

Smaller outfits gaining strength

The strong shipping market has reversed a trend of decline in the number of Greek shipowners, according to research released this week.

The number of Greek shipping companies has increased by 33 in 2008, according to shipping analyst Petrofin Research, and now stands at 758, a rise of 4.55%.

The segment of small companies that control one or two ships has seen the largest rise, estimated at 10.75%. This sector has been decreasing in recent years but today constitutes 44.85% of the total Greek shipowning sector.

Growth has also been recorded in the group of shipping companies that control between nine and 15 ships. There are now 70 such companies operating in Piraeus, up from 62 last year.

Two factors are affecting the growth of the smallest fleets, according to Ted Petropoulos, head of Petrofin Research.

More small owners who traditionally would work their ships until scrapping are holding on to them in a market that continues to keep them in demand.

The high rates are also attracting a number of first-time owners from other unrelated industries, while others represent a re-entry into the sector.

Petropoulos has identified a noticeable group he describes as "the young ones". They are the children of former owners with limited capital in the current high asset market who are forming partnerships to pool their resources, he says.

Growth in small owners follows a period where many were forced out of the sector either through natural attrition or pressures caused by economies of scale, limited financing facilities and increased regulations.

In the past five years, many of these owners sold their ships as asset values began to climb but they are expected to re-enter once prices begin to fall, Petrofin notes.

The growth of small shipowners could be reversed after 2009, the analyst expects the shipping market to see a dip in demand caused by newbuilding deliveries.

The average age of the Greek fleet is 18.4 years, down from 18.71 years in 2007, reflecting the influx of newbuildings and replacement tonnage.

However, the number of overaged fleets controlled by Greeks has risen. There are now 509 fleets over the age of 20 across the entire Greek sector but mostly controlled by small companies. Last year, this number stood at 501, while in 2006 there were 467, according to Petrofin.

This growth points directly to a surge in demand that "Greek shipping companies are striving to fulfil by buying older vessels", the report states.

There are now 846 ships over the age of 30 operated by Greek companies, as opposed to 741 in 2007.

Lack of scrapping because of increased demand for tonnage is again reported as the main reason behind the growth.

Overall, Greeks also control more ships so far in 2008 as a result of steady growth over the past five years. In 2003, Greeks controlled 2,651 ships over 10,000 dwt and in 2008, this number stands at 3,019.

By Yiota Gousas Athens

Published: 11:45 GMT, 03 Jul 2008 | last updated: 11:57 GMT, 03 Jul 2008