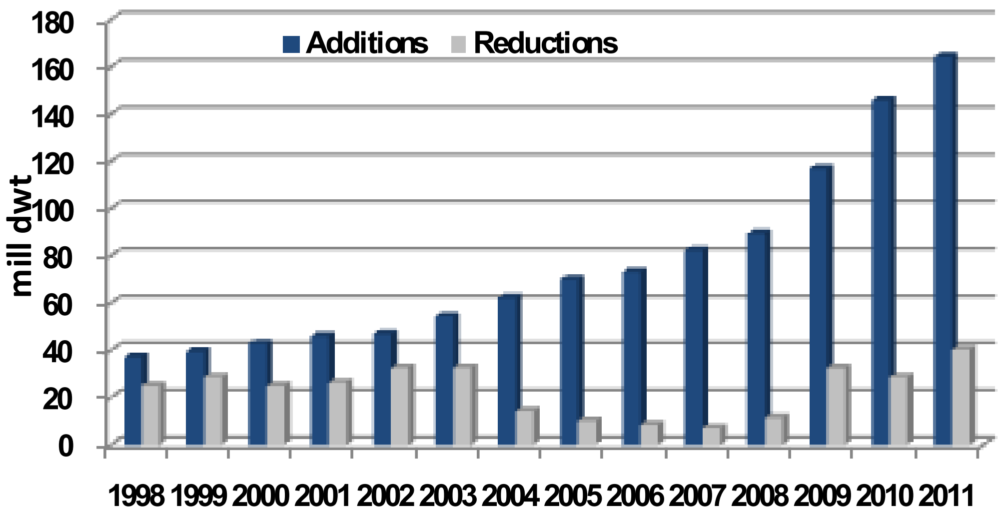
Yet another record growth in fleet capacity in 2011

As a result of pre-crisis ship ordering boom, the yards delivered an astonishing volume of 164.5 M dwt in 2011. Two thirds of this volume have been bulk carriers, making the dry bulk fleet the largest segment of the world merchant fleet before tankers and container carriers. But also in terms of demolitions, strong volumes were recorded.

BREMEN, 20/03/2012 - The Institute of Shipping Economics and Logistics (ISL) analysis of IHS Fairplay data reveals that in 2011, a total of 2,755 vessels with an aggregate capacity of 164.5 M dwt were delivered. Compared to the already astonishing volume of the previous year (2010: 146.5 M dwt), this is only a slight increase. But one needs to put things in a longer perspective: compared with 2007, the volume doubled.



World tonnage additions and reductions 1998-2011
(in dwt, Source: ISL based on IHS Fairplay)

The soaring dwt-volume can be traced back to the sky high earnings of the dry bulk sector in 2007 and 2008 which have been reinvested in large units. These orders are currently being delivered, explaining two phenomena at the same time.

First of all, the number of vessels is not increasing in line with the tonnage of the vessels since the ordering has been predominantly focussed on the large capesize bulk-carriers. The same holds true for container vessels, where the trend of increasing vessels sizes is felt even stronger. Yet the fully cellular container ships represent only a relatively small share in terms of tonnage.

Second, this dynamic expansion has rendered the dry bulk fleet the largest fleet segment (41% in terms of tonnage as of Jan 1st 2012), surpassing the former leading segment “tankers” (37 % in terms of tonnage as of Jan 1st 2012).

Ship type	2007			2010			2011			dwt-% change '10/'11	average growth % '07-'11
	No of ships	mill dwt	dwt %-share	No of ships	mill dwt	dwt %-share	No of ships	mill dwt	dwt %-share		
Tankers	737	36.6	22.3	777	44.5	27.1	**640**	**44.4**	**27.0**	-0.2	4.9
Bulk carriers	327	24.7	15.0	987	78.7	47.9	**1195**	**98.6**	**59.9**	25.2	41.4
Container ships	410	16.6	10.1	273	16.4	10.0	**194**	**14.6**	**8.9**	-10.8	-3.1
General cargo ships	631	4.4	2.7	614	6.7	4.0	**641**	**6.6**	**4.0**	-0.5	10.8
Passenger ships	88	0.2	0.1	93	0.3	0.2	**105**	**0.2**	**0.1**	-27.6	-3.9
Total	2193	82.5	100.0	2744	146.5	100.0	2775	164.5	**100.0**	12.2	18.8

World merchant fleet's newbuilding additions by major ship types during 2007, 2010 and 2011

(Source: ISL based on IHS Fairplay)

If it were for the orderbook, 2012 could mark a new record, with scheduled bulk-carrier deliveries alone amounting up to 140 m dwt. Yet it must be noted that an equivalent volume (143 m dwt) was once earmarked for delivery in 2011 and factual deliveries - whilst still impressive - fell short of that reaching “only” 98.6 m dwt, with the remaining contracts being mostly postponed. Yet, even if bulk carrier deliveries should not exceed 100 m dwt by much in 2012, it would still mean that in terms of tonnage, more bulk carrier tonnage would be delivered in 2012 than in all fleet segments combined in 2007.

For demolitions also, 2011 was a record year. 1,516 units with an aggregate capacity of 40.5 m dwt have been scrapped. More than half of this (24.3 m dwt) have been older and mainly small bulk carriers. Compared to the previous year (1,344 ships 28.8 m dwt), the scrapping activity has increased noticeably. With recent weak earnings in the Dry Bulk Sector, moderate demand growth expectations and continuously high fleet growth, it seems likely that scrapping of bulk carriers will remain strong in 2012.

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