



The early part of the 21st century has witnessed astonishing growth in the international market for works of art. One of the most notable features of this expanding trade has been the rapid globalisation of the art market.

the art market: surveyed

Between 2002 and 2006 the value of sales in the world art market soared by 95% while the number of transactions increased by almost a quarter. The rate of increase intensified towards the end of this period with turnover going up by half in a single year in 2005–2006 as demand for contemporary art rose and buyers in the emerging economies of China, Russia and India flexed their financial muscles. These figures and more are revealed in a report published this year by The European Fine Art Foundation, the organisers of The European Fine Art Fair (TEFAF) held annually in the Dutch city of Maastricht which takes place this year from 7 to 16 March. The report, *The International Art Market, A Survey of Europe in a Global Context*, was prepared by Dr Clare McAndrew, a cultural economist specialising in the fine and decorative art market who is editor of the financial quarterly magazine *Wealth*. It is based on an extensive international survey of dealers and information from auction houses and databases. It is the latest in a series of important studies commissioned by TEFAF

but is the first detailed look at the development of the international art market since 2002.

“One of the most interesting findings of the research has been the geographical shift in the art trade, particularly the emergence of China and other new markets. These adjustments in market share have, to some extent, followed changes in the wider economy as the geographical balance of economic power shifts towards the East. Rising per capita incomes in countries such as China and India are to some extent fuelling potential demand for art and buoying rising prices.

Art fairs have become an increasingly significant part of the art trade in recent years, significantly changing the business practices of dealers and also the purchasing opportunities for potential collectors and investors. Art fairs now play a vital part in many dealers’ livelihoods by giving them access to thousands of new and international clients, as well as to the stock of their competitive rivals. Fairs are an increasingly important

International art fairs are sources of important objects for the discerning collector.

*This year, TEFAF in Maastricht offers such rarities as those shown left: René Magritte, *Les grâces naturelles*, 1948, oil on canvas, 81 x 100 cm, from Landau Fine Art; below: An Imperial gem-set gold and enamelled bellpush by Fabergé signed by Michael Perchin, 7.4 x 4.2 x 2 cm, from Wartski; and right: Anthony van Dyck (1599–1641), *Saint Sebastian Bound for Martyrdom*, circa 1622–1623, oil on canvas, 194 x 142 cm, from Weiss Gallery*



way for dealers to conduct business and to attract clients by offering a much greater range of works and helping them to compete on a more equal footing with auction houses. In a recent survey by TEFAF, dealers reported that over 40% of their annual sales could be attributed directly to fairs, or to follow-up business, with some from outside the main art centres commenting that this could be as high as 90%.

Art fairs, including both local and international events, also generate a substantially positive economic impact on the cities that are able to host them. The fairs bring a surge of affluent visitors over a number of days staying in a variety of top hotels and spending not only at the fairs but also in restaurants, on local transport and in other local retail and service outlets. In 2007 for example, the TEFAF fair brought over 70,000 visitors to Maastricht, impressive not only in number but by the fact that this group also tend to spend more than visitors to other mainstream events with most being classified as high-net-worth individuals. Other international fairs also drew

substantial visitor numbers in the same year including: the Paris Biennale (90,000); Art Basel (60,000 plus a further 40,000 at Art Basel Miami Beach); the Grosvenor House Art and Antiques Fair (20,571*); the Olympia Fine Art and Antiques Fair (20,676 for the winter fair and 29,774 for the summer fair*); and the Frieze Art Fair in London (68,000).

The prospects for the art market in the coming years seem certain to continue to be impacted by its growing globalisation, as is the world economy generally. The mobility of art and its relatively unencumbered trade across national boundaries has fuelled the expansion in the market over the last few years, allowing supply to reach new collectors and investors. The continued expansion of the trade both in terms of value and geographical spread could in fact be one of the key factors that will help to protect the art market going forward from the same kinds of recessions it has been subject to in the past and which are being seen in financial markets in recent months.” □

*The complete 85-page report, *The International Art Market, A Survey of Europe in a Global Context* (2008), can be ordered directly from TEFAF.com*

** numbers for 2006*

art fairs as economic motors



“Maastricht in March, Basel in June, London in October, and Miami in December. The art fair has had a major impact on the art market and on the micro economies of those cities that attract them. In my opinion, the best fairs are international in their appeal and given that dealers in London estimate more than half their sales are to overseas buyers, one can understand why.

Art fairs are a good use of time for collectors who value having a large selection of art in one place and also provide the means for me to compare availability, quality and value on the secondary market. Lest we forget, such fairs also have tremendous social draw – one takes for granted under the harsh fair lighting that whilst walking up one aisle you have already kissed or waved at dozens of collectors, dealers and curators from at least as many different countries. The volume of transactions that exemplifies the success of major fairs is made clear by TEFAF in Maastricht where art and antique dealers can expect to transact in excess of 0.5 billion Euros in 10 days as well as after-fair sales. As the success of art fairs and their satellites continue to grow from year to year, I encourage all collectors to make their way to at least one new international fair in 2008...and to wear comfortable shoes.”

Viola Raikhel is Director of International Art Advisory, 1858 Ltd., a London-based consultancy.



“Art fairs have become one of the most important contributions to the increasing growth of the global contemporary art market. With fairs being set up in Shanghai, Dubai, Moscow, Istanbul and many other places where local audiences have had few opportunities to buy both local and international contemporary art, fairs have clearly contributed to raising awareness and interest that in the past was left to museums and public institutions.

This trend has also led to a shift in the power structure of the art world. Art fairs have gone from being simple commercial market places for transacting art to become tastemakers in their own right. International super-art fairs such as Art Basel (and its sister fair in Miami), Frieze Art Fair in London and the Armory Show in New York have become annual art world hubs – where you are likely to find international museum curators and directors rubbing shoulders with buyers and collectors.

There is, however, a darker side to the art fairs, particularly among the above-mentioned super-fairs. Due to the over-subscription and increasing competition among galleries to secure a presence in the premier league, there will naturally be victims. As the fairs have become more than just a market place, a refusal, could mean the gallery is no longer considered an ‘A’ list candidate, an outcome which could have serious long-term consequences for the reputation and the future development of the gallery and its artists.”

Anders Petterson is the Founder and Managing Director of ArtTactic, a London-based art market research and art advisory company. Prior to setting up ArtTactic, Anders worked for JP Morgan in their investment banking division.



“In the last ten years art fairs have become increasingly important sources of income for galleries. Art fairs have become like one-stop shops or supermarkets where the collector browses the shelves and chooses what to put in the basket, often informed by what is happening in the booming auctions. Whereas in the past collectors would follow an artist through their exhibitions and assess their interest over time, now many simply buy on reputation at a fair without having seen an exhibition. On the one hand this has democratised art collecting, on the other it has devalued the concept of collecting. The rapid appearance of works of art at auction may be the result since true judgement may only really be made over a period of time. The proliferation of art fairs also places enormous pressure on the artists to step up production. If an artist is represented by three galleries and each wants a piece for the three or four art fairs they attend each year, as well as one or two exhibitions, the artist can get onto a production treadmill. This may mean that they have little time to reflect and develop new thinking. So while the spread of art fairs allows galleries to promote their artists more widely, they also do so more thinly.”

Jeremy Lewison is former Director of Collections at Tate Gallery and provides advice to foundations, museums, collectors, artists and artists’ estates from his offices in London.