THE GLOBAL scrapping boom has drastically cut the prices of condemned ships, according to a leading cash buyer.

VLCCs are selling for £10M ($16.5M), from £33M a year ago, Aframaxes down from £12M to £4M and Handymaxes £5.5M (£2M), Anil Sharma, chairman of GMS, told the Ship Scrapping & Recycling Conference sponsored in London by the Lloyd’s Maritime Academy.

The sheer volume of ships sent for scrap, fluctuating steel prices and the recession had created a highly volatile market for dealers, delegates heard.

“Ship values can change by 10-20% in a week, selling for £3M at the start of the week and £2.7M at the end,” Sharma said.

“Every seller wants to sell at market peak and every buyer wants to buy at market low,” said Sharma who had just closed a deal on a reefer that had dropped 50% in price due to delays in delivery.

A large number of demolition deals were cancelled due to condemned ships missing their delivery dates. Other deals foundered due to “too much greed between parties clouding the issue”, ships failing to meet local regulations and inaccurate details on ships’ questionnaires, said Sharma.

While 1,400-1,500 ships had been scrapped in the last 15 years, the 2009 total was likely to be 3,000 and one cash buyer he knew had bought and sold eight ships in a day, Sharma said.