

THE INTERNATIONAL ART MARKETS

The essential guide for collectors and investors



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ACCORDING to Auguste Renoir, the French Impressionist painter, “There’s only one indicator for telling the value of paintings, and that is the sale room”. One might be inclined to disagree with this statement but one cannot deny the importance of the art market in establishing prices and influencing perception about the relative values of artists and works of art. Yet how much do we really know about the workings of the art market? What, if any, are the themes that run through international markets? And what are

the factors that influence the markets in each country? These are some of the questions that are addressed in this book.

The International Art Markets is the brainchild of consultant editor James Goodwin. He writes about and lectures on the art markets for Maastricht University, City University, Kingston University and Christie’s Education. His research and writing has been used in various journals including *The Economist* and *The Financial Times*. The book itself covers an immense sweep of forty-two countries (alphabetically from Argentina to Venezuela) and two regions (Sub-Saharan Africa, and the Middle East and North Africa). There are contributions from fifty-eight authors selected from auction house staff, academics, journalists, art writers, museum curators and art dealers. As such its findings are the result of a huge body of research that details the workings of markets around the globe as understood by those who are intimately familiar with their local markets. By and large the authors concentrate on the fine

will help the interested reader pursue the field in more depth.

The brief Argentina chapter tells a different story. The author, Adrian Gualdoni Basualdo, notes that there are one hundred galleries in Buenos Aires of which twenty are noteworthy. There are nine auction houses operating locally in addition to a strong international market for contemporary Argentine artists with top prices being set at Sotheby’s and Christie’s in New York. A chart plotting the growth of sales in the domestic Argentine auction market clearly correlates to economic highs and lows of that country over the past sixteen years. The author refers to certain requirements that need to be met before works can be exported noting that these can deter both sellers and buyers. He also postulates that this along with geographic isolation may be the reason that prices for Argentine art are below “appropriate” levels.

Australia, another country that is geographically isolated, has seen a dramatic increase in sales over the past fifteen years from total sales of US\$15.2 million in 1991 to US\$79.4 in 2006. In this regard despite its isolation Australia seems to mirror the broader international art market. The authors, Georgina Pemberton and Josh Pullan, provide a very clear and well-structured analysis of the Australian art market. They describe both the Australian art and Aboriginal art market segments (the term Australian art being used here solely to distinguish between indigenous and non-indigenous art). The Australian art market refers to the art market in Australia in its entirety. An interesting detail, and one of many to be found throughout the book, is provided by the authors: the first known Australian painting is John Lewin’s *Fish catch and Dawes Point, Sydney Harbour c. 1813*. The oldest known work by an indigenous artist is said to be a 50,000 years old rock painting.

They point out and illustrate with charts the change that has taken place in the market between 1988 when Aboriginal art represented 1.7 per cent of the market and 2006 when it represented 13.7 per cent of the market. They also quote interviews with key players to compliment their statistical findings. Their

review of the “distribution networks” includes discussion of auction houses, dealers and galleries as one would expect. In addition they describe Aboriginal Community Centres which play a role in assisting artists with the production and sale of works. A short section on “marketing and placement” includes interesting revelations based on the results of a survey about the marketing practices amongst galleries and dealers.

In a sharp contrast to Sub-Saharan Africa, 70.1 per cent of the Australian population is connected to the internet and yet traditional marketing activities dominate including magazine advertising and mailshots. They also describe the activities of the government-funded Australia Council for the Arts which provides grants to artists, and has recently promoted thirty-six mid-career artists to American galleries with the aim of securing them representation in that market. If Argentinian and Australian markets both suffer from being geographically isolated, it appears that the Australian authorities are playing their part in extending the reach of local artists to the international market. Certainly through their research and exposition of the market in Australia, the authors have achieved their aim in providing readers with the resources to develop further their interest in this field.

Austrian artists are very much in people’s minds these days. In September 2006 Gustav Klimt’s 1907 painting *Adele de Bloch-Bauer* sold privately to the American collector Ronald Lauder for a reported US\$135 million, making it the most expensive work of art ever sold. However the authors of the chapter on Austria, Andrea Jungmann and Claude Peining, note that there is a long history of collecting within Austria. Originally the aristocracy and then after 1850 the affluent middle classes were dominant. The period from the end of the 19th century through to the early 20th century saw wealthy industrialists, many of them Jewish, forming collections. This period of collecting coincided with a vibrant art movement in Austria. Klimt, Schiele and Moser, who all died in 1918, were at the heart of the Secession, the Viennese Art Nouveau movement founded in 1897.

porary art is in the ascendancy. There are more international buyers attending the New York auctions than ever before. But it is really a picture of the extraordinary depth of American collecting which emerges. From Los Angeles to Miami, from American paintings to 20th century furniture, record prices are being created, important collections formed, and there are auctions, dealers, fairs and museums catering to every taste.

Reportedly there are one hundred fairs during the year, and more than twenty art shows taking place at the time of ART Basel Miami Beach. There are even plans for a yacht filled with art galleries to sail along the Eastern seaboard, “the brain child of Floridian fair organizer David Lester”. One can only wonder at how long all this can be supported in the face of the current financial crisis. Of course this is no longer a question for only the American market; the impact of the financial turmoil has already been seen in recent auctions in Asia.

The International Art Markets includes ten chapters on Asian countries. China, India, Indone-



Japan
Black Oribe “Kutsu” shaped tea bowl, 8.2 x 13.7 cm, Edo period
Image courtesy of
Tanimatsuya Toda Shoten

sia, Japan, Malaysia, The Philippines, Singapore, South Korea, Taiwan and Thailand are all covered, and these chapters will no doubt be of interest to readers of *Arts of Asia* magazine. A brief review of the first two will perhaps help to highlight the strengths and weaknesses of the book.

The author of the China chapter, Ruben Lien, covers the market for Chinese art with an elegant and succinct summary of the major categories of Chinese art sold around the world.

With notable exceptions such as the US chapter most only deal with Fine Art. So it is refreshing and instructive to have information about the market for Decorative Arts particularly as they are such a key part of the market for Chinese art.

For future editions it would be helpful to include a more detailed analysis of the market in China. After a summary of China’s economic rise, the art market it self is described as being unsuitable for foreign buyers and sellers. For certain it is widely accepted that, as Lien notes: “Regulations are somewhat lacking in the auction business, and auction results have been known to be untrustworthy at times.” While it is wise to be cautious it would be interesting to learn more about the Chinese market. In 2005 Chinese authorities estimated that there were between 1000–2000 auction houses with turnover of approximately US\$2 billion. The auctions of the leading Chinese auction house China Guardian, based in Beijing, are large affairs approaching in value the Hong Kong auctions of Christie’s and Sotheby’s. Guardian reported “transaction volume of US\$142 million” for their 15th anniversary auctions held in Beijing in April 2008.

Christie’s is attempting to hold auctions in China through a licensing agreement with its auction partner Yongle. In addition to art fairs hosting Western galleries a number of overseas dealers of contemporary art have established branches in China, joining well-established counterparts such as Red Gate Gallery and Beijing Tokyo Art Projects in the capital and ShangART in Shanghai. It would be interesting to learn about their experiences and whether the market has met their expectations.

Additionally Hong Kong is now ranked as the third largest market worldwide for both Sotheby’s and Christie’s. It would be instructive to hear more about the factors behind the rise in this market. Perhaps in view of the “one country, two systems” policy operated by the Chinese authorities, future editions of the book will include a separate chapter on the Hong Kong market. In addition to Sotheby’s and Christie’s a number of smaller auction houses operate here or plan to open in coming months. Other than the auc-

arts and include references to those artists who sell at auction for the highest prices.

The criterion for the countries selected was “those represented in the secondary market by the three main auction houses, Christie’s, Sotheby’s and Bonhams”. The auction houses were selected because of their relatively high share of total auction sales, long history and transparency. The authors were requested to cover:

- art history: in terms of international originality and innovation;
- the art market history to date: including taste, fashion, value, artists, art types, subjects, sales, prices and records;
- market structure and performance: including auctioneers, dealers, trade associations, museums, exhibitions, fairs, training and education;
- tax and regulation.

Apart from the written material there is an impressive array of tables and charts relating to investments and prices including comparisons of different forms of investment, record prices, price changes, collecting categories and categories of collectors to name but a few. Goodwin’s introduction highlights many of the issues that collectors and investors need to be familiar with. These are condensed into short subsections each with headings such as “The trading of art”, “Art research”, “The workings of the art market”, “Auctions”, “Art fairs” and “Art indexes” and so on. Goodwin’s familiarity with economic issues and art history allow him to place the art market in a broader context.

The tremendous variety between the art markets within the countries chosen, and hence the vast range of the book, is neatly illustrated by the first four chapters: Sub-Saharan Africa, Argentina, Australia and Austria. Covering four continents and numerous cultures the findings of these chapters could hardly be more different. A brief review of these chapters shows what the reader can expect to find in *The International Art Markets*.

The chapter on Sub-Saharan Africa is certainly one of the more interesting, all the more so because of the dearth of available information to the both layman and professional. The au-

Unlike other European countries there were no dealers, so artist associations formed around 1900 to organise selling exhibitions for their members. By contrast auctions are well-established in Austria having started in 1707 when Emperor Joseph I founded Versatz-und Fragamt “to regulate the credit business and invite Austrians to pawn items legally”. When loans were not repaid the items were sold by auction. Not only does this resonate during the current credit crisis but it reinforces the oft-quoted maxim that auctions thrive due to the three Ds: death, debt and divorce. The original institution became the Dorotheum in 1923 and in 2001 it was privatised. It is currently Austria’s leading auction house.

Certainly Austria could not be described as geographically isolated in the same way as Argentina or Australia. Nor has it undergone the process of colonisation that Sub-Saharan Africa, Argentina and Australia suffered. But the present Austrian art market can no more escape its history than can those of other countries. In 1938 the Nazis confiscated many collections from their Jewish owners who either risked arrest or fled the country. Besides the personal tragedy, the art market in Austria during and after the war became regional and secondary. Subsequently the restitution law of 1998 arose after two paintings on loan from Austria were confiscated while on exhibition at MOMA in New York. As a result of the law and subsequent attempts to find the original owners or their families, some six thousand objects have been returned and the work continues.

Outside of their local markets most collectors or investors are likely to be familiar, at least superficially, with the art markets of the United Kingdom and the United States. Together these two markets accounted for 70 per cent of worldwide auction turnover by value. The author of the chapter on the United Kingdom is the art market veteran Godfrey Barker. He provides a fascinating review of London as the erstwhile centre of the worldwide art market, and a similarly revealing history of British art and its popularity in the international market. Although New York displaced



China
Blue and white narrative porcelain jar, Yuan dynasty (1279–1368), sold for £15,688,000 in July 2005 – the highest priced Asian work of art ever sold at auction
©Christie’s Images Limited

tions houses Hong Kong is also home to dealers such as Hanart TZ, Schoeni Art and Plum Blossoms which played leading roles in developing an international market for Chinese Contemporary Art. From a market perspective Hong Kong has developed into a hub, or at least one of several hubs, in the region.

Sonal Singh the author of the chapter on India concentrates almost exclusively on Modern and Contemporary Indian art. She gives equal weight to market activity inside and outside of India. India has two indigenous auction houses, Saffronart which offers online auctions and Osian’s. Whereas in the 1990s in the early days of Indian art being offered at international auctions non-resident Indians (NRIs) were dominant buyers, nowadays it is resident Indians who play an increasingly important role. The affluence of India’s middle class, the reduction of import duties on the art and the relaxing of currency controls are some of the factors that have combined to encourage Indians to buy overseas.

Domestically there are also a handful of influential dealers such as Vadhera, Kumar Art Gallery and Nature Morte in Delhi; Chemould, and Pondule in Mumbai. Their activities alongside those of the domestic auction houses and the publication of such market-oriented books as *A Guide to Modern and Contemporary Indian Artists* (2005) by Amrita Jhaveri have helped stimulate the interest of local buyers. This in turn helps the market, although the author

thor, Katrin Schmitter, describes the market, or lack of it, in this region in historical, social, political and cultural terms. She notes the abyss between antique and contemporary art, and differing factors that influence collecting within these two distinct groups. She also refers to the influence of overseas collectors who expect African artists to display a certain “Africanness” in their art. This point must surely resonate in other parts of the world and will certainly be familiar to those in the art markets as far away as India or China. The economic difficulties suffered by many African countries mean that the preservation of old museums or the building of new ones is not a priority. However, she points to two in unexpected locations, the National Museum in Mali and the National Gallery of Zimbabwe, that attach



Sub-Saharan Africa
A male Fang statue, Gabon, sold for €371,250, June 2004 in Paris
© Christie’s Images Limited

importance to contemporary art and understand the role that museums can play in helping people to understand their culture. On the commercial front there are few galleries locally and while the internet may appear to offer potential, total internet penetration in this region is only 3.6 per cent of the population. As is the case in many other chapters, there is a list of several artists that are selling regularly at auction, a bibliography and an extensive list of websites and online articles. These

London as the leading centre for the art market in the late 20th century, the British capital is showing signs of resurgence. Part of this is attributed to the strengthening of the pound against the dollar, although this situation is now reversing, and part of it is due to the preference of Germans and Russians to sell in London rather than their home countries. One might also add that the presence of a large number of wealthy families from Russia, India and the Middle East, who make London their home, is undoubtedly a contributing factor.

A more salutary lesson for investors is shown in the tale of 18th century British art sold between 1911 and 1925. Reynolds, Gainsborough and Lawrence were valued on a par with Rembrandt, Raphael and Titian. 18th century British painting, fuelled by wealthy American collectors, came to be the most expensive school of painting ever known until in the 1980s it was displaced by French impressionism. Eighty years after its heyday Barker describes 18th century British painting as the “bargain basement” of the art market; although one must allow for hyperbole clearly this category has fallen from its former lofty position. Outside the US and the UK it holds little appeal to a wider audience.

There are, however, British artists who manage to hold their own including Joseph Turner and John Constable, Francis Bacon and Lucian Freud, and of course Damien Hirst. The latter’s star appears to shine even more brightly after his recent single artist sale at Sotheby’s in London. Barker concludes that “The issues in Hirst’s art are not British issues but universal ones. It is likely to be on this basis that British art revives and flourishes on the art market in the 21st century, not, as a century ago, on its ‘Britishness’ alone.” It is interesting to contrast this state of affairs with the current situation pertaining to African art and artists as referred to above.

The chapter on The United States market by Brook S. Mason, focuses more on the art market today and gives an excellent overview of the diverse collecting fields in the US, including both fine and decorative arts and design. The market for American post-war and contem-

points out that there remains a lot to be done in the area of art education. Research such as Singh’s will play a role in educating both Indian and overseas collectors.

For those wanting to learn more about the Indian market there is also an excellent bibliography and a list of websites which can provide further information. Finally it is of note that in India we can see what appears to be a familiar pattern in the development of art markets in Asia and elsewhere. As countries become wealthy more collectors participate in the international market to collect the art of their own country. As prices rise media interest increases, and more collectors and investors enter the market.

As the editor points out this book is the first of its kind. There is an unparalleled amount of information about a huge range of markets. It should also be noted that most chapters carry supplementary information about the art history of their countries on the internet which can be accessed using a code provided with each book. By using different authors for each chapter the book leans on those with the greatest experience in their own fields, and no one particular bias is allowed to dominate discussions of the market as a whole. A clear majority of the authors achieve the goal of illuminating their markets for both the novice and the experienced collector.

The art market has enjoyed impressive growth over the past few years. Not just in terms of increasing values but in terms of the breadth and the depth of the market as a whole. It is also a market like any other. As we have seen in recent months a lack of transparency has exacerbated the turmoil of the financial markets. *The International Art Markets* will surely play a role in clearing away some of the opacity in the art market and introducing readers to new areas. For those who want to learn more it is an admirable place to start.

Roddy Ropner

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