

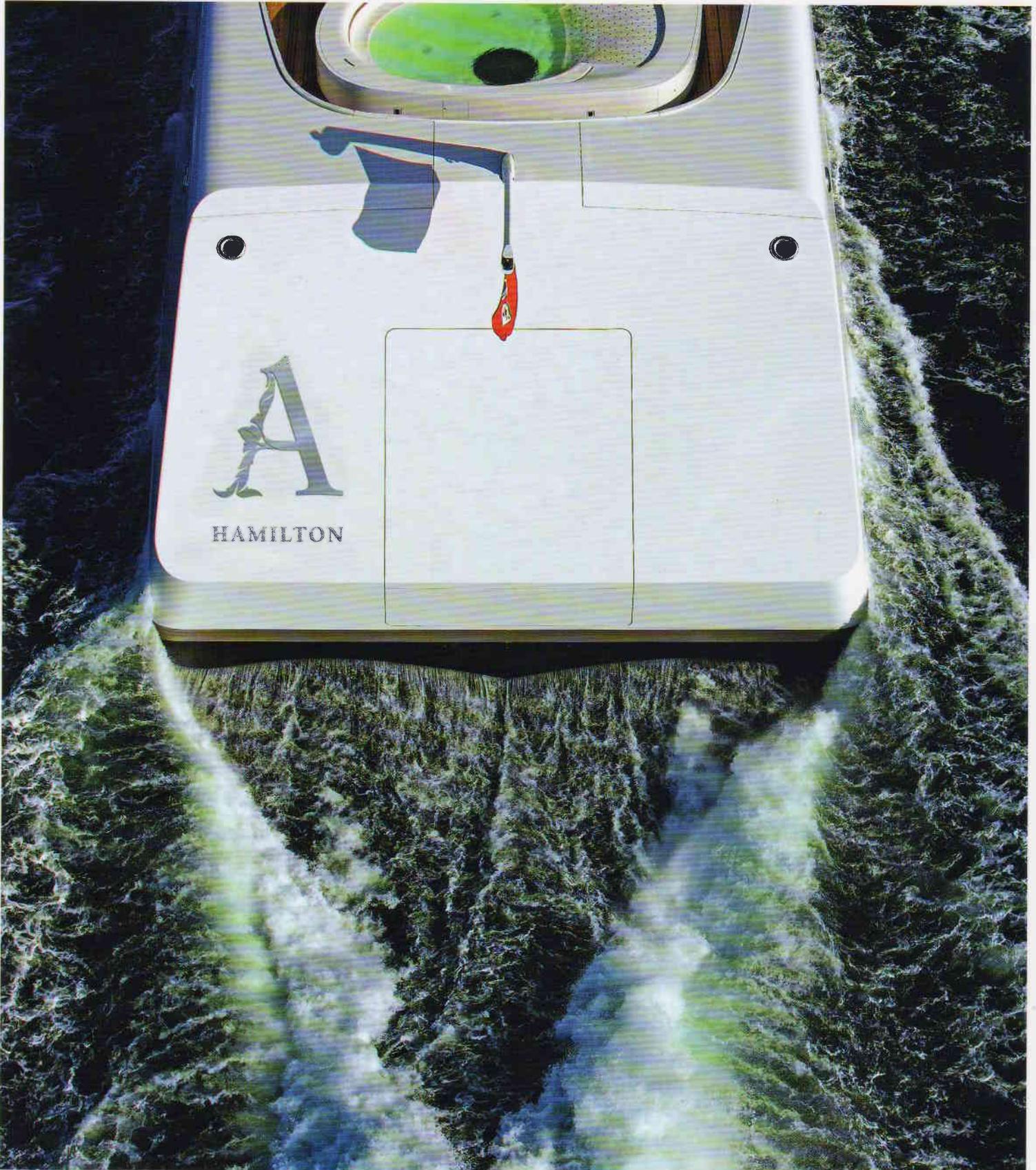
THE YACHT

report

The leading magazine for the design, construction,
management, ownership & operation of luxury yachts

Issue 96

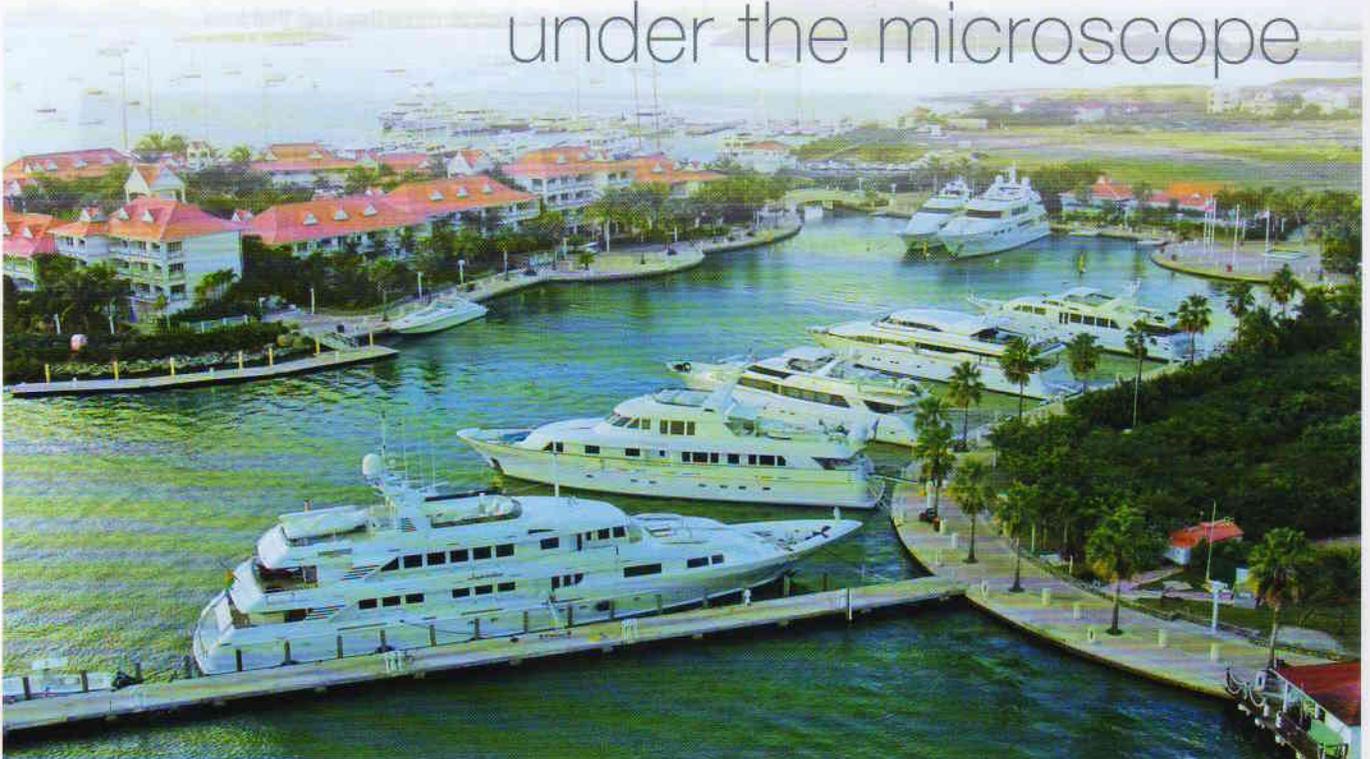
July/August 2008



The availability of suitable marina berths is a subject of much debate and concern in the current growth climate. More worrying, the growth relates not only to the size of the fleet but also the average size of yacht within it. This indicates, along with a number of other influences, a growing need for marina capacity across a wider geographical spread. David Robinson investigates.

Where have all the berths gone?

Growth of marinas under the microscope



Yacht Club Port de Plaisance, Westport, MA (Photo: Reuben Hoppenstein)

Two prime factors are underpinning the significant rise in demand for superyacht marina berths and related services. First, the growth in the fleet and the inherent increase in the average size of yachts within that fleet, and second the consistently rising need for new, different and additional cruising areas outside the present core regions of the Mediterranean and the Caribbean. Supporting these two leading market forces are a range of other factors which all cast their influence on the overall picture.

Marina market graduating to a new level

All these interlinked developments mean that the global superyacht marina/berth market is now graduating to a higher and more visible level in business and management terms. One very apparent indicator that the superyacht part of the marina market is gaining in prominence is its increased appearance on conference programmes, such as at the Global Superyacht Forum held at METS last November and at the American Superyacht Forum held earlier in San Diego. Also, for this year Andrew Farkas, the Chairman of Island Global Yachting (IGY), was the keynote speaker at the American Superyacht Forum held in Newport RI in June (a feature on the IGY/NCP Prgin marina development in Sibenik will feature in the next issue of *The Yacht Report*, along with a rival development in Montenegro).

“Megayachts are on the agenda of every marina conference these days”

Another recent example was the ICOMIA Marina Conference held in Ostend in late May. This included a dedicated megayacht session at which the speakers were Oscar Siches of Spain and Y P Loke from Singapore. Other related subjects were covered by sessions on marina classification standards, regulatory issues, marina information of the internet, optimising marina capacity and the key role of marinas in promoting nautical tourism. A number of other conferences in Europe, North America and Australasia have also addressed these issues.

“Megayachts are on the agenda of every marina conference these days,” Oscar Siches told us. “It is a subject everyone wants to talk about.” He commented that it was increasingly coming up within ICOMIA as a topic of debate and would do so more in the future. Each national organisation member is also taking surveys of berth demand and supply. For the US Association of Marina Industries (AMI), Wendy Larimer, who looks after their regulatory issues, told *TYR* that: “It is still a subject that is fairly new to us. Megayachts are on everybody’s radar these days.”

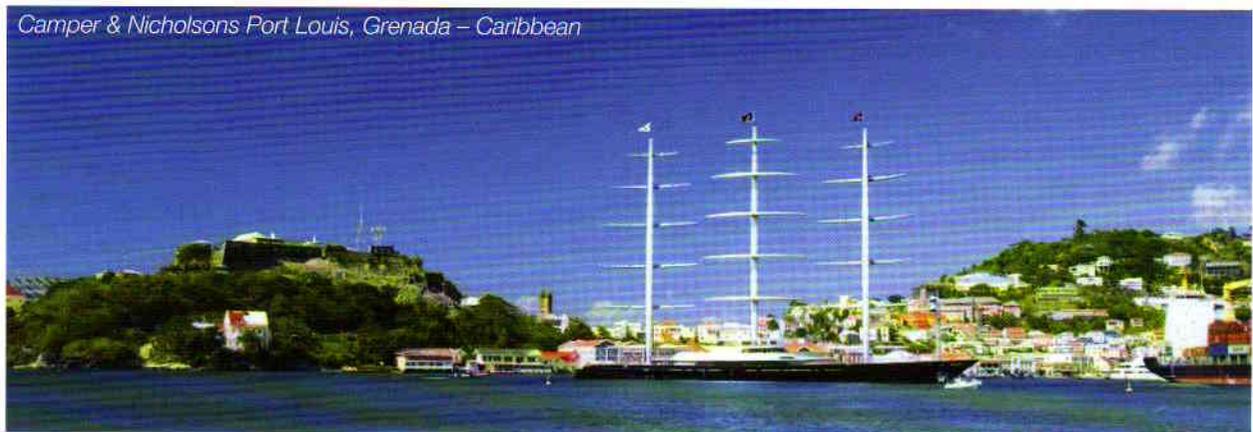
Breaking with traditions – developing new cruising options

Simply over recent years the global superyacht fleet has grown at around 20% per annum and the immediate outlook is that it will continue to do so. The total global fleet size over 24 metres is now in excess of 7,000 vessels, with the fleet over 30 metres more than half that total.

Bahia Mar South Basin



This growth in itself places pressure on the traditional Caribbean and Mediterranean cruising areas. However, there is an interest among superyacht owners to be cruising further afield and this potentially could ease the pressure and open up huge new opportunities. Not only opportunities for the superyacht owners and crews but also for all those countries in other parts of the world that recognise the economic benefits that superyachts can bring by cruising around their shores and making use of their marinas, shipyards and other services needed to service a visiting superyacht. Hence both the need and the support for developing new superyacht berths - and with the growth in the average size of yachts, the larger the berths the better.



In both the Caribbean, including the US mainland such as Florida, and the Mediterranean, superyacht marina berths, particularly for larger yacht sizes, are in short supply or are not available at all. A number of studies have been done mainly concentrating on specific areas or islands, such as those in the Caribbean, but it is recognised that much more study is required to gain the full picture on a region by region or country by country basis.

One indication of the growth in superyacht traffic in one small but very significant part of the US is provided by a report completed last for the Marine Industries Association of South Florida which focuses on the Tri-County area of Miami, Fort Lauderdale and Palm Beach. While this analysis does not look at superyacht marina berth supply and demand in its area, it does identify that in 2006 some 1,500 superyachts visited the Tri-County area and each one was responsible for a spend of \$488,000. This compares with just 800 yachts that visited in 1997, the last time the analysis was undertaken. All these had to berth somewhere and out of the 1,500 an estimated 1,400 used local shipyards.

If these findings could be extrapolated right across the region the ultimate economic impact of superyachts not only in the US but also on the various islands and countries bordering the Caribbean, would be enormous. Certainly

as regards marinas there is a lot going on. A preliminary survey of the Caribbean islands suggests that the region's marina infrastructure includes some 90 marinas spread over 25 islands or part thereof. In terms of individual yacht berths over 24 metres it translates to around 2,500, but more research is needed to confirm this.

As a total region the Mediterranean can be divided into the western and eastern parts. The former is the real traditional cruising home for superyachts in Europe with the Cote d'Azur, the Balearic Islands, Italy and Malta but it also includes the potentially new areas of Morocco, Algeria and Libya. The eastern zone takes in the right bank of the Adriatic with such countries as Croatia and Montenegro,

the popular cruising areas of Greece and Turkey and the younger markets of Tunisia, Egypt and Israel. It also potentially includes the whole of the Black Sea.

Western Med trying to win through on superyacht market expansion

In this superyacht heartland this is the area in Europe where the pressure on berth capacity is really being felt. Half of the world's superyachts are said to be in the Western Med during the summer months all competing for cruising space and berths in marinas, many of which are already full or close to being full. The ever-tighter restrictions on marina development means that in the berth versus yachts battle both sides are losing out because balancing supply and demand is impossible. Such is this situation that marina berths are now seen as a worthwhile investment opportunity.

It is difficult to get exact numbers on berth supply and demand but one Spanish Government report of around a year ago estimated that in Andalucia alone by 2005 there were 2,300 yachts looking for berths and it forecast that by 2020 this figure would reach 5,000. The marinas on the Costa del Sol provide just over 4,000 berths in total and



Puerto Calero, Lanzarote, Spain

in order to meet current demand the local tourist authority estimates that a 300% increase in berths would be needed. The Costa del Sol is especially popular because of the cheap fuel available in Gibraltar.

Superyacht berth shortfalls are a real dilemma with no ready solutions. With berths in Monaco and the more popular and crowded parts of France and Spain costing \$2 million or more for the bigger ones, the expense is becoming an issue particularly for those who wish to berth in the most popular areas.

The Eastern Mediterranean is really coming alive in superyacht terms by offering cruising opportunities, home-port locations, good value and an expanding range of marinas and support services. Additional superyacht berths are being made available throughout the region both with new projects and the expansion or modernisation of existing ones.



Marina Novigrad, Croatia

With yachting being a major activity throughout much of **North West Europe** and being a key superyacht newbuild area, the region claims both a large number of marinas and a growing number of superyacht berths. A survey by TYR of North West European marinas suggests that there are around 160 marinas with superyacht berths across 16 countries. The survey did not assess the number of actual berths for over 24-metre yachts but an estimate would be between 1,200 and 1,500. More needs to be done on this.

“ *The financial aspect of marinas is taking on a whole new face as projects get larger and more sophisticated.* ”

The UK, including Scotland, is way in front, with an estimated 65 marinas. **Germany** comes next with 19; following in third place comes **France** with 17. Most of their superyacht berths, perhaps not surprisingly are in the 25–50-metre range, with exceptions in some of the larger facilities. Saying that, a few marinas in the UK and Germany are able to accommodate yachts over 100 metres. Also, most marinas in the region have a very small percentage of berths for large yachts, reflecting the small number in relative terms of superyachts visiting or home-porting in Northern Europe.

Apart from the UK, Germany and France, the TYR survey shows up superyacht berths in Ireland, Sweden, The Netherlands, Belgium, Estonia, Russia, Portugal and northern Spain. This part of the survey also includes the Atlantic islands, that is the Canary Islands, Cape Verde Islands, the Azores and Madeira, all of which have some superyacht berths. Among new projects in Europe are marina developments at Falmouth and Portland in the UK and Kiel in Germany, all of which will have sizeable capacity for large superyachts.

Marinas and their part in new cruising areas

There is nothing new in superyachts cruising outside the traditional areas. It has been done for decades. What is different is that today it is also increasing because of the dearth of spaces in traditional cruising zones and the interest in doing so. The momentum to expand is gathering pace. The challenge is to meet the demands of this gathering momentum by putting in place the necessary support infrastructure in terms of marina berths, shipyards and the other services required.



Port Forum, Barcelona, Spain

The third cruising area effectively includes the rest of the world, starting from the Suez Canal and running right through to the US west coast, taking in the Arabian Gulf, East and South Africa/Namibia, the Indian Ocean islands, South East Asia, Australasia and the Pacific Islands and Eastern Asia. Within this vast area there are specific concentrations namely the Middle East, South East Asia and the Australia-New Zealand-Pacific islands region where marina development is particularly focused.

Of anywhere across the whole third superyacht cruising area **Australia** has developed a commitment to attract, service and retain visiting yachts for as long as possible. In forging this commitment, driven through relentlessly by SuperYacht Base Australia (SYBA), the country is on the verge of achieving a significant increase in the number of visiting superyachts of all sizes. In simple terms SYBA's strategy, supported by both the Australian Federal Government and state governments, is to promote the country as a year-round superyacht destination.

To support the total needs of such yachts a series of regional clusters, which include marinas, shipyards and a wide range of other service providers, has been established. These agglomerations cover the Great Barrier Reef, the Whitsunday Islands, Brisbane, Gold Coast, Sydney, Western Australia and Northern Australia. A new cluster is being set up for Melbourne and Tasmania to complete the chain.

Expanding superyacht marina capacity is essential to the success of the SYBA strategy to support not only the number of visiting yachts but also the growing Australian home port fleet, which is now estimated to be some 80 boats over 24 metres. In 2007 some 60 superyachts visited Australia, making over 90 individual port calls. The revenue generated by these visitors is very significant and following the introduction of new visa regulations for superyacht crews the number of yachts venturing down under is expected to rise markedly. The new visa allows superyachts to undertake cruising in Australian waters and additional transport services by Dockwise and other transporters will simplify the task of shipping yachts over the long distance involved.

Other elements in the marina boom time

Of course all this marina expansion is good news for those involved with the planning, financing, construction, operating and managing, and supply of equipment and services. The likes of Bellingham, Walcon, Rolec and Poralu, to name but a very few, are sharing in the buoyant market, and the growth in yacht size is generating bigger and better pontoons, floating or fixed and other berth options in order to ensure the safety and security of the larger yacht while alongside.

The financial aspect of marinas is taking on a whole new face as projects get larger and more sophisticated.

Last year saw the launch of the Camper & Nicholson Marina Investment Fund which has opened up a new opportunity for investors to share in this increasingly exciting business. The fund has so far invested in projects in the Mediterranean and Caribbean and it expects to use up its initial funding resources later this year, so further expansion will likely be a step in the near future. Private equity is also increasingly showing a presence in the marina sector as it is throughout the total superyacht market. The consistent expansion of IGY is one example of this and other major financial institutions are known to be viewing the marina business very closely – so a case of watch this space.

Yacht transport services expansion

Actions being taken by the leading yacht transporting operators are playing an important role not only in opening up new superyacht cruising options but for also being an incentive in developing superyacht berths. The three leading players in this specialist market are also expanding their product offerings to provide superyacht owners with more and new options as well as expanding capacity.

Conclusions

In summarising the superyacht marina market and its way forward, it is one that is facing a kaleidoscopic mixture of challenges, opportunities and problems. If we apply the old marketing SWOT (Strengths, Weaknesses, Opportunities, Threats) test I guess that in a nutshell we have something along the following lines:

Strengths

- A global market that is growing at a steady rate with the prospect of continuing to do so;

- A strong core of knowledge and expertise in terms of marina design, management and operation to support sector growth;
- Good marina standard awards and professional management qualifications.

Weaknesses

- Insufficient number of berths in some locations to meet demand;
- Inappropriate attitudes to governments in recognising the contribution superyachts can make to the local economies and responding to them accordingly.

Opportunities

- Considerable growth potential for marina sector;
- Notable financing and investment scope;
- Chance to enhance marketing and management quality in developing marinas into a better recognised business area;
- Key role to play in support marine leisure and tourism;
- Ability to share in best practice is serving and protecting the environment.

Threats

- Lack of government assistance or understanding in supporting the superyacht market, including marinas;
- Too stringent environmental or development laws.

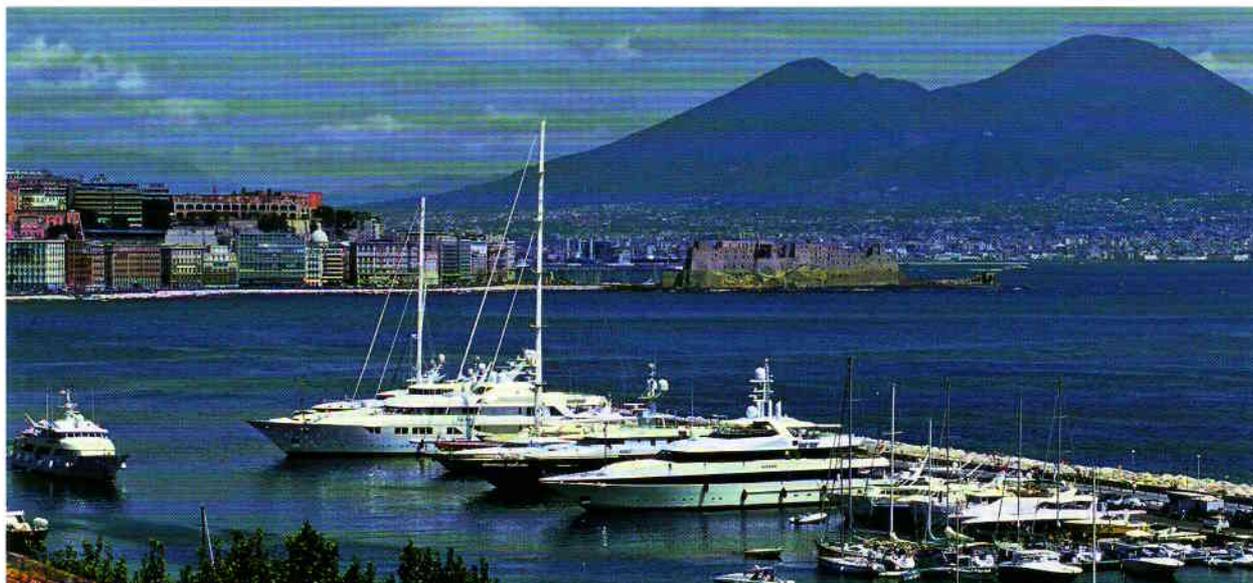
All these issues will be addressed by TYR throughout its publishing, web and event offerings, so stay in touch.

David Robinson

For a regional breakdown of marinas please visit the Synfo Extras on www.synfo.com for this issue.

READ MORE
synfo extras
www.synfo.com/extras

Naples, Italy – Marina Molo Luise



Marina Leaders' Views

As part of our Superyacht marina feature a number of leading executives in the market were asked the following questions (responses we received follow on from this):

1. Can you say how you currently view the state of the superyacht marina market and outline the key challenges for the future?
2. What is your view of the current superyacht marina berth supply and demand situation for:
 - a) 25–40 m,
 - b) 40–60 m
 - c) 60 m+
3. Do you think enough is being done by marina designers and planners to provide sufficiently large enough berths with adequate service capacities and is space availability being provided especially when considering the needs of 40-m+ yachts?
4. In respect of the needs of larger yachts do you think that marinas able to accommodate such yachts (say 40 m+) are:
 - a) Developing the marketing of their facilities appropriately?
 - b) Undertaking adequate training of their staff to provide the level of customer service required?
5. Marinas as destinations in their own right is a relatively new development in the market. How do you view this and think it will develop in the future?
6. New financing options and sources are appearing in the marina market such as investment funds and private equity acquisitions. How do you view this development and see it progressing in the future?
7. What is your view on current profitability in the marina business and what do you think needs to be done to improve it? Do you think that superyacht berths give or offer greater profit potential?
8. The marina market is very fragmented with very few groups currently owning a number of marinas. Do you see this changing in the future?
9. Looking ahead what do you see as the main developments in the superyacht market, looking particularly at the increasing development of dedicated superyacht marinas especially for vessels over 40– 50 m?
10. Any further relevant comment.

Nick Maris – Chairman of Camper & Nicholsons Marinas

1. We are certainly in a golden age of innovation, style and useability. I don't believe that any sector is wholly immune to economic cycles, but yachting, an activity that pre-dates Cleopatra, will remain one of the pinnacles of the enjoyment of wealth. That's not going to change.

2. c) 60 m+ -The supply/demand situation varies by location. We all know that the South of France, Balearics and certain Florida

locations, amongst others, have extremely limited availability – whilst other more distant areas can still offer supply. The overall picture, however, is that creating new marina space anywhere is difficult, and supply will tighten over time in all areas.

3. Marina supply is more governed by legislative and environmental restrictions and natural geographical constraints than the degree of effort of designers – and planning authorities specifically. The degree to which constraints can be overcome is a function of time and of money,

the latter depending on the returns expected from the development. Despite the best efforts of those involved it is very difficult to provide large-yacht berths, and it will become more difficult over time.

4. a) Marketing is difficult for stand-alone marinas, because the costs are high, in money and personnel. We believe that it will take larger chains of marinas to develop comprehensive marketing programs.

b) We are spending a great deal of time and effort working with our staff to develop both professional skills and appropriate attitudes to clients.

For example, we provide a logbook to our staff where their internal and external training courses are recorded, as are the periodic internal evaluations. Feedback from customer response is overwhelmingly positive; however, this is a continuing process that won't stop.

5. I'm sceptical that for clients with the sophistication of yacht owners, their guests, any marina – however extensive its facilities – can constitute a destination in the sense that a resort is a destination. An essential element of a yacht is its ability to cruise, cruising for cultural and scenic variety. Having said that, a marina certainly should be providing an experience enjoyable in its own right.

6. Funding is not the issue; it's the expertise to evaluate, and in the widest sense operate marinas that is the gating item on marina investment. I say gating items, because very few organisations have international experience in the sector. Marinas are highly complex, often with material, political, technical and commercial challenges – this puts a premium on specialist sector knowledge.

7. Marinas, like any other business, are very variable in profitability. Properly located, designed, operated and marketed they can provide steady above-inflation income streams over many years. If these factors are not right marinas can be persistent money losers. At present berthing rates and berth selling prices are good value when the difficulty of bringing new marina supply into being is recognised. Superyacht berths are important contributors to the revenue of marinas that are properly placed to service their needs. What is clear is that owners, who have bought the right superyacht berths, have found these to be very profitable investments.

8. In my mind there is no question that clients will benefit, as will investors, as groups establish international marina chains under

common ownership. I expect to see this development gather pace.

9. I believe yacht owners will become both more discriminating and demanding of marinas, expecting to see novel service offerings to meet this. Owners recognise that owning a berth has proved a good investment; I believe we'll see owners owning berths in more than one place to accommodate their cruising patterns.

the USA and few new marinas are being built in other areas of the world (Australia, Persian Gulf, Singapore, Thailand), but more yachts are being made than marina slips being created. The supply of big size moorings in the Med is not exhausted yet, but the clients are not yet ready to berth in non-traditional areas.

3. No. We are just awakening now. The berth is the smallest of problems. Space availability (parking, storerooms)



View of Montenegro where the Montenegro marina will be built

Oscar Siches (CMM) – Director & Manager of Pantalan del Mediterraneo Marina, Majorca and ICOMIA Marina Committee

1. It is driven by demand, but destination is still a key factor. We have the challenge to create superyacht marinas in non-traditional areas and attract the clients there.

2. Production of these sized yachts is inversely proportional to their sizes. Few marinas can stand a re-sizing and distribution of their moorings to the 25–30-m range. Above that the supply is scarce in the Med and

is very important, as are access and traffic management and privacy.

4. No on both counts. There is a lack of trained staff (at all levels) and only a trained manager/director of a marina can advise on the good marketing of the facilities. The training issue is being strongly addressed since a couple of years back. The only two countries I know with full tuition programs from dockhand to marina manager are Australia and the UK. The highest title within the marina world since 1990 is the Certificated Marina Manager by the International Marina Institute, and today there are only 220 CMMs from 14 countries. A group of European countries are starting a project called Seatraining but it will take some time to make it work.

5. Marinas are not parking places for yachts anymore – they are becoming small communities. This especially applies to superyachts, where the crew living on board become a steady population. Nowadays a superyacht marina designer cannot only think about the physical services for the yacht, but must also analyse very carefully the social needs of the crew. You do not need a destination marina in Liguria or Côte d’Azur, but if you



want to build and promote one in Southern Italy (Puglia) or Turkey you’d better create such a destination. When prices for superyacht moorings in traditional areas reach a certain level, the ‘remote’ marinas will start to fill up. The better destinations will fill faster. Clever marketing will be necessary, but the final judgment by the captains will be by word of mouth.

6. The marina business has been ‘discovered’ recently. It is a good business and has the extra advantage of being a glamorous business. Banks and investors love good business and the luxury feeling helps.

7. I find that building the right marina in the right place is the most important decision of the designer/

“ If the marina is located in a town or city, it must be as good for the yachts as for the city inhabitants. ”

developer. There are places that are perfect for small and mid size yachts, and some other places are perfect for a superyacht marina. A superyacht berth in a marina not offering the necessary services (remember the crew!) will not be successful. The prospect of superyacht berths is seen today as a sort of King Midas opportunity. But this is not so. A careful market analysis and business plan are musts for the success of a marina business, as they are for any other business. Investment, high annual fees to the government and concession time are key factors that affect profitability. Careful negotiation with the government on concession length and annual fees are the variables to improve. Superyacht berths generate quicker money when they are “sold” (in most countries this is only the right of use for a certain amount of years), but smaller moorings have a wider clientèle so they can sell quickly too. The higher value of superyacht berths is via the little offer and high demand, but there is not much room for the prices to keep going up (at least in today’s world economic situation). Cost of developing, building and operating and income from marinas increase proportionally.

8. The marina business is a very good business. It is only restrained by environmental control factors. Few groups are acquiring marinas to benefit from running them as a corporation. This will certainly increase as the advantages are many. They will be able to judge very quickly the commercial feasibility of a new marina incorporated to the group and share the group structure.

9. High-income individuals keep on the rise, and so do the orders of megayachts. Such yachts are small

cities and, if wished, capable of staying at sea for longer. Double crewing is seen more often among them. A homeport must be really good to attract the yachts and justify the price.

On smaller yachts, we hear more and more of yacht builders that are approached by the prospective clients and told that if they can get the mooring, the client will sign for the yacht. This has not reach the 40s and above yet, but it might come, especially for the newcomers to the megayacht world. Italy is starting to create a marina development plan especially for the southern region where old fishing harbours could be re-developed for yachting. One thing I fear about new megayacht marinas is that they would become luxury ghettos. A marina is a yacht harbour with developed uplands and facilities. To create that community feeling which makes a marina a special place you need the residents (that is crew in the megayacht marina case) and the shore visitors. Both of them will keep the marina with its shops, restaurants, bars, etc alive. Big yachts appreciate privacy to a higher degree than smaller ones and this can generate certain conflicts. You cannot ignore the social part of a marina. If the marina is located in a town or city, it must be as good for the yachts as for the city inhabitants. A new exclusive megayacht marina should be built very close to other marinas or leisure areas. There must be a symbiosis.

10. When building new marinas, I do agree that a control is necessary in order to make sure that the coastline isn’t degraded or spoilt. We are at a moment in which this control is strongest, but the economical importance of marinas for the development of the upland

area and improving tourism is driving governments to reassess the possibilities of permitting the creation of new marinas.

Geoff Phillips – Marina Projects Ltd

1. It is fair to say that the growth and developing trends within the superyacht market have brought about a change in the marina world and this is great news for the industry.

Demand for berths in the more favoured and established locations is now outstripping supply and this in turn has brought about a surge of interest in areas previously considered secondary in nature. This is matched by the development of marina schemes in new global quarters that are beginning to establish new markets and growth opportunities for the industry.

The challenge for marina developers and operators is not only to keep pace with superyacht berth demand but to ensure that the facilities and services on offer are to the highest standards and tailored to meet the exacting requirements of the boat owners, skippers and guests. As the industry becomes more professionally orientated there is also a greater need to attend to crew and maintenance-support facilities within or in close proximity to the marina sites.

Over time the modern superyacht marina will have to compete for its share of the market and location, convenience and reputation for standards of service will prevail. An absolute understanding of the industry and customer requirements is therefore essential, together with a marina design philosophy that recognises that the superyacht marina is a specialist product.

2. a) We are finding that in the

sought-after and established high-profile locations there is a lack of berth lease availability and berthing for visitors during the high season can no longer be guaranteed. For this reason yacht-management companies and skippers are seeking new homeports and cruising grounds in alternative locations. It is apparent

“As in the case of hotel chains, these marina groups will develop strong and recognisable brands that others will aspire to.”

that the berth requirement in this size range is being satisfied at present and this situation will continue for some time if owners and skippers are prepared to consider the alternative homeport locations currently being offered into the market.

b) 40–80 m – For this size range it is more difficult and exceptional for existing marinas to be in a position to reconfigure or add additional berths to satisfy the changing market demands. Berths of this size are therefore found in the more commercial harbour and quayside locations that, more often than not, do not provide the full service facilities and required levels of security. This sector of the market is therefore becoming increasingly dependent upon the introduction of new purpose-built marina developments.

c) 80 m+ – Only a relatively small number of leisure marinas can accommodate this size range at present and again the demand is mainly taken up through traditional harbour berthing or on commercial quays. Whilst on charter these vessels will often anchor offshore by choice or for security and privacy reasons and the availability of visitor berthing is not such an issue. The availability of suitable homeport berths will undoubtedly prove to be an issue within the next three to five years.

3. To an extent the planning and design solutions will be driven by the concept and vision promoted by the developers/owners of the marina site. To incorporate larger superyacht berths within a marina scheme requires the allocation of significant water areas, deep-water access and enhanced infrastructure works. For economic reasons it is not always an attractive proposition to introduce the larger superyacht berths as the utilisation of water area for mid range craft is a more viable proposition. A trend we are seeing is that existing marinas are introducing a small number of larger berths in order to lay claim as a ‘superyacht’ marina. Unfortunately in these situations attention to the berthing and servicing requirements of the yachts can be less than satisfactory. It is the advent of the modern mixed waterfront development and marina schemes that will make the difference and provide the opportunity to introduce high-standard superyacht facilities to meet the growing market demands. There is an increasing awareness of the value of introducing modern superyacht facilities to attract high-end investment, to appeal to the luxury-market sector and to add caché and lifestyle interest to a development. The involvement of a specialist marina consultant at an early stage of the design process is recommended, working alongside the client architect to bring forward the optimum master-plan solution and to ensure that the needs of the superyachts are met.

4. a) There is a growing appreciation of the exacting levels of service and facilities required and those that are meeting the standards are starting to promote more actively. There is, however, a great deal of scope for improvement.

b) The marina business is no different from any service industry and the standards of service provided can vary enormously. With the growing competition in the industry and more professional outlook most marina operators recognise the need to improve staff training and levels of service. The target customer base dictates that the service should be exemplary with comparables taken from the hotel industry.

5. In reality any marina that has traditionally provided visitor and short-term berthing options in a sought-after or historic or natural setting has served as a 'destination' marina and benefited from enhanced income across the seasons. The modern day 'destination' marina is designed with specific target markets in mind, providing sufficient critical mass, character and appeal such that boat owners or charter guests will remain at the marina for longer periods at any one time; likely to be linked to a comprehensive mixed-use development scheme with high-quality superyacht facilities provided. I have no doubt that we will see a growth in this sector.

Gallows Bay Marina concept



6. There have been a number of high-profile examples in the market of late and it seems unlikely that this development will continue as a general trend. For most investment funds the requirement is for early returns and performance with business 'scalability' a driver and pre-requisite. There are a number of acquisition opportunities in the market that might be exploited but otherwise the lead in time to new marina development projects will normally sit uncomfortably with fund managers and investors.

7. The profitability of any given marina scheme will decrease as you move away from the primary locations. For the new development projects there will be a number of influencing factors, but the balance of development cost against market demand and berth occupancy growth will prevail and dictate the levels of profit generated. It is difficult to generalise on profitability levels as each and every scheme will be influenced by a combination of site-specific factors. The real test for marina schemes brought forward in secondary

locations or in growth market areas is the berth lease strategy. Selling berths too early and before a market has matured is tantamount to giving away value and yet often it is a necessity in order to contribute towards the funding of the development. This situation can be offset in a number of ways depending upon the precise circumstances and is the type of analysis offered up by specialist marina consultants.

Depending upon the cost of creating the water area and facilities the inclusion of superyacht berths into a scheme can certainly create value in a number of ways both directly and indirectly (for example marketing, promotion, visitor attraction etc).

8. Yes, the expansion of some of the existing groups is inevitable and there is also likelihood of groups of Government-owned marinas transferring to private ownership. This trend will result in a step change in the performance and level of services provided at marinas as these groups raise the standards of customer service and quality of development to a consistently high level. As in the case of hotel chains, these marina groups will develop strong and recognisable brands that others will aspire to.

9. See answers to Q2.

Island Global Yachting

1. Demand is still exceeding supply in key areas. The 'build it and they will come' mentality is not a reality; as has been the case with several facilities (for example the Dominican Republic), but in key markets, marina facilities that offer the amenities that the yachts are looking for are proving to be very successful.

2. a) Many marinas that did not historically cater to yachts in this size group are trying to upgrade their facilities so they can accommodate this segment on their T-heads or by turning two or three smaller slips into a mega slip. Supply is starting to catch up to demand faster than

the other segments listed below, but the gap has still not been entirely filled.

b) This is the bread-and-butter segment of the market and there are many marinas under development that will cater directly to the needs of yachts this size. There are, however, more yachts in this category launched on a yearly basis than there are new slips built to accommodate them. There are specific areas that are beginning to meet the demand, but on a global basis there is still a need for more slips especially in remote areas as this size of yacht is very migratory.

c) Still a high demand as there are few marinas that can cater to this size yacht but there is an ever-growing number of them being launched. It is a hard segment of the market to get into because of engineering and other constraints, so the demand is likely to stay high for many years to come.

3. Most developers do not have enough marina experience, especially with large yachts, to understand all their needs, so in many cases even new facilities are being under-built. Also, because of the seasonality of this segment of the industry it is often considered too risky to build a facility catering specifically to a megayacht's needs. For instance, docks specifically designed for yachts are often not as useable for smaller boats because of the height out of the water.

4. a) In most cases, yes.

b) In most cases, yes.

5. Location, Location, Location. Anyone trying to develop a destination in the wrong location will be doomed to failure. Given the right location, however, marinas can absolutely be a destination unto themselves.

6. Because of the current financial market much of this is likely to slow down but with the success of some of the larger marina funds out there we are likely to see more investment in the marina sector over the next five years – specifically megayacht marinas.

7. High fuel prices have been a concern for marinas, but overall there is a lot of room for growth and thus increased profit over the next five to ten years.

8. Yes, and IGY is – and will – continue to lead the market in creating a network of high-end marinas in key geographic locations. As this trend proves successful it is likely to be followed by other companies.

9. Marina networks whereby a yacht can depend on one company to plan every facet of its business and cruising experience – from construction supervision to marinas/destinations to haul-out facilities, to crew management etc...

*To comment on this article,
email issue96@synfo.com
with subject: Marinas*

Our independent
marina status
means we're free to
'spoil you rotten'
in Sint Maarten.



- St. Maarten's largest full service, professionally managed marina
- 90+ slip mixed-use marina, alongside & stern-to berths, megayachts to 250' LOA
- Proximity to international airport to facilitate charters
- Luxury resort guest privileges: casino, restaurants, spa, tennis, swimming pool
- Provisioning, satellite TV, Internet access, showers, laundry
- Convenient 'technical service' hub for yacht maintenance, repair, refit
- Tender escort from 'bridge-to-berth' within protected lagoon

YACHT CLUB
PORT DE PLAISANCE
SINT MAARTEN 

Union Road, Cole Bay, Sint Maarten, Netherlands Antilles
Tel: 599.544.4565 | Fax: 599.544.4566
info@yachtclubportdeplaisance.com | VHF 16/67A
www.yachtclubportdeplaisance.com