



Market Outlook Boat repos up sharply in Midwest

Boating Industry
Friday May 2, 2008

CHICAGO – Florida-based National Liquidators saw a 47 percent increase in boat repossessions in the Midwest from 2006 to 2007 and expects those numbers to keep rising, the company said in a story on the *Crain's Chicago Business Web* site this week.

"In the past, repossessions typically occurred because people lost their jobs. Now it's people with jobs who are realizing they don't have the financial stability and net worth to make payments on an asset with negative equity," Matt Amata, National Liquidators' VP who heads the company's Midwest office in Cleveland told *Crain's*.

Amata says boat repos have increased significantly in the suburbs of Detroit, Cleveland, St. Louis, Minneapolis and anywhere with an increase in home foreclosures.

"As home values appreciate, and you think you have \$100,000 in equity in a home, people may be apt to get a \$200,000 boat," Amata said. "They buy that on the premise that they have equity built into the property. As home prices fall off, they're saddled with a boat loan, and the boat isn't worth what the loan balance is. And they no longer have the equity in their house to cover the difference."

Jeff Henderson, president of Harrison Marine Inc. in eastern Michigan, which conducts boat repos nationally, repossessed 15 boats in Illinois last year, primarily in the southern part of the state. It has already doubled that number in the first three months of 2008.

Skipper Bud's, which sells and maintains new and used boats at North Point Marina on the Illinois-Wisconsin border, has seen a significant increase in its brokerage business, while new-boat sales are down about 10 percent, Mike Pretasky, CEO of the company, told *Crain's*.

"I wouldn't say it's worse than any other downturn. It's not like it was during 9/11," he said. "But there's no question that the market is soft. We're definitely in a downturn."

The economic squeeze doesn't seem to be having a noticeable impact on marinas. Westrec Marina Management Inc., which runs Chicago's harbors, has 700 people waiting for slips to open up — up from 600 last year.