

# The rise of the expedition cruise market

Since 2004, SunStone Ships has focused on the expedition market. Niels-Erik Lund, the company's president and CEO, explains why this has proven to be a winning approach



**“Many companies have been ordering expedition vessels in varying sizes and quality from different parts of the world”**

SunStone vessels at the shipyard in Las Palmas



**A**s a tonnage provider, SunStone Ships is not a cruise company. It does not sell tickets and does not compete with its clients. Instead, SunStone works in close cooperation with its associated companies, Cruise Management International and CMI Leisure, to provide a one-stop shop experience, where tour operators, travel agencies and small cruise lines can charter a vessel – either for a number of years or a number of seasons – and know that all operational, technical and financial matters will be taken care of, while they concentrate on marketing their itineraries.

The SunStone fleet currently consists of one larger cruise vessel, Gemini with a capacity of 900 passengers; 10 small cruise vessels with capacity between 60 and 250 passengers; and the Infinity series of vessels that are currently being built by China Merchants Group. All vessels are chartered out, either on long-term, year-round deployments, or on seasonal summer or winter contracts. In between, some of the vessels are doing voyage charters,

or accommodation charters to help with disasters and major worldwide events, or to house project workers and contractors for specific tasks.

The 10 smaller cruise vessels were all acquired secondhand and upgraded for specific purposes; most being for cold water operation in the polar regions, but some for markets such as the Great Lakes, Caribbean, South Pacific, Australia and Alaska. These ships were acquired over the past 10 years, but there is no plan to expand the existing fleet with additional secondhand vessels. The market for small cruise vessels, especially within the expedition cruise market, is booming and it is not expected that there will be any interesting vessels available for acquisition in the foreseeable future. In light of this, SunStone decided to expand the fleet with its Infinity series of newbuilds.

The average age of the SunStone fleet is approximately 25 years, which is actually younger than average for the entire worldwide expedition fleet. This shows the need for newbuilds to replace the approximately 40 vessels in the worldwide expedition market, which now have an average age of about 29 years.





3D rendering of the Infinity newbuilds

SunStone has four vessels with an option for six additional to be built by China Merchant Group, China. Norway's Ulstein Design and Solutions has designed the engine room and the hulls, which include both the patented X-Bow design, as well as other bow alternatives. The vessels will be approximately 104 metres long, 18 metres wide and will be able to accommodate between 100 and 200 passengers. They are being built for both cold and warm water operations according to Polar Code 6, Ice Class 1A requirements, and also feature zero speed stabilisers, Tier 3 engines, dynamic positioning systems and Safe Return to Port systems. The interior design has been developed by Tillberg Design US, and will be manufactured by Makinen.

Ulstein Design and Solution (UDS) has built more than 115 vessels with the X-Bow hull, 50 of which have been built at different shipyards in China under Ulstein's supervision. For the Infinity series of vessels, UDS will be responsible for the entire equipment package where all main equipment will be purchased from known European companies, and installation will be supervised by UDS. Finland-based Makinen, which is a well-known

contractor for the cruise industry and has worked on many conversion projects for SunStone, will be responsible for building the cabins in Finland, transporting them to China, supervising all installation, as well as planning, fabricating and supervising all other interior spaces. This will make the Infinity series 'European-built' ships, assembled in China.

The first ship in the Infinity series, Greg Mortimer, will be delivered on a long-term charter to Australia's Aurora Expeditions in September 2019.

The combination of China Merchants Group, Ulstein, Makinen, Tillberg and the experience of SunStone, makes this a very strong group for creating excellent expedition vessels.

With the age of the existing fleet, many companies have been ordering expedition vessels in varying sizes and quality from different parts of the world. Vessels have mostly been ordered by existing cruise companies operating in the expedition market segment, but also by newcomers to this market segment, and will be used by the cruise companies themselves. However, with the exception of the SunStone fleet, most will not be available for long term charters.

Looking closely at the vessels being ordered, there are many types that will clearly expand the expedition market. The ships from Hurtigruten, for example, will have capacity close to 600 passengers and offer a very different type of expedition vessel for a different market niche which, in SunStone's opinion, will not directly compete with the main expedition segment. There are also ultra-luxury five-star vessels like Crystal Cruises' and Scenic's new ships, which are approximately 190 metres long and have features not seen on the current expedition fleet. These vessels will also expand the market and create a new segment for very upscale luxury expedition cruising and will not compete in, nor take passengers from, the existing market.

This combined with the fact that the existing 40 ships only have an average lifespan of another 10 years, makes it unlikely that we are seeing a bubble in this market segment. Over the next decade, quite a number of vessels will be scrapped, and with the expansion of the market, this should eliminate a bubble effect, but naturally create some marketing pressure for a period of time when the newbuilds start hitting the market. **C&F**