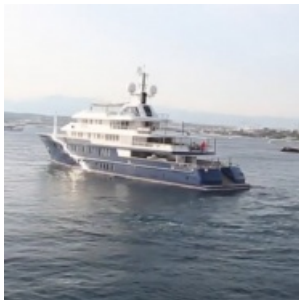


COMMERCE

With billionaire population rising, superyachts prepare to follow

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Camper & Nicholsons "Polar Star" superyacht

By FORREST CARDAMENIS

NEW YORK Superyachts provide a peerless luxury for the ultra-wealthy, but selling the segment on the industry is still a challenge, according to an executive at Wealth-X.

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Superyacht owners make up an elite portion of the elite, as the 4,476 of them average \$10 million at resale while Wealth-X's ultra-high-net-worth threshold begins at \$30 million, meaning many of the 212,000 of them cannot afford superyachts. The segment is still concentrated in Anglophone nations, but the changes in the industry are slowly making the product more appealing to a broader portion of the ultra-wealthy.

"I think it's a lack of understanding," said Kurt Fraser, director of marketing at [Camper & Nicholsons](#). "That's one of the fundamental reasons we did this, this isn't a report for yacht owners.

"There's a lack of understanding when you talk to senior charter brokers who, when you try to communicate the experience are under the impression of, Why would I want to be onboard a massive yacht on Saint Tropez? What am I going to do?" he said. "They don't understand the detail of the experience, and when you break past the fact that it's a boat and I don't know boats,' but get to the heart of the experience, they re-engage."

Out west

As detailed in Camper & Nicholsons' and Wealth-X's "The State of Wealth, Luxury and Yachting" report and by Winston Chesterfield, associate director, custom research at Wealth-X during the report's presentation, superyacht ownership is concentrated foremost in the United States. The U.S. comprises 33 percent, followed by the United Kingdom at 11 percent and Italy, Australia and Russia at 5, 4 and 3 percent, respectively.

However, after the U.S., Germany and Japan have the most UHNW individuals and China ranks fifth, after the UK, yet yachts are overwhelming concentrated in the west.



Camper & Nicholsons yacht

Despite the wealth in Germany, Japan and China, yacht ownership is disproportionately low. Perhaps due to visibility the ports of Asian countries are not as heavily trafficked with yachts and because the money in Japan and China is newer, the emergence of a thriving yacht market may be another generation away.

Indeed, arguably the primary obstacle to purchasing or chartering a yacht is exposure. Clients with the means of purchase who do not think of themselves as being interested in boats need to be convinced first-hand that a yacht is more than that.

As one would expect, UHNWs make up a larger share of the yacht industry revenue, at 88 percent, than they do any other industry. The case for yacht brokers, however, is that a yacht encompasses other industries, particularly fine dining, art and travel.

The good news for the industry is that the fastest growing segment of the UHNW population is the billionaire segment, and yacht sales are very closely correlated with the billionaire population. An extra 600 are expected by 2020.



SeaDream yacht

This segment also tends to inherit a portion of their wealth, several or even tens of millions of dollars, and then reach billionaire status through entrepreneurship or other business endeavors.

Because these people have grown up around wealth and luxury goods, they are particularly keen on experiences and desire good use of their time, privacy and personalization.

The yachting industry can deliver bespoke yachts and can offer fine dining in as private or as public a location as the consumer desires, either out at sea or in a crowded port. As such, it is particularly suited for this fast-growing UHNW segment.

Additionally, superyachts can the exclusive few access to locations that others could not, providing unique and memorable stories along the way. According to Mr. Chesterfield, this level of access is a prime motivator for much of the ultra-wealthy.

"The ultra wealthy are not just looking for an unadulterated pure luxury experience from start to finish," Mr. Chesterfield said. "That sounds like an oxymoron, but they are after elements of contrast; they want to feel the luxury.

"You only get to feel the luxury if you have other bits in it as well that aren't luxury," he said. "This is hiking along a cliff, maybe there are some mosquitoes around, and then going onto the deck and realizing they can look at [the trail] with a glass of Champagne in their hand. But people are looking for that sense of adventure."



Camper & Nicholsons "Baraka" superyacht

The luxuries aboard a chartered yacht, from Michelin-starred meals to amenities and trainers that allow consumers to maintain their health and wellness routines, offer a vision that many UHNWs crave. The issue is selling them on it.

The West Coast of the U.S. is also pushing the yachting industry forward, challenging them to design greener ships with private spaces within the boat, new amenities and features to join jet skis, cinemas and Jacuzzis and spatial layouts that blend indoor and outdoor space.

Such innovations will further prime the sector for the emergence of new billionaires or sell the tech boom's new wealth on a product they may be skeptical about. Similarly, as parts of the Asia-Pacific region see economies boom and new luxury hubs emerge, yacht-driven tourism will increase and create desire among locals.

Expanding horizons

Innovators within the industry are also helping to remove barriers related to visibility by incorporating yachts more firmly into the 21st century on-demand and sharing economy.

New luxury travel company Immidia is launching its app with a promise to be Uber for yachts.

Immidia will allow consumers to hail a yacht to charter for private use, with delivery promised in no more than a couple hours. The new digital economy has encouraged a consumer mindset based around immediately fulfilling wants and needs, and the app represents a further step in the direction of on-demand luxury ([see story](#)).

At the same time, other yacht designers are cashing in on the all-inclusive luxury that the sector can offer.

Superyacht builder Dynamiq is breaking new ground in the yacht industry with customizable, made-to-order yachts.

Clients can customize everything from paint scheme to finish and amenities on Dyanamiq's Web site and, for the first time ever, build the yacht of their dream. According to the brand, consumers have never had such control over their boats before, so Dynamiq's model may provide a new benchmark in high-end yachting that empowers the consumer and eases the transaction model ([see story](#)).

"The super wealthy, the thing they like the best is being able to tell stories," Mr. Chesterfield said. "Special little stories, they're not even that glamorous.

"It's, we went to shore and had a little bit of sunburn and went to shore with someone who found some aloe plants," he said. "It marks them out for what they were doing as well as for kind of an adventure. It's not about wealth wealth wealth luxury luxury luxury, it's about the story."