

Contemporary VS Classic Trends



Contemporary Art and its increasing popularity. By **Ray Waterhouse**

Cutting edge Contemporary Art has seen a meteoric rise in its status in the art market in the last 15 years. It's literally a collector's item as well as an accepted alternative asset class. Its rise can be attributed to various factors such as the naturally evolving changing tastes in all things artistic – fashion, design, architecture, art – and because even the buyers in their 50s grew up with Pop Art and Abstract Expressionism.

For example, Andy Warhol's works are now labelled as 'Classic' though he died only 25 years ago. The art market has also developed into a worldwide commercial phenomenon through the marketing of the major galleries and auction houses, which has had a profound impact.

Extraordinary Spending

These do not shed light on why collectors are spending at such extraordinary levels for internationally unrecognised artists who lack a strong back-catalogue of work. The reasons for this are varied.

- The changing tastes of collectors, who start collecting Contemporary pieces from their first purchase. Buyers are now younger than in previous generations and the time-poor, cash-rich lifestyle which makes little time for a scholarly approach to collecting.
- Some collectors want an instantly recognisable trend-driven 'brand' on their walls – artists have pandered to this collecting habit by producing immediately recognisable images or sculptures. A Warhol or Hirst will always be recognised by friends or

colleagues, or indeed clients in the case of the big corporate collections.

- Buyers want to take advantage of an investment opportunity. The art market for Impressionist and Modern Art boomed in the mid-eighties and few thought that prices would ever recover. They did, and recently that has resulted in a huge amount of investment buying for the future which has caused massive price booms for even the youngest artists.

Contemporary Art Trends

The current trend for buying established Contemporary artists, such as David Hockney, is one to follow. The market for working artists with a wealth of strong work behind them will only improve over time. New buyers looking at immediately popular artists such as Banksy and Blek le Rat should be watchful that over time the shallowness of such work will become apparent and their decorative value will wane as the trend dies down. Buying new artists will always be a slight lottery in terms of making money back in the long term but that is not to say that one can't.

For investment purposes I would always recommend that one focuses on buying artists with an established auction record, or at the very least from a gallery with a track record of having found artists that have gone on to international acclaim. There are numerous examples of works having been acquired for next to nothing then sold years later for millions: the Rockefeller Rothko that had been bought for only US\$8,500 in 1960 sold for US\$73m in 2007.

There are fewer and fewer buyers of 19th Century works of art as the supply of great works of art wanes. This sector is stagnant and bargains can be had if you focus on quality. The old master painting market has been struggling for supply too, though not to the same extent as it straddles such a huge range of art and artists. Going against a specific art buying trend is a good idea but I would strongly suggest that buyers consult a good art advisor before spending money on unfashionable subjects. The old adage of buying the best that you can afford rings true. The fabulous Stubbs that appeared at auction this year and made a record of about US\$35m was a good example of a collector buying the very best of a particular art market sector. Even though Stubbs is not the most fashionable of artists to the newly rich and newly art-buying crowd, it is likely to appeal to them in the future.

Obviously there is always a place for cutting edge Contemporary work in a collection and an 80%/20% split between established and emerging artists is an appropriate ratio to follow. A common theme in much of the best interior design is now following a trend of hanging Old Masters and Impressionist works with strong, coloured abstracts. This works very well if planned accordingly and associated with the correct furnishings. One can easily have a room of 19th Century watercolours in the same house as a room of minimal Bauhaus work. Collections never follow one specific plan; they reflect the owner's appreciation which makes collecting so rewarding. Buying what you love, with good trusted advice, means that a collection can inspire and hold its value.

Art Explosion in the Far East

Art advisor and USPAP certified appraiser **Heidi Lee** explores the emergence of the Far East as a thriving force in the global art market



Swooping in to capture the top buys in the art market, a select group of very powerful and fast-acting Chinese buyers are aiding many areas of the art market to thrive amid economic uncertainty. China, buoyed by its exponential economic growth, has become the second largest art market after the US. Hong Kong alone saw an amazing sales turnover increase by 300% from 2009 to 2010*. Bill Ruprecht, Sotheby's chief executive, said the Chinese are spending about US\$4b a year on Chinese paintings worldwide. This figure is more than Sotheby's and Christie's sales last year of Impressionist, Modern and Contemporary art combined and that's before we factor in the billions they have spent on Western artists.

Chinese collectors typically hone in on their own traditional art, though they do also see the value of international artists. In general, younger buyers acquire modern and contemporary Asian art such as Zeng Fanzhi (widely considered as the zeitgeist for the art market), Yue Minjun, Zhang Xigang, Ai Wei Wei, Yang Fudong and Lui Yi and mix them with international rising stars like Mark Bradford, Dana Schutz, Sterling Ruby and others. Older wealthy buyers usually prefer traditional or Imperial art thus driving up prices with this demand and also purchase blue-chip Impressionist and Modern artists such as Pablo Picasso and Claude Monet. In May, the China Guardian auction house sold a painting by Qi Baishi for US\$65m, making it the most valuable Modern Chinese painting. Experts expect art prices to rise as China's wealth continues to grow.

Art as a Lifestyle

To the Chinese, art is not just an attractive investment but also as a means of establishing their reputation. Socialising around art exemplifies their new status and art collecting is increasingly de

rigueur. François Curiel, the president of Christie's Asia stated, "They see works of art on their walls and think, 'If I want to be not just a millionaire but someone who plays with the big boys, I'd better be someone who collects art.' "

This is a stark contrast to the Western old guard view where the base of art pricing is seen as pure irrational desire. They believe that commercial success has nothing to do with the importance of an artist and that artistic value can not be gauged in a quantifiable way. More speculative Americans, however, are swaying the way collectors buy art today.

Where to Buy Art

Chinese collectors usually buy from art fairs, auctions or galleries and most have an independent art advisor to assist them with curating and buying. A good art advisor is able to sift through the myriad artists and select the best quality art helping the buyer save time and money in the long run. Art advisors can place the art within its historical context, determine its fair market value and conduct due diligence in transactions, valuations and appraisals. They are also able to handle the whole process from research to installation which involves shipping, customs, taxes, installation, and insurance.

The centre of Asia's contemporary art market is undoubtedly Hong Kong especially now that ArtBasel, the world's leading art fair has been taken over by Asia's number one fair, ArtHK. This year ArtHK received 63,500 visitors (up 38% from 2010) and 260 galleries from around world participated hailing from Seoul, Tokyo, Indonesia, Vietnam, New York, London, Paris and Los Angeles. In terms of artistic production, Beijing and Shanghai continue to be vibrant hubs for artists due to its more affordable and spacious real estate.

Numerous other biennials and art fairs around Asia are attracting large crowds such as Shanghai's SHContemporary fair and Singapore's ARTSingapore. Singapore in particular, is a popular destination among mainland Chinese collectors and proudly calls itself the "the Switzerland of the East". With currency restrictions and daunting import duties on art as high as 34%, mainland Chinese are buying art and storing it in the Singapore Freeport, a purpose-built warehouse.

All this is proof that art is not a fleeting trend in China but instead a welcome cultural revival that compliments their rich history and satisfies the new wealthy elite. With Andy Warhol as their hero, Chinese collectors and artists are sure to see their 15 minutes of fame.

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*Arttactic Annual Art Investor's Guide to the Chinese Contemporary Art Market
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