Marcon International Summer 2023 Newsletter
Inland & Ocean Towing Markets Update

By Marcon Staff

Marcon has closed 19 sales to date in 2023 with several additional sales pending. These sales included nine twin screw tugs ranging between 1,340BHP and 7,200BHP. Activity in the US tug market remains brisk with numerous tugs changing hands during the past quarter of 2023. Marcon has been involved in the domestic US market selling a US Flag 136' LOA 1978 McDermott Shipyard built 5,750BHP tug from US West Coast Owners, as well as a US Flag 1,300BHP tug in Alaska and a Tier 3, 2,200BHP US Flag tug from the US Gulf to new Owners for employment in US Northeast wind farm support work. We have several offerings remaining in the US Market, including a 4,400BHP Twin Screw Ocean Tug which has just completed her 5 year dry-docking for ABS and USCG, and is ready to go with full refurbishment also completed. We also have a few smaller construction / dredge support tugs which can be developed, but we are finding it difficult to move tonnage into the expected high demand of the California dredge and marine construction markets at this time. This is mainly due to CARB (California Air Resource Board) requirements. The current CARB requirements appear to insist any and all newly imported vessels into the California market will now require Tier 4 main engines to enter that potentially lucrative market. Tier 2 is being phased out at the end of 2023, but instead of allowing Tier 3 tonnage to be brought in, CARB has declared that all new imports into the market shall be Tier 4 (which was not technically required until phasing out of the Tier 3 at the end of 2027). This has stymied many acquisition possibilities for owners and operators looking to continue their service in the Golden State, and may portend a day of reckoning when there are not enough acceptably tiered tugs to service the demand in that region.

Marcon has sold one U.S. flag 3,000HP pushboat so far in 2023. The U.S. inland market has slowed somewhat compared to 2022. Supply chain normalization and more normal water levels has brought demand more toward balance. The war in Ukraine, continues with recent threats by Russia to disrupt grain shipments. For the week ending June 24, barged grain movements totaled 400,094 tons. This was 48% less than the same period last year. Fuel prices are down from 2022, but have been trending higher in recent months. For the week ending June 19, the U.S. average diesel fuel price rose 2.1 cents from the previous week to $3.815 per gallon - $1.995 below the same week last year. Diesel prices rose in 7 of the 10 regions, with the biggest increase of 4.3 cents occurring in the Gulf Coast region. Following a 1.8-cents increase for the week ending April 17, diesel prices have continuously declined. The current price rise marks only the fifth time this year that prices have risen. According to the Energy Information Administration's (EIA), June Short Term Energy Outlook, retail diesel prices are expected to average $3.95 per gallon in 2023 and $3.82 per gallon in 2024, down from $5.02 per gallon in 2022. The inland tank barge market remains on strong footing. Tank barge operators are seeing utilization rates in excess of 90% driving higher pricing. Although demand is strong for inland push boats, second hand supply continues to be very limited. Overall Marcon has seen an increase in activity across several maritime sectors in the first half of 2023, with a limited supply of good second-hand vessels and barges being the primary factor influencing the number of sales.

Of the 13,322 vessels and 3,757 barges that Marcon tracked as of May 2023, 5,184 are tugs with 316 officially on the market for sale worldwide, down 249 or 44.07% from one year ago and down 93 or 22.74% from May 2018. 95.51% of U.S. and 36.12% of foreign tugboats for sale are direct from Owners. 52 or 16.46% of the tugs worldwide, primarily foreign flagged, were built within the last 10 years, are newbuilding re-sales or currently under construction – compared to 19.80% one year ago and 35.04% five years ago. 53 (16.77%) are over 50 years of age, with five of those over 75 years old.

The majority of tugs Marcon tracks for sale as of this report are in the US with 89 tugs officially on the market (vs. 106 one year ago), followed by 59 in Southeast Asia (71), 34 in the Far East (52), 34 in Europe (53), 20 each in Latin America (29) and in the Mediterranean (33), 13 in the South Pacific (17), 9 each in the Caribbean (11) and in the Mid East (15), 7 where location unstated (10), 6 in Canada (7) and 2 each in Africa (5) and Southwest Asia (0). Where machinery is known, CAT diesels power 84 or 27% of the tugs listed for sale. This is followed by 51 vessels with EMDs, 39 Niigata, 35 Cummins, 28 Yanmar and 8 with Mitsubishi. 65 tugs are powered by other machinery from Akasaka to Wartsila with one Fairbanks Morse tug on the market.

Five years ago, 35.04% of tugs for sale worldwide, primarily foreign flag, were built within the previous 10 years compared to 16.46% today. Then 11.86% of the tugs on the market were 50+ years old compared to 16.77% today. At that time, Marcon had five tugs older than 75 years same as today. The average age of all tugs that Marcon has for sale worldwide today is 30 years, with 1993 average build date, compared to 26 years, 1992 average built, in May 2018.

Looking at tugs for sale worldwide, conventional twin screw tugs lead with 196 (62.0%) available, followed by 80 azimuthing (25.3%), 27 single-screw (8.5%), seven Voith Schneider tractors (2.2%) and six triple screw (1.9%). This is fairly comparable to five years ago when 12.4% of the 565 tugs for sale were single screw, 60.7% twin screw, 23.2% azimuthing, 3.0% VS tractor and 0.7% triple screw tugs. Bearing in mind that we are focusing on those available for sale, it seems that for the past five years, azimuthing and conventional twin screw tugs have maintained steady positions in the market. Single screw tugs are mostly relegated to nearly zero commercial work, except in certain specific cases. Available for sale units have dropped considerably with many of those being scrapped due to age and condition. It is noted that in May 2023, Sea-Web reported 2,242 tugs worldwide scuttled, broken up or to be broken up world-wide. This is up 5.06% from May 2022's 2,134. Scrapped vessels increased 34.38% between May 2021 and May 2022, after averaging just over 2% from 2018 to 2019 and then 2019 to 2020. With the decrease in rate of scrapping, it seems that many companies have finished a concentrated effort to scrap its excess tonnage during the worst of the economic fallout of the pandemic. In certain areas of the market, we have seen an increase in demand for tugs and barges, with there being a shortage of units with desired specifications.

Marcon's database shows 93 fewer tugs officially for sale than five years ago in May 2018 with largest shifts in the lower horsepower categories. There are 23 fewer tugs are today listed in the 2-3,000HP range with average age increasing from 30 to 31 years. The 3-4,000HP range lost 22 tugs while their average age increased from 25 to 30 years. Below 1,000HP and the 1-2,000HP range each lost 13 tugs while average age increased six to eight years, respectively. The 4-5,000HP range decreased by 10 tugs with average age rising from 17 to 24 years. There were minor changes in the higher horsepower ranges as far as number available for sale and average age. In summary, we saw a 22.74% drop in listings with a four year increase in overall average age.

As of June 2022, Marcon was tracking 816 inland river pushboats with 52 officially on the market for sale (38 U.S. flag and 14 foreign flag). Eight of the boats with age listed were built within the last ten years. Twenty-eight boats are forty-five years of age or older. The oldest listed were built in 1944, a 76', 1,150BHP vessel and a 127', 3,600BHP vessel, both on the U.S. West Coast. This is counterbalanced by a 2023-built 96' 4,000BHP pushboat located on the U.S. Gulf Coast. Marcon also has six inland river pushboats listed for charter – four U.S. and two foreign.

The number of inland river push boats officially on the market for sale in total is 52, down three or 6.12%, from one year ago in June 2022 and down 49 or 48.51% from May 2018. We do not have any push boats offered greater than 5,000HP, reflecting that higher horsepower units are working consistently. Currently, 15.38% of the push boats available are less than 10 years old, up from 12.24% reported one year ago but down slightly from 15.84% reported five years ago. Specifically, the average age of all on the market through Marcon last year and five years ago was 37 and 45 years, respectively, compared to 40 years now. Mostly older foreign-flagged vessels have gone on the market, with average age going from 30 years in 2018 to 42 years now. U.S.-flagged push boats went from 48 years old five years ago to 36 last year to back to 39 years old as of this report date.

Of the 48 vessels listed for sale where engine type is known, 12 are powered with Cummins, followed by ten with EMDs, nine with CATs, four with John Deere, GM and Mitsubishi with three each and seven comprised of other types. Most of the inland river pushboats Marcon has listed for sale are located in the U.S. with 38 vessels or 73%; followed by seven or 13% in Europe, five in Latin America and one each in Canada and with "undisclosed" location. While our focus is on the U.S. market, there has been a decline of vessels offered in the U.S. as percentage of all available for sale from 82% in 2018 to 73% now. Availability in Europe has stayed consistent (13%) but increased in Latin America (2% to 10% now).

Full Market Reports here: Push Boat – June 2023 & Tug Boat – May 2023