



# 7 Steps to Yacht Buying Heaven

**by Julian Krickl**

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At Mercury Yachts, we specialise in streamlining the yacht-buying process for our time-poor clients.

By identifying exactly what a client wants, we're able to make discerning choices, save time and create a clear strategy so that the joy of purchasing a yacht is felt by our clients from the outset – not just when they first jump on board. We believe that buying a yacht should be exciting and engaging; we hope that our seven steps to yacht-buying heaven provide a nuanced guide for first-time buyers through to seasoned yachtsmen.

## **1. SIZE**

This is the first major point to consider as it helps determine many other aspects of what a yacht owner requires. I often advise my first-time buyers to choose yachts that are smaller than they think they'll need. It's better to get a handle on running costs and enjoy the yacht, rather than opting for something too large and feeling resentful for the annual outlay.

What's more, opting for a larger yacht can limit how much you can get out of it, especially if you want to berth in marinas in France, Italy and Spain. When travelling around the Mediterranean, you want to have plenty of berthing options to explore small villages and hidden coves.

## **2. AGE**

The majority of the market is comprised of pre-owned yachts – from classic yachts dating back to the early and mid-20th century, right through to ones being sold after only one or two years since launch.

Yachts depreciate in a reasonably predictable way, with the first three-four years having higher depreciation; after this, depreciation continues to tail off to 6%-8% year-on-year. The average age of a pre-owned yacht in 2018 was 12 years old. We advise our clients to consider which age range they are interested in and focus on that to keep the search targeted and uncluttered.

Some buyers keep it simple and just want something new so we also often advise on availabilities and build times for new boats. When advising a client on a new build, we need to see what size is suitable for them, and what level of customisation they want.

At this stage, it's important to consider what customisation is possible with the shipyard and model of yacht. Yachts up to 45-50 metres are mainly semi-customisable, with options to change the décor, on-board equipment and occasionally the cabin layout and configuration.

This can also include alterations to anything from the engine size and interior wood choice, to audio-visuals, tenders and water toys. The earlier a client signs a contract to build with a shipyard, the more control they will have over the options and personalisation.

If a client opts to buy a new yacht that measures over 60 metres, a new build becomes much more bespoke. We often advise on appointing exterior and interior yacht design professionals to tailor the yacht to the owner's needs, which can include more substantial alterations to the hull size, the windows and internal configuration.

### **3. SHIPYARD/MAKE**

The number of shipyards producing private vessels in the world grows year on year, with shipyards worldwide producing everything from small water-ski boats and central console fishing boats to sailing yachts, sports fishers and superyachts. However, only industry experts will be able to align the ambitions and tastes of a buyer with a shipyard that can truly deliver.

To entice and retain brand loyalty from owners, shipyards offer now offer a greater range, but still excel in a particular area. It's therefore important for us to advise our clients on the shipyard that will suit their tastes and requirements best.

For larger yachts and superyachts, we recommend the Italian, Dutch, British and German shipyards. Italian shipyards such as Ferretti, Benetti, Riva and CRN take the lead in fast performance yachts, while German and British brands such as Lürssen, Nobiskrug Abeking & Rasmussen, Sunseeker, Devonport and Princess are best for giga-yachts.

For stylish fly-bridge and tri-bridge yachts, it's hard to beat Dutch shipyards such as Feadship, Heesen, Amels, Oceanco. When it comes to smaller craft, ski boats, centre-consoles and sports-fishers, the American brands offer the greatest variation and quality at a good price-point.



## **4. BUDGET & SPEED OF DEAL**

Most yacht buyers know what their budget is, having a defined range is key. Having an ideal size, price, style and age in mind will save time and help buyers approach the market with confidence.

When entering preliminary discussions, it's best to avoid too many questions regarding small details at the start; the in-depth questions can be considered closer to the time at the survey stage of buying.

If a client is financing just a part of the purchase, it's important to have the lending part agreed and in place as early as possible, so that they can be ready to strike when they find their perfect yacht. There is an ever-increasing number of lenders entering the market. At Mercury, we can introduce clients to a selection of carefully chosen lenders to explore finance options further.

It may seem like an obvious point, but if a buyer wants a quick deal and have found their perfect yacht, it might be worth paying closer to the asking price in order to save time and make more use of it. However, if a buyer is intent on finding a bargain, and wants to get more money off the asking price than the seller or shipyard wants to give, they can spend time eyeing up the market more broadly.

The deal will usually take longer, and the seller may transact the purchase more slowly to ensure another buyer doesn't come along in the meantime. In the current market, you can expect to get 10%-15% off asking price in most cases. 20 % off the asking price is a really good deal, but we would advise that a buyer has their money ready to pay immediately if this is what they are aiming for.

## **5. USAGE/STYLE**

There are so many different ways to enjoy yachting with different owners wanting to cater to a variety of usage options. Some prefer cruising the waves in quiet, natural tranquillity, while others are looking for more high-octane fun.

We always ask buyers to consider what the main age groups of guests are likely to be. Do they need to entertain young family members or have many water toys to keep everyone entertained? Is the boat for older guests or even conducting business? If so, perhaps a bigger kitchen and well-stacked wine cellar is a priority.

## **6. LOCATION**

Berthing costs vary significantly depending on location, but you can always try out a season or two before moving your boat to somewhere you prefer. There are myriad marinas and berthing options in the Mediterranean and around the world.

We always make sure to identify whether a client will be looking to cruise through more crowded marinas such as those along the Côte d'Azur or whether they are looking for more calm and secluded island-hopping destinations. As previously discussed, the size of a yacht will largely determine where it can berth, so it's important to establish where a buyer is looking to travel before advising them on their boat.

## 7. CHARTER

Ahead of buying a yacht, it's important to consider if this is going to be for personal use, or if a buyer's needs are better suited for chartering. The all-important annual bills, such as berthing, fuel, crew salaries and running costs can rack up quickly.

Incoming charter revenues are too varied to explore in depth here, but one of Mercury's services is to run the numbers for clients regarding the outgoing and incoming costs in order to give them the best overview of their options.

With the exception of Monaco and one or two other jurisdictions, there are VAT costs of 20% across Europe to consider.

These can be deferred by setting up a structure to commercially charter your yacht out. The majority of yachts in the Mediterranean are VAT unpaid so do ask us for any advice. Most of these buying intricacies can be alleviated by using a trusted and knowledgeable yacht broker. At Mercury, we do much of the 'heavy lifting' to help buyers create the perfect short-list of yachts that they can touch and feel before making that final offer.

We hope to see many of you on the water soon, please do let us know how we can help.



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