2021: an extraordinary year for container shipping

2021 was a historic year for container shipping. Non-Operating Owners (NOOs), liner operators and freight forwarders have all benefitted from an exceptional trading environment, enjoying the extraordinary post-Covid demand bonanza. However, this was a less rosy time for shippers who had to deal with a chronic dearth of capacity, prohibitive transport costs and massive shipment delays.

Containerships

At 23,992 teu, the EVER ACE became the largest container vessel in the world when delivered in July.

Photo: Finn Fuhrmann
tonguage forced some freight forwarders to fix the few available ships at astronomical time charter rates going up to $200,000/day for 4,000 teu units, $150,000 for 3,000 teu vessels and $110,000 for 1,600 teu ships. Never had such charter rates been seen in the past.

However, the historically high level of spot container freight rates, with the Shanghai Containex Freight Index (SCFI) smashing records throughout the year and reaching an all-time high at 5,046 points on 31 December, more than sextupled its December 2019 level, guaranteed voyage profitability. Shipping a 40’ container from Shanghai to the US West Coast in December 2021 cost $7,660 versus $1,405 in December 2019. On the Asia-Europe trade, a 20’ tonne cost $7,700 versus $760 two years earlier, a bonanza increase.

That said, being massive congestion issues, especially on the US West Coast saw charter costs spiral out of control, significantly denting voyage revenues.

Although freight forwarders did their best to secure transport capacity for their clients, some shippers lost patience and decided to take control of their shipments themselves in order to safeguard their supply. Big retail names such as H&M, Amazon, Coca-Cola, Walmart or Home Depot hit the market, trying to find carriage solutions directly with shipping lines. Whilst very few of them chartered ships on their own, they encouraged their cargo vessels to non-time charter shipping companies, most often multi-purpose or dry bulk operators. Amazon for example gave some cargo volumes to dry bulk operator G2Ocean, while Walmart had cargoes carried by forest product specialist Saga Veloce Asia.

Although these unusual shipment solutions have been of great help, will remain a painful year for shippers. Most had to face a shortage of transport capacities, prohibitive cargo rates and huge shipment delays caused by endemic port congestion issues, particularly on the US West Coast.

Why was demand so high in 2021?

The historic demand for container shipping in 2021 was caused by several factors. Firstly, the Covid pandemic saw consumers shifting their expenses from in-store to online. Despite the tit-for-tat lockdowns around the world and a relative easing of travel restrictions, consumers have continued to buy goods in large quantities at the expense of services.

With most goods sourced from Asia, demand for container shipping went through the roof nearly overnight. Supply chains around the world could not cope with such exceptional volumes, and started facing bottlenecks in various major places, both inland and in ports. In the US, the ports of Los Angeles and Long Beach, which account for 40% of all seaborne imports to the country from a severe congestion issues with sometimes more than 100 vessels waiting at anchor for an available berth. Port congestion quickly became a global issue with, at some point, 200 vessels waiting at anchor for over 18 weeks! The reasons behind this massive congestion issues from the market was the second major factor stimulating demand for container tonnage as carriers had to reposition their fleets in order to meet the tonnage demand unfilled by their own ships, or simply address the extra cargo demand.

Container operators: a lot of newcomers

The exceptional cargo demand throughout 2021 prompted a number of smaller regional container operators to foray into the highly profitable East-West trades. Among them were the Chinese regional carriers Cosco, Bal, Container Line and Shanghai Jiang Tong Shipping (SJT). A US West Coast, Asia-Europe, Asia South America or Asia Australia services, surfing on the highly remunerative freight rates and large volume flows.

These carriers have however been badly hit by congestion issues on the US West Coast, with Bal having a couple of months waiting off Los Angeles-Long Beach in excess of two months before getting a berth for cargo discharge. With tonnage usually fixed at astronomical rates, accumulated charter costs have quickly spiraled out of control.

Congestion: a major headache for shipping lines

One of the most visible signs of the disrupted global supply chain was terminal congestion, which started affecting ports around the world. In June, the US West Coast was hit the most with queues of ships gradually building up off Los Angeles and Long Beach during the second half of the year in early December in excess of 100 container vessels were waiting for a berth off the US West ports, with waiting times in some cases exceeding 18 weeks! The reasons behind this unprecedented bottleneck were numerous: exceptional high volumes of cargoes, a shortage of dockers, rigid working times on the dockside, a dearth of truck drivers and congested stacking areas. Meanwhile, ports in China also witnessed congestion, so do congestion on the US East Coast (notably Savannah) and in Europe. By early 2022, congestion in Los Angeles and Long Beach had barely eased, continuing numerous months of troubles ahead for carriers.

A two-tier market emerged, with a multi-year market on the one hand seeing most fixtures concluded for durations of 36, 48 and 60 months at historically high, five-digit rates and, on the other hand, a short-term market with astronomical six-digit rates agreed. In early September a 4,250 teu ‘Classic Panamax’ unit was fixed at a jacked shipping $3,000,000/day for a 2-3 month employment, an absolute all-time high.

Non-Operating Owners have enjoyed an extremely strong demand for tonnage throughout the year, for virtually all sizes of ships. Although the recovery had already started in the summer of 2020, the rally gained further momentum in the first half of 2021, and went into overdrive from July onwards. In August and September charter rates reached levels unseen in the history of container shipping.

A steep rally market emerged, with a multi-year market on the one hand seeing most fixtures concluded for durations of 36, 48 and 60 months at historically high, five-digit rates and, on the other hand, a short-term market with astronomical six-digit rates agreed. In early September a 4,250 teu ‘Classic Panamax’ unit was fixed at a jacked shipping $3,000,000/day for a 2-3 month employment, an absolute all-time high.

A stellar year for liner operators

Liner operators have recorded historic results in 2021, seeing earnings in the billions, on the back of unprecedented cargo volumes and historically high freight rates. The financial gains achieved, higher than those seen when the recovery started in 2020, were boosted by the most profitable peak cargo season on record.

The third quarter of 2021 was the best quarter ever in the history of container shipping. Illustrating this, French liner shipping giant CMA CGM recorded a net profit of $5.6 billion during this period, ten times higher than its 3Q20 results and 125 times the $45 million profit recorded in 3Q19. In Asia, South Korea’s HMM posted a $1.9 billion gain, wiping out in only three months two thirds of the $3 billion losses it had accumulated since 2016. Others like Ocean Network Express (ONE) who logged $6.7 billion profit for the first half of 2021 and expect a mind- blowing total profit topping $12 billion for the whole year, nearly four times their 2020 performance. Finally, Singapore-based Wilh, on the brink of bankruptcy in 2020, said it would be able to complete its $1 billion restructuring by the end of 2021, well ahead of schedule after getting back on ground, winning new orders and embarking on newbuilding projects.

Globally, analysts estimate that the ten leading carriers reporting public results could be on track to log operating profits of $115-120 billion for 2021, more than six times the amount recorded in 2020.

Despite this rosy environment, most liner operators suffered from a severe shortage of charter ships throughout the year, preventing them from meeting their tonnage requirements or starting new services. This prompted a number of shipping lines to purchase vessels, instead of chartering for a few months at a time, rather than charter ships themselves, usually for a few months at a time, rather than

Freight forwarders and shippers take control of their shipments

Freight forwarders have been battling hard the entire year to find transport capacities for their shipper clients. Some smaller line operators, Transnet Logistics or P&O Line were forced on many occasions to hit the market and charter ships themselves, usually for a few months at a time, rather than entrust lines with their volumes as they would usually do. The lack of prompt
The ill-timed grounding of the Ever Given

The much-publicized grounding of the giant container vessel Ever Given (20,388 teu) in the Suez Canal in March could not have happened at a worse time. The ship blocked the waterway with its bow and stern lodged into the canal's banks for a week, wreaking havoc on ocean liner schedules and led to a massive backing up of ships. It was estimated that 400 vessels of all types were blocked at the Canal entrance in the Mediterranean and Red Sea one week into the incident, among which numerous container vessels stuck with their cargoes on board. Despite the chaos, only a few vessels were believed to have been re-routed via the Cape of Good Hope but the incident disrupted further the global supply chain which was already under severe pressure due to the high post-pandemic cargo demand.

Outlook for 2022

Although the container charter market started recovering in August 2020, as the world economy slowly exited Covid lockdowns, the real ‘takeoff’ only took place in 2021. The first few months of 2021 saw charter rates initially rise at a brisk, but not exceptionally high pace. The market then abruptly picked up, with charter rates soaring exponentially from July onwards. With hot-boiling demand impacting all sizes of ships and suddenly getting astonishingly high, rates continued to rise for their ships that would have been unimaginable a few months earlier. Most fixtures were concluded for multi-year durations, typically up to 48 and 60 months, for the larger vessels and 24 to 36 months for the smaller ones. A short-term market, for shipments of typically 3-4 months also emerged in response to a strong demand for ad-hoc liner sailings.

Charter rates soared with every new fixture. Short duration deals in particular were concluded at historic, six-digit figures. The Alphaliner index Charter rates smashed records with every new fixture. Short duration deals in particular were concluded at historic, six-digit figures. The Alphaliner index softening period, to reach an all-time high of 5,046 points in September. The synchronised rise of the SCFI and the Alphaliner index was in particular the result of soaring rates for historical highs, with freight prices exacerbated by a shortage of ships and congestion issues around the globe.

The continued rise of the SCFI and the Alphaliner index were the result of soaring rates for historical highs, with freight prices exacerbated by a shortage of ships and congestion issues around the globe.

Demand is expected to remain strong for a long period of time, as container shipping operators that the current high cargo volume in the market will continue until at least July 2022. Container issues around the world, which are unlikely to ease in the near future, will also continue to support the rate developments in the short term.

However, the second half of 2022 appears more uncertain while 2023 could be a very different year. With a raft of newbuilding container vessels due for delivery that could destabilize the market

VLCs 7,500-11,000 teu

2021 review

The handy’ VLCs segment (7,500-11,000 teu) was in high demand throughout the year. The dearth of prompt tonnage considerably restricted the volume of activity, with charterers forced to consider forward positions into 2022 to cover their needs. Charter rates have been on an uninterrupted rising trend, with 8,500 teu vessels starting off the year at $38,500 per month and reaching nearly $58,000 by August for 36 months charters. The length of period employments meanwhile gradually increased from 38 to 48, and then 60 months. In September a pair of 9,400 teu ‘Bosphorus Max’ units were fixed for 60 months at $65,000 per day, a new high. A short-term, high-price market also developed, which saw a 10,000 teu unit obtain a historically high $16,125 per month, whilst an 8,800 teu unit fetched $196,000 for a six-month employment.

2022 outlook

Prospects for 2022 remain strong for 2022, as supply is expected to remain limited throughout the year. Meanwhile, as of 31 December, the orderbook stands empty. A possible slow-down in demand from the second half of 2022 onwards is not expected to materially impact this segment, which remains in short supply and continues to be popular among carriers. However, with the market increasingly biased towards slightly smaller 7,000 teu units or larger ones of 10,000 teu and above, the longer-term prospects of these ‘in-between’ sizes appear unclear. The versatility of 7,000-11,000 teu ships, which allows their deployment on multiple routes, is a core attribute for carriers. The economics of scale obtained with larger units, especially where the volumes remain available, are offset by the high operational cost per box that small ships could undermine their economics. That could explain, in part, the current lack of newbuilding projects.

LCS 5,300-7,499 teu

2021 review

The LCS segment (5,300-7,499 teu) was equally in high demand throughout 2021, but the scarcity of prompt tonnage significantly limited the volume of activity. Meanwhile, charter rates rose more than doubled over January to October, rising from $29,000 to $62,500 for standard 5,500 teu units, depending on the period fixed. Modern ‘wide-beam tonnage’ enjoyed the same serviceability with rates soaring from $29,000 to $69,000 depending on the durations agreed. There were also a number of short charters, some of which were concluded in excess of $105,000/day.

2022 outlook

This segment went through a slight softening in November which coincided with the end of the peak cargo season. However, this was short lived because the demand for ad-hoc liner sailings as the market having rebounded. Prospects for 2022 remain strong for 2022 as availability of ships will remain low throughout the year. The orderbook, although consisting of 86 ships, is not an issue for now, since only ten units are currently believed to be uncommitted, and most vessels will only hit the water in 2023-24.

Meanwhile, a potential slowdown in demand in the second half of the year is not expected to heavily impact this segment, considering the persistent supply issues and the continued interest of charterers for this size of ships.

From our point of view, the highlight of the year was a wave of orders for a new family of compact, wide beam, 7,000 teu vessels, with 53 orders placed to date, according to Alphaliner data. These ships, most of which already have assignments in place, will contribute to the resolution of this segment and could become the new workhorses of the charter market in this size range.

Classic Panamax 4,000-5,299 teu

2021 review

Classic Panamax (4,000-5,299 teu) remained highly popular with charterers in 2021, with demand showing no signs of weakening throughout the whole year while prompt ships were largely sold out. Charter rates remained robust in the first half of 2021, rising from $22,000/day for 24 months deals in January to $50,000/day for 36 months fixtures in August. From June, 60-month fixtures became common, while a spot short-term market, appeared, with rates reaching six-digit levels for charters of up to six months duration. Some fixtures saw stratospheric prices being agreed as high as the $500,000 per day for a 24 month Avangard, Synergy Oakland for a 60 day employment, an all-time record.

2022 outlook

One scenario suggests further to the opening of larger locks at the Panama Canal, Classic Panamax’s have undergone a remarkable reassessment in recent times, having found a new lease of life on several North-South routes, particularly in Asia. We believe this class of ships will remain in high demand for the remainder of 2022, especially in the first half of the year. Meanwhile, charter rates are expected to stay at historical highs but might soften in the later part of the year as supply rises. The orderbook is nearly empty, with only 18 ships of 4,600 teu on order for a Chinese owner, which are not expected to be traded on the charter market.

Over the longer term, Classic Panamaxes will increasingly face competition from new families of 5,000, 6,000 and 7,000 teu compact. American newbuildings are also expected to prove more cost-efficient to operate on high-volume routes.
very few ships available for charter. The short supply of tonnage on supertanker sizes, with standard 3,500 teu units, pushed rates from $35,000/day for a 12-month employment. Meanwhile, a short-term charter market appeared in June with rates reaching stratospheric levels of $100–150,000/charter for periods of 5-9 months.

2022 outlook

The outlook for these sizes is generally good although a number of charters seem to prefer the slightly larger 2,800 teu or smaller 1,700 teu ships irrespective of this, the continued short supply and strong demand should maintain charter rates at high levels in the first half of 2022, whilst prospects for the latter part of the year are more uncertain. The orderbook currently consists of 85 ships, 30 of which will be delivered in 2022. Although most of these ships already have employment in place, their introduction might be at the expense of some NOO tonnage.

1,500-1,999 teu

2021 review

Tonnage of 1,500-1,999 teu was in high demand throughout the year, making this segment one of the busiest. The continued shortage of ships supported a strong rise in charter rates, which benefitted both standard and Bangladesh vessels. The former started off 2021 at $20,000/day, but the rate trebled for the standard, 1,118 teu ‘CV 1100’ type, rising from $9,500/day in January to $35,000/day in July for a typical 12 month charter. As the sub-1,000 teu market smashed all records in 2021, with the highest charter rates and longest period employments ever seen for these sizes. This bonanza ended years of misery for NOOs, that were characterized by rock-bottom, OEPEK-level, charter rates and short employments. The high demand and continued shortage of ships pushed charter rates to even higher levels. Illustrating this, the 868 teu ‘Sixties Type 166’ class saw its rates skyrocket from $9,500/day for a typical 12 month charter at the beginning of the year to $30,000/day at its peak in June. The duration of employments increased steadily throughout the year, with several vessels securing charters of 36 months, a particularly long duration for these sizes. Slightly smaller vessels of 700 teu have also enjoyed extraordinary conditions with charter rates peaking at $25,000/day for 6-month charters.

2022 outlook

Despite a softening in November, which saw 12-month charter rates for CV 1100 tonnage falling to $26,000/day, the segment has rebounded somewhat, but has yet to recover its peak conditions of July and August. Demand prospects are generally good for the coming months especially in Asia where the type of ship remains popular with the majority of Chinese and Korean owners. Although this segment one of the busiest, the continued shortage of ships would support charter rates at high levels. If supply rises, NOOs might be able to push rates higher, especially in the second half of the year. The orderbook currently consists of 14 vessels, with 50% of which expected to lose their employment and return to the charter market. The outlook for this segment remains bright, with prospects for strong demand and tight supply throughout the year as supply rises.

1,000-1,249 teu

2021 review

After many dull years, the 1,000-1,249 teu segment enjoyed an unprecedented recovery in 2021 with rates hitting historic highs. Against the background of strong demand and tight supply throughout the year, charter rates more than trebled for the standard, 1,118 teu CV 1100 type, rising from $9,500/day in January to $35,000/day in July for a typical 12 month charter. As the market went by, NOOs were able to obtain increasingly long employments of up to 36 months for which the CV 1100 type charter rates are even higher with NOOs obtaining rates as high as mid-$100,000/day.

2022 outlook

The sub-1,000 teu market smashed all records in 2021, with the highest charter rates and longest period employments ever seen for these sizes. This bonanza ended years of misery for NOOs, that were characterized by rock-bottom, OEPEK-level, charter rates and short employments. The high demand and continued shortage of ships pushed charter rates to even higher levels. Illustrating this, the 868 teu ‘Sixties Type 166’ class saw its rates skyrocket from $9,500/day for a typical 12 month charter at the beginning of the year to $30,000/day at its peak in June. The duration of employments increased steadily throughout the year, with several vessels securing charters of 36 months, a particularly long duration for these sizes. Slightly smaller vessels of 700 teu have also enjoyed extraordinary conditions with charter rates peaking at $25,000/day for 6-month charters.

2022 outlook

The continued shortage of tonnage will support high charter rates in the first half of 2022. Demand should remain good, although the prospects for the second half of 2022 are less clear. The orderbook is nearly empty with only nine cellular container vessels of 300-650 teu on order with 23/24 owners, and due for delivery in 2022. The longer-term outlook for this segment is uncertain. The lack of new orders is threatening the renewal of the fleet, which has now an average age of 16 years.
### Alphaliner - Cellular fleet as of 31st December 2021

- The cellular fleet counts 5,515 ships of 24.97 million teu - of which 49.4% is chartered from non-operating owners.
- The cellular fleet represents 98.6% of the total capacity deployed on liner trades in teu terms.
- The cellular fleet counts 5,515 ships of 24.97 million teu - of which 49.4% is chartered from non-operating owners.

### Alphaliner Top 25 Operators as of 31st December 2021

<table>
<thead>
<tr>
<th># Operator</th>
<th>teu ships</th>
<th>teu ships</th>
<th>%</th>
<th>Cht</th>
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</thead>
<tbody>
<tr>
<td>1 APM-Maersk</td>
<td>4,381,100</td>
<td>737</td>
<td>255,100</td>
<td>25</td>
</tr>
<tr>
<td>2 Mediterranean Shipping Co</td>
<td>4,276,918</td>
<td>642</td>
<td>909,808</td>
<td>80</td>
</tr>
<tr>
<td>3 CMA CGM Group</td>
<td>3,167,922</td>
<td>567</td>
<td>461,557</td>
<td>54</td>
</tr>
<tr>
<td>4 COSCO Group</td>
<td>2,934,477</td>
<td>480</td>
<td>585,272</td>
<td>32</td>
</tr>
<tr>
<td>5 Hapag-Lloyd</td>
<td>1,751,073</td>
<td>273</td>
<td>455,230</td>
<td>22</td>
</tr>
<tr>
<td>6 ONE (Ocean Network Express)</td>
<td>1,542,261</td>
<td>210</td>
<td>321,692</td>
<td>24</td>
</tr>
<tr>
<td>7 Evergreen Line</td>
<td>1,477,744</td>
<td>204</td>
<td>607,406</td>
<td>87</td>
</tr>
<tr>
<td>8 HMM Co Ltd</td>
<td>819,790</td>
<td>75</td>
<td>161,088</td>
<td>12</td>
</tr>
<tr>
<td>9 Yang Ming Marine Transport Corp.</td>
<td>662,047</td>
<td>90</td>
<td>59,300</td>
<td>5</td>
</tr>
<tr>
<td>10 Wan Hai Lines</td>
<td>413,709</td>
<td>147</td>
<td>251,388</td>
<td>41</td>
</tr>
<tr>
<td>11 Zim</td>
<td>413,862</td>
<td>109</td>
<td>310,521</td>
<td>23</td>
</tr>
<tr>
<td>12 PIL (Pacific Int. Line)</td>
<td>266,957</td>
<td>83</td>
<td>170,980</td>
<td>69</td>
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</tbody>
</table>

### Note
- The existing chartered fleet takes into account ships chartered out by non-operating owners to operators, thus it does not take into account 233 ships for 519,626 teu which are normally owned by an owner-operator but chartered out to another operator, either for operational reasons (operational exchanges within alliances or partnerships) or because they are surplus to their owners’ requirements.

### Alphaliner - 2020-2021 - Cellular ships - Essential figures

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>% Change YoY</th>
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<tbody>
<tr>
<td>Value of new orders (Est.)</td>
<td>$2,494,796</td>
<td>303%</td>
</tr>
<tr>
<td>Average FO $/ton 2021 (Rtm/Sin)</td>
<td>410</td>
<td>57.1%</td>
</tr>
<tr>
<td>Average VLSFO $/ton 2020 (Rtm/Sin)</td>
<td>350</td>
<td>40.5%</td>
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### Fleet and Orderbook

**As of 1 January 2022, the world cellular containership fleet stood at 5,515 ships totaling 24.9 M teu. The fleet grew by 24.5 M teu compared with 1 January 2021, as 1415 new ships hit the water, including the 23,992 teu EVER ACE, which sets a new size record.**

Scraping meanwhile stood at historic lows, with only 6,760 teu sold for recycling. Despite attractive demolition prices hitting $650/ldt on the Indian Sub-Continent and $350/ldt in Turkey, owners had little incentive to get rid of their ships in 2021, considering the massive profits they could achieve by tracking their vessels in a historically strong charter market. 2022 will see the fleet growing at a similar pace to 2021 with just over 1 M teu expected to be delivered. Based on the expectation that the charter market will remain strong for a good part of the year, scraping will meanwhile remain low, with only 6,000 teu projected to reach the yards. However, 2022 could be different, with a spate of new building deliveries expected to push a greater number of smaller vessels to the recycling yards.

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### Alphaliner - 2020-2021 - Containerships activity

<table>
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<tr>
<th></th>
<th>2020</th>
<th>% Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of new orders (Est.)</td>
<td>$1,045,838</td>
<td>100%</td>
</tr>
<tr>
<td>Average FO $/ton 2020 (Rtm/Sin)</td>
<td>261</td>
<td>9.8%</td>
</tr>
<tr>
<td>Average VLSFO $/ton 2020 (Rtm/Sin)</td>
<td>92</td>
<td>129.9%</td>
</tr>
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</table>
Historic ordering in 2021

Historic orders placed in 2021 were in capacity terms, their highest ever, totalling 556 vessels for 4.2 M teu. Never had so much capacity been ordered in such a short time frame, especially as regards large tonnage. Among the ships ordered in 2021 were seventeen units of 23,000-24,000 teu and a staggering 126 ships of 15,16,000 teu. There were also sixty orders for a new class of compact vessels of 7,000 teu and a spate of orders of Intra-Asia tonnage from 1,800 to 3,000 teu.

The total orderbook now stands at 5.9M teu for 738 vessels, versus 2.6M teu and 313 ships on 1 January 2021, with an orderbook-to-fleet ratio of 23.3% versus only 11% one year ago.

En route to decarbonization

Throughout 2021, NOIs and liner shipping companies have continued to actively develop solutions to meet future decarbonization targets. Among the significant developments, German NDD Atlantic Lloyd placed an order for two ammonia-ready ships of 7,500 teu, the first of their type. Meanwhile Maan rift ordered eight ships of 16,000 teu that will run on green methanol. MSC has also been active by increasingly switching to LNG for its newbuildings. It also purchased air lubrication devices also been active by increasingly switching to LNG for its newbuildings. It also purchased air lubrication devices.

In 2021, we count more than twice as many transactions as in the previous record year 2004 (265 ships / 504,145 teu in total). What we called in last year’s review a “strong recovery” turned into a booming market. We have read headlines such as, “Sky is the limit.” Soaring container ship demand for was fueled by various events, notably significant port congestion. We entered the 2nd year of the pandemic which drove a significative increase in container volumes. Indeed, this was driven by a change in consumer spending from goods to services. Furthermore, there was also the grounding of the Ever Given (20,124 teu) in the Suez Canal, which was followed by the closing of Yantian Port in early June.

All these events led to incredible charter rates and consequently raised second-hand prices. What was a blessing for the shipowner turned into a nightmare for the one sitting on the other end of the logistics chain as it was followed by the closing of Yantian Port in early June.

The lack of container tonnage also resulted in creative solutions. We saw purchases of Handysize bulkers (open hatch box shaped), or MPPs, which are today employed in pure container trades.

A very interesting question, to which we may see some answers this year is: Will some of this freshly made money be re-invested into innovative projects?

A peek at the top operators second-hand appetite.

This year’s total of 543 vessels sold for an estimated 164,217 teu (2020: 120,667 teu) indicates a growing appetite for second-hand tonnage.

We note that OM Maritime acquired 14 units over the past 2 years, a total of 71,384 teu. Their first second-hand deal dates to Q2020. Since when they have been adding on average 3.5 ships every three months. The 14 ships represent an average size / age of 5,000 teu / 14.6 years. With the additional 10 ships acquired in 2021, they have even made their way up to become the fifth most active global tonnage provider over the past year.

A peek at the top operators second-hand appetite.

We note that the top three operators each sold 26 ships in 2021: MSC, COSCO and Hapag Lloyd.

1. MSC
2. COSCO
3. Hapag Lloyd
Analysis of 2021 transactions by size

Containers in short supply

<table>
<thead>
<tr>
<th>Size</th>
<th>N of transactions 2021 vs 2020</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;10,000 teu</td>
<td>24 vs 11</td>
<td>+118%</td>
</tr>
<tr>
<td>Over Panamax</td>
<td>77 vs 40</td>
<td>+88%</td>
</tr>
<tr>
<td>3,000 - 5,100 teu</td>
<td>126 vs 42</td>
<td>+200%</td>
</tr>
<tr>
<td>2,000 - 3,000 teu</td>
<td>108 vs 29</td>
<td>+27%</td>
</tr>
<tr>
<td>900 - 2,000 teu</td>
<td>180 vs 77</td>
<td>+133%</td>
</tr>
<tr>
<td>&lt; 900 teu</td>
<td>40 vs 35</td>
<td>+14%</td>
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Average age of units sold: 15.1 years. Total teu capacity: 532,185.

The first 3 quarters were balanced with an average of 23 deals. Whereas in Q4, we have seen not even one of that activity. Compared with the other segments, the transaction rate was low (23%).

Ships over 10,000 teu: 22 Sales (11 in 2020)

Average age of units sold: 15.1 years. Total teu capacity: 524,196.

This segment was extremely in-demand. Compared with last year, the transaction rate increased by over 200%. The number of sales remained balanced over the months. We counted an average amount of 35.1 units sold per quarter. We noticed increasing demand which naturally transferred into increasing prices. This is illustrated by the below example:

The 2007 built Hanjin 3.400 named Sphene (IMO:9333058), sold in February for the price of $39 million, an increase of 200%!

Further the new owners flipped the ship and sold her to Blues Star Group at the price of $13 million. Only 5 months later the new owners flipped the ship and sold her to Blues Star Group at the reported price of $39 million, an increase of 200%!

Another notable sale was that of the 2x wide beam blt'14 & 15 - Neptun 4.500 teu from Schulte Group to Taskos for the price of $13 million. Only 5 months later the new owners flipped the ship and sold her to Blues Star Group at the price of $200,000 per day, an all-time record. Photo: Euroseas.

Over-Panamax: 77 sales (80 in 2020)

Average age of units sold: 15.1 years. Total teu capacity: 279,270.

The oldest ship sold for further trading in this category was the 1994-in-boxage 3.400 named STARLAND from Greatship for the price of $16 million in November for $50 million each. This was the highest price paid on a per teu basis over the entire year. Below, to demonstrate that the availability of tonnage was an important benchmark and had quite some impact on the prices, we compared two similar ships in size and interestingly note that the second-hand price exceeded the newbuilding price.

Second-hand price per teu $21,500 vs newbuilding $11,800 per ton.

The extraordinary price development shown in the below example of a 10 year old 4,000 teu unit.

Top three sellers and buyers per unit

1. SFL Corporation 9 units / MSC 36 units
2. Borealis 8 units / CMA CGM 17 units
3. Apollo | Asian Lloyd 6 units / Capital Ship Management 6 units

Unit breakdown per quarter
Q1: 35 | Q2: 37 | Q3: 34 | Q4: 20

Top three sellers and buyers per unit

1. Laem Chabang 12 units / MSC 36 units
2. Borealis 11 units / CMA CGM 17 units
3. Klaaveness 6 units / Global Ship Lease 6 units

Unit breakdown per quarter
Q1: 19 | Q2: 45 | Q3: 43 | Q4: 20

Average age of units sold: 15.7 years. Total teu capacity: 279,270.

Average age of units sold: 15.7 years. Total teu capacity: 246,386.

The year started with a rush of activity during Q1 when 58 units were sold. The activity remained strong during Q2 and Q3 while lost some slight momentum during Q4 in terms of reported sales this segment finished the year as the most active. We have been paying one interesting deal where a 2005 built Oue Sun 960 was flipped within a couple of months of purchase. Rather uncommon in more normal markets but unsurprising in these times of promising profits. Veritas Shipmanagement bought the 2005-built Oue Sun 960 (IMD 9333217) new named Fico Yanian in April for the price of $65 million. Only four months later they re-sold her at a premium of $6 million to Fresco. The deal was reported in August at the price of $145 million.

The end of November and beginning of December we noticed a fairly slight softening in this smaller segment but at the time of writing prices have firming up again.

Top three sellers and buyers per unit

1. Vega 10 units / MSC 36 units
2. Borealis 7 units / CMA CGM 17 units
3. Lomar 6 units / Conbulk 10 units

Unit breakdown per quarter
Q1: 58 | Q2: 45 | Q3: 43 | Q4: 20

Average age of units sold: 18.9 years. Total teu capacity: 27,400.

Sales activity remained consistent with 2020 last year with an average of 10 transactions per quarter. Despite the rising charter market, there was no significant increase in sales. The number of sales in 2019 (43 units) has not been beaten even in the otherwise record-setting year.

One obvious reason for this is that the fleet continues to age. Despite the increasing demand for tonnage in this segment, we saw only 2 newbuilding orders reported in 2021.

Top three sellers and buyers per unit

1. Heung-A 3 units / Daehan 3 units
2. JR Shipping 3 units / Lachip 3 units
3. Warren & Partners (Qingtao) 26 units / Transworld | HS Schiffhart 2 units

Unit breakdown per quarter
Q1: 12 | Q2: 23 | Q3: 10 | Q4: 7