

Art of Survival

Quality Chinese art finds many takers, but can this trend withstand the financial crisis?

By Paris Franz

AS CHINA'S ECONOMY HAS boomed, so has the market for Chinese contemporary art. Artists, inspired by China's turbulent modern history, have produced work increasingly in demand around the world. While the burgeoning ranks of China's wealthy have turned to collecting contemporary art as a form of investment, top Chinese artists have earned more than enough to join them.

According to art market information provider Artprice.com's *Contemporary Art Market Annual Report 2007/2008*, China overtook France to become the third-largest art market by auction sales turnover in 2008, after the UK and the US.

Prices for Chinese contemporary art have risen 1,050 per cent over the last ten years. Of the ten largest auction houses for contemporary art sales in 2007/2008, six are Chinese. The figures are all indicative of a growing shift towards China in the international contemporary art market.

Nonetheless, whether this rate of growth could be sustained was debatable even before the onset of the global financial crisis. "As a realistic gallery owner and somebody with many years' experience in auctions in Europe, I had strong reservations that these prices could continue, especially for the very mediocre artists who were way over-priced," says Andrew James, owner of Andrew James Art Gallery, Shanghai.

A Heavy Blow

China's art market has not escaped the impact of the crisis. The latter half of 2008 marked a turning point for the international market as a whole, according to Artprice.com's *2008 Art Market Trends* report, with the year "beginning in a mood of speculative euphoria and ending in a violent contraction."

At Christie's and Sotheby's October and November auctions of Modern and Contem-



Sales have slowed at China's art galleries, but quality always sells.

porary Asian Art in Hong Kong, 35 per cent of works remained unsold, against the usual proportion of between nine and 14 per cent. Artprice.com termed it "Black October."

Real collectors will fight tooth and nail for the right work

Chinese art, in particular, bore the brunt of the volatility engendered by two years of speculative buying. It appears young artists may now need to adjust their expectations in the current climate. "Now is also the time when collectors are looking to buy young emerging artists, but only if the price is low," says James. "The financial crisis has really shaken things up now. The collectors still have money but they are choosing to spend it very carefully."

Although the art world braced itself for a long hard winter of unsold art and closing galleries, it would appear that spring brought

about a thaw. In April, Sotheby's Hong Kong sales presented a more positive picture for realistically estimated artworks. "The recent levelling-off of the prices has driven many collectors to recognise and respond enthusiastically to such great opportunities to acquire superb art pieces at more modest price levels," says Evelyn Lin, Head of Contemporary Asian Art at Sotheby's.

Quality Always Sells

Even in the midst of a financial downturn, quality pieces still command record prices.

Sotheby's spring sales saw a number of auction records set for Chinese art. Lin Fengmian's *Fishing Harvest* sold for USD2,091,030, while Zhu Yuanzhi's *The Last Supper* sold for USD770,379 – both records for the respective artists. A vase from the Qianlong period set a new auction record for monochrome porcelain, selling for USD6.1m.

"Collecting is a compulsion, and real collectors will fight tooth and nail for the right work. Quality always sells, even in tough times. It is the average art which gets affected the most," concludes James. **SBR**