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Today's orderbook far more concentrated among fewer owners

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CSSC

Shipping is a highly fragmented industry in terms of the sheer volume of vessel owning companies. However, an examination of today's orderbook by Clarksons Research shows that investment in newbuilds is much more concentrated.

The top 50 owners by tonnage on order today account for 52% of capacity on order, versus 30% in the period from 2009 to 2011, data from Clarksons shows. Remarkably, despite all the headlines of record orderbooks at yards across Asia, less than 10% of shipping companies actually have tonnage on order.

"A higher share of containership and gas carrier ordering (sectors where traditionally owners are larger than in other segments) and access to finance have played a role in greater concentration, along with growing uptake of alternative fuelling in some sectors and with newbuild price levels, yard lead times and technology uncertainty deterring some owners from newbuild investment," analysts at Clarksons explained in their most recent weekly report.

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 another 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.

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.