

HOW

TO

Contemporary art is proving to be an ever more popular investment. But who's buying, what do you need to know if you want to join them, and what kind of returns can you expect? **Hannah Hudson** asks the experts

BUY

CONTEMPORARY

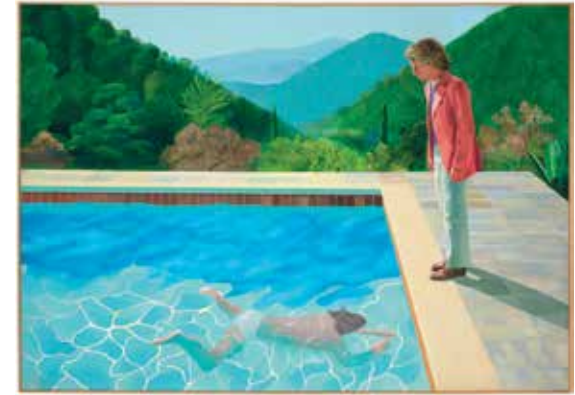
ART

THE TRENDS

SIMONIDA PAVICEVIC, GALLERY OWNER "Contemporary art has proved to be a popular form of investment for a long time but we are currently seeing this reach new levels. In the UK, the political climate has forced many investors to review their existing investment portfolios. People are looking for investments that are most likely to hold their value and contemporary art is emerging as an investment opportunity that people are putting their faith into."

GABRIEL CASTELLO, WEALTH MANAGEMENT ADVISER "While US collectors still lead the way, Asian, and especially Chinese, art collectors are increasingly active. Significant private collections and museums are growing in number, and many of the most sought-after pieces are now in the hands of private collectors."

WINSTON CHESTERFIELD, LUXURY GOODS EXPERT "Art is a Veblen good: the higher a piece is valued, the more it is



David Hockney's *Portrait of an Artist (Pool with Two Figures)* sold at Christie's for £45.8m

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prized. It is also not a traditional product in the sense that each piece is a unique achievement of an artist. So from an investment perspective, art is valuable because it is the ultimate expression of exclusivity. You're not buying 'a' thing, you're buying 'the' thing."

SUZANNE MARRIOT, LEGAL EXPERT "Some buyers see art as a way to provide a capital return as well as a personal enjoyment or business use when they have idle cash, which after inflation and currency holding costs is a dwindling asset. Others see art as an alternative asset which can help them diversify from traditional investments."

HENRY HIGHLEY, AUCTIONEER "From Picasso and Giacometti to Warhol and Rothko, these artists are time tested and we are confident that their market will continue to remain strong. Contemporary artists who Phillips auction house have established world record prices for include Mark Bradford and Peter Doig, two of the most significant abstract painters of their generation." →

MOST EXPENSIVE WORKS OF CONTEMPORARY ART

£89.6m: Francis Bacon's triptych, *Three Studies of Lucian Freud*, became the most expensive modern artwork ever to sell at a public auction in 2013.

£86.7m: Jean-Michel Basquiat's *Untitled* from 1982 set a record price for an American artist at auction when it was bought by a Japanese collector in 2017.

£70.3m: In November 2018, David Hockney became the most highly valued living artist after *Portrait of an Artist (Pool with Two Figures)* sold at a Christie's auction in New York.

£45.8m: Jeff Koons's *Balloon Dog (Orange)* was purchased in 2013 by an unknown telephone buyer from the previous owner, publishing magnate Peter Brant.

WHO'S BUYING?

MEN

"We've found a high number of men collecting contemporary art – often having made their money in finance or property and looking to diversify their portfolios," says Bernadine Bröcker Wieder, CEO and co-founder of an exhibition-networking service. "Many enjoy the idea that they can make money while also attending lavish parties and exclusive openings."

MILLENNIALS AND GEN X-ERS

"Millennials are the biggest drivers of growth," says Rebecca Wilson, curator. "In its 2018 survey US Trust, the private wealth



Jean-Michel Basquiat's *Untitled* was bought by a Japanese collector for £86.7m

management division of Bank of America, found that 97 per cent of Millennial collectors and 60 per cent of Gen X collectors said they'd buy art this year."

"Buying art opens a lot of doors, and gives access to a particular type of lifestyle that appeals to a younger demographic," adds Giorgio Pace, artistic director.

ASIAN BUYERS

"The appetite for art in Asia has grown and diversified over the past ten years," says Henry Highley. "The region is critically important for the international art market, both now and in the future. Last year, Asia contributed more than \$170m in global sales – almost a tenfold increase in less than three years."

ONLINE BUYERS

"The fastest growing segment is the online market," says Rebecca Wilson. "Over the last five years it has increased from £1.2bn in 2013 to £3.3bn in 2017."

AN INCREASINGLY DIVERSE GROUP

"Once, private collectors tended to work in finance, accountancy, law and other traditional HNW sectors, but they increasingly come from more diverse backgrounds," says Sarah Monk, art fair director. "We sell to directors and curators from arts institutions and museums, interior designers and architects, other dealers and even other artists."

NEED TO KNOW

DO YOUR RESEARCH

"I always tell my friends: you need to understand the artist before asking about the price," says Giorgio Pace. "You really need to take the time to learn about them and their craft, and to be well informed about their career."

DEFINE YOUR NICHE

"When starting out as an investor, it's helpful to start with a piece that you simply fall in love with," says Sarah Monk. "From there, you can follow your instincts to define a niche in an organic fashion."

LOOK AT DEVELOPING MARKETS

"The Contemporary Chinese art market is a very important faction of the art world and many of the most valuable works sold at auction are by modern and contemporary Chinese artists," says Bernadine Bröcker Wieder. "The Brazilian scene is more up-and-coming. In terms of buying art, I would say that the art fairs in other 'developing' markets are exciting – for example, in Bogota, Colombia and Santiago, Chile, the Biennale de Havana in Cuba, and art fairs in Singapore, Bahrain or New Delhi."

CHECK THE PROVENANCE

"The provenance of any artwork is key," says Ian McLeod, co-founder of Thomas Crown Art. "Knowing the history of the work, where it has been sold, and who has owned it is very important. Blockchain can offer an independent method to conclusively prove the provenance of art quickly and simply." →

5 OF THE BEST ART FAIRS FOR 2019

1. London Art Fair

London, 16-20 January
A medley of Modern British and international art, displayed alongside contemporary work by today's leading artists.

2. Sommet Winter Salon

Switzerland, 8-11 February
A new art event for 2019, Sommet presents 30 galleries dedicated to modern and contemporary art, alongside a specially-curated programme of events for collectors.

3. Frieze

Los Angeles (14-17 March); New York (1-5 May); London (2-6 October)
Founded in London in 2003, this is now one of the world's most influential contemporary art fairs, with events taking place throughout the year.

4. Art Basel

Hong Kong (29-31 March); Basel (13-16 June); Miami Beach (December)
Art Basel's agenda-setting shows connect collectors, galleries, and artists – highlighting the role that galleries play in nurturing artists' careers.

5. Tefaf

Tefaf Maastricht (16-24 March); Tefaf New York Spring (3-7 May); Tefaf New York Fall (2-6 November)
Tefaf connects international dealers with collectors and connoisseurs.



A prospective buyer admires a work at Art Basel

IS IT A GOOD INVESTMENT?

GOOD The experts can't agree on whether contemporary art is a worthwhile investment. On one hand, there are reasons to think so: since 2000, the contemporary art market has seen an increase of 1,490 per cent in annual turnover and a 36 per cent increase in the average value of an artwork, according to ArtPrice. On the other hand, art is like any other investment – there's a degree of risk involved. Art investments are unregulated, and you can't always sell them when you want to. And art, unlike equities, bonds or property, does not produce an income.

SUZANNE MARRIOTT:

"There's no black-and-white answer to whether or not art is a good investment: it depends largely on measurement. Success might be defined by financial return, or we might measure by whether the piece creates pleasure, or whether it promotes a better image or profile for the individual or their business. Chosen well, with the right advice – not just on the art itself but on the legal and tax implications – art can generate financial returns that are attractive and competitive against other investments." ■

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OF AN ARTWORK
HAS INCREASED
BY 36 PER CENT
SINCE 2000



Jeff Koons' *Balloon Dog (Orange)* sold at Christie's in New York in 2013 for £45.8m

ABOUT OUR EXPERTS

- **Simonida Pavicevic**, founder of the House of Fine Art and HOFA Gallery
- **Gabriel Castello**, executive vice chairman, Global Wealth Management at UBS
- **Winston Chesterfield**, director of custom research, Wealth X
- **Suzanne Marriot**, partner at Charles Russell Speechlys, a law firm with a dedicated art practice
- **Henry Highley**, specialist and head of evening sale, 20th century and contemporary Art, Phillips auction house
- **Bernadine Bröcker Wieder**, CEO and co-founder of Vastari, an online service provider that connects museums, exhibition producers, venues, collectors and suppliers for more efficient exhibitions
- **Sarah Monk**, director of London Art Fair
- **Giorgio Pace**, artistic director at contemporary art salon, Sommet
- **Rebecca Wilson**, chief curator, Saatchi Invest in Art
- **Ian McLeod**, co-founder of Thomas Crown Art, an art-tech agency