

FALL 2002

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SHOTGUN MARRIAGE**

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CHRISTENSEN YACHTS

As the builder of more composite mega yachts over 120 feet than any other shipyard in the world, Christensen has emerged as one of the dominant builders of luxury motor yachts.

Located in Vancouver, Washington, Christensen was founded 20 years ago with the goal of making safety and value its primary features. Christensen Yachts are built out of totally corrosion-proof composite construction to ABS+A1-AMS & MCA classification and certification, the highest standards in the industry.

Christensen currently has four yachts under construction, all more than 150 feet, and has recently launched the *M/Y Primadonna*, a 145-foot trideck. All sales are handled through Christensen Yachts Inc. of Fort Lauderdale, Florida.

In addition to building custom yachts, Christensen is constructing a series of 155-foot premium production yachts, assuring short delivery times, the highest levels of quality and allowing owners personal custom interiors and outfitting.

For more information, contact Wes Dickman, Christensen Yachts Inc., 1000 Seminole Drive, Suite 4000, Fort Lauderdale, Florida 33304; 1-954-766-8888; 1-954-766-8889 (fax).

other industry leaders worldwide. "According to numerous observers and economic indicators, the luxury yacht industry has entered the 21st century on a tidal wave of new orders reaching incredible heights," says Luc Pettavino, director of the Monaco Yacht Show. "This industry is truly in its golden age, which means that yachts are now bigger, faster, more comfortable, more luxurious and more expensive."

In other words, yacht builders of today are seeing enormous returns. It hasn't always been this way. Italian shipyards have dominated the industry since the 1980s when names like Benetti, Perini and Codecasa began producing some of the world's most breathtaking yachts. Italy's reputation began to surpass that of the Florida builders of the 1970s with impressive shipyards in Viareggio and the surfacing of names like Ferretti. Given the

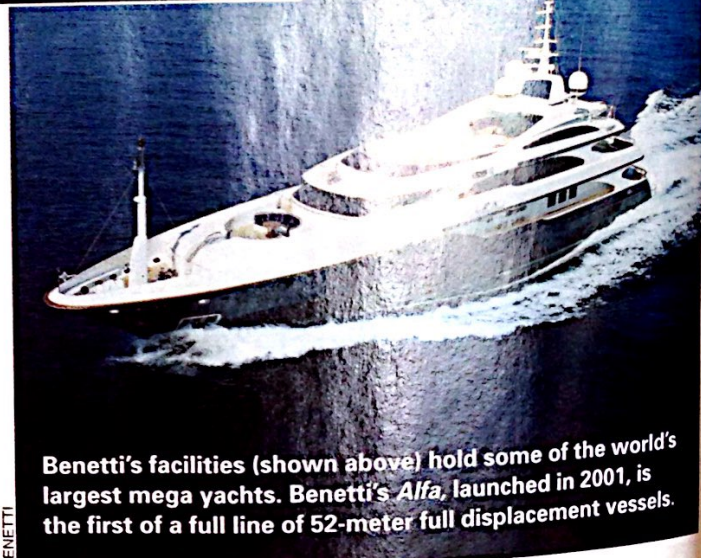
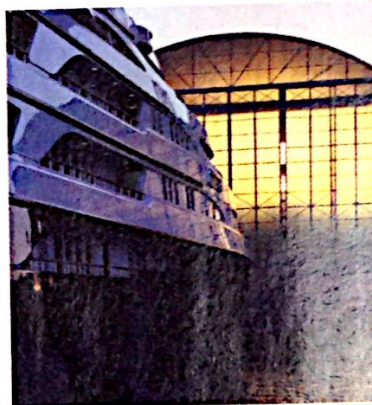
country's wealth of craftsmen and access to the finest marbles, fabrics and woods, it's no surprise that the Italian leisure lifestyle on the water remains the strongest in the world.

Closely gaining is Lürssen, an industry giant out of Bremen, Germany, that's been building yachts since the early 1900s. Lürssen claims the record in average-length builds with an impressive 304-foot average length. A 525-footer will soon be among its list of new builds.

In America, it's the boat shows that are

catching the eyes of prospective yacht owners. Four times a year along south Florida's waterfronts, buyers and sellers feast on dreams stacked along man-made docks, sparkling like dinnerware on a dining salon's buffet. Kaye Pearson, a former shipyard-owner-turned-boat-show-guru, has seen his shows in Miami, Palm Beach and Fort Lauderdale sell out very early with a waiting list for several years.

Despite the fact that the 2001 Fort Lauderdale show took place just after September 11,



Benetti's facilities (shown above) hold some of the world's largest mega yachts. Benetti's *Alfa*, launched in 2001, is the first of a full line of 52-meter full displacement vessels.

Pearson was surprised to see only a slight decrease in attendance.

"Without question, our industry has become very strong," he says. "The big-boat activity has been strong for the past six to seven years, and it's been accelerating since the early '90s. There is a focus on bigger boats, from building them to those who are buying them, and there is definitely an increase in American participation.

"When you're going to spend several million dollars on a boat, you want quality.



Christensen's *Atlantica* is typical of most charter yachts with ample "water toys," expansive sunbathing areas and enough activities to keep a client entertained for several weeks.

and for years, it was thought that American builders couldn't compete with European builders. Now American players have dramatically improved and brought their standards up," Pearson says.

This year's Fort Lauderdale show (October 31-November 4) is expected to set records in Pearson's books. "We're working to accommodate the demand for space. It's a wonderful problem, but it can be very frustrating," he says.

Yachting as an Investment

Purchasing a multimillion-dollar yacht makes some investment sense, according to Wood. "A \$50 million yacht will be worth 15% to 20% more in three to four years' time. It's a very thin product avail-

ability time, and there's not a large inventory of large yachts."

Felix Sabatas, co-owner of Trinity Yachts of New Orleans, agrees. "The yachting industry is booming all over the world," he says. "It's becoming safer to invest in a yacht than in the stock market."

Sabatas says 50% of Trinity's cus-

Start your yacht-shopping

tomers previously have owned European builds, and of that group, about half went up in size. "The point is, three years ago, you were not able to say that the U.S. was taking business away from Europe," he says. "We have gained customers from companies like Feadship, with eight of our current customers being ex-Feadship owners. We have become a thorn in their side, and frankly, I'm enjoying it."

Joe Foggio, president and chief executive at North America's Christensen Yachts, agrees that the U.S. is making waves when it comes to attracting



Atlantica's master stateroom (above) features a plush sitting room with a plasma television. The spacious main salon (left) offers charter clients a perfect view from all directions.





The Miami Boat show offers the public and invited clients a chance to preview amenities like this cheery outdoor entertainment deck.

buyers. As the builder of more composite mega yachts over 120 feet than any other shipyard in the world, Christensen has emerged as one of the more dominant U.S. builders, gaining an increasingly impressive reputation internationally. Built out of corrosion-proof composite construction to ABS+A1-AMS & MCA classi-

veying companies in the world put us right up there with the best in Europe. To keep Christensen's name out there, we're being a little more strategic about where we put our marketing dollars. We're looking for the biggest bang for the buck. You have to maintain a pretty aggressive marketing strategy to stay ahead of the competition."

6,000 feet of boats built to its credit, the company has taken a heavy lead in terms of production, with the No. 2 builder lagging at 2,500 total feet built in 2002.

At the close of this year, the company will double its capacity by christening the largest mega yacht facility on the planet. Converting a half-million square feet of

waterfront property in Viareggio from a commercial shipping facility at a cost of \$28

venture with a cruise on a yacht that fits your personality.

fication and certification, Christensen Yachts are among the safest in the industry.

Christensen currently has four yachts under construction, all over 150 feet, and has recently launched the *M/Y Primadonna*, a 145-foot trideck. While it builds custom yachts, Christensen is also fashioning a series of 155-foot premium production yachts, assuring short delivery times and allowing owners custom interiors and outfitting.

"People are starting to figure out we're building one of the best products in the world here," Foggio says. "The best sur-

In short, among the wealthy who can afford to own and operate multimillion-dollar yachts, many are building more, buying more and chartering more yachts than ever before. The competition among builders is becoming fierce.

Italy's Azimut/Benetti Group, a luxury yacht builder that constructs and services en masse, is at the top of the list of builders worldwide. In the last five years, Benetti has enjoyed exceptional growth, with sales increasing an average of 40% a year and 65% of its clients repeat customers. At that rate and with more than

million, Azimut/Benetti will deliver up to 36 pre-sold mega yachts in 2002 alone at an average of 107 feet in length. With the opening of its new facility, the company will employ 1,200 (200 more than it currently employs) at its shipyard a little more than a quarter of a mile away from its original site.

The reasons for these astounding figures are simple, according to Paolo Vitelli, company chairman. "Mega yachts are very strong in demand," he says. "Cruising on your private yacht is a way of spending a holiday in total security. The mega yachts of today offer new safety features, bring-



SHOW MANAGEMENT

The clear blue waters, blazing sunsets and miles of South Florida tropical beaches will set the scene for the 43rd annual Fort Lauderdale International Boat Show, "One World . . . One Boat Show." This year, more than a billion dollars' worth of boats, yachts and accessories will shine along a picturesque stretch of beautiful Fort Lauderdale from October 31–November 4, creating the ultimate experience for yachting enthusiasts!

With the Atlantic Ocean just steps away, the cool tropical breezes will enhance the waterfront where vendors, yacht builders and brokers will be spread across six locations: Bahia Mar Yachting Center, the Greater Fort Lauderdale/Broward County Convention Center, Marriott Portside Marina, Pier 66 Marina, the Hall of Fame Marina and Las Olas Marina. Shady floating barges and tents will offer visitors a delightful array of refreshments from fresh seafood to cool desserts.

The world's premier venue for super yachts and the largest boat show in the world has been managed and produced by Show Management since 1976. The show is sponsored by Key Bank USA and INAMAR Recreational Marine Insurance, and is owned and sponsored by Marine Industries Association of South Florida. For additional information, call 800-940-7642 or 954-764-7642, or visit www.show-management.com.

ing privately owned yachts up to the standards of a ship. Many elements of safety and security by today's standards are totally controllable by very few people.

"Also, mega yachts are built to grow in price but not to lose value. And the growing demand for charter yachts has motivated people to build their own yacht and then place the yacht for charter because of the income it generates," he says. "It helps them pay their expenses and make money."

How much can chartering a yacht help to offset its costs? Wood offers this example. A 200-foot yacht will charter in the region of \$300,000 per week. Chartering it for 10 weeks a year will cover the operating budget for the yacht for the year. "Anything past 10 weeks will put you in a positive cash-flow situation," he says.

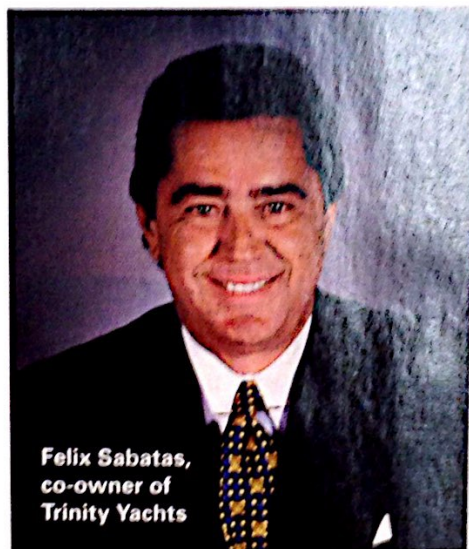
Christensen — a company with a philosophy that stresses safety — has seen an incredible interest among buyers concerned about security. "I would say, overall since

September 11, the most recent boat shows are the best we've attended. In fact, we sold boats at both shows — a \$20 million, 150-foot yacht, and a repeat buyer purchased a 155-foot yacht at the Miami show," Foggio says. "I think people have come to realize that one of the things we're selling is safety. You can move a yacht at your own discretion; our yachts are a composite make-up (very strong for security reasons); you can pick

the type of people you want on the boat, and you can take it to the safest harbors in the world. It's not the most patriotic thing, but if you register non-U.S., you're not necessarily a target either."

Andrew J. McKelvey, founder, chairman and majority stockholder of TMP Worldwide and owner of Monster.com, a global online career site, is a longtime yachtsman and, since October 2000, owner of Palmer Johnson Yachts. McKelvey, who purchased the 115-foot Palmer Johnson *Mostro*, a raised pilothouse motor yacht, in

1999, bought the company during his first cruise on the newly built *Mostro*. "You might say I liked the company so much that I bought it," he quipped. Motivated to trade up to a larger yacht, his company has seen such a backlog of orders since September 11 that it will be 2004 or



Felix Sabatas,
co-owner of
Trinity Yachts

"It's becoming safer to invest in a yacht than in the stock market."

— Felix Sabatas, Co-owner, Trinity Yachts

later before his new, personal yacht can be built.

"A phenomenal thing happened after September 11," McKelvey says. "We started getting an unbelievable number of phone calls for yacht orders. We sold more boats in a period of 120 days than we'd sold in the last year. After September 11, people looked at themselves and said, 'It can happen here. It could happen to me. How much longer am I



AZIMUT

The solitude of a hull as it caresses the water and the blaze of the sun as it sets across the endless horizon are just two reasons why Azimut was established more than 30 years ago. Today, Azimut has redefined the sport of yachting, providing the world's most comprehensive array of motor yachts.

With an average growth of 29% during the past five years, the company has become the first in Europe and the third in the world in terms of technology and production.

The reasons for success?

The latest in exclusive yacht designs has satisfied the trends of buyers.

The production process has been streamlined by the implementation of ultramodern manufacturing facilities. With the completion of a production center in Viareggio, Italy, Azimut will become the world's largest production facility. With the acquisition of Benetti in 1985 and Gobbi in 2001, Azimut is capable of satisfying any demand of the market — from 8 to 70 meters.

Azimut offers unparalleled service.

Azimut's mission to create products that are difficult to imitate will continue to drive its world dominance in the future and bring more and more people closer to the beauty of the sea.

going to wait?' The results? Our shipyard is booked for four years."

Creative Products, Creative Marketing

So how are yacht builders, brokers and vendors surviving when the competition is growing? "We're adding new shows to our agenda," says Kaye Pearson, chief executive of Show Management/Yachting Promotions. "Last year, we launched a new show near the Destin/Fort Walton beach area — a smaller boat venue than the ones we host on the East Coast [of Florida]. We're featuring yachts in the 60- to 70-foot range around a fun, new, booming area. The show will attract visitors from Alabama, Louisiana and Georgia."

In south Florida, mergers seem to be the trend of 2002. In just a

year, two giants, Allied Marine Group and Richard Bertram Yachts, announced a "strategic developmental plan" designed to strengthen their marketing efforts and increase sales. As the dealer for Azimut, Bertram, Ferretti and Tiara, Allied Richard Bertram Marine Group, Inc. features nine sales and five service locations. George Jousma, president of the newly established group, says, "The goal of this alliance is to expand our footprint with the products we represent and the services we provide. By integrating these resources, we not only set the infrastructure needed to achieve continued growth in the marine sector, we are able to offer our clients all the benefits of two world-class, full-service new yacht sales and brokerage firms."

Within two months of the Allied/Bertram merger, another major European player, The Rodriguez Group, strengthened its firm's North American presence with the acquisition of the highly successful Bob Saxon Associates (BSA). A publicly traded company listed on the Paris Stock Exchange, The Rodriguez Group added BSA as a wholly owned subsidiary —



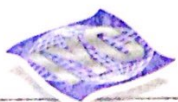
Hundreds of boats line the waterways in Miami, Fort Lauderdale and Palm Beach.

Statistics show that there are little more than 5,000 mega yachts in the world.

much like its other affiliate, Camper & Nicholson's International (CNI).

Jillian Montgomery, general manager of CNI, says the merger represents a "campaign of external growth that will not only allow CNI to continue its development in the North American market but also will provide Bob Saxon Associates the benefits of CNI's international structure and particularly our presence in Europe."

CNI also has launched a new Web site that will give buyers and sellers the ability to search the market by size, charter rates



INTERNATIONAL YACHT COLLECTION
Specializing in World Class Megayachts

INTERNATIONAL YACHT COLLECTION

Whether you are buying, building, chartering or selling your yacht, first think of International Yacht Collection. With more than 50 years of knowledge and experience, our brokers enjoy the reputation of being the crème de la crème of the industry. International Yacht Collection's integrity, financial stability, extensive selection of central listings and client-minded brokers allow our customers to enjoy the overall yachting experience. Our brokers have been directly involved in over 75 refits and the building of more than 35 yachts in excess of 100 feet at some of the finest shipyards in the world. Making the right decision based on accurate information properly presented is, after all, what our valued customers do best.

Contact International Yacht Collection today and let our dedicated team of experts advise you with all your yachting needs.

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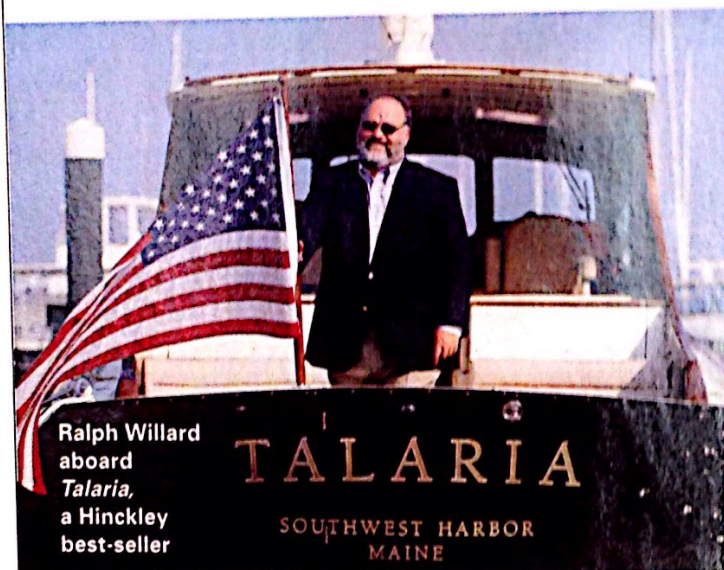
or specific boat names. Within each category, prospects may take a virtual boat tour by visiting various rooms navigated by a 360-degree camera (www.cnconnect.com).

Ralph Willard, chief executive officer of Hinckley Yachts, is taking his company into a new era, establishing a brand name and sharing his product with customers up and down the East Coast and in Europe. "We want our customers to recognize the name Hinckley as the Mer-

more than 6,000 feet of boats being built there today. Among the new builds following the success of the Classic line is Vision, a luxury 145-foot displacement fiberglass motor yacht. "This yacht boasts the same technology, constructive logic and, best of all, all the onboard lifestyle normally offered by bigger mega yachts," says Vitelli.

Designed by Stefano Righini with the interiors of François Zuretti, *Patricia*, a Vision yacht, has a layout

that is remarkable for the wide panoramic views it offers from any position inside or outside the vessel. A grand main lobby with Italian marble floors offers a lift connecting the three decks and allowing natural light through the shaft. The top of the lift is fitted with an etched-glass table serving the sun deck.



"We want our customers to recognize the name Hinckley as the Mercedes of our industry."

— Ralph Willard, CEO, Hinckley Yachts

cedes of our industry," he says. Hinckley Yachts recently completed a number of Hinckley Experience stops, which offer prospects a firsthand look at Hinckley yachts in a cocktail party setting along the docks of exclusive yacht clubs. The specially invited guests are offered the chance to "taste, see and feel" the latest Hinckley offerings.

Meanwhile in Europe, creative marketing is a foreign term. "We're simply building bigger boats and more of them," says a Benetti representative. While production at Azimut/Benetti has increased 29% in the last seven years, there are currently

From the main lobby forward, the owners' quarters boast an office with wardrobes and a large suite with a double bed placed on a rotating platform, which allows the owners to select their own view from the large 180-degree windows. The owners' cabin opens onto a private terrace fitted with a couch and table for dining, as well as a Jacuzzi.

Patricia mounts two Caterpillar engines, 3508B of 174 kW (1325 hp), each affording a comfortable maximum speed of 15 knots. With a range of 4,000 nautical miles at 12 knots, she can easily cross the ocean. Aft the engine room, which has an

MERLE WOOD & ASSOCIATES

MERLE WOOD & ASSOCIATES

Merle Wood & Associates is an international brokerage company specializing exclusively in the construction, sale, purchase and charter of large custom and production motor yachts. With a collective sales history exceeding 200 years, the company has concluded more than \$4 billion in sales since 1989. It is recognized as the global leader in the sales of large custom and brokerage yachts.

Merle Wood's clients are the Who's Who of the world's business community, and there is a fast-growing list of satisfied clientele who entrust their yachting needs to the firm's professional team of brokers. Its established international relationships and unrivaled knowledge of the market assure clients of successful and timely negotiations.

Contact Merle Wood or Peter Croke today, and experience the tradition of yachting with those who know the industry best! For more information, call 954-525-5111, or e-mail mail@merlewood.com.

air-conditioned control room, there is the garage, housing a Novurania tender 600LP and a tender for the crew. The garage has two transom doors, one opening aft for the launch of the main tender and one opening starboard for the launch of the crew tender. The yacht is MCA certified, typical of most European-built vessels.

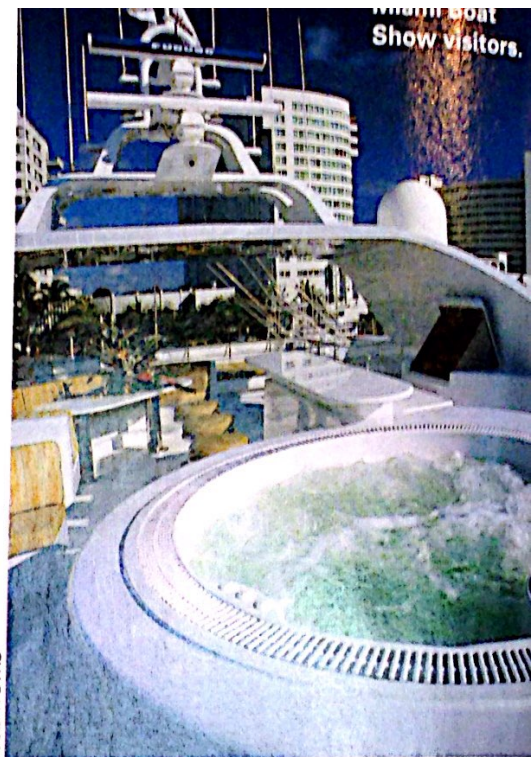
While new yacht construction ranges from three to five years from the time of order, some U.S. builders have launched spec boat builds that take the wait out of new yacht ownership. At Christensen, "We have four to five spec boats under construction at one time so that within a year, an owner can sail," says Foggio.

From traditional to contemporary, outlandish to mild, the array of yachts available for purchase and charter is endless. Pre-owned yachts for resale are marketed through brokers, much like real estate, and the market is flooded with selection in size, amenities and temptations. As one south Florida broker says, "More and more people are seeking the perfect vacation for their families. They're asking themselves, 'Do I want to check my family into a public resort somewhere, or would I prefer to entertain them on our own private, secure yacht in a destination that we select?'" The answer is a mere phone call away.

Making Ownership a Reality

If the call of the open seas has teased your senses but you don't know the difference between the bow and the stern, where do you start in your quest for the perfect super yacht to buy or charter?

Your passport to the tranquillity of private yacht ownership should begin with a thorough look at what's out there. There are several yachting publications on the market, so start by purchasing all or one at your favorite newsstand. *Showboats*



JOSEPH BYRD

**From a personal standpoint,
a yacht is your own five-star resort.**

International, Power & Motoryacht, Boat International and Yachts International are just a few that are available. Spend time scanning the articles that detail new launches, and study the classifieds in the back of each publication.

Decide whether you'd prefer to build your own yacht or purchase a pre-owned or new yacht built on spec. Building a custom yacht from 125 feet to 150 feet will take two to three years. Add a year to that for every 100 feet if you prefer something larger. Companies such as Christensen Yachts often offer four to five "spec" yachts for sale, allowing you to select colors and furnishings.

Statistics show that there are little more than 5,000 mega yachts (80 feet and larger) in the world. Prices vary depending on size; however, the costs for a new 200-foot yacht might be in the range of \$40 million, not counting operating expenses, which can run about 10% of the purchase price annually. Fuel costs for your 200-footer would be about \$96,000 per year for a yacht with a pair of 4,000-horsepower engines. Every so often, a paint job would warrant another \$500,000, and



BENETTI

The leading custom mega yacht builder in the world boasts a colorful history. In the 1800s, the shores of Viareggio, Italy, set the scene for the Benetti brothers to found the first shipyard.

The yard continued to build wooden sailing vessels, and word of the quality work soon spread. Recognition reached outside the waters of the Mediterranean Sea, bringing about the first contracts for yachts. It was then that the Benetti story of large motor yachts began.

In the early 1980s, a new management player appeared, Azimut SpA. The Turin-based yacht-building company spearheaded change and brought about a rebirth for Benetti.

Exceptional sales averaging a 40% annual growth for the last five years have raised the company to a new level. An expanding customer base is returning for more of Benetti's "Tradition," "Classic" and "Vision" composite lines and steel lines.

Today, Benetti yachts remain number one in the world based on an unprecedented onboard lifestyle, design and technology.

dock space can range from \$400 per day for a 100-footer to \$1,500 per day for a 400-footer.

If all of this seems too stressful for you to think about, then hire a management firm or broker to tend to your boat dealings. Not only will the firm manage your yacht, but it will hire your crew and take care of all those tedious details, such as acquiring a particular bottle of wine for dinner or preparing a special weekend for your best friend's anniversary. Companies like International Yacht Collection (IYC) and Merle Wood & Associates will monitor the building of your yacht or find a suitable charter for a negotiable fee (ranging from 5% to 10% of the cost of the yacht).

If you're building your own boat with chartering in mind, take Jim Eden's advice. This IYC broker and veteran of the industry says to consider the function of the

yacht during the production process, not after it's built. "There's an art to building a boat specifically for charter," he says. "You should create . . . a very commercial galley. Consider the number and layout of the staterooms, provide ample storage and provisioning for food, including walk-in freezers and refrigerators and departments for storing glassware and china.

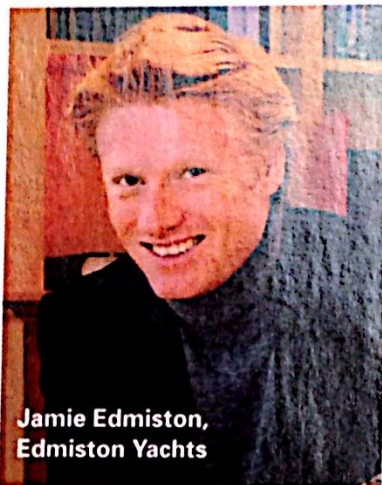
"Design the boat to allow the crew easy access to the guest accommodations," he adds. "For instance, you wouldn't want to see a crew member walking through a public place carrying dirty sheets." Eden stressed the need for generic décor that is

durable, including matte finishes for wood that won't show prints and satin-finish stainless handrails as opposed to stainless steel.

Is a broker helpful in finding the right yacht, building one or hosting a charter? One client from Merle Wood says the fee is well worth the cost. "I've been lucky to have not made a lot of mistakes in my life," says John A. Porter, a yacht owner who sought a broker's help selling his yacht, *Bellini*. "However, a major mistake

is having waited so long to use a yacht broker. Needless to say, I will not make that mistake again."

There's no better way to start your yacht-shopping venture than with a cruise on a yacht that fits your personality. So sample the seas. Charter a yacht that fits your



Jamie Edmiston,
Edmiston Yachts

"On a charter vacation, you can select from the world's best yachts with the most highly acclaimed technology."

— Jamie Edmiston, Edmiston Yachts

budget and travel desires.

What's So Great About Chartering a Yacht?

When Donald Trump's *Trump Princess* made headlines, it was the discotheque that captivated the media. Today, it's the drop-down plasma television systems that appear out of nowhere, just over the Jacuzzi on the sundeck beneath the stars.

Charter clients love their yachts and most are charter industry regulars — like Oprah Winfrey and John Travolta who, according to crew members who have served them, are "dream charter clients."