

# ART ADVISORY E-BULLETIN

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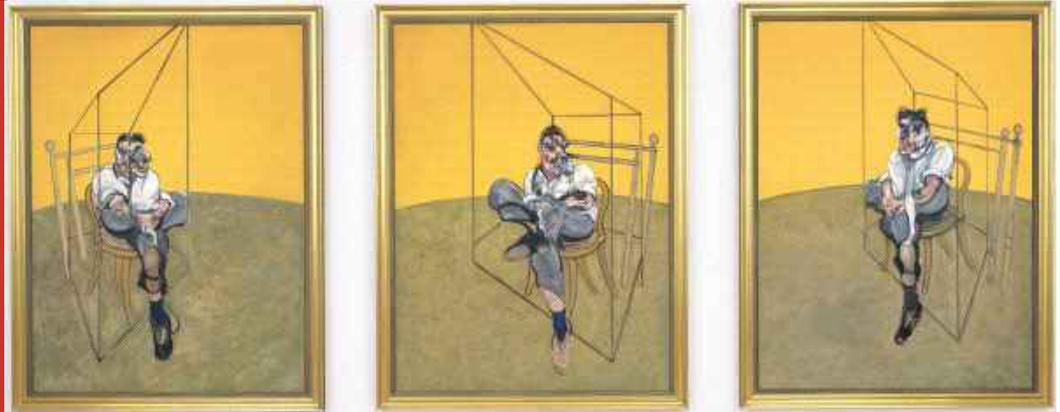
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## **Who Are the World's Wealthiest Artists?**

The world's five wealthiest artists all have net worths of at least \$100m. Perhaps more surprising is that some of them will be unfamiliar names. Wealth-X, an intelligence provider on UHNW individuals recently released the revealing data.

Damien Hirst tops the list with an estimated net worth of \$350m. He is however well known for his unconventional tactics within the art market, becoming the first artist to sell a show directly at auction, bypassing an art gallery entirely. This unprecedented move made history in 2008 and the artist raised \$198m from the sale at Sotheby's in London.

Joint second in the ranking are Jasper Johns, the American abstract expressionist painter and sculptor and Andrew Vicari (pictured below), the Welsh portrait painter. Both have an estimated net worth of \$210m. Whilst Johns commands high prices at auction, his record is \$25.5m in 2010, Vicari barely features in them, his current record sitting at a mere \$981. In his home country Vicari is mostly unknown, but he has strong ties in the Middle East particularly with the Saudi Arabian royal family who have bought much of his work. The contrast between these two artists serves a reminder that it is via the primary art market that artists make their money. Once an artwork has been sold it enters the secondary market but by this point the artists are no longer the ones selling. Other than in the case of Damien Hirst given above, this means all work at auction is already in the secondary market and the record sums that make the headlines never reach the artists themselves.

Coming joint third with estimated net worths of \$100m are two American artists

who are also worlds apart. Jeff Koons, recognised the world over and able to command huge prices for his works both at auction and in galleries, and David Choe, a graffiti artist. When commissioned to decorate Facebook's offices, Choe asked to be paid in company stock which when the company went public in 2012 was estimated to be worth \$200m making him an overnight millionaire.

Instead of listing the most expensive artworks ever sold or the top auction records, this alternative ranking helps put into perspective different factors of the art market that may sometimes be forgotten.

## **Looted but Located, Now for Returning**

It has always been a known fact that large numbers of artworks were stolen, looted, confiscated and forcibly sold during the Nazi's reign. But often the logistics of dealing with the problem have proved complicated resulting in many unresolved cases still today, more than half a century later. However, as said recently by Siebe Weibe, the director of a project amongst Dutch Museums to identify objects with "potentially problematic history" from this period, "The fact that much time has passed since the end of the Second World War should not be reason not to do the research".

On their website the Netherlands Museums Association reveal 139 objects identified after four years of research by the 162 participating museums. They hope their publication will help fill in any missing details that may complete the objects' histories but the museums are also hoping to make contact with the relatives or heirs of their original owners.

Although due to very different circumstances, the German government has



now launched a special taskforce to investigate the 1,400 pieces of art, including works by Matisse (pictured left), Picasso, Otto Dix and Max Beckmann amongst countless others, discovered hidden in the apartment of Cornelius Gurlitt, the son of an art dealer who traded in "degenerate art" in Munich. The trove was discovered in February 2012 but it has only come to public attention very recently, and since the news broke there have

been widespread demands from organisations such as The Holocaust Art Restitution Project for the German government to publically disclose a detailed inventory of the works seized. Cornelius' father, Hildebrand, was even interrogated by U.S Army officials in 1945 and had part of his collection, the part he was unable to hide, investigated and confiscated before it was eventually returned to him. Today, however, finally addressing the issue, the government has stated that as many as 590 of the works may have been stolen by the Nazis, and have listed 25 of them on their Lost Art Internet Database, which aims to document and register cultural objects that were "relocated, moved or seized" during the Nazi dictatorship and the Second World War.

Some heirs of the original artworks have recognised family treasures and have already tried to approach the German authorities via their lawyers but it seems the legal complications will severely slow down the process of returning works. Whilst many of them have uncertain provenances, others may have been legally owned by Gurlitt. In addition many appear to have been bought from state museums and not original owners and others sold either forcibly or freely. Most of them however, will likely have legal implications that will make the case rumble on for many years yet.

The subject of looted Nazi art has been a hot topic recently, particularly with the imminent release of George Clooney's newest film "The Monuments Men" about a group of Allied Army officers whose mission was to locate and rescue as much art as possible, whether looted or in the line of fire during and after the Second World War. Meanwhile, art crime specialist Noah Charney has said that the estimated \$1 billion or more art trove found in Munich is merely the "tip of the iceberg" so this topic will no doubt keep appearing over the years as more and more discoveries are made.

## Stolen Art Databases

Showing what a complicated and grey area stolen and looted art can occupy, the recent launch of Art Recovery International has raised some further questions regarding this sector of the industry.

Set up by Christopher Marinello, who was previously the Director General Counsel of the Art Loss Register, many have probed as to why his new business is a direct rival of the company where he worked for seven years. The Art Loss Register was established in 1991 but has its origins in the International Foundation for Art research which began an art theft archive in 1976. It has long been the go-to database for determining whether an artwork is stolen, and is used by many major auction houses, including Sotheby's and Christie's, as well as museums and private clients. As well as maintaining the most

extensive database of lost and stolen artworks, antiques and collectables with some 350,000 items listed, they offer search and recovery services.

Over the years however, there have been numerous instances of potentially dubious dealings, which despite often ending successfully, have left many feeling uncomfortable. Sometimes lying to clients in the interest of a stolen artwork being returned or paying informants, the ALR's major critics still agree that with the value of art theft so high and governments investing minimally into this sector, they are glad for its existence. Some hope that the presence of a new rival firm on the market, something which until now has not existed, may help remind the ALR they are not the police.

A new firm working to resolve cases of stolen and looted art, title disputes, fakes and forgeries, Art Recovery International promises to be another force for good on the market. Focusing primarily on art recovery and title disputes, secondarily on provenance research and due diligence, they are also looking to develop the "most comprehensive" database of all such works. As seen by recent events in the art world, the need for such databases and services only grows, and is likely to continue doing so.

## Art Price Report: Contemporary Art Auction Market



Top selling contemporary artist Jean-Michel Basquiat's most expensive work for the period July 2012 - June 2013 'Dustheads' sold for \$43.5m.

Last month Art Price published their seventh annual Contemporary Art Market Report. Based on results from the global auction market the report, as ever, revealed some interesting new insight into the art market.

Looking at the results of artists labeled as contemporary, meaning they were born after 1945, the report shows that between July 2012 and June 2013, while the modern art sector's market share decreased, with profits down 9%, the contemporary art sector raised over a billion Euros, a 15% increase on the previous year. The additional €140m raised, were done so by a mere dozen hammer strokes as the market has seen record prices soar, as opposed to more works being offered at auction. These records were higher than those achieved by modern art, and have seen contemporary art take a 13% market share, behind modern art at 47.6% and post-war art at 20.6%,

but ahead of both 19th century art and old masters with 9.5% and 9.4% accordingly.

Within the sector, the U.S and China are almost on a par with the former holding a 33.72% share of the contemporary market and the latter 33.70%. The U.K follows behind with a 21.1% share. In the States however, where New York represents 97% of the contemporary art market, turnover was up by 56.6% this year. An impressive 45% of the bids were over a million Euros, compared with 25% in both London and China. However, of the top 50 selling contemporary artists, 20 were Chinese, 10 American and 5 British.

Over the last decade, the number of contemporary works sold has quadrupled and prices in this sector have risen 34%. However, it still remains vulnerable to manipulated price shares and trends and doesn't offer the same security as either the old masters or modern art sectors. Nonetheless, demand has swelled and the report confirmed that new buyers were in part responsible for the growth in the market, in particular that of the most popular artists. In the first quarter of 2013, Christie's reported registered buyers from 128 countries, of which 10% were new clients. Whilst the average yield of contemporary artworks has been more impressive than those returned from financial assets, the social and economic state of countries can have a significant impact on this market which is not sufficiently high-end according to the report. In Spain for example, 70% of the lots offered at auction remained unsold, compared with the global rate of 37%.

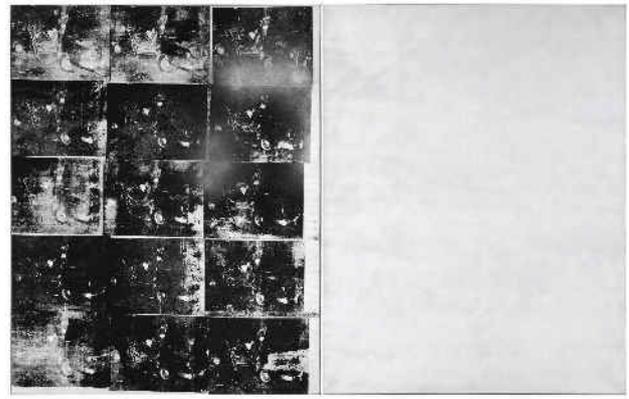
So far the outlook for 2013 is strong with the auction turnover much higher in the first half of this year than the second half of last, bringing in well over an extra €100m. As always, the art market promises potential but needs to be approached with caution. As stated by the report, "In a depressed economic context, art is an alternative investment that requires increasingly close attention because of its volatility."

## In Brief: New York Sales

The New York auction sales season has been underway for a few weeks, and for the most part have garnered some impressive results.

It was the opening sales of the season of Impressionist and Modern works held at Christie's that were disappointing. The sale of art dealer Jan Krugier's holdings fell far below expectations with 155 lots raising \$92m, a long way off the low estimate of \$147.6m. In their Impressionist and Modern Art sales that followed some key works, including one by Modigliani failed to sell. In total the sales raised \$293.7m over three days, which turned out to be only a fraction more than what the equivalent sales series at Sotheby's raised in their opening sale. At Sotheby's new records were achieved for various artists including Man Ray and Arp, and three lots sold for over \$30m of which two were Picassos and one a Giacometti which sold for \$50m.

The Post-War and Contemporary sales however have been outstanding. At Christie's a new auction record was set for any artwork with Francis Bacon's 'Three Studies of Lucien Freud' (cover image) selling for \$142.4m, well over the \$119.9m paid for Munch's 'The Scream' back in May 2012. In the same sale Jeff Koon's orange 'Balloon Dog' also achieved a new record for the highest price ever achieved at auction by a living artist. Selling for \$58.4m, it beat the record previously held by Gerhard Richter. Meanwhile Sotheby's Post-War and Contemporary sale brought in the highest total for any sale ever held by that auction house reaching \$380.6m, no doubt helped by the sale of Warhol's 'Silver Car Crash (Double Disaster)' dating from 1963 (pictured below) which at \$105.4m set a new record for the artist.



## Galleries Lafayette Foundation to Open in Paris

The Galleries Lafayette have announced that the renovations currently taking place in a 19th century building in the heart of the Marais district in central Paris are to make way for its Corporate Foundation. It is due to open in the spring of 2016. Aspiring to be a "place of meeting, of a diffusion of talent and know-how, the Galleries Lafayette Corporate Foundation is to offer artists unique conditions for creation, production and exhibition in France." Hoping to attract visitors from all backgrounds, it hopes to be a "place of liveliness, of advice and ideas, of discovery and sharing."

The founding family of the group have been art collectors since the 1880s and Guillaume Houzé who is one of its members will be in charge of the foundation. He created a gallery in the famous shop back in 2001 which holds contemporary art exhibits four times a year. Its board will include some major art world figures including the Director of London's Tate Modern Chris Dercon and the President of the Kuntshalle in Basel Martin Hatebur.

The Foundation will join a host of others in Paris particularly, including those of Cartier and Louis Vuitton, the latter of which is due to open next year. It highlights the ever-growing ties between the fashion, luxury and art worlds.

## What is the Purpose of an Art Advisor?

This profession, still only little known in Europe, is prevalent in the United States. However an art advisor, such as those who work for 1858 Ltd, offer many benefits to collectors and investors of all levels.

Bringing all their experience and professional network built up over many years to their clients, the advisors at 1858 Ltd give completely independent and impartial advice regarding acquisitions, sales, estimations and management.

What guarantees their independence? 1858 Ltd advisors hold no stock or investments themselves, meaning there is no bias in promoting one artist or artwork over another contrarily to galleries, dealers and auction houses who are often doing their best to shift stock or get a good deal. This small difference ensures clients working with an art advisor will negotiate better transactions in terms of quality, price, confidentiality and exclusivity.

The interests of a good art advisor lie first and foremost with those of his client. To connect with one of our advisors to understand more or discuss your requirements, contact us by telephone or email.

## 1858 Ltd Art Advisory

**Buying**  
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**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.galleristny.com; www.bbc.co.uk; www.artprice.com;  
www.sothebys.com

## Art Calendar Highlights

Masterpieces of Chinese Painting 700-1900

V&A, London

Until 19<sup>th</sup> January 2014

[www.vam.org.uk](http://www.vam.org.uk)

Giacometti: Sculpture

Galleria Borghese, Rome

4<sup>th</sup> December – 11<sup>th</sup> March 2014

[www.galleriaborghese.it](http://www.galleriaborghese.it)

Art Basel Miami Beach

Miami

5<sup>th</sup> December – 8<sup>th</sup> December

[www.artbasel.com](http://www.artbasel.com)

Ink Art: Past and Present in Chinese

Contemporary Painting

Metropolitan Museum of Art, New York

11<sup>th</sup> December – 30<sup>th</sup> March 2014

[www.metmuseum.org](http://www.metmuseum.org)

Kusama Yayoi: A Dream I Dreamed

Museum of Contemporary Art Shanghai (MoCA)

15<sup>th</sup> December – 30<sup>th</sup> March 2014

[www.mocashanghai.org](http://www.mocashanghai.org)

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