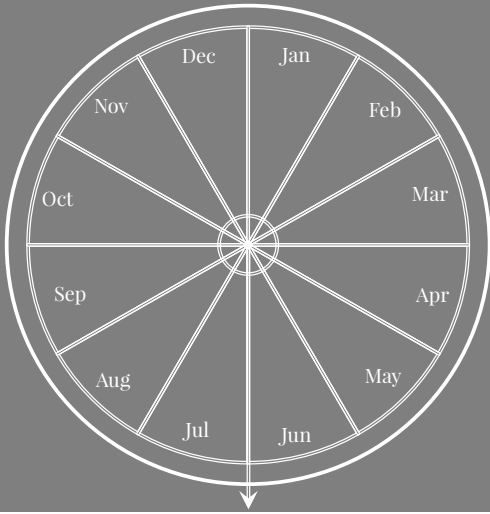


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## Volume 52: May/June 2024



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# THE BARTON EQUATION

# SUPERYACHTS '24

For the last two years, The Barton Equation has taken a look at the top 100 superyachts by length in our summer Diary entry. Previously we have compared the size, volume and age of superyacht by owner nationality, and we also showcased the evolution of superyachts over time, with the increasing total fleet length.

## Fleet length is increasing – but volume is more

In 2022, the 100 largest superyachts had a collective length of 11,087.6m, or just over 11.08km. A year later, this had increased to 11,280.2m, or 11.28km. This year, the fleet has a collective length of 11,414.5m, or 11.41km. In 2 years, it had grown by 326.9m, roughly 2.94%. With this growth rate, we would expect that, by 2030, the collective fleet length would be around 12,341m – over a km of new yacht length added in under a decade.

Length isn't the only thing on the up. Yacht volume (GT) is increasing over time too, and at a greater rate than length, as individuals commission bulkier vessels that are more akin to floating mansions than boats. In 2022, the collective volume of the 100 largest superyachts was 547,807 GT. In 2023 this had increased to 564,501 GT, an increase of 3.04%. In 2024 this had risen again to 582,541 GT, an increase of 3.2%. Given these trends, we would expect volume growth to outpace length growth. Yachts delivered from 2006 onwards have an average volume of 6,218 GT, whereas

yachts delivered in 2005 or before have an average volume of 4,442 GT, around 39% smaller. Average length however is more similar with 2006 deliveries onwards at 115m and 2005 and older deliveries at 109m, a difference of just 5.5%.

## Staying power – antique yachts still sailing

There are three vessels in the 2024 top 100 superyachts that have been built before 1950.

The largest of these is 'El Mahrousa', a 145.7m state vessel used by the President of Egypt. It is also the oldest in the list, being built in 1865. The saddest part of El Mahrousa's story is that it sees minimal use, only going to sea around three times a year, and just for a day each time.

The next largest of the pre-1950s builds is the famous 99.1m 'Christina O', formerly owned by Greek businessman Aristotle Onassis, on which he hosted luminaries from international politics (including JFK and Winston Churchill) and stage and screen (Elizabeth Taylor and Richard Burton, amongst others, were guests). Built and launched in Canada in 1943 by Canadian Vickers it was a vessel for the Canadian Navy originally named HMCS 'Stormont' serving as a convoy escort in the Battle of the Atlantic in the Second World War and was present at the Normandy landings. 'Christina O' is infamous for having barstool covers crafted from whale foreskin.

“...we would expect that by 2030 the collective fleet length would be around 12,341m – over a km of new yacht length added in under a decade..”

The smallest of the pre-1950s superyachts is 'Nahlin' at 91.4m. Built in 1930 on the Clyde in Scotland by John Brown & Company, it was delivered to Lady Yule, the only daughter of Scottish-born British Raj jute and cotton magnate, Andrew Yule, who founded Andrew Yule & Co Ltd in Calcutta in 1863. Annie Yule married her cousin, Sir David Yule when she was 26 years old, but he died 28 years after their wedding, leaving her with a 25 year old daughter, Gladys. On his death, Gladys inherited \$100m, which in today's money would be \$27.8bn as an economic share. 'Nahlin' was commissioned following Sir David's death so the Yules could travel the world, one of their great passions. Mother and daughter cruised from 1931 to 1933 all around the world. The archives of this voyage, and the guest book, can be seen at the National Maritime Museum in Greenwich, London. The Yules sold 'Nahlin' to King Carol II of Romania in 1939, who owned it for less than a year, being forced to abdicate in 1940. It is now owned by Sir James Dyson.

#### Five new entries & five drop outs

There are five new entries in the top 100 superyachts this year, forcing out five vessels that no longer made the cut to be in the list. Whereas last year the smallest vessel in the list was 88.5m, this year the smallest vessel is 1.5m longer at 90m. The new entries have a combined length of 578.8m; the outgoing five have a combined length of 444.5m.

The largest new entry is 'Opera', a 146m giant built by Lurssen and now the 10<sup>th</sup> largest yacht in the world. 'Opera' is owned by Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs for the UAE and the son of UAE founder Zayed bin Sultan Al Nahyan. The entry of Opera into the top 10 means that 8 out of these superyachts are owned by Middle Eastern royals. Unlike the other UAE yachts (Azzam, Dubai & Blue) the yacht is not registered in the UAE but in George Town, Cayman Islands.

Next largest is the new 'Kismet', built for Shahid Khan who replaced his 2014 95m Lurssen-built 'Kismet' with a 122m vessel – 28% longer than his old superyacht. The new 'Kismet' enters at number 31 of the top 100. His old vessel he sold to Google co-founder Eric Schmidt at the end of 2023. Schmidt renamed her 'Whisper.' 'Whisper' is at number 75 on the list.

The superyacht 'Renaissance' enters at number 43. 111.8m in length and boasting an outsize (for its length) 7,200 GT volume,, it is the only Spanish-built superyacht in the top 100, built by the Freire Shipyard, based in Vigo. Renaissance was commissioned by billionaire Gary Klesch, the 77 year-old founder of the Geneva-based Klesch Group, which is focused on commodities.

Expedition yacht 'Shackleton' was built for Russian-born businessman and philanthropist Len Blavatnik, who was knighted in 2017 and has British and American citizenship. Blavatnik made his initial fortune after the collapse of the Soviet Union in the privatization of state-owned aluminum and oil assets. He now owns most of Warner Music Group. Lurssen-built 'Shackleton', currently still on sea trials, is 109m in length and enters at number 49 in the top 100.

The smallest yacht to enter the list is the 90m 'Norn' (not to be confused with the larger 'Nord' (which is 142m)). 'Norn' – yet another new Lurssen build – was constructed for billionaire Charles Simonyi, the Hungarian-born developer of Microsoft Applications, who used to own the 73m military-style 'Skat.' 'Skat' is Danish for treasure (Simonyi's wife is Swedish and they used to live in Denmark). Given the low position of entry, it is likely that 'Norn' may leave the top 100 next year, despite having by far the largest volume of the five 90m superyachts that remain in the list.

# Sector updates



*Image: Cartier*

There was much excitement when it was announced that Bernard Arnault had built a “small, personal stake” in **Richemont**, revealed by Bloomberg late last month. No one knows the size of Arnault’s stake, but given his long-term admiration for Richemont’s brands (particularly Cartier) and public appreciation of Richemont Chairman Johann Rupert, there is a likelihood, in Barton’s view, that it is strategic. In January, Arnault praised Rupert and said he would help to “support his independence,” which could just be the words of a supportive shareholder or it could be a message from him that Arnault (and by extension LVMH) are the white knights, true long-termist luxury oracles, in contrast to the sovereign wealth funds or private equity giants. Rupert himself tightly controls Richemont and has 50% of the voting rights, despite having just 10% of the equity. Unlike LVMH, which has been the study of generational succession in the Arnault family with children in executive roles, Richemont’s future under 74 year-old Rupert is less clear; whilst son Anton is on the board, he has no executive role.

‘Made in Italy’ was always a reassuring inscription in a luxury leather handbag. Even if the brand was a French one, knowing they were only using the best – if expensive – Italian suppliers reassured that the quality would last and that the high investment required is justified. However, recent raids of Milan workshops for Dior and Armani by Italian police revealed a painful and carefully concealed truth: Dior and Armani both paid less than \$100 per bag to make bags that sell for thousands of dollars in retail. Italian judges have placed both units under judicial administration for violating laws relating to working conditions, including having workers sleeping at the facility to work round the clock. The firms involved were not related to Dior or Armani, but are in fact Chinese-owned subcontractors with mostly Chinese workers, a number of which had incorrect documentation or were in Italy illegally. The episode, in Barton’s view, emphasises the tightrope that some luxury brands tread; the use of less than respectable sub-contractors and the insane margins.



*Image: Dior*



*Image: Burberry*

In May, it was announced that **Burberry**’s profits have declined by 40% in a year. With the backdrop of a general slowdown in luxury fashion sales, such a drop was not unexpected. Pre-tax profit of £383m was posted for the year to end of March, compared to £634m in the previous 12 months. A Chinese slowdown is at the heart of the issue, and Bain & Company identified the emergence of the “luxury shaming” trend in the country, where consumers have started to see the flaunting of wealth very negatively, in contrast, Barton notes, to the first half of the Chinese luxury goods journey, where showing expensive brands was a powerful motivator for the growing middle class to work hard, achieve and buy their own. Analysts are also blaming aggressive price increases in luxury goods, coming at the same time as the cost-of-living increases across the world, meaning a loss of aspirational consumers who spend less but have a far larger population than the core HNW consumer. Burberry’s warning follows an announcement earlier this year from Kering that Chinese demand for Gucci had “dried up.”