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## Newbuild prices surge 52% this decade

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CSSC

Newbuild prices are at highs not experienced since their peak in 2008, with yards set to haul in a still very sizeable chunk of orders before the end of the year.

The newbuilding price index created by Clarksons Research is now on a par with the 2008 peak in nominal terms, standing at 190 points, having risen by 52% from the late-2020 low.

“Newbuild prices remain elevated, with continuing support from strong ordering volumes, firm forward cover and inflationary pressures at yards,” Clarksons noted in its most recent weekly report.

“The high ordering activity for container and LNG vessels in 2021/22 has exerted even more pressure on shipyard capacity and building periods,” states a recent report from VesselsValue, adding: “Due to the increase in orders, shipyards have held the upper hand in price negotiations and prices have climbed.”

It has been a banner year for Asian shipbuilders with average prices for newbuilds hitting record highs.

*Shipyards have held the upper hand in price negotiations and prices have climbed*

The average newbuild price in 2024 has hit \$90m, 30% above the previous high set in 2022, and far above the average levels across the last decade of closer to \$50m, according to Clarksons data.

The British broker cites the increasing deployment of green technologies, a higher value product mix as well as owners signing up for larger ships as contributing factors to the pricier newbuilds. For instance, the average size of a ship ordered this year stands at 54,000 gt, a record high, up 40% on the 10-year average, while higher cost ship types such as gas carriers, containerships and cruiseships account for almost 50% of the tonnage ordered this year compared to an average across the 2010s of just 28%.

Shipyards have seen a firm run of newbuild ordering so far this year across most sectors, with the volume of tonnage contracted – 93.6m gt in the first nine months – already greater than the full-year totals of 2022 and 2023. Clarksons is forecasting more than 100m gt will be contracted for the full year, a high level, but still far off the record 172m gt contracted in 2007.

As of September 2024, the orderbook-to-fleet ratios for bulk carriers, tankers, and gas (LNG and LPG) carriers stood at 10.3%, 12.9%, and 48.4%, respectively, according to data from Greece's Xclusiv Shipbrokers. These figures represent substantial increases compared to the previous year and even two years ago. The orderbook-to-fleet ratio for bulk carriers, tankers, and gas carriers has grown by 43%, 180%, and 29% respectively over the past two years.

In what it is anticipating will be a record-breaking year for containership contracting, as of October 14 analysts at Alphaliner have tallied a total of 264 vessels equivalent to 3.11m teu.

Pending pipeline projects suggests upwards of an additional 400,000 teu could potentially be ordered within this year, according to MB Shipbroking.

Tanker ordering activity surged last year to its highest level since 2015 and has continued at what broker Gibson described in a new report as a "robust" pace this year. Since January, around 340 confirmed and reported tanker orders have been placed, just marginally below approximately 350 orders placed last year.

Turning to dry bulk, geared vessel additions continued strong into the third quarter this year, with handysize orders becoming the highest additions in a single quarter since Q1 2017, according to broker SSY.

High newbuild prices were discussed in depth at last month's Maritime CEO Forum in Singapore.

"Every time the shipyards have a new design the price goes up and delivery time is further away. A conventional cape is now \$80m. I mean in my mind it is inconceivable," said Stamatis Tsantanis, chairman and CEO of Seanergy Maritime Holdings while Henrik Hartzell, senior advisor at Golden Stena Baycrest Tankers, said: "People are hesitant to go ahead and order [product newbuilds] at \$52m or \$55m."

Mark Cameron, COO of Ardmare Shipping, said he felt newbuild prices are now starting to decline, but conceded delivering into 2028 did not look "sexy", and he stressed to delegates to make sure refund guarantees are in place before signing any deals with yards.

Agreeing that the newbuild price peak was not far off, Alan Hatton, the CEO of Foreguard Shipping, said, "There's a discrepancy between the price of building a ship now and the input price of that."

Ordering now is risky given how many geopolitical aspects propping up rates are up in the air such as the wars in Ukraine and around the Red Sea, Hatton argued.

The next edition of the Maritime CEO Forum takes place at the Monaco Yacht Club tomorrow.

# Newbuilding Price Index

