

ART ADVISORY E-BULLETIN

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1858 LTD ART ADVISORY

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1858 Ltd at Global Art Investment Conference



In recognition of our close association with the wealth management community, 1858 Ltd were proud to be invited to join the panel of speakers at this year's Art Investment Conference, organised by the London Business School on the 2nd of May at the Royal Society of Arts.

The panel discussed the art of investing and whether it was possible to integrate passion investments into a wealth management strategy without emotion.

The Managing Director of 1858 Ltd, Harvey Mendelson (third in from the left) talked about the importance of buying well and how we undertake meticulous due diligence on works being considered for purchase by our clients in order to protect clients interests and mitigate risk in an unregulated and non transparent market.

On the subject of buying for investment versus emotion, the panelists agreed that around 80% of purchases are made with an emotional focus and that it is indeed possible to maintain a balance whereby one buys for emotional and aesthetic reasons as well as investment purposes.

Harvey went on to talk about how the majority of 1858 Ltd clients rather than locking works away, tend to appreciate the art they have purchased and the passion for these clients emanates from the collecting journey: "our clients tend to appreciate the historical, academic and cultural journey that art affords. They enjoy living with and sharing the art they own rather than locking it away in storage facilities".

1858 Ltd looks forward to participating in next year's conference.

Chinese Market Declining or Maturing?

The Chinese art market has been in the news for all the wrong reasons these last six months. After years of repeatedly making headlines thanks to being the fastest growing art market in the last five years and for being largely responsible for the art world's quick recovery from the 2009 financial crisis, today's outlook has somewhat changed. It has lost its position as having the largest share of the global art market to the U.S, and the 7% contraction in the global market last year is being largely blamed on the declining auction sales in China, whose value dropped 30% in 2012 in high contrast to their 350% growth between 2009 and 2011.

There are a host of reasons being put forward to explain this decline. One major reason is the slowdown witnessed by the Chinese economy this last year, which has caused collectors to become more reluctant to both buy and sell. With the market showing signs of uncertainty collectors would rather hold on to what they have, the effect of which has been a serious shortage of high quality

works coming onto the market. As for the reduced demand, this is also a result of buyers being better informed about the art market and what they are buying, and many in China believing works to be unreasonably overpriced. This has also seen art funds decrease their participation in the Chinese market, though this is also a result of many only being short-term funds that have now reached maturity. Some political uncertainty last autumn as China prepared to change its leadership has also been mentioned as a reason by some. More likely to be responsible however, is the unreliability of the art market. Reports of numerous fakes flooding the market, government discussions about introducing droit de suite, a resale levy which auctioneers feared would hamper the market and a crackdown on tax avoidance such as the 30% tax due on imported works of art have made buyers and sellers far more cautious and less enthusiastic. China has also been known for its sometimes inaccurate reporting of sales, and as this becomes better verified, so the figures naturally decrease.

The incredible boom witnessed in the Chinese art market over the last few years have left many unsurprised about this dip, saying it was inevitable. Furthermore, many believe it is what the market needs, commenting that the previous rate of growth was simply unsustainable. And, despite all the negative statistics being reported, there are some positives coming out of the Chinese market. Whereas last November, research platform ArtTactic reported a 35% decrease in confidence in the Chinese contemporary arts sector, six months on, it says confidence is returning. Reasons for continued confidence in the Chinese art market include Christie's recently acquired license to hold auctions on mainland China, and also a number of Chinese auction houses opening sale rooms in Hong Kong, including China Guardian, Poly and most recently Tiancheng International, showing the continued and growing investments of auction houses into the Chinese market. Also worth noting, is that three Chinese artists made the top ten list of best selling artists at auction in 2012. Qi Baishi, Zhang Daqian and Li Keran sold an extraordinary total value of \$684.5m between them last year.

Perhaps the best conclusion on the Chinese market, where auctions account for nearly 70% of the market value, is drawn from recent sale results. Sotheby's spring sales in Hong Kong in April had mostly positive outcomes. The Contemporary Asian Art sale generated \$8.5m which fell within the pre-sale estimates and saw 57% of the sold lots exceeding their high estimates, though to balance that out was the fact that 17% of the lots went unsold. All positive however, was the 20th Century Chinese Art sale which brought in 40% more than had been expected at \$26.2m. Two works by the late Zao Wou-Ki sold exceptionally well, with 10.03.83 selling for \$4.75m, making it the sale's top lot. Christie's Hong Kong sales will be taking place at the end of this month and will be another test of the market's current health.



Ode to the Motherland, 1954, Qi Baishi sold at Poly International, Beijing in December last year for \$13.3m.

Leonard Lauder's Collection Changing Gift



Woman in an Armchair (Eva), 1913, Pablo Picasso, is part of the donation to the Met.

New York philanthropist Leonard Lauder has announced a donation of 78 Cubist works to the city's Metropolitan Museum of Art. Made up of 33 works by Picasso, 17 by Braque, 14 by Léger and 14 by Gris, many have acclaimed how radically the donation will transform the museum's current collection of 20th Century art. Many have previously noted a gap in this period in the museum's collection, but now that this donation has been made, free of any restrictions, the Met will be able to further tell the story of Modern Art, and the Cubist movement that so vigorously gave it life.

A major collector, Lauder has been renowned for having a very focused attitude to his collecting, sometimes letting years go by between purchases. "You can't put together a good collection unless you are focused, disciplined, tenacious and willing to pay more than you can possibly afford," he has said in the past. His collection is among the world's greatest according to art scholars, who say almost all its pieces hold historical importance, so his collecting ethic seems to have paid off. Moreover, the donation will now put the Met on an equal with collections housed in MoMA in New York, in the Pompidou in Paris and in the State Hermitage of Saint Petersburg, some saying it will even rival them when it opens to public view in the autumn of 2014.

It seems the Met were not the only museum hoping to receive the donation, but Lauder is very much part of the New York art scene and already has strong links to the Met. He has been the leader along with other museum trustees and patrons in raising \$22m to open a Research Centre for Modern Art at the museum. Lauder recently explained, "whenever I've given something to a museum, I've wanted it to be transformative...this wasn't a bidding war. I went knocking, and the door opened easily."

Art World Insider: François Pinault

François Pinault is probably better known as the founder of luxury goods firm PPR, the third largest in this sector globally owning brands such as Gucci, Yves Saint-Laurent and Alexander McQueen, but he is also a major player in the art world. With a collection of over 2500 contemporary artworks, including works by the likes of Damien Hirst and Jeff Koons, his is one of the largest worldwide. Although he is French, much of his collection is housed in Venice, where he acquired the Palazzo Grassi in 2005, transforming it into an art museum, and also where he won a bid to transform the Punta della Dogana into a contemporary art centre in 2007. In addition he frequently lends pieces from his collection to museums and galleries for their exhibitions.

Another company he founded, Artemis, which is entirely owned by the his family, has 100% ownership of auction house Christie's, which has recently become the first international

auction house to be granted a license to operate independently in mainland China. It will hold its first auction there this autumn, no longer needing partnership with a local company. However, this latest news is not the only news to have made headlines recently regarding Pinault, China and art. Earlier this month, his son Francois-Henri, who is now CEO of PPR, announced in China that his family would be returning two 18th Century dynasty bronze animal heads (one rabbit and one rat), looted from Beijing's Summer Palace by French and British troops in the 1860s. "The family went to great efforts to retrieve these two significant treasures of China and strongly believe they belong in their rightful home," he said. Indeed, Pinault bought the bronzes himself, after a controversial sale at Christie's in Paris in 2009 left them without a new owner. Despite protests from the Chinese government at the time, the sale still went ahead, albeit unsuccessfully. With nearly 10% of PPR's business generated in mainland China, its fastest developing market, and with Christie's newly acquired license, the move has obviously caused many to question the sincerity of Pinault's motives.

Nonetheless, it cannot be denied that Pinault is passionate about art. This month, Christie's hosted a charity auction organised by Leonardo DiCaprio with Pinault's help, for which the collector donated one of his own works, *The Tiger*, by Chinese contemporary artist Zeng Fanzhi, which sold for just over \$5m, double its high estimate. He was recently quoted as saying, "You can be a cold brute in business, you don't need feelings. But in art everything is about emotion," highlighting his different attitudes towards his business and his art collection.



François Pinault pictured in Venice.

Rothko Art Centre Opens its Doors

The Mark Rothko Art Centre opened at the end of April in Daugavpils, the artist's birthplace, and the second largest city in Latvia. In a bid to boost tourism in this corner of Eastern Europe, and to remind Rothko's admirers of his true roots, the centre hopes to attract visitors from the world over. Despite spending most of his life in America - his parents emigrated when he was just ten years old - his son Christopher and daughter Kate, present at the opening spoke fondly of how their father would sit them down with a large map and remind them where they were from.

On show, are six paintings from his children's own private collection, which have been loaned to the centre for three years, after which works will be shown on rotation.. As well as the artworks, the centre will have archives, house artist studios and host artist residencies.

Christopher Rothko refused to give a value estimate of the works on loan, saying of his father, "He doesn't want you to look at the paintings and think about how much it might be worth and how much it might be insured for and all that...he really wanted

you to have this direct communication with art." These comments are in light of Rothko's *Orange, Red, Yellow* being sold at Christie's New York for \$86.9m in May 2012, his highest selling artwork and Christie's claimed, a new record for any contemporary work of art.

No. 7 (Orange and Chocolate), 1957, is one of six paintings on display at the new Mark Rothko Art Centre.



Artist in Focus: Zao Wou-Ki

Zao Wou-Ki, who passed away last month at the age of 92, was born to a wealthy, highly educated Beijing family in 1921. Encouraged by his family to pursue his interest in art, he studied at the Hangzhou School of Fine Art, later becoming a teacher there. However, attracted by the European avant-garde art of the period, he chose to move to Montparnasse, the artists' hub of Paris, in 1948.

Wou-Ki is famous for his oriental landscapes that merge the traditional Chinese style with abstraction, creating a fusion of Eastern and Western aesthetic traditions. A major influence in his work was Paul Klee, as well as painters from the Abstract Expressionist movement. However, despite finding his style whilst living in France, where he became a French citizen in 1964, he also spoke of how his time there had helped him find and go back to his true original Chinese roots.

Wou-Ki was well-known in France from the 60s, and had exhibitions in the Grand Palais and the Bibliotheque Nationale amongst others. In his homeland, he was recognised later, his first major exhibition being held in 1983. However, ultimately this is where his works have been the most popular, as the growing population of newly affluent Chinese and Taiwanese have vigorously collected his works. There, he has often been referred to being the highest selling painter of his generation, many of his paintings selling for well over the million dollar mark. His highest price was achieved in 2011, for his painting *10.1.68*, which sold for \$8.8m in Sotheby's, Hong Kong.

He was described by his gallerist Pierre Levai as being a "small, kind, very knowledgeable man with exceptionally intelligent eyes".



1858 Ltd Art Advisory

**Buying
Selling
Authentication
Valuations
Auction Representation
Collection Management
Art Philanthropy Advice
Art Finance
Art related Tax and Estate Planning**

How an 1858 advisor can help you:

- **Exclusive Access** to works of art in private collections that are not available on the market
- **Impartial Advice** being independent of auction houses, galleries and dealers, we provide impartial advice when buying and selling on behalf of our client
- **Time Savings** as we are able to manage all areas of the collecting process on our clients behalf, we are able to build or sell complete collections with as much or as little involvement from the client as they wish
- **Direct Savings** due to our buying and negotiating capabilities we significantly reduce transactional charges which in turn we pass directly to our clients
- **Reducing Risk** by undertaking thorough due diligence on all transactional decision, we ensure that potentially costly mistakes are avoided and the client has complete confidence in the decision made.

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Images, in the order in which they appear, courtesy of:
www.luxartasia.com (cropped view of *10.1.68* by Zhao Wou-Ki);
www.chinaculture.org; www.nytimes.com; blog.venice-tourism.com; www.bloomberg.com; www.nytimes.com.

Art Calendar Highlights

Rubens's Europe

Louvre Lens, Lens

22nd May – 30th September

www.louvre-lens.fr

Art Basel Hong Kong

Hong Kong

23rd May – 26th May

www.artbasel.com/Hong-Kong

arteBA

Buenos Aires

24th May – 27th May

www.arteba.org

Max Ernst

Fondation Beyeler, Basel

26th May – 8th September

www.fondationbeyeler.ch

Art Basel

Basel, Switzerland

13th June – 16th June

www.artbasel.com

Slovenian Impressionists (1890-1920)

Petit Palais, Paris

Until 13th July

www.petitpalais.paris.fr

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