

The Resurgence of Contemporary Art

Words: Viola Raikhel-Bolot
Photos: The Artists

STATE
OF
THE

To collectors, auctioneers and lovers of art alike, the news that the world's insatiable appetite for contemporary art has been happily restored following a two-year lull will no doubt come as very welcome news indeed. The reappearance of artists such as Takashi Murakami, Richard Prince, Jeff Koons and Damien Hirst at auction is a clear sign that the collectors are back and collecting is 'in' once again. But what exactly has helped revive the contemporary art market following the height of the Global Financial Crisis? Furthermore, what defines the more thoughtful astute collector today, and where do they hail from?

One factor in the contemporary art market's current strength lies in globalisation. By way of example, the supply of premium works of museum quality art will always be limited against increasing demand levels. This is particularly true in times when wealth is accumulating, making rare works more desirable than ever before and therefore proving a good source of investment.

According to the World Wealth Report, in 2007 there were over 10 million people with investible assets of \$1 million or more. In 2008, that number dropped to \$8.6 million and many people scaled back their 'investments of passion' such as yachts and jewellery. However, as a proportion of all luxury spending that carried on, art increased as investors looked for assets that would hold their value in the longer term.



Contemporary artists have fared variably from the now-infamous Damien Hirst auction on 15th September 2008, which generated \$200 million after the fall of Lehman Brothers that very morning.

Jeff Koons, once the poster child for contemporary art when he began showing his work in New York's East Village, became less visible during the Nineties recession, when low-production-value art took centre stage. However, with the gargantuan topiary sculpture *Puppy*, first produced in 1992, Koons stepped back into the limelight and has remained there selling well. The magnificent, colour-chromed *Balloon Flower (Blue)* was star lot of Christie's New York sale on 10th November 2010 and sold for \$16,882,500.

This year, the February sales at both Sotheby's and Christie's saw works of the highest calibre by Francis Bacon and Gerhard Richter set figures that would have been unthinkable a few decades ago. Both are collected by an international clientele and firmly established in the same canon as artists such as Andy Warhol.

At Sotheby's on 15th February, Francis Bacon's pettily scaled 1964 triptych of his friend and fellow artist Lucian Freud was sold for £23 million; the work now ranks as the seventh most expensive Bacon to sell at auction. At Christie's on 16th February, Gerhard Richter's *Abstraktes Bild* sold for \$11,547,056. Ai Weiwei's *Kui Hua Zi (Sunflower Seeds)* sold for £349,250 following its much-publicised installation on the floor of Tate Modern's Turbine Hall, and Andy Warhol's *Nine Multicoloured Marylins* sold for £3.2 million.

An indication of where in the world these pieces tend to end up is given by the increased success of established and new art fairs in Asia and the Middle East over the past 12 months.

AI WEIWEI'S KUI HUA ZI (SUNFLOWER SEEDS) SOLD FOR £349,250 FOLLOWING ITS MUCH-PUBLICISED INSTALLATION ON THE FLOOR OF TATE MODERN'S TURBINE HALL, AND ANDY WARHOL'S NINE MULTICOLOURED MARILYNS SOLD FOR £3.2 MILLION

This emphasises a new trend in the contemporary art market: the redistribution of the buyers' market to the Far East. My firm, 1858 Ltd Art Advisory, as well as Sotheby's and Christie's have all established themselves in Hong Kong recently, generating excellent results.

Indeed, a new study by the British Art Market Federation states that China has outpaced the United Kingdom to become the second-largest art market in the world. With Chinese auction and gallery sales constituting nearly a quarter of the world's art commerce, at 23 per cent or \$8.3 billion, the country now follows the United States (at 34 per cent) while Britain falls behind at 22 per cent.

Art Stage Singapore 2010 was particularly successful, highlighting Singapore's rise as an art investment capital. Singapore is now in sixth place in terms of Global Contemporary auction revenue, largely due to the generation of wealth in Asia, Singapore's increasing number of auction houses and the successful transformation of art into a valid investment asset class.

Investing in art has many benefits, including its low correlation with other asset classes, making it less susceptible to the world economy's fluctuations. In addition, the competition for artworks adds to their inherent scarcity, to make art a desirable asset for investment purposes. Whilst anomalies can exist in the art market (as they can in any market) record prices, strong returns and increased institutional buying have sparked significant interest in contemporary art as an asset class. Successful investment simply requires the right balance of aesthetic appreciation and financial savvy to ensure that what you have bought will appreciate over time.

AUTHOR BIO Viola Raikhel-Bolot is Director of International Advisory at 1858 Ltd Art Advisory. For further information please contact 1858 Ltd Art Advisory on +44 (0)20 7590 3122 or visit 1858Ltd.com