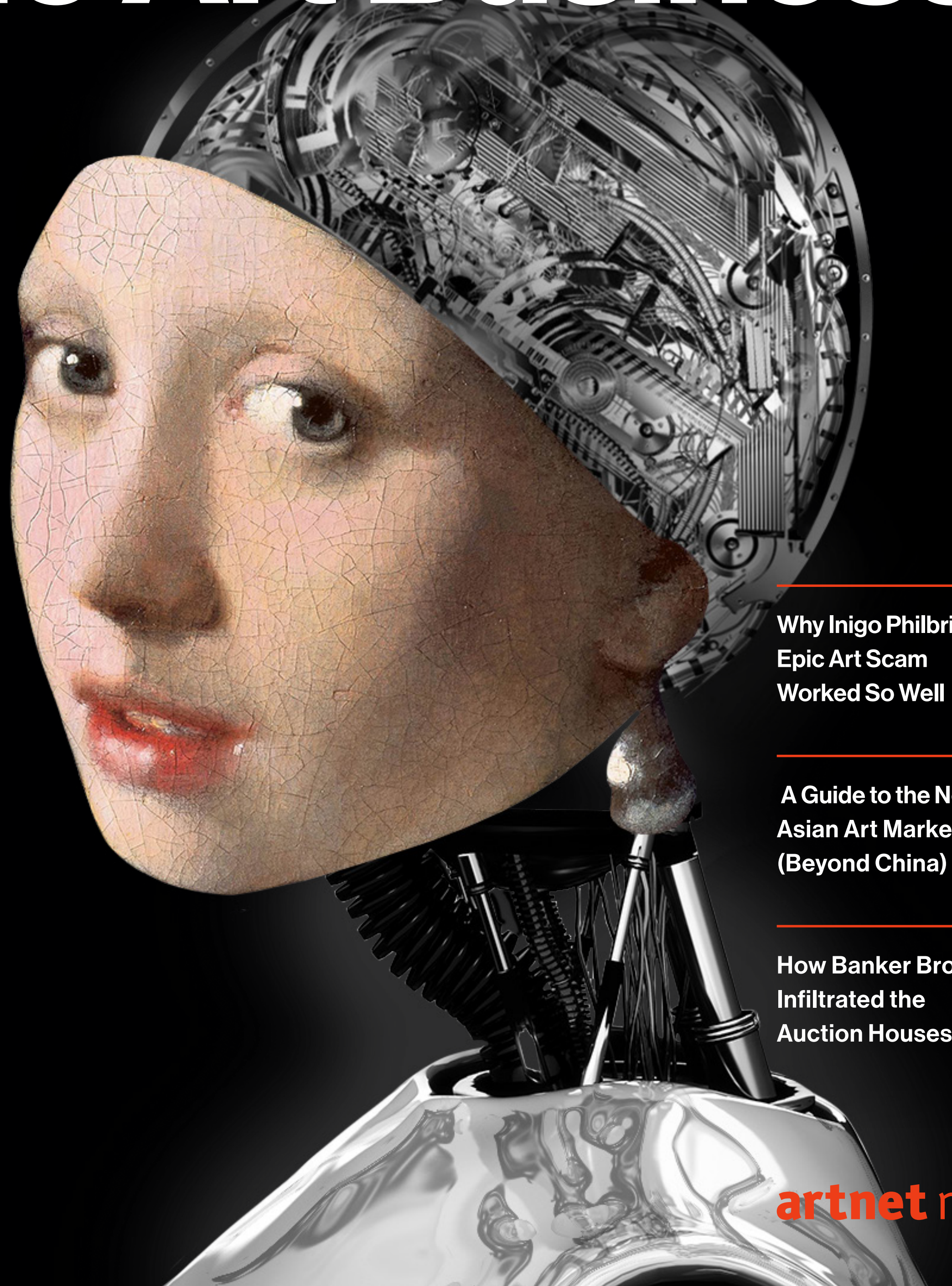
Intelligence Report

Will A.I. Remake the Art Business?



Why Inigo Philbrick's Epic Art Scam Worked So Well

A Guide to the New Asian Art Market (Beyond China)

How Banker Bros Infiltrated the Auction Houses

artnet news

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Editors’ Letter

In the art business, perhaps more than in almost any other industry, information is power—and when it comes to the value of artworks, good information is especially hard to come by. An oft-repeated legend has it that Larry Gagosian rose to prominence in part by securing invitations to collectors’ homes, memorizing the trophies on display, and using that knowledge to generate third-party offers high enough to literally sell the artworks off their walls.

So it’s not entirely surprising that many of the stories in this issue investigate how data—a lack of it, an abundance of it, or a new, high-tech version of it—has the potential to shake the art market’s very foundation.

To examine the dark side of information asymmetry, we spelunk into the murky story of Inigo Philbrick, a former wunderkind dealmaker who capitalized on the market’s opacity—specifically the fact that buyers and sellers typically have no idea who is on the opposite end of a deal—to allegedly swindle his clients to the tune of tens of millions of dollars.

We also explore how artificial intelligence could rewire the art market as a much more transparent, highly efficient industry—but only, perhaps, if the parties who have historically hoarded information are willing to share it for the good of the whole.

In these pages, you’ll also find an eye-opening account of how professionals with a very specialized knowledge of one industry—banking—are trying to break down the traditional walls of the art world. Plus, we have a primer on three dynamic art-market hubs in Asia that deserve a closer look, particularly as China and, yes, Hong Kong are becoming less hospitable to Western business.

And, as always, you’ll get an insight-packed account of the biggest moments in the art industry over the past year, with unparalleled data, as well as analysis to explain what it all means. Because, as anyone active in the art world knows, you are only as good as your most up-to-date information—and the times they are a changin’.

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Marketplace

The biggest takeaways from the market's performance in 2019—and insider tips on how to get ahead

By the Numbers

Last Year Was Kind of a Bust. 2020 Could Be a Lot Better.

The art market is ready for a shot in the arm after 2019, which proved a shaky year at auction. Total fine-art sales dipped 11 percent, a decline driven in large part by a contraction in the art market's uppermost echelon. Sales of works priced over $10 million dropped a stunning 35 percent year-over-year. "Clearly, 2019 was not a great year," said Michael Plummer, the cofounder of art advisory firm Artvest Partners.

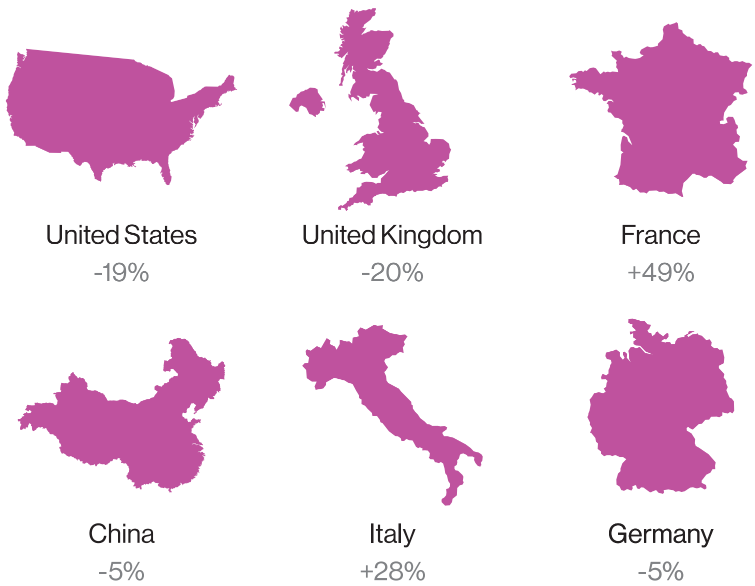
The "why" mostly comes down to supply. With no major estates or collections coming to the block—and certainly nothing on the order of the Rockefeller estate, which alone generated more than $800 million in 2018—houses had to track down material piece by piece in a market that wasn't particularly in the mood to bet big or spend conspicuously.

It did not help that the US tax code eliminated the beloved 1031 exchange tax loophole back in 2018, making it less appealing (and more expensive) for collector-investors to buy high-priced art. Furthermore, widespread geopolitical uncertainty—from Brexit to the US-China trade war—led to a deceleration of global economic growth.

The future looks somewhat less bleak. Experts say 2020 is poised to bring at least a modest upturn in the global auction market. Art collections estimated to be worth north of $700 million are anticipated to hit the block this year, including those assembled by divorcing real-estate titans Harry and Linda Macklowe and the late cable-television mogul Ginny Williams. News that the late financier Donald Marron's holdings would be sold privately through an unprecedented partnership between Gagosian, Acquavella, and Pace was undoubtedly a blow to auction houses' expectations. Still, "there's a lot of dry powder heading into next season," said Evan Beard, the head of art services at US Trust.

The world's three largest fine-art markets—the US, China, and the UK—all took a tumble this year. The UK had the steepest drop, at 20 percent—but the US was not far behind.

Over the past several years, "it seems like the major worries people had about the fate of the UK market when Brexit was announced did not materialize," said Olav Velthuis, a professor at the University of Amsterdam. Meanwhile, the most improved market, by far, was France, which saw total sales rise 49 percent.



$42,439

The average price of a work of fine art sold at auction last year, down a hair-raising 26 percent from 2018. What's going on? For the first time in years, the number of lots offered went up while the cumulative value of total sales dropped. There simply weren't enough high-priced outliers to drive up the average price.

"YOU HAD A FAIRLY DECENT YEAR IN THE BOTTOM PRICE RANGES—AND A VERY CHALLENGING YEAR FOR THE $1 MILLION-PLUS MARKET."

Benjamin Mandel, global strategist,
J.P. Morgan Asset Management

AUCTION DEBUT

1,606

The number of artists who were first-timers at auction at Sotheby's, Christie's, and Phillips in 2019. Now for the reality check: 29 percent of their works failed to sell the first time out.

$4.2 billion

The total amount of money spent on postwar and contemporary art at auction in 2019, down 3.4 percent from the year before. For comparison, the luxury conglomerate LVMH sold $5.4 billion worth of perfumes and cosmetics in the first half of 2019 alone.

$17.8 billion

The total amount of money spent on fine art, design, and decorative art at auction last year—8.3 percent less than in 2018.

7

The number of women on the list of the 100 top-selling artists at auction in 2019—more than in previous years but, let's be honest, still wildly low. They were, in order: Yayoi Kusama (23rd place in the top 100), Joan Mitchell (37), Claude Lalanne (42), Louise Bourgeois (49), Cecily Brown (92), Tamara de Lempicka (96), and Lee Krasner (99).

65.7%

≈

The global sell-through rate for fine art, or the percentage of works at auction that found buyers in 2019. Some see this figure as the only reliable way to gauge the health of the demand side of the market. And it has remained relatively consistent—between 64 percent and 68 percent—since 2013.

$100.5 million

The difference in the total fine-art sales achieved by Christie's ($3.9 billion) and Sotheby's ($3.8 billion) in 2019—the smallest gap between the two major auction houses in years.

What I Buy & Why

Top collectors share their strategies (and obsessions)

Kenneth Montague

by Tim Schneider and Nate Freeman

Founder, Word of Mouth Dentistry

Founder, Wedge Curatorial Projects

Toronto

What was your first acquisition?
Couple in Raccoon Coats (1932) by James Van Der Zee, a Harlem Renaissance photographer. As a 10-year-old, I saw it at the Detroit Institute of Arts, and it burned in my brain. I'd never seen anything like it.

What was your most recent acquisition?
Tyler Mitchell's *Untitled (Hijab Couture)* (2019), which is the cover image from Antwaun Sargent's book *The New Black Vanguard.*

What is the most expensive work of art that you own?
Probably Barkley Hendricks's *Blood (Donald Formey)* (1975), which is in [the traveling exhibition] "Soul of a Nation: Art in the Age of Black Power." It put my collection on the map.

Where do you buy art most frequently?
From the artists themselves or from galleries, but always after seeing the work at shows, biennials, or fairs. I have spontaneous interest, but I do research. I try to get the best work, and that's not always the one that's left on day two of Art Basel Miami Beach.

What work do you have hanging above your sofa?
Alexander Calder's *Our Unfinished Revolution* (1975–76), a set of 10 color lithographs. It was a gift from my aunt Edith Tiger. She commissioned it from Calder as a celebration of the 25th anniversary of her [activist group] the National Emergency Civil Liberties Committee. She sent it to my dental office [late in her life] with a note that said, "Here's something special for you. Now start collecting art!"

What artworks do you have in your dental office?
The two most prominently displayed are a Kehinde Wiley and a set of prints from the 1980s by Jamel Shabazz in the waiting room. No one asked about the Kehinde for years. Now after the Obama portrait, not a day goes by that someone doesn't come in and ask, "Hey, is that [painting] by the same guy?"

What work do you wish you had bought when you had the chance?
Of the many [artists] I love and missed before the prices went wild, Toyin Ojih Odutola is the one that still stings.

Dr. Kenneth Montague with Barkley Hendricks's *Blood (Donald Formey)* (1975). From top: Kehinde Wiley, *Portrait of Doctor Samuel Johnson* (2009); Tyler Mitchell, *Untitled (Hijab Couture)* (2019)

Carlos and Rosa de la Cruz

Cofounders, the de la Cruz Collection, Miami

Key Biscayne

What was your first acquisition?
Star Gazer (1956) by Rufino Tamayo, in 1988. Our collection changed direction in 1992 when we acquired the work of Félix González-Torres. From then on, we've collected contemporary art.

What was your most recent acquisition?
Four large-scale paintings by Glenn Ligon and a neon from his series inspired by the poems and unfinished films of Pier Paolo Pasolini. We also acquired work by Jennifer Guidi and *Picture 4* (2018) by Nate Lowman, from a series of paintings based on crime scene photos of the October 1, 2017, mass shooting in Las Vegas. Another recent acquisition: two paintings by Haiti-born, Miami-based artist Tomm El-Saieh.

Which artists are you hoping to add to your collection this year?
We are looking at a younger generation of figurative artists whose work engages with contemporary social realities and movements such as Black Lives Matter and women's empowerment.

What is the most expensive work of art that you own?
The value of art is subjective.

Where do you buy art most frequently?
We have always built strong relationships with the artists we collect and the galleries who represent them. Additionally, we have been supporters of Art Basel and Frieze.

What work do you have hanging above your sofa?
We do not place furniture against our walls. Carlos and I have always lived with art in a way that for some may seem unconventional and do not consider artworks decorative objects.

What artwork, if any, do you have in your bathroom?
We don't place art in the bathroom.

What is the most impractical work of art you own? What makes it so challenging?
Félix González-Torres's *(Untitled) Portrait of Dad* (1991) is a pile of candy placed on the floor. We have to make sure that the candy is always fresh!

What work do you wish you had bought when you had the chance?
One of Félix González-Torres's curtains.

If you could steal one work of art without getting caught, what would it be?
One of Félix González-Torres's curtains!

We are looking at a younger generation of figurative artists whose work engages with contemporary social realities.

Carlos and Rosa de la Cruz with Glenn Ligon's *Debris Field (Red)* #3 (2018). Below, from left: Glenn Ligon, *Notes for a Poem on the Third World (chapter two)* (2019); Tomm El-Saieh, *Fruit Body* (2019)

Pamela Joyner

Founding partner, Avid Partners

Board member, Art Institute of Chicago and the J. Paul Getty Trust

San Francisco

What was your first acquisition?
In the 1990s, I purchased *Supermarket Flora* by Jacob Lawrence.

What was your most recent acquisition?
A 1980s painting by Mary Lovelace O'Neal.

Which artists are you hoping to add to your collection this year?
I am working on acquiring pieces by a range of artists from different generations, including Michael Armitage, Jordan Casteel, Jadé Fadojutimi, Lauren Halsey, Suzanne Jackson, Nathaniel Mary Quinn, and Kara Walker.

What is the most expensive work of art that you own?
There is often a difference between value and cost. I attach the greatest value to works that remind me most of my personal relationship with the artist. Kevin Beasley, Shinique Smith, and Leonardo Drew created commissions based in part on our relationship. I own a painting Mark Bradford nicknamed "The Pamela Painting" because I fell so in love with the work. My life is enhanced by these relationships in a way that is priceless.

Where do you buy art most frequently?
My buying is keenly artist-focused. I have to gravitate toward where the work is. This could be any city, gallery, auction house, or private collection.

Is there a work you regret purchasing? If so, why?
I am a planner. As a result, I have considered the attributes of most works long before I actually add a particular artist or object to the collection. That process leaves me with no regrets.

What work do you have hanging above your sofa?
We hang our home densely as part of our mission to have work created by artists of color, particularly those who have been arbitrarily overlooked, available to be viewed. All the sofas float in the center of the rooms. The one exception is a sofa over which a photograph by Isaac Julien hangs.

What artwork, if any, do you have in your bathroom?
We hang works on paper in powder rooms because there is good light and moisture control. The current installation includes drawings by Moshekwa Langa, Julie Mehretu, and Richard Mayhew.

What is the most impractical work of art you own? What makes it so challenging?
A Drexcyen Chronocommons by Firelei Báez. It is an installation containing massive amounts of tarp and live plants. It took the artist and four art handlers a week to install.

What work do you wish you had bought when you had the chance?
A large Julie Mehretu painting in 2001 or 2002.

If you could steal one work of art without getting caught, what would it be?
I was completely captivated by Martin Puryear's elegant US Pavilion at the 2019 Venice Biennale. My favorite work was *A Column for Sally Hemings*.

Pamela Joyner at Fort Mason Pavilion in San Francisco. From top: Installation view and detail, Firelei Báez, *A Drexcyen Chronocommons (To win the war you fought it sideways)* (2019); Mary Lovelace O'Neal, *Tillie, Lassie, and the Don* (ca. 1998)

Kamiar Maleki

Director, Volta and Pulse Art Fairs

London

What was your first acquisition?
Technically, a piece by Japanese photographer Tomoaki Makino from the now-defunct Museum 52, in London. But what I'd consider my first serious piece was a Ged Quinn painting, *The Wintry Wind of the Bone*, which I bought for under £8,000.

What was your most recent acquisition?
A painting by a young Iranian artist called Amir Khojasteh, from a group show at Gazelli Art House.

Which works or artists are you hoping to add to your collection this year?
I don't have a specific list, but some of my favorite artists right now are Sanam Khatibi, Cassi Namoda, Louise Bonnet, Robin F. Williams, and Genesis Belanger.

What is the most expensive work of art that you own?
I don't value art by its price. My favorite pieces are from Ida Ekblad, Neil Beloufa, Dean Levin, and Melike Kara.

Where do you buy art most frequently?
From art fairs, galleries, and degree shows.

Is there a work you regret purchasing? If so, why?
One never regrets any purchase. I always buy art that I love. There are a few that I regret not purchasing!

What work do you have hanging above your sofa?
A Paul Kneale inkjet on canvas [in the living room], and in the bedroom above the sofa, I have a Parker Ito and a Kour Pour.

Kamiar Maleki in New York. From top: Amir Khojasteh, *The Painter* (2018); Paul Kneale, *Various Magics* (2015)

What artwork, if any, do you have in your bathroom?

Sadly, I don't have any artwork in the bathroom. My parents, on the other hand, have plenty of art hanging in their bathrooms.

What is the most impractical work of art you own? What makes it so challenging?

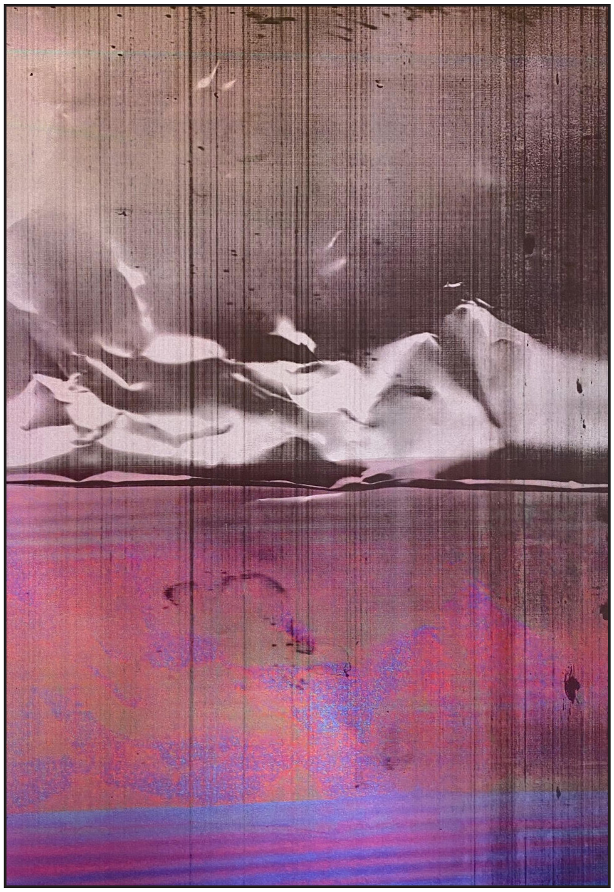
A Prem Sahib football that is made out of resin. While I love it, my son keeps trying to play football with it!

What work do you wish you had bought when you had the chance?

A Lucas Arruda I saw in Mendes Wood DM's booth at Art Basel Hong Kong around six years ago. It was one of the few big pieces he's made, and it was stunning. To this day, I regret not pushing harder to buy it.

If you could steal one work of art without getting caught, what would it be?

The Fighting Temeraire, Tugged to Her Last Berth to Be Broken Up (1839) by J.M.W. Turner.

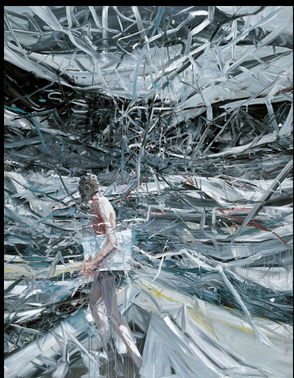


The Best-Seller Lists
Ultra-Contemporary

The top 10 lots in each major category—at a glance

This list—which encompasses artists born after 1974—shows that the demand for work by a handful of young painters is strong, even if some of their markets are propped up by a small coterie of dedicated buyers. Yes, this category's best-sellers are largely brightly hued paintings with figurative elements. But they have another thing in common, too: the work is tightly controlled by the artists' galleries, limiting supply on the private market and driving prices up at auction.

	Artist	Life	Title	Date	Sale Price
1	Adrian Ghenie	b. 1977	*Duchamp's Funeral I*	2009	$5,648,357
2	Jonas Wood	b. 1977	*Japanese Garden 3*	2019	$4,928,500
3	Adrian Ghenie	b. 1977	*The Collector 4*	2009	$3,486,193
4	Jonas Wood	b. 1977	*M.S.F. Fish Pot #5*	2015	$3,375,000
5	Dana Schutz	b. 1976	*Civil Planning*	2004	$2,420,000
6	Jia Aili	b. 1979	*The Wasteland*	2007	$2,309,182
7	Adrian Ghenie	b. 1977	*Babe in the Woods*	2008	$2,295,000
8	Eddie Martinez	b. 1977	*High Flying Bird*	2014	$2,009,610
9	Jonas Wood	b. 1977	*Diet 7Up Frimkess Pot*	2016	$1,998,537
10	Hao Liang	b. 1983	*An Anecdote From the Grove*	2011	$1,933,220



Dana Schutz
Civil Planning

Schutz's market "feels the way I would like a midcareer artist's market to feel," says the art advisor Todd Levin. This oversize dreamscape—consigned by the estate of management consultant David Teiger—set a new record for the artist. (On the primary market, her canvases sell for around $400,000.) Of her 14 paintings to hit the block last year, 10 outperformed their estimates, three sold within expectations, and one fell short.

Clockwise from top left: Dana Schutz, *Civil Planning* (2004); Eddie Martinez, *High Flying Bird* (2014); Jia Aili, *The Wasteland* (2007)

Jia Aili
The Wasteland

Jia's paintings—which often depict the aftermath of some unknown apocalyptic tragedy—do not come to auction all that often. When they do, results vary widely. In the past year, four have hit the block, of which two exceeded the $1 million mark and one failed to sell. One of the youngest artists on Gagosian's roster, Jia has generated high expectations for future market growth.

Eddie Martinez
High Flying Bird

The Brooklyn-based painter has had a stunning year at auction: of his 78 auction results to date, the top 20 all occurred in 2019. Even more notably, 12 of those were realized in China. In the span of around three years, Martinez has somewhat improbably become one of the most sought-after painters in Asia, and was recently the subject of a major exhibition at the Yuz Museum in Shanghai. On the primary market, Martinez's paintings sell for up to $350,000.

Jonas Wood
M.S.F. Fish Pot #5

A whopping 124 lots by Wood came to auction in 2019 (around five times more than many of the top artists in this category). Three-quarters of them sold. Wood's most sought-after works are his still lifes and interiors, particularly those, like *M.S.F. Fish Pot #5*, that include ceramics made by his wife, Shio Kusaka.

Contemporary

Sources say hedge-fund billionaire Steve Cohen beat out underbidder Mitchell Rales to take home Jeff Koons's *Rabbit* (1986).

The list of top works in the contemporary sector—which covers artists born between 1945 and 1974—is as notable for what is absent as what is present. There is nothing, for example, by Rudolf Stingel, a former evening-sale mainstay who had a lousy year, with total sales dropping almost 41 percent (and a 19 percent drop in the number of works offered). By contrast, robust bidding in Asia boosted KAWS and Yoshitomo Nara to new heights, signaling a recalibration of the contemporary-art market eastward.

	Artist	Life	Title	Date	Sale Price
1	Jeff Koons	b. 1955	*Rabbit*	1986	$91,075,000
2	Yoshitomo Nara	b. 1959	*Knife Behind Back*	2000	$24,962,180
3	Kerry James Marshall	b. 1955	*Vignette 19*	2014	$18,488,000
4	Jean-Michel Basquiat	1960–88	*The Ring*	1981	$15,035,000
5	KAWS	b. 1974	*The KAWS Album*	2005	$14,773,492
6	Christopher Wool	b. 1955	*Untitled*	1990	$14,000,000
7	Banksy	b. 1974	*Devolved Parliament*	2009	$12,243,772
7	Jean-Michel Basquiat	1960–88	*Pyro*	1984	$12,243,772
9	Yoshitomo Nara	b. 1959	*Can't Wait 'til the Night Comes*	2012	$11,869,161
10	Jean-Michel Basquiat	1960–88	*Apex*	1986	$10,812,024

Jean-Michel Basquiat
The Ring

This painting of a boxer was sold back in 1999 for $442,500 and again in 2012 for $7.6 million. Over the seven years between then and last November, when it hammered at Phillips, the price nearly doubled. Part of that rise is due to a growing appreciation of the work Basquiat made before and after 1982, historically the date of his most sought-after pictures.

Yoshitomo Nara
Knife Behind Back

Ahead of a touring retrospective at the Los Angeles County Museum of Art this spring, Nara had a breakthrough year, with total auction sales rising more than 170 percent. A significant portion of that increase was due to this picture, which smashed the artist's previous auction record by a factor of five. "Some liken him to a Banksy or KAWS, but I think there's real depth to that market, particularly in China," one dealer said. "I don't think it's going to be short-lived."

Christopher Wool
Untitled

Like Stingel, Wool didn't have a great year. His total sales dropped by a third year-over-year, even though a similar number of his works came to auction. Still, experts say this painting fetched a solid price, in part because of its luminous surface and particularly coveted date. (That year, 1990, also saw the creation of his iconic early text paintings that read FOOL and, more politically, RIOT.)

Banksy
Devolved Parliament

As many as 10 bidders competed to win this painting of Britain's House of Commons overrun with chimpanzees. It easily shattered its $2.5 million high estimate (which was relatively conservative, considering Banksys have sold for $3 million privately) to set a new auction record for the anonymous street artist.

From left: Jean-Michel Basquiat, *The Ring* (1981); Yoshitomo Nara, *Knife Behind Back* (2000)

Postwar

Ed Ruscha, *Hurting the Word Radio #2* (1964)

The top of the art market is governed more by supply than demand, with the best works that become available getting the headline-grabbing prices. Last year, the cream of the crop was in the postwar sector (which comprises artists born between 1911 and 1944). Art made in the 1960s accounted for five of the 10 most expensive works sold at auction in 2019. "New money is more interested in 20th century art and less in the late 19th century," said the dealer Daniella Luxembourg.

	Artist	Life	Title	Date	Sale Price
1	Robert Rauschenberg	1925–2008	*Buffalo II*	1964	$88,805,000
2	Andy Warhol	1928–87	*Double Elvis [Ferus Type]*	1963	$53,000,000
3	Ed Ruscha	b. 1937	*Hurting the Word Radio #2*	1964	$52,485,000
4	David Hockney	b. 1937	*Henry Geldzahler and Christopher Scott*	1969	$49,521,696
5	Louise Bourgeois	1911–2010	*Spider*	1996	$32,055,000
6	Roy Lichtenstein	1923–97	*Kiss III*	1962	$31,135,000
7	David Hockney	b. 1937	*Sur la Terrasse*	1971	$29,501,250
8	Frank Stella	b. 1936	*Point of Pines*	1959	$28,082,500
9	Zao Wou-Ki	1920–2013	*Triptyque*	1987–88	$22,677,759
10	Nicolas de Staël	1914–55	*Parc des Princes (Les Grands Footballeurs)*	1952	$22,254,367

Ed Ruscha
Hurting the Word Radio #2
Excitement rippled through the art world in February when art dealer Josh Baer reported that the buyer of the work (on the opposite page) at Christie's last November was none other than Amazon founder Jeff Bezos, the richest man in the world. Although he isn't known as a serious art collector, Bezos reportedly picked up this treasure, as well as Kerry James Marshall's *Vignette 19* (2014), for which he paid $18.5 million at Sotheby's.

Louise Bourgeois
Spider
The art market usually prefers the conventionally attractive over the creepy—but not in the case of Louise Bourgeois. Nine of her top 10 auction results (including this one, a record) are for bronze spider sculptures. "For people building their own sculpture parks, it's a critical requirement," one dealer said. "This is the going rate for one of that scale."

Nicolas de Staël
Parc des Princes
This monumental painting, named after the football stadium where the artist watched France play Sweden in 1952, almost doubled de Staël's previous auction record, which was set in 2018. It was sold by the family of the artist.

Robert Rauschenberg
Buffalo II
This painting came from the estate of the late Chicago collectors Robert and Beatrice Mayer. Although rumors circulated that Walmart heiress Alice Walton was the buyer, our sources deny it. (Walton's representatives did not respond to a request for comment.)

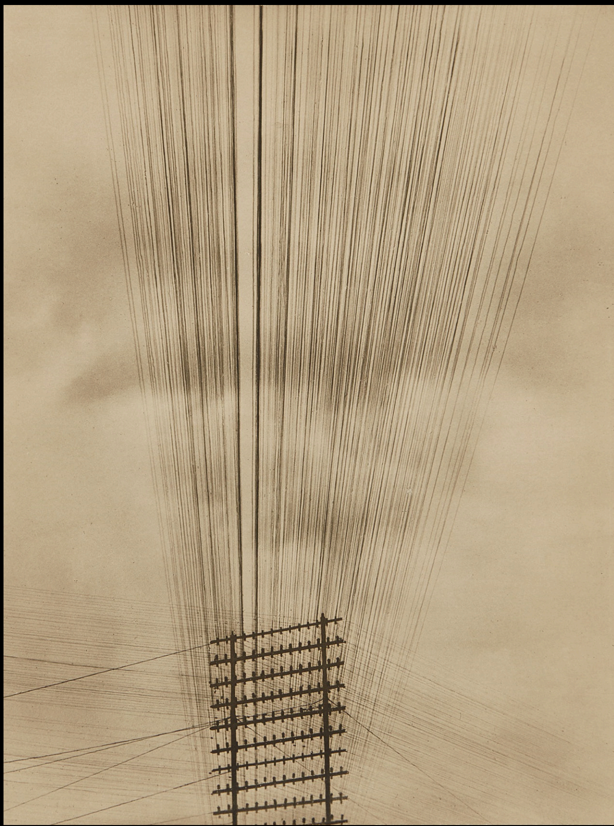
Clockwise from left: Louise Bourgeois, *Spider* (1996); Nicolas de Staël, *Parc des Princes (Les Grands Footballeurs)* (1952); Robert Rauschenberg, *Buffalo II* (1964)

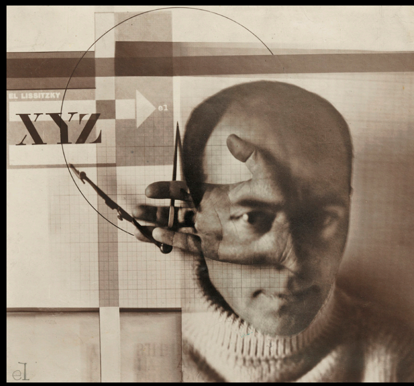
Photographs

Edward Weston, *Circus Tent* (1924)

"There are real opportunities in the market if you are willing to be brave," said the art advisor Todd Levin. One of those opportunities, he believes, is in photography. "For the $2 million that someone paid for an Eddie Martinez painting, you can put together a great photography collection." In 2019, only four photographs cracked $1 million at auction—a far cry from price levels seven years ago, when works by the likes of Andreas Gursky regularly exceeded $2 million.

	Artist	Life	Title	Date	Sale Price
1	Helmut Newton	1920–2004	*Sie Kommen, Paris (Dressed and Naked)*	1981	$1,820,000
2	El Lissitzky	1890–1941	*Self-Portrait ('The Constructor')*	1924	$1,245,562
3	August Sander	1876–1964	*Portraits From "People of the 20th Century"*	1912–32	$1,044,119
4	Gilbert & George	b. 1943 & 1942	*Bugger*	1977	$1,008,244
5	Cindy Sherman	b. 1954	*Untitled Film Still #21*	1978	$808,147
6	Edward Weston	1886–1958	*Circus Tent*	1924	$788,000
7	Tina Modotti	1896–1942	*Telephone Wires, Mexico*	1925	$692,000
8	Edward Weston	1886–1958	*Shell (Nautilus)*	1928	$677,515
9	Andreas Gursky	b. 1955	*May Day V*	2006	$648,500
10	Richard Avedon	1923–2004	*Dovima With Elephants, Evening Dress by Dior, Cirque d'Hiver, Paris 1955*	1955	$615,000





Tina Modotti
Telephone Wires, Mexico
This ravishingly austere photograph, sold by Esprit and North Face cofounder Susie Tompkins Buell, nearly doubled its high estimate and set a new auction record for the Italian-born actress and photographer. Modotti created the work during a formative three-year stint in Mexico City with her lover, photographer Edward Weston.

El Lissitzky
Self-Portrait (‘The Constructor’)
This oversize print was sold by the family of Ernst and Käte Steinitz, celebrated patrons of the avant-garde art scene in Germany. Lissitzky gave them the work as a thank-you gift after he contracted tuberculosis in 1923 and Ernst, an internist, secured him a hospital bed.

Cindy Sherman
Untitled Film Still #21
Sherman’s auction performance was uneven last year. Of the 14 film stills to hit the auction block, five went unsold, while another edition of this same work sold in the summer of 2018 for $1.3 million—considerably more than this one made.

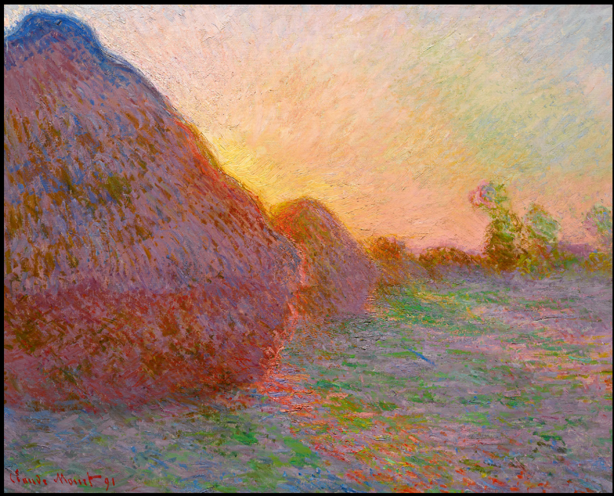
Clockwise from left: Tina Modotti, *Telephone Wires, Mexico* (1925); El Lissitzky, *Self-Portrait (‘The Constructor’)* (1924); Cindy Sherman, *Untitled Film Still #21* (1978)

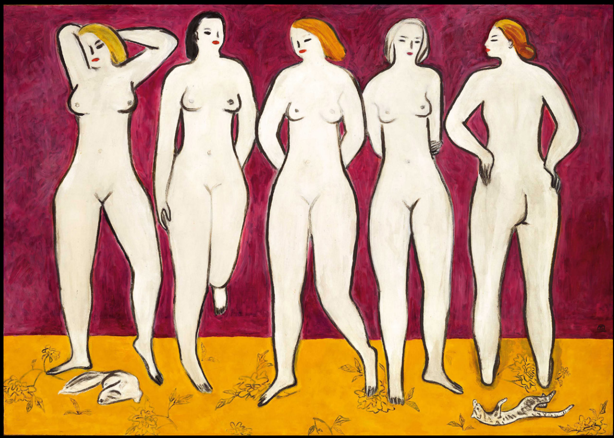
Impressionist & Modern

Mark Rothko's *Untitled* (1960) was sold by the San Francisco Museum of Modern Art, which plans to use the proceeds to diversify its collection.

"The big status symbol used to be owning the work of a dead French Impressionist," said Evan Beard, the head of art services at US Trust. But for the rising class of collectors in their 40s, 50s, and 60s, that's not the case anymore. While the top of the sector's market is still strong, with high-quality works by Monet and Cézanne fetching appropriately robust prices, experts are witnessing a certain softness in the demand for mid-priced work by Imp-Mod artists (those born between 1821 and 1910).

	Artist	Life	Title	Date	Sale Price
1	Claude Monet	1840–1926	*Meules*	1891	$110,747,000
2	Paul Cézanne	1839–1906	*Bouilloire et fruits*	1888–90	$59,295,000
3	Pablo Picasso	1881–1973	*Femme au Chien*	1962	$54,936,000
4	Francis Bacon	1909–92	*Study for a Head*	1952	$50,380,000
5	Mark Rothko	1903–70	*Untitled*	1960	$50,095,250
6	Vincent van Gogh	1853–90	*Arbres dans le jardin de l'asile*	1889	$40,000,000
7	Sanyu	1901–66	*Five Nudes*	1950–59	$38,848,420
8	Claude Monet	1840–1926	*Le Palais Ducal*	1908	$36,488,206
9	Amedeo Modigliani	1884–1920	*Tête*	1911–12	$34,325,000
10	Willem de Kooning	1904–97	*Untitled XXII*	1977	$30,105,800





Sanyu
Five Nudes
This painting, the largest of its type created by the blue-chip Chinese-French artist, fetched a record $16.5 million when it last appeared at auction, in 2011. This time around, it handily smashed that record—by more than a factor of two.

Willem de Kooning
Untitled XXII
Reportedly consigned by the dealer Robert Mnuchin, this painting sold squarely within the $25 million to $35 million estimate. Sources say it might have fetched more if it hadn't been shopped around privately first. The work was also constrained by slight weaknesses in its composition, including areas where experts contend the artist over-blended the paint. In today's circumspect market, one source said, "the difference between A- and A+ is pretty big."

Claude Monet
Meules
This sale marked the first time a painting by Monet crossed the nine-figure mark at auction—and it wasn't even from one of his most coveted series. (That distinction goes to his Japanese bridges, his paintings of the Rouen Cathedral, and the "Water Lilies.") The buyer was German software billionaire Hasso Plattner. The underbidder, we hear, was hedge-fund manager Kenneth Griffin.

Paul Cézanne
Bouilloire et fruits
Late, great still lifes by Cézanne are rare, and this one—which came from the estate of S.I. Newhouse—"ticked every box," in the words of one dealer. The fact that the artist left part of the canvas untreated and the composition unfinished does not diminish its value. "I don't know of any [Cézanne still life] of that quality that will come to the market again," said the gallerist Daniella Luxembourg.

Clockwise from top left: Willem de Kooning, *Untitled XXII* (1977); Claude Monet, *Meules* (1891); Paul Cézanne, *Bouilloire et fruits* (1888–90); Sanyu, *Five Nudes* (1950–59)

Old Masters

In the style of Botticelli, *Portrait of a Young Man*

The Old Masters sector, which covers European artists born between 1250 and 1820, is often dismissed as the art market's sleepiest category. But 2019 saw some unexpected fireworks, including the stellar sales of a Diego Velázquez painting that had been lost for almost three centuries and a painting "in the style of Botticelli" that might, in fact, be the real thing. Although the price points were lower than in previous years, the level of excitement was arguably higher.

	Artist	Life	Title	Date	Sale Price
1	J.M.W. Turner	1775–1851	*Landscape With Walton Bridges*	c. 1845	$10,267,655
1	Thomas Gainsborough	1727–88	*Going to Market, Early Morning*	early 1770s	$10,267,655
3	Jan Sanders (Jan van) Hemessen	1500–66	*Double Portrait of a Husband and Wife, Half-Length, Seated at a Table, Playing Tables*	1532	$10,036,000
4	Peter Paul Rubens	1577–1640	*Nude Study of a Young Man With Raised Arms*	1608	$8,202,000
5	In the style of Sandro Botticelli	1444–1510	*Portrait of a Young Man*		$7,447,273
6	Jusepe de Ribera	1591–1652	*A Girl With a Tambourine (The Sense of Hearing)*	1637	$7,405,127
7	Élisabeth Louise Vigée Le Brun	1755–1842	*Portrait of Muhammad Dervish Khan, Full-Length, Holding His Sword in a Landscape*	1788	$7,185,900
8	Johann Liss	1595–1631	*The Temptation of Saint Mary Magdalene*	c. 1620	$7,118,874
9	Follower of Gentile Bellini	1429–1507	*A Portrait of Suleyman the Magnificent*	1520	$6,967,932
10	Giovanni di Paolo	1399–1482	*Saint Clare Rescuing the Shipwrecked*	c. 1455–60	$6,909,050

In the style of Botticelli
Portrait of a Young Man

Even the small Swiss auction house Schuler Auktionen was stunned when this painting (on the opposite page) sold for more than 900 times its $7,160 high estimate. Despite a highly critical conservation report suggesting that extensive overpainting "fundamentally detract[ed]" from the work's authenticity, more than a dozen bidders appeared convinced it was from Botticelli's workshop, if not his very own hand.

Johann Liss
The Temptation of Saint Mary Magdalene

This work, one of a handful of Old Masters reportedly sold by Graham Kirkham, the founder of the furniture retailer DFS, was snapped up after a bidding war by the Metropolitan Museum of Art. The artist, who died in his 30s, fused voluptuous Netherlandish figures with a rich, Venetian-inspired palette. Sadly, few of his works survive.

J.M.W. Turner
Landscape With Walton Bridges

This landscape, one of the last of Turner's works from the 1840s in private hands, had been in a Japanese collection since 1982. (It was previously owned by Junius Spencer Morgan and then by his son J.P. Morgan.) The painting, which shows off Turner's late experiments with light, would have fetched an even higher price if the surface had not been so worn, experts say.

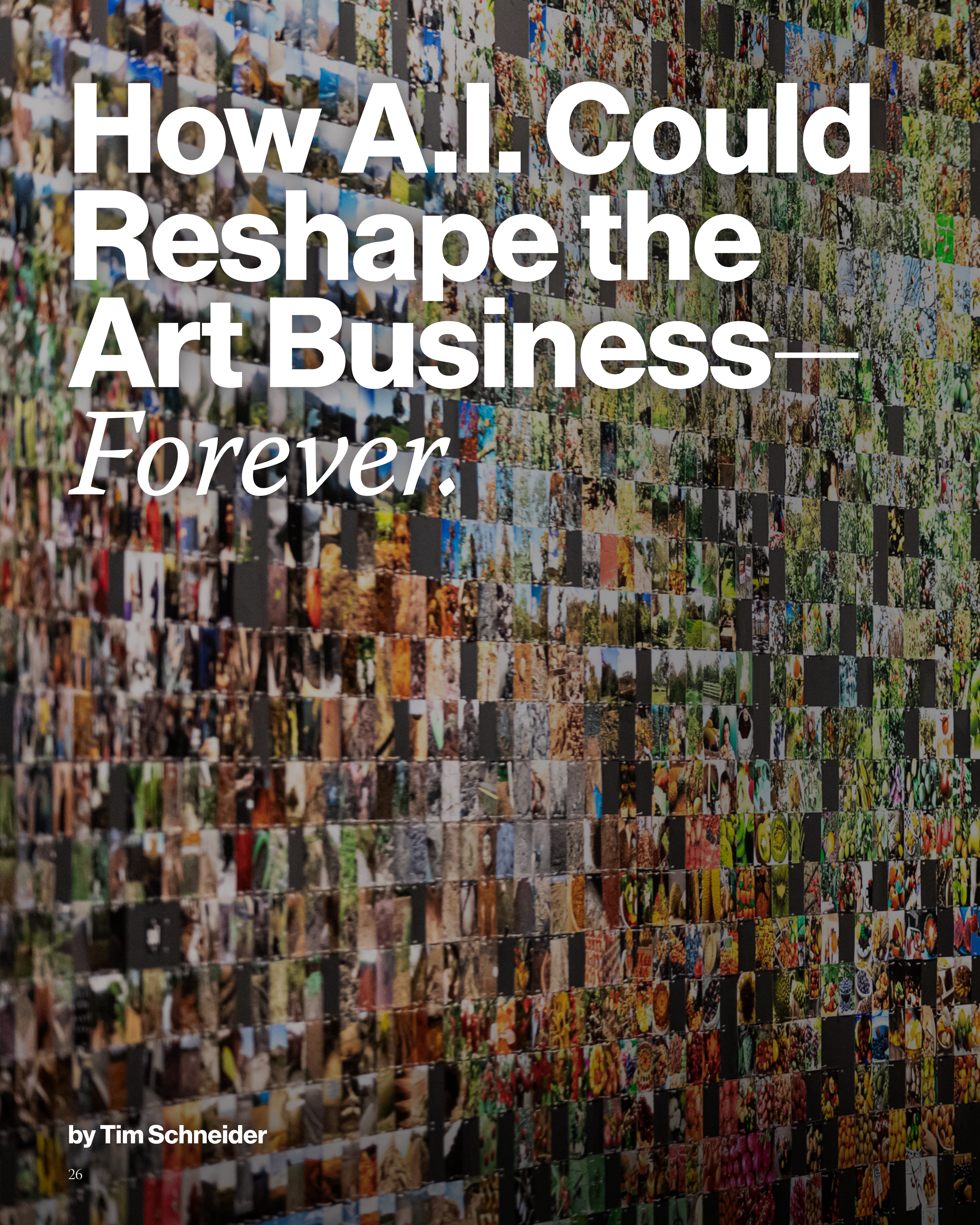
Follower of Gentile Bellini
A Portrait of Suleyman the Magnificent

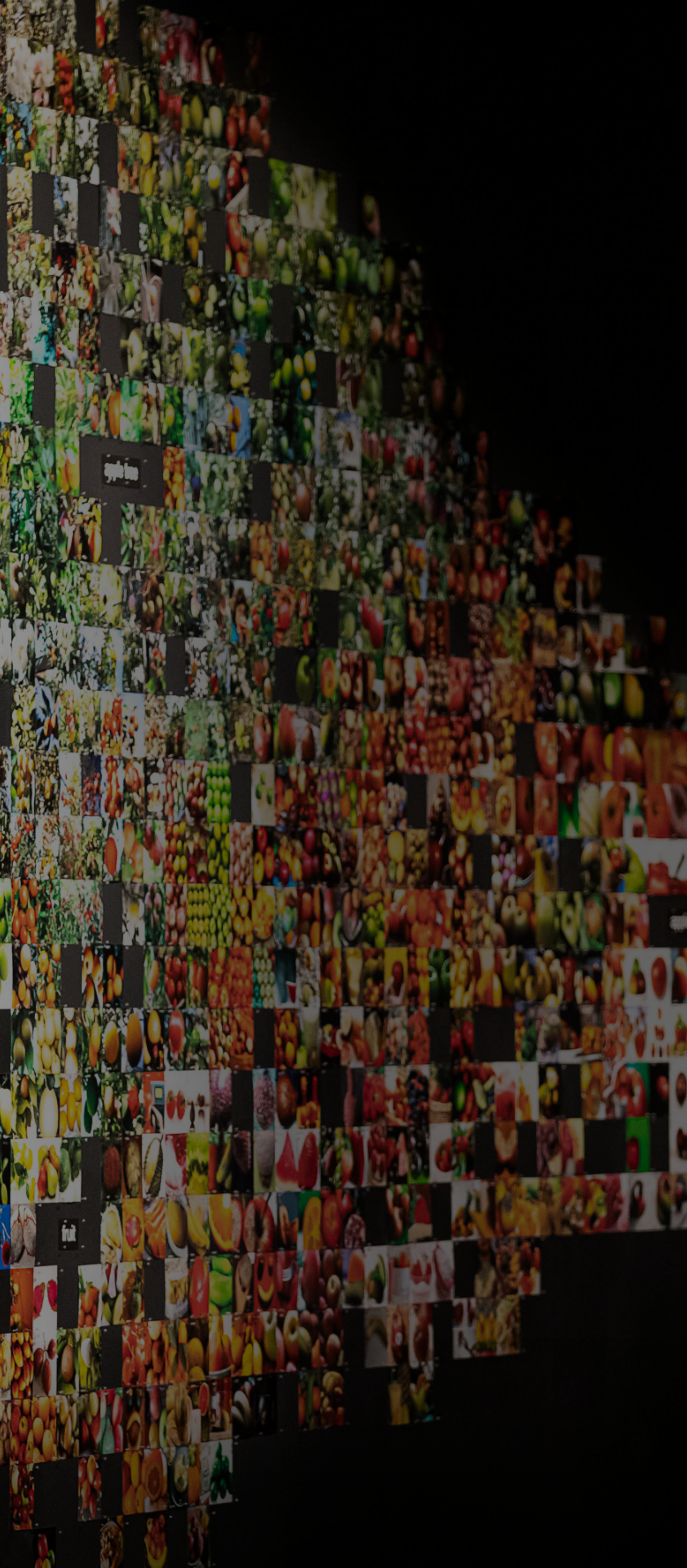
A painting of Suleyman the Magnificent is rare: unlike other Ottoman sultans, he is not known to have commissioned any portraits of himself. The artist behind this one may have based it on sketches done by others who accompanied foreign dignitaries to Istanbul's imperial court. Beyond the subject, its provenance also helped it smash its £350,000 high estimate: the painting passed through the hands of retail magnate Samuel Kress and Italian politician Alessandro Contini-Bonacossi.

Clockwise from left: Johann Liss, *The Temptation of Saint Mary Magdalene* (c. 1620); J.M.W. Turner, *Landscape With Walton Bridges* (c. 1845); Follower of Gentile Bellini, *A Portrait of Suleyman the Magnificent* (1520)

How A.I. Could Reshape the Art Business—*Forever.*

by Tim Schneider





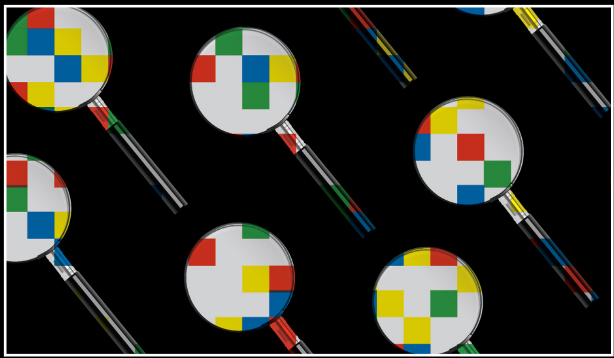
For the installation *From 'Apple' to 'Anomaly'* at London's Barbican Art Gallery in 2019, Trevor Paglen assembled 30,000 images commonly used to teach A.I. how to parse the world—often in biased ways.

Artificial intelligence has asserted itself as perhaps the single most consequential technology in molding our future—and our present. In fact, rather than some far-off sci-fi concept, machine learning and A.I. (check out the handy glossary on page 33 if you're unsure about the distinction) have already become invisibly braided into our daily lives. If you've ever called an Uber, sent an autocorrected text, or enjoyed Spotify's "Made for You" playlists, guess what? You've let machines do the thinking for you.

Although the art business has often lagged behind the cutting edge of technology, a software-savvy vanguard is working to integrate machine learning and A.I. into multiple aspects of our tradition-minded, white-glove trade. Some advances have already been achieved. In areas ranging from logistics, to authentication, to market forecasting, innovations dangle the prospect of tremendous cost savings, huge efficiency gains, and—perhaps most intriguingly—the opportunity to even the playing field between forward-thinking smaller players and their behemoth upmarket rivals.

In these pages, we lay out seven practical ways A.I. could transform the market—and that's just the beginning. Don't fear the future, though. It could be your greatest ally… unless you ignore it.

Hmm, Nice Artwork. I Wonder Who It's By...



HOW A.I. CAN HELP

This tool allows you to find out essential information about a work of art simply by uploading an unlabeled image of it.

HOW IT WORKS

Algorithms use pattern recognition—the bedrock of machine learning—to cross-reference newly received images of artworks against a database of previously identified pieces. If there is a match, the tool can instantly and automatically surface vital information like the artist, title, date, and even the reported price of the work in question. Sophisticated recognition engines could also flag objects believed to be lost or looted, or expose fakes by linking to individual artists' online catalogues raisonnés.

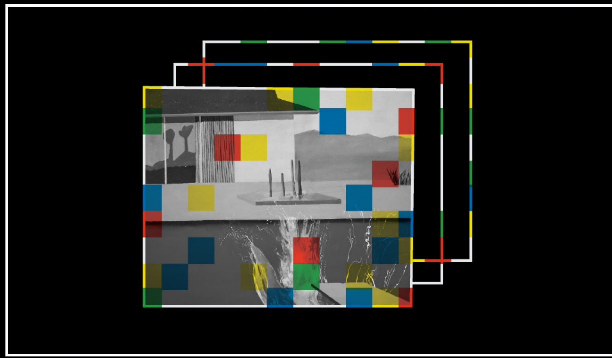
WHO IT'S FOR

Practically every art professional and casual fan in this fast-moving, information-scarce field. Who wouldn't want to effortlessly and instantly know more about what they're seeing?

WHEN IT WILL BECOME REALITY

It may already be here, at least in some form. Described by creator Magnus Resch as "Shazam for art," the free-to-download Magnus app was hit in 2016 by multiple legal challenges from companies that accused it of stealing their images and data. But it has since resolved those disputes and now promises to match users with 12 million works, some complete with prices gathered through crowdsourced reporting.

I Love David Hockney's Pool Pictures. What Else Would I Like?



HOW A.I. CAN HELP

Just as Netflix algorithmically extracts traits from the content you've already watched to offer similar fare, an artwork-recommendation engine analyzes your prior preferences and purchases to propose artworks you might like.

HOW IT WORKS

Machine learning breaks down the defining visual and thematic features of an artwork—or even an entire collection—to serve up other pieces with some of the same aesthetic attributes.

WHO IT'S FOR

Sellers, buyers, and middlemen alike. Galleries hoping to build a coherent, unified exhibition program could use algorithms to scour the infinite reaches of the internet in search of emerging or undiscovered talent that chimes with their existing program. Advisors, dealers, and auction-house specialists could analyze their clients' tastes to determine not only which other artists might activate their checkbooks but even which individual pieces by a particular artist would appeal most. Collectors could rely on machine learning to supplement the guidance of trusted advisors—or eliminate the need for those people entirely.

WHEN IT WILL BECOME REALITY

At least a few early-stage examples exist now, but adoption is limited. A.I. startup Artrendex's ArtPI product enables licensees to embed a widget on their websites that pulls up available works similar to any user-supplied or user-selected image. Although its most visible applications so far have been in the nonprofit sector, highlighted by a partnership to draw out aesthetic connections between works in the Barnes Foundation's collection, Artrendex counts some for-profit companies among its customers, including blockchain-registry platform Verisart. In another development, Sotheby's acquired artwork-recommendation engine Thread Genius in 2018, although the house has said little publicly about how, and how much, the technology factors into its business.

I'm a Female Millennial Startup Founder. What Art Would I Like?

HOW A.I. CAN HELP

Instead of recommending artworks based solely on visual similarities, this application would also take into account similarities between buyers, suggesting, for example, that a young Connecticut hedge funder dabbling in postwar abstraction might be interested in artists Steve Cohen acquired early on.

HOW IT WORKS

Algorithms could construct rich statistical models of individual collectors that incorporate multiple personal and professional attributes—age, line of work, estimated net worth, annual art budget, years spent collecting, and much more—in addition to the works they've already acquired and then leverage the parallels that emerge to better predict what clients might want using what their closest matches bought at similar points in their own collecting careers. (If you think this concept sounds dystopian, keep in mind it's been crucial to the business models of Amazon, Google, and Facebook for years.)

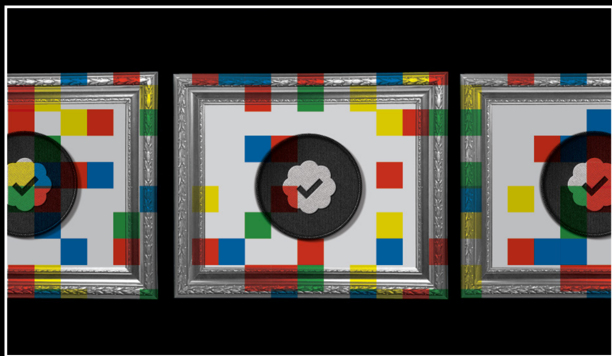
WHO IT'S FOR

The sell side of the trade. Realistically, however, each business is likely to mine its own internal data rather than sharing such sensitive information with others in the field, or with a third party. You could also argue that collectors who "buy with their ears, not their eyes," as the old maxim goes, have been doing an analog version of this practice for decades, meaning they might be interested in the algorithmic evolution if it were commercially available.

WHEN IT WILL BECOME REALITY

At least one New York-based startup is pursuing this technology already. Arternal, which builds workflow software to help galleries better manage client relationships, aims to launch a beta version of this concept in early 2021, then release a more robust iteration in time for the fall art season.

I Love This Artwork. But How Do I Know It's Not a Fake?



HOW A.I. CAN HELP

Software would detect otherwise-invisible warning signs about a work's authenticity, providing another layer of security on top of traditional materials analysis and scholarship.

HOW IT WORKS

Machine-learning algorithms study as many of an artist's works as possible—or at least, high-resolution digital reproductions of them—to establish a vocabulary of techniques that act as the artist's aesthetic fingerprint. Each model would consist of granular traits, such as the pressure exerted on the paper at each point in the artist's

Not So Fast: Seven Roadblocks to A.I. Art Valuation

Despite how eager dealers, collectors, and advisors are for trustworthy algorithmic art-pricing predictions, several core obstacles currently stand in the way—all courtesy of perhaps the quirkiest market known to humankind.

So before you buy into any A.I. company that claims to predict the value of art, beware of the following complications.

1. INDUSTRY OPACITY
To bring real value, any A.I. application needs loads of quality data—which is doubly problematic in our small and notoriously opaque industry (dealers l-o-v-e to hoard sales info). Without greater transparency, A.I. can do only so much.

2. DATA BIAS
As the old computing adage goes: garbage in, garbage out. Any art-market algorithm fed data spoiled by past prejudice—say, decades spent overvaluing Western, white male painters—will produce equally rotten conclusions unless proper controls are programmed in.

3. ARTWORK VARIANCE
Few unique artworks are created equal, even those within the same body of work by a single artist. This fact adds noise to all sales data based on comparisons to similar artworks, making predictive valuation thorny.

4. THE BLACK BOX
The essence of deep machine learning is that even the developers don't know exactly how or why the algorithms reach their conclusions about data sets. This leaves open the possibility that the under-lying mechanisms could be flawed in ways that outsiders can't identify—until the A.I.'s seemingly infallible predictions suddenly go haywire.

5. RANDOMNESS
Even the best predictive models are vulnerable to chance—just ask Wall Street. From global economic crises to whether a promising artist will be derailed by a drug problem, not everything that matters to the market can be accounted for.

6. BUYER BEHAVIOR
No matter what the data tells you, an artwork is worth whatever someone can be convinced to pay for it. Just because a sleek algorithm forecasts a juicy price for a painting doesn't necessarily mean a like-minded buyer will materialize on the same time horizon.

7. MONOPOLY POWER
Any effective A.I. application centralizes a massive amount of data in-house, giving the developer the option to license the product for others' use… or simply guard its secrets to capture all the value for itself.

line drawings; what direction the pen actually moved to create every mark; and which of those marks flowed directly into others. The algorithms would then compare the artist's historically verified stylistic patterns to those used to make a work whose authenticity is in question.

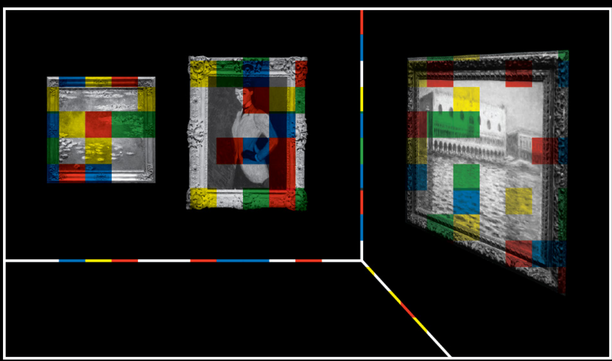
WHO IT'S FOR

Authenticators, insurers, dealers, auction houses, and collectors seeking maximum peace of mind in a market full of skilled forgers.

WHEN IT WILL BECOME REALITY

A few entrants are active now. Art Recognition, a Swiss startup, offers A.I.-powered authentication rulings on paintings within days based on photographic reproductions. Another Artrendex product, called Art Verified by A.I., is commercially available to examine line drawings by (or alleged to be by) 10 canonical masters, with more use cases in development.

I Want to Put on an Exhibition. How Do I Design It?



HOW A.I. CAN HELP

This is the robot curator you never knew you needed. It can provide potential exhibition designs tailored to your collection, your space, and your budget with a few clicks of a mouse (and a ton of automated analysis).

HOW IT WORKS

Artificial intelligence examines a set of data points, including the specific works to be shown, the available wall and floor space, lighting options, technical requirements (do any of the pieces need electricity or their own darkened room?), and other installation elements, then generates numerous possibilities for how the puzzle pieces might best be arranged. Works could even be categorized using nontechnical information, such as shared themes, to augment the algorithms' ability to optimize proposed layouts. Such layouts could be implemented as they are, or used as building blocks for hybrid human-machine exhibition designs.

WHO IT'S FOR

Dealers and nonprofit spaces, particularly smaller ones with limited staff resources and budgets too meager to hire renowned exhibition designers for Gagosian-level hangs.

WHEN IT WILL BECOME REALITY

Commercial products should be available soon, because the concept has already been executed as an artwork. The 2019 exhibition "Entangled Realities: Living With Artificial Intelligence," at Basel's House of Electronic Arts, featured *Atomized (curatorial) Functioning*, a work by Swiss art collective fabric | ch that leveraged algorithms to produce a steady stream of layout variations for the very show in which it appeared.

I Want to Buy This Sculpture. How Much Will Shipping Cost?

HOW A.I. CAN HELP

This application, known as predictive pricing, provides cost estimates for logistics in a fraction of the time needed to secure quotes the old-fashioned way (also known as wasting away on the phone with vendors and burying yourself in emails).

HOW IT WORKS

Machine learning mines thousands of historical estimates and invoices for services such as packing, shipping, installation, and storage of artworks of varying weights and dimensions, then determines patterns that take into account different seasons, routes, vendors, modes of transport, and other factors—all in order to deliver highly reliable cost estimates at lighting speed.

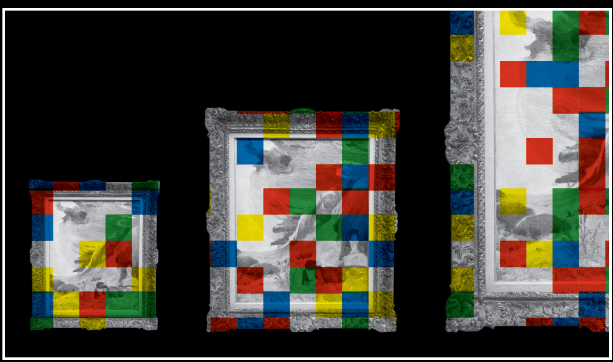
WHO IT'S FOR

Registrars—and the people who need registrars but don't have them. Automating the estimate process for art services would maximize efficiency, minimize costs, and even allow for the reallocation of staffing in ways that could pay tremendous dividends. For instance, every hour a gallery saves on estimate sourcing could instead be put toward serving artists or cultivating collectors.

WHEN IT WILL BECOME REALITY

The future is now. Logistics startup ARTA already offers automated quotes for packing, shipping, and installing artworks (other than, say, Richard Serra monoliths or other pieces requiring similarly specialized handling) in as little as four minutes—a massive advantage over wait times of up to two weeks when a human is tasked with the job.

How Much Will My New Painting Increase in Value?



HOW A.I. CAN HELP

A.I. provides a tool for valuation forecasting—predicting how the value of a particular artwork will change over time—also known as the Holy Grail for the art market.

HOW IT WORKS

It's complicated. Algorithms would start by building analytical profiles of individual artists that would echo the collector-matching profiles discussed earlier—profiles that would likely account for such variables as educational background, gallery representation, institutional résumé, auction-price history, collector base, and social network, to say nothing of the traits and quantity of the artwork produced. A.I. would then simulate interactions between those profiles and a statistical model of larger market conditions, just as quants in the financial markets have been doing for years. These simulations would produce high-level, data-backed predictions for how much given works by particular artists are likely to be worth over various time horizons, from a few months to multiple years. Even if the end product improved accuracy by only a modest amount, it could be a "killer app" in an arena where any slight edge can translate into millions of dollars.

WHO IT'S FOR

Any art buyer or seller who has ever considered the potential return on investment before closing a deal.

WHEN IT WILL BECOME REALITY

Again, it's complicated. Gallerist turned startup entrepreneur Carlos Rivera deployed algorithmic valuation forecasting through his platform ArtRank all the way back in 2014. However, after attracting much fanfare (and plenty of criticism) in the years following its launch, the platform produced the last public update to its artist indices in December 2017, and a note on the website states that no others are planned. A handful of like-minded startups have emerged since then. But as tantalizing as genuinely reliable A.I.-powered valuation predictions are, the challenges that remain (see page 30) make it reasonable to ask whether this Holy Grail can ever be reached by even the most intelligent machines.

HOW TO SPEAK ROBOT

A Glossary of A.I. Terminology

When the conversation turns to artificial intelligence, the jargon starts to fly fast and furious. Here are the terms you need to remember to keep up.

ALGORITHM – a command or sequence of commands detailing how to complete a specific task. Although the term is now most often applied to computing, the instruction manual for an IKEA table is technically just as much an algorithm as a line of code in a programming language.

NEURAL NETWORK – a configuration of algorithms, loosely modeled on the human brain, that automatically analyzes a data set to deliver an output. The algorithms consist of interconnected processing nodes (also called artificial neurons) usually organized into multiple successive layers (see "deep learning").

MACHINE LEARNING – a process in which neural networks search large amounts of data looking for patterns—without explicit direction from humans on how to accomplish the task. The "learning" aspect refers to the fact that neural networks continually refine their algorithms as they are exposed to more data.

TRAINING DATA – a set of pre-labeled examples (for instance, images defined as "dog") repeatedly fed into a neural network to fine-tune its algorithms to detect particular patterns. In theory, the greater the quantity, quality, and diversity of the training data, and the more times that data set is processed by the neural network, the better the neural network will perform on unlabeled data after completing its training.

DEEP LEARNING – machine learning carried out through a so-called "deep" neural network boasting several interconnected layers of processing nodes. Each successive layer builds on the previous one to make finer and finer distinctions within the data—for instance, from recognizing the outlines of a furry object, to recognizing broadly doglike features, to recognizing specific features of specific dog breeds.

COMPUTER VISION – also called "machine vision," the process by which a computer uses machine learning to identify specific objects, items, or people in unlabeled images. Computer vision is the technology through which Facebook can automatically tag users and their friends in new photos uploaded to the platform.

ARTIFICIAL INTELLIGENCE (A.I.) – the discipline of data science in which deep neural networks independently generate new solutions to a given problem by extrapolating from machine learning. A.I. solutions often feel discomfiting to humans since algorithms may learn lessons their developers did not anticipate based on their (often biased or otherwise flawed) data and so tend to accomplish tasks in ways humans would not. Most infamously, algorithms tasked with rating human beauty have in the past downgraded people of color precisely because their training data included disproportionately high volumes of white folks.

GENERATIVE ADVERSARIAL NETWORK (G.A.N.) – an A.I. system in which two neural networks compete against each other to create artificial outputs that could pass for "real" ones. G.A.N.s consist of a generator algorithm, which produces new data, and a discriminator algorithm, which assesses whether or not incoming data is machine-made. As a whole, a G.A.N. succeeds when its generator component manages to fool its discriminator component.

ARTIFICIAL GENERAL INTELLIGENCE (A.G.I.) – the evolutionary end point of A.I. popularized in science fiction, best described as a thinking (and perhaps even feeling) machine that can establish and pursue its own goals. A.G.I. is still only a figment of our collective imagination—and thankfully so, if you fear the sentient, murderous HAL 9000 in Stanley Kubrick's *2001: A Space Odyssey*—while machine-learning and task-directed A.I. are already reshaping more and more aspects of our lives every day.


WHAT
Did

INIGO DO?

And Will He Get Away With It?

by Eileen Kinsella

It was late 2018 and Karen Boyer, a Miami-based art advisor, was over the moon.

She had just received an email from a young London-based art dealer by the name of Inigo Philbrick announcing that he would launch a second location of his eponymous gallery in a somewhat unlikely place: Miami's Design District.

"There are almost no blue-chip galleries in Miami, and he was a very prominent, seemingly successful secondary-market dealer," Boyer said. Having run into Philbrick over the years at VIP openings and spotted him comfortably bidding on seven-figure works at auction, "I thought this was a big plus for Miami." Philbrick told her via text that he had signed a seven-year lease.

Less than a year later, both his Miami and London spaces have closed. Packages sent to the galleries return unopened. And Philbrick himself—once an omnipresent figure at art-market events, usually sporting a five o'clock shadow, a tailored Italian suit, and a shirt with the top two buttons unbuttoned—has vanished.

In his wake, he has left a growing pile of lawsuits claiming he sold the same works to multiple clients and defaulted on

loans he secured using art he didn't own as collateral. Now, disgruntled former business associates are trying to seize his personal assets, which filings suggest could amount to as much as $70 million, as well as $150 million from his business.

How was a young dealer able to deceive some of the most sophisticated collectors in the world—beginning when he was just a few years out of university? And what does his precipitous rise and even more dramatic fall tell us about the state of the art market?

The story of Inigo Philbrick is the story of a man who, depending on whom you talk to, is either a well-intentioned and ambitious dealmaker who got in or over his head or a vain grifter who preyed on investors gullible enough to hand over money and art.

Regardless of which Inigo Philbrick you pick, one thing is clear: he was able to operate because the art market, for a long time, supported him—and because his aggressive tactics, before they got out of control, were celebrated and even envied by the very people he exploited.

Interviews with Philbrick's clients and associates, a thorough examination of the lawsuits against him, and a review of his company's own records reveal that Philbrick is very much the product of a system that thrives on opacity—one that is full of profiteers making deals through offshore shell companies, buying art for no other reason than to flip it for a profit, and relying on a paucity of regulation to operate unchecked.

Only in this sort of system could a player like Philbrick—a middleman who had no relationships with artists and few with actual collectors who buy art to hang in their homes—get as far as he did.

Friends in High Places

Among those stunned by Philbrick's downfall is his former boss, Jay Jopling, the founder of London's prestigious White Cube gallery. Philbrick started there as an intern in 2010 at just 23 years old and quickly rose in the ranks to lead Jopling's secondary-market business.

"He struck me as a smart, ambitious young man with a good eye for art and an impressive commercial sense," Jopling said in an email. When Philbrick "decided to launch his independent career in 2013," Jopling continued, "I agreed to support him financially."

The pair continued to do business until Philbrick's house of cards began tumbling down last year—and now Jopling is one of numerous players jostling to be among the first in line to get his money back. After the first major lawsuit was filed against the young art dealer, in early October, Jopling was granted an injunction in London's High Court to protect his business interests with Philbrick. Over the past five months, three additional offshore entities and shell companies have filed similar claims.

It appears Jopling worked with Philbrick through a mysterious offshore entity called Ogini Ltd, which was incorporated in Jersey in the Channel Islands in 2017. Although Jopling declined to comment on whether he owns the entity, the address for Ogini is identical to a White Cube entity also registered in Jersey, and Jopling previously disclosed that the court granted his injunction request on November 1, 2019—the same date as an injunction granted to Ogini. A source familiar with the filing says it contains exceptionally detailed information on Philbrick's activities, suggesting a close relationship between the entity and the dealer.

Another clue? Ogini is Inigo spelled backwards.

A Business Built on Secrets

Some say the Philbrick affair will be a wakeup call for an art market that has become increasingly financialized but is still not subject to the same level of regulation as most financial markets. Philbrick, for example, often provided his profit-hungry financial backers with verbal or written assurances about the whereabouts or title of a particular artwork—but rarely provided supporting evidence.

WHO IS AFTER *Inigo Philbrick?*

In a business rife with shell companies, we unmask the art-market entities who claim to have been defrauded by Philbrick and are seeking relief in the courts.

Daniel Tümpel & Loretta Würtenberger

(FINE ART PARTNERS)

Berlin-based investors

Aleksandar "Sasha" Pesko

(SATFINANCE LTD)

London-based art collector and investor

Simon & David Reuben

(GUZZINI PROPERTIES LTD)

London-based billionaires and metal tycoons

Andre Sakhai

(V&A COLLECTIONS LLC)

New York-based art collector

Dirk Cavens

(PARFINIM NV)

Brussels-based real estate developer

Jay Jopling

(OGINI, INC)

Owner of London's White Cube

"Outside of any potential government intervention or legislation, it's a call to begin to operate in a slightly more CYA [cover your ass] manner, in which we establish ways to sort out what true title is amongst ourselves, and to be less lackadaisical," said art advisor Benjamin Godsill. "It's a great spurning of self-regulation based on self-interest."

In fact, it's something of a miracle that fraud doesn't occur more often. Even in the most routine art transactions, buyers and sellers typically have no idea who is on the opposite end of a deal, not to mention any clue about how many operators—advisors, dealers, financial backers—might get involved along the way. The frequent use of offshore shell companies to conceal investors' true identities only obscures matters further.

Philbrick, evidently, was a past master at turning the art market's blind spots into lucrative loopholes, taking advantage of the plethora of sophisticated financial strategies that cropped up as the global art market ballooned over the past two decades, including third-party guarantees, less formal "flipping" agreements, and art-backed loans. For an older generation of traditional collectors and connoisseurs, such convoluted deals might be anathema, but for a younger generation of risk-tolerant buyers, they have become the norm. Art collecting, it seems, has been replaced by arbitrage.

In all his dealings, Philbrick adopted a common MO: sharing a measure of risk with clients to buy and sell a work of art without ever taking physical possession of it, and sharing in the upside when the flip made a profit. For a while, it worked swimmingly. The strong returns Philbrick secured early on may have prompted some backers to look the other way as red flags began to mount and other market players began to avoid doing business with him.

What made Philbrick exceptional was not his tactics but rather the margins he was promising, the number of backers he was working with, and the number of deals he had in the works at any given time. "He's kind of a secondary-market assassin—pure speculation," said one dealer. "He attached himself to certain markets that were perceived as blue-chip and rising, with exponential profits."

But before long, some of those markets began to falter, and Philbrick found himself furiously moving funds around from one client and deal to the next in order to stay afloat. According to a detailed report he filed with Companies House, the UK business registry, in August 2018, Philbrick's turnover in the 2015–16 financial year was £50.6 million, with a relatively slim profit of £1.6 million. Turnover nearly doubled, to £96.4 million, the following year—but Philbrick still posted a loss of £935,000, which he attributed to "currency loss" from a devalued pound sterling.

"It might have been fake all along," said one advisor. "He might have been stealing from Peter to pay Paul. Certainly, there are Pauls out there who made out like bandits."

An Auspicious Start

Given Philbrick's comfort with treating artworks as less-than-glorified financial derivatives, it is somewhat surprising that he is the son of a fairly eminent museum director. His father, Harry Philbrick, was the director, from 1996 to 2010, of the Aldrich Museum of Contemporary Art in Ridgefield, Connecticut, where he staged ambitious shows by difficult artists like Anselm Kiefer. Afterwards, he spent five years

running the museum at the Pennsylvania Academy of the Fine Arts, where he, too, engaged in a kind of art flipping: he deaccessioned Edward Hopper's *East Wind Over Weehawken* (1934), selling it at Christie's for $40.5 million (double its low estimate), in order to buy the museum more contemporary art.

Growing up in Connecticut, Inigo graduated from Joel Barlow, a highly ranked public high school in Redding, in 2005 after a stint or two on the school's honor roll. Like his father, he attended Goldsmiths at the University of London. Their relationship became strained, however, after Harry divorced Inigo's mother in 2006 and remarried in 2009, according to *ARTnews*.

In an email, Harry Philbrick said that "while Inigo and I have been estranged for nearly a decade now, I love him and want the best for him." He described the allegations against his son as "deeply concerning," although he said he has "no knowledge of what transpired beyond what has been publicly reported."

> *"Wish I could be of more help, but am in the dark"*
>
> **Victoria Baker Harber** Jan 2020

Philbrick did not broadcast the estrangement with his father, consistently presenting himself as more confident, more informed, and more connected than anyone else in his orbit. "When you Googled the name, you came across his dad," one dealer recalled. "No one knew they were estranged." Six years before Philbrick got his job at White Cube, he was already leveraging his art-world ties, bringing his friends—including now-film director Gia Coppola—to visit the celebrated artist Rirkrit Tiravanija's Land Foundation on a trip to Thailand.

In the years after he left White Cube, his decision to strike out on his own seemed by all accounts a wise one. He was often spotted front and center at major evening auctions—an eyebrow-raising position for someone so young—sitting alongside Artnet News columnist Kenny Schachter. Schachter has since written about his falling out with the dealer, which he said pushed him to sell off part of his collection at Sotheby's to offset his financial losses.

Several people who knew Philbrick described his laser-like focus on deal making and the intricacies of a particular artist's market, as opposed to the art itself. "He came across as quite quiet and really kind of facts-based, meaning all about the deal," one person said. "I never heard him talk about art so loquaciously" as he did about finances. Others said he had an encyclopedic knowledge of the catalogues raisonnés of the artists he speculated in.

According to the Baer Faxt, a subscription-based art-market newsletter that tracks major buyers at auction, Philbrick bid on at least 11 six- and seven-figure works between 2014 and 2018 and won four of them. The priciest acquisition he made during this period was a $3.5 million Jean-Michel Basquiat, followed by a $3.2 million Christopher Wool.

Philbrick's extravagant spending extended beyond business to his lavish lifestyle, complete with private planes and bottle service at nightclubs. His girlfriend at the time of his disappearance, Victoria Baker Harber, is an English socialite best known for her role on the popular British reality show "Made in Chelsea." She moved to Miami when Philbrick opened his gallery and launched her own boutique, called the Space.

In an Instagram message, Baker Harber told us she "was running the store separate from" Philbrick and declined to comment on his legal troubles. "Wish I could be of more help," she wrote, "but am in the dark!"

> *"To rush these sales is signing your own death knell"*
>
> **Inigo Philbrick** Mar 2019

A Dream Deal

Firmly ensconced in the international art market, Philbrick struck what appeared to be a dream deal in 2015. It would ultimately be his undoing.

He signed on to buy and sell blue-chip works at a profit on behalf of a two-person company called Fine Art Partners (FAP), founded by former Morgan Stanley banker Daniel Tümpel and Loretta Würtenberger, a German judge turned art researcher.

Under the terms of the agreement, they would jointly acquire works—at a very favorable split for Philbrick, who only had to provide 30 or 35 percent of the purchase price. Philbrick would hold the works in storage until it became clear they were likely to reach a predetermined target price, at which point he would flip them. Notably, FAP did not require Philbrick to pay his share of the purchase price until the resale was complete, giving him ample time and cash to operate.

Each artwork had its own contract specifying the acquisition price and the target sale price. An untitled Donald Judd stainless-steel sculpture purchased for $2.25 million in 2015, for example, had a target resale price of $2.8 million, while a photorealist portrait of Pablo Picasso by Rudolf Stingel, bought for $7.1 million, had a target of $9 million. The division of profits hinged on whether Philbrick was able to sell the work for more or less than the target price; a discount would eat into his cut.

The agreement was initially lucrative for both sides. But Tümpel grew increasingly frustrated as months passed with no resales. He wrote repeatedly to Philbrick stressing the need for FAP to have money in order to pay its tax bills. Philbrick's lengthy and elaborate responses now look like a master class in stalling. "To rush these sales is signing your own death knell," he wrote, somewhat incongruously, at one point.

A Deal Gone Wrong

As things deteriorated, it became clear that the amount of latitude FAP had given Philbrick—and the limited amount of information he was sharing—were creating problems.

Correspondence between FAP and Philbrick contains numerous references to a buyer named Leonid, whom several sources identified as Leonid Friedland, cofounder of Mercury Group, which owns Phillips auction house. According to emails attached to the FAP lawsuit, Friedland bought an untitled Rudolf Stingel painting of two ravens from Philbrick and FAP for $6 million in 2017.

The same work sold at Phillips in 2018, with a third-party guarantee, for the slightly lower price of $5.9 million. A year after that, Philbrick and Tümpel were still discussing the fact that Friedland had not paid the $6 million he owed for the work, even as Philbrick inexplicably proposed selling yet another Stingel triptych to Friedland for $5 million.

"A deal is a good deal when it is completed and you've got profit in your pocket," Tümpel wrote to Philbrick. "I believe the Raven should have been paid out by Leonid by last autumn.... That that has not happened yet, is frustrating for me and maybe this is due to the German vs. the Russian perception of doing business."

The transaction raises many questions. If Friedland acquired the work in 2017 for $6 million, why had he not paid for it by March 2019? Even if it was Friedland who consigned the work to Philllips (which seems likely), the painting carried a third-party guarantee, which means that the auction house had a committed buyer lined up.

Why, almost two years after the initial sale and after the painting had changed hands yet again, would Philbrick and FAP still be discussing Friedland's nonpayment and not that of the third-party guarantor? And if Philbrick did receive the money from Friedland without notifying FAP, where did it go? Through Phillips, Mercury Group declined to comment. Neither FAP nor its attorneys have responded to numerous requests for comment.

Even as FAP continued to pursue Philbrick for money and information about the status of resales into early 2019, the young dealer was, according to its lawsuit, illicitly selling work out from under them.

In perhaps the most extreme example to surface to date, legal documents show that Philbrick sold multiple overlapping shares in the Stingel painting of Picasso. Two months before he told FAP in March 2017 that they had acquired the work in full for $7.1 million, he had already invoiced Satfinance, a firm controlled by the young collector Sasha Pesko, for a 50 percent share of the same painting worth $3.35 million.

Documents show that later, in June 2017, Philbrick sold the painting again—this time to Guzzini Properties, an investment vehicle controlled by billionaire UK brothers Simon and David Reuben. Title was transferred to the brothers, who, around two years later, consigned the painting to Christie's, where it sold for $6.52 million.

All the while, Philbrick kept FAP under the impression that the work had been consigned on its behalf and that he had secured a guarantee from Christie's for $9 million—conveniently, the work's target sale price—by falsifying documents, including an eight-page seller's agreement that bears Christie's Rockefeller Center address at the top.

Now, FAP, Pesko, and the Reuben brothers are fighting in court, each claiming to be the rightful owner of the painting. While the lawsuits are ongoing, a judge has ordered Christie's, which is not a party to any of the litigation, to keep the painting in storage.

"Time will tell whether Philbrick acted alone"

Judd Grossman **Jan 2020**

From top: Rudolf Stingel, *Untitled* (2012); Jean-Michel Basquiat, *Humidity* (1982)

The Beginning of the End

FAP sued Philbrick on October 4, opening the floodgates. Since then, at least five other legal claims have been filed in US courts for numerous works, including the Stingel of Picasso, a Yayoi Kusama "Infinity" room, and a Basquiat painting of two crowned figures titled *Humidity* (1982). London's High Court has also granted at least four separate requests to freeze Philbrick's assets.

Further complicating matters, Philbrick used the Basquiat, as well as four other works, as collateral for a $10 million loan, which he later increased to $13.5 million, from specialist lender Athena Art Finance. Philbrick was declared in default in October, when he missed a six-figure interest payment, and Athena secured the Basquiat as it was on its way back from a show at the Mori Art Museum in Tokyo. Pesko, the young collector who also bought a share of the Stingel, says he is the Basquiat's rightful owner, having paid what he claims was an inflated price for a 66 percent share in 2016.

"This fraud was as sophisticated as it was brazen, and time will tell whether Philbrick acted alone, or whether others should be held accountable for the damage he has left in his wake," Pesko's attorney Judd Grossman said. "The problems that can arise due to the lack of transparency in the art world are magnified in cases like this, where bad actors look to find a way to pledge the same art, to multiple players, ostensibly for different purposes."

Sources say there are likely dozens more people who have been swindled, and many additional works that will be subject to claims in the wake of Philbrick's disappearance. Messages sent to Philbrick at his gallery's former email address bounced back as undeliverable. For now, his whereabouts remain unknown, though rumors have put him everywhere from the Bahamas to Australia to the Solomon Islands. Philbrick's Miami attorney stopped representing him in December, noting that the dealer had "failed to fulfill his obligations."

Asked if she thinks the art world will become more cautious, or demand more transparency, in the wake of the Philbrick scandal, Miami advisor Karen Boyer was unfazed. This drama, she suggested, only affects the segment of the art market that treats art as nothing more than a financial instrument. "When I assist clients in acquiring artwork, we pay for it and take possession of the art," she said. "I work with a small percentage of people that I know and trust. I don't ever buy 50 percent of an artwork."

Chronology of a *Scheme*

2010 Joins White Cube as an intern at 23.

RISING STAR

2011 Takes over White Cube's secondary-market business.

2013 Opens his own gallery in London.

2015 Enters into an art-flipping arrangement with Fine Art Partners.

FINANCIAL SQUEEZE

2016 Reports total turnover of £50.6 million, with a profit of £1.6 million.

2017 Reports a loss of £935,000; takes out a $10 million art-backed loan.

DOUBLING DOWN

2018 Opens an outpost in Miami; increases loan to $13.5 million.

2019 Declared in default of loan; sued by FAP and three other clients; assets frozen by a UK judge.

SUED! SUED!

2020 Judges say a contested Stingel must stay at Christie's for now and a contested Kusama in Miami; Philbrick nowhere to be found.

MISSING!

Beyond Hong Kong

Everything you need to know about three emerging art centers in Southeast Asia

by Vivienne Chow

Hong Kong is widely recognized as the crown jewel of Asia's art scene.

Over the past decade, Hong Kong's vibrant market has gained ever-greater primacy in the region through headline-grabbing auctions, a mushrooming of blue-chip international gallery outposts, and, above all, the Art Basel Hong Kong fair, which—until this year's cancellation amid the outbreak of the novel 2019 strain of coronavirus—convened the industry's most powerful players on the island city every March.

The Special Administrative Region owes its pole position to its status as a tax-free mercantile hub, though its biggest boost has come not from the global marketplace, but rather from the tremendous economic growth right across its border, in mainland China. In the first decade of the new millennium, the country saw a staggering GDP increase that peaked in 2007 at 14.2 percent, according to the World Bank. After a dip during the financial crisis, its growth climbed back up to 10.6 percent in 2010—the same year that the Greater China region (which includes mainland China, Hong Kong, Macau, and Taiwan) became the world's second-largest art market.

"Frankly, Chinese clients have been the golden goose for Western dealers and gallerists," said Laure Raibaut, a Hong Kong-based art consultant and curator. "They could sell high-value works of varied quality for some years, and some [galleries] opened in Hong Kong to benefit from the favorable tax conditions."

Fast-forward a decade, however, and the outlook is less rosy. Last year, China's annual GDP growth fell to the lowest level since 1992, a decline that has been linked to the ongoing trade war with the United States.

Meanwhile, Hong Kong has been embroiled in the worst political crisis in its history. As pro-democracy protesters flooded the streets, the city's economy shrunk for two consecutive quarters last year, and economists predict a further decline in 2020 as a result of the coronavirus. Unsurprisingly, the art market stumbled as well: total auction sales in Hong Kong and mainland China shrank 5.4 percent in 2019, according to our analysis—the second annual dip in a row.

While many art dealers in Hong Kong remain committed to the city, some are beginning to explore alternatives in Asia. (The coronavirus has spread to other Asian territories, but as of press time, the worst of the outbreak remains in mainland China and Hong Kong.) "You need to have a backup plan," said one Hong Kong dealer, who spoke on the condition of anonymity.

Considering the Alternatives

Hong Kong wasn't always seen as the premier Asian art-market hub. Before the 1997 financial crisis rocked the region, Hong Kong, Taiwan, Singapore, and South Korea were collectively known as Asia's Four Little Dragons.

The nickname was meant to symbolize the quartet's strong economic growth in the decades following the 1960s, with Taiwan and South Korea establishing themselves as manufacturing powerhouses while Hong Kong and Singapore became financial centers.

Decades later, these are still among the wealthiest places in East Asia. And while Singapore, South Korea, and Taiwan have not yet eclipsed Hong Kong as art-market destinations, the three former Little Dragons have lively scenes, with quality museums, dynamic art schools, forward-thinking galleries, and acclaimed artists.

A combination of ambitious private-sector initiatives and committed public support suggests these three countries have a promising future—and that Asia's art world is built on a whole lot more than just one city.

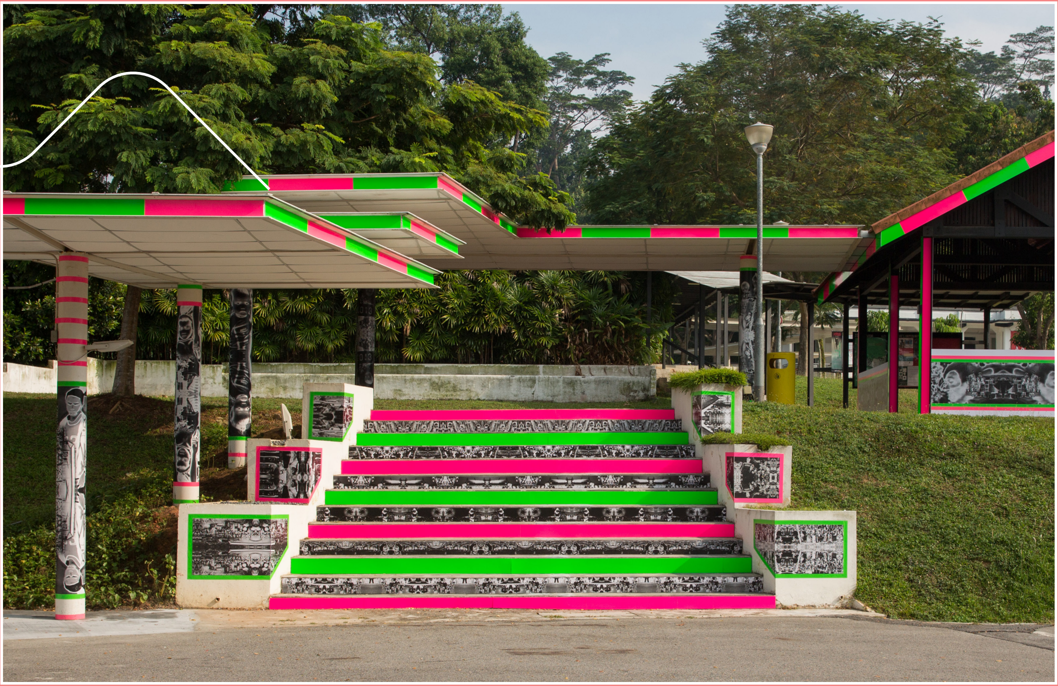
Singapore

The Lion City's art scene is informed by its long and complex history as a crossroads for British, Malaysian, and Indian people, as well as the Chinese diaspora. "It is an access point of Southeast Asia, showcasing the best from the region," local curator John Tung said.

The island's first major artistic movement was the Nanyang Style of the 1930s, characterized by Chinese migrant artists' impressions of their new landscape. From the 1950s to '70s, artists responded to colonialism and independence through Social Realism. Ink was (and remains) an important medium, exemplified by Tang Da Wu's reinvention of the genre in the 1980s.

The Singaporean government is a bullish supporter of culture, funding up to 85 percent of the country's arts activity. But public support is a double-edged sword—Singapore is known for its censorship. Exhibitions must get licenses before they can open, and anything that "undermine[s] public order" will be rejected.

Clockwise from top: Singapore's Flower Dome greenhouse; Vanghoua Anthony Vue, *Present Past Patterns* (2019), at Gillman Barracks; city skyline



Major Industries

Finance, energy, manufacturing, electronics

Wealth

Singapore comes in fourth in *Global Finance* magazine's ranking of the world's wealthiest countries.

Economy

Still, it hasn't escaped the volatility hitting the region. Last year, Singapore's economy grew between zero and 1 percent.

Art Fairs

After the abrupt cancellation of Art Stage Singapore in 2019, two art fairs have emerged to fill the gap: the boutique S.E.A. Focus fair in January and the larger Art SG in October.

Key Galleries and Institutions

NATIONAL GALLERY SINGAPORE

Housed in the former city hall and supreme court buildings, the five-year-old museum boasts the world's largest public collection of Singaporean and Southeast Asian modern art.

SINGAPORE ART MUSEUM

Under renovation since 2019, the Lion City's first museum has positioned itself as a contemporary art institution at the nexus of Southeast Asia. It also organizes the Singapore Biennale.

GILLMAN BARRACKS

The former military barracks were transformed into a contemporary art hub in 2012 to attract commercial galleries to Singapore. The public-private institution now houses 12 homegrown and international galleries and hosts the S.E.A. Focus fair.

STPI CREATIVE WORKSHOP AND GALLERY

A regular at leading art fairs, STPI is a hybrid commercial gallery and nonprofit with a special focus on works on paper. The nonprofit portion encompasses exhibition space, a residency program, and artists' studios. (Around 25 percent of its budget comes from the government; the rest is funded by the commercial operation.)

Collectors to Know

Singapore

Nathaniel Gunawan

WHAT TO KNOW

Gunawan, the director of a bottled-water company, is part of a rising generation of Singaporean art enthusiasts. He sits on the board of young collectors at the Art Jakarta fair.

WHAT HE COLLECTS

Together with his wife, Natalie, Gunawan pays regular visits to galleries and artists' studios across the region. They have acquired work by Chun Kai Qun, along with Arin Sunaryo, Syagini Ratna Wulan, and many pieces by Robert Zhao Renhui.

IN HIS OWN WORDS

Gunawan's interest in collecting grew out of his sense of isolation in the digital age. "I want to be part of a community where I can talk about intellectual, political, or philosophical things or feelings," he told us. "A lot of young collectors who are still with their family business do not have the capital to become major collectors yet. I'm still collecting on my own salary."

Jim Amberson

WHO

A director at a multinational insurance company, Amberson has been based in Asia since 1998 and serves as a member of the S.E.A. Focus advisory committee.

WHAT HE COLLECTS

An enthusiastic collector of art from across Southeast Asia, Amberson owns work by Geraldine Javier (the Philippines); Sopheap Pich (Cambodia); Handiwirman Saputra (Indonesia); and Suzann Victor (Singapore).

IN HIS OWN WORDS

"Singapore has some of the best-equipped and professional museums and arts organizations in the region, not to mention an art scene full of fresh and talented young artists," Amberson told us.

Ann Mui Ling

WHO

An executive at Singapore's ANZ Bank, Mui Ling has been collecting art since 2005. Her passion led her to become a volunteer at the Singapore Art Museum for over a decade.

WHAT SHE COLLECTS

Particularly interested in works on paper, she has acquired pieces by the late Singaporean artist Chua Ek Kay and also owns art by Genevieve Chua, Hong Sek Chern, and Ming Wong.

IN HER OWN WORDS

"I feel the art is more important than the collector," she has said. "I prefer to see more opportunities for local artists to show their works to the public (not only in museums)."

South Korea

Nam June Paik, Do Ho Suh, Lee Ufan—there is no shortage of renowned artists from South Korea. And don't forget Tansaekhwa, a major minimalist art movement in the mid-1970s that became a global art-market craze about five years ago.

Korea's market has also been boosted by a long tradition of corporate collecting. Samsung and other companies have built impressive holdings, often under the direction of their executives' wives. Now, individuals are starting to catch up.

"There were only a few big collectors in Seoul in the past, but within the last 10 years, people started to engage more," said Kyungmin Lee, director of the local project space Whistle. "The major collectors are still conservative, but the number of young collectors is growing."

While galleries like Hyundai and Kukje have been pushing South Korean art abroad, international businesses have set up shop in Seoul, including Pace, Perrotin, Lehmann Maupin, and Various Small Fires.

Major Industries

Electronics, automobiles, telecommunications

Economy

South Korea generated only 2 percent economic growth last year, in part because of a downturn in the computer-chip market.

Government

The country has been described as a "new patron state" because of its robust cultural policies, which allow for the "coexistence of cultural freedom and state intervention," according to Hye-Kyung Lee, a senior lecturer at King's College London.

Market Watch

The Korean International Art Fair in Seoul has begun to attract some international galleries. But others have their eye on Busan, the port city that is home to a successful film festival and a growing gallery scene.

Galleries and Institutions to Know

LEEUM, SAMSUNG MUSEUM OF ART

Founded by the electronics giant's nonprofit cultural arm in 2004, the museum houses a stellar collection of traditional Korean art as well as modern and contemporary work. The Seoul institution consists of three buildings, each designed by a star architect: Mario Botta, Jean Nouvel, and Rem Koolhaas.

ASIA CULTURE CENTER

Situated in Gwangju, the city that witnessed South Korea's bloody struggle for democracy, the center promotes Asian culture through exchange, research, and education. Past projects include a collaboration with the Bangladesh Liberation War Museum to commemorate the 40th anniversary of the May 18 Democratic Uprising in 1980.

MUSEUM SAN

Tucked into the mountains of Wonju, about a two-hour train ride from Seoul, this museum is South Korea's answer to Naoshima in Japan. Designed by Tadao Ando, it allows visitors to commune with nature and meditative art by the likes of James Turrell.

KUKJE GALLERY

Since 1982, Kukje Gallery has showcased Korean and international artists ranging from 70-year-old landscape painter Min Joung-ki to critically beloved sculptor Haegue Yang. In addition to its space in the heart of Seoul, the gallery has a branch at the cultural complex F1963 in Busan.

"THESE YOUNG KOREAN COLLECTORS ARE SO ON IT, AND I CONTINUE TO BE SURPRISED AND INSPIRED BY THEIR SOPHISTICATION, KNOWLEDGE, AND PROACTIVITY AROUND EMERGING ARTISTS FROM AMERICA."

Esther Kim Varet,
owner of Various Small Fires

Top: Seoul by night; Kukje Gallery's K3 location in Seoul

Collectors to Know

Hyun-Sook Lee

WHO

She may be best known as the founder of Kukje Gallery, but Lee Hyun-sook started out as a collector herself, along with her businessman husband.

WHAT SHE COLLECTS

Her eclectic holdings include works by Alexander Calder, Roni Horn, Anish Kapoor, and Kyungah Ham. In some cases, she mixes business with pleasure, representing artists she also collects, like Haegue Yang.

IN HER WORDS

"Many Korean artists have been educated overseas, which creates a solid foundation for global outreach and reception for their works," Lee told us.

South Korea

Choi Seung-hyun

WHO

Also known as T.O.P., the superstar from K-pop boy band Big Bang burst onto the art world's radar in 2016, when the then-32-year-old organized a sale at Sotheby's Hong Kong. (Fun fact: he is said to be related to the late Korean abstract painter Kim Whan-ki.)

WHAT HE COLLECTS

His taste spans East and West, including blue-chip names like Gerhard Richter and Takashi Murakami as well as rising stars like Kohei Nawa and Robin F. Williams. Before graduating to art, he was a passionate collector of Bearbrick figurines, sneakers, and designer furniture.

IN HIS OWN WORDS

"Western collectors tend to focus on Western contemporary art, but in Asia there is an openness to combining both," T.O.P has said.

Kim Chang-il

WHO

A self-made multimillionaire with an empire of department stores, restaurants, and movie theaters, Kim has one of the largest private collections of Asian and international contemporary art in the world—and, late in life, began making art himself.

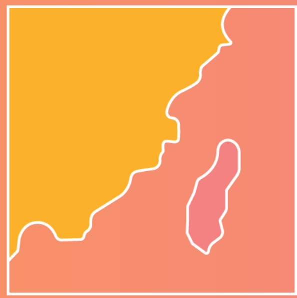
WHAT HE COLLECTS

His stellar collection—housed at his Arario Museum, which has a branch in Seoul and three on Jeju Island—includes works by Nam June Paik, Cindy Sherman, Damien Hirst, and Andy Warhol.

IN HIS OWN WORDS

"I realized that I should know all the things in Asia first before exploring the world, rather than moving back and forth all the time," Kim told us. "I am Asian and I have a strong interest in Asian art, so if I have a firm identity and I know the Asian world, then I think I will not fail, even if I go to New York."

Taiwan



Collecting in Taiwan, which has been separated from mainland China since 1949, can be traced back to the 1960s—or earlier, to when the National Revolutionary Army arrived with a haul of Chinese artworks, now housed in the National Palace Museum. The '60s efflorescence coincided with the emergence of avant-garde movements led by the Fifth Moon and Ton-Fan groups, which fused the aesthetics of Abstract Expressionism with Asian philosophy in order to break from traditional Chinese artistic language and Soviet-style Socialist Realism.

Unlike mainland China, Taiwan has a democratic political system and freedom of speech, both of which inform its art. "Contemporary art is to ask questions, to deal with contemporary issues," said Li-Chen Loh, the director of the Museum of Contemporary Art Taipei. Although the island lost its position as Asia's leading art-market hub in the late 1990s, it now hopes to claw back some of its market share from Hong Kong. The Taipei Dangdai fair, which the founders of ArtHK debuted in 2019, has helped raise the profile of Taiwan's art market.

Major Industries
Telecommunications, financial services, utilities, computer hardware

Wealth
Taiwan is home to 40 billionaires with a total net worth of $85.5 billion, according to a 2019 report from UBS and PriceWaterhouseCoopers.

Economy
Taiwan's economy has remained surprisingly resilient amid the regional slowdown. It posted higher GDP growth at the end of last year than both Singapore and South Korea.

Politics
In January, Tsai Ing-wen, of the Democratic Progressive Party—who has been an enthusiastic supporter of creative industries—won a second term as president in a landslide victory.

From top: street view of Taipei; an installation by Mycelium Network Society at the Taipei Biennial; a work by Chou Yu-Cheng at Taipei Dangdai

Galleries and Institutions to Know

MOCA TAIPEI
The museum has garnered international attention for staging daring exhibitions, including the first museum show dedicated to LGBTQ+ issues in Asia and a presentation based on the controversial 2019 Aichi Triennale.

TAIPEI FINE ARTS MUSEUM
Taiwan's first museum dedicated to Modern and contemporary art boasts a collection of more than 5,000 works that place Taiwan's art history in an international context. It also commissions Taiwan's pavilion at the Venice Biennale.

TAINAN ART MUSEUM
The newest addition to Taiwan's cultural scene opened last year. Its two buildings, a former police station and a new structure by Shigeru Ban and Shi Zhao Yong, house a collection that illustrates the 400-year history of Tainan, the island's capital during the Qing dynasty.

TINA KENG GALLERY AND TKG+
Veteran art dealer Tina Keng has been specializing in Modern masters such as Zao Wou-Ki and Sanyu for decades. Her daughter, Shelly Wu, opened TKG+ in 2009 to showcase contemporary art.

Collectors to Know

Taiwan

Yao Chien

WHAT TO KNOW

The renowned lyricist and producer is the mastermind behind some of the greatest Mando-pop hits in the Chinese-speaking world.

WHAT HE COLLECTS

Yao started collecting in 1997 with a focus on modern Asian works, including pieces by Sanyu and Pan Yu-Lin, but has since expanded his purview to contemporary art with works by Shida Kuo and Antony Gormley. More recently, he has begun to collect Old Master paintings; a stunning Rubens nude hangs in his dining room.

IN HIS OWN WORDS

"The most distinguished feature of Taiwan's art-collecting culture is diversity of intention," he told us. "Certainly, there are people who collect art as a form of investment or to show off their social status, but I know a lot who collect art just to enrich their lives."

Patrick Sun

WHO

The property developer is based in both his home city of Hong Kong and Taipei, where his partner lives.

WHAT HE COLLECTS

He began buying art in 1988 with a focus on Chinese ink painting, but his interests changed in 2014 when he founded Sunpride Foundation, an organization dedicated to art addressing LGBTQ+ issues in the region. His foundation was behind the 2017 exhibition "Spectrosynthesis – Asian LGBTQ Issues and Art Now" at MOCA Taipei, which opened two years before Taiwan became the first country in Asia to allow same-sex marriage.

IN HIS OWN WORDS

"Taiwan has been a force in Asia in terms of art collecting [and the] quality of art and artists," Sun told us. "Now, a top-quality international art fair has brought in an art ecosystem that links together everything the Taipei art scene has to offer."

Leslie Sun

WHO

The founder of lifestyle brand Sunset and the newly appointed editor-in-chief of *Vogue Taiwan* is among the most prominent young collectors in the region. (She has no relation to Patrick.)

WHAT SHE COLLECTS

She started buying prints after design school but has since graduated to significant works by big-name artists like Richard Serra, Eddie Peake, Mel Bochner, and Wu Chi-Tsung. She frequently shares her collecting adventures on Instagram, where she has nearly 35,000 followers.

IN HER OWN WORDS

"Collectors of the older generation aren't interested in the social aspects of the art world," Sun has said. "But we are different. We like to share and talk about art."

The Bankerization *of the* Art Market

How Wall Street's Masters of the Universe Infiltrated the Art World

by Nate Freeman

Art dealers were on vacation when Patrick Drahi pulled off the biggest deal many of them had ever seen.

It was June 2019, right after Art Basel, a fallow period when gallery honchos and auction chairmen rent homes in Italy or go island hopping in Greece. Drahi, a telecom billionaire in charge of the multinational corporation Altice, plunked down $3.7 billion in cash and debt to acquire Sotheby's, which had been traded publicly for more than three decades. Less than two years after the art world had watched, aghast, as a buyer believed to be Saudi Arabian Crown Prince Mohammed bin Salman spent $450.3 million on Leonardo da Vinci's *Salvator Mundi*, a man had stepped up and paid more than eight times that—not on an artwork but on a chunk of the art world itself.

This, presumably, was good news for Tad Smith, the CEO of Sotheby's for the past four years, who had led a slew of acquisitions that transformed the company into a microcosm of the entire art market, a one-stop shop for collectors who wanted all their needs taken care of under one roof. Better yet, Smith and Drahi had a history: when Drahi was in talks to buy Cablevision from James Dolan,

Currently
CEO of Sotheby's

Formerly
Investment Banker, Morgan Stanley; CEO, Itaú BBA; CFO, Altice

Currently
Founder of Mnuchin Gallery

Formerly
Partner, Goldman Sachs

Smith was CEO of Madison Square Garden, which Dolan has owned since the 1990s.

"This acquisition will provide Sotheby's with the opportunity to accelerate the successful program of growth initiatives of the past several years in a more flexible private environment," Smith said in a statement after Drahi's purchase.

But less than six months after the deal was announced, Smith and Drahi parted ways, and the CEO walked away with a golden parachute check for a whopping $28 million. To replace him, Drahi hired Altice CFO Charles Stewart.

Drahi wanted one of the world's largest art businesses to be run by a banker.

Auction-House Takeover

When it comes to financial types infiltrating the art world, it appears the barbarians are at the gate. Bankers were once content to be on the relative fringe of the picture-buying business, using their bonuses to bundle Warhols or clawing their way onto museum boards through conspicuous gift giving. Now, they're running auction houses, opening galleries, building private museums, and whispering in the ears of billionaires as art advisors.

Sure, the machers of the banking industry have deep roots in the art market—the Medicis fueled the Renaissance, the bankers of the East India Company let Rembrandt put up his paintings as loan collateral, and the robber barons used their money to build the Frick and the Morgan. But today, bankers don't just want to be patrons—they want to be *players*, occupying roles once filled by art experts. It's Wall Street meets Chelsea—a mash-up of the Tom Wolfe classics *The Bonfire of the Vanities* and *The Painted Word*.

Part of the reason for this sea change is simply that financial types see the market for art as one they can streamline. "When I was at Sotheby's, the business was run entirely by art brains, not by business brains," said art advisor Wendy Cromwell, who worked as a vice president in the postwar and contemporary art department at Sotheby's in the '90s. "That led to a lot of dysfunction and a lack of profitability. It was a business that was ripe for professionalizing."

One of the first bona fide Wall Street-to-art world crossovers was Robert Mnuchin, who retired from Goldman Sachs, where he pioneered the firm's first block-trading operations, to open a gallery on the Upper East Side in 1990. At first, sources say, Mnuchin was seen as the epitome of a gentleman banker who was fulfilling a lifelong dream of curating gallery shows. But then he became "a more aggressive version of that," one market player said. Just last spring, Mnuchin placed the winning, $91.1 million bid for Jeff Koons's *Rabbit*—on behalf of another financier, hedge-fund manager Steve Cohen.

Thirty years after Mnuchin set up shop, a new guard of bankers is encroaching on the art world. The auction house Bonhams, a perennial fourth-place finisher behind the Big Three, was acquired by a private equity firm, Epiris, in 2018.

Meanwhile, Adam Chinn left his corner office at the boutique investment firm Centerview Partners to join the advisory firm Art Agency, Partners, which was bought by Sotheby's in 2016, and later served as the auction house's COO. At times, it was jarring to see the former banker taking bids on the phone among the lifers with art-history degrees. After Chinn was pushed out in 2018, he took an even more inside-baseball position in the art world: art advisor to the all-powerful Mugrabi family.

But the individual who could have the most impact bankerizing the mechanisms of the art industry is Stewart, who spent nearly two decades buying size at Morgan Stanley, where he became the deputy head of investment banking for Europe, the Middle East, and Africa. He arrives at a critical moment for Sotheby's, which took a haircut on sizable guarantees in recent years and, in 2019, reported $108.6 million in net income from $6.4 billion in sales, a slim 1.7 percent margin.

Perhaps the way forward, in Drahi's and Stewart's minds, is to think like bankers.

A New Dawn

It was clear as soon as Stewart arrived that he was approaching things differently. Six weeks after he started, in mid-December 2019, he announced a fundamental restructuring of the auction house, creating two divisions: "fine arts" and "luxury, art, and objects." The former encompasses private sales, Old Masters, 19th century art, European art, prints, and photographs (in other words, the art side of the business). The latter includes jewelry, watches, wine, design, and books.

Stewart described the two divisions in an email to staff as "equally important." The luxury categories, he wrote, present a "major opportunity to further develop new sales channels, including marketplace, e-commerce, and even retail—putting us on a path for future growth."

The reshuffle suggests that Sotheby's may move away from relying on big-ticket art auctions—which often require aggressive and expensive business-getting strategies (not to mention highly specialized talent)—and instead place more emphasis on the lower-priced but still-pricey luxury goods game. Luxury goods companies posted an income margin of around 20 percent in 2018, according to a report from Bain & Company—exponentially higher than Sotheby's.

In fact, the market for personal luxury goods reached a record high of €260 billion in 2018, up 6 percent from the year before, Bain reports. Compare that with global fine-art auction sales, which grew 4 percent in 2018 and dipped 11 percent in 2019, to $13.1 billion, according to Artnet data. Plus, with the luxury goods market, you don't have to bank on a well-timed death or divorce. The material is more accessible to buy and more easily available to sell.

It doesn't take an expert in financial derivatives to see the writing on the wall. Other auction houses are moving in this direction, too. In recent years, Christie's, Bonhams, and Phillips have all expanded or are planning to expand their sales of designer handbags, watches, and jewelry.

Sotheby's is trying to reach new audiences through novel products like a recent streetwear line produced with brand Highsnobiety.

Still, it remains to be seen whether this is a winning strategy. Can auctioneers really compete with established luxury conglomerates? And will specialists who have decades of experience be willing to compete for resources with handbag and watch experts, let alone take direction from moneymen who can't tell their Monet from their Manet?

"Charlie Stewart has excellent operational experience, and Sotheby's as a company needs excellent operational experience," Cromwell said. "But someone with a banking background is—I don't know how to put this, but it's never worked in the past. There's always pushback from the rainmakers, the specialists that bring in the collections that sell the most and make the money. There's always a lack of understanding between the two sides. So I really don't know if they'll be able to make this work."

Profit-hungry auction houses are eyeing the luxury industry like never before.

Unless, perhaps, they marginalize the individual rainmakers. Looking ahead, Sotheby's could become a consumer-facing financial-trading operation, buying and selling assets with its clients in mind, swapping around tranches of value. Something that resembles a bank.

"Sotheby's can interact with customers in almost every facet of what they touch in fine art or luxury goods—we can sell Picassos to buy Old Masters and sell Old Masters to buy a Rolex and sell a Rolex to buy a mid-century French chair," said David Schrader, the head of private sales at Sotheby's, who used to be—you guessed it!—an institutional salesman at J.P. Morgan.

"We can touch so many parts of people's lives, which is for me super exciting, and super exciting for Charlie as well. And it's something that's not that different from the way we looked at our biggest, most invested customers on Wall Street. For these customers, if they're a hedge fund or company transacting in so many different buckets—we're thinking, how do we serve them synergistically?"

Meet the Banker

Charles Stewart studied at Exeter and went on to Yale. While at university, he played squash and pursued a liberal arts degree, intent on teaching or doing service work after graduation. "I really had no idea what i-banking was other than the notion that it involved a massive sellout," Stewart told the *Yale Daily News* in 2007, when he swung by New Haven for a Calhoun College Master's Tea.

(Like many of the ex-bankers cited in this story, Stewart declined to be interviewed. A spokesperson for Sotheby's said that the CEO has not spoken to the press since starting in his new role and was "right in the middle of working out when he wants to start, and on what topic.")

Despite his previous aversion to the profession, Stewart found himself in a job at Morgan Stanley in 1994, two years after graduating. He went on to initiate a Brazilian presence for the company in the late 1990s and eventually became the deputy head of investment banking for Europe, the Middle East, and Africa, before defecting to Itaú BBA, the largest investment bank in Latin America, where he became CEO. He didn't last three years—he was poached by Drahi to become copresident and CFO of Altice USA at the end of 2015. His compensation package was worth $3.8 million, the second highest at the company.

"We're going from a pure auction house to being a purveyor of luxury objects."

The timing corresponded with a monster deal that Drahi had put together. He spent $17.7 billion to buy Cablevision, going deep into debt to form the fourth-biggest cable operator in the US. Stewart was promptly given his brief: cut $900 million in costs in 2016 alone. He had to do so without implementing layoffs—there was a rider that prevented any job elimination for five years. But the Wi-Fi service Freewheel was shut down, and perks were thrown out the window: top-level executives had to give up their suites and helicopter rides and eat at the company cafeteria.

"That's our whole philosophy," Stewart told the *Wall Street Journal* about the cost-cutting. "It triggers a discussion at a very nitty-gritty level, which is where the difference is made."

After serving as an effective foot soldier during the Cablevision transition, he got the call to head up Sotheby's, his boss's shiny new plaything. The press release quoted Drahi praising Stewart's "appetite for innovation" and insisted he would "create value for Sotheby's clients"—but nowhere did it say he had any experience in the art world.

When Stewart arrived in the New York salesroom for the Sotheby's Impressionist and Modern evening auction on November 13, he was standing in the same spot once occupied by Smith, between two phone banks stuffed with specialists probably worried about losing their jobs. As auctioneer Oliver Barker implored the room to bid on a Picasso that would hammer well below its $12 million estimate, he betrayed no emotion.

In the next few weeks, Stewart began to implement layoffs of 20 to 30 senior employees at the auction house and set in motion a plan that longtime Sotheby's employees with multiple art degrees found destabilizing. In a memo sent out before Thanksgiving, Stewart referred to what he called "our most undervalued and underutilized asset." But that asset wasn't the ability to secure consignments or a knack for pricing abstract paintings. The underutilized asset was "data."

A Culture Shift

Schrader, the private-sales head, can relate to Stewart more than many members of Sotheby's brass. For decades, he had been a canny collector while working on Wall Street, using his bonuses from Bear Stearns, Credit Suisse, and then J.P. Morgan to snap up works from Chelsea galleries. Often, he made what turned out to be brilliant purchases— for example, he secured a Richard Prince "Nurse" painting from Gladstone Gallery in 2003 for $60,000 and five years later put it up for sale at Christie's, where Larry Gagosian bought it for $4.2 million.

He put the proceeds back into art, and all that trading got him close to art-world figures like Amy Cappellazzo, who at the time of the "Nurse" sale was deputy chairman of Christie's Americas. Fast-forward eight years, and Cappellazzo is leading the fine art department at Sotheby's, trying to find someone to pump up private sales.

"It was sort of a vision," Cappellazzo said. "I was at a client's house for dinner, and I remember being very ill with a cold, and I had taken some cold medicine, which I don't do very often, and I got this kind of hallucination that I should hire David Schrader to run private sales."

He said yes. The appointment was a bit of a surprise, as it marked the first time the house had looked to leverage a Wall Street banker's client list since 1996, when it brought on Jamie Niven, a corporate raider at Lehman Brothers who went on to spend two decades at Sotheby's as a chairman of the Americas.

Adam Chinn

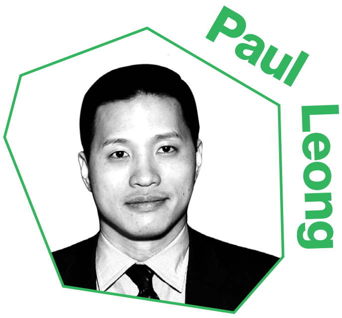
Currently
Art Advisor to the Mugrabi Family

Formerly
Founding Partner, Centerview Partners

David Schrader

Currently
Head of Private Sales at Sotheby's

Formerly
Managing Director, J.P. Morgan



Currently
Trader, Brookfield Asset Management, and Collector

Currently
Founder of Sweetwater, Berlin

Formerly
Investment Banker, Goldman Sachs

Schrader took on a department that had been struggling in recent years. In the third quarter of 2015, total private sales plunged 45 percent, to $85 million, its lowest level for a quarter since 2011.

Before long, however, Schrader found that there were more similarities between finance and the auction business than he initially thought. “I was taking the view that the client is first, which is something I always had on Wall Street,” he said. “Not trying to make onetime sales, making long-term relationships. Coming to a place like Sotheby’s, and coming from institutions like J.P. Morgan, there’s a sort of corporate culture that I was used to—and it was just entrepreneurial.”

Less than a year in, Schrader had created an operation in which nearly 150 works consigned for private sale could be ready to view on York Avenue, without the hassle of shipping or publicity or printing catalogues. In 2017, private sales rose 28 percent, to a total of $745 million, a four-year high. The numbers for 2018 were even better—Schrader’s fiefdom hit a whopping $1 billion in sales, up 37 percent. By contrast, Christie’s booked just $653.3 million in private sales that year. In mid-February, a rep for Sotheby’s informed me that private sales dipped, but ever so slightly, in 2019—the division’s gross was “approaching” $1 billion.

“David is singular, and he has a financial acumen in excess of the average art-history major who comes to work at an auction house,” Cappellazzo said. “Obviously he’s very adept at business and negotiations.”

For his part, Schrader shares the top brass’s vision that the key to success, now and in the future, is the age-old financial tactic of diversifying assets. “We’re going from a pure auction house to being a purveyor of luxury objects,” he said. “A lot of different objects across lots of different categories and a lot of different geographies.”

Let the Barbarians In?

But what is lost if the barbarians walk through the gate, and the bankers turn the auction houses into general emporiums of fancy stuff instead of places that invest in growing markets for undervalued artists, securing quality consignments, and making headlines with bellwether evening sales?

Paul Leong, a hedge-fund trader at Brookfield Asset Management, says that some financial types should consider entering the art world without trying to completely rewire it from inside. Leong himself is a collector of revered “artist’s artists” who show at beloved galleries such as Reena Spaulings Fine Art, Galerie Buchholz, and Freedman Fitzpatrick.

His Tribeca apartment is full of difficult works that would be surprising to see in any home but especially that of a Wall Street guy: an early video by Ian Cheng above the bed, a magnificent hanging sculpture by Kayode Ojo, and photographs by divisive artist Heji Shin. (He bought the Ojo from Lucas Casso, a former Goldman Sachs trader who founded the Berlin gallery Sweetwater in 2018.)

When Leong started collecting, he approached the two ventures—financial trading and art buying—in a similar way. "A lot of people are surprised at how much research goes into collecting, and that definitely comes from being in finance," Leong said.

He understands that, once his colleagues begin looking to collect in earnest, many will reach out to someone they feel comfortable with—like David Schrader.

"David worked in private banking and has a Rolodex," Leong said. "I realize that he has different ways of thinking about what he's doing in trying to grow the business, but it's old school in the sense that it's relationships and making sales."

For her part, Cappellazzo—who, although she's now an ace dealmaker, holds a master's degree in urban design from the School of Architecture at Pratt Institute—told me, "I predict that you'll see more people coming from banking looking at the art market."

Even if Leong is one of the more curatorially minded bankers I've ever met, he thinks the financial world can benefit the art world by propping up the museums that can't afford serious contemporary masterpieces, tightening up the auction model, and safeguarding against blips in the strength of the market.

"I'm very intrigued about the possibilities of business and art," Leong said. "I think that every year they get closer and closer. There's going to be a convergence."

The Crossover Pioneers

Meet the tycoons who were among the first to set their sights on the art world after the 1980s financial boom.

J. Tomilson Hill

made his name at Lehman Brothers, where his role in the leveraged buyout of RJR Nabisco won him plenty of mentions in the corporate-raider classic *Barbarians at the Gate*. Hill, who goes by Tom, went on to run the hedge-fund business at Blackstone for decades. Last year, he opened a private foundation in Chelsea to present his star-studded collection of contemporary and Renaissance masters. Hill is said to have been an inspiration for Wall Street kingpin Gordon Gekko, played by Michael Douglas, in *Wall Street*.

Asher Edelman

is also said to have been an inspiration for Gekko. The LBO pioneer left Wall Street in the early '90s after a series of setbacks (a takeover of a textiles company was blocked by a North Carolina judge, and he reached a $484,000 settlement with the SEC for allegedly failing to properly disclose his stake in a data company). What did he do next? He started an art museum in Switzerland and, in 2014, launched the art-loan company Artemus.

Jeffrey Deitch

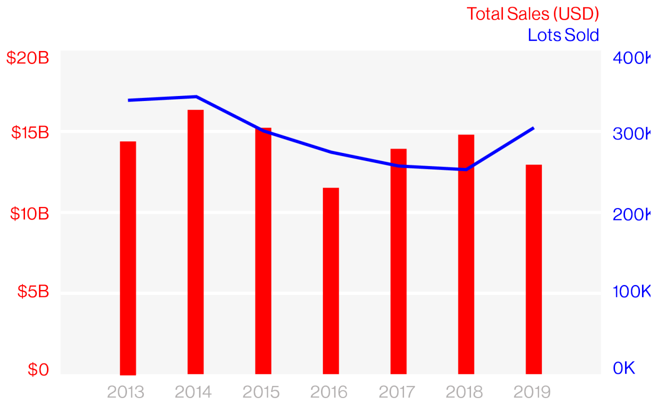
is now a powerful advisor and dealer with galleries in New York and Los Angeles. But he started his career developing art-finance programs as a vice president at Citibank in the 1980s. He also boasts an MBA from Harvard Business School.

Here's What *Really* Happened in the Art Market Last Year

by Julia Halperin

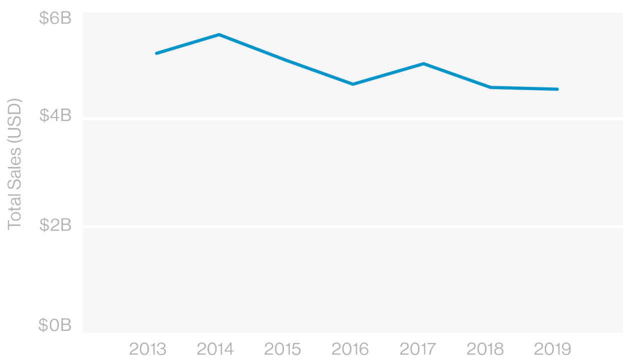
These graphs tell you everything you need to know about where the art market is headed

How Much Fine Art Was Sold at Auction in 2019?



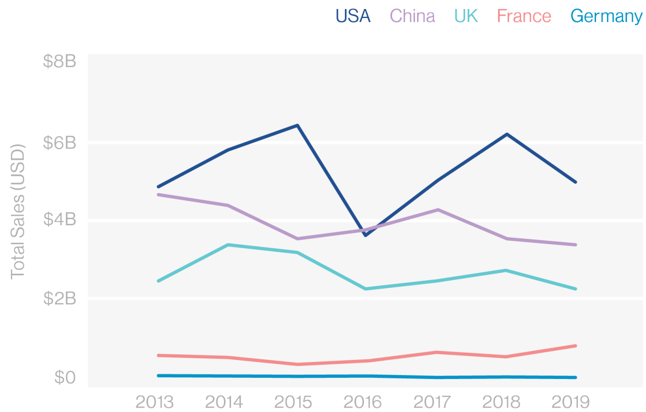
A total of $13.1 billion worth of fine art was sold at auction in 2019, but it was a relatively joyless year for the art market, with total sales down 11 percent from 2018. The tumble was largely due to the absence of megawatt collections like the one assembled by the Rockefeller family, whose sale generated $800 million in 2018. The thinness at the top of the market created an unusual dynamic: for the first time in many years, the number of works hitting the auction block rose (by 23.6 percent), while the cumulative value of total sales fell. Without a critical mass of big-ticket items driving totals up, the average price of a work of fine art sold at auction tumbled by more than a quarter last year, to $42,439.

How Much Decorative Art Was Sold at Auction in 2019?



Sales of decorative art generated $4.7 billion at auction last year, the lowest level in at least the past seven years. But some experts maintain that collectors are still interested in the sector—it's just that their tastes are changing. "Rather than going to auction to buy second-hand material, a lot of collectors are opting for one-of-a-kind items from new craftspeople," said Michael Plummer, cofounder of Artvest Partners. Although the blossoming market for custom contemporary design—such as seating-meets-sculpture by the likes of Rick Owens and Maarten Baas—may have had a negative impact on the decorative-art market at auction in recent years, that shift may be temporary. "We speculate that these artists and works will eventually be sold at auction," Plummer said.

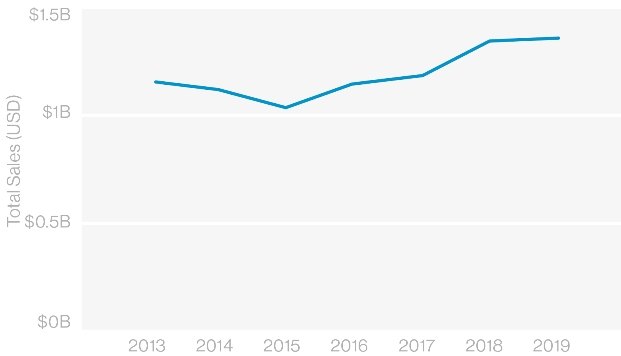
Which Country Had the Biggest Fine-Art Auction Sales?



The world's three largest art markets—the US, the UK, and China—all contracted in 2019. The US and the UK shrank almost equally, around 19 percent each, due in part, experts say, to political and economic uncertainty, as well as a supply squeeze. China, meanwhile, remained more stable, with only a 5 percent dip.

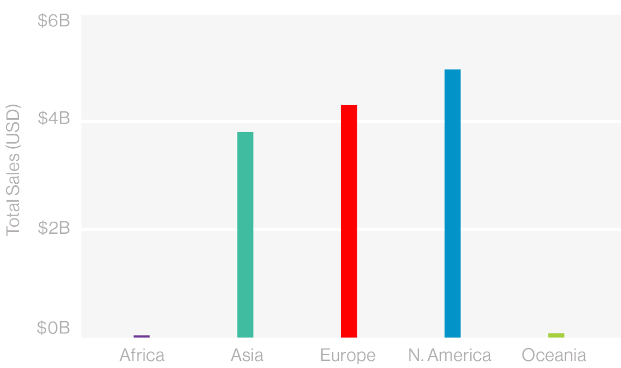
The big success story of the year was France. The country's auction market grew a remarkable 49 percent, in large part because of a significant increase in the number of works sold at the country's three biggest houses: Sotheby's Paris, Christie's Paris, and Artcurial. While France's market remains much smaller than the top three (it was worth more than $1 billion less than the UK's in 2019), it appears to have benefited from Brexit jitters. As galleries, including David Zwirner and White Cube, expand to Paris, "I think we will see [market momentum] shift even more dramatically in the next five years," said Evan Beard, the head of art services at US Trust.

How Did Hong Kong's Fine-Art Auctions Fare?



Hong Kong has been in turmoil since pro-democracy protests broke out in the city in June. But perhaps surprisingly, seven months of sometimes-violent clashes between police and demonstrators did not do much to dampen its art market. (The impact of the novel 2019 strain of coronavirus, which has led to the cancellation of Art Basel Hong Kong and the postponement or relocation of other major fairs and auctions, is likely to have more of an impact.) Last year, the cumulative value of fine-art sales in Hong Kong reached $1.4 billion, up 1 percent from 2018. The city saw particularly strong results for established figures in the Asian market, like Yoshitomo Nara and Sanyu, as well as for such rising Western stars as Eddie Martinez, Nicolas Party, and Genieve Figgis.

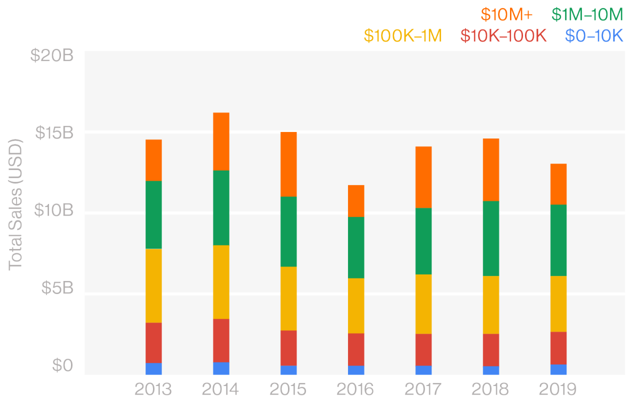
Which Continent Sold the Most Fine Art in 2019?



North America saw a 19 percent drop in fine-art sales last year—but it still remains by far the world's largest art market. Meanwhile, North America and Asia tied as the continents where art is most likely to find buyers at auction: each had a strong sell-through rate of approximately 72 percent.

Notably, the number of lots sold went up and the average price went down in North America, Europe, and Asia alike. What created this dynamic? "It was a global, generalized phenomenon that people moved toward the lower end of the price distribution in a relatively lackluster growth environment," said Benjamin Mandel, a global strategist at J.P. Morgan Asset Management.

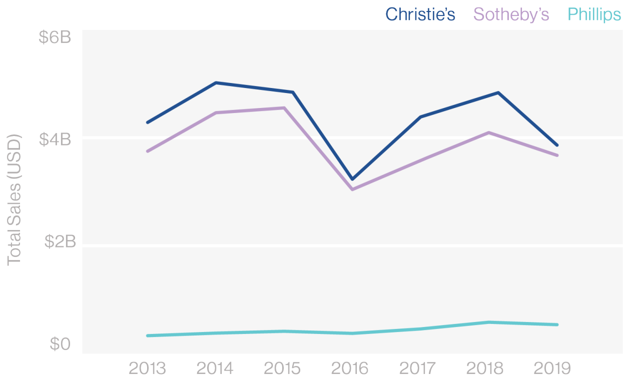
What Price Point Is the Most Popular for Fine Art?



This was a decent year for the low end of the fine-art market but a lousy year for the rest of it. Sales of art priced up to $1 million grew slightly—almost 2 percent—while sales of art worth $1 million and more dropped by almost 20 percent. "The biggest shift in the past 10 to 15 years is in the size and scope of the day sales [where lower-priced work is offered] and the amount of action that happens there across the board," Beard said.

Meanwhile, the steepest drop came at the top: sales of work priced $10 million and up plummeted by 35 percent. Some attribute this softness to a lack of supply, while others note that political and economic uncertainty does not mix well with conspicuous consumption. "Certain nationalities don't want to be seen spending that kind of money right now," said the London-based art advisor Wendy Goldsmith. As a result, some heavyweight transactions have moved to the private market.

Which Auction House Came Out on Top in 2019?



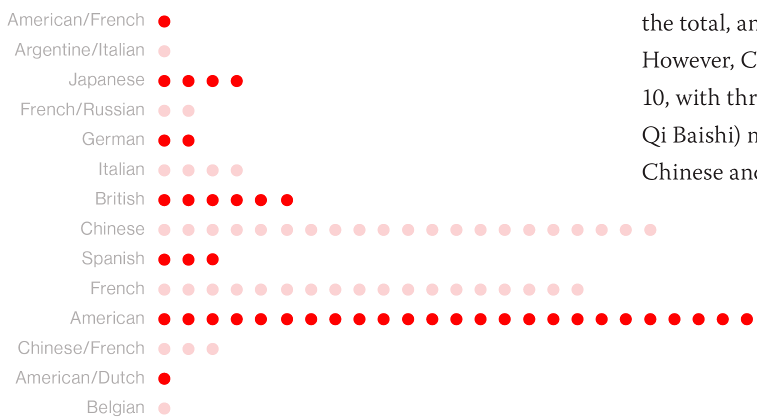
For the first time since 2016, the gap between Sotheby's and Christie's narrowed last year. But Christie's still generated around $100 million more in fine-art sales than its rival, even without a blockbuster estate like Rockefeller's. Whether the divide narrows further in 2020 will depend in large part on the approach of Sotheby's new owner, French media tycoon Patrick Drahi.

"We know [Christie's owner François] Pinault and his family have an appetite for risk on big deals," Plummer said. "It remains to be seen whether Drahi has the same kind of appetite. You have to be a certain type of individual to bet so much on these major sales." Furthermore, Plummer noted, Drahi "may have plans to focus his capital on entirely new businesses, separate and apart from the auctions."

"The biggest shift in the past 10 to 15 years is in the size and scope of the day sales and the amount of action that happens there across the board"

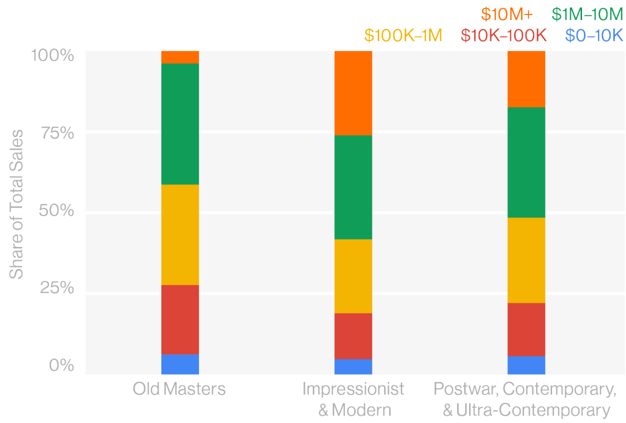
Evan Beard,
head of art services at US Trust

Which Country Produced the Best-Selling Artists in 2019?



American artists were more sought-after than those from any other nation at auction last year. They accounted for the largest share—25 percent—of the 100 best-selling artists in 2019. Chinese artists placed second, with 21 percent of the total, and French artists came in third, with 18 percent. However, China was the country best represented in the top 10, with three artists (Zhang Daqian, Wu Guanzhong, and Qi Baishi) making the cut (as well as Zao Wou-Ki, who is Chinese and French).

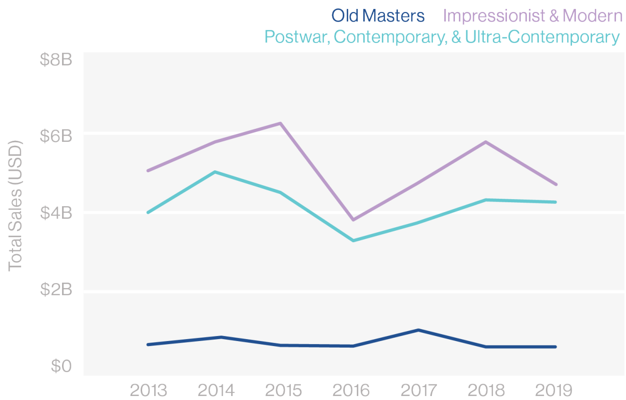
Which Price Points Were Most Popular in Each Genre in 2019?



For every genre—Old Masters, Impressionist and Modern, as well as postwar, contemporary, and ultra-contemporary—the $1 million-to-$10 million price bracket was the largest and most lucrative. The postwar, contemporary, and ultra-contemporary sector beat out Impressionist and Modern in every bracket except $10 million-and-up, where Imp-Mod still reigns supreme.

Nevertheless, the dearth of trophy artworks in 2019 was felt most keenly in the Imp-Mod sector, which saw a 48.5 percent dip in sales year-over-year in that elite $10 million-and-up bracket. And while it might be tempting to characterize that drop as a natural recalibration after the Rockefeller estate ginned up the high end of the category's market in 2018, it is worth noting that sales in this top price segment were lower in 2019 than at almost any time in the past seven years (the exception being 2016, when the market was struggling across the board).

What Fine-Art Genre Was the Most Lucrative?



The Old Master market was the only one to see its total sales grow this year—albeit only by a modest 1.9 percent. The other sectors shrank from their 2018 levels (Imp-Mod by 22.7 percent and postwar and contemporary by 3.4 percent). But don't swap your Matisses for Mantegnas just yet: Imp-Mod remains the best-selling genre overall, with $4.6 billion worth of works sold at auction last year. (A note on methodology: our categories don't always coincide with auction-house ones. Because they were born before 1910, for example, Willem de Kooning and Francis Bacon are included in our Modern category, even though they are usually offered in postwar and contemporary sales at auction.) Meanwhile, ultra-contemporary art—our term for work by artists born after 1974—remains smaller than any other market, but it is also by far the fastest-growing: total sales were up 65 percent year-over-year.

Who Are the Most Bankable Artists?

See the 10 best-selling artists in each genre last year—and how the list has changed from 2018.

An auction at Sotheby's Bond Street

Legend

- NEW — New to the top 10 since 2018
- = — No change from 2018
- ↑ — Up from 2018
- ↓ — Down from 2018

European Old Masters

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales
1	↑	Peter Paul Rubens	1577–1640	13	14	93%	$13,911,762
2	↑	J. M. W. Turner	1775–1851	14	14	100%	$12,747,705
3	NEW	Joachim Anthonisz Wtewael	1566–1638	2	2	100%	$11,917,863
4	NEW	Giovanni di Paolo	1399–1482	2	2	100%	$11,604,473
5	NEW	Élisabeth Louise Vigée Le Brun	1755–1842	10	13	77%	$11,102,012
6	NEW	Thomas Gainsborough	1727–88	9	14	64%	$10,606,995
7	NEW	Jan Sanders (Jan van) Hemessen	1500–66	4	4	100%	$10,539,424
8	NEW	Jusepe de Ribera	1591–1652	16	28	57%	$9,473,362
9	↓	Rembrandt van Rijn	1606–69	651	775	84%	$7,889,889
10	NEW	David Teniers the Younger	1610–90	15	27	56%	$7,429,679

Impressionist & Modern

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales
1	=	Pablo Picasso	1881–1973	3,035	3,665	83%	$368,421,219
2	=	Claude Monet	1840–1926	36	39	92%	$298,511,422
3	NEW	René Magritte	1898–1967	89	135	66%	$127,718,117
4	↑	Francis Bacon	1909–92	97	118	82%	$115,288,424
5	NEW	Sanyu	1901–66	83	104	80%	$109,775,923
6	NEW	Mark Rothko	1903–70	8	11	73%	$106,441,445
7	NEW	Paul Cézanne	1839–1906	24	31	77%	$100,892,898
8	↓	Amedeo Modigliani	1884–1920	30	40	75%	$91,804,928
9	NEW	Jean Dubuffet	1901–85	206	260	79%	$89,864,367
10	NEW	Marc Chagall	1887–1985	863	1,246	69%	$88,340,194

Postwar

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales
1	↑	Andy Warhol	1928–87	1,388	1,743	80%	$231,049,586
2	↓	Zao Wou-Ki	1920–2013	382	458	83%	$225,462,140
3	↑	Gerhard Richter	b. 1932	284	360	79%	$130,767,997
4	↓	David Hockney	b. 1937	445	489	91%	$130,697,377
5	NEW	Ed Ruscha	b. 1937	244	282	87%	$117,429,663
6	↑	Roy Lichtenstein	1923–97	478	567	84%	$102,382,592
7	NEW	Robert Rauschenberg	1925–2008	219	297	74%	$97,286,817
8	↓	Yayoi Kusama	b. 1929	679	779	87%	$92,686,867
9	NEW	François-Xavier Lalanne	1927–2008	215	239	90%	$86,002,124
10	↓	Joan Mitchell	1925–92	54	60	90%	$62,605,222

Contemporary

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales
1	=	Jean-Michel Basquiat	1960–88	78	103	76%	$128,744,319
2	↑	Jeff Koons	b. 1955	208	298	70%	$111,444,056
3	NEW	KAWS	b. 1974	1,185	1,349	88%	$110,918,985
4	↑	Yoshitomo Nara	b. 1959	358	429	83%	$101,478,285
5	↓	Christopher Wool	b. 1955	49	70	70%	$54,950,102
6	NEW	Liu Ye	b. 1964	59	60	98%	$53,191,695
7	NEW	Keith Haring	1958–90	382	521	73%	$41,936,973
8	↓	George Condo	b. 1957	112	138	81%	$36,460,535
9	↓	Kerry James Marshall	b. 1955	23	25	92%	$35,958,962
10	NEW	Albert Oehlen	b. 1954	20	27	74%	$31,505,636

Ultra-Contemporary

		Artist	Life	Lots Sold	Lots Offered	Sell-Through Rate	Total Sales
1	=	Jonas Wood	b. 1977	93	124	75%	$22,602,971
2	=	Adrian Ghenie	b. 1977	21	24	88%	$17,327,436
3	↑	Dana Schutz	b. 1976	21	22	95%	$9,889,672
4	NEW	Eddie Martinez	b. 1977	30	33	91%	$8,574,731
5	NEW	Nicolas Party	b. 1980	32	33	97%	$5,100,175
6	=	Ayako Rokkaku	b. 1982	88	92	96%	$4,873,740
7	NEW	Harold Ancart	b. 1980	24	27	89%	$4,845,090
8	NEW	Rashid Johnson	b. 1977	20	20	100%	$4,096,395
9	NEW	Jia Aili	b. 1979	5	7	71%	$3,800,115
10	↓	Ren Zhong	b. 1976	32	46	70%	$3,206,820

Methodology

This report reflects auction results from 576 auction houses worldwide for January 1 to December 31, 2019. To consider how this year's results stacked up against those of previous years, we compared them with the numbers for the equivalent period from 2013 through 2018.

Artnet's Fine Art and Design Database includes fine art objects such as paintings, photographs, prints, and sculpture by artists ranging from Old Masters to contemporary living artists. The Decorative Art Database contains antiques, antiquities, and collectibles. Both databases include only items with low estimates of at least $500.

Every lot included in the Artnet Price Database is verified against auction catalogues or directly with the auction houses and then categorized by a team of multilingual art history specialists to ensure the highest level of accuracy and allow for detailed data analysis. We only include Chinese auction houses that have been vetted by the China Association of Auctioneers, a national association in China that is seeking to standardize the auction industry there. This report reflects the numbers in Artnet's Price Database as of January 15, 2020.

All sales prices are adjusted to include the buyer's premium. Price data from previous years has not been adjusted for inflation. All results are logged in the currency native to the country where the sale took place, then converted to US dollars based on the exchange rate on the day of the sale.

We defined artistic categories as follows: "European Old Masters" covers European artists born between 1250 and 1820; "Old Masters" covers artists from any country born between 1250 and 1820; "Impressionist and Modern" comprises artists from any country except China born between 1821 and 1910; "postwar" includes artists from any country except China born between 1911 and 1944; "contemporary" covers artists from any country born between 1945 and 1974; and "ultra-contemporary" comprises artists born after 1974. To avoid anomalies, all genre breakdowns in the "Data Dive" section exclude China.

Notes on geographic terms: Oceania covers auction houses located in Australia and New Zealand. North America covers auction houses in the US, Canada, and Mexico. China includes results from both the mainland and Hong Kong.

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Johannes Vermeer, *Girl with a Pearl Earring* (ca. 1665). Courtesy wikimedia commons.

What I Buy and Why
Dr. Kenneth Montague at home with Barkley Hendricks, *Blood (Donald Formey)* (1975); Kehinde Wiley, *Portrait of Doctor Samuel Johnson* (2009); Tyler Mitchell, *Untitled (Hijab Couture)* (2019). © Tyler Mitchell. All photos courtesy of Dr. Kenneth Montague / The Wedge Collection. Carlos and Rosa de la Cruz with *Glenn Ligon, Debris Field (Red) #3* (2018); Glenn Ligon, *Notes for a Poem on the Third World (chapter two)* (2019); Tomm El-Saieh, *Fruit Body* (2019). All photos courtesy of the de la Cruz Collection. Pamela Joyner at Fort Mason Pavilion, San Francisco. Photo: Drew Altizer; Firelei Báez, *A Drexcyen Chronocommons (To win the war you fought it sideways)* (2019). © Firelei Báez 2020. Image courtesy the artist and James Cohan, New York. Photo: Phoebe d'Heurle; Mary Lovelace O'Neal, *Tillie, Lassie, and the Don* (ca. 1998). Photo: Tom Powell Imaging, courtesy Mnuchin Gallery, New York. Kamiar Maleki. Photo: Darian DiCianno/BFA © BFA 2020; Amir Khojasteh, *The Painter* (2018). Courtesy Carbon 12, Dubai; Paul Kneale, *Various Magics* (2015). All photos courtesy the Maleki Collection.

The Best-Seller Lists
Dana Schutz, *Civil Planning* (2004). Courtesy of Sotheby's Images Ltd.; Jia Aili, *The Wasteland* (2007). Courtesy of Christie's; Eddie Martinez, *High Flying Bird* (2014). Courtesy of Christie's; Jeff Koons, *Rabbit* (1986). Courtesy of Christie's; Jean-Michel Basquiat, *The Ring* (1981). Courtesy of Phillips; Yoshitomo Nara, *Knife Behind Back* (2000). Courtesy of Sotheby's Images Ltd.; Ed Ruscha, *Hurting the Word Radio #2* (1964). Courtesy of Christie's; Louise Bourgeois, *Spider* (1996). Courtesy of Christie's; Nicolas de Staël, *Parc des Princes (Les Grands Footballeurs)* (1952). Courtesy of Christie's; Robert Rauschenberg, *Buffalo* II (1964). Courtesy of Christie's; Edward Weston, *Circus Tent* (1924). Courtesy of Phillips; Tina Modotti, *Telephone Wires, Mexico* (1942). Courtesy of Phillips; El Lissitzky, *Self-Portrait ('The Constructor')* (1924). Courtesy of Christie's; Cindy Sherman, *Untitled Film Still #21* (1978). Courtesy of Sotheby's Images Ltd.; Mark Rothko, *Untitled* (1960). Courtesy of Sotheby's Images Ltd.; Willem de Kooning, *Untitled XXI* (1977). Courtesy of Sotheby's Images Ltd.; Sanyu, *Five Nudes* (1950). Courtesy of Christie's; Claude Monet, *Meules* (1891). Courtesy of Sotheby's Images Ltd.; Paul Cézanne, *Bouilloire et fruits* (1888). Courtesy of Christie's; In the style of Botticelli, *Bildnis eines jungen Mannes.* Courtesy of Schuler Auktionen; Johann Liss, *The Temptation of Saint Mary Magdalene.* Courtesy of Sotheby's Images Ltd.; J.M.W. Turner, *Landscape with Walton Bridges.* Courtesy of Sotheby's Images Ltd.; Follower of Gentile Bellini, *A Portrait of Suleyman the Magnificent* (1520). Courtesy of Sotheby's Images Ltd.

Your A-to-Z Guide to AI in the Art Market
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Is This the Greatest Contemporary-Art Swindle Ever?
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The Asian Art Market Is More Than Hong Kong (or China)
FOST Gallery booth. Courtesy of STPI-Creative Workshop & Gallery, SEA Focus; Flower Dome. Photo: Bady qb; Singapore skyline. Photo: Mike Eerio; Vanghoua Anthony Vue, "Present Past Patterns" (2019). Photo courtesy of Singapore Art Museum; Nathanial Gunawan with a work by Arin (Dwihartanto) Sunaryo from his collection. Courtesy Nathanial Gunawan; Jim Amberson. Courtesy of Prestige Magazine, Burda International; Ann Mui Ling. Courtesy Ann Mui Ling; View of Lotte and Namsan towers in Seoul. Photo: Ed Jones/AFP for Getty Images; Kukje Gallery. Photo: Yong-Kwan Kim. Courtesy of Kukje Gallery; Portrait of Hyun-Sook Lee. Photo: Penn Studio. Courtesy of Kukje Gallery; Choi Seung-hyun. Photo: Vittorio Zunino Celotto/Getty Images; Kim Chang-il. Courtesy Kim Chang-il; Taipei in Taiwan. Photo: Bohdan Chreptak from Pixabay; Mycelium Network Society (Franz Xaver, Taro, Martin Howse, Shu Lea Cheang, global network nodes) (2018). Courtesy of the artists and Taipei Fine Arts Museum; Edouard Malingue Gallery at Taipei Dangdai, courtesy of Taipei Dangdai; Yao Chien with a painting by Shida Kuo. Courtesy of Yao Chien and Troy Wang for Bazaar Art Taiwan; Patrick Sun. Courtesy Patrick Sun; Leslie Sun. Courtesy of Taipei Dangdai.

How Masters of the Universe Became Masters of the Art World
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Data Dive
Phone bidding at Sotheby's Bond Street. Photo: Jonathan Brady/PA Images via Getty Images.

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