyachts on order or under construction



ANALYSIS

# STEADY AS SHE GOES

The new-build market has settled into a post-pandemic new normal with orders levelling off. By *Raphaël Montigneaux* and *Marilyn Mower*

We have reached a post-Covid plateau in superyacht production. The boom in orders that began during the global pandemic is showing its limits and the coming years will likely see a contraction in the order book, albeit a smooth one. Many yards thought this might occur sooner, admitting surprise at the number of sales secured in the summer of 2023. These unexpected orders mean the industry maintains a high level of production into 2024.

Comparing this year's report with the last GOB reveals a slight decrease in the total number of projects ordered or in build, from 1,203 to 1,166, a drop of 3.1 per cent. But the total combined metres under construction has dropped by just 1.2 per cent, so the effect of the declining number of units in build should be negligible. The total gross tonnage under construction, which some use as the true gauge of activity, has also seen a negligible drop – from 551,431GT to 548,614GT, or 0.5 per cent.

**TOP BUILDER NATIONS**

The biggest change for this year's GOB is a shift in the centre of gravity eastwards. Turkey is now the second-biggest builder nation, eclipsing the Netherlands. Last year, shipyards in Turkey reported 102 projects, totalling 4,167 metres. The country enters 2024 with 132 superyachts under way and 5,838 metres of production. The nation is constructing a total gross tonnage of 73,011, averaging 553GT per project, far above the global

average. A recent visit to the country for this report revealed a significant improvement in the quality of the yachts in build, and shipyards not afraid to invest in capital infrastructure. The level of activity is impressive. AKYACHT, for instance, is building a 100-metre; Bilgin has nine projects between 50 and 86 metres; Mengi Yay has nine projects averaging 46 metres; Numarine's prolific XP series continues to sell well, including three 40-metres; Turquoise has six projects on its order book totalling 414 metres; Sirena Yachts is advancing into true superyacht production with its first 42-metre steel project; Magnolia Yachts has started a new 41-metre explorer series; Ares is producing a 61-metre motorsailer; the Turkish division of Damen Yachting, meanwhile, has five projects, including two 60-metre SeaXplorers.

Italy, as ever, remains at the top of the leaderboard. Its superyacht production represents 51.4 per cent of the global total, far ahead of any other country. But of note is Italy's order book growth: just 1.9 per cent year-on-year, compared to Turkey's 40 per cent expansion.

Dethroned from second place is the Netherlands, which maintains a strong order book of 80 projects amounting to a total 4,959 metres of production. The country is building four more projects than recorded in the previous GOB, but its total length of production has declined slightly.

Next in the top 10, the UK and Taiwan recorded decreases in their production, but their yards maintain solid order books for the coming few years. Germany stays in sixth place, just before

39.2M

Average LOA under construction (for all builders)

471

Average GT under construction (for all builders)

51.4%

Italy's share of global superyacht production

an unexpected seventh place showing for its neighbour, Poland. The country has a long and proud shipbuilding tradition, and its more recent success in the luxury superyacht space is largely driven by catamaran builder Sunreef Yachts and Conrad, which builds both sailing yachts and displacement motor yachts.

Despite several bright spots, such as the two 55-metre projects under way at Burger and full sheds at Delta Marine in Seattle, the US as a whole continues to fall down the leaderboard. If it were not for Viking's strength in the sportfish sector, the total length of American superyachts in build would not see it in the top 10 builder nations.

The rest of the top 20 builder nations remains relatively stable, but worth pointing out is the

good performance of Greece, which has seen its superyacht production double, thanks to the success of a number of shipyards, such as Golden Yachts.

TOP 20 SHIPYARDS

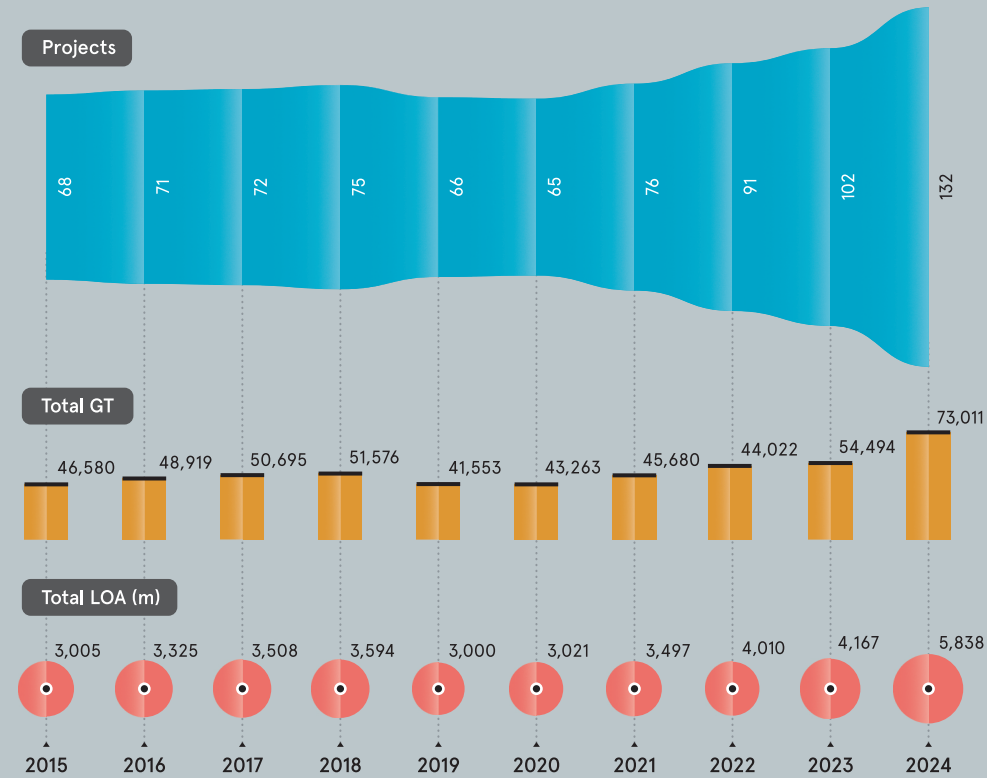
Azimut-Benetti maintains its hold on the top spot in the builder leaderboard, with Sanlorenzo taking second place, according to the total length of their production. The Ferretti Group, owner of the Ferretti, Custom Line, Pershing, Wally, Riva, CRN and Itama brands, has again declined to share its order book, but according to our investigations, we have determined the group would come third on this list.

The giant, full-custom builders Feadship and Lürssen maintain a very high level of production and sit in the top five, joined by The Italian Sea Group, which grows year after year. Several other large European builders such as Damen Yachting, Overmarine, Baglietto, Sunreef, Heesen, Bilgin and Cantieri delle Marche show a slight rise in production.

Fully 18 of the 19 shipyards in the top 20 are repeats of last year's list. Ten of them have improved their order books, while eight show a gentle decline in orders. The only new entrant this year is Numarine, which replaces Oceanco.

PRODUCTION TRENDS IN TURKEY, 2015 TO 2024

Superyacht production at Turkish yards by project numbers, LOA and gross tonnage



TOP BUILDERS BY TOTAL LENGTH OF CONSTRUCTION

2024 RANK	COMPANY	TOTAL LENGTH (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS, 2023	2023 RANK
1	Azimut-Benetti	6,014	167	36	168	1
2	Sanlorenzo	4,503	132	34.1	128	2
3	Feadship*	1,611	N/A	N/A	N/A	4
4	Lürssen*	1,388	13	106.8	11	7
5	The Italian Sea Group	1,374	24	57.3	21	8
6	Damen Yachting	1,268	19	66.7	15	9
7	Princess Yachts	1,198	48	25	63	5
8	Overmarine	1,151	28	41.1	25	10
9	Sunseeker	1,104	41	26.9	53	6
10	Ocean Alexander	1,016	30	33.9	73	3
11	Sunreef Yachts	961	35	27.5	22	16
12	Baglietto	896	19	47.2	16	13
13	Heesen Yachts	821	15	54.7	11	15
14	Horizon	775	27	28.7	29	11
15	Cantieri delle Marche	652	17	38.4	13	19
16	Palumbo	599	12	49.9	18	12
17	Bilgin Yachts	548	9	60.9	8	18
18	Viking Yachts*	473	18	26.3	26	14
19	Numarine	465	14	33.2	N/A	N/A

\*data partially shared by the shipyard

The Global Order Book counts all projects over 24 metres LOA under construction or ordered, with a deposit taken, on 1 September each year



PROJECTS BY LENGTH: 18-YEAR COMPARISON

LENGTH	24-27M 80-89FT	28-30M 90-99FT	31-36M 100-119FT	37-45M 120-149FT	46-60M 150-199FT	61-75M 200-249FT	76M+ 250FT+	TOTAL
2024	321	166	201	211	159	53	55	1,166
2023	348	159	238	215	139	51	53	1,203
2022	277	147	202	178	122	52	46	1,024
2021	200	125	150	147	114	40	45	821
2020	194	128	160	134	106	41	44	807
2019	228	117	172	121	104	40	48	830
2018	182	114	162	123	100	39	53	773
2017	195	103	138	132	96	44	52	760
2016	168	93	163	141	106	34	49	754
2015	174	84	157	125	106	38	50	734
2014	164	82	151	149	113	36	40	735
2013	119	94	142	151	100	47	39	692
2012	178	70	151	150	109	43	27	728
2011	158	78	151	155	132	45	30	749
2010	187	89	144	150	122	41	30	763
2009	286	117	190	193	155	43	24	1,008
2008	253	114	179	175	125	47	23	916
2007	207	109	155	152	108	28	18	777

The Turkish yard records 14 projects on its order book and a production of 465 metres.

Globally, we recorded slightly fewer active shipyards this year with a total of 177 facilities (down from 189 last year). This drop is mainly accounted for by yards that had been building a single 24-metre-plus project that has been delivered since the last report. A more detailed look reveals 59 shipyards building just one project, down from 68 last year. Some 78 yards have three or more projects (72 last year), 45 are building five or more superyachts (44 last year), and 27 have 10 or more orders (24 last year). While there are fewer active shipyards in this year's GOB, the ones that remain active appear stronger, with more ongoing projects.

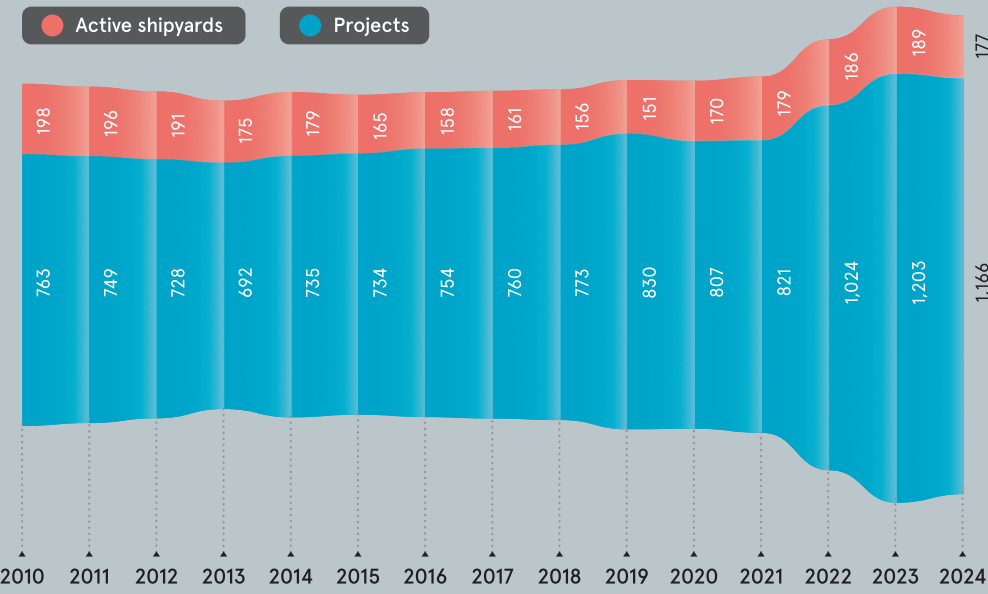
TYPES OF YACHTS

One segment of the market that continues to grow year after year is explorer yachts. From 88 projects last year to 99 this year, these tough, more autonomous vessels now represent 8.5 per cent of the GOB. The undisputed champion in this category, Cantiere delle Marche, has set a new record with 17 projects on its order book, making a total production of 652 metres and 6,316GT. The decision to specialise in explorers when this company was founded in 2010 has paid off handsomely.

The biggest change is a shift in the centre of gravity eastwards. Turkey is now the second-biggest builder nation

SHIPYARD ACTIVITY VS PROJECTS

The number of superyachts in build and on order, versus the number of active shipyards



CAPITAL INVESTMENT

Thirty-one of the 177 shipyards currently active – between them building 743 projects, or 64 per cent of global production – have increased production capacity in the last 12 months. There are a few standout examples. Italy's Overmarine will soon open its giant new four-slot shed in Pisa, doubling capacity for its metal yacht division. By optimising its existing footprint in Viareggio, Sanlorenzo has gained an additional slot. Meanwhile in Taiwan, Horizon and Ocean Alexander both utilised Covid downtime to rebuild their facilities, moving from linear production lines to independent slots, resulting in improved efficiency from the same workforce. Yards that haven't invested in their infrastructure may learn to rue their caution, as a plateauing market will make any big future spending risky.

Multihulls, too, are growing in popularity. There are 72 catamaran projects (up from 49 last year) in this year's GOB, including 44 power catamarans (up from 24). Poland's Sunreef is driving a lot of this growth; its new 88 Ultima series has already proven a huge success with 10 orders before the delivery of the first hull. Less beamy, the model is a smart choice for the Med, which doesn't have any marinas designed to accommodate a standard catamaran's width.

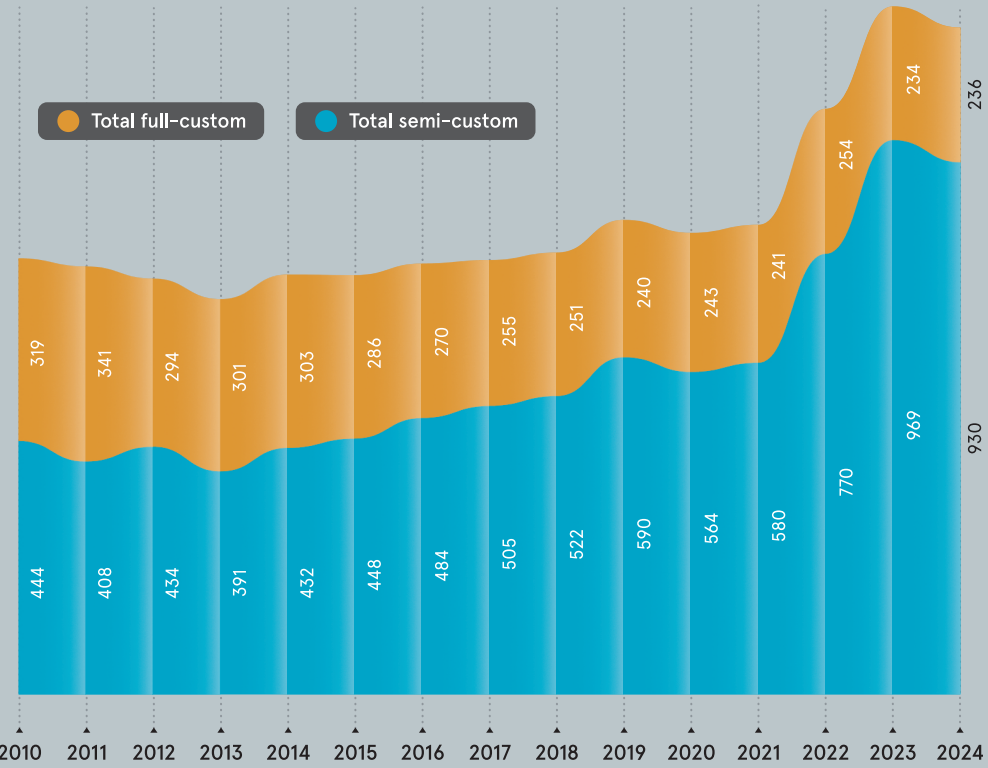
Larger builders have taken note. Bluegame, a brand of Sanlorenzo, has revealed its BGM75, which comes in just below 24 metres LOA and is narrower than competitor cats. Multihulls edging the 24-metre line will become increasingly popular as they escape manning requirements and regulations while packing the kind of deck space and volume of larger monohulls.

TOP BUILDER NATIONS BY VOLUME

RANK	COUNTRY	TOTAL GROSS TONNAGE	NUMBER OF PROJECTS	AVERAGE GT
1	Italy	220,068	600	367
2	Germany	86,903	21	4,138
3	The Netherlands	86,376	80	1,080
4	Turkey	73,011	132	553
5	Norway	17,440	1	17,440

SEMI-CUSTOM VS FULL-CUSTOM YACHTS

The total number of semi-custom versus full-custom yachts in the GOB since 2010



The number of sailing yachts in build has remained steady at 71 projects, which is welcome, but sportfishers have taken a hit this year, with the number in build dropping from 34 to 25. The sportfish market over 24 metres is erratic, with peaks in production generally occurring with the release of new models.

Looking at the sizes of superyachts that make up this year's GOB, we record a slight decrease in the 31- to 45-metre segment and below 28 metres, but all size ranges above this have grown. This has affected the average LOA of yachts currently in

build, rising from 38.5 metres last year to 39.2 metres this year. This appears to support the theory that the surge in small yacht purchases during the pandemic was driven by first-time buyers inspired by the need to vacation safely.

Very large yachts remain popular. Some commentators had predicted a big drop in the number of 100-metre-plus yacht orders due to Russia's exit from the market, but we still record 24 of these huge projects in the current GOB, down from 26 last year. A small decline was expected as there were six 100-metre-plus deliveries in 2023. Driving demand in this category are buyers from the US, Europe and Middle East.

As recorded in previous GOBs, semi-custom production has come to dominate superyacht production globally, but for the first time since 2019, we logged a slight decrease in the number of semi-custom yachts in build this year, dropping four per cent to 930 projects. But even with this dip, semi-custom yachts still account for 79.8 per cent of the order book. Builders have responded with ever-larger semi-custom options. Traditionally, the semi-custom buyer was limited to fibreglass boats under around 35 metres, but



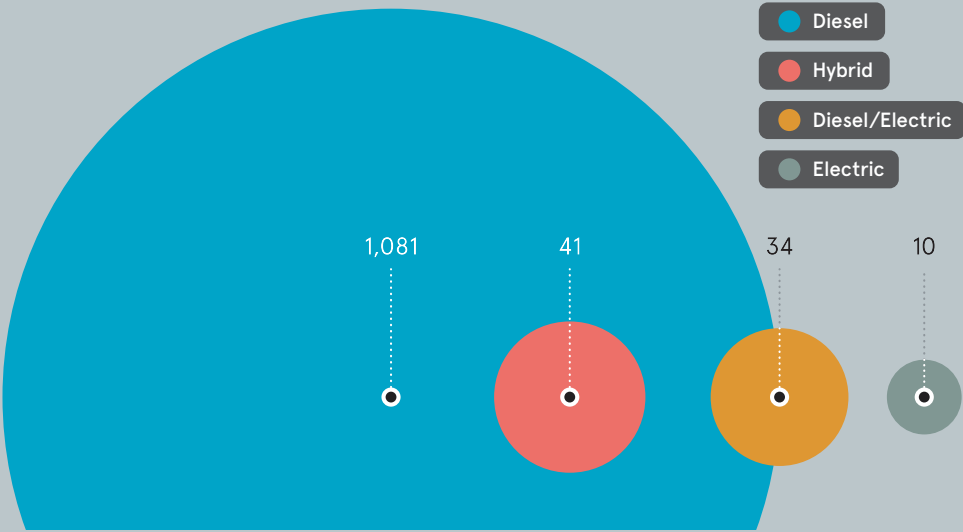


**WORLDWIDE WORKFORCE WOES**

A quieter order book may have a silver lining. Yards around the world report the same problem: a lack of skilled labour. From Taiwan to Turkey and Italy to the US, shipyards are fighting to find the right people. Jessima Timberlake of Amico says it’s not just the trades and craftspeople the refit yard is struggling to recruit, but qualified production managers with the engineering and management skills to juggle several projects simultaneously. During our visit to Taiwan, we learned of a generational issue where many workers are aging off the shop floor. Generation Xers and Millennials were tempted away by the country’s booming tech sector, resulting in decades with too few apprentices. Younger Taiwanese are rediscovering the industry, but it is a race against time to pass on the knowledge before the old guard retires. Compounding the issue are strict Taiwanese laws that make it difficult to employ foreigners. Other countries, such as Turkey, meanwhile, are seeing their workforces poached by Western European yards offering better pay.

**PROJECTS BY ENGINE TYPE**

The number of projects in this year’s GOB, broken down according to mode of propulsion



the advent of SCRIMP technology in the 1990s meant yards could build longer, stiffer GRP yachts. In 2005, Horizon Yachts debuted a new 3D infusion process that allowed integrated hull stiffeners to be infused in place simultaneously with the hull laminate, setting a record for the largest single-infusion hull build to date with a 41-metre. This innovation allowed faster production times with less labour. Since then, composite builders such as Benetti, Westport and Gulf Craft have successfully offered series yachts in GRP to 45, 50 and 53 metres.

Yards dealing in metal have joined the party with series yachts in excess of 50 metres LOA. Tankoa, Baglietto, Overmarine, The Italian Sea Group, Bilgin, Heesen and Damen Yachting have all found considerable success in this space, appealing to clients who want to get into a big boat as soon as possible without the intensity of a full-custom build.

**GOING GREENER**

Even among the straight diesel yacht options, the shift to biodiesel is happening at pace. MTU, for example, announced last September that all its series 2000 and 4000 engines can run on sustainable biodiesels such as BtL (biomass to liquid), HVO (hydrotreated vegetable oil) and PtL (power to liquid) including e-diesel. HVO, for instance, not only reduces CO2 exhaust by 80 to 90 per cent, it also cuts particulate emissions up to 40 per cent and NOx by up to eight per cent. Feadship delivered 84.2-metre *Obsidian* in July

**The transition to a truly green future has only just begun for superyachts, but few industries are evolving as fast on this front**

2023 after sea-trialling the yacht on HVO, while Azimut announced in Cannes that it is pushing its range towards biodiesel. The Italian yard has an agreement with Eni Sustainable Mobility to supply approximately 700,000 litres of HVOlution biodiesel annually for use on its sea trials, technical tests and transfers of prototypes and new models such as its Seadeck 9. Because HVO fuel is made from renewable raw materials, in part from waste, its production, transport and combustion generate only about as many greenhouse gases as were absorbed by the plants during the growth of the biomass.

Italian builder Sanlorenzo is working on a new series of CO2-neutral methanol-powered yachts in the 40- to 70-metre range with MTU/Rolls-Royce. German builder Lürssen is also backing methanol as a future fuel. The MTU methanol engine, which is expected to be spark-ignited, will be based on the MTU Series 4000. Methanol requires significantly less storage space than hydrogen, but being half as energy dense as diesel, it requires twice as much fuel for the same range.

For some yards and owners, old habits die hard and a potential lack of abundantly available alternative fuels, as well as fear of new technology, are limiting alternative fuels to powering the hotel load only. Other builders are offering a hybrid solution of various power sources.

Another solution being increasingly implemented is solar. Our investigation discovered that 112 projects (9.6 per cent) in the current GOB will be fitted with this technology, reducing dependency on fossil fuels. During the latest Fort Lauderdale show, we saw the efficiency of this option on the first VisionF 82 catamaran. With refrigerators and lights on all day, solar panels fitted on its giant hardtop maintained 100 per cent of the hotel load throughout the show.

Interiors are also moving to recycled or sustainable materials. The transition to a truly green future has only just begun for superyachts, but few industries are evolving as fast on this front.

**FINAL WORD**

The new construction market is following what we’re seeing in the brokerage sector. After two years of unprecedented sales on the secondary

**PROJECTS BY TYPE**

TYPE	EXPEDITION	MOTOR	OPEN	SPORTFISH	SAILING	TOTAL
2024	99	917	54	25	71	1,166
2023	88	955	55	34	71	1,203
2022	85	780	61	28	70	1,024
2021	64	628	58	12	59	821
2020	58	620	59	11	59	807
2019	55	653	56	15	51	830
2018	60	582	39	22	70	773
2017	55	548	58	24	75	760
2016	55	558	40	18	83	754
2015	37	540	42	16	89	734
2014	37	538	51	14	95	735
2013	34	524	44	5	85	692
2012	34	525	63	13	93	728
2011	31	547	69	15	87	749
2010	24	592	93	8	46	763
2009	21	812	103	7	65	1,008
2008	19	731	101	5	60	916
2007	14	602	89	13	59	777

8.5%

The explorer yacht segment’s share of the current GOB

112

Number of projects that will be fitted with solar technology

255

Number of projects being built on speculation

market, we are back to a “new normal” for brokerage, which remains at a level above that experienced pre-Covid. It’s anticipated that the GOB will settle in a similar fashion.

Even if trends are not yet completely clear, the peak in orders appears to be behind us, but the backlog of orders means shipyards will stay busy for the next three or four years. We have also recorded a growth in speculative production, bucking a trend of declining spec builds that started in 2018. We recorded 255 projects started without owners in this GOB, up from 234 in the last, an increase of nine per cent. While not a wild swing, it does show that the market is changing – and can be directly linked to the bullish attitude of

**SEEING IS BELIEVING**

The Global Order Book follows a strict process, involving visits of the yards involved each year to verify projects under construction, hull numbers and capacity of production. This year, 46 shipyards in 12 countries were visited for this report, accounting for 693 projects (59.4 per cent of global production). Shipyards we are not

able to visit are scrutinised using order lists showing deposits taken, as well as data obtained from dealers, OEMs, flag states and class registries. New this year are special GOB reports dedicated to each country and published after our visits. They are free for BOATPro subscribers, and available at [boatint.com/boatpro](https://boatint.com/boatpro)

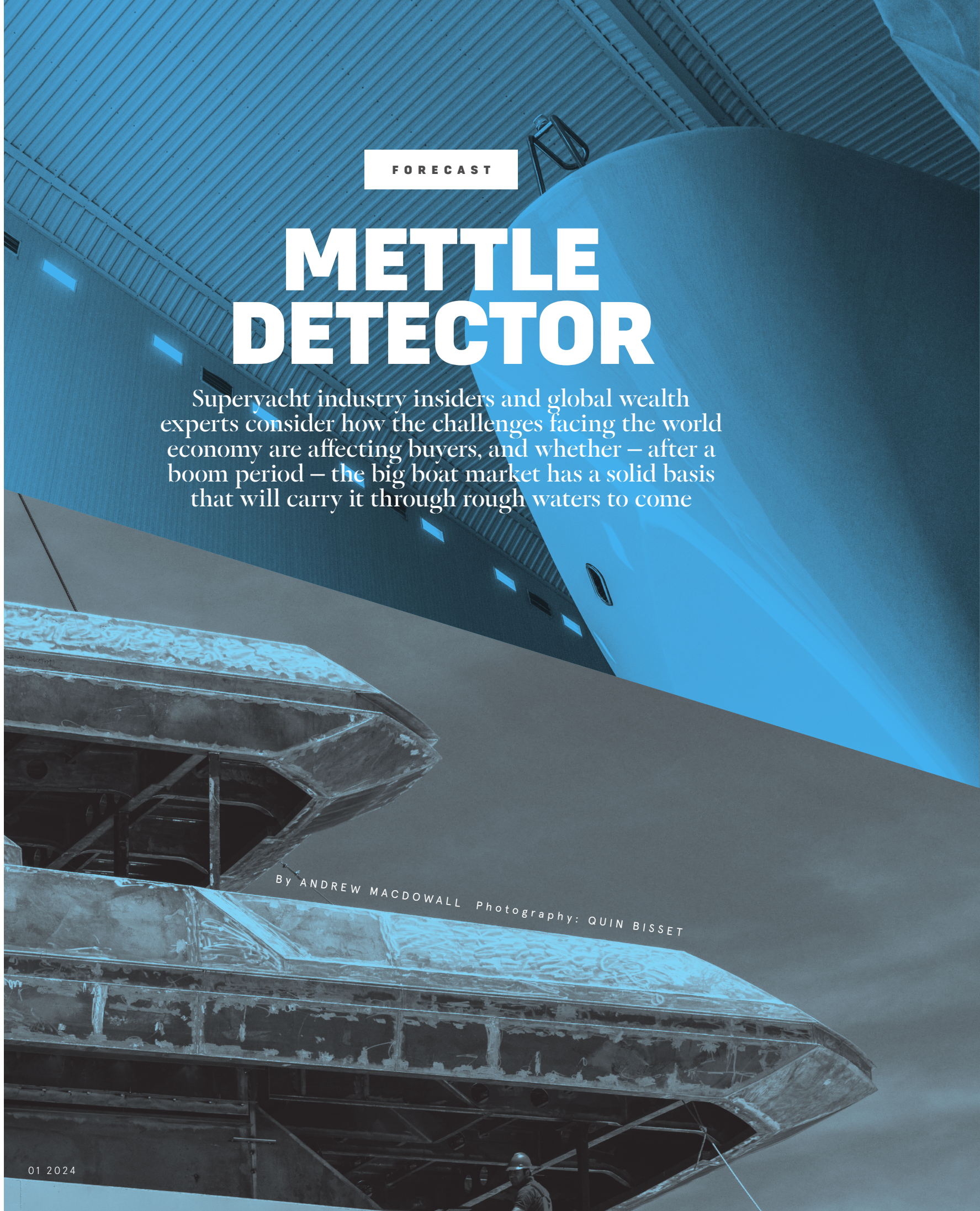
Turkish shipyards laying keels in anticipation of finding an owner some way through construction.

The industry is all-too aware that the client pool is limited and growing economic headwinds can seriously dent demand. However, new markets are opening. One well-informed source told us that enquiries from South East Asia were ticking up promisingly. Sales and marketing teams at shipyards across the world have their work cut out for them to open new territories and appeal to younger audiences, to avoid a repeat of the years following 2008. Many in the industry well remember the giant sheds in Italy’s Massa region being full of projects before 2008 and then seeing them empty, closed, without activity. Today, those same sheds are full again. The recent investment by shipyards has hopefully put them on a more long-term, and sustainable, footing. **B**

For a deeper analysis of our Global Order Book data and more, sign up to BOATPro Premium. With our unique combination of industry intelligence and complete customisation you can build the reports you need while keeping your business at the forefront of the superyacht market. [boatint.com/boatpro](https://boatint.com/boatpro)







FORECAST

# METTLE DETECTOR

Superyacht industry insiders and global wealth experts consider how the challenges facing the world economy are affecting buyers, and whether – after a boom period – the big boat market has a solid basis that will carry it through rough waters to come

By ANDREW MACDOWALL Photography: QUIN BISSET

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tubbornly high inflation and interest rates, an ongoing war in Ukraine with little sign of an end, growing concerns over China's economic health and sluggish performance

from leading European markets – it has been another difficult year for the global economy. The International Monetary Fund (IMF) forecasts that growth dropped from 3.5 per cent in 2022 to three per cent in 2023, with inflation only moderating from 6.9 per cent to 5.8 per cent.

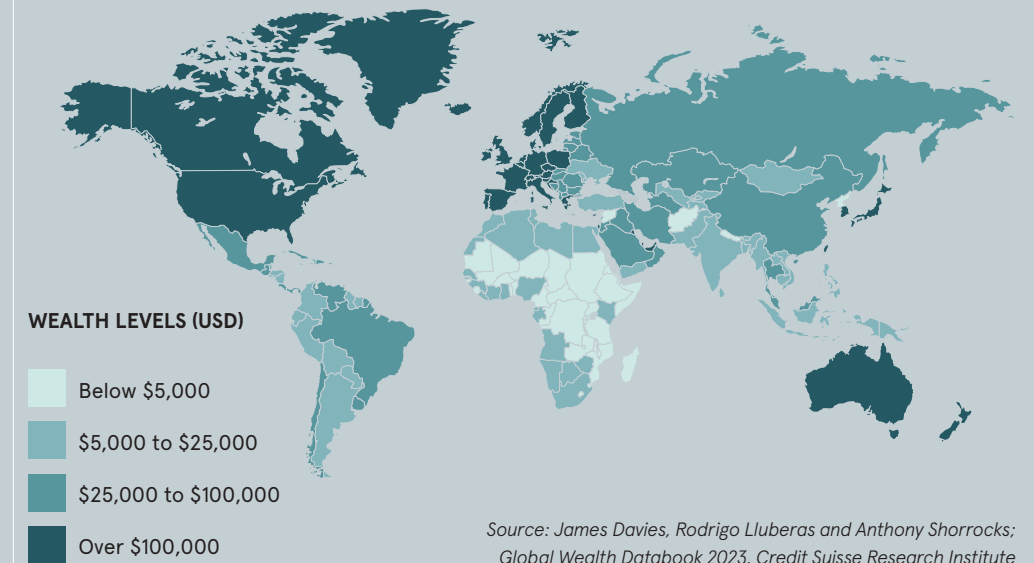
Following its strong post-pandemic recovery, the superyacht industry has seen a cooling in this economic context. "The market has certainly slowed down compared to recent years," says Benjamin Bensahel, European head of sales and brokerage at Camper & Nicholsons. "We are seeing more and more yachts that were bought in the past three years coming back onto the market. This is resulting in a lot of price reductions on yachts already listed for sale. We have clearly shifted into a buyers' market."

Inflation and continued supply chain bottlenecks have also had an impact on the yacht-building industry, with builders and brokers weighing up how much of rising costs to pass on to clients. Yet the picture is far from one of doom and gloom. The market is still strong; the bull market of 2021 to 2022 was always unlikely to be sustained. As ever, it is important to bear in mind that superyacht buyers are ultra-high-net-worth individuals (UHNWIs). They are generally more resilient to high interest rates than less affluent households, and more accommodated to seeing significant fluctuations in their net worth. There were 243,000 UHNWIs globally at the end of 2022, down 22,500 from 2021, due largely to falling share prices, according to UBS's *Global Wealth Report 2023*, which defines an UHNWI as having net wealth of more than \$50 million (£39.8m). Yet there are four times as many such individuals globally than there were in 2008, and UHNW numbers have grown 60,000 over the past three years alone (growth in 2020 to 2021 more than offset the 2022 drop).

"Demand for yacht ownership remains very strong worldwide despite a reduction in activity compared to the outstanding post-Covid years of

## WORLD WEALTH MAP 2022

Geographical variations in levels of wealth per adult across the globe



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks; Global Wealth Databook 2023. Credit Suisse Research Institute

2021 and 2022," says Mark Duncan, director of business development and marketing at Fraser.

Duncan says that the company is seeing "another top-three" year in 2023. At the time of writing, Fraser had 85 yachts for sale, ranging from 24 metres to 90 metres-plus, and it saw 32 sales in the 24 metre and up category in the year to August. Duncan says that the sector as a whole is seeing more demand from experienced buyers for yachts in the 60-metre-plus segment, while there are fewer new buyers in the 24- to 40-metre segment, which is traditionally the "entry-level sector" for superyacht ownership. Fraser itself sold the 89-metre Amels *Here Comes The Sun* in just over 40 days in an in-house deal, and the 75-metre Feadship *Arrow* in just 10 weeks.

A combination of inflation, supply-chain issues and long waiting lists for new builds have seen some newcomers to the market pivot to pre-owned vessels in order to find a yacht that meets their expectations, with or without refits. And some of those waiting for their new-build projects to be completed are also buying smaller pre-owned vessels to use in the interim. But order books at many yards are still looking remarkably healthy.

**"Superyacht sales are down from 2021 but are still robust when compared to levels over the past five years"**

Damen Yachting has sold six of its Amels 60 superyachts to date, with the second, *Entourage*, delivered in early 2023. The Dutch yard marked the technical launch of its first Amels 80 and Amels 120 Full Custom vessels in 2023, catering to demand for larger superyachts.

Taiwanese yard Ocean Alexander notes that its 37-metre Legend and 35-metre Revolution "continue to find remarkable success, with a backlog of sales", while its new 32-metre Explorer (E series) has "found a solid footing". "The insatiable appetite in the years prior has certainly been stabilised, and now we continue to see reliable and more predictable sales trends," says Dan Mundy, head of global operations at Ocean Alexander. "Inflation has certainly impacted everyone, including manufacturing. OA has made strategic and responsible decisions to minimally pass along these costs yet offset many of our core competencies in manufacturing to keep our overall price structure competitive. That said, we continue to find new ways to bring our products to market without placing this burden on our future owners."

Mundy adds that interest rates have placed some restraints on buyers, though the company,

60K

The number of new UHNWIs globally in the last three years

38%

The US's share of the world's USD millionaires

15%

The chance of a US recession, according to Goldman Sachs



like many others, generally sees cash transactions. “We certainly are aware that leverage happens behind the scenes and feel that our owners are finding conservative ways to adapt. As a company, we operate in a conservative method to not rely on outside capital, which allows us to be more nimble in changing markets,” says Mundy.

Lisa Verbit, national marine executive at Bank of America, says that while the number of yacht loans the bank is closing is lower than in 2021 or 2022, the dollar volume is up considerably due to the size of the loans – which are used as financial tools by the wealthy customers who do not need to take on debt to acquire yachts.

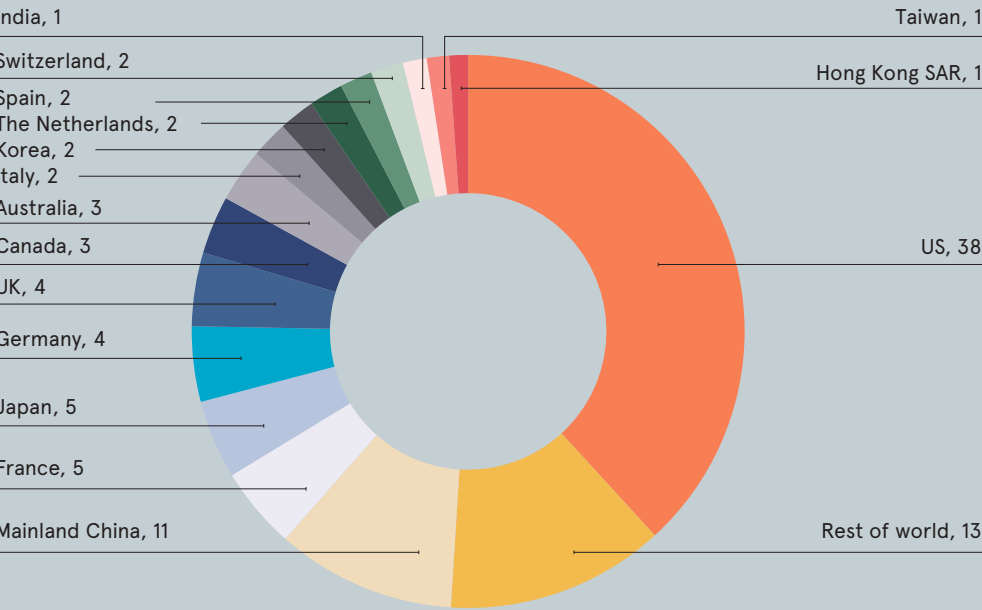
“Superyacht sales are down from the high in 2021 but are still robust when compared to levels over the past five years,” says Verbit. “Clients who see a favourable arbitrage opportunity are entering into new yacht loan facilities with us, as well as opting to renew existing loans. The higher interest rate environment is expected to persist; just how high remains to be seen, but there is an expectation that there will be a new ‘norm’ for the level of interest rates.”

This, however, is unlikely to have much effect on superyacht buyers because, as Verbit puts it, “UHNW clients don’t need to finance their yachts, they choose to do so.”

After a turbulent few years with Covid-19, the invasion of Ukraine and now conflict in the Middle East, the economic outlook remains

MILLIONAIRES BY MARKET

Percentage of world total by country, 2022



Source: James Davies, Rodrigo Lluberas and Anthony Shorrock; Global Wealth Databook 2023

2.9%

The IMF’s forecast for global growth in 2024

372K

The number of UHNWIs predicted in 2027, as forecast by UBS

5.8%

Global inflation in 2023, according to the IMF

cloudy. In October 2023, global investment bank Goldman Sachs forecast a near-term “pothole” in US economic growth, with a sharp slowdown from 3.5 per cent in the third quarter of the year to 0.7 per cent in the fourth. Drags on the world’s largest economy include the end of the student loan moratorium, strikes in the automotive sector, rising oil prices, tightening financial conditions due to a “higher-for-longer” outlook for Federal Reserve interest rates and a slowdown in consumer spending after a strong summer.

Economists surveyed by Bloomberg in September 2023 forecast a 55 per cent chance of a US recession in the following 12 months – the lowest level for a year, indicating a rather gloomy but somewhat improving sentiment. Goldman Sachs is more upbeat, predicting only a 15 per cent chance of recession.

On the downside, interest rates look set to remain high, and equity markets have already been hit by the “higher-for-longer” outlook, while a September sell-off drove the yield on 10-year US Treasuries to a 10-year high. The rate outlook

could stall a recovering housing market, and, some argue, the impact of higher rates has not fully fed through to the real economy yet, so rapid were the rises. A prolonged or extended war in the Middle East would both push up oil prices further and hit investor sentiment. Meanwhile, China is embroiled in an ongoing property sector crisis that could prove a long-term drag on the domestic and global economies.

Goldman’s more upbeat outlook is based on the judgement that the weaknesses seen in Q4 2023 will be short-lived and that fundamentals are favourable in the US: rising real disposable income, “stellar” news on inflation (despite upward pressure from oil prices) and labour market rebalancing. The bank also sees positive global news from international indicators including Korean exports, and likely monetary policy easing both in emerging markets and the eurozone and UK as inflation falls. However, Goldman also notes the risks from the Chinese property market, and says that China’s growth is likely to trend downward in coming years.

The IMF October 2023 *World Economic Outlook* reflects this mixed picture – it forecasts that global growth will slow to 2.9 per cent in 2024, with the US seeing a drop to 1.5 per cent, and global inflation not to drop to target levels until 2025.

“The macroeconomic implications that lie ahead will be watched closely as economic and political policy will not be unilateral across the world,” says Mundy. “Our primary market in the US is showing a path towards a positive future.”

Stephen Taddie, chief economist and managing partner at wealth management and financial advisory firm HoyleCohen, says that investment markets, important for UHNW wealth, have been mixed over the past two years, with stocks recovering from pandemic lows but interest rate increases over the past 18 months hammering bond prices and having a negative impact on real-estate values. UHNWI spending is changing – potentially in the yachting market’s favour.

“The rich have never been wealthier, and their spending is still in high gear”



“The feared ‘richcession’ is not playing out in theatres everywhere. The rich have never been wealthier, and their spending is still in high gear,” says Taddie. “But the direction of that spending has shifted from high-end goods to high-end services. Most have ‘spent up’ demand for typical high-end items, but still have ‘pent up’ demand for high-end services and ultra high-end goods.”

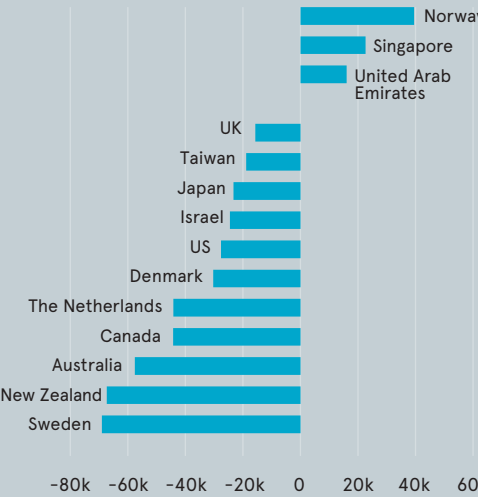
With volatility meaning that large investment portfolios see substantial swings in value, some UHNWIs will choose to spend large sums on individual experiences, rather than seeing continued negative return on portfolio investments, Taddie adds.

“Smart, ultra-rich investors are typically ultra-long-term investors, as it has been hammered into their heads that reactionary moves with respect to investments are usually counterproductive,” Taddie says. “Without disturbing current investments – heeding that age-old wisdom – shifting the destination of incoming cash flow towards once-in-a-lifetime or bucket-list experiences is easy. With money markets sporting five per cent yields, the extra interest earnings can go towards an extra day of fun.”

More good news for the industry is that the number of people able to afford that extra day is set to grow strongly over the coming years. UBS forecasts that the number of UHNWIs globally will grow by 129,000 to reach 372,000 by 2027. More than half of UHNWIs reside in North America, with Asia-Pacific (APAC, including China and India) home to 66,000, and Europe 40,000. APAC is expected to see particularly strong growth over the next five years, with UHNWIs doubling to 123,000. With 56 per cent of them in China, the country is expected to have more ultra-rich (68,000) than all Europe (57,000).

“While Asia is not an emerging market, it is still full of potential,” says Bensahel. “Beyond our office in Hong Kong, Camper & Nicholson’s has invested in offices in Singapore and is looking to further increase our activity in this region.”

CHANGE IN WEALTH PER ADULT (USD), 2022 – BIGGEST GAINS AND LOSSES



Source: James Davies, Rodrigo Lluberas and Anthony Shorrock; Global Wealth Databook 2023

Bensahel expects continued growth in the global superyacht fleet, with many recently purchased new-build yachts launched. A number of market trends are emerging, driven both by economics and changing tastes. He says that tighter regulations that limit coastal access to smaller boats may see owners of 30- to 35-metre vessels step down to smaller yachts, chartering larger ones when they need to.

Rose Damen, managing director of Damen Yachting, expects continued growth in its Yacht Support segment – purpose-built support vessels for superyachts. In 2023, it launched its first Yacht Support 53, which forms the centrepiece of Anthony Hsieh’s *Bad Company* fishing fleet, playing a central role in an extensive fishing programme that combines fishing in relatively unchartered waters and support for several marine conservation projects. Damen Yachting also delivered a 75-metre Disaster Relief Vessel

based on the Yacht Support Platform (see page 118 for our exclusive interview with Hsieh).

In May 2023, Damen Yachting announced a collaboration with Danish methanol fuel cell developer Blue World Technologies, which will help the builder focus on next-generation technology that can help deliver more sustainable vessels as well as more efficient operation.

“I am very encouraged with the adaptation of the yacht industry putting greater focus on sustainability,” says Mundy. “While not all owners are demanding it today, the industry remains committed to moving our offerings into this realm.” He also underlines the importance of ensuring proper engineering and safety while transitioning towards more green initiatives.

Demand for greener technology is driven in part by younger new buyers, who are reshaping demand in other ways, too. Fraser’s Duncan says there has been a surge in coverage of yachts through social media and influencers, as well as the mainstream luxury press, as part of “an incredible increase in client numbers across the board”. The influx of younger clients has led to an impetus to deploy the user-experience advantages of marketing technology and deep data to improve client experience – which such buyers are used to in other parts of their lives.

In the coming years, Duncan says that there will be an increased need for key industry players to work more closely together on areas that have an impact on all participations, not least in focusing on a harmonised approach to sustainability initiatives.

“As an industry, in many ways, we have taken leaps and bounds in the right direction, even in just the last three or four years,” says Duncan. “But coherence and consistency remain challenges to be overcome by every single player: shipyards, designers, architects, brokers, yacht managers, crew, marinas, governments and, of course, those who stand to enjoy the most from our shared vision together – our clients.” ■