



Photo: John Reddick

Made in Manhattan: a ship approaches Lower Manhattan in New York, well known for its cargo market

Big Apple business boom for broking transactions

The big-tent approach separates shipbroking in Manhattan and nearby points from other world centres in the sector. *Fairplay* learns about the expected future trends in the 'ultimate personal service industry'



By Barry Parker
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The shipbroking sector in the New York metropolitan area is fragmented, but alive and doing quite nicely, thank you.

This includes not only the business districts of Manhattan but also suburban New Jersey and leafy Connecticut.

The dry cargo market, in particular, is very fragmented, with many shops of one or two workers and a handful of larger entities.

The tanker market is dominated by these larger outfits, which coexist with smaller specialist houses. Sale and purchase and project expertise is interspersed with the tanker brokers, or

in several boutiques around the region.

Basil Karatzas, who handles projects and finance at Compass Maritime, an S&P and project house based in New Jersey (near the George Washington Bridge), talks about the advantages of the New York region.

"There are few markets around the world that can offer the broad scope of services to owners that enable them to secure competitive financing," he points out. Bill Stewart, president of Stewart Alexander (Stalco) and a governor of the Association of Ship Brokers & Agents, tells *Fairplay* about the state of the market and what trends he sees ahead.

The sector is made up of private companies, he notes, so no figures on gross commissions are available. But anecdotally, those who hung in during the difficult years for brokers are now being amply rewarded.

On the tanker side, Poten & Partners (in the 'Lipstick Building' on the East Side of Manhattan), McQuilling (on Long Island) and Connecticut's CR Weber and Mallory Jones Lynch Flynn all maintain active spot desks, complemented by consulting and project capabilities.

Resurgence of owners seen

On the dry side, Stalco has endured many cycles, along with MID-Ship (in Port Washington, 10 miles east of Midtown) and the Connecticut trio of Peraco, Dillon and Skaarup.

Another Midtown shop, Overseas Marine Services, remains active.

"New York has always been a cargo market," according to Stewart, whose offices overlook Madison Square Garden. He adds, however, that the area has had a resurgence of owners.

Compass's Karatzas explains: "The absolute number of US owners is small but, because of the significant cargoes, US entities at any stage have to play a role in broking transactions."

Echoing the thoughts of Compass's Karatzas, Stewart notes: "With the interest in shipping on Wall Street, and by investors over the past few years, more money is going into the industry. Many of these money managers are right here in New York."

The offices of a handful of listed or large private owners are found in an area of Park Avenue known as 'Hedge Fund Alley'. The internet age has changed the business, but not in ways envisioned by those dotcom promoters in the late 1990s.

Both Karatzas and Stewart point out that the dotcom era spawned a greater access to information – though not in the manner of doing deals over the internet.

Stewart stresses: "Each fixture is one of a kind – what we do can't be automated." There is information overload, he adds: "Email is great, but we are getting too much spam. Suddenly, all those little cargoes from some other market come through to us."

"In the old days, cable brokers used to filter all this. When in doubt, they send it out."

Karatzas calls shipbroking and project finance "the ultimate personal service industry". ■