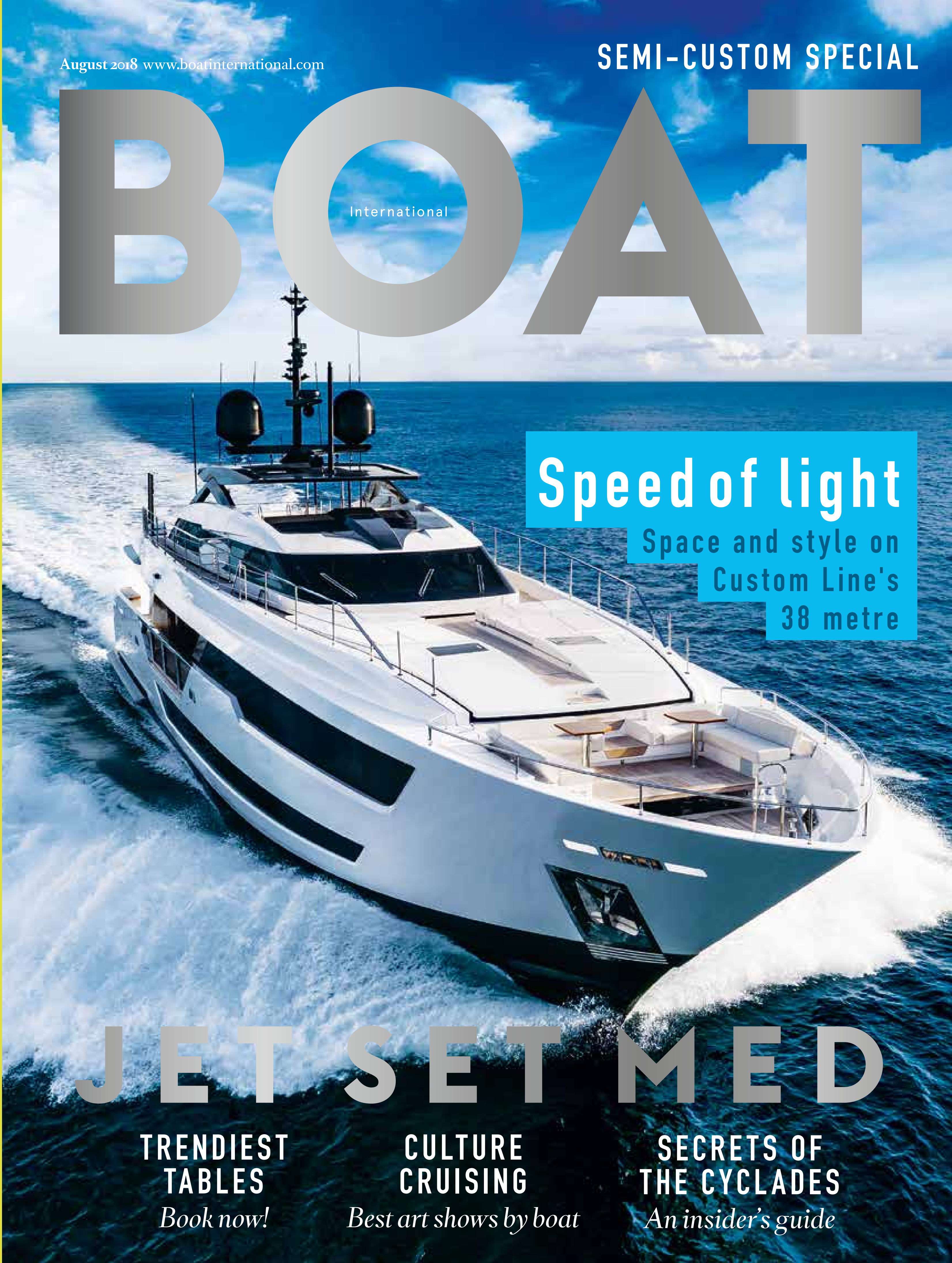


August 2018 www.boatinternational.com

SEMI-CUSTOM SPECIAL

BOAT
International

Speed of light
Space and style on Custom Line's 38 metre

JET SET MED

TRENDIEST TABLES
Book now!

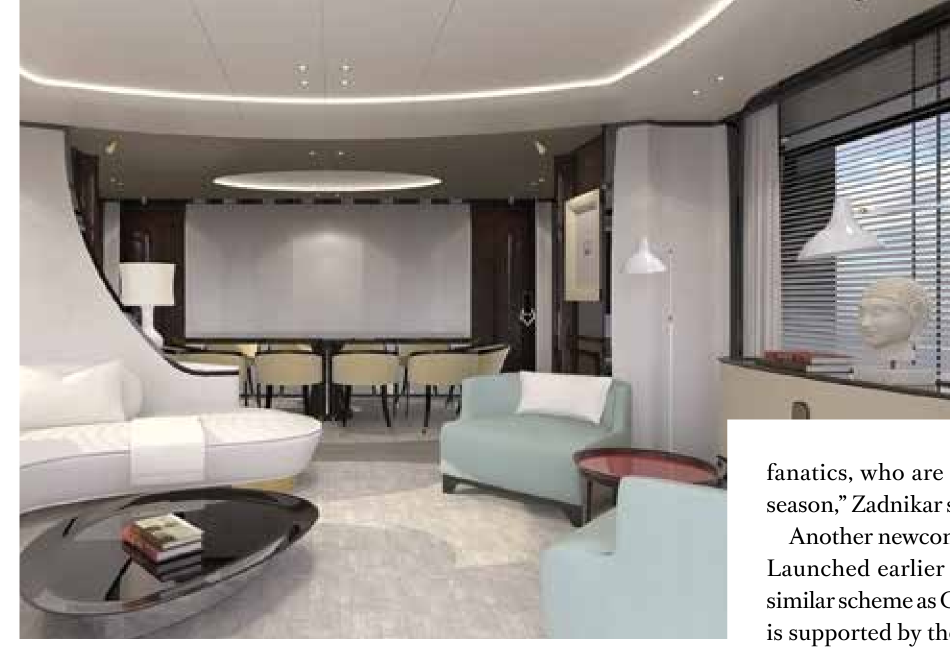
CULTURE CRUISING
Best art shows by boat

SECRETS OF THE CYCLADES
An insider's guide

All together now

The sharing economy is changing the world, says Angela Audretsch, *so is it time the superyacht industry got on board?*

Illustration – Andrea Manzati



The past decade has seen a fundamental shift in the way we consume goods and services. The rise of the sharing economy – a socio-economic system built around the sharing of resources – has transformed, and is still transforming, the face of business, as well as our interactions with it. Companies such as eBay, Uber, Airbnb and Spotify have democratised the service industry, promising convenience and simplicity to a consumer base increasingly looking for both.

The demand is clear. A report by PwC in 2016 predicted that between now and 2025 the sharing economy will grow at more than 30 per cent per year, with transactions across Europe potentially rising to €570 billion, up from €28 billion in 2016. But how will the sharing economy impact the superyacht industry? Isn't this notion of "democratising" at odds with the exclusivity of luxury?

"I don't think so," says Milton Pedraza, CEO of the Luxury Institute, an independent ratings and research organisation that acts as a voice for the global high net worth consumer. "There is a growing sharing movement, a sustainability movement, and an economic practicality among HNWIs and UHNWIs, particularly among the millennial generation. Sharing means you can afford to enjoy more. There is a growing awareness of the environmental impact of our purchases and consumption. And there is a realism when it comes to spending too: less about conspicuous spending; more about experience."

From companies such as celebrity-favourite Armarium, which allows you to rent designer clothing, and Flont, which provides access to fine jewellery, to luxury Uber-like offerings such as JetSmarter, which enables savvy high-end travellers to book private jets, "on-demand" has taken on a new, unencumbered meaning for affluent consumers. And "unencumbered" is a key word in this evolving sphere.

For some in the superyacht industry, the answer to this new space isn't actually that new: shared ownership. Also known as fractional or co-ownership, the model of part-owning a yacht that is managed by a parent company has obvious merits: the benefits of ownership without the same expense or (theoretically) hassle. Shared ownership companies have existed within the industry for years, but it has been with varying degrees of success; despite its success in the private jet arena, it is an ownership format that has yet to firmly take root with superyachts.

Various companies offering fractional ownership opportunities in yachting have come and gone in the past decade. A quick Google will bring up a number of co-ownership enterprises that emerged energetically with the promise of large fractional fleets and a carefree antidote to traditional superyacht ownership but went quiet after a year or two. Others have succeeded but arguably on a smaller scale than originally intended, or have adapted their model once up and running.

Luuk V van Zanten is the founder of Curvelle, which has a 34 metre catamaran, *Quaranta*, under a fractional ownership model. For him, the reason that many schemes have not been successful in the past is a mixture of transparency and realism. "Previously, other companies have had issues with annual budgets," he says. "Selling the shares is not very difficult, but the shareholders afterwards underestimated what it would actually cost to run such a large yacht. When you are not transparent with shareholders from the start about what the running costs will be, expectations will not be realistic and they will not be happy."

Matty Zadnikar agrees. The entrepreneur and superyacht owner (of 28.5 metre Benetti Delfino 93 *Mister Z*) launched the European arm of the co-ownership company SeaNet in September 2016, and is a firm believer in transparency. He feels that now is the perfect time to rethink, rebrand and re-present the fractional model.

"I think that the superyacht co-ownership market has not picked up because in order for something to pick up, it needs to be offering what clients want to pick up," he says. "I don't think that in the 28 metre-plus segment there has been the right offering to date. I also don't think that it has been marketed well. If you had spoken to me in 2012 when I signed my contract for the *Delfino*, I was not aware of the shared ownership concept. With SeaNet I am investing a lot in marketing and reaching the right people. We need to bring co-ownership to people's attention and then we need to bring about a change of mindset. I would like to disrupt the market a bit. We are not a danger to existing models. We are simply creating a new entry into the market for clients."

With SeaNet Europe, up to four owners can purchase a share of a Benetti or Azimut yacht outright. Each 25 per cent share guarantees one week each month outside of the season and two weeks in high season, with the number of high-season weeks increasing with the percentage of owned shares. "I don't actually know many owners, except those who are retired or total fanatics, who are able to use their yachts more than this in a season," Zadnikar says.

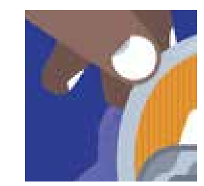
Another newcomer to the fractional market is YachtQuarters. Launched earlier in 2018 by Henning Price, who managed a similar scheme as CEO of Princess Yachts Mexico, YachtQuarters is supported by the existing infrastructure and expertise of the Princess sales office in Mallorca. The first yacht in the programme is a Princess 75, for which the first owners have already signed up.

"The basic principle of sharing the acquisition and operation of high value assets, which you don't need full-time, makes a lot of sense," says Price. "Upkeep and operation of sophisticated yachts is, in general, getting more and more complex, requiring frequent attention to regulatory issues, administration, crew training, service and maintenance etc. Not every present nor potential yacht owner appreciates, or is prepared to meet, these challenges. We are taking care of all these issues."

The companies that appear to have been most successful in selling the co-ownership dream to date have been those focused on a smaller entry point: sub 30 metres. "I think this is because, with smaller yachts, under 24 metres or so, it seems to be easier for people to emotionally step away from it," says van Zanten, who argues that ownership comes with intangible, emotional aspects, and the bigger the yacht or the stake, the more emotional owners become. "Our experience is that with larger yachts, particularly if the share price is over $1.5 million, the egos become bigger and it is more difficult to manage a group of owners with big egos, big demands and a big asset."

The 40 metres and under segment is a key range for Monocle Yachts, the longest-standing fractional yacht ownership company. Founder Dr Loren Simkowitz had owned yachts all his life, from 16 to 46 metres, and believed that there was a smarter way to enable more people to enjoy the yachting lifestyle. In 2000 he launched Monocle and today it has more than 400 owners and dozens of yachts based all over the world. The most popular range, says Simkowitz, is under 30 metres.

"The 80ft to 125ft range is definitely a sweet spot," he says. "This size is ideal for ▸



SeaNet Europe

Fleet: 1 x Benetti Delfino 93, with a Delfino 95 to be launched in 2020 and more planned
Proposition: SeaNet Europe enables owners to purchase a 25, 33, 50 or 75 per cent share in a Benetti or Azimut yacht starting from €2.6m with running costs paid on a monthly basis. Each yacht has a maximum of four owners and each owner gets a minimum of seven weeks on board per year, with comprehensive SeaNet management and concierge services. *seanetco.eu*

"In general, upkeep and operation of sophisticated yachts is getting more complex… Not every owner or potential owner appreciates these challenges"

Curvelle

Fleet: *Quaranta*, and new plans for floating villas
Proposition: Curvelle launched the 34m *Quaranta* catamaran in 2013 and since has been operating it on a fractional basis. The original plan was for three yachts with seven owners, but Curvelle stopped at one and reduced the number of owners of *Quaranta* significantly. It now has its sights set on a fractional "floating villa" project. Villas will be registered as yachts, moored offshore at popular yachting destinations in clusters of six, and movable on their own power with a small tugboat tender. *curvelle.com*

"There is a growing sharing movement… Sharing means you can afford to enjoy more. There is a growing awareness of the environmental impact of our purchases"

SeaNet Europe offers a 25, 33, 50 and 75 per cent share in a Benetti Delfino 95 (above, left and right); while Curvelle's 34 metre Quaranta *(left) is also available under fractional ownership*

Monocle Yachts has boats based all over the world including Camelot (left). Shares start from just 10 per cent; YachtQuarters offers a 25 per cent share in a Princess 75 (below). £1 million guarantees eight weeks on board

making the most of yachting. They have enough space for a family and all the toys, they come with a decent crew, they can slip into most marinas and anchorages."

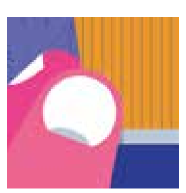
There is no question for Simkowitz that fractional ownership, particularly at this level, makes yachting enjoyable again. "Virtually all of our owners could afford to purchase an entire yacht outright, and many have owned large yachts in the past, but often do not want the waste that comes with letting a major asset sit idle in port or the hassle of management," he says. "Yachts are expensive to acquire and expensive to maintain, and ownership is besieged with personnel and crew problems."

This is the case for one of Monocle Yachts' clients, Will Ferguson, who has owned a 10 per cent share in a 24 metre Hargrave since 2013. Ferguson was trialling a smaller yacht when he came across shared ownership at the Fort Lauderdale International Boat Show. "I had a revelation," he says. "I look on fractional ownership as the inoculation or antidote to my pathological compulsion to own a boat. I am saving myself tens and tens of thousands of dollars. Anyone who has owned a larger boat, learned the hard lessons, but still wants a yacht, should be considering fractional ownership. It is a decent business investment, and a wonderful investment in peace of mind."

Monocle Yachts

Fleet: Approximately 50 yachts globally
Proposition: Founded in 2000, Monocle Yachts is the longest-running shared ownership offering. Its large fleet ranges from Feadships to Hargraves and from 22m to over 70m, and owners can purchase anything upwards from a 10 per cent share, with each 10 per cent share equating to approximately four weeks annually. Their yachts are based all over the world, including in the Med, the Caribbean and Polynesia. *monocleyachts.com*

Despite the arguments in favour of shared ownership, there is still an overwhelming scepticism towards the concept within the industry, with many suggesting charter is the answer for anyone who doesn't want to own outright.



Sales broker Simon Turner, managing director of Iconovista, says it's a matter of how long you want the boat for. "At Iconovista we have some very clear views on fractional ownership and what's interesting is, we are seeing more enquiries about it," he says. "I use a very general rule of thumb of advice [for clients] about it. If you think you will use a boat two to three weeks a year, then charter. If it's five to eight weeks a year, consider fractional ownership. If it's more than that, then consider ownership, particularly if you are located close to the boat and can use it at weekends or as a floating hotel in the off-season."

For Kathy Kennedy, COO at AvYachts, a company that was created in early 2017 by Nick Finazzo, an experienced yacht owner, the current model of yacht ownership works well for only two groups of people: "Those with more money than time, who can afford to hire

"I look on fractional ownership as the inoculation or antidote to my pathological compulsion to own a boat. I am saving myself tens and tens of thousands of dollars"

YachtQuarters

Fleet: 1 x Princess 75
Proposition: YachtQuarters offers shares in a Princess 75 based in Mallorca starting at £1m for 25 per cent, which translates to eight weeks on board a year. Ownership periods are limited to a minimum of two years and a maximum of four years, at which point the owners will be able to upgrade or buy out. There are plans to add more yachts soon, including a Princess 88, and a 30M, as well as 18m dayboats. Full management, operation and servicing will be supported by Princess Motor Yacht Sales in Port Adriano. *yachtquarters.com*

PHOTOGRAPHY: QUIN BISSET; DANA NEILBERT

Floating Life

Fleet: *Ocean Pearl* and 3 x 43m in the pipeline
Proposition: Floating Life, a well-established charter and brokerage firm, first got involved in fractional ownership in 2007, when it took on management of the YachtPlus fleet: *Ocean Pearl*, *Ocean Sapphire* and *Ocean Emerald*. With two now sold, and *Ocean Pearl* shared between nine clients, the company is now aiming to start construction on a new fractional project called Dream K43, which could see up to three 43m yachts built and available on a fractional ownership or timeshare basis. *floatinglife.com*

"There is a window for fractional ownership to play a part in welcoming people into yachting and to retain owners fed up with the irritations of full ownership"

a yacht manager and full-time crew for minimal use of a large luxury yacht; and those who enjoy skippering and maintaining their own boats while self-servicing their personal needs."

Shared ownership veteran Floating Life ran a fleet of three fractional superyachts for eight years but, having sold two of the three yachts, the company is about to evolve its offering based on the knowledge it gained. "We are now launching an improved concept," says Andrea Pezzini, director and co-founder of the company. Floating Life is planning three new 43 metre yachts that will form what it calls Dream K43. "We are positioning ourselves to provide a new and financially sound way to experience the joy of yachting. Dream K43 will offer two different ways of being part of the programme: the first one through the acquisition of the yacht share in ownership, the second through a long-term usage contract in time-sharing. Both options will give access to the same calendar and usage rules, but they will differ in the tax declaration and responsibility of the asset." Pezzini says the scheme allows owners and members to enjoy the benefits of a 43 metre yacht with the costs of a 22 metre.

In an industry that is endlessly pondering how to attract new blood, the revival of the shared ownership proposition amid the growth of the wider sharing economy seems to present a real opportunity. There is always going to be ownership and charter, but perhaps the time is finally right for a third link to yachting.

"When you look to the realm of UHNWI, the growth in this sector is extraordinary," says Zadnikar. "But the yacht industry targets around five per cent or less at the moment of this market segment. The majority have never even touched yachting."

The challenge for fractional companies will be to break free of existing prejudices, stay transparent and communicate the offering to new clients. "Now is the time," concludes Pedraza. "There is a window for fractional ownership to play a part in welcoming more owners into yachting and to retain owners who are fed up with the irritations of full ownership in the market." ■

Operating in fractional ownership since 2007, Floating Life owns Ocean Pearl (above and left), which is shared between nine clients; AvYachts offers a 10 or 20 per cent share in a fully crewed Westport (below left and right) for five years. Ownership also comes with a dedicated concierge service

AvYachts

Fleet: 1 x Westport 34m, 1 x 40m, with plans to add a new Westport every three months
Proposition: AvYacht owners can purchase a 10 or 20 per cent share in a fully crewed Westport yacht, each share corresponding to three or six weeks annually for a five-year period of ownership. AvYachts' owners enjoy a dedicated concierge service via the AvYachts app and can trade yacht weeks across size brackets and locations, as well as swap for a week ashore with luxury hospitality partner Elite Alliance. At the end of each ownership period, the yacht will be resold and the owners will receive their share of the proceeds. *avyachts.com*