WEALTH MATTERS

# Captain of Your Own Yacht (for This Weekend, Anyway)

John Van Beekum for The New York Times

Philip Burroughs, director of Sanlorenzo Shares, on the main deck of a Sanlorenzo SL 104, available for fractional ownership.

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TOM O. HANSEN, a marketing executive, walked into the Fort Lauderdale, Fla., boat show in 2003 and did what many boat enthusiasts do: he gawked at a dream yacht, in this case an 85-foot Azimut that cost $4.5 million.



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Then he did something less common: he signed up to own part of it with seven other wealthy men.

"I was still working," Mr. Hansen said. "I didn't have time to spend more than five to six weeks on a boat anyhow. It fit my lifestyle and my needs perfectly."

These days it seems that just about any luxury toy — from ski houses to private jets — can be divided into shares and sold to people who are willing to have less control over when they can use it in exchange for having more of something than they could afford on their own.

Buying a share of a yacht is just another iteration of fractional ownership, but it struck me, frankly, as one fraught with the potential for frustration, if not lawsuits. The owners of large yachts that I know derive as much pleasure from the idea of being the owner as they do from cruising or sailing their boat.

Yet there are plenty of good reasons not to buy a boat. They are expensive to keep, from fuel to maintenance to storage, and people do not use them as much as they think they will.

There are now several companies betting there are enough wealthy enthusiasts who see yacht ownership this way and are willing to hand over millions of dollars to own part of a luxury yacht without all of the headaches. There are many more companies whose business is based on people paying tens of thousands of dollars a year for essentially a timeshare in a boat.

This is essentially the case that companies like Liquidity YachtShares are making. Brian Vincenti, its founder and president, said Liquidity had two programs: shared ownership or shared leasing for anything from a 23-foot fishing boat to a 100-foot yacht.

At first, I was not sure if the notion of yacht sharing signaled a return to aspiration for things grander than we can afford or the opposite: a realization that owning a month's worth of a yacht — big or small — is more practical that paying for all of a boat that will be idle the other 11 months.

Philip Burroughs, director of Sanlorenzo Shares, a fractional-ownership company associated with the Italian yacht maker Sanlorenzo, said it was the latter in 2002 when, at a different company, he sold shares in a 62-foot Fairline worth $1.8 million.

"We thought this would appeal to the person who could afford the $180,000 or $200,000 boat but wanted something more," he said. "To our surprise, every single owner on that first boat could have bought the whole boat. These people were just smart business people. They didn't want to pay to have the boat sitting there and pay the crew."

This consciousness about the costs of running the boat made the owners better about using the time allotted to them, he said: "If they have to think about scheduling they use it more."

Mr. Burroughs is now trying to find five people willing to pay $1.6 million each for shares in a 92-foot Sanlorenzo and an additional $11,000 a month to cover expenses. (Fuel is extra.) This outlay will entitle them to six weeks of use per year. After five years, the boat will be sold and the proceeds will be divided up.

While this may sound extravagant, it does not seem like a bad deal to a certain subset of enthusiast. Michael Crabb, an entrepreneur in Boca Raton, Fla., who has been a part-owner of a yacht in the past, said he calculated that he would save money — or lose less — this way.

"If I put $10 million into a boat, I put $1 million a year into managing that boat," Mr. Crabb said. "Five years down the road, that's $15 million. What am I going to get out of that boat when I sell it? $5 million? How many weeks have I been able to use it? Thirty? Maybe 40? I have all the headaches, I got 40 weeks of use, and I lost $10 million."

He reasoned that if he bought into the Sanlorenzo yacht he would spend $700,000 in maintenance over five years, versus $5 million if he was the sole owner, and get $500,000 to $600,000 back when the boat is sold.

"I'd feel like I won the lottery," he said. "I might have cost myself 10 weeks of use. But how much money have I saved? How many headaches have I saved?"

Mr. Vincenti, a private jet pilot by day, said Liquidity Yacht had its roots in the 2008 financial crisis when he noticed many people struggling to maintain their boats. "We brought together the group that had a boat but couldn't get rid of it and the group that wanted to get into boating but it didn't make financial sense for them," he said.

Liquidity YachtShares limits ownership to four people per boat and ensures that each owner has one of the four major summer weekends — the three holidays and the big event at the boat's marina. Owners then use an online system to reserve and trade their days.

For the summer season in Connecticut, Mr. Vincenti said, a share in a 38-foot Sea Ray Sundancer, a $400,000 boat, would cost $13,300.

Like owning a boat outright, there are unforeseen costs in owning shares.

"What happens when you have multiple owners is, someone's always got a problem," said Michael Pinkert, a health care executive who was an owner of the 62-foot Fairline. "One guy got cancer. Another lost his job. We couldn't find new owners so we had to sell it off."

That boat originally had 10 owners and was well used, Mr. Pinkert said, including by his son who got engaged on it. But because different owners wanted it in different places, it racked up a lot of time in transit before the group agreed on a seasonal schedule. All those hours on the engine translated into a fairly low price when they sold the boat.

"Everyone was a little bit naïve," he said.

With smaller boats, the big limitation is that most people want to use the boat on the weekend, not on a Tuesday afternoon when it is free. At SailTime, which mostly sells shares in sail boats, the company allows a member to book a boat without it counting against their time if it is free 36 hours before they want to use it.

Unlike a boat that you own and can charter when you're not using it, many of these programs have limitations or prohibitions on selling your time. Sanlorenzo does not allow people to do it, Mr. Burroughs said. A similar program run by Curvelle, a maker of high-speed catamarans, requires owners to put their unused weeks in a pot and agree to split the proceeds on a pro-rata basis, regardless of whose weeks are chartered.

This idea came to Steve Last, the syndicate share manager for Curvelle and a retired British Airways captain, after years of doing shares with his colleagues — not all of which went off seamlessly. It is this understanding of human nature that may be most critical to the experience.

But the people I spoke to who enjoyed yacht-sharing said it was because they had the right expectations going into it. Mr. Hansen said he had no regrets, even though the 85-foot Azimut had to be sold when a couple of the owners needed to get their money out. "It was part of our contract that majority ruled," he said, but added that he would do it again.

"From a family perspective there was not a better experience than that yacht," Mr. Hansen said. "It was a captive audience. Everything we did we did together. It was pretty hard to complain, 'Oh, Dad, we're on the yacht again.' "

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