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The Business of Super Yachts - Meet the Big Players

Ever wondered who built the world's top 5 largest yachts and who owns them?

Despite the looming financial crisis that has the entire world braced for the worst, the uber-elite end of the yachting industry that manufactures super yachts (motor yachts over 30 meters long¹) is showing little signs of slowing down. A Super-yachting Index compiled by The Luxury Institute with yacht broker and charter company Camper & Nicholson's International, found that new orders for yachts over 40 meters were up nearly 20 percent in 2008 in the first two quarters – and many companies report that orders are still steadily spilling in, with build slots at most major shipbuilders full.²

“There’s a slowing down in growth in the high-end yacht market, and a softening in the mid-range yacht market, now that financing isn’t readily available,” said Executive Manager, Erwin Bamps, of Ajman-based boat builders, Gulf Craft Inc.. “It really remains to be seen what will happen, but we are still receiving orders for super yachts.”

More proof that the large yacht industry is going strong is 2009’s upcoming ‘invitation only’ Abu Dhabi Yacht Show which was 80 % sold out five months before the event. Rivaling the annual Monaco Yacht Show in terms of A-list invitees and top-tier exhibitors, the super and mega yacht show is the first of its kind, and may in large part attribute its eager exhibitor participation to the UAE’s rapidly developing marine industry. Many of the upcoming exclusive developments – Yas Marina,

¹ Erwin Bamps – Executive Manager, Gulf Craft Inc.



surrounded by the upcoming Formula One racetrack, located at Yas Island, Abu Dhabi and the Palm Jumeirah Mega Yacht Marina in Dubai – are designed to cater to super and mega yachts and the super luxurious lifestyle that accompanies them.

The rise of the super and mega yacht lifestyle is a boom that can be likened to that seen in the global real estate market. Going back over a decade to 1997, there were just 241 yachts longer than 25 meters being built across the globe. By 2007 this number had soared to 916 vessels, with over 254 new orders placed for super yachts over 40 meters - up from 134 orders in 2005.³ With bigger and more and more luxurious super yachts being built, coming to signify bigger and better status in high-net worth circles, classifications have been growing along with the length of the yachts, with terms like 'mega yachts' (yachts over 45 meters) and 'giga yachts' (yachts 60 meters long or longer) starting to infiltrate the market.

With only a very small percentage of the world's shipyards able to build such behemoths of the sea, price tags running upwards of 15 million USD and into the hundreds of millions, and the cost of operations a staggering amount to most people, who are the shipyards behind the world's largest yachts and who is the wealthy elite that can afford to sustain this ultra-luxurious lifestyle?

Considering that the country is known for its superior engineering in industries ranging from automobiles to bridge building, it shouldn't come as a surprise that Germany is one of the leading super yacht builders. Thirteen German shipyards built more than one-third – 34 - of the boats on the *Power & Motoryacht* 100 (an annual ranking of the world's best and biggest super yachts), and 13 of those are ranked in the top 20. A distant second, Holland, has 22 boats from seven shipyards on our list. Combined, nearly 60 percent of the *Power & Motoryacht* 100 potentially had their maiden voyage on the North Sea.⁴

Though not known for building the largest super yachts in terms of length, Italy ranks high for the sheer number of shipyards building luxury yachts – over 30; and

³ www.cnn.com/worldsport

⁴ www.powerandmotoryacht.com



other top-producing countries include the United Kingdom, the United States, Canada, Australia and New Zealand. The UAE has its own super yacht shipyards, as well, with Ajman-based Gulf Craft Inc. able to boast of having built the largest super yachts in the Middle East under the name of Majesty Yachts.

So who buys and operates these enormous and expensive luxury yachts? Look no further than Dubai: Middle East Royalty, of course, are among the top five biggest luxury yacht owners, with 158 meter long '*Dubai*,' owned by His Highness Sheikh Mohammed bin Rashid Al Maktoum, leading the list. Jointly built by Luerksen and Blohm & Voss Shipyards, both from Germany, the vessel is larger than a Royal Navy Type 42 Destroyer and is powered by four diesel engines with over 9000 horsepower.

Valued at over USD 300 million, *Dubai* is considered the most expensive and luxurious super yacht in the world.⁵ It has so many impressive features it's hard to list them all, but here's a sample: along with the requisite helipad, it has an on-deck small aircraft hangar, a submarine for underwater explorations up to 12 people, a full-fledged spa, awe-inspiring Philip Starck interiors, a modern gym with squash courts, and a high tech security system befitting of His Excellency's stature, just to name a few.

The next biggest super yachts are as follows: The second biggest super yacht in the world, *Al Said*, is owned by Sultan Qaboos bin Said of Oman. Also built by Luerksen, it measures 155 meters long. The Saudi royal family's 147 meter *Prince Abdul Aziz* ranks at number three.⁶ Built by Danish shipyard Helsingor Vaerft, it topped the list for more than 20 years before Sheikh Mohammed's *Dubai* was launched down the slipway. (Helsingor also built the 82 m palatial pleasure yacht, *Basrah Breeze* - formerly owned by Saddam Hussein - that features swimming pools and opulent salons, as well as a rocket launcher and mini-submarine.) Fourth is the Egyptian presidential yacht, *El Horriya*, which measures 145.7 meters. Built by then popular shipbuilders, Samuda Brothers, on the Isle of Dog, London in 1865, it was rebuilt in

⁵ www.cnn.com/world

⁶ New York Times article, 2007, www.cnn.com/world



1963 by the Egyptian navy. And fifth, built by German shipyards HDW and Luerksen, is *Al Salamah*, owned by Saudi Arabia's Crown Prince and First Deputy Prime Minister Sultan Prince bin Abdul Aziz al Saud, measuring in at 140 meters.

However, everybody is going to be knocked down a notch – for a short time - when Russian billionaire Roman Abramovich launches *Eclipse*, rumoured to be at least 187.1 meters in length. *Eclipse* is under construction at German shipyard, Blohm & Voss, and it has an estimated cost of \$300 million. Once expected to be the super yacht that trumps all super yachts, it boasts two helicopter pads, a swimming pool, three launch boats, a submarine, and, newspapers report, its own missile defense system.

It will be a short-lived triumph, however, as inside reports say His Excellency, Sheikh Mohammed, has an even bigger super yacht than *Eclipse* being built, knocking Abramovich back into second place – and, surely, even larger super yachts are on the way.

For those who wish to experience the lifestyle, for a fleeting time, there is hope – the yacht charter industry is huge, and many of these top yachts are on the market. In fact, not all super yacht owners possess the fortune to maintain their yachts for exclusive use, especially in times of financial crisis - those without such giant financial backing as Abramovich may be forced to leave the market. Some owners of smaller vessels may look to share ownership or charter their vessel out more often in order to maintain possession.

Tim Wiltshire, director and sales broker at international yacht company Burgess Yachts, says the chartering market is expected to remain reasonably strong through the crisis, although it could be affected by people wanting to spend less money on holidays.

"We certainly haven't seen a crash. We are looking at people being more concerned about how they spend their money, so we may see a price realignment," he explained in a recent interview with CNN. "But the demand will be there. There are plenty of people on the planet that want to go boating. Some people may not want to buy and may charter instead," he said.



So, if the financial crisis doesn't worsen too much in the coming six months, the lower end super-yacht owners may yet be able to stay in the market through charters and joint ownership. And those basking in the glory of the 60 meter-plus category will most probably keep on basking.

The Abu Dhabi Yacht Show - due to take place from March 12-14, 2009 – will be held at the Abu Dhabi National Exhibition Centre (ADNEC). It will be the region's first super and mega yachts show. Exhibitors will unveil many new super yachts for the first time at the event, which is expected to attract the region's biggest VIPs.

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About Informa Yacht Group:

The Abu Dhabi Yacht Show (ADYS) is organised by Informa Yacht Group (IYG), the leading global Yachting Events Business, and a division of Informa plc, the world's largest publicly-owned organizer of exhibitions and conferences. The current IYG portfolio includes high-end events such as the Monaco Yacht Show, the brand new Abu Dhabi Yacht Show, the Superyacht Cup Regattas, the Phuket International Marine Exhibition, and the World Yacht Racing Forum.

The ADYS is a unique yachting event created to meet the demands of a high profile and discerning audience. The ADYS is a by invitation-only show with a very specific focus on super and mega yachts only. With this unique, first-to-market formula, the ADYS will set a new standard in the world of Yachting industry events and provide a world-class super and mega yacht show distinguishing it from other yacht and boat shows across the globe.

For more information and full exhibitor list, please log on to www.abudhabi yachtshow.com

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