

MOTOR YACHT BUYERS GUIDE

IN THIS GUIDE YOU'LL DISCOVER FIVE BIGGEST BUYING BLUNDERS

1. Costly mistakes to avoid when selecting a yacht.
2. Questions you should be asking yourself
3. Questions you should always get answers to
4. Avoid Becoming The Biggest Loser
5. How to select a broker

This guide is part of our
"Insider Guides" series
Empowering you to make educated &
informed decisions



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Congratulations and thank you for requesting this “Insider’s Guide”.

The information inside will empower you to make intelligent and informed decisions when it comes to selecting a motor yacht so that you do not have to rely on other people’s opinions.

You will learn about mistakes other people make and we give you some insight into the buying process.

Insider yachting is dedicated to helping you find that perfect yacht and making sure you stay safe and protected throughout the whole process.

If you have any questions about the information within this guide or the next steps to take then please contact us at contact@insideryachting.com or calling us at (001) 954-873-0171.

We look forward to hearing from you.

The Insider Yachting team

*P.S. be sure to read the “what to do next” section
at the back of the guide!!!*



1. COSTLY MISTAKES TO AVOID WHEN SELECTING A YACHT.

Do as much research as you can about the general type of boat your interested in. The more research you do and knowledge you gain, the happier you'll be with your purchase.

Perhaps the most costly mistake of all is to find that you have purchased the wrong type or style of yacht for your individual needs, after all buying a boat with a 10' draft is no good for someone wanting to island hop the Bahamas.

What we are talking about is clearly knowing why you want the boat and how you expect to use it.

A good place to start is to write a "boat wish list", note down simple bullet points that sum up what your ideal boat should fulfill.

There are some sample questions to ask yourself further in this guide

By giving this sheet to the broker you have selected he or she will have a clear guide of what you are looking for and be able to find a selection of suitable boats therefore doing all the hard work for you.

AGE VS PRICE, NEW VS USED

Don't get greedy! Much like cars, boats depreciate with age, it makes sense then that you can get more for your money the older you go, to a point, and that's the important part to remember "to a point". This is no rule of thumb and you have to look at each boat and manufacturer individually. Marine technology progresses fast so don't get greedy and find yourself owning a boat full of out dated and discontinued equipment that is getting progressively more difficult and expensive to repair.

Older yachts are full of older and generally well used equipment, bare this in mind when selecting your yacht, most machinery has a certain shelf life, once exceeded these will need to be replaced or rebuilt which gets very expensive.

Alternatively many people choose to buy new, opting for the reassurance and hassle free ownership of manufacturers warranties, free service calls and brand new equipment, however the first owner of a yacht will generally experience the largest price depreciation when it comes time to sell.

The other option buyers have is to commission a ship yard to build them a custom or semi custom yacht.

SEMI CUSTOM YACHT (SEMI PRODUCTION)

A semi custom yacht is exactly as it sounds, the hull, structural supports, bulkheads and engineering equipment are all standard (production) and there is little room for change as these sections are generally built on spec, you do however have complete control over the interior layout, number and size of cabins, materials used, fixtures & fittings and soft goods.

CUSTOM YACHT

Again just as it sounds, you will be involved and have input from the initial concept stages, from two decks to three decks, sun deck or no sun deck its up to you. The benefits of this is that you are getting exactly what you want without compromise, you will also be getting it for a great price as you are basically having a product built by laborers at an hourly rate. The down side of this is that you will have to wait anywhere from three to five years to take delivery of your boat depending on its size. Most semi custom yachts range from 90' to 140', whilst fully custom yachts are usually 140'+. There are of course exceptions to this, some yards will build fully custom yachts smaller than 90'. Whether you are buying a new custom/semi custom yacht or a used one, another major point to consider is heritage or brand.

PEDIGREE & RESALE

Something that you should always bare in mind when you are selecting a yacht is how much you can expect to sell it for in the future whether it be in two years or ten years time before you expect to move on.

A good way to estimate this is to search for yachts similar to the one you are considering, (same size, manufacturer, number of cabins etc) but look at them two to five years older than yours and see what they are selling for.

Your broker should automatically provide you with this type of information.

As with every consumer product, those with the reputable brand name will hold their value much better than those built by a lesser known manufacturer. These reputations have been earned over many years with proven build quality and longevity, unlike the auto industry, a shipyard pedigree is not as a result of some clever marketing campaigns.

Therefore if you are deciding between two or three yachts it may make better business sense to initially spend more on the purchase of a yacht with the "pedigree" shipyards name as you know it will ultimately return more of your investment back to you and quicker when you decide to sell.

RUNNING COSTS

Running costs need to be a major consideration when selecting a yacht, one of the largest outgoings for a yacht owner is crew salary, the size of the salary check you have to cut each month depends on the number of crew you have to employ, and the number of crew you have to employ is dictated by the size of your yacht!

One golden rule is not to cut corners, many owners upon the purchase of their first yacht suddenly become boating efficiency experts dreaming up any possible way to save money, 9 times out of 10 the first to be cut is the crew budget, which should actually be the one area to protect.

If you suspect that you would need to reduce the budget to comfortably own a yacht..... buy a smaller yacht!

Once again the advice is to not get greedy, the average cost for owning and running a yacht is between 10% and 15% of the initial purchase price, however a larger older yacht with a relatively cheap list price will be more like 15% to 20%

You should have a number in mind of what you are comfortable spending per year in running costs, take 10% off this number and stick to it (you will always end up spending more than you think so leave yourself a little cushion).

THE CHARTER MYTH

“Just charter the boat out and you will cover all your costs, it’s like having the boat for free, you can even make money, running it like a business”!!! Ever heard that one before? Trying to cover your running costs through charter is like a dog chasing its tail, it will never happen.

The more charters you do, the higher your running costs become. The most successful charter yachts can expect to cover a maximum of 75% of the yearly cost of ownership, people that tell you otherwise probably have their own agenda in mind.

Chartering your yacht is a great option as long as you’re not under any false pretenses, so to clear up any misconceptions here are a few things you should know.

- A successful charter boat is available for peak weeks, so don’t expect to use your yacht on July 4th, Christmas or New Years.

- Do not use your boat for the week before and after a charter, your crew work very hard and need these weeks to prepare the yacht and recover after.
- Your yacht needs to follow the charter circuit so expect it to move between Florida, New England, The Mediterranean and The Caribbean.
- Expect higher usage and more wear and tear, both interior, exterior and mechanically, so expect more maintenance periods

A charter method that is becoming more and more popular is to create your own charter circuit.

Yachts and their owners are becoming more adventurous and moving further away from the traditional cruising grounds to areas like SE Asia, South Pacific and Northern Atlantic, these types of transits are planned out several months in advance and available weeks when the owner is not using the yacht are put out for charter wherever the yacht may be located at that point in the transit.

You will not see as many charters with this method but many owners prefer it as there is virtually no disturbance to their desired usage of the yacht.

2. QUESTIONS YOU SHOULD BE ASKING YOURSELF

You are the only person who knows exactly what you want and how you intend on using your future boat so make sure you don't become your own worst enemy.

Write down a simple bullet point list and stick to it.

Some of the more important questions to consider:

- Where do you want to use the boat
- Who will use the boat (how many, children or elderly guests)
- How many cabins do you need
- Do you want permanent crew
- Do you want separate crew cabins
- Do you want to anchor for extended periods of time
- Will you live aboard or just vacations
- Where will you keep the boat
- What activities do you want the boat for
- Do you want a tender or jet skis
- On deck master cabin or below deck
- Do you want to charter the boat
- What's your budget (remember the 10-15% rule)
- Do you want to travel internationally

3. QUESTIONS YOU SHOULD ALWAYS GET ANSWERED

So you have selected a yacht that fits your needs perfectly, it's time to get your detectives magnifying glass out and do some digging.

Before you enter into the expense of survey and sea trial you should find out everything you can about your future yacht.

To help you with your investigation here are some points/questions to get information and answers on:

- Yachts maintenance history, whether it be paper based or computer based
- Yard and haul out history
- Logs, engineering history
- All equipment hours
- Is there a full complement of equipment manuals on board
- Previous groundings or impacts
- Previously chartered or private
- Previous cruising grounds
- Previously fully crewed & qualified crew
- Previous budgets
- Previous captains contact details
- Maintenance history for all tenders and toys
- Previous crew's projected maintenance (any major upcoming/repeat jobs)
- How long has it been actively listed for sale
- When was the yacht last used
- Age of the yachts paint
- Is the yacht built to any classification standards

4. AVOID BECOMING THE BIGGEST LOSER

The first time your shown a boat whether its at a boat show, in a marina or behind the owners house, its no surprise that the seller or sellers broker has tried to clean everything, hide all the defects and divert your eyes from any and all imperfections, and there's nothing wrong with that, it's the same when selling a car or real estate.

With this in mind you need to be extra diligent when walking through the yacht and don't be afraid to let your broker know that you will revisit something two or even three more times if you are seriously interested in any yacht that you are shown, each time you will notice more and become more intimate with its ins and outs. If you are still interested after the second or third time viewing, then the work really starts.

Even though the broker that "you have selected" (yes you have a choice) should be doing the following, you should still do your own homework. The more knowledge you have, the happier you will be with your purchase.

Spending a couple of hours on websites such as www.boattrader.com and www.yachtworld.com searching through their database and listings you will be able to get a pretty good idea of the current market value for a specific boat.

Do some research about the specific yacht your interested in purchasing, if it is Coast Guard (US) registered go to <http://www.st.nmfs.noaa.gov/st1/CoastGuard/VesselByName.html> and enter the boats name, this will give you any previous registered names and previous owners to help with your background checks. Also look into the manufacturer and model to see if there have been reported inherent problems, Google is a great tool!

Perhaps the most important stage in any purchase and one that should never be skipped regardless of age or condition of the yacht is the survey! As tempting as it may be to skip this extra expense and inconvenience it will always save you money in the long run.

A good broker will have 2 or 3 surveyors that he or she works with and trusts, your broker should not therefore give you a print out of every surveyor in town, if he/she does then pay attention to the next section "How To Select A Broker".

Once the survey is complete your broker should send you a copy of the report, make sure you read it thoroughly.

Look for sentences like “for a thorough inspection a specific tank survey is recommended”, some less professional outfits use lines like this to get out of having to complete a full & methodical survey and hoping to convince you to book them for more work.

The surveyor should look at every square inch of the boat, in bilges and tanks, in electrical panels and storage cupboards taking lots of pictures as they go.

The surveyor should test every piece of equipment and machinery, check the boats certificates and documentations they should also check your hull, running gear and through hull fittings (weather you are in or out of the water).

The survey report will include a “recommendations” section, this is where they will advise on items where action (in his or her opinion) should be taken, once you have these items documented you (your broker) can use this to either lower the price to reflect the cost of the recommended repairs or write it into the contract that all the items will be repaired before the yacht is accepted by you the buyer.

The survey report should also comment on the presence and state of the maintenance and running logs, All yachts regardless of size will have some kind of maintenance log, on larger yachts this will be in the form of a computer program that automatically tracks, updates and reminds the crew of upcoming necessary maintenance and recording the completed job notes.

These logs/programs hold a great deal of information to give you an idea of the general condition of the yacht and also give us clues of what to expect in the future.

For example, most equipment on a boat is doubled up (2 of everything) and usually the running hours is shared equally between the units, it stands to reason then that if there are two generators both with 600hrs and you see in the maintenance logs that one of the generators needed a new raw water pump, you can expect that soon enough the other generator will need the same work.

Also look for reoccurring jobs like having to replace or repair discharge pumps, or frequency drives, this could be an indication of problems in other areas within the same system.

So by dissecting these records you can get a realistic idea of the boats condition and what the future owner can expect.

5. HOW TO SELECT A BROKER

Buying a yacht will quite possibly be the single largest purchase that you will ever make, With this in mind the broker you select should be one of your most trusted allies. Yet many people give little thought to finding a broker best suited to their needs.

Whether you're selling your current yacht or looking to buy a new one, making the right choice when selecting a broker will change your entire buying/selling experience and can often mean the difference between thousands and even hundreds of thousands of dollars in your pocket.

Some points to think about when selecting your team:

- Your broker works for you and like a real estate agent if you do not feel like your broker meets all your needs then find one that will.
- Your broker should be a walking talking encyclopedia for everything to do with yachts including and possibly most important they should be well educated in all areas of maintenance, engineering and build quality as this is potentially your most costly area in owning a yacht.
- Ask around, a successful broker will be well known in your area and maybe known within your circle of friends, a recommendation from a happy customer is always the most genuine source of information.
- Most brokers will generally have an area of expertise, whether it be mega yachts, sail boats or sports fisherman's, try to select a broker that specializes in the type of boat you're looking for or selling.
- Your broker should hold your hand every step of the way, rethink your selection if a showing is arranged without your broker being there to take you through the boat.
- Your broker must ensure that you are paying the correct amount for the yacht that reflects its current market value. They should provide you with a list of similar yachts that are also for sale (comps), with this list you can make an accurate judgment on the true market value of the yacht you are focusing on.

This guide has given you enough useful information and handy tips to get a head start along the road boat ownership.

Insider Yachting is dedicated to ensuring everyone has the information they need for boat buying, selling and ownership.

To help spread the message and ensure further guides are created, share this guide by referring colleagues to www.insideryachting.com.

Become an insider.

What to do next!

One of the most important areas to understand early on in the search process is “the market that you are currently in”.

After all if you do not understand the current value of yachts in various size ranges and differing ages then you stand the risk of over paying for the yacht you choose.

The best way to truly understand the current value of yachts is to gain access to a world wide cooperative database, search through every available yacht and record critical specifications and price of the yachts that meet your search criteria so that you end up with a report that you can look through and refer to.

Realistically this is an impossible task for any one person, but we have your back.

GETTING YOUR “YACHT PRICING REPORT” IS NOW EASY AND FREE!

Just email us at contact@insideryachting.com put “Yacht Pricing Guide” in the subject line and give us a couple of details about your yacht.

Size range

Age range

Number of cabins

Other wish list items e.g builder, tenders, range etc.

Or visit our website www.insideryachting.com and click on the “Insider Pricing Guide” button, fill in the required fields and we’ll get your guide off to you right away.

