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U.S. NEWS | December 27, 2012, 5:28 p.m. ET

# Boat Sales Rev Back to Life

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By JIM CARLTON

SAN FRANCISCO—Don Lorenz decided to hold off on splurging on a new boat until he was convinced the economy had stabilized.

The right moment came this summer, when the 63-year-old chief investment officer for a real-estate firm paid \$75,000 for a 20-foot water-skiing boat for his family's lake trips in Northern California.

"I wouldn't have bought one earlier because the recession and uncertainty were severe," said Mr. Lorenz, a resident of Menlo Park, Calif., who last bought a boat eight years ago and plans to keep using it, in addition to the new one. "I was trying to maintain my liquidity."



Enlarge Image

Getty Images

Boaters gather in San Francisco before the first game of the World Series between the San Francisco Giants and the Detroit Tigers in October.

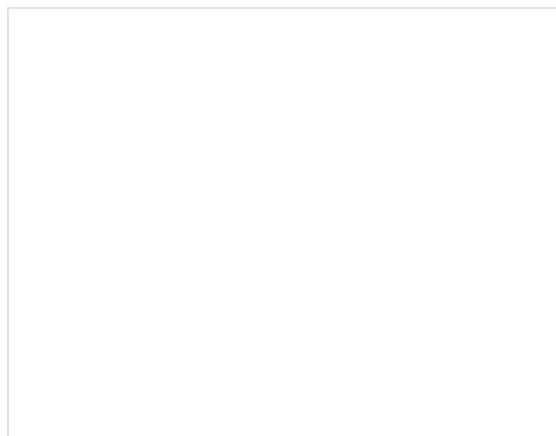
Buyers like Mr. Lorenz are helping to drive a boating recovery in California. Sales of powerboats are revving up in the state for the first time in five years, part of a national resurgence in a corner of the luxury sector that signals the economy is improving.

Sales of individual boats in California grew 2% to 3% in 2012 from the previous year, said Dave Geoffroy, a vice president of the National Marine Manufacturers Association, marking the

first increase since California's boating industry began a long swoon in 2007.

The California rebound is lagging behind an earlier, sharper recovery for powerboat sales nationwide, which grew 10% in 2012, according to unofficial estimates by the Chicago-based trade group.

The U.S. boating industry generates about \$30 billion in annual revenue, with powerboat sales a closely watched segment because they often shrink early in a recession and rebound late, said Thom Dammrich, president of the National Marine Manufacturers Association. Unit sales nationally fell 48% to 142,330 in 2010 from 274,100 in 2007, then inched up to 142,830 in 2011 and rallied to 157,000 in 2012, the group estimates.



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In Lake Geneva, Wis., sales of new and used powerboats at Gordy's Marine jumped 10% this year from 2011, after falling every year since 2008, said Tom Whowell, the store's owner. "People have seen the world is not ending, that getting a boat is an important part of [their] family's escape," Mr. Whowell said.

In 2007, California ranked third in the country in new-boat sales, recording \$976.9 million in revenue and trailing only Texas and Florida, according to the National Marine Manufacturers Association. By 2010, the most recent year comparisons between states are available, California had fallen to 11th place, with sales of \$310.3 million.

The slower rebound in boat sales mirrors California's patchier overall recovery compared to most other states. The Golden State's 9.8% unemployment rate for November, though down considerably from a 2010 peak of 12.4%, remained above the national rate of 7.7%, according to estimates by the Bureau of Labor Statistics.

Some boat dealers in coastal cities with stronger economies saw a rebound earlier than those farther from the ocean.

Sun Country Marine Inc. of Ontario, Calif.—an inland city east of Los Angeles—returned to profitability in 2012, the first time in five years it was in the black, said president Mike Basso Jr. The dealership, which offers boats ranging in price from \$30,000 to \$2 million, sold 300 new and used boats this year, or almost 100 more than in 2011, Mr. Basso said.

Sun Country had already boosted its boat sales in 2011 from a low mark of about 100 in 2009, but relied on price cuts to drive unit sales higher. This time, Mr. Basso said, the dealership managed to increase unit sales while also raising prices about 5%. The dealership, which sold 700 boats in 2007, broke even last year after losing money between 2007 and 2010.

"I think people have increased savings," Mr. Basso said, "and have a little bit of discretionary income they didn't have before."

Write to Jim Carlton at [jim.carlton@wsj.com](mailto:jim.carlton@wsj.com)

A version of this article appeared December 28, 2012, on page A6 in the U.S. edition of The Wall Street Journal, with the headline: Boat Sales Rev Back to Life.

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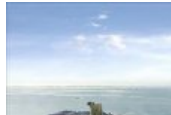
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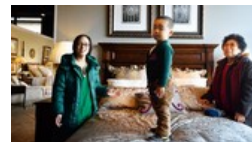
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