

## Hellas: Fleet Grows By 7% on Dry Bulk and Tanker Increases in 2017 says Petrofin Research

[hellenicshippingnews.com/hellas-fleet-grows-by-7-on-dry-bulk-and-tanker-increases-in-2017-says-petrofin-research](http://hellenicshippingnews.com/hellas-fleet-grows-by-7-on-dry-bulk-and-tanker-increases-in-2017-says-petrofin-research)

In its latest annual report, Petrofin Research said that the overall number of Greek vessels has gone up to 5281 from 5230. Tonnage has again climbed up by 25,276,695 tons DWT to 387,210,742, from 361,934,047 in 2016, an increase of 7%. Last year the increase in tonnage was 10.26% and the year before it was 7.52%. Age for the average vessel has again fallen to 11.8 years from 12.19 in 2016, 12.73 in 2015, 13.26 in 2014, 14.05 in 2013 and 14.7 in 2012.



Using a 20,000 DWT cut-off, the average age of the Greek fleet, we note that there is a small increase in the age to 8.6 for the first time in the last years. This reflects the remarkably vigorous S&P activity of the year, which focused mainly on the acquisition of quality, young second hand tonnage. However, the shift to second hand tonnage, as opposed to newbuildings, has had a small impact on the average age of the fleet (more prominently, in particular sectors).

TABLE 1

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of vessels in the Greek-based, Greek-owned fleet	4110	4142	4085	4184	3970	4164	4346	4545	4763	4655	4714	4577	4573	4707	4909	5230	5281
Change from previous year		32	-57	99	-214	194	182	199	218	-108	59	-137	-4	134	202	321	51

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The dry bulk fleet (vessels over 20,000 tons DWT) has gained 129 vessels compared to 111 last year. The average bulker vessel age has gone slightly up to 8.33 years for the first time in 7 years. The Dry bulk tonnage is up by 12.7m tons DWT compared to an increase of 7.2m tons DWT in 2016 and it is still run by the same number of companies.

The large Container fleet (vessels over 20,000 tons DWT) is also just less than a year older than last year, at 10.12 years of age compared to 9.34 years old in 2016. 2017 has been a year of intense activity and for Containers this seems to have been leaning towards selling rather than buying. Tonnage is down to 23.5m DWT for the large ones, compared to 25.3m tons DWT last year, when it had scored a substantial increase from 17.6m tons DWT. Companies that run them are down to 30 from 32.

The large Tanker fleet (vessels over 20,000 tons DWT), on the other hand, has shown a substantial increase in vessels from 851 to 1004 and its tonnage is up from 131.6m tons DWT to 149.4m tons in 2016. Also remarkable is the increase in the companies that run tankers from 85 to 92. The sector has picked up pace and has renewed, as well as, increased its fleet, whose age is down to 9.11 years from 9.35 in 2016.

TABLE 2

YEAR	DWT	AVERAGE AGE	AVERAGE VESSEL DWT
2001	150,978,565	21.41	36,734
2002	166,931,748	20.58	40,302
2003	171,448,133	20.51	41,970
2004	184,288,917	20.12	44,046
2005	176,411,750	19.9	44,436
2006	194,486,455	19.14	46,707
2007	208,001,159	18.7	47,860
2008	222,368,331	18.4	48,926
2009	237,288,216	17.6	49,820
2010	242,802,092	16.4	52,160
2011	256,174,041	15.92	54,343
2012	263,635,420	14.7	57,600
2013	281,467,983	14.055	61,550
2014	303,579,176	13.252	64,495
2015	328,254,495	12.729	66,868
2016	361,934,047	12.186	69,203
<b>2017</b>	<b>387,256,616</b>	<b>11.8</b>	<b>73,330</b>

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LPGs continue their fast increase in tonnage and numbers. Vessels up from 66 to 76, tonnage up from 2.9m DWT to 3.7m tons DWT. However, this vigorous activity involved the acquisition of slightly older vessels, so its age has gone up from 4.3 to 6.7 years.

The LNG fleet is showing an internal reshuffle, where smaller vessels have been acquired bringing down the tonnage to 7.11m DWT from 7.14m DWT, but with an increase in vessels from 74 to 82. The age has remained almost the same, albeit slightly older.

The expansion of the Greek fleet is continuing, following the market situation of each sector.

“Growth has been the key feature, last year, in the Greek fleet, growing from 361.5m DWT to 387.3m DWT or 7%. This took place during a period when almost all shipping markets, with the exception of dry bulk, were poor with uncertain prospects and with bank finance being relatively scarce for all owners but more noticeably, for the small to medium owners. Admittedly, the number of vessels comprising the Greek fleet grew more moderately in numbers from 5230 to 5281. However, the average size of vessel in the Greek fleet continued to grow from 69,203 to 73,330 or 6%.

This growth, in the light of rather adverse shipping markets, is remarkable and indicative of the commitment to growth by Greek owners “against all odds”. It signifies the belief that last year’s vessels’ prices represented attractive levels and it appears that thus far, this view seems to bear fruit, especially in the dry bulk market with rises both in vessels’ values and incomes. However, there was a difference in how the above growth was achieved. Greek owners’ order book fell last year from 502 to 326 vessels and so did vessel deliveries from 181 to 156 vessels. What made a telling difference is the switch of interest by Greek owners towards second hand vessels that represented value for money and more importantly, could be secured immediately. This can be borne from the second hand vessel purchases by Greek owners, which grew from approx. 200 to 260 vessels.

The switch of emphasis towards the second hand market, as opposed to newbuilding last year, can account for the slowdown in the improvement of the average age of the Greek fleet with some segments showing a small increase for the first time. As long as market and cost dynamics favour second hand vessel acquisitions, it is possible that the Greek fleet’s age will remain

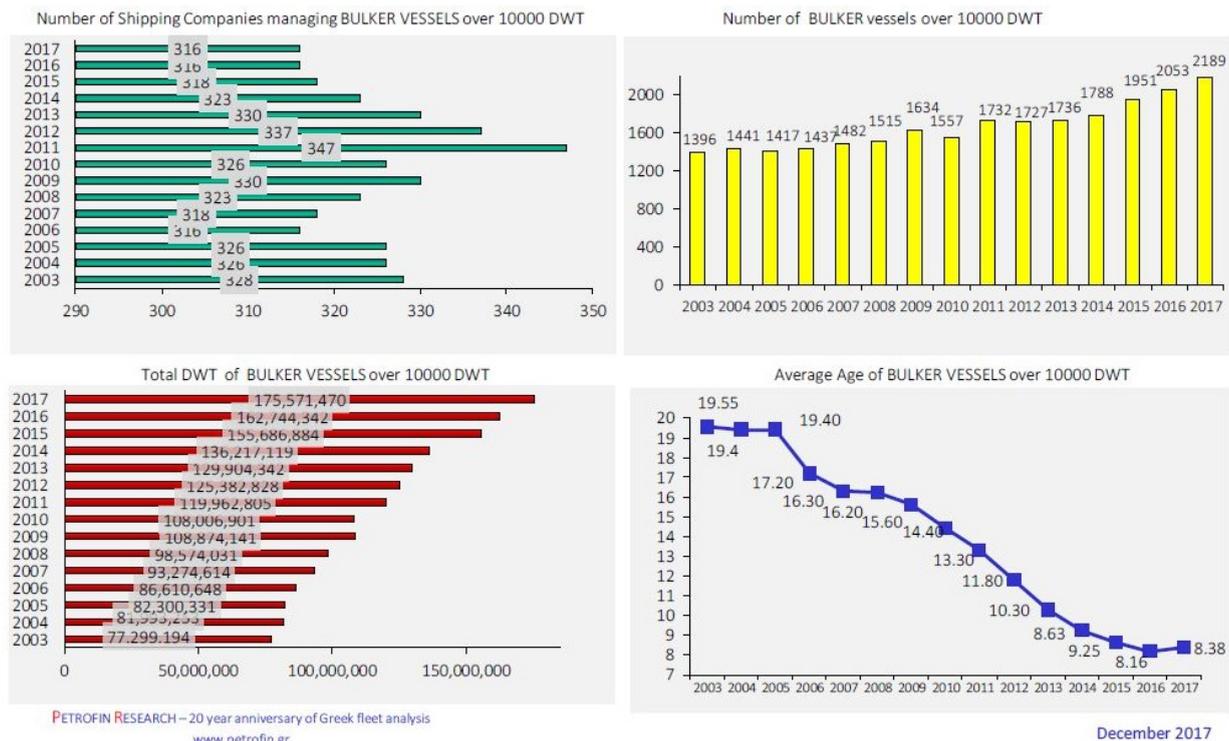
largely unchanged. This “breather” has to be seen in the light of the fall in average age from 21.41 years in 2001 to 11.84 last year. A further reason for the switch towards modern second hand vessels has been that eco type second hand vessels have become available, as eco vessels remain the focus of most Greek owners. As can be seen from the different sectors’ analysis, whereas the dry bulk, tanker and LPG sectors grew last year, the container fleet experienced a slight fall and the LNG fleet was static.

The recorded growth in the Greek fleet must be contrasted to the adverse financing developments last year, whereby an increasing number of prominent banks stopped or slowed down or disposed part of their loan portfolios. Bank finance is a lower loan cost financing option, preferred by Greek owners. As the prospects for bank ship finance remain relatively poor and only the very big owners (private or public) have access to bank finance, Greek owners turned to other means of financing their vessel purchases. On the whole, the public markets remained inactive last year, although prospects appeared to pick up as the year progressed. With dry bulk share performances recording healthy rises and with market projects turning to positive the public markets are expected to provide increasing capital to Greek shipping, in 2018. The Norwegian market showed a remarkable rise last year and attracted an increasing (but still small) number of Greek owners.

GRAPH 4



### The Greek Bulker Fleet BULKER VESSELS over 10,000 DWT – 2017



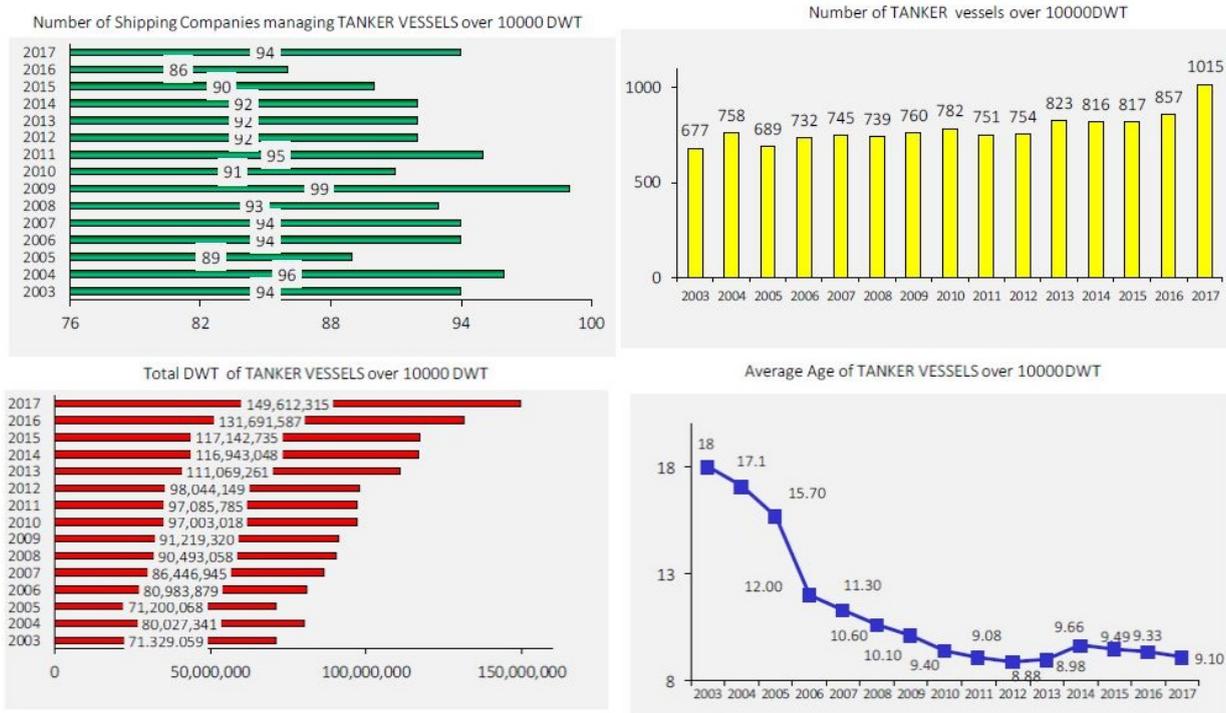
The main provider of finance has been Chinese leasing with Japanese and Korean leasing reentering the market. The number of Chinese lessors and their commitment has risen last year and this rise included Greek owners, mainly for newbuildings but also increasingly for second hand purchases. The Chinese only vessel approach was relaxed last year but the Chinese state has tried to restrict this development recently, in order to support local builders.

Another major finance provider has been the alternative finance market, which re-embraced shipping and has been very active, last year. An increasing number of Greek owners accepted the considerably higher costs involved and entered into such 'alt finance' transactions, in the hope that the markets shall rise and justify the higher cost of capital. Export finance has continued to provide solid finance support to Greek owners, especially in China and Korea. On the capital side, Greek owners have continued to pour substantial fresh equity into acquisitions.

GRAPH 8



The Greek Tanker Fleet  
TANKER VESSELS over 10,000 DWT - 2017



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Private investment funds have increased their role and interest in joint ventures, with the larger owners. The options available for the smaller owner have been few and consist of the smaller banks that have entered the market with low advance ratios and higher margins or Chinese leasing or act finance at costs that are often in the 10% plus area. Higher finance cost represents a substantial risk for owners, especially in the light of rising of US Dollar interest rates and requires a robust rise in vessels' cash flows (and values), to justify itself. The challenges to Greek shipping remain i.e. technological, regulatory, compliance and financial. However, the key to meeting these challenges and continuing with the remarkable growth and quality story lies in the performance of the shipping markets. Currently, international trade is expected to grow in excess of 4% in 2018 (IMF forecast), at a time when fleet growth is slowing down in the absence of accelerated newbuilding ordering.

There seems to be some light at the end of the tunnel across the board for all sectors, with the dry bulk, product carrier, LPG and container sector appearing to be in a better position than the tanker sector, which needs to absorb the rise of capacity, as well as volatile oil prices, as a result of geopolitical and supply side considerations. Lastly, a mood of confidence is prevailing in Greek shipping that the huge investment decisions and commitment in shipping will bear fruit in

the next few years. As such, it is expected that the growth of Greek shipping shall continue unabated, certainly over the next few years", Petrofin Research concluded.

Source: Petrofin Research