

THE ART BASEL & UBS
**ART MARKET
REPORT
2024**

BY
ARTS ECONOMICS

Art|Basel



UBS

Welcome to The Art Basel and UBS Global Art Market Report 2024 by Arts Economics

Publisher

This report is jointly published by Art Basel and UBS

Art Basel

MCH Swiss Exhibition (Basel) Ltd.
Messeplatz 10, 4005 Basel, Switzerland
T +41 58 200 20 20
artbasel.com, info@artbasel.com

UBS

UBS AG or an affiliate
Bahnhofstrasse 45, 8098 Zurich, Switzerland
T +41 44 234 11 11
ubs.com

Author

Dr. Clare McAndrew
Arts Economics

Editing

Dr. Jeni Fulton and Lesley Kilmurray

Design

Superfield

Development

Denken Studio

Section Contents

Figure Contents	4	3. Auction Sales	135
Acknowledgements	9	Key Findings	136
Foreword by Art Basel	11	3.1 Auction Sales in 2023	139
Foreword by UBS	13	3.2 Top-Tier Auction Houses	146
		3.3 Mid-Tier Auction Houses	151
1. The Global Art Market 2023	16	3.4 Price Segmentation in	157
Key Findings	17	Fine Art Auctions	
1.1 Overview of Global Sales	20	3.5 Fine Art Sectors	169
1.2 Regional Market Performance	25	3.6 Post-War and Contemporary	174
1.3 Online Sales	29	Art	
1.4 Art and NFTs	33	3.7 Modern Art	188
Exhibit 1. Navigating a Sea	39	3.8 Impressionism and	196
of Instability		Post-Impressionism	
Exhibit 2. The Legal Framework	45	3.9 Old Masters and European	203
of China's Art Market		Old Masters	
		Exhibit 3. The Outlook for the	215
2. Dealers	52	Chinese Auction Market in 2024	
Key Findings	53	4. Conclusions and Outlook	223
2.1 The Dealer Sector in 2023	56	Key Findings	224
2.2 Dealer Sales	63	4.1 A Note on Wealth and	225
2.3 Artist Representation	78	Luxury Spending	
2.4 Dealer Costs and Margins	88	4.2 Outlook of the Art Trade	230
2.5 Buyers	99	in 2024	
2.6 Sales Channels and Art Fairs	107		
2.7 Exhibitions and Fairs	115	Appendix	242
2.8 Online Sales and Strategies	123		
2.9 Dealer Challenges and	129	Economic Perspective from UBS	253
Priorities		Rights and Disclaimer	255

Figure Contents

1. The Global Art Market 2023	16
1.1 Sales in the Global Art Market 2009–2023	21
1.2 Annual Growth in Sales by Value in the Global Art Market 2009–2023	22
1.3 Global Art Market Share by Value in 2023	25
1.4 Global Art Market Share by Value of the US, UK, and China 2013–2023	26
1.5 Sales in the Major Art Markets 2009–2023	28
1.6 The Online Art and Antiques Market 2013–2023	30
1.7 Share of Online Sales in the Art Market versus General Retail 2019–2023	32
1.8 Share of Sales by Value of Collectibles Versus Art-Related NFTs 2019–2023	34
1.9 Sales of Art-Related NFTs 2019–2023	36
a) Value of Sales	
b) Average Prices	
1.10 Annual Sales of Art and Collectibles NFTs 2019–2023	37
2. Dealers	52
2.1 Geographical Distribution of Premises Operated by Dealers in 2023	58
2.2 Share of Total Number of Sectors Operated in by Dealers in 2023	59
2.3 Annual Sales Turnover of Survey Respondents in 2023	61
2.4 Dealers’ Number of Years in Business in 2023	62
2.5 Average Change in Year-on-Year Sales by Dealer Turnover Segment 2022–2023	65
2.6 Average Change in Sales by Dealer Turnover Segment 2019–2023	65
2.7 Level of Sales by Dealer Turnover Segment in 2023 versus 2019	66
2.8 Average Turnover of Dealers by Market Sector in 2022 and 2023	69
2.9 Average and Median Sales of Selected Art Sectors in 2023	70
2.10 Average Sales of Selected Art Sectors in 2022 versus 2023	71
2.11 Fine Art Dealers’ Share of the Value of Sales by Medium in 2023	72
2.12 Dealer Sales by Medium 2021–2023	73
2.13 Volume of Works Sold by Dealers 2022–2023	75
a) Average and Median Number by Price Bracket in 2023	
b) Change in Average Number by Price Bracket 2022–2023	
2.14 Volume of Sales by Price Bracket 2021–2023	76
2.15 Average Number of Artists Represented by Dealer Turnover Segment in 2022 and 2023	79

2.16	Female Artist Representation and Sales, Selected Years 2018–2023	82
	a) Share of Female Artists (from Dealers’ Total Number of Artists)	
	b) Share of Sales of Female Artists	
2.17	Female Artist Representation and Sales by Gallery Turnover in 2023	83
2.18	Publications, Enquiries and Sales of Works by Female Artists Online	85
	a) Share of Works Published, Enquiries to Galleries, and Auction Sales on Artsy 2016–2023	
	b) Growth of Published Works by Female Artists versus Enquiries on Artsy	
2.19	Sales Share of Top-Selling Artists Represented by Dealers	87
	a) In 2023	
	b) By Primary Market Dealers, Selected Years 2018–2023	
2.20	Change in Dealer Profitability in 2023 versus 2022	90
	a) All Dealers	
	b) By Dealer Turnover	
2.21	Breakdown of Dealer Operating Costs 2021–2023	91
2.22	Change in Employment by Dealer Turnover Level from 2022 to 2023	93
2.23	Share of Dealers’ Externally Contracted Expenditure in 2023	94
2.24	Average Inventory to Sale Cycle, Selected Years 2018–2023	95
2.25	Average Inventory to Sale Cycle by Dealer Turnover in 2022 versus 2023	97
2.26	Share of Dealer Sales by Inventory Source and Sector in 2023	98
2.27	Number of Unique Buyers 2019–2023	100
2.28	Share of Dealer Sales by Inventory Source and Sector in 2023	101
2.29	Share of Dealer Sales to Buyer Groups by Purchase History in 2023	102
2.30	Share of Dealer Sales by Buyer Type in 2023	103
2.31	Share of Sales to Local and International Buyers by Dealer Turnover in 2023	105
	a) Private Collectors	
	b) Museums	
2.32	Share of Dealer Sales by Value by Sales Channel	109
	a) In 2023	
	b) 2019–2023	
2.33	Share of Art Fair Sales from Total Sales by Dealer Turnover Segment	111
	a) Fair Sales in 2023	
	b) In-Person Events Only 2019–2023	
2.34	Art Fair Sales Share Pre, Post, and During Events by Dealer Turnover in 2023	113
2.35	Average Number of Gallery Exhibitions by Level of Turnover 2019–2024	115
2.36	Art Fairs Held or Scheduled 2019–2024	117
2.37	Art Fairs Held or Planned by Region 2019–2024 (Live Events Only)	118
2.38	Average Number of Art Fairs by Level of Turnover 2019–2024	120
2.39	Dealer Outlook for Art Fair Sales in 2024	121

2.40	Dealer Share of Online Sales 2019–2023	124
2.41	Average Share of Dealer Sales Made Online by Level of Turnover in 2023	125
2.42	Share of Online Sales by Dealers by Buyer Category in 2023	127
	a) All Dealers	
	b) By Dealer Turnover	
2.43	Dealer Outlook for Online Sales in 2024	128
2.44	Average Discounts Offered by Dealers (on Artsy) 2020–2023	130
2.45	Top Challenges for Dealers in 2023/2024 and Next Five Years	133
3.	Auction Sales	135
3.1	Global Auction Sales 2019–2023	141
3.2	Global Public Auction Sales by Value and Region in 2023	142
3.3	Settlement of Lots Over 10 million RMB (\$1.4 million) in 20 Mainland China Auction Houses 2011–2023	144
3.4	Change in Profitability of Mid-Tier Auction Houses in 2023 versus 2022	152
3.5	Share of Total Sales by Sales Channel and Turnover (Mid-Tier Auction Houses) in 2023	153
3.6	Share of Sales by Mid-Tier Auction Houses to Buyers by Purchase History 2021–2023	154
3.7	Share of Lots Sold and Total Value at Global Fine Art Auctions by Price Bracket in 2023	158
3.8	Share of Lots Sold and Total Value at Global Fine Art Auctions by Medium and Price Bracket in 2023	159
	a) By Value	
	b) By Volume	
3.9	Growth of Sales by Value in Auction Price Segments 2009–2023	161
3.10	Inflation-Adjusted Change in Sales Values by Price Segment from 2009 to 2023	162
Table 3.1	Annual Growth and Share of Auction Sales by Price Segment 2013–2023	164
	a) By Value of Sales	
	b) By Volume of Sales	
3.11	Market Share in Auction Price Segments 2009–2023	166
	a) By Value	
	b) By Volume (Number of Transactions)	
3.12	Market Share of the Fine Art Auction Market by Region and Price Segment in 2023	168
	a) By Value	
	b) By Volume (Number of Transactions)	
3.13	Market Share by Value of the Fine Art Auction Market, Selected Years 2000–2023	170

3.14	Market Share by Sector of the Fine Art Auction Market in 2023	172
	a) By Value	
	b) By Volume (Number of Lots)	
3.15	Post-War and Contemporary Art Sales 2013–2023	175
3.16	Global Market Share of Post-War and Contemporary Art in 2023	176
	a) By Value	
	b) By Volume (Number of Transactions)	
3.17	Sales in the Post-War and Contemporary Sector Key Markets 2009–2023	178
3.18	Sales of Post-War versus Contemporary Art 2019–2023	179
3.19	Share of Female Artists and their Share of Value among the Top 200 Artists by Sector in 2023	182
3.20	Sales by Price Bracket in the Post-War and Contemporary Sector in 2023	183
	a) Post-War and Contemporary (Share of Value and Volume)	
	b) Post-War versus Contemporary (Share of Value Within Sector)	
3.21	Sales of Works Created in the Last 20 Years in the Post-War and Contemporary Sector 2019–2023	185
3.22	Sales Over \$1 Million in the Post-War and Contemporary Market by Subsector in 2023	186
	a) By Value	
	b) By Volume (Number of Lots)	
3.23	Modern Art Sales 2013–2023	189
3.24	Global Market Share of the Modern Art Sector in 2023	192
	a) By Value	
	b) By Volume (Number of Lots)	
3.25	Sales in the Modern Art Sector Key Markets 2009–2023	193
3.26	Sales in the Modern Art Sector by Price Bracket in 2023	194
3.27	Impressionist and Post-Impressionist Art Sales 2013–2023	196
3.28	Global Market Share of the Impressionist and Post-Impressionist Sector in 2023	199
	a) By Value	
	b) By Volume (Number of Lots)	
3.29	Sales in the Impressionist and Post-Impressionist Sector Key Markets 2009–2023	200
3.30	Sales in the Impressionist and Post-Impressionist Sector by Price Bracket in 2023	201
3.31	Global Market Share of European Versus Other Old Masters by Value 2013–2023	204
3.32	Old Masters Painting Sales 2013–2023	206
	a) All Old Masters	
	b) European Old Masters	

Table 3.2	Global Market Share of Old Master Paintings in 2023	209
3.33	Sales in the Old Masters Sector Key Markets 2009–2023	210
	a) All Old Masters	
	b) European Old Masters	
3.34	Sales in the Old Masters Sector by Price Bracket in 2023	212
	a) All Old Masters	
	b) European Old Masters	
4.	Conclusions and Outlook	223
4.1	Global Billionaire Population and Wealth (December Totals 2008–2023)	227
4.2	Dealer Views on Future Sales in 2024	232
	a) Outlook by Dealer Turnover Segment	
	b) Outlook by Dealer Region	
	c) Outlook for Own Sales versus Peers	233
4.3	How Dealers Believe they Fared Relative to Global Peers in 2022 and 2023	235
	a) In 2023	
	b) In 2022	
4.4	Mid-Tier Auction House Views on Future Sales Versus Peers in 2024	236
4.5	How Mid-Tier Auction Houses Believe they Fared in 2022 and 2023	238
	a) In 2023	
	b) In 2022	
	Appendix	242
Figure A1	Geographical Distribution of Respondents in 2024	246
Figure A2	Share of Respondents by Reported Annual Turnover 2019–2023	247

Acknowledgements

The Art Market 2024 presents the findings of research on the global art and antiques market in 2023. The information presented in the report is based on data gathered and analyzed by Arts Economics (artseconomics.com) from dealers, auction houses, collectors, art fairs, art and financial databases, industry experts, and others involved in the art trade. (The Appendix offers an outline of the main data sources used in the report.)

One of the cornerstones of the research every year is the global survey of art and antique dealers. I would like to extend my sincerest thanks to all of the individual dealers who made this research possible by taking the time to complete the survey. The survey is also supported by dealer associations around the world who distribute the survey to their members. I am very grateful for the support from all of the presidents and administrative staff of these associations who help with the distribution and encourage their members to take part. I would like to convey my gratitude to Miho Doi of The Agency For Cultural Affairs in Japan for help with the continued extension of our research in Asia. My many thanks also to Erika Bochereau of CINOA (Confédération Internationale des Négociants en Oeuvres d'Art) for her long-standing support, and to Art Basel for helping to distribute the survey to exhibitors. I'm very thankful to Natasha Whiffen and the team at ArtLogic for also helping to widen the reach of the survey this year. My very special thanks also goes to those dealers who shared their valuable insights on the art market directly with me through interviews and discussions during the year.

I'm indebted to the top- and second-tier auction houses that took part in the auction survey, and who offered their insights on the evolution of this sector over the year. Sincerest thanks also to Graham Smithson and Susan Miller (Christie's), Simon Hogg (Sotheby's), Jason Schulman (Phillips), and Lucinda Bredin (Bonhams) for their help with compiling the top-tier auction data. I'm very grateful to Liu Cong (刘聪), Director of International Cooperation at the Department of the Chinese Auctioneers Association, for her help and insights in researching the Chinese auction market. And thanks to Tracy Xu and Jiali Duan from Artron for their continued support of the research and supplying results on the auction sector in China.

The primary fine art auction data supplier for this report was Artory, and my thanks and appreciation goes to Nanne Dekking along with the data team of Anna Bews, Benjamin Magilaner, and Praveer Kumar for their untiring support in putting together this very complex set of data.

I would like to thank Pauline Loeb-Obrenan from artfairmag.com for giving us access to her comprehensive database on art fairs and for her valuable insights on this sector. Sincerest thanks also to Ani Petrov and Alexander Forbes from Artsy for their help with compiling and analysing some fascinating data from their network of galleries, auction houses, and artists. Data on NFTs was supplied by NFT18.com and I am very grateful to Gauthier Zuppinger for the data and insights.

In addition, very special thanks to the expert authors who shared their invaluable perspectives in this report: Till Vere-Hodge at Payne Hicks Beach LLP and Katalin Andreides, Angell Xi at Jingtian & Gongcheng, Dr. Huang Jun, Dr. Zhang Rui, and Xiaoming Zhang at W. Ming art.

Finally, my many thanks to Noah Horowitz and the team at Art Basel for their help in editing and producing the report, and to Tamsin Selby and UBS for their continued support of this research.

Dr. Clare McAndrew
Arts Economics

Foreword by Art Basel

In 2023, the Chinese art market, constrained for several years due to COVID-19 restrictions, overtook the UK to become the second-largest market globally. Elsewhere, high inflation, economic volatility, and divisive conflicts in the Middle East and Ukraine cast a pall on activity as fairs, auctions, and exhibition calendars reared back to pre-pandemic norms. The eighth edition of our landmark report, *The Art Basel and UBS Global Art Market Report*, authored by Dr. Clare McAndrew, Founder of Arts Economics and published in partnership with UBS, sheds light on these complex developments as it reveals decisive trends and emergent tendencies within the global art business.

The art market contracted last year after two consecutive years of growth, falling by 4% to an estimated \$65 billion. This decline spanned both dealer and auction sectors, as sellers and buyers adjusted to evolving market conditions. Although down year-on-year, the market nevertheless remained above its pre-pandemic level of \$64.4 billion, and fears of a broader correction in the fourth quarter were averted owing to resilience in the November marquee auctions in New York and a strong sequence of fall fairs, including Art Basel's second edition in Paris and the Miami Beach mainstay in December.

The volume of sales increased in 2023, albeit principally at lower levels. Concomitantly, average sales for smaller dealers with a turnover of less than \$500,000 expanded by 11%. In a sharp reversal of recent trends, the high end of the market, which has been driving sales since 2020, contracted in 2023, with the largest dealers with turnovers of over \$10 million reporting average declines of 7% by value. These tendencies were reflected qualitatively as well, with a softening of frenzied speculative buying and more value- and quality-conscious collectors setting the pace.

Online sales also had a strong year, up by 7%, now accounting for a total of \$11.8 billion, or 18% of the market – bringing the digital component of the art market in line with other industries. This underlines how this segment of the art business is maturing, with dealer's own websites being the preferred outlets for collectors to make their purchases.

High-net-worth collectors – surveyed last year by Arts Economics in collaboration with UBS – are looking positively into 2024, with 77% of HNW collectors remaining optimistic about the market.

2024 will mark several highlights for Art Basel, including a return to a full-sized edition of our Hong Kong fair; exciting changes at our flagship Swiss edition, with new concepts and curators; a milestone expansion of our Parisian fair, as we occupy our new home in the renovated Grand Palais; and a first year in Miami Beach under new executive leadership. In line with this, art fairs remain the greatest source of new buyers for galleries – underscoring the central role that fairs play in driving the market, and the immense responsibility we have as fair organizers in staging the highest quality and most ambitious events possible in today’s fast-evolving landscape.

On behalf of Art Basel, I would like to thank Dr. Clare McAndrew once again for her extraordinary efforts in putting together this industry-leading study, as well as our counterparts at UBS who have been exemplary partners and whose vital contributions continue to grow year by year. Lastly, an earnest thanks to the gallerists, art market professionals, and our global team, whose contributions make all of this possible.

Noah Horowitz

CEO, Art Basel

Foreword by UBS

The year 2023 saw the art market evolve against a backdrop of war, inflation, conflicting economic signals, and shifting consumer spending patterns, with notable variations across segments and geographies. But supported by financial markets and the enduring allure of art, it proved to be a year of remarkable resilience.

After two years of growth, sales in the art market eased 4% in 2023 to an estimated \$65 billion, due in part to slower turnover at the high end of the market. But sales remained above pre-pandemic levels, due partly to continued growth in online sales, now representing 18% of turnover, almost double pre-pandemic levels. Digital innovations for viewing and buying art across web-based and mobile tools, as well as heightened engagement by galleries, auction houses, dealers, and collectors, point to the increasing importance of the digital sphere in generating new opportunities.

The Chinese market rallied against the overall trend to unseat the UK as the second-largest market. Activity surged as post-lockdown buyers snapped up backlogged auction inventories and as Hong Kong's major fairs and exhibitions returned to full-scale programming. Sales in China increased by an astonishing 9% to an estimated \$12.2 billion for the year.

Resilience remains the dominant sentiment as we head into 2024. The strength of financial markets, expected declines in interest rates, and weakening inflation offer hope. Consumers themselves are also shifting away from goods purchases and toward 'having fun' – namely consuming experiences and services centered on entertainment, leisure travel, and socializing. That bodes well for the art market. Significant numbers of new, young and ambitious collectors are entering the market, particularly in China, with events like art fairs forming a pipeline of business for dealers and gallerists.

Dealers and auction houses maintain a cautiously optimistic outlook for 2024, with over a third expecting sales growth. Only 16% of dealers predict a decline and a mere 4% of auction house respondents forecast a drop in auction sales. The composition and location of growth in the global art market continues to change but art's long-term attraction as both a collectible and a medium of cultural expression remains a constant.

We are proud that UBS has been the Lead Partner of Art Basel for 30 years, marking our commitment to artists, collectors, and the world of art. Going even further, we have also co-presented art market trends and insights since 2017, leveraging our position as a global

leader in financial research and analysis. We hope that this publication serves as a valuable guide to the art market today.

Christl Novakovic
Head UBS Global Wealth Management EMEA
Chair of The UBS Art Board
UBS, Global Lead Partner of Art Basel



1. THE GLOBAL ART MARKET 2023

Key Findings

1. Following two years of growth, sales in the art market slowed in 2023, falling by 4% year-on-year to an estimated \$65 billion. Against a backdrop of high interest rates, inflation, and political instability, sales were thinner at the top end of the market, and the performance of some of the major art markets diverged. Although they were down year-on-year, values remained above the pre-pandemic 2019 level of \$64.4 billion.
2. Despite the fall in value, the volume of transactions grew in 2023, increasing to 39.4 million (up by 4% on 2022), with the uplift driven by the relative buoyancy of transactions at lower price levels for both dealers and auction houses, and the pullback being mainly at the high end, where volumes tended to be lower.
3. Both public auction and dealer sales decreased in 2023, although the decline in auctions was more severe, falling by 7% versus a 3% drop in dealer sales, and saved from a deeper contraction through the injection of postponed 2022 sales in China early in the year. Private sales at auction houses went against the declining trend, increasing by 2% year-on-year.
4. The US maintained its position as the leading market worldwide, accounting for 42% of sales by value, down by 3% year-on-year. China, including Mainland China and Hong Kong, became the second-largest global art market, with its share rising to 19%, while the UK fell back to third place with a share of 17%. France remained in a stable fourth position at 7%.
5. After a robust recovery to reach a record high of \$30.2 billion in 2022, the US market declined by 10% to \$27.2 billion in 2023. The US remained the key center worldwide for sales of the highest-priced works of art, and while 2022 was a record year for high-end auction sales, the decline in 2023 reflected thinner trading at the top, leaving the market just below its level in 2019.

6. Sales in China rallied against the declining trend, increasing by 9% to an estimated \$12.2 billion. As the economy reopened in January 2023 following strict COVID-related lockdowns in 2022, there was a surge of activity in the art market in the first half of the year, with postponed auction inventories sold to enthusiastic post-lockdown buyers, while Hong Kong's major fairs and exhibitions returned to their full-scale programs. The second half of the year was considerably slower, with projections of weaker economic growth and a persistent real estate slump weighing on demand and indicating that some of the outperformance in 2023 may have been driven by the unique reopening context.
7. After showing much resilience to intense economic and political pressures in 2021 and 2022, sales in the UK market fell by 8% to \$10.9 billion in 2023. The UK is a key hub globally and within Europe for sales of the highest-priced works, and as these thinned out and imports of art to the UK declined, the market fell to 11% below its pre-pandemic level (\$12.2 billion in 2019).
8. Following a strong recovery, with sales growth of 62% over 2021 and 2022, sales in the French market fell by 7% in 2023 to \$4.6 billion, although remaining just above their level in 2019. There was mixed performance in the rest of Europe, and sales in the EU fell by 2% to an estimated \$8.6 billion.
9. Online sales continued to grow despite the downturn in the market, reaching an estimated \$11.8 billion in 2023, a rise of 7% from 2022. Although down from a peak in 2021 of \$13.3 billion, sales remained almost double the level of 2019 or any year before that, and accounted for 18% of the market's total turnover.
10. While there were many examples of transactions at high prices in online-only sales, the tendency for the most expensive works to be predominantly sold offline remained. Data from the fine art auction sector in 2023 showed that, like offline, the vast majority (over 95%) of transactions in online-only auctions were for prices of less than \$50,000. However, unlike offline sales which were heavily dominated by value in the \$1 million-plus segment, 58% of the value of the online-only fine art auction market in 2023 was sales at prices of less than \$50,000 and over 85% was works sold for less than \$250,000.

11. From a peak of \$2.9 billion in 2021, sales of art-related NFTs on NFT platforms outside the art market have declined for two years, reaching \$1.2 billion in 2023, down by 51% year-on-year but still over 60 times the size of the market in 2020 (\$20 million). After outperforming art in 2022 to peak at almost \$18 billion, the collectibles segment also saw a large fall in sales in 2023 to \$6.3 billion, down by 64% year-on-year, with much of the purely speculative activity which has dominated these platforms losing momentum. Collectibles still made up the dominant share of sales by value, accounting for 84% of these two segments versus 16% for art-related NFTs.

1.1 Overview of Global Sales

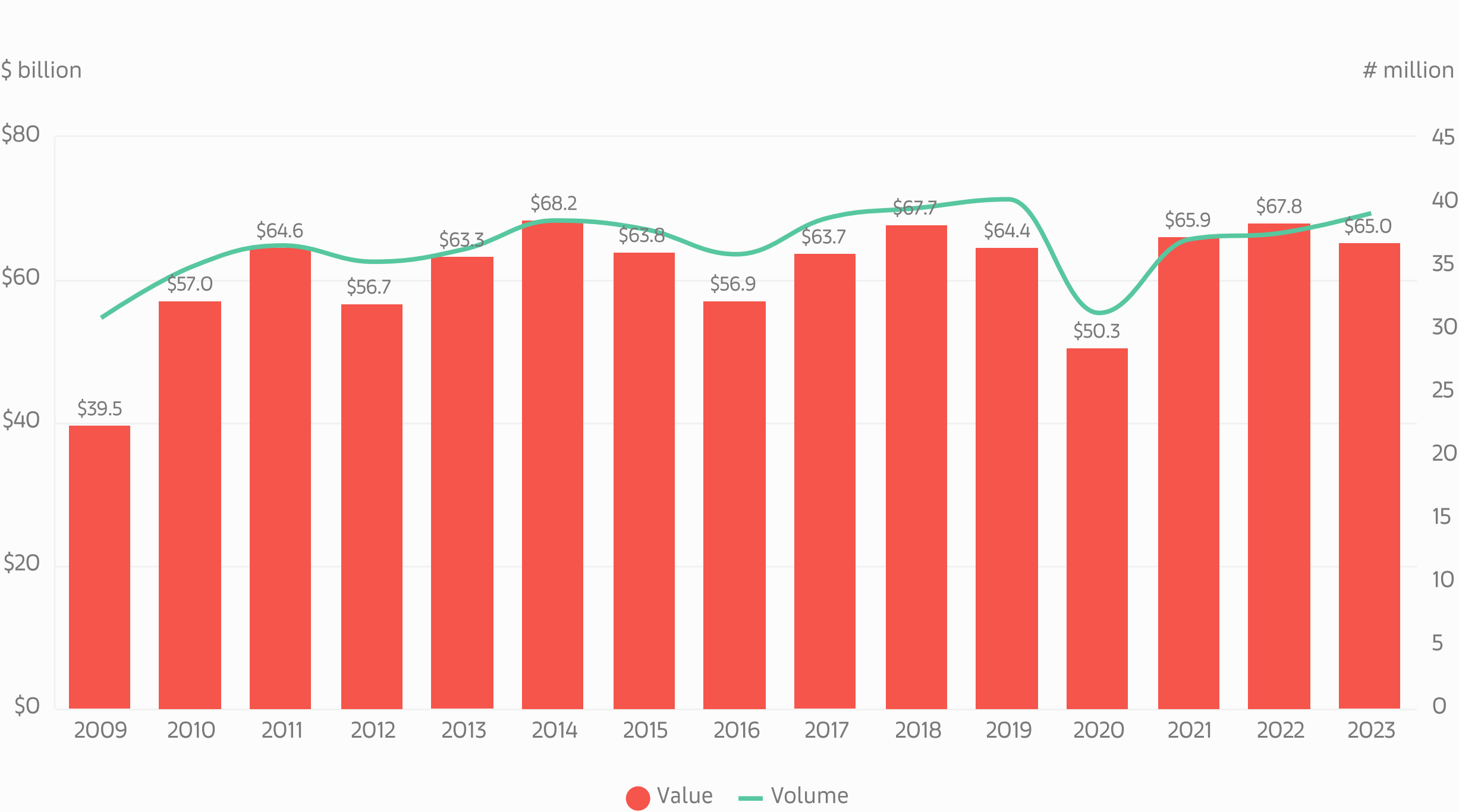
Following two years of growth, sales in the art market slowed in 2023. A backdrop of increasing interest rates, stubbornly high inflation, wars, and political instability filtered down into more selective and cautious buying at the high end of the market, which had been pivotal to the revival of sales after the COVID-19 pandemic in 2021 and 2022. A divergence in the performance in some of the largest markets created a more stable trajectory, but global sales still fell by 4% year-on-year to an estimated \$65 billion.

During the uniquely challenging operating context of the global pandemic in 2020, worldwide sales of art and antiques fell by 22% to \$50.3 billion, their lowest point since the global financial crisis in 2009. The market recovered quickly in 2021, buoyed by strong post-lockdown demand, the return of live exhibitions and events, and healthy supply at the high end of the market. By the end of 2021, sales had reached \$65.9 billion, an increase of 31% year-on-year, bringing the market higher than its pre-pandemic level in 2019. In 2022, growth continued, but at a slower and more uneven pace as regions and segments of the market began to diverge. The US market experienced one of the strongest recoveries up to this point, leading the major markets in terms of post-pandemic sales increases, while in China, continued lockdowns during 2022 stalled sales in the region, creating a negative counterpoint to global growth. Performance of market segments also differed, with the highest end of the market continuing to be the driver for growth, with many record sales during the year, while other parts of the market were flat or declining.

In 2023, however, some of these key trends significantly changed direction. Regionally, sales slowed in the US and UK markets, which are home to some of the highest-priced sales worldwide, creating a drag on growth. In contrast, China was the only major market to show an uptick in value, as inventories from cancelled sales in the 2022 autumn auction season were sold in the first half of the year to eager post-lockdown buyers. Also, while there were still several notable multimillion-dollar sales worldwide during the year, the high end of the market was one of the weakest segments in terms of year-on-year growth in 2023, with lower-value sales showing more positive performance in both the auction and dealer sectors. Just as in 2022, continuing divergence in performance between regions and segments created more muted changes in sales figures, although reversing their direction versus the previous year. Nonetheless, while the decline in 2023 brought sales to a three-year low, values still remained 1% above the level the market had reached before the pandemic in 2019 (\$64.4 billion).

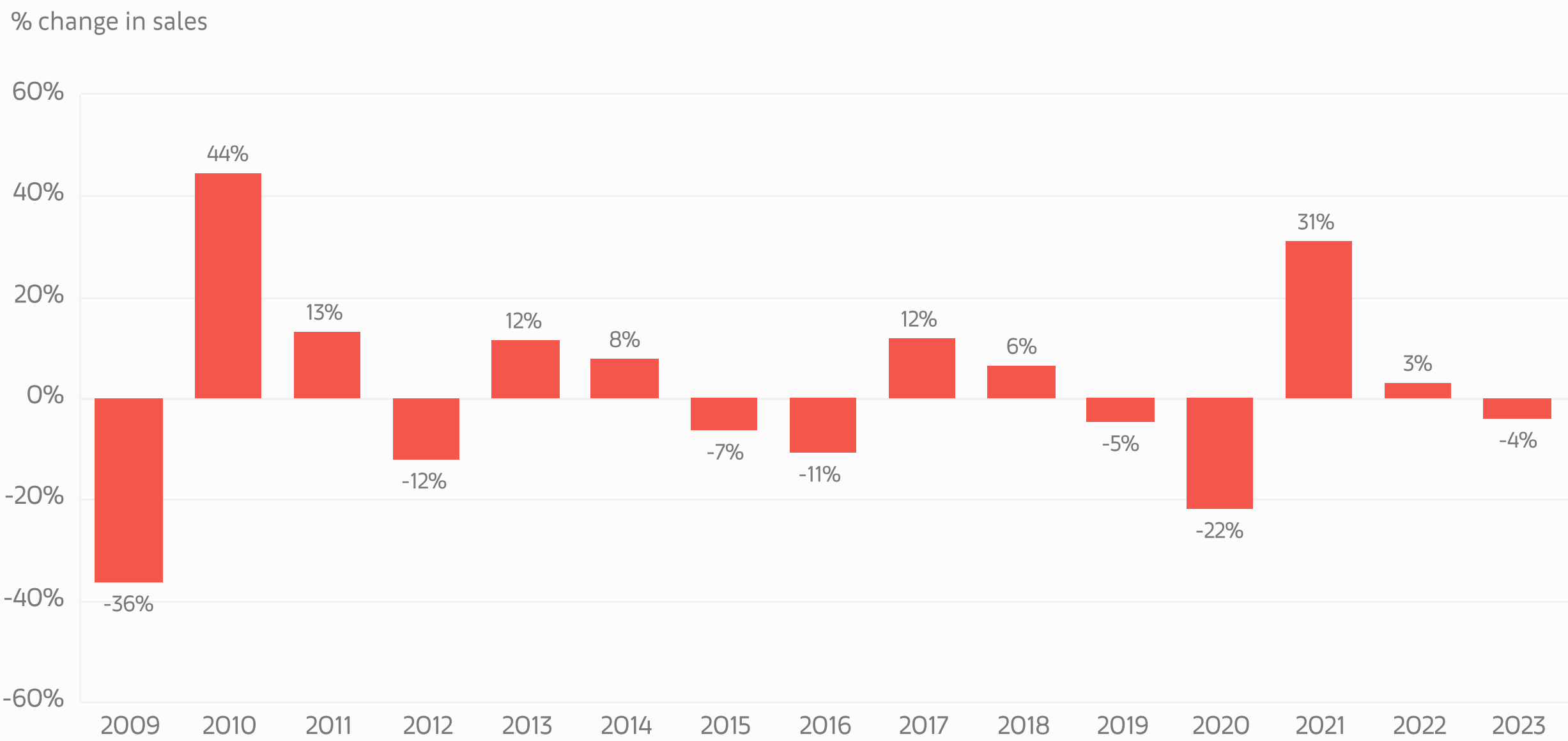
Despite the fall in value, the volume of transactions grew year-on-year, increasing to 39.4 million (up by 4% on 2022). Transactions had fallen sharply by an estimated 23% to 31.4 million in 2020 during the pandemic, but increased by 19% in 2021, and again marginally by 1% in 2022 to 37.8 million. The uplift in 2023 was due to the relative buoyancy in the volume of transactions at lower price levels, for both dealers and auction houses. This again differentiates the performance of the market from some other slowdowns in previous years, when there tended to be fewer sales, with those at lower levels taking the brunt of the decline as risk-averse buyers reverted to the high end or the often cited ‘flight to quality’. In 2023, however, the figures imply that some buyers were still keen to participate at lower levels, with the pullback being directed at the high end where volumes tended to be lower.

Figure 1.1 Sales in the Global Art Market 2009–2023



©Arts Economics (2024)

Figure 1.2 Annual Growth in Sales by Value in the Global Art Market 2009–2023



©Arts Economics (2024)

Rapidly escalating inflation and other economic concerns in different regions over the last two years have directly impacted the available discretionary income and subsequent spending for many collectors. Even for high-net-worth (HNW) collectors, who may have been less impacted by cost-of-living hikes, concerns over wealth creation and its stability affected their willingness to make discretionary purchases and sales, while volatile social and political issues weighed on sentiment and distracted their focus from their collections.

The rise in interest rates during 2023 led to much debate regarding the trickle-down effects on the art market and sales. On the one hand, some artists’ markets are less correlated with financial markets and can often be less affected by inflation and higher interest rates, which can make art attractive during uncertain periods. However, the significant and increasing proportion of HNW collectors that use credit or lending to make purchases for their collections were also likely to factor in the effects of increasing rates on the direct costs for purchasing. Higher interest rates imply a higher opportunity cost for holding art, through forgoing a higher inflation-adjusted return on savings and investing money in art collections instead.¹

¹ See Spaenjers, C. (2023) ‘Art Investing in Times of Inflation’, in Arts Economics (2023) *A Survey of Global Collecting in 2023, An Art Basel and UBS Report*. Available at theartmarket.artbasel.com.

22

Inflation and interest rates also had considerable implications for those operating within the art trade. Regardless of sales performance in 2023, the majority of feedback from research conducted in the market, particularly from the dealer sector, was that it had been a significantly more challenging year in terms of operating costs, with inflation in logistics, travel, rent, and other key areas creating a tighter year for profitability.

Sales performance varied between the auction houses and dealers (with the latter covering both the primary and secondary markets). As noted in previous reports, in less certain economic and political contexts, private sales, whether through auction houses or dealers, have often outperformed public auctions as sellers hold back and those that choose to or are forced to sell often prefer private transactions, keeping details and levels of demand out of public record. In buoyant markets, vendors are more enticed to sell publicly with the chance of higher-than-anticipated returns.

During the pandemic in 2020, both dealer and public auction sales saw double-digit declines, although private sales by auction houses rose by over 40%. In 2021, as the market recovered and the outlook became more positive, sales advanced across the board, but auction sales showed the strongest increase year-on-year, advancing by just over 50% versus an uplift of less than half that amount for dealers (18%). In 2022, political and economic trends such as the war in Ukraine, rapidly increasing inflation rates, China's COVID-19 lockdowns, and looming recessions in other major markets started to weigh on sentiment, and buying became somewhat thinner and focused on the high end, with wealthy buyers anchoring on works by the most established artists who they perceived were lower risk and greater stores of value. This sufficed to keep sales relatively stable, with growth in the dealer and private sectors offset by stagnation at public auctions, where the \$10 million-plus segment was the only part of the market with a positive trajectory.

In 2023, both public auction and dealer sales decreased, although the decline in auctions was more severe, falling by 7% versus a 3% drop in dealer sales

In 2023, both public auction and dealer sales decreased, although once again, the decline in auctions was more severe, falling by 7% (versus a 3% drop in dealer sales) and saved from a deeper contraction through the injection of postponed 2022 sales in China early in the year. Private sales at auction houses went against the declining trend, increasing by 2% year-on-year.

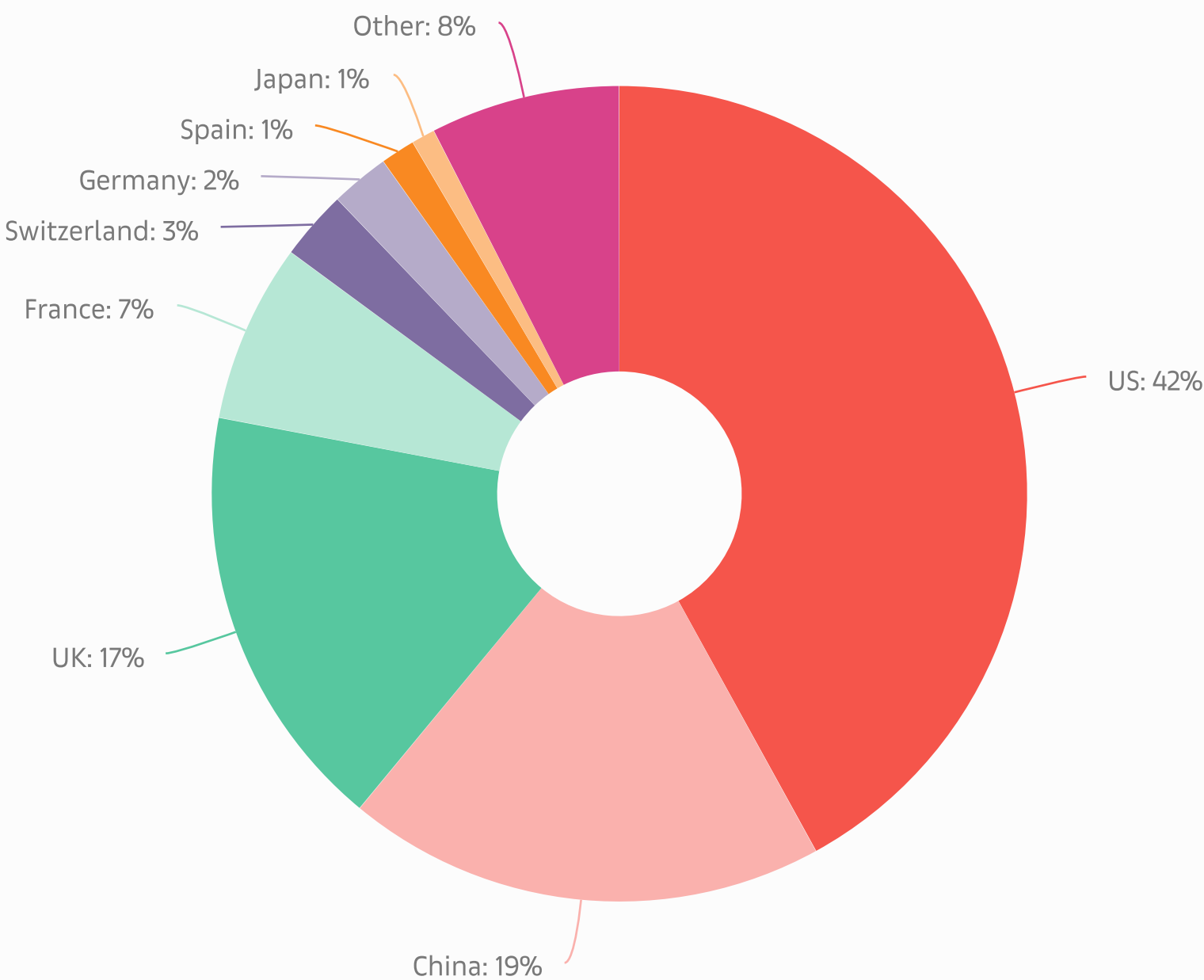
Combining all sales of auction houses (both private and public), the auction sector accounted for 45% of sales by value, stable compared to 2022, while dealers and galleries (including all online and offline retail sales of art and antiques in the primary and secondary markets) were at 55%. As always, the division between public and private sales varied widely between different regions and sectors. A detailed analysis of the dealer and gallery sector based on surveys and other research in 2023 is given in Chapter 2, while Chapter 3 examines the auction sector, focusing on sales at public auctions.



1.2 Regional Market Performance

One of the reasons for the more muted trajectories of the last two years has been differences in the performance of sales in some of the major global art markets. Despite varying performance, the three largest art markets – the US, China, and the UK – continued to account for the majority of sales by value in 2023, although their combined share fell by 3% year-on-year to 77%.

Figure 1.3 Global Art Market Share by Value in 2023²

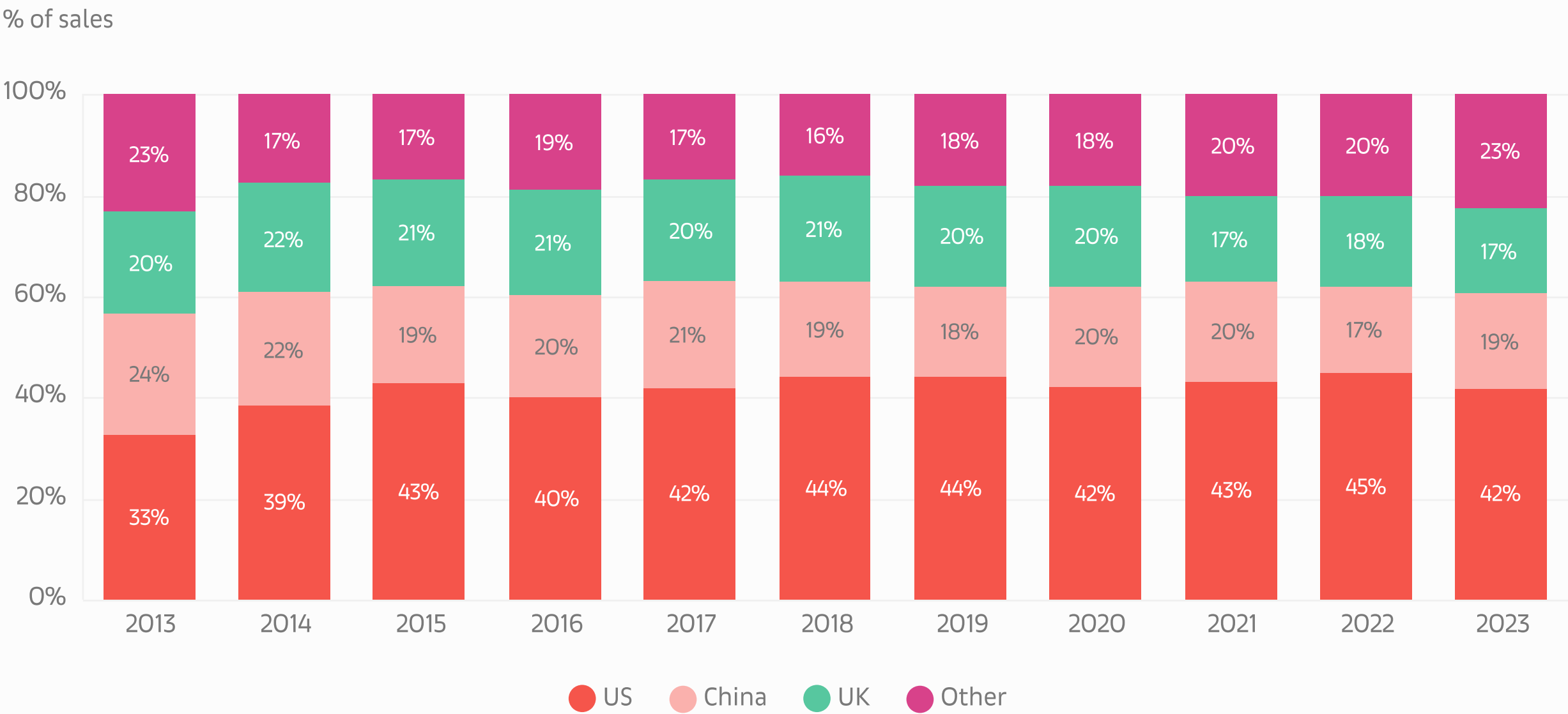


©Arts Economics (2024)

² Percentages presented throughout the report are rounded and reported to their nearest integer (apart from those less than 0.5%). In some cases, therefore, the integers in charts do not sum to 100% (but sum to 99% or 101%) due to rounding.

25

Figure 1.4 Global Art Market Share by Value of the US, UK, and China 2013–2023



©Arts Economics (2024)

The US maintained its position as the leading market worldwide, accounting for 42% of sales by value, down by 3% year-on-year. Following a 25% fall in sales during the pandemic in 2020, the US saw a robust recovery, with values increasing by 44% over 2021 and 2022 to reach a record high of \$30.2 billion. This increase was supported by buoyant demand, particularly at the high end of the market, from local and international HNW collectors, with the US remaining the key center worldwide for sales of the highest-priced works. In 2022, these included the headline-grabbing \$1.6 billion Paul Allen sale at Christie’s in New York, the largest total figure for a sale in the market’s history, and six works of art sold for over \$100 million at auctions, all in New York. However, in 2023, as sales were thinner at the top, the US market lost value, with a decline of 10% year-on-year to \$27.2 billion.

Despite this slowdown in 2023, the US has been one of the strongest performing markets of the past 20 years and has helped drive the recovery of global sales both following the recent contraction in 2020, as well as after the global financial crisis in 2009. Although the decline left the US market just below its level of 2019, it has grown by almost one third in value in the 10 years since 2013. The market continues to be driven by its position as the main global hub for the art trade, with the most expensive artworks brought to New York for sale to both local and international buyers. Sales in the US are therefore

fueled by imports of art and antiques, and these more than doubled in value from their low point during the pandemic in 2020 of \$5.2 billion to \$10.3 billion in 2022. However, imports saw more subdued growth in 2023, advancing by just 1% to an estimated \$10.4 billion, which is down by 12% on pre-pandemic levels in 2019 (\$11.8 billion).³

China, including Mainland China and Hong Kong, became the second-largest market worldwide in 2023, moving up from third place in 2022, with its share rising by 2% to total 19% by value. Following three years of decline, China's sales had fallen to a 10-year low in 2020 of \$9.9 billion. Although they bounced back by almost one third in value in 2021, strict lockdowns in place in 2022 under China's zero-COVID policies saw many sales and events curtailed and cancelled in the key art capital of Beijing, and values fell again by 14% year-on-year to \$11.2 billion, their second-lowest level since 2009. As the economy reopened from January 2023, there was a surge of activity in the market in the first half of the year, with postponed inventory from 2022's autumn auctions in Beijing sold to enthusiastic post-lockdown buyers, while Hong Kong's major fairs and exhibitions returned to their pre-pandemic, full-scale programs. This spike in sales helped to make China one of the best-performing markets in 2023, with sales increasing by 9% to an estimated \$12.2 billion, overtaking the UK as the second-largest market worldwide.

However, the second half of the year was considerably slower, with the autumn auctions in 2023 underperforming those earlier in the year, and indicating that some of the annual growth may have been temporary and specifically driven from the pent-up supply and demand following the unique conditions during the 2022 lockdowns. Projections of slower economic growth and a persistent real estate slump also weighed on demand at the end of 2023, with experts concerned about the future trajectory of the market. (See Exhibit 3 for a discussion of the future of the Chinese art market.) Although sales in 2023 overtook their level in pre-pandemic 2019, they were still 20% below their value a decade earlier in 2013, when the market had reached \$15.3 billion. The Chinese market was the best-performing market in Asia, with sales in Japan falling by 9% year-on-year and declines in other key markets, including South Korea and Singapore.

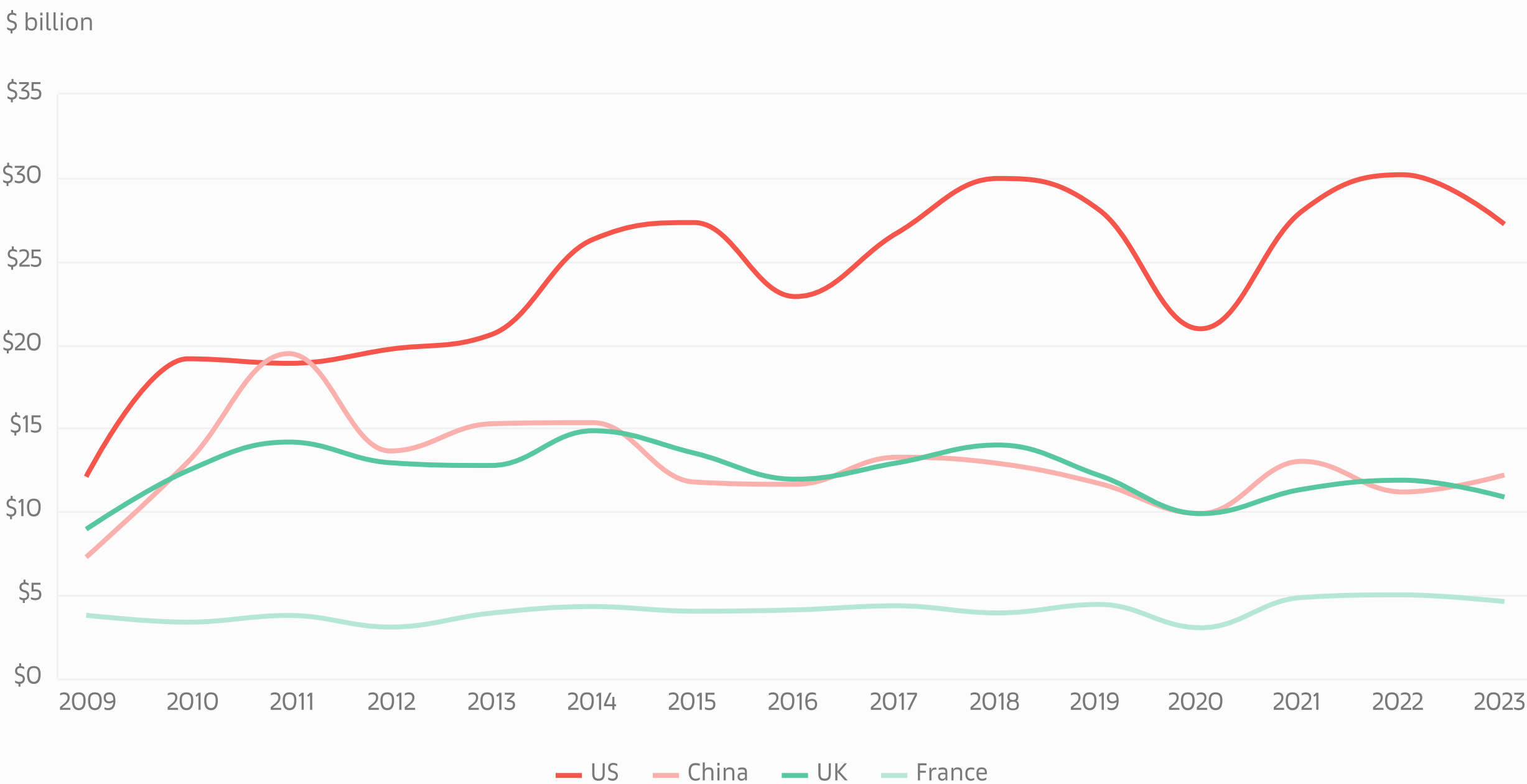
China and the UK have seen a lot of reshuffling in their relative positions in the global ranks in the last 10 years, and this continued in 2023, with the UK falling back to third place with a global share of 17%, down by 1% year-on-year. Along with the broader impact of the pandemic, the UK market has come under pressure over the last few years due to the complexities of Brexit and other economic factors, with sales falling to a low of \$9.9 billion in 2020, the lowest level in a decade. However, sales revived over the next two years, rising by 20% over 2021 and 2022 to \$11.9 billion, although remaining slightly below 2019's pre-pandemic level, and having experienced only around half of the uplift of the

³ Data on US trade from USITC DataWeb.

US over the same period. The UK is a key hub globally and within Europe for sales of the highest-priced works in the art market, and in 2023, as these sales thinned, values in the UK fell by 8% to \$10.9 billion, below pre-pandemic 2019 and 15% lower than 10 years previous in 2013. As a global hub for sales, like the US, the UK market relies on imports of art and antiques. Imports to the UK declined year-on-year, falling by 16% from \$2.8 billion in 2022 to \$2.3 billion in 2023 (26% lower than the levels recorded in 2019).⁴

Sales in the French market also fell by 7% in 2023 to \$4.6 billion, but it maintained its position as the fourth-largest market worldwide with a stable share of 7%. After a substantial decline of 30% in 2020 during the pandemic, the French market had a phenomenal recovery, growing by 62% over 2021 and 2022 to a peak of just under \$5 billion. Even with the decline in 2023, French sales remained above 2019 values and have grown by 17% over 10 years. There was mixed performance in the rest of Europe, with a decline in the other major market of Germany, of 5%, set against strong growth in Italy and Spain. Sales in the EU as a whole fell by 2% year-on-year to an estimated \$8.6 billion, and were down by 22% on their level in 2013 (measured without the UK).

Figure 1.5 Sales in the Major Art Markets 2009–2023



©Arts Economics (2024)

4 Data on UK trade from HM Revenue & Customs.

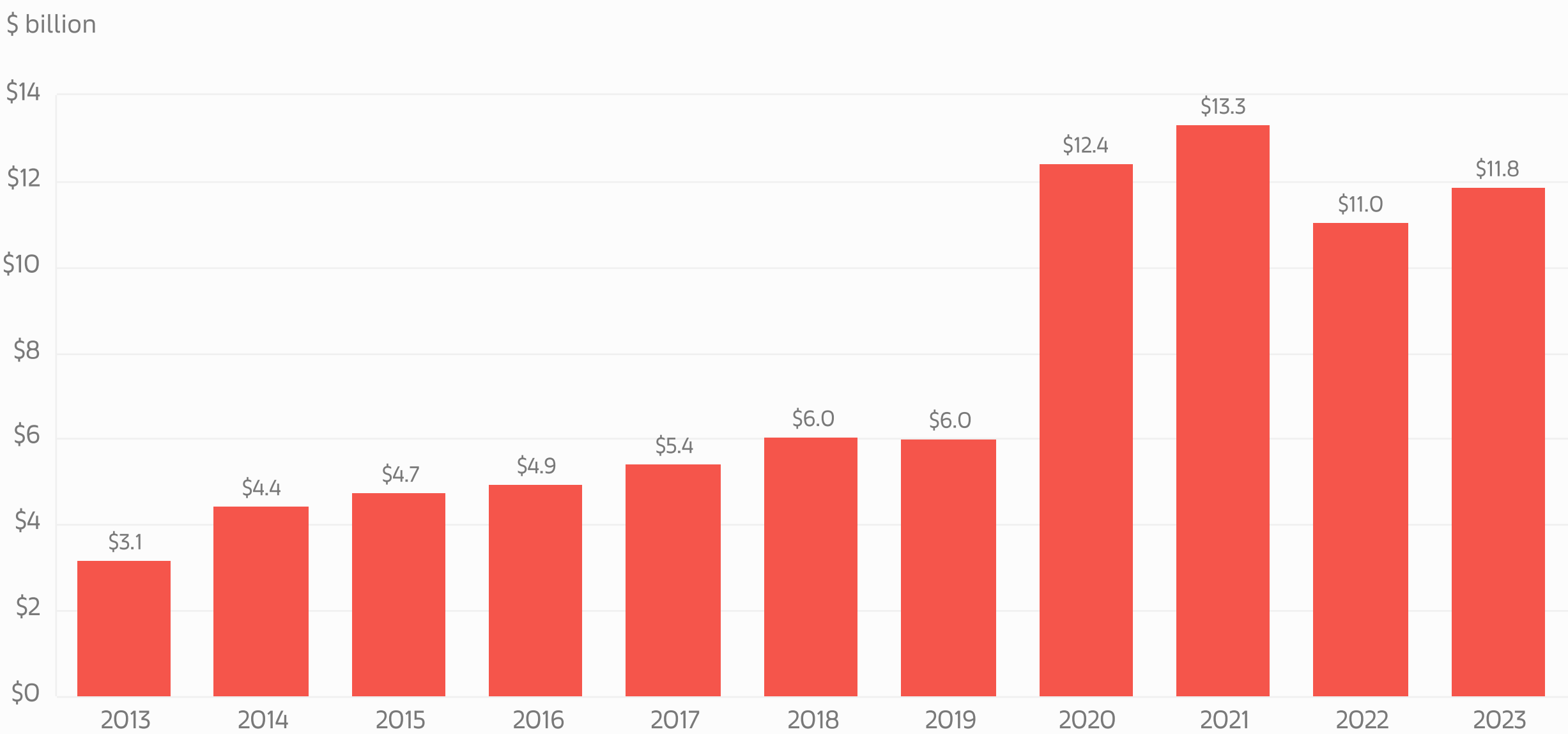
1.3 Online Sales

Aside from the changing value of sales, how transactions are made and the distribution of value through different channels continued to develop in 2023. After a dramatic increase in e-commerce during the pandemic, the art market appears to have settled into a mode of dual operations, with online sales maintaining a relatively high share even as live exhibitions and art fairs have returned to a regular schedule.

Following years of slow, positive growth, online sales doubled in size in 2020 during the pandemic, reaching \$12.4 billion as they became the primary mode for transactions for much of the year. Even as the market opened up in 2021, e-commerce continued to grow and reached an historic peak of \$13.3 billion, despite a slightly lower share of sales being made online. As art fairs, exhibitions, auction sales, and other live events ran on full capacity in most regions in 2022, growth slowed, with online-only sales falling to \$11 billion, a 17% decline year-on-year from the 2021 peak, as dealers and auction houses reported a reduction in their aggregate share of e-commerce. This decline in 2022 renewed the debate as to whether the market might continue to revert more to its pre-pandemic division of online versus offline sales. However, in 2023, it became clear that this was not the case, and online sales continued to grow despite the downturn in the market. Aggregated online-only sales reached an estimated \$11.8 billion, a rise of 7% year-on-year from 2022 and close to double the size of 2019. Online sales are defined here as those made by galleries, dealers, and auction houses, either through their own websites, online viewing rooms (OVRs), other platforms, or via email, without an in-person viewing or presale contact. In the case of auctions, online-only sales are those where a live auction does not take place and do not include online bidding at a live sale. Online sales by dealers and auction houses are discussed in further detail in Chapters 2 and 3.

Aggregated online-only sales reached an estimated \$11.8 billion, a rise of 7% year-on-year from 2022 and close to double the size of 2019

Figure 1.6 The Online Art Market 2013–2023



©Arts Economics (2024)

With this uplift in value combined with slowing sales offline, the share accounted for by online-only sales increased to 18% of the value of the art market’s total turnover, up by 2% year-on-year. While this was below the peak of 25% in 2020, it was double the share of 2019 and increasingly aligned with other industries.

The art market lagged behind other industries up to 2019, but the spike in online art sales in 2020 meant that the share of e-commerce in the art market (at 25%) exceeded that of aggregate global retail (18%). These shares converged in 2021 as offline sales restarted in the art market, and art has remained at a slightly lower level for the last two years, but with a smaller margin than before the pandemic, in 2019. The pandemic induced a major shift in e-commerce across many industries, with the share of general retail increasing from 14% of total sales in 2019 to 18% in 2020. This share continued to grow in 2023, reaching its highest level to date at 21%, and is expected to reach 24% by 2026. Like the art market, online sales outpaced total retail sales – although in this instance, they both grew, with total retail values up by just under 6% while e-commerce advanced by 9% year-on-year.⁵

While there were many examples of transactions at high prices in online-only sales, the tendency for the most expensive works to be predominantly sold offline remained, and

5 Statistics on general retail are taken from *Insider Intelligence* data from E-Marketer, available at www.emarketer.com.

30

explained in part the strength of online in 2023, as well as why e-commerce is unlikely to expand past a minority share. Data from the fine art auction sector in 2023 showed that, like offline, the vast majority (over 95%) of transactions in online-only auctions were for prices of less than \$50,000. However, unlike offline auction sales which are heavily dominated by value in the \$1 million-plus segment, online-only auction values were based around the middle and lower ends: 58% of the value of the online-only fine art auction market in 2023 was sales of lots priced at less than \$50,000 and over 85% was those sold for less than \$250,000.

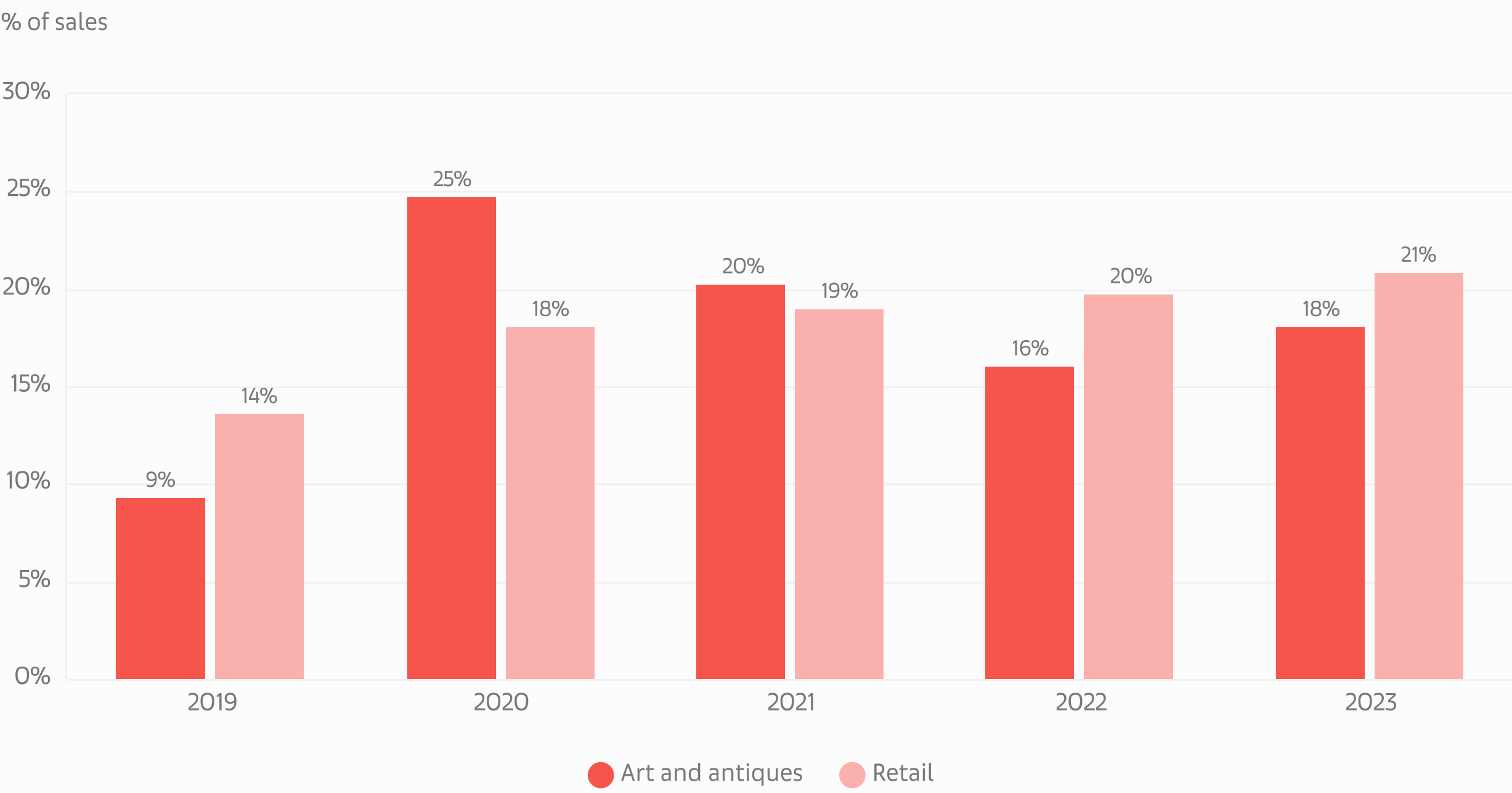
Surveys of collectors have also shown that price is still a key variable in determining the importance of viewing a work in person versus engaging in an online-only sale, however, many have become increasingly comfortable transacting online sight unseen. In surveys of HNW collectors carried out in 2023 by Arts Economics and UBS, the most common method for purchasing art was through a gallery or dealer, with 86% of the 2,800 respondents having done so when surveyed mid-way through the year. Although the most common access point was still in person through a gallery, a majority of 65% of those buying from dealers had done so through their website in an online-only, sight-unseen transaction. Furthermore, these online-only transactions made up just over one third of their direct spending through dealers and galleries.

58% of the value of the online-only fine art auction market in 2023 was sales of lots priced at less than \$50,000 and over 85% was those sold for less than \$250,000

Besides being the most frequently used channel, dealers remained the preferred way to buy for most collectors in 2023, and around 30% of those who favored dealers opted for transactions carried out entirely online, with a share of 39% for Gen Z collectors.⁶ These findings indicate that while it may not be the preferred way to buy for all collectors, buying online is widely used and accepted. It has also become a key entry point to the market for new buyers, both for dealers and at auction. As the number and value of online-only sales at auction have risen, online channels have been consistently identified as the main source of new buyers for both top-tier and smaller auction houses. The majority of online sales that dealers made in 2023 were to new buyers, and digital channels were an important source for new buyers in the sector, although still ranking behind art fairs and gallery visits. (Sources of new buyers and online sales in the dealer sector are discussed in greater detail in Chapter 2.)

⁶ Arts Economics (2023) *The Survey of Global Collecting 2023, An Art Basel and UBS Global Market Report*. Available at: theartmarket.artbasel.com.

Figure 1.7 Share of Online Sales in the Art Market versus General Retail 2019–2023



©Arts Economics (2024) with data from eMarketer.com

1.4 Art and NFTs

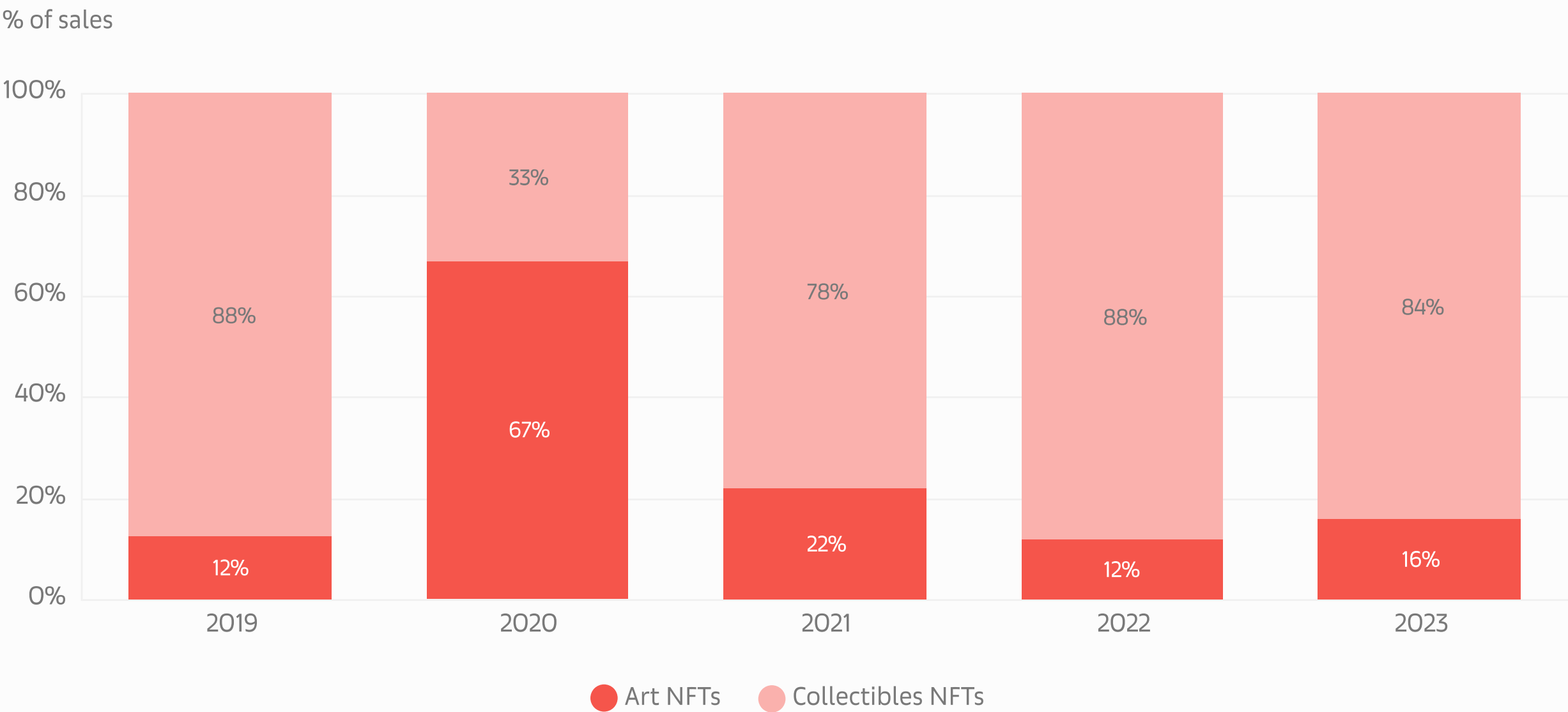
A significant volume of sales continued to happen outside the traditional art market in 2023, both offline and through online platforms, supporting direct sales from artists, creators, and resellers, which have had varying performance over the last year. While the surveys of HNW collectors mentioned above showed a considerable proportion interacting with dealers online through their own websites and digital channels, they also revealed a significant fall in the popularity of external online platforms, from being a first choice for purchasing for 17% of collectors in 2022 to just 8% in 2023, including NFT platforms and Instagram (both 3%) along with other online third-party platforms (2%). Unlike the cliché of social media and online channels being favored by younger collectors, these platforms were much more popular with Boomers and older collectors than their younger counterparts.

Art-related sales on non-fungible token (NFT) platforms are not included in the figures for art market sales in 2023 estimated above, as they occur outside of galleries, dealers, and auction houses, but an analysis of these sales showed the surge in activity in 2021 and its equally dramatic decline over the last two years. However, even though values have declined, there was still considerable activity in these markets in 2023, with notable projects creating bursts of activity earlier in the year.

The development of the market for art-related NFTs was one of the biggest trends of 2021, although most of the activity and impact was outside the art market's galleries and auction houses on external platforms, creating active primary and secondary markets beyond the traditional framework. These highly liquid and continuously trading marketplaces, with few barriers to entry, attracted highly speculative buyers primarily interested in buying and reselling in a very short space of time for financial returns. This speculative trading led to a meteoric rise in sales from \$605,000 in 2019 to over \$2.9 billion in 2021. However, after peaking in August 2021, sales declined rapidly over 2022 as the price of Ethereum slumped and the volume of trade slowed.

Data on sales of NFTs from NFT18.com, which tracks the sale of all NFTs on the Ethereum, Polygon, and four other networks, shows the rise and fall of NFTs over this period, with the market on these platforms settling at a lower but more stable level in 2023. NFT platforms cover several different categories of collectibles, including art, sports, music, and entertainment collectibles as well as a range of in-game and in-world digital items. Looking at the two most relevant segments of art and collectibles, art-related NFTs made up just 12% of the value of these two segments in 2019, but by 2020, had reached the majority share at 67%. However, since 2021, collectibles have dominated and in 2023, reached 84% by value versus only 16% for art.

Figure 1.8 Share of Sales by Value of Collectibles Versus Art-Related NFTs 2019–2023



Following the decline from 2021 to 2022, sales of art-related NFTs decreased by a further 51% in 2023 to \$1.2 billion

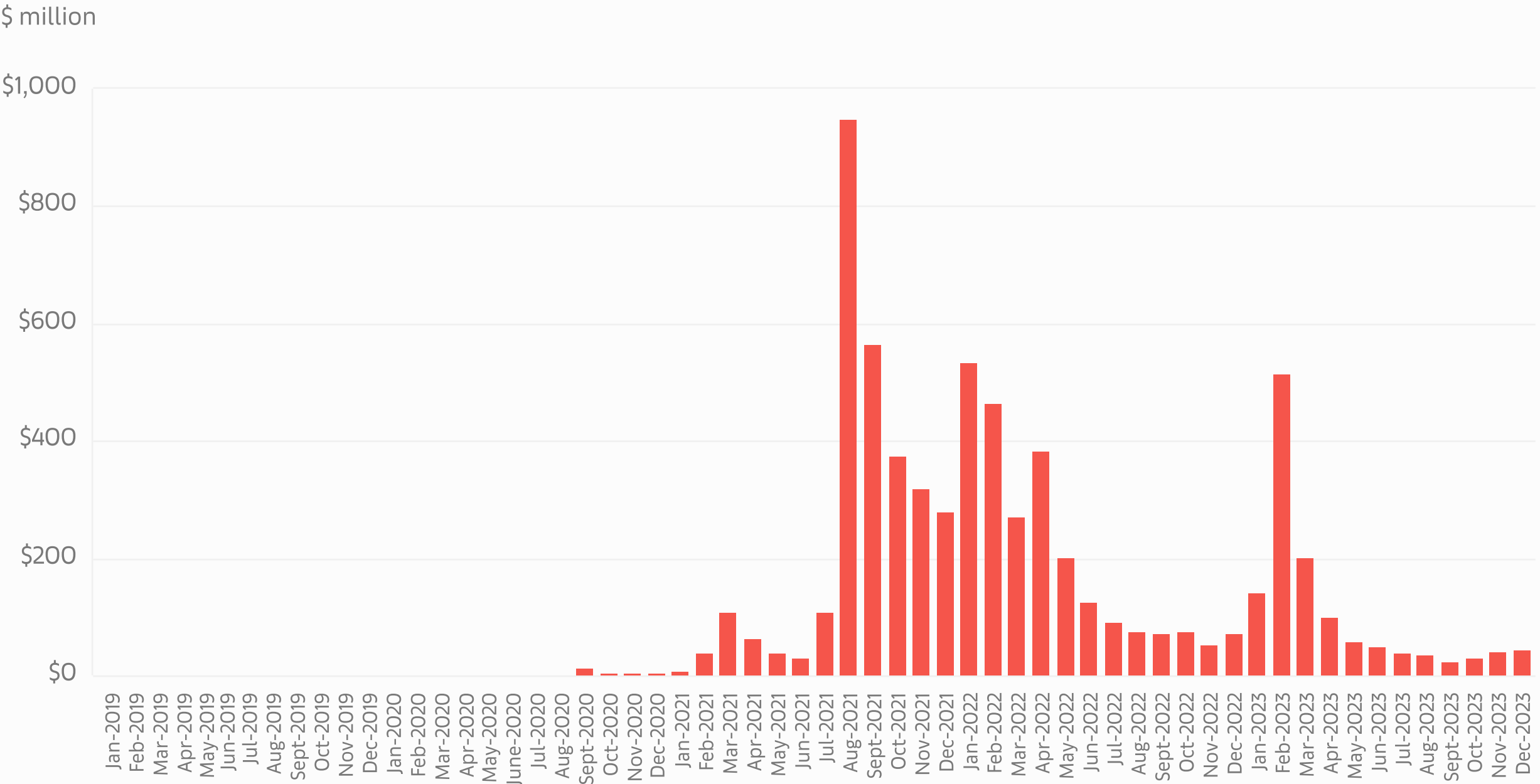
Even with the very significant fall in values from late 2021, sales of art-related NFTs reached close to \$2.4 billion in 2022, a decline of 16% year-on-year, but still representing values that were over 100 times the size of the market in 2020 (\$20 million). However, following the decline from 2021 to 2022, the art segment decreased in value by a further 51% in 2023 to \$1.2 billion. It is notable in Figure 1.9 that there were still spikes in activity and value around certain key art projects, including Jack Butcher’s *Checks*, an open edition NFT collection, which, along with two other projects, generated over \$350 million in sales within the first few months of 2023 from one artist alone.

After outperforming art in 2022, with values rising by 73% from \$10.3 billion to \$17.8 billion, the collectibles segment also saw a very significant fall in sales in 2023 to just over \$6.3 billion, losing 64% of its value year-on-year. According to experts in the sector, this was a strong signal that the purely speculative activity which dominated the collectibles segment and had for a period done so in the art segment was ‘running out of steam’, and they

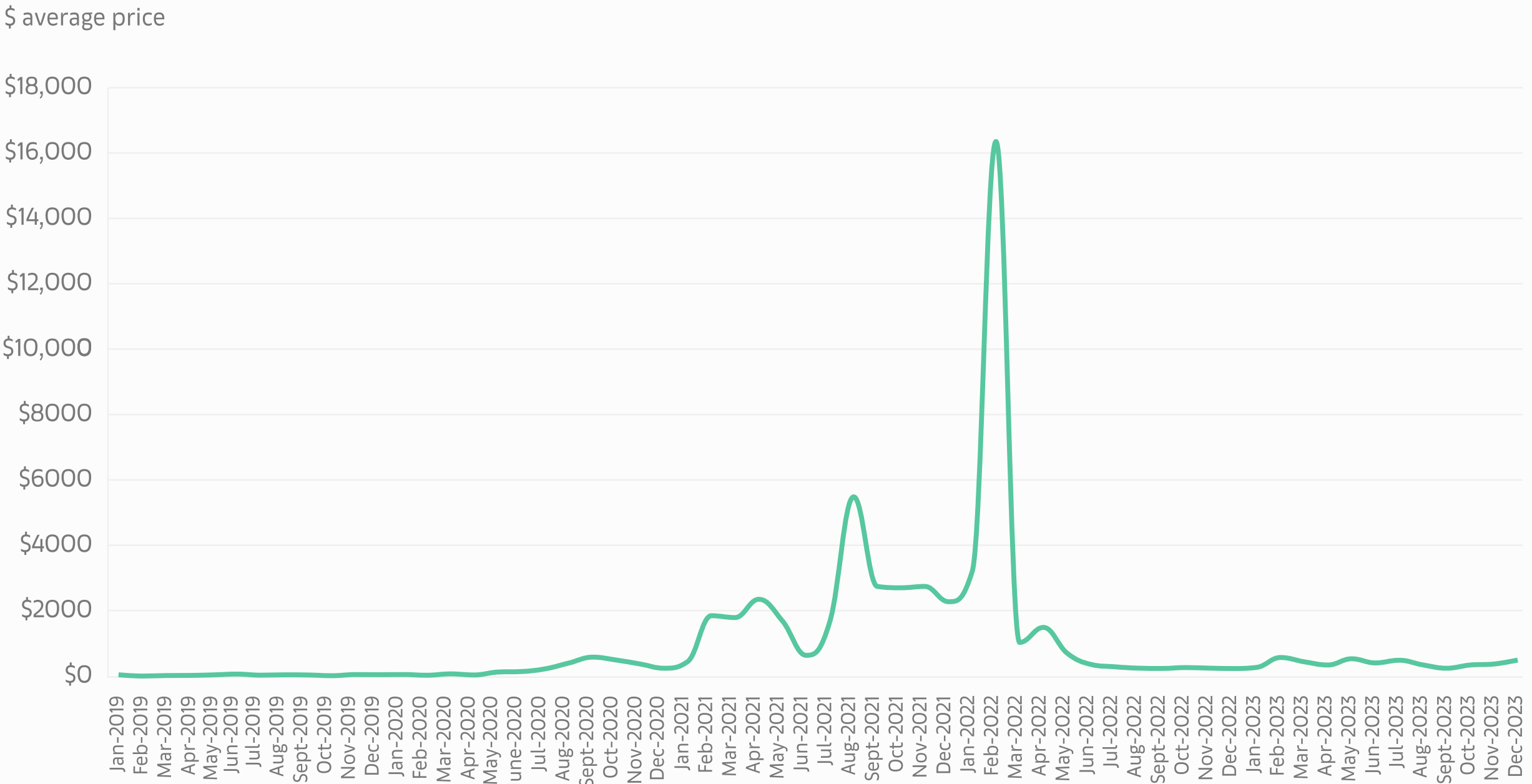
believed that this would lead to a gradual decline in the importance of the collectibles segment. The downturn in the market from 2022 stalled the most speculative buyers of art-based NFTs, with many holding onto their purchases rather than reselling at a loss during the bear market, causing a slowdown in resales. As noted in previous research, the average time between the purchase and resale of art-related NFTs in 2021 was very short at just 33 days, versus the average resale period on the art market of 25 to 30 years.

Figure 1.9 Sales of Art-Related NFTs 2019–2023

a) Value of Sales

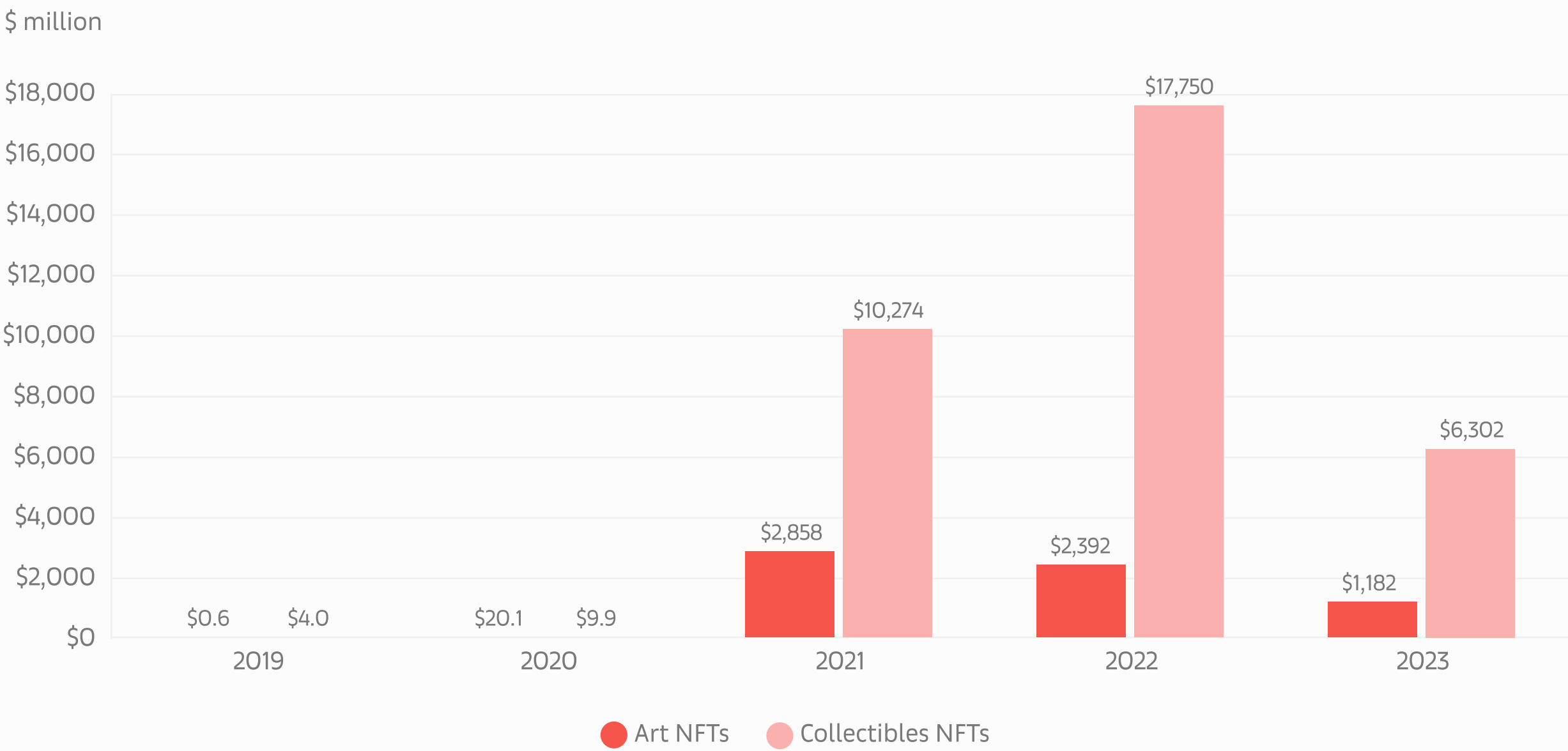


b) Average Prices



©Arts Economics (2024) with data from NFT18.com

Figure 1.10 Annual Sales of Art and Collectibles NFTs 2019–2023



©Arts Economics (2024) with data from NFT18.com

The increasing numbers of different buyers and sellers associated with the art market and alternative ways of creating and transacting artworks have also introduced new issues for regulators and governments. Some of the main regulatory issues that arose in the art market are discussed in Exhibit 1, and Exhibit 2 focuses on the legal framework for the market in China in 2024.

Exhibit 1. Navigating a Sea of Instability

Till Vere-Hodge and Katalin Andreides*

At the start of 2023, there was considerable optimism that the year ahead was going to be one of stabilization, following a challenging period with the fallout from COVID-related lockdowns, the reduction of frictionless trade through Brexit, and general de-globalization, as well as high inflation and volatility in global energy markets due to Russia's invasion of Ukraine. Did last year chart a safe passage from choppy into somewhat calmer waters?

The answer is almost certainly 'no'. At the beginning of 2024, the global economy and art trade are facing yet more uncertainty through ongoing political instability, military conflict, and a sense of 'permacrisis'.

The geopolitical macroclimate and the regulatory particularities affecting the art trade in different jurisdictions are likely to remain challenging and uncertain. This is despite calls for sensible regulatory measures to govern the global art market, and what appears to be competition for the best 'cultural statecraft' by governments and legislators to benefit the sector. Some of the key regulatory changes impacting the market in 2024 are discussed below.

Taxation and Import VAT

In 2024, general elections will take place in the US, India, and the UK, and there will be EU-wide elections for the European Parliament. In election years, taxation is usually at the top of the political agenda. Often, tax considerations affecting the art market are formulated with zero-sum calculations in mind. One country's gain by way of an advantageous tax regime will result in another country's loss.

EU Directive 2022/542 aims to create closer alignment of Member States' VAT regimes. Previously, it was only possible for Member States to apply a reduced VAT rate on *imported* works of art, collectors' items, and antiques, and works sold by artists themselves. Following the implementation of the directive, these objects can benefit from reduced VAT rates at the point of sale in their local primary and secondary markets and when purchased by museums. EU Member States first must each transpose the amendments and apply the new measures by January 1, 2025.

However, the directive does not allow for the cumulative application of the reduced VAT rate on artwork imports in conjunction with the application of the margin scheme when selling the artwork.⁷ In other words, pursuant to the provisions, it will not be possible for a dealer first to benefit from the reduced VAT rate upon importation into the EU and then, upon onward sale, benefit from being taxed on the margin between purchase price and onward-sale price only.

Implementing the directive, France could have chosen to maintain the 20% rate on profit margins for secondary sales, but would have had to extend that rate to imports and primary sales of art. To the relief of many French art market participants, French lawmakers opted instead to legislate not only to continue to offer a reduced rate at 5.5% for imported artworks, but also to extend the reduced rate to the vast majority of VAT-able transactions of artworks in France which are set to be taxed at 5.5% from 2025 onwards. This amendment may be seen as an attempt to consolidate France's position as the continent's leading international art market further.

The French regulatory attempt to boost its national art market appears to have inspired other Member States to consider their respective regimes with a view to remaining or becoming more competitive themselves. Notably, there have been discussions about legislative initiatives aimed at boosting the comparative tax position in other Member States, including in Belgium and Italy.

On the other side of the English Channel, a number of trade associations have been lobbying the government to reduce import VAT for art and antiques from the current reduced rate at 5% to zero and to explore options to simplify and improve the Temporary Admissions regime to help reduce the administrative burden placed on the UK art market.

With general elections on the horizon in the UK, the Labour Party has stated it will not introduce a wealth tax, nor increase Capital Gains Tax. A less explicit alternative to raising headline rates for the next UK government (be it Labour or Tory) might be to make changes to available exemptions or reliefs.

There has been speculation that the current UK government may cut Inheritance Tax (IHT) ahead of the elections. Among the proposals under consideration is a reduction of the 40% rate, paving the way to abolish the tax altogether in future years. In press interviews in January 2024, the Labour leadership stated a Labour government would reverse any such change to IHT.

⁷ The margin scheme is an optional scheme for the art trade used as a means of reducing the possibility of double taxation on the sale of second-hand goods. It operates by allowing dealers to pay VAT on the difference between the sale price and the purchase price of the goods, instead of simply on the sales price.

The US Presidential elections are set to take place on November 5. Depending on the outcome, there may be significant consequences not only for the applicable tax and trade policy relevant to art and culture. Effective in October 2019, the Trump administration famously imposed tariffs on UK or German lithographs on paper or paperboard, and pictures, designs, and photographs that were printed within the past 20 years. In 2023, the Biden administration took the US to rejoin UNESCO, after the country had withdrawn under President Trump.

Sanctions Regimes Remain Aligned – For Now

The result of the US elections will likely also have a significant effect on US foreign policy decisions. Restrictive measures have already had a substantial effect on the international art trade. As at January 2024, the US Office of Foreign Assets Control has had measures in place in relation to Afghanistan, the Balkans, Belarus, Burma, Central African Republic, Cuba, Democratic Republic of Congo, Ethiopia, Hong Kong, Iran, Iraq, Lebanon, Libya, Mali, Nicaragua, North Korea, Russia, Ukraine, Somalia, South Sudan, Sudan and Darfur, Syria, Venezuela, West Bank, Yemen, and Zimbabwe.

Such measures have, for example, included the blacklisting of certain individuals and companies, or imposing an outright ban on dealing in cultural goods, precious metals, luxury objects, and artworks in relation to persons in certain jurisdictions.

So far, US, EU, and UK sanctions regimes have largely targeted many of the same countries and territories with restrictive measures. It is not inconceivable that a Republican victory in the US Presidential elections could lead to more divergence of what has been a largely harmonized approach on both sides of the Atlantic.

Conversely, there are geopolitical regions which have generally diverged from the ‘Western approach’ by not imposing sanctions against states perceived to have been or become hostile towards the West. In relation to the Russia sanctions program, some such regions appear to have subsumed the art trade flows that previously existed between Russia and the West and which has become impossible due to the trade sanctions imposed by the west on Russia and vice versa. Notably, some of this trade now flows to the Middle East and parts of Asia and Africa.

More Divergence in AML Rules?

There has also tended to be some convergence between the US, the UK, and the EU in relation to important aspects of their respective anti-money laundering (AML) regimes and their impact on the art trade (though less so than in relation to economic sanctions). Changes in government could also potentially bring divergence to these regimes.

The US AML regime has focused on the antiquities trade rather than the ‘high-value art market’. In February 2022, the US Treasury considered whether to expand the application of its AML rules to the art market more generally. However, the Treasury’s study concluded: ‘As such, it is recommended that Treasury complete its ongoing work to close outstanding gaps [...] before potentially turning its attention to the high-value art market’.⁸

Conversely, in the UK, the trade in antiquities, coins, and ethnographic materials does not currently fall within the scope of the relevant AML regime. The art trade in general, however, does.

The current AML rules in the UK and the 27 remaining EU Member States are all based on the implementation of the (EU) 5th AML Directive, which means that each of the implementing countries were required to legislate individually to give effect to the directive’s aims. By default, this has caused some divergence from the outset.

On December 13, 2023, the EU provisionally agreed on a new regulation and another directive to further refine EU AML measures across the trade bloc. While the new regulation will result in more harmonization among Member States, both instruments may lead to further divergence from the rules in the US and UK, respectively.

The EU proposals include the extension of the definition of ‘obliged entity’ to include crypto asset service providers and third-party financing intermediaries, and traders of luxury goods including precious metals, precious stones, jewelers, horologists, goldsmiths, traders of luxury cars, airplanes, and yachts as well as cultural goods.

The regulation will also limit the use of cash payments for art transactions to a maximum of €10,000 and Member States are allowed to set an even lower ceiling. Prior to the 5th AML Directive, art market participants were considered ‘regulated’ under the Directive if their aggregate annual transactions amounted to more than €10,000 in cash, and since the AML Directive, more than €10,000 in any form.

Affected businesses will be required to comply with identity verification obligations on any person who carries out an ‘occasional transaction’, in simple terms, a single transaction, or series of transactions, outside of a business relationship in cash above €3,000.

In January 2024, the UK National Crime Agency issued an amber alert highlighting sanctions evasion and money laundering risks faced by the UK art storage sector because of the risk ‘that criminals are finding ways to utilize the art market to conduct illicit activity’. The UK authority intended to flag factors considered to be indicative of financial sanction

⁸ US Department of the Treasury (2022) *Study of the Facilitation of Money Laundering and Terror Finance Through the Trade in Works of Art*, p. 34. Available at [treasury.gov](https://www.treasury.gov).

evasion, money laundering, or cultural property trafficking. These include changes in client circumstances, attempts to transfer artworks to a family member or close contact, or to sell artwork or cultural property quickly, and move it to another jurisdiction.

The alert refers to any facility or space that is used to hold, store, or move artworks, antiquities and/or collectibles, be it for the short term or for a prolonged period of time, including not only freeports, but also auction houses, art dealerships, galleries, and museums.

Art and AI – Harmonization or Convergence?

Another key issue in 2023 is the need for a regulatory framework to deal with AI, specifically in relation to text and data mining for training AI algorithms. Clearly this will affect the art market in a number of ways, including in relation to the creative process, the protection of intellectual property rights, and the marketing and sales process within the art market.

In March 2023, a UK White Paper proposed a regulatory regime that will use ‘a principles-based framework for regulators to interpret and apply to AI within their remits’. It will be guided by seven ‘essential characteristics’ identified by the UK government: pro-innovation, proportionate, trustworthy, adaptable, clear, and collaborative. This light-touch approach is supposed to ensure the UK will become a ‘global AI superpower’.

In June 2023, the European Parliament approved a draft version of its AI Act, a legislative milestone to regulate AI in the trade bloc. In stark contrast with the UK White Paper, the EU law would require AI developers to publish summaries of copyrighted material used to train their respective algorithms, enact a near-total ban on the use of AI in facial-recognition systems, and mandate conducting risk assessments before technology is put into everyday use.

In the US, the blueprint for an AI Bill of Rights, published in October 2022, could lead to a principles-based approach more closely aligned with the UK’s position. However, a joint US-EU initiative to draft a set of voluntary rules for businesses, called the ‘AI Code of Conduct’ aims to build international consensus for AI governance.

Potentially differing regulations could create a regulatory (and technological) gulf between the US, UK, and EU and their respective art sectors. It is noteworthy that Germany, France, and Italy have put forward a counter-proposal to the EU proposed AI Act to promote ‘mandatory self-regulation through codes of conduct’.

Each jurisdiction appears to be calculating how best to balance the protection of artists' and copyright owners' rights with the huge economic potential governments see in harnessing AI. For example, AI may be used for highly specialized services including authentication, conservation, and restoration, as well as fundamental functions needed to market and sell art. In relation to intellectual property, there will continue to be case law on whether AI-generated art is capable of replicating the creative process copyright law seeks to protect, and if so, how.

Art-Backed Loans on the Rise beyond the US?

Finally, as noted in the report, there is significant use of credit and lending by collectors in the art market. The use of art as collateral for loans generally is not straightforward: the portable nature of art as an asset class, combined with difficulties in establishing title, provenance, authenticity and of course, value, all create complexity and introduce risk for any lender who provides loan facilities backed by the borrower's art collection.

Some lenders have been skeptical of the guarantee return on their loans because of fluctuations in valuations and the uncertain performance of the art market. Depending on jurisdiction, there may not be a central registry to record security over artworks and certain other chattels. For example, it is generally easier to check security interests over assets held by companies, rather than individual collectors. In relation to individuals in particular, this can potentially lead to difficulties in identifying third-party interests, which might deter a potential lender who would want their interest in the art to be clearly identifiable.

Art lending has tended to be much more prevalent in the US than elsewhere because of the *Uniform Commercial Code (UCC)*, which records liens against assets, thus giving reassurance to lenders that the work of art is not already being used as collateral elsewhere. Bank of America for example stated in March 2023 that there had been a steady growth of 10% a year in art-backed loans over the past decade or so. Apart from differences in lending culture, regulatory changes to antiquated systems of recording liens in Europe and the UK could give this segment of the art market a boost there.

This is particularly noteworthy given that the number of ultra-high-net-worth individuals' wealth associated with art and collectibles is estimated to have increased sharply over the past couple of years.

** Katalin Andreides is a Rome-based EU art lawyer who advises clients in a number of regions including Italy, France, Hungary, and Monaco. Till Vere-Hodge is a London-based solicitor at Payne Hicks Beach LLP, who advises clients on cross-jurisdictional matters pertaining to art and cultural property law.*

Exhibit 2. The Legal Framework of China's Art Market

*Angell XI**

The legal framework for the art market in China comprises two distinct segments which are operated by different dealers and regulated by different authorities, according to different laws:

- i. 'Artworks' which refer to works such as paintings, sculptures, installations, photographs, industrial art, and limited replicas of artworks; and
- ii. 'Cultural relics' which includes both movable relics (such as historically important objects, artworks, literature, manuscripts, and books of various dynasties) and immovable relics (like ancient tombs, mural paintings, stone carvings, and architectural structures).

Artworks are much less regulated than cultural relics, with the *Administrative Measures for Operation of Artworks* (effective from 2016) being the most important regulation, which specifies the major legal requirements for those operating in the art trade, such as obligatory record filing for all commercial activities related to art, including purchase, sale, lease, brokerage, import, export, appraisal or assessment, commercial exhibition, or investment. Under this regulation, whenever an artwork is imported or exported, for exhibition or sale, pre-approval from China's Culture Authority is mandatory before the Customs Office will release the artwork into circulation. In general, the approval is not difficult to obtain once the legal requirements are satisfied. However, each year there are operators fined by the authorities for reasons such as not completing filings or exhibiting or trading without pre-approval. The measures also specify the obligations of sellers, such as due diligence if requested by buyers, the provision of proof of provenance, as well as being prohibited from practices which currently include fractional ownership of artworks, illegal fund raising, and illegal pyramid selling.

Cultural relics, on the other hand, are highly regulated in China, with prioritized legislative focus on their protection, administration, and optimized use. The main legislation in this segment is the *Law of the People's Republic of China on the Protection of Cultural Relics* (revised in 2017), and under this regulation cultural relics are not permitted to be freely bought and sold commercially and can only be acquired through qualified legitimate

channels, including specifically licensed cultural relics stores and auction houses – and even then, subject to strict administrative conditions. Cultural relics are under significantly stricter entry and exit controls than the import and export regulations that govern artworks, and in most cases, a cultural relic exit license has to be obtained from the State Council to take or sell them outside of China.

For several years, sellers have hoped that some of the restrictions on cultural relics transactions would be lifted, allowing more freedom for trading by non-state-owned cultural relics, for the allowance of trade by vendors other than the strictly qualified sellers, and that foreign auction houses working in Mainland China would be allowed to auction cultural relics. In 2023, a milestone was achieved with the revised draft of the *Law of the People's Republic of China on the Protection of Cultural Relics* published by the Standing Committee of The National People's Congress in October 2023. Some notable updates in the Revised Draft included:

1. Restitution

Restitution was proposed to be included in the law, meaning that the State reserves the right of repatriating cultural relics which were lost overseas due to theft or illegal export, with no statute of limitation. According to official statistics, approximately 1,700 cultural relics were successfully repatriated in the 10 years from 2012 to 2021.⁹

2. Digitalization

This encouraged the promotion of the digitalization of cultural relics, with potential benefits for exhibition, academic research, creation or re-creation, as well as licensing or other commercial or non-profit culture exchange or collaboration. Beijing’s Palace Museum provided a good example of a successful museum licensing project which used cultural heritage creations, with turnover of \$221 million in 2018, solely from sales of the licensed products.¹⁰

3. Experimentation

In 2022, a regulation called the *Several Provisions of Shanghai Pudong New Area on Trading of Cultural Relics and Artworks* was promulgated, providing an experimental alternative for cultural relics trading channels in addition to the licensed cultural relic stores and qualified auction houses. According to the provisions, a new organization called Shanghai International Cultural Relics and Artworks Transaction Services Centre would be established, to provide facilities, appraisal, and ancillary services to facilitate trading of cultural relics and artworks, which was seen as an experimental alternative while the time-consuming process of updating the national regulations is underway.

9

Statistics from The State Council of The People’s Republic of China (2021) *Cooperation Urged to Fight Relics Trafficking*. Available at gov.cn.

10

Chen, A. (2022) ‘Art Galleries and Museums: The Final Frontier of Brand Licensing’ in *Campaign* (22 November). Available at campaignasia.com

4. Updated Export Restrictions

In 2023, a policy updating the export restrictions on works by artists who were deceased after 1911 caused much debate. The government formed a list of 315 artists and six studios from eight fields of art, including key sectors such as calligraphy and painting, ceramic, sculpture, fans, and others. In each field, there were several artists whose works were totally prohibited for export, including some of the most sought-after artists such as Guanzhong Wu, Fengmian Lin, Daqian Zhang, Baishi Qi, and 38 others under calligraphy and painting, who, as seen in Chapter 3, were among the highest-selling artists in some sectors. There were also artists whose representative works were prohibited from export, including Yanyong Ding and 156 other artists. This policy is seen as a huge obstacle for trading these artists' works outside Mainland China, many of whom were the top-selling and most in-demand artists in 2023 (as outlined in Chapter 3).

There have also been many legal challenges for art e-commerce in China. China is one of the largest online markets in the world, and was estimated to be the second-largest digital economy globally, with a scale of \$7.5 trillion in 2022, and a compound annual growth rate of 14% from 2016 to 2022.¹¹ In 2023, China's total online retail sales revenue was approximately \$2.2 trillion, according to the China National Bureau of Statistics.¹² The digital economy has become China's state policy, with the *Development Plan for the Digital Economy in the 14th Five-Year Plan Period* published in 2022, as a milestone guideline for the future.

As in other markets, online channels proved indispensable during the COVID-19 pandemic. Through apps and WeChat Mini Programs, artworks continued to be traded, via retail, auctions, and private sales; exhibitions, fairs, auction previews, and galleries could be conveniently visited; and services including consulting or education could be instantaneously received. While all these features made art more accessible and the art experience more efficient and interactive, legal challenges and risks needed to be accounted for and managed, with many of the legal and compliance requirements for offline art businesses also applicable online.

Exhibiting and selling art online requires the same qualifications and procedural requirements as offline businesses, with additional requirements in some areas. For example, when trading NFTs or other digital collectibles based on blockchain technology, online platforms and businesses require a blockchain information service filing and permit to do so (including Internet Content Provider or ICP and/or Electronic Data Interchange or EDI permits depending on the nature of the business). Cryptocurrency is also strictly prohibited in China, with failure to comply leading to civil and criminal liabilities, meaning that NFTs have to be traded using traditional currency online.

¹¹ China Academy of Information and Communications Technology (2024) *White Paper on Global Digital Economy* (2023). Available at scio.gov.cn. According to the White Paper, the US was the largest digital economy in 2022 at \$17.2 trillion.

¹² Statistics from China's National Bureau of Statistics, available at stats.gov.cn.

When cultural relics or foreign artworks are exhibited or sold, either through e-commerce platforms or via social media (such as WeChat and Weibo), livestreams (like Douyin and Kuaishou), or social platforms (like RED/Xiaohongshu), procedural requirements are still mandatory. Due to the restrictions on cultural relics, online transactions are not open to operators with foreign investment from outside of China. A significant number of operators, including art dealers, have been penalized for carrying out online auctions of cultural relics without pre-approval or organizing online sales or exhibitions of foreign artworks without pre-examination or by the competent authorities. In 2023, these included the *(Hai) Wen Fa Zi No. 1* case, where a Chinese auction house was fined for exhibiting and transacting foreign artists' artworks without obtaining pre-approval. Besides administrative liabilities, a few operators and their senior staff were also charged with criminal liabilities, such as smuggling, as in the *Jing No. 04 Xing Chu No. 6* case in 2023, where a Beijing company operating an overseas art business faced criminal charges for smuggling along with their shareholder, who was also their legal representative, and the company's general manager.

Copyright infringement is a big concern too, especially for online exhibitions in China. Copyright authorization is necessary for artworks within the copyright protection period as it is elsewhere and protected under the *Copyright Law*, while other intellectual property regulations are dealt with in the *Trademark Law*, *Anti-Unfair Competition Law of the People's Republic of China* (revised in 2019). There are also a range of laws and regulations on advertisement, promotion, and unfair competition for online transactions that companies need to be compliant with. Specifically, superlative adjectives such as 'the best' or 'the most famous' need to be avoided, and anything misleading or that may belittle competitors should be eliminated, and in general, the legitimacy, authenticity, and accuracy of promotional text ought to be ensured. In September 2023, the draft of a regulation specifically related to online auctions was published by the State Administration for Market Regulation,¹³ which promotes enforcement such as prohibiting false publicity and misleading advertisements; it also advocates that online platforms shall enhance legal risk control and compliance management skills and capabilities in respect of the operators on their platforms as well as themselves. With such efforts, it is expected that consumers could be better protected and the art market could be more professional and trustworthy, as there have been so many examples of false, incorrect, and misleading promotional materials online in relation to art, even on the leading art platforms.

¹³ The draft regulation was entitled '*Announcement of the State Administration for Market Regulation on Seeking Public Comments on the Guiding Opinions on Promoting the Standardized and Sound Development of Online Auctions (Draft for Comment)*'.

Recent legislation has introduced greater laws around data privacy and the collection, use, storage, sharing, and cross-border transfer of personal information, which has also affected art market transactions and research, with substantial fines of up to \$7 million or 5% of company turnover or even forced closure for more serious breaches.

Finally, there are some other laws that affect or have affected Chinese HNW collectors, with the relevance of each dependent on the purposes of their collection, for example, wealth transfer versus philanthropy. One new regulation for collectors from May 2024, called the *Administrative Measures on Names of the Social Organizations*, will make it more difficult to establish art foundations with personal names, with the aims of preventing the misuse of famous personal names and to reduce disputes regarding the use of names and their associations with the foundations concerned.¹⁴

Other factors that can have a significant impact, especially for collectors who buy or sell art globally, include the regulatory compliance on foreign exchange. As China adopts strict controls in foreign exchange, there are just two types of personal foreign exchange accounts possible, a capital account and a current account, which are allowed for limited purposes like payment for overseas tuition fees, living costs, travel expenses, and medical costs. Payment is expressly prohibited for purchase of overseas real estate, investment insurance, or donations, and this includes art-related transactions. Therefore, when collections are structured for overseas markets, significant advance planning is needed to ensure transactions can be done legally.

In recent years, China has also been speeding up legislation, enforcement, and cooperation globally in the field of anti-money laundering, based on the existing 2007 *Anti-Money Laundering Law of the People's Republic of China*. Despite the continued growth of the Chinese art market, the development of anti-money laundering legislation and practice remained mainly applicable only to financial institutions, and specific non-financial institutions in areas such as real estate, accounting, and precious metals trading. Even for these institutions, the legal obligations are limited, mainly focusing on checks on clients' identities, and the documentation they are required to keep. In practice, many art transactions in China are still concluded with cash, or on a barter basis, which makes transparency and traceability difficult to ensure. In 2013, the People's Bank of China (PBOC) categorized art collection and auction as 'cash-intense industries' which implies a

14 Article 15 of the regulation states that foundations and other social organizations should not use personal names of the Party, the State leaders, the older generation of revolutionaries, or political activists. They should also, in general, not be named after individual persons, and if there is real necessity (to use personal names), only names of individuals who are outstanding domestically and internationally, who have made important contributions in the field of science, culture, health, education, or art can be used. If a foundation or private non-enterprise entity wants to use a personal name, this person's consent needs to be obtained. If the name of a deceased celebrity needs to be used, this celebrity should be a person who was outstanding domestically and internationally, or who had made important contribution in the relevant fields of public interest.

49

high degree of risk, according to its *Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Clients of Financial Institutions*. PBOC then advised financial institutions to keep a close watch and monitor these kind of risks in relation to anti-money laundering.

In January 2024, China's State Council Executive Meeting of China discussed the revised draft of the *Anti-Money Laundering Law of the People's Republic of China* (the 'AML Revised Draft'), with a major focus on risk control of crypto-related anti-money laundering, based on numerous anti-money laundering cases that have had to be investigated in recent years. For example, in 2023, there were 2,435 individuals prosecuted for money-laundering crimes, with many believed to be related to crypto-currencies. In this *AML Revised Draft*, KYC due diligence was requested instead of a simple identity check of the consumers, and in addition to traditional financial institutions, certain individuals, enterprises, corporate, and special non-financial institutions also have legal obligations regarding anti-money laundering. It stipulates that collection or payments using large amounts of cash are to be closely monitored and shall be reported to the administrative authority, and when there is suspicious payment in cash, such as in a significant amount, the case shall be immediately reported to the designated centralized monitoring organization, which will decide on the next step at its own discretion. Enforcement of stricter AML regulations is likely to make the Chinese art market a safer place to transact in future and support greater involvement by collectors.

**Angell XI is a partner at Jingtian & Gongcheng Shanghai Office and Co-Chair of IBA Art, Cultural Institution and Heritage Law Committee, Board Member of Licensing International.*



2. DEALERS

Key Findings

1. After two years of growth and recovery, sales in the dealer sector slowed in 2023, with aggregate values estimated to have fallen by 3% year-on-year to just under \$36.1 billion, and mixed performance between different segments of the market.
2. While the high end of the market was pivotal in driving sales upward since 2020, there was a distinct change in trend in 2023, with aggregate sales for the largest dealers showing a more significant decline than their smaller peers. Dealers with turnover of less than \$500,000 had the largest increase in sales (11%), while those at the top of the market with turnover of greater than \$10 million saw averages decline by 7%. Many dealers at this level found that their sales were thinner at the top than in previous years, and buyers were more cautious about spending larger sums, unlike 2021 and 2022.
3. Just under half (49%) of dealers reported that their sales were higher in 2023 than in 2019 prior to the pandemic, 21% said they were at the same level, and 30% were lower. Despite not showing the strongest relative performance in 2023, the highest-turnover dealers were still much more likely to have seen an improvement in their sales over the longer period, with 72% of those in the \$10 million-plus segment reporting an increase compared to 38% in the sub-\$250,000 segment. They were also by far the most optimistic regarding sales in 2024, with over half (54%) expecting an increase and only 8% predicting a decline.
4. The average number of artists represented by dealers in the primary market increased to 23 in 2023 from 19 the previous year. For businesses operating in both the primary and secondary markets, the number was even higher at 39, up from 31 in 2022, as some galleries attempted to diversify their programs to generate sales and appeal to wider audiences in the flatter and more difficult market context. Despite the increase, there was evidence of more concentration of sales around top artists, with dealers reporting that one third of their sales in 2023 came from their single-highest-selling artist, up by 2% year-on-year, although still below the peak of 43% in 2019. The share from their top three artists also rose by 2% year-on-year to 53%.

5. As the market context was characterized by an elevated degree of uncertainty and risk aversion, sales continued to be anchored on the traditional mediums of paintings, sculptures, and works on paper, accounting for a combined 86% of dealer sales by value, up by 4% on 2022. While sales of digital, film, and video art saw a significant increase in share in previous years, sales in these mediums declined significantly in 2023, accounting for less than 1% of the total, down from 5% in 2022.
6. The issue of rising costs was a key challenge identified by dealers for the last two years, as rapidly escalating inflation continued to drive up operating expenses, including rent and payroll. In the face of slower sales and more variable demand in 2023, more businesses reported declining profitability, with 40% less profitable than they were in 2022 (up by 8% year-on-year), 31% around the same, and 29% more profitable (down by 10% versus 2022).
7. The average number of fairs dealers exhibited at was stable at four in 2023. However, the share of sales made at live events declined year-on-year, falling by 6% to 29% of total sales, higher than in 2021 (27%) but below pre-pandemic 2019 (42%). Dealers turning over more than \$10 million reported the biggest drop in share year-on-year (from 40% in 2022 to 30% in 2023), while those in the middle market were more stable.
8. Looking ahead, 39% of dealers predicted that art fair sales would increase in 2024, down from 51% in 2022, with 14% expecting a decline. The largest dealers with turnover of greater than \$10 million were the most optimistic, with 50% expecting higher art fair sales.
9. Transactions made in person through a gallery or dealers' premises accounted for the largest share of sales by value in 2023 at 44%, down slightly on 2021 and 2022 (both 47%). Considering the period from 2019, before the pandemic, to the present, the biggest gain in share has been the shift back to direct sales by galleries: including sales made online or in-person, these have risen from 48% in 2019 to 64% in 2023.
10. Total online sales, including those made directly as well as through third parties, accounted for 23% of dealers' total sales in 2023, up by 7% in share year-on-year and on par with 2021. The biggest growth has come from the increase in the share of sales through dealers' own online channels and websites, which accounted for 20% in 2023, up from 12% in 2022.

11. Dealers sold to a larger number of buyers in 2023, with an increase from 57 in 2022 to an average of 83. The pandemic had limited dealers' opportunities to reach new clients and the average number of individual buyers they sold to declined to 50 in 2021 from 64 in 2019. In 2022, the resumption of art fairs and a more regular schedule of events helped to expand this again, with a further uplift in 2023 to a five-year high. When asked about their greatest source of new buyers, art fairs were the most popular choice (30%), followed by walk-ins at the gallery (21%), underlining the importance of in-person viewing and communications for making sales.
12. When asked about the biggest challenges for their businesses in 2023 and beyond, the prevailing context of political and economic volatility and the effects this could have on demand was ranked highest by most dealers. Maintaining their relationships with existing collectors was the second highest, and was also identified as a key priority from 2020 through 2022. It is notable that while the maintenance of current relationships was key for dealers in 2023 and 2024, this became less of a priority when considering the longer term, outpaced by the importance of widening their geographical reach in terms of new buyers. The costs of travelling to and participating in art fairs was ranked the third-biggest challenge for dealers in 2023 and 2024.

2.1 The Dealer Sector in 2023

After two years of growth and recovery, sales in the dealer sector slowed in 2023, with aggregate values estimated to have fallen by 3% year-on-year to just under \$36.1 billion, and mixed performance between segments of the market. After dropping by 20% during the pandemic in 2020, sales in the sector proved highly resilient, bouncing back in 2021 as dealers adapted to new ways of operating and increased digital sales. As the exhibition and fair calendar returned to a fuller schedule, growth continued in 2022, increasing by 7% year-on-year and restoring the market to its value before the pandemic, in 2019. During these recovery years, dealers operating at the high end were among the key drivers of the growth. Businesses with the highest turnovers saw some of the largest increases in sales, while many smaller dealers struggled with slower sales and rocketing costs. Although these issues remained in 2023, the geopolitical crises and economic uncertainty contributed to greater sensitivity and slower sales at the top of the market, creating more stagnant results, despite a relatively active market at lower price points.

For the purposes of this analysis, the dealer and gallery market is defined as consisting of businesses trading in fine art, decorative art, antiques, and antiquities. As dealer sales are private and there is limited publicly available data on sales and other aspects of their businesses, surveys of the sector are used as the main guide to year-on-year trends. Arts Economics carried out an annual survey of dealers globally in December 2023, covering around 60 different regional or national markets, with a total of just over 1,600 responses. The global dealer sector is estimated to be made up of close to 300,000 businesses on a spectrum from sole traders to multinational companies, operating in the primary and secondary markets for art and antiques. The survey sample was primarily drawn from dealers that are either members of dealer and gallery associations or who participate in art fairs, meaning that they are, for the most part, more established businesses. Due to entry requirements for fairs and associations, the sample tended to exclude many small businesses and sole traders, and hence a large volume of lower-value sales.¹⁵

Just over half of the survey respondents had businesses in Europe (51%), with 21% of those from the UK and 17% each from France and Germany. Dealers from Asia accounted for 20% of the survey, 23% were from North America, and 4% from South and Central America.

In 2023, dealers continued to experiment with new individual and collaborative business models, including permanent structures and others created for specific projects. However, in this sample, the most common model was to operate from a traditional, physical gallery

¹⁵ More information on the dealer survey and sources is given in the Appendix. These surveys of the dealer sector have been carried out by Arts Economics consecutively for over 15 years, providing a means for tracking trends in the market over time. Interviews were also conducted with dealers in different sectors and regions in 2023 and early 2024 to provide deeper insights into some key issues uncovered in the surveys.

premises with a dedicated space for exhibitions (77% of respondents, down by 3% year-on-year, although still above the 75% reported in the surveys of 2021). The remainder ran their businesses from alternative premises including shops, warehouses, and offices (14%) or online-only businesses (9%).

The majority of dealers (81%) operated from one region or market, with 69% from just one gallery or premises in one market, and 12% through more than one premises in that one market. The share of dealers operating from one market was down by 4% year-on-year (from 85% in 2022), continuing a more significant decline from 2021 when almost 95% of dealers reported operating from only one location. This shift has been driven by some dealers continuing to expand their businesses into multiple global locations to access new collectors and expand the geographical reach of their exhibitions and sales, alongside a small but increasing share of those operating without a physical premises. In this sample, 9% of respondents reported that they did not have a premises and operated an online-only business, up from 6% in 2022.

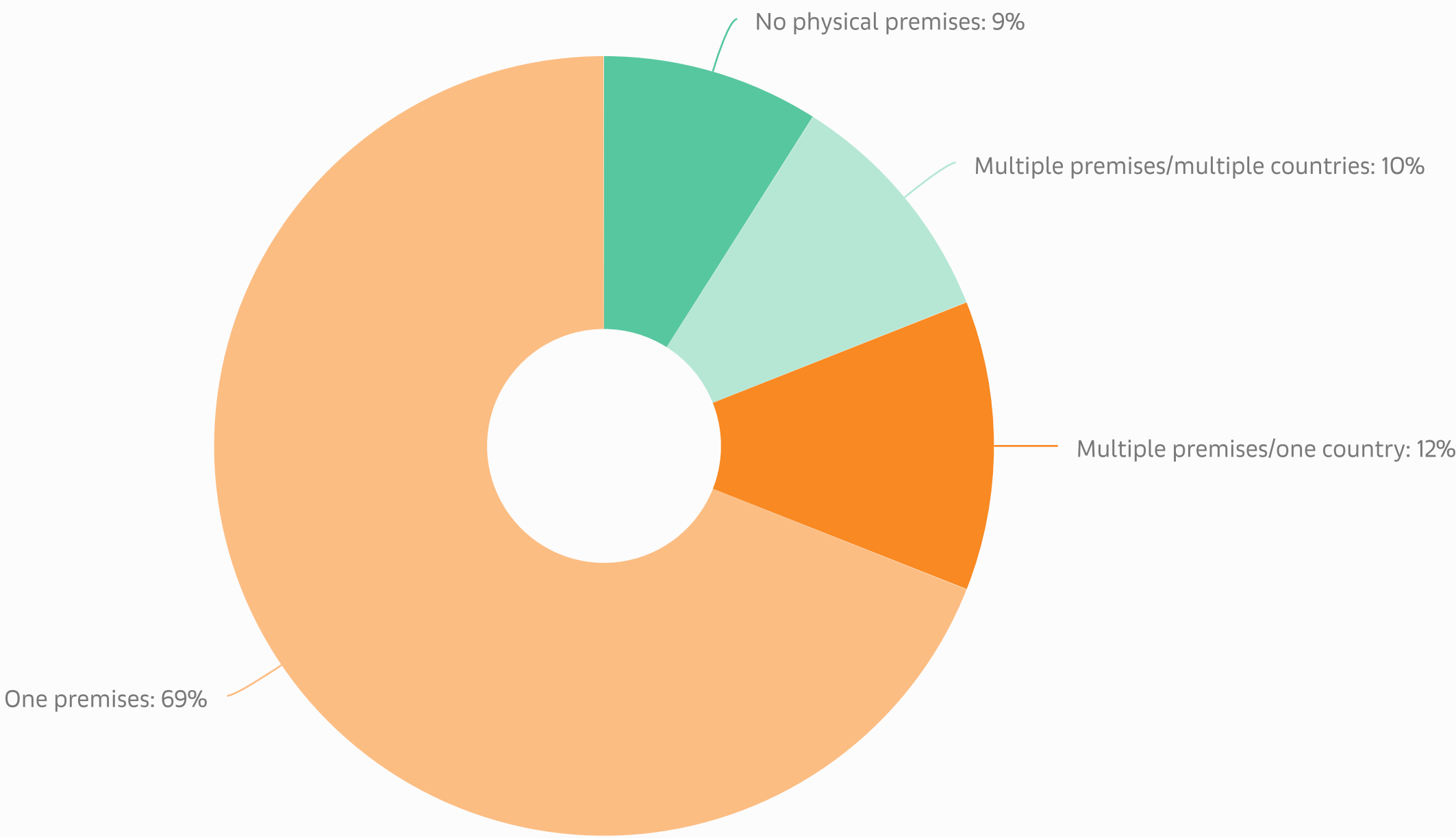
The majority of dealers (81%) operated from one region or market, down from 85% in 2022

Despite significantly increased rents and operating costs over the last two years, some dealers have continued to expand their physical premises globally. While expansions have continued in Asia, including openings by Peres Projects and White Cube in Seoul in 2023, there were also notable entries and additions in older, established centers. New York and Paris-based Marian Goodman added a new premises in Los Angeles, London-based Stephen Friedman Gallery opened in New York, along with the addition of a sixth premises for White Cube and expansions into the city by Anat Ebgi and an office premises by South African Goodman Gallery. In Europe, Hauser & Wirth, Mendes Wood DM, and Stuart Shave's Modern Art opened in Paris, while London saw one of the largest expansions in new gallery spaces, including a premises for Alison Jacques, a third London gallery for Pilar Corrias, and entrants such as the Swiss Maria Bernheim Gallery and at least 10 well-publicized new or expanded young and mid-sized galleries in the city.

These expansions came alongside indications of consolidation around a smaller number of regions, however, with galleries possibly becoming more focused on the costs versus returns from geographical diversification. Of those dealers with multiple premises in different regions in 2023, 69% focused on just two regions (from 49% in 2022), 14% operated in at least three markets, and just 9% in four or more (versus 22% in 2022).

2023 also witnessed some notable closures, including the 27-year-old gallery Cheim & Read, 52-year-old Washburn Gallery, emerging specialist JTT Gallery, Denny Gallery, and Malin Gallery in New York. The Simon Lee and Fold Galleries closed in London, with Gagosian shutting one of its three London galleries. While announcements of openings and expansions outweighed the closures, the latter are not always as well-publicized and therefore some only become known with a considerable lag. Nonetheless, in the larger markets, despite the intensely challenging period for businesses during the last four years, there are indications that the number of commercial art dealer businesses has been stable or risen. In the US, for example, the number of art galleries and dealers with employees (excluding antique dealers and all non-employee businesses) fell slightly during the pandemic in 2020 and 2021, but in the second half of 2023, was 5% higher than in 2019.¹⁶ Similarly in the UK, the number of commercial art galleries and antique-dealing companies with taxable employees rose by almost 14% from 2019 through to 2023.¹⁷

Figure 2.1 Geographical Distribution of Premises Operated by Dealers in 2023



©Arts Economics (2024)

16

Data extracted from the US Bureau of Labor Statistics (2023), available at bls.gov.

17

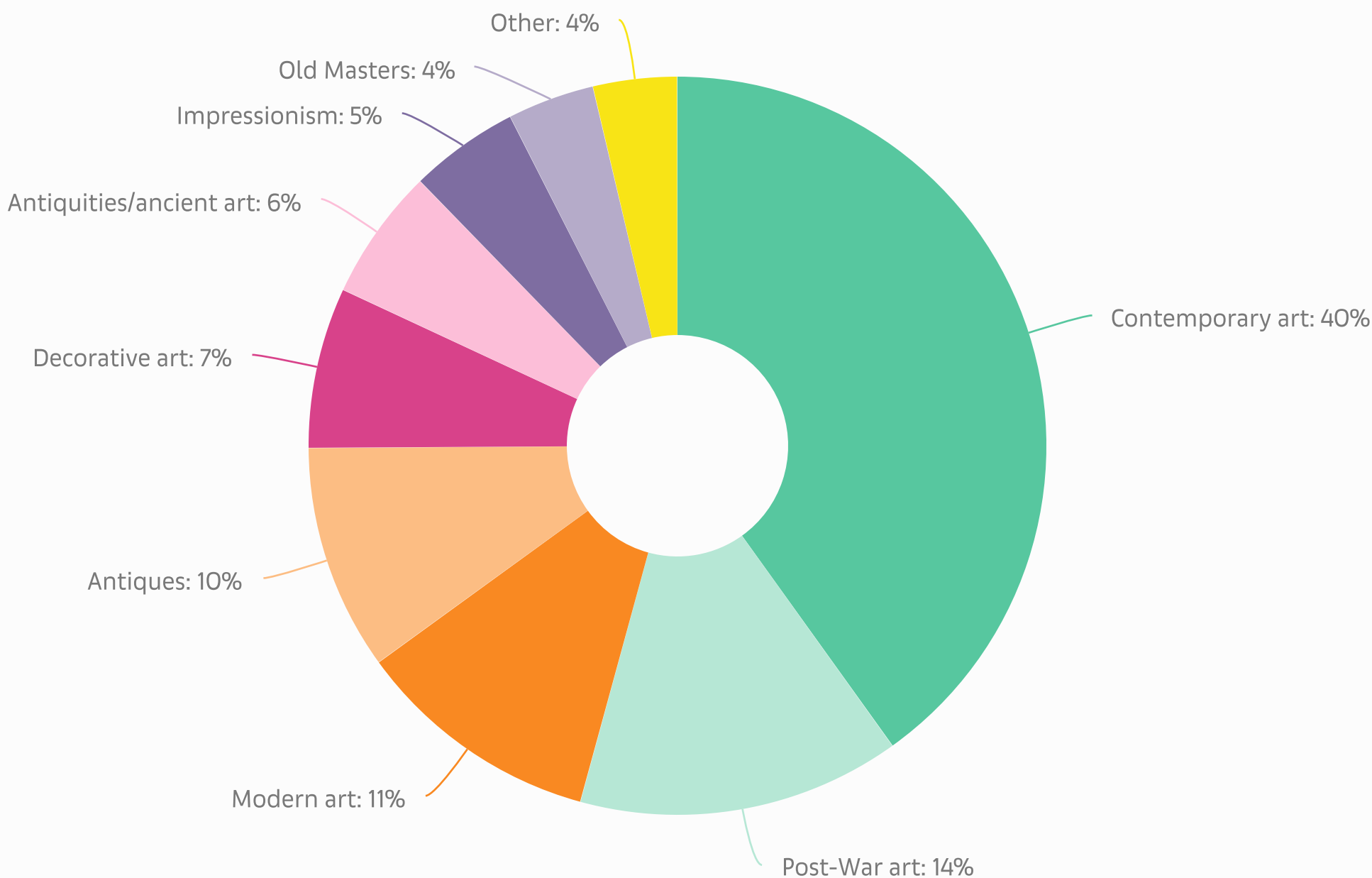
Data extracted from the UK's Office of National Statistics (2023), available at ons.gov.uk.

Although the sample covered all sectors of the art and antiques market, the majority of respondents operated in the fine art market (82%), with 18% only working in the decorative art, antiques, or antiquities sectors. Among the fine art dealers:

- 47% worked in the primary market;
- 12% worked in the secondary market; and
- 41% worked in both the primary and secondary markets.

Figure 2.2 shows the distribution of the individual sectors that respondents dealt in during 2023. Out of all the sectors reported, including specialized single-sector businesses and those with a diversified program, Contemporary art (defined here as artists born after 1945) accounted for the largest share (40%), with a further 14% in Post-War art (artists born between 1910 and 1945). Definitions of the boundaries of these sectors vary within the art trade, and some dealers noted that there is increasing divergence within Contemporary art in terms of focus and operations, with important distinctions between artists born after 1970 or ‘ultra-contemporary’ artists and their older peers within this sector.

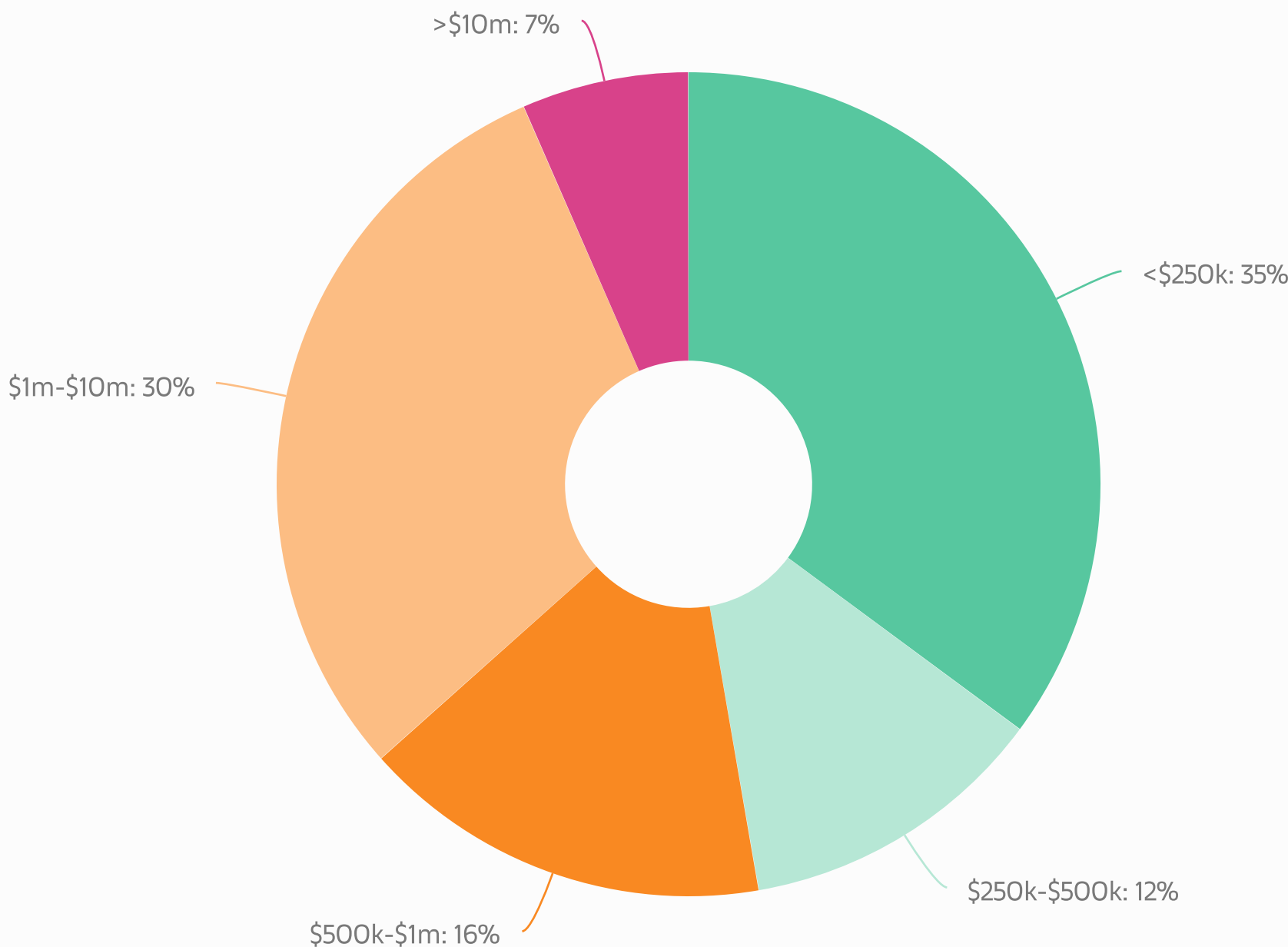
Figure 2.2 Share of Total Number of Sectors Operated in by Dealers in 2023



Similar to the 2022 findings, the majority of dealers (62%) in 2023 specialized in a single sector of the market. By share of dealers responding (rather than share of sectors), 47% of the sample dealt only in Contemporary art, although a majority of 60% worked in the wider sector of Post-War or Contemporary art, either alone or in conjunction with other fine art sectors. As noted in previous research, specialization can be a successful strategy, building on a dealers' specific expertise and their personal and institutional knowledge and networks. However, it also entails considerable risk due to the dependency on access to supply and the success of specific sectors versus a more diversified approach. 21% of dealers in this sample operated across multiple sectors of the fine art market, with some noting supply challenges and changing demands from buyers as a motivation for them to broaden their coverage. Although some specialized dealers' sales performed well year-on-year, there was evidence of stronger performance among the more generalist dealers on average in 2023, that is, those 10% of businesses responding who operated across both the fine art market as well as decorative art, antiques, or antiquities (see Section 2.2).

Although there are a number of multinational businesses with very high value sales, the majority of businesses operating in the dealer market are small businesses, both in terms of turnover and employee numbers. Due to the sampling process (with most of the sample comprised of dealers in associations or those who participate in art fairs), a very large number of the smallest, micro-level enterprises, sole traders, and other operators are excluded, and very conservative estimates of their turnover are included in order to determine the size of the market. However, even in this sample, respondents' reported sales varied in 2023. Over half (63%) had annual sales of less than \$1 million (versus 56% in the surveys of 2022), and a consistent 7% reported sales in excess of \$10 million. The largest segment was those dealers with turnover of less than \$250,000 (35% of the sample), along with 30% having sold between \$1 million and \$10 million in 2023.

Figure 2.3 Annual Sales Turnover of Survey Respondents in 2023



©Arts Economics (2024)

Again, possibly influenced by the stratified nature of the survey sample, respondents tended to be more established businesses in terms of their company tenure, with the average period in operation reported as 28 years.¹⁸ Just over half (53%) were in business longer than 20 years, on par with 2022 and up from 42% from the surveys in 2021. This share remained significantly higher than many other industry averages, including those in the US, where only one quarter of private enterprises operating in 2023 had been in business for 20 years or more, and 17% for 28 years or longer.¹⁹ Similar data for the UK showed that only 11% of registered companies in 2023 were more than 20 years old, with an average age of just nine years.²⁰ Although these official statistics record tax and VAT-registered businesses with employees, while the survey covers a variety of alternative company structures, it still demonstrated considerable relative longevity for businesses in the sector.

18

The survey was distributed through various channels, including dealer associations, such as SLAD, the ADAA, the CPGA, CINOA, and others, as well as to Art Basel exhibitors. These associations and art fairs have vetting and entry criteria, and it is therefore more likely that the dealers surveyed had been open and established for at least one or more years.

19

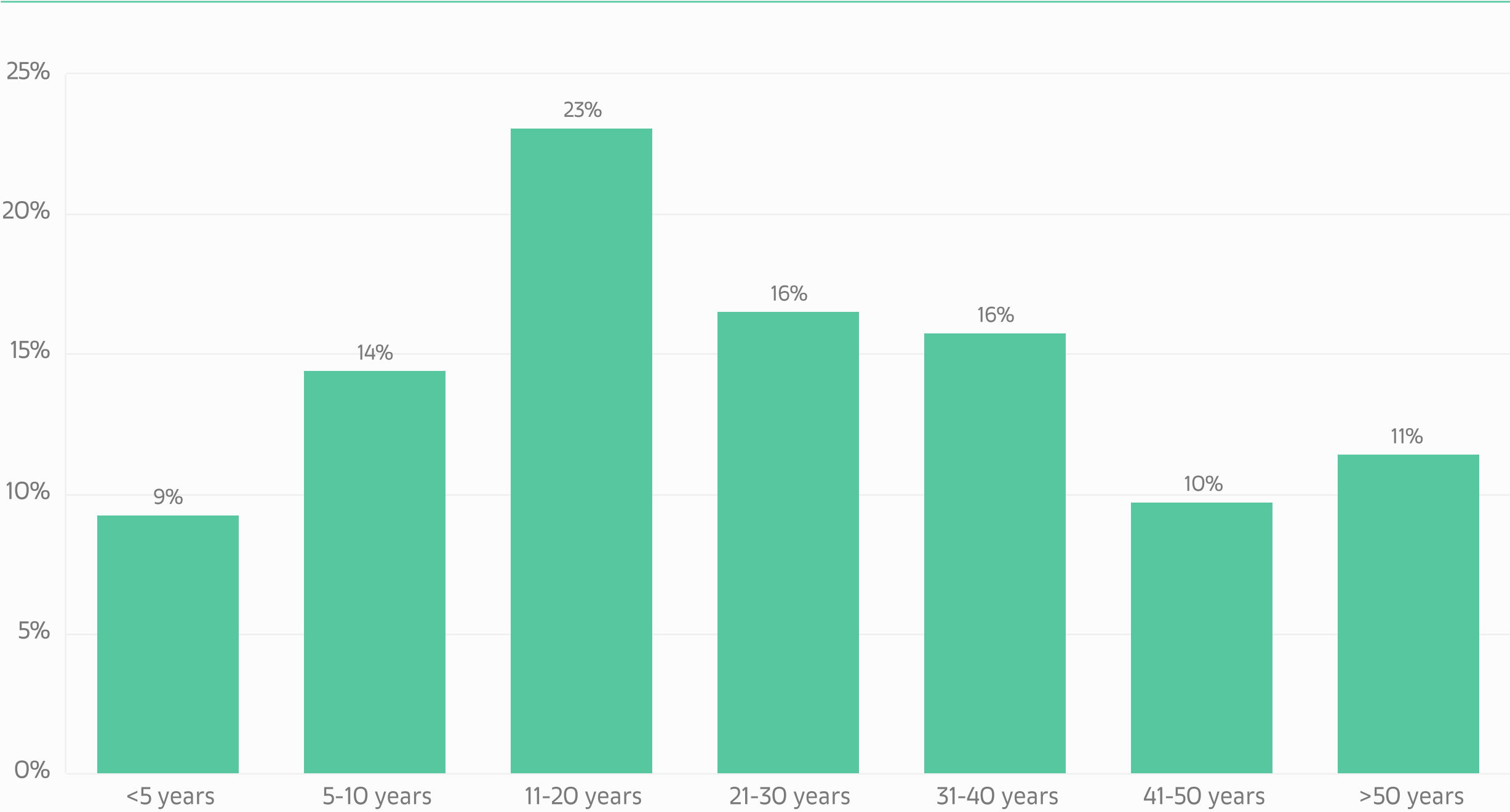
Data from the US Bureau of Labor Statistics. Retail enterprises had a higher share of 37% of companies that were established for more than 20 years, but companies operating in the arts, entertainment, and recreation sector had a lower share of 25%. See *Business Employment Dynamics* statistics, available at [bls.gov](#).

20

Data from the *Companies Register Activities April 2022 to March 2023*, available at [gov.uk](#)

It was also notable that despite the considerable difficulties many businesses faced during the pandemic and its aftermath, 5% of the sample had only started their galleries in the last three years. Most of these businesses (88%) dealt in Contemporary art, and were mainly based in Europe (42%, including 11% in the UK and 9% in France), the US (28%), and Asia (13%).

Figure 2.4 Dealers’ Number of Years in Business in 2023



©Arts Economics (2024)

2.2 Dealer Sales

Following two years of advancing sales in 2021 and 2022, growth in the dealer sector slowed in 2023. While the high end of the market was pivotal in driving values upward since 2020, there was a distinct change in trend in 2023, with aggregate sales for the largest dealers showing a more significant decline year-on-year than some of the lower segments of the market, which dragged on overall growth.

Some of the smaller galleries had fared somewhat better (sales declined less) than their larger counterparts at the beginning of the pandemic in 2020, being less reliant on fairs and events, and, in some cases, more adaptable to the conversion to online sales, and showing a smaller drop in values as the market stalled. However, as the market recovered and events resumed on a fuller schedule in 2021 and 2022, the higher end of the market started to once again outpace the growth of smaller businesses and the more familiar hierarchies returned, with the largest dealers with turnover of greater than \$10 million having the highest upturn in aggregate sales in 2022. In 2023, having recouped a considerable level of sales, it was these businesses at the top of the market that slowed the most year-on-year, with the greatest buoyancy in the middle and lower ends.

Sales by Turnover Segment

While some of the largest businesses showed the best post-pandemic recovery, in 2023, there was evidence of slowing sales at the very top of the market, paralleling the findings in the auction sector (see Chapter 3). While there were some businesses at all levels reporting slower sales, those businesses with turnover of greater than \$5 million reported the lowest growth year-on-year, and dealers at the top of the market with turnover of greater than \$10 million saw a drop in their sales of 7%. Some of these dealers reported that their sales were thinner at the top than in previous years, and buyers were more cautious about spending larger sums, unlike 2021 and 2022.

‘We found a noticeable reluctance to buy due to general political and economic uncertainty. There was especially much less urgency to commit to larger purchases during the year, although many were still happy enough to buy works at lower prices.’

As always, performance was mixed within segments, and across all respondents, 44% of businesses reported an increase in sales year-on-year, although this was considerably lower than the majority of 61% of dealers in 2022. 37% of dealers reported a decline (versus just 24% in 2022), and this was as high as 52% for the largest businesses with turnover of greater than \$10 million. The remaining 19% of the sample had relatively stable sales year-on-year.

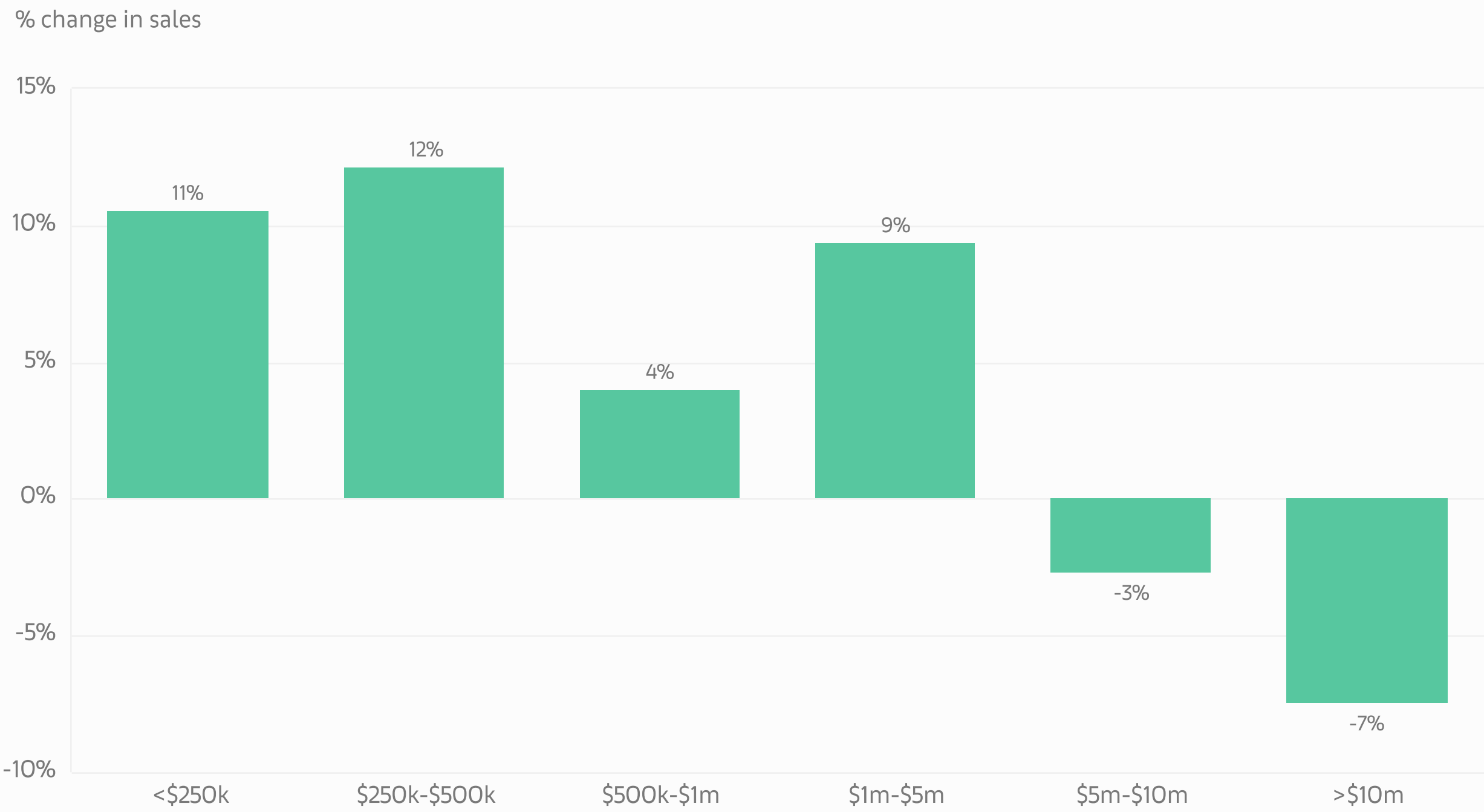
Figure 2.5 shows the change in average sales of dealers from 2022 to 2023 in different price segments (using 2022 as the base year to segment the market by turnover). This revealed that those dealers with turnover of less than \$500,000 had the largest advance in sales year-on-year, increasing by 12% on average. This represented a turnaround, especially for the segment of smaller dealers with turnover of less than \$250,000, which had seen the weakest recovery of all segments and therefore had a bigger gap to make up compared to their larger peers. Sales in this segment increased by 11% in 2023, following a decline of 3% in 2022.

Sales for dealers in what could be termed the middle of the market (with turnover of \$500,000 to \$1 million) saw lower but positive aggregate growth of 4%. However, unlike in the lower-value segments, where the share of those with rising sales outweighed those in decline, in this mid-tier segment, 40% of dealers saw a fall in sales versus only 35% increasing year-on-year, with the aggregate advance in value due to the performance of this smaller share of businesses. There was also mixed performance for dealers with turnover of \$1 million to \$5 million, although 43% of these dealers saw an increase year-on-year which buoyed aggregate growth to 9% overall (versus 38% in decline). These mixed figures align with the anecdotal evidence from the survey and interviews within the sector, which also revealed a very mixed picture in the middle of the market. This was particularly the case in important areas such as art fairs, where reports were more polarized than in previous years, with some dealers noting strong sales while others complained of very poor performance, with cost-conscious buyers creating slower transactions or looking for larger discounts at events.

Around half of the dealers turning over more than \$5 million reported a slowdown in sales year-on-year, some of which was predicted after the outsized growth over the two years from 2020. There were indicators that this slowdown was percolating from research on HNW collectors earlier in 2023. In a survey of over 2,800 HNW collectors undertaken by Arts Economics and UBS, the most commonly used channel for purchasing art in 2023 was through a gallery or dealer, with 86% of respondents buying either directly, online, or through an art fair. The share of these collectors most commonly focused on buying works of art priced at over \$1 million fell from 12% in 2021 to 9% in the first half of 2023, indicating buyers being somewhat more cautious about spending large amounts and an increasingly thin high end following the strong post-pandemic bounce-back in sales. When polled mid-year, only 7% of the sample had spent over \$1 million so far in 2023 (and the median total expenditure on art and antiques was \$65,000).²¹

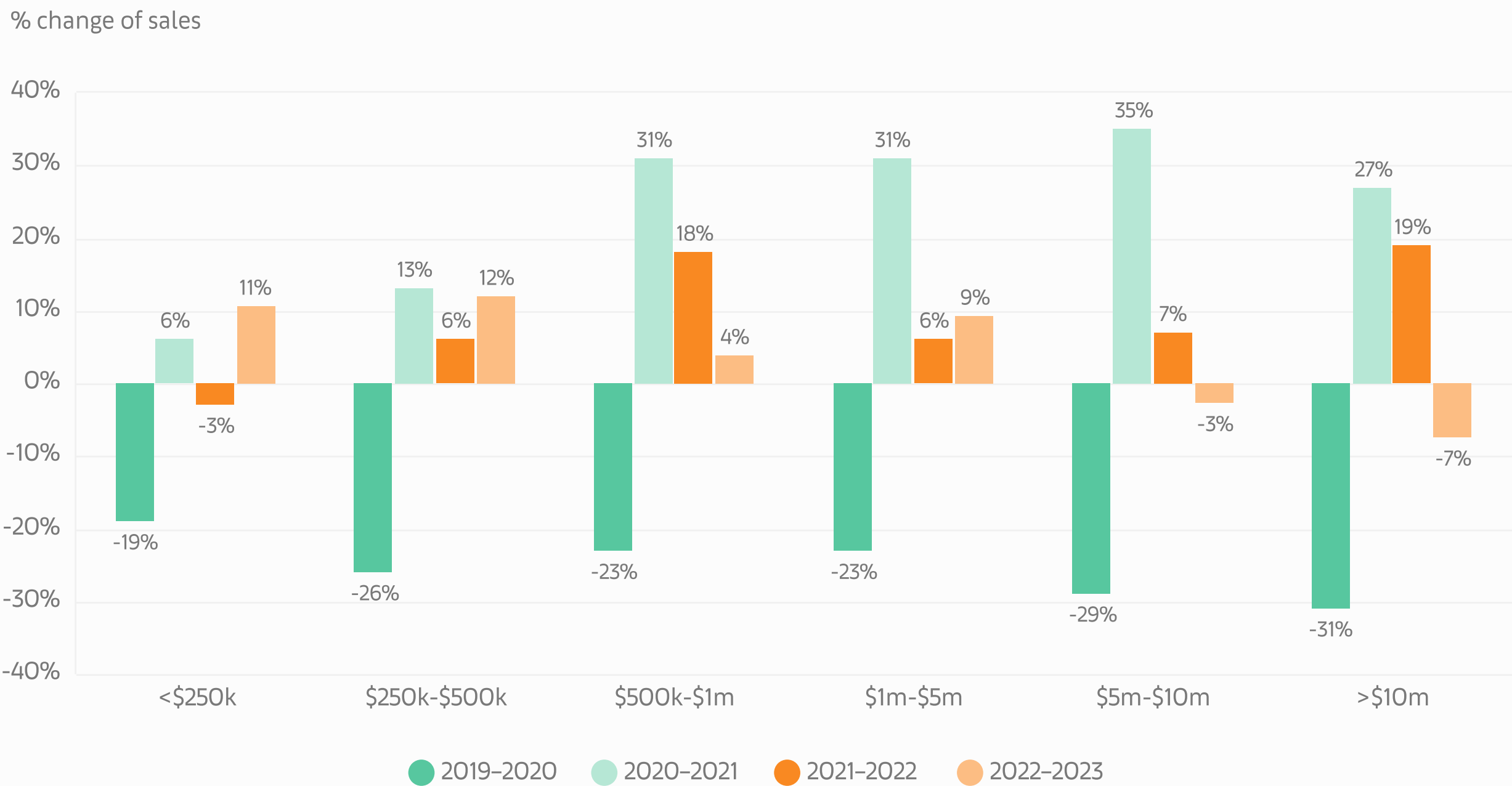
²¹ See Arts Economics (2023) *A Survey of Global Collecting in 2023, An Art Basel and UBS Report*. Available at theartmarket.artbasel.com.

Figure 2.5 Average Change in Year-on-Year Sales by Dealer Turnover Segment 2022–2023



©Arts Economics (2024)

Figure 2.6 Average Change in Sales by Dealer Turnover Segment 2019–2023

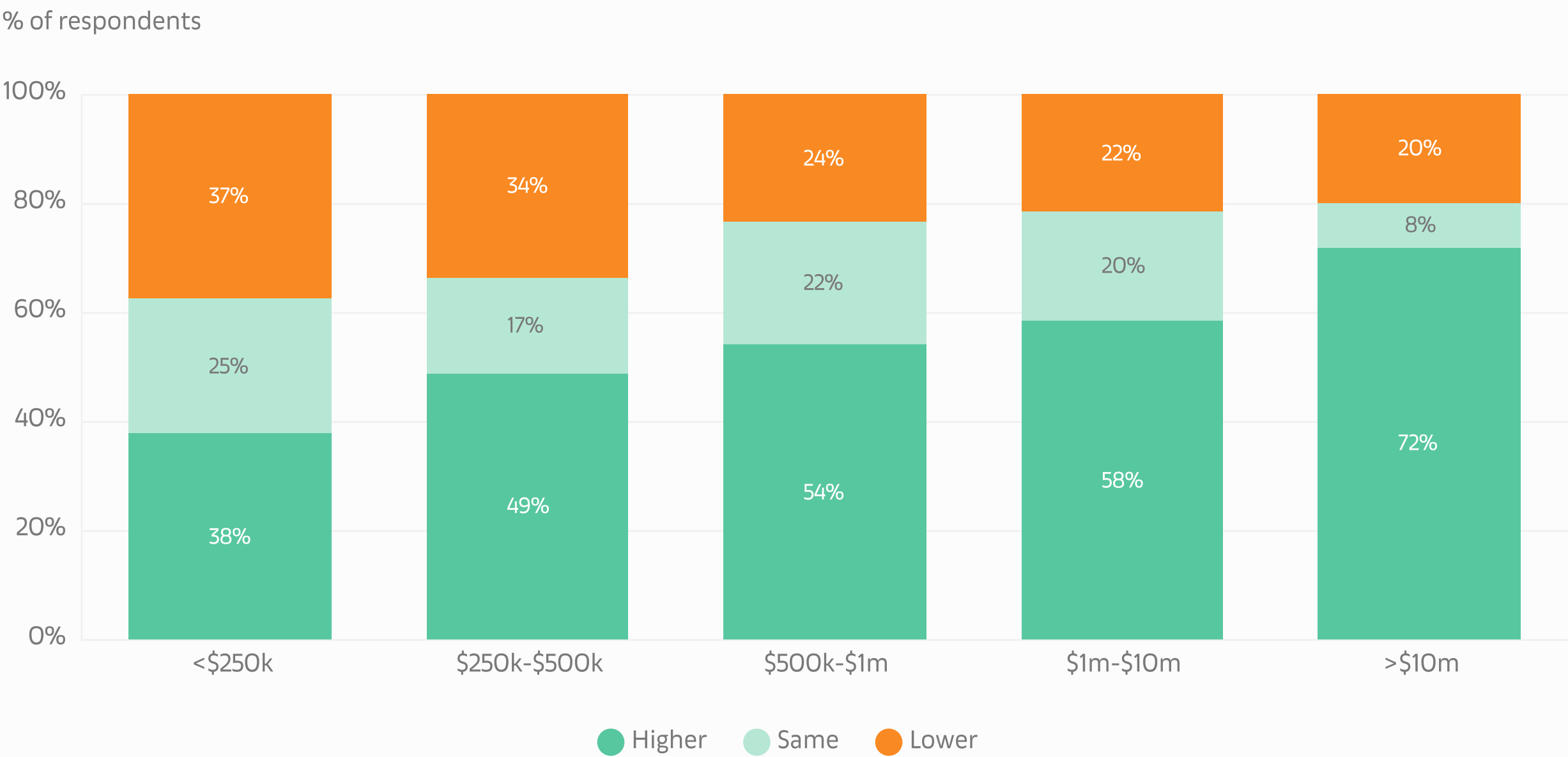


©Arts Economics (2024)

Although the average changes in sales showed a significant reversal in pattern in the highest and lowest ends of the market in 2023, it is important to also view these shifts in the context of the overall recovery of the market over the last three years. When they were asked to compare their sales to 2019, prior to the pandemic and the disruption this caused to businesses in the sector, just under half (49%) of dealers reported that their sales were higher in 2023, 21% said they were at the same level, and 30% reported lower values.

Despite not showing the strongest relative performance in 2023, the highest-turnover dealers were still much more likely to have seen an improvement in their sales over the longer recovery period, with 72% reporting an increase in sales against the 2019 benchmark versus just 38% in the sub-\$250,000 turnover segment. Similarly, only 20% of dealers in the \$10 million-plus segment reported lower sales than in 2019, but this share increased proportionally with lower levels of turnover up to more than one third of dealers with annual sales of less than \$500,000. Although it is important to note that these shares give no indication of the size of any of the changes in each segment over the period and hence their impact on aggregate sales, they do tend to imply that the 2023 trends are unlikely to have radically altered the hierarchical nature of the dealer market, and simply indicate that some parts of the top end of the market were slower in 2023 than they had been in 2021 and 2022. They also suggest that more of the dealers operating at the higher end have recovered and stabilized their businesses after the pandemic than some of their smaller peers.

Figure 2.7 Level of Sales by Dealer Turnover Segment in 2023 versus 2019



Sales by Region and Sector

The performance of sales in different regions also varied during the year. In some of the largest art markets, sales slowed, with US dealers reporting average values declining by 4% while those in the UK fell by 6%. As always, these figures covered a range of outcomes. In the UK, 31% of dealers saw a rise in sales, and in the US, this was even higher at 44%, with the poor overall growth due to slower sales for some of the larger businesses in these regions. It is notable that US dealers had a stronger recovery over the longer term, with only 28% reporting that sales were below their level in 2019 (and a majority of 54% reporting higher) versus 38% of UK businesses.

While dealers in Asia reported some of the biggest aggregate increases in 2022, sales in the region were mixed during 2023. Dealers in Japan and South Korea both reported declining sales, while those in Mainland China and Hong Kong were more stable, with 1% growth on average. While the 2022 surveys indicated an average increase in sales for the relatively small portion of higher-end dealers in Mainland China and Hong Kong, there was evidence that most smaller businesses had seen declines as strict zero-COVID lockdown policies limited exhibitions and buyer access.²² 2023 got off to a promising start with dealers making strong sales at major fairs and events, however, in the second half of the year, some dealers reported that this activity slowed as economic concerns and the continuing downturn in property markets made buyers more risk averse and weakened their financial confidence.

Across European markets, growth was flat. Major markets such as the UK saw a slowdown in sales, and dealers in France and Germany reported declines on average. Although French dealers reported an average decline of 3% in 2023, after two years of growth, only 10% reported that their sales had not yet recovered to a higher level than in 2019. In Germany, the fall year-on-year was larger at 6% and a significant 43% reported lower sales in 2023 than in 2019. Some of the mid-sized markets such as Spain and Switzerland showed continued strong growth, while Italian dealers reported significant gains of over 30% in value after four consecutive years of decline, with only 20% revealing that sales were below 2019 levels.

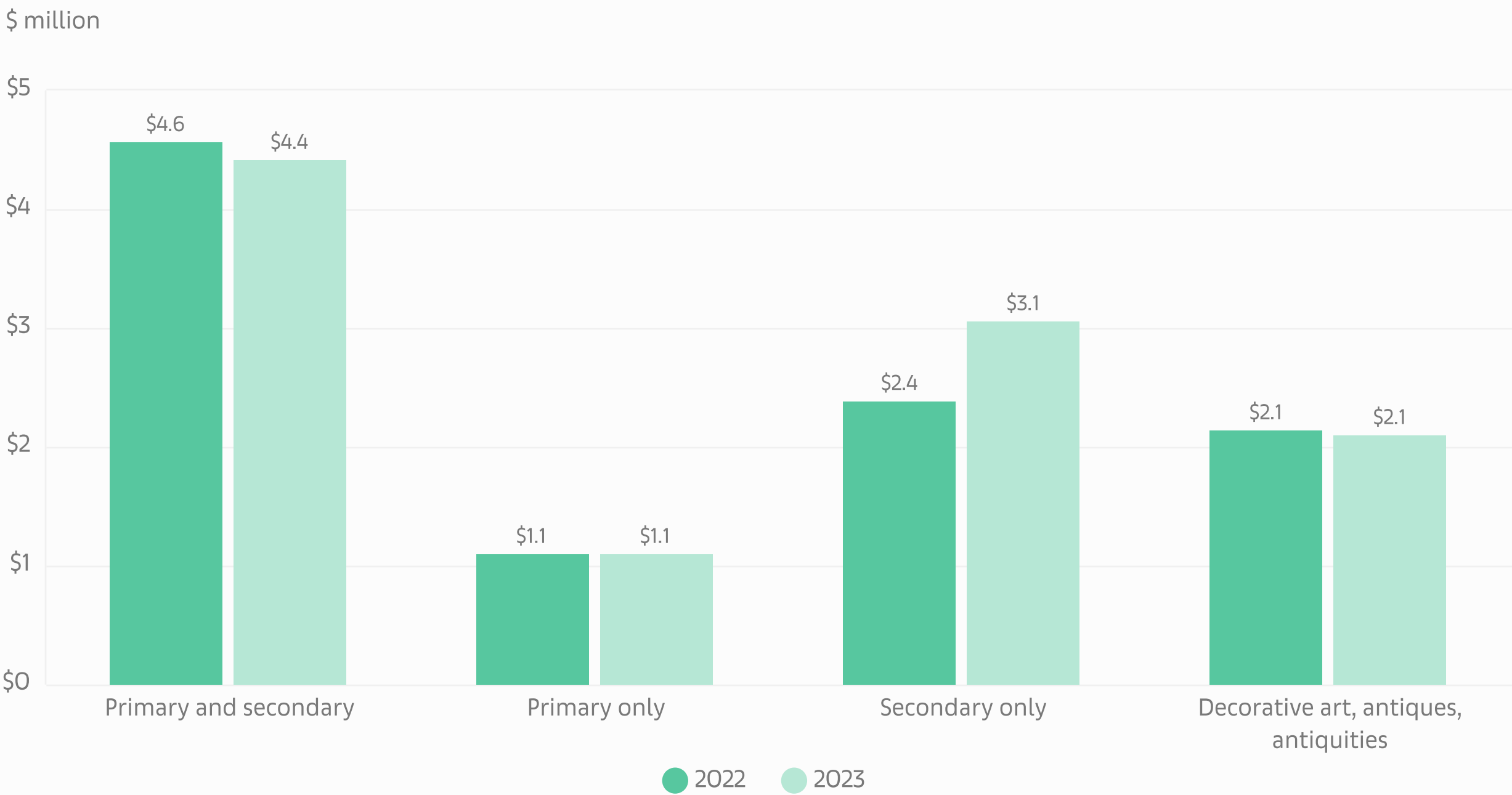
In South America, dealers reported a slight fall in sales of 1% after two years' growth. While dealers in smaller markets such as Mexico, Peru, and Uruguay reported uplifts, the key markets of Brazil and Argentina declined, including a drop of 4% in the dominant Brazilian dealer market. Dealers from markets within Africa also reported mixed sales, with an overall decline of a similar 1%, while those in Australia, although based on a comparatively small sample, performed relatively well, with growth of 13%.

²² The Beijing Gallery Association reported that the results of a poll of around 35 of their 55 members (over half averaging turnover of around \$1 million or less) indicated a decline of over 40% in 2022. See Art Gallery Association of Beijing (2023) *Beijing Gallery Report 2022*. Art Gallery Association of Beijing: Beijing.

Performance was mixed by sector too. As noted, around 82% of respondents were fine art dealers and among those, most (87%) worked in the primary market, whether alone or in combination with secondary sales. Dealers working across both markets reported that their sales in 2023 were divided relatively evenly, with 47% by value in the primary market (down by 3% year-on-year) and 53% in the secondary market.

After reporting a substantial increase in average sales year-on-year in 2022 of 20%, driven by a strong high end, primary market dealer sales were flat overall in 2023, with values stable on 2022. The smaller 10% share of those working solely in the secondary market continued to show positive growth, expanding on average by 28% year-on-year, in this case driven by a small portion of dealers at the high end. Dealers working in both markets saw a more significant slowdown, with sales declining by 3%, although they continued to have by far the highest average sales at \$4.4 million, more than four times the level of their peers in the primary market only.

Figure 2.8 Average Turnover of Dealers by Market Sector in 2022 and 2023



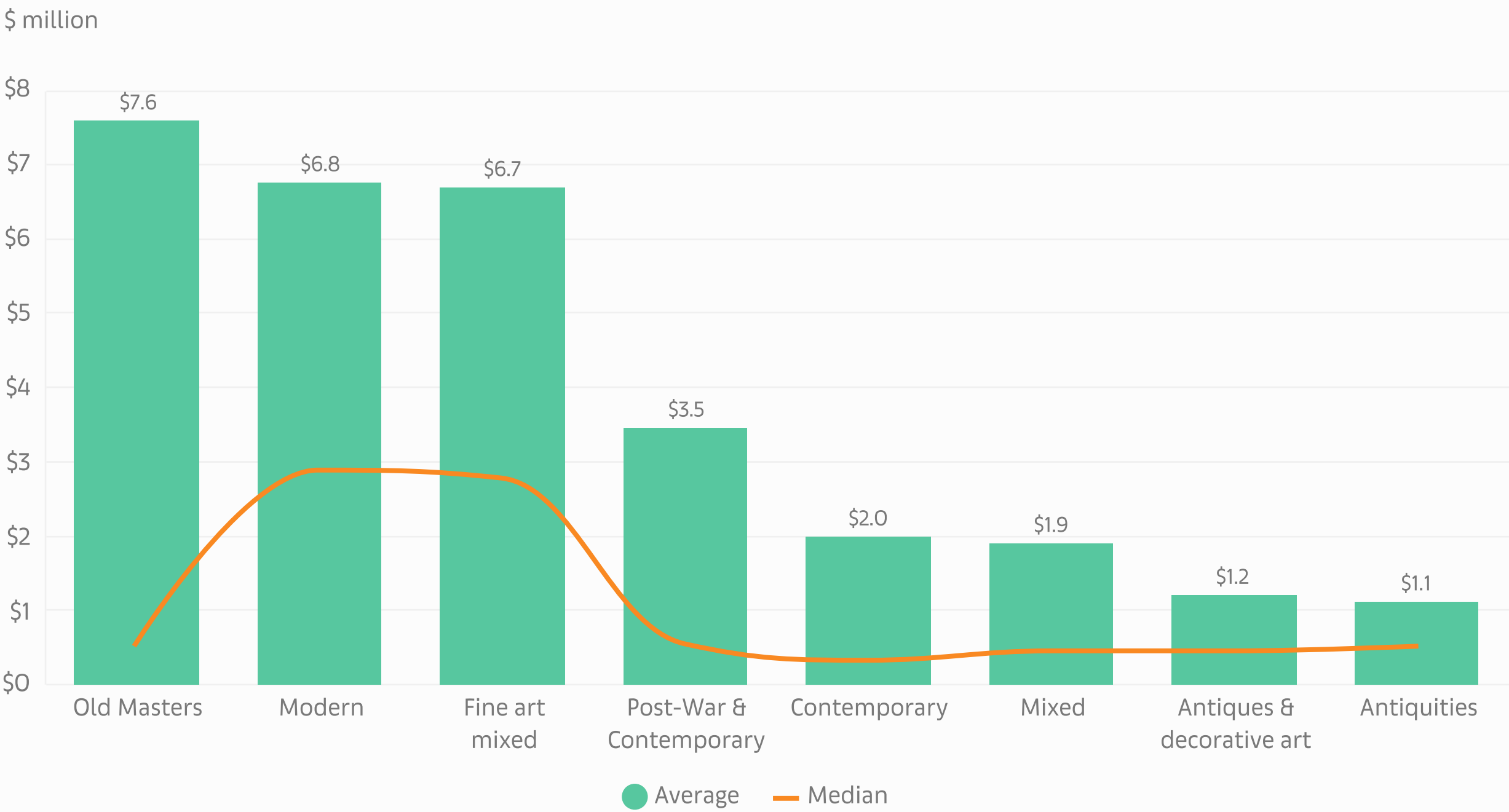
©Arts Economics (2024)

Looking in more detail within the specific sectors, dealers in older fine art continued to have the highest average turnover by sector, however, their year-on-year performance was weaker than those working in Post-War and Contemporary art. While averages reported by Old Masters and Modern art dealers dropped in value, those dealers mixing Post-War and Contemporary art reported a slight rise in sales from \$3.1 million on average to \$3.5 million. These dealers also outperformed those working only in the Contemporary market, which showed a decline of just over 1%. Dealers noted anecdotally that during the year marked with economic and political uncertainty, some collectors were more risk-averse and more willing to purchase and pay higher prices for more established artists with proven track records versus newer Contemporary artists, which sold well mainly in lower price brackets.

While mixing Post-War and Contemporary art was successful for some dealers, in general, those mixing other varied sectors of the fine art market showed weaker growth, falling by 14% when considered as a group. As noted above though, there was stronger aggregate performance among the most generalist dealers who operated across a mix of both the fine art market and decorative art, antiques, or antiquities, which showed average sales rising by 9%. While the diversified nature of their sales may have helped sustain values, these also tended to be much smaller businesses with lower price points, with average turnovers of only around one third of mixed fine art dealers.

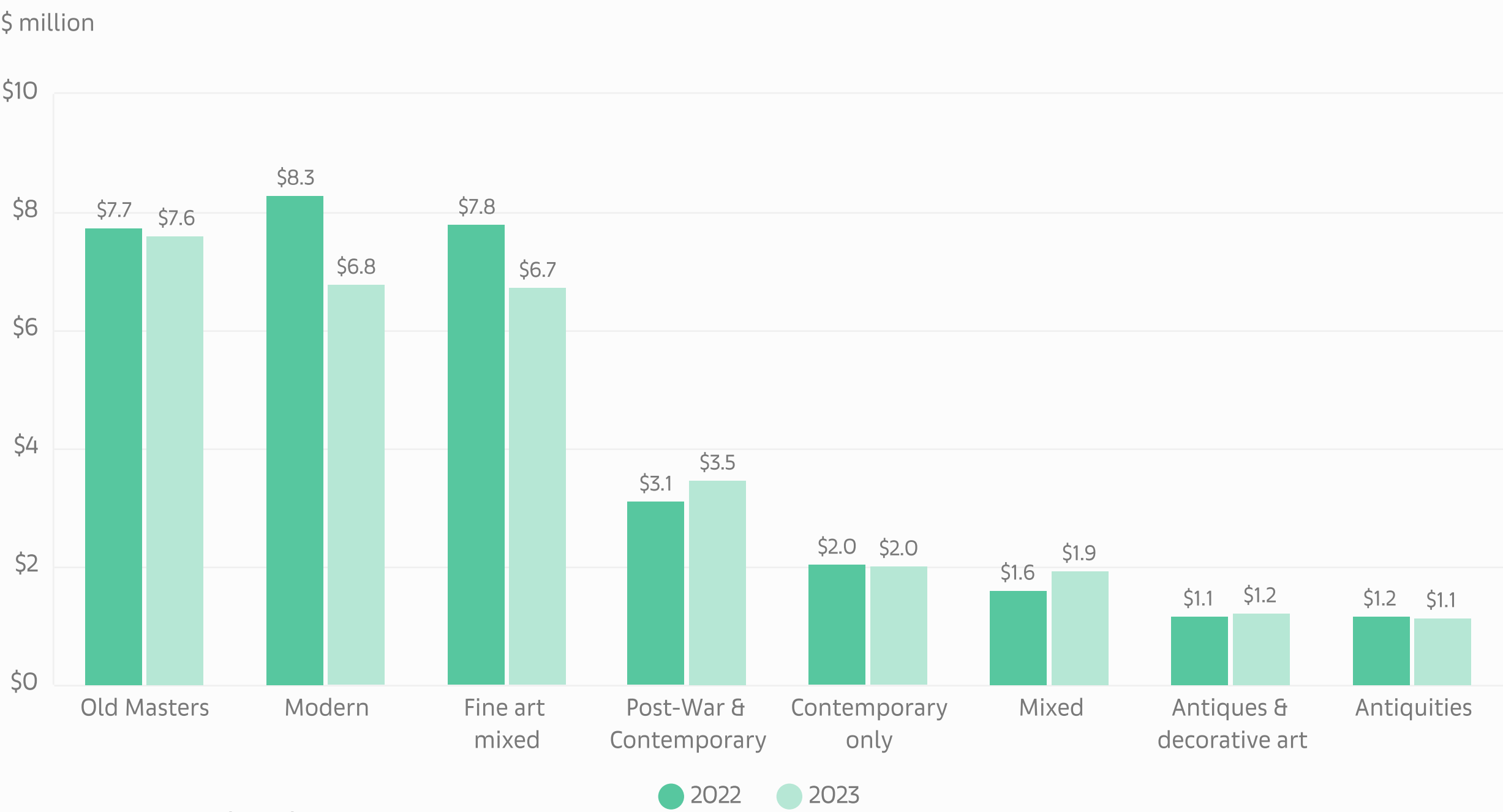
Dealers in antiquities, decorative art, and antiques again had among the lowest average turnovers across the sample. Sales for dealers in antiques and decorative art rose by 6% on average, their second year of growth, however, the antiquities sector struggled to maintain pace and reported an average decline of 4%. This sector has faced many challenges, with limited supply as well as what some described as a ‘shrinking base of buyers’ every year and numerous regulatory hurdles related to ownership as well as restrictive trade laws within the sector.

Figure 2.9 Average and Median Sales of Selected Art Sectors in 2023



©Arts Economics (2024)

Figure 2.10 Average Sales of Selected Art Sectors in 2022 versus 2023



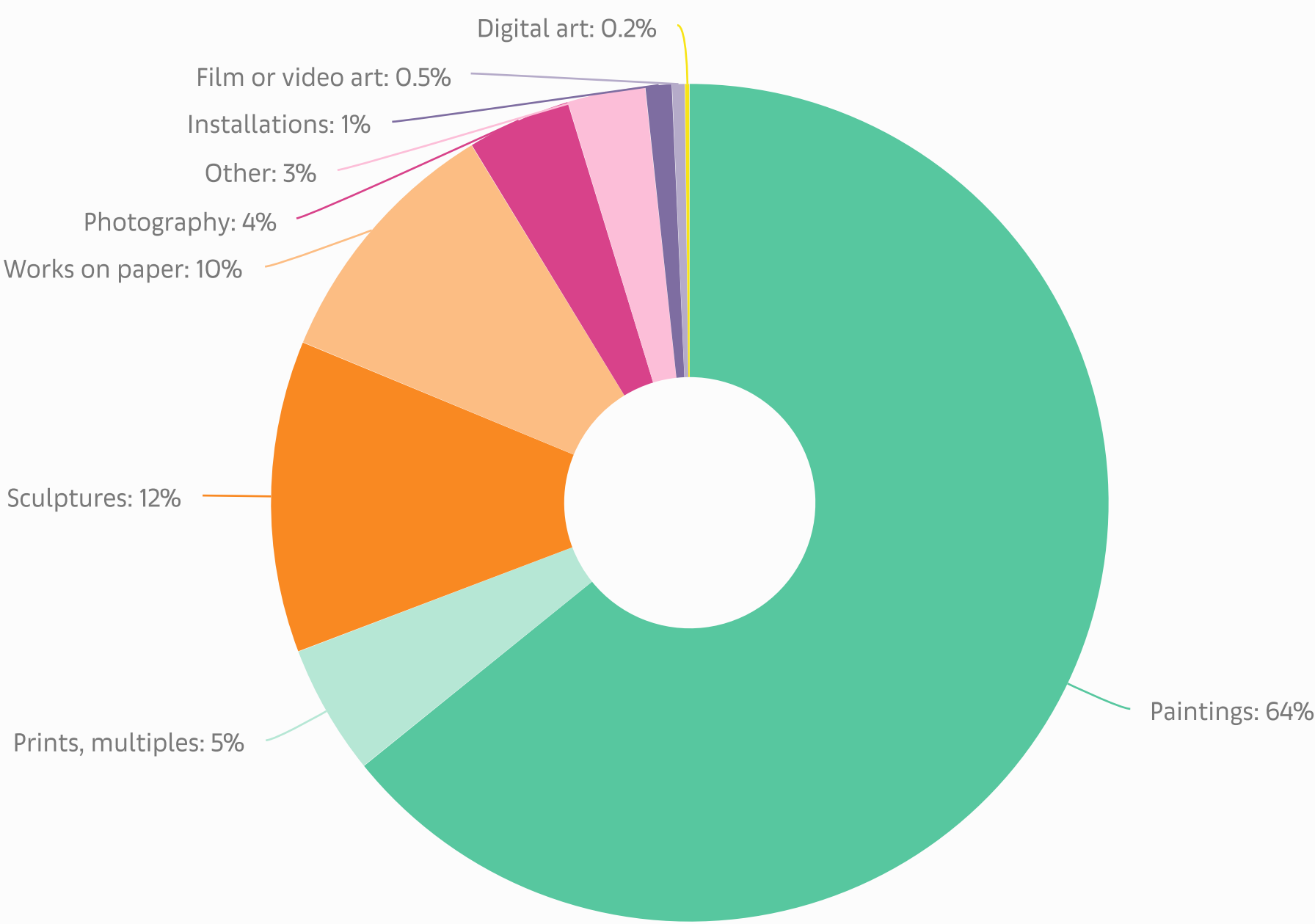
Sales by Medium

As the market context was characterized by an elevated degree of uncertainty and risk aversion, most sales made by dealers continued to be anchored on the traditional mediums of paintings, sculptures, and works on paper. An analysis of the share of sales in 2023 (weighted by turnover) by fine art dealers in both the primary and secondary markets revealed that these three mediums accounted for a combined 86% of sales by value, up by 4% on 2022. Paintings were again the largest by value at 64%, up by 7% on the share reported in 2022, with sales of sculptures and works on paper down by 1% and 2% respectively. Sales of prints, multiples, and photography, on the other hand, were stable year-on-year.

While digital, film, and video art saw a significant increase in share in previous years, sales in these mediums declined significantly in 2023, accounting for less than 1% of total sales, down from 5% in 2022, and just below the 1% in 2021. This low share was driven by a majority of dealers not having sold any art in these mediums in 2023. However, even considering the 10% of fine art dealers who had at least sold some digital or film-based artworks during the year, the portion of sales by value was still only 11%. Chapter 1 showed that sales of art-related NFTs continued to decline both in terms of average prices and sales

values from their peak in 2021, and the majority of activity in these areas remained outside the traditional gallery sector on external NFT platforms. The dealer survey findings also paralleled the research on HNW collectors in 2023, which found that the share of spending on digital art was just 3% of total expenditure during the year, and that digital artworks made up 8% of the content of high-net-worth individuals’ (HNWI) collections, down from 15% in 2022.²³

Figure 2.11 Fine Art Dealers’ Share of the Value of Sales by Medium in 2023

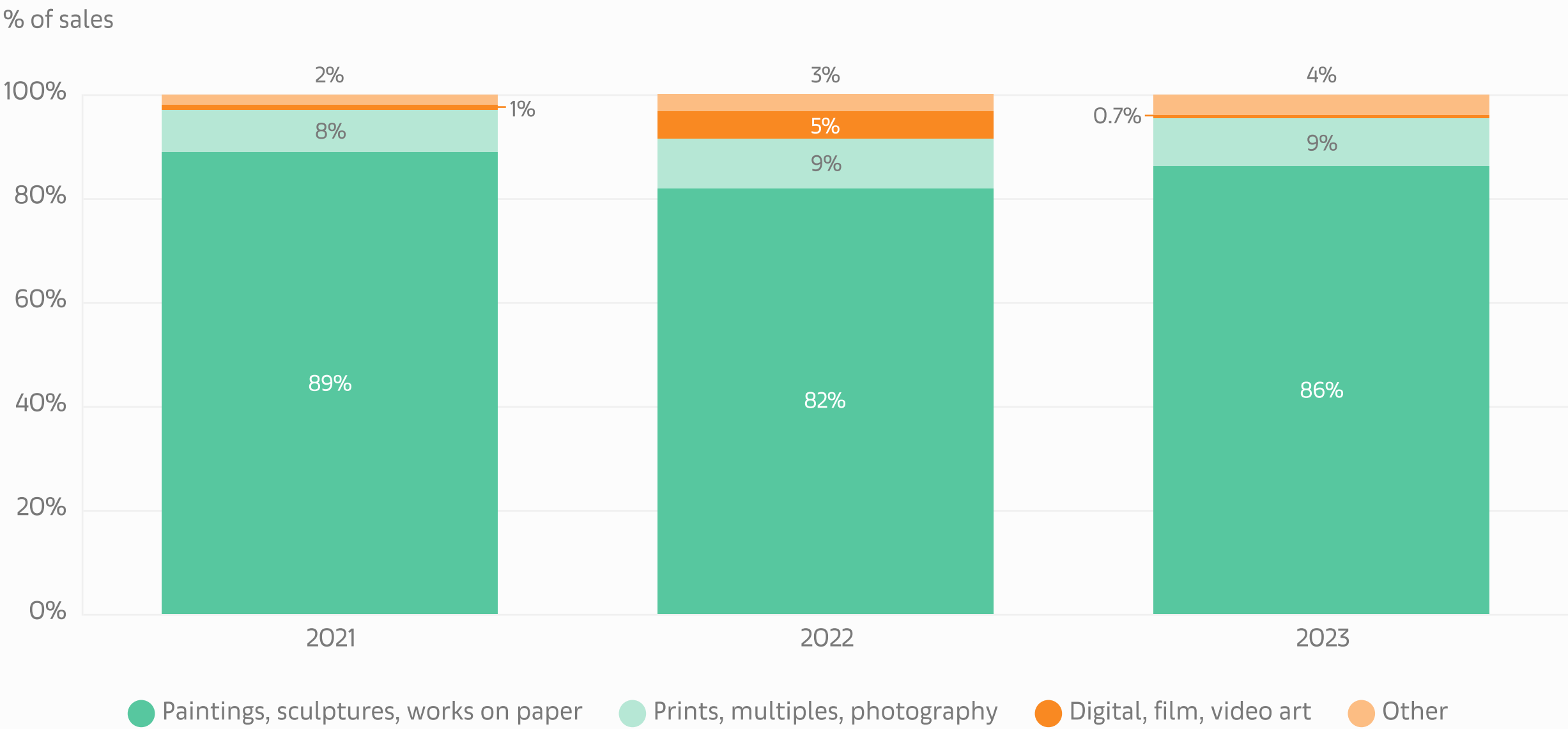


©Arts Economics (2024)

23 See Arts Economics (2023) *A Survey of Global Collecting in 2023, An Art Basel and UBS Report*. Available at theartmarket.artbasel.com.

72

Figure 2.12 Dealer Sales by Medium 2021–2023



©Arts Economics (2024)

Sales Volumes in 2023

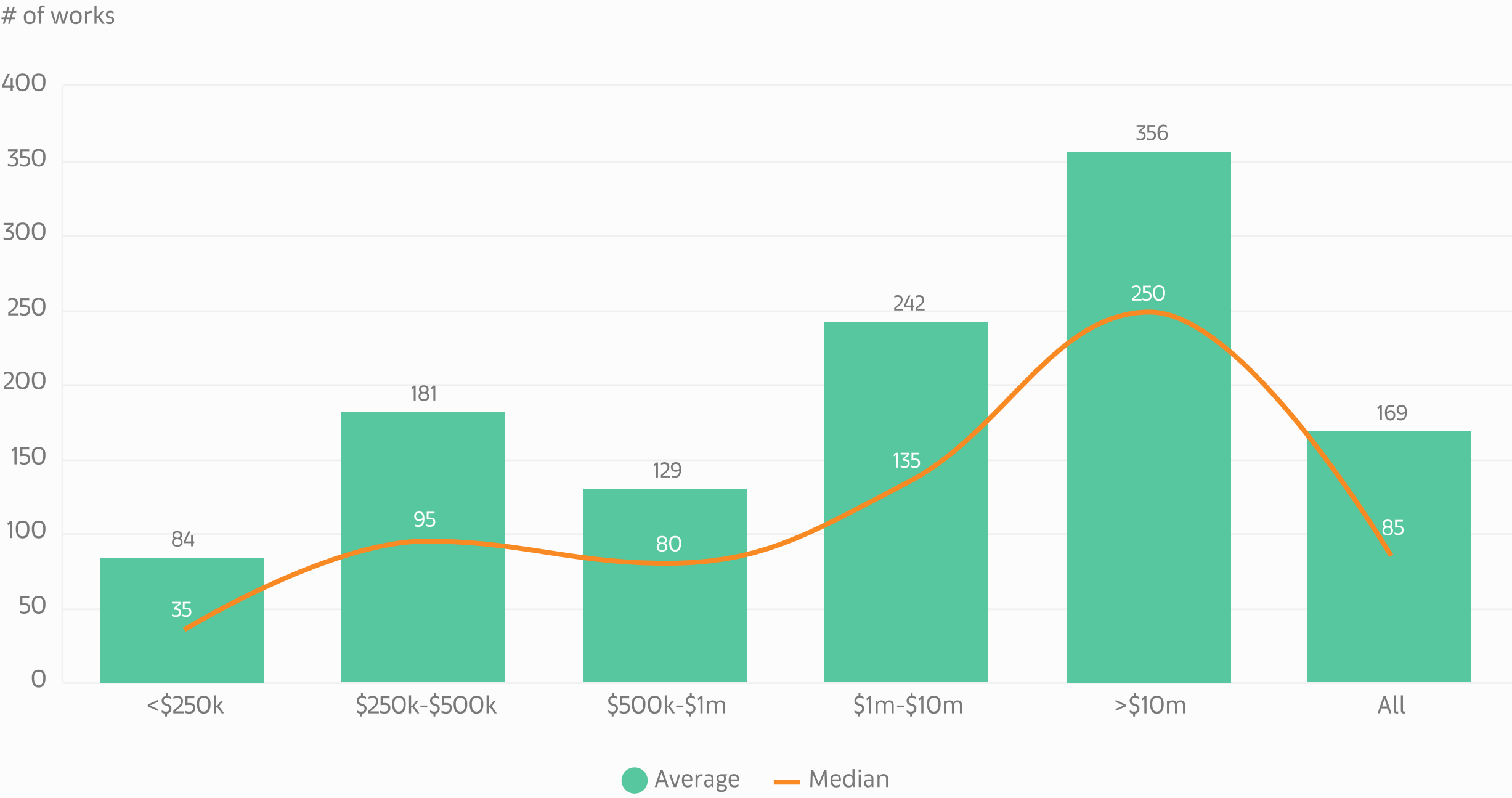
The rise in sales in 2022 was due in part to an increased volume of transactions in the dealer sector, however, the volume of sales was more stable in 2023. The average number of works and objects sold across those surveyed fell by 2% (from 172 to 169). However, these averages are skewed upwards by dealers selling very high numbers of objects and multiples, and the median is therefore often more representative of the trend for most businesses. The median number of works sold was 85, which was stable for dealers responding to this survey, and up from 75 reported in 2022. The median ranged from 35 for those with turnover of less than \$250,000 up to 250 for the largest dealers with turnover of over \$10 million. These findings revealed that although there may have been a slowdown in transactions for some larger businesses, this was not the case across the board, with smaller businesses selling more on average than they did in 2022. The stable number of transactions alongside the drop in values was also reflected in anecdotal reports from dealers, noting that although their values were lower, for some, this was partly due to selling more but lower-priced works or more works with greater discounts (see Section 2.9).

Paralleling trends in value, it is notable that the slowdown in the activity levels in the market as indicated by differences in the volume of transactions year to year was much more evident for larger businesses than those in the smaller to middle turnover tiers. Dealers with sales of less than \$500,000 saw an increase in the number of works sold, while for all those above this level, transaction numbers fell. Despite the year-on-year changes, most dealers’ sales volumes were at the same or a higher level than before the pandemic, with the exception of the middle segment of dealers with turnover of between \$250,000 and \$500,000 where, after peaking in 2022, transactions in 2023 were down by 23% from 2019.

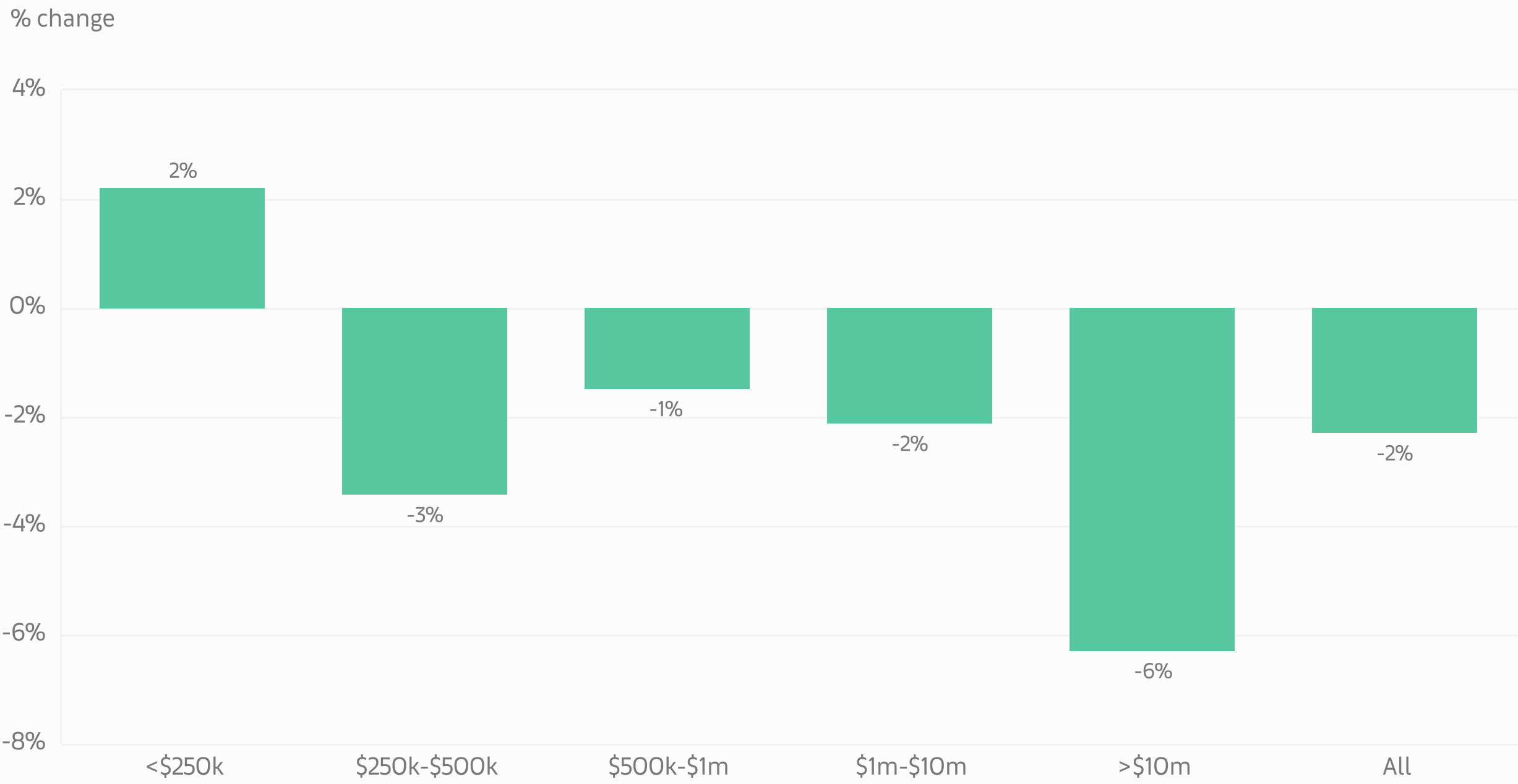


Figure 2.13 Volume of Works Sold by Dealers 2022–2023

a) Average and Median Number by Price Bracket in 2023

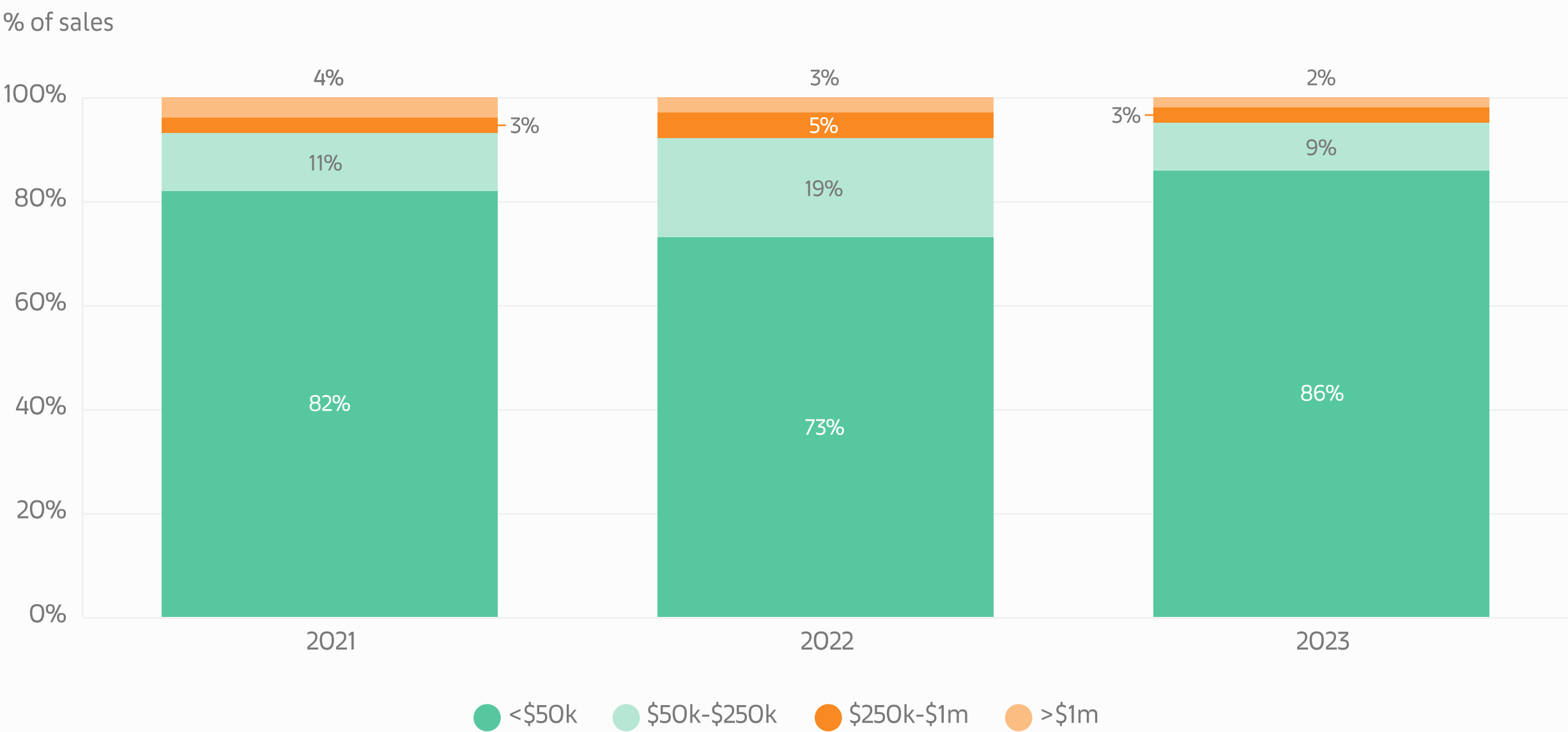


b) Change in Average Number by Price Bracket 2022–2023



The share of the volume of sales in different price brackets also shifted in 2023, with the portion of transactions under \$50,000 increasing from 73% to 86% year-on-year, likely reflecting the greater activity by smaller dealers combined with a decrease in spending at higher prices. Only 2% of transactions took place at the highest level of over \$1 million, a drop of 1% year-on-year and falling to half the share of 2021, although stable on the level reported by dealers in 2019 before the pandemic.

Figure 2.14 Volume of Sales by Price Bracket 2021–2023



©Arts Economics (2024)

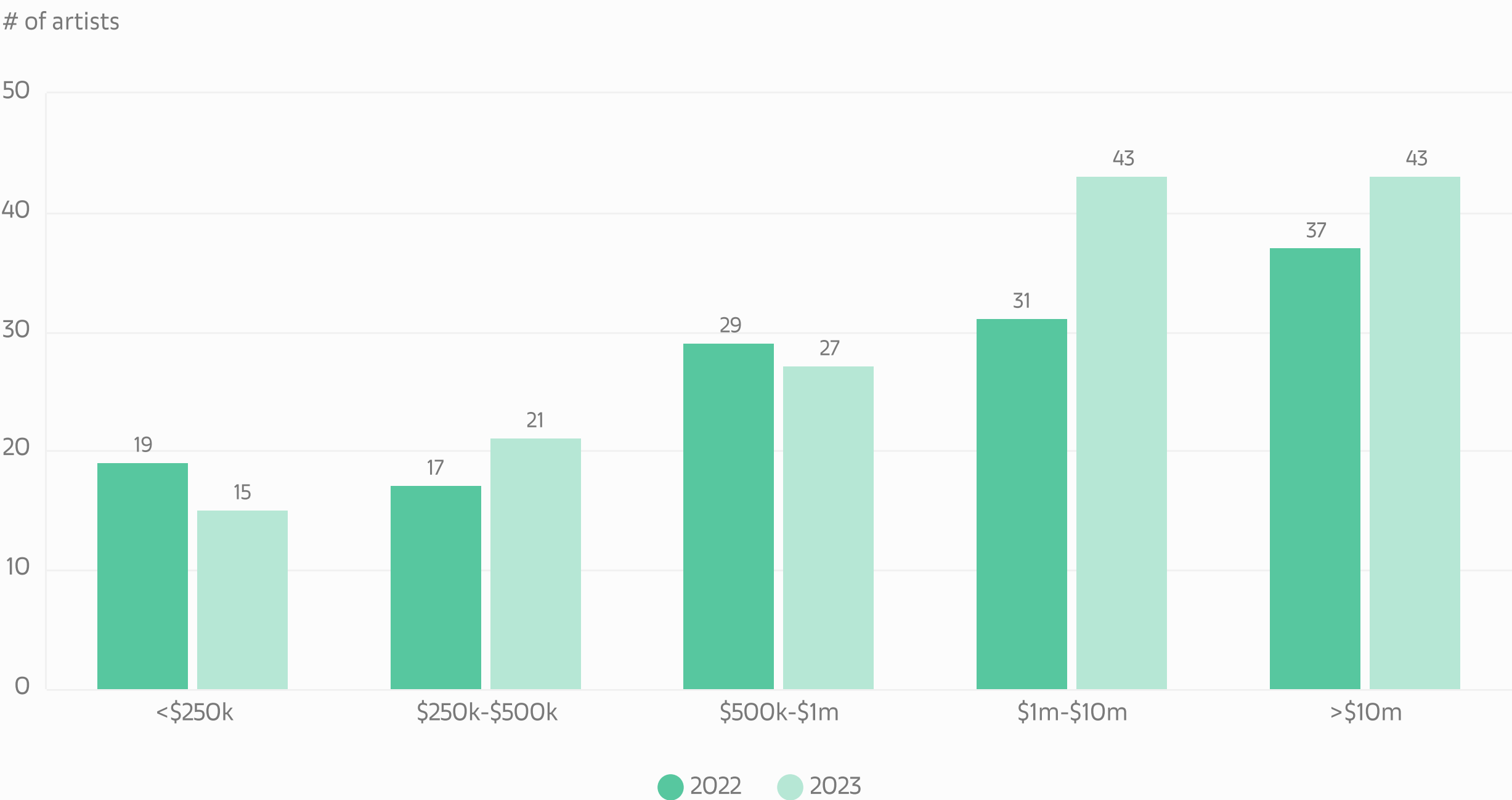
2.3 Artist Representation

Over the last five years, there was some evidence that dealers had consolidated around a smaller number of artists in order to focus their time and financial resources, given the substantial role they play in establishing, building, and maintaining artists' markets and the costs this accrues. The average number of artists represented by dealers in the primary market dropped from 25 in 2017 to 19 in 2022. However, in 2023, this trend reversed, and the average increased again to 23. For businesses operating in both the primary and secondary markets, the number of artists represented was even higher at 39, up from 31 in 2022, and above the pre-pandemic average of 34 in 2019. Although variations in the sample over time may explain some of the differences, the increase may also indicate that some galleries are attempting to diversify their programs to generate sales and appeal to wider audiences in the flatter and more difficult market context.

The number of artists galleries represented in 2023 varied by their level of turnover. As in previous years, smaller galleries represented fewer artists on average than larger ones, both for dealers working exclusively in the primary market or across the primary and secondary markets. This tended to level off once the dealers' turnover reached over \$1 million, at an average of 43 artists, representing a substantial increase on the previous year. Although the number of artists a gallery represents can clearly affect sales, this was not definitively linked to better results in either sales or profitability, especially given the significant financial resources required to support and promote artists, particularly those early in their careers. Some dealers also felt that increasing representation to boost short-term gains could be detrimental to their programs.

'As costs have been rising, we've seen attempts by many galleries to take on more artists over the last year or two – with the idea that you can throw it all against the wall and just see what sticks. While it's tempting and might even boost immediate revenues, it can be detrimental for the artists and their careers. The focus needs to be on stability and developing better markets for the artists we work with.'

Figure 2.15 Average Number of Artists Represented by Dealer Turnover Segment in 2022 and 2023



©Arts Economics (2024)

Representation and Gender

The surveys of the dealer sector over the last several years have explored the gender imbalances in the market, revealing a persistent underrepresentation of female artists by galleries despite some improvements. Across all dealers working in the primary market or both the primary and secondary markets, the share of female artists represented inched up to 40%, an annual increase of 1%, but having seen a more significant rise from 35% in 2018. Galleries operating in the primary market drove this increase in 2023, with a substantial rise in share to 46% from 42% in 2022 and now the highest level recorded, surpassing 44% in 2019. However, those operating in both the primary and secondary markets saw a fall of 2% year-on-year to 36%.

The share of sales that galleries made from female artists maintained a relatively stable level at 39% for primary market galleries, and 30% for galleries operating in both markets. Again, although progress has slowed in 2023, there is evidence that this share has increased over the longer term, with a substantial advance of 7% since 2018. The fall in the number of female artists represented in 2023 alongside the maintenance of sales for those dealers operating across both markets possibly indicates that strong sales have continued, but for a small number of successful female artists.

Galleries in different regions had varied in their shares of sales by female artists, with those in the US among the highest, at 36% in 2023, along with Germany at 34%. Galleries in Japan, on the other hand, reported an average of just 20% while those in the UK were also low at 24%.

Surveys of HNW collectors by Arts Economics and UBS in 2023 investigated gender diversity in collecting behavior patterns, and revealed similar variation in the share of female artists in collections, from 31% in Mainland China up to 44% in German collections. However, the key finding overall of this research was that HNWIs' collections remained persistently dominated by works by male artists, with a ratio of 61% to 39% female in 2023, although again with some progress evident from a share of just 33% in 2018. Although most collectors may not be biased in their choice of artists, and gender may play a minor role in purchasing decisions, the availability of artists' works through dealers and other channels will ultimately influence the composition of collections, and hence the minority of female artists represented at galleries (and appearing in auction sales) has undoubtedly affected these ratios reported by collectors.

The share of spending on works by female artists in 2022 and 2023 by HNW collectors was similarly a minority at 39%, and less than the spending on male artists in all regions and age profiles. One interesting exception was those HNW collectors spending over \$10 million per annum, who tended to have both a higher share of female artists' works in their collections (54%) and an increased proportion of spending, from 46% in 2021 to 55% in 2023. This could indicate that, although undertaken by a minority of collectors, some of the spending at the very highest levels was on female artists. Some research has found that despite being equally represented at many art schools, due to what appear to be more rigorous quality filters and other issues faced by female artists throughout their careers, fewer works reach the market, but the minority that do so sell at a premium rather than a discount for artists at similar levels.²⁴ At least some of the biases women face in terms of their commercial success therefore relate to institutions and other aspects of their career paths, rather than simply the market itself, with the issue still being the lack of progress in commercial careers and not simply a gender discount for female versus male artists once they are on the market.

Whatever the cause of the lack of progress, to the extent that being represented by larger galleries is an indication of commercial success, there was evidence of a potential lack of career progression for female artists. The surveys indicated much lower representation of female artists in galleries turning over more than \$1 million per annum in 2023 than those in smaller galleries. For those galleries turning over more than \$10 million, the share of female artists was 35% (and representing 28% of their sales in 2023) versus as high as 47% (and

²⁴ Goetzman, W., Cameron, L. and Nozari, M. (2019) 'Art and Gender: Market Bias or Selection Bias?' in *Journal of Cultural Economics*, Volume 43: 279–307.

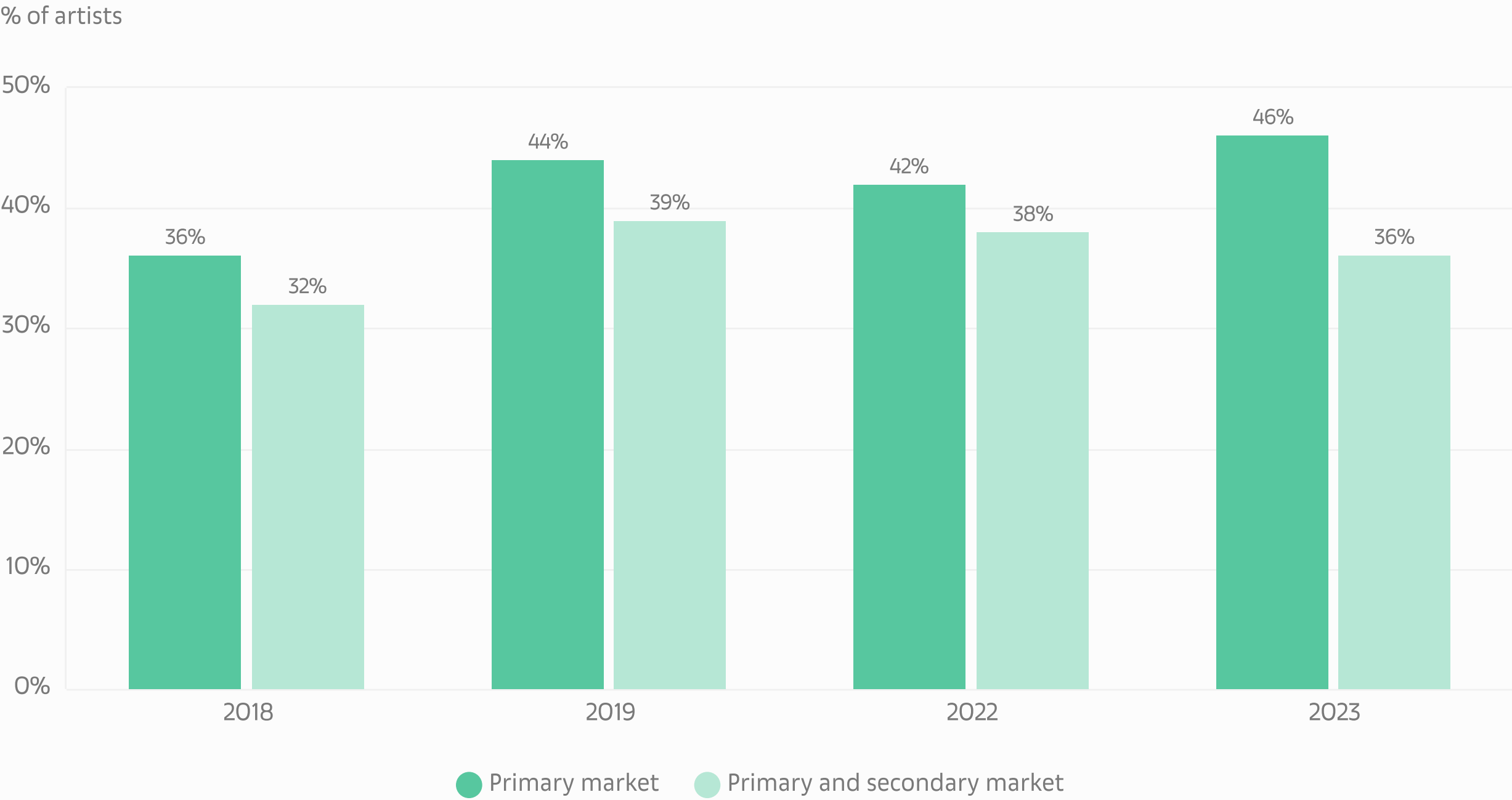
39% of sales) for the smallest galleries with less than \$250,000 turnover. Again, this could indicate that rather than being priced at a lower level than their male counterparts, fewer female artists progress to the stage of being represented by larger galleries, even though the declining number of those that do are, in some cases, highly successful.



IMAGE Jeff Koons, image courtesy of Art Basel

Figure 2.16 Female Artist Representation and Sales, Selected Years 2018–2023

a) Share of Female Artists (from Dealers’ Total Number of Artists)



b) Share of Sales of Female Artists

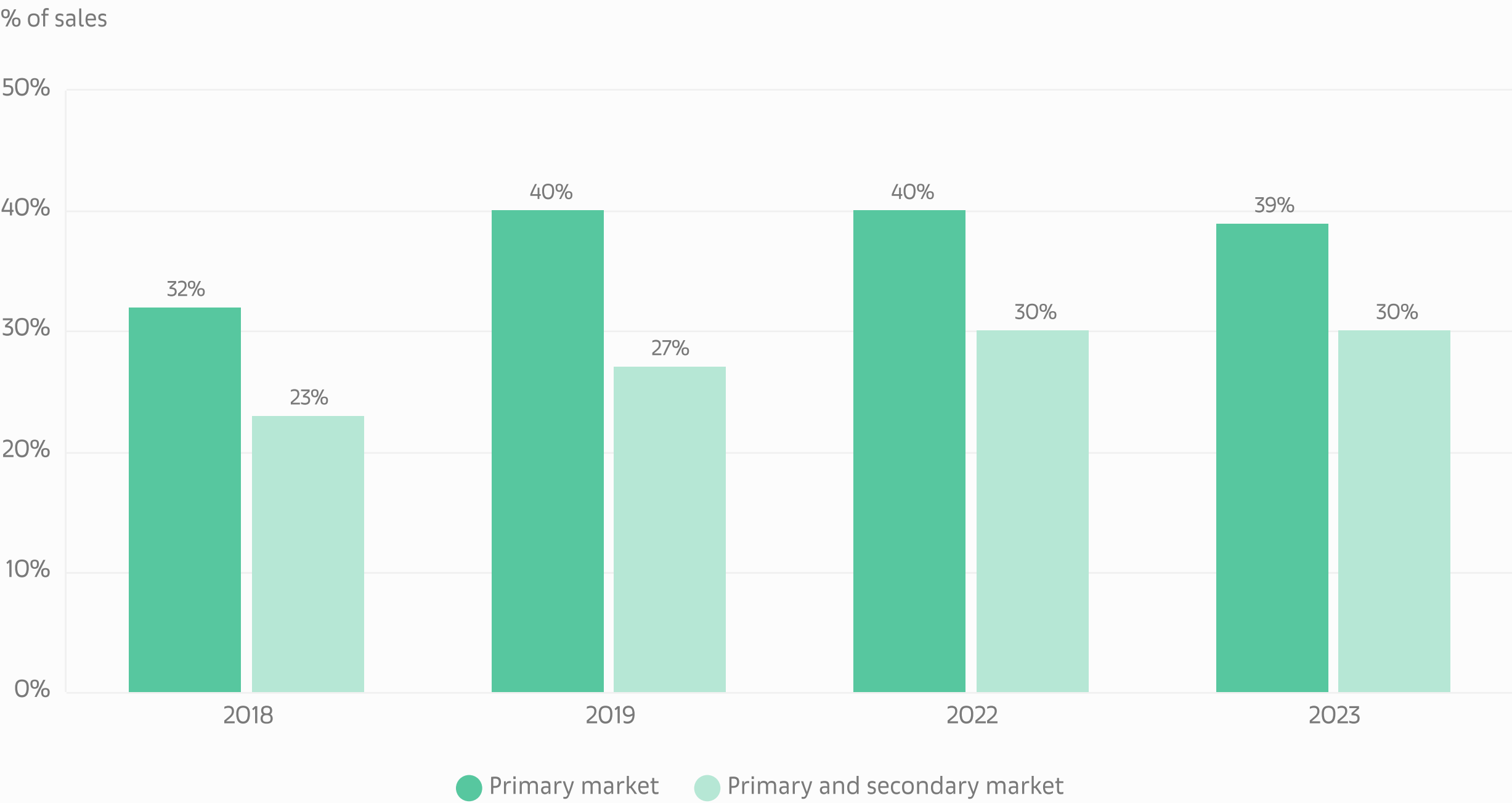
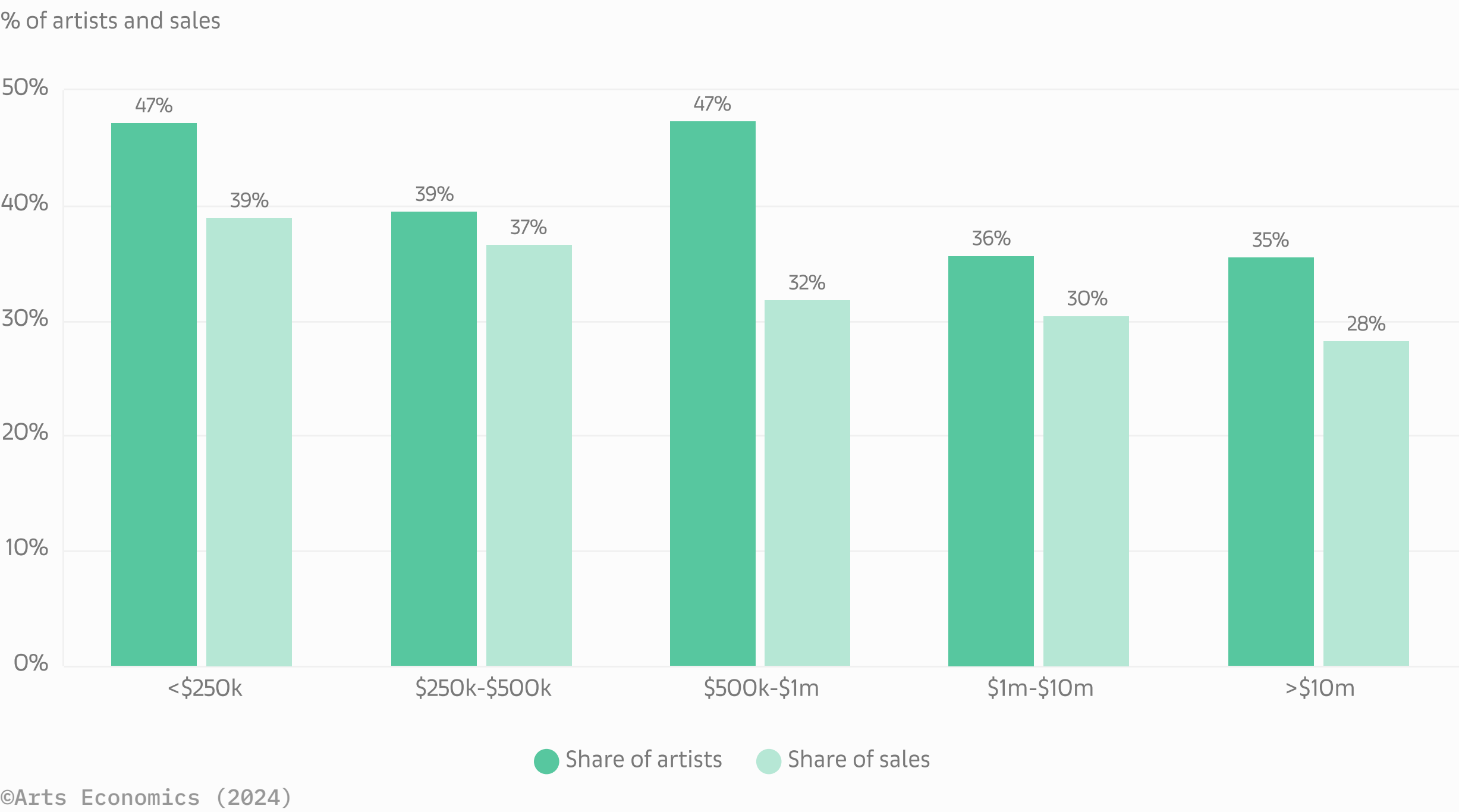


Figure 2.17 Female Artist Representation and Sales by Gallery Turnover in 2023



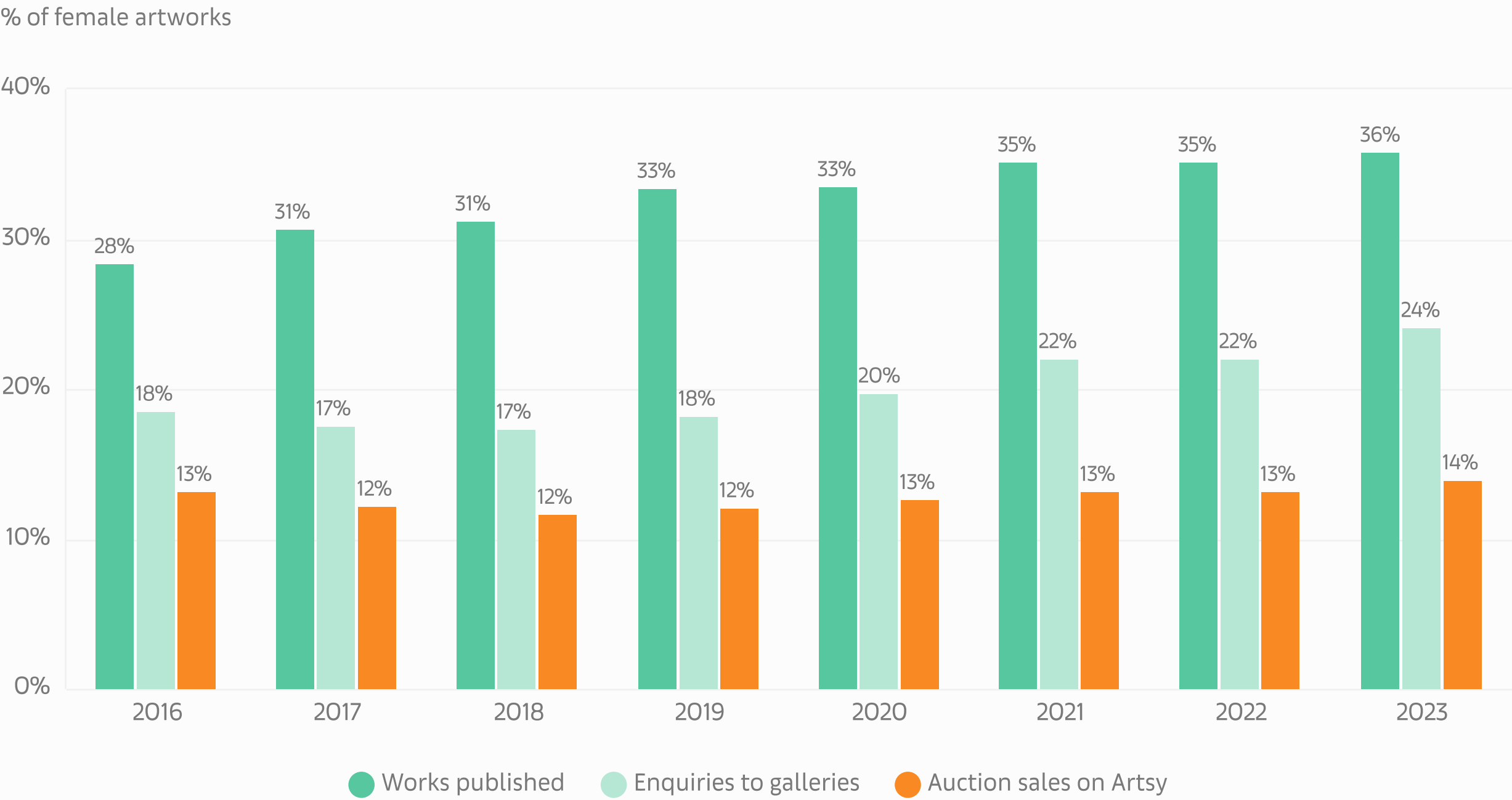
The share of female artists a gallery represents has been tentatively linked to overall sales performance. Parallel surveys of the sector in 2020 showed that during the pandemic, galleries representing the lowest share of female artists tended to have the largest declines in sales year-on-year from 2019. There was also a positive link between representation and performance in 2022, with those galleries with less than 20% of female artists in their programs experiencing stagnant and declining sales year-on-year, while those with over 80% had high double-digit growth of more than 20%. Having a very low share of female artists continued to be linked with poor performance in 2023, with those having less than 50% of female artists showing a drop in sales of 4% versus relatively stable performance year-on-year for those with three-quarters or more. It remains impossible to show direct causality between sales and representation without further investigations into the specific artists and sales, and there are likely to be many factors that influence sales in each segment. Most businesses fell between these two extremes, where performance was mixed and conformed with the average overall. However, once again, despite the caveats, it is possible to say that having a higher share of women was not linked with lower sales, and there was a slightly larger proportion (34%) of sales accounted for by female artists at businesses that saw profits rise in 2023 than at those with declining profitability (30%).

Other data sources plot a similar slow, but positive, trajectory for female artists online. Data gathered by Artsy on gender and representation within the galleries and auctions hosted on their platform for this report showed that 36% of the artworks posted by all galleries in 2023 were by female artists, and this has shown a steady increase year-on-year, from a low of just 28% in 2016. Enquiries for artists from collectors have paced behind this, however. Up to 2020, although the share of artworks posted averaged just over 30%, 18% or less of the enquiries to galleries on the platform were about works by female artists. Nonetheless, these enquiries on female artists have also grown over time, reaching 24% in 2023, and with some evidence that commercial interest has grown slightly faster than the changes in inventory. Figure 2.18b shows an index of the growth in the share of artworks being published online and the growth of enquiries about women's work. Both representation and enquiries have grown over the period, but from late 2020, the uptick in enquiries has outpaced the proportion of inventory posted. From 2019 through to the end of 2023, growth in the share of artworks published was 20% versus 43% in enquiries, and from 2020 to 2023, enquiries have grown almost five times the rate of published works.

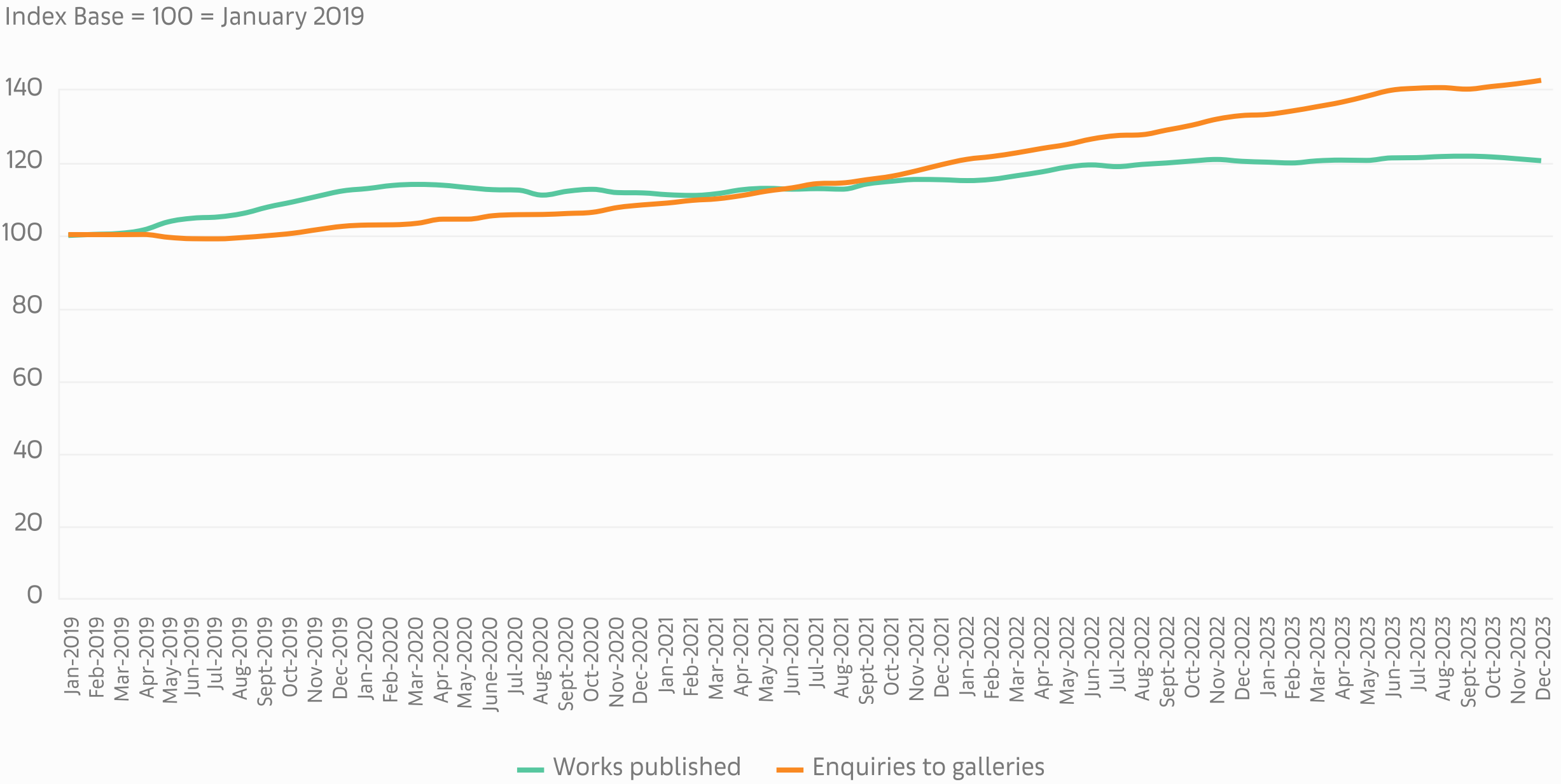
Works by female artists offered at auctions on Artsy remained the lowest share and have shown only minimal growth over time, from 13% in 2016 to 14% in 2023. These shares reflect the wider auction context, where, despite major successes by a very small number of female artists, the number of works appearing at auction in the first place remains a small minority each year. (See Chapter 3 for a further analysis of gender in the auction sector in 2023.)

Figure 2.18 Publications, Enquiries, and Sales of Works by Female Artists Online

a) Share of Works Published, Enquiries to Galleries, and Auction Sales on Artsy



b) Growth of Published Works by Female Artists versus Enquiries on Artsy



©Arts Economics (2024) using data from Artsy

Representation and the Distribution of Sales

An ongoing concern in the sector, particularly as the options for artists to market and sell directly to collectors have expanded, is the maintenance and longevity of dealers' representation and relationships with artists in their programs. Many dealers rely heavily on a small number of artists for the bulk of their sales, with potentially devastating effects if artists leave the gallery to pursue their own sales or move to alternative galleries. This can not only affect the gallery's profitability through the loss of sales and absorption of sunk costs, but may also alter their ability to subsidize the careers of other less successful artists, which they may have been doing through the commercial success of their top sellers.

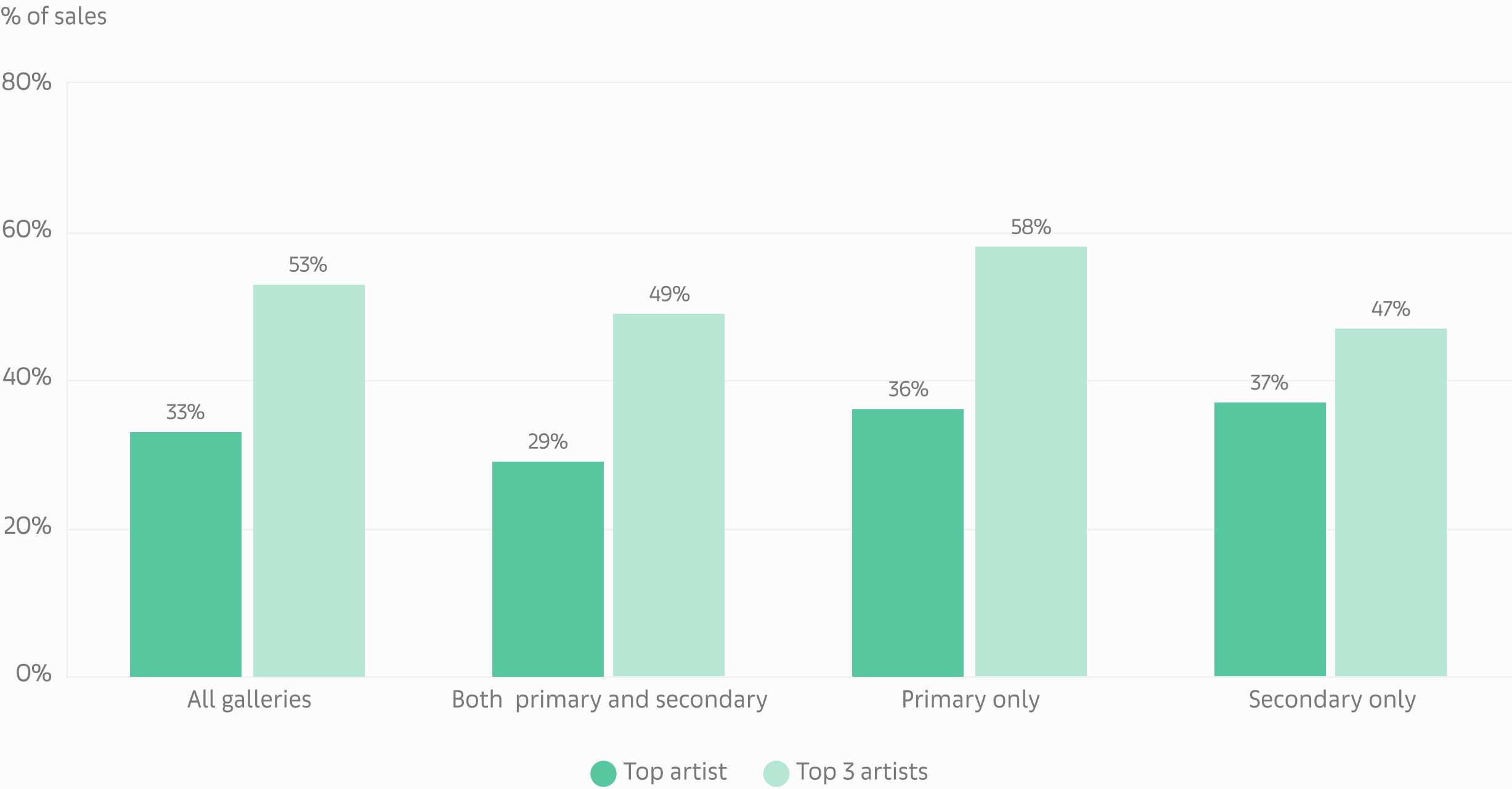
Dealers reported that one third of their sales in 2023 came from their single-highest-selling artist, an increase in concentration of values of 2% year-on-year from 2022

Dealers reported that one third of their sales in 2023 came from their single-highest-selling artist, an increase in concentration of values of 2% year-on-year from 2022. The share from their top three artists was 53%, also up by 2%. This top-heavy distribution of sales towards a few top-selling artists was again more pronounced for businesses operating in the primary market, where, on average, a gallery's top-selling artist accounted for 36% of sales and the top three (or 13% of their total number of artists based on the averages above) accounted for 58%. Despite evidence of these galleries representing a higher number of artists year-on-year, this was an increase in concentration versus 2022 for this smaller share of their artists.

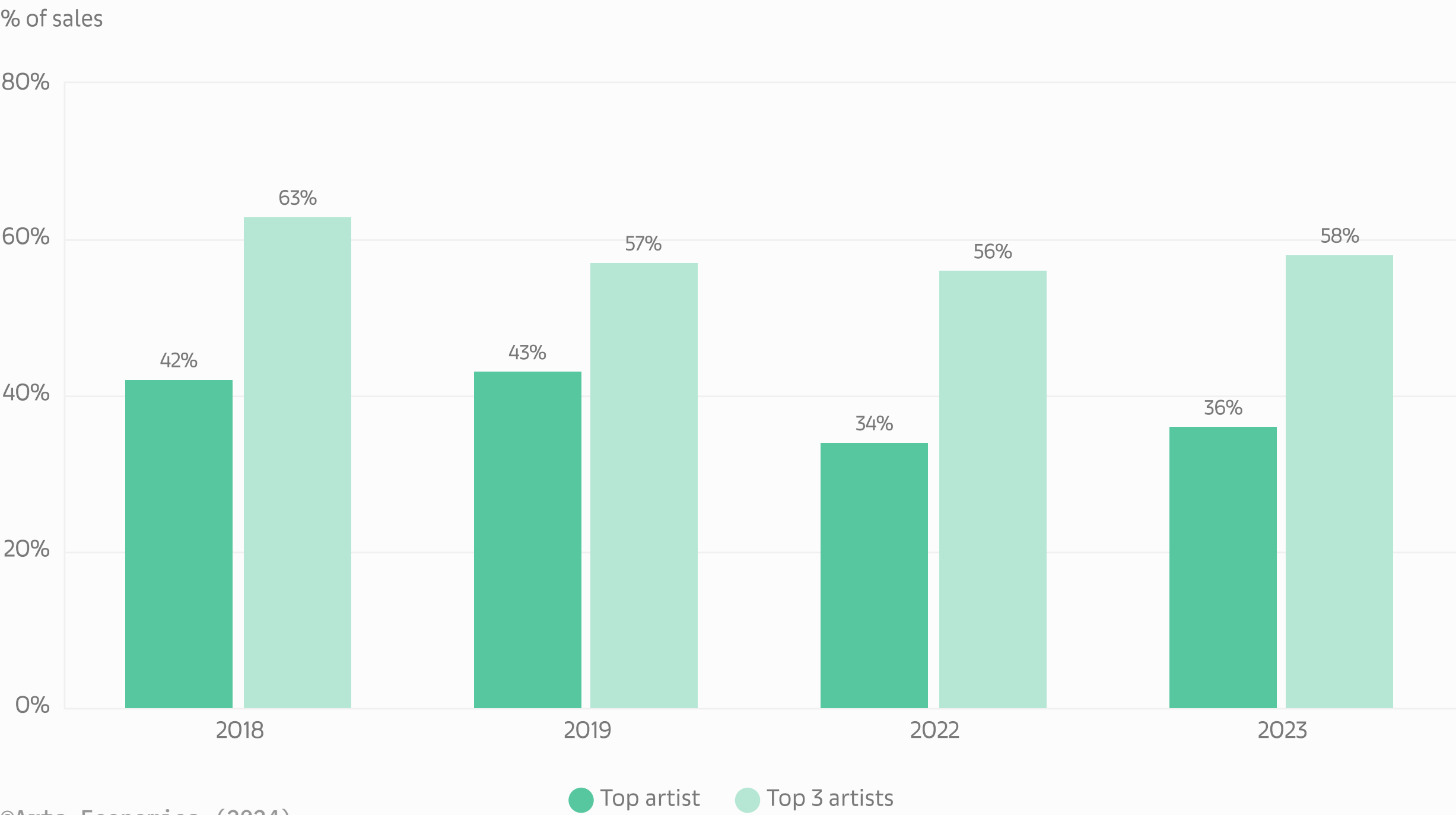
While concentration increased from 2022, the shares have declined over five years. The share of sales by the single-highest-selling artist has fallen by 7% from a peak of 43% in 2019, while sales from the top three have declined from 63% in 2018, indicating that some galleries have found ways to diversify their base of sales, with the increase in digital sales and marketing potentially making it easier to broaden offerings and exhibitions. The reversal in 2023 could be due to a proactive increase in focus as the market became more difficult to sell in or to more selective buying by collectors.

Figure 2.19 Sales Share of Top-Selling Artists Represented by Dealers

a) In 2023



b) By Primary Market Dealers, Selected Years 2018–2023



2.4 Dealer Costs and Margins

The issue of rising costs has been a key challenge for dealers for the last two years, as rapidly escalating inflation continued to drive up operating costs, including rent and payroll. In the face of slower sales and greater variability in demand in 2023, more businesses reported declining profitability and had been focusing on finding ways to reduce costs and support their bottom line.

During the recovery of sales after the pandemic, in 2021, most galleries became more profitable, with some maintaining leaner cost structures, including attending fewer events and fairs compared to 2019. The market regained a fuller events schedule in 2022, and inflation ramped up in many regions, putting more businesses under pressure, although there was still a higher share becoming more profitable than those seeing declines. But in 2023, there was an increase again in the share of businesses struggling to maintain their bottom line and overall:

- 40% were less profitable than they were in 2022 (up by 8% year-on-year);
- 31% were around the same as 2022; and
- 29% were more profitable than in 2021 (down by 10% versus 2022).

In both 2021 and 2022, larger dealers bounced back to profitability more strongly than smaller businesses, with those with the highest turnovers more likely to report increasing profits. In 2021, 69% of dealers with turnover of greater than \$10 million had higher profitability, and this moderated to just less than half (49%) in 2022, but still the largest share of all segments. During 2022, smaller businesses who had seen the least uplift in their sales remained under the most pressure, with the share reporting lower profitability in the segment with turnover of less than \$250,000 increasing by 5% in 2022. This trend was reversed to some extent in 2023 as all businesses felt the squeeze of rising costs. The share of the largest dealers seeing a fall in profitability more than doubled to 56%, which was significantly more than their smaller peers who had a much more moderate rise of 4% year-on-year.

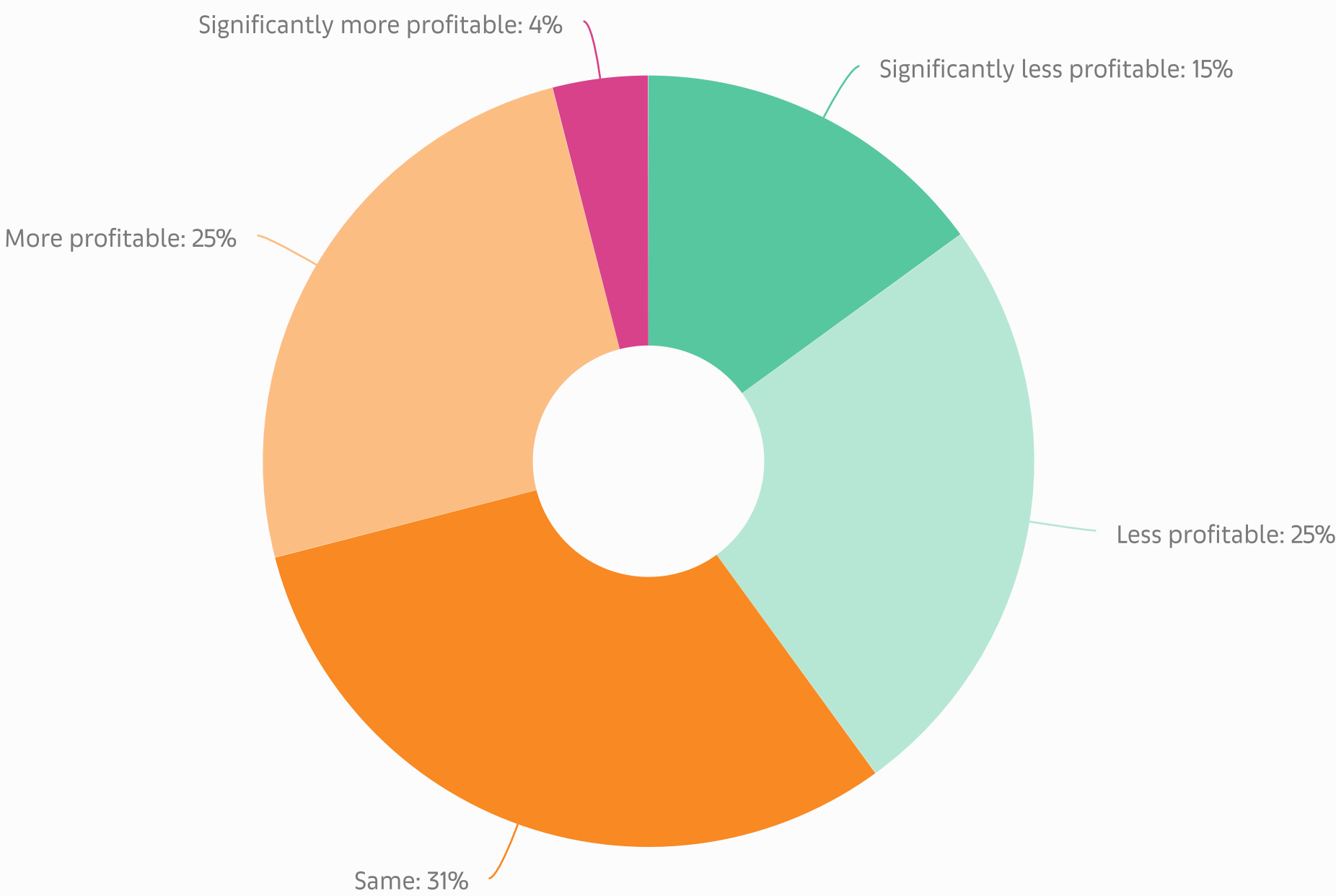
While dealers in the mid-section with turnover of between \$500,000 and \$1 million had one of the largest shares of businesses with greater profitability in 2022, this fell substantially from 53% to 33% in 2023. Many dealers in this and other segments commented specifically on the escalation of costs of attending fairs and other events, including both the exhibition costs and those related to traveling, accommodation, logistics, and hospitality.

There were also differences in outcomes by region, although in nearly all markets, the share of dealers reporting lower profits was greater than those reporting higher profits in 2023. In the largest market of the US, after a strong recovery in 2021, with 71% of dealers reporting higher profits, this declined to 32% in 2022, and again to 31% in 2023. However, there was a significant rise in those reporting declining profits in 2023 (36% versus 29% in 2022). Dealers seeing rising profitability in the UK fell from 40% in 2022 to 32% in 2023, while those less profitable increased from one third to 43%. French dealers were more stable, with 34% reporting greater profits and around the same share in decline, while outcomes in the rest of Europe were mixed, with Germany faring significantly worse (59% less profitable), but just over half of the dealers in Italy seeing an improvement. Dealers in Asia were more balanced: there was a relatively low proportion reporting gains (including 20% in China and 24% in Japan), and the share of those declining was less than some of their European peers (at 30% and 35% respectively). Dealers in Brazil had a slightly above-average share in decline at 41% versus 29% seeing an uplift in their bottom line.

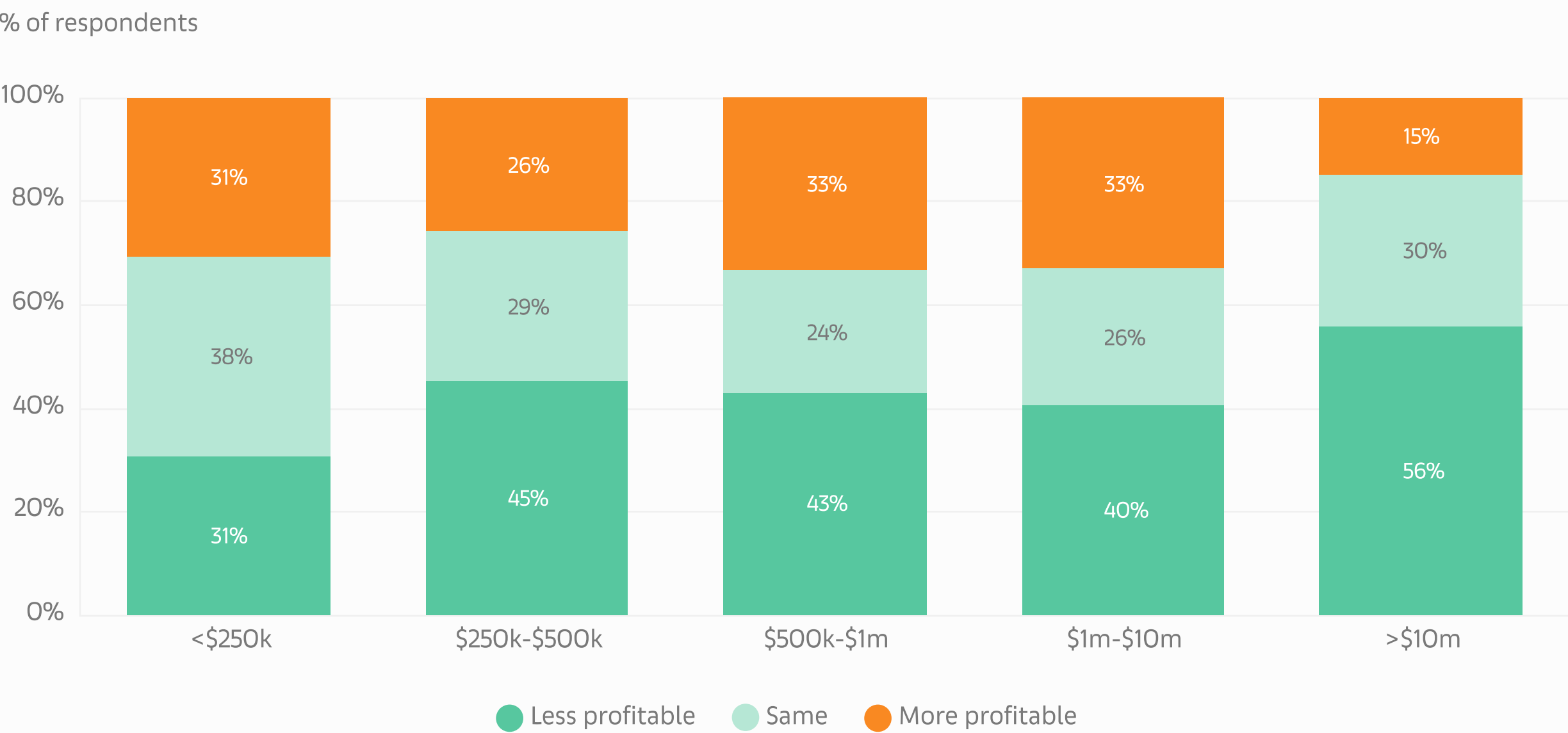


Figure 2.20 Change in Dealer Profitability in 2023 versus 2022

a) All Dealers



b) By Dealer Turnover



Although there was evidence of businesses expanding and developing, there were equally many comments in the survey about others struggling to break even, describing their post-COVID experience as ‘barely hanging on’ and difficult to survive as their costs rose substantially.

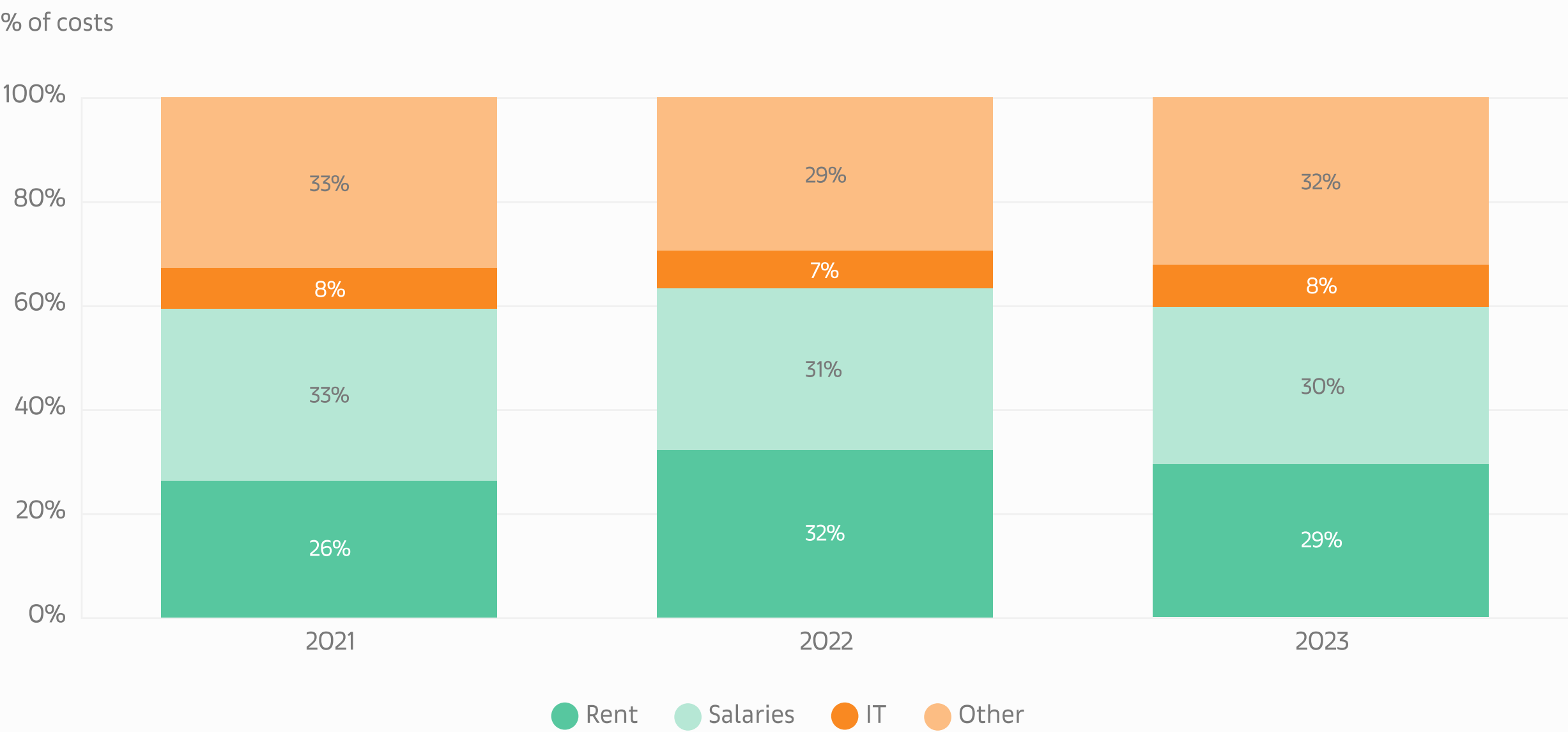
‘A feeling of uncertainty seems to affect the sales and the decision-making of private buyers, and the overall mood being anxious affects the business. The environment has been challenging since the pandemic in terms of selling works, and the rising costs are making it very difficult to survive.’

Others noted that their businesses were maintained over time from not solely focusing on profit.

‘If we didn't run the gallery out of so-called idealistic motives, I wouldn't be able to preserve it. I don't make a profit, I just cover the operating costs. Any profit goes to my artists.’

Although the cost base for many dealers rose considerably over the last two years, the largest two elements remained payroll and rent or mortgage payments. These accounted for close to 60% of the operating business costs in 2023, with salaries a marginally larger element at 30%.²⁵ Both components slightly reduced their share in 2023, making way for

Figure 2.21 Breakdown of Dealer Operating Costs 2021–2023



©Arts Economics (2024)

²⁵ These shares include some responses that reported a nil share for salaries, presumably including sole traders, partnerships, or other small businesses that may not have accounted for their remuneration as a salary. Removing these businesses, the share of salaries is higher at 36% with rent 28%, IT 7%, and other 29% in 2023.

91

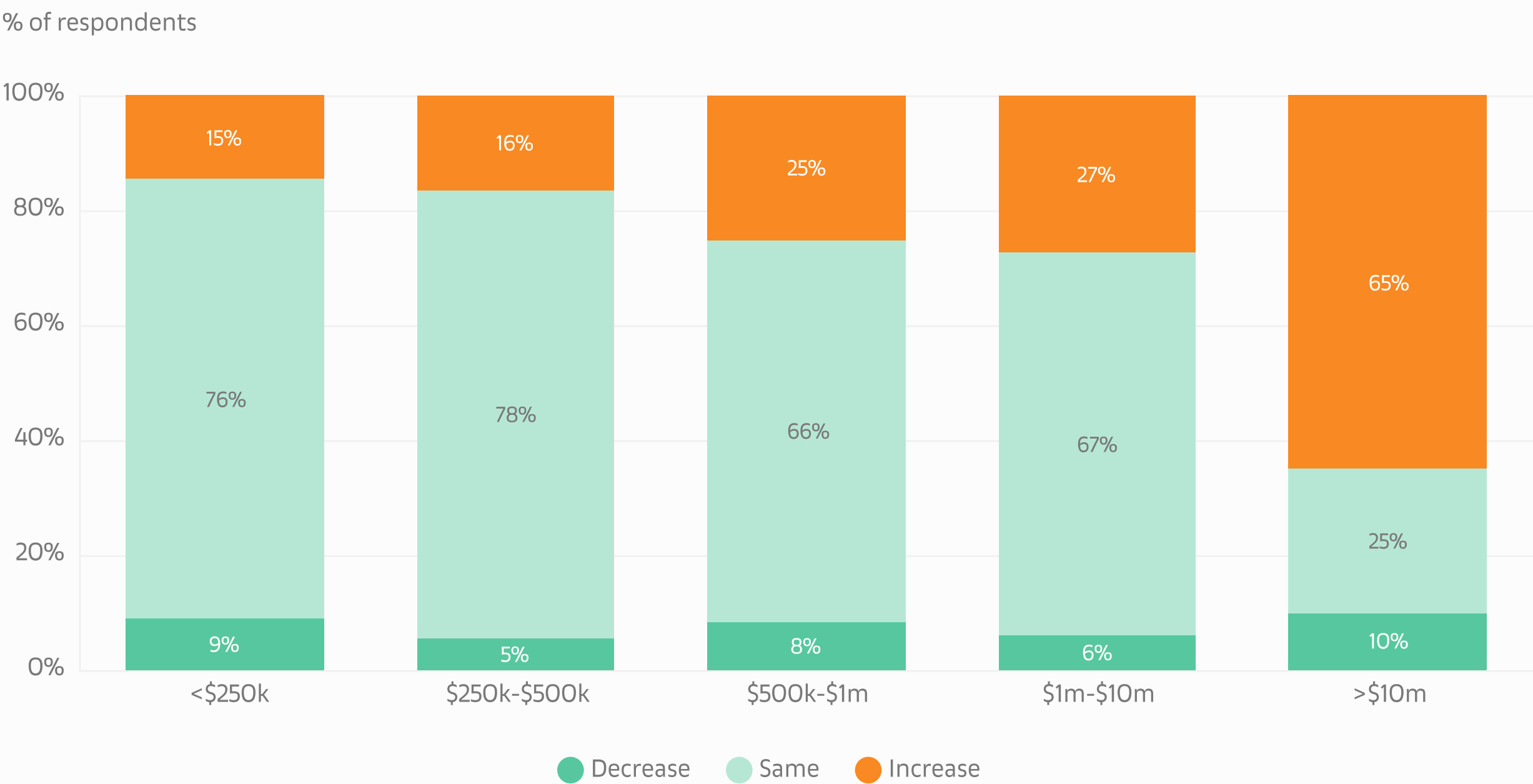
rising costs elsewhere. Costs for IT, software, and digital tools were relatively stable at 8% of the total. Payroll and rent were roughly on par for the majority of dealers (58%), while 27% of those responding reported that wages and salaries made up a larger share of costs. Employment issues have been central in the sector for the last few years as the pandemic brought about layoffs and shifts in staffing. In 2020, 28% of businesses downsized their employment, however, most (59%) stabilized in 2021 and 29% increased their numbers again.²⁶ Employment was also relatively steady in 2022 for the majority (65%) of dealers, with signs of net job creation as 28% increased employees and only 7% declined. A similarly stable picture emerged in 2023:

- 67% of businesses maintained the same level of employees;
- 24% increased employees and by an average of three people; and
- 9% reduced numbers employed by an average of two people.

There were some differences between regions, although in nearly all markets, the largest share of dealers remained stable, and those that gained employment outweighed the portion that lost. As in 2022, the largest businesses were the most likely to have expanded. 65% of respondents in the \$10 million-plus segment took on new full-time, part-time, or contractual hires in 2023, whereas 10% reported losing staff compared to only 3% the previous year. The smallest businesses were again the least likely to increase their employment, with only 15% of those under \$250,000 per annum expanding during the year, although in this and the remaining segments, the majority of dealers maintained stable numbers.

²⁶ Arts Economics (2021) *Resilience in the Dealer Sector, A Mid-Year Review 2021*. Available at: artbase1.com/about/initiatives/the-art-market.

Figure 2.22 Change in Employment by Dealer Turnover Level from 2022 to 2023



©Arts Economics (2024)

Rent and mortgage payments accounted for 29% of dealers’ operating costs on average, slightly lower year-on-year but still above 2021 (26%). While there was evidence of some galleries expanding their physical presence in the last three years, views were mixed as to whether this strategy worked in the current cost environment. Some dealers reported that they had only managed through the pandemic and recovery by minimizing rent and other outgoings.

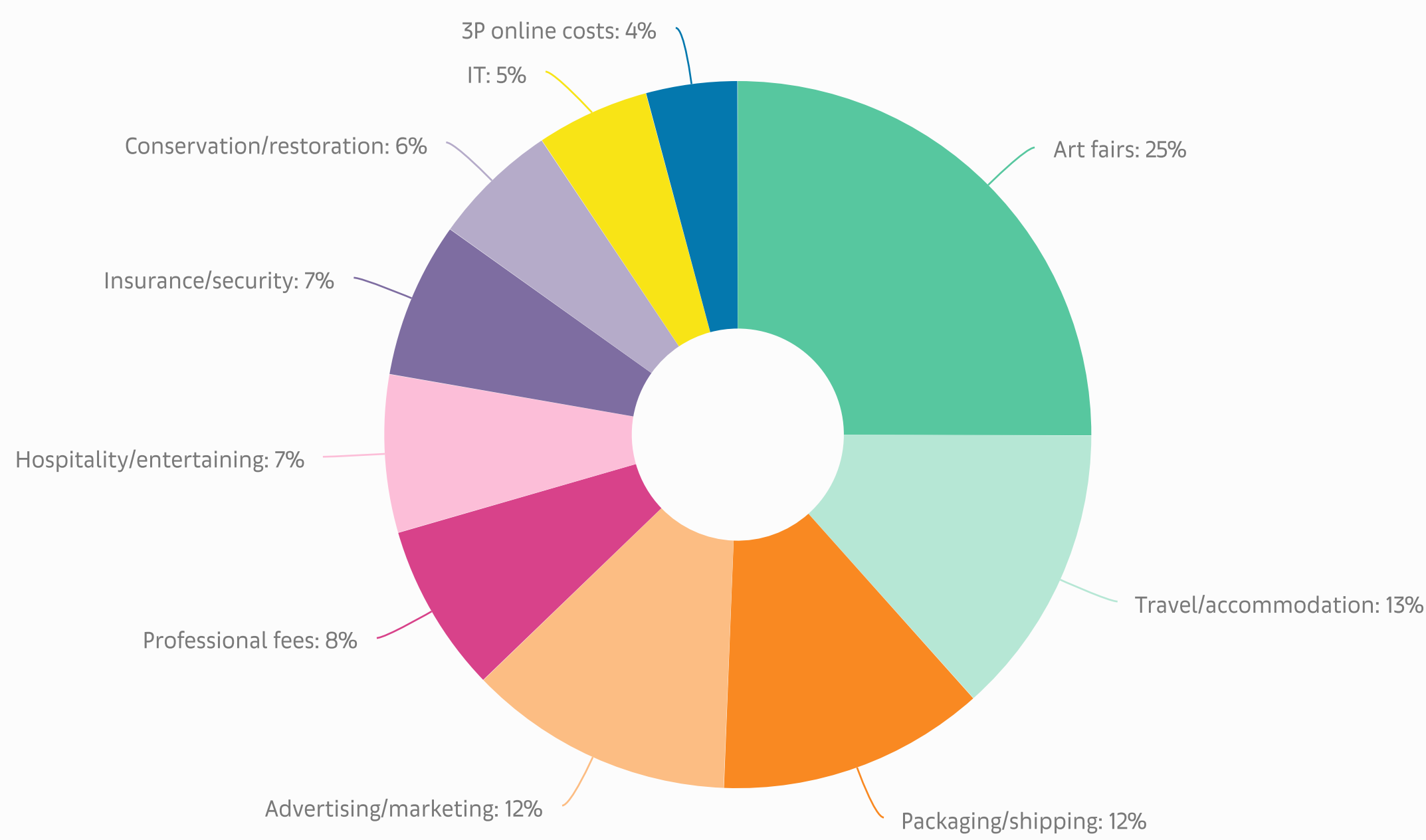
‘We have always kept our overheads relatively low and now that the market has cooled, we are feeling it – but can survive because we run a tight ship. Over the years, we have been scoffed at by the artworld for not expanding. We feel that keeping things close allows for us to continue to be fluid during the lean times.’

However, dealers in some regions were managing less well with rental costs, with some finding it difficult to maintain their bottom line even with good sales and positive media and critical exposure.

‘It has now reached a stage where we are no longer able to pay our rent for 12 out of 12 months, and this is while the sales at fairs are good and both our artists and collectors are satisfied with the general quality offered by the gallery.’

Aside from these key internal operating costs, dealers also spent a significant amount on a variety of external services in 2023. Dealers reported that they spent an average of 27% of their gross sales on a range of goods and services (excluding inventory) purchased or contracted from individuals and companies outside their businesses. As in 2022, the largest component of this external expenditure was on art fairs at 25% (including only booth and exhibition costs), however, this was down by 5% year-on-year from 30% in 2022. Work-related travel and accommodation saw a rise of 2% in share to 13%, and along with hospitality and entertaining accounted for 20% of external spending, with a further 12% associated with packing and shipping. The share of spending on advertising and marketing increased slightly to 12%, while IT (including websites, IT contractors, hardware, software, and fees for online third-party platforms) accounted for a stable 9%.

Figure 2.23 Share of Dealers’ Externally Contracted Expenditure in 2023

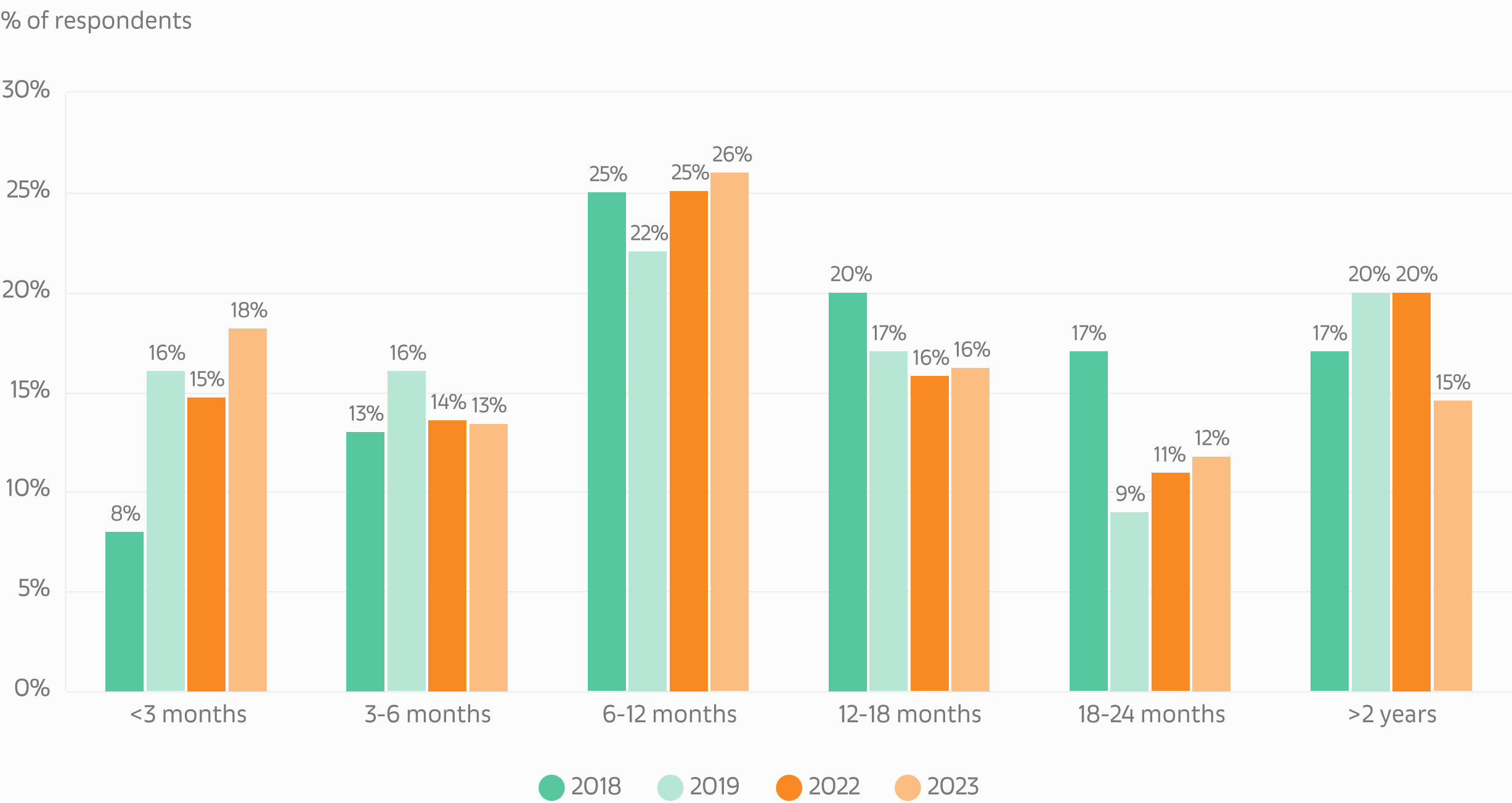


©Arts Economics (2024)

An ongoing issue in the dealer sector, especially in times of rapidly rising costs, is the slow inventory cycle to which many businesses are subject to. The pace of sales can be considerably slower than many other retail sectors, putting dealers under substantial pressure as their fixed operating costs have escalated, alongside the expenses they accrue to produce, promote, and exhibit artists’ works in their galleries, online, at art fairs, and elsewhere. The timing of these costs is often disconnected to the final sale of a work, which can make financing operations difficult during slower sales periods and without easy access to external financing.

Faced with variable and slow sales against a backdrop of fixed and rising costs, many dealers cited 2023 as an intensely difficult year to balance their budgets. The average inventory cycle (the length of time between works entering their inventory to the final sale) across all respondents was 12 months, down by one month year-on-year and on par with 2019. The slightly quicker pace was driven by an increase of 3% in the fastest transactions of less than three months and a significant drop in those taking longer than two years. However, there were increases in the shares of sales taking between six and 24 months versus the last two years.

Figure 2.24 Average Inventory to Sale Cycle, Selected Years 2018–2023



©Arts Economics (2024)

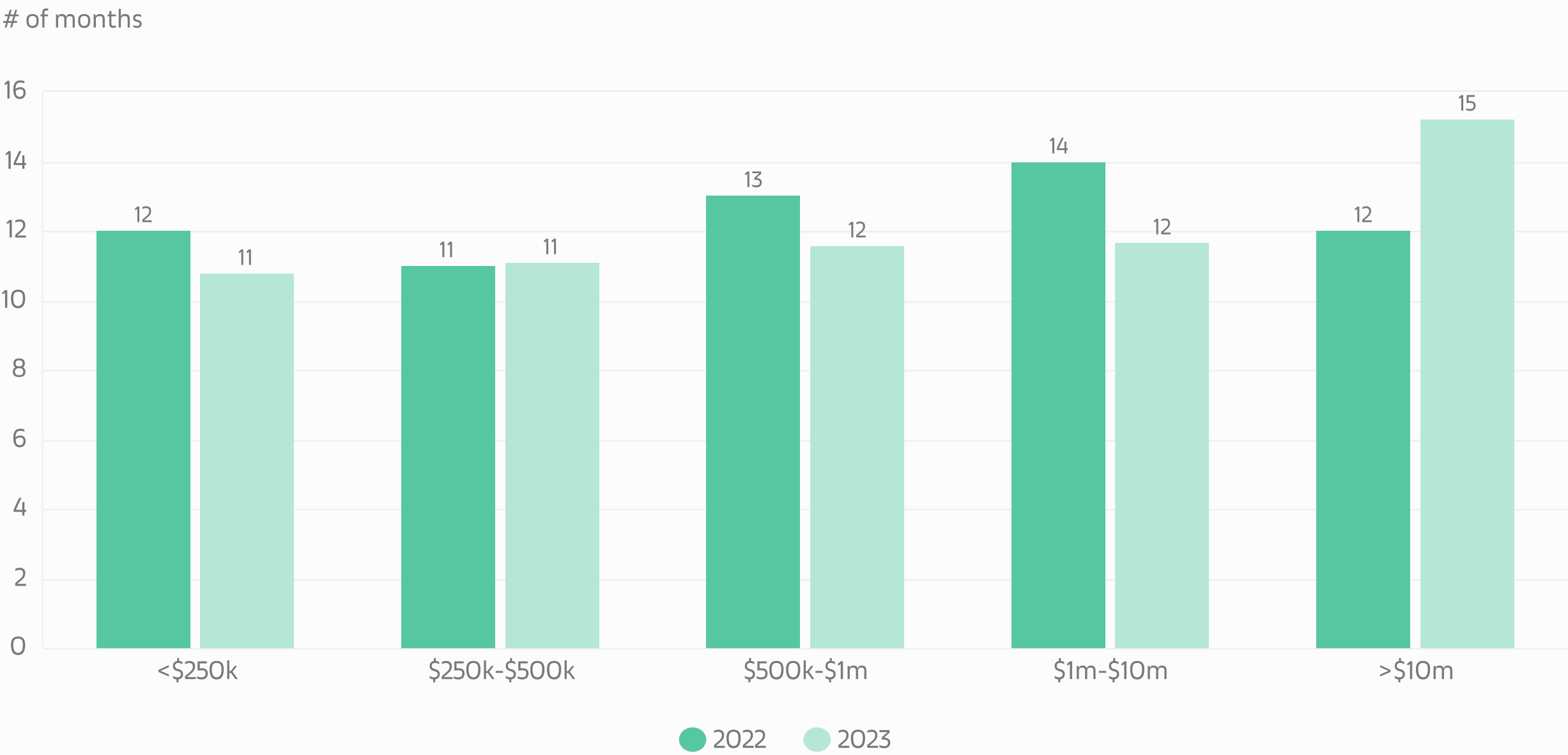
While some dealers reported that it was relatively easy to sell some lower-priced works, this was not the case across all segments, and many commented on the slow pace and lack of urgency at the higher end.

‘We continued to feel a drop in the sense of urgency by collectors and institutions in pulling the trigger and making a purchase in 2023. Transactions take far longer post-COVID than they traditionally used to. There is a lot of indecision. Art fair purchases are slower to come, and often buyers – or would-be buyers – make insulting offers in the last day of a fair or after the fact, thinking that a dealer wants to have a fire sale once a fair is through. There is a great change in clients' patience or desire to understand the business or works of art, and less emotional attachment for them if something does not work out.’

As always, inventory cycles ranged between sectors, with the shortest average reported by dealers working in the primary market (nine months) up to 20 months for those working exclusively in older fine art sectors such as Old Masters. They tended to be slower than average for those operating in decorative art and antiques (14 months), including 16 months for antiquities and ancient art dealers.

Backing up the anecdotal evidence, there was also a notable difference between dealers operating at the higher versus lower ends of the market. Those with turnover of less than \$250,000 saw inventory move slightly more quickly on average in 2023 (11 months) than 2022 (12 months). However, at the highest end, inventory was slower to sell, with the average cycle increasing to 15 months from 12 months in 2022.

Figure 2.25 Average Inventory to Sale Cycle by Dealer Turnover in 2022 versus 2023



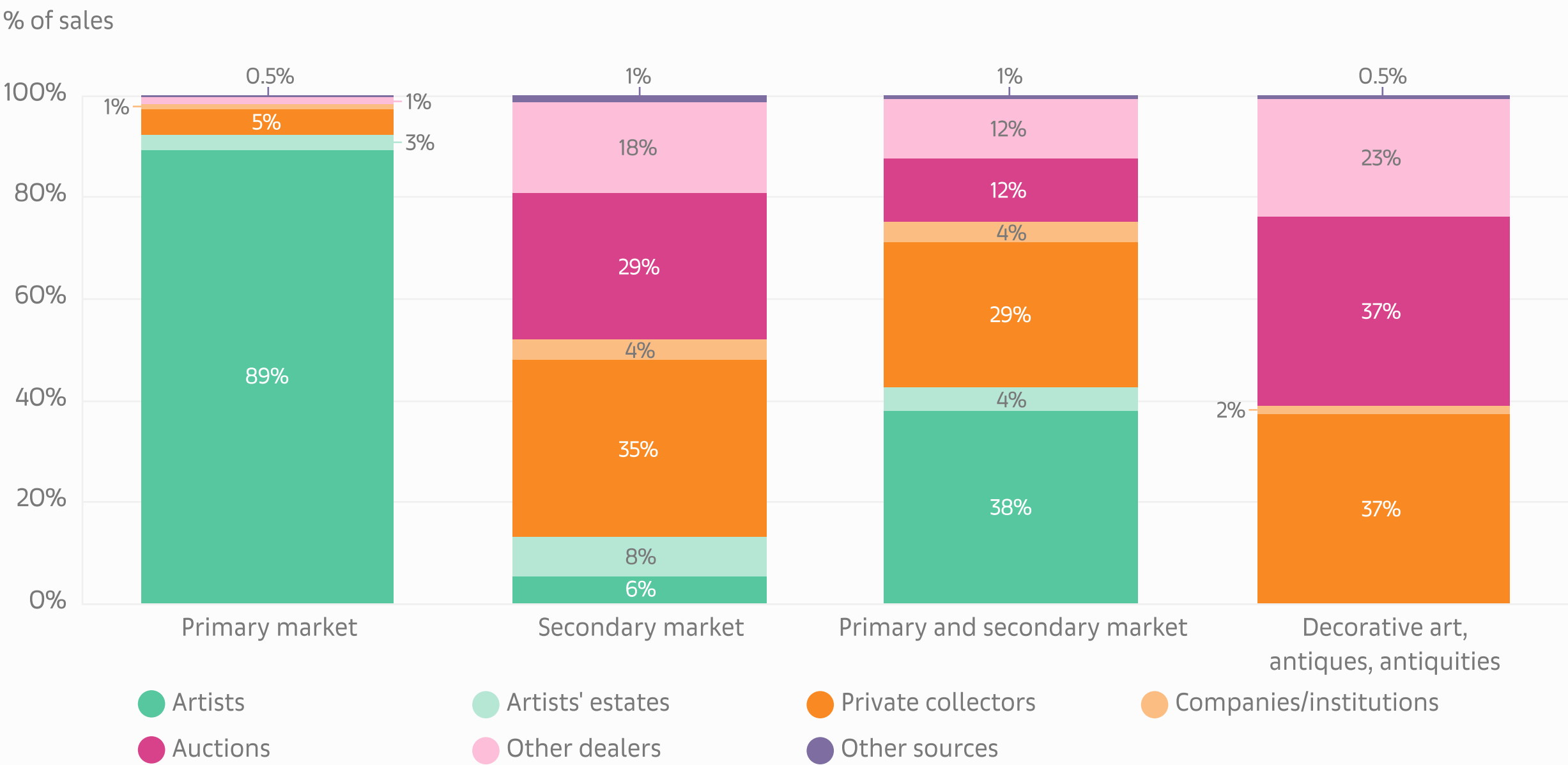
©Arts Economics (2024)

A challenge for dealers even before works enter the inventory cycle is securing supply in the first place, with finding new artists and artworks to meet the current demand of collectors highlighted once again as a key issue in 2023, and ranking slightly ahead of issues related to meeting overheads and fixed costs.

For dealers operating in the primary market, as in 2022, most of their sales came from works of art sourced directly from artists, comprising 89% of the value of their sales, with 3% from artists’ estates, and the remainder from private sources or other dealers. Those in the secondary market sourced just over one third of their sales by value from private collections, although this decreased from 49% in 2022, with the shift towards more trade sourcing, with 47% from auctions or other dealers in 2023. Auctions were also a key source for non-fine art dealers, with works purchased at auction accounting for 37% of the sales made in 2023, with a further 23% from other dealers, nearly double the share of 2022. Some dealers in these sectors and older sectors of the fine art auction market noted that as supply is so limited, they can face immense difficulties when the auction market is not as buoyant, and vendors are less likely than normal to bring works and objects to market for sale.

‘Although we have positioned ourselves perfectly in the small pond in our sector, it unfortunately feels like the pond is evaporating every second.’

Figure 2.26 Share of Dealer Sales by Inventory Source and Sector in 2023



©Arts Economics (2024)

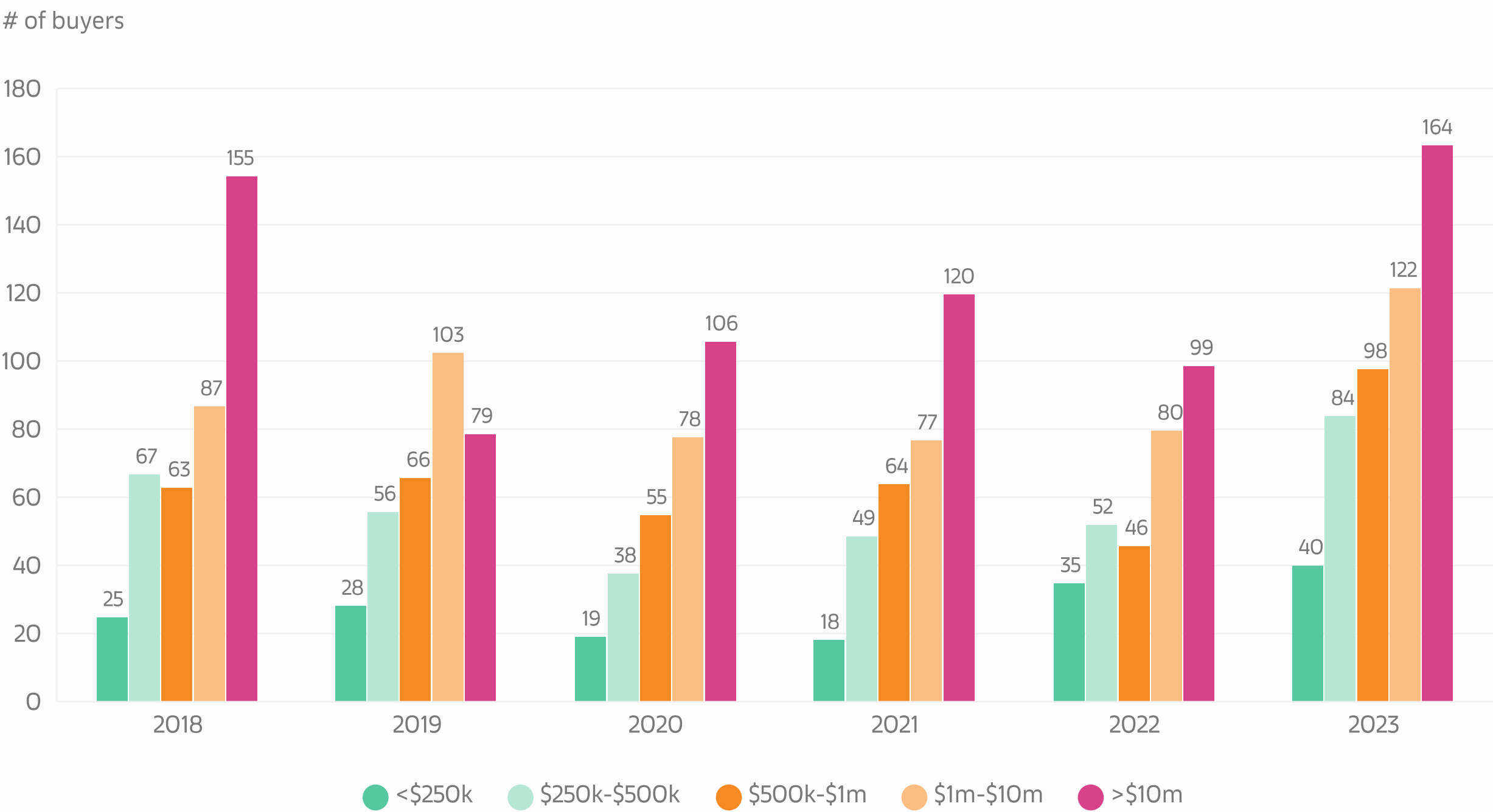
2.5 Buyers

The pandemic limited dealers' opportunities to reach new clients and the average number of individual buyers they sold to declined to 50 in 2021 from 55 in 2020 and 64 in 2019. In 2022, the resumption of art fairs and a more regular schedule of events helped to expand this to 57. In 2023, the buying base widened again to a new high average of 83. This was influenced by some larger businesses that operate across multiple locations, who sold to more than 500 buyers, but the median also increased from 25 in 2022 to 35 in 2023 (although remaining below its 2018 level of 40 buyers).

As in other years, the average number of buyers increased proportionally with the dealers' level of turnover. Dealers with turnover of greater than \$10 million dealt with an average of 164 buyers, the highest level in the last six years. Within this segment, some dealers had deliberately pursued a more focused strategy in 2022, selling the highest-value works to a relatively small group of collectors and cultivating stronger relationships. However, in 2023, the aggregate figures indicated that dealers at all levels may have pursued a more diversified strategy or simply found it more difficult to make larger or repeated sales to the same buyers during the year, and instead made more sales to a larger number of buyers (whether new or from their existing base of clients).



Figure 2.27 Number of Unique Buyers 2019–2023



©Arts Economics (2024)

Regardless of this shift in the number of buyers, dealers, particularly those at the higher end of the market, commented that having a larger number of buyers was often not linked to successful performance:

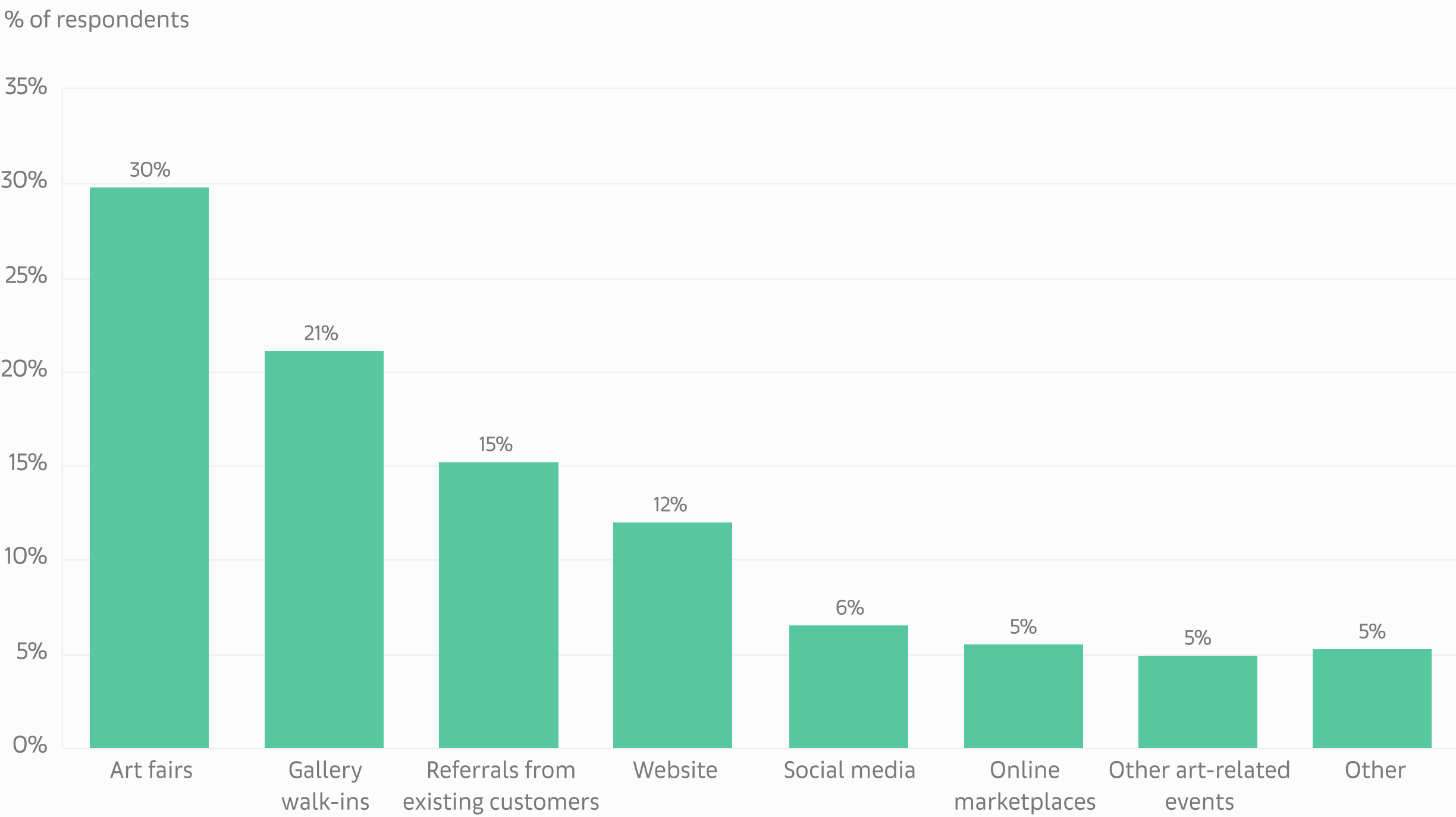
‘Our policy is always to build strong relationships with a small group and convert them to regular collectors. Even at art fairs, we are still selling to regular clients. We might sell to someone new but it’s a one-off and we never see them again. We insist on knowing who our collectors are and that they come to the gallery themselves, and don’t want to simply buy from an image their advisor sends them on their phone. It reduces our risk and ensures that they are serious about collecting.’

However, finding new buyers remained key – whether to cultivate long-term relationships or ensure businesses covered their costs as buying slowed. Many dealers commented on the aging-out of collectors in some sectors and changes in interests causing businesses to close. Others discussed that, although they were still interested in art, many of their buyers simply reached a point of maximum capacity, which necessitated building new relationships, while others went further to describe markets in the US and Europe as *‘fundamentally saturated’* and particularly lacking in next-generation collectors in some sectors.

Dealers were asked to report their greatest source of new buyers in 2023, with art fairs the most popular choice (30%), followed by walk-ins at the gallery (21%), underlining the importance of in-person viewing and communications for making sales. Social media and online marketplaces were ranked relatively low at 6% and 5% respectively, while sources listed under ‘other’ included direct advertising campaigns, working with consultants and advisors, and other forms of direct and personal outreach.

There were variations between different regions, with major markets such as the UK, US, and France all reporting art fairs as the biggest source, along with almost 60% of dealers from Brazil. However, in some parts of Asia, including Mainland China and Hong Kong, gallery walk-ins, the gallery’s website, and referrals were more popular sources than fairs.

Figure 2.28 Share of Dealer Sales by Inventory Source and Sector in 2023



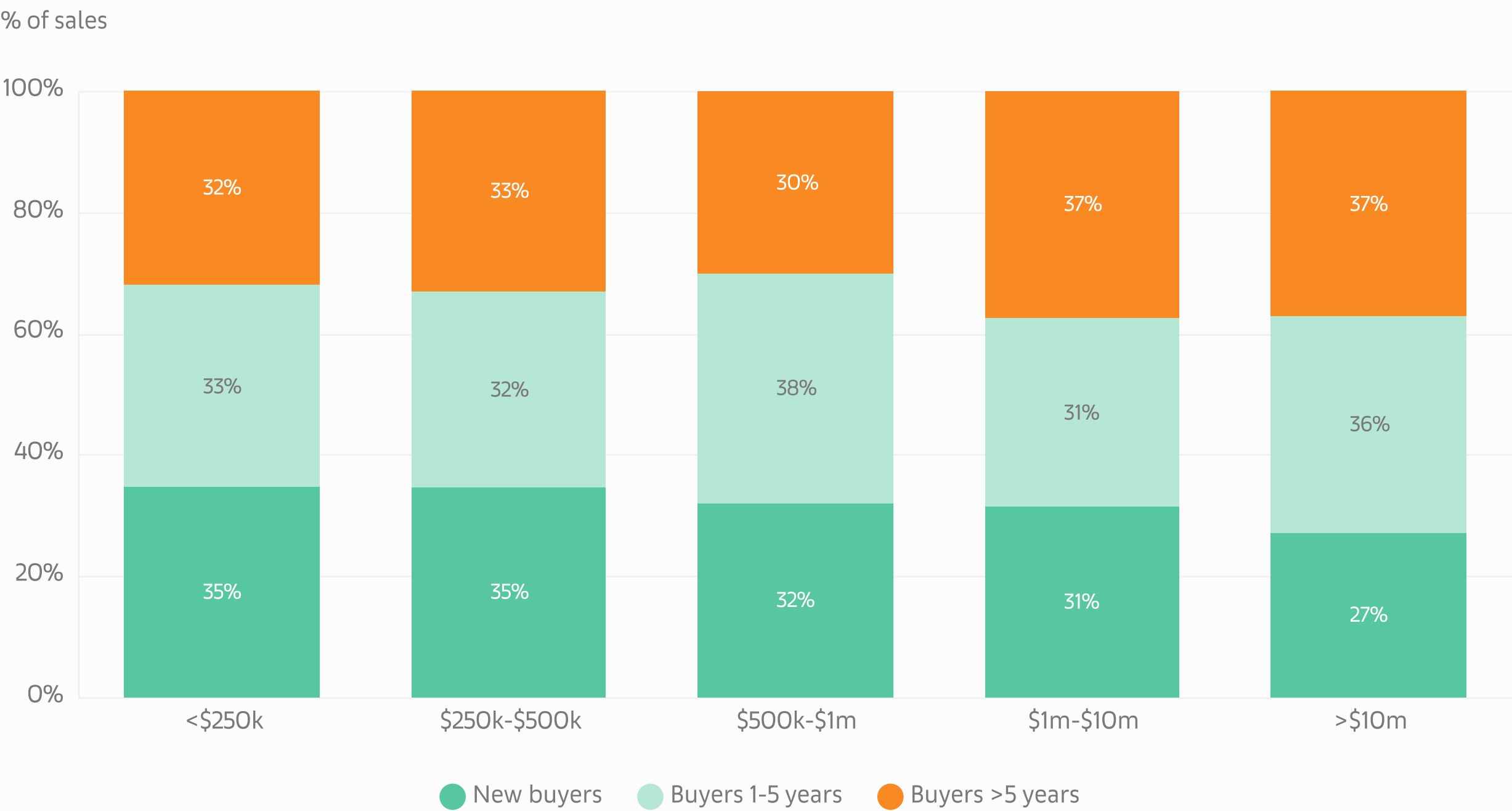
©Arts Economics (2024)

The sales made by dealers during the year were evenly divided between those to their existing base of medium and long-term clients and new buyers. Dealers reported that of their sales in 2023:

- 33% went to new buyers that were buying from them for the first time in 2023 (down by 2% on 2022);
- 33% were buyers they had dealt with for one to five years (up from 30% in 2022); and
- 34% were buyers they had dealt with for more than five years (down by 3%).

As in previous years, it was smaller dealers that tended to have the highest share of sales to new buyers, accounting for 35% of sales for those with turnover of less than \$250,000, the highest proportion of all segments but down by 8% year-on-year. The share of sales to new buyers at the highest end also decreased by 5% to 27%, their second year of decline (from 36% in 2021). As noted in previous reports, a higher share of sales to new buyers for some businesses can be due to difficulties in sustaining repeat business and converting one-off sales into longer-term collectors.

Figure 2.29 Share of Dealer Sales to Buyer Groups by Purchase History in 2023

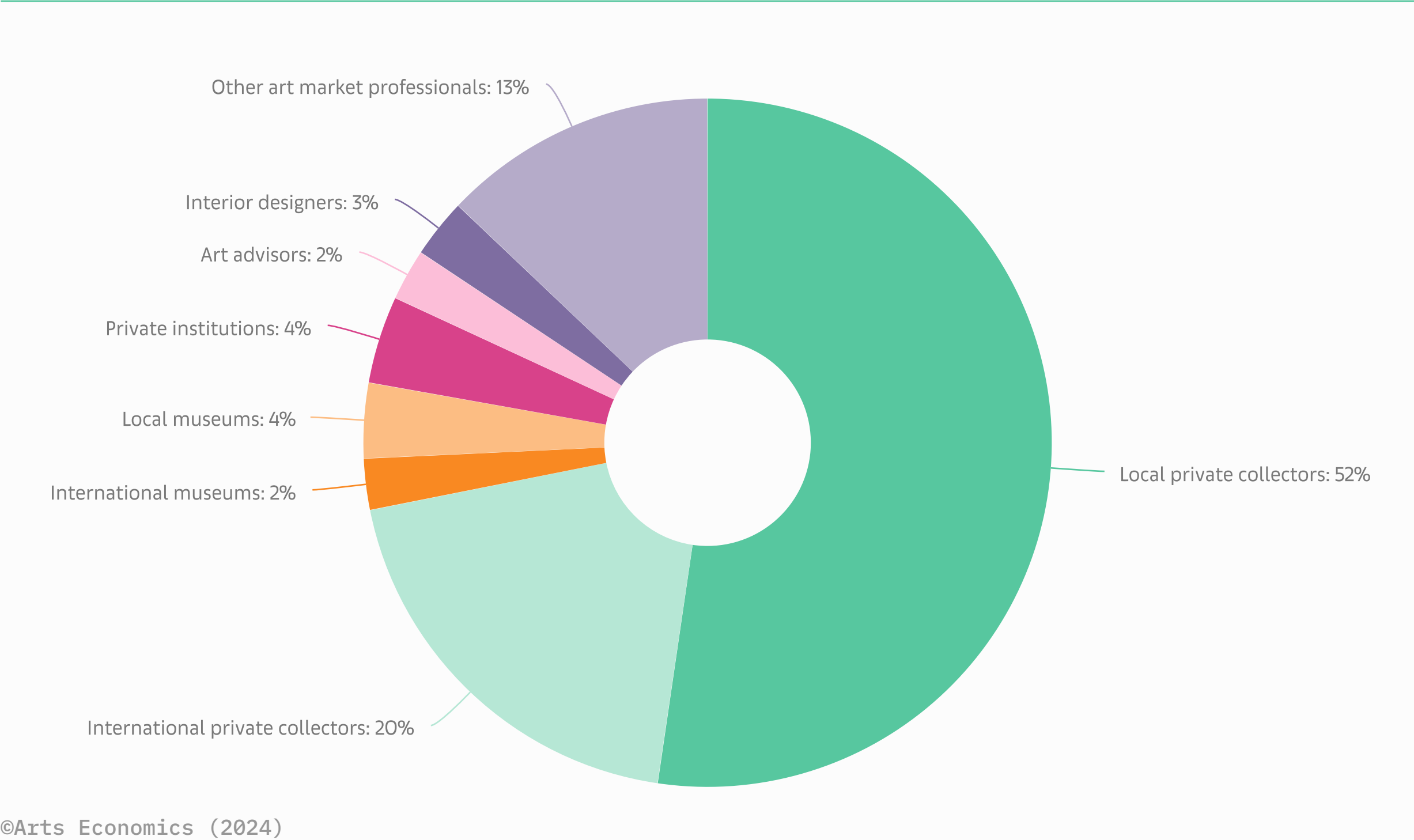


©Arts Economics (2024)

Most sales by value continued to be to private collectors, which accounted for a stable 72% year-on-year, with a slightly higher share of 52% to local or national private collectors versus 20% to those from outside their region. Another 5% were made to interior designers and art advisors (both predominantly working for private clients), implying that 77% of the value of sales made by dealers were to, or on behalf of, private individuals.²⁶

Sales to other members of the art trade increased slightly for the second year to 13%, and was up significantly from only 4% in 2021. This was due in part to a higher share of dealers in the antiques and decorative art sectors (from 11% in 2021 to 18% in 2022 and 2023). These dealers made 10% of their sales to trade buyers for this segment in 2023 versus only 2% for those working in the primary market, where 78% of sales were to private collectors. The shares of sales to both museums and private institutions were stable year-on-year.

Figure 2.30 Share of Dealer Sales by Buyer Type in 2023



²⁶ As noted in previous years, the 2% of sales made to art advisors may understate their role in sales, as some collectors work with advisors prior to a sale, researching the market and sourcing works from galleries before making a final purchase directly from a dealer.

103

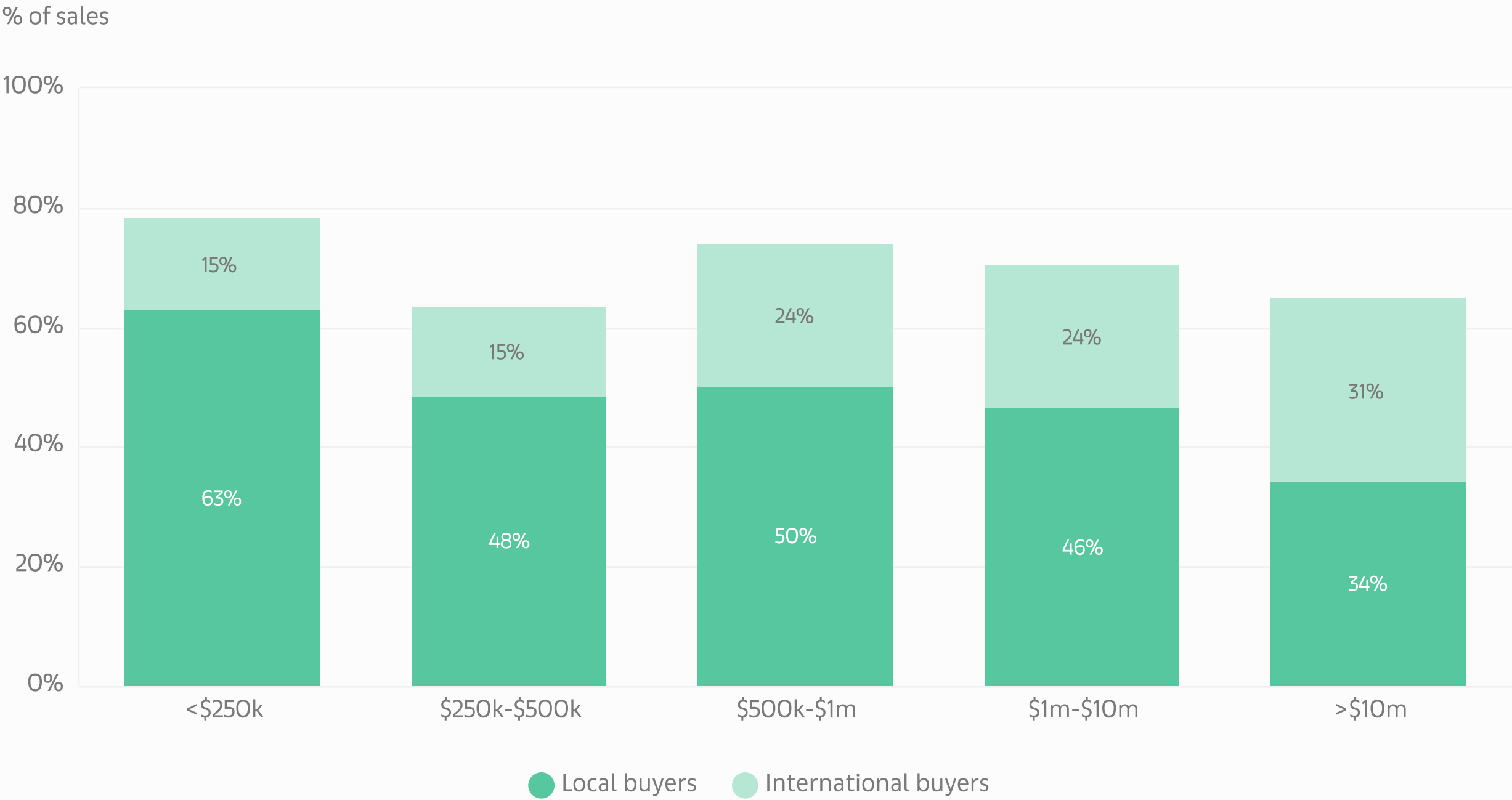
Private collectors made up the majority share of sales for dealers at all levels, although this ranged from a high of 78% for those with turnover of less than \$250,000 to 63% for their next-largest peers in the \$250,000 to \$500,000 range, who had a higher portion to other trade professionals. The largest dealers at the \$10 million-plus level had a relatively lower share at 65% due to a greater proportion of sales having been made to museums and private institutions.

As in 2022, the share of sales to local buyers tended to decline as turnover rose. Local private collectors accounted for the majority for all segments, but this ranged from over 80% of the buyers for those with turnover of less than \$250,000 to just over half (52%) for businesses turning over more than \$10 million. Sales to local museums consistently outweighed those to overseas institutions in all segments and the largest dealers had the highest share to museums overall at 8%, down from 11% in 2022.

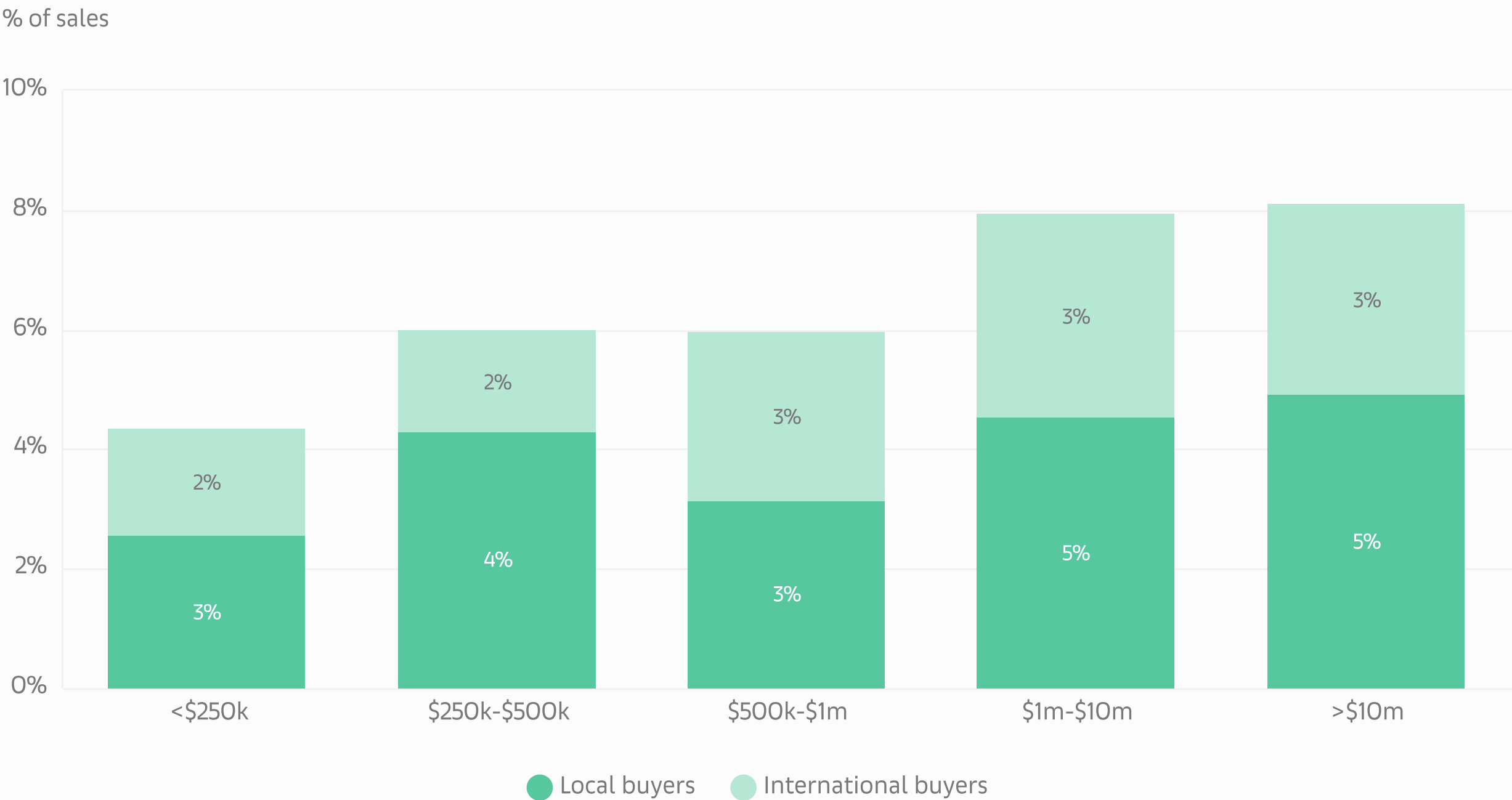


Figure 2.31 Share of Sales to Local and International Buyers by Dealer Turnover in 2023

a) Private Collectors



b) Museums



When asked in more detail about where their buyers were from in 2023, it was clear that larger dealers tended to have greater international reach than their local peers, as might be expected. In the largest market of the US for example, the majority of sales were to buyers in North America for all dealers, however, this ranged from 59% for those at the highest \$10 million-plus level versus 90% for smaller dealers with turnover of less than \$250,000. While local sales dominated in most markets, there were some exceptions, including the UK where, as in 2022, dealers tended to have a much more international focus. British dealers reported that 41% of their sales were to UK-based buyers, with a further 21% to the US and 23% to the EU. For those turning over less than \$500,000, UK buyers accounted for the majority (60%), but as the size of their turnover expanded, the share dropped considerably, with those turning over more than \$10 million only making 29% of their sales to local UK buyers.

2.6 Sales Channels and Art Fairs

As dealers recovered from the impact of the pandemic, there has been a close focus not only on the level of sales but also the changing ways in which they are being made. Prior to the upheaval of the pandemic and for the last 40 years, art fairs had become increasingly central to the market, with a rapid expansion in the number of events held around the world as well as the share of dealers' annual sales accruing to them. Along with the benefits, however, the growth of art fairs came with high costs for dealers, both in terms of their direct financial outlays and opportunity costs, putting significant pressure particularly on smaller and mid-sized businesses. Debates around art fairs have continued regarding the suitability of the art fair booth context for exhibitions as well as the environmental sustainability of these and other global events in the increasingly dense art market calendar.

The cancellation of the majority of events in 2020 saw the share of art fair sales decline substantially, with digital sales partially compensating and again making the role of different channels one of the market's most debated topics. The share increased again in 2021 and 2022 as a more normal schedule of events gradually resumed, however, there was already evidence of more permanent changes in the market. In 2023, these changes continued, with the difficult political and economic context creating a challenging environment for events and exhibitions. The share reported by dealers on their sales via various channels in 2023 are set out in Figure 2.32, based on the following categories:

- *Gallery sales* (transactions that were from or facilitated by an in-person visit to their gallery or premises);
- *Online-only gallery sales* (sales carried out online-only without viewing in person through their website, social media channels, OVR, or email);
- *Overseas fairs* (sales made at or directly connected to in-person art fairs outside of their primary country of business);
- *Local fairs* (sales made at or directly connected to in-person art fairs within their primary country of business);
- *Online art fairs* (sales carried out or originating from a fair's OVR or other online fair platform without any physical viewing);
- *Other third-party online sales* (sales carried out entirely online facilitated by a third-party or '3P' company or platform, other than an art fair); and
- *Other* (sales carried out through any other means).

As in the previous two years, transactions carried out in the gallery or dealers' premises still made up the largest share of sales by value at 44%, down slightly on 2021 and 2022 (both at 47%). However, in 2023, dealers also made a greater proportion of direct sales through their websites and other digital channels, rising from 12% in 2022 to 20% in 2023.

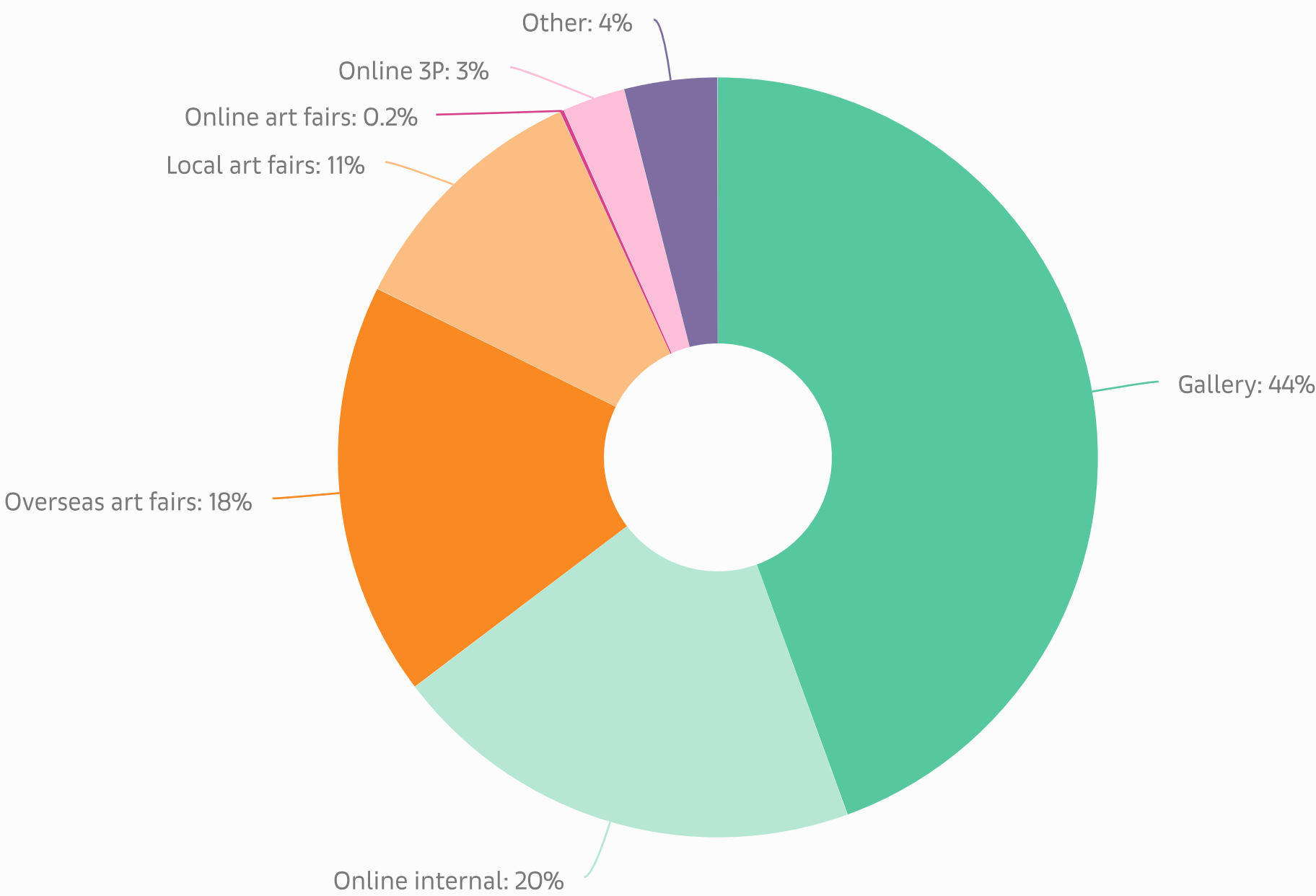
Fairs lost share year-on-year, with sales from live events falling from 35% to 29%, although remaining higher than in 2021 (27%) and 2020 (13%). The share of fair sales in any of these intervening years has still not reached the same level reported by dealers in 2019, when live events accounted for 42% of sales, exceeding those taking place at galleries that year. The share of sales at both local and overseas fairs fell in 2023, with the biggest drop in the latter of 4%.

Bridging the gap in fair sales over the last few years, online sales saw a dramatic rise from just 12% in 2019 to 30% in 2020 (or 39% including art fair OVRs). This share moderated over 2021 and 2022 as dealers and collectors enthusiastically reengaged in events and in-person exhibitions, falling to just 16% in 2022. However, strongly indicating the new dual off and online reality of operations for many businesses, these settled at a higher 23% in 2023, with most being made through a gallery's own platforms. (Online sales are discussed in more detail in Section 2.8.)

It is important to note that some shifts were due to changes in the sample year to year. In 2023, the number of respondents (at 1,600) was higher than other years, with some of the increase due to a widened distribution by region, which may include dealers who are not as active at fairs. Although this has some impact on comparability over time, the shares in Figure 2.32 are weighted by dealer turnover and therefore capture the general movements in the industry and are more representative as the survey expands. The figures also resonate with qualitative research in the sector, which revealed that while dealers had significantly reengaged in fairs and other offline exhibitions, many were also maintaining their digital sales strategies, having made substantial investments and improvements in many cases, which have generated positive returns. Overall, considering the period from 2019, before the pandemic, to the present, there has been significant fluctuations in the way sales are made, but the biggest gain in share has in fact been the shift back to a gallery's own direct sales: including sales made online or offline and in-person, these have risen from 48% to 64%.

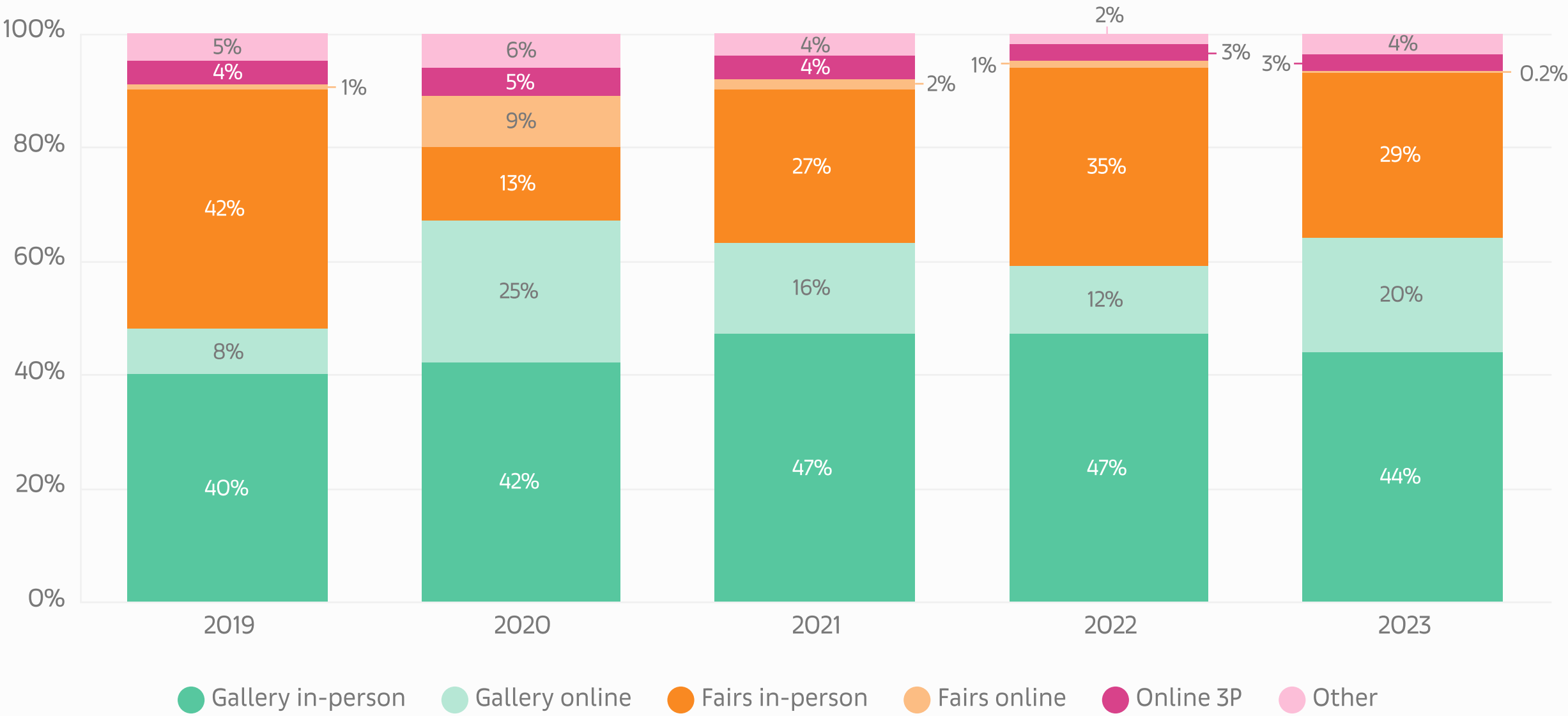
Figure 2.32 Share of Dealer Sales by Value by Sales Channel

a) In 2023



b) 2019–2023

% of sales

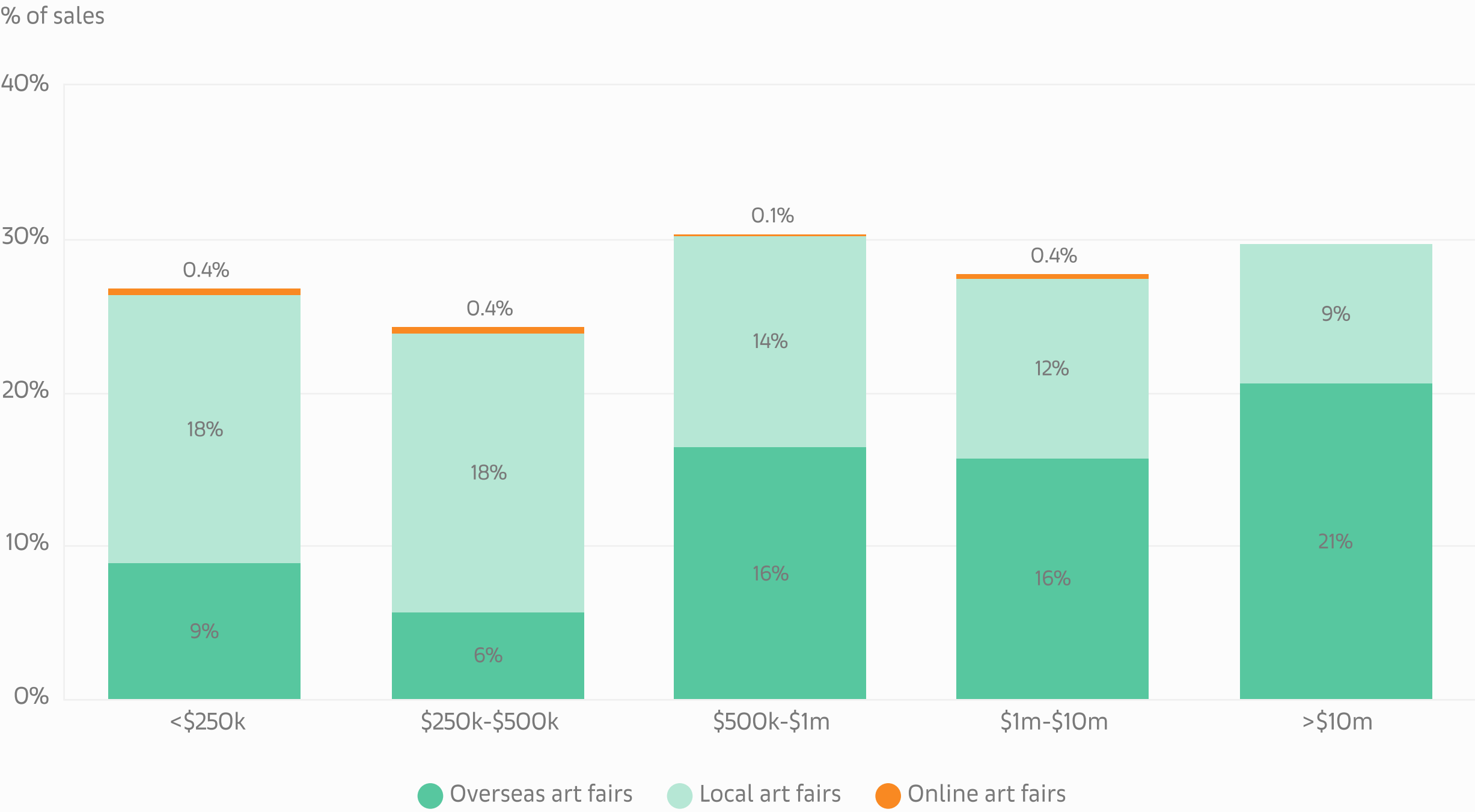


In previous years, the highest share of sales reported at art fairs was for the largest dealers. While this was still the case in 2023, the margin was narrower than before. Dealers turning over more than \$10 million averaged a share of 30% from live events, down by 10% year-on-year, and with the majority (70%) being sales at international fairs. The share in 2023 was just more than double the pandemic low in 2020 of 13% in this segment, and on par with the levels reported in 2021 (also 30% of total sales). The share of fair sales dropped for dealers in the smaller segments, while those in the middle to upper tiers of \$500,000 up to \$10 million were more stable year-on-year. All segments reported a lower share than in pre-pandemic 2019.

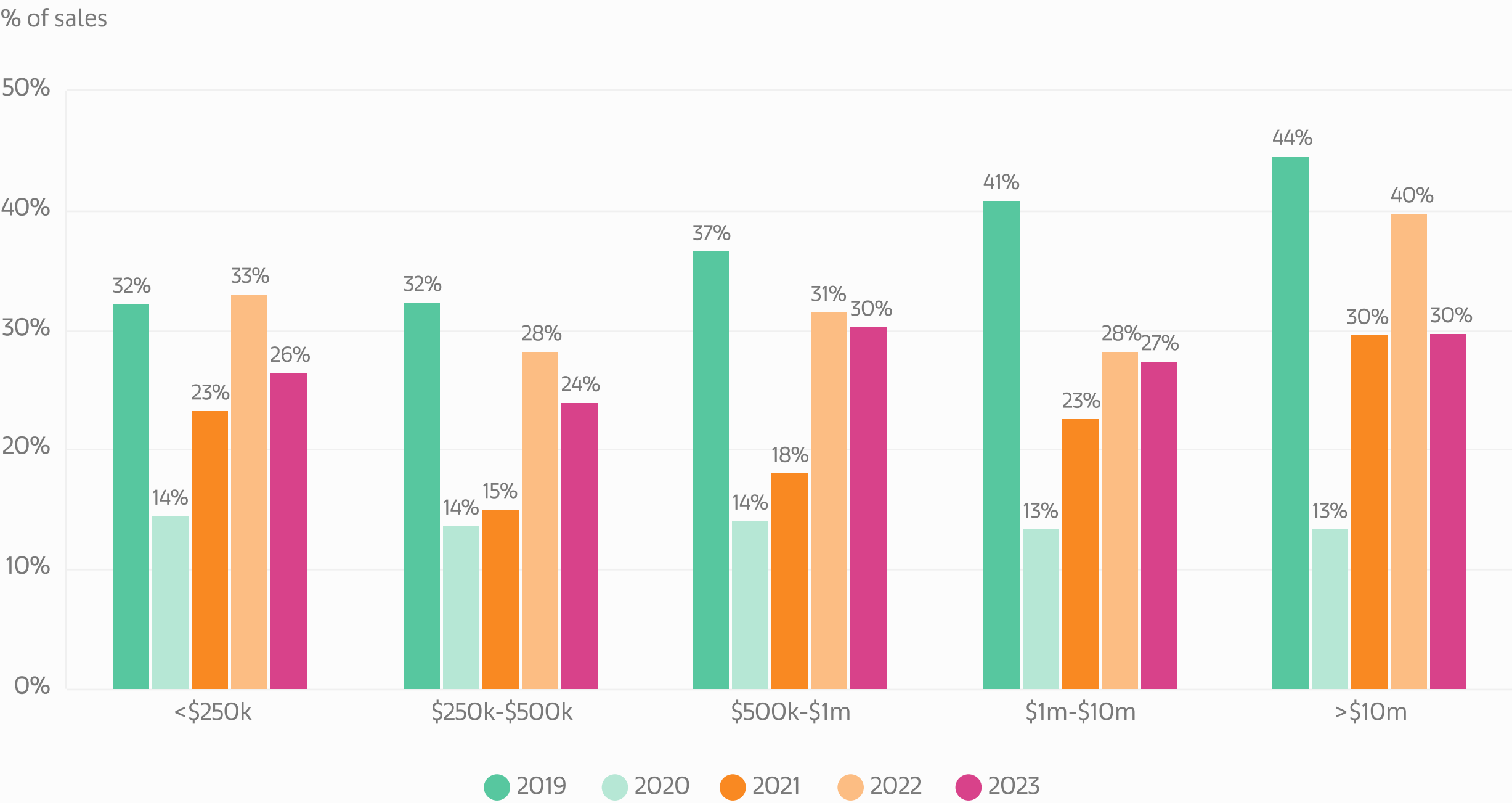


Figure 2.33 Share of Art Fair Sales from Total Sales by Dealer Turnover Segment

a) Fair Sales in 2023



b) In-Person Events Only 2019–2023



©Arts Economics (2024)

Another issue in trying to track fair sales over time is the definition of what constitutes a sale at a fair. Apart from the transactions that occur at the events themselves, there are many sales agreed or provisionally agreed before the event. Dealers send previews of their booths and other advance information about their forthcoming exhibitions to key clients before the fair to allow them time to review and consider a potential purchase or discuss it with relevant stakeholders or departments in the case of institutions, making a final decision at the fair when they are able to view it in person.

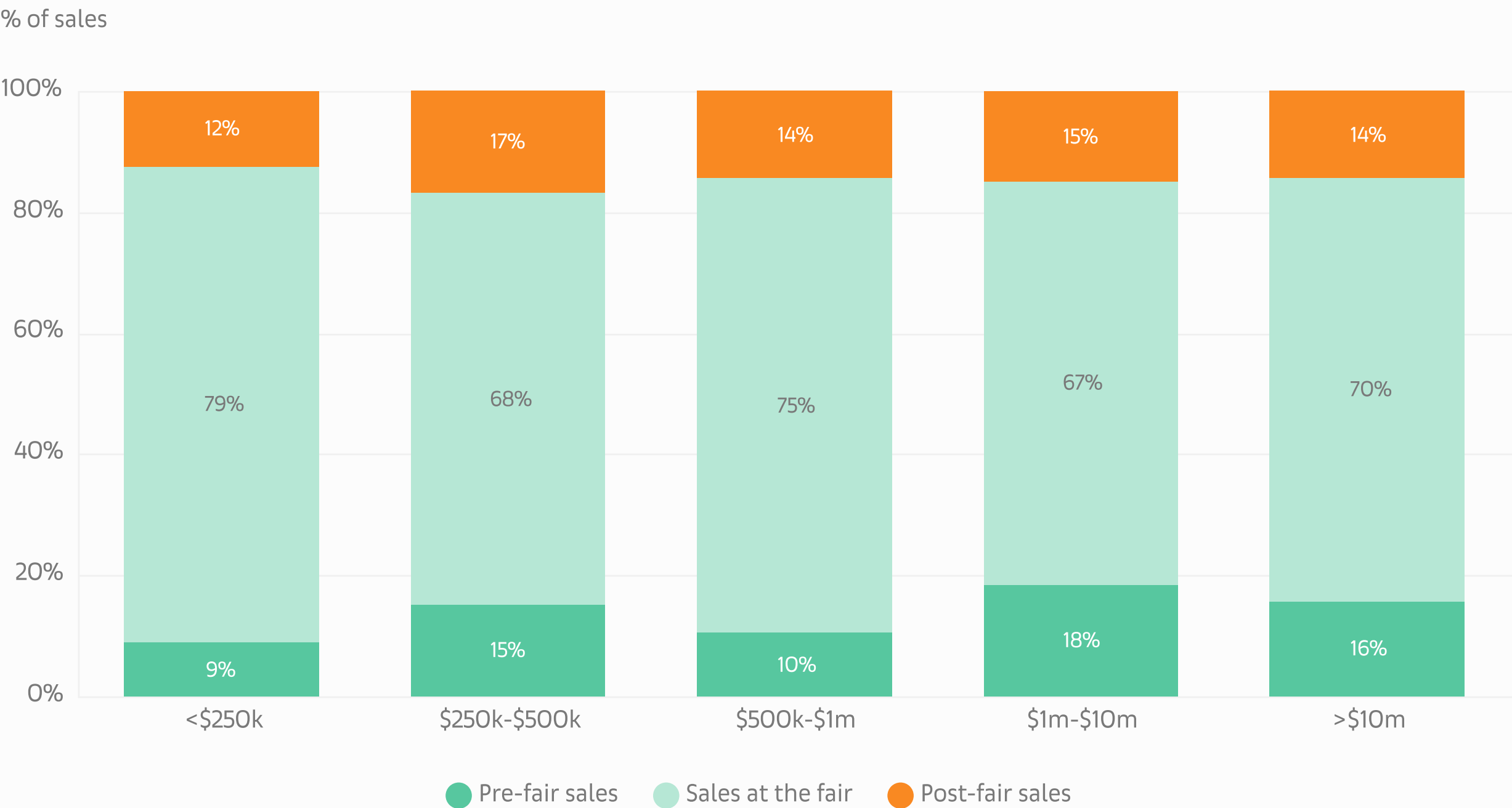
Art fairs also play a key role in sales occurring after the event, because of contact at the event with new and existing clients. These transactions include works exhibited at the fair or alternative works by an artist that was exhibited at the fair that a collector was introduced to or interested in (and the sale would not have otherwise taken place without exhibiting at the fair).

According to the dealers surveyed who made sales at fairs in 2023:

- The share of art fair presales was 14%, on par with 2022, and similar to 2019 at 15%;
- The share of post-fair sales was 15%, up marginally by 1% on 2022, but having fallen from 21% in 2019; and
- The majority of art fair sales at 71% took place or were finalized at the fair itself.

While dealers in all segments reported that the majority of sales were conducted at the events, it was notable that, as in 2022, presales were somewhat more important for larger dealers than their smaller peers and exceeded those made after an event for those turning over more than \$1 million. Some dealers at higher turnover levels commented that many sales made at fairs were to regular clients, using the event as an important opportunity to connect with the dealer in person, view the works, and make their final decisions and commitments. Smaller dealers, on the other hand, were more likely to comment on the opportunities art fairs offered them for reaching new buyers and the business that this generated for them after the event.

Figure 2.34 Art Fair Sales Share Pre, Post, and During Events by Dealer Turnover in 2023



©Arts Economics (2024)

While noting these issues of defining fair sales as well as changes in the sample, estimates for fair sales based on the reported data from previous surveys indicated they could have accounted for up to \$16.6 billion in 2019. Given the turnover-weighted shares outlined above, the total sales attributable to fairs in 2023 (before, during, and after events) would not have surpassed a maximum of \$9.6 billion.

Dealers had many comments on their experiences at fairs in 2023, often relaying the difficulties they faced covering the costs of attending and exhibiting. The majority of comments were about escalating costs, and while some noted that the events were still profitable in 2023, many others remarked on their inability to generate any significant profits as sales had slowed at certain events. Some dealers felt that, rather than issues related directly to fairs, the general context had made these events less conducive to sales in 2023. Some also commented that art fairs only worked for them in buoyant markets in terms of balancing the costs and revenues.

‘The politically and economically difficult situation (with wars, inflation, epidemics, etc.) caused a certain culturally abstinent behavior, especially with regard to spontaneous purchasing decisions at fairs as well as in the gallery.’

‘Something is not working as well at fairs as in pre-COVID times. For now, our experiences have been losses or breaking even. Pre-COVID, it was easier to make triple of one’s costs.’

‘Stands are more and more expensive, institutions are less and less present, collectors are more and more demanding in terms of commercial discounts.’

‘Art fairs will have to reinvent themselves and think carefully about how they will transform into a more balanced business. Collectors are tired of it and gallerists are really overwhelmed and over budget. We recognize how important it is to do art fairs – it is still an important place for doing business, but they need a lot of rethinking.’

‘The art fairs we participated in in 2023 were crushing in terms of sales, though we received high praise and press on the presentation we made and the works and artists shown.’

Others reflected on the content of art fairs and the suitability of these events for developing their exhibition programs. Some noted that as the market slowed, it became riskier to exhibit works that were more challenging and could not guarantee a sale, making some events *‘safer and less exciting’* in 2023. Some dealers also reported that in the less buoyant environment, they had needed to be more strategic and financially minded, thinking about what people wanted and what would sell in order to create commercially successful exhibitions, and that some of their peers had suffered as they were *‘not operating as business people, and therefore doomed to only do well in bull markets’*.

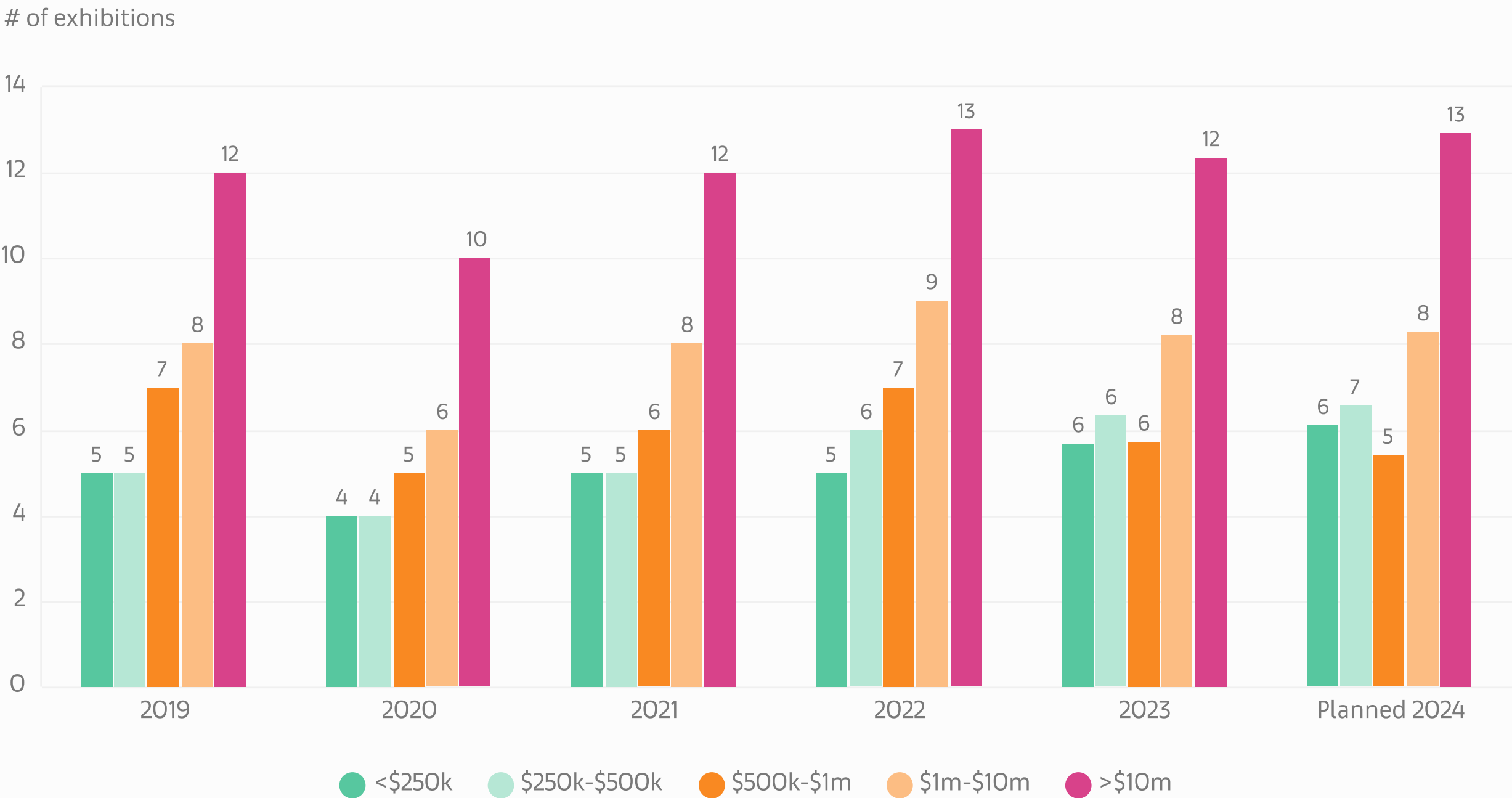
Dealers noted the difficulties they faced in trying to plan to meet rapidly changing demands as tastes shifted more quickly and collectors cycled through popular artists at a more rapid pace:

‘We have noticed a rapid change in what the market demands. The construction of a booth at an art fair is done with a lot of time in advance. The result in terms of choices does not always correspond to what it turns out that the market wants, making it more risky. Everything is faster and, often, chance determines the results.’

2.7 Exhibitions and Fairs

The changing pattern of sales has also been influenced by differences in the number of gallery exhibitions and art fairs dealers have engaged in over the last few years. Lockdowns and restrictions in place during the pandemic in 2020 and 2021 created a drop in events and this was followed by a strong bounce-back in 2022. In 2019, prior to the pandemic, dealers reported that they held an average of seven exhibitions in their galleries, ranging from five for those with turnover of less than \$250,000 to 12 for the \$10 million-plus segment. This fell to five in 2020, but recovered marginally in 2021 (to six) and had reverted to their pre-pandemic level by 2022, where it plateaued in 2023. Looking ahead, dealers were also expecting to do a relatively stable number of exhibitions in 2024. The boost in the share of gallery sales has therefore been through some restoration of pre-pandemic schedules, but not by galleries having increased the number of exhibitions they held.

Figure 2.35 Average Number of Gallery Exhibitions by Level of Turnover 2019–2024



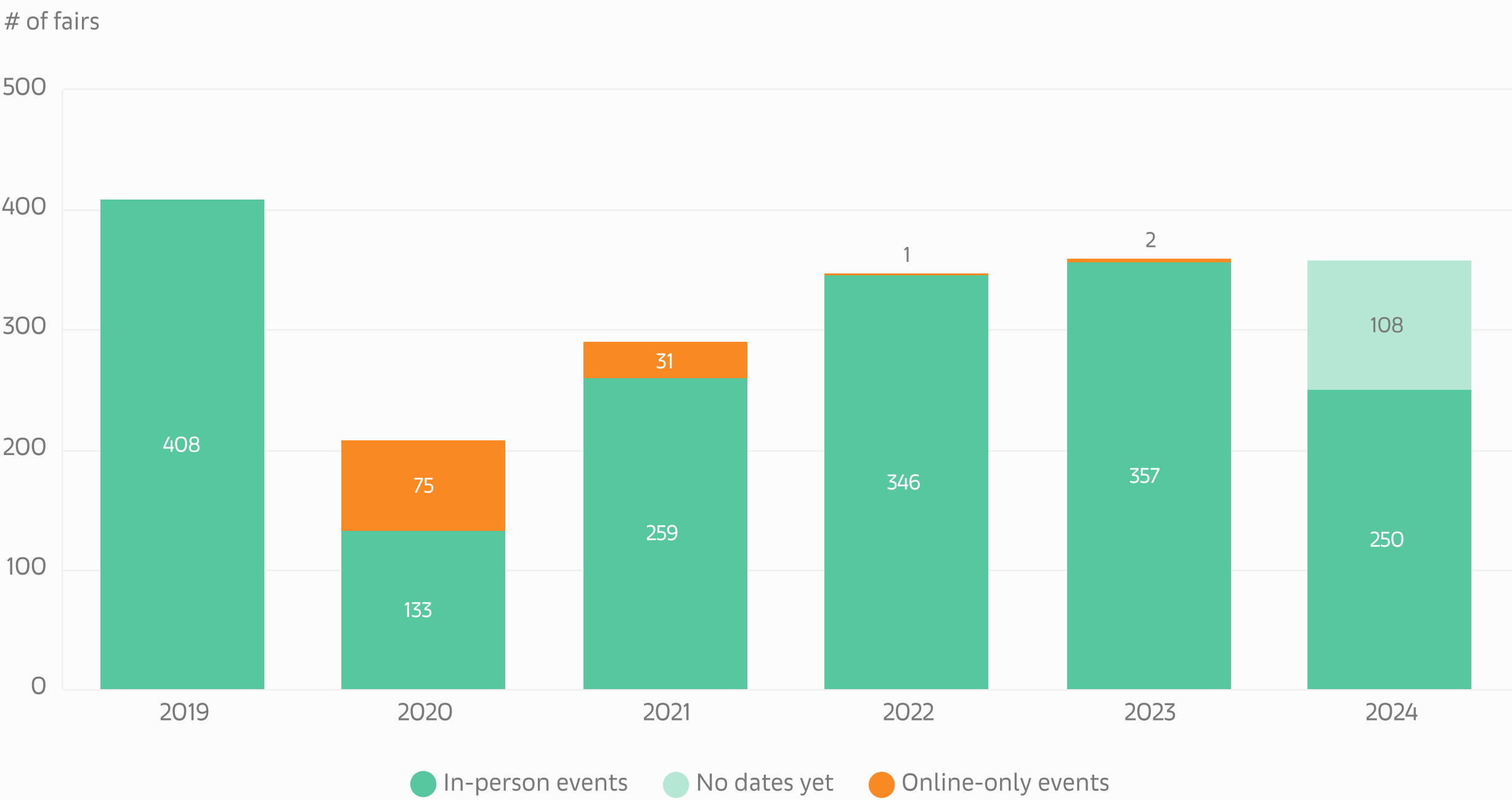
©Arts Economics (2024)

Looking at the schedule of art fairs that have been held over the last few years, although there has been significant restoration in events since the pandemic-induced lockdowns of 2020, there are still fewer events taking place around the world compared to 2019. Data on the art fair calendar was supplied for the report by the global art fair database [Artfairmag.com](https://artfairmag.com), which enables a comprehensive assessment of the trends in art fairs over the last five years based on a database of close to 475 fairs.

In 2019, there were at least 408 in-person art fairs held globally. The pandemic caused the cancellation of most of these events after the first quarter of 2020, and this total dropped to just 133 live events for the year, with an added 75 taking place virtually as online-only fairs or OVRs (or a total of 208 fairs including online and offline events). Live events were restored over 2021 and 2022 and art fair OVRs were phased out as alternatives to live shows, although have remained an important digital tool for many events. While there were still lockdowns and restrictions in Mainland China in 2022, most fairs that had not ceased operations went ahead, and there was even a net gain in numbers as editions were held after the short hiatus and new fairs were launched (19 new fairs were added, including new editions of existing brands such as Art Basel and Frieze, against 15 that ceased operating during the year). The total number of fairs rose again in 2023 to total 359, again with some new fairs and cancellations within these figures.

Looking at the bigger picture and including new fairs that started over the last few years, at least 85 fairs that were active at some stage between 2019 and 2023 have completely ceased operating. This includes three events that closed in 2023, notably Masterpiece London, Fotofever in Paris, and BRUNEAF in Brussels. There were a further 22 events that held their fairs in 2022 but did not have an edition in 2023 and had not formally announced closures by early 2024. However, some new events were launched despite the crisis: four new fairs in 2020, 17 in 2021, 19 in 2022, and 14 in 2023. New events in 2023 included fairs in Asia, notably Art SG, which was held in January in Singapore and Tokyo Gendai in July, along with smaller fairs in the US (four) and Europe (eight, including The Treasure House Fair in the UK launched by the founders of Masterpiece).

Figure 2.36 Art Fairs Held or Scheduled 2019–2024

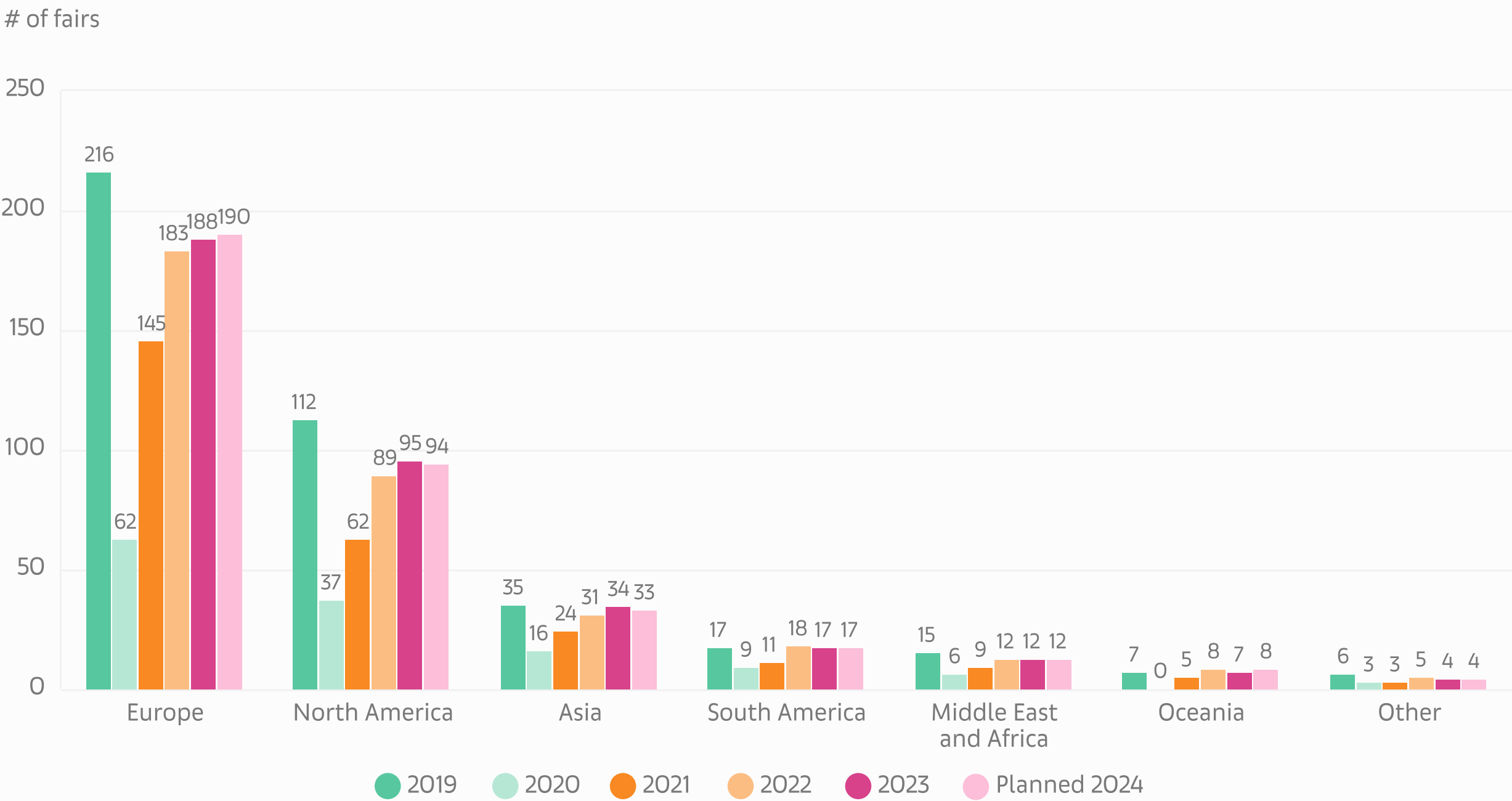


©Arts Economics (2024) with data from [Artfairmag.com](https://artfairmag.com)

In terms of their regional distribution, the biggest increase in art fairs in 2023 was in North America, with a net gain of six live events year-on-year, five in Europe, and three in Asia. However, the number of fairs in most regions has declined from 2019, with a drop of 13% in Europe (28 fewer fairs) and the US (17 fewer fairs). In other regions, numbers remained stable or declined slightly, including a net loss of one fair in Asia and three in the Middle East and Africa.

The US remained the largest individual market for fairs, accounting for 25% of the total number of events taking place in 2023, up by 1% year-on-year. Over half (53%) of the fairs during the year were in Europe, including 12% in the UK and 9% in France. Asia accounted for a stable 9%, with Mainland China and Hong Kong making up 4% of the total (up by 1% year-on-year).

Figure 2.37 Art Fairs Held or Planned by Region 2019–2024 (Live Events Only)



©Arts Economics (2024) with data from Artfairmag.com

While the number of art fairs has declined since pre-pandemic 2019, the average number of art fairs dealers have exhibited at has remained relatively stable following a dip during the pandemic. Including only those dealers who exhibited at a minimum of at least one fair in 2022 and 2023, the average number of fairs was four in 2023, stable on 2022, and up from three in 2021. After a drop to two in 2020, numbers have returned to their 2019 level.

There was variation in responses, from one to over 20 fairs, with the dealers with the highest turnovers reporting higher numbers: dealers turning over more than \$10 million exhibited at six fairs in 2023, the same as their 2019 average and double the level of those with turnover of less than \$500,000. Over all segments, despite the changes in the patterns of sales, dealers exhibited at as many fairs in 2023 as they had done in 2019, at least based on averages.

As averages mask some of the changes, focusing only on the current sample and comparing 2022 to 2023 and only those dealers attending fairs in these years, the majority (55%) of dealers had exhibited at the same number of fairs in 2023 as 2022, 26% exhibited at more, and only 19% exhibited at less.²⁸ Therefore, while there were many comments on rising costs and expenses and evidence of a lower share of sales, this had not yet translated into

28 For all respondents, including those who may not have exhibited at fairs in 2022 and 2023, the average number of fairs is slightly lower overall (three fairs), and 59% had no change in the number of fairs from 2022 to 2023, 16% exhibited at less, and 25% exhibited at more.

118

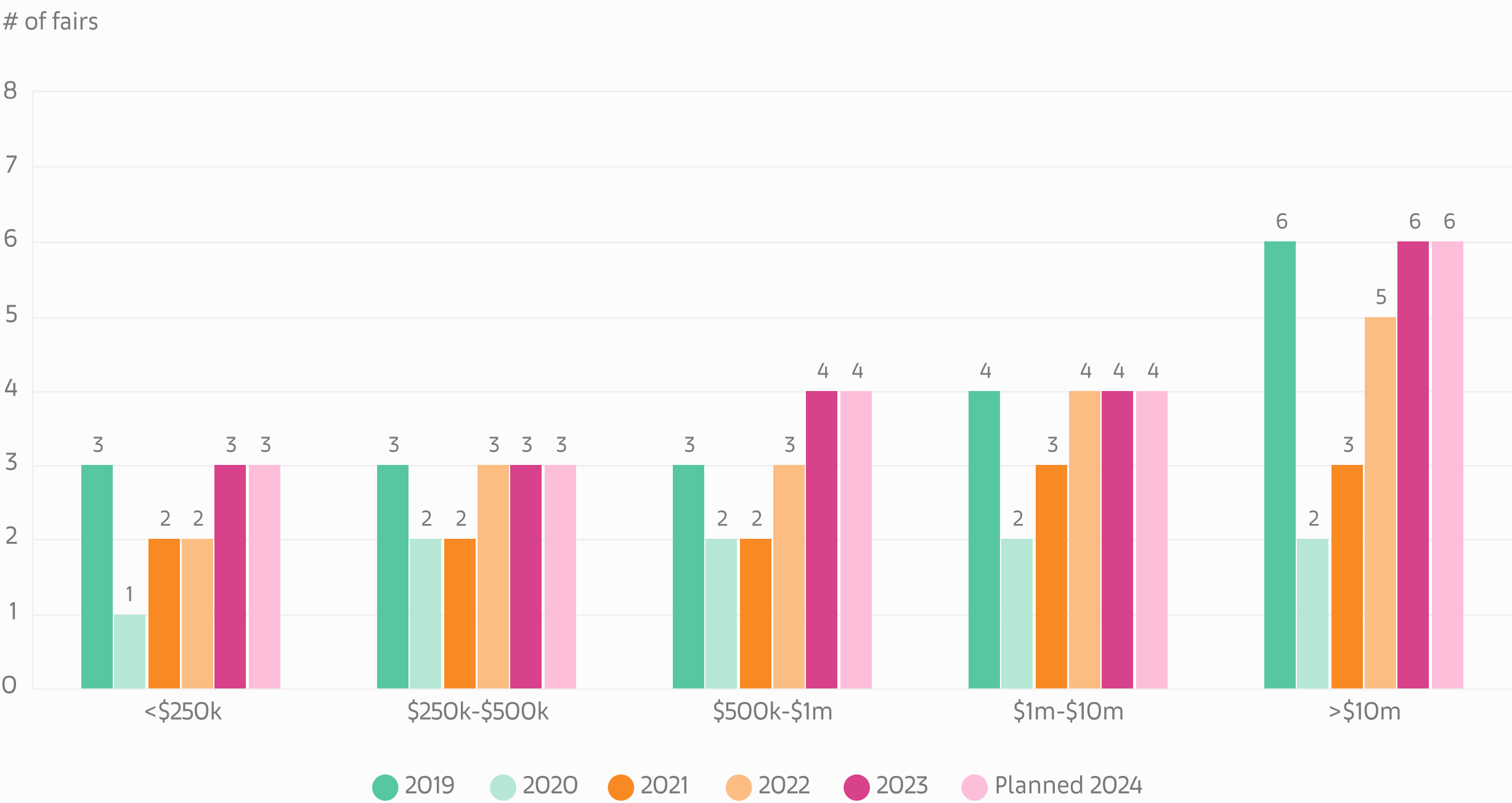
lower average attendance by dealers in 2023. Looking ahead to 2024, the average number of fairs dealers planned to exhibit at was also stable at four, although an analysis of individual responses revealed that there was a slightly higher share (25%) intending to exhibit at a lower number (with 46% stable and 29% planning to do more in 2024).

Some dealers did comment that while they were not necessarily reducing the number of fairs, they were continuing to audit different events and focusing on those with the best returns.

‘Fairs are not compulsory – no gallery has to do them. We happen to make a majority of sales at fairs, but we are constantly focused on what happened the last time for each event and none are permanently on our agenda. We pay a lot to be there so each year we will only do the ones that provide some kind of balance with that financial outlay.’



Figure 2.38 Average Number of Art Fairs by Level of Turnover 2019–2024

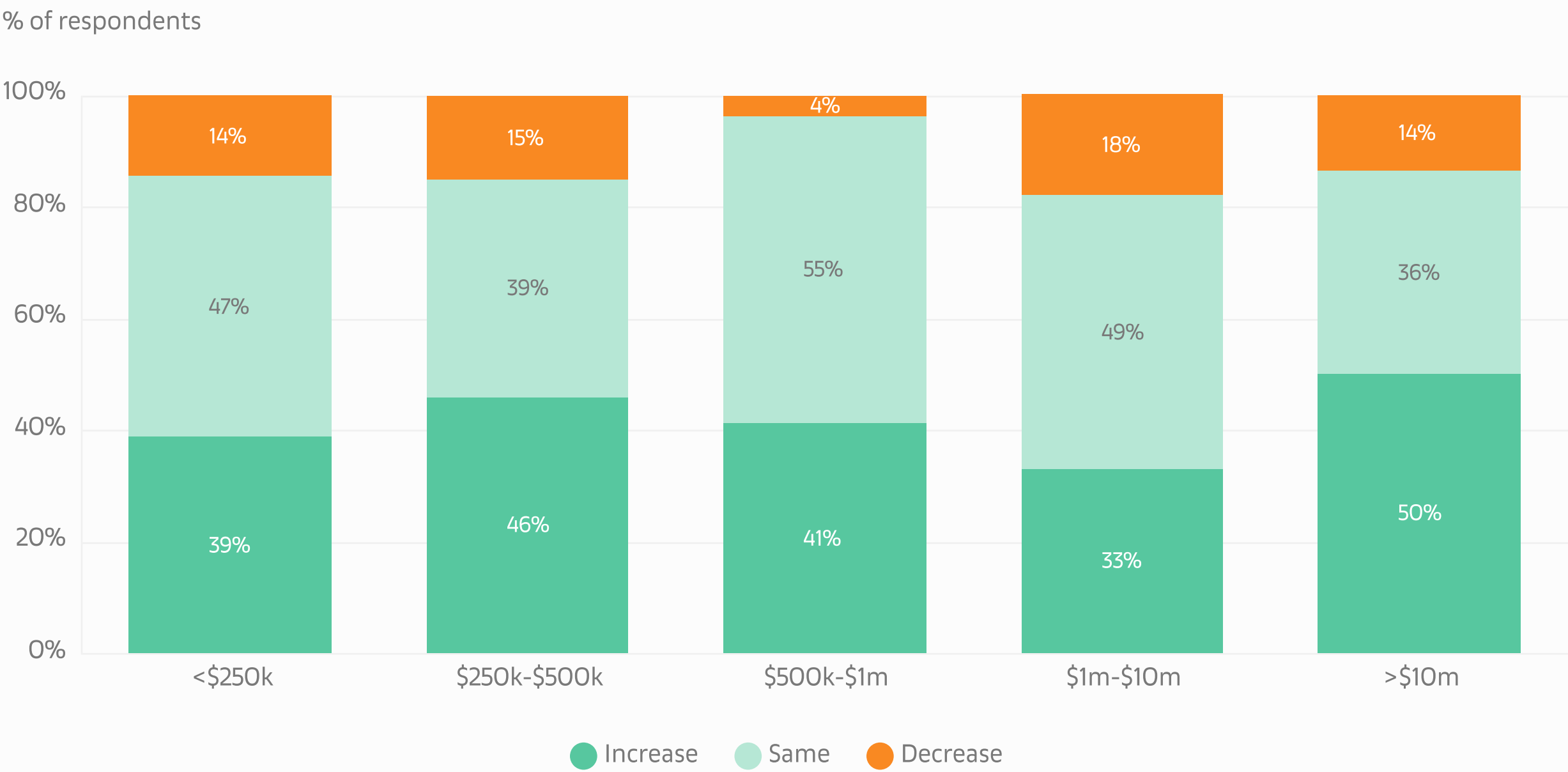


©Arts Economics (2024)

Looking ahead, although dealers were planning to attend the same number of fairs on average in 2024, some (20%) were unsure how their art fair sales would pan out in the coming year. Of those that took a view, 39% predicted sales would increase, down from 51% in 2022 and 65% in 2021. The share expecting a decline was on par with the previous year (at 14%) and the remaining 46% expected their fair sales to be stable.

The outlook for art fair sales at the end of 2023 was less optimistic for all segments, with the smallest dealers having the lowest share expecting a rise in sales: 39% for those with turnover of less than \$250,000 versus half of the largest dealers turning over more than \$10 million. Despite fewer expecting an uplift, many dealers thought fair sales would be stable and only a minority in each segment thought they would fall, ranging from just 4% in the \$500,000 to \$1 million segment up to 18% for those turning over \$1 million to \$10 million (who were also the most pessimistic in 2022, with 23% having predicted a decline).

Figure 2.39 Dealer Outlook for Art Fair Sales in 2024



©Arts Economics (2024)



2.8 Online Sales and Strategies

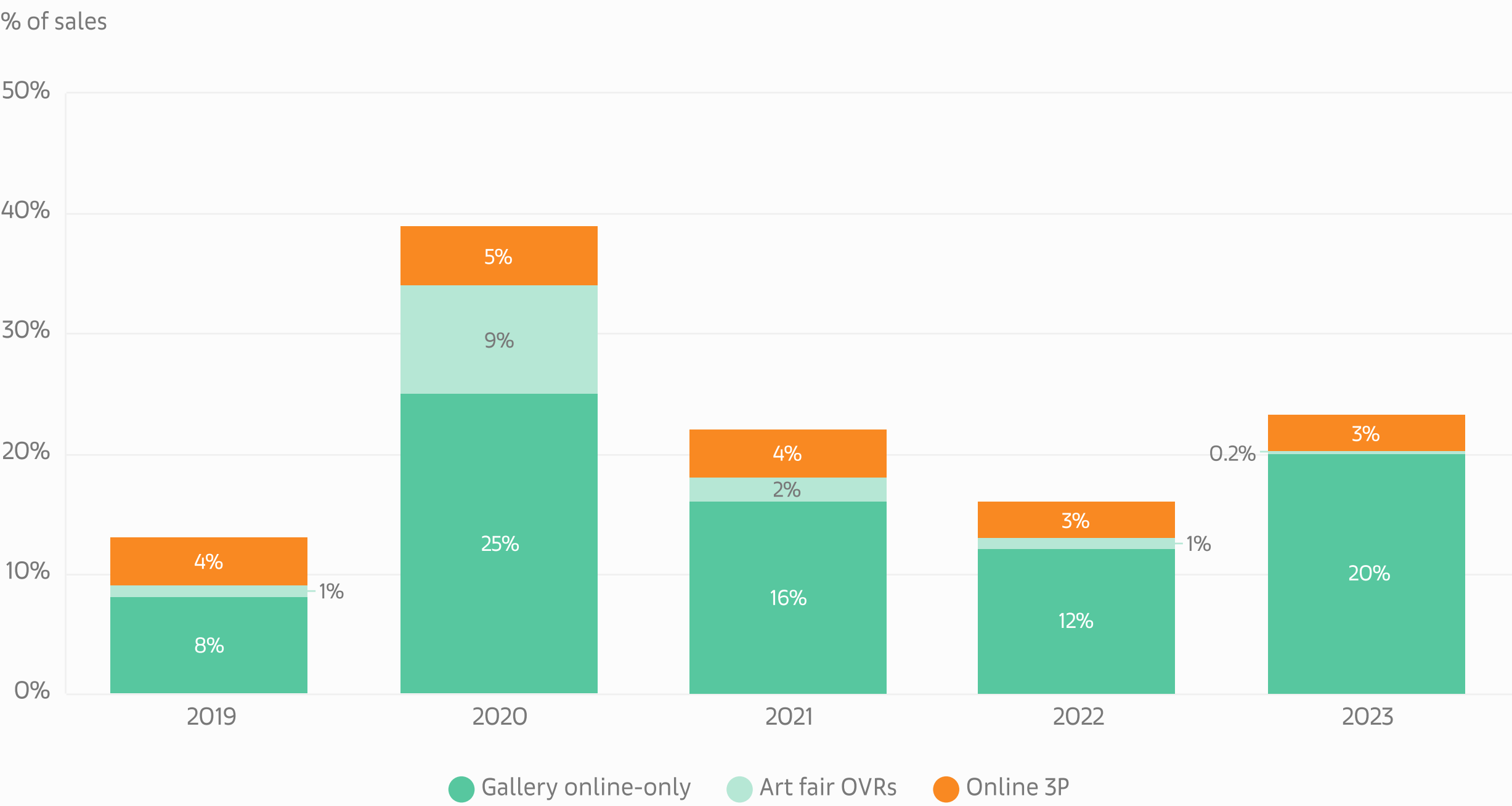
Along with changes in art fair sales by dealers, their use of online channels for transactions has also altered significantly over the last five years. As the quality and functionality of imaging and viewing rooms for galleries has advanced, dealers have increasingly used online channels to both draw in clients and encourage gallery and fair visits, as well as to complete online-only transactions.

The pandemic's restrictions in 2020 led to an unprecedented boost in the share of sales made online by dealers, from 13% of total sales in 2019 to 39% in 2020 (including 9% through art fair OVRs). As live exhibitions and events returned over the next years, this decreased to 22% in 2021 and 16% in 2022, with art fairs clawing back share. In 2023, however, as fair sales moderated, online sales returned to around the same level as 2021, reaching a reported 23%, with by far the bulk of those being through dealers' own private channels. In the survey, online sales were broken out into three main categories of transactions:

- *Dealers' own online-only sales*, which includes transactions that were carried out entirely online through their website, social media channels, OVRs, or email, without viewing works in person (20% in 2023, up by 8% year-on-year);
- *Online art fair sales*, which were carried out or originated from a fair's OVR or other online fair platform without any in-person viewing (0.2%); and
- *Online third-party sales*, where the sales transactions were carried out entirely online or facilitated by another type of third-party or '3P' company or platform (stable year-on-year at 3%).

The main growth in online sales both year-on-year in 2023 and since 2019 has been sales via dealers' own websites and OVRs, which have more than doubled in share over five years. Many dealers commented on the increased importance of their online sales, with some noting that they had made substantial investments in upgrading their platforms, which had helped to boost share and crowded out sales via other third-party platforms on- and offline.

Figure 2.40 Dealer Share of Online Sales 2019–2023



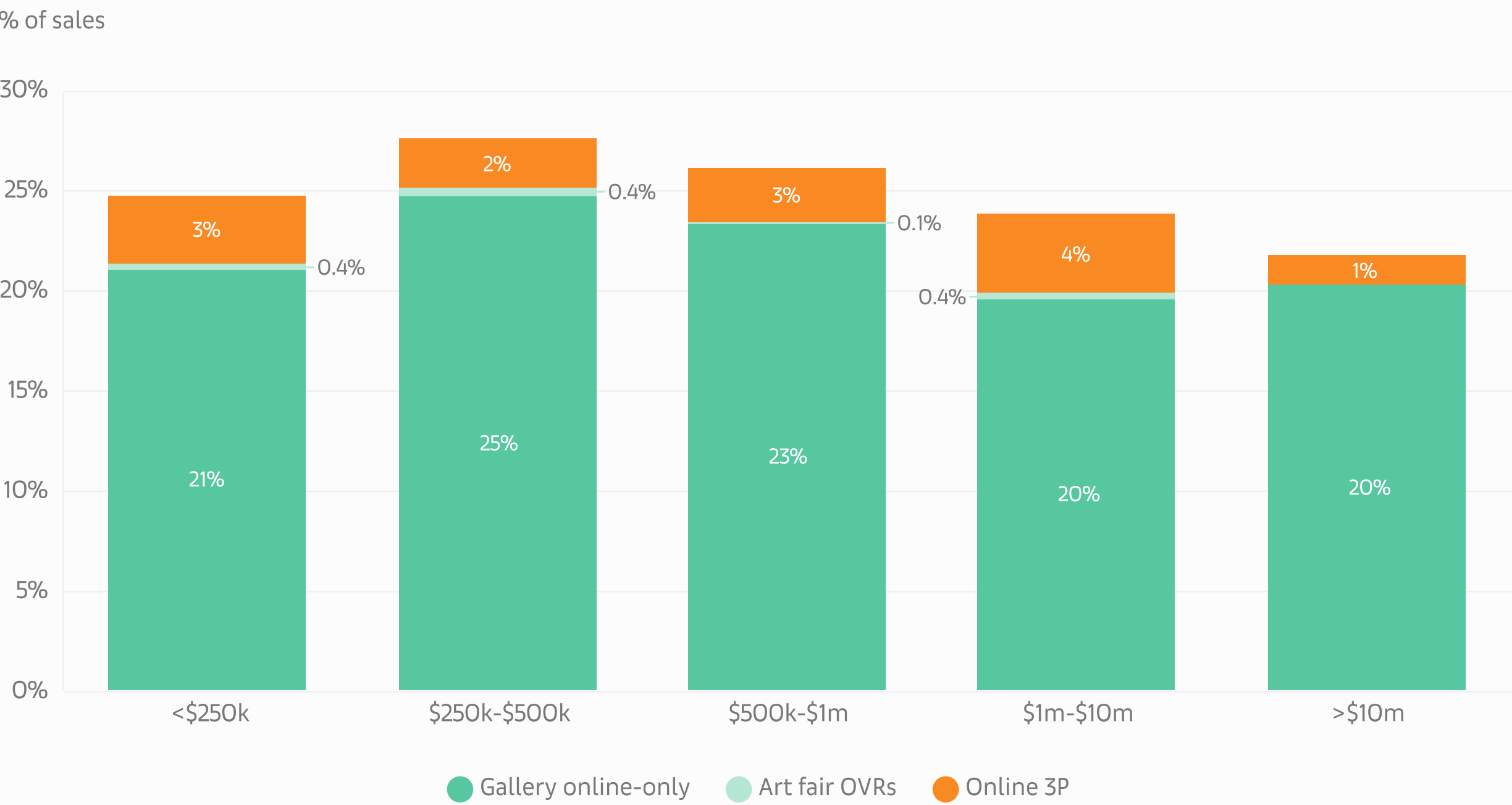
©Arts Economics (2024)

The share of online sales rose across all segments year-on-year with some of the largest dealers and those in the mid-tier turnover segments experiencing the biggest uplift. Dealers in the \$10 million-plus segment had the lowest share overall (22%), but this doubled year-on-year from 11% in 2022 and just 9% in 2019. Dealers in the segment of turnover between \$500,000 and \$1 million also saw a large advance of 12% year-on-year to 26%, more than doubling their pre-pandemic share. In all segments, the year-on-year growth centered on an advance through online-only gallery sales, with third-party platforms either stable or showing a marginal decline.

Some of these trends were paralleled in the previously mentioned research of HNW collectors carried out by Arts Economics and UBS in 2023. In these surveys, 65% of collectors bought online through a dealer’s website or OVR versus only around 30% from external third-party platforms or Instagram. This research showed that out of all the channels for purchasing art, collectors spent the most through dealers and galleries, and of that spending, a significant one third was online-only, with just under half (48%) at the gallery and 19% through email or by phone. Despite the growth in the use of online channels for dealers, it is notable that this research also showed that if given a choice, HNW collectors still preferred to purchase in person, and these preferences have not decreased as the share

of online sales expanded in 2023. Dealers were the most-preferred method for purchasing art, and of those collectors that favored dealers, 51% would opt to buy in person, up from 42% in 2022, although below the 57% reported in 2020. Preferences for working with a dealer online have followed an opposite path, with 30% favoring online sales in 2023, down by 7% on 2022, and only slightly ahead of 2020 (29%). There were some regional variations, with markets such as Taiwan, Brazil, and Germany all showing above-average preferences for buying online, as well as younger collectors, with Gen Z respondents favoring dealers’ websites over buying in person at the gallery. However, overall, while there are strong indications of increasing acceptance and use of buying online, it is still not necessarily the preferred method for a majority of collectors.²⁹

Figure 2.41 Average Share of Dealer Sales Made Online by Level of Turnover in 2023



©Arts Economics (2024)

29 See Arts Economics (2023) *A Survey of Global Collecting in 2023, An Art Basel and UBS Report*. Available at theartmarket.artbasel.com.

125

Dealers have increasingly used online channels as a point of sales to both their already established collectors, who, for convenience or other reasons, may wish to purchase online, as well as new buyers, particularly those in different regions. Anecdotally, dealers reported mixed success in gaining new and returning clients through purely online sales. However, the figures from the survey indicated that a significant proportion of the sales they made online were to new buyers who had never been to the gallery or met the dealer in person.

In 2019, prior to the step-up in digital sales during the pandemic, over half of online sales by dealers (57%) were to new buyers without any previous online contact. This fell to 32% in 2020 as dealers reported that most of their sales were to existing or regular clients online. Sales to new buyers advanced over the next two years, reaching 40% in 2022, before dropping back again to 35% in 2023.

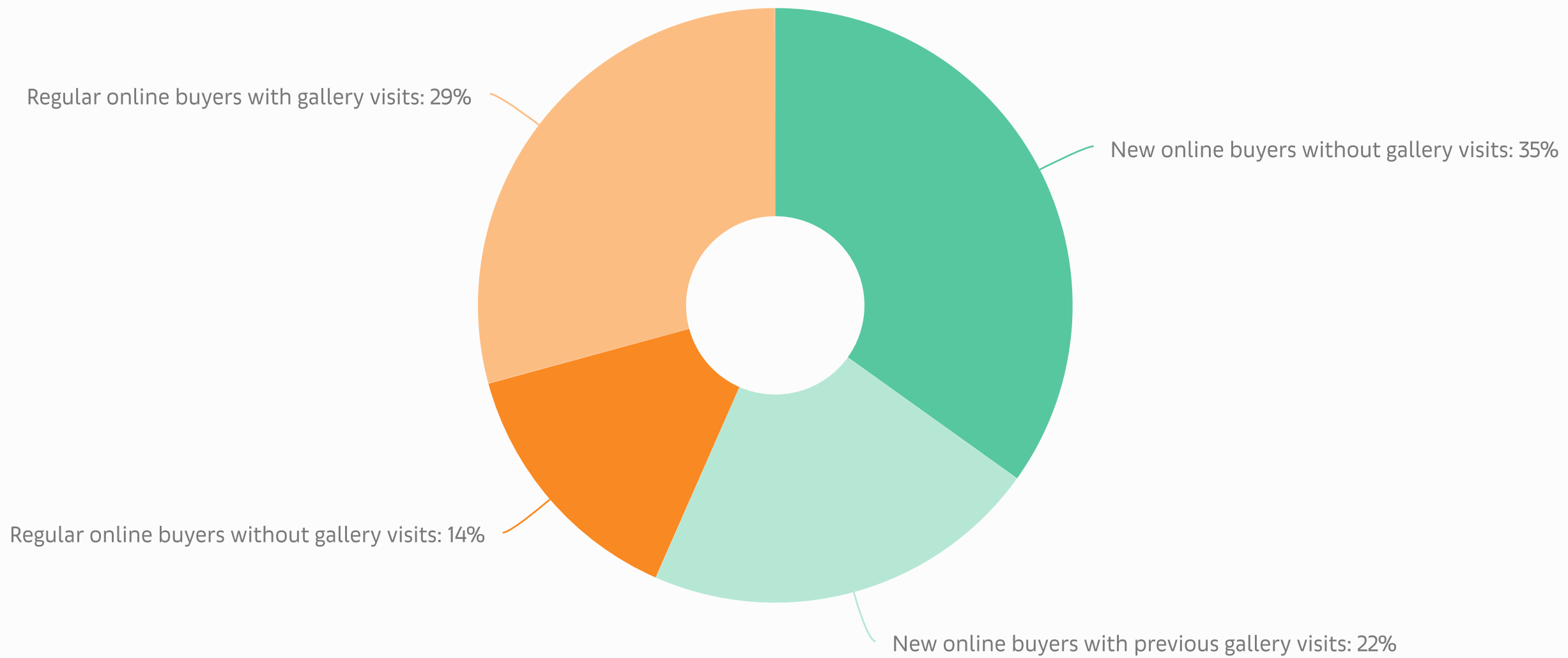
While for some dealers, a larger share of new buyers online may be the result of successful outreach, for others, it is indicative of the difficulties they have faced in converting one-off online buyers into more regular clients. This has been an issue raised by some smaller dealers who said it had been relatively easier to gain one-off sales through digital channels, but they had found it more difficult to engage in longer-term relationships without some in-person contact at galleries or events. The share of sales to new buyers online without in-person contact was considerably higher for the smaller galleries in 2023, although for the smallest businesses with turnover of less than \$250,000, it had dropped from 55% in 2022 to 38%, which could indicate some success in client retention. The largest businesses with turnover of greater than \$10 million, on the other hand, reported a share of just 21%, down from 29% as more sales shifted to regular online buyers.

The share of sales made to regular online buyers for all dealers rose (to 43%), with most of those being collectors who had been to the gallery before or met the dealer at some stage, but for the specific transactions chose to purchase sight unseen. These shares were higher for larger dealers, which may in part be due to these businesses representing more well-established artists that were easier and less risky to buy without seeing specific works. For galleries at all levels, the smallest segment of their sales went to collectors who bought regularly but never visited the gallery, averaging 14% overall, and indicating that most collectors, even those found online, will at some stage visit the gallery or meet the dealer.

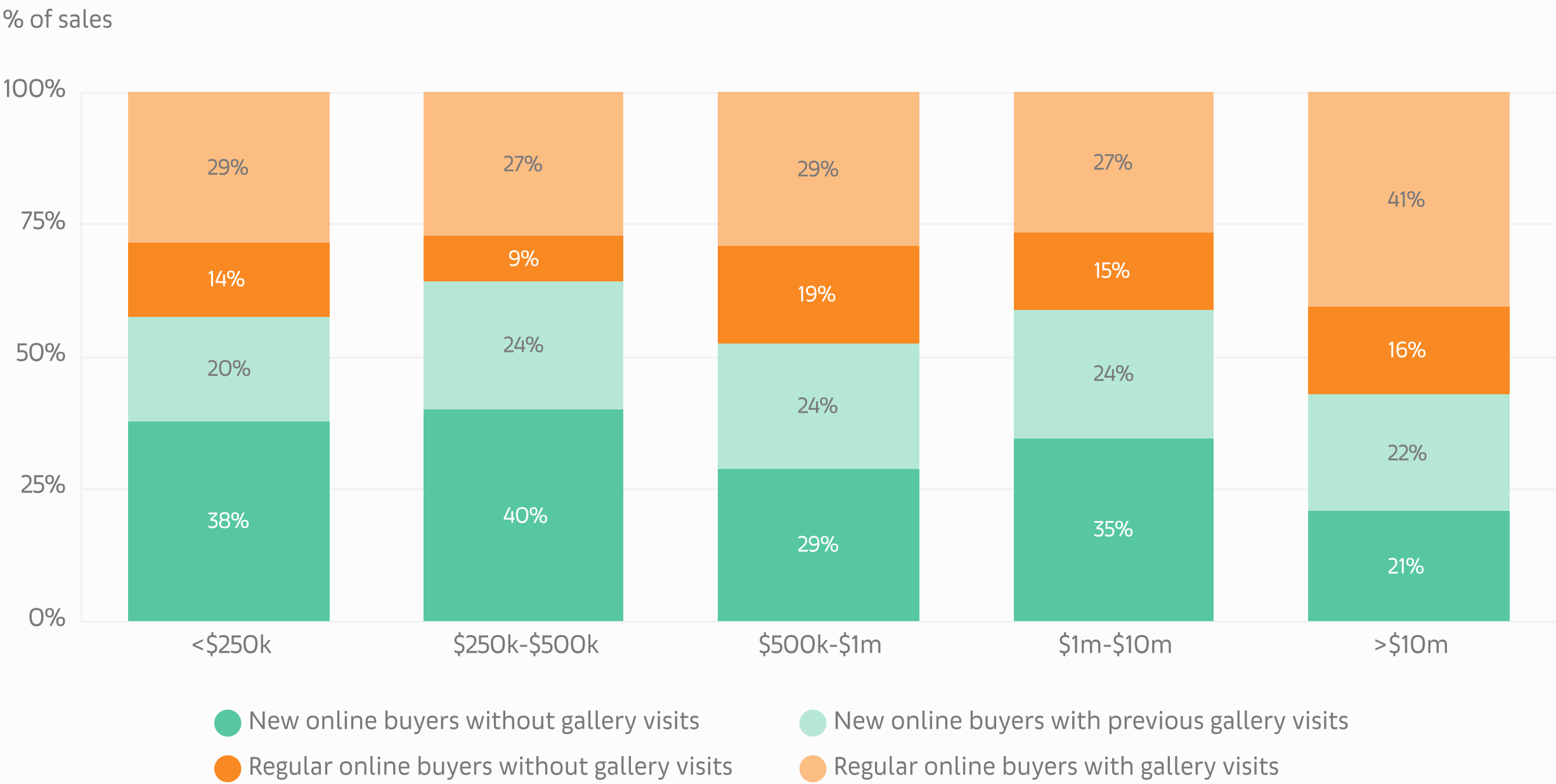
Finally, the share of sales to new-to-online buyers from dealers' established client bases was relatively stable year-on-year at 22%, having fallen from 31% in 2020 as the pool of buyers who had never bought online diminished for many businesses, particularly as many had no other options in some recent years during restrictions and lockdowns.

Figure 2.42 Share of Online Sales by Dealers by Buyer Category in 2023

a) All Dealers



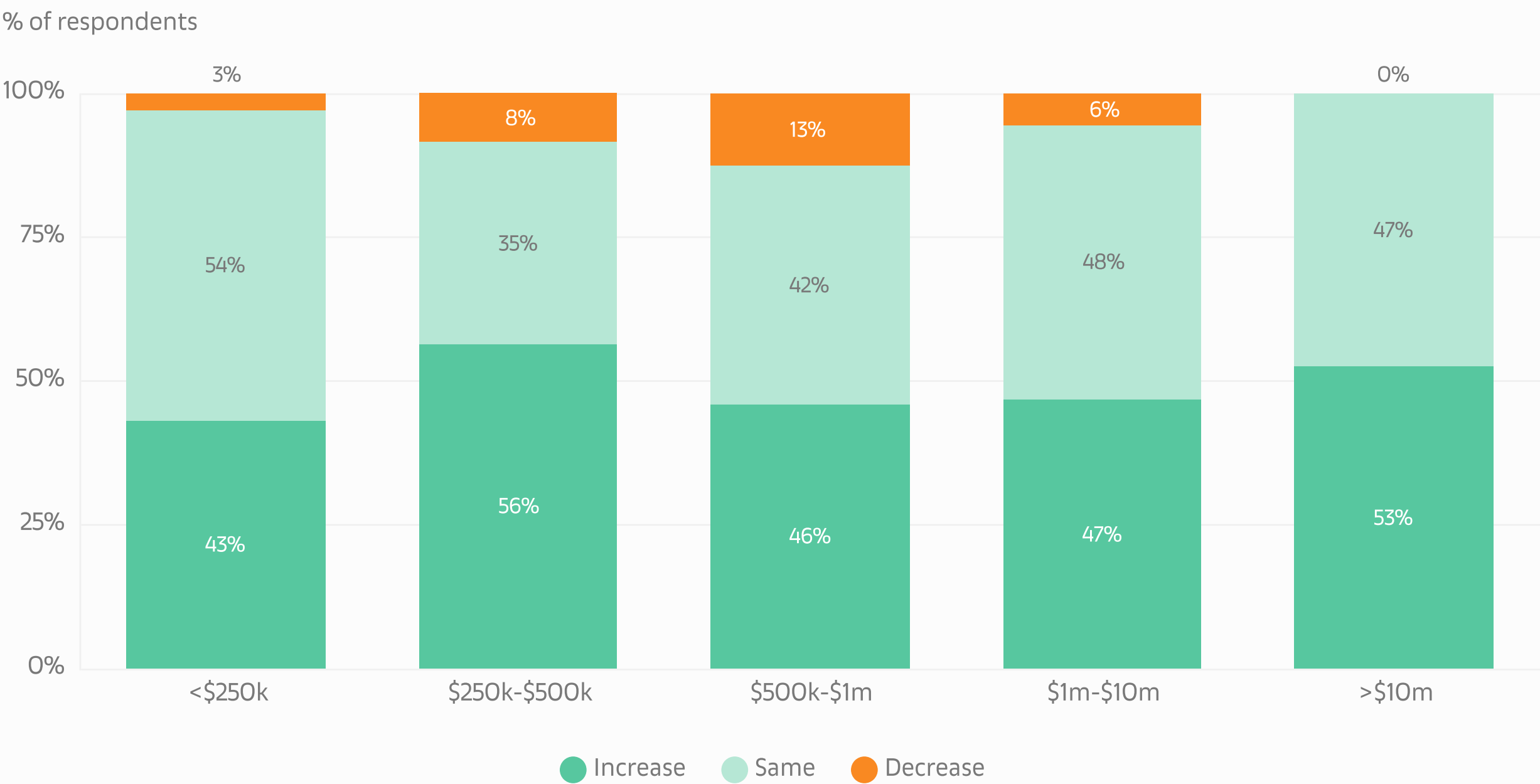
b) By Dealer Turnover



While it appeared as if the growth in e-commerce was plateauing for dealers in 2022 as fairs and events came back in full, it is clear that most dealers have continued to push forward with their digital sales and strategies and there has been, and will continue to be, some rebalancing in the sector between offline and online sales. When asked about their outlook for the coming year, just under half (48%) of the dealers surveyed expected their online sales to grow in 2024, up from 42% reported at the end of 2022. A further 45% expected sales to remain around the same, while only a small minority of 7% anticipated a decline (stable on expectations in 2022).

This outlook was consistent between dealers of different sizes. While some of the bigger businesses were the least likely to expect their online sales to increase when surveyed in 2022, dealers turning over more than \$10 million were among the most optimistic in 2023: 53% predicted they would sell more online in 2024 and none expected a decline. Optimism was highest for the small to mid-sized dealers in the \$250,000 to \$500,000 range, with 56% expecting an increase in e-commerce, stable on the share reported in 2022. The smallest dealers with sub-\$250,000 turnover were slightly less bullish (43% expecting a rise, down by 10% year-on-year). However, in all segments, only a very small minority thought sales in this area would decline, indicating the continuing importance of digital programs to the sector.

Figure 2.43 Dealer Outlook for Online Sales in 2024



©Arts Economics (2024)

2.9 Dealer Challenges and Priorities

The difficult geopolitical context, rapidly mounting costs, and other economic pressures created many challenges for dealers in 2023. When they were asked to report on their three biggest challenges, the choice selected by most dealers was the prevailing context of political and economic volatility and the effects this could have on demand. While this was also one of the highest-ranking concerns in 2022 and has been among the top issues in most years, many dealers commented specifically on negative and divisive effects of wars and political instability throughout the world, which had filtered down directly and indirectly into poorer sales, while inflation and interest rates were among the key economic issues raised. Some dealers expressed their deep concerns over the impact of politics on artistic freedom and autonomy, and more generally concerning the freedom of speech and expression, as well as the impact of the context on the content of what collectors are interested in.

‘The external environment is becoming increasingly difficult. I feel a certain tiredness even in the most determined collectors. Faced with the remarkable changes and emergencies taking place in the world, many people wonder what the point is of continuing to collect. On the other hand, I notice a refuge from commitment: people prefer to buy more aesthetic and consoling works, rather than works that express commitment and social and political value. A difficult situation for those operating in the primary market.’

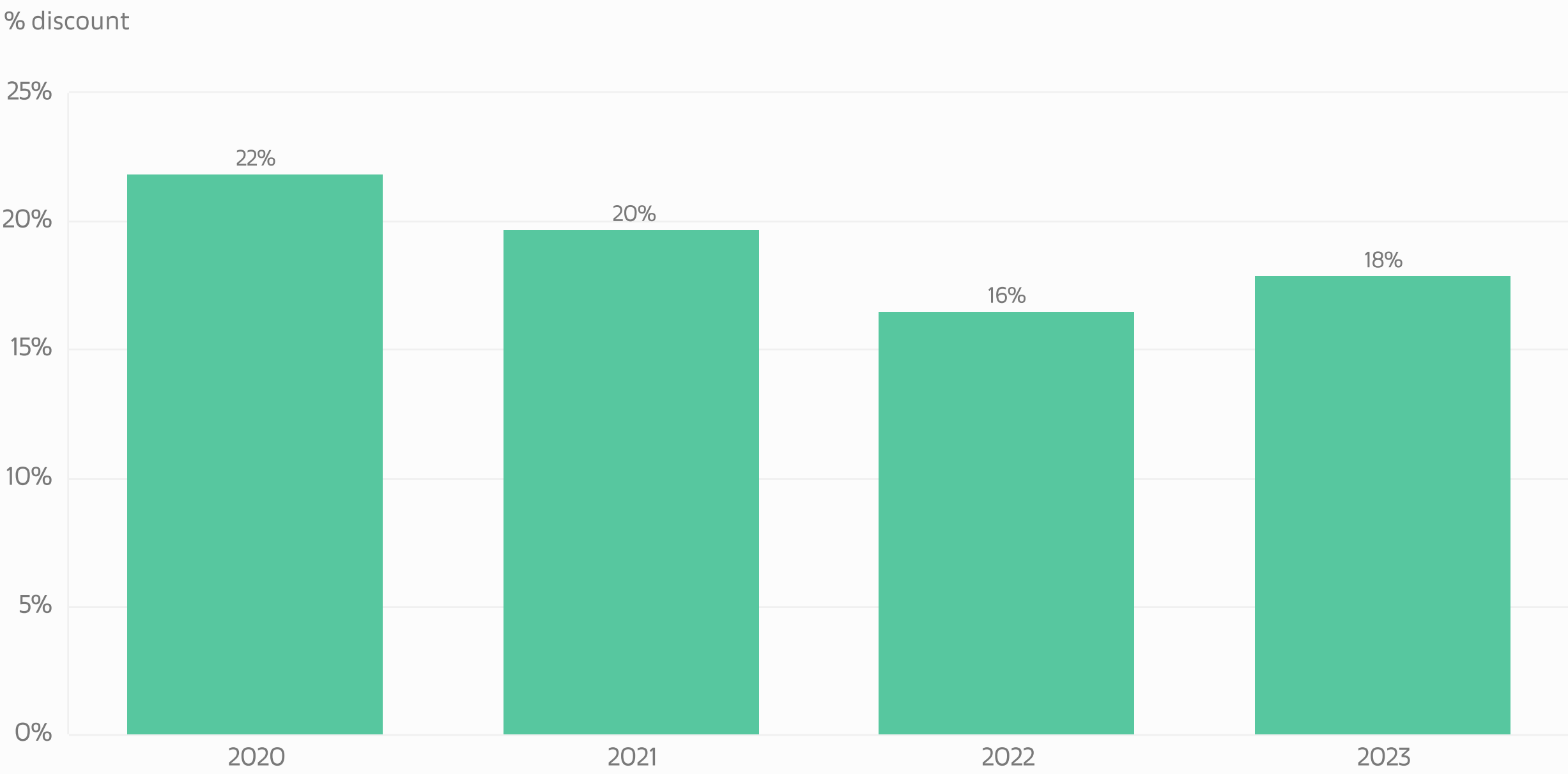
Dealers commented on a reluctance to buy among some collectors due to the political and economic context, particularly for major works or those at higher prices. While some dealers sold more lower-priced works, several remarked that they had to extend greater discounts during the year, either being pushed from collectors or feeling the need to offer them to ensure sales were finalized.

Although the survey did not ask about the specific levels of discounts given, there was some evidence that there was an increase in discounts being offered by galleries in 2023. Data compiled by Artsy for this report gathered the average levels of discounts for works sold by galleries through their platform from 2020 to 2023. This showed that dealers extended higher discounts during the pandemic, with the average being 22% in 2020, and 80% of the works sold getting discounted. As sales recovered over the next two years, the average discount fell to 16% by 2022, with a smaller share of 70% of total works being discounted.

However, in a less buoyant market in 2023, there was an uptick again in the discounts extended by dealers, with the average level rising to 18%, and with higher-than-average discounts for more expensive works.

This data also showed that the number of messages in prepurchase conversations between dealers and buyers had doubled in the last two years. Although this could be for a variety of reasons, it may indicate that collectors were negotiating more prior to purchasing, or dealers themselves were putting more effort into maintaining connections and communications with buyers. Although these findings related to online transactions, where there may be greater vetting required by both parties, they paralleled reports by dealers regarding offline transactions also, which some described as being slower and less spontaneous in 2023 than in other prior years and requiring much lengthier back and forth to get over the line.

Figure 2.44 Average Discounts Offered by Dealers (on Artsy) 2020–2023



©Arts Economics (2024) with data from Artsy

The second-highest-ranked challenge overall was how successful dealers might be in maintaining their relationships with their existing collectors. (This was also identified as a key business priority for dealers from 2020 through 2022.) Finding new buyers and expanding their geographical reach was in the top five concerns (and in their top five priorities for the previous four years), with some expressing specific challenges they faced in using social media and other tools to attract new buyers in the coming years, as well as the need to revive their collector base with younger buyers as some of their established collectors reached older ages and had slowed their active collecting. However, many agreed that establishing and maintaining long-term relationships and repeat business with collectors was generally preferred when financially feasible, as it often generated more positive experiences for artists and collectors as well as more positive financial returns in the medium to long term than simply reaching more buyers.

‘The second half of 2023 has been incredibly tough with the effects of war and mortgage increases. There are so many art advisors, galleries, websites, artists selling directly to collectors, and fairs, that we feel it is easy to get lost now. This means it is harder to reach clients, find new clients, and make inroads with clients as a trusted and fair source.’

It is notable that while the maintenance of current relationships was key for dealers in 2023 and 2024, this became somewhat less of a priority when they were asked to consider the longer term, outpaced by the importance of widening their geographical reach towards new buyers. Similarly, while the economic context was by far the biggest challenge now, this also declined in terms of impact, with issues such as expanding their premises and sustainability gaining greater attention.

Further key concerns in the current context included the challenges posed by the different sales channels. Finding ways to expand their online sales and exhibitions was among the top five concerns, and the third-biggest challenge opted for by dealers overall in 2023 and 2024 was the costs to travel to and participate in art fairs. Art fairs had been identified as the second-highest priority for dealers in 2021 and 2022 (with online sales in third position), and the highest in 2019 prior to the pandemic. This was also one of the most frequently commented-on topics by dealers, not only in terms of the costs of exhibiting but also of travel, accommodation, and hospitality around these events, as well as the manpower and content required. Dealers noted the difficulties they faced in balancing costs and revenues, with some citing examples of when costs to exhibit at fairs had outweighed sales in 2023.

Overheads such as payroll and rent were ranked as a top priority for 21% of those surveyed, although they were among the most frequently commented-on issues. Some dealers noted the pressure their businesses had come under due to the rapidly escalating rents in certain

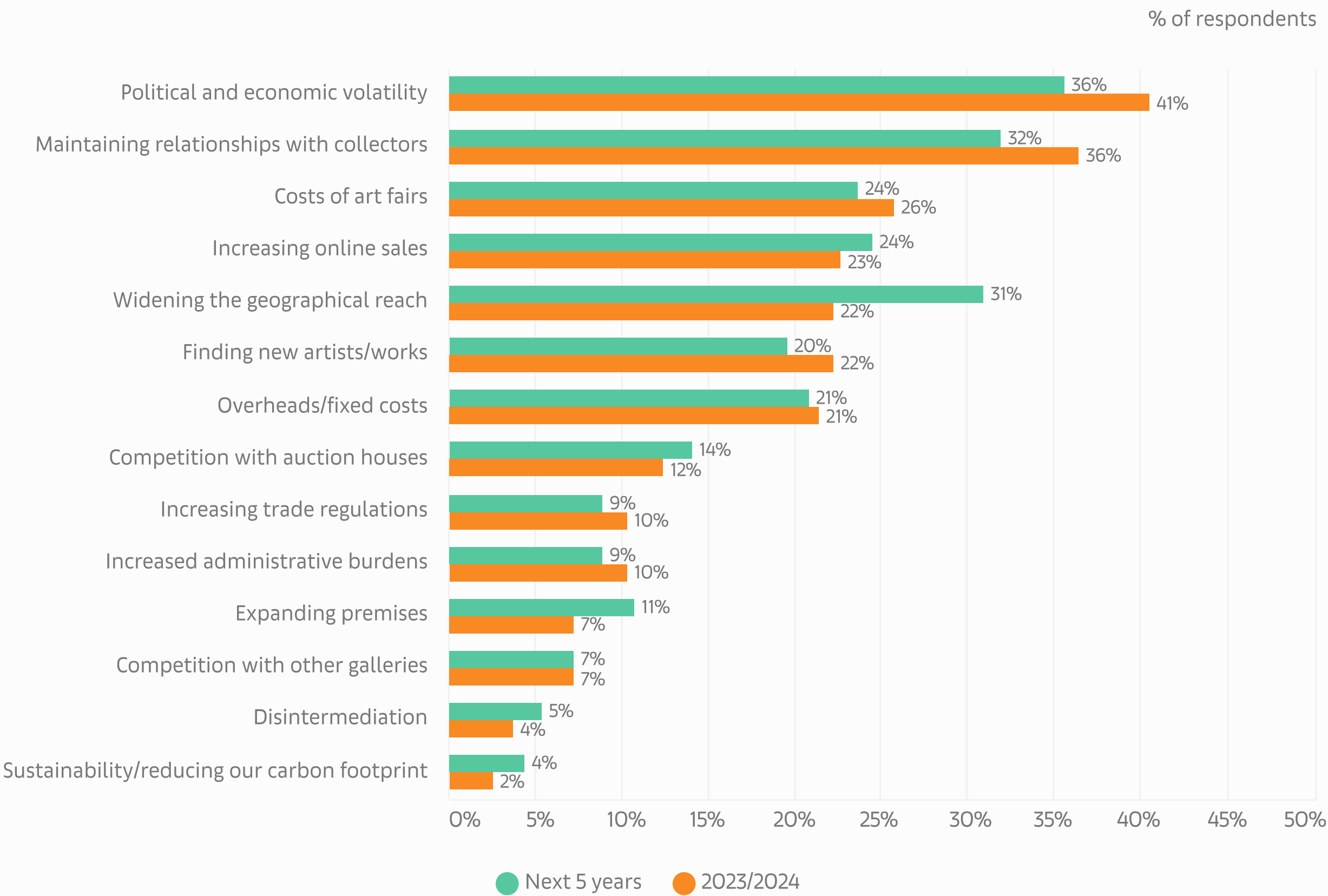
cities, which was driving dealers in some sectors towards more consulting models and away from curatorial work and operating from permanent exhibition premises. While this had helped them to stay in business, some felt it would be detrimental to the public in the long run due to less access to viewing contemporary art. Others commented on more general inflation, particularly in their supply and distribution chains, including shipping, insurance, and storage.

While increasing regulations and other barriers to the cross-border trade in art and antiques were lower down in the rankings of top priorities in 2023, many dealers noted specific problems in certain regions, particularly including high rates of VAT for dealers in parts of the EU, import and export regulations, and low AML thresholds and the administrative burdens these impose on small galleries.

‘We spend increasingly more time on bureaucracy and less time working with the art objects. With all the different legislations being put in place (AML, VAT, import regulations), it becomes a much greater burden on my time, and I have no budget for personnel.’

Some dealers in other regions such as Japan cited the need for a revision of the entire tax system as it related to art in order for the market to grow, while others noted the increasing complexity and confusing nature in cultural property regulations in the US and some other major markets as a significant challenge for their businesses and collectors.

Figure 2.45 Top Challenges for Dealers in 2023/2024 and Next Five Years



©Arts Economics (2024)

Despite these and other challenges, the sector as a whole remained optimistic about 2024. Most dealers expected stable or improving sales, and those predicting lower sales were the minority both for their own businesses (15%, down from 20% in 2022), along with their peers. The outlook for dealers for 2024 and beyond is discussed in more detail in Chapter 4.



3.

AUCTION

SALES

Key Findings

1. Following some record-breaking sales at the high end of the market in 2022, public auction sales fell by 7% in 2023 to \$25.1 billion, as transactions at prices exceeding \$10 million thinned out considerably, leading to a sharp decline in value, while sales in some of the middle and lower-priced segments continued to grow.
2. Private sales by auction houses bucked the declining trend and grew by 2% to an estimated \$3.9 billion. Including both public and private sales, total sales conducted by auction companies were down by 5% year-on-year at \$28.9 billion, although still above their level in pre-pandemic 2019.
3. The US, China, and the UK were still the largest auction markets worldwide in 2023, with a combined share of 74% of public auction sales by value, down by 3% year-on-year. With an uplift partially driven by postponed sales from 2022, China's market shifted up from second place to equalize with the US, with each having a 31% share of public auction sales (excluding private sales). The UK was the third-largest auction market, with a stable share of 12%.
4. After a challenging year in 2022, pent-up supply and demand in early 2023 caused a boost in auction sales in China, with values increasing by 14% year-on-year to \$7.9 billion. These results include postponed sales from China's 2022 autumn auction season that were held early in 2023, creating a spike in activity. The second half of the year was significantly slower, with a weaker economic growth outlook, rising debt, continuing issues in the real estate market, and more sluggish global demand among the factors weighing on vendor and buyer sentiment.
5. Although the US lost significant share in 2023, it continued to be the key center for sales of the highest-priced works at auction worldwide, with eight of the top 10 lots sold in New York, and all but one of the six lots sold for over \$50 million (with one sold in London). 34 of the top 50 fine art auction lots of the year were sold in New York, and US sales accounted for 74% of the top 50's value.

6. One of the key drivers of the slowdown was a contraction in sales of some of the highest-priced works at auction, notably those selling for over \$10 million. After being the fastest-growing segment in 2021 and 2022, it had the lowest growth of all in 2023, as the number of lots surpassing \$10 million sold at auction fell by 25% and values decreased by 40% year-on-year, versus low, positive growth in the market under \$50,000.
7. Even with this decline, the \$10 million-plus segment has still shown the most growth over time, advancing by 380% from 2009 through 2023 versus just 16% for the market under \$50,000. If inflation is taken into account over this period, the \$10 million-plus segment has grown to over 2.5 times its size, even with the downward adjustment in 2023, while sales priced under \$50,000 have contracted in value.
8. Post-War and Contemporary art continued to be the largest sector of the fine art auction market in 2023, with a share of 53% of the value of global sales and 55% by volume. Aggregated sales in the sector reached \$6.5 billion, down by 16% on 2022 and their second year of decline from the peak in 2021 of \$7.8 billion. In 2023, the majority of sales by value (66%) were in the older Post-War subsector, with Contemporary art accounting for 34%. Following a strong recovery in 2021, Contemporary art fell for two consecutive years, including a 10% drop in 2023 to \$2.2 billion. Post-War art was stable in 2022, but also fell by 18% to \$4.3 billion in 2023.
9. In 2023, almost 36,000 works sold at auction were created in the last 20 years, and these accounted for 30% of the wider Post-War and Contemporary sector by value, up from just 25% in 2019 (and only 17% in 2017).
10. Modern art accounted for 24% of fine art auction sales by value, up by 2% year-on-year. Following their post-pandemic recovery, the last two years have been marked by slowing sales, with a decline of 8% in 2022 and a further 6% in 2023, leaving the market at \$3 billion and just below 2019.
11. Impressionist and Post-Impressionist art accounted for 14% of the value of fine art auction sales in 2023, down by 4% year-on-year. This sector had one of the strongest recoveries, with an uplift in value of 160% over two years to \$2.6 billion in 2022, its highest level recorded. However, sales slowed in 2023, falling by 35% in value to \$1.7 billion despite 6% more lots being sold, just below their pre-pandemic level in 2019.

12. In the Old Masters segment, China’s rebound in 2023 helped boost sales, with a 15% rise in values to \$1.1 billion, just below the level in 2019. In the European Old Master sector, however, there was a decline of 17% to \$481 million, above 2019 but down by 32% in the 10 years since 2013.

3.1 Auction Sales in 2023

2023 brought a significant change in the pace of sales in different segments and regions of the global auction market. During 2021 and 2022, the highest end of the market was pivotal in driving the recovery in values after the pandemic, with works sold at auction priced at over \$10 million being the only segment that grew in 2022. However, in 2023, despite the economic and political backdrop being characterized by risk and uncertainty, buyers did not simply gravitate to the high end of the market (or a so-called ‘flight to quality’), as is often the case in uncertain or less optimistic periods. Instead, sales at the \$10 million-plus end of the market thinned out considerably, leading to a sharp drop in value, while some of the middle and lower-priced segments continued to grow. Due to their dominance in aggregate values, this slowdown at the top end dragged on growth, causing the market to contract, with public auction sales falling by 7%.

During the pandemic in 2020, public auction sales fell by 30% to just under \$18 billion as restrictions impinged on live sales, access, and logistics and vendors held back supply, bringing values to their lowest point in a decade, just below the 2009 level. The market bounced back strongly in 2021, with public auction sales increasing by just over 50% year-on-year, and private sales also expanded by around a third in value. 2022 was marked by a number of record-breaking sales, including six works of art selling for over \$100 million at auction and the Paul Allen sale at Christie’s New York that achieved the largest total figure for a sale in the market’s history at \$1.6 billion, with the largest multinational auction houses all posting a record year for sales. However, aside from these records, the rest of the market was in decline, and in the major Mainland Chinese auction market, continued strict lockdowns meant the cancellation of a large number of significant sales at the end of the year. These factors dragged on growth and the market as a whole was stagnant, with public sales dropping by 1% to \$26.8 billion and private sales also down by 8% (to \$3.8 billion).

In 2023, sales took a distinctly different turn, both by region and segment. While there was significant activity at lower price levels, the top of the market was less buoyant, and China’s reopening caused a spike in sales there as inventory from postponed auctions was brought to market, while other major markets slowed. Public auction sales fell by 7% to \$25.1 billion, while private sales, which are dominated by the international auction companies, grew by 2% to \$3.9 billion. Total sales conducted by auction companies, including both public and private sales, were estimated to have reached \$28.9 billion, down by 5% on the previous year (\$30.6 billion in 2022), although still up by 38% on 2020 and 5% higher than pre-pandemic 2019.

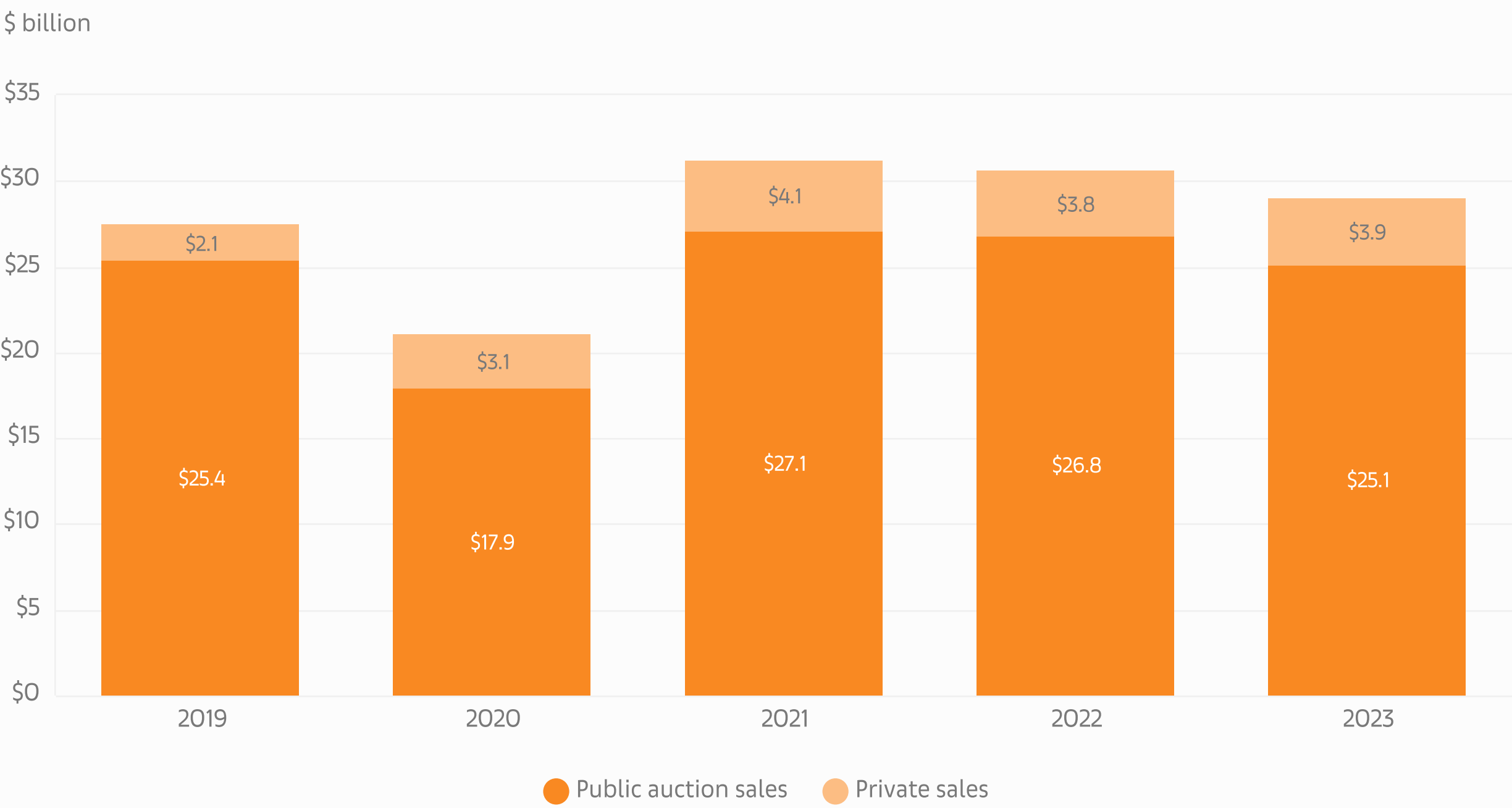
The top-selling lots of 2023 came from a variety of sectors, including Post-War and Contemporary art, Modern art, and works from the Impressionist and Post-Impressionist sectors. The highest-selling lot was Pablo Picasso's *Femme a la Monte* (1932), which sold for \$139 million at Sotheby's New York in November as part of the sale of The Emily Fisher Landau Collection. Gustav Klimt's *Dame mit Fächer* (1918) sold for just under \$109 million also at Sotheby's in June, while another work by the artist *Insel im Attersee* (1901) sold for \$53 million a month earlier. Claude Monet's *Le Bassin aux Nymphéas* (c. 1917–1919) sold at Christie's for \$74 million, while two other works in the Post-War and Contemporary sectors sold for over \$50 million: Jean-Michel Basquiat's *El Gran Espectaculo (The Nile)* (1983) for \$67 million and Francis Bacon's *Figure in Movement* (1976) for \$52 million.

Most of the top 50 works by lot price were sold at Christie's or Sotheby's, with notable exceptions in Chinese auction houses. China Guardian sold three of the top 50 works, including a work by Chinese Old Master painter Wang Meng entitled *Inkstone Washing* (late Yuan Dynasty) for just under \$40 million. Two of the top 50 were sold at Poly Auction in Beijing, while a very recent work created in 2019 by Cui Ruzhuo, *Rafting In Wind And Rain* (2019), was sold at Beijing Yongle Auction Company for \$33.1 million.

The total number of fine art works selling for over \$10 million fell by almost one quarter in 2023, with a dramatic 40% drop in value in this segment

Despite these very high individual prices, the total number of fine art works selling for over \$10 million fell by almost one quarter in 2023, with a dramatic 40% drop in value in this segment year-on-year. Other segments were more buoyant, with both the number of transactions and the value of works sold for less than \$50,000 showing low, positive growth.

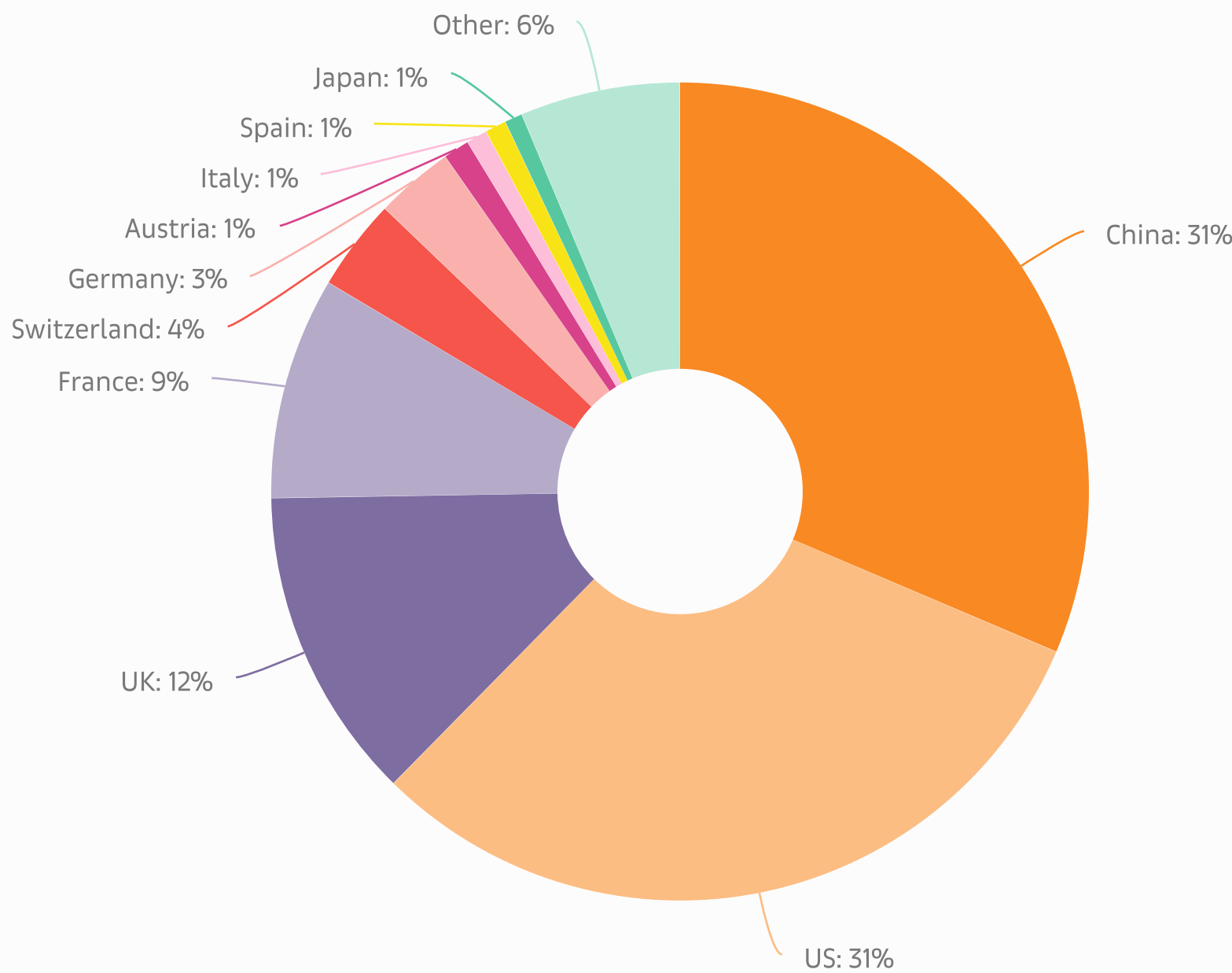
Figure 3.1 Global Auction Sales 2019–2023



©Arts Economics (2024) with data from auction houses, Artory, Artron, and other sources

The US, China, and the UK were still the largest auction markets worldwide in 2023, with a combined share of 74% of public auction sales by value, down by 3% year-on-year. With an uplift partially driven by postponed sales from 2022, China’s market shifted up from second place to equalize with the US, with each having a 31% share of public auction sales (excluding private sales). Both the US and UK auction markets saw double-digit declines in value. The US portion of the global public auction market decreased by 7%, putting the market neck and neck with China, with marginally lower sales by value (excluding private sales, which were much larger in the US). The UK was the third-largest auction market, with a stable share of value of 12% (down by 1% year-on-year), remaining ahead of France in fourth place with 9%.

Figure 3.2 Global Public Auction Sales by Value and Region in 2023



©Arts Economics (2024) with data from Artory, Artron, and other sources

China, including Mainland China and Hong Kong, had a very challenging year in 2022, with lockdowns restricting access, weighing on demand, and leading to the cancellation of important auction sales. However, as the economy reopened in early 2023, pent-up supply and demand caused a boost in auction sales, with values increasing by 14% year-on-year to a total of \$7.9 billion. It is important to note that due to the postponement of sales at the end of the year in 2022 until 2023, the 2023 results include some of the turnover that would have been part of the previous year’s autumn auctions in Beijing and some other regions, effectively creating a spike in activity and value in the first half of the year. Based on a sample of the main auction houses in Mainland China, the value of sales in the first six months of 2023 increased by close to 70% and transactions rose by 130% on the same period in 2022, while the second half of the year was significantly slower, with a weaker economic growth outlook, rising debt, continuing issues in the real estate market, and diluted global demand among the factors weighing on vendor and buyer sentiment.³⁰ (Exhibit 3 discusses these changes in the auction sector and the outlook for the Chinese market in 2024.)

³⁰ Year-on-year changes are based on a sample of 45 Chinese auction companies, using data from Artron and changes in US dollar terms. Considering only those auction houses in the Beijing area from this sample, sales in the first half of 2023 were over three times their level in the same period in 2022, although roughly on par with the same period in 2019.

The weakening outlook was evident in the continuing high rate of buy-ins. Data from the Chinese Auctioneers Association (CAA) surveying the 15 largest companies in Mainland China showed that buy-in rates were around 33%, which, while high, was not out of line with some international sales.³¹ However, data supplied to this report from Artron quoted a buy-in rate of 61%, including sales of all houses and smaller companies throughout China, up from 52% in 2022, suggesting potential issues regarding demand or (and) the supply of works coming on to the market from this wider range of businesses.

The issue of late settlement of transactions and non-payment at auction persisted in 2023, particularly at the higher end of the market. Figures published by the CAA showed that only 54% of the value of goods sold were fully settled, with the remainder partially paid or at least six months past due. The settlement rate was up by 8% year-on-year (and 13% from its low point in 2019), and at its highest level since 2015, when it reached 59%.³²

The issue was particularly evident in the CAA’s analysis of higher-value lots. From a sample of 20 auction houses with lots sold for over 10 million RMB (around \$1.4 million), the number of unpaid lots at this level rose from 64 in 2019/2020 (31% of the sampled lots) to 201 in 2021/2022 (59%). The number of lots sold at this level halved in 2022/2023, with a subsequent drop in unpaid lots too, but their share also fell to 41%. Settlement rates varied by sector, but unpaid lots ranged from 33% for modern calligraphy and paintings up to 49% in the ancient painting and calligraphy sector and 46% for oil painting and contemporary art. As noted in previous reports, although the issue of auction companies not fully recovering debt is not unique to China, it is a persistent feature of the market, and implies that the sales figures reported for China, particularly those at the high end, include a significant and varying portion of works where full settlement has not taken place. The reasons for lots remaining not fully settled vary, but they indicate that auction houses have continued to extend flexible payment arrangements to buyers in China. As this is likely to place financial burdens on many companies, it may also explain the net losses in the number of registered auction companies in China, with a net loss of 27 businesses from the end of 2021 to the beginning of 2023.

31

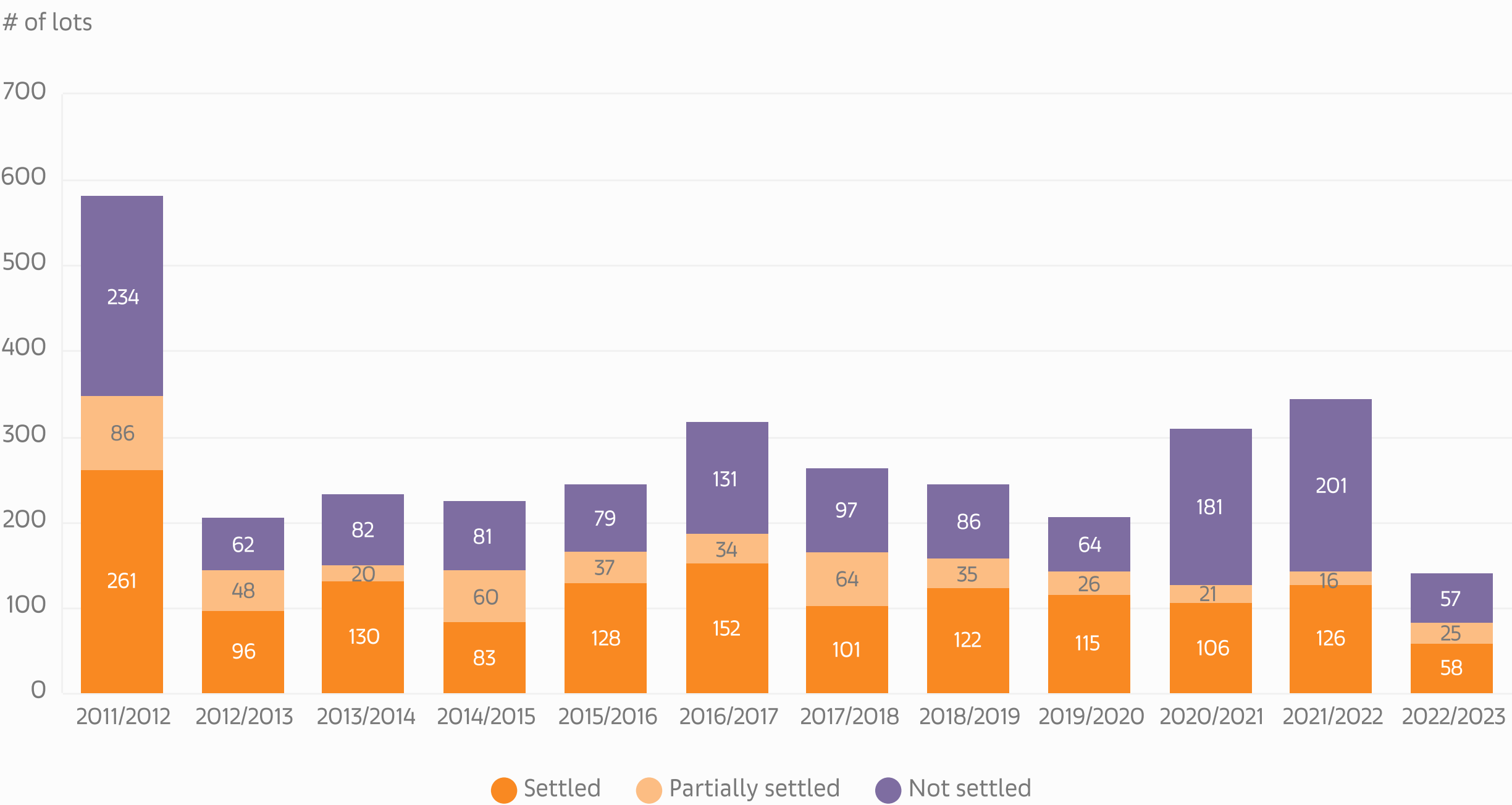
As a point of comparison, buy-in rates at fine art auctions in the US were 27% in 2023 and 24% in the UK.

32

China Auctioneers Association (2023) *China Antiques & Artworks Auction Market Statistical Annual Report 2022*. Beijing: CAA.

143

Figure 3.3 Settlement of Lots Over 10 million RMB (\$1.4 million) in 20 Mainland China Auction Houses 2011–2023



©Arts Economics (2024) with data from the Chinese Auctioneers Association

Although the US lost considerable share year-on-year, it continued to be the key center for sales of the highest-priced works at auction worldwide in 2023, with eight of the top 10 lots sold in New York, and all but one of the six lots sold for over \$50 million (with one sold in London). 34 of the top 50 fine art auction lots of the year were sold in New York, and US sales accounted for 74% of the top 50 lots’ value. Despite their multinational sales and buyer bases, just over half (51%) of the sales of Christie’s, Sotheby’s, and Phillips continued to be based there (up from 48% in 2019), despite these businesses significantly expanding their geographical reach. The US also remained the largest center for \$1 million-plus fine art works at auction and accounted for nearly three-quarters of the value of sales in the \$10 million-plus segment in 2023.

During the pandemic in 2020, the US auction market fell by 46% to just over \$5 billion, but recovered strongly in 2021, with sales increasing again by 70% to \$8.5 billion, followed by an 18% uplift in 2022 to just over \$10 billion, with growth in these years driven by strong sales at the high end of the market. However, the lower volume of the highest-priced works selling in 2023 resulted in a substantial drop in aggregate public auction sales of 23% to \$7.8 billion.

Public auction sales in the UK also declined by 12% to \$3.1 billion, but it maintained its position as the third-largest auction market worldwide. Its global share was 12%, which was 5% lower than in 2019, when sales reached \$4 billion. The UK was affected by the fall in the market at the high end too, being one of the leading global hubs for sales of high-priced works next to the US. The share of value of the UK fine art auction market accounted for by \$1 million-plus works was 59% in 2023 (down from 64% in 2022), and significantly higher than France (35%) or China (45%).

France remained in fourth position with a 9% share by value, on par with 2022. After a record year in 2021, with sales increasing by more than 60%, the French auction market was stable in 2022, but decreased by 10% in 2023 to \$2.2 billion. The German market contracted by a more moderate 2% to \$778 million.

Despite the fall in values at auction, the volume of sales was stable. Focusing solely on fine art auctions, the number of lots sold increased by just over 1%, with the number of offline transactions on par with 2022 and an increase in online-only transactions (of 6%). The rise in volume was driven by more lower-priced lots being sold, with an increase of 2% in the volume of transactions in the largest segment of the market priced at less than \$50,000, while those over \$1 million declined by 5%. The US, China, and the UK had the largest number of fine art auction transactions, with a combined 47% share, up by 2% year-on-year. The US accounted for 21%, China 15%, and the UK 10%, on par with France.³³

33

Changes in the volume of aggregate auction sales are often less conclusive indicators of market performance than trends in values, with many auction houses selling large volumes of decorative art and collectibles that can vary widely over time as well as between different sale types and regions. To compare the lots sold across countries on a consistent basis, fine art auctions offer a clearer benchmark.

145

3.2 Top-Tier Auction Houses

After achieving some of their best-ever results in 2022, sales at some of the largest top-tier international auction houses declined in 2023, as buyers spent less and collectors held back on selling at the top of the market. There was mixed performance, however, including a rise in sales at Bonhams and the largest houses in Mainland China. Considering the top international auction houses of Christie's, Sotheby's, Phillips, and Bonhams, including both public and private sales and other revenue streams, these four multinational companies posted total annual revenues across all segments of their businesses of just under \$16.5 billion, down by 12% from the record highs of \$18.7 billion in 2022.

Sotheby's reported gross sales across all categories of \$7.9 billion, down from \$8 billion in 2022, which was the highest-ever total in the company's history. Sales were higher than pre-pandemic 2019 (\$5.8 billion) and the second highest on record. This total includes sales through Sotheby's ancillary businesses, including RM Auctions, without which and focusing only on art-related businesses the total was \$6.5 billion.

Reported public auction sales totaled just under \$5.4 billion, down by 3% year-on-year, its second year of decline from \$5.9 billion in 2021. These sales excluded some of the \$2.2 billion in luxury auction sales, including those through RM Auctions, which specializes in car auctions, as well as Sotheby's Concierge Auctions dealing in luxury real estate.³⁴ Sales values were approximately 13% higher than pre-pandemic 2019, driven in part by an increase in the volume of sales, with 515 sales taking place in 2023, around 30% more than in 2019 (including online and offline and across all categories).

Online-only auction sales reached \$487 million, down from 6% in 2022. After peaking at just over 16% of sales in 2020, online sales accounted for 9% of the value of total public auction sales in 2023, a stable share year-on-year. They made up over half (54%) of the number of sales held during the year, up from 30% in 2019.

The US remained the largest base for sales, accounting for just over half (51%) of the value of reported public auction sales, with 30% in Europe, including 18% in the UK and 7% in France. Sales in Asia were stable at 19%, reaching just over \$1 billion, including Hong Kong, Singapore, and Mainland China. US buyers were also the largest segment, accounting for 37% of expenditure, with 30% of their sales going to buyers from Europe and 27% to China and other parts of Asia.

³⁴ Sotheby's announced public auction sales figures across all segments of \$6.6 million, down from \$6.5 million in 2022.

Private sales reached \$1.2 billion, up by 9% year-on-year, and higher than in 2019 (at \$990 million). This brought their share of total sales up by four percentage points to 18%, although this was still just over half the level in 2020, when they reached a peak of 30% during the pandemic.

Christie's reported total sales of \$6.2 billion over all channels and segments, down by 25% on 2022, when the company had reached their highest-ever gross sales at \$8.4 billion. Despite being lower than both 2022 and 2021, values were still double their revenue in 2020 and exceeded their pre-pandemic total of \$5.8 billion.

Aggregate public auction sales reached \$5 billion, down by 30% from \$7.2 billion in 2022, when sales were buoyed by the previously mentioned Paul Allen sale, which achieved \$1.6 billion, the most valuable single-owner collection sale ever, and included five works for over \$100 million. 2023 totals were also 7% down on 2021 (\$5.4 billion).

Although sales fell overall, Christie's online-only sales were stable, growing slightly by 2% to \$369 million. After unprecedented growth during the pandemic, online-only auctions increased in their share of total public auction sales values, from 2% in 2019 to 8% in 2021. This fell back to 5% in 2022 as live auctions had a boom year, but increased again in 2023 to



7% and continued to be the most important channel for gaining new buyers. The company reported that 35% of their buyers in 2023 were new clients, and of those, 66% came from online channels.

Christie's held 332 sales in 2023, around one third less than they did in 2019, driven by a drop in the number of live sales. The number of online-only sales doubled over the period and accounted for just under half (45%) of the sales that took place at Christie's in 2023 (versus 24% in 2019).

The US continued to be a key location for sales for Christie's, with the highest share of sales by value (51%, down from 62% in 2022). Buyers from the Americas made up the largest portion of expenditure at 41% (marginally higher than the 40% in 2022). 23% of their sales took place in Europe and 16% in Asia (up by 4%), although buyers from the APAC region accounted for a higher share of sales at 28%.

Christie's private sales were stable year-on-year at \$1.2 billion, but rose as a share of the company's total sales from 14% in 2022 to 20% in 2023. Private sales had peaked at \$1.7 billion in 2021, but in 2023, were still almost 48% higher than in 2019.

Phillips achieved sales of \$1 billion through all channels in 2023, down by 23% on their peak year in 2022 (\$1.3 billion), but remaining above their level in pre-pandemic 2019 at \$908 million. Public auction sales reached just over \$847 million, down by 16% year-on-year on 2022, while their private sales accounted for around \$153 million, down from \$250 million the previous year and accounting for just under 16% of total sales. Private sales were also lower than their 2019 total of \$172 million, but public auction sales advanced by 14% over the same period.

Phillips were successful at attracting new buyers, with a reported 50% of buyers at live and online-only auction channels being new to the company in 2023. The US was still the largest base of sales, accounting for 54% of the value of public auction sales. 18% of the company's sales were based in Asia, but just over one third of sales made worldwide were to buyers from Asia. Online-only sales grew by over one third (36%) year-on-year to \$34 million, accounting for a relatively small 4% share of total public auction sales values, although this was up from 1% in 2019. Phillips increased its total number of sales by 20% since 2019, and the number of sales held only online has also grown from 12% of the total in 2019 to 43% in 2023.

Going against the downward trend, Bonhams posted a substantial rise in sales of 14% year-on-year to \$1.4 billion in 2023, its highest-ever annual result. Bonhams acquired four

other auction houses in 2022 (Bukowskis in Sweden, Bruun Rasmussen in Denmark, Cornette de Saint Cyr in France and Belgium, and Skinner in the US), significantly increasing the company's international reach and sales capacity, with close to 1,000 sales held in 2023 (40% live and 60% online-only). Their sales were divided between Europe (59%, including 27% in the UK), the US (31%), and Asia-Pacific (10%). The relative success of Bonhams parallels the general trend in the auction sector of a softening at the top of the market, but continuing strength in some lower and mid-priced ranges, with only 62 of the 216,262 lots sold at Bonhams during the year being over \$1 million. Around 20% of the value of Bonhams' public auction sales were online-only and the number of online-only lots sold increased by 45% year-on-year in 2023.

The top-tier auction houses in China also reported very positive results in 2023, following a challenging period for most in 2022. Many businesses' sales had been negatively impacted by auction delays and cancellations due to China's zero-COVID policy and mandatory lockdowns in 2022, and the ones that went ahead were adversely affected with low access and engagement. However, with the reopening of the economy in January 2023 and inventory from cancelled auctions in the previous autumn season brought to market, there was a significant increase in sales in early 2023. Poly Auction was the largest auction house in Mainland China in 2023, reporting sales of \$993 million, more than double their total of \$450 million in 2022, but still below their previous level of \$1.4 billion in 2019 before the pandemic. Most of these sales took place in Beijing (91% by value), with the remainder in Hong Kong. Online-only sales accounted for just over \$78 million or 8% of their turnover.

While many of the sales at the larger auction houses in Mainland China were positive in 2023, the market was less buoyant by the end of the year

China Guardian posted strong sales of \$876 million in 2023, up by 45% on the previous year in US dollar terms. In 2022, despite having managed to launch most of their auctions, sales were down by almost 40% on their 2021 level, with significantly reduced auction attendance and limited presale marketing and exhibition possibilities. Despite the uplift in 2023, sales were still below their level before the start of the pandemic, having achieved a reported \$952 million in 2019.

The relatively newer Yongle Auction Company, relaunched in 2020, reported sales of just over \$305 million, more than doubling their level of 2022 at \$145 million, but falling short of their peak year in 2021 at \$511 million. Sungari International Auction posted sales of

\$305 million and reported that their sales had risen by 19% from 2022. As noted above, non-payment or late settlement of payments at auction continued to be an issue in 2023, including at some of the larger auction houses, and Sungari was ranked the second-highest auction house in Mainland China by the CAA for fully paid receipts, next to China Guardian.

According to the CAA's reports in 2023, based on receipts up to May 2023 and analyzing only those works sold for over 10 million RMB (approximately \$1.4 million), 24% of the lots sold at China Guardian at this level were not fully settled (21% by value) and only 20% at Sungari (although there was less than one third of the number of sales at that level at Sungari). These shares are set against rates as high as 57% at Poly Auction and 78% at Yongle Auction Company (where only eight lots at this level were sold), with these two companies also having among the lowest settlement rates in 2021 and 2022. Due to the nature of how this data is collected (payments made to each mid-year period), the full results for 2023/2024 will not be available until later in 2024, however, there is little confidence among experts of any improvement. Also, while many of the sales at the larger auction houses in Mainland China were positive in 2023, the market was less buoyant by the end of the year, and there are concerns that much of the uplift was driven by sales of inventory amassed during lockdowns in 2022.

3.3 Mid-Tier Auction Houses

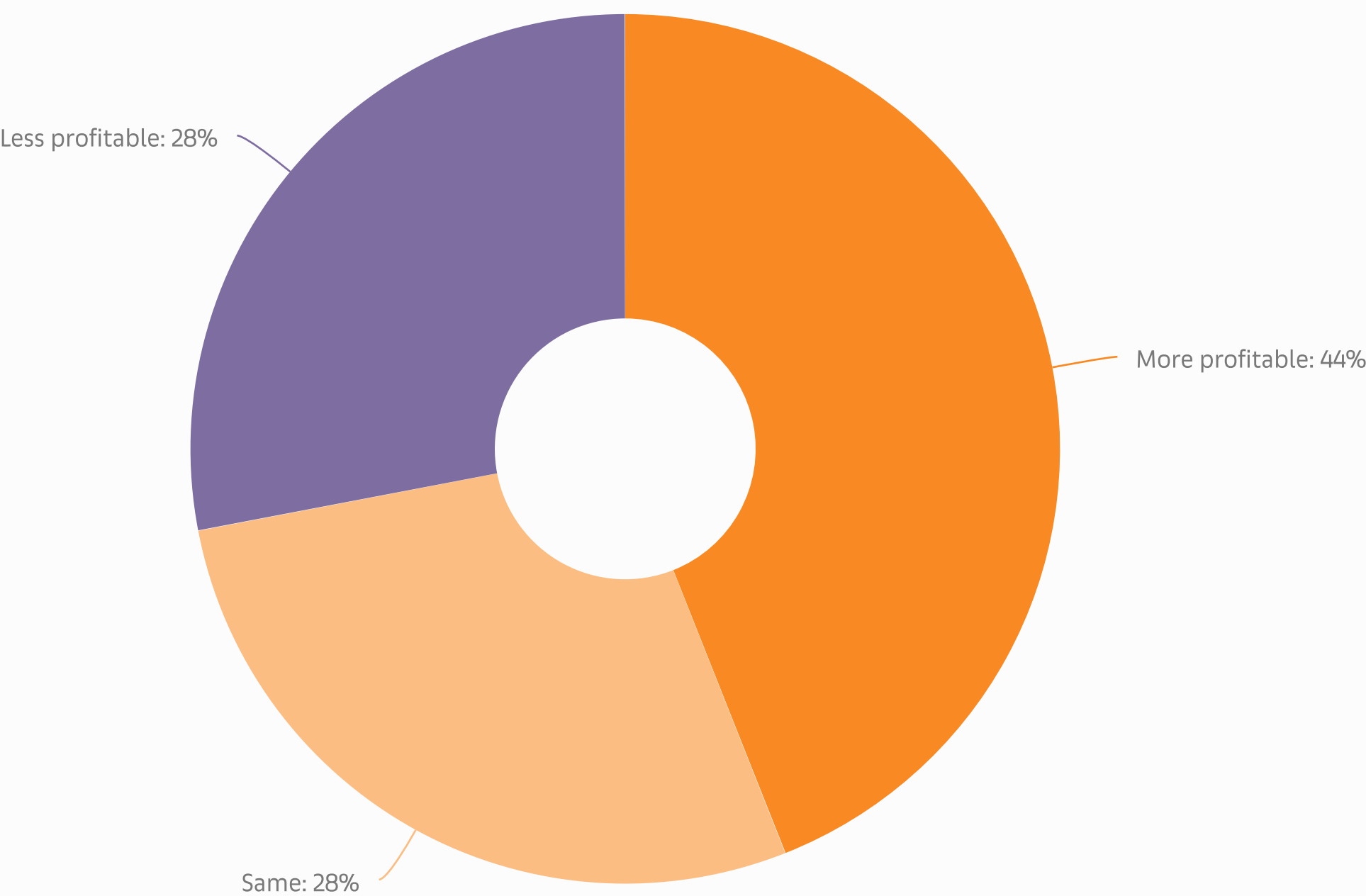
While much of the value of sales in the auction sector resides in the small group of top-tier auction houses, there also continues to be a very large volume of sales and activity outside these businesses, including in the next tier of over 500 medium to large businesses. These mid-tier auction houses are often the dominant auction companies in their own domestic and regional markets, and generate substantial sales to both local and international buyers in fine and decorative art and antiques.

A survey of mid-tier auction houses in 2023 by Arts Economics revealed that according to responses from around 110 businesses, the majority (59%) saw an increase in sales, 15% were stable, and 26% experienced a decrease, indicating that the drop in values was driven by the larger losses of some of the bigger businesses in this tier.

The respondents to the survey were relatively well established, averaging 35 years in business, and a majority (71%) operated from a single premises in one location, while 29% had multiple regional or global locations. These businesses ranged in size in terms of employment, from small businesses of around 10 people to those with just over 100 employees, with an average of 23. The majority (56%) of auction houses kept employment stable and 39% increased numbers (with an average increase of three people). Payroll was a significant part of the operating costs for these companies, averaging 42% of total costs, higher than the average in the dealer sector (30%), and having risen considerably from 34% in 2021 (with the share of rent or mortgage costs stable at 14%).

Businesses in this sector commented on their struggles with rising costs in 2023, both in terms of their internal costs and the effects of inflation on the spending power of their buyers. Despite this, there was a significant 44% of businesses that saw their profits increase year-on-year (up by 7%), with 28% stating that they were around the same as 2022 and a similar share of 28% reporting declines.

Figure 3.4 Change in Profitability of Mid-Tier Auction Houses in 2023 versus 2022

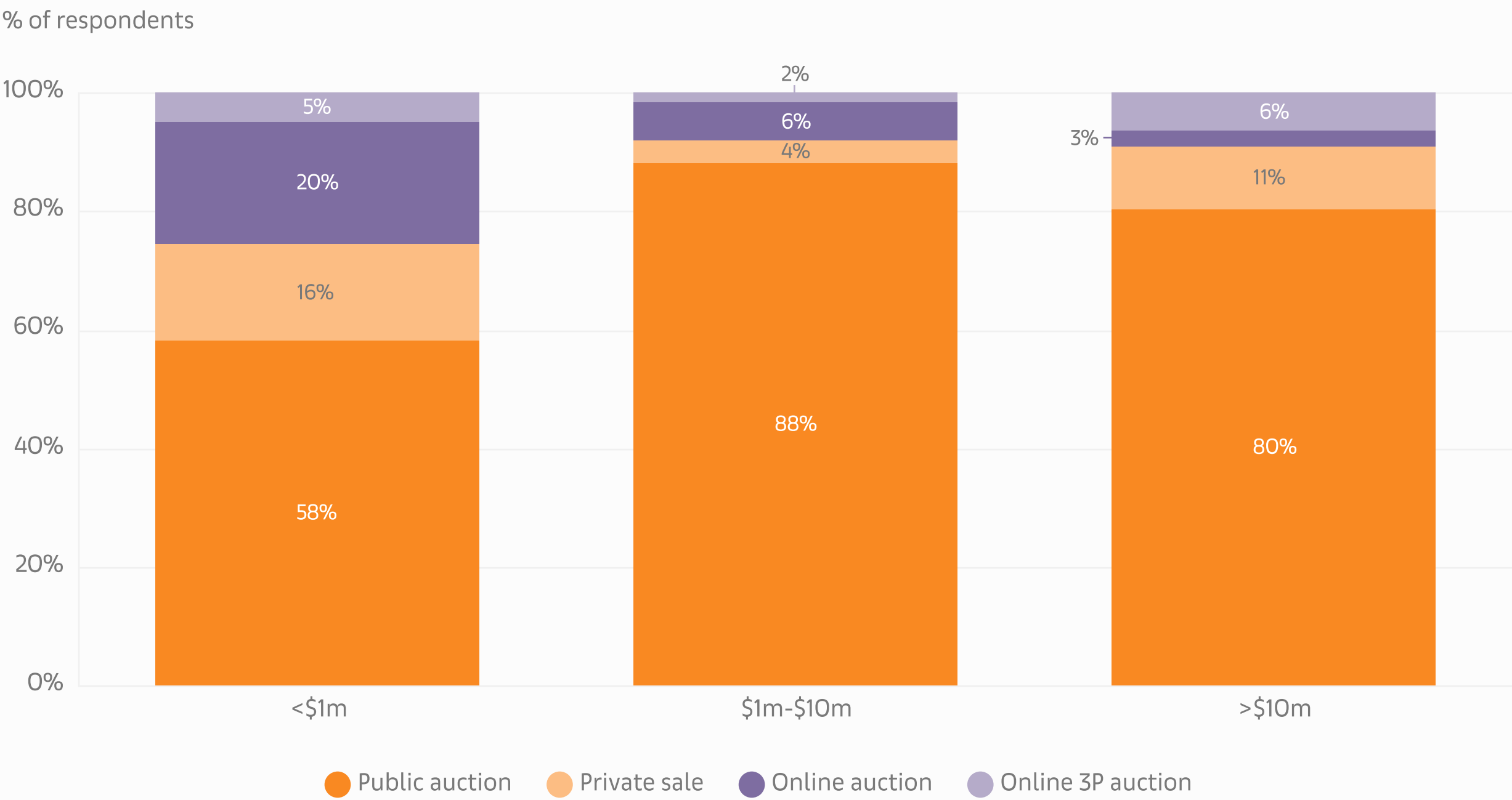


©Arts Economics (2024)

According to respondents, public auction sales accounted for 77% of total sales, on par with 2022. As in previous years, this share was dependent on the size of the business, with smaller companies reporting a lower proportion of public auction sales, including 58% for those turning over up to \$1 million.

Private sales represented an 8% share over all respondents, up by 2% on 2022. A similar trend to 2022 was that smaller businesses tended to have a larger portion of private sales, including 16% for those with turnover of less than \$1 million. Aside from more traditional private selling, these sales included transactions related to bought-in lots that may have been sold during the year directly to private clients as well as sales on ‘buy-now’ platforms that a significant number of auction companies had introduced alongside online auctions. Although these ‘buy-now’ sales were online, they were not conducted via an auction process and were more retail in nature, being sold directly to private clients, and therefore classified as private sales in Figure 3.5.

Figure 3.5 Share of Total Sales by Sales Channel and Turnover (Mid-Tier Auction Houses) in 2023



©Arts Economics (2024)

Online-only auctions accounted for 15% of total sales values, down by 2% year-on-year. As in other years, businesses with lower turnovers tended to have higher shares, with 25% reported by those with sales of less than \$1 million versus 9% for those with turnover of greater than \$10 million. Internal sales on their own platforms comprised the majority of the online-only sales overall (12%), with 3% made through third-party platforms. Again, this varied between auction houses of different sizes, with a notably higher proportion of third-party-based sales for larger auction houses in this sample versus their own internal online auctions.

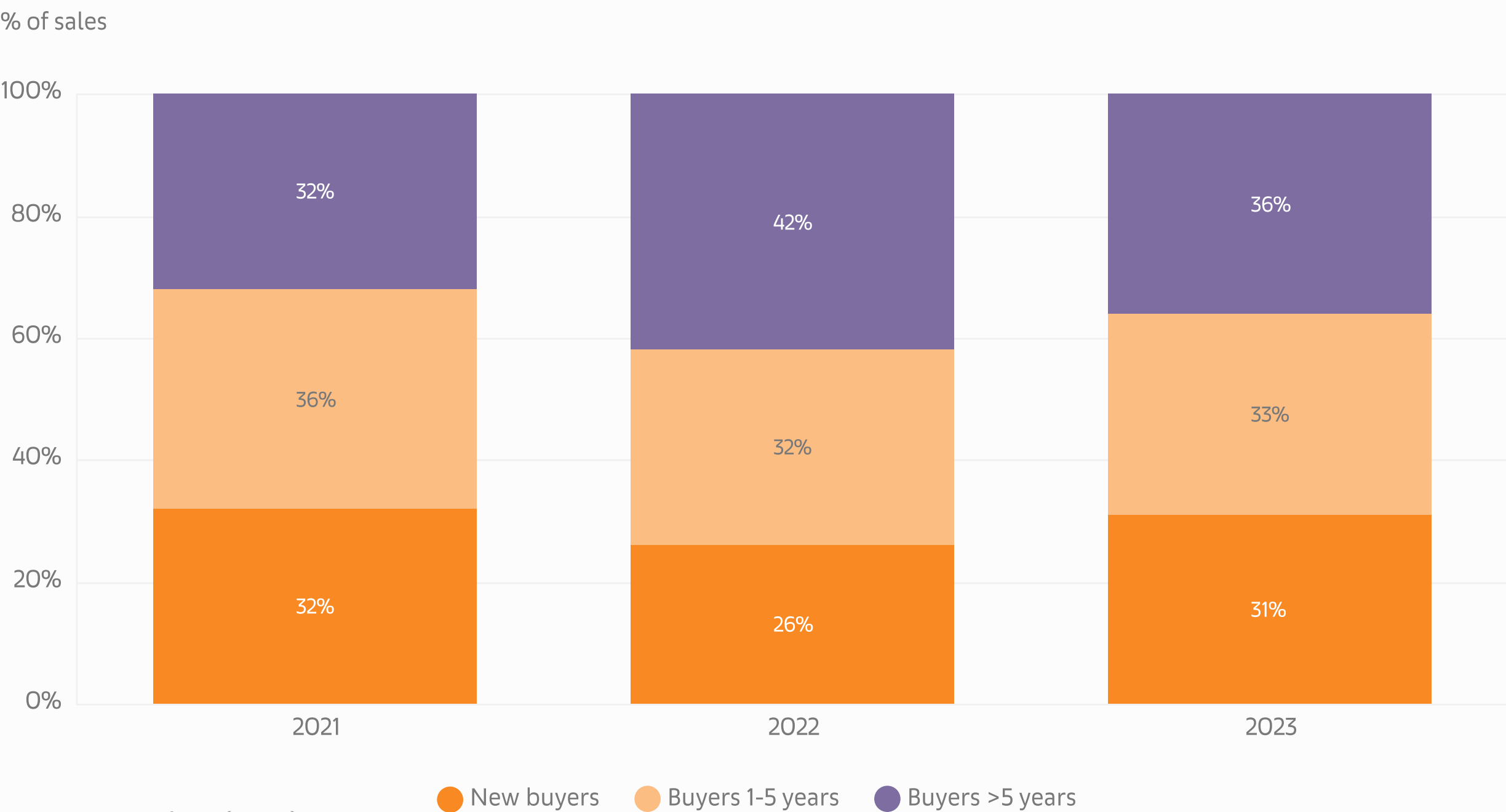
Despite accounting for a slightly smaller share in 2023, the auction houses surveyed were confident that online channels would continue to be important in future, with 81% predicting that e-commerce would increase over the next few years (versus 60% in 2022).

There was some evidence that these auction houses could have expanded their buying bases in 2023, with 44% selling to 500 or fewer individual local or international buyers (down from 60% in 2022), while 56% dealt with more than 500. Whereas the top-tier auction houses sold to an international client base over multinational salesrooms, auction houses in this tier tended to deal more with local buyers. 74% of the sales by value they

made in 2023 were to private collectors, stable year-on-year, with around three-quarters of those to collectors within their region. A further 5% were to museums (60% of which were local), 5% to private companies or institutions, and 16% to other art market professionals.

These mid-tier auction houses had a similar proportion of sales to new buyers as some of the top-tier businesses, with around 31% of their sales in 2023 to buyers they were selling to for the first time. This was an increase of 5% on 2022, and considerably higher than in 2019 (22%). Their largest segment of sales (36%) went to established buyers of more than five years, although sales were relatively balanced, with the remaining third to buyers they had worked with for one to five years. As in 2022, new buyers were especially important for smaller auction houses, representing 37% of the sales for those businesses with turnover of less than \$5 million versus 21% for those at the higher end, where long-term buyers were more significant.

Figure 3.6 Share of Sales by Mid-Tier Auction Houses to Buyers by Purchase History 2021–2023



©Arts Economics (2024)

While most businesses were optimistic about a better year ahead in 2024, numerous challenges were identified that would potentially impact their outlook. The most pressing of these was finding new vendors and artworks to meet demand from collectors, with 48% of auction houses citing this concern in their top three challenges for 2023 and 2024, alongside the increasing levels of competition between auction houses (44%). These challenges superseded worries over regulatory issues and their administrative burdens, which had been the highest ranked in 2022, although still almost 30% of the sample reported these as their top three for 2023 and 2024. It is notable that although dealers remained concerned about auction houses encroaching on their competitive space, this was one-sided, and competition with galleries and dealers was not deemed a concern by any of the mid-tier auction houses responding.

The general economic and political context and its effect on demand was the third biggest challenge for 2023 and 2024, but this was the highest-ranking concern looking further ahead for the next five years (56%). Accessing supply and vendors came second, and finding ways to retain their current customer base was also in the top three. (The outlook for mid-tier auction houses is discussed in more detail in Chapter 4.)

3.4 Price Segmentation in Fine Art Auctions

One of the key drivers of the slowdown was a contraction in sales of some of the highest-priced works at auction, notably those sold at over \$10 million. The last few years have seen distinct changes in the growth of different price segments of the auction market. During the pandemic in 2020, the contraction in value was experienced across all segments, while the recovery in 2021 was weighted towards the high end of the market, with sales of fine art lots priced at over \$10 million showing the strongest growth. In 2022, as the recovery slowed, all segments under \$10 million declined and the \$10 million-plus bracket was the only one with positive growth. 2023 marked a reversal of this trend as lots sold at the very high end thinned out, while there was more activity at lower price levels.

Figure 3.7 shows the distribution by value and volume of fine art auction sales in 2023 by price segment.³⁵ Consistent with other years, by far the largest number of works sold were those at lower prices, with a stable 93% of individual lots sold being priced at less than \$50,000. These lots accounted for 12% of the value of the fine art auction market, up by 2% on 2022. Despite public attention often being focused on lots achieving the highest prices, most of the day-to-day activity of auction houses is based at this lower end of the market, with 70% of the fine art works sold at auction in 2023 being priced even lower than \$5,000, although these represented just 2% of sales values.

At the higher end, works selling for more than \$1 million accounted for 55% of the value of the market in less than 1% of the lots sold. This share of value for these higher-priced lots was down by 6% year-on-year from 2022, and lower than 2021 (57%). While the \$10 million-plus segment was the largest by value in 2022, it was overtaken in 2023 by works sold for between \$1 million and \$10 million, at 32%, with most of that value (22%) in the \$1 million to \$5 million range.

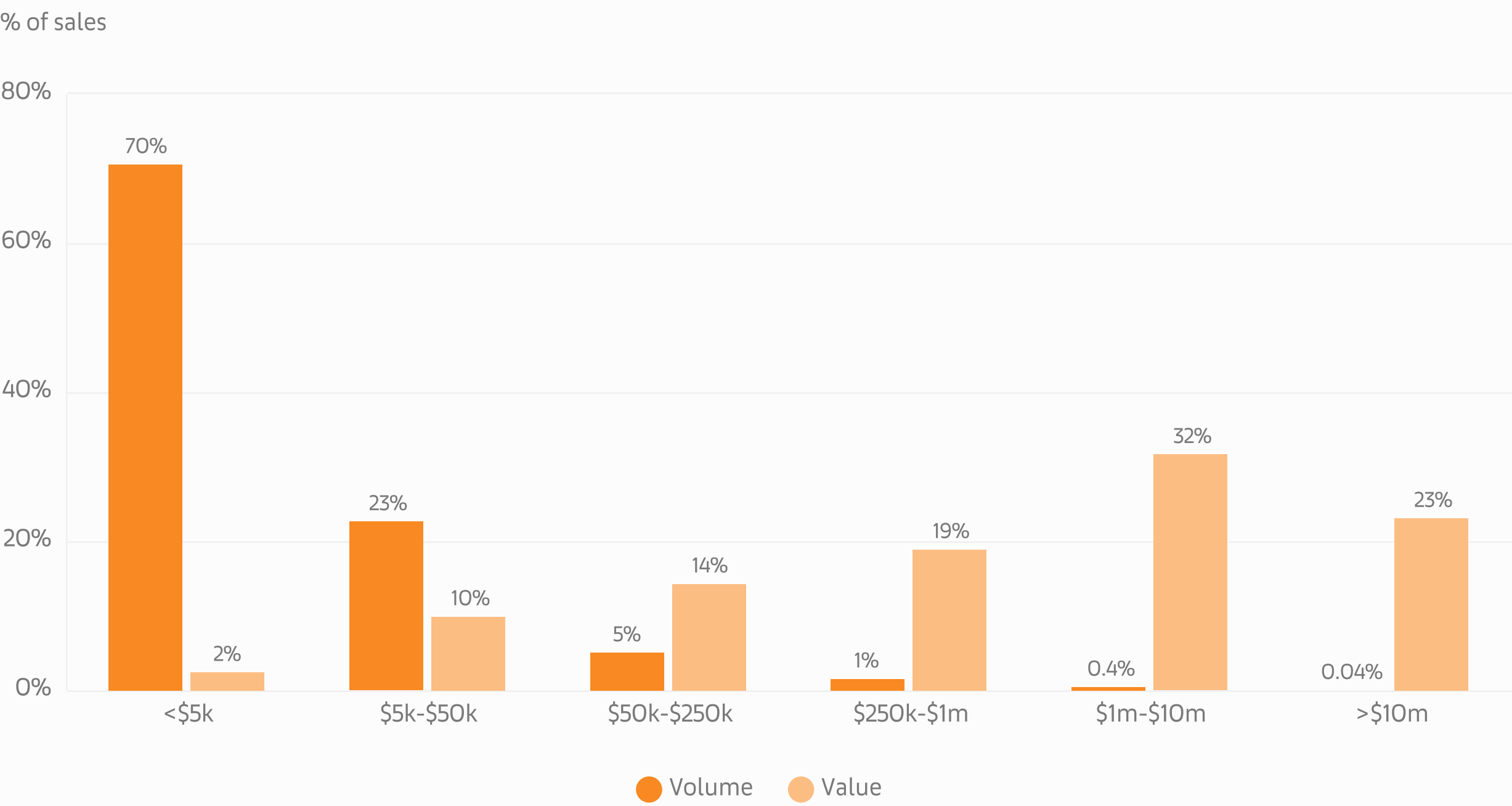
The \$10 million-plus segment made up 23% in 2023, which was a significant fall of 10% from 2022, and also lower than the 28% share in 2021. However, it was still above 2020, when it dropped to 20% during the pandemic. After being the fastest growing segment as the market bounced back in 2021 and 2022, it had the lowest growth of all in 2023, as the number of lots surpassing \$10 million sold at auction fell by 25%.

35

For the purposes of this analysis, fine art includes paintings, sculptures, and works on paper (including watercolors, prints, drawings, and photographs), tapestries, and installations, as well as film, video, and digital art and other new media.

157

Figure 3.7 Share of Lots Sold and Total Value at Global Fine Art Auctions by Price Bracket in 2023



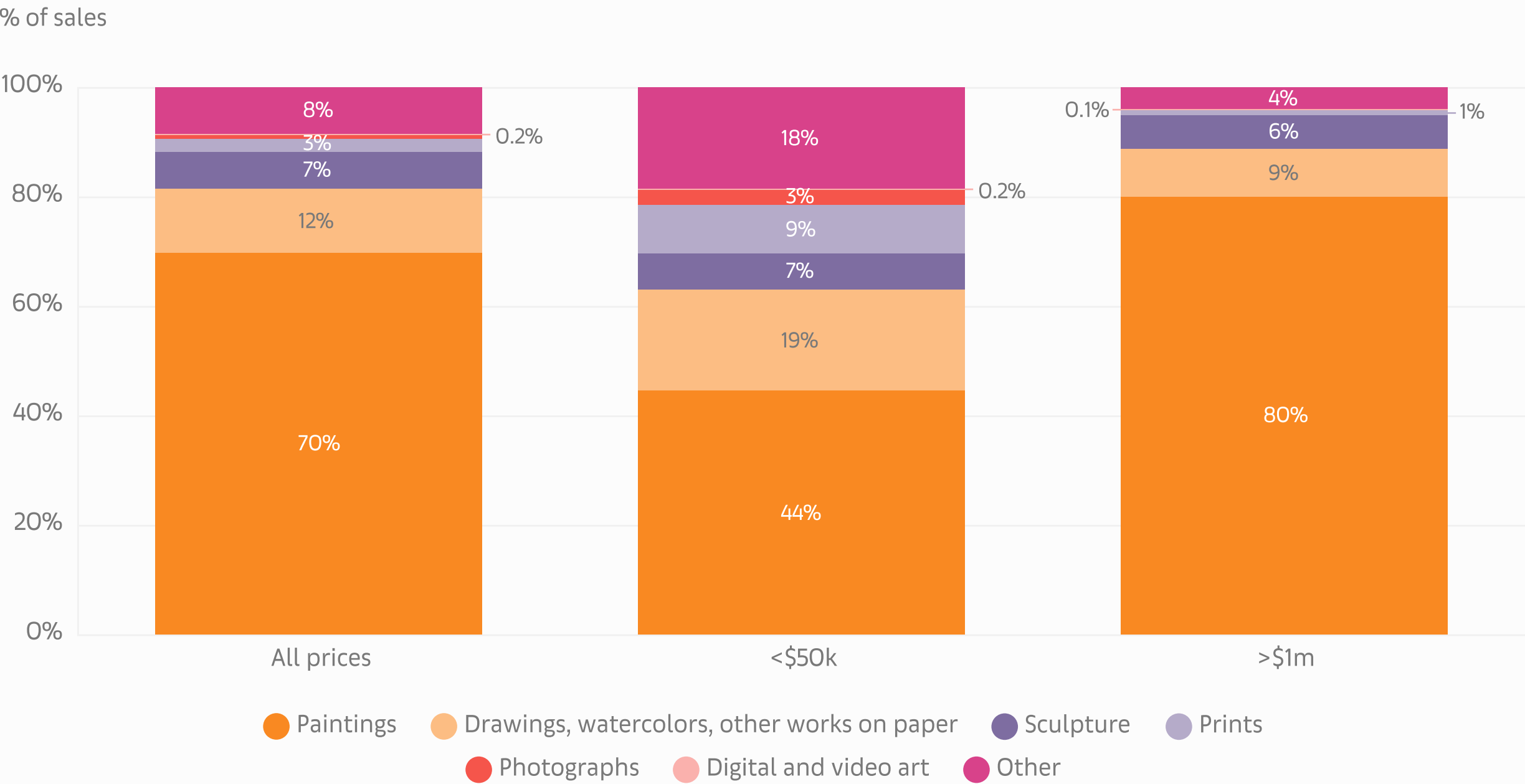
©Arts Economics (2024) with data from Artory

Most of the fine art works sold at auction at these high levels continued to be paintings and sculptures, which accounted for 82% of the number of lots over \$1 million and 86% of the value of this price segment in 2023. At the very top, these mediums represented 89% of the volume and 91% of the value of sales of works priced at over \$10 million, with the remainder mainly being drawings, works on paper, and watercolors.

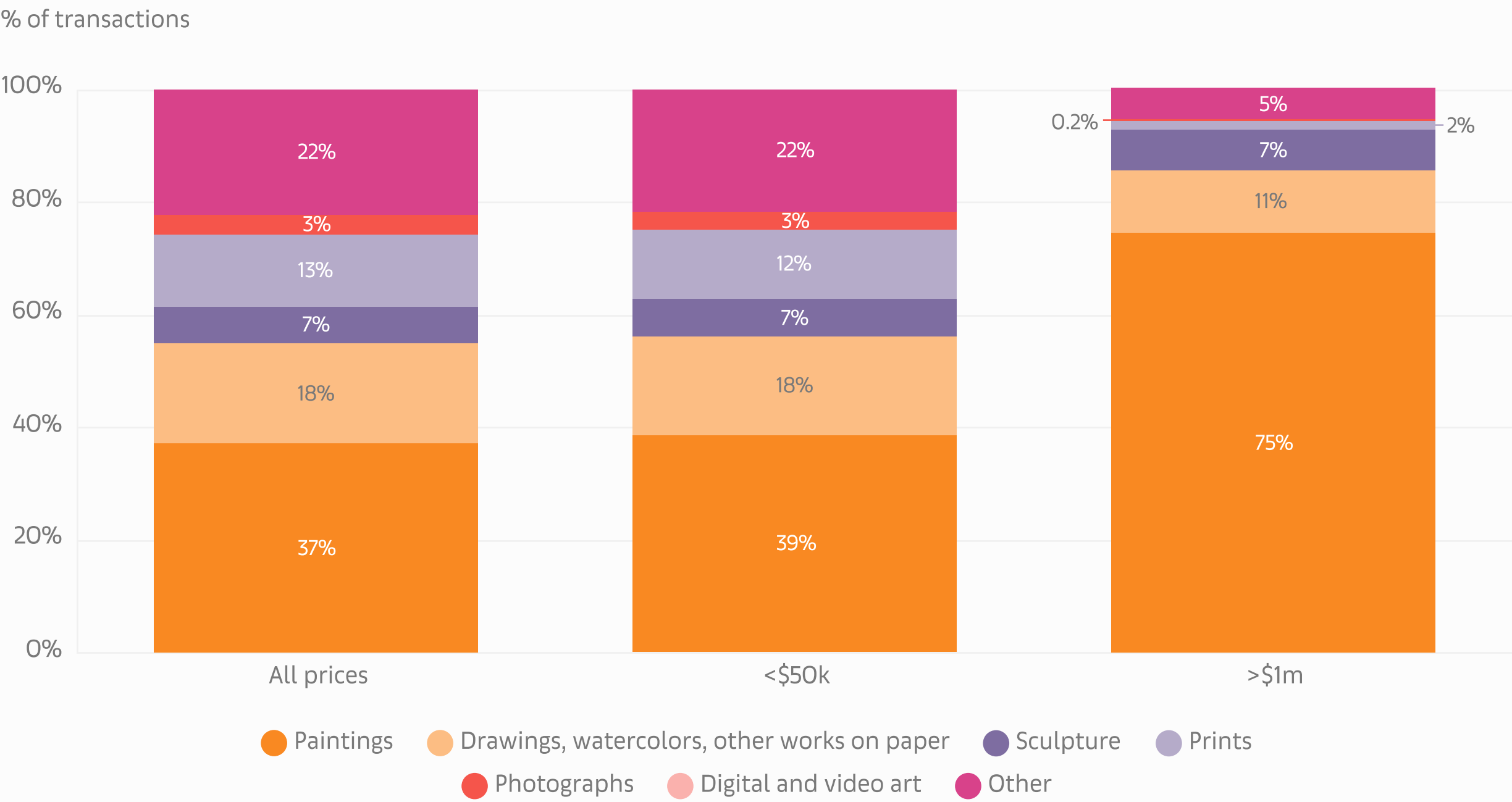
At the lower end, the mediums of works sold at fine art auctions for less than \$50,000 were more diverse. While paintings were still the largest segment, they accounted for only 39% of the lots sold and 44% of values. Prints and photography had a larger share at this level, with 12% by value and 15% of the lots sold. The share of digital, film, and video art combined was less than 1% of the value or volume of sales at any level in 2023, and the most common price range for digital artworks sold at auction was between \$5,000 and \$50,000, with half of the works sold at auction within this price range.

Figure 3.8 Share of Lots Sold and Total Value at Global Fine Art Auctions by Medium and Price Bracket in 2023

a) By Value



b) By Volume

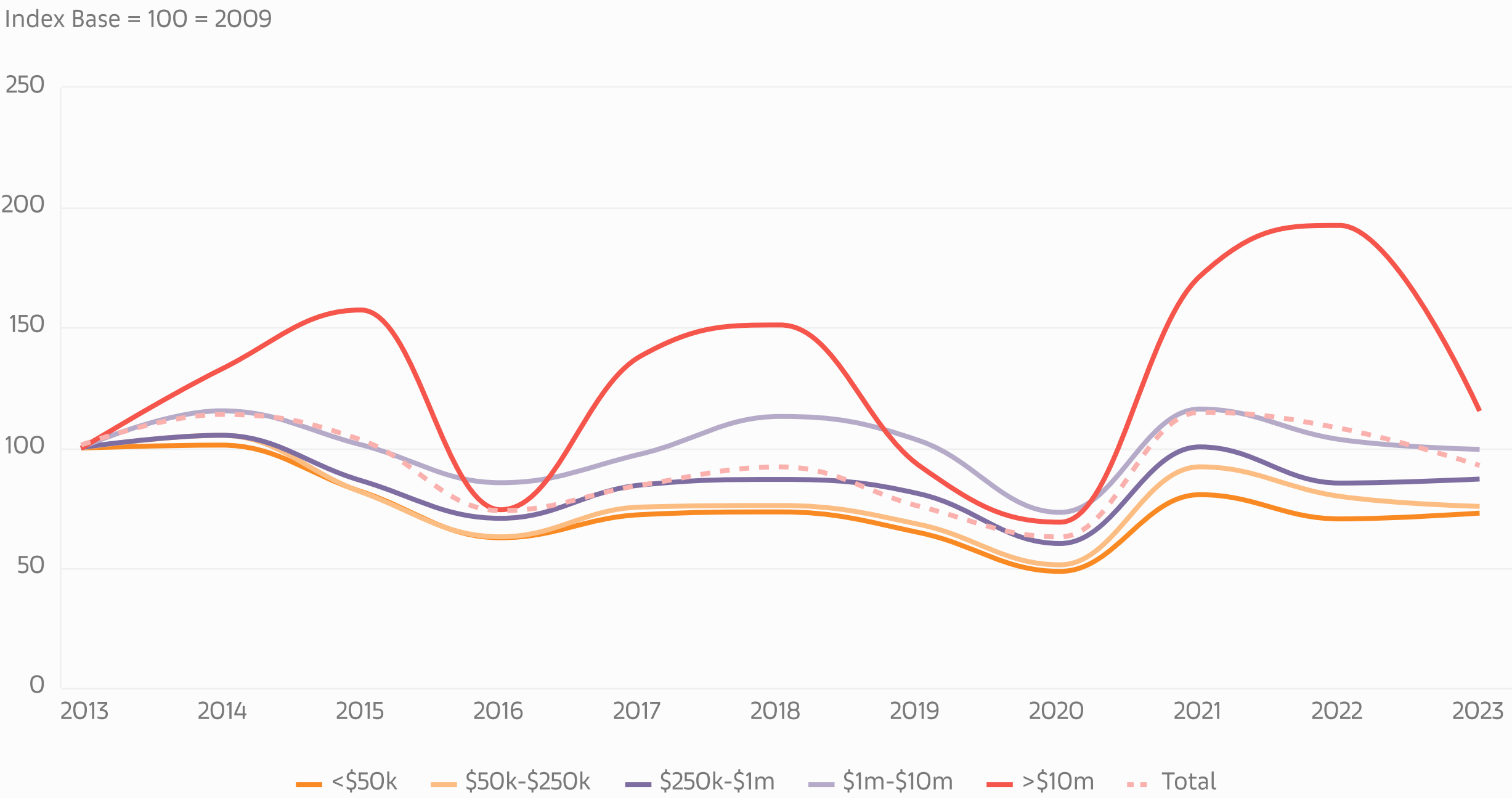


To track how the different price segments of the market performed in 2023 and over time, the following definitions are used to categorize sales:

1. *The Low End*: prices up to \$50,000;
2. *The Middle Market*: price segments ranging from \$50,000 to \$250,000 and from \$250,000 to \$1 million; and
3. *The High End*: prices in excess of \$1 million, including the Ultra-High End, with prices in excess of \$10 million.

Figure 3.9 shows the performance of sales in the different segments over time, using an index tracking the growth in values from a base year of 2009. This index clearly demonstrates the volatility and growth of the Ultra-High End segment, which has been pivotal in shaping some of the main peaks and troughs in the market over the period. As all segments recovered after the pandemic-induced contraction in 2020, it is clear that this segment did so at a much faster rate, pulling away from the rest of the market and reaching unprecedented levels well above any in the previous years shown. In the period from 2009 to 2022, the index for the Ultra-High End (\$10 million-plus segment) grew by 700%, as the limited number of works entering the market at this level drove prices higher and enticed vendors to market, versus a much more moderate 12% for the Low End (or a decline in value if adjusting for inflation over the period). However, as the market became more uncertain and collector spending tightened in 2023, the Ultra-High End showed the biggest annual downturn, with the index falling by 40% year-on-year versus 3% growth for sales at prices under \$50,000.

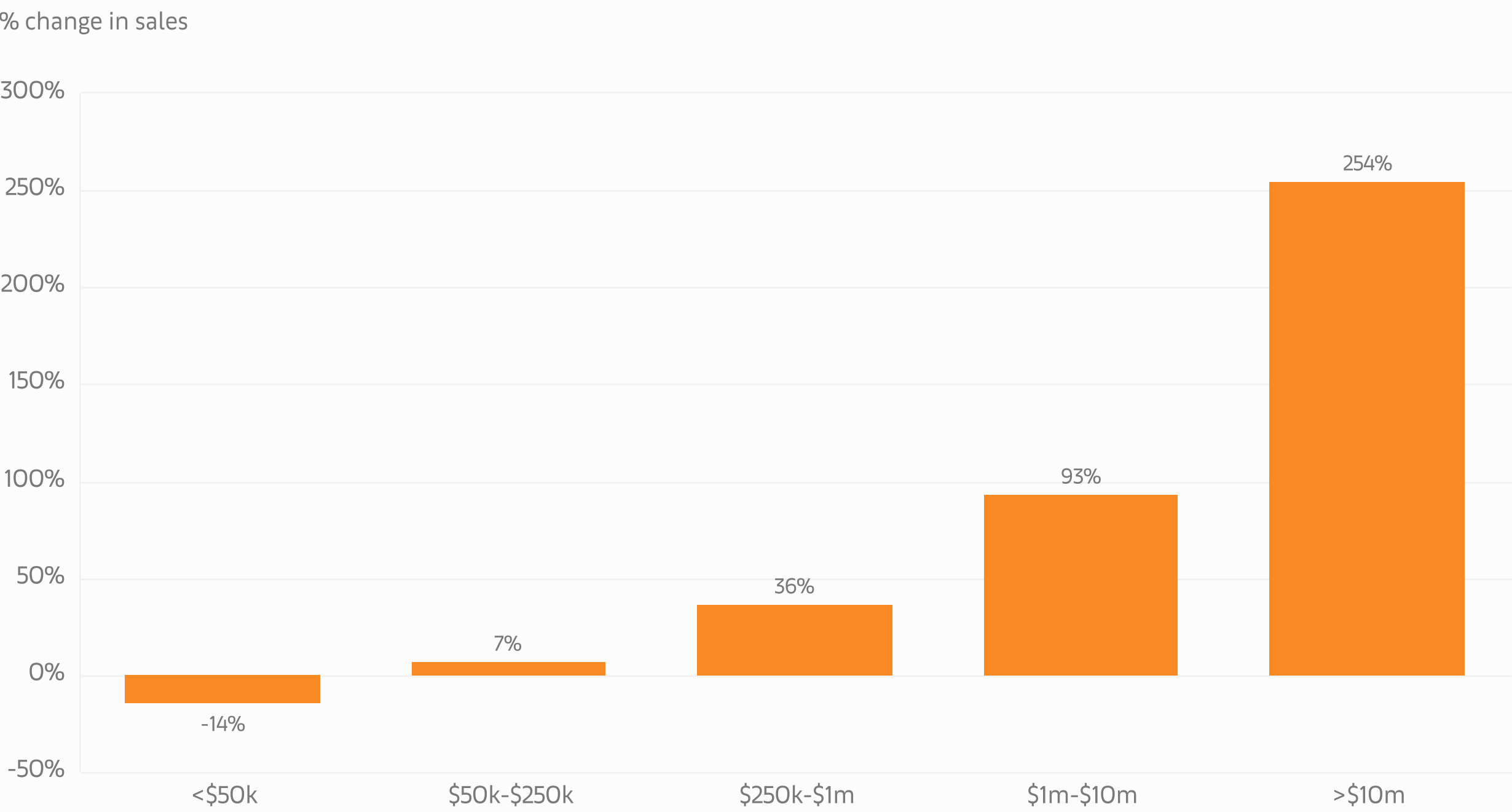
Figure 3.9 Growth of Sales by Value in Auction Price Segments 2009–2023



©Arts Economics (2024) with data from Artory

It should be noted, however, that even with this decline, the \$10 million-plus market has still shown the most growth over time, advancing by 380% from 2009 through 2023 versus just 16% at the Low End. If inflation is taken into account over this period, this Ultra-High End has grown to over 2.5 times its size, even with the downward adjustment in 2023, while the segment under \$50,000 has contracted in value by 14%. The inflation-adjusted changes in these market segments suggests therefore that growth has been correlated with increasing price levels over time. From 2009 to 2023, the higher the price, the larger the aggregate increase in each segment, and works sold for prices of more than \$1 million have achieved above-average growth, with the higher end outperforming middle and lower price tiers.

Figure 3.10 Inflation-Adjusted Change in Sales Values by Price Segment from 2009 to 2023



©Arts Economics (2024) with data from Artory

Table 3.1 sets out the performance of the various price segments in different periods over the decade between 2013 and 2023. This illustrates that despite the downturn at the top end of the market in 2023, considered over the decade, the aggregate value of sales of works priced at over \$10 million has grown, while those priced under this level have stagnated or fallen, with the sharpest decline in the value of lots below \$50,000. Splitting the market in two, sales of works priced at over \$1 million at auction grew by 6% while those at less than \$1 million fell by 21%.

During the pandemic in 2020, sales values dropped across all segments, and by relatively uniform amounts, quite unlike other art market recessions, when the fall in sales was specifically tied to the reduced value and number of the highest-priced lots. However, from 2020 through 2022, as the market recovered, the high end showed stronger growth and the more familiar pattern of stronger performance at higher prices returned. This changed significantly in 2023 as the highest end lost value, but there was still some growth in other segments, including the one between \$250,000 and \$1 million, where it was noted more anecdotally by both dealers and auction house experts that HNW collectors were more readily spending during the year.

The volume of works sold in the Ultra-High End increased by 14% over 10 years. The steady inflation of art prices has helped to lower the entry bar to this segment, but it has also been a key focus for some of the top-tier houses in securing sales, often with incentives and guarantees due to the competitive and scarce nature of supply at this price level, which can affect the profitability of the transactions. Nearly all segments fell or stagnated in terms of the number of transactions in 2023, with the biggest drop at the Ultra-High End. However, the Low End went against the declining trend, posting modest growth of 2%, which helped to maintain the stability of the volume of sales given that this segment accounts for over 90% of the transactions that took place.

Table 3.1 Annual Growth and Share of Auction Sales by Price Segment 2013–2023

a) By Value of Sales

	Low End	Middle Market		High End	
	<\$50k	\$50k-\$250k	\$250k-\$1m	\$1m-\$10m	>\$10m (Ultra-High End)
2013–2023	-27%	-24%	-13%	-1%	16%
2019–2020	-25%	-28%	-25%	-29%	-27%
2019–2023	13%	11%	8%	-3%	25%
2020–2023	50%	48%	45%	36%	67%
2022–2023	3%	-5%	2%	-4%	-40%

b) By Volume of Sales

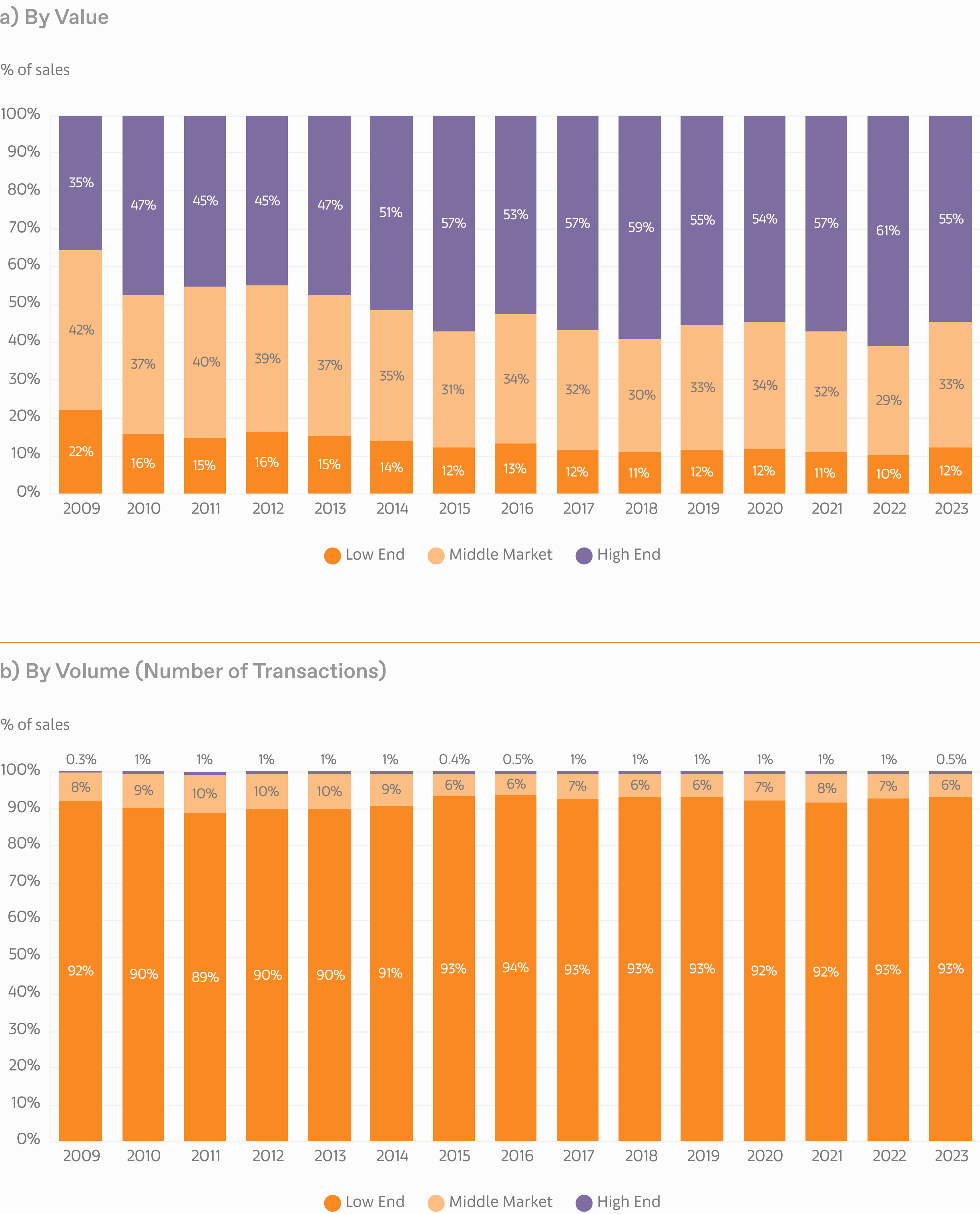
	Low End	Middle Market		High End	
	<\$50k	\$50k-\$250k	\$250k-\$1m	\$1m-\$10m	>\$10m (Ultra-High End)
2013–2023	18%	-25%	-12%	-7%	14%
2019–2020	-35%	-24%	-25%	-27%	-23%
2019–2023	8%	12%	9%	1%	17%
2020–2023	67%	47%	44%	39%	51%
2022–2023	2%	-5%	0.4%	-2%	-25%

Although the decline in the Ultra-High End reduced the share of value in the High End, it still represented the majority of sales by value at 55%, on par with 2019, and despite accounting for less than 1% of transactions. While the size of its share has fluctuated considerably, the High End has accounted for the majority of sales values for over 10 years. It had reached a low of just 35% of sales during the financial crisis in 2009, as vendors held back supply of the highest-priced works given the unstable economic conditions. However, its share grew in most years since then and by 2014, it accounted for just over half the market as the Middle Market shrank back to just 35%. In 2022, the buoyancy of the Ultra-High End and stagnation of other segments helped it to reach its highest level in over a decade of 61%, with a concurrent decline of the lower and middle segments to 10% and 29% respectively, their lowest in more than 10 years.

The volume of sales has changed very little over time. The High End made up only 0.5% of the number of fine art lots auctioned in 2023 and it has not been above 1% since 2009. Most transactions take place at the Low End, and this has remained relatively stable and over 90% for the last decade.



Figure 3.11 Market Share in Auction Price Segments 2009–2023



©Arts Economics (2024) with data from Artory

The geographic distribution of the auction market is determined by the breakdown of sales by price in different markets, with the three largest auction market hubs of the US, China, and the UK accounting for the majority of value, as they are where most of the highest-priced works are sold.

The US, China, and the UK accounted for 60% of sales by value in the market of works sold for less than \$50,000 (up by 4% year-on-year) and 44% of the lots sold. In the Middle Market segments between \$50,000 and \$1 million, their share increased to almost 80% by value, with China accounting for by far the largest market, as it did in 2022, at 43% of total sales (down by 2% year-on-year).

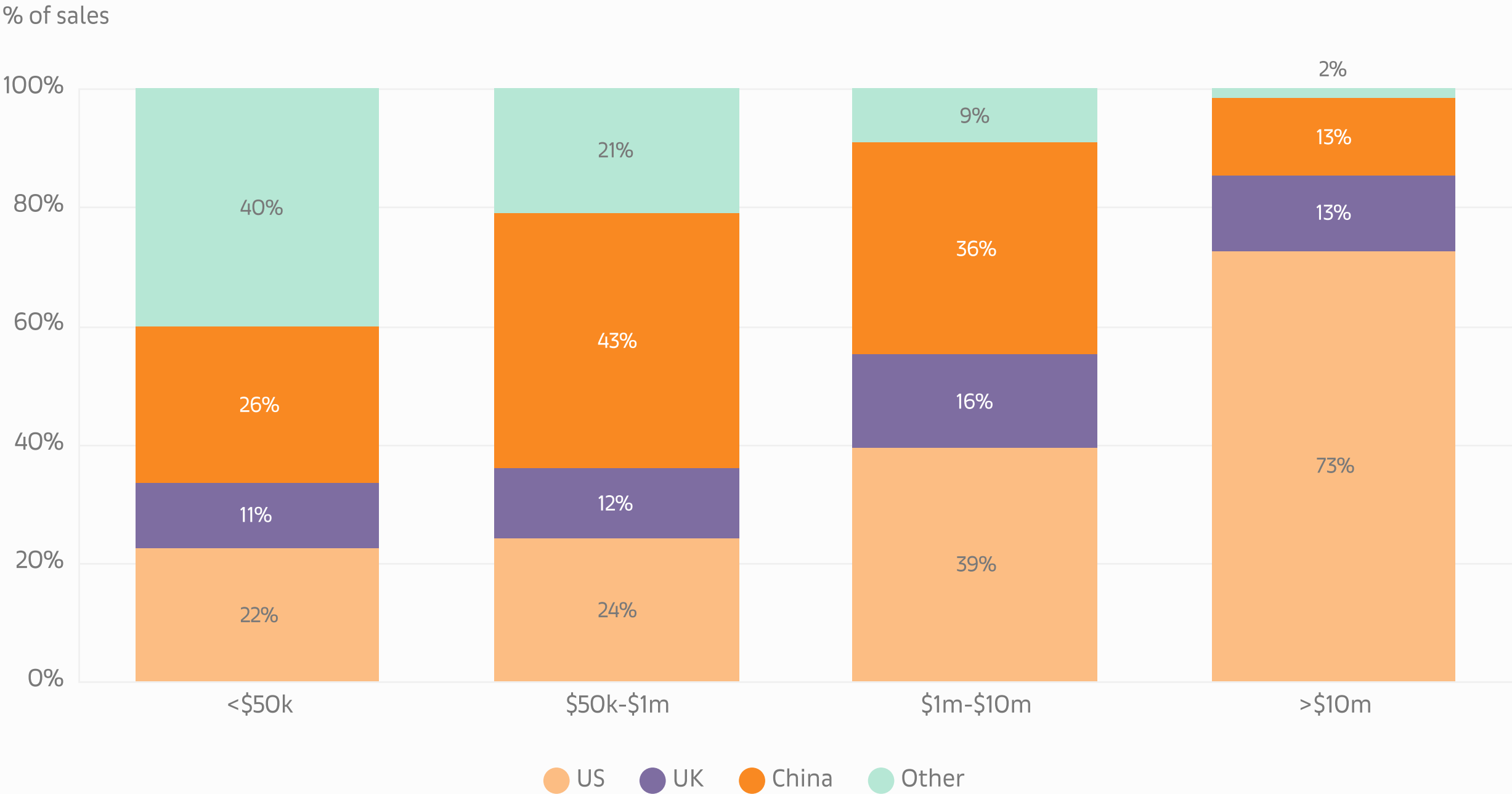
In 2023, despite the downturn in its auction market, the US still accounted for 73% of the sales by value of works priced at over \$10 million

At the higher end of sales of artworks priced at over \$1 million, the share of the top three markets is higher again, with the US leading. Considering sales of all works priced at over \$1 million, these three markets made up 93% of sales by value in 2023 (with the fourth-largest market of France accounting for a further 4%). The US fell behind China in the \$1 million-plus segment during the pandemic in 2020, but regained share over the following two years to reach 61% in 2022, as New York was again home to the sales of most of the multimillion-dollar lots at auction. This decreased to 53% in 2023, although still ahead of both China (26%) and the UK (14%).

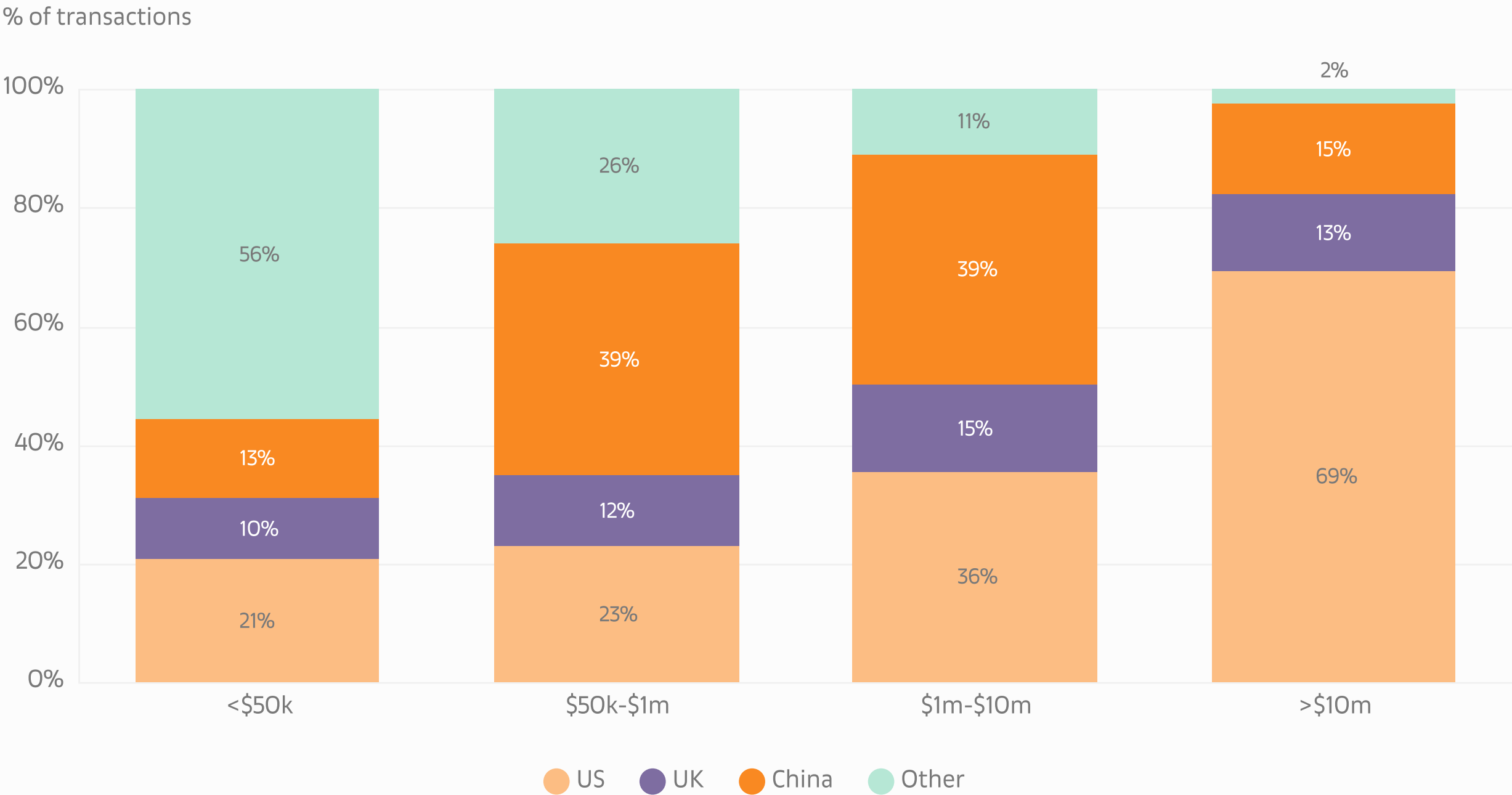
Figure 3.12 shows that the key reason for the US dominance in the \$1 million-plus segment is their accounting for the majority (69%) of transactions at the Ultra-High End. The US has retained the largest share in this segment in previous years, again, with the exception of 2020, when it temporarily fell slightly behind China. After the UK leading China in this segment in 2022, their shares equalized in 2023 at 13% each, with China having a slightly higher number of lots sold over \$10 million than the UK.

Figure 3.12 Market Share of the Fine Art Auction Market by Region and Price Segment in 2023

a) By Value



b) By Volume (Number of Transactions)



©Arts Economics (2024) with data from Artory

3.5 Fine Art Sectors

To better assess how different sectors have performed, the analysis that follows segments the fine art auction market based on measurable criteria, such as an artist's date of birth and the date of creation of works, as well as factors such as the importance of artists to a particular movement. Within the art market, definitions vary widely and use many more qualitative, artistic, and historical criteria, however, in order to provide indicators of trends in different parts of the market for the purposes of this analysis, we have used the following:³⁶

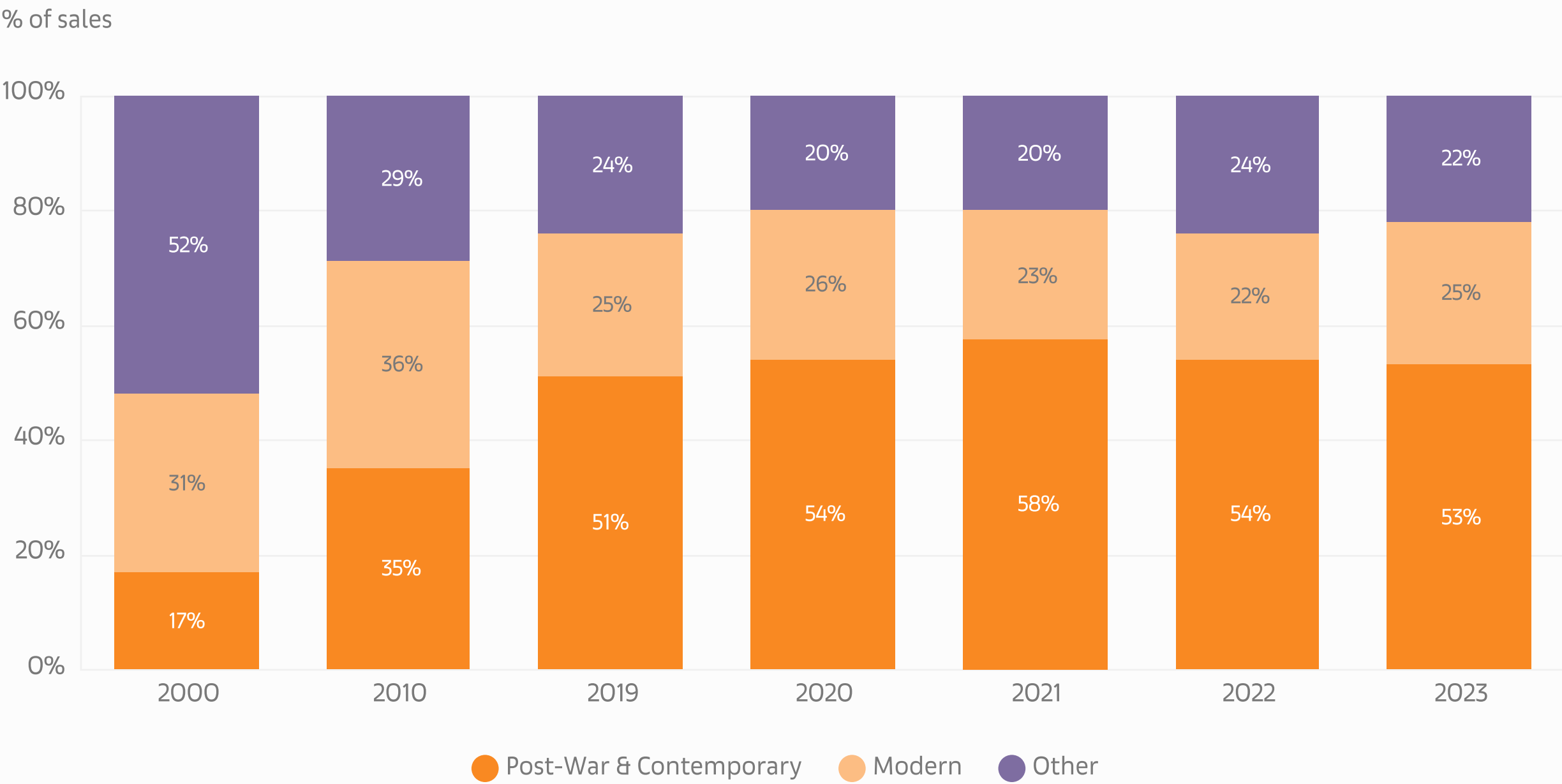
- a. *Post-War and Contemporary*, defined as artists born after 1910;
- b. *Post-War*, a subset of Post-War and Contemporary, defined as artists within the sector that were born between c. 1910 and 1945;
- c. *Contemporary*, a subset of Post-War and Contemporary, defined as artists within the sector that were born after 1945;
- d. *Modern*, defined as artists born between 1875 and 1910;
- e. *Impressionist and Post-Impressionist*, defined as artists born between 1821 and 1874;
- f. *Old Masters*, defined as artists born between 1250 and 1821; and
- g. *European Old Masters*, defined as Old Master artists of European origin, analyzed separately as a subset of the Old Masters sector.

To ensure that the analysis of sales trends is consistent over time, a central database is used to source auction price information from Artory, with some data for Chinese sales supplemented by Artron. The Artory database covers sales from 4,000 auction houses, with consistent annual auction results gathered for around 250 businesses in more than 40 countries. The database comprises results from major sales in first- and mid-tier auction houses around the world and does not restrict inclusion by final price or estimate value, hence offering coverage of the full range of prices that occur at auction. The data by sector includes those sales where an artist (or group of artists) can be attributed to the particular transaction, and also where the date of birth and/or death is clearly established so that it can be accurately used to classify the transaction into one of the sectors. This means that the analysis does not contain all lots sold in each sector (or any lots that fall outside these sectors), but allows for consistent estimates over time of some of the key trends.

³⁶ Most artists' categorization is based on date of birth, but there are a small number of artists who are included in different sectors because of their relevance to a particular movement, for example, Francis Bacon (b. 1909) and Mark Rothko (b. 1903) are both included in the Post-War and Contemporary sector despite the cut-off date of 1910.

In 2023, the Post-War, Contemporary, and Modern art sectors accounted for 78% of the value of sales in the fine art auction market, up by 2% year-on-year. These sectors have dominated the value of sales in the fine art market for the last 20 years, with Post-War and Contemporary art accounting for more than half of the value of sales over the last five years as rising prices and an expanding number of artists have boosted its share. However, as set out in Figure 3.13, its dominance is a relatively recent phenomenon, from a base of over one third of the market by value in 2010 and only 17% going back further to 2000.

Figure 3.13 Market Share by Value of the Fine Art Auction Market, Selected Years 2000–2023



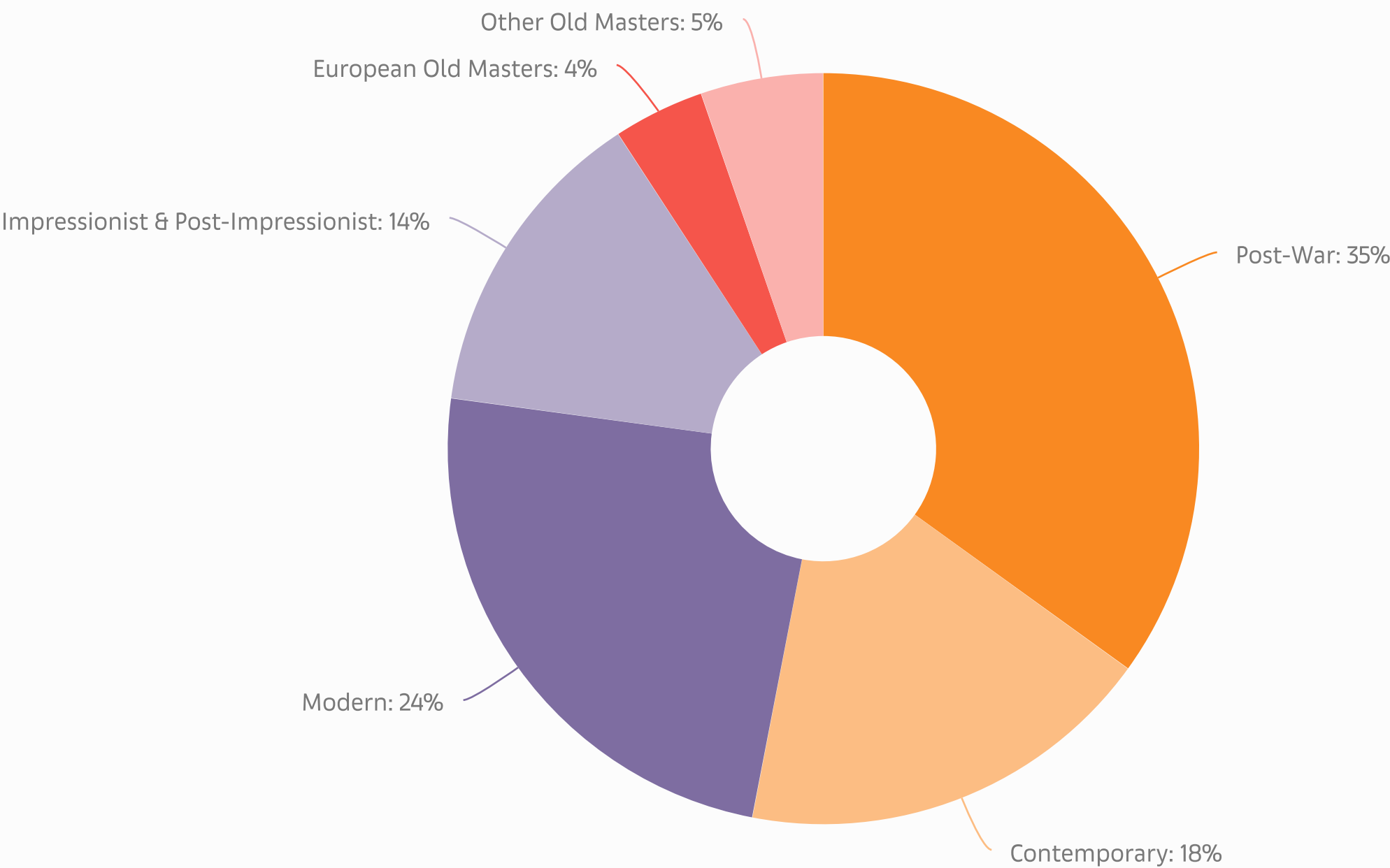
©Arts Economics (2024) with data from Artory

While most of the highest prices at auction are in the Post-War and Contemporary art sector, some of this expansion has been down to the natural evolution over time in the number of artists it includes. Dividing the sector into Post-War art and newer Contemporary art, it is clear that despite the increased attention and activity in the auction market around younger and ‘ultra-contemporary’ artists, the older Post-War subsector remained the larger by value in 2023, accounting for 66% of the Post-War and Contemporary sector and 35% of the market overall, while the Contemporary segment made up the smaller 34% (and 18% of the value of sales in the fine art auction market).

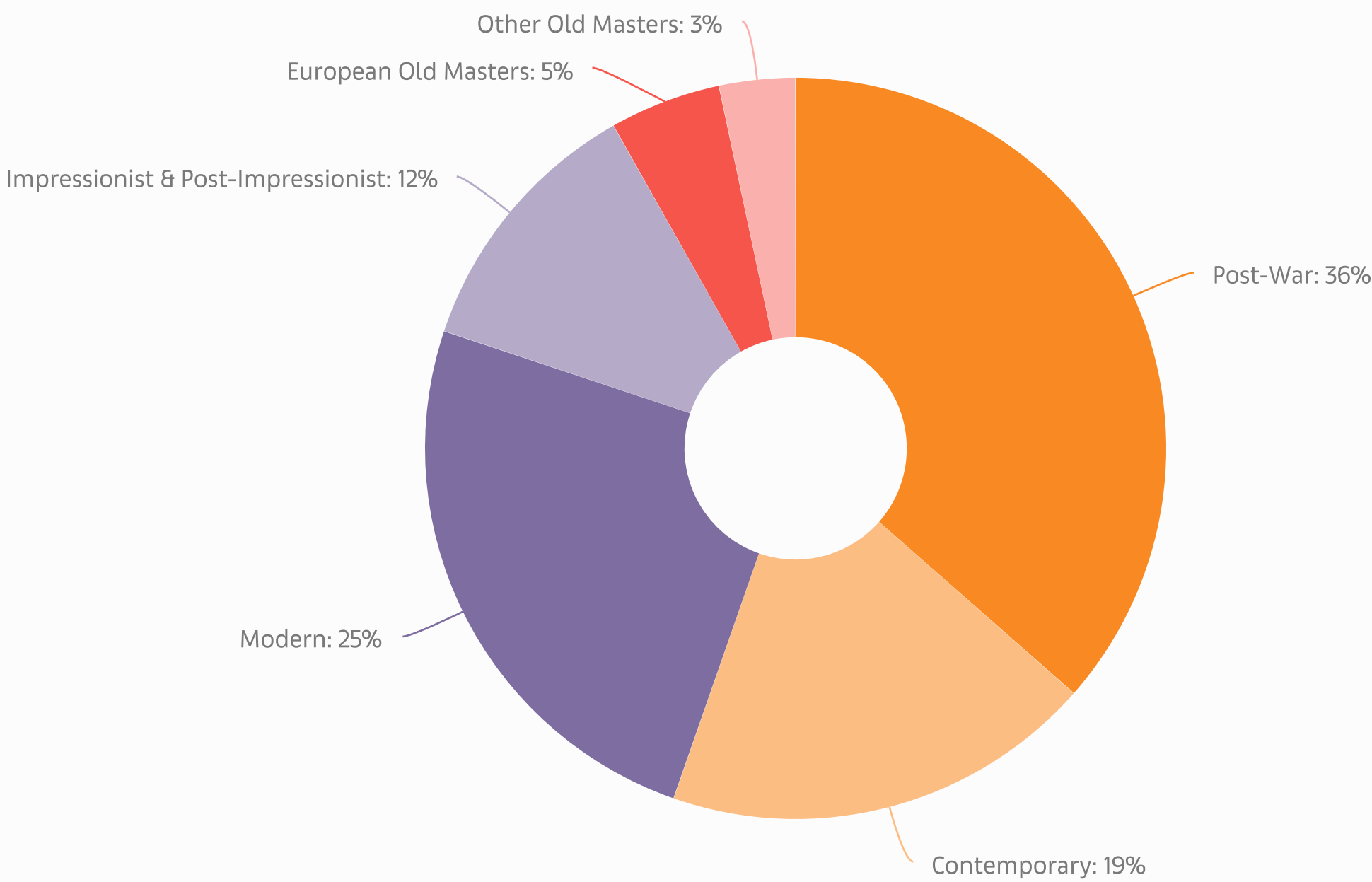


Figure 3.14 Market Share by Sector of the Fine Art Auction Market in 2023

a) By Value



b) By Volume (Number of Lots)



©Arts Economics (2024) with data from Artory

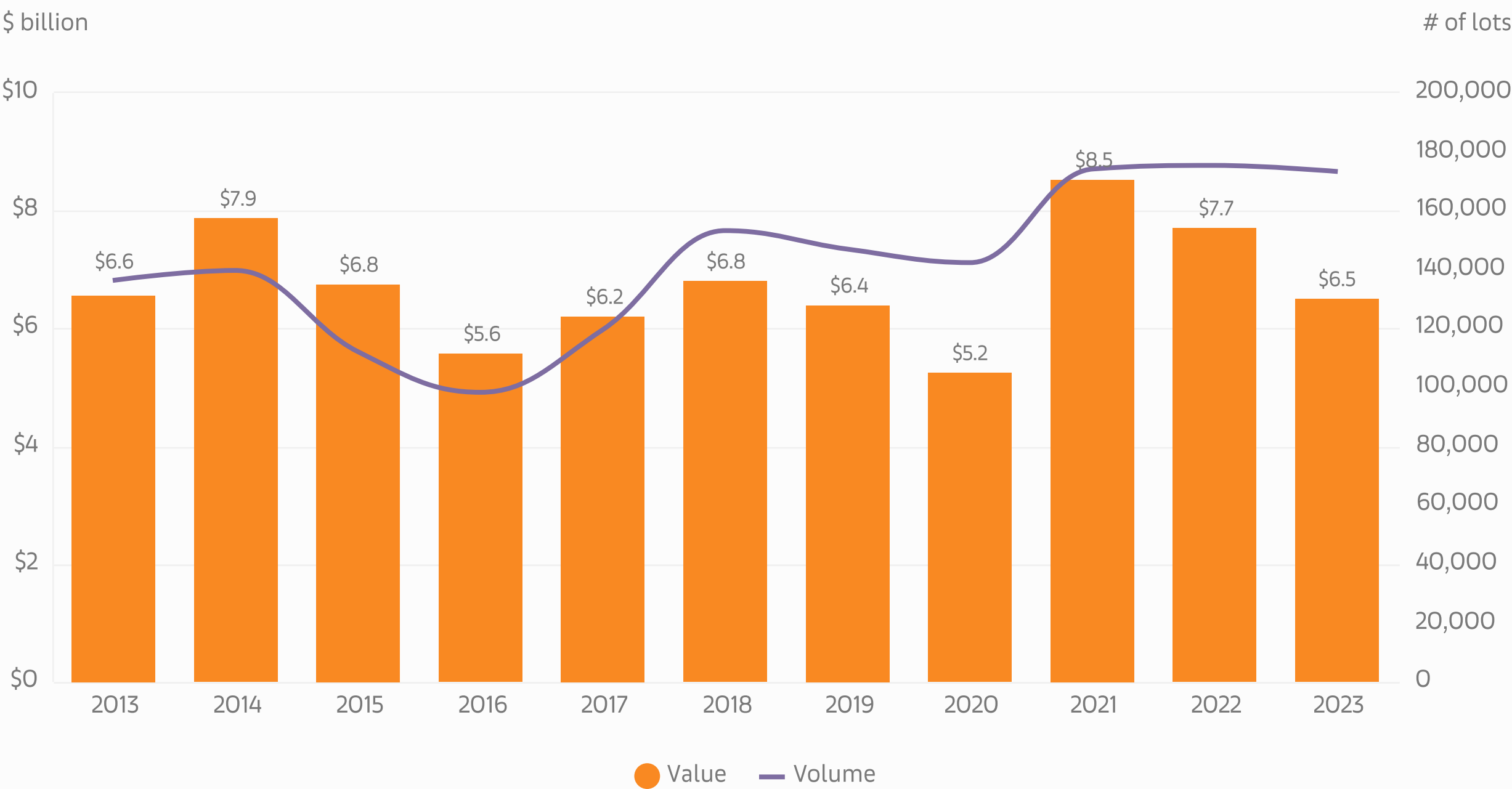
The shares of different sectors referred to in Figure 3.14 are the proportionate shares of the main sectors outlined (Post-War, Contemporary, Modern, Impressionist and Post-Impressionist, and Old Masters, including European Old Masters). These sales exclude transactions that cannot be fully attributed or classified within these distinct sectors, or that predate Old Masters (that is artists born before 1250). These sales make up a very small portion of sales in most markets, although there are certain regions where they account for a higher share. For example, within the Artory database, just 1% of fine art sales fell outside these sectors in the US in 2023 and 6% in the UK. However, in China, there was a larger share of 17% due to the fact that ancient artists predating 1250 made up a more significant portion of sales, and also that some artists merged from Artron’s data could not be fully attributed or a date of birth or death could not be assigned.

3.6 Post-War and Contemporary Art

Considering these two segments together, Post-War and Contemporary art continued to be the largest sector of the fine art auction market in 2023, with a share of 53% of the value of global sales (down by 1% on 2022) and 55% by volume (down by 3%). Aggregated sales in the sector reached \$6.5 billion, down by 16% on 2022 and its second year of decline from the peak in 2021 of \$7.8 billion, with the number of lots also falling slightly (by 3% year-on-year).

As noted above, sales of Post-War and Contemporary art have grown significantly over 20 years, but with the drop in sales during 2023, were just below the level 10 years previously in 2013. After a rapid recovery following the global financial crisis in 2009, the sector had reached a high point of \$7.9 billion in 2014. The next few years showed volatility and mixed results, and sales had already begun to decrease in 2019 prior to the pandemic due to reduced supply in the \$10 million-plus segment that is pivotal in shaping trends in the sector. Sales fell by 18% by value in 2020 during the pandemic, but then boomed to a record high of \$8.5 billion in 2021, up by over 60% year-on-year and surpassing the previous peak in 2014. From this high point, after two years of declining value in 2022 and 2023, the market remained higher than pre-pandemic 2019, but was 1% below the 2013 totals a decade before, and 24% less than the 2021 peak.

Figure 3.15 Post-War and Contemporary Art Sales 2013–2023

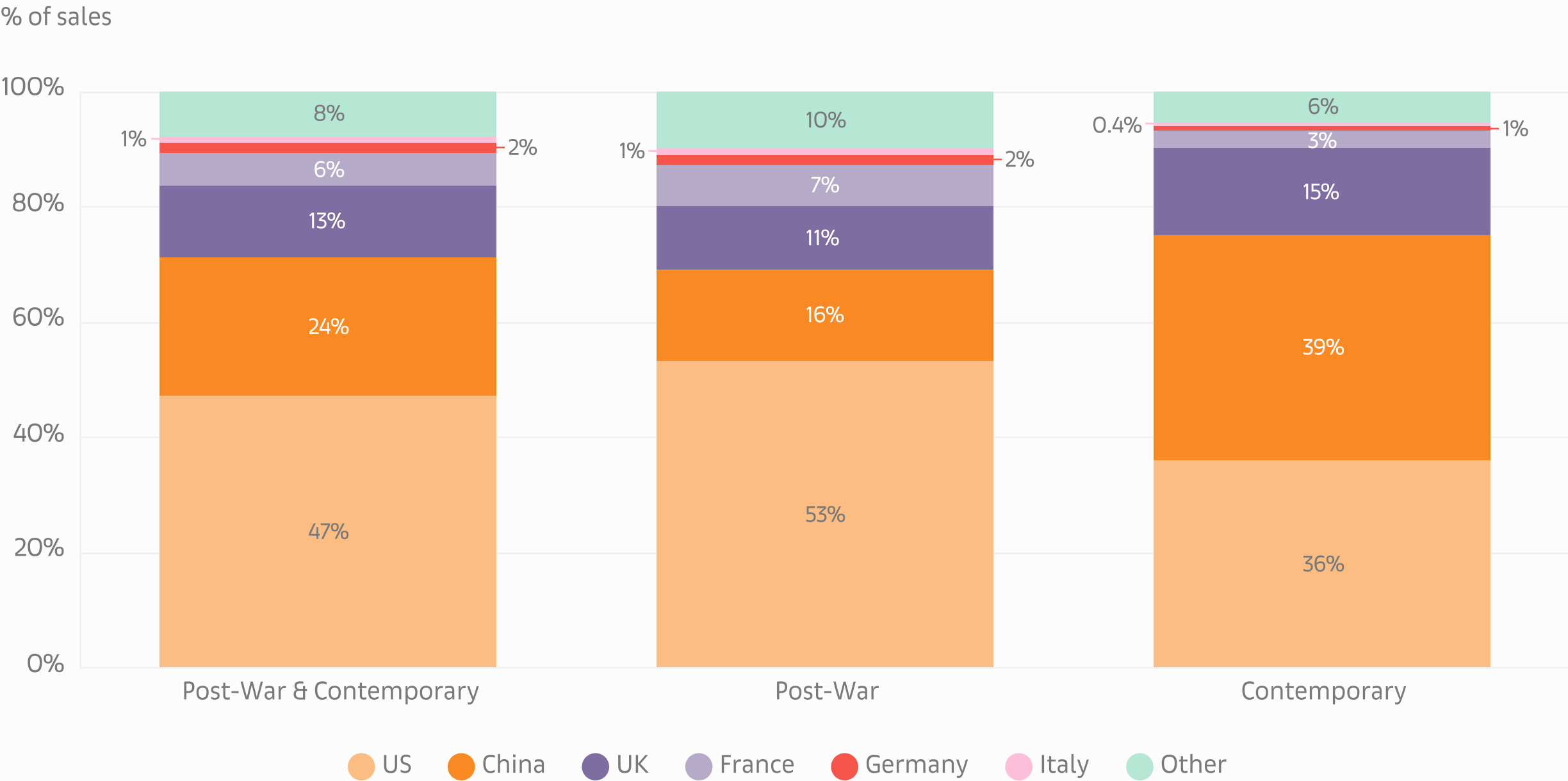


©Arts Economics (2024) with data from Artory

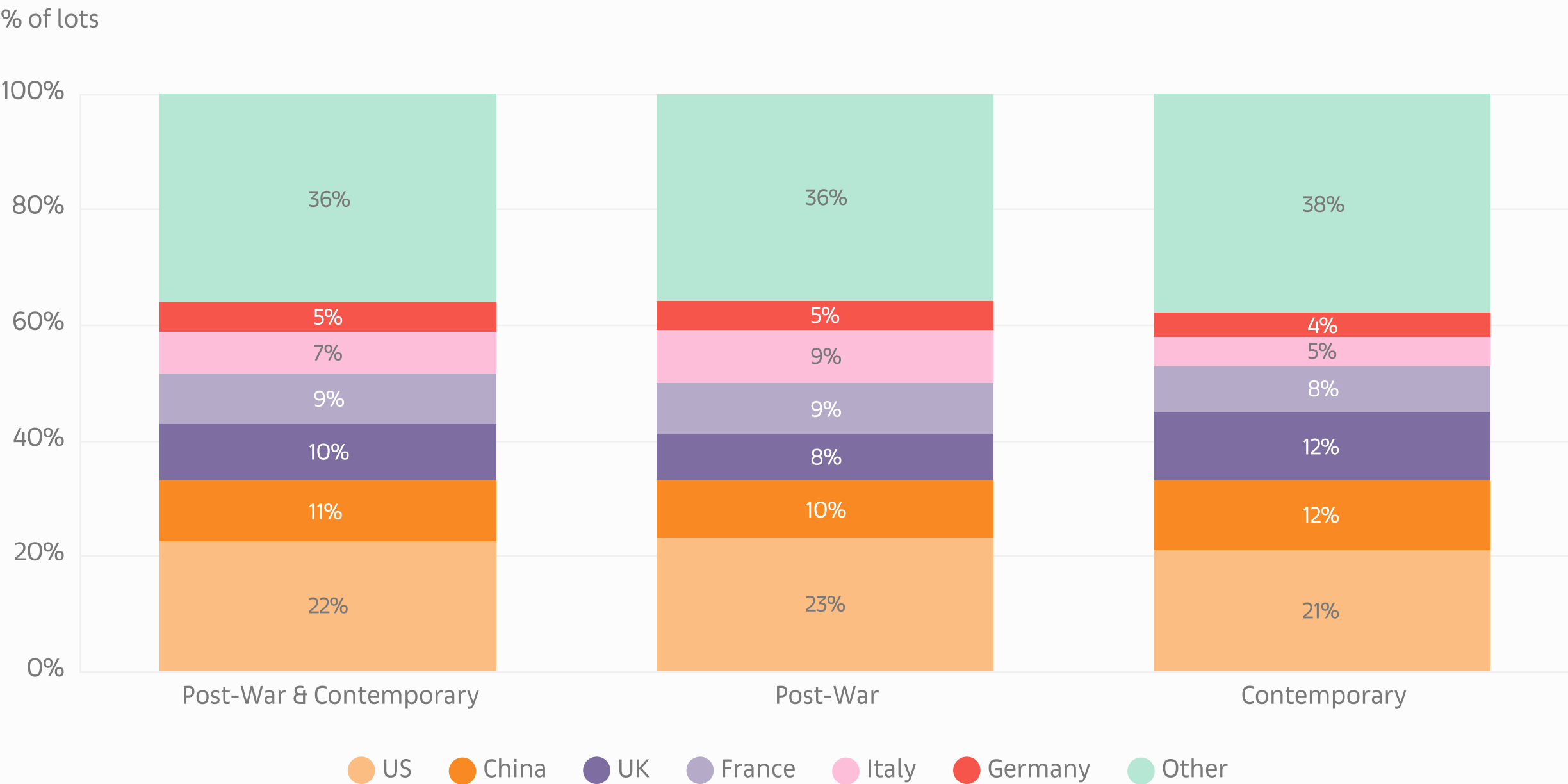
The US, China, and the UK accounted for 84% of total sales in the sector by value in 2023, stable year-on-year, and 43% of the lots sold (up by 6% on 2022). The US retained its position as the largest market, with a share of 47% of sales by value, down by 1% year-on-year, and 22% of the lots sold. While it was also the biggest market in the older Post-War segment, China had a larger share of Contemporary art sales (at 39% versus 36% in the US), with its share buoyed by many highly priced works sold for younger Chinese artists in China during the year.

Figure 3.16 Global Market Share of Post-War and Contemporary Art in 2023

a) By Value



b) By Volume (Number of Transactions)



©Arts Economics (2024) with data from Artory

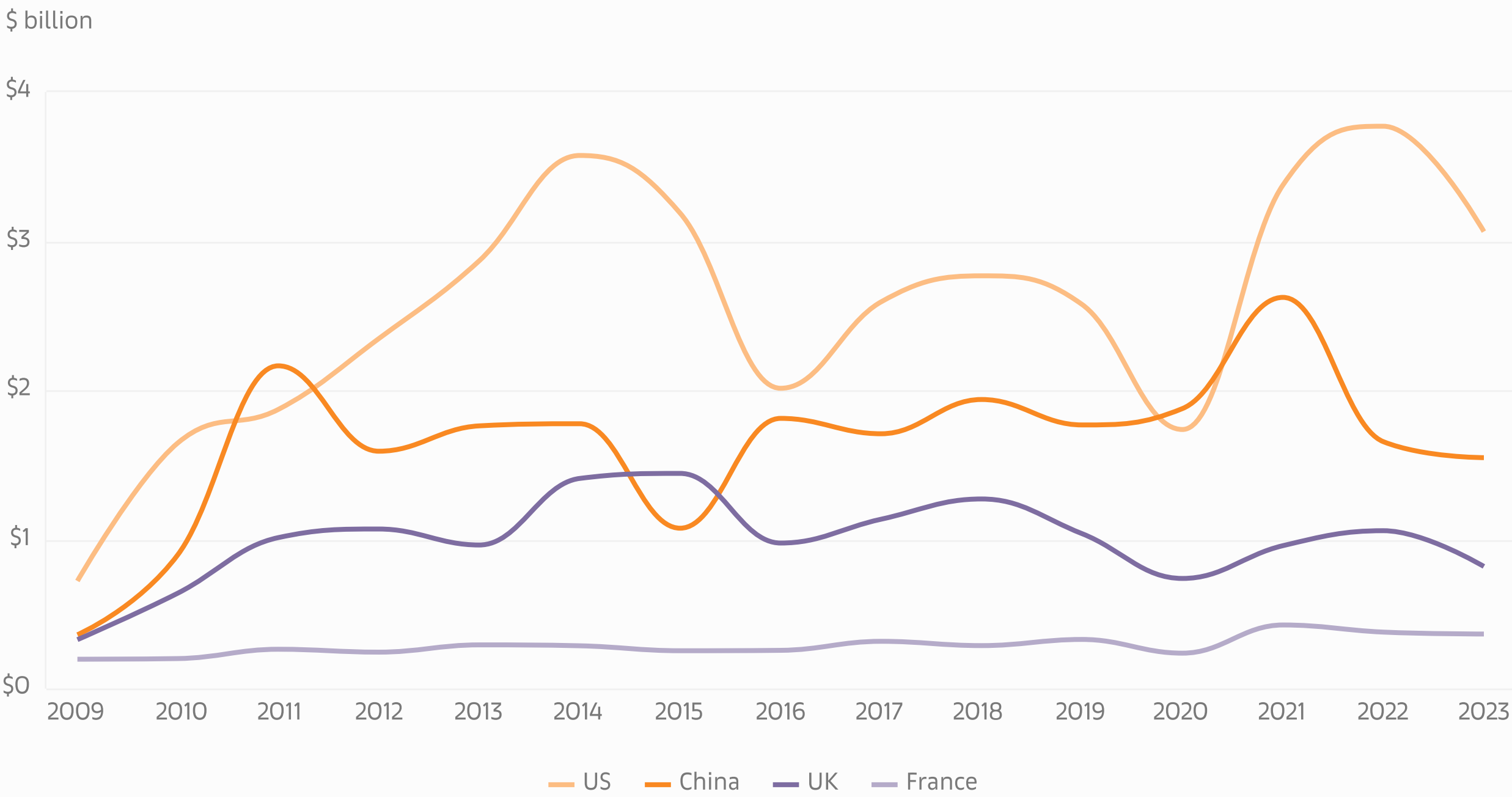
Following a contraction in the market of almost one third in value during the pandemic, sales in the US Post-War and Contemporary market recovered strongly in 2021, doubling in size. It continued to grow in 2022, reaching an historical peak of \$3.8 billion, with many of the works in the Paul Allen sale at Christie's being in this sector, along with other \$100 million-plus lots. In 2023, there was a substantial turnaround, and sales fell by 19% to \$3.1 billion, due in part to the lower number of multimillion-dollar works sold at auction in New York. Despite the drop in value, the level of sales was still 19% above the pre-pandemic level in 2019 of \$2.6 billion. Although fewer, there were still exceptional lot prices in the sector in the US, including Jean-Michel Basquiat's *El Gran Espectaculo (The Nile)* (1983), which sold for \$67 million, Francis Bacon's *Figure in Movement* (1976) for \$52 million, and Mark Rothko's *Untitled (Yellow, Orange, Yellow, Light Orange)* (1955), all at Christie's in New York.

China was the second-largest market with a share of 24% by value (up by 2% year-on-year) and 11% of the lots sold. As noted above, China had the highest share (39% by value) in the Contemporary segment, buoyed by a number of record high-price lots and increased sales for some younger Chinese artists. After reaching a peak of \$2.6 billion in 2021, China's Post-War and Contemporary market lost one third of its value in 2022, falling to \$1.7 billion. This decline continued in 2023, with the market falling more moderately by 6% to \$1.6 billion. Within this sector, works by artists such as Cui Ruzhouo, Wu Guanzhong, and Zao Wou-Ki all sold for multimillion-dollar prices, including Cui Ruzhouo's *Rafting in Wind and Rain* (2019) for \$33.1 million at Yongle Auction Company in Beijing and Wu Guanzhong's *Harvest* (1998) for \$11.1 million at China Guardian.

The UK remained the third largest by value in the Post-War and Contemporary sector and its share stayed relatively stable, falling by just 1% to 13%. The market had reached its lowest level in a decade at \$737 million in 2020, but recovered strongly in 2021 and 2022 to reach \$1 billion, restoring values to their pre-pandemic 2019 levels. However, this recovered value was lost in 2023, with sales dropping by 23% to reach \$818 million, 21% below 2019, and, with the exception of 2020, the sector's lowest level since 2010. Although the market was weaker overall, there were a few very highly priced works still sold in London during the year, including Gerhard Richter's *Abstraktes Bild* (1986) for \$29.1 million at Sotheby's and Jean-Michel Basquiat's *Future Sciences Versus the Man* (1982) for \$12.7 million at Christie's.

France remained in fourth place in the sector, with 6% of sales by value and 9% of the number of lots sold. After falling by 30% in 2020, sales in France reached their highest level in 15 years in 2021, increasing by almost 80% to \$429 million. This was followed by a drop of 13% in 2022 and again of 3% in 2023, bringing the market down to \$368 million, although still at a higher level than in 2019. Sales were mixed in other parts of Europe, but notably included a 24% increase in value in Germany, while other markets including Italy and Switzerland experienced double-digit declines.

Figure 3.17 Sales in the Post-War and Contemporary Sector Key Markets 2009–2023

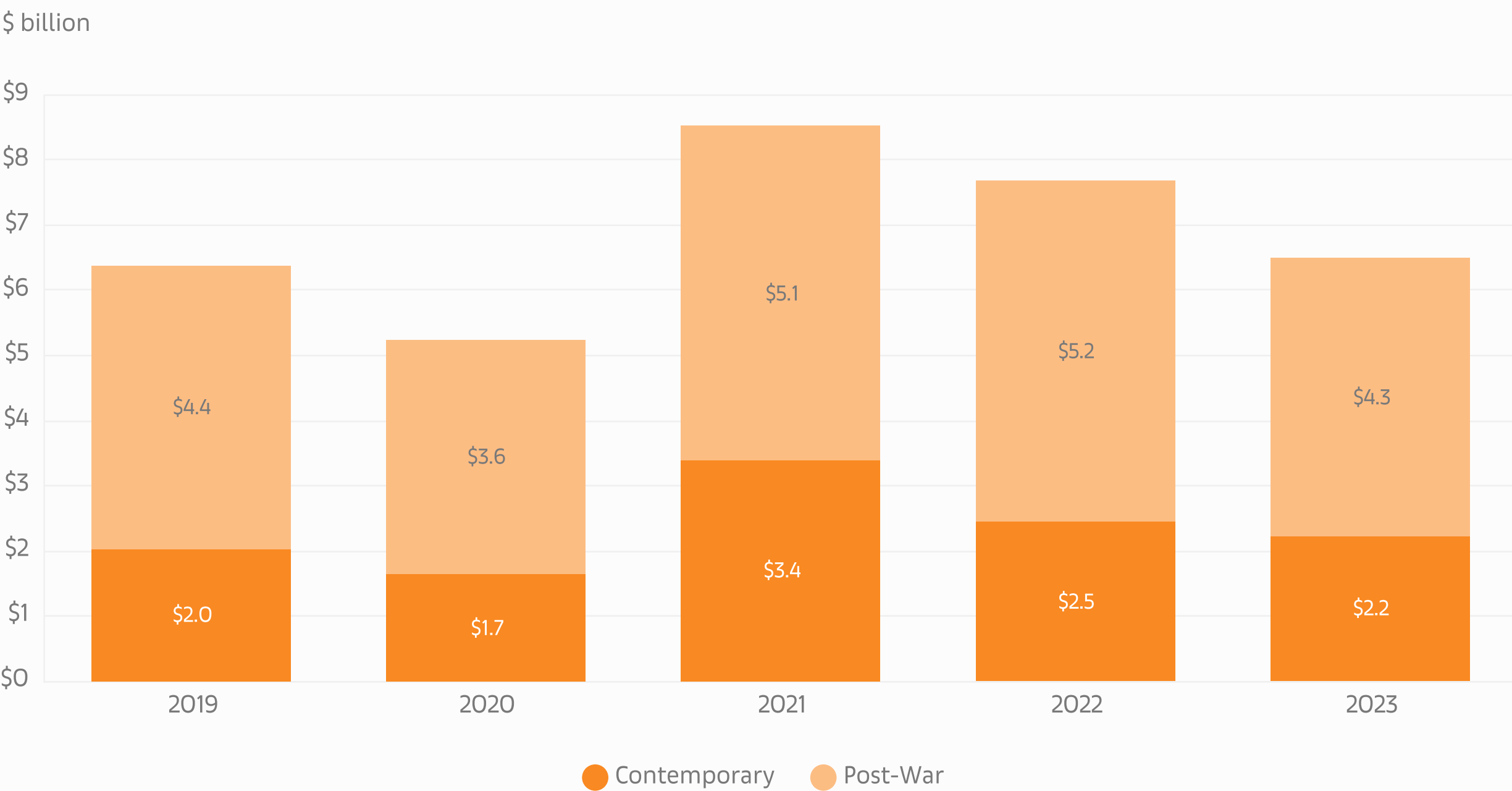


©Arts Economics (2024) with data from Artory

As noted above, as the Post-War and Contemporary sector has expanded over time, it has begun to cover an increasingly broad range of art from older Post-War artists to their newer Contemporary peers, both living and deceased. As the auction market represents mainly secondary market sales, most are of works by artists that are reasonably well established. There is, however, an increasingly wide variety of levels and stages, including younger artists early in their careers.

In 2023, the majority of sales by value (66%) were in the older Post-War subsector, with Contemporary accounting for 34%. Both subsectors fell by 18% in value in 2020, however, in the recovery from the pandemic in 2021, values in the Contemporary sector doubled in size year-on-year, expanding their share to 40%, while Post-War art rose by 43%. Following this spike in sales, Contemporary art fell for two consecutive years, including a 10% drop in 2023 to \$2.2 billion. Post-War art was stable in 2022, but also fell by 18% to \$4.3 billion in 2023.

Figure 3.18 Sales of Post-War versus Contemporary Art 2019–2023



©Arts Economics (2024)

Across both segments, works by living artists have gained an increasing share in recent years and have often been among the highest-priced lots sold. In 2023, 59% of the lots sold at auction in the Post-War and Contemporary sector were works by living artists (down by 5% on 2022, but an increase from 56% in 2019), and these artists made up just under half (49%) of the value of the market, up just 2% year-on-year and from a low of 37% in 2017.

Although many artists in the Contemporary sector, particularly younger artists born from the late 1960s and 1970s onward, have seen a surge in demand in their own specific markets, the effect on boosting sales in the sector was still limited as the prices achieved remained considerably lower than the top-tier artists in the Post-War sector, where scarcity and a strong historical footprint maintained high levels of demand. However, there were many notable prices achieved by young artists in 2023, although still tending to be sub-\$10 million.

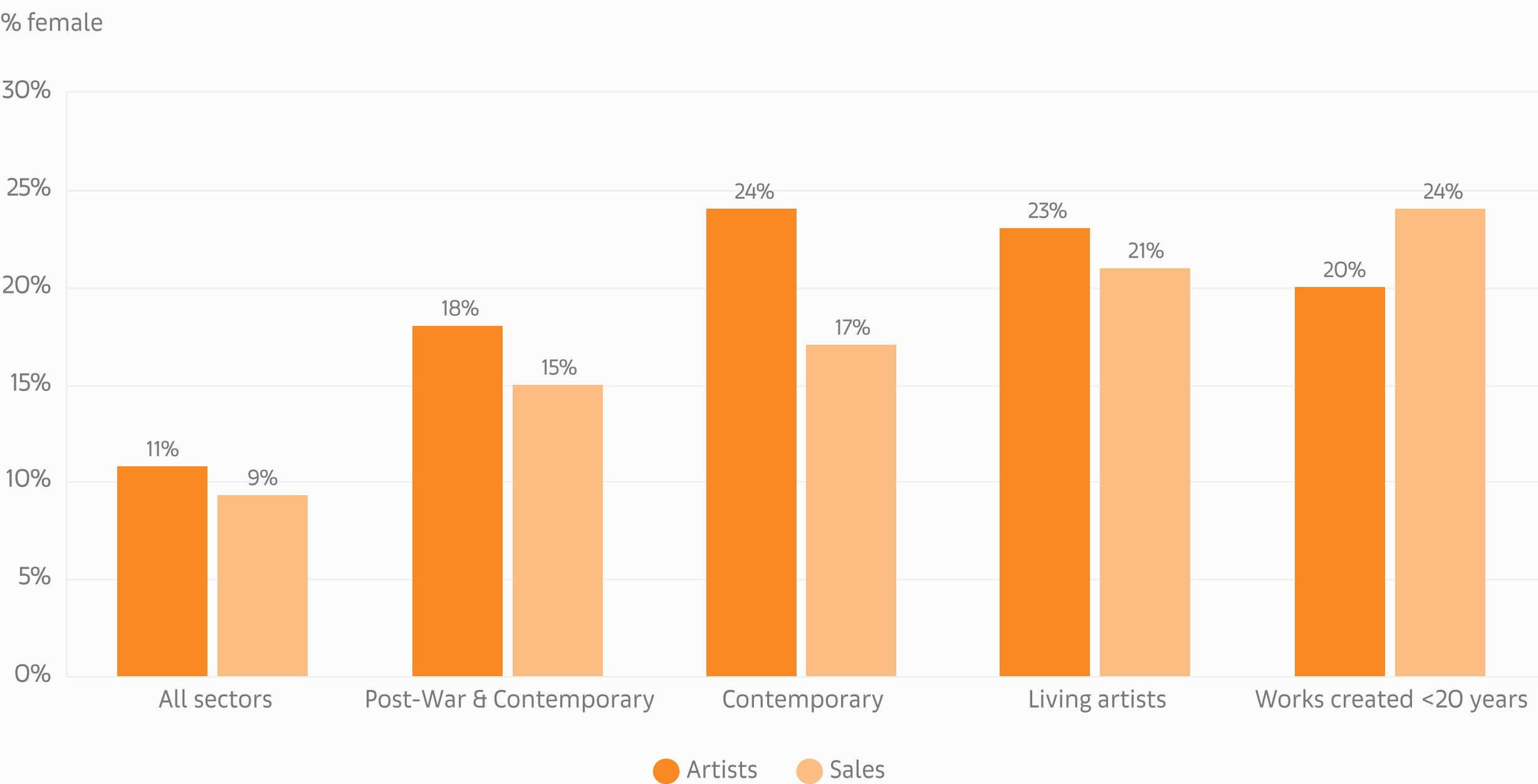
A notable example in the Contemporary market, Matthew Wong's (1984-2019) sales have slowed since their peak in 2021, when over 30 works were brought to market, but still achieved record prices during the year. These included *River at Dusk* (2018), which sold for \$6.7 million at Sotheby's in New York, out of total sales for the artist of \$21 million at auction with just 11 lots sold. Works by living artists such as Nicolas Party's (b. 1980) *Still Life* (2015) sold for just under \$5 million at Christie's in Hong Kong and was one of eight works by the artist that sold for over \$1 million in 2023. There were also records for young Chinese artists both in and outside of their domestic markets, including Liang Hao (b. 1988) whose work *Theory and Evolution* (2011) sold at Sotheby's Hong Kong for a record \$3.1 million and *Combustion* (2016) by Aili Jia (b. 1979) selling for \$4.8 million at Christie's New York. While all these living artists are represented by galleries and have active primary market sales, access to their works can often be very limited for many collectors, especially those who may be new to the market or not connected to key dealers and advisors. This relative scarcity coupled with strong demand has significantly escalated the prices of these young and new-to-auction artists to record levels when they do appear at auction, as it offers these collectors a limited window of opportunity to gain entry to their markets.

It is notable that, as may be expected, there was a more balanced proportion of female artists' works among these ultra-contemporary records during the year, including Avery Singer's (b. 1987) *Untitled* (2016), which sold for \$4.1 million at Christie's Hong Kong, and whose works have sold at auction since 2017. Loie Hollowell (b. 1983) achieved a record price for *Standing in Red* (2019) of \$2.4 million at Sotheby's Hong Kong, as did Jadé Fadojutimi's (b. 1993) *Quirk my Mannerism* (2021), which sold for \$1.9 million at Phillips in New York along with two other works by the artist for over \$1 million, despite her first auction sale only being in 2020. While there was only three female artists in the top 50 lots sold at auction

overall (Joan Mitchell, Georgia O’Keefe, and Louise Bourgeois) and five female artists in the top 50 artists in terms of total sales at auction across all sectors (with the inclusion of Yayoi Kusama and Cecily Brown), there were seven in the Contemporary top 50 lots and 12 in the top 50 in terms of aggregate sales. Focusing on only new works created in the last 20 years that were sold at auction in 2023, the number within the top lots was even higher, with 14 out of the top 50 having been created by female artists.

While it is clear that some female artists had a very high number of individual lots sold at auction in 2023, widening the range to the top 200 artists by total sales showed marked divergence in performance by gender, even for living artists and new works. Only 11% of artists in the top 200 across all sectors were female and sales of their works accounted for 9% of total values. This rose to 24% of artists in the Contemporary art auction market, with these artists accounting for 17% of sales by value. However, even for living artists or works sold at auction that were created in the last 20 years, the share of female artists and their sales were small minorities compared to their male counterparts, accounting for less than one quarter of sales or artists in all of these segments. Within the group of female artists in these sectors, it tended to be a small number generating most of the sales, with over 70% of the sales by value of the top 200 female artists coming from works by the top 10. Five artists (Yayoi Kusama, Cecily Brown, Julie Mehretu, Jenny Saville, and Lee Bontecou) comprised almost 60% of sales. Also, only for the newest works at auction created in the last 20 years was the share of sales generated by female artists greater than their share by number of artists, with those such as Yayoi Kusama, Cecily Brown, and Julie Mehretu again leading sales by value.

Figure 3.19 Share of Female Artists and their Share of Value among the Top 200 Artists by Sector in 2023

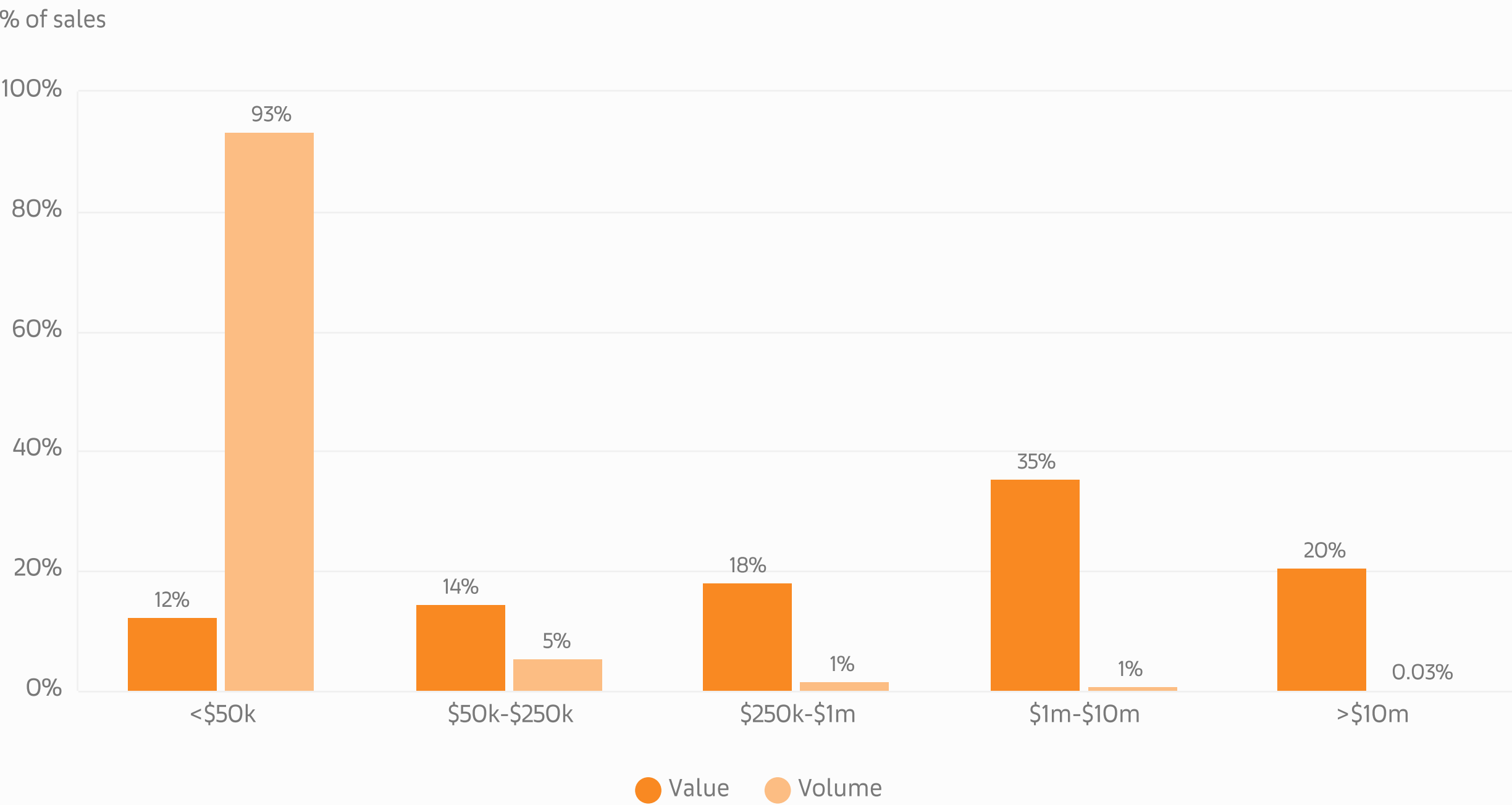


©Arts Economics (2024) with data from Artory

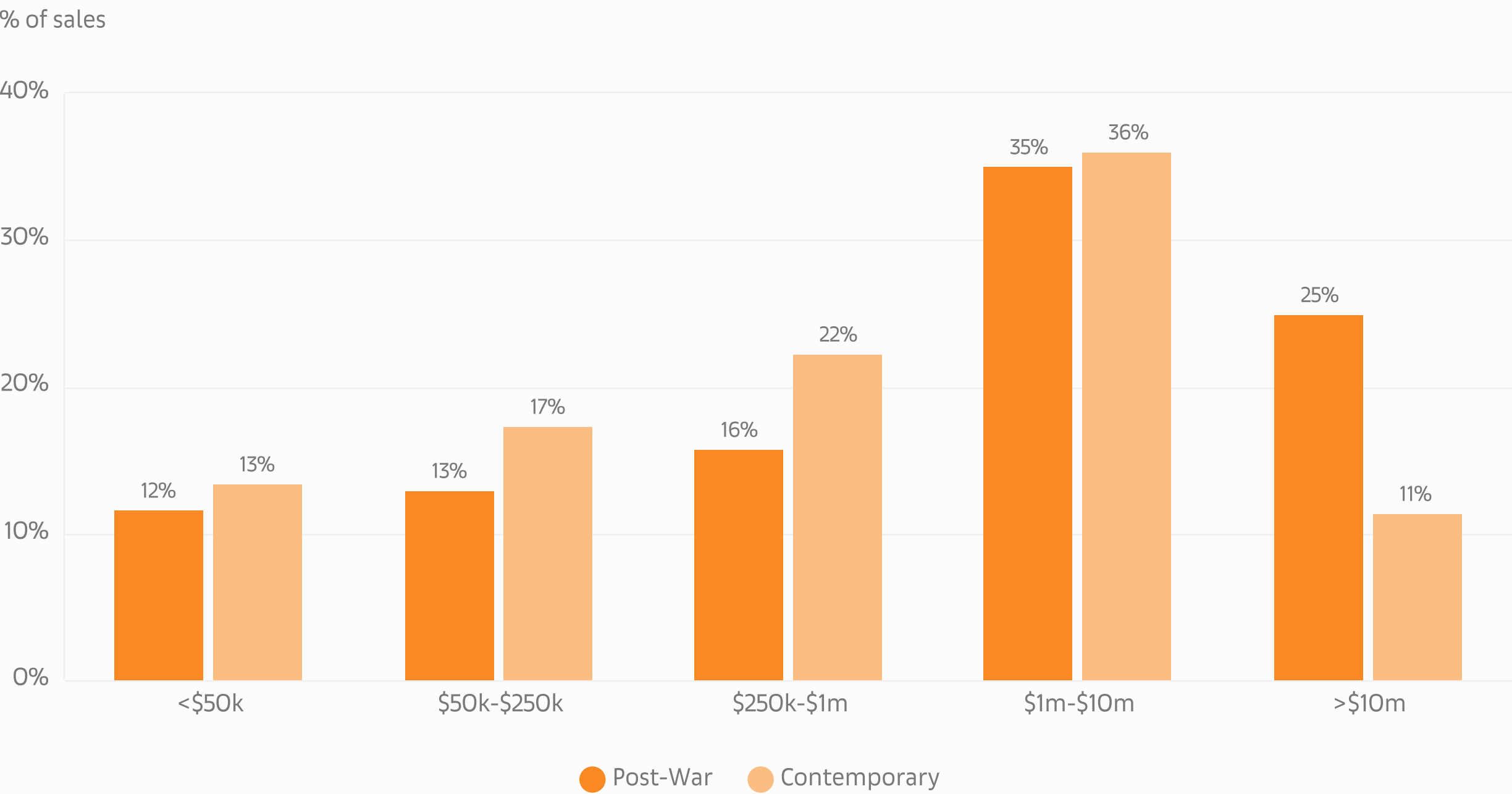
Aside from some exceptional sales, most of the transactions that were carried out in both the Contemporary and Post-War sectors were at lower price levels. In 2023, 93% of works sold were priced at below \$50,000 and 70% of those were at less than \$5,000. Works priced at over \$1 million accounted for the majority of sales values (55%, down by 6% year-on-year) in just 1% of lots sold. While they represented a tiny fraction of the number of works sold in each segment, the share of value in the Post-War sector was considerably higher (60%) than for Contemporary art (47%). The share of value in the highest \$10 million-plus segment was also down by 9% year-on-year to 20%, although roughly on par with 2019.

Figure 3.20 Sales by Price Bracket in the Post-War and Contemporary Sector in 2023

a) Post-War and Contemporary (Share of Value and Volume)



b) Post-War versus Contemporary (Share of Value Within Sector)



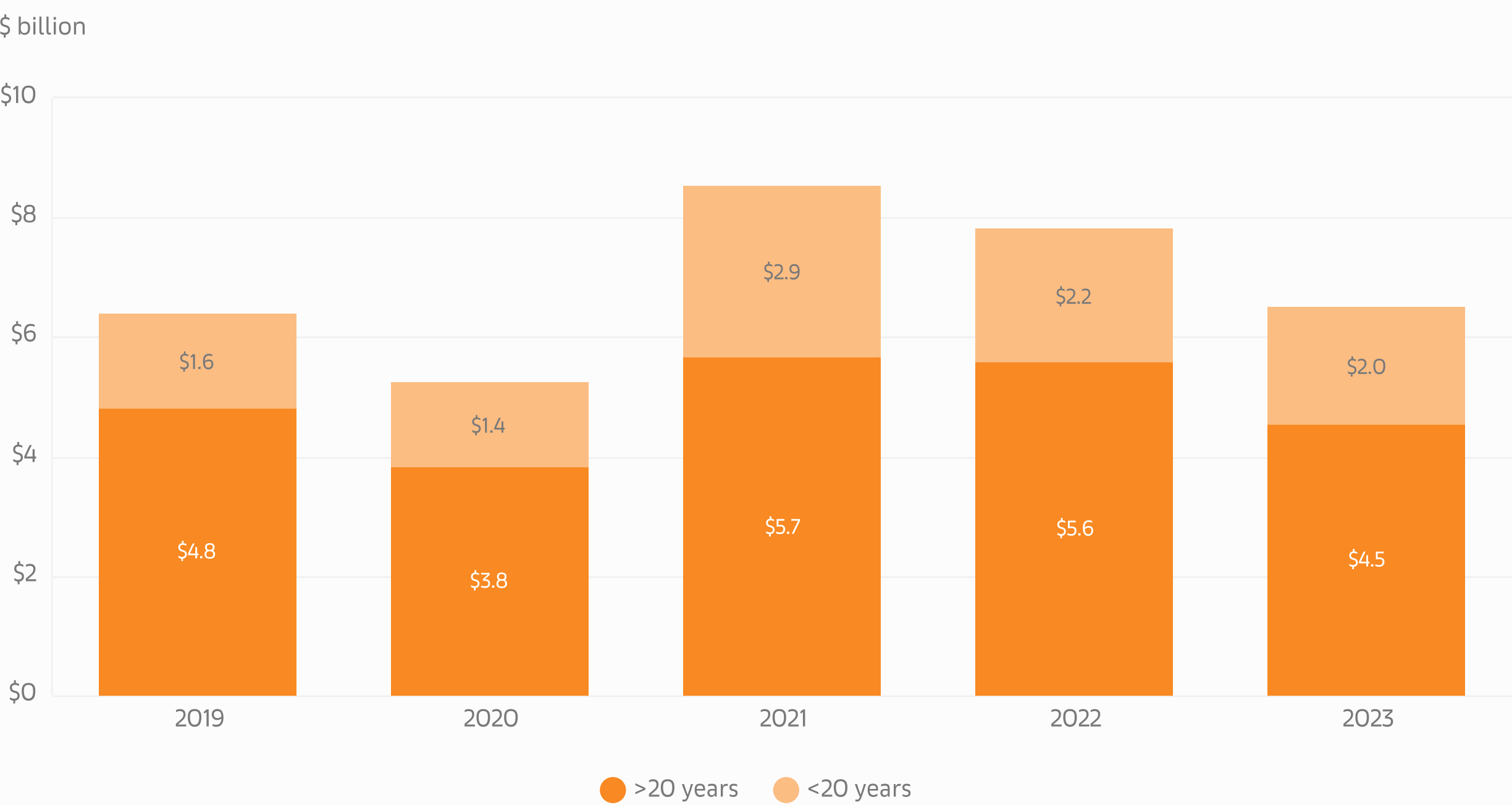
©Arts Economics (2024) with data from Artory

Sales in the \$1 million-plus segment of the wider Post-War and Contemporary sector fell by 23% year-on-year as the number of lots sold declined by 6% (with a drop of over 30% in the \$10 million-plus lots). Most of the loss in value was driven by a decline in the older Post-War segment, where the value of works sold for over \$1 million fell by 27% versus just 9% in the Contemporary sector.

Some of the sales within the Contemporary sector that have achieved high prices were also relatively new works. In 2023, almost 36,000 works sold at auction were created in the last 20 years (by young and older artists), including over 300 priced in excess of \$1 million, and accounting for 30% of the wider Post-War and Contemporary sector by value. This has been a developing trend in recent years, with these works rising from a share of just 25% in 2019 (and only 17% in 2017). Their share peaked in 2021 at 34% by value, partially buoyed by NFTs and other new works selling for higher prices.



Figure 3.21 Sales of Works Created in the Last 20 Years in the Post-War and Contemporary Sector 2019–2023

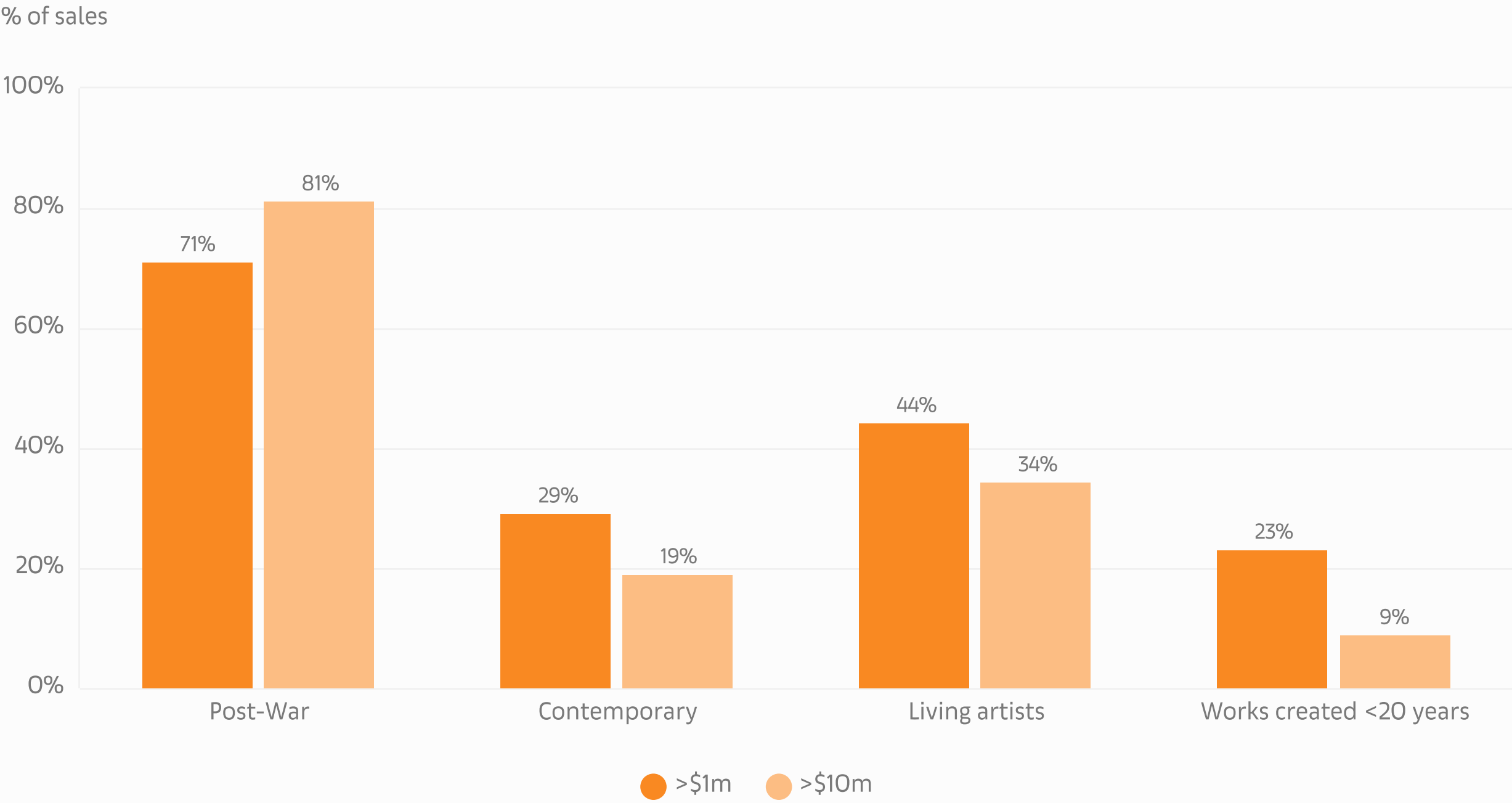


©Arts Economics (2024) with data from Artory

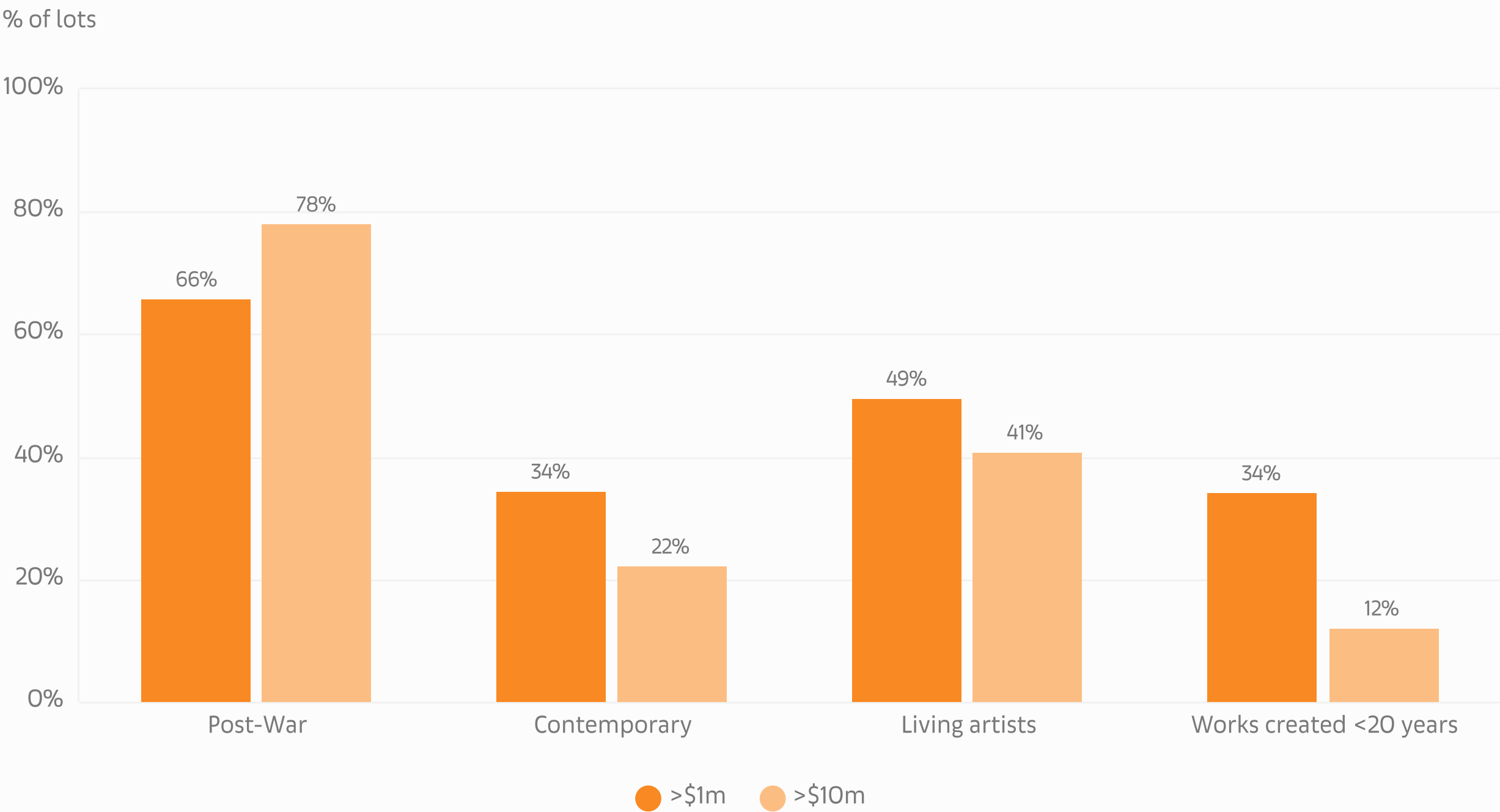
There were many highly priced new works sold at auction in 2023, including the Cui Ruzho lot mentioned above for \$33.1 million (created in 2019), Cy Twombly’s *Untitled (Bacchus 1st Version II)* (2004) for \$20 million, and David Hockney’s *Early Blossom, Woldgate* (2009) for \$19.4 million, both sold at Christie’s New York, along with at least 314 other new works priced at over \$1 million. However, overall, these newest works still made up only around a third (34%) of the lots sold for over \$1 million in the Post-War and Contemporary sector. Figure 3.22 sets out the share of the different components of the Post-War and Contemporary sector’s \$1 million-plus sales. Older Post-War art accounted for the majority (71%) of the value of sales in the \$1 million-plus segment, although this was down by 4% on 2022 as newer works gained some ground. They also represented most of the value in the \$10 million-plus segment, but again this dropped to 81% from 88% in 2022, with an increase in the share of Contemporary art in this highest-price segment.

Figure 3.22 Sales Over \$1 Million in the Post-War and Contemporary Market by Subsector in 2023

a) By Value



b) By Volume (Number of Lots)



©Arts Economics (2024) with data from Artory

The highest-selling artist at auction in the wider Post-War and Contemporary sector in 2023 was Gerhard Richter, with sales of \$252 million, down by around 5% year-on-year but with 22 works selling at auction for over \$1 million. Jean-Michel Basquiat was in second place with sales of \$238 million, up by 7% year-on-year. Andy Warhol fell to third place after leading the sector in 2022, as his sales more than halved from close to \$570 million in 2022 to \$191 million in 2023. Reinforcing the slow but positive rebalancing of the sector, two female artists Yayoi Kusama and Joan Mitchell were also in the top five, and the aggregate sales in this group of five leading artists accounted for 15% of sales in the sector versus 19% in 2022. Similarly, the top 20 artists made up 36% of sales, down from 40% in 2022. Values were more concentrated around top artists in the Post-War sector, with the five highest-selling artists accounting for 20% of the value of sales and the top 20 for nearly half of the market (49% by value, up from 37% in 2022). The share at the top also rose slightly for newer artists in the Contemporary sector, with the top five (Jean-Michel Basquiat, Yoshitomo Nara, Yang Ming, George Condo, and Cecily Brown) accounting for 22% by value (up by 3% year-on-year) and 40% for the top 20 (up by 4%).

The majority of Post-War and Contemporary sales by value in 2023 were at Christie's and Sotheby's, with a share of 61%, down from 70% in 2022. Along with Phillips, China Guardian, and Bonhams, the top five auction houses made up 75% of the value of sales, down by 8% year-on-year (and 20% of the number of lots sold, also down on 2022 by 17%).

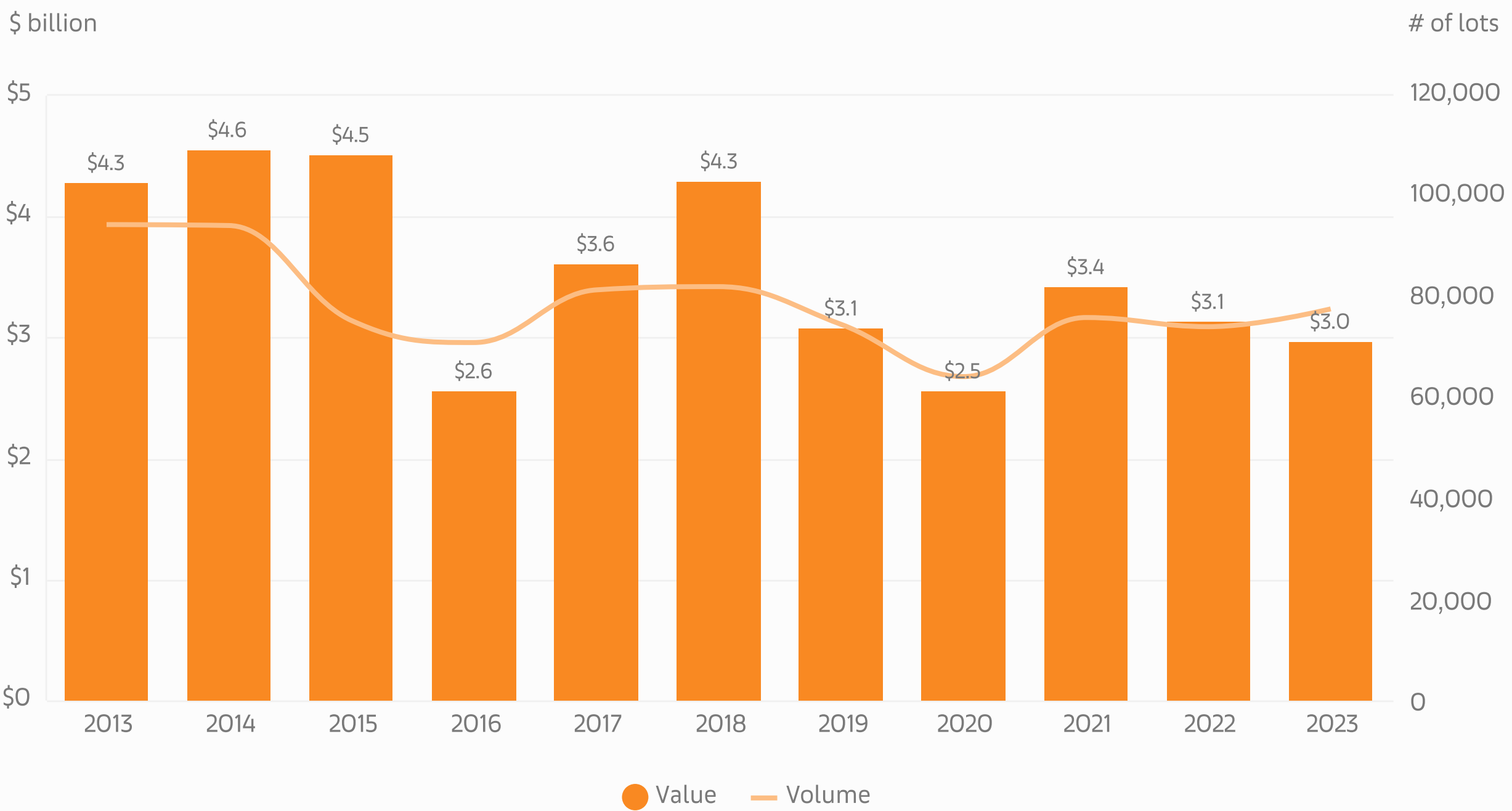
3.7 Modern Art

While Modern art sales were historically larger than Post-War and Contemporary sales, the sector shifted into second place from 2012, as finite supply and a scarcity of high-end works restrained its position compared to expanding Contemporary art sales. In 2023, it maintained this ranking, accounting for 24% of fine art auction sales by value, up by 2% year-on-year, and 25% of the number of transactions.

Modern art sales fell by 17% to a low of \$2.5 billion during the pandemic in 2020, their lowest level since 2009, but recovered quickly, increasing by 34% to \$3.4 billion in 2021, and restoring the market to above its 2019 pre-pandemic level. However, following this strong recovery, the last two years have been marked by slowing sales, with a decline of 8% in 2022 and a further 6% in 2023, leaving the market at \$3 billion and just below 2019, despite growth in the number of transactions of 4% over the four-year period.

Sales in this sector had peaked in 2011 at \$5.4 billion, driven up by the booming Chinese auction market and rapidly recovering sales in the US and elsewhere following the global financial crisis. However, over the last few years, the two largest markets in this sector, the US and China, tended to have had quite divergent performance, which has meant that growth in values overall has been more subdued. Sales in 2023 were just over 30% lower in value than they were in the sector a decade earlier (in 2013).

Figure 3.23 Modern Art Sales 2013–2023



©Arts Economics (2024) with data from Artory

The US was the largest Modern art market in 2023, with a share of 41% of sales, up by 1% year-on-year. The market experienced two years of rapidly declining sales in 2019 and 2020, bringing values to their lowest point since 2009 at \$557 million. However, it also experienced one of the strongest recoveries of all of the major markets, doubling in value to \$1.1 billion, and increasing again in 2022 by 18% to \$1.3 billion, although still below its 2015 peak. This growth was not sustained in 2023, and sales dropped by 3% year-on-year, bringing the market back to \$1.2 billion.

Despite the slowing growth, many of the top lots in the sector were sold in the US. The top lot and the highest price overall at auction in 2023 was Pablo Picasso’s *Femme a la Montre* (1932), which sold for \$139 million at Sotheby’s in New York, the second-highest price for a Picasso work at auction. Picasso’s *Femme Endormie* (1934) sold for \$42.9 million at Christie’s New York. These lots, along with 48 others sold for over \$1 million, helped to make Picasso the highest-selling artist at auction overall in 2023, with a market of \$603 million, up by 21% year-on-year. 30 out of the 50 Picasso lots sold for over \$1 million were in the US, and over 80% of their total value can be attributed to New York sales.

Henri Rousseau's *Les Flamants* (1910) was also in the top 10 works at auction and the second-highest in this sector, selling for \$43.5 million in New York at Christie's. This was a record price for the artist, with the highest previous price being one tenth of this level at \$4 million in 1993 (*Portrait of Joseph Brummer* (1909) sold at Christie's in London), showing the scarcity of the highest quality works on the market in this sector, and the high prices they can generate when they do appear, as collectors seek to avail of the limited opportunities to purchase them.

After overtaking the US in the sector for the first time in 2010, China and the US have had markedly different sales performance, resulting in shifting China in and out of the premier position over the last decade. While sales in China were leading the US through the pandemic from 2019 to 2021, the lockdowns that continued into 2022 in China led to a significant drop in sales of 36% to \$860 million, their lowest level since 2009, and reverting the market to second place. Sales recovered in 2023, increasing by 17% to \$945 million, and China gained 5% in global market share to 32%, although still below the US. Sales remained 25% less than their value in 2019 before the pandemic and were just over one third of the size of their peak in 2011, when China was the leading market in the sector, with a global share of 50% and sales of \$2.7 billion.

Helping to boost sales in 2023, there were several highly priced works by Chinese artists sold in Hong Kong and Beijing, including Zhang Daqian's *Pink Lotuses on Gold Screen* (1973), which sold for \$32.1 million, the third-highest price ever achieved for the artist, along with *Autumn Mountains in Twilight* (1967) for \$21.9 million, both at Sotheby's Hong Kong. The artist had 36 works sold during the year for over \$1 million, split evenly between Hong Kong and Mainland China (18 each), helping to make him the second-highest-selling artist in the sector, and across all fine art auction sectors next to Picasso, with a market of \$274 million, 99% of the value of which was sold in China.

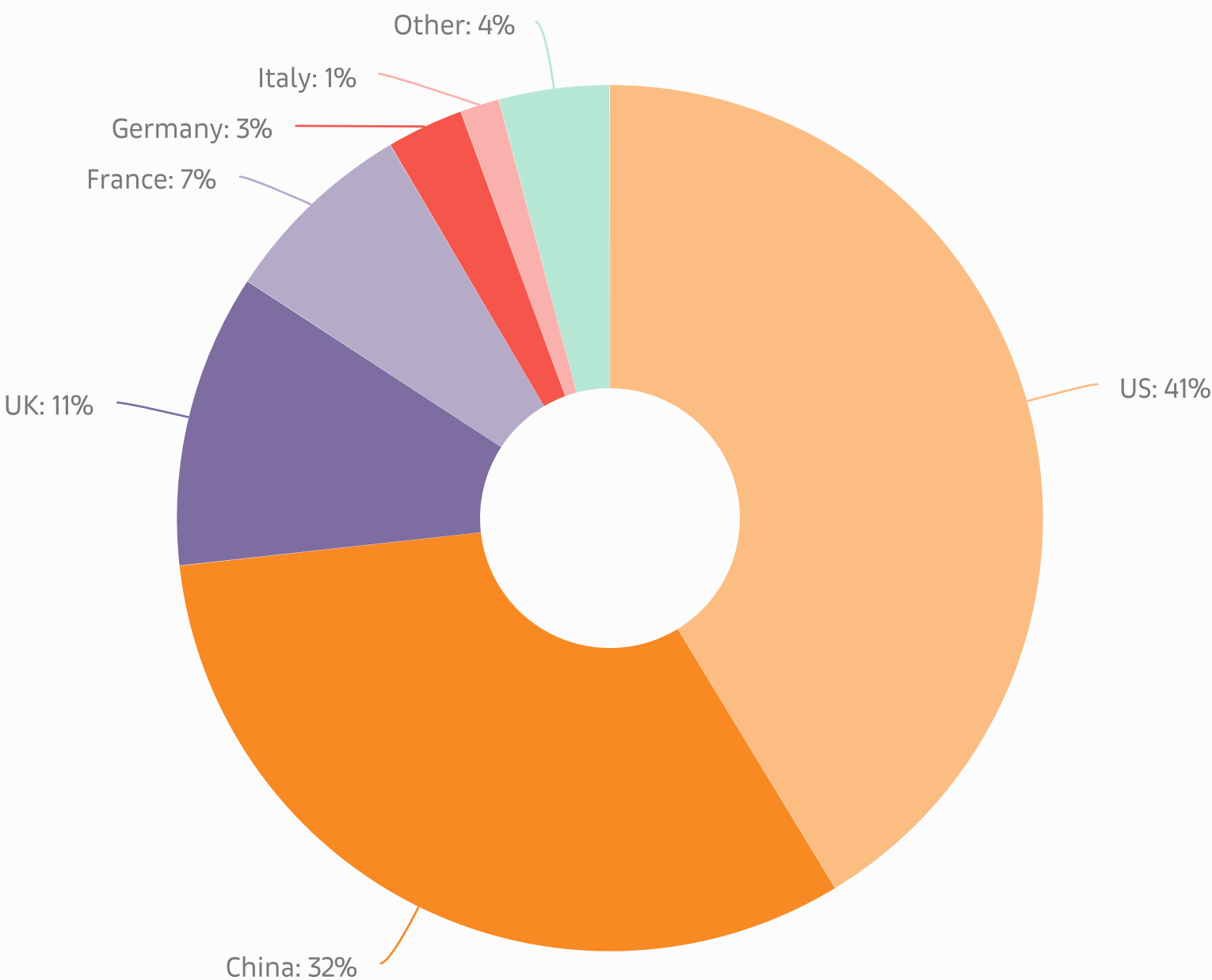
The UK was the third-largest market for Modern art in 2023, although its global share dropped by 5% year-on-year to 11%. The UK market experienced two years of declining sales up to 2020, bringing it to a total of \$456 million, its lowest level since 2009. Sales recovered over 2021 (up by 9%) and 2022 (up by a further 10%), although the uplift was less substantial than in the US, with total values reaching just over \$500 million. However, in 2023, the market contracted again, declining by 36% to \$324 million, its smallest in 20 years, lower than in the pandemic in 2020 and also just below 2009 (\$351 million). Only 46 works were sold for over \$1 million in the sector in the UK in 2023 (and just three for over \$10 million) versus 65 in 2022 and in excess of 120 in both the US and China in 2023.

This low year of sales in the UK narrowed the gap with fourth-largest market France, despite their share declining marginally to 7% by value in 2023 (and 11% of lots sold, higher than the UK with 8%). Following a very strong recovery in France in 2021, with sales increasing by more than 60%, values were stable year-on-year in 2022, but fell by 12% in 2023 to \$217 million, higher than 2019 but less than half the size of their peak in 2009, when a spike in high-value lots brought the market to \$493 million, temporarily ahead of both China and the UK. Sales in Germany were stable, although elsewhere in Europe, performance in the sector was mixed, including declines in Italy and Austria and increases in Spain and Belgium.

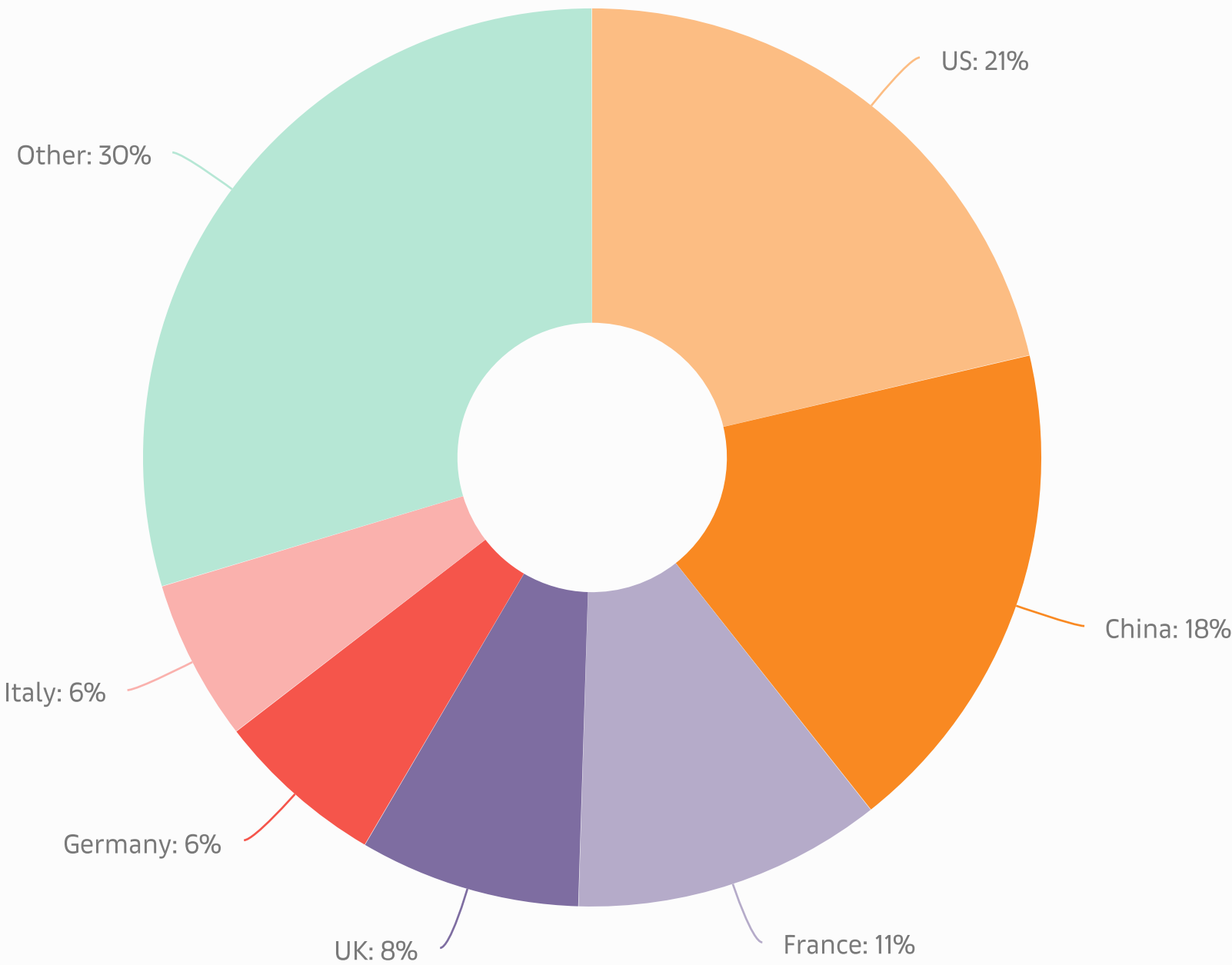


Figure 3.24 Global Market Share of the Modern Art Sector in 2023

a) By Value

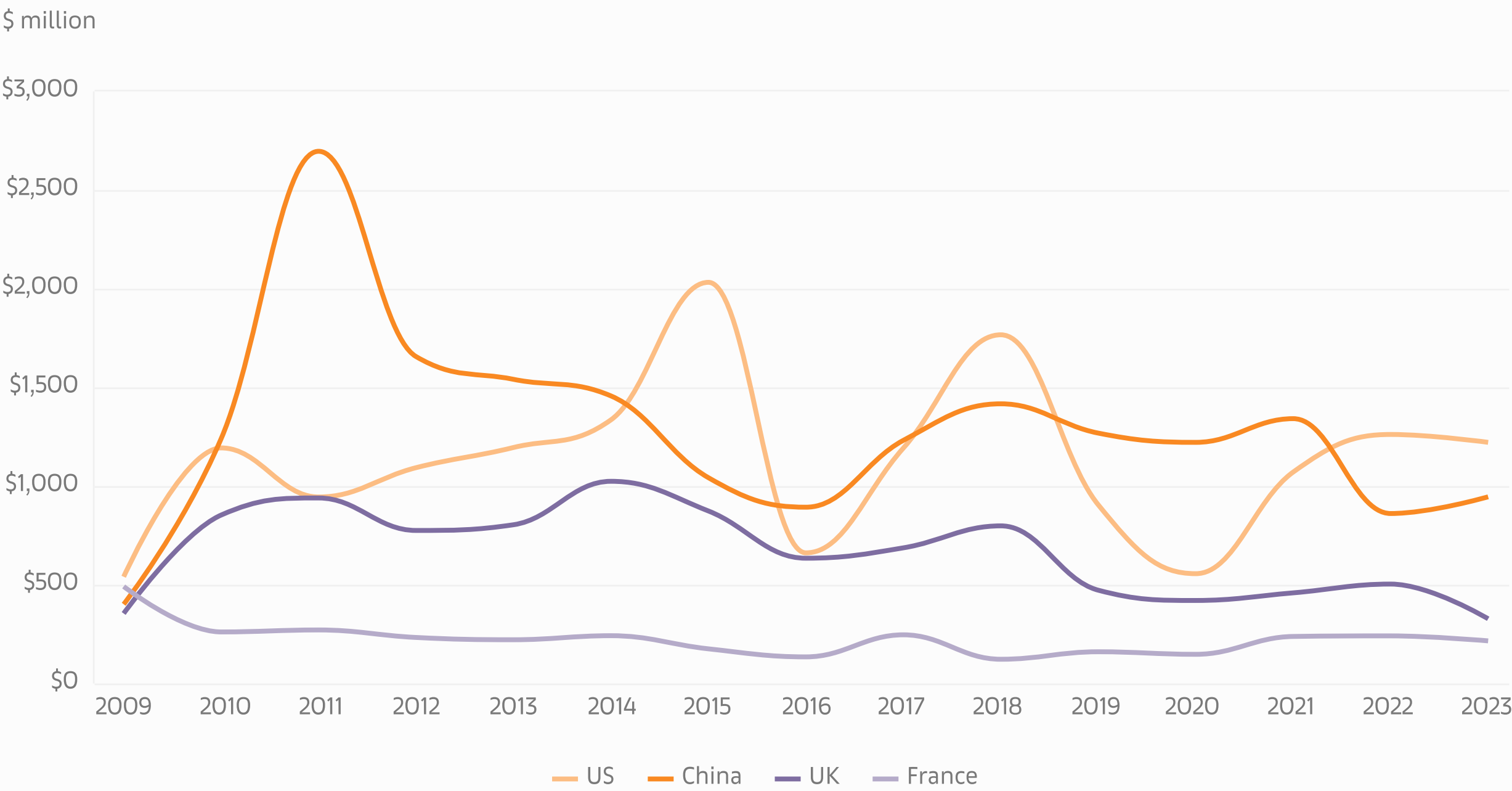


b) By Volume (Number of Lots)



©Arts Economics (2024) with data from Artory

Figure 3.25 Sales in the Modern Art Sector Key Markets 2009–2023



©Arts Economics (2024) with data from Artory

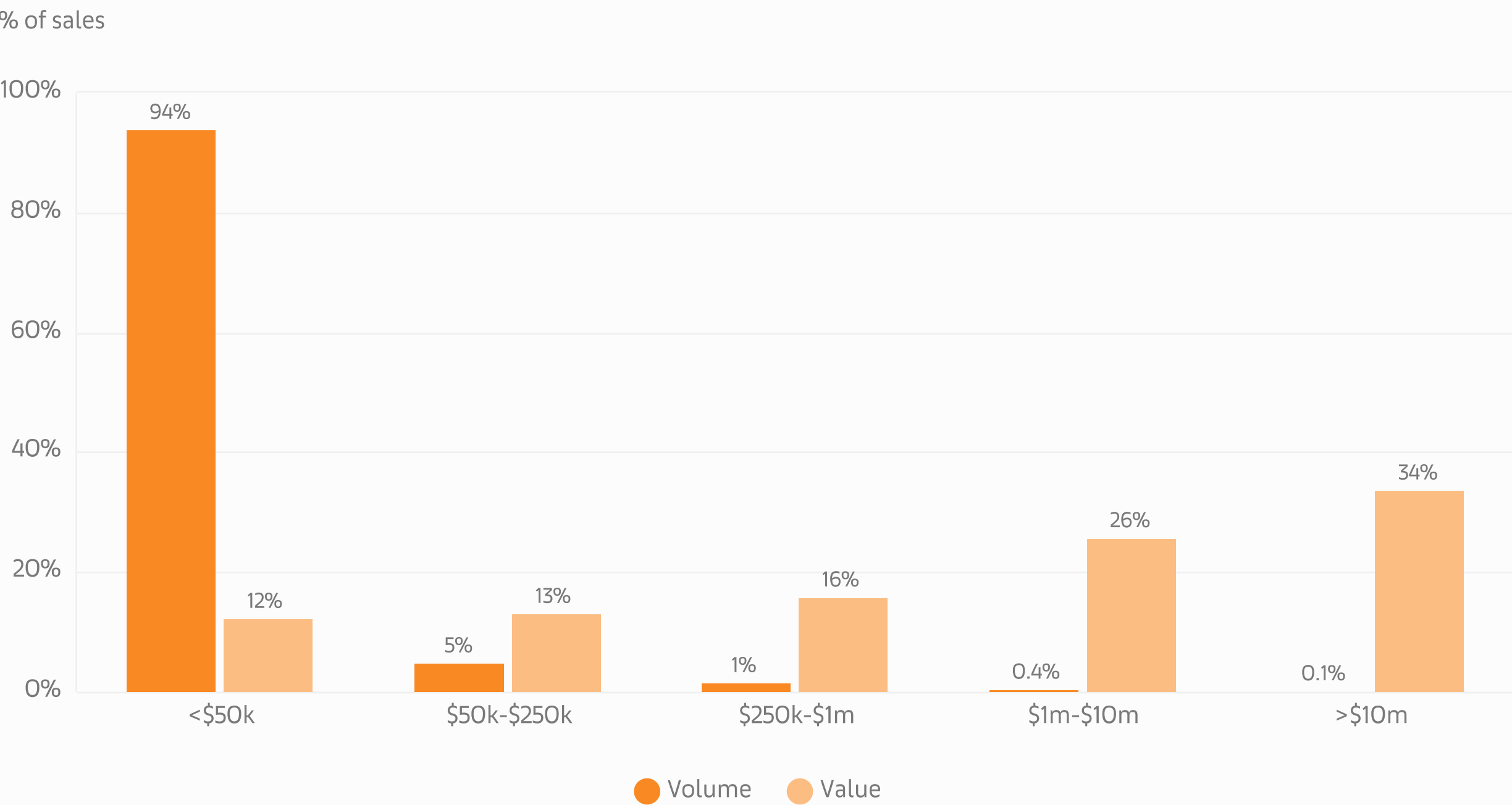
As noted above, Picasso was once again the highest-selling artist in the Modern art sector for the sixth consecutive year, with sales of \$603 million, accounting for eight out of the top 20 lots, all with prices in excess of \$20 million. The top five artists (which also included Zhang Daqian, René Magritte, Fu Baoshi, and Marc Chagall) comprised 42% of the sector by value, showing a slightly higher degree of concentration of value than in 2022 (38%). The top 20 artists represented a stable 62% of the total value, and this was again substantially more concentrated than in the Post-War and Contemporary art sector (36%).

This higher concentration and the dominant share of value of the top-selling artists can be seen in Figure 3.26, which segments the market by price level, with the majority of value (60%) accounted for by works sold at over \$1 million (down by 3% year-on-year but versus 55% for Post-War and Contemporary art). The share of works sold at over \$10 million was relatively stable at 34%, and sales within this segment fell by 6% in value year-on-year, with just two fewer lots sold versus a more significant drop of 66 lots for the larger \$1 million-plus segment overall, and a drop in value of 12%.

Most works (94%) in the sector were still sold for prices below \$50,000. These made up 12% of the value of Modern art auction sales, and this segment actually rose in value by 9%, with 5% more lots sold. The mid-tier of sales from \$50,000 through to \$1 million also experienced low, positive growth, rising by 3% in value and 6% in terms of lots sold, showing clearly that the aggregate decline in the sector was entirely driven by losses at the high end of the market.

Sotheby’s and Christie’s accounted for a combined 60% of sales by value in the Modern art market, down by 10% year-on-year and with Sotheby’s marginally ahead with 31%. Along with Phillips, China Guardian, and Poly Auction, the top five houses comprised 73% of the aggregate value of sales in 2023, but only 17% of the lots sold.

Figure 3.26 Sales in the Modern Art Sector by Price Bracket in 2023



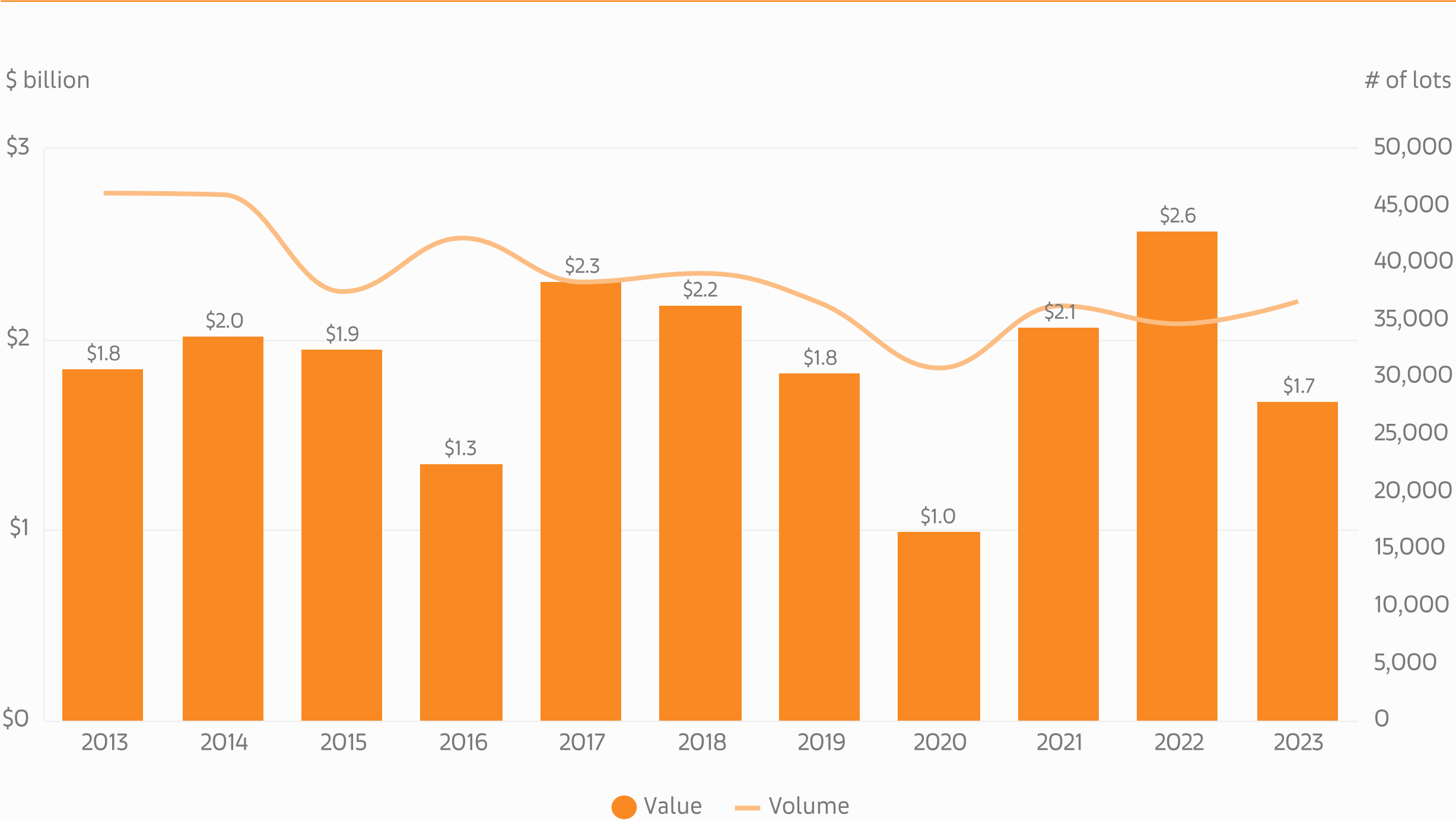
©Arts Economics (2024) with data from Artory



3.8 Impressionism and Post-Impressionism

Sales of Impressionist and Post-Impressionist art represented 14% of the value of fine art auction sales in 2023, down by 4% year-on-year, and 12% of the lots sold. This sector had one of the strongest recoveries of all in 2021 and 2022, with an uplift in value of 160% over the two-year period to \$2.6 billion, its highest level recorded. However, sales slowed in 2023, falling by 35% in value to \$1.7 billion, despite 6% more lots being sold, just below the levels both in pre-pandemic 2019 and 10 years before in 2013.

Figure 3.27 Impressionist and Post-Impressionist Art Sales 2013–2023



©Arts Economics (2024) with data from Artory

The US was the largest center for sales by value in the sector in 2023, although its share dropped substantially from 69% in 2022 to 41% by value and a stable 21% of the number of lots sold. Sales in the US fell to a 15-year low of \$288 million in 2020, but this was followed by two years of exceptional growth, with the market tripling in size in 2021 and increasing by 83% in 2022 to reach their highest-ever level of \$1.8 billion. The rise in 2022 was driven by many exceptionally high-priced lots sold in the sector in New York, with eight from the Paul Allen sale, underlining the importance of successful single-owner collection sales in boosting values. However, with fewer of these lots coming onto the market in 2023, there was an equally dramatic fall in sales of 68% to \$682 million, bringing the market below its pre-pandemic 2019 level but still showing growth of 30% over 10 years since 2013.

The US was the largest center for sales by value in the Impressionist and Post-Impressionist sector in 2023, although its share dropped substantially from 69% in 2022 to 41%

Despite the fall in value, there were still very highly priced works sold in this sector in the US, including some of the highest prices at auction across all sectors. Claude Monet's *Le Bassin aux Nymphéas* (c. 1917–1919) was sold for \$74 million at Christie's in New York, in the artist's top 10 prices ever achieved, as well as *Peupliers au Bord de l'Epte, Temps Couvert* (1891) for \$30.8 million at Sotheby's. Gustav Klimt's *Insel im Attersee* (1901) sold for \$53.2 million also at Sotheby's, along with Paul Cezanne's *Fruits et Pot de Gingembre* (1890–1893) for \$38.9 million at Christie's, one of the top 10 prices for the artist at auction. However, overall, there was a substantial decline in high-value lots, with the number selling for above \$1 million in the US falling by 28% and those over \$10 million dropping to less than half (from 23 in 2022 to 10 in 2023).

China, on the other hand, saw the number of \$1 million-plus lots more than double in 2023, with its share by value in the sector rising to 24% from just 8% in 2022, and overtaking the UK into second place. Sales in China have experienced a lot of volatility in recent years. After three consecutive years of decline, the market reached a low of \$345 million in 2020, although still accounting for the largest share of global sales that year at 35%. Sales recovered in 2021, growing by 33%, but then fell by 49% year-on-year to \$236 million in 2022, their lowest level since 2009. In 2023, there was a substantial uplift of sales once again, with values increasing by 88% to \$397 million, restoring some of the losses and bringing values above their pre-pandemic 2019 level, although still significantly less than their peak year in 2011 at almost \$1.1 billion.

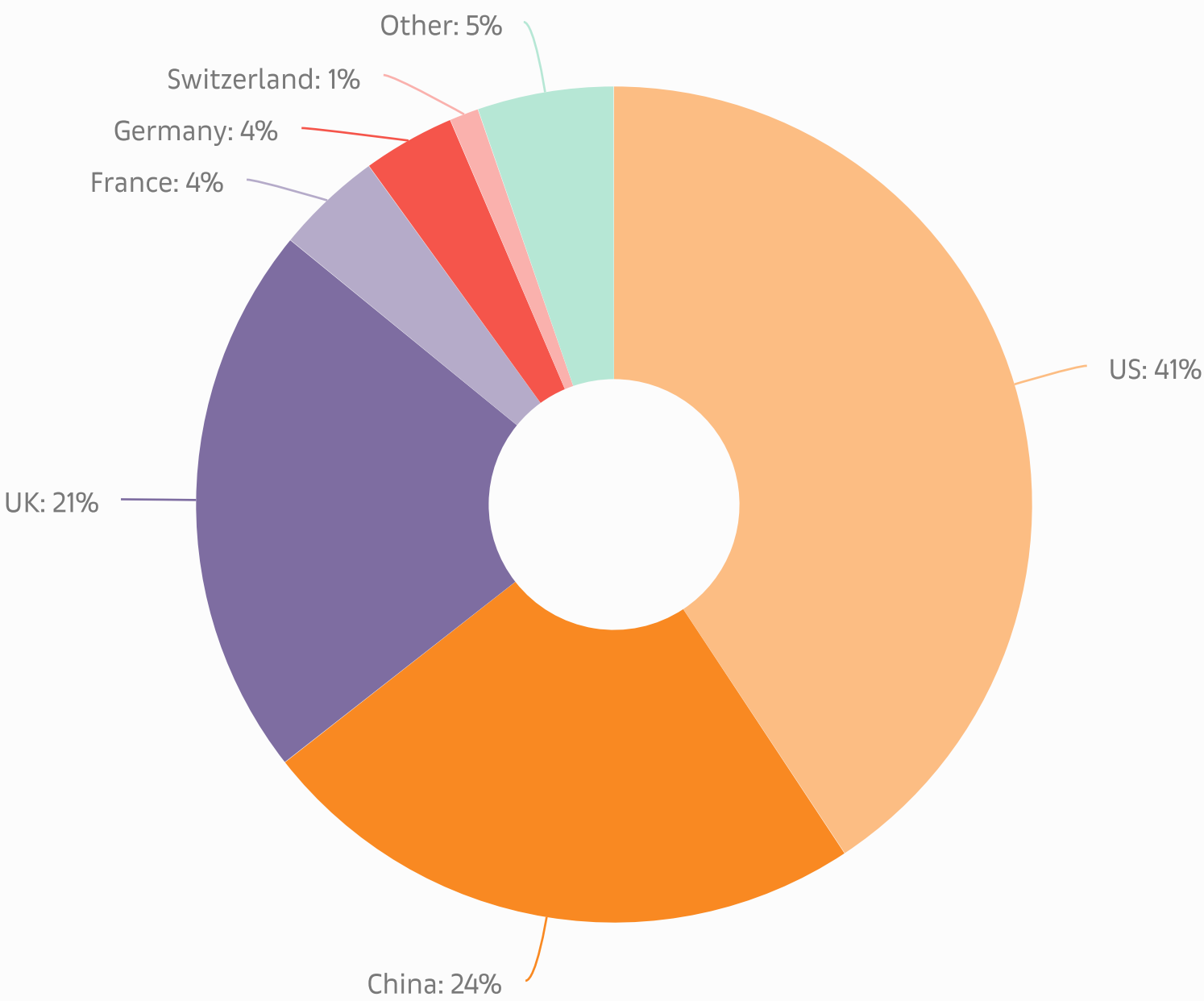
A number of Chinese artists were included in this sector by birthdate, and the highest-selling artist overall was Qi Baishi, with sales of \$217 million, more than double the level of 2022. His work entitled *Panorama of Distant Landscapes* (1931) sold for \$20 million at China Guardian in Beijing along with 26 other works for over \$1 million, all in Mainland China. Other artists such as Huang Binhong and Wu Changshuo also saw substantial increases in their markets in 2023, with at least 99% of their sales in China.

Although it fell behind China into third place, the share of the UK market in this sector increased from 13% to 21% year-on-year, with a stable number of lots sold (11%). After falling over 60% to a 15-year low in 2020 of \$163 million, the UK saw strong, double-digit growth for two years, with sales doubling in value again by 2022 to \$331 million. This growth continued in 2023 at a slightly slower pace, with sales increasing by 9% to \$359 million, although still below their 2019 total and those of 10 years previous (\$417 million in 2013). Two of the top 10 lots in the fine art auction market overall in 2023 were in this sector and sold at Sotheby's in London, namely Gustav Klimt's *Dame mit Fächer* (1918), which achieved a record price for the artist of \$108.8 million, the highest-priced work in the sector, and Vassily Kandinsky's *Murnau mit Kirche II* (1910), which sold for \$44.7 million, the second-highest price in the sector.

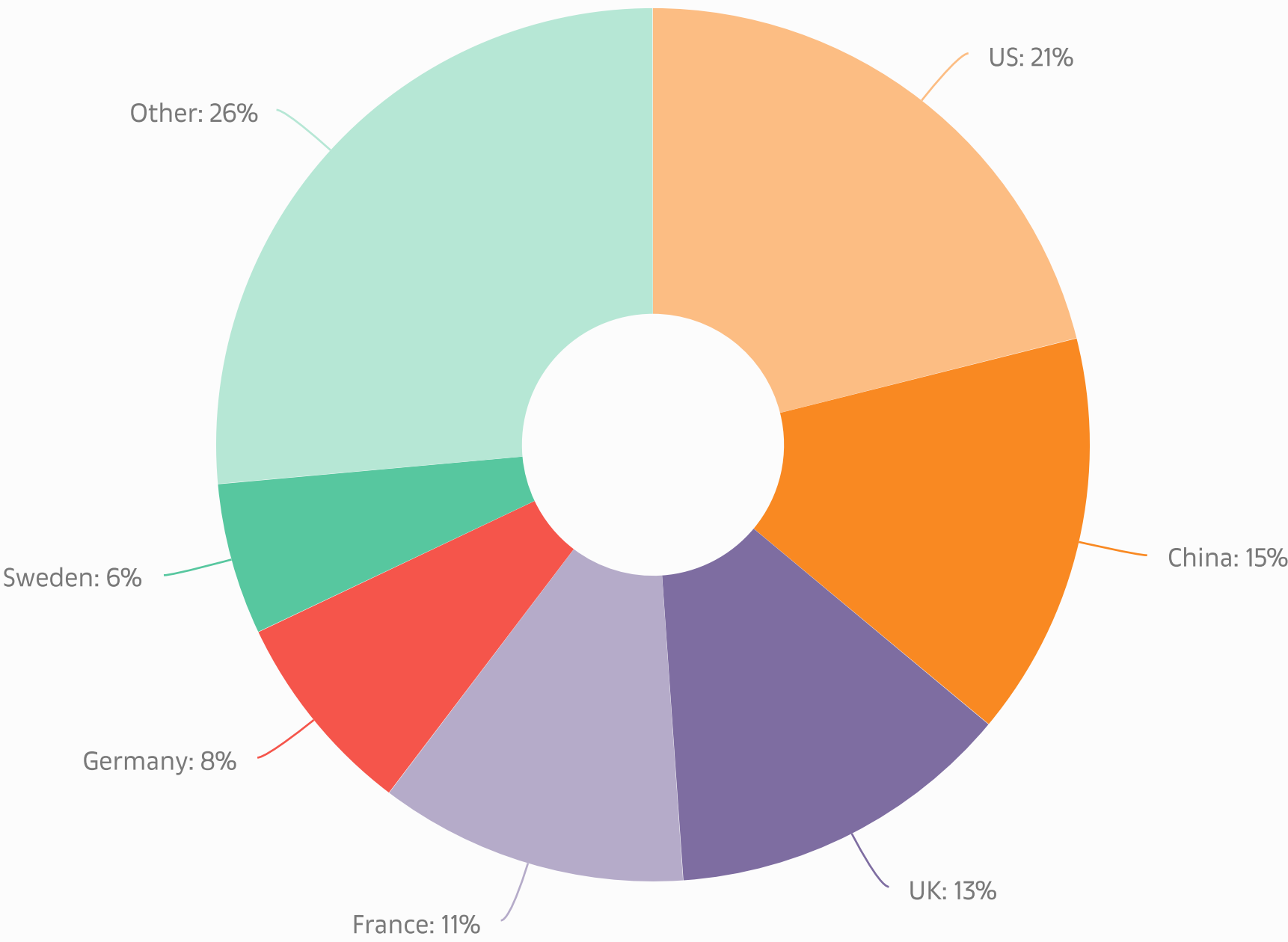
Sales in France recovered strongly after the pandemic, advancing by 67% to \$90.5 million in 2021, the highest level since 2013. However, the market declined in both 2022 (by 7%) and by a further 18% in 2023, bringing sales to \$69 million, below their level in 2019 and down by 28% on 10 years prior in 2013 (at \$96 million). France accounted for a relatively stable 4% of global sales by value and 11% of the number of transactions. In other parts of Europe, sales were again mixed, with strong growth in Germany and Austria and low, positive growth in Italy, but a deterioration in values in Switzerland and Spain.

Figure 3.28 Global Market Share of the Impressionist and Post-Impressionist Sector in 2023

a) By Value

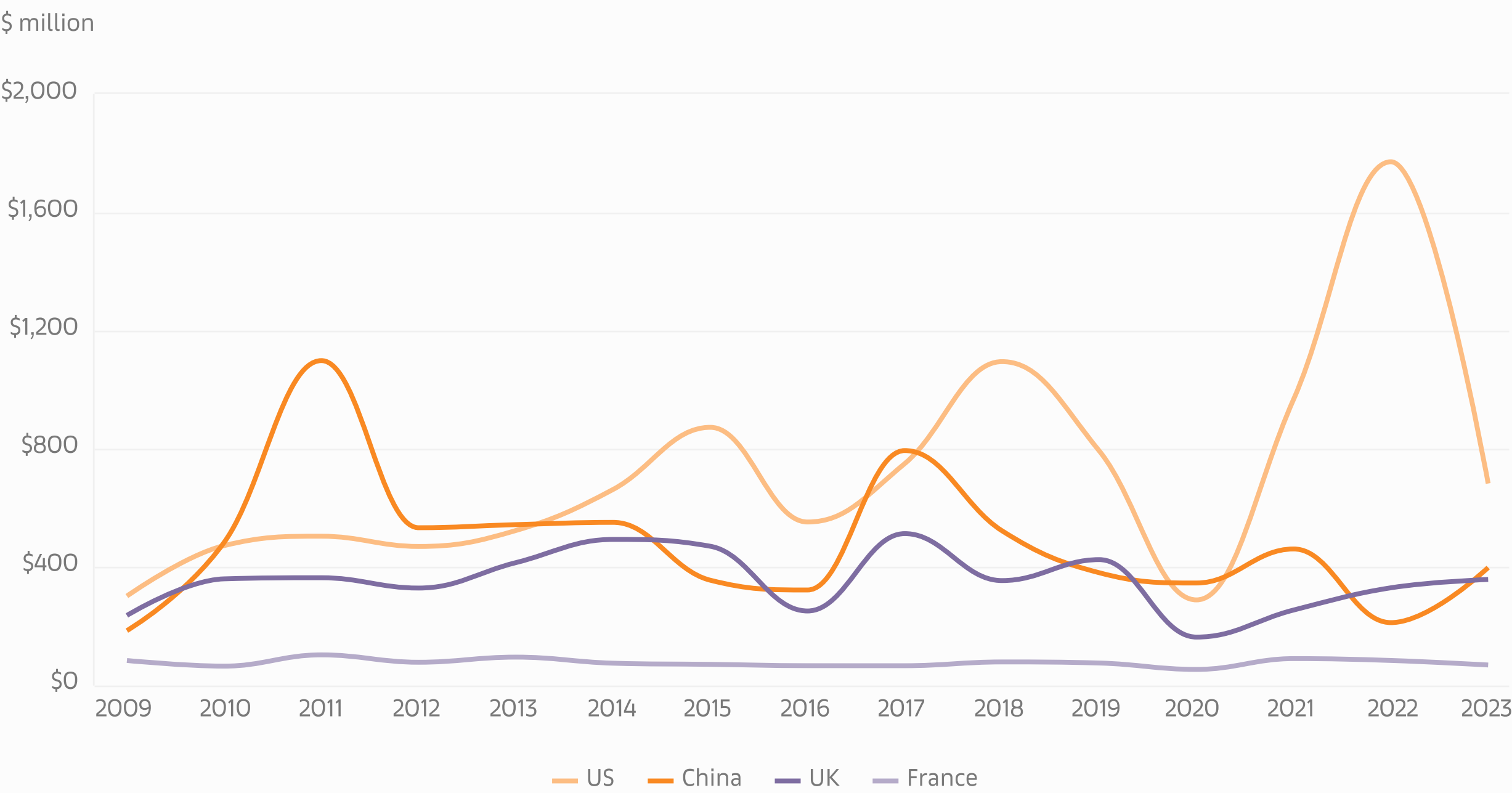


b) By Volume (Number of Lots)



©Arts Economics (2024) with data from Artory

Figure 3.29 Sales in the Impressionist and Post-Impressionist Sector Key Markets 2009–2023



©Arts Economics (2024) with data from Artory

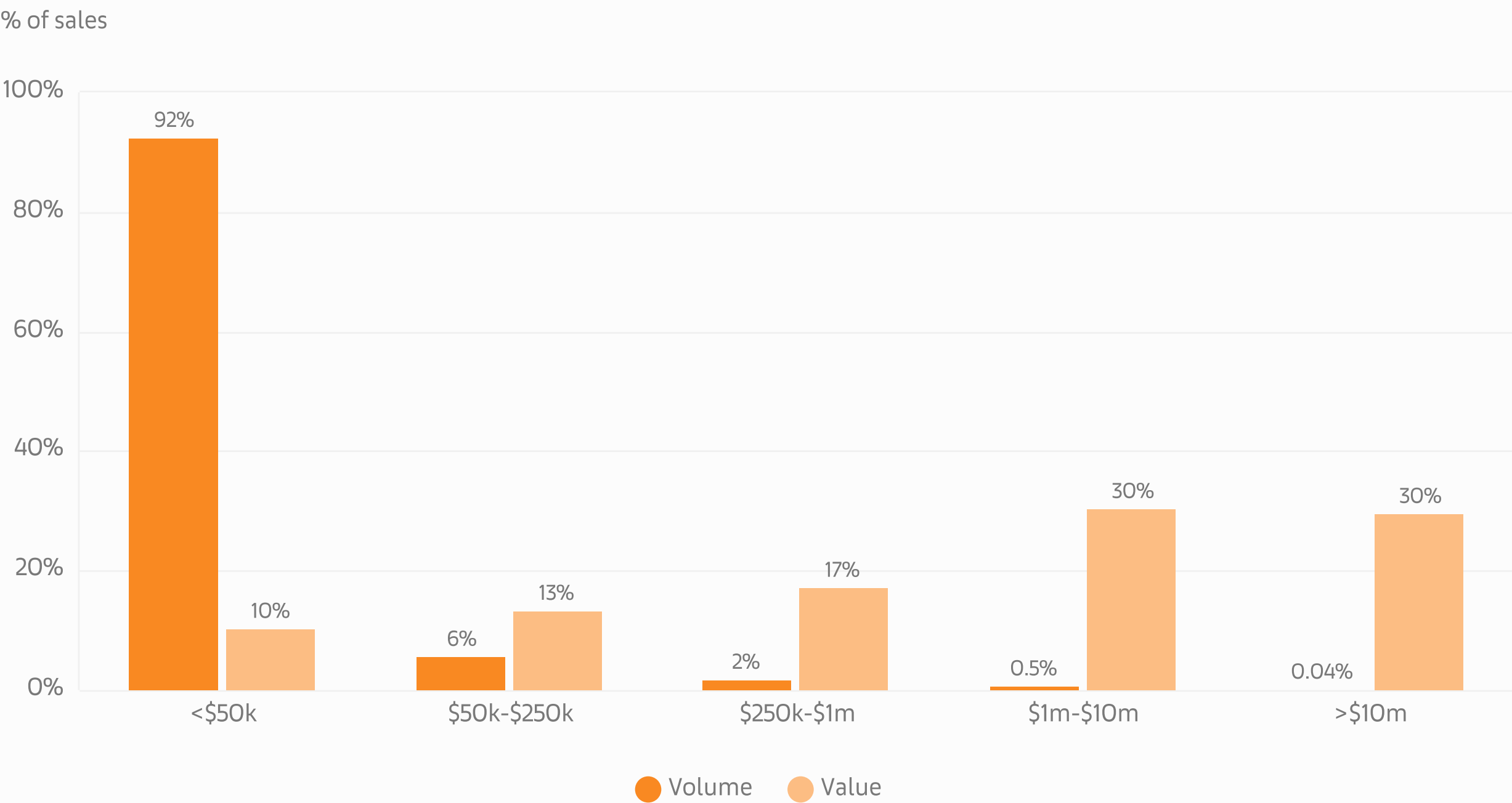
As noted above, Qi Baishi was the highest-selling artist in the sector in 2023, with sales of \$217 million, moving Claude Monet to second place, with sales of close to \$195 million, less than half their 2022 level. Along with Gustav Klimt, Paul Cezanne, and Vassily Kandinsky, the top five artists accounted for 43% of the market's value, down from 50% in 2022. The top 20 made up 69%, down from 78% in 2022, but still more concentrated in value around these top artists than Post-War and Contemporary or Modern art.

The Impressionist and Post-Impressionist sector continued to be a very top-heavy market, with works priced at over \$1 million accounting for 60% of the total sales. With fewer lots sold at the very highest levels during 2023, the share of this segment was down year-on-year, having reached 77% in 2022. Sales in the \$1 million-plus segment were about half their value in 2022, despite the drop in lots being only 4%. This was due to the fact that the lots lost were mainly in the very highest \$10 million-plus segment, with 15 works sold at these prices in 2023 compared to 31 in 2022, and value in this segment falling by 67%.

Most lots (92%) continued to be sold for less than \$50,000 and the share of value in this segment rose by 4% year-on-year to 10%. Like the Modern art sector, it was notable that sales in all of the segments under \$1 million grew both in value and volume year-on-year,

with the high end being the drag on growth that created the aggregate downturn in value. Sales of works priced at under \$50,000 grew by 8% in value in 2023, with 5% more lots sold than in 2022, while those in the middle of the market in the segments between \$50,000 and \$1 million also saw a more substantial uplift of 18% in value, with 15% more lots sold.

Figure 3.30 Sales in the Impressionist and Post-Impressionist Sector by Price Bracket in 2023



©Arts Economics (2024) with data from Artory

Sotheby’s and Christie’s again dominated sales by value in the sector in 2023, with a share of 59%, although this was down from 85% year-on-year (with works from the Paul Allen sale having helped lift the share of Christie’s alone to 64% in 2022). Along with China Guardian, Beijing Poly Auction, and Bonhams, the top five auction houses accounted for 71% of the value of sales and 19% of the number of works sold.

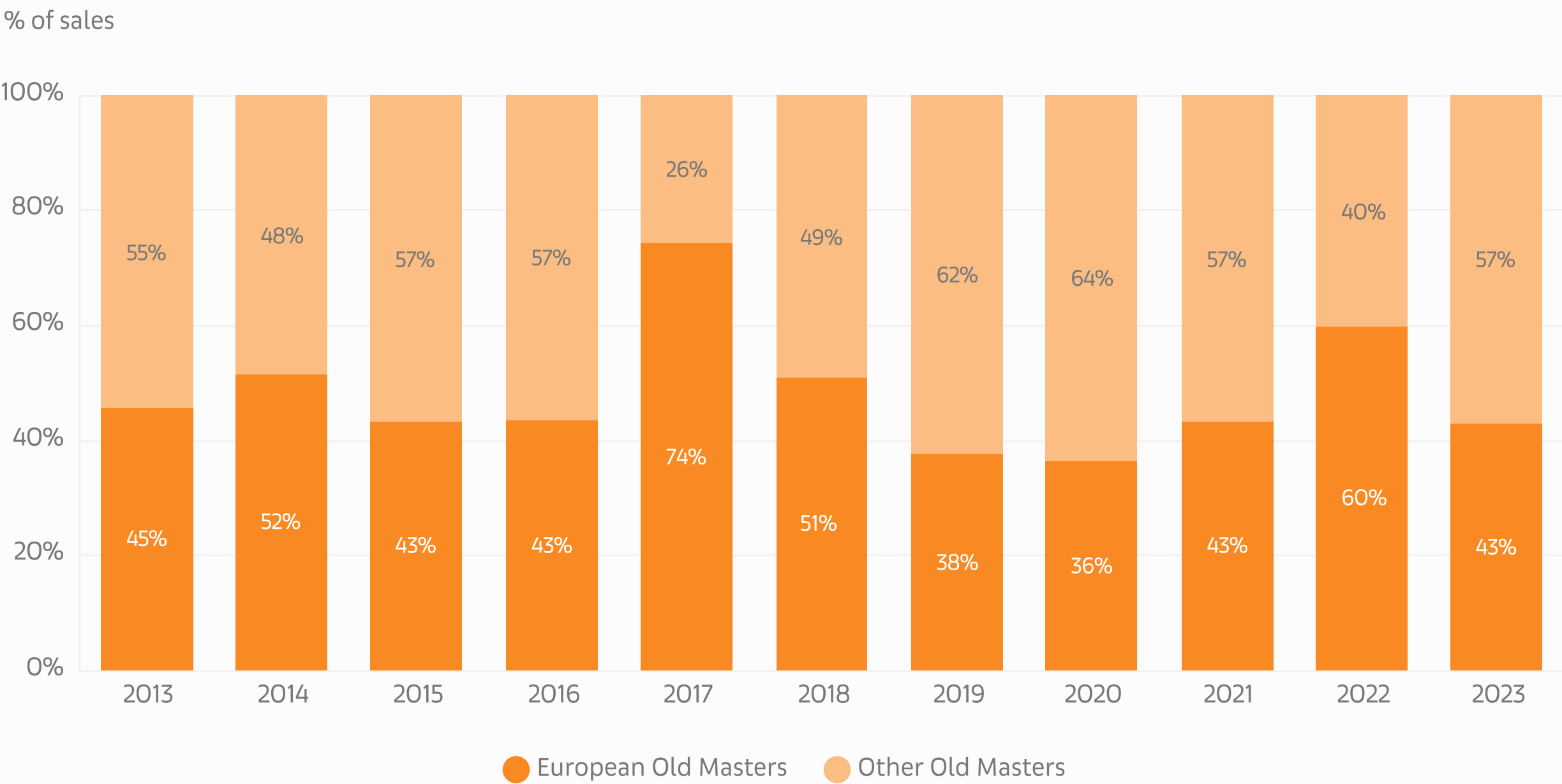


3.9 Old Masters and European Old Masters

The term Old Masters is used in this analysis to cover the sale of works by artists of all nationalities born between 1250 and 1820, although the term ‘Old Masters’ is most commonly associated with the works of European artists, which is described separately. The wider Old Masters sector was the smallest of the fine art sectors in 2023, accounting for 9% of the value of sales (up by 2% year-on-year) and 8% of lots sold. The share of European Old Masters was 4% by value and 5% of the number of transactions, both on par with 2022.

In 2023, European Old Masters accounted for a minority share of the value of sales in the sector at 43%. While these works made up most of the value of sales up to 20 years ago, high prices achieved at auction for Chinese Old Masters have had a significant impact on the distribution of values in the last 15 years. Over the past decade, the relative share of these two parts of the market has varied, as exceptional prices for individual lots have tended to push either one into a majority. After losing much of its share from around 2009, when the Chinese market started its ascent in value, European Old Masters reached a peak of 74% in 2017, driven by the \$450 million sale of Leonardo da Vinci’s *Salvator Mundi* (c. 1499–1510). This share retreated again during the pandemic, reaching a low of 36% in 2020, with high prices for some Chinese Masters and slow sales in Europe and the US. Strong prices achieved for individual European Old Masters revived the market again, including three record prices for Sandro Botticelli in 2021 and 2022, which alongside cancelled sales in China meant that European Old Masters regained a majority share of 60%. However, in 2023, this was reversed again, and record prices for Chinese Masters such as Wang Meng and other strong sales, alongside fewer \$10 million-plus sales in Europe and the US meant the share fell to 43%.

Figure 3.31 Global Market Share of European Versus Other Old Masters by Value 2013–2023



©Arts Economics (2024) with data from Artory

The trends in sales in the Old Masters market, like other sectors, have been driven primarily by supply. However, growth in this sector has been slightly less related to economic factors and has been particularly limited by very low availability of masterpieces in commercial circulation, despite strong demand when they are available. The scarcity of the highest-quality works in this sector by leading artists in particular can also mean that the appearance of one or a few works on the market can have an outsized effect on sales in a specific year, despite having very little relation to the majority of sales that take place at much lower prices, with 2017 providing a clear example.

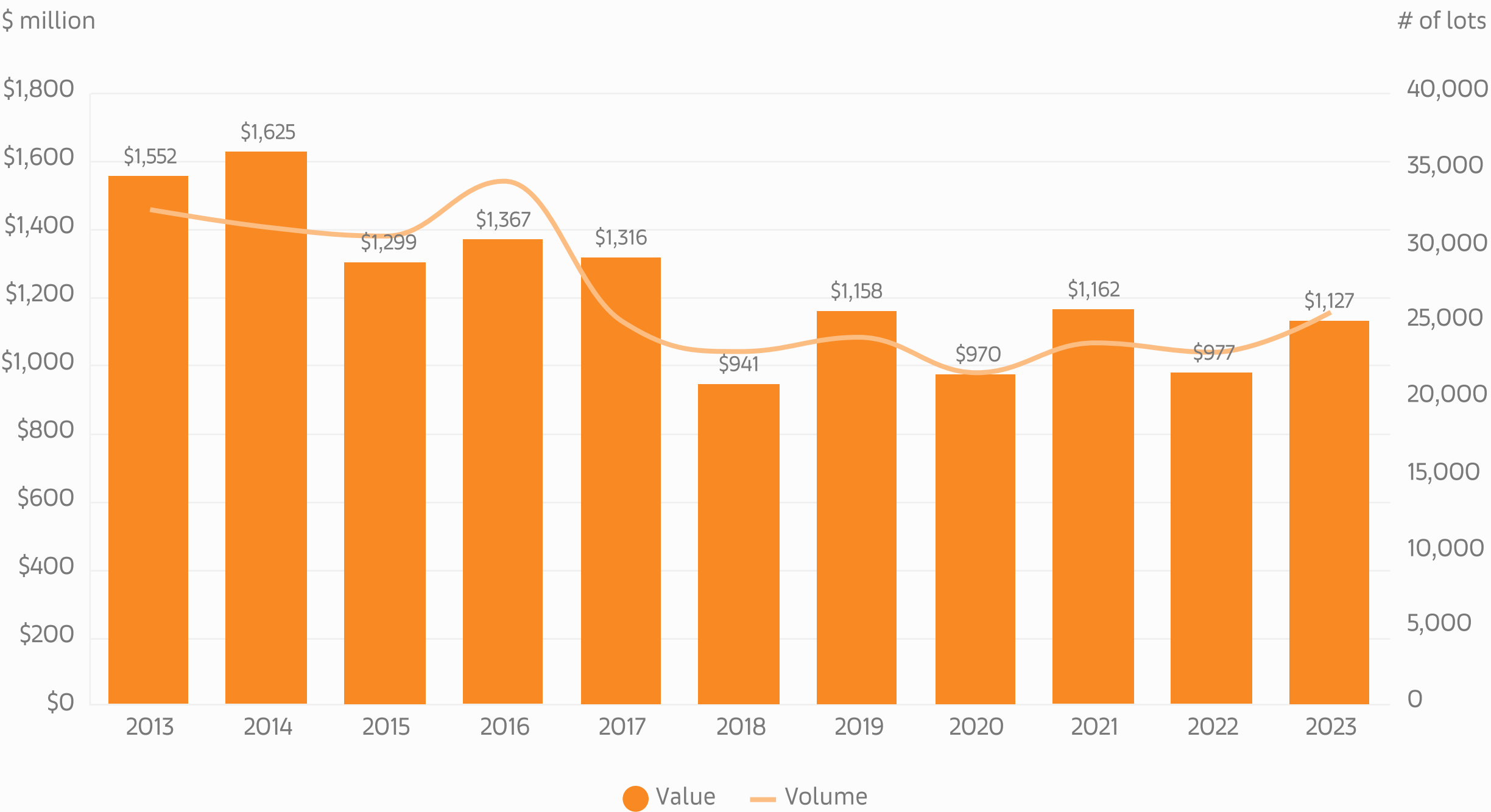
Sales of Old Masters have waivered up and down over the last five years, declining in 2020 during the pandemic by 16% to \$970 million, but recovering again in 2021, with values increasing by 21% to \$1.1 billion, with a small number of very highly priced lots driving growth. Although there continued to be some strong sales in European Old Masters in 2022, the cancellation of sales in China, which involved works from this sector, slowed growth again, with values falling by 17%, bringing the market just above 2020 levels at \$963 million. China’s rebound in 2023 helped boost sales, with a 15% rise in values to \$1.1 billion, just below levels in 2019, while the number of lots sold in the sector grew by 11% (and those at prices over \$1 million increased by 12% year-on-year from 130 to 146).

Sales in the European Old Masters sector had fared better in both 2021 and 2022, with works such as Sandro Botticelli's *Portrait of a Young Man Holding a Roundel* (c. 1480) selling for a record price of \$92.2 million at Sotheby's, the second-most-expensive Old Masters painting ever sold at auction, next to the Leonardo Da Vinci record lot in 2017, and followed by two further Botticelli works sold in New York in 2022 for a combined \$93.9 million. However, values fell by 17% in 2023 to \$481 million, with slightly fewer lots sold overall (down by 3%) and only six lots in excess of \$10 million. The two highest prices achieved in the sector were for works by Peter Paul Rubens: *Salome Presented with the Head of Saint John the Baptiste* (c. 1609) for \$26.9 million and *Portrait of a Man as Mars* (c. 1620) for \$26.2 million, both sold at Sotheby's in New York and in the top five highest-ever prices for the artist, but considerably lower than the \$76.7 million record achieved for *The Massacre of the Innocents* (c. 1608–1609) at Sotheby's in London 20 years previous in 2002.

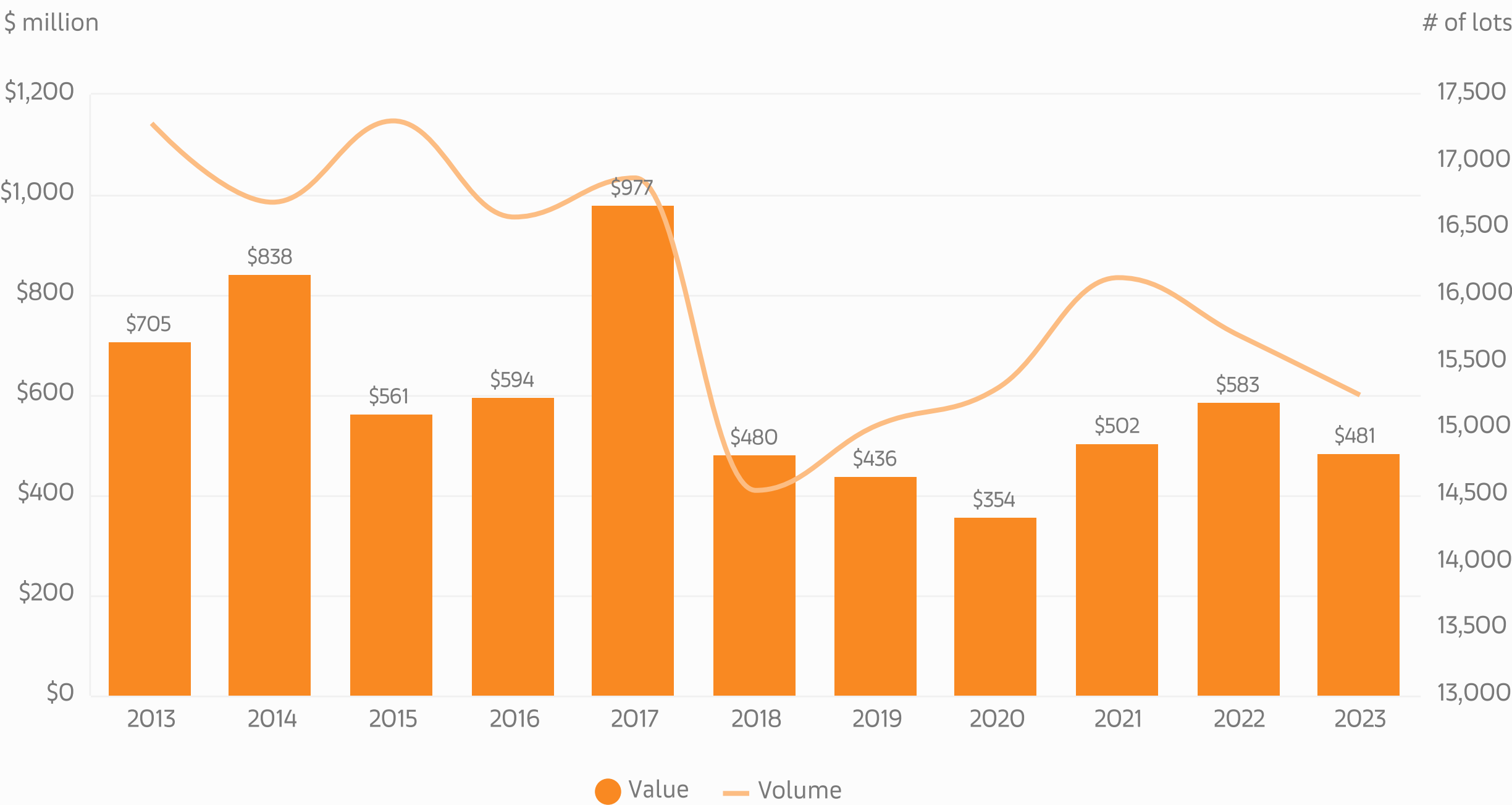
China's rebound in 2023 helped boost sales in the Old Master sector, with a 15% rise in values to \$1.1 billion, just below levels in 2019

Figure 3.32 Old Masters Painting Sales 2013–2023

a) All Old Masters



b) European Old Masters



©Arts Economics (2024) with data from Artory

After a fall of almost 60% in 2022 to \$249 million, their lowest level since 2008, China's market gained significantly in value in 2023, with sales more than doubling to \$554 million. China became the largest market in the sector, accounting for almost half of the value (49%) of Old Master sales (from 27% in 2022) and 22% of the lots sold.

This recovery was driven by strong sales at the high end for some artists in China, with the number of lots selling for more than \$1 million in the sector increasing from 47 to 78 and including four priced at over \$10 million (versus none at that level in 2022). These included a record price for Wang Meng, with *Inkstone Washing* (late Yuan Dynasty) selling for \$40.6 million at China Guardian in Beijing and Zhao Mengfu's *Calligraphy in Regular Script* (c. 1302–1322) at Poly Auction in Beijing for \$25.2 million. A collaborative album of works by nine Chinese Master painters created in the Late Ming and early Qing Dynasty sold at China Guardian in Hong Kong for \$24.4 million. With these works and five others, Chinese artists made up eight out of the 20 top lots sold at auction in the sector and seven out of the top 10 artists in terms of aggregate sales in 2023. Despite the improvement, sales were still below their 2021 level of \$593 million and around half their peak in 2011 of \$1.1 billion.

After two years of strong, double-digit growth, sales in the US Old Masters auction market had increased to \$380 million, their second-highest level next to the peak of \$646 million in 2017, when the market increased nearly threefold in value, due to the outsized price of the da Vinci lot mentioned above (without which sales would have declined by 21%). Sales in 2021 and 2022 were buoyed by very high prices for European Old Masters, including several works from the Paul Allen sale at Christie's. However, in 2023, prices at the very top were more subdued and the number of \$10 million-plus lots dropped from six to four, contributing to a downturn in the sector of 28% to \$273 million. Sales were still above 2019 and on par with their level 10 years previous in 2013, but the US moved to second place in the global ranks, with a share of 24% by value, down by 15% year-on-year.

Despite the downturn, there were still some highly priced Old Masters works sold in New York auctions in 2023. Aside from the Rubens works noted above, a record price was achieved for Francisco Jose de Goya y Lucientes, with *Portrait of Doña María Vicenta Barruso Valdés, seated on a Sofa with a Lap-dog / Portrait of her Mother Doña Leonora Antonia Valdés de Barruso, seated on a Chair holding a Fan* (1805), two works sold as a single lot for \$16.4 million at Christie's in New York. These sales helped ensure that the US was still the largest market for European Old Masters, with a share of 45% and despite a drop in value of 22% year-on-year to \$215 million in 2023.

The UK remained in third place in the wider Old Masters sector, with a stable share of global sales by value of 15%. The value of sales had already started to slow prior to the pandemic and with three consecutive years of decline, fell to \$148 million in 2020, their lowest level in over 15 years. Although sales started to recover in 2021, growth slowed again and the market fell to a new low of \$140 million in 2022. From this low, sales grew by 15% in 2023 to reach \$170 million, buoyed by a small number of high-value sales. Among the top 10 lots in the sector were Michiel Sweerts' *The Artist's Studio with a Seamstress* (c. 1646–1649) sold for \$16.1 million at Christie's in London, a record for the artist vis-à-vis his previous highest price of \$3.5 million in 1997 for the work entitled *Plague in an Ancient City* (c. 1652–1654) sold at Sotheby's in New York. Other top lots in the UK included Caneletto's *Venice: The Mouth of the Grand Canal from the East; and The Molo, with the Piazzetta and the Doge's Palace, from the Bacino* (c. 1733), which sold for \$12.2 million at Christie's. Although these sales did help revive the market past the levels of 2019, it was still around half the size in 2023 as it was in 2013.

The UK was historically the center for European Old Masters sales, but has lost share to the US in recent years, and was in second place again in 2023 with 32% of global sales by value. This share increased by 9% year-on-year from 2022, but was still significantly less than its level in 2014, when it accounted for just over half (52%) of the value of sales.

Sales in France experienced strong growth in 2021 and 2022, more than doubling in value to reach an historical peak of \$118 million. However, the market halved in value in 2023, with sales dropping by 48% to \$61 million, still above pre-pandemic 2019, but almost 30% lower than 10 years previous in 2013. Its market share by value fell from 12% to 5% in the wider Old Master sector and from 17% to 11% in the European Old Master sector.

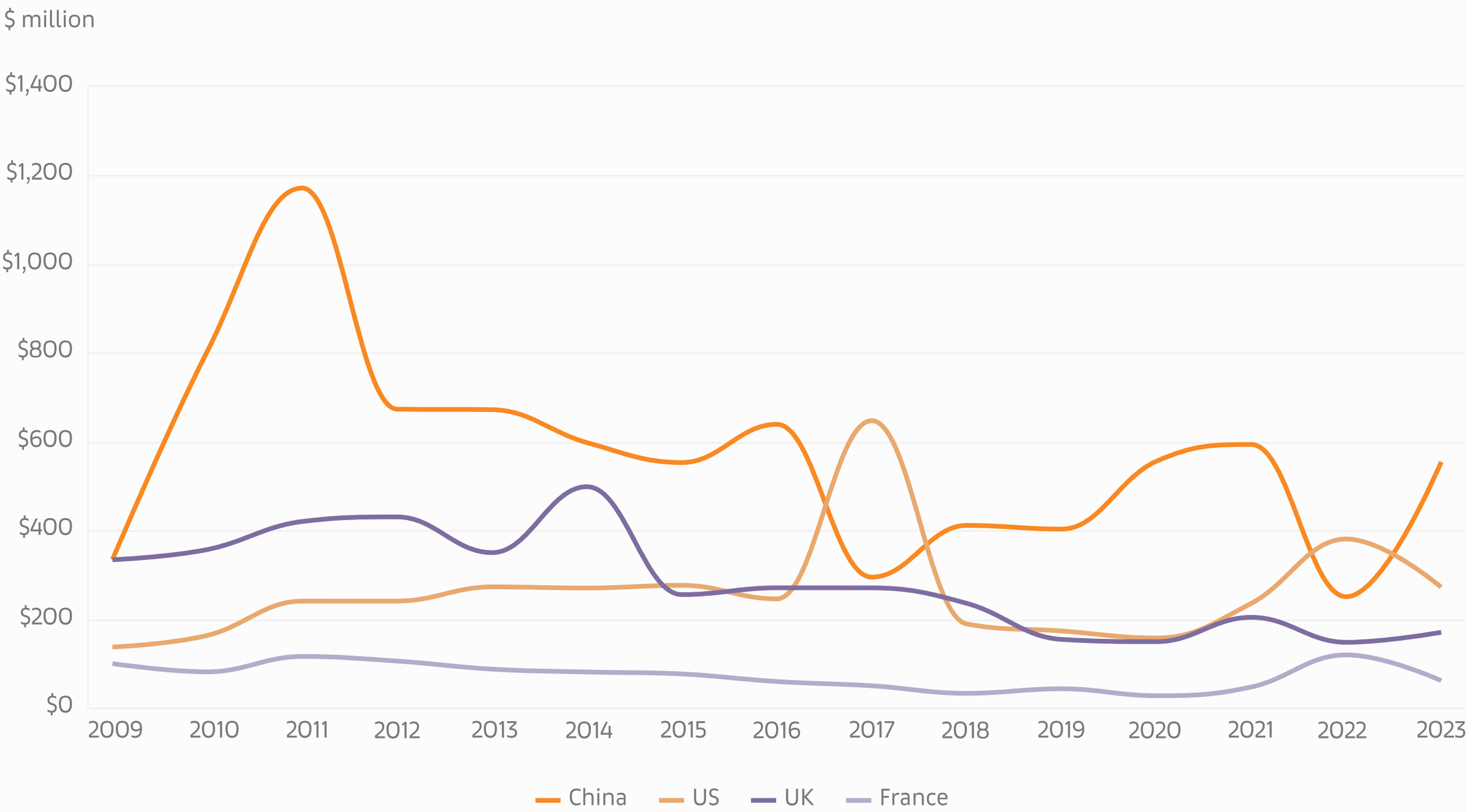
Table 3.2 Global Market Share of Old Master Paintings in 2023

Old Masters			European Old Masters		
Country	Share of Value	Share of Volume	Country	Share of Value	Share of Volume
China	49%	22%	US	45%	14%
US	24%	13%	UK	32%	22%
UK	15%	15%	France	11%	17%
France	5%	17%	Germany	5%	17%
Germany	2%	11%	Austria	3%	6%
Other	5%	22%	Other	4%	24%

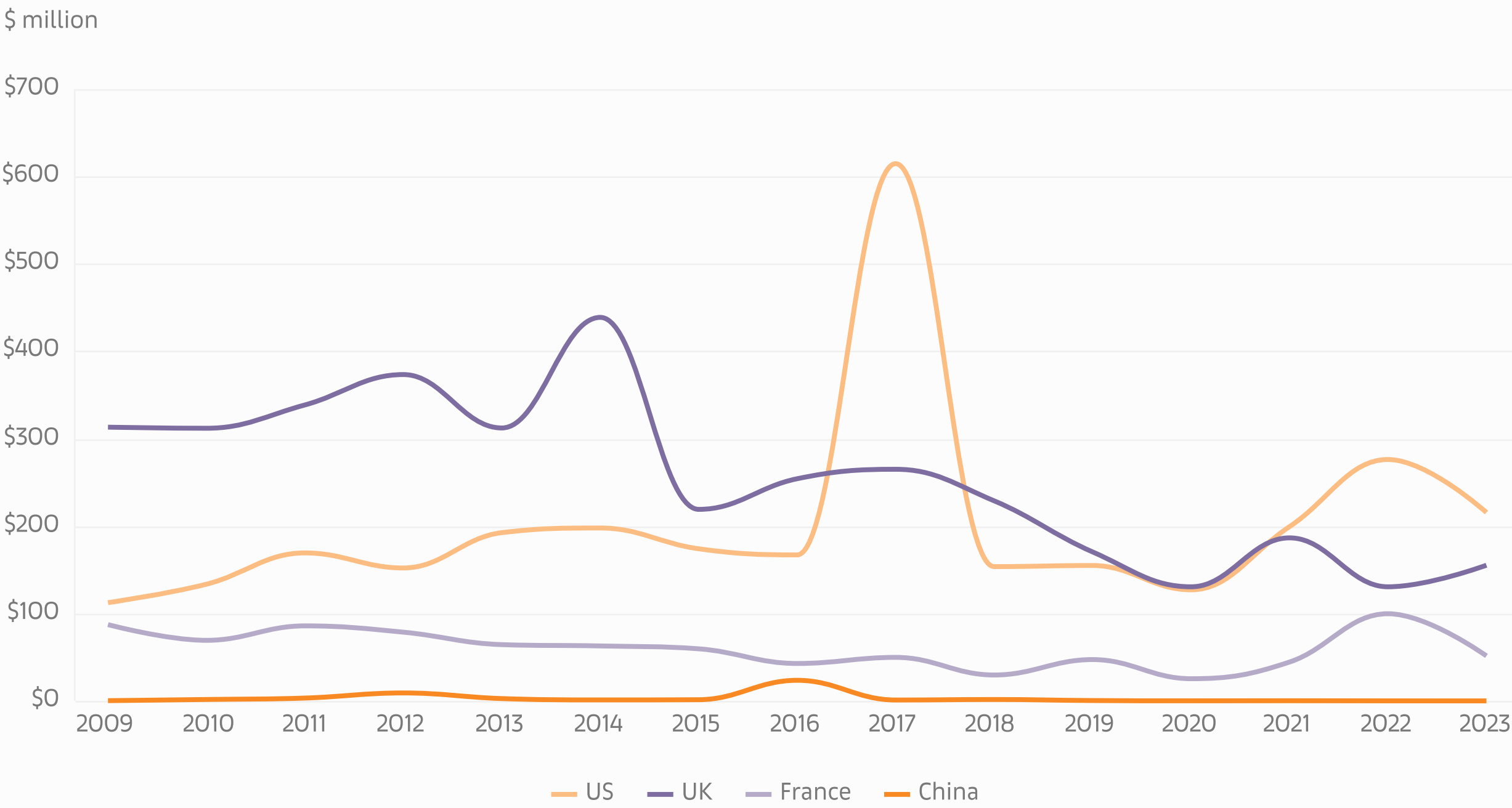
©Arts Economics (2024) with data from Artory

Figure 3.33 Sales in the Old Masters Sector Key Markets 2009–2023

a) All Old Masters



b) European Old Masters



©Arts Economics (2024) with data from Artory

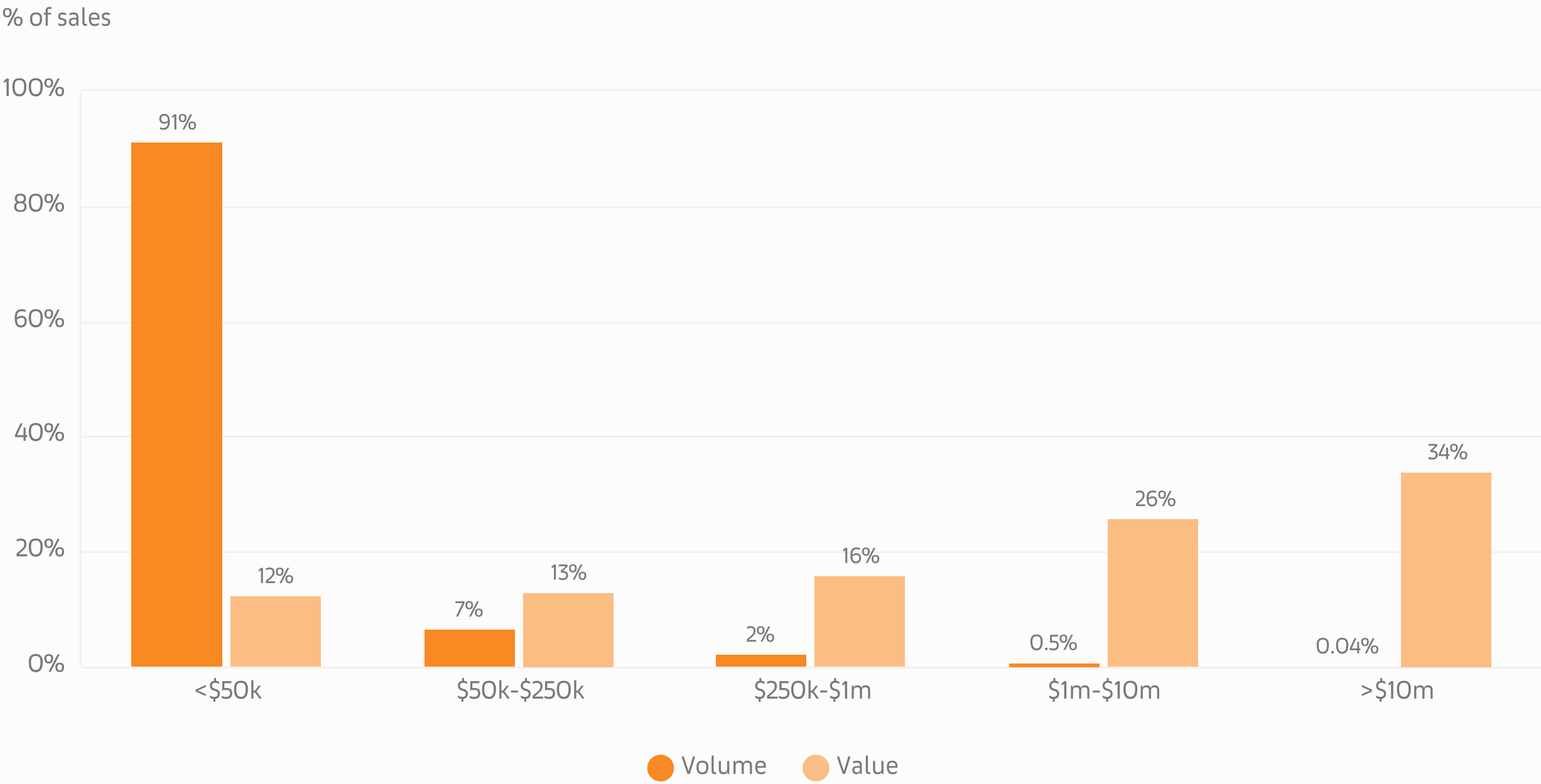
The highest-selling individual artist in the Old Master sector in 2023 was Peter Paul Rubens, with sales of \$64.8 million. The top five artists, which included Wang Meng and Zhao Mengfu, represented a 51% share, up from 31% in 2022. Rubens was also the highest-selling artist in the European Old Master sector, and along with Francisco Jose de Goya y Lucientes, Michiel Sweerts, Canaletto, and Pieter Brueghel the Younger, these top five artists accounted for a 28% share of total values, with the top 20 having 48%.

Although these shares remained less top heavy than in some other sectors, such as Modern and Post-War and Contemporary art, within the Old Masters sector, values were still concentrated at the top: 60% of sales by value were for works sold at over \$1 million, on par with 2022 and up from 52% in 2019. There was also an increase in share for works priced at over \$10 million at 34%, up by 6% year-on-year and from just 19% in 2019. However, even in this sector, most lots (91%) were sold at auction for prices of less than \$50,000, and these accounted for a stable share of 12% of the value of works sold. It is notable that in the wider sector, sales in all price segments grew, with the exception of those in the \$10 million-plus range, where the number of lots was stable, but values dropped by 22% year-on-year.

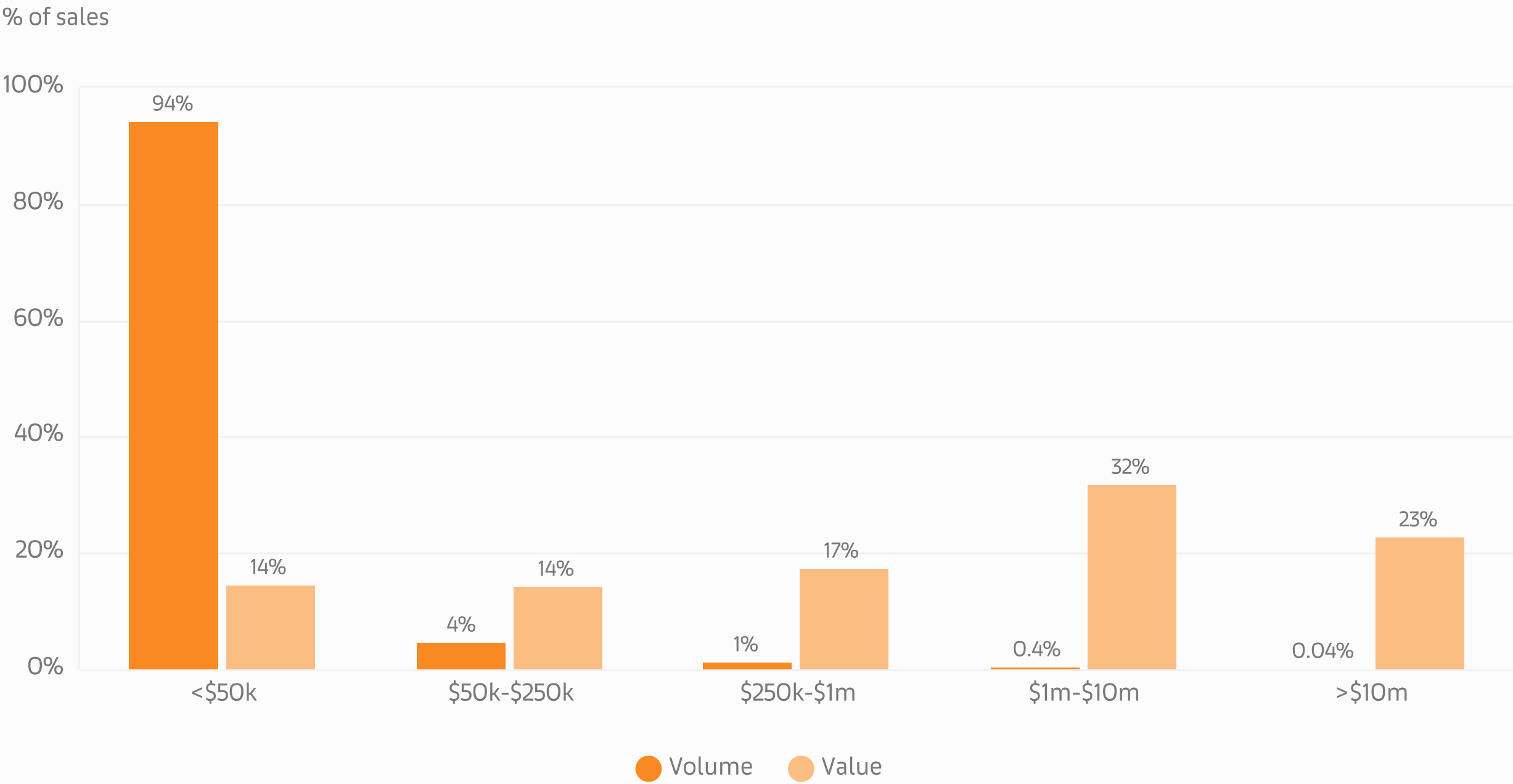
The dominance of the high end was evident in the European Old Masters sector too, although the share of works sold for over \$1 million decreased by 9% year-on-year to 55%. Most of the loss in share was due to the reduction in sales values in the \$10 million-plus segment, which saw values drop by 52% and the number of works fall by a third, although there was also a slowdown in sales for works priced at less than \$50,000, but with a much more moderate 4% decline. The share of value in the \$10 million and over segment fell to 23% from 39% in 2022, putting it on par with 2021 and significantly above the 9% in 2019.

Figure 3.34 Sales in the Old Masters Sector by Price Bracket in 2023

a) All Old Masters



b) European Old Masters



©Arts Economics (2024) with data from Artory

Sotheby’s and Christie’s were again the largest auction houses by value of sales, with a combined share of 52% in the wider Old Masters segment (up by 5% year-on-year) and 79% of the European Old Masters market (up by 18%). Together with China Guardian, Beijing Poly Auction, and Xiling Yinshe, the top five auction houses accounted for 77% of sales values, on par with 2022, and 27% of lots sold. The top 20 houses in the sector comprised 92% by value and 45% of all lots sold. In 2023, Sotheby’s, Christie’s, Artcurial, Dorotheum, and Lempertz were the top five houses by value in European Old Masters, as they were in 2022, and their combined sales represented 87% of the value of sales (down by 2% year-on-year) and 25% of lots sold.

Exhibit 3. The Outlook for the Chinese Auction Market in 2024

*Dr. Huang Jun, Dr. Zhang Rui, and Xiaoming Zhang**

China reopened its borders on January 8, 2023, after nearly three years of closure due to the pandemic. This much anticipated event served as a significant symbol of renewed global interconnection for the Chinese art market. The convergence of the market’s reopening with the Lunar New Year generated enthusiastic anticipation of a substantial revival throughout the Chinese art industry. The prompt resumption of operations by art galleries, art fairs, festivals, auction houses, museums, and private institutions revitalized the atmosphere, regenerating interest, cultural and artistic activities, and sales.

Despite the complex economic conditions in 2023 characterized by a decline in real estate values, changes in demographics, and global unpredictability, the art market exhibited exceptional fortitude. China’s art market thrived in spite of economic headwinds, reflecting not only resilient demand for purchasing, but also a changing consumer base seeking cultural engagement in a turbulent world.

China's art market did rebound, and sales increased by 9% despite declining values elsewhere. However, there are a few factors beneath these figures that are important to note. In comparison to prior years, the dominant Chinese auction market experienced a lower frequency of high bidding, facing challenges from its inward-focused nature, market maturation, and consolidation adjustments that have been and continue to be made. Although buyers and sellers were keen to reengage after the difficult operating conditions of 2022, both the auction industry and collectors adopted a cautious attitude towards market transactions. Against this backdrop, there was a noticeable increase in collectors liquidating their artworks to raise funds, while buyers' purchasing interest decreased. In the past, high-profile Mainland Chinese collectors were primarily focused on buying, whereas in recent times, notable Mainland Chinese collectors, including Liu Yiqian and Wang Wei, the couple behind Shanghai’s Long Museum, adjusted their strategies by readjusting their portfolios of assets, including their art collections, amidst changing economic conditions. Engaging in sales during a period of market recovery may have introduced some valuation adjustments and moderated pricing. However, the transactions by collectors in both acquisitions and disposals underscore the liquidity of art as an investment vehicle. Within a volatile asset-pricing environment, certain art collectors adopted an opportunistic

approach, preferring to wait and see how the market would evolve rather than making immediate transactions. This enabled them to capitalize on market fluctuations by strategically acquiring assets at undervalued prices and subsequently divesting them at peak valuations.

Selected data from seven major Mainland Chinese auction houses in 2023 revealed that the value of autumn auctions did not reach the same heights as their respective spring auctions. There was a double-digit percentage decrease, totaling 38% on aggregate. When comparing their annual sales in 2023 to 2019, the overall decrease for these seven businesses was 18%.³⁷ The China Association of Auctioneers (CAA)’s study focusing on the 2023 sales of 15 leading Mainland Chinese auction houses showed that there were 445 auction events held, and once the postponed auctions from 2022 were excluded from the data, the increase from 2022 was more moderate at just 6%, considerably smaller than the 14% for the entire Chinese auction market including those sales.³⁸

Excluding postponed sales, the data from the CAA showed that Chinese calligraphy and painting continued to be the largest sector, accounting for 54% of their total sales by value. This was an increase of 5% from 2022, with this sector playing a major role in stabilizing the size of the auction market for the year.³⁹ Unlike other major markets where ultra-contemporary works have seen the fastest growth, in these auction houses, the fastest-growing sector was sales of letters and manuscripts, which saw a significant increase of 113% year-on-year. A collection of over 700 letters written by dozens of renowned scholars such as Wang Guowei, Chen Yinke, Cai Yuanpei, and Hu Shi to the historian Chen Yuan was auctioned for just under 32 million RMB (\$4.5 million) at the West Lake Seal Society’s autumn auction in 2023. This represents the largest volume, highest level, and greatest academic and documentary value of scholars’ writings and precious research documents ever to appear in the art market.

Another important finding of the CAA study was that the average price per item sold at auction by these 15 companies in 2023 was notably lower compared to pre-pandemic 2019, and the lowest since 2011.⁴⁰ During the auctions, many items sold at or near their reserve prices, suggesting a shift from the pre-pandemic era's competitive bidding to a more cautious market dynamic. This trend may not necessarily represent a price decline across the entire market, but rather a stabilization or adjustment within certain segments. In February and March of 2023, most auction houses sequentially held the autumn auctions that were postponed from 2022 due to the pandemic. Generally, autumn auctions tend to outperform spring auctions. Despite having a relatively ample collection period for the

37

Ji Tao (2024), ‘Review: Was the Mainland Chinese Art Auction Market Hot or Cold in 2023?’ *Art Market Journal*. Available at https://mp.weixin.qq.com/s/q4PW-svZ_5w9GcNbZ7bdtw.

38

Yu Zhao, Jinsheng Yu, and Yaoping Wang (2024), ‘Review of Fifteen Auction Companies 2023’. Beijing: China Association of Auctioneers, 2024.

39

Ibid.

40

Ibid.

2023 autumn auctions, there was instead an overall decline later in the year as noted above, indicating that despite the significant increase in sales earlier in the year, the market may in fact be under considerable downward pressure.

A more thorough analysis of the sales figures for Modern and Contemporary art in China revealed that notable auction houses such as Christie's, China Guardian, and Poly Auction encountered a decrease in transactions throughout the latter portion of the calendar year. The CAA's analysis of top Mainland Chinese houses showed that their total sales for Modern and Contemporary art had decreased by 21% from 2019. Also, 90% of the artists achieving stable sales in 2023 were deceased artists, such as Sanyu, Zao Wouki, Xu Beihong, and Wu Guanzhong. Sanyu's *Femme Nue sur un Tapis* (1929) achieved a price of \$24.2 million at Christie's, setting the highest record for the year in the Modern category, while 30 of Wu Guanzhong's works sold for over \$1 million, including 22 in Mainland China.

For Contemporary sales, the market is undergoing a transition from the old to the new. Auction houses in Hong Kong and Mainland China have adopted different strategies. Sotheby's, Christie's, Phillips, and Bonhams introduced international blue-chip artists to the Asian market through their Hong Kong and Shanghai sales. Christie's collaborated with Jay Chou to host the Millennium Evening Sale in May, featuring one third of the works by Chinese contemporary artists, setting an influential new trend. Domestic mainland auction houses have been particularly focused on younger Chinese artists born in the 1970s, '80s, and '90s, thus driving market expansion and growth inside and outside China. These efforts have notably included artists from the 1970s such as Jia Aili (b. 1979), with *Combustion* (2016) reaching \$4.8 million at Christie's New York, while domestic sales included Huang Yuxing's *Heaven and Earth* (2016–2020) for \$2.9 million at China Guardian in Beijing. Additionally, Gao Yu (b. 1981) and Chen Fei (b. 1983) achieved auction sales surpassing \$5 million, marking a year-on-year increase of over 200%. Chen Fei's *Stars Pile Up All Over the Sky* (2009) fetched \$1.2 million at China Guardian in November, setting a new artist auction record. Furthermore, female artists Zhang Zipiao (b. 1993), Sun Yidian (b. 1991), Gao Ludi (b. 1990), and Cui Jie (b. 1983) experienced a doubling in their auction market size in 2023, showcasing a growing demand for their works.

Post-89 and older generation realism artists, in contrast, saw a reduction in their prominence, with a limited list of lead players remaining, including Zeng Fanzhi, Zhang Xiaogang, Zhou Chunya, Mao Yan, Liu Ye, and Zhang Enli. A positive factor driving interest in younger artists and a factor that may help to support the market in the future is the emergence of many new millennial and Gen Z collectors over the past few years, coming from industries such as finance, film, media, and technology. Some of the new collectors studied overseas and returned home with the goals of building foundations and

institutional collections, and they chose to work closely with domestic and international auction houses and galleries while building the collections. These collectors not only focus on modern Contemporary art, but also look at treasures from the past and collect them in multiple categories. Today's collectors, unlike their predecessors, confidently and actively support local artists and museums, building comprehensive international art collections that shape the historical narrative for institutional presentations. In January 2024, Chinese collector Fan, born in the 1990s, opened the Whale Art Museum in Singapore by presenting an exhibition of 30 Huang Yuxing and Ouyang Chun paintings. Fan announced that the Whale Art Museum will continue to expand to focus on presenting global Contemporary art. In 2023, Chen Xindong, a Sino-French collector and gallerist, donated 46 works by 19 artists to the Power Station of Art in Shanghai to help the municipal museum expand its collection to cover artists who were once active in public auctions but are now not covered in the market. Since 2017, Chen has donated over 160 works to local museums and public institutions in China.

Looking ahead in 2024, a profound structural shift could be poised to reshape the Chinese art ecosystem. Historically, the public auction market has been the primary driver of public tastes and artistic trends. However, the auction market is currently undergoing a notable reduction in scale and influence, with a noticeable shift towards localization rather than internationalization. Local art fairs are emerging as the most vibrant category for galleries and a broader spectrum of participants across various provinces. Regional art fairs continue to experience robust growth, with the most prominent local art fairs predominantly situated in first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen. Nevertheless, emerging first-tier cities like Chengdu, Nanjing, and Hangzhou and second-tier cities including Xiamen are actively embracing this trend. In November, Shanghai hosted two of China's largest-ever art fairs: Art021, marking its 10th edition with 150 galleries and art and cultural organizations, compared to the 29 it had in 2013. Simultaneously, the 10th edition of the West Bund Art & Design showcased 185 galleries, both domestic and international, with 54 of them making their debut at the fair.

Chinese galleries, now with over two decades of history, have primarily concentrated their presence in the two supercities of Beijing and Shanghai, with the number of galleries in Beijing nearly five times that of Shanghai. Beijing's galleries are clustered in locations like 798, Caochangdi, and Songzhuang, while Shanghai's galleries adopt a more open and freer layout, found in areas like Moganshan 50, West Bund, Rockbund, and the old French Concession houses. Overseas galleries maintain a robust presence in Shanghai, with Amine Reich, Lisson, and Perrotin galleries situated in the Rockbund area, creating a hub for international art exhibitions. Despite their historical presence, the number of new foreign galleries entering the Chinese market has experienced fluctuations and is now showing

a downward trend, suggesting a stabilization in the industry's growth. In 2023, Japan's Whitestone Gallery opened its branch in Beijing, while some Beijing galleries, such as Jinge, opted to relocate to the South, including Shanghai and Shenzhen. Recognizing emerging opportunities for market growth in these vital economic centers, Hive Contemporary Art Center established its Shanghai branch. Chengdu and Guangzhou are also emerging as strategic cultural destinations in the Southwest and South, attracting galleries looking to expand their presence in these regions.

China's introduction of two new biennials, amidst the backdrop of the pandemic in 2020 and 2022, can be understood through a multifaceted lens, incorporating elements of both expanding the art scene and fostering economic and cultural development. The inaugural ‘Harmony Motivation: The First Jinan International Biennale’ launched in December 2020, in Jinan, Shandong Province, and the ‘Super Fusion: Chengdu Biennale’ in September 2021, represent significant strides in China's rapidly growing contemporary art scene.⁴¹ The geographical diversity of these biennials, situated in different regions, reflects China's vast artistic diversity, and offers artists from various areas the opportunity to participate in larger, more prestigious events. Economically and culturally, these biennials serve as catalysts for boosting tourism and economic activity and also play a crucial role in enhancing China's cultural image and influence on the global stage, a strategic move to solidify its position as a major cultural player. The establishment of significant new cultural institutions, such as the Chengdu Tianfu Art Museum and the Chengdu Museum of Contemporary Art, in conjunction with these biennials, further underscores the commitment to expanding the art market and supporting the arts.

This expansion and support of the arts, guided by both cultural goals and economic incentives, reflect a comprehensive approach to nurturing the art scene in China, beyond the auction market which has dominated the market to date. The introduction of new biennials, art fairs, and auctions amidst the challenges of the pandemic not only demonstrates resilience but also a strategic vision for integrating cultural development with economic and social objectives, marking a significant step in China's journey towards achieving its cultural and artistic aspirations.

However, looking ahead to the market’s performance in 2024, the economic context presents several challenges. According to the IMF’s *World Economic Outlook* in 2024, after exceeding forecasts with a robust 5.2% growth in 2023, the economy is anticipated to moderate to 4.6% in 2024.⁴² Although a recovery path is anticipated for China’s economy, it confronts significant uncertainties that cloud its future trajectory. In 2024, the economic environment surrounding the art market in China will continue to be laden with unpredictability. Multiple factors obscure the path towards continued growth,

41

The Chengdu Biennale was established in 2001 and stopped in 2015 and restarted again in 2021.

42

IMF (2024) *World Economic Outlook Update, January 2024*. Available at [imf.org](https://www.imf.org).

219

encompassing persistent challenges in the real estate sector, a decline in the birth rate, persistent deflationary pressures, and recalibrated consumer and business sentiments. These challenges are set against a broader context of escalating geopolitical tensions, domestic financial market volatility, and changing international trade patterns.

The impact of the real estate market has been a particular concern. The inability to sell real estate investments or only to do so at a significant loss in China has potentially had several interconnected consequences for both the economy and the art market. Real estate, which was always seen traditionally as a stable and tangible asset class, faced challenges due to a variety of factors including overvaluation, oversupply, regulatory changes, and a broader economic slowdown. When investors find themselves unable to liquidate real estate assets without incurring heavy losses, they often turn to more liquid investments to free up capital. The art market, by contrast, has demonstrated a certain level of liquidity and resilience even in the face of economic headwinds, as evidenced by the activities and strategic shifts of collectors and investors during 2023.

Some investors seeking liquidity might have sought to reallocate funds from real estate to alternative or more liquid assets, which in China, included art. This shift may have helped to temporarily buoy the art market but also exposes it to volatility as these investments are subject to different market dynamics and speculative pressures. The influx of capital into the art market from real estate can also lead to increased volatility. Prices for artworks may rise rapidly, driven by speculative buying, only to fall if these investors rapidly exit the market to realize gains or if the broader economic conditions worsen. Economic uncertainty and the search for liquidity can lead to a shift in collecting behavior, with collectors possibly divesting from their holdings to free up capital. This was observed in the behavior of collectors like Liu Yiqian and Wang Wei, who adjusted their art asset levels in response to changing economic conditions. The need for liquidity may force sellers to accept lower prices, leading to valuation adjustments in the art market. This can create opportunities for buyers but may also result in a general market recalibration of art prices.

Another issue that could constrain the market is that the financial strain from the downturn in the real estate market may continue to lead to a reduction in consumer spending, including on luxury goods and art, which could depress demand, particularly for less established artists or less sought-after pieces. As real estate values decline and investors face losses, banks and financial institutions may tighten lending standards, affecting the availability of credit for both businesses and individuals, again potentially leading to reduced investment in art and other non-essential sectors.

Apart from these financial implications, there are also a number of unintended potential consequences. A focus on liquidity might unduly emphasize short-term gains over the long-term cultural and intrinsic value of art. This could impact the support for emerging artists and the development of innovative art forms. The art market's resilience and liquidity could lead to art being viewed primarily as an investment vehicle, potentially distorting artistic values and priorities within the art community. Finally, the ability to invest in art as a liquid asset is typically reserved for the wealthier segments of society. This could exacerbate economic inequalities, as those with the means to invest in art can potentially safeguard and grow their wealth, while others face the brunt of economic downturns.

Real estate market issues could be both disruptive and supportive as an alternate form of investment. Investors turning to the art market as a refuge from real estate could expose the art market to the same cyclical risks that affect the real estate market, leading to heightened sensitivity to economic downturns. It is crucial to tread carefully, ensuring that any potential diversification into the art market is undertaken with a thorough understanding of its unique risks and characteristics.

The Chinese art market, relatively nascent at just over 30 years old, presents a unique case in the global context of art as an asset class. Unlike in the West, where capital for art investment has been accumulated over generations and supports a stable buy-and-sell environment, China's art market capital is much more susceptible to fluctuations due to its youth and the rapid pace of economic changes within the country. The vulnerability of new capital entering the market annually to shifting economic conditions—exemplified by the recent downturn in real estate values—highlights the precariousness of treating art purely as an investment. The liquidity crisis in real estate in 2023, pushing investors towards seemingly more liquid assets like art, underscored the art market's resilience yet also its exposure to speculative volatility. This situation illuminates the unique dynamics of the Chinese art market, where the limited number of artworks with potential for value appreciation and the rarity of great art coming to the public market further complicate the investment landscape. The focus should, therefore, be on nurturing a mature understanding of art's intrinsic and cultural value beyond its speculative investment potential, recognizing the distinct challenges and opportunities in China's evolving art market.

**Dr. Huang Jun is a Professor at the School of Applied Economics at Renmin University of China and Director of the Institute of Culture Economics, Renmin University of China. Dr. Zhang Rui is an Associate Professor and Supervisor of Art Management Program, Academy of Arts and Design, Tsinghua University. Xiaoming Zhang, Changjiang is a (Yangtze River) scholar at Nanjing Normal University and research advisor on the Chinese art market, Northwestern University.*



4.

CONCLUSIONS AND OUTLOOK

Key Findings

1. Looking ahead to 2024, 36% of dealers expected an improvement in sales, down from 45% when asked at the end of 2022, 48% expected sales to be about the same, and 16% predicted a decline. While the smallest dealers were the most optimistic about sales in 2022, at the end of 2023, the largest dealers were the most hopeful for a better year, with just over half (54%) expecting an increase.
2. In the auction sector, optimism was also relatively high for a better year in 2024, with 38% of mid-tier businesses expecting sales to improve, higher than the dealer sector but down on the share in 2022 (when 48% predicted higher sales). Only a very small fraction of these companies (4%) predicted a drop in their own auction sales and this was down significantly from 24% in 2022.

4.1 A Note on Wealth and Luxury Spending

At the start of 2024, the wars and geopolitical conflicts that have created tension, division, and social and economic pressures show no signs of abating, and economic growth has been signaled to reach just 3.1% this year (and only marginally higher at 3.2% in 2025). These growth rates are well below the average rate of 3.8% from 2000 to 2019 prior to the pandemic, with attempts to fight inflation, high debt, the reduction of government support, and low productivity growth among the factors that are slowing the momentum. However, although many risks remain that could worsen the outlook, there are also reasons for more optimism in early 2024 as fears of recessions have turned out to be mostly unfounded, levels of inflation are falling faster than expected, and governments in some markets have signaled the prospects of interest rate cuts. IMF estimates are that global headline inflation could fall to 5.8% in 2024 and 4.6% by 2025, down significantly on the levels of almost 9% in 2022. These factors may help to boost buyer and seller confidence in the art market and also serve to take the pressure off some rising costs, which have been among the key concerns for the art trade in 2023.⁴³

The fall in interest rates in some regions may have a positive effect on supporting sales in the coming year. As noted in Chapter 1, evidence is mixed regarding how collectors factor interest rates into their plans, and quantitative analyses of the connections have had mixed findings, including evidence in the past of periods of high interest rates associated with art market booms. However, the significant and increasing proportion of HNW collectors that use credit or lending to purchase works for their collections will undoubtedly view any drop in rates as a positive development, making it easier to borrow and spend on art than it was in 2023. While many collectors purchase art and other discretionary luxury items from current incomes, the use of credit and lending to purchase art and expand collections has risen substantially over the last decade. Research of HNW collectors by Arts Economics and UBS in 2023 showed that 43% of collectors had used credit to finance purchases of art, and this included 30% that did so in 2022 or 2023. For those HNW collectors using lending to buy art, the average share of the value of their collection financed through credit was 29%, and this was as high as 39% for ultra-high-net-worth (UHNW) collectors with personal wealth in excess of \$50 million.⁴⁴ The ability of HNWIs to leverage their wealth, borrowing against their assets to pay for new purchases and reinvest in other assets which return more than the cost of borrowing, has been a key strategy for maintaining and expanding wealth.

⁴³ Data from IMF (2024) *World Economic Outlook Update January 2024*, and *World Economic Outlook Database (October 2023)*, both available at imf.org.

⁴⁴ See Arts Economics (2023) *A Survey of Global Collecting in 2023, An Art Basel and UBS Report*. Available at theartmarket.artbasel.com.

Art and luxury sectors have often proved historically to be more resilient than some other consumer goods to economic downturns and uncertainty. However, 2023 showed clearly that they are not immune to disruptive financial, social, or political changes. For HNW collectors, concerns over wealth creation, stability, and sustainability can affect their willingness to make discretionary purchases and sales, while volatile social and political issues can distract their focus from their collections. For the wider groups of active collectors in other wealth tiers, these issues along with inflation and the rising costs of living all directly affect their discretionary incomes and their financial ability to participate in the market. By definition, the wealthier an individual or region becomes, the higher the proportion of luxury goods they consume, and as such, positive influences on incomes and wealth should increase demand, sales, and prices, with the converse holding for negative ones.

While aggregate household wealth held up relatively well during the pandemic, as government support and low interest rates helped to raise asset prices, this changed in 2022 and 2023 as factors such as the war in Ukraine and its inflationary influence prompted increases in interest rates, which, in turn, slowed growth and depressed prices. When measured at the start of 2023, global personal wealth had fallen for the first time since 2008 (by 2%), although predictions were for nominal growth of 7% over the year, or 2% accounting for inflation.⁴⁵ The distribution of that wealth and some of the net gains year-on-year have continued to be heavily weighted to the top of the wealth pyramid, and a significant driver of some of the biggest trends in art sales continues to be demand at the higher end of the market from wealthy collectors.

While the lower wealth tiers represent a very diverse set of individuals, those in the highest tiers often have more similarities in their personal circumstances, where and how they live, and what and how they want to buy. Not all UHNWIs and billionaires are art collectors, but most participate in art and other luxury markets at some level. HNW wealth was relatively insulated from the economic stresses of the pandemic in 2020 and 2021, which helped the market stabilize and recover relatively quickly, and although there were signs of some pressure over 2022 and 2023, this segment of wealth has still grown significantly over time.

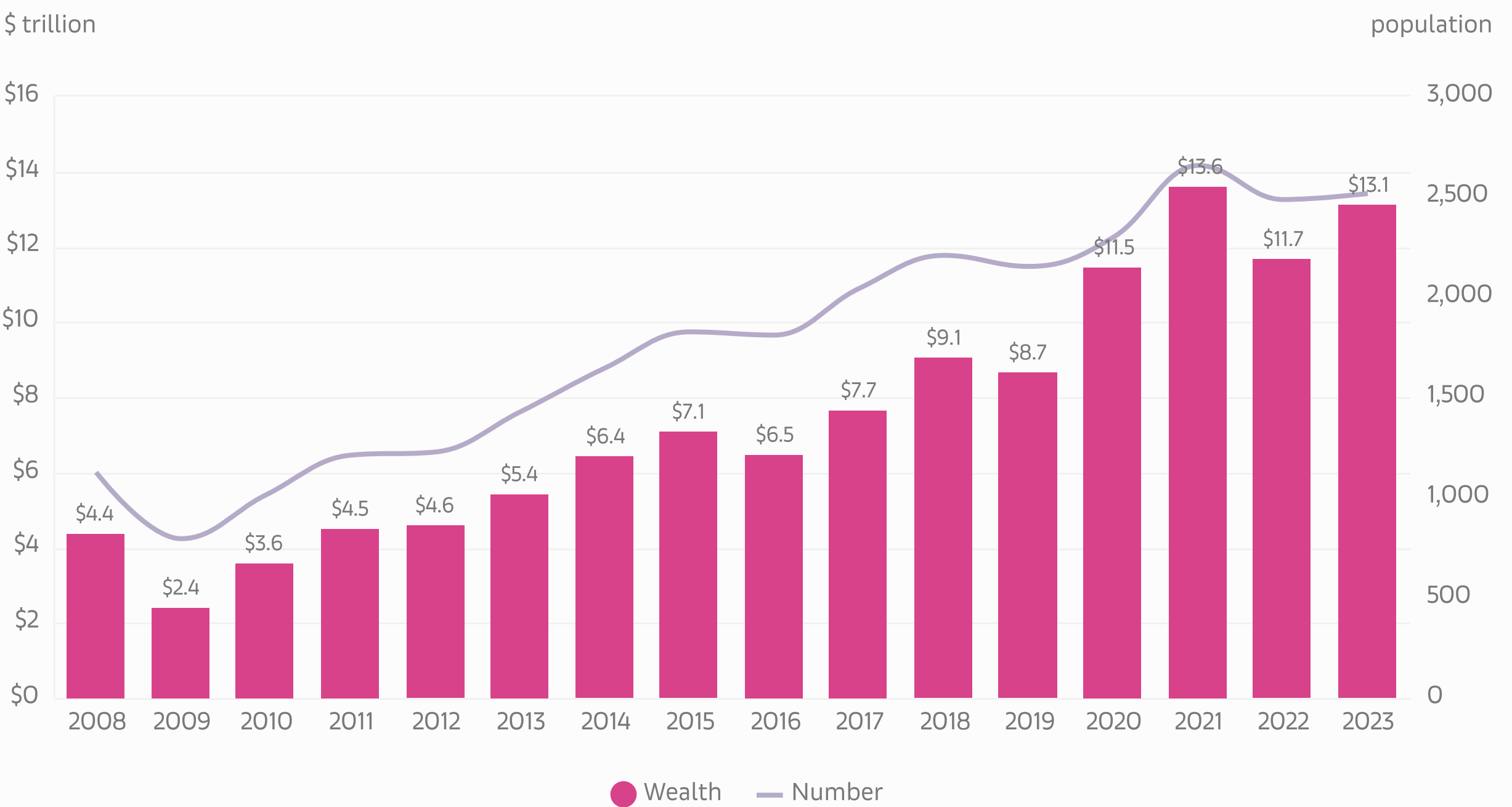
Considering the very top of the spectrum, billionaire wealth has seen substantial growth over time. Despite the many negative economic effects of the pandemic, global billionaires saw a significant rise in their wealth during 2020 and 2021, reaching an historical peak of \$13.6 trillion. This peak represented growth of 57% from 2019 to 2021, and a rise of 23% in the population to 2,650 individuals. This was very different from other previous financial downturns, including the global financial crisis of 2009, which resulted in the number of billionaires worldwide falling by 30% and their wealth decreasing by 45% in one year. When

⁴⁵ UBS (2023) *Global Wealth Report 2023*. Available at ubs.com/global/en/family-office-uhnw/reports/global-wealth-report-2023.html.

measured at the end of 2022, this growth had slowed, with losses in both wealth (down by 14% year-on-year) and the number of billionaires (down by 6% or around 140 individuals), with Russia and China being among the biggest losers.

Although wealth in the segment continued to slow in the first quarter of 2023, measured over the full calendar year, it had risen again, growing by 12% from the end of 2022 to the end of 2023, with 30 new billionaires added to the segment. While this was still below the peak it had reached in 2021, billionaire wealth has more than doubled over 10 years. This expansion in personal wealth for the richest individuals worldwide undoubtedly helped the art market recover more easily from the pandemic than it otherwise might have, and may be important in supporting sales in 2024.

Figure 4.1 Global Billionaire Population and Wealth (December Totals 2008–2023)



©Arts Economics (2024) using data from *Forbes*

For those HNWIIs that do buy art, some allocate a significant amount of their wealth to their collections, but there were indications that these allocations may have temporarily contracted in 2023. The surveys of HNW collectors in 2023 showed that the average allocation to art in their wealth portfolios fell to 19%, ranging from an average of 15% for those with wealth of under \$5 million to almost 30% for UHNW collectors with wealth of over \$50 million. However, this was down by 5% year-on-year from a peak of 24% in 2022. In uncertain or gloomy economic periods, lower financial confidence can often negatively affect the purchases of luxury goods and other nonessential purchases such as art. However, real assets such as art have been perceived by some collectors as an effective way to diversify risk, as the trajectories of some sectors and individual artists' markets are less correlated with financial markets and therefore can often be less affected by things like inflation and higher interest rates. If this is the case, it might be expected that allocations should rise in times of inflation and economic uncertainty. However, the fall in the allocation to art may be indicative of a more cautious approach to collecting, with a greater focus on the need for more liquid financial or income-producing assets, or less inclination to spend on discretionary purchases than in previous years and higher opportunity costs. As indicated by the findings on the significant proportion of HNW collectors that use leverage in building their collections, rising interest rates could also have had a negative effect on spending, making the cost of using credit for purchasing significantly higher.

The fall in the allocation to art may be indicative of a more cautious approach to collecting, with a greater focus on the need for more liquid financial or income-producing assets

If HNWIIs have maintained or increased their wealth, and their allocations and spending on art have fallen, it is possible that some of their discretionary spending may also have shifted to other markets. And some other personal luxury goods markets fared better than art in 2023, with reports of sales rising by 4% (to \$392 billion), although with weaker growth than in 2022 (reported as 6%).⁴⁶ Growth is expected to slow further, falling to as low as 1% in 2024. Nonetheless, it is clear overall that at least some of these markets have been more successful in maintaining growth in 2023 than the art market, and their post-pandemic recovery has been somewhat stronger: while reported sales fell by 22% during 2020, three years of growth led values to 29% above 2019, a significantly higher uplift than the art market.

⁴⁶ Data on sales estimates from Bain and Company (2024) '*Long Live Luxury: Converge to Expand through Turbulence*'. Available at [bain.com](https://www.bain.com).

However, there are many important characteristics that separate art from other luxury goods, particularly those related to its scarcity, uniqueness, and illiquid nature. The personal luxury goods sales statistics cited above mix a very diverse range of markets together, including jewelry, watches, makeup, luxury handbags, and apparel, and other segments. Although these markets are also focused on exclusivity and differentiation, they have appealed to and served a more mass-market audience with a more instantly replenishable supply of often new products, some of which have a practical utility or can be nondurable, and may also have more tangible and displayable features that allow for more immediate conspicuous consumption.

While the markets differ substantially, there is increasing evidence of important crossovers within art and luxury markets. The surveys of HNW collectors in 2023 showed that besides collecting art and antiques, a majority also purchased jewelry, gems, and watches, while over a third were active in other collectibles and luxury segments, including luxury wine and spirits (42%), collectible luxury handbags (40%), and collectible sneakers (38%), with some buying at relatively high price levels. Luxury sales at some of the major auction houses have accounted for a significant and increasing proportion of revenues, including \$1 billion of sales at Christie's in 2023, their highest-ever total (covering auctions of jewelry, handbags and accessories, watches, and wine and spirits) and a reported \$2.5 billion at Sotheby's over a wider range of goods, including cars and luxury real estate. Rather than simply expanding the range of options for art collectors, these luxury departments at the top-tier auction houses have been pivotal in introducing new buyers to these companies, with Christie's reporting that luxury accounted for the greatest number of new buyers of all departments in 2023.

There is also increasing evidence of convergence between luxury experiences and product markets and art, which are likely to deepen in some areas in future, potentially widening the base of buyers and spending. While the possible benefits of convergence, brand alignments, and other collaborations in bringing new collectors and capital to the art market have been widely discussed within the art trade, concerns have also been raised about the increasing commodification and 'dumbing down' of art into a luxury product rather than a cultural good.

'We are more concerned that clients are less interested in the education component of collecting, and that so many people are now buying works of art for 'image' or because they feel art is a commodity they are supposed to want to collect. There is a sharp downturn in emotional buying, in favor of decorating or simply buying 'stuff' to buy 'stuff'.'

4.2 Outlook of the Art Trade in 2024

Although 2023 was a challenging year for growth in the art market, at the end of the year and looking forward to 2024, most of the businesses operating in it were optimistic for at least a stable year ahead, although optimism was not as strong as in previous years.

In the dealer sector, when asked about the year to come in 2024:

- 36% of dealers expected an improvement in sales, down from 45% when asked at the end of 2022 (and 62% at the end of 2021);
- 48% expected sales to be about the same as in 2023 (up by 9%); and
- 16% expected sales to decrease, stable on 2022 but up from 11% when surveyed at the end of 2021.

Like previous findings, dealers tended to be somewhat more optimistic about their own sales versus those by peer galleries, likely due to feeling greater control over the outcomes. The majority forecast that most of their global peers of similar size would see a stable year. Only 23% predicted these peers would see a rise in sales (down by 4% year-on-year), although this excluded almost a quarter of the sample who said they did not know how they would fare. The share expecting a rise for other dealers in their country or region dropped from 33% to 26%, although in both cases, only a minority thought 2024 would be a worse year for others in the sector.

While at the end of 2022 it was the smallest dealers with less than \$250,000 in annual turnover that were the most optimistic about sales, at the end of 2023, the largest dealers were more hopeful for a better year, with just over half (54%) expecting an increase. There was slightly less optimism in the middle market, with only around a third of dealers expecting higher sales in 2024, but even here, only a minority thought sales would decline, and the fall in optimism versus reports from the previous year was largely due to more dealers thinking their sales would remain stable.

Dealers in most regions were mainly hopeful of a stable year ahead, with the highest levels of optimism from South America, including 87% of Brazilian dealers who thought their sales would increase, also among the most optimistic regions in 2022 (when 67% of South American dealers predicted an uptick). Dealers in the US also had a high share (44%)

expecting more sales in 2024 and only a minority of 11% thought they would fall. In both the UK and the EU, around one third thought sales would rise, a little higher than dealers in Asia, whose expectations were more moderate, although still only a minority expected their businesses to see a decline this year. While only 14% of dealers in China thought sales would fall in 2024, there was a higher-than-average proportion of pessimism in other markets, including in Japan, where 27% of dealers predicted a drop in sales, and only 22% thought they might increase.

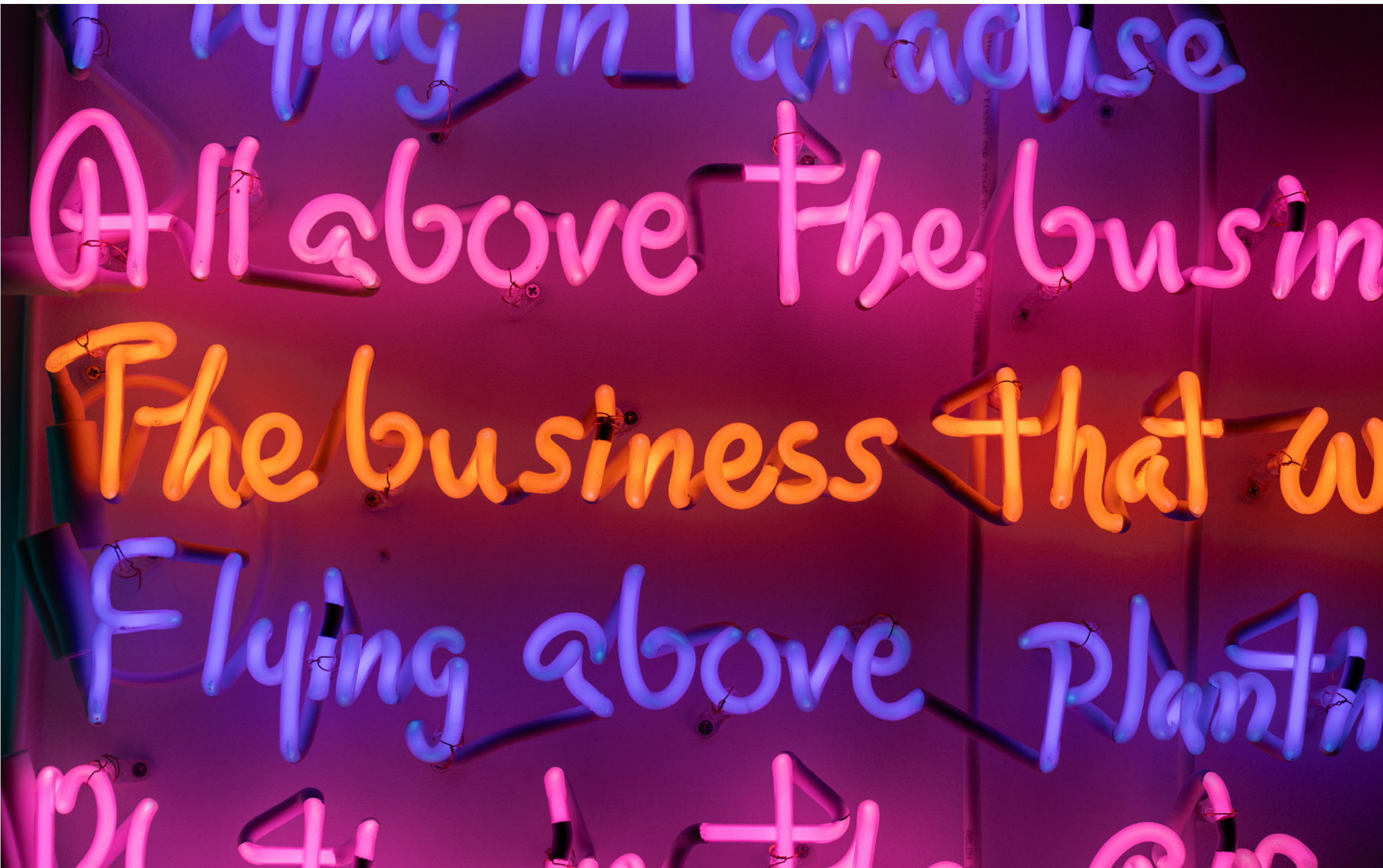
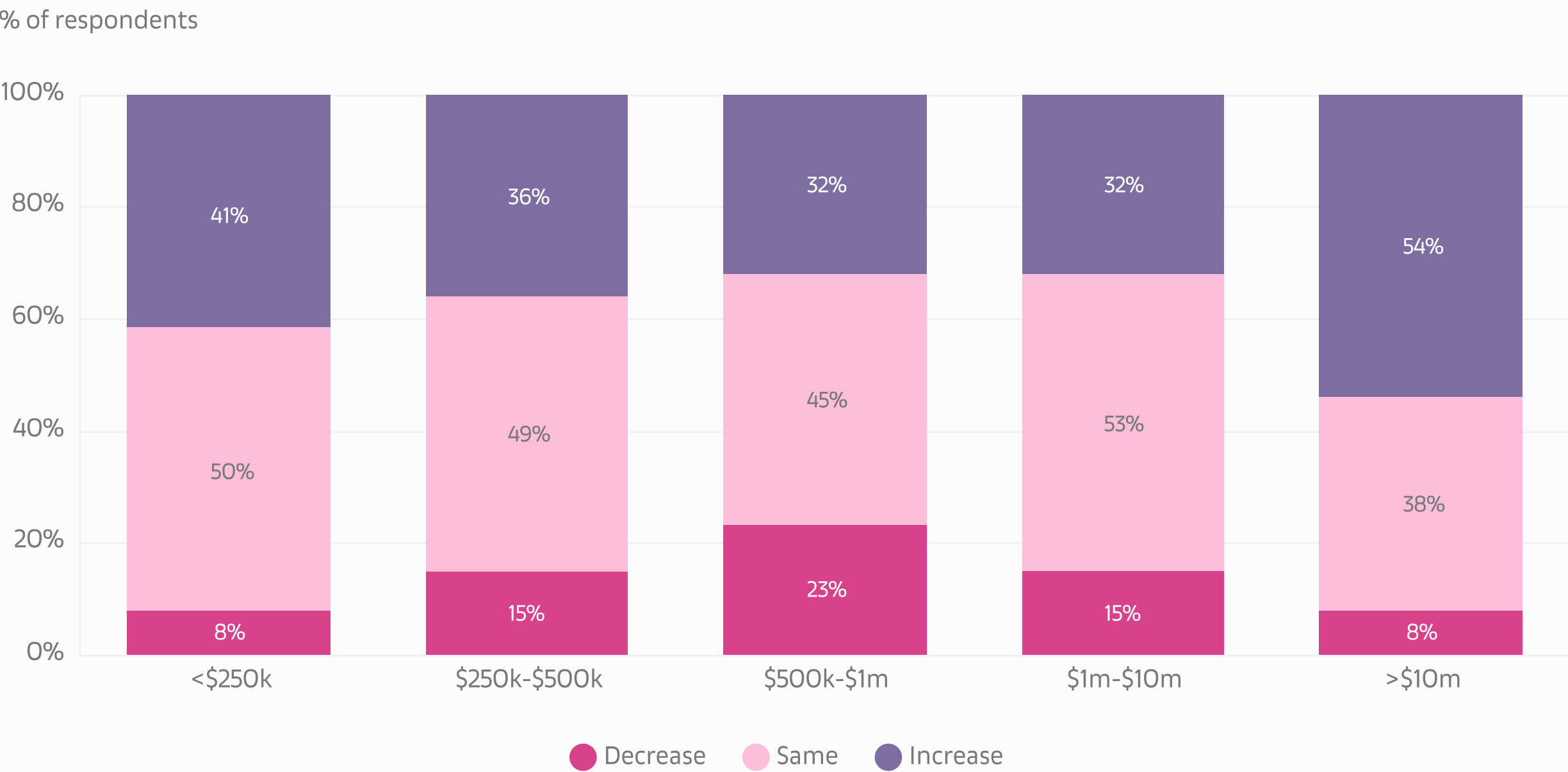


Figure 4.2 Dealer Views on Future Sales in 2024

a) Outlook by Dealer Turnover Segment



b) Outlook by Dealer Region

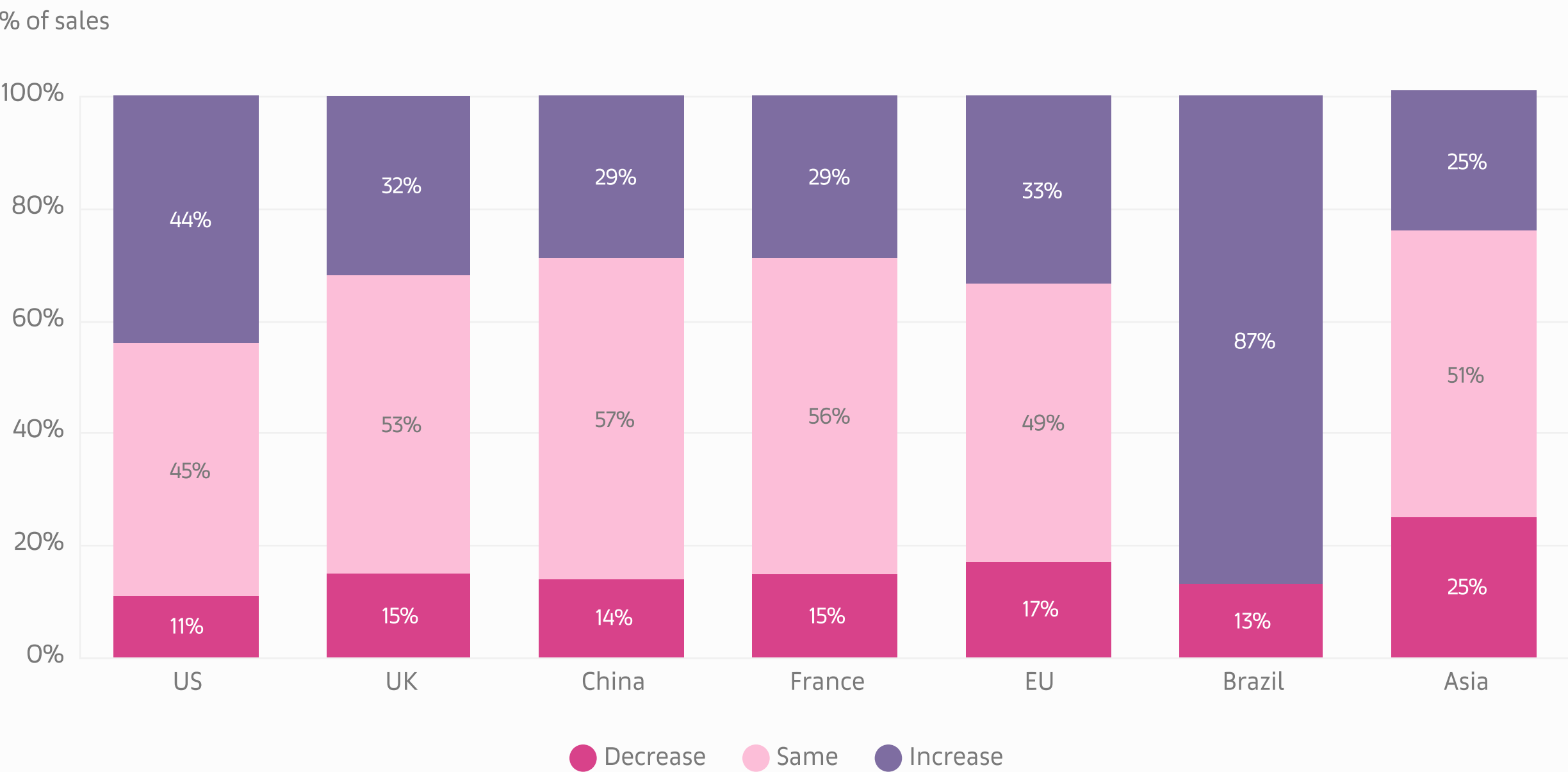
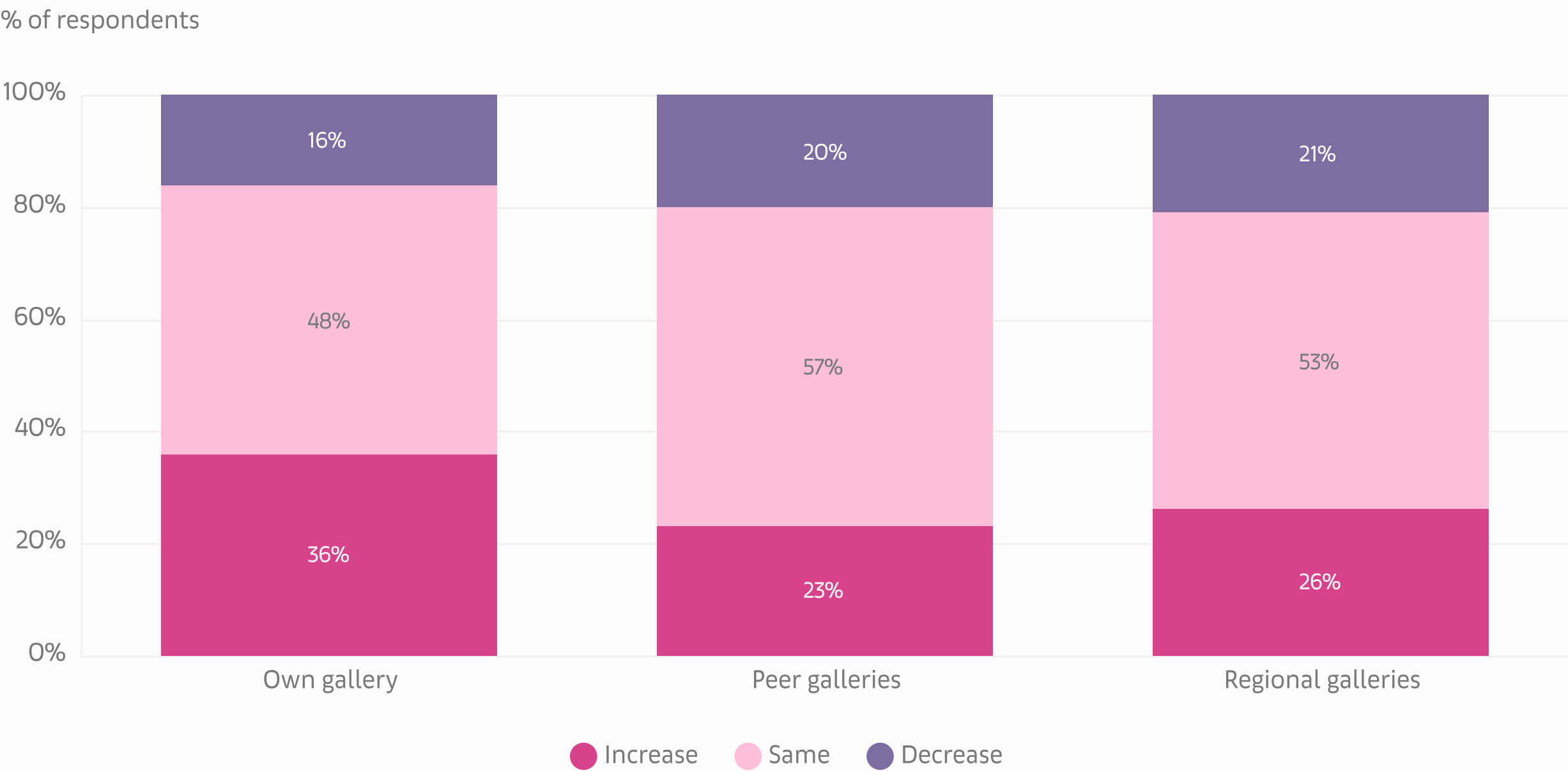


Figure 4.2 Dealer Views on Future Sales in 2024

c) Outlook for Own Sales versus Peers



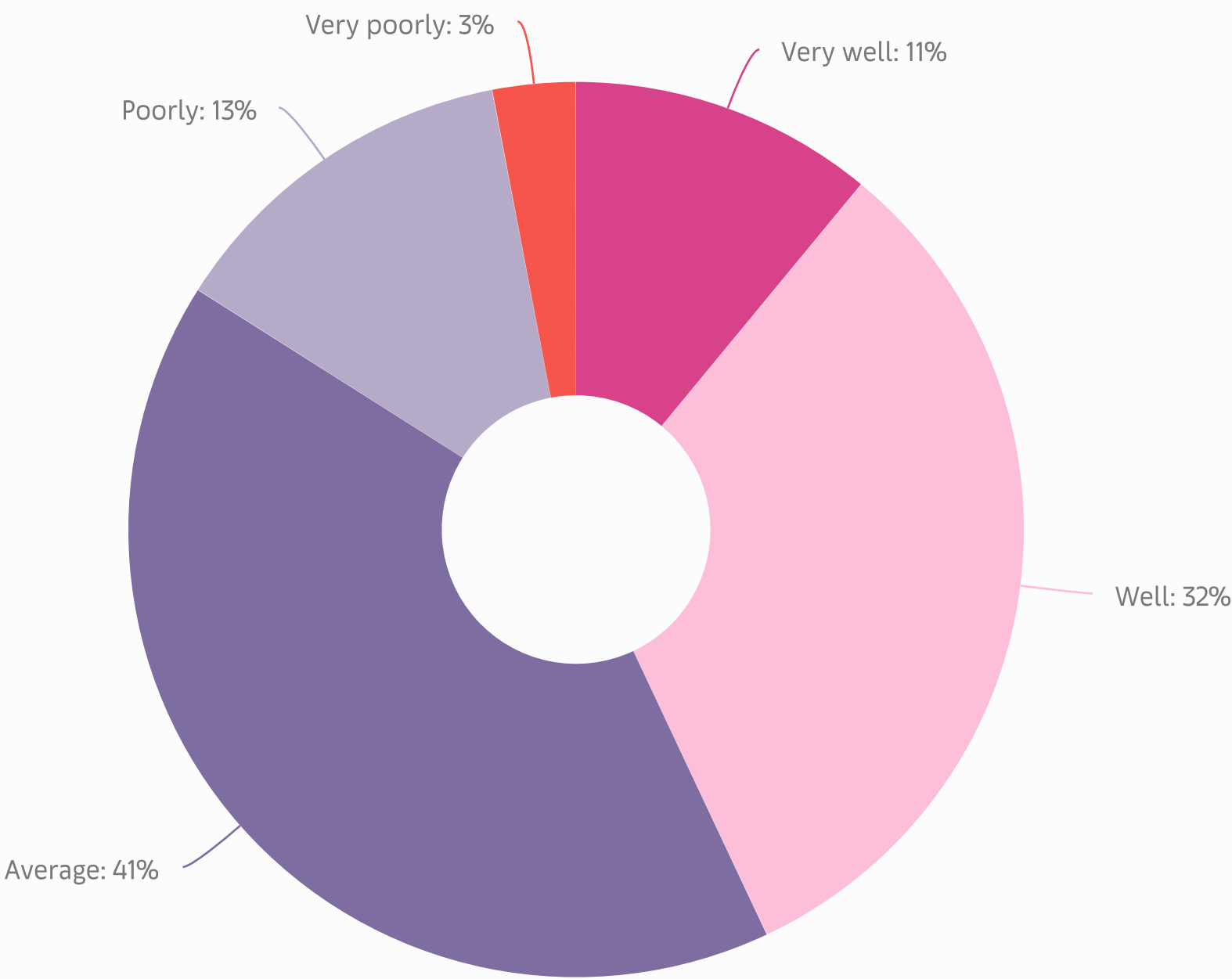
©Arts Economics (2024)

When asked how they considered their own businesses to be faring relative to their global peers, considering the pandemic and other challenges that had arisen over the last couple of years, 43% thought they were doing well in comparison. This was down by 7% on the views from the sector in 2022, with the poorer performance over 2023 likely to have had an impact. A further 41% thought their performance was roughly on par, and 16% felt they had not done as well as their peers (3% higher than in 2022). Those considering their performance to be worse rose in the US (doubling from 5% to 10%), although it was lower in the UK (8% in 2023 versus 10% in 2022). In Asia, 17% of dealers felt they had done worse than their global peers, although this was down from 25% in 2022, and 43% thought they were doing comparatively well (versus 34% in 2022). In all regions, even though their views on how they had fared were impacted by poorer sales in 2023, only a minority thought that they had experienced a harder time than other businesses getting through the difficult few years.

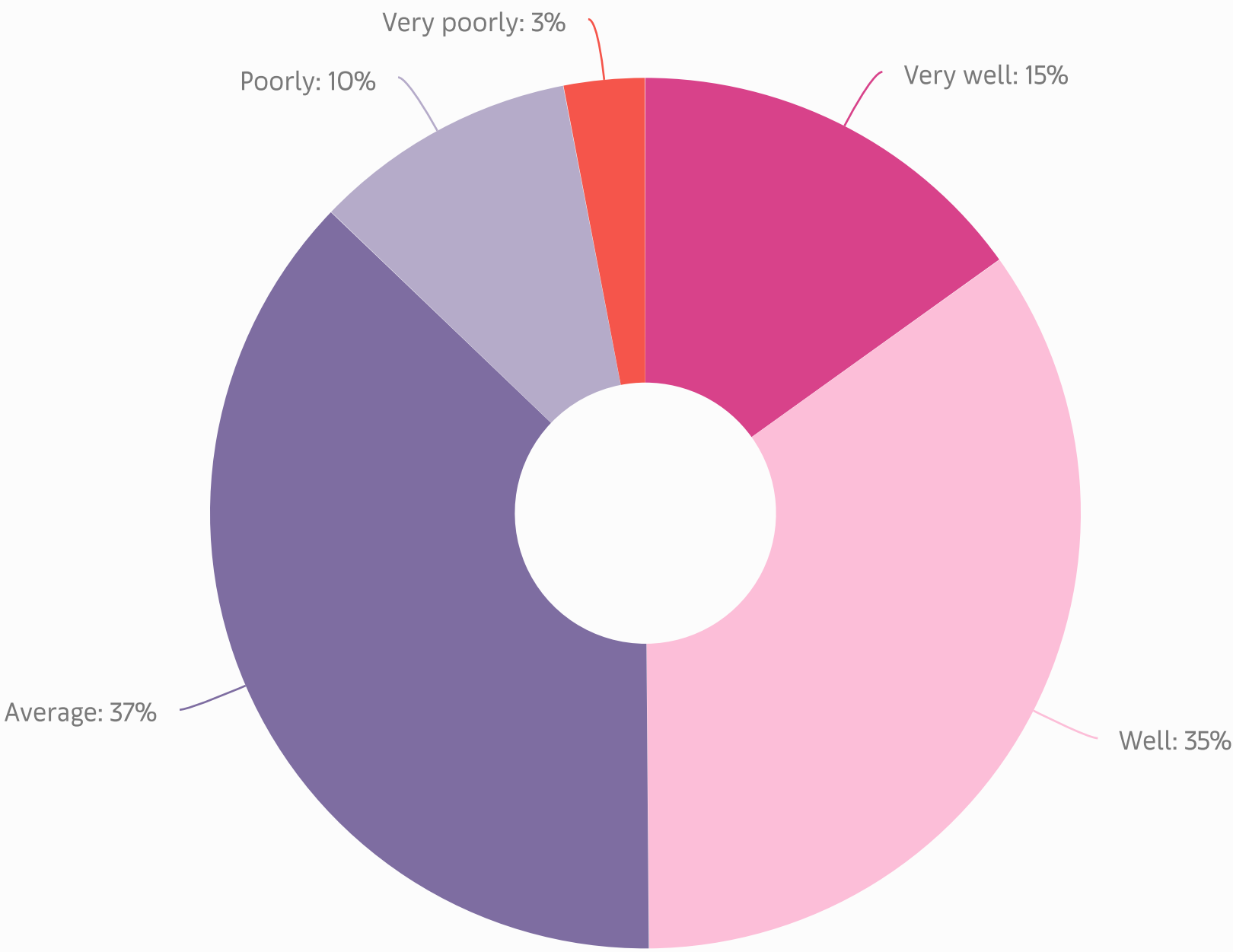


Figure 4.3 How Dealers Believe they Fared Relative to Global Peers in 2022 and 2023

a) In 2023

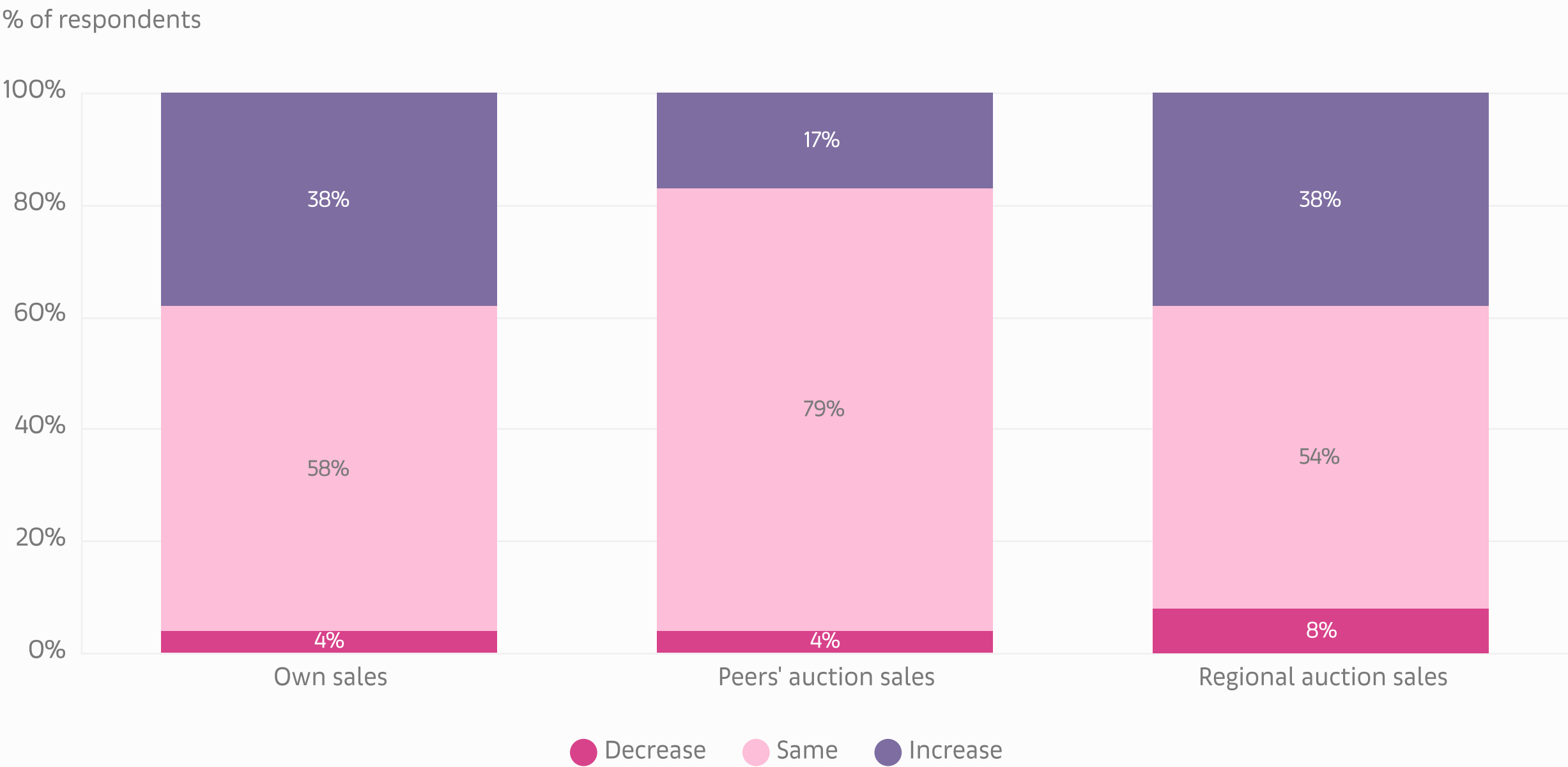


b) In 2022



In the auction sector, optimism was also relatively high for a better year in 2024, and with a strong sense of confidence in some mid-tier businesses that their sales might outperform their peers. When asked how they predicted their own sales would fare over the next 12 months, 38% expected them to improve, a little higher than the dealer sector, but down on the share reported by a similar sample in 2022 (when 48% expected higher sales). There was also significantly more optimism about their own businesses than peers of a similar size globally, although their outlook was on par with regard to other auction houses in their region. Only a very small fraction of respondents (4%) predicted a drop in their own auction sales (with similarly small shares expecting declines for their peers), and this was down considerably from 24% in 2022.

Figure 4.4 Mid-Tier Auction House Views on Future Sales Versus Peers in 2024



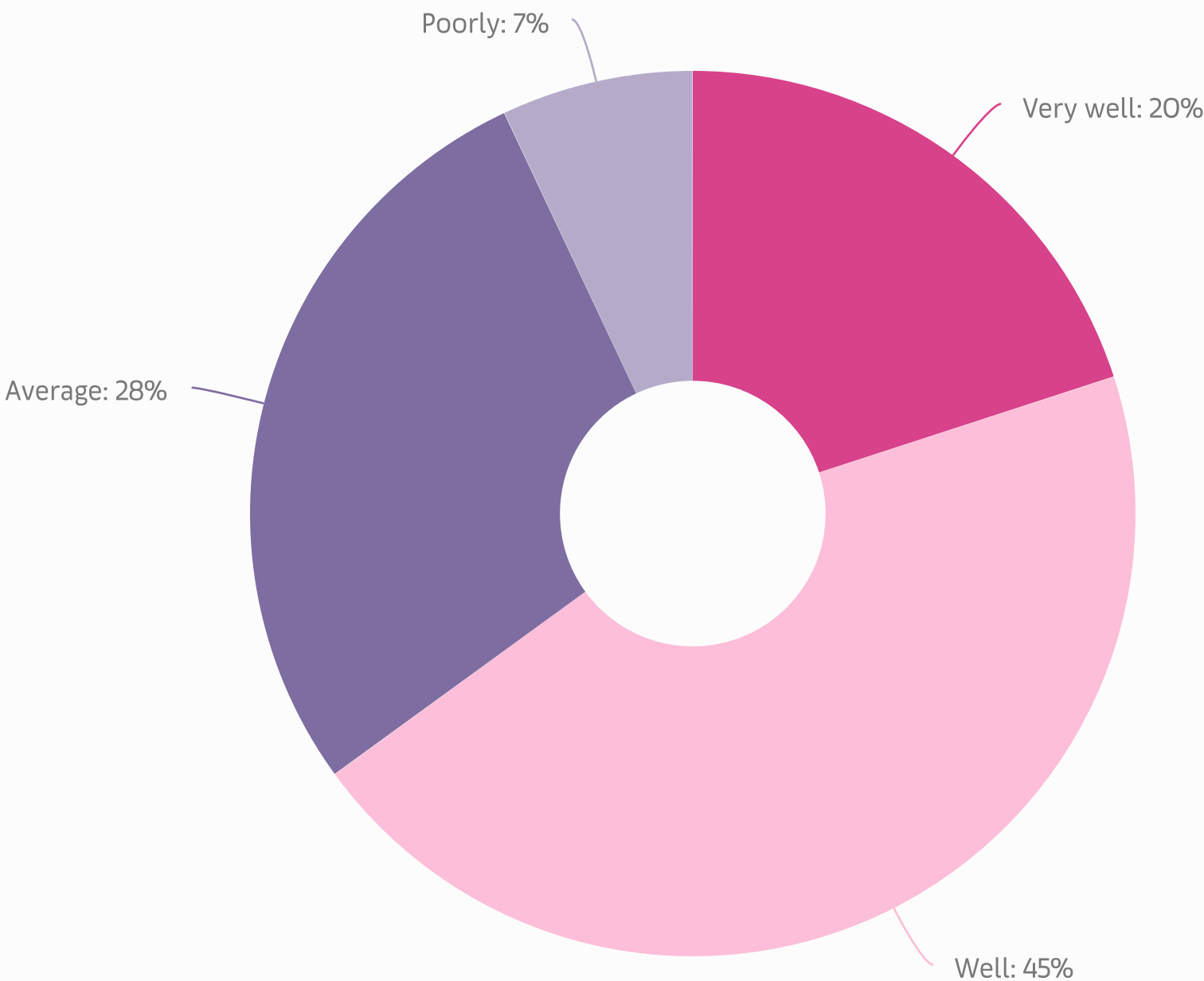
©Arts Economics (2024)

Like the dealer sector, and despite the challenges some businesses faced in 2023 with slower sales and rising costs, the majority (65%) of mid-tier businesses thought they were doing well or very well when compared to their global peers, down by just 2% on 2022. There was a higher share reporting that their performance had been poor, but at 7% this remained a small minority.

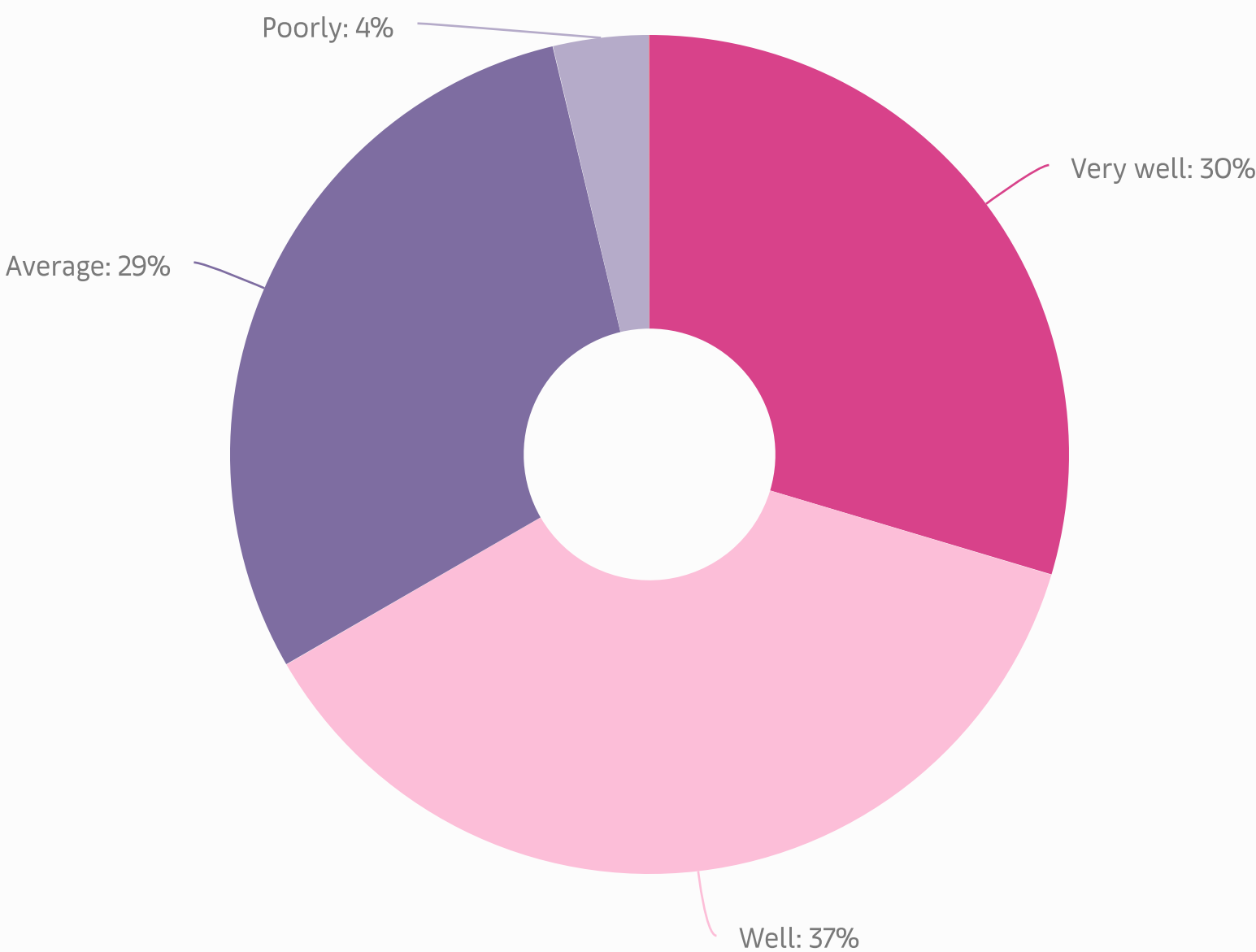


Figure 4.5 How Mid-Tier Auction Houses Believe they Fared in 2022 and 2023

a) In 2023



b) In 2022



Importantly, in both the auction and dealer sectors, most businesses felt they would keep employment stable in 2024. Looking ahead, most dealers (76%) expected to maintain their current employment levels, with 18% forecasting a rise, and only 6% expecting that they would have to lose employees. The most bullish segments were at the higher end of the market, with just under half (46%) of dealers turning over more than \$10 million expecting some increases over the next 12 months versus 14% in the segments under \$500,000. In all turnover segments, only a minority predicted declines (from a low of 6% in the \$1 million to \$10 million segment up to 11% in those with turnover of between \$500,000 and \$1 million). A majority (62%) of mid-tier houses also hoped to keep employment stable, with one third planning to increase their staff and only 5% expecting to lose employees in 2024. Some of the top-tier houses had already increased their employment in 2023, including rising numbers at both Christie's and Phillips.

The findings above indicate that the sales outlook for the sector is stable or positive for most businesses. They also showed that many galleries and auction houses will continue to pursue both offline and online strategies to boost sales. When asked about 2024, just under half (48%) of the dealers surveyed predicted that their online sales would increase, with a further 45% forecasting that they would stay around the same. A similar share (46%) predicted stable art fair sales, with 39% expecting higher sales than in 2023. In both cases, only a minority thought that sales would decrease in either of these channels, confirming the importance of both in dealers' business models in 2024. Emphasizing the ongoing importance of e-commerce in this sector, 81% of respondents from mid-tier auction houses thought their online sales would increase in 2024, 19% thought they would be stable, and none predicted a decline.

As noted throughout the report, rising costs were a key challenge for businesses in the art market in 2023, and finding ways to maintain profitability has become a much more important metric than simply increasing sales for many. Some businesses have noted a shift in their focus over the last few years, from factors that will drive rapid sales growth and expansion at all costs to placing more emphasis on what will ensure sustainable and profitable growth and stability amidst a potentially volatile economic and political future landscape. For some, this has included the need to challenge the models they have used in the past.

‘There is a whole generational cleave of galleries that are all stalled – things shifted, and we are not seeing the growth that our peers experienced in the 1990s. The things that supposedly drive growth – art fairs, the internet, and globalization – are also potentially the things that have been stalling our progress.’

While art fairs are central to dealers' businesses, the rising costs and limited exhibition conditions are a key challenge for some galleries, and many have commented that they will continue to audit the fairs they attend on a case-by-case basis, focusing their efforts on the ones delivering the best results or those most suitable to their current needs. While globalization was seen as a key factor for increasing a dealer's geographical reach, it has also been somewhat of a double-edged sword, with collectors now able to easily buy from anywhere in the world, increasing the competitive arena past local and regional markets. Marketing and selling online in a sea of other competitive offerings has presented many similar challenges, while those without a distinctive online presence increasingly feel that their growth could be inhibited in future as these channels become more central to new generations of collectors. The cost environment of 2023 along with the variability in sales over the last four years have made many businesses increasingly wary of relying on any standardized or prescribed approaches to growth and development that have worked in the past, with many increasingly trying and testing different strategies, alone and with their peers, to see what works best in an attempt to find a balance for their businesses.



APPENDIX

Data Sources Used in The Art Market 2024

The data and information supplied within *The Art Market 2024* comes from a range of different sources and is gathered and analyzed directly by Arts Economics. The primary sources include dealers, auction houses, art fairs, art and antique collectors, art price databases, NFT platforms and aggregators, financial and economic databases, industry experts, and others involved in the art trade and its ancillary services.

For the purposes of this research, the art and antiques market includes sales of fine and decorative art, antiques, and antiquities. Fine art includes paintings, sculptures, and works on paper (including watercolors, prints, drawings, and photographs), tapestries, and installations, as well as film, video, and digital art and other new media. Decorative art, antiques, and antiquities covers objects such as furniture and decorations (in glass, wood, stone, ceramic, metal, or other material), couture (costumes and jewelry), ephemera, textiles, other antiques, and antiquities.

I. Auction Data

The auction sector provides the main large-scale, international, and publicly available information source on individual transactions in the art market. Although the results of many auction sales are in the public domain, aggregating data in this part of the market is not without issues, particularly on a global scale, with some auction houses publishing limited, selective, or no results at all. There is no single comprehensive source or database that covers the entire global auction market for fine and decorative art and antiques. Auction data for 2023 used in this report therefore comes from five main sources:

a. Artory

Global auction data is supplied by Artory (artory.com). Led by renowned art historians and experienced operating executives in the art market, Artory builds software for the due diligence, portfolio management, and asset tokenization of fine art and collectibles. These tools are supported by Artory’s proprietary art database, which covers 4,000 auction houses and contains over 45 million transaction records, with real-time auction results gathered for 250 businesses in 40 countries and 500,000 artists. The database comprises

results from major sales in top- and second-tier auction houses around the world, and it does not restrict inclusion by final price or estimate value, hence, offering coverage of the full range of prices and sales.

b. Artron

Auction results for the year for the Chinese art market were supplied by Artron. Artron.net was founded in 2000 and has the most comprehensive available database on the Chinese art market, with over 7.1 million results for more than 37,000 sales from over 1,400 auction houses since the first art auction in China in 1993.

c. Chinese Auctioneers Association

Data on Chinese auctions, settlement rates at auction, and other information was accessed from the Chinese Auctioneers Association (CAA). The CAA is the only national association of the auction industry in China and was established in 1995, certifying its first national auctioneers in 1997. The association is headquartered in Beijing and represents the interests of 3,324 auction companies and 14,894 individual auctioneers within China. The CAA kindly assisted in verifying auction companies within their membership in 2023 for the report.

d. Auction House Published Results

To supplement the coverage provided by these databases, Arts Economics has also developed its own internal, international auction database, collecting data directly on an annual basis from the published auction results and press releases of auction houses.

c. Auction House Survey

Arts Economics distributes two surveys in the auction sector: a comprehensive top-tier survey of the top 10 auction houses worldwide plus a second-tier survey of around 600 national second-tier auction houses (with a response rate of 18%). The auction surveys provide additional sales data as well as a range of other more in-depth information on employment, buyers, profit margins, debts, and other aspects of the auction market that are used in the report. The surveys are sent directly to the auction houses from Arts Economics' database.

For historical auction data, various sources were used in compiling previous reports, including Auction Club (2017), Collectrium (2016), Artnet (2011–2015), and Artprice (2008–2010).

II. Dealer Data

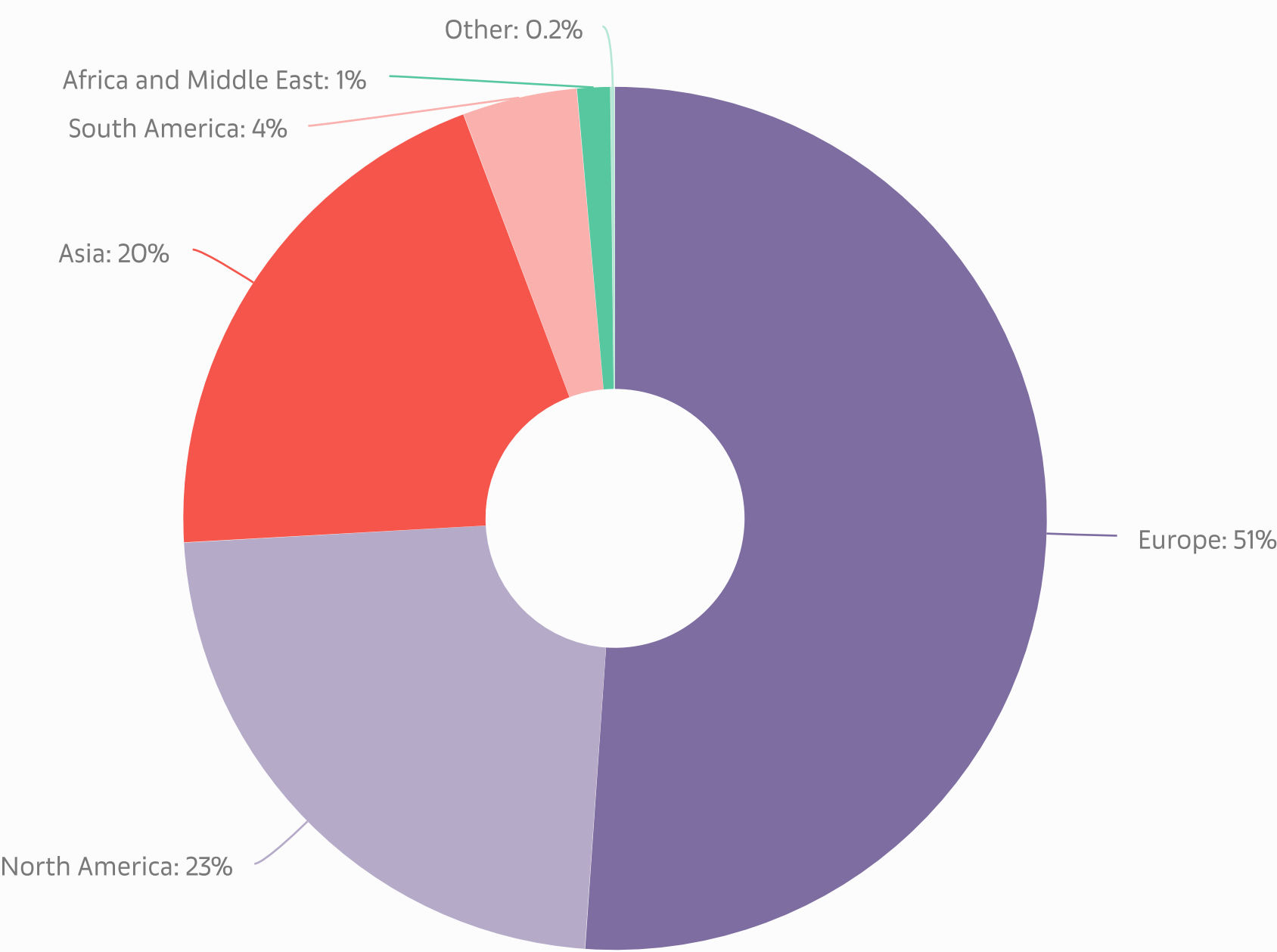
Data on dealer sales is more complex to gather due to the private nature of transactions in the sector. Most of the companies in the sector are small businesses with only a very small number of publicly listed companies, which means detailed information and financial results in public and private databases are limited.

Numerous government and company reports are used in compiling figures on the sector. These include Eurostat, the US Bureau of Labor Statistics, the Office for National Statistics in the UK, Companies House, Insee, Infogreffe, the National Bureau of Statistics of China, and many others. Some of these sources are limited in scope and coverage and, in some cases, publish data with a significant lag and only for a very small proportion of companies relevant to this report. Comparisons are also problematic between nations due to differences in recording, classifications used, the records required and how they are defined and recorded, and the classification of companies by sector and activity.

To overcome the lack of publicly available data, surveys of this sector are an essential element of the research process. These surveys have been carried out by Arts Economics on the dealer sector consecutively for over 15 years, providing a means for tracking and analyzing trends in the sector over time. To compile data on the dealer sector, Arts Economics conducted an online survey in December 2023. The anonymous survey was distributed to the memberships of some of the main dealer associations around the world, including CINOA, ADAA, CPGA, SLAD, and other national associations. Coverage in Asia has expanded over the last few years with the support of dealer associations and government agencies, notably in Japan, with the assistance of The Agency for Cultural Affairs, the Government of Japan (Bunka-cho Art Platform Japan), the Japan Art Dealers Association, the Contemporary Art Dealers Association Nippon (CADAN), and the Association for the Promotion of Contemporary Art in Japan (APCA). The survey was distributed by Art Basel directly to 554 individual galleries who participated in their shows in Basel, Miami Beach, Paris, and Hong Kong. It was also sent out by ArtLogic to their gallery clients throughout the world.

The galleries covered in the end of year survey were geographically diverse, covering close to 60 different markets (including those businesses with multiple premises). The highest regional share was galleries and dealers from Europe (51%), with 23% from North America, and 20% from Asia. 82% of the dealers responding were fine art dealers and 18% were businesses working in antiques, antiquities, and decorative arts sectors.

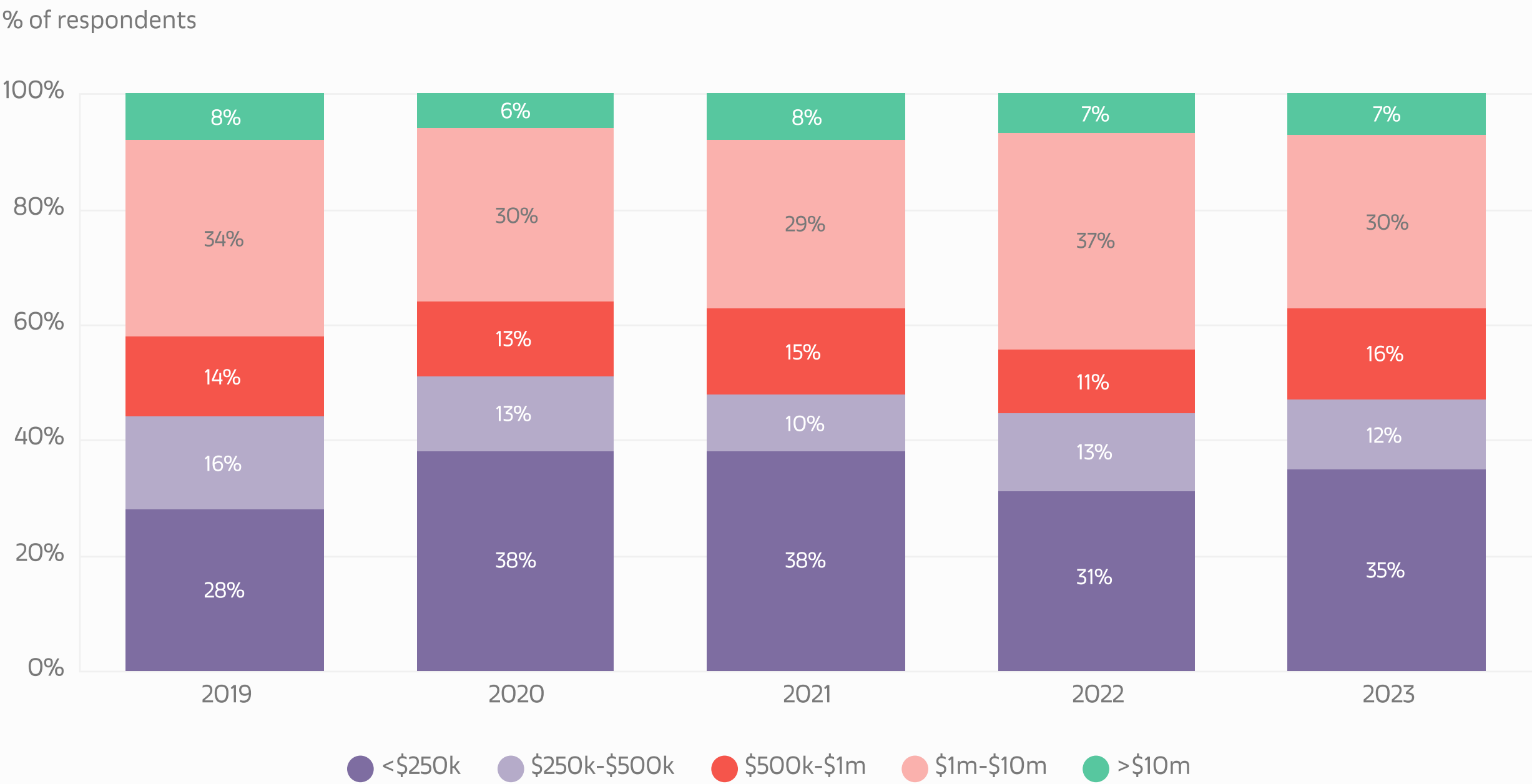
Figure A1 Geographical Distribution of Respondents in 2024



©Arts Economics (2024)

Respondents to the survey varied in the size of their annual sales turnover. 63% had annual sales of less than \$1 million, including just under half (47%) with sales of less than \$500,000 (up from 44% in 2021). A stable 7% reported sales in excess of \$10 million. A further breakdown of the five past years’ samples is provided in Figure A2.

Figure A2 Share of Respondents by Reported Annual Turnover 2019–2023



©Arts Economics (2024)

The dealers covered in the survey population from which the sample is drawn are estimated to account for between 70% and 80% of the value of sales in the sector, depending on the country. The survey allows us to estimate the value and changes in this core majority share of the market, while the addition to sales from the remaining very numerous small businesses are very conservatively estimated based on official statistics and censuses that report sales by industry, business, or sector as well as results from the survey for smaller businesses. As some of the highest-selling dealers may not answer surveys, the results are also checked and adjusted using the reported turnover of the highest-selling galleries and dealers as reported in private and government financial databases of company records. The survey was supplemented by a series of interviews with dealers in different sectors and countries, conducted from June 2023 to January 2024, to gain in-depth insights on the art market, which were used to inform the analysis in the report and help interpret the findings.

III. Artists and Galleries

Data on galleries and artist representation was supplied by Artsy.net in 2024. Artsy was launched in 2012 and is the largest and most used online fine art marketplace, with more than two million works of art published today produced by more than 150,000 artists listed by over 3,500 partner galleries, 25 auction houses, 80 fairs, and 800 museums.

IV. Art Fair Data

Data on the art fair calendar was supplied by artfairmag (artfairmag.com). Artfairmag is a database tracking over 400 regional and international fairs around the world, including information on timing, location, date, and type of art sold. Artfairmag was founded by Pauline Loeb-Obrenan in 2019, who prior to starting the database worked at Galerie Kugel in Paris for eight years. Artfairmag also provides insights from interviews with art fair directors and gallerists about their events and exhibitions.

V. NFT Data

Data on sales of NFTs on NFT platforms and marketplaces was supplied for this report by NFT18 (NFT18.com). NFT18 was founded in 2023 by Gauthier Zuppinger, who originally co-founded nonfungible.com in 2018 to track real-time transactions of Decentraland. The NFT18 database currently holds nearly 2.5 terabytes of data, tracking transactions on the Ethereum, Polygon, and four other blockchain networks. In assembling their database, NFT18 identify and exclude wash trading and other forms of market manipulation, providing the most reliable data and reporting available for art and collectibles NFTs.

VI. Contributions from External Authors

Till Vere-Hodge

Till Vere-Hodge (tvere-hodge@phb.co.uk) is a Partner specializing in art and cultural heritage law at Payne Hicks Beach LLP. Vere-Hodge advises international private collectors, art dealers and auction houses, galleries, and museums, as well as art investors and advisors on any legal issues pertaining to art, cultural property, and other collectibles. He has built up a particular expertise in handling restitution claims to looted artworks. He regularly lectures at various Art Law forums and comments in the media on matters pertaining to Art and Cultural Property Law.

Prior to his career in the law, Vere-Hodge worked for a Member of Parliament at Westminster and as a Public Diplomacy Officer at the German Embassy. Till is a member of PAIAM (Professional Advisors to the International Art Market), ICRA (International Catalogue Raisonné Association), and TIAMSA (the International Art Market Studies Association), and serves as an Officer on the Art, Cultural Institutions and Heritage Committee of the International Bar Association. He is a Fellow of the Royal Asiatic Society of Great Britain and Ireland.

Katalin Andreides

Katalin Andreides (katalin@andreides.tv) is a Rome-based EU art lawyer who advises HNW clients, art dealers, galleries, financial institutions, artists and artists' studios and estates in a number of regions, including Italy, France, Monaco, and Hungary. Her practice includes the full spectrum of transactional, advisory, and dispute resolution services pertaining to art. Katalin's focus has been the Contemporary art market in Europe, but she has also advised her clients on legal issues surrounding antiquities, Old Masters, and Modern works of art. She has particular experience in navigating the European export license regime and cross-border inheritance management involving art and other collectible chattels.

Andreides is a CAfA-appointed (Court of Arbitration for Art) Arbitrator. She is a member of the Institute of Art and Law, London, TIAMSA (the International Art Market Studies Association), and the British Institute of International and Comparative Law. She serves as an Officer on the Art, Cultural Institutions and Heritage Committee of the International Bar Association.

Angell Xi

Angell Xi (xi.minjie@jingtian.com) is a Partner of Jingtian & Gongcheng, a leading full-service law firm in China. Angell has 27 years' experience in legal and business management in China and throughout Asia. His specialties are in the fields of art, culture, luxury, fashion, IP Licensing, private clients, and family offices, based on private practice and 12 years of

in-house experience, including as General Counsel for GE Intelligent Platforms and Ashland in Asia Pacific, Compliance Leading Counsel for Kering Asia, and Counsel for Michelin China. As a recognized legal expert in art, Angell works closely with museums, academies, foundations, collectors, artists, galleries, dealers, regulatory bodies, and other stakeholders on various aspects of legal planning, transactions, and dispute resolutions in art, culture, heritage, dealing creation, collection, promotion, protection, art finance, investment, art for philanthropy, and art business operations. Angell also advises international museums on licensing projects in China (including the British Museum, the MET, V&A, MFA Boston, and the National Gallery), as well as Chinese museums licensing internationally, notably the Palace Museum, Dunhuang. Angell is Co-Chair of IBA Art, Cultural Institution and Heritage Law Committee, a Board Member of Licensing International, a member of The Responsible Art Market (RAM) and of the Art Law Foundation (ALF). Angell frequently lectures at institutions, forums, and summits and is co-author of art and related books such as *The Art Law*, *The Art Law Review*, *The Art Collecting Legal Handbook*, *The Luxury and Fashion Law*, *The Private Client Law*, and *The Practice of Media and Entertainment Law*.

Dr. Huang Jun

Huang Jun (junhuang@ruc.edu.cn) is a dual appointed professor and doctoral supervisor at the School of Applied Economics and School of Arts, Renmin University of China. He is also the Director of the Institute of Culture and Economics at Renmin University. He acts as the chief expert on major research projects and topics such as ‘research on the development of China's art market’ and ‘research on the construction of Beijing museum city’.

Professor Huang Jun's main research areas are cultural economy, finance, and digital industry. Professor Jun has published many academic papers, as well as monographs and annual research reports on the art market. He has received several awards, including the Beijing Philosophy and Social Science Excellent Achievement Award and Baosteel Excellent Teacher Award.

Dr. Zhang Rui

Dr. Zhang Rui (rui-zhang@mail.tsinghua.edu.cn) teaches in the Department of Art History and Theory at the Academy of Arts and Design, Tsinghua University, with a research focus on the history of the art market. She is the program leader of the MFA program of Art Management at Tsinghua. She was also the academic supervisor of ‘Tsinghua-Sotheby's Art Management Program’. Dr. Zhang has written extensively on the history of the art market. Her research papers were published in journals such as *Meishu* and *Zhuangshi*. Her research has been supported by institutions such as the College Art Association, USA, China Artists Association, the Humanities and Social Sciences Fund of the Ministry of Education, and the National Social Science Fund.

Xiaoming Zhang

Xiaoming Zhang (xiaoming.zhang@wmingart.com) is an eminent authority in the Asian art market, acclaimed for her curatorial contributions at the Guggenheim Museum, notably in the ‘China: 5,000 Years’ exhibition. Zhang joined Sotheby's in 2005 to head its Asian Modern and Contemporary Art Department in New York. At Sotheby’s, she was also the Vice President, Worldwide Senior Specialist and Head of Asian Contemporary Art sales and Department of Chinese Contemporary Art. Overseeing historical sales in New York in 2006, she helped the field set new international standards, brought a wealth of significant material to the global market, and made worldwide records for artists such as Zhang Xiaogang, Ai Weiwei, Xu Bing, and many others. An avid art educator, she imparts her extensive knowledge and provides insights on the global art market at the world’s leading universities such as Harvard University and Tsinghua University. Zhang holds an MA from New York University (NYU) Tisch and an MBA from NYU-Stern. She is the founder of W. Ming art (wmingart.com), a research advisor at Northwestern University, and a scholar at Nanjing Normal University.

Economic Perspective from UBS

What does Taylor Swift have to do with the global economy? Quite a lot, for those who kept a keen eye on worldwide trends in 2023. It was then that the frenzied buying of goods that characterized consumer spending in 2021 and early 2022 gave way to ‘having fun,’ or spending money on entertainment, leisure travel, and socializing. Demand for fun experiences reached such heights that tours by artists like Beyoncé and Taylor Swift commanded premium prices and sold out in record time.

Some of these changes merely corrected the unusual consumption patterns that followed the pandemic, but others seem here to stay. New working patterns, such as increased remote or hybrid arrangements, support demand for leisure activities. People who no longer commute have more free time, and working isolated at home may foster desire for greater personal interaction.

Shifting patterns of demand have influenced inflation. Prices for goods like consumer electronics and furniture experienced a slower rate of increase, and in the US, consumer durable goods price levels have been falling for over a year (to sit almost 4% below their 2022 peak). Inflation rates for ‘fun’ services have been somewhat stickier, reflecting the more resilient demand, but here too there are signs of a slower rate of price increase. Restaurant price inflation has slowed noticeably in both the US and Europe, but is still above the pre-pandemic norms. More importantly, the decline in inflation has occurred without a significant rise in unemployment. This has encouraged consumers to keep spending.

Looking Ahead

As 2024 unfolds, the broad trends observed in 2023 are likely to continue. Middle-income consumers find themselves in a relatively comfortable position, both in the United States and across the Atlantic. Inflation is decelerating faster than wage growth, giving consumers spending power from income (rather than needing to rely on creditor savings).

The result points to a soft landing for developed economies. The changes shaping the overall economy are also evident in the realm of spending on luxury products, which traditionally caters more to high-income consumers. The shift toward ‘fun’ spending applies to leisure travel, entertainment, and even hybrid experiences like gourmet dining, which blend goods consumption with having fun. Art collecting, which has always mixed physical acquisitions and fun, retains a social aspect that should help to insulate spending somewhat in this sector, even as expenditure on some other physical goods eases.

In most economies, it is likely that interest rates have peaked. Towards the end of 2023, there was a tacit acknowledgment by central bankers that inflation was unlikely to persist at above target levels. Data published in early 2024 are consistent with a soft landing for the US economy. Falling inflation will cause the US Federal Reserve to cut interest rates three or four times (the scale of rate cuts matching the decline in inflation). However, some patience is warranted as policymakers seek evidence of a clearer data trend. Falling inflation in the first quarter should prompt interest rate cuts across most major economies during the second quarter of 2024.

Growth for Asia in 2024 Appears to be on the Cards

In Asia, overall growth is expected to slow to 4.6% from an estimated 5.2% in 2023 but remain strong, driven by a shift from 2023’s policy tightening to policy easing and a moderate expansion in regional exports.⁴⁷ China is expected to offset recent weakness in exports and domestic demand by offering additional policy support. To stabilize China’s economic growth around mid-4% in 2024, effective measures would include aiding the property sector, boosting consumer confidence, and facilitating a smooth long-term transition to new growth drivers. China’s government does seem committed to meeting its growth targets in 2024, with signs of weakness triggering relatively rapid policy responses. India continues to experience relatively high levels of growth, even if its economic expansion is expected to ease slightly to 6.2% from an estimated 7% in 2023.⁴⁸

There are still obvious risks for all economies. Structural changes have engendered a sense of unease and fueled a rise of prejudice in some societies. This is economically as well as morally destructive and often fuels economic nationalism. When intertwined with geopolitical tensions, national politics can swiftly become more polarized. All around the world, geopolitical risks are a critical factor in 2024, with ongoing wars and upcoming elections in economies representing 40% of global output. While these uncertainties present risks, for now the most likely scenario is one of economic moderation.

47

UBS Chief Investment Office GWN (2024) *Investing in Asia Pacific (February 2024)*. Zurich: UBS.

48

Ibid.

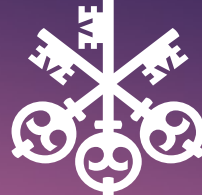
254

Rights

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, such as electronic, mechanical, or otherwise without the prior written consent of Art Basel and UBS. UBS accepts no liability for the actions of third parties in this respect.

Disclaimer

This report is provided solely for information purposes and has not been tailored to the specific needs, investment objectives, or personal and or financial circumstances of any recipient. Neither UBS AG nor any of its affiliates have verified the accuracy of the information or make any representations, endorsements of the author(s), or warranties as to the accuracy or completeness of the information. The report is not intended to be regarded as investment research, a sales prospectus, an offer, or solicitation of an offer to enter into any investment activity. It is not to be construed as legal, tax, accounting, regulatory, or other specialist or technical advice, or investment advice and neither UBS nor any of its affiliates accept any liability for any loss or damage arising out of the use of or reliance on all or any part of the information provided in the report. © UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

Art | Basel |  **UBS**