

ART & DESIGN

Trump and the Art Market: A Feel-Good Factor?

By SCOTT REYBURN DEC. 30, 2016

LONDON — As we enter 2017, and the inauguration of Donald J. Trump looms, many sectors of the global economy are wondering what impact his presidency will have on their business. The art market is one of them.

Last year, the political and economic uncertainty generated by the United States election (not to mention Britain's referendum on leaving the European Union and other so-called macro factors) made collectors hesitant to buy or sell artworks. This resulted in reduced year-on-year totals at Christie's and Sotheby's evening contemporary auctions in New York and London, and more muted demand at the world's leading art fairs.

Now Mr. Trump, a real-estate mogul, is the president-elect, and he has appointed a cabinet packed with billionaires and multimillionaires whose pro-business outlook has created optimism on Wall Street and in the wider economy.

Detailed policies have yet to be decided, but Mr. Trump's stated commitments to reducing taxes and regulation, as well as to negotiating better trade deals and investing in infrastructure, have helped the Dow Jones industrial average climb to 19,833.68 at the close of trading on Dec. 28, about an 8.2 percent increase since Nov. 8.

This in turn is creating a feel-good factor in the art world, where America's 1 percent makes up by far the largest proportion of the most serious buyers. Not only might they have more money to spend, but Mr. Trump has even appointed Wilbur Ross, a billionaire art collector, as secretary of commerce and Steven Mnuchin, the multimillionaire son of the leading New York art dealer Robert

Mnuchin, as secretary of the Treasury. From the commercial art world's point of view, what's not to like about the new administration?

“If an art collector gets less of a tax hit, that's got to be helpful,” said Candace Worth, an art adviser in New York.

Collectors are, however, concerned about one potential downside of Mr. Trump's suggested tax changes. The Tax Policy Center in Washington points out that the incoming president plans to reduce the tax benefits of charitable giving — which could include donating art to museums.

“If they change that in a meaningful way it could have a significant effect on people's desire to make a generous gift,” said Howard Rachofsky, whose stellar collection of American, European and Asian postwar art is a promised gift to the Dallas Museum of Art. Though the museum has formally accepted the gift, Mr. Rachofsky said, “There are agreements in place based on the existing tax codes, but if they were to change dramatically then those agreements may have to be modified.”

Otherwise, Mr. Rachofsky predicts Mr. Trump's effect on the art world will be “neutral,” while also noting, “The only thing that will be certain this year will be uncertainty.”

This dichotomy — the financial security of the 1 percent contrasting with more general geopolitical nervousness — looks set to be the default mode of the art market for some time. As a result, both amateur and professional buyers, mindful of art's reputation as a financial safe haven, are concentrating on the proven so-called investment grade names of the postwar and contemporary periods.

“Collectors seemed to be congregated around blue chip galleries, acquiring selectively and focusing on more established artists,” said Heather Flow, an adviser in New York, describing the dynamic at last month's Art Basel fair in Miami Beach. “The uncertainty and instability globally seems to weigh more heavily on collectors' minds than the prospect of a tax bill that could boost the after-tax income of the top 1 percent of highest-earning Americans,” she added.

The risk of speculating in young art was underlined in October when a 4-foot-high 2010 silver abstract by the New York painter Jacob Kassay sold for



INTERNATIONAL ARTS

Post-Internet Art Waits Its Turn

By SCOTT REYBURN SEPT. 26, 2014

LONDON — The old-fangled medium of painting continues to dominate the auction market for new art. Collectors and speculators are lining up to buy big abstracts by artists like Lucien Smith, Christian Rosa, Alex Israel, David Ostrowski and Israel Lund, knowing that a five-figure purchase from a dealer can quickly turn into a six-figure price in a salesroom.

A case in point was Phillips's "Under the Influence" sale in New York on Sept. 16, where the top price went to Mr. Smith's 2012 "Rain" painting. One of as many as 300 abstracts made by the artist using a fire-extinguisher, that work fetched \$173,000, doubling its low estimate. Joe Bradley's 2011 canvas, "Berlin Duck #2," led Christie's "First Open" sale in New York on Sept. 23 with a price of \$869,000. Paintings, including abstracts by Mr. Smith, Mr. Lund and Mr. Ostrowski, will also make up more than two-thirds of the 59 lots at Sotheby's Oct. 17 evening contemporary auction in London, timed to coincide with the Frieze Art Fair.

Back in the galleries, meanwhile, there are many innovative artists making works that engage with today's Internet-mediated realities. But their auction prices, as yet, haven't made them art market news. For collectors, conceptual art and digital works lack decorative wall-power, and they aren't unique works produced in series with the five-figure price points that make paintings currently such an attractive commodity to re-sell, or flip. But sooner or later an artist embracing new technologies will make a commercial breakthrough, and painting may soon look a lot more old-fashioned, both visually and as an investment.

“At the moment, when you walk around art fairs, artists who use new media are ghettoized in the young section,” said the New York-based art adviser Heather Flow. “It’s only a matter of time before they spread into the fair as a whole. Art has to deal with the moment we live in. There’s no way painting can remain hot for so long.”

The Los Angeles-based Englishman Ed Fornieles, 31, is one of the young “post-Internet” artists using a range of media. In “Modern Family,” a one-man show at the Chisenhale Gallery in East London, which opened on Sept. 19, he combines found objects, painting, video, sound, sculpture, performance and a hot tub to satirize American suburban life. The slide show of jarring consumerist imagery showing on various flat screens is available on www.edfornieles.com.

Clearly a name to watch, Mr. Fornieles is represented by the London-based dealer Carlos/Ishikawa, which also handles the Colombian-born wunderkind Oscar Murillo.

Vanessa Carlos, the director of Carlos/Ishikawa, said Mr. Fornieles’s use of the Internet as his preferred medium discouraged flipping. “Ed’s work challenges speculative behavior,” Ms. Carlos said. “It’s hard to do that if there isn’t a physical object.”

Versions of Mr. Fornieles’s website works, though freely available to view online, have been sold to collectors for between 1,000 and 8,000 pounds, or about \$1,600 and \$13,000. The more physical “Modern Family” — which includes a trio of large-scale “tombstone” paintings encrusted with moss and Sara Lee apple pies — will be sold in sections, though prices have yet to be agreed upon with the artist, Ms. Carlos said. As yet, his work hasn’t appeared at auction.

The meticulously crafted videos of another Los Angeles-based artist, Ryan Trecartin, shown at MoMA’s PS1 space in 2011, are also free to view on the web. However, when installed in specially-designed “sculptural theaters,” these films portraying partying humanoids can justify a significant privately-brokered price. The New York dealer Andrea Rosen was asking between \$1 million and \$2 million for the Trecartin installation she

presented at last year's Venice Biennale, according to market insiders.

That Trecartin work, "Priority Innfield," was acquired by the London-based collector Anita Zabłudowicz. The piece, reconceived in collaboration with the Los Angeles-based artist Lizzie Fitch, has transformed Ms. Zabłudowicz's project space in Camden and will open to the public on Thursday, in time for Frieze Week.

"Ryan is a post-Internet artist who's looking at the virtual world and how it affects us in real life," said Ms. Zabłudowicz. "We prefer artists who like to work on long-term projects with institutions. The get-rich-quick painters are another story." That said, Mr. Trecartin is beginning to gain some traction in the auction market. Last October, Christie's sold one of his limited-edition DVDs for £37,500.

Ms. Zabłudowicz, together with her husband Poju, has been collecting challenging contemporary works since the early 1990s. A lot of this kind of art, as well as commercially successful abstract painting, is now coming out of Los Angeles. The jaw-dropping \$1 million paid at Christie's, New York, in May for the 2012 canvas "Sky Backdrop" by the Los Angeles-based Mr. Israel remains a benchmark price in today's speculative market.

Reflecting the growing importance of Los Angeles as an art center, the hip London gallery Ibid opened a space in the city on Sept. 19. The inaugural show of 10 canvases by the Brazilian abstract painter Christian Rosa was a predictable sell-out. Given that one of his 2013 paintings had been flipped for \$87,500 at Phillips, New York, three nights earlier, the gallery was understandably reluctant to release its latest "primary" market prices.

For many galleries like Ibid, painting still holds commercial sway. The gallery held a sell-out exhibition of the Vienna-based Alex Ruthner's paintings at its London showroom in the summer. It will be offering a further 10 of his paintings, priced at around £10,000 each, in a pop-up show, co-organized with the collector-curators Lisa Reuben and Kenny Schachter, with previews on Oct. 15 at 30 Millbank, near Tate Britain. That show, together with the Oct. 11 opening of Ibid's new gallery in the Fitzrovia district with more conceptual works by Michael Van den Abeele, Flora

Hauser and Maria Taniguchi, will be one of the dozens of events jostling for the attention of visiting collectors and curators during Frieze Week.

“Our more conceptual artists tend to be supported by institutions and foundations,” said Chelsea Zaharczuk, the assistant director of Ibid’s London gallery. “Private collectors are more interested in the painting. It’s accessible, it feels more familiar. It will never go away.”

That’s certainly what the auction house catalogs are saying. And until a “post-Internet” artist becomes the Next Big Thing, the commercial dominance of painting will remain.

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25,000 pounds, or about \$31,000, at a Sotheby's day auction in London. Back in 2011, when the market for Mr. Kassay was at its zenith, another 4-foot silver abstract from 2010 sold at a Phillips evening sale for \$257,000.

With young abstraction no longer the force it was, the art market has settled into a more predictable cycle of auctions and fairs offering works by the reassuringly familiar.

“We haven't been buying living artists. We've been focusing on names like Picasso, Josef Albers and Yves Klein,” said Javier Lumbreras, founder of the Artemundi Global Fund, a five-year closed-end art fund in New York that liquidated in 2015, producing an average net annual return of about 17.1 percent for investors, according to its website. (Mr. Lumbreras said he would be offering a new, modified fund to investors in the spring.)

Artemundi said it maximized its returns — made during a period of steady, post-crash price rises — by buying and selling through low-fee private transactions, rather than public auctions. Such auctions usually extract double-digit commissions from both buyer and seller for works priced under \$1 million.

An increasing number of private collectors are taking a similar approach. “The auction houses have created some huge margins at the midlevel,” said Mr. Rachofsky, the Dallas collector, who last year discreetly sold several six-figure works priced through dealers charging single-digit commissions. “A lot of that trade is going to migrate to the private side.”

That assertion seemed to be confirmed last month with the surprise move of Brett Gorvy, Christie's chairman and international head of postwar and contemporary art, who joined forces with the New York private dealer Dominique Lévy. Lévy Gorvy's inaugural show, pairing postwar landscapes by Willem de Kooning and the Chinese-French painter Zao Wou-Ki, will open in New York on Jan. 18 and later travel to Hong Kong.

Many in this sector seem to agree on the probable effects of the new United States administration. Morgan Long, senior director of the Fine Art Group in London, said she thought Mr. Trump's policies would “look after the interests of the 1 percent.”

But what about the 99 percent, and the new art that is not being recycled in the great moneymaking machine of today's market?

These will be the concerns of the 14th edition of the Documenta quinquennial, which is shaping up to be one of most talked-about art events of 2017.

Adam Szymczyk, 46, a Polish art critic and Documenta's director, has taken the bold step of holding the event in the beleaguered city of Athens, as well as its traditional venue of Kassel in Germany. The Greek component of this sprawling multi-artist project will formally open in April, with the Kassel phase scheduled for June.

Documenta's curatorial ambition is to show art that reflects the current reality of the contemporary world. Among the material already available on the Documenta website is a film about a butcher in Aleppo made by Abounaddara, a collective of Syrian filmmakers.

"We are interested in something that extends beyond the dimensions of an exhibition," Mr. Szymczyk said. "This has the possibility of offering statements that aren't bound by dominant narratives. It's about telling stories in a different way, opening up minds to a different way of living."

This influential event could usher in a new phase of didactic art. Alternatively, thanks to dominant narratives like Mr. Trump, art could be about to get a lot more interesting.

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