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Sales of second-hand container ships fell in 2023 for the second year in a row.

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The number of container ships sold on the second-hand market decreased for the second consecutive year in 2023 to a total of 285 vessels for a total of 934,523 TEUs. After a record year for second-hand transactions in 2021, demand from potential buyers has been affected by the huge order book for new vessels that began in mid-2023, as well as the implementation of the new Indicator regulation IMO Carbon Intensity Index (CII), Alphaliner reports.

Generally speaking, the latter is expected to make it increasingly more expensive to operate older, smaller and less energy-efficient vessels, reducing their value and deployment potential.

According to the consulting firm, the new market reality was reflected in this year's sales demographics. In total, the number of TEUs sold in 2023 fell more than 10% compared to the previous year, when 324 vessels (1.07 MTEUs) changed hands. Both years were below the 2021 record figure of 598 units (2.04 MTEUs), as shipping lines attempted to operate every last available vessel to benefit from explosive rates.

Since then, the container fleet has continued to grow, and the amount of capacity changing hands in the buying and selling market fell in absolute and relative terms in 2023: capacity bought and sold represented only 3.5% of the total fleet, up from 4.2% in 2022 and a whopping 8.3% in 2021.

A weak second semester

The second-hand container ship market enjoyed a relatively strong first half of 2023, selling an average of 34 vessels per month until June. However, thereafter the numbers decreased rapidly, with an average of only 14 ships per month in the second half.

The drop coincided with an increase in new vessel deliveries, which began to increase from March, but increased in June, with new capacity entering the fleet at a rate of more than 200,000 TEUs per month.

Increase in sales of older and smaller capacity vessels

Despite the IIC, sales of vessels 20 years old or older increased during 2023 and, by the end of the year, this segment represented almost a third (32%) of all transactions. This was a significant increase from the 19% buy-sales recorded the previous year, helped largely by falling vessel prices.

Overall, sales of vessels over 15 years old reached 62%, up from 55% in 2022. Throughout the year, MSC and CMA CGM continued to buy capacity, although the French shipping line's activity decreased in the second semester of the year.

Both shipping lines accounted for a staggering third of all purchases in 2023. MSC alone bought a quarter of the ships that changed hands, that is, 48 vessels (almost 220,000 TEUs).

Declining prices

Following a major correction following the exceptionally high Covid-driven levels of 2022 and 2021, ship prices continued to weaken throughout 2023, losing between 20% and 30% of their value over the year, depending of the size.

Lower asset prices have brought smaller shipping lines and non-operating shipowners (NOOs) back to the buying table. Arkas, FESCO, Mahoney, Medkon, NPDL and Transworld are among the shipping lines that have been adding capacity.

On the NOO side, the most active buyers were MPC Container Ships, GSL and Technomar, Cosmoship, Peter Doehle Schiffahrt/Ernst Russ AG and Conbulk. The year also saw several little-known Chinese buyers actively sourcing capacity in sizes from 2,000 to 5,000 TEUs.

It is not yet clear what 2024 holds for second-hand ship prices. Before the problems in the Red Sea and the need for additional capacity to compensate for diversions around the Cape of Good Hope emerged, the new year was expected to be a year of overcapacity, with a huge influx of new ships putting pressure on increasing on supply.

In this context, there was little reason to cheer about the buying and selling market. But with freight and charter rates rising rapidly, developments in the Middle East could change market dynamics.

Despite a large order book, a rebound in demand, even for older vessels, and a recovery in asset prices is now possible, especially if the conflict does not find a quick solution.

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