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THE AUCTION OPTION

Boathouse Auctions aims to eliminate the question of how many days, months or years it will take to sell a yacht.

BY KIM KAVIN





JASON DUNBAR WAS LOSING SLEEP. His friend owned the 106-foot Broward *Altitude Adjustment II* and wanted Dunbar, a broker with Luke Brown Yachts, to sell it. Dunbar knew the statistics on Browards: One sells, on average, every 66 days in America. Others had already sold for the year. The sale was likely to take longer than his friend wanted. ¶ The factor of time suddenly became key to the sales equation. While some owners make price the key factor in a sale, hanging onto a yacht for years—and paying the carrying costs until they find a buyer—Dunbar’s friend most valued time. That’s why Dunbar became one of the first brokers to work with Boathouse Auctions, an online service that launched in October. ¶ The site’s creator, Jack Mahoney, says he got the idea from a friend who does

HOW THE AUCTION PROCESS WORKS

● **A SALES BROKER** brings the yacht to the attention of Boathouse Auctions. (The auction house will not work directly with yacht owners.) ● **PROMOTIONS GO ONLINE** and a date is set for the yacht’s sale at auction. ● **BOATHOUSE AUCTIONS** takes a 5 percent commission, on top of the broker’s commission. If the yacht sells prior to the auction date, then the seller pays the extra 5 percent to the auction house. If the yacht sells at auction, then the buyer pays the extra 5 percent to the auction house.



The 106-foot Broward Altitude Adjustment II, built in 2006, was one of the first yachts to sign on with Boathouse Auctions.

“**THERE HAS NOT BEEN THIS TURNKEY, ONLINE LIQUIDITY FACILITY. THAT’S WHAT WE’RE TRYING TO DO.**”

-Jack Mahoney

SALES SO FAR

As of early May, Boathouse Auctions had listed three yachts for auction. Two of them—a 106-foot Broward and an 86-foot Stephens—generated so much interest that the yachts sold prior to the auctions taking place.

online auctions of high-end homes. The concept of an upcoming auction date, he says, creates urgency in the minds of buyers sitting on the sidelines, waiting for an owner to drop the price. ¶ “We’re making an event out of something,” he says. “We solve the problem of time.” ¶ For the Broward—a boat that usually finds buyers, and thus makes for a good bet at auction—it worked. Because of the pre-auction buzz, a buyer came forward with an offer ahead of the sale date. Dunbar and Boathouse Auctions each took a commission, and both the buyer and seller, Dunbar says, felt like they got a deal; the owner saved time, and the buyer saved money. ¶ “We sold it for about 5 percent below fair market value,” Dunbar says. “But, he may have eaten that 5 percent up in the normal bell curve of time. So if I look at how long, on average, it takes to sell a boat right now in America, it may have been a wash.” ¶

COURTESY BOATHOUSE AUCTIONS