



Crisis, what Crisis?

Those are the words of a famous newspaper headline from 1978, during an earlier crisis in the UK. They did not go down well then, during an economic downturn, but apply them to the Superyacht industry in 2020, and I think you are on firmer ground.

There are many words I could use to describe the superyacht industry and those who work within it, but if pushed for two key words to sum up the industry in 2020 I would have to choose “resilient” and “adaptable”.

With few yacht shows in 2020, we have still seen many new deals done – new-builds, sale and purchase - pandemic notwithstanding.

What is driving these deals?

Clients with foresight is a key reason. Superyachts are perfect safe havens of COVID-19 free luxury. As our homes become re-purposed as home-offices, yachts are similarly re-purposed for work and leisure. Our clients understand this.

Yacht owners now want their yachts to be adaptable to the new normal – fun, yes, luxurious, absolutely, but also safe and useful. With travel very difficult, yacht viewings for clients take place virtually. Brokers have had to adapt to this, marketing their yachts differently.

I was impressed by how many of the panellists at the (virtual) Quaynote “*Opportunities in Superyachts*”, online conference, where I acted as moderator, took a very upbeat view of the market – and that included yards, brokers, managers, owners, designers and others.

We have been exceptionally busy at Bargate Murray as a consequence of these changes, not in spite of them.

And something else I have noted is the increased personal involvement of owners and potential owners. They are attending more meetings virtually over Zoom, Teams and other platforms than might previously have been the case. That increase in personal involvement is a positive.

Adaptability

But how else has the industry adapted?

Well for us it has been remote working on steroids! In the last month alone, we at Bargate Murray have closed a nine-figure deal entirely remotely, been involved in long yard meetings on prospective purchases, and advised clients on newbuild projects from our home-office bases.

"It's work, Jim, but not as we know it" as Capt James T Kirk of the Starship Enterprise might well have said.

Aside from transactional work changes, I have had the novel experience of attending virtual court hearings over Zoom, including in a large multi-million-pound aviation case.

Crew Under Pressure

Crew too have had to be adaptable. Owners now spend much more time on-board, instead of in bars and restaurants ashore, which add to pressure on crew to keep owners entertained. I have seen the consequences with crew being stressed and overworked.

A happy crew is essential for the smooth running of a yacht. Better check your SEAs to make sure they are fit for purpose and involve the crew in decisions. Crew buy-in to changes is so important.

Yacht managers now need to spend more time keeping the crew safe onboard and dealing with crew issues proactively.

This, in my view, is a credit to the people who work in the industry, many of whom are professional, motivated, capable and innovative in equal measure.

New Entrants

We have probably seen more new entrants to the world of superyacht ownership this year than we have seen over much of the last decade.

This, in part, is due to the fact that significant global uncertainty always brings with it tremendous opportunity.

But perhaps another factor has been the opportunity for those who had toyed with the idea of buying a large yacht (current charterers) to move in to ownership by buying a good bargain from some Owners for whom the pandemic has been more challenging.

This is certainly been the case for us, with new clients, particularly from North America, looking at their options.

Yacht Builders

Yacht builders have faced their own issues, of course, having to deal with disrupted supply chains and reduced workforces. Yacht building agreements signed before the pandemic struck have had their force majeure clauses put to the test – is pandemic delay covered by them? What changes would better protect the yard from liquidated damages claims for late delivery?

And for owners who, understandably, want their yachts delivered on time, what are their options if delivery is delayed?

We have spent a lot of time in recent months considering these issues with yards and owners.

In my view, it is extremely pleasing to see the superyacht world push forward in its pursuit of sustainability – radical new designs continue to roll off drawing boards of many of the world's leading design houses and it will certainly be exciting to see how these concepts fair as they make their way into reality. More on this in Dom Bulfin's article.

Concluding remarks

2020 has been a year or change for everyone, but I am proud to work in an industry that has proven its mettle. It has shown itself to be resilient, adaptable, innovative and successful.

Yes, successful. Against all the odds, the superyacht industry continued an upward path, and all its players deserve to be congratulated for having played their part in that success.

Quentin Bargate
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QUENTIN BARGATE - Founder, Chief Executive Officer

Quentin, the firm's founder, leads its superyacht and dispute resolution practice areas. With over 35 years' experience, and a winner of many industry awards, he is widely acclaimed as a leader in the industry.

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