

ART ADVISORY E-BULLETIN

October 2013
Edition 33

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Zeng Fanzhi, Star of Recent Hong Kong Auctions

Sotheby's autumn sales in Hong Kong were a special event this year as the auction house celebrated its forty year presence in Asia with a series of spectacular sales including contemporary Chinese art, wine and jewellery. The combined total of the sales was a record-breaking \$538m, double what it achieved last autumn and the highest auction series total for an international auction house in Asia.

Amongst the 3162 sold lots, Zeng Fanzhi's 'The Last Supper' was a true winner, achieving a new record for a work of Asian contemporary art and over doubling its high estimate, selling for \$23.3m. The previous record in this category was held by Zhang Xiaogang whose triptych 'Forever Lasting Love' (pictured above) sold for \$10.2m in Hong Kong in 2011.

Zeng Fanzhi was born in 1964 in Wuhan in Eastern China. He grew up during the Cultural Revolution and whilst studying at the Hubei

Academy of Fine Arts he became strongly influenced by German Expressionism, feeling it was a movement that he could relate to personally. His artistic style has progressed through various stages in his career but he has always remained concerned by human emotion, most notably his own. In 1993, looking for recognition, he moved to Beijing where he was struck by the rapid change China was experiencing. As he set out to build a new life for himself, his work of that period, known as the 'Mask' series, explores the nature of human relationships and the feeling of isolation he often felt in his new home. Most recently, in the last decade, his work has turned to more traditional Chinese influences and away from Expressionism looking at man's relationship with nature and often including natural landscapes as the backdrops of his works. Throughout his career Fanzhi's works have been characterized by vivid brush strokes depicting people with blank stares, oversized hands and bloodied flesh, causing heightened emotional responses in his viewers and making him one of China's



leading contemporary artists. His work is collected the world over and has been shown in fairs, museums and galleries across America, Europe and Asia. In fact, 'The Last Supper' is rumoured to have been bought by one of his most avid collectors, Christie's owner Francois Pinault.

Fanzhi's astonishing record was far from the only one however, with 15 others achieved during the sales. Other highlights included a new world auction record for a white diamond. The flawless 118.28 carat white stone sold for \$30.8m and has confirmed Hong Kong as a new centre for jewellery sales along with New York and Geneva. The growing trend amongst Chinese collectors to buy back their heritage also saw a gilt bronze sculpture of Buddha break a new auction record for Chinese sculpture reaching \$30.3m in the bidding, five times more than its pre-sale estimate. Until recently religious art has not been particularly popular amongst Chinese collectors but this record will certainly bring it new attention. And late artist Zao Wou-Ki also reached a new record, his abstract triptych painting '15.01.82' (pictured on first page) selling for \$11m. Sotheby's has since announced that a rare work by the artist will lead their second ever Mainland China auction (thanks to a joint venture with state-owned Beijing GeHua Art Company) in Beijing this December.

New Buyers' Impact on Auction Market

Along with the rest of them, the art market suffered hard times after the 2008 global economic crisis, but unlike many industries it picked itself up with incredible speed. The last five years has continued to see new records set and many auction house sales totals are now surpassing those from before the crash. One of the major factors which has contributed to this success has been the influx of new buyers coming into the market, a trend which is picking up speed and continuing to influence the market's results.

New buyers have for the most part come in the form of newly wealthy investors from emerging markets, notably the Middle East, Asia and South America. Their motives range from wanting to buy back their heritage and support their growing art scenes, but in general most are also looking for investment opportunities. The art market has come to be seen as a genuine alternative to more traditional investment types, with the term 'investments of passion' becoming a familiar one in the art world, and one which has also attracted new buyers in established markets.

The latest auction series in Hong Kong in part saw so many new records achieved thanks to new buyers, one of whom even admitted he would have paid "any price" to get his hands on a particular piece. Although there is a higher level of market education than previously, thanks to auction houses' touring exhibitions and the rise of art fairs the world over as just two examples, many new buyers are unaware of the previous prices paid for similar works and unable to determine the rightful value of pieces they are looking to buy. For example, many are willing to pay sky high prices for a blue chip artist without evaluating the piece at hand and whether it represents the best of his work. Another recent sale which highlighted this trend was the Old Master and British Painting sale at Sotheby's in London last July which achieved eight new records in a sector that had become reserved for specialists. Tellingly the sale had attracted the highest ever number of registrations from Middle Eastern and Asian bidders and the 48 lots were bought by buyers from 33 different

countries. Middle Eastern buyers were in fact reported as being the top buyers of contemporary art in 2011, showing the displacement of longer established buyers from America and Europe.

This year has seen recurring warnings from market experts that a ceiling is being reached within the market. Until now however, it just seems to be being pushed higher and higher. In reality the market remains unpredictable, and new buyers are one reason for this. What remains sure however, is that there is no safer time to be consulting with long-term players in the art market who can advise caution and impart expert knowledge to avoid expensive mistakes being made.

Banksy's New York Residency

Quoting Paul Cézanne on the homepage of his New York residency website saying, "All pictures painted inside, in the studio, will never be as good as those done outside", Banksy has taken the artist's advice to heart. Since the 1st October he has been introducing new artworks on a daily basis to New York city. Many examples of his traditional graffiti work are featured but they have also included two moving trucks, a small art stand in Central Park and a video posted online. In addition, many of the works have a phone number next to them, which deliver museum audio guide style recordings about the various artworks.

Banksy has become famous for bringing street art to the auction world. Although he didn't intend for it to happen, his works, sometimes chipped out of brick walls, sell for hundreds of thousands of dollars, a few have even sold for over a million. He said recently in a rare interview, "I started painting on the street because it was the only venue that would give me a show. Now I have to keep painting on the street to prove to myself it wasn't a cynical plan. Plus it saves money on having to buy canvases. But there's no way round it – commercial success is a mark of failure for a graffiti artist."



Banksy has named his residency 'Better Out Than In' and its dedicated website records each day's new artwork. Some worth mentioning include a small urchin boy perched on the back of another stealing a graffiti can out of a "Graffiti is a crime" sign. A van with some sixty soft toys poking out of it apparently commenting on the casual cruelty of the meat market, which started its tour in the Meatpacking district, and most recently an art stall in Central Park, which was selling genuine works for a mere \$60 to unsuspecting passers by.

His works comment on society and politics, often in a humorous way, but their very nature means they are not loved by all. Many of the works have already been painted over or defaced by other graffiti artists. To follow Banksy's latest additions to New York's cityscape, go to www.banksyny.com.

Art Funds Still Struggling

As the art market has evolved into a viable investment market over the last decade, so with it has the emergence of art funds. Although some offer their investors the possibility to loan some of the artworks, in general they are purely financially motivated. With minimum investment sums from individuals looking to make a profit but not necessarily interested in art, market professionals buy and sell artworks over an agreed period of time, with the aim of returning a profit to their investors. When one sees the record prices continually being achieved at auction, it seems like a good idea, but in reality the outcome has been quite different.

Art funds started emerging in the early 2000s but it is thought that today only 20 or so are still functioning, according to The Art Newspaper, and that this number will further decrease. Being privately offered investments, it is difficult to be sure but what is sure is that these funds have been faced with one struggle after another. Aside from those that were unable to pull through the financial crisis, many were simply unable to raise the target funds, achieved lower returns than hoped for and hadn't anticipated the costs that might be entailed.

As a relatively new and untested concept, many art fund heads are talking about the mistakes they have learnt from - investing into stalling sectors, or not anticipating the impact of issues such as currency fluctuations for example. Philip Hoffman of the Fine Art Fund says that despite gross returns of 19%, his first fund only yielded 6% of profit. Those still in the game remain optimistic, saying that there are lots of new investment strategies evolving in the art market and saying that in future they will offer more to investors, such as the possibility of taking some of their money back during a fund's lifetime.

Not believing it to be an exciting time for art funds however; are all those who have been sceptical about them since the beginning. They believe the many disadvantages of investing in an art fund outweigh the advantages. 1858 Ltd favours advised direct investment. As well as guaranteeing a physical artwork which if chosen well will provide both an emotional and a financial reward, there is a greater degree of transparency and security which are not always easy to come by, particularly for the uninitiated, in the art market.

1858 Ltd Sharing its Expertise

As ever, 1858 Ltd have been busy. Invited to speak on panels or contribute to market reports, here are some of our most recent thoughts.

Earlier this month, Wealth Insight, and Intelligence Centre Database consisting of the dossiers of over 60,000 HNWI's from around the world and expert analysis of market movements, published a new report titled, 'Luxury Investments: A mix of passion and profit'. Reporting on the increase in art advisors and advisories in the past five years, Wealth Insight states that "the majority of investors do want to invest in third-party art funds and are more inclined to develop their own investment vehicles to maintain transparency and control", as millionaires become "more aware of the need to manage their art investments". Noting the complexity of establishing in-house art advisory services for private banks and family offices, 1858 Ltd is listed as being able to provide expertise and a network of specialists in all its services from art management, auction representation, acquisitions and collection management, divestment and art finance. Whilst many investors are still driven by the heritage and cultural value of artworks, the demand for art finance is also increasing so there has never been a better time to utilise an art advisor's ability to bridge the traditional world of art collecting with the ever-evolving art market of today.

As collectors know, buying art is not just for today, but also for tomorrow. An upcoming seminar, 'Ready for Collection: transacting wisely, protecting and passing on the art you love' is being held in London on 24th October. Lawyers from Collyer Bristow's Art and Culture team, in conjunction with Edward Shipton from 1858 Ltd will be presenting the seminar, discussing collecting and keeping art, identifying valuable works, intellectual property rights and succession planning.

A few weeks later, on 14th November, 1858 Ltd's Harvey Mendelson will travel to Luxembourg to present a seminar in conjunction with Deloitte Luxembourg addressing finance professionals on how 1858 Ltd has been able to successfully integrate art advisory services into a wealth management platform. Using examples of client demands currently faced by 1858 Ltd, Harvey will further explain the trend towards art advisory services and art-secured lending as well as looking at what opportunities will arise as a result of the new Freeport coming to Luxembourg next year.

For any further information about 1858 Ltd, please visit www.1858ltd.com



1858 Ltd Art Advisory

**Buying
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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:
Cropped view of Zeng Fanzhi's 'The Last Supper',
www.jingdaily.com; www.sothebys.com; www.banksynny.com; 'In a Room',
Edouard Vuillard, www.hermitage.nl.

Art Calendar Highlights

FIAC

Grand Palais, Paris

24th – 27th October

www.fiac.com

Asian Art in London

Various Locations, London

31st October – 9th November

www.asianastinlondon.com

The Young Dürer: Drawing the Figure

Courtauld Gallery, London

Until 12th January 2014

www.courtauld.ac.uk

Van Gogh Repetitions

Phillips Collection, Washington DC

Until 26th January 2014

www.phillipscollection.org

Velazquez and the Family of Philip IV

Prado, Madrid

Until 9th February 2014

www.museodelprado.es

Gauguin, Bonnard, Denis: A Russian Taste for

French Art

Hermitage, Amsterdam

Until 28th February 2014

www.hermitage.nl

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