

FT SPECIAL REPORT

## Yachts & Marinas

# A guide to how to pick and buy the boat of your dreams

### Broking

Try before you buy and other purchasing tips from *Richard Donkin*

If your heart is set on owning a super-yacht, where should you start? For most, the journey to ownership starts with a first encounter – an invitation to spend time on a friend's yacht or a charter holiday.

Most brokers recommend charter as a sensible course before committing to buying. Once you have sampled a few yachts, toured the yacht shows, thumbed the brochures, spoken with brokers and checked your bank account, what next?

A period of reflection would be wise, including discussions with other owners about the pros and cons of running a yacht. You will learn about the costs – mooring fees, fuel bills, maintenance, crewing bills, taxes, insurance, legal fees and broker commission, should you choose to use a broker.

The super-rich take these sundries in their stride. But even the sharpest of billionaires can be caught out if a yard collapses mid-build. Due diligence on builders is important. The best yards are well known, but choosing one can prove tricky since the most popular have order books with delivery times, in some cases, of up to five and six years ahead. How much time do you have?

For a first purchase, one option is to explore the second-hand market. Credible buyers can drive hard bargains in the market just now. But they must show some intent if they are to ensure a broker's goodwill.

"Part of my job is to put serious buyers with serious sellers. It's a waste of everyone's time if a buyer goes a way down the route to committing himself and then the owner turns around and says he's changed his mind," says Chris Cecil-Wright, a boutique yacht broker with 25 years of experience.

"The first thing I try to do with a potential buyer is establish a relationship because the experience of buying or building a yacht should be fun. I need to know who they are, who their family and friends are and what they like to do – whether they're a flashy show-off or whether they're introvert."

A good broker, he says, knows about



Dealmaker: Chris Cecil-Wright

boats that are not for sale but whose owners might part with them, given the right approach. "What I'm looking for is a boat with a sensible asking price that's been well maintained and with an owner ready to sell."

Mr Cecil-Wright has a database of yachts and owners that he believes gives him an advantage in the marketplace when competing with bigger brokers with larger overheads.

Jonathan Beckett, managing partner at Burgess, one of the leading yacht brokerages, begs to differ. He says that boutique brokers can struggle to match the day-to-day market intelligence shared among a big team of brokers working together. "It's not unusual for us to have boutique brokers calling us up and ask-

An owner who likes a particular yard might approach the yard directly

ing what price such-and-such a yacht sold for. They don't know the transaction history but because of our size – we may have sold the boat – we often know this information.

"I've had owners saying 'Surely everyone knows my boat is for sale,' only to have to tell them of potential buyers who had no idea it even existed. Boutiques just don't have the same

intelligence that we have and don't know everything when dealing with the highest level of client."

One thorny issue is the question of a broker's commission. Who pays it? And if a yard is paying the fee, can a buyer be sure of a broker's independence? "The most important thing is for a broker to be transparent about such payments so that a client can see how fees are apportioned," says Mr Beckett.

For new builds, a buyer usually needs a broker. But some start with a designer. Dickie Bannenberg, head of Bannenberg and Rowell, the design team, says: "A client can come to us and we can start the project on paper, looking at the possibilities and what's needed."

"We have a very large project we've been working up for two years with BMT, the naval architects – all pre-engineering and pre-designing before we went to a shipyard," he adds. "I'm not dismissing brokers, but with a reasonably experienced, savvy owner who doesn't want to be bound by brokers or shipyards saying something can't be done, to approach a build in this way can be an exciting alternative."

Putting builds out to tender is common among experienced owners who understand the business, says John Leonida, a superyacht lawyer at Clyde & Co. "An owner who likes a particular yard might approach the yard directly. Others will appoint a broker to take them through the process, acting as an agent. A reputable broker, who is being paid by the yard, will explain what is happening and most owners will accept that. But some might insist on paying the broker themselves and would expect the yard to reduce its price accordingly."

Equally, he says, buyers might ask a lawyer experienced in the field to act as an adviser in a deal. "Brokers are an easy target, but a good yacht broker adds a lot of knowledge to a deal. They can direct the owner to the kind of boat that's right for them."

When a price is agreed with a seller, both parties enter into a memorandum of understanding that includes provision for a four-hour sea trial at the expense of the seller, dates to confirm or reject the deal and dates for a survey. A 10 per cent deposit is paid on signing the MOU. The parties then have four weeks to tie up any issues and close the deal.

Once all that is over, it is time to swallow hard and pop the champagne. You have just bought a superyacht.