

## Offshore Supply Market Update

Overall, Marcon has seen the number of offshore support vessels listed for sale shrink over the past year and especially when compared to five years ago. Dealing with the past two years of the world in a global pandemic that shut down commerce and economies, vessel owners reacted in a number of different ways. Some shut down operations, selling or scrapping their fleets. Some took advantage of the opportunity to expand, adding to their fleets. Other owners laid up their fleets to just hold on until we could get to the other side of the pandemic. While others scrapped newbuilding plans, including shipyards building on spec. As we are finally seeing resumption of commerce, reopening of ports and reactivation of fleets, we are starting to see some enquiries for supply and crew vessels. We are hearing of seller's price ideas being higher than buyer's price ideas, as well as that vessels are often in rougher than normal condition due to lack of supplies, mariners and money the past two years.

Of the 13,475 vessels and 3,706 barges Marcon tracked as of late February 2022, 2,861 are supply and tug supply boats, with 313 officially on the market for sale. 63.21% of foreign and 77.50% of U.S. flag supply / tug supply boats Marcon has officially listed for sale are directly from Owners. In addition to those for sale, Marcon has 218 straight supply and tug supply vessels listed for charter worldwide, but there are many more in today's market idle and hungry for employment.

1,154 of the vessels tracked by Marcon as of late February 2022 are crew, fast supply & pilot boats with 225 officially on the market for sale, plus 40 boats are available for charter worldwide. 36.4% of the boats officially for sale are U.S. flag. 53 crew boats for sale worldwide were built within the last 10 years. 73 boats, or 30.80%, are 25 years of age or older. The oldest boat listed is a 40', 240BHP 1957 built and located U.S. West Coast. This vessel is counterbalanced by a 170.6' LOA foreign 2022 built crew boat in Southeast Asia and nine foreign 2020 built 45.9' to 127.9' LOA crew boats, six located in the Mediterranean and one each in the Far East, Mid East and Southeast Asia.

Tug supply boats officially on the market for sale listed with Marcon in total is 112, 46 less than one year ago, March 2021 and 35 fewer than five years ago, February 2017. Composition in the last year has changed with the biggest shifts being 13 fewer 12,000-plus HP, seven each fewer 8-9,000HP and 10-12,000HP, five fewer 9-10,000HP and three each fewer 3-4,000HP, 5-6,000HP, 6-7,000HP and 7-8,000HP AHTSs offered. February 2017, the average age of all AHTSs for sale was 16 years old, where U.S.-flag vessels averaged 25 years and foreign-flag AHTSs averaged 16 years. Today, the average age is 15 years old, with U.S.-flag AHTSs averaging 24 years and foreign-flag averaging 14 years old. At the time of this report, 32 tug supply boats officially for sale were either built within the last 10 years or are newbuilding re-sales. Only 11.61% of tug supply boats are 25 years of age. Five years ago, 24.49% of AHTSs for sale were at least 25 years old; one year ago, 10.13% were at least 25 years old; as compared to today's 11.61%, reflecting the purging of older units from the fleets over the past five years. At February 2022, the oldest AHTS available from Marcon was built in 1971.

Compared to one year ago, we have 22 fewer PSVs listed for sale. The greatest changes in the vessel size composition are five more over 240', four each fewer 150'-160' and 200'-220' and three fewer 180'-190' PSVs presently on the market. Similar to anchor handling tug supply boats, PSVs now being offered are only slightly older than those offered back in February 2017 with the average age of all available for sale increasing from 19 years of age to 20 years old now. U.S.-flagged PSVs increased from 21 years to 23 years, while foreign flagged decreased from 18 to 17 years old. As of this report, Marcon officially has available 30 supply boats built within the last ten years, with zero newbuildings listed. 44 PSVs, or 21.89%, are 25 years of age or older, with the oldest PSV listed built in 1968 - compared to one year ago when 43 PSVs (19.28%) were older than 25 years. Five years ago, 39 PSVs (29.32%) were older than 25 years, but 8 or 6.02% were newbuilds.

February 2022's number of crew boats officially on the market for sale by Marcon at 225 is down 12 from one year ago in March 2021 and up five from five years ago in February 2017. Over the last year, composition of LOA ranges has changed with the biggest shifts being seven fewer 40'-50' LOA, five fewer 30'-40' LOA and three more 50'-60' LOA crew boats offered. As of this report, 23.56% of the crew boats available are less than 10 years old, down from the 25.32% reported one year ago and from the 32.73% reported five years ago. Conversely, 31.11% today compared to 30.38% last year and 29.09% five years ago are 25 years or older. In looking at overall fleet age and then by U.S.-flagged versus foreign flagged, we can see slight changes in ages with those available today a bit older than those offered five years ago. Five years ago, the average age of all on the market through Marcon was 19 years, compared to 21 years one year ago and 20 years as of this report. Older U.S.-flagged vessels remain on the market, aging from 25 years in 2017 to 30 years in 2021 and decreasing to 28 now. Foreign flagged crew boats' age remained fairly steady at 15 years one and five years ago compared to 16 years today, but are still almost half the age of U.S. vessels.

While it is not easy to get an accurate count of all U.S.- and foreign flagged offshore support vessels scrapped over the past year, we can obtain an approximation from IHS Fairplay Sea-web, for those greater than 99GT. As of February 24, 2022, 1,016 offshore support vessels and 51 crew boats are shown as scuttled, scrapped or to be broken up. This is compared to one year ago when 923 offshore support vessels (up 93 or 10.08%) and 47 crew boats (up 4 or 8.51%) were noted as scuttled, scrapped or to be broken up. We have heard first and second hand of this same trend with under 99GT or unclassified offshore support vessels and crew boats, primarily due to owners reporting lack of work and purchase interest at above scrap levels.

According to *IHS Fairplay Sea-Web*, as of February 24, 2022, there were 7,185 “sea-going” supply vessels over 100GRT worldwide. This is down 0.54% or 39 vessels since March 2021, reflecting the continued scrapping of older OSVs that had been laid up for the past few years. Total horsepower of this fleet is 40,470,831BHP, down 422,060BHP or 1.03% since last year. The largest national fleet of supply vessels worldwide in horsepower and count sails under U.S. registry, with the U.S. operating 777 supply vessels, or 10.81% of the world market, totaling 3,908,224HP (9.66% of global HP) with an 19.7 year average age, about the same as the worldwide fleet. Since March 2021, the U.S. fleet declined by 2.75%, or 22 OSVs, while horsepower decreased 97,787BHP or 2.44%. Compared to five years ago, February 2017, the worldwide fleet is down 4.19% or 314 vessels while horsepower is down 4.34% or 1,834,036BHP. Average horsepower remained consistent at 5,641BHP compared to 5,633BHP today. The U.S. fleet is down 169 vessels, or 17.86%, total horsepower decreased by 15.62% or 723,673BHP and average horsepower increased from 4,896BHP to 5,030BHP. The U.S. market has caught up with the worldwide trend of replacing older vessels with higher horsepower ones.

According to the **U.S. Coast Guard Merchant Vessels of the U.S.** database updated January 10, 2022, in 2021, three offshore service vessels were built or completed, the 204’ PSV “*Seacor Tarahumara*” for Seacor Marine and for Edison Chouest the 278’ PSV “*C-Constructor*” and the 250’ PSV “*Millie*”. In 2020 four U.S. flag OSVs were built; two in 2019 and six in 2018.

Marcon has completed four sales to date in 2022 with several more pending. This is a strong start to the new year, after completing ten sales and one charter in 2021. Since Marcon’s first sale in 1983, we have sold or chartered 1,531 vessels and barges, including 83 PSVs, 80 AHTS totaling 383,363BHP, 110 crew / pilot boats, 34 research / survey vessels, 20 utility boats, 19 seismic vessels, nine dive vessels and one drill ship.

Marcon’s full March 2022 Offshore Support Vessel Market Report will be published the latter-half of April. Our September 2021 Offshore Support Vessel Market Report can be found at this link: [Offshore Support Market Report - Sept 2021](#)