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By Richard Thiel

Supply and Demand

The situation got so bad, a boat owner must give up the slip with the boat to sell it.

The American boatbuilding industry is facing a lot of challenges these days, including increasingly strict environmental regulations that add to the cost of building boats, escalating labor and material prices that also make boats more expensive, rising fuel prices, and competition from foreign boatbuilders.

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While domestic builders are generally aware of these problems and in most cases are taking steps to cope with them, there's another challenge that they're failing to address: the lack of boat slips. In many parts of the country—especially Southern California and the Northeast—a dearth of slips has throttled boat sales, and the problem is now rearing its head in locales once considered awash in marinas, like parts of Florida and the southeast.

Excuse me for sounding persecuted, but I feel like this problem is stalking me. I lived in San Diego when slips were plentiful and cheap, then watched as marina construction failed to keep pace with demand, until the situation got so bad that today a boat owner must give up the slip with the boat in order to sell it. Then in the late 1980s I moved to Connecticut, where the situation has similarly deteriorated to the point that when I called around looking for a new slip in the Stamford-Norwalk area this spring, the folks at the marinas either laughed at me or refused to even return my phone call.

When I talk to boatbuilders about this problem, they admit a crisis is coming but insist there's nothing they can do about it. Everyone says the problem is environmental regulations and a diminishing supply of waterfront property. So while the National Marine Manufacturers Association funds a campaign to encourage new people to get into boating, no one is thinking about where we'll put them.

Someone needs to address this problem, and perhaps it should be the boatbuilding companies themselves. Boatbuilders need to get into the marina-development business if they want to keep selling boats, and one is doing just that. Azimut-Benetti is funding a huge marina-development project in Livorno, Italy. Actually, calling it a marina-development project hardly does it justice. For it has five components: a megayacht shipyard, sales and yacht-management center,

maintenance and service facility, marina, and—here's the beauty—an "urban regeneration project." That's right. Azimut-Benetti is converting a large parcel of underutilized commercial property (an old shipyard) into a high-end complex complete with luxurious waterfront residences and high-end shops.

Think of all the derelict commercial waterfront there is on our East Coast. You have to believe that local governments would fall all over themselves to bring a similar project to their town, one that would convert a tax drain into a tax-producing asset. Not only are governments likely to look favorably on such a project, they'd likely offer financial incentives and help with environmental agencies. Best of all, developers will make money off such projects.

Why should you care about this when you already have a slip? Supply and demand. As long as more boaters are looking for fewer slips, prices will rise. They already have, and that's just the beginning. Azimut-Benetti is showing us one way to deal with the problem in Italy. Someone should do the same over here.