

SHIPS

AH HOY

YOU DON'T HAVE TO RAID YOUR TREASURE CHEST TO STORM THE HIGH SEAS ON A LUXURY YACHT. IN THIS BRAVE NEW ERA OF YACHT FRACTIONALS, YOUR SHIP HAS ALREADY COME IN BY PATRICIA BORN

A DAMN FINE equities and options prop trader — but a horrific golfer — Jonathan Metcalfe was looking for a hobby five years back when fellow prop trader Phil Burroughs suggested yachting. The New England summers, the Caribbean winters. It sounded good. ■ “I went shopping and fell for a 52-foot Fairline,” Metcalfe recalls. “But when I did the spreadsheet analysis, the numbers for a few weeks’ annual use were insane.” ■ He wondered: What if I could buy only a fraction of the same yacht, the part I actually used, and share its operating costs with other investors? If it worked, it would be the ultimate relationship: all action, no commitment. ■ In 2000, when Metcalfe had this eureka moment, he was not

ON BOARD: Fractional plans can put your aft in a 68-foot Predator (bottom row), an 85-foot Azimut (top right) or a 280-foot Analiese (middle row, top left).

the first to do so. A handful of fledgling joint-owner plans already existed, but they were so ill-conceived that Metcalfe and Burroughs, well-versed in finding market openings, decided to launch their own. Their company, YachtSmart of North America, soon grew into one of the niche's early successes. It also helped establish the industry standards that today make yacht fractionals, a new take on jet fractionals, an increasingly sharp play — and a smart first step for a man of means who's looking to earn his sea legs.

First, the basics: In a typical fractional scheme, your equity share in a new or nearly new yacht would entitle you to several weeks' exclusive use per year. A management company would contract with

FRACTIONAL YACHT PLANS ARE A SMART STEP FOR A MAN WHO WANTS TO EARN HIS SEA LEGS.

your limited-liability company to ensure the high standards of a private luxury charter, handling everything from crew payrolls to cleaning. (Your precious hands, in other words, will coil no lines — unless you get off on coiling lines.) A concierge would arrange the soup-to-nuts details of your cruise, right down to placing your favorite Batman sheets on the beds or your family photos onboard. For this, you would pony up a percentage of the purchase price — for example, \$320,000 to own 10 percent of a \$3.2 million yacht — with a return of the residual profit when the boat or your share is sold. Meanwhile, your "run rate" would include a share of the annual operating expenses, plus all the Kobe beef and Chateau Latour you consumed while aboard.

Now consider that chartering the same boat would cost upward of \$25,000 per week and yield no ownership stake. You don't have to

be able to instantly calculate the yield on a 10-year to appreciate the benefits of the fractional plan.

Then there are the quality-of-life issues, which can essentially be boiled down to the following: Solo owners spend their Sundays scraping barnacles off the hull and firing the deckhand who slept with their teenage daughter. Fractional owners lie around on their decks and wait for their private chefs to finish cooking their meals.

As industry consultant William Mirguet of Drake Yacht Shares admits, most fractional owners could own a boat 10 times over. They just don't want the headaches that go with it. "The [fractional] programs give them a turnkey solution: Schedule it, enjoy it and walk away. But don't expect an impulse buy," Mirguet cautions. "The industry is still finding its sea legs, and there's a dizzying choice of business models to compare."

Indeed, unlike with jet fractionals — where there's essentially NetJets and everyone else — a slew of yacht companies now offer fractional shares. The plans vary wildly, ranging from \$160,000 to \$7 million on yachts from 30 to almost 300 feet. Since many programs are waiting for enough investors to seal the deal, Mirguet advises patience (and a good lawyer) to find the right program. But of the companies forming — and fizzling — with the spontaneity of latter-day dot-coms, at least a half-dozen deserve a serious look (see "Yacht Fractionals 101," next page).

On the smallish side is Fractional Yacht Management, founded by a former NetJets pilot and financial adviser. The company, which started small with a 33-foot Bahamas-capable Wellcraft, has carefully grown four programs, with a 68-foot Hampton on the way.

On the West Coast, SeaNet is assembling one of the classiest fleets in the market, all quality-built and Euro-styled by Sunseeker. Its near-neighbor Professional Yacht Partners manages its equally attractive lineup somewhat differently, replacing management fees

Not in the market for a yacht but want something more substantial than an inflatable raft and rubber-ducky arm-floaties? These water toys are this summer's fastest, most tricked-out means of getting you wet BY ALISON STUART

JUST ADD WATER



**CLEAR BLUE HAWAII
NAPALI KAYAK \$4,755**
Fortune named this one of the best 25 products of the year. *Time* called it one of the year's coolest inventions. Well, then — we'll call it . . . the invention of the century. (That'll show 'em!) So what makes a freakin' kayak so cool? How about the fact that it folds up small enough to fit in a *backpack*. Which is

ridiculous. Or that its military-grade urethane and internal carbon Kevlar frame weigh a mere 26 pounds. Or that the kayak's clear skin allows you to personally view each of the tiger sharks nipping at your genitals. Actually, that last part kind of sucks. clearbluehawaii.com



**SEA-DOO
GTX LIMITED
WATERCRAFT \$12,999**
If the GTX Limited were loaded with any more bells and whistles, it would probably plunge straight to the ocean floor. A fully pimped-out ride, it

offers a digitally encoded security system, handheld GPS, depth gauge, waterproof cellphone case and collapsible cooler. Then there's the supercharged four-stroke, three-cylinder engine that can achieve speeds of up to 65 mph — which is especially great if you want to learn what happens when you fall off a watercraft while going 65. It also comfortably seats three people, so when you and those two bikini-clad twins zoom off into the sunset, you can use your GPS to find land again — or not. seadoo.com

COMPANY	CONTACT	YACHT SIZES	RATES	SAILING RANGE
Bradford Yacht Sales	954-791-2600; bradfordyachts.com	90-foot fly-fishing mothership with two 19-foot skiffs	\$268,000 per 1/10 share	Worldwide
Fractional Yacht Management	321-259-7544; sharedyachts.com	48-foot to 68-foot	From \$61,250 per 1/12 share to \$454,125 per 1/4 share	Florida and Caribbean
Global Yacht Club	877-624-2345; theglobalyachtclub.com	40-foot to 125-foot	Variable shares	Worldwide
Monocle Fractional Yachts	866-563-5808; monocleyachts.com	60-foot to 237-foot	From \$80,000 to \$4.5 million per 1/10 share	Atlantic and Pacific Oceans*
Professional Yacht Partners	949-673-9999; yachtpartners.com	50-foot to 100-foot	From \$99,000 to \$700,000 per 1/5 share	Atlantic and Pacific Oceans*
SeaChange	011-377-9797-4519; seachange-superyachts.com	280-foot and up	From \$7 million per 1/10 share and up	Caribbean and Mediterranean
SeaNet Company	866-873-2638; seanetco.com	35-foot to 105-foot	From \$106,250 to \$2 million per 1/4 share	California to Mexico
YachtSmart of North America	866-869-2248; fractionalyacht.com	62-foot to 115-foot	From \$140,000 per 1/10 share to \$2 million per 1/5 share	New England to Caribbean

* Positioning fees apply

based on assumed operating costs with a low \$350-a-month charge per owner to administer as-needed maintenance.

Want to go bigger? Global Yacht Shares and Monocle Fractional Yachts offer larger, more diverse fleets drawn from yacht owners anxious to divest some or all of their sole shares. Both companies encourage the chartering of unused time and offer use of other yachts in the fractional pool as scheduling allows. Taking the whole commune thing a step further, Global owners can also access the parent company's portfolio of luxury vacation homes.

Then there are the almost comically large boats known as mega-yachts. If such is your dream, stick to marine-industry stalwarts with decades of management, charter and building experience. There's

SeaChange, a joint venture of Nigel Burgess, Fraser Yachts and Peter Insull Yacht Marketing, which offers supersize vessels such as the 280-foot *Alysia*, which offers a helipad and movie theater among its appointments. Or consider Bradford Yacht Sales, which is vetting a roughly 90-foot classic raised pilot-house fly-fishing mothership that carries two nifty Hells Bay Marquesa skiffs as its initial offering.

As for YachtSmart? It's sailing right along, having almost sold out of its newest program, a 115-foot Benetti. And of the company's two trader founders, Jonathan Metcalfe is not only the company president, but like the dude in those Hair Club for Men ads, he's also a member. Alas, he never did skipper that Fairline 52 he once coveted — he went straight to a share in the Fairline 62 instead. ■



OUTERLIMITS OFFSHORE 47 GTX POWERBOAT \$1 million

With a top recorded speed of 161.29 mph, the 47 GTX is the fastest commercially available speedboat in the world, which will afford you and your

friends the opportunity to die in truly spectacular fashion. Before you do, you'll enjoy the luxury sports car-style cockpit, with plush leather bucket seats where you can relax in comfort as you suffer a third-degree wind burn that will likely require reconstructive surgery. All Outerlimits boats are made to order, so you can also hand-pick the garish racing stripes of your choosing. outerlimitspowerboats.com



GUNBOAT 62 \$2.2 million

Speaking of fast, this is hands-down the fastest catamaran on the planet, a distinction earned through its sleek carbon-fiber construction. Its layout separates work from play — so, like a mullet, it's business in the front and party in the back: The forward cockpit is reserved for sailing purposes, the back cockpit for whatever people do in the back cockpit of catamarans. For serious offshore sailing, it offers capacity for eight, but for leisurely sailing — if you were looking, say, to host

a party for the Hawaiian Tropic girls — you could squeeze in up to 30. But only if they took their tops off. gunboat.info