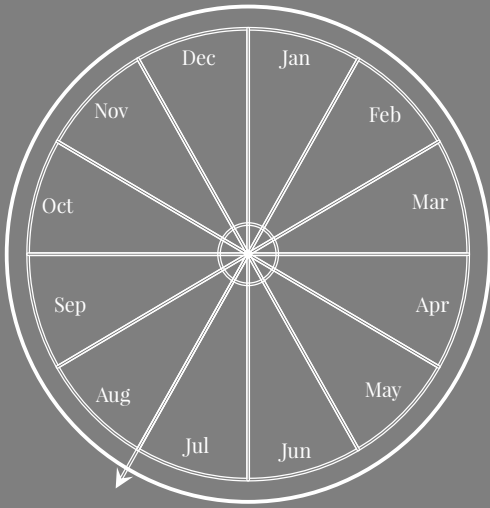


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THE BARTON EQUATION



SUPERYACHTS '23

It's summer in Europe and that means the global superyacht fleet is out in force. This time last year, The Barton Equation took a look at the top 100 superyachts by length in our July 2022 Diary. We compared the size, volume and age of superyacht by owner nationality.

What we also pointed out was that the list of longest superyachts evolves more quickly than you might think. The smallest yacht in the 2022 list of the top 100 longest superyachts was 88m and yet 10 years before that, in 2012, a 76m yacht qualified. Specific yachts help to illustrate this point. In 2018, the Monaco superyacht 'Lionheart', which was delivered by Benetti in 2016 to British billionaire Sir Phillip Green, was placed at number 74 in the world. In 2023, 'Lionheart' is at position 93 in the world, losing twenty places in five years. The 'Maltese Falcon', one of the largest sailing yachts in the world, has been in the top 100 since it launched in 2006. This year, it dropped out of the top 100 for the first time, as its length of 88m did not qualify.

Six superyachts dropped out of the top 100 longest this year. Two of these are owned by USA citizens, one is from Russia, one from Greece, one from China (leaving only one Chinese owner in the 2023 top 100) and one from Australia. Nearly all of these dropouts were built in the last decade or so. One of them, 'Musashi', was launched by Feadship for Japanophile software billionaire Larry Ellison in 2011 and went in at number 47 in that year. The newest

yacht of the dropouts, 'Zen', which launched in 2021, entered the top 100 last year at position 99.

Six new entries in 2023, five in top 50

The new deliveries kicking these yachts out of the top 100 have nearly all entered into the top 50. The most famous delivery of these is easily 'Koru', which is the world's largest sailing yacht, built by Oceanco and delivered to Amazon founder Jeff Bezos. At 127m (417ft), 'Koru' enters at number 24 in the top 100 superyachts, with a gross tonnage of 4,000 – less than half the typical GT of yachts of its length.

'Koru', as a sailing yacht, was hailed as a more environmentally friendly choice of vessel by the tech cent-billionaire. It is testing a prototype for a new kinetic energy recovery system, based on a conversion of wave induced motion, heave, pitch and roll into electric energy - this will provide an additional power source for the yacht allowing for more enhanced sustainable cruising.

What wasn't mentioned as much was that Koru, as a traditional sailing yacht design (no matter how large), could not provide the sea-playground platform that most motor yachts are capable of. And so, 'Abeona' – its 75m support vessel from Damen Yachting – accompanies it wherever it goes, providing a helicopter, submarine and all the sea toys that make the highest level yachting experiences so enjoyable. 'Abeona', however, runs on, er, diesel, which makes the

“...there are six huge projects at [Lürssen] due to be complete next year or by 2025, all of which would enter the top 100.”

'Koru' "sustainability" story somewhat obsolete. However, this was not even the largest superyacht to enter the list for 2023. That title belongs to a yacht called 'Luminance' which enters at a lofty number 11 in the world, with a length of 145m (476ft) and a gross tonnage of 9,400GT. Built by German leviathan-specialists Lürssen (who have made 12 of the top 20 largest superyachts in the list) it was delivered this year to Ukrainian billionaire Rinat Akhmetov - rather awkward optics given the current state of his homeland.

Another Oceanco entry, 'Seven Seas', was delivered to Hollywood director and producer, Steven Spielberg. At 109m (358ft), the yacht enters inside the top 50 at 46.

Oceanco has three new entries but Lürssen still king of yards

Oceanco has been the shipyard winner of this year's list, with three new entries in the top 100. Its strong trajectory over the last 5-10 years leaves it with 12 superyachts in the top 100, 1 more than rival Dutch yard Feadship, which saw three of its superyachts leave the top 100 this year.

Oceanco's fleet is also younger than Feadship's with an average launch year of 2019 compared to Feadship's 2017. Lürssen are still the most represented yard, with 28 vessels in the 2023 top 100. If you include the Blohm & Voss vessels (whom they acquired in 2016) it rises to 33 – one third of the entire list. Though Lürssen

only had one new entry this year, there are six huge projects at its yard due to be completed next year or by 2025, all of which would enter the top 100. Feadship and Oceanco are the next most prolific yards, with three huge yachts from the former and two from the latter currently in construction, all over 100m (328ft).

George Town, Cayman Islands was the most popular registration location for 2023's new yachts, with four out of the six new entries. It was in the news earlier this year as the famous Cayman-flagged 2007 Oceanco build, 'Alfa Nero' was declared abandoned in Antigua by its compromised Russian owner, billionaire oligarch Andrey Guryev. The Government of Antigua and Barbuda decided to auction the vessel off. In June it was sold to Google CEO Eric Schmidt for around \$67m. Guryev had bought it in 2014 for \$120m.

There are currently 23 Russian-owned superyachts in the top 100, many of which may face the same fate, as their owners' links to the Kremlin compromise their ability to use or retain their assets. Shipyards are not able to receive new commissions from Russian citizens and this year's entries, showing not a single Russian delivery, are emblematic of that. In the past ten years, the Russians have been a hugely important client base for the likes of Oceanco, Lürssen and Feadship. Though their UHNW population is far smaller than their superyacht presence indicates, it is probably the most reliable in generating new build business, as Russian owners had the youngest as well as some of the largest vessels.

Sector updates



Image: Chrono 24

Having reached a peak of \$44k in March 2022, the second-hand index of 60 watches across 10 luxury watch brands – including Rolex, Patek Philippe and Audemars Piguet – has dropped by almost 50% to just over \$30k, which many are touting as a relief correction to the monstrous rally that second-hand watches achieved during the pandemic. Many of the most highly prized (and priced) models have seen the biggest price corrections. Editions of Rolex's Daytona, Patek's Nautilus and Audemars Piguet's Royal Oak have recently flooded the second-hand market, according to **Chrono24's** CEO, pushing prices downwards. Against this backdrop is a brave new retail market that doesn't offer items for sale, it only provides them to view for 'exhibition' purposes. Whilst this chokes the supply even more, it does – in Barton's view – make for a strange situation in which the secondary market is the only market that generates known demand, leaving the brand to its mercy. It is worth noting that the index of 60 watches, despite being down this year, is still well up on pre-pandemic prices.

Richemont is dipping a heeled toe back into fashion with the purchase of **Gianvito Rossi**, a luxury Italian shoe designer and as Barton notes, one less than 20 years old. Rossi himself will retain a stake in the company and is looking to the Swiss giant for assistance in "global expansion" of his brand. Richemont have had a love-hate relationship with luxury fashion, having cemented a stronghold in jewellery and watches with champion brand Cartier and elite horologists Vacherin Constantin, Jaeger Le-Coultre, IWC and Panerai. Rossi joins Delvaux, Dunhill, Chloe and Alaïa in the less replete fashion & accessories stable. The purchase is a curious one as Richemont's typical label of interest is one with plenty of history: Dunhill and Delvaux were founded in the 19th century, Chloe has been around since the 1950s and Alaïa was founded in 1962. The acquisition of Rossi is estimated to be around €100m, with Richemont having beaten off competition including that of OTB, owner of Diesel, Martin Margiela and Marni.



Image: Gianvito Rossi



Image: Valentino

French luxury group Kering has agreed to buy a 30% stake in the fashion house **Valentino** from Mayhoola, well-known to Barton as the plaything investment vehicle of Sheikha Mozah, the second wife of the former ruler of Qatar. The consideration is €1.7bn cash, and Valentino traded €1.4bn in 2022. Under the deal, Kering has the option to buy the rest of Valentino no later than 2028, and Mayhoola also has a partnership option to become a shareholder in the French group. Kering, which frequently has to wrestle with the luxury weather system that is Gucci (now in the process of relaunching with yet another new management and creative director) clearly sees a stable, long-term role with Valentino. The CEO of the Italian brand will remain in place and Kering's approach is to continue the "strategic journey of brand elevation." Another horse in the stable may be needed as Kering missed market forecasts for Q2 sales with growth of just 3% - expectations had been 6% - way behind its main rival LVMH, who reported 21% growth in its fashion and leather goods division.