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Weak U.S. dollar buoys sales at yacht-builder

Sun Aug 9, 2009 7:11pm EDT

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By Kathy Finn

GULFPORT, Mississippi (Reuters) - Recession has shaken nearly every corner of the U.S. economy but Trinity Yachts is still turning out custom-built luxury boats, thanks in part to a sagging U.S. dollar.

Trinity, the largest U.S. mega-yacht builder, will deliver eight sumptuously outfitted boats this year from its shipyards in Gulfport, Mississippi and New Orleans.

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The yachts ooze indulgence, with interiors laden with fine millwork, marble flooring, wine cellars, high-end home theaters and onboard submarines designed for underwater sightseeing. Prices range from \$25 million to \$80 million.

While Trinity weathers the global recessions, other global yacht-builders struggled.

Ferretti SpA, an Italian luxury shipbuilder, that owns the Riva and Pershing yacht brands, was seized by creditors for missing loan payments, and Genmar Holdings Inc., a big U.S. boat-maker, filed for bankruptcy protection in June.

A weak U.S. dollar has helped keep Trinity afloat by making yachts more affordable to wealthy overseas clients, said chief executive John Dane. Of the last seven yachts Trinity sold, three went to Russians, three to Middle Eastern buyers and one to a Mexican.

To set itself apart from the competition, Trinity is building bigger, faster boats, including a 167-foot (51-meter), 11,000-horsepower yacht that can make over 30 knots.

And with a subcontract to build 10 patrol boats for the U.S. Navy. Trinity is diversifying. "That's the equivalent of two-and-a-half mega-yachts," Dane said.

Still, Trinity's backlog of orders has shrunk from a peak of 24 boats a few years ago, and the company may build only four next year.

That's good news for customers who now face only a two-year wait for a boat, dramatically less than in previous years.

"Right now the premiums are off the pricing, and you don't have 10 guys trying to buy three boats," said company vice president Billy Smith.

WIDE OPEN MARKET

A 2007 worldwide study by Credit Suisse Group estimated that 9,000 new families each year would exceed \$360 million -- joining the potential world market for mega-yachts.

With only 450 big yachts under construction at the time worldwide, analysts said the market was wide open. But that was before the global recession took hold.

"Sales of new yachts are off considerably," said Bill Pike of Power &

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