

FINANCIAL TIMES

how to spend it

JUNE 2005



LANGUOR MANAGEMENT
SETTING SUMMER'S AGENDA

CRACKING ART AT THE CUTTING EDGE

Fine art has always been an attractive investment, but recent reports show that it is in cutting-edge contemporary art that the real killings can be made. Yet while the value system continues to be so nebulous, just how risky is it to collect, asks Emma Crichton-Miller. Illustration by Richard Rockwood.

On a typical Saturday Mary-Jane Aladren and her barrister husband Glen Davis set off on a tour of London's galleries. They are not heading south-west for a serene stroll through the National Gallery followed by tea at Tate Modern. Instead, they set off east. Under railway bridges, in disused factories, down dodgy backstreets, everywhere urban grit can claim a hold, they go from one gallery space to another: White Cube, Modern Art, The Approach, Vilma Gold, Fortescue Avenue, Kate MacGarry, perhaps circling round to Marylebone and the older established Lisson Gallery. Hot on the trail of the latest excitement, Aladren and Davis scrutinise the current show, probe the gallerists, swap notes about work seen and artists met, gossip about new galleries and the most recent Art Fair ("Wasn't the Armory [in New York] staid this year?") and set off again. Driven by a passion for what the art brings them and intrigued by emerging new voices, it is not just their hard-earned income that they devote to the cause but much of their leisure, too. They have even remodelled their house to display it.

Aladren and Davis are members of a newly fashionable and very exclusive club – the tiny number of established collectors of brand-new contemporary art in this country. Though not in the league of Charles Saatchi or even of Anita Zabludowicz (who featured in the BBC series *The New Eastenders* about the art market in 2001), they are still near the peak of what is fast becoming a very much expanded pyramid. We are not talking about a casual visit to The Affordable Art Fair, nor even about the celebratory blowing of the annual bonus on a well-known name, but about substantial investment of both time and money in promising artists still at the cutting edge of established taste and of conventional endorsement, where your own personal judgment is critical and market value is anyone's guess. Until recently this was very much a minority sport, left to the odd impassioned entrepreneur. But now it is luring growing numbers of wealthy professionals away from their weekends shooting, fishing, racing or sailing, and inspiring them, as one collector puts it, "to go tramping round the East End".

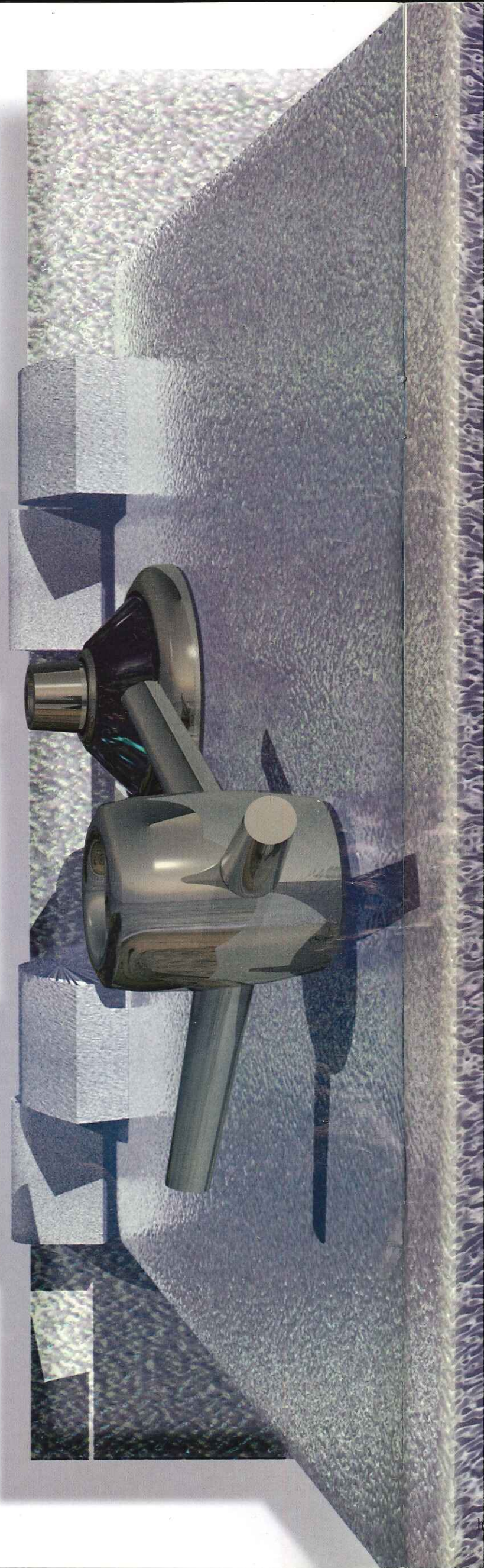
These people are not here just out of cultural curiosity. However wholehearted their commitment to the visual arts, what is drawing them in increasing numbers is the allure of potentially high financial return. For while fine art has always been an attractive investment – over the past 25 years the top two per cent of the fine art market steadily outperformed the FTSE with an annual compound price increase of between eight and 12 per cent – recent annual

reports of Sotheby's and Christie's show that it is above all in contemporary art that the real killings are to made. Since the last serious downturn of the secondary contemporary market – where you deal not with undoubted masterpieces but with more debatable pieces – has seen picture prices increase by a reported 201 per cent. In comparison with a fine car, rapidly depreciating in its garage, or some cases of predictably appreciating Bordeaux, these are exciting returns. It looks pretty splendid when a young artist, Nikola Savic, shown by young curator Flora Fairbairn three years ago, sees his work leap from £3,000 to £24,500 a throw, or when a piece by then emerging London-based Canadian artist Peter Doig is snapped up from his studio for £1,500 in 1992 to be sold again at auction in 2002 for £314,650. One collector I spoke to, who has been collecting steadily since 1994, at around £5,000 a throw, sold two Keith Tyson pieces in 2003 at Christie's and says, "It paid for all the collecting I have ever done."

For Daniella Luxembourg, former co-owner of auction house Phillips de Pury & Luxembourg, the thrill is in seeing her experience of the art market and of individual artists pay off in ways she could not have predicted. As she describes it, old rules that saw seven-year cycles of taste have been overturned, making reading the future of risk but even more lucrative activity: "None of us could have predicted the enormous current surge in value of contemporary art." She deals, advises investors and coinvests with friends through her company Artvest SA. None of them lives with the works of art. While part of the pleasure for her lies in supporting the young artists she believes in, the primary incentive is the excitement of selling to the right person at the right time for the maximum possible price.

It is this volatile market that has made contemporary art the most exhilarating game in town. A key to its appeal is that the field of action is global and *Mistress Fortune* shines on anyone's endeavours with the same wild caprice she reserves for the highest risk-takers. It is highly competitive and, like all trading, has been transformed by the internet, where market information is increasingly as accessible as for any other commodity.

Another vital factor has been the resurgence of London as a centre of the international art market. The second largest art market after New York, London currently accounts for over a quarter of the world's reported \$23.5bn art market, with the domestic contemporary market representing more than £500m of that. The surge of talent and energy that





brought Young British Artists to the world's attention in the 1990s has continued to draw successive generations of young artists to London and with them the collectors, dealers and galleries who make and shape their careers. The auction houses are humming, leading international galleries have opened here, and the Frieze Art Fair, launched in 2003, and the vibrant younger fair, Zoo, have confirmed London's status as the new hub of the international contemporary art market. As the media constantly reminds us, collecting contemporary art has become not just a financial or cultural but the ultimate social aspiration, and the gateway to a glamorous whirl of launches, artists' dinner parties, openings, fairs and fundraisers. Even Judith Greer, a major collector not given to hyperbole, is emphatic: "It's not a grey little world, it's a really groovy world."

All this activity reaches its apogee in June with the Venice Biennale, followed swiftly by the world's biggest contemporary art fair, Art Basel, and then by Art Fortnight London. Now in its second year, the first week of Art Fortnight London will be dedicated to modern and contemporary art, and foreign VIPs are expected in droves. Alongside them, however, will be the growing cohort of home-grown enthusiasts, British buyers leaving the safe shores of the Impressionists for work that, while it may speak provocatively to their own generation, may also win them a fortune.

The key to success is information and access. As Arthur Duncan, based in Munich and a veteran leader of international tours for contemporary art collectors, explains, "Access is the new luxury." For people tempted to buy contemporary art, money may be no object but in a worldwide welter of too much information, access to artists and to reliable critical guidance can be far harder to achieve. In response, patrons' groups of the major public and private galleries – Tate Patrons, for instance, or the RA's new Contemporary Patrons Group – organise tours of studios and expert briefings as major incentives for their key financial supporters. Commercial galleries are also falling over themselves to offer friendly advice. The Contemporary Art Society has a new venture, Blood, that eases aspiring collectors into their new role with practical lectures from curators, market specialists, dealers and the artists themselves.

Still, some people warn that today the contemporary market is overheated. Will Bennett, a renowned art market



Above: Eva Rothschild installations at Modern Art gallery. Below left: East End grit on Fortescue Avenue. Below right: Kate MacGarry Gallery.

taste and developing your instinct for a winner are two different things, both requiring time and effort. Away from auctions, in the wild hinterlands of the primary market – before an artist or a work of art has even been sold – you are very much on your own.

And it is here that most serious collectors of cutting-edge art like to operate. There are attractive current auction sales figures, however a whole patchwork of other motives that drive them out on a regular basis – even Charles Saatchi himself – to canvas the newest arrivals. Moreover, by the time their favourites start to attract big money the collecting bug has usually bitten too deep for them to relinquish their prizes easily. Among the 700 or so serious collectors who are members of the Contemporary Art Society, Gill Hedley, its director, reports that none has ever talked to her about the investment potential of their choices. "Surely the thing to do is to earn your money elsewhere and then use it to buy art."

For Greer, collecting began when she moved to Japan in the early 1980s to work in a contemporary art gallery. "There was a specific thing going on in Tokyo at that time

my collection. It is partly about what that artist will bring to all the other voices." While she has her own predilection for figurative work and strong technique, like all contemporary collectors she does a lot of research. Consensus does hover there, on a distant horizon, at the end of months of reading, of travel and of conversations with collectors, dealers, critics and museum curators. "It's a full-time job for me." Rather than buy work straight from art school, Napoleone waits until an artist has a first or even second show. Even so, occasionally artists she loves do not develop or their place in the overall pattern of her collection shifts, but still she does not sell: "It is not in your or the artists' best interests to buy for investment. Artists need serious collectors who will buy over a lifetime. And once you get to know artists in this way, you are in closer touch with the spirit of your time."

So addictive can collecting become that it is very tempting to make it the whole of your life. Mary-Jane Aladren explains: "You start slowly, cautiously, but then it becomes an all-absorbing intellectual pursuit." For a while Aladren even ran a gallery, assuming all her friends would find her passion for works on paper as irresistible as she did. Now she and her husband collect together for themselves alone but her contacts within the art world have kept them on the inside loop. She also admits that while

they both have a passion for acquisition, they value above all their relationships with the artists "When you buy artists young you're like a theatre angel, putting money in at a crucial stage. And of course it is very exciting when they start to be successful and very impressive when the art world machine clicks in. But you never know who is going to be the next new thing." She and her husband have always been guided simply by what excites them – "seeing something you have never seen before or done in a way you have never seen done before" – and yet now they recognise common qualities that bind the collection together. They live with them all – the videos, installations, sculptures and works on paper, the paintings and the collages – displayed on every surface, on every wall, up staircases, in the loos and the bathrooms. Because every piece mattered to them when they bought it,

Many excitable new collectors "want to be seen buying what everyone else has bought. A lot of them will come a cropper."

and the art I bought was always a reflection of that and was often a window onto what was about to happen." With her banker husband, she collected a wide range of work but it has "always been about our conversations with artists. Almost everything we have has a story behind it. I am not interested in buying a piece by a well-known artist we've never met." Since moving to London in 1993 they have continued to collect whatever

because it had strength or beauty and something that appealed to them especially, so they have never sold.

But these collectors are still in the heady middle years of their collecting. Experts agree that you need to hold your works for 10, if not 20 or 30 years, really to see a return. Discreetly, everyone has their eyes on the claspometer. If your artist becomes famous, you not only bask in the confirmation of your good judgment, but can stop worrying about the pension. As the wheel of fashion turns, these collectors too, like Charles Saatchi, may one day cash in or donate – only perhaps to start the whole intoxicating dialogue again. ♦

COLLECT CALLS

The Affordable Art Fair, 020-7371 8787; www.affordableartfair.com.
Art Fortnight London, June 20-July 4, 020-7839; www.artfortnightlondon.com.
Frieze Art Fair, www.friezeartfair.com.
Zoo Art Fair, 164 Fernhead Rd, London W9 (www.zooartfair.com).
The Approach, 47 Approach Rd, London E2 (020-8983 3878).
Artvest SA, dluxembourg@luxembourg-art.com.
Arthur Duncan, 004917-0533 0839.
Blood, cas@contempart.org.uk.
Christie's South Kensington, 85 Old Brompton Rd, London SW7 (020-7930 6074).
Contemporary Art Society, 020-7612 0730; www.contempart.org.uk.
Flora Fairbairn, flora.fairbairn@zoom.co.uk.
Fortescue Avenue, 33 Fortescue Ave, London E8 (020-8525 3936; www.fortescueavenue.com).
Kate MacGarry, 95-97 Redchurch St, London E2 (020-7613 3909).
Lisson Gallery, 52-54 Bell St, London NW1 (020-7535 7350; www.lissongallery.com).
Modern Art, 10 Vyner St, London E2 (020-8980 7742; www.modernartinc.com).
RA Contemporary Patrons Group, 020-7300 5885; www.royalacademy.org.uk.
Sotheby's, 34-35 New Bond St, London W1 (020-7293 5000; www.sothebys.com).
Tate Patrons, 020-7887 8743; www.tate.org.uk.
Vilma Gold, 25B Vyner Rd, London E2 (020-8981 3344).
White Cube, 48 Hoxton Sq, London N1 (020-7930 5373; www.whitecube.com).



analyst, cautions that too many excitable new collectors, flushed with buying fever at an auction or art fair "buy like sheep. They want to be seen to be buying what everyone else has bought. Some day an awful lot of them will come a cropper." For, however thrilling it may seem to be the one to catch the next Damien Hirst just hatched from art school, it is an incredibly difficult thing to do. Not simply because there are very few Hirsts and an awful lot of young artists, but also because challenging contemporary art is a fickle commodity. As art critic Louisa Buck put it in her incisive essay for the Arts Council, *Market Matters*, "The art market cannot be compared to any other market for luxury goods. Its value systems are nebulous, complex and fragile." Why one piece of art is valued over another has almost nothing to do with what it is made of nor even the skill of its construction and even establishing at any given time what counts as a work of art can in itself be an entertaining party game. One turn of the tide of taste and your hot property can end up entirely worthless. Meanwhile, developing your own

has had the most to say to them about the contemporary moment – Damien Hirst, Sarah Lucas, Tracey Emin, Gavin Turk, younger artists – constrained only by the practical consideration of wanting to display all the art in a house that is also a family home. It is partly for this reason that Greer has never sold anything: "Sometimes I think I should but if you buy things and they rise in value, that is because they're good and that is why you liked them in the first place, so why sell?"

The rewards are not just arresting interior decoration and undoubted cultural kudos but the feeling also that you are taking part in some kind of creative dialogue with your own times. As one collector, Valeria Napoleone, expressed it, "For me, it is not so much about the art, about accumulating pieces, it is about opening your world to new ideas." Napoleone made a very early decision to collect work only by female artists: "It is a way to get in touch with women. The artists can work in any medium and be from any country, any culture but I also choose artists who will fit in