

Marcon International Winter 2024 Newsletter

Inland & Ocean Towing Markets Update

By Marcon Staff

Marcon finished 2023 with 31 sales and one charter, followed by three transactions closed to date in 2024. Some of these sales are noted as follows: an 80,000BBL double hull U.S. Flag ocean tank barge, an 11,000HP AHTS, a 145' OSV and a 197' LOA coastal deck barge, one Tier 3 U.S. Flag 2,200BHP tug, one U.S. Flag 2,400BHP twin screw tug, three 7,200BHP INVADER Class tugs, a 1,300BHP twin screw U.S. Flag tug, and a U.S. Flag 3,000HP push boat. Additional sales have occurred on private terms, and Marcon has also recently closed on several sales including an 80,000BBL double hull U.S. Flag tank barge which is currently being towed to South America (tow also arranged via Marcon), and we also concluded the sales of a 190' LOA 3,900BHP U.S. Flag AHTS, a twin screw 1,800HP U.S. Flag tug, a 3,000BHP single screw U.S. Flag tug and a 40' pilot boat to round out the year.

The second-hand tug market in the USA has been very active over 2023 with available tonnage that is USCG Certified drying up on the market substantially. Owners are continually upgrading older tonnage with new machinery, and other upgrades as the costs to deliver a newbuilt tug in the USA have gone out of sight, and time delays for delivery are now quite extended. There is very little to offer in the market, especially for Z-peller tugs. However, Marcon can still offer a few working / certified tugs for sale in the US Market.

Overall, the U.S. inland market seemed slower in 2023 than it did in 2022. Low water levels in key rivers and ports, including the Panama Canal, impacted schedules and freight movements. Key export areas, such as the Red Sea, saw supply disruptions due to military actions. All of these disruptions have an impact along all phases of the transportation and supply chain. But operators are reporting high utilization and strong charter rates for their working inland vessels and barges.

While Marcon did see an increase of tonnage availability across several maritime sectors in 2023, the inland market tightened with a decline in availability of second hand inland vessels and barges. During 2023, Marcon completed the sale of one U.S.-flagged pushboat, compared to the sale or charter of 12 tugs. It has been difficult to find available inland tonnage that meets buyers' needs and price levels, while abiding by sellers' desired trade and competition restrictions. Corporate acquisitions have led to fleet consolidations. Lingering effects of the pandemic have impacted maintenance and recertification of tonnage, with an increase in scrapping of tonnage idled during the "shutdown" when costs to reactivate are too high or there is not available yard space for required work.

Of the 13,283 vessels and 3,754 barges that Marcon tracked as of November 2023, 5,149 are tugs with 268 officially on the market for sale worldwide, down 140 or 34.31% from one year ago, November 2022, and down 278 or 50.92% from November 2018. 93.90% of U.S. and 39.78% of foreign tugboats for sale are direct from Owners. 28 or 10.45% of the tugs worldwide, primarily foreign flagged, were built within the last 10 years, are newbuilding re-sales or currently under construction – compared to 18.63% one year ago and 33.15% five years ago. 53 (19.78%) are over 50 years of age, with five of those over 75 years old. Five have no age listed. The oldest tugs Marcon currently has listed are two 1943 built U.S. flag tugs based on the U.S. West Coast. These "old ladies" are balanced by three twin screw tug newbuild resales for delivery in the U.S. and Mediterranean in 2023 and 2024.

The majority of tugs Marcon tracks for sale as of this article are in the US with 83 tugs officially on the market, followed by 33 in Southeast Asia, 30 in Europe, 29 in the Far East, 22 in the Mediterranean, 18 in Latin America, 16 in the South Pacific, 12 in the Caribbean, 8 in the Mid East, 6 where location unstated, 5 in Canada and 3 each in Africa and Southwest Asia. Where machinery is known, CAT diesels power 73 or 28% of the tugs listed for sale. This is followed by 43 vessels with EMDs, 31 Cummins, 23 Niigata, 19 Yanmar and 9 with GM. 63 tugs are powered by other machinery from Akasaka to Wartsila with one Fairbanks Morse tug on the market.

Five years ago, 33.15% of tugs for sale worldwide, primarily foreign flag, were built within the previous 10 years compared to 10.45% today. Then 12.82% of the tugs on the market were 50+ years old compared to 19.78% today. At that time, Marcon had six tugs older than 75 year, one less than today. The average age of all tugs that Marcon has for sale worldwide today is 33 years, with 1990 average build date, compared to 25 years, 1993 average built, in November 2018.

Looking at tugs for sale worldwide, conventional twin screw tugs lead with 186 (69.4%) available, followed by 49 azimuthing (18.3%), 25 single-screw (9.3%), five Voith Schneider tractors (1.9%) and three triple screw (1.1%). This is fairly comparable to five years ago when 13.2% of the 546 tugs for sale were single screw, 60.6% twin screw, 23.3% azimuthing, 1.5% VS tractor and 1.5% 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 fairly 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 November 2023, Sea-Web reported 2,384 tugs worldwide scuttled, broken up or to be broken up world-wide. This is up 9.26% from November 2022's 2,182. Since November 2018, there has been a 60.43% increase in the number of tugs scrapped, with a significant portion of those reported in 2021 and 2022. Scrapping rates are tipping upwards again, but these seem to be units that were not able to find work or are too costly to put back into service. 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 278 fewer tugs officially for sale than five years ago in November 2018 with largest shifts in the lower horsepower categories. There are 37 fewer tugs are today listed in the 1-2,000HP and 5-6,000HP ranges. Average age for the 1-2,000HP tugs increased from 24 to 38 years, while the average age for the 5-6,000HP tugs increased from 17 to 31 years. The 2-3,000HP range lost 56 tugs while their average age increased from 28 to 34 years. The 3-4,000HP range lost 72 tugs while average age increased seven years. The 4-5,000HP range increased by 46 tugs with average age rising from 16 to 28 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 50.92% drop in listings with an eight year increase in overall average age.

As of December 2023, Marcon was tracking 819 inland river pushboats with 45 officially on the market for sale (31 U.S. flag and 14 foreign flag). Six of the boats with age listed were built within the last ten years. Twenty-six boats are forty-five years of age or older. The oldest listed was built in 1944, a 76', 1,150BHP vessel on the U.S. West Coast. This is counterbalanced by three 2022-built pushboats in the U.S. 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 45, down 15 or 25%, from one year ago in December 2022 and down 60 or 57.14% from November 2018. We do not have any push boats offered greater than 5,000HP, reflecting that higher horsepower units are working consistently. Currently, 13.33% of the push boats available are less than 10 years old, same as one year ago and up from 8.57% reported five years ago. The average age of all on the market through Marcon last year and five years ago was 40 and 45 years, respectively, compared to 40 years now. Mostly older foreign-flagged vessels have gone on the market, with average age going from 33 years in 2018 to 42 years now. U.S.-flagged push boats went from 47 years old five years ago to 40 last year to 39 years old as of this report date.

Of the 41 vessels listed for sale where engine type is known, eleven are powered with EMDs, followed by nine each with CATs and Cummins, three with GM and nine comprised of other types. Most of the inland river pushboats Marcon has listed for sale are located in the U.S. with 31 vessels or 69%; followed by seven or 16% 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 noted a year ago when it dropped to 77% compared to 83% in 2018, with it now decreasing to 69%. Compared to five years ago, push boats available in Europe has increased as percentage of available for sale from 10% to 16%, with same occurring in Latin America (2% in 2018 to 11% now).

Full Market Reports here: [Push Boat – December 2023](#) & [Tug Boat – November 2023](#)