

Strategies for Making an Offer

Sellers have all the leverage right now in the trawler market, so be smart about your initial approach.

The desire to own a trawler surged in the middle of 2020, when buyer demand amid the pandemic overwhelmed the brokerage supply. Since then, the sale price of trawlers has been very close to the asking price. Sellers have held the upper hand, holding out for top-dollar offers from buyers stretched down the dock.

The most important tool for a buyer in this market is a connected broker with a network of resources. Good brokers understand your cruising ambitions and can guide you in your search. When you finally find a good boat, your offer package (price and terms) has to be compelling enough to persuade the seller to pick you. Creating that package is where good brokers can excel.

Asking Price

Asking price is determined by the seller with advice from his listing broker. This price is calculated using a number of factors such as capital improvements during ownership, sister-ships available for sale, recent comparable sales and current market conditions. The asking price also includes the broker's commission (typically 10 percent) and is the most important number buyers consider while shopping.

Offer Price

If you think you have found the right boat, then you need to figure out what the boat is worth to you. Try to match your budget strategy with what the seller wants. It's best to get aboard before your offer so you know what you are buying, and so you can start to assess what you will need.

In this market, you may have to submit a full-price offer. We advise buyers to avoid playing the game of offers and counter-offers; instead, write up a strong offer at or near the seller's top number, and pre-schedule the survey dates to show that you are serious about getting to closing.

Think Like A Seller

Sellers want a qualified buyer who is paying a fair price with little to no contingencies, and who wants a reasonably short time frame from offer acceptance to closing.

Sellers who receive more than one offer often realize that the highest bidder is not necessarily the best choice. With their own broker's advice, they choose the buyer who is most likely to get the deal done. Most sellers will be reasonable if there are problems discovered during the survey, but they want to hold the agreed contract price, so don't bank on a large price correction as part of your strategy.

Market Price

The price you offer, and that the seller accepts, is the best indi-

cator of fair market value.

Traditional sale-price data collected since mid-2020 is an inadequate indicator, because there have been a large number of unreported sales since the pandemic began. Instead, the surveyor's appraisal establishes bank loan approval and underwriter insurance coverage. Hopefully, the surveyor's valuation is in line with the contract price; the good news is that surveyors have also lived through the pandemic, and they know trawlers have been appreciating with demand.

Before You Sign

There is more to your written offer than how much you are willing to pay. The transactional forms your broker uses may involve addenda and other considerations. The shorter and simpler your offer is, the easier it will be for the seller to absorb the details and respond.

Ready Or Not?

The flood of competing buyers means you need to be ready to close before inking a contract. Do you have the funds available? Some sellers will not work with a buyer who includes a financing contingency.

Also ensure that you're insurance-ready to bind after underwriters review and approve the survey. And, do you have a temporary slip and/or home marina to dock your trawler after closing?

Total Costs

We advise our buyers to think about their overall budget in two phases. Phase one is the amount paid to become the owner: the contract price, purchase expenses and initial costs such as insurance and slip rental. Phase two is the "make it yours" expenditures to correct problems discovered during the survey, refresh outdated gear and add desired equipment.

Once your broker submits your offer, the seller has three options: ignore, counter or accept. Simply having an offer accepted is a win for buyers these days. With such a limited supply of trawlers, a good deal means finding an appropriate boat and being able to go out cruising on it. ❁



Jeff Merrill has helped with hundreds of trawler transactions across the United States and abroad. For 20 years, he has shared trawler skills and tips at TrawlerFest, at JMYS.com and on his YouTube channel. Jeff is a certified professional yacht broker and a licensed managing broker in California and Florida.