

# MIAMI TODAY

WEEK OF THURSDAY, JULY 12, 2007

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## TODAY'S NEWS

MIAMI TODAY 9

### Brokers: Rising insurance, vanishing marinas pressure boat sales

By RUBY MADREN-BRITTON

Sales of new boat and engines are decreasing nationally, but South Florida remains tops in the country for boat sales.

Some blame for the decline rests with rising insurance premiums, brokers say. Locally, brokers say, marinas and service yards are vanishing at the rate of new condo construction.

"New boat sales decreased 6% last year in the US to \$13.5 billion," said Thom Dammrich, president of the National Marine Manufacturers Association. "We expect them to decrease another 10% during 2007."

In Florida traditional powerboat segment 2006 sales decreased in units last year by nearly 5% to 291,900, according to National Marine Manufacturers Association. However, these sales increased in dollars to \$9.6 billion. This indicates fewer boats are being sold for more dollars, a trend the manufacturers association attributes to rising production costs for manufacturers. These costs include the escalating price of petroleum-based parts and efforts to develop cleaner, more fuel-efficient engine technology.

Despite paying more for their boats, the real problems boat-owners face come after buying, said Xavi Dalmau, CEO of Frauscher speedboat dealership Luxe Marine of Miami.

"Buying the boat is the easy part. The biggest problem is finding a marina. You have to work out where to store your boat before buying it," Mr. Dalmau said.

Industry professionals are concerned about disappearing wet slips and a dwindling number of service yards as South Florida continues to grow.

In Fort Lauderdale, plenty of boats are still out on the water but the number of service yards is declining, said Fraser Smith, owner of semi-custom boat manufacturer Cabo Rico.

Ernie Portuondo, sales manager of the Miami-Dade Allied Richard Bertram Marine Group, agrees.



Photo by Maxine Usdan

This Frauscher speedboat is on display by Miami dealership Luxe Marine in a courtyard at Village of Merrick Park in Coral Gables.

"Service yards are diminishing because they are being sold out to real estate developers. The existing service yards are backed up with business," Mr. Portuondo said.

He also points out that high insurance premiums have played a part in the drop in new boat sales.

"There has been an insurance crisis after the hurricanes. What used to be a \$3,000 policy now costs close to \$10,000."

Despite these major concerns, South Floridians haven't been torn away from their boats just yet. "This has been a spectacular year in terms of boat sales for us," said Mr. Portuondo. "We have almost doubled our sales since 2006."

While boat sales have been down across the country, Florida ranks number one in total expenditure for powerboats, marine motors, trailers and accessories, according to Frank Herhold, executive director of the 800-member Marine Industries Association

of South Florida. California was second, followed by Texas, North Carolina and New York.

"Florida is a year-round boaters paradise," said Mr. Herhold. "It will take a lot more than diminishing wet slips, service yards and insurance costs to separate Floridians from their favorite weekend pastime."

South Florida's boating industry is characterized by the diversity of its fleet, a symptom of the region's varying 1,100-plus mile coastlines and waters. A plethora of boats lines the waterways of the Gulf of Mexico, the Atlantic, Florida Keys and the Intracoastal Waterways. Fishing, day tripping and cruising with family, according to Mr. Dammrich of the National Marine Manufacturers Association, drive a lot of the boating in South Florida. Different types of boating require different types of boats.

Leonardo Nigro, yacht broker at Florida Yacht Charters, says powerboats make up 35% of his business with sailboats making up the rest.

Fraser Smith, owner of Cabo Rico, said the majority of his sales are sailboats 36-56 feet and \$350,000 to \$1.4 million. "Our products are easy to sail and are tailored to ocean sailing which have been popular amongst baby boomer clients."

The marine industry generates \$18.4 billion a year in Florida, of which South Florida accounts for \$13.6 billion, says the Marine Industries Association of South Florida. Forty-five percent of Florida's gross mean sales come from the tri-county area, according to statistics from Marine Industries Association member company Info-link.

"Boating is such an integral part of the lifestyle in Florida," said Mr. Dammrich who is leading his organization's \$13 million national campaign to promote the positive benefits of a boating lifestyle and improve the experiences for new and existing boaters. "Getting out on the water is one of the best ways to relax, have fun and enjoy time with friends and family."