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The Superyacht

TRUTH • OPINION KNOWLEDGE • IDEAS & SUPERYACHT OWNER INSIGHT



OWNER

GUIDO KRASS

The German owner says today's clients are young and dynamic with different tastes and expectations.

MAINTAINING TO CLASS

Do superyacht owners truly understand their responsibility in maintaining a vessel to class?

GERHARD RUETHER

Entering the management sector was driven by this owner's desire to make a difference to superyachting.

THE BUYERS' GUIDE

With faith in the resale market failing we go to the source to ask brokers what needs to be done.



OVER YONDER WAY

— WORDS BY ESTHER BARNEY AND IMAGES BY
DANA JINKINS, RICK TOMLINSON AND RODNEY WATERS

Owning four or five properties on different continents has become increasingly common for today's affluent globetrotters. Often, this property portfolio includes homes in cosmopolitan hubs like London, Paris, LA or Hong Kong, whether it is for business or personal preference. But the emotional pull of owning an island, or the floating island that is a superyacht, often provides the greatest thrill possible when it comes to a real estate acquisition. Islands and superyachts each offer their owners a place of sanctuary, privacy, personal space and a unique way to enjoy quality family time.

At *The Superyacht Owner* we are accustomed to discussing with owners their experiences of buying and building superyachts, but we are curious as to how acquiring a private island measures up to a superyacht purchase in terms of the hurdles and delights. In 2008, the Bosarge Family Office bought a largely undeveloped 72-acre island called Over Yonder Cay in the Bahamas' Exuma Chain, around the same time as commissioning the 55m Vitters S/Y *Marie* (at the time, the family office already owned the 115ft sloop S/Y *Tenacious*, which is nowadays based mostly out of the Bahamas).

Dr Bosarge had a strong vision for each of the projects and, five years later, he is enjoying them each with friends and family, as well as making them available to guests through charter. *Marie*, named for his wife, was built as a vessel that could comfortably cruise and fit in with the family's lifestyle (including the salon's Steinway piano, which was installed before the superstructure was put on) and explore the world, as well as be a contender at the Bucket Regatta level. Dr Bosarge recently returned from a family trip to the Pacific on *Marie*, where she was chartering for a number of months.

Referring to Over Yonder Cay as his "large land yacht", he originally conceived the island as a family retreat and an investment, with all the amenities you would expect from a first-class superyacht, as well as extensive land-based activities and a deep-water marina for vessels up to around 150ft. Dr Bosarge says of his instant attraction to the island: "It has undulating elevation, with the highest point in the Exumas where we have our central villa, at 66 feet. The privacy of having an island was a huge draw over other land-based properties, and the surrounding water is a constant reminder of the private and tropical location of the island. The Exuma Chain has deep water to the east in the Exuma Sound, which is famed for its fishing, and the Bahamas Bank extending out 20 miles to the west. The area we are situated in has a lot to see and do, but it still has privacy."



THE PRIVACY OF HAVING AN ISLAND WAS A HUGE DRAW OVER OTHER LAND-BASED PROPERTIES, AND THE SURROUNDING WATER IS A CONSTANT REMINDER OF THE PRIVATE AND TROPICAL LOCATION OF THE ISLAND.



While demand for yacht construction has faltered over the past five years, the cost of buying undeveloped islands has increased, according to a source who has worked in both areas. There are only so many islands available to buy, and an increase in popularity – particularly in areas like Fiji and

Opening page: The recently developed 72-acre Over Yonder Cay in the Bahamas' Exuma Chain.

This page: (top) S/Y *Marie* was named after Dr Bosarge's wife; (above) Dr Ed Bosarge heads skywards up *Marie*'s mast on a recent visit to New Zealand.

Opposite: An aerial shot of *Marie*, a floating island in itself.





the Exumas – has seen an increase in their price tag. The DuPont Registry lists many of the islands available around the globe, both developed and undeveloped. In the Exumas, for example, the undeveloped Goat Cay, a seven-acre island, is listed at less than \$5 million, and 20-acre Robert Cay, also ripe for development, is for sale at \$12 million.

But it's not the initial purchase of the islands that consumes the lion's share of the budget. Remote locations, importation taxes on anything from food to floor tiles, and bringing in

outside skilled labour all add up to logistical and financial commitments many times that of the original purchase price (imagine building a 70m *Feadship* and you're in the right ballpark). Dr Bosarge highlights an example of a fully developed island near Over Yonder Cay that is currently for sale: "Our neighbour, the 38-acre Little Pipe Cay, was developed over 11 years by Michael Dingman. It is considered one of the nicest islands in the Exumas, and it is now for sale on Knight Frank website for \$85 million." The investment into Over Yonder

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This page: (left) *Marie* was built as a vessel that could comfortably cruise and fit in with the Bosarge family's lifestyle, as well as a charter yacht; (below) The 115ft sloop *Tenacious* is nowadays based out of the Bahamas; Dr Bosarge refers to the private island Over Yonder Cay as a "large land yacht".
Next page: (from left to right) Over Yonder Cay runs on a hybrid renewable energy system to generate its own power; Life on board *Marie* is shared between the island for the couple; *Marie* has sailed extensively.



Cay is in the region of 200 per cent of the Houston property of the Bosarge Family Office, says Dr Bosarge: "We had 200 people working on the island for three years," he explains. "And the costs of purchasing many items is multiplied by one-and-a-half times because of the duty on many, not to mention work permits for foreign the skilled workers. But we did make a decision to invest in green technology that both has less of an effect on the environment and has practical impacts on the way the island is run."

Unlike other islands that use diesel generators for power supply, Over Yonder Cay runs on a hybrid renewable energy system with three 100kW wind turbines and a 375kW solar field of 1.5 acres. Last year the island operated 96 per cent green energy. Tidal power is the next avenue the island is exploring. As the price of diesel continues to increase – even more so in remote locations like the Exumas – the cost of the fuel commonly exceeds \$1

million per year for an island. After less than five years, says Dr Bosarge, the investment in the turbines and solar array makes financial as well as ecologically sense. "If your island is fuelled by fossil fuels, then you'll have to shut down in 10 years' time because you can't afford the energy bills. That is one of the reasons that we have chosen our renewable energy sources, to future-proof the island," he adds. He comments that there's little he would have done differently with the development of Over Yonder Cay other than installing the nine-hole golf course and tennis court on the island sooner, as he was unaware of the research and development that has made such progress in synthetic turf so as to create a reliable and durable playing surface. The XGrass golf course is due for completion this summer.

I ask how Dr Bosarge under what categories he considers the cost of the yachts and the island, and if the island falls into an 'investment' category. "Having owned lots of yachts over the years, I don't consider them an investment. If they are classic, they maybe depreciate 10 to 15 per cent a year; if they are maintained properly. For contemporary motoryachts, second-hand and for sale, the day you take possession of that yacht, their value drops 40 per cent. Yachts in general are depreciating assets and they are quite demanding to maintain."



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compared with islands, I think. Once islands are completed in development, they don’t tend to depreciate in value, because there are not many fully developed islands, particularly of a high standard, available for sale or for rent. This is the opposite of the situation with superyachts, where there is an oversupply to meet the demands.”

If the ownership club of superyachts is small, then that of private islands is even more exclusive. Do owners have similar reasons for wanting their own hideaway in the Exumas, I ask. “Every owner up and down the Exuma Cays has a different motive for being here. Most people spend 10 years to develop their islands fully, and we have completed OYC in less than five. The previous owners of Musha Cay wanted to turn it into a world-class resort and when David Copperfield took over he continued to improve the island and made it a creative project as well as a real estate investment. I was surprised that the Aga Khan bought Bell Island in the Land and Sea Park with a reported development budget of \$800 million. It’s a large island – about 400 acres – it’s a huge real estate development. But you

could never recoup that commercially.”

The Exumas have become more of a hotspot for visitors and buyers of the islands in recent years. Over the last decade the Aga Khan, Tim McGrath and Faith Hill, Johnny Depp, David Copperfield, and numerous successful businessmen, have purchased islands less than 20 miles either side of Over Yonder Cay. And a growing number of regular visitors on superyachts are taking in the Exumas rather than spending all their time in the Caribbean further south. Dr Bosarge puts this down to the relative privacy of the archipelago, as well as the world-class diving and proximity to the US.

“The islands have been classed as some of the most beautiful on Earth by some particularly experienced travellers,” he says. “When the first astronauts went into space and photographed Earth, they were asked where was the most beautiful place in the world. They said that it was a tie between the Exumas and the Society Islands. I have been to both with my family and I think that the Exumas is better by far. The visibility for diving is over 100ft in the Exumas, it’s not

fished out, there are lots of interesting attractions and the travel time is just so much easier from the US and Europe. You can easily go to the Exumas for a long weekend jaunt without even thinking about it. I have heard that the Exumas are being used more in July and August now than in January, which was historically the other way around, and this is because the South Florida residents are looking to escape the crowding in Miami and they can get here on their yachts in a day.”

Undoubtedly yachts and islands have many commonalities, but rather than being opposing strategies to get away from the bustle of everyday life and stresses, Dr Bosarge proves that they can be complementary. To develop and island or to construct a superyacht takes patience and vision, and the financial commitment is significant, but the rewards go beyond anything that can be picked off a shelf. That is surely the most bespoke gift to oneself of all. □



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