

INNOVATING AND ADAPTING

THE ART MARKET'S
RESPONSE TO A GLOBAL
PANDEMIC

Fall 2020



In the space of just seven months, the COVID-19 pandemic has transformed the art market in ways that were previously unimagined. The changes, both positive and negative, have been profound, and some of them will undoubtedly be permanent.

Put simply, the industry has shown adaptability and innovative flair in its response to the pandemic and the resulting restrictions.

In this update, we take the opportunity to assess art market developments in 2020 thus far and ask what we should expect going forward.

Artwork © 2020 Estate of Ruth Asawa/Artists Rights Society (ARS), New York. Courtesy The Estate of Ruth Asawa and David Zwirner. Photo: /Christie's Images Ltd.

Ruth Asawa Untitled (*S.401, Hanging Seven-Lobed, Continuous Interlocking Form, with Spheres within Two Lobes*), circa 1953-4: a hanging looped-wire sculpture of enameled copper and brass wire, which set a new artist auction record when it realized \$5,382,500 at Christie's *ONE: A Global Sale of the 20th Century* on July 10. The long-overlooked Japanese-American artist is currently featured in the Forever Stamps series issued by the United States Postal Service.

ART IN THE DIGITAL REALM

One of the immediate effects of COVID-19 was the cancelation and postponement of major art fairs around the world. This included all three editions of the Art Basel fair – in Hong Kong, Basel, and Miami Beach – as well as Frieze New York and Frieze London. With impressive speed, these marquee events underwent digital reincarnation. Many galleries have come to rely on sales from these widely attended global art fairs in recent years, with the share of dealers' annual sales growing from 30% in 2010 to 46% in 2019.¹

Despite lacking a physical presence, several fairs launched online by way of virtual viewing rooms and platforms and reported strong sales.

In the second edition of Art Basel's Online Viewing Rooms in June – which featured 282 galleries from 35 countries and territories – some galleries apparently found themselves sold out during the VIP preview days.² Hauser & Wirth reported selling 20 works across its two digital presentations, including a Mark Bradford painting for \$5 million. Moreover, David Zwirner, one of the first large galleries to invest heavily in an online sales platform in 2017, sold 10 of the 15 works it had on offer, totaling \$10 million in sales. As part of its separate online "Studio" series focusing on recent works (2013-19) by artists represented by the gallery, Zwirner sold Jeff Koons's *Balloon Venus Lespugue (Red)* for \$8 million, reportedly a record for any single online sale by the gallery."



The Press of Democracy, 2020
Mixed media on canvas, 287.7 x 359.4 cm / 113 1/4 x 141 1/2 in.

© Mark Bradford, Courtesy the artist and Hauser & Wirth.
Photo: Joshua White / JWPictures

Mark Bradford, *The Press of Democracy*, 2020. The painting was reportedly sold by Hauser & Wirth for \$5 million during the online edition of Art Basel in June.

Of course, there is nothing quite like experiencing art in person. However, for many attendees, the virtual fairs have proved a welcome respite from the frenetic pace, intense decision-making and constant travel to which they have been accustomed. Galleries have provided additional content online, such as artist interviews and informational videos, enabling more thoughtful consideration of artworks. Dealers also report reaching a wider audience and a number of new collectors.³ Many galleries have launched concurrent virtual salesrooms on their own websites, providing supplementary information on the works offered via fairs or expanding their offerings. Others, meanwhile, have taken the opportunity to feature monumental works that would normally be impossible to display within a typical art fair booth.⁴

A significant benefit of virtual fairs is the greater transparency they bring to the typically opaque private sale market, given that galleries post the prices of available works online.

Despite all these positive innovations, however, gallery sales dropped by an estimated 36% in the first half of 2020, according to a recent report published by cultural economist and founder of Arts Economics, Clare McAndrew. The report surveyed 795 galleries from 60 different markets worldwide and 360 collectors from the US, UK, and Hong Kong SAR (China).⁵

Still, the drop was far less than expected, given that almost all gallery spaces were closed – some 93% of galleries surveyed⁶ – and corresponding exhibitions were canceled during this period.

Galleries that embraced online platforms were able to minimize losses. According to the same report, online sales accounted for 37% of galleries' total sales, up from only 10% in 2019. It is likely that the trend is here to stay: 66% of galleries surveyed anticipate a further increase in online buying in 2021.

The art market has traditionally lagged behind other industries in its embrace of e-commerce.⁷ By necessity, COVID-19 has propelled its evolution significantly.

INDUSTRY COLLABORATION

A refreshing response to the challenges posed by COVID-19 has been the collaboration among various industry members. Several large and established galleries such as David Zwirner have forged partnerships with the small- to mid-size galleries⁸ that have suffered the most due to the pandemic in an effort to support them. Zwirner launched *Platform: New York*, a viewing room hosted on its own website that presents works from 12 independent New York-based galleries. All sales reportedly pass directly to those galleries without Zwirner taking a fee. Jeffrey Deitch, former director of the Museum of Contemporary Art, Los Angeles, and one of the founding members of Citi's Art Advisory & Finance team in 1979, spearheaded *Gallery Platform.LA*, an online initiative created to support galleries of all sizes in Los Angeles. The partnership involves 81 galleries and showcases 10 galleries and one curated project each week.⁹ Of course, profit motive and necessity were drivers of some of the partnerships that have developed.

In the pre-pandemic period, three mega-dealers - Acquavella, Gagosian, and Pace - teamed up to sell the \$450 million art collection belonging to the late Donald Marron. The joint venture, which allowed the dealers to compete with major auction houses to win the consignment, was so successful that the dealers recently announced a collective new business called AGP (short for Acquavella, Gagosian, and Pace).¹⁰ The partnership will enable them to be more competitive when facing off for major collections and estates.

Sotheby's and Christie's have also allowed dealers to sell directly through their private sale channels. Sotheby's launched the new Gallery Network to promote artists represented by a select group of contemporary art dealers, including 24 galleries such as Lehmann Maupin, Jack Shainman Gallery, Kasmin, Van Doren Waxter, as well as primary-market works sourced directly from artist studios.¹¹ This new format makes works from dealers' rosters of emerging and established artists available for immediate purchase, with the pricing made public.¹²

Christie's even partnered with the Parrish Art Museum in Water Mill, New York, drawing over 300 visitors and exhibiting highlights from its July auction, *ONE: A Global Sale of the 20th Century*.¹³

The lines between auction, gallery, and art fair have thus become increasingly fluid.

Sotheby's also organized specially curated auctions featuring a consortium of art dealers, such as *The Dealers Eye* auction in June that offered three items each from 39 Old Master dealers based in London and New York. While these efforts have had mixed results, they offer additional avenues for galleries and artists to promote their work



Courtesy Sotheby's

The first “hybrid” auction by Sotheby's, a combination of an in-person and online sale, was livestreamed from New York, London, and Hong Kong on June 29.

RISE OF THE HYBRID, LIVESTREAMED AUCTION

Despite being forced to postpone their annual Impressionist & Modern and Postwar & Contemporary art auctions – typically held in May in New York and June in London – Christie’s, Sotheby’s, and Phillips all managed to translate the spectatorship of an in-person auction to the virtual realm. At the end of June and the beginning of July, the three major auction houses held their first “hybrid” sales, consisting of a combination of in-person and virtual auctions that were livestreamed and broadcast worldwide.

Anxiously anticipated as the first public test of the market since the COVID-19 outbreak, neither the spectacle nor the results of the sales disappointed.

On June 29, Sotheby’s debuted the first-ever hybrid sale. This consisted of auction specialists spotlighted at phone banks like game-show contestants, simultaneously beamed in from auction rooms in Hong Kong, London and New York.¹⁴ The sale, which included works from the estate of the late cable television mogul Ginny Williams, generated a total \$363.2 million, with 93% of the works sold and 14 new auction records set.¹⁵

The most expensive lot of the sale was Francis Bacon’s *Triptych Inspired by the Oresteia of Aeschylus*, 1981, which brought in \$84.6 million, including fees.

A client from China reportedly bid up to \$73.1 million on the Bacon, the highest online bid for a painting thus far.¹⁶ A four-panel Gerhard Richter depicting clouds, *Wolken (Fenster)*, 1970, sold for \$13.5 million at Sotheby’s on July 28, 35% above the \$10.0 million it fetched at Christie’s in 2014.

Christie’s, in turn, launched its first hybrid, live-streamed auction called *ONE: A Global Sale of the 20th Century* on July 10. The four-hour long, relay-style sale offered 78 lots by lead-auctioneers across Christie’s four headquarters in Hong Kong, New York, Paris, and London. The sale achieved \$420 million with a sell-through rate of 94% while setting 13 artist records.¹⁷

The auction opened in Hong Kong to a full room of masked participants and over 20,000 online viewers, later concluding in New York. A leading lot was Roy Lichtenstein’s 1994 *Nude with Joyous Painting* featuring the artist’s signature comic girl, which triggered a bidding war between two competing clients in Hong Kong and New York.

It finally sold for \$46.2 million, well in excess of its \$30 million estimate. Other highlights included Barnett Newman’s 1952 *Onement V*, which sold for \$30.9 million, 38% higher than its 2012 sale price of \$22.4 million. Pablo Picasso’s 1955 *Les Femmes d’Alger (version ‘F’)*, inspired by Eugene Delacroix’s historic painting, achieved \$29.2 million.

Another Picasso depicting a Surrealist bathing scene, *Baigneuse au ballon*, 1928, sold for \$4.5 million against an estimate of \$1.2-1.8 million. The painting last sold in 2015 for \$3.5 million, against an estimate of \$1-1.5 million.

Despite the relatively short time span for the painting's reemergence onto the public market, its

quality, signature style, and blue-chip status enabled a moderate gain.

A new auction record was set by California painter Wayne Thiebaud, who turns 100 years old in November, with his *Four Pinball Machines*, 1962, at \$19.1 million, more than double the artist's previous record price. Phillips too sold every one of its 25 offerings on July 2, raising \$41 million in total.¹⁸



© 2020 Estate of Pablo Picasso/Artists Rights Society (ARS), New York/Christie's Images Ltd.

Pablo Picasso, *Baigneuse au ballon*, 1928—sold at Christie's *ONE: A Global Sale of the 20th Century*, on July 10 for \$4,575,000, against an estimate of \$1.2-1.8 million. The painting was last sold at Christie's in 2015 for \$3,525,000.



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Wayne Thiebaud, *Four Pinball
Machines*, 1962—set an
auction record for the artist
when it sold for \$19,135,000
at Christie's on July 10.

Many of the auction offerings had a financial guarantee from the auction house or a third party. In other words, they were essentially pre-sold for a minimum price prior to the auctions. This occurred in the case of an estimated 49% of the lots at Christie's and 30% at Sotheby's June 29 Impressionist, Modern and Contemporary evening auctions, not including the estate of Ginny Williams, which was fully guaranteed.¹⁹ The guarantees undoubtedly helped persuade some collectors to offer high-caliber works for sale during a time of extreme economic disruption.

Overall, the first public tests of the art market provided clear affirmation of sustained collector demand.

This is corroborated by a report from Clare McAndrew titled "The Impact of COVID-19 on the Gallery Sector." The report shows that, despite ultra-high-net-worth collectors being distracted by the COVID-19 pandemic during the first half of 2020, most remained active in the market. Indeed, 92% of those surveyed had purchased a work of art in the first six months of the year.²⁰ In addition, some 59% felt that the COVID-19 pandemic had increased their interest in collecting art.

VOLUMES DOWN, LESS THAN EXPECTED

Initial estimates of auction sales for the first half of 2020 seemed to indicate that volumes had significantly dropped compared to 2019. However, the figures failed to account for the delay in auction cycles that resulted in the postponement of major sales to the end of June and July. For instance, Pi-eX, a London-based art market data analysis firm, reported that Christie's, Sotheby's, and Phillips saw a 40% drop in sales revenue from \$1.4 billion in 2019 to \$800 million in the first quarter of 2020, and a 79% year-over-year drop from \$4.4 billion in 2019 to \$900 million in the second quarter of 2020.²¹

It is important to stress, though, that these figures do not represent an apples-to-apples comparison, given the shift in the auction cycle calendar.

In fact, between June 29 and July 28, the three major houses had achieved combined total sales of \$1 billion, with the four livestreamed evening sales drawing over 150,000 viewers.

Sotheby's reported \$2.5 billion in sales from January 1 to July 31, a 25% drop from the \$3.3 billion it made during the same period last year. This performance is a more accurate reflection of the true sales trend, adjusting for the change in the auction calendar.²² Sotheby's has held more than 250 live and online auctions so far in 2020, with an increase of 540% in online sales, and has seen 30% new bidders and buyers across all sales.²³ Its private sales of \$575 million for the first seven months were also similar to the \$583 million in the same period last year, and included sales from its newly opened gallery, Sotheby's East Hampton. Considering the global disruption caused by COVID-19, the sales figures are remarkably strong and the drop is considerably less than expected. By comparison, in 2009, the year following the financial crisis, auction sales fell by 36%, only to double the following year.²⁴

We believe the increasingly global nature of today's art market makes it much more resilient, with demand for quality works across categories remaining unabated.

WOMEN SHINE

The rise in prices of work by female artists was an especially bright moment during the June-July round of auctions. Strong prices were achieved at Christie's for Joan Mitchell, whose diptych *La Grand Vallee VII*, 1983, sold for \$14.6 million, the second-highest price at auction; for the artist, Georgia O'Keeffe, whose *Pink Shell*, 1931, doubled its low estimate and sold for \$5 million; and for Ruth Asawa, whose looped-wire metal sculpture *Untitled (S.401)* set a new auction record for the artist at \$5.4 million. Asawa, a Japanese-American sculptor who reimagined a simple Mexican basket-weaving technique to create her own woven-mesh sculptures evoking cocoons, had barely passed the \$1 million mark a decade ago.²⁵ Abstract Expressionist Helen Frankenthaler's ebullient *Royal Fireworks*, 1975, sold at Sotheby's from the Ginny Williams collection for nearly \$7.9 million, a new auction record for the artist and far beyond the presale estimate of \$2-3 million.

The painting last sold at Christie's in 2011 for \$818,000, indicating an appreciation of 860% over just nine years. The Williams collection included a number of artworks by significant women artists, including Lee Krasner's *Re-Echo*, 1957, which sold for \$9 million and Louise Bourgeois's Surrealist-inspired sculpture *Eye Benches I*, 1996-7, which soared past a presale estimate of \$800,000-\$1.2 million to realize \$3.3 million. Other casts of the Bourgeois sculpture belong to art institutions worldwide, including the Storm King Art Center in New York.

Strong prices were also achieved for female Surrealists, including Remedios Varo, Leonora Carrington, Leonor Fini and Alice Rahon as part of a group of fresh-to-the-market Surrealist works sold from an 'important estate' at Sotheby's.



© 2020 Helen Frankenthaler Foundation, Inc./Artists Rights Society (ARS), New York/Courtesy Sotheby's

Helen Frankenthaler, *Royal Fireworks*, 1975—sold at Sotheby's as part of the Ginny Williams sale on June 29 for \$7,895,300, an auction record price. The painting last sold for \$818,500 in 2011 at Christie's.



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Leonor Fini, *Figures on a Terrace*, 1938, sold at Sotheby's Impressionist & Modern art evening sale on June 29 for \$980,000, against an estimate of \$400,000-600,000.

LOOKING AHEAD

With auctions, galleries, and fairs shifting much of their focus to online sales, the traditional art market calendar has been turned on its head. Rather than major auctions for Impressionist & Modern and Postwar & Contemporary art occurring twice a year in the largest salesrooms of New York, London, and Hong Kong, there are now smaller auctions occurring more frequently. Instead of the typical round of auctions held in November, Christie's held its first major fall sales in New York on October 6, featuring a beautiful Paul Cezanne watercolor, *Nature Morte avec Pot au Lait, Melon et Secrier*, 1900-6, and a 1941 Picasso portrait of Dora Maar, *Femme dans un Fauteuil* that achieved \$28.6 and \$29.5 million, respectively.^{26 27}

Sotheby's, in turn, held its Impressionist, Modern & Contemporary art evening auctions on October 28th, while keeping their day sales for these same categories to mid-November. The live-streamed sales had nearly 1 million viewers worldwide and achieved \$283.9 million, despite several high-profile works on consignment from the Baltimore Museum of Art being withdrawn at the last hour. Sotheby's also announced a rare Botticelli portrait to be offered for sale in January 2021 that is poised to break records with an estimate of \$80 million, and a Rembrandt biblical scene for \$20-30 million.



Christie's Images Ltd.

Paul Cezanne, *Nature morte avec pot au lait, melon et sucrier*, circa 1900-06 sold at Christie's, New York, on October 6 for \$28,650,000. Christie's Images Ltd., 2020.

Traditional art market categories – i.e. Old Masters, Impressionist & Modern, Post-war & Contemporary – are becoming increasingly blurred as auction houses continue to find success with cross-category sales, focusing on quality works across various periods and geographies.

Additionally, a plethora of online fairs continue to launch this fall: Art Basel's *OVR:2020*, dedicated entirely to works of art made this year, and *OVR:20c*, featuring works created in the 20th century; Frieze and Frieze Masters, focusing on contemporary art, and art from antiquity to the 20th century, respectively; The American Art Fair; as well as TEFAF (The European Fine Art Fair), featuring a single work of art selected by each of its 300 exhibitors in fine art, antiques and design.

The art market is poised to change forever as a result of the COVID-19 pandemic and our responses to it.

The digitization of art viewing has taken great leaps forward and will surely be one of the lasting legacies of this period.

With this comes the broader synthesis of art market categories, consolidation of art fairs and proliferation of the art market calendar as well as greater price transparency. The hybrid, livestreamed auction is likely to continue to be a mainstay, reaching a broader, more global audience than ever before. Partnerships among galleries and auction houses may persist.

Unfortunately, the pandemic will have further negative consequences as well. A contraction is underway across the industry, as employees have lost jobs or have been furloughed from galleries, auction houses and museums, which in turn are suffering from reduced funding. The fear is that many small galleries, museums, and businesses will not survive, leaving only the mega-players standing.²⁸

It has never been more important to support the art institutions, artists, and businesses that we love.

As museums, galleries, and auction houses slowly reopen, as they have already done in many places, albeit in limited capacity, these effects will begin to subside. It is also important to remember the tried and true elements of art: amid an economic downturn, as in 2009, high-quality works of art have provided tangible safe havens for collectors. What is more, crisis periods have historically inspired the production of masterpieces that will forever serve as a testament to these extraordinary times.

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FOOTNOTES

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