

## Higher Values for Used Boats Despite Fewer Sales

*Luxury buyers still in the market for boats*

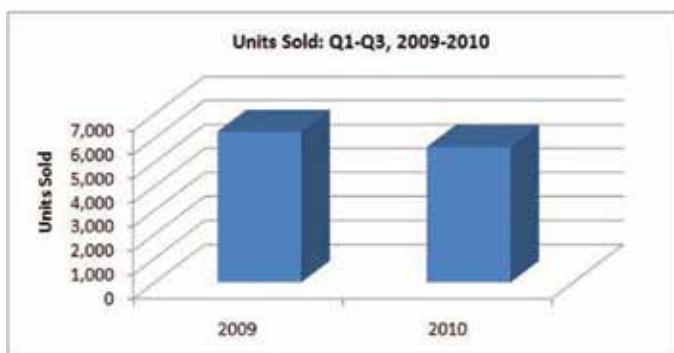
### ABSTRACT

Based on sales reported by YachtWorld.com's members in the first nine months of 2010, brokerage boats in Europe held their value despite a 10 per cent drop in the number of boats sold. While smaller boats sold at lower average valuation, boats over 10.5 metres sold for higher prices. Analysis of these statistics leads us to observe that:

- Pent-up demand for larger boats remains and luxury buyers still have the funds to act on it.
- For those spending the most in the market, we're seeing a move towards normal valuations, making this a potentially safer time to buy and sell.
- Among smaller boats, quality models at value prices are readily available.

Sales and sales prices in the UK lagged behind the rest of Europe for the first half of 2010, but moved ahead in Q3. Used powerboats prices were hardest hit later in the year, whilst those for sailboats improved. We therefore believe:

- Although sailboats may not drive a recovery in unit sales for the broader market sometime soon, they are holding their value better than powerboats.
- Those shopping for powerboats can expect more aggressive pricing in the coming months.
- The UK market, which features a more balanced mix of power and sailboat sales, may lead the rest of the EU going into 2011.



## Despite Sales Dip, Used-Boat Valuations Holding

*Are prices stabilizing and making this a safer time to buy and sell?*



Ten per cent fewer boats were sold in the EU during the first nine months of 2010, compared to the same period in 2009, yet the total valuation of 2010 sales increased slightly over 2009. This is the trend data reported to the global boat-sales website, YachtWorld.com, by EU brokerage site members. Their sales data is recorded in and aggregated for this report from SoldBoats.com, a proprietary database of YachtWorld.com.



For the first nine months of 2010, according to reporting brokers, total brokerage sales valuation was €1.14 billion. Total valuation ran well ahead of 2009 in the first two quarters, but in Q3, normally the strongest quarter for sales, valuation was down by €46.5 million, erasing most of the earlier gains.



The trend in unit sales has been, literally, up and down. In the generally slower winter months, sales were slightly higher than in 2009. In the spring, they dropped sharply, by 18 per cent, but then came closer to matching 2009 in the summer, falling only 8 per cent. Total boats reported sold were 5643, down from 6235 sold in the first nine months of 2009.

To explain why valuations may have held up despite fewer unit sales, we looked at sales data based on the length of the boats sold. Unit sales of bigger boats (all boats over 16 metres long) were down only 4 to 5 per cent, and valuations of those sales actually increased by 6 per cent, through last September. By comparison, unit sales in mid-size and smaller categories fell 5 to 15 per cent; valuations were up slightly for mid-size boats, but lower among the smaller boats.

### **YW.com Index View**

*For those looking to sell or buy, the total valuation would indicate some stability in the brokerage market. On closer inspection, the picture is more complex. But there's encouraging news for buyers of larger and smaller boats.*

We also noted that in Q1, mid-size boats (11 to 14 metres long) were selling better than in 2009, up 10 per cent in units, and the total of all boats sold under 14 metres were valued at prices 10 to 20 per cent higher. The picture changed significantly in Q2 and Q3, with fewer smaller boats selling and at lower prices relative to 2009, while only bigger boat sales held up.

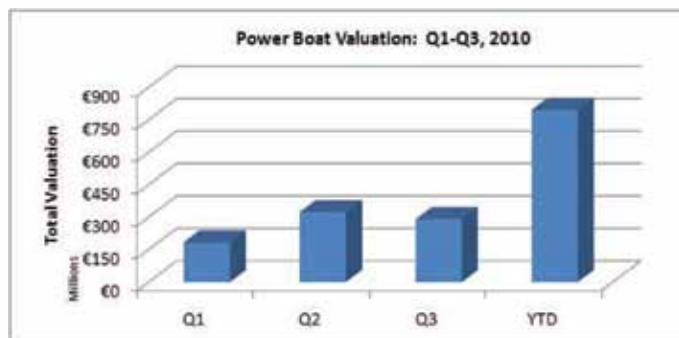
### **YW.com Index View**

*Big boat prices are relatively stable, which should encourage anyone anxious to see good resale value in their purchase. By contrast, it's a buyers' market for smaller boats, and quality boats can be had for reasonable prices.*

## Strong Powerboat Sales, Trending Downward

*Prices likely to follow suit*

Another breakdown in the SoldBoats.com data we considered was the relative strength of powerboat sales compared to those of sailboats. In 2010, powerboat sales started out strongly against 2009 (up 17 per cent in Q1), then slipped, so total unit sales of 3051 powerboats after three quarters were down 1 per cent compared to the previous year.



### **YW.com Index View**

*Buyers may find powerboats selling for generally lower prices in the months ahead as supply exceeds demand. By comparison, sailboat values already appear to be trending upward.*

By comparison, sailboat sales have been off by double-digit percentages in every quarter and are down 18 per cent for the year to date, with 2592 boats sold. Q2 was the worst quarter for both power and sail by all measurements.

Notably, however, the Q3 results in the sailboat sector showed improvement. Despite being down 13 per cent in unit sales, the total valuation of sailboat sales by brokerages was up by €53 million. Nine months into the year, the strength of sailboat valuations had made up for losses in power valuations. With three months remaining in the year, 2010 power and sail valuations combined were ahead of 2009 by €65 million, or 6 per cent.

## United States Brokerage on Track for Improved 2010

*Big boats move market again after summer slowdown*

For the first six months of 2010, brokerage sales across the Atlantic were much stronger than in 2009, according to reports by YachtWorld.com member firms in the United States. Unit sales and total sales valuations showed gains above 20 and 30 per cent, respectively; however, weaker sales through the summer reduced early gains. After nine months, unit sales were up 11 per cent. Total valuations were up 17 per cent, to \$2.38 billion.

More recent reports indicate that the market is picking up steam again; November sales valuations were 76 per cent higher than a year earlier. As in Europe, big-boat sales were driving the increased valuations. Unlike the European market, approximately 80 per cent of all boats sold are powerboats, and compared to 2009, vessels without masts were selling better than those with masts, particularly in terms of valuations.

Looking farther afield, to the Australasian nations, YachtWorld.com has member brokerage firms in 14 countries. They don't report enough SoldBoats data to be statistically significant, but they list 7000-plus boats for sale, led by Australia and New Zealand, with 3081 and 1396 boats listed in the first nine months of 2010. Thailand (884), Hong Kong (764) and Singapore (307) round out the top five countries with brokerage listings. Other countries include China, India, Indonesia, Japan, Maldives, Papua New Guinea, Philippines, Seychelles, and Taiwan.

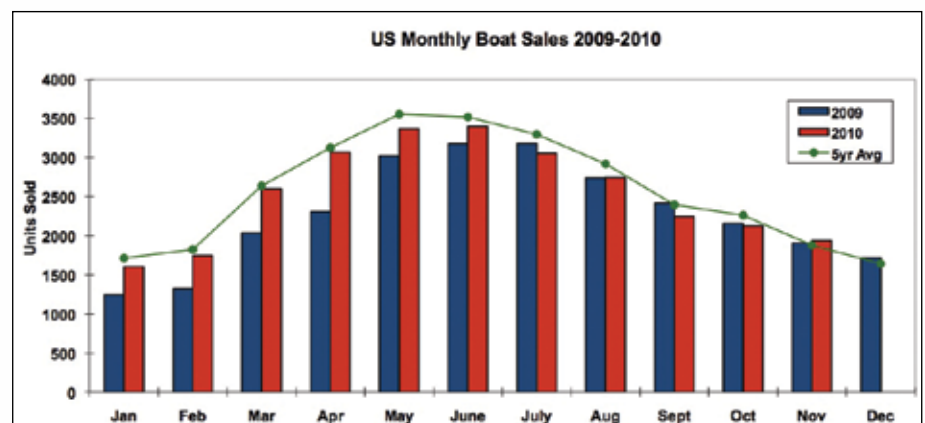
In terms of listings valuations, these countries have \$US 7.997 billion in listings, led by Australia, \$US 2.45 billion; New Zealand, \$US 1.88 billion; and Hong Kong, \$US 960 million. Since 2008, the listed value of the boats for sale has grown 9 per cent, from \$US 7.348 billion.

### YW.com Index View

*The US experienced the recession earlier than Europe and is making a modest if bumpy recovery, as reflected in the improving sales and valuations of brokerage boats. We'll watch sales in the US in 2011 as a key indicator for Europe's brokerage market.*

### YW.com Index View

*Valuations of brokerage boats offered for sale increased in Australasia despite the economic downturn in most of the world. Still only a fraction of the international market, this segment will grow significantly; the only question is how fast.*



## Closer Look: UK and France

### *Will Brokerage Help Lead Recovery?*

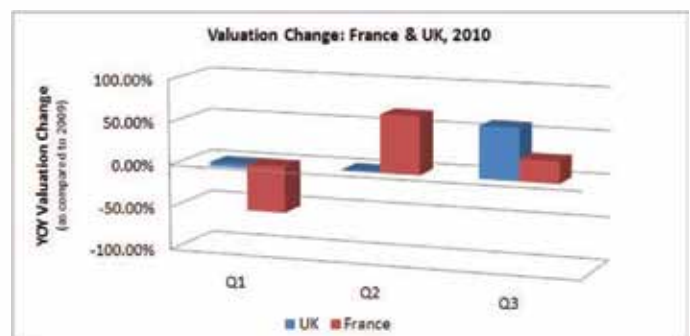
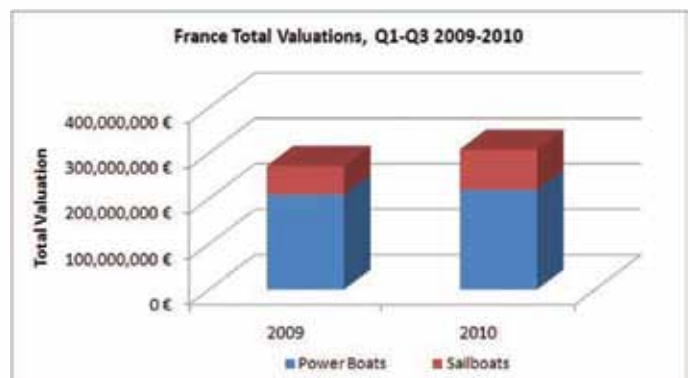
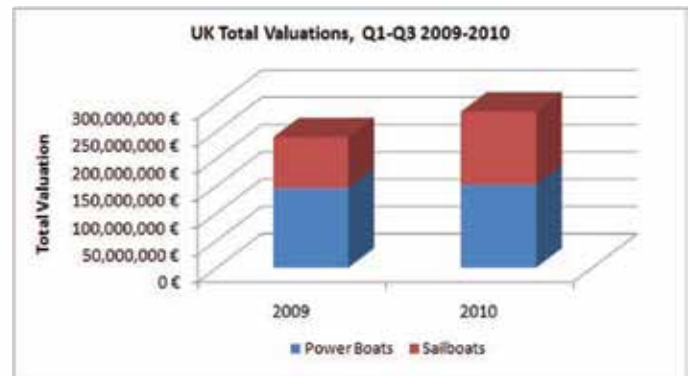
When extracted from the rest of the EU brokerage sales reported by YachtWorld.com member firms, UK sales for nine months of 2010 were unimpressive in terms of the number of boats sold—lower than 2009 by 5 to 14 per cent in each quarter. On the other hand, flat sales valuations in the first half of the year rose a provocative 60 per cent in Q3.

Analysis of the detail shows that total powerboat sales valuation in the UK was up 9 per cent in Q1, but after nine months had fallen to 4 per cent compared to 2009. In contrast, sailboat valuation was in double-digit negative territory for six months and then pulled a big reversal, mainly on the strength of sales in the over-16-metre category; in Q3 sailboat valuations more than doubled from the previous year and moved 38 per cent higher for the year to date. For power and sail combined, UK sales valuations were up 14 per cent, at \$374 million.

In France, unit sales have been flat compared to 2009, down only one per cent. Total sales valuations, after a slow Q1, ran ahead of 2009 and were up nine per cent through September 2010 at \$404 million. Powerboat sales are typically a bigger part of the brokerage market in France than in the UK, and total valuations in that segment were even with 2009 after nine months. By contrast, sailboat valuations had provided the growth, gaining 44 per cent.

#### **YW.com Index View**

*Although the EU brokerage market has been slightly weaker in 2010 than 2009, UK and France brokerages report gains in total sales valuation that indicate room for growth and recovery.*

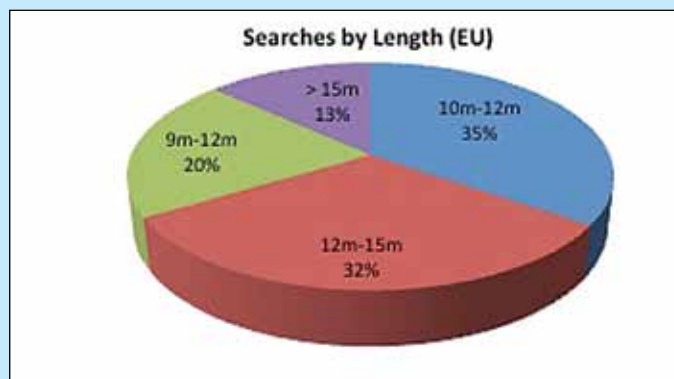


Although the number of big boats sold in France was down in each quarter—and especially in Q1—French brokers did well in selling 13 per cent more mid-size boats in the 10- to 16-metre range. Although they reported total sales valuation up for boats over 16 metres, their biggest gains came in sales of boats 10 to 13 metres (32 per cent) and 13 to 16 metres (42 per cent).

## Europe Loves Sail ... and Sunseekers

*High profile power and sail brands draw most web searches*

Unit sales for sailboats in the EU may have slipped in the first nine months of 2010, but 7.5 million unique monthly visitors were at YachtWorld.com's sites in the UK, France, and eight other countries searching mostly for used boats. (In searches that specified new or used boats, about 95 per cent of searches were for brokerage boats.) For searches in which they indicated the boat type they were after, 59 per cent were looking for sailboats, compared to 41 per cent who wanted to find a powerboat.



That statistic stands in contrast to the distribution of the approximately 50,000 listings for power and sailboats in Europe, where powerboats outnumber sail by nearly two to one. Globally, YachtWorld.com carries listings for between 110,000 and 120,000 boats at any given time, with an even higher ratio of three powerboats for every sailboat.

Despite sail's popularity in Europe, high-profile powerboat brands lead the way when builders are chosen in a search. Sunseeker, Azimut, Princess, and Sea Ray are the four most-searched powerboat brands, and Beneteau, which sells powerboats as well as its hugely popular sailboat line, ranks second, behind Sunseeker and just ahead of Azimut.

Notably, for searches conducted in the UK, Beneteau drops to third place, just behind Azimut, but another popular sailboat builder, Jeanneau moves into the top five behind Princess but ahead of Fairline, Bavaria, and Sea Ray.

### **YW.com Index View**

*The sailboat market remains a major force in Europe, but powerboat manufacturers may have done a better branding job with potential buyers.*

The "YachtWorld.com Market Index 2010", is published by YachtWorld.com – the largest worldwide database of brokerage boats. With boats for sale offered by over 10,000 individual yacht brokers in 143 countries, YachtWorld.com receives nearly 2.5 million global visits by boating enthusiasts each month. Data on completed boat sales is contributed by broker members to YachtWorld.com's proprietary website, SoldBoats.com, which currently stores detailed specifications and *actual* selling prices on over 500,000 used boats, sold since 2002.

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