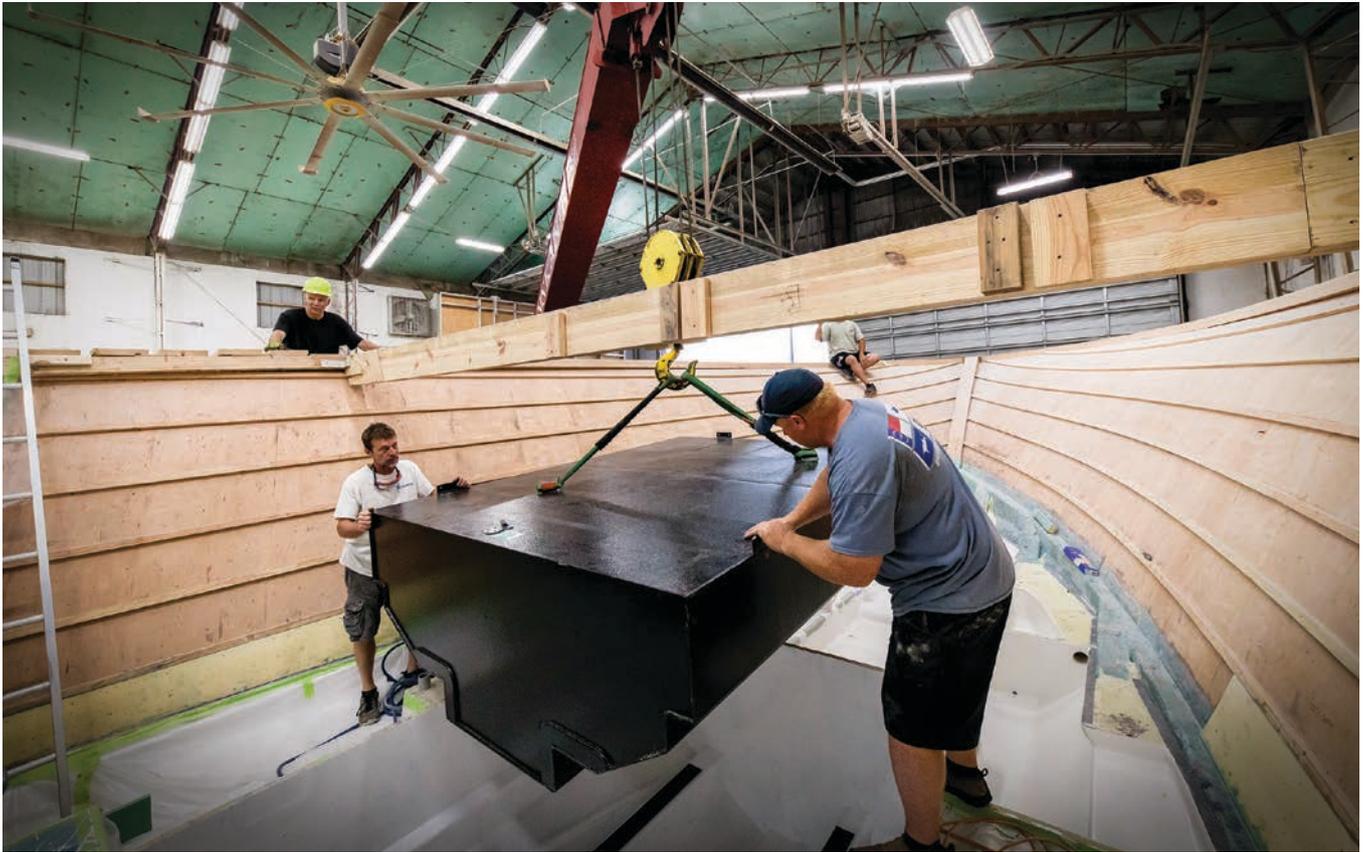




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THE SUPPLY SHORTAGE

Demand for new and used boats continues to rise to record levels

BY CHRIS KELLY

● This past season I attended two notable marine industry events: the Fort Lauderdale and Palm Beach International Boat Shows. The number of boats and displays was truly amazing, as usual, but I can't recall ever seeing that many vendors during past shows. What really stuck out to me was how many new boatbuilders there were at the shows. I've been in and around the boating industry my entire life and I have never heard of many of these companies. Seeing 50-plus-foot center-consoles, 90-foot sport-fishermen, and 200-foot motherships, I had to wonder, *where is all this excess cash coming from?*

NEW OR USED?

I've been toying with the idea of purchasing a new boat because my

current one is several years old—and I was recently offered more money for it now than what I paid for it. I've heard many similar stories; for example, there was a sport-fisherman at the show that sold three times in 18 months and each sale brought a higher price than before. I always thought boats were depreciating assets, so why the crazy-high prices? Demand.

It's the same with materials. A boat-builder friend called me one day while I was in Stuart, Florida, and I mentioned I was buying some resin for a project (I'm rebuilding a 1974 20-foot SeaCraft). He asked if I could find him four 55-gallon drums of resin to get him through the weekend. I asked my supplier who replied that he did have four extra barrels, but it

was going to be expensive. And he was right: the resin was \$1,250 per drum, compared to \$850 a few months prior. That was a 44 percent increase, and even the supplier felt bad. I realize this was a special situation; supply was tight and the builder needed it immediately, but the price of resin has risen about 25 percent over the past 12 months alone.

After seeing the price of new boats, we decided to keep ours and upgrade the electronics package. We ordered all new Garmin products and our wait time was only around four weeks, which I thought was reasonable. Many smaller retailers have been waiting six to eight weeks. The prices have steadily increased over the past year as well, partly due to demand, but also because there is also a

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microchip shortage.

Engines are another situation right now. The large engine providers to the sport-fishing market such as Caterpillar and MTU have been able to keep up with demand, but it's been a struggle. For outboards, it is almost impossible to get a motor within the next eight to 12 weeks, depending on size. I know of one well-known boat-building company that is completely out of stock and waiting for deliveries. I called to get an engine for my little boat and the business owner said, "Chris, there is a ship in a harbor in California that has a huge load of outboard motors but the port is only working at 25 percent capacity, then they have to be shipped to Atlanta and they don't have enough drivers, and then they will be distributed according to priority." He expected his delivery in about three months.

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SUPPLY AND DEMAND

So why is this happening? In my opinion, many suppliers either closed their production plants or scaled back so far that they were running skeleton crews. Now that COVID appears to be in the rearview mirror, plants should be able to

ramp up production, but it will take time. Even with all the supply-chain difficulties and employee-retention issues companies are facing, this is nothing new to veteran builders. I spoke with Pat Healey at Viking, and he said, "Our company has been through the luxury tax, major recessions and now COVID-19. We've survived and thrived through all of it by focusing on building a better boat every day. Most importantly, we have the most experienced boatbuilders and management team in the business."

I hope to see as many, if not more, builders and suppliers at next year's boat shows as I did this year. The economy will pick up, people will go back to work, and production and supply chains will be more efficient and effective. If you're buying a boat or just replacing a few items, my advice is to be patient, it will get better in the months ahead. 🌐