



What is the future for Superyachts, Business Jets and Luxury Property?

by Lorna Tittley

With COVID vaccination programmes progressing at varying rates around the world, a return to some semblance of normalcy may be tantalisingly close, at least for some. As businesses attempt to forecast revenues and devise strategies in this challenging environment, what opportunities will the months and years ahead hold for luxury industries globally? What will be the top future trends for superyachts, business jets and luxury property?

On 18th March 2021, **The Future for Superyachts, Business Jets and Luxury Property**, the latest in Quaynote`s stable of online conferences, will examine the way ahead for the luxury asset industries. In the short term, we are all hoping for the imminent return of the superyacht chartering business, while in the medium to longer term, Sustainability, the impact of Artificial Intelligence (AI) and the emergence of the Next Generation of Owners are issues that deservedly attract airtime.

Meanwhile, a question that advisors have heard more often from their clients during the pandemic has been, "How do I go about buying my own jet?" Many a would-be owner has seen a private jet as a legitimate way around COVID restrictions, without knowing the full extent of the costs and potential pitfalls this entails.



Daniel Hall

Daniel Hall, Senior Valuation Consultant at Ascend by Cirium
comments:

"Business jets are depreciating assets – and values can be volatile through market upheaval, for example with the Covid-19 pandemic. The year-on-year fleet-weighted average decline across the entire business jet fleet was over 11%, which is nearly double that of 6% in 2019."

Daniel joins a panel of experts who will guide you in advising your client through the process of buying a corporate jet, be they Ultra High Net Worth Individuals or Heads of State. He concludes: "Working with independent advisors can go a long way to minimizing risk in structuring a deal. Appraisal (valuation) services which can make the difference between an unwelcome surprise on your investment versus a seamless experience.

One of the most important considerations in buying a jet, yacht or property is, of course, how to finance the purchase. In a separate discussion, we'll look at the future of finance for luxury assets.

"While all our clients could easily pay cash, they still prefer to optimize their liquidity reserves by getting financing for their luxury assets. Financing their luxury assets helped our clients to preserve liquidity for their business," explains **Michel Buffat, Head Aviation & Yacht Finance, at Credit Suisse** who joins the finance panel on the 18th March. He is positive about the future: "I see the future of superyacht and business jet finance quite optimistically: the pandemic has shown the advantage of 'COVID-remote' travel," he says, adding, "This may motivate more people to buy their own jet or yacht."



Michel Buffat

Another driver of future superyacht, private jet and high-end real estate ownership is the so-called Great Wealth Transfer, where the heirs to UHNWI fortunes come into their inheritance. This is not forgetting, of course, the younger generation of self-made tech and other entrepreneurs who represent a burgeoning market for the luxury asset industries.

The opening discussion at **The Future for Superyachts, Business Jets and Luxury Property** asks what the Next Gen Owner wants, what the superyacht and business jet of the future will look like, inside and out, and how these assets will be used going forward. Will superyachts have more emphasis on research, exploration, retreat and sport? And will yachts, jets and luxury property be designed more with recycling and disposal in mind? By all accounts, the next generation of Superyacht Owner is a different animal to the previous generation, with this fresh approach expected to impact every aspect of yacht design and function.



Marcela de Kern Royer

"Yacht owners are looking for 'instagrammable' experiences, those champagne cocktails in St Tropez are so passé, they don't want to do what their grandparents did," observes **Marcela de Kern Royer, Principal at ONBOARD Group, Monaco & Genoa Superyacht hub**. "They want to go explore new islands, go to remote destinations and combine philanthropic experiences with unforgettable family moments."

We can't talk about the design or function of anything without reference to technology and luxury assets are no exception. Artificial intelligence is already with us and it will continue to become a bigger part of our lives. To quote **Stephen A. Schwarzman, Chairman & CEO of Blackstone**, "AI will reshape the world in ways we can't imagine, much as the printing press and the Internet did at their inception."

Vilas Dhar, President of the Patrick J McGovern Foundation, commented at Davos 2021, "AI holds the promise of making organisations 40 percent more efficient by 2035."

With these wise words in mind, we have dedicated a portion of **The Future for Superyachts, Business Jets and Luxury Property** to looking at how Artificial Intelligence is changing the luxury industry. Furthermore, how are companies catering and adapting to AI versus operating in the traditional mode?

Joseph Adir, Founder and CEO of WinTech Marine Intelligence, who is moderating the discussion, points to how AI/ML will help the superyacht industry reduce emissions, improve safety, reduce operational costs, and improve the asset longevity. Testing on "Digital Twins" will help to optimize the superyacht design performance parameters and improve the vessel's overall reliability.



Joseph Adir

What's more, using analytics to predict the Total Cost of Ownership (TCO) could transform Shipyard warranty programs and lead to a reduction in the superyachts' operational budgets. *"Artificial intelligence and the Supervised and Unsupervised Machine Learning are taking analytics to the next level"* observes Adir, *"enabling smarter, faster decisions throughout the asset lifecycle."*

Others joining the AI panel acknowledge the potential of Artificial Intelligence, while striking a note of caution. Explains **Dominic Bulfin, Director, at Bargate Murray**, the Luxury Asset Law Firm:



Dominic Bulfin

"The superyacht world has always pushed the boundaries of engineering and technological advance, and the introduction of AI is no different with pioneering owners taking advantage of the efficiencies AI driven systems can provide. But uptake across the fleet has been modest and the vast opportunities presented by this technology come with different challenges and a new type of risk which must be effectively managed in order to secure safe and enjoyable use of superyachts now and into the future."

Joining our panel from the world of business aviation, **Vinna Tsang, Founder and Director of The V Executive Search Company Limited** is also keen to emphasize the efficiencies that AI can deliver. "However, in the luxury world (especially in business aviation), bespoke services are expected," she points out, "which I believe still requires significant human touch. How to maximize the use of AI to compliment traditional ways of operation is key."



Vinna Tsang

Finally, to speak of tradition, Quaynote has reinstated its popular roundtable feature at **The Future for Superyachts, Business Jets and Luxury Property**. The roundtables will focus on Sustainability issues and how the latest fiscal developments will impact the chartering season. *"With networking the most lamented aspect of in-person conferences,"* explains Alison Singhal, Quaynote Director, *"Our aim is to offer attendees the opportunity to discuss topics of mutual interest in small groups and, as they would under normal circumstances, to meet with their industry friends and contacts."*



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