



# Part-Timers

Many owners are choosing fractional yacht ownership. Should you?

BY JOE DONATELLI

THE 1980s WITNESSED THE RISE of the time-share condominium. The 1990s witnessed the rise of fractionally owned business jets. And this decade is bearing witness to the rise of fractional yacht ownership.

When a business model conquers land, air and sea, it must be worth something to someone — maybe even you.

ractional yacht ownership comes in many forms, but it is basically defined as an agreement whereby multiple owners purchase a percentage of a yacht with the time allotted to the owner based on size of investment. A third party manages the schedule, maintenance, repairs, refueling and crew, which often includes a captain and cook.

Some companies lease time on their yachts like a time-share condo, in which case you might sign a three-year contract that gives you access for two weeks a year with no obligation when the contract ends.

Other companies arrange for their yachts to be bought and sold with the investor's money, in which case an owner might purchase 25 percent of a yacht, sell it two to three years later and only suffer one-fourth depreciation.

The three companies interviewed for this article all use different business plans and they say business — their own and others' — is brisk.

### Advantages

Ari Kreiss, president of Cabo Yacht Management, summed it up best: "You save time and money and you don't have to worry about all that pain-in-the-rear-end stuff that goes with boat ownership."

Many of Cabo Yacht Management's clients own time-share condos near Cabo San Lucas Marina. They enjoy cruising and fishing, but they don't enjoy slip fees, hiring someone to perform maintenance or spending half their vacations fixing their own boats. They want their play time.

Fractional yacht brokers provide

turnkey operations and handle all of the back-end hassles of boat ownership, from cleanup to vendors to accounting.

"All you have to do is step on the boat and have a great time," said Shawn Costa, marketing director for Newport Beach-based SeaNet.

Fractional yacht brokers say their customers spend more time on the water than traditional boat owners. The reason is simple. If it takes too much time to maintain, prepare and launch a boat, people won't go out as often. If someone else does all the grunt work, and the owner associates a day or a week on the water with pleasure, then he or she will go boating more often.

Another attraction is savings. According to the people we talked to, the average large boat owner uses his or her vessel 20 to 30 days per year. Under fractional yacht ownership, an owner can have the same access for less

money.

Cabo Yacht Management leases 68-foot and 78-foot fully loaded luxury sportfishers. "We are 30 percent cheaper than a charter, 90 percent cheaper than owning a 35-footer and 370 percent cheaper than owning the boat we provide for you," Kreiss said.

Fractional yacht owners also get more boat for their money. On average, what you pay for a 35-footer could get you access to something twice that size.

Mark Mowery, who owns Professional Yacht Partners in Newport Beach, California, is launching a brokerage so owners can sell their boats and invest in partnerships in one of his 12 vessels, or another vessel of their choosing.

"Some people who want to go yachting are willing to commit \$200,000 to \$300,000, until they see what \$200,000 to \$300,000 actually gets them," Mowery said.

Some companies let clients invest in their yachts as a limited liability corporation (LLC). In this case, each investor's depreciation is decreased by the number of owners. To oversimplify the point: If four owners buy a \$1 million yacht at \$250,000 apiece and sell it three years later for \$600,000, each owner gets \$150,000 back, but only loses \$100,000 instead of \$400,000.

Flexibility and convenience are the final advantages. SeaNet, another Newport Beach-based outfit, lets you trade time on your yacht for time on other

yachts. For example, if you live in San Francisco but are vacationing in Florida or Massachusetts, clients can have access to boats docked on the East Coast. Some firms offer concierge services as well.

### Disadvantages

Fractional yacht ownership isn't for everyone. If you like having 24-hour access to your yacht, or you like setting off on the spur of the moment, this is not for you.

If you like to ogle your yacht from the front window of your bayfront home or want to keep your baby docked in a small Chilean pirate cove, fractional ownership is not for you.

If you want to live aboard the boat nine months a year or use her to hold monkey knife-fight tournaments in international waters, this is definitely not for you.

The bottom line: If you're impulsive, you should probably own your own boat. If you like the feeling of owning something all by yourself or just want to use her when you like, you should probably own your own boat.

If you're reasonable, and most boat owners are reasonable, the only big drawback is managing your schedule against the needs of others.

It doesn't happen often, but big egos sometimes clash.

To avoid complications, companies have their own systems in place that guarantee fair access. For example, some brokers rotate who

gets first dibs on a monthly rotation while rotating holidays as well. If no one else has scheduled time on your yacht, you may be allowed to have close to immediate access, but anywhere from 24 hours' to 30 days' notice is preferred.

It's also worth noting that many fractional yacht brokers work on behalf of manufacturers and dealers. Their motivation is to get you on their boats and make you a customer for life, which isn't necessarily a bad thing. But if your aim is to become a better yachtsman, you may want to find a boutique service that caters to your needs.

### Is It for You?

The business is growing exponentially. In layman's terms, that means many clients are already boat owners or people who have invested in time-share properties.

Salespeople tend to see four types



While fractional ownership is more prevalent on the East Coast, there are plenty of businesses making this cost-effective form of ownership available to West Coast boaters. Pictured left are Ari Kreiss and Terry Curtis with Cabo Yacht Management, which is based in Cabo San Lucas and has a fleet of 68- to 78-foot luxury sportfishers available. Pictured right is Mark Mowery who runs Professional Yacht Partners in Newport Beach, California — Mowery practically invented fractional yacht ownership on the West Coast.

## West Coast Contacts

**Cabo Yacht Management;**  
(866) 702-6337; [www.caboyachtmanagement.com](http://www.caboyachtmanagement.com)

**Professional Yacht Partners;** (949) 673-9999; [www.yachtpartners.com](http://www.yachtpartners.com)

**SeaNet Company, Inc.;** (800) 638-7715; [www.seanetco.com](http://www.seanetco.com)



more boats, an amenity some firms offer.

Mowery's Professional Yacht Partners caters to both businesses and yachtsmen. His company eschews the term "fractional yacht ownership" in favor of "professional yacht partnership."

He said that his partnerships are especially well-suited for corporations and for people who live out of the area. Many clients are large companies that buy time as rewards for employees or to launch marketing campaigns. Individual clients come from as far away as Las Vegas, Reno, Arizona, Palm Springs and other desert areas. They are retirees, doctors, car dealers, developers and other businessmen. Fractional yacht owners who live closer to their "backyard boats" tend to use them more often than visitors from out-of-state.

"The guy has a lot of demands on his time," Mowery said. "He probably plays golf, maybe he skis. He has kids who play soccer. He travels. Anyone with that lifestyle doesn't have a lot of time available to go boating."

Almost all clients are men, with the exception of wives who buy their husbands time as gifts.

SeaNet, which has 12 to 14 Sun-seeker yachts across the country, has clients nationwide, more than half of whom have access to jets.

Most fractional yacht dealers are selective about their clients. "We are discriminating about the type of person we sell to," SeaNet's Costa said. "The type of person who has parties and wet dogs is not on our radar. We see those folks at boat shows, but they see what we have to offer and they realize this isn't for them."

Those who are a good fit for fractional ownership, however, are able to maximize their time and enjoyment while minimizing the outlay of money and work. It's a perfect solution for those who want the bulk of their investment to go toward enjoyment instead of ownership. ♡

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of clients:

- > Those who have never owned a yacht and want a learning experience with a professional captain
- > First-time owners who found that owning a boat was too much of a bother
- > Longtime owners who are tired of the rigmarole of boat ownership
- > People who live inland and want scheduled access to a boat two to three weeks a year

Jack Ashton, 33, a real estate agent from La Mesa, California, owns

a time-share in Cabo San Lucas. He used to own a 23-footer and found that taking care of her took too much of his time. He enjoyed fishing in Cabo and wanted a bigger boat, but not the hassles. He signed a five-year contract for two weeks a year for Cabo Yacht Management's 78-footer.

"I don't have to think about it," Ashton said. "I use it. I go home and forget about it."

Scott Flores, 37, a computer programmer from Martha's Vineyard, Massachusetts, also vacations in Cabo. He used to own a 28-footer but sold her because he only used her one week a year and said maintaining her was a "complete nightmare." He signed a five-year contract for one week a year for the same 78-footer as Ashton.

"I'm not a great captain or fisherman, but I love it," Flores said. "They make it simple. It's the most beautiful boat I've ever seen. I can't believe I own a piece of it."

Flores' only constructive criticism is that he would like access to

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