

Suezmaxes sparkle

Asset values are on the rise in many corners of the tanker market but some segments are seeing greater gains than others.



Ridgebury oversees seven suezmaxes but its affiliates are active in other segments of the tanker market as well.

In its latest earnings report Ridgebury Crude Tankers noted that five-year-old suezmaxes were commanding \$54m on average by the end of the fourth quarter.

The Westport, Connecticut-based operator pointed out that is roughly \$4m higher than assessments calculated three months prior.

Of the 15 suezmaxes that changed hands in recent months Ridgebury noted all but one were built by Rongsheng Heavy Industries of China.

"Management believes that this indicates that owners of high quality Korean and Japanese tonnage are not willing to sell at current levels," the owner continued.

Ridgebury also argued that the gap between newbuilding prices and secondhand values has narrowed significantly in recent months as well.

The owner claims it is not in negotiations with any shipyards at the moment but believes South Korean builders are starting to get "more aggressive with pricing".

As a result, Ridgebury thinks the \$70m premium that some top tier yards were demanding when approached with suezmax orders in 2014 "has likely softened".

According to Maersk Broker, six vessels in this segment hit the water last year and eight were scrapped, which means the fleet shrank.

While these figures sound encouraging Ridgebury acknowledged that ordering surged in 2014 due to rising freight rates and light newbuilding backlog.

The owner claims 38 suezmaxes were penned in 2014. Today, there are 50 due for delivery between now and the end of 2017, according to Compass Maritime Services.

"The delivery schedule remains very favorable in the medium term [however], with no significant deliveries until the second-half of 2016," Ridgebury added.

Ridgebury, an affiliate of Ridgebury Tankers, currently oversees a fleet of seven suezmaxes. At last check the entire stable was trading in the spot market.

The VesselsValue.com portal believes the vessels are worth nearly \$340m in total in today's sale-and-purchase market.

AARON KELLEY IN STAMFORD 25 February 2015, 20:43 GMT