



Yachting and geopolitics: Economic challenges and adaptations in a changing world

Each year, the Yacht Club de Monaco brings together key players from the international yachting industry for the **La Belle Classe Superyachts Business Symposium**. Organised as a dinner debate as part of the "Monaco, Capital of *Advanced Yachting*" initiative, this exclusive event examines the major challenges facing the industry. For its 17th edition, discussions focused on "***The Impact of Geopolitical and Economic Tensions on the Yachting Industry***", highlighting the challenges and opportunities in a rapidly evolving market. With market volatility, disruptions to shipping lanes and changing buying patterns, speakers offered insights into the obstacles and new prospects shaping the industry. "*Faced with geopolitical uncertainties, international yachting must not only adapt, but also anticipate. The role of the Y.C.M. is to support this change by promoting innovative and responsible yachting,*" said **Bernard d'Alessandri, Secretary General of the Yacht Club de Monaco**.

An industry facing growing geopolitical challenges

The invasion of Ukraine, tensions in the Middle East and Houthi attacks in the Red Sea have had a significant impact on market stability, explains **Ralph Dazert, Head of Intelligence at Superyacht Times**. These events have reshaped the commercial and operational dynamics of the industry, affecting shipping routes and limiting transit in strategic areas such as the Gulf of Aden. The temporary ceasefire in Gaza (January 2025) has also helped to stabilise buying hesitancy among Israeli and American Jewish buyers. Maritime transit has partially shifted to the Cape of Good Hope, where the number of superyacht crossings increased significantly from 5 to 23 between 2022 and 2024, while transits through the Gulf of Aden fell from 41 to 7 over the same period. "*We had anticipated a decline in yachts travelling to the Arabian Gulf, but instead we are seeing an increase in the number of boats based in the Emirates. The Middle East continues to be a booming region for yachting*".

Rising geopolitical tensions have also changed buying patterns. While yacht sales to Russian clients have declined, increased interest from the American and Asian markets, particularly India, has offset this trend. In 2024, orders for superyachts over 80 metres have regained momentum, driven by a new generation of buyers. In particular, sales of yachts over 30 metres increased by 10% in the US in Q4 2024 compared to 2023.

Despite geopolitical and economic turbulence, the global yachting market continues to show remarkable adaptability. The shift towards innovative and sustainable models, combined with improving economic prospects in several regions, suggests a promising future for this ever-evolving industry. The tensions in the Red Sea have also had an impact on the operating costs of yachts sailing in the region. According to **Captain Christos Metallinos of M/Y Emir**, the situation will require long-term adjustments for luxury cruising. "*The increase in insurance premiums is a major obstacle - they now equal or exceed the cost of a charter. This has led to a significant drop in bookings. However, the yachting industry still offers many opportunities. When one door closes, another one opens*".

Other sectors concerned

Private aviation, like yachting, is having to adapt to geopolitical uncertainties. **Olivier Zuber, Bombardier's sales director for Western Europe**, highlighted the impact of these tensions on the private jet sector: "*The imposition of a 25% tax on aircraft imported into the United States is a major challenge. This measure could influence purchasing decisions and forces us to explore different adaptation strategies. For the time being, we are waiting to see how the situation develops before making any structural decisions. In response to global tensions, customers are looking for innovative solutions, whether in terms of comfort, safety or flight autonomy. We must constantly adapt our offerings to meet these new demands*". Insurance companies are also keeping a close eye on international developments. **Vincent Huens De Brouwer, Managing Partner at Covership**, explains: "*Some yacht owners have abandoned their usual plans to cross the Suez Canal and travel to the Far East, mainly due to the aggression of the Houthis against certain nationalities*". As a result, insurance policies are adapting accordingly, with an increasing demand for cover against specific risks linked to geopolitical tensions.

The impact of US economic policy

The prospect of a second term for Donald Trump raises questions about the development of trade tensions between the United States, China and Europe. Protectionist policies and more aggressive tariffs could disrupt supply chains and impact the international yacht trade. *"The US economy remains a key variable for the yachting market. We do not yet know if a recession is imminent in the United States, but it is a factor to watch closely. Rising protectionism and trade tensions could reshape international trade and affect the industry,"* said **Paul Tourret, director of the Institute of Maritime Economics**. Ralph Dazert echoed these concerns: *"The key factor to watch in 2025 will be the economic situation in the United States. Americans love their yachts, and with the rising dollar, European-built yachts could gain a price advantage. A second Trump term raises questions - his pro-business stance could stimulate the market, but his unpredictable decisions remain a source of uncertainty."* Meanwhile, the Middle East and Southeast Asia continue to strengthen their presence in the maritime industry. Saudi Arabia's Vision 2030 aims to diversify its economy and attract new investors, including in the yachting sector. This transformation is creating new opportunities for shipyards and industry players and expanding the market's global reach.

A resilient market supported by global wealth growth

Despite ongoing uncertainties, global economic performance is expected to remain resilient, with moderate global GDP growth forecast through to 2025. The phenomenon of 'slowbalisation' - a slower but ongoing form of globalisation - is also affecting the yachting industry. There is now a greater emphasis on more regional supply chains and fast-growing emerging markets, such as the Arabian Gulf and Southeast Asia. *"We live in an era where economic uncertainty is no longer an occasional disruption, but a constant reality. Despite geopolitical tensions and the restructuring of global supply chains, the wealth of billionaires has doubled over the past decade to around \$14 trillion, while the number of billionaires has risen from 1,757 to 2,682,"* said **Ernesto De Marzio, Managing Director - Head of Front at UBS Monaco**.

This growth directly fuels the demand for yachts. Despite the turbulence, the global yachting market is demonstrating a remarkable ability to adapt. Continued growth in global wealth is driving demand for superyachts, with North America and Europe remaining the dominant markets, while Asia and the Middle East are experiencing rapid expansion. Emerging destinations such as Singapore and the Arabian Gulf continue to grow in importance, with significant investment in nautical tourism and an increase in local fleets. In Europe, which accounts for 30% of the world's superyacht fleet, innovation and energy transition are at the heart of the future outlook, driven by the excellence of its shipyards and a weak euro that favours exports. *"A striking phenomenon is the increase in the number of first generation billionaires. These new entrepreneurs, less tied to tradition, are more inclined to invest in superyachts. This evolution is creating new market dynamics,"* he continues.

In 2024, sales of new yachts over 30 metres reached 192 units, compared to 204 in 2023, with a balanced distribution between new and pre-owned models, demonstrating the market's resilience despite an uncertain global economic environment. However, the mega yacht segment continues to grow strongly, supported by increasing demand for larger, more energy efficient models. Trade tensions and US monetary policy remain key factors. The Fed is taking a cautious approach to avoid too abrupt an impact on the markets. However, a potential trade war with China or the imposition of new taxes could cause disruption and indirectly affect the yachting industry through inflation and currency fluctuations.

An evolving banking approach

In recent years, banks have moved beyond simply assessing the financial capacity of buyers when approving yacht finance. Environmental criteria are playing an increasingly important role. Tools such as the SEA Index[®], which measures the energy efficiency of superyachts, are now integrated into the financial decision-making process. Geopolitical tensions have also influenced the industry's reliance on third-party assessment tools for yacht financing. This shift reflects a wider effort by financial institutions to anticipate risk and encourage investment in line with evolving market demands. *"Banks and insurers are increasingly incorporating sustainability criteria into their financing decisions. Today, greenhouse gas emissions and the environmental impact of yachts are key elements in project evaluations. Investing in a yacht is becoming a conscious decision, influenced not only by economic factors but also by environmental considerations,"* concludes Ernesto De Marzio.

A commitment to the future

The Yacht Club de Monaco continues to lead the way in promoting responsible and innovative yachting. As part of this initiative, **M/Y ASLEC 4**, represented by **Mrs Benedetta Iovane**, and **M/Y Galena**, owned by **Mr Jeffrey Day**, were awarded the SEA Index® label after achieving a three-star rating on the SEA Index scoring system. This Y.C.M. initiative has become the benchmark for assessing the environmental impact of superyachts.

As part of its ongoing commitment to sustainable yachting, the YCM will soon host the 14th edition of its Environmental Symposium on 6 March 2025. This event will focus on sustainable solutions and technological innovation to ensure that the industry can meet today's climate challenges while anticipating the needs of future generations.

Key figures:

Global fleet: total number of yachts worldwide: 6,026 vessels

Superyacht construction

Slight decline in current projects to 2025, particularly in the 30-40m and 60-80m segments

Continued growth in the 40-50m segment

200+ new superyachts expected to be delivered in 2025

Key regions:

North America: 25% of the world's superyacht fleet (40m+)

Europe: 45% of the world's superyacht fleet (40m+)

Middle East: Stable market with 15 new yacht sales (30m+) per year

Yachting Market Trends & Geopolitical Impact

226 new yacht deliveries (>30m) in 2024 - a record since 2010, despite increasing industry consolidation around a few large shipyards

Increase in speculative building: Around **1/3** of yachts currently under construction remain available for purchase

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