



Growth of the Asian Art Market

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Asia's combined wealth of \$10.7 trillion has exceeded the \$10.2 trillion held by Europe's generational millionaires and has contributed to the increasing levels of investment being made into the global art market. In this new world order Asia has become the number one buying power in the international art market, a market estimated to be worth over US\$3 trillion with an annual turnover of US\$50 billion.

In 2011, the top two highest grossing artists at auction, surpassing Warhol and Picasso, were both Chinese; Zhang Daqian (\$550m of sales) and Qi Baishi (\$510m). And before our eyes popular culture as we know it has been transformed. Among the top-ranking Contemporary artists in the world today, Zeng Fanzhi, Zhang Xiaogang, Chen Yifei and Zhou Chunya provide stiff competition for their American counterparts such as Jean-Michel Basquiat, Richard Prince and Jeff Koons.

Auction results of 2011 confirmed China's domination of the art market, with the economic health of Asian collectors generating higher price levels than anywhere else in the world. China established itself for the second

consecutive year as the first global marketplace for the sale of art. Such staggering achievements are all the more surprising when considering the transaction statistics: China accounts for 10.8% of global volume compared with nearly 15% in the USA and nearly 16% in France. Today China's offer in terms of transaction volumes is roughly the same as the UK's. However, its revenue from that offer is equivalent to double the entire revenue from European art auctions. (China: \$4.79B, UK: \$2.24 billion)*.

With 41.4% of global art auction revenues, six artists among the world's Top 10 and five of the top 10 cities for art sales in the world, China is winning market share from the USA whose annual output of \$2.72 billion represented 23.5% of global art sales in 2011 compared with 29.5% in 2010.

Until the late 20th century, the domination of the European and American art market was based on the time old tradition of collecting. Such traditions were not the case in Asia and especially China where the passion for building collections was a relatively new concept that only really took off in the 1990's when Chinese auction companies began offering specialized sales in painting and sculpture.

In line with the significant rise of the Asian art market, international art institutions, galleries and auction houses have also been rapidly turning their attention to the thriving market in Asia. Hong Kong has become a thriving capital for auctions and art fairs. The Hong Kong Art Fair in May of this year will highlight the thriving Contemporary art market in the region.

In Singapore, the opening of the Free Port coupled with the local government's increasing investment into the arts and culture has elevated Singapore's stature to another art collecting hub in the region. The Switzerland of Asia,



Singapore is proving to be a safe haven for investment and transacting in the art world. Its rise to become an art investment capital has stemmed from three main factors; 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.

In line with Economists' predictions about future inflation and the speed of return to financial stability, Asian collectors are increasing their portfolio allocation in art as a hedge against inflation. While art remains an enjoyable investment, Asian buyers are becoming increasingly aware that all that glitters is not necessarily gold. We recommend buyers and sellers seek independent and impartial advice and to undertake thorough due diligence at all stages. With an unregulated market, inflated prices and counterfeit works, a good adviser will ensure clients avoid the many pitfalls and potentially unpleasant surprises that the art market can hold.

*Auction results courtesy Artprice.com

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